

Case-Shiller Home Price Index Set New Record High in June, Even as Price Growth Slows

- **The Case-Shiller national home price index rose on the month and year-over-year in June, setting another record high.**
- **Home prices were up in 13 out of 20 metro areas covered for the month, and in all 20 for the year.**
- **Price growth has slowed in mid-2024 with high mortgage rates and low affordability.**
- **PNC expects home prices will continue to increase in the near term, but at a slow pace.**
- **The housing market will strengthen late this year and in 2025 as falling mortgage rates boost affordability.**

The S&P CoreLogic Case-Shiller U.S. National Home Price Index climbed 0.2% in June from May after seasonal adjustment, the smallest monthly gain in single-family home prices over the past 15 months. Price momentum has faded into mid-2024 as the U.S. housing market continues to cool under elevated mortgage rates and a softening labor market. On a year-over-year basis the index was up 5.4% in June; price growth was 5.9% in May and 6.3% in April. The index fell in the second half of 2022 but has increased every month since early 2023, and has been setting record highs since July 2023. Both monthly and yearly single-family price growth have slowed into mid-2024.

Prices were up on the month in 13 of the 20 metro areas covered in the release after seasonal adjustment, with the biggest increases in Seattle (up 0.9%), San Diego (up 0.7%) and Los Angeles, New York, and San Francisco (all up 0.6%). Prices continued to drop in Phoenix (down 0.3%), Portland (down 0.2%), and Dallas (down 0.1%). Over the past year prices were up firmly in all 20 metro areas in June, with the largest increases in New York (9.0%), San Diego (8.7%), and Las Vegas (8.5%). The weakest year-over-year price growth was in Portland (0.8%), Denver (1.9%) and Minneapolis (2.0%).

Price growth has lost momentum in mid-2024 as high prices and mortgage rates have caused low affordability and weighed on demand. A different price measure, the median sale price for an existing single-family home (not seasonally adjusted) from the National Association of Realtors, fell in July and was down over the month in the Northeast, Midwest, and South. Housing affordability remains a challenge in 2024 as home prices continue to climb higher each month. PNC expects near-term weakness in homebuilding, house price growth and existing home sales, but the housing market should turn around toward the end of the year as the Federal Reserve eases monetary policy. The rate on a typical 30-year mortgage has already fallen from above 7% in May to below 6.5%, and PNC is forecasting further mortgage rate declines through the rest of this year and into next as the Federal Open Market Committee starts to cut the federal funds rate. Easing credit conditions and falling mortgage rates will lead to improved housing affordability and stronger housing demand later this year and in 2025.

Gus Faucher
Chief Economist

Stuart Hoffman
Senior Economic Advisor

Kurt Rankin
Senior Economist

Ershang Liang
Economist

PNC Economics
economics@pnc.com

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