BUSINESS

CHEAPER HOME SALES CLIMB

Price gains outpace more expensive offerings; 'The lower you go, the better the performance'

By Julie Schmit
USA Today

Lower-priced homes, which fell the most in price during the housing bust, are showing more zip as the housing market strengthens.

In the 12 months through October, the nation's least-expensive homes have seen prices rise 10 percent, compared to 7.6 percent for the most-expensive homes, market researcher CoreLogic said.

"The lower you go, the better the performance," said Mark Fleming, CoreLogic's chief economist.

Other real estate research points to strengthening at the low end, too.

Zillow's third-quarter data show the least-expensive homes up 1.7 percent in value from the second quarter vs. 1.8 percent for the most-expensive homes. The gap between the two used to be wider. Zillow's first-quarter 2011 data show the least-expensive homes down 2 percent from the prior quarter compared to a 1 percent drop for the most-expensive homes.

"The bottom tier, which has been persistently weak, has now pulled even with the top tier," said Stan Humphries, Zillow economist.

Year-over-year, its data show the highest-priced homes were up 3.7 percent in October versus 2.4 percent for the lowest-priced homes.

Zillow breaks the market into three price buckets based on local prices. In high-priced San Francisco, a bottom-tier home for Zillow is under $338,950. In Phoenix, a bottom-tier home is under $99,650.

CoreLogic separates the market into four price groups based on local medians. The two middle tiers were up more than 8 percent for the year through October, it said.

Evidence that prices are rising at similar rates in all tiers suggests that a nascent housing recovery is "broad based in a lot of markets," said Patrick Newport, IHS Global Insight economist.