FMLS MARKET INTEL

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**Economic Report:** Insights into Today's Housing Market

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I'm Leslie Appleton Young, FMLS Chief Economist, with our Happy Holidays edition.

Not only is November housing market data now available, but the Fed's December 10 meeting also delivered the anticipated quarter-point rate cut. Let's take a closer look at our local housing market.

For the Greater Atlanta Market Area, November continued to reflect the affordability-constrained conditions we have seen over the past three years.

With 2,732 closed sales, activity declined 10 percent compared to November of last year. While supply growth has moderated, inventory is still up 15.3% YoY and is now double the level seen in November 2020 quite a shift. Months of supply reached 3.9%, the highest level in at least five years.

The market also continued to slow. Median days on market increased to 27, while average days on market rose to 46. What about prices?

The average sales price reached $564,380, up 3.1% YoY. Meanwhile, the median sales price for the GAA edged down slightly by 1.1% to $430,000.

In short, we have a market with significantly more properties for sale, slightly fewer transactions, and flatter price growth than we have become accustomed to. Traditional economic fundamentals suggest that increased supply should lead to falling prices, improved affordability, and stronger sales activity. That is not what we are seeing. So what is driving this disconnect?

You may have heard the term "K-shaped economy." This describes a situation in which different segments of the economy move in opposite directions. Wealthier asset owners such as households with stock portfolios and home equity are performing relatively well, while other groups continue to struggle. This pattern is clearly emerging in today's housing market.

Affordability at the entry level is now the single biggest constraint. According to the Case-Shiller Index, home prices have increased more than 50% since 2019, while median household income has risen by just over 20% during the same period. As a result, many would-be buyers are simply being priced out of the market, contributing to softer demand.

Lisa Sturtevant, Chief Economist at Bright MLS, recently noted that housing conditions are increasingly diverging across price tiers:

> "Higher-cost markets, with higher-income buyers, are seeing faster price growth… The growing divide in the housing market is troubling because it is leading to a wider wealth gap."

This "K-shaped" housing market is further confirmed by data from NAR's 2025 Profile of Home Buyers and Home Sellers. First-time buyers accounted for just 21% of transactions an all time low. At the same time, the median age of a first-time buyer rose to 40 years old, while the median age of repeat buyers reached 64 years old. All-cash purchases climbed to 26%, as equity-rich homeowners traded up, down, or out, while mortgage-dependent first-time buyers remained sidelined.

Buyers are also planning to stay in their homes longer. The average intended length of ownership has increased from six years in 2000 to 15 years today, with 28% of buyers stating this purchase will be their "forever home."

These trends should concern all of us. Housing remains the most important vehicle for long-term wealth creation. As younger generations face increasing barriers to entry, their ability to build wealth through homeownership is delayed, while older and higher-income households continue to benefit from rising equity. In other words, while the economy and housing market may be "K-shaped," the outcomes are not equally positive for everyone.

One area that has not changed is the value placed on professional real estate services. Ninety percent of home sellers continue to list with an agent or broker, while For Sale By Owner transactions have fallen to a record low. What you do matters.

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