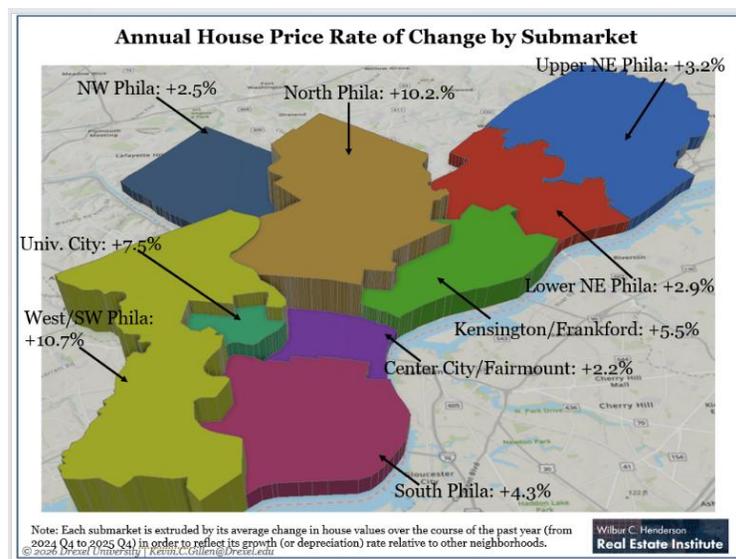


Philadelphia's Housing Market Closes Out 2025 on a Lukewarm Note. Sales are trending flat, and price growth is sluggish.

February 5, 2026: The news isn't bad, but it's not exactly great either. Here's the latest numbers through 2025 Q4:

- **On a quality- and seasonally-adjusted basis, the average price of Philadelphia homes remained nearly flat in Q4.** House prices in the city grew by only 0.7% this past autumn. For most of the past two years, the city's house price growth has averaged less than 1% per quarter.
- **With the latest data, the recent trend of price deceleration continues.** The city's general level of house prices is currently up only 3% from one year ago (YoY). Last spring, house prices were up 4.8% YoY.
- **Philadelphia's current lethargic house price growth is only half its historic average.** Philadelphia's rate of house price appreciation has traditionally averaged 4.5% per year.
- **A simple look at the raw data confirms a trend of decelerating prices.** Currently, the median¹ house price in Philadelphia is \$236,000, which is actually down slightly from \$240,000 just three months prior.
- **Individual submarkets are also showing the same general pattern of price changes.** YoY price appreciation is positive for all submarkets, but with overall slowing from previous time periods. North and West Philadelphia are the two big exceptions, however, with above-average price growth. The following map extrudes each submarket by their YoY house price growth²:



¹ The median house price is the exact midpoint of the distribution of house prices. So, it is that price at which 50% of homes sold for more, and 50% sold for less. The median house price is often considered representative of the "typical" price of a home in a given market since it is a more stable metric than the average price.

² The strong price growth in North and West Philadelphia is due to a substantial influx of outside investment, especially in areas adjacent to major transportation and commercial corridors.

- **Home sales continue to slump faster than home prices.** 3,827 houses transacted under arms-length condition Philadelphia County in Q4, down nearly 15% from 4,474 sales during the same quarter in the previous year.
- **Inventories remain flat YoY, indicating constricted supply and reduced choice for homebuyers.** According to Bright MLS, there are currently 3,860 houses listed “for sale” in Philadelphia. This is nearly the same as the 3,844 listings one year ago.
- **As buyers become more cautious, the average number of days that it takes to sell a home (DOM) continues to increase.** It currently takes an average of 30 days to sell a home in Philadelphia, compared to 17 days just eighteen months ago.
- **Zillow remains fairly bearish on Philadelphia’s near-term outlook.** Zillow is currently projecting Philadelphia’s general level of house prices to increase by only 2.5% over the next 12 months, which is well below Philadelphia’s average annual house price growth rate of 4.5%. By contrast, just five years ago, Zillow was forecasting house price increases of nearly 15%.

The Big Picture: As decreased housing affordability continues to bite, expectations are for continued—but relatively modest—cooling. It is a stylized fact of real estate markets that sales activity tends to respond to market conditions faster than prices: when market conditions start to change, buyers and sellers tend to initially withdraw from the market and “wait it out” before they will concede to reality and adjust their prices. The fact that this quarter’s sales volume has dropped to its lowest level in ten years, but price growth is still slowing supports that this is currently the case. Moreover, the surge in prices in the traditionally lowest-priced neighborhoods of North and West Philadelphia suggests that buyers are responding to decreased affordability in the city’s more prime locations by relocating their demand to relatively more affordable neighborhoods. Ironically, this worsens affordability for the existing residents of these low-income neighborhoods as newcomers drive up house prices.

The Bottom Line: The near-term outlook is for a soft landing, but without much relief for housing affordability. That’s good for Philadelphia’s existing homeowners, but bad for its first-time homebuyers. Over to you, Mayor Parker and City Council!

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If you would like Dr. Gillen to address your organization, business or community group with a presentation on recent trends in the local economy and real estate market, he would be happy to do so...and it’s absolutely free! Just contact him at the email address above.