

# Area home sales fell again in December amid signs of hope

## Pace of drop slowed at year-end as lower prices, interest give rise to optimism.

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**Austin-area home sales continued to decline in the last month of 2008, but there are signs that the market may be stabilizing.**

The number of previously owned single-family houses sold in December fell by 21 percent compared with the same month a year earlier, according to the Austin Board of Realtors.

The median price declined by 4 percent to \$182,000, which was only the second time the sales price has declined in the past four years.

**But pending sales — deals in the pipeline for the following month — rose 11 percent, the first time they have increased since April 2007.**

**And new listings fell 4 percent from a year earlier, which kept the supply of homes for sale stable at about 8,500.**

"Austin tends to have strong Decembers, but the reason that December 2008 was not particularly strong was obviously because of what happened in November, when consumer confidence and pending business fell tremendously," said Helen Edwards, president and chief operating officer for the Austin region of Coldwell Banker United.

The Austin-area housing market has fared better than most areas of the country, but tighter credit, slowing job growth and spiraling consumer confidence have taken a toll.

December was the 18th consecutive month that home sales have fallen, and the 20,199 sales for the year were 20 percent lower than in 2007, which was the second-best year on record.

**The median price for 2008 was \$189,500, up 2 percent from 2007.**

**There are signs that the market is stabilizing and possibly improving.**

The December sales drop was roughly half the rate reported in November, when 40 percent fewer homes sold compared to a year earlier.

**Additionally, mortgage interest rates have been falling for three months, with the 30-year rate now hovering around 5 percent.**

Tom Polk, a broker associate with Stanberry & Associates , said lower interest rates are one reason he has seen an uptick in interested buyers in the last two months.

**"A 1 percent change in interest rates makes a 10 percent (difference) in the house you can afford," Polk said. "4.75 and 5.75 (percent) don't sound that different, but if you're buying a \$200,000 house, that's a \$20,000 price difference in what you can afford to pay."**

Polk said online traffic for his firm's listings increased from a 2008 low of 600 hits in November to nearly 7,800 in December.

Edwards said she has also seen an uptick, and the increase in people looking at houses has made her "cautiously optimistic."

"What's important, I think, is that we've seen a tremendous increase in the traffic and the activity out there," Edwards said. "That doesn't mean we've seen a tremendous increase in closings."

Polk said that buyers are seeking bargains and that houses priced 5 to 10 percent lower than the market peak two years ago are selling.

"I am just stunned by how quickly houses are going under contract if they are priced well," Polk said.

Edwards agrees.

"What we have seen is that the buyers are willing to make offers if they perceive that the houses are listed at market or below-market rate," Edwards said. "Buyers are looking for the best possible price, and some sellers are willing to offer that. Those sellers are the ones who are selling in this market."

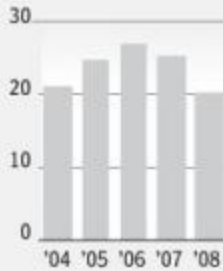
Houses priced between \$150,000 and \$400,000 posted the smallest declines in sales in December.

Sales of lower-end houses continue to be hit hard by tighter lending standards, and the inventory of high-end homes remains high.

**Courtesy of JB Goodwin**

# Central Texas home sales report

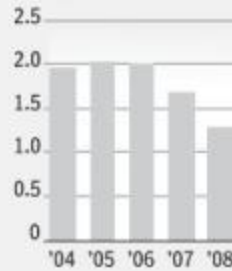
**Annual sales**  
in thousands



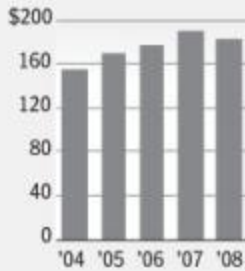
**Annual median price**  
in thousands



**December sales**  
in thousands



**December median price**  
in thousands



## Top real estate zones

These areas accounted for a third of all sales last year.

	Sales/Percent change	Median price/Percent change
Cedar Park-Leander North	1,066/ -17.9%	\$155,410/ +3.6%
Cedar Park-Leander South	984/-16%	\$217,500/+3.6%
Kyle-Buda	983/-20%	\$153,700/+2.5%
Pflugerville	1,219/-21.4%	- 0.5% \$155,100
Round Rock East	1,284/-20.3%	\$160,550/+2.3%
Round Rock West	1,214/-16.2%	\$228,950/+1.8%

Source: Austin Board of Realtors

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