

2025 HOUSING FORECAST

Big Comeback Year for the Housing Market

More resale listings, more homes going under contract

► PIERCE COUNTY



LEADING INDICATOR

Starting in 2024, the number of new resale listings started to increase compared to the same time last year. This is the leading indicator that more home buyers are entering the market, as many home buyers need to sell their current home before purchasing their next property.

RESIDENTIAL REAL ESTATE FOLLOWS A PREDICTABLE PATTERN

10-YEAR HOUSING CYCLE

CURRENT 10-YEAR CYCLE

YEAR 1: 2022



An adjustment year

YEAR 2 AND 3: 2023-2024



The market has stabilized

2025 AND BEYOND



The housing market will expand as the U.S. economy expands

HISTORICAL 10-YEAR CYCLES

1980-1983	4 Years of Adjustment/Market Stabilization (Great Recession)
1984-1989	6 Years of Growth

1990-1991	2 Years of Adjustment/Market Stabilization
1992-1999	8 Years of Growth

2000-2001	2 Years of Adjustment/Market Stabilization (Dot-com Bubble)
2002-2007	6 Years of Growth

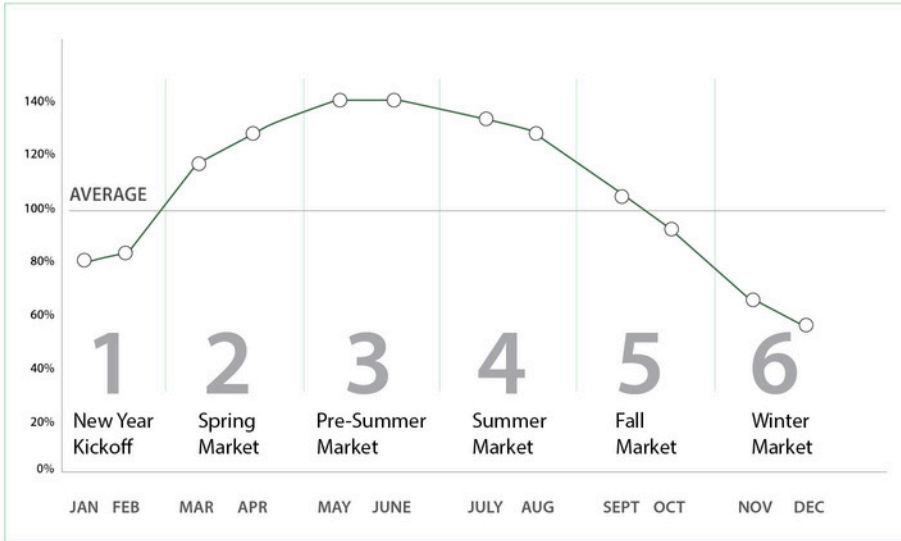
2008-2011	4 Years of Adjustment/Market Stabilization (Great Recession)
2012-2017	6 Years of Growth

2018-2019	2 Years of Adjustment/Market Stabilization
2020-2021	2 Years of Hyper-Growth (Covid Housing Economic Stimulus)

2022-2024	Restart: 3 Years of Adjustment/Market Stabilization (Recession)
2025+++	Years of Growth

6 PHASES OF THE YEARLY HOUSING CYCLE™

Represents Number of New Resale Listings by Month | Typical yearly pattern of new resale listings



January-February: New Year Kickoff

- Low point of unsold inventory
- Buyers come back into the market in bigger numbers after holidays
- Low number of new resale listings
- Sales Activity Intensity™ increases two levels

March-April: Spring Market

- As more resale listings come on the market, intensity lowers one level

May-June: Pre-Summer Market

- Highest number of new resale listings and homes going under contract

July-August: Summer Market

- Lowers another level of intensity, more new resale listings and unsold inventory

September-October: Fall Market

- High point of unsold inventory
- Best selection of new resale listings until next March

November-December: Winter Market

- Winter cleanup, few new resale listings

SCALE: SALES ACTIVITY INTENSITY™

Percentage of listings under contract (pending) first 30 days



Sales Activity Intensity™ is the percentage of new resale listings that go under contract within the first 30 days on the market. High intensity creates price support and home price appreciation. In today's market, the Sales Activity Intensity™ is highest in the mid-price ranges.

FORECAST AFTER JANUARY 1, 2025 - MULTIPLE OFFER HOUSING MARKET

- Overall: Surge Sales Activity Intensity™
- Luxury Market: Surge Sales Activity Intensity™ close to job centers

2025 NATIONAL SALES FORECAST

Dr. Lawrence Yun, Chief Economist of the National Association of REALTORS®

Dr. Yun forecasts that home mortgage interest rates will be in the 6% range with sales activity increasing 10% per year for the next two years. At that time, existing home transactions will be back to historical normal levels.

SELLER MOTIVATION SCALE

Reasons for those **needing to sell** include:

- ① Job transfer
- ② Vacant home
- ③ Estate
- ④ Household formation change
- ⑤ Financial reasons
- ⑥ Health

Reasons for those **wanting to sell** (many with current, large home equity) include:

- ① Reposition locally, downsize/upsized
- ② Closer to family and friends
- ③ Purchase in lifestyle, destination market
- ④ Retirement

It's okay to buy/sell within the same market timing.

KEY FACTORS FOR TODAY'S HOUSING MARKET

- ① **Job Growth:** Close to job centers
- ② **Home Mortgage Interest Rates:** Forecasted to be in the 6% range in 2025
- ③ **Tight Housing Supply:** Close to job centers
- ④ **Energy Costs:** Anticipated to lower
- ⑤ **Luxury Housing Market:** U.S. economy, job growth, and wealth effects drive the luxury market
- ⑥ **Lifestyle/Destination Communities:** As the major metro areas heat up on the west coast, transactions spread throughout the Northwest

Remember: If any of your family or friends are thinking of moving and have any questions or need guidance, please let me know.



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