

Economists: Turnaround in Home Sales Likely in 2024



Borrowing costs are expected to ease further next year, which should entice buyers to return to the market. But there's a wild card that could stunt sales growth.

After two years of sharp declines, existing-home sales are poised for improvement in 2024. But first, this slice of the housing market must weather the rest of a rocky year in 2023, with existing-home sales expected to end up 18% lower than those of 2022, according to the National Association of REALTORS®. That puts these transactions on track for their worst year in more than a decade.

NAR Chief Economist Lawrence Yun joined other leading housing analysts Tuesday at NAR's virtual Real Estate Forecast Summit to discuss sales projections heading into 2024 and the experts agreed that better days are ahead for the real estate market.

Mortgage rates likely have peaked and are now falling from their recent high of nearly 8%. NAR predicts the 30-year fixed-rate mortgage to average 6.3% in 2024; Realtor.com® projects 6.5%. This likely will improve housing affordability and entice more home buyers to return to the market, Yun says. NAR's data shows that rates near 6.6% enable the average American family to afford a median-priced home without devoting more than 30% of their income to housing, the threshold commonly used to measure affordability.

NAR is projecting that existing-home sales will rise 13.5% and new-home sales which are up about 5% this year, defying market trends could increase another 19% by the end of next year.

<https://www.nar.realtor/magazine/real-estate-news/economists-turnaround-in-home-sales-likely-in-2024>



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