

Competition Keeping D-FW Housing Prices in Check

By: Christine Perez, Dallas Business Journal

Dallas-Fort Worth housing starts volume for the 12 months ending June 30 is up \$1 billion over 2003, according to statistics from Residential Strategies Inc. Starts rose from 37,353 homes as of June 2003 to 41,984 for the 12-month period ending June 2004. Annual closings were also up, at 39,875 for 2004, compared with year-ago figures of 37,513. Despite the robust activity, North Texas homebuilders are seeing flat pricing, increased competition and tight margins, says Jody Reese, partner at Residential Strategies. This contrasts with builders in major markets on the East and West coasts, who are seeing monthly home-price increases, solid absorption and fat margins.

Still, there may be some long-term benefits, Reese says. "Competition has kept home prices in check, so unlike other markets where prices have spiraled upward, there appears to be a little likelihood of a local housing bubble," he says. "Second, by keeping housing prices affordable, D-FW increasingly will become attractive to companies seeking a relocation." According to Reese, markets such as Phoenix and Atlanta, which often compete against North Texas, are seeing substantial housing price inflation. Builders here are already reporting an increase in relocation activity. "D-FW will remain a relocation mecca," Reese says. "The area's ability to provide affordable housing will be a key ingredient to making the Metroplex an attractive destination."

RAISING THE ROOFS

Annual D-FW homebuilding statistics, for the 12-month period ending in June

	2004	2003
\$ volume starts	\$8.6 billion	\$7.6 billion
Annual starts	41,984	37,353
Annual closings	39,875	37,513
Home inventory	6,712	6,485
Vacant lots	86,060	73,956
Lots delivered	54,088	46,186

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JOB GROWTH¹	Area New Jobs Estimate	Mo of 8/04	6 Mo End 8/04	12 Mo End 8/04
	Dallas MSA	6,600	18,200	10,000
	FW/Arlington MSA	4,100	9,300	3,400
	Total	10,700	27,500	13,400
INTEREST RATES²	Rates	10/4/2004	Yr. Ago	
	10 Year Treasury		4.23%	4.16%
	11th District COFI		1.88%	1.95%
	1 Mo. LIBOR		1.84%	1.12%
	FNMA, Freddie Mac & CMBS lenders' rates are fixed at approx 1.8-2.0% over the 10 year treasury. Other lenders' rates are adjustable at approx 3% over COFI or LIBOR.			
SUPPLY/ DEMAND³	Units Added/ Absorbed	3 Mo End 10/04	6 Mo End 10/04	12 Mo End 10/04
	Dallas County			
	Added	1,593	2,805	6,531
	Absorbed	1,425	2,795	4,780
	Tarrant County			
	Added	1,151	1,662	2,930
	Absorbed	1,058	1,198	1,289
OCCUPANCY RATES³	Dallas County	10/04	6 Mo Ago	1 Yr Ago
	1990's or Newer	90%	89%	89%
	1980's	89%	89%	90%
	1970's or Older	86%	86%	87%
	Tarrant County			
	1990's or Newer	88%	88%	88%
	1980's	90%	89%	90%
	1970's or Older	86%	87%	88%
RENTAL RATES³	Dallas County	10/04	6 Mo Ago	1 Yr Ago
	1990's or Newer	\$1,020	\$1,023	\$1,039
	1980's	\$628	\$633	\$646
	1970's or Older	\$626	\$630	\$635
	Tarrant County			
	1990's or Newer	\$875	\$883	\$888
	1980's	\$600	\$602	\$608
	1970's or Older	\$561	\$565	\$564
HOME OWNERSHIP⁴	Homebuilder Price/Size	Mo P/I Tax/Ins	1 Tx Workforce Commission - average calendar yr. change (combined MSA's): '98 115,700; '99 95,300; '00 100,500; '01 8,200; '02 (69,100); '03 (37,100)	
	Choice Homes	\$79,950 2-1-1 \$710	2 Banxquote.com	
	Fox & Jacobs	\$88,990 \$670	3 ALNsys.com - Rental rates are before any concessions. Approx. 25% of 70's or older are all bills paid.	
			4 As advertised in 10-3-04 DMN	
Information obtained from sources deemed reliable, but not guaranteed.				

The Cantrell Company specializes in the brokerage of multi-family properties. Please contact the below apartment specialists for exclusive representation for the sale of your apartment property or for your next purchase.

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