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Most home sellers are pulling their listings only temporarily and think they will have a stronger hand if they relist in spring. An Atlanta home last year ELIJAH NOUVELAGE/ BLOOMBERG NEWS

Frustrated Home Sellers Pull Listings

An increase in the number of properties being delisted could be an early sign of a weakening housing market

An uptick in December delistings is the latest sign of dysfunction in America's housing market.

Nearly 73,000 homes were pulled from sale after they failed to find a buyer in the final month of last year, data from real-estate analytics firm CoreLogic show.

Delistings tend to spike in winter when fewer people are actively looking for a home. But the trend in December was unusually strong, representing almost 1 in 10 properties on the market, and a 64% increase from the same month of 2023.

Most sellers are pulling their homes only temporarily and think they will have a stronger hand if they relist in spring. But the jump in delistings indicates that much of the extra inventory that hit the housing market throughout 2024 sat unsold, so had to be pulled in higher numbers come winter. It also suggests there is a bit more pent-up desire to sell than headline inventory figures would indicate.

The story of the U.S. housing market over the past few years has been that homeowners with cheap mortgages have stayed put as they don't want to give up their ultralow rates: Around two-thirds of borrowers are paying a mortgage rate less than 4%. This has strangled supply and pushed U.S. home values to record highs.

But the lock-in effect is slowly fading as more people need to move for a job, to accommodate a growing family or some other life event that can't be delayed indefinitely. In December, 1.15 million homes were for sale in the U.S., a 16% increase from the same month of 2023, data from the National Association of Realtors show. *

Still, despite more properties being available, buyers were thin on the ground. Home sales in 2024 were at their lowest level in nearly 30 years.

Home values have held up despite this weak demand, at least so far. Homeowners don't like to sell for less than their neighbors received and aren't ready to adjust their expectations yet. Delistings are probably acting as a safety valve, allowing sellers to delay rather than accept a lower offer. *

But prices for new homes have slipped. This is partly because units are being built smaller to keep them as affordable as possible for first-time buyers. But builders are struggling to sell homes, even though they are offering to buy down mortgage rates. *

The number of completed and ready-to-occupy new homes rose 46% from a year earlier in December to 118,000, based on data from the National Association of Home Builders.

It may turn out that December was an unusually weak month for the housing market. The rate on a 30-year, fixed-rate mortgage crept back toward 7% at the end of 2024, damping demand. Some buyers may hold off until it is clearer where the economy is heading under a second Trump administration.

But if delistings and unsold house-builder inventory remain high over the coming months, it will be a bad sign for sellers. The share prices of single-family housing landlords **Invitation Homes** and **American Homes 4 Rent** already trade at discounts of 33% and 22% to their net asset values, respectively, according to real-estate analytics firm Green Street—an indicator that investors think U.S. home prices are vulnerable to a correction.

The rise in delistings also means there could be a shadow inventory of homes waiting to come onto the market as soon as volumes pick up. That may put prices under pressure, even if buyers come out this spring.

—Carol Ryan

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