

Residential Real Estate Market Snapshot Report

March 2025

National Association of REALTORS®
Research Group



NATIONAL
ASSOCIATION OF
REALTORS®

Overview

The Housing Market in February 2025

In February, the market was adjusting to recent economic changes. As inflation was still higher than the Federal Reserve's target of 2%, the Federal Funds Rate remained unchanged since December 2024. Despite the price rise, consumer spending on goods and services continued to surge. Notably, a long-anticipated decrease in the Treasury yield was recorded in February, suggesting we may soon see more significant reductions in mortgage rates.

The housing market appears optimistic ahead of the busier spring months, with rising sales and increased contract-signing activity. Existing-home sales increased partly due to larger inventory, while pending home sales also saw a modest uptick. Mortgage rates have decreased for six consecutive weeks, reaching the lowest level in two months. Should the rates continue to decline, the mortgage lock-in effect will diminish, so more homes will become available, and demand will increase among potential homebuyers. However, residential construction must add more building permits to increase supply for the market to be more attractive to first-time homebuyers.

Consistent with the trend since January 2021, the U.S. labor market added more jobs in February despite a rising unemployment rate. These are potential signs of a loosening job market, with more job seekers than positions to fill. Nevertheless, this doesn't necessarily spell bad news for homebuyers, as a weakening labor market could lead to lower interest rates.

Economic Activity

Gross Domestic Product



Percent Change, Annualized Rate
Source: U.S. Bureau of Economic Analysis

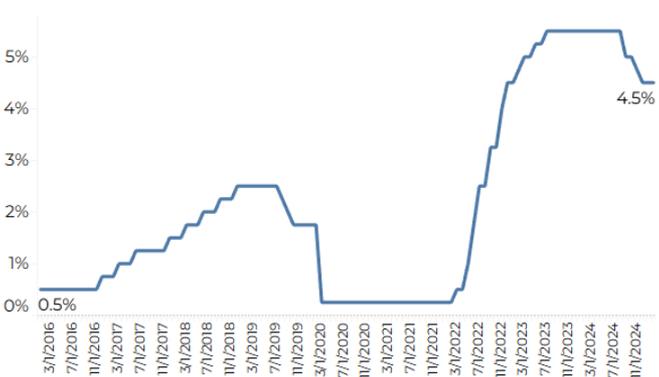
Q4 2024: **2.3%**

Q3 2024: **3.1%**

Q4 2023: **3.2%**

According to the second estimate from the Bureau of Economic Analysis (BEA), the real gross domestic product (GDP) increased 2.3% in the fourth quarter of 2024. Compared to the third quarter, the decline in GDP in the fourth quarter reflected declines in investment and exports. Imports, which are a subtraction in the calculation of GDP, decreased as well.

Interest Rates



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

February 2025: **4.5%**

January 2025: **4.5%**

February 2024: **5.5%**

In February 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 rose above its target. Consequently, the Fed announced it would maintain a range of 4.25%-4.50% for the rate until inflation decreases.

Economic Activity

Inflation



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

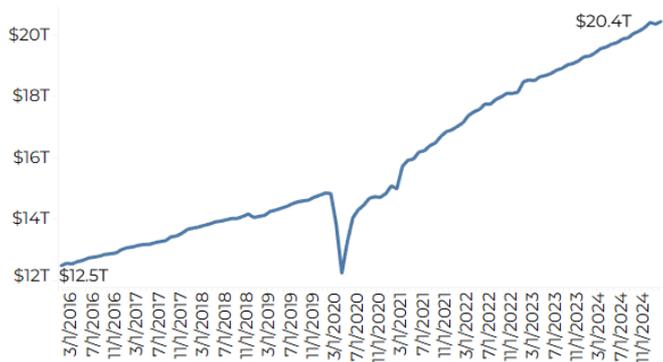
February 2025: **2.8%**

January 2025: **3.0%**

February 2024: **3.2%**

In February, the Consumer Price Index for all items over the last 12 months increased 2.8%. Month-to-month, CPI increased only 0.2%, after rising 0.5% in January. The index for shelter (housing) rose 0.3% that month, accounting for nearly half of the monthly all-items increase.

Consumer Spending



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

February 2025: **\$20.4 trillion**

January 2025: **\$20.4 trillion**

February 2024: **\$19.4 trillion**

Personal consumption expenditures increased 0.4% in February. The \$87.8 billion increase in current-dollar spending reflected an increase of \$56.3 billion in spending for goods and \$31.5 billion in spending for services.

Economic Activity

10-Year Treasury Yield



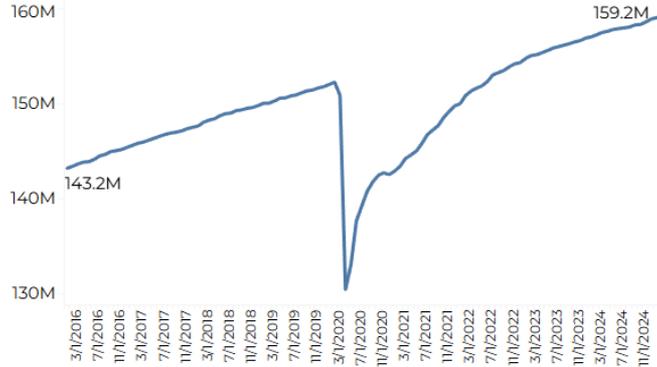
Percent
Source: U.S. Treasury

February 2025: **4.45%**
January 2025: **4.63%**
February 2024: **4.21%**

The 10-year Treasury rate experienced a slight decrease from the previous month, now hovering around 4.45%. Its direction for the rest of the year will largely depend on developments in global trade and shifting expectations about the broader economy.

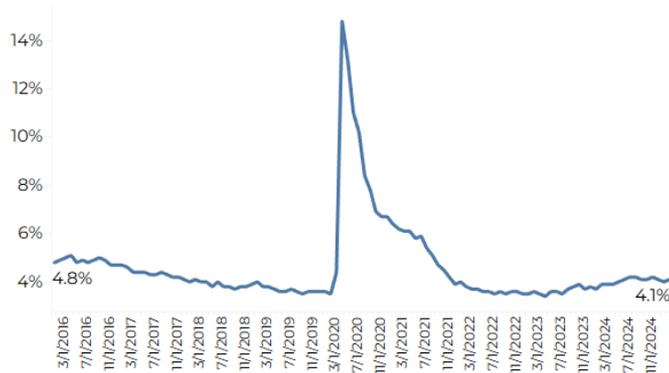
Employment Situation

Employment



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

Unemployment



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

February 2025: **159.2 million**
January 2025: **159.1 million**
February 2024: **157.3 million**

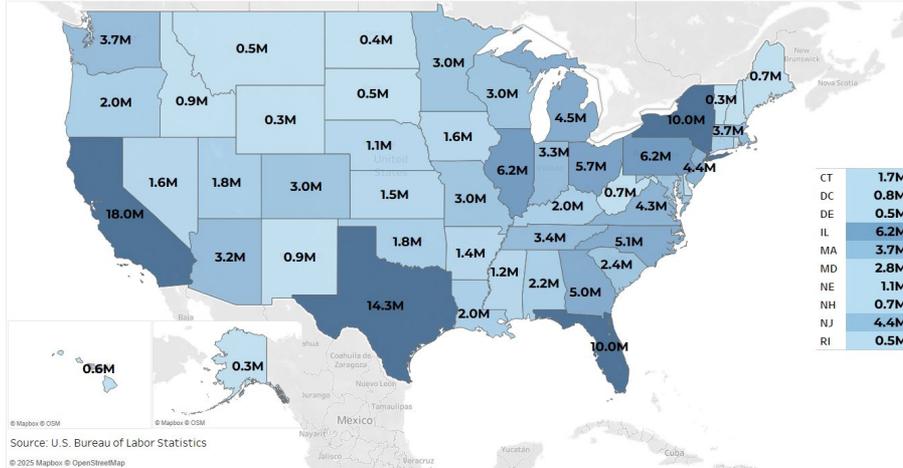
The U.S. labor market added 151,000 in February, close to the average monthly gain of 168,000 over the prior 12 months. Jobs were added mainly in the health care, financial, transportation and warehousing, and social assistance industries. Employment in the Federal government declined. In the construction industry, employment showed little change.

February 2025: **4.1%**
January 2025: **4.0%**
February 2024: **3.9%**

In February, the unemployment rate rose to 4.1%, and the number of unemployed people changed little over the month, reaching 7.1 million. The unemployment rate has hovered around 4.0%-4.2% since May of 2024.

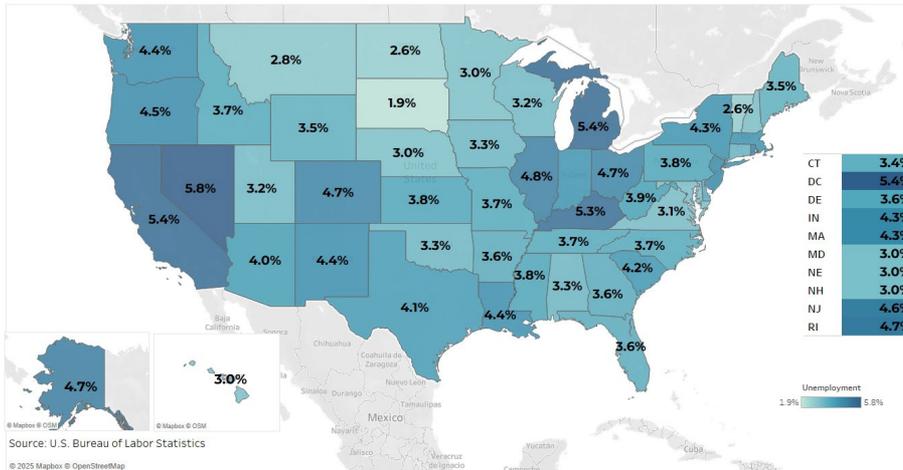
Employment Situation

State Employment February 2025



In February of 2025, three states recorded significant monthly job gains: Missouri (+12,500), New Jersey (+19,200), and Ohio (+23,000). The remaining forty-seven states and the District of Columbia saw little to no change in employment that month. Compared to February 2024, employment increased in 17 states, most notably in Texas (+182,300), New York (+152,600), and Florida (+128,300). The highest percentage increases in employment were observed in Idaho (2.7%), South Carolina (2.0%), and Utah (2.0%).

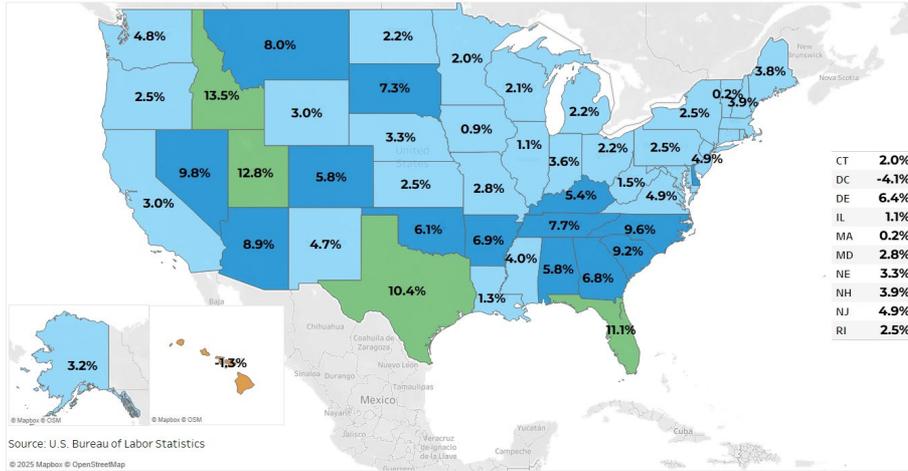
Unemployment as of February 2025



That month, Florida had the only unemployment rate increase (+0.1 percentage points) compared to the prior month. South Dakota had the lowest jobless rate of 1.9%, while Nevada had the highest rate of 5.8%. In total, 18 states had unemployment rates lower than the national average of 4.1%. Compared to one year ago, the highest increases in unemployment were in Michigan (1.4 percentage points) and Mississippi (1.0 percentage points).

Employment Situation

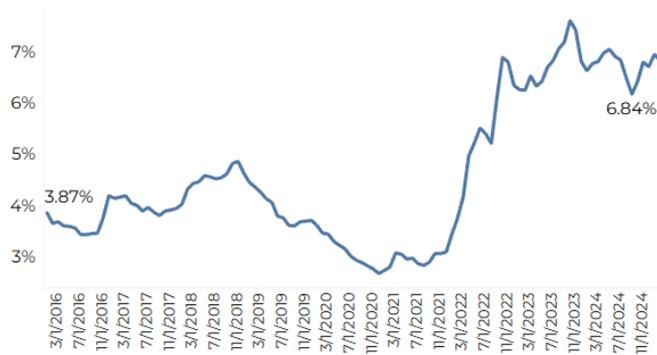
Employment % Change from pre-COVID-19 to February 2025



Between March 2020 and February 2024, Idaho (13.5%), Utah (12.8%), Texas (10.4%), and Florida (11.1%) saw the largest gains in employment. Concurrently, the smallest gains were seen in Massachusetts (0.2%), Vermont (0.2%), and Iowa (0.9%). Like in the prior month, the District of Columbia (-4.1%) and Hawaii (-1.3%) have yet to recover the jobs they lost during the pandemic, with employment levels still below March 2020.

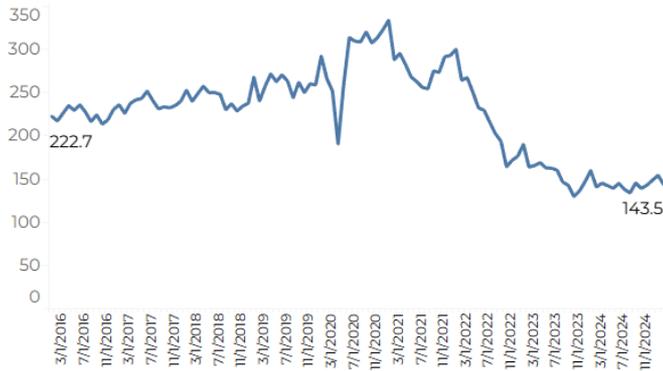
Housing Market

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

February 2025: **6.8%**
January 2025: **6.9%**
February 2024: **6.8%**

Mortgage rates saw a slight decrease to 6.8%, remaining significantly below the historical average of 7.7% since 1971. By the end of February 2025, 30-year fixed mortgage rates were at their lowest level in 2 months, making six consecutive weeks of rate declines.

February 2025: **143.5**
January 2025: **154.4**
February 2024: **140.8**

The Purchase Index, which measures mortgage applications for single-family home purchases and leads home sales by four to six weeks, decreased to an average of 143.5 in February. The decrease suggests a slightly weaker housing demand in the coming weeks. From 1990 to 2024, the Index averaged 247.6 points.

Housing Market

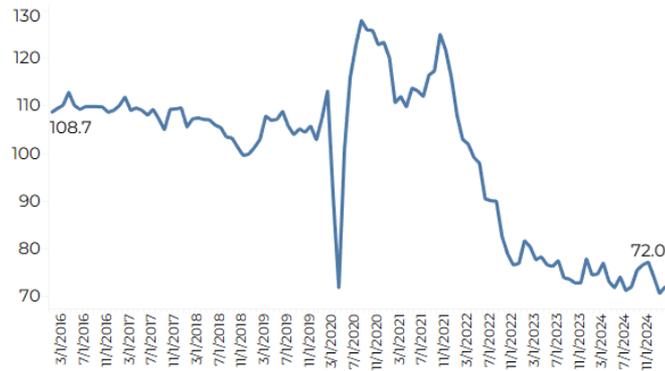
Existing Home Sales



Annualized

Source: National Association of REALTORS®

Pending Home Sales



PHS Index, Seasonally Adjusted

Source: National Association of REALTORS®

February 2025: **4.26 million**

January 2025: **4.08 million**

February 2024: **4.31 million**

Existing-home sales in February showed that housing market activity increased by 4.2% from January but declined 1.2% from one year ago. Compared to February 2024, home sales activity increased in the Northeast and Midwest, declined in the South, and remained unchanged in the Western region.

February 2025: **72.0**

January 2025: **70.6**

February 2024: **74.7**

In February, pending home sales increased 2.0% from the previous month. Compared to one month ago, contract signings declined in the Northeast and the West, but increased significantly in the Midwest and the South. Year-over-year, signing activity decreased in all four U.S. regions, with the Midwest showing the largest reduction.

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®

February 2025: **\$398,400**
January 2025: **\$396,900**
February 2024: **\$383,800**

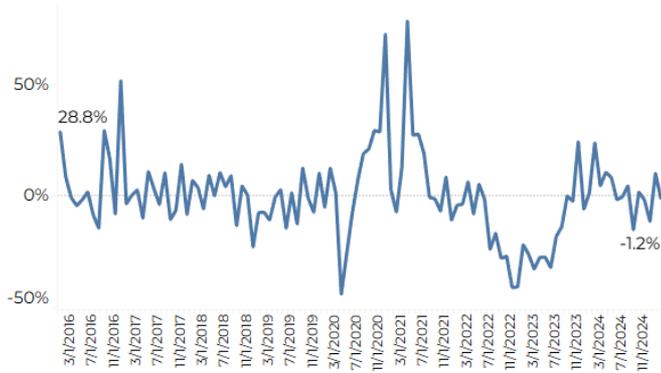
The national median existing-home price for all housing types increased 3.8% from February 2024 to \$398,400, marking the 20th consecutive month of year-over-year price increases. Across the U.S., all four regions experienced year-over-year price increases.

January 2025: **100.7**
December 2024: **100.9**
January 2024: **102.1**

In January, affordability remained essentially unchanged compared to the prior month, as the Housing Affordability Index reached 100.7. An index above 100 indicates that the typical family earns enough income to qualify for a median-priced home purchase across the country.

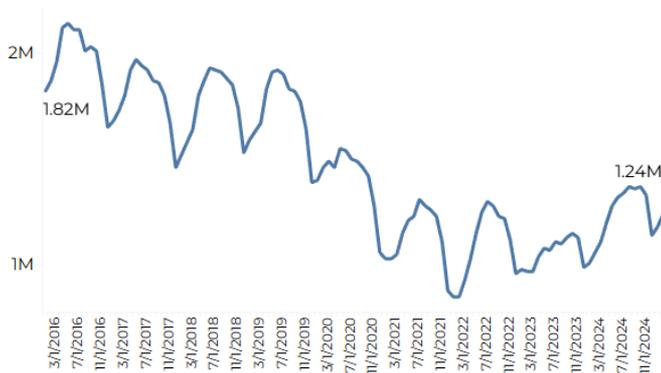
Housing Market

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®

February 2025: **-1.2%**
January 2025: **+10.2%**
February 2024: **+23.9%**

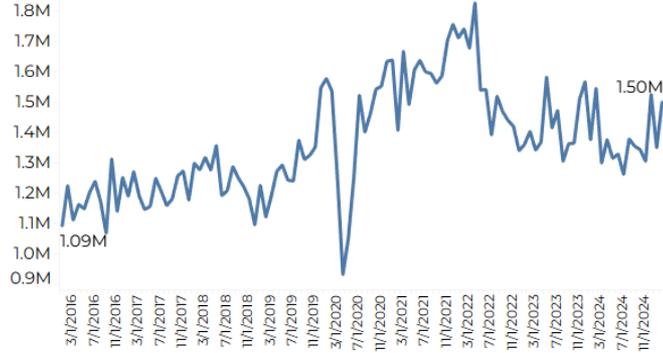
In February, new listings saw a year-over-year decrease of 1.2%. This was a notable decrease from the previous month and from one year ago.

February 2025: **1.24 million**
January 2025: **1.18 million**
February 2024: **1.06 million**

February's inventory of unsold listings was 1.24 million, up 5.1% from January and 17% from one year ago. The current unsold inventory is equivalent to a 3.5-month supply at the current sale pace, identical to January 2025 and up from 3.0 months in February 2024.

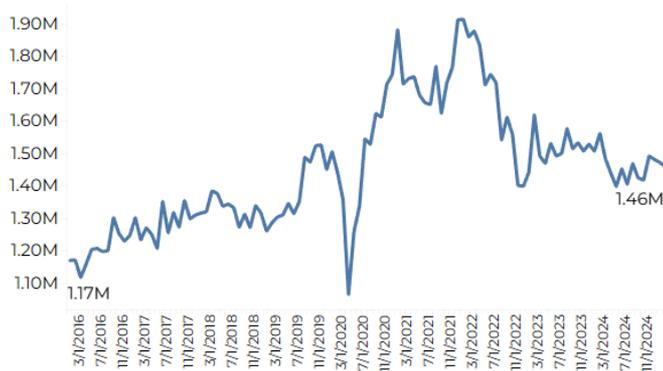
New Residential Construction

Housing Starts



Annualized
Source: U.S. Census Bureau

Building Permits



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

February 2025: **1.50 million**
January 2025: **1.35 million**
February 2024: **1.54 million**

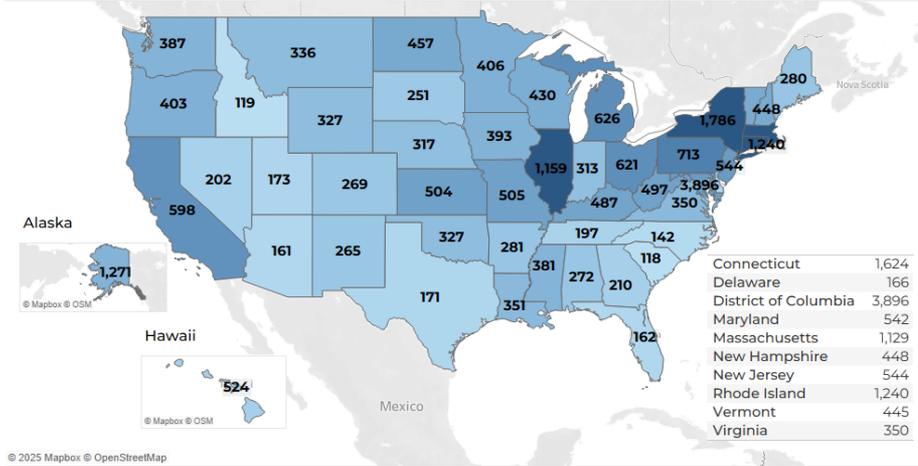
In February, privately-owned housing starts increased to a seasonally adjusted rate of 1.50 million. This increase is 11.2% above the revised January estimate but is 2.9% below the February 2024 rate.

February 2025: **1.46 million**
January 2025: **1.47 million**
February 2024: **1.56 million**

Respectively, another measure of housing construction, building permits issued, decreased to 1.46 million in January. The decrease was 1.0% below the revised January rate and 6.7% below the February 2024 rate.

New Residential Construction

Population Per Single-Family Building Permit by State
February 2025



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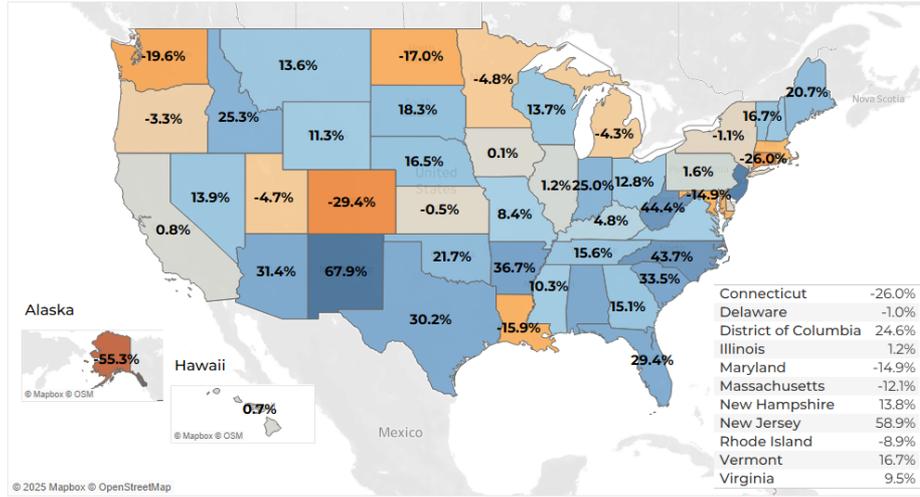
* The ratio is calculated by dividing the number of a state's population by the number of single-family building permits issued in the state within one year.

Source: U.S. Census Bureau, NAR Calculations

In February, the states with the highest number of permits issued per resident remained essentially unchanged compared to January. South Carolina was leading with one permit issued per 118 residents and was followed by Idaho (119), North Carolina (142), and Arizona (161). In contrast, the District of Columbia still had the lowest number of permits issued, with only one permit issued per 3,896 residents. D.C. was followed by New York (1,786), Connecticut (1,624), and Alaska (1,271).

New Residential Construction

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



Source: U.S. Census Bureau, NAR Calculations

Similar to the situation in January, New Mexico continued to lead as the state with the largest increase in single-family permits issues over a 12-month period since 2019. Between February 2019 and February 2025, New Mexico saw an increase of 67.9% (higher than the prior month) in building permits. IT was followed by New Jersey (58.9%), West Virginia (44.4%), and North Carolina (43.75). The smallest increases were recorded in Iowa (0.1%), Hawaii (0.7%), and California (0.8%). In contrast, Alaska continued to experience the largest decrease in permits, with a drop of 55.3%, from the pre-pandemic period, a slight improvement from 56.4% in the prior month. Following Alaska were Colorado (-29.4%), Connecticut (-26.0%), and Washington (-19.6%).

NATIONAL ASSOCIATION OF REALTORS®

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