

Home Values In North Texas Back To 1990 Levels

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According to a study released recently by the Joint Center for Housing Studies at Harvard University, falling home prices have wiped out billions of dollars in residential property values in North Texas. Overall, home prices in the Dallas-Fort Worth area have slipped to 1990s levels, when adjusted for inflation.

The Harvard researchers said that the U.S. housing business is in its worst slowdown since the 1940s. “Restoring demand to more normal levels will take time since so many owners are in financial distress or trapped in homes worth less than their mortgages,” the report found.

U.S. home equity fell by \$2.5 trillion in 2008 and is now down \$5.9 trillion – or 43% – from 2005. Dallas-Fort Worth is among many markets in the nation where home prices are now back to 1990s levels in real terms. The drop in prices has had a chilling effect in many markets.

“Homeowners who are not under pressure to sell are usually unwilling to cut their prices drastically,” the Harvard report said. “Many would-be sellers therefore prefer to stay put unless compelled to move. Still, the longer that foreclosures remain a problem, the greater the pressure on sellers to drop their prices.”

Researchers also found that lower-income neighborhoods have been hardest hit by price declines around the country. Many such homeowners relied on risky sub-prime loans, which have resulted in higher than average home foreclosures.

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