



As home prices soar, economists warn property taxes will follow

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WASHINGTON (TND) — Although home prices are soaring, property taxes are not rising as quickly but economists warn it's just a matter of time before they go up.

“It is a good thing that property taxes have not risen very much this year because local income and sales taxes have been soaring,” said Chris Edwards, Director of Tax Policy Studies at the Cato Institute.

But as the saying goes, all good things must come to an end.

“Inevitably the value of that home is reflected in a property tax assessment and there will be higher taxes to pay,” said Mark Hamrick, senior economic analyst with Bankrate.

A new report from ATTOM Data Solutions found the average tax on single-family homes in 2021 increased at the smallest pace in five years, rising by 1.8%.

“Housing prices have been soaring but property tax revenues are not rising as quickly and this is to be expected because a lot of local governments use a lag system, they may average home prices over the prior three years,” Edwards said.

Where you live is also a factor. In Nashville, Tennessee, average property taxes increased by 27%, compared to Pittsburgh, Pennsylvania, where they dropped by 35.1%.

“There will be a price to be paid as county governments want their piece of the pie to tax the level of that increase property value,” Hamrick said.

Your property taxes pay for essential services like police and education but you also have a say.

“If property taxes keep rising in the coming years, I think a lot of homeowners ought to show up at those local government hearings and demand local governments cut property tax rates if the housing assessment keeps rising,” Edwards said.

When it comes to home prices, the median listing price increased nearly 15% and active inventory is down roughly 12% from a year ago, according to Realtor.com.

