

## **Residential Real Estate Market In The United States - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)**

Market Report | 2023-01-23 | 130 pages | Mordor Intelligence

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### **Report description:**

The residential real estate market in the United States is expected to register a CAGR of over 5.77% during the forecast period. Furthermore, the COVID-19 impact was severe on the market. Despite the pandemic crisis, residential real estate in the country is in the recovery phase, as the sales in the country quickly bounced back to pre-pandemic levels.

#### **Key Highlights**

Since the start of the COVID-19 pandemic, the property market in the United States has been thriving. Many purchasers took advantage of the low-interest rates to restructure their mortgages, relocate, or take a step toward the American Dream by purchasing their first home. Owing to this, the number of home sales increased sharply in the second half of 2020 and has since stayed higher than before the pandemic. Prior to the pandemic, home prices had been on the rise, but with demand at an all-time high in 2020, the Freddie Mac House Price Index recorded a startling 11.3% increase.

At the beginning of 2021, about 60% of properties were sold above their advertised prices as a result of the "race for space" among homebuyers. Although the market has begun to moderate, the lack of available inventory and rising construction costs are anticipated to keep pushing up the price of homes.

The price of single-family homes increased by more than 20% in numerous states of the United States. As of the end of 2021, some of the states with the highest property appreciation rates were Arizona, Utah, Idaho, Florida, and Tennessee.

Furthermore, the mean value of a single-family home was significantly higher than the average sales price of both new homes and existing homes in states like California, Washington, and Massachusetts.

The housing market in the Golden State is among the most competitive when compared to other metropolitan areas. A home in San Jose, Sunnyvale, Santa Clara, or San Francisco would cost purchasers more than USD 1,000,000.

The demand for multifamily houses increased when compared to single-family homes. Housing starts in single-family homes were at 1.11 million units based on the seasonally adjusted annual rate (SAAR) in the second quarter of 2021, and multifamily housing

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starts were at 467,000 units (SAAR), which is 9% greater than the previous quarter in 2021, and 55% higher than the same quarter in the previous year (2020).

Furthermore, the inventory of homes on the market increased for both new and existing homes. The listed inventory of new homes for sale at the end of the second quarter was 348,000 units based on seasonal adjustments (SA), at a growth rate of more than 14% from Q1 2021. Additionally, it registered a growth of 16% compared to the previous year.

## US Residential Real Estate Market Trends

### Existing Home Sales Witnessing Strong Growth

As reported in March 2021, existing home sales, including single-family homes, townhomes, condominiums, and cooperatives, account for more than 85% of the market. Meanwhile, new home sales represent the remaining 15% of the market.

The sales of existing homes are measured nationwide, giving breakdowns for the west, midwest, south, and northeast regions of the country. The southern region of the United States leads in sales by more than 45%, followed by the midwest, west, and northeast.

According to the National Association of Realtors, sales are varied by price range. In 2021, most of the sales saw significant growth in the USD 250,000 to USD 500,000 price range by more than 42%, followed by the USD 100,000 to USD 250,000 price range.

Furthermore, sales of existing homes are leveraged by increasing first-time buyers, investors' interest, more cash sales, etc. In addition, in 2022, more than 6.5 million sales have been registered, with month-on-month growth of 6.7% and Y-o-Y growth of more than 2.3%. At the same time, the median sales price accounts for USD 350,300 with a growth rate of 15.4% compared to 2021.

### Demand for the Housing Market to Remain Elevated

Residential real estate was adversely affected by the pandemic. Despite this disruption, the housing market is resilient with increasing homeownership in this sector.

Furthermore, in the fourth quarter of 2021, more than 142,406 housing units were available to meet consumer demand, in which more than 89% of housing units were occupied by owners and renters. In addition, most of the sales in the sector are contributed by middle-aged and aged citizens in the country. For instance, people aged from 45 to 65 years accounted for more than 70% of homeownership rates in the country in the four quarters of 2021.

Furthermore, in Q4 2021, the housing market experienced the highest ownership growth rate in the midwest region, with 70.1%, followed by the south (67%), northeast (62%), and west (60%). In addition, the growth rate of homeownership in 2021 remained resilient, despite the slight decline from the previous year due to changes in consumer behavior during the pandemic.

Most of the demand in this sector is obtained from condominiums and apartments. Apartments are expected to dominate the sector compared to condominiums because 64,000 apartment units were completed in Q2 2021.

## US Residential Real Estate Market Competitor Analysis

The residential real estate market in the United States is fragmented, with the top 50 companies accounting for nearly 30-40% of

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the market share. Large companies have advantages in terms of financial resources, while small companies can compete effectively by developing expertise in local markets. Some of the major companies include Equity Residential, Brookfield, Essex Property Trust, and Simon Property Group.

The country's inflationary trend has had a significant impact on business. High inflation has pushed individuals to spend more on basic necessities such as food and clothing while at the same time hitting the homeownership sector hard.

Additional Benefits:

The market estimate (ME) sheet in Excel format  
3 months of analyst support

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