The Way I See It

2026 U.S. Housing Prediction White Paper

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Updated with January 7, 2026 market data

Housing isn't broken. It's been stuck. In 2026, the question is whether the payment gate opens enough to get people moving again.

One-Page Executive Summary

Facts first, then my take. This page is designed to stand alone if you only read one thing.

Market snapshot (January 2026)

FACT

Mortgage rates are in the low 6% range and trending lower; the latest update calls rates at two-month lows.

FACT

Inventory ended 2025 up 16% year-over-year and begins 2026 up 13%. Inventory growth is slowing, but supply is now at pre-pandemic levels in 17 states.

FACT

Home price growth has slowed to a crawl: nationally prices are up less than 2% annually, and the median sale price was up only 1.2% in November (still the 29th straight month of increases).

FACT

Demand is waking up: pending sales improved for a 4th consecutive month and the Pending Sales Index hit its highest reading since February 2023 (South strongest, index 94.7).

What it means

THE WAY I SEE IT

We've moved from a clear buyer's market toward neutral nationally. That doesn't remove opportunity - it just means the best buying window is where sellers are still acting like it's 2025.

THE WAY I SEE IT

2026 is shaping up as a volume year. Sales are on pace to end 2025 around 4.1-4.2M and could move to 4.3-4.4M in 2026. Liquidity tends to improve before prices do.

KEY DATE TO WATCH

June 16-17, 2026 (FOMC + Summary of Economic Projections). Watch the tone and the dot plot. Expectations move long rates, and long rates move mortgages.

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1) The setup entering 2026

The best way to describe housing right now is simple: the market is thawing, but it's not roaring. Rates are easing, inventory is up, and buyers are finally getting choices again. At the same time, pricing power has cooled and sellers are feeling it in days on market and reductions.

FACT

The January 7, 2026 housing update characterizes the national market as having entered neutral territory, with significant regional variation.

THE WAY I SEE IT

Neutral doesn't mean 'no opportunity.' It means you have to be pickier: buy the deal, not the zip code story.

2) The facts (updated January 2026)

2.1 Rates and affordability

FACT

Mortgage rates are at two-month lows and trending lower; the update notes wages continue to grow while inflation is slowing, improving affordability year-over-year.

Even small moves in rates matter because housing is payment-driven. When buyers see the payment stabilize (or drift down), they stop waiting for a crash and start writing offers.

THE WAY I SEE IT

The market doesn't need 3% mortgages. It needs a payment people can live with and the belief that next month won't be worse than this month.

2.2 Prices: slower growth and early weakness signals

FACT

Nationally, prices are up less than 2% annually and price growth has 'slowed to a crawl.' Realtors are reporting price declines in most price tiers, and January list prices are the lowest since 2023.

FACT

The median sale price in November was up only 1.2% year-over-year, but that still marked the 29th consecutive month of median price increases.

In plain English: we're not in a national price crash, but the easy appreciation is gone in many markets. That puts more weight on basis, execution, and timeline.

THE WAY I SEE IT

The next phase isn't about betting on appreciation. It's about buying right and letting time and financing do the heavy lifting.

2.3 Inventory: more supply, slower growth

FACT

Inventory ended 2025 up 16% year-over-year and begins 2026 up 13%. Inventory growth is slowing, but supply is at pre-pandemic levels in 17 states.

FACT

More inventory leads to a longer sales cycle and price pressure on sellers - especially where supply has normalized fastest.

THE WAY I SEE IT

If you're selling, you need to price like the market is today - not like the market was two years ago. If you're buying, concessions are part of the deal math.

2.4 Demand and sales: the first signs of a volume recovery

FACT

Pending sales improved for the 4th consecutive month; the Pending Sales Index is at its highest reading since February 2023. All regions rose month-over-month and year-over-year (South strongest at 94.7).

FACT

Existing home sales are on pace to end 2025 between 4.1-4.2 million units, and the update suggests 2026 could rise to 4.3-4.4 million.

When markets turn, volume usually leads. Buyers test the water first. Sellers follow later once they believe the water is warm enough.

When the market shifts, it usually doesn't announce itself with fireworks. It shows up as 'a few more contracts,' 'a few fewer reductions,' and 'a little less negotiating.'

3) Analyst baseline for 2026

The baseline view across major forecasters has been: rates drift down modestly, affordability improves gradually, sales volume improves from a low base, and price growth stays modest with big regional differences.

This matters because a slow-but-steady improvement creates a very investable environment: fewer bidding wars, more time to underwrite, and a better chance to negotiate terms.

THE WAY I SEE IT

If the baseline is 'slow improvement,' then the edge comes from timing and basis - buying while the market is still acting cautious.

4) The Way I See It: Tim's 2026 call

I'm optimistic on 2026, but not because I think home prices are about to explode. I'm optimistic because I think liquidity improves - and liquidity is oxygen for investors.

4.1 My base case

- Rates drift slightly lower over the year.
- Sales volume improves into the 4.3-4.4M range.
- National price growth stays muted; some markets are flat or down while tight-supply pockets hold up.

4.2 My upside case: a 'summer uncorking'

If unemployment rises and the bond market buys the disinflation story, mortgage rates can fall faster than most people expect. That's when you get the 'uncorking' effect: demand jumps, listings get absorbed, and buyer leverage shrinks quickly in the best submarkets.

KEY DATE TO WATCH

June 16-17, 2026: FOMC meeting associated with a Summary of Economic Projections (dot plot). The decision matters, but the tone matters more.

4.3 Financing shifts: ARMs, buydowns, and investor creativity

When affordability is tight, the market adapts. Expect more ARMs, more temporary buydowns, and more payment-focused structures in investor lending. These tools can be smart - as long as the borrower understands the reset and has a real exit plan.

THE WAY I SEE IT

Use financing to reduce risk, not to hide risk. If you can’t explain your loan in one minute, you probably shouldn’t take it.

5) What 'uncorking housing' means (in dollars)

Housing unlocks when the payment unlocks. Here’s a simple sensitivity table for a $400,000 loan (30-year fixed, principal + interest).

Rate	Monthly P&I	Change vs 6.50%
6.50%	$2,528	$0
6.25%	$2,463	-$65
6.00%	$2,398	-$130
5.75%	$2,334	-$194
5.50%	$2,271	-$257
5.00%	$2,147	-$381

THE WAY I SEE IT

A few hundred bucks a month is the difference between 'we’ll wait' and 'let’s write the offer.' When millions of households feel that at once, volume pops first.

6) Risks and what would make me wrong

Here’s what could push this recovery out or change the shape of it:

- Inflation re-accelerates and keeps rates higher for longer.
- Mortgage spreads widen again, preventing mortgage rates from falling even if the Fed eases.
- Inventory builds faster than demand in specific metros, leading to deeper price cuts.
- Insurance and taxes keep rising in ways that break deal math in certain states.
- Rent growth stays muted enough that investors can’t 'rent their way out' of thin buys.

The best hedge isn’t guessing rates perfectly. It’s buying at a basis that still works if you’re wrong on timing.

7) The 2026 dashboard I watch

- Mortgage rates (trend and volatility).
- Inventory (year-over-year change and months of supply, by market).

- Price reductions and days on market.
- Pending sales and purchase application activity (early demand signals).
- Fed tone at the SEP meetings (March, June, September, December).
- Investor crowding: are you competing with tired money or excited money?

8) Closing: how I'd play it

If you're buying in 2026, I'd focus on a simple rule: buy things you can hold. Underwrite conservatively, build in time, and treat concessions as part of the plan. If the summer rate story breaks your way, you win on speed and liquidity. If it doesn't, you still own an asset you can carry.

THE WAY I SEE IT

Buy on the boring days - when sellers negotiate and capital still feels cautious. That's when basis is easiest to control.

Appendix: Data sources

Internal

RCN January 2026 Housing Market Update (Rick Sharga, CJ Patrick Company), January 7, 2026.

RCN Year-End Housing Market Update, December 17, 2025.

RCN Year-End Investor Activity & Outlook, November 25, 2025.

Federal Open Market Committee Minutes, December 9-10, 2025.

Public (recommended for citation in blog posts)

- Federal Reserve: FOMC calendars and Summary of Economic Projections.
- Freddie Mac: Primary Mortgage Market Survey (PMMS).
- Fannie Mae: Economic and Strategic Research (ESR) forecasts.
- Mortgage Bankers Association (MBA): Weekly Applications Survey and commentary on ARM share.
- Realtor.com Research and Redfin Research: inventory, pricing, and buyer/seller balance metrics.