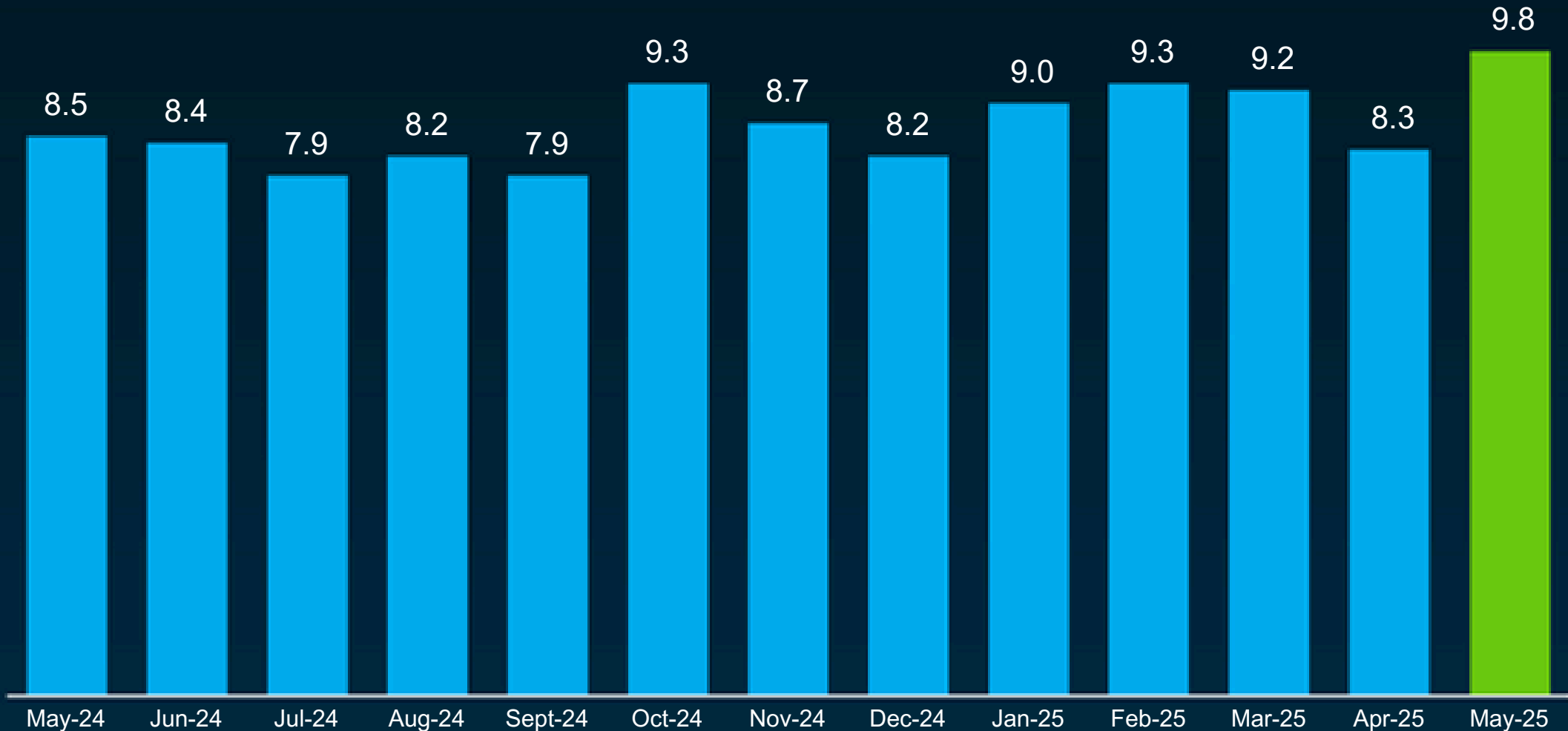




**Buyers Should Be Looking at  
New Construction Right Now**

# Newly Built Home Inventory Continues To Rise

Month's Supply, Seasonally Adjusted



Source: Census

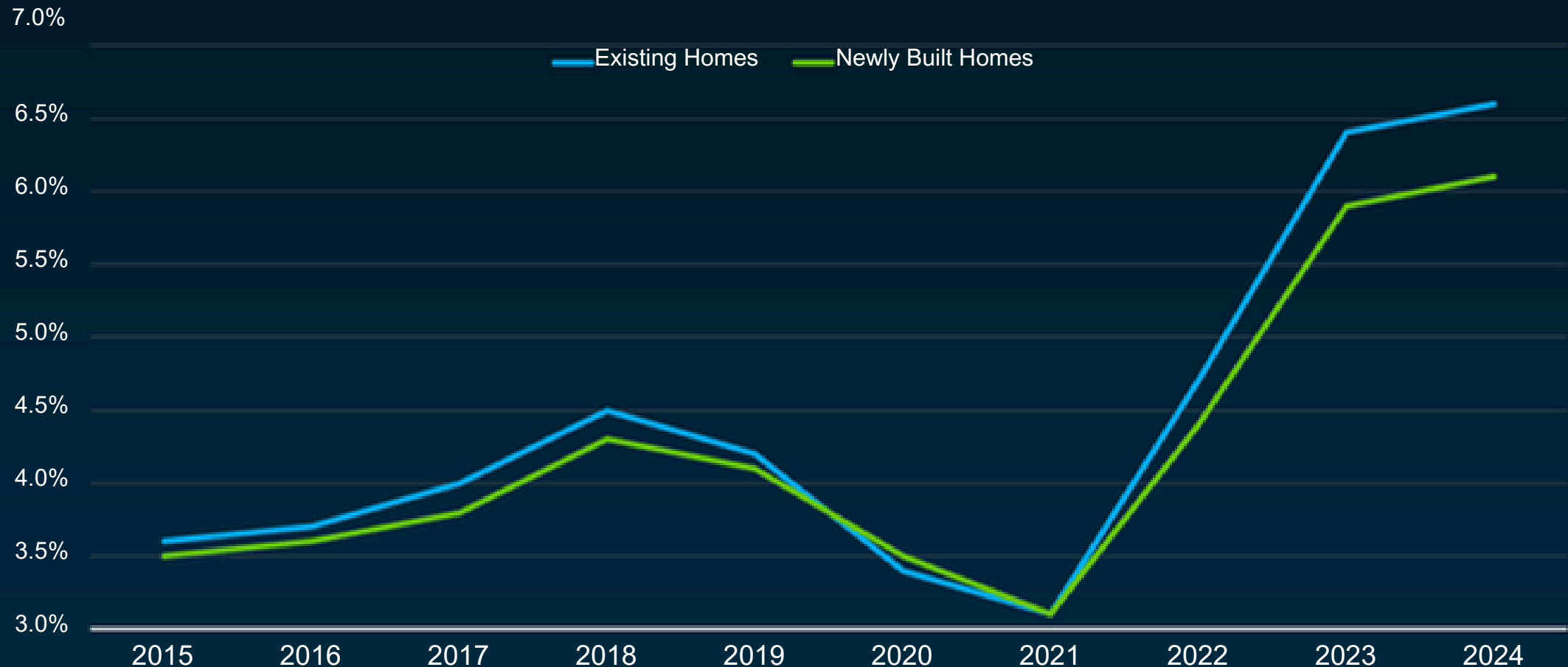


... 57% of new-home communities in May **offered incentives** on to-be-built homes and 75% on quick move-in (QMI) supply.



# New-Home Buyers Are Getting an Increasingly Large Mortgage Rate Discount

Average 30-Year Mortgage Rates by Home Type





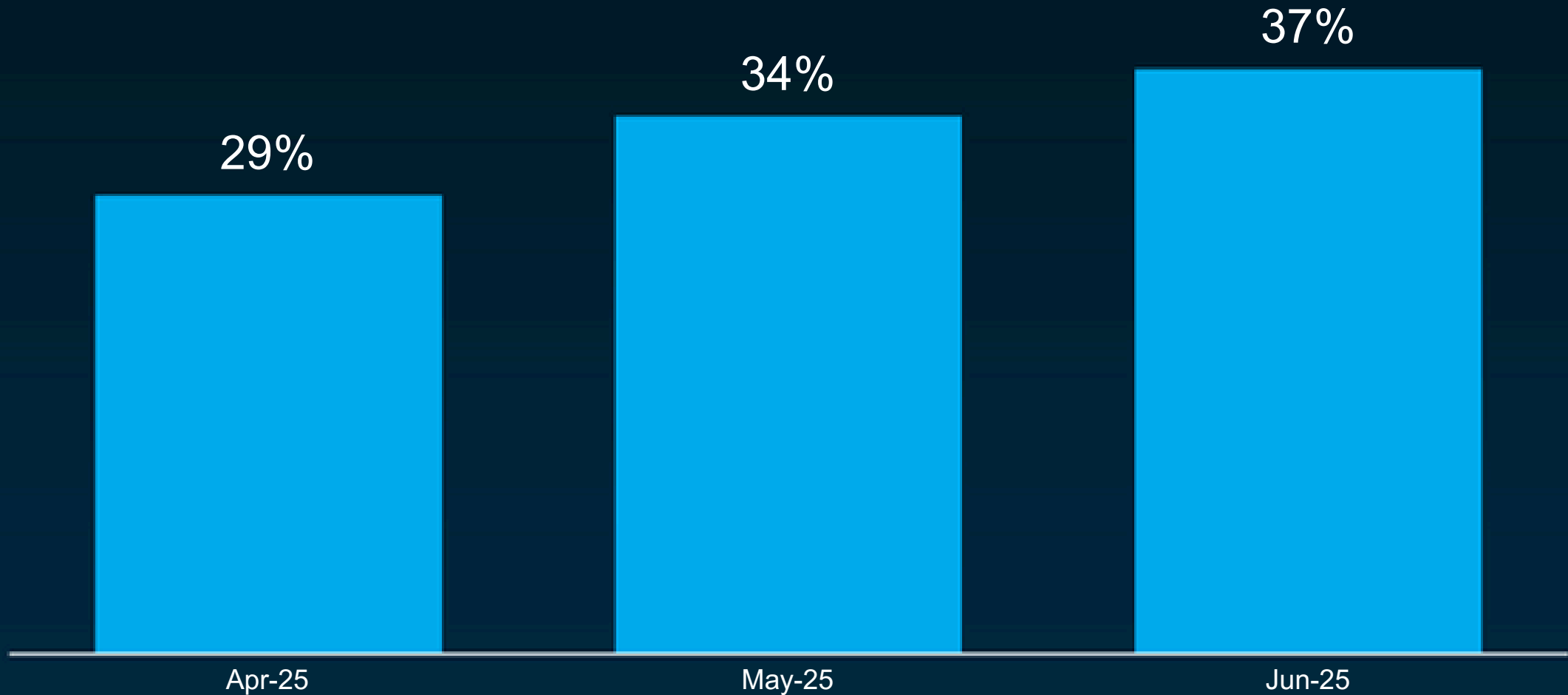
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The main reason that mortgage rates are lower for new homes is that builders are offering below-market rates to buyers as an incentive to close deals, primarily through mortgage rate buy-downs.

**Joel Berner**  
Senior Economist, Realtor.com

# More and More Builders Are Cutting Prices

Percent of Builders Cutting Prices





The latest HMI survey also revealed that 37% of builders reported cutting prices in June, **the highest percentage since NAHB began tracking this figure on a monthly basis in 2022.**

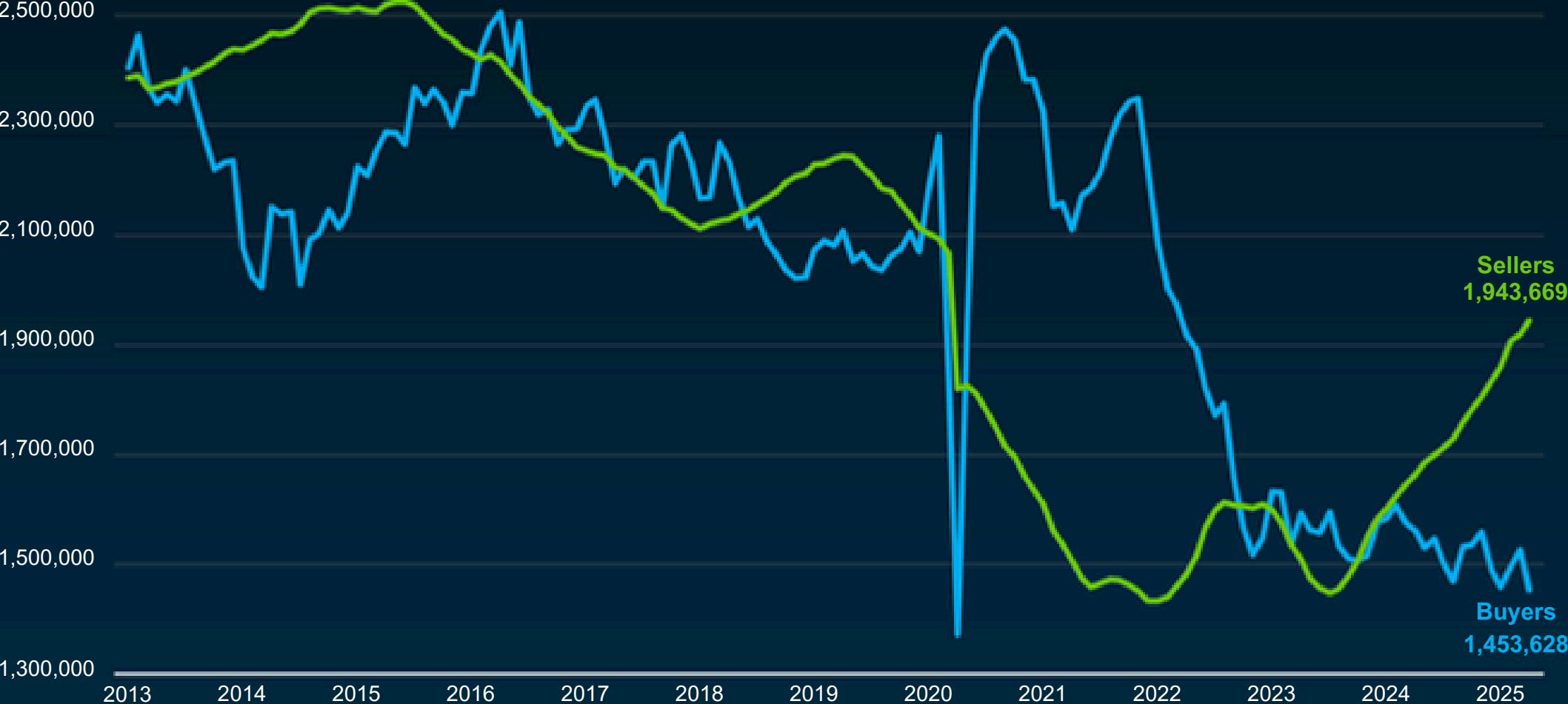
NAHB



# Buyer-Seller Imbalance

# Buyer and Seller Dynamics Have Shifted

Estimated Number of Buyers and Sellers Active in the Market



Source: Redfin



**Fewer buyers means less competition for home listings and more pressure on sellers to dial back their asking price and make other concessions to help get a deal done.** That's a stark reversal from just a few years ago, when it wasn't uncommon for homeowners to receive offers well above their asking price from multiple home shoppers.



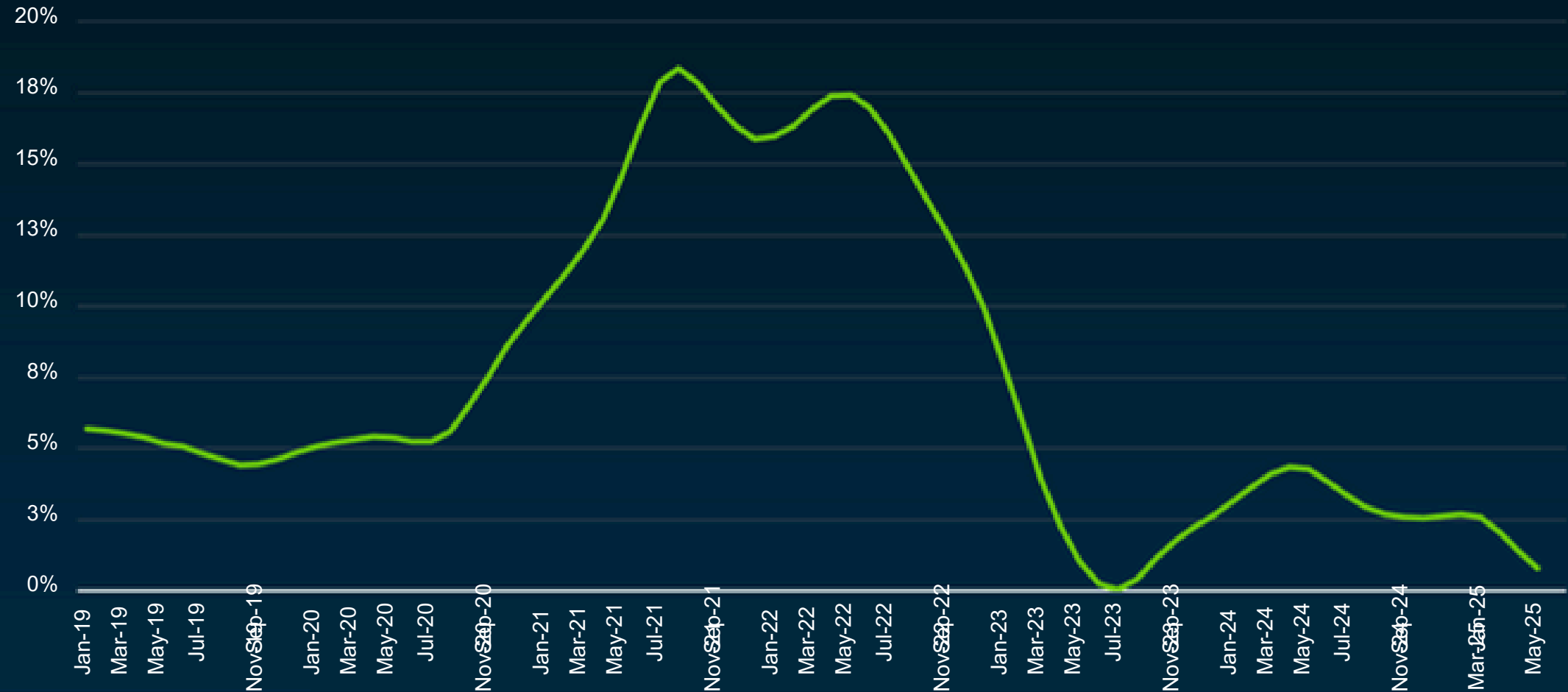
We continue to see an inflection in the housing market as home-price softening expands beyond the Sunbelt into the West. With inventory levels beginning to normalize across much of the country, **prospective homebuyers are finally beginning to see some long-anticipated price relief.**

**Andy Walden**

Head of Mortgage and Housing Market Research, Intercontinental Exchange

# Home Price Growth Is Decelerating

Percent Change in National Home Prices, Year-Over-Year

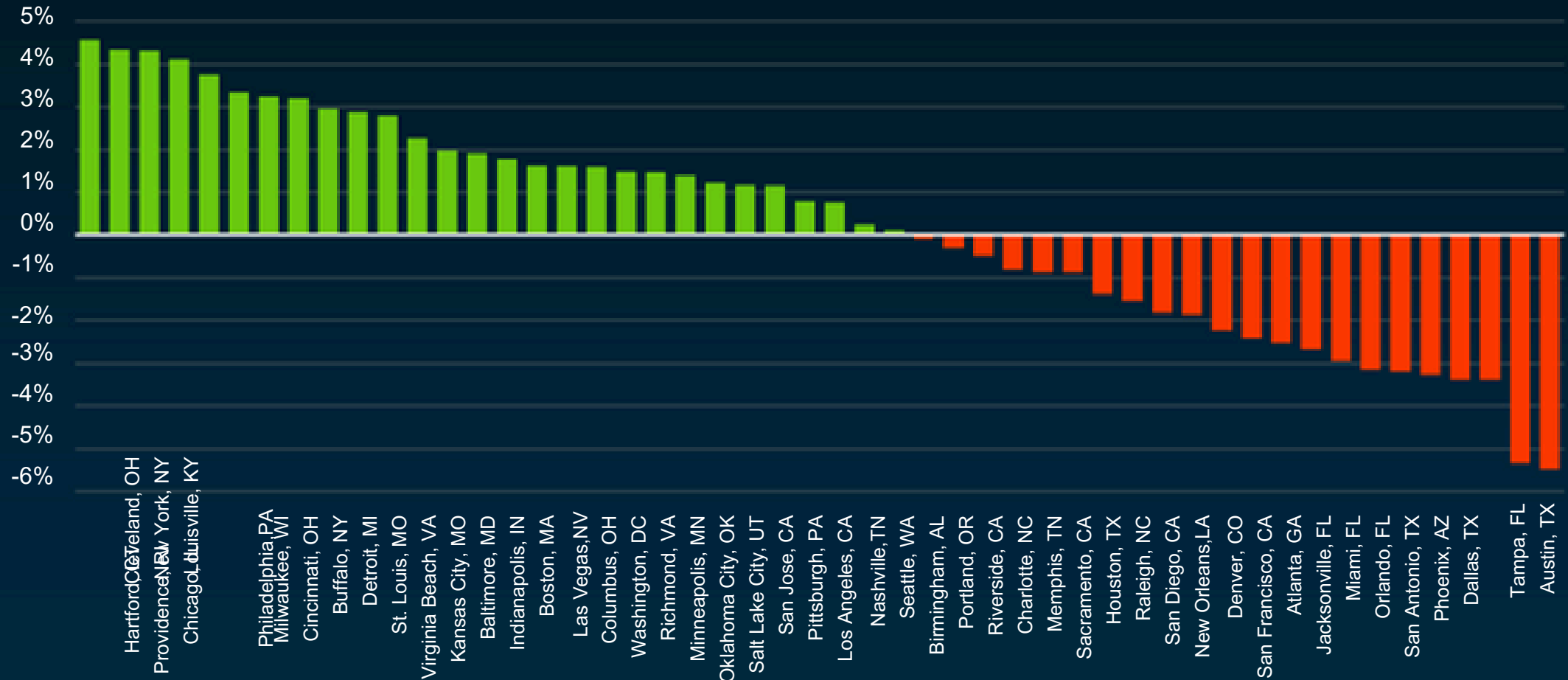




**House price growth slowed in the first quarter of 2025, partly due to a decline in demand and an increase in supply.** Persistent high mortgage rates and increased inventory combined to ease upward pressure on house prices. These factors signaled a cooling market, following rapid gains seen in previous years.

# 22 of the 50 Largest Metros Have Falling Home Prices

OneYearChangeinHomePricesin50LargestMetros,May2024 - May2025





# What To Expect in the Second Half of 2025



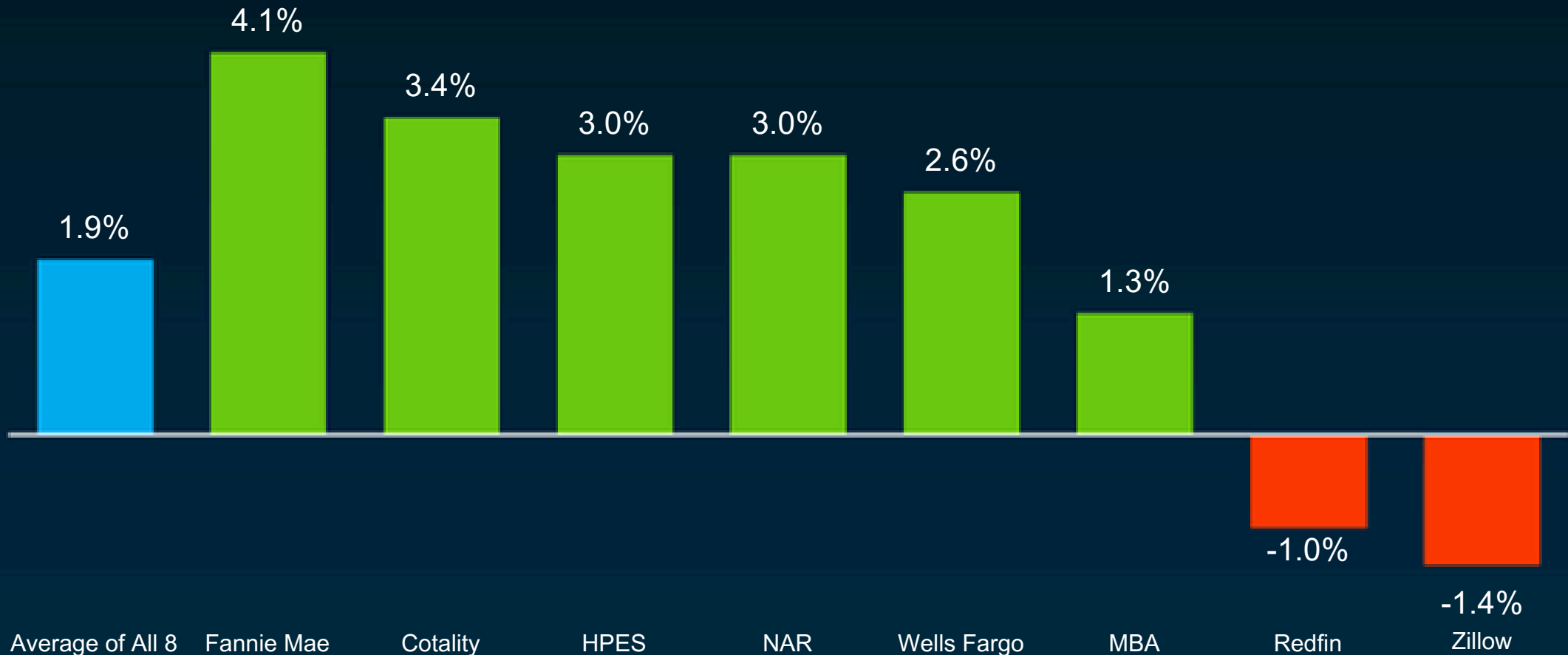
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Home-price appreciation will be tepid when looked at from 35,000 feet, with many markets seeing little or no change in prices. But rising inventory has some formerly hot real estate markets shifting from a seller's market to a buyer's market and will be susceptible to price declines.

**Greg McBride**  
Chief Financial Analyst, Bankrate

# 2025 Home Price Forecasts

Percent Change as of 7/2/2025





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**. . . the vibes for home prices are growing much more bearish.** For the rest of 2025, we can see that inventory levels — especially in the Sun Belt — are now sufficient to put **downward pressure on home prices. This seems likely to continue and spread to more states.** However, there isn't much in the data that shows significant price declines.

**Mike Simonsen**  
Co-Founder, Altos Research

# Most 2025 Home Price Forecasts Are Trending Down

Forecasts from 12/2024 vs. Current Forecasts

Organization	Original Forecast	Current Forecast
Fannie Mae	3.6%	4.1%
Cotality	2.3%	3.4%
Home Price Expectations Survey (HPES)	3.8%	3.0%
National Association of Realtors (NAR)	2.0%	3.0%
Wells Fargo Mortgage Bankers Association (MBA)	4.9%	2.6%
Association (MBA)	1.5%	1.3%
Redfin	4.0%	-1.0%
Zillow	2.9%	-1.4%
<b>Average of All 8</b>	3.1%	1.9%



Looking ahead through the rest of this year and into 2026, we don't expect mortgage rates to come down much — at least not through the third quarter of 2025 — so affordability will remain pressured.

**James Egan**  
Housing Strategist, Morgan Stanley

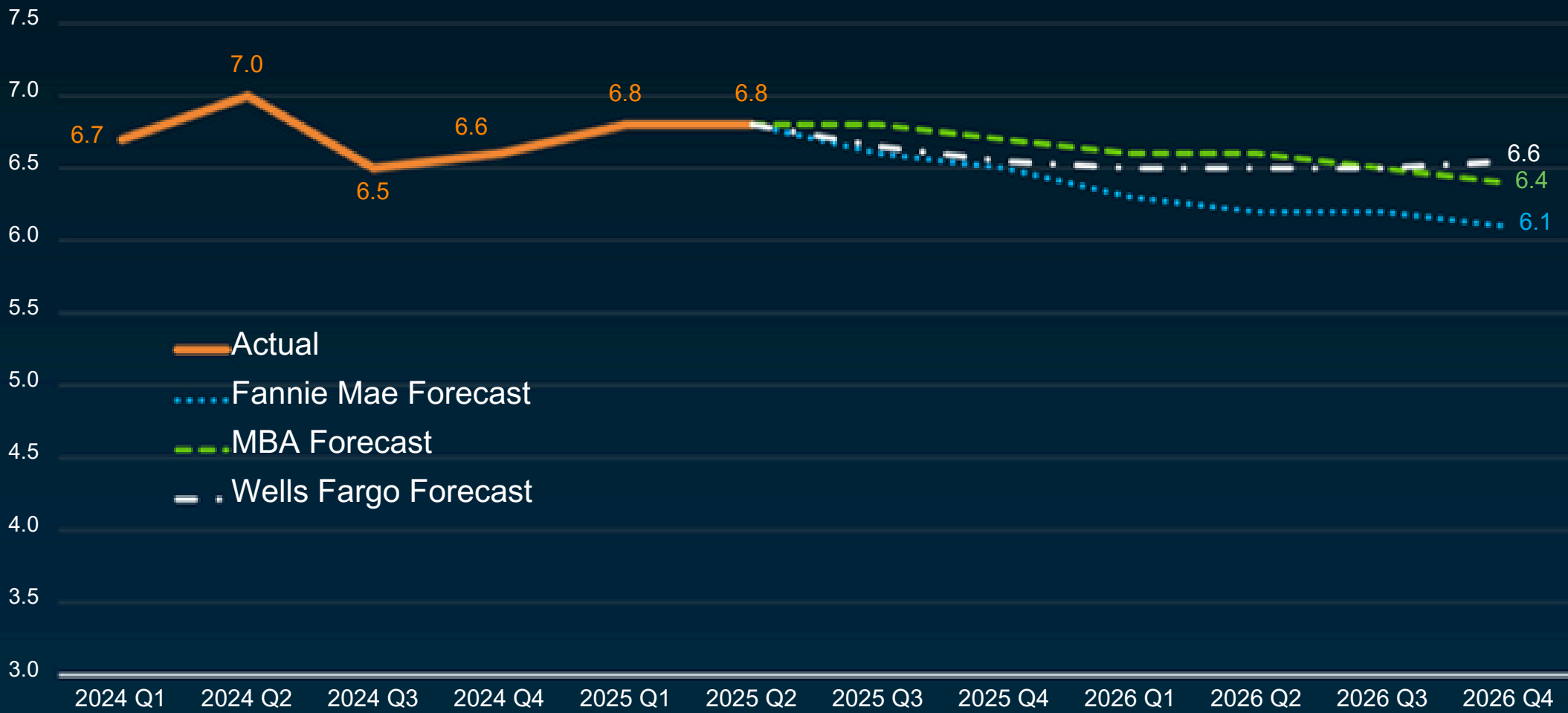
# Don't Expect a Big Drop in Mortgage Rates

30-Year Fixed Mortgage Rate Projections as of 7/2/2025

Quarter	Fannie Mae	MBA	Wells Fargo	Average of All 3
2025 Q3	6.60%	6.80%	6.65%	<b>6.68%</b>
2025 Q4	6.50%	6.80%	6.55%	<b>6.62%</b>
2026 Q1	6.30%	6.70%	6.50%	<b>6.50%</b>
2026 Q2	6.20%	6.60%	6.50%	<b>6.43%</b>

# Mortgage Rates Expected To Stay in the 6's

30-Year Fixed Mortgage Rate Projections as of 7/2/2025



Sources: Fannie Mae, MBA, Wells Fargo

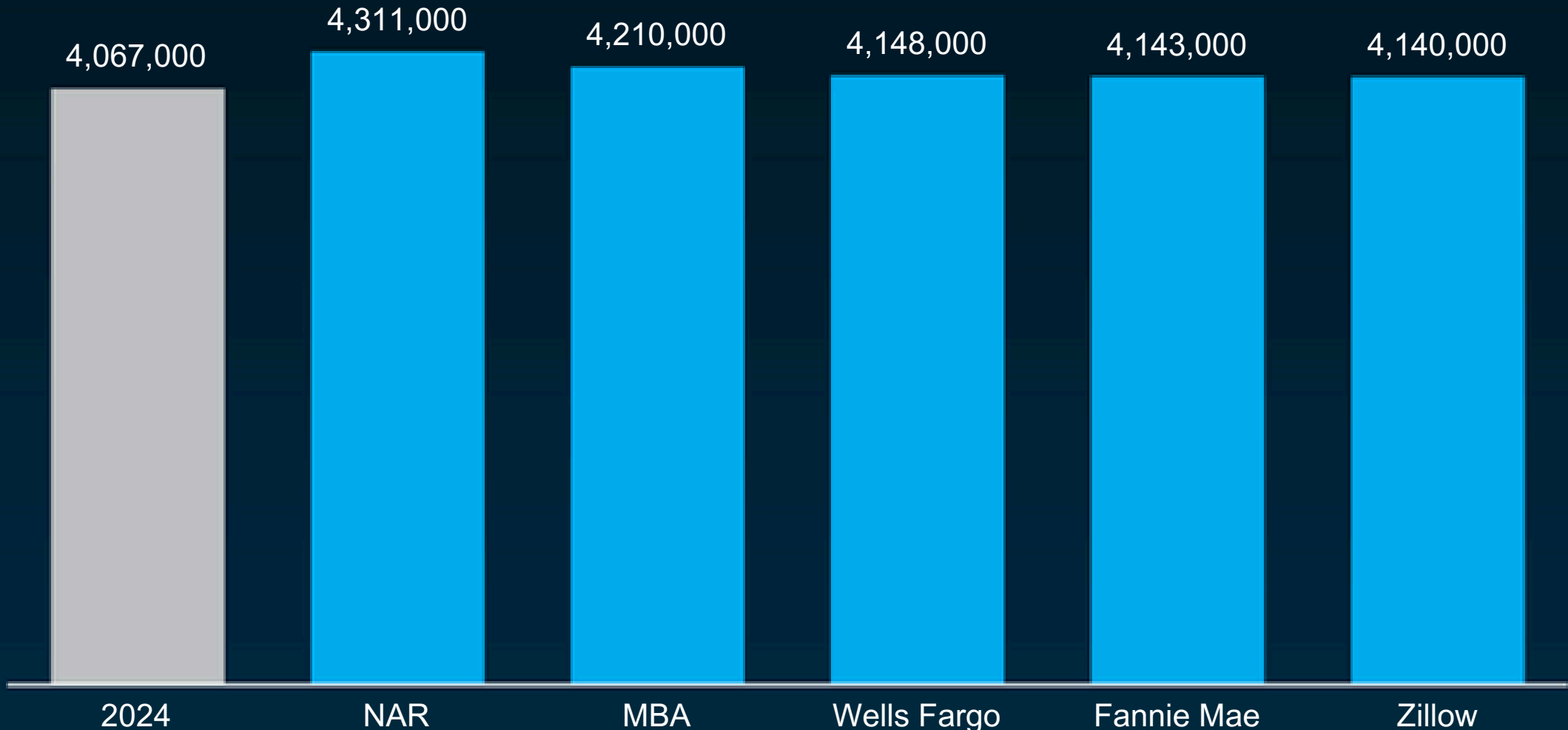


The prospect of elevated mortgage rates throughout 2025 suggests that housing market activity will continue to be challenged.

**Selma Hepp**  
Chief Economist, Cotality

# Sales Will Remain Low, But Up Slightly From Last Year

2025 Existing Home Sales Forecasts as of 7/2/2025



# Newly Built Home Sales Will Remain Largely Unchanged

2025 New Home Sales Forecasts as of 7/2/2025





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NAHB Chief Economist Robert Dietz says that given current market conditions, the homebuilder trade group is **forecasting a decline in single-family starts across 2025.**

# Fewer Newly Built Homes Will Be Coming to the Market

Seasonally-Adjusted Annual Rate of New Home Starts





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. . . shoppers in the market for a new home will still have options in many markets and are likely to be in a good place to negotiate. But builders are already adjusting their outlooks, and slowing the development pipeline which could mean that **new homes are harder to come by in the next year.**

**Danielle Hale**  
Chief Economist, Realtor.com