Bright spots exist in dismal U.S. housing market

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Economic savants focused on the U.S. housing bust tend to neglect one overriding fact: some of the market is doing fine.

Some home markets are benefiting from employment, population surges and moderate increases in housing prices that are close to or below the national average.

Where are these hotspots? They certainly aren't in Arizona, southern California, Florida or Nevada. Pockets of growth are thriving in places that really don't make the headlines too often. They are worth considering if you are relocating, investing or looking for a retirement haven or second home.

Many of these bubble-averse locales seem to be expanding or holding their own for employment and demographic reasons.

Americans are getting older, want to move somewhere warmer and need to find a smaller home for less money. Or younger workers are going where they can find decent jobs and affordable housing. Hint: You won't find these areas in coastal cities.

Population growth is another driver. While many cities in the upper Midwest are depopulating due to manufacturing-job losses, employment is robust in the South where new white-collar occupations are growing.

As more than one economist has quipped in disgust in recent years, there really is no national real-estate market in the U.S. The tech-savvy Seattle area is a quantum leap from decaying Detroit. And mature Cleveland is light years away from the young, job-producing Salt Lake City corridor.

Where jobs are leaving, a housing rebound will be slow. The Detroit area, and the Ohio cities of Toledo, Akron, Columbus and Cleveland will be among the riskiest markets for some time, according to http://www.homesmartreports.com, a website that measures "collateral risk," or the likelihood you will lose equity in a given market.

The most bountiful places for housing growth are where homes are reasonably priced and people are relocating there because jobs are being created.

Let's take the Dallas area. Not only is "Big D" one of the top producers of jobs — followed by the San Francisco Bay Area, and Seattle-Tacoma, Wash. — it leads in the total number of people moving in, according to the most recent figures by the U.S. Bureau of Labor Statistics and the Census Bureau.

Other top markets with low risk include Bethesda, Md.; Stamford-Norwalk, N.H., and Hartford, Conn.; Providence, R.I.; the Boston-Worcester areas; and Lexington, Ky., according to Homesmartreports.com.

You have to dig deeper to discover what will give an area some durability in weathering this housing bust.

U.S. population trends will continue to favour less-populous Southern and Western locations as Northern states become even more crowded and expensive, and retirees continue to move to the sunbelt. That's why 70 out of 100 of the Census Bureau's fastest-growing counties were in the South.

The fastest-growing areas also often suffer from a lack of regional planning, producing what I call "spurbs." These burgeoning, car-dependent sprawling urban areas will become increasingly unaffordable if energy prices remain high and infrastructural needs push up property taxes.

Cities with viable or reviving central cores attract more buyers with cultural attractions and great values with little or no commuting involved.

Places to watch on that account include San Antonio and Austin, Tex.; Chicago; Milwaukee; Philadelphia; Pittsburgh; Denver; Portland, Ore.; Minneapolis-St. Paul; and Charlotte and Raleigh-Durham in North Carolina.

Older Americans — particularly empty-nesters — are beginning to eschew their suburban communities for the amenities, public transportation and car-free lifestyle of central cities. That may be the least-reported trend of all, and one of the few bright spots in an otherwise dismal housing story.