HOUSING PAYMENTS HIT 1-YEAR HIGH, SENDING BUYERS TO THE SIDELINES

Pending home sales fell for the fifth week in a row, and new listings declined, too.

The median U.S. monthly housing payment hit $2,647 during the four weeks ending June 14, its highest level in a year and just about $100 shy of 2023's all-time high.

Housing payments are rising because both home-sale prices and mortgage rates remain stubbornly high.

The median sale price rose 2.3% year over year to a record high of $403,889, and the weekly average mortgage rate is 6.52%, near its highest level in 10 months. The average daily rate dropped to 6.54% on Wednesday from 6.75% a month earlier in the wake of the newly announced peace deal with Iran.

High costs are pricing many would-be homebuyers out of the market, and widespread economic uncertainty is causing others to think twice before making a major purchase. That has pushed pending home sales down 0.6% week over week, the fifth straight week of declines.

Some prospective sellers are backing off, too, as they notice dwindling demand. New listings fell 0.4% week over week, and the total number of homes for sale fell 0.1%. With hundreds of thousands more home sellers than buyers nationwide, Redfin agents are advising sellers to price competitively.

“A lot of sellers want to list higher than they should, and my biggest struggle is getting them to price with the market–or just below the market, if they want to create a frenzy,” said Dawn Kane, a Redfin Premier agent in Maryland and Pennsylvania. “Homes that just hit the market are typically the most popular, so pricing high and letting a home sit can stigmatize a listing.

Don’t be the house priced at $1 million in a neighborhood where comparable homes are selling for $800,000-$900,000.”

From Redfin economists