

## California Housing Market 2025: What Buyers and Sellers Need to Know

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If you're planning to buy or sell a home in California, you may be wondering what's happening in the housing market this year. The truth is, the market in 2025 is showing mixed signals, some positive, but also some challenges ahead.

### Sales Are Up, But May Shows a Slowdown

So far in 2025, home sales in California are slightly higher than they were in 2024. This suggests that demand remains steady in many parts of the state. However, when we look

closer at May's data, there is a noticeable slowdown in both the number of homes sold and the prices.

This change may seem confusing, but it reflects shifting conditions in the market.

### **Higher Interest Rates Affect Buyer Demand**

One key reason for this slowdown is the rise in mortgage interest rates. After several years of very low rates, mortgage costs have increased. This makes monthly payments more expensive and has caused some buyers to hold back or look for less expensive homes.

At the same time, California's home prices remain high, making it harder for many people, especially first-time buyers, to afford a home.

### **What This Means for Buyers**

For buyers, the current market can offer some advantages. With fewer competing buyers, there is less pressure to bid above the asking price. Buyers can take more time to find the right home and negotiate better deals than in recent years.

### **What Sellers Should Know**

For sellers, the market is no longer as favorable as before. While homes are still selling, it is important to price your property realistically and be open to negotiation. Homes may stay on the market longer, so patience and preparation can help ensure a successful sale.

### **Looking Ahead**

Experts expect the California housing market to stabilize through the rest of 2025, with modest growth rather than large swings. Changes in interest rates, economic factors, and housing policies will all influence how the market performs.

Whether you're buying, selling, or just interested in California real estate, 2025 is shaping up to be a year of transition. Understanding these trends can help you make better decisions in a changing market.