Residential Real Estate Market Snapshot Report

October 2025

National Association of REALTORS®
Research Group

NATIONAL ASSOCIATION OF REALTORS®

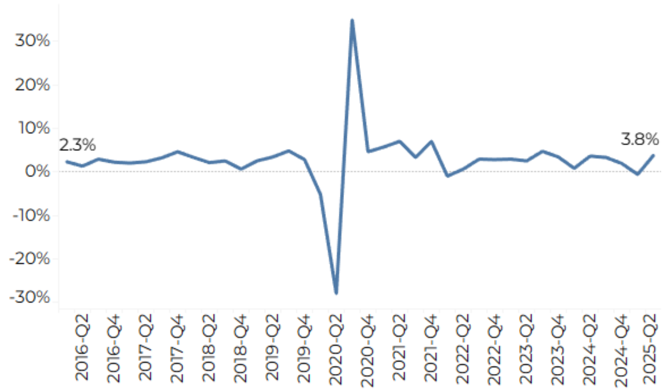
Overview
The Housing Market in August 2025

As summer comes to an end, the housing market typically cools down. This August, existing-home sales remained relatively unchanged, following a long period of sluggish sales due to elevated mortgage rates and limited affordable inventory. However, key economic indicators suggest a direction of improvement: mortgage rates are nearing a 12-month low, and although inventory levels decreased that month, they remain higher than they were at this time last year. Overall, the direction of the 10-year Treasury yield implies that mortgage rates will remain relatively low, which will help boost home sales by expanding the pool of eligible buyers.

From a broader economic perspective, all eyes are on the Federal Funds Rate cuts. The primary goals of the Federal Reserve are to maintain maximum employment and price stability in the U.S. economy. While inflation is on the rise and moving further away from the Fed's target rate, the labor market is weakening with low monthly job additions. Therefore, several price cuts are anticipated in the coming months. The cumulative job additions over the past four months are the weakest since the COVID-19 pandemic, yet the total level of employment is higher than the pre-pandemic levels, sustaining high consumer spending.

Economic Activity

Gross Domestic Product

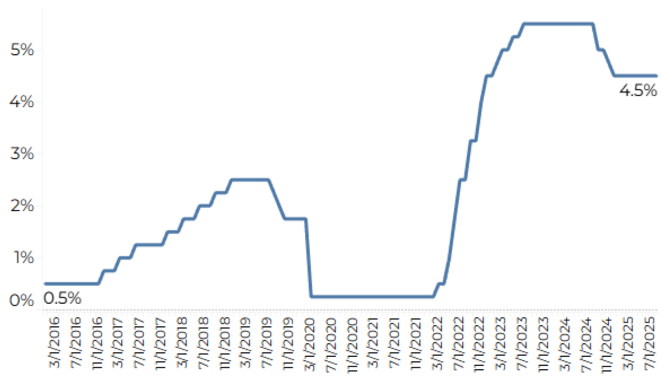


Source: U.S. Bureau of Economic Analysis

Q2 2025: **+3.8%**
Q1 2025: **-0.6%**
Q2 2024: **+3.0%**

According to the third estimate, real GDP increased at an annual rate of 3.8% in the second quarter of 2025. The increase in national product primarily reflected a decrease in imports, which is a subtraction in the calculation of GDP, and an increase in consumer spending. However, investments and exports decreased this quarter. The decrease in the first quarter was revised to -0.6%.

Interest Rates



Effective Federal Funds Rate, Upper Limit
Source: Federal Reserve Board

August 2025: **4.5%**
July 2025: **4.5%**
August 2025: **5.5%**

In August 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.

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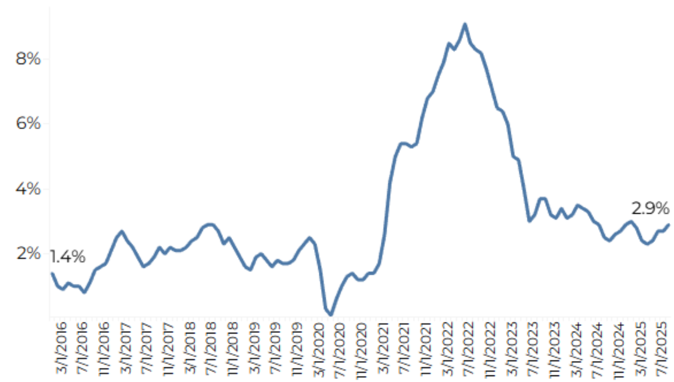
Economic Activity

Inflation

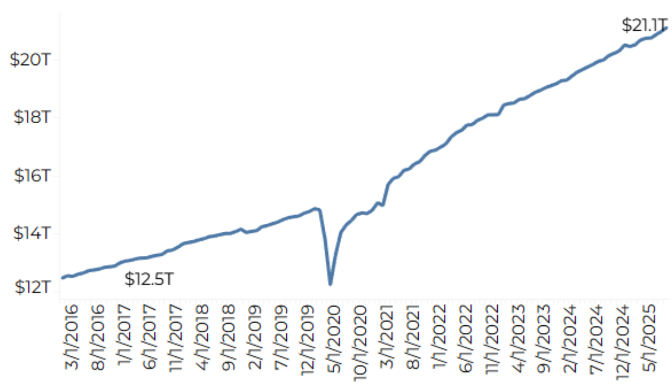


CPI Year/Year Percent Change, Seasonally Adjusted
Source: U.S. Bureau of Labor Statistics

August 2025: **2.9%**
July 2025: **2.7%**
August 2024: **2.5%**

In August, the Consumer Price Index (CPI inflation) for all items over the last 12 months rose 2.9%, similar to the previous month. The index for shelter rose 0.4% in August and was the largest factor in the all-items monthly increase.

Consumer Spending

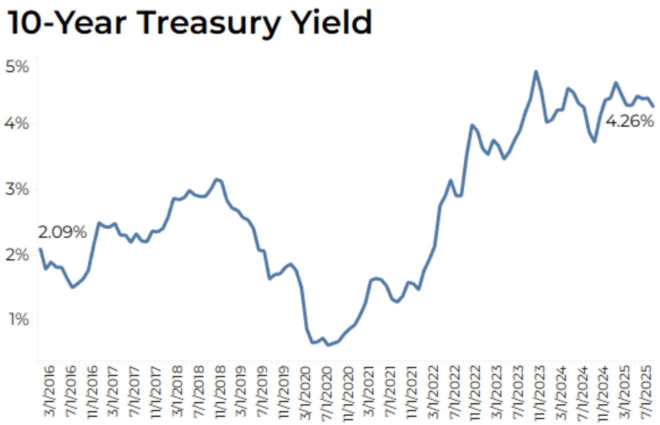


Personal Consumption Expenditures, Seasonally Adjusted
Source: U.S. Bureau of Economic Analysis

August 2025: **$21.1 trillion**
July 2025: **$20.8 trillion**
August 2024: **$20.0 trillion**

Personal consumption expenditures increased by 0.6% to $21.1 trillion in the month of August. The $129.2 billion increase in current-dollar PCE reflected increases of $77.2 billion in spending on services and $52.0 billion in spending on goods. This is the third consecutive month of increases in consumer spending, after current-dollar spending was unchanged in May 2025.

Economic Activity



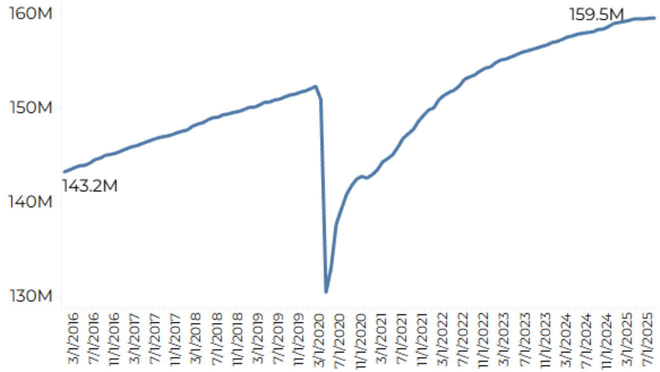
Percent
Source: U.S. Treasury

August 2025: **4.26%**
July 2025: **4.39%**
August 2024: **3.87%**

The 10-year Treasury rate decreased to 4.26% in August, following a rise in the prior month. Mortgage rates typically track the 10-year Treasury yield. Its direction for the rest of the year will largely depend on developments in global trade and shifting expectations about the broader economy.

Employment Situation

Employment

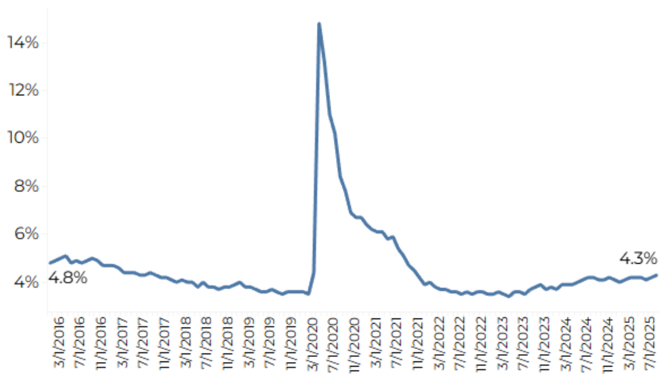


Payroll Employment, Seasonally Adjusted
Source: U.S. Bureau of Labor Statistics

August 2025: **159.5 million**
July 2025: **159.5 million**
August 2024: **158.0 million**

In August, a total of 22,000 jobs were added to the U.S. labor market. Overall, total nonfarm employment showed little change since April 2025. In August, job gains in healthcare were partially offset by losses in Federal government employment and in mining, quarrying, and oil and gas extraction jobs.

Unemployment



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

August 2025: **4.3%**
July 2025: **4.2%**
August 2024: **4.2%**

The unemployment rate has remained in the range of 4.0% to 4.2% since May 2024. In August 2025, both the unemployment rate, at 4.3%, and the number of unemployed people, at 7.4 million, changed very little from the prior month. Year-over-year, these measures changed little as well.

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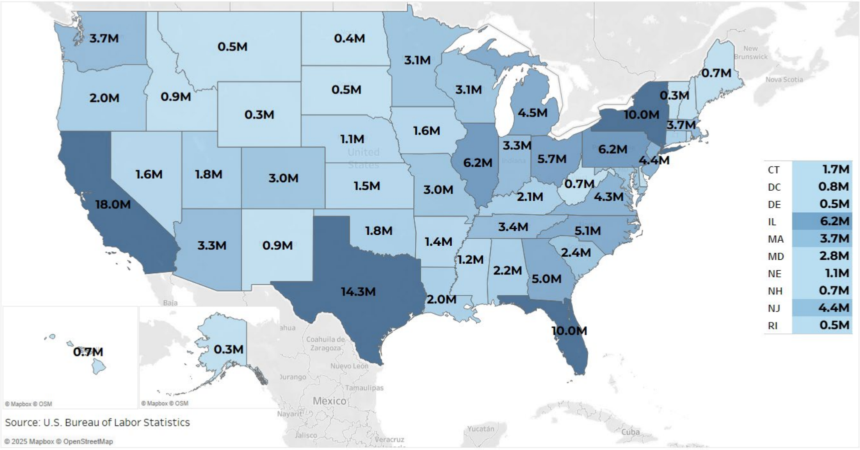
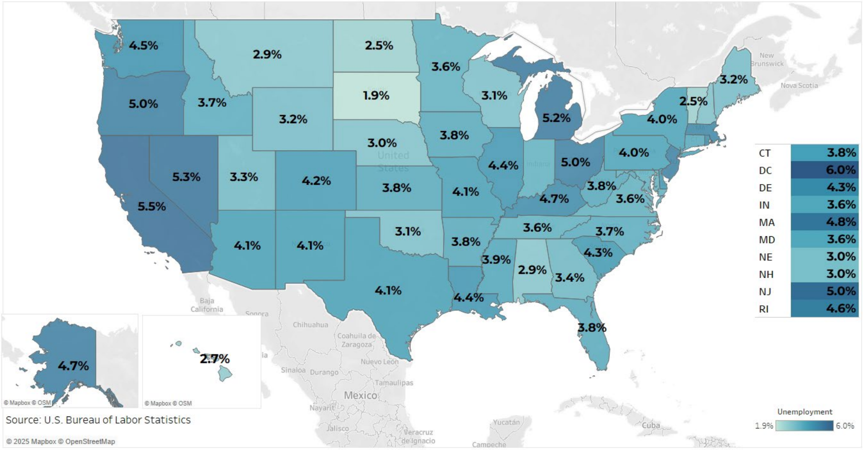
Employment Situation

State Employment August 2025



Unemployment as of August 2025

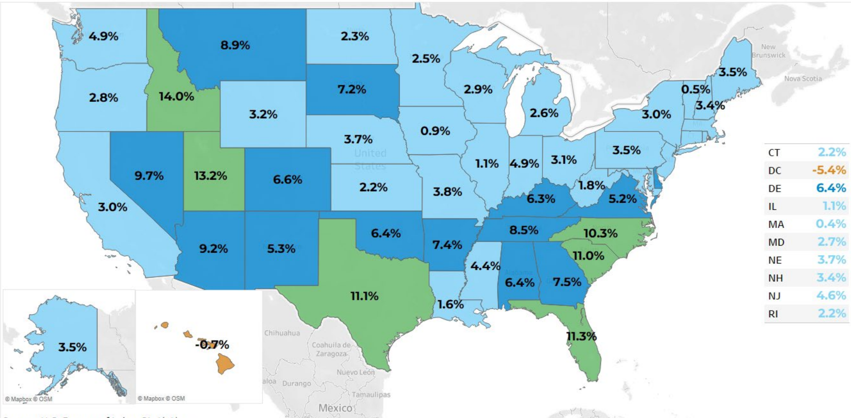


In August, employment increased in Utah (+0.5%) and remained essentially unchanged in 49 states, while it decreased in the District of Columbia (-0.7%). Year-over-year, the largest job gains occurred in Texas (+195,000), New York (+125,100), and Pennsylvania (+101,200). The largest year-over-year percentage increases occurred in South Carolina (+3.1%), Hawaii (+1.9%), and New Mexico (+1.9%).

South Dakota had the lowest unemployment rate in August, compared to the rest of the states and the District of Columbia, at 1.9%. It was followed by California at 5.5%. Overall, 22 states had unemployment rates lower than the U.S. average of 4.3%. In August, Delaware (+0.2 percentage points), Maryland (+0.2 percentage points), and Minnesota (+0.1 percentage points) experienced increases in their unemployment rates. In contrast, Colorado (-0.3 percentage points) and Alabama (-0.1 percentage points) have rate decreases. The remaining states and the District of Columbia had rates that weren't notably different from the prior month.

Employment Situation

Employment % Change from pre-COVID-19 to August 2025

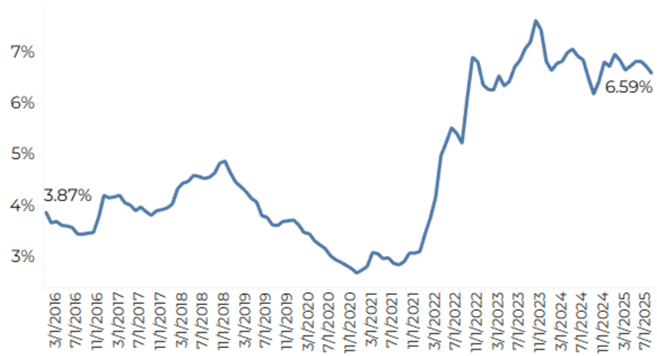


Source: U.S. Bureau of Labor Statistics

In August, most states, apart from the District of Columbia and Hawaii, continued to outperform the pre-pandemic labor market additions. Similar to the previous month, the largest job gains between pre-pandemic and August 2025 were seen in Idaho (+14.0%), Utah (+13.2%), Florida (+11.3%), Texas (+11.1%), South Carolina (+11.0%), and North Carolina (+10.3%). The levels of employment in Hawaii (-0.7%) and the District of Columbia (-5.4%) were still below their pre-pandemic levels.

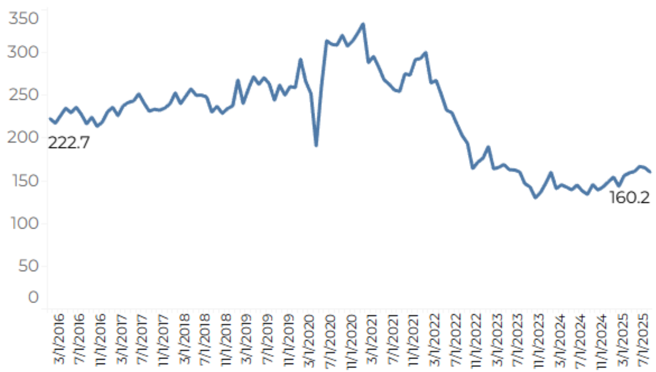
Housing Market

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

August 2025: **6.59%**
July 2025: **6.72%**
August 2024: **6.50%**

The average 30-year fixed mortgage rate decreased to 6.59% in August, dropping to the lowest level since November. Since the beginning of the new year, mortgage rates have remained steady in the mid-6 % range, trending significantly below the historical average of 7.7% since 1971. The stability in mortgage interest rates has contributed to an uptick in loan applications in the previous month.

August 2025: **160.2**
July 2025: **165.3**
August 2024: **134.0**

In August, the Purchase Index showed another decrease to an average of 160.2, after decreasing to 165.3 in July. While this level reflects stronger housing demand compared to the same month last year, the market is showing signs of cooling as the summer winds down. Nevertheless, the index is still lower than the historical average of 247.6 between 1990 and 2024.

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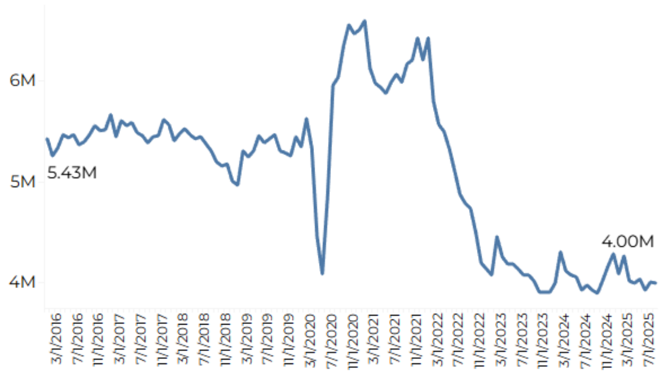
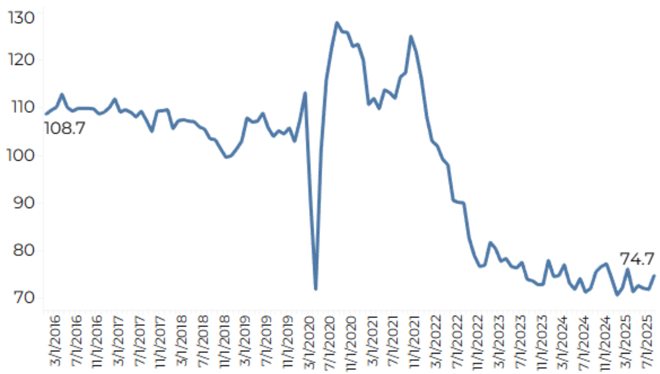
Housing Market

Existing Home Sales



Annualized
Source: National Association of REALTORS®

Pending Home Sales



PHS Index, Seasonally Adjusted
Source: National Association of REALTORS®

August 2025: **4.00 million**
July 2025: **4.01 million**
August 2024: **3.93 million**

Existing-home sales remained essentially unchanged in August, decreasing by only 0.2% to a seasonally adjusted level of 4.0 million. Month-over-month, sales increased in the Midwest and the West but fell in the Northeast and South regions. Year-over-year, nationwide sales increased by 1.8%. Regionally, sales rose in the Midwest and South but fell in the Northeast and West regions.

August 2025: **74.7**
July 2025: **71.7**
August 2024: **72.0**

The Pending Home Sales Index (PHS) is a leading indicator of housing activity that generally leads Existing-home sales by 1-2 months. In August, pending-home sales increased by 4.0% to an index of 74.7. Month-over-month, pending sales saw gains in the Midwest, South, and West, but declined in the Northeast. Year-over-year, pending sales increased by 3.8%, scoring gains in all four regions of the country.

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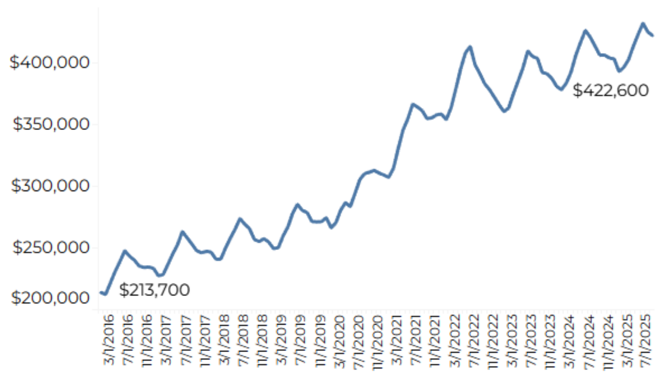
Housing Market

Median Sales Price

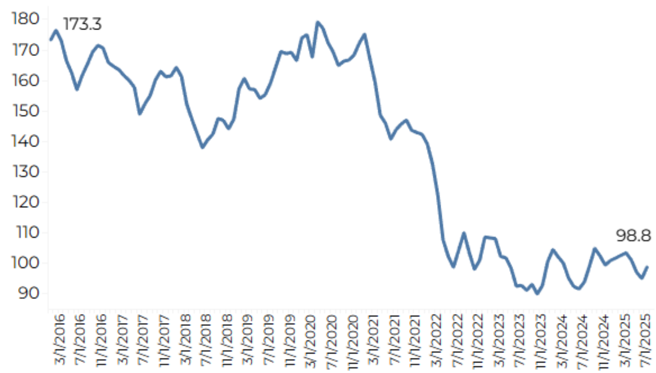


Existing Single-Family Homes
Source: National Association of REALTORS®

August 2025: **$422,600**
July 2025: **$422,400**
August 2024: **$414,200**

In August, the median existing-home price for all housing types increased to $422,600, a 2.0% rise from the median price one year prior. August was the 26th consecutive month of year-over-year price increases.

Housing Affordability



HAI Index, Seasonally Adjusted
Source: National Association of REALTORS®

July 2025: **98.8**
June 2025: **94.4**
July 2024: **93.8**

In July, the Housing Affordability Index rose to 98.8, nearly reaching an index of 100. An index below 100 indicates that the typical family doesn't earn enough income to qualify for a median-priced home purchased across the country.

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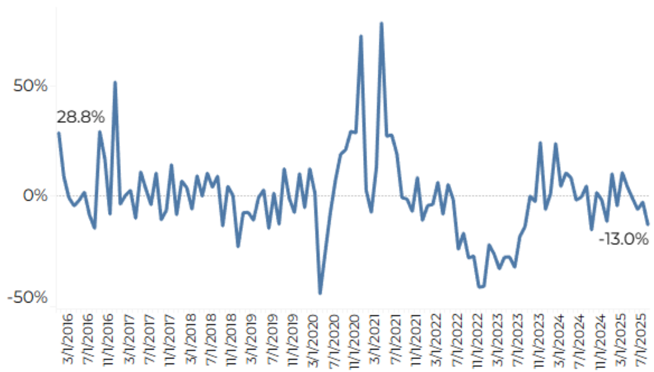
Housing Market

New Listings

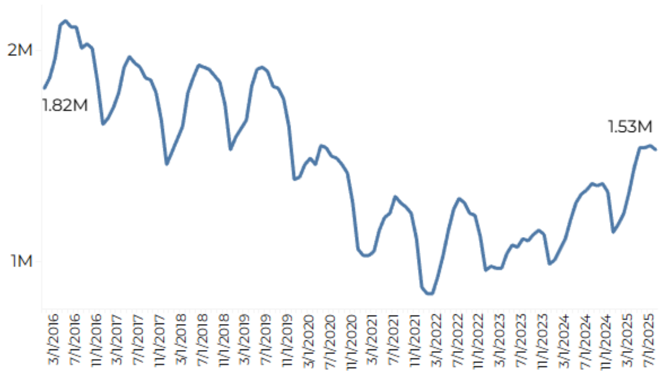


Year/Year Percent Change in New Listings
Source: National Association of REALTORS®

August 2025: **-13.0%**
July 2025: **-2.9%**
August 2024: **4.6%**

New listings decreased further in August, falling by 13.% year-over-year. August was the fourth consecutive month of decreases in the level of listings.

Inventory



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

August 2025: **1.53 million**
July 2025: **1.55 million**
August 2024: **1.37 million**

The level of total housing inventory was at 1.53 million in August, down by 1.3% from July and up by 11.7% from August 2024. August's unsold inventory was equivalent to 4.6 months supply, unchanged from July and up from 4.2 months in August of last year.

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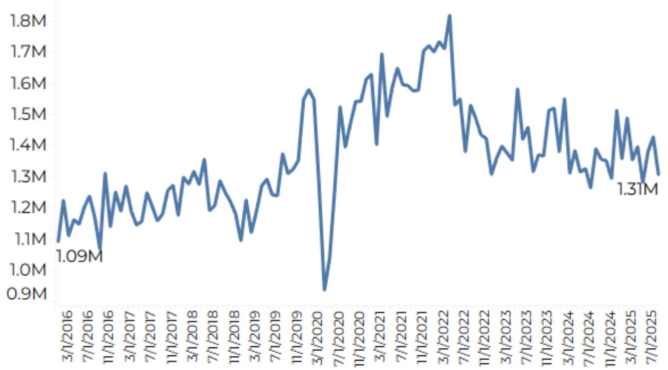
New Residential Construction

Housing Starts



Annualized
Source: U.S. Census Bureau

August 2025: **1.31 million**
July 2025: **1.43 million**
August 2024: **1.39 million**

In July, privately-owned housing starts decreased to a seasonally adjusted rate of 1.31 million. This decrease was 8.5% below the revised July estimate and 6.0% below the revised August 2024 estimate. There were 890,000 single-family starts in August, down by 7.0%% from 957,000 in July.

Building Permits

Seasonally Adjusted
Source: U.S. Census Bureau, Haver Analytics

August 2025: **1.33 million**
July 2025: **1.36 million**
August 2024: **1.47 million**

Respectively, another measure of housing construction, building permits issued, decreased to 1.33 million in August. Permits were down 3.7% from July and 11.1% from August 2024. Single-family authorizations were at a rate of 856,000, 2.2% below the revised July rate of 875,000.

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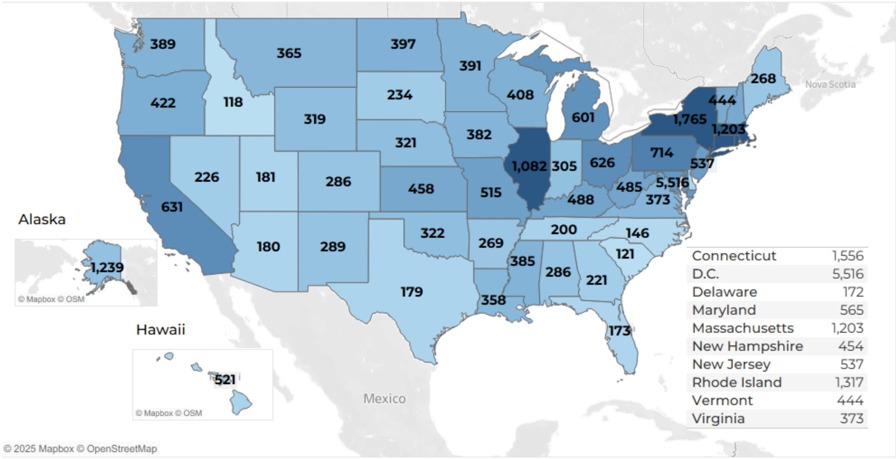
New Residential Construction

Population Per Single-Family Building Permit by State
August 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 one year.
Source: U.S. Census Bureau, NAR Calculations

Similar to July, the same states continued to lead as the states with the highest number of building permits issued per resident in August. Idaho was leading with one permit issued per 116 residents, and was followed by South Carolina (121), North Carolina (146), Delaware (172), and Florida (173). Analogously, the District of Columbia remained the state with the fewest building permits per population, issuing one permit per 5,516 residents, a slight improvement from July. D.C. was followed by New York (1,765), Connecticut (2,556), Rhode Island (1,317), and Alaska (1,239).

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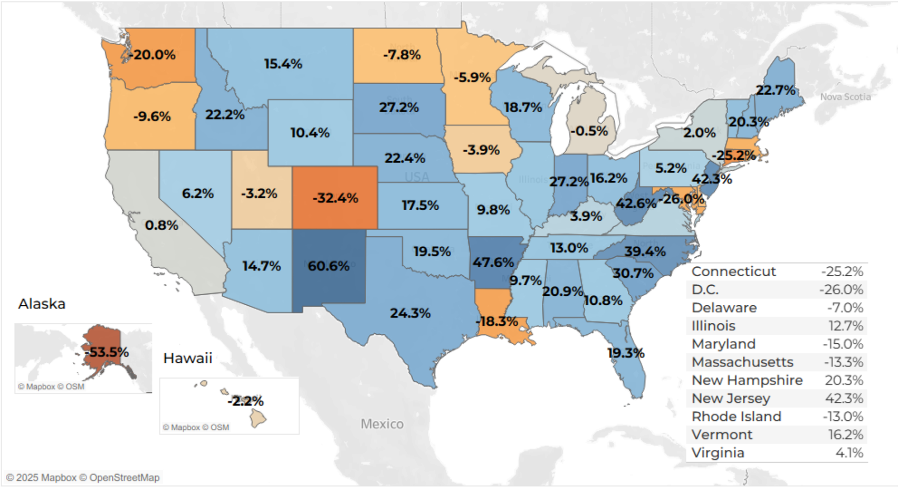
New Residential Construction

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



Source: U.S. Census Bureau, NAR Calculations

Similarly, changes in building permit issuance activity remained essentially unchanged from the previous month. New Mexico remained the leader with the highest increase in single-family building permits. Between August 2019 and August 2025, the number of permits issued in New Mexico increased by 60.6%. It was followed by increases in Arkansas (+47.6%), West Virginia (+42.6%), New Jersey (+42.3%), and North Carolina (39.4%). In contrast, Alaska continued to experience the largest declines in permits, with a further decrease of -53.5%. It was followed by losses in Colorado (-32.4%), the District of Columbia (-26.0%), Connecticut (-25.2%), and Washington (-20.0%).

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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.

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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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