

Redfin Reports The Fastest Mortgage-Rate Drop in 40 Years Saves Homebuyers \$100 Per Month

Mortgage rates dropped from over 7% to 6.6% this week on better-than-expected inflation news, bringing some hope to prospective buyers.

SEATTLE--(BUSINESS WIRE)-- (NASDAQ: RDFN) —The largest weekly drop in mortgage rates in four decades, along with the slowest annual home-price growth since the start of the pandemic, is providing some relief for would-be homebuyers' budgets. This is according to a new [report](#) from Redfin ([redfin.com](#)), the technology-powered real estate brokerage.

Last week's better-than-expected inflation report led to the biggest single-day mortgage-rate drop on record and the largest weekly drop since 1981, with rates declining from 7.08% to 6.61% during the week ending November 17. Declining rates are bringing some buyers back to the market; mortgage-purchase applications shot up 4% from the week before during the week ending November 11.

The typical monthly mortgage payment nationwide is now \$2,430, down from \$2,542 with last week's 7% rates. To look at it another way, a homebuyer on a \$2,500 monthly budget can afford a \$380,750 home with today's 6.6% rates, giving them \$12,000 more purchasing power than they had a week ago. That same buyer could have bought a \$368,750 home with last week's 7% rates.

But rates are still more than double where they stood a year ago and Redfin's housing-market data hasn't shown an uptick in homebuying or selling interest yet—though we wouldn't expect to see an increase until next week at the earliest, when buyers and sellers have had a chance to react to lower rates. Pending home sales were down 35% year over year during the four weeks ending November 13, the biggest annual decline on record. Redfin's Homebuyer Demand Index—a measure of requests for home tours and other homebuying services—was unchanged from the week before but down significantly from earlier this year and last year.

“The historic drop in mortgage rates is a tick in the ‘good news’ box for the housing market, as lower rates deliver an immediate win for prospective buyers’ pocketbooks,” said Redfin Deputy Chief Economist Taylor Marr. “Until we see more consistent evidence over time of slowing inflation and a bigger, steadier decline in mortgage rates, we expect the impact to be muted. Pending sales and new listings may stop declining, but they aren't likely to see a major boost until there's more certainty that the Fed's efforts to curb inflation are working.”

“Serious buyers who need to purchase a home as soon as possible can feel good about pouncing on a home this week, knowing it could cost them upwards of \$100 less per month than the same home would've cost if they'd signed the deal a week earlier,” Marr continued.

“More casual buyers may want to wait a few more months, as there’s reason to be cautiously optimistic that the worst of inflation and high rates are behind us and monthly payments could come down more.”

Leading indicators of homebuying activity:

- For the week ending November 17, 30-year mortgage rates declined to 6.6%. That’s down from 7.08% a week earlier, the biggest weekly drop in more than 40 years. But it’s still more than double the 3.1% rates posted a year ago.
- Mortgage purchase applications during the week ending November 11 increased 4% week over week, seasonally adjusted, the biggest increase since June. Purchase applications were down 46% from a year earlier.
- Fewer people searched for “homes for sale” on Google than this time in 2021. Searches during the week ending November 12 were down about 35% from a year earlier.
- The seasonally adjusted Redfin Homebuyer Demand Index was flat from the week before during the week ending November 13, but down 37% year over year during the four weeks ending November 13.
- Touring activity as of November 13 was down 31% from the start of the year, compared to a 3% 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 November 13**. Redfin’s weekly housing market data goes back through 2015.

- The median home sale price was \$357,500, up 3% year over year, the slowest sale-price growth since the beginning of the pandemic.
- Among the 50 most populous U.S. metros, home-sale prices fell from a year earlier in five of them. Prices declined 10% year over year in San Francisco, the biggest drop on record in that metro. Prices declined 1% in San Jose, CA and less than 1% in Detroit, Pittsburgh and Sacramento, CA.
- Among the 50 most populous U.S. metros, pending sales fell the most from a year earlier in Las Vegas (-63%), Jacksonville, FL (-58%), Phoenix (-57%), Austin (-56%) and Sacramento (-54%).
- The median asking price of newly listed homes was \$369,714, up 6% year over year but down more than 7% from a record high of \$399,975 in May.
- The monthly mortgage payment on the median-asking-price home was \$2,430 at the current 6.61% mortgage rate. That’s down 4% from a week earlier, equal to about a \$110 decline, but up 43% from a year earlier.
- Pending home sales were down 35% year over year, the largest decline since at least January 2015, as far back as this data goes.
- New listings of homes for sale were down 19% from a year earlier.
- Active listings (the number of homes listed for sale at any point during the period) were up 11% 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 3.6 months, the highest level since June 2020.
- 33% of homes that went under contract had an accepted offer within the first two weeks

on the market, little changed from the prior four-week period but down from 40% a year earlier.

- Homes that sold were on the market for a median of 35 days, up a week from 28 days a year earlier and up from the record low of 17 days set in May and early June.
- 27% of homes sold above their final list price, down from 43% a year earlier and the lowest level since July 2020.
- On average, 7.6% of homes for sale each week had a price drop, up from 3.5% a year earlier but down slightly from the previous week.
- The average sale-to-list price ratio, which measures how close homes are selling to their final asking prices, fell to 98.6% from 100.4% a year earlier. That's the lowest level since July 2020.

To view the full report, including charts, please visit: <https://www.redfin.com/news/housing-market-update-mortgage-rate-drop-homebuyer-savings>

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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