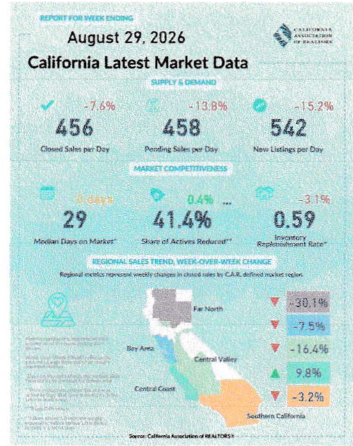

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Weekly MLS Market Data Report

August 31, 2026 - The outlook for the economy and the housing market remain heavily shaped by inflation and its impact on interest rates, consumer sentiment, and housing demand. The Fed's continued focus on price stability, along with consumers' concerns over gas, food, and broader cost pressures, reinforces that inflation is still the key determinant for whether borrowing costs ease or stay elevated. Higher mortgage rates have already weighed on new home sales, while foreclosure activity remains contained by strong equity. For now, the outlook remains balanced between near-term challenges and signs of stability, with the next few months likely to depend on whether price pressures show more meaningful improvement.

Fed Chair's latest speech pushes up mortgage rates: In his Jackson Hole speech, Fed Chair Kevin Warsh struck a decidedly hawkish tone, arguing that inflation remains uncomfortably above the Fed's 2% target and that a couple months of favorable inflation data do not provide enough evidence to suggest that underlying price pressures have been defeated. He emphasized that the Fed must remain focused on restoring price stability and indicated that policymakers will have more work to do if inflation does not show more consistent improvement, while also signaling a preference for less forward guidance and greater policy flexibility. Markets interpreted the speech as the Fed having a higher chance of additional Fed tightening, with the 10-year yield increasing about 5 basis points. Meanwhile, futures markets boosted the odds of a September rate hike from 35% before the speech to around 60% afterward. Mortgage rates moved higher as well, with the average 30-year fixed mortgage rate jumping to its 3-week high to 6.81% last Friday. The stock market delivered a mixed response after the speech as investors adjusted to the prospect of higher-for-longer interest rates, with the S&P 500 dipping -0.25% to end the day.

New home sales pull back as rates jump to 12-month high: Sales of newly constructed single-family homes in the U.S. dropped to a six-month low after a strong rebound in June. New home market struggled in July with sales declining 10.5% month-over-month to 607k, the lowest level since January. Mortgage rates reaching the highest level in a year prompted many potential homebuyers to move to the sidelines, leading to a weak start for the second half of the year. Median sales price dropped for the second straight month with a decline of 2.3% to $393,800, reaching the lowest level in five years. The dip in price could be the result of builders cutting prices more aggressively to move inventory, as they have a relatively large supply of homes available. New home inventory, in fact, climbed to 9.6 months in July from June's 8.5 months and hit the highest level in six months. At the regional level, sales in the West bounced back with a 6.2% increase from the prior month and were above last July by 2.2%. With the Middle East conflict remaining unresolved, economic uncertainty and affordability challenges will continue to weigh on new home sales in the next couple months.

Rental market stabilizing but remains cool: The apartment rental market continued to improve as it began to shift into the typical offseason, but overall conditions remain cool, according to the latest Apartment List Rent Report. The national median rent in August increased 0.1% month-over-month to $1,390, inching up for the seventh consecutive month. It was also the first time a monthly increase in August has been observed since 2022. A shift away from the trend of the past few years is a good sign that the rental market could be turning the corner. On a year-over-year basis, median rent remained below last year's level with a 0.8% decline, the smallest dip in the past 14 months. The average national vacancy rate for multifamily homes also declined, with the corresponding index dipping to 7.1%, the lowest level since September 2025. Meanwhile, the list-to-lease time inched up again for the second straight month, with its median rising to 31.7 days, up about two days from July and about three days from the same time last year. The lengthening of the time properties stay on the market suggests that the market remains slow despite it showing slight improvement from a year ago.

As demand stagnates while construction slows due to macroeconomic concerns, the rental market appears to be stabilizing as new units gradually get absorbed.

Foreclosure activity climbs but remain below historical standards: U.S. foreclosure filings inched up on a month-over-month basis and jumped by double-digits from 12 months ago in July, as economic uncertainty and affordability constraints continue to put pressure on homeowners. According to ATTOM, there were a total of 39,906 U.S. properties with foreclosure filings last month, an increase of 1% from June and a surge of 10% from July 2025. At the national level, one in every 3,603 housing units had a foreclosure filing last month, while Nevada (1 in 1,703) topped the chart at the state levels last month, with South Carolina (1 in 2,085) coming in second, followed by Florida (1 in 2,232), Delaware (1 in 2,579), and Texas (1 in 2,653). While the increase in filings from last year indicates that homeowners are still facing greater financial strain compared to a year ago, strong homeowner equity and disciplined lending practices continue to put a cap on default activity.

Consumer confidence dips again as future expectations turn more pessimistic: The U.S. Consumer Confidence Index edges down by 0.8 points in July to 89.4 from a downwardly revised 90.2 in July, according to the Conference Board. Despite feeling more positive about the present situation, consumers remained worried about their future outlook. The Expectation Index - a measure that reflects on consumers' short-term outlook for income, business, and labor market conditions – declined 5.8 points to 68.2 last month. Concerns about the ongoing US/Iran war, elevated gas prices, inflation on food/groceries, and the trade relationship with Canada might have contributed to the rise in consumers' pessimism. Three out of five (61.3%) respondents expected interest rates to rise over the next 12 months, and homebuying expectations dipped slightly from the prior month but maintained an upward trend after slumping to decades low in early 2024. With multiple factors putting upward pressures on prices in the near term, consumer confidence could remain weak through the end of Q3 and the start of Q4.

Note: *This summary report gets updated every Monday by 6:00 pm PST. Feel free to email us at* **research@car.org** *if you have any questions and/or feedback.*