

Maryland Home Values Rise in Second Quarter of 2019

Maryland's home prices rose by 0.4 percent in the second quarter of 2019, the nineteenth quarter-over-quarter increase. The increase in the last several years suggest the housing market has recovered from the Great Recession and home values are growing. This information is based on the Federal Housing Finance Agency's (FHFA) Purchase Only Housing Price Index (HPI), which measures average price changes in repeat sales for single-family houses¹

Other findings from the latest Purchase Only HPI:

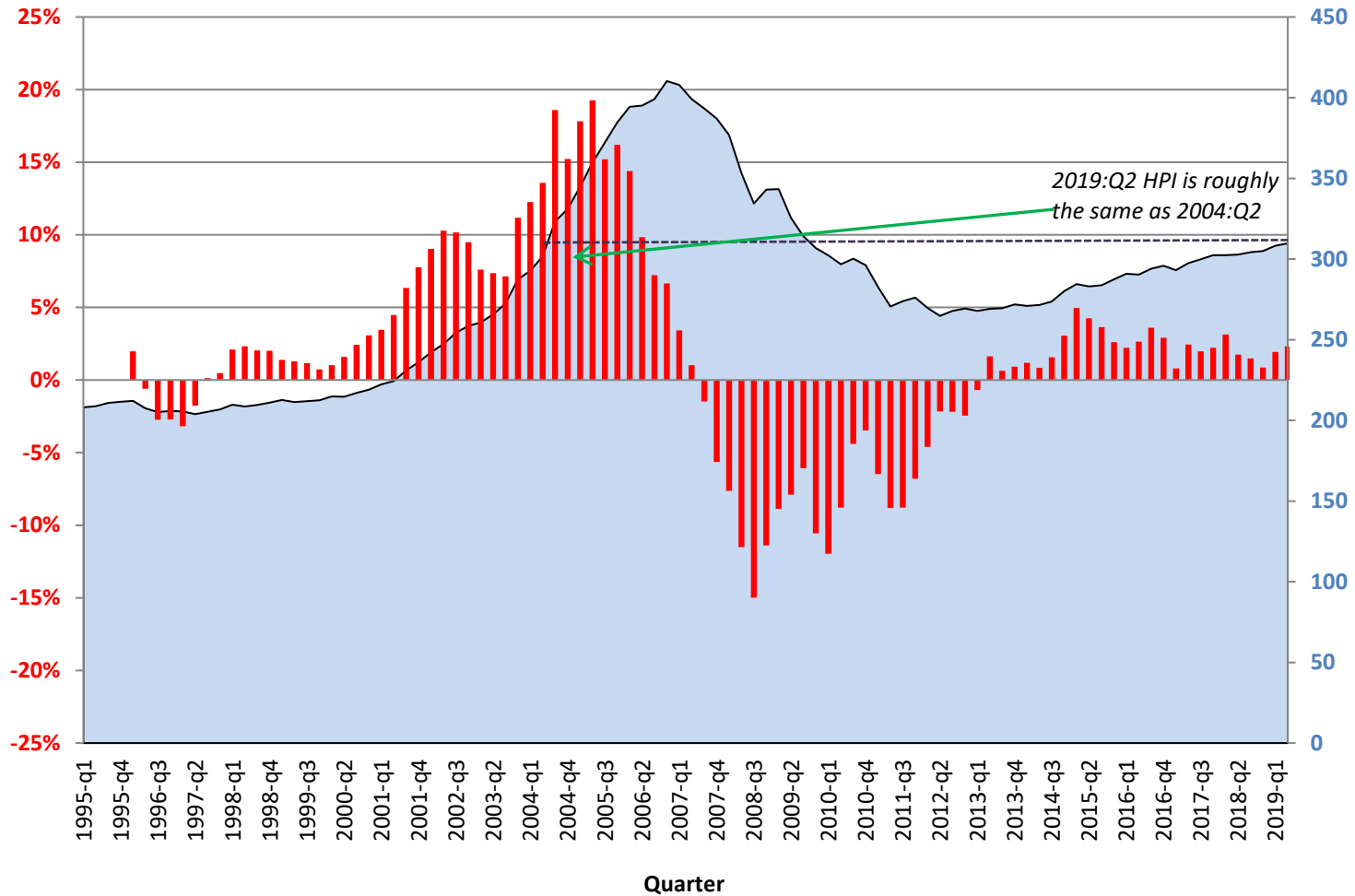
- Nationally, home prices rose an inflation-adjusted 3.9 percent in 2019:Q2, the twenty eight consecutive quarter-over-quarter increase. U.S. prices have been rising since 2012:Q2 ([See Table 1](#)).
- Since 2012:Q2, quarterly price gains in the U.S. have been faster than in Maryland ([See Chart 1](#)).
- Single-family home prices peaked in Maryland in 2006:Q2 and nationally in 2006:Q4. However, the increase in home prices for Maryland (103.0%) was much greater than what occurred for the U.S. as whole (55.7%) when measured against the starting analysis period of 1995:Q1 ([See Chart 2](#)).
- Compared to the peak quarter, Maryland home prices have fallen by an inflation-adjusted 21.2 percent, while national home prices have declined by 3.1 percent.
- Compared to 1995:Q1 the start of the analysis period, the home prices in Maryland are up by 62.7 percent in 2019:Q2 which is less than the national increase of 66.7 percent.
- Maryland home have grown since 2014:Q4, illustrated by steady gains in adjusted HPI to the present quarter. ([See Chart 3](#)).
- To illustrate the effects of the rise and fall of housing prices over time: a theoretical \$150,000 house in Maryland in 1995:Q1 would have risen in value to \$303,989 at the peak period of 2007:Q1 and fallen to \$194,445, a 36.0 percent decline, at its lowest point in 2012:Q1. By

¹ This data tracks the valuation of existing single-family homes over time for which two mortgages used to purchase a home were originated and subsequently purchased by Freddie Mac or Fannie Mae since 1991. According to the FHFA, "Fannie Mae and Freddie Mac are restricted by law to purchasing single-family mortgages with origination balances below a specific amount, known as the "conforming loan limit." Loans above this limit are known as jumbo loans." Conforming loans are the only loans tracked by the House Price Index. See page 7 for more information.

2019:Q2, that house would have improved to \$240,010, 23.4 percent above its lowest point, but still 21.0 percent below its peak value. ([See Chart 4](#)).

- Similarly for the U.S., the \$150,000 house in 1995:Q1 would have risen in value to \$233,496 at its peak in 2006:Q4 and would have fallen in value to \$161,407, a 30.0 percent decline at its lowest point in 2012:Q1 after the peak. By 2019:Q2 that house would have improved to \$202,614, 20.3 percent above its lowest point, but still 13.2 percent below its peak value.

Chart 1 - All-Transactions HPI for Maryland 1995:Q1 to 2019:Q2, Percentage Change in Index Adjusted for Inflation



■ Inflation Adjusted HPI Index

■ Inflation Adjusted Percent Change in HPI from Same Quarter in Previous Year

Chart 2 - Purchase Only HPI 1995:Q1 - 2019:Q2 Adjusted for Inflation

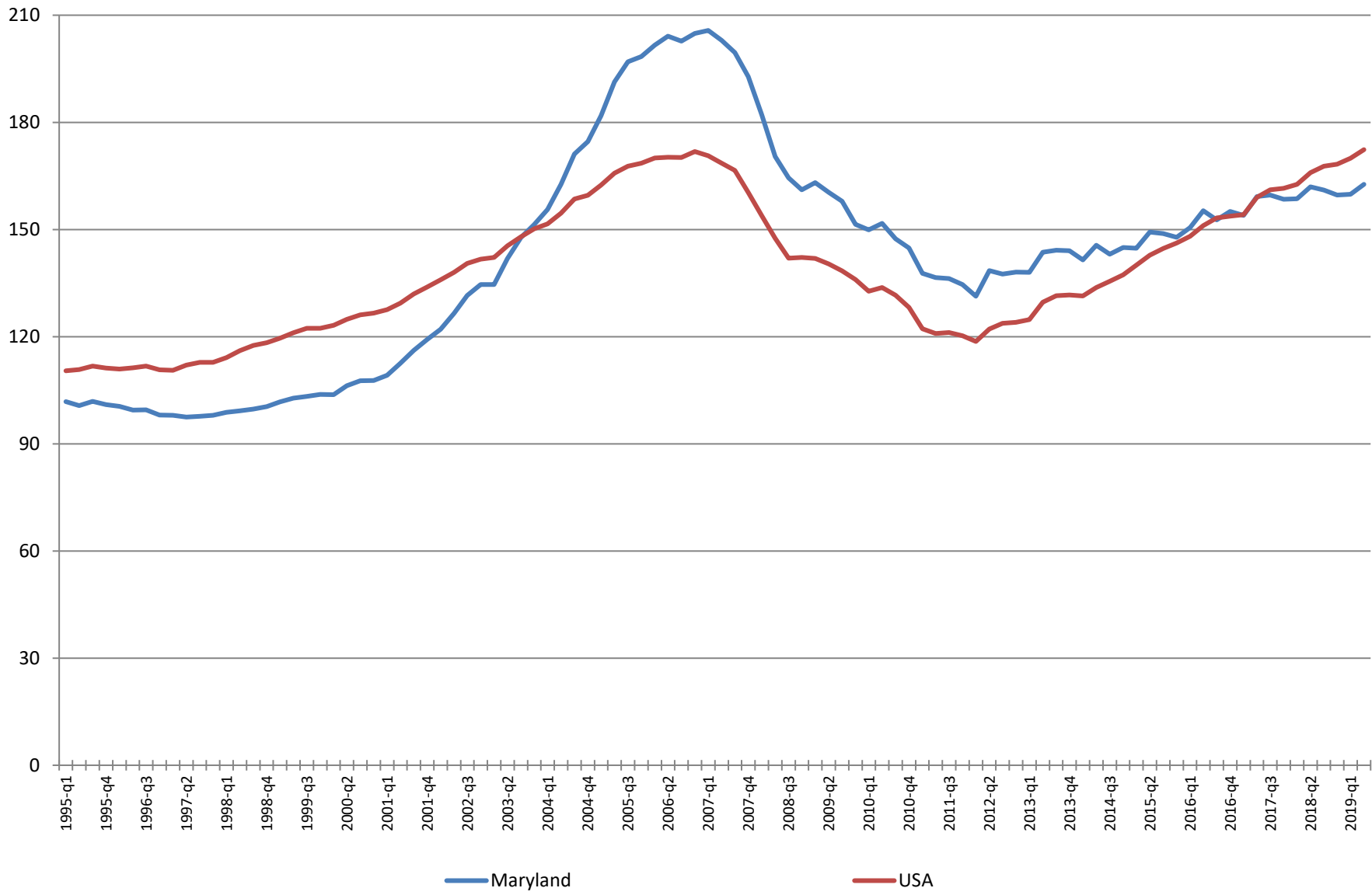


Chart 3 - All-Transactions HPI for Maryland from Peak 2006:Q4 to 2019:Q2 Adjusted for Inflation

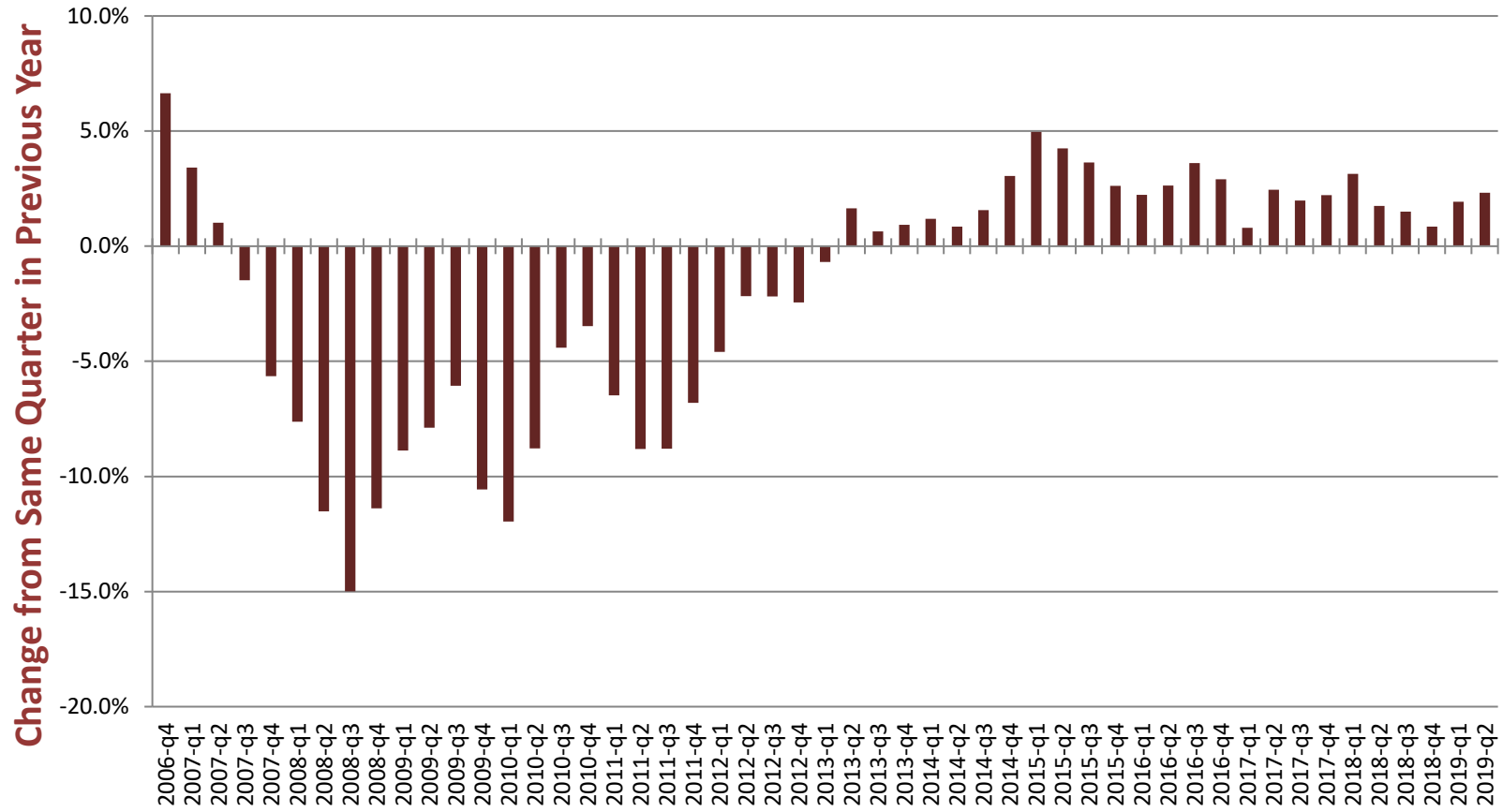
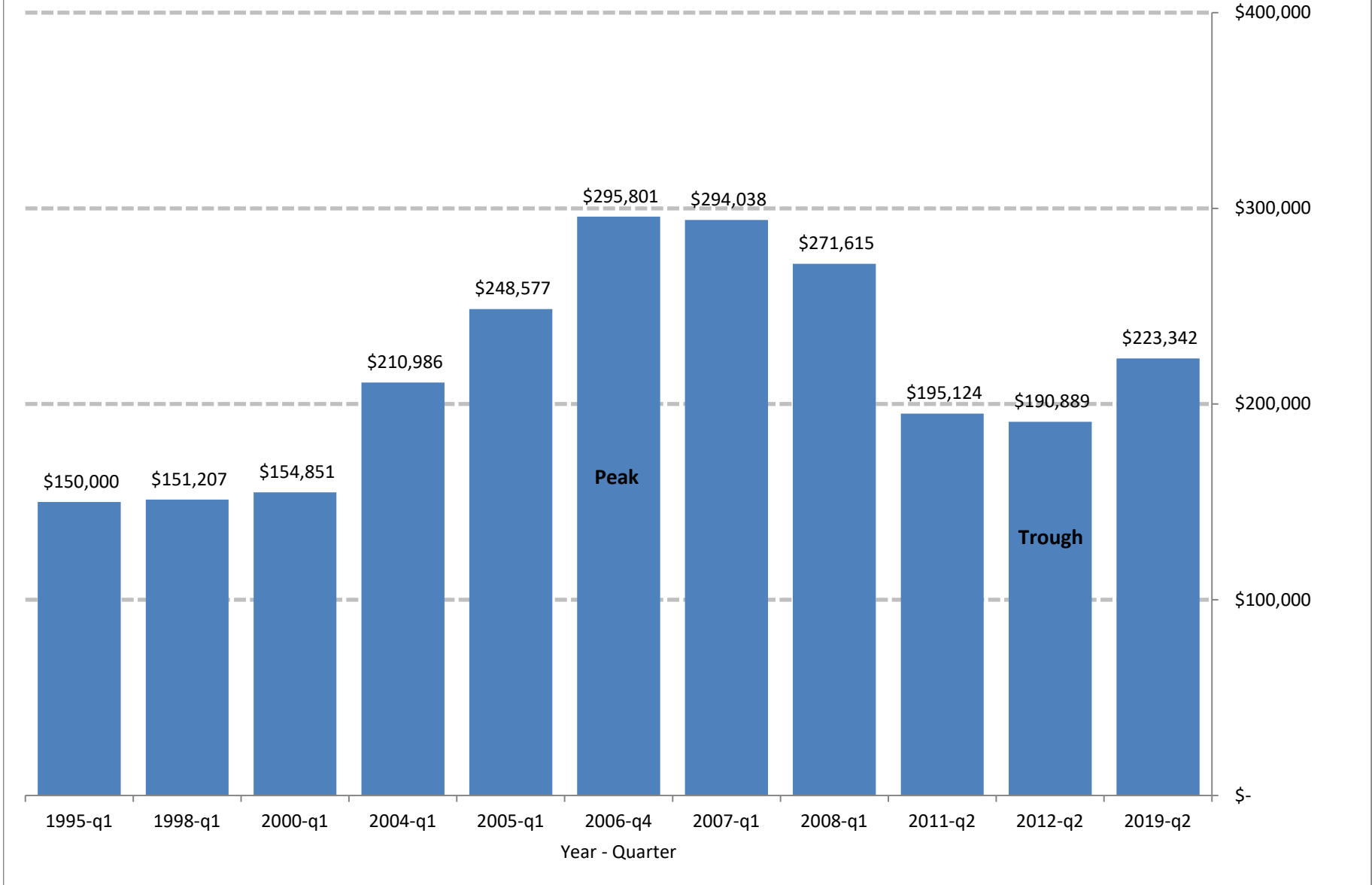


Chart 4 - All-Transactions HPI for Maryland Adjusted for Inflation 1995:Q1 to 2019:Q2



About the FHFA's Purchase Only House Price Index (HPI)

The Purchase Only House Price Index (HPI) is a data series published by the Federal Housing Finance Agency (FHFA), a government agency responsible for overseeing the actions of the Federal National Mortgage Association (FNMA), commonly known as Fannie Mae, and the Federal Home Loan Mortgage Corporation (FHLMC), commonly known as Freddie Mac.² According to the FHFA, “The HPI for each geographic area is estimated using repeated observations of housing values for individual single-family residential properties on which at least two mortgages were originated and subsequently purchased by either Freddie Mac or Fannie Mae since January 1975.”³ Data from these two sources cover 40 percent of all mortgages issued in the U.S. Restricting the index to existing housing sales helps to control for the effect that differing housing types and characteristics might have on the data.⁴ To remove the effects that inflation has on home prices, the HPI was adjusted for inflation using the Bureau of Labor Statistics’ Consumer Price Index “All Items Less Shelter” series.⁵ Unlike the All Transactions HPI, the Purchase Only HPI uses only mortgage data used to purchase an existing home (excluding mortgages used to refinance existing homes) and only goes back to 1991 rather than 1975.⁶

Number of Housing Units by Units in Structure, Maryland, 1-Year 2017 Estimate

	Maryland	
	Estimate	Margin of Error
Total:	2,449,123	+/-302
1 unit, detached	1,254,425	+/-10,380
1 unit, attached	527,114	+/-10,575
2 units	35,560	+/-3,316
3 or 4 units	51,684	+/-3,836
5 to 9 units	130,110	+/-5,991
10 to 19 units	192,247	+/-6,060
20 or more units	220,923	+/-6,494
Mobile home	36,318	+/-3,071
Boat, RV, van, etc.	742	+/-410

Source: 2017 American Community Survey 1-Year Estimates

² The Federal Housing Finance Agency (FHFA) was created on July 30, 2008 through a legislative merger of the Office of Federal Housing Enterprise Oversight (OFHEO), the Federal Housing Finance Board (FHFB) and the U.S. Department of Housing and Urban Development (HUD) government-sponsored enterprise (GSE) mission team. FHFA regulates Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks.

³ <https://www.fhfa.gov/DataTools/Downloads/Pages/House-Price-Index.aspx>

⁴ For more information, see <https://www.fhfa.gov/PolicyProgramsResearch/Research/Pages/HPI-Technical-Description.aspx>

⁵ Adjusted using series ID# CUUR0000SA0L2 as described in question 17 of the HPI FAQ, available at <https://www.fhfa.gov/Media/PublicAffairs/Pages/House-Price-Index-Frequently-Asked-Questions.aspx>

⁶ FHFA has a separate index, the All Transactions HPI, that uses both purchase price data from home sales and appraisal data from refinancing’s. That index is discussed in the report *The House Price Index (HPI) for All Mortgage Types for Maryland, 1995 – 2019*, also on the Maryland State Data Center website.

As this data is published for state and metropolitan statistical Areas (MSAs) within the U.S., it is useful for tracking housing price trends on the state and local level. One limitation with this data set is that it only tracks single-family detached housing, which in Maryland only comprises 51.6 percent of all housing units (61.6 percent in the U.S. as a whole). Another is that it doesn't capture the price effects that newly-built homes may have on the housing market until after they have been sold and resold. Even with these faults, the HPI is useful as it supplies consistent data across the U.S. for tracking home sales price appreciation trends over a 23-year period.

This data set is also related to, but is not the same as, the S&P/Case-Shiller® Home Price Indices published by Standard & Poor's. There are three major differences between the S&P/Case-Shiller® Index and FHFA's Purchase Only Home Price Index. First, S&P/Case-Shiller uses selling prices recorded at county assessor's and recorder's offices, while FHFA uses data from conforming, conventional mortgages provided by Fannie Mae and Freddie Mac. Second, S&P/Case-Shiller® "value-weights" its index, meaning that more expensive homes have more influence on the index, while FHFA weights all home prices equally. Finally, S&P/Case-Shiller® does not cover 13 states, while FHFA data covers all 50 states. The FHFA created a detailed report that covers the similarities and differences between the two indexes, available at

https://www.fhfa.gov/PolicyProgramsResearch/Research/PaperDocuments/20080115_RP_RevisitingDifferencesOFHEOSPCaseShillerHPI_N508.pdf

Table 1: Inflation-Adjusted* Purchase Only House Price Appreciation in Maryland and the US, 1995 to 2018:Q2

Year and Quarter	Maryland			United States		
	Index **	Pct Change from Same Quarter in Previous Year	Cumulative Percent Change from 1995:Q1	Index	Pct Change from Same Quarter in Previous Year	Cumulative Percent Change from 1995:Q1
1995-q1	101.8		0.0%	110.4		0.0%
1995-q2	100.7		-1.1%	110.8		0.3%
1995-q3	101.9		0.1%	111.7		1.2%
1995-q4	101.0		-0.8%	111.2		0.7%
1996-q1	100.5	-1.3%	-1.3%	111.0	0.5%	0.5%
1996-q2	99.5	-1.2%	-2.3%	111.2	0.4%	0.7%
1996-q3	99.5	-2.3%	-2.3%	111.8	0.0%	1.2%
1996-q4	98.1	-2.9%	-3.7%	110.7	-0.4%	0.3%
1997-q1	98.0	-2.5%	-3.8%	110.6	-0.3%	0.1%
1997-q2	97.5	-2.0%	-4.3%	112.1	0.7%	1.5%
1997-q3	97.7	-1.8%	-4.0%	112.8	0.9%	2.1%
1997-q4	98.0	-0.1%	-3.8%	112.8	1.9%	2.1%
1998-q1	98.8	0.9%	-2.9%	114.1	3.2%	3.3%
1998-q2	99.2	1.8%	-2.5%	116.1	3.6%	5.1%
1998-q3	99.7	2.0%	-2.1%	117.5	4.2%	6.4%
1998-q4	100.4	2.5%	-1.4%	118.3	4.9%	7.1%
1999-q1	101.8	2.9%	-0.1%	119.5	4.8%	8.2%
1999-q2	102.8	3.6%	1.0%	121.1	4.3%	9.6%
1999-q3	103.3	3.6%	1.4%	122.3	4.1%	10.8%
1999-q4	103.8	3.4%	1.9%	122.4	3.4%	10.8%
2000-q1	103.8	2.0%	1.9%	123.2	3.1%	11.5%
2000-q2	106.3	3.4%	4.4%	124.9	3.1%	13.0%
2000-q3	107.7	4.3%	5.8%	126.1	3.1%	14.2%
2000-q4	107.7	3.8%	5.8%	126.6	3.5%	14.6%
2001-q1	109.2	5.2%	7.3%	127.5	3.6%	15.5%
2001-q2	112.5	5.8%	10.5%	129.4	3.6%	17.2%
2001-q3	116.1	7.9%	14.1%	131.9	4.6%	19.5%
2001-q4	119.2	10.7%	17.1%	133.9	5.8%	21.2%
2002-q1	122.1	11.8%	19.9%	135.9	6.5%	23.0%
2002-q2	126.5	12.5%	24.3%	138.0	6.6%	24.9%
2002-q3	131.5	13.3%	29.2%	140.5	6.5%	27.2%
2002-q4	134.6	12.9%	32.2%	141.7	5.8%	28.3%
2003-q1	134.6	10.3%	32.2%	142.2	4.6%	28.8%
2003-q2	141.9	12.2%	39.4%	145.4	5.4%	31.7%
2003-q3	147.7	12.3%	45.1%	148.0	5.3%	34.0%
2003-q4	151.4	12.5%	48.7%	150.2	6.0%	36.0%
2004-q1	155.6	15.6%	52.9%	151.6	6.6%	37.2%
2004-q2	162.6	14.6%	59.7%	154.6	6.3%	40.0%
2004-q3	171.2	15.9%	68.1%	158.5	7.1%	43.5%
2004-q4	174.6	15.3%	71.5%	159.6	6.3%	44.5%
2005-q1	181.9	16.8%	78.6%	162.4	7.2%	47.1%
2005-q2	191.3	17.6%	87.9%	165.8	7.2%	50.1%
2005-q3	197.0	15.1%	93.5%	167.7	5.8%	51.9%

Year and Quarter	Maryland			United States		
	Index **	Pct Change from Same Quarter in Previous Year	Cumulative Percent Change from 1995:Q1	Index	Pct Change from Same Quarter in Previous Year	Cumulative Percent Change from 1995:Q1
2005-q4	198.4	13.7%	94.9%	168.5	5.6%	52.6%
2006-q1	201.6	10.9%	98.0%	170.0	4.7%	54.0%
2006-q2	204.1	6.7%	100.5%	170.2	2.7%	54.1%
2006-q3	202.7	2.9%	99.1%	170.1	1.4%	54.1%
2006-q4	204.9	3.2%	101.2%	171.8	2.0%	55.6%
2007-q1	205.7	2.0%	102.1%	170.6	0.3%	54.5%
2007-q2	202.9	-0.6%	99.3%	168.5	-1.0%	52.6%
2007-q3	199.5	-1.6%	96.0%	166.5	-2.1%	50.8%
2007-q4	192.7	-5.9%	89.3%	160.3	-6.7%	45.2%
2008-q1	182.1	-11.5%	78.9%	153.9	-9.8%	39.3%
2008-q2	170.4	-16.0%	67.4%	147.5	-12.5%	33.6%
2008-q3	164.5	-17.6%	61.6%	142.0	-14.7%	28.6%
2008-q4	161.1	-16.4%	58.2%	142.2	-11.3%	28.8%
2009-q1	163.2	-10.4%	60.3%	141.9	-7.8%	28.5%
2009-q2	160.4	-5.8%	57.6%	140.4	-4.9%	27.1%
2009-q3	157.9	-4.0%	55.1%	138.4	-2.5%	25.3%
2009-q4	151.4	-6.0%	48.7%	136.0	-4.4%	23.1%
2010-q1	149.9	-8.1%	47.2%	132.7	-6.5%	20.1%
2010-q2	151.7	-5.5%	49.0%	133.7	-4.7%	21.1%
2010-q3	147.4	-6.7%	44.8%	131.6	-4.9%	19.2%
2010-q4	144.8	-4.3%	42.3%	128.2	-5.7%	16.1%
2011-q1	137.7	-8.1%	35.3%	122.2	-7.9%	10.6%
2011-q2	136.5	-10.0%	34.1%	120.9	-9.6%	9.5%
2011-q3	136.3	-7.5%	33.8%	121.2	-7.9%	9.7%
2011-q4	134.6	-7.1%	32.2%	120.2	-6.2%	8.9%
2012-q1	131.3	-4.7%	29.0%	118.7	-2.9%	7.4%
2012-q2	138.5	1.4%	36.0%	122.2	1.1%	10.6%
2012-q3	137.5	0.9%	35.1%	123.7	2.1%	12.0%
2012-q4	138.1	2.6%	35.6%	124.0	3.1%	12.3%
2013-q1	138.0	5.1%	35.6%	124.8	5.2%	13.0%
2013-q2	143.6	3.7%	41.1%	129.6	6.1%	17.4%
2013-q3	144.2	4.8%	41.6%	131.5	6.3%	19.0%
2013-q4	144.0	4.3%	41.5%	131.6	6.2%	19.2%
2014-q1	141.5	2.5%	39.0%	131.4	5.3%	19.0%
2014-q2	145.6	1.3%	43.0%	133.7	3.2%	21.1%
2014-q3	143.1	-0.8%	40.5%	135.5	3.1%	22.7%
2014-q4	144.9	0.6%	42.4%	137.3	4.3%	24.3%
2015-q1	144.7	2.3%	42.2%	140.0	6.5%	26.8%
2015-q2	149.3	2.5%	46.6%	142.8	6.8%	29.3%
2015-q3	148.9	4.1%	46.2%	144.7	6.8%	31.0%
2015-q4	147.8	2.0%	45.2%	146.2	6.5%	32.4%
2016-q1	150.5	4.0%	47.8%	148.1	5.8%	34.1%
2016-q2	155.3	4.0%	52.5%	151.1	5.8%	36.8%
2016-q3	152.7	2.6%	50.0%	153.2	5.9%	38.7%
2016-q4	155.1	4.9%	52.3%	153.8	5.2%	39.2%
2017-q1	153.9	2.3%	51.2%	154.1	4.1%	39.5%
2017-q2	159.2	2.6%	56.4%	159.0	5.3%	44.0%
2017-q3	159.7	4.6%	56.8%	161.1	5.2%	45.9%
2017-q4	158.5	2.2%	55.7%	161.5	5.1%	46.3%
2018-q1	158.6	3.0%	55.8%	162.6	5.5%	47.3%
2018-q2	161.9	1.7%	59.1%	165.9	4.3%	50.2%
2018-q3	161.0	0.9%	58.2%	167.7	4.1%	51.9%

Year and Quarter	Maryland			United States		
	Index **	Pct Change from Same Quarter in Previous Year	Cumulative Percent Change from 1995:Q1	Index	Pct Change from Same Quarter in Previous Year	Cumulative Percent Change from 1995:Q1
2018-q4	159.6	0.7%	56.8%	168.3	4.2%	52.4%
2019-q1	159.9	0.8%	57.0%	170.0	4.5%	53.9%
2019-q2	162.6	0.4%	59.7%	172.4	3.9%	56.1%
Peak Quarter			2007-q1			2006-q4
Peak Appreciation			102.1%			55.6%
Decline from Peak			-21.0%			0.3%

Source: Quarterly House Price Index, Second Quarter 2019, Federal Housing Finance Agency, 2019

* Adjusted for inflation using series ID# CUUR0000SA0L2 as described in question 17 of the HPI FAQ, <http://www.fhfa.gov/Media/PublicAffairs/Pages/Housing-Price-Index-Frequently-Asked-Questions.aspx>

** The Purchase Only Index is normalized to 100 in the first quarter of 1991