

Home Sales See Steepest Decline In 2 Years

March's drop of 5.9% comes as inventories grow but mortgage rates remain high

BY NICOLE FRIEDMAN

Sales of existing homes in March posted their biggest monthly decline in more than two years, after mounting economic uncertainty roiled the housing market at the start of the critical spring selling season.

U.S. existing-home sales fell 5.9% in March from the prior month to a seasonally adjusted annual rate of 4.02 million, the National Association of Realtors said Thursday. That marked the biggest month-over-month decline since November 2022. It was also the slowest sales pace for any March since 2009, which was near the peak of the financial crisis.

The sharp drop in sales dashes early hopes that this spring would offer signs of a

turnaround. The season is usually the busiest time for home sales because many buyers with children want to move homes over the summer, and sellers wait until the spring to list their homes to meet that higher demand.

So far this spring, supply is increasing faster than demand. The inventory of homes for sale is rising because some sellers who have been waiting for mortgage rates to fall have decided they can't keep waiting. The average rate on the standard 30-year fixed mortgage was essentially flat this week at 6.81%, according to mortgagefinance giant Freddie Mac.

But with home prices near record highs and mortgage rates holding above 6.5%, buy-ers are being choosy. That is setting the stage for potentially a third straight year of anemic sales activity, after sales fell in 2023 and 2024 to levels not seen since the mid-1990s.

The sales decline in March was much worse than expected. Economists surveyed by The Wall Street Journal had estimated a monthly decrease of 3.1%, compared with the 5.9% drop.

"Even with more inventory, existing-home sales are struggling to get traction," said Lawrence Yun, NAR's chief economist. "I was hoping that we would begin to see some meaningful recovery this year. Well, so far, it's not happening."

March sales fell 2.4% from a year earlier, NAR said.

The March data largely reflects purchase decisions made in February and January, before U.S. tariff announcements upset the market and prompted some economists to forecast a recession. Home sales rose in February, after some buyers and sellers who had been waiting for the market to improve decided to act.

But in recent weeks, economic uncertainty has intensified, spooking more buyers and even causing some home sales to fall through. Americans sometimes postpone major purchases such as a new home when they are concerned about the economy, fear that their jobs might be at risk or worry about stock market losses.

Home prices rose in March on a national basis, because the inventory of homes for sale is still lower than normal prepandemic levels. But prices in some regions, especially in Texas and Florida markets where inventories have climbed, have started falling from a year ago. The national median existing-home price in March was \$403,700, up 2.7% from a year earlier and the highest median home price for any March, NAR said.

Nationally, there were 1.33 million homes for sale or under contract at the end of March, up 8.1% from February and up 19.8% from March 2024, NAR said.

"There seem to be some more choices for buyers, and things seem to be slightly less competitive," said Erin Stumpf, a real-estate agent in Sacramento, Calif.

Almost one in four listings on Zillow got a price cut in March, the highest proportion for any March since at least 2018, Zillow said.

Buyers have more negotiating power to ask for a lower price or for other concessions, such as seller payments toward closing costs or a mortgage-rate buydown. About 44% of purchases in the first quarter included a seller concession, according to real-estate brokerage Redfin.

Anna and David Howard bought a house in Greensboro, N.C., this month. They paid the \$495,000 listing price, and got a \$10,000 concession from the sellers to help cover the cost of roof repairs. "We're still in a slowdown in sales, which worked out for us," Anna Howard said. "We didn't have to bid against anybody else."

Inventory is still low in the Northeast and Midwest, leading to more buyer competition. Sam and Kayla Johnson decided to upgrade from their townhouse in Downingtown, Pa., to a bigger house because they are expecting their second child. There weren't a lot of homes for sale in their area, which worked to their advantage as sellers. They got seven offers and sold their home in March for about 10% above the listing price.

The couple bought a four-bedroom home. They were reluctant to give up the low mortgage rate on their townhouse, but their need for extra space was more important, Sam Johnson said. "This kind of feels like the new normal," he said about current mortgage rates.

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