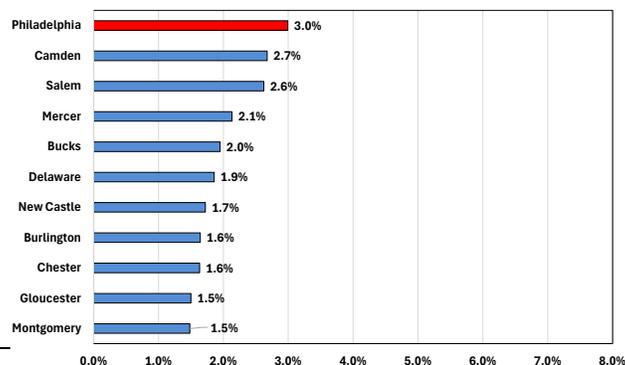


The Philadelphia Region’s Housing Market Continues to Slow But, in a post-COVID reversal, the city is now outperforming the suburbs.

February 19, 2026: The Philadelphia region’s housing market continues its post-pandemic normalization. Here’s the latest numbers, from data generously provided by Bright MLS:

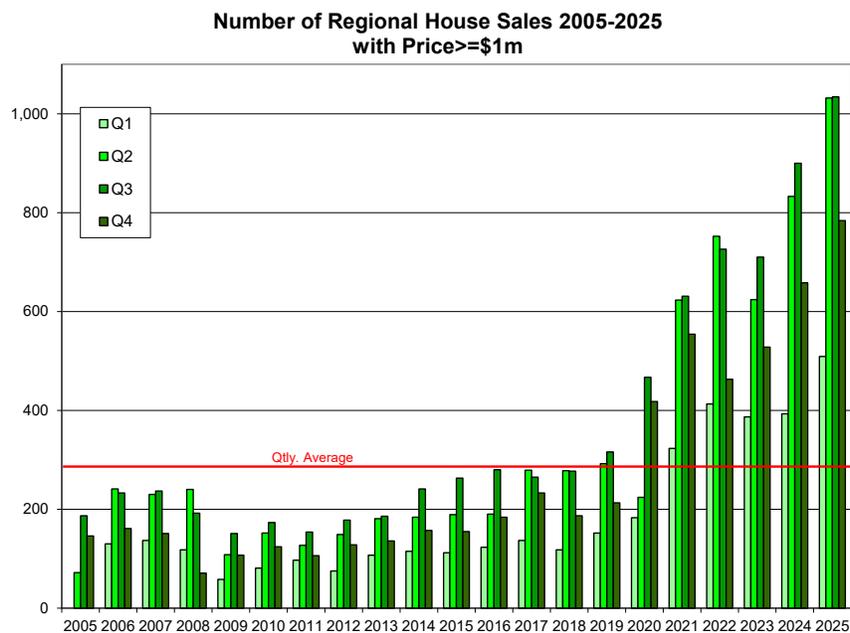
- **In Q4, the average price of Philadelphia (city) homes was up 3.0% from a year ago, on a quality- and seasonally-adjusted basis.** This represents a meaningful deceleration from 4.8% growth in the same quarter one year ago.
- **The average price of suburban homes in the Philadelphia region was up just 1.6% from a year ago on a quality- and seasonally-adjusted basis.** Just as in the city, this is also a deceleration from 3.2% at the same time last year.
- **These latest numbers indicate a continuing regional trend of house price growth slowing down since its COVID-period peak.** At their crest three years ago in 2021 Q3, house prices were rising 11.9% annually in the city and 20.0% annually in the suburbs. While price appreciation remains in positive territory for both markets, its rate of growth has been declining ever since.
- **House price appreciation across the Philadelphia metro area is now below its historic average rate of growth.** House prices in the region are currently growing at an average of 2.0% per year, which is less than half the region’s historic average annual appreciation rate of 4.6%.
- **But, house price growth in the Philadelphia region is currently divided when compared to national trends, with the city continuing to outperform while the suburbs are underperforming.** House prices in the 10 largest U.S. metros (excluding Philadelphia) grew by 2.5% in 2025. This exceeds the suburban growth rate of 1.6% but lags the city’s growth rate of 3.0%¹.
- **Price changes across individual counties demonstrate Philadelphia’s relative outperformance.** Philadelphia County led the pack with house prices being up 3.0% from a year ago, while Montgomery County clocked in last with the only negative appreciation rate, with its general level of house prices actually being down 0.7% from one year ago.

Current YoY House Price %Appreciation by County



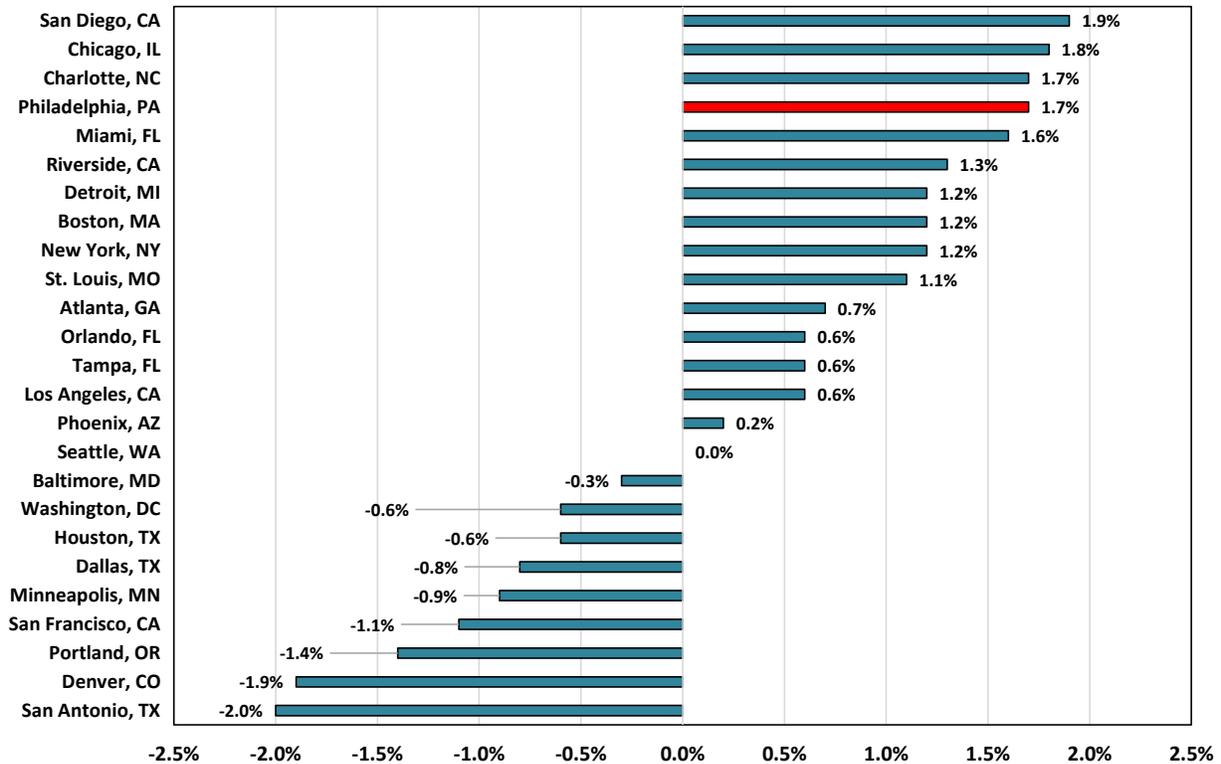
¹ Source: Case-Shiller HPIs <https://fred.stlouisfed.org/series/SPCS10RSA>

- **Home sales volume continues to fall from its post-COVID peak.** Approximately 16,300 homes changed hands under arms-length conditions across the Philadelphia region. This is a sharp decline from its recent high of just over 26,000 sales in the frenetic year of 2020. However, this is consistent with the national trend of declining home sales since COVID.
- **Home sales activity is also exhibiting a city v. suburban split.** Philadelphia home sales are currently above their historic average, with just over 3,800 homes changing hands in Q4 compared to its historic baseline of approximately 3,400 transactions per quarter. But suburban sales are currently below their historic average, with just under 12,500 sales transacting in Q4 compared to its historic baseline of nearly 13,300 transactions per quarter.
- **Luxury (+\$1m) home sales continue to dramatically outperform the market.** Even as general house price growth is slowing, million-dollar sales are still surging. There were 784 sales at a price of one million dollars or more in Q4, which is the strongest Q4 of luxury sales in the region's history. By contrast, in the five years prior to COVID the region was averaging just 212 such sales each quarter; a near tripling in volume since then.



- **Although Zillow's forecast for Philadelphia continues to trend bearish, it also continues to predict that Philadelphia will outperform most other large U.S. metros.** The housing analytics firm is predicting that the general level of house prices in the Philadelphia region will increase by 1.7% over the next 12 months. Although this is a substantial downgrade from Zillow's forecast of nearly 11% just a few years ago, it is currently surpassed by only two of America's ten largest metro markets:

YoY Forecast of House Price Growth by Metro Area*



Summary: The Philadelphia region’s housing market is firmly into a cooling phase, but this moderation reflects normalization rather than contraction. The decline in local sales mirrors national trends, where elevated mortgage rates and depressed inventories have constrained both buyer demand and seller mobility. Several factors are contributing to the deceleration: elevated mortgage rates, decreased affordability, buyer and seller exhaustion from searching and a rebalancing of demand after pandemic-driven distortions. Notably, in a reversal of pandemic-era dynamics, the City of Philadelphia is now outperforming its suburban counterparts. This dispersion suggests increasingly localized market dynamics are dominating over broad-based regional factors: Philadelphia is currently demonstrating relative liquidity strength and a snapback in demand for urban living, while its suburban markets are operating below trend. Moreover, Philadelphia’s housing stock — including rowhomes, smaller footprint properties, and attached dwellings — aligns better with the constrained affordability conditions being faced by buyers. Suburban markets, with larger homes, higher prices and heavier carrying costs, are more sensitive to rate-driven affordability pressures.

Bottom Line: Expect continued moderation...at least until inventories rise and interest rates fall. But view cooling as a stabilizing rather than a disrupting force: reduced volatility, improved affordability and greater long-term reliability in our housing market are all GOOD things!

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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.