



Market Pulse

January 2025

Strong performance in December and continued market resilience in East Tennessee are good indicators for an improvement in the housing inventory crunch.

In reversal of the typical seasonal decline, East Tennessee home sales picked up 3.4% at the end of the year. This reflected the national market, with a strong jobs report and slight increase in inventory helping to bolster housing consumer optimism; nationally, both new home sales and existing home sales saw their best performance since 2021.

Apartment rent growth continued to slow in our region thanks to inventory improvements, with the Knoxville metropolitan statistical area landing at -0.9% YOY price growth at the end of the year.

Home Sales Report

December 2024

- East Tennessee **home sales** increased a surprising 3.4% from the previous month, a 14.5% increase from the previous year.
- The **median sale price** was \$374,000 — up 8.41% from the previous year.
- Total **housing inventory** increased from the previous year — up 28.4%.
- **Half of the homes sold were under contract in 30 days or less**, up from 18 days a year ago.
- 37.52% of homes sold for the **asking price or above**, with 19.89% selling for more than the asking price. 8.98% sold for at least \$10,000 over asking and 2.74% sold for at least \$25,000 over asking price.
- The **sale-to-list price ratio** decreased from last month to 94.5% — down from 97.8% a year ago.
- **New construction** held steady at 15.3% of total home sales.

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



What's the Outlook? After two straight years of steep decline, 2024 marks the first upturn in seasonally adjusted home sales at 1.8% from 2023. While modest, this validates many indicators that the local housing market is beginning to recover even as our region remains among the top population growth areas nationwide.

East Tennessee home sales continued to increase in December at a faster pace than expected, jumping 14.5% from December 2023. Mortgage rates stayed at or above 7% throughout December, ending the year at 6.93%. The affordability of homes will improve if rates continue to steady as expected, but national policy announcements have had added unpredictability.

East Tennessee housing inventory decreased 7% in December, a slightly larger decrease than the typical seasonal occurrence. This reflects the increased demand for homes in December amid renewed optimism, with new listings following seasonality at 1,333 postings and 1,476 listings being snapped up by buyers. Also in line with market movement, the median sale price decreased only slightly month over month from \$375,000 in November to \$374,000 in December.

Knox County also saw home sales increase 10.8% from the previous year and decrease 5.6% over the previous month. The data shows a 23.4% increase in inventory over this time last year, an encouraging trend.

Housing inventory across most of the East Tennessee region decreased in December, a typical seasonal pattern. At the end of December, active listings across the region were up 26% from the previous year. 10 of the 12 counties covered by the East Tennessee REALTORS® Multiple Listing Service recorded month-over-month declines in available inventory.

Active Listings By County

Data as of January 01, 2025

County	1-Jan	1-Dec	M/M
Anderson	150	187	-25%
Blount	450	510	-13%
Campbell	158	158	0%
Cumberland	339	389	-15%
Fentress	148	153	-3%
Knox	1,027	1,323	-29%
Loudon	291	316	-9%
Monroe	170	174	-2%
Morgan	44	55	-25%
Roane	180	194	-8%
Scott	84	82	2%
Union	75	74	1%
East Tennessee	3,116	3,615	-16%

Source: East Tennessee Realtors® • Created with Datawrapper



Looking back at 2024: Existing home sales in 2024 were the lowest number recorded since 1995. NAR's research team dove into the stats in a [new blog](#). 2024 was a tough year... but worst might be over.

"The headwinds for the 2024 housing market were severe, but 2025 is already showing signs of encouragement. Home sales activity for the end of 2024 showed rapid signs of improvement. Interest rates are lower than one year ago, and the market has added inventory."

– Dr. Jessica Lautz, Deputy Chief Economist and Vice President of Research at NAR

Spotlight: Anderson County Plans & Progress

The City of Oak Ridge has begun the process to update their [comprehensive plan](#), naming the effort Oak Ridge 2045: A Century of Heritage, A Future of Promise after a community voting period. The City has hired a consultant and is in information-gathering phase of the multi-year 5 step comprehensive planning process. A recent [Knox News article](#) offers a detailed overview.

Thank you to our local members who have already shared input! If you live, work or recreate in Oak Ridge, share your thoughts in their open survey below. Interested parties can also subscribe [here](#) to be notified of updates and input opportunities.

Take the survey

Simultaneously, the City anticipates the pending creation of a centralized, walkable downtown district in the heart of the Wilson Street corridor starting with a mixed-use development incorporating several open lots next to what was previously a blocky federally-occupied office building. After an RFQ process early in 2024, the Oak Ridge Land Bank approved national development firm JMT, who will lead the project from their local office. [The vision](#) includes residential, retail, green space and potential for community events.



Also in Anderson County, Clinton celebrated the opening of the [Daugherty Lofts](#), a historic building in downtown that has been repurposed as affordable housing for those making up to 60% of the area median income, which varies by family size and would translate to approximately \$38,000 per year for an individual. The new lofts offer residents walkability to amenities, jobs and retail and are part of an ongoing effort to create an ideal environment for residents and visitors in Historic Downtown Clinton.

Apartment rent growth slows in East Tennessee

According to the latest market summary report from [Apartment List](#), rent growth in the Knoxville metropolitan statistical area - Anderson, Blount, Campbell, Grainger, Knox, Loudon, Morgan, Roane and Union counties - has continued to slow, with overall rent growth decreasing 0.9% over the year.

The slowing price growth in our region is aligned with both state (-0.7%) and national (-0.5%) trends and can be attributed to the increase in rental inventory over the last 12 months, accelerating toward the end of the year. According to RealPage, estimated occupancy in the Knoxville MSA at the end of the year was 95.6% and approximately 1,500 rental units were added in 2024.



Tennessee Infrastructure Planning Grants Awarded to Monroe, Anderson/Campbell Counties

Shortly after the start of the 114th General Assembly, Governor Bill Lee and Department of Economic and Community Development Commissioner Stuart C. McWhorter announced that 36 municipalities would receive funding through the state's [Infrastructure Planning Grant \(IPG\) program](#).

The funds will go to public utility systems in rural or high-growth areas where communities need support with infrastructure, including the recently EPA-mandated water/sewer system updates and asset management requirements that began taking effect last fall. Given the expected continued population increase across the state, the grants are intended to allow the selected communities to be better prepared for the future.

While most of the awards totaled under \$200,000 per municipality, the investment is encouraging as utility infrastructure is often one of the major hurdles to a healthy housing market.

The award recipients within our association's area include Tellico Plains and Madisonville in Monroe County and Rocky Top in Anderson/Campbell Counties.

NAR Chief Economist Dr. Lawrence Yun highlights East Tennessee, offers insights during visit to ETNR

The East Tennessee REALTORS® Annual Installation & Awards were held in January, officially kicking off 2025 with a new Board of Directors and honoring top agents, brokers and affiliates. The association was honored to host Dr. Lawrence Yun, chief economist for the National Association of REALTORS® and a leading voice on housing.

Yun reviewed national statistics and how the local market compares, emphasizing our incredibly steep home price appreciation in comparison to the benefits of living in this region. East Tennessee homeowners have rapidly built wealth thanks to this appreciation, even while renters fall further behind.

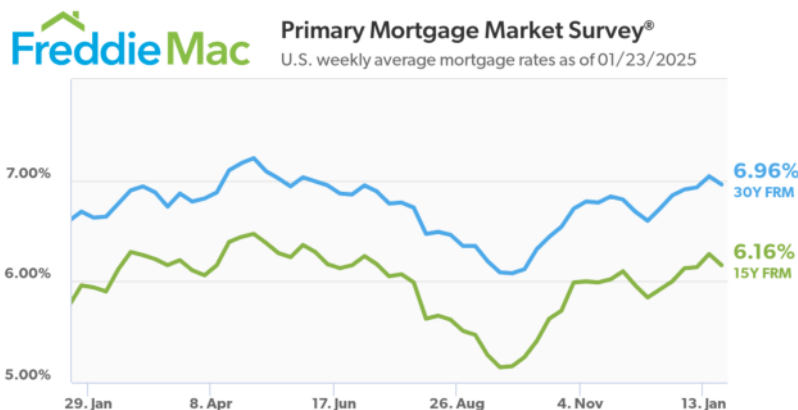
He also complimented local REALTORS®, noting that the market's unique properties make for an extremely competitive environment over the last year in which these teams had to be innovative and tough to support their buyers and sellers.

Asked about an aspirational market for East TN to watch, Yun pointed out Huntsville, AL. A concerted effort to increase housing inventory, infrastructure and amenities appears to be succeeding; the Huntsville market is already beginning to see [flattening price growth](#) even as their population increases.



Mortgage rates fluctuate, holding near 7%

Mortgage rates had a rocky start to the year, jumping over 7% on a six-week incline before settling just below 7% at the end of January. Despite recent volatility, the slight mortgage rate drop is good news for home affordability and the housing market is showing strong resilience. According to [Freddie Mac's Primary Mortgage Market Survey](#), the 30-year fixed mortgage rate (30Y FRM) averaged 6.96% for the week ending January 23, 2025, compared to an average of 6.69% this time last year.



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:

WVLT: 'It will be a game changer' Developer takes next steps in project to create downtown in Oak Ridge

Inside of Knoxville: Downtown Development Updates

WJHL: FEMA Temporary Housing program underway in East Tennessee counties

WHAT WE'RE READING

Pandemic era demand squeezed housing inventories

Federal Reserve Bank of San Francisco | January 6, 2025

Why are there so many empty bedrooms in U.S. households?

The New York Times | January 9, 2025

Builder confidence edges up even as market risk concerns rise

NAHB Eye on Housing | January 16, 2025

2024 year in review: A new era begins

NAR REALTOR® Magazine | January 29, 2025

'We have to figure this out' Rising flood risks delivers double blow to communities with housing shortage

Politico | January 29, 2025

Podcast: How do you build more housing when no one wants neighborhood change? Strong Towns | January 27, 2025

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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