



An Inman News Special Report



10 Real Estate Markets to Watch in 2012



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10 Real Markets to Watch in 2012

By *Andrea V. Brambila*

While national home prices and sales may not recover to their historical levels until 2013 at the earliest, some local housing markets always outperform others in any given year.

In this second annual report (see last year's report: [Top 10 Markets to Watch in 2011](#)), Inman News examined housing, economic and demographic data for metropolitan areas nationwide to identify 10 housing markets to watch in 2012.

These markets are showing signs of strength in several key metrics, including above-average price appreciation, a flourishing job market, a high rate of sales in proportion to population, a high level of home affordability, low foreclosure activity, a below-average share of distressed sales, a low vacancy rate, and other characteristics indicating a healthy housing market.

While real estate markets in the Midwest and Northeast made up the majority of markets on last year's list of 10 markets to watch, this year the Midwest and the South dominated. Two Northeastern markets, both in New York state, also made the list; and no markets in Western states are on the list.

The 10 markets are, in order: Raleigh-Cary, N.C.; Wichita, Kan.; Rochester, N.Y.; Des Moines-West Des Moines, Iowa; Chattanooga, Tenn.-Ga.; Peoria, Ill.; Amarillo, Texas; Binghamton, N.Y.; Waterloo-Cedar Falls, Iowa; and Bloomington-Normal, Ill. The Des Moines and Bloomington-Normal metros are on the list for the second year in a row.

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Summary

Nationwide, unemployment is high, though trending down; the median price of an existing home fell over 4 percent in 2011; and existing-home sales rose a modest 1.7 percent last year, according to the National Association of Realtors.

Stan Humphries, chief economist for Zillow, said 2012 will be a “transitional year” in the housing recovery, with an improvement in home sales and prices anticipated to fall to a long-awaited “bottom.”

Zillow identified some markets that are “undervalued” on a historical basis in a chart provided for this report, and Inman News reached out to a range of other real estate research and information companies for their insight on those real estate markets expected to outperform others in the year ahead. Those companies’ findings were not considered in the review and selection process of the top 10 markets featured in this report.

“While home values are expected to fall further (another 2 to 4 percent) in 2012 with a definitive bottom probably a year away, encouraging precursors to a true stabilization of home values are falling into place as the new year begins,” Humphries said in a forecast Tuesday.

“Home sales will show a more consistent upward trend this year, slowly reducing the amount of vacant housing inventory. This increased demand will eventually start to put a floor under home values later this year.”

U.S. foreclosure activity hit its lowest level since 2007 last year, though experts largely expect it to ramp up this year, putting downward pressure on home prices.

“There were strong signs in the second half of 2011 that lenders are finally beginning to push through some of the delayed foreclosures in select local markets. We expect that trend to continue this year, boosting foreclosure activity for 2012 higher than it was in 2011, though still below the peak of 2010,” said Brandon Moore, CEO of RealtyTrac, in the company’s year-end foreclosure report. RealtyTrac also provided a chart for this report.

To compile the list of 10 markets to watch this year, Inman News looked for markets with above-average median sales price growth, a low unemployment rate, a high rate of sales per population, high affordability, low and falling foreclosure activity, a low share of distressed sales, above-average projected job growth, median household income growth, low and falling vacancy rates, growth in the number of building permits issued, above-average population growth, high projected population growth, and a rise in in-migration from other states.

While no markets on the list fulfilled all of these ideal economic characteristics, they did meet most of them.

Contrary to last year’s list, in which most of the resulting markets had populations under 250,000, half of the metros on this year’s list had populations above 500,000. This may be partially a result of only considering metros with a population of 150,000 or above, while last year’s list did not limit the list by population size.

Among the findings in this report:

Three of the 10 markets on this list are state capitals, and both Illinois markets benefit from proximity to that state’s capital, Springfield.

Four of the markets: Bloomington-Normal and Peoria in Illinois as well as Des Moines-West Des Moines and Waterloo-Cedar Falls in Iowa, are no more than 300 or so miles from each other.

Nine of 10 markets had median sales prices below the national median in the third quarter of 2011.

Where affordability rankings were available, the markets on the list had no less than 73.6 percent of homes affordable to those households earning the area’s median income in the third quarter.

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All had unemployment, foreclosure, and vacancy rates lower than the national average. None of the markets had unemployment rates higher than 7.9 percent. All had lower shares of distressed sales than the national average.

Only two of the markets had populations above 1 million, and three had populations above 500,000. The remainder had populations below that figure, but above a minimum 150,000.

As in last year's report, jobs in the public sector as well as the health care industry were major employers in most markets. This year, however, nine out of 10 markets also counted manufacturing companies among primary employers. Technology companies, energy providers, and universities also boosted many markets.

The 10 markets are ranked according to population, sales volume, and median sales price appreciation. Population was weighted most heavily in the rankings, followed by sales volume in proportion to population, and rate of price appreciation.

1. Raleigh-Cary, N.C.



Despite a steep drop in sales, the Raleigh-Cary market saw considerable price appreciation last year, with its median sales price jumping 7.3 percent from third-quarter 2010 to third-quarter 2011.

At \$224,300, the Raleigh-Cary metro had the highest median sales price among the 10 markets on this list and was the only market with a median sales price above the U.S. median. Nonetheless, its affordability rate stayed above the national level, with 73.6 percent of its homes affordable to households earning the area's median income, according to the National Association of Home Builders/Wells Fargo Housing Opportunity Index.

Sheri Moritz, a real estate broker with Keller Williams' Wake Home Team in Raleigh, said the market had the advantage of relative stability during the national boom and bust cycle.

"When other parts of the country were experiencing double- and triple-digit appreciation rates, we were steady with our consistent single-digit appreciation rates. Fortunately for the Raleigh area, when much of the country experienced market meltdowns, our housing depreciation rates were not as drastic as they were in many other markets," Moritz said.

"The number of home sales in the Raleigh area drastically dropped, which made it difficult for (a) seller to sell because of a limited buyer pool, but the value of homes remain(ed) optimistically stable."

The Raleigh market is buoyed by a young, educated population that grew a whopping 41.8 percent from 2000-2010, making it the fourth fastest-growing metro in the nation during that period, according to the U.S. Census Bureau.

The area's population is expected to rise another 35.7 percent -- faster than any other metro -- by 2020, according to population projections by data analysis firm ProximityOne. The firm expects Raleigh-Cary's population to grow 3.4 percent between 2011 and 2012 -- by far the fastest estimated growth rate among the 10 markets.

The nonseasonally adjusted unemployment rate for the Raleigh-Cary metro area in November was 7.8 percent, compared to 8.2 percent nationally, according to the Bureau of Labor Statistics.

As a state capital, the Raleigh market is bolstered by jobs in the public sector, but also by those in the health care, technology, and education industries.

Located in an area known as the "the Research Triangle," the area's major employers include the State of North Carolina, the Wake County Public School System, North Carolina State University, WakeMed Health & Hospitals, Rex Healthcare, Progress Energy, Duke University & Medical Center, the University of North Carolina, IBM, and GlaxoSmithKline.

"We have a high concentration of advanced-degree holders, which can help with job security and job opportunities. We also have many large employers and universities in the area, which creates a large pool of people relocating to the Raleigh area," Moritz said.

Global economic analysis firm Moody's Analytics predicts the metro area will see 1.9 percent job growth between third-quarter 2011 and third-quarter 2012, compared to 0.9 percent growth nationwide.

Homebuyers in the area tend to be either investors or first-timer buyers, Moritz said.

"Our market has a large number of cash investors looking for long-term rental investments as well as the

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short-term investors looking to rehab homes that most traditional buyers are not able to buy due to needed repairs (that make) it difficult for a traditional buyer to obtain financing,” Moritz said.

“We also have a large pool of traditional first-time homebuyer(s) shopping for single-family residential homes under \$300,000 that are in good condition and priced at or below market value.”

She attributed the area’s decline in sales volume to a “near-halt” of new construction in the market and the end of the federal first-time homebuyer tax credit program, which encouraged buyers to advance their purchases.

Nonetheless, “the market is picking up tremendously,” Moritz said.

“We are again experiencing multiple offers on properties that have been on the market for months and homes selling within 30 days if priced right.”

The Raleigh-Cary area’s foreclosure activity rate was substantially lower than the national rate in November, with 1 in 1,295 of the area’s housing units receiving a foreclosure filing that month, according to foreclosure data firm RealtyTrac.

That rate represented a more than 51 percent year-over-year drop, compared to a 14.5 percent drop in foreclosure activity in the nation as a whole.

Distressed sales made up 15 percent of overall sales between October 2010 and October 2011, compared to 28 percent at the national level, according to data aggregator CoreLogic.

According to real estate research and analytics firm Hanley Wood Market Intelligence, the ratio of new-home sales to real estate owned sales (also known as REOs or bank-owned sales) in the Raleigh-Cary market was 4 to 1 in 2011.

In 2012, “new-home sales may have a hard time keeping up with demand and cause new-home prices to increase for those buyers who insist on new construction. The number of new homes listed is at about 50 percent of what it was in 2007,” Moritz said.

She also expects rising rents to push some buyers off the fence this year.

“Our rental rates have (increased) nearly 10 percent over the past year, and as rentals become more expensive and housing affordability remains stable, more and more buyers are becoming encouraged to purchase while discouraged with rental availability at similar costs,” Moritz said.

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Raleigh-Carey, N.C.	Metro	U.S.
Total Population (2010)	1,130,490	308,745,538
% ch. population (2000 - 2010)	41.8%	9.7%
% population lived in other state in 2009	2.4%	2.2%
1-year projected population growth %	3.4%	0.9%
Unemployment rate (Nov. 2011)	7.8%	8.2%
1-year projected job growth %	1.9%	0.9%
% ch. median household income (2009-2010)	-2.5%	-0.3%
Median sales price (Q3 2011)	\$224,300	\$169,500
% ch. median sales price (Q3 2011 vs. Q3 2010)	7.3%	-4.7%
% homes affordable at median income (Q3 2011)	73.6%	72.9%
Sales volume (# units sold Nov. 2010 - Oct. 2011)	12,156	3.72 million
% ch. sales volume (Nov. '10 - Oct '11 vs Nov. '09 - Oct '10)	-39.8%	-9.7%
Sales per population (Nov. 2010 - Oct. 2011)	1 per 93 people	1 per 83 people
%ch. single-family bldg. permits issued (Jan. - Nov. '11 vs Jan. Nov. '10)	-2%	-8%
Foreclosure activity rate (Nov 2011)	1 in 1,295 units	1 in 579 units
% change foreclosure activity (Nov. 2010 - Nov 2011)	-51.5%	-14.5%
% distressed sales (Oct. 2010 - Oct. 2011)	15.1%	28%
Vacancy Rate (2010)	9.6%	13.1%
%ch. vacancy rate (2009 - 2010)	4.5%	4%
Walk Score	40	

2. Wichita, Kan.



Like Raleigh-Cary and other markets on this list, home prices in the Wichita metro area weathered the housing downturn comparatively unscathed.

“Inventory has been up and sales have slowed, but values have been relatively unaffected,” said Mike Grbic, associate broker and owner of Mike Grbic Real Estate Experts -- Select Homes in Wichita.

The Wichita metro’s median sales price rose 5.5 percent from third-quarter 2010 to third-quarter 2011, to \$120,900. For 2011 as a whole, the city of Wichita posted one of the top 10 year-over-year median sales price hikes nationwide, up 17.2 percent, according to a chart provided for this report by Onboard Informatics.

Despite the price increase, the Wichita area had the second-highest affordability rate among the 10 markets in the third quarter, with 86.8 percent of homes affordable to households earning the area’s median income.

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“I think where we really shine is home affordability. You can get a great house for not a lot of money. Even in great years, we only had 3 to 5 percent annual appreciation, so housing costs never really passed normal inflation rates or incomes,” Grbic said.

Homes in the \$100,000-\$160,000 price range are most popular among buyers and represent about a quarter of the market, he said.

While sales in the Wichita market have fallen at a slightly higher rate than at the national level, its sales rate well exceeds that of the nation as a whole. While there was one sale for every 83 people nationwide between November 2010 and October 2011, there was one sale for every 69 people in the Wichita area during that time period.

Buyer activity in the area has been steadily increasing, Grbic said, and he expects an improvement in sales this year to slowly eat into the market’s excess inventory.

ProximityOne estimates the area’s population will grow 1.4 percent between 2011 and 2012 -- above the expected 0.9 percent growth rate at the national level.

Grbic partially attributes the health of the housing market in the Wichita area to its jobs market. The unemployment rate for the Wichita metro area was 7.1 percent in November, compared to 8.2 percent nationally.

Moody’s Analytics projects jobs will grow 1.6 percent in the area between third-quarter 2011 and third-quarter 2012 compared to a 0.9 percent expected growth rate nationwide.

Known as the “Air Capital of the World,” Wichita is home to several aircraft companies, including Spirit AeroSystems Inc., Hawker Beechcraft, Bombardier Aerospace Learjet Inc., and Cessna Aircraft Co.

Health care providers Via Christi Health and Wesley Medical Center, petroleum refining and chemicals company Koch industries, meat processor Cargill Meat Solutions, Wichita State University, and various other local and state government entities are also major employers.

Wichita, Kan.	Metro	U.S.
Total Population (2010)	623,061	308,745,538
% ch. population (2000 - 2010)	9.1%	9.7%
% population lived in other state in 2009	2.2%	2.2%
1-year projected population growth %	1.4%	0.9%
Unemployment rate (Nov. 2011)	7.1%	8.2%
1-year projected job growth %	1.6%	0.9%
% ch. median household income (2009-2010)	-4.3%	-0.3%
Median sales price (Q3 2011)	\$120,900	\$169,500
% ch. median sales price (Q3 2011 vs. Q3 2010)	5.5%	-4.7%
% homes affordable at median income (Q3 2011)	86.8%	72.9%
Sales volume (# units sold Nov. 2010 - Oct. 2011)	9,002	3.72 million
% ch. sales volume (Nov. '10 - Oct '11 vs Nov. '09 - Oct '10)	-10.8%	-9.7%
Sales per population (Nov. 2010 - Oct. 2011)	1 per 69 people	1 per 83 people
%ch. single-family bldg. permits issued (Jan. - Nov. '11 vs Jan. Nov. '10)	-13%	-8%
Foreclosure activity rate (Nov 2011)	1 in 958 units	1 in 579 units
% change foreclosure activity (Nov. 2010 - Nov 2011)	-50.8%	-14.5%
% distressed sales (Oct. 2010 - Oct. 2011)	16.7%	28%
Vacancy Rate (2010)	10.2%	13.1%
%ch. vacancy rate (2009 - 2010)	34%	4%
Walk Score	41	

3. Rochester, N.Y.



The Rochester metro area had a 6.9 percent jobless rate in November, compared to an 8.2 percent rate nationwide. The area has seen employment grow 2.8 percent since its fourth-quarter 2009 trough, while employment in the nation as a whole has risen 1.3 percent during that time.

The metro has one of the top 20 fastest job growth rates nationwide, according to Brookings.

Of 100 major metro areas, Rochester is one of only 22 to have regained more than half of the jobs lost between its pre-recession high and post-recession low, the think tank said.

While Rochester has long been associated with the Eastman Kodak Co., the area's economic performance no longer depends on the declining fortunes of that company.

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“This area has transitioned well from being a town dominated by Kodak to a very diversified town. The Kodak workforce was a very skilled and well-educated workforce, and (some) of these former employees remained in Rochester and built successful startup companies,” said Mary Shelsby, sales associate at Re/Max First in Rochester.

“Others have been hired by the local universities. Currently, the University of Rochester is the largest local employer.”

In a chart included in this report, real estate search and marketing site Trulia chose Rochester as one of its 10 cities to watch this year based on low unemployment and vacancy rates, among other factors.

Jed Kolko, Trulia’s chief economist, said the market, a center of high-skilled manufacturing, had another thing in common with many of the other markets on his list: education levels well above the national average.

“As the recovery proceeds, smart cities are leading the way. During the housing boom, the go-go cities tended to be lower-skill, lower-education metros. But in 2012, smart is hot: it’ll be the revenge of the nerds,” Kolko said in a blog post.

Zillow also included Rochester in a chart provided for this report as a market that is currently undervalued when its current and historical price-to-income ratios are considered.

“In the current housing recession, many markets have seen home values ‘overcorrect’ in the sense that homeowners are now paying less of their income to purchase homes than they have historically,” Stan Humphries, Zillow’s chief economist, told Inman News.

“This can signal that housing demand will return in the near term to take advantage of compelling home values.”

Of the 10 markets, the Rochester area had the second-lowest annual price appreciation in the third quarter, up 1.4 percent to a median sales price of \$123,400. That modest appreciation of home values has been a factor in the area’s success, Shelsby said.

“Our home values did not see the high appreciation values that many other areas of the country enjoyed over the past 20 years and so we did not suffer the crash when the housing bubble burst,” she said.

“Local homeowners did not see their personal net worth plummet almost overnight, and so local executives and business owners didn’t panic as much as they did in other parts of the country.”

The Rochester area has a high affordability rate, with 81.9 percent of homes affordable to median-income households in the third quarter, and a very low foreclosure activity rate. Only 6.5 percent of its overall sales were distressed between October 2010 and October 2011, compared to 28 percent at the national level.

Shelsby said she completed 32 transaction sides worth just under \$4.5 million in sales volume in 2011 -- her most successful year in real estate so far.

“I’ve only been licensed since 2003, but during those first few years of my career, all you needed to do was put a sign out and the phone would start ringing,” she said.

“Today, every transaction seems to take a lot more work. But people are buying and selling and bucking the nationwide trend.”

Her buyers tend to be young, growing families looking to move up from starter homes in the \$90,000-\$120,000 range to homes costing between \$160,000-\$190,000, she said.

In 2012, Shelsby said she expects to work with more investors who she anticipates will come back in force after four years of holding back because of fears about price declines.

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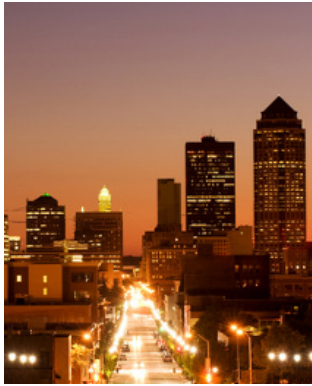


“Tighter lending practices for mortgages means there are more people who cannot buy a house and need a place to live, therefore (there has been) a greater demand for rental property,” Shelsby said.

“And the stock market was very erratic in 2011, so some investors have see Rochester’s stable property values as a safer haven for their money.”

Rochester, N.Y.	Metro	U.S.
Total Population (2010)	1,054,323	308,745,538
% ch. population (2000 - 2010)	9.1%	9.7%
% population lived in other state in 2009	2.2%	2.2%
1-year projected population growth %	1.4%	0.9%
Unemployment rate (Nov. 2011)	6.9%	8.2%
1-year projected job growth %	1.2%	0.9%
% ch. median household income (2009-2010)	-0.3%	-0.3%
Median sales price (Q3 2011)	\$123,400	\$169,500
% ch. median sales price (Q3 2011 vs. Q3 2010)	1.4%	-4.7%
% homes affordable at median income (Q3 2011)	81.9%	72.9%
Sales volume (# units sold Nov. 2010 - Oct. 2011)	11,240	3.72 million
% ch. sales volume (Nov. '10 - Oct '11 vs Nov. '09 - Oct '10)	-18.6%	-9.7%
Sales per population (Nov. 2010 - Oct. 2011)	1 per 94 people	1 per 83 people
%ch. single-family bldg. permits issued (Jan. - Nov. '11 vs Jan. Nov. '10)	-10%	-8%
Foreclosure activity rate (Nov 2011)	1 in 4,001 units	1 in 579 units
% change foreclosure activity (Nov. 2010 - Nov 2011)	76.2%	-14.5%
% distressed sales (Oct. 2010 - Oct. 2011)	6.5%	28%
Vacancy Rate (2010)	9.1%	13.1%
%ch. vacancy rate (2009 - 2010)	4.7%	4%
Walk Score	63	

4. Des Moines-West Des Moines, Iowa.



The Des Moines-West Des Moines metro area had a 5.3 percent unemployment rate in November -- among the lowest rates in the country. Moody's predicts the area will see a further 2 percent jump in jobs from third-quarter 2011 to third-quarter 2012.

"Strong Midwestern values, a highly educated and productive workforce, and the culmination of many years of cooperation between civic, corporate and government make the greater Des Moines area an attractive city to call home (and an) oasis of prosperity," said Brian Wentz, an agent at Burnett Realty in Clive, a suburb of Des Moines.

"That has attracted and retained top employers and led to many years of sustained growth, with no end in sight."

Major employers in the area include a mix of agricultural, financial services, insurance, technology, and publishing companies. Among them are

Principal Financial Group, Wells Fargo Home Mortgage, Nationwide Insurance, John Deere, Pioneer Hi-Bred International, Wellmark Blue Cross and Blue Shield, and Meredith Corp., which operates Better Homes and Gardens magazine.

"Des Moines is lucky to have tons of diversification in employers. I think this has made the unemployment issue much less of an issue than in other parts of the country," said Tyler Osby, branch manager and certified mortgage planner at Fairway Independent Mortgage Corp. in the Des Moines suburb of Urbandale.

"If homebuyers feel confident about having a job, they feel confident about owning a home. As soon as that confidence slides, you'll see home sales fall, too."

The median sales price for single-family homes in the Des Moines metro area rose a slight 0.8 percent year over year in the third quarter, to \$157,900. Though the area saw sales drop by about a quarter between November 2010 and October 2011, the metro maintained a relatively high sales rate during that period: 1 sale for every 76 people, compared to 1 sale for every 83 people nationally.

"We have several categories of buyers. I'd say the overwhelming majority are first-time homebuyers for us, but I've also personally worked with several clients relocating from other parts of the country to purchase their third and fourth homes," Osby said.

"These relocations have been for jobs, as well as just reducing the families' cost of living. Des Moines is a place where you can often buy a home for half of what you would have to spend in other major cities, and you'll have the same living space in a great neighborhood.

"In my personal experiences, first-time homebuyers are spending between \$150,000 and \$250,000. Move-up homebuyers are spending up to \$500,000," he added.

The area had a low foreclosure activity rate in November, with 1 in 863 units receiving a foreclosure filing. That's a 35.5 percent drop from November 2010 compared to a 14.5 percent drop for the U.S. overall.

Nearly 19 percent of overall sales between October 2010 and October 2011 in the area were distressed, according to CoreLogic.

"I think that we'll continue to see foreclosures enter the market, but at a slow, steady pace (in 2012)," Osby said.

"There's a lot of shadow inventory in Iowa, but I don't think that there will be a lot entering the market at one time. Foreclosures in Iowa can take almost two years to actually get to a resale situation."

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The area's population grew 18.3 percent from 2000-2010 -- nearly twice as fast as the nation's population as a whole. ProximityOne estimates the Des Moines area's population will rise 1.6 percent between 2011 and 2012, which is the second-highest expected growth rate among the 10 markets.

The Des Moines area had the lowest vacancy rate among the 10 markets in 2010, at 7 percent. It was also one of only two markets on this list to see an annual jump in building permits in the first 11 months of 2011.

"The new construction markets have taken off like a wildfire again, after several years of very modest growth at best and razor-thin builder margins. Lots that have been builder-ready since 2005 to 2006 are being acquired and built on as fast as they can go up," Wentz said.

"For 'spec' homes in the \$170,000 to \$300,000 range, usually the sold sign is up in the first few weeks of construction. It's possible in a year or two we could start to get back to a market where it's hard to find dirt. That is where we were in 2002 to 2003, before the last boom."

Along with the Chattanooga, Amarillo, and Waterloo-Cedar Falls markets on this list, the Des Moines metro area was included in the National Association of Home Builders/First American Improving Markets Index this month. The index identifies metro areas that have shown improvement from their respective troughs in housing permits, employment and house prices for at least six straight months, according to the NAHB.

"A moderate winter has kept buyers in the market through the typically slower months, so the year has started out strong. Low interest rates, pent-up demand, and employment opportunities are setting the stage for a terrific year in 2012," Wentz said.

"It will not surprise me to see 2012 sales totals up 8 to 10 percent from 2011, at around 8,500 sales. (The) upper end may well depend on the recovery in the U.S., and how comfortable consumers feel.

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Des Moines-West Des Moines, Iowa	Metro	U.S.
Total Population (2010)	569,633	308,745,538
% ch. population (2000 - 2010)	18.3%	9.7%
% population lived in other state in 2009	2.1%	2.2%
1-year projected population growth %	1.6%	0.9%
Unemployment rate (Nov. 2011)	5.3%	8.2%
1-year projected job growth %	2%	0.9%
% ch. median household income (2009-2010)	-3.3%	-0.3%
Median sales price (Q3 2011)	\$157,900	\$169,500
% ch. median sales price (Q3 2011 vs. Q3 2010)	0.8%	-4.7%
% homes affordable at median income (Q3 2011)	N/A	72.9%
Sales volume (# units sold Nov. 2010 - Oct. 2011)	11,240	3.72 million
% ch. sales volume (Nov. '10 - Oct '11 vs Nov. '09 - Oct '10)	-18.6%	-9.7%
Sales per population (Nov. 2010 - Oct. 2011)	1 per 76 people	1 per 83 people
%ch. single-family bldg. permits issued (Jan. - Nov. '11 vs Jan. Nov. '10)	1%	-8%
Foreclosure activity rate (Nov 2011)	1 in 863 units	1 in 579 units
% change foreclosure activity (Nov. 2010 - Nov 2011)	-35.3%	-14.5%
% distressed sales (Oct. 2010 - Oct. 2011)	18.8%	28%
Vacancy Rate (2010)	7%	13.1%
%ch. vacancy rate (2009 - 2010)	6.8%	4%
Walk Score	48	

5. Chattanooga, Tenn.-Ga.



Located between Nashville, Tenn., and Atlanta, the Chattanooga metro area enjoys a low unemployment rate, high affordability, and the highest rate of out-of-state in-migration among the 10 markets.

The area's median sales price rose 7.3 percent in the year through third-quarter 2011, to \$128,700. The vast majority of homes in the area, 81.3 percent, were affordable to median-income households during that quarter.

"One of Chattanooga's largest resident communities, (which) historically had enjoyed 3 to 3.7 percent on an average differential between list and sales price ... increased (to a) 4 to 4.9 percent differential from 2010 to 2011," said Linda Brock, an affiliate broker at Prudential RealtyCenter.com in Chattanooga.

"Not bad when you consider this difference in one of the most difficult market times in history."

The Chattanooga area had the highest rate of in-migration among the 10 markets in 2010, with 3.2 percent of its population living in another state the year before, according to the U.S. Census Bureau.

Brock's buyers and sellers tend to be "locals watching their market being absorbed by new transferees, motivating them to capture both low rates and reasonable pricing," she said.

"(The area's) natural resources and terrain make it an enormous draw for young professionals from Chattanooga and those migrating to it," she added.

Brock attributes the market's strength to a now-vibrant jobs market. While median household income nationwide remained virtually flat between 2009 and 2010, it rose nearly 4 percent in the Chattanooga area during that period.

The area's unemployment rate was 7.5 percent in November, compared to 8.4 percent in November 2010, and 1.7 percent job growth is expected between third-quarter 2011 and third-quarter 2012.

Auto manufacturer Volkswagen, online retail giant Amazon, and chemical company Wacker Chemie added thousands of new jobs to the area last year, Brock said. Earlier this month, Amazon announced plans to expand its distribution center and add hundreds more jobs to the area.

Other major employers in the area include those in the health care industry (BlueCross BlueShield of Tennessee, Erlanger Health System, Memorial Health Care Systems, CIGNA HealthCare); local government entities, including the Hamilton County Department of Education and utility company Tennessee Valley Authority; and food processing companies McKee Foods Corp. and Pilgrim's Pride Corp.

Chattanooga was also included in the NAHB/First American Improving Markets Index this month.

"As a real estate agent in Chattanooga with no magic wand or special talents, I have enjoyed an incredibly successful ride throughout what was recognized as one of the worse economic times in history since the depression," Brock said.

Borrowing from the "Chattanooga Choo Choo" song that Glenn Miller made famous, she added, "There is no ticket (worth) taking like the one upon the Chattanooga Choo Choo!"

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Chattanooga, Tenn.-Ga.	Metro	U.S.
Total Population (2010)	528,143	308,745,538
% ch. population (2000 - 2010)	10.8%	9.7%
% population lived in other state in 2009	3.2%	2.2%
1-year projected population growth %	0.8%	0.9%
Unemployment rate (Nov. 2011)	7.5%	8.2%
1-year projected job growth %	1.7%	0.9%
% ch. median household income (2009-2010)	3.9%	-0.3%
Median sales price (Q3 2011)	\$128,700	\$169,500
% ch. median sales price (Q3 2011 vs. Q3 2010)	7.3%	-4.7%
% homes affordable at median income (Q3 2011)	81.3%	72.9%
Sales volume (# units sold Nov. 2010 - Oct. 2011)	6,109	3.72 million
% ch. sales volume (Nov. '10 - Oct '11 vs Nov. '09 - Oct '10)	-18%	-9.7%
Sales per population (Nov. 2010 - Oct. 2011)	1 per 86 people	1 per 83 people
%ch. single-family bldg. permits issued (Jan. - Nov. '11 vs Jan. Nov. '10)	1%	-8%
Foreclosure activity rate (Nov 2011)	1 in 973 units	1 in 579 units
% change foreclosure activity (Nov. 2010 - Nov 2011)	-10.8%	-14.5%
% distressed sales (Oct. 2010 - Oct. 2011)	22.8%	28%
Vacancy Rate (2010)	10.8%	13.1%
%ch. vacancy rate (2009 - 2010)	-0.9%	4%
Walk Score	37	

6. Peoria, Ill.



While popular culture often portrays Peoria as the quintessential American city, the area's overall economy is rather exceptional when compared with the nation as a whole. Its median sales price jumped 11.1 percent year over year in the third quarter, to \$132,600 -- the highest appreciation rate among the 10 markets and the seventh-highest among 150 metro areas nationwide.

Despite the price jump, 81.1 percent of homes in the area remained affordable to median-income households. While the area experienced an above-average drop in sales between November 2010 and October 2011, the metro area's sales rate during that period in proportion to its population stayed about on par with the national rate.

"I believe our market is on the upswing. I base this on more buyers purchasing more quickly than before and the movement in the upper price ranges and shorter days on market. Local companies are hiring and overall optimism is up," said Marilyn Kohn, broker associate at Re/Max Unlimited in Peoria. She has been selling homes in the area since 1982.

The Peoria area's unemployment rate was 7.9 percent in November. The area's median household income rose 2.2 percent from 2009 to 2010.

"I think due to our less rapid appreciation rates, conservative traits of our Midwest demographic, and a stable local economy which dipped, but did not dive, the Peoria area has survived this great economic downturn much better than most," Kohn said.

Global construction equipment and engine manufacturer Caterpillar Inc. is Peoria's primary employer.

"Caterpillar, with its headquarters and numerous facilities in Peoria, has performed extremely well," Kohn said.

"Also helping Peoria's economy is our growing medical community, with four hospitals and a medical school and expanding education facilities at Bradley University. We also have many medium to small corporations, and an array of private enterprises that add to our economy."

Four years ago, in anticipation of an onslaught of distressed properties, Kohn obtained a certification as a distressed property expert. But the expected wave turned out to be more of a low tide.

The area had an extremely low foreclosure rate in November, with 1 in every 23,468 housing units receiving a foreclosure filing that month, according to foreclosure data firm RealtyTrac.

Distressed sales accounted for an eighth of the market between October 2010 and October 2011.

"Short sales and foreclosures are a much smaller portion of our market than everyone thought they would be," Kohn said.

The Peoria area had the second-lowest vacancy rate in 2010 of the markets on this list: 8.3 percent, compared to 13.1 percent for the nation as a whole.

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Peoria, Ill.	Metro	U.S.
Total Population (2010)	379,186	308,745,538
% ch. population (2000 - 2010)	3.3%	9.7%
% population lived in other state in 2009	1.4%	2.2%
1-year projected population growth %	0.7%	0.9%
Unemployment rate (Nov. 2011)	7.9%	8.2%
1-year projected job growth %	0.8%	0.9%
% ch. median household income (2009-2010)	2.2%	-0.3%
Median sales price (Q3 2011)	\$132,600	\$169,500
% ch. median sales price (Q3 2011 vs. Q3 2010)	11.1%	-4.7%
% homes affordable at median income (Q3 2011)	81.1%	72.9%
Sales volume (# units sold Nov. 2010 - Oct. 2011)	6,109	3.72 million
% ch. sales volume (Nov. '10 - Oct '11 vs Nov. '09 - Oct '10)	-18%	-9.7%
Sales per population (Nov. 2010 - Oct. 2011)	1 per 84 people	1 per 83 people
%ch. single-family bldg. permits issued (Jan. - Nov. '11 vs Jan. Nov. '10)	-22%	-8%
Foreclosure activity rate (Nov 2011)	1 in 23,468 units	1 in 579 units
% change foreclosure activity (Nov. 2010 - Nov 2011)	-87.7%	-14.5%
% distressed sales (Oct. 2010 - Oct. 2011)	12.5%	28%
Vacancy Rate (2010)	8.3%	13.1%
%ch. vacancy rate (2009 - 2010)	-1.7%	4%
Walk Score	47	

7. Amarillo, Texas



Of the 10 markets on this list, Amarillo had the second-highest rate of sales in proportion to population in the year between November 2010 and October 2011, at 1 sale for every 53 people, compared to 1 sale for every 83 people at the national level.

The area's median sales price rose 2.7 percent on an annual basis in the third quarter, to \$131,000. Affordability remained high that quarter, with 81.1 percent of homes affordable to households earning the area's median income.

Connie Taylor, a real estate broker with Keller Williams Realty in Amarillo, attributes the favorable market to the area's "diversified economy, including oil, cattle, (nuclear weapons plant) Pantex, Bell Helicopter, and a large medical community."

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“As in other markets on this list, meat packing companies are also major employers; one-third of the nation’s beef supply is processed within a 150-mile radius of the city of Amarillo, according to Texas A&M University.”

Amarillo had the second-lowest unemployment rate of the 10 markets in November, at 5.1 percent, and saw the biggest rise in median household income between 2009 and 2010, at 7 percent.

Moody’s predicts 2 percent job growth in the area between third-quarter 2011 and third-quarter 2012, compared to 0.9 percent growth for the country as a whole.

Along with Des Moines, Chattanooga, and Waterloo, Amarillo was included in a list of “improving markets” by the National Association of Home Builders and First American.

Among the 10 markets, Amarillo was one of two to see its single-family building permits jump on an annual basis in first 11 months of last year. While such permits fell 8 percent nationwide, they rose 13 percent in the Amarillo area.

The area’s vacancy rate might be a factor in that increase: it stood at 8.5 percent in 2010, which was the third-lowest rate among the 10 markets.

For the last six months of 2011, the area’s average unsold inventory stood at a supply of 5.1 months, Taylor said.

For 2012, she expects a moderate increase in sales. “I think the election year will keep interest rates down,” she said.

Amarillo, Texas	Metro	U.S.
Total Population (2010)	249,881	308,745,538
% ch. population (2000 - 2010)	10.3%	9.7%
% population lived in other state in 2009	1.9%	2.2%
1-year projected population growth %	1%	0.9%
Unemployment rate (Nov. 2011)	5.1%	8.2%
1-year projected job growth %	2%	0.9%
% ch. median household income (2009-2010)	7%	-0.3%
Median sales price (Q3 2011)	\$131,000	\$169,500
% ch. median sales price (Q3 2011 vs. Q3 2010)	2.7%	-4.7%
% homes affordable at median income (Q3 2011)	81.1%	72.9%
Sales volume (# units sold Nov. 2010 - Oct. 2011)	4,748	3.72 million
% ch. sales volume (Nov. '10 - Oct '11 vs Nov. '09 - Oct '10)	-13.5%	-9.7%
Sales per population (Nov. 2010 - Oct. 2011)	1 per 53 people	1 per 83 people
% ch. single-family bldg. permits issued (Jan. - Nov. '11 vs Jan. Nov. '10)	-22%	-8%
Foreclosure activity rate (Nov 2011)	1 in 1,890 units	1 in 579 units
% change foreclosure activity (Nov. 2010 - Nov 2011)	-62.7%	-14.5%
% distressed sales (Oct. 2010 - Oct. 2011)	14.4%	28%
Vacancy Rate (2010)	8.5%	13.1%
% ch. vacancy rate (2009 - 2010)	-27.6%	4%
Walk Score	44	

8. Binghamton, N.Y.



Located south of Syracuse, N.Y., the Binghamton metro area had the second-highest rate of annual price appreciation in the third quarter among the 10 markets, up 10.6 percent to a median sales price of \$120,500.

Despite the rise, the market also had the highest share of homes affordable to median-income households, 87.7 percent. The area's median household income rose 3.8 percent year-over-year in 2010.

Unemployment in the Binghamton area stood at 7.7 percent in November and Moody's estimates the area will see 2.1 percent job growth in the year through third-quarter 2012 -- the highest expected growth rate among the 10 markets.

The Binghamton area has an active investor market due to a confluence of high-tech companies, health care providers, and postsecondary schools among its primary employers, according to Diane K. White, associate

broker at Re/Max Renaissance Realty in Vestal, a suburb of Binghamton.

Major employers in the area include Binghamton University, United Health Services, Lockheed Martin, Endicott Interconnect Technologies, Amphenol Aerospace, global defense company BAE systems, and county and state government entities.

"With a state university among one of the best and most affordable in the country, as well as a community college, we have a constant demand for student housing," White said. "Investors come to purchase multifamily homes as well as commercial space that they convert to loft and student housing."

The Binghamton area had the second-lowest foreclosure activity rate among the 10 markets, with 1 in 4,268 units receiving a foreclosure filing in November. The area also saw the second-lowest share of distressed sales among the markets between October 2010 and October 2011, at 5.2 percent.

Homes in lower price ranges dominated the area's real estate market in 2011, White said.

"For the first three quarters in 2011 the price range that was moving the fastest was our first-time homebuyers, typically up to \$120,000. (In) the fourth quarter we started seeing more movement in the move-up buyers," she said.

"First-time buyers can purchase with interest rates at an all-time low and we are seeing growing consumer confidence. This is allowing the buyers to move up as more first-time buyers purchase."

Nonetheless, "homes above \$300,000 continue to be in demand partially due to our large population of medical professionals as well engineers and upper-level management positions that continue to grow in our area," she added.

So far, January has been active in all price ranges, White said, "and we anticipate this to continue."

Binghamton, N.Y.	Metro	U.S.
Total Population (2010)	251,725	308,745,538
% ch. population (2000 - 2010)	0.2%	9.7%
% population lived in other state in 2009	1.2%	2.2%
1-year projected population growth %	-0.1%	0.9%
Unemployment rate (Nov. 2011)	7.7%	8.2%
1-year projected job growth %	2.1%	0.9%
% ch. median household income (2009-2010)	3.8%	-0.3%
Median sales price (Q3 2011)	\$120,500	\$169,500
% ch. median sales price (Q3 2011 vs. Q3 2010)	10.6%	-4.7%
% homes affordable at median income (Q3 2011)	87.7%	72.9%
Sales volume (# units sold Nov. 2010 - Oct. 2011)	4,748	3.72 million
% ch. sales volume (Nov. '10 - Oct '11 vs Nov. '09 - Oct '10)	-13.5%	-9.7%
Sales per population (Nov. 2010 - Oct. 2011)	1 per 116 people	1 per 83 people
% ch. single-family bldg. permits issued (Jan. - Nov. '11 vs Jan. Nov. '10)	-45%	-8%
Foreclosure activity rate (Nov 2011)	1 in 4,268 units	1 in 579 units
% change foreclosure activity (Nov. 2010 - Nov 2011)	-29.7%	-14.5%
% distressed sales (Oct. 2010 - Oct. 2011)	5.2%	28%
Vacancy Rate (2010)	10.6%	13.1%
% ch. vacancy rate (2009 - 2010)	-0.9%	4%
Walk Score	61	

9. Waterloo-Cedar Falls, Iowa



Located northeast of Des Moines, Waterloo-Cedar Falls is the only metro area on the list to see home sales rise year-over-year between November 2010 and October 2011, up 3.3 percent to 3,680 sales.

The area also had the highest rate of sales per population among the 10 markets during that time period, at 1 sale for every 46 people, compared to 1 sale for every 83 people at the national level.

The area's median sales price jumped 6.8 percent year-over-year in the third quarter, to \$118,100 -- the lowest median sales price among the 10 markets.

"Since I started real estate in 2003, the Waterloo-Cedar Falls economy and housing market has been very consistent. I think that has been the key to faring well while others were falling. We have had steady growth in general, whereas other areas saw huge appreciation and then a large drop in values," said Carl Ericson, an agent at Oakridge Realtors in Cedar Falls.

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“Another reason we have fared well is a strong and stable employment base. We haven’t seen any major negative employment changes over the years and we have had multiple businesses move to the area or expand in the area, which has helped our economy along with our real estate market.”

Waterloo-Cedar Falls had the lowest unemployment rate among the 10 markets in November, at 5 percent. Moody’s projects the area will see 2 percent job growth between third-quarter 2011 and third-quarter 2012. The area’s median household income rose 3 percent from 2009 to 2010.

The area’s major employers include equipment manufacturing company John Deere, Wheaton Franciscan Healthcare, meat processing company Tyson Fresh Meats, the University of Northern Iowa, Allen Memorial Hospital, and Waterloo Community Schools.

“We have a diversified employment base, city governments that are continually looking to bring in new businesses to the area, low interest rates, and affordable house prices,” Ericson said.

“Our buyers range from first-time and move-up buyers to relocation business from out of the area, and we still have a healthy new construction market. Sellers generally consist of people looking to move up to their next home or those who our relocating out of the area due to their employment,” he added.

Waterloo-Cedar Falls had a low foreclosure rate in November and the lowest share of distressed sales among the 10 markets from October 2010 to October 2011, at 4.5 percent.

Along with three other markets on this list, the area was included in the NAHB/First American Improving Markets Index this month. The index tracks markets that have seen improvement in terms of housing permits issued, employment and house prices for at least six straight months.

The Waterloo-Cedar Falls metro had an 8.7 percent vacancy rate in 2010, compared to a rate of 13.1 percent at the national level.

“Single-family homes in multiple different price ranges continue to sell well in both Waterloo and Cedar Falls. The upper-end housing has slowed some, but in general we have a very low inventory of homes,” Ericson said.

He expects the market to remain fairly stable this year.

“I think we will see some appreciation in the market as well as a slight improvement in number of sales. We have stayed pretty consistent over the years and I see that continuing in 2012,” Ericson said.

continued on next page

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Waterloo-Cedar Falls, Iowa	Metro	U.S.
Total Population (2010)	167,819	308,745,538
% ch. population (2000 - 2010)	2.5%	9.7%
% population lived in other state in 2009	1.2%	2.2%
1-year projected population growth %	-0.8%	0.9%
Unemployment rate (Nov. 2011)	5.0%	8.2%
1-year projected job growth %	2%	0.9%
% ch. median household income (2009-2010)	3%	-0.3%
Median sales price (Q3 2011)	\$118,100	\$169,500
% ch. median sales price (Q3 2011 vs. Q3 2010)	6.8%	-4.7%
% homes affordable at median income (Q3 2011)	N/A	72.9%
Sales volume (# units sold Nov. 2010 - Oct. 2011)	3,680	3.72 million
% ch. sales volume (Nov. '10 - Oct '11 vs Nov. '09 - Oct '10)	3.3%	-9.7%
Sales per population (Nov. 2010 - Oct. 2011)	1 per 46 people	1 per 83 people
% ch. single-family bldg. permits issued (Jan. - Nov. '11 vs Jan. Nov. '10)	-3%	-8%
Foreclosure activity rate (Nov 2011)	1 in 1,014 units	1 in 579 units
% change foreclosure activity (Nov. 2010 - Nov 2011)	218.2%	-14.5%
% distressed sales (Oct. 2010 - Oct. 2011)	4.5%	28%
Vacancy Rate (2010)	8.7%	13.1%
% ch. vacancy rate (2009 - 2010)	10.2%	4%
Walk Score	42	

10. Bloomington-Normal, Ill.



Above-average price appreciation, a flourishing local economy, and above-average population growth earned Bloomington-Normal a spot on this list for the second year in a row.

The area's median sales price for single-family homes rose 4.1 percent year over year in the third quarter, to \$161,800, compared to a 4.7 percent drop nationwide.

"We are continuously getting contacted by new buyers looking to buy homes. Even in a downsized economy, people still have life events like job change, relocation, marriage, growing families, or the need to downsize," said J.P. Finley, a Re/Max Choice agent in Bloomington.

"(The) economy can impact decisions regarding these life events, however with our market not experiencing the depression of real estate values seen by other parts of the country, people have found it easier to make these

changes and adjustments that their lives require."

Bloomington-Normal's unemployment rate was 6.8 percent in November, compared to 8.2 percent nationwide. Moody's forecasts 1 percent job growth in the area between third-quarter 2011 and third-quarter 2012, slightly above the growth rate expected for the nation as a whole.

The area's median household income rose 6.4 percent on an annual basis in 2010 -- the second highest jump among the 10 markets.

"Our local economy is strong, with infrastructure projects, commercial building, and economic growth," Finley said.

"Over the past few years our community has not really been hit like many, and is not at all a volatile community."

Major employers in the area include State Farm Insurance, Illinois State University, Country Financial, Advocate BroMenn Medical Center, Mitsubishi Motor Manufacturing, Nestle USA and the local school district.

"Major companies, such as State Farm have a vested interest in this community and its employees, from housing to education, and this contributes greatly to the stability of our housing market as well as our general economy," Finley said.

"We have three four-year universities and one community college that are all thriving and growing. In times of (recession) people go back to education to retool for new opportunities. We also have an extremely low crime rate and are a very clean community. Our primary education system here is also one of the best in the state," he added.

Bloomington-Normal's population grew 12.7 percent from 2000 to 2010, compared to national growth rate of 9.7 percent. ProximityOne predicts the area's population will grow 1.1 percent from 2011 to 2012, which is slightly faster than the nation's population overall.

"Our group has worked with a fair amount of relocation buyers and several first-time buyers. Our community is still growing so there are a lot of people moving here for work," Finley said.

"The relocation buyers are predominately in the \$275,000-\$425,000 (price) range. The first-time buyers are in the \$145,000-\$215,000 range."

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While the area experienced a sharp annual drop in sales between November 2010 and October 2011, last quarter saw “very positive growth in sales,” Finley said.

“With things turning on the upswing in the next few months, I suspect that people will finally realize that now is the time to buy and there will be a frenzy to get in on the action,” he said.

Bloomington-Normal, Ill.	Metro	U.S.
Total Population (2010)	169,572	308,745,538
% ch. population (2000 - 2010)	12.7%	9.7%
% population lived in other state in 2009	1.3%	2.2%
1-year projected population growth %	-1.1%	0.9%
Unemployment rate (Nov. 2011)	6.8%	8.2%
1-year projected job growth %	1%	0.9%
% ch. median household income (2009-2010)	6.4%	-0.3%
Median sales price (Q3 2011)	\$161,800	\$169,500
% ch. median sales price (Q3 2011 vs. Q3 2010)	4.1%	-4.7%
% homes affordable at median income (Q3 2011)	N/A	72.9%
Sales volume (# units sold Nov. 2010 - Oct. 2011)	1,526	3.72 million
% ch. sales volume (Nov. '10 - Oct '11 vs Nov. '09 - Oct '10)	-37%	-9.7%
Sales per population (Nov. 2010 - Oct. 2011)	1 per 111 people	1 per 83 people
% ch. single-family bldg. permits issued (Jan. - Nov. '11 vs Jan. Nov. '10)	-18%	-8%
Foreclosure activity rate (Nov 2011)	1 in 1,376 units	1 in 579 units
% change foreclosure activity (Nov. 2010 - Nov 2011)	2%	-14.5%
% distressed sales (Oct. 2010 - Oct. 2011)	15.2%	28%
Vacancy Rate (2010)	11.7%	13.1%
% ch. vacancy rate (2009 - 2010)	67.7%	4%
Walk Score	46	

Methodology

The sources for the statistics used in the Inman News analysis and selection of the 10 markets featured in this report are: the U.S. Bureau of Labor Statistics, Moody's Analytics via USA Today, U.S. Census Bureau, National Association of Realtors, National Association of Home Builders, CoreLogic, RealtyTrac and ProximityOne. Other companies provided additional data and charts that are published as a part of the overall report but were not considered in the top 10 rankings.

Where available, median sales price appreciation, unemployment rate, sales per population (1 sale for every "X" number of people), affordability, and foreclosure activity rate were given the most weight in determining the selection of markets. All markets on the list exceeded the national average in at least some statistical areas that were considered in the rankings, if not all.

That requirement eliminated the vast majority of markets considered. No metropolitan area without an available figure for median sales price appreciation, as listed by the National Association of Realtors, was included on the list. Only metros with a 2010 population of 150,000 or above, as reported by the U.S. Census Bureau, were considered.

For the remaining markets, other factors (where available) were also considered and compared to national figures: job-growth projections, median household income growth, population growth in the past decade, forecasted population growth, in-migration growth, share of distressed sales, building permit growth, vacancy rate and change, and foreclosure activity growth.

In ranking these markets from No. 1 to No. 10, the factors given the most weight were population, sales volume and median sales price appreciation. Areas with larger populations were weighted most heavily, for example, followed by sales volume in proportion to population, and rate of price appreciation. Walkability scores, sampled from WalkScore.com, were not a factor in ranking.

Methodology for at-a-glance data summary boxes: Population data is from the U.S. Census Bureau, median sales price data was provided by the National Association of Realtors, unemployment rates are from the U.S. Bureau of Labor Statistics, foreclosure activity rates are from RealtyTrac, walkability scores are from Walk Score, and sales volume figures were supplied by CoreLogic.

Walk Score figures are an average for the largest cities in these metro areas. A score below 50 indicates a car-dependent city. A score between 50-69 indicates a somewhat walkable city.

Inman News reporter Andrea V. Brambila prepared this methodology.

Third-Party Data

Note: The following series of data and charts were provided by real estate research and information companies. The data provided in these third-party charts was not considered in selecting or ranking the top 10 markets. See methodology.

CoreLogic

Lowest 90+ Delinquency Rate by CBSA	
CBSA Name	90+ Day Delinquency Rate
Anchorage AK Metropolitan Statistical Area	2.31%
Austin-Round Rock-San Marcos TX Metropolitan Statistical Area	3.17%
Boulder CO Metropolitan Statistical Area	2.02%
Fort Collins-Loveland CO Metropolitan Statistical Area	2.55%
AM Huntsville AL Metropolitan Statistical Area	3.63%
Lancaster PA Metropolitan Statistical Area	3.68%
Madison WI Metropolitan Statistical Area	3.13%
Omaha-Council Bluffs NE-IA Metropolitan Statistical Area	3.45%
San Francisco-San Mateo-Redwood City CA Metropolitan Division	3.64%
Springfield MO Metropolitan Statistical Area	3.65%

Source: CoreLogic. Data as of October 2011

Methodology:

To create this chart, CoreLogic considered every metro area in the nation with a minimum loan count of 50,000, and chose the 10 metros with the lowest delinquency rates (90 days delinquent or greater) as of October 2011.

HotPads

Fastest-Moving For-Sale Markets in 2011

Metro	Buy-Rent Ratio 2011	Fastest Moving Market (% Change Days 2 Bedrooms for Sale Listings stayed active on Hotpads 2011)
Detroit, MI Metro	5	34% faster
New York, NY Metro.	8	12% faster
Chicago, IL Metro.	8	20% faster
Tampa, FL Metro.	8	2% faster
Miami, FL Metro	9	-27% faster
Riverside, CA Metro.	9	18% faster
Houston, TX Metro.	9	15% faster
Washington DC Metro	9	21% faster
Minneapolis, MN Metro.	10	29% faster
Atlanta, GA Metro.	10	16% faster
Boston, MA Metro.	10	22% faster
Dallas, TX Metro.	10	22% faster
St Louis, MO Metro	11	23% faster
Phoenix, AZ Metro	11	22% faster
Seattle WA Metro	11	26% faster
Philadelphia, PA Metro	11	20% faster
Baltimore, MD Metro	12	2% faster
San Diego, CA Metro	13	7% faster
Los Angeles, CA Metro	13	30% faster
San Francisco, CA Metro	15	13% faster

Source: Hotpads

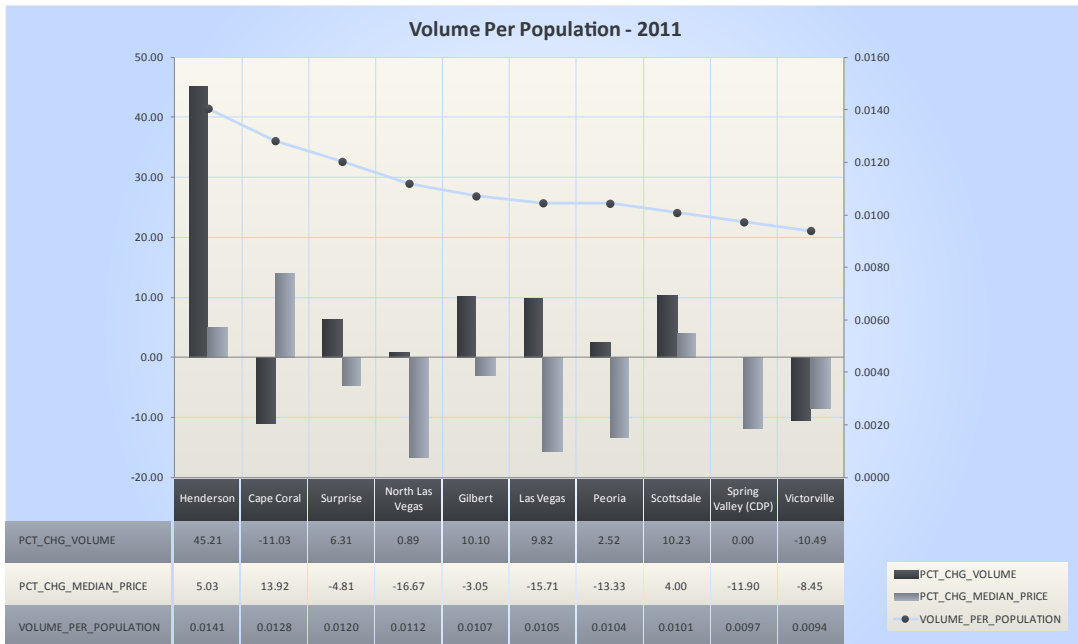
The fastest-moving for-sale markets in 2011 were calculated for the top 20 most populated metro areas using for-sale data on two-bedroom homes. The data looks at buy-rent ratio and the percent change in days listed on HotPads from 2010-2011 (calculated by comparing the average days listed on HotPads during 2010 to the same statistic in 2011). The table can be sorted by either category.

The lower the rent-buy ratio, the better the market is for buyers. It's also interesting to examine the days listed in the fastest-moving markets column, which indicate how properties stayed active on the website for a shorter period of time in 2011 vs. 2010.

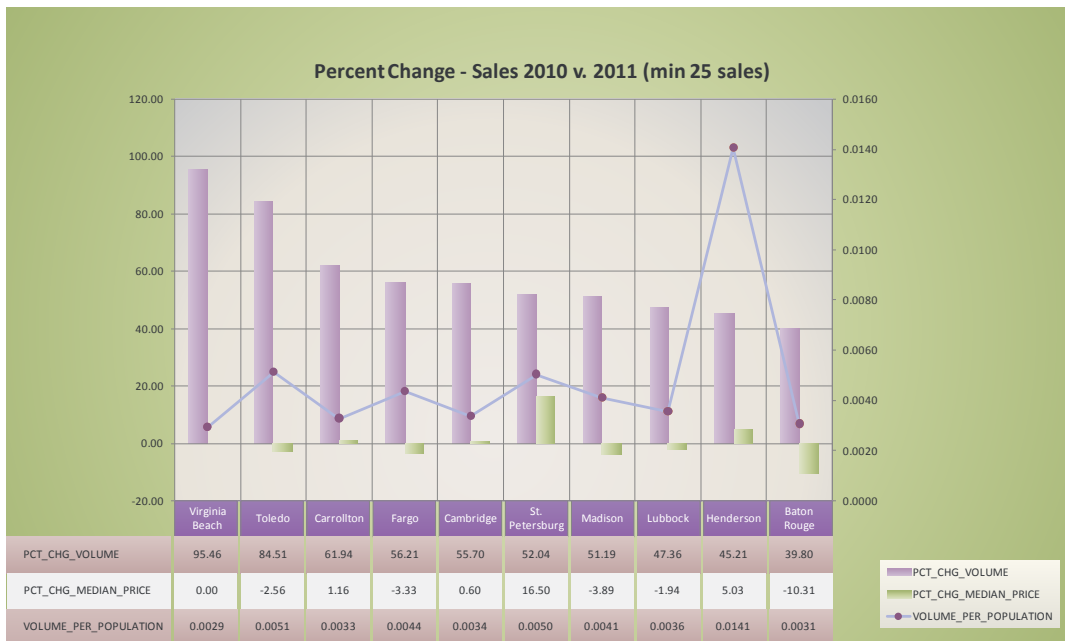
Days listed on HotPads reflects several explanations, but in most cases it is because the property was taken off the market (or sold). It's telling that when sorted by buy-rent ratio or percent change in days on market, Detroit is at the top of both lists.

This is most likely because prices reached a point where conditions for buying were most optimal.

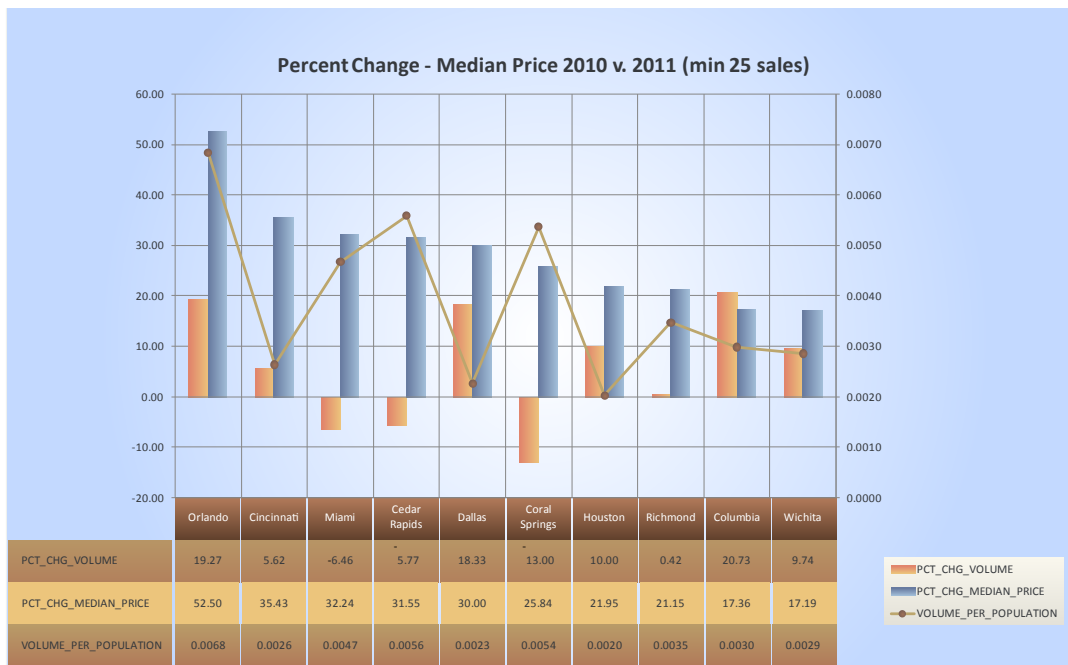
Onboard Informatics



Source: Onboard Informatics



Source: Onboard Informatics



Source: Onboard Informatics

Methodology:

1. Highest volume (number of transactions) per population;
2. Fastest-rising prices (Q3 2011 vs. Q3 2010), using the percent change in price (“PCT_CHANGE_VOLUME”) metric;
3. Fastest-rising volume (Q3 2011 vs. Q3 2010), using the percent change in volume (“PCT_CHANGE_PRICE”) metric.

In each chart provided, all three metrics are charted. However, each chart uses a different metric to base its top 10 cities on.

The percent-change metrics use the left-hand axis, and the volume per population values use the right-hand axis. There is one chart per metric, and each chart displays the top 10 cities in each category.

The No. 1 market is on the left; the No. 10 market is on the right. The percent-change values are bars and the volume per population is a line.

The data comes from public records, including information from county assessors’ offices. Onboard used internal aggregation methods on that data to help generate results.

The charts represent those markets with populations of at least 100,000.

Realtor.com

2011 Top Most Searched MSAs

1	Chicago, IL
2	Detroit, MI.
3	Las Vegas, NV-AZ(NV)
4	Los Angeles-Long Beach, CA
5	Phoenix-Mesa, AZ
6	Tampa-St. Petersburg-Clearwater, FL.
7	Philadelphia, PA
8	Atlanta, GA.
9	Dallas, TX.
10	Riverside-San Bernadino, CA.

Source: Realtor.com

Top States with Shortest Median Age of Inventory

State	Median Age of Inventory (days)
California	75
District of Columbia	78
North Dakota	83
Arizona	85
Michigan	94
Nebraska	95
Colorado	95
Alaska	106
Washington	106
Kansas	107
Oklahoma	107

Source: Realtor.com

MSAs with the Shortest Median Age of Inventory

Denver, CO	48
Oakland, CA	49
Bakersfield, CA	58
Fresno, CA	61
Stockton-Lodi, CA	65
Detroit, MI.	66
Riverside-San Bernadino, CA.	67
Phoenix-Mesa, AZ	72
Los Angeles-Long Beach, CA	74
Sacramento, CA	75
San Jose, CA	75

Source: Realtor.com

10 Real Estate Markets to Watch in 2012



MSAs with the Fastest Rising Median List Prices

MSA	January 2011	December 2011	Compound Growth Rate
Miami, FL	\$200,000	\$265,000	2.59%
Boise City, ID	\$128,000	\$154,000	1.75%
Fort Meyers-Cape Coral, FL	\$190,000	\$229,375	1.73%
Punta Gorda, FL	\$150,000	\$179,000	1.62%
Daytona Beach, FL	\$154,000	\$179,000	1.37%
W.Palm Beach-Boca Raton, FL	\$188,894	\$219,000	1.35%
Naples, FL	\$315,000	\$365,000	1.35%
Washington, DC-MD-VA-WV(DC)	\$320,000	\$369,000	1.30%
Sarasota-Bradenton, FL	\$209,000	\$241,000	1.30%
G. Rapids-Muskegon-Holland, MI	\$119,900	\$137,000	1.22%

Source: Realtor.com

MSAs with the Fastest Falling Inventory Count

MSA	January 2011	December 2011	Compound Growth Rate
Fort Lauderdale, FL	27,217	13,550	-6.14%
Phoenix-Mesa, AZ	34,771	18,321	-5.66%
Miami, FL	24,042	12,705	-5.63%
Bakersfield, CA	4,301	2,375	-5.26%
Orlando, FL	19,033	11,159	-4.74%
Oakland, CA	9,030	5,345	-4.65%
Fresno, CA	4,994	3,098	-4.25%
Tampa-St.Petersburg-Clearwater, FL	30,160	19,511	-3.88%
Riverside-San Bernadino, CA	38,270	25,325	-3.68%
Boise City, ID	4,197	2,779	-3.68%

Source: Realtor.com

Methodology

Median age of inventory: Calculated by first determining all of the selected listing categories active at any time during the given time period, calculating their days on Realtor.com by subtracting their listed date from the earlier of their end listing date or the end of the time period, and taking the median of all the resulting individual days on site.

Median list price: The listing price for half the listings active at any time during the measured time is higher than this value.

Active listings inventory: Represents the average daily active listings count (all those listings active on a given day) for the time period in question.

Compound annual growth rate (CAGR): We have adopted the familiar CAGR idea slightly -- generalizing the usual usage for annual growth. Here it is used to smooth out seasonal fluctuations and allows the creation of a single summary rate across the time period for which we have data but at the conventional time delta.

Realtor.com data comes directly from actual listings posted on the site by 933-plus multiple listing services throughout the country.

RealtyTrac



Methodology:

We started with the nation's 100 largest metro areas and then narrowed it down to the top 10 using five criteria:

1. Metro areas with an average foreclosure sales price below \$165,000 in 2011;
2. Average foreclosure discount (percent difference between the average foreclosure sales price and average non-foreclosure sales price) of at least 15 percent in 2011;
3. At least 15 percent of total sales being foreclosure sales in 2011;
4. Supply of real estate owned (REO) inventory of less than 10 months; and
5. At least 1,000 total foreclosure sales in 2011.

10 Real Estate Markets to Watch in 2012



SmartZip

SmartZip Top-10 Large Home Ownership Markets

Metro (CBSA)	State	SmartZip HomeScore	SmartZip InvestorScore	Median Home Price	Job Growth Rank	Population Growth Rank
Washington-Arlington-Alexandria	VA	74	57	\$379,000	62	64
New York-Northern New Jersey-Long Island	NY	72	47	\$439,200	53	48
Los Angeles-Long Beach-Santa Ana	CA	70	51	\$382,500	71	65
San Francisco-Oakland-Fremont	CA	70	44	\$471,400	64	61
San Jose-Sunnyvale-Santa Clara	CA	70	41	\$547,700	62	63
San Diego-Carlsbad-San Marcos	CA	67	51	\$341,200	64	70
Seattle-Tacoma-Bellevue	WA	66	50	\$260,800	63	65
Baltimore-Towson	MD	65	59	\$232,300	60	54
Bridgeport-Stamford-Norwalk	CT	63	45	\$390,100	58	51
New York-Northern New Jersey-Long Island	NJ	63	49	\$320,300	58	49

Source: 2012 SmartZip Analytics, Inc.

SmartZip Top-10 Mid-Size Home Ownership Markets

Metro (CBSA)	State	SmartZip HomeScore	SmartZip InvestorScore	Median Home Price	Job Growth Rank	Population Growth Rank
Honolulu	HI	78	57	\$489,200	54	55
Washington-Arlington-Alexandria	VA	74	58	\$384,900	46	53
Santa Barbara-Santa Maria	CA	73	53	\$395,300	63	62
Oxnard-Thousand Oaks-Ventura	CA	70	50	\$389,000	67	68
San Luis Obispo-Paso Robles	CA	68	47	\$393,700	62	72
Barnstable Town	MA	65	47	\$364,000	49	59
Ocean City	NJ	63	47	\$358,700	68	50
Santa Rosa-Petaluma	CA	62	43	\$344,500	65	70
Naples-Marco Island	FL	61	62	\$229,300	99	99
Olympia	WA	61	51	\$214,700	55	58

Source: 2012 SmartZip Analytics, Inc.

Methodology

SmartZip's Top 10 Large Homeownership Markets list features large metros with over 250,000 homes, and SmartZip Top 10 Mid-Size Homeownership Markets feature mid-size metros with between 75,000 to 250,000 homes.

Criteria used to identify these top metros was based on the SmartZip HomeScore.

10 Real Estate Markets to Watch in 2012



The HomeScore is a relative rating of the subject property’s investment potential for buyers purchasing the home to live in it. It is based on a risk-adjusted financial assessment of the property’s projected appreciation and expenses over a 10-year holding period.

HomeScore uses a scale of 1 to 100, and all properties nationwide are stack-ranked such that 50 is the national average.

Properties that score above 50 are expected to outperform the market, while those that score below 50 are expected to underperform. In general, a score between 35 and 65 is considered a “good” investment.

HomeScore applies proven stock and bond analytics to a comprehensive set of real estate investment attributes spanning home price trends, economic and government factors, school quality, community demographics, rental market and lifestyle.

These analytics compute expected appreciation, cost of ownership and projected return on investment upon sale of the property in 10 years, and adjust them for expected risk associated with volatility of home prices in the market.

Mortgage and other expenses are based on SmartZip’s automated valuation of the property’s fair market value (“AVM”). The property’s expected sale price in 10 years leverages SmartZip’s projections of home-price appreciation in the property’s neighborhood.

Trulia

10 Real Estate Markets to Watch in 2012

- Houston, TX
- Austin, TX
- San Jose, CA
- Cambridge-Newton-Framingham, MA (suburban Boston)
- Rochester, NY
- Honolulu, HI
- El Paso, TX
- San Antonio, TX
- Pittsburgh, PA
- Bethesda – Rockville – Frederick, MD (suburban Washington DC)

Methodology:

To compile this list, Jed Kolko, Trulia’s chief economist, analyzed trending and forward-looking indicators on home prices, searches by house hunters to those cities on Trulia.com, job growth (as an indicator of housing demand), and vacancies (as an indicator of housing supply).

10 Real Estate Markets to Watch in 2012



Zillow

Metro	Over/undervalued as per historic average (2011 Q3)	Price-Income Ratio (1985-2000)	Price-Income Ratio (2011 Q3)	ZHVI (YoY)	Unemployment Rate
Fort Meyers, FL	-9%	2.65	2.42	1.59%	10.5
Utica, NY	-6%	2.29	2.15	0.90%	7.4
Rochester, NY	-3%	2.37	2.30	-0.26%	6.9
Sarasota, FL	-3%	2.73	2.66	0.50%	10.1
Port St Lucie, FL	-12%	2.37	2.09	0.64%	11.6
Dallas-Fort Worth, TX	-11%	2.40	2.14	-0.41%	7.4
Hartford, CT	-5%	3.05	2.91	-0.47%	7.9
Manchester, NH	-15%	2.99	2.54	0.00%	4.8
Melbourne, FL	-12%	2.19	1.92	0.20%	11.1
Detroit, MI	-31%	2.10	1.46	0.28%	9.5
Bakersfield, CA	-11%	2.60	2.32	0.53%	13.4

Source: Zillow, BLS

Methodology:

To determine this list, Zillow looked at current vs. historical price-to-income ratios and a blend of home-value changes on a month-over-month and year-over-year basis. Markets identified here are at or below their 15-year historical averages (1985 to 2000) for price-to-income ratios compared to third-quarter 2011 and have either annualized or monthly appreciation rates that are better than the national home value appreciation rate.

Markets with unemployment rates significantly above the national rate were excluded. Home values are based on the Zillow Home Value Index and income figures are from the U.S. Bureau of Labor Statistics.

A price-to-income ratio measures the price homeowners in a market pay for housing relative to their annual household incomes.

Many markets display stability in this ratio over time, and housing bubbles become evident when this ratio increases significantly above its long-term historical average.

In the current housing recession, many markets have seen home values “overcorrect” in the sense that homeowners are now paying less of their income to purchase homes than they have historically.

This can signal that housing demand will return in the near term as homeowners take advantage of compelling home values.