

CENTRAL TEXAS ■ ECONOMY

# Area home sales up 38%

Tax credit for buyers, low mortgage rates lead to biggest surge in 4 years

By Shonda Novak

AMERICAN-STATESMAN STAFF

Central Texas existing-home sales jumped nearly 38 percent in October as buyers took advantage of a federal tax credit for first-time homeowners and favorable mortgage interest rates.

It was the biggest year-over-year per-

centage gain in more than four years and encouraging news for a housing market that struggled for much of 2009.

But one housing expert cautioned that the market will remain challenging until the region starts growing jobs again.

"We're still in an environment where the Austin region is losing more jobs than are being created," said Eldon Rude, local director for Metrostudy, which conducts housing research in Austin and 32 other markets nationwide. "There remains a lot of uncer-

ainty out there."

The Austin Board of Realtors reported Wednesday that 1,823 single-family homes were sold last month, compared with 1,322 in October 2008.

Pending sales — transactions expected to close in November — were up 47 percent, an indicator of another strong month.

D'Ann Petersen, an economist with the Federal Reserve Bank of Dallas, said the \$8,000 tax credit "likely has a lot to do with the large increase, and we may be accelerating sales that would have occurred in the spring" into this

year.

"Still, it is a positive sign and confirms some bottoming out that we've seen in housing statistics and have been hearing from in our anecdotal surveys," she said.

Much like the Cash for Clunkers rebate program spurred car sales earlier this year, the tax credit has drawn hundreds of thousands of first-time buyers nationwide into the market.

The credit was set to expire Nov. 30 but recently was extended through

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# HOMES: Area's job market adds uncertainty to housing outlook

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April 30, with a new provision that allows a smaller credit for some move-up buyers.

Last month, 64 percent of sales were for homes priced between \$100,000 and \$249,999 — a typical range for first-time buyers.

The median price was \$182,000, down 5 percent from a year earlier.

Experts say the tax credit, along with low mortgage rates, will continue to feed sales in the coming months.

"Home prices have softened a tad, but I think people are also looking at current interest rates," said David Reed, senior loan officer with Integrity Home Mortgage. "In October 2008, buyers were seeing mortgage rates of nearly 7 percent. October 2009 buyers could find 4.875 percent at most any lender. That's a huge difference."

And Reed said that Austin continues to do better than many other cities.

Dallas-area home sales were up only 11 percent last month, for example, the first gain since September 2008. After being down sharply in the first half of the year, Austin-area home sales have been improving since July.

But some experts are cautious about the Austin economy.

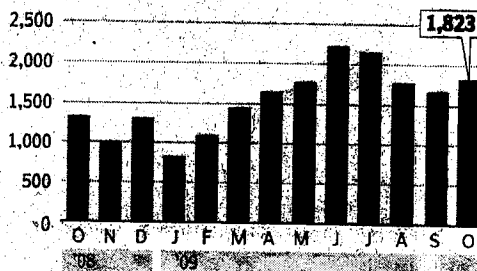
Major high-tech employers have cut manufacturing jobs. And construction jobs have disappeared with the slowdown in commercial development.

Rude noted that traffic from relocation buyers — people moving to Austin for new jobs — is down significantly.

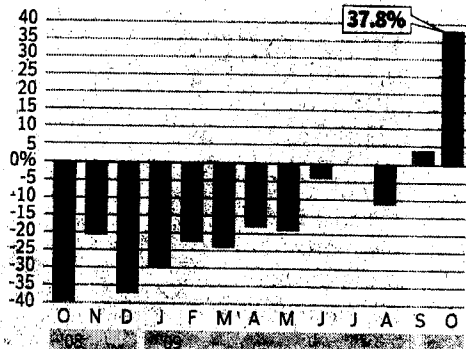
While the expanded tax credit widens the pool of potential buyers, Rude said, "until we

## Austin home sales report

Sales in the past 13 months



Change in monthly sales from a year earlier



Source: Austin Board of Realtors

Linda Scott AMERICAN-STATESMAN

## New tax credit details

**Who qualifies:** First-time buyers and people who have occupied their house for five of the past eight years.

**Income limits:** Single filers who make \$125,000 or less, or \$250,000 for couples.

**Amount:** 10 percent of the sales price, up to \$8,000, for first-time buyers; up to \$6,500 for repeat buyers.

**Deadlines:** The home must be under contract before April 30, and the closing must occur by June 30.

see a resumption of positive job growth, we don't expect the (housing) market to show real signs of strengthening."