

# Zillow panel: **Expect a buyers' market in 2023**

FEB 2023 — **Rising mortgage costs are driving down homebuying competition, and a market firmly in favor of buyers is expected before the end of next year, according to a majority of economists and housing experts polled by Zillow.**



A recent Zillow market report showed while the typical time on market for home listings is rising, it's still 11 days shorter than in 2019. Inventory is ticking up as well but is still down almost 42 percent compared with 2019. The majority of the panel (56 percent) expects a significant shift in buyers' favor by sometime next year. Another 24 percent predicted that shift would come in 2024, 13 percent pointed to 2025 and just 8 percent expect it after 2025.

**"After the frantic rush for real estate over the past two years, buyers are finally seeing a calmer market. Those still able to afford homeownership are quickly regaining lost leverage, but this shift to a more balanced market is still in its early stages,"** Zillow Senior Economist Nicole Bachaud said in a release. "Home shoppers priced out of the market are in a tight spot, though, as high and rising rents could cut further into their ability to save up for a down payment.";

Inexpensive Midwest markets including Columbus, Ohio, Indianapolis and Minneapolis are the least likely to see home prices decline over the next 12 months, according to the panel. Fast-growing markets in the south, like Atlanta, Nashville, Tenn., and Charlotte, N.C., are also expected to retain their heat.

Markets projected to cool the fastest are those that saw some of the largest growth over the course of the pandemic, including Boise, Idaho, Austin, Texas, and Raleigh, N.C.

Suburban and exurban areas were predicted by the panel to retain their heat over the next 12 months, while vacation areas were considered the most likely to see price declines.

All panel members project home price deceleration in 2023. The share of panelists who believe their long-term outlook might be too optimistic jumped up to 67 percent from 56 percent last quarter.

"U.S. home price appreciation is clearly easing up in response to the historic surge in mortgage rates," Pulsenomics founder Terry Loeb said. "Our expert panel's mean projections indicate that residential rent price growth is expected to outpace headline CPI inflation over the coming three years and exceed home price growth through at least 2025. **Despite softening house prices, this implies that affordability hurdles for prospective first-time homeowners will remain high and persist for years to come.**"

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