

03-16 Briefing: US Housing Market Consolidation, Affordability Shock, and AI-Enabled Listing Strategy

Quantitative Narrative

The housing market is navigating a constrained, affordability-challenged cycle marked by low sales, thin brokerage margins, and accelerating consolidation—yet teams, technology, and disciplined listing strategies are gaining share and cushioning performance. Structural shortages, policy fragmentation, and rising consumer expectations push the industry toward scaled platforms, AI-enabled efficiency, and relationship-first execution to win scarce listings and convert demand when conditions improve.

Key Evidence

Supply scarcity and affordability shock define the cycle, suppressing sales while setting the stage for selective rebounds.

- U.S. existing home sales fell from 6.76M in 2020 to a projected low of 4.061M in 2025, with a partial rebound to 4.6M in 2026; last year was the worst year by 100,000 units.
- The U.S. faces a housing deficit of 4 to 4.7 million units—an all-time high—driving persistent inventory shortages.
- Affordability plunged from an index of 167 in 2020 to a low of 95 in 2024; mortgage rates dipped below 6% before rising again due to geopolitical shocks.
- Inflation peaked at 8.0% in 2022 and remains above the Fed's 2% target, while consumer confidence fell from 111 (2021 peak) to a projected 88 in 2026—the lowest since 2014—pressuring demand.
- First-time buyer share slid to 24%, and the median buyer age reached 56 (first-time buyer age 38), reflecting affordability constraints and demographic shifts.

Industry consolidation, fragmentation tensions, and mobility are reshaping power dynamics and operating models.

- Compass's acquisition of Anywhere yields 320,000 agents worldwide and roughly 20% US market share, underscoring growing concentration.

- Only three companies are active in private listing networks after Howard Hanna launched Hanna List, signaling mainstreaming of off-MLS channels.
- The industry remains fragmented with ~500 MLSs; agents often border two different MLSs, introducing operational complexity via divergent rules and fees.
- FSBO share hit a low of five percent last year and six percent in 2024, highlighting agent intermediation strength despite market stress.
- Agent mobility runs 16–18% annually, with 1–5M volume agents moving most, intensifying recruiting and retention competition.
- Forecasts point to a 15–35% agent population decline over ten years due to AI-driven consolidation—less severe than prior predictions but still material.

Teams, listing-first strategy, and AI-enabled execution are gaining share and driving outperformance in a thin-margin environment.

- Team participation rose from 15% (2010) to 26% (2018) and 35% (2024), with team transactions up 405% over 11 years, shifting volume from solo agents.
- Brokerages' EBITDA margins peaked at 5.59% (2022), dropped to 2–3% (2023), and sit around 3.5% now, demanding productivity and cost discipline.
- A listing-first strategy is emphasized: aim for 50%+ listing inventory; 80% of sellers choose the first agent they contact; 37% of sellers find agents via their sphere.
- Consumer expectations reward quality: 72% would pay more for a premium experience; 95% of buyers want photos and 85% want floor plans—yet only 33% of listings include them, creating a service gap to exploit.
- MLS remains the dominant channel, used 85% of the time by listing agents; a 7-point digital strategy and 10-component tech stack (built over 3 years) operationalize reach.
- AI materially boosts efficiency and savings: a full presentation was built in four minutes; estimated 3% savings of sale price; 24-hour AI support is a target when live support isn't available.

Relationship-driven growth and operational excellence are offsetting market headwinds, positioning for recovery.

- Sphere of influence remains critical: one leader sourced 92% of business from their sphere; compliance risks are real, with a \$50,000 Do Not Call settlement underscoring disciplined outreach.
- Fast, quality execution converts scarce demand: five offers arrived within 72 hours and a contract was signed in five days on a highlighted listing.
- Teams and tech are fueling brand performance: despite market downturns, NextHome posted 1% YoY growth, 5.5% sales volume growth to \$11.5B, and ranks #1 across four franchise categories (owner satisfaction, women, veterans, affordability under \$50K).

- Expansion momentum: over 400 agents are joining under a new office model; 16 regional events deepen engagement; goal to be a top US company by 2026.
- Seller demographics guide targeting: median seller age 63, average tenure 10 years, and 72% are married couples—aligning with listing-first outreach.

Additional Key Findings

- NAR predicted a 14% increase in existing home sales last year, which was later questioned given actual declines.
- 47% of Realtors did zero transactions last year, signaling attrition risk and concentration of production.
- Homeownership support is reframed as an 8–13 year lifecycle service via “Homeowner AI.”
- Affordability recognition threshold for franchise awards was under \$50K investment.
- Buyer demographics: 54% married couples; 83% White/Caucasian, highlighting equity and access concerns.
- MLS usage and buyer need for floor plans both cited at 85%, reinforcing the marketing essentials gap.
- Year-to-date job creation in 2026 was 38K (image), indicating soft labor momentum impacting sentiment.