

# Austin-area home sales drop 15%

## Median price still rising, but national slowdown is affecting region

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Wednesday, November 21, 2007

Sales of existing homes in Central Texas declined in October for the fifth straight month amid continued fallout from the national mortgage crisis.

Sales of single-family homes were down 15.4 percent compared with October 2006 and were **off 6 percent for the year to date**, according to the latest figures from the Austin Board of Realtors.

September has experienced the steepest monthly decline this year; sales plunged almost 24 percent from a year earlier.

And with pending sales down 19 percent in October, November could also see a decline.

October's median sales price, however, was up 3 percent in October, to \$180,000, meaning half the homes sold for more than that amount and half for less.

One reason for the increase is construction prices that have risen sharply in the past two or three years, said local real estate consultant Charles Heimsath, president of Capitol Market Research.

The median price has also moved up as the pace of sales at the lower end of the housing market has slowed because of tighter mortgage standards that have left many first-time buyers unable to qualify for loans, Heimsath said.

Sales of homes priced from \$100,000 to \$149,999, for example, were down nearly 30 percent compared with October 2006.

The tighter requirements have come in recent months amid a national flood of defaults on subprime loans, which are made to borrowers with riskier credit.

Though sales are off from a record-breaking 2006, experts say Central Texas' housing market is still in relatively good shape, fortified by healthy jobs, income and population growth. The region added 22,500 jobs between October 2006 and October 2007, a 3.1 percent growth rate.

But it hasn't escaped the ripple effects of the national subprime problems.

"I think the (housing) market is reflecting the overall view of the national housing market, with a wait-and-see approach," said David Taughinbaugh, a senior vice president at Prosperity Bank's

downtown branch. "Buyers are on hold right now. They're waiting to see how the market fares when the buying season resumes after the first of the year."

He said some buyers are simply backing out of purchases.

Heimsath said he thinks Central Texas' median price will stabilize or decline slightly next year.

"I don't think there's any question that the pace of sales in 2008 will be lower than in 2007," primarily because of the subprime fallout, he said.

Cheryl Middleman, owner of Austin Confidential Real Estate Services Inc., sees how the market has shifted. "A year ago, I had nothing but buyers, and now I have mostly sellers," she said, and most of them are builders trying to sell their new homes.

Among her listings is a 1,667-square-foot home in Austin's Northwest Hills that she, her husband and a contractor remodeled.

"It's a phenomenal location, and we get a lot of activity," she said of the house.

But it's not selling.

The house was listed Oct. 1 for \$342,000. Since then, Middleman has dropped the price twice, first to \$339,000 and then "drastically" a week ago to \$319,000.

With few listings in that neighborhood, homes usually sell fast.

"There are qualified buyers out there. I just don't think they're making a move in this market," Middleman said.

### **A market snapshot**

Sales of existing homes in Central Texas.

#### **2006 sales 2007 sales % change**

May 2,612 2,687 2.9%

June 2,993 2,765 -7.6%

July 2,704 2,613 -3.4%

Aug. 2,794 2,471 -11.6%

Sept. 2,341 1,785 -23.8%

Oct. 2,094 1,772 -15.4%

Source: Austin Board of Realtors

**Courtesy of JB Goodwin**