

MOODY'S

The Housing Equation: Sales, Starts, and Structural Shortfalls

Cris deRitis, Deputy Chief Economist

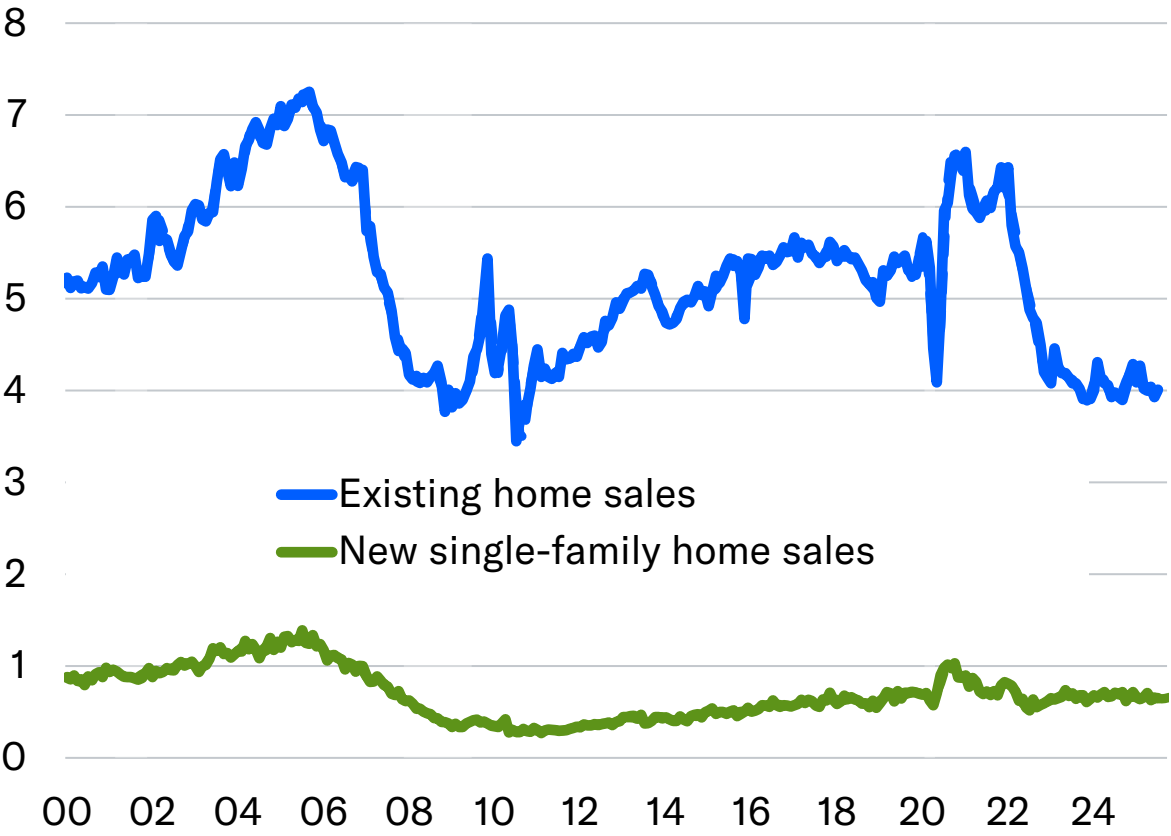
Matt Walsh, Economist

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September 2025

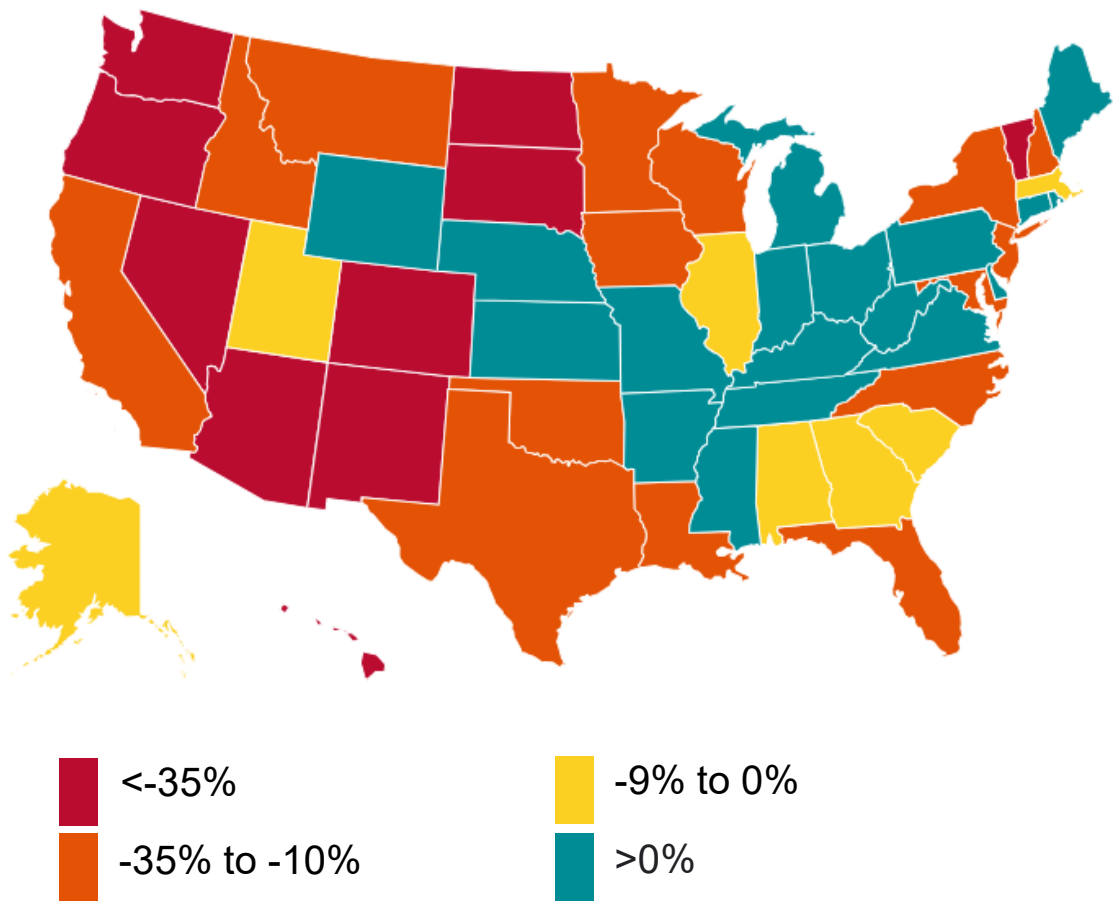
Home Sales Near Recession Lows...

Home sales, # mil, SAAR



Sources: NAR, Census Bureau, Moody's Analytics

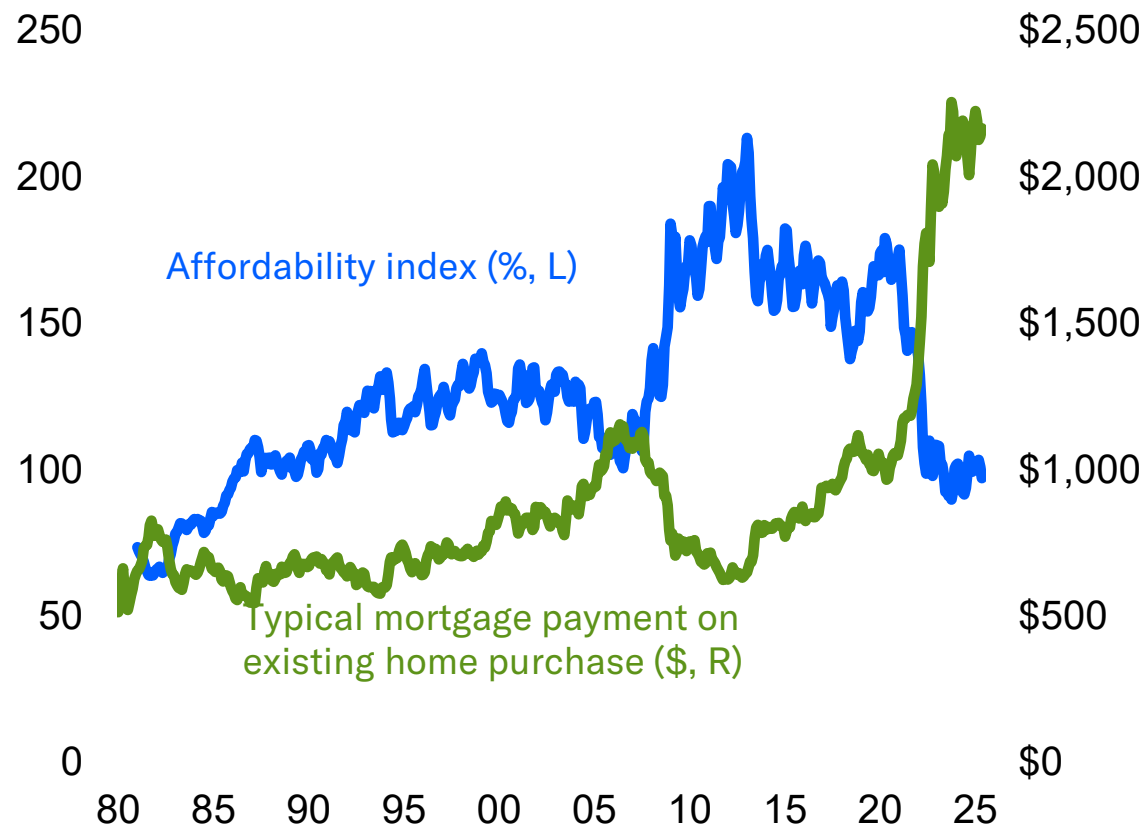
Existing SF home sales, annualized % change



...As Mortgage Rates “Lock Out” Buyers and “Lock In” Owners...

Affordability Index

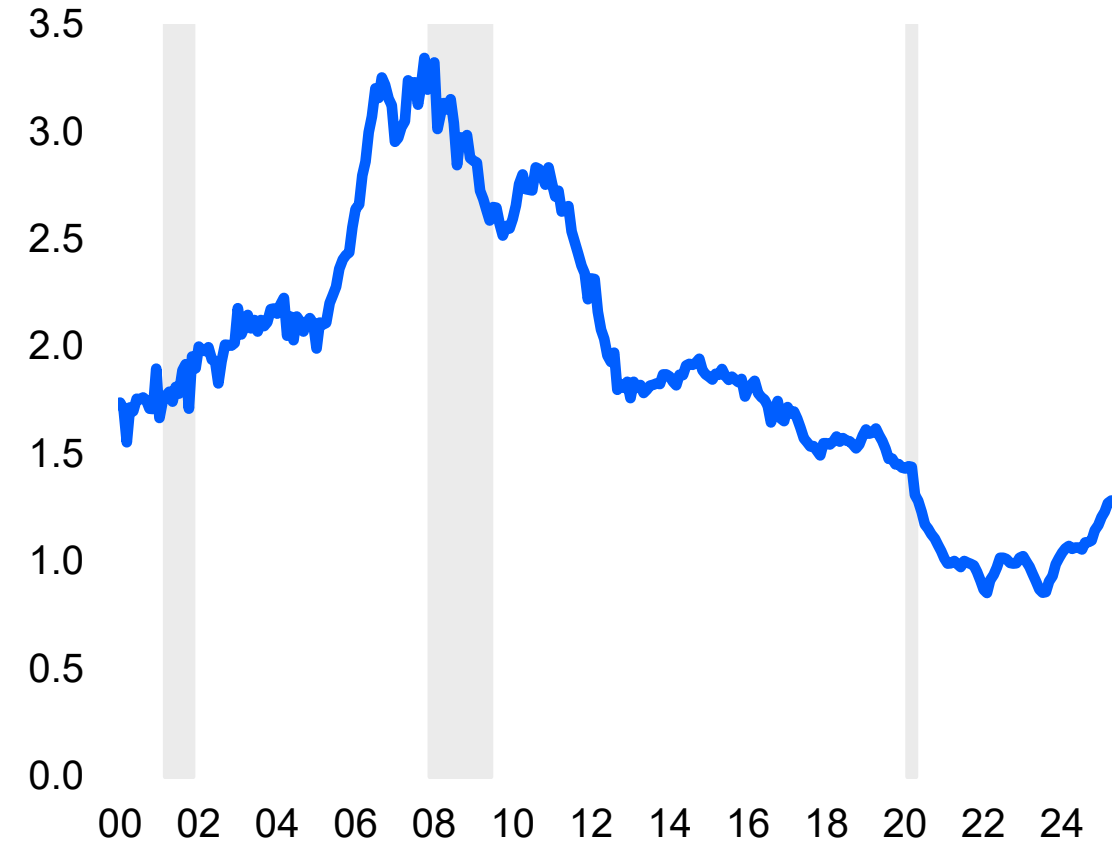
Median family income/Qualifying income



Sources: NAR, Census Bureau, Moody's Analytics

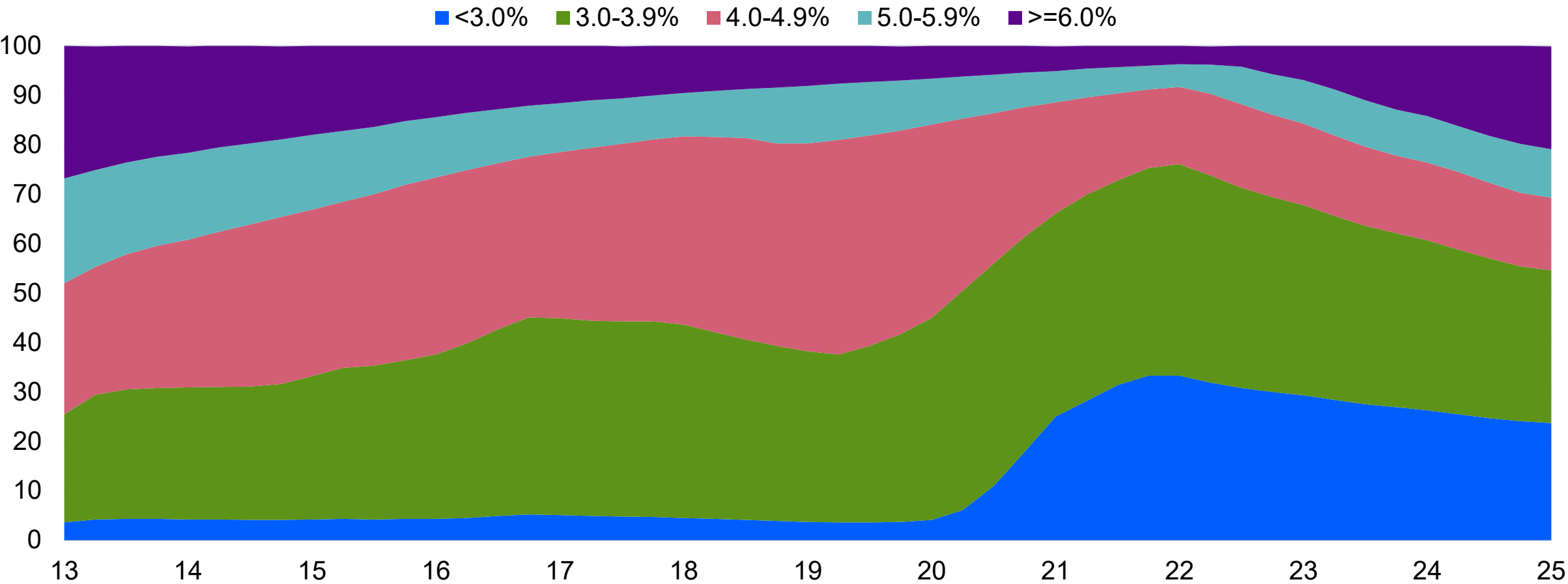
Inventory of existing homes for sale

mil, SAAR



...with 80% of Mortgages Carrying Rates Below 6%

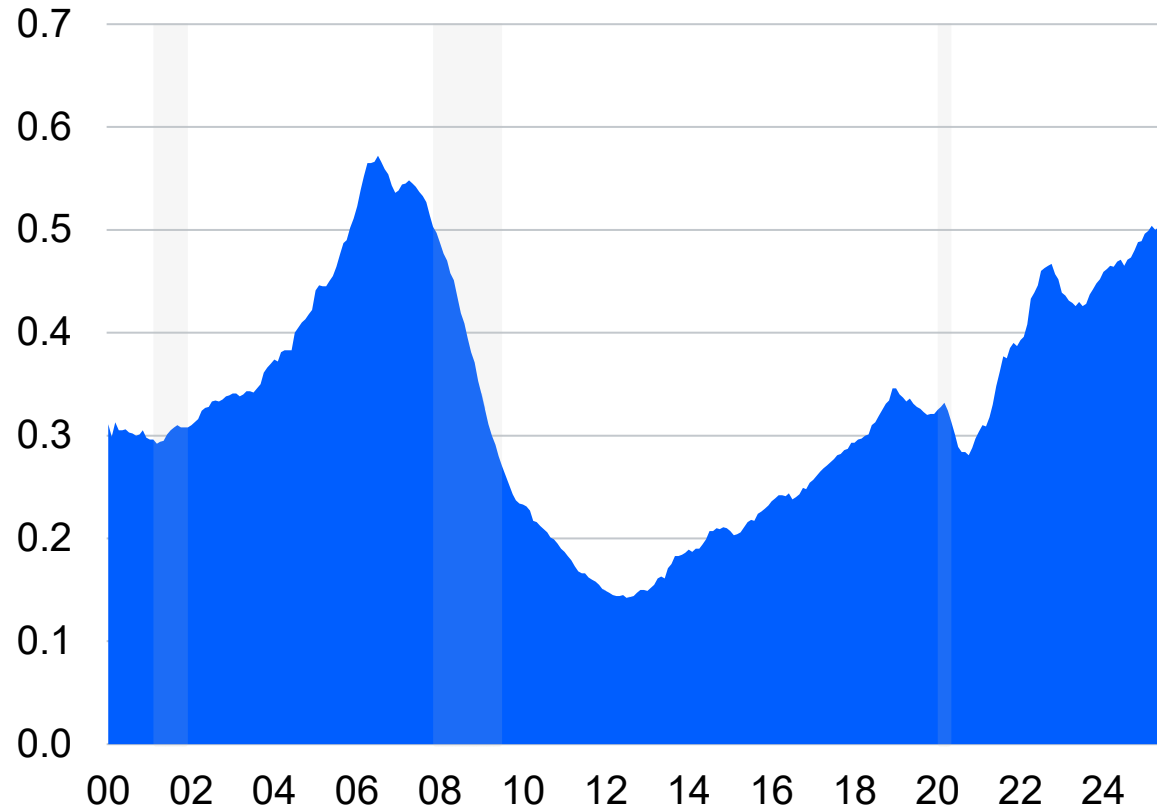
Share of outstanding mortgages by interest rate, % of \$



Sources: FHFA, Moody's Analytics

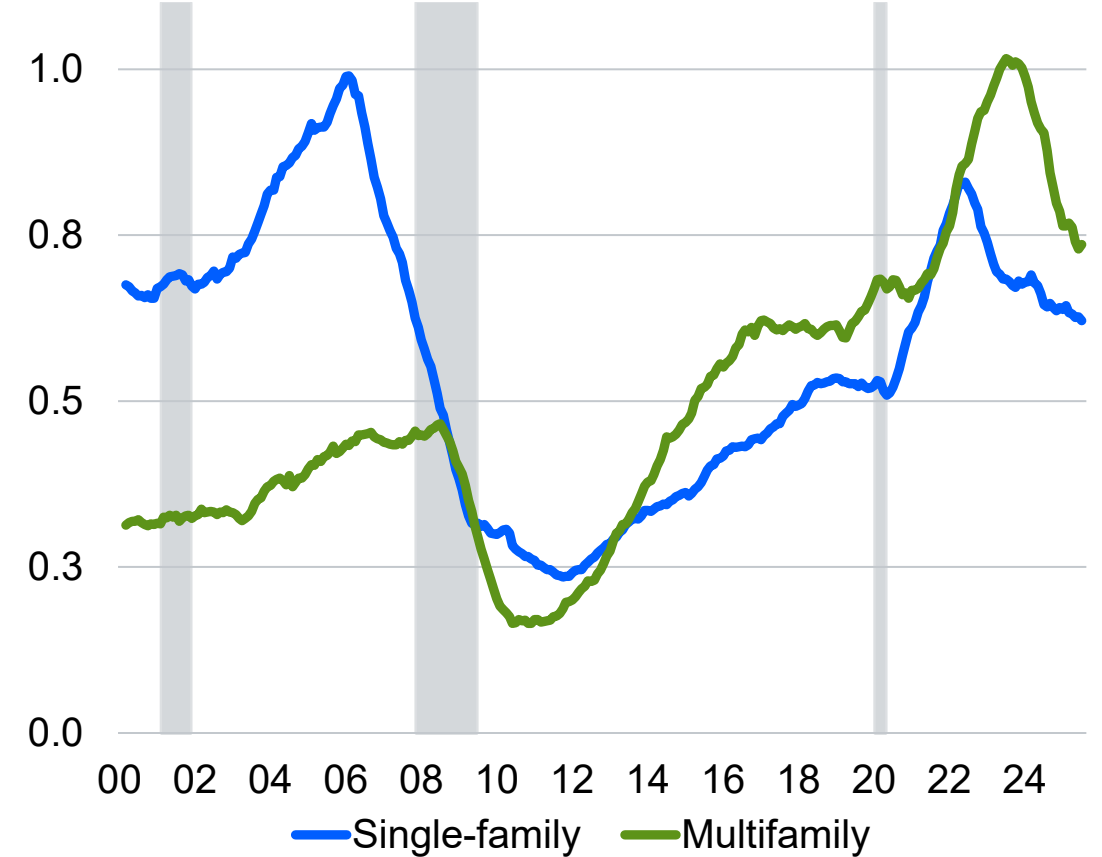
Homebuilder Sentiment Near Record Low as Inventories Pile Up

Inventory of new homes for sale, # mil, SAAR

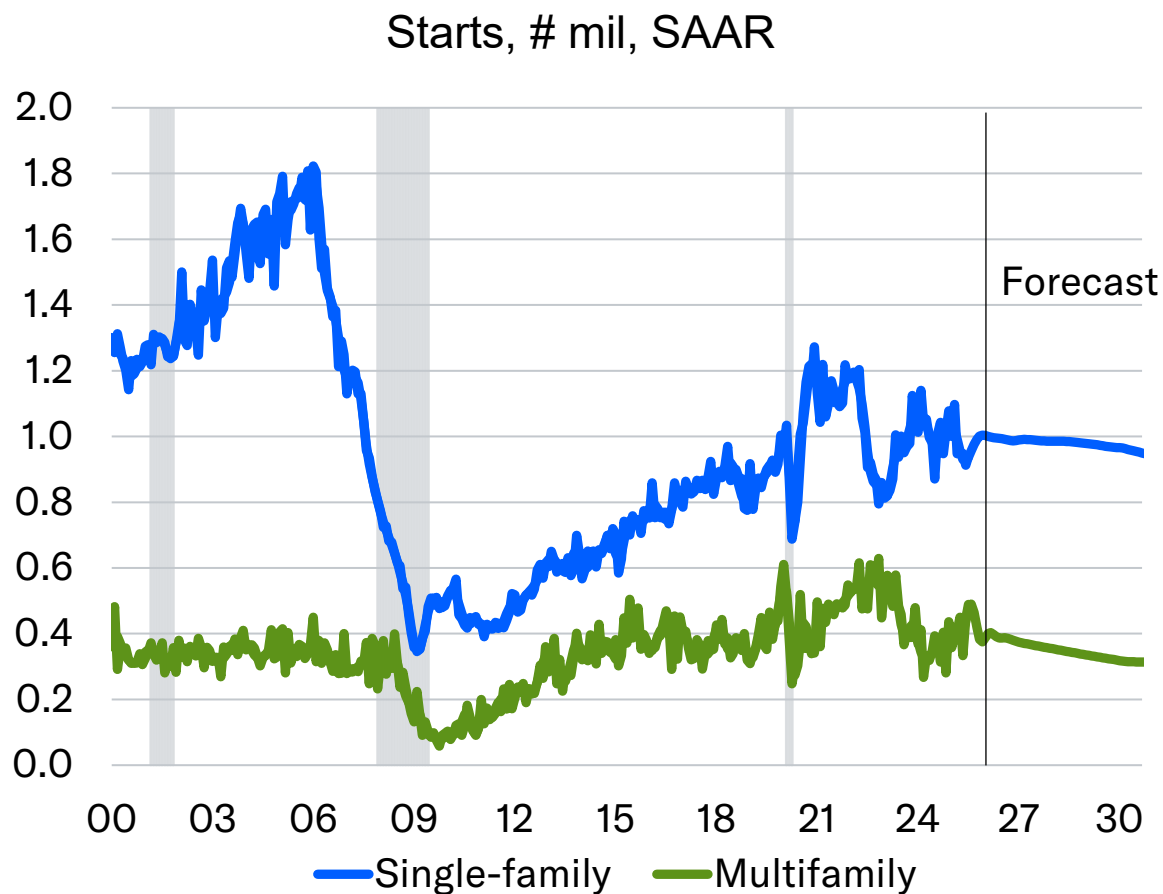


Sources: Census Bureau, Moody's Analytics

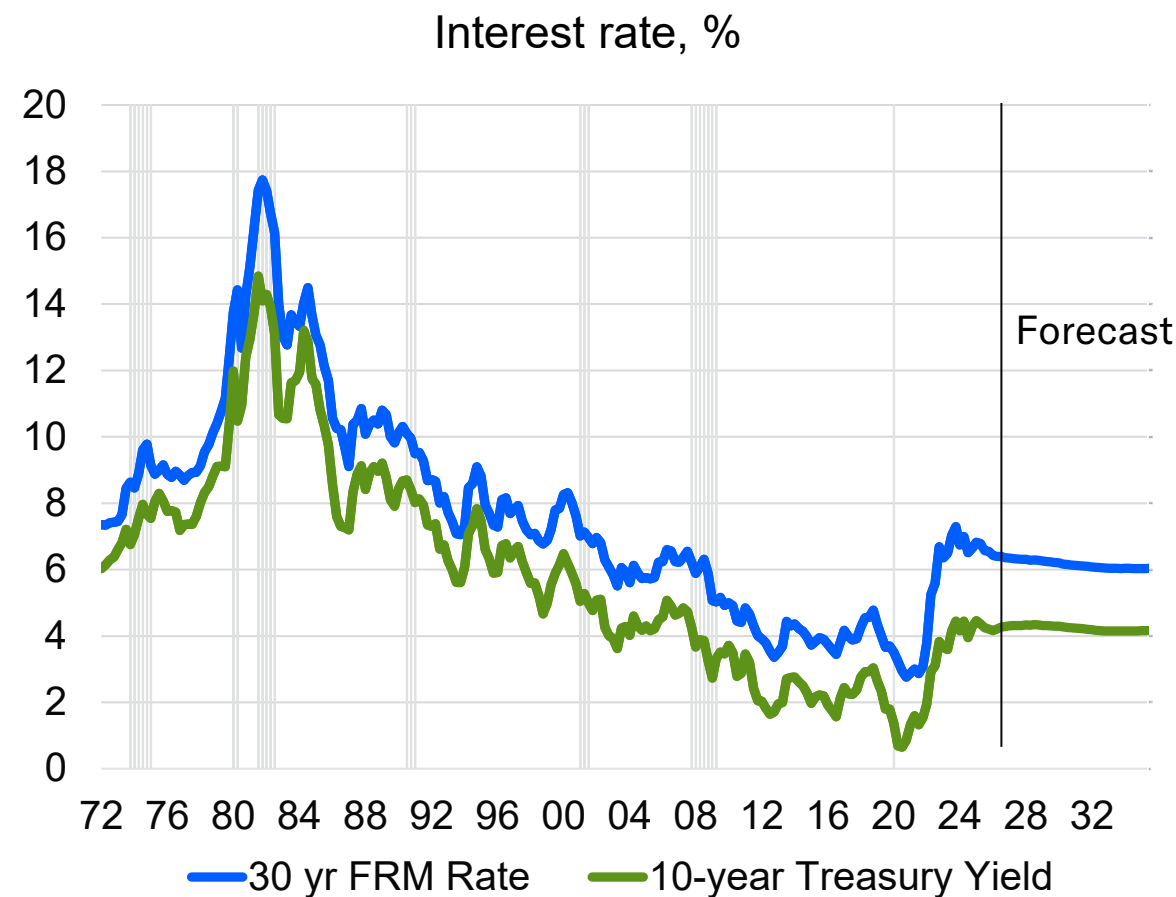
Units under construction, mil



Rates, Costs, and Restrictions to Limit Homebuilding...

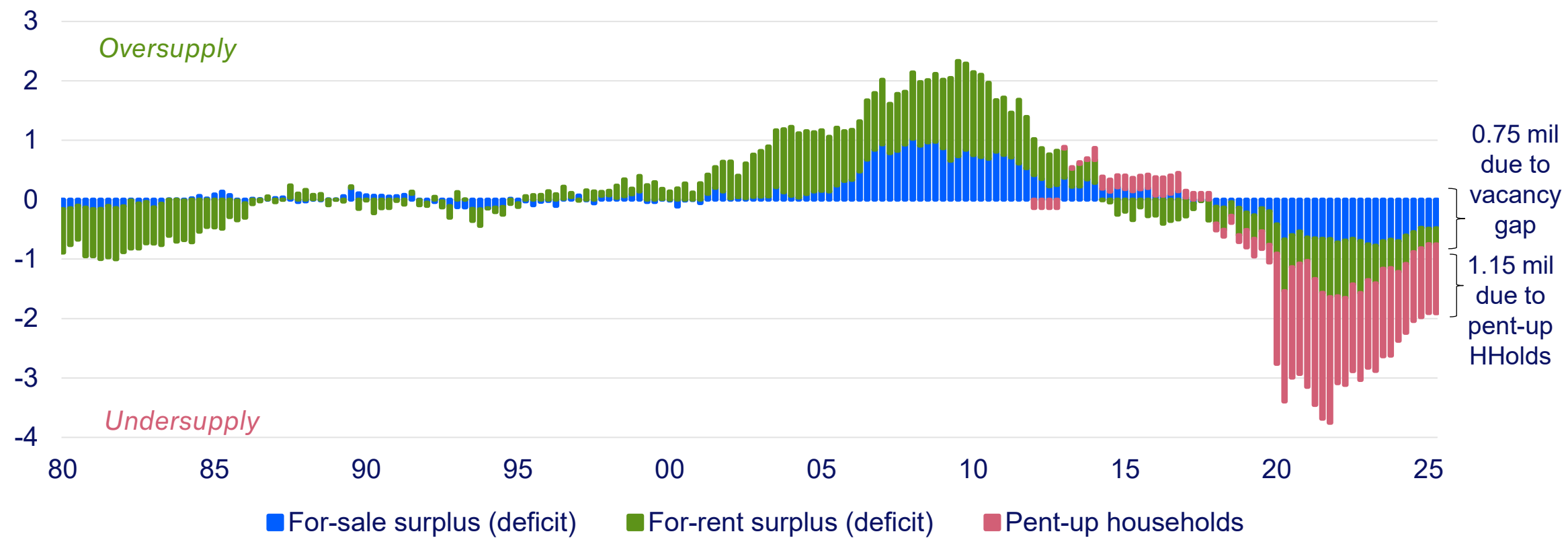


Sources: Census Bureau, Moody's Analytics



...Despite A Housing Deficit of 1.9 Million Homes...

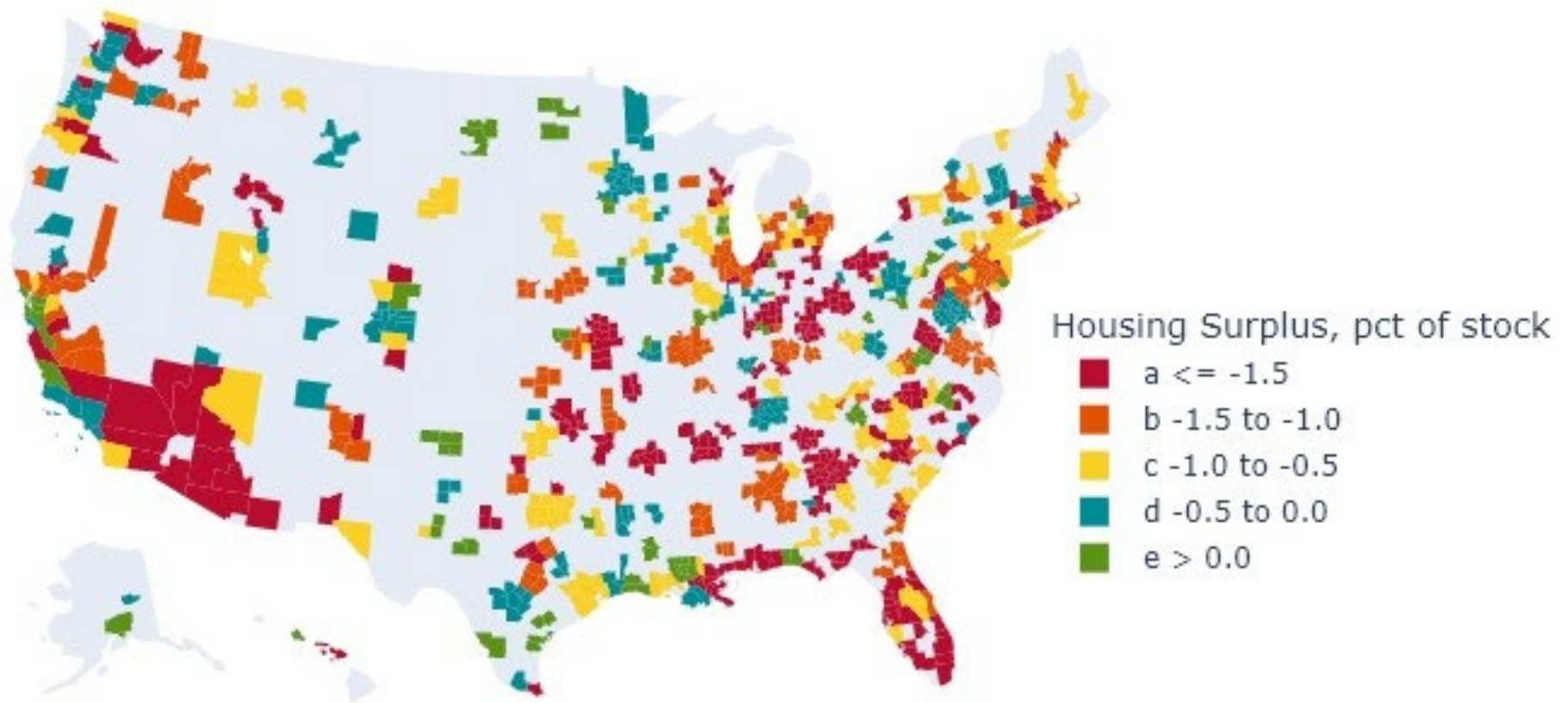
Over/undersupply of housing units, mil



Sources: Census Bureau, Moody's Analytics

...With Housing Shortages Dispersed Across the Country

Housing surplus (deficit) implied by vacancy rate, % of housing stock

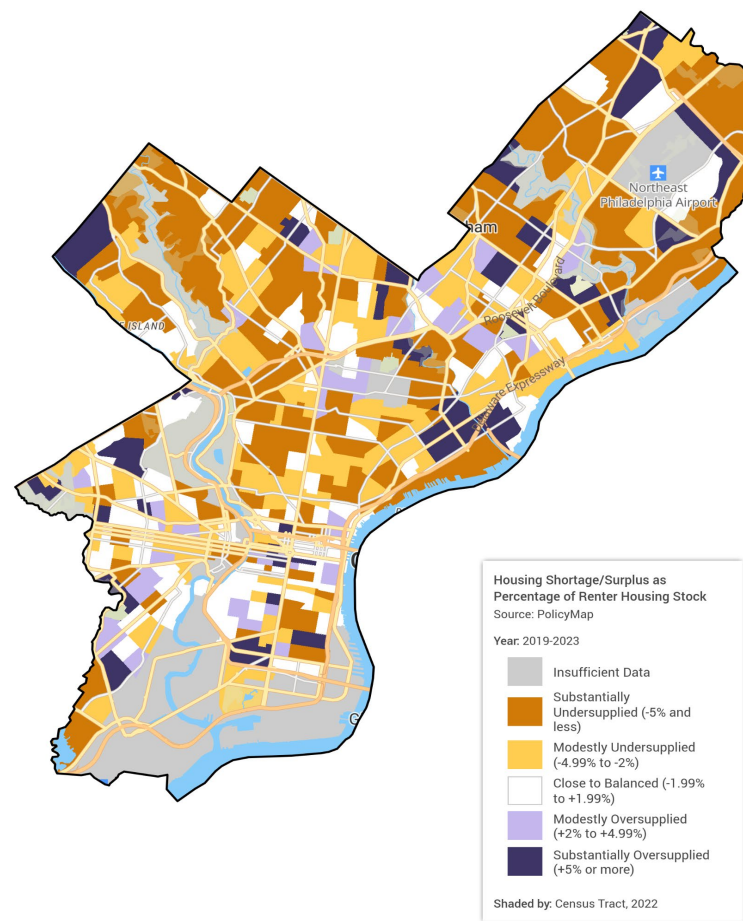


Sources: Census Bureau, Moody's Analytics

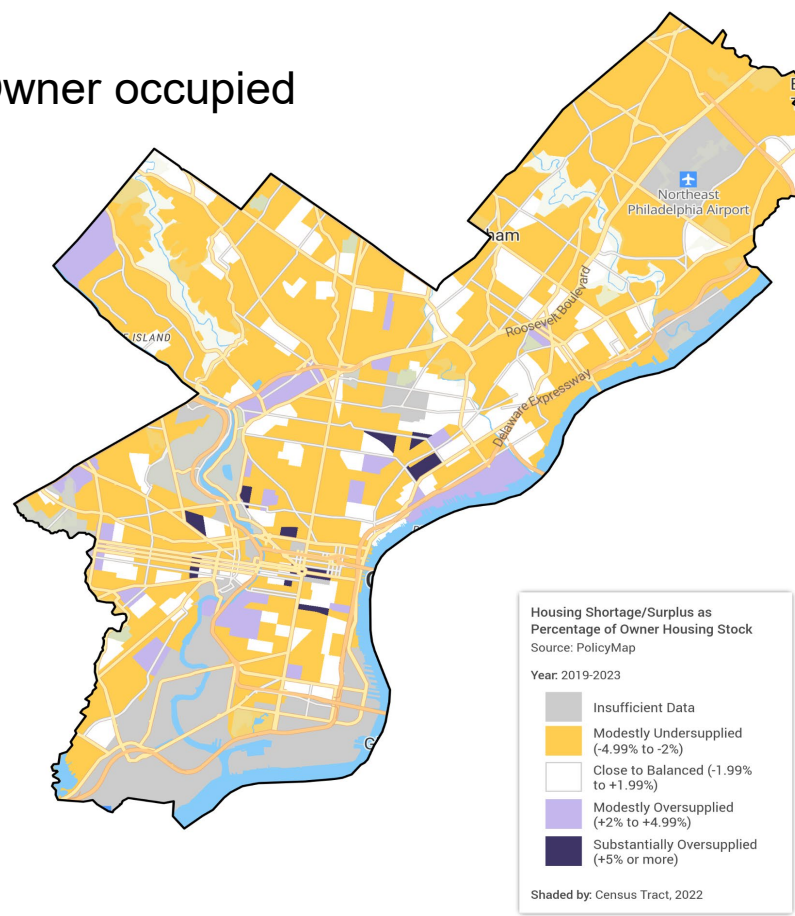
Philadelphia Shortages More Pronounced in Lower Income Rentals

Housing shortage/surplus, % of housing stock

Rental



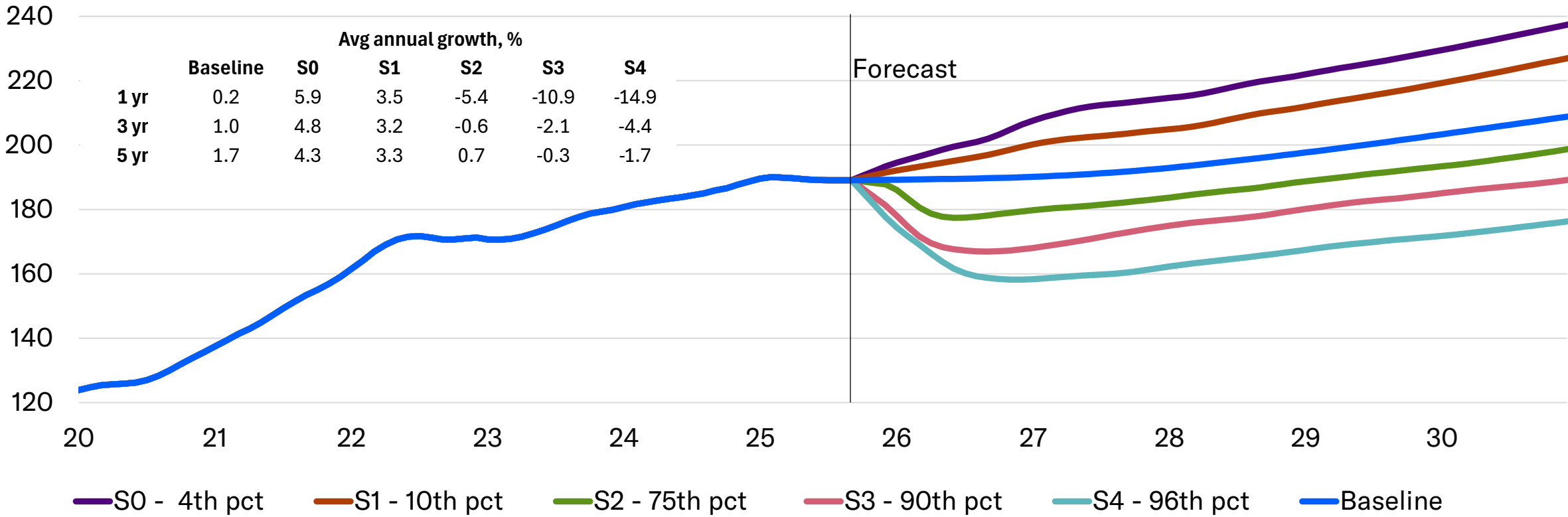
Owner occupied



Sources: PolicyMap, Reinvestment Fund, Moody's Analytics

National House Prices To Flatten, But a Crash is Unlikely

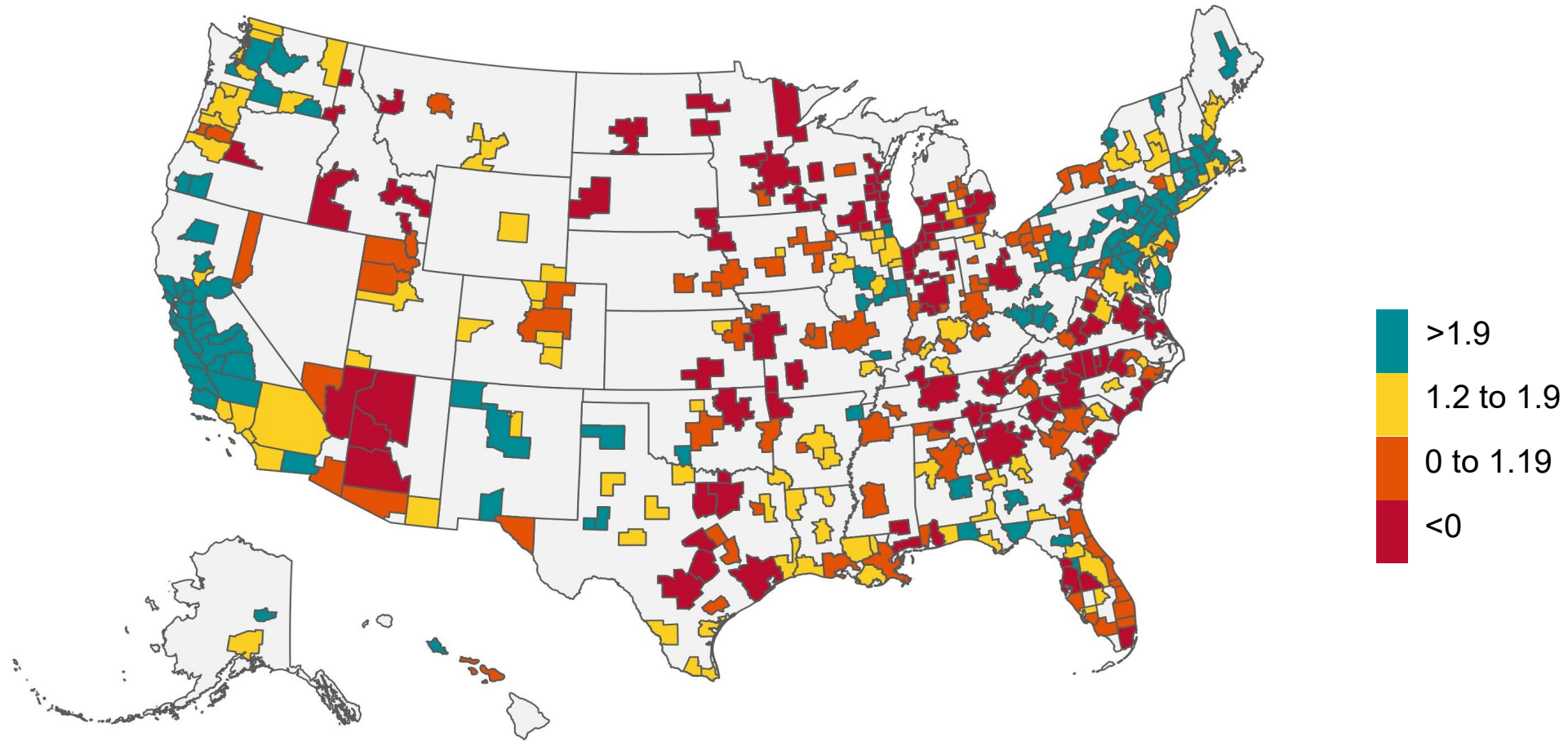
Moody's Analytics house price, 2015=100



Source: Moody's Analytics

Selected Markets in the West and South Are Particularly Fragile

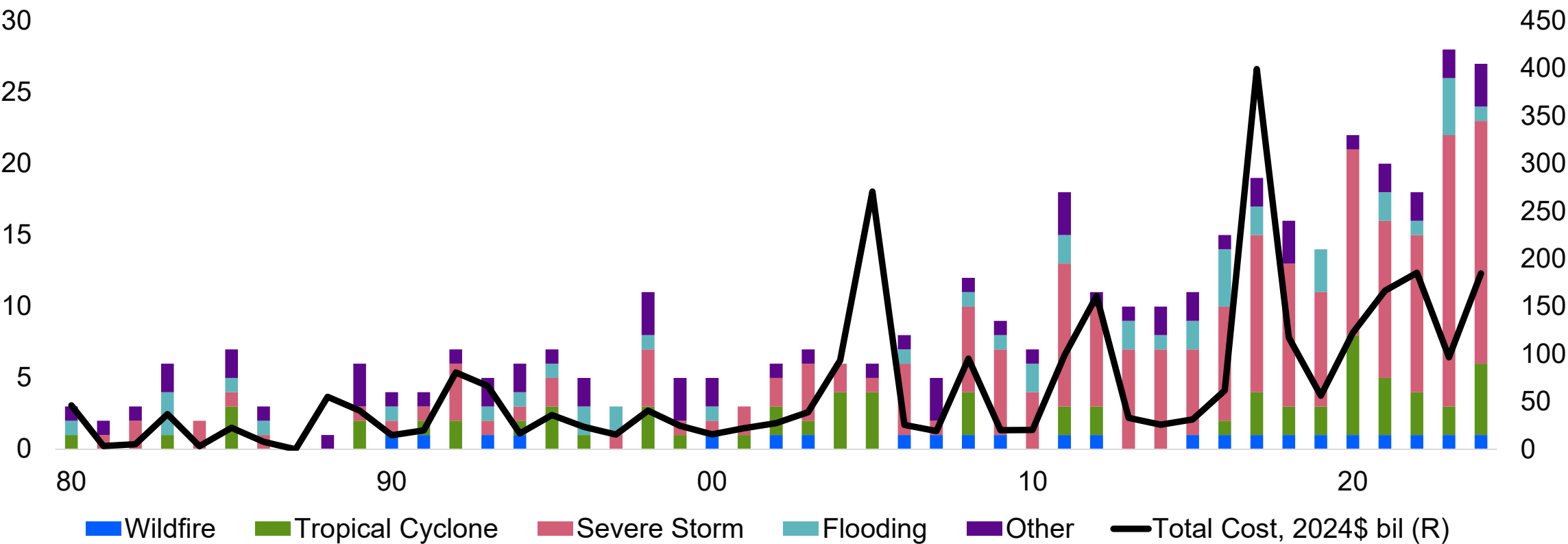
Moody's Analytics house price indexes, annualized % change, 2025Q2 to 2027Q2



Sources: Moody's Analytics

Severe Weather Events Increase in Frequency and Cost

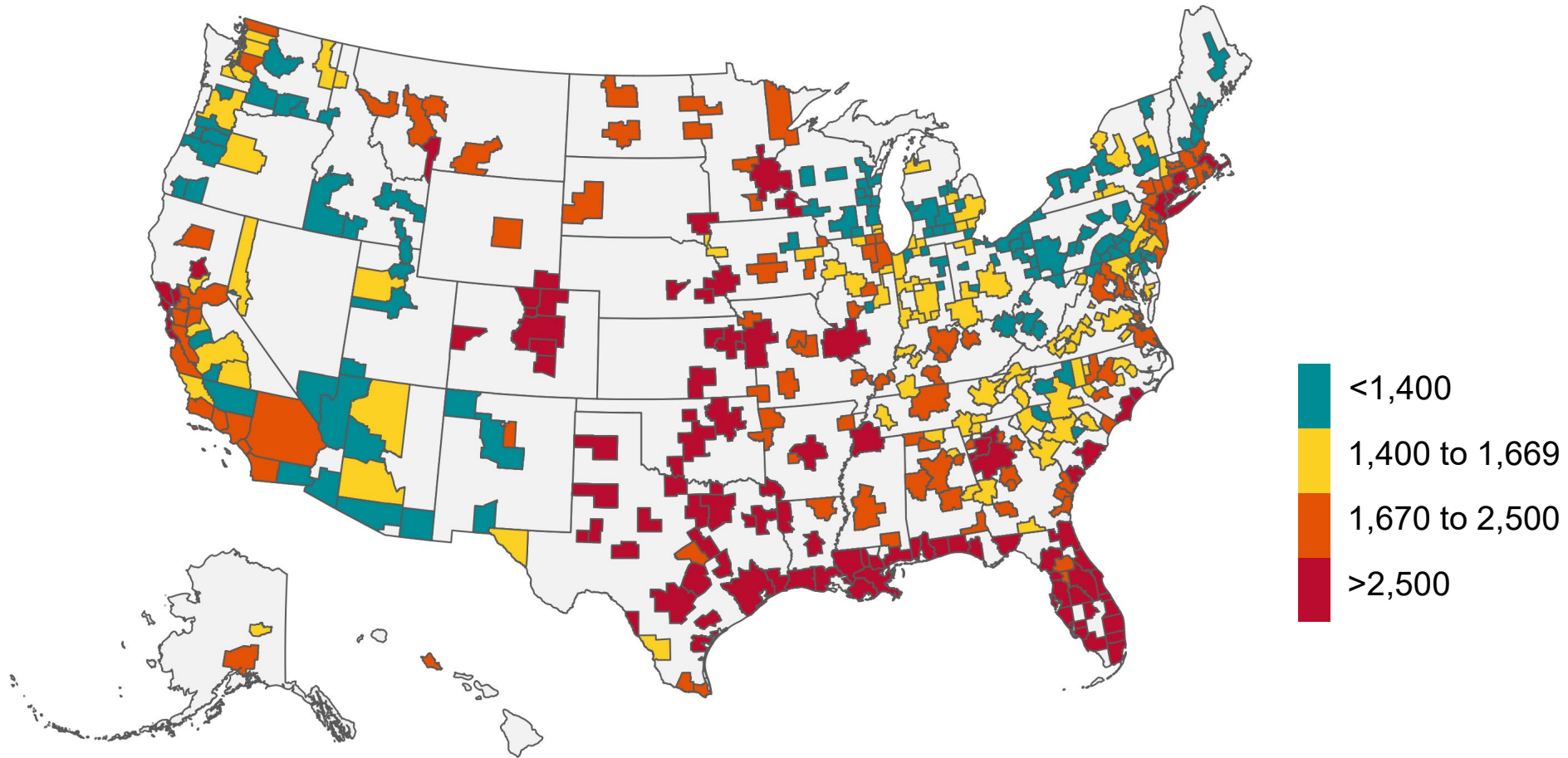
Billion-dollar weather and climate disaster events, #



Sources: NOAA, Moody's Analytics

Homeowners Insurance Premiums Vary Considerably by Area

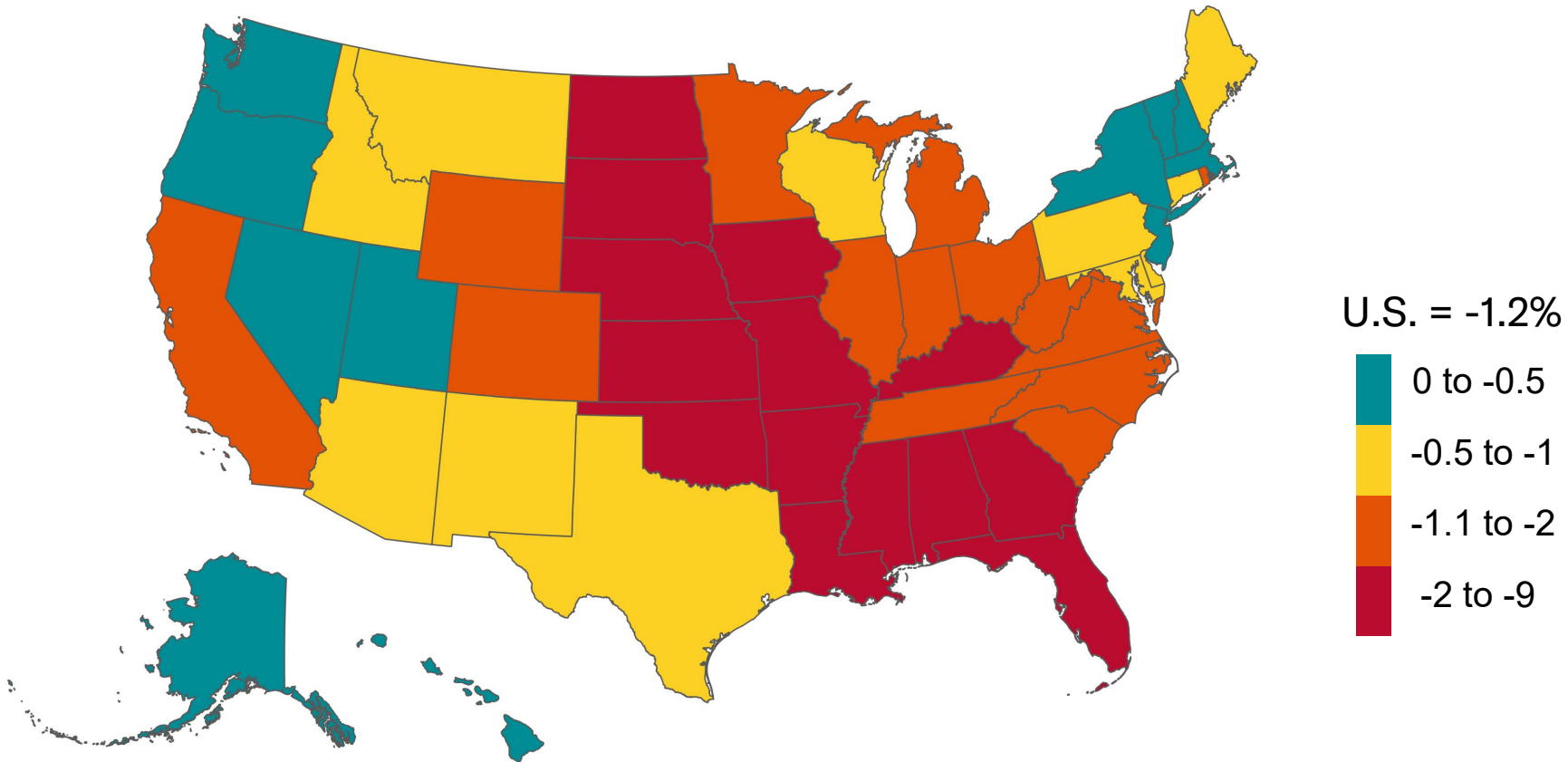
Avg annual homeowners' insurance premium, \$



Sources: Census Bureau, Moody's Analytics

Long-Term House Price Growth Reduced by Higher Insurance Costs

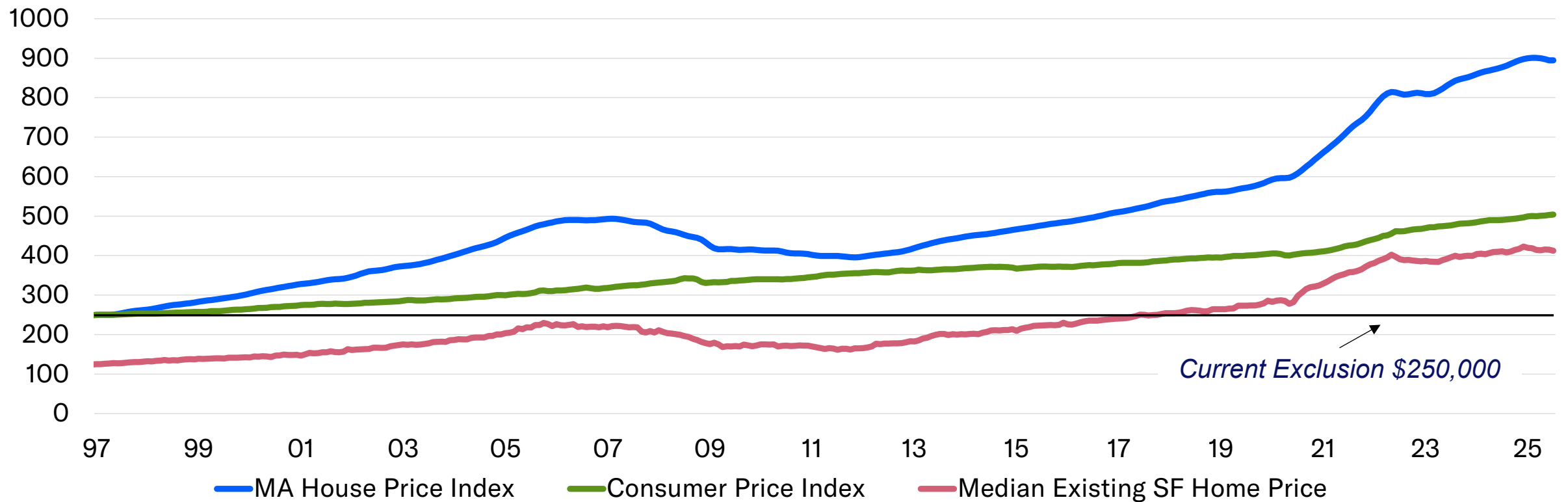
Reduction in House Prices from Baseline after 30 years, %



Sources: Census Bureau, Moody's Analytics

Capital Gains Taxes “Lock In” Some Long-Time Homeowners...

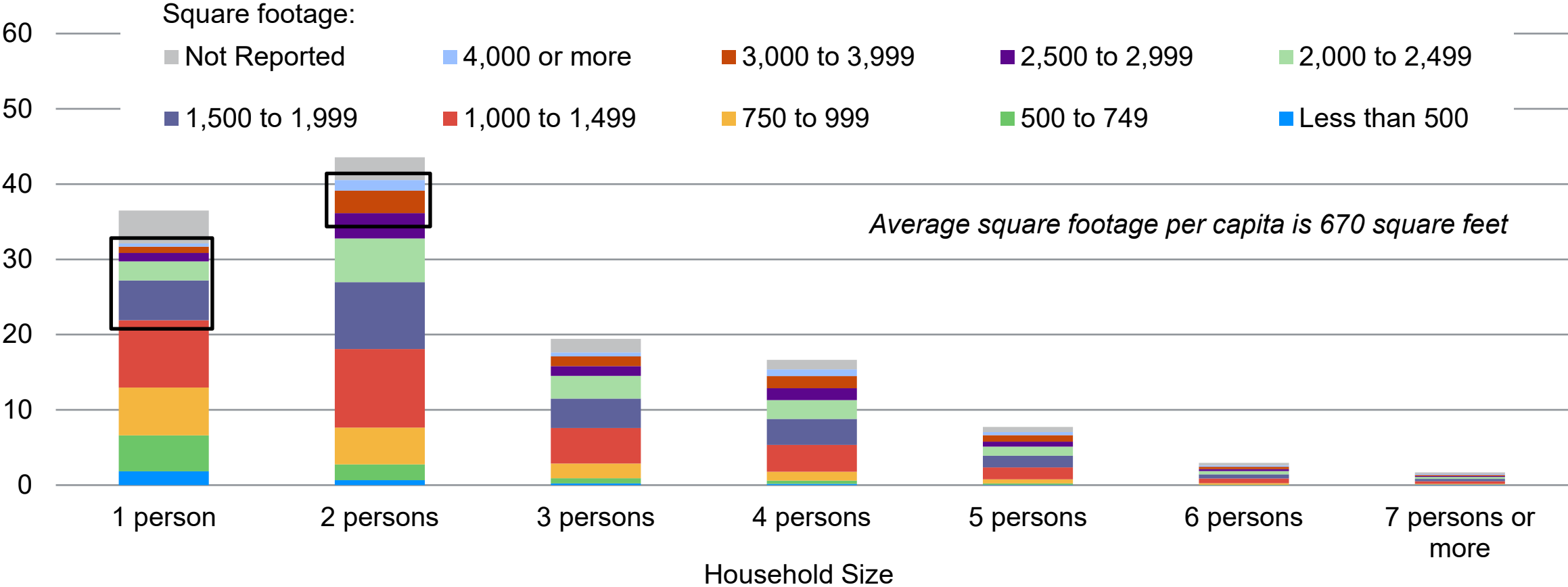
Capital Gains Tax Exclusion for Single Filers, \$ ths, indexed to...



Source: Moody's Analytics

...With Millions of Households Potentially “Over-Housed”

housing units by square footage and size of household, mil



Source: Census, Moody's Analytics

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Dig Deeper into the Housing Shortage

Scan the QR code to download the full report, explore detailed charts and access related resources



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