

Homeseller profits drop for first time in two years

Profit margins on median-priced single-family home sales fell to 47.2 percent in the first quarter from 51.6 percent in the fourth quarter, according to ATTOM's first-quarter 2022 U.S. Home Sales Report. **While profit margins often decrease during the winter homebuying season, the dip of more than four percentage points marked the first quarterly decline since the fourth quarter of 2019 and the largest since the first quarter of 2011.**

According to the report, typical single-family home sales across the country generated a gross first-quarter profit of \$103,000, down from \$107,187 in the fourth quarter, although still well above \$75,001 a year earlier.

"Home prices simply can't continue to go up as rapidly as they have for the past few years," ATTOM Executive Vice President for Market Intelligence Rick Sharga said in a release. **"The combination of higher prices, rising mortgage rates, and the highest rates of inflation in 40 years may be pricing some prospective buyers out of the market, which means we may begin to see lower sales numbers.** Ultimately, as affordability worsens, price appreciation should slow down, and we may even see modest price corrections in some markets."

The lower gross profits came as the national median home price increased only 1.7 percent, from \$315,000 in the fourth quarter to \$320,500 in the first quarter. That marked the ninth straight quarterly record and was up 16.5 percent from the first quarter of 2021.

Homeowners who sold in the first quarter had owned their homes an average of 5.72 years, down from 6.12 years in the fourth quarter and down from 6.82 years a year ago. The first quarter 2022 figure marked the shortest average time between purchase and resale since the second quarter of 2011.

"Existing home sales typically account for 80 percent-90 percent of all home sales, and increased homeownership tenure over the past decade has had an impact on the inventory of homes available for sale," Sharga said. "If we continue to see a reversal of that trend, it could bring desperately needed supply back to the market, which would help stabilize prices."

California report:

Los Angeles

Home prices in the first quarter hit or tied all-time highs in 47 percent of the metro areas in the report, including Los Angeles, New York, Dallas, Houston, and Miami.

Santa Barbara

One of the biggest quarterly decrease in profit margins came in the metro area of Santa Barbara, Calif. (margin down from 72.9 percent in the fourth quarter to 45.8 percent in the first quarter)

San Jose

The West continued to have the largest profit margins on typical single-family home sales around the country, one area being San Jose, Calif. (86.1 percent)

One area where cash sales represented the smallest share of all transactions in the first quarter is San Jose, Calif. (19.4 percent).

SOURCE: The Title Report <https://bit.ly/3tv1k2A>