

Home Price Deceleration Doesn't Mean Home Price Depreciation



Experts in the real estate industry use a number of terms when they talk about what's happening with home prices. And some of those words sound a bit similar but mean very different things. To help clarify what's happening with [home prices](#) and where experts say they're going, here's a look at a few terms you may hear:

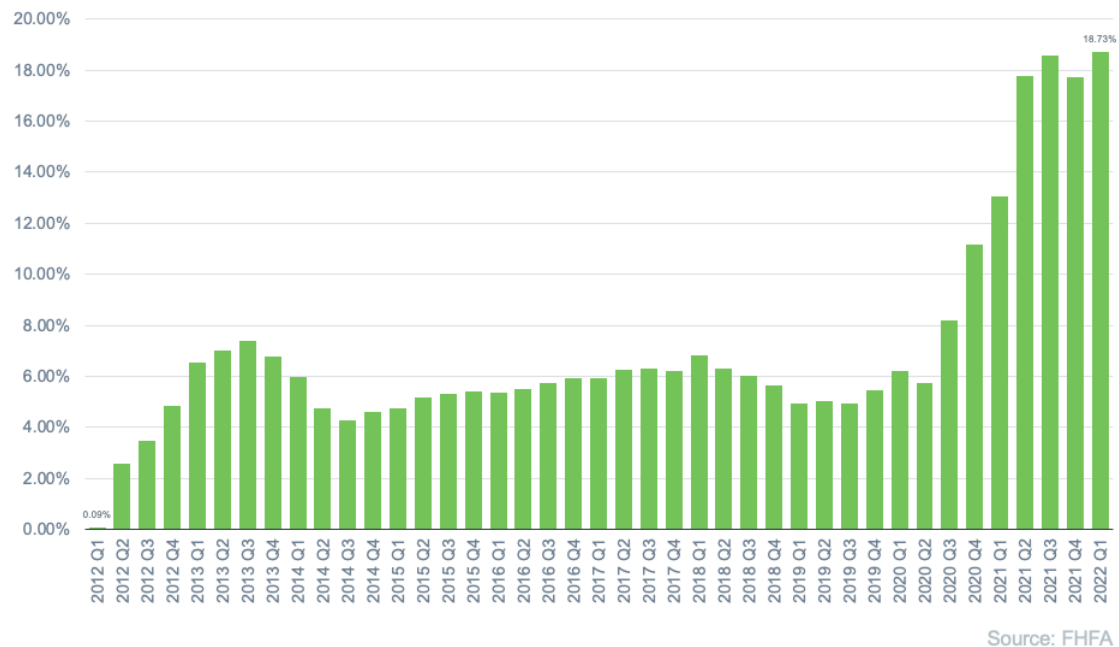
- **Appreciation** is when home prices *increase*.
- **Depreciation** is when home prices *decrease*.
- **Deceleration** is when home prices continue to *appreciate*, but at a *slower pace*.

Where Home Prices Have Been in Recent Years

For starters, you've probably heard home prices have skyrocketed over the past two years, but homes were actually appreciating long before that. You might be surprised to learn that home prices have climbed for [122](#) consecutive months (*see graph below*):

Home Prices Have Appreciated Since 2012

Seasonally-Adjusted Appreciation from Same Quarter One Year Earlier



As the graph shows, houses have gained value consistently over the past 10 consecutive years. But since 2020, the increase has been **more dramatic** as home price growth accelerated.

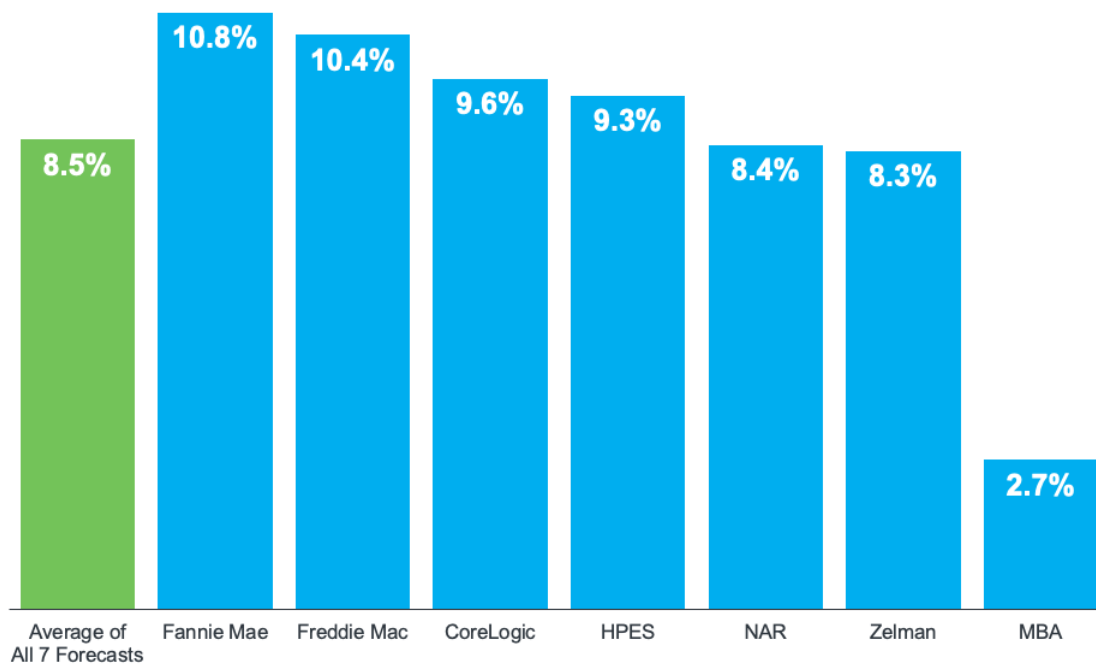
So why did home prices climb so much? It's because there were more buyers than there were homes for sale. That imbalance put upward pressure on home prices because demand was high and supply was low.

Where Experts Say Home Prices Are Going

While this is helpful context, if you're a buyer or seller in today's market, you probably want to know what's going to happen with home prices moving forward. Will they continue that same growth path or will home prices fall?

Experts are [forecasting](#) ongoing appreciation, just at a decelerated pace. In other words, prices will keep climbing, just not as fast as they have been. The graph below shows home price forecasts from seven industry leaders. **None are calling for prices to fall** (see graph below):

Home Price Forecasts for 2022



Mark Fleming, Chief Economist at *First American*, [identifies](#) a key reason why home prices won't depreciate or drop:

*"In today's housing market, demand for homes continues to outpace supply, which is keeping the pressure on house prices, **so don't expect house prices to decline.**"*

And although [housing supply](#) is starting to tick up, it's not enough to make home prices decline because there's still a gap between the number of homes available for sale and the volume of buyers looking to make a purchase.

Terry Loeb, Founder of the research firm *Pulsenomics*, notes that most real estate experts and economists anticipate home prices will continue rising. As he [puts it](#):

“With home values at record-high levels and a vast majority of experts projecting additional price increases this year and beyond, home prices and expectations remain buoyant.”

Bottom Line

Experts forecast price deceleration, not depreciation. That means home prices will continue to rise, just at a slower pace. Let's connect so you can get the full picture of what's happening with home prices in our local market and to discuss your buying and selling goals.