



# Report: Dallas-Fort Worth home prices least likely to drop

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Dallas-Fort Worth's housing market is the least likely of any in the country to see a decrease in home values, a new report confirms.

At the same time, the chances of a house price decline rose in almost four out of five U.S. markets, according to a report released Tuesday by mortgage insurance firm PMI Group.

Dallas and Fort Worth ranked dead last in PMI Group's latest forecast of cities with the biggest chance for a home price shakeout.

Analysts with the California-based company estimate that Dallas-Fort Worth has less than a 1 percent chance of marked home price drops in the next two years.

By comparison, cities in California, Nevada and Arizona have more than an 80 percent likelihood of falling residential values.

"We're seeing an increasingly polarized market," PMI economist David Berson said in a news release.

"The risk that home prices will be lower in two years has increased for many of the largest cities in the nation, although areas that saw only moderate home price gains during the 2002-to-2005 period still generally have low risks of price declines," he said.

That's certainly the case in Dallas-Fort Worth, where home price appreciation during the last five years has been a fraction of the national average.

"Because Texas did not participate in the double-digit home price gains in the first half of the decade, it doesn't have to take the great pain of the areas that are compensating for that now," Mr. Berson said in an interview.

Now that the housing sector is in a slump, home values in North Texas have been relatively flat while they are falling in many other major U.S. cities.

In 2007, the median price of homes sold through the North Texas Realtors' multiple listing service was up 1 percent from 2006.

Texas markets – including the D-FW area – were also less affected by investors who ran up prices in some cities, Mr. Berson said.

And most Texas cities are outpacing the rest of the country in overall economics, he said.

"The state economy is doing pretty well, and job growth is above the national average," Mr. Berson said.

"It's quite likely Texas will be doing better than the national average for the foreseeable future," he said.

The D-FW area has gotten high marks in the PMI risk report before.

And other national surveys show that North Texas' housing market is outperforming those in the rest of the country.

Even so, pre-owned home sales were down about 8 percent last year, and sales of new homes fell about 17 percent in 2007.

Foreclosure rates also continue to rise.

Analysts are therefore keeping a close eye on D-FW home prices for signs of deterioration.

"I can't argue with the PMI risk assessment, but it doesn't mean that it still couldn't happen – just not as likely as elsewhere," said Dr. James Gaines, an economist with Texas A&M University's Real Estate Center. "So far, most Texas markets are doing well.

"The metroplex probably will do well to have positive overall appreciation, but pockets within the metroplex will have a rough time for a while."

Indeed, Mr. Berson said, the Texas housing market isn't bulletproof.

"There are no sure things," he said.

"It's possible that some parts of Texas will see some declines in the near term."

But overall, the outlook for the local housing market is good, he said.

### **HOW RISKY IS THE HOUSING MARKET?**

Markets with the most and least risk of a home price decline, based on price appreciation, economic growth and affordability according to PMI Group, one of the country's largest mortgage insurance firms. An index of 100 means there is a 100 percent chance of home prices falling in the next two years.

#### **MOST RISKY**

Riverside, Calif.	94
Las Vegas	89
Phoenix	83
Santa Ana, Calif.	81
Los Angeles	79

#### **LEAST RISKY**

Fort Worth	Less than 1
Dallas	Less than 1
Pittsburgh	Less than 1

Houston

Less than 1

San Antonio

Less than 1

SOURCE: PMI Group