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Home sales fall as high prices, rates stifle buying

BY MATT OTT

THE ASSOCIATED PRESS

Note

WASHINGTON>> Sales of previously occupied U.S. homes slowed again in July as record prices and the highest mortgage rates in a year prove to be an insurmountable hurdle for many prospective homebuyers.

Existing home sales fell 1.7% last month from June to a seasonally adjusted annual rate of 4.06 million units, the National Association of Realtors said Tuesday. That's slightly above the 4.05 million pace economists were expecting, according to FactSet.

July sales, however, were up 0.7% compared with last year.

Note

Home prices continued to rise, hitting unprecedented levels for the month of July, NAR said. The U.S. median sales price increased 2% from a year earlier, to $434,100.

In June, the median sales price hit $442,800, an all-time high for any month on data going back to 1999, NAR said. Home prices have risen on an annual basis for 37 months in a row.

-Note

Last week, mortgage buyer Freddie Mac reported that the benchmark 30-year fixed rate mortgage rate rose to 6.69%, its highest level in just over a year. It was the fifth consecutive week that the average rate rose, marking the latest strain for prospective homebuyers who are facing steep borrowing costs.

It is difficult to find good news about the U.S. housing market from the July report, said Carl Weinberg, chief economist at High Frequency Economics.

-Note

"No one who has a home already can afford to sell it," said Weinberg.

"People with ultra-low COVID-era mortgages cannot afford to give them up. If no one is selling, no one can be buying, and inventories are low."

Home sales have been mostly hovering close to a 4-million annual pace for about three years, far short of the historic norm that is closer to 5.2 million.

Note

The U.S. housing market has been in a slump since 2022, when mortgage rates began to climb from pandemic-era lows. Sales of previously occupied U.S. homes were essentially flat last year, stuck at a 30-year low.

Sales remain sluggish as mortgage rates have mostly trended higher in the months since the war between the U.S. and Iran started. Expectations of higher inflation amid surging oil prices have pushed up the long-term bond yields that lenders use as a guide for pricing home loans, causing mortgage rates to climb.

-Note

Home inventory levels also remain well below historical norms.There were 1.54 million unsold homes at the end of last month, down 1.9% from June and 0.6% less than July last year, NAR said. That's well short of the roughly 2 million homes for sale that was typical before the COVID-19 pandemic.

July's month-end inventory translates to a 4.6-month supply at the current sales pace. Traditionally, a 5- to 6-month supply is considered a balanced market between buyers and sellers.

-Note

Regionally, prices in the Northeast continue to rise faster than the rest of the country, jumping 5.2% year-over-year, driven by a shortage of inventory.

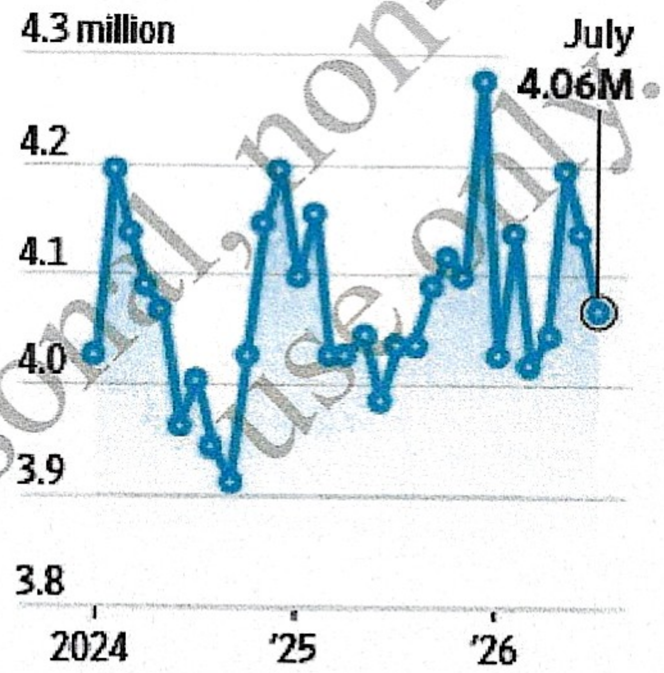
NAR said that 29% of sales were first-time homebuyers, down from 33% in June but up slightly from 28% in July 2025. Historically, first-time buyers make up closer to 40% of home sales.

Note

Home Sales Fell in July

Sales of existing homes declined 1.7% in July after a rise in mortgage rates. A3

U.S. existing-home sales



Note: Seasonally adjusted at an annual rate; data for July 2026 is preliminary.
Source: National Association of Realtors

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Home Sales Fall as Mortgage Rates Rise

BY NICHOLAS G. MILLER

Home sales fell in July, getting the summer off to a poor start after the housing market suffered through another sluggish spring selling season.

Sales of existing homes declined 1.7% in July over the previous month to a seasonally adjusted annual rate of 4.06 million, the National Association of Realtors said Tuesday.

The rise in mortgage rates following heightened tensions in the Middle East continued to put off home buyers. Sales in July came in below expectations. Economists surveyed by The Wall Street Journal had forecast a decline of 1%.

The national median existing- home price in July rose 2% from a year earlier, to $434,100, NAR said. That is the second-highest median price on record, just below $442,800 in June.

The Mideast conflict has stymied the housing market in a year the real-estate industry was optimistic would bring a rebound in home sales following years of stagnation.

Mortgage rates briefly fell below 6% in February, but jumped with the beginning of the Iran war, and have continued to creep up as hopes for a clean end to the conflict have faded.

The 30-year fixed-rate mortgage averaged 6.69% last week, the fifth consecutive week of increases, after averaging 6.43% at the start of July, according to Freddie Mac.

Many homeowners benefiting from low rates from years ago have opted to stay put to maintain their rates, which has dragged down available inventory. NAR said unsold inventory in July fell 1.9% from June to 1.54 million units.

The slowdown in sales marks a continuation from June, when home sales fell 1.4%. Economists don't expect rates to fall soon, with geopolitical conflict as well as spending on the artificial-intelligence build-out fueling inflation.

Yet high rates may not be the deterrent that they used to be for everyone, economists say. The pent-up demand for housing has caused some potential home buyers to lose patience, even with high mortgage rates and an uncertain economy.

"Home sales have been remarkably stable, even amid the rising mortgage rate environment of the past few months," said NAR Chief Economist Lawrence Yun.

Despite the month-overmonth decline, July home sales ticked up 0.7% from a year ago.

"There is no reason to think that mortgage rates are gonna come back down again. So they're just saying I have to get on with my life and that's what they're doing," said Brad Case, chief residential economist at Homes.com. "So it's not that the market is strong, but it's a lot stronger than I thought it was based on the increase in mortgage rates."

Sam Harris and his wife stomached a high mortgage rate to close on a house in Georgia in April. Upon getting the mortgage estimates, "my mouth just dropped open," he said. "It was just kind of a shell shock for me looking at those numbers. I'm like, 'I thought this would be way more affordable.' " But Harris was intent on buying even so.

"We were absolutely against renting a place. We just have to take this in stride, kind of bite the bullet on the higher rate. Maybe one day rates will go down enough to make refinancing worth it," he said.

Note

Home buyers in today's market also have to endure an unstable economy, with weak consumer sentiment weighing on Americans' willingness to undertake large purchases. Harris, who works in IT, had been laid off from his previous job and had been worried about it happening again.

"We've wanted to buy a house for a long time, but then there's always these talks of layoffs and AI taking over and the white-collar sector contracting," he said. "I was scared of losing my job again, or just the general direction of the economy…But at the same time, it seems like the best time to buy a house was always yesterday."

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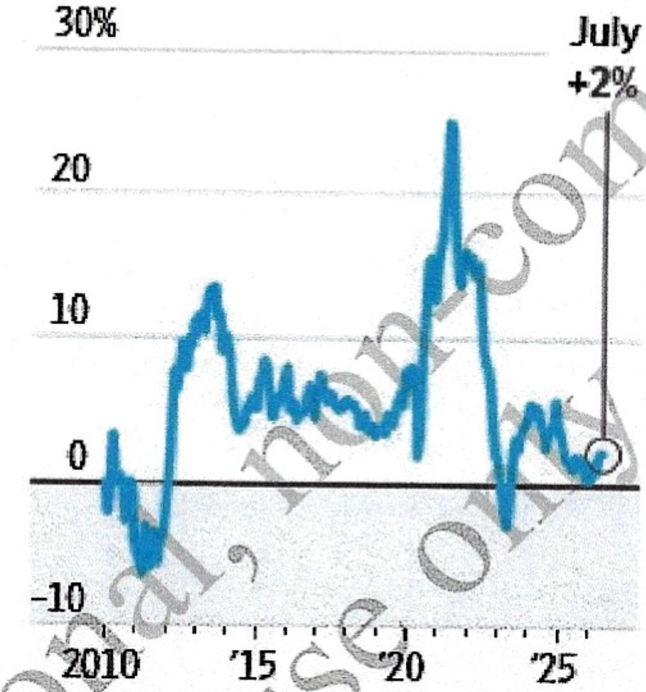
U.S. median existing-home price, change from a year earlier



Note: July 2026 is preliminary.
Source: National Association of Realtors

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U.S. existing homes fall 1.7%

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Record prices, high mortgage rates stifle would be-buyers

The Denver Gazette · 12 Aug 2026 · C1 · The Associated Press

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