



U.S. House Price Fell for a Fourth Straight Month in June; Price to Fall Further in 2025

Headlines

- The Case-Shiller national home price index fell in June for a fourth consecutive month.
- Higher housing inventories have pushed home prices lower. Prices were up in only 3 out of 20 metro areas covered in June.
- PNC expects continued housing weakness in 2025 before a gradual recovery in demand next year.

Details

The S&P CoreLogic Case-Shiller U.S. National Home Price Index fell for a fourth straight month in June, down 0.3% after seasonal adjustment. Home prices were rising in each month between December 2022 and February 2025 but have declined in 2025 as high interest rates weigh on housing demand and more inventory came online this year (**Figure 1**). On a year-over-year basis the index was up 1.9% in June, a fifth straight month of slowing yearly price gains. Prices in June were down almost 1% 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 3 of the 20 metro areas covered in the release after seasonal adjustment, with the increases in Chicago (+0.24%), New York (+0.21%) and Minneapolis (+0.09%). Prices fell in 17 metro areas in June from May, with the largest declines in Phoenix (-1.2%), San Francisco (-0.83%), and Miami (-0.82%). On a year-ago basis prices were up in 13 areas in June led by New York (+7.0%), Chicago (+6.1%), and Cleveland (+4.5%) (**Figure 2**). On a year-ago basis single-family home prices were down in five areas led by Tampa (-2.4%), San Francisco (-2.0%), and Dallas (-1.0%).

Housing inventories are at years-long highs in the Los Angeles and San Francisco areas, putting downward pressure on prices. On a year-ago basis, the active listing counts in California ran ahead of those in New York and the nation in 2025 (**Figure 3**). Meanwhile, a slowly growing labor market in California, compared to the nation, weighed more on local home prices while housing affordability remains stretched (**Figure 4**).



Nationally, weak housing demand and increasing inventories in mid-2025 are weighing on home price growth. The inventory of total existing homes for sale in July was 4.6 months 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. The number of existing homes for sale in June was up 16% from the same time last year. At the same time the typical 30-year fixed mortgage rate is close to 7%, near its highest level in decades. With elevated mortgage rates and big price 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 three (3) 25 basis point cuts in the federal funds rate in 2025, at the FOMC's last three 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)

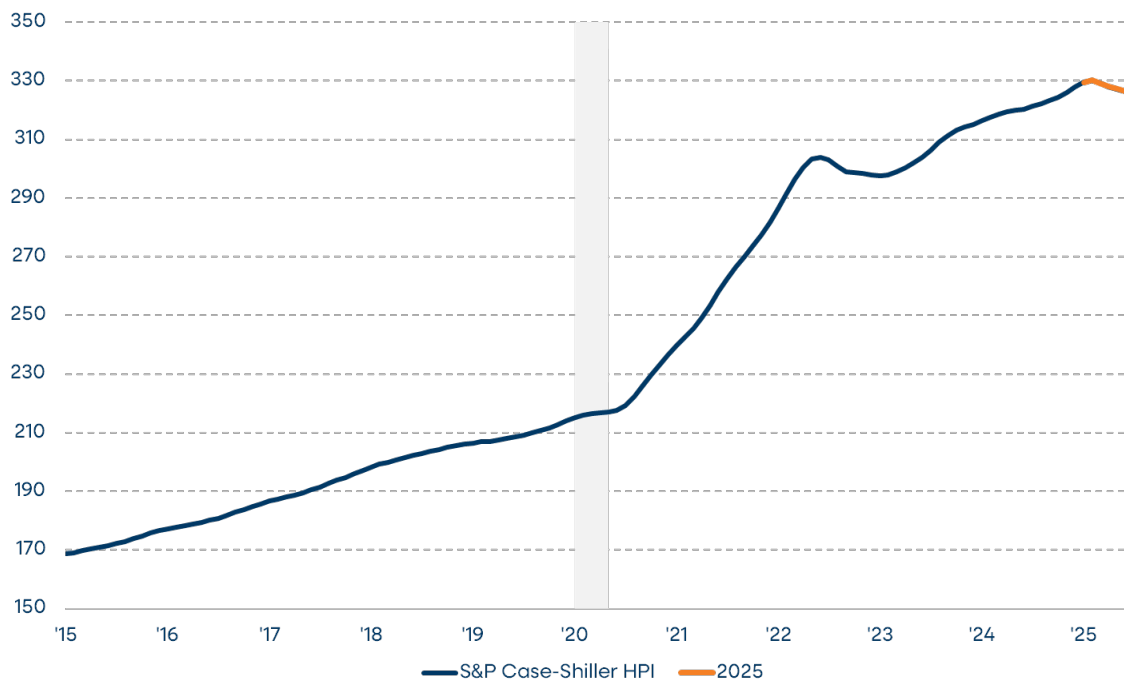




Figure 2: S&P Case Shiller HPI (%YoY)

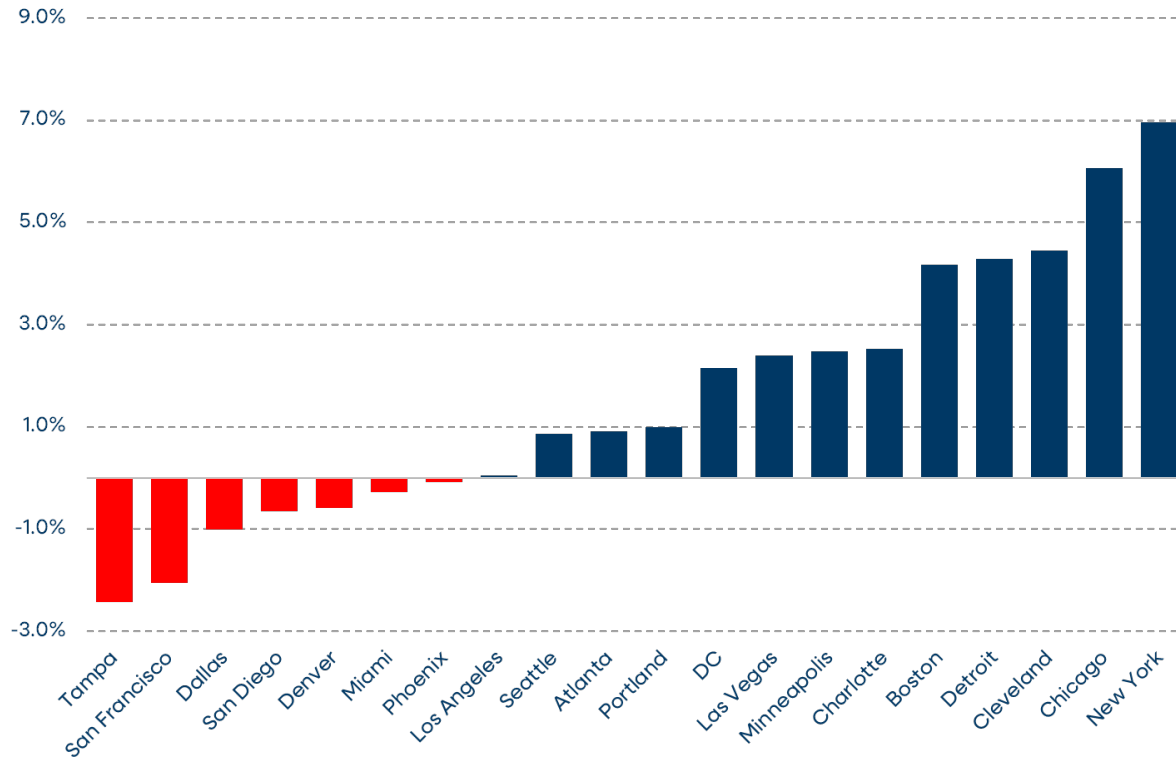


Figure 3: Housing Inventory (Feb 2020 = 100)

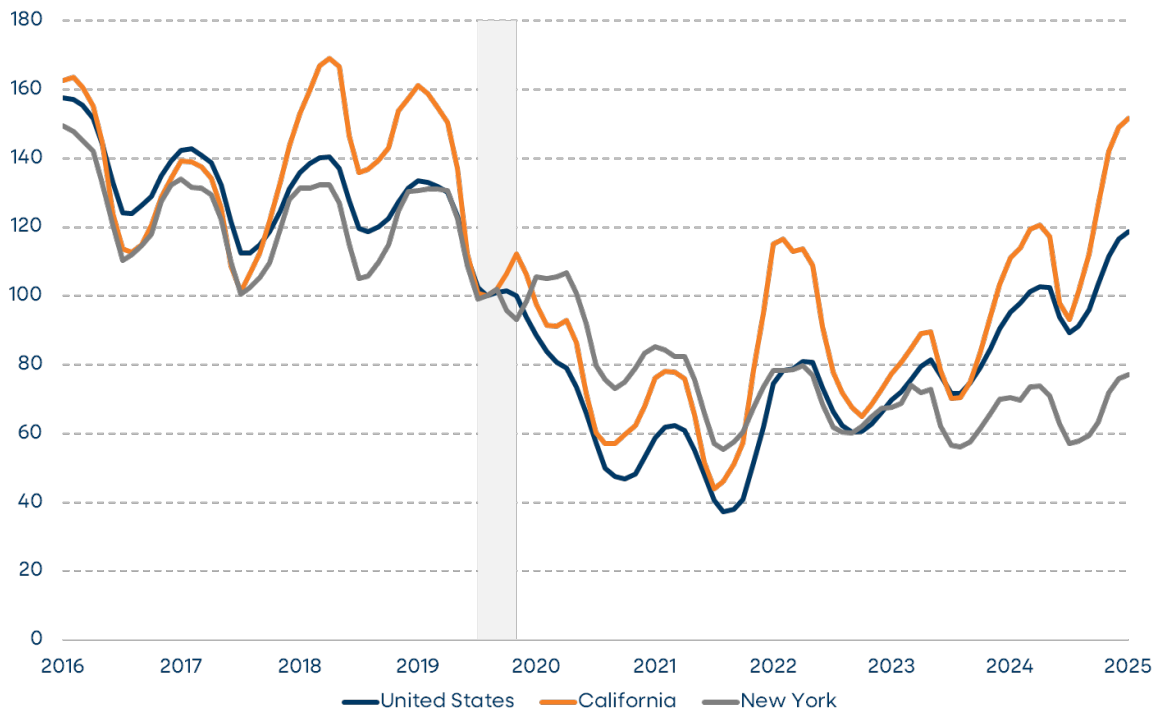
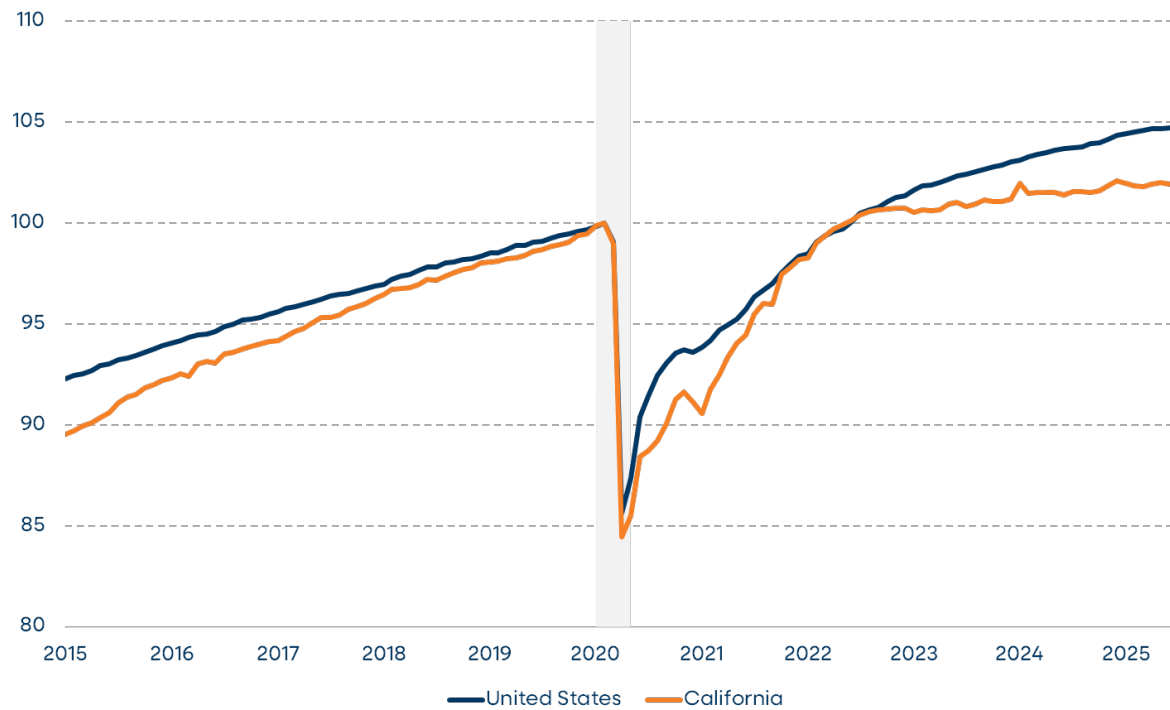




Figure 4: Nonfarm Payrolls (Feb 2020 = 100)



Source: BLS, S&P Global, Realtor.com

Please reach out with any questions,

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