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Best Bang-For-The-Buck Cities

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Dec 1st, 2009

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Solid housing markets, relatively stable employment, enviable cost of living and quick commutes make these metros among the country's most affordable to live.

Locating a desirable spot to settle down means something quite different today than it did just three years ago. That's when Americans flocked to coastal and Sun Belt cities like [Orlando, Fla.](#), and [Las Vegas](#), where properties were easy to acquire and [home values](#) were expected to noticeably appreciate.

Full List: [Best Bang For The Buck Cities](#)



Now, with home prices nationwide down 29% from their 2006 peak, according to Case Schiller, areas that were left behind during the home-building and home-buying craze suddenly look more attractive. Buying an affordable home in a city with a stable housing market, among other pluses like reasonable property taxes and minimal travel time to work, is the new definition of bang for the buck.

Take [Des Moines, Iowa](#). With low unemployment, at 6%, few vacancies and a promising home price forecast, the real estate market shows fresh signs of robustness. And its home prices make it possible for budget-conscious home buyers to get in the door--it scores above average for home price affordability.

Like it, most of the large metro areas that we found to offer housing bargains were somewhat insulated from the overzealous issuance of subprime [loans](#) and subsequent wave of foreclosures, making their job and home price outlook modestly better than cities in the rest of the country.

Cities from [McAllen, Texas](#) (No. 7), to [Greenville, S.C.](#) (No. 20), and [Chattanooga, Tenn.](#) (No. 8), that have faced a host of economic problems, are now seeing a silver lining: Housing speculation stayed in check in these areas because there was little to draw buyers in the first place. As a result, housing is relatively stable, affordable, and positive employment trends hold promise for the future.

"These are sleepy little markets that have fallen under the radar screen in terms of turbulence in housing," says Kermit Baker, a senior researcher at Harvard University's Joint Center for Housing Studies. "They didn't go through much of a boom or bust."

Behind the Numbers

To find the cities that offer the most bang for the buck, we looked at the country's 100 largest Metropolitan Statistical Areas--geographic entities defined by the U.S. Office of Management and Budget, for use in collecting statistics-- across these measures: foreclosures as a percentage of home prices; vacancies; unemployment rates; a three-year job-growth forecast; a three-year home-price forecast; housing affordability; median real



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estate taxes; and median travel time to work.

[Omaha](#), our No. 1 bang-for-the-buck city (also rated the city best surviving the recession), joins a number of Great Plains metros near the top of our list. These include [Wichita, Kan.](#) (No. 6) and [Tulsa, Okla.](#) (No. 19). This swath of prairie in the center of the country was somewhat buffered from the disastrous effect on coastal markets of the housing crisis, enabling it to emerge solidly from the recession. Housing sales here kept a steady, if slow, pace during the boom.

"Quite frankly, we saw both buyers and sellers staying away," says Dr. Stanley Longhofer, chair of the Center for Real Estate at Wichita State University, of the Plains States during a period when developers rushed to satisfy a ravenous appetite for new homes in much of the United States. "We didn't have any of the overbuilding of some parts of the country. As the general economy recovers, we're well-positioned to pick up where we left off." Indeed, in [Wichita](#), while unemployment is high, at 8.6%, vacancies and foreclosures are relatively low. The metro falls in the No. 7 and No. 6 spots, respectively, for those measures.

In some Southeastern metros, buying and living there is affordable. [South Carolina](#) cities [Columbia](#) (No. 12) and [Greenville](#) (No. 20) make the top 20, as does [Augusta, Ga.](#) (No. 5). The home price speculators that ran up prices in nearby resort towns [Hilton Head](#) and [Myrtle Beach](#) largely stayed away from these metros, says William Harrison, a developer and professor of real estate at the University of South Carolina.

"Smart speculators are going to seek out places with a highly sought-after amenity, like an ocean or lake; or barriers to growth," he says. "There was hardly any speculation here."

[Greenville](#) is one of the few places that have been helped, not hurt, by an economic dependence on the auto industry. Luxury automaker BMW, whose plant is in the nearby city of [Greer](#), generates jobs and helps keep its median household income at a healthy \$56,820. Living there is manageable too--real estate taxes are only \$771 per year. Government jobs and the Fort Jackson military base help prop up state capital [Columbia's](#) economy, and in [Augusta](#), the promise of jobs from nearby Fort Gordon military base and its state university contribute to a comparatively decent three-year job growth outlook: .03%.

Upstate [New York](#) cities [Syracuse](#) (No. 15) and [Buffalo](#) (No. 17) are fed by the economic runoff created by government jobs in [Albany](#). And like other bargain cities, they stayed out of the economic fray during the home-buying craze. These cities have struggled to emerge from their legacies as manufacturing cities.

"[Syracuse](#) and [Buffalo](#) are Northeastern cities disguised as Midwestern cities," says Harrison, referring to that region's largely depressed former manufacturing sector. Yet markets in some former manufacturing cities are homeowner-friendly and could be poised for a rebound. Foreclosures in [Scranton, Pa.](#), (No.11) for example, fell 50% in October from the previous year, and home prices are expected to appreciate .03% three years out (a forecast better than 75% of major metros). And there's at least one good reason to settle there: It has the third-lowest travel time to work of all the metros we measured.

Only one city in our top 20 is in a state with a notoriously volatile housing market: [Palm Bay, Fla.](#) Foreclosures here remain high, at one per every 238 housing units. But its affordability and convenience (it ranks No. 7 on the home price index, and No. 10 for travel time to work) and the fact that it's set to bounce back in three years, according to Moody's, gets you more bang for the buck than you might expect from a [Florida](#) metro.

When rampant speculation was moving the housing market, homes became more to buyers than four walls and a roof--they were expected to be cash cows, too. But now that nearly 11 million homes are underwater and unemployment has risen to 10.2%, these once-overlooked markets--the places where affordable homes are most likely to hold onto their value--are the new black.

Detailed Methodology:

To find the cities that offer the most bang for the buck, we looked at the country's 100

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largest Metropolitan Statistical Areas--geographic entities defined by the U.S. Office of Management and Budget, for use in collecting statistics--across these measures: foreclosures as a percentage of home prices; vacancies; unemployment rates; a three-year job growth forecast; a three-year home price forecast; housing affordability; median real estate taxes; and median travel time to work.

To locate healthy housing markets, we looked at metros where foreclosures had most been flushed out of the market, allowing home values to increase and signaling a potential bottoming out. We also sought areas with low home vacancies, a sign of a stable supply of inventory. We examined the number of October foreclosures as a percentage of total housing units, using data from RealtyTrac, and the number of 2008 vacancies in each metro, using data from the U.S. Census.

To further indicate which markets were standing up best, we looked at cities with low unemployment rates relative to the rest of the country with data from the Bureau of Labor Statistics. We ranked September unemployment rates (the most recent available by metro). We then included in our analysis the three-year job growth forecast, from 2009 to 2012, from Moody's Economy.com, and ranked them by metro.

For affordability and convenience, we included the Housing Affordability Index compiled by Moody's for the second quarter of 2009, and the annual median real estate taxes paid and weekly travel time to work in 2008, using United States Census data. Finally, we looked at the markets economists thought would improve most in the near future, using the three-year forecast for the Case-Shiller Home Price Index from 2009 to 2012, created by Moody's. We ranked metros in each of these measures, then averaged these scores to arrive at a final ranking.

Top 5 Best Bang For The Buck Cities

1. [Omaha-Council Bluffs, NE-IA Metro Area](#)
2. [Little Rock-North Little Rock-Conway, AR Metro Area](#)
3. [Jackson, MS Metro Area](#)
4. [Des Moines-West Des Moines, IA Metro Area](#)
5. [Augusta-Richmond County, GA-SC Metro Area](#)

[Click here to see the full list of America's Best Bang-For-The-Buck Cities](#)

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