



MORE HOMES ARE ON THE MARKET

Leaves aren't the only things falling this autumn: mortgage rates are finally on the decline, and a surge of new homes hitting the market is creating an exceptionally buyer-friendly season. This autumn offers a rare combination of favorable conditions for those looking to purchase a home: a drop in both rates and home prices, combined with increased inventory, is creating a window of opportunity that homebuyers have not seen in years.

The National Association of Realtors reported that the median existing home price in August was \$416,700, setting a record for the month. But what's more important for buyers is that this figure is down from \$422,600 in July—a clear signal that home prices are cooling off as we enter the fall season. Additionally, average rates for the 30-year fixed-rate mortgage, the benchmark for most home loans, have dropped from their peak of 7.4% in May to 6.2% by late September. This significant decrease in mortgage rates makes homes more affordable, reducing monthly payments for buyers and giving them more purchasing power as they enter the market.

The most compelling factor this fall is the rising number of homes for sale. There are finally more choices. The fall market typically sees a dip in the supply after the busy summer season, but this year, the inventory is bucking that trend in many regions. In Southern California, new listings have been higher year-over-year every month in 2024, with August showing an 18% increase over the same period last year. September followed a similar pattern, with more than 17,000 new homes hitting the market—again, 18% more than in September 2023. Through September, Southern California alone has accumulated 156,350 new listings, an impressive 18% increase over last year, adding roughly 23,500 additional homes to the market.

Other regions are experiencing similar surges in inventory. The Bay Area has seen over 7,000 extra homes come on the market compared to last year, reflecting a 14% increase in new listings through September. Meanwhile, Clark County and Maricopa County have experienced a rise of 16% and 14%, respectively, in new homes hitting the market. This influx of inventory is providing buyers with more options and less competition, creating a buyer's market not seen in recent years.



SOUTHERN CALIFORNIA NEW LISTINGS BY MONTH

This autumn is shaping up to be a refreshing change from the past few years' fierce competition and rapid sales. Homes are now selling at a slower pace, offering buyers the luxury of time to make thoughtful decisions without feeling pressured to outbid other buyers or rush to submit an offer the moment a home hits the market. The average Expected Market Time, or the time between a home being listed and going under contract, has extended compared to previous years. This means more breathing room for buyers to conduct inspections, negotiate prices, and secure favorable terms.

With mortgage rates projected to continue their downward trend, buyer demand is expected to rise in 2025, especially as economic conditions stabilize. However, now is an ideal time for buyers to act before that surge occurs. Lower rates, a rise in housing inventory, and decreased buyer competition make it an excellent opportunity to secure a home at a favorable price and financing terms. Those who wait too long, trying to time the market perfectly, may face more competition and rising prices next year. This fall market isn't just a good opportunity for buyers—it's also a crucial time for sellers. Sellers must recognize that today's housing market requires a more careful and strategic approach to pricing and presentation. Overpricing can result in a home lingering on the market, causing it to lose appeal and driving potential buyers to move on to other options.

In contrast, homes that are well-priced, in excellent condition, and move-in ready are still moving quickly. Sellers must ensure their homes stand out in a market where inventory is rising, and buyers have more choices. Homes with attractive upgrades, recent updates, and curb appeal are likely to draw the most attention, but pricing them appropriately is critical to securing a fast sale.

For sellers, the competition is heating up. The rise in new listings means sellers compete for buyer attention, especially in regions where inventory has increased steadily in 2024. This puts pressure on sellers to sharpen their pricing strategies, ensuring that their homes are attractive to buyers and priced in line with the current market. Those who fail to adapt will linger on the market and remain unsold while other, more competitively priced properties move off the market. In this climate, buyers are in a solid position to negotiate, particularly on homes that have been on the market for an extended period. With less urgency and fewer competing buyers, offers are becoming more strategic. Buyers can afford to be selective, pushing for concessions such as price reductions, closing cost credits, or repair requests that would have been off the table just a year ago when demand was at its peak.

This fall's market dynamics favor the patient and prepared buyer. Careful planning and a solid understanding of the market can lead to significant savings and better deals. While some buyers may be tempted to wait for rates to fall further, the combination of today's lower rates, more inventory, and less competition makes this autumn an opportune moment to make a move.