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Homebuyers' Down Payments Are Shrinking for the First Time in Almost Two Years as Housing Market Cools

Redfin reports FHA and VA loans are becoming more common: Just over 15% of mortgaged homebuyers use an FHA loan, and just over 7% use a VA loan, up from last year

SEATTLE--(BUSINESS WIRE)-- (NASDAQ: RDFN) —The typical U.S. homebuyer's down payment is \$62,468, down by roughly 1% year over year, the first annual decline in nearly two years. That's according to a new [report](#) from Redfin ([redfin.com](https://www.redfin.com)), the technology-powered real estate brokerage.

Redfin's report is based on its analysis of county records across 40 of the most populous U.S. metropolitan areas. April 2025 is the most recent month for which data is available.

In *percentage terms*, the typical U.S. homebuyer puts down 15% of the purchase price, essentially unchanged from 15.1% a year earlier.

The median U.S. down payment has been around 15% for the last four years, dipping into the 10% range in early 2023. Before the pandemic, the typical down payment was around 10%.

The last time dollar-amount down payments fell year over year was in summer 2023, when home-sale prices were falling. At that time, the decline in home prices was the main reason down payments were falling: when prices are lower, the percentage buyers put down is lower. Now, home prices are rising; they [increased 1.4%](#) year over year in April. But home-price growth is slowing: for comparison, prices were up roughly 4% at this time in 2024. Slowing price growth is one contributor to lower down payments.

Down payments are falling in dollar terms even though overall home prices are rising slightly because not all homebuyers make a down payment; nearly one-third of buyers pay in all cash. It's likely that the people buying homes with a mortgage bought cheaper homes, reducing down payments. That also explains why down payments stayed flat in percentage terms but declined in *dollar* terms.

Additionally, a slightly higher share of homebuyers are using FHA and VA loans, which require lower down payments. That can push down-payment dollar amounts down.

Mortgaged homebuyers are likely purchasing cheaper homes because of affordability challenges: mortgage rates are near 7%, more than double pandemic-era lows, meaning people are ultra-sensitive to cost. Additionally, there's an air of economic uncertainty in the U.S.; some house hunters taking out a mortgage may be seeking out cheaper homes so they have more money in their bank account for security.

The overall housing market has cooled, with home sellers outnumbering buyers and the market shifting in buyers' favor. Sellers in much of the country are willing to negotiate with buyers and give [concessions](#). Some may also be willing to accept lower down payments—which may signal less financial security and a higher chance of the deal falling through—to offload their home.

“The buyers who are moving forward today are being very careful with their finances because, with housing costs near record highs, they’re typically spending a big portion of their paycheck to buy a home. I’m seeing an uptick in first-time buyers looking for starter homes,” said [Fernanda Kriese](#), a Redfin [Premier](#) agent in Las Vegas. “Combine that with concerns about layoffs and a potential recession, and people are doing things like cross-comparing mortgage origination fees, shopping around for lenders, and looking into down-payment assistance.”

FHA and VA Loans Are More Common Than Last Year

Roughly one of every seven (15.3%) mortgaged sales used an FHA loan in April, up from 14.2% a year earlier.

The share of mortgaged home sales using a VA loan was 7.2%. That’s the highest April level since 2020, and up from 6.4% a year earlier.

More homebuyers are using FHA and VA loans now than a year ago—and more buyers are using VA loans than any spring since 2020—because it’s a buyer’s market in much of the country. That means buyers are more likely to get an offer using an FHA or VA loan accepted; in an ultra-competitive market, such as in 2021 and early 2022, the market favors buyers with higher down payments and more ability to prove their financial security.

Conventional loans are the most common type of mortgage, by far. Nearly eight in 10 (77.5%) of home loans were conventional in April.

31% of Home Purchases Are All Cash, Little Changed From a Year Ago

Just under one in three (30.7%) home sales were all cash in April, down slightly from 31.6% a year earlier.

The share of buyers paying in cash peaked at nearly 35% in 2023 because mortgage rates peaked at nearly 8% during that time. Buyers were inclined to pay in cash—if they could afford it—in an attempt to avoid high monthly interest payments.

Mortgage rates are now in the high-6% range, slightly pushing down the share of buyers paying in cash.

Metro-Level Highlights

The data below is from April 2025, the most recent month for which data is available, and covers 40 of the most populous U.S. metros.

- **Down payments**
 - Down-payment percentages were highest in three California metros: San Francisco, Anaheim and San Jose, all places where the typical homebuyer put

- down 25% of the purchase price.
 - They were lowest in Virginia Beach, VA (1.8%), Detroit (5%) and Jacksonville, FL (5.4%).
 - They fell in 11 of the metros Redfin analyzed, with the biggest declines in Florida: Orlando, Jacksonville and Tampa.
 - They rose most in New York, Baltimore and Riverside, CA.
- **All cash**
 - All-cash home purchases were most prevalent in Cleveland and West Palm Beach, FL, where roughly half of homes were bought in cash. Next came Jacksonville, FL and Miami, both places where about 40% of homes were bought in cash.
 - They were least common in Oakland, CA (18.2%), San Jose (18.3%) and Seattle (18.5%).
 - They increased most in Cleveland, Baltimore and Philadelphia.
 - They declined most in Pittsburgh, Portland, OR and Sacramento.
- **FHA loans**
 - FHA loans were most prevalent in Riverside, CA, where 26.7% of mortgaged home sales used one. Next came Las Vegas (26%) and Tampa, FL (25.9%).
 - They were least prevalent in California: San Francisco (0.6%), San Jose (1.6%) and Anaheim (4.8%).
 - Their use declined in just five of the metros Redfin analyzed, with the biggest declines in Providence, RI, Newark, NJ and Milwaukee.
 - Their use increased most in Columbus, OH, Tampa and Las Vegas.
- **VA loans**
 - VA loans were most prevalent in Virginia Beach, VA (41.7%), Jacksonville (18.3%) and Washington, D.C. (16.5%). Those metros all have a large military presence.
 - They were least prevalent in San Francisco, San Jose and New York, where VA loans made up 1% or less of mortgaged sales.
 - The use of VA loans increased most in Virginia Beach, Denver and Jacksonville. They declined nowhere.

To view the full report, including charts, additional metro-level data and full methodology, please visit: <https://www.redfin.com/news/down-payment-dollars-falling>

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