

U.S. Housing Flash

Rise in Home Prices Evidences Housing Recovery

- The S&P Case-Shiller Home Price Index accelerated to 2.0% on a YoY basis in August, the fastest pace since mid-2010
- Despite some monthly volatility in home prices, annual growth is expected to accelerate throughout the coming quarters

Figures for August were released for the S&P Case-Shiller Home Price Index, showing positive growth trends for the 20-city composite on both a monthly and annual basis. The seasonally-adjusted MoM gain for house prices was 0.5% in August, on par with other indicators like the Corelogic HPI and FHFA index, all of which are pointing to a slow, but nonetheless visible, recovery in the housing market. On a non-seasonally adjusted basis, the Case-Shiller index decelerated to 0.9% growth from significant growth rates seen in the prior four months. On the other hand, annual growth accelerated to 2.0% in August, up from 0.6% in June and 1.2% in July, reaching its highest rate since September 2010. The index reached yearly highs in August, with gains in prices of new homes offsetting a decline in the median price of existing homes sold. Although the Case-Shiller Index is a lagged indicator, it is additional evidence that the housing market is recovering, although slowly, and that prices along with sales will continue to move in a positive direction. In September, we saw a slight MoM drop in existing and new home prices, but we expect that YoY gains will remain healthy. Although uncertainties still loom for 4Q12 and 2013, the Fed's policy monetary accommodation suggests that housing activity will continue on a stable path for the foreseeable future.

Chart 1

S&P Case-Shiller Home Price Index YoY % Change



Source: Bureau of Economic Analysis & BBVA Research

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