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## Rust Belt and Northeast Dominate as Southern Housing Markets Cool

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The U.S. housing market is experiencing a notable shift in 2025, with demand and price growth moving away from popular Sun Belt destinations and instead concentrating in Northeastern and Rust Belt metro areas. According to Bankrate's latest Housing Heat Index, areas once considered affordable pandemic havens are cooling rapidly, while previously undervalued markets in the Midwest and Northeast are now heating up.

Florida, in particular, saw four of its metros land among the coldest markets this year. Cape Coral-Fort Myers, once ranked third in 2023, fell to the bottom of the index as prices

declined and homes lingered longer on the market. Punta Gorda, Sarasota-Bradenton, and Naples-Marco Island followed a similar trend. These areas, once beneficiaries of the COVID-era housing boom, now face slowing demand and increased inventory, shifting bargaining power toward buyers.

In contrast, cities like New Haven, Connecticut, and Rockford, Illinois, have climbed rapidly in the rankings due to strong price appreciation and a shortage of available homes. New Haven surged from 82nd place in 2023 to claim the top spot this year, driven by tight supply despite low job and population growth figures. Rockford followed closely in second, also benefiting from affordability and renewed buyer interest.

The pattern continues with Norwich-New London, Connecticut, and York-Hanover, Pennsylvania, which also secured top-five positions. Charleston, South Carolina, stood out as the only Sun Belt city in the top five, largely supported by a growing population and a strong labor market.

Bankrate's index is based on a combination of metrics, including year-over-year home price appreciation, job and population growth, housing supply, and the speed at which homes sell. This year's results suggest buyers are gravitating toward areas where homes remain relatively affordable, while markets that overcorrected during the pandemic are undergoing a reset.

Among the largest U.S. metro areas, Hartford, Connecticut, led the pack thanks to strong appreciation and rapid sales. Philadelphia, Columbus, New York City, and Detroit also performed well, showing that high demand in these metros is matched by constrained supply. On the other hand, New Orleans, Memphis, San Francisco, Denver, and Tampa were among the coldest large housing markets.

Experts say these shifts are part of a broader market recalibration rather than a crash. "The job growth migration is still solid," said Lawrence Yun, chief economist at the National Association of Realtors. "It's just that temporarily there's an oversupply, and it's not being translated into housing demand because of high interest rates."