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Buffalo Niagara region recognized as a "best bang-for-the-buck" city by Forbes Magazine

May 25, 2010 - Upstate New York

Excerpted from Forbes.comThe Buffalo Niagara region was recognized by Forbes Magazine as one of the nation's strongest metros for a solid housing market, relatively stable employment, enviable cost of living and quick commute, ranking Buffalo among the country's most affordable to live.

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.

Most of the large metro areas that Forbes 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), to Buffalo/Niagara Falls (No. 17) 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," said 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, Forbes 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.

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.

"Syracuse and Buffalo are Northeastern cities disguised as Midwestern cities," said 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 measured.

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 locate healthy housing markets, Forbes looked at metros where foreclosures had most been flushed out of the market, allowing home values to increase and signaling a potential bottoming out. Forbes also sought areas with low home vacancies, a sign of a stable supply of inventory. They 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, Forbes looked at cities with low unemployment rates relative to the rest of the country with data from the Bureau of Labor Statistics. They ranked September unemployment rates (the most recent available by metro). They then included in the 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, Forbes 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, Forbes 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. Forbes ranked metros in each of these measures, then averaged these scores to arrive at a final ranking.

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