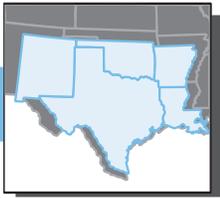


Housing Market Profile

Southwest • HUD Region VI



Dallas-Plano-Irving, Texas

The Dallas-Plano-Irving metropolitan division encompasses eight counties in northeast Texas, including the core counties of Collin, Dallas, and Denton, and is adjacent to the Fort Worth metropolitan division. As of December 1, 2010, the population of the metropolitan division was estimated at 4.5 million, up 144,600 from July 1, 2009. Since the beginning of 2006, the population of the metropolitan division has increased at an average rate of about 110,500, or 2.6 percent, annually compared with about 85,600, or 2.4 percent, annually between 2000 and 2005.

Located on the boundary between the Dallas and Fort Worth metropolitan divisions is the Dallas/Fort Worth International Airport. According to a study by the Texas Department of Transportation, the airport is the third busiest in the world for number of flights and eighth busiest for number of passengers. The airport provides more than 305,000 direct and indirect jobs, with annual payrolls totaling in excess of \$7.6 billion. Leading employers in the metropolitan division include Wal-Mart Stores, Inc., with 32,800 employees; Texas Health Resources Inc., with 18,000 employees; and AT&T, with 16,600 employees. In June 2008, AT&T moved its headquarters from San Antonio to downtown Dallas, bringing approximately 700 executive jobs to the area.

The economic downturn that began in the first quarter of 2008 appears to be turning around. During the 12 months ending November 2010, nonfarm payrolls averaged 2 million, a decrease of 1,675 jobs, or 0.1 percent, compared with the number of jobs recorded for the previous 12 months. Despite a decline in the 12-month average, nonfarm payrolls for the 3-month average ending November 2010 are up 1.3 percent compared with payrolls during the same 3-month period a year earlier, indicating the beginning of recovery. During the 12 months ending November 2010, gains of 14,300, 9,850, and 7,100 jobs, or 6.0, 3.0, and 2.7 percent, were recorded in the education and health services, professional and business services, and government sectors, respectively. Gains in the education and health services sector were led by an increase of 11,000 jobs in the healthcare and social assistance industry while gains in the professional and business services sector were led by an increase of 6,500 jobs in administrative and support services. Growth in the government sector

is attributed to hiring in the local government, which added 5,300 jobs. Job losses occurred primarily in the mining, logging, and construction and the manufacturing sectors, which lost 10,400 and 6,150 jobs, or 9.3 and 5.1 percent, respectively. During the 12 months ending November 2010, the average unemployment rate in the metropolitan division was 8.3 percent, an increase from the 7.5-percent rate recorded a year earlier. New companies are moving to the area, including Solera, a leading global provider of software and services for automobile claims, which is expected to create up to 750 jobs within 5 years, and Tribune Company, a media company, which is expected to create 200 jobs in the first quarter of 2011 in Denton County.

Sales housing market conditions in the Dallas-Plano-Irving metropolitan division are soft, but one submarket is balanced. Although the sales vacancy rate in the metropolitan division is high, at 2 percent, the Denton County submarket, north of Dallas, is balanced, with a vacancy rate of 1.6 percent. According to data from the Real Estate Center at Texas A&M University, during the 12 months ending November 2010, total home sales decreased by about 8 percent to 58,750 compared with 63,700 homes sold during the previous 12 months. By comparison, home sales averaged 77,800 annually from 2003 through 2008. The average home sales price in the metropolitan division was \$215,800, up nearly 5 percent compared with the average price during the previous 12 months but still below the peak of \$221,400 reached in March 2008. During the 12 months ending November 2010, the average sales price for new and existing homes in Collin and Denton Counties was \$246,100 and \$196,700, up 3.2 and 2.7 percent, respectively, compared with prices recorded during the previous period. According to Lender Processing Services Mortgage Performance Data, in November 2010, 5.3 percent of total loans in the metropolitan division were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), down from 6.1 percent in November 2009.

After a 2-year decline in single-family home construction, builders increased activity during the past year. According to preliminary data, during the 12 months ending November 2010, building permits were issued for 9,700 new single-family homes, up 15 percent from the preceding 12 months. Collin County had 4,200 homes permitted, or 43 percent of the area total. Single-family home construction remains well below the 2000-to-2006 period, when an average of 27,900 homes were permitted annually. According to data from CB Richard Ellis, since 2007, almost 6,200 townhomes and condominiums have been constructed. In the metro-



politan division, approximately 1,500 condominiums are under construction, including 640 in Dallas County, 480 in Collin County, and 380 in Denton County. Currently, 90 percent of the condominiums in the metropolitan division are in Dallas County.

Rental market conditions have improved in the Dallas-Plano-Irving metropolitan division, but remain soft because of the flat economy. According to data from ALN Systems, Inc., for the 12-month period ending November 2010, the apartment vacancy rate was 9.7 percent compared with 13.1 percent a year earlier. During the 12 months ending November 2010, the Collin County apartment vacancy rate was 9.3 percent, down from 12.2 percent during the previous 12 months. During the 12 months ending November 2010, average rents declined 2 percent to \$890. The Denton County submarket also remained soft, with vacancy rates and average rents at 10 percent and \$800, respectively, unchanged from the previous 12 months. The vacancy rate for apartments in Dallas County was 12 percent

and the average rent was \$790, relatively unchanged compared with the rate and rent during the previous 12-month period.

Because of soft rental housing market conditions in the metropolitan division, multifamily construction activity, as measured by the number of units permitted, has declined significantly. According to preliminary data, during the 12 months ending November 2010, approximately 3,900 multifamily units were permitted, a decline of 18 percent compared with the number of units permitted during the preceding 12 months. In comparison, about 11,900 multifamily units were permitted annually from 2006 through 2008. Apartment projects, which represent about 60 percent of all multifamily units currently under construction, include Brick Row apartments, a 500-unit mixed-use property, and Savoy at Vitruvian Park 2, a 350-unit property; both are expected to be completed in late 2011. The rents in these developments will start from \$840 for a one-bedroom unit and \$1,100 for a two-bedroom unit.