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**Economic Report: Insights into Today’s Housing Market  
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**Executive Summary**

The economic environment remains characterized by considerable uncertainty, with strong headwinds impacting both consumer confidence and business investment decisions. Market sentiment across both Wall Street and Main Street reflects a growing inclination to delay major financial commitments, including hiring, capital expenditures, and home purchases.

***Consumer Spending Trends***

*Consumer behavior in April mirrored this cautionary stance. Retail sales increased by just 0.1%, following a robust 1.7% rise in March. The earlier surge was largely attributed to accelerated consumer activity ahead of new tariffs. However, in April, signs of restraint in discretionary spending emerged, suggesting households are preparing for a more constrained financial future.*

***Housing Market Snapshot***

*The housing sector is directly reflecting broader economic hesitations. According to the National Association of Realtors (NAR), existing-home sales fell to an annualized rate of 4.0 million units in April, marking the lowest April figure since 2009. This represents a 2.0% decline year-over-year and a 0.5% decrease from March — the second consecutive month of slowing sales during what is typically the peak spring homebuying season.*

***Inventory Trends***

*Despite subdued sales, housing inventory continues to expand. As of April, there were 1.45 million active listings, a 9% increase over March and 33% above April 2024 levels. The current supply of homes stands at 4.4 months, a milestone not seen since May 2020. Several markets are now operating at or above pre-pandemic inventory levels, indicating a shift toward what can be described as a more balanced market.*

***Home Prices and Market Resilience***

*Notably, price growth has yet to abate. The median home price reached $414,000 in April, representing the 22nd consecutive month of year-over-year gains. NAR Chief Economist Lawrence Yun commented:*

*“Home sales have been at 75% of normal or pre-pandemic activity for the past three years, even with seven million jobs added to the economy. Pent-up housing demand continues to grow, though not realized. Any meaningful decline in mortgage rates will help release this demand.”*

***Interest Rates and Credit Market Volatility***

*Unfortunately, mortgage rates remain elevated. The average 30-year fixed rate reached 6.86%, rising 25 basis points over the past month. This spike was partly fueled by the May 16 announcement from Moody’s, which downgraded the U.S. credit outlook. The agency cited concerns over long-term fiscal sustainability, stating:*

*“Over the next decade, we expect larger deficits as entitlement spending rises while government revenue remains broadly flat. The U.S.’s fiscal performance is likely to deteriorate relative to its own past and compared to other highly-rated sovereigns.”*

*As investors demanded higher yields on government debt, the 10-year Treasury yield increased, pushing up mortgage rates and further dampening buyer activity. The Mortgage Bankers Association reported a 5% decline in both new purchase and refinance mortgage applications in the most recent weekly data.*

***Looking Ahead***

*March’s pending home sales data offered a temporary bright spot, showing a 6.1% monthly increase — particularly strong in the Southern region. However, the impact of new tariffs and rising borrowing costs will be key variables in assessing future transaction volumes.*

***Opportunities You Have In This Market***

*While market volatility can be challenging, it also presents opportunities. As noted by Realtor.com, a slower housing market may reduce stress for active buyers, who now face increased inventory, less price volatility, and fewer bidding wars — all factors that may improve affordability and accessibility for qualified buyers.*

*For ongoing updates, including weekly statistics and local market insights, visit the Firstmls.com/intel. As always, we’re committed to helping our members navigate the evolving real estate landscape with clarity and confidence.*

*For FMLS Market Intel, this is Leslie Appleton Young, Chief Economist.*

**This has been your Market Intel update. See you next time.**