

Home prices slowed in 4Q: Fannie Mae

By [Andrew Martinez](#) January 17, 2023, 3:20 p.m. EST 2 Min Read

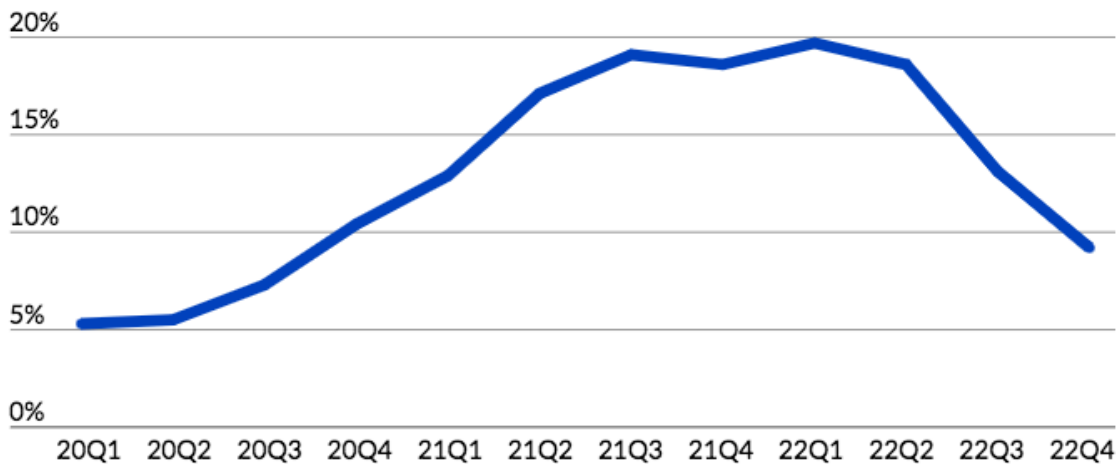
Home price growth was largely stagnant to close last year, as high interest rates continued to discourage prospective buyers, Fannie Mae reported.

Values for single-family properties rose a seasonally adjusted 0.2% over the fourth quarter of 2022 compared to the prior three months, according to the latest Home Price Index from the government-sponsored enterprise. Home prices rose 9.2% in the fourth quarter compared to the same time in 2021 on a non-seasonally adjusted basis, but that growth was markedly down from the year-over-year growth in the third quarter in 2022, of 13.1%.

"The rise in mortgage rates over the past year and record inflation have constrained the purchasing power of prospective homebuyers," said Mark Palim, Fannie Mae vice president and deputy chief economist, in a press release. "The resulting affordability pressures are evident in the home price declines of the past two quarters, along with the downturn in home sales."

The GSE aggregates county-level data and excludes condos for its index, which was formerly an internal report before Fannie Mae [began making it publicly available](#) last April. The HPI hit a peak of 19.7% year-over-year home price growth in the first quarter last year, the highest surge on record [according to data](#) dating back to 1976.

Year-over-year home price growth since 2020



Source: Fannie Mae Home Price Index

The miniscule quarterly home price growth gain at the end of 2022 was slightly higher than the 0.1% seasonally adjusted gain in the third quarter, Fannie Mae found. When accounting for a non-seasonally adjusted basis, home values declined 1.0% in the fourth quarter.

The housing market is enduring a difficult cycle of diminished demand amid rising mortgage rates and inflation. Mortgage activity [hit a 26-year low](#) to end December according to the Mortgage Bankers Association. Wavering mortgage rates [over 6%](#) are also keeping homeowners who locked in ultra-low rates in the prior two years [on the sidelines](#), according to Fannie Mae.

"We believe that a key factor that will impact home prices in 2023 is how the tension between a reduced supply of homes available for sale and lower mortgage demand is resolved," he said.

Housing inventory grew in December, according to a [Redfin analysis](#), although the growth was the result of properties lingering on the market for longer periods of time [rather than new listings coming to the market](#). Despite many signs of pessimism, Fannie Mae last week suggested consumer sentiment around home purchases [improved last month](#) given recent pricing and interest rate relief.