

The [housing market](http://abcnews.go.com/Business/housing-market-turning-rural-states/www.abcnews.com/Business/april-slightly-higher-home-prices/story?id=13952547) is hurting nationally, but it appears to be marching toward recovery in a handful of mostly rural states, economic forecasters say.

The states including North Dakota, South Dakota, Iowa and Alaska have economies more dependent on the energy, industrial or agricultural sectors, stronger parts of the U.S. economy. Their home prices, in general, didn't rise as much as in other states in the boom years, so they've fared better in the wake of the crash. Their unemployment rates tend to best the national average.

"Housing is a mess all over the place, but it's less of a mess in some places," says Jim Diffley, regional housing economist for IHS Global Insight.

Several of the smaller Midwestern states appear "on the road to recovery," says Jonathan Smoke, executive director for research for Housing IntelligencePro, which tracks real estate in 800 markets nationwide.

The company compared sales of homes not hit or threatened by foreclosures for the 12 months ending March with sales in 2006, the peak of the national housing bubble. Excluding distressed sales gives researchers a better view of what normal housing markets look like.

North Dakota, Iowa and Wyoming have seen the strongest rebound in numbers of non-distressed home sales, the data show. North Dakota was the only state where sales in the recent period rose from 2006, Housing Intelligence found. Iowa and Wyoming reached about 70% of their 2006 levels. In 34 of 47 states for which data were available, volumes were at less than half their 2006 levels.

Oklahoma and Nebraska saw the biggest jumps in prices per square foot for non-distressed homes: 17% and 12%, respectively. Prices on a per-square-foot basis offer some adjustment for different types of homes that may be selling at any given time.

South Dakota and Alaska also appear among the states to be "least vulnerable" to further home price declines given their stronger economies, says Capital Economics economist Paul Dales. In the first quarter, Alaska house prices rose 2.7% year-over-year, according to the Federal Housing Finance Agency. They fell 5.5% nationally. South Dakota has one of the nation's lowest unemployment rates, at 4.8% in May vs. 9.1% nationwide.

Existing home sales data also show strong demand for housing in the state, Dales says.

States with fewer troubled loans are likely to have fewer foreclosures, which can be a drag on prices. As of May, the states with the lowest percentage of loans that were delinquent or in foreclosure were Montana, Wyoming, Arkansas, South Dakota and North Dakota, says Lender Processing Services.

No U.S. region is likely to see stable prices until late this year. Some may decline longer, Moody's Analytics says. The slowing pace of the U.S. economic recovery also poses risks for Midwestern economies, which have benefited from strengthening in manufacturing, Moody's says.