

# Home Market Moderating

*Continued Record Growth Should Positively Impact Local Housing Market*

**First quarter residential sales** in greater Austin showed continued “goldilocks” market conditions with home appreciation rates up market-wide 6% over 2006, and sales down compared with 2006 with inventory dipping to a 3.5 month supply. Fewer sales have not translated into longer days on market with homes averaging faster sales time compared to 2006. The once-sizzling Central Texas home market appears to be moderating.

Sales of preowned single-family homes in March totaled 2,343 for the month, a slight 1 percent increase over the year-ago period, according to the Austin Board of Realtors.

“The lenders are becoming a little bit more leery about the loans they are making and underwriting,” said Jim Gaines, a research economist at the Real Estate Center at Texas A&M University. The subprime shake-out is hitting first-time buyers harder and is contributing to slowing sales in lower price ranges — \$180,000 and below. In Texas, subprime loans account for nearly 13% of all residential mortgages. Even so, Texas has a strong job market, healthy economy, and moderate home-price appreciation. As a result, it’s unlikely that Texas homeowners will experience what has happened in other markets – where home values have fallen dramatically, leaving borrowers with subprime loans owing more than the home is worth.

**A continuing bright spot:** The population of the Austin metropolitan region grew at one of the fastest rates in the country over the last six years, according to recently released data from the U.S. Census Bureau and should continue to positively impact the local housing market.

The Austin-Round Rock metropolitan statistical area expanded its population 21 percent between April 2000 and July 2006 to just over 1.5 million people. That makes Austin the 19th fastest growing MSA in the country. In terms of overall gains, **Austin ranked 15th in the nation with 263,802 new residents over the six-year period.**

