



## Exclusive look at the Houston property market

*Starting today, Valuation Review is partnering with IRR-Residential, the real estate valuation services provider, to bring you a monthly snapshot of a specific metropolitan statistical area. For the first IRR-Residential Intelligence Report, we look at Houston, Texas. Read on for more exclusive information. (1/26/2010)*

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"Houston was one of the last cities to enter the recession and predicted to be the first city out," said **Frank Lucco**, managing director for IRR-Residential in Houston. Because the city wasn't caught in the previous price run up in housing, values have remained fairly stable.

According to Lucco, 19 percent of all sales in 2009 were foreclosures, as compared to 30 percent in 2008. Annually, the median price of homes is up by 1 percent from 1 year ago. "Several analysts predict Houston to be one of the top markets for home price appreciation over the next 12 months," said Lucco. In terms of housing starts, 2010 will see an estimated 18,000 new builds, the same as 2009, but significantly less than the 2005 peak of 51,000.

Helping boost the housing market is the local economy, considered one of the strongest in the nation with an unemployment rate of less than 7 percent, with slightly less than 100,000 people losing their jobs last year.

"Concerns linger over the ghost or shadow inventory of foreclosures that could at any time be unleashed on the marketplace as well as the deteriorating commercial real estate market," said Lucco, "But Houston has been through this before, some 25 years ago."

The number of foreclosed properties sold in the local MLS is down from the 2008 total, but Lucco indicated this was partly because active listings in the MLS are down 20 percent from last year. "Investors are snapping up homes at breakneck speed and it's not uncommon to see foreclosed properties with multiple offers selling above list price," he said.

One of the keys to Houston's resilience is its affordability: 85 percent of properties sold in 2009 were under \$250,000. With 61 percent of properties being single-family residences, a large number were in the suburbs of the city. However, warned Lucco, "every time gas prices creep up there is a push to buy properties close in, many of which are townhouses and condominiums."

But the condominium market is feeling the heat. "High-rise condominium projects, especially high-end, are under the most pressure and several prominent projects have been canceled or shelved," said Lucco. "The number of closed sales in 2009 for high-rise newly constructed condominiums is down 72 percent."

Houston is of course an energy town and its fortunes are inextricably linked to oil and gas. "For a full recovery, Houston will need continued stability or escalation in the price of crude oil and natural gas," said Lucco. "But the city has a large population, a new mayor and tremendous access to labor and materials which could set the stage for recovery in 2010 and beyond."

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2008

2009

Change

Trend

Total Property Sales	4,545	4,456	-2%	Neg
Total Dollar Volume	\$865,931,298	\$976,817,584	13%	Pos
Avg. Single Family-Sales Price	\$207,633	\$203,626	-2%	Neg
Median Single Family-Sales Price	\$146,000	\$153,000	5%	Pos
Median Single Family -PSF	\$88	\$86	-2%	Neg
Days on Market - Single Family	79	88	11%	Neg
Total Active Listings	34,111	27,574	-19%	Pos
Total Pending Sales	41,577	35,672	-14%	Neg
Months Inventory	6.5	6.0	-8%	Pos
Single Family-Building Permits	1756	1831	4%	Pos
Avg. Condo/TH - Sales Price	\$166,450	\$160,280	-4%	Neg
Median Condo/TH Sales Price	\$131,250	\$129,900	1%	Neg
Total Condo/TH Sales	382	429	12%	Pos
Median Condo/TH - PSF	\$101	\$98	-3%	Neg
Days on Market - Condo/TH	\$92	\$87	-5%	Pos
Unemployment Rate	5.5%	9.2%	67%	Neg
Apartment Occupancy Rate	86.3%	85.6%	-1%	Neg
Rentals - SFR - Median Rent/Mo.	\$1,300	\$1,250	-4%	Neg
Rentals - SFR - Median Rent/SF.	\$72	\$71	-1%	Neg
Job Growth -Yearly Growth	54,500	(93,000)	-271%	Neg

\* Information courtesy of IRR-Residential

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