VeroFORECAST Predicts Moderate Home Price Growth In 2025

SANTA ANA, Calif., January 7, 2025 —Today, Veros Real Estate Solutions (Veros®), an industry leader in enterprise risk management and collateral valuation services, released its Q4 2024 VeroFORECAST℠. The forecast projects an average nationwide home price appreciation rate of 2.7% over the next 12 months, representing a slight deceleration from the previous quarter's forecast of 3.1%.

VeroFORECAST evaluates home prices in over three hundred of the nation's largest housing markets, and Veros is committed to the data science of predicting home value based on rigorous analysis of the fundamentals and interrelationships of numerous economic, housing, and geographic variables pertaining to home value.

The housing market in 2025 will likely see a divergence between regions. While some sunbelt markets may experience a cooling in price growth, some of the hottest housing markets in terms of price growth will be in the Northeast and Midwest over the next 12 months. This divergence is largely driven by affordability concerns. In a market where homeownership remains a significant financial challenge for many, the Northeast and Midwest stand out as regions with relatively greater affordability.

Despite the challenges, the housing market has demonstrated resilience in 2024, with home prices rising 4.3% from October 2023 to October 2024 (FHFA). On the supply side, nationwide, housing inventory increased to 1.33 million homes in November 2024, up from 1.13 million a year prior. However, this rise in supply has had a limited impact on prices. A significant portion of homeowners, nearly 60%, are locked in low-interest-rate mortgages below 4%, making them reluctant to sell and incur higher borrowing costs. Furthermore, low foreclosure rates, fueled by substantial home equity gains and a soaring stock market, have further constrained supply. Only those facing significant life events are compelled to sell their homes.

High mortgage rates and rising home prices have priced out many potential first-time homebuyers, creating a significant pent-up demand. In response, prospective buyers are adapting their strategies. Some are adjusting their expectations, considering smaller properties or less desirable locations, while others are increasing their savings efforts to secure larger down payments.

Despite the Federal Reserve's three rate cuts totaling 100 basis points in 2024, mortgage rates have rebounded to 6.91% and are expected to remain elevated in the mid-to-upper 6% range throughout 2025. Both prospective homebuyers and sellers have begun to accept the reality of persistent high mortgage rates and continued price appreciation. This shift in expectations is likely to bring back some buyers and even sellers to the market. Buyers with the flexibility of remote work are increasingly choosing to purchase homes in more affordable smaller metros in the Northeast and Midwest.

The top ten housing markets for the next year are projected to be: Rockford (IL), Manchester (NH), Rochester and Syracuse in NY, Lafayette (IN), Hartford and New Haven in CT, Lancaster and Erie in PA, and Grand Rapids (MI). Nine of these metros boast median home prices below the national average. While Manchester has a higher median price, it still offers a more affordable alternative compared to the exorbitant housing costs of nearby Boston.
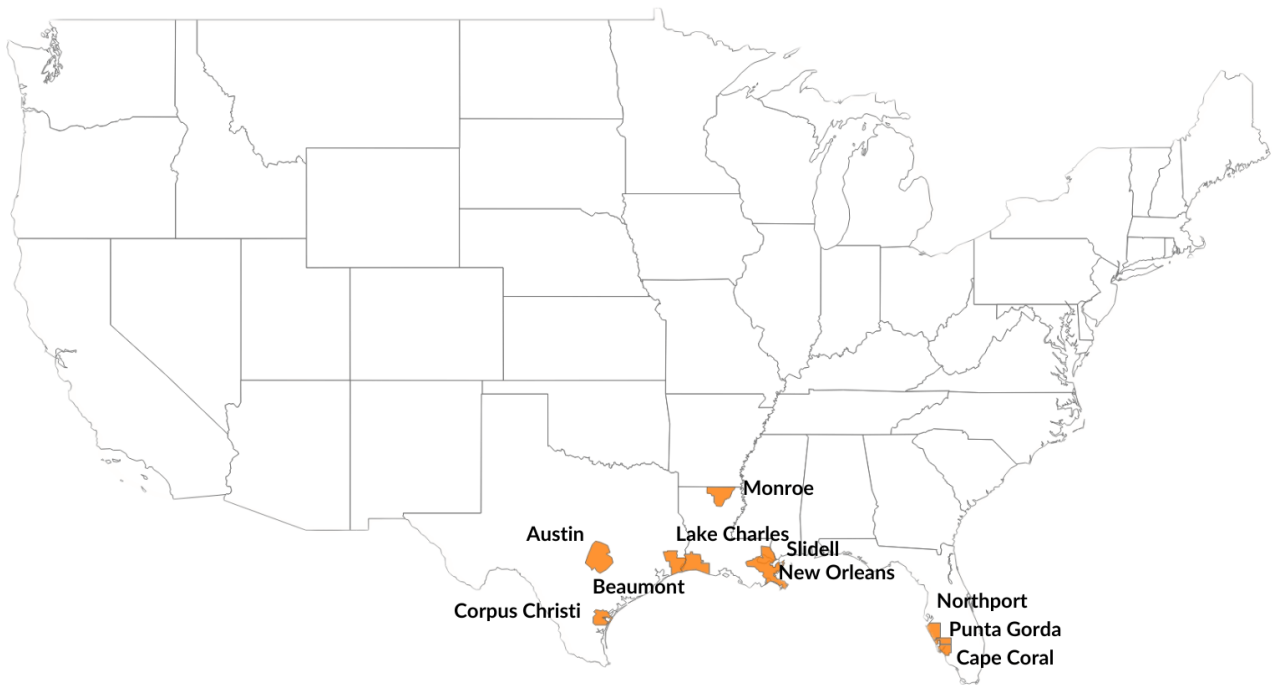
Rank	Top 10 Metropolitan Statistical Area	Forecast
1	ROCKFORD, IL	6.4%
2	MANCHESTER-NASHUA, NH	6.4%
3	ROCHESTER, NY	6.0%
4	SYRACUSE, NY	5.9%
5	LAFAYETTE-WEST LAFAYETTE, IN	5.7%
6	HARTFORD-WEST HARTFORD-EAST HARTFORD, CT	5.5%
7	NEW HAVEN, CT	5.4%
8	LANCASTER, PA	5.3%
9	GRAND RAPIDS-WYOMING-KENTWOOD, MI	5.3%
10	ERIE, PA	5.2%
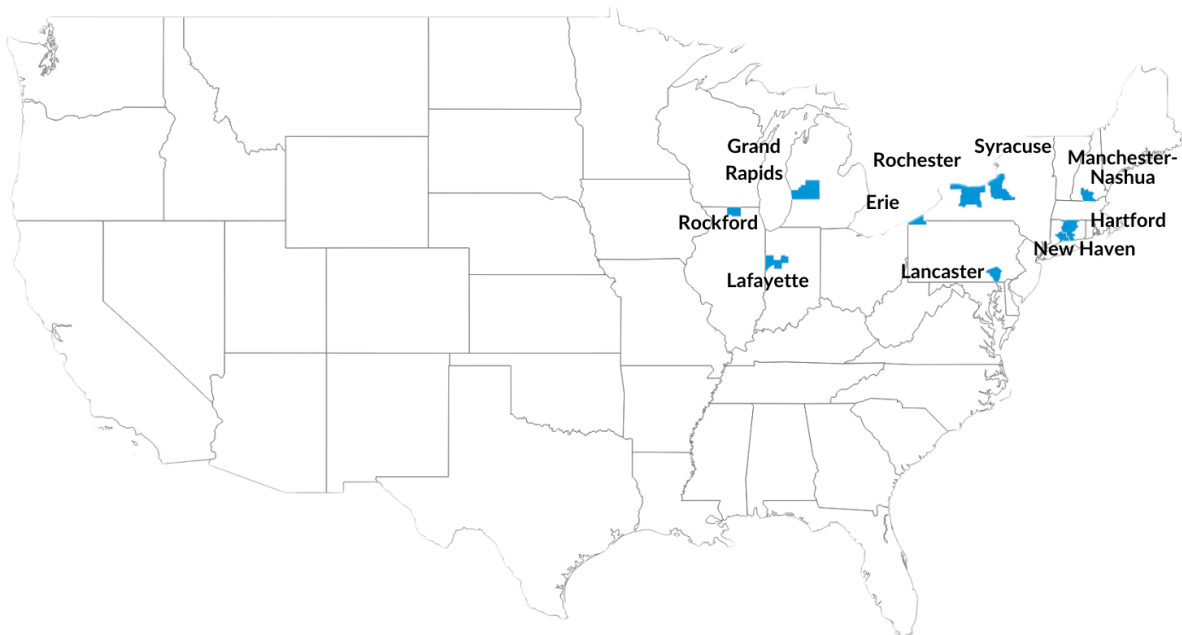
Four of the weakest ten markets are in Louisiana and three each in Florida and Texas. These regions are experiencing a slowdown due to a confluence of factors. The number of homes for sale has risen in these states, giving buyers more leverage and leading to price reductions. The surge in new construction in Texas and Florida has further increased housing supply. Moreover, the pandemic-fueled migration to these areas has slowed as employers are increasingly enforcing return-to-office policies. Additionally, the

vulnerability of these regions to hurricanes and other natural disasters has contributed to rising insurance costs, deterring potential buyers.

Rank	The 10 Weakest Metropolitan Statistical Area	Forecast
1	LAKE CHARLES, LA	-2.9%
2	NEW ORLEANS-METAIRIE, LA	-2.2%
3	BEAUMONT-PORT ARTHUR, TX	-1.9%
4	CORPUS CHRISTI, TX	-1.8%
5	PUNTA GORDA, FL	-1.2%
6	NORTH PORT-BRADENTON-SARASOTA, FL	-1.2%
7	AUSTIN-ROUND ROCK-SAN MARCOS, TX	-1.1%
8	SLIDELL-MANDEVILLE-COVINGTON, LA	-0.9%
9	MONROE, LA	-0.7%
10	CAPE CORAL-FORT MYERS, FL	-0.4%

VeroFORECAST Methodology

The quarterly VeroFORECAST reports to clients by subscription and to industry media in a summary overview. The current report is based on **328** Metropolitan Statistical Areas (MSAs) data, including **16,532** ZIP codes, **978** counties, and **82%** of U.S. population covered. The report is a projected increase twelve months forward.

- Download the Q4 2024 – Q4 2025 VeroFORECAST results as a PDF infographic
- Download the 10 Strongest-Performing Markets graphic only

Source: Veros Real Estate Solutions (Veros®)

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About Reena Agrawal, Research Economist

Reena Agrawal has a Ph.D. in Economics from Vanderbilt University. She has fifteen years of experience in macroeconomic forecasting, sectoral research, feasibility studies of complex projects, and preparing reports for multi-national clients.

About Veros Real Estate Solutions (Veros®)

A mortgage technology innovator since 2001, Veros is a proven leader in enterprise risk management and collateral valuation services. The firm combines predictive technology, data analytics, and industry expertise to deliver advanced automated solutions that control risk and increase profits throughout the mortgage industry, from loan origination to servicing and securitization. Veros' services include automated valuation, fraud and risk detection, portfolio analysis, forecasting, and next-generation collateral risk management platforms. Veros is the primary architect and technology provider of the GSEs' Uniform Collateral Data Portal® (UCDP®). Veros also works closely with the FHA to support its Electronic Appraisal Delivery (EAD) portal. The company is also making the home-buying process more efficient for our nation's Veterans through its appraisal management work with the Department of Veterans Affairs. For more information, visit www.veros.com or call 866-458-3767.

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