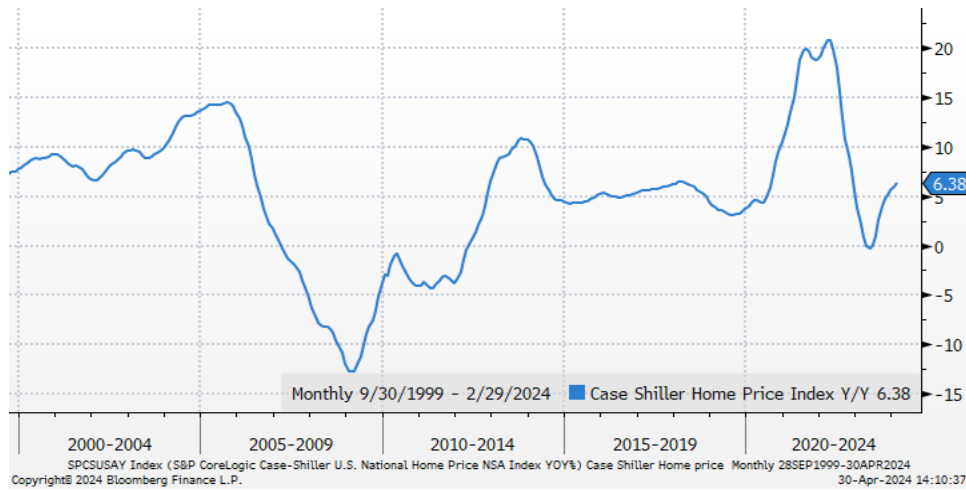


04.30.2024

Home Prices



- The S&P Case-Shiller national home price index increased 6.38% in February, accelerating from 5.99% in January. The increase in home prices significantly exceeded expectations.
- All twenty cities in the index reported increases in annual prices, with home prices in San Diego, Los Angeles, Washington DC, and New York reaching all-time highs.
- While mortgage rates are once again over 7%, the lack of housing supply has been a tailwind to home prices.
- The double whammy of increasing home prices and higher mortgage rates has pushed housing affordability to the lowest level since the housing affordability measure began in the mid-1980s.
- According to a recent study, the cost of buying a home surpasses the cost of renting in each of the nation's 50 largest metropolitan areas. Based on an analysis of Redfin and Zillow data, the average monthly mortgage payment on a median-priced home (based on current mortgage rates) is approximately 37% higher than the average rent payment.
- Paradoxically, *when* there is a significant decline in mortgage rates, home prices may experience a period of softness if homeowners view the decline as an opportunity to move and the number of homes for sale increases quickly, bringing a wave of homes-for-sale onto the market.

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