

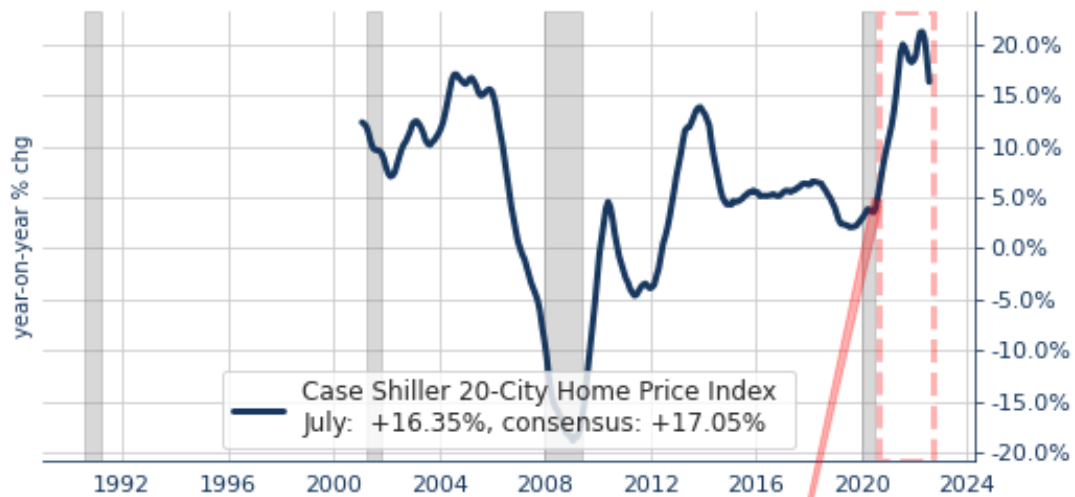
27.Sep.2022

Case Shiller Home Prices: Record Declines

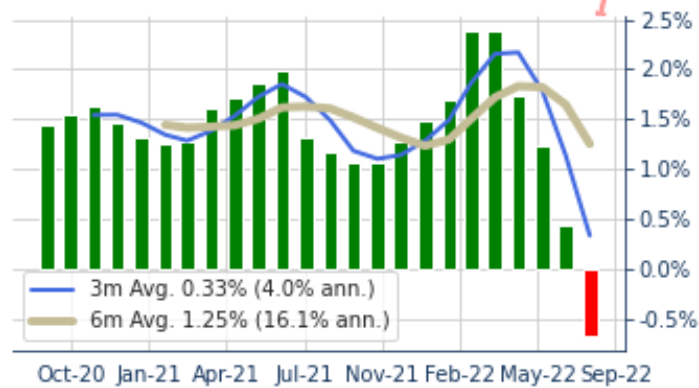
Bottom Line: Home prices fell sharply in July, surprising expectations for a small gain, notching losses not seen since the years around the financial crisis. Expensive markets, where home buyers rely heavily on high-balance mortgage loans, tumbled sharply. Seattle led the declines, down nearly 4% on the month as the San Diego and San Francisco metro areas fell over 2%. The West Coast led the declines as markets in Florida continued to see moderate gains. Overall, the sudden declines in housing activity as the market adjusted to the record increase in mortgages started to take a toll on prices. While supply remains tight, it now appears that the adjustment to the new mortgage rate regime will involve a significant downward correction in home prices.

Finally, one important note for monetary policy -- Owner's Equivalent Rent in the Consumer Price Index and housing inputs to the PCE Price Index track Case-Shiller with between a 10- and 16-month lag. So while it will be sometime before these declines feed through to inflation data, **it now looks like housing-related inputs could be a DEFLATIONARY force by late next year, possibly as early as the middle of the year.**

Case Shiller 20-City Home Price Index July: +16.35%, consensus: +17.05%



July: -0.67%, consensus: +0.2%



Contingent Macro Advisors 2022 source: US BEA

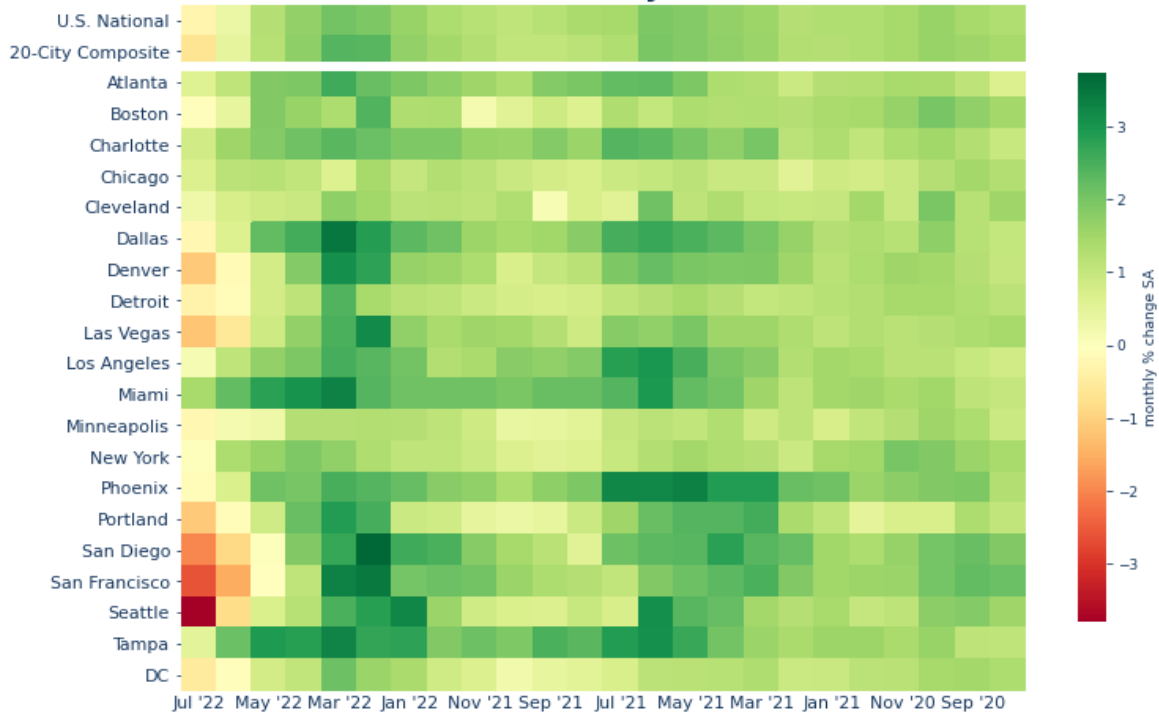
Case Shiller 20-City Home Price Index FELL by 0.67% (seasonally adjusted) in July to 314.8, compared with market expectations for an increase of 0.2%. Home prices are 16.3% ABOVE their year ago level.

On a non-seasonally adjusted basis, the home price index FELL by 0.8% on the month.

Housing prices rose in just 8 of the 20 metro areas in July (on a seasonally adjusted basis) and in 20 of 20 metro areas on a year-over-year basis.

Minneapolis had the smallest year-over-year increase at 10.1% while Tampa had the largest year-over-year increase at 35.6%.

Case Shiller Monthly Home Prices



Case Shiller Home Prices year-on-year % changes

	2022	2021	2020	2019	2018	2017	2010	2009	2008
U.S. National	16%	19%	10%	4%	4%	6%	-4%	-4%	-12%
20-City Composite	16%	18%	10%	3%	4%	6%	-2%	-3%	-19%
Atlanta, GA	23%	22%	9%	4%	6%	5%	-8%	-4%	-13%
Boston, MA	13%	13%	11%	4%	5%	5%	-1%	1%	-7%
Charlotte, NC	24%	24%	10%	5%	5%	6%	-5%	-4%	-7%
Chicago, IL	13%	12%	7%	1%	3%	2%	-7%	-7%	-14%
Cleveland, OH	12%	13%	12%	4%	5%	3%	-3%	-1%	-6%
Dallas, TX	25%	26%	8%	3%	4%	7%	-3%	3%	-4%
Denver, CO	16%	20%	9%	4%	6%	7%	-2%	1%	-4%
Detroit, MI	11%	14%	10%	3%	5%	7%	-6%	-10%	-22%
Las Vegas, NV	16%	19%	10%	3%	4%	7%	-0%	0%	-26%
Los Angeles, CA	22%	25%	8%	3%	11%	11%	-5%	-21%	-33%
Miami, FL	32%	27%	9%	3%	5%	4%	-4%	-10%	-29%
Minneapolis, MN	9%	11%	10%	4%	6%	5%	-5%	-2%	-19%
New York, NY	14%	13%	10%	1%	3%	5%	-2%	-6%	-9%
Phoenix, AZ	22%	32%	14%	7%	8%	6%	-8%	-9%	-34%
Portland, OR	12%	18%	10%	4%	4%	7%	-8%	-5%	-13%
San Diego, CA	17%	26%	13%	5%	2%	7%	2%	3%	-25%
San Francisco, CA	15%	24%	14%	4%	5%	13%	-6%	-8%	-13%
Seattle, WA	11%	19%	9%	2%	3%	9%	-0%	5%	-31%
Tampa, FL	32%	29%	11%	5%	5%	6%	-6%	-11%	-22%
Washington, DC	9%	11%	10%	3%	3%	3%	2%	2%	-20%

year-ends except current year, which is versus a year-ago

Case Shiller Home	Jul-22	Jun-22	3m ann	6m ann	YoY %	2021	2020	5y
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Prices			% chg	% chg	chg			
U.S. National	-0.28%	0.33%	5.29%	14.91%	15.96%	18.87%	10.44%	10.99%
10-City Composite	-0.52%	0.20%	3.38%	15.15%	14.96%	16.93%	9.92%	9.72%
20-City Composite	-0.67%	0.44%	4.01%	16.00%	16.35%	18.48%	10.19%	10.59%
Atlanta, GA	0.60%	1.09%	15.27%	22.67%	22.84%	21.73%	8.87%	12.93%
Boston, MA	-0.08%	0.41%	9.26%	16.42%	13.35%	13.36%	11.38%	10.30%
Charlotte, NC	0.83%	1.53%	18.33%	23.96%	23.61%	23.85%	10.09%	14.19%
Chicago, IL	0.65%	1.17%	12.81%	13.05%	12.82%	12.06%	7.19%	6.68%
Cleveland , OH	0.31%	0.75%	8.08%	13.00%	12.44%	13.35%	11.76%	9.49%
Dallas , TX	-0.22%	0.62%	11.09%	25.69%	24.70%	26.02%	8.45%	13.44%
Denver , CO	-1.10%	-0.18%	-1.89%	15.43%	15.74%	20.28%	9.28%	11.44%
Detroit , MI	-0.33%	-0.12%	1.46%	11.14%	11.42%	13.57%	10.03%	9.00%
Las Vegas , NV	-1.18%	-0.58%	-3.43%	13.70%	15.77%	19.17%	10.09%	10.29%
Los Angeles , CA	0.17%	1.12%	12.54%	21.46%	21.84%	25.45%	7.96%	14.82%
Miami , FL	1.43%	2.24%	29.22%	35.07%	31.76%	27.38%	9.22%	15.80%
Minneapolis , MN	-0.22%	0.18%	1.09%	8.38%	9.02%	11.26%	10.02%	8.31%
New York , NY	0.01%	1.35%	12.63%	17.17%	13.75%	13.36%	10.27%	8.35%
Phoenix , AZ	-0.13%	0.70%	11.18%	20.92%	22.41%	32.49%	14.44%	19.20%
Portland , OR	-1.10%	-0.09%	-1.33%	15.44%	11.72%	17.89%	9.95%	10.30%
San Diego , CA	-2.00%	-0.88%	-10.96%	11.18%	16.62%	25.92%	13.08%	13.02%
San Francisco , CA	-2.59%	-1.55%	-15.55%	7.31%	14.91%	24.03%	13.66%	12.66%
Seattle , WA	-3.80%	-0.82%	-14.84%	4.96%	10.95%	18.86%	9.11%	9.01%
Tampa , FL	0.52%	2.16%	24.75%	32.95%	31.82%	29.38%	10.72%	17.60%
Washington , DC	-0.53%	-0.08%	0.76%	10.41%	9.50%	10.71%	9.63%	7.45%

source: S&P CoreLogic Case Shiller data via FRED