

# Altos Research Mid-Cities Report Real-Time Housing Market Update

## October, 2011

*Disclaimer: Our lawyers like to make sure we don't have any fun (shocking, we know). We are not investment advisors, tax professionals, or legal professionals and nothing contained in this report should be considered professional investment advice. We're just the data whisperers.*

It's a great time to invest in residential real estate.

Interest rates are low—very low—and the Federal Reserve is committed to keeping them low. Prices are low and are experiencing less volatility than they have over the past few years. The people who have homes on the market between now and the end of the year are probably experiencing urgency for one reason or another. As an investor, all of these market conditions spell O-P-P-O-R-T-U-N-I-T-Y.

For the past five months, the Mid-Cities Composite has tracked real estate markets not commonly reported in the media. The market trends in these cities illustrate a stability not seen in the Altos 20-City Composite, which tracks the S&P/Case-Shiller. Stability in housing is good news for investors.

Could prices drop further? Sure. In fact, the real-time trends indicate **it's very likely prices will drop further**. But will prices plummet from their current levels? Doubtful. The biggest hit to real estate prices has already happened. The lack of volatility in prices over a five month period is evidence of near-future price stability.

The best investors we know don't try to "time the real estate market." No investors have ever been able to consistently time the real estate market. And they don't buy real estate to gamble on future appreciation. When

appreciation happens, it's nice, but that's not why the best investors buy real estate.

They buy investment real estate because it gives them positive cash flow. Even if the value of a property drops to zero, a rented property provides checks every month that pay the mortgage and put some extra dollars in the pockets of the owners. And the value of real estate in the US has never dropped to zero.

This month prices decreased in 13 of the 20 markets, and inventory decreased in all 20 composite markets. The decrease in inventory is expected at this time of year.

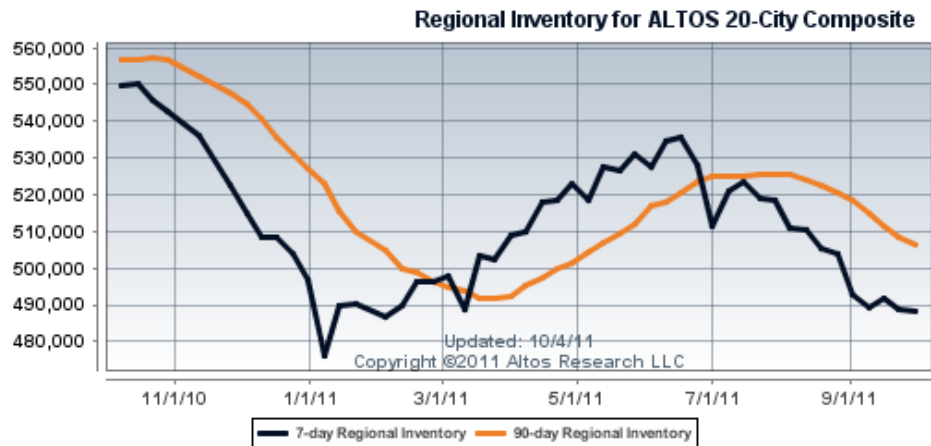
We have compiled a list of the three best markets for investors right now and posted it on our blog. You can read more about it here.

[Top Three US Housing Markets](#)

The Altos 20-City Composite National Report, published earlier this month, also reported decreasing inventory. Transaction statistics published by S&P/Case-Shiller will show the same loss of inventory toward the end of the year.



**Figure 1: Inventory in the Mid-Cities Composite is trending downward over the past month or so and the 90-trend line is heading downward as well. Decreasing inventory is expected at this time of year.**



**Figure 2: Inventory in the Altos 20-City Composite is decreasing as well, with the 7-day numbers leading the 90-day numbers. The 7-day numbers are always the first to exhibit signs of a changing market.**

Key takeaways from the markets covered in this report:

- The median price was \$254,407 in mid-October, down from \$255,309 in mid-September (-0.43%). The Altos 20-City composite median price was also down this month (-0.62%).
- The leaders in the three-month price increases are Reno (2.18%), Durham (2.17%), and Boulder (1.55%).
- Orlando had the largest one-month increase in median price, with a 0.71% increase to \$232,220.
- Twelve markets had decreasing prices at the three-month level. The largest decreases over a three-month period were Pittsburgh (-3.18%), Naples (-1.33%), and St. Louis (-1.27%).
- The largest one-month decrease in inventory was Durham with a 5.57% decrease.
- The largest three-month decreases in inventory were Naples (-11.75%), Durham (-11.01%), and Austin (-7.60%).

## Trends: October Home Prices

The mid-cities composite experienced a decrease in median prices through mid-October. The biggest decreases were in Pittsburgh (-1.59%), Ventura County (-0.64%), and St. Louis (-0.62%). The biggest price gain was in Orlando, with a 0.71% increase.

## Altos Research Price Composite

MSA	August '11	Sept '11	October '11	% Change From Last Month	% Change Over Three Months
Mid-Cities Composite	\$256,120	\$255,309	\$254,207	-0.43%	-0.75%
Albuquerque	\$232,049	\$231,996	\$231,441	-0.24%	-0.26%
Austin	\$284,971	\$285,110	\$285,654	0.19%	0.24%
Baltimore	\$368,057	\$366,462	\$365,471	-0.27%	-0.70%
Boise	\$168,750	\$169,141	\$169,008	-0.08%	0.15%
Boulder	\$431,910	\$438,516	\$438,593	0.02%	1.55%
Charleston	\$339,497	\$336,846	\$338,315	0.44%	-0.35%
Dover	\$214,806	\$213,994	\$212,949	-0.46%	-0.86%
Durham	\$273,425	\$281,018	\$279,364	-0.59%	2.17%
Honolulu	\$750,424	\$752,286	\$751,912	-0.05%	0.20%
Jacksonville	\$221,867	\$221,174	\$220,373	-0.36%	-0.67%
Memphis	\$166,678	\$166,755	\$165,918	-0.50%	-0.46%
Naples	\$538,538	\$531,221	\$531,355	0.03%	-1.33%
Nashville	\$236,315	\$235,219	\$234,490	-0.31%	-0.77%
Orlando	\$229,425	\$230,581	\$232,220	0.71%	1.22%
Pittsburgh	\$162,718	\$160,094	\$157,544	-1.59%	-3.18%
Reno	\$238,428	\$241,940	\$243,635	0.70%	2.18%
Sacramento	\$245,827	\$247,351	\$247,661	0.13%	0.75%

MSA	August '11	Sept '11	October '11	% Change From Last Month	% Change Over Three Months
San Antonio	\$220,115	\$220,022	\$218,935	-0.49%	-0.54%
St. Louis	\$184,074	\$182,857	\$181,728	-0.62%	-1.27%
Ventura County	\$556,393	\$555,003	\$551,465	-0.64%	-0.89%

## Trends: Housing Supply

The inventory in the mid-cities composite was down this month, with all 20 markets showing decreased inventory. Last month, 18 of the 20 markets showed decreased inventory. Over a three-month period, inventory has decreased 4.02%

The Altos national composite also showed decreased inventory over the one-month and three-month time periods. Inventory decreased 1.89% over one-month and 2.25% over three months.

MSA	August '11	Sept '11	October '11	% Change From Last Month	% Change Over Three Months
Mid-Cities Composite	158,751	156,690	152,370	-2.76%	-4.02%
Albuquerque	5192	5194	5134	-1.14%	-1.10%
Austin	11084	10806	10242	-5.22%	-7.60%
Baltimore	11058	10946	10671	-2.51%	-3.51%
Boise	4288	4195	4078	-2.79%	-4.90%

MSA	August '11	Sept '11	October '11	% Change From Last Month	% Change Over Three Months
Boulder	704	717	717	-0.09%	1.78%
Charleston	6688	6771	6462	-4.56%	-3.37%
Dover	1270	1259	1256	-0.21%	-1.12%
Durham	3625	3416	3226	-5.57%	-11.01%
Honolulu	1792	1803	1788	-0.79%	-0.22%
Jacksonville	10186	10028	9802	-2.26%	-3.77%
Memphis	8695	8543	8332	-2.47%	-4.18%
Naples	4928	4602	4349	-5.51%	-11.75%
Nashville	13632	13449	13182	-1.98%	-3.30%
Orlando	10411	10142	9855	-2.83%	-5.34%
Pittsburgh	12837	12745	12592	-1.21%	-1.91%
Reno	3533	3552	3532	-0.58%	-0.04%
Sacramento	12133	12128	11994	-1.10%	-1.15%
San Antonio	12301	12192	11900	-2.40%	-3.26%
St. Louis	21074	20915	20484	-2.06%	-2.80%
Ventura County	3319	3287	3215	-2.21%	-3.15%

## Methodology

The Altos Research Mid-Cities Housing Report gives you unfettered, up-to-the-minute data relative to housing market conditions in mid-sized markets around the nation. The Altos report is comprised of data that can be used now, not aging, months-old statistics that mean nothing in a market that's in a constant state of flux. Altos Research uses metrics

associated with active residential property listings to give you real-time information. We give you the market as it is, not as it was.

Each "market" measured is equivalent to the Census Bureau's Metropolitan Statistical Area (MSA) dominated by the city listed. Properties analyzed in the data include repeat sales of single-family homes, but not condominiums, town homes, or new construction homes.

The Altos Mid-Cities Composite is based on single family homes in Albuquerque, Austin, Baltimore, Boise, Boulder, Charleston, Dover, Durham, Jacksonville, Honolulu, Memphis, Naples, Nashville, Orlando, Pittsburgh, Reno, Sacramento, St. Louis, San Antonio, and Ventura County, CA. For more information, check out [www.altosresearch.com](http://www.altosresearch.com).

#### **About Altos Research**

Altos Research, LLC is at the forefront of real-time real estate market research. Founded in 2005, Altos' pioneering technologies and information products serve investors, derivatives traders, as well as thousands of real estate professionals. The company publishes statistical reports and data analyses each week for over 20,000 zip codes in more than 200 metro markets around the country, including the 20 S&P/Case-Shiller markets.



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