ZILLOW GROUP

NEWS RELEASE

Better news for buyers in November as prices, rates ease

2023-12-11

Some sellers shake free from 'rate lock,' helping to cut inventory deficit

- Monthly mortgage payments on a home purchase fell about 1.5% from October to November.
- Rate lock may be easing as a two-year new-listings shortfall shrank to 14.1% below "normal."
- Typical home values fell 0.4% month over month, slightly faster than typical for this time of year.

SEATTLE, Dec. 11, 2023 /PRNewswire/ -- Mortgage rates falling from a 23-year high have brought some early holiday cheer for home shoppers and sellers. The latest Zillow®[1] market report shows monthly costs for a new mortgage are falling, inventory is trending back toward normal, and price cuts are uncharacteristically common.

"Despite high-cost headwinds, buyers have a few things to be thankful for in today's market," said Zillow Chief Economist Skylar Olsen. "Home prices are cooling down faster than normal as new listings from existing owners and total inventory slowly recover. Mortgage rates are still above 7%, but price cuts are surprisingly common, and mortgage costs eased a bit. These factors favor buyers who are reluctant to pause their home search in the off-season."

Mortgage costs tick down, along with rates, home values

Buyers facing extreme cost challenges received a bit of relief as monthly mortgage costs on a typical home purchase fell 1.5% from October to November. That's down from a peak in October, when costs were up 9% annually and almost 120% above pre-pandemic levels. Affordability improved, too, with mortgage payments[2], as a share of household income, falling from October's record high of 40.4% to 38.6% in November.

The monthly decline in costs was primarily driven by falling mortgage rates. But rates still higher than 7% also helped push down home values. The Zillow Home Value Index declined 0.4% from October to November, falling

slightly faster than what was previously considered "normal" for this time of year. Still, the typical national home value is up 2.8% from last year and now stands at $347,415.

Annual growth is strongest in Hartford (11.3%), Milwaukee (8.5%) and San Diego (7.6%) — places where demand has overwhelmed supply. The largest annual drops are in New Orleans (-8.9%), Austin (-8.2%) and San Antonio (-3%), with those last two metros serving as examples of how a surge in new construction is helping rebalance markets.

Inventory continues to climb out of pandemic hole

Home shoppers have dealt with a low flow of new listings for nearly two years, but some sellers are finally returning to the market. New listings bottomed out at almost 35% below pre-pandemic norms in April, but positive momentum over the past few months has cut the shortfall to just 14%. Still, new listings fell 20.5% month over month — a much smaller drop than normal for November.

Mortgage rates slightly down from an October peak, or an expectation for relatively high rates for longer, may be shaking some current owners free from "rate lock." Metros in the Midwest, the Great Lakes region and the South have the smallest declines in new listings compared to before the pandemic. Zillow surveys show 70% of sellers are also buying; relative affordability in these areas offers inbound movers an easier time.

Total inventory continues slowly recovering from its pandemic deficit, but is still down 37.2%.

Price cuts still abnormally common as sellers respond to high rates

Sellers are responding to affordability challenges by cutting list prices. The share of listings that saw a price cut in November is unseasonably high at 22.6% – even more so than October's rate of 25%. Agents are updating pricing strategies as persistently high mortgage rates weigh on buyers. Moving into winter, there's a good chance buyers will have more wiggle room in negotiations.

Price cuts are most common in Tampa (33%), Indianapolis (31.7%), Salt Lake City (30.8%) and Nashville (30.5%).

Metropolitan Area*	November Zillow Home Value Index (ZHVI) (Raw)	ZHVI Change, Year over Year (YoY)	ZHVI Change, Month over Month (MoM)	Median Days to Pending	Share of Listings with a Price Cut	New Inventory Change Since Before Pandemic	Total Inventory Change, Since Before Pandemic
United States	$347,415	2.8 %	-0.4 %	21	22.6 %	-14.1 %	-37.2 %
New York, NY	$628,275	4.3 %	0.0 %	30	13.1 %	-31.3 %	-50.6 %
Los Angeles, CA	$913,204	5.7 %	-0.1 %	17	17.8 %	-25.2 %	-42.8 %

Chicago, IL	$304,937	5.7 %	-0.5 %	14	24.1 %	-6.4 %	-50.1 %
Dallas, TX	$367,164	-0.9 %	-0.6 %	27	29.6 %	-14.6 %	-24.4 %
Houston, TX	$300,992	-0.9 %	-0.6 %	28	24.7 %	-10.3 %	-21.8 %
Washington, DC	$541,631	3.4 %	-0.3 %	14	22.7 %	-24.0 %	-47.6 %
Philadelphia, PA	$346,868	6.5 %	-0.1 %	14	23.8 %	-16.2 %	-47.7 %
Miami, FL	$476,703	6.5 %	0.3 %	29	21.7 %	-10.6 %	-32.0 %
Atlanta, GA	$373,212	2.6 %	-0.3 %	26	25.7 %	-19.4 %	-30.3 %
Boston, MA	$657,809	7.2 %	-0.3 %	11	19.9 %	-13.5 %	-46.6 %
Phoenix, AZ	$450,220	-0.3 %	-0.1 %	29	29.8 %	-20.8 %	-27.3 %
San Francisco, CA	$1,109,956	0.2 %	-0.8 %	19	18.8 %	-23.0 %	-19.4 %
Riverside, CA	$559,309	2.9 %	-0.1 %	23	21.0 %	-31.5 %	-42.3 %
Detroit, MI	$239,827	5.0 %	-0.6 %	14	23.6 %	-9.6 %	-38.4 %
Seattle, WA	$702,728	1.2 %	-0.5 %	18	25.4 %	-30.6 %	-38.0 %
Minneapolis, MN	$363,728	1.1 %	-1.0 %	30	26.2 %	-20.0 %	-37.6 %
San Diego, CA	$900,176	7.6 %	-0.2 %	15	21.8 %	-28.8 %	-51.5 %
Tampa, FL	$375,338	1.2 %	-0.2 %	24	33.0 %	-11.9 %	-15.9 %
Denver, CO	$568,411	0.0 %	-0.8 %	26	27.8 %	-30.8 %	-21.2 %
Baltimore, MD	$370,782	4.1 %	-0.5 %	13	25.3 %	-13.3 %	-51.7 %
St. Louis, MO	$240,221	5.3 %	-0.6 %	11	25.4 %	-5.8 %	-48.5 %
Orlando, FL	$388,048	2.3 %	-0.2 %	23	27.0 %	-9.9 %	-15.8 %
Charlotte, NC	$371,844	2.1 %	-0.2 %	16	22.5 %	-12.4 %	-17.7 %
San Antonio, TX	$283,571	-3.0 %	-1.0 %	40	27.7 %	-3.3 %	3.8 %
Portland, OR	$532,762	0.3 %	-0.8 %	27	25.0 %	-23.1 %	-28.5 %
Sacramento, CA	$561,146	-0.1 %	-0.5 %	17	23.4 %	-28.3 %	-44.0 %
Pittsburgh, PA	$204,254	3.7 %	-0.8 %	16	26.0 %	-3.8 %	-41.7 %
Cincinnati, OH	$270,826	5.2 %	-0.5 %	11	26.4 %	-12.0 %	-40.2 %
Austin, TX	$453,715	-8.2 %	-1.3 %	59	25.7 %	-13.6 %	22.8 %
Las Vegas, NV	$408,621	-0.4 %	0.1 %	23	23.0 %	-32.5 %	-39.8 %
Kansas City, MO	$289,476	4.9 %	-0.8 %	12	28.0 %	-19.0 %	-46.4 %
Columbus, OH	$301,138	5.0 %	-0.4 %	11	29.4 %	-17.4 %	-36.8 %
Indianapolis, IN	$268,125	2.0 %	-0.6 %	19	31.7 %	-6.9 %	-24.6 %
Cleveland, OH	$215,597	5.8 %	-0.5 %	12	24.6 %	-7.9 %	-52.2 %
San Jose, CA	$1,481,470	6.3 %	-0.1 %	14	14.9 %	-9.9 %	-35.8 %
Nashville, TN	$429,859	-0.3 %	-0.4 %	27	30.5 %	-19.9 %	-28.0 %
Virginia Beach, VA	$334,990	5.8 %	-0.2 %	28	23.7 %	-13.5 %	-52.3 %
Providence, RI	$455,609	7.4 %	-0.2 %	14	21.1 %	-23.9 %	-63.6 %
Jacksonville, FL	$352,463	-1.5 %	-0.4 %	38	29.5 %	-12.3 %	-20.6 %
Milwaukee, WI	$326,703	8.5 %	-0.7 %	30	20.5 %	15.2 %	-25.5 %
Oklahoma City, OK	$227,152	3.2 %	-0.3 %	22	26.1 %	3.5 %	-17.4 %
Raleigh, NC	$431,889	0.6 %	-0.4 %	19	27.7 %	-26.4 %	-33.1 %
Memphis, TN	$232,510	-0.9 %	-0.6 %	32	25.2 %	-7.2 %	-7.8 %
Richmond, VA	$350,939	4.5 %	-0.3 %	10	23.4 %	-6.9 %	-49.2 %
Louisville, KY	$246,402	4.1 %	-0.5 %	15	27.7 %	-14.5 %	-37.5 %
New Orleans, LA	$234,084	-8.9 %	-1.6 %	42	21.4 %	25.6 %	37.7 %
Salt Lake City, UT	$528,405	0.0 %	-0.6 %	27	30.8 %	-38.8 %	-22.4 %
Hartford, CT	$339,593	11.3 %	-0.2 %	8	16.5 %	-5.0 %	-66.8 %
Buffalo, NY	$248,445	5.9 %	-0.5 %	14	18.4 %	-7.9 %	-44.6 %
Birmingham, AL	$248,184	0.4 %	-0.6 %	16	21.1 %	-5.8 %	-26.3 %

*Table ordered by market size

[1] The Zillow® Real Estate Market Report is a monthly overview of the national and local real estate markets. The reports are compiled by Zillow Research. For more information, visit www.zillow.com/research.

[2] Monthly mortgage payment represents the principal and interest on a new purchase of a home priced at November's Zillow Home Value Index level of $347,415, using a 30-year, fixed-rate mortgage.

About Zillow Group

Zillow Group, Inc. (NASDAQ: Z and ZG) is reimagining real estate to make home a reality for more and more people. As the most visited real estate website in the United States, Zillow and its affiliates help people find and get the home they want by connecting them with digital solutions, great partners, and easier buying, selling, financing and renting experiences.

Zillow Group's affiliates, subsidiaries and brands include Zillow®, Zillow Premier Agent®, Zillow Home Loans℠, Trulia®, Out East®, StreetEasy®, HotPads®, ShowingTime+℠, and Spruce®.

All marks herein are owned by MFTB Holdco, Inc., a Zillow affiliate. Zillow Home Loans, LLC is an Equal Housing Lender, NMLS #10287 (www.nmlsconsumeraccess.org). © 2023 MFTB Holdco, Inc., a Zillow affiliate.

(ZFIN)

View original content to download multimedia:https://www.prnewswire.com/news-releases/better-news-for-buyers-in-november-as-prices-rates-ease-302010600.html

SOURCE Zillow