



## 2009 Healthiest Housing Markets

### Rank Market

- 1 Houston, TX
- 2 Austin, TX
- 3 Fort Worth, TX
- 4 San Antonio, TX
- 5 Dallas, TX
- 6 Raleigh, NC
- 7 Seattle, WA
- 8 Indianapolis, IN
- 9 Fayetteville, AR
- 10 Washington, DC
- 11 Nashville, TN
- 12 Denver, CO
- 13 Charlotte, NC
- 14 Wilmington, NC
- 15 Myrtle Beach, SC

## The Healthiest Housing Markets for 2009

**Builder, in conjunction with Hanley Wood Market Intelligence, debuts its metric for determining markets with the best and least potential.**

By: [Boyce Thompson](#)

With most economists and builders expecting a national market decline this year, this may not seem like the best time to be selecting the "healthiest" markets in the country. Virtually every market was down last year. **But a close look at the numbers reveals that some markets have way outperformed others during the last four years and are likely to continue to do so this year.**

When the housing market stages its official recovery, the markets listed on the following pages are likely to lead the parade. It may take a year or more for the weakest markets--where burgeoning foreclosure sales are still pounding new home values, making building and selling new homes an exercise in futility--to finally stage a turnaround. We'll present that list next week.

**The healthiest markets have many things in common. Most of them are great places to live, either close to the ocean, mountains, or major universities. Most of them didn't have a huge run-up in prices during the boom and aren't experiencing rampant deflation during the bust.**

To compile these lists, we analyzed the top 75 housing markets in the country. We ranked them based on population trends and job growth, perennial drivers of housing demand. We also examined what's happened with home prices; many of the healthiest markets have managed to hold the line on home values. And finally, we considered the rate building permits, which may be the single best ongoing indicator of builder confidence in a market. We combined all these metrics to produce a score for each market.



## **5. Dallas, Texas**

2008 total building permits: 26,145

In a year when permits declined 35 percent nationally, Dallas only experienced a 9 percent fall-off. With a population of 4.2 million, Dallas was the third largest home building market last year, as measured in permits pulled. Employers in Dallas, a popular place for corporate relocation and expansion, added 42,000 jobs last year, a growth rate of 2 percent. Existing home prices have held steady, falling a paltry 2.3 percent in the last year. Interestingly, the face of residential construction has changed dramatically in Dallas in recent years; 58 percent of the activity last year was in multifamily, compared to a five-year average of 23 percent. The relative stability of the market, though, wasn't enough to prevent [Wall Homes from filing for bankruptcy](#) earlier this year. On the other hand, former Meritage co-CEO [John Landon recently started a new Dallas-based home building company.](#)

**Busiest builders:** D.R. Horton, Highland Homes, David Weekely Homes, K.Hovnanian Homes, Drees Custom Homes. Courtesy: [Hanley Wood Market Intelligence.](#)



#### **4. San Antonio, Texas**

2008 total building permits: 10,261

San Antonio is another Texas market that is still adding jobs, about 15,000 last year. A city of more than 2 million people now, its population is also growing, at a 2.8 percent annual clip through the third quarter of last year. Existing home prices are barely declining in San Antonio, down only 1.8 percent in the last year, leaving the median price of an existing single-family home at an affordable \$154,400, 25 percent below the national average of \$200,500, according to the National Association of Realtors. The upper end of the housing market was hurt recently when AT&T announced it would be moving its corporate headquarters to Dallas.

**Busiest builders:** D.R. Horton, K.B. Home, Centex Homes, Pulte Homes, Fieldstone Communities.  
Courtesy: [Hanley Wood Market Intelligence](#).



#### **3. Fort Worth, Texas**

2008 Total Building Permits: 10,388

Fort Worth, always operating in the shadow of higher profile Dallas, nevertheless can currently claim to have [a slightly healthier housing market](#), based on its employment growth, relatively strong permit activity, and inexpensive housing. Now the 14<sup>th</sup> largest home building market in the country, Ft. Worth's builders pulled 10,388 permits last year, roughly two-thirds of them single-family. That may be half as many as 2005, but many other major markets showed much sharper drop-offs. The relative strength of the Fort Worth market in recent years stems from its ties to the oil and gas industries, which has fueled above-average job growth. The metro area added 17,300 jobs last year.

**Busiest builders:** D.R. Horton, Choice Homes, History Maker Homes, Meritage Homes, Centex Homes. Courtesy: [Hanley Wood Market Intelligence](#).



## 2. Austin, Texas

2008 Total Building Permits: 14,250

Nine years ago, during the tech bust, some builders felt that Austin was too crowded and left. The bloom is back on Austin's yellow rose now; it moved up the leader board to become the sixth largest home building market last year. **Job creation explains the move. While other markets lost employment, Austin added 17,400 jobs last year, 2.31 percent growth rate.** It helps that Austin is home to both a major university, The University of Texas, and the state capital. Existing homes cost a little bit more in Austin than other Texas markets, roughly \$190,900, but that's still below the national average. Also, Austin is one of the few metro areas in the country where median prices actually rose in 2008--1.4 percent through the first three quarters of the year. Amazingly, Austin now generates more home building activity than Chicago, which has six times more people.

**Busiest builders:** D.R. Horton, Lennar, KB Home, Centex Homes, Meritage Homes. Courtesy: [Hanley Wood Market Intelligence](#).



## 1. Houston, Texas

2008 Total Building Permits: 42,697

They like to do things big in Houston. Now the metro area, home to nearly 5.8 million people, can lay claim to being the largest home building market in the country, with 42,697 building permits. The market is still benefiting from an influx of population and jobs and rebuilding in [the wake of Hurricane Ike](#). Employment rose 2.2 percent last year, representing the addition of an incredible 57,000 jobs. Home building activity in Houston has only fallen 31 percent since 2005. Also, existing home prices actually rose in Houston last year, 2.8 percent, to \$160,200, still a very affordable level. Roughly one third of the home building action is in Harris County, followed by Houston proper and Fort Bend County. One of Houston's largest builders, [Royce Homes, shut down last year](#), and Kimball Hill, one of the biggest builders in Texas, [closed its doors this year after it failed to find a buyer](#).

**Busiest builders:** Lennar, Perry Homes, David Weekley Homes, MHI/McGuyer Homebuilders, and KB Home. Courtesy: [Hanley Wood Market Intelligence](#).

**Courtesy of JB Goodwin**