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# 3 reasons home prices keep going up, even though fewer people are buying

Story by Aarthi Swaminathan 2026-10-29

Fewer people are buying homes today than a year ago. So why do national home prices keep rising?

High mortgage rates are hammering the housing market. Last month, pending-home sales, a leading indicator of what's next for existing-home sales down the road, fell to the lowest level since 2001, when the National Association of Realtors began tracking the figure.

Buyers are backing away from the housing market because they cannot afford high prices and elevated mortgage rates. Price cuts on for-sale listings are becoming more common as sellers adjust to the drop in home-buying demand. About 44% of homes listed for sale across the country have had their asking prices slashed, according to ParclHQ, a real-estate analytics platform, as of Oct. 26. The median markdown was about 5%.

Weaker demand typically drives prices down, but national readings of home prices indicate that they're still growing. What explains the disconnect? There are three key reasons, according to economists:

## 1) Home prices have yet to catch up to a market that's already shifted

Home prices as measured by national indexes, such as Case-Shiller or the National Association of Realtors, still show growth because they look backward, Anthony Smith, a senior economist at Realtor.com, told MarketWatch.

The NAR in September said that the median price across all housing types was about $417,500, up 1.3% from the same time a year ago. Prices have been up for 39 months in a row, the NAR noted.

But more up-to-date measures reflect a different trend. Median list prices, as measured by Realtor.com, have fallen year over year for 11 straight months, Smith said. (Realtor.com is operated by News Corp subsidiary Move Inc.; MarketWatch publisher Dow Jones is also a subsidiary of News Corp.)

"Asking prices don't always translate into sale prices, but when listing prices trend lower while sale prices are still edging up, it can be an early signal that closed-sale prices may soften," he added.

So expect price growth to slow, and perhaps even fall in the months to come.

## 2) National home prices don't reflect regional differences

National home-price figures represent a broad mix of markets and home types, which don't necessarily reveal where demand-induced weakness is happening.

For instance, August home prices according to the Case-Shiller index were up the most in Chicago (6.7%) and in New York City (6.2%), but down in Seattle (2%) and in Las Vegas (1.3%). That variation isn't reflected in the headline number, which showed a 2.1% yearly increase for home prices nationally.

National prices also don't reflect the changing mix of what kind of homes are actually being sold, Mischa Fisher, chief economist at Zillow told MarketWatch.

"And the mix of those homes has shifted toward pricier ones," Fisher said. "Since wealthier buyers are more likely to be insulated from inflation and other headwinds that are pushing some buyers to the sidelines, we're seeing the homes that sell trend toward the higher end."

In September, sales of homes priced $1 million and above rose 4.1% nationwide, according to NAR data. Sales of all other homes below that price point fell. About 8% of homes sold in September were in that luxury price range.

## 3) Sellers are waiting for housing-market conditions to improve

Homeowners who are looking to sell may decide to hold off, or even rent their property out, instead of taking big price cuts, Fisher noted. ParclHQ data indicated that at the end of October, 9.7% of rentals were first listed on the market for sale before the owner pulled it and decided to pivot to renting.

Sellers today can afford to hold on to their homes for a longer time than homeowners could during the subprime-mortgage crisis. Back then, many homeowners were holding adjustable-rate mortgages with payments that were ballooning, meaning that they would soon be facing a much higher mortgage payment that they could not afford.

Homeowners today face a completely different scenario, as many have ultralow mortgage rates that are fixed for 30 years. As of the second quarter of 2026, about 66% of all outstanding mortgages had a rate below 5%, according to analysis of federal data by Realtor.com. Just 22.5% of mortgages had a rate of 6% or higher, they company noted.

As sellers hold off on selling while they wait for a better housing market, current housing inventory levels have yet to match home-buying demand. And that's keeping prices elevated for the time being.

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