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Humboldt County Surrounded by Most Overvalued Housing in the Nation

By Erick Eschker
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A recent report shows that seven of the twenty most overvalued housing markets in the nation are in cities near Humboldt County. Those cities range from Napa and Sacramento in the south to Bend and Medford, Oregon in the north. Redding California is listed at number seventeen and 56% overvalued. Further, thirteen of the twenty most overvalued housing markets are in California. The full list is given below.

Rank	City	% Overvalued
1	Naples, FL	84%
2	Merced, CA	77%
3	Salinas, CA	75%
4	Port St. Lucie, FL	72%
5	Stockton, CA	72%
6	Madera, CA	70%
7	Santa Barbara, CA	70%
8	Modesto, CA	67%
9	Napa, CA	65%
10	Riverside, CA	65%
11	Medford, OR	64%
12	Sacramento, CA	61%
13	Atlantic City, NJ	59%
14	Chico, CA	59%
15	Fresno, CA	58%
16	West Palm Beach, FL	57%
17	Redding, CA	56%
18	Santa Rosa, CA	56%
19	Bend, OR	56%
20	Sarasota, FL	56%

Source:

http://money.cnn.com/2005/12/29/real_estate/buying_selling/handicapping_housing_markets/

“House Prices in America” was written by Global Outlook and National City. They construct a model of housing prices from 1985 to 2005 which controls for population density, mortgage

rates, and income. A city's housing market is "overvalued" if the actual price of housing is greater than the price predicted by their model.

They do not consider Humboldt County because they don't have data for the county. But they show that some of the most overvalued cities in California are mid sized cities that are outside major metropolitan areas. The Humboldt Economic Index recently [compiled data for Humboldt County](#) and we found that the county P/E ratio had increased tremendously over the past few years. Together, these two reports suggest that Humboldt County housing prices will face a period of adjustment.

