

Home Prices Rose 0.6% in July from June to Hit Record High; First Year-Over-Year Increase Since March

- **The Case-Shiller national home price index rose 0.6% in July from June and is now at a record high.**
- **Prices rose on a year-ago-basis for the first time since early 2022.**
- **Nineteen of the 20 metropolitan areas covered experienced price gains on the month.**
- **Low inventories of existing homes for sale are supporting prices, despite high mortgage rates.**

The S&P CoreLogic Case-Shiller U.S. National Home Price Index increased 0.6% in July from June after seasonal adjustment. Prices fell 2.6% between July 2022 and January 2023, but have since risen for seven straight months. The index hit a record high in July, surpassing its June 2022 peak.

Prices rose in 19 of 20 metro areas covered in the release in July from June, with Portland the exception (down 0.2%). The biggest monthly increases were in Las Vegas (up 1.1%), and Phoenix and Cleveland (both up 0.9%).

On a year-over-year basis the national index was up 1.0% in July, the first year-ago increase since March. Prices were up on a year-ago basis in 12 of the 20 metro areas covered, with the biggest increases in Chicago (up 4.4%), Cleveland (4.0%), and New York (3.8%). The biggest year-over-year declines were in Las Vegas (down 7.2%), Phoenix (down 6.6%), and San Francisco (down 6.2%).

House prices are rising in mid-2023 despite very high mortgage rates and very low affordability. There is a very small inventory of existing homes for sale right now, in part because the big runup in mortgage rates over the past couple of years makes moving uneconomical for many households with small mortgage payments from loans taken out when rates were much lower.

PNC expects modest house price declines later this year and in the first half of 2024 as mortgage rates remain elevated and affordability remains extremely low. Mortgage rates should decline throughout 2024, and that, coupled with price declines, will support improved affordability and a recovery in the housing market in the second half of next year.

Please reach out with any questions.

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