



June 17, 2026

Economic Report: Insights into Today's Housing Market

FMLS Market Intel Report

Prepared by Leslie Appleton Young, Chief Economist, FMLS

June 2026

Executive Summary

Mortgage rates are expected to remain in the mid-6% range for the foreseeable future as inflation pressures, resilient job growth, and continued economic uncertainty shape market expectations. While May national home sales showed modest improvement, broader housing activity remains well below historical norms, and affordability continues to limit buyer participation.

Three key indicators define the current market outlook: **3.2%**, **4.2%**, and **172,000**. Together, these figures highlight a housing market constrained by elevated borrowing costs, persistent inflation concerns, and a labor market strong enough to reduce the likelihood of near-term interest rate cuts.

Key Market Indicators

1. National Home Sales: 3.2%

Nationwide existing-home sales rose **3.2%** in May on both a month-over-month and year-over-year basis, reaching an annualized rate of **4.17 million**. While this increase reflects some improvement, sales remain approximately **20% below the 30-year average**, underscoring the ongoing weakness in market activity.

The primary constraints remain affordability and uncertainty. The NAR Housing Affordability Index declined to **105.8** in May, marking the fourth consecutive monthly decline as elevated mortgage rates continue to pressure homebuying budgets.

Pending sales had shown three consecutive monthly gains through April, but May activity is expected to soften due to mortgage rates reaching an 11-month high during the period when those transactions would have gone under contract.

Greater Atlanta Market Conditions

In Greater Atlanta, FMLS reported relatively flat to weaker year-over-year activity across both detached and attached housing segments.

For single-family detached homes, closed sales totaled **4,208**, up just **0.2%** from May of last year. Condo sales totaled **1,066**, down **5.1%** year over year.

Pending sales also weakened. Single-family detached pending sales totaled **3,802**, a **9.3%** year-over-year decline, while attached pending sales totaled **995**, down **6.0%** from the prior year.

Market Outlook: Sales activity over the next two to three months is expected to remain somewhat weaker than last year.

2. Inflation: 4.2%

Inflation rose **4.2%** in May, with price pressures extending beyond gasoline into broader goods, services, and travel costs. This increase has reinforced market concerns that inflation may remain above the Federal Reserve's 2% target for an extended period.

Long-term inflation expectations are also elevated. Five-year consumer inflation expectations reached their highest level since July 2007. Although preliminary June data showed some pullback to **3.4%**, expectations remain above the pre-Iran and pre-tariff baseline.

Inflation expectations matter because they can become self-reinforcing. When workers expect higher inflation, they seek higher wages. Businesses then respond to increased labor costs by raising prices, which can cause inflation expectations to become reality.

3. Labor Market: 172,000 Jobs

The U.S. economy added **172,000 jobs** in May, exceeding expectations for the third consecutive month. This suggests that the labor market has recovered from weakness seen last fall and winter.

The stronger-than-expected employment data immediately affected the bond market, with Treasury yields rising as investors reassessed the likelihood of future Federal Reserve action. As a result, mortgage rates also moved higher, with the 30-year mortgage rate ending at **6.52%** on June 11.

With inflation rising and hiring remaining healthy, financial markets are increasingly focused not on when the Federal Reserve may cut rates, but whether additional rate increases could occur later this year.

Strategic Takeaways

The current housing market remains defined by a standoff between economic strength and affordability pressure. Strong job growth supports household income and broader economic stability, but persistent inflation and elevated interest rates continue to weaken purchasing power.

For housing, this means affordability-conscious buyers are likely to remain cautious. Even with modest gains in national sales, current activity remains well below long-term norms, and local pending sales data suggest near-term softness in Greater Atlanta.

Mortgage rates are likely to remain in the mid-6% range until inflation expectations ease meaningfully and the Federal Reserve has greater confidence that inflation is moving back toward its 2% target.

Conclusion

May's housing and economic data point to a market that is stable but constrained. National sales improved modestly, inflation remained elevated, and job growth continued to outperform expectations. Together, these conditions support the outlook for continued elevated mortgage rates and weaker near-term housing activity.

FMLS Market Intel will continue to provide updated weekly statistics and local market insights for real estate professionals across Greater Atlanta.