

Safe Havens in Real Estate

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ARTICLE TOOLS:

With [foreclosures](#) skyrocketing and home prices plummeting, real estate has had a tough year. But in certain pockets across the country the damage has been minimal -- if nonexistent.

We found six cities with slow, steady growth, using data from Fiserv Lending Solutions, a home-price research company. These cities' local economies have kept unemployment and [foreclosure](#) rates below average. Plus, their affordability index -- a measure of home prices versus family income -- is low.

For comparison, we also pinpoint an average market and the worst market in the country.

Safe Havens

Lancaster, Penn.

Population: 498,465

Median home price: \$206,000

12-month change in home value: +1.6%

Affordability index: 3/10

Homes sold this year: 1,166

Home value vs. national average: Same

Top employer: R.R. Donnelly & Sons publishing company

Known as an Amish cultural hub, the city is also home to a diverse group of industries, including printing and food processing. This helps keep the local market stable and unemployment low, as losses in one sector aren't devastating to the overall economy.

Locals say [Lancaster](#) is a conservative lending market, which limits foreclosures.

Clarksville, Tenn.

Population: 265,062

Median home price: \$130,000

12-month change in home value: +1.4%

Affordability index: 3/10

Homes sold this year: 2,081

Home value vs. national average: -37%

Top employer: Trane Corporation

[Clarksville](#) offers an affordable alternative to nearby [Nashville](#) but is close enough that residents can enjoy the larger city's attractions.

The housing market is kept active by [Clarksville's](#) proximity to [Fort Campbell](#). Traditionally a manufacturing town, the city also offers a robust retail economy, driven in part by Austin Peay State University.

Albuquerque, N.M.

Population: 832,774
Median home price: \$172,000
12-month change in home value: +1%
Affordability index: 3/10
Homes sold this year: 7,100
Home value vs. national average: -17%
Top employer: Intel

While other midsize cities have fallen prey to rampant speculation, [Albuquerque](#) has hovered below the national real estate radar and largely avoided the subprime [mortgage](#) debacle. An influx of tech companies such as Eclipse Aviation, Hewlett Packard and Intel has helped fuel this Southwestern city's economy and attracted a young creative class.

Active retirees and immigrants have also migrated to the area, ensuring a well-rounded housing market. Experts project 9% population growth between 2006 and 2011, compared to 6% nationally.

Worst Market

California Central Valley

12-month change in home values:
[Merced](#): -42.3
[Stockton](#): -40
[Salinas](#): -38.7
[Modesto](#): -37.9
[Riverside](#): -36.8
[Vallejo](#): -34.5

The market hit hardest by the housing bubble is the Central Valley in [California](#), where aggressive development and price hiking has yielded more homes than jobs. Now many homeowners owe more than their house is worth and are being forced into default.

Still, it's not all doom and gloom for the California housing market. The drop in home values has created an affordable market for first-time home buyers. And, on average, monthly sales have almost tripled from last year. Although the Valley has seen the worst of the crash, it may well be one of the first areas to recover.