

INDIANA ASSOCIATION OF REALTORS®

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FOR IMMEDIATE RELEASE: October 11, 2022

Indiana home sales fell 13% vs. September 2021 as mortgage rates passed 6%; fewer listings highlight continued inventory challenge

(INDIANAPOLIS, Ind.) Indiana's home sales dropped sharply in September as 30-year mortgage rates passed six percent for most of the month. Last month's estimated statewide sales were 13 percent below September 2021, according to new data from the Indiana Association of REALTORS®; new listings also finished 11 percent below last year while the median sale price of an existing Indiana home fell to \$235,000.

A disappointing August inflation report caused mortgage rates to eclipse six percent early in the month as financial markets widely anticipated the third consecutive three-quarter percent interest rate hike announced by the Federal Reserve on September 21. The average payment on a 30-year, \$200,000 mortgage has increased \$200/month since the beginning of June and more than \$400 since last fall.

"Even though home prices saw a seasonal decline in September, higher mortgage rates erased any benefit for the typical Hoosier homebuyer," said Indiana Association of REALTORS® CEO Mark Fisher. "The Fed's hawkish approach to reducing inflation is having the expected impact on buying power and housing demand, even though Indiana's real estate market has been steadier than the nation's."

Fisher noted that new listings have declined faster than sales over the last three months of data collected from the state's eight Multiple Listings Services (MLS).

"A decrease in newly-listed properties is natural as sellers rethink their options," he said. "But fewer listings also exacerbate a longer-term, decade-long decline in inventory that REALTORS® see as the number one threat to the health of Indiana's housing market."

Year-to-date home sales had reached 69,264 (preliminary) at the end of September, a nine-month total 5.5 percent below the record-setting pace of 2021 but within a single percentage point of 2020 and more than one percent ahead of 2019. Total sales volume remains nearly a billion dollars above 2021.

"The most dramatic increase in interest rates in more than forty years has essentially pushed Indiana home sales back to a pre-pandemic trend, a modest interruption in a growing market," said Fisher. "Demand will rebound as inflation and other external dynamics ease – Indiana's challenge continues to be supply keeping up with new residents, employment and income growth."

Statewide housing highlights for September:

- Estimated home sales totaled 8,129 in September, declining 13 percent from the 9,360 properties sold in September 2021; year-to-date sales (69,264) are nearly 6 percent below 2021.
- New listings also dropped 11 percent below last September, the second consecutive month of double-digit decline; year-to-date listings are now nearly two percent below 2021 after starting the summer (June) nearly four percent ahead.



- Median sale prices have dropped in monthly increments of roughly two percent for the past three months after reaching a June peak of \$250,000: September's \$235,000 median price follows a \$240,000 median for August and \$246,000 in July.
- Indiana's median price remained 7 percent above 2021 in September despite slowing appreciation.
- Sold homes were on the market for 48 days (median) in September, up four days from last year; the limited supply of homes sold for less than \$200,000 continue to sell briskly (43 days on market).

Regional highlights:

- Every region of Indiana except one saw a year-over-year decline in home sales in September; West Central Indiana (Vigo, Clay, Sullivan, Parke and Vermillion Counties) bucked the statewide trend with a 24 percent increase (271 sales for the month).
- Among the vast majority of the state where sales have slowed from 2021, Southwest Indiana (the greater Evansville area including Knox County to the north) saw the most modest dip in September sales (8 percent year-over-year).
- Northwest Indiana had the most significant drop in September sales (17 percent), though year-to-date sales for the region are only 5 percent below 2021 (ahead of the statewide trend).
- East Central Indiana has the steepest decrease in both sales (10 percent) and new listings (8 percent) relative to the first nine months of 2021.
- Beyond its strong September sales total, West Central Indiana is also the only region ahead of 2021 home sales year-to-date (by 4 percent); in Southeast Central Indiana (the Louisville metropolitan counties including Crawford), sales are only one percent below 2021 through September.
- For the second consecutive month, every region of the state experienced year-over-year decreases in new listings – in this category, West Central Indiana is again notable for the sharpest drop in homes newly-available for sale (23 percent fewer listings last month vs. September 2021).
- Among other major metropolitan regions, Northeast Indiana home sales continue to outperform the state as a whole (3 percent below 2021 year-to-date) with new listings even with last year.
- Central Indiana home listings are also keeping pace with 2021 through September, though sales (3,058 properties) were down 15 percent in September and 7 percent year-to-date versus 2021.

Explore the data and learn more about Indiana's housing market at

www.IndianaRealtors.com/consumers/housing-data

Indiana Existing Home Sales & Median Prices – Six-Month Totals & Trends:

	April	May	June	July	August	September
2021 Monthly Sales	7,782	8,482	9,985	9,603	9,734	9,360
2022 Monthly Sales	7,616	8,646	9,202	8,614	8,990	8,129
YOY Change - Sales	-2%	2%	-8%	-10.5%	-7.5%	-13%
2022 Median Price	\$235,000	\$245,000	\$250,000	\$246,000	\$240,000	\$235,000
YOY Change - Price	17.5%	15%	14%	10%	9.5%	7%

