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HOUSE PRICE APPRECIATION SLOWS FROM RECORD-SETTING PACE, BUT REMAINS STRONG

OFHEO House Price Index Shows 12 Percent Annual Increase

WASHINGTON, D.C. – Average U.S. home prices increased **12.02 percent** year over year from the third quarter of 2004 through the third quarter of 2005. This represents a two percentage point decline from the previous four-quarter appreciation rate of approximately 14 percent. Appreciation for the most recent quarter was **2.86 percent**. The figures were released today by OFHEO Acting Director Stephen A. Blumenthal, as part of the House Price Index (HPI), a quarterly report analyzing housing price appreciation trends.

“Appreciation rates in the third quarter were extremely strong, although some deceleration can be seen in a number of the faster-appreciating markets,” said OFHEO Chief Economist Patrick Lawler. “Price momentum in the Pacific and New England states, in particular, has pulled back.”

House prices grew more rapidly over the last year than did prices of non-housing goods and services reflected in the Consumer Price Index. House prices rose 12 percent, while prices of other goods and services rose only 4.5 percent.

Appreciation rates in the Pacific Census Division fell from last quarter, but remain higher than in other areas. At slightly less than 16.9 percent, the four-quarter appreciation rate in the South Atlantic Division now trails appreciation in the Pacific by less than one-half a percentage point.

Other significant findings in the HPI:

1. Price growth in Arizona continues to accelerate, with a one-year appreciation rate of 30 percent, the largest of any state by a wide margin.
2. Florida became the second fastest-appreciating state, with four-quarter appreciation of 25 percent and 11 of the 20 highest ranked Metropolitan Statistical Areas (MSAs).