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Home Prices Predicted to Fall and New Listings to Rise in 2024

Experts are sensing a shift to a buyer's market next year.

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High housing costs will remain a problem for young families next year, which will increase demand for large rentals and force the White House to make affordability a cornerstone of President Biden’s reelection bid, according to Redfin.

The online brokerage firm suggests that signs point to a shift toward a buyer’s market in 2024 as pandemic-driven inflation takes its last gasps, mortgage rates come down and more people list their homes for sale.

In a favorable shift to buyers, Redfin said prices will fall 1% year over year in the second and third quarters, when the home-selling season is in full swing.

“That will mark the first time prices have declined since 2012, when the housing market was recovering from the Great Recession, except for a brief period in the first half of 2023,” according to the firm.

“Many prospective homebuyers driven out of the market because of increasing market prices alongside increasing interest rates, will finally be able to enter the homebuying market,” Sarah Awad, Partner, Romer Debbas, tells GlobeSt.com.

“This will be welcomed for all, who have experienced a slow 2023 real estate market. As home supply increases, we expect to see interesting negotiations between buyers and sellers, and a busy 2024.”

Given the 3% year-over-year price hike in 2023, Redfin said a typical homebuyer’s monthly payment is only about $150 shy of its all-time high.

Yardi Matrix forecasts home prices will likely end this year up 1.8% before accelerating by 3.5% in 2024, referencing Goldman Sachs’ latest projections.

Yardi added that with stabilization, it expects mortgages to come down from earlier highs, and expectations are the 30-year fixed rate will settle at around 5%-6% for the long run, down from more than 7% today.

Alyssa Brody, co-founder of Development Marketing Team (DMT), a leading NYC and Miami-based brokerage, tells GlobeSt.com that she foresees a significant shift to a buyers’ market in 2024.

Brody emphasizes that declining mortgage rates and easing inflation will contribute to a potential drop in home prices during the second and third quarters.

Additionally, she said she anticipates an increase in supply, especially within the resale market, which will provide more opportunities for buyers to transact than in the past several years when inventory was sparse.

She also sees the return of all-cash buyers, at certain price thresholds. Lastly, Brody underscores the importance of adapting to evolving consumer demands and emphasizes the need for flexibility in service offerings, especially regarding hot-button issues such as agent commissions.

While the market may appear advantageous at first glance for homebuyers, the realities are more complex, according to Carolina Gerdts, Executive Vice President, RelatedISG Realty.

She tells GlobeSt.com that mortgage rates are expected to decline, instilling confidence in purchasers. This will eventually lead to a resurgence in competitive dynamics, especially in sought-after areas like South Florida's single-family home market.

Eager buyers will again find themselves in bidding wars, and the anticipated 1% price decrease will not materialize. "While some may anticipate a forthcoming buyers' market, I advise potential buyers against waiting for interest rates and home prices to drop before acting. When that declines, competition is likely to intensify, making it more challenging to secure their dream homes."

Perhaps housing inventory has already peaked, according to John Hunt, Principal, MarketNsight. He tells GlobeSt.com that it is heading down and will continue to drop through April.

“Rates will continue to moderate, bringing more buyers back to the table and creating additional demand for supply we can’t create,” Hunt said.

“Prices are up 10% year or year in November 2023, and they will not go negative in 2024. Demand will rise more than supply.”

Rick Beck, owner & founder of Rick Beck Real Estate and Rick Beck Luxury Properties, and a broker/agent at The Agency, tells GlobeSt.com that buyers are very cautious of the unpredictability of the interest rate effects on the overall market conditions.

“We are currently slow for being ‘in season’ for home shopping in the greater Phoenix Metro area. With homes priced under $3 million, we are still very active with all-cash buyers or a very high down payment to keep housing affordable. I foresee a 2-5% contraction in prices in the first half of 2024.

“For those priced above $3 million, sales have slowed, and prices are adjusting down currently with further adjustments into the first half of 2024. I see a possibly 5% to 10% adjustment downward.

“Finally, in mid- to late-2024, we should see an upward swing in inventory and buyer sentiment improvement because The Fed will have slowed the economy so much it will be forced to lower rates to restart the housing economy. Housing always leads into a recession and out of a recession.”

J.C. de Ona, Southeast Florida Division President with Centennial Bank, tells GlobeSt.com that South Florida is a bit insulated from national trends; however, 2024 might offer more opportunities for homebuyers, especially if interest rates decline.

“Though single-family home prices aren’t dropping significantly in South Florida, I do sense a change favoring buyers. While market dynamics will vary, esteemed neighborhoods will likely remain robust, driven by the ongoing influx of affluent households,” he said.