

Mid-Year 2025 Market Update + Forecast

Today's Agenda

- Predictions + Recommendations from last time – Dec 2024
- What's happened in 2025 + where we are today
- A quick review of factors that drive buyer demand and seller supply (revised)
- The Hidden Costs of Waiting
- Predictions for the rest of 2025 and into 2026
- Action Steps



Mortgage Interest Rate Projections by Year End 2025 (from Dec 2024):

- NAHB – “below” 6.0%
- NAR – “near” 6.0%
- Mortgage Bankers Assoc. – 6.0%
- Fannie Mae – “above” 6.0% – *volatility creates opportunity*
- Goldman Sachs – 6.1%
 - 85% of mortgages are below current rate
 - 70% of mortgages are 5% or less



Incentives + Policy Decisions (from Dec 2024)

Possible/Good Ideas:

1. Less restrictive zoning
2. Incentivizing conversion of commercial office space to multi-family space
3. Better lumber trade arrangement with Canada
4. Small (relative) investor seller tax credits

Not-so-good Ideas:

1. Political meddling with the FED
2. Large tariffs that impact housing construction materials
3. Overly-restrictive immigration policy that constrains labor
4. Massive tax credits to buyers (this is a cost/supply issue)



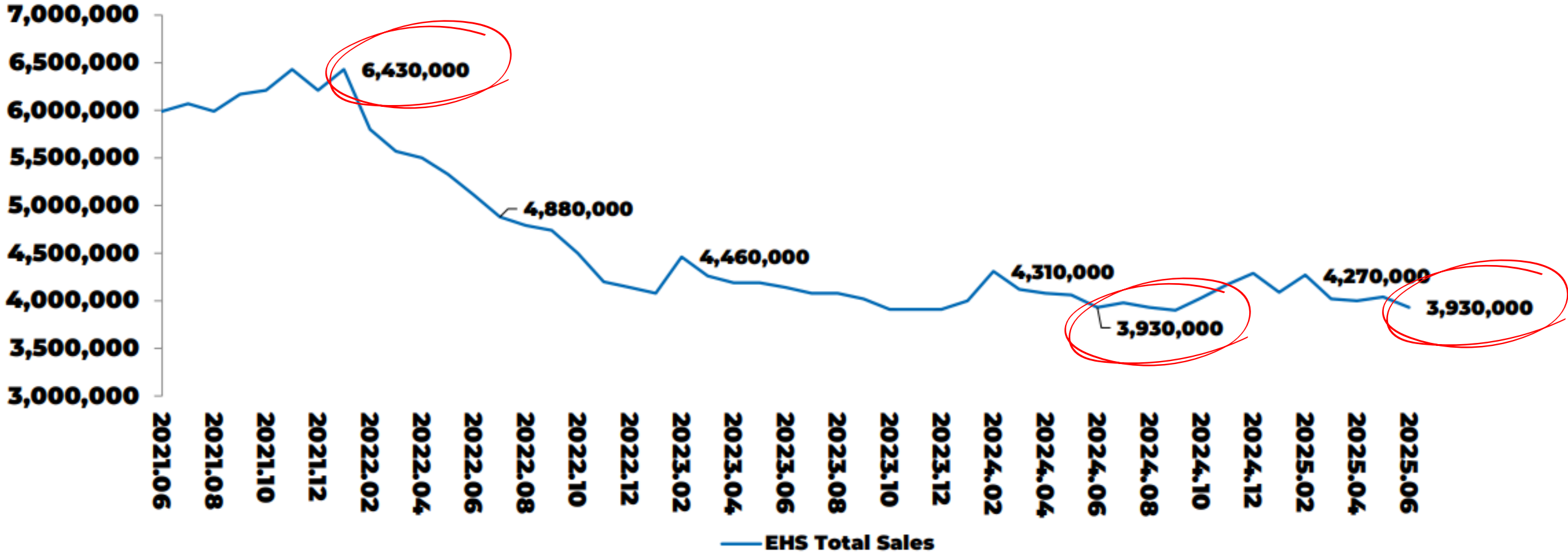
Bill's 2025 Suggested Actions (from Dec 2024):

- If you're still dreaming about 2021, it's time to move on. :)
- Take care of your body and your mind. You're going to need them both.
- Staying consistently focused on the things we can control will be necessary. Just keep moving. Rhythm is more important than speed.
- Skills, skills, skills. Helping buyers and sellers understand the hidden costs of waiting, based on their specific circumstances, will be the difference in getting people off the fence.
- Hope is not a strategy. The market will do what it will do. What will you do?

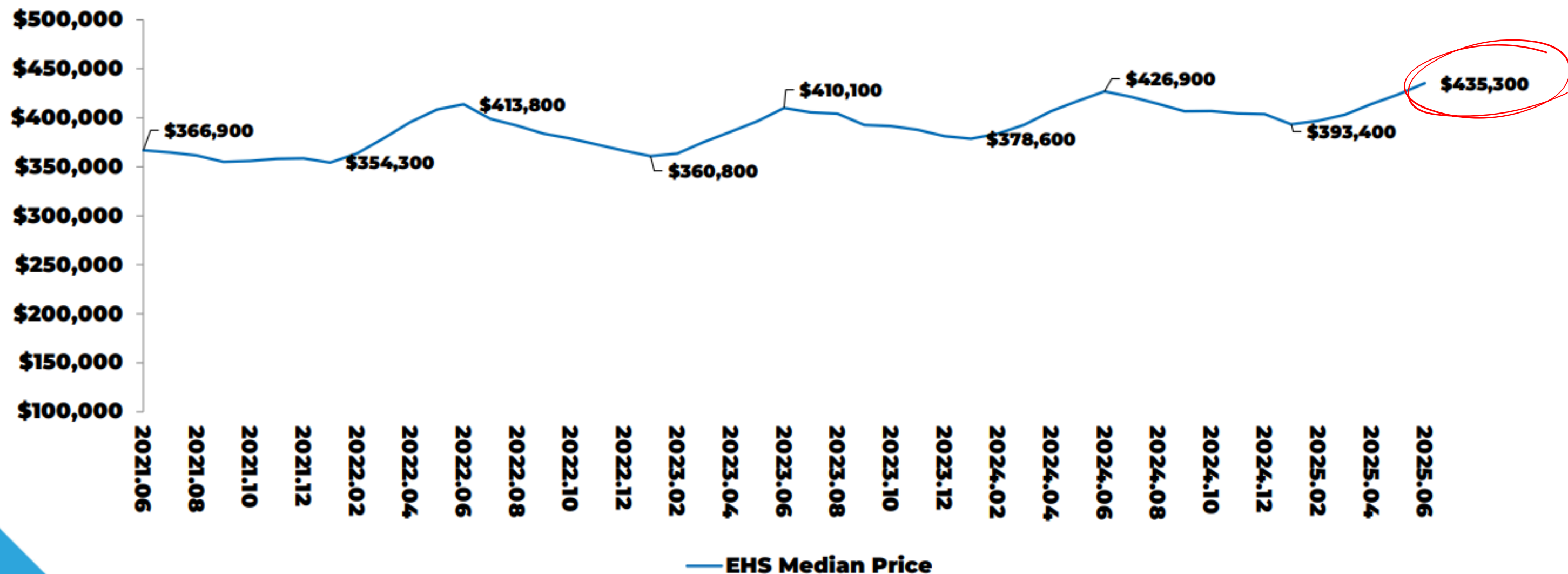


Total Existing-Home Sales

(SA Annual Rate)

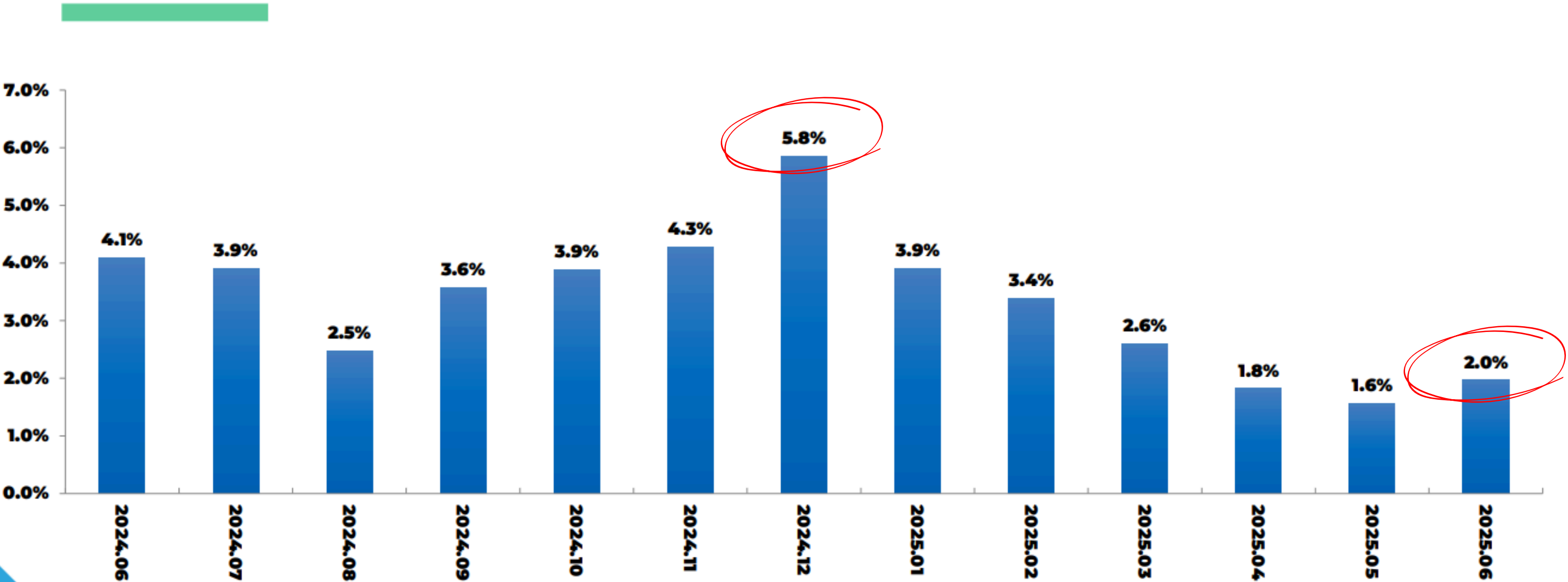


Median Price of Existing-Home Sales



Existing-Home Sales Median Price

(Percent Change Year-Over-Year)



Mortgage Rates Over Time

HOUSINGWIRE

1w

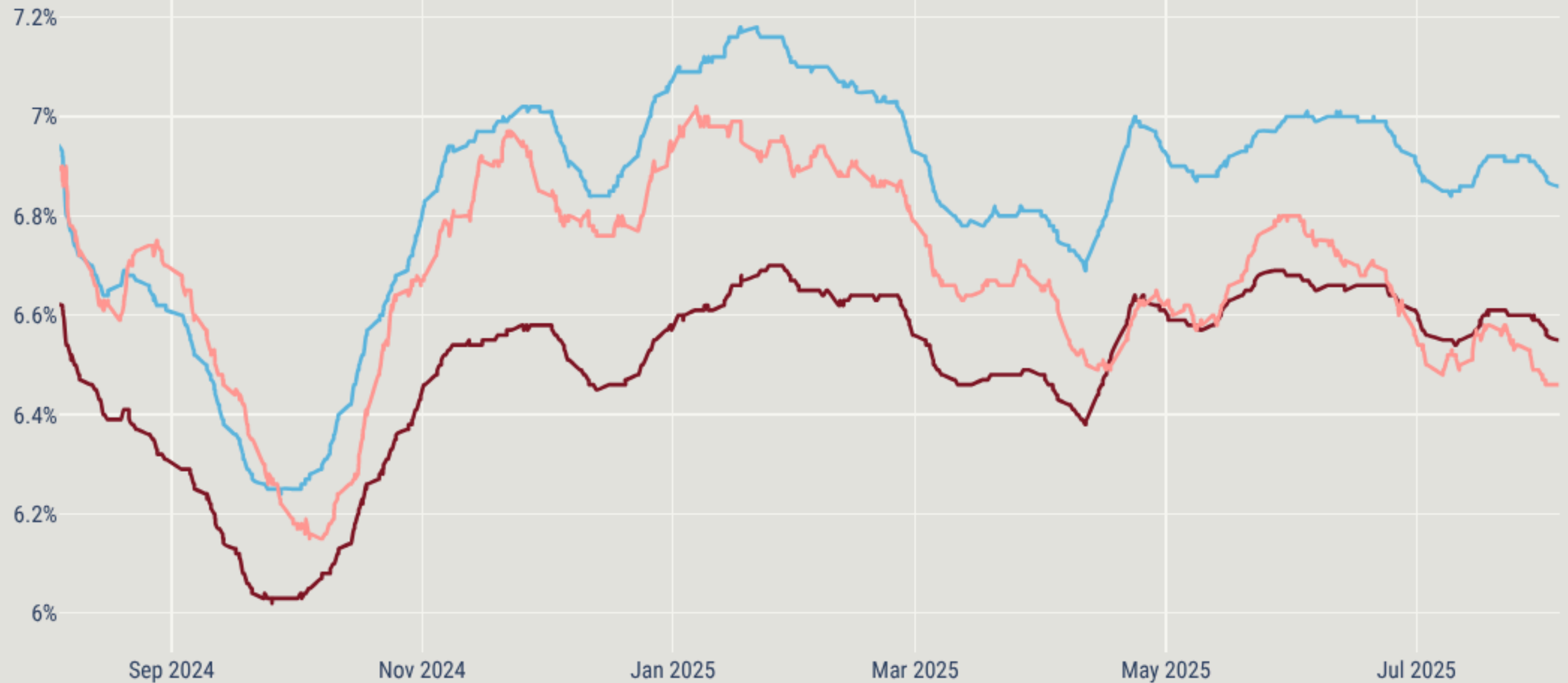
1m

3m

6m

1y

all

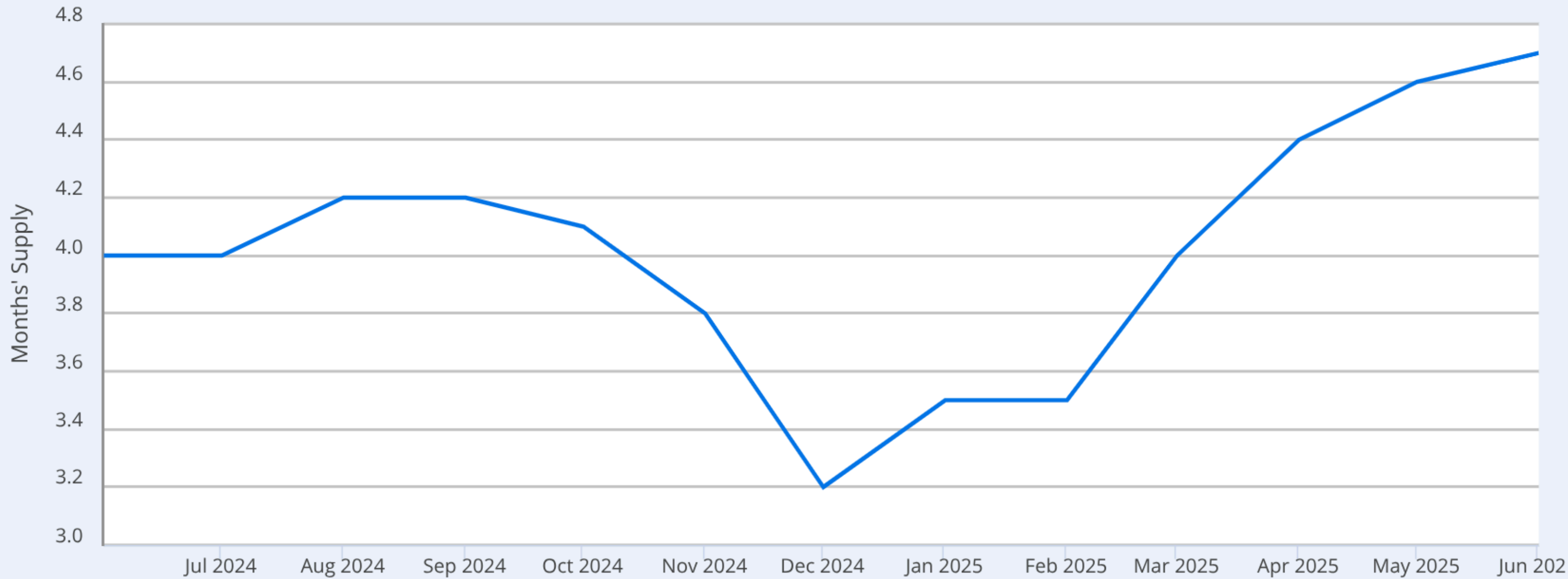


— 30-Yr. Conforming

— 30-Yr. FHA

— 30-Yr. Jumbo

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Source: National Association of Realtors via FRED®

Shaded areas indicate U.S. recessions.

fred.stlouisfed.org

Fullscreen 

Buyer Demand vs. Seller Supply

Buyer Demand

1. **Net Migration**
2. **Demographic Waves** (Boomers, Millennials, and Gen Z)
3. **Monetary Policy** (Tariffs + Rates)
4. **Job + Income Security**

Seller Supply

1. **New Construction**
2. **Resale**
3. **Incentives/Tax Policy** (helpful items in BBB)



The Hidden Costs of Waiting

| | 7% RATE | 6% RATE | 5% RATE |
|-------------|---------|---------|---------|
| \$250,000 | \$1,663 | \$1,499 | \$1,342 |
| \$500,000 | \$3,327 | \$2,998 | \$2,684 |
| \$1,000,000 | \$6,653 | \$5,996 | \$5,368 |



The Hidden Costs of Waiting

1. The money they think they're saving by waiting =
 $\$330/\text{mo} = \text{\textcolor{teal}{\$4,000/year}}$
2. The equity growth they are leaving on the table
 - $600\text{k} * 2\% = \text{\textcolor{red}{\$12,000}}$
 - $600\text{k} * 4\% = \text{\textcolor{red}{\$24,000}}$
 - $600\text{k} * 6\% = \text{\textcolor{red}{\$36,000}}$
3. Negotiation opportunity
 - a. $600\text{k} * 97\% = 582,000 = \text{\textcolor{red}{\$18,000}}$ discount

The typical buyer who is waiting is leaving **tens-of-thousands of dollars** on the table. Oh, and they still have to live with their parents... in an apartment... in a home that's too small for them, etc.



Nationwide Forecast

Downgraded for 2025 ... Upgraded for 2026

| | 2025 | 2026 |
|---------------------|-------------|-------------|
| Existing-Home Sales | +3% | +14% |
| New Home Sales | +5% | +5% |
| Median Home Price | +1% | +4% |
| Mortgage Rate | 6.7% | 6.0% |
| Job Gains | 1.6 million | 2.0 million |

Bill's Predictions:

- Good luck!



Bill's Actual Predictions:

- Operate your business based on two scenarios:
 - 1) if mortgage rates stay above 6.5% for the foreseeable future
 - 2) if mortgage rates go below 6.25%
- Rates react to the bond market. The bond market reacts to broader market certainties (or uncertainties). The big overhang is unresolved trade policy.
- The job market will continue to weaken as corporate leaders question how much staff they need (protect profits in the face of rising costs) and if that staff could be replaced by AI.
- If rates stay above 6.5%, you'll see the market continue to bounce along sideways as it's done most of 2025.
- If rates go below 6.25%, you'll see something more in line with NAR's predictions – 10%+ growth in transactions, 4%+ growth in prices



Bill's Recommendations:

- Focus all lead gen efforts on finding the motivated: relocation, upsizing, downsizing, divorce, death, etc.
- Increase consistency and crispness of consumer facing marketing across all platforms – optimizing for what you do best and where your people are (could be anything from social media to direct mail)
- Mine your database with purpose – the deals are there, but too many of them are slipping through the cracks
- Skills – everyone on the team **MUST** be an 8+ in skills or you need to stop wasting time and resources on them – you're bleeding money on stray animals
- Hire an MEC Coach – **free 30 min coaching call** to test drive
Email – Bill@MiddletonEliteCoaching.com to schedule





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