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Economic Report: Insights into Today's Housing Market

FMLS Market Intel Report

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Let's talk housing. Nationally and locally, April home sales were disappointing, but not unexpected. NAR reported sales of 4.02 million, up just 2% MoM and flat with last year, well below expectations. According to NAR Chief Economist Lawrence Yun, "despite modest improvement in mortgage rates, affordability challenges and historically weak consumer confidence continue to weigh on demand."

Housing activity received some support from the continued improvement in inventory conditions. Mortgage rates remain lower than one year ago, and average income growth continues to outpace home price appreciation. As a result, home sales posted modest gains in certain regions despite broader market weakness.

Within the Greater Atlanta market, conditions reflected similar trends. While sales activity increased 3% in March, April sales declined 1% year-over-year. Inventory levels, however, rose 18% compared with the previous year, providing buyers with additional options. In contrast, April sales in the broader U.S. market fell 1.7% year-over-year. The Atlanta market continues to experience downward pressure on pricing, with the median sales price shifting from a 3.6% annual increase in March to a 6.3% decline in April.

Pending home sales provide an important indicator of near-term market direction. NAR reported pending home sales fell 1.1% year-over-year in March, with limited expectation for significant improvement in April. For the Greater Atlanta market, pending sales for detached homes declined 3.0% compared with the same period last year, while condominium pending sales decreased 6.2%.

The recent data has also contributed to a growing number of downward forecast revisions across the housing sector. NAR's 2025 home sales forecast was revised from 14% growth to 6.3%, while Zillow reduced its December forecast from 4.3% to 0.5%.

Fannie Mae similarly lowered its interest rate projection from 7.5% last November to 2.1%. Realtor.com has remained relatively more optimistic, projecting 1.7% sales growth, although it recently reduced its forecast by eight percentage points.

These forecast revisions reinforce expectations for a housing market with limited upward momentum in the near term. Two primary factors will likely determine the pace of recovery: consumer confidence and housing affordability.

Consumers remain concerned about inflation and the broader outlook for personal finances. The University of Michigan Consumer Sentiment Index declined by nearly eight points to 48.2, the second-lowest reading in its 80-year history. Concerns regarding personal finances and inflation expectations were key contributors to the decline. Additionally, real income expectations continued to weaken following a decline that began in March. According to University of Michigan Chief Economist Joanne Hsu, these trends suggest households remain cautious amid ongoing economic uncertainty.