

Safe Havens in Real Estate

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With foreclosures skyrocketing and home prices plummeting, real estate has had a tough year. But in certain pockets across the country the damage has been minimal -- if nonexistent.

We found six cities with slow, steady growth, using data from Fiserv Lending Solutions, a home-price research company. These cities' local economies have kept unemployment and foreclosure rates below average. Plus, their affordability index -- a measure of home prices versus family income -- is low.

For comparison, we also pinpoint an average market and the worst market in the country.

Safe Havens:

Johnson City, Tenn.

Population: 193,554

Median home price: \$120,000

12-month change in home value: -.4%

Affordability index: 3/10

Homes sold this year: 1,134

Home value vs. national average: -41%

Top employer: East Tennessee State University

Demand in this Northwest Tennessee city's market is largely driven by East Tennessee State University, as well as new retirees. These "halfbacks" used to spend summer in the north and winter in the south but are now making Tennessee their home year round.

Education, health care and manufacturing provide the bulk of Johnson City's jobs.

Pittsburgh, Penn.

Population: 2,355,712

Median home price: \$137,000

12-month change in home value: +.1%

Affordability index: 2/10

Homes sold this year: 7,634

Home value vs. national average: -33%

Top employer: University of Pittsburgh Medical Center

Although Pittsburgh home sales have dipped 16% this year, the properties have retained their value. This "Pittsburgh paradox," as it's called by locals, is attributed to the city's steady population growth and the construction of new, high-value homes.

Despite its reputation as a gritty city of industry and steel, Pittsburgh is now driven by the health care and technology sectors.

Burlington, VT

Population: 145,360

Median home price: \$250,000

12-month change in home value: +1%

Affordability index: 4/10

Homes sold this year: 592

Home value vs. national average: +21%

Top employer: IBM

On the shores of Lake Champlain, Vermont's largest city focuses on retaining its high standard of living rather than growing its population. Strict zoning standards make homebuilding difficult and discourage speculators.

Burlington's small-town mentality ensures that home lenders maintain personal relationships with their clients and help them stay within their spending means. Technology, health care, and education drive the local market.

Albuquerque, N.M.

Population: 832,774

Median home price: \$172,000

12-month change in home value: +1%

Affordability index: 3/10

Homes sold this year: 7,100

Home value vs. national average: -17%

Top employer: Intel

While other midsize cities have fallen prey to rampant speculation, Albuquerque has hovered below the national real estate radar and largely avoided the subprime mortgage debacle. An influx of tech companies such as Eclipse Aviation, Hewlett Packard and Intel has helped fuel this Southwestern city's economy and attracted a young creative class.

Active retirees and immigrants have also migrated to the area, ensuring a well-rounded housing market. Experts project 9% population growth between 2006 and 2011, compared to 6% nationally.

Clarksville, Tenn.

Population: 265,062

Median home price: \$130,000

12-month change in home value: +1.4%

Affordability index: 3/10

Homes sold this year: 2,081

Home value vs. national average: -37%

Top employer: Trane Corporation

Clarksville offers an affordable alternative to nearby Nashville but is close enough that residents can enjoy the larger city's attractions.

The housing market is kept active by Clarksville's proximity to Fort Campbell. Traditionally a manufacturing town, the city also offers a robust retail economy, driven in part by Austin Peay State University.

Lancaster, Penn.

Population: 498,465

Median home price: \$206,000

12-month change in home value: +1.6%

Affordability index: 3/10

Homes sold this year: 1,166

Home value vs. national average: Same

Top employer: R.R. Donnelly & Sons publishing company

Known as an Amish cultural hub, the city is also home to a diverse group of industries, including printing and food processing. This helps keep the local market stable and unemployment low, as losses in one sector aren't devastating to the overall economy.

Locals say Lancaster is a conservative lending market, which limits foreclosures.