



## Veros Reports Home Prices Set to Increase Nearly 6% in 2021 as Nation Emerges From COVID-19 Pandemic

*VeroFORECAST projects double-digit appreciation in many markets by Q4 2021*

SANTA ANA, Calif., January 7, 2021—Today Veros Real Estate Solutions, an industry leader in enterprise risk management and collateral valuation services, released its Q4 2020 VeroFORECAST<sup>SM</sup> data that anticipates home price appreciation will increase significantly during the next 12 months in the 100 most-populated markets. The overall average forecast is 5.9% by Q4 2021, an additional increase of 0.9 percentage points compared to 5% just a quarter ago. This level of change from one quarter to the next is heavily driven by the ultra-low interest rates and population migration trends.

In March 2020, the novel Coronavirus impacted the U.S. causing speculation that the real estate industry would face severe home price declines. At that time, the VeroFORECAST made a bold prediction that the global pandemic would only have a brief impact on housing prices. The

market paused for only one quarter, then resumed appreciating in the subsequent quarters and continues to perform remarkably.

“The VeroFORECAST data remains strong into 2021 with almost no major metro area showing notable home price depreciation over the next 12 months,” said Darius Bozorgi, CEO of Veros Real Estate Solutions. “In fact, the projected increase is nearly one percentage point higher than it was for the previous quarter, which is being driven by continued low interest rates and buyer demand.”

Veros is committed to the data science of predicting home value based on rigorous analysis of the fundamentals and interrelationships of numerous economic, social and geographic variables as they pertain to home value. This data-driven approach indicates that many of the top-performing cities are trending at a double-digit rate.

Currently, economic indicators and geographic conditions are not consistent across the country. Many areas have experienced a rebound from earlier quarters driven by government stimulus and relatively low consumer spending providing homeowners with enough money to meet mortgage obligations.

“Ultra-low interest rates and other government stimulus has allowed the housing market to boom, despite the Coronavirus pandemic of 2020,” said Eric Fox, Veros Vice President of Statistical and Economic Modeling. “Home prices across the nation have returned to their pre-pandemic level and will move upward steadily in 2021 as job creation is restored and vaccinations take hold around the country.”

Several states in the western portion of the country are leading the national price increases. Cities in Idaho, Washington, Arizona, Utah, and Colorado comprise the entirety of the Top 10 metro areas. Appreciation is forecast to continue strengthening with Boise up an astonishing 14.1% by Q4 2021. Many of these cities are benefiting from new household formation from parts of the country such as California that is experiencing population exodus.

**The 10 Strongest Markets Over Next 12 Months**

Rank	Metropolitan Statistical Area (MSA)	Forecast Q4 2020 - Q4 2021
1	BOISE CITY, ID	14.1%
2	BREMERTON-SILVERDALE-PORT ORCHARD, WA	12.1%
3	COEUR D'ALENE, ID	11.6%
4	OLYMPIA-LACEY-TUMWATER, WA	11.5%
5	PHOENIX-MESA-CHANDLER, AZ	11.2%
6	IDAHO FALLS, ID	10.6%
7	OGDEN-CLEARFIELD, UT	10.6%
8	SALT LAKE CITY, UT	10.4%
9	COLORADO SPRINGS, CO	10.2%
10	SPOKANE-SPOKANE VALLEY, WA	10.1%

The list of ten least-performing markets is led by three cities in Texas. Two of these markets are heavily dependent on the oil and gas industry which was hit hard by reduced market demand and soft prices. While all of these under-performing markets are projected to yield some increase in 2021, the rate is much lower than the rest of the top 100 markets.

**The 10 Least-Performing Markets Over Next 12 Months**

Rank	Metropolitan Statistical Area (MSA)	Forecast Q4 2020 - Q4 2021
1	MIDLAND, TX	1.5%
2	ODESSA, TX	1.5%
3	LAREDO, TX	1.7%
4	KAHULUI-WAILUKU-LAHAINA, HI	2.8%
5	IOWA CITY, IA	2.9%
6	SPRINGFIELD, IL	3.0%
7	FORT SMITH, AR-OK	3.1%
8	FARGO, ND-MN	3.1%
9	GRAND FORKS, ND-MN	3.2%
10	WATERLOO-CEDAR FALLS, IA	3.3%

The New York City metro area, which encompasses most of New Jersey and parts of Connecticut, is forecast to appreciate at just over 3% making it just out of the 10 Least-Performing markets. However, many New York City boroughs are forecast to depreciate over the next 12 months with -4% depreciation in Manhattan.

Today's pandemic-driven recession is very different than the previous recession (2007-2009) which was caused by artificially inflated house prices, loose lending practices to unqualified buyers, and inflated appraisals. This recession is not caused by housing. Rather, it is caused by a fundamentally different issue which is the Coronavirus pandemic. Current news of multiple vaccines becoming available brought some good news to the end of 2020. Although, the rollout is expected to take months and it will likely be quite some time before pre-pandemic employment returns.

To access the Q4 2020 VeroFORECAST results as an infographic, please visit: [Q4 2020 VeroFORECAST results as an infographic](#).

### **VeroFORECAST Methodology**

The quarterly VeroFORECAST reports to clients by subscription and to industry media in a summary overview. The report is a projected increase 12-months forward. The current report is based on data from 317 Metropolitan Statistical Areas (MSAs) that include 16,575 zip codes, 983 counties, and represent 82% of U.S. residents.

### **Source: Veros Real Estate Solutions**

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### **About Eric Fox, VP of Statistical and Economic Modeling**

Eric Fox received his M.S. in Statistics and B.S. in Mathematics and Economics from Purdue University, and has 30 years of industrial experience in statistical and econometric modeling, probabilistic life methodology development, statistical training, probabilistic design software development, and probabilistic financial/competitive analysis. Fox has published numerous technical papers on probabilistic and statistical methods.

**About Veros Real Estate Solutions**

A mortgage technology innovator since 2001, Veros is a proven leader in enterprise risk management and collateral valuation services. The firm combines the power of 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](http://www.veros.com) or call [866-458-3767](tel:866-458-3767).

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# The STRONGEST & WEAKEST Metro Markets

Q4 2020 - Q4 2021 U.S. HOUSING OUTLOOK

**VEROS REPORTS HOME PRICES SET TO INCREASE NEARLY 6% IN 2021 AS NATION EMERGES FROM COVID-19 PANDEMIC**

The Q4 2020 VeroFORECAST indicates an average projected appreciation rate for residential real estate in the nation's largest 100 housing markets continues to accelerate for an average of 5.9% through the fourth quarter of 2021.

*"The VeroFORECAST data remains strong into 2021 with almost no major metro areas showing notable home price depreciation over the next 12 months," said Darius Bazargi, CEO of Veros Real Estate Solutions.*

**The OVERALL Metro Market TREND**

**5.9%**

Home Price Appreciation Over the Next 12 Months in 100 Most Populated Metros

317	983	16,575	82%
MARKETS COVERED	COUNTIES COVERED	ZIP CODES COVERED	POPULATION COVERED

*"Ultra-low interest rates and other government stimulus has allowed the housing market to boom, despite the Coronavirus pandemic of 2020," said Eric Fox, Veros Vice President of Statistical and Economic Modeling.*



## The 10 STRONGEST Metro Markets

**14.1% to 10.1%**

VeroFORECAST Projection of Home Price Appreciation Over the Next 12 Months

*Many of these cities are benefiting from new household formation from parts of the country such as California that is experiencing population exodus.*

- |  |        |                                     |        |
|--|--------|-------------------------------------|--------|
| 1. BOISE CITY, ID .....                        | +14.1% | 6. IDAHO FALLS, ID .....            | +10.6% |
| 2. BREMERTON-SILVERDALE-PORT ORCHARD, WA ..... | +12.1% | 7. OGDEN-CLEARFIELD, UT .....       | +10.6% |
| 3. COEUR D'ALENE, ID .....                     | +11.6% | 8. SALT LAKE CITY, UT .....         | +10.4% |
| 4. OLYMPIA-LACEY-TUMWATER, WA .....            | +11.5% | 9. COLORADO SPRINGS, CO .....       | +10.2% |
| 5. PHOENIX-MESA-CHANDLER, AZ .....             | +11.2% | 10. SPOKANE-SPOKANE VALLEY WA ..... | +10.1% |

## The 10 LEAST-PERFORMING Metro Markets

**1.5% to 3.3%**

VeroFORECAST Projection of Home Price Appreciation Over the Next 12 Months



*The list of ten least-performing markets is led by three cities in Texas. Two of these Texas markets are heavily dependent on the oil and gas industry which was hit hard by reduced market demand and soft prices.*

- |                                      |       |                                    |       |
|--------------------------------------|-------|------------------------------------|-------|
| 1. MIDLAND, TX .....                 | +1.5% | 6. SPRINGFIELD, IL .....           | +3.0% |
| 2. ODESSA, TX .....                  | +1.5% | 7. FORT SMITH, AR-OK .....         | +3.1% |
| 3. LAREDO, TX .....                  | +1.7% | 8. FARCO, ND .....                 | +3.1% |
| 4. KAHULUI-WAILUKU-LAHAINA, HI ..... | +2.8% | 9. GRAND FORKS, ND-MN .....        | +3.2% |
| 5. IOWA CITY, IA .....               | +2.9% | 10. WATERLOO-CEDAR FALLS, IA ..... | +3.3% |



Forecast data is as of September 2020. Markets represented are by no means exhaustive and are subject to change. © 2020 Veros Real Estate Solutions. All rights reserved.