

Spotlight: Texas

BY DARRICK MENEKEN



LOWER-THAN-AVERAGE PRICES DELAYED TEXAS' ENTRY INTO THE NATIONWIDE DOWNTURN AND MAY HAVE PULLED IT OUT QUICKER.

Year-to-year prices began depreciating statewide in January 2008, a year after the U.S. trend, according to real estate analytics-provider CoreLogic. Texas' price growth returned in September 2009, four months before the national decline ended.

The Lone Star State's median single-family home price of \$148,500 this past May trailed the national median of \$179,400, according to the Real Estate Center at Texas A&M University and the National Association of Realtors.

Below-average prices also have powered the state's population and job growth, according to a Real Estate Center report. Texas' population grew 18.3 percent from 2000 to '09, the sixth-greatest expansion nationally among states in that time, according to the U.S. Census Bureau.

Meanwhile, Texas placed six metropolitan areas — more than any other state — on a Brookings Institution list of the nation's strongest metropolitan areas this past first quarter.



Employment

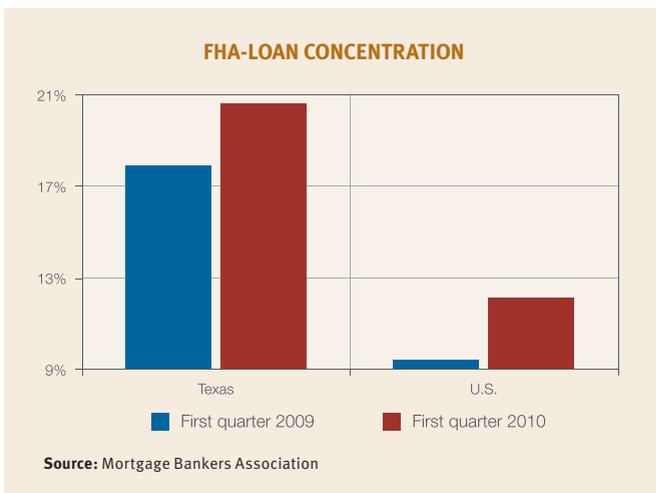
Texas' unemployment rate dipped below the national average in January '07 and has stayed there since, the U.S. Department of Labor reported.

The Real Estate Center reported an increase of 24,400 nonfarm jobs in Texas during the 12-month period ending this past May. The nation as a whole lost jobs in the same period, according to the report.

FHA and VA Loans

Federal Housing Administration (FHA) loans have gained steam everywhere — but they're especially popular in Texas. The state accounted for 11.7 percent of all FHA loans serviced nationally this past first quarter, according to a Mortgage Bankers Association survey, and had almost twice as many FHA loans and U.S. Department of Veterans Affairs (VA) loans as any other state.

More than 20 percent of Texas borrowers had FHA loans, compared to 12.1 percent of borrowers nationally, and 5.5 percent had VA loans, compared to 2.8 percent nationally, according to the survey.



Foreclosures

Only California and Florida have more mortgage-holders than Texas, but six states had more foreclosure filings in the first half of this year.

Texas' foreclosure rate for the first half of this year did increase 32 percent from the same period in '09 to one filing per 148 housing units, according to RealtyTrac. The national rate increased only 8.3 percent.

Despite the above-average upsurge, Texas still ranked 28th among states by foreclosure percentage in the first six months of this year.

3 Cities to Watch

AUSTIN



Relocation.com named Austin, the state capital and home to the University of Texas at Austin, the third-best city nationwide to move to this year. The city saw a 24.2-percent increase in home sales and only a 2.1-percent decrease in prices from May 2009 to this past May, according to the Real Estate Center at Texas A&M University.

DALLAS



Home prices in the Dallas-Fort Worth-Arlington metropolitan statistical area (MSA) decreased only 4.7 percent from first quarter '07 through this past first quarter, according to the Brookings Institution. The group's first-quarter MetroMonitor report called the MSA one of the 21 strongest-performing nationwide, based largely on housing and employment data.

SAN ANTONIO



Texas' second-biggest city is one of the country's most-affordable places to buy a home, according to *Money* magazine this past August. For '09, *Money* reported a median home price of \$78,627 for homes within the city limits and a median family income of \$55,958 during the same year.



WHAT THE LOCALS SAY

"One huge asset to our state is our cash-out law, which sets a maximum loan-to-value ratio of 80 percent for cash-out refinances. This correlates as to why we have fewer foreclosures than other states. Another reason we didn't see huge appreciations [is] we have pretty high property taxes on the whole. That can take a big chunk out of the monthly payment clients can afford."

— JOSHUA SIGMAN, MINORITY OWNER AND VICE PRESIDENT, LEGACY MUTUAL MORTGAGE

Sources: Brookings Institution, CNNMoney.com, CoreLogic, MarketWatch, *Money*, Mortgage Bankers Association, National Association of Realtors, Real Estate Center at Texas A&M University, RealtyTrac, Relocation.com, Texas Association of Realtors, U.S. Census Bureau, U.S. Department of Labor, *The Wall Street Journal*.

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