

Home Price Increases Narrowing but Remain Broad-Based

By: Jann Swanson | Tue, Nov 4 2014, 12:33 PM

Home prices fell slightly in September compared to the previous month CoreLogic said on Tuesday, but **continued to increase on a year-over-year basis**. The company's Home Price Index including distressed sales was down 0.1 percent from its August level but, continuing a 31 month-long trend, was up 5.6 percent from September 2013. Increases however are no longer in the double digits. The HPI which excludes distressed sales rose 5.2 percent compared to the previous year and was up 0.1 percent from August.

Home prices **including distressed sales** were higher in every state and the District of Columbia than a year earlier. Michigan and Montana had double digit growth (10.3 and 10 percent respectively) and the HPI hit new price peaks in five states, Colorado, Nebraska, North Dakota, South Dakota, and Texas. Twenty-eight states and the District are at or within 10 percent of their past price peaks.

Forty-nine states and the District of Columbia had annual increases in their HPI's excluding distressed sales which include bank owned real estate and short sales. Mississippi's HPI fell 0.9 percent.

In addition to Michigan and Montana the states with the **greatest annual increases** in the HPI including distressed sales were Maine (+9.6 percent), Massachusetts (+8.8 percent) and California (+8.5 percent). When distressed sales are excluded the strongest showings were in Maine (+10.4 percent), Massachusetts (+9.7 percent), California (+7.6 percent), Texas (+7.4 percent) and Michigan (+7.2 percent).

Price growth continues to be **broad-based**. Ninety-six of the top 100 Core Based Statistical Areas (CBSAs) measured by population showed year-over-year increases in September 2014. The four that did not were Rochester, Little Rock, New Haven and Hartford.

Including distressed transactions, the peak-to-current change in the national HPI (from April 2006 to September 2014) was -12.6 percent. Excluding distressed transactions, the peak-to-current change in the HPI for the same period was -9.1 percent. Many states still greatly exceed these peak-to-current numbers with Nevada still down 36.6 percent, Florida 34.1 percent below its peak and Arizona, Rhode Island, and Maryland still down more than 20 percent.

"There has been a **clear bifurcation** in home price growth for **lower-end versus upper-end** properties in 2014," said Sam Khater, deputy chief economist at CoreLogic. "As of December 2013, both lower-end and upper-end property prices were up 9.7 percent on a year over year basis. As of September, lower-end prices were up 9.4 percent but upper-end prices were up only 4.5 percent."

"Home prices continue to rise compared with this time last year but the rate of growth is clearly slowing as we exit 2014," said Anand Nallathambi, president and CEO of CoreLogic. "With more positive macro-economic trends emerging in the U.S., we are forecasting moderate price growth for 2015."

The CoreLogic HPI Forecast referred to by Nallathambi indicates that home prices, including distressed sales, are **projected to increase 0.1 percent month** over month from September 2014 to October 2014 and from September 2014 to September 2015 by 5 percent. Excluding distressed sales, home prices are expected to rise 0.1 percent month over month and by 4.6 percent year over year.

The CoreLogic HPI Forecast is a monthly projection of home prices using the CoreLogic HPI and other economic variables. Values are derived from state-level forecasts by weighting indices according to the number of owner-occupied households for each state.

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