

# Real Estate NEWS



## Study: DFW Homes Will Hold Their Values by Steve Brown, Dallas Morning News

One of the biggest worries for today's homebuyer is the continued drop in home prices. While cheaper housing costs are appealing, many consumers fret that prices will keep falling after they buy.

Texans shouldn't be so concerned, according to a new report by the Center for Economic and Policy Research and the National Low Income Housing Coalition.

Their analysis of the 100 largest U.S. home markets shows that Dallas-Fort Worth homebuyers are more likely to preserve home equity during the next four years.

### Houston, D-FW and San Antonio are among the top areas in the country in this forecast.

The study is based on purchases of homes priced at 75 percent of the median price, which is about \$150,000 in D-FW. The home purchase is financed at between 6 and 8 percent interest.

By 2012, the purchaser of a midprice home in Houston, D-FW and San Antonio will have, on average, more than \$80,000 in equity in the house, the researchers predict.

Equity is the difference in what an owner owes on a house and what it's worth at sale.

While such forecasts are often academic, the trend toward higher home equity here is important. The forecasts for almost a third of the metropolitan areas in the report are for net declines in home equity during the same period.

## Integrity gains strength by use.



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The study concludes that home prices in "many communities have yet to hit bottom, and significant price declines must be reckoned with." The downside is worst in regions of the country that saw big run-ups in home prices before the current decline.

The researchers warn that it would be a mistake for governments to try to stop the current housing market correction and "maintain what are historically unprecedented high home prices."

The outlook for Texas isn't a surprise to Mark Dotzour, top economist with Texas A&M University's Real Estate Center. "It confirms that there never was a price bubble in any Texas city, and consequently the likelihood of equity increase is higher," Dr. Dotzour said. "I find it interesting that their policy decision is to recommend that government allow prices to continue to fall."

Median pre-owned home prices have fallen by between 2 percent and 3 percent in North Texas since peaking in mid-2007.

During the last year, nationwide home sales prices have dropped by more than 15 percent.

### Where is the equity?

Forecast of average home equity a buyer of a home priced at 75 percent of the median price could see during the next four years. From a comparison of 100 largest U.S. housing markets.

### GREATEST INCREASES

McAllen \$90,795  
Houston \$82,735  
Dallas-Fort Worth \$81,338  
San Antonio \$81,308  
Rochester, N.Y. \$78,947

### SHARPEST DECLINES

San Jose-\$328,394  
San Francisco -\$226,489  
Los Angeles -\$168,069  
Bridgeport, Conn. -\$164,671  
Oxnard, Calif. -\$148,076

SOURCE: Center for Economic and Policy Research and the National Low Income Housing Coalition

