

Spring Slowdown: U.S. Home Sales Expected to Dip for Third Straight Month

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— Categories: Real Estate



The U.S. housing market appears to be experiencing a continued slowdown, with home sales likely declining again in May. Economists surveyed by The Wall Street Journal estimate a 1.3% decrease in sales of previously owned homes compared to April, marking the third consecutive month of decline. This trend highlights ongoing challenges in the spring housing season.

April's sales figures were already concerning, reflecting the slowest pace for that month since 2009, with a 0.5% drop to a seasonally adjusted annual rate of 4 million homes sold.

The forthcoming report from the National Association of Realtors will provide a clearer picture of whether May's activity followed this downward trajectory.

Several factors contribute to the sluggish market conditions. Persistently high home prices continue to limit affordability for many prospective buyers. At the same time, elevated mortgage rates have increased borrowing costs, further constraining demand.

Economic uncertainty also plays a significant role, as concerns about inflation, financial market volatility, and the potential for an economic slowdown lead many buyers to exercise caution. This hesitancy is reflected in the subdued transaction volumes observed in recent months.

It is important to note that May's sales data primarily reflects purchase decisions made in March and April, given the typical lag between contract signing and closing. The coming months will be critical in determining whether the housing market can regain momentum or if the current softness persists.

In summary, the U.S. housing market is navigating a challenging environment marked by affordability pressures and economic caution. Stakeholders will be closely monitoring upcoming data for signs of stabilization or further decline.