

REAL ESTATE MARKET REPORT

For: East Dallas, TX

March 2014 and Q1 2014

Presented by:

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About East Dallas:

East Dallas is one of the most vibrant and unique areas of Dallas, Texas. East Dallas was once a separate city apart from Dallas itself, but was annexed by Dallas in 1890. Although the boundaries of East Dallas are somewhat subjective and not clearly defined, it is generally considered to be the area west of Central Expressway, south of Mockingbird Lane, east of Loop 12 and north of Fair Park. East Dallas is made up of dozens of neighborhoods, including the greater Lakewood area, Old East Dallas, the White Rock Lake area, and Lower Greenville / M Streets. Many neighborhoods in the East Dallas area have been noted as among the best places to live in the United States, with Lakewood recently named as one of the top ten neighborhoods by CNN.

East Dallas was first settled in the late 1870s by just four families. By the time East Dallas was annexed by Dallas in 1890, the city had a population of over 6,000. Residential development increased steadily after White Rock Lake was built by the Corps of Engineers in 1910, and greatly accelerated after the end of WWII when the lake began to establish itself as the recreational focal point of Dallas.

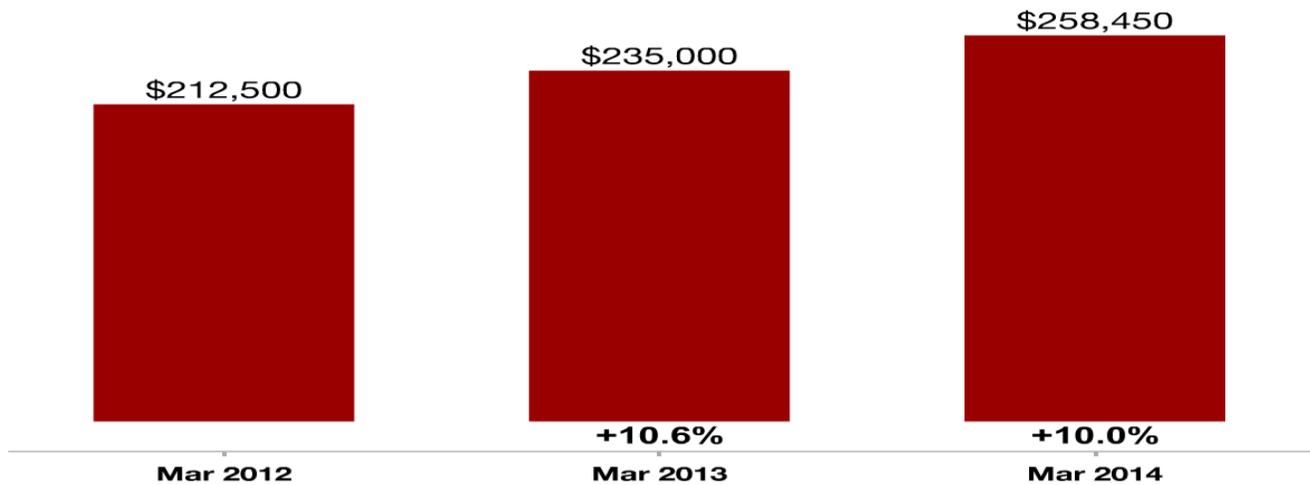
Residents also enjoy being close to some of the best recreational and outdoor attractions in the city, such as White Rock Lake, the Arboretum, and the Bath House Cultural Center.

The East Dallas area is well-known for its eclectic variety of some of the most stunning and unique home styles in Texas. The area is adorned with historic and artsy homes, such as Prairie, Craftsman, Mid-Century modern, and Tudor style homes. Hollywood Heights, located just south of White Rock Lake, has the largest collection of stone-accented Tudor-style homes in the United States. Several East Dallas neighborhoods are protected by conservation and historic districts which preserve the architectural character of homes as they were originally built.

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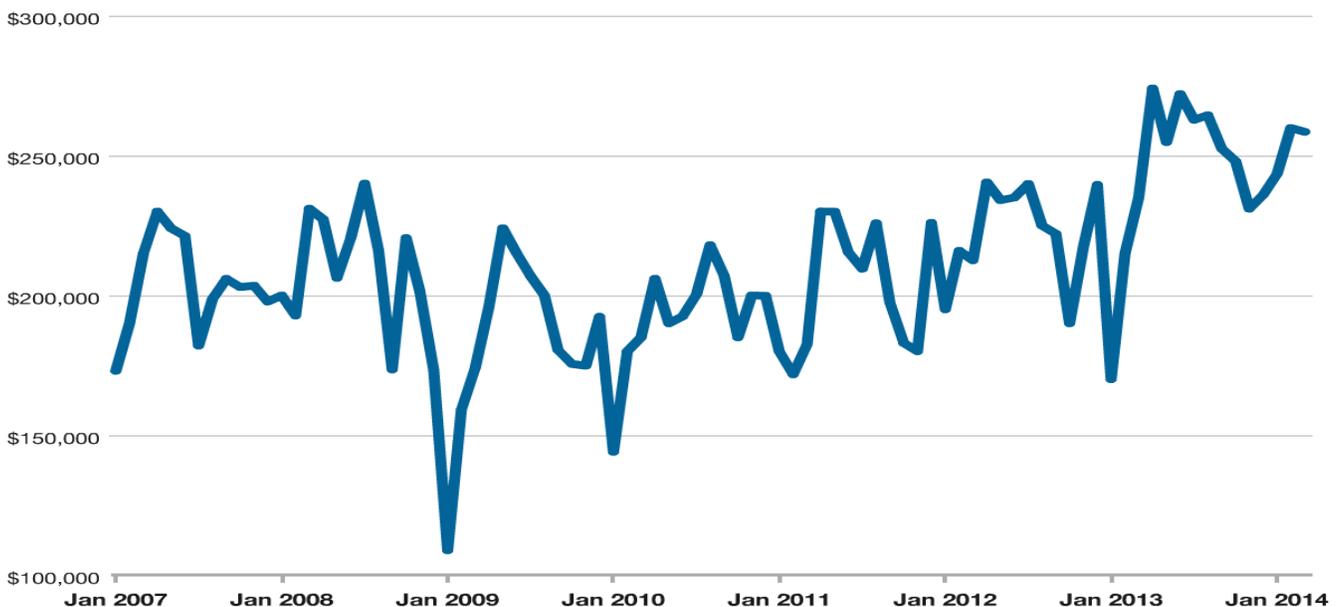
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MEDIAN SALES PRICE - \$258,450



The median home price in East Dallas in March 2014 was up 10% to \$258,450 from the March 2013 median price of \$235,000. After the normal seasonal slump in the winter of 2013, home prices resumed their upward trend. Although we have yet to see prices reach the high of \$274,900 set in April of last year, strong demand and a continued lack of supply of homes in the East Dallas market may push prices even higher next month. As the economy continues to improve and more people flock to Texas, it seems home prices in East Dallas may have nowhere to go but up, at least for the immediate future.

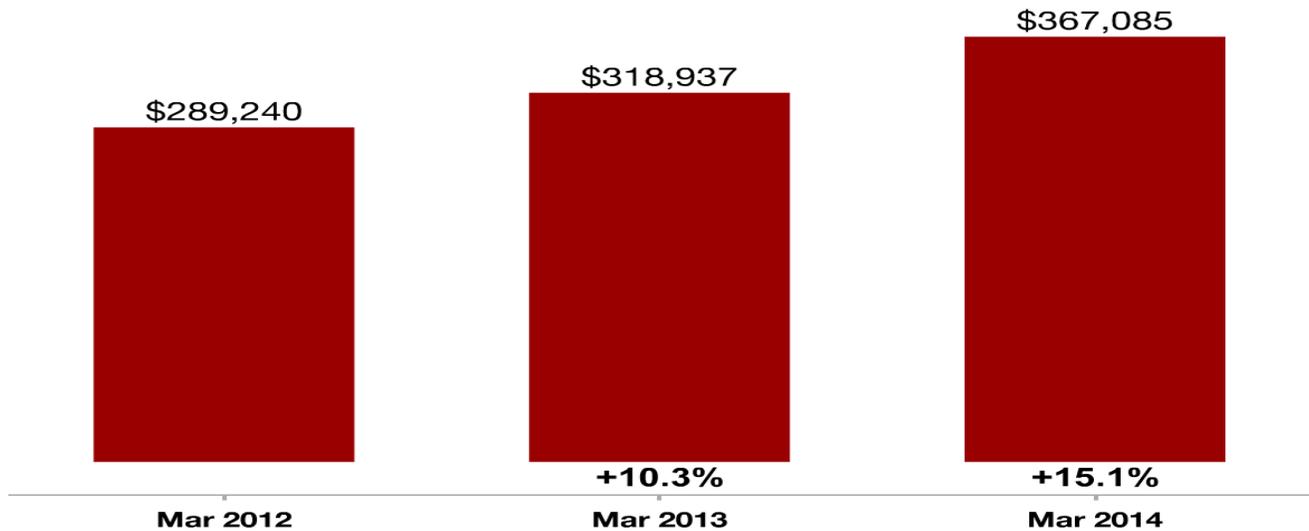
Aside from their normal seasonal declines, median prices for single family homes have been on a steady upward trend since the market bottomed out in 2009.



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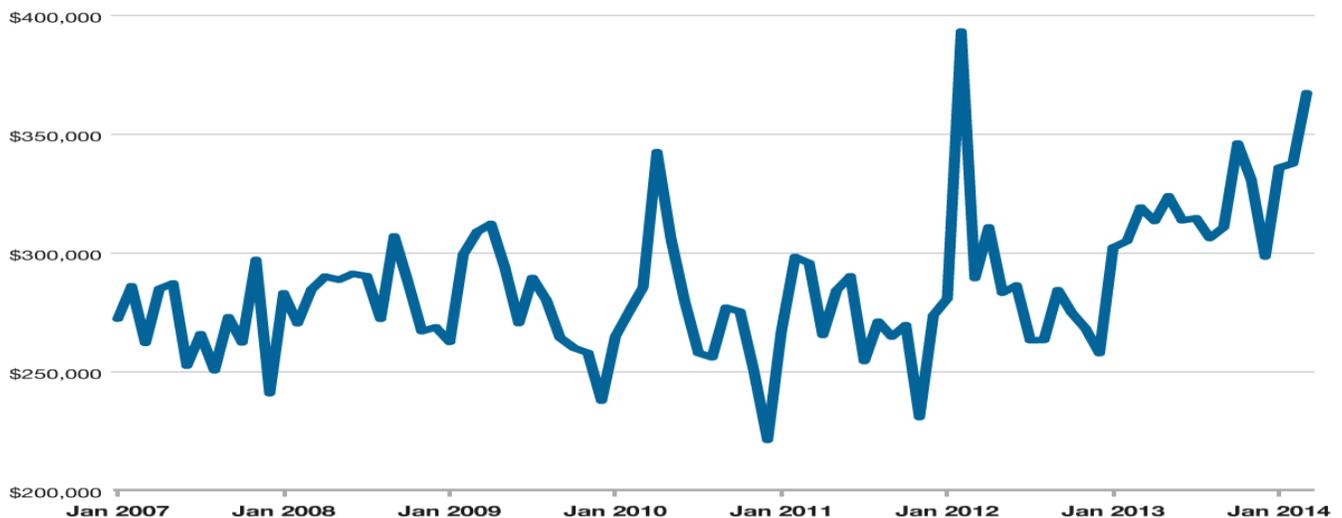
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AVERAGE LIST PRICE - \$367,085



The average list price for single family homes in East Dallas in March of 2014 jumped 15.1% to \$367,085 over March 2013. Average list prices for Q1 2014 have averaged at least \$335,000 with March being the highest month so far. The March average of \$367,085 is already well above the 2013 monthly high of \$345,879 set in October of last year, but is well below the 2012 high of \$392,990 set in March of that year. While higher list prices may be a sign of optimism among sellers and their listing brokers, they don't always translate into higher sales prices since many different variables factor into this equation.

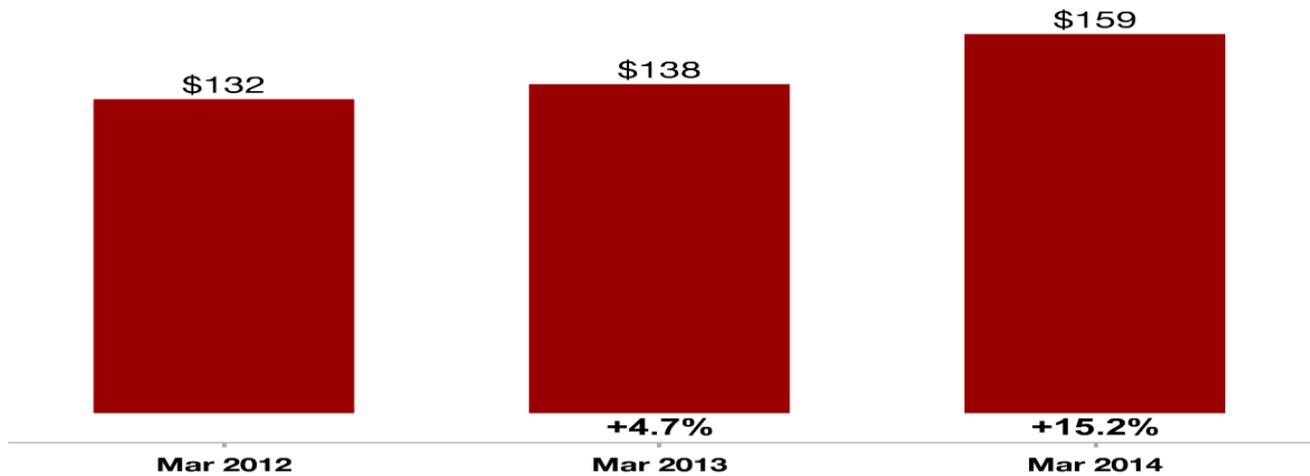
The overall trend of listing prices has been steadily higher almost every month since January of 2013, which is when the real estate market here really started picking up steam from its lows after the 2008 financial crisis.



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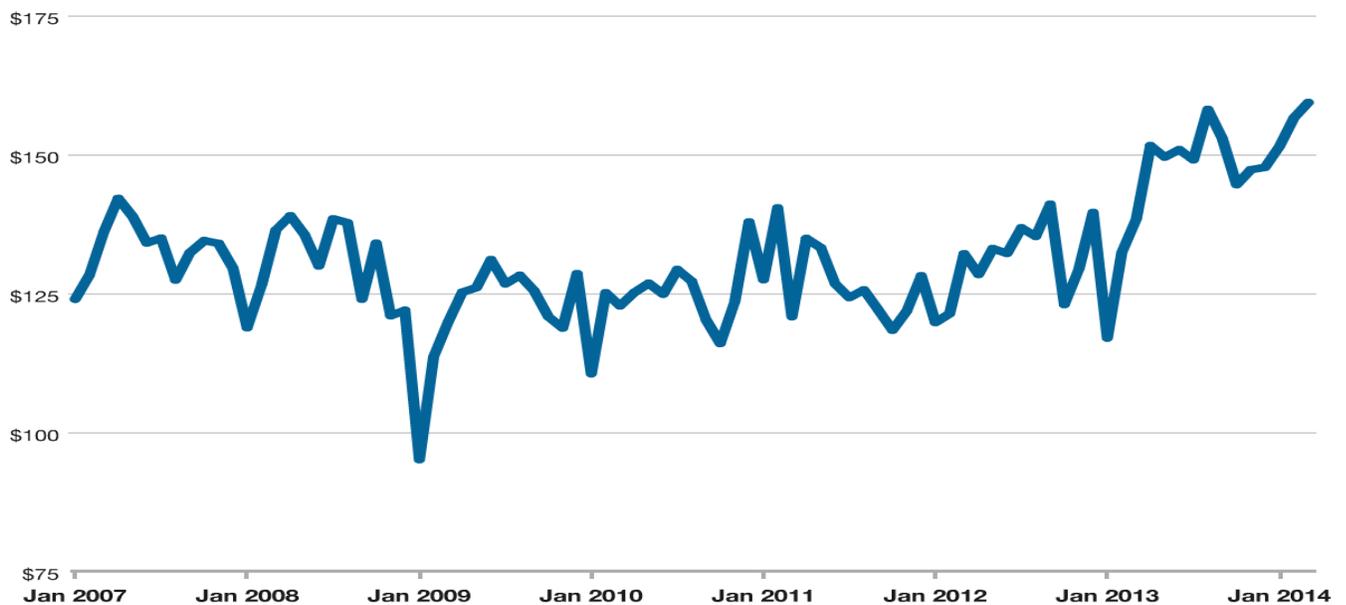
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AVERAGE SALES PRICE PER SQUARE FOOT - \$159



The average sales price per square foot in East Dallas was \$159 in March 2014, which was a stunning 15.2% increase over the March 2013 average of \$138 and an eight year record high for the area. The previous high was \$158 which was set last August. This is even stronger evidence that the real estate values have risen steadily for the last two years because they also correlate strongly with the rise in median home prices.

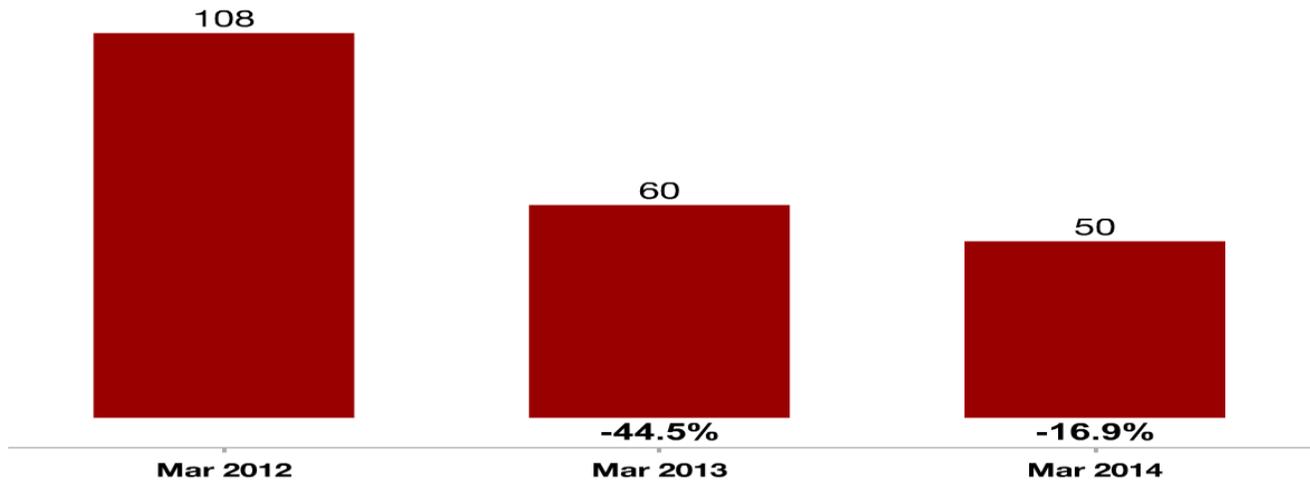
The average price per square foot has increased almost every month since January of 2013, which is strongly correlated with the rise in median sales price and average listing price for the same time period. Prices resumed their upward trend after the seasonal dip in prices that occurred in late 2013.



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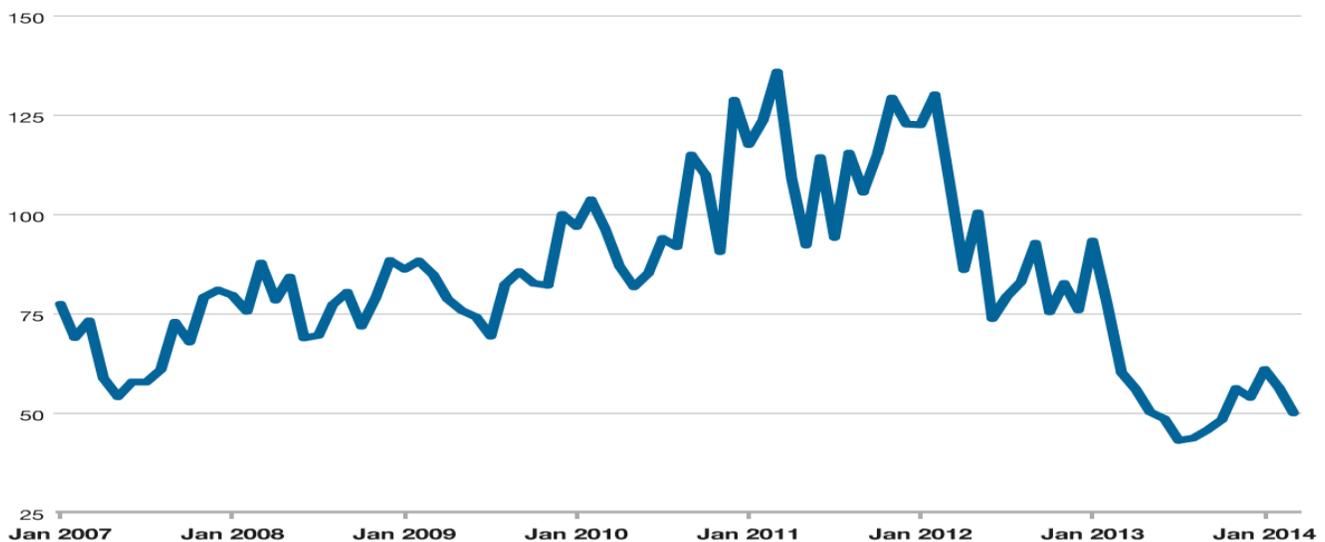
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AVERAGE DAYS ON MARKET – 50 DAYS



The average days on market for homes that sold in East Dallas in March 2014 was 50 days, down 16.9% from the March 2013 average of 60 days and significantly lower than the March 2012 average of 108 days. In many instances, the most desirable homes are selling in as little as one day on the market, with some selling for higher than their listing price due to competitive bidding from multiple offers. In this real estate market, buyers must act quickly to get the home they want or risk losing it to another buyer. But even though marketing times have decreased dramatically, some sellers are still listing their homes for more than what the market will bear, which results in the averages appearing lower than they actually are for homes that are priced closer to market value.

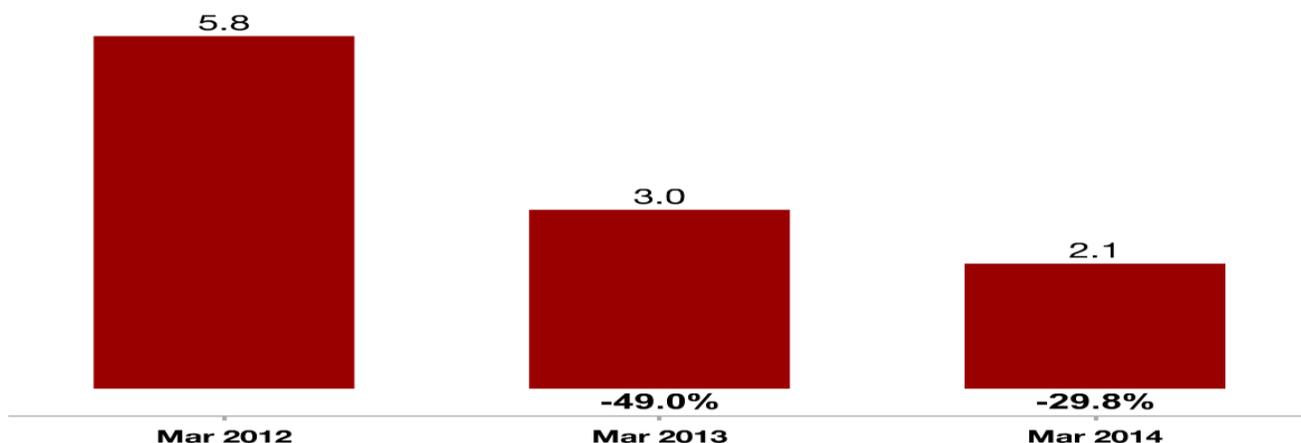
NOTE: The days on market only reflects the period of time from when the home was first listed to when the buyer and seller executed a contract. It only measures the *average marketing time* of a property, not how long the transaction actually took to close. Most transactions, especially those involving a mortgage, require a minimum of at least a few weeks to close.



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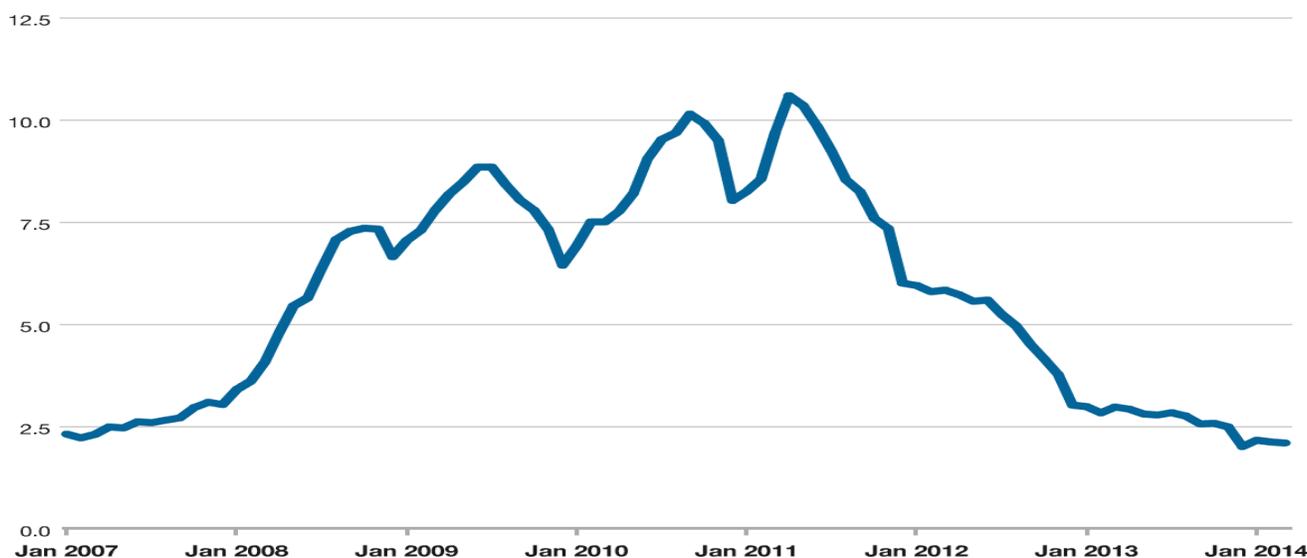
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MONTHS SUPPLY OF HOME INVENTORY – 2.1 MONTHS



The months' supply of home inventory in East Dallas continues to hover near eight year lows, with the March 2014 total dropping an astonishing 29.8% over March of 2013. This was just 0.1 higher than the eight year low of 2.0 set in December of 2013. Many people expected a surge of listings in the spring to result in an increase in the supply, but demand has remained so strong that this has not happened. If the supply of new homes coming on the market doesn't soon outpace demand, we could see a new record low supply of homes very soon, perhaps even next month.

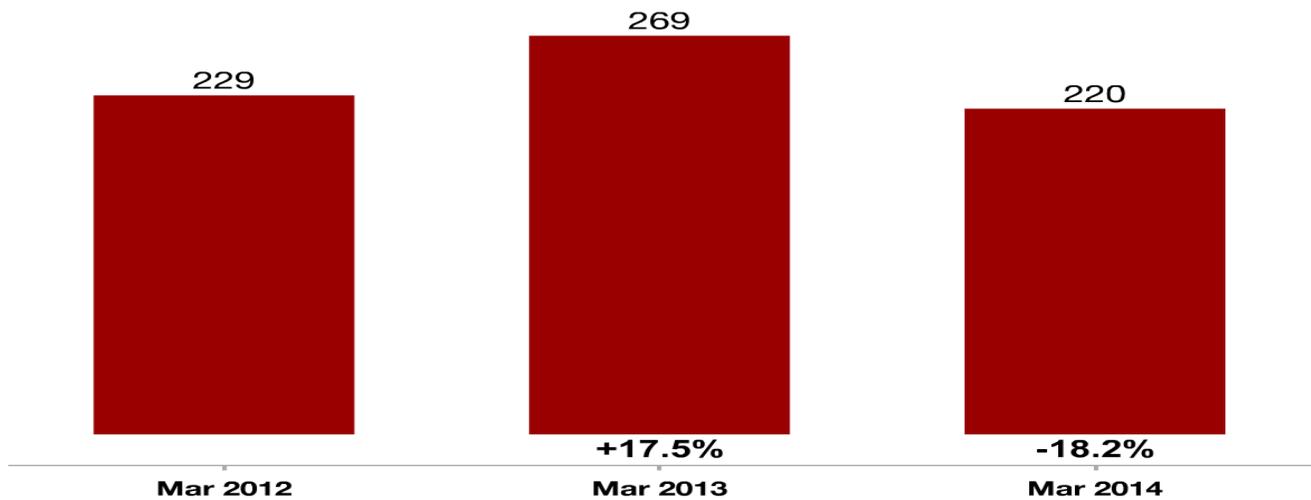
And the chart below shows just how much inventory levels have dropped compared to previous years. It's important to remember that these averages are for the entire East Dallas area. Some of the most popular neighborhoods in East Dallas actually have *less than a one month supply of homes*. The continued short supply of homes is likely to keep upward pressure on home prices as long as interest rates stay low and the demand for homes remains steady.



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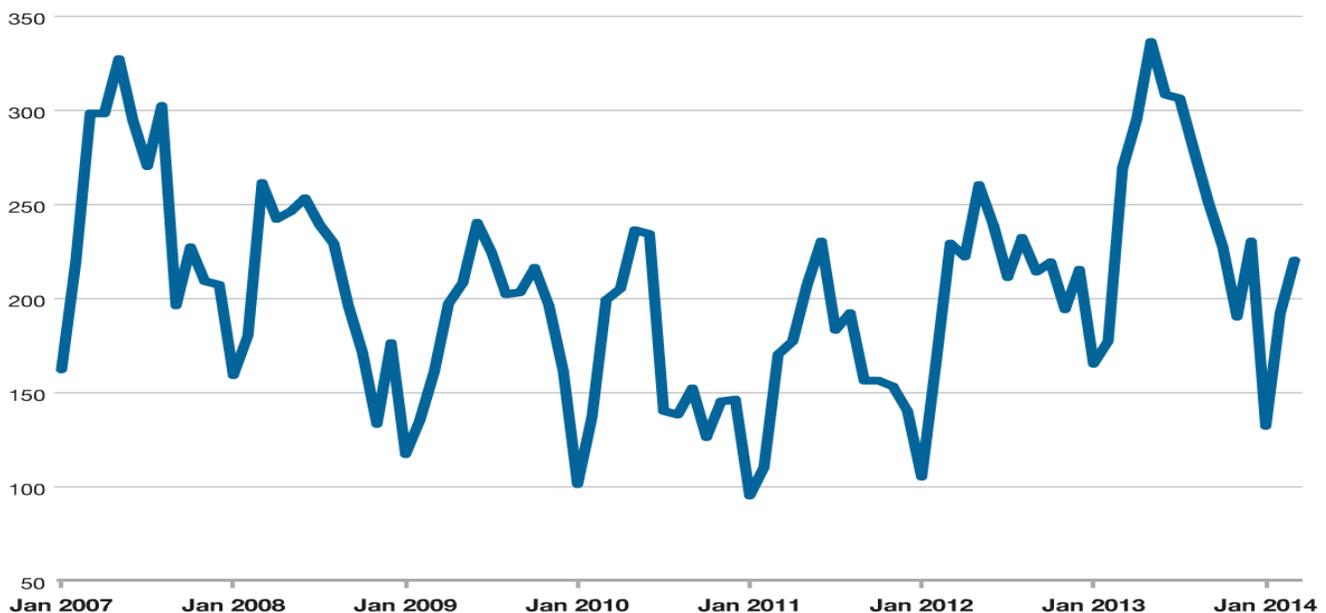
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CLOSED SALES – 220



A total of 220 single family home sales took place in March of 2014 in East Dallas, which was an 18.2% drop from the March 2013 total of 269. Although the number of closed transactions is lower, the tight supply of homes on the market has kept prices high. The number of new listings on the market in March 2014 was down about 14% over March of 2013 (not shown), which basically evens out the supply/demand balance compared to last year.

It remains to be seen how many homes will close in April and May, which are historically the busiest months of the year for East Dallas real estate. The seasonal decline appears to be significantly more pronounced this past winter than the 2012-2013 winter, but the fact that the weather was much colder this year is likely one of the reasons why this happened. Pending sales for March of this year are only slightly lower (about 7%) than last year, so we will likely see a large increase in closed sales in April, although it's unlikely sales will top April's total of 329 for last year.



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