

Area's housing market sizzles

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Unusually warm weather helped fuel strong sales of existing homes in January, laying the groundwork for what could be Central Texas' fourth consecutive record year.

Single-family home sales jumped 16 percent compared with January 2005, according to the Austin Board of Realtors, and the median price increased 12 percent to \$165,750.

With robust home sales and a tightening supply, Central Texas is becoming a strengthening seller's market. Incidents of bidding wars and houses selling within a day are increasing, and the search for homes that cost less than \$200,000 is becoming more difficult.

This ongoing boom in home sales is helped by continued interest from out-of-state buyers and job growth in Central Texas, say real estate agents, who caution against drawing too many conclusions from one month's worth of data.

The consecutive sunny days also boosted sales in January, which is traditionally a slow month for home sales.

The unseasonably high temperatures during most of the month drew out a lot of buyers who might have waited until later in the year, said John Rosshirt, chairman of the Board of Realtors and manager of the Lakeline office of Stanberry & Associates Realtors.

"The weather has been so nice, nothing ever slowed down," Rosshirt said.

January also ended with nearly 2,000 home sales pending, up 16 percent from January 2005.

Though pending sales were up, the number of houses put on the market declined 7 percent in January, and the total number of houses listed fell 11 percent from the previous year.

Out-of-town investors continued to help maintain the market's momentum.

"We are dealing with a lot of folks from California right now, and so is everybody else," said Buddy Schilling, president of JB Goodwin Realtors. "They are like kids in a candy store when they come to Austin and see the price. It's not a hard sale at all."

These investors, who buy primarily lower-priced houses, have an important ripple effect on the entire market because the sellers often turn around and buy more expensive homes here, said Helen Edwards, Coldwell Banker United Realtors president and chief operating officer.

"It pushes the whole market," she said. "We had very significant investor activity the entire fourth quarter, and it has pushed on into the first quarter."

Sales of houses priced below \$150,000 fell 9 percent year-over-year, despite the continued influx of investors looking for that price point. Edwards attributes it to a lack of inventory in that price range.

Buyers looking for lower-priced houses aren't the only ones struggling with a shortage. Multiple offers on good properties in desirable neighborhoods are more common.

"The market certainly has switched to one where buyers are having trouble finding the right property in the most desirable neighborhoods," Schilling said.

One house recently listed in Westlake for about \$440,000 received four offers above the asking price within 18 hours of going on the market, Schilling said, and three more agents called to express interest.

Strong demand and dwindling supply are moving home prices upward, but real estate agents caution would-be sellers not to have unrealistic expectations when setting their price.

"The builders are dumping inventory, huge amounts of inventory, into the market every single month," Edwards said. "As long as we continue this tremendous new construction activity, it will keep the prices from going up substantially."

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What's hot and what's not:

* Those seeking less expensive homes face the smallest supply: The number of listings below \$150,000 in January were down 25 percent from the previous January.

* Meanwhile, the number of homes priced at \$1 million or more rose 30 percent.

* Houses are selling fastest in North and Northwest Austin, in the South Austin neighborhoods south of Slaughter Lane and west of Interstate 35, and in ZIP codes 78722 and 78723 in East and Northeast Austin.

* The market is cooler, and prices are calmer, in Hays County, the Bastrop area and parts of Williamson County.

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