

## Home Prices Increased in November, But Growth Is Slowing

- **The Case-Shiller national home price index rose 0.2% in November from October after seasonal adjustment. Prices continue to increase, but the pace of growth has slowed in recent months.**
- **National prices rose 5.2% on a year-ago basis, the fastest pace in 2023.**
- **14 of the 20 metropolitan areas covered experienced price gains on the month, and all but one experienced year-over-year price gains.**
- **Housing affordability is extremely low, and prices will fall slightly in 2024.**

The S&P CoreLogic Case-Shiller U.S. National Home Price Index increased 0.2% in November from October after seasonal adjustment, lower than the consensus expectation. Although prices have increased for ten straight months, the pace of price growth has slowed for three straight months. The index without seasonal adjustments registered a price drop in November after hitting a record high in October.

Seasonally-adjusted prices rose in 14 of 20 metro areas covered in the release in November from October, with prices down in four cities and unchanged in two. The biggest monthly increases were in Las Vegas (up 1.0%), Cleveland (up 0.9%) and Charlotte and Miami (both up 0.7%). Prices fell in San Francisco (down 0.8%), Seattle (down 0.8%), Denver (down 0.5%), and Portland (down 0.2%).

From a year-over-year perspective, the national index was up 5.1% in November, the highest growth rate of national home prices in 2023. Prices were down slightly on a year-ago basis in spring 2023. Prices were up from a year ago in 19 of the 20 metro areas covered, with Portland (down 0.7%) the exception. The strongest year-over-year gains in home price were in Detroit (up 8.2%), San Diego (up 8.0%), and New York and Cleveland (up 7.4%).

With a return to price gains and mortgage rates at a decades-long high in the fall of 2023, affordability of existing single-family homes in November, relative to incomes, was at its second-lowest level since the mid-1980s (after October 2023). But at the same time inventories of single-family homes remain near historic lows, although they were up somewhat in the second half of 2023. Even with very low affordability, very tight inventories have contributed to price gains in recent months. Lower mortgage rates should provide some relief to affordability in 2024, and should also loosen up some inventory. The net effect should be modest house price declines in 2024. An increase in new homes for sale in 2024 will also weigh on prices for existing homes this year. House price growth should resume late this year or in early 2025 with lower mortgage rates.

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