

## Housing Market Seasons

Every year, housing market activity has predictable ups and downs. Sometimes those patterns are difficult to decipher when longer-term trends, such as plummeting housing prices, or one-off events, such as a home buyer tax credit, drive movements in housing indicators. However, seasonal patterns are apparent.

### STARTS AND SALES SWING WITH THE SEASONS

New construction starts and existing home sales fluctuate more throughout the year than other housing activities. Sales are typically 290% above their annual average in June and 31% below their annual average in January, according to Trulia.

Construction starts also swing 25% above and below their annual average over the year. Other activities float



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### REAL ESTATE 101

#### Understanding Market Shifts

After a whirlwind of a year in 2020, the housing market looks like a minefield of complications. Thanks to COVID-19 and its impact on the U.S., the right decisions for a potential home buyer changes quickly. Check out this guide to market forecasts from Rocket Mortgage at [bit.ly/3rHq8SO](https://bit.ly/3rHq8SO).

rather than swing with the seasons. Search activity rises 12% above its annual average in March. But inventories stay within 10% of their annual average every month and asking prices stay within 5% of their annual average every month.

#### WITH THE SPRING THAW COMES FIRST TO BUYERS

As the market comes out of winter, buyers wake up first. In the winter, all activity rests: searches, prices, starts, sales and inventories all slide to their yearly low in December or January. Life resumes in

March, as search activity pops up and stays above normal through August. Prices rise too and reach their annual high in May. Summer has endings and beginnings: Sales peak in June, as do new construction starts. But inventory keeps climbing as some sell-

ers miss the sales peak, topping out in July and August.

What do these patterns tell us? Home buyers are a little ahead of sellers. Asking prices peak at the start of the season, so demand appears to rise ahead of supply. As supply catches up, prices ease back down and sales peak. After that, inventories build up a bit further through the summer.

#### HIGH SEASON COMES LATER IN THE NORTH

Harsh climates fuel seasonality. It's harder to build homes in the snow, and a lot less fun to go to open houses. Construction starts in the Midwest are 2.5 times higher in June than in January, but in the South, construction starts are only 50% higher at the summer peak than at the winter low. Sales seasonality too is stronger in the Midwest and Northeast than in the South and West.

The best time to buy or sell? Depends on where you are. If you want to buy when inventory swells (or want to avoid those months for selling), inventory peaks in the summer across most of the country, but not in the Sunbelt. In Miami, Tampa and Orlando, inventory peaks in March. Las Vegas inventory peaks in October, and Phoenix inventory peaks in December, according to Trulia.





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June and 31% below their annual average in January, according to Trulia.

Construction starts also swing 25% above and below their annual average over the year. Other activities float rather than swing with the seasons. Search activity rises

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### HOMEWISSE GLOSSARY

**Earnest money (also called deposit):** Funds given by the buyer and held in an escrow account until the real estate closing. In some cases, these funds are refundable if the loan fails to close, but if the loan does close, the purchaser is given credit at closing for the earnest money. SOURCE: MLS.com

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