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Redfin Reports Limited Listings Lead to Few But Fast Home Sales

Fewer homes are selling than usual this spring—but the ones that are changing hands are going fast, with a small pool of buyers circling an even smaller pool of listings

SEATTLE--(BUSINESS WIRE)-- (NASDAQ: RDFN) — Limited inventory and elevated mortgage rates continue to suppress U.S. home sales as we enter the heart of spring, typically a hot homebuying season, according to a new [report](#) from Redfin ([redfin.com](#)), the technology-powered real estate brokerage. But buyers and sellers can at least take a little comfort in knowing the Federal Reserve probably won't raise interest rates again anytime soon.

This week's inflation report shows a slight slowdown in price gains, confirming that mortgage rates are likely to stay about where they are for the next several months. That's because the Fed's interest-rate hikes are working as intended to ease inflation, albeit slowly. That means they probably won't hike or cut interest rates at their next meeting in June.

New listings of homes for sale dropped 19% year over year during the four weeks ending May 7, contributing to an unseasonal monthly decline in total inventory. There were 16% fewer pending home sales than a year earlier, reflecting the lack of listings and the group of would-be buyers who have been priced out by 6%-plus mortgage rates and record-high monthly payments.

But despite the inventory crunch, pending sales have increased over the last week, as they typically do this time of year. Additionally, mortgage-purchase applications are up 5% on a seasonally adjusted basis. The pool of buyers is small but determined, with nearly half of the homes that do sell doing so within two weeks. That share has increased over the last month, which isn't typical for this time of year.

"This spring's housing market is hot but cold, with scant listings making it less active than usual but fast and competitive at the same time. The good news is that buyers are out there, trying to find a seat in a game of musical chairs. The bad news is there aren't enough chairs," said Redfin Deputy Chief Economist Taylor Marr. "A lot of potential home sales are locked up until mortgage rates come down to a level for which current owners would be willing to trade in their 3% rate. The problem is that's unlikely to happen anytime soon, as although inflation is steadily coming down from last year's record-high levels, it's still above target."

Today's housing market is local, with different parts of the country experiencing different trends

While a shortage of listings and few but fast-moving sales characterize the U.S. housing market as a whole, each metro area is unique.

Austin, TX [Redfin Premier](#) agent Gabriel Recio reports that homebuying demand has picked up this spring, but there are enough homes for sale that he's not seeing much competition. Pending sales and new listings are each down about 9% from a year earlier in Austin, smaller declines than most metros, and prices are down the most in the country (-18% YoY).

"I've seen an influx of homebuyers enter the market over the last month," Recio said. "The rejuvenation is partly because people got tired of waiting for mortgage rates to come down and partly because they feel it's a good time to get a home without much competition. Many of today's buyers are people moving in from other states, and some are investors."

In Jacksonville, FL, [Redfin Premier](#) agent Heather Kruayai says sellers are subdued—and so are a lot of prospective buyers. "Homeowners are locked in by low mortgage rates. They're not selling unless they need to move for something like a new job or another major life change," she said. "Homes that do go on the market are selling quickly if they're low-priced starter homes, but middle-of-the-road and expensive homes are sitting."

Leading indicators of homebuying activity:

- For the week ending May 11, the average 30-year fixed mortgage rate was 6.35%, down slightly from 6.39% the week before. That's the second straight week of rates inching down. The daily average was 6.57% on May 10.
- Mortgage-purchase applications during the week ending May 5 increased 5% from a week earlier, seasonally adjusted. Purchase applications were down 32% from a year earlier.
- The seasonally adjusted Redfin Homebuyer Demand Index—a measure of requests for home tours and other homebuying services from Redfin agents—was up slightly from a month earlier during the week ending May 7 and down just 2% from a year earlier, the smallest annual drop in a year. Demand is barely declining from year-ago levels because buyers were backing off quickly at this time last year as mortgage rates rose above 5% for the first time since 2009.
- Google searches for "homes for sale" were little changed from a month earlier during the week ending May 6, and down about 15% from a year earlier.
- Touring activity as of May 6 was up 26% from the start of the year, compared with a 14% increase at the same time last year, according to home tour technology company ShowingTime.

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

Unless otherwise noted, this data covers the **four-week period ending May 7**. Redfin's weekly housing market data goes back through 2015. For bullets that include metro-level breakdowns, Redfin analyzed the 50 most populous U.S. metros. Select metros may be excluded from time to time to ensure data accuracy.

- The median home sale price was \$370,625, down 2.7% from a year earlier. That's the 11th-straight four-week period of declines.
- Home-sale prices declined in 30 metros, with the biggest drops in Austin, TX (-17.7% YoY), Oakland, CA (-15.7%), San Francisco (-11.9%), Las Vegas (-10.7%) and San Jose, CA (-9.7%). That's the biggest drop since at least 2015 for Austin.
- Sale prices increased most in Fort Lauderdale, FL (10.6% YoY), Milwaukee (6.9%), Cleveland, OH (6%), Indianapolis (5.7%) and Providence, RI (5.3%).

- The median asking price of newly listed homes was \$398,750, roughly flat (+0.5%) from a year earlier.
- The monthly mortgage payment on the median-asking-price home hit a record high of \$2,566 at a 6.35% mortgage rate, the current weekly average. That's up 9.7% (\$226) from a year earlier.
- Pending home sales were down 15.8% year over year.
- Pending home sales fell in all metros Redfin analyzed. They dropped most in Las Vegas (-38.7 YoY%), Seattle (-37.6%), Chicago (-34.4%), Oakland (-33.9%) and Sacramento, CA (-32.9%).
- New listings of homes for sale fell 19.3% year over year.
- New listings declined in all metros Redfin analyzed. They dropped most in Riverside, CA (-48.7% YoY), Anaheim, CA (-48.6%), Los Angeles (-40.6%), San Diego (-39%) and Las Vegas (-38.6%).
- Active listings (the number of homes listed for sale at any point during the period) were up 3.6% from a year earlier, the smallest increase since June. Active listings fell about 1% from a month earlier; typically, they post month-over-month increases at this time of year.
- Months of supply—a measure of the balance between supply and demand, calculated by the number of months it would take for the current inventory to sell at the current sales pace—was 2.6 months, up from 1.9 months a year earlier. Four to five months of supply is considered balanced, with a lower number indicating seller's market conditions.
- 48% of homes that went under contract had an accepted offer within the first two weeks on the market, down from 51% a year earlier but up from 46% a month earlier. Typically, we see month-over-month declines at this time of year.
- Homes that sold were on the market for a median of 32 days, the shortest span since September. That's up from 19 days a year earlier, which was close to the record low.
- 32% of homes sold above their final list price. That's the highest share since September but is down from 54% a year earlier.
- On average, 5% of homes for sale each week had a price drop, up from 3.1% a year earlier.
- The average sale-to-list price ratio, which measures how close homes are selling to their final asking prices, was 99.4%. That's the highest level since September but is down from a record-high 102.6% a year earlier.

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

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 in certain markets 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. Customers who buy and sell with Redfin pay a 1% listing fee, subject to minimums, less than half of what brokerages commonly charge. Since launching in 2006, we've saved customers more

than \$1.5 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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