Data & Visuals Housing Market

What to expect from the 2025 housing market

The signals to watch for on inventory, home sales and home prices

November 18, 2024, 5:26 pm *By Mike Simonsen*

What will the housing market look like in 2025? We already see many signals for what to expect, including last week's data on inventory, new listings and price reductions, which I analyze below. For a more comprehensive look, read our 2025 Housing Market Forecast covering home prices, home sales volumes and more.

Last week, there were 9% more newly pending home sales than the same week a year ago and home sales are ticking down for the season. Mortgage rates continue to move higher and that's impacting buyers.

Housing inventory

There are now 722,000 unsold single-family homes on the market around the U.S. That's a tiny bit more than a week ago and almost 27% more inventory than last year at this time. Inventory peaked for this year back in October and in most of the country the number of unsold homes on the market is moving lower for the season.

Below is the 10-year view of inventory trends in the U.S. You can see the recovery of inventory over the past three years and that we probably still have a few more years before we fully recover to the levels that we had in the last decade. It took just two years of ultra-low interest rates to eat up all the unsold inventory and will probably take five years for it to rebuild.

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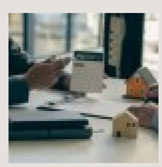

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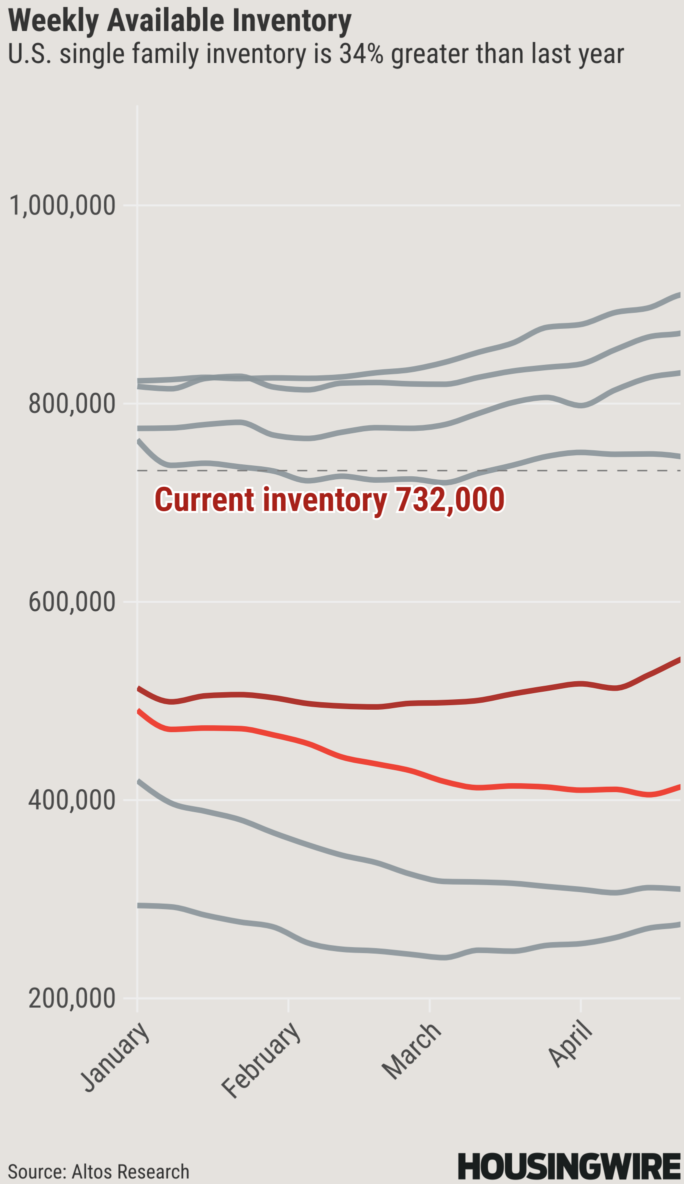
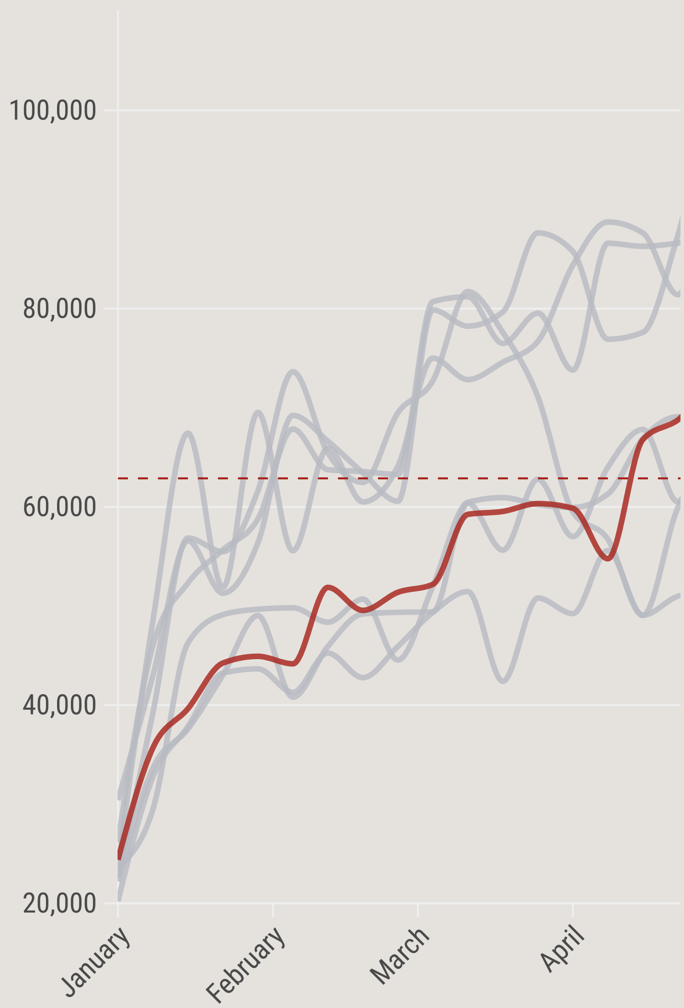


One of the conclusions of [our forecast](#) is that we'll see inventory growth in 2025 again, with about 17% more homes on the market by the end of next year.

New listings

One way reason it will be hard for inventory to grow more than 17% next year is that there are still not enough sellers to get there. Last week there were 52,000 new listings for single-family homes unsold. That's 6% more than the week before and nearly 7% more than a year ago. When we add back in another 7,500 new listings with immediate sales — those are already in contract and not added to the active inventory — overall that’s just 3% more sellers than a year ago.

Weekly New Listings (Unsold)
8% more new listings this week than last year



Source: Altos Research

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Frankly, it feels like the housing market is contracting a bit now in November. After the hurricanes, we got hit with spiking mortgage rates and then the election. We saw a little rebound in the new listings rate after the election, but it was actually less of a rebound than I anticipated. A few more sellers emerged, but my gut says that many are done for the season and maybe will try again next spring.

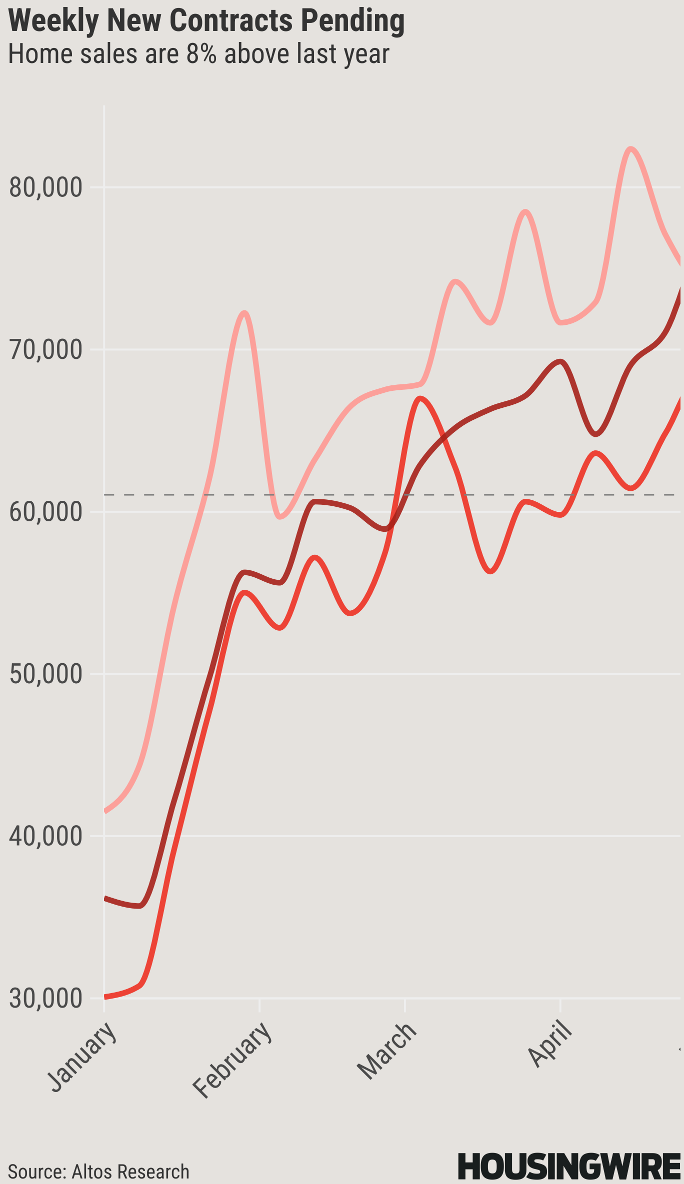
Michael Sachdev on navigating market shifts and operational costs

Home sales

We counted 53,000 new contracts pending for single-family homes last week, with another 11,000 condo sales. That's a bounce up of almost 3% for the week after the election pause.

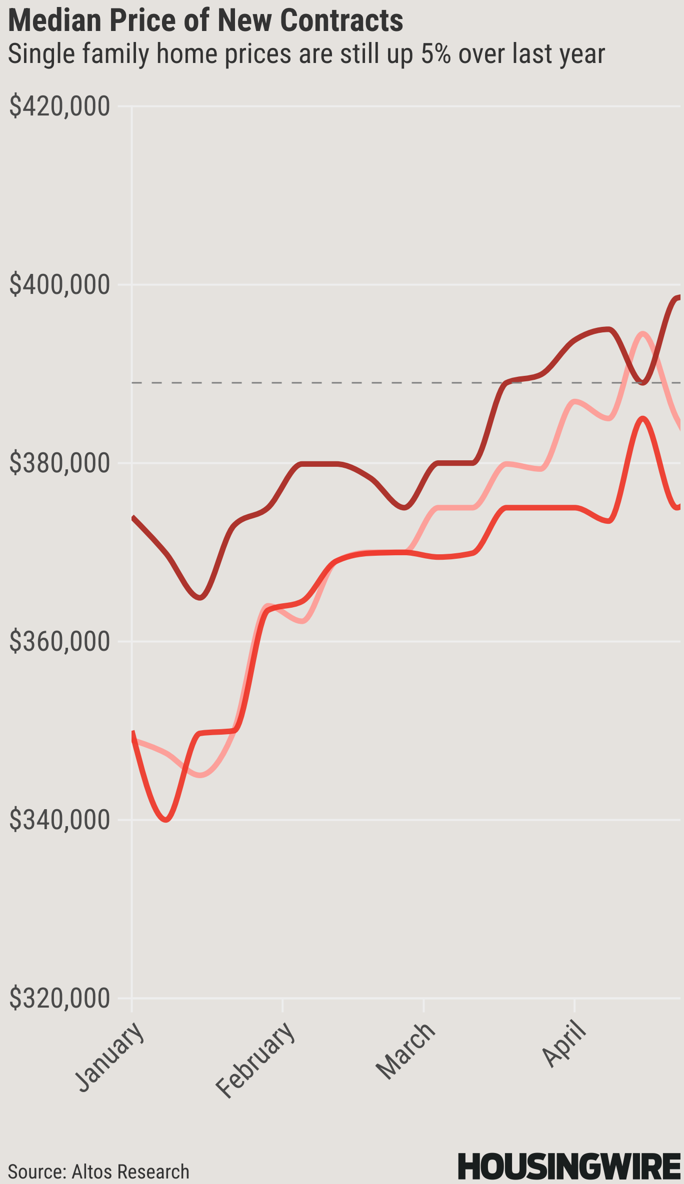
The recent average weekly single-family home sales is down to 56,000 newly pending single-family home sales per week. Home sales are averaging almost 10% more than last year but October of 2023 was really weak for transaction volume.

We are still forecasting slight growth overall in home sales in 2025 — probably just 5% more than in 2024. In the chart below, I've used a four-week rolling average of home sales to smooth out the weekly noise, but you can see that sales are running just a bit ahead of last year. There's not a ton of growth here: 52,000 new listings in a week and 53,000 sales.



Home prices

The median price of new sales started last week was $380,000 again — no change from the week before. So new listings bounced up, inventory ticked up, the sales rate improved but the price stayed unchanged. Home prices by this measure are about 4% more than last year at this time.



Price reductions

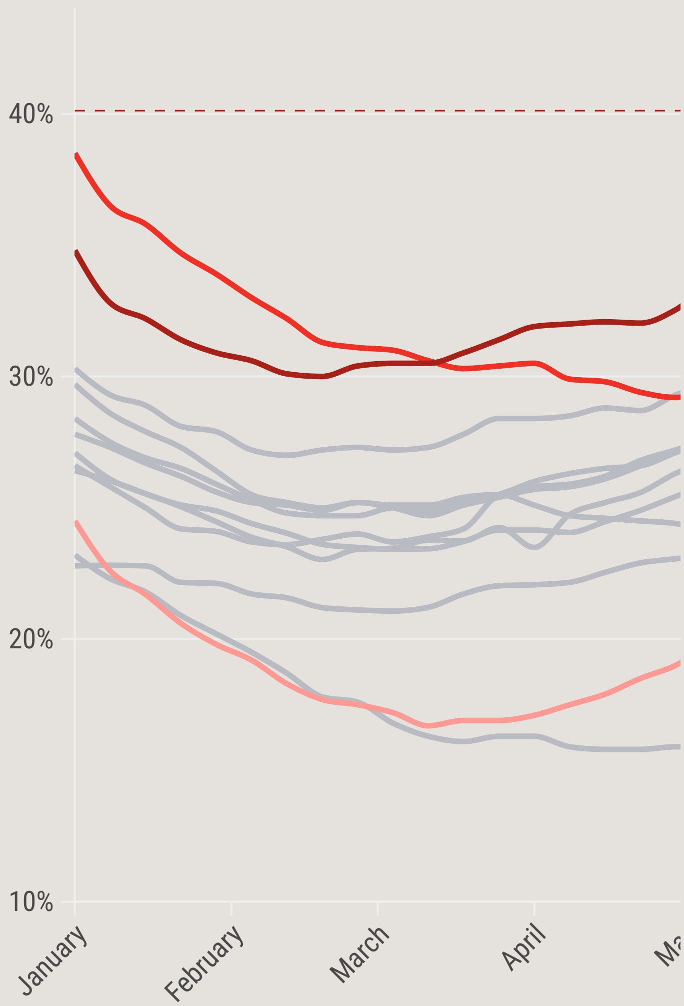
Below is a view of list-price reductions I don't think I've shared before. Normally we talk about the percent of homes on the market that have taken a price cut. That percentage has peaked for the year and is now 38.8% of the homes on the market. But rather than the percent of listings, let's look at how much those listings need to cut price and see if that gives us any new information.

Currently home sellers taking a price cut have dropped just over $15,000 from the original list price on average. If you think about the median priced home in the US, which is $430,000 now, that's 3.5% price cut.

In this chart we have the absolute level of price cuts to watch and the change in the amount. And right now, fewer dollars are being cut and it's seeing a seasonal declining ahead of the last two years. This is another signal for home-price stability as we look forward to the housing market of 2025.

Percent of Properties with Recent Price Reductions

The number of homes with price cuts has been staying level recently



Source: Altos Research

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Mike Simonsen will be a featured speaker at the ***Housing Economic Summit*** *in Dallas on February 26. Find out more* *here*.