

Q1 home prices remain elevated

by Gene Burinskiy

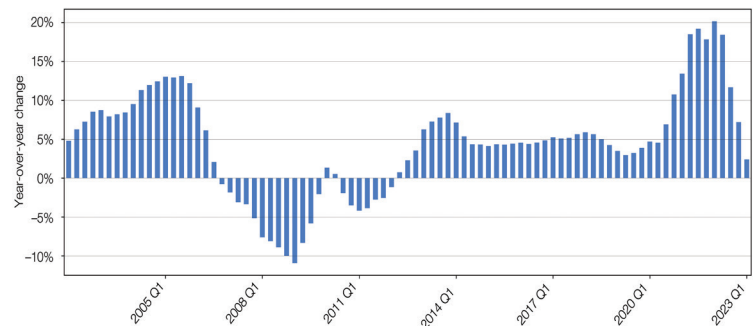
The Amherst Home Price Index (HPI) shows that in first quarter 2023, home prices have started to creep upward after two consecutive quarters of moderate decline. First quarter 2023 prices rose 2.4 percent year-over-year, and seasonally adjusted HPI gained 0.4 percent quarter-over-quarter. This small yet tangible price growth erased some of the brief price dip experienced in the second half of 2022. Consequently, the seasonally adjusted first quarter 2023 HPI is only 1.2 percent lower than peak second quarter 2022 prices.

Tapered inflationary expectations slightly lowered the 30-year mortgage interest rate from its 2022 peaks, but interest rates are still high enough to dissuade most home sellers from listing their homes. This is because anyone who bought a house over the past 15 years likely has a lower mortgage rate now than they would were they to sell and buy another house. As a result, while high interest rates dampened demand, they also significantly dampened supply. Sixty-day seasonally adjusted sales velocity rate in first quarter 2023 was 1 percentage point faster than it was at a comparable time in 2020, whereas the for-sale inventory was 34 percent lower than the same time in 2020. The predictability of tight inventories remains uncertain amidst the countervailing forces of economic uncertainty, potentially declining interest rates and seasonal summer market pickups. Despite these factors, it is unlikely there will be a considerable resurgence in the number of available listings in the ensuing quarter.

The latter part of the first quarter saw the collapse of three banks, which has injected greater uncertainty into the economy despite an otherwise healthy-looking labor market and excess savings. Although home prices are unlikely to plummet in the ensuing quarter, the U.S. economy is not on as sound of a footing as it was just a quarter ago. ❖

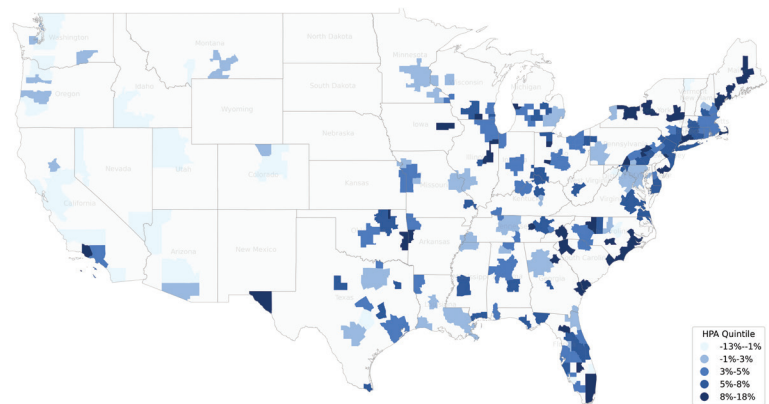
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U.S. HPI Year-over-Year Growth



Source: The Amherst Group

MSA-Level HPI Year-over-Year Growth, as of Q1 2023



Source: The Amherst Group

Top 10 markets by quarter-over-quarter growth	
Market	Quarterly HPA
Muskegon, MI	10.1%
Findlay, OH	9.2%
Athens-Clarke County, GA	9.0%
Champaign-Urbana, IL	8.8%
Chico, CA	8.4%
Pottsville, PA	8.2%
Bangor, ME	7.6%
Oxnard-Thousand Oaks-Ventura, CA	7.0%
Cedar Rapids, IA	6.1%
Cape Girardeau, MO-IL	5.8%

Source: The Amherst Group

The Amherst HPI tracks U.S.-level home price changes based on the weighted average of corresponding state-level home price indexes. The index is based on the Case Shiller repeat-sales methodology. Unlike other HPA indices, the Amherst HPI does not include foreclosures, short-sales, bank repossessions, and REO resales. The use of Multiple Listing Service (MLS) to supplement CoreLogic off-market data enables Amherst to offer a timelier look at shifts in the housing market than other indices. Recent quarter HPA numbers are subject to revision.

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