

National Mortgage News

Home price growth slows, but still at near-record pace

Home price growth moderated slightly in the second quarter from three months prior, and is likely to continue trending downward as buyers react to affordability concerns, Fannie Mae said.

The government-sponsored enterprise's latest quarterly Home Price Index found single-family values increased at an annualized rate of 19.4%, the second highest on record. That is down from an upwardly revised 20.5% [for the first quarter](#).

For the same period last year, the Fannie Mae HPI was 17.3%.

"Home prices maintained a near-historic pace of appreciation in the second quarter, as low levels of housing inventory continued to support price growth," said Doug Duncan, Fannie Mae chief economist, in a press release. "At the end of 2021 and extending into 2022, we believe many homebuyers pulled forward their purchase plans to avoid expected increases in mortgage rates, contributing to demand for homes and strong price appreciation."

During the second quarter, home prices increased by a seasonally adjusted 4.3% from the first quarter.

But rates for the 30-year mortgage have risen since the start of the year. They [ended the second quarter](#) averaging 5.7%, one week after peaking [at 5.81%](#), according to Freddie Mac. After [falling further](#) to 5.3%, it moved back up [to 5.51%](#) for the week of July 14. That is still much higher than [the 2.88%](#) for the same week last year.

But with [inflation continuing](#) to drive the U.S. economy, it is likely that rates will be volatile going forward.

"Given the sharp rise in mortgage rates since that time, and the resulting negative impact on affordability to potential homebuyers, we expect purchase demand to cool in the quarters ahead, and for home price appreciation to moderate as a result," Duncan said.