

## Report predicts minimal risk for home price declines in Dallas-Fort Worth area

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The risk of lasting home price declines has increased in Dallas-Fort Worth as foreclosures and job losses mount in North Texas, a new report says.

But there's a "minimal" chance that D-FW home prices will be lower in two years than they are today, according to the latest study by mortgage insurance firm PMI Group.

Dallas and Fort Worth rank among the U.S. cities that are the least likely to see a drop in home prices in PMI Group's first-quarter risk report released Tuesday.

Dallas' housing market has only a 3.8 percent risk of lower home prices two years from now, the analysts said. In Fort Worth, the likelihood is 5.8 percent.

That compares with a 65.5 percent risk of overall lower home prices in the 50 largest U.S. cities, researchers said.

"Increasing unemployment and foreclosure rates – coupled with continued high excess housing supply and pressure from the severe recession – continue to place downward pressure on house price appreciation," PMI researchers said.

The risk of falling home prices rose in the first quarter in 45 of the country's 50 largest metropolitan areas, including Dallas and Fort Worth.

Dallas' home price risk is up from 2.5 percent a year earlier. The Fort Worth risk index moved up from 2.5 percent a year earlier.

"The recession is hitting everywhere, so risk is rising in most places," said PMI chief economist David Berson. "However, it is still relatively low in the metroplex."

The highest home price decline risks are in California and Florida cities, including Riverside, Calif., Miami, and Los Angeles, which all have a 99.9 percent likelihood of seeing lower home prices in two years. Cleveland and Pittsburgh have the lowest potential for home price declines – only 1.5 percent.

North Texas did not see the explosive home price appreciation that caused the housing bubble to burst in many coastal markets.

But a flood of home foreclosures here has pushed prices down. Overall home prices have dropped by more than 10 percent in North Texas in the last two years.

And the number of foreclosure filings in the D-FW area continues to grow. They were up 20 percent in the first seven months of 2009 compared with the same period last year.

In May, 4.5 percent of Dallas-area homeowners with mortgages were 90 days or more behind in their payments, according to a survey by First American CoreLogic. That's up almost a percentage point from a year earlier, the California-based mortgage and housing researcher said Tuesday.

First American CoreLogic said that more than 64,000 Dallas-area foreclosure filings were recorded in the year ending in May. That amounts to more than 176 a day.

But not all homes scheduled for foreclosure are sold by lenders at the monthly county auctions. And in recent months, almost 50 percent of the filings have been repeats of earlier postings.

Even so, more than 9,000 home foreclosures were completed in the five-county area during the first six months of 2009, according to Addison-based Foreclosure Listing Service.

First American CoreLogic estimates that in May – the latest month for which it has figures – 1.1 percent of Dallas-area home loans were in foreclosure. The nationwide rate is more than twice that, the analytical firm said.