2025 Year-in-Review

Real estate market analogy:

Real estate market = Speed dating event

Buyers = guys

Sellers = ladies

So, this giant speed dating event is ongoing. Up until recently, there were 3x as many guys as ladies. So, the ladies would show up briefly, field several offers for first dates and choose one. The first date offers were reasonable. Think putt-putt golf and ice cream.

Guys had to be quick, but with some patience, they would find a match and pair up.

But now it is 2025. The ratio has gotten to 1:1 and the dynamics are different. The guys can take their time, peruse the options and find the right fit with less stress. But the difference is that when they find a good match, they realize the price of the first date has risen dramatically. Think caviar and wakeboarding.

So, even though they would like to pair up, and there are options available to them, they end up re-thinking if it is even worth it.

That's the market now. Buyers have options. Inventory is sitting around. But loans are more expensive, so it is causing buyers to be squeezed, resulting in lower motivation.

Here's the market takeaways:

Home Prices: High, But Appreciation Slowed to a Crawl

Depending on property type/location, appreciation was a little above or a little below 0. That makes it FEEL like values dipped – because we got used to 5-10% appreciation for the past dozen years. But as a generalization: values are flat.

Inventory: Up

Buyers are having more time and less pressure to lock in homes.

Mortgage Rates: Slightly Lower but still Restrictive

30 yr fixed rates are in the low 6s, down 1% from the peak. But they still feel expensive because they were so low for so long! It'll take several more years before the market truly moves on from the 3% mortgage rate. Until then, we're going to keep feeling like Jennifer Lawrence's high school boyfriend. Like, dang, I should've locked her up when I had the chance!

Turnover Is Low

Trading up/down is hard to justify when you're giving up 3% and getting 6% mortgage rates. So, people aren't doing it much. This just makes the market less busy. Transactions are way down.

What It Means for 2026

Lucas will unveil his 2026 predictions in January!
