

U.S. House Price Growth Continued to Slow in October as Low Affordability Remains a Problem

- **The Case-Shiller national home price rose 0.3% in October, with gains in most metro areas covered.**
- **Home prices were up 3.6% in October from a year earlier, the slowest pace in more than a year. Prices were up on a year-ago basis in all 20 metro areas covered.**
- **House price growth should continue to slow in early 2025 as low affordability remains a constraint.**

The S&P CoreLogic Case-Shiller U.S. National Home Price Index rose 0.3% in October from September after seasonal adjustment, consistent with the recent pace. Single-family home prices continue to increase despite low housing affordability, elevated mortgage rates, and a gradually softening labor market, but yearly growth is easing. On a year-over-year basis the index was up 3.6% in October; this was the slowest increase in house prices since August 2023. Year-ago price growth was 3.9% in September and 4.3% in August. House prices nationally have increased every month since early 2023, and the index has been setting record highs every month since September 2023.

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 and Washington (both up 0.7%). Prices fell by 0.3% in Cleveland and by slightly more than 1% in Tampa. Prices in October were up in all 20 metro areas from a year earlier, led by New York (7.3%), Chicago (6.2%), and Las Vegas (5.9%). The weakest year-over-year price growth was in Tampa (0.4%), Denver (0.4%), and Dallas (0.9%).

With rising home prices and high mortgage rates housing affordability remains historically low. The average 30-year fixed mortgage rate rose by over 70 basis points from late September to early November according to Freddie Mac, and PNC expects high mortgage rates to lead to additional slowing in house price growth in the near term. But a further easing in monetary policy in 2025 and lower mortgage rates will support a gradual recovery in existing home sales, homebuilding, and house price growth later next year. Housing demand and homebuilding will also get supports from slower inflation and declining prices for building materials and household furnishings, although inflation risks are tilted to the upside.

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