

REAL ESTATE: IS THE PARTY OVER?

Exclusive forecasts for the 100 largest markets.

NEW YORK (FORTUNE) -- Everybody from Los Angeles to Boston -- your mom, your doctor, your dry cleaner -- is puzzling over which way the nation's real estate market is headed. Up or down? Bubble or not?

By Ellen Florian Kratz FORTUNE - It's a debate that's been raging for years, and recently that there have been clear signs of a slowdown. It's unlikely, however, that the housing market will come to a screeching halt.

To get a clearer picture of how things may play out, FORTUNE turned to Moody's Economy.com and home property-valuation service Fiserv CSW.

The researchers crunched numbers on the 100 largest metropolitan regions in the country, and the results of their analysis appear in the table below.

Nationally, the overall outlook seems reasonable: 7 percent appreciation for 2006 and flat for 2007. But markets that have seen the greatest appreciation over the past five years appear to be vulnerable.

Indeed, at some point in the next two years, according to the forecast, a third of the nation's 100 largest metro areas (accounting for 60 percent of the U.S. population) are expected to see modestly

falling house prices.

Real estate bear markets often come in the form of steady declines over many years, rather than sudden sharp drops.

As inflation gradually gnaws away at the value of nominal home prices, regular folks might not take much notice. But in the long run the loss of wealth becomes all too real. From 1989 to 1997, for instance, Los Angeles residential real estate dropped more than 40 percent in inflation-adjusted terms.

The nation's most perilous regional market, according to the forecast data: Las Vegas, a speculator-infested hot spot. Prices there are projected to deflate by 7.9 percent next year, the year after by another 5 percent. For newcomers to the market and those with low-money-down deals who may have overleveraged themselves with adjustable-rate mortgages, even a modest downturn could mean financial jeopardy.

Rank	Metro Area	State	Median home price	Projected growth 2006	Projected growth 2007
1	San Antonio	TX	\$129,900	8.30%	7.00%
2	Jacksonville	FL	\$164,700	8.10%	2.50%
3	El Paso	TX	\$107,100	8.10%	7.10%
4	Little Rock-North Little Rock	AR	\$115,700	7.80%	7.20%
5	Baton Rouge	LA	\$133,800	7.60%	3.80%
6	Richmond	VA	\$191,800	7.40%	3.30%
7	Virginia Beach-Norfolk-Newport News	VA	\$193,100	7.30%	1.00%
8	Nashville-Davidson-Newport News	TN	\$157,300	7.10%	6.70%
9	Houston-Sugar Land-Baytown	TX	\$139,800	7.00%	6.60%

10	Memphis	TN	\$147,600	7.00%	6.50%
11	Allentown-Bethlehem-Easton	PA	\$247,400	6.90%	1.20%
12	Oklahoma City	OK	\$116,900	6.90%	6.00%
13	Birmingham-Hoover	AL	\$152,500	6.90%	5.40%
14	Albuquerque	NM	\$166,700	6.50%	6.10%
15	Columbia	SC	\$133,200	6.40%	5.40%
16	Fort Worth-Arlington	TX	\$125,700	6.30%	5.00%
17	Syracuse	NY	\$109,400	6.20%	5.40%
18	Dayton	OH	\$116,500	6.10%	5.60%
19	McAllen-Edinburg-Mission	TX	\$71,000	6.10%	6.20%
20	Salt Lake City	UT	\$165,700	6.10%	3.40%
21	Austin-Round Rock	TX	\$161,800	6.10%	5.00%
22	Tulsa	OK	\$116,600	6.10%	6.20%
23	Pittsburgh	PA	\$113,000	6.00%	5.00%
24	Cincinnati-Middletown	OH	\$146,200	6.00%	6.60%
25	Albany-Schenectady-Troy	NY	\$176,700	6.00%	4.50%
26	Dallas-Plano-Irving	TX	\$155,500	5.90%	6.30%
27	St. Louis	MO	\$134,900	5.80%	4.10%
28	Toledo	OH	\$116,400	5.70%	5.00%
29	Greenville	SC	\$141,300	5.70%	5.00%
30	Sarasota-Bradenton-Venice	FL	\$314,300	5.60%	-3.60%
31	Indianapolis	IN	\$121,700	5.60%	5.40%
32	Wichita	KS	\$107,200	5.50%	4.80%
33	Columbus	OH	\$150,700	5.50%	6.00%
34	Akron	OH	\$117,600	5.40%	5.30%
35	Buffalo-Niagara Falls	NY	\$96,400	5.40%	5.30%
36	Knoxville	TN	\$140,100	5.40%	5.20%
37	New Orleans-Metairie-Kenner	LA	\$149,100	5.40%	6.60%
38	Rochester	NY	\$111,200	5.30%	6.80%
39	Raleigh-Cary	NC	\$183,100	5.20%	5.10%
40	Philadelphia	PA	\$199,400	5.10%	0.50%
41	Charlotte-Gastonia-Concord	NC	\$172,800	5.10%	5.50%
42	Louisville	KY	\$134,800	5.00%	4.60%
43	Milwaukee-Waukesha-West Allis	WI	\$210,900	4.80%	2.50%
44	Tampa-St. Petersburg-Clearwater	FL	\$193,700	4.80%	-0.50%
45	Greensboro-High Point	NC	\$145,100	4.80%	5.50%

46	Kansas City	MO/KS	\$154,600	4.70%	4.10%
47	Poughkeepsie-Newburgh-Middletown	NY	\$265,000	4.60%	0.80%
48	Youngstown-Warren-Boardman	OH	\$83,400	4.50%	5.30%
49	Gary	IN	\$127,300	4.40%	3.40%
50	Cleveland-Elyria-Mentor	OH	\$142,800	4.30%	5.10%
51	Omaha-Council Bluffs	NE	\$136,100	4.30%	4.10%
52	Lake County, Kenosha County	IL/WI	\$259,100	4.20%	1.90%
53	Atlanta-Sandy Springs-Marietta	GA	\$165,300	4.20%	4.00%
54	Honolulu	HI	\$570,400	4.00%	-1.00%
55	Orlando-Kissimmee	FL	\$226,400	3.80%	-0.50%
56	Grand Rapids	MI	\$137,300	3.60%	2.90%
57	Fort Lauderdale-Pompano Beach-Deerfield Beach	FL	\$356,600	3.10%	-4.50%
58	Springfield	MA	\$197,900	3.00%	1.20%
59	Portland-Beaverton-Vancouver	OR/WA	\$234,600	3.00%	-0.70%
60	Baltimore-Towson	MD	\$249,100	2.90%	-0.80%
61	Tucson	AZ	\$220,900	2.90%	-4.00%
62	Camden	NJ	\$210,800	2.70%	0.80%
63	Denver-Aurora	CO	\$244,800	2.60%	2.50%
64	Wilmington	DE	\$231,000	2.50%	1.70%
65	Seattle-Bellevue-Everett	WA	\$335,500	2.50%	1.00%
66	Tacoma	WA	\$222,700	2.30%	0.60%
67	W. Palm Beach-Boca Raton-Boynton Beach	FL	\$386,200	2.10%	-3.90%
68	Phoenix-Mesa-Scottsdale	AZ	\$238,100	2.00%	-3.70%
69	Warren-Farmington Hills-Troy	MI	\$196,000	1.90%	0.80%
70	Washington-Arlington-Alexandria	DC/VA	\$404,900	1.80%	-3.40%
71	Hartford-West Hartford-East Hartford	CT	\$257,600	1.80%	0.60%
72	Miami-Miami Beach-Kendall	FL	\$343,700	1.80%	-5.50%
73	Detroit-Livonia-Dearborn	MI	\$120,100	1.60%	2.00%
74	Newark-Union	NJ	\$407,000	1.50%	-1.80%
75	New Haven-Milford	CT	\$280,300	1.40%	0.60%
76	Worcester	MA	\$287,800	1.30%	-0.30%
77	Edison	NJ	\$387,900	1.20%	-2.90%
78	Chicago-Naperville-Joliet	IL	\$264,900	1.10%	0.20%
79	Cambridge-Newton-Framingham	MA	\$448,800	0.80%	0.00%

80	Minneapolis-St. Paul -Bloomington	MN	\$234,600	0.70%	0.70%
81	Bridgeport-Stamford-Norwalk	CT	\$472,500	0.40%	-1.30%
82	New York City-White Plains -Wayne	NY/NJ	\$504,800	0.10%	-3.50%
83	San Francisco -San Mateo-Redwood City	CA	\$766,000	0.10%	-2.90%
84	Bethesda -Gaithersburg-Frederick	MD	\$444,500	0.00%	-0.50%
85	Boston -Quincy	MA	\$422,900	-0.10%	-1.40%
86	Essex County	MA	\$380,600	-0.20%	-0.70%
87	Stockton	CA	\$423,100	-0.30%	-5.90%
88	San Jose -Sunnyvale-Santa Clara	CA	\$720,900	-0.40%	-3.90%
89	Oxnard -Thousand Oaks-Ventura	CA	\$480,300	-0.70%	-5.00%
90	Oakland -Fremont-Hayward	CA	\$651,300	-0.70%	-4.40%
91	Fresno	CA	\$340,800	-0.80%	-2.80%
92	Bakersfield	CA	\$286,300	-0.80%	-3.00%
93	Providence -Fall River-New Bedford	RI/MA	\$292,800	-1.10%	-2.20%
94	Sacramento -Arden-Arcade-Roseville	CA	\$372,900	-1.20%	-5.10%
95	Los Angeles -Long Beach-Glendale	CA	\$412,900	-1.60%	-6.30%
96	Nassau-Suffolk counties	NY	\$461,300	-2.00%	-4.20%
97	Riverside -San Bernardino-Ontario	CA	\$362,800	-2.60%	-6.80%
98	Santa Ana -Anaheim-Irvine	CA	\$682,300	-3.10%	-6.10%
99	San Diego -Carlsbad-San Marcos	CA	\$598,700	-3.40%	-5.70%
100	Las Vegas -Paradise	NV	\$296,000	-7.90%	-5.00%