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## Top 10 Hot Housing Markets to Watch in 2015

Dec 4, 2014 By: [Rachel Stults](#)

We're closing out the best year in the U.S. economic recovery since the recession hit in 2008. For the most part, the housing market has rebounded. And plenty of places are reaping the benefits. Where can you find these hot housing markets? [Realtor.com® Chief Economist Jonathan Smoke](#) offered up his top 10 picks for 2015—the places where we can expect to see strong housing growth, affordable prices and fast-paced sales.

“The markets on this list range from big cities with older housing stock to big and mid-size cities with substantial levels of new construction to up-and-coming markets appealing to young professionals for their job growth and high affordability,” Smoke said.

Some of the cities on the list are familiar to anyone who's kept an eye on real estate trends, but there are a few surprises in the mix.

### Top 10 Hot Housing Markets to Watch in 2015

Atlanta, GA  
Dallas, TX  
Denver, CO  
Des Moines, IA  
Houston, TX  
Los Angeles, CA  
Minneapolis, MN  
Phoenix, AZ  
San Jose, CA  
Washington, DC



We've hand-picked a lovely home in each city—to learn more about any of them, just click on the images below. If you'd like to discover more of what these happening cities have to offer, simply click the city name.

**Atlanta:** *Favorite for Household Growth and Home Sales Growth*

One of the cities hit hardest by the bubble bursting a few years ago, Atlanta took longer than other markets to recover from the housing crash. But now, the sprawling metropolis is showing signs of rebounding. Over the next five years, the Atlanta market is expected to see 7% growth in total households, Smoke says.

At the center of transportation throughout the Southeast, Atlanta is also experiencing strong employment growth and its income is on par with the the rest of the nation.

Plus, Atlanta is still affordable—especially compared to other markets—despite predictions of increasing prices. City home sales are forecast to be up by 11% in 2015 as household growth, job growth and affordability work together to speed up the housing market recovery.



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**Dallas: Favorite for Household Growth and Volume of Home Sales**

Dallas has been a top performer and is expected to remain one of the best markets in 2015, Smoke says. Although it's home to 20 billionaires, the city hasn't had its real estate market thrown out of whack by big money.

The Southern city is on pace to set a new employment record in 2014, the market is affordable, and it continues to draw an influx of new households.

Everything's bigger in Texas, and huge new homes are springing up all over Dallas.

The city's strong new construction market helps to contain any worry of housing supply pressure. Smoke predicts a 3% growth in home prices in 2015 and 7% growth in home sales.



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**Denver: Favorite for Growth in Home Sales and Demand Exceeding Supply**

Although it's freezing in the winter, this mountain metro is the hottest when it comes to real estate. Denver is on track to see the largest percentage increase in home sales—14%—of any major market, according to Smoke. It's had one of the stronger local economies since the recovery began and is now setting new records for jobs.

Home prices are fully recovered, and the Mile High City will likely end 2014 with more home sales than 2013. The market's biggest looming concern is declining affordability: Smoke predicts 3% growth in home prices in the next year.



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### **Des Moines, IA: Favorite for Millennial Share of Households and Millennial Household Growth**

While Des Moines might seem like an odd fit for a list of the hottest metros in America, Smoke sees encouraging signs.

Its high affordability and high levels of home ownership among millennials set the stage for strong housing performance next year, he says.

In fact, Iowa's capital has been called everything from "The Best Place For Business" by Forbes to "The Wealthiest U.S. City" by the "Today Show."

As further proof, the local economy continues to click along quite nicely. The city is seeing record levels of employment, Smoke added, and the unemployment rate is well below the national average.



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### **Houston: Favorite for Household Growth, Employment, and Volume of Home Sales**

No surprise here: Houston, which has been a top housing market performer, is expected to remain on top in 2015. The energy industry that fuels the city's economy continues to spur expansion and jobs.

That's because Texas' most populous city is on pace to set a new employment record in 2014—and with predicted 4% employment growth in 2015, there's no sign of a slowdown.

The market remains affordable. But due to recent price increases, housing prices are becoming a challenge—especially relative to other Texas cities.

Even so, Houston is expected to see robust housing growth, largely due to its strong new construction sector.



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### **Los Angeles: Favorite for Household Growth and Volume of Home Sales**

Home to the entertainment industry, Los Angeles is still in the midst of recovery from the recession. With so many luxurious residences, the city ranks as one of the least affordable cities in the nation. But that can't keep it off our list.

Jobs lost during the recession are flowing back into America's second-largest city—forecasted growth for the metro shows that employment will get back to pre-recession numbers in 2015.

And increasing home prices aside (they're expected to rise by 4%), the city of bright lights and big stars continues to grow and thrive. Smoke predicts home sales in the city will grow by 6% in 2015.



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### **Minneapolis: Favorite for Millennial Home Owner Growth and Growth in New Construction**

A diverse economy and strong housing affordability lands Minneapolis on our list. The Twin Cities area continues to show low unemployment and is setting new records for jobs in 2014.

The combination of the booming job market and affordable housing makes the city of lakes a hot spot for millennials.

In fact, it's the second-largest market in the nation among home-owning millennials. The Minneapolis area is also seeing strong growth in new construction, which helps provide supply to meet the increased demand.



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### **Phoenix: Favorite for Income Growth and Growth in New Construction**

Phoenix consistently hammers home market growth through new construction. Because it's one of the top five markets for new construction, the sprawling desert city continues to see an increase in overall population and household growth.

Household growth is anticipated to increase by 7% over the next five years, according to Smoke.

And although the market hasn't fully recovered from the recession, it continues to be relatively affordable and income is expected to grow at a higher pace in 2015.



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### **San Jose, CA: Favorite for Income Growth and Demand Exceeding Supply**

San Jose's economic and housing growth put it squarely in the big leagues—even out-performing San Francisco, its arguably more picturesque sibling to the north.

San Jose, with its location in the heart of Silicon Valley and its world-class technology companies, is setting new records for jobs. Unemployment remains low, housing prices have fully recovered, and 2014 is on pace to see more transactions than 2013—bucking all national trends.

The 5-year household growth is forecasted to be 6%—double the national rate. Affordability remains a huge challenge, but income growth has been strong and is forecasted to be higher again in 2015.

Smoke predicts home price growth to be positive but at a more moderate pace of 2%. Home sales should grow 7% in 2015, he added.



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**Washington, D.C.: Favorite for Household Growth and Demand Exceeding Supply**

The nation's capital didn't suffer as much during the recession as other cities, but the government sequester in 2013 and early 2014 substantially slowed employment growth, enabling other markets to out-perform the town where politics are always on display.

Now that the bureaucracy is open for business and contributing to economic growth, the forecast for Washington is improving, Smoke says.

And it's not a built on a house of cards—the District ranks third overall in projected growth of home-owning households over the next five years.

Home sales should rebound next year as well—after a 2% decline in 2014, home sales are expected to surge 10% in 2015.



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*Want to learn more? Join realtor.com® Chief Economist Jonathan Smoke on December 9 as he forecasts 2015 housing trends.*

The original article may be found at: [www.realtor.com](http://www.realtor.com).

Write ups on the topic of Twin Cities Millennial home buyer activity by Home Destination are available at:

[Minneapolis a Top City for Millennial Home Owner Growth](#) – December 5, 2014

[Millennials Sheer Size Will Drive Housing For Decades](#) – November 17, 2014

[Twin Cities Millennial generation buyers Favor Living in the Twin Cities](#) – November 12, 2013

[Why Home Sellers Must Heed Market Adjustments by Millennials](#) – November 10, 2014

[Millennial Homebuyers Predicted to Boost Twin Cities Housing](#) - August 6, 2014