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Redfin Reports Demand For Vacation Homes Is Now Below Pre-Pandemic Levels

High home prices and mortgage rates, along with economic uncertainty and an increase in second-home loan fees, have put an end to the pandemic-driven vacation-home boom

SEATTLE--(BUSINESS WIRE)-- (NASDAQ: RDFN) — Demand for vacation homes has fallen below the pre-pandemic baseline for the first time in two years, with mortgage-rate locks for second homes down 4% from before the pandemic in May, according to a new [report](https://www.redfin.com) from Redfin (www.redfin.com), the technology-powered real estate brokerage. That's down from a revised rate of 3% above pre-pandemic levels a month earlier, and 70% above pre-pandemic levels a year earlier.

Demand for second homes is declining due to high home prices, mortgage rates that have rapidly risen to nearly 6% and a slumping stock market—factors that are also cooling the rest of the housing market. Another deterrent to second-home buyers is the fact that the federal government increased loan fees for second homes in April, adding roughly \$13,500 to the cost of purchasing a \$400,000 home.

“Skyrocketing monthly payments, along with higher loan fees, have priced many second-home buyers out of the market,” said Redfin Deputy Chief Economist Taylor Marr. “Many would-be second-home buyers are also deterred by turmoil in the stock markets, high inflation and recession fears, and they can be quicker to pull back from the market because vacation homes aren’t a necessity the way primary homes are. The cooldown in the second-home market is likely to continue as long as mortgage rates are elevated and the stock market is slumping.”

The drop in vacation-home demand marks a drastic change from the second half of 2020 and 2021, when mortgage-rate locks for second homes skyrocketed due to record-low mortgage rates and the flexibility to work from anywhere thanks to remote work. Demand peaked in March 2021, when it was about 90% above pre-pandemic levels.

Interest in vacation homes started declining sharply in February as mortgage rates began their ascent. The average 30-year fixed mortgage rate reached 5.81% in the week ending June 23.

To read the full report, including charts and methodology, please visit: <https://www.redfin.com/news/second-home-demand-falls-may-2022>.

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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