

# 10 hottest housing markets for 2015

By Les Christie @CNMoney December 4, 2014: 3:11 PM ET

Even though the housing market has been steadily recovering for a few years now, one thing has been keeping it from making a real comeback: **First-time homebuyers.**

But that will soon change, according to Realtor.com. As the jobs picture improves, Millennials are going to be returning to the housing market, said Jonathan Smoke, the realty site's chief economist. Smoke predicts that new home sales will climb by 25% next year. And in some markets, the influx of young first-time buyers will be especially significant.

Realtor.com crunched more than 15 data points, including population growth, affordability and employment, to come up with a list of 10 housing markets that will record the fastest sales growth in 2015 and beyond.

## ATLANTA

**2015 home sales forecast: +11%**

Atlanta is expected to see a surge of new homeowners, with low home prices helping to fuel home sales. "Atlanta began to recover much later than other markets, but is showing signs of returning to its prior form of leading the country in population and household growth," said Smoke.

Over the next 5 years, the metro area is expected to see a 6% increase in home owning households, said Smoke.

## DALLAS

**2015 home sales forecast: +7%**

Dallas's economy remained strong during the Great Recession and keeps rolling along in the recovery. "It's on pace to set a new employment record in 2014, and is forecasted for 3% growth in 2015, well above the U.S. average," said Smoke. In fact, he expects Dallas to lead the country in new household formation over the next five years.

## DES MOINES, IOWA

**2015 home sales forecast: +9%**

How did Des Moines a small Midwestern metro area, sneak onto Realtor.com's hot housing markets list? "It features something that few large markets have: affordability," said Smoke.

The median-priced home costs \$180,000, well below the national median of \$221,000.

Des Moines also has a higher percentage of Millennials than average. And many of them have jobs.

The local unemployment rate was a tidy 4.1% in September.

\*\*\*\*\* **DENVER** \*\*\*\*\*

**2015 home sales forecast: +14% ←← *WOW!***

Denver "has enjoyed one of the stronger local economies since the recovery began," said Smoke.

Metro area unemployment is below average while job growth is higher. Denver has already recovered all the jobs lost in the recession which has helped fuel a hot housing market.

*He forecasts home sales growth of 14% in 2015, the highest of any market.*

## **HOUSTON**

### **2015 home sales forecast: +5%**

Houston is on pace to set an employment record this year, adding jobs at twice the national rate. It also boasts a strong new construction sector, which helps supply keep pace with demand, according to Smoke. One slight caveat: Houston's economy is boosted by the energy industry and oil prices are plunging.

## **LOS ANGELES**

### **2015 home sales forecast: +6%**

By virtue of Los Angeles' immense size -- the metro area population has surpassed 13 million -- even moderate household percentage growth translates into a lot of people, which helped put LA on the top 10. "The market's biggest challenge is affordability," said Smoke.

The median home price for the metro area is \$460,000, more than twice the national median.

## **MINNEAPOLIS**

### **2015 home sales forecast: +9%**

Minneapolis has similar conditions to Des Moines, with an extremely low unemployment rate, lots of young residents and relatively affordable homes. Another bonus: Household income is high at \$83,000, compared with about \$64,000 nationally. "The market's affordability and strong economy are attractive to Millennials and that market is the second largest in the country for homeowning Millennial households," said Smoke.

## **PHOENIX**

### **2015 home sales forecast: +11%**

Phoenix's housing market boomed and burst like few others, with home prices plummeting nearly 60% after the crash. Home construction, which contributed to Phoenix's boom years, has since rebounded however. And Realtor.com predicts that developers will continue to keep their crews busy. Smoke forecasts a 22% rise in housing starts next year.

## **SAN JOSE, CALIF.**

### **2015 home sales forecast: +3%**

The skyrocketing prices in San Jose and other Silicon Valley towns has been well documented. An influx of tech workers with fat paychecks have kept home prices sky high, with the median home price for the metro area hitting \$689,000. And that growth isn't expected to stop anytime soon. Further gains in jobs and wages are expected to push home sales 7% higher next year, according to Smoke, while home price gains should moderate to 2%.

## **WASHINGTON, D.C.**

### **2015 home sales forecast: +10%**

Washington D.C.'s economy has moved forward despite the government gridlock of the past several years. "The market went through sequester-related challenges in 2013 and early 2014 that substantially slowed down employment growth," said Smoke. But with a diversified economy that includes a booming tech sector and a variety of corporations in and outside the Beltway, D.C.'s job growth has been on solid footing. Smoke predicts D.C. will be among the top 5 metro areas when it comes new household formation; that will put it in the top 5 among metro areas over the next five years.

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