

Uh, About those Crystal Balls

By: Jann Swanson | Tue, Aug 3 2021, 5:41 PM

The prognosticators keep prognosticating, but their prognostications don't happen. Home price appreciation shows no sign of slowing down.

CoreLogic says home prices nationwide, including distressed sales, increased in June by **17.2 percent** on an annual basis. In May the annual change was 15.4 percent, the greatest increase since 2005. For June's equal, one must look back to 1979.

We risk running out of years.

Frank Martell, CoreLogic's president and CEO says, "Home prices have been rising in the mid-single digits for some years now. The recent surge to double-digit price jumps reflect the convergence of exceptional demand and persistent low supply. With plenty of cash on the sidelines, along with very low mortgage rates, prices are heading up and affordability will become a more acute issue for the foreseeable future."

Seventy-three percent of consumers say that the pandemic and the accompanying stay-at-home orders helped them save money. These cash reserves and low mortgage rates have kept homeownership in reach despite affordability challenges.

Prices increased on an annual basis in every state. Those with the highest rates of appreciation were **Idaho** (34.2 percent), **Arizona** (26.1 percent), and **Montana** (24.3 percent). While home price changes on the local level vary, June gains in all top 10 metros surpassed their 2020 levels.

There are recent indications that prices are beginning to stabilize. The national increase from May to June was 2.3 percent, the same growth as was seen from April to May.

CoreLogic's forecast is for its Home Price Index to gain 0.7 percent from June to July 2021 and grow on by 3.2 percent from June 2021 to June 2022. The company says, "While affordability challenges intensify, low mortgage rates, rising savings and an improving labor market are helping to keep homeownership within reach for many prospective buyers. However, CoreLogic projects home price gains may slow over the next 12 months as demand moderates and for-sale inventory rises."

We will see.

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