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The 20 Worst Places to Sell Your Home

by *Richard Florida*

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Nearly one in four American homeowners are now underwater on their mortgage. Richard Florida crunches the numbers to find the 20 cities with the biggest debt and housing problems.

The market for new houses turned down sharply last month, dampening hopes for a rapid recovery. And according to figures [released last week](#), nearly one in four existing American homes is underwater—meaning that their owners owe more on their mortgages than their houses are worth.

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The worst of the fallout from the burst housing bubble continues to be highly localized. Metros in California, Nevada, and Florida have the most troubled housing markets, according to our new Housing-Mortgage Stress Index. Nearly half of the metros on the list—nine of the top 20, including all five of the top five—are in California: Stockton, Modesto, Vallejo-Fairfield, Riverside-San Bernardino-Ontario, and Bakersfield-Delano, along with Fresno, Visalia-Porterville, Sacramento and Salinas. Six Florida metros make the list—Miami, Orlando, Port St. Lucie, Deltona-Daytona Beach-Ormond Beach, Lakeland-Winter Haven, and Palm Bay-Melbourne. Las Vegas and Reno, Nevada, Phoenix, Provo, Utah, and Greeley, Colorado, round out the 20 most stressed housing markets.

At the height of the boom, real estate, housing, and construction-related industries accounted for more than a quarter of the entire economies of Las Vegas, Miami, and Phoenix and 30 percent of Orlando's, as I note in [The Great Reset](#). It was like a giant Ponzi scheme, fueled entirely by debt. The hardest-hit Sun Belt metros lacked the underlying economic heft to support their skyrocketing housing values; some of them may never recover.

If we look at just large metros—those with more than 1 million people—Tampa, Detroit, Atlanta, San Diego, Jacksonville, Washington, D.C., Virginia Beach, Chicago and L.A., show high levels of housing-mortgage stress, along with the five noted above—Riverside, Las Vegas, Orlando, Phoenix, Sacramento, and Miami.

The Housing-Mortgage Stress Index shows the U.S. metros whose housing markets—and homeowners—face the highest levels of stress and danger of foreclosure and falling prices. The index is based on three variables.

Gallery: [Worst Real Estate Cities](#)



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- Negative equity—percent of mortgages where owners owe more than their homes are worth.
- Loan-to-value ratio—total Mortgage Debt Outstanding divided by Total Property Value—both from [Core Logic](#).

• 20 Recession Proof Cities

- Monthly mortgage cost-to-income ratio from the [U.S. Census American Community Survey](#).

The index weights all three variables equally and covers 164 metros. Index values range from 0 on the low end and 1.0 on the high end.

[Charlotta Mellander](#) crunched the numbers, based on data from the [American Community Survey](#) and a recent [Core Logic](#) report on negative equity for the second quarter of 2010.

[Richard Florida](#) is Director of the [University of Toronto's Martin Prosperity Institute](#) and author of [The Great Reset](#), published this month by Harper Collins.

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