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SANDY BAKER

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Tarrant housing market suddenly booming

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BY SANDRA BAKER
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When David Norris accepted a job to manage Park Place Motors' new body shop, under construction on Bryant Irvin Road in southwest Fort Worth, he thought about commuting from the Lake Highlands area of Dallas.

His family was happy there in a rental home, but Norris soon realized how much time he'd be away from his wife, Sara, and two young sons driving back and forth more than 80 miles each day.

In February, the couple began looking for a house in Fort Worth. But it wasn't the typical, negotiation-filled home-buying process they thought it would be. Rather, they lost out to other buyers several times in bidding or didn't make an offer quick enough before the house was sold.

"We learned very quickly this was going to be a big challenge," Norris said.

The housing market in Tarrant County is on a tear. Supply is so short that it's not uncommon for homes to get multiple offers or be sold before even hitting the Realtors' multiple listing service.

In popular neighborhoods, houses are selling by word-of-mouth or through listings on Facebook. And prices keep rising.

Last week, the Texas Association of Realtors released its second-quarter report, showing Arlington and Northeast Tarrant County with a 2.4-month supply of homes and Fort Worth at 3.6 months. Last year at this time, the market had a four- to five-month supply.

Is it too soon to call the market recovered from the Great Recession? Some real estate professionals think so, but it's close. In the meantime, they're enjoying the spoils of an expanding local job market and still-low mortgage rates.

The most recent S&P/Case-Shiller Home Price Index, one of the most-watched national housing reports, showed Dallas-Fort Worth home prices up 7.6 percent in May from a year ago and above their pre-crisis peak in June 2007 to a new record.

New-home builders say they're having their best years since the economic downturn hit this market hard



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North Texas housing starts

12 month ending	Annual starts	Finis lot inve y
2Q 2007	38,831	10,9
2Q 2008	25,230	8.08
2Q 2009	14,504	5,65
2Q 2010	16,434	4,35
2Q 2011	13,705	3,31
2Q 2012	15,196	2,69
2Q 2013	20,367	2,54

Source: Metrostudy

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in 2008. Builders were starting construction on more homes at the end of June than at any time during the past five years, according to two market reports.

Lee Hughes, CEO of Maverick Homes in Fort Worth, said his numbers will be up 60 percent this year compared with 2012.

"It's about the best it's been since the second quarter of 2007 and first quarter of 2008," Hughes said. "2008, 2009, 2010, 2011, everyone had run for cover. Now, you can't keep up with demand."

At its current pace, annual housing starts passed 20,000 in the second quarter, according to the most recent report from Metrostudy. The last time starts exceeded an annualized rate of 20,000 was in the third quarter of 2008, when they hit 22,303. In the second quarter of 2007, annual starts reached 38,831 before plummeting to 13,507 in the third quarter of 2009, Metrostudy said.

Sales of existing single-family homes also reached new highs in May, according the Texas A&M University Real Estate Center.

The center puts Tarrant County in three categories. In Arlington, sales were \$93.3 million in May, the highest since June 2007. In Fort Worth, total sales were \$175.9 million, the most since June 2006. And in Northeast Tarrant County, May sales totaled \$272 million, best since June 2007.

- According to the Realtors Association, 1,415 homes were sold in Arlington from April to June, up 18.7 percent from the same quarter a year ago, with the median price rising 9.1 percent to \$148,400.
- In Fort Worth, 2,988 homes were sold in the second quarter, up 17.9 percent from the year-ago quarter, with the median price rising 10.1 percent to \$132,000.
- In Northeast Tarrant, 2,865 homes were sold, up 21 percent from the second quarter of 2012. Median prices were up 7.7 percent, to \$192,200.

Nationally, home prices are up about 10 percent, which is similar to Texas, said Jim Gaines, an economist with the Texas A&M Real Estate Center. The national price is being driven by markets that saw significant drops in the downturn and are now starting to recover.

"We didn't have those big drops in Texas, so to see 10 percent price increases on top of properties that held more value in recent years means we're seeing significant growth in Texas," Gaines said in the report. "We may be seeing a situation where Texas has 'just-in-time' housing inventory. Competition for properties is so fierce that homes are selling within days, or even hours, so they're never recorded as inventory, but rather are immediately recorded as a sale."

Market watchers feared that a recent upswing in mortgage rates might slow the market, but that doesn't appear to be the case, at least locally. The rate on a 30-year fixed home loan in mid-2008 was about 6.5 percent, according to Freddie Mac. The rate came down to 3.4 percent in May and are now about 4.5 percent, according to Bankrate.com.

The fast-paced market has been challenging for buyers.

Marsha Gayle, a broker with ReMax Masters in Southlake who has been an agent for 15 years, said buyers need to react quickly. She has seen situations where sellers have overlapping showings and an interested buyer is pushed out of the sale by reacting too slowly.

"If they don't, there's someone else behind them," Gayle said. "By the second time that happens, typically they don't let that happen again."

Mary Margaret Davis, owner of Mary Margaret Davis Real Estate Team, agreed. She recently sold two condos in the T&P Lofts in downtown Fort Worth by word-of-mouth and a \$1 million home near Eagle Mountain Lake because a neighbor saw her getting the house ready for sale. The neighbor bought the house for her daughter, Davis said.

"If you wait, it's too late," Davis said. "It's just amazing, the pace. Every Realtor has these amazing stories to tell about having five people in line to buy. It's just crazy."

The Norrises found that to be the case. Their agent, Cathy Taylor, president of the Helen Painter Group in Fort Worth, asked them whether they had made their best offer after losing out on one house, Norris said.

"I wasn't sure what she meant," he said.

After being outbid four times, the Norrises upped their game. Offering "just shy" of \$20,000 over the asking price on their next offer, the Norrises bought an 1,860-square-foot, three bedroom, three-bath house that has turned out to be the best one for them. It's in the school district they sought, and they are thrilled with the community. They closed the sale in early June.

Norris said they later learned that the offer "just barely" got the job done.

J.R. Martinez, an agent with Kenneth Jones Real Estate in Fort Worth, said he has had some disappointed buyers.

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"More than likely it will take a full price or above to get a house," Martinez said.

Some of the hottest areas that have experienced double-digits percentage gains in sales each month since the first of the year are northeast Arlington, far west Fort Worth, Benbrook, Euless and Southlake, according to Texas A&M Real Estate Center sales figures.

Randy White of Southlake, who has been selling homes for 35 years, is being a little cautious about the market, saying it's in the second year of "good recovery."

Having worked through several market ups and downs, White said it might take a few more years to call it a full recovery, but he's also not scoffing at the current rebound.

"Some of them have not seen the wreckage I've seen," White said of his colleagues. "I'm excited, but leery."

Sherry Matina, CEO of the Greater Fort Worth Association of Realtors, said she too has never seen the market so hot. She said low mortgage rates and the improving economy are driving sales.

"People are feeling secure about their jobs," Matina said. "All it takes is one real bump in interest rates to make things go crazy. A nice, healthy and sustainable market for several years, that's what we want."

Ron Formby, president and CEO of Antares Homes, said it might not be until 2015 before new-home builders see lot prices start to fall. Lots have been higher because developers who backed off projects during the recession are now starting to complete lots.

The higher lot prices have priced some first-time buyers out of the new-home market, which Antares specializes in, Formby said.

He said he expects to build as many homes this year as last.

"It's going to be difficult the next few years," Formby said.

Micheal Dike, president of Village Homes in Fort Worth, a custom builder that targets the higher-end market, said he expects to build 30 homes this year, compared with 20 in 2012.

Dike said it has been challenging to find subcontractors, many of whom looked to other industries for jobs when home building slowed. But with the increase in business, Dike said, "I'll take that challenge any day."

Said home builder Hughes: "The last five years, the recession has been ever present on my mind, every night I go to bed, and every morning when I wake up. It feels good to get dirty again."

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