

## Buyer demand hanging tough, despite rates and seasonal cooldown

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Inventory deficit lessens while competition over attractive listings has them selling fast

- A deficit of new listings shrank to 1.2% below last year as total inventory rose 2.6% month over month.
- Mortgage payments have risen more than 4% in a month and almost 10% in a year.
- Listings typically are selling in 16 days — slower than last month, but two weeks faster than in 2019.

SEATTLE, Nov. 13, 2023 /PRNewswire/ -- Despite mortgage rates reaching 23-year highs, low inventory levels are spurring surprisingly strong competition, according to [Zillow's latest market report](#)<sup>1</sup>. Depleted inventory stocks are gradually recovering, and price appreciation is slowing, but demand has remained resilient, and attractive, appropriately priced listings are moving quickly.

"With mortgage rates nearing 8% in October, the U.S. housing market continues to turn cooler, with inventory rising, and appreciation decelerating. As interest rates rose, some pent-up sellers appear to have been shaken free of waiting for rates to drop. New listings have nearly escaped the red annually and are trending out of a mortgage rate lock-induced hole," said Skylar Olsen, Zillow chief economist. "A record number of households in prime home-buying ages are providing buyers, despite the headwinds."

The key number for any potential buyer or seller is the mortgage rate, which marched skyward through October and finished the month near 8%. Rate hikes pushed monthly payments on a typical U.S. home up by more than 4% from September to October. At \$1,991, monthly payments<sup>2</sup> are up almost 10% compared to last October and have nearly doubled in two years.

The Zillow Home Value Index puts the typical U.S. home value at \$347,972, up 2.3% from last year. A 0.3% monthly decline in values in October is a tad steeper than the 0.1% dip from August to September, and shows a slightly

faster deceleration than pre-pandemic norms.

Home values fell in October in 40 of the top 50 markets, with the largest declines in Austin (-1.5%), Minneapolis (-1%) and New Orleans (-1%). The largest monthly growth was in sunny (and costly) Miami (0.5%), San Jose (0.4%) and San Diego (0.2%).

Annual appreciation is strongest in Hartford (11.4%), Milwaukee (8.5%), Providence (7%) and Boston (6.8%) — all metros that avoided extreme early-pandemic growth spurts.

### Inventory still depleted, but slowly recovering

New listings fell nearly 5% from September, a smaller drop than would be expected seasonally. But levels were still the lowest to hit the market in any October recorded by Zillow (since 2018).

Despite this, the longstanding deficit in new listings is generally shrinking as some sellers accept that high rates are sticking around. A shortfall of only 1.2% from the year prior is the smallest since May 2022, and a deficit of 19% compared to pre-pandemic levels is much improved from a trough of -35% in April.

There were still a massive 39% fewer homes for sale in October than pre-pandemic norms, but that's an improvement over the 46% deficit in May. Total inventory climbed 2.6% nationally from September to October — a result of fewer sales and an unexpectedly small September dropoff in new listings.

As sellers come to grips with higher-for-longer mortgage rate expectations, "rate lock" is likely to ease a bit and encourage sales — about [70% of sellers turn around and buy](#). Seasonally adjusted sales counts, down 31% in July from normal levels, are now improved to down 26% in October<sup>3</sup>.

### Competition easing, but still tight for attractive listings

Rising rates and recovering inventory translate to fewer buyers in bidding wars and more sellers cutting list prices. In October, 25.2% of sellers cut their list price, up from 23.9% in September. The share of sales that closed for higher than list price fell from almost 37% in August to 34% in September, but that's still well above pre-pandemic norms of the low- to mid-20s.

But attractive listings are still moving fast. Listings that sold in October typically did so in 16 days – one day longer than in September, but two days faster than last year and two weeks faster than in 2019.

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Metropolitan Area*	October Zillow Home Value Index (ZHVI) (Raw)	ZHVI Change, Year over Year (YoY)	ZHVI Change, Month over Month (MoM)	Median Days to Pending Change, YoY	Share of Listings with a Price Cut	New inventory change, YoY	Total Inventory Change, YoY
United States	\$347,972	2.3 %	-0.3 %	-2	25.2 %	-1.2 %	-5.9 %
New York, NY	\$629,445	3.7 %	0.2 %	-6	15.5 %	-9.8 %	-22.4 %
Los Angeles, CA	\$912,049	4.7 %	0.1 %	-7	19.6 %	-5.1 %	-21.8 %
Chicago, IL	\$306,751	5.3 %	-0.2 %	-5	25.9 %	-4.6 %	-19.9 %
Dallas, TX	\$368,645	-1.6 %	-0.7 %	3	33.4 %	2.3 %	8.4 %
Houston, TX	\$301,794	-1.2 %	-0.7 %	3	28.6 %	-4.2 %	0.2 %
Washington, DC	\$543,054	3.2 %	-0.3 %	-6	25.3 %	-13.4 %	-26.3 %
Philadelphia, PA	\$345,783	6.1 %	-0.2 %	-1	24.8 %	-6.6 %	-13.7 %
Miami, FL	\$475,761	6.0 %	0.5 %	-2	22.2 %	11.8 %	5.6 %
Atlanta, GA	\$374,449	1.9 %	-0.2 %	2	28.2 %	-1.7 %	-11.3 %
Boston, MA	\$659,680	6.8 %	-0.1 %	-3	21.9 %	-9.3 %	-18.9 %
Phoenix, AZ	\$451,934	-2.4 %	0.1 %	-18	31.7 %	-4.4 %	-32.6 %
San Francisco, CA	\$1,127,374	-0.6 %	-0.4 %	-6	21.5 %	-5.4 %	-17.3 %
Riverside, CA	\$562,606	1.9 %	0.2 %	-10	22.7 %	-5.2 %	-21.6 %
Detroit, MI	\$241,926	4.3 %	-0.4 %	-5	25.0 %	-9.5 %	-19.4 %
Seattle, WA	\$704,655	0.4 %	-0.5 %		28.2 %	-15.5 %	-28.5 %
Minneapolis, MN	\$365,378	0.9 %	-1.0 %	-1	29.9 %	-7.7 %	-10.3 %
San Diego, CA	\$903,946	6.5 %	0.2 %	-8	22.9 %	-3.2 %	-26.3 %
Tampa, FL	\$376,834	0.3 %	0.0 %	-2	35.5 %	6.2 %	1.4 %
Denver, CO	\$573,866	-0.6 %	-0.6 %		33.1 %	2.2 %	-0.3 %
Baltimore, MD	\$373,192	4.1 %	-0.4 %	-2	27.9 %	-1.8 %	-13.3 %
St. Louis, MO	\$241,975	5.1 %	-0.5 %	0	26.1 %	-0.3 %	2.2 %
Orlando, FL	\$389,868	1.8 %	0.0 %	-3	30.2 %	6.9 %	-0.3 %
Charlotte, NC	\$372,737	1.3 %	-0.1 %	-2.5	24.7 %	-7.3 %	-4.6 %
San Antonio, TX	\$286,357	-2.9 %	-0.9 %	16.5	33.4 %	-9.7 %	14.0 %
Portland, OR	\$536,648	-0.2 %	-0.7 %	2	30.1 %	-13.2 %	-11.6 %
Sacramento, CA	\$565,137	-1.3 %	-0.4 %	-12	26.7 %	-12.0 %	-30.8 %
Pittsburgh, PA	\$206,862	3.5 %	-0.5 %	-2	29.3 %	-4.3 %	-11.5 %
Cincinnati, OH	\$271,320	5.2 %	-0.6 %	1	28.1 %	-6.2 %	-8.0 %
Austin, TX	\$457,662	-9.2 %	-1.5 %	11.5	30.6 %	-6.2 %	-4.8 %
Las Vegas, NV	\$407,838	-2.6 %	0.1 %	-22	24.5 %	-11.9 %	-42.1 %
Kansas City, MO	\$293,286	5.2 %	-0.4 %	0	30.5 %	-7.5 %	-7.0 %
Columbus, OH	\$301,588	4.7 %	-0.5 %	0	31.3 %	-10.7 %	-10.4 %
Indianapolis, IN	\$269,854	2.0 %	-0.5 %	2	35.5 %	-8.3 %	-5.1 %
Cleveland, OH	\$217,199	5.6 %	-0.3 %	-2	26.1 %	-1.3 %	-10.6 %
San Jose, CA	\$1,494,974	5.5 %	0.4 %	-15	19.1 %	3.5 %	-15.4 %
Nashville, TN	\$432,241	-1.1 %	-0.3 %	-1	33.6 %	-17.5 %	-13.3 %
Virginia Beach, VA	\$334,645	5.9 %	-0.4 %	3	23.6 %	-5.9 %	-9.1 %
Providence, RI	\$455,996	7.0 %	0.0 %	-1.5	21.6 %	0.4 %	-15.1 %
Jacksonville, FL	\$353,450	-1.9 %	-0.3 %	12	31.8 %	-10.2 %	-5.5 %
Milwaukee, WI	\$328,245	8.5 %	-0.6 %	-7	21.5 %	7.7 %	-2.8 %
Oklahoma City, OK	\$227,269	3.3 %	-0.4 %	4	29.0 %	-0.7 %	10.4 %
Raleigh, NC	\$435,076	-0.2 %	-0.3 %		34.1 %	-8.8 %	-18.5 %
Memphis, TN	\$233,352	-1.0 %	-0.7 %	9	27.2 %	-0.9 %	18.0 %
Richmond, VA	\$350,197	4.7 %	-0.5 %	0	24.3 %	-3.9 %	-12.0 %
Louisville, KY	\$247,684	4.1 %	-0.4 %	0	30.0 %	2.0 %	0.0 %
New Orleans, LA	\$240,461	-9.0 %	-1.0 %	12	26.9 %	-9.5 %	12.2 %
Salt Lake City, UT	\$534,901	-0.7 %	-0.2 %	-2	36.3 %	-11.8 %	-14.6 %
Hartford, CT	\$341,293	11.4 %	0.1 %	-1	16.5 %	-5.7 %	-9.3 %
Buffalo, NY	\$249,902	5.5 %	-0.3 %	0	20.6 %	8.9 %	-5.1 %
Birmingham, AL	\$248,888	0.1 %	-0.8 %	4	23.8 %	-8.1 %	-0.9 %

\*Table ordered by market size

<sup>1</sup> 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](http://www.zillow.com/research).

<sup>2</sup> Monthly mortgage payment represents the principle and interest on a new purchase of a home priced at October's Zillow Home Value Index level of \$347,972, using a 30-year, fixed-rate mortgage.

<sup>3</sup> October sales from Zillow Nowcast, earlier sales are observed closed sales on Zillow.

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