



October 2025 Government Shutdown: Real Estate Impact by Week

Week One: Initial Impacts

- Minimal disruption to closings and contracts.
- FHA and VA loans began experiencing delays, especially where IRS income verification was needed.
- National Flood Insurance Program expired on Sept. 30, halting new policies and risking closings in flood-prone areas.
- USDA loans were largely paused.
- HUD operated with reduced staff, but existing obligations were still being fulfilled.
- Mortgage rates remained stable, with a slight decline due to increased demand for Treasury bonds.

Week Two: Escalating Effects

- Federal data blackout (no jobs report, inflation data) created uncertainty for the Federal Reserve.
- HUD staffing dropped to ~25%, delaying housing vouchers and insurance applications for healthcare projects.
- Mortgage originations tied to federal programs slowed significantly — up to 2,500 per day delayed.
- Closings disrupted nationwide, with estimates of 1,300–1,400 per day affected.
- Renters and federal workers began facing financial strain, especially in cities like D.C., Baltimore, and San Antonio.
- Investor behavior shifted toward Treasuries, potentially pushing mortgage rates lower.
- Real estate transactions increasingly reliant on all-cash offers due to financing uncertainty.

Market Sentiment

- Growing economic uncertainty is making buyers more cautious.
- Realtors/lenders are adapting with workarounds, but delays and volatility are increasing.
- Valuations may compress, and private lending is gaining traction as a more reliable alternative.