

# Residential Real Estate Market Snapshot Report

January 2025

National Association of REALTORS®  
Research Group

# Overview

## The Housing Market in December 2024

As 2024 came to an end, economic activity slowed down, and GDP declined compared to the third quarter. Typically, the housing market is less active in the winter compared to the spring and summer months. Despite slow economic conditions, December saw the strongest increase in existing-home sales since February 2024.

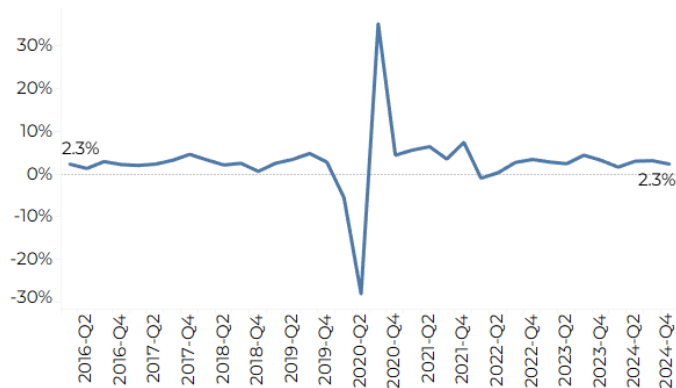
During that month, attention was focused on mortgage rates, which remained high even as the Federal Reserve made an additional cut to the Federal Funds rate. Reducing mortgage rates relies on bringing the inflation rate even closer to the Federal Reserve's target of 2%. With housing prices decreasing and more rate cuts anticipated in 2025, mortgage rates are expected to remain below 7%.

In December, the U.S. labor market continued to add jobs, and consumers adjusted to the “new normal” mortgage rates, which ranged between 6%-7%. In contrast to sales, pending home sales decreased for the first time in four consecutive months. Although contract-signing activity is typically low during the holiday season, it is expected to accelerate in the new year, as evident by the rising MBA index. Overall, if wages and employment opportunities continue to grow, the demand for housing will remain strong.

On the supply side, housing starts have been increasing. Improved affordability and robust demand are expected to boost inventory levels just in time for increased market activity in the spring.

# Economic Activity

## Gross Domestic Product



Percent Change, Annualized Rate  
Source: U.S. Bureau of Economic Analysis

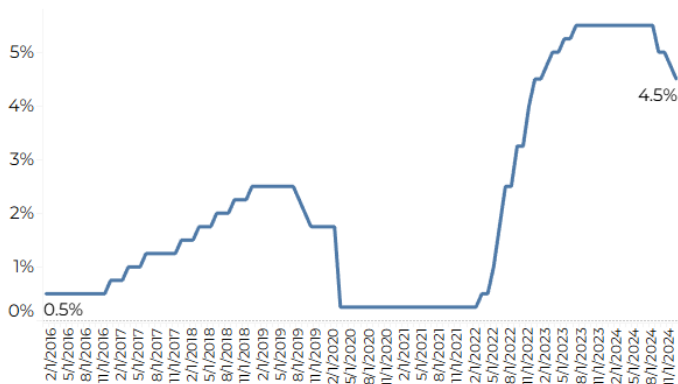
Q4 2024: **2.3%**

Q3 2024: **3.1%**

Q4 2023: **3.2%**

According to the advance estimate from the Bureau of Economic Analysis (BEA), the real gross domestic product (GDP) increased by 2.3% in the fourth quarter of 2024. Compared to the third quarter, the decline in GDP in the fourth quarter reflected declines in investment and exports. Imports, which are a subtraction in the calculation of GDP, decreased as well.

## Interest Rates



Effective Federal Funds Rate, Upper Limit  
Source: Federal Reserve Board

December 2024: **4.50%**

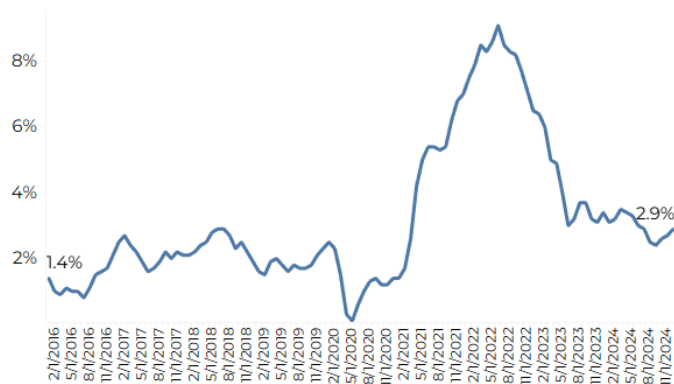
November 2024: **4.75%**

December 2023: **5.50%**

In December 2024, the upper limit of the Federal Funds Rate was set at 4.50%, following an additional 0.25 percentage point cut that month. The Fed noted in December that the recent indicators suggest that economic activity is expanding at a solid pace, and inflation has made progress towards the Committee's 2% target rate.

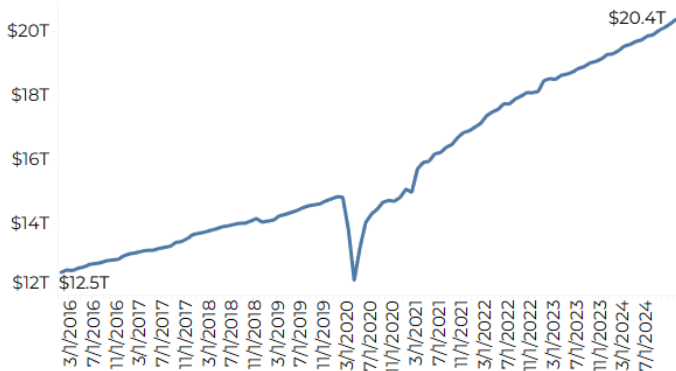
# Economic Activity

## Inflation



CPI Year/Year Percent Change, Seasonally Adjusted  
Source: U.S. Bureau of Labor Statistics

## Consumer Spending



Personal Consumption Expenditures, Seasonally Adjusted  
Source: U.S. Bureau of Economic Analysis

December 2024: **2.9%**

November 2024: **2.7%**

December 2023: **3.4%**

Consumer prices increased by 2.9% in December 2024. Despite the slight rise from the previous month, prices are expected to decrease further because shelter costs are slowing down. In December, shelter costs rose by 4.6%, which is a 0.3% decrease compared to the previous month.

December 2024: **\$20.4 trillion**

November 2024: **\$20.2 trillion**

December 2023: **\$19.3 trillion**

Personal consumption expenditures increased in December by 0.7%. The \$133.6 billion increase in current-dollar spending reflected an increase of \$78.2 billion in spending for services and \$55.4 billion in spending for goods.

# Economic Activity

## 10-Year Treasury Yield



Percent

Source: U.S. Treasury

December 2023: **4.39%**

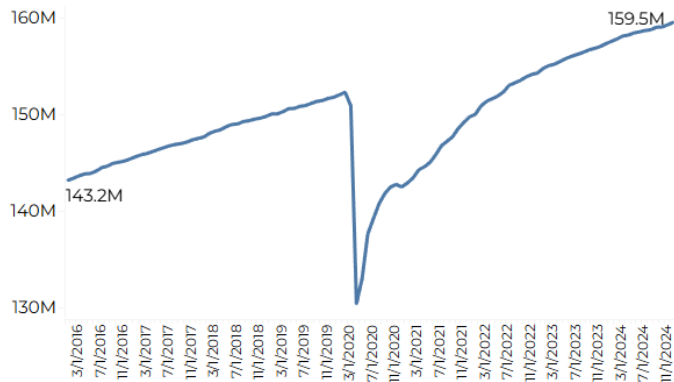
November 2024: **4.36%**

December 2023: **4.02%**

The 10-year treasury rate experienced another increase from the previous month, now hovering around 4.39%. However, with additional rate cuts to follow from the Federal Reserve, NAR predicts that the yield will decrease to stay below 4.0% in 2025.

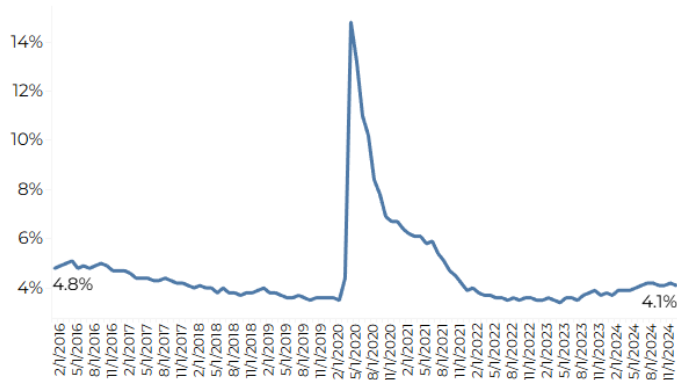
# Employment Situation

## Employment



Payroll Employment, Seasonally Adjusted  
Source: U.S. Bureau of Labor Statistics

## Unemployment



Unemployment Rate, Seasonally Adjusted  
Source: U.S. Bureau of Labor Statistics

December 2024: **159.5 million**

November 2024: **159.3 million**

December 2023: **157.3 million**

The U.S. labor market increased by 256,000 in December, trending up in health care, government, and social assistance. In 2024, the average monthly gain of payroll enrollment was 186,000, compared to 251,000 in 2023. Employment showed little change in construction and manufacturing.

December 2024: **4.1%**

November 2024: **4.2%**

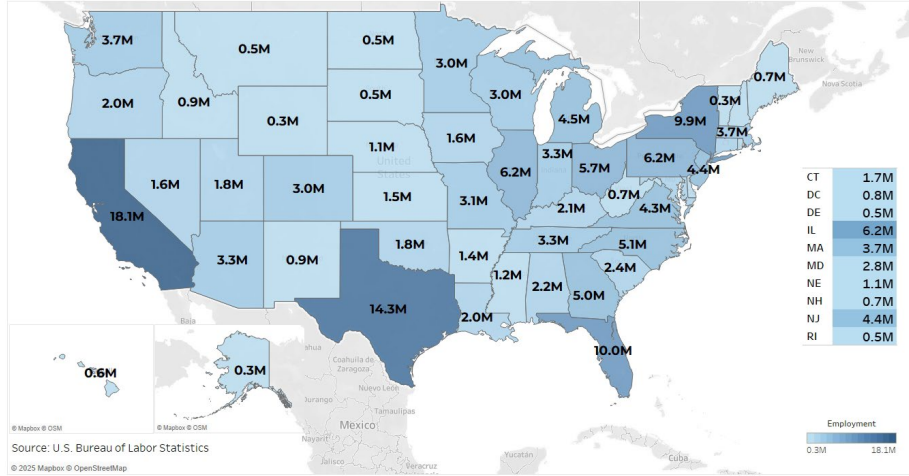
December 2023: **3.8%**

In December, both the unemployment rate, at 4.1%, and the number of jobless people, at 6.9 million, changed little from the prior month. After increasing earlier in 2024, the unemployment rate has hovered around 4.1%-4.2% for the past 7 months. The December unemployment rate is higher than a year earlier when the rate was at 3.8%.



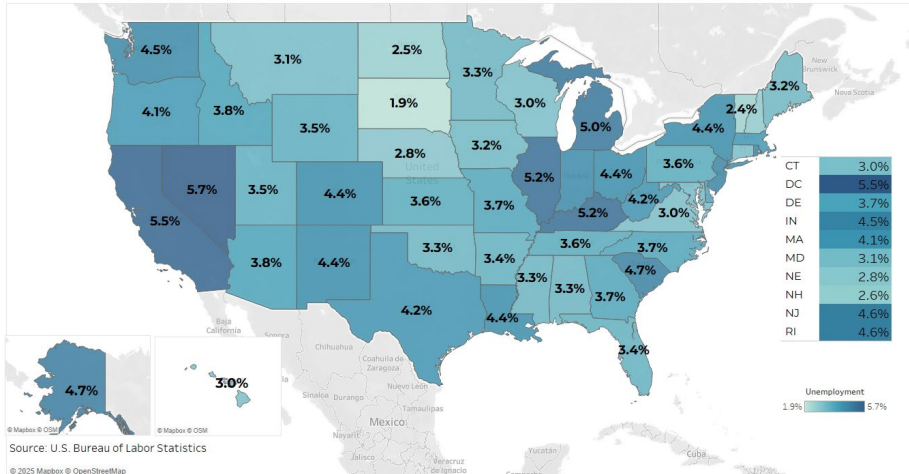
# Employment Situation

State Employment December 2024



In December, only Texas (+37,500) and Missouri (+11,200) recorded significant job gains. The other forty-eight states and the District of Columbia saw little to no change in employment that month. Compared to December 2023, the largest job increases were in Texas (+234,200), California (+180,500), and Florida (+147,900). The highest percentage increases in employment were observed in Idaho (3.6%), Missouri (2.8%), and South Carolina (2.8%).

Unemployment as of December 2024

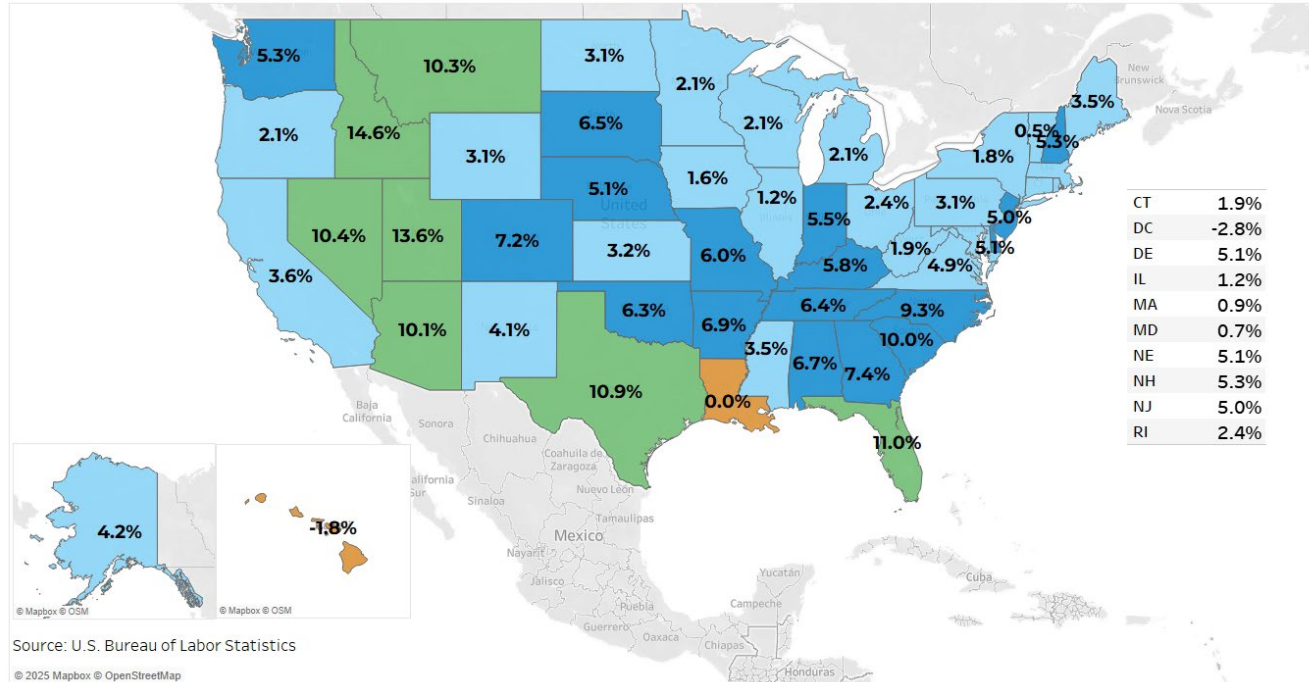


The unemployment rate increased in six states, with the largest increases in Alabama (+0.2%) and Mississippi (+0.2%). Only two states saw a decrease in unemployment: Minnesota (-0.2%) and Montana (-0.1%). The remaining forty-two states and the District of Columbia had stable unemployment rates. Due to the rate increases in December, Nevada (5.7%), California (5.5%), and the District of Columbia (5.5%) had the highest unemployment rates. Twenty-one states had rates lower than the national average of 4.1%, with South Dakota having the lowest rate at 1.9%.

# Employment Situation

The employment situation has undergone significant changes and challenges since the onset of the COVID-19 pandemic. Between March 2020 and December 2024, Idaho (14.6%), Utah (13.6%), and Florida (11.0%) saw the largest gains in employment. Concurrently, the smallest gains were seen in Vermont (0.5%), Maryland (0.7%), and Massachusetts (0.9%). However, the District of Columbia (-2.8%), Hawaii (-1.8%), and Louisiana (0%) have yet to recover the jobs they lost during the pandemic, with employment levels still below or equal to March 2020.

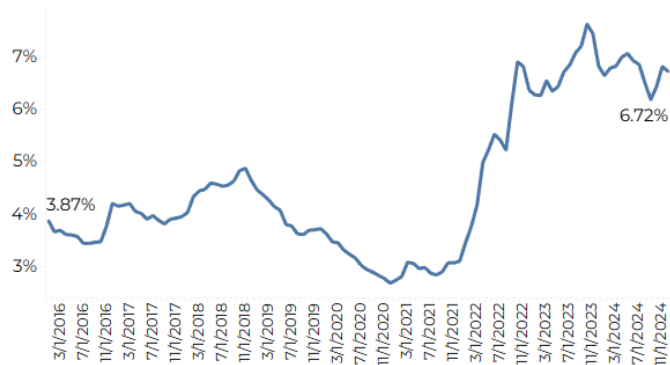
**Employment % Change from pre-COVID-19 to December 2024**





# Housing Market

## Mortgage Rates



30-Year Fixed Mortgage Rate, Monthly Averages  
Source: Federal Home Loan Mortgage Corporation

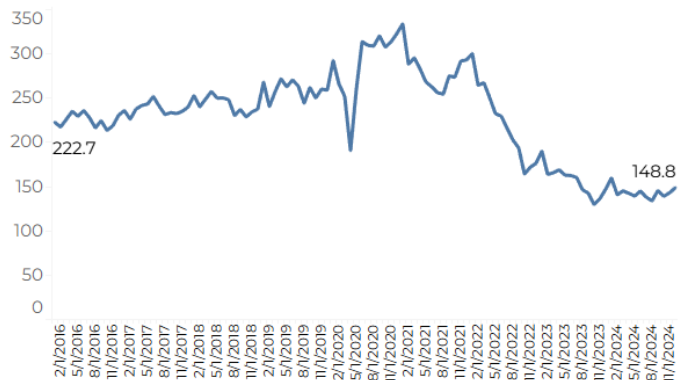
December 2024: **6.7%**

November 2024: **6.8%**

December 2023: **6.8%**

Mortgage rates saw a slight decrease to 6.7% in December, remaining significantly below the historical average of 7.7% since 1971. Despite several Federal Funds Rate cuts, mortgage rates have not seen a significant downturn yet. However, with more cuts expected in 2025, mortgage rates are likely to remain in the 6% range.

## Mortgage Purchase Index



MBA Purchase Index, Monthly Averages  
Source: Mortgage Bankers Association of America, Haver Analytics

December 2024: **148.8**

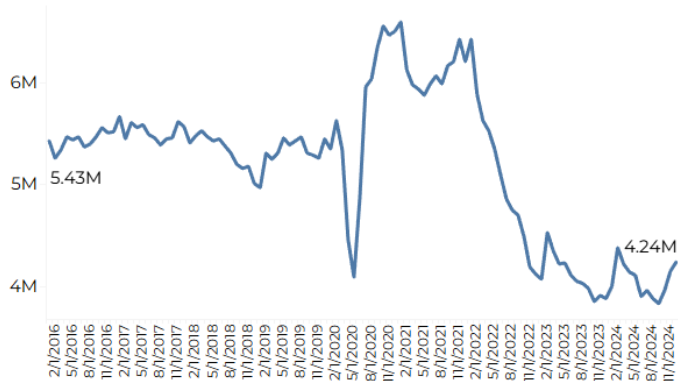
November 2024: **142.9**

December 2023: **147.1**

The Purchase Index, which measures mortgage applications for single-family home purchases and leads home sales by four to six weeks, increased to an average of 148.8 in December. This increase suggests stronger housing demand in the coming weeks. From 1990 to 2024, the Index averaged 247.6 points.

# Housing Market

## Existing Home Sales



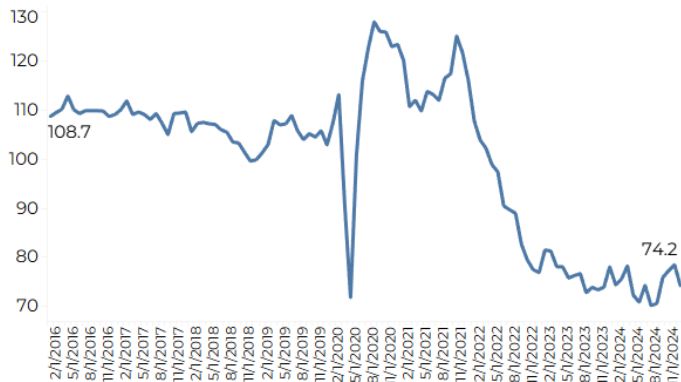
December 2024: **4.24 million**

November 2024: **4.15 million**

December 2023: **3.88 million**

Existing-home sales rose 2.2% in December to a seasonally adjusted annual rate of 4.24 million, the strongest pace since February 2024. Year-over-year, sales accelerated in all four U.S. regions, growing 9.3% from 2023. This was the largest year-over-year gain since June 2021.

## Pending Home Sales



December 2024: **74.2**

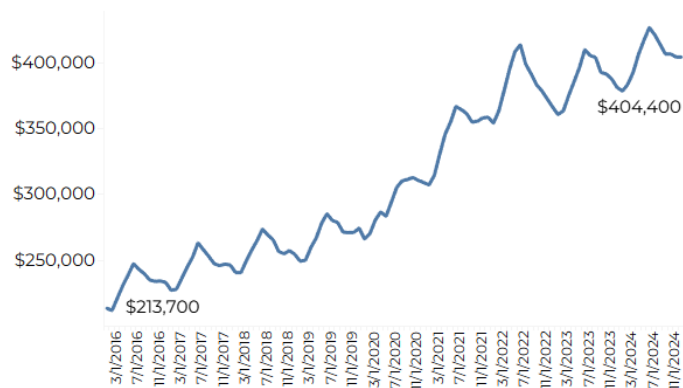
November 2024: **79.0**

December 2023: **78.1**

In December, pending home sales decreased 5.5% from last month. This is the first decrease in contract signing activity following four consecutive months of increases. Year-over-year, all four U.S. regions saw a reduction in contract signings, with the Midwest seeing the largest decrease.

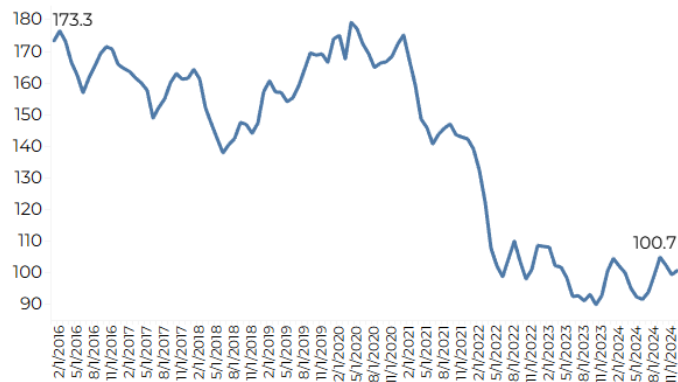
# Housing Market

## Median Sales Price



Existing Single-Family Homes  
Source: National Association of REALTORS®

## Housing Affordability



HAI Index, Seasonally Adjusted  
Source: National Association of REALTORS®

December 2024: **\$404,400**

November 2024: **\$406,100**

December 2023: **\$381,400**

The median existing-home sales price for all housing types rose 6.0% from December 2023 to \$404,400, the eighteenth consecutive month of year-over-year increases. This was also the biggest year-over-year price growth since October 2022. Regionally, all four U.S. regions posted price increases from a year ago.

December 2024: **100.7**

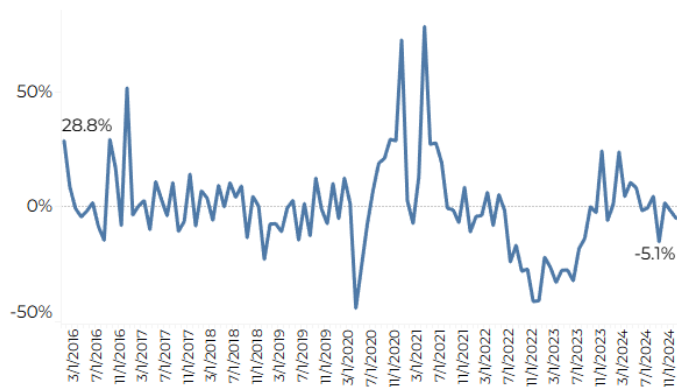
November 2024: **99.0**

December 2023: **100.5**

In December, affordability improved as the Housing Affordability Index increased to 100.7, after falling below 100 in the previous month. An index above 100 indicates that the typical family earns enough income to qualify for a median-priced home purchase across the country.

# Housing Market

## New Listings



Year/Year Percent Change in New Listings  
Source: National Association of REALTORS®

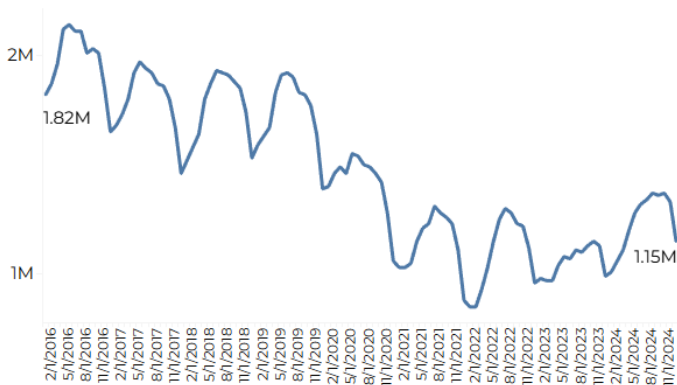
December 2024: **-5.1%**

November 2024: **-1.8%**

December 2023: **-6.0%**

In December, new listings saw a year-over-year decrease of 5.1%, which is more significant than the 1.8% decrease observed in the previous month. However, this is an improvement from last year, where the number of listings downturned by 6.0% year-over-year.

## Inventory



Total Existing Home Sales Available for Sale, Unadjusted  
Source: National Association of REALTORS®

December 2024: **1.15 million**

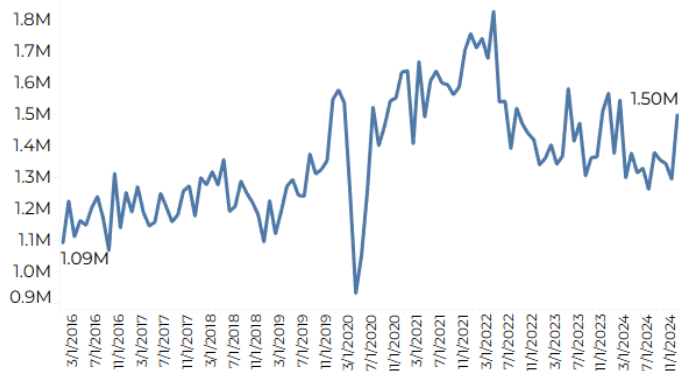
November 2024: **1.33 million**

December 2023: **0.99 million**

The total housing inventory recorded at the end of December was 1.15 million units, down 13.5% from November but up 16.2% from one year ago. The available inventory is equivalent to 3.3 months' supply at the current monthly sales pace.

# New Residential Construction

## Housing Starts



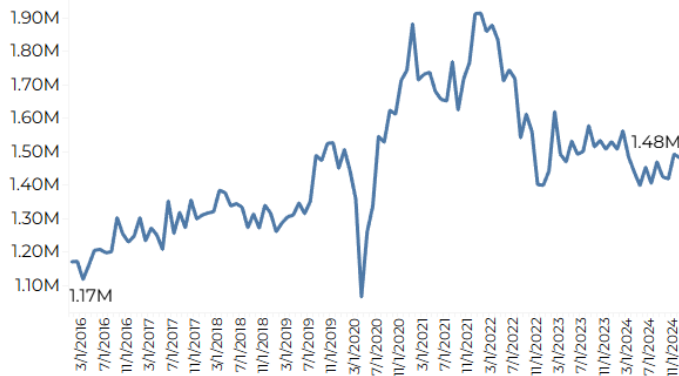
December 2024: **1.50 million**

November 2024: **1.29 million**

December 2023: **1.56 million**

In December, privately-owned housing starts increased to a seasonally adjusted rate of 1.50 million. This is 15.8% above the revised November estimate but is 4.4% below the December 2023 rate.

## Building Permits



December 2024: **1.48 million**

November 2024: **1.51 million**

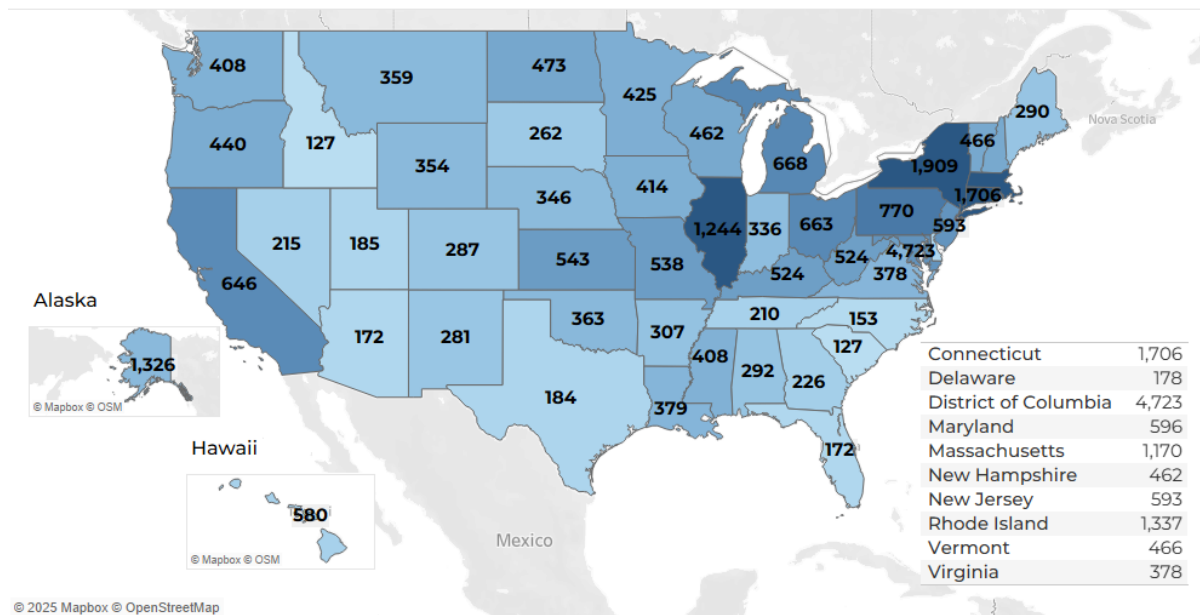
December 2023: **1.53 million**

Respectively, another measure of housing construction, building permits issued, decreased to 1.48 million in December. The December rate of privately-owned housing units authorized for building was 0.7% below the revised November rate, and 3.1% below the December 2023 rate.

# New Residential Construction

New residential construction by state changed little In December 2024 compared to one month ago. As in November, the largest number of single-family building permits issued was in Idaho, where one permit was issued per 127 residents. It was followed by South Carolina (127), North Carolina (153), and Florida (172). In contrast, the lowest number of permits issued was in the District of Columbia, where one permit was issued per 4,723, a decrease from the previous month. It was followed by New York (1,909), Connecticut (1,766), and Rhode Island (1,337).

**Population Per Single-Family Building Permit by State  
December 2024**

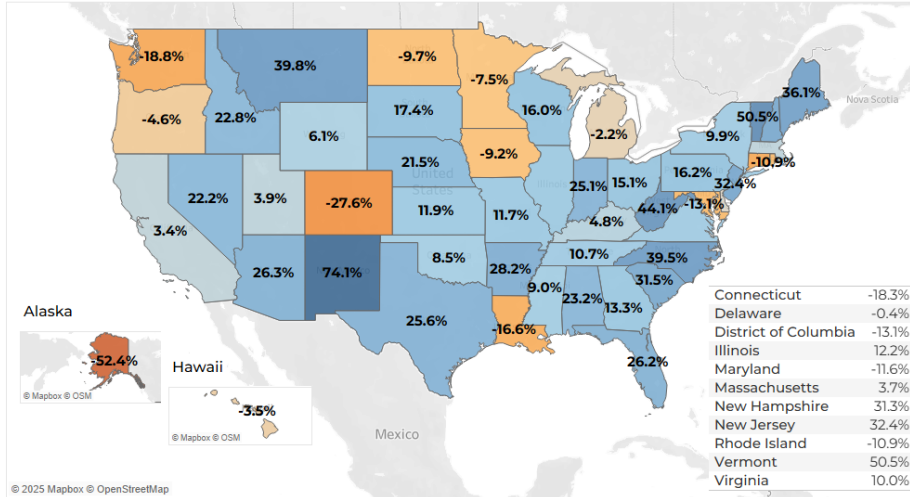


\* The ratio is calculated by dividing the number of a state's population by the number of single-family building permits issued in the state within one year.  
Source: U.S. Census Bureau, NAR Calculations



# New Residential Construction

State Percentage Change of Single-Family Building Permits  
Between Pre-COVID and December 2024



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Source: U.S. Census Bureau, NAR Calculations

Between December 2019 and December 2024, New Mexico (74.1%), Vermont (50.5%), West Virginia (44.1%), and Montana (39.8%) saw the largest increases in the number of single-family permits issued in a 12-month period. The smallest increases were seen in California (3.4%), Massachusetts (3.7%), Utah (3.9%), and Kentucky (4.8%). In contrast, Alaska experienced the largest decrease in newly issued permits, with a drop of 52.4% between the pre-COVID period and the end of 2024. Following Alaska were Colorado (-27.6%), Washington (-18.8%), and Connecticut (-18.3%). Among the most populous states, New Jersey saw the highest increase in single-family permits, rising by 32.4% during this period. Conversely, the District of Columbia, which issued the fewest permits in December, experienced a decrease of 13.1% since 2019.

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The term REALTOR® is a registered collective membership mark that identifies a real estate professional who is a member of the National Association of REALTORS® and subscribes to its strict Code of Ethics.

Working for America's property owners, the National Association provides a facility for professional development, research and exchange of information among its members and to the public and government for the purpose of preserving the free enterprise system and the right to own real property.

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## NATIONAL ASSOCIATION OF REALTORS®

Research Group

500 New Jersey Avenue, NW

Washington, DC 20001

202-383-1000

[data@nar.realtor](mailto:data@nar.realtor)

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