



September 12, 2023

Indiana Housing Market Update: August 2023

Indiana housing market rallies to finish the summer, as sales and listings gain ground in August.

Check out the [August 2023 Indiana Housing Report](#) for more details.

After reviewing preliminary data through the end of August, we can report that closed sales and new listings both outpaced expectations, finishing with the second-highest monthly totals of 2023 in both categories after the mid-summer doldrums of July. August numbers seemed hardly affected by the Rapattoni MLS outages beyond temporary delays in data collection and reporting – it remains to be seen how September closings are impacted by the disruption.

- There were 7,409 closed sales statewide in August, growing 6% (more than four hundred closings) from July.
- This is a solid month of sales, towards the high end of our month-over-month projections.
- Nearly nine thousand new listings were also added to Indiana's MLS marketplaces last month, boosting the overall inventory of homes for sale on a given day to 10,823.
- Inventory has been rising since May – so August closings show homebuyers taking advantage of more options – but supply is still 5% below 2022, helping keep prices 4-6% higher than last summer.
- The median sale price did register a slight decrease, typical for August, dropping by about a thousand dollars to \$255,000 (about 97% of original list price, down from 98% in May and June).
- Homes did take slightly longer to sell in August, at nine days from listing to pending sale (up from eight days in July and six in June); nearly a quarter of new pendings (24%) were under contract within three days.
- At just over a week, this is still a brisk pace by pre-2020 standards, as homes were routinely on the market for two weeks or more on average in the summers of 2018 and 2019.
- However, as days-on-market increased, new pending contracts dropped slightly from to July to August (to 7,065) predicting the usual slowdown in closings from August to September.

Mortgage rates remain above 7%:

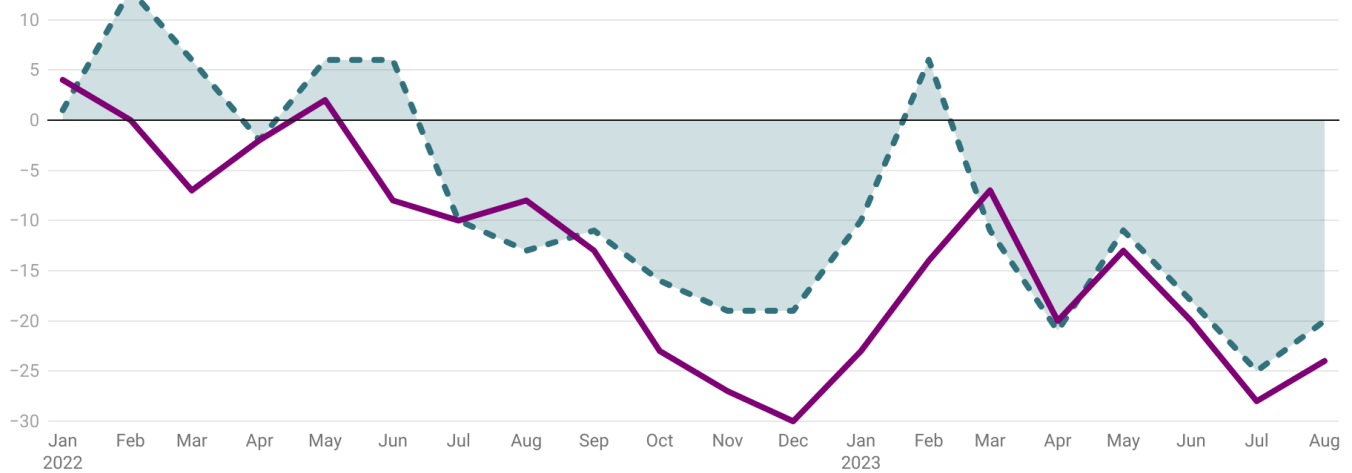
On September 7th, Freddie Mac reported a weekly average thirty-year mortgage rate of [7.12%](#); rates have averaged higher than 7% for the past six weeks after hovering around 6.9% in July.



Sales and listing trends:

Looking at the change in closed sales and new listings versus 2021, it was around this time last year when higher rates (briefly hitting 6% in June) began to have a more dramatic effect on sales, followed by listings. While activity has generally been slower this year, we've seen buyers and sellers come back to the market early in the year and rally again in late spring/early summer, but draw back most sharply in April and July:

Closed Sales and New Listings: Percent Change vs. 2021

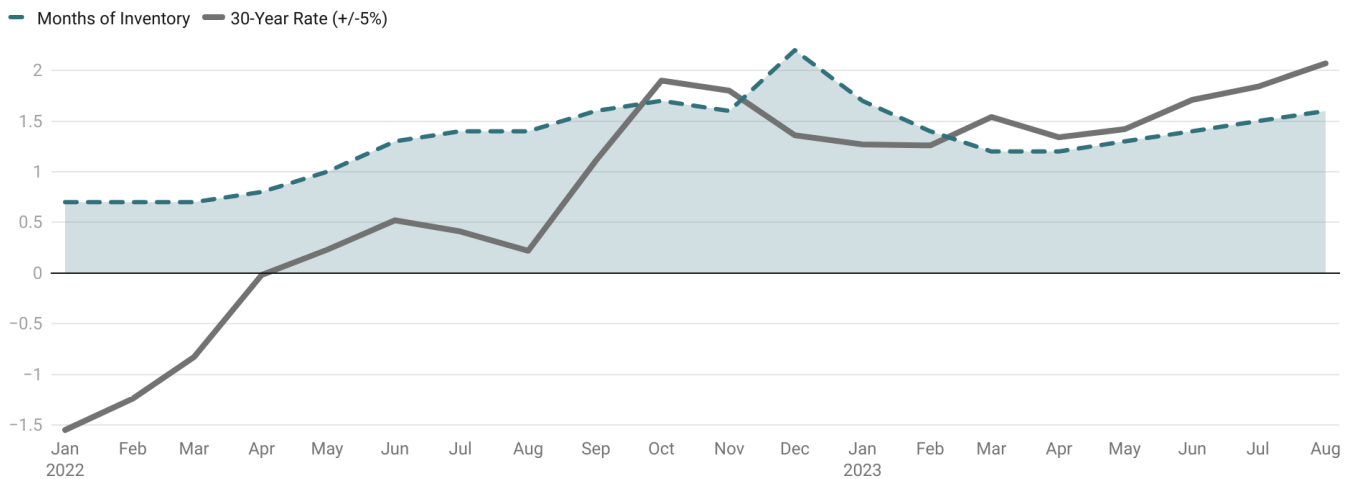


Rising rates and tighter inventory combine to cool the market:

With fewer buyers in the market overall this year, it seems that the combination of higher mortgage rates and limited inventory pushed closings even further below seasonal trends in April and July – making August is a rebound month to close out the summer.

Looking at thirty-year rates (percentage points above 5%) and months of available inventory on the same graph (below), rising rates in March and May-June with months-of-inventory below 1.5 took a toll on closed sales in April and July.

Months of Inventory and Mortgage Rates (over 5% baseline)



More statewide highlights (August):

- August's 7,409 closed sales bring the 2023 year-to-date total to 51,880, or 15% below 2022.
- Year-to-date listings are 63,220, also 15% below the first eight months of last year.
- The Central Indiana (MIBOR) region saw monthly sales fall 18% below August 2022, consistent with the rest of Indiana (including both single-family detached and condo/townhome sales).
- With 1,146 sales, Marion County finished 21% below August 2022; Indianapolis sales were down 19% from June through August compared to last summer, just behind the statewide trend.
- Among other counties with more than 500 sales, both Hamilton (-11%) and Allen County (-8%) dropped below August '22 but ahead of the state-level 18% year-over-year gap.
- Boone County was notable among Central Indiana and the state, finishing this summer (June through August) with an increase of 3% closed sales versus 2022, up 4% year-over-year in August.
- Southwest and Southern Indiana (SIAR and SIRA) – counties stretching from Knox (Vincennes) and Daviess to Vanderburgh (Evansville) and Dubois (Jasper) along the Ohio River to Clark and Jefferson (Madison) – also outperformed the rest of the state in August, with sales down 13%.
- Finally, Indiana's rural counties overall had a stronger August than statewide trends, with sales down 10% year-over-year and a median sale price (\$205,000) 8% higher than last August (versus 6% price appreciation for the state).