



## Report: Dallas-Fort Worth is a good place to build home equity

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Potential Dallas-Fort Worth homebuyers who are nervous about whether it's a good time to purchase a house might find some comfort in a new report.

But analysts caution not to get carried away with the data.

The study by the Center for Economic and Policy Research and National Low Income Housing Coalition projects that D-FW homebuyers could see one of the best increases in equity in the country during the next few years.

The comprehensive report looked at home ownership and rental costs and the prospects for building home equity in 100 metropolitan areas.

In terms of building equity, the D-FW area is among the top five markets expected to do well between now and 2012. A homeowner who buys a house priced at 75 percent of the median for the area could gain more than \$80,000 in equity four years from now, the study finds.

"I wouldn't want people to run out and make investment decisions based on this," Dean Baker, one of the authors of the report, said Thursday.

But he said the Texas market is probably in the best shape in the country.

"The fact that Texas didn't take part in the housing bubble is good news," he said. "You are not going to feel the pain other cities are."

Indeed, while home equity is likely to grow during the next few years in Texas cities, homeowners could lose equity in their houses in about a third of the cities in the report.

The biggest declines are forecast in markets that have seen big price increases in recent years, including many California cities.

"People in Texas have benefited from not having that temporary run-up in prices," Mr. Baker said. "That wasn't healthy, and now people are really getting hurt [there]."

Median home sales prices in North Texas have dropped only slightly during recent months, while residential values in many coastal cities have decreased dramatically and are still falling.

Mark Dotzour, chief economist with Texas A&M University's Real Estate Center, said the study's findings confirm the relative strength of the state's housing market.

"There is a lot less downside risk to buying a home in any of these Texas cities and a lot more upside potential," he said. "There has never been a price bubble in Texas."

But he also cautioned against using the projections of any study as the basis for homebuying.

"I hope they are right, but my guess is they might be overstating it a little bit," Dr. Dotzour said.

The new study also found that the D-FW area continues to have some of the lowest average apartment rents for a big-city market. And the monthly cost of homeownership here can still be lower than what's charged for some apartments.

### **HOME EQUITY FORECAST**

Anticipated equity in a home after four years, based on buying a home at 75 percent of area median price and financing at 6 percent with a long-term, fixed-rate mortgage.

#### **BIGGEST EXPECTED GAINS**

McAllen, Texas	\$90,437
San Antonio	\$90,017
New Orleans	\$88,898
Houston	\$87,837
<b>Dallas-Fort Worth</b>	<b>\$83,880</b>

#### **BIGGEST EXPECTED LOSSES**

San Jose, Calif.	-\$355,346
San Francisco	-\$253,875
Los Angeles	\$222,719
Oxnard, Calif.	\$203,481
Bridgeport, Conn.	\$183,685

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