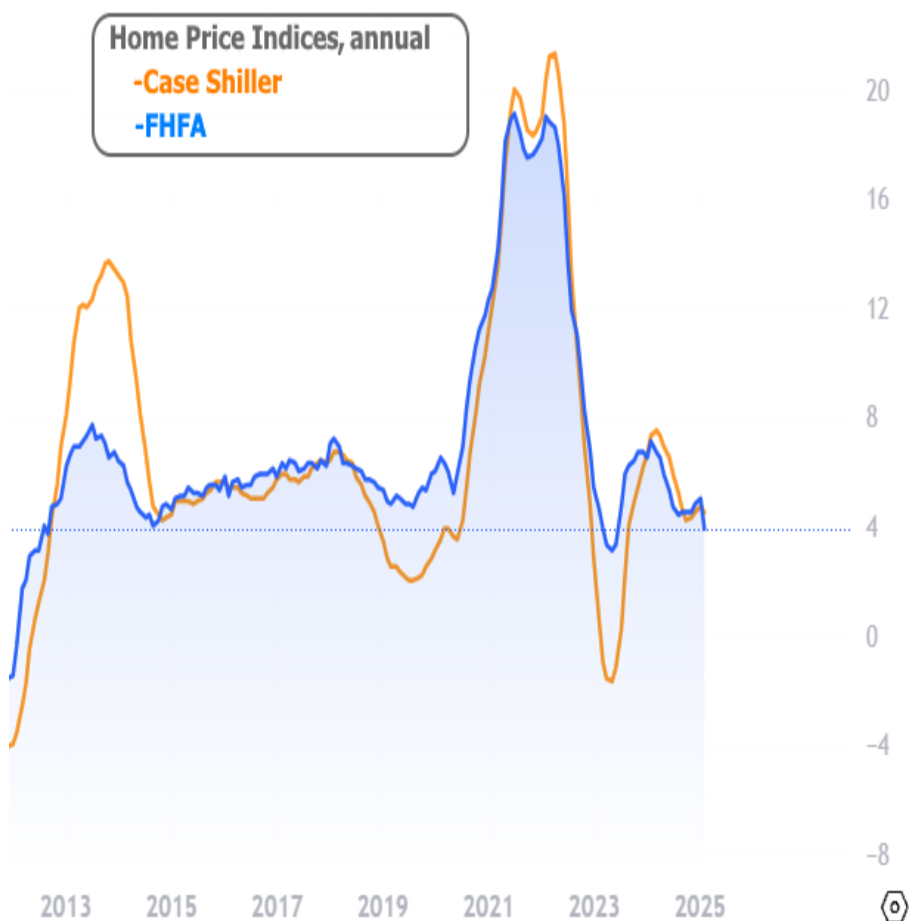




Home Price Appreciation Remains, But Interesting Trend Emerges

Both of the major purveyors of home price indices have been in agreement for the better part of a year that the average home is appreciating between 4 and 5 percent per year.

The FHFA House Price Index showed only a 0.1% uptick in February while the Case Shiller Home Price Index rose 0.7%. In annual terms, Case Shiller was at 4.5% and FHFA fell from 5.0 to 3.9%. In the bigger picture, these changes don't amount to much.



Things get a bit more interesting when we examine the monthly movement. First off, and more by way of a general backdrop, the past few years have seen a bigger gap between highs and lows compared to the norms established between 2014 and 2019.



Grace Modern Mortgage

www.gracemodernmortgage.com

P: (954) 945-8694

11820 Miramar Parkway
Miramar Florida 33025

NMLS 2347296



Selma Zollman

Loan Officer, Grace Modern Mortgage

www.gracemodernmortgage.com/szellman

P: (301) 806-0934

M: (301) 806-0934

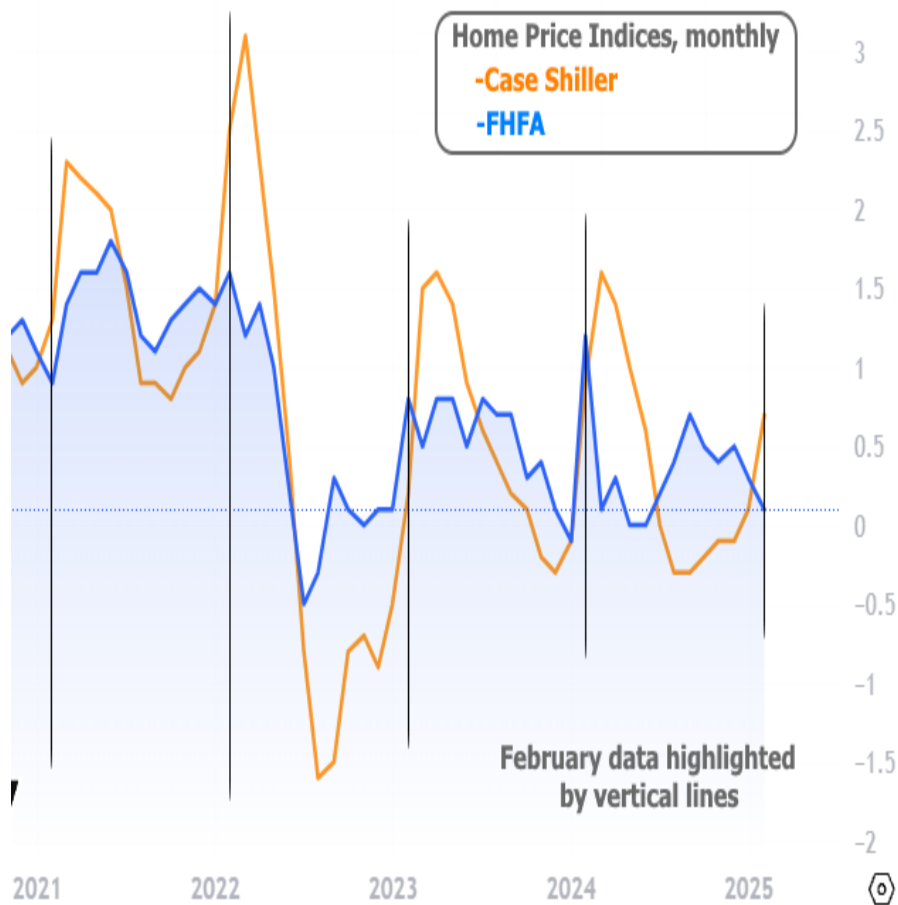
Szellman@gracemodernmortgage.com

11820 Miramar Parkway
Miramar FL 33025



The more interesting month-over-month development is highlighted in the next chart. Simply put, FHFA's index dropped to 0.1 from 0.3. That's not a big deal in and of itself, but the plot thickens when we consider the following 2 facts:

1. These indices are not seasonally adjusted (i.e. they show typical seasonal price patterns when viewed in a month-over-month interval)
2. February (the most recent month available, released this week) almost always coincides with FHFA's index topping out for the year and Case Shiller's index in the midst of its normal springtime upswing.



True to form, Case Shiller (the orange line) is seeing the normal upswing, even if at a more muted pace. But FHFA fell near the lowest levels of the past 12 months instead of peaking.

Is this cause for concern? A sign of a shift? A harbinger of some doom on the horizon? It's far too soon to tell. In the same chart, we can note an abnormal peak in FHFA prices (blue line) in September of last year. The data could be capturing price trends that were pulled forward in the typical cycle and that are now coming out in the wash, so to speak.

Price trends will continue to be dictated by a combination of multiple factors including the labor market, interest rates, inventory, mobility, and other aspects of affordability (like homeowners insurance premiums in many areas).