

Central Texas homes sales continue to dip

March sales drop for ninth consecutive month; median home price up.

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Central Texas home sales continued to slide in March, falling 21 percent from a year earlier, according to the most recent report by the Austin Board of Realtors.

March, which had 1,832 sales of existing homes, was the ninth consecutive month that home sales dropped. And pending sales — sales expected to close in April or May — show that the slowdown could continue. Those sales fell 54 percent — the highest percentage on record — to 1,349, the report shows.

Even with the slowdown, real estate experts say the Central Texas housing market is faring much better than most areas across the country. But the national housing crisis has jarred consumer confidence, and Austin has not been immune to the slowdown.

The area's median price of a single-family homes increased 5 percent from a year earlier, to \$186,680. As tightening lending standards have pushed out many entry-level buyers, however, there have been fewer sales of lower-priced homes, skewing the numbers. The slowdown in Central Texas sales was steepest for homes priced less than \$140,000, though nearly all price categories showed declines.

Austin-area homes also are taking longer to sell, with an average of 73 days on the market, an increase of 14 percent. This has led to an increase in active listings, up 24 percent to 9,638.

Since January, sales for the year are down 16 percent from the same period a year ago.

Jim Gaines, research economist at the Real Estate Center at Texas A&M University, said the numbers are softer than he predicted.

"We expected the market to be down and to be slower" than 2007, Gaines said. "That's a little more than I expected. We had a sales bubble. So what we're seeing is we're getting back to the norm, but we're seeing that happen real fast."

Homes sales in 2006 and 2007 were the two strongest years the region has seen, with 27,223 and 25,237 sales, respectively. Gaines and other real estate experts predicted that homes sales in 2008 would be fewer and would fall closer to 2005, which had 24,544 sales and also broke records at the time. The peak months for home sales, typically from April through summer, will better indicate whether the forecasts were correct, Gaines said.

"We haven't entered the heart of the sales season yet, so we need to see what those months look like and see if it bounces back," Gaines said.

However, annual sales may be down by more if the past quarter's pattern continues.

"I think what we're finally seeing is the national slowdown affecting Austin," with the effects hitting most aggressively in the past 90 days, said Mark Sprague, Austin partner for Residential Strategies Inc., which tracks the housing market.

"The consumer confidence index has dropped to its lowest level since 1983," Sprague said. "Everybody is scared to death to make a decision to sell their home."

The good news, he said, is that "we'll be out of this at the end of the year, barring a catastrophic event."

Courtesy of JB Goodiwn