

Home sales poised to increase next year, if rates cooperate

2024-12-16

Zillow forecasts a gradual but bumpy decline in rates, impacting sales and price growth

- Zillow's 2025 forecast expects only about 100,000 more sales than in 2024.
- Home value growth nationwide is predicted to be low and slow: 2.2% over 2025.
- Inventory and new listings are trending in the right direction, reducing pandemic-era deficits.

SEATTLE, Dec. 16, 2024 /PRNewswire/ -- Erratic and dramatic mortgage rate movements that heavily influenced the housing market in 2024 are destined to play a major role in the coming year, according to [Zillow's latest market report](#)¹.

"There's a strong sense of déjà vu on tap for 2025. We are once again expecting mortgage rates to get better gradually, and opportunities for buyers should follow, but be prepared for plenty of bumps on that path," said Zillow Chief Economist Skylar Olsen. "Those shopping this winter have plenty of time to choose and a relatively strong position in negotiations."

A forecast for slowly declining mortgage rates in 2025 spells gradual growth for both sales and home price appreciation in [Zillow's outlook](#). A September dip in rates gave a second-half tailwind to this year's home sales² — Zillow expects 4.06 million sales for 2024. That number should rise slightly to 4.16 million in 2025. Home values are forecast to tick up 2.2% over the course of 2025, right in line with the 2.3% annual appreciation observed in November.

Recent and unpredictable [drops in mortgage rates](#) further impress the need for buyers to be ready to move when opportunity arises. Zillow's new BuyAbilitySM tool uses current daily mortgage rates to determine a home budget that is affordable for individual users, based on their unique financial situation.

After the ups and downs of the past five years, many measures of the housing market are trending closer to historical norms. The flow of new listings to the market is still nearly 14% lower than it was before the pandemic, but that's great progress over March's 25% deficit.

Total for-sale inventory is similarly clawing its way out of a deep hole that developed early in the pandemic. It's now about 26% below the norms of 2018–2019, the smallest shortfall seen since September 2020. Both of these should continue to improve next year, but again, progress will depend heavily on what happens with rates.

Shoppers looking for homes during the slower winter months may have an opportunity to snag a deal in a market that's becoming increasingly buyer-friendly. [Zillow's market heat index](#) shows competition for homes cooled nationwide and in 36 of 50 major U.S. metro areas from October to November.

While the number of options available to shoppers today are lower than they will likely see in the spring, there's also less competition in the field. The share of homes that sold for more than list price was below 28% in October (the latest data available), continuing a downward trend that began in July. Compared to the spring rush, buyers today should have an easier time negotiating from a position of safety, with a greater chance to buy contingent on inspections or repairs and a lesser chance of being drawn into a bidding war.

Metro Area*	Zillow Home Value Index (ZHVI)	ZHVI Change, Year over Year (YoY)	Share of Listings Sold Over Asking Price (October)	Inventory Change Since Before the Pandemic	New Listings Change Since Before the Pandemic	Median Days to Pending
United States	\$358,761	2.3 %	27.8 %	-26.3 %	-13.5 %	28
New York, NY	\$680,934	7.0 %	51.3 %	-54.6 %	-35.4 %	32
Los Angeles, CA	\$956,130	4.5 %	44.1 %	-27.7 %	-27.0 %	24
Chicago, IL	\$323,596	5.0 %	34.7 %	-47.7 %	-10.1 %	19
Dallas, TX	\$368,995	-0.5 %	16.8 %	-1.3 %	-12.3 %	36
Houston, TX	\$306,412	0.4 %	14.8 %	-3.0 %	-3.2 %	39
Washington, DC	\$570,857	4.1 %	40.7 %	-39.4 %	-18.0 %	16
Philadelphia, PA	\$364,488	4.5 %	39.9 %	-44.2 %	-12.7 %	14
Miami, FL	\$485,481	1.4 %	8.9 %	-7.4 %	-8.4 %	53
Atlanta, GA	\$379,029	0.6 %	19.3 %	-5.8 %	-20.4 %	42
Boston, MA	\$697,983	4.6 %	51.2 %	-43.7 %	-29.0 %	14
Phoenix, AZ	\$454,180	-0.4 %	16.7 %	-12.5 %	-18.2 %	33
San Francisco, CA	\$1,145,082	2.0 %	59.7 %	-8.6 %	-27.1 %	24
Riverside, CA	\$585,948	3.4 %	40.9 %	-26.5 %	-25.5 %	30
Detroit, MI	\$249,644	4.1 %	37.1 %	-34.6 %	-9.9 %	17
Seattle, WA	\$741,380	4.7 %	33.0 %	-24.1 %	-31.0 %	24
Minneapolis, MN	\$371,593	1.7 %	34.2 %	-27.7 %	-17.9 %	34
San Diego, CA	\$941,878	3.9 %	36.3 %	-32.7 %	-30.5 %	26
Tampa, FL	\$370,924	-1.9 %	14.3 %	5.8 %	-5.8 %	36
Denver, CO	\$582,285	0.7 %	23.1 %	3.1 %	-33.5 %	37
Baltimore, MD	\$387,856	3.1 %	42.2 %	-45.9 %	-12.5 %	15
St. Louis, MO	\$251,699	3.6 %	40.7 %	-43.7 %	-5.7 %	11
Orlando, FL	\$392,046	0.0 %	11.6 %	13.8 %	-10.8 %	40
Charlotte, NC	\$378,269	1.5 %	19.2 %	11.3 %	-3.9 %	30
San Antonio, TX	\$280,313	-2.4 %	13.5 %	21.1 %	-4.7 %	55
Portland, OR	\$547,284	1.4 %	31.6 %	-21.0 %	-31.8 %	33
Sacramento, CA	\$580,298	1.9 %	37.3 %	-28.0 %	-25.8 %	24

Pittsburgh, PA	\$209,632	2.3 %	25.9 %	-31.9 %	-5.1 %	22
Cincinnati, OH	\$283,491	4.0 %	28.5 %	-33.2 %	-9.9 %	11
Austin, TX	\$443,995	-3.4 %	10.4 %	29.9 %	-21.9 %	71
Las Vegas, NV	\$431,058	5.2 %	19.0 %	-20.6 %	-24.5 %	33
Kansas City, MO	\$301,202	3.2 %	30.9 %	-35.1 %	-17.8 %	16
Columbus, OH	\$312,283	3.3 %	32.8 %	-22.8 %	-11.7 %	13
Indianapolis, IN	\$277,058	3.0 %	19.9 %	-15.7 %	-5.8 %	21
Cleveland, OH	\$229,803	5.9 %	37.8 %	-51.5 %	-11.9 %	13
San Jose, CA	\$1,608,753	7.5 %	68.2 %	-32.3 %	-25.6 %	19
Nashville, TN	\$437,563	1.3 %	15.2 %	-10.1 %	-13.3 %	35
Virginia Beach, VA	\$350,407	4.4 %	33.0 %	-44.3 %	-10.4 %	31
Providence, RI	\$486,878	6.7 %	48.6 %	-59.5 %	-25.2 %	16
Jacksonville, FL	\$353,661	-0.7 %	12.9 %	11.4 %	-5.2 %	56
Milwaukee, WI	\$346,019	4.8 %	45.2 %	-23.5 %	10.2 %	31
Oklahoma City, OK	\$231,671	2.1 %	22.2 %	-5.0 %	0.8 %	33
Raleigh, NC	\$441,641	0.9 %	24.4 %	-12.2 %	-26.2 %	26
Memphis, TN	\$234,485	0.9 %	16.7 %	0.4 %	-9.8 %	29
Richmond, VA	\$370,344	4.1 %	41.9 %	-39.2 %	-14.8 %	14
Louisville, KY	\$257,372	3.9 %	25.3 %	-29.5 %	-11.3 %	18
New Orleans, LA	\$236,681	-1.9 %	13.3 %	57.4 %	22.6 %	47
Salt Lake City, UT	\$547,671	2.1 %	28.4 %	-13.3 %	-30.5 %	28
Hartford, CT	\$365,001	6.7 %	63.5 %	-66.0 %	-15.9 %	9
Buffalo, NY	\$261,680	5.2 %	67.2 %	-44.7 %	-12.4 %	16
Birmingham, AL	\$248,369	0.2 %	23.4 %	-17.2 %	-2.4 %	27

*Table ordered by market size

¹ The Zillow® market report is a monthly overview of the national and local real estate markets. The report is compiled by Zillow Research. For more information, visit [zillow.com/research](https://www.zillow.com/research).

² National Association of Realtors existing home sales, not seasonally adjusted.

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