

February 2025

# Monthly Research Update

National Association of REALTORS®  
Research Group



NATIONAL  
ASSOCIATION OF  
REALTORS®

## Event: FREE Real Estate Forecast Summit



On **March 21, 2025, from 2:00 – 3:00 p.m.** ET, NAR will hold a virtual economic and real estate summit focusing on residential and commercial markets.

A recording of the event will be made available to REALTORS® as a value-added resource to discuss and strategize the market with clients. Registered attendees will receive an email with a link to the recording as soon as it is available. The recording will also be posted on nar.realtor and NAR's Research social media account pages.

[\*\*Register Here\*\*](#)

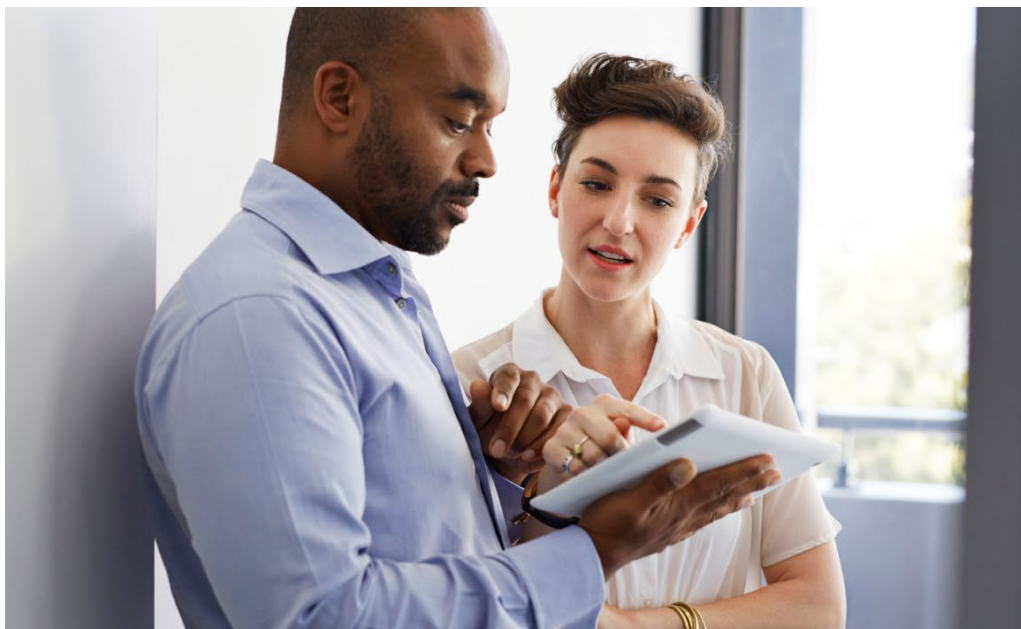
## Data

**Existing-Home Sales** – Existing-home sales retreated in January. Sales slipped in three major U.S. regions and held steady in the Midwest. Year-over-year, sales rose in three regions and were unchanged in the South. Total existing homes descended 4.9% from December to a seasonally adjusted annual rate of 4.08 million in January. Year-over-year, sales improved 2.0% (up from 4 million in January 2024).

**Pending Home Sales** – Pending home sales pulled back 4.6% in January. The Midwest, South, and West experienced month-over-month transaction losses – with the most significant drop in the South – while the Northeast saw a modest gain. Year-over-year, contract signings lowered in all four U.S. regions, with the South seeing the greatest falloff. The Pending Home Sales Index fell 4.6% to 70.6 in January, an all-time low. (Last year’s cyclical low point in July 2024 was revised from 70.2 to 71.2.) Year-over-year, pending transactions declined 5.2%. An index of 100 is equal to the level of contract activity in 2001.

**Housing Affordability Index** – The housing affordability index increased to 100.7 in December from 99.4 in November. An index above 100 means that a family with a median income has more than the income required to afford a median-priced home.

**REALTORS® Confidence Index** – 47% of respondents reported that properties sold in less than one month. This is down slightly from a month ago (49%) and down from 53% one year ago. Homes listed received an average of 2.6 offers, up from 2.1 last month and essentially flat from 2.7 one year ago. 29% of buyers had all-cash sales, virtually unchanged from 28% one month ago and down from 32% one year ago.



## Reports

### January 2025 Foot Traffic

Nationally, Sentrilock home showings were up 4% year-over-year. Three of four regions saw an increase in showings year-over-year in January: The Northeast (56%), the West (3%), and the Midwest region (2%). The South region remained flat at 0%.

### Housing Hot Spots for 2025: Top Markets and Stabilizing Rates

The year ahead is poised to bring more opportunities for homebuyers as the housing market continues to stabilize. The Federal Reserve is expected to maintain a gradual approach to easing monetary policy in 2025. While concerns about federal deficits and rising public debt may cap the extent of those rate cuts, borrowing costs are anticipated to stabilize overall, offering some relief to prospective buyers. However, mortgage rates are unlikely to return to the ultra-low levels seen during the pandemic or the pre-pandemic levels. Affordability will remain a concern for many, particularly in high-demand markets. The National Association of REALTORS® forecasts mortgage rates to stabilize near 6% in 2025, likely establishing a new normal.

### January 2025 Commercial Real Estate Market Insights

After several years of tightening monetary policy, over the last four months of 2024, the Federal Reserve implemented three rate cuts lowering its rates to 4.5% by the end of the year. Despite these reductions, the market had already priced in these anticipated rate cuts, and loan rates remained higher than they were a year ago. While the Federal Reserve is expected to continue reducing its rates, uncertainty remains regarding how the new administration's policies will impact the market in 2025. The specifics of these changes are still unclear, but commercial real estate is positioned for improvements in 2025.

### Residential Real Estate Market Snapshot

As 2024 ended, economic activity slowed down, and GDP declined compared to the third quarter. Typically, the housing market is less active in the winter compared to the spring and summer months. Despite slow economic conditions, December saw the strongest increase in existing-home sales since February 2024. During that month, attention was focused on mortgage rates, which remained high even as the Federal Reserve made an additional cut to the Federal Funds rate. Reducing mortgage rates relies on bringing the inflation rate even closer to the Federal Reserve's target of 2%. With housing prices decreasing and more rate cuts anticipated in 2025, mortgage rates are expected to remain below 7%.

## Articles on the Economy

### **Built-for-Rent Housing Remains Elevated**

Lack of inventory, high home prices, mortgage rates, student debt, and childcare costs can prevent home buying; build-for-rent offers an alternative.

### **Instant Reaction: Mortgage Rates, February 20, 2025**

Mortgage rates are easing and are expected to remain in the mid-6 % range, eliminating the uncertainty of fluctuating mortgage rates for buyers.

### **Instant Reaction: Mortgage Rates, February 13, 2025**

If housing inventory continues to grow, home buyers will find themselves in a more favorable position compared to previous years.

### **Just the Facts, Ma'am: Single Women Home Buyers Since 1981**

Today, single women are surpassing all odds by purchasing homes while having lower household incomes in an increasingly unaffordable housing market.

### **Instant Reaction: CPI, February 12, 2025**

Rising inflation will delay any rate cuts by the Fed this year until inflation trends toward 2% or the economy begins to face net job losses.

### **Housing Shortage Tracker: Insights From the Final Quarter of 2024**

NAR has identified areas with the highest deficit of homes in selected major metropolitan areas across the country.

### **Behind the Numbers: Top 15 States for Population and Migration Trends in 2024**

Last year, the U.S. population grew at its highest rate since 2001, largely driven by a surge in international migration.

### **Instant Reaction: Jobs, February 7, 2025**

The number of unemployed declined by 35,000 in January, lowering the unemployment rate to 4.0%.