

## Median Home Price Hits \$422.8 as Rates Near 7% in May

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— Categories: Real Estate



The U.S. housing market continues to strengthen as the median home price nationwide reached \$422,800 in May 2025. This figure represents a 1.3 percent increase compared to last year, setting a new record high for May. According to the National Association of Realtors (NAR), this marks the 23rd consecutive month of year-over-year price gains, underscoring the steady upward trend in home values across the country.

Despite the rising prices, the market faces ongoing challenges, particularly for prospective buyers. The near 7 percent mortgage rates add to affordability concerns, as higher

borrowing costs can limit the number of qualified buyers and reduce purchasing power. As a result, many shoppers find themselves priced out of the market, especially in competitive regions where demand remains high.

### **Why Prices Keep Rising**

The consistent rise in home prices can be attributed to several factors. Limited housing inventory remains a significant driver, with fewer homes available than buyer demand. This supply shortage puts upward pressure on prices as more buyers compete for a limited number of properties.

Ongoing economic factors such as inflation and wage growth can influence housing costs. Although mortgage rates have increased compared to the lows seen in previous years, they are still relatively moderate from a historical perspective, which helps sustain buyer interest.

### **Looking Ahead: What to Expect This Summer**

While predicting the housing market's future can be challenging, industry experts offer insights into what buyers and sellers might expect over the summer months of July, August, and September. Many believe the market will continue to experience steady price growth, but at a slower pace than in recent years.

Mortgage rates will likely remain close to current levels, keeping borrowing costs elevated but not prohibitive for many buyers. Inventory may improve slightly as new construction projects progress and more homeowners decide to sell, easing some pressure on prices.

However, affordability will remain a key concern for many households, especially first-time buyers and those in high-cost areas. As a result, some experts expect to see a gradual shift in demand, with buyers becoming more selective and prioritizing homes that fit their budgets.

### **Conclusion**

The housing market in 2025 continues to balance strong price growth with affordability challenges. The median home price reaching \$422,800 in May, combined with mortgage rates just shy of 7 percent, paints a complex picture for buyers and sellers alike. While the market remains competitive, industry professionals anticipate a stable, if slightly cooler, summer season ahead.

Prospective buyers must stay informed about market trends and work closely with real estate professionals to navigate this evolving landscape successfully.