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REDFIN

Redfin Reports Share of Homes with Price Drops Reaches a New High as Mortgage Rates Top 2008 Levels

Rising mortgage rates and the Fed's actions to combat inflation will further stretch homebuyer budgets and encourage more homeowners to stay put

SEATTLE--(BUSINESS WIRE)-- (NASDAQ: RDFN) —The highest share of sellers on record dropped their list price during the four weeks ending June 12, according to a new report from Redfin (redfin.com), the technology-powered real estate brokerage. This came as mortgage rates shot up to levels not seen since 2008, dwindling the pool of home shoppers.

Still, homebuying has never been more expensive. The typical buyer with a 30-year fixed-rate mortgage is looking at a monthly payment of $2,514, up from $1,692 a year ago. But those who remain in the market may notice they face less competition from other buyers. Homes are more likely to sit on the market for a few weeks, compared to last year when they would go under contract within a week, and home prices are being bid up less often than they were earlier in the spring.

"The housing market isn't crashing, but it is experiencing a hangover as it comes down from an unsustainable high," said Redfin deputy chief economist Taylor Marr. "Housing demand has already cooled significantly to the point that the industry has begun facing layoffs. This week's rate hikes will further stretch homebuyers' budgets to the point that many more may be priced out. While a lot of home sellers are already dropping their prices, more homeowners will likely decide to stay put now that the mortgage rate on a new home is significantly higher than their current one."

"If it weren't for the surge in mortgage rates, the housing market would still be in a boom right now," said Redfin Bay Area real estate agent James Cappello. "Demand from homebuyers was still extremely high as recently as February, but rates are making it really tough. Going from 3% to nearly 6% almost instantly has scared a lot of people out of the market."

Leading indicators of homebuying activity:

- For the week ending June 16, 30-year mortgage rates rose to 5.78%—the highest level since November 2008, and the largest one-week increase since 1987.
- About the same number of people searched for "homes for sale" on Google—searches during the week ending June 11 were flat from a year earlier.
- The seasonally-adjusted Redfin Homebuyer Demand Index—a measure of requests for home tours and other home-buying services from Redfin agents—was down 14% year over year during the week ending June 12. This was the ninth consecutive week of declines in the index.
- Touring activity as of June 12 was 3% above the start of the year compared to 29% at

this time last year, according to home tour technology company ShowingTime.
- Mortgage purchase applications were down 16% from a year earlier, while the seasonally-adjusted index was up 8% week over week during the week ending June 10.

Key housing market takeaways for 400+ U.S. metro areas:

Unless otherwise noted, this data covers **the four-week period ending June 12** Redfin's weekly housing market data goes back through 2015.

- The median home sale price was up 14% year over year to a record $399,806.
- The median asking price of newly listed homes increased 16% year over year to $409,251.
- The monthly mortgage payment on the median asking price home increased to $2,514 at the current 5.78% mortgage rate. This was up 49% from $1,692 a year earlier, when mortgage rates were 2.93%.
- Pending home sales were down 8% year over year, on par with the decrease seen in May 2020.
- New listings of homes for sale were down 1% from a year earlier.
- Active listings (the number of homes listed for sale at any point during the period) fell 6% year over year—the smallest decline since December 2019.
- 50% of homes that went under contract had an accepted offer within the first two weeks on the market, down from 51% a year earlier.
- 35% of homes that went under contract had an accepted offer within one week of hitting the market, down from 38% a year earlier.
- Homes that sold were on the market for a median of 16 days, down from 18 days a year earlier and up slightly from the record low of 15 days set in May and early June.
- 56% of homes sold above list price, up from 53% a year earlier.
- On average, 5.6% of homes for sale each week had a price drop, a record high as far back as the data goes, through the beginning of 2015. In other words, 22.4% of homes for sale during the entire four-week period had a price drop.
- The average sale-to-list price ratio, which measures how close homes are selling to their asking prices, declined just slightly to 102.5%. In other words, the average home sold for 2.5% above its asking price. This was up from 102% a year earlier.

To view the full report, including charts and methodology, please visit:
https://www.redfin.com/news/housing-market-update-price-drops-hit-new-record/

About Redfin

Redfin (www.redfin.com) is a technology-powered real estate company. We help people find a place to live with brokerage, instant home-buying (iBuying), rentals, lending, title insurance, and renovations services. We sell homes for more money and charge half the fee. We also run the country's #1 real-estate brokerage site. Our home-buying customers see homes first with on-demand tours, and our lending and title services help them close quickly. Customers selling a home can take an instant cash offer from Redfin or have our renovations crew fix up their home to sell for top dollar. Our rentals business empowers millions nationwide to find apartments and houses for rent. Since launching in 2006, we've saved customers more than $1 billion in commissions. We serve more than 100 markets across the U.S. and Canada and employ over 6,000 people.

For more information or to contact a local Redfin real estate agent, visit www.redfin.com. To learn about housing market trends and download data, visit the Redfin Data Center. To be added to Redfin's press release distribution list, email press@redfin.com. To view Redfin's press center, click here.

Redfin Journalist Services:
Kenneth Applewhaite, 206-588-6863
press@redfin.com

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