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Dallas area home prices rise for 6th straight month

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Six months of year-over-year gains in Dallas-area home prices have fostered a more positive outlook for the local residential market.

The latest Standard & Poor's/Case-Shiller Home Price Index numbers, released Tuesday, added to indications that the market here is rebounding. They show local home values in April were 3.3 percent higher than a year earlier.

"So far, so good," said economist James Gaines of the Real Estate Center at Texas A&M University. "Dallas is holding up well."

Economic factors are helping, he said. "Job growth in May was positive for the first time and leading the state to a positive growth rate."

Dallas was one of more than a dozen cities with year-over-year price increases in the closely watched Case-Shiller report.

Across the country, prices were up 3.8 percent in the 20 cities the researchers track.

Even with the recent gains, national analysts remain cautious. They worry that high home foreclosure rates in many cities and the expiration of the federal homebuying tax credit will hurt the market.

"Consistent and sustained boosts to economic growth from housing may have to wait until next year," S&P's David Blitzer said in the report.

Some markets are still suffering home price declines; Las Vegas was down 8.5 percent and Detroit 3 percent.

The largest annual gains in the April study were in San Francisco, 18 percent, and San Diego, at 11.7 percent – areas that had plunging home prices until recently.

Dallas area home values have been rising in the index since November.

Still, prices are 6 percent below where they were in mid-2007.

Now, with a rebound in employment growth in North Texas, local economists are less wary about the residential market.

"Six straight months of positive gains from a year earlier should certainly bolster outlooks for home prices locally," said D'Ann Petersen, a business economist for the Federal Reserve Bank of Dallas. "I agree that prices will likely remain relatively stable here this year overall, but I wouldn't be surprised to see the figures bounce around a little, given the expiration of the homebuyer tax credit."

The popular federal tax incentive, which saved buyers up to \$8,000, expired at the end of April. Since then, home sales in many markets have declined.

But Gaines said it's too early to gauge the effect on North Texas prices.

"The market may be able to sustain reasonably well without credit – we'll have to wait and see on that one," he said. "Market inventory is in reasonably good shape, but we don't have any data on hidden or shadow inventory in the market.

"I understand foreclosures are still fairly high."

While Dallas-Fort Worth foreclosure filing volumes have declined in recent months from 2009 levels, they are still at near-record highs. More distressed properties could still come onto the market and lower values.

The Case-Shiller estimates agree with local home sales data, which show prices of pre-owned homes in North Texas are 4 percent higher this year.

Unlike price measures that rely on volatile real estate agent sales data, Case-Shiller looks at the actual value of specific single-family homes over time.

The index does not include condominiums and townhouses. It covers only pre-owned properties – not new construction.

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