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REDFIN

Redfin Reports Economic Woes Exacerbate Slowdown as Rates Reach 20-Year High

Housing-market activity is plunging further this fall than it did over the summer as mortgage rates near 7% and the topsy-turvy economy deters would-be buyers and sellers. Price drops have reached a record high, and home sales and new listings are dropping.

SEATTLE--(BUSINESS WIRE)-- (NASDAQ: RDFN) —The housing market is taking a second hit this month as increasing economic volatility and persistent inflation pile on top of mortgage rates that just reached a 20-year high, according to a new report from Redfin (redfin.com), the technology-powered real estate brokerage.

Pending home sales and new listings both posted even bigger annual declines than during the summer when buyers and sellers initially reacted to rapidly rising rates. Data on sale prices, which typically lags a couple months behind other demand indicators, is also weaker than it was over the summer when the pandemic homebuying boom ended. The share of home listings with a price drop rose to its highest level on record, and the portion of homes sold above final list price dropped to its lowest rate since the early days of the pandemic.

“Prospective homebuyers and sellers barely had time to get used to 5.5% mortgage rates over the summer before they rose to nearly 7% this month,” said Redfin Deputy Chief Economist Taylor Marr. “The second sharp rate increase this year, together with nerves about inflation and the direction of the economy, is dragging home-sale activity down further than it was over the summer and pushing homebuyer sentiment down near its all-time low. The combination is also unnerving for homeowners who don’t want to list their home when demand is weak or give up their own low mortgage rate.”

Demand has increased slightly from last week, as Hurricane Ian was an additional deterrent to some homebuyers and sellers at the end of September.

Leading indicators of homebuying activity:

- For the week ending October 13, 30-year mortgage rates rose to 6.9%, their highest level since April 2002.
- Fewer people searched for “homes for sale” on Google. Searches during the week ending October 8 were down 35% from a year earlier, dropping to a level on par with March 2020.
- The seasonally adjusted Redfin Homebuyer Demand Index—a measure of requests for home tours and other home-buying services from Redfin agents—was down 25% year over year, but up slightly from the prior four-week period.
- Touring activity as of October 9 was down 23% from the start of the year, compared to a 9% increase at the same time last year, according to home tour technology company

ShowingTime.
- Mortgage purchase applications were down 2% week over week, seasonally adjusted, and were down 39% from a year earlier during the week ending October 7.

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

Unless otherwise noted, this data covers the **four-week period ending October 9**. Redfin's weekly housing market data goes back through 2015.

- The median home-sale price was $367,621, up 7% year over year. Prices were essentially unchanged from the previous four-week period.
- Home-sale prices fell 3% year over year in Oakland, CA and 2% in neighboring San Francisco. New Orleans (-2%) was the only other metro area with a year-over-year sale-price decline.
- The median asking price of newly listed homes increased 9% year over year to $379,725. That's a 1% decrease from the previous four-week period.
- The monthly mortgage payment on the median asking price home climbed to a record high of $2,559 at the current 6.92% mortgage rate. That's up 51% from $1,698 a year earlier, when mortgage rates were 3.05% and up from a recent low of $2,210 during the four-week period ending August 14.
- Pending home sales were down 28% year over year, the largest decline since May 2020.
- New listings of homes for sale fell roughly 2% from the previous four-week period, and they were down 19% from a year earlier.
- Active listings (the number of homes listed for sale at any point during the period) fell 1% from the prior four-week period. On a year-over-year basis, they rose 3%.
- Months of supply—a measure of the balance between supply and demand, calculated by dividing the number of active listings by closed sales—was 2.9 months, near the highest level since July 2020.
- 35% of homes that went under contract had an accepted offer within the first two weeks on the market, up slightly from the prior four-week period but down from 40% a year earlier.
- 24% of homes that went under contract had an accepted offer within one week of hitting the market, up slightly from the prior four-week period but down from 28% a year earlier.
- Homes that sold were on the market for a median of 33 days, up more than a full week from 25 days a year earlier and the record low of 17 days set in May and early June.
- 30% of homes sold above list price, down from 45% a year earlier and the lowest level since August 2020.
- On average, a record high 7.9% of homes for sale each week had a price drop, up from 4% a year earlier.
- The average sale-to-list price ratio, which measures how close homes are selling to their asking prices, fell to 99%, the lowest level since August 2020 and down from 100.6% a year ago.

To view the full report, including charts, please visit:
https://www.redfin.com/news/housing-market-update-sales-new-listings-decline-slowdown

About Redfin

Redfin (www.redfin.com) is a technology-powered real estate company. We help people find a place to live with brokerage, instant home-buying (iBuying), 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 take an instant cash offer from Redfin or 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 6,000 people.

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