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## El Paso: Home sales future looks promising

By Christine Dugas, USA TODAY

This year, El Paso has hit a snag in home sales. Most people aren't too worried, though, about the downswing. In part, that's because, unlike some other cities, El Paso enjoys a few distinct advantages.

When an independent commission recommended military base closures and realignments in 2005, the area was relieved to learn that nearby Fort Bliss wouldn't have to shut down. In fact, it would receive an influx of troops and families.

Since then, the area has begun to prepare for the arrivals. Initially, it was supposed to be 11,000 soldiers; the figure has since grown to about 37,000, says Dan Olivas, president of the Greater El Paso Association of Realtors.

The local housing market benefited immediately. After the Fort Bliss announcement, "People jumped on the bandwagon," says James Gaines, an economist at Texas A&M University's Real Estate Center. "It created this boom mentality, and things went really well for a while."

Investors, particularly from California, rushed in to buy homes, Olivas says. Prices shot up. Then reality set in. The investors had trouble unloading their homes at a profit, once it became clear that Fort Bliss wouldn't absorb an influx of troops for some time.

"It will be spread out over five or six years," Gaines says.

In fact, most of the population growth isn't projected to occur until sometime between 2009 and 2011. Home prices have remained stable, but sales have plummeted, and the supply of homes has risen.

"There's been a lull in the market — absolutely," Olivas says. Partly, he says, that's because of the tighter mortgage market and broader economic worries.

But fortunately, Gaines says, unemployment is down slightly from last year. And in addition to the Fort Bliss expansion, some other changes should eventually help boost the economy as well as home sales.

El Paso will soon open the first four-year medical school along the Texas-Mexico border. The school is already recruiting teaching doctors, Olivas says, and is expected to begin classes in 2009.

Last year, the city opened the world's largest inland desalination plant, a new supply of water for the desert city.

In the past, El Paso's housing market has benefited from its Mexican sister city, Ciudad Juarez, the site of U.S. manufacturing facilities, called maquiladoras. Some Americans who work for businesses across the border live in El Paso.

El Paso has long been considered a quiet border town. But now, Olivas says, it's on the verge of steady growth.

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