



Real Estate

## Best Bang-For-The-Buck Cities

Francesca Levy, 11.30.09, 6:00 PM ET

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.

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.

[Click here to see full list.](#)

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 estate taxes; and median travel time to work.

[Click here for detailed methodology.](#)

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.

## Real Estate Coverage

### [America's Fastest-Recovering Cities](#)

Diversified industry and relatively stable housing give residents in these metros a measure of economic security.

### [Forbes Luxury Housing Index](#)

Each week, we track sale prices in the 500 most expensive neighborhoods by ZIP code.

"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 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.

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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.



Bang-for-The-Buck Rank	Metropolitan Statistical Area	Housing Affordability Rank	Travel Time Rank	Real Estate Taxes Rank	Unemployment Rank	Vacancies Rank	Job Forecast Rank	Home Price Forecast Rank	Foreclosures Rank
1	Omaha-Council Bluffs, NE-IA Metro Area	21	37	68	1	16	8	19	
2	Little Rock-North Conway, AR Metro Area	40	27	8	4	17	11	29	
3	Jackson, MS Metro Area	48	6	4	14	14	72	16	
4	Des Moines-West Des Moines, IA Metro Area	31	11	60	6	4	9	57	
5	Augusta-Richmond County, GA-SC Metro Area	24	2	5	56	30	16	42	
6	Wichita, KS Metro Area	22	7	27	42	7	48	45	
7	McAllen-Edinburg-Mission, TX Metro Area	19	5	18	82	43	1	27	25
8	Chattanooga, TN-GA Metro Area	37	9	12	50	19	41	33	26
9	Colorado Springs, CO Metro Area	64	23	11	18	27	14	11	64
10	Ogden-Clearfield, UT Metro Area	30	14	21	8	2	68	64	35
11	Scranton--Wilkes-Barre, PA Metro Area	26	3	38	46	28	84	23	2
12	Columbia, SC Metro Area	38	34	6	56	39	29	28	24
13	Harrisburg-Carlisle, PA Metro Area	25	13	56	23	5	65	62	7
14	Provo-Orem, UT Metro Area	51	1	20	2	1	30	91	66
15	Syracuse, NY Metro Area	18	21	74	31	23	75	20	1
16	Baton Rouge, LA Metro Area	63	40	1	14	33	42	61	11
17	Buffalo-Niagara Falls, NY Metro Area	9	49	76	38	53	31	32	5

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18	Palm Bay-Melbourne-Titusville, FL Metro Area	7	10	34	78	52	23	15	77
19	Tulsa, OK Metro Area	33	39	14	13	45	80	39	41
20	Greenville-Mauldin-Easley, SC Metro Area	46	20	7	70	35	26	52	57
21	Raleigh-Cary, NC Metro Area	74	55	35	42	42	10	41	22
22	Pittsburgh, PA Metro Area	17	79	54	24	84	44	6	14
22	Knoxville, TN Metro Area	62	25	10	42	21	69	73	20
24	Louisville-Jefferson County, KY-IN Metro Area	35	58	17	66	58	21	35	34
25	Youngstown-Warren-Boardman, OH-PA Metro Area	3	4	23	89	24	90	55	43
26	Oklahoma City, OK Metro Area	28	53	13	4	61	100	60	18
27	Charleston-North Charleston-Summerville, SC Metro Area	82	30	9	61	50	28	4	74
28	Birmingham-Hoover, AL Metro Area	61	56	3	68	65	7	31	52
29	Rochester, NY Metro Area	10	45	88	30	48	98	13	12
30	Greensboro-High Point, NC Metro Area	43	29	16	78	40	59	34	46
30	Albany-Schenectady-Troy, NY Metro Area	45	41	85	18	46	62	44	4
32	Toledo, OH Metro Area	4	15	49	78	41	64	25	71
33	El Paso, TX Metro Area	87	24	53	63	8	6	63	51
34	Albuquerque, NM Metro Area	79	38	22	28	37	3	79	70
35	Memphis, TN-MS-AR Metro Area	27	59	26	64	66	43	5	72
36	Portland-South Portland-Biddeford, ME Metro Area	77	19	71	11	44	91	40	10
37	Akron, OH Metro Area	1	32	57	58	22	83	66	50
38	Springfield, MA Metro Area	56	28	72	60	11	77	21	45
39	San Antonio, TX Metro Area	53	73	61	14	67	2	72	30
40	Indianapolis-Carmel, IN Metro Area	12	67	33	26	70	66	37	62
41	Boise City-Nampa, ID Metro Area	71	12	25	58	6	25	88	90
42	Madison, WI Metro Area	67	22	92	3	10	81	75	29
43	Denver-Aurora, CO Metro Area	78	82	37	14	71	20	17	67
	St. Louis, MO-IL								

44	Metro Area	16	83	46	64	83	24	48	27
45	Minneapolis-St. Paul-Bloomington, MN-WI Metro Area	36	85	67	21	69	33	26	55
45	Austin-Round Rock, TX Metro Area	54	68	89	18	57	4	74	28
47	New Orleans-Metairie-Kenner, LA Metro Area	59	54	2	21	62	85	78	33
48	Modesto, CA Metro Area	8	8	50	98	38	86	8	99
49	Grand Rapids-Wyoming, MI Metro Area	2	35	52	87	34	67	46	76
50	Lakeland-Winter Haven, FL Metro Area	32	18	15	92	56	17	89	81
51	Columbus, OH Metro Area	20	66	63	32	73	39	54	54
52	Kansas City, MO-KS Metro Area	23	72	47	49	68	27	59	59
52	Dayton, OH Metro Area	11	36	45	73	47	55	69	68
54	Honolulu, HI Metro Area	100	52	28	10	36	97	68	17
55	Salt Lake City, UT Metro Area	88	51	29	6	32	50	84	69
56	Poughkeepsie-Newburgh-Middletown, NY Metro Area	55	44	98	32	9	79	86	8
56	Charlotte-Gastonia-Concord, NC-SC Metro Area	81	69	32	82	63	18	22	44
58	Nashville-Davidson--Murfreesboro--Franklin, TN Metro Area	72	64	19	54	54	40	80	31
59	Stockton, CA Metro Area	58	31	59	99	12	54	7	95
59	Hartford-West Hartford-East Hartford, CT Metro Area	60	57	95	35	31	96	18	23
61	Worcester, MA Metro Area	50	46	78	61	15	58	49	61
62	Tucson, AZ Metro Area	80	48	31	38	49	71	87	16
63	Virginia Beach-Norfolk-Newport News, VA-NC Metro Area	85	65	51	12	59	32	90	32
64	Dallas-Fort Worth-Arlington, TX Metro Area	34	96	80	35	92	5	53	37
65	Richmond, VA Metro Area	73	60	40	26	55	51	81	48
66	Allentown-Bethlehem-Easton, PA-NJ Metro Area	83	47	86	51	13	63	83	15
67	Seattle-Tacoma-Bellevue, WA Metro Area	93	86	82	51	75	19	2	36
68	Houston-Sugar Land-Baytown, TX Metro Area	44	95	75	40	96	13	43	39

69	Bakersfield, CA Metro Area	66	26	42	93	26	94	10	96
70	Cincinnati-Middletown, OH-KY-IN Metro Area	14	76	44	53	78	76	56	58
71	Oxnard-Thousand Oaks-Ventura, CA Metro Area	89	42	83	77	3	52	24	86
72	Cape Coral-Fort Myers, FL Metro Area	5	17	58	93	80	15	93	97
73	New Haven-Milford, CT Metro Area	68	43	97	32	18	99	58	53
74	Portland-Vancouver-Beaverton, OR-WA Metro Area	92	78	69	75	60	37	9	49
74	Cleveland-Elyria-Mentor, OH Metro Area	6	74	66	35	81	95	47	65
76	Bridgeport-Stamford-Norwalk, CT Metro Area	94	50	100	29	20	88	50	40
77	Washington-Arlington-Alexandria, DC-VA-MD-WV Metro Area	76	97	87	8	88	34	14	73
78	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metro Area	57	94	83	46	89	61	30	38
78	Fresno, CA Metro Area	86	33	36	96	29	56	70	92
78	Bradenton-Sarasota-Venice, FL Metro Area	70	16	55	91	76	12	96	82
81	Boston-Cambridge-Quincy, MA-NH Metro Area	91	91	91	46	82	57	12	47
82	Phoenix-Mesa-Scottsdale, AZ Metro Area	29	87	24	42	93	73	97	89
83	Atlanta-Sandy Springs-Marietta, GA Metro Area	15	93	39	72	95	92	51	78
84	Jacksonville, FL Metro Area	42	61	30	73	74	87	95	80
85	Baltimore-Towson, MD Metro Area	75	84	64	24	79	74	85	60
86	San Diego-Carlsbad-San Marcos, CA Metro Area	95	81	77	68	77	60	3	88
87	Tampa-St. Petersburg-Clearwater, FL Metro Area	41	80	41	84	90	38	94	83
88	Milwaukee-Waukesha-West Allis, WI Metro Area	84	62	90	40	51	89	76	63
89	Orlando-Kissimmee, FL Metro Area	52	77	48	81	87	22	100	94
90	San Francisco-Oakland-Fremont, CA Metro Area	99	90	94	70	85	49	1	75
	Sacramento--								

91	Arden-Arcade-- Roseville, CA Metro Area	47	75	65	85	72	70	67	93
92	San Jose- Sunnyvale-Santa Clara, CA Metro Area	97	70	96	85	25	53	71	79
92	Las Vegas- Paradise, NV Metro Area	39	71	43	93	86	46	98	100
94	Providence-New Bedford-Fall River, RI-MA Metro Area	69	63	81	89	64	82	77	56
95	Detroit-Warren- Livonia, MI Metro Area	13	89	73	100	94	93	36	85
96	Riverside-San Bernardino- Ontario, CA Metro Area	49	88	62	97	91	35	65	98
97	Chicago- Naperville-Joliet, IL-IN-WI Metro Area	65	98	93	66	98	47	38	84
98	New York- Northern New Jersey-Long Island, NY-NJ-PA Metro Area	98	100	99	54	100	78	92	21
99	Miami-Fort Lauderdale- Pompano Beach, FL Metro Area	90	92	70	75	99	36	99	91
100	Los Angeles-Long Beach-Santa Ana, CA Metro Area	96	99	79	87	97	45	82	87

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### Methodology

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Chattanooga TN is one of the best housing markets. It is definitely the best to live! We have the river, the mountains as well as the 4 seasons! I love it here, come check it out!

Posted by PREDDICK | 12/18/09 12:03 PM EST [Report Abuse](#)

I take exception to the comment about McAllen being hesitant to hire non-bilingual employees. This just isn't true, I'm not Hispanic, am not bilingual and have lived here for 20 years and never had a

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Posted by RioSouthTexas | 12/14/09 10:12 AM EST [Report Abuse](#)

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