

U.S. HOME PRICES END FIRST HALF OF YEAR ON STRONGER NOTE

Home prices across the United States rose in the first six months of the year at an annualized rate of 6.3 percent, according to Radian Home Price Index (HPI) data released by Red Bell Real Estate, LLC, a Radian Group Inc. company (NYSE: RDN).

The Radian HPI also rose 8.1 percent year-over-year (July 2019 to June 2020), which was slightly higher than the year-over-year increase of 7.8 percent recorded last month. The annualized increase represents a resumption of a general upward trend in annualized yearly gains. The Radian HPI is calculated based on the estimated values of more than 70 million unique addresses each month, covering all single-family property types and geographies.

“While there has been localized volatility in home prices during the pandemic, prices overall have remained quite resilient. After gains across the U.S. slowed in May, the first half of the year ended on an impressive

note, especially given the significant headwinds real estate transactions have faced,” noted Steve Gaenzler, SVP of Data and Analytics.

Nationally, the number of closed real estate sales was higher in the final week of June than in the same week of 2019. That marked the first time since the end of March that weekly counts of closings were higher in 2020 than 2019. Gaenzler added that “the recent surge in places where COVID cases are growing may alter the current path of strong home prices, but we didn’t see that result in the first half of the year.”

NATIONAL DATA AND TRENDS

- Median home price in the U.S. rose to \$256,740 in June
- Home prices rose an annualized 6.6 percent during the second quarter

Nationally, the median estimated price for single-family and condominium homes rose to \$256,740 in June from

the \$254,826 recorded in May. Across the U.S., home prices rose 6.6 percent in the second quarter, a slight increase over the first-quarter gain. Distressed sales in June 2020 represented 5.1 percent of all sales, with REO accounting for 4.4 percent of the distressed sales. This is a decrease from May, when distressed sales represented 6.0 percent of sales, with REO sales at 5.2 percent. While homeowner equity remains at or near record levels, distressed sales will likely increase in the coming months as national unemployment rates remain elevated.

REGIONAL DATA AND TRENDS

- First-Half 2020 results are positive for all Regions
- Midwest and West are strongest Regions; Northeast and Southwest are weakest

In the first half of 2020, all six of the Regional indices recorded positive home price appreciation rates in excess of 4.5

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STEVE GAENZLER, SVP OF DATA AND ANALYTICS

NATIONALLY, THE NUMBER OF CLOSED REAL ESTATE SALES WAS HIGHER IN THE FINAL WEEK OF JUNE THAN IN THE SAME WEEK OF 2019.
 THAT MARKED THE FIRST TIME SINCE THE END OF MARCH THAT WEEKLY COUNTS OF CLOSINGS WERE HIGHER IN 2020 THAN 2019.

percent (annualized). While home price appreciation slowed earlier in the second quarter, a stronger June propelled the Regions higher for the quarter and half-year. Months of Supply, which helps measure the balance between supply and demand by taking the current month's active and under contract listings and dividing them by last month's sales, stood at 4.04 months of supply in June. This was down from 4.51 months in June of last year, and also decreased from May. Declining months of supply often result in more price competition and price stability.

The Northeast recorded the slowest rate of appreciation in the first half of the year. While Connecticut continues to lag the other states in the Region, New Hampshire and Maine have experienced increasingly strong home-price momentum in 2020.

In the South, home prices in Louisiana are largely unchanged since the beginning of 2020, while Tennessee and Georgia have recorded the strongest

appreciation rates. Florida, the largest state in the Region, continues to perform weaker than other states.

Utah and Washington have helped make the West the second-best performing region in the first half of the year. California has underperformed seven of the 11 Regional states but has performed better than Nevada, Hawaii and Wyoming.

The Midwest Region continues to record the highest rates of home price appreciation in the country. Fueled by demand for lower, or more affordably priced markets, Indiana, Minnesota and Missouri have driven the Region higher. Within the Midwest, Illinois has been the weakest large-state performer.

METROPOLITAN AREA DATA AND TRENDS

- Metro areas end quarter on strong note
- 70 percent of largest Core-Based Statistical Areas (CBSAs) had stronger Q2 than Q1

All of the 20 largest metro areas in the U.S recorded positive price appreciation in the second quarter and first half of 2020. A total of 14 of the 20-largest CBSAs had stronger second-quarter price appreciation rates than those recorded in the first quarter of 2020. Of the six metros recording a weaker second quarter as compared to the first, three were in California (Los Angeles, San Diego, San Francisco) and the remaining three were in the Mid-Atlantic Region (Washington, DC; Baltimore, MD; New York, NY).

The weakest large metros in the first half of 2020, based on annualized growth, included Baltimore (+3.0 percent), Washington, D.C. (+3.3 percent), Boston (+3.3 percent), and Miami (+3.3 percent). The strongest included Minneapolis, Seattle, and Phoenix, which all had greater than 7 percent annualized home price appreciation in the first half of the year. ▲

WHILE HOMEOWNER EQUITY REMAINS AT OR NEAR RECORD LEVELS, DISTRESSED SALES WILL LIKELY INCREASE IN THE COMING MONTHS AS NATIONAL UNEMPLOYMENT RATES REMAIN ELEVATED.

