



U.S. Home Prices Continued to Rise in December at Slower Pace

Headlines

- **The Case-Shiller national home price index increased 0.4% in December.**
- **Prices nationally were up 1.3% in December on a year-ago basis, slowing from earlier in the year.**
- **Prices were up in 18 out of 19 metro areas covered in December.**
- **PNC expects housing affordability to gradually improve in 2026, supported by weak price growth and an expanding labor market.**

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Details

The S&P Cotality Case-Shiller U.S. National Home Price Index rose 0.4% after seasonal adjustment in December from November. Home prices rose each month between December 2022 and February 2025, but fell from April to July as high mortgage rates weighed on housing demand and more inventory came online. Prices have been increasing since July, however.

On a year-over-year basis the index was up 1.3% in December. After peaking at above 4% in January, year-ago price growth has slowed every month since then. December was the second-weakest month for annual price growth since mid-2023. Even with small declines in prices in mid-2025, prices are up more than 50% compared to before the pandemic.

Prices were up on the month in 18 of the 19 metro areas covered in the release after seasonal adjustment, with the largest increases in San Diego (up 0.9%), Chicago (up 0.7%), and Charlotte (up 0.7%). Prices fell in only one metro area in December

from November, down 0.2% in Denver. Prices fell in five metro areas in October and two in November. The Detroit metropolitan area index was not released for December because of a delay at a county-level recording office; however, its November home price index rose 0.3%, slightly below the national increase of 0.5% for the month.

On a year-ago basis prices were up in 10 metro areas in December, led by Chicago (up 5.3%), New York City (up 5.0%), and Cleveland (up 4%) (Figure 2). On a year-over-year basis single-family home prices were down in nine metro areas, led by Tampa (down 2.9%), and Phoenix and Dallas (both down 1.5%).

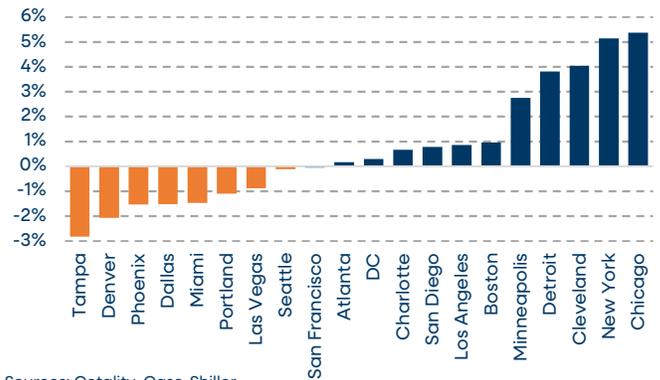
Nationally, the months supply of existing single-family homes for sale tumbled 18% to 3.3 months at the current pace of sales in December from November, according to the National Association of Realtors. Despite the monthly pullback, housing inventory and months of existing home supply were still up more than 6% at the end of 2025 from a year earlier, weighing on price gains. Despite a pickup in



housing inventory overall, major metro areas in the Northeast, like greater New York, are still undersupplied. Home prices there continue to grow on a month-on-month basis. However, a slowing labor market and low affordability are weighing on housing demand and prices across the country.

Overall, year-over-year home price growth will continue to slow into 2026. Mortgage rates are still near their highest levels 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. Extremely low affordability, rising inventories, and a softening labor market will continue to weigh on home price gains in the near term. PNC expects two federal funds rate cuts in the second half of 2026. Mortgage rates will remain elevated in 2026, but stronger job growth and continued wage gains should help support housing demand and increase housing affordability, even with modest price growth.

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



Sources: Cotality, Case-Shiller
Note: The most recent data for Detroit is from November

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



Source: Cotality, Case-Shiller



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