One Year Later

Understanding COVID-19's Impact on the U.S. Housing Market

March 2020 - March 2021

HouseCanary

About HouseCanary

As a valuation-focused real estate brokerage, we are the home of trusted **in-depth data**, highly accurate **pricing models**, and powerful **technologies** for our customers.

HouseCanary Research Method

Overview

As a nationwide real estate broker, HouseCanary's broad multiple listing service ("MLS") participation allows us to evaluate listing data and aggregate the number of new listings as well as the number of new listings going into contract for all single-family detached homes observed in the HouseCanary database. Using this data, HouseCanary continues to track listing volume, new listings, and median listing price for 41 states and 50 individual Metropolitan Statistical Areas ("MSAs"). The data in this report represents an aggregation and summary of all single-family detached listing records in the HouseCanary database taking place over the period March 2019 – March 2021.

Top 5 Observed Trends

Trend 1

Significant decrease in inventory: The supply of available existing homes dropped to a **record low level**, worsened by rising costs of supplies like lumber — which have been hard to come by during the pandemic due to **global supply chain issues**.

Trend 2

Demand remained strong: Over the past year, we saw a **spike in demand** as mortgage rates sat near historic lows, government fiscal relief arrived, and millions of Americans yearned for more space in the new work-from-home environment.

Trend 3

Americans moved faster than pre-pandemic: Millions of Americans moved during the COVID-19 pandemic and homes spent **significantly less time on the market** compared to before the pandemic as supply shrunk.

Trend 4

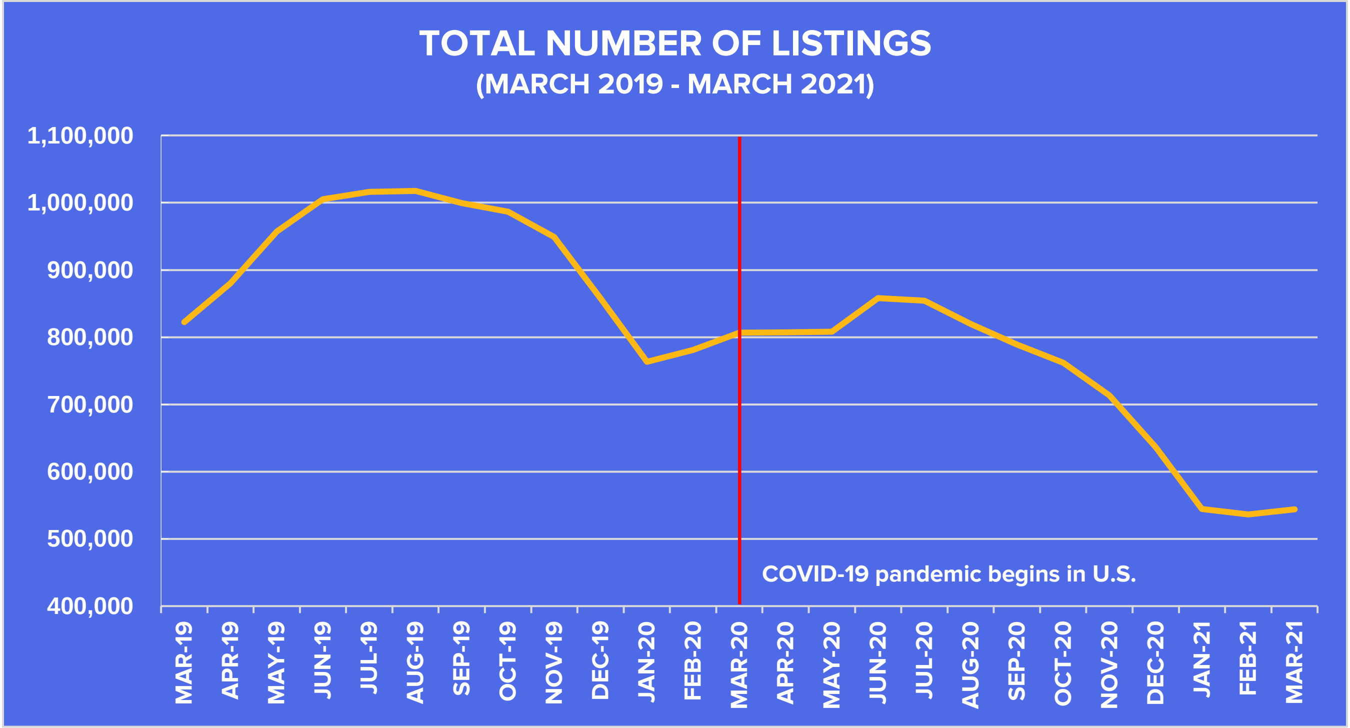
Prices soared due to supply-demand imbalance: The pandemic saw the emergence of a true seller's market, as limited supply and strong demand led to **more transactions among high-priced homes**.

Trend 5

Forbearance rates hit record high: After peaking at a record high in June 2020, forbearance rates have **slowly declined** throughout the year and into 2021.

Significant Decrease in Inventory

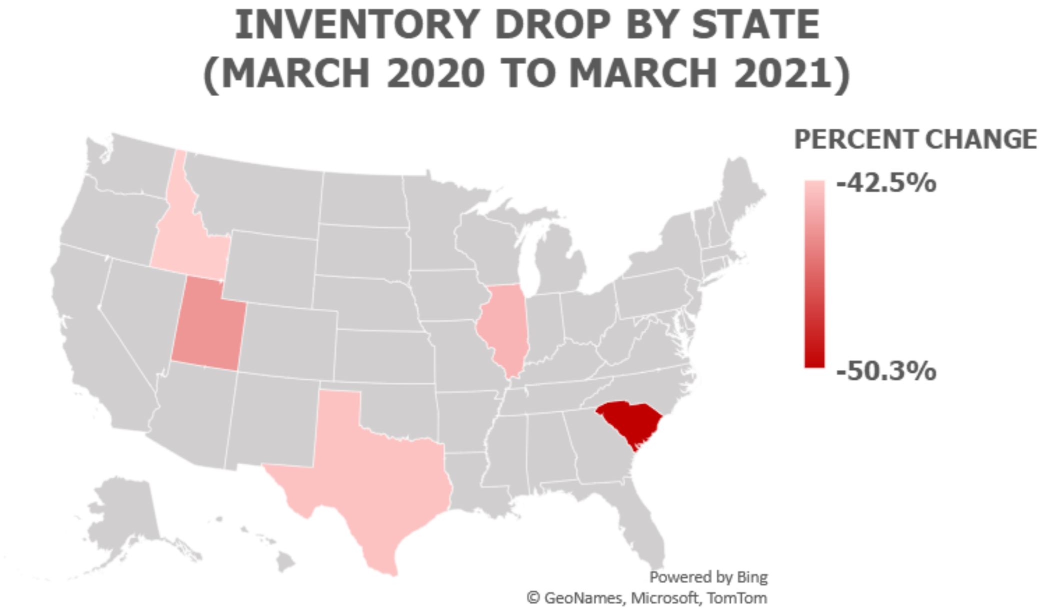
The U.S. experienced a **32.5% percent drop** in **housing supply** from March 2020 to March 2021.



Source: HouseCanary data

Significant Decrease in Inventory (Cont.)

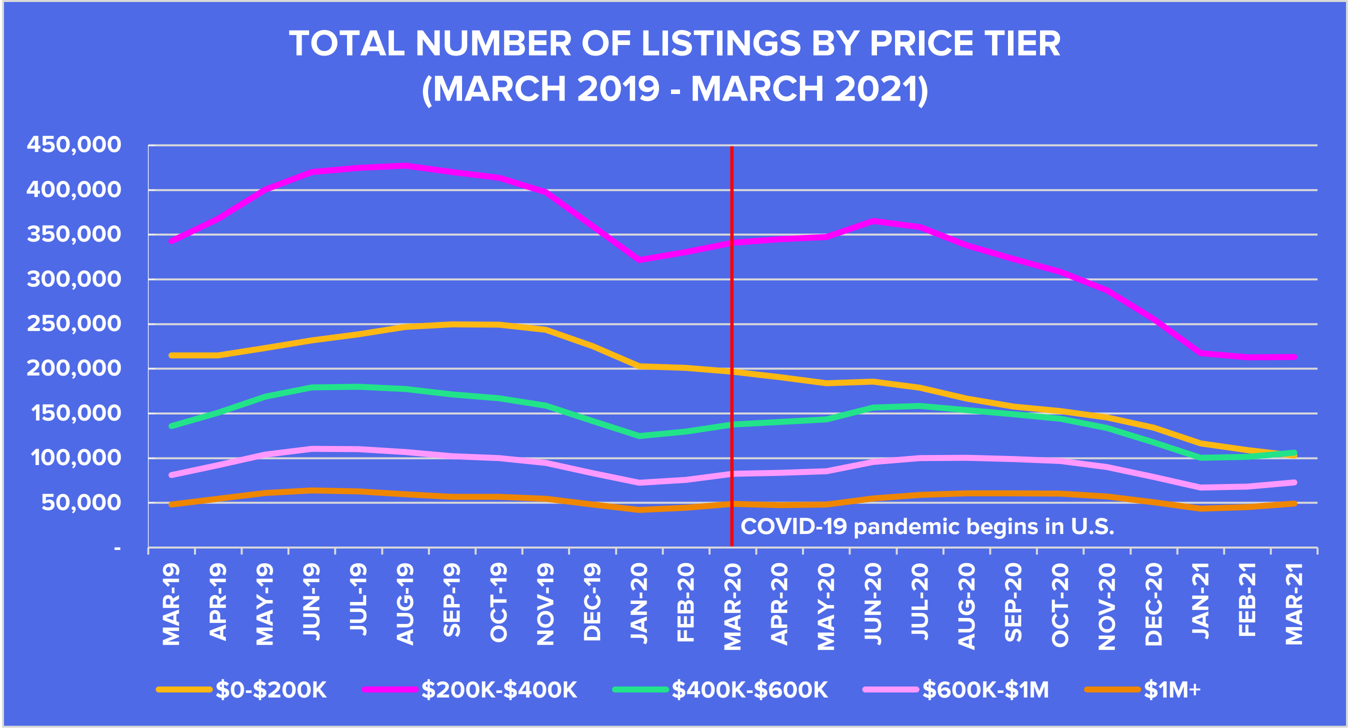
South Carolina (-50.3%), **Utah** (-44.6%), and **Illinois** (-43.4%) saw the biggest **year-over-year drops** in available homes for sale.



Source: HouseCanary data

Significant Decrease in Inventory (Cont.)

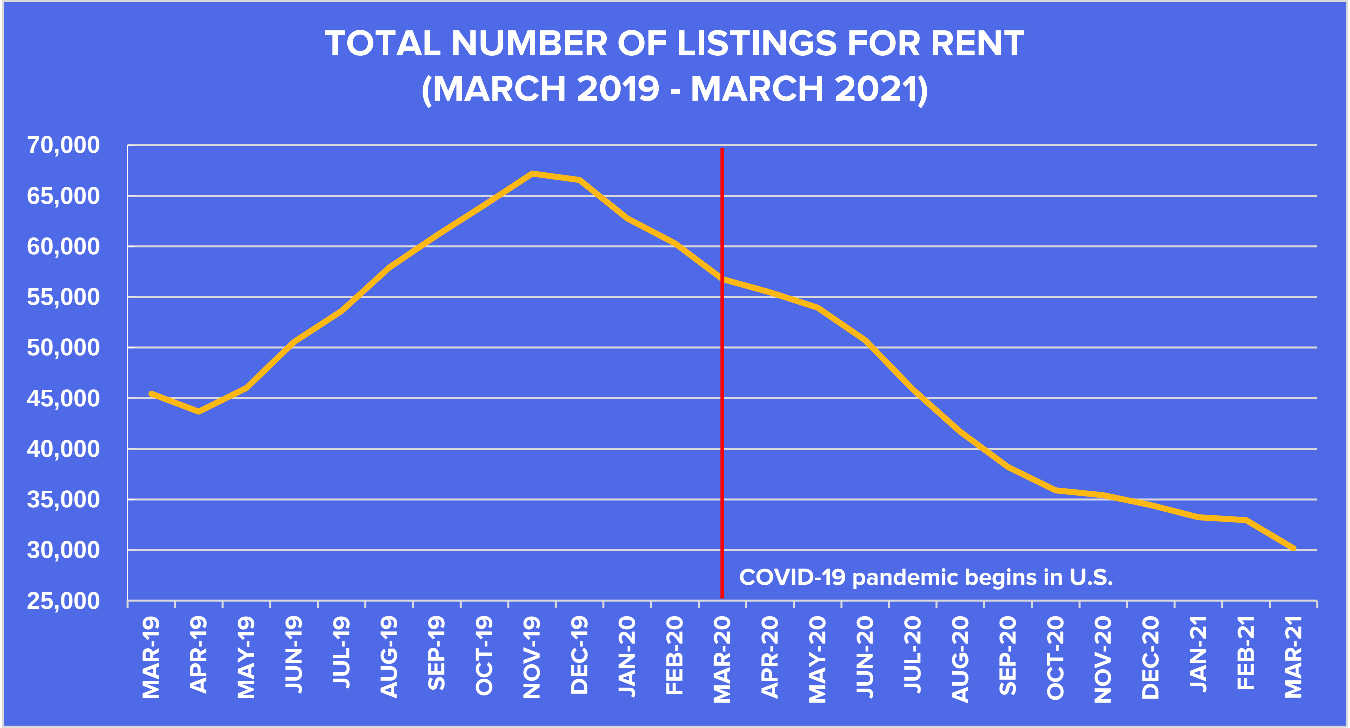
Homes in price tiers below $400K – which make up the **largest segment of the market** – were the **most heavily affected** by the supply squeeze.



Source: HouseCanary data

Significant Decrease in Inventory (Cont.)

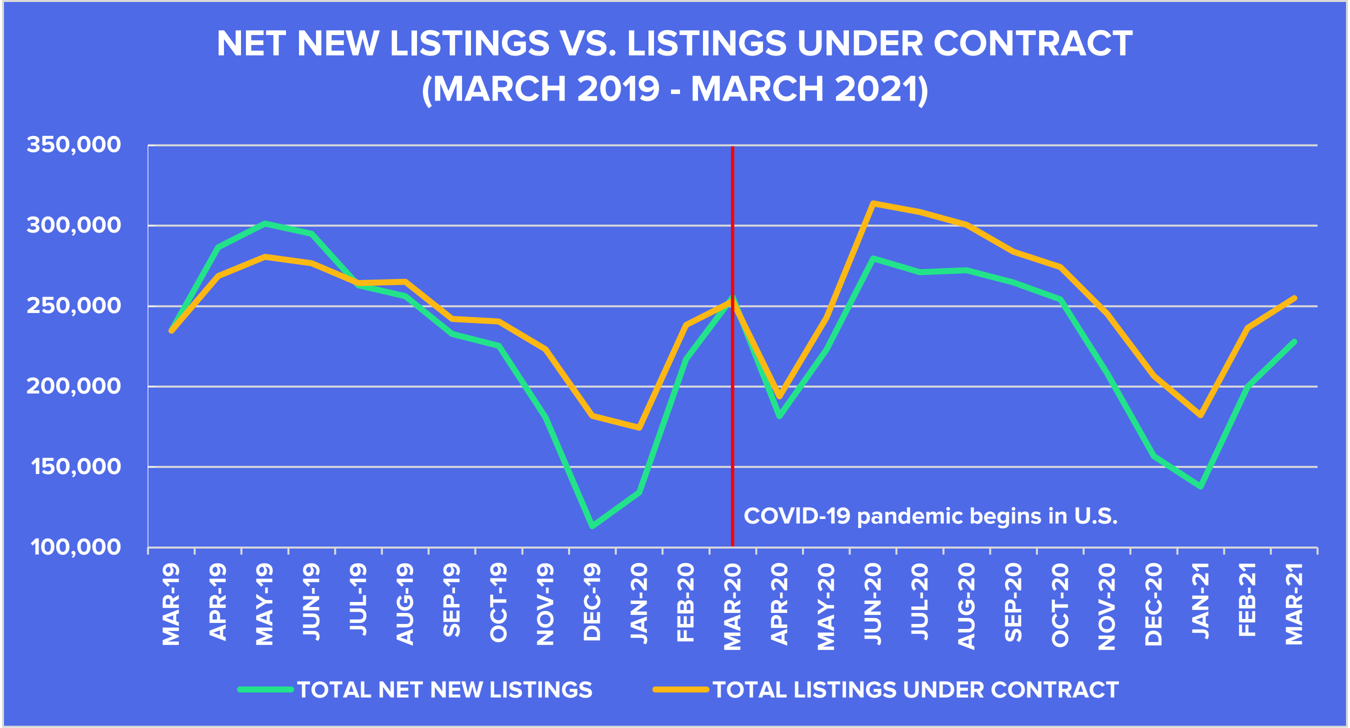
From its peak in November 2020, the total number of listings **available for rent dropped 46.8%**.



Source: HouseCanary data

Demand Remained Strong

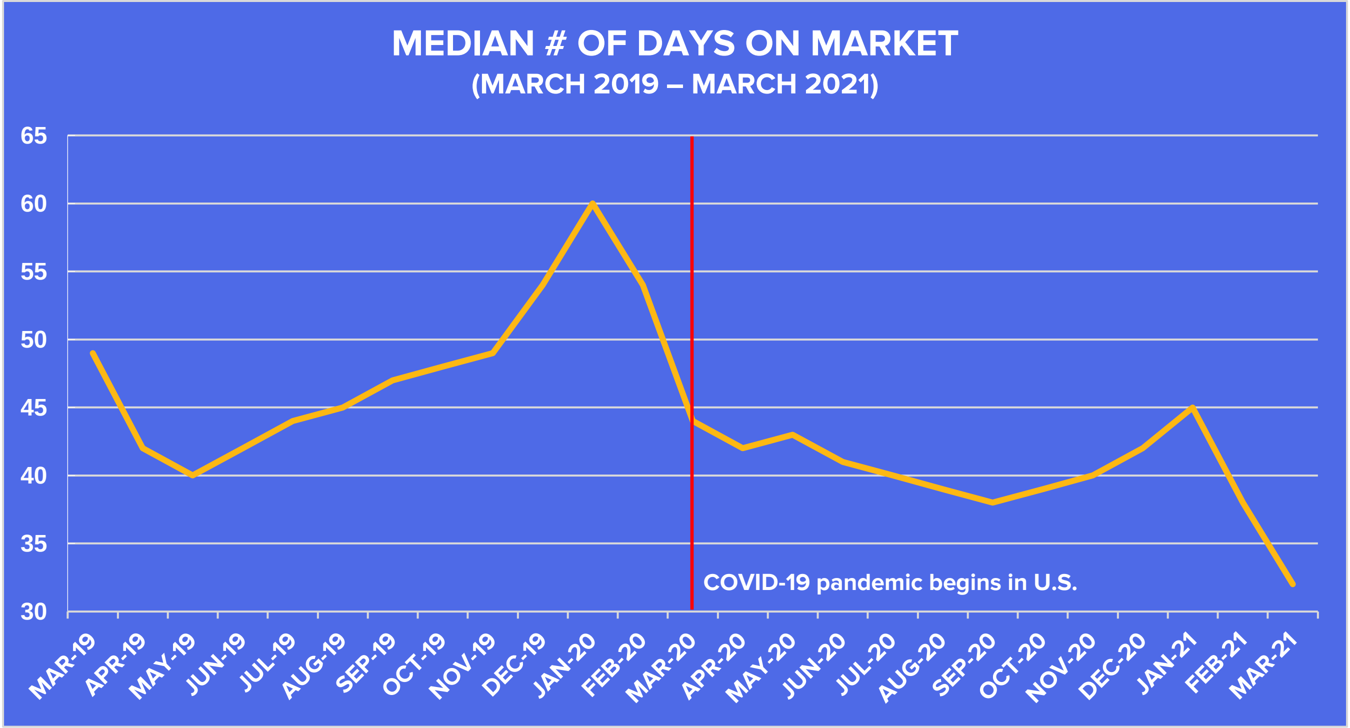
The number of **listings under contract grew 4.6%** during the pandemic, outpacing 2019's figures, while net new listings **declined 3.0%** over the same period.



Source: HouseCanary data

Americans Moved Faster Than Pre-Pandemic

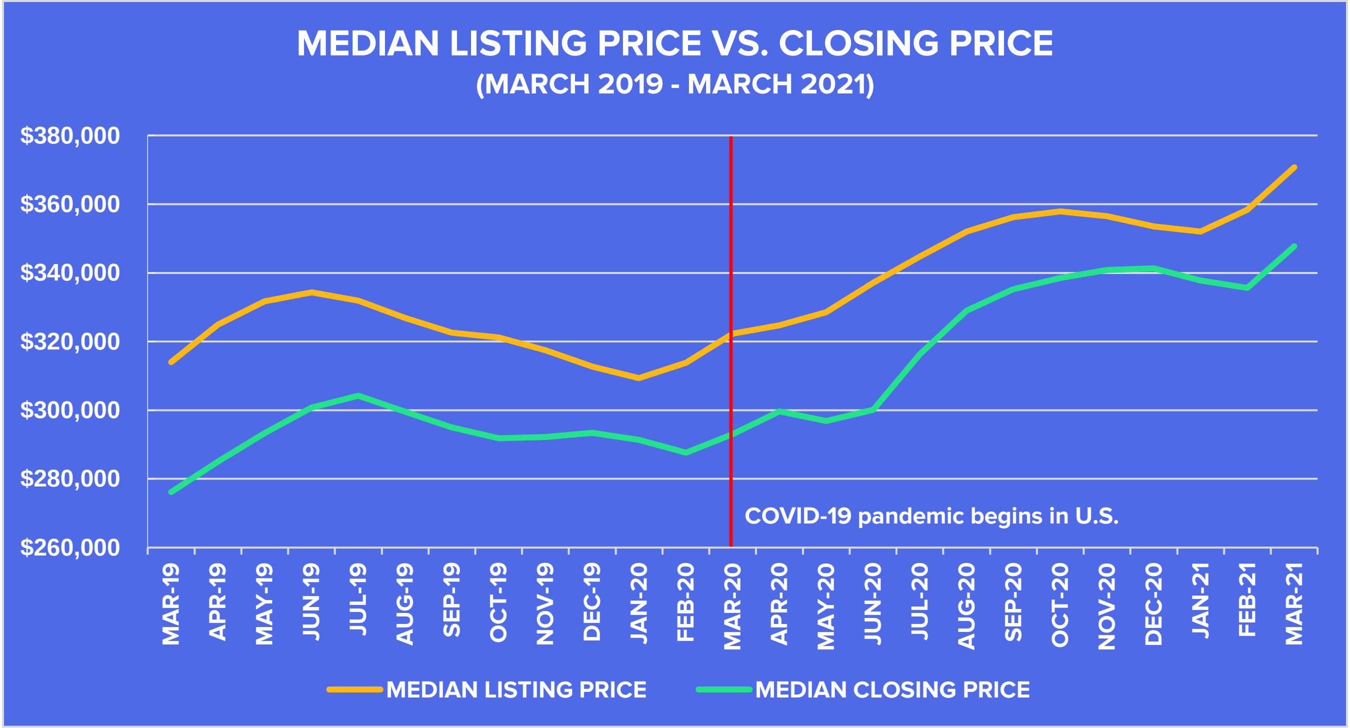
During the pandemic, homes spent a median of **12 fewer days** on the market compared to the same period the year prior.



Source: HouseCanary data

Prices Soared Due to Supply-Demand Imbalance

Across the U.S., the median listing price **increased by 15.0%** while the median closing price **jumped 18.7%** from March 2020 to March 2021.



Source: HouseCanary data

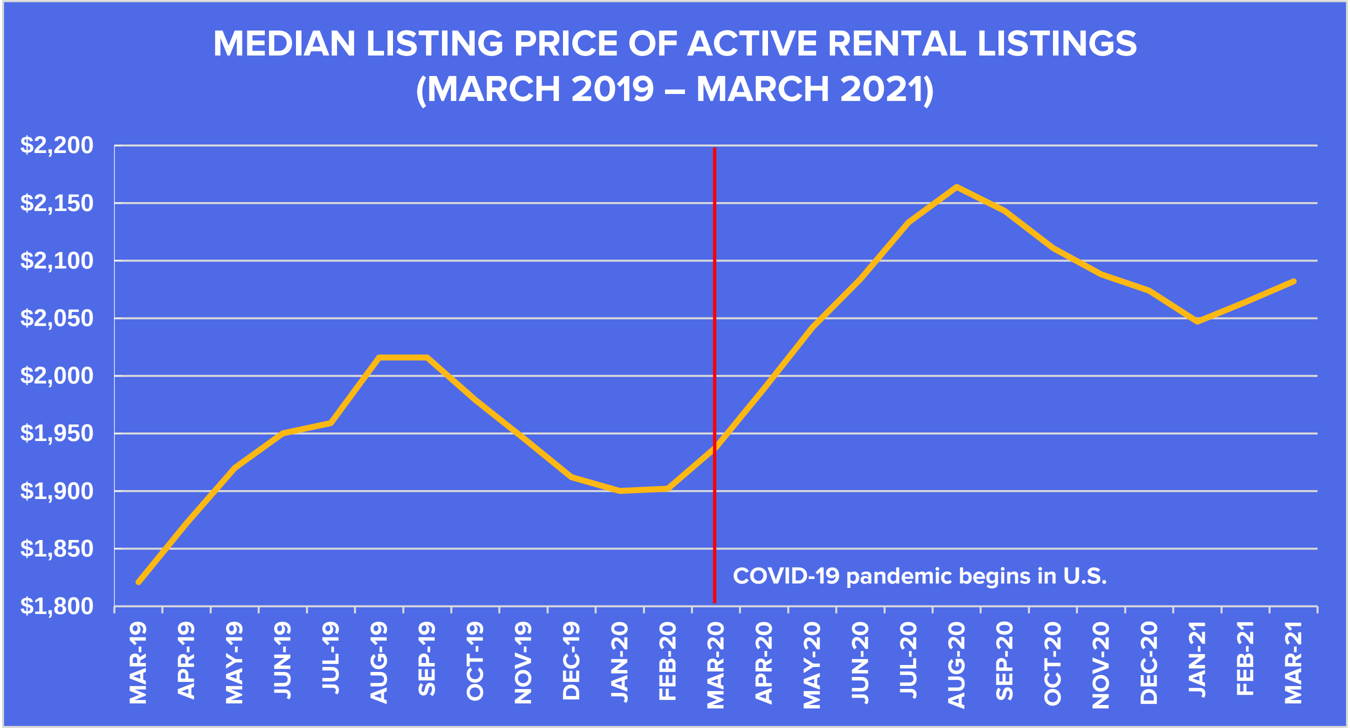
Prices Soared Due to Supply-Demand Imbalance (Cont.)

The median listing price per sq ft **increased by 19.0%** and the median closing price per sq ft **rose 17.5%** from March 2020.

Source: HouseCanary data

Prices Soared Due to Supply-Demand Imbalance (Cont.)

The median listing price of active rentals **grew by 7.4%** during the pandemic to **$2,082** from **$1,938** in **March 2020**.



Source: HouseCanary data

Forbearance Rates Trended Downward

After peaking at a record high **8.55% in June 2020**, forbearance rates steadily declined to reach approximately **5% in March 2021**.[1]

MarketWatch

Fannie Mae, Freddie Mac instruct servicers to offer 12-month moratoriums on mortgage payments if borrowers suffer hardship

Published: March 21, 2020 at 9:11 a.m. ET

By Jacob Passy

37

Consumers can get relief from payments and fees during the public-health crisis — but they will likely need to ask first

HW HOUSINGWIRE

Politics & Money Mortgage

Forbearance rate drops again, to 5.29%

The share of loans in forbearance declined to the lowest level since April 5, 2020

February 16, 2021, 4:00 pm *By James Kleimann*

MBa

MORTGAGE BANKERS ASSOCIATION

Share of Mortgage Loans in Forbearance Increases to 8.55%

Jun 15, 2020

WASHINGTON, D.C. (June 16, 2020) - The Mortgage Bankers Association's (MBA) latest **Forbearance and Call Volume Survey** revealed that the total number of loans now in forbearance increased from 8.53% of servicers' portfolio volume in the prior week to 8.55% as of June 7, 2020. According to MBA's estimate, almost 4.3 million homeowners are now in forbearance plans.

1. Source: Mortgage Bankers Association

Looking Forward: Post-Pandemic Industry Outlook

The COVID-19 vaccine represents **light at the end of the tunnel** and will serve as rocket fuel for the housing sector. We expect **demand to continue to exceed supply**, likely resulting in **sustained home price increases in 2021 and beyond**.

Macroeconomic Tailwinds	Housing Market Tailwinds
✓ Positive job market growth	✓ High homeowner equity
✓ Strong corporate earnings	✓ Increased formation of millennial households
✓ Extremely strong money supply	✓ Real estate is an ideal hedge against inflation
✓ Sustained work-from-home trend	✓ Increased institutional investor interest
✓ Low interest rates	

Thank You!

Contact: info@housecanary.com