HOUSING CONNECTION
Mortgage and Real Estate News That Matters

A message from Marc Erickson:

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Home Prices Still Rising, But Pace Remains Subdued

Home price appreciation pulled back slightly at the end of last year, according to December data from both FHFA and S&P/Cotality Case-Shiller. The reports reinforce the message that prices continued to appreciate modestly through the end of 2025.

FHFA's seasonally adjusted House Price **Index** shows home prices up **1.8% year-over-year** in the fourth quarter of 2025 and **0.8% quarter-over-quarter**. On a monthly basis, prices rose just **0.1% in December**, suggesting continued but subdued momentum. On a 3-month basis (which helps smooth out month-to-month volatility while still capturing more granular movement), appreciation has recovered from the early 2025 dip and is back in a normal pre-pandemic range.

Marc Erickson
Mortgage Guide, Excel Financial Group, LLC
www.themortgagemarc.com
P: (720) 295-0704
M: (720) 295-0704
123 N College Avenue
Fort Collins CO 80524
1245157

Ehric Wolfe
REALTOR®, Coldwell Banker Realty
www.coloradowolfehomes.com
P: (970) 691-5299
ehric@coloradowolfehomes.com
3665 John F Kennedy Parkway
Fort Collins CO 80525

State- and regional-level data underscore the ongoing divergence. House prices rose in 41 states over the past year, led by North Dakota (+6.4%), Delaware (+6.3%), Illinois (+6.1%), Wisconsin (+5.7%), and Michigan (+5.5%). Florida posted the largest annual decline (-2.7%). Among census divisions, the East North Central region led with a 5.0% annual gain, while the Mountain division recorded a slight decline (-0.2%).

The Case-Shiller **U.S. National Home Price Index** posted a **1.3% year-over-year gain** in December, down slightly from 1.4% previously and marking the weakest full-year performance since 2011. After seasonal adjustment, the national index rose **0.4% month-over-month**. The 20-City Composite showed a **1.4% annual gain**, unchanged from the prior month, and increased **0.5% month-over-month** on a seasonally adjusted basis.

Case-Shiller's full-year data reveal a clear split: prices rose 2.6% in the first half of 2025 but declined 1.3% in the second half, with all 20 tracked metros posting negative returns in the back half of the year. Chicago (+5.3%), New York (+5.1%), and Cleveland (+4.0%) led annual gains, while Tampa (-2.9%), Phoenix (-1.5%), Dallas (-1.5%), and Miami (-1.5%) finished the year in negative territory. Inflation outpaced home price growth in 2025, eroding real home values and marking a notable shift from the prior decade's trend of strong real appreciation.

FHFA House Price Index

- **YoY (Q4 2025):** +1.8%.
- **QoQ (Q4 vs Q3):** +0.8%.
- **December MoM (SA):** +0.1%.

S&P/Cotality Case-Shiller Indices

- **U.S. National YoY:** +1.3%.
- **20-City Composite YoY:** +1.4%.
- **National MoM (SA):** +0.4%.
- **20-City MoM (SA):** +0.5%.