

# Sacramento-area housing market returns to pre-pandemic levels in 2025

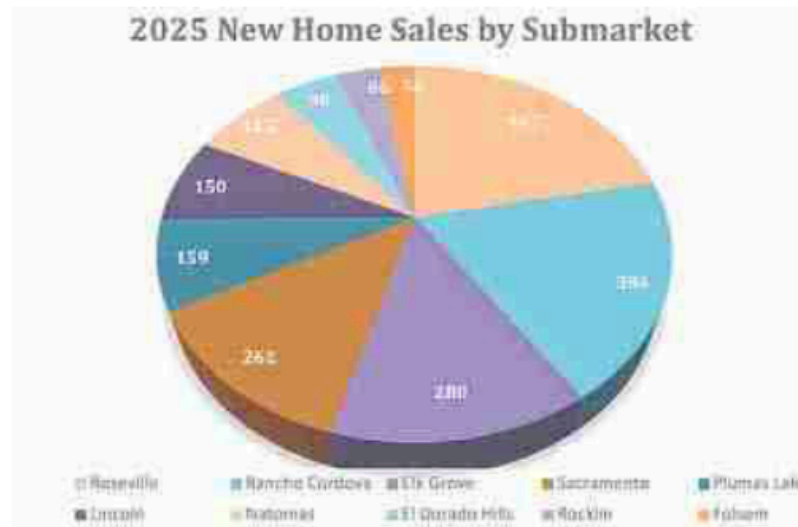
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The numbers are in for new home sales in the greater Sacramento area for 2025, and the results indicate that the market has largely returned to pre-pandemic levels.

Members of the North State Building Industry Association reported selling 5,747 homes in the eight-county region during the year. That is down 18% from 2024 but still 8% higher than in 2019, before the pandemic hit.

Sales surged during the pandemic era as remote work expanded, migration into the region increased and mortgage interest rates fell to historic lows, at times dipping to below 3%.

In 2025, however, many prospective buyers held off on purchasing despite generous builder incentives, waiting for mortgage rates to fall to the 6% level. Interest rates have been trending



downward recently - falling to an average of 6.19% in early January. As financing costs continue to decline, more households are expected to reenter the housing market in 2026.

A recent analysis by the National Association of Home Builders shows that a 25-basis-point reduction, from 6.25% to 6%, could bring approximately 1.1 million additional house-

holds back into the buyer pool nationwide. That makes the recent downward trend in rates an encouraging sign.

Among local submarkets in 2025, Roseville led the region with 447 new home sales, followed by Rancho Cordova (386), Elk Grove (280), Sacramento (262) and Plumas Lake (159). Other top submarkets included Lincoln (150), Nat-

mas (145), El Dorado Hills (98), Rocklin (66) and Folsom (56).

In December, sales were reported at 191 new home communities across Amador, El Dorado, Nevada, Placer, Sacramento, Sutter, Yolo and Yuba counties. As is typical at the end of the year, sales slowed as families shifted their focus to the holidays. Builders reported selling 338 homes during the month, which was down 17% from November.

For December, Rancho Cordova was the sales leader with 74, followed by Roseville (59), Sacramento (41), Elk Grove (34) and Plumas Lake (28).

Looking ahead, there is reason for cautious optimism. At our recent housing forecast event, experts predicted the worst of the market slowdown is behind us and that sales should gradually improve over the next three years.

For buyers considering a home purchase in 2026, it's worth remembering that new homes remain an attractive option. Builders can offer in-

centives that existing homeowners cannot, and the supply of existing homes remains well below normal as many homeowners with low mortgage rates remain reluctant to sell.

New homes also allow buyers to customize features to meet their family's needs and offer added peace of mind, since problems are less likely and typically covered by warranties.

Affordability, however, remains a significant challenge across the housing market. For new homes, one of the biggest drivers of cost is the ever-rising level of fees charged by local governments. A recent study found that those fees now average a staggering \$109,000 per home in the Sacramento region.

Reducing that fee burden and removing long-standing constraints on housing production remain essential steps toward improving affordability. Those efforts are critical to ensuring that the American dream of homeownership remains attainable for more Sacramento-area families.