

Residential Real Estate

The housing market just hit a key milestone. But 'buyer's market' may be a stretch.



Image: Phoenix Business Journal

Despite more homes on the market, potential buyers still face significant hurdles.



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Story Highlights

- Housing inventory continues to grow nationally, which is slowly shifting the market toward buyers.
- Home prices remain high, despite recent growth in inventory and listings.
- Mortgage rates are also still elevated, which has proven a challenge to many potential homebuyers.

Inventory in the national housing market is accumulating, which is continuing to tilt the market – albeit slowly – in favor of buyers.

There were 1.36 million U.S. homes on the market for sale in June – the most since November 2019, according to Zillow Group Inc. (Nasdaq: ZG). Inventory in June was still 21% below pre-pandemic norms, but that gap is narrowing as more sellers list their homes and houses sit on the market for longer.

But those who track the U.S. housing landscape say the market is becoming more favorable to buyers, rather than an outright buyer's market.

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"We expected 2025 to be the most buyer-friendly market we've seen in nine years. It's definitely on track for that," said Danielle Hale, chief economist at Realtor.com. "But just because it's the most buyer-friendly market in nine years doesn't mean it's a buyer's market. We were tipped so heavily in favor of sellers that we're now in a more balanced market."

Months' supply, a metric that helps determine the balance between inventory and sales, hit a post-2016 milestone nationwide of 4.6 months in May, according to Realtor.com. A balanced market is considered one with 6 months' supply, so the market remains challenged for inventory.

Kara Ng, senior economist at Zillow, also said she felt the U.S. housing market is currently a "neutral" one, and buyers have had more negotiating power in the spring and summer months this year – seasons in which the power usually lies with sellers.

Buyers face myriad challenges in housing market

Despite an uptick in inventory and a national shift away from a seller-favorable market, purchasing a home is still a challenging prospect for many.

Mortgage rates haven't budged much this year, with the 30-year fixed rate at 6.75% the week of July 17 – just barely less than the 6.78% rate recorded during the same week a year prior, according to Freddie Mac data. Buyers have largely been waiting for mortgage rates to drop more substantially, although most housing experts haven't predicted a significant drop in mortgage rates for 2025. Recent economic turmoil has made it tougher to predict how mortgage rates could shift for the remainder of the year.

Additionally, home prices are still high, coming off a period of rapid escalation during the Covid-19 pandemic's white-hot housing market. Despite the recent growth in listings, Realtor.com is still predicting home sales prices will grow

2.5% on average this year – slower than initially forecast, but growth nonetheless.

Redfin Corp. (Nasdaq: RDFN) reported U.S. home prices declined 0.1% in June from the month prior, making it the third consecutive month in which prices were slightly down on a seasonally adjusted basis.

Sheharyar Bokhari, senior economist at Redfin, in a statement said more than half of the 50 most-populated metro areas posted a decline in home prices in June, the second month in a row that's happened. High mortgage rates continue to keep many buyers on the sidelines, Bokhari said, adding Redfin is predicting home prices to fall about 1% by the end of the year.

According to Realtor.com, some specific geographies may be poised for price drops this year – in particular, housing markets in the South and West, where new construction has been more prolific.

"In order to see more headway [with home prices], we need to see more building," Hale said. "Builders are facing a slower demand period ... but in pockets like the South and West, we're seeing more price softness, which is helping to improve affordability [in those places]."

Ng said buyers in a strong financial position are the ones who are most likely to be able to take advantage of the changing market. Many other prospective buyers, including those purchasing for the first time, remain priced out.

Sellers may pivot amid changing market

Homes also aren't necessarily selling quickly. Many are sitting on the market longer, which has forced some sellers to cut their prices or even remove their homes from the market. Listings that sell are doing so, on average, in 19 days,

which is only one day faster than it was before the pandemic, according to Zillow. That's also up from the average of 15 days in 2024 and 11 in 2023.

Delistings grew 47% in the 12-month period ending in May, according to Realtor.com.

"Homes that are attractively or properly priced are moving quickly," Ng said. "But homes that are priced in the mind of a few years ago, not the current environment, or homes that need a lot of work might be lingering."

Both Ng and Hale said they expect to see inventory continue to grow throughout the rest of 2025, though the rate of growth is tougher to ascertain.

Hale said she's tracking whether sellers will continue to put their homes on the market or if, realizing the for-sale sector has shifted, they will act accordingly and not list as many homes.

"I think it's going to strongly influence how quickly that rebalancing happens, or even whether it happens," Hale said.

The trajectory of the U.S. economy also continues to have ripple effects on both buyers and sellers, and uncertainty in the wake of tariffs and other policies [has resulted in some consumers pausing big life changes](#), including buying or selling a house.

Hale said many of the changes that've come out of the White House and Congress have yet to show up in national housing-market data, but she added the speed and urgency at which President Donald Trump's administration has approached policy change has been greater than initially expected. Those changes – including price hikes for homebuilding materials because of tariffs, a bigger construction labor shortage because of Trump's immigration policies and even a continuation of tax cuts in the sweeping federal spending bill Trump signed earlier this month – will inevitably affect aspects of the housing market.

Ng said affordability and uncertainty are continuing to hold buyers back, although that trend was more prevalent in April, when stringent tariff policy was first announced by Trump. Newly pending sales that month fell 2.5% compared to April 2024, despite lower average mortgage rates, according to Zillow. Newly pending sales in June 2025 were up from June 2024, but down 4.9% from May of this year.

"There's a lot of noise in the news and social media, and it can be overwhelming for a buyer, especially a first-time homebuyer who has never gone through this process before," Ng said.