This spring homebuying season may be less ‘frenzied’: Zillow

Home values are growing at a rate of 6.7 percent, their slowest pace in 15 months — dropping about a tenth of a percentage point each month since last summer (7.6 percent) to a median price of $207,600, according to Zillow’s latest Real Estate Market Report.

The slowed appreciation — along with growth in new construction — could offer a bit of a reprieve for homebuyers looking to jump into the housing market this spring. But buyers will need to keep an eye on mortgage rates, which rose to 4.40 percent at the end of February, and still face a big inventory shortage with 10 percent fewer homes on the market compared to a year ago.

“The pace of home value appreciation we experienced during much of last year was not sustainable, and a slow glide path down to a more normal appreciation rate has been expected for some time,” said Zillow senior economist Aaron Terrazas in a statement. “This slowdown is nothing to be overly concerned with — demand from homebuyers remains very high, and inventory remains tight.”

Terrazas says buyers are now willing to wait for the perfect home at the perfect price to go on the market, which should calm the “frenzy” around the spring homebuying season.

“After years of intense competition, some buyers may be more willing than previously to take more time with the process and to wait until the right home at the right price comes on the market, even if it’s not for several months,” he added. “Removing a lot of this frenzy, especially as inventory remains incredibly tight, may prove to be good news for beleaguered buyers.”

Although national home price appreciation has slowed, some metro areas are still experiencing double-digit growth. In San Jose, California, home values rose 22.9 percent to a median home value of $1,202,900. Las Vegas and Seattle aren’t far behind with 14.3 percent and 13 percent annual home value growth, respectively.

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Furthermore, buyers in these markets will have to deal with inventory drops ranging from -28.2 percent (San Jose) to -19.3 percent (Seattle), both of which are far above the national average (-9.7 percent).

Median rent across the nation rose 2.6 percent year-over-year to a median payment of $1,441 per month. Sacramento, California (8.3 percent), Riverside, California (6.3 percent) and Seattle (5.1 percent) reported the highest year-over-year rent appreciation among the 35 largest U.S. housing markets.

Metropolitan Area	Zillow Home Value Index[vi] (ZHVI)	ZHVI Year-Over-Year Change	Zillow Rent Index[vii] (ZRI)	ZRI Year-Over-Year Change	Year-Over-Year Inventory Change
United States	$ 207,600	6.7%	$ 1,441	2.6%	-9.7%
New York, NY	$ 431,100	6.7%	$ 2,403	0.6%	-14.6%
Los Angeles-Long Beach-Anaheim, CA	$ 636,500	6.8%	$ 2,738	3.9%	-17.2%
Chicago, IL	$ 214,700	4.1%	$ 1,651	1.5%	-10.4%
Dallas-Fort Worth, TX	$ 220,900	9.2%	$ 1,604	2.7%	13.9%
Philadelphia, PA	$ 224,700	4.9%	$ 1,579	0.6%	-10.6%
Houston, TX	$ 186,800	6.6%	$ 1,549	0.2%	1.5%
Washington, DC	$ 387,200	1.7%	$ 2,141	1.2%	15.0%
Miami-Fort Lauderdale, FL	$ 264,200	7.0%	$ 1,858	0.1%	-2.5%
Atlanta, GA	$ 187,600	7.7%	$ 1,391	4.4%	-14.1%
Boston, MA	$ 441,800	6.8%	$ 2,370	1.4%	-13.2%
San Francisco, CA	$ 923,700	10.2%	$ 3,404	1.5%	-16.1%
Detroit, MI	$ 145,000	6.6%	$ 1,198	2.5%	-12.7%
Riverside, CA	$ 343,600	7.4%	$ 1,861	6.3%	-13.8%
Phoenix, AZ	$ 246,800	6.6%	$ 1,356	3.8%	-13.5%
Seattle, WA	$ 472,900	13.0%	$ 2,203	5.1%	-19.3%
Minneapolis-St Paul, MN	$ 250,000	5.0%	$ 1,635	4.5%	-9.0%
San Diego, CA	$ 571,600	8.3%	$ 2,546	4.0%	-13.9%
St. Louis, MO	$ 151,900	1.4%	$ 1,144	1.3%	-9.7%
Tampa, FL	$ 195,200	7.9%	$ 1,362	1.3%	-10.8%
Baltimore, MD	$ 261,400	1.6%	$ 1,739	0.9%	0.5%
Denver, CO	$ 384,300	7.4%	$ 2,042	2.3%	-19.1%
Pittsburgh, PA	$ 138,200	3.8%	$ 1,054	-1.5%	-12.8%
Portland, OR	$ 376,300	5.7%	n/a	n/a	2.0%
Charlotte, NC	$ 184,600	9.6%	$ 1,294	3.8%	0.7%
Sacramento, CA	$ 385,100	8.3%	$ 1,845	8.3%	-17.9%
San Antonio, TX	$ 169,300	7.4%	$ 1,344	1.7%	5.9%
Orlando, FL	$ 216,100	7.6%	$ 1,415	1.7%	-12.4%
Cincinnati, OH	$ 156,800	5.0%	$ 1,279	2.2%	-8.9%
Cleveland, OH	$ 137,600	5.1%	$ 1,145	0.4%	-13.1%
Kansas City, MO	$ 167,400	8.8%	$ 1,280	2.5%	4.6%
Las Vegas, NV	$ 249,000	14.3%	$ 1,297	4.2%	-23.7%
Columbus, OH	$ 174,100	7.9%	$ 1,317	1.9%	-21.3%
Indianapolis, IN	$ 143,200	5.2%	$ 1,209	2.1%	-22.1%
San Jose, CA	$ 1,202,900	22.9%	$ 3,506	1.6%	-28.2%
Austin, TX	$ 281,500	6.8%	$ 1,686	-0.5%	0.7%

Source: Zillow

Email Marian McPherson

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