



April 22, 2026

Economic Report: Insights into Today's Housing Market

FMLS Market Intel Report

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April 2026

Executive Summary

Economic uncertainty continues to dominate the housing market landscape as rising inflation, volatile mortgage rates, and declining consumer confidence shape buyer and seller behavior. While some regions experience price corrections, others are stabilizing or strengthening. The Atlanta market remains relatively balanced, reflecting the broader theme that real estate conditions are highly localized.

Inflation and Interest Rates

The anticipated increase in inflation, driven largely by rising energy prices, materialized strongly in March. The Consumer Price Index (CPI) rose **3.3%**, marking the highest level in nearly two years.

Mortgage rates, while still elevated, showed modest improvement. Freddie Mac reported the 30-year fixed rate at **6.3% on April 16**, following five consecutive weeks of increases. Despite this slight relief, uncertainty surrounding future rate movements remains high, contributing to hesitation among market participants.

Consumer Confidence and Market Sentiment

Consumer sentiment has deteriorated significantly. The University of Michigan's **Consumer Sentiment Index** fell to its lowest point in 80 years, reflecting widespread concern about economic conditions.

This uncertainty is influencing decision-making across the housing market. Buyers and sellers alike are exhibiting caution, with hesitation and indecision becoming defining characteristics of current market behavior. Concerns around job security are also impacting spending, with roughly **1 in 3 workers were delaying or canceling major purchases due to job security concerns**, according to Redfin.

Buyer and Seller Constraints

A March survey by John Burns Research and Consulting highlights the primary barriers to home purchases:

- **Homeowners:**
 - Mortgage rates
 - Economic uncertainty
 - Life stage considerations
 - Expectation of price declines
- **Renters:**
 - Down payment constraints
 - Economic uncertainty
 - Mortgage rates
 - Expectation of price declines
 - Life stage considerations

These findings underscore the central role of economic uncertainty in creating a market “stand-off” between buyers and sellers.

Housing Market Performance

According to the National Association of Realtors (NAR), **sales came in at an annual pace of 3.98 million**, representing:

- A **3.6% decrease month-over-month**
- A **1.0% decrease year-over-year**

NAR has revised its original forecast for a **14% increase in home sales this year down to 4%**, reflecting weakening momentum. Additionally, declines in pending home sales and mortgage applications suggest a slower spring market ahead.

Regional Market Trends

The national housing market continues to display significant regional divergence:

- **Sunbelt and West Coast markets** are showing sweeping price declines
- **Rust Belt cities** are showing renewed strength

Georgia, and specifically the Atlanta market, falls between these extremes. In March:

- **Closed listings in Atlanta were up 3% for detached homes and 3.6% for attached units**

This reinforces the principle that housing markets are fundamentally local, with unique drivers influencing each region.

Inventory, Pricing, and Seller Behavior

Inventory levels are rising, but increased supply is being offset by reduced buyer confidence. This has created a “tug-of-war” dynamic in the market.

Seller behavior is also shifting:

- Relistings have reached a **10-year high**
- Approximately **one-third of relisted homes are returning to market at lower prices**
- In February, a record **34% of sellers reduced their asking prices** (Redfin)

In the Atlanta market:

- **Well-priced homes sell in 23 days**
- Overpriced homes can remain on the market **twice as long**, often requiring price reductions

Many sellers remain anchored to peak 2021 pricing and historically low mortgage rates, making pricing adjustments a critical but challenging conversation.

Market Outlook and Implications

The spring market is caught in a cross current of conflicting signals. Increasing inventory offers more choice, while declining confidence limits demand.

Both buyers and sellers are proceeding with extreme caution, awaiting:

- Lower mortgage rates
 - Stabilizing inflation
 - Greater economic certainty
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Conclusion

The current housing market is defined by uncertainty, cautious behavior, and the need for adaptation. For real estate professionals, success in this environment depends on:

- Effectively addressing buyer concerns
- Guiding sellers toward realistic pricing strategies
- Staying informed with up-to-date market data

While national trends provide context, local market dynamics such as those in Atlanta remain critical in shaping outcomes.

For the latest data and insights, visit www.firstmls.com/intel, where market statistics are updated weekly.