



Existing Home Sales Down Marginally in August 2025 While Home Price Growth Picked Up Slightly

Headlines

- **Existing home sales remained roughly stable in August from July, down only 0.2%. On a year-ago basis sales were up 1.8%.**
- **The months of housing supply on the market remained flat from July. As a result of decreased supply housing price growth (year-over-year) picked up slightly but is expected to remain weak in the near term.**
- **PNC expects the housing market to remain weak in 2025, but fed funds rate cuts in 2025 and 2026 will contribute to gradual improvements in housing affordability and demand.**

Total existing home sales fell only marginally by 0.2% to 4.00 million units at a seasonally-adjusted annualized rate in August, from 4.01 million units in July, according to the National Association of Realtors (NAR). Sales came in stronger than the consensus expectation for a larger decline. Existing home sales have hovered around 4 million over the past two years, considerably below the pre-pandemic level of around 5 million (Figure 1). Sales fell off a cliff in early 2022 after mortgage rates moved quickly higher, remained below 4.5 million in 2023, and dipped to a 14-year low in September 2024 at 3.90 million. On a year-ago basis total existing home sales were up 1.8% in August.

Single-family home sales fell 0.3% on the month to 3.63 million units, and existing condo/co-op sales remained unchanged from last month at 0.37 million units. Single-family home sales were up 2.5% from a year earlier, with condo/co-op sales down 5.1% (Figure 2). Total sales increased on the month in the Midwest (up 2%) and the West (up 1%) and fell in the Northeast (down 4%) and the South (down 1%). On a year-over-year basis existing home sales increased in the South and Midwest (both up 3%). They were down 2% year-over-year in the Northeast and 1% in the West.

In August, the inventory of total existing homes for sale retreated by 1.3% to 1.53 million units. With strong cumulative house price growth since the pandemic and with the 30-year fixed mortgage rate at close to 7%, housing affordability is near a record-low. Even with the decline, the inventory of homes for sale in August is still close to the highest it has been since 2016.

With both sales and inventory falling, the supply of existing homes for sale remained unchanged at 4.6 months at the current sales pace in August. Typically supply of more than 5.5 months is associated with a year-over-year median house price decline. As of August the months of supply of all existing homes was up 10% from a year earlier. This is a

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large increase, but supply has held steady at around 4.6 months for the past four months. Given high inventories, price growth will remain weak in the near term, and risks are tilted to the downside with more supply expected to come on the market over the next couple of months and the U.S. labor market slowing.

House price growth has slowed significantly in 2025. The median sale price was up 2.0% from a year earlier in August, to \$422,600 (not seasonally adjusted). This growth picked up from July (1.0% growth) but is down from almost 4% growth at the beginning of the year. The median sale price has been rising over the past 10 years as the market has shifted toward more expensive homes. This has weighed heavily on housing affordability, especially after the typical 30-year fixed mortgage rate increased from below 3% in 2021 to above 7% in 2023. With high mortgage rates, low affordability, and slower economic growth, the housing market will remain weak through the rest of this year. After cutting the fed funds rate last week, the Federal Open Market Committee is expected by PNC to deliver three additional 25 basis point cuts in 2025 and early 2026 across each of its next three meetings. This will help bring down the 30-year fixed mortgage rate and improve housing affordability and demand, contributing to a gradual recovery in the housing market next year.

Figure 1: Existing Home Sales (Millions) and Mortgage Rate (%)

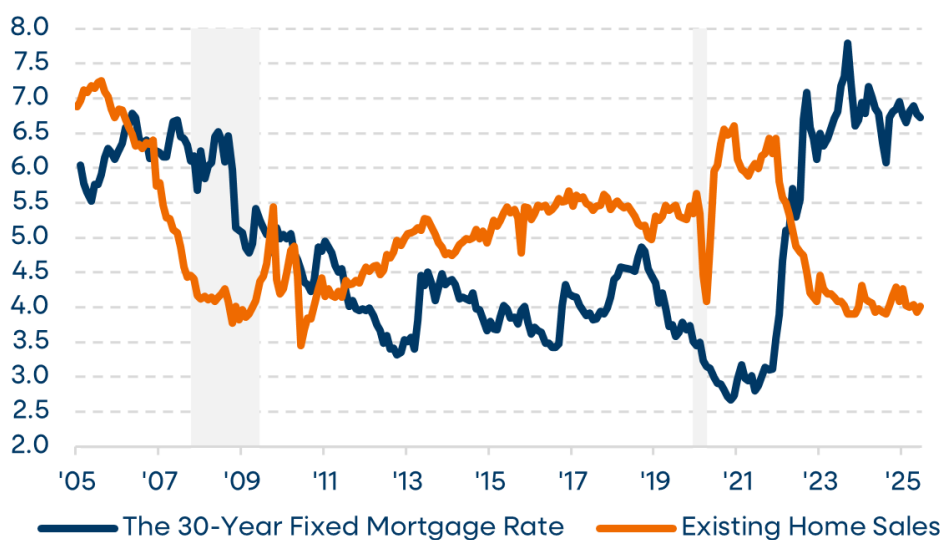
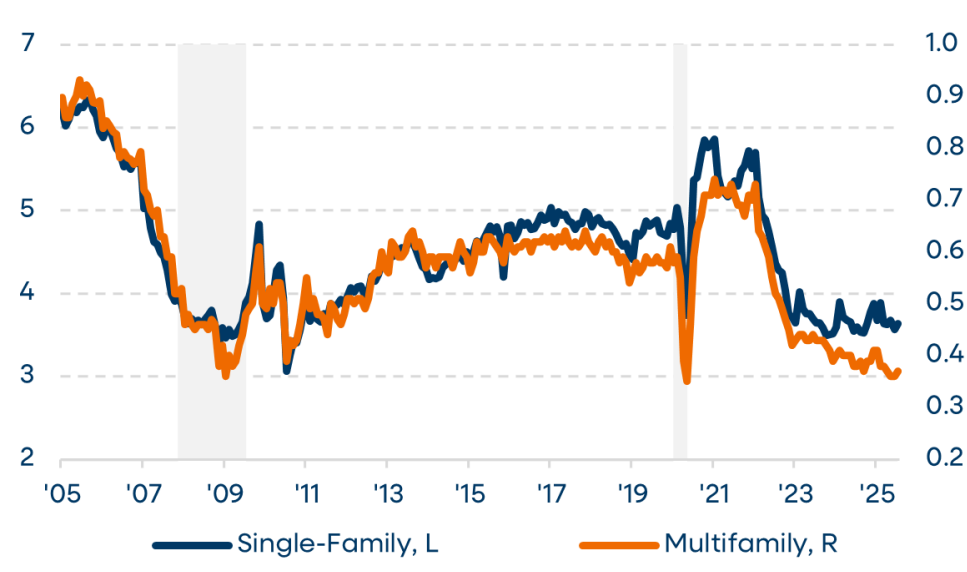




Figure 2: Existing Home Sales by Type (Millions)



Please reach out with any questions,

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