D-FW HOUSING

Outlook for home prices is optimistic

Texas cities least likely to lose value in 2 years, PMI study forecasts

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The Dallas-Fort Worth area came off best in the latest forecast of future home values.

North Texas metro areas were ranked as the least likely in the country to experience a sustained home-price decline in mortgage insurance giant PMI Group's newest report.

The D-FW area has less than a 1 percent chance of having lower home prices in two years, according to PMI Group's risk study.

The California-based insurer ranks about 50 U.S. cities based on the likelihood of declines in home prices.

All of Texas' major markets were at the bottom of PMI's ranking, which was released Wednesday.

"Texas is looking better than anybody else," said PMI economist David Berson.

"The economy is doing much better in Texas than other places.

"And you didn't get the huge run-up in prices that needs to be worked off."

Even so, home prices in North Texas are down about 2.5 percent from a year ago, according to the latest estimate from Standard & Poor's Case-Shiller index.

But the PMI study takes a longer view, predicting where home prices will be in 24 months.

The insurer's new risk assessment warns that there is almost a 100 percent chance that home prices in markets including Riverside, Calif., and Orlando and Fort Lauderdale, Fla., will be lower in two years.

Big declines are also likely in many other Florida, California and Nevada markets.

"This down cycle in housing is very different from those in the past," said PMI spokesman Nate Purpura. "Typically, employment tanks and foreclosures follow.

"In this cycle, the foreclosures came first, then the unemployment, and now we're hitting a second wave of foreclosures brought on by the unemployment," he said.

"It's essentially a double-whammy in the housing market, and we're likely still somewhere in the midpoint."

Housing market risks

Markets with the most and least risk of a home-price decline, based on price appreciation, economic growth and affordability, according to mortgage insurer PMI Group. An index score of 100 means there is a 100 percent chance of home prices being lower in that area in two years.

MOST RISKY	
Fort Lauderdale, Fla.	99.5
Riverside-San Bernardino, Calif.	99.5
Orlando-Kissimmee, Fla.	99.4
Miami	99.3
Tampa-St. Petersburg, Fla.	99.0
LEAST RISKY	
Fort Worth-Arlington	less than 1
Dallas-Plano-Irving	less than 1
Houston-Sugar Land-Baytown	less than 1
Pittsburgh	less than 1
San Antonio	less than 1

SOURCE: PMI Group