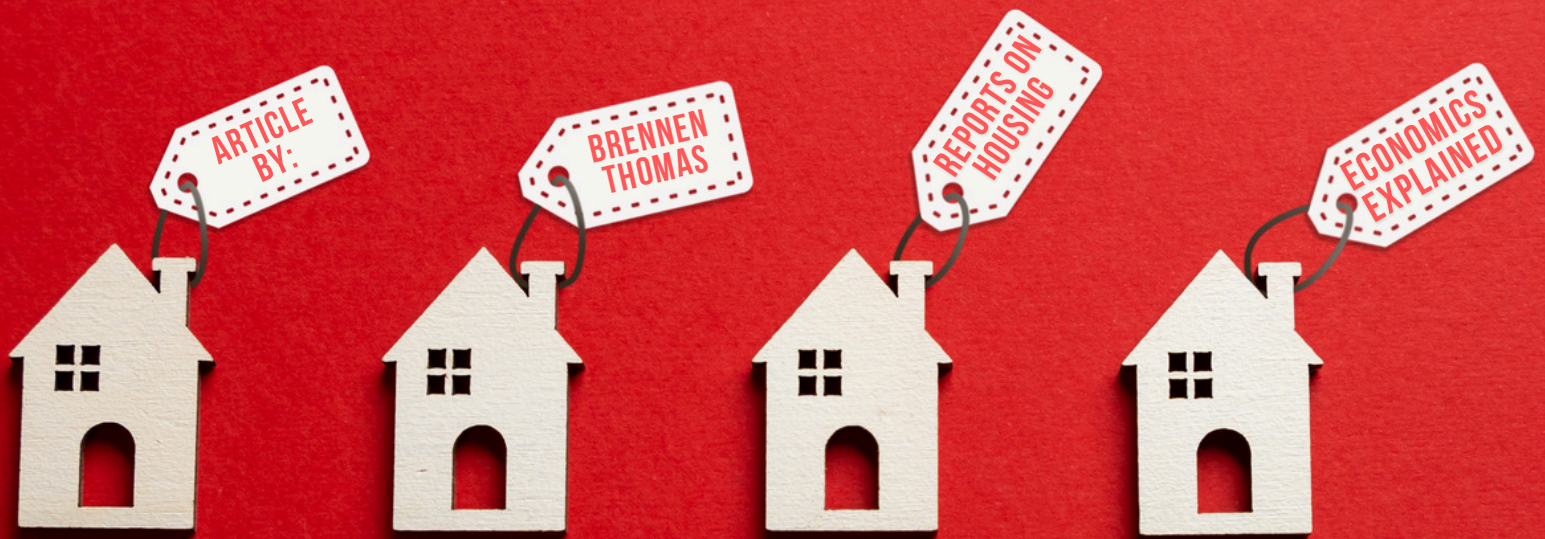


PRICING DRIVES EVERYTHING



DEMAND STARTS WITH THE RIGHT PRICE

When the water cools, even the best fishing spots become unpredictable. The fish do not disappear; rather, they become more selective and lethargic as temperatures decline. When fishing, one key factor in whether someone catches fish is the bait they use. With the right bait, success can come quickly and easily. However, with the wrong bait, a fisherman can be left sitting empty-handed.

Likewise, when the housing market cools, buyers feel less urgency to act. They can scrutinize every listing. That leaves the seller in charge of their own destiny: how they price. Pricing a home too high can leave it with little to no appeal. Meanwhile, pricing a home at its **Fair Market Value** can attract plenty of attention and potentially result in a sale above the asking price.

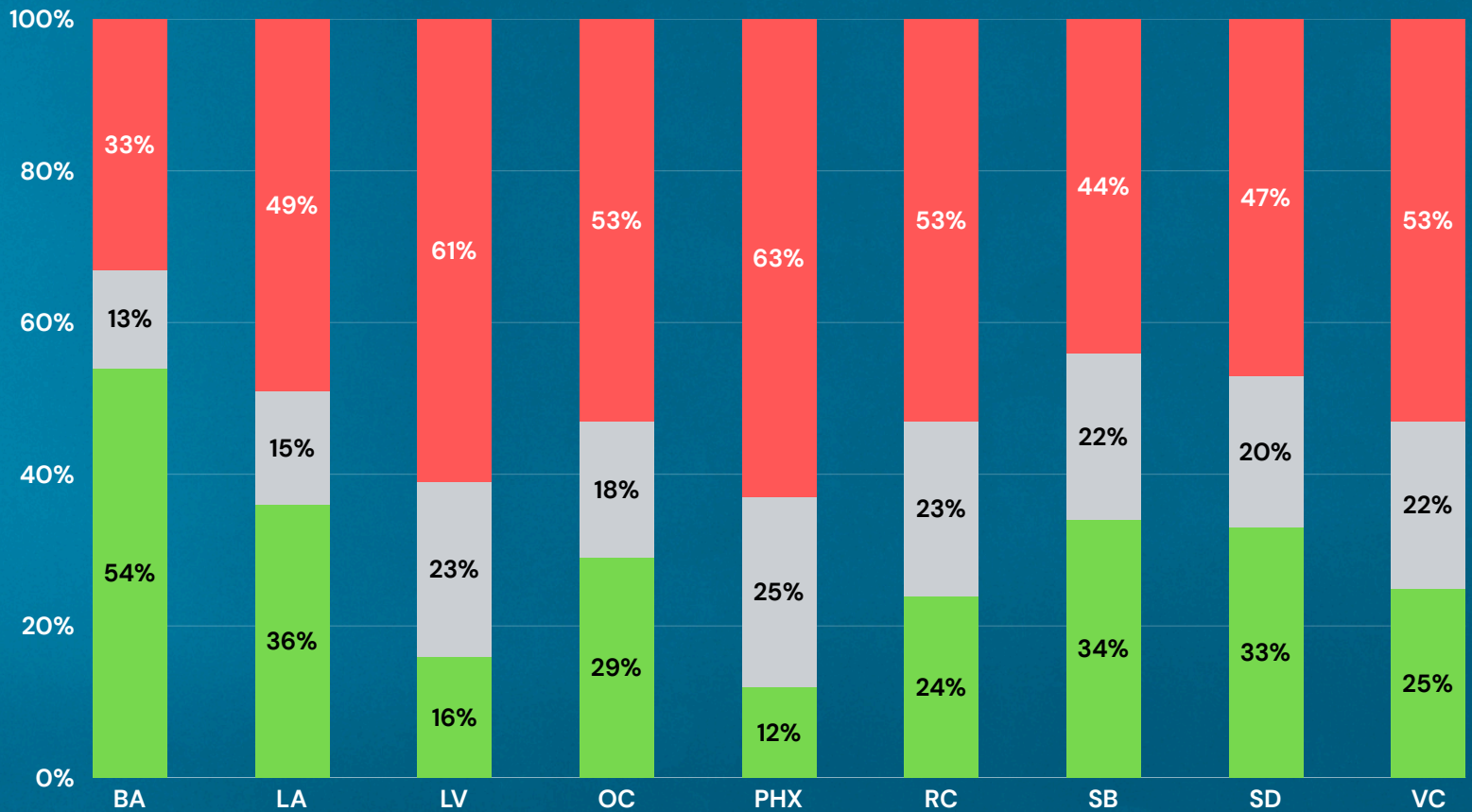
Following the COVID-19 pandemic, price sensitivity shaped the global economy as prices soared due to supply chain disruptions. Toilet paper, among many other goods, was scarce at best. In economics, it's called price elasticity, which describes how consumer demand responds to price changes. As prices rose during shortages, consumer spending (recorded as Personal Consumption Expenditures) tumbled. On the contrary, as mortgage rates were at historic lows, even falling into the 2% range, it created an unhealthy housing market as demand surged.

Today's housing market is not the market to *test*; rather, it's quite the opposite for a few reasons. Mortgage rates have risen from the lowest mortgage rate seen since 2022 (5.99%) all the way to the highest level since July 2025 at 6.64% as of March 27, according to Mortgage News Daily. Ongoing geopolitical issues drove the rise in rates. However, even before rates rose, buyers were still hesitant to

ALL COUNTIES

FEB. 2026 CLOSED VS. FINAL LIST PRICE ANALYSIS

● Closed Above Final List Price ● Closed At Final List Price ● Closed Below Final List Price



purchase due to fears driven by large headlines and the potential for AI to overtake jobs. The Spring Market was primed for one of the most promising years since 2022, but rather demand has remained similar to the last few years.

For the homes that did *test* the market or were priced incorrectly, it quickly showed in the data. As soon as a home's list price is reduced at least once, its appeal diminishes, since buyers are watching closely. Today's housing market is characterized by demand that has remained mostly unchanged over the last few years, while supply has gradually increased. Using the simple supply-and-demand scale taught in Econ 101, today's market slightly favors buyers. Home values have been marginally lower. As mortgage rates drop and more buyers enter the market, sellers will regain power, but until then, the market is favoring buyers.

For the homes that sold, a pricing weakness emerged when comparing the final asking (list) price to the closing price. Only one market in February had more than half of its homes sell above the final asking price: the Bay Area. Outside the Bay Area, pricing weakness was prevalent. Phoenix had 63% of closed homes below the final asking price, and Orange County had 53%. These figures typically improve as the year progresses, but they illustrate the pricing strength or fragility of each market.

Buyers and sellers typically do not share the same expectations. The primary way to succeed is to do all the necessary homework to list one's home at its **Fair Market Value**.