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# Home sales down. But six cities defy housing gloom.

Home sales plunged in July and housing prices may dip again. But in six metropolitan areas, the housing picture is far brighter: Home values are rising and median prices are already well ahead of their peak during the housing bubble. What allowed these metro areas to beat the downturn in home sales prices? Two are state capitols. Five have lower-than-average unemployment. All of them had undervalued real estate, even at the height of the housing boom, says Lawrence Yun, chief economist for the National Association of Realtors (NAR). When mortgage rates fell, "they had room to grow" and home sales rose.

Is your city on the list? Click on the right arrow to see each metro area:



In this June 9 photo, a home in Mt. Lebanon, Pa., just outside Pittsburgh, shows a recent sold sign. The Pittsburgh metro area is one of 27 metros that have a rising real estate market and a median home above its housing bubble peak. But it's not one of our top 6.

(Gene J. Puskar/AP/File)

By Laurent Belsie, Staff writer

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## #6 Decatur, Ill.



Nathaniel Kramer helps out at the Golden Oldies Farm booth in June at the Saturday Produce Market at Richland Community College in Decatur, Ill. While many fret about July's plunge in existing home sales nationally, the housing market in Decatur looks far more stable. Local prices are now 12 percent higher than they were during the peak of the housing bubble.

(Lisa Morrison/Herald & Review/AP/File)

Known as the "Soybean Capital of the World" and the place where a barefoot 19-year-old named Abraham Lincoln gave his first stump speech, Decatur exudes a certain prairie stability. It missed most of the housing bubble.

Home sales prices peaked in 2006, with the median single-family home going for \$85,400. Then home sales prices fell to \$83,100 the following year. Ever since, they've trended up, according to NAR data released earlier this month. In the second quarter of 2010, home sales prices had reached a new high of \$96,000. (The US median price, by contrast, is \$179,000, which is 21 percent below the 2006 peak.)

Decatur has not escaped other symptoms of the great recession. Unemployment is still a high 12.2 percent and the population has fallen 6 percent since 2000. Still, as headquarters city for food-processor giant Archer Daniels Midland, the metro area is seeing employment start to grow again.

## #5 Oklahoma City



Roofers cover up to protect themselves from the heat as they work on a roof in Oklahoma City on Aug. 6. The number of jobs are at a 13-month high, thanks to an economy buoyed by government work and the livestock and energy industries. Metro

Oklahoma City now has a median house price that's 11 percent above the peak in the housing bubble.

(Sue Ogrocki/AP)

The second largest city in the continental US based on geographical size, Oklahoma City is used to overcoming adversity. It's weathered nine powerful tornadoes, the 1995 domestic terrorist bombing of the Alfred P. Murrah Federal Building, and the 2008-09 collapse of the housing market.

The metro area saw home values rise to \$134,900 during the housing bubble, fall to \$128,100 in 2008, and then begin climbing again. It hasn't looked back. The median price for a single-family home stands at a new high of \$149,900 as of the second quarter of this year, according to data from the National Association of Realtors. That's 11 percent higher than at the peak of the bubble.

The rebound in real estate parallels the rise in the metro area's economy, which was steadied during the great recession by government employment (Oklahoma City is the state capital and contains an Air Force base), by the livestock industry, and by energy businesses (an oil derrick sits on the Capitol grounds).

As a result, jobs are relatively plentiful. Employment's at a 13-month high. The unemployment rate is 6.7 percent, very high by Oklahoma City standards, but the lowest rate of the six post-bubble cities.

#### #4 Springfield, Ill.



In this July 15, 2010 photo, construction workers Brian Stocks (left) and Cody Marinelli unload doors to a new home under construction in Springfield, Ill. The median price of a home there has jumped from a housing-bubble high of \$109,000 to \$123,600 this year, according to recent data.

(Seth Perlman/AP/File)

Much of the city's early history is inextricably bound to its most famous resident, Abraham Lincoln, who lived in Springfield from 1837 until he left for the White House in 1861. He helped make it the state capital (Illinois's third) in 1839. When a local race riot led to the lynching of two African Americans in 1908, black leaders noted that it occurred in Lincoln's old city, weakening their faith in the Republican Party and causing them to found the National Association for the Advancement of Colored People.

Things have been a little quieter since that time. Even the great recession has so far failed to make a huge dent in Springfield's economy, which relies heavily on state government spending and payroll. Those steady jobs, in turn, have helped the housing market. The median price of a local single-family home barely dipped when the housing bubble burst and has now climbed to \$123,600, up 13 percent from its prerecession peak, according to the National Association of Realtors.

Springfield is the only one of the six post-bubble cities with median household income above the national average: \$53,408 vs. \$52,029. But it also faces the biggest economic challenge, because Illinois is struggling with its worst budget in history (more than \$12 billion) and the largest of any state this year, according to the National Conference of State Legislators.

If state government jobs start getting cut, the effect could spill over into the housing market.

### #3 Elmira, N.Y.



Worker Pete Cioffi of Albany, N.Y., rolls out a protective covering under a threatening sky on a hillside at a highway construction site on Route 17 near Elmira, N.Y., on July 1. With an improving economy, Elmira's employment now stands at a 17-month high. Its housing prices have surged 14 percent beyond its housing bubble peak.

(Mel Evans/AP/File)

Huge restored Victorian homes. Cheap housing prices. What's not to like about Elmira, N.Y.?

A lot of people may be asking themselves that because, when it comes to real estate, Elmira is shining. It's median home price has risen from \$86,800 at the peak of the housing peak to \$99,200 in the second quarter of 2010. That's a 14 percent rise, one of the largest increases of any metro area in the United States, and half the homes sell for under \$100,000.

The metro area's image may suffer because it includes two maximum security prisons, but the city's crime rate last year was at a 10-year low and the number of jobs is at a 17-month high. The unemployment rate is significantly below the national average.

And the area is trying to capitalize on its connections to Mark Twain (he summered there and is buried in Elmira) and the sport of gliding (it hosted the first national contests in the 1930s and '40s and is now home to the National Soaring Museum).

Elmira also has restored a historic carousel that it claims is the fastest in the world, spinning at 18 miles per hour.



## #2 Shreveport-Bossier City, La.



Sharmon Holley checks over a table full of Valentine's Day floral arrangements at the Kabloom Florist shop in Shreveport, La., in 2007. Since that time, the metro area has avoided the fallout from the housing bubble and instead seen median home prices rise 15 percent.

(Mario Villafuerte/The Christian Science Monitor/File)

Shreveport is the southernmost post-bubble city. It got its start and its name from a captain in the US Corps of Engineers, who figured out how to clear the Red River of a natural logjam 180 miles long and bring shipping to a juncture with an overland route to Texas. In the Civil War, it suffered less than other parts of the confederacy and its troops actually surrendered weeks after Robert E. Lee did. In the housing bubble, Shreveport and Bossier City across the river have escaped essentially unscathed. Housing prices have risen steadily – from \$135,600 in 2007 to \$155,900 in the second quarter of 2010, a 15 percent increase. Although the metropolitan area has the lowest median household income of the six post-bubble cities, its population has been stable (after a temporary influx from hurricane Katrina). Employment is the highest its been in a year, helped by the area's largest employers: Barksdale Air Force Base in Bossier, Louisiana State Medical Center, and several casinos. The biggest change is the move by several natural gas-drilling companies to lease land for wells to tap the area's Haynesville Shale, a shale-rock formation that may contain the largest natural gas field in the continental United States.

## #1 Buffalo, N.Y.



Mallory Gawronski (left) and her brother Conner of Lackawanna, N.Y., fly through the water earlier this month on an inflatable tube towed by a motor boat driven by their parents in the outer harbor in Buffalo, N.Y. The metro area has seen the largest three-year appreciation in home sales of any metro area in the US.

(Derek Gee/The Buffalo News/AP)

Buffalo is tops among metro areas in terms of home-price appreciation. The median sales price of existing single-family homes has risen from \$104,000 in 2007 to \$121,400 in the second quarter of 2010, a 17 percent increase. Employment, buoyed by the presence of several health-care facilities and the State University of New York at Buffalo, is at an 11-month high and the unemployment rate is well below the national average.

Buffalo still has its challenges: continuing population decline and incomes below the national average. Not everyone's a fan of its huge annual snowfall. But the metro area is beginning to gain recognition for its affordability. Forbes magazine earlier this year rated it the 10th best place to raise a family in the US.

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