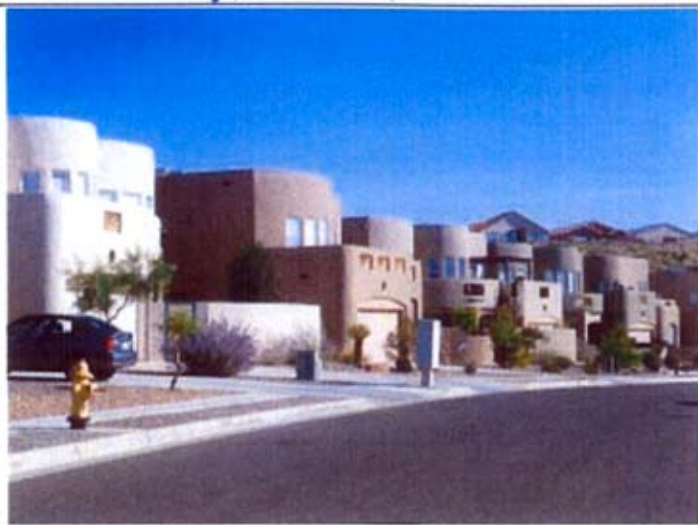


Real Estate

## Where Home Prices Are Likely To Rise

Matt Woolsey, 08.25.08, 8:00 PM ET



Believe it or not, in the future people will be buying and selling homes. Some of them will even make a profit.

It's not so crazy an idea. Consider [Albuquerque, N.M.](#) The mid-sized Southwestern city has experienced housing price declines since a peak in the third quarter of 2007, job growth has been flat, and housing starts are expected to fade by 45% **through** the end of 2008. Nevertheless, it's a city that home builders and economists are bullish about for 2010 and beyond.

According to analysts at Moody's Economy.com, Albuquerque's job growth through 2012 is projected at an average annual rate of 1.6%, fueled in large part by its low costs and local business expansion. Housing starts in the city are expected to reverse course in 2009, growing by 26.6%, according to the National Association of Home Builders (NAHB). This means builders have high hopes for 2010 and 2011, when those homes will be completed and on the market.

It's the same story in several other cities: more tough times to come in the short term, but potential for a recovery and a rise in prices in the long term.

**Behind The Numbers** \_To determine where house prices are expected to rise next, Forbes.com looked at projections for housing starts from the NAHB and job-growth figures from Moody's Economy.com, for the 100 largest metro areas in the U.S. The estimates are based on the cost structures of business in the respective cities and the composition of the local economies.

Housing start projections from the NAHB may seem like wishful thinking. Trade-association economists often view their own industry through rose-colored lenses. The National Association of Realtors (NAR), for example, has developed a reputation for its positive outlooks despite negative numbers.

But the NAHB data are filled with laggards, signifying some realistic thinking. Housing starts in Las Vegas are expected to drop by 32% in 2008 and actually get worse in 2009, falling by a further 43%. In overbuilt, highly leveraged Phoenix, starts are predicted to fall 50% this year and descend another 11% more in 2009.

[See the complete article at www.forbes.com](http://www.forbes.com)