

Leading Markets Index Shows 56 Metros at or Above Normal Levels in June

Article By:

Philip R. Stein

Manuel R. Gonzalez

The National Association of Home Builders (NAHB) recently released its [Leading Market Index \(LMI\)](#) on June 5th. The report revealed that out of 350 metros evaluated across the country, [56 housing markets](#) have returned to or have exceeded their last normal level of economic and housing activity seen before the recession. This represents a net gain of nine metros year over year.

The LMI evaluates and identifies those metro areas that are now approaching and exceeding their previous normal levels of economic activity. The index factors in average single-family permits, home prices and employment levels for the past 12 months, and then compares that to the market's historical levels.

"Of the three components in the LMI, the one lagging is single-family housing permits, which is only 43 percent of the way back to normal, while home prices are 26 percent above their last normal level and employment is at 95 percent of its previous norm," said NAHB Chief Economist David Crowe. "In the 22 metros where permits are at or above normal, the overall index indicates that these markets have fully recovered."

Overall, markets nationwide are running at about 88 percent of normal economic and housing activity. Thirty percent of the 350 metro areas tracked by the index had higher scores this month than last, and 83 percent have shown improvement over the past year. Well over one-third of all markets are operating at a level of at least 90 percent of previous norms, which bodes well for a continuing housing recovery in the year ahead.

“Markets are gradually returning to normal levels of housing and economic activity,” said NAHB Chairman Kevin Kelly, a homebuilder and developer from Wilmington, DE. “When we see more sustainable levels of job growth, this will unleash pent-up demand and bring more buyers into the marketplace.”

Topping the list of major metros on the LMI is Baton Rouge, LA, with a score of 1.4 – or 40 percent better than its last normal market level. Other major metros at the top of the list include Honolulu, HI; Oklahoma City, OK; Austin, TX; and Houston, TX. Rounding out the top 10 are Los Angeles, CA; San Jose, CA; Harrisburg, PA; Pittsburgh, PA; and Salt Lake City, UT – all of whose LMI scores indicate that their market activity now equals or exceeds previous norms.

Top smaller markets included Odessa, TX and Midland, TX, both of which have seen economic and housing activity double when compared to activity prior to the recession. Rounding out the top five are: Bismarck, ND; Casper, WY; and Grand Forks, ND, respectively.

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