Home Values in 26 Metro Areas Still Below “Boom-era” Highs

June 3, 2019

Softer home-price gains see only one new market achieve “fully-recovered” value

Foster City, CA, June 3, 2019 - HSH.com, a trusted online resource for mortgage data, content and expertise, released its latest quarterly “Home Price Recovery Index,” an analysis of the nation’s top housing markets including those with home prices at previous “boom era” peaks and those that have not yet completely recovered.

The study examines home values in the largest 100 metropolitan areas from 1991 through the first quarter of 2019. Home price gains continued to soften during the most recent period, *allowing just Albuquerque, NM to join the ranks of the recovered.* Despite years of economic expansion and improving real estate markets, more than a quarter of the nation’s most populated metro areas have still not seen values attain previous highs. As some long-range forecasts suggest a recession may occur within a few years, it may be a race against time for certain markets to recover lost value before a downturn hits.

HSH.com’s index uses the Federal Housing Finance Agency's Home Price Index for insight on housing markets values since the last decade. Findings show 73 of the nation’s 100 largest metro areas have returned to or surpassed previous boom-era peaks; four years ago this number was only 42.

Homeowners are encouraged to use HSH.com's free “Home Value Estimator” tool to see how their home's value has changed over time and its current price estimate. Users simply select their market from 100 metropolitan areas and enter the time frame of ownership.

Areas with greatest pricing recovery	**Percent value now above “boom era” price peak**
1. Denver-Aurora-Lakewood, CO	90.80%
2. Austin-Round Rock-Georgetown, TX	77.81%
3. San Francisco-San Mateo-Redwood City, CA	75.05%

Areas with largest recovery gaps	**Percent increase needed to regain price peak**
1. Bakersfield, CA	24.98%
2. Cape Coral-Fort Myers, FL	19.09%
3. New Haven-Milford, CT	18.85%

“Many markets have seen significant price recoveries since hitting their bottom values, but many have still not attained full recovery of lost value,” explains Keith Gumbinger, vice president of HSH.com. “There are five metros areas where this is the case despite a doubling or more of ‘bust era’ bottom home values. Two remain in the group with the largest value gap yet to close.“

Areas nearing recovery	**Percent increase needed to regain price peak**
1. Orlando-Kissimmee-Sanford FL	0.75%
2. Miami-Miami Beach-Kendall FL	1.07%
3. Sacramento-Roseville-Folsom, CA	1.31%

Important takeaways

- **Home price gains appear to be cooling**. Most markets saw modest quarter-to-quarter price gains, and 22 metros saw lower values in the first quarter of 2019. This is up from 17 metros with lower prices in the fourth quarter.
- **The group of metros with the largest price gap yet to cover now includes three markets with just single-digit deficits.** Elgin IL, Virginia Beach-Norfolk-Newport News VA and Hartford-East Hartford-Middletown, CT are in the group with the largest value gaps, but need less than a 10% increase in home prices to make the leap to recovery. Two years ago, no market in the "least recovered" group had a gap smaller than about 22%, so progress among the most challenged markets has been considerable.

- **One notable market fell out of the top ten "most recovered" group.** Lower home prices in the San Jose-Sunnyvale-Santa Clara, CA metro for a second consecutive quarter dropped it from #10 to #15. Ironically, the retreat of one of the least affordable housing markets in the nation opened up a slot for the Pittsburgh, PA metro area -one of the most affordable markets.

In a reversal of last quarter, the San Francisco-San Mateo-Redwood City, CA metro area pushed past the Dallas-Plano-Irving, TX market to retake the third position among most recovered markets, while Buffalo-Cheektowaga, NY edged one slot higher, overtaking San Antonio-New Braunfels, TX for the number eight slot.

- **There was more movement in the markets that have the greatest gap yet to reach recovery, but only one new entrant slid into the group.** At 24.98%, Bakersfield, CA again retains the widest housing price differential from its peak but is closing the gap slowly. Faster improvements in other recovering markets allowed the Virginia Beach-Norfolk-Newport News VA, metro to fall among the ranks with a sizable gap to cover, but the difference between this market's high value and current value is just 8.08%

See the full analysis here: https://www.hsh.com/finance/real-estate/home-price-recovery.html

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