

# Investors Help Home Prices Break Another Record

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CoreLogic reported another record rise in its Home Price Index (HPI) in August. The company said the **18.1 percent** annual increase was again the result of demand in a supply-constricted market but was “also exacerbated by an influx in homebuying activity from investors.”

The increase was the **largest in the 45 year history** of the HPI and was 0.1 point higher than the annual appreciation in July. On a month-over-month basis the HPI was up 1.3 percent.

The rate of increase for detached properties was also record setting, a 19.8 percent annual gain. Prices for attached properties grew at a much more modest 12.0 percent.

“Single-family detached homes continue to be in high demand,” said Dr. Frank Nothaft, chief economist at CoreLogic. “These properties offer more living space and distance from neighboring homes than that of attached properties. On average, detached homes have 28 percent more inside space compared to single-family attached properties and about twice as much space as apartments in multifamily structures.”

The booming home purchase market is unevenly **affecting access** for some buyers. The company says a recent survey of consumers found 59 percent of those in the market to purchase a home had annual household earning topping six figures.

“Home prices continue to escalate at a torrid pace as a broad spectrum of buyers drive demand for a limited supply of homes,” said Frank Martell, president and CEO of CoreLogic. “We expect to see the trend of strong price gains continue indefinitely with large amounts of capital chasing too few assets.”

However, CoreLogic’s forward looking HPI does **anticipate a significant deceleration** in price gains over the next year. The index expects the annual rate of appreciation will slow to 2.2 percent by August 2022 as affordability challenges deter some potential buyers.

At the state level, **Idaho** and **Arizona** again led the way with the strongest price growth at 32.2 percent and 29.5 percent, respectively. Two relatively small metro areas in the Northwest posted the largest gains among cities. Prices in Bend, Oregon increased 37.2 percent and Twin Falls, Idaho, ranked second with year-over-year growth of 35.8 percent.

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