

U.S. House Prices Fell Again in April; More Supply and Elevated Uncertainty Will Weigh on Home Prices Over the Near-Term

- The Case-Shiller national home price index fell in April for a second straight month.
- A pickup in housing supply pushed home prices lower. Home prices were up in only 5 of 20 metro areas covered for the month after seasonal adjustment.
- PNC expects low housing affordability and elevated 30-year fixed mortgage rates will be drags on housing demand and home prices in 2025.

The S&P CoreLogic Case-Shiller U.S. National Home Price Index fell for a second straight month in April and came in below the consensus, down 0.4% after seasonal adjustment. On a year-over-year basis the index was up 2.7% in April, a further slowdown in yearly price gains. Single-family home prices rose for more than two years in a row before March and had been setting record highs since March 2023. Single-family home prices dropped in April amid low housing affordability, elevated 30-year fixed mortgage rates, and high policy uncertainty.

Prices were up on the month in 5 of the 20 metro areas covered in the release after seasonal adjustment, with the greatest increases in New York (up 0.63%), Chicago (up 0.34%), and Cleveland (up 0.29%). Prices fell in 15 metro areas from last month, with the largest decline in San Francisco (down 1.2%), Los Angeles (down 1.05%) and Phoenix (down 0.9%). The housing inventory in the San Francisco-Oakland-Hayward metro area jumped to the highest level since July 2016 in May 2025 according to an active listing count for the area. This jump in housing supply has pushed home prices in the metro area lower in April and will likely weigh on home price growth over the near term. On a year-ago basis, prices were up in 18 cities in April led by New York (up 7.95%), Chicago (up 6.02%), and Detroit (up 5.5%); single-family home prices fell 0.2% in Dallas and 2.15% in Tampa from the same time last year.

According to the National Association of Realtors (NAR), the inventory of total existing homes increased for a fifth consecutive month in May, jumping 20% from the same time last year. The supply of all existing homes for sale rose 4.6 months at the current sales pace in May, the highest over the past three years. This, along with a softening U.S. labor market, will likely weigh on home price growth over the near term.

The weakness in home prices and housing demand will likely continue over the near term as the supply of existing homes for sale increases and housing affordability remains low. This goes parallel with a softening U.S. labor market under slower economic growth from 2024, elevated uncertainty, and tight monetary policy for most of this year. PNC expects one 25 basis point cut in the fed funds rate in 2025, at the FOMC's last meeting of the year, in December. Sooner-than-expected interest rate cuts or fewer impacts from tariffs on inflation than expected will help restore homebuilding and housing demand this year.

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