

# Home sales decline for sixth straight month

## Sales in November drop 13 percent, and pending sales may plummet as well

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Central Texas home sales declined 13 percent in November from a year earlier, down for the sixth month in a row, according to the Austin Board of Realtors.

Pending sales for December plunged 41 percent, an indicator that the year ended with an even bigger drop.

The national housing slowdown and mortgage crisis has crept into the Austin market in recent months, reducing sales of existing and new homes. Experts attribute the slowdown to tougher mortgage standards that have pushed out many first-time buyers and made it tougher for some affluent buyers to get certain types of mortgages. In addition, there are fewer investors purchasing in Central Texas.

**For the first 11 months of the year, home sales were off 7 percent from the same months of 2006. Many national markets have seen much steeper declines and even price drops, and many experts predict that the national recovery won't come until 2009.**

Though the Austin market remains relatively healthy, real estate experts predict that existing home sales will continue to dip slightly in 2008 before stabilizing.

"Those buyers who were there a year or two ago aren't there anymore, or at least not on the same basis," said Jim Gaines, research economist with the Real Estate Center at Texas A&M University.

However, home prices still climbed, with the median up 8 percent in November from a year earlier, to \$185,500.

There still are enough buyers so that sellers here don't have to significantly reduce prices, Gaines said.

However, the appreciation might be skewed by fewer sales of lower-price homes because many entry-level buyers are locked out of the market, said Sam Chapman, an agent with Keller Williams Realty.

"We're seeing the median price being higher because lower-end homes are being cut out," Chapman said.

Real estate experts said sales in 2007 were good, just not as good as in record-breaking 2006, which had 27,203 sales. Sales might end up similar to those in 2005, at 24,544.

**"Austin is not expanding at the rate it was a couple of years ago, but you haven't fallen out," Gaines said. " '07 is still a good year in the housing market, it's just not as good as it was in '06. But 2003 to 2007 were all good years, I just think '06 will turn out to be a peak year."**

In general, Chapman said, he has seen the number of buyers decrease since August and the number of sellers increase. Still, he said, some sellers continue to want to overprice their homes, even in the declining market.

Chapman said he thinks the Austin-area market probably will stabilize soon, then improve because of its strong economy and its attractiveness as a second-home market.

**"We may dip a little here because of national pressures, but I think we'll come back and be relatively strong," Chapman said.**

**Courtesy of JB Goodwin**