

April 21, 2025

Industry Comment

Sector: Real Estate Services

Real Estate Broker Survey

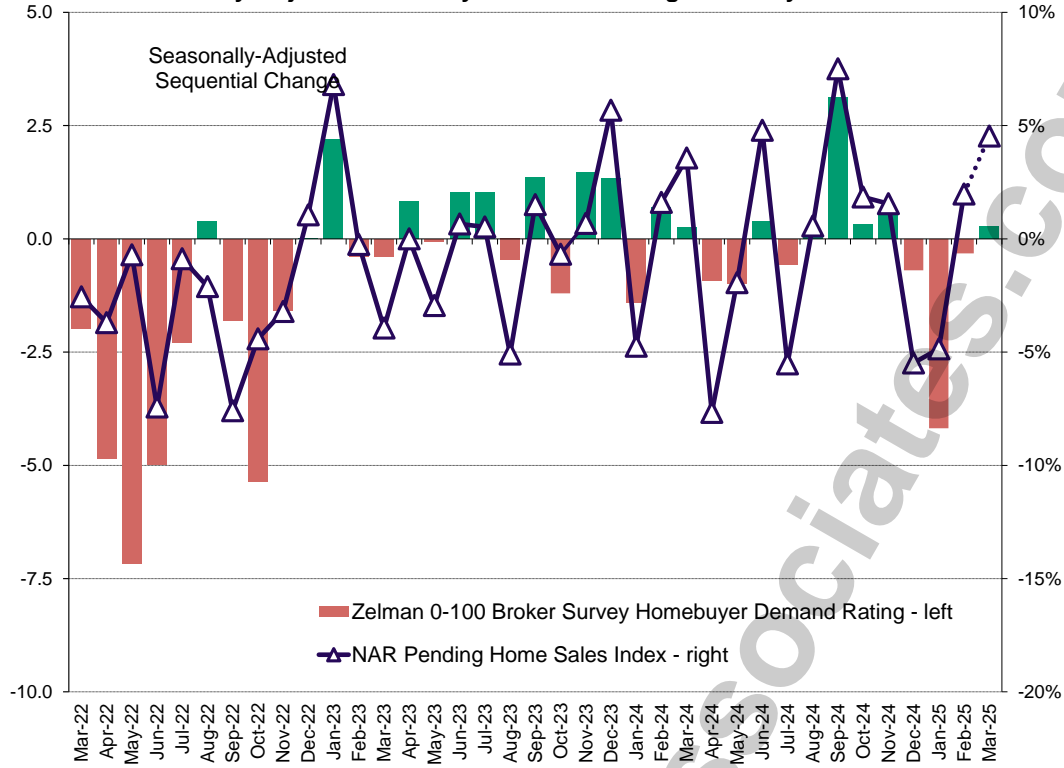
Demand Improved in March, but Concerns Percolating

Alongside lower mortgage rates in March, our seasonally-adjusted homebuyer demand index and our contacts' pending home sales showed solid improvement – contributing to our above consensus outlook for the NAR's March pending home sales index to be released on April 30th. However, this momentum may prove short-lived amid recent rate volatility, equity market weakness, declining consumer confidence and tariff concerns. Several brokerage executives spoke along the lines of, 'it's too soon to see a tangible impact in the data, but buyers are slowing down or expected to take a wait-and-see approach in the near term.' Meanwhile, rising resale inventory alongside subdued sales has led to slower-than-normal sequential price gains and deceleration in year-over-year HPA. For our broader outlook for the existing home market and brokerage industry through 2027, see our recent [Macro Existing Home For-Sale Forecasts](#).

- **Slight Uplift in Seasonally-Adjusted Demand Index:** Our overall demand rating of 56 was up two points sequentially, slightly higher than the pre-COVID average of our survey. Year over year, our index declined three points, on par with February's decline. As a reminder, our seasonally-adjusted demand index has been directionally correlated with NAR's pending home sales index over time. (See Exhibit 1 and Exhibit 2)
- **March Existing Home Closings Likely to Show Weakness, With Caveats:** Based on our analysis, we expect the NAR to report March existing home closings at a SAAR of 4.08 million on Thursday, down 4.2% sequentially and down 1.0% year over year. Our estimate is 0.5% below Factset consensus.
 - Notably, the NAR's SAAR [for February](#) and March have shown much greater variability than other months in recent years. For example, our forecast for a 4.2% seasonally-adjusted sequential decline compares to declines of 4.4%, 4.5% and 4.0% the prior three March's. Overall, we believe seasonality has shifted somewhat post-COVID, with somewhat more closings in February and somewhat fewer in March, yet we do not believe this shift is being reflected in the NAR's seasonal adjustment factors.
- **Forecasting Solid Improvement for March Pending Home Sales:** For the NAR's March pending home sales index which will be released next Wednesday, our analysis points to a 4.1% increase on a seasonally-adjusted sequential basis. Our estimate would be down 2.7% year over year versus the 3.6% decline in February. Our forecast is 1.1% above FactSet consensus. (See Exhibit 3)
- **Non-Primary Demand Flat-to-Higher:** Our contacts' second home and investor demand ratings were flat-to-slightly higher sequentially, as rates moved lower through the month, though in absolutes, the index remains depressed. (See Exhibit 4)
- **Cancellations Tick Up in March:** Our sequential diffusion index of contract cancellations equaled 55, reflecting slightly higher cancellation trends in March. Aside from broader economic uncertainty, interest rate volatility will likely continue to be the primary factor influencing cancellation trends. (See Exhibit 5)
- **Year-Over-Year Home Price Growth Decelerates:** For March, our sequential price diffusion index equaled 66 compared to the pre-COVID average of 75 for the month, reflecting a continued trend of subdued sequential price growth. On a year-over-year basis, March's data suggests deceleration versus February. (See Exhibit 6 through Exhibit 8)
- **Year-Over-Year Inventory Growth Persists:** Our entry-level and high-end inventory indices equaled 80 and 79, up from 75 and 76 last month, reflecting continued year-over-year growth. For reference, NAR reported that inventory was up 17% year over year in February and we would expect a slightly larger increase when NAR reports March data on Thursday. (See Exhibit 9)
- **Feedback Continues to Indicate Flat-to-Lower Commission Rates:** 46% of contacts reported no change in buy-side commission rates on closings in March versus February, while 44% reported a decrease and 10% noted an increase. For reference, feedback over the last year has largely pointed to a flat-to-modestly lower trajectory. (See Exhibit 10)

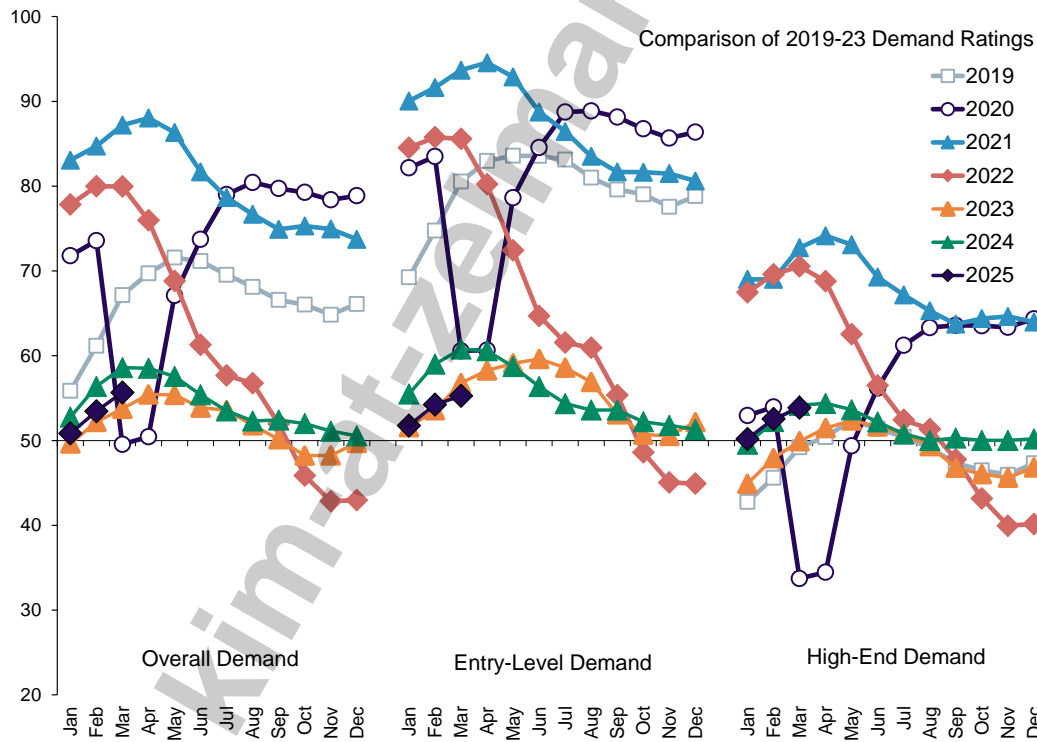
Please refer to the end of this report for relevant disclosures and contact information for Zelman & Associates' research analysts.

Exhibit 1: Seasonally-Adjusted Homebuyer Demand Rating Relatively Stable for March



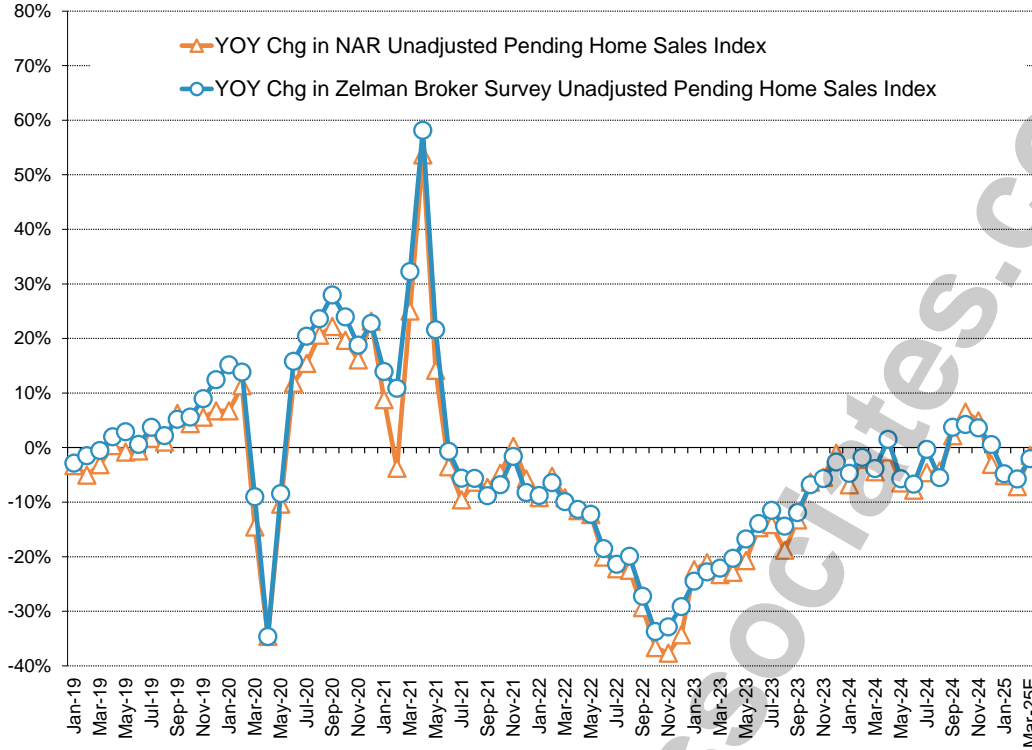
Source: NAR, Zelman & Associates Real Estate Broker Survey

Exhibit 2: Homebuyer Demand Across Price Points Still Subdued, Below Year-Ago Trend



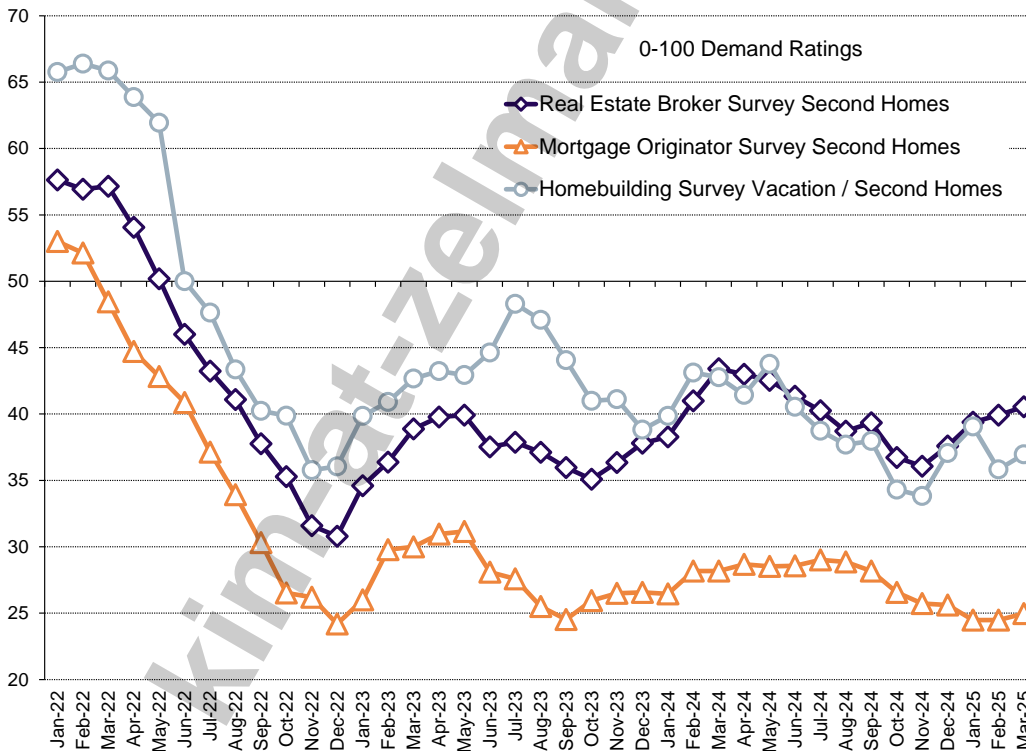
Source: Zelman & Associates Real Estate Broker Survey

Exhibit 3: Expecting Seasonally-Adjusted Gain in March Pending Home Sales



Source: NAR, Zelman & Associates Real Estate Broker Survey

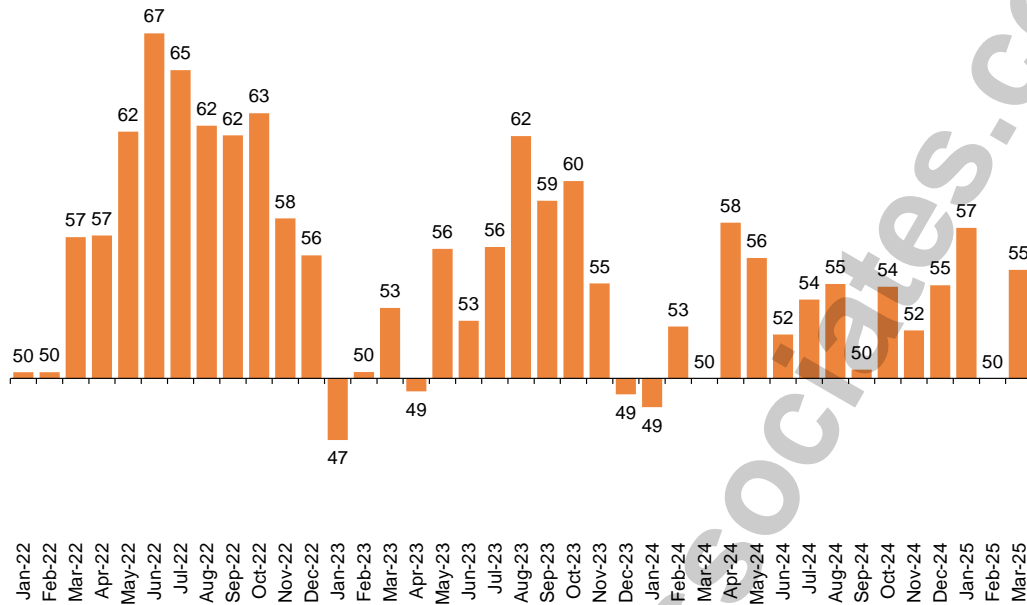
Exhibit 4: Second Home Demand Higher but Range Bound at Low Levels



Source: Zelman & Associates Homebuilding, Mortgage and Real Estate Broker Surveys

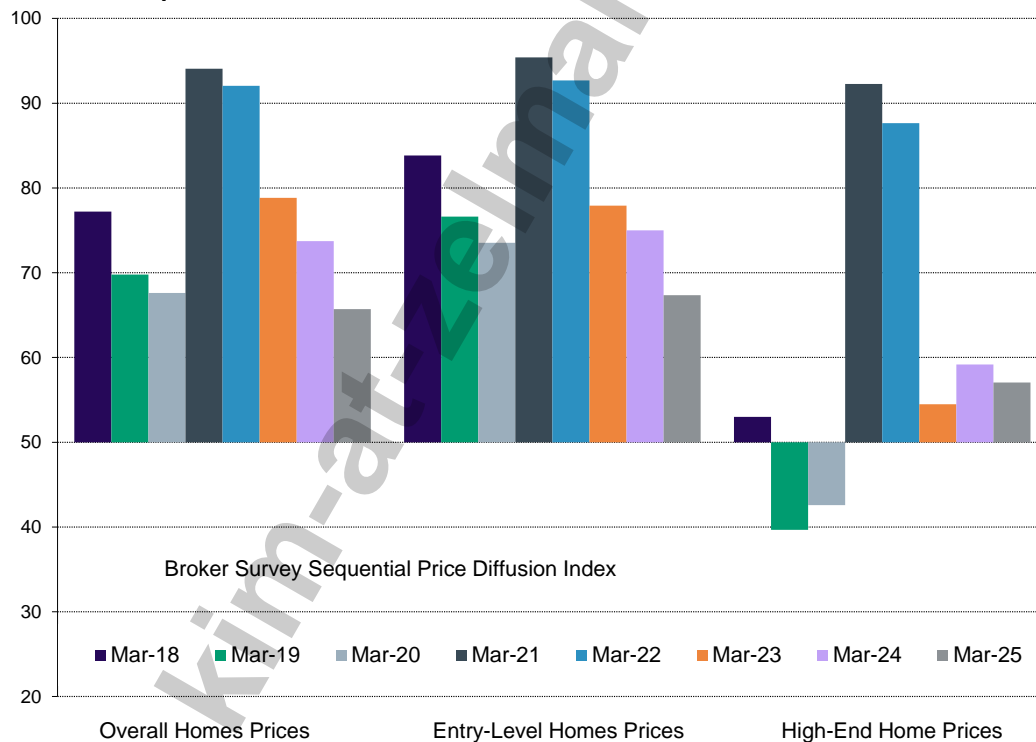
Exhibit 5: Cancellations Tick Slightly Higher in March

Broker Survey 0-100 Sequential Diffusion Index of Contract Cancellations



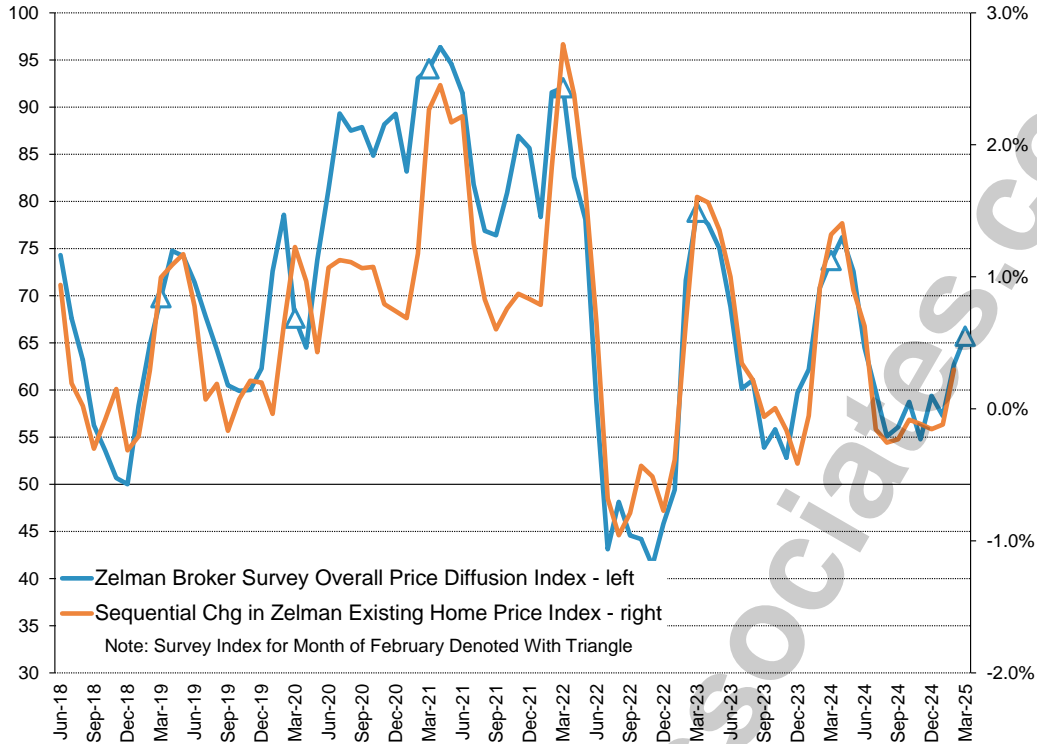
Source: Zelman & Associates Real Estate Broker Survey

Exhibit 6: Sequential Home Price Growth Below Recent Years



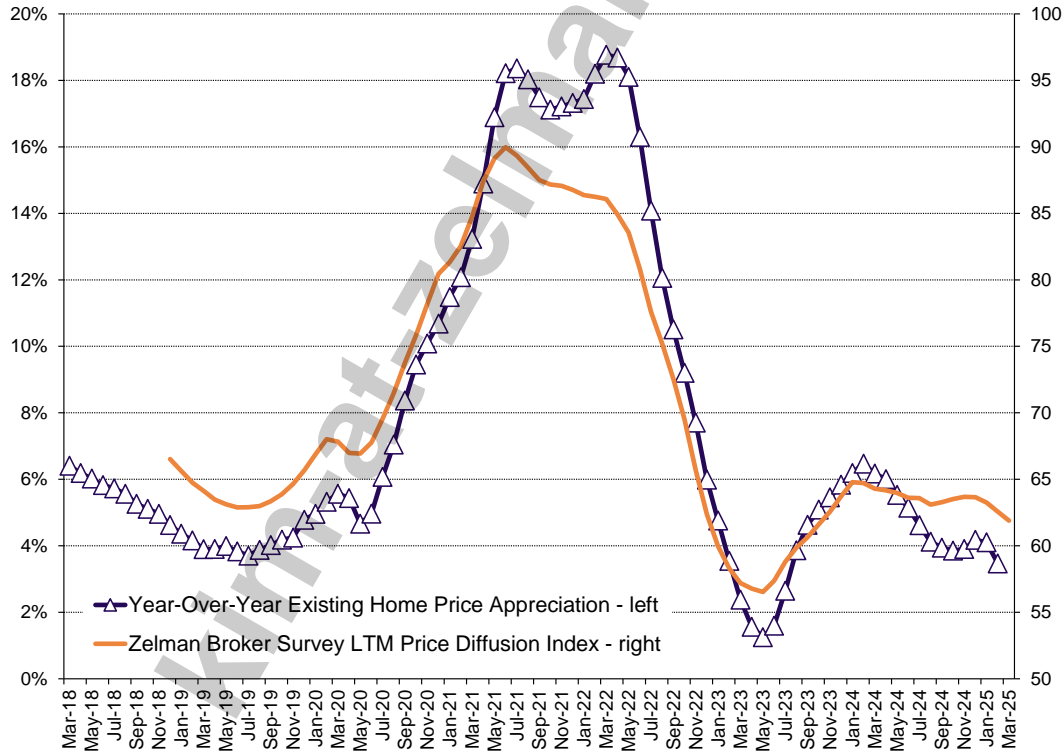
Source: Zelman & Associates Real Estate Broker Survey

Exhibit 7: Survey Pricing Data Correlates with Widely-Followed National Price Indices



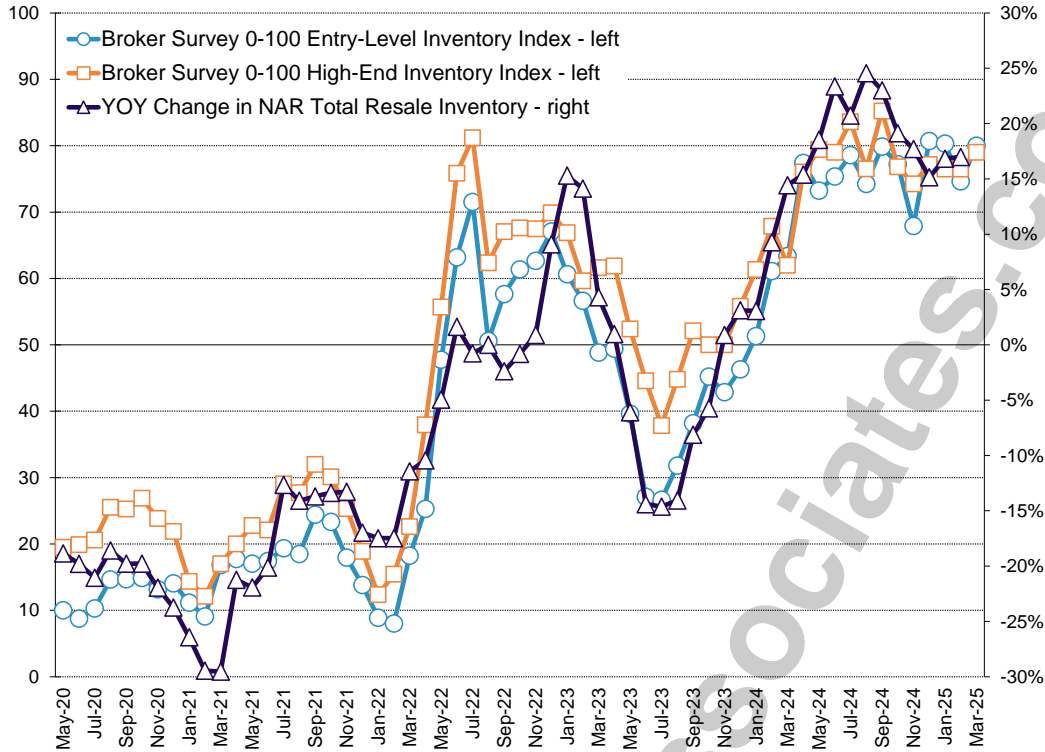
Source: Zelman & Associates Real Estate Broker Survey

Exhibit 8: Year-Over-Year Home Prices Decelerated Slightly in March



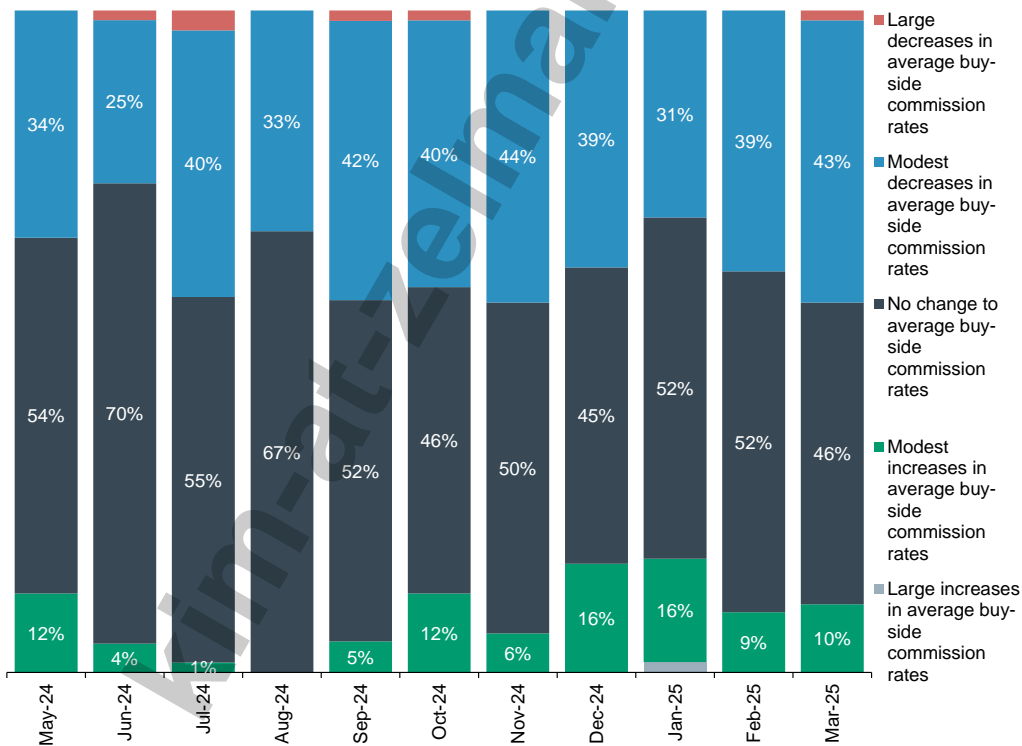
Source: Zelman & Associates Real Estate Broker Survey

Exhibit 9: Resale Inventory Remaining Up on a Year-Over-Year Basis



Source: Zelman & Associates Real Estate Broker Survey

Exhibit 10: Feedback Continues to Indicate Flat-to-Modestly-Lower Commission Rates



Source: Zelman & Associates Real Estate Broker Survey

Real Estate Broker Survey: Market-Level Commentary by Region

Our monthly survey captures a combination of independent brokerage executives, franchise owners and top-producing agents, representing north of a 10% sample size of the resale market. Results have proven highly correlated and predictive of macro housing data points. Below, we summarize commentary by market.

West Region

- “April activity is on par with March, but the uncertain economic picture is causing a bit of a pause with buyers.” – **Los Angeles**
- “We are transitioning to a market of buyer’s choice, but it will be short-lived. As soon as the stocks settle and interest rates drop a little, it is off to the races. More contingent buyers needing to unlock equity to purchase is what we are focusing on right now and see the opportunity for the future.” – **Orange County**
- “The wait and see attitude in the second half of 2024 was beginning to fade a little in January and February. This was pushing back the beginning of the traditional activity in the spring market. The recent actions from Washington and its consequences have caused the wait and see attitude to be a more serious consideration for buyers who held their cash in stocks and securities.” – **Laguna Beach**
- “There has been a slowdown. I think people are feeling uncertain about the market, not only interest rates, but the changing climate with unemployment scares and tariff talks. April has started off strong with more inventory, but we are not seeing the buyer activity.” – **East Bay**
- “With limited inventory of properties for sale, buyers will step up and purchase, and more often than not, with multiple offers on homes that are reasonably priced.” – **San Mateo**
- “We are entering our selling season for the greater Salt Lake City market. 1Q25 was roughly the same as 1Q24 for this market, however April looks to be slightly ahead of last April.” – **Salt Lake City**
- “1Q25 was up substantially over 1Q24 in terms of closed volume. April looks to be ahead of last year as well.” – **Park City UT**
- “We think it will be a tough market for the next three to six months. Home prices were down slightly in March, although the data is a trailing indicator” – **Phoenix**
- “Demand did pick up across segments in March, although historically tempered. The single-family rental market is moving sideways even as demand seemed to pick up as listing activity picked up as well, keeping each flow in balance.” – **Las Vegas**
- “The main problem in our market is affordability. We have tons of buyers wanting to buy but they cannot afford our median sales price. If condos have high HOA dues, then that adds to the problem.” – **Reno**

Central Region

- “We are encouraged by both buyer and seller activity levels. However, we are watching April closely for any signs of significant consumer pullback from the national economic uncertainty.” – **Houston**
- “No one is rushing to buy as the country is worried about a recession, but real estate has been in a recession since 2022.” – **Austin**
- “Pending contracts rose 40% from February to March.” – **Denver**
- “March was still very active with buyer activity, but we saw numerous cancellations over the past month with the uncertainty in the economy.” – **Aspen**
- “We are still seeing demand in our market. Sellers are pricing their homes high but anything that is priced right will sell pretty fast.” – **Crested Butte, CO**
- “Pending activity was on par with 2024 and demand increased in March.” – **Kansas City**

South Region

- “Buyers are coming to the market with a home to sell to buy a new home, which has caused days on market to increase. We are seeing new home prices stay flat with more incentives to buyers. We are also seeing many price adjustments on the high-end.” – **Nashville**

- “We saw an increase in activity with better spring weather, but the tariffs and the stock market has slowed down some recent traffic. There is a lot of uncertainty and hesitancy recently. We are seeing better weather in the mountains, but the sales pace is slower. The stock market being down is going to have a bigger impact on second home investments.” – **Triad, NC**
- “Prices are down significantly in the condo segment due to inspections and higher maintenance fees with skyrocketing insurance costs.” – **Florida**
- “This has been one of my best months in 36 years of real estate. March is typically our best month of the year, and it did not disappoint this year. Entry-level demand was better but not as strong as high-end demand which is mostly cash buyers. That said, the momentum we saw in March has slowed down greatly so far in April.” – **Florida Keys**
- “Buyers have been finicky and uncertain about markets in general. Buyers are interested in seeing properties but not ‘pulling the trigger’ and making immediate decisions. We have been putting many listings under contract and hope to continue to do so. There are many naysayers though who continue to wait on the sidelines thinking the market will go down further.” – **Palm Beach**
- “We are still bouncing along the bottom in terms of demand. Pending contracts are down a little in the first quarter. We are concerned as the first four days of April are down 11%, assuming with all of the stock market and tariff noise, some buyers have paused.” – **Miami**
- “We saw a late start to the season and it’s starting to slow down quite early in our market. We are remaining optimistic, but it is looking to be another slow month.” – **Sarasota**
- “The spring selling season is typically a very busy time for pending contracts in our market and it is looking like we will be significantly off from the 2024 spring season. Buyers seem to be hesitant about committing and inventory has gone up across the board.” – **Port St. Lucie, FL**

Midwest Region

- “Demand is at a high I haven’t seen since 2022, but April is always a big cancellations month as a lot of renters are posing as buyers. We are seeing more inventory.” – **Chicago**
- “April is looking much better than the first quarter, which was slow after an unusually strong fourth quarter last year. Still, the uncertainty that has been injected into the economy is holding back some buyer demand.” – **St. Louis**
- “Activity was much better the first week of April due to spring weather starting and a brief drop in rates.” – **Iowa**
- “Pending contracts were down 15% year-over-year in March.” – **Wisconsin**

East Region

- “March was a bit of a mixed bag. The Virginia suburbs saw an increase in contract activity which was high enough to offset a drop in contracts in D.C. In April, new contract and new listing activity are both increasing, as are home prices.” – **Washington D.C.**
- “The last couple weeks has seen some slowing in the market given the stock market volatility. Single-family demand is slowing, but still strong, especially in Northwest D.C. Condo sales are still lagging, but prices are holding firm.” – **Washington D.C.**
- “The February slowness continued in early March, but we saw activity pick up in the latter half of March and almost completely close the gap with March 2024. The momentum has carried into April so far.” – **South Central PA**
- “We saw a slight uptick in home prices in March, but more so in the middle and higher priced market segments.” – **New York City**
- “The higher end is up in terms of pending contracts in March.” – **New England**
- “Most of the increase in demand is coming from first-time homebuyers. Our agents are very busy, and home prices have increased 23% year-over-year.” – **Boston**

Zelman & Associates Equity Research Department

Ivy Zelman

EVP, Director of Research
Macro
212-993-5831
ivy@zelmanassociates.com

Ryan McKeveny, CFA

Managing Director
Mortgage & Real Estate Services
212-993-5837
ryan@zelmanassociates.com

McClaran Hayes

Director
Building Products
212-993-5836
mcclaran@zelmanassociates.com

Alex Kim

Senior Associate
REITs
212-993-5827
akim@zelmanassociates.com

David Fan

Associate
Building Products
646-907-5121
fan@zelmanassociates.com

Alan Ratner, CFA

Managing Director
Homebuilding
212-993-5834
alan@zelmanassociates.com

Adam Baumgarten

Managing Director
Building Products
212-993-5842
adam@zelmanassociates.com

Marius Morar

Director
Homecenters
212-993-5848
marius@zelmanassociates.com

Natalie Kulasekere

Associate
Homebuilding
646-437-7610
natalie@zelmanassociates.com

Kevin Kaczmarek, CFA

Head of Data & Analytics
Mortgage & Real Estate Technology
212-993-5849
kaczmarek@zelmanassociates.com

Mark Franceski

Managing Director
Multifamily
301-634-5358
mark@zelmanassociates.com

Jesse Lederman, CFA

Vice President
Manufactured Housing & Single-Family
Rental
212-540-9254
jesse@zelmanassociates.com

Nick McAndrew

Associate
Mortgage & Real Estate Services
646-437-7615
nick@zelmanassociates.com

Important Disclosures

Analyst Certification

Each analyst of Zelman & Associates whose name appears within this research report hereby certifies that (i) the recommendations and opinions expressed in the research report accurately reflect the research analyst's personal views about any and all of the securities or issuers discussed herein that are within such analyst's coverage universe and (ii) no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the research analyst in the research report.

Copyright © Zelman & Associates 2025. All rights reserved. All material presented in this document, unless specifically indicated otherwise, is under copyright to Zelman & Associates. None of the material, nor its content, nor any copy of it, may be altered in any way, or transmitted to or distributed to any other party, without the prior express written permission of Zelman & Associates.

This research is based on current public information that we consider reliable, but we do not guarantee its accuracy or completeness. The information and opinions expressed in this research are not offers to sell or solicitations of an offer to buy any security or financial instrument. They do not constitute a personal recommendation or take into account the particular investment objectives, financial situation or needs of individual clients. The information on any particular company referred to in this research may not reflect events occurring after the date of publication. Past performance is not a guide to future performance, future returns are not guaranteed, and a complete loss of principal may occur.

Analysts receive no direct compensation in connection with the firm's investment banking business. Analysts may be eligible for bonus compensation based on the overall profitability of the firm, which takes into account revenues from all of the firm's business, including investment banking.

kim-at-zelmanass.com