

Housing Market Profile



Southwest • HUD Region VI

Dallas-Plano-Irving, Texas

The Dallas-Plano-Irving metropolitan division is located in northeast Texas, east of the Fort Worth-Arlington metropolitan division. The eight-county metropolitan division, with a population of approximately 4.4 million as of January 1, 2012, accounts for 17 percent of the state population. The population of the metropolitan division has increased by an average of 93,850, or 2 percent, annually since July 1, 2010, the same growth rate recorded between 2006 and 2010. Collin, Dallas, and Denton Counties, which account for 90 percent of the area population, are the core counties of the metropolitan division.

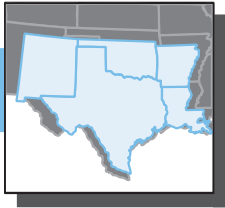
The economic downturn that began in the first quarter of 2008 appears to be turning around. During the 12 months ending November 2011, nonfarm payrolls averaged 2.1 million, an increase of 48,900 jobs, or 2.4 percent, compared with a 0.4-percent decline during the previous 12 months. During the 12 months ending November 2011, the professional and business services, education and health services, and financial activities sectors recorded gains of 19,275, 9,650, and 7,875 jobs, or 5.8, 3.9, and 4.5 percent, respectively. An increase of 12,550 jobs in the administrative support services industry led gains in the professional and business services sector, and an increase of 9,200 jobs in the health care and social assistance industry led gains in the education and health services sector. Growth in the financial activities sector is largely attributed to hiring in the finance and insurance industry, which added 6,350 jobs. Job losses occurred primarily in the information and manufacturing sectors, which lost 3,350 and 1,075 jobs, or 5.2 and 0.7 percent, respectively. During the 12 months ending November 2011, the average unemployment rate in the metropolitan division was 8.2 percent, unchanged from the rate recorded a year earlier.

The largest employers in the metropolitan division are Wal-Mart Stores, Inc., with 32,800 employees; Texas Health Resources, Inc., with 18,000 employees; and AT&T Communications, with 16,600 employees. In 2010, HMS Holdings Corp., the parent company of Health Management Systems, announced plans to move its headquarters from New York City to Irving and will add 350 jobs to its existing employment base of 650 by the end of 2013. A new company, med fusion, established in 2010 as a joint venture of Baylor Health Care System and US Oncology, Inc., plans to hire up to 900 employees by 2014.

Sales housing market conditions in the Dallas-Plano-Irving metropolitan division are currently soft, with an estimated 2-percent vacancy rate. According to data from the Real Estate Center at Texas A&M University, during the 12 months ending November 2011, home sales totaled 59,500, relatively unchanged compared with sales during the previous 12 months but much less than the average of 77,800 homes sold annually from 2003 through 2008. The average home sales price in the metropolitan division was \$219,300 during the 12 months ending November 2011, up nearly 2 percent compared with the average price during the previous 12 months but still less than the peak of \$221,400 reached in March 2008. According to LPS Applied Analytics, in November 2011, 4.8 percent of total home loans in the metropolitan division were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), down from 5.3 percent in November 2010.

Soft sales housing market conditions have resulted in a reduction in new home construction activity, as measured by the number of building permits issued for single-family homes. According to preliminary data, during the 12 months ending December 2011, building permits were issued for 9,500 new single-family homes, down nearly 1 percent from the preceding 12 months. Collin County accounted for 46 percent of the area total with 4,400 homes permitted during the most recent 12 months. Since 2000, Collin County has accounted for approximately 38 percent of all single-family permits issued in the metropolitan division. Single-family home construction activity in the metropolitan division remains well below that of the 2000-to-2006 period, when an average of 27,900 homes were permitted annually. According to data from CB Richard Ellis, since 2009, about 2,925 townhomes and condominiums have been constructed in the metropolitan division. Approximately 1,225 condominiums are under construction: 700 in Dallas County and 525 in Collin County. Currently, 80 percent of all condominiums in the metropolitan division are in Dallas County.

Rental housing market conditions have improved during the past year in the Dallas-Plano-Irving metropolitan division, but they remain soft. According to data from ALN Systems, Inc., for the 12-month period ending November 2011, the apartment vacancy rate was 7.5 percent compared with 10.4 percent a year earlier. During the 12 months ending November 2011, the Collin County rental submarket was balanced, with a 5.6-percent apartment vacancy rate, down from 9.3 percent during the previous 12 months. Average rents in Collin County



increased 4 percent to \$920 during that period. The Denton County submarket was balanced, with a 7-percent vacancy rate, down from 10 percent during the previous 12 months, and rents increased by 6 percent to \$850. The vacancy rate for apartments in the Dallas County submarket was 9.5 percent, down from 11.8 percent a year earlier, and the average rent increased by 3 percent to \$810. Approximately 48 percent of all apartment units in the metropolitan division are located in the Dallas County submarket.

Multifamily construction activity, as measured by the number of units permitted, has increased significantly in the past year, according to preliminary data. During the 12 months ending December 2011, approximately

8,850 multifamily units were permitted compared with the 3,850 permits issued during the previous 12-month period. This level represents more than a 100-percent increase from the 4,225 units permitted annually for 2009 and 2010, but it remains well below the average of 11,500 units permitted annually from 2006 through 2008. Apartments represent more than 90 percent of all multifamily units currently under construction, including The Boulevard Apartments, a 425-unit property, and Ross & Hall Apartments, a 370-unit property; both of which are located in the Dallas County submarket and are expected to be complete in late 2012. The asking rents in these developments will start at \$1,025 for a one-bedroom unit and \$1,350 for a two-bedroom unit.