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Economic Report: Insights into Today's Housing Market

FMLS Market Intel Report

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Overview

The housing market has entered an atypical phase marked by a simultaneous increase in inventory and stagnation—or slight decline—in home sales. Under normal market dynamics, increased inventory would lead to softer prices, greater affordability, and, ultimately, stronger sales activity. However, current conditions reflect a more complex and constrained environment. While price growth has moderated, the overall cost of housing remains high, with affordability still posing a significant barrier to entry—especially for first-time and moderate-income buyers. At the core of the issue is a long-term and deeply entrenched housing supply shortage. The U.S. has been under-building for over 15 years, with the current estimated housing shortfall ranging between **3.7 million to 5.5 million units**, depending on the analytical approach. This shortfall is now widely recognized as a structural issue that is not improving.

National Market Conditions

New housing starts have declined since peaking at **1.78 million units in 2022**, falling to **1.37 million in 2023**, and were down **1.7% year-over-year** as of April 2025. The deceleration in construction is attributed to persistent headwinds facing builders, including:

- **Labor shortages**
- **Rising construction and material costs**
- **Regulatory barriers at local and state levels**

A 2024 survey conducted by the **Associated General Contractors of America** reported that rising interest rates and increased construction costs are significantly delaying projects and inflating housing prices. As Pulte Group CEO Ryan Marshall succinctly stated, “While interest-rate movements can impact short-term homebuying demand, long-term market dynamics continue to benefit from a structural shortage of homes caused by years of underbuilding.”

Georgia Market Highlights

Despite national challenges, **Georgia** is outperforming many other states in terms of new housing development. Robust population growth and economic expansion have fueled housing demand, with Metro Atlanta serving as a key driver of new construction.

- The **median home price in Metro Atlanta** is approximately **\$460,000**, higher than the **national median of \$418,000**, yet still significantly lower than median home prices in major metros such as:
 - New York (\$593,000)
 - Los Angeles (\$1,055,000)
 - Washington D.C. (\$650,000)
- In 2024, Metro Atlanta issued approximately **22,943 new residential construction permits**, marking a **12% increase year-over-year** and the **first annual increase since 2021**.
- Statewide, new housing permits totaled **6,081 in April 2025**, an **11% increase from March 2025**, indicating a steady upward trend in construction activity.

Several structural advantages support Georgia’s housing momentum:

- Relatively **lower land costs**
- A **pro-development regulatory environment**
- Strategic investments in **infrastructure and sustainability**

According to **Realtor.com’s State Housing Report Card**, Georgia receives a **“B” rating** in housing affordability and development—placing it among the **top 10 states nationally**.

Policy and Advocacy

The housing crisis is now being recognized as a major economic issue with far-reaching implications. Earlier this year, **Realtor.com** launched the “**Let America Build**” campaign to draw attention to the national housing shortage and advocate for meaningful legislative and regulatory reforms. The campaign emphasizes the need to close the estimated **4 million unit housing gap** through strategic policy changes and increased housing production.

As **Mark Zandi**, Chief Economist at Moody’s Analytics, emphasized:

“The housing shortage is the biggest economic crisis that no one is talking about. The failure to build enough homes over the past 15 years is driving up rents, worsening inequality, and limiting economic mobility.”

Conclusion

While Georgia remains a relative bright spot in the national housing landscape, even this momentum is not sufficient to offset the deep-rooted supply crisis. The rising costs of homeownership continue to price out many households, and the need for scalable, sustainable housing solutions has never been more urgent.

At FMLS, we continue to monitor these trends closely. For the latest data and insights, visit **FMLS Market Intel**, where market statistics are updated weekly and detailed local market resources are available.

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