

New-home activity picks up in third quarter

Number of permits highest since last year's second quarter.

By [Shonda Novak](#)
AMERICAN-STATESMAN STAFF
Saturday, October 24, 2009

The Austin new-home market is showing signs of stabilizing, according to Bohlke Consulting Group LLC, a Houston firm that tracks building permit activity for single-family residences.

Builders slowed down in September after a busy summer, with permits last month down 45.3 percent from the year's peak in July.

But a total of 2,185 permits were issued during the third quarter, up 9.2 percent from the 2,001 issued in last year's third quarter.

It was the strongest quarter in more than a year, said Gary Bohlke, the firm's vice president of consulting services.

"The strength is very broad-based," he said, with 17 of the 26 market areas that Bohlke tracks in Central Texas showing increases over the same quarter in 2008.

The firm expects builders to seek 6,700 to 7,000 permits this year, an increase from 2008.

More views on the market:

Rob Hutton is president of D.R. Horton's Central Texas division, the area's largest builder. Horton in recent months has built several hundred homes in Central Texas, aiming primarily at first-time buyers who qualify for a federal tax credit that is set to expire next month.

"Over the past few months, we've seen traffic improve in virtually all of our communities across Central Texas," Hutton said.

"We've seen brisk demand" for the speculative homes, driven mostly by mortgage interest rates that have hovered around 5 percent "and the fact that confidence is slowly returning to the local economy," Hutton said.

"Also, and perhaps most importantly, we continue to see a strong desire for homeownership. Even in the middle of a very challenging recession, the American dream of owning a home appears to be alive and well," he said.

Eldon Rude is Austin director for housing research firm Metrostudy.

Compared with the 16,000 homes built in 2006, this year's projected level means "a lot less business for builders," Rude said. But he noted that conditions remain better in Austin than in most of the other 32 markets nationwide that Metrostudy tracks.

"Builders remain optimistic about the long-term viability of the Austin market," he said. "They know the economy will eventually improve and job growth will return to the region."

Courtesy of JB Goodwin