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Realtors' leader is wary of limited inventory

Tight home supply lifts prices but could slow sales, she warns

By Nancy Sarnoff

Houston-area home prices should keep rising, but the limited supply of properties for sale could put a damper on sales, the chair of Houston's realty association said Tuesday.

"We still need inventory. That's critical to see the market move," said Chaille Ralph, after the Houston Association of Realtors released its monthly report on the local housing market.

Inventory, which is measured in months, fell to a new low in December and hasn't budged since, putting shoppers at a disadvantage when negotiating to purchase homes in some areas.

Realtor Yau Tam, who also goes by Julie, was representing a buyer recently who was one of multiple bidders on a property in Rice Military priced in the low \$400,000s. Her client got the home because she offered several thousand dollars more than the seller was asking and submitted a stack of bank statements "to show she was a slam-dunk for loan approval," Tam said.

"Even homes in the low \$100,000s are getting multiple offers and are very competitive to buy," she said.

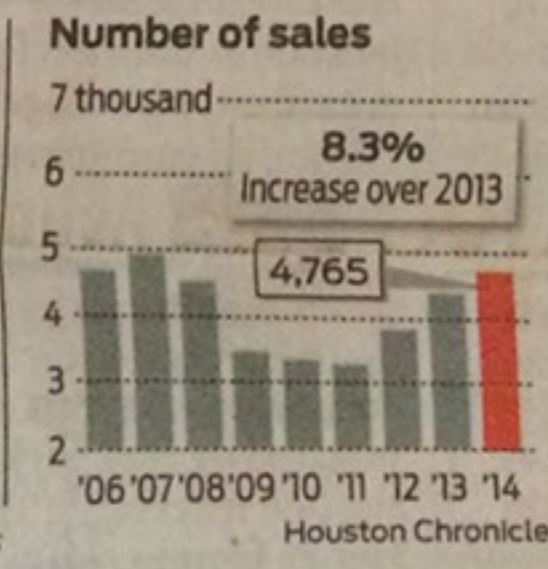
The Houston area has had a 2.6-month supply of inventory since the end of last year, meaning it would take that long to sell all the homes on the market based on recent activity, according to the association. Six months of inventory is considered a healthy market where neither buyer nor seller has the upper hand.

Pending sales, an indicator of future activity, totaled 3,777 at the end of February, a 2.6 percent decline compared to last year. That leads Ralph to believe the pace of sales will slow.

But even if the market retreats, she said, it's

Market trends

Prices for sales of single-family homes in Houston area in February of each year:



Sales strongest in top ranges

Sales from page D1

not for lack of demand.

"There are plenty of buyers out there that are trying to compete," she said.

Buyers closed on 4,765 single-family homes in February. That's an 8.3 percent increase over the same month a year ago and the 33rd straight monthly increase.

The overall low supply, coupled with an increase in the number of high-end properties trading hands, propelled the prices of Houston's median and average homes.

The median price — the figure at which half the homes sold for more and half for less — was up 11.7 percent to \$181,500 in February, while the average price jumped 12.5 percent to \$247,534, according to the association's data, which is based on properties sold through the Multiple Listing Service, which tracks sales activity in Harris, Fort Bend and Montgomery counties, as well as parts of Brazoria, Galveston, Waller and Wharton counties.

Sales last month were strongest in the higher price ranges, while those priced below \$150,000 declined.

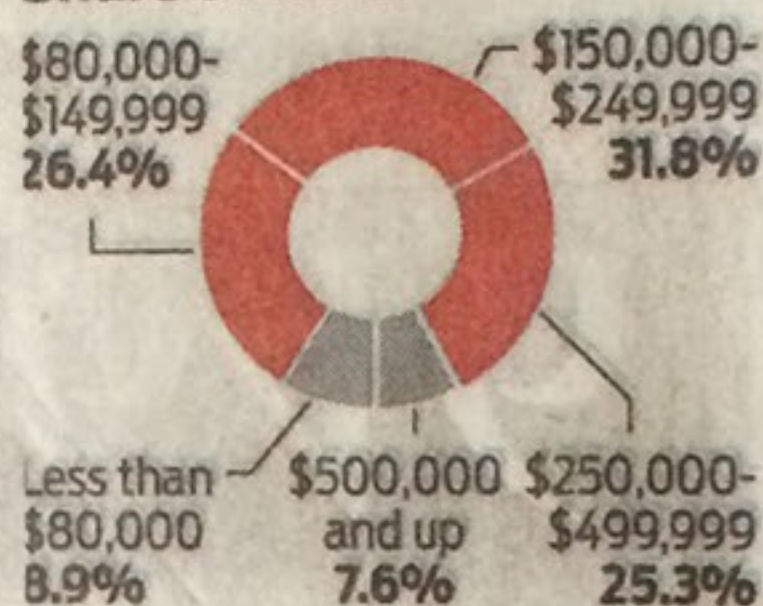
Mark Wade, an agent

What's selling

Change in sales volume in February by price category from previous year:

Sales activity, by price range	
Up to \$79,999	-31.0%
\$80,000-\$149,999	-6.8%
\$150,000-\$249,999	17.7%
\$250,000-\$499,999	33.3%
\$500,000 and above	40.0%

Share of sales



Source: Houston Association of Realtors

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who has lived in the Eastwood area for 20 years, has started putting fliers in mailboxes around the neighborhood advertising his services and letting would-be sellers know it is a good time to sell.

He's seeing properties move quickly in the area, especially if they are renovated.

"The buyers in the marketplace now, they're really not looking for fixer-uppers," Wade said. "They'll normally have the money."

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