Market Spotlight | Real Estate

Home Prices Continue Upward Trend

August 25, 2015

S&P/Case-Shiller Home Price Indices, arguably the leading measure of U.S. home prices released data today for June 2015. The results show that home prices have continued their rise across the country over the last 12 months. Comprised of nine U.S. census divisions, the latest numbers show a slightly higher year-over-year gain with a 4.5% annual increase in June 2015 versus a 4.4% increase in May 2015. The 10-City Composite showed a marginally lower gain of 4.6% year-over-year and the 20-City Composite was virtually unchanged, rising 5.0% year-over-year.

Denver, San Francisco, and Dallas reported the highest year-over-year gains among the 20 cities with price increases of 10.2%, 9.5%, and 8.2%, respectively. Eleven cities reported greater price increases in the year ending June 2015 over the year ending May 2015. Denver is the only city with a double digit increase, and Phoenix and Detroit had the longest streaks of year-over-year increases. Phoenix reported a 4.1% in June 2015, the seventh consecutive year-over-year increase. Detroit recorded 5.7% in June 2015, the sixth consecutive year-over-year increase.

Before seasonal adjustment, the National index and 20-City Composite both reported gains of 1.0% month-over-month in June. The 10-City Composite posted a gain of 0.9% month-over-month. After seasonal adjustment, the National index posted a gain of 0.1% while the 10-City and 20-City Composites were both down 0.1% month-over-month. All 20 cities reported increases in June before seasonal adjustment; after seasonal adjustment, nine were down, nine were up, and two were unchanged.

According to David M. Blitzer, Managing Director and Chairman of the Index Committee at S&P Dow Jones Indices, "Nationally, home prices continue to rise at a 4-5% annual rate, two to three times the rate of inflation". Prices in San Francisco and Denver are rising far faster than those in Washington DC, New York, or Cleveland, the city-to-city price patterns are little changed in the last year. Washington saw the smallest year-over-year gains in five of the last six months; San Francisco and Denver ranked either first or second of all cities in the last five months. The price gains have been consistent as the unemployment rate declined with steady inflation and an unchanged Fed policy.

"The missing piece in the housing picture has been housing starts and sales. These have changed for the better in the last few months. Sales of existing homes reached 5.6 million at annual rates in July, the strongest figure since 2007. Housing starts topped 1.2 million units at annual rates with almost two-thirds of the total in single family homes. Sales of new homes are also trending higher. These data point to a stronger housing sector to support the economy. Two possible clouds on the horizon are a possible Fed rate increase and volatility in the stock market. A one quarter-point increase in the Fed funds rate won't derail housing. However, if the Fed were to quickly follow that initial move with one or two more rate increases, housing and home prices might suffer. A stock market correction isS&P Dow Jones Indices unlikely to do much damage to the housing market; a full blown bear market dropping more than 20% would present some difficulties for housing and for other economic sectors."

OmniStar Financial Group is a Registered Investment Advisor registered in the state of North Carolina. All notices should be sent to OmniStar Financial Group 1236 19th Street Lane NW, Hickory, NC 28601. Please contact your financial advisor if there are any changes in your financial situation, or investment objectives. Our current disclosure statement is set forth in Part II of Form ADV and is available for your review upon request. This material has no regard to the specific investment objectives, financial situation, or particular needs of any reader. The OmniStar Market Spotlights are published solely for informational purposes and are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. References made to third parties are based on information obtained from sources believed to be reliable, but are not guaranteed as being accurate. Readers should not regard it as a substitute for the exercise of their own judgment. Any opinions expressed in this site are subject to change without notice and OmniStar Financial Group is under no obligation to update or keep current the information contained herein. OmniStar Financial Group accepts no liability whatsoever for any loss or damage of any kind arising out of the use of all or any part of this material. The purpose of OmniStar's Market Spotlight is to provide general opinion commentary and should not be acted upon without first consulting your financial advisor, tax advisor and/or legal advisor.

OmniStar financial group

© 2015 Copyright OmniStar Financial Group Market Spotlight