

Pressure back on sellers as housing demand rebalances



DEC 2022 — The housing market is rebalancing after its recent frenetic period. **While homes that sell are still doing so quickly, Zillow found other homes are staying on the market much longer, meaning sellers must build an attractive and competitive listing to attract buyers.**

Homes that went pending in September typically did so after 19 days, according to Zillow research. That's a far cry from the record lows seen during much of the pandemic when homes went pending after a week on the market, but 10 days faster than in September 2019. However, that only takes into account homes that find a buyer. Looking at all for-sale listings, homes have been on the market a median of 54 days as of mid-October, a 45 percent increase from a year earlier.

“Last year, sellers could seemingly list their home at any price and see multiple offers roll in above list price within days,” Zillow senior economist Nicole Bachaud said in a release. “Now, buyers have some negotiating power, and sellers are under pressure. **Buyers are still out there and willing to buy when they find the right home at the right price, which will provide a floor for the price declines we are currently seeing.** But sellers need to do things right to attract the attention of these buyers — pricing their home competitively and making their listing attractive to online home shoppers. Especially in a market that's quickly changing like today's, working with an experienced agent who knows the local market is valuable.”

In September, the median age of inventory was 30 percent below pre-pandemic norms. If age of inventory continues to grow at that pace, inventory is estimated to be on the market a median of 68 days by the end of the year. That would be more than a month shorter than before the pandemic. For-sale homes had typically been on the market for 100 days at the end of both 2018 and 2019.

The rapid increase in the age of inventory is because the drop in buyer demand has been deeper than the drop in new listings, according to Zillow. **Buyers are pulling back primarily due to affordability hurdles, as mortgage rates have risen, and the pace of sales has slowed.** Homeowners are reluctant to sell and give up what is likely a mortgage rate of around 3 percent in order to buy a new home at today's interest rates.

Markets in which both days to pending and the median age of inventory are growing indicate demand is slowing across the board. Many of those markets, like Las Vegas and Austin, Texas, were among the hottest during the height of last year's buying frenzy.

Some markets have seen days to pending stay low while the median age of inventory rose. This indicates that a subset of homes continues to see strong competition. One example is St. Louis, where typical days to pending has remained about a week, while the median age of inventory has jumped to 40 days from a low of nine days this spring.

