

Top 5 cities where home prices rose the most in 2012

By Patricia Mertz Esswein | Kiplinger.com – Thu, Jan 3, 2013 7:57 PM EST

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Kiplinger is taking a look at U.S. metro areas (with populations of more than half a million) to find those that enjoyed the largest percentage increases in home prices last year. Yahoo! Homes is publishing the top five; for the rest of the top dozen, [visit Kiplinger.com](#). You can also see the [top five bad-news cities where home prices](#) fell the most on Yahoo! Homes.

The markets in most of these cities peaked and busted in 2006 and are now well into their recovery. Most of these cities have rates of unemployment at or below the national average, which is indicative of healthy economies that fuel buyer confidence and demand. Supply in most of these cities is low and favors sellers.

The percentage increases are for the year ending Sept. 30, 2012, the most recent period available. Sales, supply and other market data reflect the latest data available from regional associations of Realtors and multiple-listing services. Months' supply is how long it would take to sell everything listed for sale at the current pace of sales -- a market with four to six months' supply is considered balanced between seller and buyer. Unemployment rates are from the Bureau of Labor Statistics, and foreclosure rates are from RealtyTrac. Home prices are from Clear Capital. Distressed sales and negative-equity statistics are from CoreLogic.

5. [Akron, Ohio](#)

One-year change in home prices: +16.5%

Median home price: \$95,000

Change in price since peak: -39.2%

Unemployment rate (national average is 7.7%): 6.1%

Foreclosure rate (national average is 0.40%): 1 in every 651 households (0.15%)

The double-digit gain in home prices in this northeastern Ohio city puts a little shine on the Rust Belt. The market in Summit County, which a few years ago was burdened by high inventory, much of it distressed, is improving. Home sales -- helped by a not-so-dire unemployment rate in

the Akron metro area -- rose in 11 out of the past 12 months; in October they rose by 20.8% from the year before. The months' supply fell from 11.3 months a year earlier to seven months, and many of the homes on the market are of higher quality.

Homes took an average of 120 days to sell, still a long haul for sellers, but down from 142 a year ago. Almost one-fourth of sales were distressed, but that's down from one-third last year. "We're not totally out of the woods yet, but we are rebounding," says local agent A'i Whitley.

4. Minneapolis, Minnesota

One-year change in home prices: +16.8%

Median home price: \$188,000

Change in price since peak: -33.7%

Unemployment rate: 5.3%

Foreclosure rate: 1 in every 682 households (0.15%)

The Minnesota Nice ethic didn't protect the Twin Cities from the excesses of the boom years. But the metro area's real estate market is coming back strongly now. In October 2012, sales grew by 15.1% from the year before, and the inventory of homes for sale fell by 29.7%. The months' supply was 3.7, slightly favoring sellers. The average time for a home to sell was 104 days, down from last year but still lengthy. Sellers received an average of 94% of their original list price.

Inventory stands at a nearly ten-year low. Distressed sales in this market are the lowest of all the cities on the best list, just 15% of all sales. As homeowners see prices continue to rise, they'll overcome their hesitancy and begin to list their homes for sale, increasing inventory and moderating the pace of price hikes.

3. Cape Coral-Fort Myers, Florida

One-year change in home prices: +19.5%

Median home price: \$124,300

Change in price since peak: -56.9%

Unemployment rate: 9.2%

Foreclosure rate (Cape Coral only): 1 in every 258 households (0.39%)

This metro area on the southwest coast of Florida had many foreclosures and a high rate of vacant homes during the real estate bust. In October 2012, the months' supply stood at 3.8 months, slightly favoring sellers. Condo sales rose by 28.9% from the year before, fueled by snowbirds and investors. More than one-third of all sales were foreclosures or short sales (meaning the lender accepts payment in full for less than the homeowner owes on the mortgage). That's down by one-fifth from last year.

2. Provo, Utah

One-year change in home prices: +21.8%

Median home price: \$192,050

Change in price since peak: -9.3%
Unemployment rate: 4.5%
Foreclosure rate: 1 in 1,685 (0.06%)

Homeowners in the third largest city in Utah saw home prices rise substantially in the past year, gaining back much of the decline since the bust (which didn't occur here until early 2008). In the third quarter of 2012, home sales in Utah County rose by 10.7% from the year before. The months' supply stood at a balanced 4.7 months. Buyer confidence is buoyed by a thriving local economy (anchored by Brigham Young University), with solid job growth and the lowest unemployment rate of any city on this list. Although nearly one-fourth of all sales were distressed properties, that's down by more than one-third from last year.

1. Phoenix, Arizona

One-year change in home prices: +28.4%
Median home price: \$160,000
Change in price since peak: -51.2%
Unemployment rate: 6.9%
Foreclosure rate: 1 in every 384 households (0.26%)

This city is living up to its name, rising from the ashes of the real estate bust. In the third quarter of 2012, Maricopa County's housing market favored sellers, with just 2.7 months' supply of inventory. More than one-fourth of all sales were distressed properties (short sales and foreclosures), often snatched up by investors, but that's down by more than 40% from last year, which has helped boost prices again. With tighter supply, sellers got 100% of their original list price -- no discounting needed -- and sold in an average of 45 days.

[For the rest of the top dozen cities where home prices rose the most last year, visit Kiplinger.com.](#)