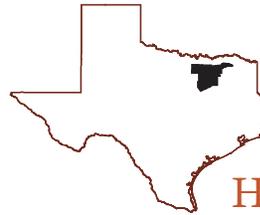
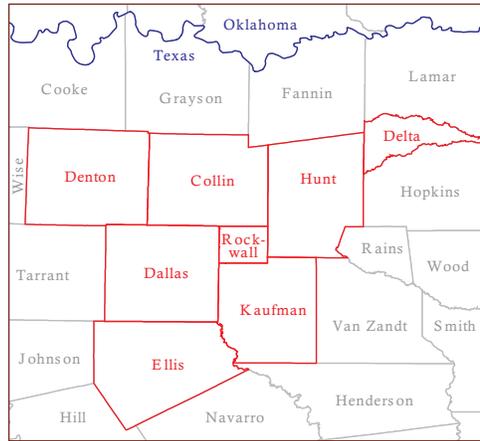




Dallas-Plano-Irving, Texas

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of April 1, 2012



Housing Market Area

The Dallas-Plano-Irving Housing Market Area (HMA) (hereafter, the Dallas HMA) is coterminous with the Dallas-Plano-Irving, TX Metropolitan Division. For purposes of this analysis, the HMA is divided into three submarkets: the Central submarket, which includes Dallas County; the Northern submarket, which includes Collin and Denton Counties; and the Remainder submarket, which consists of Delta, Ellis, Hunt, Kaufman, and Rockwall Counties.

Summary

Economy

Economic conditions in the Dallas HMA continued to improve after experiencing declining nonfarm payrolls in 2009, primarily because of the strength of the professional and business services sector, the largest sector in the HMA. During the 12 months ending March 2012, nonfarm payrolls increased by 43,000 jobs, or 2.1 percent, a significant improvement compared with the

increase of 24,400 jobs, or 1.2 percent, during the previous 12 months. Nonfarm payrolls are projected to increase an average of 2.3 percent annually during the forecast period.

Sales Market

The sales housing market in the HMA is somewhat soft, with an estimated sales vacancy rate of 1.7 percent. During the forecast period, demand is expected for 71,300 new homes, which includes 3,550 mobile homes (Table 1). The 2,220 homes currently under construction and a portion of

the 34,900 other vacant units in the HMA that might come back on the market will satisfy some of the forecast demand.

Rental Market

The rental housing market in the HMA is currently soft, with an estimated overall rental vacancy rate of 9.4 percent, down from 11.1 percent in 2010. During the forecast period, demand is expected for 20,270 new rental units (Table 1). The 9,150 units currently under construction will meet a portion of that demand.

Market Details

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Table 1. Housing Demand in the Dallas HMA,* 3-Year Forecast, April 1, 2012 to April 1, 2015

	Dallas HMA*		Central Submarket		Northern Submarket		Remainder Submarket	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units
Total Demand	71,300	20,270	28,150	11,200	37,500	7,620	5,650	1,450
Under Construction	2,220	9,150	830	5,970	1,200	2,950	190	230

* Dallas-Plano-Irving HMA.

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of April 1, 2012. A portion of the estimated 34,900 other vacant units in the HMA will likely satisfy some of the forecast demand. Includes an estimated demand for 3,550 mobile homes.

Source: Estimates by analyst

Economic Conditions

Nonfarm payrolls in the Dallas HMA continued to recover during the most recent 12-month period but remain 26,200 jobs lower than the peak level recorded in 2008. From 2004 through 2008, nonfarm payrolls in the HMA increased by an average of 43,300 jobs, or 2.2 percent, annually. The professional and business services, education and health services, and

leisure and hospitality sectors led the growth, increasing by average annual rates of 16,500, 9,400, and 6,000 jobs, or 5.4, 4.6, and 3.3 percent, respectively. The HMA lost 82,200 jobs, or 3.9 percent, in 2009, with losses spread throughout every sector. The economy started improving in 2010, when the HMA added 2,200 nonfarm payroll jobs. During the 12 months ending March 2012, nonfarm payrolls grew by 43,000 jobs, or 2.1 percent, to 2,071,000 jobs (Table 2). Figure 1 shows nonfarm payroll sector growth in the HMA from 2000 to the current date. The unemployment rate averaged 7.6 percent during the 12 months ending March 2012, down from 8.1 percent during the previous 12 months. Figure 2 shows labor force, resident employment, and unemployment rate trends in the HMA from 2000 through 2011.

The professional and business services sector, which accounts for 17 percent of nonfarm payrolls in the HMA (Figure 3), added the most jobs during the 12 months ending March 2012, increasing by 13,850 jobs, or 4.1 percent.

Table 2. 12-Month Average Nonfarm Payroll Jobs in the Dallas HMA,* by Sector

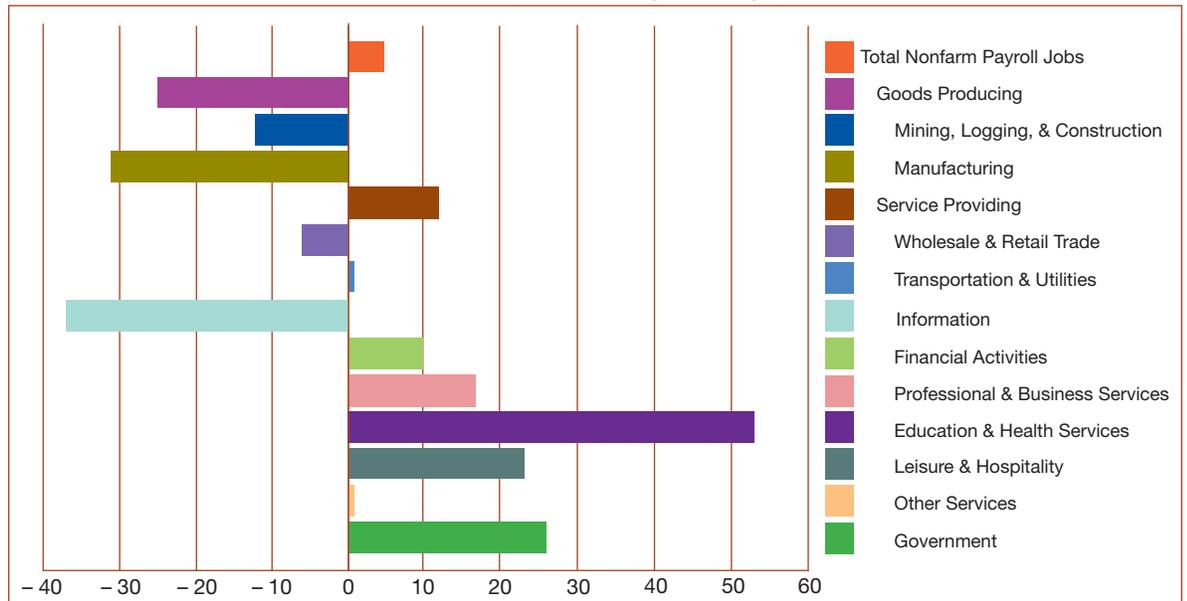
	12 Months Ending March 2011	12 Months Ending March 2012	Percent Change
Total Nonfarm Payroll Jobs	2,028,000	2,071,000	2.1
Goods Producing	269,100	269,700	0.2
Mining, Logging, & Construction	103,400	102,100	-1.2
Manufacturing	165,700	167,500	1.1
Service Providing	1,759,000	1,801,000	2.4
Wholesale & Retail Trade	321,700	330,400	2.7
Transportation & Utilities	72,750	76,000	4.5
Information	64,850	64,900	0.0
Financial Activities	178,800	183,400	2.6
Professional & Business Services	339,100	352,900	4.1
Education & Health Services	250,000	253,900	1.6
Leisure & Hospitality	191,600	198,600	3.6
Other Services	70,000	71,400	2.0
Government	270,500	269,800	-0.3

* Dallas-Plano-Irving HMA.

Notes: Based on 12-month averages through March 2011 and March 2012. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

Figure 1. Sector Growth in the Dallas HMA,* Percentage Change, 2000 to Current

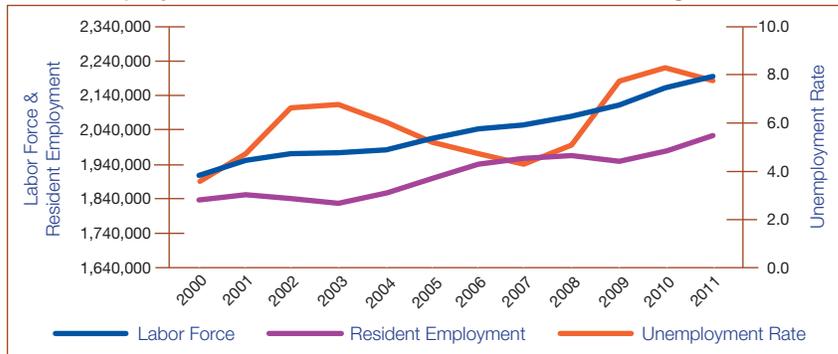


* Dallas-Plano-Irving HMA.

Note: Current is based on 12-month averages through March 2012.

Source: U.S. Bureau of Labor Statistics

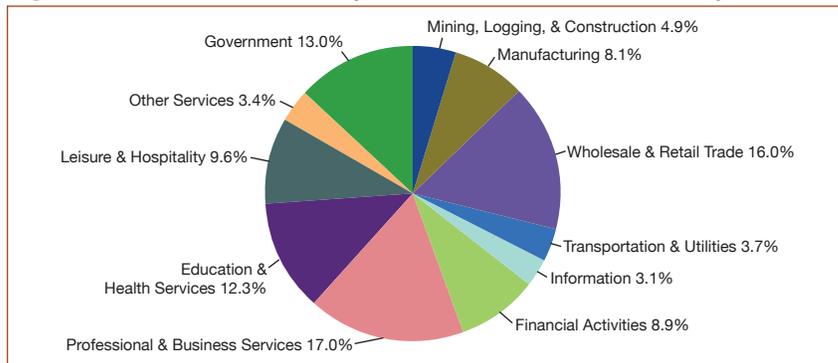
Figure 2. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Dallas HMA,* 2000 Through 2011



* Dallas-Plano-Irving HMA.

Source: U.S. Bureau of Labor Statistics

Figure 3. Current Nonfarm Payroll Jobs in the Dallas HMA,* by Sector



* Dallas-Plano-Irving HMA.

Note: Based on 12-month averages through March 2012.

Source: U.S. Bureau of Labor Statistics

Most of the growth occurred in the administrative and support services industry, which grew by 11,000 jobs, or 7.2 percent. Employment services, which includes temporary workers and accounts for the most jobs in this industry, gained 6,000 jobs, or 9.7 percent. Hiring was also strong in the wholesale and retail trade sector, which added 8,750 jobs, a 2.7-percent increase. An increase of 6,100 jobs in the retail trade subsector accounted for much of the growth in the sector. The leisure and hospitality sector added 6,925 nonfarm payroll jobs, a 3.6-percent increase, primarily because new restaurants and hotels opening in the HMA added 5,975 jobs in the accommodations and food services industry. The transportation and utilities sector increased by 3,125 jobs, or 4.3 percent, with most of the growth occurring in the trucking industry, which added about 1,250 jobs.

During the 12 months ending March 2012, the mining, logging, and construction sector recorded a decrease

of 1,250 jobs, or 1.2 percent, with losses concentrated in the specialty trade contractors subsector, which fell by an average of 6,050 jobs, or 8.4 percent, in each of the past 3 years because of declines in home construction related to tightening credit and slower population growth reducing demand for new housing and other buildings. Losses in the federal government subsector contributed to an overall decline in the government sector of 700 jobs, or 0.3 percent, compared with an increase of 4,050 jobs, or 2 percent, during the previous 12 months.

The leading employers in the HMA are Wal-Mart Stores, Inc., Bank of America Corporation, and Baylor Health Care System, with 34,700, 20,000, and 19,700 employees, respectively. A number of major corporations

are headquartered in the Central and Northern submarkets, including AT&T Communications, Dr. Pepper/Seven Up, Inc., Electronic Data Systems Corporation, JCPenney, and Perot Systems. Table 3 lists the 10 largest employers in the HMA.

The 32-year-old Dallas-Fort Worth International Airport, on the Dallas County-Tarrant County border, is a major resource for economic development in the HMA. The airport has stimulated significant commercial and residential development in surrounding communities and has attracted businesses to the commercial and industrial zones within the 18,000 acres of airport property. According to a 2011 report provided by the airport, the annual economic impact on the Dallas-Fort Worth-Arlington, TX Metropolitan Statistical Area of the airport and its associated businesses, which provide 305,000 jobs and more than \$7.6 billion in annual payrolls, grew to about \$17 billion as of August 2011.

Nonfarm payrolls in the HMA are expected to grow an average of 2.3 percent a year during the forecast period. The professional and business services, wholesale and retail trade, and leisure and hospitality sectors are expected to contribute most of the estimated nonfarm payroll growth during the next 3 years.

Table 3. Major Employers in the Dallas HMA*

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Wal-Mart Stores, Inc.	Wholesale & Retail Trade	34,700
Bank of America Corporation	Financial Activities	20,000
Baylor Health Care System	Education & Health Services	19,700
Texas Health Resources, Inc.	Education & Health Services	18,700
AT&T Communications	Information	17,500
JPMorgan Chase & Co.	Financial Activities	13,000
HCA North Texas	Education & Health Services	12,300
Verizon Communications Inc.	Information	11,000
Raytheon Company	Government	9,900
The Kroger Co.	Wholesale & Retail Trade	9,700

* Dallas-Plano-Irving HMA.

Note: Excludes local school districts.

Source: Greater Dallas Chamber of Commerce

Population and Households

As of April 1, 2012, the population of the Dallas HMA was estimated at 4.41 million, reflecting an average annual increase of 89,100, or 2.1 percent, since April 1, 2010 (Tables DP-1 through DP-4, at the end of this report, provide information about population growth in the HMA and in each submarket from 2000 to the current date). By comparison, population growth averaged 1.9 percent a year from 2000 through 2005, but an expanding economy accelerated population growth to 2.3 percent annually from 2006 through 2008. Growth continued despite the economic downturn in 2009 because the HMA employment outlook was relatively better than that of other areas in the country. During the forecast period, the population is expected to increase by 94,000, or 2.1 percent, annually and to total nearly 4.70 million by April 1, 2015. Figure 4 illustrates the components of population change in the HMA from 2000 to the forecast date.

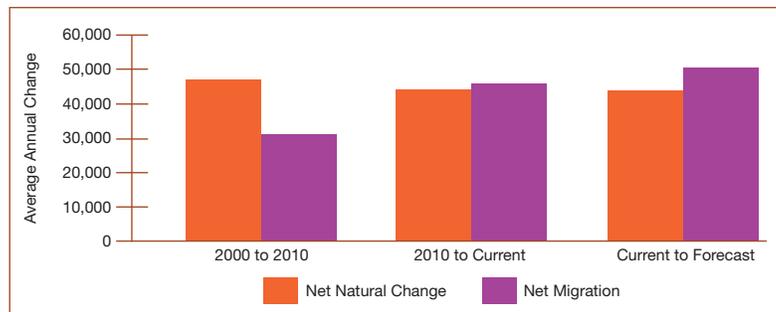
An estimated 2.45 million people, more than 50 percent of the HMA population, reside in the Central submarket. During the 2000s, the population of the Central submarket increased by an average of 14,900, or 0.7 percent, annually. During the same period, net out-migration totaled 13,800 people

annually; therefore, all of the population growth during this period came from net natural change (resident births minus resident deaths). Because of an expanding economy, the Central submarket has recorded average net in-migration of 11,550 people annually since April 2010. As a result, population growth has increased to an average annual rate of 38,950 people, or 1.6 percent, since 2010. Net in-migration in the Central submarket is expected to average 14,100 people a year during the 3-year forecast period because of continued employment growth and the availability of more affordable housing in the submarket. The population of the Central submarket is expected to increase by 41,650, or 1.7 percent, annually during the forecast period.

During the 2000s, the population of the Northern submarket increased by an average of 52,050, or 4.6 percent, annually. During the same period, annual net in-migration to the Northern submarket totaled an estimated 37,000 people, most of whom migrated from the Central submarket because of job growth in this submarket. Since 2010, the number of people migrating into the Northern submarket has decreased as more people migrated into the Central submarket because of affordable housing and employment opportunities. From 2010 through the current date, the population of the Northern submarket increased by an average of 43,000, or 2.9 percent, annually. The population of the Northern submarket is expected to increase by 45,000, or 2.9 percent, annually during the forecast period.

The population of the Remainder submarket increased by an average of 11,500, or 3.2 percent, annually

Figure 4. Components of Population Change in the Dallas HMA,* 2000 to Forecast



* Dallas-Plano-Irving HMA.

Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

Population and Households *Continued*

during the 2000s. During the same period, annual net in-migration of 8,750 people accounted for nearly 75 percent of the population growth. Since 2010, the number of people migrating into the Remainder submarket

has decreased as more people migrated into the Central submarket because of more affordable housing. From 2010 through the current date, the population of the Remainder submarket increased by an average of 6,925, or 1.6 percent, annually. During the forecast period, the population is expected to increase by 7,600, or 1.7 percent, annually and to total nearly 459,300 by April 1, 2015.

An estimated 1.57 million households currently reside in the HMA: 871,800 in the Central submarket, 547,200 in the Northern submarket, and 151,600 in the Remainder submarket. During the 2000s, household growth in the HMA averaged 27,100 households, or 2 percent, a year. Since 2010, the number of households in the HMA has increased by an average of 22,450, or 1.5 percent, annually. The current homeownership rates are 52.5 percent in the Central submarket, 66.4 percent in the Northern submarket, and 75.1 percent in the Remainder submarket. Figures 5, 6, and 7 illustrate the number of households by tenure in each submarket for 2000, 2010, and the current date.

The number of households in the HMA is expected to grow by 29,000, or 1.8 percent, annually during the next 3 years to total 1.66 million. The number of households is expected to grow 1.3, 2.7, and 1.6 percent in the Central, Northern, and Remainder submarkets, respectively. Figure 8 shows population and household growth in the HMA from 2000 through the forecast period.

Figure 5. Number of Households by Tenure in the Central Submarket, 2000 to Current



Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

Figure 6. Number of Households by Tenure in the Northern Submarket, 2000 to Current

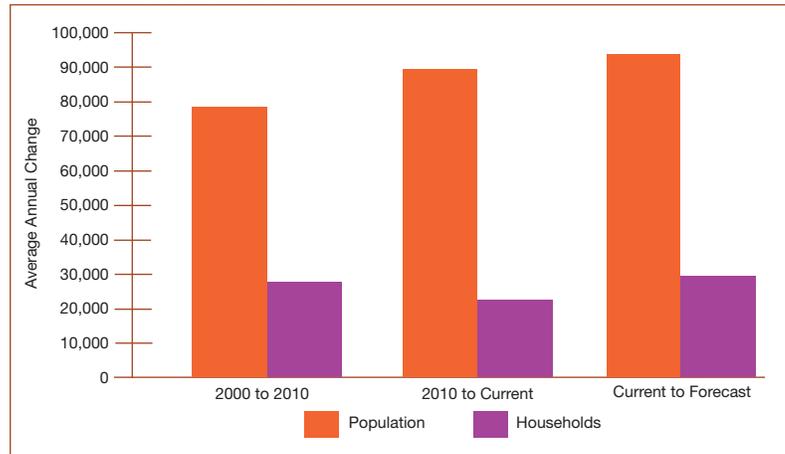


Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

Figure 7. Number of Households by Tenure in the Remainder Submarket, 2000 to Current



Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

Figure 8. Population and Household Growth in the Dallas HMA,* 2000 to Forecast

* Dallas-Plano-Irving HMA.

Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Housing Market Trends

Sales Market—Central Submarket

Sales housing market conditions in the Central submarket remain soft despite recent increases in the number of homes sold. Approximately 3,975 new and existing homes sold in the submarket during the first quarter of 2012, up 20 percent compared with the number sold during the first quarter of 2011, according to data from North Texas Real Estate Information Systems, Inc. (NTREIS). The current rate of home sales remains much less than the peak rate recorded in 2006 and 2007, when an average of 6,100 homes sold each quarter. Despite the recent increase in home sales, overall sales housing market conditions remain soft. The average home sales price for the first quarter of 2012 was \$219,100, down nearly 3 percent compared with the average price recorded for the first quarter of 2011. The current average price remains more than the average of \$202,100 that prevailed

from 2005 through 2009. Condominiums in the submarket are currently offered for prices as little as \$150,000, with larger luxury units offered at prices starting at \$700,000. According to LPS Applied Analytics, as of March 2012, 6.2 percent of home loans in the submarket were 90 or more days delinquent, in foreclosure, or transitioned into REO (Real Estate Owned), up slightly from the 6.1-percent rate recorded in March 2011. The sales vacancy rate is currently estimated at 1.7 percent, down from 2.3 percent in 2010. The homeownership rate in the submarket decreased to the current 52.5 percent from 53.2 percent in 2010.

Single-family home construction, as measured by the number of single-family building permits issued, averaged approximately 8,400 homes permitted annually in the Central submarket from 2000 through 2002.

Housing Market Trends

Sales Market—Central Submarket *Continued*

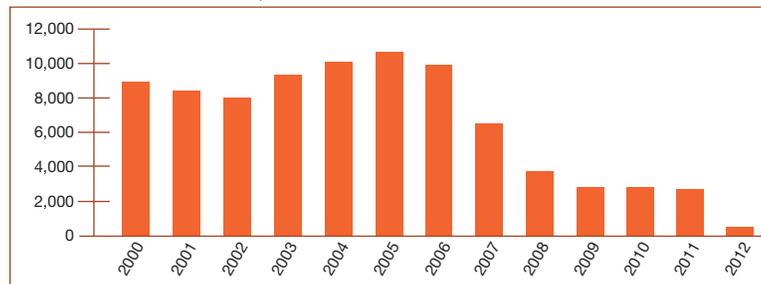
Home construction activity was at its highest level from 2003 through 2006, when an average of 9,950 homes was permitted annually as homebuyers took advantage of low interest rates. From 2007 through 2009, the number of homes permitted declined to an average of 4,275 annually because of a slowdown in home sales. During the 12 months ending March 2012, approximately 2,675 single-family homes were permitted, a 4-percent increase compared with the number of homes permitted during the previous 12 months, which reflects builders' response to increasing home sales during the past year. Figure 9 shows the number of single-family building permits issued in the submarket from 2000 to 2012. According to data from CB Richard Ellis (CBRE), approximately 5,800 condominium units have been constructed in the submarket since 2000, and 700 such units are currently under construction. Approximately 15 percent of multifamily permits issued since 2000 have been for condominiums.

Prices for newly constructed single-family homes in the southern parts of the Central submarket, with 1,300 square feet of living space and three bedrooms, start at \$130,000. Victory

Park, an urban center near downtown Dallas and the city's Uptown neighborhood, is a 75-acre, \$3 billion development. On completion in 2015, the development will include more than 4,000 for-sale condominium units and rental apartments, office and retail space, and high-end hotels. The American Airlines Center®, home to the Dallas Mavericks basketball and Dallas Stars ice hockey franchises, is in Victory Park. Museum Tower, a 42-story structure in downtown Dallas, is currently under construction and expected to be complete at the end of 2012. The luxury highrise tower will offer 122 units ranging from 1,450 to 8,700 square feet with prices starting at \$1.2 million for condominium units and \$4.1 million for penthouse units. Castle Hills, a 2,500-acre, master-planned community in North Dallas, west of Plano, is currently under construction and expected to be complete by 2017. The community will offer 2,600 single-family homes ranging in size from 2,200 to 10,000 square feet and in asking price from the low \$200,000s to \$2 million.

During the 3-year forecast period, demand in the Central submarket is estimated for 26,750 new homes and 1,400 mobile homes (Table 1). The 830 homes currently under construction and a portion of the 20,000 other vacant units that might come back on the market will satisfy some of the forecast demand. Table 4 illustrates the estimated demand for new sales housing in the submarket by price range. Demand is expected for 8,350 homes in the first year and is expected to increase to 9,700 homes in the third year of the forecast period.

Figure 9. Single-Family Building Permits Issued in the Central Submarket, 2000 to 2012



Notes: Includes townhomes. Includes data through March 2012.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Housing Market Trends

Sales Market—Central Submarket Continued

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Central Submarket, April 1, 2012 to April 1, 2015

Price Range (\$)		Units of Demand	Percent of Total
From	To		
130,000	149,999	8,300	31.0
150,000	199,999	8,825	33.0
200,000	299,999	6,150	23.0
300,000	and higher	3,475	13.0

Notes: The 830 homes currently under construction and a portion of the estimated 20,000 other vacant units in the submarket will likely satisfy some of the forecast demand. Excludes mobile homes.

Source: Estimates by analyst

Rental Market—Central Submarket

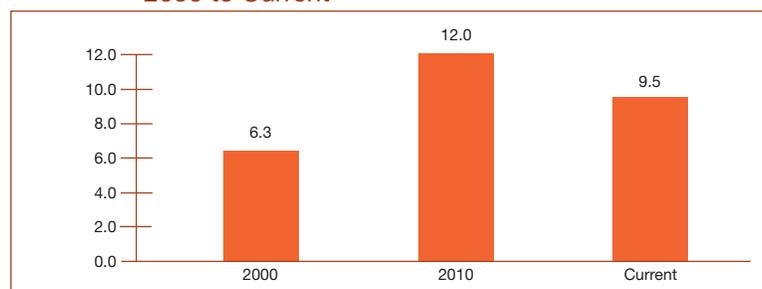
The rental housing market in the Central submarket is currently soft, with an estimated overall vacancy rate of 9.5 percent, down from 12.0 percent in April 2010 (Figure 10). Apartment market conditions are the same as in the overall rental housing market. According to ALN Systems, Inc., the apartment vacancy rate in the submarket is currently 9.3 percent, down from 10.1 percent a year earlier. Currently, more than 43,500 vacant units are available for rent in the submarket. Apartment rents in the submarket averaged \$700 for a one-bedroom unit, \$870 for a two-bedroom unit, and \$970 for a three-bedroom unit. The average apartment rent in the submarket increased 4 percent, to \$820, during the 12 months ending March 2012. Both existing and new apartment complexes offer concessions

that typically include 1 month of free rent, no security deposit, and a \$99 move-in special.

Multifamily construction activity, as measured by the number of multifamily units permitted, increased 71 percent, to 6,600 units permitted in the Central submarket during the 12 months ending March 2012, up from 3,850 units permitted during the same period a year earlier. By comparison, from 2005 through 2007, multifamily construction averaged 5,450 units permitted annually, lower than the average of 5,575 units permitted annually from 2002 through 2004. Approximately 15 percent of the multifamily units permitted in the submarket since 2000 were intended for owner occupancy, including the projects discussed previously in the sales market section. Currently, 5,975 multifamily units are under construction, of which about 85 percent are apartments. Figure 11 illustrates the number of multifamily building permits issued in the submarket from 2000 to the current date.

The Lakewood Flats Apartments, completed in early 2012 in the city of Dallas, are currently leasing up 435 rental units with asking rents starting at \$975. The 417-unit Boulevard,

Figure 10. Rental Vacancy Rates in the Central Submarket, 2000 to Current



Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

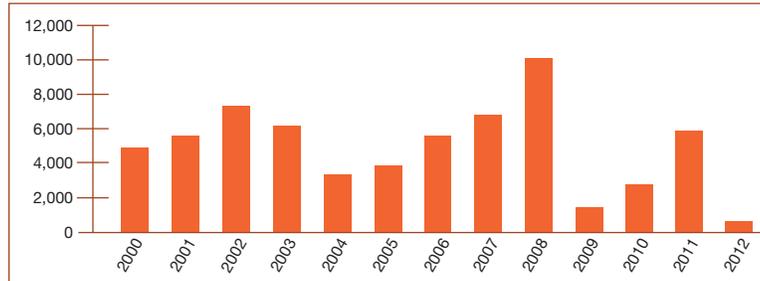
Housing Market Trends

Rental Market—Central Submarket Continued

another development currently in lease up in the city of Dallas, offers rents starting at \$1,055. A new development, Lakewood Apartments in Irving, which

is expected to be complete in late 2012, will include 435 units, with average rents starting at \$975 for a one-bedroom unit and \$1,550 for a two-bedroom unit.

Figure 11. Multifamily Building Permits Issued in the Central Submarket, 2000 to 2012



Notes: Excludes townhomes. Includes data through March 2012.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Demand is estimated for 11,200 new market-rate rental units in the Central submarket during the forecast period, primarily during the third year. The 5,970 units currently under construction will meet a portion of this demand (Table 1). Table 5 shows the estimated demand for new market-rate rental housing in the submarket by rent level and number of bedrooms.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Central Submarket, April 1, 2012 to April 1, 2015

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
900 to 1,099	3,025	1,200 to 1,399	4,475	1,500 to 1,699	2,025
1,100 or more	340	1,400 to 1,599	560	1,700 or more	220
		1,600 or more	560		
Total	3,350	Total	5,600	Total	2,250

Notes: Numbers may not add to totals because of rounding. The 5,975 units currently under construction will satisfy some of the estimated demand.

Source: Estimates by analyst

Sales Market—Northern Submarket

The sales housing market in the Northern submarket is balanced, with a current estimated vacancy rate of 1.5 percent, down from the 1.8-percent rate reported in the 2010 Census. According to NTREIS, new and existing home sales totaled 4,150 in the first quarter of 2012, a 25-percent increase compared with the 3,325 homes sold during the first quarter of 2011. From 2005 through 2009, the average number of homes sold in the first quarter was 4,600, 11 percent more than the number sold in the first quarter of 2012. In Denton County, during the first quarter of 2012, the average new and existing single-family home sales price declined to \$217,000, down 2 percent compared

with the price recorded during the first quarter of 2011. In Collin County, during the same period, homes sales prices also declined nearly 2 percent, to \$234,700, compared with the price recorded during the first quarter of 2011. The current average prices remain more than the 2005-through-2009 averages of \$206,900 and \$231,500 for Denton and Collin Counties, respectively. Condominiums in the submarket are currently offered for as little as \$180,000, with larger luxury units starting at \$500,000. Approximately 1,000 condominium units have been constructed in the submarket since 2000, according to data from CBRE. According to LPS Applied

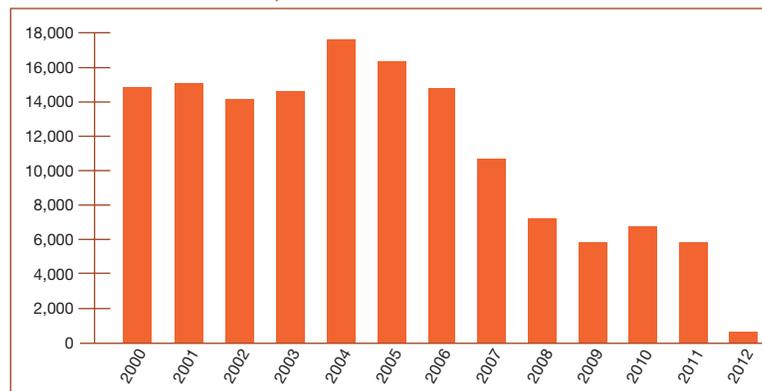
Analytics, as of March 2012, 3.5 percent of home loans in Collin and Denton Counties were 90 or more days delinquent, in foreclosure, or transitioned into REO, unchanged from March 2011. Of the households in the submarket, an estimated 363,100, or 66.4 percent, are owner households and the remaining 184,100 are renter households.

In response to the balanced sales market conditions, home builders have increased new home construction activity in the Northern submarket. Single-family home construction activity, as measured by the number of single-family building permits issued, totaled 6,100 homes during the 12 months ending March 2012, a 12-percent increase from the previous 12 months, based on preliminary data. The current level of permitting activity remains less than the average of 14,700 homes permitted annually from 2000 through 2003, which preceded the peak construction years of 2004 and 2005, when an average of 16,950 homes was permitted annually. Figure 12 shows the number of single-family building permits issued in the submarket from 2000 to 2012.

Recent single-family construction activity has been concentrated in the central parts of the Northern submarket. The largest single-family development currently under way is the 951-home Heatherwood in McKinney, in Collin County. The project, which originally broke ground in May 2006, has sold more than 350 homes and is currently building another 300. Asking prices start at \$180,000 for a 2,565-square-foot home. Christie Ranch, a phased project that originally broke ground in February 2005, has sold more than 150 homes and is currently building another 215. Asking prices range from \$210,000 for a 2,000-square-foot home to \$490,000 for a 5,200-square-foot home. Development activity in Denton County is occurring primarily in the city of Denton and the southern portion of the county. New homes with 1,250 square feet, three bedrooms, and two bathrooms are priced starting at \$170,000. Most new homes in the county sell in the \$150,000-to-\$300,000 range.

During the 3-year forecast period, demand is estimated for 35,650 new homes and 1,850 mobile homes in the Northern submarket (Table 1). The 1,200 homes currently under construction and a portion of the 7,500 other vacant units that might come back on the market will satisfy some of the forecast demand. Table 6 illustrates the estimated demand for new homes in the submarket by price range. Demand is expected for 11,900 new homes in the first year and is expected to increase to 12,500 homes in the third year of the forecast period.

Figure 12. Single-Family Building Permits Issued in the Northern Submarket, 2000 to 2012



Notes: Includes townhomes. Includes data through March 2012.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 6. Estimated Demand for New Market-Rate Sales Housing in the Northern Submarket, April 1, 2012 to April 1, 2015

Price Range (\$)		Units of Demand	Percent of Total
From	To		
170,000	199,999	8,900	25.0
200,000	299,999	10,700	30.0
300,000	399,999	7,125	20.0
400,000	499,999	5,350	15.0
500,000	and higher	3,575	10.0

Notes: The 1,200 homes currently under construction and a portion of the estimated 7,500 other vacant units in the submarket will likely satisfy some of the forecast demand. Excludes mobile homes.

Source: Estimates by analyst

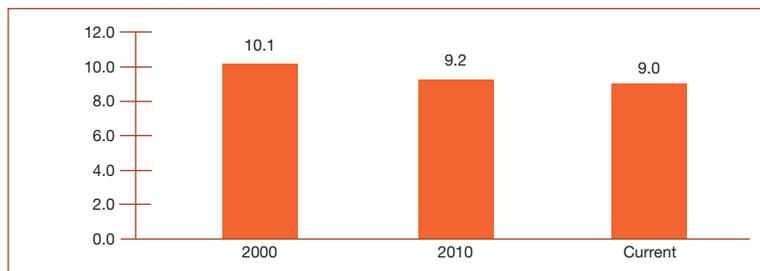
Rental Market—Northern Submarket

The rental housing market in the Northern submarket is currently soft, with an estimated overall vacancy rate of 9 percent, down from 9.2 percent in April 2010 (Figure 13). Currently, approximately 18,200 vacant units are available for rent in the submarket. Conditions in the apartment market are slightly soft. According to ALN Systems, Inc., the apartment vacancy rate in the submarket is currently 6.7 percent, unchanged from a year ago. During the 12 months ending March 2012, apartment rents in the submarket averaged \$750 for a one-bedroom unit, \$995 for a two-bedroom unit, and \$1,260 for a three-bedroom unit. The average apartment rent in the submarket increased to \$910 during the 12 months ending March 2012, up

5 percent from a year earlier. Concessions offered include no security deposit and \$250 off the first month's rent for a 12-month lease in existing and new apartment complexes.

Multifamily construction activity, as measured by the number of multifamily units permitted, more than doubled to 2,975 units during the 12 months ending March 2012, up from 1,325 units during the same period a year earlier. By comparison, an average of 3,925 units was permitted annually from 2006 through 2008. Approximately 8 percent of the multifamily units permitted in the Northern submarket since 2000 were intended for owner occupancy. Currently, 2,950 multifamily units are under construction. Figure 14 illustrates the number of multifamily building permits issued in the submarket from 2000 to 2012.

In early 2012, Cypress Apartments in Lewisville, in Denton County, completed construction on 390 rental units, which are now in lease up. Asking rents for this project start at \$825 for a one-bedroom unit, \$1,280 for a two-bedroom unit, and \$1,665 for a three-bedroom unit. The 256-unit Colonial

Figure 13. Rental Vacancy Rates in the Northern Submarket, 2000 to Current

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Housing Market Trends

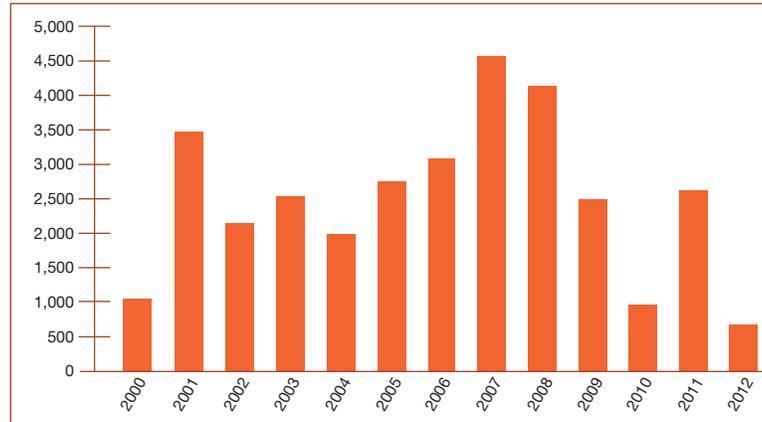
Rental Market—Northern Submarket Continued

at Fairview Apartments, in Collin County, completed construction in 2011 and is also in lease up. Asking rents at Colonial at Fairview start at

\$890 for a one-bedroom unit, \$1,200 for a two-bedroom unit, and \$1,530 for a three-bedroom unit. The 210-unit Grove at Denton Apartments is currently under construction and is expected to be complete by late 2013. Asking rents start at \$1,125 for a two-bedroom unit and \$1,290 for a three-bedroom unit.

During the 3-year forecast period, demand is estimated for 7,620 new market-rate rental units in the Northern submarket (Table 1). The 2,950 units currently under construction will meet a portion of this demand. Table 7 shows the estimated demand for new market-rate rental housing units in the submarket by rent level and number of bedrooms.

Figure 14. Multifamily Building Permits Issued in the Northern Submarket, 2000 to 2012



Notes: Excludes townhomes. Includes data through March 2012.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 7. Estimated Demand for New Market-Rate Rental Housing in the Northern Submarket, April 1, 2012 to April 1, 2015

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
950 to 1,149	2,125	1,300 to 1,499	3,425	1,600 to 1,799	920
1,150 to 1,349	270	1,500 or more	380	1,800 to 1,999	170
1,350 or more	270			2,000 or more	55
Total	2,675	Total	3,825	Total	1,150

Notes: Numbers may not add to totals because of rounding. The 2,950 units currently under construction will satisfy some of the estimated demand.

Source: Estimates by analyst

Sales Market—Remainder Submarket

The sales housing market in the Remainder submarket is currently soft, with an estimated vacancy rate of 2 percent, down from the 2.2-percent rate reported in the 2010 Census. According to NTREIS, new and existing home sales totaled 390 in the first quarter of 2012, a decrease of about 50 percent compared with the 765 homes sold during the first quarter of 2011. The current level of sales activity remains less than the average of 1,050 homes sold quarterly from 2004 through 2009. The most sales during

the first quarter of 2012 occurred in Ellis County, south of the city of Dallas, where sales increased 25 percent from the first quarter of 2011, due in part to an 8-percent decrease in the average sales price.

Average new and existing home sales prices varied widely throughout the Remainder submarket between 2005 and 2009. In the first quarter of 2012, sales prices were least in the northeastern part of the submarket in Kaufman County, where the average

Housing Market Trends

Sales Market—Remainder Submarket *Continued*

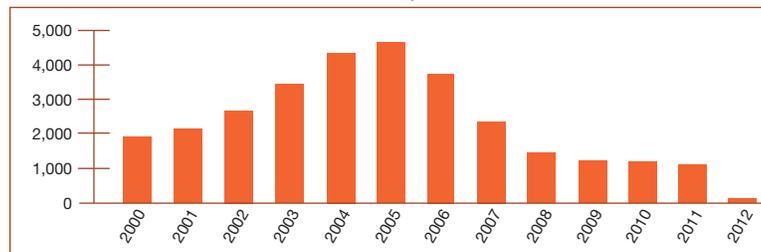
sales price decreased 5 percent, to \$120,000, compared with the average sales price recorded in the first quarter of 2011. Rockwall County, east of the city of Dallas, had the highest average sales price in the submarket during the first quarter of 2012, which was \$232,400, an increase of less than 1 percent compared with the price recorded in the first quarter of 2011.

According to LPS Applied Analytics, as of March 2012, 7.6 percent of home loans in Kaufman County and 5.0 percent of loans in Delta and Rockwall Counties were 90 or more days delinquent, in foreclosure, or transitioned into REO, up 0.1, 0.4, and 0.2 percentage points, respectively, from March 2011. Of the households in the submarket, an estimated 113,900, or 75.1 percent, are owner households and the remaining 37,750 are renter households.

New home construction, as measured by the number of single-family building permits issued, increased more than 7 percent, to 1,150 homes permitted compared with the number of permits issued during the previous 12 months, according to preliminary data primarily because of recent job growth. Single-family construction activity remained well below the average of 2,675 permits issued annually from 2005 through 2009. New home construction in the Remainder submarket is concentrated primarily in Ellis and Rockwall Counties, in the cities of Waxahachie and Rockwall, where prices for new homes typically start at \$135,000 and \$200,000, respectively. D.R. Horton, Inc., one of the largest home builders in the Dallas HMA, is currently building single-family homes in the new subdivision of Castle Ridge Estates, in the city of Rockwall. This subdivision will have approximately 190 homes with prices starting at \$200,000 for a 2,200-square-foot home. Figure 15 shows the number of single-family building permits issued in the submarket from 2000 through 2012.

During the 3-year forecast period, demand is estimated for 5,370 new homes and 280 mobile homes in the submarket (Table 1). The 190 homes currently under construction and a portion of the 7,400 other vacant units that might come back on the market will satisfy some of this demand. Table 8 illustrates the estimated demand for new sales housing in the submarket by price range. Demand is expected for 1,300 homes in the first year and expected to increase to 2,100 homes in the third year of the forecast period.

Figure 15. Single-Family Building Permits Issued in the Remainder Submarket, 2000 to 2012



Notes: Includes townhomes. Includes data through March 2012.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 8. Estimated Demand for New Market-Rate Sales Housing in the Remainder Submarket, April 1, 2012 to April 1, 2015

Price Range (\$)		Units of Demand	Percent of Total
From	To		
130,000	149,999	970	18.0
150,000	169,999	1,075	20.0
170,000	199,999	1,350	25.0
200,000	299,999	810	15.0
300,000	399,999	640	12.0
400,000	and higher	540	10.0

Notes: The 190 homes currently under construction and a portion of the estimated 7,400 other vacant units in the submarket will likely satisfy some of the forecast demand. Excludes mobile homes.

Source: Estimates by analyst

Rental Market—Remainder Submarket

The rental housing market in the Remainder submarket is currently soft, with an estimated overall vacancy rate of 9.5 percent, down slightly from 9.7 percent in April 2010 (Figure 16). Currently, approximately 3,950 vacant units are available for rent in the submarket. Conditions in the apartment market are balanced. According to ALN Systems, Inc., the apartment vacancy rate in the submarket is currently 6.2 percent, down from 8.2 percent a year earlier. During the 12 months ending March 2012, apartment rents in this submarket averaged \$725 for a one-bedroom unit, \$800 for a two-bedroom unit, and \$870 for a three-bedroom unit. The average apartment rent in the submarket

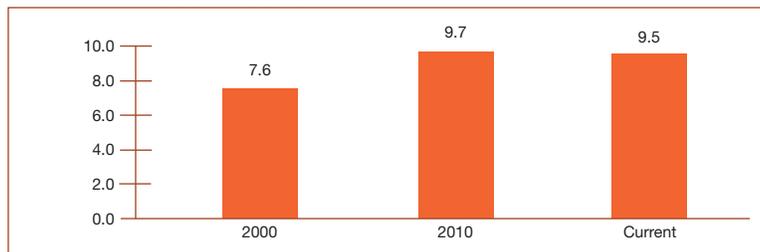
increased to \$810 during the 12 months ending March 2012, up more than 1 percent from a year earlier.

Multifamily construction activity, as measured by the number of multifamily units permitted, increased to 240 units in the Remainder submarket during the 12 months ending March 2012 from 150 units a year ago. By comparison, an average of 400 units was permitted annually between 2005 and 2009. Approximately 8 percent of the multifamily units permitted in the submarket since 2000 have been intended for owner occupancy. Currently, 230 multifamily units are under construction. Figure 17 illustrates the number of multifamily building permits issued in the submarket from 2000 through 2012.

One property is currently in lease up in the submarket: Sonoma Court, a 124-unit property in Rockwall. Asking rents for apartments in Sonoma Court start at \$880 for a one-bedroom unit, \$1,110 for a two-bedroom unit, and \$1,310 for a three-bedroom unit. The 220-unit Crossroad Center at Waxahachie Apartments, nearing completion in Ellis County, offers rents starting at \$815 for a one-bedroom unit, \$1,020 for a two-bedroom unit, and \$1,200 for a three-bedroom unit.

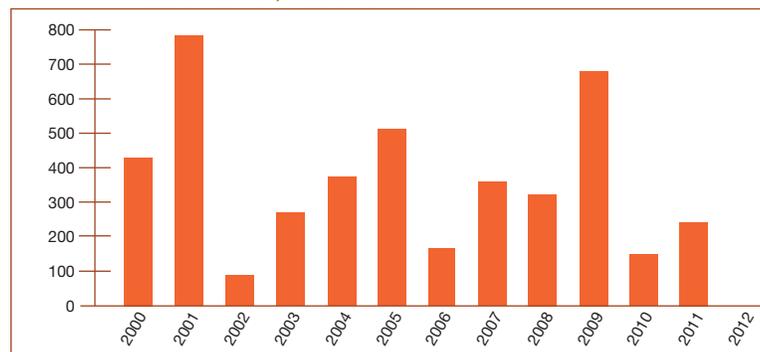
Demand is estimated for 1,450 new rental units in the Remainder submarket during the 3-year forecast period (Table 1). The 230 units currently under construction will meet some of this demand. The current excess supply of vacant available units and units under construction will satisfy all the demand during the first year

Figure 16. Rental Vacancy Rates in the Remainder Submarket, 2000 to Current



Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 17. Multifamily Building Permits Issued in the Remainder Submarket, 2000 to 2012



Notes: Excludes townhomes. Includes data through March 2012.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Housing Market Trends

Rental Market—Remainder Submarket Continued

of the forecast period. Demand will increase to 600 and 850 new rental units in the second and third years of the forecast period, respectively.

Table 9 shows the estimated demand for new market-rate rental housing in the submarket by rent level and number of bedrooms.

Table 9. Estimated Demand for New Market-Rate Rental Housing in the Remainder Submarket, April 1, 2012 to April 1, 2015

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
750 to 949	350	1,000 to 1,199	650	1,200 to 1,399	230
950 to 1,149	45	1,200 or more	75	1,400 to 1,599	30
1,150 or more	45			1,600 or more	30
Total	430	Total	730	Total	290

Notes: Numbers may not add to totals because of rounding. The 230 units currently under construction will satisfy some of the estimated demand.

Source: Estimates by analyst

Data Profiles

Table DP-1. Dallas HMA* Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Resident Employment	1,845,343	1,987,870	2,031,000	0.7	1.7
Unemployment Rate	3.6%	8.2%	7.6%		
Nonfarm Payroll Jobs	1,964,700	2,017,200	2,071,000	0.3	2.1
Total Population	3,451,226	4,235,751	4,414,000	2.1	2.1
Total Households	1,255,247	1,526,087	1,571,000	2.0	1.5
Owner Households	733,862	916,455	934,300	2.2	1.0
Percent Owner	58.5%	60.1%	59.5%		
Renter Households	521,385	609,632	636,200	1.6	2.2
Percent Renter	41.5%	39.9%	40.5%		
Total Housing Units	1,332,535	1,660,144	1,687,000	2.2	0.8
Owner Vacancy Rate	1.5%	2.1%	1.7%		
Rental Vacancy Rate	7.2%	11.1%	9.4%		
Median Family Income	\$58,200	\$67,600	\$70,100	1.5	1.2

* Dallas-Plano-Irving HMA.

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through March 2012. Median family incomes are for 1999, 2009, and 2010.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-2. Central Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Population	2,218,899	2,368,139	2,446,000	0.7	1.6
Total Households	807,621	855,960	871,700	0.6	0.9
Owner Households	424,847	455,741	457,300	0.7	0.2
Percent Owner	52.6%	53.2%	52.5%		
Rental Households	382,774	400,219	414,400	0.4	1.8
Percent Renter	47.4%	46.8%	47.5%		
Total Housing Units	854,119	943,257	943,200	1.0	0.0
Owner Vacancy Rate	1.3%	2.3%	1.7%		
Rental Vacancy Rate	6.3%	12.0%	9.5%		

Note: Numbers may not add to totals because of rounding.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-3. Northern Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Population	924,651	1,444,955	1,531,000	4.6	2.9
Total Households	340,873	524,048	547,200	4.4	2.2
Owner Households	227,325	349,917	363,100	4.4	1.9
Percent Owner	66.7%	66.8%	66.4%		
Rental Households	113,548	174,131	184,100	4.4	2.8
Percent Renter	33.3%	33.2%	33.6%		
Total Housing Units	362,961	557,099	578,500	4.4	1.9
Owner Vacancy Rate	1.8%	1.8%	1.5%		
Rental Vacancy Rate	10.1%	9.2%	9.0%		

Note: Numbers may not add to totals because of rounding.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-4. Remainder Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Population	307,676	422,657	436,500	3.2	1.6
Total Households	106,753	146,079	151,600	3.2	1.9
Owner Households	81,690	110,797	113,855	3.1	1.4
Percent Owner	76.5%	75.8%	75.1%		
Rental Households	25,063	35,282	37,725	3.5	3.4
Percent Renter	23.5%	24.2%	24.9%		
Total Housing Units	115,455	159,788	165,300	3.3	1.7
Owner Vacancy Rate	1.9%	2.2%	2.0%		
Rental Vacancy Rate	7.6%	9.7%	9.5%		

Note: Numbers may not add to totals because of rounding.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
2010: 4/1/2010—U.S. Decennial Census
Current date: 4/1/2012—Analyst's estimates
Forecast period: 4/1/2012–4/1/2015—Analyst's estimates

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In the U.S. Department of Housing and Urban Development's (HUD's) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_Dallas-Plano-IrvingTX_13.pdf.

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This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to
www.huduser.org/publications/econdev/mkt_analysis.html.