



## The Birmingham News

### **Magazine says Birmingham housing market ready for rebound** **Manufacturing, culture highlighted**

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Smart Money magazine says the Birmingham metro area's housing market is ready for a rebound, citing its healthy manufacturing sector, top cultural attractions and low costs for labor and land.

Birmingham is among 25 U.S. metro areas that are primed to rally, according to the magazine's November issue, which also notes that dreary national real estate statistics are dragged down by boom-and-boost markets such as Las Vegas, Miami and Phoenix.

Other cities joining Birmingham on the list include Charlotte, Dallas, Denver, New Orleans and Seattle. Smart Money says it based the findings on home price data, as well as other forecasts and analysis.

Birmingham's median home price rose 29 percent from 2002 to 2007 to \$163,500, the magazine says.

It adds that the region's attractions, including top restaurants, the Alabama Symphony Orchestra and the Birmingham Museum of Art, have helped soften the blow of the national housing slump.

Nearby auto assembly plants for Mercedes-Benz and Honda are credited with providing jobs and filling in the gaps left by the textile industry's demise over the past 20 years. The City of Mountain Brook also is highlighted for a nearly 5 percent rise in its median home price during the first half of 2008.

Realtors have long said Birmingham does not have major peaks like some U.S. real estate markets, so it doesn't have major valleys either. In recent months, home sales have posted double-digit declines from the year-ago periods, but Realtors also point out that 2007 was a record year.

Jim Lawrence of LAH Real Estate, past president of the Birmingham Association of Realtors, says Birmingham's sales activity has been off for six to eight months, but the market hasn't lost much value.

"Birmingham has always held its value in down markets. We haven't seen a market that's been quite as bad as this one, but it's the perception that it's bad," he said, noting high gas prices, the war in Iraq, a volatile stock market and a contentious election have created a perfect economic storm that has driven buyers to the sidelines.

Lawrence added that preliminary sales numbers for September compiled by the Realtors group show a surprising, and much welcome, statistic.

For the first time in 17 years, September's total sales outnumber August's total sales, he said. Typically, the metro area's market is cyclical, peaking in the summer and dropping off in the fall and winter, even when there's not an economic slump.

Jim Dye of RealtySouth, the Realtors' president-elect, said Birmingham has not experienced major spikes in foreclosures as some parts of the country have, which may be one reason Smart Money zeroed in on the area as rebound-ready.

"Those kind of sales depress the market for everybody," he said.

Foreclosure rates in the Birmingham metro area remained stable during August compared to the previous year, according to First American CoreLogic, a firm that collects housing market data. Delinquency rates, however, have risen.

First American CoreLogic said the rate of foreclosures for active mortgages in Alabama's largest metro area was 0.70 percent in August, same as in August 2007. That's much lower than the national average, which was 4.4 percent in August, the firm said.

The number of Birmingham area mortgage holders at least 90 days behind on payments rose in August to 4 percent from 3.4 percent in the previous year, First American CoreLogic said.

Smart Money also cites other reasons to be optimistic in the U.S. market as a whole, including a slowing rate of decline in sales and a leveling off of home inventories. In addition, there are signs that overbuilding and speculative pricing are working their way through the system.

Other cities on the Smart Money list are Albuquerque; Buffalo, N.Y.; Cleveland; Colorado Springs; Columbia, S.C.; Des Moines, Iowa; Houston; Indianapolis; Kansas City, Mo./Kan.; Little Rock, Ark.; Louisville, Ky.; Memphis; Milwaukee; Oklahoma City; Omaha; Philadelphia; Pittsburgh; Raleigh, N.C.; and Salt Lake City.

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