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Hannah and Ben Jacobs haven't gotten any offers for their house in Plano, Texas. FRANCES SOPER

Spring Home Sales Season Looks Like a Dud

Demand is still soft despite an increase in inventory as rates, prices deter buyers

BY NICOLE FRIEDMAN

The troubled housing market can't seem to get back on track.

Inventory of homes for sale is steadily rising, but demand is still tepid. Home prices in parts of the country are falling. But with prices not much below record highs, many would-be buyers are still squeezed out. Mortgage rates are hovering around 6.75%, more than double the level of only a few years ago.

The crucial spring selling season is shaping up as a dud, crushing hopes that a housing market that has been anemic for more than two years can gain significant momentum this year.

"It definitely feels like a disappointment," said Selma Hepp, chief economist at Cotality, a real-estate data provider.

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The recent deterioration in the economic backdrop and consumer sentiment is making matters worse, cooling buyer appetite for big purchases like a new home.

Even in markets where there is a glut of inventory and sellers are offering concessions, it isn't enough to get the market moving nationally.

Hannah and Ben Jacobs purchased a five-bedroom house in Plano, Texas, in March. They listed their previous home for sale in early April. They haven't gotten any offers. "In March I felt pretty good about buying a house, but if I had seen what happened a month later, I probably would not have pulled the trigger due to uncertainty." Ben Jacobs said. Note

Expectations dashed

The real-estate industry had higher expectations going into this year after existing-home sales in 2023 and 2024 dropped to the lowest levels since the mid-1990s.

Many sellers who have to move because of job relocations, growing families or other life changes can't put off listing their homes indefinitely. That is helping wind down a long stretch when historically low supply kept sales depressed.

On the demand side, agents were counting on more buyers accepting that mortgage rates are unlikely to return to 3% and moving ahead with purchases anyway.

Sales rose in February, but activity the next month suffered its slowest sales pace for any March since 2009. Then in early April, President Trump rolled out his tariff policy, causing fresh economic anxiety and the stock market to sell off. That gave buyers another reason to stay away. Note

"It really pulled back the market," said Rick Palacios Jr., director of research at John Burns Research & Consulting.

Prices fell year-over-year in April in 19 of the 100 biggest U.S. metro areas, the highest proportion since mid-2023, according to Intercontinental Exchange, a financial technology and data company.

Home prices are still rising in the Northeast and Midwest, where inventory remains constricted. But prices are flat or falling across the once-booming Southeast and Southwest regions, especially in Texas and Florida. Homes are taking longer to sell, so inventory is piling up.

Some investors and secondhome owners are also selling due to rising costs. More Canadians are unloading vacation homes since the trade war with the U.S. heated up.

Home builders also built aggressively across the Southwest and Southeast in recent years and are now stuck with an excess of finished homes. They are offering incentives to buyers, including lower mortgage rates. That makes it difficult for sellers of existing homes to compete. Note

"We have new construction just clear across the city, anywhere you go," said Jesse Landin, a real-estate agent in San Antonio. There were more than 14,000 active listings in the San Antonio area at the end of March, near a record high in data going back to 1990, according to the Texas Real Estate Research Center.

Stubborn prices

Home prices can be slow to fall. Homeowners might opt not to sell if they can't get the price they want. Mortgage underwriting is also more rigorous than it was before the 2008-09 financial crisis, meaning that current homeowners can generally afford to pay their mortgages.

Prices are still rising nationally. The overall supply of homes for sale is 16% below prepandemic levels, according to Realtor.com. But that deficit is shrinking, and price growth is decelerating on a national level. Note

"If interest rates stay in the high 6% range like they are right now, that's a soft homeprice dynamic," said Andy Walden, Intercontinental Exchange's head of mortgage and housing-market research.

For many buyers who can afford current home prices and mortgage rates, there is little sense of urgency, real-estate agents say.

“What a luxury that is, the ability to look at houses, sleep on it, go back the next day,” said Christine Dupont-Patz, a real-estate agent in Denver.

Tyler Bucci and Vanessa Mateo, who are planning to get married this year, bought their first home this month in Garner, N.C. The sellers paid for repairs that Bucci and Mateo requested and gave them a \$5,000 concession to help cover their closing costs.

They feel comfortable making a purchase because they plan to live in the house for at least five years, said Bucci, who is 26. “Renting in the short term definitely would save us a lot more money, but we’re kind of looking at things from a longer-term perspective,” he said.]

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