ZILLOW GROUP

NEWS RELEASE

The housing market is splitting in two: Luxury homes are in high demand while starter homes sit

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Rising starter home inventory and more price cuts signal opportunity for buyers, but economic headwinds are keeping them on the sidelines

- There are 4.5% more starter homes available than there were last year, price cuts are more common, and there are fewer bidding wars. Yet starter home sales fell 5.4% in May, according to new Zillow data.
- The slowdown of starter home sales is especially stark when compared to a booming luxury sector. Luxury home sales are up 6.2% year over year, as of May.
- San Francisco is the starkest example. Luxury home sales surged 21.6% year over year in May, while starter home sales fell 1.2%.

SEATTLE, July 29, 2026 /PRNewswire/ -- New **Zillow® data** reveals that the U.S. housing market is splitting in two. Luxury homes are selling at a faster pace than a year ago, with shrinking supply and growing bidding wars. Starter homes are piling up on the market, sitting longer and drawing price cuts as buyers fail to show up. The pattern mirrors a broader economic divide, with stock market gains supporting demand at the high end while rising everyday costs weigh on potential starter home buyers.

Zillow defines starter homes for this analysis as those in the 5th to 35th percentile of home values in a given region. Nationally, the typical starter home is worth about $202,000, up 2.3% from a year ago. Luxury homes are those in the top 5% of home values in a given region. The typical luxury home is worth about $1.9 million, up 3.1% from a year ago.

Across nearly every metric, conditions are moving in opposite directions in these two segments. Inventory for starter homes rose 4.5% year over year in June, while luxury home inventory fell 5.2%. Price cuts were more common on starter homes, with 25% of starter homes cutting their price in June, compared to 20.6% of luxury home listings.

"The best time to buy a home is when nobody else wants to," said Kara Ng, senior economist at Zillow. "Starter home buyers today have more options, more negotiating power, and sellers who are more willing to deal. The challenge is that the same financial pressures making it harder to save for a down payment are also making it harder to take advantage of that opportunity."

Despite friendlier conditions at the more affordable end of the market, sales are down, while the inverse is true at the top of the market. Starter home sales fell 5.4% year over year in May, the latest month with complete data. Luxury home sales grew 6.2% over the same period.

The divergence is sharpest in San Francisco. Luxury home sales across the metro area surged 21.6% year over year in May, while luxury inventory fell sharply and fewer listings cut their price. Starter home buyers are hanging back: Sales slipped 1.2% year over year in May, while more than twice as many starter home sellers cut their price in June (22.2%) to try to entice buyers off the sidelines than did luxury home buyers (9.4%).

What's holding buyers back

Starter home buyers are making decisions in a tough economic environment. Hiring has slowed, inflation remains elevated, and consumer sentiment has fallen to historic lows. In conditions such as these, households tend to delay major financial commitments like a home purchase.

Higher-income households, however, are facing a very different set of circumstances. Stock market gains have bolstered purchasing power at the top of the income spectrum, keeping demand for luxury homes strong.

What buyers can do now

As conditions shift in favor of buyers, those who are financially prepared will be best positioned to move when the moment is right. Zillow Home Loans' BuyAbility℠ tool gives buyers a personalized, real-time estimate of the home price and monthly payment that fits within their budget, and shows listings within their BuyAbility directly in their Zillow search.

Metro Area*	Starter Home Inventory Year over Year (YoY), June 2026	Luxury Home Inventory YoY, June 2026	Starter Home Sales YoY, May 2026	Luxury Home Sales YoY, May 2026	Starter Home Price Cuts, June 2026	Luxury Home Price Cuts, June 2026
United States	4.5 %	-5.2 %	-5.4 %	6.2 %	25.0 %	20.6 %
New York, NY	6.7 %	-15.9 %	-22.3 %	-14.2 %	16.7 %	11.6 %

Los Angeles, CA	5.0 %	-16.4 %	-5.3 %	10.6 %	22.8 %	18.7 %
Chicago, IL	-4.1 %	-7.3 %	0.0 %	24.9 %	22.4 %	18.7 %
Dallas, TX	-2.9 %	-9.0 %	-2.8 %	18.1 %	33.0 %	28.4 %
Houston, TX	1.1 %	-1.6 %	-8.9 %	8.7 %	26.9 %	22.9 %
Washington, DC	13.8 %	-7.1 %	0.6 %	23.6 %	27.9 %	21.3 %
Philadelphia, PA	14.2 %	-1.3 %	-6.6 %	-0.8 %	24.9 %	19.1 %
Miami, FL	-10.2 %	-19.8 %	8.2 %	13.7 %	19.0 %	13.8 %
Atlanta, GA	-9.1 %	0.9 %	-16.2 %	-12.6 %	28.7 %	25.3 %
Boston, MA	18.5 %	-3.7 %	2.1 %	-4.0 %	24.6 %	19.6 %
Phoenix, AZ	-4.1 %	-9.4 %	3.6 %	-2.1 %	32.1 %	24.6 %
San Francisco, CA	-17.3 %	-39.9 %	-1.2 %	21.6 %	22.2 %	9.4 %
Riverside, CA	-7.3 %	-15.4 %	-9.1 %	7.7 %	22.8 %	16.8 %
Detroit, MI	8.7 %	5.3 %	-26.5 %	-2.6 %	26.3 %	26.5 %
Seattle, WA	15.4 %	11.9 %	-8.2 %	4.0 %	30.0 %	24.6 %
Minneapolis, MN	17.5 %	13.3 %	4.1 %	10.5 %	26.1 %	20.6 %
San Diego, CA	-1.2 %	-18.1 %	-1.3 %	4.3 %	26.6 %	20.4 %
Tampa, FL	-7.2 %	-14.6 %	-3.9 %	10.1 %	30.5 %	25.9 %
Denver, CO	-5.1 %	-18.1 %	-6.7 %	21.6 %	35.0 %	25.1 %
Baltimore, MD	19.9 %	3.7 %	-2.1 %	14.4 %	27.4 %	22.6 %
St. Louis, MO	18.8 %	-12.0 %	-16.0 %	-14.5 %	26.8 %	24.7 %
Orlando, FL	-0.5 %	-11.5 %	-5.0 %	-10.5 %	26.8 %	23.6 %
Charlotte, NC	13.8 %	8.3 %	-3.1 %	-3.6 %	28.0 %	23.6 %
San Antonio, TX	5.6 %	4.0 %	5.9 %	10.6 %	30.1 %	21.5 %
Portland, OR	3.4 %	-8.6 %	0.1 %	13.4 %	29.7 %	22.2 %
Sacramento, CA	0.9 %	-11.6 %	7.9 %	-3.9 %	26.2 %	20.3 %
Pittsburgh, PA	26.3 %	5.9 %	-12.2 %	1.8 %	26.2 %	23.2 %
Cincinnati, OH	15.6 %	1.0 %	-8.4 %	32.6 %	26.8 %	27.7 %
Austin, TX	-3.1 %	-16.8 %	3.3 %	27.7 %	30.8 %	19.6 %
Las Vegas, NV	2.2 %	-7.0 %	-13.1 %	-2.6 %	26.0 %	24.5 %
Kansas City, MO	4.1 %	-15.1 %	-10.4 %	-18.0 %	24.8 %	26.4 %
Columbus, OH	8.5 %	1.1 %	1.3 %	20.3 %	32.6 %	27.5 %
Indianapolis, IN	19.8 %	-15.4 %	-12.8 %	20.5 %	33.0 %	30.4 %
Cleveland, OH	15.3 %	-8.5 %	-24.6 %	23.2 %	21.5 %	20.0 %
San Jose, CA	2.3 %	-26.2 %	10.5 %	2.7 %	24.8 %	12.9 %
Nashville, TN	12.3 %	6.4 %	3.1 %	40.8 %	32.3 %	26.0 %
Virginia Beach, VA	-3.2 %	-7.7 %	-12.7 %	5.2 %	21.8 %	21.4 %
Providence, RI	10.6 %	-16.1 %	-9.2 %	-1.8 %	20.7 %	13.8 %
Jacksonville, FL	-14.4 %	-17.2 %	-2.9 %	-13.1 %	28.8 %	20.2 %
Milwaukee, WI	4.9 %	6.1 %	-3.5 %	4.9 %	14.4 %	16.0 %
Oklahoma City, OK	18.9 %	6.8 %	3.1 %	24.1 %	26.8 %	26.5 %
Raleigh, NC	16.0 %	-9.8 %	-4.4 %	2.7 %	35.6 %	27.5 %
Memphis, TN	51.7 %	-13.3 %	-1.7 %	42.4 %	22.7 %	28.0 %
Richmond, VA	13.5 %	9.3 %	0.2 %	20.2 %	27.4 %	23.0 %
Louisville, KY	31.8 %	0.0 %	19.3 %	18.4 %	33.7 %	22.9 %
New Orleans, LA	16.1 %	-20.6 %	12.9 %	14.7 %	24.1 %	20.7 %
Salt Lake City, UT	3.9 %	-8.3 %	-8.6 %	-32.2 %	33.3 %	27.2 %
Hartford, CT	7.3 %	1.6 %	-18.4 %	-8.3 %	13.5 %	18.4 %
Buffalo, NY	33.4 %	-16.1 %	-21.1 %	-31.1 %	22.8 %	19.3 %
Birmingham, AL	14.9 %	-7.7 %	-9.6 %	25.0 %	23.8 %	21.2 %

*Table ordered by market size

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 app and website in the United States, Zillow connects hundreds of millions of consumers with innovative technology, trusted agents and loan officers, and seamless digital solutions. With industry-leading tools and resources, Zillow supercharges real estate professionals so they can grow their businesses and deliver exceptional client experiences. For renters and housing providers, Zillow offers not only a robust marketplace but a set of end-to-end products and services to streamline applications, leases, payments and more.

Zillow's ecosystem spans the entire home journey — from dreaming and shopping to renting, buying, selling and financing.

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