

January 5, 2023



Redfin Reports Pending Sales Drop to Lowest Level Since at Least 2015

The homes that are selling are going for about the same price as a year earlier, with nationwide prices up just 0.5% year over year--smaller than the 0.7% increase at the onset of the pandemic when the market reached a near standstill. Measures of early-stage homebuyer activity are mixed, with requests for tours and agent services on the rise, but few people applying for mortgages.

SEATTLE--(BUSINESS WIRE)-- (NASDAQ: RDFN) —Pending U.S. home sales dropped 32% year over year to their lowest level since at least 2015 during the four weeks ending January 1, according to a new [report](#) from Redfin ([redfin.com](https://www.redfin.com)), the technology-powered real estate brokerage.

The biggest declines were in pandemic homebuying hotspots Las Vegas, Phoenix and Austin, which each saw pending sales plummet more than 50%. The housing market fizzled out at the end of 2022 due to 6%-plus mortgage rates, a looming recession, record-low new listings, extreme winter weather and the typical holiday slowdown.

Signals of early-stage demand are mixed. Redfin's seasonally adjusted Homebuyer Demand Index—a measure of tour requests and other buying services from Redfin agents—was up 8% from two weeks earlier. Mortgage-purchase applications fell about 12%, though the double-digit drop was partly due to severe late-December storms hitting nearly every part of the U.S.

“Two categories of buyers are starting their search right now: First-timers hoping prices and competition are more manageable than they have been over the last few years, and returning buyers who took a break after losing out on multiple homes during the pandemic bidding-war frenzy,” said Seattle Redfin agent Shoshana Godwin. “They should be able to take their time and find a home for a slightly lower price than last year, but the market will likely become more competitive over the next few months. I expect new listings to remain scarce as homeowners hold onto low interest rates while the pool of determined buyers circle the few homes that are available.”

Home prices fell from a year earlier in 19 of the 50 most populous U.S. metros

The typical U.S. home sold for \$350,000 during the four weeks ending January 1. That's up just 0.5% from a year earlier, slightly slower than the 0.7% growth we saw at the beginning of the pandemic, when the market nearly ground to a halt. Prices were down 10% from the June peak. On a metro level, home-sale prices fell year over year in 19 of the 50 most populous U.S. metros during the four weeks ending January 1. By comparison, just 10 metros saw price declines a month earlier.

Prices fell 10.4% year over year in [San Francisco](#), 6% in [Sacramento](#), 5.6% in [San Jose](#).

[CA](#), 5.4% in [Los Angeles](#), 4.6% in [Detroit](#), 4.4% in [Oakland, CA](#), 4.2% in [Seattle](#), 3.9% in [Pittsburgh](#), 2.9% in [Austin](#), 2.8% in [New York](#), 2.4% in [Phoenix](#) and 2.2% in [Boston](#). They fell 2% or less in [Anaheim, CA](#), [Chicago](#), [Riverside, CA](#), [Washington, D.C.](#), [San Diego](#), [Portland, OR](#) and [Newark, NJ](#).

This marks the biggest year-over-year drop for San Francisco prices since at least 2015.

Leading indicators of homebuying activity:

- For the week ending January 5, 30-year mortgage rates ticked up to 6.48%. The daily average was 6.41% on January 5.
- Mortgage purchase applications during the week ending December 30 were down roughly 12% from two weeks earlier, seasonally adjusted. Purchase applications were down 42% from a year earlier.
- The seasonally adjusted Redfin Homebuyer Demand Index was up 6% from a week earlier and up 10% from a month earlier during the four weeks ending January 1. It was down 20% from a year earlier.
- Google searches for “homes for sale” started to rise from the low reached in November during the week ending December 31, but they were down about 33% from a year earlier.
- Touring activity as of December 29 was down 63% from the start of the year, compared to a 54% decrease at the same time last year, according to home tour technology company ShowingTime. The significant declines are likely due to the holidays.

Key housing market takeaways for 400+ U.S. metro areas:

Unless otherwise noted, this data covers the **four-week period ending January 1**. Redfin’s weekly housing market data goes back through 2015.

- The median home sale price was \$350,000, up just 0.5% year over year, the slowest price growth on record and the third consecutive four-week period of price growth under 1%.
- The median asking price of newly listed homes was \$346,535, up 3.1% year over year.
- The monthly mortgage payment on the median-asking-price home was \$2,254 at the current 6.48% mortgage rate. That’s down slightly from a week earlier and down \$253 from the October peak. Monthly mortgage payments are up 36.2% from a year ago.
- Pending home sales were down 31.7% year over year, the 11th straight four-week period of pending sales declining more than 30%.
- Among the 50 most populous U.S. metros, pending sales fell the most from a year earlier in Las Vegas (-61.9%), Phoenix (-56.7%), Austin (-54%), Jacksonville, FL (-53.8%) and Nashville, TN (-51.5%).
- New listings of homes for sale were down 22.4% from a year earlier, dropping to their lowest level on record.
- Active listings (the number of homes listed for sale at any point during the period) were up 18.6% from a year earlier, the biggest annual increase since at least 2015.
- Months of supply—a measure of the balance between supply and demand, calculated by dividing the number of active listings by closed sales—was 3.4 months, up slightly from a week earlier and up from 1.8 months a year earlier.
- 28% of homes that went under contract had an accepted offer within the first two weeks

on the market, down from 35% a year earlier and the lowest share since January 2020.

- Homes that sold were on the market for a median of 42 days, up nearly two weeks from 30 days a year earlier and up from the record low of 18 days set in May.
- 22% of homes sold above their final list price, down from 40% a year earlier and the lowest level since March 2020.
- On average, 3.8% of homes for sale each week had a price drop, down sharply from 4.7% a week earlier and 5.7% a month earlier.
- The average sale-to-list price ratio, which measures how close homes are selling to their final asking prices, fell to 98% from 100.1% a year earlier. That's the lowest level since March 2020.

To view the full report, including charts, please visit: <https://www.redfin.com/news/housing-market-update-pending-home-sales-drop>

About Redfin

Redfin (www.redfin.com) is a technology-powered real estate company. We help people find a place to live with brokerage, rentals, lending, title insurance, and renovations services. We sell homes for more money and charge half the fee. We also run the country's #1 real estate brokerage site. Our home-buying customers see homes first with on-demand tours, and our lending and title services help them close quickly. Customers selling a home can have our renovations crew fix up their home to sell for top dollar. Our rentals business empowers millions nationwide to find apartments and houses for rent. Since launching in 2006, we've saved customers more than \$1 billion in commissions. We serve more than 100 markets across the U.S. and Canada and employ over 5,000 people.

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