

**FOR IMMEDIATE RELEASE:** January 12, 2024**CONTACT:** Chris Watts (317) 514-3184; cwatts@IndianaRealtors.com

Indiana home sales drop 14% in 2023 as buyers face higher rates and fewer listings, but REALTORS® see improving 2024 outlook Potential sellers take a pass on last year's market, keeping inventory tight; statewide median home price passes \$240,000, 37% below U.S. median

(INDIANAPOLIS, Ind.) December added 5,470 closed home sales across Indiana to bring 2023's statewide total to 76,262, 14% below 2022, according to year-end data released by the Indiana Association of REALTORS® (IAR). Last year's statewide median sale price rose to \$242,500, 4% higher than 2022 as inventory remained limited despite fewer homebuyers.

Mortgage rates averaged 6.81% through 2023, nearly a point-and-a-half higher than 2022 and more than double the historically low rates that helped drive record-setting sales in 2021. Indiana still outperformed the U.S. market, which saw existing home sales drop 18% from 2022 to 2023 according to estimates from the National Association of REALTORS®.

Elevated rates also took a toll on the number of homes listed for sale on Indiana's eight MLS marketplaces: 2023 finished with 90,820 new listings, 12% behind 2022 and the first time annual listings fell below 100,000 in at least twenty years.

"Higher rates added hundreds of dollars to the monthly payments of the average home for sale in Indiana, squeezing more buyers out of the market in 2023," said Lynn Wheeler, 2023 IAR president. "We saw the impact on closings, even though housing budgets still go much further in Indiana compared to most of the nation.

"Most buyers are also sellers, and we saw many homeowners put off potential moving plans to protect their lower-rate mortgage loans and avoid selling into a slowing market," Wheeler continued. "New listings fell 20% behind 2022 in the second quarter of the year – spring and early summer, when we usually see the most homes hitting the market."

Inventory sees year-over-year increase, remains historically tight:

Fewer listings kept total inventory tight by pre-2021 standards. 10,976 homes were listed for sale on an average day through 2023; while this represented a 16% increase from 2022, inventory finished 9% below 2020 and 36% lower than 2019, when daily listings averaged over 17,400. Just five years earlier in 2014, more than 40,000 daily listings were the norm.

"Indiana averaged less than a two month supply of residential inventory through 2023 [available listings compared to average monthly sales]," noted IAR CEO Mark Fisher. "For reference, five months is traditionally considered a 'balanced' market – Indiana is still struggling with a long-term housing shortage."

Limited supply meant even though sales activity was down, prices continued to rise and the market continued to move briskly by pre-pandemic standards. The majority of homes sold in 2023 were under contract within two weeks (11 days from listing to pending sale); in 2019, time from listing to pending averaged 19 days.



Fewer new listings favored sellers negotiating during the busiest months of the year; homes sold for more than 97% of their original list price from April through August, falling back to 95% by December with more inventory on the market and activity slowing after Labor Day.

Easing mortgage rates provide positive headwinds for 2024:

Thirty-year mortgage rates decreased for nine straight weeks to close 2023, from 7.8% in late October to 6.6% over the last week of December, according to the Freddie Mac Primary Mortgage Market Survey. The Federal Reserve has signaled multiple cuts to its benchmark interest rate in 2024.

Indiana REALTORS® see other favorable trends for homebuyers: Median prices increased 4% to \$242,500, but this is lowest annual price gain since 2014. And while long-term housing supply challenges remain, slower sales meant inventory rose seven straight months in 2023 before dipping slightly to 12,434 average daily listings in December.

Incoming 2024 IAR president Jennifer Parham sees conditions improving.

“Lower rates and more options should welcome more homebuyers back to the market as we turn the page to 2024,” Parham said.

Adding that Indiana again led the Great Lakes in population growth and positive migration in 2023, Parham noted that recovering demand is likely to pay off for potential home sellers.

“Especially if rates continue to fall, we believe a more competitive market will bring sellers off the sidelines,” she finished.

Local/regional trends:

- Indiana’s rural counties outperformed statewide sales trends on a year-over-year basis, as closings fell 13% from 2022 to 2023 (and just 5% in the fourth quarter).
- With more affordable median prices (\$184,000 for the year), these communities may have attracted buyers willing to widen their search to match their budgets, or simply continued to capitalize on more evenly distributed population growth since 2020.
- On the other hand, suburban price growth slowed (but still hit \$327,000) and sales dropped more sharply (down 15% year-over-year).
- Hamilton County was an exception, where total sales (5,952) declined just 10% versus 2022 and the median sales price finished the year just below \$425,000.
- Staying in Central Indiana, Marion (12,178 sales) finished just below the statewide year-over-year trend (-16%); Johnson (-17%) and Hendricks (-16%) also fell just behind the state while breaking the 2,000 sale threshold (2,238 and 2,438 respectively).
- Among other large metropolitan counties, Lake (5,402 sales, -15%) nearly matched the state sales trend, while Allen finished in line (4,718 sales, -14%) along with Vanderburgh (-14% in sales with notable 9% price growth to \$188,000).
- Further east on the Ohio River, Clark County (1,837 sales) narrowed the state sales gap (-12%); the broader Southern Indiana REALTORS® Association area finished just 11% behind 2022 in sales.

- The Terre Haute Area Board of REALTORS® (covering Sullivan, Parke, Vermillion, Clay and Vigo counties) closed 1,505 sales to finish with a similar 10% gap versus 2022.
- Two areas that have been in the news with significant economic development announcements also saw solid housing demand in 2023: Boone County sales (1,274) finished just 5% behind 2022, while Howard County (Kokomo) finished 8% behind 2022 with 1,153 sales (and an unusual 10% year-over-year gain in new listings over the last three months of the year).

Read more about Indiana's real estate market in 2023 and scenarios for 2024 in the [IAR 2023 Housing Market Wrap Up Report](#).