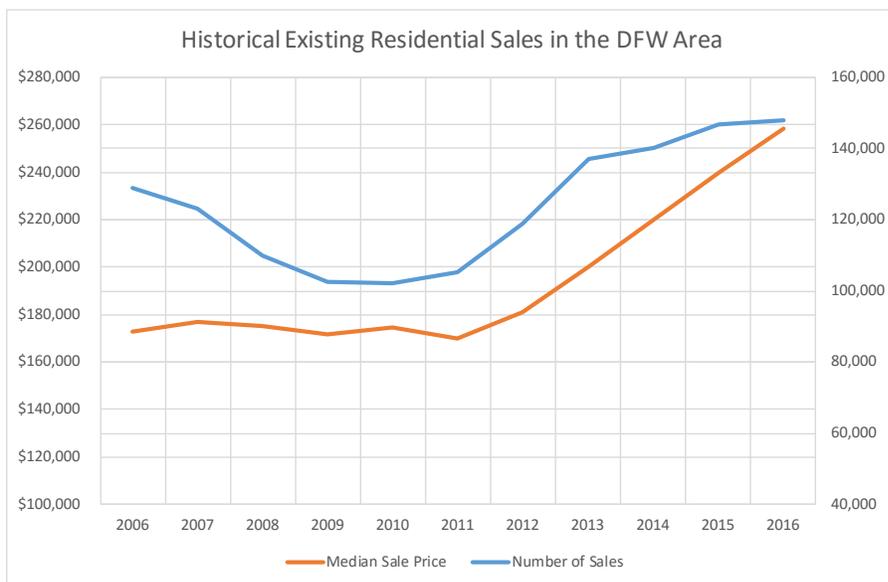


A Decade of Real Estate Changes in the DFW Area

The last decade saw a decline and a resurrection of real estate in the DFW area like we have not ever seen before. Our market here continues to be very strong, sustained by the constant influx of corporations, ancillary companies, and droves of residents all looking for their new homes. It's not a bubble here, as many in the real estate analysis field have said, rather, it is sustainable growth based on long term relocation of companies and their employees, causing tremendous growth in the DFW area. We are now the number 2 out of 20 hottest markets in the nation according to Realtor.com on August 26, 2016. Waco TX is number 8, which is only about 1.5 hours south of Dallas. We have many of the most desirable cities to live in right here in our area, according to the research done by Consumer Reports, Money magazine, and others who cover where the best places are to live.

So with this trend, comes intense growth, a strong economy, and real estate opportunity. Here's what has happened in our area over the last 10 years, shown in three simple curves on the graphs below, and why there is this opportunity. The curves were generated with data directly obtained from the North Texas Real Estate Information System, or NTREIS for short, which is our MLS database in the Metroplex and beyond, covering most of north Texas.

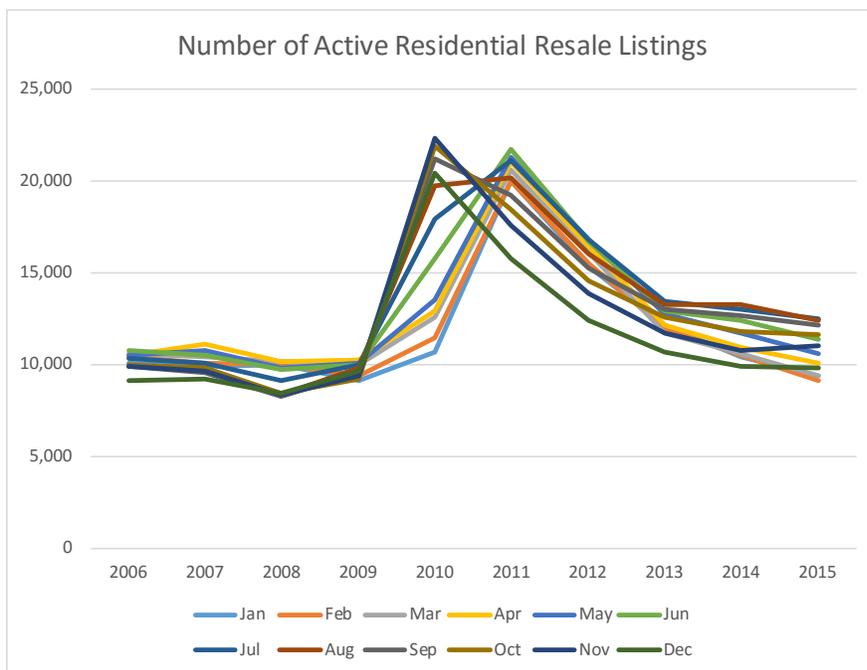
In the first graph, the median sales price of resale homes was fairly flat and actually prior to 2006 it also had been flat. Actually, the DFW area had always been waiting for that price appreciation so many other cities in the US had seen. But even prior to the financial meltdown of late 2008, our number of sales had been dropping. It bottomed out in 2010, with very little loss in real estate value. Some estimate around 10-15%, which is verifiable by the graph. Then as 2011 went by we saw an uptick in number of sales, while the median price was still falling slightly. In fact in the fall of 2011 we started to get busy again and momentum was obvious to us at that point, but pricing had not started to move yet.



Graph 1

At the beginning of 2012, we found ourselves in a full blown multiple offer market, where homes were being bid up past list price as the number of sales was on a roll upward, and number of offers per home were in the low double digits. This drove up the median price at a steep rate of incline.

While this was going on, the second graph shows the number of active residential resale listings in the DFW area over the same 10 years. Prior to 2008 we had pretty consistent listing activity across all months in the year at around 10,000 properties. Then in 2008 it dropped some, and in 2009 it went back up to where it had been. But in 2010 and 2011 when no one wanted to buy a home, listings skyrocketed. Then in the subsequent years they fell dramatically while the market was gobbling up anything that was out there if it was half way decent. Listings did not replace these sales and the market was demand driven which contributed significantly to the median price rise more than demand would have by itself. Even in the market we have today, we are still woefully under the number of listings to even get close to balancing the market. It appears from the curves that we could easily use 5,000 listings per month across all months of the year to take the pressure off the market right now. We have about 150K of existing sales per year right now with only 120K of existing homes coming on the market to supply to buyers.



Graph 2

Median price shows no signs of decreasing its rate of rise, but with sales starting to flatten out at new highs, this might help make the rise in median prices slow some. But at the increased number of sales we have, the low level of listings will continue to propel the curves forward. In other words, nothing is going to come back down anytime soon, and certainly not to the levels we had prior to the financial bust.

The fact that new construction was at a standstill for 2009-2011 did not help the inventory situation any. And construction is selling just as fast if not faster than existing homes, and builders can't build them fast enough here. The curves are only of existing homes and do not include new construction in general. I'm sure some of them got in the analysis because they may have been listed, but the vast majority are not included in the curves. Even with the influx of new homes we are not catching up.

So in our DFW metroplex area, sellers who had purchased before the steep rise in median price have a nice boost in equity in their homes. And with number of sales topping out it is easier to buy a home now than before. It's relative, however. There still are multiple offers and quick sales, but it is not as intense and a purchase that you will be happy with can be made. While listings remain low and number of sales remains high sellers will be able to take advantage of the equity they have and repurpose it to their changing lifestyles. Upsizing, downsizing and rightsizing can be done, second home purchases can be made, vacation homes can be bought, and your college sophomore could live in a home you own near their campus if need be. Yes, as a buyer you will pay the higher prices, but you can make changes that you might need or want to make. Now is the time, while the median price is high and the number of sales are remaining at a high level. Our market is just waiting for you to list your home!