

# If you're hot, you're hot

## If you're not, you're probably trying to sell a home far from Austin.

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**The downtown condominium market has gone cold in Boston. Phoenix, long a housing hotspot, has a glut of 45,000 homes for sale. Sellers are stuck in San Diego, where home sales are down 26 percent this year and the median price has fallen five months in a row.**

In many parts of the country, the five-year real estate boom has given way to a season of gloom, with inventories swelling, prices flat or falling and everyone wondering what made the bubble pop.

Cut to Austin, where the resale market is on track for a record year and home builders have been scrambling to keep up with demand, especially for homes in the higher price ranges. So far, downtown condominium developers say sales are healthy.

We took a look at the market in Austin and five other cities that represent both hot and cold real estate markets.

### Raleigh: Feels a lot like Austin in many ways

Raleigh-Durham, N.C., is like Austin in many respects. It's a high-tech area, home to major universities, and the kind of place "where people go to school and never leave," says Connie Floyd, a broker with York Simpson Underwood Realty.

The area has 1.2 million people, about 30 percent smaller than Austin, and a healthy economy and real estate market.

Floyd has had a record year, selling all of her listings within two weeks.

"If a well-maintained house comes on the market and it's priced well, it's gone," Floyd said.

The median home price, now at \$227,000, has been moving up modestly in the past few years — about 2 to 3 percent, higher in Chapel Hill, home of the University of North Carolina.

"We are not part of the national bubble you hear so much about. We have not seen appreciation rates skyrocket. We're just trucking right along."

**In Central Texas**, the real estate picture is similar. Here sales are on track for another record year, thanks to "jobs, jobs, jobs," says Gay Puckett, an agent with JB Goodwin Realtors.

"Our relocation department has never been busier with corporate incoming moves, and I'm sure this is happening all over Austin," Puckett says.

In September, the Central Texas median price hit \$173,800, up 7 percent from a year earlier. There's less than a four-month supply of homes for sale, a sign of a seller's market, she said.

Demand is strong in the first-time move-up market. Sales in the \$200,000 to \$250,000 range are up 11.5 percent this year.

Factors influencing sales include healthy job growth and favorable interest rates that are allowing more first-time buyers to enter the market, which in turn allows those sellers to move up.

"So much of this is jobs-driven. I can't emphasize that enough," Puckett said. "When people feel secure in their jobs and optimistic about the economy, they're more comfortable extending themselves financially."

## **Dallas: A coast-to-coast million-dollar refuge**

The Dallas home market is softening, with sales and prices falling — except, that is, for properties priced at more than \$1 million.

In September, 59 homes valued at more than \$1 million were sold, up 23 percent from a year earlier.

"In the luxury homes, we are seeing more demand than in years past," said Martha Morguloff, real estate broker/agent with Ebby Halliday Realtors, the top-selling agency in Texas.

"We have a number of people who are moving here from the East and West coasts because our business climate is so good," she said.

And those buyers are snatching up multimillion-dollar homes.

The picture isn't so rosy for the overall market. Sales and prices slipped last month, and the supply of listings shot up 11 percent from a year ago, to a hefty 45,715, according to the North Texas Real Estate Information Service.

## **In Central Texas, more than 250 homes priced at \$1 million or more had been sold through September, up 56 percent year-over-year, according to the Austin Board of Realtors.**

"It's an upward-moving market," said Cord Shiflet with Moreland Properties, who specializes in upscale homes and said his business is up 40 percent this year. "It's been a strong year."

However, he said, there are more than 400 properties in that price range on the market.

"There are a lot of sellers that are holding on to high hopes and high prices," he said. "There is a lot of inventory. However, the good homes are going very fast. The good stuff moves."

Much of that movement comes from buyers from both coasts. "A lot of people still look at Austin as a great value," Shiflet said.

## **Portland: On the waterfront, homes in demand**

In Portland, Ore. — a high-tech city like Austin — waterfront properties are in demand for their "serene views" and the boating, fishing, swimming and water-skiing opportunities they afford, said Ann Martin, a broker with Prudential Northwest Properties in Lake Oswego, a suburb just south of Portland.

Twenty-three lakefront properties are on the market, with a median price of \$1.6 million, Martin said.

Homes on several rivers in the Portland metro area also attract a range of buyers for \$250,000 cabins to "exquisite estates in the several millions," Martin said.

"Overall, our real estate market has been healthy with 15.7 percent appreciation overall in the last year," Martin said. "Prices have jumped at the lower end as more buyers enter the market, with somewhat more stable prices at the upper end."

**In Central Texas, "Lake Travis may be at 40-year historically low lake levels this year, with nary a ramp in sight of water, but buyers are still drawn to the water views," says Puckett, the JB Goodwin agent.**

**Through October, 120 properties have sold on the lake. The most expensive home was a \$4 million-plus property on the south shore, with an additional 25 sales between \$1 million and \$3 million, and 50 between \$200,000 and \$900,000, she said.**

**Lake Austin also is seeing healthy sales, with 39 waterfront homes sold through mid-November, more than double the 18 sold during the same period in 2005, Puckett says.**

Buyers run the gamut from executives and retirees to people relocating to the area and others who are buying second, weekend-type homes, mostly from Houston and Dallas, said Bertina Schreiber with Moreland Properties.

## **Phoenix: The \$200,000 starter house reappears**

A year ago, Phoenix was one of the hottest markets in the country, with sales and prices running at record highs. The median home price hit \$263,000 — almost \$100,000 more than in Central Texas.

But up to a quarter of the sales were to investors, who began selling their properties wholesale when it became harder to flip them for a fast profit.

Now, **existing home sales are down 34 percent**, and new-home starts are off 18 percent from last year.

Phoenix remains expensive. In 2005, first-time buyers could expect to pay as much as \$230,000 for a new house. These days, the figure is closer to \$200,000. Some builders are piling on incentives.

Before the market started cooling, there were few homes valued at less than \$200,000, said Ben Sage, Phoenix office director for Metrostudy, which tracks new home markets around the country.

"As the market has been adjusting, home builders have been lowering prices," Sage said.

**In Central Texas**, starter homes can be had for less than \$150,000, but builders are shifting their activity to higher price ranges because of rising construction costs and sales to West Coast newcomers.

A year ago, almost a third of new-home starts were less than \$150,000. This year, that has fallen to 25 percent.

"That doesn't mean there's not strong demand for starter homes because there certainly is," said Eldon Rude, who heads Metrostudy's Austin office. But first-time buyers will have to look farther from Austin to find what they can afford.

Now is a good time to buy those homes, Rude said, as builders try to get rid of year-end supply in the lower price ranges.

## **Boston: Condo prices falling back to reality**

Downtown Boston's luxury condominium market is undergoing one of its steepest downturns since at least the early 1990s, when LINK, a real estate information service, started tracking the market.

**Sales were down almost 20 percent in the third quarter from a year ago. The median price dropped nearly 7 percent to \$419,000.**

At the peak, in the third quarter of 2004, sales skyrocketed 25 percent and the median soared 18 percent to \$433,500, said LINK president Deborah Taylor Blair.

"That was just unsustainable over time, so we see this market as moderating from its peak," Blair said.

Some sellers are taking their units off the market rather than settling for lower prices. That's reducing inventories, which could help spur a rebound, possibly as early as next spring, Blair says.

**In Austin**, Kumara Wilcoxon owns downtown real estate and is investing in several of the 10 downtown condominium projects planned or under construction.

She's putting her money where her mouth is: Wilcoxon is an agent for Van Heuven Properties and sells condos downtown, where developers say sales have been strong to buyers ranging from young professionals to empty nesters to out-of-towners. Prices range from the mid-\$300,000s to more than \$1 million.

Wilcoxon isn't worried about a slowdown.

"With Austin on the map as one of the most desirable places to live, we won't hit a slump in the market," she said. "There's a constant flow of people that are moving here and a strong demand for downtown living."

In addition, "we've had a nice, steady appreciation, not the extreme that you've seen in places like California where properties have doubled in price, so we're not as vulnerable to the bubble effect as other parts of the country," she says, adding that on average, properties downtown have been appreciating about 10 percent per year.