

STEADY AS SHE GOES defined the Austin housing market in 2024, a theme that appears set to continue into 2025. Buyers and sellers approached the market cautiously, adapting to higher mortgage rates and evolving dynamics. While buyers wrestled with affordability, sellers were hesitant to reduce home prices, balancing the equity gains achieved during the pandemic with the higher costs they would face as buyers themselves.

Meanwhile, a rise in active listings empowered buyers with more options and increased negotiating power, creating a steady environment for real estate professionals to navigate confidently. Looking ahead to 2025, the market is expected to remain similar to 2024, with the predictability of the market offering a foundation for informed decision-making and confident planning.

HIGHLIGHTS FROM 2024

1

Mortgage Rates Settled into a Predictable Range

Mortgage rates hovered between 6.5% and 7% for much of 2024, briefly dipping into the low 6% range in September before returning above 6.5% by October. This predictable range enabled buyers and sellers to plan transactions with greater confidence, even as affordability remained a key consideration.

2

Sales and Prices Reflect Stability

On a year-over-year basis, home sales and prices declined only slightly—approximately 2% each—highlighting the market's steadiness. Compared to pre-pandemic levels, median home prices remained elevated, reflecting over 40% growth since 2019. Sellers largely held firm on pricing, reinforcing a sense of consistency in the market despite affordability challenges.

3

Inventory Growth Gave Buyers an Edge

Active listings rose significantly in the first half of 2024, giving buyers more options and negotiating power. However, sellers' reluctance to make substantial price adjustments, combined with buyers' affordability constraints, kept overall sales activity sluggish. Despite having more options across the board, the lack of affordability among those options kept sales from increasing.

LOOKING AHEAD TO 2025

from **Dr. Clare Knapp**,
Unlock MLS Housing Economist

The “steady as she goes” approach seen in 2024 is expected to persist in 2025. With sustained high mortgage rates and a steady influx of inventory, agents can rely on the market’s consistency to guide clients effectively:

Mortgage Rates to Remain Consistent

Rates are expected to remain in the 6% range during the first half of 2025, with the possibility of dipping into the 5% range later in the year. This predictability in mortgage rates provides both buyers and sellers with a stable framework for planning, reducing uncertainty and allowing for more confident decision-making in the housing market.

Sales and Prices to Stay Relatively Flat

Home sales and prices will remain relatively stable YoY. Without any foreseeable significant changes in demand-side factors, it is anticipated that home sales and prices will remain more or less flat (-5/+5% YoY). Meanwhile, the onslaught of more inventory in the Austin market in 2024 will carry over into the new year, but without a shift in sellers’ mentality (i.e., a willingness to reduce listing prices), it will be difficult for more buyers to come to the table.

More Options for Buyers

The inventory growth from 2024 will carry over, expanding opportunities for buyers. Sellers, however, may need to adapt their pricing strategies to meet buyers’ affordability needs and encourage more robust transaction activity.

A Market Defined by Stability

With a steady supply of inventory, predictable mortgage rates, and consistent sales trends, the Austin housing market is poised for another year of balance and reliability. The “steady as she goes” theme continues to reflect a market where buyers and sellers alike can make thoughtful, informed decisions.

For real estate professionals, this environment provides the perfect backdrop to share a positive message of stability and opportunity, guiding clients through transactions with clarity and confidence.



Dr. Clare Knapp, Unlock MLS Housing Economist

Dr. Clare Knapp unpacks complex data and keeps REALTORS® up to date on the latest trends in the Central Texas housing market and broader economy. She’s passionate about providing accurate, timely, and relevant analysis & commentary of all levels of our economy and housing market, empowering REALTORS® to better understand current market conditions and optimize their business practices accordingly. Prior to joining Unlock MLS, Dr. Knapp worked at the Texas Real Estate Research Center at Texas A&M University for seven years as an Assistant Research Economist.