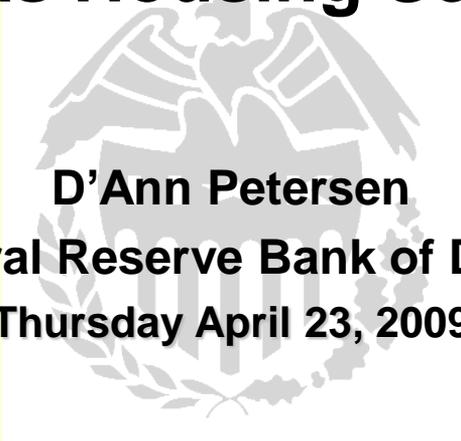


# Current Conditions in the Texas Housing Sector



**D'Ann Petersen**  
**Federal Reserve Bank of Dallas**  
**Thursday April 23, 2009**

The views expressed are those of the speaker and should not be attributed to the Federal Reserve Bank of Dallas or the Federal Reserve System.

## Texas Economy Follows U.S. into Recession

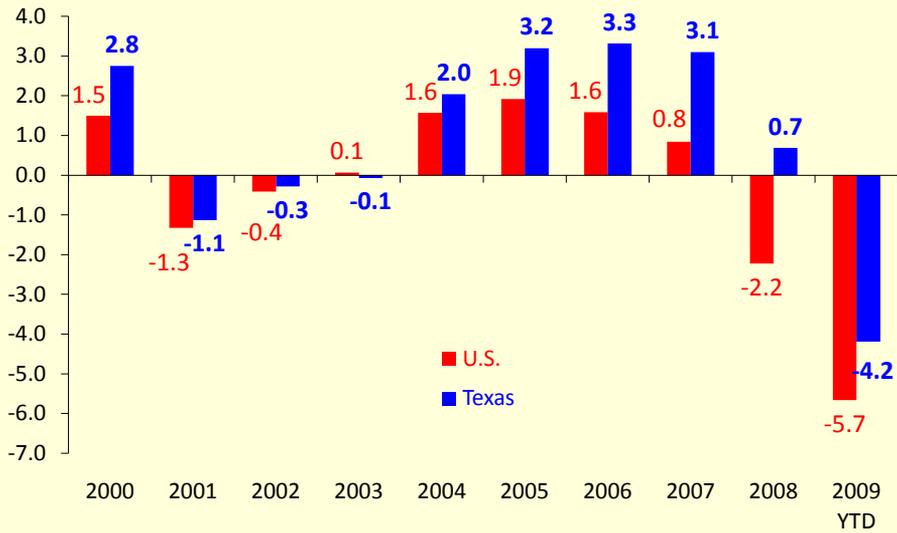


- The Texas economy held up relatively well in 2008, outperforming that of the nation
- Late in the year, Dallas Fed anecdotal surveys suggested weaker conditions
- Dallas Fed indicators show the Texas economy is in recession
- Texas employment levels have declined in 2009, but the pace is not as steep as the national average



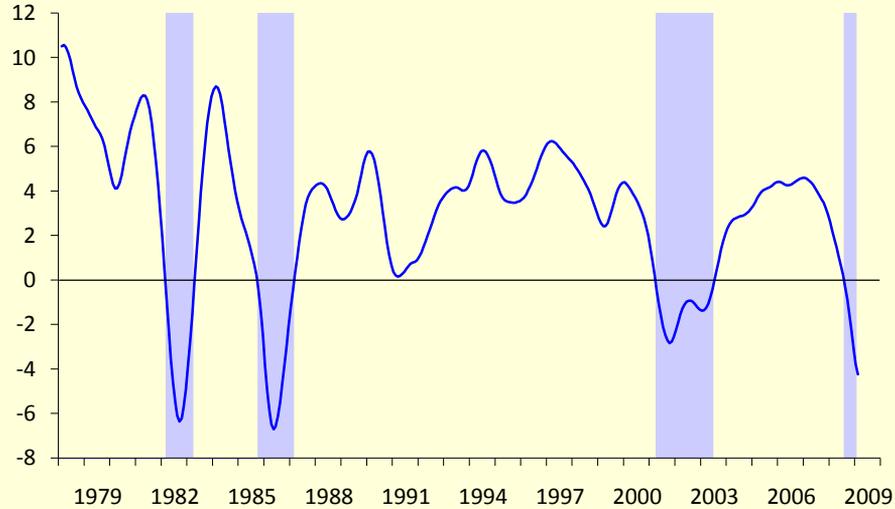
Dec/Dec,  
SAAR

## Texas Job Growth Turns Negative



## Texas Business-Cycle-Index Shows Texas in Recession

M/M SAAR



NOTE: Shaded areas represent Texas recession

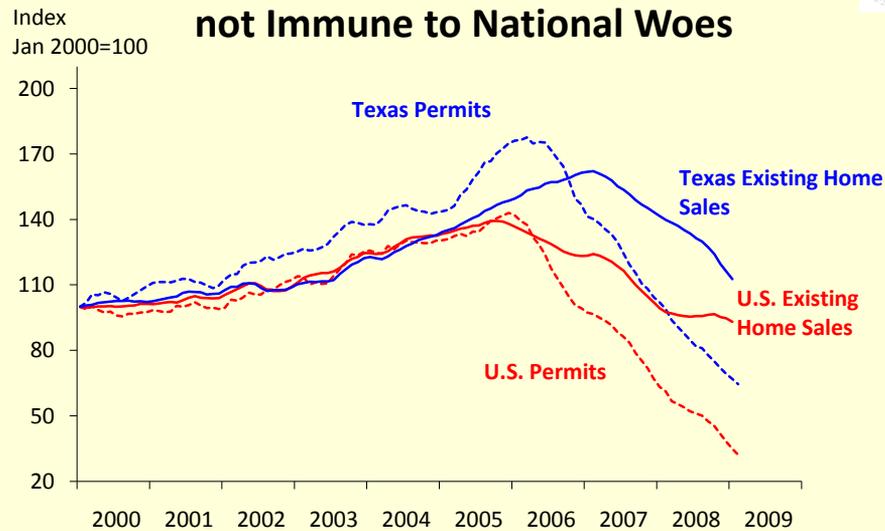


## Weakness Becoming Broad Based

- In the first half of 2008 job declines were mostly limited to housing and manufacturing
- In recent months, weakness has shown up across most industries
- High energy prices and strong export demand have dissipated, and these sectors are no longer propping up the Texas economy



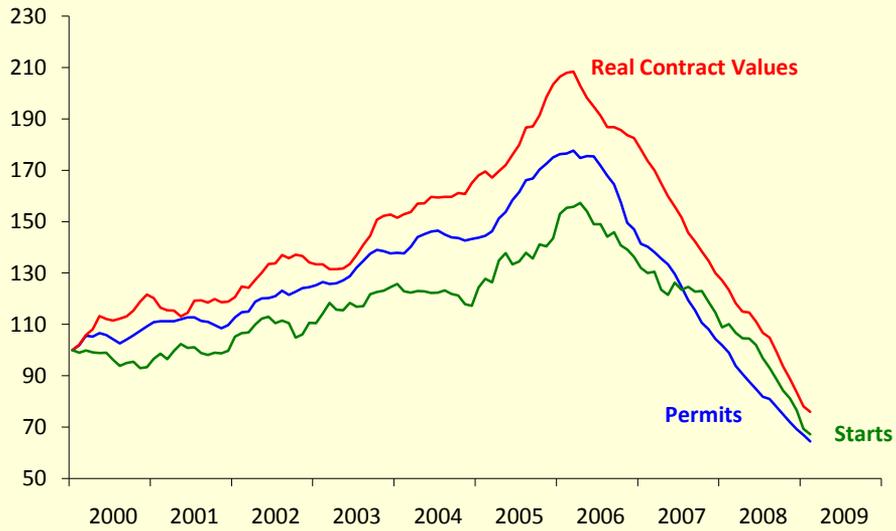
## Texas Housing Market not Immune to National Woes



## Measures of Texas Homebuilding Show Steep Decline



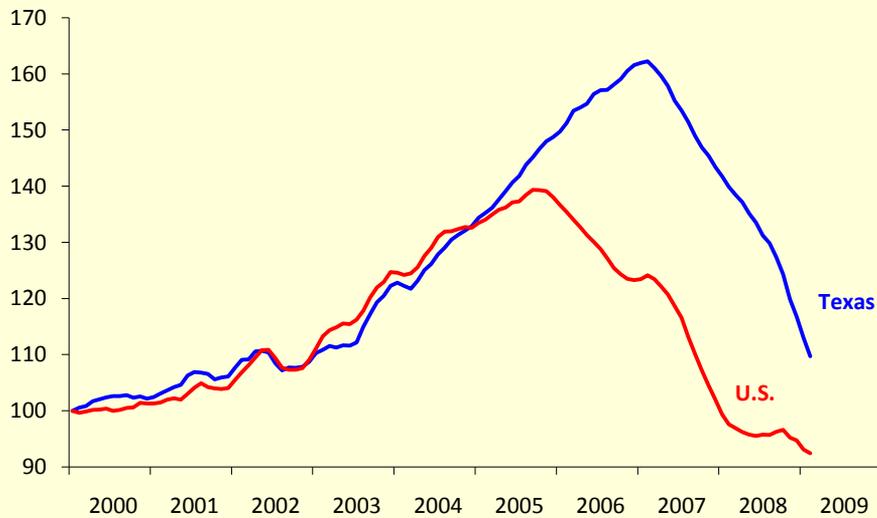
Index, SA, 5MMA  
Jan 2000=100



## Texas Home Sales Follow U.S. Plunge



Index,  
Jan'00=100,  
6MMA

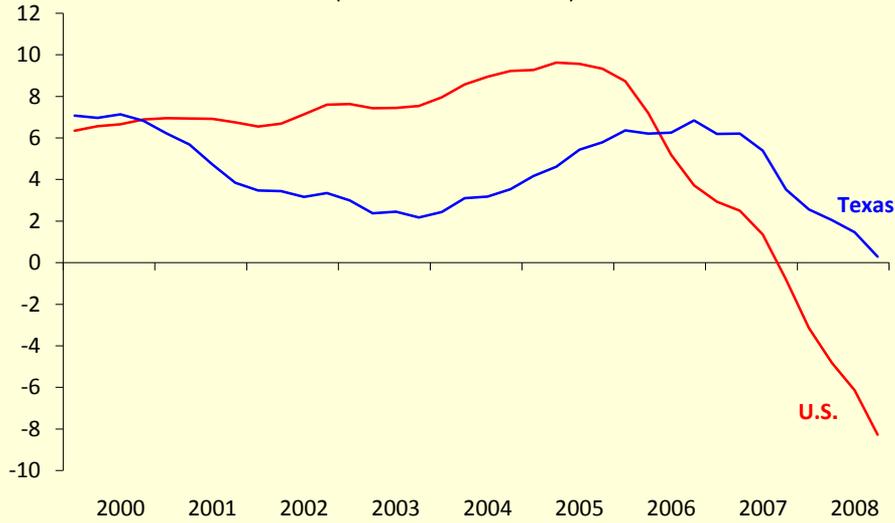


## Downward Pressure on Texas Home Values



4-Q Percent Change

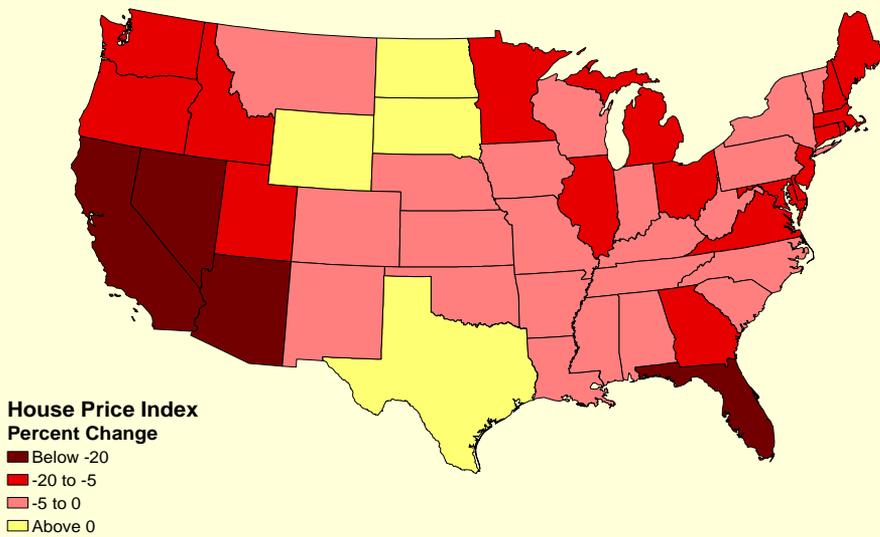
(FHFA Home Price Index)



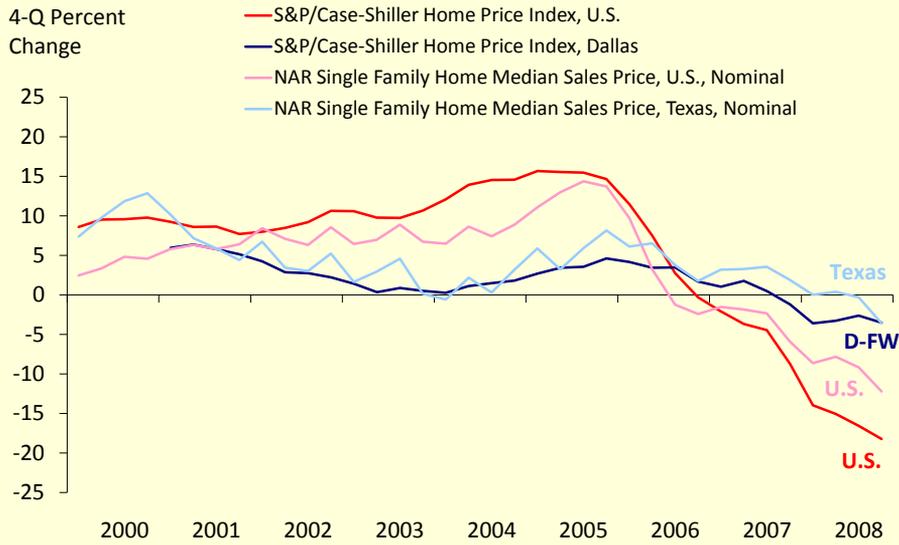
## Still, Texas Looks Relatively Good



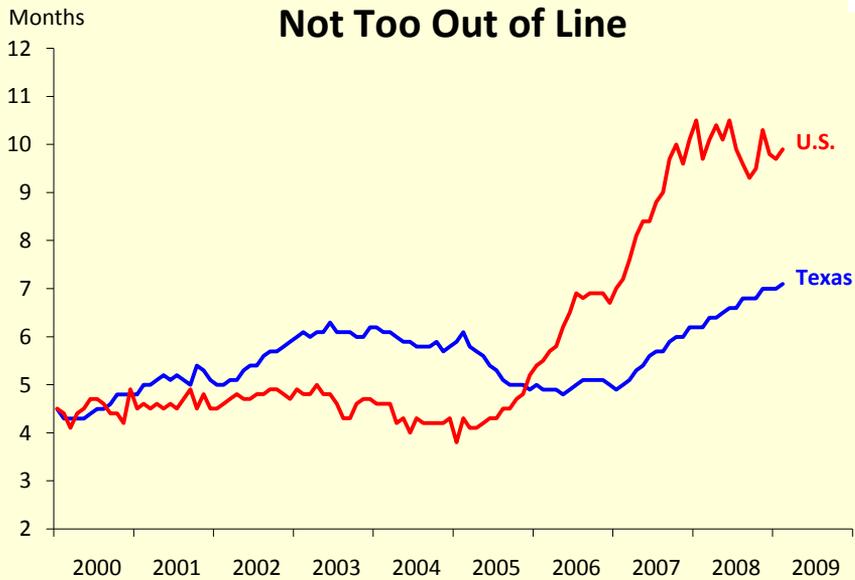
(4Q Percent Change)



## Other Price Indexes Show Texas Values Holding Up Relative to U.S. Average



## Texas Home Inventories Not Too Out of Line



## Texas Commercial Real Estate Investment Falls Sharply in 2008



2008/2007  
Percent Change, \$

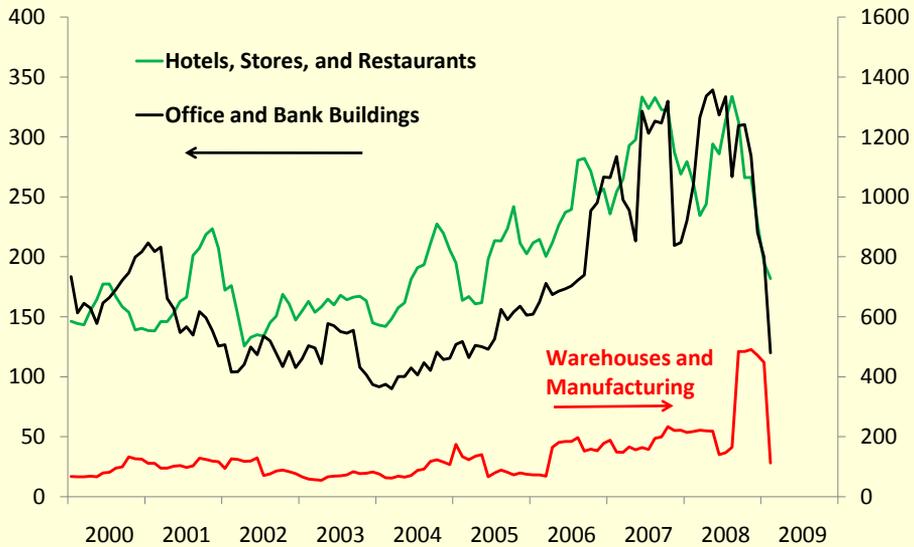


## Texas Private Nonresidential Construction Slows Sharply



Real \$, Mil  
5MMA, SA

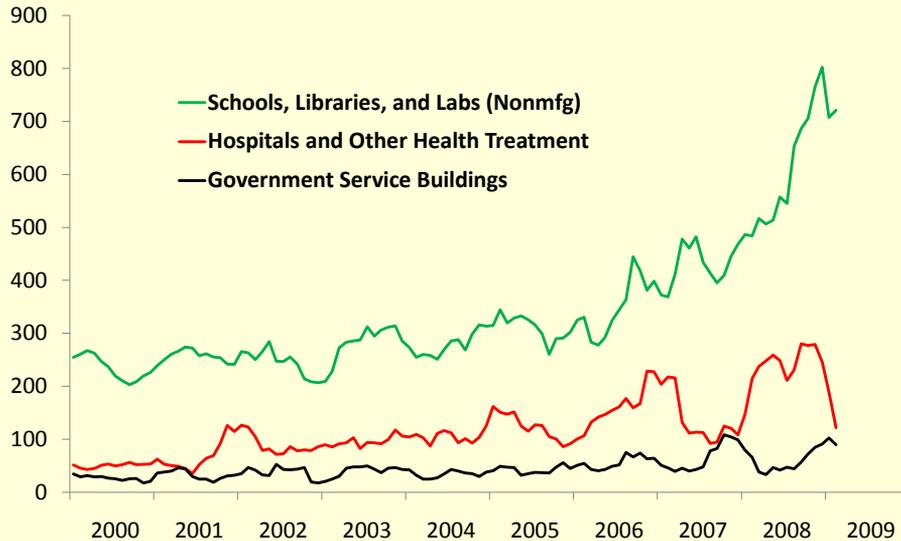
Real \$, Mil  
5MMA, SA



## Even Texas Public Construction Softening



Real \$, Mil  
5MMA, SA



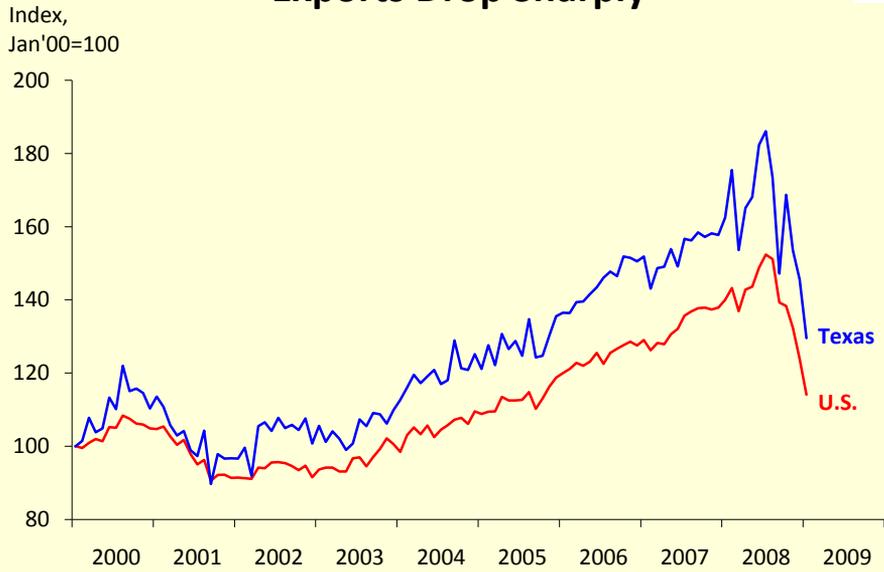
## Banks' Exposure to Commercial Real Estate by Federal Reserve District (Q4 2008)



	Commercial Real Estate Loans (% of gross assets)	Noncurrent Commercial Real Estate Loans (Percent)
St. Louis	29.26	3.27
Atlanta	28.68	5.14
Dallas	28.64	2.17
Kansas City	26.37	3.23
Chicago	25.41	5.7
Minneapolis	13.65	3.06
U.S.	13.62	3.64
Richmond	11.67	2.97
San Francisco	11.25	4.13
New York	10.23	2.17
Philadelphia	10.03	2
Cleveland	8.44	3.11
Boston	6.40	2.12

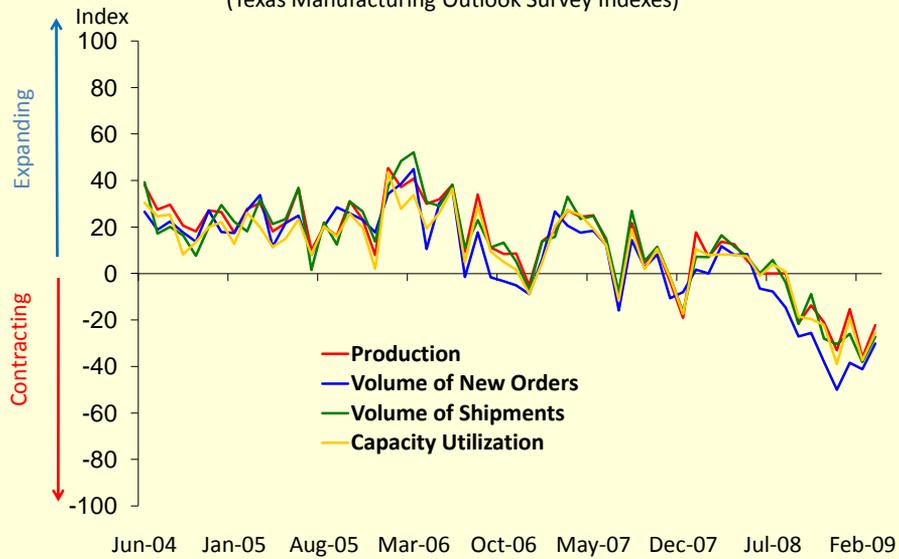


## Exports Drop Sharply



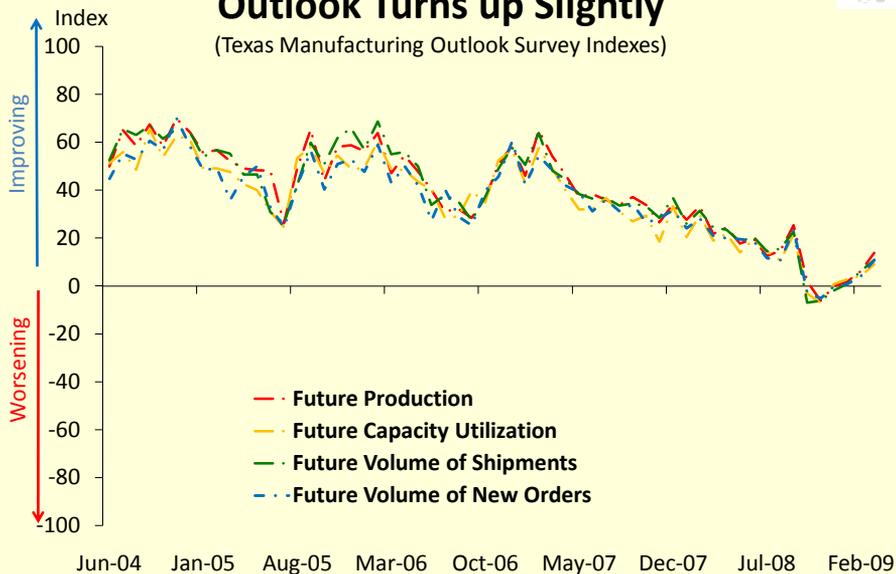
## Texas Manufacturing Hit Hard

(Texas Manufacturing Outlook Survey Indexes)

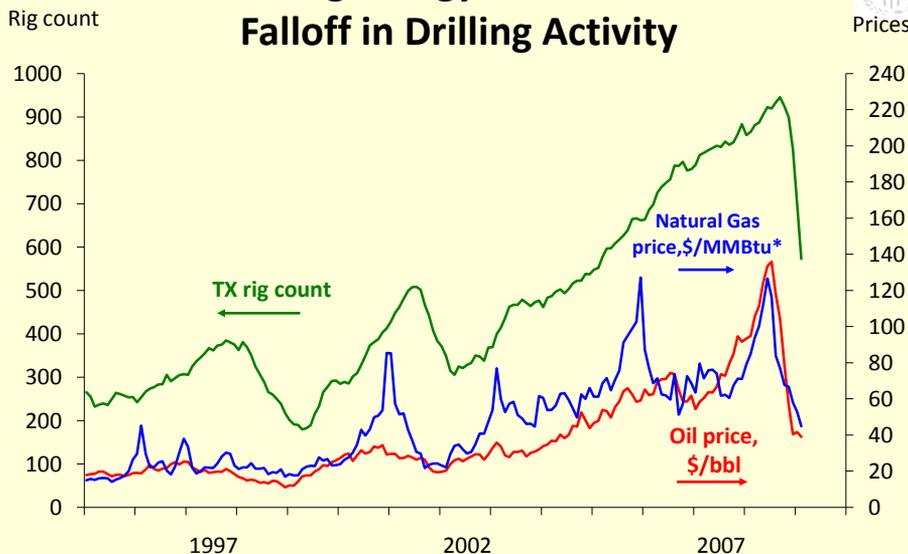


## Texas Manufacturing Six-Month Outlook Turns up Slightly

(Texas Manufacturing Outlook Survey Indexes)



## Declining Energy Prices Lead To Falloff in Drilling Activity



\* multiplied by 10



## Outlook

- Tough year ahead in 2009 as sectors which were giving Texas a boost are now in decline
- Housing market conditions have deteriorated, although prices have held up relatively well
- Sizable losses of more than 300,000 jobs (-3 percent) expected in 2009
- Long-term prospects for Texas economic growth remain positive