



Mixed Results on YoY Home Price Appreciation

The S&P CoreLogic Case-Shiller Indices posted an annual decline in home prices for the second straight month in May while the Housing Price Index provided by the **Federal Housing Finance Agency (FHFA)** continues to show annual appreciation. Case-Shiller's National Home Price Index, which covers all nine U.S. census divisions, was down 0.5 percent compared to a loss of 0.1 percent in April. The 1.0 decline in the 10-City Composite was a slight improvement from -1.1 percent the previous month. The 20-City Composite was unchanged from April's 1.7 percent year-over-year loss.



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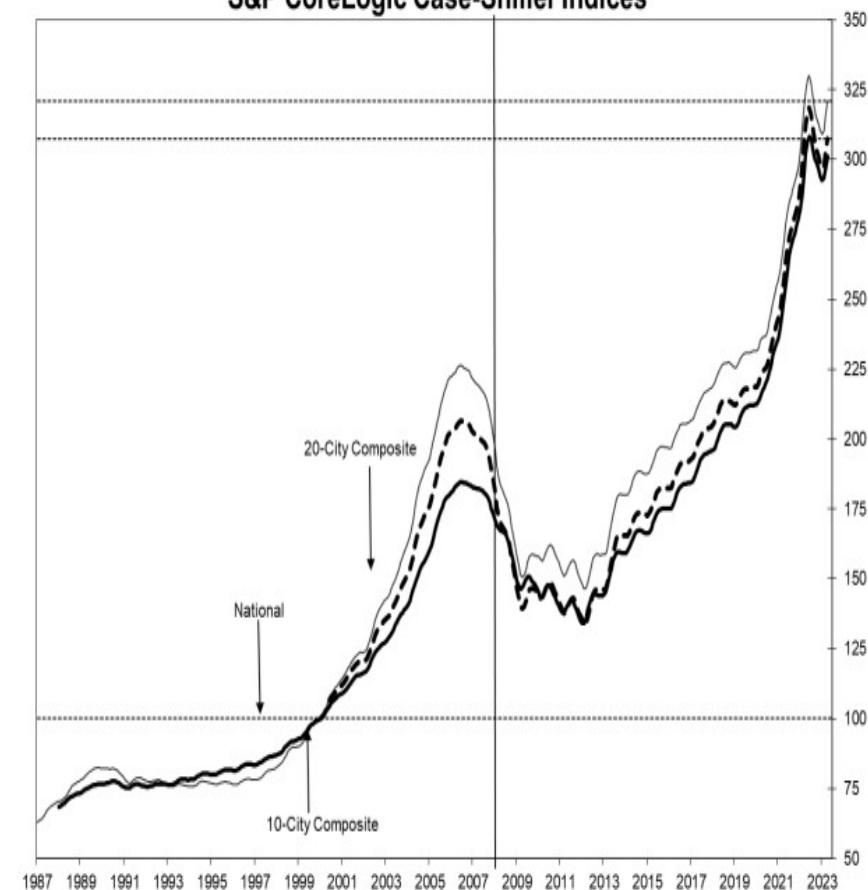
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S&P CoreLogic Case-Shiller Indices



Sources: S&P Dow Jones Indices & CoreLogic

Month-over-month, however, prices were ascendent, Before seasonal adjustment, the National Index posted a 1.2 percent month-over-month increase and was up 0.7 percent after seasonal adjustment. in May. Both the 10-City and 20-City Composites rose 1.5 percent on an unadjusted basis while the 10-City Composite gained 1.1 percent and 20-City Composite 1.0 percent after adjustment.

Chicago, Cleveland, and New York reported the highest year-over-year gains among the 20 cities in May. Chicago moved up one to the top spot with a 4.6 percent year-over-year price increase, while Cleveland was number two at 3.9 percent. New York debuted in the top three with a 3.5 percent increase. There was an even split of 10 cities reporting lower prices and those reporting higher prices in the year ending May 2023 versus the year ending April 2023.

Craig J. Lazzara, Managing Director at S&P Dow Jones, called the lineup of top performers “Revenge of Rust Belt.” “If this seems like an unusual occurrence to you, it seems that way to me too,” he said. “It’s been five years to the month since a cold-weather city held the top spot (and that was Seattle, which isn’t all that cold). Since May 2018, the top-ranked cities have been Las Vegas (12 months), Phoenix (33 months), Tampa (5 months), and Miami (9 months).”

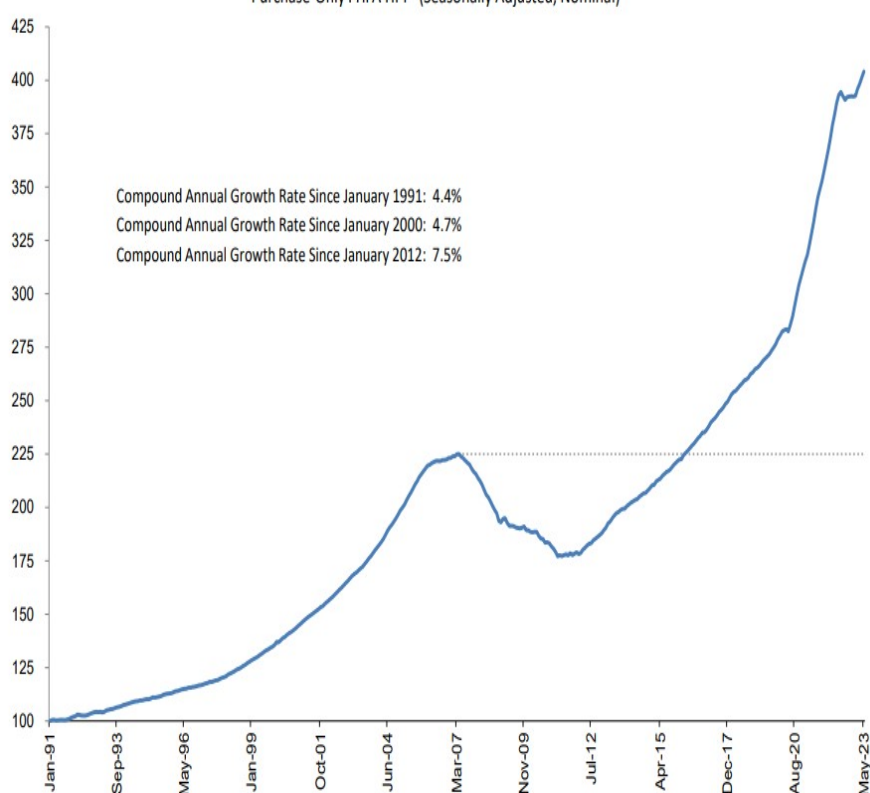
“At the other end of the scale, the worst performers continue to cluster near the Pacific coast, with Seattle (-11.3 percent) and San Francisco (-11.0 percent) at the bottom. This month the Midwest (+2.7 percent) unseated the Southeast (+2.1 percent) as the country’s strongest region. The West (-6.9 percent) remains weakest.

“Home prices in the U.S. began to fall after June 2022, and May’s data bolster the case that the final month of the decline was January 2023. Granted, the last four months’ price gains could be truncated by increases in mortgage rates or by general economic weakness. But the breadth and strength of May’s report are **consistent with an optimistic view of future months**.

The FHFA said house prices rose 0.7 percent from April to May, identical to the increase from March to April. The annual increase was 2.8 percent, down from 3.1 percent the previous month.

Monthly House Price Index for U.S. from January 1991 - Present

Purchase-Only FHFA HPI® (Seasonally Adjusted, Nominal)



Source: FHFA

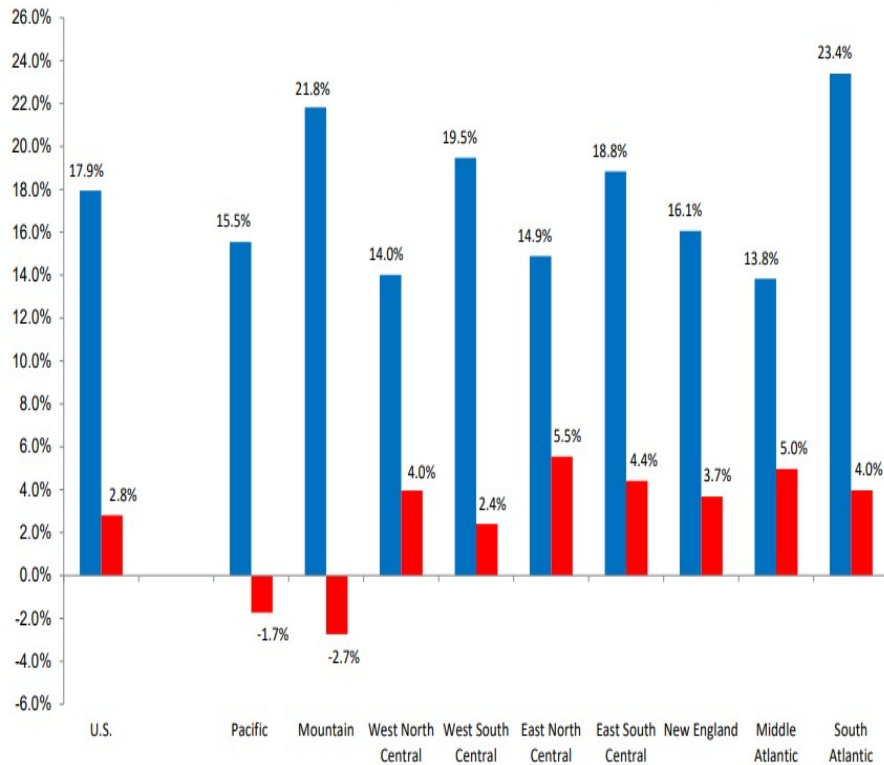
For the nine census divisions, seasonally adjusted monthly price changes from April 2023 to May 2023 ranged from a decline of 0.5 percent in the New England division to an increase of 1.7 percent in the Pacific division. The Mountain Division saw prices fall 2.7 percent on an annual basis while they rose 5.5 percent in the East North Central division.

Twelve-Month House Price Changes – Prior Year vs. Most Recent Year

Purchase-Only FHFA HPI® (Seasonally Adjusted, Nominal)

■ Price Change: 05/2021 - 05/2022

■ Price Change: 05/2022 - 05/2023



Source: FHFA

“U.S. house prices increased moderately in May, continuing the trend of the last few months,” said Dr. Nataliya Polkovnichenko, Supervisory Economist in FHFA’s Division of Research and Statistics. **“However, house prices in some regions of the country remained below the levels seen one year ago.”**

The Case-Shiller Indices track the matched price pairs for thousands of individual houses, and each was benchmarked in January 2000 at 100. The current value of the National Index is 305.15 and the 10- and 20-City Composites are at 325.72 and 312.02, respectively.

FHFA’s HPI is based on home sales financed by either Fannie Mae or Freddie Mac. It was benchmarked at 100 in January 1991 and currently stands at 404.1.