

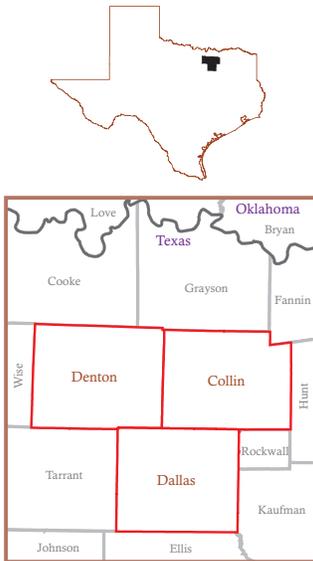


Dallas, Texas

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of March 1, 2009



Housing Market Area



The Dallas, Texas Housing Market Area (HMA), which is located in northeast Texas approximately 70 miles south of Oklahoma, consists of Collin, Dallas, and Denton Counties. For the purpose of this report, each county is treated as a separate submarket. The city of Dallas is the ninth most populous city in the nation, with a population of more than 1.2 million.

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Summary

Economy

During 2008, covered employment in the Dallas HMA averaged 1.95 million jobs, an increase of 28,500 jobs, or 1.5 percent, compared with the number of jobs recorded in 2007. Most of the job growth occurred in the professional and business services, government, and education and health services sectors, which added 13,850, 8,650, and 8,600 jobs, respectively. Covered employment is projected to increase by an annual average of 19,400 jobs, or 1 percent, during the next 3 years.

Sales Market

The sales housing market in the HMA is balanced. During the 12 months ending February 2009, 67,150 new and existing home sales were recorded, 17 percent fewer than the 81,125 sales recorded during the previous 12-month

period. During the most recent 12-month period, the average home sales price was \$206,600, a decrease of less than 1 percent compared with the average price recorded during the previous 12 months. During the forecast period, demand is estimated for 66,200 new homes, as shown in Table 1. The 1,630 homes currently under construction will meet a portion of the demand.

Rental Market

The rental housing market has been soft in the HMA since 2003 due to an excess supply of units. As of March 1, 2009, vacancy rates were approximately 11 percent in Collin County, 13 percent in Dallas County, and 10 percent in Denton County. During the forecast period, demand is estimated for 3,425 new rental units, as shown in Table 1.

Table 1. Housing Demand in the Dallas HMA, 3-Year Forecast, March 1, 2009 to March 1, 2012

	Dallas HMA		Collin County Submarket		Dallas County Submarket		Denton County Submarket	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units
Total Demand	66,200	3,425	26,200	1,400	23,650	0	16,350	2,025
Under Construction	1,635	20,485	650	6,150	700	12,460	285	1,875

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of March 1, 2009.

Source: Estimates by analyst

Economic Conditions

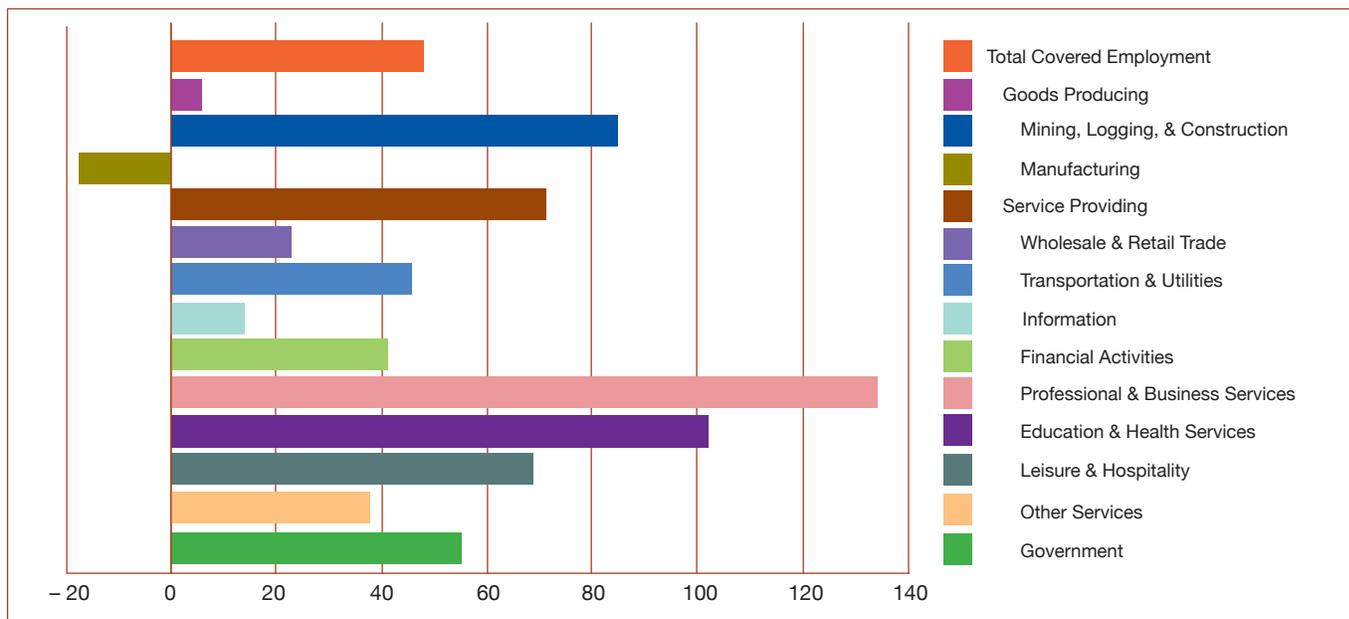
Economic conditions in the Dallas HMA were strong during the 1990s, with covered employment growth averaging 50,500 jobs, or more than 3 percent, annually until the economic downturn slowed job growth in the early 2000s. From 2001 through 2003, employment declined by 31,050 jobs annually, with the largest declines occurring in the manufacturing and the professional and business services sectors. The economy began to recover in 2004, and covered employment has since increased by an average of 41,700 jobs, or 2.3 percent, annually to the current date. See Figure 1 for covered employment sector changes in the HMA from 1990 to the current date.

The effect of the national recession on the economy of the HMA early in this decade is reflected in job losses in all three counties. Between 2001 and 2003, Dallas County lost more than 126,400 jobs, with losses occurring in every employment sector except the education and health services and the government sectors. During that period, the annual rate of employment

decline in Dallas County averaged 2.8 percent. In 2002 and 2003, job growth slowed significantly in Collin and Denton Counties, to 3.4 and 1.8 percent, respectively. In 2004, the local economy began to recover, with annual increases of 15,250 jobs, or 8 percent, in Collin County and 6,500 jobs, or 5 percent, in Denton County. Dallas County continued to lose jobs from 2003 to 2006, but at a much slower average annual rate of 1.4 percent, and posted small employment gains during the past 2 years. Employment growth in the HMA was led by job increases in the retail trade, professional and business services, and leisure and hospitality sectors. The leading employers in the Dallas HMA include Wal-Mart Stores, Inc., with 32,800 employees, and Texas Health Resources, Inc., with 18,000 workers. Table 2 lists other major employers in the HMA. Figure 2 shows the percentage of current employment by sector in the HMA.

The most significant employment growth during 2008 (the latest data available) occurred in Collin County.

Figure 1. Sector Growth in the Dallas HMA, Percentage Change, 1990 to Current



Note: Current is based on 12-month averages through December 2008.

Source: U.S. Bureau of Labor Statistics

The number of jobs increased by 14,100, or 5 percent, to 295,450 during the 12 months ending December 31, 2008, compared with the number recorded during the previous 12 months. Although employment increased in all sectors, the largest gains occurred in the professional and business services, education and health services, and government sectors. These sectors increased by approximately 5,375, 3,200, and 2,800 jobs, or 13, 13, and 8 percent, respectively. A number of major corporations are headquartered in Collin County, including Dr. Pepper/Seven Up, Inc., Electronic Data Systems Corporation, JCPenney, and Perot Systems.

The number of jobs in Dallas County increased by 10,300, or 0.7 percent, to more than 1.49 million during 2008. Gains of 7,600 and 5,375 jobs in the

professional and business services and the education and health services sectors, respectively, offset the loss of 11,050 jobs combined in the manufacturing, transportation and utilities, and financial activities sectors. The government and the leisure and hospitality sectors increased by 4,500 and 2,300 jobs, or 3 and 2 percent, respectively, during 2008. During the past 5 years, the downtown area of the city of Dallas has undergone more than \$2 billion in rehabilitation, including the expansion of highrise apartments and condominiums and multiple hotels.

During 2008, the number of jobs in Denton County grew by 4,900, or 3 percent, to 168,500 compared with the number recorded during 2007. Significant job growth occurred in the government and the leisure and hospitality sectors, which added 2,150 and 1,100 jobs, increases of 7 and 5 percent, respectively. The University of North Texas (UNT), Frito-Lay, and American Airlines Alliance are among those businesses responsible for much of the growth in Denton County. UNT, which has approximately 34,600 students and 5,300 faculty and staff, contributes nearly \$500 million in annual expenditures to the local economy, according to the university. Table 3 presents average employment by sector in the HMA during the past two 12-month periods.

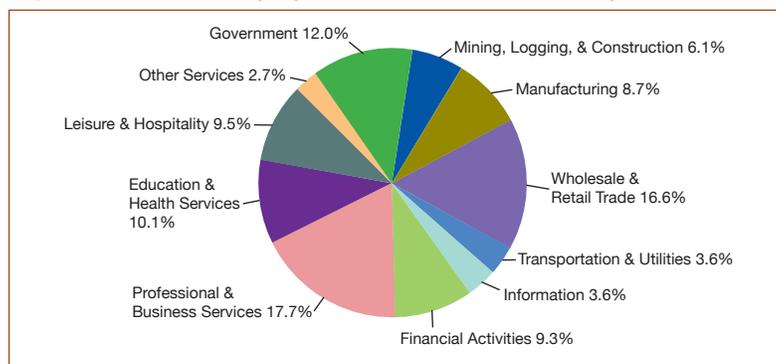
Resident employment in the HMA during the 12 months ending February 2009 increased by approximately 2,575 workers, up 0.1 percent compared with employment levels recorded during the previous 12-month period. The unemployment rate in the HMA averaged 5.5 percent during the past 12 months compared with 4.3 percent during the 12 months

Table 2. Major Employers in the Dallas HMA

Name of Employer	Employment Sector	Number of Employees
Wal-Mart Stores, Inc.	Trade	32,800
Texas Health Resources, Inc.	Education & Health Services	18,000
AT&T	Information	16,600
Baylor Health Care System	Education & Health Services	16,000
Verizon	Information	14,000
HCA North Texas	Education & Health Services	12,130
Countrywide Home Loans	Financial Activities	11,200
Citigroup Inc.	Financial Activities	11,000
Texas Instruments, Inc.	Manufacturing	10,500
JPMorgan Chase & Co.	Financial Activities	8,900

Source: Greater Dallas Chamber of Commerce

Figure 2. Current Employment in the Dallas HMA, by Sector



Note: Based on 12-month averages through December 2008.

Source: U.S. Bureau of Labor Statistics

ending February 2008. See Figure 3 for trends in the labor force, resident employment, and unemployment rate in the HMA from 1990 to 2008.

The 30-year-old Dallas-Fort Worth (DFW) International Airport on the Dallas County-Tarrant County border is a major resource for economic development in the entire HMA.

The airport's presence has stimulated significant commercial and residential development in surrounding communities and has attracted businesses located at the airport and in the com-

mercial and industrial zones within the 18,000 acres of airport property. The annual economic impact of the airport and its associated businesses, which provide 305,000 jobs and more than \$7 billion in annual payroll, has grown to more than \$16.6 billion as of 2007, according to the airport.

During the next 3 years, covered employment in the HMA is expected to increase by 19,400 jobs, or 1 percent, annually. The professional and business services and the education and health services sectors are expected to lead the growth, along with the trade, leisure and hospitality, and government sectors. Several area hospitals have announced more than \$2.5 billion worth of hospital construction and expansion to take place in the next 5 years. Texas Health Resources, Inc., plans to build a \$160 million, 130-bed hospital in Denton County. Texas Hospital for Advanced Medicine plans to build a 20,000-square-foot advanced surgical hospital in Farmers Branch at a cost of approximately \$65 million that will be connected to its current 155-bed hospital. Texas Health Presbyterian Hospital Dallas will construct a \$150 million expansion of its acute-care facility to add 105 acute-care beds and 72 critical-care beds.

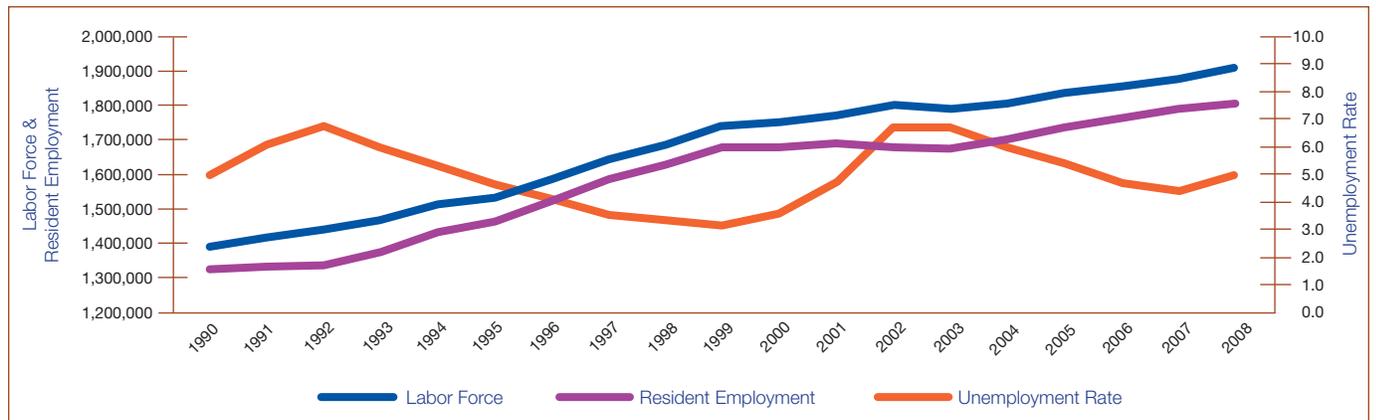
Table 3. 12-Month Average Employment in the Dallas HMA, by Sector

	12 Months Ending December 2007	12 Months Ending December 2008	Percent Change
Total Covered Employment	1,925	1,953	1.5
Goods Producing	298	288	- 3.1
Mining, Logging, & Construction	117	118	1.2
Manufacturing	180	170	- 5.9
Service Providing	1,627	1,793	10.2
Wholesale & Retail Trade	321	324	0.9
Transportation & Utilities	70	70	- 0.1
Information	72	71	- 1.2
Financial Activities	183	183	- 0.1
Professional & Business Services	333	346	4.2
Education & Health Services	188	197	4.6
Leisure & Hospitality	182	186	2.4
Other Services	52	53	0.7
Government	226	235	3.8

Notes: Based on 12-month averages through December 2007 and December 2008. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

Figure 3. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Dallas HMA, 1990 to 2008



Source: U.S. Bureau of Labor Statistics

Population and Households

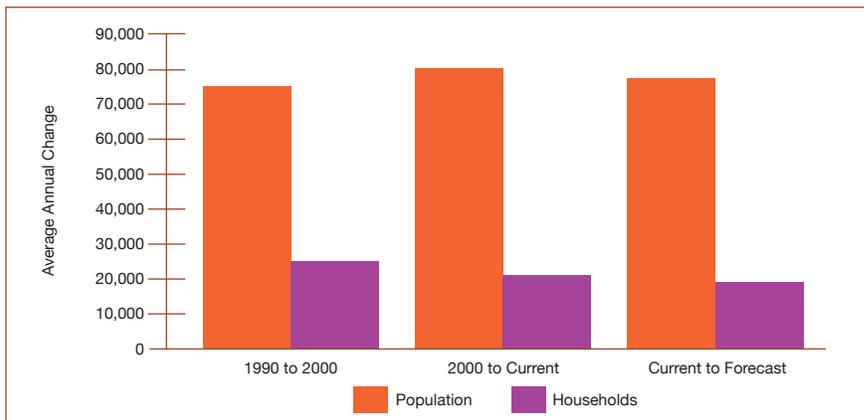
The population of the Dallas HMA as of March 1, 2009, was estimated at nearly 3.9 million, representing an average annual increase of 80,000, or 2.3 percent, since 2000 (see Figure 4). According to the Census Bureau, the population of the HMA was 3.1 million in 2000 compared with 2.4 million in 1990, indicating an average growth of 75,300, or 2.8 percent, annually during the decade. Since 2000, net natural change (resident births minus resident deaths) in the HMA has averaged 43,100 people annually and net in-migration has averaged approximately 36,900 people annually (see Figure 5). Since 2000,

the number of households in the HMA has increased by an average of 21,500, or 1.7 percent, annually to 1.3 million as of March 1, 2009. During the 1990s, the number of households grew by nearly 25,000, or 2.5 percent, annually.

Collin County has accounted for approximately 40 percent of the population growth in the HMA since 2000. As of March 1, 2009, the population of Collin County is estimated at 778,500, indicating an annual increase of 32,150, or 5.3 percent, since 2000. Collin County has had the most in-migration of the three counties, adding approximately 24,300 people annually since 2000. The high level of in-migration reflects strong employment growth in the county. The number of households has increased by an average of 10,100, or 4.6 percent, annually since 2000. During the 3-year forecast period, the number of households is expected to grow by 9,225 annually.

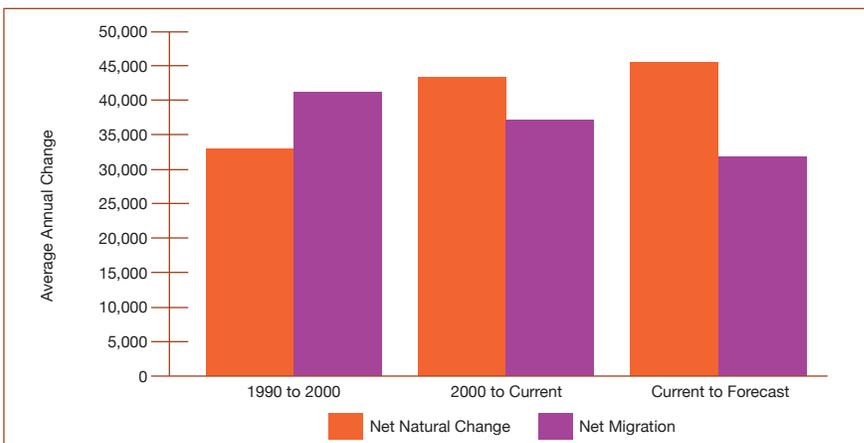
Dallas County has accounted for approximately 30 percent of the population growth in the HMA since 2000. As of March 1, 2009, Dallas County had a population of more than 2.4 million, indicating an increase of approximately 23,850, or 1 percent, annually compared with an increase of 36,600, or 1.8 percent, annually during the 1990s. Since 2000, Dallas County has reported the most net natural increase within the HMA, 28,600 people annually, but it has lost about 4,800 people annually in net out-migration. Between 2000 and 2001, the county had a net in-migration of approximately 6,700 people. During the recession, Dallas County lost jobs, and the out-migration of people followed. This out-migration has continued in recent years but to a lesser degree. From 2002 to 2004, an

Figure 4. Population and Household Growth in the Dallas HMA, 1990 to Forecast



Sources: 1990 and 2000—1990 Census and 2000 Census; current and forecast—estimates by analyst

Figure 5. Components of Population Change in the Dallas HMA, 1990 to Forecast



Sources: 1990 and 2000—1990 Census and 2000 Census; current and forecast—estimates by analyst

average of 22,550 people a year left the county compared with an average of 4,100 people who left from 2005 to 2007. From 2000 to the current date, the number of households increased by an average of 5,775, or 0.7 percent, annually and is expected to grow by 4,375 annually during the forecast period.

In Denton County, the population increased from 432,976 in 2000 to 647,200 currently, indicating an annual gain of 24,000, or 4.6 percent. With relatively affordable housing and available land for development, Denton County has added an average of 17,400 people annually due to net in-migration since 2000. During the same period, the number of house-

holds in the county has increased by 5,650, or 3.1 percent, annually to 209,300 as of March 1, 2009, and is expected to grow by 5,900 annually.

The population of the HMA is expected to increase by 77,250, or 2 percent, annually during the next 3 years to a total of more than 4 million by March 1, 2012. During the next 3 years, the population is expected to grow by 31,500, or 3.9 percent, annually in Collin County; by 22,500, or 0.9 percent, annually, in Dallas County; and by 23,250, or 3.5 percent, annually in Denton County. Additional demographic and housing data for the HMA and the three submarkets appear in Tables DP-1, DP-2, DP-3, and DP-4 at the end of this report.

Housing Market Trends

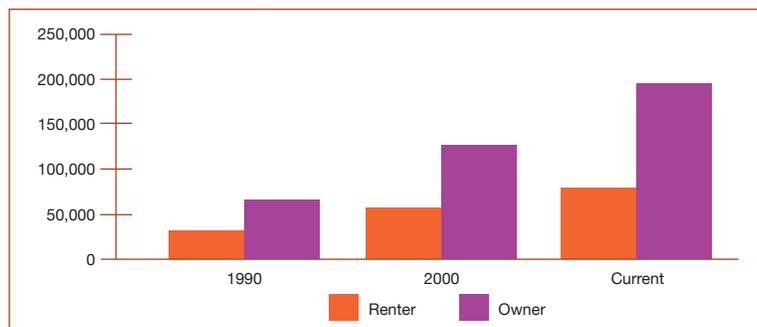
Sales Market—Collin County Submarket

The sales housing market in the Collin County submarket is balanced, with an estimated owner vacancy rate of 1.8 percent, due to job growth and a high level of in-migration. The percentage of households that are homeowners increased from 69 percent in 2000 to 72 percent in 2009. Figure 6 shows the number

households by tenure in the Collin County submarket from 1990 to the current date.

According to the Real Estate Center at Texas A&M University, during the 12 months ending February 2009, approximately 11,850 new and existing homes were sold in Collin County, 17 percent fewer than the number sold during the previous 12 months. The annual volume of home sales peaked in 2006, when 16,120 homes were sold. The average sales price during the most recent 12 months was \$244,000, a gain of 1 percent compared with the average price of \$240,900 recorded during the previous 12-month period. During the 12-month period ending February 2009, there was an average of approximately 6,225 homes for sale, down 16 percent

Figure 6. Number of Households by Tenure in the Collin County Submarket, 1990 to Current



Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

Housing Market Trends

Sales Market—Collin County Submarket *Continued*

compared with the number recorded during the previous 12-month period. During the 12 months ending February 2009, homes were on the market for an average of nearly 6 months, virtually unchanged from the amount of time they remained on the market during the previous 12 months.

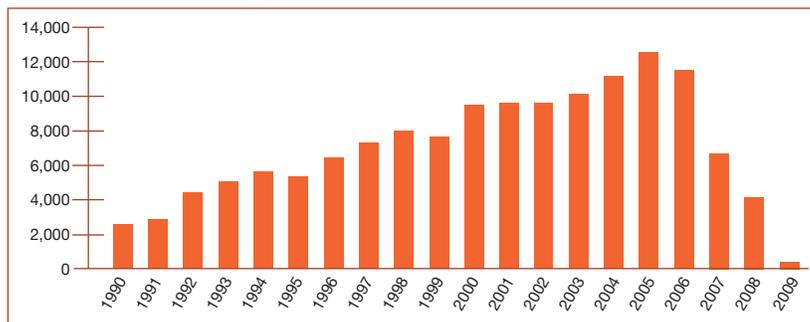
Single-family home construction, as measured by the number of building permits issued, has increased in Collin County since 2000, with permits having been issued for about 85,900 homes, or 8,590 annually, compared with fewer than 5,600 homes permitted annually during the 1990s (see Figure 7). Single-family home construction increased steadily beginning in 2000 and peaked

at 12,550 homes in 2005 before declining, along with job growth, in 2006 to the current date. During the 12 months ending February 2009, permits were issued for about 4,350 homes, a decrease of 32 percent compared with the previous 12-month period, which reflects builders' response to declining sales. Since 2005, according to data available from Hanley Wood, LLC, approximately 1,600 townhomes have been built in the county.

Although new home construction is occurring throughout Collin County, it is particularly concentrated on the northern side of Plano in the cities of Allen, Frisco, and McKinney. The new urban centers, business parks, and town centers being developed in these cities are mixed-use developments that have retail services on the ground floors and residential units on the upper floors. In addition, Fairview, located between Allen and McKinney, is home to a new 800-acre master-planned, mixed-use development. The price of most new homes in the county range from \$200,000 to \$350,000; however, in the McKinney area, new 1,300-square-foot homes with three bedrooms and two bathrooms sell for less than \$170,000.

During the next 3 years, Collin County is expected to account for 40 percent of the total forecast demand for single-family homes in the HMA. Demand is estimated for a total of 26,200 new homes in the submarket during the forecast period, as shown in Table 1. The estimated 650 homes currently under construction will meet a portion of this demand. Table 4 shows estimated demand for new market-rate sales housing in the submarket by price range during the forecast period.

Figure 7. Single-Family Building Permits Issued in the Collin County Submarket, 1990 to 2009



Notes: Includes only single-family units. Includes data through February 2009.

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

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Collin County Submarket, March 1, 2009 to March 1, 2012

Price Range (\$)		Units of Demand	Percent of Total
From	To		
150,000	169,999	1,834	7.0
170,000	179,999	2,358	9.0
180,000	189,999	2,620	10.0
190,000	199,999	2,620	10.0
200,000	219,999	2,096	8.0
220,000	229,999	1,834	7.0
230,000	239,999	1,572	6.0
240,000	249,999	1,834	7.0
250,000	299,999	1,834	7.0
300,000	349,999	1,572	6.0
350,000	399,999	1,310	5.0
400,000	449,999	1,310	5.0
450,000	and higher	3,406	13.0

Source: Estimates by analyst

Rental Market—Collin County Submarket

The rental housing market in the Collin County submarket is currently soft, with an 11.0-percent vacancy rate, as Figure 8 illustrates. In 2000, the rental vacancy rate was 12.3 percent. The rate declined in 2006 and 2007 to 7 and 8 percent, respectively, in response to lower construction levels but has risen more recently as a result of slower employment growth.

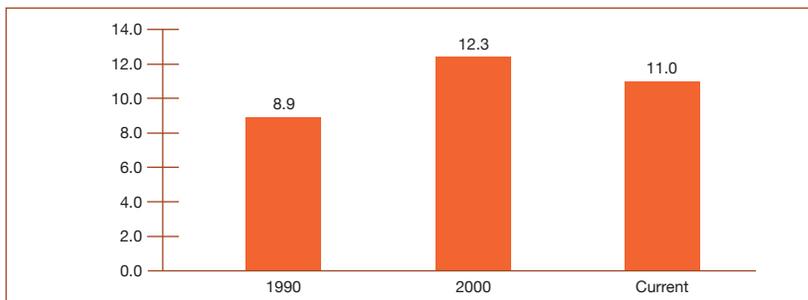
High levels of apartment construction activity, as measured by the number of multifamily units permitted, were recorded in Collin County during the late 1990s but were followed by much lower construction levels in the early part of the 2000s. From 1996 to 1999, the number of multifamily units per-

mitted averaged 4,025 units annually; the average dropped to 910 units annually from 2000 to 2004, when the area recorded record levels of home sales and demand for apartments declined. From 2005 through 2007, construction activity increased to an average of 2,400 units permitted annually. During the 12 months ending February 2009, the number of multifamily units permitted decreased to approximately 2,325 units, down from 3,100 units permitted during the same period a year earlier. The number of units permitted peaked in 2007, when approximately 3,150 units were permitted. Nearly all the multifamily units in this submarket are apartments. Figure 9 shows multifamily building permit trends in the Collin County submarket from 1990 through February 2009.

The average monthly rent in Collin County during the 12 months ending February 2009 was \$910, an increase of nearly 4 percent compared with the amount recorded during the previous 12 months, according to ALN Systems. Concessions of up to 1.5 months' free rent and \$99 move-in specials were common during the past year, similar to concessions offered in the early 2000s.

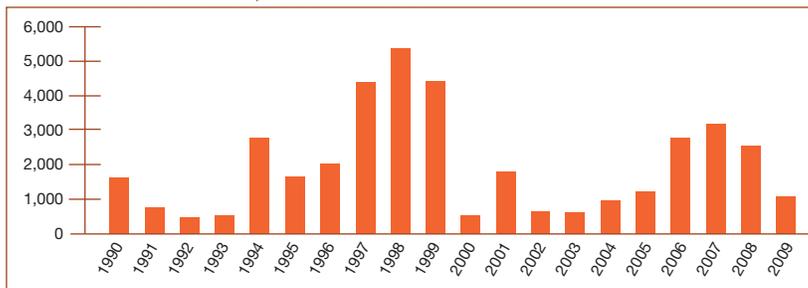
Demand is estimated for 1,400 additional rental units in Collin County during the 3-year forecast period (see Table 1). The 6,150 units currently under construction will satisfy all this demand. The estimated demand for new market-rate rental housing by rent level and number of bedrooms is illustrated in Table 5.

Figure 8. Rental Vacancy Rates in the Collin County Submarket, 1990 to Current



Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

Figure 9. Multifamily Building Permits Issued in the Collin County Submarket, 1990 to 2009



Notes: Includes all multifamily units in structures with two or more units. Includes data through February 2009.

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

Housing Market Trends

Rental Market—Collin County Submarket *Continued*

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Collin County Submarket, March 1, 2009 to March 1, 2012

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
1,000	550	1,300	640	1,400	210
1,050	500	1,350	530	1,450	190
1,100	460	1,400	480	1,500	170
1,150	410	1,450	430	1,550	150
1,200	360	1,500	370	1,600	120
1,250	300	1,550	320	1,650	110
1,300	250	1,600	270	1,700	100
1,400	200	1,700	220	1,800	70
1,500	160	1,800	140	1,900	50
1,600 and higher	130	1,900 and higher	100	2,000 and higher	40

Notes: Distribution above is noncumulative. Demand shown at any rent represents demand at that level and higher.

Source: Estimates by analyst

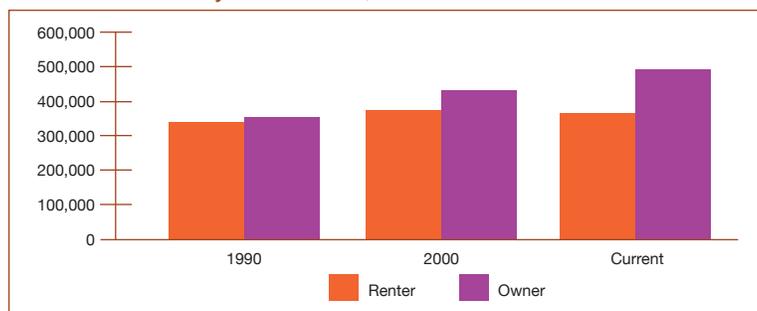
Sales Market—Dallas County Submarket

Approximately 48,700 new and existing homes were sold in the Dallas County submarket during the 12 months ending February 2009, down 17 percent compared with the number sold during the 12 months ending February 2008, according to data from the Real Estate Center at Texas A&M University. The annual volume of home sales peaked in 2007, when 64,395 homes sold. Despite the decline in home sales, overall conditions in the sales housing market remain balanced. The average home sales price for the 12 months ending February 2009 was estimated at \$189,000, down 5 percent compared

with the average price recorded for the 12 months ending February 2008. The owner vacancy rate is currently estimated at 2 percent, up from 1.3 percent in 2000. The proportion of homeowners in the county has been steadily increasing, from 52 percent in 1990 to 53 percent in 2000 and 57 percent as of the current date (see Figure 10).

Single-family home construction, as measured by the number of building permits issued, averaged approximately 9,500 homes annually in Dallas County from 2000 through 2002. Home construction activity was at its highest level between 2003 and 2006, when an average of 11,000 homes were permitted annually, as homebuyers took advantage of low interest rates, despite continued job losses in the county. Since 2007, the number of units permitted annually has consistently declined. During the 12 months ending February 2009, approximately 3,325 single-family homes were permitted, which is 77 percent below the number of homes permitted during

Figure 10. Number of Households by Tenure in the Dallas County Submarket, 1990 to Current



Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

Housing Market Trends

Sales Market—Dallas County Submarket *Continued*

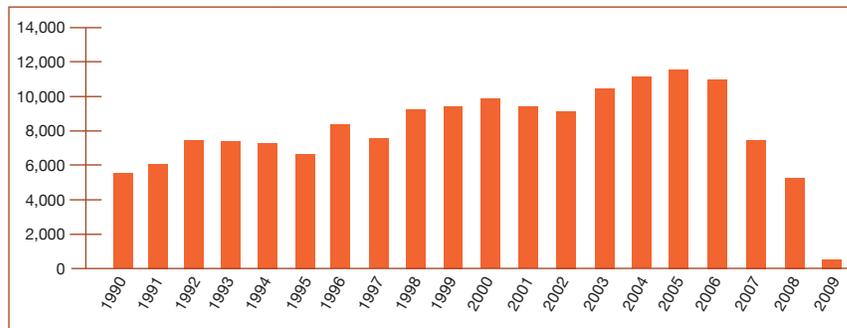
the previous 12-month period and reflects builders' response to declining sales. Figure 11 shows the number of single-family building permits issued in the county from 1990 to 2009. Approximately 1,450 condominium units and 1,900 townhomes have been constructed annually in the submarket since 2005, according to data from Hanley Wood, LLC. Newly constructed single-family homes with

1,300 square feet of living space and three bedrooms are priced starting at \$100,000.

The Graff Farms community in the city of Irving is currently under construction and expected to be completed in June 2010. The community will have 270 single-family homes ranging in size from 1,390 to 3,010 square feet and selling from the low \$180,000s to the upper \$250,000s. Victory Park, an urban center located near downtown Dallas and the city's Uptown neighborhood, is a 75-acre, \$3 billion development. When it is completed in 2015, the development will include more than 4,000 for-sale condominium units and rental apartments as well as office and retail space and high-end hotels. Within Victory Park is the American Airlines Center®, home to the Dallas Mavericks basketball and Dallas Stars hockey franchises. By the end of 2008, 375 condominium units were available for sale in the development, with prices starting at \$400,000.

The estimated demand for 23,650 homes during the 3-year forecast period is based on current and anticipated sales housing market conditions. As Table 1 illustrates, approximately 700 units are currently under construction. Demand is expected to be strongest in the \$150,000-to-\$200,000 range. See Table 6 for a distribution of estimated demand for market-rate sales housing in Dallas County by price range.

Figure 11. Single-Family Building Permits Issued in the Dallas County Submarket, 1990 to 2009



Notes: Includes only single-family units. Includes data through February 2009.

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

Table 6. Estimated Demand for New Market-Rate Sales Housing in the Dallas County Submarket, March 1, 2009 to March 1, 2012

Price Range (\$)		Units of Demand	Percent of Total
From	To		
100,000	109,999	1,450	6.1
110,000	119,999	1,450	6.1
120,000	129,999	1,575	6.7
130,000	139,999	1,725	7.3
140,000	149,999	2,010	8.5
150,000	169,999	2,325	9.8
170,000	179,999	2,600	11.0
180,000	199,999	2,880	12.2
200,000	249,999	2,325	9.8
250,000	299,999	1,725	7.3
300,000	349,999	1,300	5.5
350,000	399,999	1,010	4.3
400,000	and higher	1,275	5.4

Source: Estimates by analyst

Rental Market—Dallas County Submarket

The rental housing market in the Dallas County submarket has softened significantly since 2000. The rental vacancy rate increased from approximately 6 percent in 2000 to 13 percent currently (see Figure 12),

due to overbuilding and significant numbers of renter households moving to Collin and Denton Counties. Currently, more than 54,000 vacant units are available for rent in Dallas County.

Housing Market Trends

Rental Market—Dallas County Submarket *Continued*

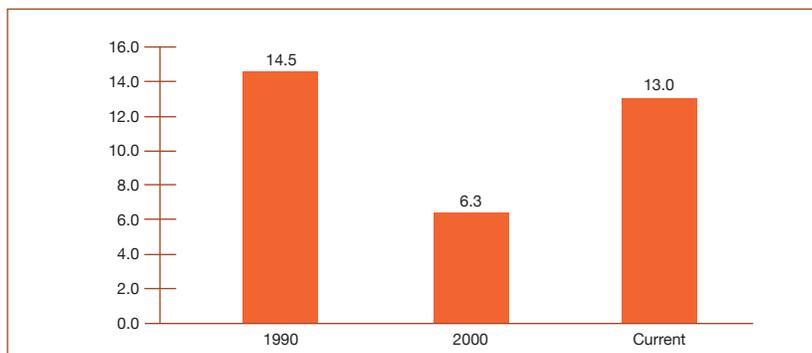
Multifamily construction activity, as measured by the number of units permitted, decreased by 8 percent to 7,465 units permitted in Dallas County during the 12-month period ending February 2009, down from 8,050 units permitted during the same period a year earlier. Of the multifamily units constructed since 2000, an average of approximately 5,950 units annually were apartments and the remainder were condominiums; however, during the time of this construction, the number of renter households decreased by 2,200 annually. Slower job growth, an increase in homeownership, and the net out-migration of 42,800 people from the county since 2000 all led to a decline in renter demand. Currently, of the approximately 12,460 multifamily

units under construction in Dallas County (see Table 1), approximately 22 percent are for-sale units. Figure 13 shows the number of multifamily building permits issued in the submarket from 1990 through February 2009.

The average apartment rent in Dallas County rose from \$760 for the 12-month period ending February 2008 to \$789 for the 12 months ending February 2009, an increase of 4 percent. Rents for the 400 rental units in the Victory Park project mentioned previously start at \$1,500 a month for a one-bedroom unit, well above the average rent for the area. Three other large developments, each consisting of more than 500 rental units, are under construction in the submarket. Phase 1 of Vitruvian Park Apartments will include 667 units, estimated for completion in early 2010, with an average rent of \$1,300. The 642 units in The Belmont Apartments are expected to rent for an average of \$1,050. Brick Row apartments, with 500 units, is part of the \$140 million Brick Row master-planned mixed-use development.

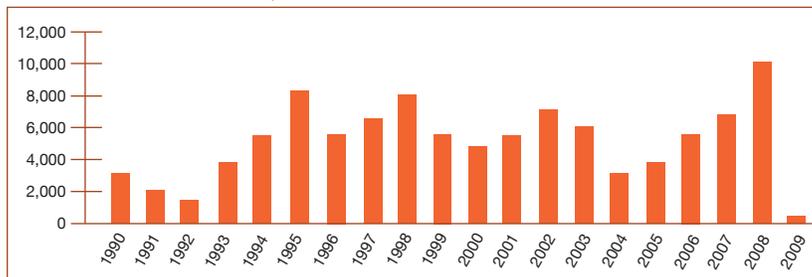
The number of renter households in Dallas County is forecast to continue to decline during the next 3 years. Based on this forecast, the current supply of available rental housing, and the number of units under construction, no additional market-rate rental units will need to be constructed during the next 3 years. All the demand for additional rental units during the forecast period can be satisfied by the current supply of available units as well as the 12,460 units currently under construction in the submarket (see Table 1). The construction of additional rental units would cause the rental housing market to soften further.

Figure 12. Rental Vacancy Rates in the Dallas County Submarket, 1990 to Current



Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

Figure 13. Multifamily Building Permits Issued in the Dallas County Submarket, 1990 to 2009



Notes: Includes all multifamily units in structures with two or more units. Includes data through February 2009.

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

Sales Market—Denton County Submarket

The sales housing market in the Denton County submarket currently remains balanced, with a 2-percent owner vacancy rate, unchanged since 2000. The homeownership rate has been increasing significantly, from 57 percent in 1990 to 64 percent in 2000 and 68 percent as of the current date. Figure 14 shows the number of households by tenure in the submarket from 1990 to the current date.

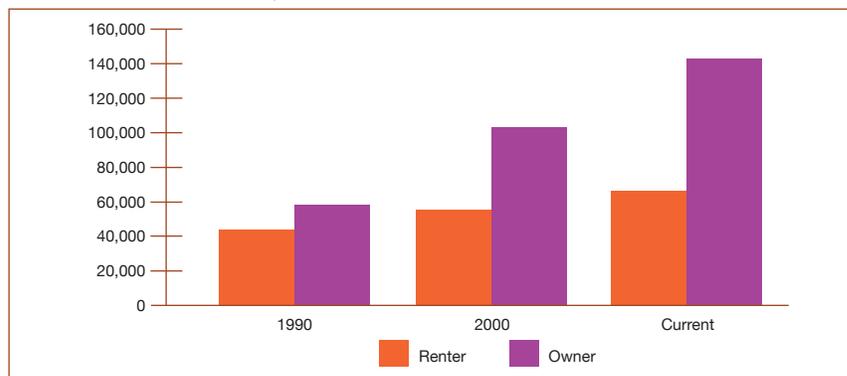
More than 6,575 new and existing homes were sold in Denton County during the 12 months ending February 2009, 18 percent fewer than the number sold in the previous 12 months, according to the multiple listing service data from the Real Estate

Center at Texas A&M University. The annual volume of home sales peaked in 2006, when 9,010 homes were sold. During the 12 months ending February 2009, the average sales price was \$195,500, a 6-percent decrease from the price recorded during the same period a year earlier, and the inventory of unsold homes increased by 5 percent.

Single-family home construction, as measured by the number of building permits issued, has increased in Denton County since 2000, with permits having been issued for about 40,000 homes, or 4,000 annually, compared with the 3,275 homes permitted annually during the 1990s (see Figure 15). In 2008, the number of single-family homes permitted declined to approximately 1,925 in response to declining home sales. During the 12 months ending February 2009, approximately 1,600 homes were permitted, a decrease of 26 percent compared with the number permitted during the previous 12 months. Hanley Wood, LLC reports that, since 2005, no condominiums have been built in Denton County, but builders have added approximately 600 townhomes to the for-sale inventory. Residential growth 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 \$100,000. Most new homes in the county sell in the \$150,000-to-\$300,000 range.

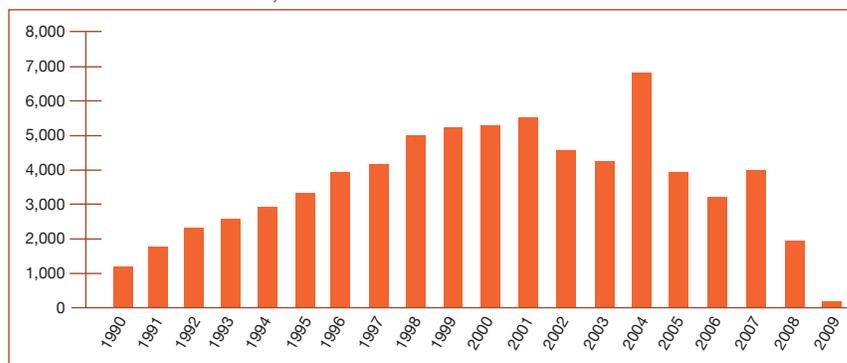
Demand during the forecast period is estimated for 16,350 new homes in the submarket (see Table 1). Table 7 illustrates estimated demand for new market-rate sales housing in the submarket by price range during the forecast period.

Figure 14. Number of Households by Tenure in the Denton County Submarket, 1990 to Current



Sources: 1990 and 2000–1990 Census and 2000 Census; current—estimates by analyst

Figure 15. Single-Family Building Permits Issued in the Denton County Submarket, 1990 to 2009



Notes: Includes only single-family units. Includes data through February 2009.

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

Table 7. Estimated Demand for New Market-Rate Sales Housing in the Denton County Submarket, March 1, 2009 to March 1, 2012

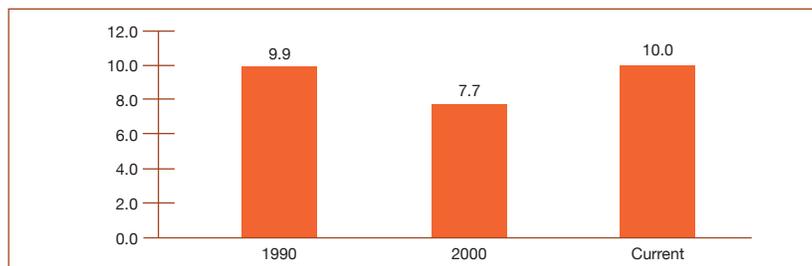
Price Range (\$)		Units of Demand	Percent of Total
From	To		
100,000	109,999	980	6.0
110,000	119,999	980	6.0
120,000	129,999	1,080	6.6
130,000	139,999	1,080	6.6
140,000	149,999	1,175	7.2
150,000	169,999	1,275	7.8
170,000	179,999	1,375	8.4
180,000	199,999	1,575	9.6
200,000	249,999	1,770	10.8
250,000	299,999	1,670	10.2
300,000	349,999	1,500	9.2
350,000	399,999	910	5.6
400,000	and higher	980	6.0

Source: Estimates by analyst

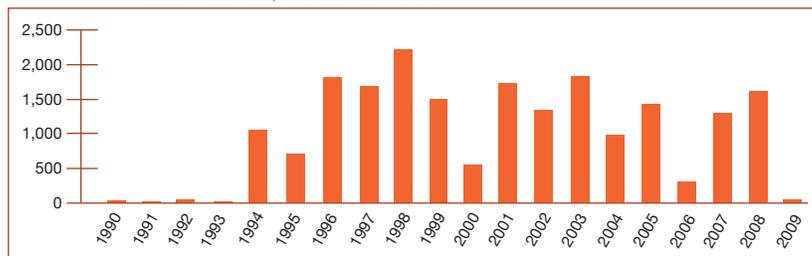
Rental Market—Denton County Submarket

Overall rental housing market conditions in the Denton County submarket are currently soft. High levels of apartment construction contributed to the increase in the overall rental vacancy rate, from approximately 8 percent in 2000 to a rate of 10 percent as of March 1, 2009. Figure 16 shows rental

vacancy rates in the submarket from 1990 to the current date. According to ALN Systems, Inc., during the 12 months ending February 2009, the average apartment vacancy rate was 8 percent, a 1-percentage-point decrease compared with the rate recorded during the 12 months ending February 2008. The average apartment rent in the county increased by 2 percent from \$797 for the 12-month period ending February 2008 to \$813 for the 12 months ending February 2009. Both existing and new apartment complexes offer concessions that typically include \$200 off the first month's rent, no security deposit, and \$99 move-in specials.

Figure 16. Rental Vacancy Rates in the Denton County Submarket, 1990 to Current

Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

Figure 17. Multifamily Building Permits Issued in the Denton County Submarket, 1990 to 2009

Notes: Includes all multifamily units in structures with two or more units. Includes data through February 2009.

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

Housing Market Trends

Rental Market—Denton County Submarket *Continued*

in the submarket from 1990 through February 2009. A 612-unit apartment development currently under construction is scheduled for completion in October 2009, according to Torto Wheaton Research (TWR)/Dodge

Pipeline. Rents will range from \$555 for the smallest one-bedroom unit to \$885 for a two-bedroom unit. Other developments under construction in Denton County include two senior-living apartment complexes, with 240 and 145 units, respectively, and scheduled for completion in the fall of 2009 and mid-2010, respectively.

Based on current and anticipated rental housing market conditions, demand is estimated for 2,025 additional market-rate rental units during the forecast period (see Table 1). The 1,875 units currently under construction will satisfy most of this demand. Table 8 displays estimated demand for new market-rate rental housing in the submarket by rent level and number of bedrooms during the forecast period.

Table 8. Estimated Demand for New Market-Rate Rental Housing in the Denton County Submarket, March 1, 2009 to March 1, 2012

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	810	1,100	910	1,300	305
950	710	1,150	760	1,350	270
1,000	660	1,200	690	1,400	250
1,050	590	1,250	620	1,450	210
1,100	520	1,300	540	1,500	180
1,150	440	1,350	460	1,550	160
1,200	370	1,400	380	1,600	140
1,300	290	1,500	310	1,700	100
1,400	240	1,600	200	1,800	70
1,500	190	1,700	140	1,900	50
1,600	150	1,800	90	2,000	40
and higher		and higher		and higher	

Notes: Distribution above is noncumulative. Demand shown at any rent represents demand at that level and higher.

Source: Estimates by analyst

Data Profiles

Table DP-1. Dallas HMA Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Resident Employment	1,329,401	1,686,895	1,803,050	2.4	0.8
Unemployment Rate (%)	5.0	3.3	5.5		
Nonfarm Employment	1,321,922	1,793,495	1,951,700	3.1	1.0
Total Population	2,390,371	3,143,550	3,857,200	2.8	2.3
Total Households	899,475	1,148,494	1,340,400	2.5	1.7
Owner Households	485,218	652,172	833,350	3.0	2.8
Percent Owner (%)	53.9	56.8	62.2		
Renter Households	414,257	496,322	507,050	1.8	0.2
Percent Renter (%)	46.1	43.2	37.8		
Total Housing Units	1,011,603	1,217,080	1,466,450	1.9	2.1
Owner Vacancy Rate (%)	3.3	1.5	1.9		
Rental Vacancy Rate (%)	13.6	7.2	12.3		
Median Family Income	NA	NA	NA	NA	NA

NA = Data are not available.

Notes: Resident employment data and unemployment data represent annual averages for 1990, 2000, and the 12 months through February 2009. Covered employment data represent the 12-month average through December 2008.

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

Table DP-2. Collin County Submarket Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Population	264,036	491,675	778,500	6.4	5.3
Total Households	95,805	181,970	272,000	6.6	4.6
Owner Households	63,849	124,916	194,500	6.9	5.1
Percent Owner (%)	66.6	68.6	71.5		
Renter Households	31,956	57,054	77,500	6.0	3.5
Percent Renter (%)	33.4	31.4	28.5		
Total Housing Units	103,827	194,892	289,150	6.5	4.5
Owner Vacancy Rate (%)	3.4	1.7	1.8		
Rental Vacancy Rate (%)	8.9	12.3	11.0		
Median Family Income	\$52,987	\$81,856	\$92,351	4.4	1.5

Note: Median family incomes are for 1989, 1999, and 2007.

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

Table DP-3. Dallas County Submarket Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Population	1,852,810	2,218,899	2,431,500	1.8	1.0
Total Households	701,686	807,621	859,100	1.4	0.7
Owner Households	362,781	424,847	495,900	1.6	1.7
Percent Owner (%)	51.7	52.6	57.7		
Renter Households	338,905	382,774	363,200	1.2	-0.6
Percent Renter (%)	48.3	47.4	42.3		
Total Housing Units	795,513	854,119	954,000	0.7	1.2
Owner Vacancy Rate (%)	3.3	1.3	2.0		
Rental Vacancy Rate (%)	14.5	6.3	13.0		
Median Family Income	\$36,982	\$49,062	\$51,780	2.9	0.7

Note: Median family incomes are for 1989, 1999, and 2007.

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

Table DP-4. Denton County Submarket Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Population	273,525	432,976	647,200	4.7	4.6
Total Households	101,984	158,903	209,300	4.5	3.1
Owner Households	58,588	102,409	142,950	5.7	3.8
Percent Owner (%)	57.4	64.4	68.3		
Renter Households	43,396	56,494	66,350	2.7	1.8
Percent Renter (%)	42.6	35.6	31.7		
Total Housing Units	112,263	168,069	223,300	4.1	3.2
Owner Vacancy Rate (%)	3.6	2.0	1.8		
Rental Vacancy Rate (%)	9.9	7.7	10.0		
Median Family Income	\$44,945	\$69,292	\$87,084	4.4	2.9

Note: Median family incomes are for 1989, 1999, and 2007.

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

Data Definitions and Sources

1990: 4/1/1990—U.S. Decennial Census

2000: 4/1/2000—U.S. Decennial Census

Current date: 3/1/2009—Analyst's estimates

Forecast period: 3/1/2009–3/1/2012—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.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_DallasTX_09.pdf.

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This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (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.