ZILLOW GROUP

NEWS RELEASE

Home buyers gain breathing room with late-summer slowdown on the way

2023-08-10

Steady demand is keeping the heat turned up, but early signs point to a late-summer seasonal cooldown

- Houses are spending more time on the market than in the spring, but still half as long as in 2019.
- Buyers still have few choices for existing homes as inventory reached new record lows for July.
- Home values rose from June to July in every major metro area except Austin.

SEATTLE, Aug. 10, 2023 /PRNewswire/ -- A warmer-than-normal housing market is showing signs of a typical late-summer seasonal cooldown, according to the latest **Zillow® market report**.[1] Competition is still strong, with inventory hitting new lows for this time of year, but buyers have a bit more time to find and consider their big purchase.

"The housing market is returning to normal seasonal patterns, and that's a positive sign for buyers who faced stiff competition this spring," said Zillow senior economist Nicole Bachaud. "As summer winds down and kids head back to school, home shopping gets put on the back burner. Traditionally, buyers who remain in the market gain a bit more bargaining power heading into the fall. This year, however, sellers are sticking to the sidelines, which means even fewer options and high prices."

The typical U.S. home value climbed 0.9% from June to July — a steamy pace for this time of year, but a step back from 1.4% growth in the two preceding months. The nation's typical home value is now $349,679,[2] which is 1.4% higher than last July and 46% above pre-pandemic levels in February 2020.

Austin was the lone major market in which home values dipped from June to July, falling 0.5%. The slowest monthly home value growth was in San Antonio (0.2%), Denver (0.2%), Birmingham (0.3%) and Memphis (0.3%).

Slowing sales give buyers a bit of breathing room

Easing monthly appreciation is one sign that the normal seasonal pendulum of the market is swinging back in favor of buyers. Homes are also spending longer on the market before going under contract — 12 days in July compared to 11 in June and 10 in April and May. That's still half as long as in 2019.

The volume of newly pending sales also slowed down along seasonal trend lines, falling about 6.5% from June to July. Sales of existing homes, constrained by affordability challenges and a lack of homes on the market, are down about 15% year over year.

The number of listings with a price cut ticked up slightly from June as well. The share is right in line with pre-pandemic norms at about 22%.

Inventory drought marches on amidst high mortgage rates

Total active inventory in July was down 15% from last year and a tremendous 44% below July 2019 levels.

"Buyers should not expect to see many more homes available for sale on Zillow at any time this year than they do now," Bachaud said. "Inventory will decline from here if it follows pre-pandemic trends."

Homeowners are stubbornly holding on to their houses. New listings of existing homes once again set a new seasonal low-water mark, as roughly 336,000 came to market in July. That's 26% fewer than last July and 41% below pre-pandemic averages, and is closer to what typically comes online in a frosty January.

New listings have been scarce for a year now, and the most likely cause — high mortgage rates — remains. A recent Zillow survey found some evidence that the gap between homeowners' existing mortgage rates and today's rates can help explain their reluctance to sell: Owners with a rate of 5.0% or above were almost twice as likely to consider selling their homes in the next three years than those with a rate below 5%. That doesn't mean rates need to return all the way to 5%, but that the lower they go, the more homeowners will be willing to entertain the idea of selling their homes to move.

Builders are helping bridge the inventory gap, ramping up new home sales now that it's clear the supply of existing homes isn't meeting demand. Builders are also getting more creative in order to offer buyers an affordable product, turning to smaller homes, more townhouses, and interest-rate buydowns.

Rents are climbing slightly faster than normal for July

After its own record-breaking run that saw annual rent price growth peak at 16% in February of 2022, the rental market is also falling back into more normal long-term patterns of growth, according to Zillow's latest rental market report. July's 0.5% monthly rent growth was slightly hotter than pre-pandemic averages, but year-over-year

growth of 3.6% was a touch cooler.

Metropolitan Area*	July Zillow Home Value Index (ZHVI) (Raw)	ZHVI Change, Month over Month (YoY)	Monthly Mortgage Payment (20% Down)	Monthly Mortgage Payment Change Since July 2019	Newly Pending Sales Change, YoY	New Inventory Change, YoY	Total Inventory Change, YoY
United States	$349,679	1.4 %	$1,817	108 %	-14.5 %	-25.7 %	-14.8 %
New York, NY	$624,089	3.7 %	$3,230	84 %	-21.5 %	-35.0 %	-30.3 %
Los Angeles, CA	$906,524	-0.5 %	$4,643	95 %	-14.2 %	-28.3 %	-29.7 %
Chicago, IL	$308,628	3.7 %	$1,600	85 %	-12.6 %	-25.8 %	-27.8 %
Dallas, TX	$374,688	-2.9 %	$1,950	103 %	-14.4 %	-23.8 %	0.7 %
Houston, TX	$304,919	-1.1 %	$1,588	98 %	-8.2 %	-22.7 %	0.4 %
Washington, DC	$544,832	1.3 %	$2,829	82 %	-21.1 %	-30.7 %	-34.6 %
Philadelphia, PA	$348,838	5.3 %	$1,809	101 %	-21.9 %	-23.2 %	-24.4 %
Miami, FL	$462,470	5.3 %	$2,393	128 %	-6.7 %	-25.1 %	-1.5 %
Atlanta, GA	$375,981	-0.3 %	$1,953	122 %	-21.4 %	-28.1 %	-17.2 %
Boston, MA	$662,736	1.7 %	$3,430	87 %	-29.5 %	-33.3 %	-32.1 %
Phoenix, AZ	$447,505	-6.1 %	$2,322	114 %	-13.2 %	-47.8 %	-37.8 %
San Francisco, CA	$1,128,118	-5.0 %	$5,833	77 %	-12.5 %	-30.2 %	-35.0 %
Riverside, CA	$557,401	-2.2 %	$2,891	104 %	-16.2 %	-32.4 %	-28.7 %
Detroit, MI	$246,107	3.8 %	$1,279	94 %	-14.5 %	-24.9 %	-24.8 %
Seattle, WA	$707,877	-2.1 %	$3,662	95 %	-23.1 %	-35.6 %	-38.5 %
Minneapolis, MN	$374,213	-0.3 %	$1,951	81 %	-14.6 %	-25.0 %	-20.3 %
San Diego, CA	$893,477	-0.9 %	$4,603	105 %	-12.8 %	-33.9 %	-38.9 %
Tampa, FL	$375,809	-1.7 %	$1,955	132 %	-8.7 %	-25.6 %	-9.4 %
Denver, CO	$584,192	-2.2 %	$3,034	85 %	-7.7 %	-23.4 %	-12.6 %
Baltimore, MD	$373,732	4.6 %	$1,945	85 %	-22.1 %	-30.7 %	-28.2 %
St. Louis, MO	$244,279	4.1 %	$1,267	99 %	-9.6 %	-14.3 %	-11.1 %
Orlando, FL	$390,428	0.0 %	$2,031	115 %	-14.4 %	-26.7 %	-13.5 %
Charlotte, NC	$372,347	0.2 %	$1,929	127 %	-63.5 %	-39.0 %	-13.3 %
San Antonio, TX	$293,323	-1.7 %	$1,531	104 %	-19.2 %	-26.9 %	13.4 %
Portland, OR	$547,803	-1.9 %	$2,850	87 %	-19.5 %	-30.7 %	-20.0 %
Sacramento, CA	$568,342	-3.9 %	$2,943	86 %	-16.4 %	-35.2 %	-37.3 %
Pittsburgh, PA	$208,599	1.5 %	$1,083	88 %	-14.8 %	-24.4 %	-18.4 %
Cincinnati, OH	$274,843	5.0 %	$1,427	107 %	-22.9 %	-28.9 %	-26.4 %
Austin, TX	$477,502	-10.4 %	$2,499	110 %	-9.0 %	-34.7 %	-2.5 %
Las Vegas, NV	$405,012	-6.0 %	$2,100	86 %	-4.5 %	-49.8 %	-41.6 %
Kansas City, MO	$295,321	5.0 %	$1,533	107 %	-12.8 %	-21.1 %	-17.4 %
Columbus, OH	$306,732	4.1 %	$1,591	108 %	-19.3 %	-26.4 %	-21.4 %
Indianapolis, IN	$272,561	2.6 %	$1,417	118 %	-21.1 %	-25.5 %	-15.1 %
Cleveland, OH	$218,987	4.0 %	$1,137	98 %	-16.1 %	-28.2 %	-22.2 %
San Jose, CA	$1,463,906	-2.3 %	$7,461	85 %	110.2 %	-33.6 %	-44.1 %
Nashville, TN	$435,670	-2.2 %	$2,266	120 %	-21.0 %	-36.3 %	-10.1 %
Virginia Beach, VA	$337,642	3.5 %	$1,755	93 %	-22.6 %	-21.2 %	-22.6 %
Providence, RI	$454,639	2.6 %	$2,359	101 %	-31.4 %	-32.4 %	-33.7 %
Jacksonville, FL	$355,647	-1.7 %	$1,856	123 %	-11.2 %	-30.2 %	0.4 %
Milwaukee, WI	$331,480	5.2 %	$1,723	87 %	-6.8 %	-27.3 %	-28.4 %
Oklahoma City, OK	$228,796	3.9 %	$1,192	107 %	-18.4 %	-24.5 %	-1.7 %
Raleigh, NC	$433,688	-2.5 %	$2,255	113 %	-22.7 %	-37.3 %	-28.8 %
Memphis, TN	$235,979	0.4 %	$1,232	116 %	-24.1 %	-16.5 %	3.5 %
Richmond, VA	$355,308	5.4 %	$1,845	107 %	-27.3 %	-33.1 %	-32.0 %
Louisville, KY	$251,541	2.9 %	$1,311	93 %	-0.2 %	-24.9 %	-20.9 %
New Orleans, LA	$244,685	-1.7 %	$1,271	75 %	2.6 %	-19.5 %	18.1 %
Salt Lake City, UT	$533,648	-1.8 %	$2,773	109 %	-14.1 %	-28.1 %	-18.6 %
Hartford, CT	$340,662	5.7 %	$1,757	91 %	-21.2 %	-22.1 %	-23.3 %
Buffalo, NY	$252,443	2.2 %	$1,313	98 %	-21.0 %	-20.4 %	-19.8 %
Birmingham, AL	$249,721	1.9 %	$1,304	108 %	-22.7 %	-27.4 %	-8.4 %

* 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] The originally published ZHVI figure of $350,213 for June has since been restated to $346,730.

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