

AUSTIN HOME SALES

Home sales hit 10-year low

But stimulus plan's tax credit, falling interest rates could change trend, real estate professionals say.

By [Shonda Novak](#)

AMERICAN-STATESMAN STAFF

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Sales of existing homes in Central Texas fell 36 percent in January to their lowest level in 10 years, the Austin Board of Realtors said Thursday. The median price dropped 6 percent to \$175,500, its lowest level in two years, as more homes sold in lower-price than higher-end segments, local real estate agents said.

But they also said a new federal tax credit for first-time buyers and low mortgage interest rates will help spur sales in coming months.

The \$8,000 tax credit "will create another urgency to purchase," said Hugh Parrish, a veteran Austin real estate broker at Parrish & Associates.

And falling mortgage interest rates will make it easier for people to buy a house.

"Low interest rates, even more so than price in many cases, are helping buyers achieve good deals right now," said Brain Talley, owner of Regent Property Group, an Austin-based real estate services firm.

Board of Realtors Chairman Jay Gohil said buyers had been taking a wait-and-see attitude because of uncertainty about the economy and the prospects for a tax credit as part of the economic stimulus package. President Barack Obama signed the bill Tuesday.

Last month, Austin-area agents sold 834 homes, down from 1,312 a year ago and the lowest since 676 in 1998. On average, homes sold for almost 96 percent of their last listed price and were on the market for 86 days, about the same as a year ago. Pending sales were down 31 percent, which could signal cooler sales this month.

The picture was similar last month in other large Texas markets. Sales were down 27 percent from a year ago in the Dallas-Fort Worth area, a nine-year low. In Houston, sales were down 33 percent.

In Central Texas, inventory was unchanged from a year ago, with just over 8,700 homes on the market. Listings had swelled above 10,000 from April through September 2008.

D'Ann Petersen, an economist with the Federal Reserve Bank of Dallas, said she thinks that prices in Austin will hold up better than in other parts of the country, as the number of homes on the market remains "well below" the average 10 months of supply at the national level.

Also, Petersen said, there are reports that buyer traffic picked up in January after a "brutal" fourth quarter.

"Low interest rates are spurring potential buyers off the sidelines. It is too soon to say whether that momentum will keep up," she said. "It will be a slow year for the Austin market overall, but this is one indication that conditions might be starting to improve."

Mortgage rates have fallen to about 5 percent on 30-year loans, down a full point from a year ago. At current rates, the monthly payment on a \$165,000 mortgage would be \$886, compared with \$990 a year ago.

Though the region's median price was down overall last month, the picture varied widely across cities and neighborhoods.

"The higher-end areas — Tarrytown, Travis Heights, Hyde Park, Westlake and the Lake Travis areas — remain the softest," Parrish said. The median price in the Tarrytown area dropped 27 percent, to \$420,000.

"That is not a comment about depreciation, but it is about what is selling right now," Parrish said.

Prices were higher than a year ago in the Cedar Park-Leander area, the western side of Round Rock and the part of East Austin that includes the Mueller development, among other areas.

Charles Heimsath, an Austin real estate consultant, predicts that overall, prices will "drift lower this year" because there will be fewer buyers in the market.

But the drop won't be nearly as steep as the decline in sales.

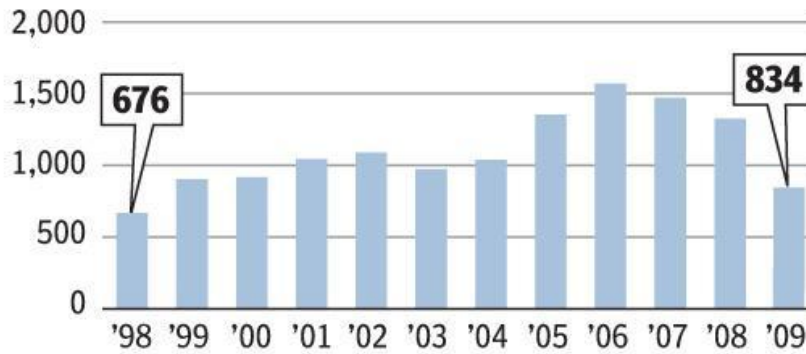
"Thank goodness we're in Austin, Texas, and not Vegas," he said, where the median price has fallen 36 percent in the past year.

Courtesy of JB Goodwin

January sales of existing homes

Last month's sales numbers were the lowest in a decade, but agents say they think the new homebuyer tax credit and low mortgage interest rates will get more buyers into the market.

January sales



Source: Austin Board of Realtors

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