

HUD PD&R Housing Market Profiles

Dallas-Plano-Irving, Texas



Quick Facts About Dallas-Plano-Irving

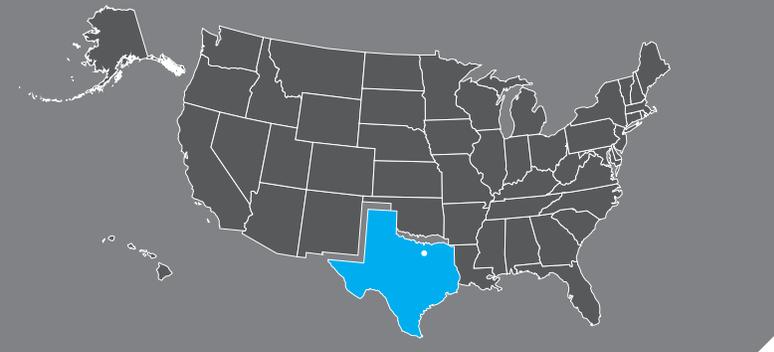
- **Current sales market conditions: slightly soft.**
- **Current apartment market conditions: balanced.**
- **The company med fusion, a joint venture of Baylor Health Care System, Texas Oncology, Pathologists Bio-Medical Laboratories, L.L.P., and The US Oncology Network, leased 172,000 square feet in Lewisville with plans to hire up to 900 employees in the next 3 years.**

By Elizabeth Oduor | As of November 1, 2013

Overview

The Dallas-Plano-Irving, TX Metropolitan Division (hereafter, the Dallas division) is in northeast Texas, east of the Fort Worth-Arlington, TX Metropolitan Division (hereafter, the Fort Worth division). The eight-county Dallas division accounts for 17.5 percent of the population of Texas. Collin, Dallas, and Denton Counties, which account for 90 percent of the Dallas division population, are the core counties.

- As of November 1, 2013, the estimated population of the Dallas division was 4.56 million, which represents an average annual increase of 91,100, or 2.1 percent, since the 2010 Census.
- The population growth in the Dallas division since 2010 has been nearly evenly split between net natural change and net in-migration.
- The city of Dallas, with a population of approximately 1.24 million, is the ninth largest city in the nation and accounted for 27 percent of the population of the Dallas division as of November 1, 2013.



The financial activities and the wholesale and retail trade sectors led nonfarm payroll growth in the Dallas division during the 3 months ending October 2013.

	3 Months Ending		Year-Over-Year Change	
	October 2012 (thousands)	October 2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	2,135.3	2,205.6	70.3	3.3
Goods-producing sectors	279.3	280.9	1.6	0.6
Mining, logging, and construction	112.0	117.9	5.9	5.3
Manufacturing	167.3	163.1	-4.2	-2.5
Service-providing sectors	1,856.0	1,924.7	68.7	3.7
Wholesale and retail trade	340.2	355.6	15.4	4.5
Transportation and utilities	77.6	76.6	-1.0	-1.3
Information	63.9	65.0	1.1	1.7
Financial activities	189.9	202.8	12.9	6.8
Professional and business services	267.0	271.3	4.3	1.6
Education and health services	206.0	213.2	7.2	3.5
Leisure and hospitality	74.9	75.2	0.3	0.4
Other services	260.3	264.1	3.8	1.5
Government	29.9	29.3	-0.6	-2.0
	(percent)	(percent)		
Unemployment rate	7.2	6.4		

Note: Numbers may not add to totals because of rounding.
Source: U.S. Bureau of Labor Statistics

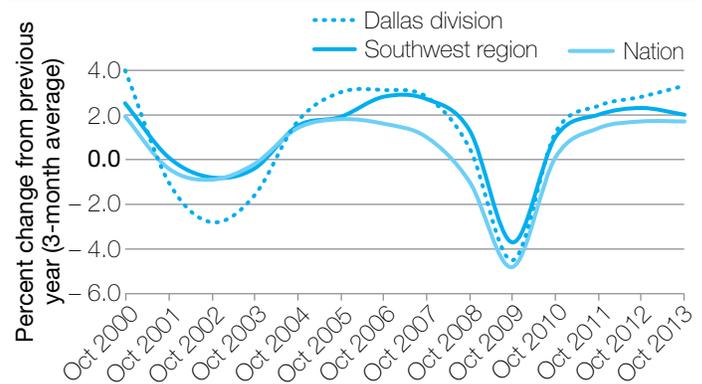
Economic Conditions

During the 3 months ending October 2013, strong nonfarm payroll growth continued in the Dallas division, with more than one-half of all sectors increasing by more than 3,500 jobs each. The Dallas division has recorded annual job growth in excess of 2.5 percent since December 2011.

During the 3 months ending October 2013—

- Total nonfarm payrolls increased by 70,300 jobs, or 3.3 percent, compared with a 2.8-percent increase during the 3 months ending October 2012.
- The greatest growth in nonfarm payrolls occurred in the wholesale and retail trade sector, which increased by 15,400 jobs, or 4.5 percent.
- Strong payroll growth also occurred in the financial activities and the education and health services sectors, which grew by 12,900 and 7,200 jobs, or 6.8 and 3.5 percent, respectively.
- Reflecting continued strong job growth, the average unemployment rate declined to 6.4 percent compared with the rate of 7.2 percent during the 3 months ending October 2012.

Nonfarm payrolls in the Dallas division increased more rapidly in 2013 than in any corresponding period since 2006.



Note: Nonfarm payroll jobs.
Source: U.S. Bureau of Labor Statistics

Largest employers in the Dallas division

Name of Employer	Nonfarm Payroll Sector	Number of Employees
American Airlines	Transportation and utilities	24,700
Bank of America Corporation	Financial activities	20,000
Texas Health Resources, Inc.	Education and health services	19,230

Note: Excludes local school districts.
Source: Dallas Business Journal 2013



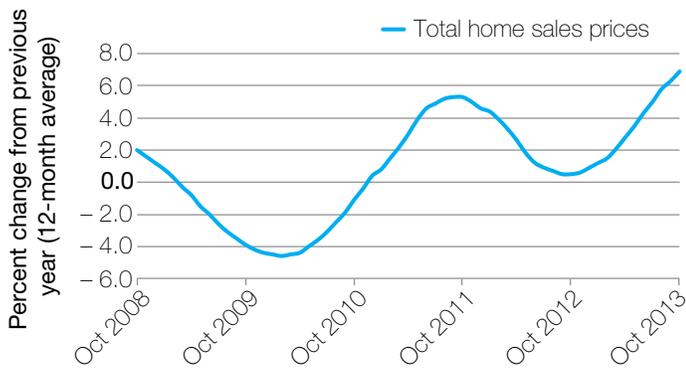
Sales Market Conditions

The sales housing market in the Dallas division is currently balanced, with an estimated sales vacancy rate of 1.7 percent compared with the rate of 2.1 percent recorded in April 2010. Recent strong employment and population growth in the division contributed to increased sales demand for single-family homes. The number of new and existing home sales and home sales prices increased during the 12 months ending October 2013 and the inventory of homes for sale declined significantly (Real Estate Center at Texas A&M University).

During the 12 months ending October 2013—

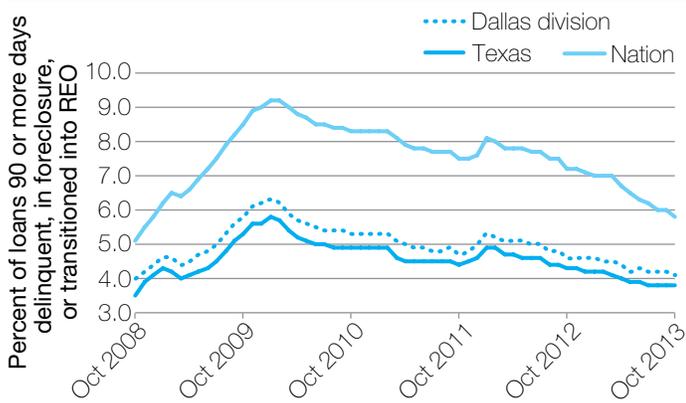
- The number of new and existing home sales totaled 84,150, up by 14,450 homes sold, or 20.7 percent, from the 69,700 homes sold during the previous 12-month period and 4 percent more than the average of 81,200 homes sold annually from 2007 through 2008.

Home sales prices have increased in the Dallas division since 2010 but have increased at a faster rate since 2012.



Note: Average monthly prices for single-family homes. Source: Real Estate Center at Texas A&M University

The distressed loan rate in the Dallas division has nearly returned to what it was in 2008, before the most recent economic recession.



REO = Real Estate Owned. Source: LPS Applied Analytics

- The average home sales price increased 6.9 percent from a year earlier, to \$236,300, after increasing 0.5 percent during the previous 12 months; home sales prices increased an average of 13.7 percent annually from a low of \$207,700 during the 12 months ending June 2010.
- Homes sales prices were 53 percent more in the Dallas division than the average of \$162,600 in the Fort Worth division, although the two cities are only 30 miles apart.
- The recent increases in home sales and prices in the Dallas division represented the greatest rate of growth since 2007.
- The inventory of homes for sale declined significantly, to a 2.4-month supply compared with a 4.1-month supply during the previous 12 months, the least inventory in 13 years.

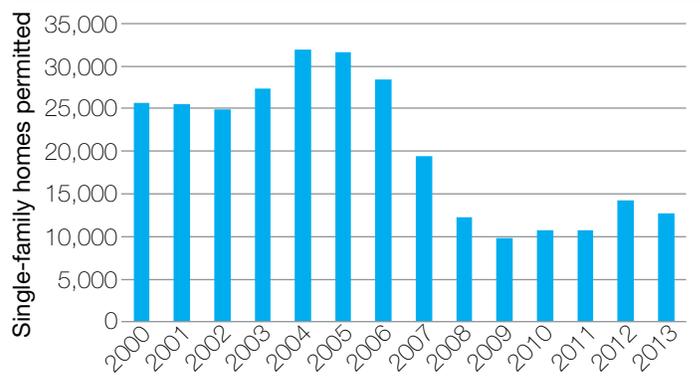
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Year-over-year home sales in the Dallas division have increased since late 2011.



Note: Includes single-family homes, townhomes, and condominiums. Source: Real Estate Center at Texas A&M University

Since 2008, single-family building activity in the Dallas division has remained much less than the levels recorded from 2000 through 2007.



Notes: Includes preliminary data from January 2013 through October 2013. Source: U.S. Census Bureau, Building Permits Survey



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As of October 2013, 4.1 percent of home loans in the Dallas division were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), down from 4.6 percent in October 2012 (LPS Applied Analytics). The distressed mortgage rate in the division, which peaked at 6.3 percent in January 2010, was not as high as in many parts of the nation because of comparatively strong employment and population growth. In addition, the sales market did not record the substantial price gains recorded in many other parts of the country during the early-to-mid 2000s.

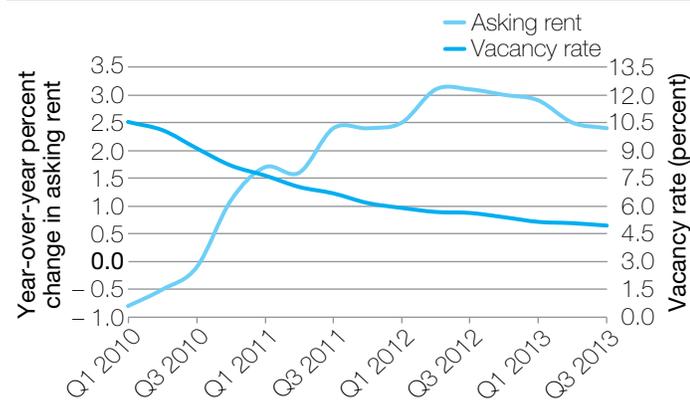
Single-family home construction activity, as measured by the number of single-family building permits issued, continued to increase during the 12 months ending October 2013 as builders responded to increasing demand and improving sales market conditions in the Dallas division.

Apartment Market Conditions

Current apartment market conditions in the Dallas division are balanced. The apartment market improved significantly during the past 4 years because of increased demand for rental units and reduced multifamily building activity from 2009 through 2011.

- The apartment vacancy rate was 5.0 percent during the third quarter of 2013, down from 5.7 percent in the third quarter of 2012 (Reis, Inc.).
- The average vacancy rate has declined steadily from a peak of 10.5 percent during the first quarter of 2010.
- The average apartment rent in the Dallas division in the third quarter of 2013 was \$890, an increase of \$21, or 2.4 percent, from a year earlier.

Apartment rents have increased and vacancy rates have decreased in the Dallas division since 2010.



Source: Reis, Inc.

- During the 12 months ending October 2013, permits were issued for approximately 14,750 single-family homes, an increase of 24 percent from the 11,900 homes permitted during the previous 12 months (preliminary data).
- Single-family permitting averaged 29,800 homes a year from 2003 through 2006 before declining to an average of 12,800 homes a year from 2007 through 2012, a result of soft sales market conditions that were caused, in part, by overbuilding and a brief local economic downturn.
- Two large master-planned communities under construction in the Dallas division are the 1,600-home Richwoods in Frisco, with prices starting at \$300,000, and the 2,100-home Tucker Hill in McKinney, with prices starting at \$240,000.
- Sales prices for new, three-bedroom single-family homes in the Dallas division start at approximately \$120,000, although the lowest prices are found only in the outlying areas.

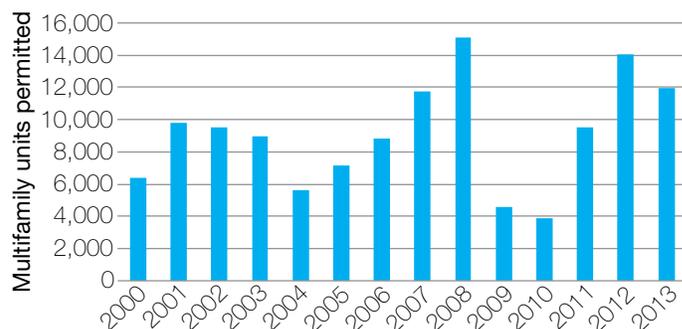
- The average apartment rents by number of bedrooms were \$780, \$1,025, and \$1,250 for one-, two-, and three-bedroom apartments, respectively. Approximately one-third of properties in the Dallas division are offering concessions, but the amount of concessions offered declined 18 percent from the previous year.

Multifamily construction activity, as measured by the number of multifamily units permitted, increased significantly during the past 2 years as builders responded to improving apartment market conditions.

- Multifamily permits were issued for approximately 14,750 units during the 12 months ending October 2013, an increase of 24 percent compared with the 11,900 units permitted during the previous 12 months (preliminary data).

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Multifamily permitting in the Dallas division averaged about the same for the past 3 years as for 2006 through 2008.



Note: Includes preliminary data from January 2013 through July 2013.

Source: U.S. Census Bureau, Building Permits Survey



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- Multifamily permitting averaged 11,900 units a year from 2006 through 2008 before declining to an average of 6,000 units a year from 2009 through 2011, when builders responded to soft apartment market conditions by reducing multifamily construction activity.
- Much of the recent apartment construction in the Dallas division occurred in northern Dallas County and western Collin County, where many upscale properties were recently completed.
- Rents at newly constructed market-rate properties in the Dallas division average approximately \$1,025, \$1,250, and \$1,300 for one-, two-, and three-bedroom apartments, respectively (ALN Systems, Inc.).
- Several apartment properties are under construction in the Dallas division, including AMLI Las Colinas, a 482-unit complex in Irving that is expected to be complete in November 2014, and Elan Market Center, a 422-unit complex expected to be complete by the fall of 2014.
- Rents at AMLI Las Colinas are expected to start at approximately \$1,050 and \$1,525 for one- and two-bedroom units, respectively, and those at Elan Market Center are expected to start at \$935, \$1,065, and \$1,610, respectively, for one-, two-, and three-bedroom units.

