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More than 60% of Boise Home Sellers Dropped Their Asking Price in June Amid Cooling Market

Home sellers are contending with apprehensive buyers amid rising mortgage rates and the possibility of an oncoming recession

SEATTLE--(BUSINESS WIRE)-- (NASDAQ: RDFN) — Nearly two-thirds (61.5%) of homes for sale in Boise, ID had a price drop in June, according to a [new analysis](https://www.redfin.com) from Redfin (www.redfin.com), the technology-powered real estate brokerage. That's the highest share of the 97 metros in the analysis. Price drops have become a common feature of the cooling housing market, particularly in places that were popular with homebuyers earlier in the pandemic.

Next came Denver (55.1%) and Salt Lake City (51.6%), each metros where more than half of for-sale homes had a price drop. They were followed by Tacoma, WA (49.5%), Grand Rapids, MI (49.3%) and Sacramento (48.7%). Seattle (46.3%), Portland, OR (45.7%), Tampa, FL (44.5%) and Indianapolis (44.1%)—all of which saw price cuts for nearly half the for-sale homes—round out the top 10.

Boise also had the biggest *increase* in the share of listings with price drops from a year earlier, when 25.7% of sellers cut their price. Denver, Salt Lake City and Grand Rapids were also among the 10 metros with the biggest upticks from a year earlier.

Boise, Salt Lake City, Sacramento and Tampa were popular during the pandemic with homebuyers moving in from pricey coastal job centers, taking advantage of low mortgage rates and remote work. Their popularity led to heated competition for a limited supply of homes for sale, pushing up prices and making them unaffordable for many buyers. In Boise, for instance, the typical home sold for \$550,000 in May, up more than 60% from two years earlier. Home prices increased 44% to \$610,000 in Sacramento. Mortgage rates nearly doubling to almost 6% in the first half of 2022 priced even more buyers out.

“Home sellers are contending with a rapidly changing market, especially in places where they're used to their neighbor's homes getting multiple offers and selling for more than asking price,” said Redfin Senior Economist Sheharyar Bokhari. “Higher mortgage rates and a potential recession are causing prospective buyers in popular migration destinations to press the pause button, and they're also having a big impact on workers in big job centers who rely on their stock portfolio for down payments. In places like Denver, Seattle and Portland, some buyers feel less confident about their finances in the face of a shaky economy and faltering stock market. Sellers are adjusting their expectations in real time as they realize they may not get the price their neighbor got two months ago.”

“If demand plateaus in the coming months, price cuts are likely to be less common as sellers

realize the market has shifted and price realistically from the start,” Bokhari continued. “But if demand falls further, sellers will continue to play catch-up and cut prices to attract buyers.”

Over 25% of home sellers dropped their price in three-quarters of U.S. metros in June

More than three-quarters of the metros in Redfin’s analysis saw over 25% of home sellers drop their asking price in June. More than 10% of home sellers dropped their price in all of the metros.

In El Paso, TX, 13.3% of home sellers dropped their asking price, a smaller share than any other metro. Newark, NJ (14.1%), Honolulu (16.8%), Milwaukee (17.4%) and New Brunswick, NJ (17.8%) come next. New Haven, CT (17.9%), McAllen, TX (18.1%), Elgin, IL (18.5%), Chicago (18.8%) and Miami (18.8%) round out the top 10. The relatively small share of price drops is likely largely because homes in most of those metros are affordable: In six of the 10, the typical home costs less than the national median.

The share of homes with a price drop rose from a year earlier in all but four metros, three of which are in Illinois. The share declined in Elgin, IL, Lake County, IL, Chicago and Fresno, CA.

To read the full report, including additional metro-level data, visit:
<https://www.redfin.com/news/price-drops-cooling-market-june-2022>

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