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Deal Sikes & Associates: Texas Real Estate Values Will Withstand Decline in Oil Prices

HOUSTON--(BUSINESS WIRE)--A sharp decline in oil prices will not have an immediate impact on real estate values in Texas, according to Houston-based Deal Sikes & Associates, one of the nation's leading real estate valuation and counseling firms.

Prices for West Texas Intermediate oil, over \$100 per barrel earlier this year, have fallen sharply, dropping below \$80 a barrel this fall. As one of the world's leading oil-producing regions, Texas has been a national leader in job growth and real estate development in recent years.

"The fundamentals of Texas real estate remain strong and this retreat in oil prices will not deflate realty markets," said Matthew Deal, principal of Deal Sikes & Associates. "Texas has more commercial real estate projects under construction than almost any place in the world, but many of these developments have tenants committed to pay sizable rents."

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"Vacancy rates are low in most sectors of Texas real estate and rental rates have risen. The health of the real estate markets will be enough to sustain the momentum, even with the many new projects being completed," Deal said. "However, if oil prices fall precipitously and oil rigs are mothballed, Texas real estate markets would be impacted later in 2015."

Initially, land prices for development sites – raw land or urban redevelopment parcels – would be the most susceptible to softer pricing, said Mark Sikes, principal of Deal Sikes & Associates.

"As this growth cycle of the real estate markets begins to mature, we expect to see the demand dwindle for commercial development land," Sikes said. "However, suburban land for new residential communities has plenty of price support because the single-family market has tight inventories. Builders have not yet caught up with the residential boom."

Deal Sikes & Associates, based in Houston, provides real estate valuation and counseling services for eminent domain initiatives, transactions, estate tax planning, due diligence research and litigation support. Deal Sikes & Associates provides real estate counseling and valuation services for governmental agencies, real estate companies, law firms and corporate clients across the nation. www.DealSikes.com

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