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## FINANCE

# Indiana housing market set for early recovery

By Jim Pavlik

For Custom Publications

The state's housing market is set to turn a corner, contends Alan Thorup, executive director of the Indiana Mortgage Bankers Association.

"The piper has been paid," he said.

Most commentary on the U.S. economy's collapse focuses on the boogeyman of October 2008: credit default swaps, oil speculators, margin trading and a host of other terms that don't mean a lot outside Wall Street. Thorup looks further back to spot the source of this strife — all the way back to 2000.

"The economy started its downturn then, and we need to look at housing prices over the greater part of this decade to see how well Indiana is positioned right now," he said.

### Stable is as stable does

Over the last decade, Hoosiers have been told stories about the state's brain drain and the loss of manufacturing jobs. Other states seemed to be reaping rewards at Indiana's expense, but the opposite turned out to be true. Illusory economies were being built on foundations of sand — literally.

"For the last 10 years, Indiana has ranked near the bottom in home price appreciation, while states like California, Nevada and Arizona were seeing double-digit increases. That hurt us then," Thorup said.

Rapid development in these "sand states" made headlines, painting residential real estate as a strategy for making quick money. But when the market soured, a lot of people lost a lot of money — and their properties, too.

According to a report issued by First American CoreLogic, Indiana housing prices peaked in March 2008. Since then, the average price has dropped a mere .04 percent, while homes in California and Nevada have lost nearly half of their value on average.

"That's not to say that certain communities [in Indiana] haven't been hit hard," Thorup said. "But overall, Indiana is strong and ready for recovery."

### Long-term investment

Recovery, however, won't translate as a heyday of housing appreciation. According to Thorup, the stability of



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Indiana home prices through the boom and bust doesn't mean real estate is a sound strategy for making a quick buck locally.

"Houses have historically been, in this country, the main source of generational wealth, with their value accumulating slowly over decades," he said. "And that's where we are today."

The average Indiana home is worth more than it was in March 2009 — higher than five years ago and significantly higher than in 1991, according to a Federal Housing Finance Agency report from August.

"You don't want to buy a house where, by the time you get to the closing table, it's already worth less," Thorup said. "That won't happen here."