FMLS Market Intel Report: Higher Rates Cool Sales as Luxury Market Holds Firm

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Executive Summary

Higher mortgage rates over the summer weighed on September home sales across the country and in Greater Atlanta. The National Association of REALTORS® (NAR) reported existing-home sales of 3.98 million at a seasonally adjusted annual rate (SAAR), down 2.2% from last year and the second consecutive month of annual declines. August and September were the two weakest sales months of 2026 so far.

Greater Atlanta saw a sharper slowdown. FMLS reported 3,021 closed sales in September, down 15.2% from a year ago. Sales of properties priced at $1 million or more fell only 2.2%, a sign of continued strength at the top of the market, where cash purchases are common.

Prices continued to rise modestly. The national median price was $417,500, up 0.9% from last year. Atlanta's median price was $438,900, also up 0.9%. The median price for homes above $1 million rose 1.8% to $1,424,525.

Inflation and interest rates remain the main pressure points. Consumer prices rose 3.7% from a year earlier, more than expected, and Freddie Mac's average 30-year fixed mortgage rate held at 7.4%. Pending sales in Atlanta fell 24.7% from last September, pointing to fewer closings in the months ahead.

September Sales Slip Nationally

NAR's September report was not a surprise given the upward movement in mortgage rates during the summer, but the results were disappointing. Sales came in slightly below expectations at 3.98 million (SAAR), down 2.2% from last year. It was the second straight month of year-over-year declines, and August and September now rank as the two lowest sales months of 2026.

NAR Chief Economist Lawrence Yun noted that the back-and-forth pattern in monthly sales, driven by modest swings in mortgage rates, shows how sensitive buyers have become to

affordability. Danielle Hale, Chief Economist at Realtor.com, expects sales to stay below last year's pace through the rest of 2026 as rates remain high.

Atlanta Sales and the Luxury Divide

FMLS reported 3,021 closed sales for the Greater Atlanta area in September, down 15.2% from the same month last year. The local decline was considerably steeper than the national figure.

Luxury properties, priced at $1 million or more, followed a different pattern. Sales in that segment fell only 2.2%, reflecting continued strength at the top of what economists describe as a K-shaped market, where higher-income households keep spending as others pull back.

Cash purchases help explain the gap. A recent Realtor.com analysis of all-cash sales by price tier found that during the first four months of 2026, close to 50% of homes priced between $2 million and $5 million were bought with cash, with higher shares for more expensive properties. Buyers in these tiers are largely insulated from changes in mortgage rates.

Prices Continue Modest Gains

NAR reported a national median price of $417,500 in September, up 0.9% from a year earlier. It was the 39th consecutive month of annual price gains.

Atlanta's comparable median price was $438,900, also 0.9% higher than last year. For properties above $1 million, the median price reached $1,424,525, an annual gain of 1.8% and double the increase for the market as a whole.

Inventory Remains Elevated

National inventory held at 1.6 million homes in August, matching the highest level in 7 years. Higher rates, eroding affordability and weaker consumer confidence kept many buyers on the sidelines, and homes stayed on the market longer.

Greater Atlanta followed the same pattern. Inventory remained elevated and the pace of sales slowed.

Inflation Keeps Mortgage Rates High

The Consumer Price Index (CPI) report released on October 14 showed prices up 3.7% from a year earlier, hotter than expected. The result confirmed a concern in financial markets that inflation is becoming more persistent.

Bond yields initially moved higher as traders sold bonds in anticipation of a more aggressive Federal Reserve. That move reversed when concerns about the technology sector prompted a flight to quality. The broader signal holds: current bond yields and mortgage rates are increasingly viewed as the new normal.

Freddie Mac reported an average 30-year fixed mortgage rate of 7.4% for the second consecutive week, 142 basis points higher than in February. Fannie Mae, Freddie Mac and Wells Fargo have

all raised their mortgage rate forecasts for the rest of 2026 and for 2027. Fannie Mae now expects rates to average 7.5% next year and has cautioned that elevated borrowing costs will keep limiting housing demand as persistent inflation and rising government bond yields weigh on affordability.

Pending Sales Point to a Slower Fall

Mortgage demand continues to fall as buyers face higher prices and weaker affordability. Fewer households can afford a home, and fewer can qualify for a mortgage.

Redfin reported that pending sales in September were down 12.7% from a year earlier and declined in all 50 of the most populous U.S. metro areas. In Greater Atlanta, pending sales totaled 2,552 in September, 24.7% below last year's level. The luxury market posted a decline of similar size.

Pending sales are a leading indicator of future closings. One market observer described this fall as an early deep freeze for housing and noted that the widely held expectation of lower rates next year has moved in the opposite direction.

Market Outlook

The broader picture for the rest of 2026 is one of gradual rebalancing in favor of buyers. Buyers face a higher affordability bar, but they also have a more even playing field. Qualified buyers are in short supply, inventory is elevated and sellers are motivated to make a deal.

For buyers who can qualify at current rates, this may be the window they have been waiting for. Sellers should expect a market in which pricing and flexibility matter more than they did a year ago.

FMLS members can follow the latest housing statistics through Market Intel on the FMLS website. Data is updated weekly, with local-market resources that help real estate professionals evaluate changing conditions across the Greater Atlanta region.