

REAL ESTATE

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Houston home prices rise, but sellers cautious

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Abby Gustus and her fiance started shopping for a house around Thanksgiving. Young, newly engaged and looking to buy their first home, they didn't expect to have a problem finding a new or recently built townhouse near all the restaurants and bars along Washington Avenue.

But almost every time Gustus would meet her real-estate agent to tour properties, he would greet her with a shorter list of homes to see because several she had picked out just days earlier had already gone under contract.

"Once we had done this for about a month," said Gustus, 28, "we knew we'd have to make a decision within a day on a house."

More people are coming to the same conclusion as the Houston area's real estate hot streak continues. In January, single-family home sales were up 28.3 percent while inventory fell to its lowest level since December 1999, according to a monthly report from the Houston Association of Realtors.

Homes in many parts of the Houston area are selling quickly and often at their full asking prices. Some sellers are seeing multiple offers and frenzied real estate agents are knee-deep in showings and contracts.

"The pace I'm at right now is ridiculous," said agent Amy McGee of Coldwell Banker

United. "Wonderfully so, but ridiculous."

McGee said she's never seen such a busy market.

Experts don't expect the market to slow down any time soon.

January marked the 20th straight month of positive sales and inventory has been dropping for months.

The current situation is a result of several factors.

The pool of buyers has widened as more people are coming here for jobs. And while the stronger demand is pushing up prices, homeowners are being cautious about selling.

"They're only selling if they have to," said Evert Crawford of Crawford Realty Advisors.

Median price rises

Some who bought at pre-recession peak prices might not have enough equity in their homes to sell without taking a loss after transaction costs, he said. Others are still worried about the direction of the economy.

New home construction, while growing, is still recovering.

Overall, buyers signed contracts for 3,899 single-family homes in January. Inventory fell to 3.6 months, meaning it would take that long to sell all the homes on the market based on sales activity over the previous 12 months.

Sales activity saw tremendous gains at the high end of the market.

Sales of homes priced at \$500,000 and up rose 56.2 percent, according to the association, which tracks properties sold through the Multiple Listing Service in Harris, Fort Bend and Montgomery counties, as well as parts of Brazoria, Galveston, Waller and Wharton counties.

That helped boost the median home price in January to \$150,000, a 7.2 percent increase over last year.

The number of single-family properties for sale at the end of January tumbled 25

percent from January 2012 to 19,174.

Keeping 'watchful eye'

The falling inventory is concerning to Danny Frank, the realty association's chairman.

"We are maintaining a watchful eye on the local housing supply because a significant decline from current inventory levels could potentially have an adverse effect on sales and drive prices disproportionately higher," he said in the housing report.

More demand is expected as large corporations plan big moves here.

In 2015, Exxon Mobil Corp. is making a huge move to near The Woodlands, consolidating 8,000 employees and bringing 2,000 here from out of state.

Agents are already seeing the impact up north as well as in central Houston.

"It's really going to hit us in 2014," McGee said.

She's hopeful that come spring more houses will hit the market.

Until that happens, shoppers may have to rely on patience and persistence.

Gustus and her fiance recently found their dream townhouse, a new unit in a small development near Washington Avenue.

The development was sold out when Gustus first discovered it, but then one of the contracts fell through.

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