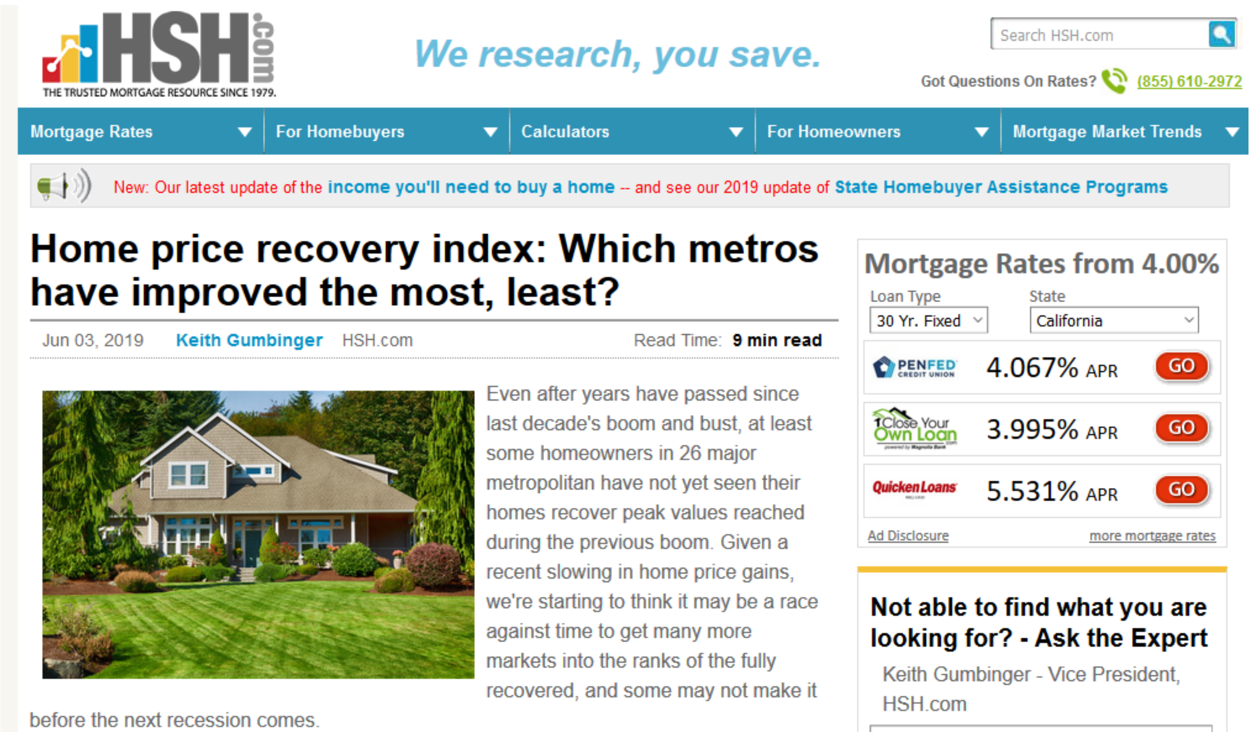

Home price recovery index: Which metros have improved the most, least?

Jun 03, 2019 Keith Gumbinger HSH.com Read Time: **9 min read**

Even after years have passed since last decade's boom and bust, at least some homeowners in 26 major metropolitan have not yet seen their homes recover peak values reached during the previous boom. Given a recent slowing in home price gains, we're starting to think it may be a race against time to get many more markets into the ranks of the fully recovered, and some may not make it before the next recession comes.

HSH.com's ***Home Price Recovery Index*** uses the Federal Housing Finance Agency's (FHFA) Home Price Index as a basis to determine which housing markets have fully recovered (or more) and which still lag behind the housing recovery. The time period represented begins with the first quarter of 1991 and runs through the first quarter of 2019.

Quarterly update:
Home prices generally continue to rise, but the pace of gain has slowed of late. As such, there was little by way of movement to be seen in terms of recovery in the first quarter of 2019. Just one new market climbed over its last hurdle to join the recovered group, with Albuquerque, NM raising the percentage of the top 100 metro markets that have fully recovered to 74%. The addition of one metro area was an improvement over the fourth quarter of 2018, when no markets were added to the list.

Among the markets that are furthest above boom-era price peaks, 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 in our last review to #15 in this one. Ironically, the retreat of one of the least affordable housing markets in the nation opened up a slot in the top group for the Pittsburgh, PA metro area, one of the most affordable markets in the country. Other than this, and excepting the shuffling of positions for two markets within the top 10 there were no other changes to the most recovered group.

There was rather more movement in the ranks of those markets that yet have the greatest gap to cover to reach recovery. Conditions generally continue to improve for this least fortunate group, and the value gap for three markets in this cohort has now narrowed to just single digits, leaving only seven remaining with double-digit deficits.

Bakersfield, CA still retains the widest gap, currently 24.98% and closing slowly, followed by the Cape Coral-Fort Myers, FL metro area with a 19.09% deficit. Improving fortunes for some metros relative to others allowed the Virginia Beach-Norfolk-Newport News, VA metro to slide into the group of markets with the largest chasm to fill, but prices there need only about another 8% gain to get back to par.

Diverse price improvements changed the mix of states in the bottom group. Connecticut has three metros in the bunch, as does California, with markets in Florida, New Jersey, Virginia and Illinois making up the rest.

It's quite remarkable to see that **there are five metro areas where home values have climbed by more that 100 percent** -- that is, more than doubled -- their low-water mark values **but still have yet to achieve full recovery**. These include Cape Coral-Fort Myers, FL (up 101.41% from bottom), Stockton, CA (+117.85%), Las Vegas-Henderson-Paradise, NV (+150.70%), Sacramento-Roseville-Folsom, CA (+102.21%) and North Port-Sarasota-Bradenton, FL (+106.83%). Perhaps as remarkable is that despite these massive increases, two of these (Cape Coral-Fort Myers, FL and Stockton, CA) remain in our group with the biggest price gaps yet to bridge, albeit much smaller gaps than at any time in the recovery to date.

Although we are starting to see some reports that home price gains are cooling, they should be strong enough for a while to push more markets into fully-recovered territory as the year progresses.

Our "nearly recovered" group contains those areas with current values only about two percent below previous highs and who are likely to be next in line to hit "fully recovered" in the next quarter or so. These include four markets in the so-called "sand states" that were the hardest hit during the housing downturn. If prices firm just a little more in the Orlando-Kissimmee-Sanford and Miami-Miami Beach-Kendall, FL markets and also in the Sacramento-Roseville-Folsom and Oxnard-Thousand Oaks-Ventura CA, metros, all four will have reached full recovery of value, as all are with two percentage points of prior highs. In total, 18 markets are within 10% of reaching full recovery and have a good chance of making it should the economic expansion continue and prices rise for another year or two. Of course, there is no guarantee that this will happen, and some metros may be four or five years away from recovery even with solid annual home price increases.

We only review trough-to-peak for each market in our evaluation, so your local experience in price changes from when you purchased your home to now will of course be different. To see what's happened with home prices during the time you've owned your home, check our home value estimator, MyHPI. To see where you are in your mortgage, use our mortgage amortization calculator. The combination of price increase and your retirement of the amount you owe may see with a larger equity stake than you think. As well, if you're interested in how much equity you've got in your home or are looking to pursue a future home equity goal, you'll want to check out our Home Equity Calculator and Projector.

10 metro areas that have recovered the most

Metro Name	Peak Value	Bottom Value	Current Value	Amount Above Peak
Denver-Aurora-Lakewood, CO	275.45	253.56	525.57	90.80%
Austin-Round Rock-Georgetown, TX	268.59	258.88	477.57	77.81%
San Francisco-San Mateo-Redwood City, CA (MSAD)	276.42	213.88	483.87	75.05%
Dallas-Plano-Irving, TX (MSAD)	171.70	164.95	293.63	71.01%
Fort Worth-Arlington-Grapevine, TX (MSAD)	168.65	160.58	279.55	65.76%
Nashville-Davidson--Murfreesboro--Franklin, TN	223.60	196.42	364.22	62.89%
Houston-The Woodlands-Sugar Land, TX	200.23	193.94	314.08	56.86%
Buffalo-Cheektowaga, NY	146.02	145.59	217.77	49.14%
San Antonio-New Braunfels, TX	215.38	199.14	320.80	48.95%
Pittsburgh, PA	179.77	175.41	258.85	43.99%

10 metro areas that have recovered the least

It is important to note that many markets -- even the 10 that still remain the furthest from their boom-year price peaks -- have seen significant price recoveries since hitting their bottom values. However, home prices in areas like Bakersfield, CA may have been inflated to such a degree that even when they return to a “normal” value they may still be well below their previous price peak.

For example, despite more than a 118 percent rise from the metro's lowest value (a figure reached in the fourth quarter of 2011), there is still a gap of over 16 percent yet to go in the Stockton (CA) metro. There are plenty of other markets with a similar tale to tell, and places where the home price recovery is happening at a much slower pace.

It's important to note that even in markets that have not yet returned to previous peaks, it's not as though borrowers have no equity in their homes. Underwater or no- or low-equity situations might only exist for a relatively small slice of properties purchased during peak pricing times of last decade's boom.

For example, if someone purchased a home in the Sacramento, CA metro area *before the second quarter of 2005,* our calculations suggest that the value of your home has recently risen to or is now slightly above its original purchase price. This is also the case if the home was purchased when prices had begun to decline, in this case *after the first quarter of 2006*. **In this metro, only homes purchased in this smaller than one-year window have yet to reclaim their original purchase value**.

In either case, years of making regular payments should also by now given the homeowner a considerable equity stake. In the case of a home purchased in early 2005 (and assuming no refinance of the mortgage) the homeowner would have paid off about 27 percent of their original loan balance by now; for a home purchased early in 2006, about 26 percent of the loan amount will have been retired by now. This calculation doesn't include any downpayment the homeowner may have made, so the equity stake would be increased by that amount. In the case of a pre-2Q05 purchase, the homeowner would likely have a minimum 32 percent equity stake.

Similar experiences should be seen in other markets, too. Also, as home prices generally continue to increase over time, this "yet unrecovered time period" will continue to narrow. For example, in Sacramento, this time period has shrunk by six quarters over the last year alone.

Metro Name	Peak Value	Bottom Value	Current Value	% Needed to Regain Peak
Bakersfield, CA	252.39	118.26	201.94	24.98%
Cape Coral-Fort Myers, FL	317.33	132.30	266.46	19.09%
New Haven-Milford, CT	201.55	153.63	169.59	18.85%
Stockton, CA	274.36	108.22	235.76	16.37%
Bridgeport-Stamford-Norwalk, CT	241.56	182.27	209.63	15.23%
Fresno, CA	272.79	137.02	238.53	14.36%
Camden, NJ (MSAD)	224.00	163.46	198.01	13.13%
Elgin, IL (MSAD)	200.71	129.26	183.84	9.18%
Virginia Beach-Norfolk-Newport News, VA-NC	274.97	207.27	254.41	8.08%
Hartford-East Hartford-Middletown, CT	173.28	144.88	160.38	8.04%

How has the value of YOUR home changed?

HSH.com has developed a tool that allows you to see how the price change in your market has affected the value of your home. With our "**Home Value Estimator**," you select your market and the time frame in which you have owned your home to estimate how the changes in your market have impacted your home's value. If your market still hasn't fully recovered and you think your home is still underwater, find out when you'll have positive home equity again with our KnowEquity When calculator.

Neither most nor least: 80 more metro areas

Here's a look at the remaining 80 metro areas from the FHFA's HPI list.

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Metro Name	Peak Value	Bottom Value	Current Value	% Needed to Regain Peak	Amount Above Peak
Akron, OH	177.44	142.57	197.72	n/a	11.43%
Albany-Schenectady-Troy, NY	184.25	168.45	201.38	n/a	9.30%
Albuquerque, NM	238.67	188.85	244.86	n/a	2.59%
Allentown-Bethlehem-Easton, PA-NJ	204.95	152.12	192.9	6.25%	n/a
Anaheim-Santa Ana-Irvine, CA (MSAD)	287.87	197.18	316.19	n/a	9.84%
Atlanta-Sandy Springs-Alpharetta, GA	199.93	139.45	266	n/a	33.05%
Baltimore-Columbia-Towson, MD	269.81	206.67	257.23	4.89%	n/a
Baton Rouge, LA	229.36	213.56	266.92	n/a	16.38%
Birmingham-Hoover, AL	213.71	176.23	258.66	n/a	21.03%
Boise City, ID	296.92	163.37	412.78	n/a	39.02%
Boston, MA (MSAD)	269.72	222.04	325.01	n/a	20.50%
Cambridge-Newton-Framingham, MA (MSAD)	257.46	213.22	323.52	n/a	25.66%
Charleston-North Charleston, SC	285.99	203.23	394.96	n/a	38.10%
Charlotte-Concord-Gastonia, NC-SC	195.51	159.52	268.61	n/a	37.39%
Chicago-Naperville-Evanston, IL (MSAD)	238.94	160.23	222.49	7.39%	n/a
Cincinnati, OH-KY-IN	179.73	149.7	218.68	n/a	21.67%
Cleveland-Elyria, OH	173.69	135.78	192.44	n/a	10.80%
Colorado Springs, CO	260.16	215.84	369.5	n/a	42.03%
Columbia, SC	187.18	161.05	217.82	n/a	16.37%
Columbus, OH	180.56	159.37	252.37	n/a	39.77%
Dayton-Kettering, OH	156.09	125.97	179.57	n/a	15.04%
Detroit-Dearborn-Livonia, MI (MSAD)	207.8	112.86	216.32	n/a	4.10%
El Paso, TX	195.06	167.6	204.49	n/a	4.83%
Fort Lauderdale-Pompano Beach-Sunrise, FL (MSAD)	352.58	177.1	339.53	3.84%	n/a
Frederick-Gaithersburg-Rockville, MD (MSAD)	279.71	205.68	267.79	4.45%	n/a

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More about the HPI

The Home Price Index is a broad measure of the movement of single-family house prices. It has been published by the Federal Housing Finance Agency and precursor agencies since the fourth quarter of 1995.

For each market, the index uses 1990 home prices as a basis. Those dollars are "normalized" to a value of 100 for each market; that is, regardless of the actual dollar cost, the index value for a given market becomes 100. For example, a home price in Allentown, PA in 1990 might have been $65,000; this becomes a base value for Allentown of 100, and changes since then are **presented as percentage changes** from that initial 100 value.

The HPI is based on transactions involving conforming, conventional mortgages purchased or securitized by Fannie Mae or Freddie Mac. Only mortgage transactions on single-family properties are included. The HPI does not include property transactions backed by FHA, VA, USDA or non-conforming (i.e. jumbo) mortgages.

The HPI is updated each quarter as additional mortgages are purchased or securitized by Fannie Mae and Freddie Mac.

The HPI is a weighted, repeat-sales index, meaning that it measures average price changes in repeat sales or refinances on the same properties.

The HPI shows the relative change in prices in a metropolitan area from quarter to quarter or period to period. HSH.com has pulled out information from each area to show the amount of change from 1990 to the pre-housing-crisis peak, the low achieved during or after the peak, and how much improvement has taken place since that near-term bottom.

The FHFA uses the revised Metropolitan Statistical Areas (MSAs) and Divisions as defined by the Office of Management and Budget (OMB) in February 2013 (and revised in July 2015 and August 2017, and April 2018). If specified criteria are met and an MSA contains a single core population greater than 2.5 million, the MSA is divided into Metropolitan Divisions.

For more details on the HPI and how it is put together, see http://www.fhfa.gov/Media/PublicAffairs/Pages/Housing-Price-Index-Frequently-Asked-Questions.aspx