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Real Estate

## **Best Cities To Buy A Home**

Sarah Lynch, 06.22.09, 5:58 PM ET

It's no sellers market. But by some measures, things are looking up in [Los Angeles](#). Though the area is one of the worst-hit of the country's crippled housing markets, those with listed properties in relatively solid areas are beginning to see consistent bites.

This month, "one of my clients wrote an offer on a home that had 20 offers," says Monique Carrabba, 35, an agent with Keller Williams Hollywood Hills, of a two-bedroom, one bathroom duplex located in Picfair Village, part of a neighborhood that borders La Brea and Venice. "I mean, that's just nuts. And even though we came a hundred over asking price, we still didn't get it." The duplex was listed at \$450,000 and is in escrow at about \$150,000 over the original asking the price.

While the majority of the nation's housing markets are still working toward a bottom, some cities are boasting fundamentals that make them good places to buy a home now. In addition to Los Angeles, these include [Denver](#), [Boston](#), [Phoenix](#) and [San Diego](#).

### **Behind The Numbers**

To determine which cities feature the best real estate deals, we looked at three sets of data in the March 2009 RPX Monthly Housing Market Report, distributed by Radar Logic Incorporated, a New York-based derivatives firm. It looks at the market fundamentals in the country's 25 most populated metropolitan statistical areas (MSAs or metros), geographic entities defined by the [U.S. Office of Management and Budget](#) used by federal agencies in collecting, tabulating and publishing federal statistics. First, we examined the number of ZIP codes with 25% of the area's sales to determine those in which activity is most evenly distributed. Next, we examined increase and decrease in price per square footage to determine where market value is the highest. Last, we looked at transaction rates in each city to determine where the housing markets are most active. We scored each city by category, and then combined the scores to determine the final ranking.

### **[In Depth: Best Cities for Real Estate Deals](#)**

Denver tops the list. It had 25% of its property sales occur within approximately 25% of the city's ZIP codes. This means sales in various parts of the city were fairly evenly distributed, showing proportionate activity. The further a city deviates from the 25% mark, the less evenly distributed the market is in that city, and thus the lower that city ranks.

"Denver scores very well in terms of being able to bring people into a stable housing market," says Christopher Cornell, an economist at Moody's Economy.com says. "It has better growth potential than most cities today."

Cornell attributes Denver's stability to its main industries--energy and technology--that he says aren't likely to decline simultaneously. He also says its housing market didn't grow as much as in other parts of the country over the last five years. "Little boom, little bust," he says.

Price per square foot increased most in Boston, at 6%, showing an overall boost in value. The greatest declines were in Washington, D.C., at 7.5%, and in Las Vegas, at 4.3%.

The last data set we analyzed were percentages of increased or decreased transaction counts in March 2009 as opposed to March 2008. Transactions, coupled with relative health and value, are key indicators of a market worthy of investment. Los Angeles ranked first in this category, with a 32.5% increase in the number of transactions. Las Vegas ranked last with a 55.3% decline.

Of course, sustained improvement is dependent in part on the job market. Though increased property sales in Phoenix during the first half of 2009 suggest investors are returning, for example, the housing market hasn't bottomed out yet and most likely won't until the employment picture improves. Moody's Economy.com expects unemployment in Phoenix to bottom out in the 2nd quarter of 2010. The job outlook there is expected to improve in 2011.

Markets that didn't fare as well include [Las Vegas](#), [Cleveland](#), [Seattle](#) and [Detroit](#). There, distressed sales have kept home values down and buyers away.

That, however, could change.

Even with home values down--80% of the market is distressed sales, says Dan DeNuccio, a real estate broker with Prudential Americana Group in Las Vegas. He calls the market "robust."

"We have a large number of investors in Vegas right now, a lot of cash investors, a lot of foreign investors," he says. "And what's happened here is a lot of those first-time homebuyers that were excluded from the market because of the price range are now in the market and taking advantage of the [tax credit](#)," which the Obama administration ushered in in February.