



News Letter

April 30, 2025

Volume 3, Edition 2 Part 2

Industry News Section

by JoAnn Apostol, MNAA

The ACTS Conference was so exciting, and we had so much to cover, I couldn't fit it into just one newsletter. I want to thank the Communications Committee personally for all of their help writing articles, covering industry events and reviewing the infographics that have been created over the last year.

The communications committee currently includes Malinda Griffin, MNAA, Hansel Dobbs, MNAA, Dana Murray, MNAA, Bryan Merideth, MNAA, Rebecca Johnson, MNAA, Victor Cornejo, MNAA and Teresa Walker. Past members of the committee include Rebecca Jones, MNAA, Blair Dingman, MNAA, Teri Zarate, MNAA and Danielle McManus, MNAA. Thanks for all you have done to make the newsletter successful and inform our members about NAA and the industry.

A Special thanks goes to Teresa Walker for putting up with the ideas that Malinda and I come up with to improve the communications from NAA to our members.

The newsletter has grown since its inception in 2023 and has been a labor of love beginning with the first article about the beginnings of NAA and Dr. George Harrison. I hope you enjoy reading what is going on at NAA and nationally in the appraisal industry. Thanks to all those that have reached out to comment on the newsletter, suggest topics and just provide us feedback. If you have ideas or are going to an event we haven't covered, please send us your ideas or articles.

If you have missed one of the newsletters, I've created a link to access the past publications until our website is fully revamped. To read past newsletters click [here](#).

So, here is part 2 of the newsletter that covers industry news, upcoming events and upcoming requirements.

2026 Required Course - Valuation Bias Fair Housing Laws and Regulations

On June 22, 2023, the AQB adopted the second exposure draft of proposed changes to the criteria. You can access the [2026 Criteria Summary of Actions](#) on the Appraisal Foundation's website.

There are additions to the Continuing Education Requirements that begin January 2026 that include all existing appraisers take a course that meets the content outline of the Valuation Bias and Fair Housing Laws and Regulations every two calendar years.

The first time the course is taken, the course length must be seven (7) hours. Every two calendar years thereafter, the course length must be at least four (4) hours.

If you renew your license in 2026, check with your state to ensure you understand whether you need this class to renew your license!

If you are applying for a new license, the AQB has ADDED the Valuation Bias and Fair Housing Laws and Regulations course to the Qualifying Education requirements for all licenses beginning in 2026. The Qualifying Education course is an eight (8) hour course, of which, one hour is the examination. This is required no LATER than January 1, 2026.

If you take the eight hour course, it likely can also be used for the continuing education requirement; however, please check with your state on what they are adopting into their rules for this course.

Also, if you are applying for a new license, please check to ensure you understand the hourly changes to other required qualifying education courses that have occurred as part of this new requirement.

You can find the full 2026 Criteria [here](#).

Appraisal Summit September 27-30, 2025

The Program Committee worked hard in San Antonio and all year long to secure topics, speakers and continuing education credits for the upcoming Appraisal Summit Conference in Las Vegas, NV on September 27-30, 2025.

There will be preconference courses, trainee events, and a jam-packed lineup covering artificial intelligence, UAD 3.6, and updates from the national industry professionals. Registration will be open soon with your best price break until May 31, 2025.

Be sure to click the link in the graphic to the left and register to attend the conference presented by NAA and Appraiser eLearning.



ACTS Conference Pictures are available [here](#).

Industry News

Key Highlights from the Appraisal Standards Board Public Meeting - Feb 2025

by Victor Cornejo, MNAA

The Appraisal Standards Board (ASB) held a public virtual meeting on February 13, 2025, providing valuable updates and discussions on key appraisal topics.

USPAP Standards and Appraiser Credibility

The meeting began with a discussion on the importance of USPAP (Uniform Standards of Professional Appraisal Practice) compliance. Adhering to these standards is crucial for ensuring integrity, objectivity, and professionalism in appraisals. While clients cannot directly request a "USPAP-only" appraisal, they can ask for appraisals that follow USPAP standards to ensure reliability and credibility. These standards remain a fundamental framework for ethical and competent appraisals, often required by lenders, financial institutions, and government agencies.

Foundation Update by Kelly Davids

Kelly Davids provided an update on the foundation's initiatives, highlighting Vision 2030. The focus is on workforce development, professionalism, and innovation in the appraisal field. A significant achievement is securing a \$250,000 grant from the Appraisal Subcommittee (ASC). Additionally, partnerships with organizations like Farm Credit are supporting the Rural Appraisal Practicum. The foundation is also actively monitoring regulatory changes, including proposed rules from the IRS and ASC.

Appraisal Qualifications Board (AQB) Update by Jerry Ulrich

Jerry Ulrich gave an update on the AQB's ongoing work. The AQB is reviewing real property appraisal qualifications, including potential changes to college course requirements and exploring alternative experience pathways. A major project underway is the redesign of the national exam to align with updated education and experience requirements. In addition, over 220 courses have been approved, including those focused on Fair Housing and valuation bias.

Standard of Care and USPAP

A key discussion was whether USPAP should be considered a standard of care. A legal review is currently underway, and formal guidance will be issued once the review is complete.

Artificial Intelligence (AI) in Appraisal

AI's role in the appraisal profession was a hot topic. The ASB is exploring the implications of AI, particularly generative AI, and is working on a concept paper to gather feedback from industry stakeholders. Appraisers are encouraged to review AI tools and provide input to shape future guidelines.

Highest and Best Use Analysis

The ASB addressed the complexities of highest and best use analysis, particularly when the intended use of an appraisal differs from its highest and best use. Appraisers must have the necessary expertise to identify relevant characteristics for these assignments.

TAFAC Charts New Course for Appraisal Profession

by Malinda Griffin, MNAA

The Appraisal Foundation Advisory Council (TAFAC) met in Crystal City on February 6–7, 2025, spotlighting key developments across leadership, education, and technology in the appraisal profession.

Foundation & Leadership Updates

TAFAC welcomed leadership changes in TAFAC, the Appraiser Qualifications Board (AQB), and the Appraisal Standards Board (ASB). The Appraisal Subcommittee (ASC) named Mike Ponsar as interim director and expanded virtual access to meetings. The CARE Council did not meet this cycle but will reconvene next year with the Industry Advisory Council.

Education & Licensure Advances

The AQB, led by new Chair Jerry Yurek, is preparing a concept paper on alternative licensure paths. Currently, 221 courses (including seven USPAP) are AQB-approved, with notable growth in higher education partnerships—31 graduate and seven undergraduate programs now align with AQB standards. The first course on Valuation Bias and Fair Housing is under CAP review.

National Appraiser Exam pass rates sit at 60%, with ongoing content review and site audits to uphold standards. A new Practicum program with Farm Credit aims to offer participants 100% of their experience hours.

Standards & Guidance

Under ASB Chair Nick Pilz, artificial intelligence in appraisal reporting is a key focus, with a concept paper forthcoming. The outdated FAQ 121 has been retired, reinforcing appraiser responsibility to comply with USPAP.

New guidance materials in development may address topics like Standard of Care, short-term rental valuation, up-zoning impacts, and Reconsideration of Value practices.

Motions & Concerns Raised

- **Budget Transparency:** TAFAC requested clearer financial reporting.
- **Trainee Experience:** A proposal was made to credit property data collection by trainees toward experience hours.
- **Online Education Standards:** Concerns were voiced over the quality of some self-paced courses, with evidence showing significant under-time completions.

Conclusion

The February meeting emphasized progress, integrity, and innovation in appraisal practice, setting the stage for meaningful changes in education, regulation, and trainee support.

Appraisal Report Revisions

The ASB is developing an advisory opinion on revisions while ensuring compliance with USPAP. They emphasized the importance of documenting revisions, especially in the Reconsideration of Value (ROV) process. Though the ROV process is client-imposed and not defined by USPAP, appraisers must still comply with USPAP standards when making revisions under ROV.

Teach 2025 Initiative

The ASB introduced the "Teach 2025" initiative, a collaborative approach to enhancing education in the appraisal profession. The initiative brings together educators, regulators, and industry representatives to align materials with emerging needs in the field of appraisal.

Upcoming Q&As

The ASB highlighted several upcoming Q&As, including one regarding whether appraisers can state that their adjustments are based solely on experience. Additionally, clarification will be provided on the scope of work for appraisers in review assignments.

Public Comment and Feedback

The ASB encouraged appraisers and other stakeholders to engage in the feedback process, particularly on AI, standard of care, and highest and best use. They also mentioned that new guidance and the seven-hour USPAP course will be released later this year, providing further resources for appraisers.

The meeting concluded with a reminder that the upcoming releases, including the updated Guidance and Reference Manual (GRM) and the seven-hour USPAP course, will be available later this year.

This meeting showcased the ASB's commitment to addressing current challenges in the appraisal profession while continuing to evolve in response to technological advancements and industry needs. Appraisers are encouraged to stay informed and engage in the ongoing discussions to help shape the future of the industry.

Reflections from the 2025 Appraisal Institute President's Council

by Hansel Dobbs, MNAA

The Appraisal Institute's 2025 President's Council Meeting, held this February in Chicago, brought together thought leaders and stakeholders from across the real estate valuation landscape. As a residential appraiser—and the son of an MAI—it was refreshing to see concerted efforts to include residential practitioners in an environment often associated with commercial priorities. The meeting served not only as a forum for collaboration but also as a barometer of the pressures and changes reshaping the appraisal profession today. Importantly, attorney Peter Christensen was on hand to share legal case studies relevant to valuation professionals, underscoring the significance of the legal developments discussed throughout the event.

AMC Fee Litigation and Ongoing Legal Scrutiny

One of the more closely watched legal developments discussed was a proposed class action lawsuit in California challenging the fees collected by Appraisal Management Companies (AMCs). The lawsuit centers on the allegation that AMCs collected fees without adding true value to the appraisal process. At the heart of the suit is the argument that the appraiser's fee and the AMC fee should be transparently separated on disclosures and invoices—plaintiffs argue that failure to do so amounts to improper fee-splitting.

Defenses likely to be raised include the compliance, coordination, and quality control services that AMCs provide—services that some claim justify the fee structures. Legal experts note that plaintiffs will face hurdles if they cannot show that AMC functions are redundant. Contractual language and state disclosure regulations will likely take center stage in any rulings.

CoStar v. CREXi: Copyright Meets Antitrust

The upcoming trial between CoStar and CREXi, set for summer 2025, also attracted considerable attention. CoStar alleges that nearly 48,000 of its copyrighted real estate images appeared in CREXi's system—images it says were unlawfully duplicated by agents uploading content to multiple platforms.

CREXi has countered with an antitrust claim, accusing CoStar of monopolistic practices and suppressing competition by pressuring users to stay exclusively on its platforms. With CREXi gaining market share in key metros like Chicago, and boasting deep financial reserves, the case could reshape how listing platforms handle copyright enforcement and competition.

Appraisers should be alert to the implications—particularly regarding photo rights and database access—if legal precedent is set around multi-platform uploads.

Copyright in Appraisal Reports: Who Owns What?

A recurring question in the valuation world is whether appraisers retain copyright over their work. Under U.S. law, a written appraisal report qualifies for automatic copyright protection. However, enforcement typically requires formal registration with the U.S. Copyright Office—something few appraisers do.

There are USPAP considerations here as well. Registering an appraisal may conflict with confidentiality requirements, especially if the report contains sensitive borrower or property data. Most appraisers, especially those not employed directly by lenders, retain ownership of their reports and grant clients a limited license for specific uses.

Notably, a 1990s court ruling awarded \$50,000 in damages to an appraiser whose report was repurposed by a broker to market farmland, exceeding its original scope. The case remains a cautionary tale about the importance of defining report usage clearly in engagement letters.

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The Community of Asset Analysts 4th Annual Conference

by Joe Lynch, MNAA

What is the CAA?

The Community of Asset Analysts is a group of real estate valuation professionals dedicated to incorporating data science principles in appraisal. We utilize all relevant data and not just a handful of subjectively selected "comps."

What did we talk about in Las Vegas?

The conference opened with discussion regarding new GSE emphasis on market analysis and time adjustments and data science methods for meeting their requirements. Much of the conference was spent on how to move from using Microsoft Excel for data analysis to using R and RStudio, a software programming language and environment designed specifically for data analysis. Bruce Hahn showcased an apartment appraisal written using RStudio. Jason Schellenberg demonstrated creating heat maps and GIS for valuation. Craig Gilbert showed us how he used artificial intelligence to convert a 1004-Form appraisal to a narrative report and provided tips for using AI in appraisal. Paul Rayburn and John Fariss reported on using data science techniques with Canadian and US lenders.

The conference ended with the group reviewing the progress made to date to formalize the CAA as an association.

For More Information about the CAA, visit their website at [Community of Asset Analysts](https://communityofassetanalysts.com)



FHFA Appraisal Modernization Summit: UAD 3.6 and the Future of Residential Appraising

by Hansel Dobbs, MNAA

The Federal Housing Finance Agency's latest Valuation Modernization Summit (February 2025) reinforced one central point: our industry is in transition. From the Uniform Appraisal Dataset (UAD) 3.6 rollout to the ongoing conversations around hybrid appraisals, residential appraisers will soon encounter fresh expectations — and an equally fresh set of challenges. While some may view these developments as an opportunity to streamline processes, others remain skeptical. Whichever position you hold, understanding the specifics can help you make more informed decisions.

The Timeline

- Limited Production: Starts September 8, 2025 (Be only 5-6 businesses)
- Broad Production: Begins January 26, 2026
- Mandatory Cutover: November 2, 2026

After November 2026, all relevant mortgage-related appraisals must adopt the UAD 3.6 format. Ignoring it won't push the deadline back—it only puts you at a competitive disadvantage once lenders and AMC portals require the new format.

UAD 3.6: Key Highlights and Enhancements

1. Updated Submission Summary Report (SSR)

The new SSR returns appraisal feedback in both PDF and JSON formats to lenders and appraisal management companies (AMCs). This dual-file approach paves the way for deeper data analytics, allowing lenders and underwriters to slice and dice information more effectively while still providing a familiar PDF layout for quick review.

What This Means:

- Data Transparency: Lenders and AMCs will be able to better analyze appraiser quality trends and be able to better drive assignments to appraisers based on SSR JSON algorithms.
- Accountability: A shift toward robust analytics could place additional scrutiny on appraisal data. That underscores the need to ensure your reporting is accurate, consistent, and well-supported.

2. Linked Update & Completion Reports

UAD 3.6 introduces the ability to link these reports directly to the original Uniform Residential Appraisal Report (URAR). Client will be able easily refer back to prior opinions of value and conditions without manually cobbling together multiple documents.

What This Means:

- Clarity for Clients: Lenders, underwriters, and AMCs can see how updates compare to the original work without guesswork or mismatched documentation.
- Less Duplication: Appraisers will spend less time searching archived files or re-entering data.

3. Embedded Photos

Say goodbye to the era of cumbersome PDFs appended with extra image pages. UAD 3.6 allows photos to be embedded directly into the electronic report. This feature also meshes well with image-recognition tools some lenders use during their review processes.

What This Means:

- Efficiency Gains: Eliminates duplicative workflows for image extraction from PDFs and will drive improved image quality control functionality going forward.
- Tech Integration: The shift toward embedded photos aligns with a future where image recognition technology will play a bigger role in appraisal quality control.

4. Energy Efficiency Features

New fields highlight green certifications, HERS (Home Energy Rating System) scores, and overall property efficiency. This marks a noteworthy change in appraisal reporting, as energy-saving amenities can significantly affect value if properly analyzed and substantiated.

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Appraiser Lawsuits, Worker Classification, and the Fate of Non-Competes

Another thread through the meeting was the rise in legal action surrounding worker classification and compensation. One high-profile case in California involved an AMC and some 45,000 contractor appraisers, alleging misclassification and unpaid overtime. Though the case was dismissed in late 2024, it sparked ongoing debate about whether independent appraisers—particularly those working full-time for AMCs—are correctly classified under wage and hour laws.

In parallel, states and federal agencies are increasingly scrutinizing non-compete agreements, especially when applied to appraisers earning below \$151,000. Some states have introduced or proposed legislation banning such clauses altogether. Combined with moves in states like California to redefine contractor roles, the legal terrain remains complex and evolving.

Regulatory Updates: From Fair Housing to Federal Oversight

Over the past few years, approximately 300 complaints have been lodged with HUD, many alleging bias in appraisals of rural or multi-family properties. Yet relatively few have led to substantive findings or penalties. Around 14 lawsuits related to Fair Housing violations have been filed against appraisers nationwide, fewer than anticipated, given the topic's visibility.

Meanwhile, the CFPB has seen a reduction in activity. One speaker remarked that the agency "doesn't exist anymore"—an overstatement, but one that underscores its diminished enforcement presence. Many observers suggest that the PAVE Task Force may soon see rollbacks in initiatives, including certain Fair Housing-related educational requirements. However, once these requirements are embedded in state licensure rules, they often remain long after federal priorities shift.

IRS Circular 230

The IRS is pushing to modify Circular 230, aiming to make it easier to disqualify appraisers involved in problematic tax appraisals. The Appraisal Institute has submitted formal objections, noting that any USPAP violation—no matter how minor—could trigger disqualification under the proposed rule. A public hearing is scheduled for March 2025.

Talent, Tech, and the Future of the Profession

A major theme throughout the event was talent recruitment and retention. Speakers like Richard Wolf (Valbridge) and Tasha Gould (JLL) emphasized the challenge of bringing new professionals into the field—particularly given the barriers of remote work culture and technical skill gaps in areas like Microsoft Excel.

University outreach initiatives, such as participation in the ARES conference and the rollout of PAREA, were developed to address these issues. The Appraisal Institute highlighted a new 22-point Excel test used in applicant screening—one that has revealed widespread struggles in core competencies like data organization and analysis.

Technology continues to push the profession forward. Attendees from firms like Deloitte, JLL, and Valcre discussed the integration of platforms and the need for appraisers to shift from data providers to interpreters of that data. As artificial intelligence tools become more widespread, a consistent message emerged: appraisers must make their value clear—not just through data, but through insight and narrative.

Advocacy and Legislative Engagement

Scott DiBiasio of the Appraisal Institute provided a timely update on legislative efforts. Chief among them is support for the Appraisal Industry Improvement Act, which the Appraisal Institute hopes to reintroduce in the 119th Congress. Other priorities include promoting transparency in ROV processes, defending the profession against unfounded Fair Housing claims, and opposing overreach by the GSEs.

The Appraisal Institute PAC and Government Relations Committee continue to meet monthly and plan an in-person Legislative Day in Washington, D.C. later this year. The idea of a national licensing portal (via the PAL Act) also gained traction, aiming to streamline cross-state licensure while preserving individual state standards.

Final Thoughts

While many topics at the President's Council meeting were complex or even thought-provoking, the event itself felt collaborative and forward-looking. It was an opportunity for residential and commercial professionals to engage on equal footing and to recognize that the challenges facing our field—from legal scrutiny to recruitment to tech disruption—are shared.

Perhaps most encouragingly, the meeting reflected a shift in tone: one of transparency, mutual respect, and a growing recognition that residential appraisers must have a seat at the table. Whether through thoughtful dialogue on copyright or frank discussions about the profession's future, the 2025 President's Council set a tone that appraisers across the spectrum should take note of.

What This Means for You:

- Expanded Research Needs: You might have to verify certifications, gather supporting market data, and justify adjustments for green features.
- RESNET Portal: With only about 2,000 appraisers registered and an estimated 30,000 still needing accounts, the pressure is on to integrate this resource into everyday workflows. Becoming competent in energy-efficiency analysis will likely be a differentiator for those appraisers aiming to stay compliant and relevant.

Hybrid Appraisals: Opportunity or Overstep?

Hybrid appraisals, which rely on a third party for property data collection and let the appraiser focus on valuation analysis, gained attention at the Summit as a potential solution for faster turn times during times of high appraisal volume. Lenders view this model as a way to reduce costs and expedite underwriting. Questions remain about this adoption in light of years of requiring appraisers to personally drive the comparables instead of their trainees or the inability of appraisers to utilize their own property data collectors.

What This Means for You:

- Potential Workflow Shift: Clients see these products as an efficient way to manage large volumes of assignments in terms of both cost and turn times. Appraisers worry about the reliability of data collectors who lack professional licensure or training.
- Professional Judgment: Even if third-party inspections are used, the appraiser's liability for credible opinions of value remains unchanged. Careful due diligence is essential to ensure the data you rely on meets USPAP and client requirements.

Tech Adoption: The Uphill Climb

Despite an industry-wide call for modernization, the actual number of appraisers leveraging digital tools remains low. Fewer than 40% currently use mobile apps to conduct inspections. Given UAD 3.6's focus on detail-rich reporting, the old pen-and-paper approach could become increasingly cumbersome — and potentially less credible.

Why It Matters

1. Data Accuracy: Manually gathering additional detail can lead to errors or omissions.
2. Time Efficiency: Mobile devices can collect property data and attach images seamlessly.

Balancing Caution with Opportunity

Every new process or dataset has its learning curve. Whether you end up fully adopting UAD 3.6, selectively participating in hybrid appraisals, or adopting more advanced tools in your everyday workflow, the following steps can help you maintain a sense of control and professionalism:

1. Educate Yourself: Attend training programs or webinars that detail how to populate new UAD 3.6 fields.
2. Test New Tech in Advance: If you're hesitant to dive into mobile inspections or the RESNET Appraiser Portal, consider running a few practice assignments to become comfortable before it's mandatory.
3. Stay Connected: Participate in local and national appraiser coalitions to share experiences, tips, and concerns.
4. Maintain Standards: In the rush to adopt new processes, never compromise on the fundamental principles of credible, well-supported valuation.

Change is rarely comfortable, but it's often necessary. UAD 3.6 and hybrid appraisal models are poised to become standard tools in the industry's toolkit, driven by the GSEs' long-term commitment to modernization. You're not obligated to embrace every innovation; however, being informed and adaptable can preserve your competitive edge in a shifting marketplace.

Above all, preserving the integrity of your work remains paramount. If you choose to adopt new methods, do so on your terms and with a clear understanding of how they fit within your professional standards. If you decide to remain with more traditional approaches, recognize that lender and client expectations are evolving. Either way, an open-eyed approach — one that evaluates the benefits, pitfalls, and workflow implications — will help you navigate this next chapter of residential valuation with clarity and confidence.

Safety Vests at ACTS

by Victor Cornejo, MNAA, Appraisal Brothers

It's always a privilege to gather with fellow professionals, share insights, and strengthen the bonds within our appraisal community. For me, Day 1 held a particularly rewarding experience just before the lunch break.

It was during this session that JoAnn, our dedicated NAA Communications Committee Chair and Appraiser of the Year, introduced the next segment. Standing beside her and Malinda Griffin, MNAA, NAA President, I listened as JoAnn shared with the association members present that I was known for being "into marketing." While certainly true, the story I was there to share focused on something far more fundamental to our daily work: safety, professionalism, and the power of a simple idea — the branded safety vest.

This initiative stemmed from everyday experiences at Appraisal Brothers, the company I co-own. Like many appraisers, we frequently encountered questions and curious glances from neighbors, passersby, and even homeowners during property inspections. While usually harmless, these interruptions could disrupt workflow. To address this, we adopted brightly colored safety vests clearly branded with our company name.

The results were immediate and striking. The questioning when out on appraisal inspections ceased. The vests served as an instant identifier, signaling our professional purpose and legitimacy. More importantly, this enhanced visibility fostered a greater sense of security. By clearly looking the part of professionals performing a necessary service, it underscored a simple truth: clear identification enhances perceived professionalism and contributes directly to appraiser safety.

This practical solution gained new meaning during recent discussions within the NAA Communications Committee focused on appraiser safety. As I shared our experience with the vests, the idea resonated. With encouragement from both JoAnn and NAA President Malinda Griffin, MNAA it was JoAnn who proposed that we present this idea at the Appraisal Acts conference. Concurrently, Appraisal Brothers had planned to bring extra vests to the event for gifting. JoAnn suggested we focus this giveaway on the Appraiser Development Initiative (ADI) participants. We readily adopted this plan, deciding to provide the vests specifically for the ADI attendees as part of the initiative.

Presenting these vests and sharing our story with the ADI group was a genuine highlight. It felt meaningful to offer a tangible tool rooted in practical experience, contributing in a small way to the safety and confidence of the next generation of appraisers. It was a powerful reminder of the importance of mentorship and support within our association.



Top Right and Left: Malinda Griffin and JoAnn Apostol model the safety vests from the Appraisal Brothers. Below Left: Victor Cornejo wearing a vest during a site visit. Below Right: Josh and Victor Cornejo at a site visit. Thank you Victor!



ACTS Conference Pictures are available [here](#).

The Balancing Act: How the 2025 Housing Market is Adjusting to a New Normal

by Kevin Hecht, MNAA

The U.S. housing market in 2025 is walking a tightrope. Buyers, sellers, and real estate professionals alike are grappling with a mix of persistent inventory shortages, mortgage rates that are easing but still high, and a rising wave of construction-related tariffs. The result? A market that isn't surging forward or collapsing under pressure, but recalibrating—carefully finding its footing in a new, evolving landscape.

Supply and Demand: Slowly Easing, but Still Tight

Housing inventory has seen a mild recovery, with single-family existing home listings up roughly 20% from last year. But let's not mistake that for abundance. Available homes are still 20% to 30% below long-term norms. The primary culprit remains the "lock-in effect." With more than 80% of mortgage holders enjoying rates far lower than today's offerings, many would-be sellers are opting to stay put, keeping a large chunk of the housing stock off the market.

Meanwhile, buyer demand remains lukewarm. February's Pending Home Sales Index edged up 2.0% to 72.0 yet was still down 3.6% compared to the previous year. It's a telling sign: while some buyers are coming off the sidelines, activity remains subdued.

Tariffs: A Growing Pressure Point

One of 2025's emerging storylines is the growing impact of tariffs on home construction and renovation costs. The National Association of Home Builders estimates that new tariffs have tacked on an extra \$9,200 to the price of a typical new home. And the pain is widespread.

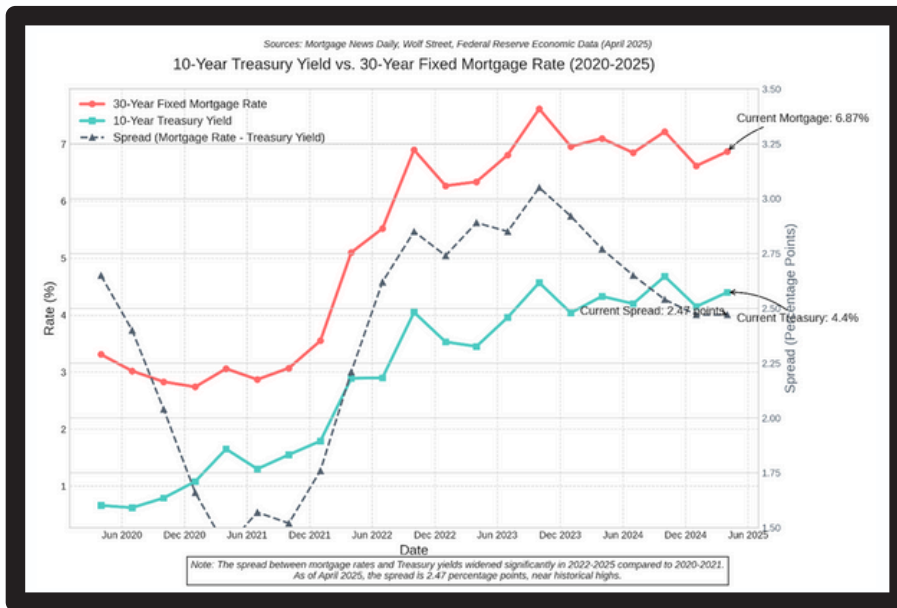
Lumber, in particular, is a flashpoint. Canadian softwood lumber, which makes up 85% of U.S. imports, remains subject to a 14.5% duty. New investigations by the U.S. Commerce Department could drive those rates even higher. But it doesn't stop there—tariffs on everything from stone and steel to cabinets and plumbing components are inflating costs across both new builds and remodels.

The added expense has even spilled into mortgage markets. As investors react to tariff policy uncertainty, Treasury yields have bounced around, pushing up the 10-year yield to 4.59% in early April and adding volatility to mortgage rate forecasts.

Home Prices: From Rocket Ship to Glide Path

After years of rapid appreciation, home prices are finally cooling off. Nationally, prices are projected to grow just 3% in 2025 and 4% in 2026. But recent data points to even more moderation: as of March, median pending home sale prices were just 0.5% above 2024 levels.

Price cuts are becoming more common, too. By March, about 35% of listings had lowered their asking price—the highest share for that month in over a decade. The familiar refrain of "low sales, high prices" may soon give way to a new narrative: "Rising sales, softening prices."



Mortgage Rates: The Market's Gatekeeper

Mortgage rates continue to cast a long shadow over the market. As of April, the 30-year fixed rate hovers at 6.83%, down slightly from last year's 7.1% but still well above the sub-3% rates that fueled the pandemic buying frenzy. Forecasts suggest a gradual decline, with rates dipping to around 6.3% by year-end and possibly falling to 6.1% in 2026.

This slow retreat in rates is expected to provide a bit of a tailwind for home sales. However, with federal debt levels still weighing on Treasury yields, don't expect a return to pre-pandemic borrowing costs anytime soon.

The Outlook: Signs of Life Beneath the Uncertainty

Despite the headwinds, 2025 isn't without its silver linings. Existing-home sales are projected to climb 6% this year and 11% in 2026. New-home sales are expected to grow even faster, supported by larger inventories and fewer rate-locked owners.

Early signals are promising. Purchase applications are up 13% from this time last year, hinting at a more active spring market. The ingredients for a gradual rebound are there—if mortgage rates continue their slow descent and if price stability draws hesitant buyers back into the mix.

A Market in Motion, Not in Crisis

What we're seeing in 2025 is not a housing crash, but a recalibration. The combination of supply constraints, volatile rates, and added cost pressures is forcing the market to evolve. Buyers face affordability challenges, sellers remain cautious, and builders are doing their best to navigate rising costs.

But there's also resilience. The market is adjusting, finding a new equilibrium rather than falling into disarray. For real estate appraisers, staying ahead of these shifts requires awareness and adaptability.

As the year unfolds, the housing market will continue to demand a steady hand and a close watch. It's a balancing act that offers opportunity for those who can navigate its complexities with clarity and confidence.