U.S. Home Price Insights

Through October 2019 with Forecasts from November 2019

Introduction

The CoreLogic Home Price Insights report features an interactive view of our Home Price Index product with analysis through October 2019 with forecasts from November 2019.

CoreLogic HPI™ is designed to provide an early indication of home price trends. The indexes are fully revised with each release and employ techniques to signal turning points sooner. CoreLogic HPI Forecasts™ (with a 30-year forecast horizon), project CoreLogic HPI levels for two tiers—Single-Family Combined (both Attached and Detached) and Single-Family Combined excluding distressed sales.

The report is published monthly with coverage at the national, state and Core Based Statistical Area (CBSA)/Metro level and includes home price indices (including distressed sale); home price forecast and market condition indicators. The data incorporates more than 40 years of repeat-sales transactions for analyzing home price trends.

HPI National Change

October 2019 National Home Prices

Home prices nationwide, including distressed sales, increased year over year by 3.5% in October 2019 compared with October 2018 and increased month over month by 0.5% in October 2019 compared with September 2019 (revisions with public records data are standard, and to ensure accuracy, CoreLogic incorporates the newly released public data to provide updated results).

Forecast Prices Nationally

The CoreLogic HPI Forecast indicates that home prices will increase by 5.4% on a year-over-year basis from October 2019 to October 2020. On a month-over-month basis, home prices are expected to increase by 0.2% from October 2019 to November 2019. The CoreLogic HPI Forecast is a projection of home prices using the CoreLogic HPI and other economic variables. Values are derived from state-level forecasts by weighting indices according to the number of owner-occupied households for each state.
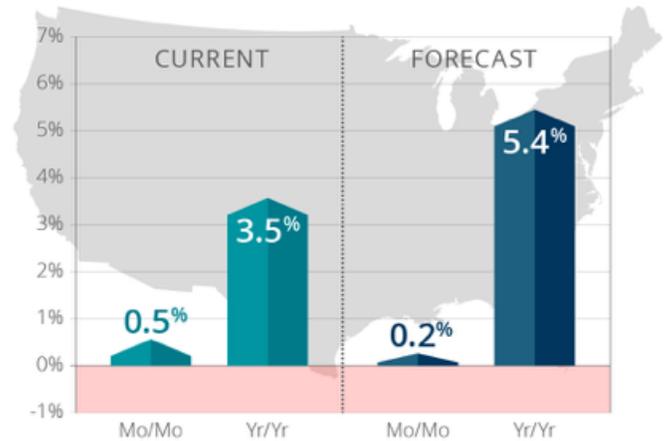

"Local home-price growth can deviate widely from the change in our U.S. index. While we saw prices up 3.5% nationally last year, home prices also declined in 22 metropolitan areas. Price softness occurred in some high-cost urban areas and in metros with weak employment growth during the past year."

- Dr. Frank Nothaft
Chief Economist for CoreLogic

HPI & Case-Shiller Trends

This graph shows a comparison of the national year-over-year percent change for the CoreLogic HPI and CoreLogic Case-Shiller Index from 2000 to present month with forecasts one year into the future. We note that both the CoreLogic HPI Single Family Combined tie and the CoreLogic Case-Shiller Index are posting positive, but moderating year-over-year percent changes, and forecasting gains for the next year.
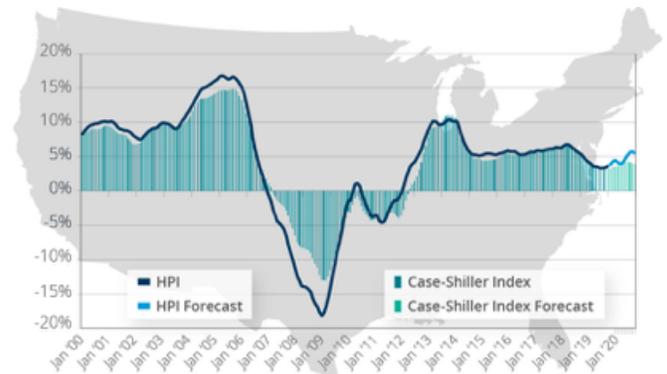
2019 CoreLogic Consumer Housing Sentiment Study

During the second quarter of 2019, CoreLogic, together with RTi Research of Norwalk, Connecticut, conducted an extensive survey measuring consumer-housing sentiment among millennials. The survey showed that millennials are mostly unconcerned about qualifying fo a mortgage. Three out of four millennials, or 75%, say they are confident they would qualify for a loan with their current financial situation. Still, despite this confidence, more than half of the cohort cites buying a home as a stressful experience, noting spending the majority of their savings as one of the leading stressors

"Nationally, over the past year, home prices are up 3.5% with the rate of growth accelerating from September into October," said Frank Martell, president and CEO of CoreLogic. "We expect home prices to rise at least another 5% over the next 12 months. Interestingly, this persistent increase in

HPI National and State Maps - October 2019

The CoreLogic HPI provides measures for multiple market segments, referred to as tiers, based on property type, price, time between sales, loan type (conforming vs. non-conforming) and distressed sales. Broad national coverage is available from the national level down to ZIP Code, including non-disclosure states.

Nationally, the year-over-year home price changed by 3.5%. All states posted an annual decline in home prices in October 2019.

The states with the highest increases year-over-year were Idaho (10.9%), Maine (7.5%) and Indiana (7.1%).

YEAR-OVER-YEAR % CHANGE
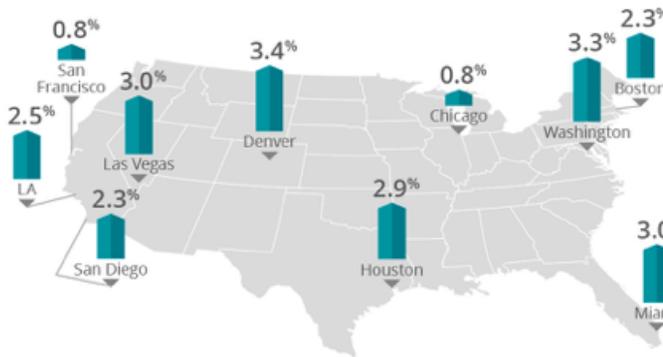
-0   0-3   3-6   6-

HPI Top 10 Metros Change

The CoreLogic HPI provides measures for multiple market segments, referred to as tiers, based on property type, price, time between sales, loan type (conforming vs. non-conforming) and distressed sales. Broad national coverage is available from the national level down to ZIP Code, including non-disclosure states.

These large cities continue to experience price increases, with Denver leading the way at 3.4% year over year.

Market Conditions Indicators (MCI) Metro Area Maps - October 2019

In an analysis of the country's 100 largest metropolitan areas based on housing stock, 35% of cities have an overvalued housing stock as of October 2019, according to CoreLogic Market Conditions Indicators (MCI) data. The MCI analysis categorizes home prices in individual markets as undervalued, at value or overvalued by comparing home prices to their long-run, sustainable levels, which are supported by local market fundamentals such as disposable income. Also, as of October, 27% of the top 100 metropolitan areas were undervalued and 38% were at value. When looking at only the top 50 markets based on housing stock, 40% were overvalued, 20% were undervalued and 40% were at value. The MCI analysis defines an overvalued housing market as one in which home prices are at least 10% higher than the long-term, sustainable level, while an undervalued housing market is one in which home prices are at least 10% below the sustainable level.
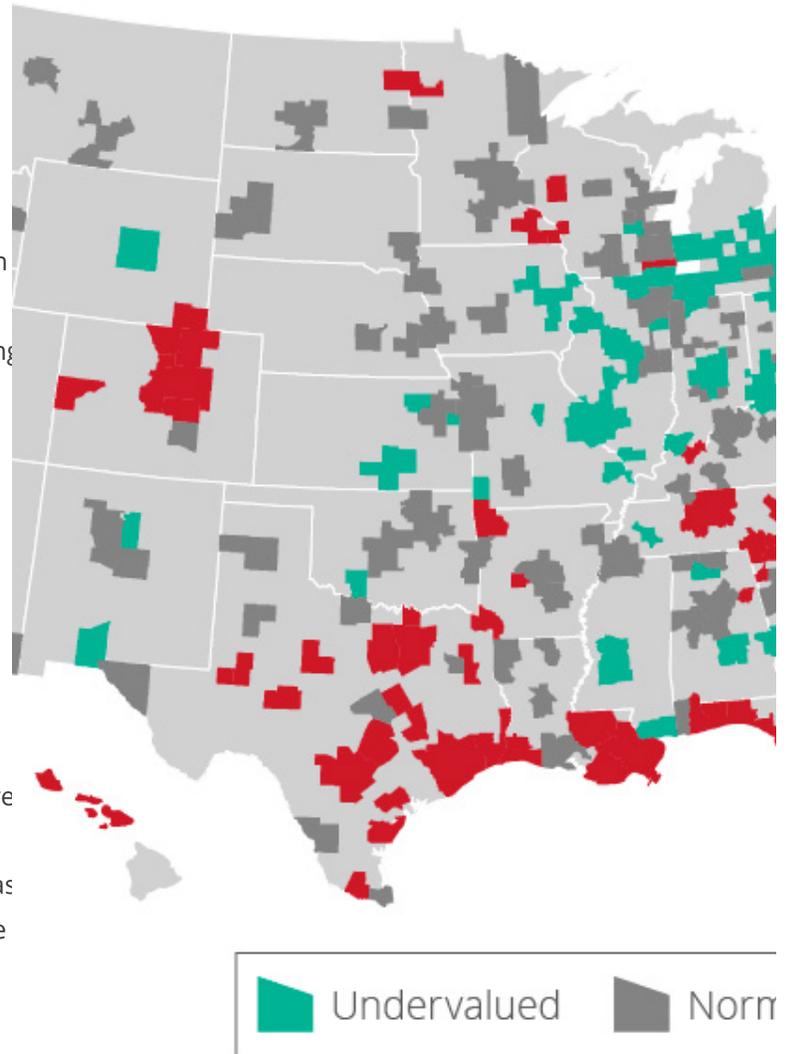
Summary

CoreLogic HPI features deep, broad coverage, including non-disclosure state data. The index is built from industry-leading real-estate public record, servicing, and securities databases—including more than 40 years of repeat-sales transaction data—and all undergo strict pre-boarding assessment and normalization processes.

CoreLogic HPI and HPI Forecasts both provide multi-tier market evaluations based on price, time between sales, property type, loan type (conforming vs. non-conforming) and distressed sales, helping clients hone in on price movements in specific market segments.

Updated monthly, the index is the fastest home-price valuation information in the industry—complete home-price index datasets five weeks after month's end. The Index is completely refreshed each month—all pricing history from 1976 to the current month—to provide the most up-to-date, accurate indication of home-price movements available.

Methodology

The CoreLogic HPI™ is built on industry-leading public record, servicing and securities real-estate databases and incorporates more than 40 years of repeat-sales transactions for analyzing home price trends. Generally released on the first Tuesday of each month with an average five-week lag, the CoreLogic HPI is designed to provide an early indication of home price trends by market segment and for the "Single-Family Combined" tier representing the most comprehensive set of properties, including all sales for single-family attached and single-family detached properties. The indexes are fully revised with each release and employ techniques to signal turning points sooner. The CoreLogic HPI provides measures for multiple market segments, referred to as tiers, based on property type, price, time between sales, loan type (conforming vs. non-conforming) and distressed sales. Broad national coverage is available from the national level down to ZIP code, including non-disclosure states.

CoreLogic HPI Forecasts™ are based on a two-stage, error-correction econometric model that combines the equilibrium home price—as a function of real disposable income per capita—with short-run fluctuations caused by market momentum, mean-reversion, and exogenous economic shocks like changes in the unemployment rate. With a 30-year forecast horizon, CoreLogic HPI Forecasts project CoreLogic HPI levels for two tiers—"Single-Family Combined" (both attached and detached) and "Single-Family Combined Excluding Distressed Sales." As a companion to the CoreLogic HPI Forecasts, Stress-Testing Scenarios align with Comprehensive Capital Analysis and Review (CCAR) national scenarios to project five years of home prices under baseline, adverse and severely adverse scenarios at state, CBSA and ZIP code levels. The forecast accuracy represents a 95-percent statistical confidence interval with a +/- 2.0 percent margin of error for the index.

About the CoreLogic Consumer Housing Sentiment Study

In the second quarter of 2019, 877 renters and homeowners were surveyed by CoreLogic together with RTi Research. This study is a quarterly pulse of U.S. housing market dynamics. Each quarter, the research focuses on a different issue related to current housing topics. This first quarterly study concentrated on consumer sentiment within high-priced markets. The survey has a sampling error of +/- 3.1% at the total respondent level with a 95% confidence level.

About RTi Research

RTi Research is an innovative, global market research and brand strategy consultancy headquartered in Norwalk, CT. Founded in 1979, RTi has been consistently recognized by the American Marketing Association as one of the top 50 U.S. insights companies. The company serves a broad base of leading firms in Financial Services, Consumer Goods, and Pharmaceuticals as well as partnering with leading academic centers of excellence.

Source: CoreLogic

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About CoreLogic

CoreLogic (NYSE: CLGX) is a leading global property information, analytics and data-enabled solutions provider. The company's combined data from public, contributory and proprietary sources includes over 4.5 billion records spanning more than 50 years, providing detailed coverage of property, mortgages and other encumbrances, consumer credit, tenancy, location, hazard risk and related performance information. The markets CoreLogic serves include real estate and mortgage finance, insurance, capital markets, and the public sector. CoreLogic delivers value to clients through unique data, analytics, workflow technology, advisory and managed services. Clients rely on CoreLogic to help identify and manage growth opportunities, improve performance and mitigate risk. Headquartered in Irvine, Calif., CoreLogic operates in North America, Western Europe and Asia Pacific. For more information, please visit www.corelogic.com.

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