

Austin-area home sales dive 22 percent

In September, sales fall for the fourth month in a row, though median price is up, figures show.

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Reflecting the national housing slump, sales of existing homes in Central Texas fell 22 percent in September, and the number of homes on the market hit a four-year high.

It was the fourth month in a row that sales have fallen from a year ago, and the first September drop in five years, according to the Austin Board of Realtors.

But the median price rose to \$182,500, up 9 percent from September 2006. Real estate experts attribute the jump to steady appreciation, rising home construction costs and more sales in higher price brackets.

Central Texas' housing market is faring better than many markets around the country, thanks to a healthy economy fortified by strong job and population growth. Also, the region didn't suffer the price bubbles that are now bursting in other cities.

Sales plunged almost 50 percent in the Los Angeles area, for example, and prices are slipping in many California markets.

But Austin has not been immune to a national mortgage credit crunch.

With mortgage defaults and foreclosures rising precipitously in many cities, lenders have significantly tightened mortgage requirements and eliminated many loan programs.

It has become especially hard for first-time buyers to get financing, but even affluent buyers are finding it tougher to get loans.

"When the first-time buyer market slows down, it's going to affect every one down the line," said David Reed, president of CD Reed Mortgage Bankers in Austin.

The fallout is reflected in the numbers.

Sales of Central Texas homes priced at less than \$200,000 plummeted almost 29 percent in September from a year ago. They fell 22.7 percent for homes from \$400,000 to \$599,999.

"I think that what's going on is a little sobriety in the mind-set of home buyers across the board," Reed said. "I think people are thinking more with their pocketbooks and with less emotion. They're asking, 'Does this really make sense for me?' "

Although the entry-level market has been hardest hit, the pain is spreading to other price ranges. In some cases, that is because sellers who want to move up to bigger homes can't find buyers.

But Paul Borman, an agent for Avalar at Steiner Ranch, said the bigger issue is that lenders have pulled back from or raised the interest rates on so-called jumbo mortgages higher than \$417,000.

For example, a 2 percentage-point interest rate increase on a \$500,000 mortgage would add \$10,000 a year in interest, or an extra \$833 a month.

"And that's if they can get the mortgage, Borman said. "A lot of jumbo programs just aren't available any longer."

After a record 2006, a softer market isn't all bad, Borman said.

"All markets, whether it's the stock market or real estate market, have faster and slower growth rates," Borman said. "Continued fast appreciation without a breather leads to a bubble, which is what Florida and California are working through."

And signals are that the Austin market will continue to cool down.

Pending sales were down 27 percent last month, to 1,695, even as the number of listings shot up. With almost 10,000 homes on the market, the competition for buyers will get tougher.

Kristina Wise, owner of the GoodLife Team, said Austin area sellers will have to become more realistic about what they can get for their houses.

"Pricing a home based on yesterday's market will not work," Wise said.

Courtesy of JB Goodwin