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Mid-Year Update: 6 Emerging Real Estate Markets in 2025







Key takeaways

- Inventory is finally rising, giving buyers more options. However, total supply is still below pre-pandemic levels, keeping prices firm in many markets.
- Smaller, fast-growing metros like Buffalo, Indianapolis, and Richmond are seeing increased investor interest thanks to affordability, population growth, and rental demand.
- Buyers, sellers, and investors can all find opportunities this year as long as they come prepared with a solid plan and realistic expectations.

Mid-year real estate market overview (as of July 2025)

After 19 straight months of rising inventory, the U.S. housing market is finally looking recognizable again, just not cheap. And while the market isn’t exactly affordable, it’s becoming more balanced, offering buyers and sellers clearer signals than we’ve seen in the past two years.

Here’s a quick look at where things stand nationally at mid-year:

Market Insight	Key Stats
 Home prices keep inching up.	The median existing-home price reached \$422,800 in May 2025, the highest ever recorded for the month and a 1.3% increase YoY. ¹
 Inventory levels are climbing.	Total housing inventory rose to 1.54 million units, representing a 4.6-month supply, a significant increase from one year ago. ¹
 Active listings hit a milestone, but are still shy of normal.	Active listings are up 31.5% compared to mid-2024 but remain approximately 14% lower than typical pre-pandemic levels in 2019. ^{2,3}
 Mortgage rates are easing slightly.	As of July 8, the average 30-year fixed mortgage rate stands at 6.74%, down from recent peaks above 7% earlier this year. ⁴
 Price competition is cooling, but it has not entirely disappeared.	31.2% of sales close above the listing price, while 20.3% of active listings take a price cut. ⁵
 Homes take longer to sell.	A typical listing sits on the market for 53 days — about the same pace we saw in 2019. ⁶

6 fastest-growing real estate markets in 2025

While many major metros are starting to stabilize, a few smaller cities are beginning to stand out. And these aren’t the usual suspects. Instead, they’re the cities quietly pulling in buyers, renters, and investors looking for value and long-term upside.

The six metros below meet at least three “fast-growth” criteria: price appreciation, a brisk sales pace (relative to the 53-day national median), and clear in-migration or job momentum.

Metro	Median Home Value*	YoY Value Change	Typical Days on Market**
1. Buffalo, NY	\$238,695	+3.2%	12 days
2. Indianapolis, IN	\$233,611	+1.9%	16 days
3. Hartford, CT	\$198,170	+7.2%	36 days
4. Providence, RI	\$423,301	+3.6%	18 days

5. Kansas City, MO	\$251,631	+1.2%	19 days
6. Richmond, VA	\$372,574	+1.2%	14 days

**Median/average home values from Zillow Home Value Index (June 2025)*

***Median days on market based on Redfin House Prices & Trends*

1. Buffalo, New York

Buffalo is seeing the kind of demand that turns heads, especially when you factor in how affordable it still is. With a median home value around \$239,000 and homes selling in just 12 days, inventory can't keep up with buyers moving in for jobs in healthcare and education. Investors are particularly interested because Buffalo offers rare Northeast cash flow potential at entry-level prices.

2. Indianapolis, Indiana

Indy continues to gain momentum in 2025 thanks to steady job growth and a housing market that still feels accessible. Median home values sit just above \$230,000, and homes are going under contract in around 16 days. For investors, it's a market where both appreciation and rental demand are strong, especially in neighborhoods near downtown redevelopment and the growing life sciences sector.

3. Hartford, Connecticut

While homes in Hartford are taking a bit longer to sell (around 36 days), it's the city's price growth that stands out. With a 7.2% year-over-year increase in home values, Hartford leads this list on appreciation. Much of the demand comes from Boston- and New York-area buyers seeking better value, particularly in markets with limited inventory. For investors, it's a Northeastern city with a clear upward trend.

4. Providence, Rhode Island

Providence is benefiting from continued migration out of Boston, with home values up 3.6% year-over-year and listings moving in just under three weeks. It's not the cheapest market on this list, but investor demand is strong near local universities and hospitals, where smaller multifamily properties remain in short supply. The city's ADU zoning updates are also opening new opportunities for long-term rental income.

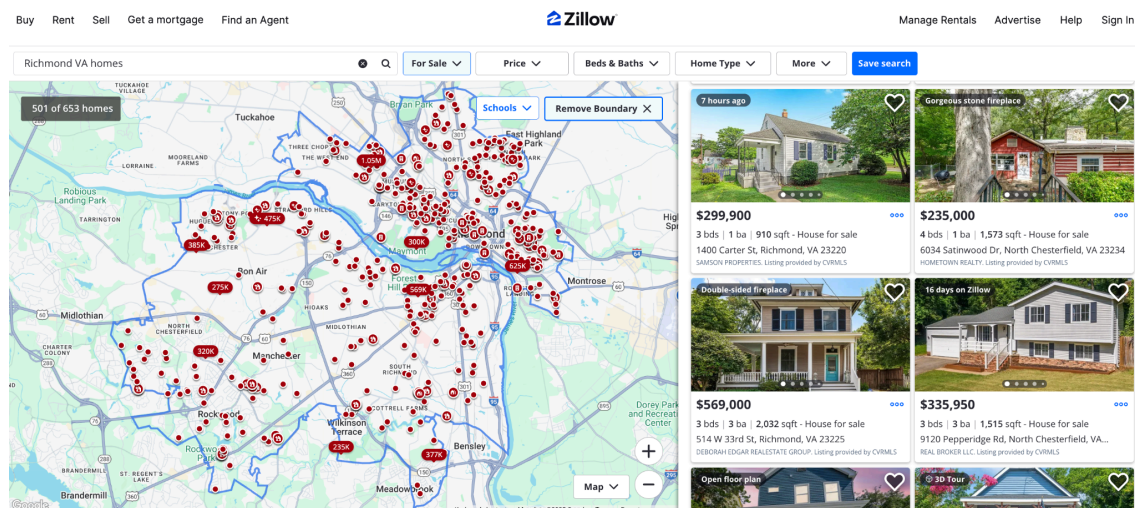
5. Kansas City, Missouri

Kansas City is growing in all the right places. Home values are up modestly, but demand is rising fast in the wake of large-scale job announcements like Panasonic's \$4 billion battery plant. Homes are selling in under three weeks, and price points remain approachable for investors looking to enter at mid-\$200,000s. Steady in-migration from higher-cost metros makes KC worth watching closely.

6. Richmond, Virginia

Richmond remains one of Zillow's most competitive markets in 2025, with homes selling in just 14 days and prices continuing to rise modestly. Buyers from the D.C. metro area are fueling demand as they seek lower home prices and a better quality of life. For investors, Richmond's fast-paced market and growing data center presence signal long-term potential in both appreciation and rental demand.

If you're planning a move or scouting your next investment opportunity in one of these emerging real estate markets, Zillow is a great place to start. You can compare home values, rental estimates, price trends, and even get a feel for local competition — all in one place.



Available properties in Richmond, VA (Source: Zillow)

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What's driving today's housing market trends — and what it means for late 2025

Now that the spring surge is behind us, the market's settling into a more predictable pace. Here's what's shaping the second half of 2025:

- **Inventory is climbing, but it's not full yet.** Active listings are up nearly 29% YoY, but we're still about 13% below 2019 levels.² That means buyers have more to choose from than they did a year ago, but sellers still have a slight edge.
- **Home prices are not falling, they're just slowing down.** May's median price hit a record \$422,800, but the YoY gain slowed to +1.3%, the tamest pace since 2023. Think "sideways" pricing through Q4 unless rates drop sharply.
- **Mortgage rates have dipped, but only a little.** The 30-year fixed mortgage rate is averaging around 6.74%. It's not a game-changer, but even small drops are helping

buyers reclaim a bit of purchasing power (about \$8,000-\$10,000 more wiggle room on a \$350,000 loan).

- **Buyers are negotiating again.** Around 21% of active listings are seeing price cuts, and just 31% are selling above list price. That's a big shift from bidding-war days and a green light for agents to coach buyers on asking for credits or repairs.
- **Built-for-rent is still moving the needle.** About 19,000 single-family BFR homes kicked off in Q1 alone.⁸ Institutional investors are keeping pressure on land and materials in markets where rental demand is steady, and that's maintaining floor prices from sliding too far.
- **Consumer mood is cool, not cold.** Fannie Mae's Home Purchase Sentiment Index slipped to 69.8 in June.⁹ Buyers aren't jumping at everything, but they're watching and moving when the price, rate, or terms are right.

Unless rates suddenly spike again, the second half of 2025 will likely keep shifting toward a more balanced market, where sellers still have an advantage, but buyers finally have room to negotiate.

Is now a good time to buy or sell?

The short answer: it depends on your math and your timeline. But for once, we're in a market where buyers and sellers have room to think.

For buyers

If you're shopping this year, you've got more to work with. Inventory is up nearly 29% year-over-year, which means less competition and more options across most price points. And, with mortgage rates dipping slightly (now hovering around 6.7%), you've probably regained a little buying power. It's not cheap to borrow, but it's more manageable than it was this spring.

On top of that, **sellers are more flexible.** Roughly 1 in 5 listings are taking price cuts, and only about a third of sales are closing above asking. That opens the doors for credits, inspections, and even seller-funded rate buydowns — conversations buyers couldn't have in 2021.

Bottom line: If you can afford today's payment and you find a home that fits, now's a smart time to negotiate.

For sellers

The market isn't what it was, but you still have the upper hand if you play it right. Prices are holding strong: May's median sale price hit a record \$422,800. If you're realistic with pricing and your home shows well, there are still plenty of motivated buyers out there.

What's changed is what buyers expect. They're asking for repairs again. They're comparing homes. And they're not overpaying unless the property checks every box. That means your pricing strategy matters. Overreach, and you'll likely join the growing pool of listings with visible price drops.

Bottom line: Sellers can still get strong offers, but only if the price is right from day one. Overpricing now means longer days on market and likely price cuts.

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Frequently asked questions (FAQs)

What is the fastest-growing real estate market in the world?

Currently, Dubai tops most lists for rapid growth, thanks to record population gains, massive infrastructure projects, and its tax-free environment drawing global investors.

Which real estate is the most profitable?

Long-term residential rentals, especially multi-family properties, often deliver the strongest, steady returns. Short-term rentals and house flips can also be effective, but they come with additional risk and require more hands-on work.

Is it still smart to invest in real estate?

Absolutely, but it's not a free-for-all like it was years ago. You'll need to run the numbers carefully to ensure it goes well. However, there's still plenty of opportunity, specifically in markets with strong rental demand and long-term growth.

Sources

1 [National Association of Realtors](#)

2 [Mediaroom, Realtor.com](#)

3 [Realtor.com](#)

4 [Bankrate](#)

5 [Redfin](#)

6 [Realtor.com](#)

7 [Realtor.com](#)

8 [National Association of Home Builders](#)

9 [Fannie Mae](#)