

# **NOVEMBER NEWS - AUSTIN**

## **Home prices jump almost 10%**

*Austin Business Journal*  
Friday, November 30, 2007

Home sales in the Austin market may be down, but the value of local residential real estate continues to rise faster than in most other markets around the country.

A quarterly index report released this week by the Office of Federal Housing Enterprise Oversight shows that Austin-area home prices rose 9.6 percent between September 2006 and September 2007. The report ranks the market No. 7 in the country in terms of year-over-year price appreciation.

The price appreciation comes at the same time Austin is feeling the effects of the credit market crunch. According to the most recent report from the **Austin Board of Realtors**, total home sales declined 15 percent in October compared with October 2006. Sales year-to-date were down 6 percent. Experts say most of the reduction is coming from the entry-level home market where subprime mortgages have all but dried up.

Three of the top five markets with the highest appreciation were in Utah, according to the OFHEO report. The top five markets in order are: Wenatchee, Wash. (15 percent); Provo-Orem, Utah (14.3 percent); Grand Junction, Colo. (14 percent); Ogden-Clearfield, Utah (13.9 percent); and Salt Lake City, Utah (13.3 percent).

The report also indicates that home prices in Austin have appreciated 28.8 percent in the last five years.

Though the report bodes well for Austin, the national picture is not so rosy. For the first time in nearly 13 years, U.S. home prices experienced a quarterly decline, down 0.4 percent in the third quarter compared with the second quarter of 2007. The annual price change, comparing the third quarter of 2007 to the same period last year, showed an increase of 1.8 percent, the lowest four-quarter increase since 1995.

"While select markets still maintain robust rates of appreciation, our newest data show price weakening in a very significant portion of the country," says James Lockhart, director of OFHEO. "Indeed, in the third quarter, more than 20 states experienced price declines and, in some cases, those declines are substantial."

## **Survey: Austin high on most-desirable list**

*Austin Business Journal*  
Friday, November 23, 2007

Austin is among the top ten cities in the country viewed as most desirable for relocation, according to a recent study.

The study, "Talent Markets: The Importance of Location in the Competition for Human Capital," named Austin the sixth most desirable city for relocation out of more than 30 cities examined in the United States.



San Diego, San Francisco and New York were the top three most desirable cities for relocation in the study's survey, but the three least preferred cities also included New York at number one, along with Detroit and Los Angeles.

"Employers and governmental entities within a given region can play an important role in attracting new talent by promoting the unique advantages they offer to residents in concrete terms," says Allan Schweyer, president and executive director of the Human Capital Institute and co-author of the study. "Our study found that the 'brand,' or perception of a city, is a critical factor in the decision-making process for candidates. Therefore, cities and employers that understand, manage and promote their brands will be best positioned to attract and keep knowledge workers of all ages."

The study, also co-sponsored by Monster.com, found that people are hard to move once ensconced in a community and that negative images of a city may have a stronger impact than the positive, Schweyer says.

## **Foreclosures postings down for Central Texas**

### **Austin defies national trend, but future could bring trouble**

*Shonda Novak*

*AMERICAN-STATESMAN STAFF*

*Thursday, November 22, 2007*

Foreclosure postings fell 8 percent for the year in Central Texas, the only major metropolitan area in the state to have a decline, according to the latest report from Addison-based Foreclosure Listing Service Inc.

Monthly figures also reflected the trend. The postings for the Dec. 4 foreclosure auction for the region that includes Travis, Williamson, Hays and Bastrop counties were down 9 percent, the lowest level in five years.

While Central Texas foreclosures continue to defy national trends, the region still could face rising delinquencies in the next few years, said George Roddy, president of the service that tracks the numbers.

The average age of a loan posted for foreclosure is a little less than four years old, and "that means we still have to weed out the problem loans" made since 2004, Roddy said. "Simple math tells us that we have several more years to go through this particular phase in the foreclosure cycle. After all, a tremendous amount of lending has taken place during the last four years."

But another expert doesn't think the situation is that dire because the local economy is adding jobs and the area's median home price is rising.

David Reed, president of CD Reed Mortgage Bankers in Austin, said he's not sure it will take several more years. Because property values in Central Texas have steadily improved in recent years, homeowners have the option of either refinancing or selling their property, Reed said. "As long as we add jobs and our economy is steady, people will need a place to live and place a reasonable demand for housing," he said.

The new report breaks down foreclosures by county as well as by region.

In Travis County, the number of properties posted for the Dec. 4 auction was down 4 percent compared with December 2006, and down 6 percent for the year.

Hays County postings were down 6 percent in December, and 10 percent for the year, the lowest level since Roddy's firm began tracking foreclosures in that county in 2003.



Williamson County had the steepest annual and monthly declines among the four counties. Postings fell 22 percent in December and 11 percent for the year.

Postings in other Texas metro areas are rising: up 16 percent for the year in Dallas/Fort Worth and up 4 percent in Bexar County, which includes San Antonio.

Several factors are contributing to the foreclosure rates, Roddy said. They include lenient lending practices that have made it much easier for many homebuyers to qualify for mortgages, as well as rising monthly payments on adjustable rate mortgages and interest-only loans.

Roddy advises homeowners with delinquent mortgages to talk with their lenders.

"Lenders ... would prefer not to own more real estate," he said. "So I am confident that we will see more willingness to work with delinquent homeowners who are communicating with their lender than in past years."

In March, \$1 trillion in loans are due to reset. But the government is stepping in to offer relief to homeowners who have been making timely payments but are having difficulties with new, higher payments because of adjustable-rate loans, said Wendy Dabrusin, a mortgage planner in Austin at Executive Mortgage Center.

The FHA Secure Plan allows borrowers with strong credit histories to qualify for refinance when they would otherwise be unable to qualify. Borrowers who became delinquent after their mortgages reset are eligible for the program as long as they meet qualifying criteria, Dabrusin said.

#### **Area foreclosures for 4th quarter**

##### **Area, Total postings 2006, Total postings 2007, % change**

Austin metro 2,002 1,771 -12%

Travis 942 855 -9%

Williamson 652 526 -19%

Hays 258 224 -13%

Bastrop 150 166 +11%

#### **Area foreclosures for year**

##### **Area, Total postings 2006, Total postings 2007, % change**

Austin metro 7,709 7,110 -8%

Travis 3,718 3,482 -6%

Williamson 2,435 2,157 -11%

Hays 968 871 -10%

Bastrop 588 600 +2%

Source: Foreclosure Listing Service Inc.

## **Round Rock tops safest cities list again**

*Austin Business Journal*

*Monday, November 19, 2007*

Round Rock continues to be one of the safest cities in the United States, according to a national crime survey.

The Williamson County city ranks as the 13th safest for the second year in a row in CQ Press' survey. The rankings are compiled using rates for murder, rape, robbery, aggravated assault, burglary and motor



vehicle theft. All cities with a population of 75,000 or more that reported data to the FBI in 2006 for the six categories were included.

Round Rock ranked as the 8th safest city in its first appearance in the survey two years ago.

"For the third year running, this report confirms what we've known for years in Round Rock - our police department, working closely with the community, has helped make this one of the best communities in the country to live, raise kids and run a business," says Mayor Nyle Maxwell. "The men and women of the Round Rock Police Department have done a fantastic job keeping Round Rock safe in the face of a rapidly expanding population."

City Manager Jim Nuse says the ranking will help Round Rock sell itself to prospective employers, which in turn will keep the economy strong.

"There's no more important indicator of quality of life than public safety," says Nuse.

## **City OKs redevelopment rules in Barton Springs Zone**

*Austin Business Journal*  
Friday, November 9, 2007

The city of Austin approved a redevelopment ordinance for the Barton Springs Zone, which allows developers and business owners to redevelop property in the 62,000 acres over the Edwards Aquifer recharge zone without sacrificing size. The new ordinance replaces existing Save Our Springs Alliance rules that limits redevelopment to 25 percent of existing size.

Under the ordinance, developers or business owners can redevelop all of a property's existing impervious cover, which includes parking lots, buildings or anything else that prohibits water from soaking into the ground. In exchange, they are required to install water-quality controls and contribute to a fund that will be used to buy land for conservation in the Barton Springs Zone.

The level of water-quality controls and amount of financial contributions depend on the total square footage of impervious cover being redeveloped. At minimum, all redeveloped properties need to have sedimentation filtration systems.

City Council Member Lee Leffingwell says that more than half of the Barton Springs Zone is already developed.

"If we concentrate strictly on trying to protect undeveloped land [in the area] we are really addressing a very small part of the problem. [Upgrading] existing development [may] be more effective in improving water quality than strictly focusing on new development," Leffingwell says.

## **183A tolls to drop for multi-axle vehicles**

*Austin Business Journal*  
Wednesday, November 7, 2007

Starting Dec. 1, the Central Texas Regional Mobility Authority is lowering toll rates on U.S. 183A for vehicles with four axles and changing the toll rates for multi-axled vehicles at the Brushy Creek ramp.



Steve Pustelnyk, director of communications for CTRMA, says higher toll rates are typically imposed on multi-axle vehicles because they are usually heavier trucks that cause the mobility authority to spend more in maintenance costs. But four-axled vehicles tend to be trailers belonging to boat owners, landscapers and general contractors and the higher rate may be keeping those drivers from using the new toll road, he says.

"I know it is unusual for tolling authorities to actually lower rates, but this change will provide fairness to vehicles that are just slightly bigger or heavier than cars," says Mike Heiligenstein, executive director of the CTRMA.

The rates will change for four-axled vehicles driving the entire stretch of 183A will drop approximately 33 percent.

At the Brushy Creek ramp, the CTRMA will also remove toll collectors - leaving the automatic TxTag toll collectors - which will eliminate a multi-axle toll rate altogether and require all vehicles to pay the two-axle rate of 50 cents cash and 45 cents with the TxTag.

183A is an 11.6 mile, \$238 million toll road constructed by the CTRMA, a government agency serving Travis and Williamson counties. The project was funded primarily through the sale of toll revenue bonds.

## **City approves plan for "second downtown"**

*Austin Business Journal*  
*Friday, November 2, 2007*

Austin's City Council gave final approval of phase 1 of the North Burnet/Gateway master land use plan, which will create a so-called second downtown in the area around the Domain luxury shopping center by 2035.

The North Burnet/Gateway plan's vision is to ultimately create clusters of dense, mixed-use, pedestrian-friendly neighborhoods in the 2,300-acre area north of U.S. 183 bounded by Walnut Creek, Metric Boulevard, Braker Lane and MoPac Expressway.

The final plan will allow developers to build denser than anywhere outside of downtown, as high as 15 stories or 180 feet, and up to 30 stories or 360 feet in areas closest to planned commuter rail stops.

Phase 1 immediately designates a zoning overlay district in the area to allow vertical mixed uses and other urban design elements, and to preclude interim development not in concert with the plan.

A draft plan of Phase 2 -- outlining ordinances implementing the plan -- is expected in six months, says Molly Scarbrough, a city senior planner. Final approval for the entire plan is expected in a year.

