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# FEDERAL HOUSING FINANCE AGENCY



## STATEMENT

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### **FHFA Senior Advisor for Economics Lynn Fisher Statement on Second Quarter House Price Index**

"House prices in the second quarter increased by 5 percent compared to a year earlier, contributing another quarter of growth to an eight-year run. Prices increased in all states and among the top 100 metro areas. The pace of home price increase, however, has continued its deceleration for the fifth consecutive quarter. The pace of home sales has also slowed over the last two years in response to market conditions, including affordability constraints and tight inventories. As of July, inventories of homes for sale are currently below both 2017 and 2018 levels.

We expect some positive effect of the mortgage interest rate decline on housing demand as well as home price appreciation given that rates have fallen a full percentage point since the end of 2018 to below 4 percent in August. This should lead to a longer summer buying season and potentially a higher rate of appreciation on a seasonally adjusted basis than would have previously been expected in the third quarter.

On a regional basis, except for Jacksonville, FL, metro areas in the interior of the country posted the highest growth rates in home prices in the second quarter. Boise City, ID has led the largest 100 metro areas in growth rate for the last four quarters, topping 13 percent annually in the second quarter. Grand Rapids, MI and San Antonio, TX followed next with near 9 percent growth rates. Several high-income areas are among metros with the slowest growth in home prices, including Honolulu, HI, Oxnard, CA and Seattle, WA."

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*The Federal Housing Finance Agency regulates Fannie Mae, Freddie Mac and the 11 Federal Home Loan Banks. These government-sponsored enterprises provide more than \$6.3 trillion in funding for the U.S. mortgage markets and financial institutions.*