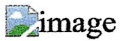


WSJ Print Edition



Home Prices Hit Record, Stalling Sales

Key spring season proved to be a dud as mortgage rates weighed on activity

BY NICOLE FRIEDMAN

Home prices rose to a high in June while the crucial spring sales season fizzled, signs that a housing-market recovery is unlikely in 2025. - Note

Home buyers were hesitant to jump into the market this spring, usually the busiest time of year for home purchases. Home sales in June fell to a nine-month low. Prices at record highs, along with mortgage rates above 6.5%, have made home purchases unaffordable for many.

The national median existing-home price in June rose to \$435,300, a record in data going back to 1999 and a 2% increase from a year earlier, the National Association of Realtors said on Wednesday. Prices aren't adjusted for inflation.

Home prices are falling in some parts of the country, especially in Texas and Florida, where the inventory of homes for sale has climbed. But the supply of homes for sale nationally is still below prepandemic levels, which is pushing up sales prices in many major markets.

Unaffordable home prices are a major reason that this year's spring selling season fizzled out.

U.S. existing-home sales fell 2.7% in June from the prior month to a seasonally adjusted annual rate of 3.93 million, the slowest pace since September, NAR said.

Economists surveyed by The Wall Street Journal had estimated a monthly decrease of 0.7%.

On a year-over-year basis, June home sales were unchanged.

"The fact that we hit record-high home prices is reflecting multiple years of undersupply," said Lawrence Yun, NAR's chief economist.

The real-estate industry hoped that home sales would pick up in 2025, but sales have stayed sluggish for the third straight year.

The slow spring season means the market could stay subdued in the summer and fall unless mortgage rates drop. Shopping activity tends to be slower in the second half of the year because people take vacations and children go back to school.

President Trump has said the Federal Reserve is to blame for the slow housing market, although mortgage rates aren't directly tied to the central bank's actions. Instead, they tend to move with government bond yields.

After years of bidding wars, home buyers are finally gaining some leverage over sellers, especially in parts of the country where the supply of homes for sale has risen sharply.

More than 1 in 4 listings on Zillow got a price cut in June, the highest proportion for any June since at least 2018, Zillow said.

"There is a lot more inventory, and the demand is not that great, so that makes for a better market for the buyer," said Dianne Ayala Steffey, branch manager at New American Funding in San Antonio. Sellers are "becoming a lot more flexible."

Nationally, there were 1.53 million homes for sale or under contract at the end of June, down 0.6% from May and up 15.9% from June 2024, NAR said.

The inventory of homes for sale has climbed in recent months as sellers who were waiting for lower mortgage rates have decided not to keep waiting. Many current sellers had life events that required them to move, such as job relocations, divorces or new babies, real-estate agents say.

The typical home sold in June was on the market for 27 days, up from 22 days a year earlier, NAR said.

The June data largely reflect purchase decisions made in May and April. Mortgage rates ticked lower in June, which could have drawn some buyers to the market. Mortgage purchase applications in the week ended July 18 rose 22% from a year earlier, according to the Mortgage Bankers Association.

But even with slightly lower rates, buyers are looking for ways to keep their housing costs down. Some are shopping for smaller homes, teaming up with friends or family members or trying to take over someone else's mortgage.

Rachel and Blair Kopfsstein wanted to move to a bigger house in the Washington, D.C., area, but they didn't want to give up their 2.25% mortgage rate to take on a rate above 6%. They limited their search to homes with assumable loans, which can be transferred to a new buyer. Only some kinds of mortgages are assumable.

After a few months of searching, they bought a fivebedroom house with a pool in Manassas, Va., in June and assumed the mortgage with a 2.75% rate.

Blair Kopfsstein estimated that if they had bought the same house at current mortgage rates, their monthly payment would be about \$2,000 higher. "The assumption 100% made it happen," he said. "We're excited."

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