

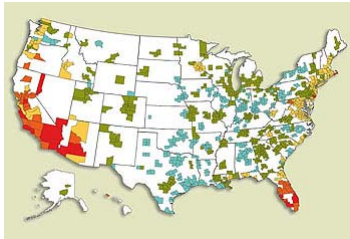
Survey: D-FW at low risk for home price declines

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Dallas-Fort Worth residents shouldn't worry too much about a housing price shakeout.

And they can forget about a bubble, if the latest market analysis is on track.



(PMI Group)

This map shows the risk of home price declines across the U.S. The Red, orange and yellow areas have the biggest chance of declines, while the blue and green areas have the lowest.

Dallas and Fort Worth ranked at the bottom of the list of U.S. cities rated for risk of home price decline, in a survey released Tuesday by PMI Group.

The California-based company is one of the largest mortgage insurance firms and regularly ranks 50 of the biggest U.S. housing markets for price decline risk.

Only Pittsburgh had a lower chance of falling home prices than D-FW in PMI's latest study.

Cities with the strongest likelihood for a residential value correction are in Southern California, Arizona, Nevada and Florida.

Some cities there have a 60 percent chance of home prices falling during the next two years, according to PMI.

HOME PRICE OUTLOOK

Cities with the highest risk for declines:

- Riverside, Calif., 65%
- Phoenix, 64%
- Las Vegas, 61%
- West Palm Beach, Fla., 60%
- Los Angeles, 58%

Cities with the lowest risk:

- Pittsburgh, 6.4%
- Fort Worth, 7.4%

- Dallas, 7.5%
- Houston, 7.9%
- Indianapolis. 8.4%

Source: PMI Group

Home markets in Texas have less than a 10 percent chance of price drops, the same report says.

The Dallas area has only about a 7.5 percent likelihood, PMI found.

"The areas that have had big run-ups in prices and have seen a significant slowdown in their appreciation rate are where the highest risks are," said PMI's Mark Milner. "When you've had big run-up in prices, you tend to get affordability out of whack, and that adds risk."

At the other end of the risk scale, cities with "a history of low to moderate rates of volatility in house price appreciation have a lower risk of price declines," Mr. Milner said.

The D-FW area – which has seen very little price growth in the last two years – has only about a fifth the risk of home value declines as PMI's U.S. average.

"A place like Dallas that's had good, steady appreciation is very affordable," Mr. Milner said.

In the Dallas area, house prices have risen about 17 percent in the last five years, according to the latest estimate from the Office of Federal Housing Enterprise Oversight.

The average nationwide increase was 53.5 percent during the same period.

Dr. James Gaines, an economist with Texas A&M University's Real Estate Center, said Texas' sound economy is also a plus for the housing sector.

"Risk of price declines should be lower," Dr. Gaines said.

"Austin and San Antonio are slightly higher than Dallas, Fort Worth and Houston," he said, "but not really enough to make much difference."

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