Steady trend

The Amherst Home Price Appreciation Index has steadfast growth amid uncertainty

by Gene Burinskiy

The Amherst Home Price Appreciation Index (HPA) shows 19.3 percent year-over-year growth in first quarter 2022. This growth matches the all-time-high 19.3 percent growth of second quarter 2021 and surpasses the near-19 percent growth that has since prevailed.

Consistent with the COVID-19 pandemic-induced migration trends, home price appreciation is highest in suburbs and small cities. Naples, Punta Gorda and North Port, all suburbs of Fort Myers, Fla., saw the highest home price growth with increases of 48.5 percent, 41.9 percent and 39.7 percent, respectively. Two of the top 10 fastest growing markets, Morristown and Sevierville, suburbs of Knoxville, Tenn., grew at 38.9 percent and 38.5 percent, respectively. The seventh-fastest appreciating market, Bozeman, Mont., is a prime example of the small city growth that has come to characterize pandemic-era housing trends. Perhaps most saliently, of the 50 fastest growing cities in the United States, only 17 were large metropolitan areas.

Current trends suggest that home prices will continue to rise, but uncertainty looms on the horizon. In the immediate future, we believe price growth will remain high because of momentum, fear of interest rates rising even further, and construction bottlenecks that impede the delivery of newly constructed homes. However, continued inflationary pressures, rising interest rates, and the geopolitical instability driven by Russia's invasion of Ukraine introduce considerable uncertainty into longer-term market behavior.

The national Amherst HPA is based on the 20 Metropolitan Statistical Areas (MSAs) that are used to construct the S&P Case Shiller 20-city index and is based on 185,000 number of repeat-sale observations per quarter on average. Unlike other HPA indices, the Amherst HPA does not include foreclosures, short-sales, bank repossessions, and REO resales. Amherst also uses Multiple Listing Service (MLS) to supplement Corelogic transaction data to provide

Amherst Year-over-Year 20-City Home Price Appreciation Index
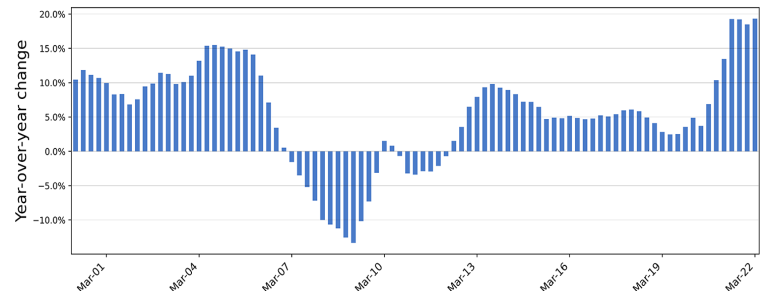
Source: The Amherst Group

MSA-Level Year-over-Year Home Price Appreciation Index, as of Q1 2022
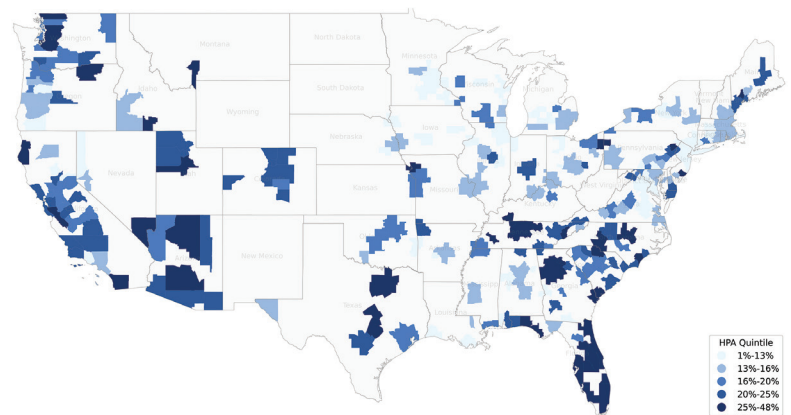
Source: The Amherst Group

Top 10 markets in HPA, as of Q1 2022	
Market	**Year-over-year change**
Naples, FL	48.5%
Punta Gorda, FL	41.9%
North Port, FL	39.7%
Morristown, TN	38.9%
Cape Coral, FL	38.7%
Sevierville, TN	38.5%
Bozeman, MT	37.6%
Port St. Lucie, FL	36.9%
Nashville, TN	33.3%
Raleigh, NC	32.0%

Source: The Amherst Group

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a more real-time view of the housing market than other indices. ❖

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