June 30, 2025 – The U.S. economy encountered some notable developments in the past few weeks, including a decline in new home sales, shifts in consumer confidence, and changes in unemployment claims. While these trends reflect ongoing economic adjustments, they also highlight the dynamic nature of the market and the economy. Rising prices for goods and increasing property insurance costs are also part of the evolving economic landscape. So far, businesses and consumers are able to navigate these changes and adapt their strategies and expectations to the current environment. Hopefully, they will continue to demonstrate their resilience and flexibility in the second half of the year.

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Weekly MLS Market Data Report

Quarterly Member Sentiment Report

New home sales plummet after a surge in April: Sales of new U.S. single-family homes dropped sharply by 13.7% month-over-month and registered a seven-month low of 623k units in May. After a brief jump in April, new home sales fell by the most in nearly three years in May as elevated mortgage rates, continuing economic uncertainty, and rising existing housing supply slowed the demand for new housing units. The decline far exceeded the consensus expectations of 693k units and decreased 6.3% from the same month of last year. Sales activity had the biggest drop from the prior month in the South (-21%), followed by the Mid-west (-7.17%) and the West (-5.4%). The North-east was the only region with a surge both month-over-month (+32.1%) and year-over-year (+48%). With mortgage rates rising consistently in the first three weeks of May, builders' incentives such as mortgage-rate buydowns and price reductions might have lost some of their effects as homebuyers held off last month. Meanwhile, new houses for sale increased to 507k and reached the highest level since October 2007. At the current sales pace, it would take 9.8 months to clear the inventory if no new housing units were added. With rates declining since the third week of May, new home sales could bounce back in June but could remain below the level 12 months ago in the near term.

Consumer confidence deteriorates unexpectedly in June: After a solid gain in May, the U.S. consumer confidence retreated and dropped 5.4 points to 93.0 in June, according to the latest report from the Conference Board. The weakening in consumers optimism was likely attributed to worries about the job market and lingering concerns over how tariffs would impact prices and the economy in general. The recent conflict between Iran and Israel also might have played a role in the decline in the confidence index, although "geopolitical and social unrest" was not the top-of-mind concern for those responded to the survey. The Present Situation Index fell 6.4 points to 129.1 in June, while the Expectation Index dropped 4.6 points to 69. Consumers were less positive about current business conditions, and they felt less optimistic about job availability. Those who planned to purchase a home declined from May, but the share could improve next month as rates trended downward in the past weeks.

Fewer new filings for unemployment but more stay unemployed: Initial jobless claims for the week ending June 21 decreased to 236k, a drop of 10k from 246k recorded in the prior week, according to the latest data released by the Department of Labor. The back-to-back declines in the number of Americans applying for unemployment benefits is a sign that suggests businesses are holding onto their employees and are not cutting many jobs. Despite the recent slowdown in layoffs, more Americans are out of work longer, as companies are holding off on hiring. Indeed, continuing unemployment claims for the week ending June 14 rose to 1.97 million and reached their highest level in more than 3.5 years. At the state level, California saw a decrease of more than 233 initial claims filed during the week of June 21, but continuing claims increased 24.4k during the week ending June 14 and reached 392.3k. With consumer spending slowing and tariff issues remaining unclear, hiring may not see much improvement in the near term.

Price increases for goods on Amazon suggest higher inflation in coming months: Inflation could pick up in the second half of the year as prices on China-made goods sold on Amazon spiked in June, according to an analysis that DataWeave conducted exclusively for Reuters. Results from the study show that a basket of goods sold on the e-commerce platform accelerated in price increases starting in May, with the median price of more than 1,400 products made in China up 2.6% between January and mid-June. During the same time frame, prices increased 1.1% for U.S. made products, 2.1% for Mexican-made products, and 1.2% for Canadian-made goods. Of the 1,407 items tracked by DataWeave, 475 experienced price increases, 633 remained flat in price, and 277 had price declines. Among all the products that were analyzed, school and office supplies surged the most in prices, followed by baby products, home furnishing goods, sporting goods, electronic items, and toys.

Insurance costs up less but cut into consumer budgets more: Property insurance (auto and housing) costs continued to rise year-over-year, but their growth rate has moderated in the 12-month period through May 2025, according to a report released by the Bank of America Institute. The property insurance payment growth decelerated from the 13% increase recorded between June 2023-May 2024 to 6% in 2025. Despite the slowdown in payment growth, the median household property insurance payment has risen by more than 40% since the period June 2020-May 2021. Insurance premiums are also taking up a larger share of the household income over the last five years. According to Bank of America data, the median annual property insurance payment has inched up from slightly over 4% of the household income in the June 2020-May 2021 period to nearly 5% in the June 2024-May 2025 period. With more wildfires expected to occur in California this year and home replacement costs likely to increase in 2025, homeowners insurance premiums will continue to climb in the next 12 months.

Note: *This summary report gets updated every Monday by 6:00 pm PST. Feel free to email us at* ***research@car.org*** *if you have any questions and/or feedback.*