

Austin housing market a bargain

Texas homes are some of the most undervalued in the nation, report says.

AMERICAN-STATESMAN STAFF
Wednesday, December 26, 2007

Austin and other Texas housing markets are among the most undervalued in the nation, according to a new analysis of data by Global Insight Inc. and National City Corp.

The companies looked at prices in 333 metro areas in the third quarter of 2007. Such reports are considered important indicators of potential decline and growth in specific cities.

In calculating valuations, the companies used a complex statistical model that included prices, interest rates, household incomes, population density and any historical premiums or discounts for each market. The percentage of over- and undervaluation's is intended to reflect where a housing market's price should be.

In Austin, and in Texas overall, recent rapid increases in home prices never occurred, so the state has avoided the real estate bubble that has plagued coastal areas.

If a city's housing is over- or undervalued by up to 14 percent, it is still considered within a fair market range. Anything outside that range means a considerable over- or undervaluation.

For instance, Austin, at -9.1 percent, is in the fair market range, while Dallas, at -28.1 percent, is considered undervalued.

The writers of the report, "House Prices in America," caution about over interpreting the data. For instance, though homes in Bend, Ore., are overvalued by 70 percent, that does not necessarily mean prices in that city are expected to fall that much in the near future.

Courtesy of JB Goodwin