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The Strongest U.S. Housing Markets

Many U.S. markets that avoided the housing boom are now seeing the greatest growth in home values

By [Prashant Gopal](#)

They're easy to overlook, with home prices plunging from Manhattan to Los Angeles and almost everywhere in between. But look at the smaller metros where housing bubbles never took shape, and you'll find some of today's strongest markets.

Boulder, Colo.; Fayetteville, N.C.; Pittsburgh; Little Rock; and other slow-but-steady metros are now among the nation's safest markets, and many of the homes in those markets continue to appreciate, if only modestly.

These are metro areas "where folks didn't bake 10% to 12% increases into their financial expectations," said Stan Humphries, chief economist at real estate site Zillow.com. "That was a good expectation to have."

Working with data from Zillow.com, *BusinessWeek* came up with the strongest housing markets by ranking metro areas based on the share of single-family homes in which values rose in the second quarter compared with the second quarter of 2008. In the top-ranked metro, Boulder, an affluent Denver suburb that is home of the University of Colorado at Boulder, 59.39% of homes appreciated during the past year, and the median home value rose 2.12% on a year-over-year basis.

NO. 1: BEAUTIFUL BOULDER

Boulder was one of several college towns on the list, which also included a few military towns such as Fayetteville, N.C., and Jacksonville, N.C. Both government and university jobs have been relatively reliable during this recession. Affordability also seems to be a plus in this economy. Oklahoma City; Tulsa; Binghamton, N.Y.; Springfield, Ohio; Cumberland, Md.; and most other metros on the list have median home prices below \$200,000 (some are under \$100,000).

Boulder has several factors working in its favor. The town has controlled growth by putting limits on development and by acquiring more than 50,000 acres of open space for a greenbelt that surrounds the town. With the boundary of the Rocky Mountains to the west, the supply of new homes has been restricted.

Boulder's economy and housing market have slowed, but the University of Colorado provides jobs and a steady flow of tenants for the area's many rental homes. Demand for housing is also strong in part because the area is so pretty, said Tom Thibodeau, global real estate capital markets professor at the University of Colorado.

"Every year 5,000 undergraduates enter, and they don't want to leave when they graduate," Thibodeau said.

NEW ORLEANS THRIVES ON CONSTRUCTION

The housing market in New Orleans, which ranked third on the list, has stayed relatively strong because of the rebuilding work after Hurricane Katrina, funded in large part by government subsidies. But demand for housing is also growing as people return to areas that were flooded after the levees broke in 2005.

Employment in New Orleans was down just 0.2% in the first half of the year, said Loren C. Scott, professor emeritus of economics at Louisiana State University. But construction-related jobs are among the only bright spots in the local economy. Many corporations, fearing that the levees being rebuilt are untested, have been reluctant to move into the city, he said.

"New Orleans has avoided some of the larger problems of the national economy," Scott said. "Normally, New Orleans would have been down much more if it didn't have the post-hurricane construction activity."

Metros in Upstate New York, where prices have always been affordable, have also stayed relatively strong. Binghamton, home of Binghamton University, part of the State University of New York system, came in at No. 4 on our list. The housing market here has started to slow and will likely be impacted by nearly 1,000 announced layoffs at the nearby Lockheed Martin ([LMT](#)) facility in Owego.

Since the median home value is only about \$112,000 and the supply of available homes is limited, prices probably won't plummet. Builders concentrated in more lucrative markets during the housing boom.

"We don't have new homes just sitting empty," said Jennifer Arbach, president of the Greater Binghamton Association of Realtors. "We always thought it was a thorn in our side that we didn't have new construction, but it turns out to be a blessing in disguise. When other markets crashed, we kept on doing business."

[Click here](#) to see the 30 strongest housing markets in the U.S.

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