

The Evolving Homebuying Landscape: An Update with 2023 Data

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Disclaimer

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The years immediately following the pandemic saw large swings in the housing market, from a rapid growth in prices and homebuying activity in the early years to a sharp contraction in the market as price and interest rate increases challenged homebuying affordability. As part of the Federal Reserve Bank of San Francisco's work to understand the economic experiences of the communities we serve to inform monetary policy and other areas of our work, we released a report in the fall of 2024 examining trends in pandemic homebuying patterns through 2022. That analysis found that many groups of buyers participated in the homebuying market at elevated rates in 2020 and into 2021. However, in 2022, rising home prices and interest rates contributed to fewer home sales, and it was expected that these headwinds would extend to 2023. This brief extends the analysis to 2023 and explores how trends shifted with this additional year of data. This brief examines national trends and those within the Federal Reserve's Twelfth District. To see data for other places (Fed districts, states, metropolitan statistical areas, and counties), use our [interactive tool](#).

The homebuying market context in 2023

Mortgage interest rates began rising in late 2021 and accelerated quickly through the third quarter of 2022, constraining affordability through higher monthly mortgage payments. However, nationally and in many markets, home prices plateaued, helping counter some of the affordability constraints from rising interest rates. Our 2024 report found that many groups were able to access homeownership during the peak years of the pandemic. Amidst the contraction in 2022, accessibility had worsened for many but remained above pre-pandemic levels for younger buyers; American Indian and Alaska Native, Asian, Black, and Hispanic buyers; and buyers in small metro and nonmetro areas.

In 2023, home prices began to recover in many markets, resulting in a higher home price index nationally. At the same time, mortgage interest rates rose through October of 2023, peaking at 7.79%, before ending the year at 6.66% (Figure 1). Combined with higher home prices, homebuying became less affordable for homebuyers in many markets in 2023. Adding 2023 data to the prior brief's analysis allows for an evaluation of how various types of homebuyers were responding to the market contraction.

Figure 1: House Price Index and Mortgage Interest Rate, 2018-2023



Sources: U.S. Federal Housing Finance Agency; Freddie Mac, via FRED®

Data

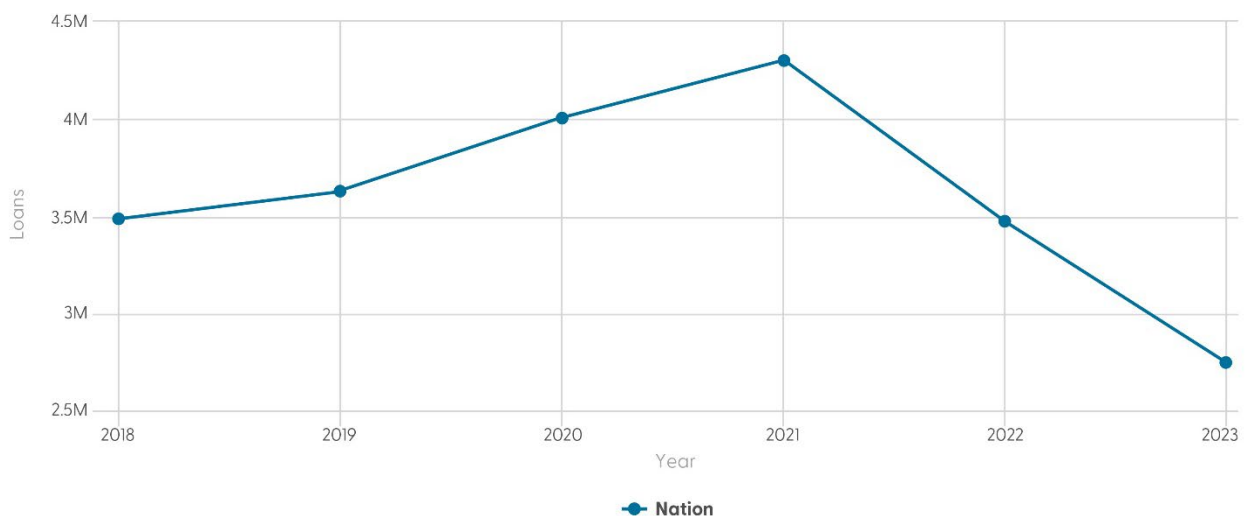
This paper uses Home Mortgage Disclosure Act (HMDA) data from 2018 to 2023. It uses home-purchase loans for owner-occupied, first-lien, site-built (vs. manufactured), single-family (one- to four-unit) mortgages that are not used for business purposes. It also excludes reverse mortgages. Throughout the brief, “homebuying” is used as a shorthand for these loans. Geographies are divided into large metros (further subdividing urban and suburban areas), small metros, and nonmetropolitan areas; this geographic classification is referred to as “metro type” throughout the brief. For full documentation on the data and definitions, please see the [original report](#).

Findings

Homebuying in 2023 fell well below pre-pandemic levels.

The contraction of the homebuying and lending market that started in 2022 extended into 2023. Nationally, nearly 734,000 fewer home mortgage purchase loans (or 21.1% of the market) were made in 2023 than in 2022 (Figure 2). Though the contraction was smaller than 2021-2022, the decline represented a larger share of the market. This decline means the market was well below pre-pandemic levels; in 2023, the homebuying market was 21.6% smaller than in 2018.

Figure 2: Home Purchase Mortgage Loans, 2018-2023



Source: Author's calculations of HMDA data.

Suburbs gained ground as a share of all loans, though all metro types experienced declines in loan volumes.

Looking across different metro types, the shift in homebuying away from large metros reported in the previous study seems to have paused. All metro types (large urban, large suburban, small metro, and nonmetro) experienced significant declines in home loans in 2023 (Table 1). In 2023, small metros experienced the greatest percent declines, a shift from the prior year. The share of homebuyers purchasing in the suburban areas of large metros grew for the first time since the study period began; all other metro types saw their share decline in 2023. It is too early to tell whether this is a temporary blip away from the longer-term trend towards smaller metros and nonmetro areas or if this represents a more durable shift.

Table 1: Home Purchase Mortgage Loans by Metro Type, 2018–2023

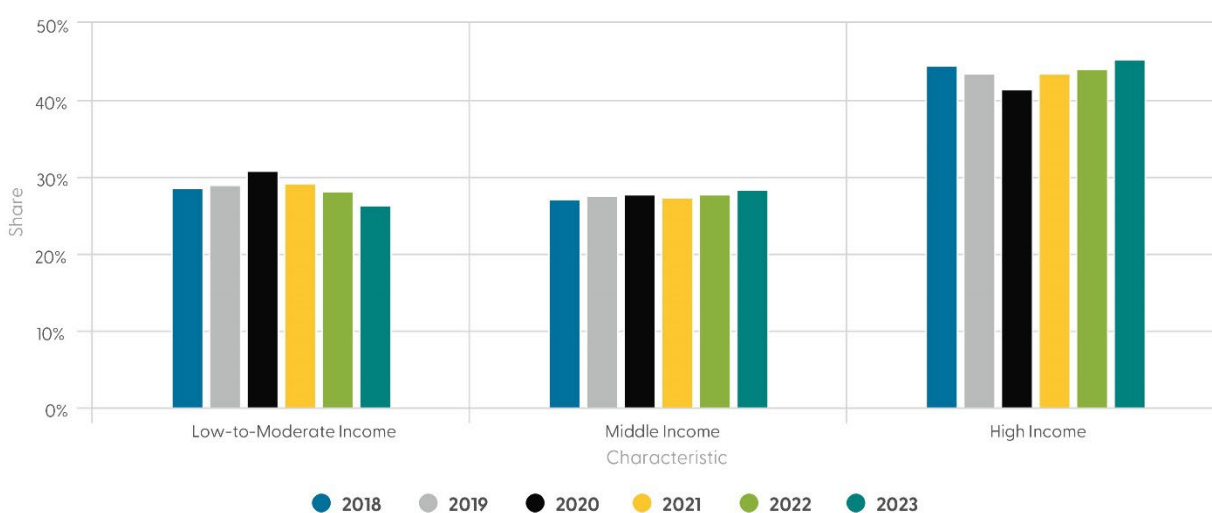
	2018	2019	2020	2021	2022	2023	2021-2022 (% Ch)	2022-2023 (% Ch)
Large Metro - Urban	628,283	650,247	700,371	770,825	614,134	481,485	-20.3%	-21.6%
Large Metro - Suburban	1,942,911	2,018,605	2,237,478	2,356,721	1,886,600	1,499,679	-19.9%	-20.5%
Smaller metro	600,792	628,861	696,202	761,768	619,884	481,195	-18.6%	-22.4%
Nonmetro-politan	320,573	334,353	372,287	417,094	353,072	277,334	-15.3%	-21.5%

Source: Author's calculations of HMDA data.

The decline in homebuying was sharpest for lower-income borrowers.

Fewer loans were made to borrowers of all income groups in 2023. Continuing the trend from 2022, the decline in the number of loans was most pronounced for low- and moderate-income (LMI) borrowers. The number of loans going to LMI borrowers declined by 26.4% in 2023, compared to 18.6% for high-income borrowers. As a share of all loans, loans to LMI borrowers shrank to 26.3%, from 28.2% in 2022, and well below their 2018 share of 28.5% (Figure 3).

Figure 3: Share of Home Purchase Mortgage Loans by Income, 2018-2023



Source: Author's calculations of HMDA data.

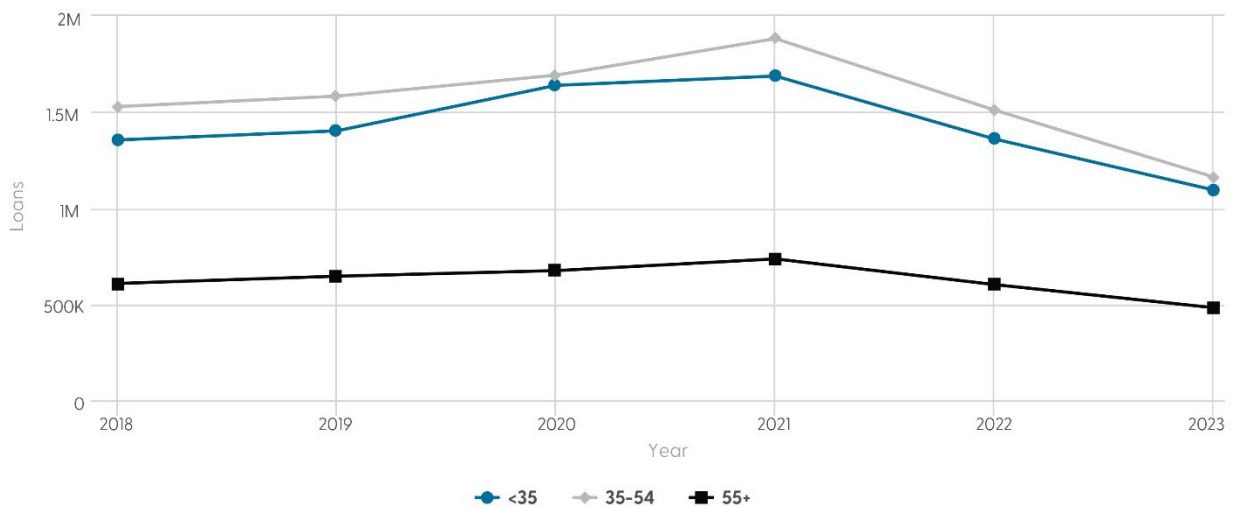
Younger buyers experienced more measured declines, narrowing the gap between older and younger homebuyers.

All age groups experienced declines in homebuying in 2023. The sharpest declines, relative to 2022, were among buyers aged 35-54, which also represent the largest segment of homebuyers. Loans to younger buyers declined by 19.5%, the smallest decline among the three age groups (Table 2). Looking at 2018-2023, these trends are mirrored, with the largest decline among the middle age group and the smallest decline among younger buyers. The share of loans going to buyers younger than 35 increased in 2023, to 40.0%, though this remains below their 2020 high of 40.9%. The gap between the youngest buyers and the middle age group in 2023 was the smallest since 2020 and the second smallest of the study period (Figure 4).

Table 2: Home Purchase Mortgage Loans by Age, 2018-2023

	2018	2019	2020	2021	2022	2023	2021-2022 (% Ch)	2022-2023 (% Ch)
<35	1,354,776	1,402,143	1,638,792	1,687,288	1,359,929	1,094,665	-19.4%	-19.5%
35-54	1,528,263	1,582,832	1,691,804	1,882,049	1,510,534	1,162,312	-19.7%	-23.1%
55+	608,097	645,818	674,883	735,914	602,253	482,043	-18.2%	-20.0%

Source: Author's calculations of HMDA data.

Figure 4: Home Purchase Mortgage Loans by Age, 2018-2023

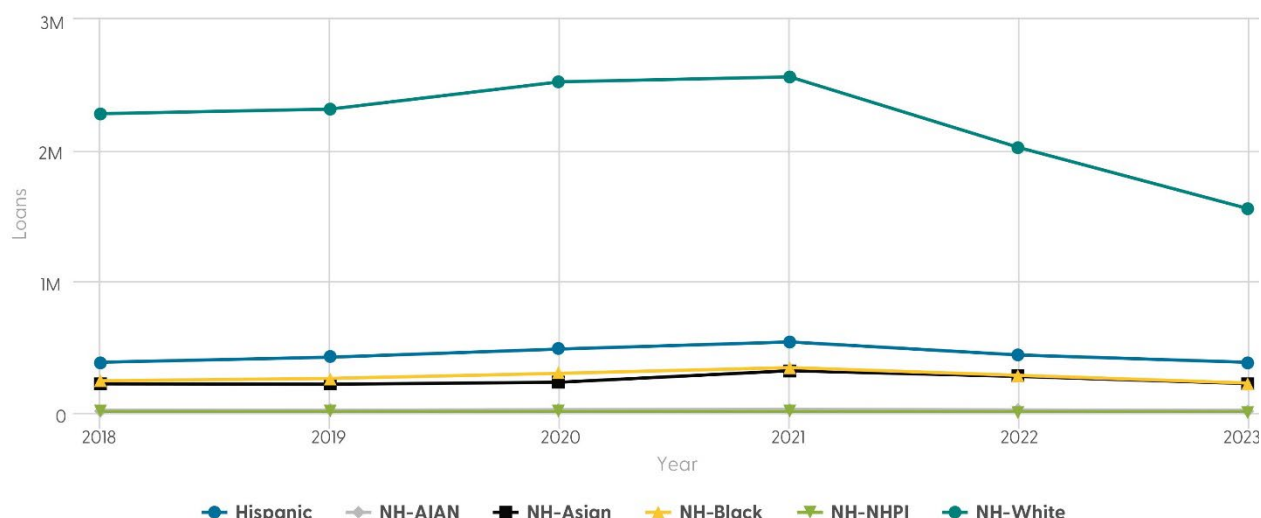
Source: Author's calculations of HMDA data.

The size of market contraction varied across racial and ethnic groups.

From 2022-2023, fewer loans went to buyers of all races and ethnicities. The market contraction in 2023 was least pronounced for Hispanic borrowers (-12.8%) and sharpest for White borrowers (-23.1%). Black borrowers experienced the second largest contraction (-20.5%).

Relative to a 2018 baseline, only two groups saw an increase or a steady trend in the number of loans: Asian borrowers saw an increase in 2023 compared to 2018, and the number of Hispanic borrowers in 2023 was roughly in line with the 2018 level. All other groups experienced contractions relative to 2018 (Figure 5). The largest declines, in percentage terms, were among Native Hawaiian or Pacific Islander and White borrowers. The share of loans going to American Indian/Alaska Native, Asian, Black, and Hispanic borrowers grew in 2023, despite the decrease in the total number of loans going to each of these groups. This is a continuation of the trend throughout the pandemic and post-pandemic period.

Figure 5: Home Purchase Mortgage Loans by Race/Ethnicity, 2018-2023



Source: Author's calculations of HMDA data.

Homebuying declined across the Twelfth District, but to varying degrees.

Fewer home purchase loans were made in each Twelfth District state in 2023 than in 2022. Contractions in 2022 and 2023 were smallest in percent terms in Nevada, Arizona, and Idaho (Table 3). Nevada had experienced a fairly sharp decline in 2022. Arizona and Idaho, meanwhile, were two of the three states within the district where the contraction began in 2021, so the smaller contractions may reflect the already diminished baselines in both states (Figure 6). Hawai'i experienced the largest contractions, in percent terms, in both 2022 and 2023. Hawai'i had the second highest peak in 2021 relative to its 2018 baseline, so this decline is particularly pronounced.

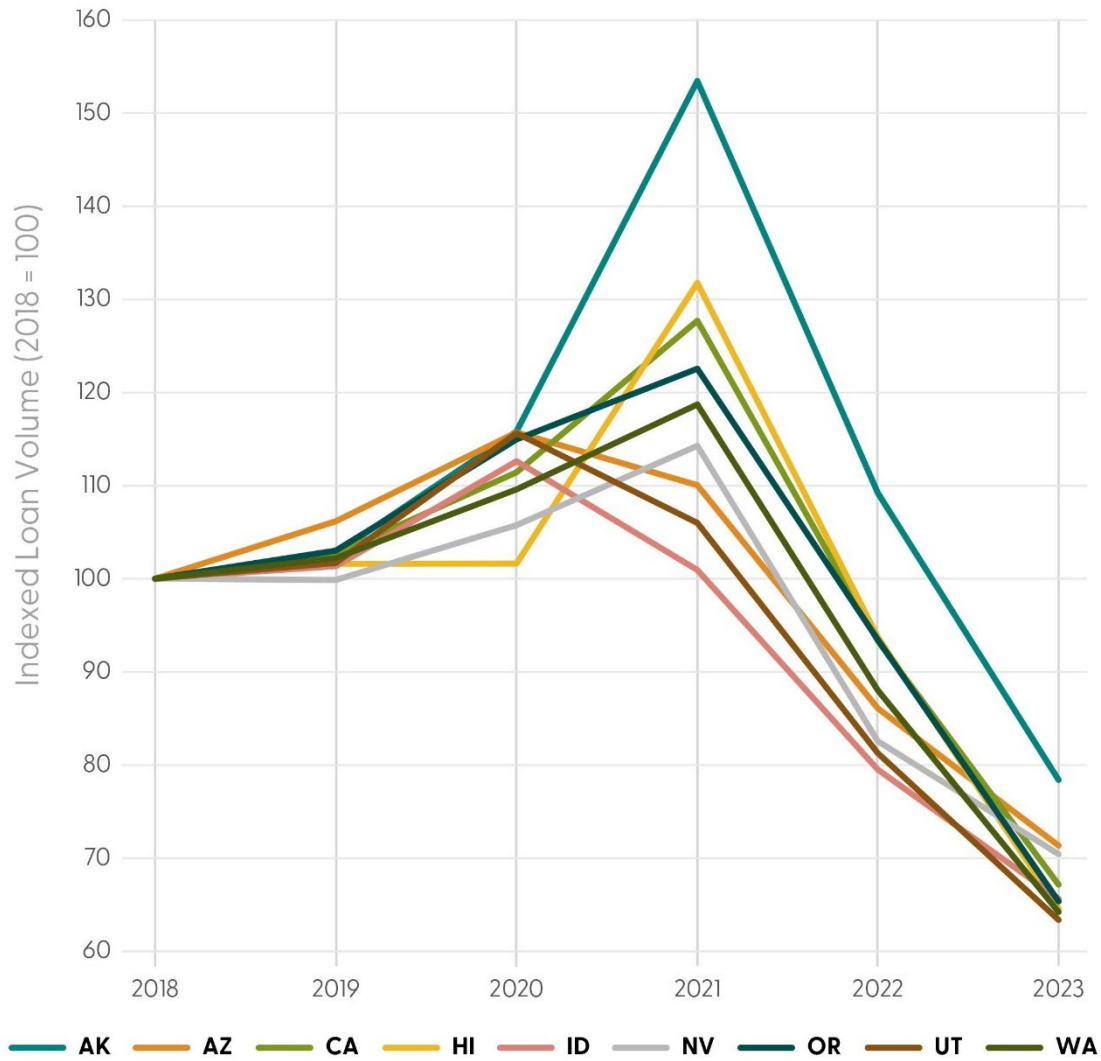
All states were well below their 2018 levels of activity, though the decline was more marked in some states. Alaska (78.4% of 2018), Arizona (71.4% of 2018), and Nevada (70.4% of 2018) were the nearest to their 2018 levels. Meanwhile, Utah (63.4% of 2018), Washington (64.2% of 2018), and Hawai'i (64.4% of 2018) had fallen the furthest.

Table 3: Home Purchase Mortgage Loans in Twelfth District States, 2022-2023

	2022	2023	2022-2023 (% Ch)
AK	8,768	6,295	-28.2%
AZ	89,702	74,340	-17.1%
CA	279,094	200,856	-28.0%
HI	9,518	6,556	-31.1%
ID	23,149	19,107	-17.5%
NV	36,297	30,965	-14.7%
OR	46,464	32,489	-30.1%
UT	41,537	32,391	-22.0%
WA	88,746	64,744	-27.0%
Total	623,275	467,743	-25.0%

Source: Author's calculations of HMDA data.

Figure 6: Indexed Home Purchase Mortgage Loan Volumes, 2018-2023



Source: Author’s calculations of HMDA data.

Among LMI buyers in the Twelfth District, contractions were particularly pronounced in Alaska and Hawai'i.

The number of LMI borrowers declined in every state in the Twelfth District. The largest decline, in percent terms, occurred in Hawai'i (-45.0%), followed by Alaska (-42.8%). Oregon (-38.1%) and California (-35.0%) also registered large declines. Loans to LMI buyers declined the least in Idaho (-8.7%), but this comes on the heels of many years of contraction in Idaho, unlike in other states in the Twelfth District. All states had many fewer loans going to LMI borrowers in 2023 than in 2018. Loan volumes to LMI borrowers ranged from a low of 43.3% of 2018 volume in Utah to 61.8% in Oregon.

LMI participation in the homebuying market, as a share of all loans, fell the most in Alaska (-7.4 percentage points), followed by Hawai'i (-4.0 percentage points). In the Twelfth District, the share of LMI borrowers is highest in Alaska throughout most of the study period. In light of this high participation rate, the decline in the share of LMI buyers in Alaska in 2023 was particularly sharp. In Alaska, the number of loans going to LMI borrowers declined proportionally much more than those going to the highest income borrowers; this, coupled with a large baseline decline, resulted in the largest decline in the share of LMI buyers across Twelfth District states. This contrasts with Arizona, which has had the third-highest share of LMI borrowers since 2020, but where the difference in the contraction of the market in 2023 was less pronounced by income group.

Looking forward

Other evidence suggests that the homebuying market remained constrained in 2024 and into 2025. Home prices continued to grow in many markets, albeit at a more muted pace than in the years immediately following the pandemic, and mortgage interest rates remain elevated. Data from the National Association of Home Builders and the National Association of Realtors indicate that sales of new and existing homes were roughly even in 2024 relative to 2023.ⁱ News reporting suggests that the 2025 spring buying season was also relatively muted.ⁱⁱ

How these signals will manifest in the data across geographies and demographic characteristics remains to be seen. The 2023 data pointed to some continuation of 2022 trends, like larger contractions among LMI borrowers than higher-income ones.

Other patterns differed, such as a greater difference between the contraction of the market between younger and older borrowers, resulting in a higher share of younger borrowers in 2023. Shifts in the trendlines were notable across geographies, with potential shifts in the longer-term pattern across metro types and lots of movement within the state data, suggesting that 2024 data may be equally variable or point to new trends. While younger buyers and buyers of many racial and ethnic groups increased their homebuying participation rates in 2023, the relatively muted levels of loan activity overall and the continued decline in participation of LMI buyers point to challenges in the homebuying market that are likely to continue absent other shifts in the housing market or larger economy.

Notes

ⁱ National Association of Home Builders, *National Home Sales Report* (2025), <https://www.nahb.org/-/media/NAHB/news-and-economics/docs/housing-economics/sales/nationwide-sales-and-inventory.pdf>.

ⁱⁱ Nicole Friedman, “The Spring Home Sales Season Is Shaping Up to Be a Dud,” *The Wall Street Journal*, accessed August 26, 2025, <https://www.wsj.com/economy/housing/spring-2025-housing-market-sales-90f41fb3>.



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