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Where Housing Remains Strong

In the second quarter of 2007, median home prices increased in 97 of 149 U.S. metro areas

by [Maya Roney](#)

As home sales slide, foreclosure rates rise, and big lenders go bankrupt, it's not easy to remember that the glass is half-full, not half-empty, when it comes to real estate these days.

Unless, of course, you live in Salt Lake City. Or Binghamton, N.Y.; Salem, Ore.; or Allentown, Pa. In these U.S. metropolitan areas, and in 93 others, existing single-family home prices actually increased in the second quarter of 2007 from a year earlier, according to the National Association of Realtors. The national median home price, meanwhile, fell 1.5%, to \$223,800, in the same period.

Despite the national decline there are some bright spots out there, according to the NAR. "Although home prices are relatively flat, more metro areas are showing price gains with general improvement since bottoming out in the fourth quarter of 2006," said NAR Senior Economist Lawrence Yun in a statement. "Recent mortgage disruptions will hold back sales temporarily, but the fundamental momentum clearly suggests stabilizing price trends in many local markets."

Compared to the 97 metro areas that saw price gains in the second quarter of 2007, only 83 markets had increases in the first quarter of 2007, and just 68 areas were up in the last quarter of 2006.

BUOYANT PRICES IN UTAH'S CAPITAL

What's keeping the market afloat in Salt Lake City? The median home price in the metro area was \$233,100 in the second quarter, up 21.9% from a year ago (the biggest price gain among the 149 markets covered in the survey), according to the NAR. Not bad, especially compared to, say, Elmira, N.Y., where the median home price dropped nearly 18% in the same time period, to \$71,700.

"We really didn't participate in the housing boom a few years back, so when things slowed down around the country that's when we started picking up," says Jim Bringhurst, president of the Utah Association of Realtors. "We're not a market that's extremely volatile."

The 2002 Winter Olympics put Salt Lake City on the map and drew money and new development to the area. Bringhurst says the city's strong and well-diversified economy has contributed to the recent wave of healthy real estate growth. Online retailer Overstock.com ([OSTK](#)) and energy company Questar ([STR](#)) are headquartered in the area.

Salt Lake City is also known as a peaceful, clean place to live—both literally and morally, with its heavy Mormon influence. According to Bringhurst, many newcomers from California have purchased homes in the area over the past few years in search of a better quality of life than is affordable elsewhere. "My nextdoor neighbors moved from Southern California," says Bringhurst. "They were tired of the traffic and the craziness of it all and they were able to come here and buy a really nice home and improve their quality."

PENNSYLVANIA PERKS UP

Pennsylvania's housing market is not traditionally associated with rapid price appreciation, but the Allentown-Bethlehem-Easton area (known as the Lehigh Valley), which includes parts of western New Jersey, saw the

fifth-biggest home price gain among U.S. metro areas last quarter. The median home price in and around Allentown shot up 12.8% to \$274,500, from \$243,400 last year, the second-largest increase in the Northeast (after Binghamton, N.Y.).

Billy Joel once sang about "closing all the factories down" in Allentown and "killing time/filling out forms/standing in line" in Bethlehem, but the area has slowly but surely begun to shed its blue-collar image and attract new residents.

"We actually for the most part have a pretty solid market," says Dave Coleman, a Realtor with RE/MAX in Allentown. There are several reasons behind the comeback of the former steel town. Large employers such as Mack Truck, LSI (), and the Lehigh Valley Health & Hospital Network, as well as a strong service economy, colleges, and a revitalized downtown have led to a growing population and fueled a mini housing boom. "Our commercial market has really developed and evolved over the past few years, and unemployment is very low," adds Coleman.

The only downside to living in such a healthy housing market? Finding a home you can still afford. But Coleman isn't too worried about out-of-control prices. "We won't go too that high and we won't go that low," he says. "We're more of a straight line. With some curves."

Of course, if things don't work out, there's always Elmira.

[Check out a slide show](#) of the healthiest housing markets in the U.S.

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