



# Existing Home Sales Tumbled to a 16-Month Low to Start 2026

## Headlines

- **Existing home sales tumbled 8.4% in January from December. On a year-ago basis sales were down 4.4%.**
- **Annual house price growth softened in January and is expected to slow further in the near term.**
- **With tumbling sales and marginally rising inventory, the supply of existing homes for sale rose in January, but still remains near its lowest level over the past year.**
- **PNC expects the housing market to remain soft in early 2026 under elevated mortgage rates,** but slow price growth and rising wages will contribute to a gradual improvement in housing affordability and demand.

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## Details

**Total existing home sales tumbled 8.4% to 3.91 million units** at a seasonally-adjusted annualized rate in January, from 4.27 million units in December, according to the National Association of Realtors (NAR). This was the lowest sales number since September 2024. Sales also came in weaker than the consensus expectation for a smaller decline to 4.18 million. Bad winter weather likely played a role in the sales decline.

Existing home sales have hovered around 4 million over the past two years, considerably below the pre-pandemic level of around 5 million (Figure 1).

Sales fell off a cliff in early 2022 after mortgage rates moved quickly higher, remained below 4.5 million in 2023, and dipped to a 14-year low in September 2024 at 3.90 million. **On a year-ago basis total existing home sales were down 4.4% in January.**

Both single-family and condo/co-op home sales fell on the month, down 9% to 3.53 million units and 2.6% to 380,000 units, respectively. Over the past year condo/co-op sales are down 5%, with single-family sales down 4%.



Weakness was broad-based across all regions. Total sales fell the most over the month in the West (down 10%), followed by the South (down 9%), the Midwest (down 7%) and the Northeast (down 6%). On a year-over-year basis the West also witnessed the largest drop, by 8%. Sales fell 7% in the Midwest from a year ago, followed by the Northeast (down 4%) and the South (down 2%).

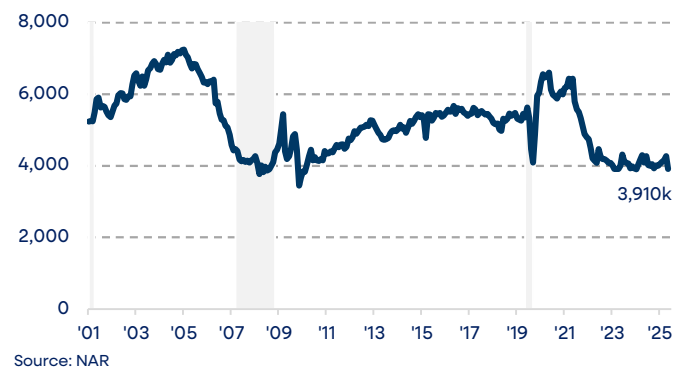
**House price growth has slowed significantly.** The median sale price for an existing home was up 0.9% from a year earlier in January, to \$396,800 (not seasonally adjusted). This is down from almost 4% growth at the beginning of last year. The median sale price has been rising over the past 10 years as the market has shifted toward more expensive homes and record-low mortgage rates in the aftermath of the pandemic led to strong demand. This surge in prices has weighed heavily on housing affordability, especially after the typical 30-year fixed mortgage rate increased from below 3% in 2021 to above 7% in 2023. The 30-year rate is now down to around 6%, still much higher than it was a few years ago.

**The inventory of total existing homes for sale fell slightly on the month,** down 0.8% to 1.22 million units before seasonal adjustment, after declining 15% in December. With tumbling sales, **the supply of existing homes for sale at the current sales pace rose to 3.7 months in January, up from 3.5 months in December;** this is still the second-lowest inventory-to-sales ratio since February 2025. Although housing inventory fell in 2025 it is up from a record low in early 2022, and is now close to its pre-pandemic level.

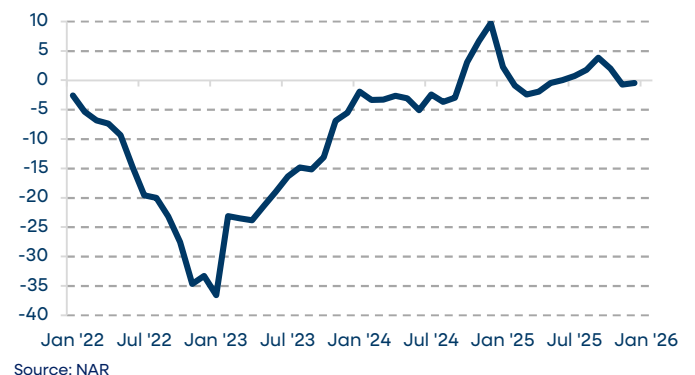
With strong cumulative house price growth since the pandemic and with the 30-year fixed mortgage rate remaining above 6%, housing affordability is still near a record low. **Given elevated inventories and low affordability, price growth will remain weak in the near term.** Risks are tilted to the downside for existing home sales with a much softer U.S. labor market, particularly for lower-wage workers. A possible stock market correction would weigh on housing demand from higher-income households.

Mortgage applications have been on an upward trend since mid-2024 according to the Mortgage Bankers Association, supported by lower mortgage rates. In mid-January there was a notable pickup in both the MBA's purchase and refinancing indexes. PNC expects two additional 25 basis point cuts in the fed funds rate in the second half of 2026, at the Federal Open Market Committee's July and September meetings. However, the 30-year fixed mortgage rate will likely remain elevated throughout 2026. With high mortgage rates, low affordability, and slower economic growth, the housing market will remain soft over the near term. On the other hand, with continued wage growth and stagnant home prices, housing affordability and demand should improve slightly this year.

**Figure 1: Total Existing Home Sales (Thousands, SAAR)**



**Figure 2: Total Existing Home Sales (y/y % chg, SAAR)**





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