Home Prices Still Rising Year-Over-Year, But Momentum Is Fading

Both the FHFA and Case|Shiller released the latest update on home price appreciation this week. Actually, in the current case, it's more like home price depreciation (at least in month over month terms). This is a bit confusing because average prices were higher versus the previous month, but that is virtually always true at this time of year. Seasonal adjustments are very useful for data like home prices (which have a reliable cadence that follows the typical homebuying seasons). It's after adjusting for seasonality that we see emerging signs of weakness.

FHFA House Price Index (seasonally adjusted, MoM)

- May: −0.2%; April was revised from −0.4% to −0.3%
- YoY: +2.8% from May 2024 to May 2025

Monthly figures varied regionally: Middle Atlantic showed the steepest fall at −0.8%, while West South Central and New England saw modest gains of +0.3%. All nine census divisions remain positive YoY, ranging from +0.6% to +5.9%.

Case|Shiller National Index (unadjusted)

- YoY: +2.3% in May, down from +2.7% in April
- MoM (raw): +0.4%
- MoM (seasonally adjusted): −0.3%

This marks the smallest annual national gain since July 2023 and the third consecutive monthly decline in seasonally adjusted data.

Seasonally Adjusted Comparison Table: FHFA vs Case|Shiller (May 2025)

Index	MoM (SA)	YoY
FHFA HPI	−0.2%	+2.8%
Case|Shiller	−0.3%	+2.3%

Seasonal Adjustment Matters

As in previous months, raw Case|Shiller readings can mask weakening trends—once seasonal factors are removed, the underlying dip is clear. Notably, the FHFA index now also shows a negative MoM reading.

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Longer-Term View: YoY Trends

Both series signal deceleration:

- FHFA shows slowed growth: YoY up +2.8%.
- Case-Shiller's +2.3% YoY gain is the lowest since mid-2023.

Importantly, the seasonally adjusted MoM declines in both indexes underscore broadIbased cooling across metros.

Bottom Line

Home prices continue to rise year over year but at a decelerating pace. The sustained MoM declines—FHFA at −0.2% and CaseIShiller at −0.3%—offer stronger signals of market softening than seen in previous months. The silver lining is that prices are ebbing from very high levels, so this isn't the same sort of alarming pull-back seen in the past. Lower rates and higher inventory should offer additional stability.