NEWS RELEASE

Home values start to slip as market's summer heat fades

2023-10-12

Competition is slowing faster than normal as fall sets in

- U.S. home values fell slightly (0.1%) in September, the first monthly dip since February.
- Homes are on the market a median of 15 days before sellers accept an offer — half the time of pre-pandemic norms.
- Effects of "rate lock" seem to be easing as new listings grow closer to normal.
- Price cuts became more common and inventory ticked up as competition eased.

SEATTLE, Oct. 12, 2023 /PRNewswire/ -- Home values took an uncharacteristic step down in September, albeit a small one, according to the latest Zillow® market report[1]. Competition is easing faster than normal this fall as buyers contend with the highest **mortgage rates** in more than 22 years.

"Mortgage rates approaching 8% are taking the wind out of the market's sails, pushing monthly mortgage payments beyond many buyers' budgets," said Jeff Tucker, Zillow senior economist. "While attractive listings are still moving at a brisk clip, competition among buyers is fading quickly due to the shock of mortgage rates on top of normal autumn seasonality."

Home values tick down

U.S. home values took a short step backward from August to September, falling 0.1%. That's not nearly as pronounced as the 0.8% monthly decline seen in September 2022, but a step backward is still unusual for this time of year. Between 2015 and 2019, monthly growth in September hovered between 0.1% and 0.4% [2] .

The typical home value now stands at $350,091 nationally, up roughly 2% from this time last year. Of the 50 largest

major metropolitan areas, 31 have home values higher than a year ago.

Affordability-based growth

The strongest annual home value appreciation is in relatively affordable markets, led by Hartford (up 11.1%), Milwaukee (8.5%), Providence (6.4%) and Virginia Beach (6.2%). The largest declines are in pandemic-era hot spots Austin (-10%), Las Vegas (-4.3%), Phoenix (-4.2%) and San Antonio (-2.5%), as well as New Orleans (-8.8%).

'Rate lock' abating?

A distinct lack of new inventory has troubled the market for more than a year. But some homeowners may not be able to delay sales any longer, potentially lessening the effect of "rate lock" on their decision. Rate lock refers to the incentive for existing homeowners not to sell, because their existing mortgages have lower interest rates than today's prevailing rates.

Despite high and rising mortgage rates, the flow of new options for buyers is coming slightly closer in line with seasonal norms. Compared to 2019, new listings were down nearly 18% this September, an improvement over deficits of 20% in August and 27% in July.

New listings fell by about 6% from August to September, but the step down is usually bigger — monthly declines averaged 13% in 2018 and 2019.

The number of total listings for sale rose slightly in September, notching a 0.2% increase from August. But buyers still have far fewer choices than they normally would; inventory levels are about 10% lower than last year and 41% below that of 2019.

Competition eases as fall settles in

Home shoppers are getting a little more time to find and decide on a home, but attractive listings are still moving relatively quickly. Median time on the market before a listing goes pending is now 15 days — two days longer than in August. But that's still two days faster than last September and roughly half the time that shoppers enjoyed before the pandemic.

Home-buying conditions have continued to ease since late summer. Roughly 24% of listings in September received a price cut, a slight uptick from August and higher than 21% and 22% in 2018 and 2019, respectively.

August closed-sales data, the most recent available, showed fewer homes selling above their list price, too — about 38% versus 40% in July.

Rents are still climbing slowly

The latest Zillow rental market report shows annual growth at 3.2%, a bit slower than pre-pandemic norms of around 4%.

Metropolitan Area*	September Zillow Home Value Index (ZHVI) (Raw)	ZHVI Change, Month over Month (MoM)	ZHVI Change, Year over Year (YoY)	Median Days to Pending	Share of Listings with a Price Cut	August Share of Listings Sold Over List Price	Total Inventory Change, YoY
United States	$350,091	-0.1 %	2.1 %	15	23.9 %	37.7 %	-10.2 %
New York, NY	$628,239	0.2 %	3.0 %	27	14.1 %	56.9 %	-29.0 %
Los Angeles, CA	$917,534	0.3 %	3.6 %	15	18.6 %	57.9 %	-26.4 %
Chicago, IL	$307,616	0.0 %	5.0 %	10	25.2 %	46.3 %	-23.3 %
Dallas, TX	$371,171	-0.6 %	-1.8 %	20	32.1 %	27.2 %	3.4 %
Houston, TX	$304,378	-0.4 %	-1.2 %	22	28.5 %	21.9 %	-0.8 %
Washington, DC	$543,643	-0.4 %	3.0 %	8	22.1 %	49.9 %	-30.3 %
Philadelphia, PA	$346,955	0.0 %	6.1 %	10	22.4 %	52.2 %	-17.4 %
Miami, FL	$473,552	0.5 %	5.7 %	22	19.2 %	17.8 %	-0.4 %
Atlanta, GA	$376,250	0.0 %	1.5 %	18	26.6 %	33.6 %	-14.9 %
Boston, MA	$661,736	0.1 %	6.1 %	8	19.0 %	62.9 %	-22.8 %
Phoenix, AZ	$452,238	0.3 %	-4.2 %	21	27.6 %	23.9 %	-38.4 %
San Francisco, CA	$1,131,297	-0.3 %	-1.8 %	14	19.2 %	62.8 %	-20.9 %
Riverside, CA	$560,687	0.2 %	1.0 %	18	21.4 %	47.2 %	-25.7 %
Detroit, MI	$243,527	0.0 %	3.9 %	10	23.1 %	49.5 %	-22.0 %
Seattle, WA	$708,660	-0.4 %	-0.3 %	11	26.5 %	44.4 %	-30.2 %
Minneapolis, MN	$371,292	-0.6 %	1.3 %	19	28.1 %	50.7 %	-13.5 %
San Diego, CA	$909,383	0.8 %	5.1 %	11	21.2 %	52.1 %	-32.2 %
Tampa, FL	$377,066	0.1 %	-0.5 %	17	32.1 %	20.6 %	-2.3 %
Denver, CO	$577,773	-0.5 %	-1.2 %	15	32.6 %	34.1 %	-5.0 %
Baltimore, MD	$373,842	-0.3 %	4.1 %	8	23.9 %	53.3 %	-19.0 %
St. Louis, MO	$243,483	-0.3 %	5.2 %	7	23.8 %	54.5 %	-0.8 %
Orlando, FL	$389,863	0.1 %	1.5 %	15	28.6 %	22.2 %	-5.6 %
Charlotte, NC	$373,367	0.1 %	0.8 %	11	22.6 %	44.6 %	-8.8 %
San Antonio, TX	$288,571	-0.9 %	-2.5 %	30	32.9 %	19.3 %	12.7 %
Portland, OR	$540,160	-0.6 %	-0.6 %	16	29.2 %	37.8 %	-14.2 %
Sacramento, CA	$565,772	-0.4 %	-2.3 %	12	25.2 %	48.3 %	-34.7 %
Pittsburgh, PA	$208,211	-0.1 %	3.5 %	10	26.7 %	36.8 %	-15.0 %
Cincinnati, OH	$273,618	-0.3 %	5.5 %	6	25.2 %	45.1 %	-11.8 %
Austin, TX	$467,519	-1.4 %	-10.0 %	47	31.3 %	16.1 %	-6.7 %
Las Vegas, NV	$407,923	0.3 %	-4.3 %	15	23.5 %	28.8 %	-45.5 %
Kansas City, MO	$293,608	-0.4 %	5.0 %	6	25.7 %	46.4 %	-9.2 %
Columbus, OH	$304,069	-0.2 %	4.5 %	6	26.8 %	51.7 %	-11.1 %
Indianapolis, IN	$271,981	-0.2 %	2.1 %	11	33.2 %	31.7 %	-9.4 %
Cleveland, OH	$217,221	-0.2 %	5.3 %	7	22.5 %	49.1 %	-14.2 %
San Jose, CA	$1,485,704	0.3 %		11	16.0 %	69.0 %	-22.6 %
Nashville, TN	$434,447	-0.2 %	-1.7 %	21	34.3 %	21.3 %	-13.1 %
Virginia Beach, VA	$336,427	-0.2 %	6.2 %	21	21.5 %	51.8 %	-15.7 %
Providence, RI	$456,117	0.2 %	6.4 %	9	18.0 %	65.0 %	-22.8 %
Jacksonville, FL	$355,843	-0.1 %	-1.9 %	32	30.5 %	17.4 %	-1.7 %
Milwaukee, WI	$331,023	-0.3 %	8.5 %	20	18.6 %	64.6 %	-10.0 %
Oklahoma City, OK	$228,284	-0.3 %	3.6 %	15	28.9 %	32.4 %	8.6 %
Raleigh, NC	$436,142	-0.2 %	-0.9 %	12	30.8 %	40.5 %	-25.7 %
Memphis, TN	$235,027	-0.4 %	-0.6 %	25	26.9 %	25.3 %	12.7 %
Richmond, VA	$353,407	-0.3 %	4.9 %	6	21.6 %	54.7 %	-19.8 %
Louisville, KY	$249,780	-0.2 %	4.3 %	9	27.5 %	35.1 %	-6.7 %
New Orleans, LA	$241,570	-1.4 %	-8.8 %	31	25.8 %	15.2 %	12.8 %
Salt Lake City, UT	$533,367	-0.4 %	-1.7 %	20	35.8 %	32.3 %	-15.4 %
Hartford, CT	$340,706	0.3 %	11.1 %	6	16.2 %	77.4 %	-16.8 %
Buffalo, NY	$250,275	-0.1 %	4.8 %	11	18.4 %	75.7 %	-13.4 %
Birmingham, AL	$251,263	-0.5 %	0.3 %	15	24.0 %	33.6 %	-4.9 %

*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] Not seasonally adjusted.

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