

Panama City, Florida Tops Business 2.0 List of Cities with Highest Home Price Appreciation Potential (72%) in Next Five Years
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NEW YORK--(BUSINESS WIRE)---Unlike the destruction wrought by the tech crash of several years ago, the current housing downturn won't take a huge bite out of the value of American residential real estate assets, which is estimated at more than \$20 trillion. Plus, down markets in housing have always offered investors just as many angles to play. For its November cover story, "The New Rules of Real Estate," Business 2.0 magazine asked researchers at [Moody's Economy.com](#) to analyze the latest forecast data and identify which metro areas will see the highest appreciation between now and 2011.

After vetting the list against other macroeconomic research, the magazine arrived at a consensus for the 10 strongest markets. At the top of this list is Panama City, Fla., with a projected potential appreciation of 72 percent in median home price.

Unlike much of Florida, Panama City hasn't really attracted great population growth or wealthier people, mainly because it's isolated on Florida's panhandle. "The interstate highway system bypasses it, and the runway at the local airport isn't long enough to support anything beyond regional jets," explains Business 2.0. "But now Panama City is poised to host big airliners, more visitors--and a lot more buyers. State and local governments and a top regional developer, St. Joe Co., are planning to build a new airport by 2008 at a cost of more than \$300 million."

Despite the optimistic projections for Panama City, as with all the cities featured on the list, there are also words of caution. In Panama City's case, the magazine cites local politicians, notoriously cozy with builders, who have green-lighted several master-plan communities for future development. If supply gets out of hand, prices will stall.

Business 2.0's list of the 10 U.S. cities where median home prices are expected to appreciate the most within the next five years:

NO.	CITY	PROJECTED GAIN IN MEDIAN HOME PRICE
1	Panama City, FL	72%
2	Vero Beach, FL	64%
3	Bridgeport, CT	63%
4	Lakeland, FL	59%
5	McAllen, TX	57%
6	San Luis Obispo, CA	40%
7	Wilmington, NC	37%
8	Manchester, NH	35%
9	Fort Collins, CO	28%
10	Atlanta, GA	24%

While the magazine points out which markets are poised for a bull run in the next cycle, it also asked a few of the top economists at Moody's Economy.com and Global Insight to pinpoint which cities will see the biggest drops in median home prices during the next 12 months. One of the most vulnerable areas is California's Central Valley (Bakersfield, Fresno, Merced, Sacramento, and Stockton). Five of the cities on the Bottom 10 list are from this region, making the long rural stretch of Highway 99 between Sacramento and Bakersfield look like a treacherous real estate ditch, says Business 2.0.

Other troublesome housing markets, based on a variety of regionally specific reasons, include Southwest Florida (Fort Myers, Naples, Punta Gorda, and Sarasota), Phoenix, the Jersey Shore area (Atlantic City and Ocean City), and California's Inland Empire (Riverside and San Bernardino counties).

The U.S. cities where median home prices are expected to drop the most in the coming year include:

NO.	CITY	PROJECTED DECLINE IN MEDIAN HOME PRICE
1	Stockton, CA	-9.7%
2	Merced, CA	-8.9%
3	Reno/Sparks, NV	-8.9%
4	Fresno, CA	-7.9%
5	Vallejo/Fairfield, CA	-7.8%
6	Las Vegas, NV	-7.1%
7	Bakersfield, CA	-6.6%
8	Sacramento, CA	-6.4%
9	Washington, DC	-6.3%
10	Tucson, AZ	-6.2%

Also in the November cover story, Business 2.0 highlights other investment opportunities for a sluggish housing market. These prospects include investing in bubble-proof markets, exploring opportunities with properties in foreclosure, investing in college-town housing, and converting less expensive homes into rental properties, among others.

For the full text of "The New Rules of Real Estate," additional online coverage, and a video featuring Business 2.0's Susanna Hamner discussing the top cities on the list, log on to www.Business2.com. Additional content will be posted online throughout the month of November. In addition, the entire November issue of Business 2.0 will be available to the media in digital format at <http://digital.business2.com>.

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