

Austin-area home sales jump 58% in November

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AMERICAN-STATESMAN STAFF

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Austin-area home resales jumped 58 percent last month from November 2008 as buyers scrambled to take advantage of low mortgage interest rates and a tax credit for first-time buyers.

But local experts don't expect those big percentage gains to continue. Sales could slow next year, they said, anticipating rising mortgage interest rates and the end of the tax credit, which Congress recently extended through April and expanded to additional buyers.

November's percentage increase was the biggest in more than a decade and followed a 38 percent jump in October, according to the Austin Board of Realtors. However, the 997 sales in November 2008 were unusually low, reflecting the worsening economic downturn at the time.

Last month, 1,576 homes were sold, the board said. The median price was \$179,900, down 2 percent from a year ago.

"The numbers are certainly welcome news," said David Reed, a senior loan officer with Austin-based Land Mortgage. "Fifty-eight percent is huge, even if you factor in the extra selling days in November compared to last year."

With the median price holding relatively steady, "it's even better news still," Reed said.

But the market isn't in the clear yet.

More challenges are ahead because of "minimal prospects for short term improvement in the local economy and our job market," said Eldon Rude, local director for Metrostudy, a housing research firm.

He said he doesn't expect the market to show strong growth "until the employment picture brightens and consumer confidence strengthens."

Rude said the sharp increase in November resales "was definitely tied to the availability of the tax credit but was also related to the significant slowdown in sales activity late last year as the U.S. recession took hold."

With the extension, first-time buyers may still qualify for up to \$8,000, but other buyers can get up to \$6,500. Buyers must have a house under contract by the end of April and close on the sale by the end of June.

Year-over-year sales were up 31 percent in the Dallas area, also one of the biggest increases on record; 32.8 percent in Houston; and 52 percent in San Antonio.

Reed said he thinks the tax credit alone wasn't enough to spur the Austin area's November surge.

He said that interest rates of less than 5 percent also were a factor, as was the specter of rising rates. Reed predicted that interest rates will move into the mid- to high 5 percent range by the end of next year's first quarter.

Some real estate agents voiced optimism about 2010.

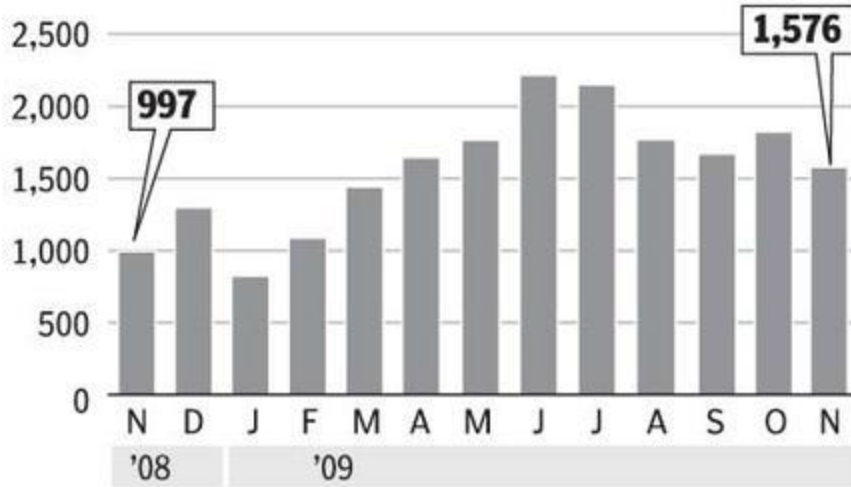
"It just seems like the numbers are going steadily up, along with the economy," said Nell Hurtado, an agent with JB Goodwin Realtors. "People have a different attitude. They're more upbeat about the economy."

Reed said he still foresees "a positive year for sales growth in 2010 — just nothing like a robust November we just had."

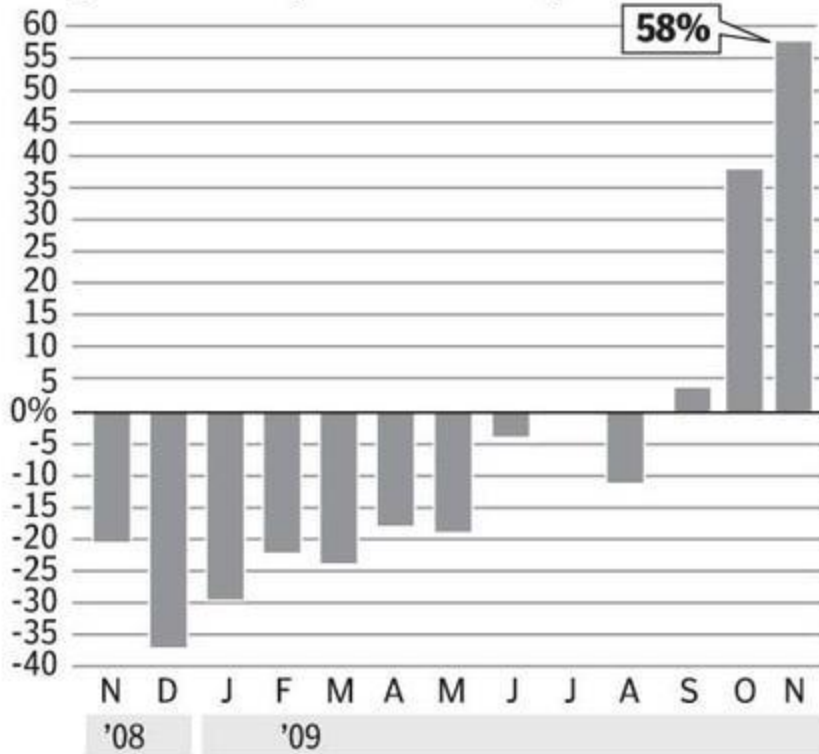
Courtesy JB Goodwin

Austin home sales report

Sales in the past 13 months



Change in monthly sales from a year earlier



Source: Austin Board of Realtors

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