

# **It's not a housing bubble, it's just expensive**

**By Patrick Clark, Bloomberg**

Home prices have hit record highs in some major U.S. metropolitan areas, and house-flippers are behaving like it's 2005: It's no wonder people are chattering about another housing bubble.

But residential real estate isn't in a speculative bubble, industry observers contend. Instead, a low inventory of available homes is driving prices higher—prices, however, will eventually recede as buyers throw up their hands, or as more new homes come on line. The structural issues that led to the housing collapse last decade aren't present.

“The havoc during the last cycle was the result of building too many homes and of speculation fueled by loose credit,” said Jonathan Smoke, chief economist at Realtor.com. “That's the exact opposite of what we have today.”

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