

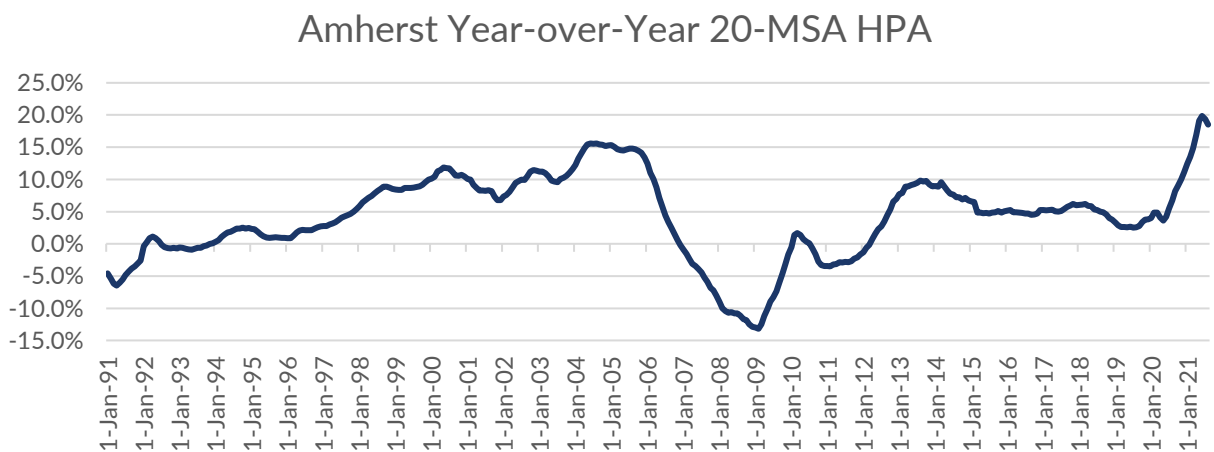


## Fall Heralds Some Relief from Blistering Home Price Growth

Following the summer's record-breaking heat and housing prices, the autumn winds herald cooling on all fronts. Amherst's home price and rent growth indices suggest that the summer peaks may be behind us. For the second consecutive month, home price growth is showing decelerating trends, though growth levels are still near their record peaks. Although August rent growth shattered its previous records yet again, growth trajectories imply that the pace may soon settle. These trends continue to suggest that demand for spacious homes in less expensive cities amid a constrained housing supply remains strong.

### *Year-over-Year growth remains high across the U.S.*

FIGURE 1: 20-MSA HOME PRICE INDEX



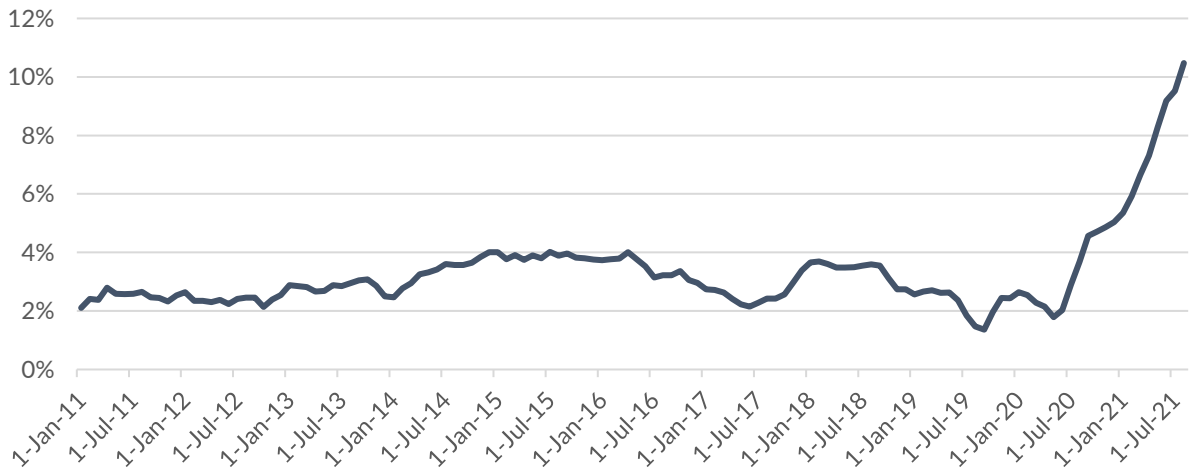
Source: Amherst

The 20-Metropolitan Statistical Area (MSA) Amherst Home Price Index shows August reached year-over-year (YoY) growth of 18.5 percent, or 130 basis points (bps) lower than the record high of 19.8 percent two months ago. This makes August the third-highest YoY appreciation since the index began to track homes in 1991. This is also the third-highest YoY HPI growth since the 20-MSA index began in 1991 and is three percentage points higher than the pre-financial crisis high of 15.5% reached in July 2004. Although the market cooling augured by July continues in August, whether this trend persists remains to be seen given the unpredictability of the Delta variant's effect on return-to-office policies, lockdowns, and the economy.



FIGURE 2: 20-MSA RENT GROWTH INDEX

### Amherst Year-over-Year 20-MSA Rent Growth



Source: Amherst

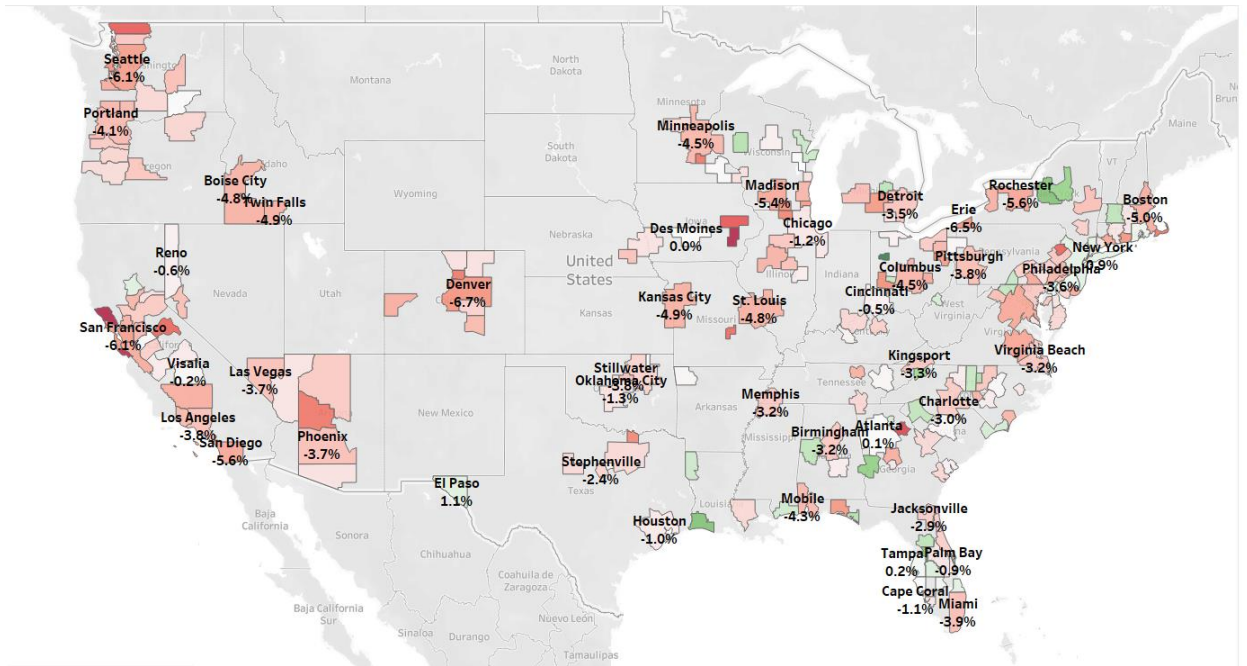
Rent growth follows a similar record-setting trend as home price growth. The 20-MSA Amherst Rent Growth Index growth hit a record high of 10.5 percent – the highest value since the start of Amherst’s rent index in 2011, or 100 basis points higher than the last record high of 9.5 percent one month ago. As we discuss in our July 2021 paper “The State of the Housing Market: The Red-Hot Housing Market will not Cool Down Overnight,” record-low-for-rent inventories amid record-high prices suggest that suppliers find it hard to keep up with the high pandemic-motivated consumer demand for flexibility and space. We anticipate further rises in rents in the short term and possible cooling in the longer term in areas currently experiencing the highest rent growths as pandemic-driven migration eases and operators work to meet increased consumer demand for single-family rentals.





## Home Price Growth Begins to Cool Everywhere

FIGURE 4: DIFFERENCE BETWEEN THE JUNE -TO- AUGUST AND MARCH-TO-MAY 2021 HPA



Source: Amherst

With the exception of a few peripheral markets, home price growth is cooling in both urban cores and in the corresponding peripheries. Boise and Twin Falls, with the highest appreciation, exemplify this trend. Compared to May's three-month rolling rate of housing price appreciation, the three-month rolling rate in August has slowed by approximately 4.8 percent. This trend is not unique to Idaho and prevails throughout the U.S.





### ***The Delta Variant Introduces Unpredictability***

Although Amherst and many other firms are focused on increasing the number of quality homes through new-build verticals, we do not anticipate big leaps in housing construction. Consequently, we expect future housing price trajectories to be dictated by the speed and quality of economic recovery, back-to-work trends, and the obstacles to both introduced by the rise of COVID-19's Delta variant. The Delta variant threatens to continue to slow U.S. economic recovery and introduces additional uncertainty around return-to-office requests, especially with employers in major coastal cities that embraced work-from-home policies and whose workers migrated to less dense, less expensive cities during the pandemic. If these workers are asked to return to their offices, we may see even more slowdown in housing price appreciation. When that will happen has been a source of unpredictability throughout the pandemic and remains so.

### ***Data Details***

The Amherst Home Price Index (HPI) tracks home price changes in 20 Metropolitan Statistical Areas (MSAs) and more than 200 Core-Based Statistical Areas (CBSA) in the United States to construct a repeat sales method that utilizes Amherst's screening techniques to exclude certain non-representative transactions. The index is published on a monthly basis. Unlike the HPI published by S&P Case Shiller Weiss, Corelogic, and the Federal Housing Finance Agency (FHFA), Amherst HPI is a distressed-free index which does not include price changes due to foreclosures, short-sales, bank repossession and REO resale. The use of Multiple Listing Services (MLS) data that are supplemented by Corelogic off-market data allows the HPI to have a more timely look at monthly shifts in the housing market than other leading market indices<sup>1</sup>.

The Amherst Rent Growth Index tracks rent price changes of Single-Family Detached (SFD) homes in 20 Metropolitan Statistical Areas (MSAs), as well as over 150 CBSAs in the United States. The Index is published every month and uses a repeat-rent methodology similar to the one employed for the Amherst HPI. The index incorporates both MLS and Altos rental data to produce a timely rent index.

<sup>1</sup> At the time of writing this August 2021 housing market report, the S&P Case Shiller Index has been released up through June 2021



## IMPORTANT DISCLOSURES

The comments provided herein are a general market overview and do not constitute investment advice, are not predictive of any future market performance, are not provided as a sales or advertising communication, and do not represent an offer to sell or a solicitation of an offer to buy any security.

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The Amherst Group of companies comprise of leading real estate investment and advisory firms with a mission to transform the way real estate is owned, financed and managed. Amherst leverages its proprietary data, analytics, technology, and decades of experience to seek solutions for a fragmented, slow-to-evolve real estate ecosystem and to materially improve the experience for residents, buyers, sellers, communities, and investors. Today Amherst has over 900 employees and more than \$10.9 billion in assets under management\*.

Over the past decade, Amherst has scaled its platform to become one of the largest operators of single-family assets and has acquired, renovated, and leased more than 40,000 homes across 28 markets in the U.S. The firm delivers customized, stabilized cash-flowing portfolios of assets to its investors, wrapped in all the ongoing services required to manage, own, and finance the asset including property management, portfolio management, and a full capital markets team. In addition to its single-family rental platform, Amherst's debt business pursues two distinct credit strategies in mortgage-backed securities and commercial real estate lending. Over its 25-year history, Amherst has developed a deep bench of research and technology talent, and leverages data and analytics at every stage in the asset lifecycle to improve operations and preserve long-term value for our investors and the more than 165,000 residents the firm has served.

\*As of June 30, 2021,

For more information please visit [www.amherst.com](http://www.amherst.com)

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