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Surging Listings, Shrinking Demand Highlight Housing Market Divide

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According to fresh figures from real estate company Redfin, the number of Americans putting their homes up for sale has surged past the half-million mark compared to the number of active buyers. The growing divide between sellers and buyers underscores how rising costs are reshaping the U.S. housing market.

In June, 1.922 million homeowners had properties on the market, up nearly 13 percent from a year ago, while the number of active buyers fell to 1.413 million, an 8.9 percent drop. That leaves a gap of about 509,000, the widest since Redfin began tracking this data in 2013.

Affordability Squeezing Buyers

A mix of high mortgage rates and persistently elevated home prices is driving many Americans out of the market. The average 30-year fixed-rate mortgage stood at 6.72 percent as of July 31, according to Freddie Mac, adding significant monthly costs to any home purchase.

Meanwhile, Redfin reports that the median sale price for a U.S. home in June reached \$446,766, 1 percent higher than last year and up 44 percent from June 2020. Other financial burdens, such as property taxes, homeowners' association (HOA) fees, and insurance premiums, are also climbing in many regions.

As a result, many potential buyers are holding off. Concerns about the U.S. economy, particularly inflation and the impact of ongoing federal policies, are further contributing to caution among prospective homeowners.

On the other side, more sellers are entering the market. Some are driven by necessity, others are simply no longer willing to wait for interest rates to fall. The total number of homes available reached more than 2.1 million in June, a 14.7 percent increase compared to last year. However, increased supply doesn't guarantee a sale.

Sellers are being forced to adjust their expectations. In June, 21.5 percent of homes sold at a discount, up from 17.5 percent a year earlier. Meanwhile, the number of homes selling above the asking price fell to 31 percent, a 4.1-point drop. Some of the homes counted were owned by individuals listing multiple properties, helping explain why inventory outpaced the number of individual sellers.

Despite Redfin's definition of a buyer's market, where sellers outnumber buyers by more than 10 percent, many Americans don't feel like they're getting a good deal. In June, the gap was 36 percent, yet home affordability remains a major barrier.

Certain markets, such as Florida and Texas, have experienced significant inventory growth alongside new construction, providing more leverage to buyers. However, regions in the Northeast and West still face housing shortages, leaving buyers with fewer choices and elevated prices.

A growing number of sellers are also delisting their homes, possibly in response to weak demand or unsatisfactory offers. Realtor.com reports that delistings in July jumped 48 percent from a year earlier. For every 100 new listings that month, 21 homes were pulled off the market without selling.