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U.S. Home Prices Are Rising at the Slowest Pace in Nearly a Year and a Half

Redfin reports price growth is slowing thanks to a small uptick in new listings as elevated mortgage rates keep buyers at bay

SEATTLE--(BUSINESS WIRE)-- (NASDAQ: RDFN) — U.S. home prices rose 0.3% month over month in May—the smallest increase on a seasonally adjusted basis since January 2023, per a new [report](#) from Redfin ([redfin.com](https://www.redfin.com)), the technology-powered real estate brokerage. Prices climbed 7.2% from a year earlier, but annual growth showed signs of plateauing.

This is according to the Redfin Home Price Index (RHPI), which uses the repeat-sales pricing method to calculate seasonally adjusted changes in prices of single-family homes. The RHPI measures sale prices of homes that sold during a given period and how those prices have changed since the last time those same homes sold. It's similar to the S&P CoreLogic Case-Shiller Home Price Indices but publishes more than one month earlier. May data covers the three months ending May 31, 2024.

While home prices remain at record highs, the pace at which they're growing has slowed because even though we're still in a severe housing shortage, it's not quite as severe as it was last year. New listings have been inching upward, which has taken a little pressure off of sale prices because buyers have more options to choose from. Listings should continue to tick up slowly as the mortgage rate lock-in effect continues to wear off; eventually, the people who don't want to move because they have an ultra-low mortgage rate have to move.

"We learned last week that inflation continued to cool in May, which means mortgage rates could decline in late summer or early fall," said Redfin Economics Research Lead Chen Zhao. "A drop in mortgage rates would bring both buyers and sellers back to the market, which could either accelerate price growth or pull it back depending on who comes back with more force. If sellers come back faster, prices would likely cool, but if buyers come back faster, prices would likely ramp up."

New listings rose 0.3% month over month in May on a seasonally adjusted basis and climbed 8.8% from a year earlier, though they were still roughly 20% below pre-pandemic levels.

Home price growth started to ease at around the same time that new listings started to tick up last year; new listings saw their first notable increase in August 2023, and monthly price growth began cooling during the three months ending Oct. 31, 2023.

To view the full report, including charts and metro-level data, please visit:

<https://www.redfin.com/news/home-prices-smallest-increase-over-a-year>

About Redfin

Redfin (www.redfin.com) is a technology-powered real estate company. We help people find a place to live with brokerage, rentals, lending, title insurance, and renovations services. We run the country's #1 real estate brokerage site. Our customers can save thousands in fees while working with a top agent. 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 have our renovations crew fix it up 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 \$1.6 billion in commissions. We serve more than 100 markets across the U.S. and Canada and employ over 4,000 people.

Redfin's subsidiaries and affiliated brands include: Bay Equity Home Loans®, Rent.™, Apartment Guide®, Title Forward® and WalkScore®.

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