The Geography of the Housing Recovery

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October 2012
Overview

• Is the housing recovery real? Difficult question

• Geography of recovery can be informative

• Question I ask here: Is housing recovery stronger in areas that had bigger collapse (i.e., Arizona, California, Florida, Nevada, etc)?

• Answer: it appears so, and this is a good sign

• But caveat: still nowhere near 2006 levels!
Recovery in House Prices

House price growth, 2011 to 2012

Amir Sufi, @profsufi, Chicago Booth, Data source: CoreLogic
House Price Recovery Stronger where House Prices Collapsed

Amir Sufi, @profsufi, Chicago Booth, Data source: CoreLogic
Recovery in New Units Constructed

New units growth, 2011 to 2012

Amir Sufi, @profsufi, Chicago Booth, Data source: Census
Construction Recovery Stronger in Crash States, but Relationship Weaker

Amir Sufi, @profsufi, Chicago Booth, Data source: Census
Despite Recovery, Still a Very Long Way from Peak!

House Prices

New Units

2006 = 100

2006 2008 2010 2012

Arizona  California  Nevada  Florida

Amir Sufi, @profsufi, Chicago Booth, Data source: CoreLogic and Census
Data Details

• For new construction, I use new residential permits from the Census. The data are through September 2012, and so the graphs are based on first 9 months of each year to do seasonal adjustment. So 2011 to 2012 growth is January-September 2011 compared to January-September 2012

• For house prices, CoreLogic state-level data is through August 2012. I am using August of every year for growth comparisons.