

Strength in numbers

A bright spot in national housing figures, the Central Texas market looks strong for 2007.

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Hutto is hopping.

The once-sleepy Williamson County town just east of Round Rock ranked No. 1 in the percentage increase of single-family home sales last year.

That's just one of many surprises in an American-Statesman analysis of year-end home-sales statistics from the Austin Board of Realtors.

While Hutto ranked 13th out of 47 real estate zones in total single-family sales, **it had an increase of 61.4 percent**, leaving all other real-estate zones in the dust and illustrating the region's rapid suburban expansion. Part of that growth can be attributed to Hutto's affordability. The median price was \$134,990, up a modest 3.9 percent from a year ago and well behind closer-in areas.

"Price: That's the bottom-line appeal," said Steve Kelley, a real estate agent with Keller Williams who focuses on Williamson County. "People are willing to drive to Hutto because they can get more house for the money."

And the new Texas 130 tollway "makes a huge difference," Kelley said. "People are able to commute in a much shorter time."

The closest competitor in growth of homes sold was also suburban: the Kyle/Buda area of Hays County, with a 26.5 percent increase. Round Rock, Cedar Park and Leander, meanwhile, showed the most overall real-estate activity, topping the list of total homes sold.

Statistics from parts of once-overlooked East Austin showed yet another big trend last year: the rapid gentrification and price increases for homes in areas close to downtown.

The median sales price in the Multiple Listing Service's area 5, east of Interstate 35 and north of the Colorado River, rose 24.3 percent last year, from \$108,600 to \$135,000 — the highest percentage increase in the region. And the number of single-family homes sold rose 28.8 percent, from 330 in 2005 to 425 last year.

San Marcos was also a big surprise. That area of southern Hays County had nearly a 24 percent increase in median sales price over 2005. And far northwestern Williamson County also had a price increase of nearly 23 percent.

But one key trend wasn't a shocker. Such close-in neighborhoods as Hyde Park, Mount Bonnell, Travis Heights and Bouldin had double-digit increases in median prices, putting them out of reach for many buyers.

As with many statistical analyses, some areas might not seem as strong as they really are. For instance, Tarrytown, in West Austin's area 1B, appeared to be cooling off in 2006, based on the number of homes sold. That number declined to 594 in area 1B, a 4.5 percent drop from 2005.

But people in the Tarrytown area "tended to hold on to the homes more," said Charles Porter, chairman of the Austin Board of Realtors. "They had this feeling that it will be much more valuable next year." With the neighborhood's appeal of being close to downtown and its "Leave It to Beaver" atmosphere, "families want to stay there," Porter said.

Also, area 1B did quite well in median price appreciation. It was sixth out of the 47 real estate zones, with median prices up 16.2 percent to \$440,000.

The same can be said for the 8W area, which is west of Loop 360. The number of homes sold in the area increased only 2.6 percent. But the median price was up a whopping \$59,500, or 14.6 percent, to \$467,500.

So what does all of this mean for 2007 and beyond?

"People want to live in Austin and they'll pay the price to live there," said Jim Gaines, research economist at the Texas A&M Real Estate Center. He added that strong job growth is sure to attract even more new residents.

In December, job growth hit a six-month-high, at 3.1 percent. That means the Central Texas region added 21,600 new jobs in December compared with the same month a year earlier. The total workforce reached a record high of 728,300 nonfarm jobs. The jobless rate also is at nearly a six-year low, with 3.2 percent unemployment. This equates to a market that is good for job seekers, which might add to the draw of new home buyers.

Overall, the housing market continues to defy the cooling on the East and West coasts. **The market in Central Texas ended the year with record sales of 26,958, a 10 percent increase from 2005. The year's median home price also rose 6 percent to \$174,500.** Builders started construction on a record number of homes in Central Texas, jumping nearly 15 percent from 2005 to 17,782, according to Metrostudy, a real estate research firm. The threat of overbuilding in the Austin market from national homebuilders is pretty low, economists said.

"The pace of development may even slow down in 2007, as the builders get a little nervous of the inventory they have for sale," Gaines said. "But nevertheless, it's still moving forward or growing at a pretty good clip. We don't see any reason why that would change."

Eldon Rude, director of the Austin office of Metrostudy, expects a 10 percent decline in new home starts as falling profits in other parts of the country spur publicly traded builders to build fewer speculative homes and raise prices to bolster profit margins. In addition, Rude said fewer investors might buy.

Homes stayed on the market slightly longer in December, at 70 days on average, which reflects the typical seasonal slowdown. The Austin area has enough existing homes on the market to last slightly more than three months at the current rate of sales, keeping it a seller's market.

In addition, pending sales in December were up 16 percent, which also indicates that 2007 will be off to a strong start and likely will continue to be a hot year in real estate. Home sales likely will remain brisk. A low inventory of homes and higher land and building costs likely will push prices higher.

Roselind Hejl of Coldwell Banker United, Realtors said she has at times been surprised by how much prices have come up and points to the scarcity of inventory as one culprit. Hejl expects closer-in areas in Central Austin and close-in suburban areas to remain hot, with the scarcity of inventory driving prices up, she said.

"It is the same thing we had last year, and we'll probably see another 6 percent rise in prices," she said.

