

Housing market stalls, say Zillow and Redfin reports

DEC 2022 — Reports from both Zillow and Redfin indicate that the housing market continues to be in a stalled position as pending listings, in-progress deals, and starts all continue to decline.

The Zillow report indicated that a lack of affordability caused by steep price increases and volatile mortgage rates have stalled sales and discouraged current owners and would-be buyers from entering the market.

“The late-summer mortgage rate reprieve brought a short-lived surge of buyers back into the market, proving that many priced-out home shoppers are poised to buy when homeownership becomes more affordable,” Zillow Senior Economist Jeff Tucker said. “Unfortunately, shoppers this winter are more likely to contend with mortgage rates in the ballpark of 7 percent, making even this summer’s rising rates look modest by comparison.”

According to the Zillow report, newly pending listings fell 18 percent from August to September and are down more than 29 percent from the same time in 2021, partly because of a sharp decline in activity at the end of the month, when interest rates were at their highest.

Redfin’s report also found that listings dropped by one-fifth in September and



approximately 60,000 deals – about 17 percent of all homes that went under contract – were canceled.

“The U.S. housing market is at another standstill, but the driving forces are completely different from those that triggered the standstill at the start of the pandemic,” said Redfin Economics Research Lead Chen Zhao. **“This time, demand is slumping due to surging mortgage rates, but prices are being propped up by inflation and a drop in the number of people putting their homes up for sale.** Many Americans are staying put because they already relocated and scored a rock-bottom mortgage rate during the pandemic, so they have little incentive to move today.”

According to latest reports from the U.S. Department of Commerce, September housing starts declined 8.1 percent from August and 7.7 percent from September 2021.