

Across the Board Gains in Home Prices for September According to the S&P/Case-Shiller Home Price Indices

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NEW YORK, Nov. 24, 2015 /PRNewswire/ -- S&P Dow Jones Indices today released the latest results for the S&P/Case-Shiller Home Price Indices, the leading measure of U.S. home prices. Data released today for September 2015 show that home prices continued their rise across the country over the last 12 months. More than 27 years of history for these data series is available, and can be accessed in full by going to www.homeprice.spdji.com. Additional content on the housing market can also be found on S&P Dow Jones Indices' housing blog: www.housingviews.com.

Year-over-Year

The S&P/Case-Shiller U.S. National Home Price Index, covering all nine U.S. census divisions, recorded a slightly higher year-over-year gain with a 4.9% annual increase in September 2015 versus a 4.6% increase in August 2015. The 10-City Composite increased 5.0% in the year to September compared to 4.7% previously. The 20-City Composite's year-over-year gain was 5.5% versus 5.1% in the year to September. After adjusting for the CPI core rate of inflation, the S&P/Case Shiller National Home Price Index rose 3% from September 2014 to September 2015.

San Francisco, Denver and Portland reported the highest year-over-year gains among the 20 cities with double-digit price increases of 11.2%, 10.9%, and 10.1%, respectively. Seventeen cities reported greater price increases in the year ending September 2015 versus the year ending August 2015. Phoenix had the longest streak of year-over-year increases, reporting a gain of 5.3% in September 2015, the tenth consecutive increase in annual price gains.

Month-over-Month

Before seasonal adjustment, the National Index posted a gain of 0.2% month-over-month in September. The 10-City Composite and 20-City Composite both reported gains of 0.2% month-over-month in September. After seasonal adjustment, the National Index posted a gain of 0.8%, while the 10-City and 20-City Composites both increased 0.6% month-over-month. Fifteen of 20 cities reported increases in September before seasonal adjustment; after seasonal adjustment, 19 cities increased for the month.

Analysis

"Home prices and housing continue to show strength with home prices rising at more than double the rate of inflation," says David M. Blitzer, Managing Director and Chairman of the Index Committee at S&P Dow Jones Indices. "The general economy appeared to slow slightly earlier in the fall, but is now showing renewed strength. With unemployment at 5% and hints of higher inflation in the CPI, most analysts expect the Federal Reserve to raise its Fed Funds target range to 25 to 50 basis points, the first increase since 2006. While this will make news, it is not likely to push mortgage rates far above the recent level of 4% on 30 year conventional loans. In the last year, mortgage rates have moved in a narrow range as home prices have risen; it will take much more from the Fed to slow home price gains.

"The strength seen in home prices since the bottom in 2012 led some to wonder if we're entering a new bubble. While bubbles can only be reliably identified in hindsight, one useful measure compares the increase in home prices to the change in rents. The first chart below shows the year-over-year change in the S&P/Case-Shiller National Home Price Index and the year-over-year change in the rent of primary residence series reported as part of the Consumer Price Index. Home prices are far more volatile. At the same time, the most recent data do not show a huge spread between the two series."

Source: S&P/Case-Shiller Home Prices, US Bureau of Labor Statistics

"Another question raised by consistent real (or inflation adjusted) home price increases is whether the prices are squeezing people out of the market. One measure of affordability is based on median income, median home price, and mortgage rate; a value of 100 on the chart below indicates a home buyer at the median income can afford the median price home. As shown on the chart, affordability is more than adequate for a median income buyer now but has slipped a bit recently."

The chart below depicts the annual returns of the U.S. National, the 10-City Composite and the 20-City Composite Home Price Indices. The S&P/Case-Shiller U.S. National Home Price Index, which covers all nine U.S. census divisions, recorded a 4.9% annual gain in September 2015. The 10-City and 20-City Composites reported year-over-year increases of 5.0% and 5.5%.

This chart shows the index levels for the U.S. National, 10-City and 20-City Composite Indices. As of September 2015, average home prices for the MSAs within the 10-City and 20-City Composites are back to their winter 2007 levels. Measured from their June/July 2006 peaks, the peak-to-current decline for both Composites is approximately 11-13%. Since the March 2012 lows, the 10-City and 20-City Composites have recovered 35.1% and 36.4%.

Table 1 below summarizes the results for September 2015. The S&P/Case-Shiller Home Price Indices are revised for the prior 24 months, based on the receipt of additional source data.

Metropolitan Area	September 2015			
	Level	September/August Change (%)	August/July Change (%)	1-Year Change (%)
Atlanta	126.37	0.1%	0.3%	6.2%
Boston	184.80	0.1%	0.4%	4.8%
Charlotte	134.38	0.0%	0.0%	4.3%
Chicago	132.50	-0.4%	0.1%	1.1%
Cleveland	110.34	-0.1%	0.2%	2.8%
Dallas	155.25	0.4%	0.8%	9.0%
Denver	173.46	0.4%	0.9%	10.9%
Detroit	103.81	0.0%	0.5%	5.6%
Las Vegas	145.01	0.1%	0.3%	5.8%
Los Angeles	238.91	0.2%	0.1%	6.4%
Miami	203.87	0.9%	0.4%	7.7%
Minneapolis	147.59	0.1%	0.3%	3.6%
New York	182.21	0.1%	0.6%	2.7%
Phoenix	155.23	0.2%	0.6%	5.3%
Portland	187.96	0.8%	1.1%	10.1%
San Diego	216.62	0.6%	0.4%	6.6%
San Francisco	216.46	0.6%	-0.2%	11.2%
Seattle	184.26	0.2%	0.3%	8.2%
Tampa	173.03	0.5%	0.6%	6.4%
Washington	213.63	-0.1%	0.2%	2.1%
Composite-10	197.84	0.2%	0.3%	5.0%
Composite-20	182.91	0.2%	0.3%	5.5%
U.S. National	175.51	0.2%	0.3%	4.9%

Source: S&P Dow Jones Indices and CoreLogic
Data through September 2015

Table 2 below shows a summary of the monthly changes using the seasonally adjusted (SA) and non-seasonally adjusted (NSA) data. Since its launch in early 2006, the S&P/Case-Shiller Home Price Indices have published, and the markets have followed and reported on, the non-seasonally adjusted data set used in the headline indices. For analytical purposes, S&P Dow Jones Indices publishes a seasonally adjusted data set covered in the headline indices, as well as for the 17 of 20 markets with tiered price indices and the five condo markets that are tracked.

Metropolitan Area	September/August Change (%)		August/July Change (%)	
	NSA	SA	NSA	SA
Atlanta	0.1%	1.0%	0.3%	0.2%
Boston	0.1%	0.6%	0.4%	0.3%
Charlotte	0.0%	0.4%	0.0%	-0.2%
Chicago	-0.4%	0.2%	0.1%	-0.9%
Cleveland	-0.1%	0.4%	0.2%	0.1%
Dallas	0.4%	0.9%	0.8%	0.8%
Denver	0.4%	0.8%	0.9%	0.8%
Detroit	0.0%	0.0%	0.5%	-0.5%
Las Vegas	0.1%	0.2%	0.3%	0.0%
Los Angeles	0.2%	0.4%	0.1%	0.0%
Miami	0.9%	1.2%	0.4%	0.5%
Minneapolis	0.1%	0.1%	0.3%	-0.4%
New York	0.1%	0.2%	0.6%	0.0%
Phoenix	0.2%	0.5%	0.6%	0.5%
Portland	0.8%	1.0%	1.1%	0.9%
San Diego	0.6%	0.7%	0.4%	0.3%
San Francisco	0.6%	1.2%	-0.2%	0.5%
Seattle	0.2%	0.9%	0.3%	0.6%

Tampa	0.5%	1.0%	0.6%	0.4%
Washington	-0.1%	0.3%	0.2%	0.1%
Composite-10	0.2%	0.6%	0.3%	0.1%
Composite-20	0.2%	0.6%	0.3%	0.1%
U.S. National	0.2%	0.8%	0.3%	0.4%

Source: S&P Dow Jones Indices and CoreLogic
Data through September 2015

For more information about S&P Dow Jones Indices, please visit www.spdji.com.

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