

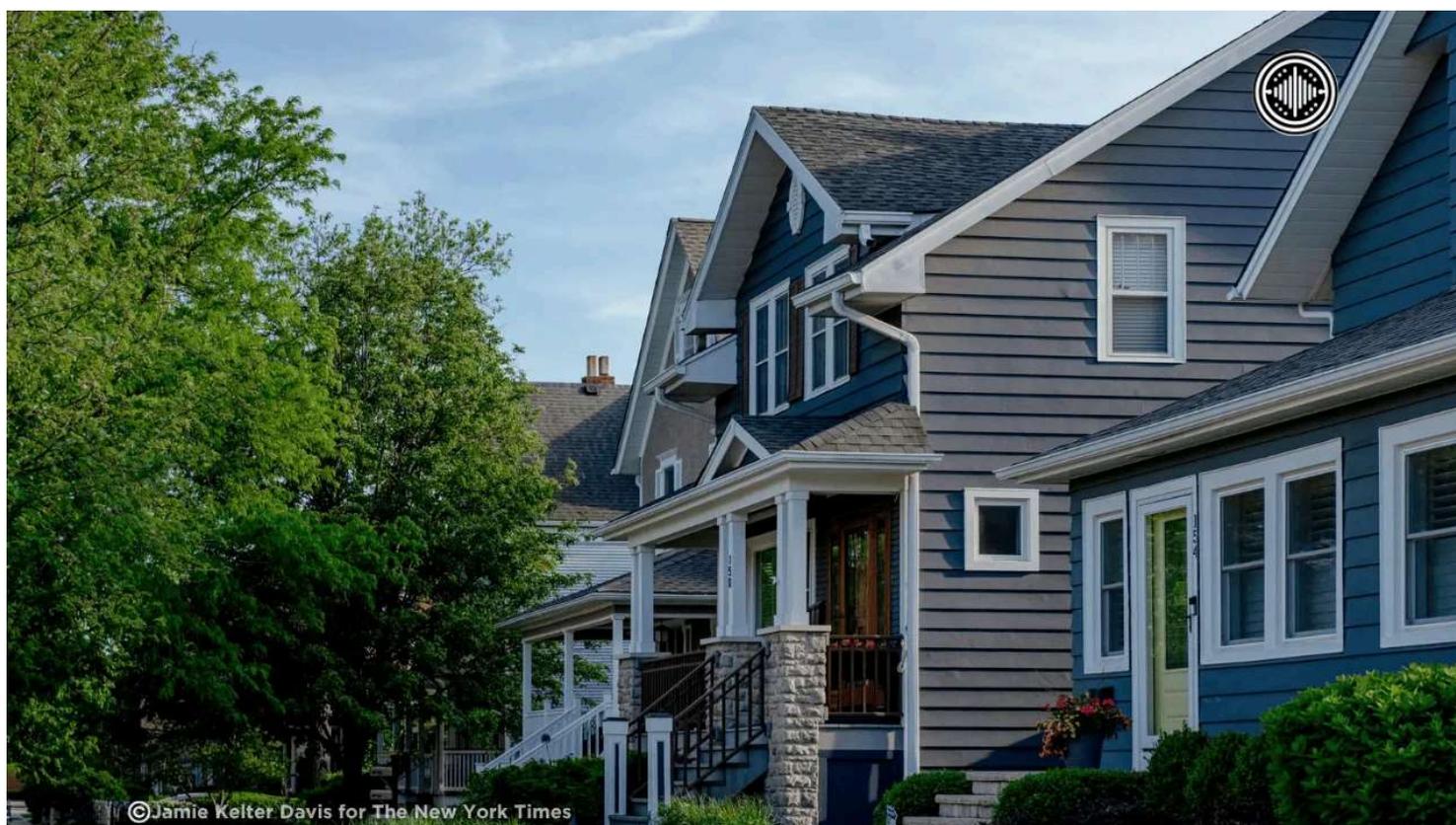
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Home Sales Slow Again as Prices Hit Record High

July 24, 2025

– Categories: Real Estate



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The U.S. housing market in June showed further signs of weakness as sales of existing homes dropped to their slowest pace since last September, recent industry data showed. Despite a rise in available listings, rising mortgage rates and soaring home prices continue to limit buyer activity and strain affordability.

The National Association of Realtors (NAR) reported that sales of previously owned homes declined 2.7% from May, reaching a seasonally adjusted annual rate of 3.93 million units. This figure fell short of economists' forecasts, which anticipated a pace of 4.01 million.

Compared with June last year, sales were essentially flat, showing a slight improvement over the past year.

Home prices, however, continue to climb. The national median sales price hit a record \$435,300 in June, marking a 2% increase from a year earlier. This is the 24th consecutive month of rising annual prices, reflecting persistent pressure on housing affordability. The market has struggled since early 2022, when mortgage rates began rising sharply from the pandemic lows.

Mortgage Rates Key

Mortgage rates have played a crucial role in shaping the market's trajectory. According to Freddie Mac, a government-sponsored enterprise that tracks mortgage lending, the average rate on a 30-year fixed mortgage has hovered near 7% so far this year.

Lawrence Yun, chief economist at NAR, emphasized the impact of these rates, saying, "The second half of the year really depends on what happens with mortgage rates." He added, "If the mortgage rate remains stuck at this level, we are essentially looking at very small changes in our home sales and home price condition, but if the mortgage rate was to drop, we know there will be a more meaningful increase in sales."

Yun estimates that a decline in mortgage rates to around 6% could boost home sales by about half a million units, which would offer some relief to the current sluggish market.

While inventory has increased, 1.53 million homes were available at the end of June, up nearly 16% from last year, but still below pre-pandemic levels. This translates to a 4.7-month supply of homes, still short of the five to six months considered necessary for a balanced market between buyers and sellers.

First-time homebuyers continue to struggle with affordability, making up only 30% of home purchases in June. This is unchanged from May and significantly lower than their usual 40% share, showing many remain priced out or discouraged by high borrowing costs.

Homes are also staying on the market longer, with an average of 27 days before sale compared to 22 days last June. While some buyers are benefiting from more listings and the highest share of June price reductions since 2016, with 20.7% of homes lowering their asking price, many sellers are pulling homes off the market rather than dropping prices.

Realtor.com reports that in May, the number of listings withdrawn without a sale jumped 47% compared to the previous year.