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With Buyers Firmly in the Driver's Seat, Home-Purchase Cancellations Hit Highest Level in Nearly 3 Years

Redfin reports 14% of U.S. homebuying deals fell through in July, the highest share since November 2023, as buyers gained more power

SEATTLE — Aug. 21, 2026 — Nationwide, 14% of home-sale agreements that went under contract in July fell through—the highest share in nearly three years on a seasonally adjusted basis and up from 13.7% a month earlier. That's according to a new [report](#) from [Redfin](#), the real estate brokerage powered by Rocket.

While the rate of contract cancellations reached a nearly three-year high in July, the increase from months and years past is small. The share of U.S. homebuying deals that have fallen through has posted small swings, from about 13% to about 14%, for the last four years. Deals are falling through at a higher rate than in 2020-2022, when the U.S. was in a hot seller's market.

This is based on a Redfin analysis of seasonally adjusted MLS pending-sales data. Please note: Homes that fell out of contract during a given month didn't necessarily go under contract that same month.

Contract cancellations are rising a bit because buyers have the power: The number of U.S. homebuyers [dropped to a record low](#) in July, and there were a near-record 51% more sellers than buyers in the market. That gives house hunters more options and makes them more likely to walk away if an inspection uncovers problems, an appraisal comes in low or the seller doesn't agree to concessions.

Affordability challenges are making buyers more cautious, too. Home prices remain high and mortgage rates are elevated, leaving many buyers with little financial wiggle room.

“Sometimes buyers get cold feet before the inspection—they revisit the numbers with their lender, get anxious about the payment and never even send the deposit,” said [Juan Castro](#), a [Redfin Premier](#) agent in Orlando. “Other times, they'll find something relatively minor in the inspection and use it as leverage to ask for major concessions or walk away entirely. Buyers know they have options right now, so they're pushing harder in negotiations. That can be tough for sellers, but it's good news for buyers.”

The Silver Lining: Canceled Deals Can Create Opportunities For Sellers and Buyers

For sellers, preparation can reduce the odds of a deal falling apart. One option is to complete a home inspection before listing, which can flag issues that might otherwise surprise a buyer later. Sellers may also consider pre-marketing their home with [Redfin Early Access](#) to gauge the market and set the right price from the beginning.

A cancellation can also create an opening for other house hunters. A home that comes back on the market may face less competition, and the seller may be more motivated to reach an

agreement the second time around. Buyers who lose out on a home they love can also ask their agent to officially put them in the [backup position](#); if the first deal falls apart, they get another shot without having to start from scratch.

Home-Purchase Cancellations Are Most Common Where Buyers Have the Upper Hand

Deals are falling apart at the highest rate in the South. In Atlanta, 19.8% of home-purchase agreements were canceled in July, the highest share among the 50 most populous U.S. metros with sufficient data.

Next comes Houston, where 19.6% of homebuying contracts fell through. It's followed by San Antonio (18.7%), Las Vegas (18.6%) and Orlando, FL (18.2%). Contract cancellations are most prevalent in those places partly because they're among the strongest buyer's markets in the country. In Houston, for instance, there are 130% more sellers than buyers.

Many of those southern metro areas were popular during the pandemic, when low mortgage rates and remote work encouraged many Americans to move to relatively affordable places. Now, higher costs, a glut of newly built homes and the increasing frequency of natural disasters, among other factors, have left a lot of homes sitting on the market.

Homebuying Deals Least Are Likely to Fall Apart in Long Island and the Bay Area

Contract cancellations were least common in Nassau County, NY in July, with just 3.5% of homebuying deals falling through.

Next come two Bay Area metros: San Francisco and San Jose, where 4.1% and 6.5% of deals fell apart, respectively. San Francisco's housing market is [booming](#), largely because of AI companies paying their workers high salaries and bonuses, making buyers less likely to back out when they go under contract.

Next are Montgomery County, PA (7.3%) and Milwaukee (7.7%). Nassau County, Montgomery County and Milwaukee are [three of just six seller's markets](#) in the U.S.; buyers in those places are more motivated to hold deals together because there are fewer homes available to choose from, and sellers hold the power.

To view the full report, including a chart and additional metro-level data, please visit: redfin.com/news/contract-cancellations-july-2026

About Redfin

Redfin is a technology-driven real estate company with the country's most-visited real estate brokerage website. As part of Rocket Companies (NYSE: RKT), Redfin is creating an integrated homeownership platform from search to close to make the dream of homeownership more affordable and accessible for everyone. Redfin's clients can see homes first with on-demand tours, easily apply for a home loan with Rocket Mortgage, and save thousands in fees while working with a top local agent.

You can find more information about Redfin and get the latest housing market data and research at <https://www.redfin.com/news>. For more information about Rocket Companies, visit <https://www.rocketcompanies.com>.

Contact Redfin Journalist Services:

Isabelle Novak

press@redfin.com

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