



# Home Sales Rise, but Market Remains Sluggish

BY NICOLE FRIEDMAN

Sales of existing homes rose slightly in May but held near historically low levels, the latest sign that buyers are staying away because of high home prices.

U.S. existing-home sales rose 0.8% in May from the prior month, the National Association of Realtors said Monday.

Sales were better than expected. Economists surveyed by The Wall Street Journal had estimated a monthly decrease of 1.3%. But they were still subdued, coming in at a seasonally adjusted annual rate of 4.03 million. That was the slowest sales pace for any May since 2009. \*

The spring market is usually the busiest time of year for the housing industry, but this year's spring has been a bust, putting the market on track for its third straight year of anemic sales.

Homes are sitting on the market longer because buyers are turned off by prices that hover near all-time highs and mortgage rates that have been stuck above 6.5%.

The number of homes for sale is rising, a relief for buyers after years of historically low supply. But that has failed to spark much activity because of the wide gap between what is available for sale and what buyers can afford.

Households earning \$100,000 a year could afford to buy 37% of the homes listed on the market in March, according to an analysis by NAR and Realtor. com. Six years earlier, when mortgage rates and typical home prices were lower, a household earning that same amount could afford 65% of available listings.

"With the interest rates, everyone's looking for a deal," said Dana Hall-Bradley, a real estate agent in Celebration, Fla. "The buyers are not making decisions as quickly as they were during the pandemic days."



May home sales fell 0.7% from a year earlier. The monthly gain was the first in three months.

As buyers are gaining negotiating power, price growth is slowing. About one in four listings on Zillow got a price cut in May, the highest proportion for any May since at least 2018, Zillow said.

Metro areas in the Southeast and Southwest have more sellers than buyers, while some parts of the Midwest and Northeast still have more buyers than sellers, according to a recent **Redfin** analysis.

Jane Coloccia and Victor Teixeira listed their Gearhart, Ore., home for sale in January and cut the price in February. They sold the house in May for about 7% below their initial listing price.

"It's definitely turning from a seller's market into more of a buyer's market," Coloccia said. "I think that a lot of people just couldn't afford the mortgage."

Home prices are within striking distance of their alltime high of \$426,900 in June 2024. The national median existing-home price in May was \$422,800, up 1.3% from a year earlier and the highest median home price for any May, NAR said. The year-over-year price growth was the slowest since June 2023.

"Consumers are not getting into the market," said Lawrence Yun, NAR's chief economist. "I would attribute that to the affordability challenges."

The May data largely reflect purchase decisions made in April and March. Tariff announcements in April caused stock-market volatility and prompted some buyers to cancel home purchases.

The inventory of homes is rising because some sellers have life events that mean they have to move, such as job relocations or growing families.

Rising property-tax and home-insurance costs in some regions are also making homeownership more expensive and prompting some investors and second-home owners to sell.

Nationally, there were 1.54 million homes for sale or under contract at the end of May, up 6.2% from April and up 20.3% from May 2024, NAR said.

The typical home sold in May was on the market for 27 days, up from 24 days a year earlier, NAR said.

For buyers who are in the market this spring, the increase in inventory is making it easier for them to negotiate.

Pratik Divekar and Shruti Urkude wanted to buy a home before their older child started kindergarten, but they were surprised how competitive the market was in the suburbs east of Seattle. They expanded their search area farther north and found more available inventory.

They bought a four-bedroom home in April for about 7% under the initial listing price.

Even with that price discount, “the math doesn’t make sense at all to buy” compared with renting, Divekar said. “Hopefully, in a few years the market will improve, mortgage rates go down, and then we’ll be in a better position.”

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