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Redfin Reports Americans Are Buying Smaller Homes as Prices Skyrocket

With sky-high prices and rising mortgage rates, each square foot of space costs more than ever before

SEATTLE--(BUSINESS WIRE)-- (NASDAQ: RDFN) — Americans are buying smaller homes than they were at the height of the pandemic, according to a new [report](#) from Redfin ([redfin.com](#)), the technology-powered real estate brokerage. The typical U.S. home that went under contract in March was 1,720 square feet, down 1.8% from 1,751 square feet the same time last year and roughly the same size as the homes that were selling just before the pandemic began.

In this report, “March” refers to the four weeks ending April 10, 2022.

“Buyers are purchasing smaller homes because usually the bigger the home, the more expensive it is,” said Redfin Chief Economist Daryl Fairweather. “Even though we’re starting to see signs the housing market is cooling down, it’s still difficult for buyers on a budget to find everything they’re looking for in a home. That’s because there’s still a very limited supply of homes for sale, along with sky-high prices for the ones that *are* on the market and rising mortgage rates. If buyers don’t want to compromise on location, they probably need to settle for a smaller home.”

Home prices have skyrocketed over the last year with the pandemic-driven boom in homebuyer demand, making each square foot of space cost more than ever before. The median U.S. home-sale price increased 17.3% year over year in March to an all-time high of \$413,000 and the median price per square foot increased 20.1% to a record \$230. Rapidly rising mortgage rates are exacerbating high housing costs, with the typical monthly mortgage payment on the median-priced home up 35% from a year ago.

Homebuyers are also turning back to condos after demand for them plummeted at the onset of the pandemic. The comeback of condos, which are typically smaller than single-family homes, is one factor in the shrinking square footage of homes that are selling. Additionally, buyers have started to value shared amenities and walkable neighborhoods once again—and the return of in-person work and school means they don’t need as much space.

Americans started buying bigger homes when the pandemic started as people sought more space for remote work, homeschooling and social distancing. The typical home that sold was 1,713 square feet in the four weeks ending March 15, 2020, just before the pandemic started impacting the housing market. It then rose quickly to a peak of 1,791 square feet, the biggest since at least 2015, in June 2020.

To view the full report, including charts and methodology, please visit:
<https://www.redfin.com/news/homebuyers-buying-smaller-homes/>

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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