



Home sales fall for 14th month in a row

Median prices inches up; foreclosures continue to rise

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Central Texas home sales fell in August for the 14th consecutive month, while the number of properties posted for foreclosure hit a record high in Travis County.

The Austin market continues to hold up well compared to many other areas of the country, but it hasn't escaped the effects of slowing job growth, tighter lending standards and widespread anxiety concerning the economy.

Single-family home sales fell by 20 percent compared with the previous August, according to the Austin Board of Realtors.

But the median price continued to hold, rising 2 percent to \$195,000.

The number of homes sold through August has declined by 19 percent compared with 2007, and the median price has risen 3 percent to \$191,000.

Jim Gaines, a research economist at the Real Estate Center at Texas A&M University, said that the sales drop isn't surprising, considering the unusually high number of sales in the past few years.

"You've got drops from almost a peak, and it was obvious the market was unsustainable where it was," he said.

Gaines attributed much of the slowdown to tightening lending standards that has made it much harder for many would-be buyers to get mortgages.

"People are finding it much more difficult to get a loan," Gaines said. "They actually have to have a job and a down payment, and that's separating the men from the boys."

The mortgage crunch has disproportionately affected buyers at the lower end of the price spectrum and led to a sharp decrease in the number of homes sold for less than \$150,000.

Gaines said he thinks that the falloff in the starter home market is one of the main reasons that the median price has remained relatively steady. Although sales of houses priced at more than \$400,000 have slowed more than those priced in the middle, lower-priced homes make up a much larger part of the market.

Increased vigilance among lenders may also be playing a role in surging foreclosure rates in Central Texas, according to George Roddy of Foreclosure Listing Service Inc.

A record 3,749 properties have been posted for foreclosure in Travis County this year, up 30 percent from the same time period last year.

The number of properties set to be auctioned Oct. 7 jumped 75 percent in Travis County and 70 percent in Williamson County compared with last year.

Roddy said he thinks that many lenders may be cracking down on borrowers who may have been behind on their payments for some time.

"There have been a lot of people who have actually been behind in their mortgage payments, and I think the lenders are taking a harder look at these people," Roddy said. "We may still have the same health problems in the market economywise as we did a year ago or 15 months ago. But now there is a different mind-set by the lenders, who are just basically trying to get the bad paper off of their books."

There aren't enough foreclosures to affect the overall market, but houses are staying on the market longer. Year to date, homes have been listed for sale 69 days, 19 percent longer than the previous year.

Gay Puckett, a Realtor with JB Goodwin, said homeowners must give buyers an incentive.

"Buyers aren't in the mood to overpay for a house. They are only interested in buying a house that has a very compelling price — not just competitive but compelling," she said. "You have to take off the rose-colored glasses and have to say, 'Do I really want to sell? If so, I need to price myself ahead of the curve.' If the curve is going down, price yourself a little bit lower than the last (comparable) sale."

There are signs that some sellers are getting discouraged. Brian Talley, a broker with Regent Property Group, said the number of sellers pulling their houses off the market is up significantly this year.

"A large number of them don't have to sell," Talley said. "In the very immediate past, you've had low interest rates and high levels of appreciation and as a result of that you have a lot of people who were simply buying a home, waiting two years and moving. Now, of course, interest rates are still low ... but with the market slowing down as it has, everybody is afraid to buy a new home at a higher price and have it depreciate."



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Courtesy of JB Goodwin