10-1-25

WSJ Print Edition

image

Curr RE

image

Nationwide home prices in July continued a run of the weakest price rises since July 2023. JEFFEREE WOO/ TAMPA BAY TIMES/ ZUMA PRESS

Home Prices Cooled Ahead of Fed Rate Cut

BY JOSHUA KIRBY

U.S. home prices continued to rise at a slower pace in July in a fresh sign of summer weakness in the housing market.

The S&P Cotality Case-Shiller National Home Price Index, which measures home prices across the country, rose 1.7% in the 12 months through July, down from 1.9% on year in June, and continuing a run of the weakest price rises since July 2023.

"July's results reinforce that the housing market has downshifted to a much slower gear," said Nicholas Godec, head of fixed-income tradables and commodities at S&P Dow Jones Indices. Lackluster growth during the summer is "a far cry" from recent peaks of double-digit increases in the index, Godec said.

Note

Rising at a level slower than consumer-price inflation, home prices essentially have stagnated, he said.

The index underscored the growing divide in house prices between some attractive major cities on one side, and others that are struggling to draw in buyers on the other. Of 20 metropolises surveyed in a separate index, New York City continued to lead the pack, with an average 6.4% on-year rise in home prices in July. Chicago and Cleveland booked the next-highest increases.

"By contrast, several Sunbelt and West Coast markets that were recently red-hot are now faring far worse," Godec said. Prices in Tampa, Fla., fell 2.8% on year, coming in at the bottom of the list of 20, while Phoenix also recorded lower prices for homes compared with the same month a year earlier.

"The markets now on top…tend to be more affordable and supported by steady local economies, whereas the ones stumbling—like San Francisco or Phoenix—are grappling with stretched affordability and the comedown from speculative fervor," Godec said.

Still, there are signs elsewhere that the U.S. housing market picked up later in the summer. Sales of pending homes unexpectedly rebounded in August ahead of a widely anticipated cut to interest rates by the Federal Reserve in September, according to a report from the National Association of Realtors released Monday.