

2025 Housing Market Forecast

KEEPING CURRENT MATTERS

What To Expect from the Second Half of the Year

Let's be real. For many, 2025 has been another tough year in the business. High mortgage rates and home prices continue to have an impact on how many people are moving.

And with all the economic uncertainty, even more people who may have been willing to buy at today's rates, are holding off and wondering "what's going to happen next?"

All of that has made deals harder to lock in. And staying motivated hasn't been easy.

But here's the truth – **the agents who will finish the year strong are the ones who refuse to coast through the second half.**

This is your window to pull ahead while others burn out. Inventory is growing, more homeowners are deciding to sell, and serious buyers and sellers are still out there. You just need to know how to reach them and how to have conversations that explain how their changing needs may matter more than today's mortgage rates or anything that's happening in the economy.

This eGuide is your toolkit for making that happen. It's packed with expert insights, fresh data, and talking points you can use to start powerful conversations and stay top-of-mind in your market.

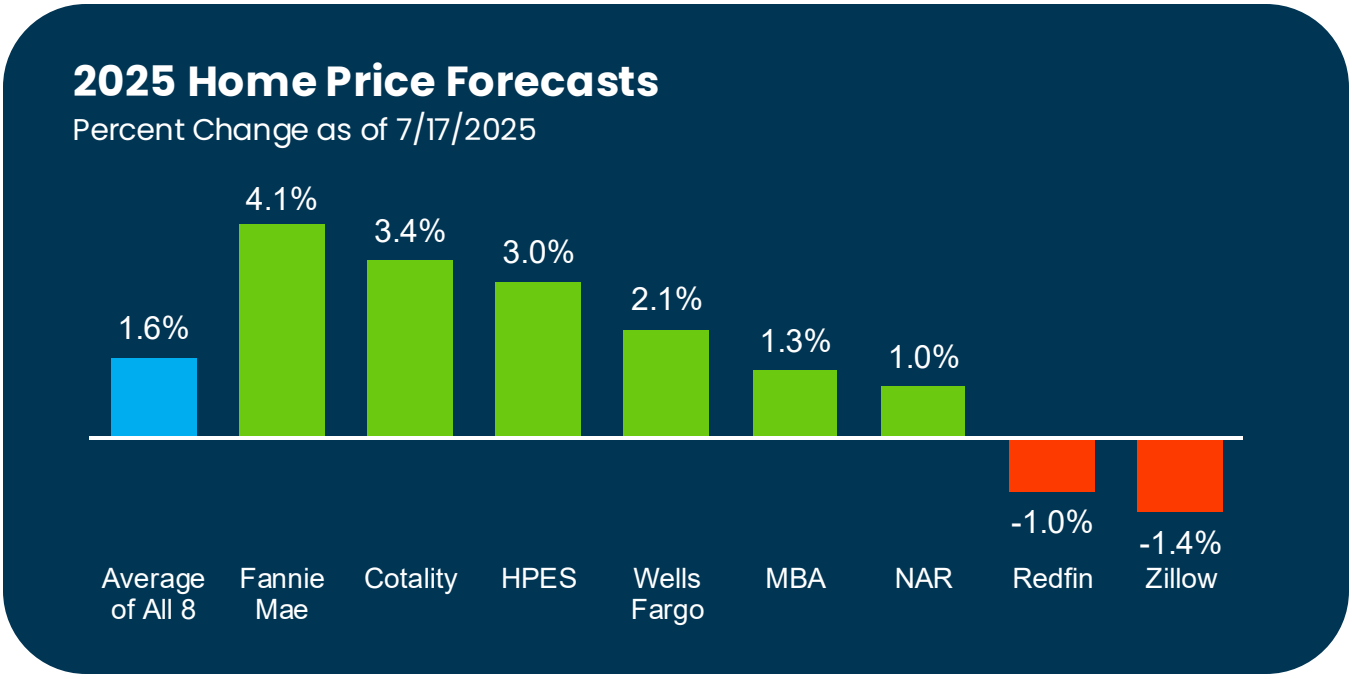
> Most agents **know** what's happening.
>
> Good agents **understand** what's happening.
>
> Only great agents can **explain** what's happening.
>
> **Steve Harney**
> Founder, Keeping Current Matters

Will Home Prices Fall?

A lot of people in your database are feeling the pinch of high prices and stubborn mortgage rates. And that's the big reason why many buyers are hoping prices will fall, so they can actually afford a home. But is that in the cards? Here's what you should know.

While home prices are going to vary by local area, nationally, they aren't expected to fall in 2025. They're just going to rise at a much more moderate pace. As more homes hit the market, there's going to be less upward pressure on home prices. The result? Expert forecasts are still calling for growth, but the pace of that growth is slowing down as inventory climbs. Prices may even be what some would argue as closer to flat this year.

While some more pessimistic forecasters are calling for slight declines, the majority expect positive price gains. The average of these leading 7 forecasts shows prices will rise 1.5 - 2% this year (*see graph below*):



Keep in mind, though, the housing market is hyper-local. So, this will vary based on where you are. Some markets will see even higher price appreciation. And some may see prices level off or even dip a little if inventory is up in that area. In most places though, prices will continue to rise (as they usually do).

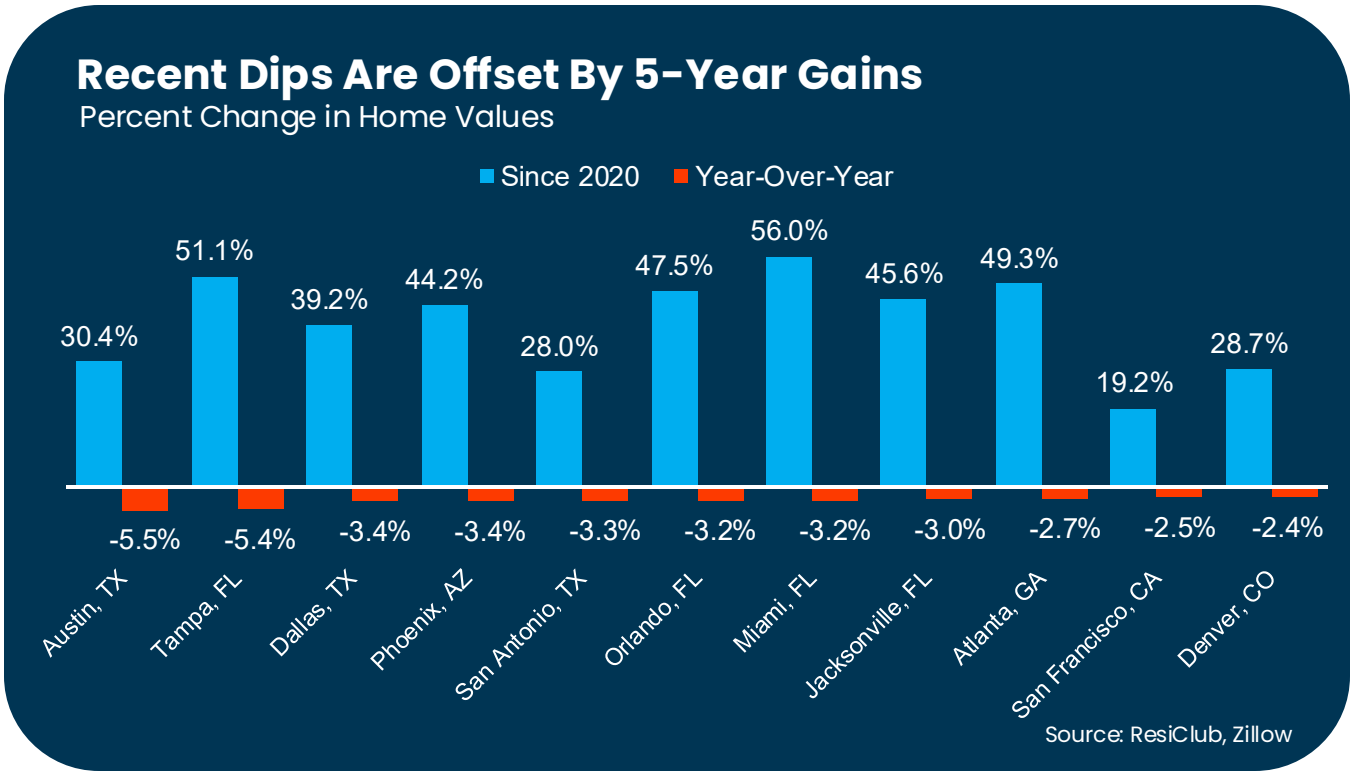
But headlines are always going to draw attention to the negative – because negative news sells. So, if you're talking to someone who's afraid to move because of the headlines about prices falling, or because they're delaying their plans hoping to score a better deal, here's the conversation you need to have.

For starters, remind them that headlines do more to terrify than clarify. And that's why they need you and your expert perspective.

In the major metros where prices are starting to cool off a little (*the red bars in the graph below*), the average drop is only about -3.5% since May 2024. That's not a major decline like we saw back in 2008 when prices tumbled by nearly 20%. So, this isn't 2008. And that perspective matters. Here's why.

The *slight* dip we're seeing in some markets is more than offset by the way home prices rose over the past few years. According to the FHFA, prices are up 55% compared to just five years ago. So, a 2-3% dip in some cities? That's easily absorbed.

When you use your expertise to provide the full context like this, it's clear that prices in most of those markets are up significantly compared to where they were five years ago (*the blue bars*). So, those homeowners are still ahead if they've been in their house for a few years or more (*see graph below*):



It's your job to ease fears by providing the facts. Explain why it's important not to stress too much about what's happening this month, or even this year. If they're in it for the long haul (and most homeowners are) their home is likely to grow in value over time.

Being able to speak to these national insights will help your clients see the full picture. Then, further prove your value by layering in local data from KCM about what's happening in your market. That way, you're showing up as the expert who can answer their questions from all possible angles.

And when someone asks, "*Will home prices fall in 2025*?," you'll be prepped to answer with an informed opinion based upon facts you can back up with data and visuals.

Will Mortgage Rates Come Down?

Mortgage rates are one of the biggest sticking points keeping people on the sidelines right now. And knowing how to speak to what's ahead is going to be key to helping people overcome this hurdle.

Chances are, in pretty much every conversation you've had lately, someone's said: *"I'm going to wait for mortgage rates to come down."* Here's what you need to know to confidently guide those conversations, shift the focus back to what really matters, and help serious buyers take the next step.

The Latest Rate Forecasts (and How To Explain Them)

While homeowners don't want to give up the low rate they already have, experts don't anticipate rates will go back to the 3-4% range we saw just a few years ago. Instead, it's more realistic rates will stay in the 6s this year.

Forecasts show rates will likely settle in the mid-6s by the end of 2025 (*see below*). And that's not a big change from where we are right now.

Mortgage Rate Projections

30-Year Fixed Rate, As of 7/17/2025

Quarter	Fannie Mae	MBA	Wells Fargo	Average of All 3
Q3 2025	6.60%	6.80%	6.65%	**6.68%**
Q4 2025	6.50%	6.70%	6.55%	**6.58%**
Q1 2026	6.30%	6.60%	6.50%	**6.47%**
Q2 2026	6.20%	6.60%	6.50%	**6.43%**

So don't expect a big drop in mortgage rates. And that's no real surprise given how much stability we've seen lately with rates.

> **If you're looking for a substantial interest rate drop in 2025, you'll likely be left waiting.**
>
> The latest news from the Federal Reserve and other key economic data point toward steady mortgage rates on par with what we see today."
>
> **Yahoo Finance**

Of course, there's one big caveat you need to explain. These projections are based on what the experts know right now. And they're going to shift as the economy does too. If inflation continues to rise, mortgage rates should move too. Be sure to let your clients know you'll keep them updated. The bottom line is, trying to time market and wait for the perfect rate is not a good strategy.

How To Reframe the Conversation

Once you've walked them through what experts say is ahead, it's time to re-frame the conversation. They may be frustrated that a big drop isn't on the horizon. And, if you're not prepared to head that frustration off, they may just continue to put their plans on hold.

Sometimes your job isn't just to answer the question — it's to reframe it.

When your clients ask about rates, help them zoom out. Because for many people, what's happening in their life matters more than what's happening with mortgage rates.

Whether it's a growing family, a new job, retirement, or just needing a change of space, life events — not rates — are what ultimately drive most moves.

A recent *Realtor.com* survey backs that up:

- **79% of homeowners** thinking about selling today are doing it out of necessity — not because today's rates are ideal (they're not).
- **Most of those reasons are non-financial** — things like a growing family, changing job, or shift in priorities.
- And **nearly 2 in 3 potential sellers** have already been thinking about moving for over a year.

If you're talking to someone who's put their needs on the back burner for too long, it may be time to tap into what they're really feeling. So, ask this:

"How much longer are you willing to press pause on your life?"

Then have a conversation about what *is* possible today, and how you can deliver on what they really need – even with rates where they are.



As an agent, it's your job to keep your clients and prospects up to date on the latest changes in the housing market, and what that means for their move.

Show your prospects how changing mortgage rates impact their purchasing power with our social content and our interactive and customizable tool. It breaks down how monthly mortgage payments (principal and interest) rise and fall based on even a small quarter-point change in rates.

When you can put real numbers into the conversation, your clients can see and truly understand the impact.

Check it out in your Member Resource Center or by signing up for a free, 14-day trial at TryKCM.com.

Gain Confidence.
Grow Your Business.

Always have the latest housing data and insights, so you can have high-impact conversations that put you a step ahead of the competition.

Learn more at TryKCM.com

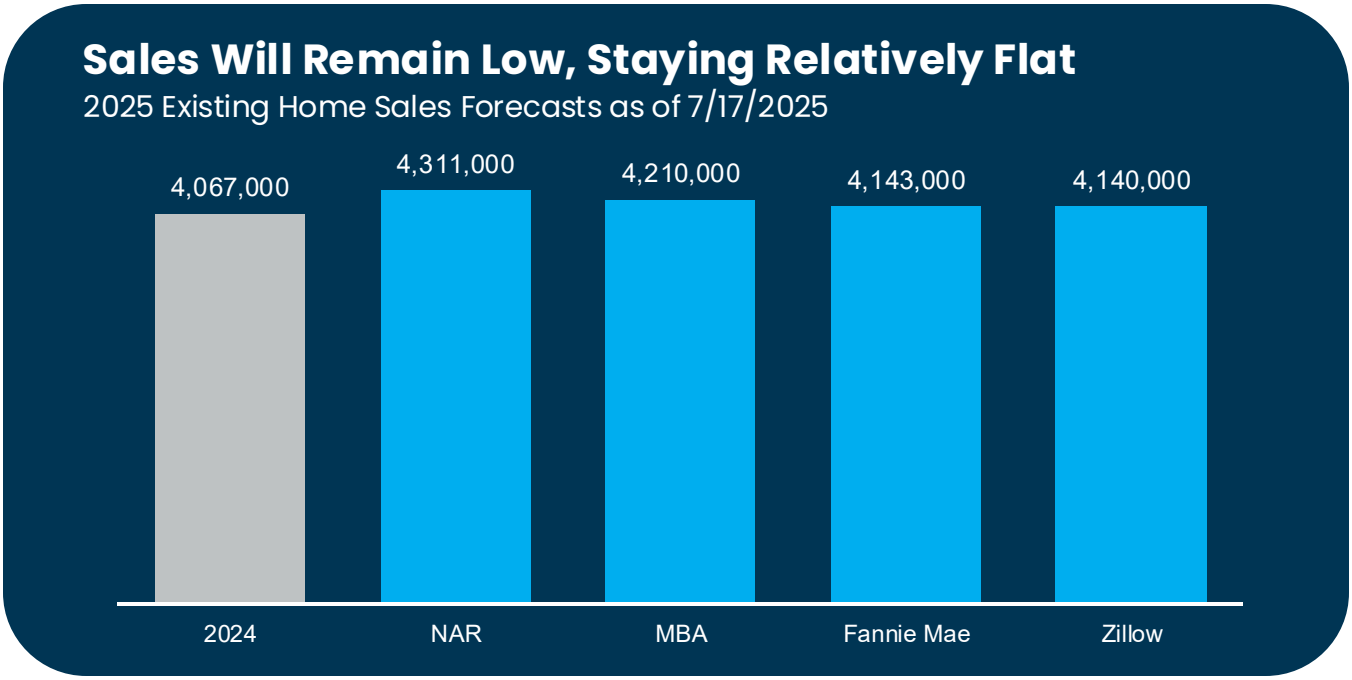


Will More Homes Sell?

Last year the fewest number of homes sold in a decade. And even with the inventory growth we've seen lately, it hasn't necessarily translated into more sales – yet. So, will activity pick up, or are we in for more of the same?

Based on the latest expert forecasts, it looks like we'll finish the year with roughly the same number of sales as last year, unless something changes. That means we'll be relatively flat compared to 2024.

So, what's holding the market back? Affordability. That's been the biggest challenge these past few years, and it's still going to be a big factor over the next 6 months. And that's why expert projections on how many homes will sell are so cautious (*see graph below*):



But it's not all bad. The added inventory we have right now will help moderate home prices. That, coupled with the potential for slightly lower rates, will ultimately improve affordability for buyers – ***a little bit.*** It'll also make it easier for sellers to move, since they won't feel as locked into their current low mortgage rate.

Because, at the end of the day, there will always be people who need to move. And those are the ones you can help the most in today's complex market. If you know how to tap into their underlying motivations and you can find creative ways to make moves happen, you can still come out ahead of other agents.

The real question is – how many of those transactions are going to be yours? That's up to you, and you'll want to have a plan to win those buyers and sellers over.

How To Turn These Insights into Action

The housing market is always shifting, and we're all feeling that right now. The re-balancing that's happening today requires new strategies and high-impact conversations that consistently engage your database. So, here's what you need to remember going into the second half of the year:

- The real estate business has changed forever.
- What worked in the past won't work today (or tomorrow).
- You need skills for this new market reality.

The fact of the matter is, agents who can't show consumers they have the knowledge, insights, and skillset to navigate the roadblocks buyers and sellers in today's market are facing will struggle.

To be successful, you need a strategy in place. But that strategy is going to look a lot different than the one agents used even a few years ago.

Because what clients really want is someone who can...

- Anticipate their objections and reach out at the right time with the right information.
- Listen to their needs and concerns and meet them where they are.
- Connect the dots and let them know if now is a good time to buy or the right time to sell.
- Take the time to explain their options – simply and effectively.

Right now, you have a choice. Let uncertainty limit your potential or take control and have conversations that create opportunities.

> "Define your brand and solidify your reputation as a trusted problem solver — one that will outlast any housing market.

That's why it's critical to get specific on your goals, stay up-to-date on the national and local market data, and be able to explain what's happening – and why it matters - to your database.

But it's more than just explaining the information.

It's having the right conversations, at the right moment.

It's knowing what pain points people have and the message your database needs to hear the most right now.

It's not waiting on them to ask you the question. It's being ready, willing, and able to get one step ahead by reaching out to them before they ever ask it.

Anticipate their needs, come to the table with solutions, and back it all up with visuals and data from expert sources and it'll be easy to build relationships that last.

Now let's talk more about the best strategy. In order to know whether you're ready to deliver for your clients and prospects, ask yourself three questions:

- **Do I know *what* is truly happening in the local and national market?**
- **Do I know *why* it's happening?**
- **Can I simply and effectively *explain* this to my clients?**

> When you get them to that point, you're no longer telling them it's okay to buy or sell. Now they know it's okay because they know exactly why – and they trust you to help them make it happen.

Starting conversations about what's happening and, more importantly, why it's happening, will make you an expert and a trusted advisor.

When you're sitting with someone and going over their options, do more than just talk to them — listen to them and meet them where they are. Hear their concerns, their fears, their hesitations, and even their dreams. Then you can help them based on their unique needs. Be that person they can count on. The one that gets it – and gets them.

Let them know that although the market is complex right now, you have their back. And that's the entire reason you're so invested in keeping up with what's going on nationally and locally, so you can peel back the layers and explain how it relates to their specific situation.

When you get them to that point, you're no longer telling them it's okay to buy or sell. Now they know it's okay because they understand exactly why – and they trust you to help them make it happen. It's what enables a buyer or seller to say, *"I'm going to have the courage to move forward. I'm no longer afraid of making a decision."*

Don't let today's complex market deflate your drive or stop your conversations. Step into the second half of the year with the confidence that you've invested in the right tools — like KCM — to navigate industry curveballs and come out on top.



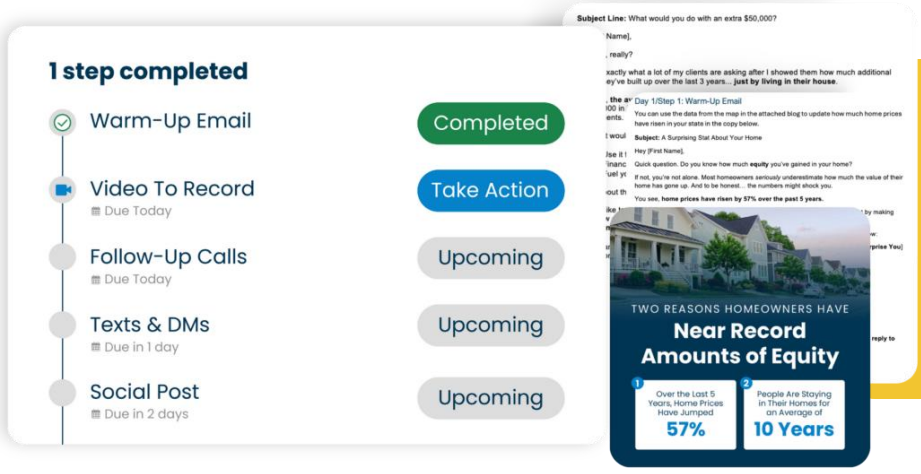
Get the System That Turns Contacts into Conversations

Powered by KCM market data + proven scripts

All of the information laid out in this eGuide gives you the insights into what the experts say is ahead for the second half of the year and how to approach and overcome objections with your database. But what do you actually say? And what's the best way to have high-impact conversations?

At Keeping Current Matters, we have a proven system that turns your contacts into contracts. It's called KCM Playbooks. **With Playbooks, you get:**

- The **exact emails, texts, and social posts** top-producing agents use to close more deals
- **Market data** to have conversations that explain what's happening now
- **Step-by-step daily actions** that take 5-10 minutes
- **Proven templates** that don't sound pushy or "salesy"



Start a no-risk, 14-day trial at TryKCM.com/Playbooks to get the latest Playbooks on the most important conversations you need to have right now.

"I used KCM Playbooks for just seven days and got three listing appointments—one's already about to go live!"



Melissa Zimmerman
Berkshire Hathaway