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Image



The beleaguered market is gaining some momentum heading into the end of the year. Above, a home for sale in Houston.
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Home Sales Pick Up, Hit 8-Month High

Falling mortgage rates helped spur a second straight month of gains

BY NICOLE FRIEDMAN

Home sales rose to an eightmonth high in October, signaling how even a small decline in mortgage rates will attract some buyers back to the market.

Sales of existing homes rose 1.2% from the prior month to a seasonally adjusted annual rate of 4.1 million, the highest level since February, the National Association of Realtors said Thursday. That beat the rise of 1% that economists surveyed by The Wall Street Journal had forecast.

The October sales figure reflects home-shopping activity in August and September, when mortgage rates dropped to an 11-month low and made purchases more affordable for many buyers. Rates have ticked a bit higher in recent weeks but remained below 6.3%, according to Freddie Mac.

The beleaguered housing market is gaining some momentum heading into the end of the year, with home sales rising for a second straight month.

Prices are falling in some Southern and Western markets where inventory has risen. Buyers in many markets have been able to negotiate price cuts and other concessions.

"Potential buyers have a level of comfort that they didn't have," said Brad Case, chief residential economist at CoStar's Homes.com. "We're getting to a more balanced market."

Still, there were more than a half-million more sellers than buyers in the housing market in October, the biggest such gap on record in seasonally adjusted data going back to 2013, according to an analysis by real-estate brokerage Redfin. On a year-over-year basis, October home sales rose 1.7%.

Note

Even as they are gaining the upper hand in negotiations, buyers are being cautious. Broader economic uncertainty has prompted more home-purchase agreements to be canceled in recent months.

Paul and Andrea Hoover listed their four-bedroom house near Dayton, Ohio, for sale in June and had no showings. After cutting the price, they went under contract three times, but each successive buyer backed out before closing. They sold the house to a fourth buyer in October for about 10% below their initial listing price.

"People are just pausing making decisions," Paul Hoover said. He thinks buyers are anxious about overall rising prices, elevated mortgage rates and the economy. "I think people are concerned about their jobs," he said.

Despite the recent pickup, existing-home sales are on track for a third-straight sluggish year. The number of sales has held near multidecade lows since 2023. High home prices and mortgage rates have deterred buyers, and homeowners have been reluctant to give up low mortgage rates by moving.

Nationally, there were 1.52 million homes for sale or under contract at the end of October, down 0.7% from September and up 10.9% from October 2024, NAR said.

While the number of homes for sale has risen from a year ago, inventory is still below prepandemic levels, pushing home prices higher nationally.

The national median existing- home price in October rose to \$415,200, a 2.1% increase from a year earlier, NAR said.

"We are still tight on inventory," said Lawrence Yun, NAR's chief economist. "We still need an additional 300,000 homes to appear on the market to get us back to the pre-Covid conditions."

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