

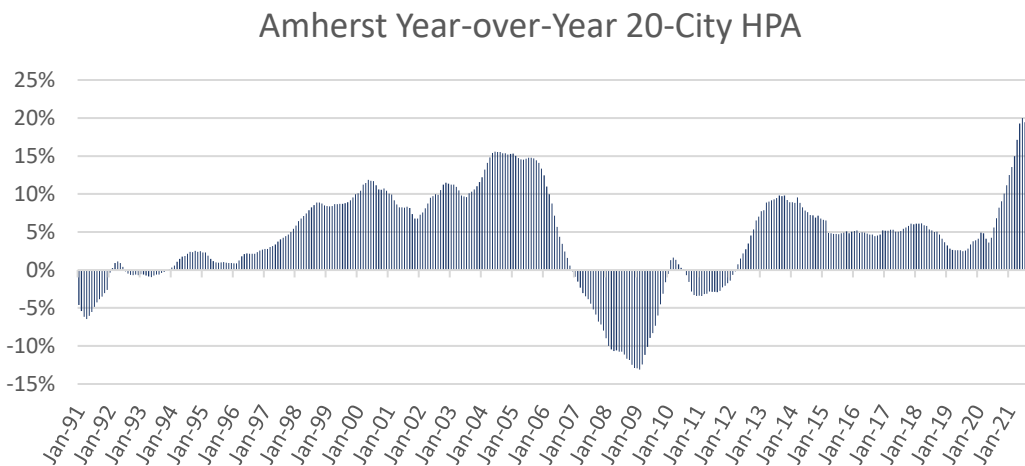


# Home Price Appreciation Stabilizes, while Rent Growth Continues to Strengthen in October

Robust demand and persistent supply chain bottlenecks have led home prices to appreciate in October by 17.6% Year-over-Year (YoY), according to the Amherst Home Price Appreciation Index (HPA). Although this is slower than the record high growth of 19.8% back in June, the persistence of pandemic-induced bottlenecks and high demand suggests prices will likely continue growing well into 2022. Rents for single-family homes have also seen robust growth, but at an accelerating rate. Strong consumer demand for single-family rentals drove October rents to grow YoY by 10.1%, according to the Amherst Rent Growth index.

## *Amherst Home Price Appreciation Index*

FIGURE 1: 20-CITY AMHERST HOME PRICE APPRECIATION INDEX

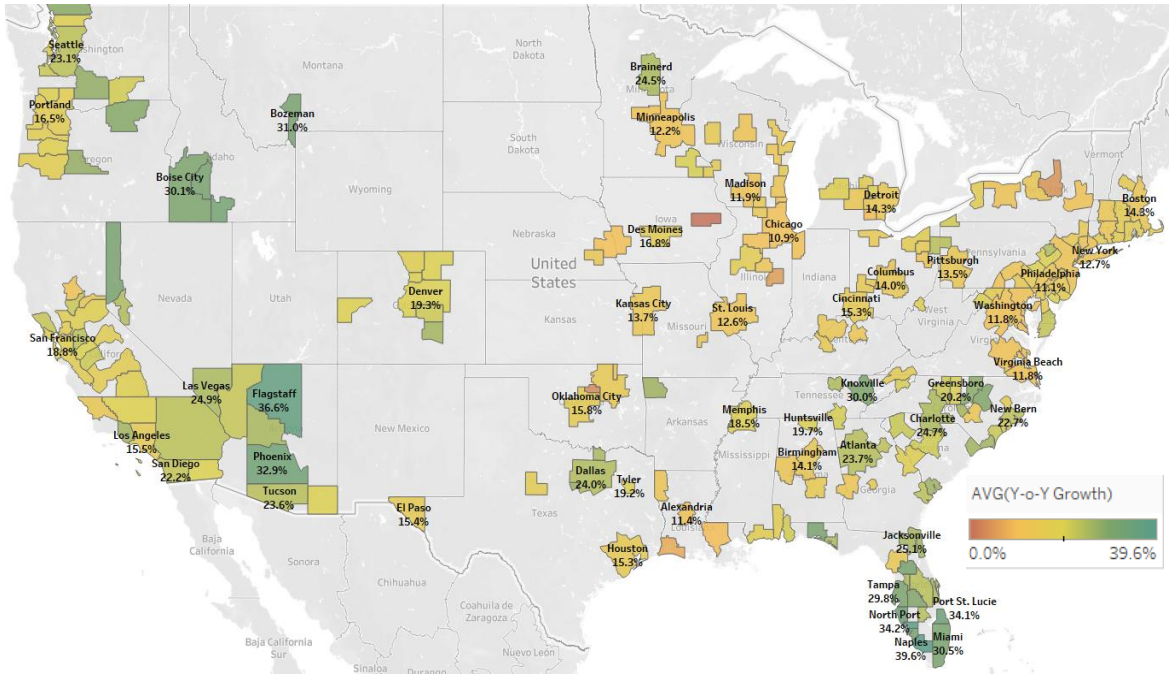


Source: Amherst

Market-level price appreciation among markets tracked by Amherst shows Florida contains four of the six fastest appreciating markets with price growth ranging from 39.6% in Naples to 34.1% in Port St Lucie. Arizona's Flagstaff (36.6%) and Phoenix (32.9%) round out the six markets with highest YoY price growth. Surprisingly, Boise, ID, which has topped the charts for several months, has dropped to 15th position with a growth of 30%. Strong home price appreciation is widespread across the U.S. as only a handful of the tracked markets experienced YoY growth of less than 10%. Since the consumer demand and supply bottlenecks that drive the high prices are unlikely to relent, high home price growth is likely to persist.

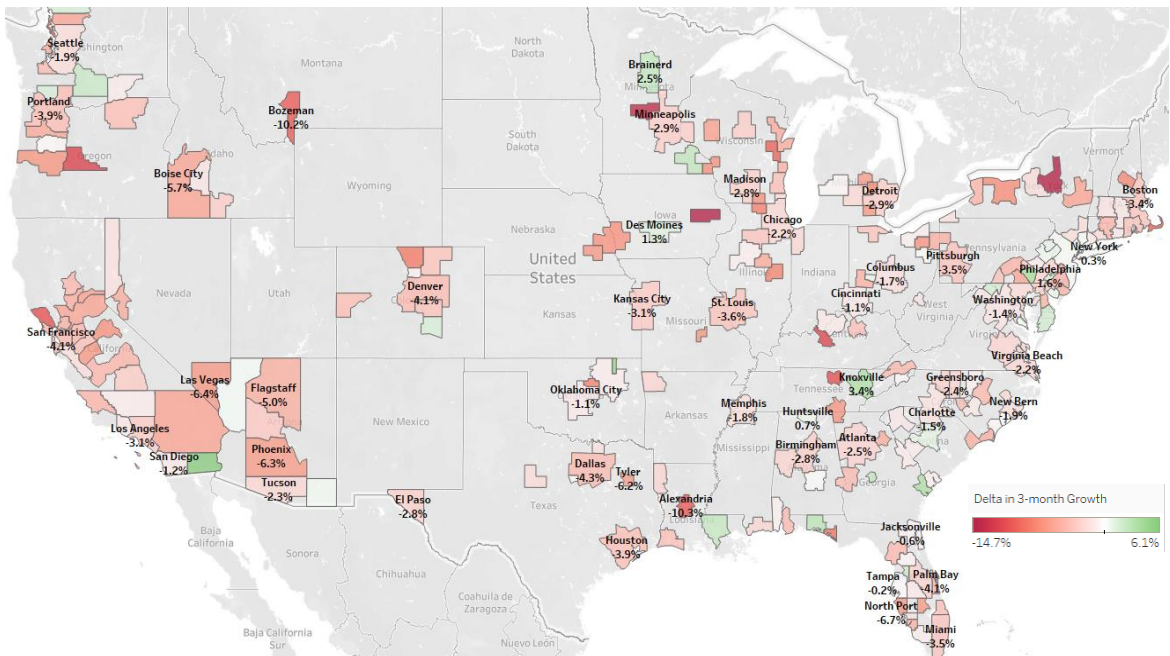


FIGURE 2: YEAR-OVER-YEAR OCTOBER 2021 AMHERST HOUSING PRICE GROWTH BY METROPOLITAN AREA



Source: Amherst

FIGURE 3: VELOCITY SHOWS DIFFERENCE BETWEEN MAY-TO-JULY AND AUGUST-TO-OCTOBER 2021 HPA

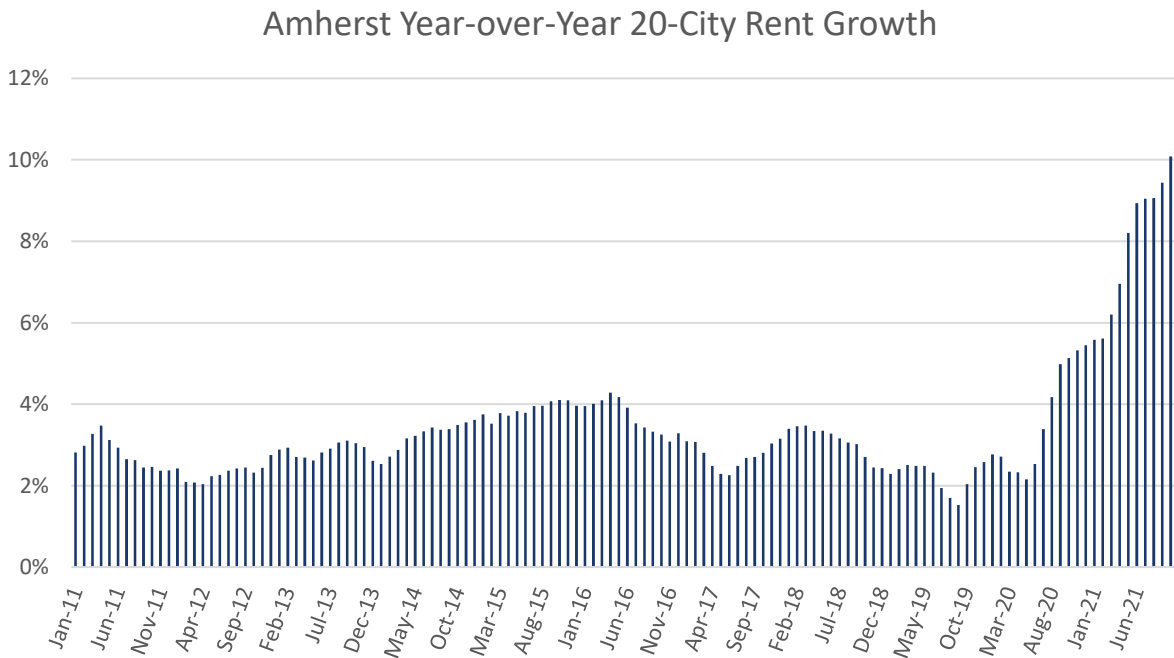


Source: Amherst



## Amherst Rent Growth Index

FIGURE 4: YEAR-OVER-YEAR OCTOBER 20-CITY RENT GROWTH INDEX



Source: Amherst

Strong consumer demand for single-family rentals led to a record high YoY growth of 10.1% in October. The highest rent growth was concentrated in warm climates and growing cities. Among the tracked metropolitan areas, the highest rent growth was in South and East Florida, ranging from 25.2% in Cape Coral to 20.8% in Port St. Lucie. Atlanta and Mountain West markets, such as Phoenix, Las Vegas, and Boise round out the top fastest growing markets.

Rent growth acceleration, which measures the difference between May-to-July and August-to-October 2021 Amherst Rent Growth index numbers, suggests a mixed picture across the U.S. Rent growth velocity appears to be slowing in the markets that have seen the highest rent growth as rental supply catches up and demand tapers. Continued demand by families for homes outside of dense, urban, and underbuilt markets has accelerated rent growth in the peripheral markets of the West Coast and Southeast.





## ***Data Details***

The Amherst Home Price Index (HPA) tracks home price changes in the 20 Metropolitan Statistical Areas (MSAs) that are used to construct the S&P Case Shiller 20-city Index as well as over 200 Core-Based Statistical Areas (CBSA) in the United States. The index is published on a monthly basis and is based on the Case Shiller repeat-sales methodology. Unlike the HPA published by S&P Case Shiller Weiss, Corelogic, and the Federal Housing Finance Agency (FHFA), Amherst HPA is a distressed-free index which does not include price changes due to foreclosures, short-sales, bank repossession and REO resale. The use of Multiple Listing Services (MLS) data that are supplemented by Corelogic off-market data allow the HPA to have a timelier look at monthly shifts in the housing market than other leading market indices<sup>1</sup>. The Amherst Rent Growth Index tracks rent price changes of Single Family Detached (SFD) homes in the 20 Metropolitan Statistical Areas (MSAs) that are used to construct the S&P Case Shiller Index as well as over 150 CBSAs in the United States. The Index is published every month and uses a repeat-rent methodology similar to the one employed for the Amherst HPA. The index incorporates both MLS and Altos rental data to produce a timely rent index.

The Amherst Rent index is generated and maintained by Amherst. The index tracks rent price changes of single-family detached properties in 250 core-based statistical areas (CBSA) and 49 states in the US. The index is published quarterly and is based on the Case Shiller repeated sales methodology. The rent index relies on tracking rent price changes of the same house over time. For each lease, a search is conducted to find rent price from the previous lease of the same house. If an earlier lease is found, the two leases are paired into a "lease pair." Lease pairs are designed to track rent price changes over time for the same house, while holding the quality and size of each house constant. After pairs are formed, the index is calculated under a weighted least square framework, in which weights are based on rent price anomalies and time interval within pairs. The index is based on re-leases on the same properties that are put on the market and therefore does not include any repeat leases which are renewals.

<sup>1</sup> At the time of writing this November 2021 housing market report, the S&P Case Shiller Index has been released up through September 2021.



## IMPORTANT DISCLOSURES

The comments provided herein are a general market overview and do not constitute investment advice, are not predictive of any future market performance, are not provided as a sales or advertising communication, and do not represent an offer to sell or a solicitation of an offer to buy any security.

Similarly, this information is not intended to provide specific advice, recommendations or projected returns of any particular product of The Amherst Group LLC (“Amherst”) or its subsidiaries and affiliates.

These views are current as of the date of this communication and are subject to rapid change as economic and market conditions dictate. Though these views may be informed by information from sources that we believe to be accurate and reliable, we can make no representation as to the accuracy of such sources nor the completeness of such information. Past performance is no indication of future performance. Investments in mortgage related assets are speculative and involve special risks, and there can be no assurance that investment objectives will be realized or that suitable investments may be identified. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. An investor could lose all or a substantial portion of his or her investment. No investment process is free of risk and there is no guarantee that the investment process described herein will be profitable. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment.

## ABOUT AMHERST

The Amherst Group of companies comprise of leading real estate investment and advisory firms with a mission to transform the way real estate is owned, financed and managed. Amherst leverages its proprietary data, analytics, technology, and decades of experience to seek solutions for a fragmented, slow-to-evolve real estate ecosystem and to materially improve the experience for residents, buyers, sellers, communities, and investors. Today Amherst has over 900 employees and more than \$12.3 billion in assets under management\*.

Over the past decade, Amherst has scaled its platform to become one of the largest operators of single-family assets and has acquired, renovated, and leased more than 40,000 homes across 28 markets in the U.S. The firm delivers customized, stabilized cash-flowing portfolios of assets to its investors, wrapped in all the ongoing services required to manage, own, and finance the asset including property management, portfolio management, and a full capital markets team. In addition to its single-family rental platform, Amherst's debt business pursues two distinct credit strategies in mortgage-backed securities and commercial real estate lending. Over its 25-year history, Amherst has developed a deep bench of research and technology talent, and leverages data and analytics at every stage in the asset lifecycle to improve operations and preserve long-term value for our investors and the more than 165,000 residents the firm has served.

\*As of September 30, 2021,

For more information please visit [www.amherst.com](http://www.amherst.com)

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