



Home Price Appreciation Hits Another Record High

The Case-Shiller Home Price Index, which is considered the “gold standard” for appreciation, showed home prices rose 1.6% in July and 20% year over year. This annual reading set another record high, beating June’s 18.6% record.

The 20-city index also rose 20% year over year, with all the cities showing strong gains. Phoenix (+32%), San Diego (+28%), and Seattle (+26%) continued to report the highest annual gains.

The Federal Housing Finance Agency (FHFA) also released their House Price Index, which measures home price appreciation on single-family homes with conforming loan amounts. While you can have a million-dollar home with a conforming loan amount, the report most likely represents lower-priced homes, where supply has been tight and demand strong.

Home prices rose 1.4% in July and they were also up 19% year over year. This is the first time in recent memory that we have seen FHFA’s data below Case Shiller’s.

This dynamic shift could mark the peak of year over year appreciation gains. While monthly appreciation gains are still expected to occur, they could start to slow and this would make the year over year figures start to come down a bit. It’s important to note this does not mean home prices are expected to decline because there is still too big of a crop of homebuyers for too few homes. But the pace of gains could slow.

Rents are also rising at a feverish pace. Apartment List reported that rents rose 2.1% in September and 16.4% year to date, up from 13.8% in the previous report. This is the fastest rent growth on record and is on a 22% pace if these increases continue. To put this into context, rents from January 2017 to September 2019 averaged just a 3.4% rise. In addition, only a few cities remain cheaper than they were pre-pandemic, while 22 cities have increased more than 25% from the start of the pandemic.



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