

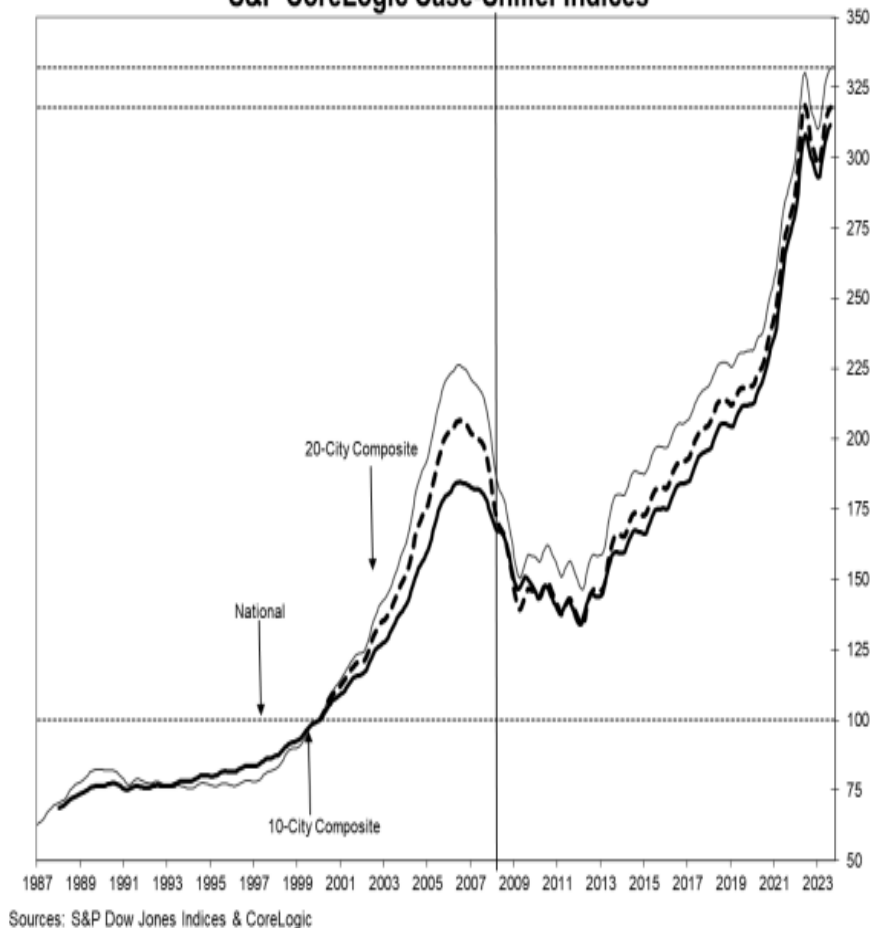


Home Prices Hit Record Highs Nationally and in Seven Cities

Even with interest rates at a two-decade high and mortgage applications and existing home sales slipping back to 20th-century levels, home prices continue to rise. The S&P CoreLogic Case-Shiller indices increased for the seventh consecutive month while the Federal Housing Finance Agency (FHFA) reports a **ninth straight gain in its Housing Price Index (HMI)**.

Case-Shiller's U.S. National Home Price NSA Index, which covers all nine U.S. census divisions, **reported a 2.6 percent annual change in August, up from 1.0 percent in the previous month**. The 10-City Composite showed an increase of 3.0 percent, compared to 1.0 percent in July and the 20-City Composite annual gain rose from 2.0 percent to 2.2 percent.

S&P CoreLogic Case-Shiller Indices



CoreLogic Chief Economist Dr. Selma Hepp says any respite from surging prices might only be temporary. “Although housing prices have increased significantly this year, climbing 5 percent from the early-year low, **higher mortgage rates, and seasonal trends will slow further monthly gains** – with some **possible declines in winter months**,” she said. “Nevertheless, the year-to-date gains indicate that growth will pick up through the end of 2023 compared to last year’s slump during this time period.”



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Chicago posted the greatest appreciation among the 20 cities for the fourth consecutive month. Seven of the 20 reported lower prices in the year ending August 2023 than in the year ending July 2023 while 12 cities reported higher prices. Nineteen of the 20 cities show a positive trend in year-over-year price acceleration compared to the prior month.

Before seasonal adjustment, the U.S. National Index, 10-City, and 20-City Composites, all posted a 0.4 percent month-over-month increase in August. After adjustment, the National Index was up 0.9 percent, while the 10-City and 20-City Composites each gained 1.0 percent.

“U.S. home prices continued to rise in August 2023,” Craig J. Lazzara, Managing Director at S&P DJI said in his analysis, “One measure of the strength of the housing market is the relationship of current prices to their historical levels. On that dimension, it’s worth noting that the National Composite, the 10-City Composite, and seven individual cities (Atlanta, Boston, Charlotte, Chicago, Detroit, Miami, and New York) stand at their all-time highs. Observing the breadth of price changes provides insight into another dimension of market health. On a seasonally adjusted basis, prices increased in 19 of 20 cities in August (and Cleveland only missed by a whisker); before seasonal adjustments, prices rose in 13 cities.

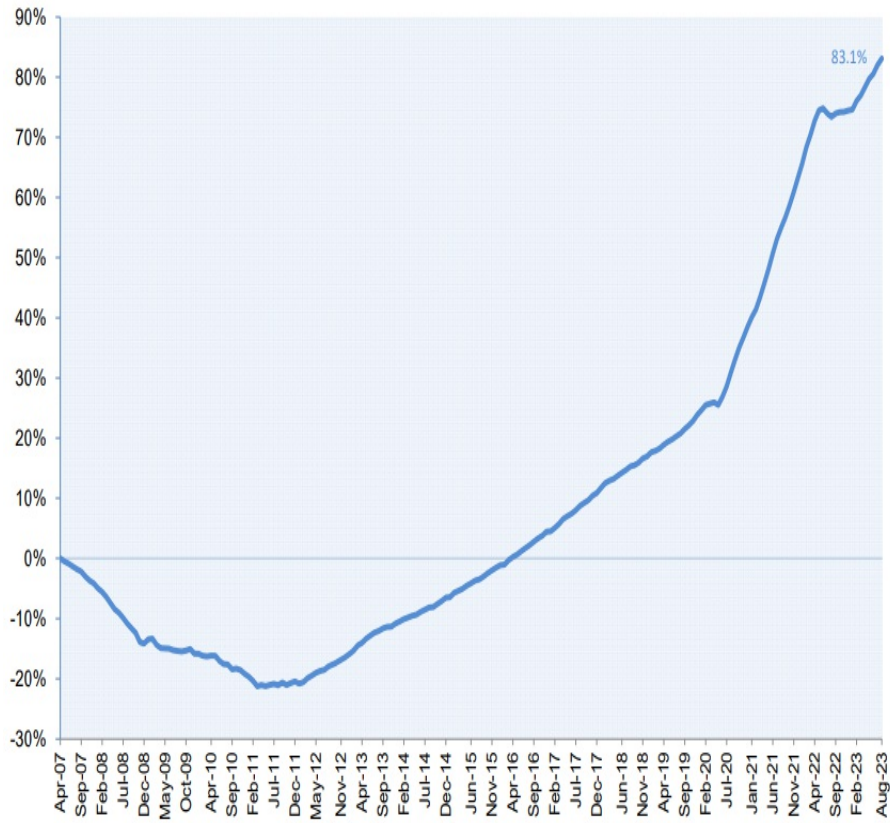
“Regional differences are substantial. On a year-over-year basis, the three best-performing metropolitan areas in August were Chicago (+5.00 percent), New York (+4.98 percent), and Detroit (+4.8 percent). Chicago has topped the leaderboard for four consecutive months, and New York moved up this month to the silver medal position. The bottom of the rankings still has a western focus, with the worst performances coming from Las Vegas (-4.9 percent) and Phoenix (-3.9 percent). The Midwest (+3.9 percent) continues as the nation’s strongest region, followed by the Northeast (+3.8 percent). The West (-0.9 percent) and Southwest (-0.8 percent) remain the weakest regions.

“On a year-to-date basis, the National Composite has risen 5.8 percent, which is well above the median full calendar year increase in more than 35 years of data. The year’s increase in mortgage rates has surely suppressed housing demand, but after years of exceptionally low rates, it seems to have suppressed supply even more. Unless higher rates or other events lead to general economic weakness, the breadth and strength of this month’s report are consistent with an optimistic view of future results.”

FHFA said its HMI was up 0.6 percent in August, although this was a more modest increase than the 0.8 percent posted in July. The annual increase was 5.6 percent.

Cumulative House Price Change Relative to the 2007 Peak for U.S.

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



Source: FHFA

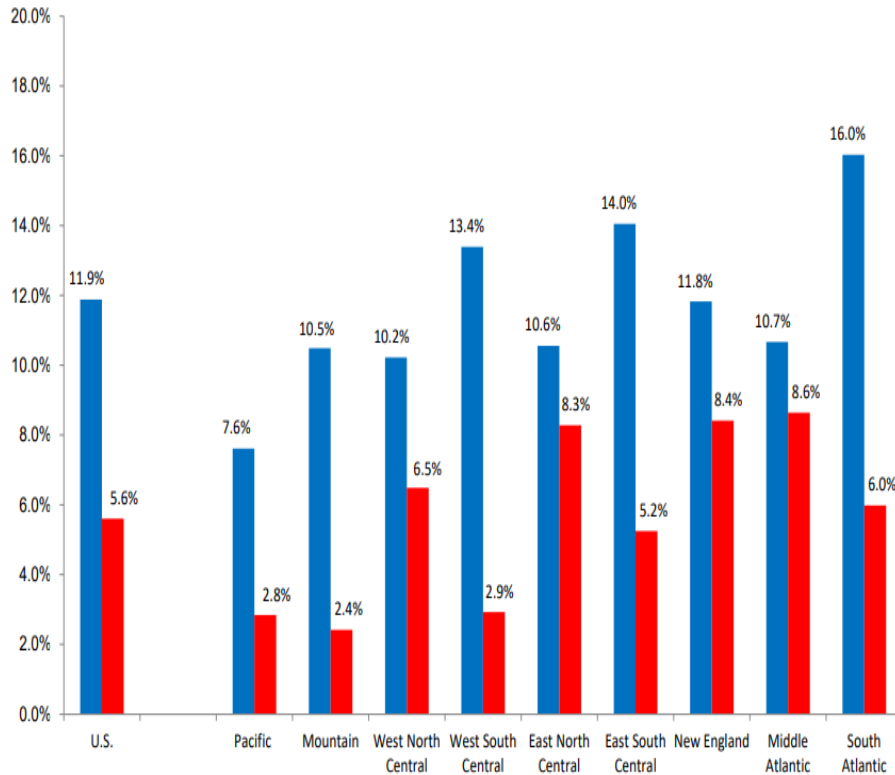
For the nine census divisions, seasonally adjusted monthly price changes from July 2023 to August 2023 ranged from a negative 0.2 percent in the South Atlantic division to an increase of 1.1 percent in both the Pacific and East North Central divisions. The 12-month changes ranged from 2.4 percent in the Mountain division to a high of 8.6 percent in the Middle Atlantic division.

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

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

■ Price Change: 08/2021 - 08/2022

■ Price Change: 08/2022 - 08/2023



Source: FHFA

“U.S. and regional house price gains remained strong over the last 12 months,” said Dr. Nataliya Polkovnichenko, Supervisory Economist in FHFA’s Division of Research and Statistics. “The South Atlantic division showed moderate weakness in August, while the remaining census divisions posted positive price appreciation from the previous month.”

Case-Shiller Indices track the matched price pairs for thousands of individual houses. Each was benchmarked in January 2000 at 100. The current value of the National Index is 311.50 and the 10- and 20-City Composites are at 331.96 and 317.88, 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 411.8.