

Home sales accelerated in September

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Sales of previously occupied U.S. homes accelerated in September as declining mortgage rates and a pickup in available properties on the market encouraged home shoppers.

Existing home sales rose 1.5% last month from August to a seasonally adjusted annual rate of 4.06 million units, the National Association of Realtors said Thursday. That's the fastest sales pace since February.

Sales jumped 4.1% compared with September last year. The latest sales figure came in slightly below the roughly 4.07 million pace economists were expecting, according to FactSet.

The national median sales price climbed 2.1% in September from a year earlier to \$415,200. That's the 27th consecutive month that home prices have risen on an annual basis and the highest median sales price for any September on data going back to 1999.

"The home sales in September showed an increase, but I would not characterize (it) as a breakout," said Lawrence Yun, NAR's chief economist.

"It does show that consumers do respond to lower mortgage rates."

The U.S. housing market has been in a sales slump since 2022, when mortgage rates began climbing from historic lows. Sales of previously occupied U.S. homes sank last year to their lowest level in nearly 30 years.

Mortgage rates started declining in July in the lead-up to the Federal Reserve's decision last month to cut its main interest rate for the first time in a year amid growing concern over the U.S. job market.

Homes purchased last month likely went under contract in July and August, when the average rate on a 30-year mortgage ranged from 6.75% to 6.56%, according to Freddie Mac. The decline in mortgage rates accelerated in September and continued this month, pulling the average rate down this week to its lowest level in more than a year.

While lower rates boost home shoppers' purchasing power, borrowing costs remain too high for many Americans to afford to buy a home following years of skyrocketing prices. The U.S. median home sales price has risen 53% over the past six years, before the housing market superheated during the initial years of the pandemic. Home shoppers who can afford to buy at current mortgage rates have benefited from a wider selection of properties on the market, which has brought supply and demand more into balance.

There were 1.55 million unsold homes at the end of last month, up 1.3% from August and up 14% from September last year, NAR said. The latest inventory snapshot matches a 5-year high, but remains well below the roughly 2 million homes for sale that was typical before the pandemic.

That chronic shortage of homes for sale, especially those in the more affordable end of the market, continues to weigh especially on first-time homebuyers, who don't have home equity gains to put toward a new home purchase. They accounted for 30% of homes sales last month. Historically, they made up 40% of home sales.

September's month-end inventory translates to a 4.6-month supply at the current sales pace, matching the supply level at the end of August and an increase from 4.2 months in September last year. Traditionally, a 5- to 6-month supply is considered a balanced market between buyers and sellers.

Homes are also taking longer to sell. Properties typically remained on the market for 33 days last month before selling, up from 31 days in August and 28 days in September last year, NAR said.

The longer homes linger on the market, the more pressure it puts on homeowners eager to sell to give buyers a better deal.

Note
Despite easing mortgage rates, many home shoppers bought homes entirely with cash last month. Such transactions made up 30% of all sales, up from 28% in August and unchanged compared to September last year, NAR said.

Note
That reflects a broader trend this year. Roughly one-third of homes sold in the first half of 2025 were paid for in all cash, down slightly from the same period last year, but well above pre-pandemic levels, according to a recent report by Realtor.com.

Mortgage rates will probably ease further through the end of the year, but prospective homebuyers are likely to remain cautious amid uncertain economic conditions, said Lisa Sturtevant, chief economist at Bright MLS.

"The push and pull of lower rates and rising economic uncertainty means that home sales activity is likely to remain steady through the fourth quarter, with total 2025 transactions ending only slightly above last year," she said.