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What to watch

Home prices still below pre-recession levels

Paul Davidson
@PDavidsonusat
USA TODAY

Home prices hit a milestone recently. But the numbers don't tell the whole story.

In September, the S&P CoreLogic Case-Shiller national home price index exceeded its pre-recession high, marking a symbolic recovery from the devastating housing crash.

But after accounting for inflation, home prices are still about 20% below their peak, says Ralph McLaughlin, chief economist of housing research firm Trulia.

And markets reaching their pre-recession peaks based on inflation-adjusted prices are almost exclusively in the West and South, with mostly high-end homes accomplishing the feat.

Just seven metro areas — Dallas-Fort Worth, Houston, Denver, Nashville, Pittsburgh, Tulsa and San Francisco — have hit pre-recession levels for starter, trade-up and premium homes.

Only two outside of the West and South have recovered to pre-recession highs in any segment — Pittsburgh and Buffalo.

The rebound "reflects the nature of the broader economic recovery: job, wage, and population growth has occurred disproportionally in the South and West," McLaughlin says.

Rising prices have created challenges for homebuyers, whose incomes generally have not kept pace. But they're good news for homeowners who had mortgage debts that exceeded their home values. The S&P index for October, out Tuesday, should show continued advances in housing prices.