

U.S. Single-Family Home Prices Rose in December, Up in Most Metro Areas

- The Case-Shiller national home price index rose to a new high in December.
- 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 for Tampa.
- PNC expects slower single-family house price growth in 2025.

The S&P CoreLogic Case-Shiller U.S. National Home Price Index rose 0.5% in December from November after seasonal adjustment, after increasing 0.4% in November. On a year-over-year basis the index was up 3.9% in December. Single-family home prices have risen for 23 straight months and have been setting record highs since November 2023. Single-family home prices continued to increase in December despite low housing affordability and elevated 30-year fixed mortgage rates, and yearly growth picked up slightly from November after slowing through most of 2024. Elevated mortgage rates in early 2025 will continue to weigh on housing demand in the near term.

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 1.2%), Chicago (up 1.0%), and Phoenix (up 0.9%). Prices fell 0.3% in Tampa, and were flat on the month in Washington. Prices after seasonal adjustment dropped for a third straight month in Tampa after a small increase in September. Tampa was the only metro area covered with house prices down in December on a year-ago basis, a drop of 1.1%. Prices were up firmly in December on a year-ago basis in the remaining 19 metro areas covered, led by New York (7.2%), Chicago (6.6%), and Boston (6.4%).

House price growth will slow in the coming months. Total single-family housing under construction fell a narrow 0.5% in January while completions increased, according to the Census Bureau. Elevated mortgage rates will limit housing demand over the next few months. According to a survey of homebuilders, present sales conditions and buyer traffic for single-family homes cooled in February. Existing home sales also dipped in January 2025, falling 5% on the month. Higher tariffs from the Trump administration are likely to raise costs for construction materials and appliances, increasing the cost of homeownership. PNC expects the Federal Open Market Committee to further reduce the fed funds rate by a cumulative 50 basis points later this year. Continued monetary policy easing and slowing inflation should reduce mortgage rates and support a gradual recovery in housing demand later this year. But risks to inflation and interest rates are to the upside; higher mortgage rates would create additional drags on the housing market.

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