



Market Pulse

By East Tennessee Realtors®

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FEBRUARY 2025

As we look back at the first month of 2025, East Tennessee has begun to see some of the much-anticipated housing market improvements. The number of active listings has reached pre-pandemic levels, months of inventory crested 4 in January, and median days on market rose above 35 for the first time since February 2020.

Looking forward, East Tennessee REALTORS® expects these trends to continue with decelerating price growth and the potential for a healthy increase in annual home sales. Home prices are forecasted to grow modestly at an annual increase of 2.9% in 2025, and total home sales are expected to increase 8.7% from 2024. [Access the full 2025 Housing Market Forecast report and see upcoming event dates here.](#)

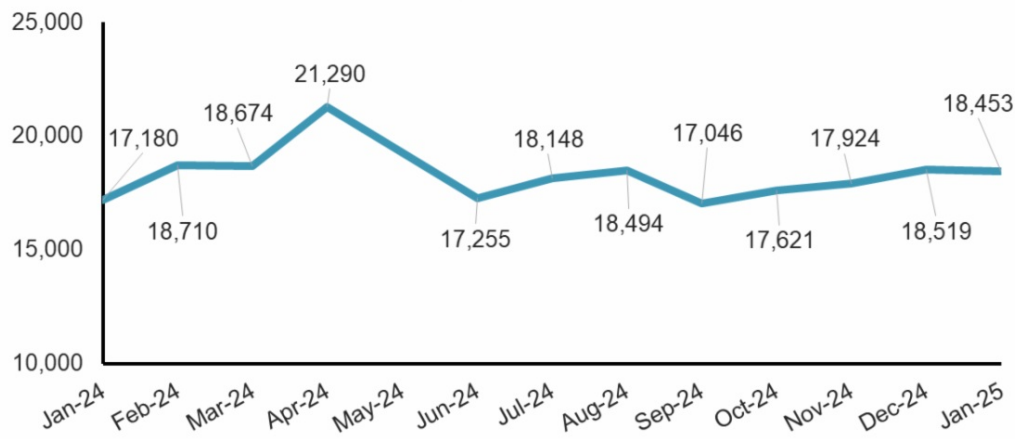
Home Sales Report

JANUARY 2025

- East Tennessee **home sales** decreased 0.4% from the previous month, leveling out after an unexpectedly fast-paced December. In context, January sales increased by 7.4% over the previous year.
- The **median sale price** was \$360,642 — up 3.4% from the previous year.
- Total **housing inventory** increased 33.4% from the previous year.
- **Half of the homes sold were under contract in 37 days or less**, up from 22 days a year ago.
- 37.76% of homes sold for the **asking price or above**, with 18.53% selling for more than the asking price. 7.43% sold for at least \$10,000 over asking and 3.15% sold for at least \$25,000 over asking price.
- The **sale-to-list price ratio** increased slightly from last month to 94.6% — down from 95.5% a year ago.
- **New construction** dropped slightly to 14.5% of total home sales.

East Tennessee REALTORS® reports home sales data using a seasonally adjusted annualized rate (SAAR). This method takes into account seasonal fluctuations in the real estate market, such as increased home sales during the spring and summer, by adjusting the data to provide an annualized rate representing the projected number of homes that would be sold over a year if the current sales pace were to continue.

Seasonally Adjusted Annualized Rate of Home Sales East Tennessee



Source: East Tennessee REALTORS®

What's the outlook? Considering year-over-year comparisons, the slight increase in seasonally adjusted home sales over 2024 aligns with an overall increase in inventory; active listings in the East Tennessee REALTORS® Multiple Listing Service (MLS) have jumped 33.4% from last year and new listings are about the same. As a result, our region is headed into 2025 in significantly better shape for market performance.

The median home sale price decreased by a total of 4.2% in December and January; this is another indicator of normalization toward what would have been seasonally expected prior to the steep price growth of 2021-2024. After climbing steadily over 7% in mid-January, mortgage rates slowly declined to 6.76% as of February 27. If rates continue to decline, this will also help home affordability in the local market.

Home sales cooled in January, reflecting the national market and the many economic considerations demanding attention from consumers. US consumer confidence has continued to drop for three months according to the [Conference Board](#), with more consumers leery of big purchases in what is seen as an unpredictable market. However, as demonstrated above, local data shows that home buyers have reason to be optimistic.

January Market Movement By County

County	Median Sold Price	YoY Price Change	New Listings	YoY Housing Inventory
Anderson	\$309,950	+ 12%	70	+ 3%
Blount	\$435,000	+ 2%	208	+ 39%
Campbell	\$240,000	- 4%	45	+ 39%
Cumberland	\$370,950	+23%	102	+ 33%
Fentress	\$282,450	N/A	35	+ 23%
Knox	\$391,250	+ 1%	643	+ 20%
Loudon	\$500,000	+ 15%	126	+ 41%
Monroe	\$369,000	+ 18%	62	+ 13%
Morgan	\$195,000	N/A	17	+ 28%
Roane	\$248,750	- 3%	81	+ 31%
Scott	\$243,000	N/A	13	+ 56%
Union	\$312,000	+ 1%	23	+ 47%

Note that percent change is N/A where quantity of data was too low to provide a meaningful indicator.

Housing inventory across most of the East Tennessee region increased in January, underlining the shift to more favorable local market conditions. Typically, a nominal decline might be expected in the first month of the year. In contrast, at the end of January active listings in the East Tennessee REALTORS® footprint increased by 10%. 10 of the 12 counties covered by the East Tennessee REALTORS® footprint recorded month-over-month increases in available inventory.

Active Listings By County

Data as of January 01, 2025

County	1-Feb	1-Jan	M/M
Anderson	166	150	11%
Blount	464	450	3%
Campbell	159	158	1%
Cumberland	374	339	10%
Fentress	152	148	3%
Knox	1,236	1,027	20%
Loudon	326	291	12%
Monroe	176	170	4%
Morgan	44	44	0%
Roane	185	180	3%
Scott	73	84	-13%
Union	70	75	-7%
East Tennessee	3,425	3,116	10%

Source: East Tennessee Realtors® • Created with Datawrapper

Unseasonably cold weather may have frozen contract activity

According to the research team at the National Association of REALTORS® (NAR), nationwide pending home sales fell 4.6% in January from December, and declined 5.2% from January 2024. In some regions, the temperatures recorded in January were as low as 60 degrees Fahrenheit below seasonally expected digits.

The South was the most affected, regionally dropping 9.2% in January, compared to 2% in the Midwest and 1.2% in the West.

“It is unclear if the coldest January in 25 years contributed to fewer buyers in the market,” noted NAR Chief Economist Lawrence Yun. “If so, expect greater sales activity in upcoming months. However, it’s evident that elevated home prices and higher mortgage rates strained affordability.”

It's possible that weather added to the slightly slower pace of home sales in East Tennessee in January, but as noted above any effect was offset by other favorable market factors that saw a 7.4% increase in seasonally adjusted sales over January of 2024. [Read the NAR article here.](#)

Two separate reports indicate growing cost burden of homeownership nationwide

Analyzing 2023 data from the American Community Survey, two separate groups released reports in February detailing the drivers of a growing national challenge to affordability. Beyond home inventory availability and pricing, an additional set of costs such as home insurance, utilities, maintenance and taxes have all increased relative to pre-pandemic levels.

The Joint Center for Housing Studies at Harvard University released a new research brief showing that the additional cost burdens have had amplified impact on vulnerable populations such as elderly, lower income and minority households who may have less choice availability in home location and support services.

The Terwilliger Center at the Urban Land Institute released a new iteration of its interactive housing attainability index report and map, which also showed that racial, socioeconomic and intraregional inequities affect the cost of homeownership.

The Urban Land Institute report indicates that in the Knoxville metropolitan statistical area, the average cost to own increased by 15.7% from 2020 to 2023. The cost to rent during the same period increased by 25%.

Joint Center for Housing Studies
at Harvard University

Urban Land Institute Housing
Attainability Index



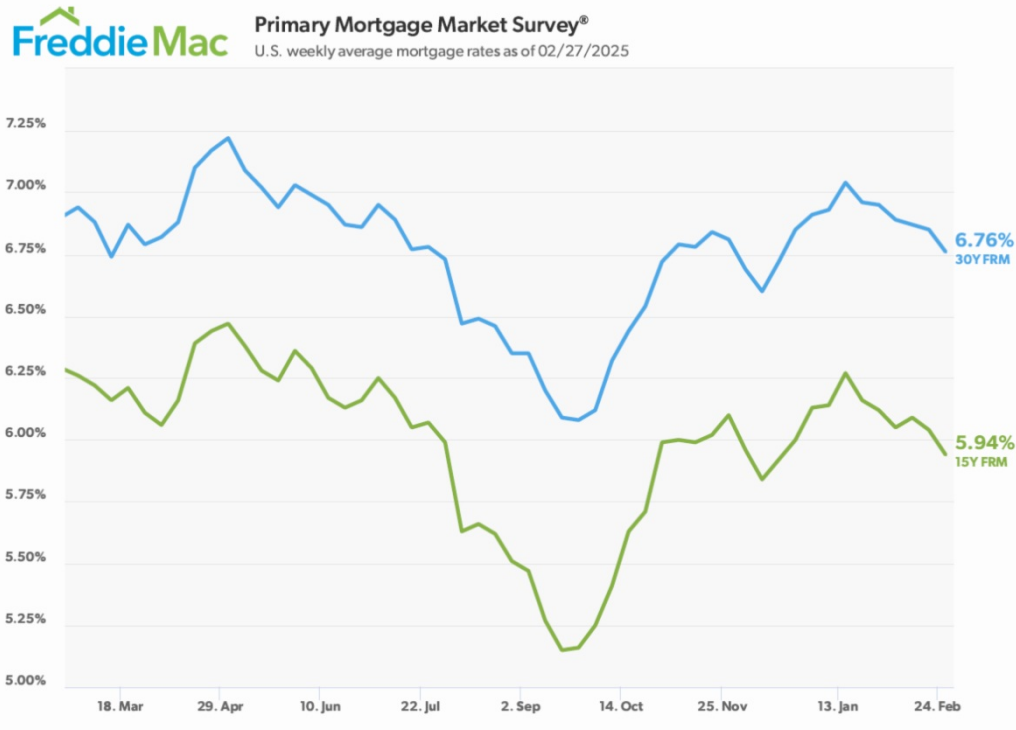
National built-for-rent starts remain elevated: While affordability is a challenge for first-time home buyers, built-for-rent offers an alternative. BFR single-family starts increased to 90,000 units in 2024 from 60,000 in 2021.

"Will the market for this type of construction continue to increase? It is possible, if home buying continues to be out of reach for young adults. They will need a bigger space for growing families or even just a yard for a dog to play in. BFR may be their solution, even as a temporary solution, while they save for their down payment."

– Dr. Jessica Lautz, Deputy Chief Economist and Vice President of
Research at NAR

Mortgage rates slowly but steadily easing

Mortgage rates have now declined slightly for a straight six weeks, as we near the end of February. The trend is good news for the housing market, boosting affordability and returning more inventory to the market as the gap between existing and new mortgage rates begins to narrow. mortgage rate drop is good news for home affordability and the housing market is showing strong resilience. According to [Freddie Mac's](#) Primary Mortgage Market Survey, the 30-year fixed mortgage rate (30Y FRM) averaged 6.76% for the week ending February 27, 2025, compared to an average of 6.94% this time last year.



IN THE NEWS

Stay up-to-date with the most recent information about East Tennessee's housing market. Here's the latest from local media:

WBIR: [Supply and demand dynamics will have most impact on East TN housing market in 2025, report says](#)

WATE: [One year since Missing Middle passed: Where does Knoxville's housing shortage stand?](#)

Teknovation: [East TN Realtors shares 2025 housing forecast, and there's some good news](#)

WBIR: [Rising Knoxville home costs price out first responders despite recent pay increase](#)

WVLT: [Empower Summit aims to get youth involved in Knoxville's homelessness problem](#)

WHAT WE'RE READING

[Transforming emptying houses of worship](#)

Counselors of Real Estate | February 05, 2025

[Job growth no longer chief predictor of apartment rent growth](#)

RealPage Analytics | February 10, 2025

[Rising costs of homeownership are a growing burden](#)

Joint Center for Housing Studies, Harvard University | February 24, 2025

[Multifamily Unit Size Increases](#)

NAHB Eye on Housing | February 25, 2025

[Administration ends Affirmatively Furthering Fair Housing rule](#)

HousingWire | February 27, 2025



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