



The housing market may be melting down, but Business 2.0 worked with Moody's Economy.com to identify 10 cities that have just about hit rock bottom - and offer opportunities for savvy investors to get in while the getting's good.

By Paul Kaihla, Business 2.0 Magazine senior writer

Austin

Projected median sales prices for single-family homes:

Q1 2008: \$186,350

Q4 2009: \$195,060

Growth rate: 4.7 percent

In Austin, the rental market takes a backseat to buyers, many of whom hold high-paying jobs with tech giants like Dell, IBM, and Freescale Semiconductors. Austin's population is well educated - 40 percent have a university degree - and the Texas capital ranks among the top major metropolitan areas for business startups per capita. Austin also has the highest percent age of residents in the coveted 25- to 34-year-old demographic and, not coincidentally, the highest concentration of live music venues in the country. The labor market is so hot that shortages of engineers and product managers are driving double-digit wage hikes in those occupations.

But unlike other creative-class capitals, Austin doesn't price white-collar talent out of the housing market. At \$200,000, the median sales price for a single-family home is about a third of that in San Francisco. But the gap is starting to close: While home prices in San Francisco have barely budged since the market peaked in 2005, prices in Austin have risen by 6 percent. That has prompted major builders to lay groundwork for some of the largest new master-planned communities in the country - at the very time that competitors are fleeing other Sun Belt metros.

Courtesy of JB Goodwin