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Report: Dallas-Fort Worth homeowners likely to see rise in equity

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The prospects for rising home equity in the Dallas-Fort Worth area are improving, according to a new report.

The Center for Economic and Policy Research and the National Low Income Housing Coalition looked at housing and economic conditions in 100 of the country's largest metropolitan areas.

The just-released research suggests that D-FW homeowners will have an average $87,110 in home equity by 2013. That's up about $6,000 from a similar estimate made in October.

The equity outlook is based on purchases of homes priced at 75 percent of the median price. Equity is the difference in what an owner owes on a house and what it's worth at sale.

All of Texas' major home markets are forecast to have positive home equity during the next few years, the researchers predict.

Recent home price estimates show that the outlook for residential values in the North Texas has improved slightly during the last few months after steeper declines early in the year.

But in some markets harder hit by the housing recession, homeowner equity is projected to fall significantly.

Not surprising: many of those markets are in California. The forecast is for average home equity to drop by more than $250,000 in the San Jose, Calif., area, and to fall by more than $175,000 in San Francisco. Substantial home equity declines are also forecast in the Seattle area, in Washington, D.C., Salt Lake City and Northern New Jersey.

Researchers also took at look at the cost of homeownership vs. rental in major U.S. markets.

They found that in the Dallas-Fort Worth area there is now almost no difference in the average homeownership and rental costs.

Both homeownership and rental costs in the D-FW area were slightly higher than in the October estimates.

Looking across the country, the housing analysts saw signs of improvement since last fall.

"The good news here is that the bottom of the housing market may be in sight," Danilo Pelletiere, NLIHC Research Director, said in the report.

But while home prices appear to be bottoming out, analysts warn of a possible longer-term housing slump.

Earlier this week, international financial giant Deutsche Bank warned that by 2011 almost half of Americans with mortgages could owe more than what their homes are worth.

They estimated that about 70 percent of homes financed with subprime mortgages would be under water with debt.