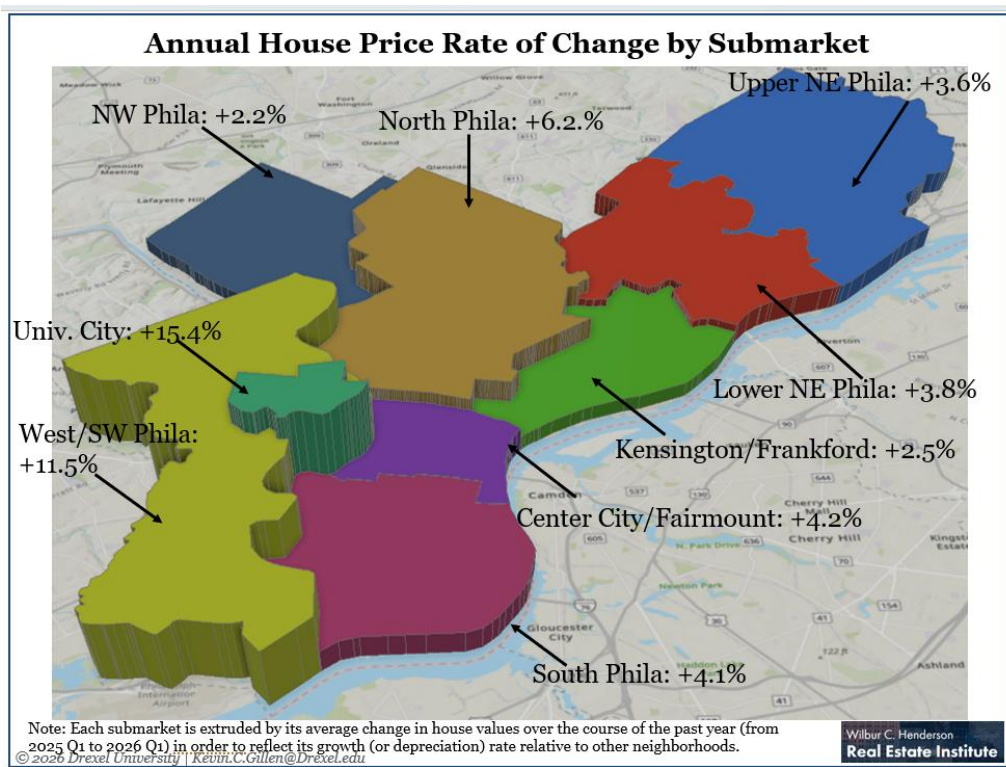


Philadelphia's Housing Market Continues to Flatten.

Prices appear to have hit a ceiling, while sales seem to have hit their floor.

May 28, 2026: Interest rates and affordability continue to constrain the market. Here's the latest numbers through 2026 Q1:

- **On a quality- and seasonally-adjusted basis, the typical prices of Philadelphia homes remained flat in Q1.** House prices in the city grew by only 0.7% this past winter. This is unchanged from the previous quarter's growth rate of 0.7%.
- **House price deceleration in Philadelphia is officially a trend.** The city's general level of house prices is currently up only 4.2% from one year ago (YoY). For the past year, annual house price appreciation in Philadelphia has been below its annual historic average of 4.5%.
- **A simple look at the raw data confirms a trend of decelerating prices.** Currently, the median¹ house price in Philadelphia is \$230,000. This is down from \$236,000 in the previous quarter, which in turn is down from \$240,000 in the quarter before that.
- **Individual submarkets are also showing the same general pattern of price changes.** Although price growth was positive for all submarkets, only most of them had below-average rates of appreciation. The following map extrudes each submarket by their YoY house price growth:



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 since it is a more stable metric than the average price.

- **Home sales fell hard this quarter.** 3,116 houses transacted under arms-length conditions in Philadelphia County in Q1, down 16% from 3,724 sales during the same quarter last year².
- **For the first time in ten years, Philadelphia home sales volume is below its historic average.** Since 1980, home sales volume in the city have averaged ~3,400 per quarter. This quarter was the lowest volume of home sales transactions since the first quarter of 2015³.
- **But luxury sales continue to significantly outperform the overall market.** There were 66 home sales at a price point of \$1m or more in Q1. These constituted 2.1% of all home sales, which is the first time that luxury sales have equaled or exceeded 2% of all sales. By contrast, +\$1m sales were well below even 1% prior to COVID.
- **The average number of days that it takes to sell a home (DOM) continues to increase, indicating growing buyer reluctance.** It currently takes an average of nearly 40 days to sell a home in Philadelphia, compared to just 10 days a few years ago.
- **Residential building permits appear to be ticking up.** Philadelphia is on track to approve 4,220 new housing units in 2026. This is the highest level since 4,444 units were approved in 2021.
- **Zillow continues to trend bearish on Philadelphia's near-term outlook.** Zillow is currently projecting Philadelphia's general level of house prices to increase by only 1.1% over the next 12 months, which is well below Philadelphia's average annual house price growth rate of 4.5%. By contrast, Zillow was forecasting annual house price increases of nearly 15% in the immediate years following COVID.

The Big Picture: Continued—but modestly paced—cooling. The 1-2 punch of unaffordability plus high interest rates continue to exert both an economic and psychological drag on the housing market, both in Philadelphia and the nation. Unaffordability is weighing heaviest on first-time buyers, who struggle to come up with a sufficient down payment to make buying possible. But high mortgage rates are disproportionately affecting more affluent “move-up” buyers, who are essentially being asked to swap a low mortgage payment for a higher one, due the general upward shift in rates since their last purchase. Add low inventories (i.e. supply) into this mix, and the result is a logjam for the local housing market.

The Bottom Line: *Buyers and sellers are on the dance floor, but they are anxiously awaiting prices and interest rates to play a tune they are willing to dance to. Until then...expect continued sluggishness.*

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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.

² Because homes sales in the northeast fluctuate significantly from season to season, it is standard industry practice to compare current home sales to the same period one year ago, rather than to the previous month or quarter.

³ Sales were actually at a historic low in the spring of 2020, but that's because quarantines and other COVID-related restrictions artificially suppressed showings and other home sales-related activities.