

U.S. Single-Family Home Prices Rose in Most Metro Areas; Tampa Experienced Falling Home Prices Both Monthly and Yearly in November

- The Case-Shiller national home price index rose to a new high in November.
- Home prices were up in 18 out of 20 metro areas covered for the month after seasonal adjustment, and in 19 for the year except Tampa.
- PNC expects that further easing in the FOMC's monetary policy will help restore the housing market activity but inflationary risks are elevated.

The S&P CoreLogic Case-Shiller U.S. National Home Price Index rose 0.44% in November from October after seasonal adjustment. On a year-over-year basis the index was up 3.75% in November. Single-family home prices have been setting record highs since October 2023. Single-family home prices continued to increase despite low housing affordability and elevated 30-year fixed mortgage rates in November, and the yearly growth picked up slightly on the month after slowing for most of the time in 2024.

Prices were up on the month in 18 of the 20 metro areas covered in the release after seasonal adjustment, with the biggest increases in Boston (up 0.94%), Phoenix (up 0.86%), and Miami (up 0.72%). Prices fell by 0.12% in Seattle and 0.16% in Tampa. From a year ago, prices were up firmly in 19 out of the 20 metro areas in November led by New York (7.3%), Chicago (6.2%), and Washington (5.9%).

Single-family home prices in Tampa remained higher than the national average albeit down from the same time last year. Compared to Miami where the housing shortage pushed home prices even higher, prices in Tampa fell 0.37% on a year-ago basis amid falling employment. Price growth in Tampa has lagged the national average in 2024, but on a level basis, home prices remained above the national average. Two hurricanes, one of which hit the region tremendously in late 2024 may have also weighed on employment gains and housing demand in the region.

Total housing completions fell 5% in December from November and 1% from last year according to the Census Bureau. The housing shortage problem will likely continue to push single-family home prices higher in most metro areas over the near term with slowing construction activity. There is a noticeable pickup in monthly existing home sales after September 2024. The solid US job market continued to support housing demand even with mortgage rates picking up from September 2024. PNC expects the Federal Open Market Committee to further reduce the fed funds rate by 50 basis points in the first half of 2025. Continued monetary policy easing will help lower mortgage rates and support a gradual recovery in existing home sales, homebuilding, and price growth. Inflationary risks, however, are higher under President Trump's foreign trade

policies, as prices for building materials and household furnishings could increase, further pushing up costs and prices of single-family homes in 2025.

PNC Economics

Ershang Liang, Economist

economics@pnc.com

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