



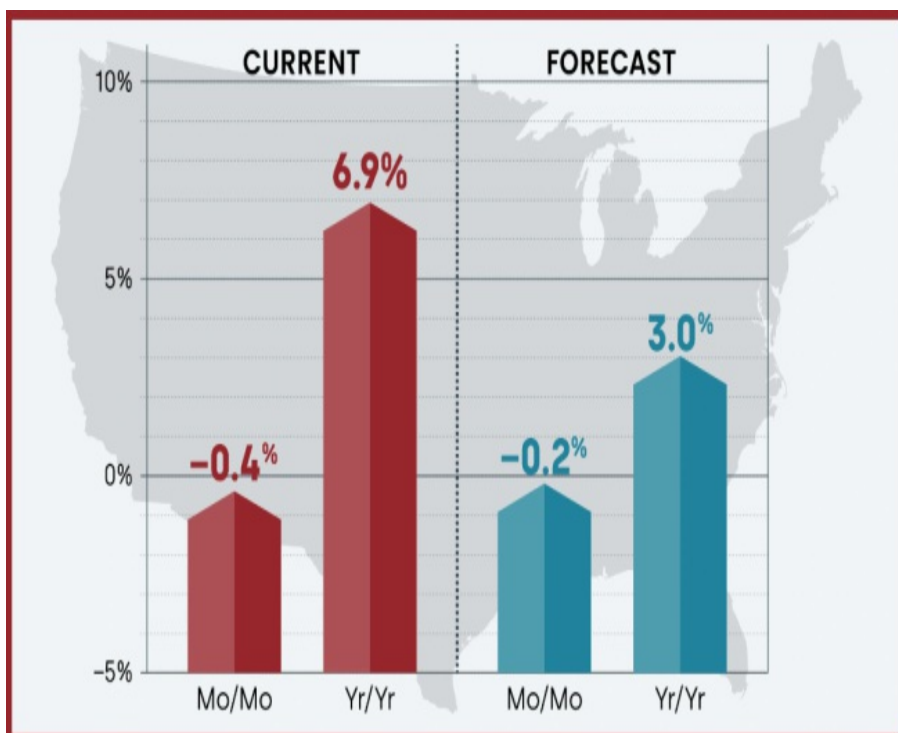
## Core Logic Sees Smaller Home Price Losses Ahead Despite Some "At-Risk" Markets

The FHFA and S&P Case Shiller published home price index data last week for the month of November. Both showed moderate month-over-month declines offset by still-high year-over-year numbers. Today's CoreLogic home price data paints a similar picture (but for the month of December) with a modest 0.4% decline month-over-month and a 6.9% annual growth rate.

6.9% is still on the higher end of historical norms from before the post-pandemic boom, but CoreLogic goes a step farther by updating forecasts in addition to the hard data. The firm sees next month's year-over-year number dropping to +3.0%. Bad news, right?!

Not so fast... We have to remember the economic phenomenon of "base effects." This means that annual numbers can and will change--sometimes substantially--just because data from 12 months ago falls out of a calculation. So while this month's year-over-year number includes last December, next month's won't. If last December was a strong month (it was), that would make the new year-over-year number look like it fell a lot.

Interestingly enough, the same forecast that delivers the big drop in annual price appreciation also shows a slowdown in price losses with January only seen losing 0.2% to December's 0.4%.



The slowdown is more evident in Western states. The following chart shows the percent change in prices vs last year. All Western states came in under the 5% mark (and Idaho was the lone state that posted a decline).



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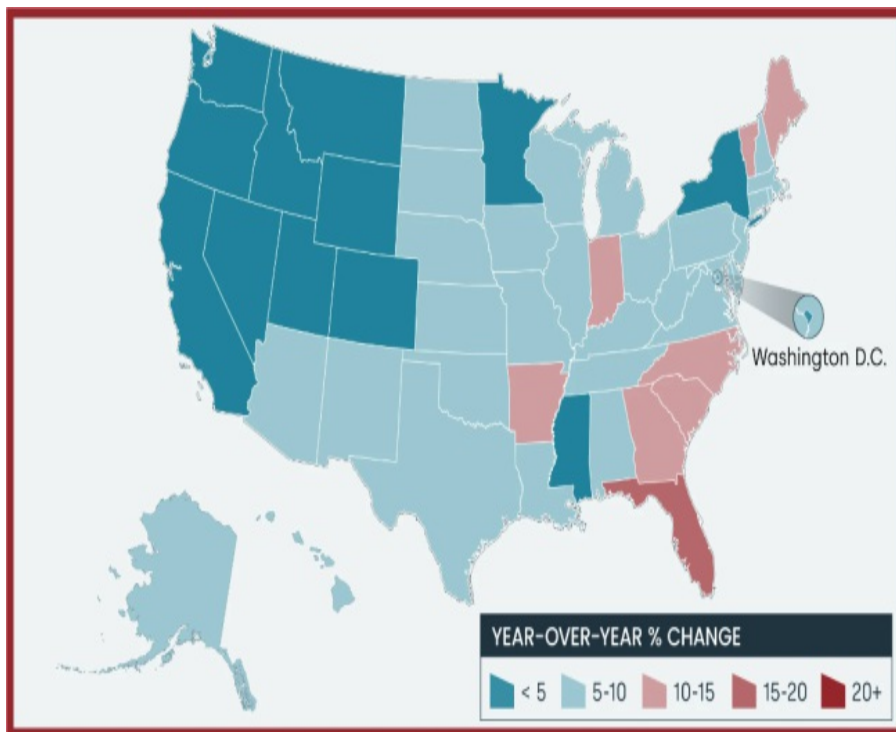
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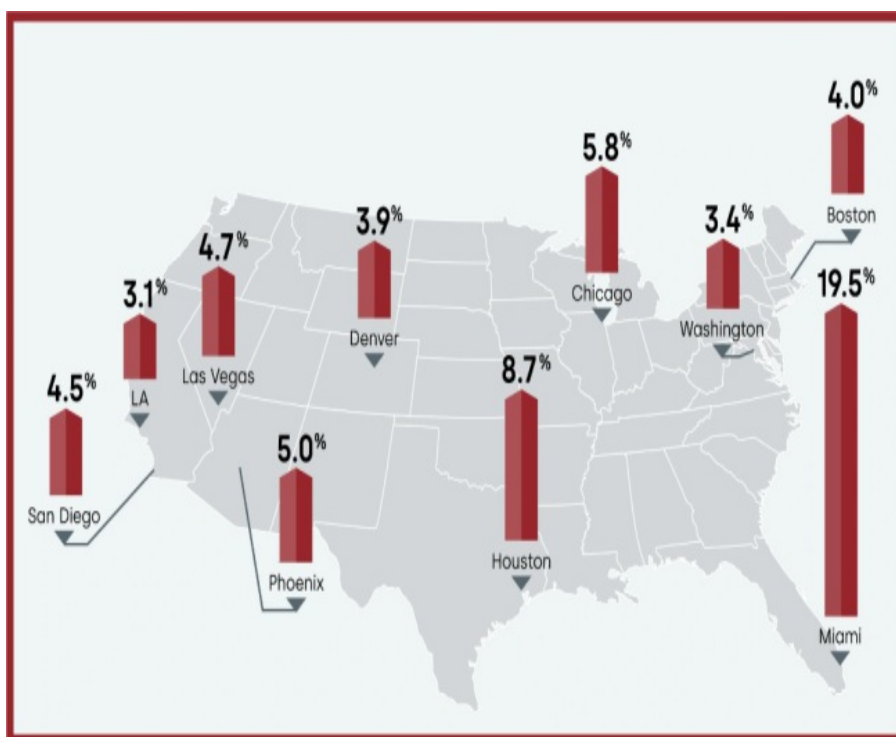
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Things vary greatly depending on the metro area in question (and even more greatly if the metro area is Miami).



Last but not least, CoreLogic didn't shy away from calling out the top 5 markets most at risk of home price declines. Keep in mind, this doesn't necessarily connote a big decline and these certainly wouldn't be the only 5 markets that see a modest correction in year-over-year prices. Anecdotally, several of our clients are already seeing year-over-year declines in certain corners of certain markets. Whatever the case turns out to be, no one is seeing anything remotely similar to the home price environment seen before the financial crisis. I'm not sharing this thought to be a cheerleader for housing, but rather, simply because it's true.

## Top Markets at Risk of Home Price Decline

Risk Rank	Metropolitan Areas	Level of Risk of Price Decline	Confidence Score
1	Salem, OR	<b>VERY HIGH</b> ABOVE 70% PROBABILITY OF A PRICE DECLINE	50-75%
2	Bellingham, WA	<b>VERY HIGH</b> ABOVE 70% PROBABILITY OF A PRICE DECLINE	50-75%
3	Bremerton-Silverdale, WA	<b>VERY HIGH</b> ABOVE 70% PROBABILITY OF A PRICE DECLINE	50-75%
4	Crestview-Fort Walton Beach-Destin, FL	<b>VERY HIGH</b> ABOVE 70% PROBABILITY OF A PRICE DECLINE	50-75%
5	Olympia-Tumwater, WA	<b>VERY HIGH</b> ABOVE 70% PROBABILITY OF A PRICE DECLINE	50-75%