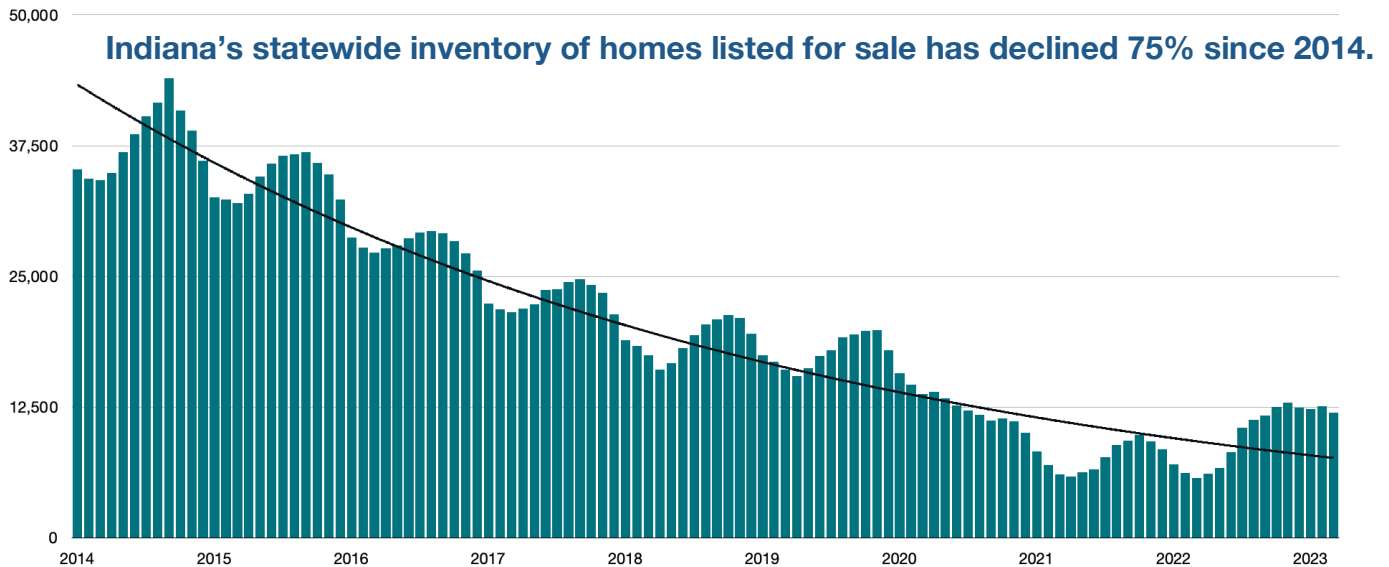


## Indiana Association of REALTORS® Fact Sheet:

# Indiana's housing shortage puts homeownership, housing affordability and economic development at risk.



Since 2014, Indiana's inventory of homes for sale – as measured by average daily listings – has declined nearly 75%, from 38,000 listings to just over 9,200 (the statewide, four-week average through June 11, 2023).



- Over the same period (2014-2022), Indiana's total population has grown by more than 250,000 Hoosiers living in more than 140,000 new households.
- Indiana has led its Midwestern neighbors in population growth since 2010 and has enjoyed a strong upturn in net domestic migration since 2017 – more than 31,000 new residents.
- Just last year (2022), Indiana gained 5,200 'Hoosiers by choice' while Illinois, Ohio and Michigan lost a combined 158,000 residents.
- Residential inventory continues to fall further behind these growth trends, leading to a shortage that strains affordability and puts homeownership out of reach for a growing number of Hoosiers.
- **Indiana has roughly 1.4 months of available housing inventory to meet current demand** (12-month average monthly sales); a balanced market is generally considered 4-5 months – by this measure, Indiana has been a seller's market since the beginning of 2016, dropping past three months to start 2017 and continuing a steady decline to stay below two months since 2020.

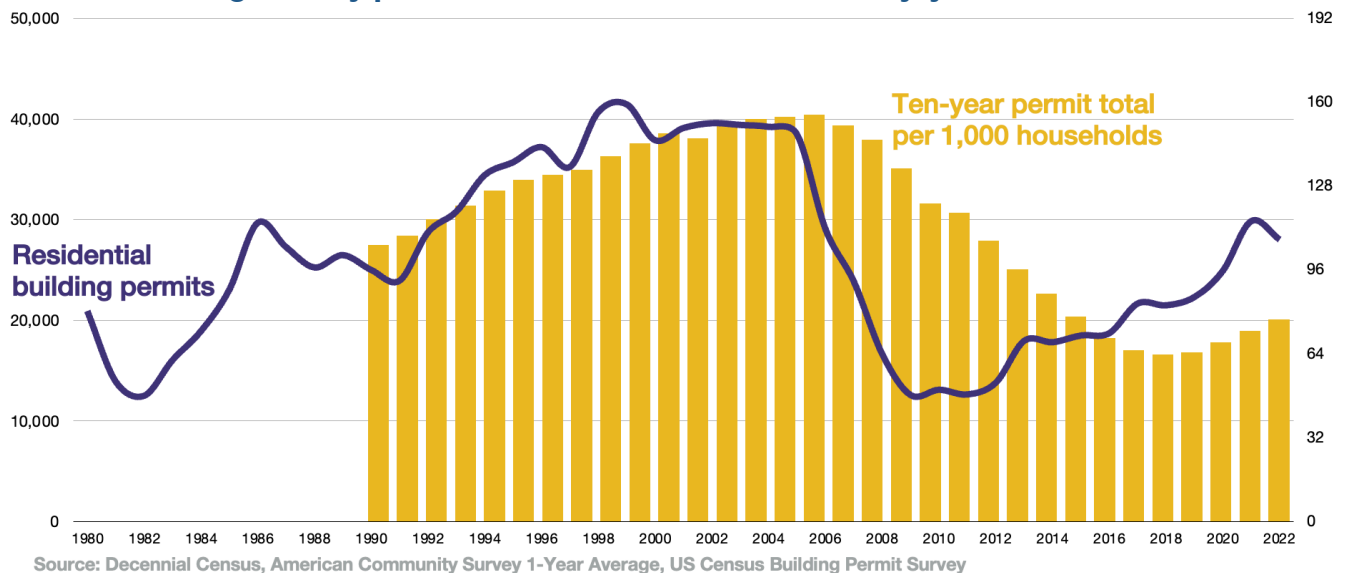
### What's caused Indiana's housing inventory decline?

- A number of factors have contributed to the statewide slide in active listings – e.g. homeowners staying in their homes longer on average, including a growing senior population aging in place.
- Overall domestic migration rates have also fallen to their lowest level since the 1950s (though Indiana benefited from recent growth in state-to-state moves), leading to fewer homes available.
- Elevated mortgage rates are also impacting inventory: Current homeowners with sub-4% mortgage rates feel locked into favorable financing, pushing back plans to list their homes.
- Indiana's median age of housing stock (45 years) is significantly older than the U.S. (40 years), including a 30% higher share of homes built before World War II – leaving a larger need to renovate and replace existing homes.

## Residential construction has also fallen behind household growth.

- Homebuilding has never fully recovered from the Great Recession: **Indiana has added fewer than 150,000 housing units since 2010 while gaining more than 160,000 new households.**
- As noted above, 140,000 of these households were formed after 2014 (versus 110,000 new units); even as construction activity has started to rebound, permits-per-household remain near a thirty-year low as builders attempt to catch up with nearly a decade of population gains.
- This leaves Indiana with a statewide deficit of **at least 30,000 housing units** just to meet current demand (according to a **recent analysis** for IAR from Fourth Economy Consulting).
- The hurdles to future development remain formidable: Residential construction costs are up nearly 40% from pre-COVID levels (along with infrastructure associated with housing projects) along with the continued impact of restrictive local zoning policies.

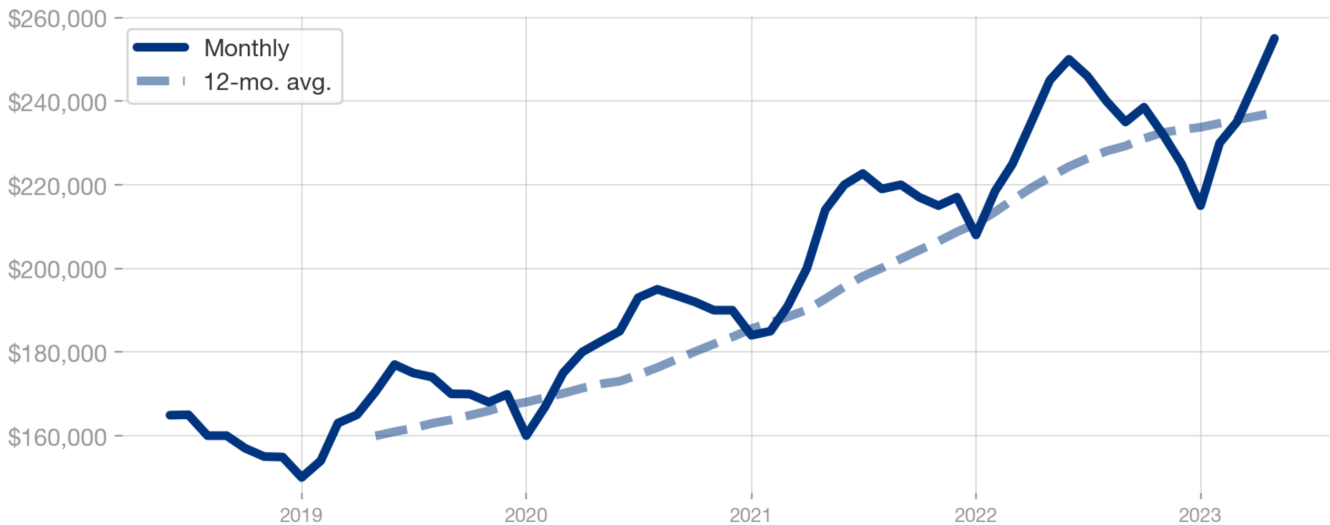
## Homebuilding activity per household remains near a thirty-year low across Indiana.



## With homebuyer demand outgrowing housing supply, sale prices have surged.

- Even though homes are more affordable in Indiana than the nation as a whole, housing prices began growing faster than the U.S. after 2016 with stronger population gains.
- Annual price appreciation rose from 4-5% from 2013-2017 to more than 10% a year after 2018 (as net migration turned positive and the pandemic influenced demand).
- This means supply-side pressures have pushed Indiana's median home prices up nearly 50% over the past five years (twice as fast as per capita income) – to **\$240,000 year-to-date in 2023.**
- The current statewide median sale price (\$255,000) is barely affordable for a median Hoosier household income of \$63,000 (*based on a monthly mortgage payment with a thirty-year loan at 6.7% and a 10% down payment*).

### Indiana's median home sale price is growing twice as fast as per capita income.



### Indiana's housing shortage is also a looming economic development challenge.

- Housing is critical infrastructure in today's talent-driven economy: Communities can't compete (and companies can't hire) if their labor force can't find affordable, appealing places to live.
- The Indiana Economic Development Corporation (IEDC) acknowledges that housing capacity is a site selection priority with major employers being courted to locate, invest and expand in Indiana; housing projects made up 40% of funding requests made through the state's Regional Economic Acceleration and Development Initiative (READI) grant program administered by the IEDC.
- Employment and earnings growth also create demand for housing, adding to inventory pressure: The state has also created 400,000 private sector jobs since 2010, 270,000 since 2014 – two-and-a-half jobs for every new housing unit.
- Lack of "workforce housing" affordable at area median wages pushes workers further from jobs and makes recruiting more difficult for growing employers (and just since 2020, listings at or below \$250,000 have decreased 30% as a share of total listings).

#### Reading the following two pages: Local Market Housing Trends

The next page provides Howard County housing data through May 2023, showing a five-year trend of **inventory (average daily listings)**, **closed sales** and **median sale price** in terms of monthly totals and a rolling twelve-month average.

The final page compares Howard County to statewide trends over the last year of available data (May 2022 to May 2023), using a per-household basis for daily inventory and sales.

#### For more information:

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**Indiana Association of REALTORS®**

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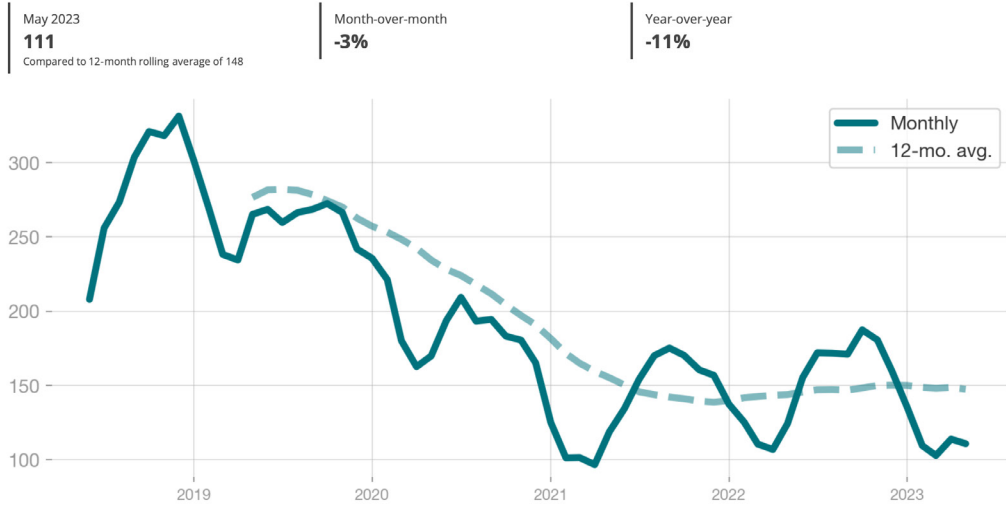
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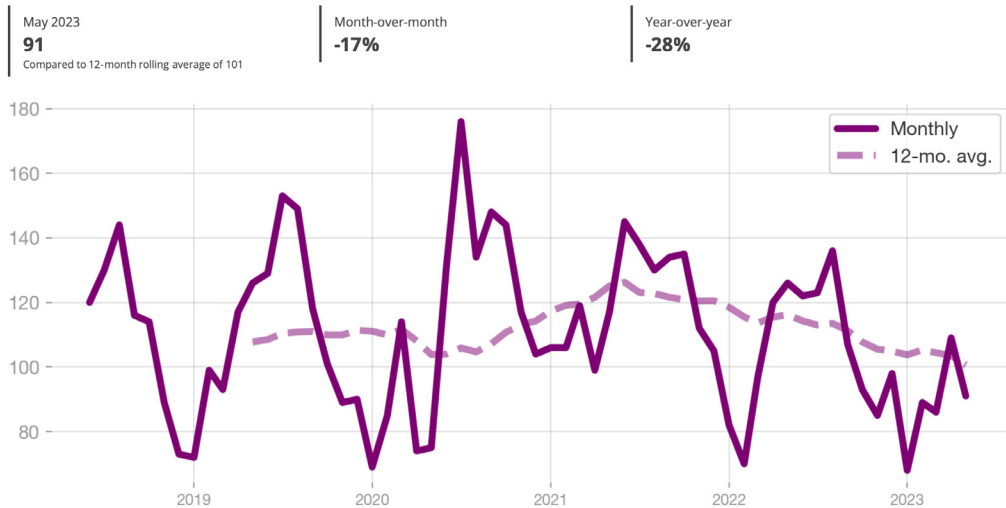
# Howard County Long-Term Trends

## Inventory Average daily inventory by month



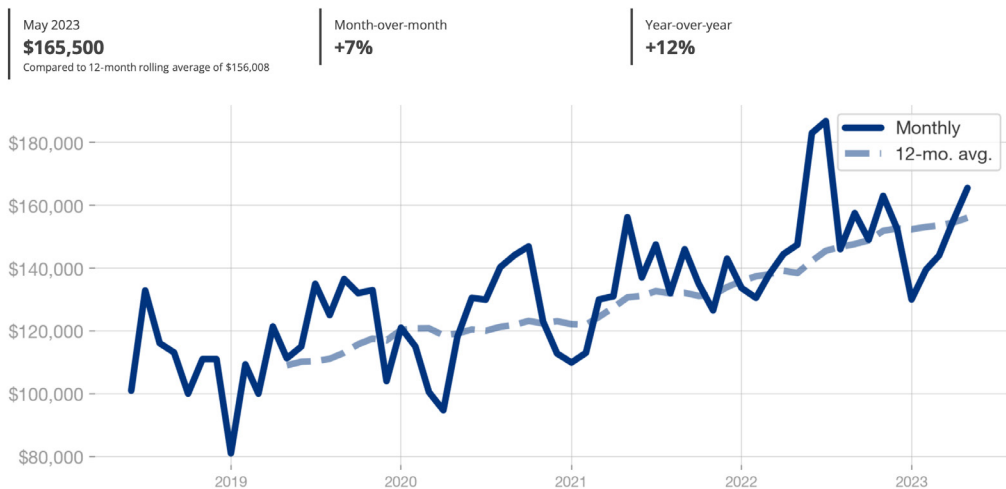
Last update: June 20, 2023, 10:33 a.m. Source: IAR MLS Data Warehouse Notes: A listing counts in inventory if its status is active, not pending or sold. Inventory fluctuates constantly, so we calculate the monthly measure as the inventory at the start of each day average across the entire month.

## Sales Monthly closed sales



Last update: June 20, 2023, 10:34 a.m. Source: IAR MLS Data Warehouse Notes: None

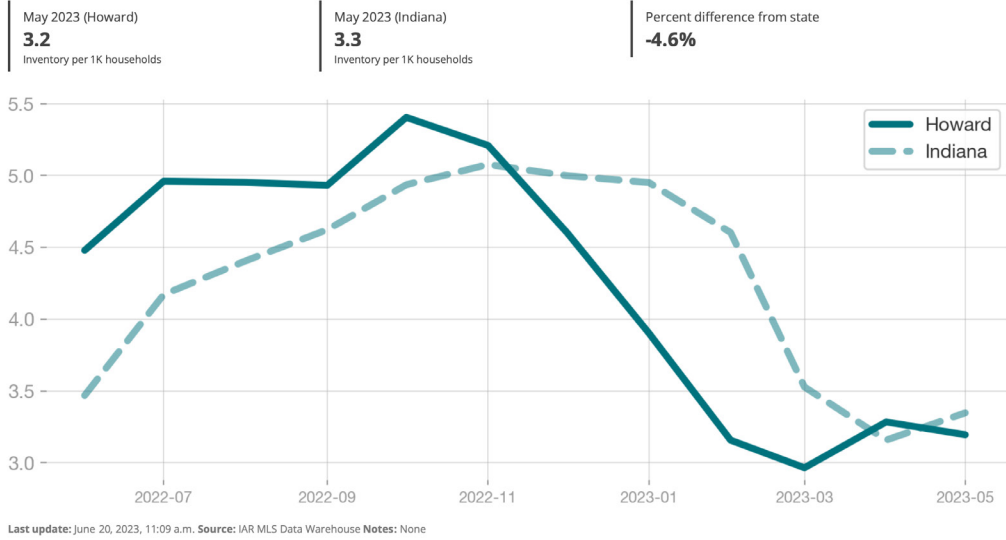
## Sale Price Median monthly sale price



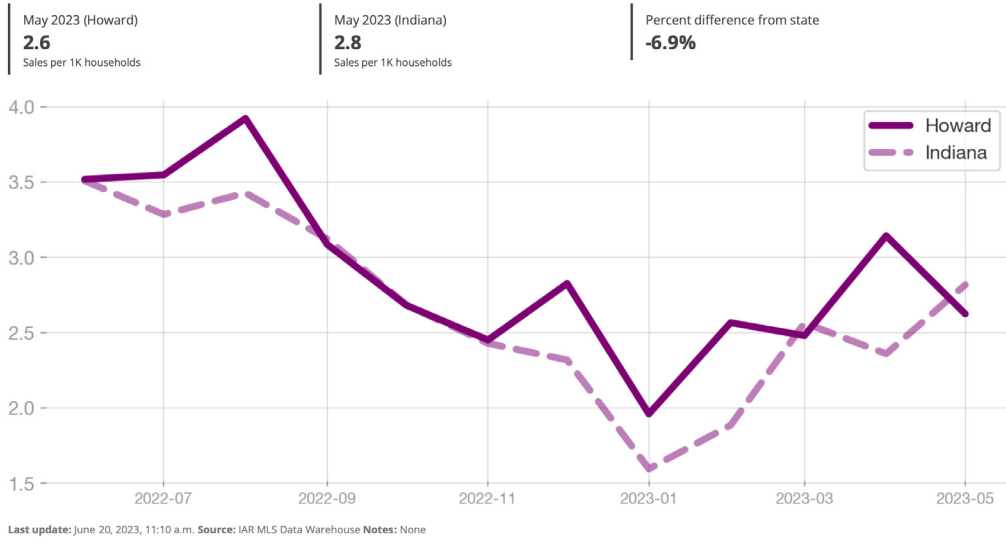
Last update: June 20, 2023, 10:36 a.m. Source: IAR MLS Data Warehouse Notes: This excludes properties where the sale price is less than half the listing price or greater than twice the listing price, assuming those are errors. The median price represents the middle value of all properties sold. Half of sales had a higher price and half had a lower price.

# Howard County Comparison to State

## Inventory Average daily inventory per 1,000 households



## Sales Monthly closed sales per 1,000 households



## Sale Price Median monthly sale price

