

Moody's: Dallas may dodge home price slump

Thursday, September 20, 2007 By STEVE BROWN / The Dallas Morning News

Moody's Economy.com predicts that the Dallas area will gain about 3 percent in home prices while most other U.S. cities will see declines over the next couple of years. Here are the top markets for home price declines:

1. Stockton, Calif., -25%
2. Palm Bay, Fla., -24.9%
3. Sarasota, Fla., -24.8%
4. Reno, Nev., -22.4%
5. Modesto, Calif., -22.3%
6. Detroit, -21.3%
7. Fresno, Calif., -20%
8. Oxnard, Calif., -19.2%
9. Sacramento, -19.1%
10. Las Vegas, -18.7%

Source: Moody's Economy.com

Dallas will probably dodge home price declines as a result of the housing shakeout, a new forecast predicts.

The latest residential outlook from Moody's Economy.com says more than three-fourths of U.S. housing markets will suffer drops in prices.

But the Dallas area will continue to see modest gains in median home prices, the research firm predicts.

Moody's anticipates that nationwide, home prices will fall by almost 8 percent by the time the housing downturn bottoms out.

But prices are forecast to keep rising by about 3 percent in Dallas over the next couple of years, says Moody's researcher Ed Friedman. Other Texas cities, including Houston, Austin and San Antonio, may also avoid home price declines.

"Texas does so well for a variety of reasons," Mr. Friedman said. "It didn't have as much of a big housing boom, so less of a bust.

"More important, the overall Texas economy, metro by metro, is doing better than the U.S. as a whole," he said.

Brownsville and Harlingen top the nationwide list of cities Moody's anticipates will see housing appreciation in the next two years, with prices expected to rise almost 8 percent. Killeen is next in line, with a forecast of 4.6 percent price gains.

Moody's forecast calls for the Fort Worth area to see about a 2

percent drop in home sales prices.

The largest declines in residential prices will be in California, Florida, Nevada and Michigan markets, the report said. The north-central California city of Stockton has the biggest forecast price fall at 25 percent.

Moody's forecast for Dallas home prices is consistent with other recent upbeat reports.

An August report from the Office of Federal Housing Enterprise Oversight found that home prices in the Dallas area were up about 5 percent at midyear compared with the second quarter of 2006.

Earlier reports by Standard & Poor's/Case-Shiller estimated that Dallas-area home prices were up 1.6 percent from a year earlier.

And forecasts from one of the nation's largest mortgage insurers, PMI Group, say that the Dallas area is among the U.S. cities least likely to see a home price drop.