



Market Pulse

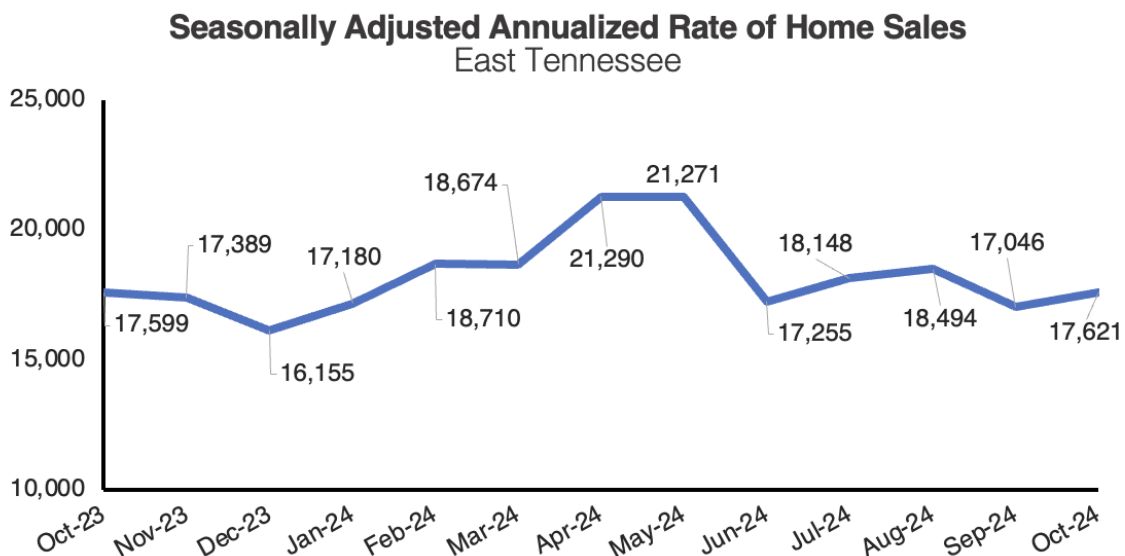
November 2024

Home Sales Report

October 2024

- East Tennessee **home sales** increased 3.4% from the previous month, but decreased 0.3% from a year ago.
- The **median sale price** was \$374,900 — up 7.11% from the previous year.
- Total **housing inventory** increased from the previous year — up 38.2%
- **Half of the homes sold were under contract in 21 days or less**, up from 12 days a year ago.
- 44.08% of homes sold for the **asking price or above**, with 22.07% selling for more than the asking price. 8.33% sold for at least \$10,000 over asking and 3.31% sold for at least \$25,000 over asking price.
- The **sale-to-list price ratio** decreased from last month to 97.7% — down from 98.1% a year ago.
- **New construction** represented 14.25% of total home sales.

East Tennessee REALTORS® reports home sales data using a seasonally adjusted annualized rate (SAAR), a statistical measure of home sales that takes into account typical seasonal fluctuations in the real estate market, such as increased home sales during the spring and summer months, by adjusting the data to provide an annualized rate. This rate represents the projected number of homes that would be sold over a year if the current sales pace were to continue.



Source: East Tennessee REALTORS®

What's the Outlook? After declining in September, home sales throughout the East Tennessee region increased slightly in October. Mortgage rates remained below 7% for the entirety of October, for the fifth month in a row. However, rates did gradually rise to 6.72% from the recent low of 6.08%. The inventory was 38.2% higher than this time last year and is increasing month over month, however new listings continued to decrease in October. There was a 3.6% increase in active listings from September to October, slightly higher than the August to September increase of 3.2%. The median sale price increased month over month for the second month in a row.

Knox County saw home sales decrease 0.3% from the previous year and increase 5.1% over the previous month. The data shows a 34.7% increase in inventory over this time last year and a 1.2% increase month over month.

We are seeing housing **inventory** continue to increase in November by 2% month over month. However, this has decreased moderately since August. Most counties in the East Tennessee REALTORS® footprint saw an increase in listings with Blount and Fentress counties experiencing the largest monthly increase in inventory. Cumberland and Monroe counties experienced decreases in their monthly inventory in November.

Active Listings By County

Data as of November 2024.

County	1-Nov	1-Oct	M/M
Anderson	187	187	0%
Blount	517	454	14%
Campbell	172	171	1%
Cumberland	395	428	-8%
Fentress	157	143	10%
Knox	1,315	1,309	1%
Loudon	350	339	3%
Monroe	189	198	-5%
Morgan	52	52	0%
Roane	198	190	4%
Scott	88	85	4%
Union	81	79	3%
East Tennessee	3,701	3,635	2%

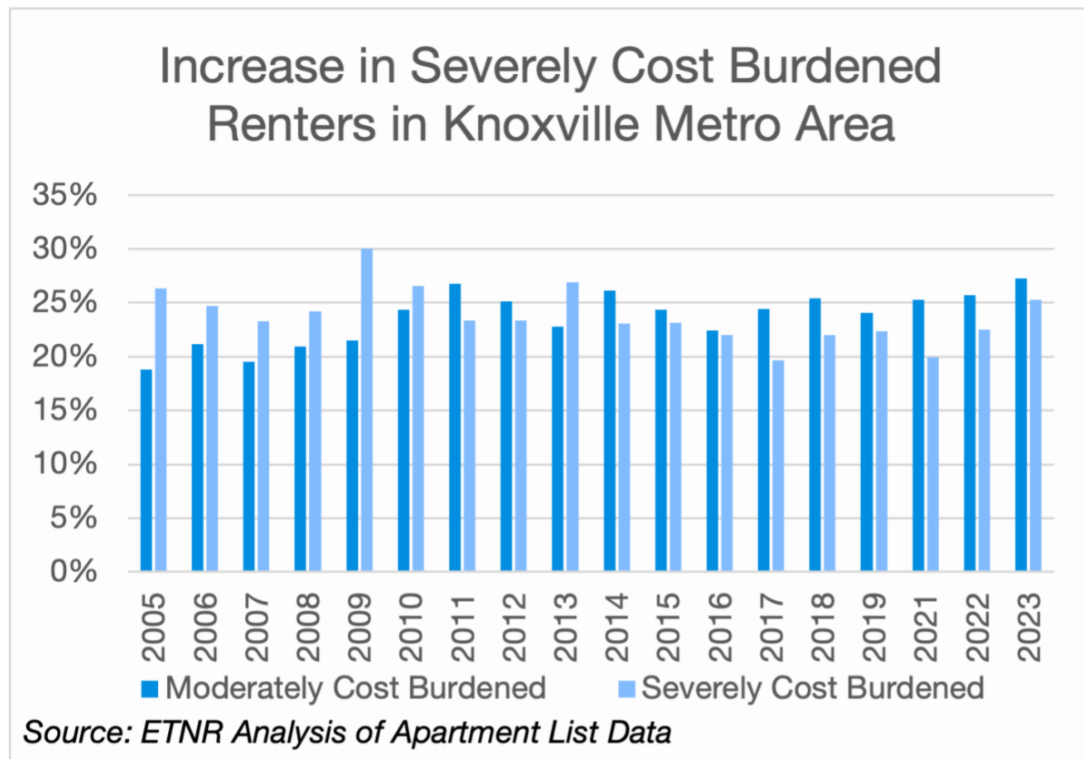
Source: East Tennessee Realtors® • Created with Datawrapper

Knoxville Metro Area outpaces National Percentage of Cost Burdened Renters

According to [Apartment List's](#) recent report on cost-burdened renter households across the United States based on Census ACS data 51.8% of all renter households in the country are cost burdened and 11.2% are severely cost burdened. According to the report a renter is considered moderately cost burdened if they spend over 30% of their gross monthly income on housing costs and is considered severely cost burdened if they spend over 50% of their gross monthly income on housing costs.

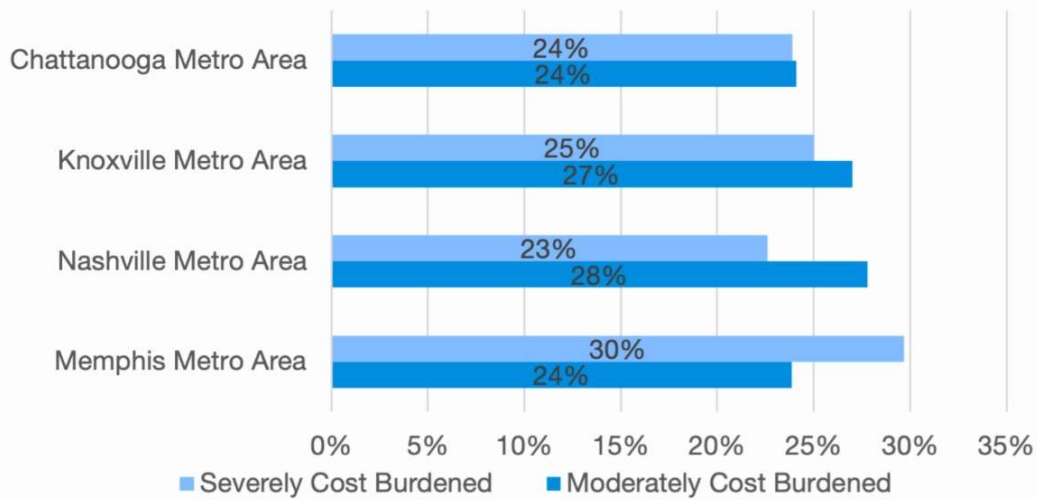
The Knoxville Metropolitan Statistical Area (MSA) is defined as [Anderson, Blount, Campbell, Knox, Loudon, Morgan, Roane, and Union counties](#). The report showed 52.6% of renter households in the Knoxville MSA are cost burdened with 25% being severely cost burdened.

From 2019 to 2023 the median household income growth in the [Knoxville MSA](#) was 20% [while rent change was 34%](#) leaving many people in the cost burdened category.



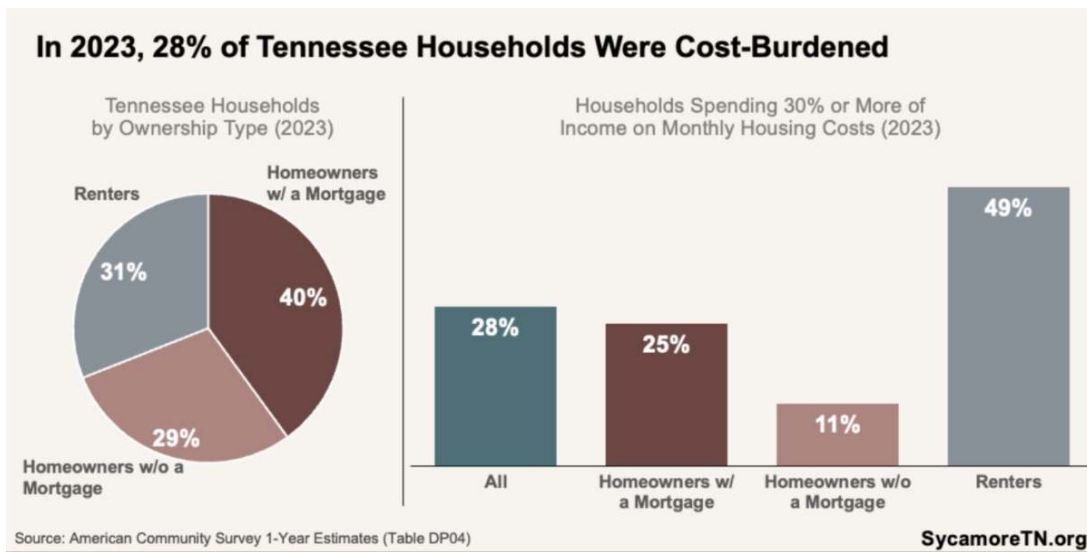
Although the percent of severely cost burdened renters in the Knoxville MSA has decreased from the high in 2009, since 2021 there has been a steady increase of cost burdened renters overall. The MSA has hit a 18 year record high of 53% of renters being cost burdened, meaning only 47% of renters are spending less than 30% of their monthly gross income on housing costs. The Knoxville MSA is seeing relatively similar rates to the other metropolitan areas although it is outpacing Chattanooga.

Renter Cost Burden Across Tennessee



Source: ETNR Analysis of Apartment List Data

Although renters make up the largest percentage of cost burdened households in Tennessee, the [Sycamore Institute](#) recently published a report showing the level of cost burden across all household ownership types. The report provided valuable and relevant information regarding the need for housing in Tennessee including an important section regarding how being cost burdened is affecting Tennesseans.



As 53% of renters continue to have to put between 30-50% of their income towards housing there is less to be spent in the greater economy. Not only can this impact the local economy, but can also impact the future wealth building for renters. According to a recent report from the [National Association of REALTORS®](#) homeowners have 41.5 times higher median net worth than renters. This could at least partially be attributed to the cost burden currently on renters, but also on the lack of equity being built by renters as they are cost burdened.

Median Net Worth between Owners and Renters



Source: Median Net Worth from Federal Reserve Survey of Consumer Finance

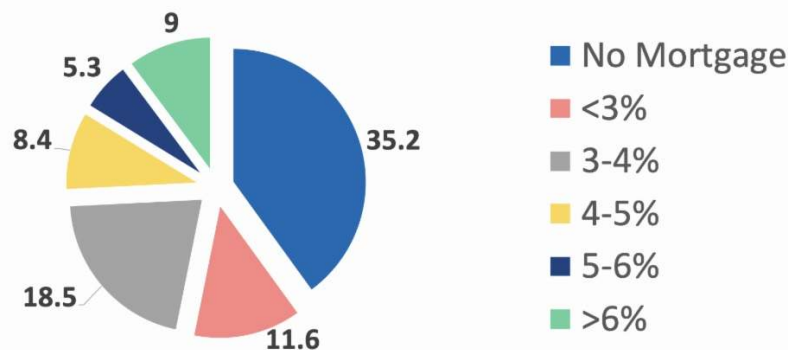


Overall, the data continues to support the need for more housing in the country and East Tennessee more specifically. As the median sale price and average effective rent continue to increase year over year this burden continues to negatively impact over half of the Knoxville MSA, including contributing to the increase in the homeless population as [over half of the homeless population in Knoxville](#) could be attributed to the lack of attainable housing. This data shows the drastic decline in affordability and the need for more attainable units in the area.

65.3% of Homeowners in U.S. Have no Mortgage or a Mortgage Rate Below 4%

The East Tennessee REALTORS® team recently attended the NAR Research team presentation and forecast on national residential trends. [NAR Chief Economist, Lawrence Yun, included in his presentation the distribution of mortgages across 88 million homeowners.](#) Interestingly among the 88 million homeowners, 35.2% have no mortgage, 30.1% have a rate below 4%, and 34.7% have a rate from 4-6%.

88 million Homeowners Distribution by Mortgage

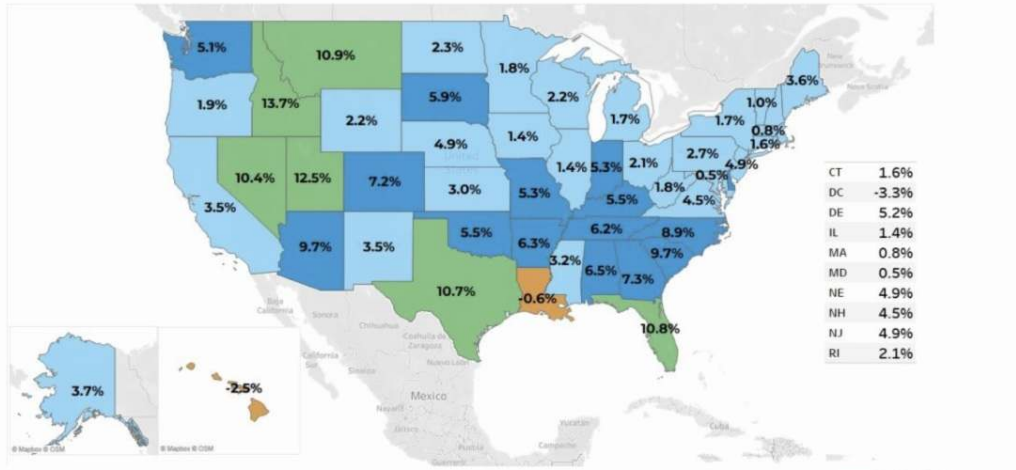


Source: NAR estimate using data on mortgage distribution by FHFA 2024 Q2



[Yun identifies jobs and mortgage rates as being the most important contributing factors to home sales.](#) As we see record high payroll employment across the country, including a 6.2% increase in payroll employment in Tennessee since 2020, we anticipate an increase in home sales in the near future. However, in order to see this we need an increase in inventory which with the low mortgage rates that most homeowners currently hold we would not expect many to be giving that up anytime soon.

Job Gains Since Pre-COVID Record High Payroll Employment % change from March 2020 to September 2024

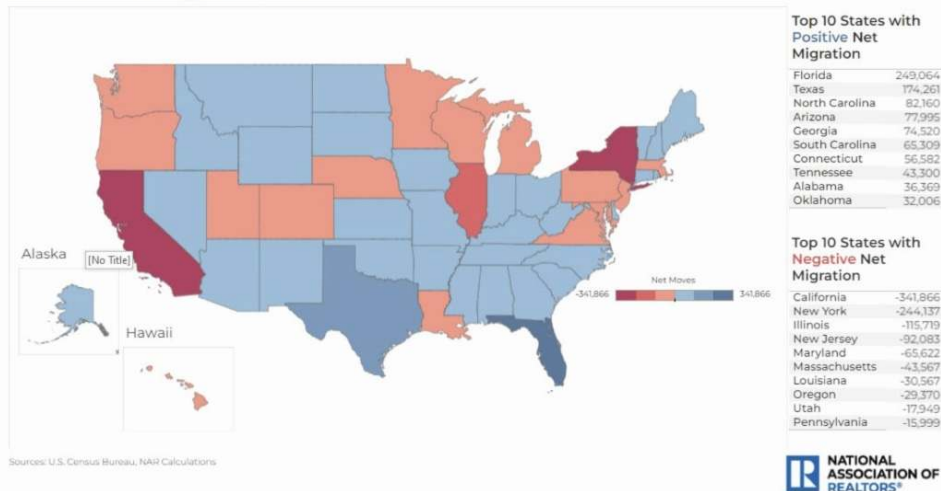


Source: NAR Analysis of BLS data



There continues to be strong demand for housing in Tennessee and more specifically East Tennessee especially as Tennessee ranks among the top ten states in the country for net migration. This positive net migration could be impacted by many things, but one important thing to note is that most of the top ten positive net migration states also have a higher percentage of positive change in employment since 2020 compared to those states showing negative net migration.

Domestic Net Migration, 2022



Source: State-to-State Migration Trends in 2022
<https://www.nar.realtor/blogs/economists-outlook/state-to-state-migration-trends-in-2022>

Lastly, Yun provided a look into what is expected in 2025 and 2026. According to Yun, home sales will increase, with new homes outpacing existing homes at least in 2025. He expects the national median home price to increase by 2% each year. Locally, our growth continues to outpace the national average and we expect that to continue in the near term. The East Tennessee median home price average increase year over year in 2024 is 8.4%.

	2025	2026
Existing Home Sales	+9%	+13%
New Home Sales	+11%	+8%
Median Home Price	2%	2%
Mortgage Rate	Near 6%	Near 6%
Job Gains	Near 2 million	Near 2 million



[See the Full Presentation Here](#)



"When more people work, they have the capacity or they're in a better position to buy a home. Home sales depend mainly on jobs and mortgage rates."

– Lawrence Yun, Chief Economist at NAR

IN THE NEWS

Stay up-to-date with the most recent information about East Tennessee's housing market. Here's the latest from local media:

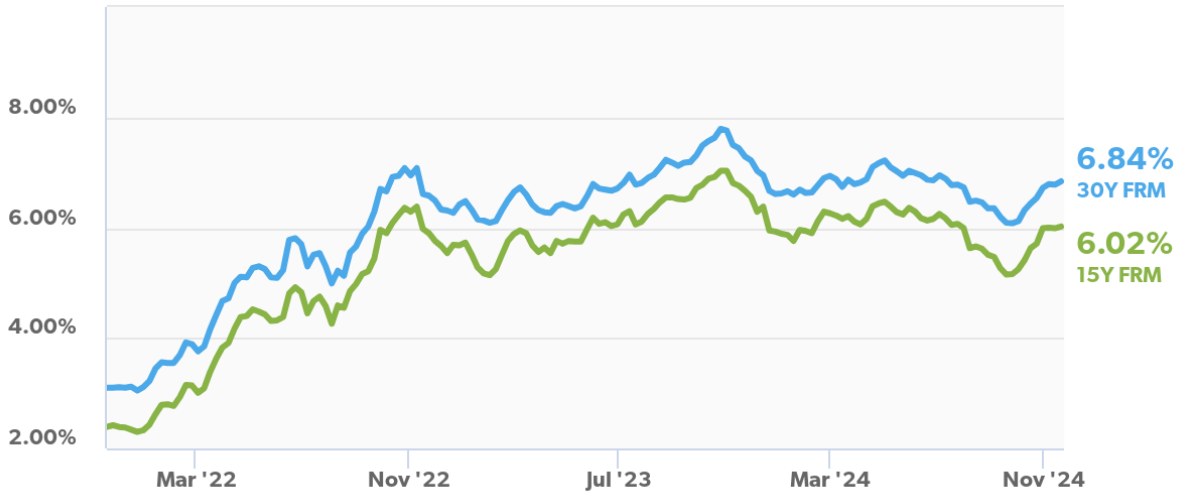
WATE: [Home prices rise in nearly 9 of 10 metro areas: Realtor Association](#)

Knox News: [Knoxville tackles affordable housing crisis with multimillion dollar investments](#)

WATE: [Permanent supportive housing for military veterans opens in Knoxville](#)

Mortgage Rates Remain Below 7%

Mortgage rates remained below 7% through all of November, however they gradually increased from the two year low in September. According to [Freddie Mac's](#) Primary Mortgage Market Survey, the 30-year fixed mortgage rate (30Y FRM) averaged 6.84% for the week ending November 21, 2024, compared to an average of 7.22% this time last year.



What's the Outlook? The rate grew this past week after two weeks of moderation. According to [NAR Deputy Chief Economist](#) mortgage applications increased the week of November 14th despite higher rates over the last few weeks. ["There have been two Fed rate cuts, and more are expected in 2025. However, these are not directly tied to mortgage interest rates, which are more closely tied to the 10-year treasury, which has increased in the last week."](#) Overall, as expected we continue to see mortgage rates sit below 7%, but do not expect to see meaningful decreases anytime soon with chief economist Lawrence Yun saying ["Are we going to go back to 4%? Per my forecast, unfortunately, we will not. It's more likely that we'll go back to 6%. That will be the new normal, bouncing around 5.5%-6.5%."](#) in his recent 2025 economic outlook presentation.

WHAT WE'RE READING

[What Will it Take to Revive 'Missing Middle' Housing?](#)

REALTOR® Magazine | November 13, 2024

[First-Time Home Buyers Shrink to Historic Low of 24% as Buyer Age Hits Record High](#)

NAR | November 4, 2024

[VA Borrowers Are More Than Twice as Likely as Conforming Borrowers To Have a Low Down Payment](#)

Realtor.com | November 11, 2024

[Emerging Trends in Real Estate® United States and Canada 2025](#)

ULI | October 29, 2024

[Why Housing Matters for Tennessee](#)

The Sycamore Institute | October 29, 2024



Market Pulse is a monthly research newsletter providing a rundown of the latest housing and economic research and analysis across East Tennessee.

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