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Indiana home sales remain 11% below 2022 in October but buying activity picks up as inventory rises and price gains continue to slow

Pending sales pass closings in October, predicting November sales on par with 2022

(INDIANAPOLIS) Indiana home sales stabilized in October after tumbling sharply from August to September; new pending sales even gained ground as rising inventory and falling prices eased homebuyers through another month of mortgage rates well above 7%, according to the Indiana Association of REALTORS® (IAR).

6,267 sales were closed in October, down 5% from September (within the usual month-to-month range as sales slow through autumn) and 11% behind 2022. September sales had fallen 20% versus last year.

7,991 new listings were added to MLSs in October, just 1% below 2022. Although this total was five hundred fewer than September, cooling sales trends led to another month-over-month increase in overall inventory: 12,935 homes were listed on a given day through October. The average time on market from listing to pending sale rose accordingly, to thirteen days.

With the statewide supply of homes for sale remaining just ahead of 2022, Indiana's median sale price recorded another month-over-month drop to \$240,000, staying 1% above last year.

"Since August, homebuyers have seen the average number of homes on the market rise nearly 20% while median prices have dropped 6%," said IAR president Lynn Wheeler.

These favorable conditions showed up in new sales activity, as pending sales increased from September to October to total 6,360, outpacing closed sales for the month. This suggests more closings in November, defying the typical seasonal pattern despite current mortgage rates.

"Fall can be a great time for bargain-hunting homebuyers," Wheeler noted. "But as higher rates continue to squeeze budgets, it's even more important that buyers take advantage of professional help to navigate the market."

Wheeler added longer-term perspective to October inventory trends, explaining that even though supply has risen six straight months to exceed 2022 levels, average daily listings have been cut in half from 2020 and have plummeted more than 60% versus 2018 and 2019.

"Limited inventory creates competition even with fewer homebuyers," Wheeler said. "This is why prices are lower this fall but haven't dropped below 2022, and why half of all pending sales are still happening within thirteen days while the norm before 2020 was three weeks or more."

IAR CEO Mark Fisher emphasized that even with historically high year-to-date prices and a brisk sales pace by pre-pandemic standards, sellers are slow to enter the market.



“The last twelve months represent Indiana’s lowest annualized total of new listings since IAR began collecting statewide data in 2006,” Fisher said. “A new home hitting one of our eight Indiana MLSs is a valuable asset considering our long-term housing shortage.

“But mortgage rates must begin falling to prompt more current homeowners to reconsider plans to list their properties and look for their next home, and we still need new residential development to meet demand once the real estate market starts to recover,” he finished.

The final week of October did see a modest drop in thirty-year mortgage rates after the Federal Reserve put off another rate hike, with falling U.S. Treasury bond yields signaling the possibility of lending rates continuing to ease in November.

More October Highlights:

- October’s 6,267 closed sales bring the 2023 year-to-date total to 64,856, 15% below 2022.
- Year-to-date listings are 79,800 through October, 13% below the first ten months of 2022.
- Homes sold for 96.1% of their original listing price in October, down from 96.7% in September.
- Sales below \$250,000 declined 13% year-over-year, while sales at or above \$250,000 dropped just 3% as higher mortgage rates continue to impact affordability.
- Among counties 250+ closed sales, St. Joseph (-8% year-over-year) and Allen (-10%) outperformed the statewide trend versus 2022; Hamilton County was consistent with the state (-11%) while notching the state’s second-largest county sales total (470).
- The counties with the largest and third-leading totals, respectively, Marion (-12%, 950 closings) and Lake (-14%, 465) fell slightly behind the state trend for the month.
- Most suburban counties fell further behind 2022 in sales but remain more active (on a sales-per-household basis) than the state.
- Rural counties continue to run ahead of state year-over-year sales and price appreciation trends; the more affordable median sale price of \$185,000 is 5% above 2022.
- Central Indiana (the MIBOR REALTOR® Association region) saw sales fall 15% behind October 2022 with 2,325 closings at a median sale price of \$290,750.

For more details on state and local real estate market data, contact Chris Watts at (317) 514-3184 or cwatts@IndianaRealtors.com.

