

Bozeman ranked in top 25 housing markets for 2009

By GAIL SCHONTZLER *Chronicle Staff Writer*

Housing Predictor, a national online real estate research firm, is forecasting that Bozeman and four other Montana cities will be among the top 25 U.S. housing markets in 2009.

The firm predicts — based on things like income levels, employment trends, school enrollment and housing markets — that home values in Bozeman will increase slightly, by 1.8 percent, this year.

It forecasts Billings will lead the state with a 3.1 percent home appreciation rate, followed by Great Falls (1.4 percent), Livingston (1.3 percent) and Missoula (1.2 percent).

Such increases are modest, but look great compared to more than 36 states, from California to Florida, where the company projects double-digit deflation in home values.

Housing Predictor forecasts turbulence in real estate markets and an increase in foreclosures as adjustable-rate mortgages reset to higher interest rates.

Montana, North Dakota and Colorado will be exceptions to the worst economy since the Great Depression, it predicted, “illustrating the fact that real estate markets are normally driven by local market dynamics.”

Mike Basile, broker-owner of Prudential Montana Real Estate and a 28-year veteran of the Bozeman housing market, said, “I would agree we’d see appreciation from 2008,” a year when prices declined slightly.

“I do think we’ll see a slow, moderate rebound,” Basile said. “We’re seeing a large number of buyers. ... not to the degree we did two years ago, but still there are buyers buying. ... They’re bargain-hunting, they’re seeing the value of low interest rates.”

With mortgage rates below 5 percent, Basile said, this is an “amazing time to buy.”

Buyers also feel optimistic because there’s a new U.S. president and a federal incentive of \$7,500 for first-time homebuyers.

Robyn Erlenbush, broker-owner of ERA Landmark Real Estate, said she wasn’t familiar with Housing Predictor or its track record. But she, too, agreed there are reasons for optimism.

“I’m very hopeful 2009 will be equal to or slightly better than ‘08,” Erlenbush said.

In 2008, the average sale price for a single-family home in Bozeman declined from \$337,683 in 2007 to \$320,342, she said, while the average sale price for condos went down from \$234,936 to \$215,730. Those decreases work out to 5 percent for houses and 8 percent for condos.

The main reason for her optimism, Erlenbush said, is that the inventory of houses on the market is starting to stabilize or shrink. Home builders aren’t starting new houses or “spec” homes, so homeowners selling existing homes don’t face as much competition.

Every month there seems to be some news that ranks Montana or Bozeman favorably, like the recent ranking of Montana as 46th lowest state in foreclosure rates, she added. And people still want to move to Bozeman.

Housing Predictor does research on 250 local housing markets in all 50 states. Its Web site (housingpredictor.com) claims to have predicted the national real estate recession in 2007 and to have been “the first research firm to forecast the foreclosure epidemic.”

It describes Bozeman as one of the country’s most livable cities, with lots of entrepreneurs, outdoor activities, and a resort vacation market “that may hold its own.” Foreclosures have crept up.

Still, it said, “Montana is turning in a star performance.”

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