

Austin home market appears to be cooling

New figures about March indicate sales are stalling.

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The once-sizzling Central Texas home market appears to be cooling off. The number of homes sold in March was flat, the third month in a row that sales have stalled or declined.

Sales of preowned single-family homes in March totaled 2,343 for the month, a slight 1 percent increase over the year-ago period, according to the Austin Board of Realtors.

The national mortgage mess has knocked many first-time buyers out of the market, real estate experts say, and Central Texas is seeing the effects of the collapse of the subprime lending market.

"The lenders are becoming a little bit more leery about the loans they are making and underwriting," said Jim Gaines, a research economist at the Real Estate Center at Texas A&M University.

A subprime loan is typically given to someone with a less-than-stellar credit history and may not require a down payment.

The subprime shakeout is hitting first-time buyers harder and is contributing to slowing sales in lower price ranges — \$180,000 and below.

"Tightening credit standards will impact these lower price points more than the upper price changes, so we can expect to see further slowing in sales in these lower price points as it becomes more difficult for those buyers to qualify for a mortgage," said Eldon Rude, director of the Austin office of Metrostudy.

Builders are also slowing production, Rude said. And because builders list some of their new homes in the Board of Realtors' database of available inventory, that pullback is showing up in the existing-home sales numbers, and also partly explains the slower sales in the lower price ranges.

But real estate agents noted that although Central Texas is not seeing any more double-digit increases in the number of homes sold, Austin is still doing better than the rest of the nation.

"Austin is still continuing to be a fairly strong market," Gaines said. "Nothing goes up forever. Eventually you will hit a year when it's not better than the year before."

The median price rose to \$177,080, up 6 percent from a year earlier when the median was \$167,000. In some hot areas, agents are seeing multiple offers. One house near U.S. 183 and Duval Road generated eight offers over Easter weekend, said Tom Polk, a broker with Stanberry & Associates Inc.

"The frenzy is fueled by the increasing number of people moving to Austin," Polk said. Areas close to the city's core remain popular with new Central Texas residents.

"There's always been a percentage of those who want to be close to where the action is," Polk said.

Homes also sold at a slower pace this month, in about 65 days, which is a 4 percent decrease from the same month a year earlier.

In March, the number of condominiums and townhomes that sold was also flat compared with the year-earlier period. But the median price of a condo or townhome increased 14 percent from last year to \$170,000.

Even though sales overall slowed in March, Rude said, "we remain a solid market."

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Courtesy of JB Goodwin

