

2005 16,641 (+29% from '04)	2006 19,098 (+14.8%)	2007 12,594 (-34%)	2008 Forecast: 11,500 (-8.7%)
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HOUSING PRESSURE BUILDS

San Antonio's good economy helps to keep homes selling

BY JENNIFER HILLER
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New-home building in San Antonio dropped 34 percent in 2007, and local builders will pull back again and stay in "adjustment mode" in 2008, according to the housing research firm Metrostudy.

The existing-home market is feeling some pressure, too, with a rising inventory of unsold homes, tempered, though, by rising home prices.

Metrostudy, the Greater San Antonio Builders Association and the San Antonio Board of Realtors released 2007 data and made their 2008 predictions Monday at the annual Housing Forecast at the Omni San Antonio Hotel.

The housing decline comes thanks to some exuberant overbuilding in 2006 followed by

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Keyword: Real Estate
A look at San Antonio home sales and how to sell your home.

INSIDE

Treasury Secretary Paulson says the administration is working on the housing crisis. **Page 4A**

Standard Pacific sells 2,500 single-family lots in San Antonio market. **Business, 1E**

2007's subprime mortgage crisis, which made it more difficult for people to borrow money for mortgages, said Jack Inselmann, vice president of the U.S. Central Division of Metrostudy.

"It's very tough in the country right now. And the hard times are not over yet," Inselmann

See **SAN ANTONIO/6A**

Neighborhood values

Changes in average sales prices for some San Antonio neighborhoods.



1 Alamo Heights

2005: \$347,806
2006: \$436,149, up 25%
2007: \$419,011; down 3.9%*

2 Braun Station

2005: \$135,382
2006: \$144,130, up 6.5%
2007: \$158,773; up 10.1%

3 Dell View

2005: \$78,934
2006: \$87,893, up 11.3%
2007: \$92,076; up 4.8%

4 The Dominion

2005: \$611,197
2006: \$714,047; up 16.8%
2007: \$820,019; up 14.8%

5 Monte Vista

2005: \$377,941
2006: \$385,882; up 2.1%
2007: \$419,937; up 8.8%

6 Northwest Crossing

2005: \$107,652
2006: \$119,877; up 11.4%
2007: \$129,088; up 7.7%

7 Olympia

2005: \$175,487
2006: \$189,364; up 7.9%
2007: \$206,941; up 9.3%

8 Rogers Ranch

2005: \$337,414
2006: \$363,517; up 7.7%
2007: \$386,279; up 6.3%

9 San Pedro Hills

2005: \$133,604
2006: \$147,618; up 10.5%
2007: \$168,689; up 14.3%

10 Shavano Park

2005: \$435,537
2006: \$489,087; up 12.3%
2007: \$593,389; up 21.3%

11 Stone Oak

2005: \$192,440
2006: \$187,396; down 2.6%
2007: \$194,325; up 3.7%

* Although there was a decline in the overall average price, the per-square-foot price rose in Alamo Heights.

Source: San Antonio Board of Realtors

EXPRESS-NEWS GRAPHIC



SPECIAL TO THE EXPRESS-NEWS

Houses were still going up in San Antonio in 2007, but not at the previous record-setting pace. The forecast for 2008 is for an 'adjustment mode.'

1/8/08

"Increasingly there is a sense that something will have to be done in 2008, in early 2008, to make sure we don't fall off the cliff."

HENRY CISNEROS, CITYVIEW CHAIRMAN

San Antonio coming off record years

CONTINUED FROM 1A

San Antonio had gone on a spectacular home-building binge, breaking records for several years, until 2007 when it suddenly went on a strict home-building diet.

Builders started 12,594 homes in 2007, down from 19,098 the year before, according to the firm.

And there were 3,635 homes under construction at the end of December — the lowest number since 2003.

Luckily, a solid local economy is giving builders a market for selling the backlog in housing inventory. San Antonio and Texas have done better than most parts of the country, although Inselmann also said the local industry hasn't hit bottom yet. Metrostudy expects builders will start 11,500 homes this year, a decline of 8 percent from 2007.

"We have friends and relatives in San Antonio who are losing their jobs," Inselmann said. "We are not untouched by the housing decline here."

Declines have been the largest in homes priced under \$125,000, where buyers are more likely to be purchasing their first home and may have trouble qualifying for a mortgage, he said. But all price points will feel the impact of the subprime implosion.

Hard times for home builders means good deals for buyers, though.

Buyers can expect to see a continuation of price cuts and free upgrades — at least until home builders work through an oversupply of houses — something Inselmann thinks may happen in the second half of 2008.

"I think we may see some light at the end of the tunnel as we get to the end of the year," he said.

The new-home deals have been luring buyers away from purchasing existing homes, and the number of sales of existing homes declined 8 percent in 2007, according to SABOR, with the number of homes for sale rising to 12,000 at the end of the year.

The inventory of existing homes is something local real estate agents will be watching early in 2008.

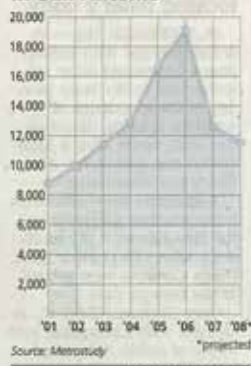
Still, home prices appreciated despite the slowdown. In 2007, the median home price in the San Antonio metro area reached \$150,100, up 5.6 percent from 2006.

Travis Kessler, CEO of SABOR, said this month that as long as the inventory remains at around a 6-month supply — the time it would take all the homes on the market to sell if nothing else came onto the market — the city should see some continued price appreciation in 2008.

In many ways, the market mirrored 2005, the second-best year ever in the home resale market, said Bob Leonard, chairman of SABOR.

"Yes it's down, but from an all-time, record-setting year —

Housing starts in San Antonio



Source: Metrostudy

EXPRESS-NEWS GRAPHIC

hardly an indication of a declining market," he said.

While San Antonio's real estate market didn't exactly dazzle in 2007, it stands out for having avoided going down in flames like that of so many other American cities.

CityView Chairman and former Mayor Henry Cisneros labeled many places in the country absolute "basket cases" and said San Antonio is lucky to have the continued job growth — the key factor in keeping a city's residential real estate industry vibrant.

Cisneros expects congressional and presidential action early this year to prevent a recession, and thinks the lending industry is likely to see more regulation as a result of the crisis.

"Increasingly there is a sense that something will have to be done in 2008, in early 2008, to make sure we don't fall off the cliff," he said.

David Berson, senior vice president and chief national economist and strategist with The PMI Group, said the gut feeling of most economists is that the national economy will slide into a mild recession.

"Be very glad you're in Texas," Berson said. "Be very glad you're in San Antonio. Texas will do better than most any state this year, and San Antonio will do better than most parts of Texas."

For now, San Antonio real estate agents hope to minimize the impact of the mortgage crisis and national housing downturn here.

The mantra from the Board of Realtors: "Real estate is local," a message that they plan to pound into San Antonio's collective head in 2008 in hopes that people don't pay too much attention to the national real estate misery.

"We must reinforce the message that all real estate is local," Leonard said.

Inselmann, too, said consumer psychology has played a role in the new home market.

"Good buyers are moving to the sidelines," he said. "Maybe we can get them out there for the spring market."

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