

The Californians are coming — and buying

They're deserting the Golden State's sky-high home prices for affordability of Central Texas

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Chris Kostecka, who was born and raised in California, wanted a house in the country.

He found it in Austin.

Kostecka and his wife, Cynthia, both real estate developers, recently sold their home in Murrieta, the "last small town area of Southern California."

They purchased a home in the River Crossing community of Cedar Creek, near Bastrop, that sits on 2 acres, with horse trails and a boat dock a stone's throw away. Now 10-year-old Katie and 7-year-old Connor can chase snakes and lizards in their backyard, just like Kostecka did growing up, when Murrieta still was a one stoplight town.

Austin "is quite similar to what our town was like was like 15 or 20 years ago."

Lured by Central Texas' natural beauty, similar climate and cultural diversity, Californians are heading southeast of the Golden State.

What's driving the exodus? The sky-high cost of real estate.

While Austin residents grouse about rising real-estate values and property taxes, Central Texas looks like Bargain City to someone moving from California.

The past decade saw an eye-popping surge in home values, with prices more than tripling to a median \$576,360 this year from \$175,000 in 1996, according to the California Association of Realtors.

Less than 14 percent of Californians can afford to buy a median-priced home; the national rate is 50 percent.

"Historically you can't have the appreciation we saw without giving back the affordability factor . . . Very few people can afford a home, and it finally starts to play its way out," Kostecka said.

Austin-area real-estate agents credit the steady influx of Californians to Central Texas with keeping the market here strong, even as other parts of the country cool off.

"They are sure helping to keep our prices stabilized. In some neighborhoods, the prices might be actually being driven up," said Lynda Conway, at JB Goodwin.

And the trend isn't likely to abate: in the past few months alone, at least three California companies have announced plans to move to Austin, including a major money management firm, an online learning company and a company that makes components for the electronics industry, according to the Greater Austin Chamber of Commerce. All are bringing with them employees with money to spend in homes.

Californians are among the most affluent buyers in the Central Texas market, with some of them buying homes in the \$1 million to \$5 million range, said Cord Shiflet, an agent with Moreland Properties who handles many high-end properties. To them, "it's a joke as to how cheap we are and the amount of bang for the buck you get, so they get really excited about how far their money will take them."

Many are able to put down sizable down payments while in most cases they "upped the size of their home by at least three times over what they had sold," said Louise Peach, an agent with JB Goodwin.

Kostecka and his wife bought their home in Murietta for \$383,000 and sold it for \$650,000 three years later. They bought their 3,000-square-foot, five bedroom, four bathroom house in Cedar Creek for \$285,000. With the extra cash, they built a pool and a 1,200-square-foot guest wing.

"My jaw drops every day," said Kostecka, when he sees home values in Austin, where the median price is \$163,800. The median sales price for homes in the country is \$219,000. "This home we bought for \$285,000 would sell for over a million dollars" in Southern California.

Shahed Amanullah, a civil engineer born and raised in Los Angeles, and his wife, Hina Azam, a professor at the University of Texas, moved to Austin with their two children from Oakland last year.

In Oakland, they owned a duplex they purchased for \$450,000 in 2003 after getting help from their parents to cover the down payment.

"We were planning on moving into one side of it and renting out the other side. It was really one of the only ways we could afford to buy property — buying something where you could rent half of it out," Amanullah said.

They never moved in.

"Property is so expensive there we actually found that we could save money by continuing to rent the apartment we were in and renting out our duplex," for \$2,800 a month, said Amanullah.

"The people who were renting out our duplex have six-figure salaries and can't afford to buy a house, [while] you can buy a really decent home [in Austin] for the down payment we paid."

When it became time for Azam to apply for professorship jobs, she only applied in Austin.

Amanullah and his wife rent a house in South Austin for \$1,500 a month. They plan to buy a home before their lease ends.

While he was "enamored of California . . . it's hard once you've sampled life in a place like Austin to think you could go to more expensive areas out west," said Amanullah.

Judy and Richard Ames sold their 4,000-square-foot, five-bedroom, four-bathroom home in Calabasas for \$1.52 million after purchasing it for \$706,000 eight years earlier.

They bought their 5,300-square-foot, five-bedroom, four-bathroom house in Austin for \$987,000. With the extra money from their sale, they added a pool and a 1,000-square-foot casita for Judy's parents.

Their acre-plus property includes a sports court for their young son to play basketball. They left a deep swath of oak and cedar trees in the backyard untouched "so we could look out there and see nature."

Their old home, 25 miles northwest of Los Angeles, backed up to a canyon with a view of the Santa Monica Mountains creating "the feeling of an endless backyard."

"Our view was spectacular" but the lot was only 100 feet by 125 feet, with no room for their son to play. Homes in the area typically topped out at \$3 million, with its proximity to Hollywood driving up prices.

"Our kids went to school with movie kids, there was a lot of money, kids drove Hummers to school . . . it was a little bit too plastic," Judy Ames said.

The couple had planned to eventually retire in Austin. Then Richard Ames' company, a cardiac pacemaker manufacturer, changed its divisional headquarters from California to Austin, and they were able to hasten their move.

"It was a very good move," said Judy Ames.

Austin's cheaper real-estate prices, combined with its desirable lifestyle features are proving to be a siren call for young urban couples from California, too.

Christine and Raymond Sinatra bought a home in Travis Heights this June after moving from San Francisco. Raymond Sinatra, 32, a human resources administrator who lived in the Bay Area for more than 20 years, and Christine Sinatra, 31, a marketing executive and now a graduate student at the LBJ School of Government at the University of Texas, paid \$1,400 a month for their 850-square-foot apartment in central San Francisco.

The average price of homes in their neighborhood was \$750,000 — and "that's probably a fixer-upper," said Christine Sinatra.

They considered buying a home there but couldn't afford anything, said Raymond Sinatra.

"We thought of creative ways we could buy and stay in the city, which a lot of young people do, but we decided we didn't want to live that type of lifestyle — not having any disposable income whatsoever, not having money to buy furniture. A lot of homeowners (in San Francisco) buy a home and don't have money to fill it with furniture."

Home buyers in San Francisco typically took out interest-only loans to get into home ownership, said Raymond Sinatra, "but that was the type of situation we didn't want to get into. We wanted to buy something where we had immediate equity by making a decently sized down payment."

Their Austin home, built in 1949, has its original hardwood floors, three bedrooms, two bathrooms and "lots of charm." They paid \$285,000.

The home, is within walking distance to South Congress Avenue shopping districts and parks, which is "what I loved about San Francisco," said Raymond Sinatra.

Austin is a "very much a similar city with a similar vibe" to the San Francisco area, said Raymond Sinatra. "Coming (to Austin) is not a stretch."

The couple is expecting their first child, a daughter, in the next few weeks. "We're putting our roots down here," said Christine Sinatra.