



# US RESIDENTIAL REAL ESTATE MARKET REPORT

-May 2026

## Housing Market Momentum Slows as Rising Mortgage Rates Cool Buyer Activity

The housing market showed signs of strength in May, with closed home sales reaching their highest level in nearly four years. However, rising mortgage rates and ongoing economic uncertainty began slowing buyer activity later in the month, creating a mixed picture for the housing market heading into summer.

### Home Sales Reach Highest Level Since 2022

Existing-home sales increased significantly in May, reaching their strongest pace since late 2022. Overall home sales, including both existing and newly built homes, also posted solid gains compared to the previous month.

Several factors contributed to the increase:

- Mortgage rates eased during much of April, allowing more buyers to lock in lower financing costs.
- A favorable labor market helped boost consumer confidence.
- Increased housing inventory provided buyers with more options.
- Buyers continued to benefit from negotiating power in many markets.

Because most May closings were tied to contracts signed during April, the temporary decline in mortgage rates played a major role in driving the sales surge.

### Buyer Demand Shows Signs of Slowing

While closed sales were strong, pending home sales—an indicator of future activity—were essentially unchanged in May.

The slowdown reflects changing market conditions during the month, including:

- Mortgage rates climbing to their highest levels in nearly a year.
- Ongoing economic uncertainty.
- Concerns about inflation and future interest rate movements.
- Global events that have created additional financial uncertainty for consumers.

As a result, many buyers are becoming more cautious despite improved inventory levels.

### More Sellers Enter the Market

Housing supply continued to expand throughout May.

New listings reached their highest level since 2022 as homeowners attempted to capitalize on stronger spring demand. Active inventory also climbed to its highest level in six years.

This increase in inventory is helping create a more balanced market and providing buyers with more choices than they have had in recent years.

However, elevated inventory is also being driven by homes that have remained on the market longer due to slower demand earlier in the year.

### Home Prices Continue Moving Higher

Despite a more balanced market, home prices continued to appreciate.

The median U.S. home sale price increased 2% year over year in May, reaching \$398,771.

Price growth remains supported by:

- Continued buyer demand in many markets
- Improved sales activity
- Limited inventory in certain regions
- Strong performance in several high-demand metro areas

While appreciation remains positive, it is occurring at a much more sustainable pace than during the pandemic-era housing boom.

### Buyer Discounts Are Becoming Less Common

Buyers still maintain negotiating power in many markets, but large discounts are becoming slightly harder to find.

Just under 60% of homes sold below their original asking price in May, marking another month of gradual decline in buyer discounts.

Two trends are contributing to this shift:

1. Buyer demand has improved compared to earlier in the year.
2. Sellers are pricing homes more realistically from the start, reducing the need for later price reductions.

The result is a market that remains favorable to buyers but is becoming more balanced than it was several months ago.

## What This Means for Buyers and Sellers

### For Buyers

- More inventory means greater selection and negotiating opportunities.
- Mortgage rates remain a key factor influencing affordability.
- Well-priced homes in desirable locations continue to attract strong interest.

### For Sellers

- Increased inventory means more competition.
- Strategic pricing remains critical.
- Properly prepared and competitively priced homes are still selling successfully.

## Key Takeaway

The housing market remains active, but momentum has become more uneven. Strong spring sales were largely driven by lower mortgage rates earlier in the season, while rising borrowing costs have begun cooling demand.

As inventory continues to grow and buyers become more selective, both buyers and sellers will need to focus on strategy, pricing, and local market conditions to achieve the best results.

The remainder of 2026 is likely to be shaped by mortgage rate movements, economic conditions, and whether buyer confidence continues to improve.

## Metro-Level Highlights (Year Over Year)

Based on the 50 most populous U.S. metropolitan areas:

<p><b>Price Growth Leaders</b></p> <ul style="list-style-type: none"> <li>• <b>San Francisco, CA:</b> +10.9%</li> <li>• <b>St. Louis, MO:</b> +6.7%</li> <li>• <b>Pittsburgh, PA:</b> +6.7%</li> </ul>	<p><b>Largest Price Declines</b></p> <ul style="list-style-type: none"> <li>• <b>San Jose, CA:</b> -5.6%</li> <li>• <b>Orlando, FL:</b> -2.2%</li> <li>• <b>Seattle, WA:</b> -0.9%</li> <li>• <b>San Antonio, TX:</b> -0.9%</li> </ul>
<p><b>Pending Sales Increases</b></p> <ul style="list-style-type: none"> <li>• <b>West Palm Beach, FL:</b> +34.5%</li> <li>• <b>San Francisco, CA:</b> +21.4%</li> <li>• <b>Miami, FL:</b> +16.2%</li> </ul>	<p><b>Biggest Pending Sales Declines</b></p> <ul style="list-style-type: none"> <li>• <b>Houston, TX:</b> -12.5%</li> <li>• <b>Seattle, WA:</b> -7.0%</li> <li>• <b>Tampa, FL:</b> -3.4%</li> </ul>
<p><b>Closed Sales Gains</b></p> <ul style="list-style-type: none"> <li>• <b>San Jose, CA:</b> +25.7%</li> <li>• <b>San Francisco, CA:</b> +19.3%</li> <li>• <b>West Palm Beach, FL:</b> +18.3%</li> </ul>	<p><b>Closed Sales Declines</b></p> <ul style="list-style-type: none"> <li>• <b>Detroit, MI:</b> -14.0%</li> <li>• <b>New York, NY:</b> -9.1%</li> <li>• <b>Providence, RI:</b> -8.4%</li> </ul>
<p><b>New Listings Growth</b></p> <ul style="list-style-type: none"> <li>• <b>Philadelphia, PA:</b> +11.5%</li> <li>• <b>Minneapolis, MN:</b> +9.5%</li> <li>• <b>Boston, MA:</b> +8.6%</li> </ul>	<p><b>New Listings Declines</b></p> <ul style="list-style-type: none"> <li>• <b>St. Louis, MO:</b> -17.9%</li> <li>• <b>Denver, CO:</b> -10.0%</li> <li>• <b>San Antonio, TX:</b> -9.2%</li> </ul>
<p><b>Active Listings Growth</b></p> <ul style="list-style-type: none"> <li>• <b>Cincinnati, OH:</b> +15.1%</li> <li>• <b>Boston, MA:</b> +15.0%</li> <li>• <b>Montgomery County, PA:</b> +12.6%</li> </ul>	<p><b>Active Listings Declines</b></p> <ul style="list-style-type: none"> <li>• <b>Jacksonville, FL:</b> -17.4%</li> <li>• <b>Miami, FL:</b> -13.9%</li> <li>• <b>Tampa, FL:</b> -12.8%</li> </ul>
<p><b>Longest Days on Market</b></p> <ul style="list-style-type: none"> <li>• <b>San Antonio, TX:</b> +14 days</li> <li>• <b>Houston, TX:</b> +11 days</li> <li>• <b>Nashville, TN:</b> +8 days</li> </ul>	<p><b>Shortest Days on Market</b></p> <ul style="list-style-type: none"> <li>• <b>Jacksonville, FL:</b> 69 days (-6 days YoY)</li> <li>• <b>Orlando, FL:</b> -6 days</li> <li>• <b>West Palm Beach, FL:</b> -4 days</li> </ul>