

66 cities where buying makes sense

Falling prices make homeownership increasingly realistic in some areas. Just don't expect to make a fast buck.

By Marilyn Lewis, MSN Real Estate

With house prices falling around the country, many renters are wondering if this is the time to jump in and score a deal.

The answer, of course, depends on where you live. In much of the U.S., you're better off buying despite falling home values, say new data compiled by the National Low Income Housing Coalition and the Center for Economic and Policy Research.

Of the 100 most populous metro areas, 57 have average three-bedroom rental costs higher than the cost of a 6% loan for a typical low-priced house, including Little Rock, Ark., and Akron, Ohio. (The study's authors defined low-priced as 75% of the area's median.) Those renting two-bedroom apartments would be better off buying a low-priced home at a loan rate of 6% in 24 of the 100 largest metro areas.

Of course, a crucial component for renters looking to make the leap is credit history. A prospective buyer with credit worthy of a 6% mortgage will pay a third less in monthly payments than someone who qualifies for an 8% loan – in many cities that can be a difference of hundreds of dollars and push them over the line to where renting actually makes more sense. (For more on the costs of renting versus buying, see ["34 cities where it's still better to rent."](#))

Even more interesting to potential homebuyers is the chance to build equity. Here, too, there's good news for many major metros. In 66 of the top 100 markets, you'd be in the black in four years should you buy a low-priced home today.

You'd do best in McAllen and El Paso, Texas, where you could build roughly \$90,437 in equity with a 6% loan, and just shy of that with a 7% loan. In Syracuse or Buffalo, N.Y., you'd stand to make close to \$80,000. In these slow-growing, smaller cities, prices never got run up to the sky. Now, homes are still affordable. And most importantly, the prices aren't likely to come crashing down.

It's a home, not a get-rich-quick scheme

Safe doesn't mean profitable, however. With prices falling in many markets, housing is too risky these days to expect you'll make money on a house deal, experts caution. The object now is to avoid losing money.

"Don't expect these markets to take off," says Danilo Pelletiere, research director for the National Low Income Housing Coalition and co-author of the study, ["Ownership, Rental Costs and the Prospects of Building Home Equity."](#)

"The housing boom passed them by because, in many cases, not much is happening in these towns."

Buyers should look at the purchase as a conservative investment that's unlikely to pay off like an oil-patch scheme and may even lose value, Pelletiere, says. Base the decision on more than profit, on intangibles like the chance to build stability, to join a community, to enjoy a neighborhood or love living in a particular home.

"I wouldn't want anybody to interpret this data as saying here's where you should put your money," Pelletiere says. "What I am saying is, if you want to put your money into a home, these are the cities where owning makes sense."

Table: 66 places where owning makes sense

How much equity you'd have by 2012 if you bought a low-priced home today...

Metro area	6% loan	7% loan	8% loan
McAllen-Edinburg-Mission, Texas	\$90,437	\$89,871	\$89,381
San Antonio	\$90,017	\$89,064	\$88,239
New Orleans-Metairie-Kenner, La.	\$88,907	\$87,473	\$86,232
Houston-Sugar Land-Baytown, Texas	\$87,837	\$86,703	\$85,721
Dallas-Fort Worth-Arlington, Texas	\$83,880	\$82,669	\$81,620
Rochester, N.Y.	\$82,898	\$81,898	\$81,032
Syracuse, N.Y.	\$80,231	\$79,341	\$78,571
Buffalo-Niagara Falls, N.Y.	\$77,934	\$77,045	\$76,275
Jackson, Miss.	\$77,648	\$76,659	\$75,804
Austin-Round Rock, Texas	\$70,007	\$68,530	\$67,251
Memphis, Tenn.-Mississippi-Arkansas *	\$68,348	\$67,286	\$66,367
Baton Rouge, La.	\$61,802	\$60,648	\$59,651
Pittsburgh	\$61,174	\$60,221	\$59,397
Tulsa, Okla.	\$58,599	\$57,624	\$56,780
Little Rock-North Little Rock-Conway, Ark.	\$58,420	\$57,416	\$56,548
Augusta, Ga.-Richmond County, S.C.	\$57,424	\$56,465	\$55,636
Lakeland, Fla.	\$56,960	\$55,793	\$54,784
Columbia, S.C.	\$55,993	\$54,936	\$54,022
El Paso, Texas	\$55,100	\$54,316	\$53,637
Akron, Ohio	\$54,594	\$53,410	\$52,387
Greensboro-High Point, N.C.	\$54,592	\$53,463	\$52,485
Oklahoma City	\$54,431	\$53,475	\$52,648
Youngstown-Warren, Ohio-Boardman, Pa.	\$54,014	\$53,176	\$52,450
Wichita, Kan.	\$53,684	\$52,764	\$51,968
Dayton, Ohio	\$51,393	\$50,327	\$49,405
Detroit-Warren-Livonia, Mich.	\$50,599	\$49,241	\$48,067
Indianapolis-Carmel, Ind.	\$49,520	\$48,330	\$47,300
Albany-Schenectady-Troy, N.Y.	\$49,104	\$47,630	\$46,355
Omaha, Neb.-Council Bluffs, Iowa	\$47,823	\$46,654	\$45,643

Birmingham-Hoover, Ala.	\$47,404	\$46,276	\$45,300
Atlanta-Sandy Springs-Marietta, Ga.	\$46,314	\$44,730	\$43,360
Scranton-Wilkes-Barre, Pa.	\$46,251	\$45,254	\$44,391
Des Moines-West Des Moines, Iowa	\$46,078	\$44,844	\$43,776
Kansas City, Mo.-Kansas City, Kan.	\$45,699	\$44,413	\$43,300
Cleveland-Elyria-Mentor, Ohio	\$45,251	\$44,025	\$42,964
Grand Rapids-Wyoming, Mich.	\$44,484	\$43,304	\$42,282
Toledo, Ohio	\$44,009	\$42,928	\$41,992
Tampa-St. Petersburg-Clearwater, Fla.	\$41,847	\$40,237	\$38,843
Chattanooga, Tenn.-Georgia *	\$41,025	\$39,955	\$39,029
Cincinnati-Middletown, Ind.-Kentucky *	\$40,454	\$39,184	\$38,086
Greenville-Mauldin-Easley, S.C.	\$40,268	\$39,169	\$38,218
Harrisburg-Carlisle, Pa.	\$37,456	\$36,168	\$35,054
Portland-South Portland-Biddeford, Maine	\$37,197	\$35,204	\$33,479
New Haven-Milford, Conn.	\$36,521	\$34,284	\$32,348
Deltona-Daytona Beach-Ormond Beach, Fla.	\$36,217	\$34,643	\$33,281
Charleston-North Charleston, S.C.	\$35,592	\$34,062	\$32,738
Louisville-Jefferson County, Ky.-Indiana *	\$33,003	\$31,809	\$30,775
St. Louis -Illinois *	\$32,933	\$31,630	\$30,503
Sarasota-Bradenton-Venice, Fla.	\$31,544	\$29,577	\$27,875
Charlotte-Gastonia, N.C.-Concord, S.C.	\$29,919	\$28,524	\$27,318
Columbus, Ohio	\$28,982	\$27,628	\$26,457
Albuquerque, N.M.	\$28,805	\$27,356	\$26,102
Jacksonville, Fla.	\$26,832	\$25,241	\$23,863
Nashville-Davidson-Murfreesboro-Franklin, Tenn.	\$26,567	\$25,181	\$23,982
Knoxville, Tenn.	\$24,862	\$23,663	\$22,625
Palm Bay-Melbourne-Titusville, Fla.	\$23,090	\$21,467	\$20,063
Richmond, Va.	\$21,500	\$19,740	\$18,217
Raleigh-Cary, N.C.	\$19,004	\$17,386	\$15,985
Springfield, Mass.	\$16,338	\$14,591	\$13,079
Philadelphia-Camden, N.J.-Wilmington, Del. -Maryland *	\$14,492	\$12,532	\$10,836
Hartford-West Hartford-East Hartford, Conn.	\$13,494	\$11,405	\$9,598
Allentown-Bethlehem, Pa.-Easton, N.J.	\$12,779	\$11,063	\$9,578
Milwaukee-Waukesha-West Allis, Wis.	\$12,745	\$11,076	\$9,632
Virginia Beach-Norfolk-Newport News, Va.-North Carolina *	\$10,449	\$8,515	\$6,842
Orlando-Kissimmee, Fla.	\$9,400	\$7,433	\$5,730
Colorado Springs, Colo.	\$4,482	\$2,736	\$1,224

Source: Center for Economic and Policy Research and the National Low Income Housing Coalition

* Metropolitan area extends across state borders