Home prices in US cities are down slightly from record highs

Home prices in the nation's metropolitan markets rose to a median of $266,900 in the third quarter of 2018 – up 4.8 percent from the same time last year – but are slightly down over last quarter's record high, since the National Association of Realtors (NAR) started tracking the data in 1979.

"Though inventory is more than adequate on the upper-end market, the insufficient supply of low to mid-priced homes in metro markets with strong job growth continues to drive up prices and push prospective buyers out of the market," NAR's chief economist, Lawrence Yun said in a news release.

NAR tracks sales and pricing data in 146 of the nation's largest metros.

In the third quarter of 2018, existing home sales dropped 2.6 percent in quarter three to a seasonally adjusted rate of 5.273 million – which is also slower than the 5.403 million-pace in the third quarter of 2017.

Inventory is up as well, with an average 4.3 months supply, over the 4.2 months supply that was reported last quarter.

"A strong economy and consistent job growth should be driving up home sales; however, would-be homebuyers are struggling to find a home they can afford," Yun said. "As mortgage rates continue to rise, reaching the decade's highest rates this quarter, an increase in the supply of affordable homes has become even more important to help temper price growth across the country."

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Even as the national family median income rose to $76,804 in the third quarter, affordability decreased because of higher mortgage rates and home prices, according to NAR. A buyer would need an income of $64,480 to purchase a single-family home at the median price putting 5 percent down.

“Aspiring middle-class home buyers continue to face affordably issues, as buyers are increasingly being priced out in the West while the rest of the country struggles, too,” Yun said. “The market desperately needs homebuilders to begin constructing more moderately priced single-family home and condominiums to help satisfy demand and mitigate rapid price growth.”

Four of the nation’s most expensive markets were in California, with the median existing single-family home in San Jose hitting $1.3 million. The Bay Area’s median home value actually dipped below $1 million to $989,000. Anaheim, Honolulu and San Diego rounded out the top five.

Youngstown, Ohio, once again held the distinction of the cheapest metro in the nation, where the median existing single-family home was $97,600. Decatur, Illinois; Cumberland, Marlyland; Wichita Falls, Texas and Elmira, New York, rounded out the top five cheapest metros, all with the median existing-home price under $122,000.

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