U.S. Home Prices Rose for a Third Consecutive Month in July

Headlines

- **The S&P Cotality Case-Shiller Home Price Index increased for a third consecutive month in July, supported by relatively tight housing inventory.**
- **Prices nationally were up 1.9% in July on a year-ago basis, marking an acceleration from the pace recorded in late 2025 and early 2026.**
- **Prices were up on the month in 14 out of 19 metro areas covered.**
- **PNC expects elevated mortgage rates to weigh on home price growth in the near term.**

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Details

The S&P Cotality Case-Shiller U.S. National Home Price Index rose for a third consecutive month in July, increasing 0.3% on a seasonally adjusted basis. The gain was supported by continued tightness in housing supply. According to the National Association of Realtors, the inventory of existing single-family homes for sale was 1.37 million units, up from the record low of 0.74 in 2022, but well below pre-pandemic norms of above 1.50 million units.

Home prices increased steadily from February 2023 through February 2025 before softening in mid-2025, as elevated mortgage rates weighed on housing demand and additional inventory came onto the market (Figure 1). Prices subsequently resumed their upward trend, rising from July 2025 through January 2026. **On a year-over-year basis, the index increased 1.9% in July, marking an acceleration from the pace recorded in late 2025 and early 2026.** Home prices increased at a fast pace between mid-2020 and mid-2022, but growth has slowed since then. In February 2026, annual home price growth reached its slowest pace since mid-2012, at 1.9%. **Meanwhile, despite small price declines observed in several months of 2025 and 2026, national home prices remain more than 50% above their pre-pandemic level, and housing affordability remains below historical norms.**

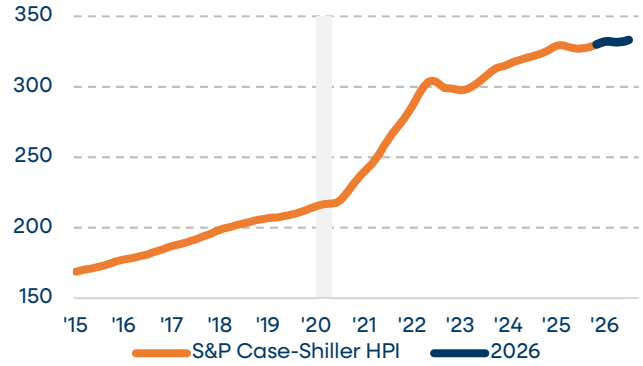
Prices were up on the month in 14 of the 19 metro areas covered in the release after seasonal adjustment, with the largest increases in New York (up 0.64%), San Diego (up 0.55%), and Miami (up 0.42%). Prices fell in four metro areas in July from June, down the most in Charlotte (down 0.3%), Las Vegas (down 0.18%) and Atlanta (down 0.06%). Home price data for the Detroit metropolitan area were not released for the month because of a delay at a county-level recording office. However, the area's home price index fell 0.1% in June, lagging the national monthly gain of 0.2%.

On a year-ago basis prices were up in 13 metro areas in July, led by Chicago (up 6.86%), New York City (up 5.78%), and Cleveland (up 4.22%) (Figure 2). **Prices were down in six metro areas**, led by Seattle (down 1.57%), Las Vegas (down 1.29%), and Denver (down 1.09%).

Nationally, the supply of existing single-family homes for sale stood at 4.5 months in July, according to the National Association of Realtors. The months' supply was unchanged from a year earlier and remained above its pre-pandemic peak. **Housing inventory increased 0.7% year-over-year in July but remained low by historical standards.** Inventory shortages were particularly pronounced in major Northeastern metropolitan areas, including the Greater New York region, where limited supply has continued to support month-over-month home price gains.

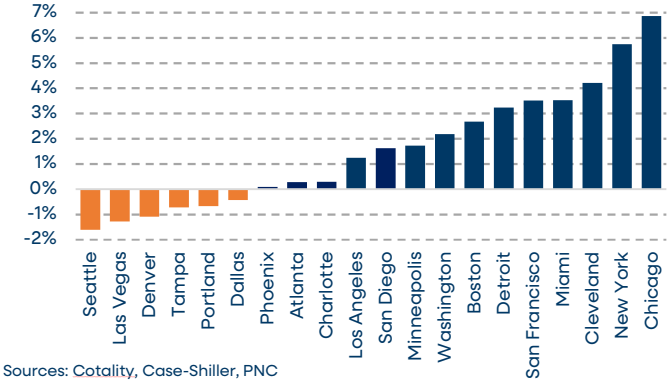
Despite an improvement in 2026, with elevated mortgage rates and big price gains over the past few years housing affordability, based on mortgage payments relative to incomes, is near its lowest level since the 1980s, even lower than it was during the housing boom two decades ago. **Low affordability, rising inventories, and a slower labor market will continue to weigh on annual home price growth in the near term.** Stronger job growth and continued wage gains should help juice housing demand and increase housing affordability, even with modest price growth, but risks are tilted to the downside with the ongoing Iran conflict**. Already, the typical 30-year fixed mortgage rate has risen from slightly below 6% just before the U.S. military action against Iran to above 7.0% currently.** PNC expects the Federal Open Market Committee to hike federal funds rates in December 2026 and January 2027, by 25 basis points each. Mortgage rates will remain elevated, above 6.5%, in part because markets are pricing higher expected inflation into long-term rates. Under these conditions, housing demand will likely remain weak while affordability and labor market conditions improve slowly.

Figure 1: S&P Cotality Case-Shiller HPI (Jan. 2000 = 100)



Sources: Cotality, Case-Shiller, PNC

Figure 2: S&P Cotality Case-Shiller HPI (% chg., y/y)



Sources: Cotality, Case-Shiller, PNC
Note: Detroit is HPI growth YoY June 2026

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