



## Home Equity Surpasses \$21 Trillion - Housing Market Overview

With home prices rising roughly 12% from February 2020 to February 2021, equity levels have risen producing heightened wealth among millions of homeowners. Elevated equity has allowed homeowners to remodel and improve existing homes, resulting in further home value increases.

A tight supply of homes nationwide has added to rising home values as growing demand for homes has produced multiple offers on homes. The lack of inventory has also locked homeowners into their homes for longer periods as they upgrade and modernize.

A closely followed gauge of housing prices tracked by the Federal Reserve, the S&P/Case-Shiller U.S. National Home Price Index, rose the most in 15 years, sending home prices to new highs throughout most of the country. The data also found that the lack of new homes spurred heightened demand for previously owned homes. The acceleration of prices for previously owned homes versus new homes hasn't occurred in 15 years. Such elevated prices reflect a historically low level of homes available for sale nationwide. Some economists identify the rapid rise in home prices as inflationary, while the Fed has dismissed the rise as merely transitory due to effects brought about by the pandemic.

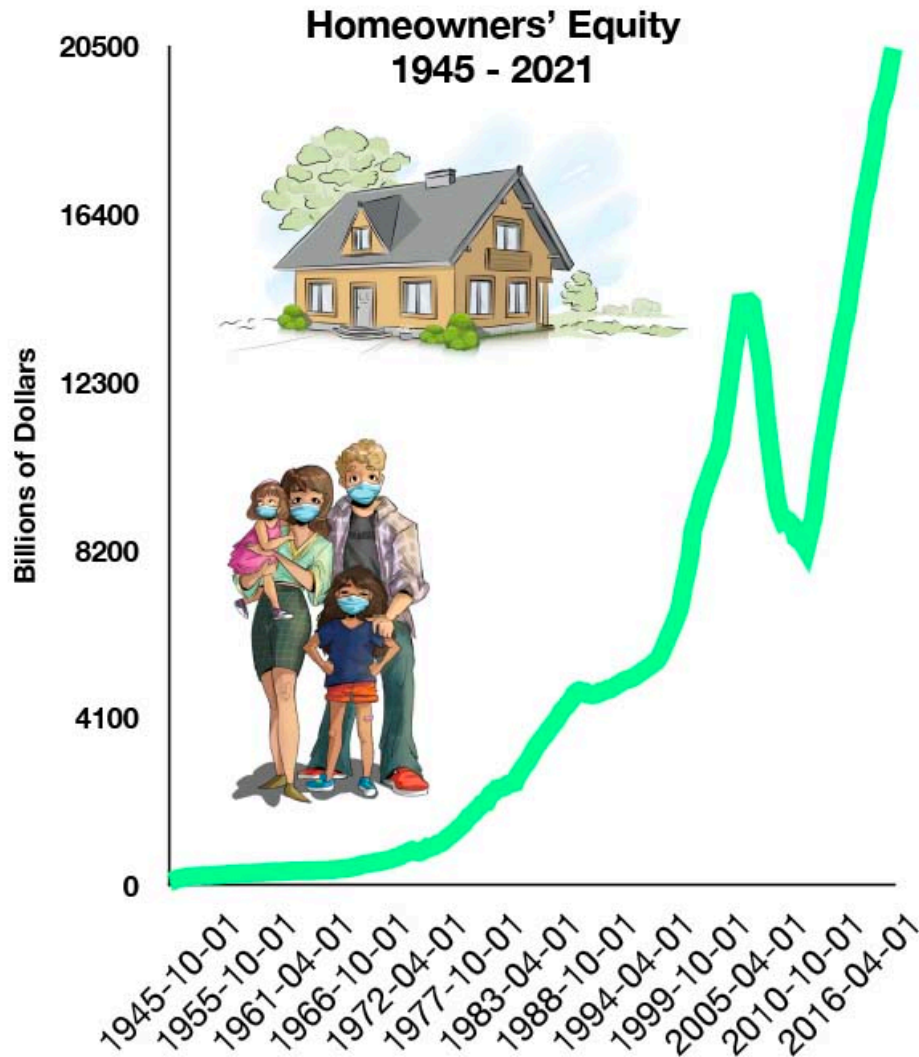
The pandemic, which triggered a migration from cities to suburbs throughout the country, has propelled home prices higher as a lack of inventory has not kept up with rising demand.

Rising home values translate into rising equity for homeowners, which in-turn enhances household wealth, credit availability and consumer confidence. Economists view these characteristics as supportive for an economic recovery, allowing for more borrowing and spending.

Source: Federal Reserve; [//fred.stlouisfed.org/series/CSUSHPINSA](https://fred.stlouisfed.org/series/CSUSHPINSA)

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