

BUYERS' VS. SELLERS' MARKET



MARKET DYNAMICS: WHAT ARE THEY?

Driving in the rain can be unpredictable and dangerous. As rain pours on the windshield, one instinctively turns the wipers to a faster setting. The driver can then continue driving with increased visibility. This comes with knowing how to react under certain conditions. Similarly, understanding market dynamics and our current position is crucial for increased visibility and success today.

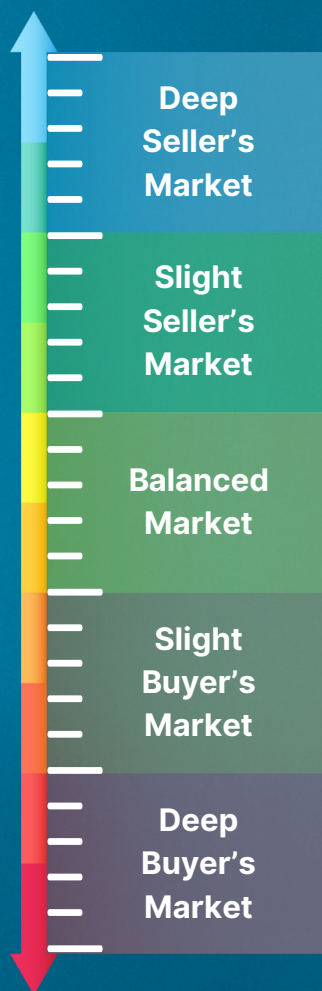
To comprehend where we are today and where we are heading, it is equally important to understand how we arrived at this point. Before the COVID-19 pandemic, housing economics were much more predictable. Market dynamics made sense. Supply was slowly dwindling year after year, following the changes that occurred after the Great Recession, while demand continued to follow a typical pattern. The Expected Market Time (EMT), a measure of how long it takes to sell all listings in an area, was used as a gauge to assess the market's standing. Here's how the EMT speedometer was broken down: 0-60 Days was a hot seller's market, 60-90 Days was a slight seller's market, 90-120 Days was a balanced market, 120-150 Days was a slight buyer's market, and 150 Days and up was a deep buyer's market.

When the COVID pandemic hit, many anticipated it would be the end of housing, since the world was shutting down. Instead, both buyers and sellers retreated for a couple of months, then slowly emerged from their shells and rekindled a housing market that had initially shown signs of cracks. Mortgage rates dropped to historic lows, persuading anyone considering purchasing a home to jump into the housing arena. The supply of available homes, on the other hand, was in a predicament. Fewer sellers were entering the market. There were not enough choices for buyers. As a result, the Expected Market Time plummeted. Many markets had an EMT as low as the teens, which is unprecedented. Housing had reached an insane pace, and prices soared at an unbelievable rate.

By 2021, the housing market had reached breakneck speeds. Nearly all listings received multiple offers, and homes were selling for tens of thousands above the asking price. That is a savagely unhealthy market. By 2022, uncertainty crept into the market after the Federal Reserve began raising the Fed Funds rate at an alarming, historic pace. Mortgage

MARKET DYNAMICS

EXPECTED MARKET TIME SPEEDOMETER



Pre-COVID EMT Speedometer

Deep Seller's Market: 0-60 Days

Nearly all sellers are experiencing strong demand, often receiving multiple offers.

Slight Seller's Market: 60-90 Days

More sellers are finding success, and when a home is priced right, multiple offers can be expected.

Balanced Market: 90-120 Days

The market isn't favoring buyers or sellers; success depends on individual strategy and execution.

Slight Buyer's Market: 120-150 Days

The market is leaning slightly in favor of buyers, with more seller concessions and modest improvements in affordability.

Deep Buyer's Market: 150+ Days

Nearly all buyers are finding success as affordability improves and sellers offer more concessions.

Post-COVID EMT Speedometer

Deep Seller's Market: ?-?? Days

Slight Seller's Market: ??-?? Days

Balanced Market: ??-??? Days

Slight Buyer's Market: ???-??? Days

Deep Buyer's Market: ???+ Days

Mortgage rates followed suit, and since August 2022, mortgage rates have remained above 6%.

Home affordability collapsed for potential borrowers, and buyers instantly scaled back. The market dynamics shifted seemingly overnight. Demand was unable to keep pace with the supply of homes coming on the market, so the inventory of available homes began to rise. Demand, on the contrary, has remained at muted levels for the better part of 3 years.

In 2025, many markets have inventory levels that reached and surpassed the 3-year pre-COVID average (2017-2019). Demand, as mentioned before, has remained muted. A combination of increased supply and a steady, low level of demand has caused market times to slow rapidly. The Expected Market Time has ballooned higher, but the speedometer is now skewed. The market shifted from leaning heavily towards sellers to slightly in favor of buyers. The story of 2023, 2024, and 2025 is that supply is outpacing demand. Yet, due to the affordability crisis that developed in the higher mortgage rate environment, determining whether it is a seller's or a buyer's market has become much more challenging. It is skewed because buyers have become much more sensitive to the high cost of payments. The Expected Market Time breakdown, which determines whether the market favors sellers or buyers based on various speed levels, is broken. It can be different from market to market.

To see clearly where the market stands and where it's headed, it's essential to know the local details, just as windshield wipers help us see the road ahead in the rain. Buyers, sellers, agents, and mortgage professionals alike should rely on solid data to guide their decisions, much like keeping the windshield clear to drive safely.