

4-30-25

Realtors issue very alarming warning over house prices this year

Story by Marianne Garvey U.S. Real Estate Reporter and Wires • 4-30-2025

The prices home sellers are asking for and the prices homebuyers are paying haven't been this out of whack since the start of the pandemic.

According to a new report from Redfin, the typical home for sale is listed for 9 percent more (or \$38,672) than the typical home is selling for—the biggest gap since May 2020.

Realtors warn this growing gap means many sellers will need to slash their asking prices if they want to close a deal.

The report comes amid news of a breathhtaking real estate collapse in parts of the US.

In March, the typical newly listed home was priced at \$469,729—a record high. But the median sale price was just \$431,057, below the June 2024 peak of \$442,529.

The gap is widening because list prices are growing more than twice as fast as sale prices.

The median list price rose 6.2 percent year over year in March—the biggest increase since September 2022. By comparison, the median sale price climbed 2.5 percent, the smallest increase since September 2023.

The last time list-price growth outpaced sale-price growth by this much was July 2020, when the pandemic homebuying frenzy fueled fierce bidding wars, empowering sellers to price high.

Today's situation is much different, though; sellers are pricing high based on comps from the past rather than current demand.

Today, list-price growth is accelerating while sale-price growth is decelerating. Back in 2020, both were accelerating.

Buyers and sellers are on different pages, which is the crux of the divergence in sale prices and list prices.

Sellers continue to demand last year's record-high prices, but with mortgage rates still so high, buyers have reached their limit and aren't budging.

A lot of homeowners who are selling now also bought during the peak of the market in 2021 and 2022 and are trying to recoup their investments, according to Redfin agents.

'Homebuyers today have the upper hand because they're outnumbered by sellers, and that's a tough pill for sellers to swallow,' said Redfin senior economist Elijah de la Campa.

'When buyers and sellers are on different planets, one side eventually has to give in, and it's looking like it's going to be sellers this time.'

'Rising inventory, price drops and seller concessions indicate this is already starting to happen, and sale-price growth will likely continue to slow as a result.'

There are eight metros where sale prices fell from a year earlier in March, and they're all in Florida, Texas or the Bay Area.

'A lot of sellers are bringing up comps from a year ago, and I have to tell them that's no longer the environment we're in,' said Chaley McVay, a Redfin Premier real estate agent in Portland, OR.

'They're holding onto this idea that they lost money. I explain that they didn't lose money because however much money they could have made in the past is hypothetical money.'

'The most important thing you can do as a seller right now is fairly price your home. If you overprice, chances are you'll get no activity, and then it will become even harder to recoup your investment.'

McVay continued: 'If you're a buyer and you find a home you like that's a bit above your price range, I encourage you to get the conversation started and make an offer anyway.'

'A lot of house hunters are hesitant to offer under the asking price, but in this market, it's not out of the ordinary to see sellers lower their prices and give concessions.'

In West Palm Beach, list prices are growing faster than sale prices.

The median list price rose 9.3 percent year over year in March, while the median sale price fell 0.3 percent.

That 9.6-percentage-point gap is the largest among the 50 most populous US metropolitan areas.]

Next came Pittsburgh, where list prices rose 7.9 percentage points faster than sale prices.

Rounding out the top five are Cincinnati (7 ppts), Atlanta (6.3 ppts) and Jacksonville, FL (6.1 ppts).

There are only eight markets where sale prices grew faster than list prices. At the top of the list is Cleveland, where the median sale price rose 11.8 percent year over year in March—7.5 percentage points faster than the median list price.

It was followed by Nassau County, NY and Milwaukee, both of which saw sale prices grow 2.6 percentage points faster than list prices. Philadelphia (2.4 ppts) and Newark, NJ (2.3 ppts) came next.