

U.S. Home Price Insights

Through October 2020 with Forecasts from November 2020 and October 2021

Introduction

The CoreLogic Home Price Insights report features an interactive view of our Home Price Index product with analysis through October 2020 with Forecasts from November 2020 and October 2021.

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.

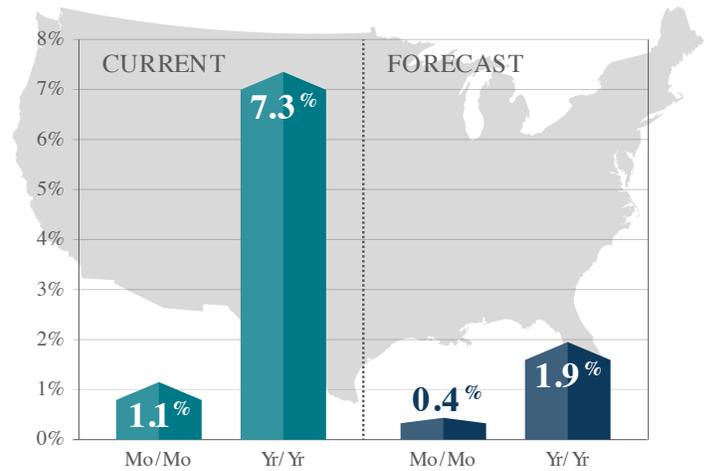
HPI National Change

October 2020 National Home Prices

Home prices nationwide, including distressed sales, increased year over year by 7.3% in October 2020 compared with October 2019 and increased month over month by 1.1% in October 2020 compared with September 2020 (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 on a month-over-month basis by 0.4% from October 2020 to November 2020, and on a year-over-year basis by 1.9% from October 2020 to October 2021.

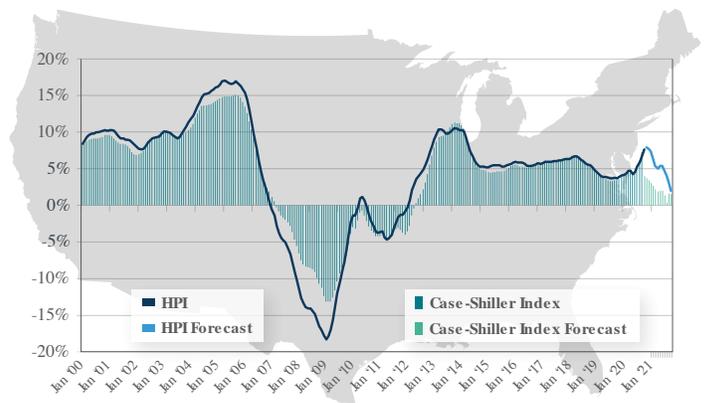


“Home buyers have been spurred by record-low mortgage rates and an urgency to buy or upgrade to more space, especially as much of the American workforce continues to work from home. First-time buyers in particular should remain a big part of next year’s home purchases, as the largest wave of millennials is heading into prime home-buying years.”

-Frank Martell
President and CEO of 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.



Source: Case-Shiller Index Forecast data provided by Moody's Analytics

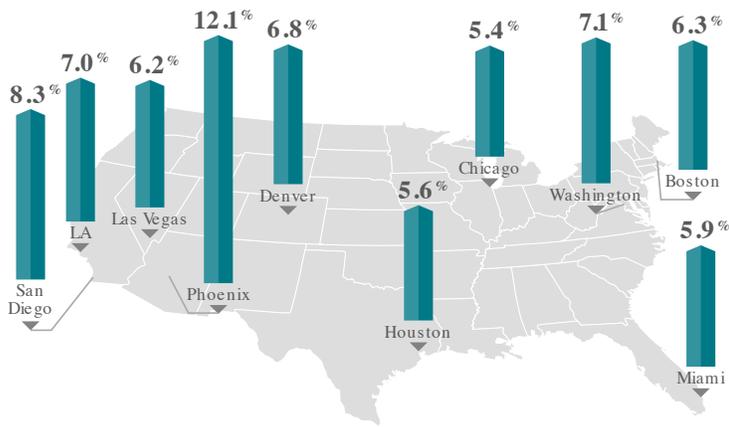
COVID-19 Impact on Home Prices

Home prices climbed in recent months due to heightened demand and ongoing home supply constraints. The supply shortage could further intensify as COVID-19 cases continue to rise and would-be sellers remain hesitant about putting their homes on the market. However, to keep up with the rising demand, new home construction surged in October and builder confidence reached a [new high for the third consecutive month](#). The decreased pressure on supply could moderate home price growth over the next year. This is reflected in the CoreLogic HPI Forecast, which shows

home prices slowing to 1.9% by October 2021. However, should the economic recovery from the pandemic be more robust, then we would expect projections for home price performance to improve.



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 in October, with Phoenix leading the way at 12.1% year over year.

Markets to Watch: Top Markets at Risk of Home Price Decline

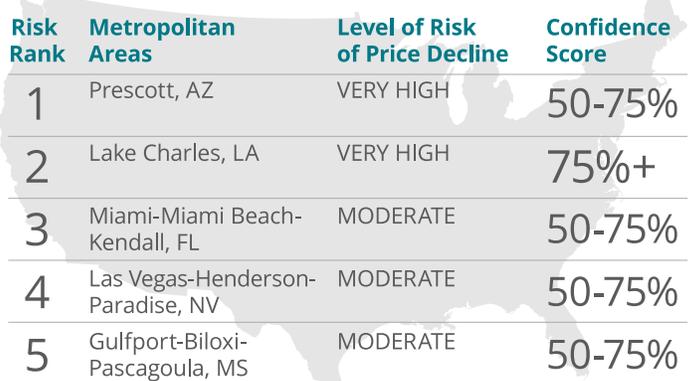
Despite the rapid acceleration of national home price growth, local markets continue to vary. For instance, in Phoenix, where there is a severe shortage of for-sale homes, prices increased 12.1% in October. Meanwhile, the New York-Jersey City-White Plains metro recorded only a small annual increase of 2.1%, as residents continue to seek out more space in less densely populated areas. At the state level, Maine, Idaho and Arizona experienced the strongest price growth in October, up 14.9%, 13.1% and 12%, respectively.

The HPI Forecast also reveals the disparity in expected home price growth across metros. In markets like Las Vegas, where the local tourism economy and job market continue to struggle, home prices are expected to decline 1.8% by October 2021. Conversely, in San Diego

home prices are forecasted to increase 7.9% over the next 12 months as low inventory continues to push prices up.

The CoreLogic Market Risk Indicator (MRI), a monthly update of the overall health of housing markets across the country, predicts that metros such as Lake Charles, Louisiana, and Prescott, Arizona, are at the greatest risk (above 70%) of a decline in home prices over the next 12 months, while Miami, Las Vegas and Gulfport-Biloxi-Pascagoula, Mississippi, are at moderate risk (50%-70%) of a decrease.

Top Markets at Risk of Home Price Decline



Risk Rank	Metropolitan Areas	Level of Risk of Price Decline	Confidence Score
1	Prescott, AZ	VERY HIGH	50-75%
2	Lake Charles, LA	VERY HIGH	75%+
3	Miami-Miami Beach-Kendall, FL	MODERATE	50-75%
4	Las Vegas-Henderson-Paradise, NV	MODERATE	50-75%
5	Gulfport-Biloxi-Pascagoula, MS	MODERATE	50-75%

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 indices 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.



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, metropolitan areas and ZIP Code levels. The forecast accuracy represents a 95% statistical confidence interval with a +/- 2% margin of error for the index.

About Market Risk Indicator

Market Risk Indicators are a subscription-based analytics solution that provide monthly updates on the overall “health” of housing markets across the country. CoreLogic data scientists combine world-class analytics with detailed economic and housing data to help determine the likelihood of a housing bubble burst in 392 major metros and all 50 states. Market Risk Indicators is a multi-phase regression model that provides a probability score (from 1 to 100) on the likelihood of two scenarios per metro: a >10% price reduction and a ≤ 10% price reduction. The higher the score, the higher the risk of a price reduction.

About the Market Condition Indicators

As part of the CoreLogic HPI and HPI Forecasts offerings, Market Condition Indicators are available for all metropolitan areas and identify individual markets as “overvalued”, “at value”, or “undervalued.” These indicators are derived from the long-term fundamental values, which are a function of real disposable income per capita. Markets are labeled as overvalued if the current home price indexes exceed their long-term values by greater than 10%, and undervalued where the long-term values exceed the index levels by greater than 10%.

Source: CoreLogic

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About CoreLogic

CoreLogic (NYSE: CLGX), the leading provider of property insights and solutions, promotes a healthy housing market and thriving communities. Through its enhanced property data solutions, services and technologies, CoreLogic enables real estate professionals, financial

institutions, insurance carriers, government agencies and other housing market participants to help millions of people find, buy and protect their homes. For more information, please visit www.corelogic.com.

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