

America's Best Bargain Cities

by Zack O'Malley Greenburg

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Try these places if you want to get the most for your money

Nearly a decade ago, after making a donation to a volunteer-run radio station in [Austin, Texas](#), local librarian Red Wassenich was asked why he chose to support a broadcaster with a penchant for playing strange crooner music. "Because it keeps Austin weird," he said.

Since then, the phrase "Keep Austin Weird" has become the city's official rallying cry against the establishment of large chain stores near mom-and-pop shops--and, more generally, for maintaining the city's eccentric feel. The city may be weird, but perhaps more redeeming is that it's also a bargain to live there: Austin is the place where people pay the least to get the most.

"Austin has always been really different from the rest of Texas," says Wassenich, 59.

He's talking about the city's weirdness, but he might as well be talking about its affordability and profusion of job opportunities. Four other [Texas](#) cities make the list of America's Best Bargain Cities, but none come close to [Austin](#), whose 5.5% unemployment is the best in the country and about half the national average.

Behind the Numbers

To determine which U.S. cities are the best bargains, *Forbes* looked at the country's 50 largest U.S. metropolitan statistical areas and metropolitan divisions--geographic entities defined by the U.S. Office of Management and Budget used by federal agencies in collecting, tabulating and publishing federal statistics.

We assigned points to metro regions across four data sets: Average salary for workers with a bachelor's degree or higher, from PayScale.com; annual unemployment statistics, from the Bureau of Labor Statistics; cost of living, from Moody's Economy.com; and the Housing Opportunity Index, from the National Association of Home Builders/Wells Fargo, which measures the amount of homes sold in a given area that would be affordable to a family earning the local median income based on standard mortgage underwriting criteria.

Austin earned high marks across the board.

"They have the triple-whammy of being a university town, a state capital and a technology center," says Al Lee, director of quantitative analysis at PayScale.com, a salary data aggregator based in Seattle. "It makes for a very robust economy and a great place for people to work."

Second on our list is [Phoenix, Ariz.](#), but what makes this city affordable isn't quite the same formula as in Austin. The real estate bust left the desert oasis as one of America's emptiest cities, which has also driven down home prices. As a result, [Phoenix](#) is one of the most affordable big cities in the nation.

[Washington, D.C.](#), rounds out the top three, thanks to an employment rate rivaled only by Austin. That comes as no surprise to Lee.

"Between defense spending under Bush and stimulus spending under Obama, it's been an incredibly strong time," he says.

Further on, the list includes a few places that may raise an eyebrow or two. Ritzzy [Cambridge, Mass.](#), clocked in at No. 11 because of extremely high salary scores, while [Detroit's](#) rock-bottom housing costs earned the city a No. 15 rank--despite an astronomical 13% unemployment rate. That's roughly twice Austin's rate.

Lone Star Constellation

While the capital of Texas graced the top of our list, the rest of the state's large cities performed admirably too. All five of Texas' biggest burgs--[Houston](#), [San Antonio](#), [Dallas](#) and [Ft. Worth](#)--were among the top 10 best bargains. Not a single city in Texas ended up on our list of most overpriced places.

Part of the reason is that Texas offers some of the best incentives for entrepreneurs looking to start or move a business, according to Eduardo Martinez, a senior economist at Moody's Economy.com. Like Phoenix, Texan metros "have picked up a lot of California companies that have left because of high operating costs," he says.

Still, the state's future is far cloudier than its big blue skies. Martinez warns that Texas is vulnerable because of its exposure to America's foundering auto industry via manufacturing. The Lone Star State may also be adversely affected by the expected decrease in defense spending as contracts won in the Bush years begin to expire.

Back in Austin, though, residents are facing a different sort of challenge: To keep the city weird--and to themselves.

"Tell people not to move here!" says Wassenich.

In Depth: America's Best Bargain Cities



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1. Austin, Texas

(Austin-Round Rock, Texas)

Cost of Living: 3 of 50

Housing Opportunity: 24 of 50

Unemployment Rate: 1 of 50

Average Salary: 20 of 50



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2. **Phoenix, Ariz.**

(Phoenix-Mesa-Scottsdale, Ariz.)

Cost of Living: 13 of 50

Housing Opportunity: 14 of 50

Unemployment Rate: 6 of 50

Average Salary: 21 of 50



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3. **Washington, D.C.**

(Washington-Arlington-Alexandria, D.C.-Va.-Md.-W.Va.)

Cost of Living: 38 of 50

Housing Opportunity: 21 of 50

Unemployment Rate: 2 of 50

Average Salary: 4 of 50



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4. **Fort Worth, Texas**

(Fort Worth-Arlington, Texas)

Cost of Living: 16 of 50

Housing Opportunity: 10 of 50

Unemployment Rate: 8 of 50

Average Salary: 34 of 50



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5. **Cincinnati, Ohio (tie)**

(Cincinnati-Middletown, Ohio-Ky.-Ind.)

Cost of Living: 9 of 50

Housing Opportunity: 7 of 50

Unemployment Rate: 23 of 50

Average Salary: 33 of 50



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5. Indianapolis, Ind. (tie)

(Indianapolis-Carmel, Ind.)

Cost of Living: 13 of 50

Housing Opportunity: 1 of 50

Unemployment Rate: 17 of 50

Average Salary: 41 of 50

[Read on](#) for more lists, rankings and real estate coverage including stories on America's most overpriced cities and places where homeowners are the most in debt.

[Click here to see the full list of America's Best Bargain Cities.](#)

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Courtesy of JB Goodwin