

Mortgage Rates Stifle Price Rise

U.S. home prices rose at the slowest annual pace in nearly two years as mortgage prices continued to stretch affordability.

The S&P CoreLogic Case-Shiller National Home Price Index, which measures home prices across the U.S., rose 2.7% in the 12 months to April, the slowest onyear appreciation since mid-2023 and cooling from 3.4% in March, data Tuesday showed.

Mortgage rates continued at a mid-6% range throughout April, keeping monthly payment burdens near generational highs and pricing out significant segments of potential buyers, said Nicholas Godec, head of fixed income tradables and commodities at S&P Dow Jones Indices.

The data suggests affordability constraints have hit previously overheated markets hardest, while traditionally stable markets with more reasonable price levels are attracting renewed interest, Godec continued.

"We're witnessing a housing market in transition. The era of broadbased, rapid price appreciation appears over, replaced by a more selective environment where local fundamentals matter more than national trends," Godec added.

Across 20 key U.S. cities, the price index saw a deceleration in prices, rising 3.4% on year in April from 4.1% a month earlier. Economists polled by The Wall Street Journal expected a larger 4.0% increase.

New York again saw the sharpest rise in home prices among the 20 cities, at 7.9% on year, while Tampa, Fla., saw prices fall 2.2%.

Housing supply remains severely constrained, with new construction failing to meet demand, providing the market with a price floor and preventing sharp falls that some had feared, Godec said.

The Case-Shiller index, which measures repeat-sales data, reports on a two-month delay and reflects a three-month moving average. The April data are based on purchase decisions made around the start of the year.

—Ed Frankl

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