

Zillow Just Predicted Home Prices Will Fall Nearly 2% by the End of the Year

Story by Sophia Beams • 17h • 2 min read 4-25-25

It's the most significant housing market drop seen in years.

Key Takeaways

- Home sales are projected to rise 3.3%, and home values are expected to drop 1.9% in 2025.
- Mortgage rates are expected to rise to 6.5% by the end of the year.
- While home listing prices may be reduced in the coming year, single-family rents are set to rise.

If you're a hopeful homebuyer waiting for [the housing market](#) to lower its prices, you may very well be in luck this year. Zillow just released a home sales forecast predicting home listing prices will drop in a major way.

According to Zillow, home values are projected to drop by almost 2% by the end of this year. Zillow says that the last time a value drop like this happened was all the way back in 2012, so this year might be shaping up to be one of the best times to buy yet.

Why Listing Prices Could Lower

Zillow's prediction was made based on the fact that the number of available home listings is on the rise, while mortgage rates remain high; the company expects mortgage rates to rise to around 6.5% by the end of the year. As more and more homes join the market, buyers decide whether to buy into these high mortgage rates, and sellers will offer better deals.

According to Zillow, we could also see about a 3.3% increase in home sales from last year. With an estimated 4.2 million homes on the market throughout 2025, more options mean a better market for hopeful buyers.

The Best States to Buy

Zillow says Texas, Louisiana, and Florida are the areas with the most options and the lowest prices. The best metro areas include Miami, New Orleans, Jacksonville, Tampa, and Memphis.

Alternatively, Zillow still expects prices to continue to rise in the Northeast. You should also keep in mind that mortgage rates are expected to remain above 6%, so this year's home pricing drop doesn't extend to the long-term costs of [home ownership](#). The real estate company recommends staying in your home for seven to nine years before you start to see the real financial benefits of home ownership.

Rent Rates Could Go Up

Because of economic uncertainty, many buyers are delaying their home purchases for now. This means that Zillow expects an increase in rent rates by the end of this year, around 3.1% for single-family rents. This increase is slow, but it will likely continue to put pressure on single-family dwellings as buyers prioritize renting while waiting to see how the housing market will shape up this year.

Zillow's full [Home Value and Home Sales Forecast](#) for 2025 is available on its website. You can also read more about Zillow's predictions for the best metro areas to buy a home this spring [via its website](#).

Read the original article on [Better Homes & Gardens](#)