

April 2011 Archive

Homebuyers: Do your homework on home warranties

WASHINGTON – April 29, 2011 – Home sellers hoping to close a deal sometimes agree to purchase home warranties to give their buyers peace of mind.

Prospective homeowners, however, should do their homework to make sure the policies, which typically cover the major mechanicals and appliances in a home for one year after the sale, will actually help, say consumer protection experts.

The warranties range in price from \$350 to \$800. If purchased from reputable companies, they can help homeowners deal with broken appliances, malfunctioning air conditioning and other problems, the experts say. The policies usually call for homeowners to contact the service company when something breaks. The company then sends out a repair person who provides an evaluation for a set fee, usually about \$65. Once a professional has determined what the problem is, the warranty company pays for the broken item to be repaired or replaced.

Often, homeowners dislike transferring that decision-making power to a third party, said Angie Hicks, founder of Angie's List, the national consumer rating service based in Indianapolis. Users of home warranty or home service companies have been the least satisfied group of reviewers on the site for the past six years, she said.

Homeowners often expect the companies to replace the item and are disappointed to learn it's going to be repaired, added Bob Miller, president-elect of the Ohio Association of Realtors in Columbus, Ohio.

"They're going to try and fix things before they give new ones," he said.

It wouldn't be economically viable to replace furnaces, washers and garbage disposals that can be repaired, said Art Chartrand, spokesman for the National Home Service Contract Association, headquartered in Olathe, Kan.

"If servicing it will take care of it, we'll service it," he said. "We certainly don't want our product oversold."

Homeowners may end up surprised by the details of their policies because the contracts are often bought as closing gifts, so the person using the service is not the one who bought it, Hicks said. That means the user did not have a chance to research the company and carefully evaluate the policy before it was purchased, she said.

When William Merritt bought his first house last summer in Leander, Texas, the seller purchased a warranty for him. He's been satisfied with the service so far, but wishes he had had the opportunity to vet the company himself.

"When I go to renew, I'll look at all the options," said Merritt, whose warranty recently covered an \$800 repair to his pool pump. "I'll definitely do my research."

Sheila Adkins, a spokeswoman for the council of Better Business Bureaus, in Arlington, Va., recommends researching home warranty or home service contract providers before making an offer on a house. When it's time to buy, ask for the company by name in the offer, she said.

It's a reasonable request, Miller added. Many home sellers are expecting to buy the agreements and should be willing to go with the company of the buyer's choosing, he said.

"Depending on who you go with, you can get some really good stuff out of these," Miller said.

Angie's List members also have had issues with some contractors that warranty companies send on service calls, Hicks said. She suggests asking the company that holds the policy for a list of the plumbers, electricians and repair people it uses, and checking them out before a problem occurs. When something goes wrong, request the

contractor with the best track record, she said.

Other tips for selecting a home service provider:

- Find out exactly what the contract covers and how much the service fee is. Pools, spa tubs and other specialty items might not be included.
- Check to see if the company has policies on pre-existing conditions, and whether those repairs would be covered.
- Find out how the company handles complaints about the contractors who handle repairs.
- Ask if the company will let you buy a new appliance or item at a reduced rate if you would rather not have it repaired.

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Pending home sales rise again in March

WASHINGTON – April 28, 2011 – March saw another increase in pending home sales, with contract activity rising unevenly in six of the past nine months, according to the National Association of Realtors® (NAR).

The Pending Home Sales Index (PHSI), a forward-looking indicator based on contract signings, rose 5.1 percent to 94.1 in March from a downwardly revised 89.5 in February. The index is 11.4 percent below 106.2 in March 2010; however, activity was at elevated levels in March and April of 2010 to meet the contract deadline for the homebuyer tax credit.

The data reflects contracts but not closings, which normally occur with a lag time of one or two months.

“Since reaching a cyclical bottom last June, pending home sales have posted an overall gain of 24 percent and demonstrate the market is recovering on its own,” says Lawrence Yun, NAR chief economist. “The index means modest near-term gains in existing-home sales are likely, which would be even stronger if tight mortgage lending criteria returned to normal, safe standards.”

The PHSI in the Northeast fell 3.2 percent to 63.4 in March and is 18.4 percent below March 2010. In the Midwest, the index rose 3.0 percent in March to 83.5 but is 16.6 percent below a year ago. Pending home sales in the South jumped 10.3 percent to an index of 110.2 but are 10.5 percent below March 2010. In the West, the index increased 3.1 percent to 103.7 but is 4.1 percent below a year ago.

“Based on the current uptrend with very favorable affordability conditions, rising apartment rents and ongoing job creation, existing-home sales should rise around 5 to 10 percent this year with sales growth of lower-priced homes likely to outperform high-end homes. That means the price trend will reflect more homes sold in the lower price ranges,” Yun said.

“The good news is that recent homebuyers are staying well within budget, leading to exceptionally low loan default rates among homebuyers over the past two years,” Yun added.

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The Conference Board Consumer Confidence Index Increases Slightly

NEW YORK – April 26, 2011 – The Conference Board Consumer Confidence Index, which had decreased in March, improved in April. The Index now stands at 65.4 (1985=100), up from 63.8 in March. The Present Situation Index increased to 39.6 from 37.5. The Expectations Index rose to 82.6 from 81.3.

"Consumer confidence, which had declined sharply in March, posted a modest gain in April. Consumers' short-term outlook improved slightly, suggesting that the uncertainty expressed last month is easing," says Lynn Franco, director of The Conference Board Consumer Research Center. "Inflation expectations, which had spiked, retreated somewhat in April. Although confidence remains weak, consumers' assessment of current conditions gained ground for the seventh straight month, a sign that the economic recovery continues."

Consumers' appraisal of present-day conditions, although mixed, improved in April. Those stating conditions are "good" decreased slightly to 14.8 percent from 15.0 percent. Those stating business conditions are "bad" also declined slightly to 36.4 percent from 36.6 percent. Consumers' assessment of the labor market was more favorable than last month. Those saying jobs are "hard to get" declined to 41.8 percent from 44.4 percent, while those stating jobs are "plentiful" increased to 5.2 percent from 4.6 percent.

Consumers' short-term outlook, which had soured in March, improved moderately in April. While those expecting business conditions to improve over the next six months declined to 18.8 percent from 20.8 percent, those anticipating business conditions to worsen decreased to 14.2 percent from 15.5 percent. Consumers were mixed about the labor market outlook for the next six months. Those expecting more jobs in the months ahead declined to 17.5 percent from 19.6 percent, while those anticipating fewer jobs declined to 19.0 percent from 20.5 percent. The proportion of consumers expecting an increase in their incomes improved to 16.7 percent from 15.2 percent.

The monthly Consumer Confidence Survey, based on a probability-design random sample, is conducted for The Conference Board by The Nielsen Company, a leading global provider of information and analytics around what consumers buy and watch. The cutoff date for April's preliminary results was April 14, 2011.

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Homeowners' insurance options for sinkhole coverage shrinking

TALLAHASSEE, Fla. – April 15, 2011 – Allan Schwartz wants to make sure he's covered if the ground collapses. He's dealt with three insurance companies in two years to get that peace of mind.

"I won't own a house without sinkhole coverage," said Schwartz, 62, of New Port Richey.

Nationwide Insurance wanted to raise his rates from \$2,000 to \$4,000, he said. The HomeWise Insurance Group sent him a letter saying his policy would only be renewed at a higher rate because he lives in an area of Pasco and Hernando counties known as Sinkhole Alley.

So Schwartz said he settled for the state-run Citizens Insurance Property Corp. and pays \$2,668 a year for sinkhole coverage. When he first moved to the River Crossing subdivision in 1987, his premium with Allstate was \$800 a year, he said.

"I had no choice but to go to Citizens," Schwartz said. "Nobody's doing anything about homeowners insurance."

Claims of sinkhole damage spiking dramatically over the last five years is the main reason why options are shrinking for Florida homeowners. Nearly 25,000 claims costing \$1.4 billion were filed from 2006-10, according to a state Office of Insurance Regulation report.

State lawmakers are taking action, but not in ways Schwartz agrees with.

A bill sponsored by state Sen. Garrett Richter, R-Naples, chairman of the Senate Insurance Committee, seeks to eliminate a requirement that insurance carriers offer sinkhole coverage.

The proposal, Senate Bill 408, allows insurers an option to keep offering coverage with additional premiums but won't make it mandatory to do so.

Supporters say SB 408 will help revitalize the insurance market and prevent carriers from bailing out of Florida. Opponents say the bill does nothing to bail out homeowners threatened by sinkholes.

If the bill becomes law, Citizens Insurance would be a homeowner's only option, said David Beasley, president of the Florida Association of Insurance Adjusters.

"Some people say other carriers would step up, but there's no guarantee of that," Beasley said. "Our industry doesn't believe that carriers would write that coverage. It would disappear."

Jack McDermott, spokesman for the state insurance regulation office, declined to comment on his agency's stance on SB 408.

Under the current law, carriers must offer homeowners an option to purchase sinkhole insurance at additional premiums. All insurance policies must offer coverage for what is deemed "catastrophic ground collapse," those huge craters that attract curious onlookers and make headlines.

But the sheer number of claims, and the costs to settle them, have drained the capital of private insurers, causing them to hike rates and rewrite policies.

For the first nine months in 2010, there were 6,694 sinkhole claims, according to the state insurance regulation agency. Regulators are still compiling data for October through December.

In 2009, there were 7,245 claims. More than 66 percent of those cases were filed in just Hernando, Pasco and Hillsborough counties.

From 2006-09, Broward and Miami-Dade counties represented 2.9 percent of all claims. That number rose to 4 percent last year and the state insurance office report found this "statistically significant due to the fact that this area is generally not subject to sinkhole activity."

Industry lobbyists say fraud is rampant, which drives up costs for insurance companies and customers. About 27 percent of policyholders who received funds for sinkhole repairs actually fixed the damage they reported, according to a state Senate study.

Some homeowners pocketed settlement money to pay off mortgages or buy luxury items, the report said.

"Our position is that all those claims filed is for cosmetic damage and not caused by a sinkhole," said Sam Miller, vice president of the industry-backed Florida Insurance Council.

Consumer advocates say the volume of claims can be attributed to droughts, development and freezes.

Miller said a clear definition of what constitutes sinkhole damage is needed. Beasley, the adjuster association president, agreed.

"There is a flaw in the language and we need to better define what a sinkhole is," Beasley said. "With sinkholes, there's various degrees of damage. In most sinkhole claims, there's just a movement of the ground, a cracking in the drywall or the floor dropping."

Lawmakers are also considering bills to bolster and recast Citizens to its original role –that of the insurer of last resort for those unable to obtain reasonably price homeowners or wind insurance in private markets.

If SB 408 passes, sinkhole coverage isn't going away entirely because of Citizens, Miller said.

"Even if private insurers don't offer it, it's very clear Citizens will still offer sinkhole coverage," he said.

Schwartz, the New Port Richey homeowner, said he still wishes he had more options. He doubts any insurance reform would help him or his neighbors.

"If anything, it will benefit the insurance companies," he said. "And probably next year my premiums will go up."

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How can you beat a cash bidder?

NEW YORK – April 15, 2011 – Cash buyers are flooding the real estate market in record numbers to take advantage of bargain housing prices. But these buyers may put consumers who need financing at a disadvantage.

Sellers often prefer cash deals because it can mean faster closings and transactions that are less likely to fall through. Some sellers are even accepting lower offers because they are from cash buyers than higher offers from a financing buyer just because they view it as a more solid deal that will be quicker to the closing table.

So how can your financed buyers compete? Experts offer a few tips.

- Get pre-approved or pre-qualified for a mortgage. "The smartest thing they can do is make sure they talk to a competent mortgage banker ... to pre-approve them ahead of time," says Mike Litzner, broker and owner of Century 21 American Homes in New York.
- Show you're in good standing. You'll improve your chances of getting a seller to accept your bid by having more cash that you're willing to put down, showing you have a stable job and good credit, Litzner says. Also, a well-prepared, typed-out contract that includes a cover page summary of the contract deals is another way to show you're a serious buyer, says Dan Quinn, a real estate professional with Prudential Carruthers Realtors in the Silver Spring area of Maryland.
- Offer more earnest money. Offering a high downpayment and high deposit can also help improve your chances of beating out a cash bidder, Quinn says.
- Act quickly. "What I found out is with these cash buyers, they act quickly," Quinn says. "To compete, you have to act quickly. A lot of times, these are investors and they have a relationship with these listing agents." Buyers' agents should develop rapport with the listing agents too, Quinn says.

Realize, however, that while some sellers may be highly motivated to accept a cash buyer's offer, even if it's lower than others, sellers with more equity in their homes may be less wooed by lowball cash offers, says Donne Knudsen, a mortgage loan originator with Cobalt Financial Corp. in Los Angeles. Instead, sellers who still have equity in their homes likely will be more motivated by the best and highest offer, since closing quickly may not be as critical to them, she says.

Source: "How to Beat a Cash Bidder in the Housing Market," MarketWatch (April 13, 2011)

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Fla. leads nation in potential job growth

MIAMI – April 15, 2011 – According to a Wells Fargo report released this week, Florida is No. 1 in potential job growth once the state shakes off lingering effects from the recession.

The study looked at regional competitiveness – the factors that might lead employers to create jobs locally. To compile results, Wells Fargo analyzed 20 years of employment data and growth trends. It then projected future growth. While an expected boost in tourism post-recession played a part in Florida’s ranking, Wells Fargo also cited an expanded diversity in the state’s job market, such as the Scripps Research facility in Palm Beach County.

“The influx of new medical research facilities will help reinvigorate ... growth in Florida, helping further diversify the state’s economy,” according to the report.

The study found Florida competitive in 22 industries. Georgia – No. 2 on the list – had 21. Wells Fargo considered traditionally white-collar industries as Florida strengths, including professional services, insurance and finance.

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3 tips for smart vacation-home buying

ATLANTA – April 14, 2011 – Shoppers can find lots of good deals in vacation homes at the moment. In many second-home hot spots, prices remain close to five-year lows. For example, single-home prices in second-home hotspot Napa, Calif., are down 47 percent from their peak in 2006, according to Fiserv.

A buyer looking to cash in on vacation- or second-home values should consider the following:

1. Is it rentable? Even if a buyer isn’t planning to rent, he or she may still want to consider the rental aspects of the property, particularly since a home’s rental potential can affect its resale value, says Catherine Jeffrey, a real estate professional in Fredericksburg, Texas. Buyers should check with the homeowners association or township to ensure that short-term rentals are allowed.

2. How do you plan to use the home? The loan rate depends, in part, on how the property will be used. For example, if buyers intend to use the property primarily as a second home, they’ll pay about the same mortgage rate as a primary residence, says HSH Associates vice president Keith Gumbinger. However, if they plan to get rental income from the property, the property will be treated as an investment, which means they may need to pay as much as 25 percent of the buying price for the downpayment and up to one percentage point more in interest.

3. Are you eligible for the tax benefits? If owners rent the house for two weeks or less per year, they won’t have to report income to the IRS, and they’ll be able to deduct property taxes and mortgage interest. If the owners stay in the home for less than two weeks or have 10 percent rental days, whichever is greater, they’ll be able to deduct operating costs, such as cleaning and maintenance fees, as well as the interest and property tax, says Rick Shapiro, a CPA in West Hartford, Conn. He suggests homeowners talk with a tax expert to find out what tax benefits apply.

Source: “5 Things to Know About Buying a Vacation Home,” CNNMoney.com (April 5, 2011)

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What are sellers’ worst mistakes?

SEATTLE – April 13, 2011 – In a buyer’s market, sellers have little room for error when putting their home on the market, or they risk having their property linger. Help sellers avoid the following common traps.

1. Overpricing the home. Home values dropped considerably since peaking in 2006, but sellers still want to list a home based on what they paid for it. Eventually they realize their error and have to reduce their price, sometimes several times. In the past month, 23 percent of homes listed for sale on Zillow have reduced their price.

2. Relying too much on comps. Size up the competition currently on the market, not just the homes that have already sold. Evaluate homes with a listing price similar to the seller's to see how well it stacks up against the competition – and how it can be differentiated.

3. Failing to take into account the home's web appeal. A home that can't sell itself on the web could have trouble selling itself in the real world, and photos are key. Include lots of high-resolution photos of the interior, including areas that home that buyers care about most, such as kitchens, living spaces and bathrooms.

4. Hovering during showings. Sellers shouldn't be home for showings, but as a seller's agent, neither should you. Lurking sellers or seller agents may make buyers nervous. Other real estate agents often want privacy with their buyers so they can gather true feedback about the house.

Source: "Six Common Mistakes That Home Sellers Make," MSNBC.com (April 11, 2011)

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Small do-it-yourself projects with a big payoff

KANSAS CITY, Miss. – April 13, 2011 – They make it look so easy, those do-it-yourselfers. They rip out kitchen floors, lay ceramic tile and install cabinets without any major accidents or irrevocable damage to their marriages.

Well, great for you. Yes, you're winning.

Some of us lack the energy, patience and desire to commit to major home improvements. Yet, there are plenty of small-scale projects that offer big returns.

We surveyed some experienced real estate agents about budget – and time-friendly projects that can substantially enhance a home. Homeowners can tackle most of these tasks in a weekend, without much DIY angst or expense.

Susie Johnson, with Coldwell Banker Gundaker in St. Louis, says the key is to notice details.

"Dated light fixtures are a cheap fix," she said. "When you walk into a foyer, you notice the front light fixture."

Bathroom and kitchen updates are traditionally the top places to invest in a makeover that pays off.

Colleen Lawler, also with Coldwell Banker Gundaker, is a proponent of kitchen "jewelry" – eye-appealing hardware that instantly updates a room. "You can buy a box of 30 knobs that comes with a template," she said. Current hardware adds a finishing touch.

In a bathroom, an older vanity can be stripped and refinished with some guidance from an expert at a paint store.

"We have had beautiful results with repainting oak cabinets," Lawler said. By painting a vanity black and adding brushed nickel or oil rubbed bronze hardware, the cabinetry goes from looking circa 1990 to modern. "It's a huge face-lift," Lawler said. She recommends using a good-quality paint and spending time in prepping the material.

A simpler suggestion is to replace old towel racks or get rid of old brass doorknobs, she said. Even if the hinges are a darker bronze finish, new doorknobs make a big difference in some homes.

A more complicated task involves replacing the standard, builder-grade trim with upgraded floor molding, she said. It requires being able to miter the corners of the baseboard or use a standard corner block to fill the gap.

"Light fixtures, plumbing fixtures and paint are the top three things just about anyone can do or have a friend help them do," she said.

Our staff tackled a few of our own DIY projects, ranging from an ambitious attempt to make over a bathroom vanity to using tape and paint to update a wall. We discovered the redecorating power of a can of spray paint and the stunning impact of adding mosaics to a patio.

For the novice to the experienced, there's a way to feel the pride of fixing or beautifying your home – and doing it all by yourself.

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Survey: Americans still optimistic about housing

NEW YORK – April 13, 2011 – A sluggish real estate market hasn't shaken the confidence of the public in how it views homeownership, according to a new study by the Pew Research Center. Eight in 10 adults (or 81 percent) say owning a home is the best long-term investment a person can make, according to the Pew study of about 2,000 adults conducted in March.

"Homeowners are not blind to what has happened to home prices, nor are they expecting a speedy recovery," the Pew study finds. In fact, of the homeowners surveyed, about half said their home is worth less now than before the recession, while 31 percent said their home's value has stayed the same.

Nevertheless, 82 percent of homeowners who said their home is worth less now still strongly or somewhat agree that homeownership is the best long-term investment a person can make, according to the survey.

The value of homeownership even continues to emerge on top when homeowners were surveyed and asked to rate the importance of four long-term financial goals. Homeownership and "being able to live comfortably in retirement" rated the highest – viewed as either extremely or very important by 80 percent of respondents.

Still, optimism about homeownership doesn't mean they're completely happy with their current home. Nearly a quarter of all homeowners surveyed said that if they had it to do all over again, they would not buy their current home. Most of the "buyer's remorse" complaints were about the home itself or its location. Only 31 percent of those surveyed cited financial factors, such as the home losing value or their own changing financial situation.

Source: "Home Sweet Home. Still." Pew Research Center (April 12, 2011)

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4 mistakes to avoid when buying a foreclosure

ORLANDO, Fla. – April 8, 2011 – Foreclosures continue to flood real estate markets across the country, and buyers are looking to cash in on what they view as some of the best real estate deals. But experts say that while some foreclosures are a great purchase, buyers need to be cautious before jumping in. They must make sure they're really getting a bargain.

Dan Steward, president of Pillar to Post Professional Home Inspections, advises buyers considering a foreclosure to avoid the following top mistakes:

1. Don't judge a house by looks alone. A \$2 million mansion may look fabulous but have mold hiding beneath the walls or need numerous, costly repairs. A fixer upper, on the other hand, may look rundown but have excellent bones and be repaired at a reasonable cost. A home inspection prior to purchasing a property can help buyers determine if they might be getting in over their head, Steward says. He cautions buyers to not just rely on previous inspections, however, since vacant homes can deteriorate rapidly.

2. Don't focus on price alone. Buyers may focus on the ultra-low price so much that they forget to factor in other qualities, such as the home's school district, view, location and local crime rate. Steward cautions buyers not to assume that a previous owner's financial problems cause all foreclosures.

3. Don't be tempted to "flip." Purchasing a home at bargain price, updating it and trying to sell it for a lot more may seem tempting, but Steward warns buyers to be cautious. Unless the buyers are pros at house flipping, they'll likely run into several novice mistakes in trying to make fast money on flipping a foreclosure. Steward recommends buyers consult a real estate professional, home inspector and contractors before considering a flip.

4. Don't go over budget. Foreclosures often require some fixes so buyers need to make sure they have the money to afford needed repairs. Steward recommends that buyers have at least half of the money in cash for needed repairs. He says that buyers will want to avoid taking more loans than needed, particularly private loans, because the interest on them will slowly chip away at their initial foreclosure bargain.

Source: "What to Watch Out for When Buying a Foreclosure: Help Your Clients Know Which to Buy ... and Which to Walk By," RISMedia (April 7, 2011)

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NAR study: Americans prefer smart growth

WASHINGTON – April 5, 2011 – Americans favor walkable, mixed-use neighborhoods, with 56 percent of respondents preferring smart-growth communities over ones that require more driving between home, work and recreation, according to the Community Preference Survey from the National Association of Realtors®.

"Realtors care about improving communities through smart-growth initiatives," says NAR President Ron Phipps.

Walkable communities are those with shops, restaurants and local businesses located within walking distance of homes. When considering a home purchase, the survey found that 77 percent of respondents would look for neighborhoods with abundant sidewalks and other pedestrian-friendly features, and 50 percent would like to see improvements to existing public transportation rather than initiatives to build new roads and developments.

The survey also found that many buyers are willing to sacrifice square footage for less driving. Eighty percent of those surveyed would prefer to live in a single-family, detached home as long as it didn't require a longer commute, but nearly three out of five of those surveyed – 59 percent – would choose a smaller home if it meant a commute time of 20 minutes or less.

Most people considered a community's characteristics important. When considering a purchase, 88 percent of respondents placed more value on the quality of the neighborhood than the size of the home; 77 percent of those surveyed want communities with high-quality schools.

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Young and educated show preference for urban living

WASHINGTON – April 1, 2011 – Educated 20- and 30-somethings are flocking to live downtown in the USA's largest cities – even urban centers that are losing population.

In more than two-thirds of the nation's 51 largest cities, the young, college-educated population in the past decade grew twice as fast within three miles of the urban center as in the rest of the metropolitan area – up an average 26 percent compared with 13 percent in other parts.

Even in Detroit, where the population shrank by 25 percent since 2000, downtown added 2,000 young and educated residents during that time, up 59 percent, according to analysis of Census data by Impresa Inc., an economic consulting firm.

"This is a real glimmer of hope," says Carol Coletta, head of CEOs for Cities, a non-profit consortium of city leaders that commissioned the research. "Clearly, the next generation of Americans is looking for different kinds of lifestyles – walkable, art, culture, entertainment."

In Cleveland, which lost 17 percent of its population, downtown added 1,300 college-educated people ages 25 to 34, up 49 percent.

"It tells us we've been on the right track," says David Egnor, president and CEO of Detroit's Hudson-Webber Foundation. Three anchor institutions – Wayne State University, Henry Ford Health System, Detroit Medical Center – recently launched "15 by 15," a campaign to bring 15,000 young, educated people to the downtown area by 2015.

Among the lures are cash incentives: a \$25,000 forgivable loan to buy (need to stay at least five years) downtown or \$3,500 on a two-year lease.

Preference for urban living among young adults – especially the well-educated – has increased sharply, data show:

- In 2000, young adults with a four-year degree were about 61 percent more likely to live in close-in urban neighborhoods than their less-educated counterparts. Now, they are about 94 percent more likely.
- In five metropolitan areas – Boston, Chicago, New York, San Francisco, Washington – about two-thirds of young adults who live in the city center have at least a four-year college degree. Less than a third of the nation's 25- to 34-year-olds do.

"This is no longer anecdotal," Coletta says. "Every metro area has good suburbs, but if you don't have a strong downtown and close-in neighborhoods, then you're not offering a choice that many of them are seeking. Offering that choice is a real competitive advantage for cities."

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