



S08 – Data in Real Estate

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Beyond Months Supply – A New Empirically Derived Housing Market Heat Index

Months supply of housing inventory is a commonly used metric to gauge the balance between supply and demand in housing markets, yet it is often criticized for its antiquacy and inaccuracies. This paper proposes a new, empirically derived index designed to more accurately quantify the bargaining power of home buyers relative to sellers. Developed through a large-scale multiple regression analysis, this index leverages the latest MLS and macroeconomic data to calculate weights for significant predictors. We discuss the key advantages and potential limitations of this new index in comparison to the traditional months supply metric.

Key Words: real estate, housing market, home price index, months supply.

JEL codes: R21, R31

References