



FROM LEFT: BILL JOHNSON; ANGELA OWENS/ WSJ



Aisha Jamil, Nathan Bhatti and Duke, above, at their new home in Pineville, N.C. Left, Pete and Taylor Thomason are buying a home with more outdoor space for their children.

Home Buyers Tiptoe Back In, Even as Rates, Prices Stay High

House tours and loan applications are up, a sign that the market is stirring back to life

BY NICOLE FRIEDMAN

Prospective home buyers are starting to move off the sidelines because life is moving on, even if mortgage rates and prices are stuck.

People who are having babies, retiring and getting new jobs are shopping for homes, according to real-estate agents and buyers. Home tours and mortgage applications are up—early signals that demand is rising as the spring selling season gets under way.

The housing market is still unaffordable to many wouldbe buyers, and it is too early to predict how the spring market will develop. But some buyers said they are done waiting for mortgage rates to go back to 3%. They are going ahead with purchases because they are increasingly accepting that mortgage rates are likely to stay around current levels in the coming months, if not longer, real-estate agents said.

Aisha Jamil and Nathan Bhatti, who have been off and on trying to buy their first home since 2020, finally took the plunge recently and purchased a five-bedroom residence in Pineville, N.C.

They had been frustrated with rising prices and mortgage rates that are more than double where they stood a few years ago. But they decided this year to move ahead anyway.

“Compared to my siblings and all of our friends who are homeowners, it was not the best time” to buy, Jamil said. But “I think the best time to buy is when you can afford it,” she added.

Mortgage rates have held between 6% and 7% for most of the past year. They ticked down recently to 6.65%, according to Freddie Mac.

Mortgage purchase applications in the week ended March 21 rose 7% from a year earlier, according to the Mortgage Bankers Association. Real-es--tate showings in the week ended March 27 were up 38% from early in the year, according to ShowingTime, a subsidiary of Zillow Group. That compares with last year, when showings rose 26% in the same period.

Some first-time buyers eager to get into the market are moving farther from city centers to find something they can afford, said Kelli Kaspar, a realestate agent in Durham, N.C.

“Prices haven’t come down in any meaningful way that they had thought that they might, and interest rates have stayed inflated,” she said. But “if it makes sense to them and their budget and their lifestyle, they are doing it,” she added.

Sung Ji decided to buy a house in Seattle after he got a job offer that meant he would be staying in the city long term. He and his wife had an offer accepted recently on a three-bedroom house with a backyard.

“I’m sure, looking back, there could have been a better time—or alternately, there could have been a worse time” to buy, Ji said. “The question was, is there something we find that we think is worth-while to take that leap of faith?”

Home-buying activity is still historically slow, as high home prices and current rates are making purchases expensive. The typical monthly payment for a buyer purchasing a median-priced home with a 20% down payment was \$2,807 in the four weeks ended March 23, a record high, according to the real-estate brokerage Redfin.

Consumer sentiment, meanwhile, has declined, owing to concern about government layoffs, tariffs, funding cuts and immigration restrictions, all of which could deter some home buyers.

Existing-home sales plummeted in 2022 and 2023 as higher mortgage rates pushed many potential buyers to the sidelines. U.S. existing-home sales fell in 2024 to the lowest level since 1995.

Sales of existing homes rose 4.2% in February from the prior month, far better than economists’ expectations, though they were still down from February 2024. If sales are stronger this spring, the broader economy could reap the benefits. Business would improve for real-estate brokerages and mortgage lenders, as well as stores that sell furniture and appliances. Pete and Taylor Thomason sold their house last year when they were under contract to buy a different home, but their purchase fell through. They rented an apartment and continued to look for a home with more outdoor space for their two children.

They hoped the delay might make their purchase more affordable. “People were thinking, maybe the Fed will cut and we’ll start to see some lower mortgage rates,” Pete Thomason said.

The Federal Reserve cut short-term interest rates three times last year, but those moves didn’t translate to lower mortgage rates, and economists aren’t forecasting a big drop in mortgage rates this year.

"Then it's like, OK, we probably ought to not wait on that," he said.

The Thomasons are now under contract to buy a house with five acres in Bessemer, Ala.

An increase in the number of homes for sale is giving buyers more options to choose from. Location matters a lot— buyers in the Southeast and Southwest have more negotiating leverage than those in the Northeast and Midwest, where inventory is still low.

"The market is normalizing around these current mortgage rates," said Mark Fleming, chief economist at First American Financial.

Jennifer Newcomer and her husband wanted to buy a house after getting married in 2023, but they decided to wait to see if mortgage rates would decline. This year, they started shopping anyway. Their twobedroom apartment was getting too small for them, and they didn't want to keep renting. "You can't pause your life for what rates are going to do," Newcomer said.

The couple had an offer accepted recently for a threebedroom home in the Philadelphia suburbs that needs some renovations.

They are planning to use a shorter-term mortgage so they can build equity faster. "It's exciting that we'll have something that will be ours," she said.

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