Nearly Nine in 10 Metro Areas Posted Home Price Gains in the Fourth Quarter of 2022

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Key Highlights

- Single-family existing-home sales prices climbed in almost 90% of measured metro areas – 166 of 186 – in the fourth quarter. The national median single-family existing-home price increased 4.0% from one year ago to $378,700.
- The monthly mortgage payment on a typical existing single-family home with a 20% down payment was $1,969 – up 58% year-over-year.
- Less than a fifth of metro markets (18%) posted double-digit annual price appreciation (46% in the previous quarter).

WASHINGTON (February 9, 2023) – Approximately nine out of 10 metro markets registered home price gains in the fourth quarter of 2022 despite mortgage rates eclipsing 7%, according to the National Association of Realtors®' latest quarterly report. Eighteen percent of the 186 tracked metro areas registered double-digit price increases over the same time period, down from 46% in the third quarter of 2022.

Compared to a year ago, the national median single-family existing-home price rose 4.0% to $378,700. Year-over-year price appreciation decelerated when compared to the previous quarter's 8.6%.

“A slowdown in home prices is underway and welcomed, particularly as the typical home price has risen 42% in the past three years,” NAR Chief Economist Lawrence Yun said, noting these costs increases have far surpassed wage increases and consumer price inflation of 15% and 14%, respectively, since 2019. “Far fewer metro markets experienced double-digit price gains in the latest quarter.”

Among the major U.S. regions, the South saw the largest share of single-family existing-home sales (45%) in the third quarter, with year-over-year price appreciation of 4.9%. Prices grew 5.3% in the Northeast, 4.0% in the Midwest, and 2.6% in the West.[1]

“Even with a projected reduction in home sales this year, prices are expected to remain stable in the vast majority of the markets due to extremely limited supply,” Yun added. “Moreover, there are signs that buyers are returning as mortgage rates decline, even with inventory levels near historic lows.”

The top 10 metro areas with the largest year-over-year price increases all recorded gains of at least 14.5%, with seven of those markets in Florida and the Carolinas. Those include Farmington, N.M. (20.3%); North Port-Sarasota-Bradenton, Fla. (19.5%); Naples-Immokalee-Marco Island, Fla. (17.2%); Greensboro-High Point, N.C. (17.0%); Myrtle Beach-Conway-North Myrtle Beach, S.C.-N.C. (16.2%); Oshkosh-Neenah, WI (16.0%); Winston-Salem, N.C. (15.7%); El Paso, Texas (15.2%); Punta Gorda, Fla. (15.2%); and Deltona-Daytona Beach-Ormond Beach, Fla. (14.5%).

Half of the top 10 most expensive markets in the U.S. were in California, including San Jose-Sunnyvale-Santa Clara, Calif. ($1,577,500; -5.8%); San Francisco-Oakland-Hayward, Calif. ($1,230,000; -6.1%); Anaheim-Santa Ana-Irvine, Calif. ($1,132,000; -1.6%); Urban Honolulu, Hawaii ($1,090,200; 3.4%); San Diego-Carlsbad, Calif. ($857,000; 1.4%); Los Angeles-Long Beach-Glendale, Calif. ($829,100; -1.3%); Naples-Immokalee-Marco Island, Fla. ($802,500; 17.2%);

Boulder, Colo. ($759,500; -2.0%); Seattle-Tacoma-Bellevue, Wash. ($708,900; 1.3%); and Barnstable Town, Mass. ($668,100; 4.0%).

Roughly one in 10 markets (11%; 20 of 186) experienced home price declines in the fourth quarter of 2022.

"A few markets may see double-digit price drops, especially some of the more expensive parts of the country which have also seen weaker employment and higher instances of residents moving to other areas," Yun added.

In the fourth quarter of 2022, housing affordability was exacerbated by elevated home prices and mortgage rates which roughly doubled from the beginning of the year. The monthly mortgage payment on a typical existing single-family home with a 20% down payment was $1,969. This represents a 7% increase from the third quarter of last year ($1,838) but a major surge of 58% – or $720 – from one year ago. Families typically spent 26.2% of their income on mortgage payments, up from 25% in the prior quarter and 17.5% one year ago.

Once again, first-time buyers looking to purchase a typical home during the fourth quarter of 2022 encountered challenges related to housing's growing unaffordability. For a typical starter home valued at $321,900 with a 10% down payment loan, the monthly mortgage payment rose to $1,931, about 7% more than the previous quarter ($1,806) and an increase of almost $700, or 57%, from one year ago ($1,233). First-time buyers typically spent 39.5% of their family income on mortgage payments, up from 37.8% in the previous quarter. A mortgage is considered unaffordable if the monthly payment (principal and interest) amounts to more than 25% of the family's income.[2]

A family needed a qualifying income of at least $100,000 to afford a 10% down payment mortgage in 71 markets, up from 59 in the prior quarter. Yet, a family needed a qualifying income of less than $50,000 to afford a home in 16 markets, down from 17 in the previous quarter.

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Data tables for MSA home prices (single-family and condo) are posted at https://www.nar.realtor/research-and-statistics/housing-statistics/metro.... If insufficient data is reported for an MSA in a particular quarter, it is listed as N/A. For areas not covered in the tables, please contact the local association of Realtors®.

NOTE: NAR releases quarterly median single-family price data for approximately 185 Metropolitan Statistical Areas (MSAs). In some cases, the MSA prices may not coincide with data released by state and local Realtor® associations. Any discrepancy may be due to differences in geographic coverage, product mix, and timing. In the event of discrepancies, Realtors® are advised that for business purposes, local data from their association may be more relevant.

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[1] Areas are generally metropolitan statistical areas as defined by the U.S. Office of Management and Budget. NAR adheres to the OMB definitions, although in some areas an exact match is not possible from the available data. A list of counties included in MSA definitions is available at: https://www.census.gov/geographies/reference-files/time-series/demo/metro-micro/delineation-files.html.

Regional median home prices are from a separate sampling that includes rural areas and portions of some smaller metros that are not included in this report; the regional percentage changes do not necessarily parallel changes in the larger metro areas. The only valid comparisons for median prices are with the same period a year earlier due to seasonality in buying patterns. Quarter-to-quarter comparisons do not compensate for seasonal changes, especially for the timing of family buying patterns.

Median price measurement reflects the types of homes that are selling during the quarter and can be skewed at times by changes in the sales mix. For example, changes in the level of distressed sales, which are heavily discounted, can vary notably in given markets and may affect percentage comparisons. Annual price measures generally smooth out any quarterly swings.

NAR began tracking of metropolitan area median single-family home prices in 1979; the metro area condo price series dates back to 1989.

The seasonally adjusted annual rate for a particular quarter represents what the total number of actual sales for a year would be if the relative sales pace for that quarter was maintained for four consecutive quarters. Total home sales include single-family, townhomes, condominiums and co-operative housing.

[2] Housing costs are burdensome if they take up more than 30% of income. The 25% share of mortgage payment to income considers the idea that homeowners have additional expenses, including mortgage insurance, home insurance, taxes, and expenses for property maintenance.