



## U.S. House Price Fell for a Fifth Straight Month in July; Price to Fall Further in 2025

### Headlines

- **The Case-Shiller national home price index fell in July for a fifth consecutive month.**
- **Prices were up in only 10 out of 20 metro areas covered in July, albeit improving from June.**
- **PNC expects continued housing weakness in 2025 before a gradual recovery in demand next year**

**The S&P Cotality Case-Shiller U.S. National Home Price Index fell for a fifth straight month in July, down 0.06% after seasonal adjustment.** Home prices were rising in each month between December 2022 and February 2025 but started to decline as high interest rates weighed on housing demand and more inventory came online this year. On a year-over-year basis the index was up 1.7% in July, a sixth straight month of slowing yearly price gains. Prices in July were down 1.2% from their peak in February. Even with the small declines over the last few months, prices are up more than 50% compared to before the pandemic.

**Prices were up on the month in 10 of the 20 metro areas covered in the release after seasonal adjustment, with the largest increases in Chicago (up 0.47%), Portland (up 0.46%) and Minneapolis (up 0.45%).** Prices fell in 10 metro areas in July from June, with the largest declines in Las Vegas (down 0.89%), Phoenix (down 0.85%), Tampa (down 0.62%). On a year-ago basis prices were up in 13 areas in July led by New York (up 6.4%), Chicago (up 6.2%), and Cleveland (up 4.5%) (Figure 2). On a year-ago basis single-family home prices were down in seven areas led by Tampa (down 2.8%), San Francisco (down 1.9%), and Miami (down 1.3%).

**Nationally, weak housing demand and high inventories in mid-2025 are weighing on home price growth.** The supply for total existing homes for sale has held steady at around 4.6 months for the past four months in August at the current pace of sales, according to the National Association of Realtors, almost the highest level of inventories relative to sales in nine years. At the same time the typical 30-year fixed mortgage rate came down somewhat, at below 6.5%, but it is still near its highest level in decades. With elevated mortgage rates and big prices 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. This extremely low



affordability, rising inventories, and a softening labor market will continue to weigh on home prices through the rest of 2025. PNC expects two 25 basis point cuts in the federal funds rate in 2025, at the FOMC's last two meetings of the year in September, October, and December, and an additional interest rate cut at the start of 2026. Lower mortgage rates in 2026 should help bring back housing demand and restore home price growth.

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

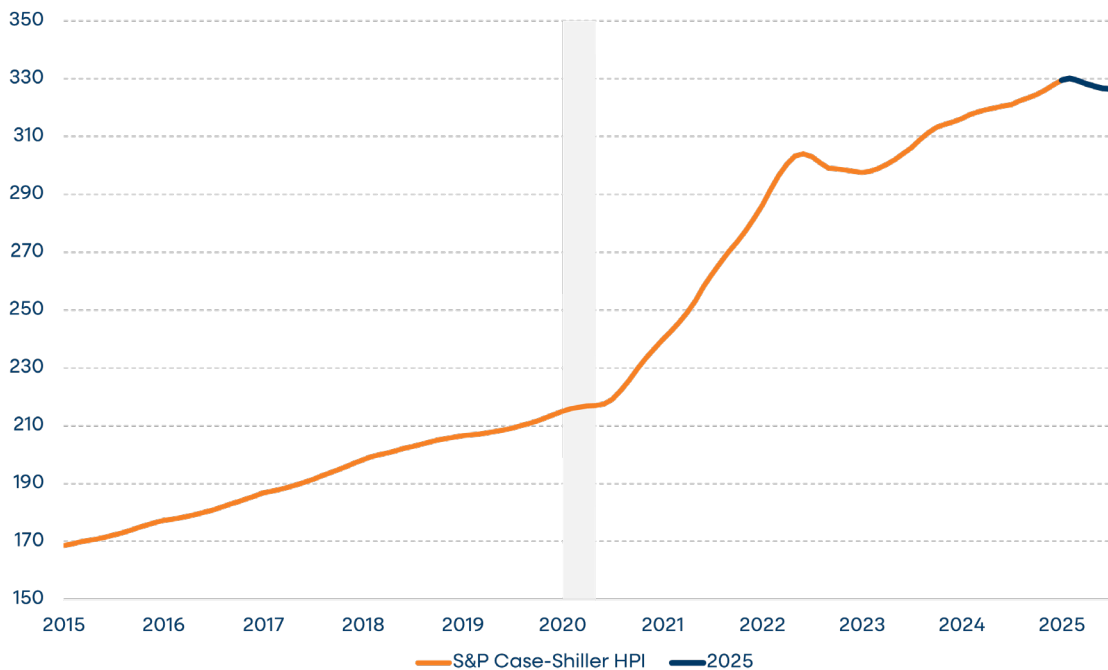
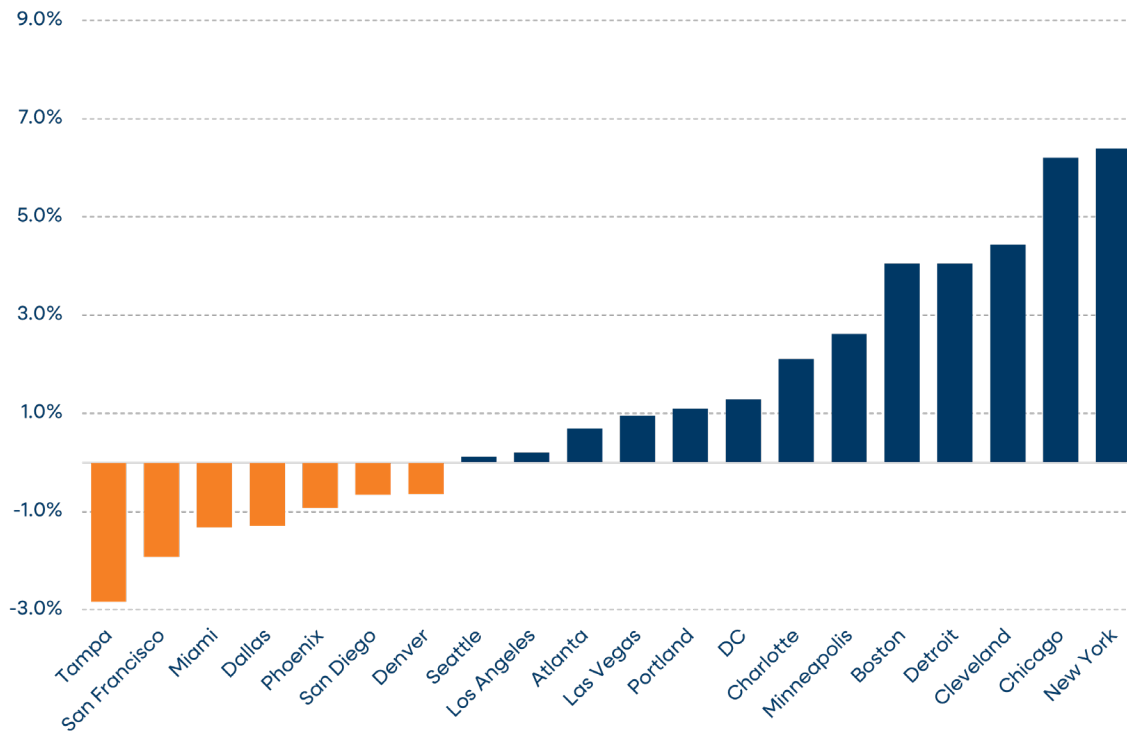




Figure 2: S&P Case Shiller HPI (%YoY)



Please reach out with any questions,

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