

# Residential Real Estate Market Snapshot Report

December 2025



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# Overview

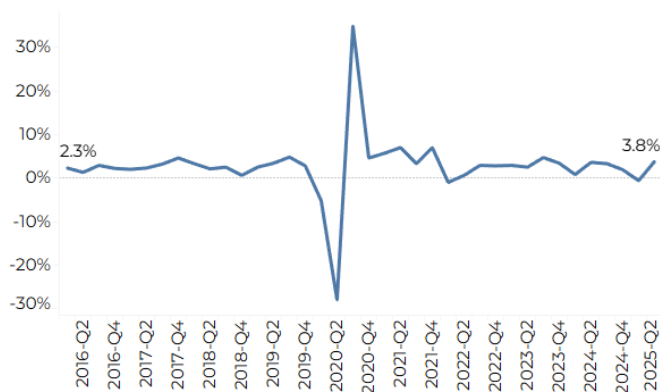
## The Housing Market in October 2025

The Federal Reserve's rate cut in October, along with a decline in the Treasury yield, is indirectly affecting the mortgage interest rates. Mortgage rates reached their lowest level since September 2024, and together with lower home prices and improved affordability, this created a strong momentum for new buyers to enter the market. Indeed, October's data saw a rise in both existing and pending home sales. The Mortgage Purchase Index showed a decline in housing demand. However, this is just the cyclical nature of the housing market, as it tends to cool down as Americans prepare to celebrate Thanksgiving and the winter holidays. Usually, inventory is lower during the winter months because fewer people are available to list their homes.

In terms of the labor market, September's job gains were reassuring, suggesting that the economy is not slipping into a recession. Nevertheless, the market is still weak as the average monthly gains are still lower than last year. The Federal Reserve's Open Market Committee is waiting for the next data release (which will only be available in mid-December and will reflect the employment situation in November) to make the next decision about a final rate cut before the end of the year.

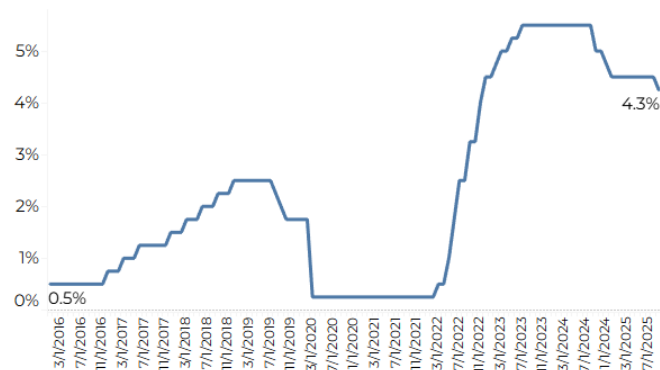
# Economic Activity

## Gross Domestic Product



Source: U.S. Bureau of Economic Analysis

## Interest Rates



Effective Federal Funds Rate, Upper Limit  
Source: Federal Reserve Board

Q2 2025: **+3.8%**

Q1 2025: **-0.6%**

Q2 2024: **+3.0%**

According to the third estimate, real GDP increased at an annual rate of 3.8% in the second quarter of 2025. The increase in national product primarily reflected a decrease in imports, which is a subtraction in the calculation of GDP, and an increase in consumer spending. However, investments and exports decreased this quarter. The decrease in the first quarter was revised to -0.6%.

October 2025: **4.0%**

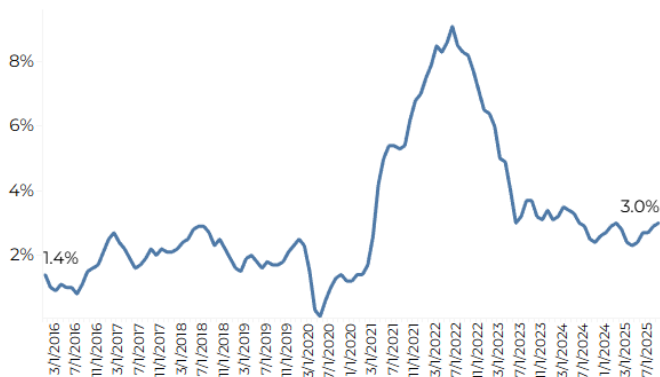
September 2025: **4.3%**

October 2024: **5.0%**

At its October meeting, the Federal Open Market Committee (FOMC) announced a 0.25 percentage point cut to the short-term interest rate, lowering the target range to 3.25%-4.0%. As a reminder, the Committee can cut or increase the rate to help the economy achieve the goals of maximum employment and 2% inflation.

# Economic Activity

## Inflation

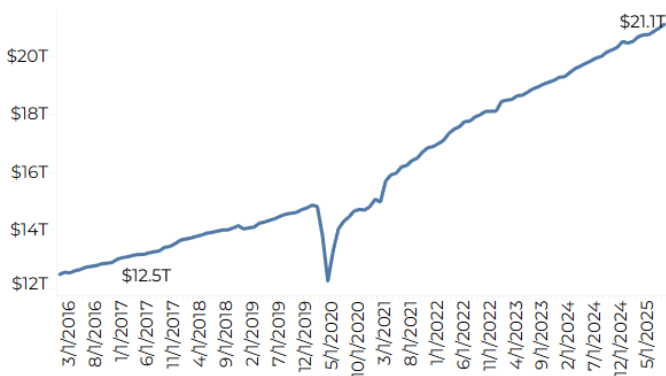


CPI Year/Year Percent Change, Seasonally Adjusted  
Source: U.S. Bureau of Labor Statistics

September 2025: **3.0%**  
August 2025: **2.9%**  
September 2024: **2.4%**

In September, the Consumer Price Index (CPI) inflation) for all items over the last 12 months rose 3.0%, slightly higher than the previous month. The index for gasoline was the largest factor in the all-items monthly increase, as energy rose 1.5% over the month. In addition, the index for shelter rose 0.2% over September.

## Consumer Spending



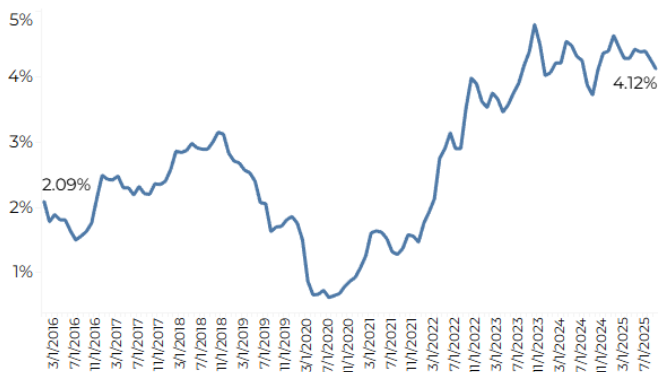
Personal Consumption Expenditures, Seasonally Adjusted  
Source: U.S. Bureau of Economic Analysis

August 2025: **\$21.1 trillion**  
July 2025: **\$20.8 trillion**  
August 2024: **\$20.0 trillion**

Personal consumption expenditures increased by 0.6% to \$21.1 trillion in the month of August. The \$129.2 billion increase in current-dollar PCE reflected increases of \$77.2 billion in spending on services and \$52.0 billion in spending on goods. This is the third consecutive month of increases in consumer spending, after current-dollar spending was unchanged in May 2025.

# Economic Activity

## 10-Year Treasury Yield



Percent

Source: U.S. Treasury

October 2025: **4.06%**

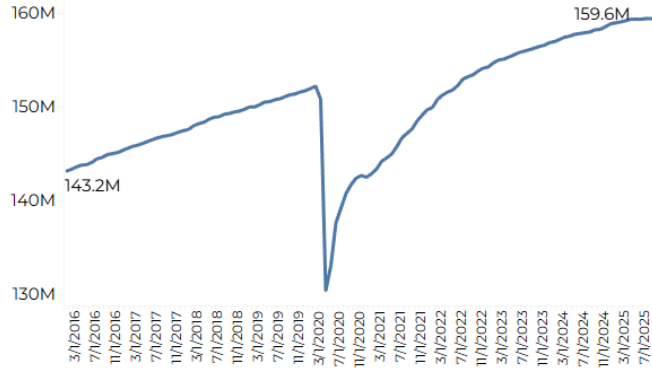
September 2025: **4.12%**

October 2024: **4.10%**

The 10-year Treasury rate decreased further to 4.06%, the third consecutive month of decreases in the yield. Mortgage rates typically track the 10-year yield, but its direction largely depends on developments in global trade and economic expectations.

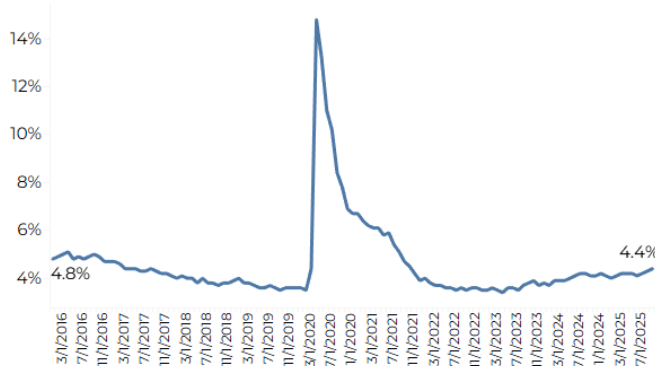
# Employment Situation

## Employment



Payroll Employment, Seasonally Adjusted  
Source: U.S. Bureau of Labor Statistics

## Unemployment



Unemployment Rate, Seasonally Adjusted  
Source: U.S. Bureau of Labor Statistics

September 2025: **159.6 million**  
August 2025: **159.5 million**  
September 2024: **158.3 million**

In September, a total of 119,000 jobs were added to the U.S. labor market but overall showed little change since April 2025. Job gains continued to trend up in health care, food services, drinking places, and social assistance. Job losses continued in warehousing and in the Federal government. In construction, employment showed little or no change at all over the month.

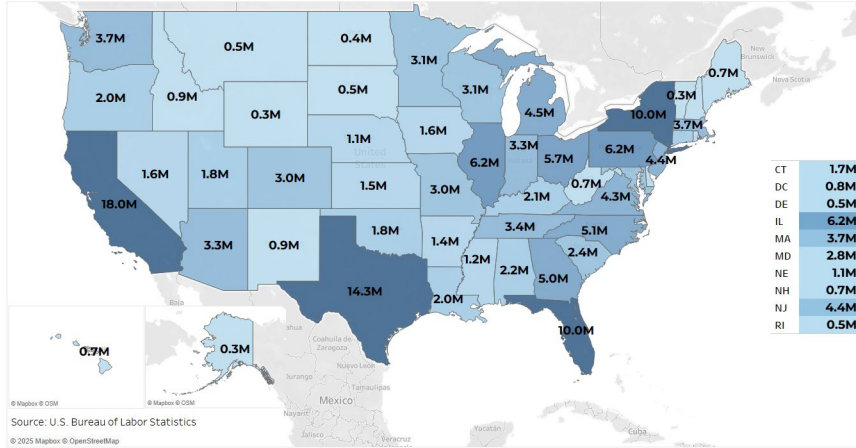
September 2025: **4.4%**  
August 2025: **4.3%**  
September 2024: **4.1%**

The unemployment rate has remained in the range of 4.0%-4.2% since May 2024. In September, both the unemployment rate, at 4.4%, and the number of unemployed people, at 7.6 million, changed very little from the prior month. In the same month in 2024, the unemployment rate was 4.1% and the number of unemployed people stood at 6.9 million.



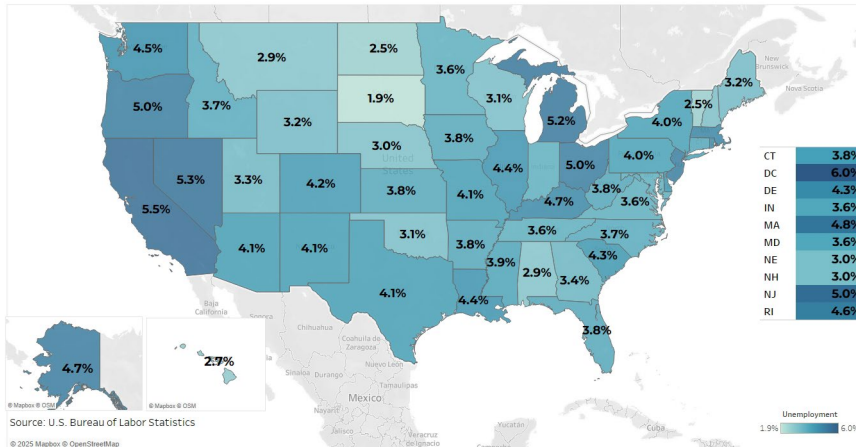
# Employment Situation

State Employment August 2025



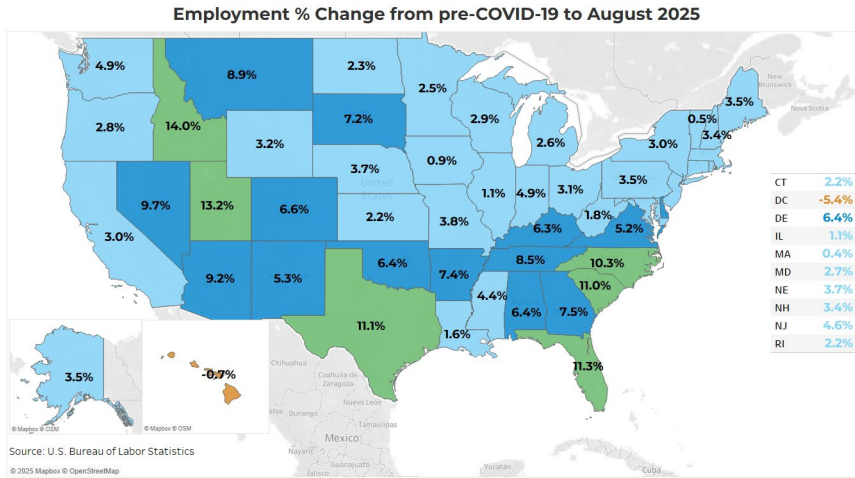
In August, employment increased in Utah (+0.5%), decreased in the District of Columbia (-0.7%), and remained essentially unchanged in 49 states. Year-over-year, the largest job gains occurred in Texas (+195,000), New York (+125,100), and Pennsylvania (+101,200). The largest year-over-year percentage increases occurred in South Carolina (+3.1%), Hawaii (+1.9%), and New Mexico (+1.9%).

Unemployment as of August 2025



South Dakota had the lowest unemployment rate in August, compared to the rest of the states and the District of Columbia, at 1.9%. California followed it at 5.5%. Overall, 22 states had unemployment rates lower than the U.S. average of 4.3%. In August, Delaware (+0.2 pp.), Maryland (+0.2 pp.), and Minnesota (+0.1 pp.) had unemployment rate increases. In contrast, Colorado (-0.3 pp.) and Alabama (-0.1 pp.) had rate decreases. The remaining states and the District of Columbia had rates that weren't notably different from the prior month.

# Employment Situation

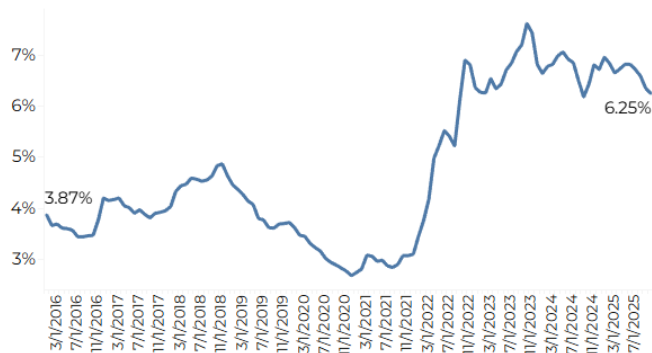


In August, most states, apart from the District of Columbia and Hawaii, continued to outperform the pre-pandemic labor market additions. Similar to the previous month, the largest job gains between pre-pandemic and August 2025 were seen in Idaho (+14.0%), Utah (+13.2%), Florida (+11.3%), Texas (+11.1%), South Carolina (+11.0%), and North Carolina (+10.3%). The levels of employment in Hawaii (-0.7%) and the District of Columbia (-5.4%) were still below their pre-pandemic levels.



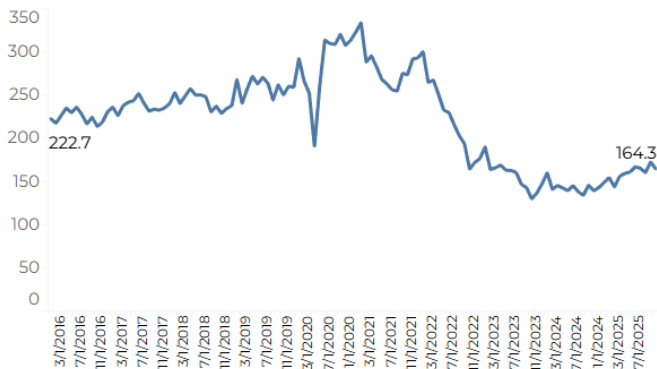
# Housing Market

## Mortgage Rates



30-Year Fixed Mortgage Rate, Monthly Averages  
Source: Federal Home Loan Mortgage Corporation

## Mortgage Purchase Index



MBA Purchase Index, Monthly Averages  
Source: Mortgage Bankers Association of America, Haver Analytics

October 2025: **6.25%**  
September 2025: **6.35%**  
October 2024: **6.43%**

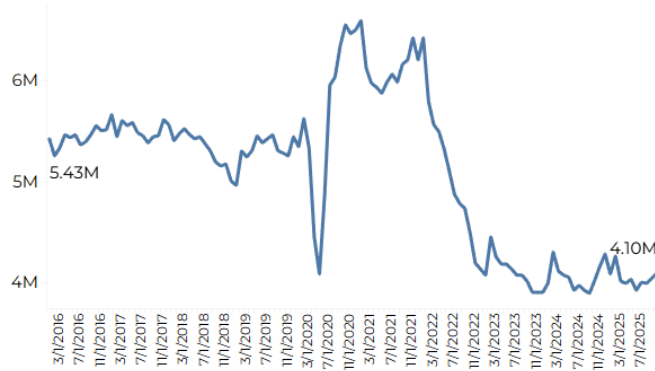
The average 30-year fixed mortgage rate fell further to 6.25% in October, the lowest level since October 2024. Since the beginning of the new year, mortgage rates have held steady in the mid 6% range, trending significantly below the historical average of 7.7% since 1971. Stable mortgage interest rates have contributed to an uptick in loan applications over the last couple of months.

October 2025: **164.3**  
September 2025: **172.6**  
October 2024: **139.1**

In October, the Purchase Index averaged 164.3, down from September's increase. This level indicates a slightly weaker housing demand compared to the previous month, but demand remains stronger than a year ago when the index averaged 139.1. The historical average was 247.6 between 1990 and 2024.

# Housing Market

## Existing Home Sales



October 2025: **4.10 million**  
September 2025: **4.06 million**  
October 2025: **4.03 million**

Existing-home sales rose 1.2% to a seasonally adjusted annual rate of 4.10 million in October. Year-over-year, sales increased by 1.7%. As anticipated, lower mortgage rates are causing a rise in sales activity. Month-over-month sales increased in the Midwest and South, while year-over-year sales rose in the Northeast, Midwest, and the South.

## Pending Home Sales

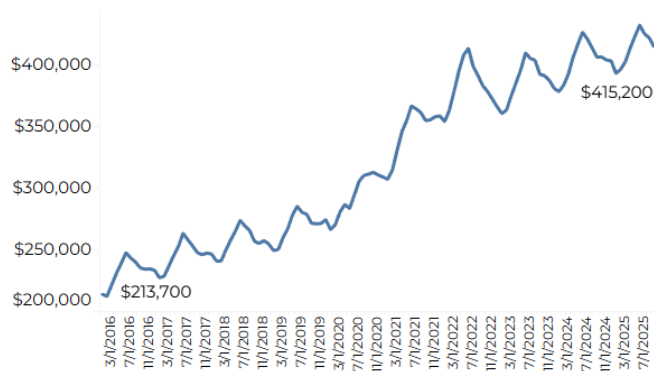


October 2025: **76.3**  
September 2025: **74.8**  
October 2024: **75.5**

In October, pending home sales increased by 1.9% from the previous month but decreased by 0.4% from one year ago. Regionally, contract signing activity rose in the Northeast, Midwest, and South over the month. Year-over-year, pending home sales saw gains in the Midwest and the South regions.

# Housing Market

## Median Sales Price



Existing Single-Family Homes

Source: National Association of REALTORS®

## Housing Affordability



HAI Index, Seasonally Adjusted

Source: National Association of REALTORS®

October 2025: **\$415,200**

August 2025: **\$422,600**

October 2024: **\$406,800**

In October, the median existing-home price for all housing types was \$415,200, up 2.1% from one year ago. October marked the 28<sup>th</sup> consecutive month of year-over-year price increases.

September 2025: **104.5**

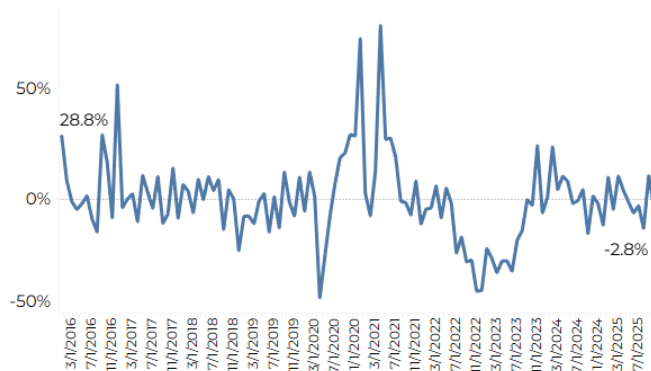
August 2025: **100.6**

September 2024: **104.8**

In September, the Housing Affordability Index rose to 104.5, and the qualifying income was \$101,376. An index above 100 indicates that the typical family earns enough income to qualify for a median-priced home nationwide.

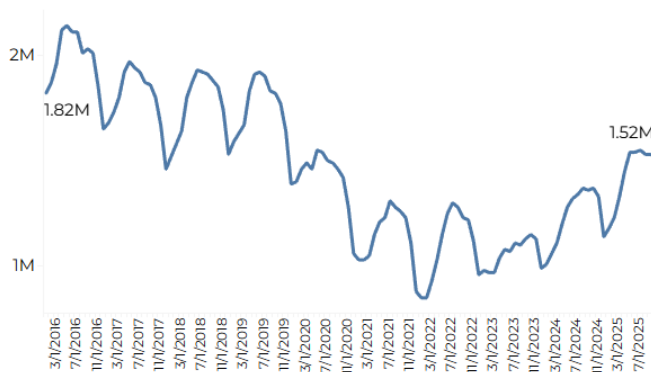
# Housing Market

## New Listings



Year/Year Percent Change in New Listings  
Source: National Association of REALTORS®

## Inventory



Total Existing Home Sales Available for Sale, Unadjusted  
Source: National Association of REALTORS®

October 2025: **-2.8%**  
September 2025: **17.8%**  
October 2024: **1.7%**

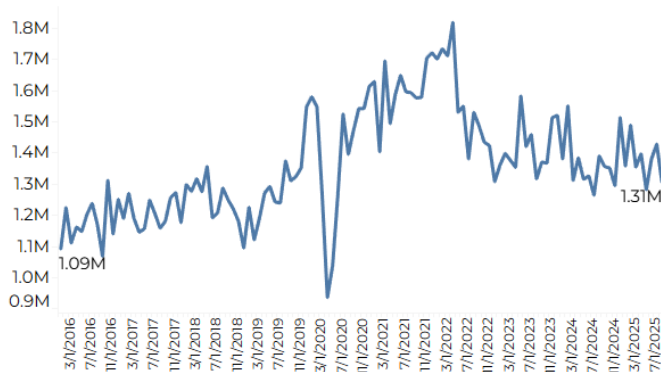
New listings decreased by 2.8% in October after rising nearly 18% in September. The decrease is consistent with seasonal patterns in the housing market, which typically cools after summer.

October 2025: **1.52 million**  
September 2025: **1.55 million**  
October 2024: **1.37 million**

Total housing inventory was at 1.52 million in October, down by 0.7% from September but up by 10.9% from October 2024. October's inventory was equivalent to 4.4 months' supply of unsold inventory, down from 4.5 in the previous month and up from 4.1 months one year ago.

# New Residential Construction

## Housing Starts



Source: U.S. Census Bureau

August 2025: **1.31 million**

July 2025: **1.43 million**

August 2024: **1.39 million**

In July, privately-owned housing starts decreased to a seasonally adjusted rate of 1.31 million. This decrease was 8.5% below the revised July estimate and 6.0% below the revised August 2024 estimate. There were 890,000 single-family starts in August, down by 7.0% from 957,000 in July.

## Building Permits



Source: U.S. Census Bureau, Haver Analytics

August 2025: **1.33 million**

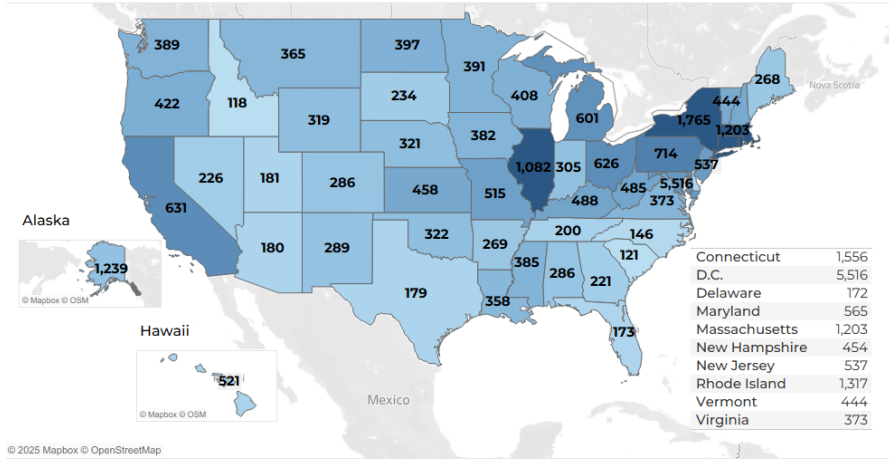
July 2025: **1.36 million**

August 2024: **1.47 million**

Respectively, another measure of housing construction, building permits issued, decreased to 1.33 million in August. Permits were down 3.7% from July and 11.1% from August 2024. Single-family authorizations were at 856,000, 2.2% below the revised July rate of 875,000.

# New Residential Construction

Population Per Single-Family Building Permit by State  
August 2025



© 2025 Mapbox © OpenStreetMap

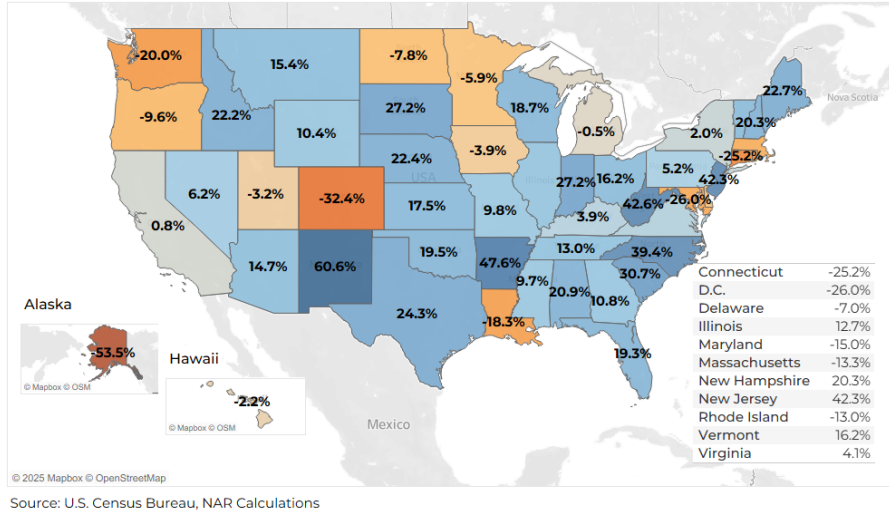
\* The ratio is calculated by dividing the number of a state's population by the number of single-family building permits issued in the state within one year.  
Source: U.S. Census Bureau, NAR Calculations

Similar to July, the same states continued to lead as the states with the highest number of building permits issued per resident in August. Idaho led with one permit issued per 116 residents, followed by South Carolina (121), North Carolina (146), Delaware (172), and Florida (173). Similarly, the District of Columbia remained the state with the fewest building permits per capita, issuing one permit for every 5,516 residents, a slight improvement from July. D.C. was followed by New York (1,765), Connecticut (2,556), Rhode Island (1,317), and Alaska (1,239).



# New Residential Construction

State Percentage Change of Single-Family Building Permits  
Between Pre-COVID and August 2025



In a similar fashion, changes in building permit issuance activity were essentially unchanged from the prior month. New Mexico was still leading with the highest increase in single-family building permits. Between August 2019 and August 2025, the number of permits issued in New Mexico increased by 60.6%. It was followed by increases in Arkansas (+47.6%), West Virginia (+42.6%), New Jersey (+42.3%), and North Carolina (39.4%). In contrast, Alaska continued to experience the largest decline in permits, with a further decrease of 53.5%. It was followed by losses in Colorado (-32.4%), the District of Columbia (-26.0%), Connecticut (-25.2%), and Washington (-20.0%).

## About the National Association of REALTORS®

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The mission of the National Association of REALTORS® Research Group is to produce timely, data-driven market analysis and authoritative business intelligence to serve members, and inform consumers, policymakers and the media in a professional and accessible manner.

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