

U.S. home prices surge 13 times faster than wages

By Victoria Stilwell, BloombergBusiness

For most people, buying a home is no cheap venture. That's especially the case when the growth in U.S. home prices is beating wage increases 13 to 1.

Wages climbed by 1.3 percent from the second quarter of 2012 to the second quarter of 2014, compared to a 17 percent increase in home prices around that time, according to a new report from RealtyTrac. The real-estate data provider used the Labor Department's weekly earnings data to measure wage growth, while home prices were derived from sales-deed data in December 2014 and compared to December 2012 on the hypothesis that a change in average wages would take at least six months to affect home prices.

Using localized earnings data, RealtyTrac also found that 76 percent of housing markets posted increases in home prices that exceeded the wage growth there during that time frame, led by the regions of Merced; Memphis; Santa Cruz; and Augusta, Ga. Others include the Detroit, Houston and Miami regions. (To be fair, some of these areas are still considered affordable and experienced massive price drops during the housing bust and recession.)

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