Wilbur C. Henderson
Real Estate Institute

DREXEL UNIVERSITY
LeBow
College of Business

Philadelphia's Housing Market Is Stuck in Low Gear.

Price growth is stalling out, while sales have fallen to a 14-year spring low.

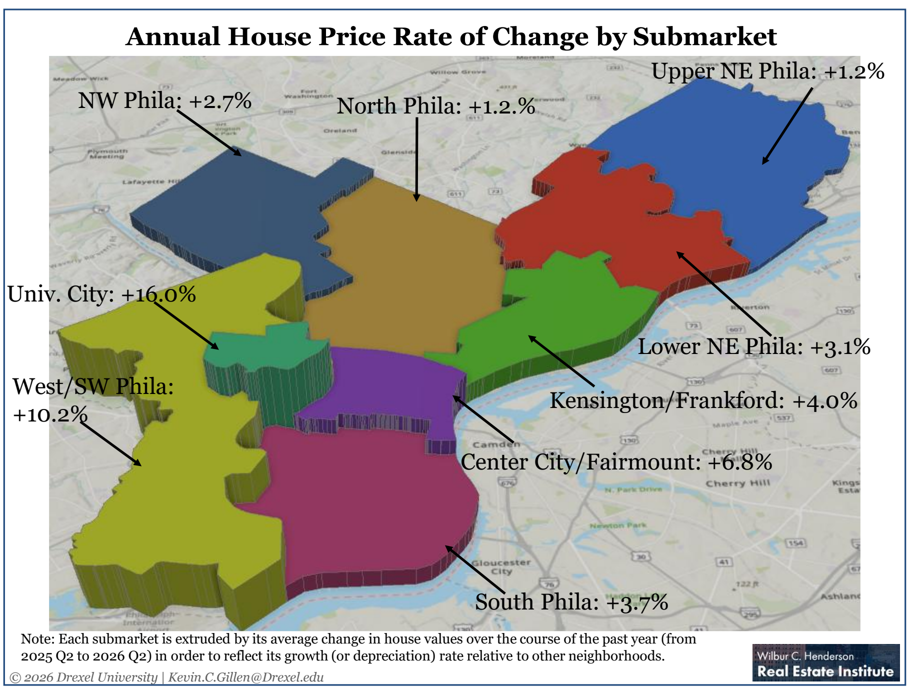
September 4, 2026: High mortgage rates and unaffordability continue to constrain the market. Here's the latest numbers through 2026 Q2:

- **Philadelphia house-price growth continues to level off.** On a quality- and seasonally-adjusted basis, prices rose only 0.5% in Q2 and are up just 2.7% from one year ago (YoY). This is a significant deceleration from the 4.2% YoY increase last quarter and is well below the city's historic annual average price growth of 4.5% YoY.

- **The raw median price bounced up this spring, but that is typical seasonality.** The median[1] house price was $250,000 in Q2, up from $230,000 in Q1 and $235,000 one year ago, while the adjusted price index rose only 0.5%.

- **Philadelphia's housing market is becoming increasingly "top-heavy."** The average sale price reached $313,691 in Q2 versus a median of $250,000. The $63,691 gap between the two is the largest in the series going back to 1980 and about 84% above its 2015-2019 average of $34,677. It is also indicative of declining progressivity.

- **House price growth varied significantly across submarkets.** YoY appreciation was positive in all nine major submarkets, ranging from +16.0% in University City to +1.2% in both North Philadelphia and Upper Northeast Philadelphia. The following map extrudes each submarket by its 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 plunged this spring.** Q2 sales fell 39% YoY to 3,025—the lowest second-quarter volume since 2014 and about 11% below Philadelphia's long-run quarterly average of roughly 3,400[2].

- **For-sale inventory and months' supply have both risen sharply.** Philadelphia had 4,926 homes listed for sale at the end of June, the highest month-end inventory since November 2022. MSI rose to 4.35, its highest reading since November 2016, but remains below the roughly five-month lower bound traditionally associated with a balanced housing market.

- **Luxury sales continue to outperform the overall market.** There were 68 sales at $1m or more in Q2. While this is down from 82 one year ago, luxury homes have risen to a record 2.2% of all sales because total market sales volume fell much more sharply. Pre-COVID, luxury sales averaged only about 0.7% of the market. Zillow likewise reports Philadelphia-metro starter-home inventory up 14.2% YoY in June while luxury inventory fell 1.3%.

- **Residential building permits rose sharply, especially for multifamily development.** Philadelphia is on track to approve about 4,800 new units in 2026, the highest annual pace since 2021; about 3,588 units, or roughly 75%, are in buildings with five or more units; i.e. apartments or condos, as opposed to single-family homes.

- **Homebuilder sentiment and housing-related stocks remain well below recent peaks.** The NAHB Housing Market Index stood at 36 in June, 60% below its November 2020 peak of 90. The PHLX Housing Sector Index closed at about $641 on September 3, roughly 23% below its October 2024 high of about $835.

- **Zillow's outlook has improved modestly, but remains below Philadelphia's historic norm.** Its Q2 forecast called for 2.2% house-price growth over the next 12 months, up from 1.1% this past winter but still well below the city's historic annual appreciation rate of 4.5%. With only a few exceptions, Zillow has forecast subpar appreciation for Philadelphia since late 2022.

The Big Picture: Our market may be sucking wind, but it is not falling. Philadelphia is experiencing a transaction drought rather than a broad price correction—and the city's market looks unusually frozen compared to the nation. While Zillow reported U.S. home sales up 5.9% YoY in June, Philadelphia's sales were down 39% YoY in Q2. At the same time, the market is becoming increasingly top-heavy: luxury homes account for a record share of a shrinking pool of transactions, thereby widening the gap between average and median prices even as underlying appreciation declines towards zero. Rising inventory and MSI show gradual supply normalization, but high mortgage rates and strained affordability continue to suppress both first-time and move-up demand. The surge in multifamily permits is one relative bright spot, but subdued builder sentiment, a PHLX housing index still well below its recent high, and Zillow's still-subpar—but positive—forecast points to a muddled near-term outlook rather than either a renewed boom or a severe contraction.

The Bottom Line: *The music got a little louder this spring, but most buyers and sellers are still sitting this dance out. Until mortgage rates or affordability materially improve, expect real prices to drift sideways and sales to remain suppressed. The luxury segment remains the exception.*

Hit me up at: *Kevin.C.Gillen@Drexel.edu* | Speaking inquiries welcome…and I typically do them absolutely free!

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[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.