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We're Working For You

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While the national real estate market suffered a downturn in 2006, single-family home sales in Central Texas remained strong, posting record numbers throughout the year. More homes were sold in the Austin-area during the first two quarters of 2006 than in the first six months of any other year. Between January and June, 13 percent more single-family

homes were sold than in the first half of 2005.

March marked the first record-breaking month in 2006, a trend that continued through the end of the year. The 2,373 single-family homes sold in March remained on the market for an average of 68 days, which is 18 percent less time than in March 2005.

In the second quarter more records were broken, with the number of single-family homes sold in June up 21 percent from the previous June. The total dollar volume of these sales increased 36 percent from one year ago.

The fourth quarter of 2006 solidified the year's record-breaking

See "NAR Report..." on page 13

Orientation Sessions Scheduled for Biennial State Hill Visits

ABOR Now Offering Courses on New MLS Tax System

Legal Topics: Third Party Financing Approval in TREC Contracts

NAR Report Cites Austin as Among the Healthy Real Estate Markets

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routine. The median price of single-family homes set a record for October. At \$175,000, it was up 9 percent from the same period in 2005.

End of year home sales also showed a healthy gain over 2005: single-family home sales reached 26,958, up 10 percent from one year ago. Altogether, these single-family home sales added \$6,355,015,356 to the economy in 2006, 20 percent more than in 2005.²

Also notable in 2006 was the fact that homes sat on the market for the shortest amount of time in four years.

The National View

Existing home sales enjoyed their third-best performing year on the record in 2006, according to researchers at the National Association of REALTORS® (NAR). Though the market remained unstable for the first half of 2006, NAR chief economist **David Lereah** noted that it probably reached its low point in September.

He cited gains made in October

and November 2006 housing sales as evidence of a stabilizing market.

While some areas, such as California and Florida, experienced a bust in 2006 following their fast growth, many other local markets remained healthy.

Among those healthy cities cited was Austin, which experienced a 6 percent median price gain in 2006 after modest price growth in 2004 and 2005.

2007 Forecast

Pending home sales throughout the nation indicate a stabilization trend.

"Although some monthly declines are possible, when we look at the forecast for existing-home sales in 2007 on a quarterly basis, we see gradual improvement over the course of the year," says Lereah.

Texas can expect a healthy real estate market in the coming year, due to affordable home prices and ongoing job growth. The Real Estate Center at Texas A&M University reported that in the second quarter of 2006, national

home sales fell by 7 percent, while Texas home sales increased by 11 percent.

Reports from the Real Estate Center citing that Texas is home to three of the top-ten most populated U.S. metros, as well as four of the fastest-growing cities in the nation, indicate that this trend is likely to continue through 2007.

Examining general economic indicators can help predict the real estate market for 2007. Inflation, as measured by the Consumer

Price Index (CPI), is expected to fall from 3.2 percent in 2006 to 2.2 percent in 2007. The Gross Domestic Product (GDP) is projected to fall slightly from 3.3 percent in 2006 to 2.9 percent in 2007.

These economic factors, along with forecasts for continued stability, indicate that Central Texas can expect a healthy real estate market in the coming year.

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