
FEDERAL HOUSING FINANCE AGENCY



STATEMENT

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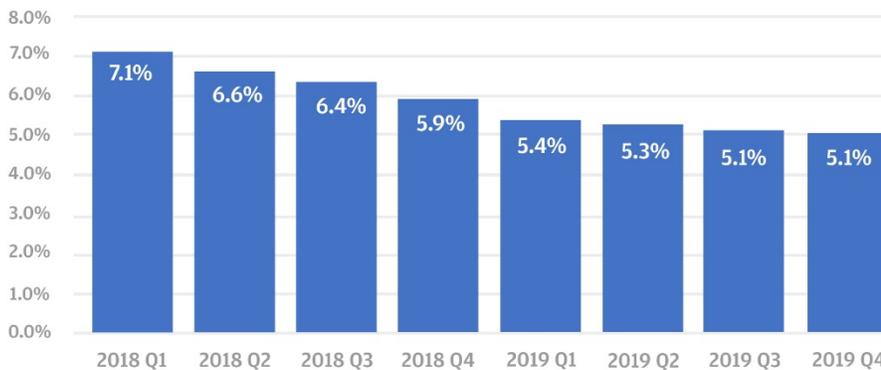
Analysis of FHFA's House Price Index for Fourth Quarter Lynn Fisher, Deputy Director, Division of Research and Statistics

“Falling interest rates and steady job growth renewed housing demand in 2019 and may have arrested the recent deceleration in home prices that began in 2018. In the third and fourth quarter of 2019 home price appreciation held steady at around 5.1 percent year over year—the first time the appreciation rate has not meaningfully decreased between quarters since the first quarter of 2018, according to the FHFA HPI. Rising interest rates and new tax policies contributed to the deceleration of house price growth during 2018, but interest rates reversed course in 2019. The 30-year mortgage rate is now more than a percentage point lower than at the end of 2018.

Year - Over- Year Home Price Growth

FHFA Purchase - Only (Seasonally Adjusted) Index

2018 Q1 - 2019 Q4



Continued low interest rates, stronger than expected job growth in January and a warmer than normal winter may bode well for an early spring buying season which along with a limited inventory of homes for sale could re-accelerate home prices. However, 34 consecutive quarters of positive house price growth in the US has strained housing affordability and may keep appreciation rates in a more moderate range than in the recent past. Another variable affecting home prices is that forecasters are expecting growth in the supply of new homes in 2020.

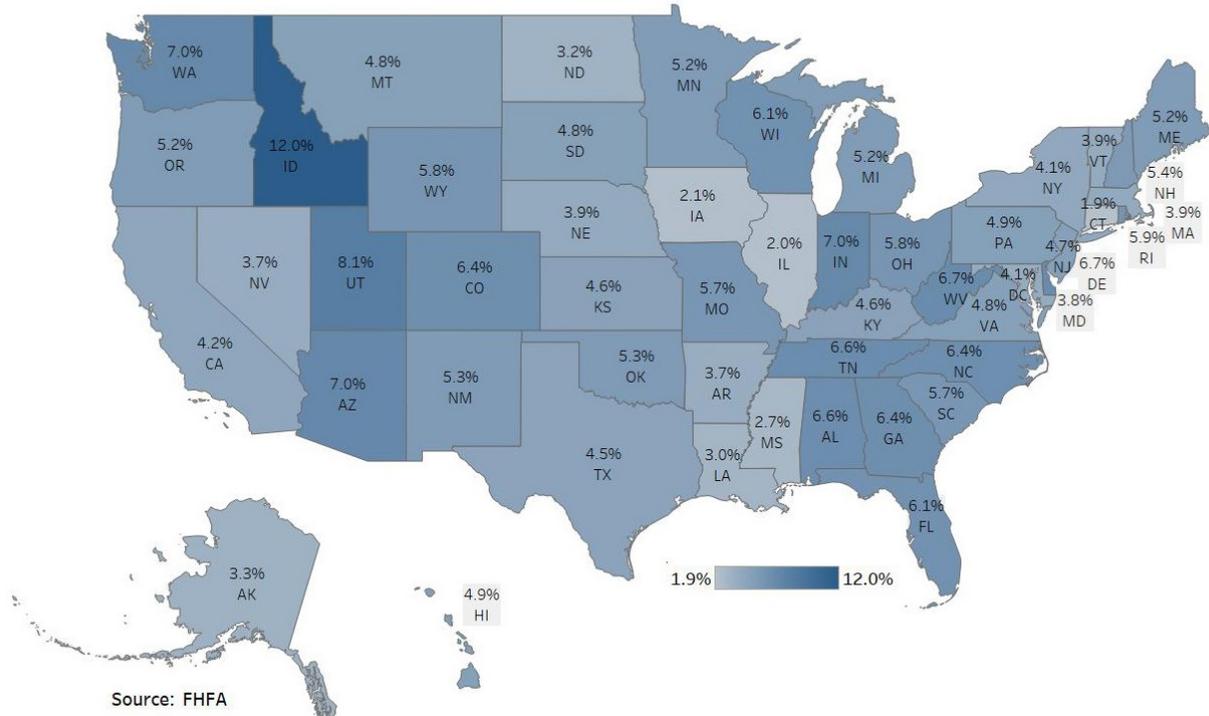
On a regional basis, we continue to see higher rates of appreciations in more affordable places like Idaho, Utah and Arizona. Of the largest 100 metro areas, Boise City and Colorado Springs

reported the fastest growth in the fourth quarter notching year over year growth of nearly 13 and 11 percent, respectively.”

[Link to U.S. map of house price appreciation by state and MSA.](#)

Four-Quarter Price Change by State: Purchase-Only Index (Seasonally Adjusted)

U.S. Four-Quarter Appreciation = 5.1% (2018Q4-2019Q4)



Source: FHFA

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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.