

# Home Price Gains at Entry Level Vex First-Time Buyers

By: Jann Swanson | Tue, Feb 4 2020, 10:15 AM

Home price increases, as measured by CoreLogic's Home Price Index (HPI) continued to pick up speed in December on an annual basis. However, they **pulled back a bit from the sudden surge they had displayed in November.**

The HPI, which includes distressed sales, had a national rate of appreciation of 4.0 percent in December compared to a 3.7 percent gain in November. This continues a pattern of accelerating appreciation that began as interest rates fell back from their 2018 highs.

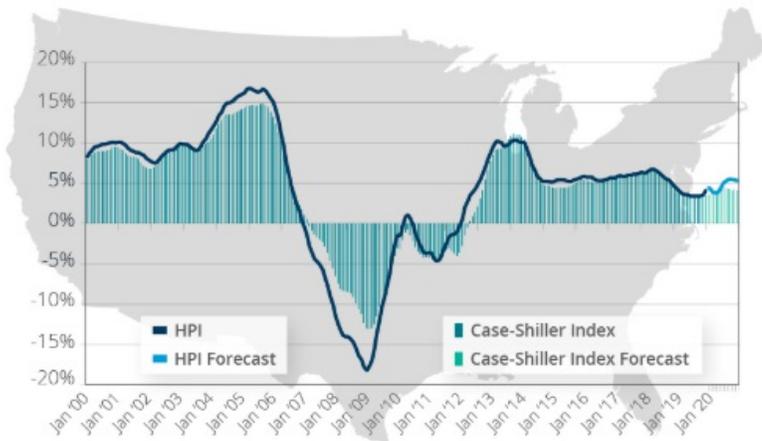
On a month-over-month basis the index increased by 0.3 percent. The index had jumped from an 0.1 percent gain in October to 0.5 percent in November.

As have other data sources, CoreLogic's chief economist Dr. Frank Nothaft said, the **reaccelerating price growth is hitting hardest at the lower priced tier of homes.** "Moderately priced homes are in high demand and short supply, **pushing up values and eroding affordability for first-time buyers,**" he said. "Homes that sold for 25 percent or more below the local median price experienced a 5.9 percent price gain in 2019, compared with a 3.7 percent gain for homes that sold for 25 percent or more above the median."

Every state posted an annual price gain with the largest in Idaho (9.9 percent), Maine (7.9 percent) and Wyoming (7.7 percent.) Among major metropolitan areas the greatest increase was in Washington D.C. at 4.5 percent.

CoreLogic is **forecasting that its HPI will increase by 5.2 percent over the next year** (December 2019 to December 2020). The HPI is expected to rise by 0.1 percent from December 2019 to January 2020.

Frank Martell, CoreLogic's president and CEO said, "On a national level, home prices are on an upswing. Price growth is likely to accelerate in 2020. And while demand for homeownership has continued to increase for millennials, particularly those in their 30s, 74 percent admit they have had to make significant financial sacrifices to afford a home. This could become an even bigger factor as home prices reach new heights during 2020."



This graph above shows a comparison of the national year-over-year percent change for the CoreLogic HPI and CoreLogic Case-Shiller Index from 2000 to present month with forecasts one year into the future. The company points out that both of the indices are posting positive, but moderating year-over-year percent changes, and forecasting gains for the next year.

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