



Process Improvement

Home Appreciation Continues

The VeroFORECAST predicts that the average property value appreciation over the next year will be 4.5%, with appreciation projected in 97% of the MSAs analyzed and depreciation in only 3%.

By **Tony Garritano**

The data out of Veros is good. "For the top 100 most populated metro areas, we expect 4.5% appreciation over the next 12 months," said Eric Fox, Vice President of Statistical and Economic Modeling at Veros. "This is the 25th quarter in a row where this index has forecast overall appreciation. We are forecasting that the overwhelming number of metros across the nation, approximately 97 percent, will appreciate, with just three percent depreciating during this period. The fact that these averages are identical to those of last quarter's update indicates that we are seeing consistency in nearly every metro market."

Western states continue to hold all top ten

perspective, the latest report signals "more of the same" for property values in these markets. Furthermore, for many of the markets for which data was analyzed, interest rates appear to be softening this quarter's forecasts by one to two percent over what they would have been had the flat interest rate environment of the past several years continued.

Despite the Western MSAs' domination of projected U.S. real estate appreciation, there are bright spots in every region. In the South, North Carolina is projected to perform well, as are the Midwest

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spots, with forecast appreciation rates running roughly between nine and 12 percent. Seven of those MSAs with the highest-projected appreciation are in Washington and Nevada, with the other three in Idaho, California and Colorado. Another Western state, Utah, is also projected to be a solid performer. These five states, along with Oregon, have provided the index's highest-ranked markets throughout 2018. It is an indication of the changing economy of Idaho that, after being represented in the year's first two quarterly reports by Pocatello, Idaho, with a population of approximately 83,000, we now see the Boise City-Nampa MSA, with more than a third of the state's population, moving in at 11.2 percent, VeroFORECAST's second-highest projected appreciation figure.

"This is a very strong showing, with the average appreciation of the Top 10 markets forecast to be a half-percentage point higher than in our last report," Fox said. He added that, from an overall

states of Michigan and Indiana, especially the Indianapolis-Carmel, IN MSA, where property values are projected to appreciate at 8.5 percent.

Indiana's next door neighbor, Illinois, however, is forecast to do very poorly, with three of its MSAs in VeroFORECAST's Bottom 10: Bloomington-Normal is forecast to appreciate at just 0.3 percent through next August, and Peoria and Danville are predicted to depreciate at -0.7 percent and -1.2 percent, respectively.

In the South, Texas has healthy markets, notably Midland and Odessa, which show definite strengthening while others, such as Dallas and College Station, show definite slowing since last quarter's report. Although its Bay Area jewel, the San Francisco-Oakland-Fremont MSA, ranks in the Top 10 with projected 9.6 percent appreciation, parts of California are beginning to show some signs of slowing down. ❖

Tony Garritano is chairman and founder at PROGRESS in Lending Association. As a speaker Tony has worked hard to inform executives about how technology should be a tool used to further business objectives. For over 10 years he has worked as a journalist, researcher and speaker in the mortgage technology space. Starting this association was the next step for someone like Tony, who has dedicated his career to providing mortgage executives with the information needed to make informed technology decisions. He can be reached via e-mail at tony@progressinlending.com.