



ATTOM: HOMESSELLER PROFITS RISE IN NEARLY ALL MARKETS

MAR 2023 — ATTOM released its year-end 2022 U.S. Home Sales Report, which shows that **homesellers nationwide realized a profit of \$112,000 on the typical sale in 2022**, up 21 percent from \$92,500 in 2021 and up 78 percent from \$63,000 two years ago.

Despite a market slowdown in the second half of last year, profits rose from 2021 to 2022 in 98 percent of housing markets with enough data to analyze. The latest nationwide profit figure, based on median purchase and resale prices, marked the highest level since at least 2008, according to ATTOM.

The \$112,000 profit on median-priced home sales in 2022 represented a 51.4 percent return on investment (ROI) compared with the original purchase price, up from 44.6 percent last year

and from 32.8 percent in 2020. The latest profit margin also represented a high point since at least 2008.

“It seems pretty likely that homeseller profits peaked for this cycle in 2022,” Rick Sharga, executive vice president of market intelligence at ATTOM, said in a release. “Median prices have declined on a monthly basis since mortgage rates doubled between January and October and are likely to decline further in many markets across the country in 2023, reducing profitability for home sellers.”

Both raw profits and ROI have improved nationwide for 11 straight years, shooting up again in 2022 as the national median home price increased 10 percent to \$330,000 – yet another annual record.

At the same time, though, profits increased at a slower pace than in 2021, reflecting a year when the nation’s decade-long housing boom stalled. The national median home value dipped 8 percent over the second half of last year as home-mortgage rates doubled, consumer price inflation soared to a 40-year high and the stock market slumped.

Those forces cut into the amounts potential homebuyers could afford, generating multiple headwinds that threaten to further erode the housing market, cutting demand and potentially pushing seller profits down. Total sales last year declined after rising in eight of the previous 10 years.

HISTORIC HOMESSELLER GAINS

Prices were up at least 10 percent in more than half the country as most markets again hit new highs. The median home price increased 10 percent in 2022, hitting another all-time annual high of \$330,000.

Typical home prices in 2022 reached new peaks in 153 of the 157 metros analyzed (97 percent), including New York, Los Angeles, Chicago, Dallas and Houston.

PROFIT MARGINS INCREASE IN 90 PERCENT

Profit margins on typical home sales improved from 2021 to 2022 in 141 of the 157 metro areas (90 percent). That happened as the 10 percent jump in sale prices nationwide in 2022 surpassed the 5 percent increases recent sellers had been paying when they originally bought their homes.

HOMESSELLER TENURE REMAINS NEAR 10-YEAR LOW

Homesellers who sold in the fourth quarter had owned their homes an average of 5.85 years, down from 5.96 years in the previous quarter and from 6.05 years in the fourth quarter of 2021. The latest figure represented the third-shortest average homeseller tenure since 2012. Average seller tenures were down, year-over-year, in 77, or 72 percent, of the 107 metro areas with a population of at least 200,000 and sufficient data.

CASH SALES AT NINE-YEAR HIGH

Nationwide, all-cash purchases accounted for 36.1 percent, or one of every three single-family home and condo sales in 2022. The latest percentage - the highest since 2013 - was up from 34.4 percent in 2021 and from 22.7 percent in 2020, although still off the 38.5 percent peaks in 2011 and 2012.

LENDER-OWNED FORECLOSURE PURCHASES AT LOWEST LEVEL IN AT LEAST 17 YEARS

Foreclosure sales to lenders accounted for just 1.2 percent, or one of every 87 single-family home sales in 2022 – the lowest level since at least 2005. The 2022 figure was down from 1.5 percent of sales, or one in 68, in 2021 and 3.6 percent, or one in 28, in 2020.

INSTITUTIONAL INVESTING DOWN IN 2022

Institutional investors nationwide accounted for 6.5 percent, or one of every 15 single-family home and condo sales in 2022 in the U.S. The latest figure was down from 8.1 percent in 2021 but was still more than twice the 2.9 percent level in 2020.

FHA SALES AT LOWEST POINT IN 15 YEARS

Nationwide, buyers using Federal Housing Administration (FHA) loans accounted for 7.5 percent, or one of every 13 single-family home and condo purchases in 2022. That was down from 8.3 percent in 2021 and from 11.8 percent in 2020, to the lowest point since 2007.

Metro areas with the highest share of purchases made with FHA loans were **Bakersfield, Calif.** (18.9 percent of sales); **Visalia, Calif.** (18.3 percent); **Merced, Calif.** (17.7 percent); Hagerstown, Md. (15.8 percent) and **Modesto, Calif.** (15.6 percent).