



Real Estate

Best Cities To Buy A Home

Maurna Desmond, 07.14.08, 6:00 PM ET

Houston, we don't have a housing problem.

The city's \$152,500 median home sale price is up 6.6% from 2005. It boasts a low vacancy rate and an oil-rich economy. Throw in a bubbling entrepreneurial tech scene, and you've got four factors that put [Houston](#) on the top of our list of best places to buy a home.

[San Francisco](#), [Charlotte, N.C.](#), [Jacksonville, Fla.](#), and [St. Louis, Mo.](#), are other areas buyers can feel safe investing in.

[In Depth: Ten Best Cities To Buy A Home](#)

We examined the country's 40 largest metropolitan areas and looked at cities where home prices have appreciated over the last two years. We also measured tightening vacancy rates. These metrics indicate places where buyers are investing in homes in order to live, not just make a quick buck, and where the housing market is relatively solid. We culled our vacancy and home price information from the U.S. Census Bureau and the National Association of Realtors.

The average vacancy rate across the major metro areas was 2.88%, and the average percent appreciation was just .07% over the last two years.

With lending tight, we also factored in the spread between a monthly rent check and a mortgage payment at the median level (assuming that the down payment was 10% and the fixed interest rate is 6.25%). Encino, Calif.-based real estate brokerage firm Marcus & Millichap provided stats on median monthly rents.

Cities where a mortgage payment was close to, or less than, the average rent were given a higher score. For instance, in Cleveland the average rent is \$702, and the average mortgage is \$565.78. With a lower monthly payment, tax incentives and the opportunity to build equity, it makes sense to buy here.

In stark contrast, San Jose, Calif., has an average monthly mortgage payment of \$4,322.33, versus an average rent of \$1,612.

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Lots To Like In The Lone-Star State

Texas dominated our lineup of mortgage-worthy areas. Thanks to a business-friendly tax environment, many large corporations call the Lone Star State home, which creates jobs and tax revenue.

The University of Texas campus provides young blood and research-related jobs to No. 2 city [Austin](#). This state capitol is a hip area on the rise. The vacancy rate has fallen by 37.5% in the last 24 months to just 1.5%, despite a lot of building in recent years. And buying isn't much more expensive than renting. An average mortgage payment is \$1,022.40, and average rent hits \$767.

[San Antonio](#), No. 5, and [Dallas](#), No. 6, made the list thanks to affordable housing, which continues to appreciate. In both cities, the median home price hovers around \$150,000, and a monthly mortgage payment of around \$800 is pretty close to what one pays in rent. If you can pony up the down payment, these are great areas to live.

Coast-to-Coast Sweet Spots

[Philadelphia](#) landed at No. 4, with homes appreciating by 9.1% in the last two years and vacancy rates staying low at 1.9%. This university town, which plays host to the University of Pennsylvania, certainly has its charm. A city on the rise with a tempting cost of living, Philly is a great place to buy a new home.

What's housing like in your area? Weigh in. Post your thoughts in the Reader Comment section below.

The South made a nice showing with Charlotte, N.C., Jacksonville, Flo., and [Atlanta, Ga.](#), making our list. Charlotte and Jacksonville have surged in price by 12.9% and 8%, respectively. Atlanta has seen huge amounts of growth and remains reasonable with a median home price of \$172,000.

San Francisco, this year's [best city for young professionals](#), came in at a respectable No. 8. While housing certainly isn't cheap in the City by the Bay, it is definitely in demand and continues to appreciate. For a buyer, San Francisco offers a culturally rich and beautiful city that is chock full of opportunity.

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Courtesy of JB Goodwin