

5 GREAT PLACES TO RETIRE

WITH PRICES FALLING, NOW COULD BE THE TIME TO SCORE A SWEET SECOND HOME.

LAST YEAR BRYAN and Pamela Blackman of Santa Clarita, Calif., started searching for a place to retire. The couple, both in their early fifties, still have at least five years to go before they stop working. But the bursting real estate bubble offered deals too good to pass up. In the quiet city of Palm Coast, Fla., they found a three-bedroom, 2½-bath home on a half-acre lot for \$225,000. (The previous owner had paid close to half-a-million dollars.) The price tag was so low that they decided to buy a second home nearby for the same price.

Thanks to a major correction in real estate prices—in some markets median prices are down more than 50%—and continued low interest rates, boomers like the Blackmans aren't waiting for their last paycheck to find the prime spot for their golden years. In light of these reduced prices, *Fortune* decided to go in search of five great places—perhaps once considered too pricey—

that are now affordable. We examined data from Moody's Analytics to find attractive real estate markets that have come down significantly in price—and, according to the researchers, don't have much further to fall. We considered several other factors too, including low cost of living, culture, tax rates, and health care. While some of the locales might seem like standard retirement fare (i.e., Palm Coast), we also sought out markets that appeal to a generation that wants to do more than just play golf. To be sure, the impact of the recent financial crisis on investment portfolios may be forcing some boomers to rethink their retirement plans. But real estate prices have dropped along with 401(k)s. So while picking up two houses the way the Blackmans did might be out of the question, there's a good chance of finding at least one retirement property that's within reach. —Beth Kowitt and Melanie Lindner

1 NAPA, Calif.

• 2009 MEDIAN HOME PRICE: \$257,270 • POPULATION: 76,046 • NUMBER OF BLUE-SKY DAYS PER YEAR: 220

WITH ITS PHYSICAL BEAUTY, wine culture, and low-key lifestyle, Napa is an obvious choice for many retirees. The drawback has always been the expensive housing stock. "Napa is one of the locations retirees may have shelved as a dream only because prices got so high," says Mary Lu Abbott, editor of *Where to Retire*. Not anymore. According to Moody's Analytics, median home prices in Napa have dropped more than 50% from peak levels, allowing buyers to now get some serious bang for their buck. (Warning: Moody's Analytics says the area's prices could still drop another 13%, and would-be Californians should be aware of the state's financial problems.)

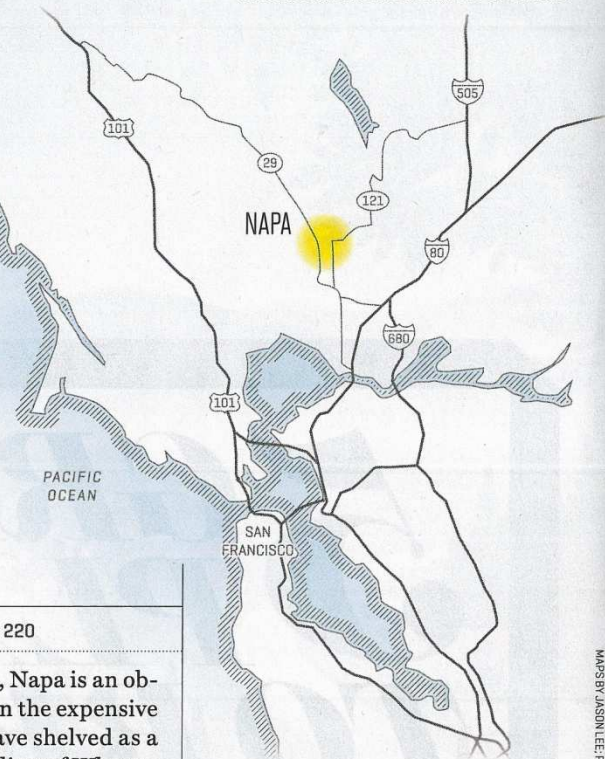
The region boasts hundreds of wineries, and the city of Napa itself is home to some 20 tasting rooms and wine bars for locals who don't want to stray too far from

home. Napa Valley College teaches courses like Wine Label 101.

Boomers used to urban life might choose to buy one of the city's Victorian-era homes downtown, while the Napa Yacht Club is a solid option for riverfront living. A project to control the Napa River's floods is well under way, and the area's ensuing revitalization has led to a mixed commercial and residential project called the Riverfront Residences. While downtown Napa has been built up, the county is still very much about agriculture, with ordinances in place to make sure development doesn't encroach on rural land. Realtors say that buyers of

property next to a vineyard with visions of secluded living are sometimes surprised to see workers through their back windows.

Not a wine drinker? Napa still has plenty to offer: Serious golfers can buy a condo in Silverado Resort, which has two 18-hole golf courses along with a spa. The athletically inclined can bike through Skyline Wilderness Park or a trail along the river. Napa has its own symphony, and the Uptown Theatre pulls in acts such as Rosanne Cash. Or you could always take some of the money you've saved on real estate and invest in a few special bottles of wine. You might become an oenophile yet. — B.K.



MARKET WATCH

- PRICE: \$525,000
- BEDROOMS: 4
- BATHS: 2.5
- SQUARE FEET: 2,166
- PROPERTY SIZE: 0.11 acre
- ANNUAL TAXES: About \$6,500
- LIST DATE: 5/2/10
- AMENITIES: Tile roof, stucco exterior, open floor plan, corner lot

MAPS BY JASON LEE; PHOTO: SHARON VOIGES; SOURCES: NATIONAL ASSOCIATION OF REALTORS (PRICE); U.S. CENSUS BUREAU (POPULATION); WEATHER.COM (SUNNY DAYS)