



Dirk Lovelace listed his house in Tryon, N.C., for sale in April and cut the price in May, but still hasn't had any offers. KAREN MASTRUSERIO

Home Sellers Exceed Buyers by Plenty

BY NICOLE FRIEDMAN

The inventory of homes for sale is finally rising. Buyers aren't interested.

The U.S. housing market had nearly a half million more sellers than buyers in April, the biggest such gap on record in seasonally adjusted data going back to 2013, according to an analysis by real-estate brokerage Redfin.

After years of frustration with fast-rising prices and bidding wars, buyers now have the upper hand in many parts of the country. More sellers are cutting prices or offering concessions such as paying for buyers' closing costs.

A historic shortage of homes for sale is a big reason why the housing market has been stuck near its slowest sales pace in three decades. Buyers were frustrated with a lack of options, and desirable homes often sparked bidding wars.

Now, supply is rising because some sellers have experienced life events that require they move, such as a job relocation or having a baby. Others are unloading investment properties because their costs are rising, or they are worried that home prices will fall and want to sell before that happens, real-estate agents say.

The new listings haven't

been enough to jolt the housing market out of its slumber. Existing-home sales in April fell for the second consecutive month, notching the slowest sales pace for any April since, 2009.

Many buyers are still priced out. Home prices are up more than 50% in the past five years, and mortgage rates are holding above 6.5%. Buyers are also feeling economic uncertainty, which tends to discourage buying a home or making other major purchases.

The mismatch between buyers and sellers is a sign that home prices could decline slightly on a national basis later this year, said Chen Zhao, Redfin's head of economics research.

U.S. home prices in May were up 1.4% from a year earlier, according to Intercontinental Exchange, a slowdown from April's 2% annual pace. Prices were down from the prior May in 24 of the 100 biggest metro areas, mostly across the Sunbelt.

"It doesn't feel like buyer demand is going to come back that much," Zhao said. "Prices are just too high."

The number of active listings is still about 14% below typical prepandemic levels. But it rose in May to the highest level since 2019, according to Realtor.com, which is operated by News Corp, parent of The Wall Street Journal.

The biggest buyer's markets are in the Southeast and Southwest, where the inventory of homes for sale is above prepandemic levels. The Miami metro area had almost three times as many sellers as buyers in April, Redfin said.

"There will be more price reductions that are going on, and more willingness to sell at a lower number, especially in the next couple months," said Jeff Lichtenstein, president of Echo Fine Properties in Palm Beach Gardens, Fla. "We've definitely seen people who have taken losses."

But some markets in the Northeast and Midwest still have more buyers than sellers, with Newark, N.J., tilted the most in sellers' favor, according to Redfin. Home shoppers in many of those markets are still facing competition for properties.

Home-building activity in the U.S. plummeted from 2006 to 2009 and took years to recover, leaving the market undersupplied when millennials started looking to buy homes. Then, when mortgage rates surged in 2022, would-be home sellers couldn't afford to give up their current low mortgage rates and opted to stay put instead.

Those trends are starting to change. New-home construction rose during the pandemic. And while many homeowners are still unwilling to move, others have had life events that mean they can't keep waiting to sell.

"There's not even usually a home for sale in our neighborhood, and I think there's three or four right now," said Dirk Lovelace, who listed his Tryon, N.C., house for sale in April. Lovelace is selling because he now lives with his wife in South Carolina, and the costs of owning the North Carolina house have risen.

Lovelace cut his listing price in May, but he hasn't gotten any offers. He thinks buyers are nervous. "The current sentiment is, The market's probably going to go down further, so people are just waiting," he said.

Some homeowners who bought their first homes in 2020 or 2021 now have children and need to upgrade, said Elle Pappas, an agent at Thrive Real Estate Group in Denver.

But unlike a few years ago, when she helped clients strategize about how to win bidding wars, buyers are now holding out for a deal, she said.

"The immediate conversation, even upon the first appointment I have with them, is, 'How much of a discount do you think I can get? How many concessions can I get?'" Pappas said.

There are some signs of life in the market. Mortgage--purchase applications in the week ended June 6 were up 20% from a year earlier, an indication that home shoppers are still hoping to purchase this spring, according to the Mortgage Bankers Association. And 26% of consumers surveyed by Fannie Mae in May said it was a good time to buy a home, up from 23% the prior month.

Carley and Garrett Kapelski tried to buy their first home in the Kansas City suburbs in 2023 but decided to wait because the market was too competitive. This spring, they are seeing more available homes in their price range, Garrett Kapelski said.

"We feel a lot less stressed this time," he said. "If we wait another 30, 60 days, maybe you'll see these people that thought they would be able to sell their houses quickly, and maybe already bought another home, start being willing to wiggle a little bit."

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