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The median existing-home price in December was \$405,400. ZAK BENNETT/ BLOOMBERG NEWS

## Home Sales Log December Rise Amid '25 Slump

Despite a surprise lift last month, the full year downturn is one of worst in decades

BY NICOLE FRIEDMAN

Home sales finished 2025 with surprisingly strong momentum, rising 5.1% in December for the biggest gain in nearly two years. But even with last month's boost, the year as a whole still ranks as one of the worst sales slumps in decades.

The increase in sales, which was more than double what economists surveyed by The Wall Street Journal had expected, reflected easing mortgage rates and slower growth in home prices.

On a monthly basis, the existing-home sales gain was the biggest since February 2024 and the fourth-straight monthly increase, the National Association of Realtors said Wednesday. The four consecutive months of rising sales is the longest streak since 2020.

Despite the increase in activity in December, 2025 marked the third straight year of dismal sales, falling to a level that by one measure represented the worst slump for the housing market in more than four decades. Existing-home sales of 4.06 million last year held at their lowest level since 1995, NAR said.

The higher sales in Decem-

ber "were essentially driven, in my view, by lower interest rate conditions," said Lawrence Yun, the association's chief economist. "There is pent-up demand. When does it get released? When the mortgage rate begins to move."

The average 30-year fixed mortgage rate has hovered around 6.2% in recent weeks, down from the beginning of last year when rates were close to 7%.

Home-price growth is also slowing. The national median existing-home price in December was \$405,400, a 0.4% increase from December 2024, NAR said.

If mortgage rates continue to fall, that could draw more buyers to the housing market this year after a long stretch of depressed sales. President Trump said last week that Fannie Mae and Freddie Mac would buy \$200 billion in mortgage bonds in an effort to bring down rates and stimulate home buying.

While existing-home sales in 2025 held at a 30-year low, the U.S. population is now more than 70 million larger than it was 30 years ago, and last year's sales pace looks worse when measured as a share of total households.

There were about three sales for every 100 U.S. households last year. That marks the lowest ratio since 1982, according to an analysis by First American Financial, a title- insurance and real-estate services company. In 1982, the U.S. economy was mired in recession and mortgage rates were around 16%. Note

Now, three years of high home prices have caused millions of people to postpone or give up on the dream of homeownership.

Home prices are up more than 50% since 2019. Mortgage rates are still more than double where they were in 2021, when more than 6 million homes sold around the peak of the housing boom.

The historically low level of home sales is frustrating renters who want to own and homeowners who want to relocate, upsize or downsize but don't think the move makes financial sense.

Millions of homeowners have low mortgage rates that they are unwilling to give up.

Uncertainty about the job market is also making prospective buyers nervous about making a big purchase.

Buyers are being really choosy, said Megan Micco, a real-estate agent in Berkeley, Calif. Buyers [are] saying, 'If I lose my job, we need to be able to cover this on one salary.' The unaffordable housing market has become a focal point for politicians, and broad concerns about the cost of living helped Democrats in recent elections. President Trump, who said last week he wants to ban large investors from buying single- family homes, said he would propose more housing policies later this month. But the biggest problem in the housing market, a shortage of supply that renters and buyers can afford, could take years to fix. Note

Economists said the most likely resolution of the current home-buying affordability crisis is a slow and steady improvement as buyers' incomes increase, home-price growth remains slow and mortgage rates fall slightly from current levels. Note

"It's a struggle for a lot of potential first-time home buyers," said Odeta Kushi, deputy chief economist at First American. "What people are feeling are the cumulative effects of years of inflation."

Economists are predicting an increase in home sales this year as affordability improves and some buyers and sellers decide they can't keep waiting. The inventory of homes for sale has been rising, giving buyers more options.

Gillad and Dassi Matiteyahu rented a home when they moved to Dallas in 2022 because they thought the housing market was too competitive and overpriced.

By late last year, the market had slowed.

The Matiteyahus found a house they wanted, toured it a couple of times and put in an offer. They bought the house in December for about 4% below the listing price, and the seller covered some of their closing costs.

"I think we got lucky with how things played out in the market," Gillad Matiteyahu said. "We were waiting for this to happen for a long time."

Still, a huge jump in activity next year is unlikely, Kushi said, because many people still won't be able to afford to buy and the outlook for the job market is uncertain.

Home buyers are also facing higher costs in many cases for home insurance, property taxes and homeowner-association dues.

Home-buying affordability has improved somewhat in recent months as mortgage rates have slid to around 6.2% and home-price growth has held at low levels.

The typical monthly payment for a buyer purchasing a median-priced home with a 20% down payment was \$2,365 in the four weeks ended Jan. 4, the lowest level since early 2024, according to the real-estate brokerage firm Redfin. Note

Last year, "we hit a peak on affordability and the market came to a halt," said Lauryn Dempsey, a real-estate agent in the Denver area. But some buyers who took a pause then are returning now, she said: "The market's definitely started to pick up."

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Thursday, 01/15/2026 Page A001

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