

Residential Real Estate Market Snapshot Report

July 2025

National Association of REALTORS®
Research Group



NATIONAL
ASSOCIATION OF
REALTORS®

Overview

The Housing Market in May 2025

In May, the economy continued to send mixed signals amid uncertainty surrounding the impact of tariffs on prices. On one hand, inflation increased modestly, leading the Federal Reserve to keep the Federal Funds Rate unchanged until the inflation rate is contained or falls below the 2% target. On the other hand, the labor market continued to add jobs, and the unemployment rate remained stable.

Rents, which account for over one-third of the Consumer Price Index, continue to exert upward pressure on overall inflation, rising at a significantly faster pace than the overall index.

Despite this, both existing home sales and contract signing activity increased in May. The summer is typically a busy season in the real estate market, coinciding with school breaks that provide families with the flexibility to make major moves. In addition, the Mortgage Purchase Index, which increased that month, signaled that market activity is expected to pick up even more next month. This is mainly due to stability in the job market and sustained wage growth, which are sufficient to encourage some buyers to enter the market despite the higher rates.

Economic Activity

Gross Domestic Product



Source: U.S. Bureau of Economic Analysis

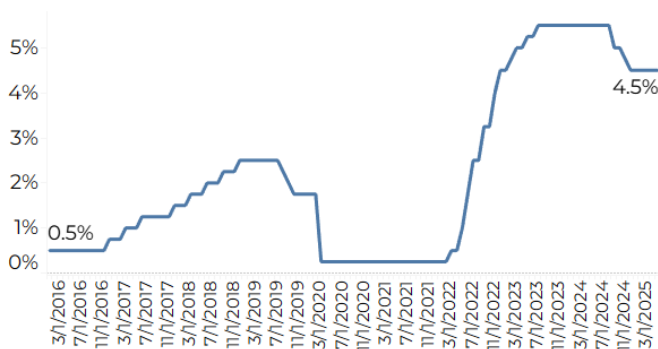
Q1 2025: **-0.5%**

Q4 2024: **2.4%**

Q1 2024: **1.6%**

According to the third estimate from the Bureau of Economic Analysis (BEA), the real gross domestic product (GDP) decreased 0.5% in the first quarter of 2025. The decline in real GDP largely reflected an increase in imports, which are subtracted from the calculation of GDP, and a decrease in government spending. However, these movements were partly offset by increasing investment, consumer spending, and exports.

Interest Rates



Effective Federal Funds Rate, Upper Limit

Source: Federal Reserve Board

May 2025: **4.5%**

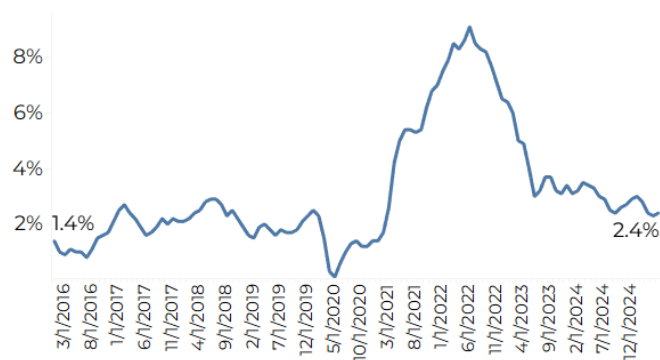
April 2025: **4.5%**

May 2024: **5.5%**

In June 2025, the upper limit of the Federal Funds Rate remained at 4.5%. Although the Federal Reserve began cutting the short-term rate in September of 2024, inflation continued to rise above its target. Consequently, the Fed announced that it would maintain a rate range of 4.25%-4.50% until inflation decreases.

Economic Activity

Inflation

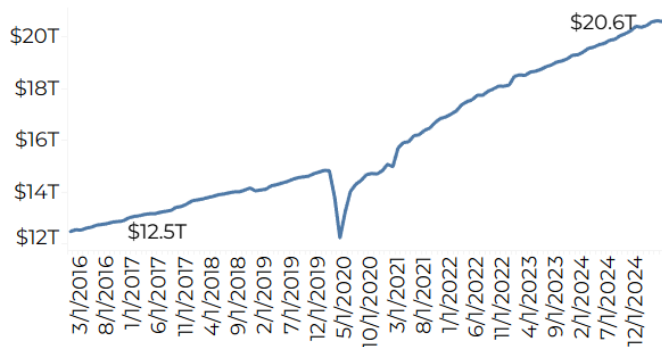


CPI Year/Year Percent Change, Seasonally Adjusted
Source: U.S. Bureau of Labor Statistics

May 2025: **2.4%**
April 2025: **2.3%**
May 2024: **3.3%**

In May, the Consumer Price Index (CPI inflation) for all items over the last 12 months rose 2.4%. The primary factor in the all-items monthly increase was the index for shelter, which rose 0.3%. Month-to-month, CPI rose 0.1% after rising 0.2% in April.

Consumer Spending



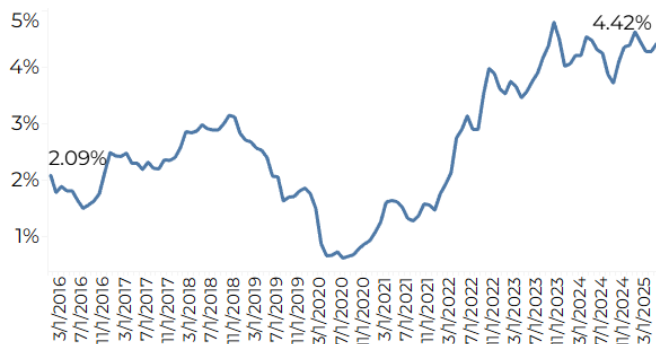
Personal Consumption Expenditures, Seasonally Adjusted
Source: U.S. Bureau of Economic Analysis

May 2025: **\$20.6 trillion**
April 2025: **\$20.6 trillion**
May 2024: **\$19.7 trillion**

Personal consumption expenditures decreased by 0.1% or \$29.3 billion. The \$29.3 billion decrease in current-dollar expenditures in May reflected a \$49.2 billion decrease in spending on goods, which was partly offset by a \$19.9 billion increase in spending for services. The most notable decreases were in spending on motor vehicles and parts (-49.3%) and gasoline and energy goods (-19.8%). Housing-related expenditures rose \$13.7 billion.

Economic Activity

10-Year Treasury Yield



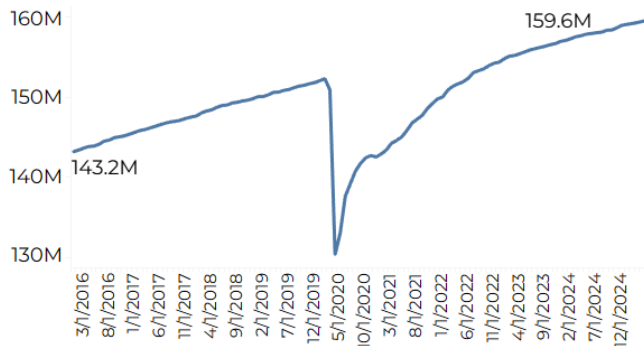
Percent
Source: U.S. Treasury

May 2025: **4.42%**
April 2025: **4.28%**
May 2024: **4.48%**

The 10-year Treasury rate rose to 4.42% in May. Its direction for the rest of the year will largely depend on developments in global trade and shifting expectations about the broader economy. Mortgage rates typically track the 10-year Treasury yield.

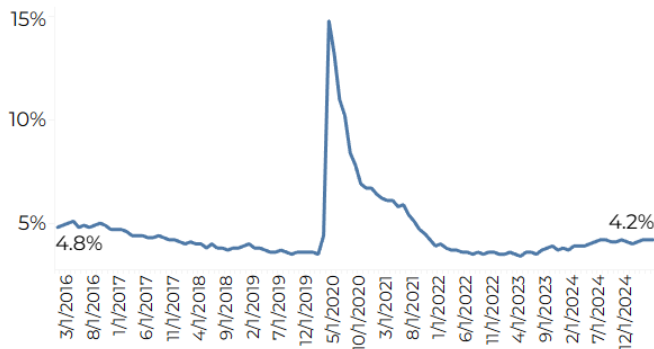
Employment Situation

Employment



Payroll Employment, Seasonally Adjusted
Source: U.S. Bureau of Labor Statistics

Unemployment



Unemployment Rate, Seasonally Adjusted
Source: U.S. Bureau of Labor Statistics

May 2025: **159.6 million**
April 2025: **159.5 million**
May 2024: **157.8 million**

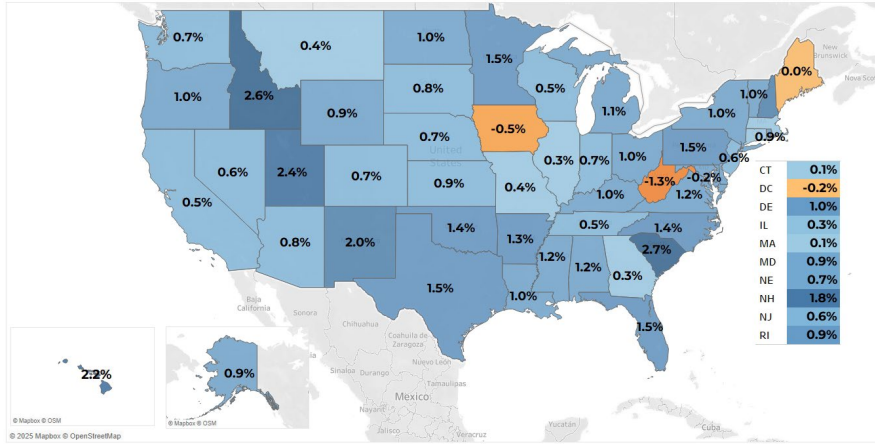
In May, 139,000 jobs were added to the U.S. labor market, roughly in line with the average monthly gain of 149,000 over the prior 12 months. That month, job growth continued to trend upward in healthcare, leisure and hospitality, and social assistance. The Federal government continued to lose jobs while the real estate industry rose by 4.2% in jobs.

May 2025: **4.2%**
April 2025: **4.2%**
May 2024: **4.0%**

The unemployment rate remained unchanged at 4.2% in May and has remained in the range of 4.0% to 4.2% since May 2024. The number of unemployed people, 7.2 million, changed little from the prior month.

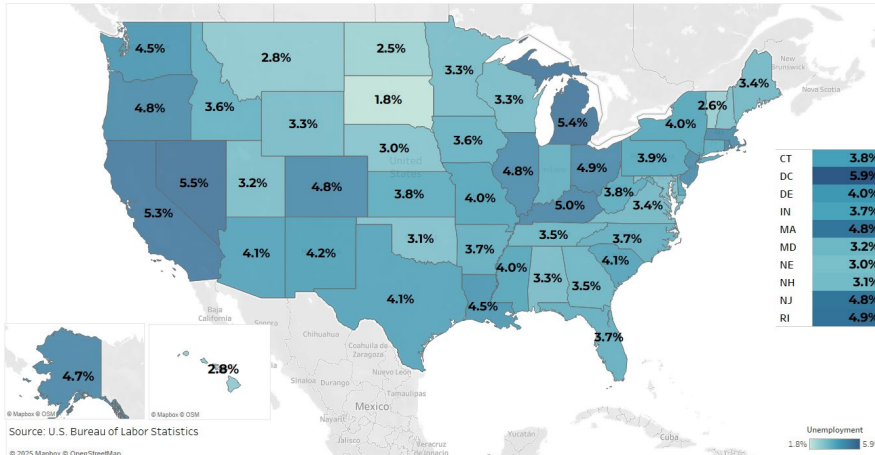
Employment Situation

Year-over-year employment change
Change between 05/2024 - 05/2025



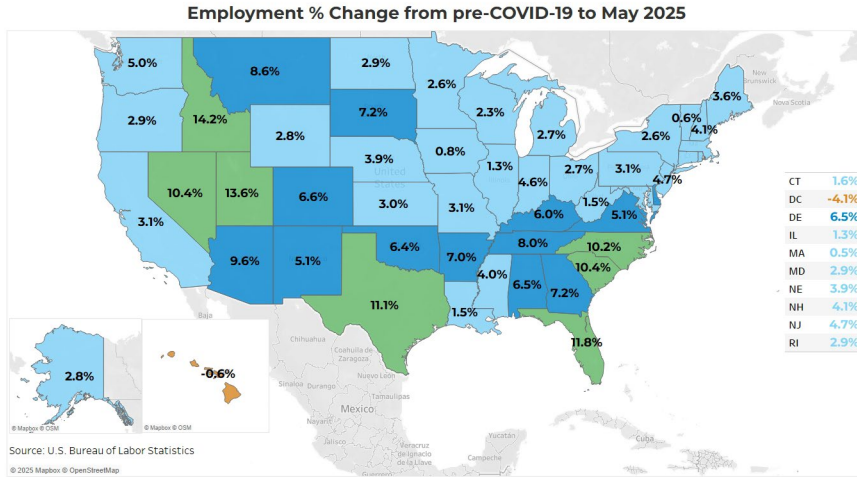
In May 2025, nonfarm payroll employment remained essentially unchanged in 50 states and the District of Columbia. Year-over-year, employment increased in 18 states. The largest job gains occurred in Texas (+213,000), Florida (+148,700), and New York (+100,400), while the largest percentage increases occurred in South Carolina (+2.7%), Idaho (+2.6%), and Utah (+2.4%).

Unemployment as of May 2025



As of May 2025, 21 states had unemployment rates lower than the national average of 4.2%, with South Dakota having the lowest jobless rate at 1.8%. In contrast, the District of Columbia had the highest jobless rate at 5.9%, followed by Nevada (5.5%) and Michigan (5.4%). In May, the jobless rate increased in Massachusetts, Iowa, and Virginia.

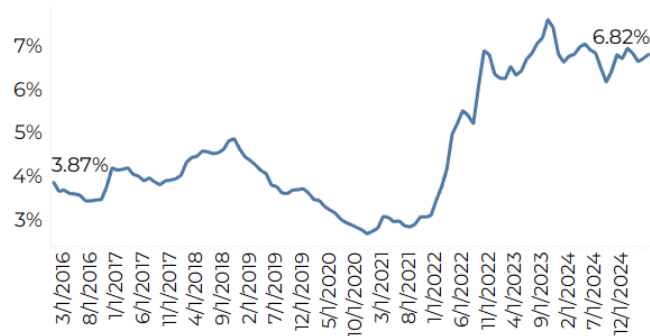
Employment Situation



Overall, most states have recovered from the job losses that occurred during the pandemic, although some have recovered more quickly than others. Between April 2020 and May 2025, the largest job gains were recorded in Idaho (14.2%), Utah (13.6%), Florida (11.8%), Texas (11.1%), Nevada (10.4%), South Carolina (10.4%), and North Carolina (10.2%). Concurrently, moderate gains were seen in Massachusetts (0.5%), Vermont (0.6%), and Iowa (0.8%). However, the employment levels in Hawaii (-0.6%) and the District of Columbia (-4.1%) remain below their pre-pandemic levels.

Housing Market

Mortgage Rates



30-Year Fixed Mortgage Rate, Monthly Averages
Source: Federal Home Loan Mortgage Corporation

Mortgage Purchase Index



MBA Purchase Index, Monthly Averages
Source: Mortgage Bankers Association of America, Haver Analytics

May 2025: **6.82%**

April 2025: **6.73%**

May 2024: **7.06%**

Mortgage rates increased to 6.82% in May, up from 6.73% in the previous month, and continued to trend below the historical average of 7.7% since 1971. However, these rates are higher than those seen since February. The increase is a result of the bond market responding to global economic news, such as the tariff discussions.

May 2025: **160.8**

April 2025: **159.2**

May 2024: **139.3**

The Purchase Index, which measures mortgage applications for single-family home purchases and leads home sales by four to six weeks, increased further to an average of 160.8 in May. The increase suggests that we will begin to see stronger demand for housing as the market transitions to summer. However, it's still lower than the historical average of 247.6 between 1990 and 2024.

Housing Market

Existing Home Sales



Annualized

Source: National Association of REALTORS®

Pending Home Sales



PHS Index, Seasonally Adjusted

Source: National Association of REALTORS®

May 2025: **4.03 million**

April 2025: **4.00 million**

May 2024: **4.06 million**

Existing-home sales in May increased by 0.8% to 4.03 million. This represents a 0.7% decrease from the rate of sales one year ago. Sales elevated in the Northeast, Midwest, and South regions, but retreated in the West. Year-over-year, sales increased in the Northeast and Midwest but decreased in the South and West.

May 2025: **72.6**

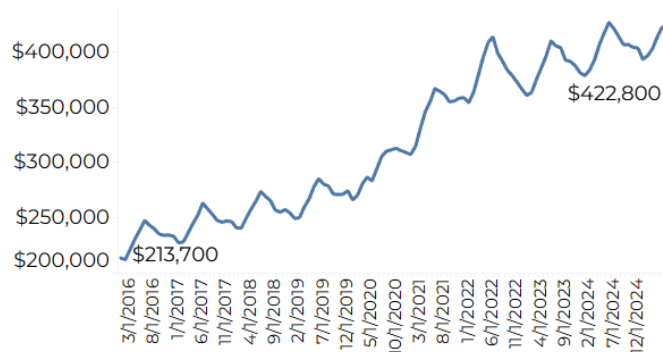
April 2025: **71.3**

May 2024: **71.8**

In April, pending home sales increased by 1.8% from the previous month. Contract signing activity rose in all four U.S. regions compared to April. Year-over-year, pending sales increased in the Midwest and South but decreased in the Northeast and West regions.

Housing Market

Median Sales Price



Existing Single-Family Homes

Source: National Association of REALTORS®

Housing Affordability



HAI Index, Seasonally Adjusted

Source: National Association of REALTORS®

May 2025: **\$422,800**

April 2025: **\$414,000**

May 2024: **\$417,200**

The national median existing-home price for all housing types increased by 1.3% from May 2024 to \$422,800, a record high for the month of May, and the 23rd consecutive month of year-over-year price increases. Across the country, the median price increased in the Northeast, Midwest, and West regions, but decreased in the Southern region.

April 2025: **101.0**

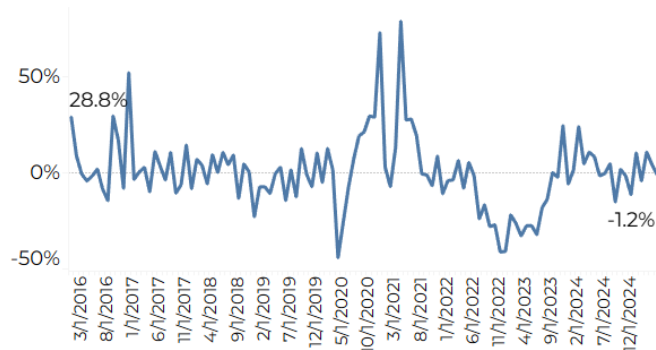
March 2025: **103.2**

April 2024: **95.1**

In April, the Housing Affordability Index decreased to 101.0. An index above 100 indicates that the typical family earns enough income to qualify for a median-priced home purchase across the county.

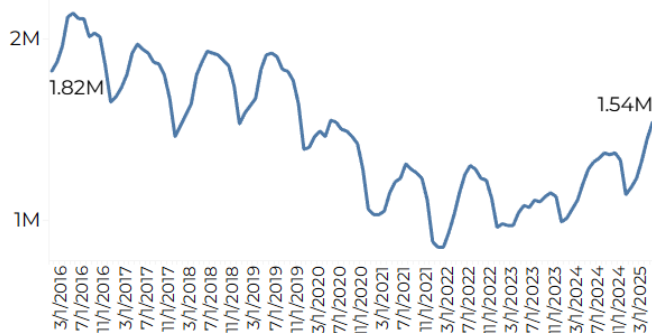
Housing Market

New Listings



Year/Year Percent Change in New Listings
Source: National Association of REALTORS®

Inventory



Total Existing Home Sales Available for Sale, Unadjusted
Source: National Association of REALTORS®

May 2025: **-1.2%**
April 2025: **+4.2%**
May 2024: **+8.3%**

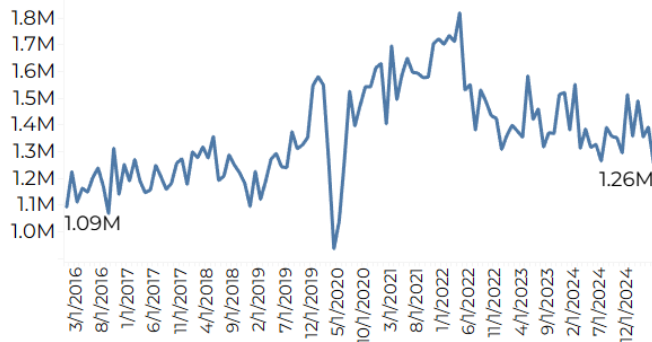
In May, new listings decreased by 1.2% year-over-year, following a 4.2% increase in April. This was a notable decrease compared to one year ago, when the number of listings rose by 8.3%.

May 2025: **1.54 million**
April 2025: **1.45 million**
May 2024: **1.28 million**

May's inventory of unsold listings was 1.54 million units, up 6.2% from April and 20.3% from one year ago. The current unsold inventory is equivalent to a 4.6-month supply at the current sales pace, up from 4.4 months in April and 3.8 months in May 2024.

New Residential Construction

Housing Starts



May 2025: **1.26 million**

April 2025: **1.36 million**

May 2024: **1.32 million**

In May, privately owned housing starts decreased to a seasonally adjusted annual rate of 1.26 million. This increase is 9.8% below the revised April 2025 estimate and 4.6% below the May 2024 rate. Single-family housing starts were at a rate of 924,000 that month, up 0.4% from the previous month.

Building Permits



May 2025: **1.39 million**

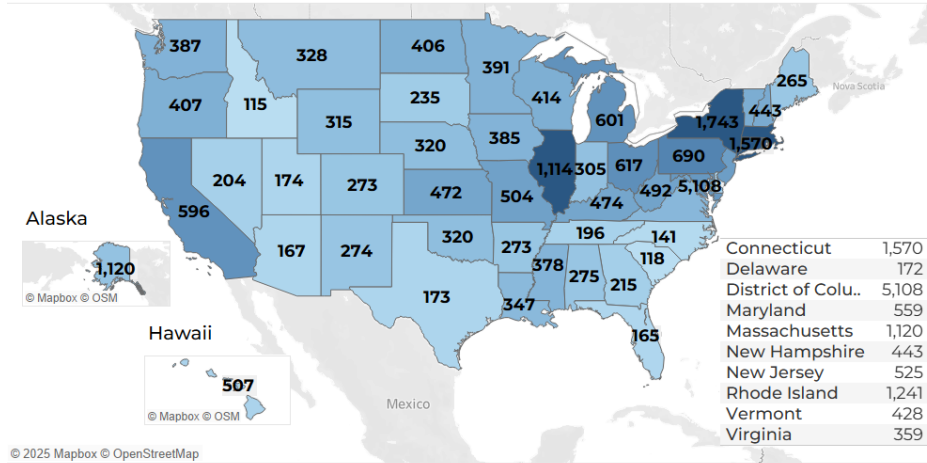
April 2025: **1.42 million**

May 2024: **1.41 million**

Respectively, another measure of housing construction, building permits issued, decreased to 1.39 million in May. The decrease was 2.0% below the revised April 2025 estimate and 1.0% below the May 2024 rate. Single-family permits were at a rate of 898,000, down 2.7% from April.

New Residential Construction

Population Per Single-Family Building Permit by State May 2025

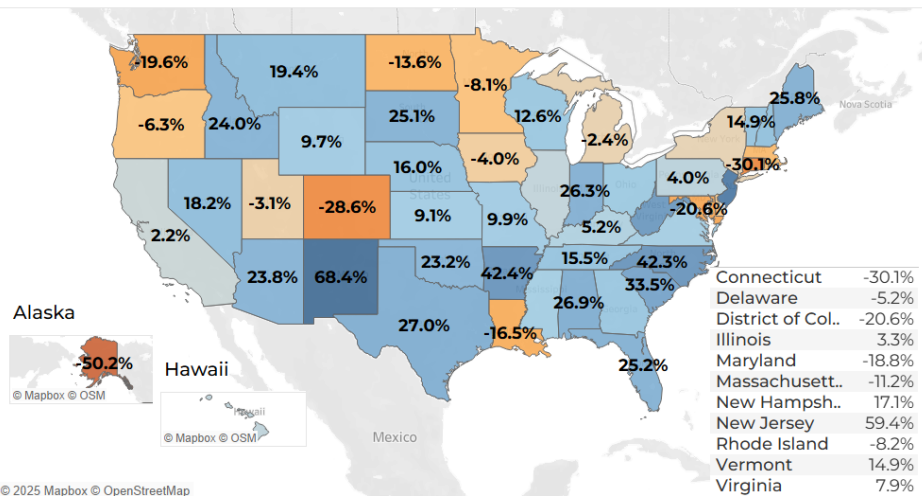


* The ratio is calculated by dividing the number of a state's population by the number of single-family building permits issued in the state within o..

In May, Idaho continued to lead as the state with the highest number of building permits issued per resident, with one permit issued per 115 residents. Similar to last month, Idaho was followed by South Carolina (118), North Carolina (141), Florida (165), Arizona (167), Texas (173), and Utah (174). The District of Columbia maintained its ranking at the bottom of the list, with only one permit issued per 5,108 residents. This was a notable setback from April, when the District issued one permit per 4,597 residents.

New Residential Construction

State Percentage Change of Single-Family Building Permits Between Pre-COVID and May 2025



Similar to April 2025, New Mexico was leading with the highest increase in single-family building permits. Between May 2019 and May 2025, the number of permits issued in New Mexico increased by 68.4%. In contrast, Alaska continued to experience the largest decrease in permits, at -50.2%. This was a slight improvement from Alaska's April rate of -52.1%.

About the National Association of REALTORS®

As America's largest trade association, the National Association of REALTORS® is involved in all aspects of residential and commercial real estate.

The term REALTOR® is a registered collective membership mark that identifies a real estate professional who is a member of NAR and subscribes to its strict [Code of Ethics](#).

For free consumer guides about navigating the homebuying and selling transaction processes – from written buyer agreements to negotiating compensation – visit [facts.realtor](#).

About the National Association of REALTORS® Research Group

The mission of the National Association of REALTORS® Research Group is to produce timely, data-driven market analysis and authoritative business intelligence to serve members, and inform consumers, policymakers and the media in a professional and accessible manner.

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