



TEXAS A&M UNIVERSITY

Texas Real Estate Research Center



TEXAS HOUSING INSIGHT

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NOVEMBER 2021 DATA

TECHNICAL REPORT

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ABOUT THIS REPORT

Texas Real Estate Research Center economists continuously monitor many facets of the global, national, and Texas economies. *Texas Housing Insight* is a summary of important economic indicators that help discern trends in the Texas housing markets. All measurements are calculated using seasonally adjusted data, and percentage changes are calculated month-over-month, unless stated otherwise.

This monthly publication provides data and insights on the Texas housing markets. We hope you find them useful. Your feedback is always appreciated. Send comments and suggestions to info@recenter.tamu.edu.

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Data current as of Jan 13, 2022

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NOVEMBER 2021 SUMMARY

TOTAL TEXAS HOUSING STARTS

▲ 6.5% MOM

MONTHS INVENTORY

▼ 1.5 months

HOUSING SALES

▲ 2.6% MOM

DAYS ON MARKET

▼ 31 days

TX HOME PRICE INDEX

▲ 18.6% YOY

Texas' housing market continued to rise in November, trending upward despite ongoing supply constraints. Months of inventory slid to 1.5 months, and single-family permits weakened. Housing starts, however, expanded despite lumber and other input price increases. The lack of inventory for homes priced under \$300,000 remains the greatest challenge to Texas' housing market. Demand remained steady despite being stagnated by lack of inventory. Still, the state's diverse and expanding economy, favorable business policies, and steady population growth support a favorable outlook.

Supply¹

The Texas **Residential Construction Cycle (Coincident) Index**, which measures current construction activity, decreased nationally and within Texas due to falling employment outweighing heightened construction gains. The Texas **Residential Construction Leading Index (RCLI)** possibly reached a trough and could increase in the coming months, signaling an increase in future activity. The leading index's downward trend was reverted by an increase in weighted building permits and residential construction value starts along with the ten-year real Treasury bill's continued decline. The leading indexes in the major metros continued to decline, indicating slower activity in the coming months. Current inflationary conditions due to supply chain issues are putting downward pressure on construction activity and may impede construction activity in the coming months.

Single-family construction permits fell 2.2 percent month over month (MOM), and the permit issuance had dropped since December 2020. Despite the overall decrease, Houston and DFW remained the top metros nationally, outnumbering Phoenix by 1,000 permits. Houston ranked first for the eighth consecutive month with 3,887 nonseasonally adjusted permits, followed by DFW with 3,523 permits. Austin and San Antonio issued 1,480 and 872 permits, respectively. Texas' multifamily permits plummeted 12.2 percent on a monthly basis; however, the metric was up 12.3 percent year to date (YTD).

After three months of continuous decline, robust economic conditions and copious demand pushed **total Texas housing starts** up 6.5 percent as lumber prices increased 12.4 percent. **Single-family private construction values** also increased in real terms. A 10.6 percent MOM upturn in Houston values contributed to the majority of the statewide growth. This upswing overcame the 13.2 percent and 8.6 percent MOM reduction, respectively, in Austin and San Antonio.

¹ All measurements are calculated using seasonally adjusted data, and percentage changes are calculated month over month, unless stated otherwise.



Texas' months of inventory (MOI) hovered at 1.5 months as active listings and sales activity stabilized. A six-month MOI is typically considered a balanced housing market. Supply was limited across all price categories. Most notably, the inventory for luxury homes (those priced more than \$500,000) dropped to 2.3 months, a record low. Total housing inventory in the major metros dropped slightly, with the MOI remaining most constrained in Austin at 0.8 months. The metric in North Texas fell to one and 1.1 months in Dallas and Fort Worth, respectively. Houston's MOI decreased to 1.6 months, while San Antonio's declined to 1.7 months. Dwindling inventory persisted as a major headwind to the health of Texas' housing market.

Demand

Despite the deflated inventory, demand increased across all price cohorts. **Total housing sales** rose 2.6 percent MOM. Transactions at the lower end of the price spectrum decreased significantly compared with year-ago levels, while the opposite occurred at the higher end. Housing sales for homes priced under \$299,000 cut back 23.1 percent YTD, while housing sales for homes priced at more than \$300,000 rose 37.8 percent YTD.

Housing sales increased across the price spectrum at the metropolitan level, except in San Antonio where total sales contracted 3.3 percent. Meanwhile, Houston mirrored statewide fluctuations as sales jumped 2.6 percent. In Austin, the metric rose 1.1 percent, while North Texas activity increased 0.5 and 8.1 percent in Dallas and Fort Worth, respectively.

Texas' **average days on market (DOM)** fell marginally to 31 days amid robust demand and limited inventory. Austin remained the most popular housing market with its DOM slipping another day, averaging 20 days. The metrics in North Texas averaged 25 days. San Antonio's and Houston's metrics registered two-day gains, with both metros averaging 34 days.

Market expectations are for the Federal Reserve to accelerate the tapering of asset purchases and increasing the Federal Funds rate two to four times in 2022. The **ten-year U.S. Treasury bond yield** returned to pre-pandemic levels of 1.6 percent², while the **Federal Home Loan Mortgage Corporation's 30-year fixed-rate** hovered around 3.1 percent for the second consecutive month. The median mortgage rate for the typical Texas homebuyer climbed to 3.2 percent for GSE loans in October³ and fell ten basis points to 2.9 percent for non-GSE loans. Among the mixed mortgage interest rate changes, home-purchase applications strengthened for November but overall fell 4 percent YTD. Meanwhile, refinance applications have declined on a monthly basis and were down 29.9 percent since December 2020. Year-over-year (YOY) purchase and refinance applications diminished 3.5 and 31.7 percent, respectively, largely due to baseline effects after a surge of remodeling and refinancing in 2020. (For more information, see [Finding a Representative Interest Rate for the Typical Texas Mortgagee](https://www.recenter.tamu.edu/articles/research-article/Finding-Representative-Interest-Rate-for-the-Typical-Texas-Mortgagee) at <https://www.recenter.tamu.edu/articles/research-article/Finding-Representative-Interest-Rate2278>.)

² Bond and mortgage interest rates are nonseasonally adjusted. Loan-to-value ratios, debt-to-income ratios, and the credit score component are also nonseasonally adjusted.

³ The release of Texas mortgage rate data typically lag the Texas Housing Insight by one month.

In October, the median loan-to-value ratio (LTV) constituting the "typical" Texas conventional-loan mortgage dropped from 87.4 the previous year to 84.2. The debt-to-income ratio (DTI) declined from 36.4 to 35.5, while the median credit score increased six points to 751 over the same period. The LTV for GSE borrowers increased slightly from 85.2 in October to 85.7; meanwhile, their DTI grew from 35.5 to 36.7.

Prices

The ongoing shift in the composition of sales toward higher-priced homes due to constrained inventories at the lower end of the market boosted the average and median home price. The **Texas median home price** rose for the 11th consecutive month, appreciating 1.7 percent on a monthly basis and 17.2 percent YOY to a record-breaking \$319,112. The five major metros all hit historically high median prices. The share of luxury homes sold in Austin continued to expand, contributing to the 29.6 percent YOY surge in the median price (\$475,700). The Dallas metric (\$386,500) increased 18.1 percent, while annual price growth in Fort Worth (\$331,800) shot up to 20.6 percent. Houston's (\$315,200) and San Antonio's (\$308,600) metrics were hikes of 16.2 and 19.7 percent, respectively.

The **Texas Repeat Sales Home Price Index** accounts for compositional price effects and provides a better measure of changes in single-family home values. Compared with November 2020's 7.8 percent YOY increase, Texas' index corroborated significant home-price appreciation, accelerating 18.6 percent YOY in 2021. The growth rate surpassed the surge in the median home price. The repeat sales index accelerated in the major metros, except in Austin and Houston. Annual price growth reached recent peaks in Dallas. The metric dipped to 35.1 percent in Austin after a year of explosive growth, while North Texas prices increased 24.1 and 22 percent in Dallas and Fort Worth, respectively. San Antonio posted an 18.4 percent annual hike, while Houston's index decelerated to 14.6 percent. Increasing home prices pressured housing affordability, decreasing Texas' affordability advantage over other states like California.

Single-Family Forecast

The Texas Real Estate Research Center projected single-family housing sales using monthly pending listings from the preceding period (Table 1). Texas sales are expected to fall 3.8 percent in December after increasing during the past month. The metric is estimated to slow to 1.9 percent in Austin, with additional losses of 6.5 percent and 5.8 percent in DFW and Houston, respectively. Transactions in San Antonio, however, are forecasted to rebound 0.4 percent. Sales through December 2021 should accelerate relative to the same period in 2020. On the supply side, listings seemed to have reached a trough in May and are rising, easing some of the price pressures amid a rise in new and pending listings.

Household Pulse Survey

According to the U.S. Census Bureau's Household Pulse Survey, the share of homeowners behind on their mortgage payments varied little on the national level, while the share decreased 1 percent in Texas (Table 2). On the other hand, more homeowners who struggled to keep up with mortgage payments faced the possibility of foreclosure. The share of Texas respondents who were not



current and expected foreclosure to be "somewhat likely" in the next two months jumped 15 percent, while the share reporting "not very likely" plummeted 22 percent from October to November (Table 3). The proportion of delinquent individuals at risk of foreclosure rose in Houston from 18 to 34 percent. The Federal Housing Finance Agency's foreclosure and REO eviction moratoria for properties owned by Fannie Mae and Freddie Mac (the Enterprises) expired Sept. 30, 2021. Continued stability in the housing market is essential to Texas' economic recovery.

Table 1. Single-Family Housing Sales Projections

	Percentage Change from Nov. to Dec. 2021	Percentage Change from Jan. - Dec. 2020 to Jan. - Dec. 2021
Texas	-3.8	4.6
Austin-Round Rock	-1.9	0.1
Dallas-Fort Worth	-6.5	-2.3
Houston-The Woodlands-Sugar Land	-5.8	10.0
San Antonio-New Braunfels	0.4	3.9

Note: Seasonally adjusted data used for the monthly percentage change. Nonseasonally adjusted data used in the year-to-date year-over-year estimation. Based on monthly single-family housing sales through the Multiple Listing Service.

Source: Texas Real Estate Research Center at Texas A&M University

Table 2. Last Month's Payment Status for Owner-Occupied Housing Units

	Owned Free and Clear	Household Currently Caught Up on Mortgage Payments		
		Yes	No	Did Not Report
United States	33%	60%	6%	0%
Texas	37%	55%	8%	0%
Dallas-Fort Worth	34%	53%	12%	1%
Houston-The Woodlands-Sugar Land	37%	52%	11%	0%

Note: Nonseasonally adjusted. Total includes only individuals who are 18 years and older reported living in owner-occupied housing units. It excludes those living in different types of housing units and those who did not report their housing situation.

Source: U.S. Census Bureau Household Pulse Survey, Nov. 11-Nov. 23, 2021

Table 3. Likelihood of Leaving this House in Next Two Months Due to Foreclosure

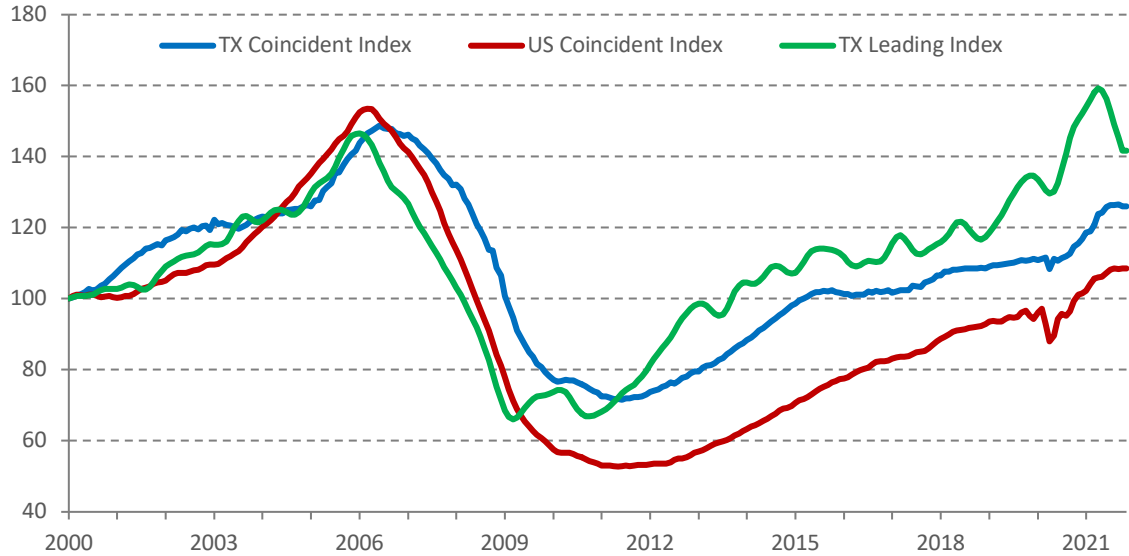
	Very Likely	Somewhat Likely	Not Very Likely	Not Likely at All	Did Not Report
United States	3%	16%	38%	42%	1%
Texas	1%	28%	38%	32%	1%
Houston-The Woodlands-Sugar Land	3%	31%	25%	39%	3%

Note: Nonseasonally adjusted. Total includes only individuals who are 18 years and older, are not current on mortgage payments, and are reported living in owner-occupied housing units. It excludes those living in different types of housing units and those who did not report their housing situation. The DFW area was removed from Table 3 because the results for two response groups were missing.

Source: U.S. Census Bureau Household Pulse Survey, Nov. 11-Nov. 23, 2021



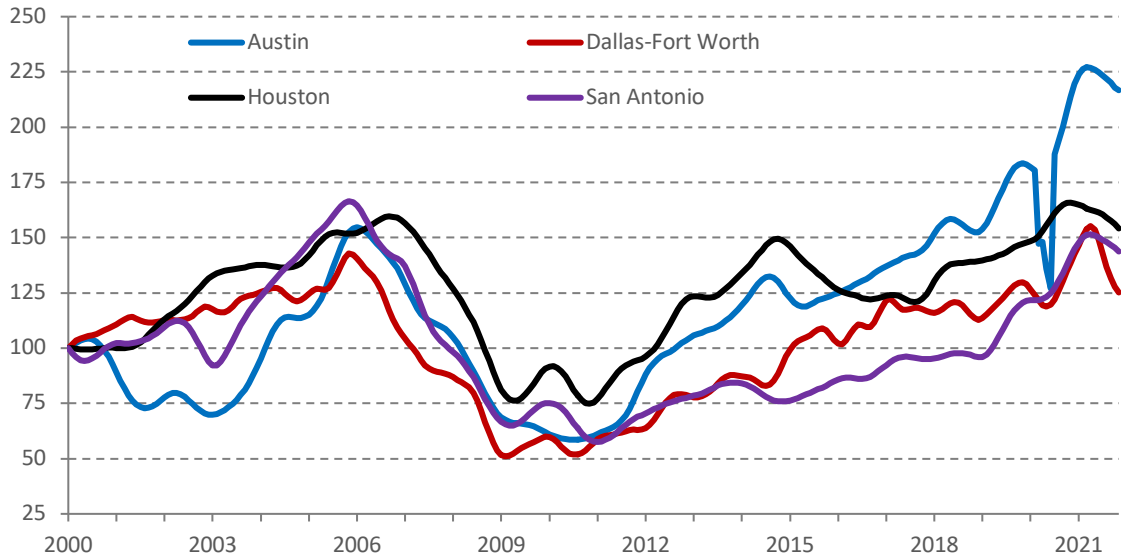
Texas Residential Construction Index (Index Jan 2000 = 100)



Note: Trend-cycle component.

Sources: Texas Real Estate Research Center at Texas A&M University and Federal Reserve Bank of Dallas

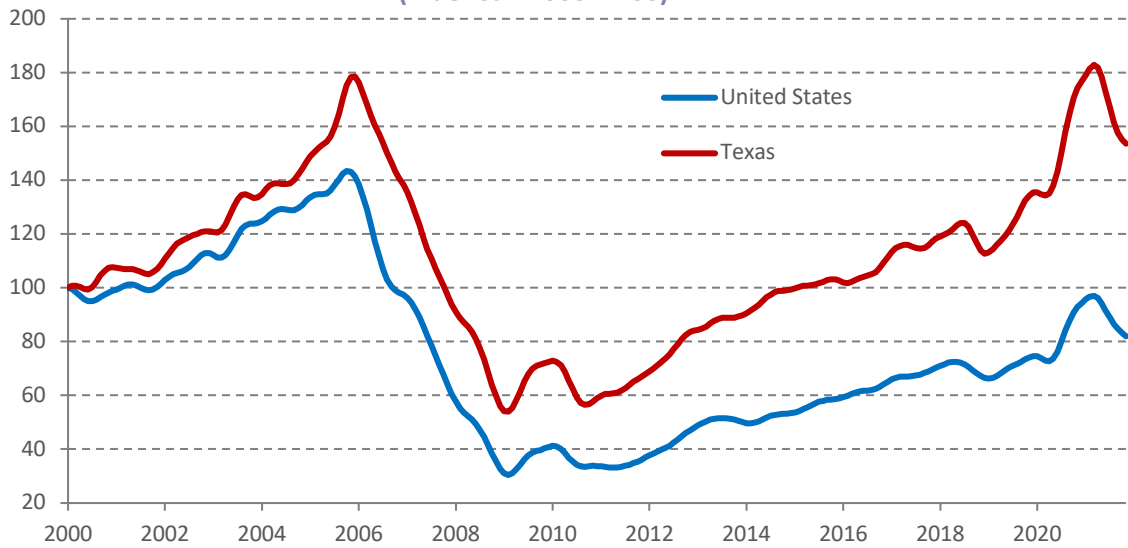
Major Metro Residential Leading Construction Index (Index Jan 2000 = 100)



Note: Trend-cycle component.

Source: Texas Real Estate Research Center at Texas A&M University

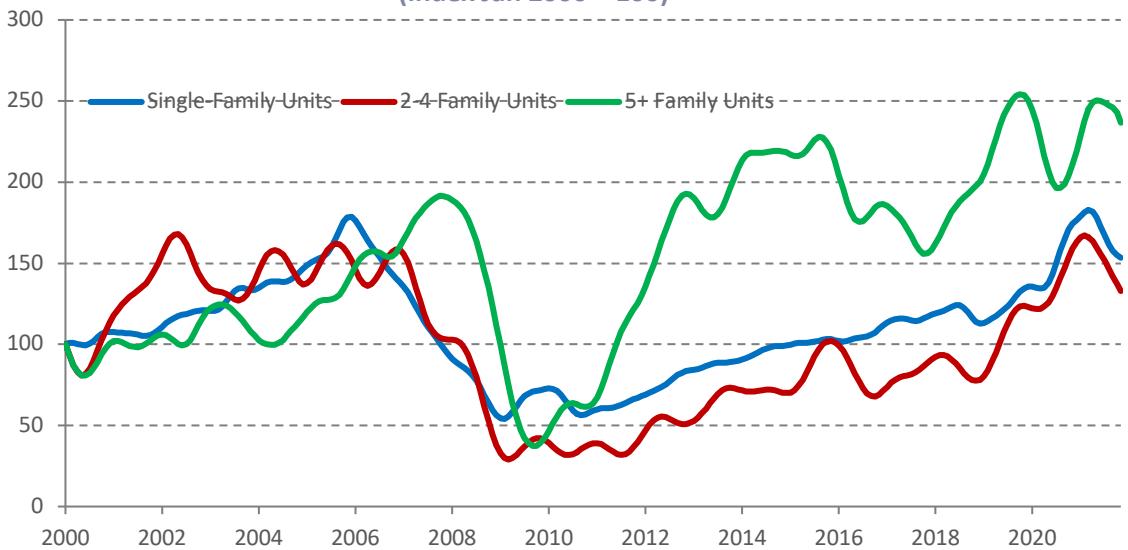
Single-Family Housing Construction Permits (Index Jan 2000 = 100)



Note: Trend-cycle component.

Sources: U.S. Census Bureau and Texas Real Estate Research Center at Texas A&M University

Texas Housing Construction Permits (Index Jan 2000 = 100)

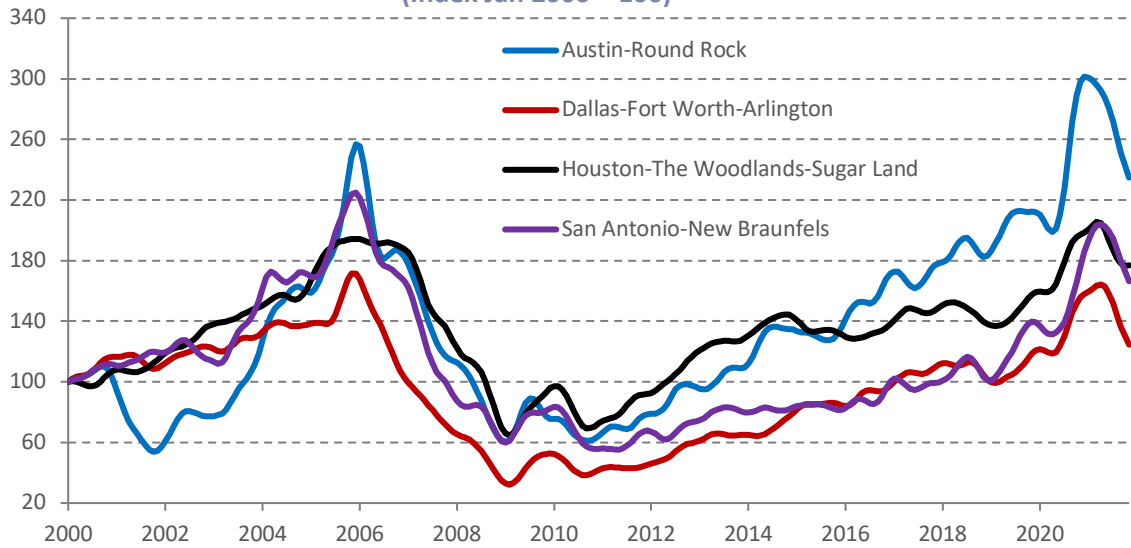


Note: Trend-cycle component.

Sources: U.S. Census Bureau and Texas Real Estate Research Center at Texas A&M University

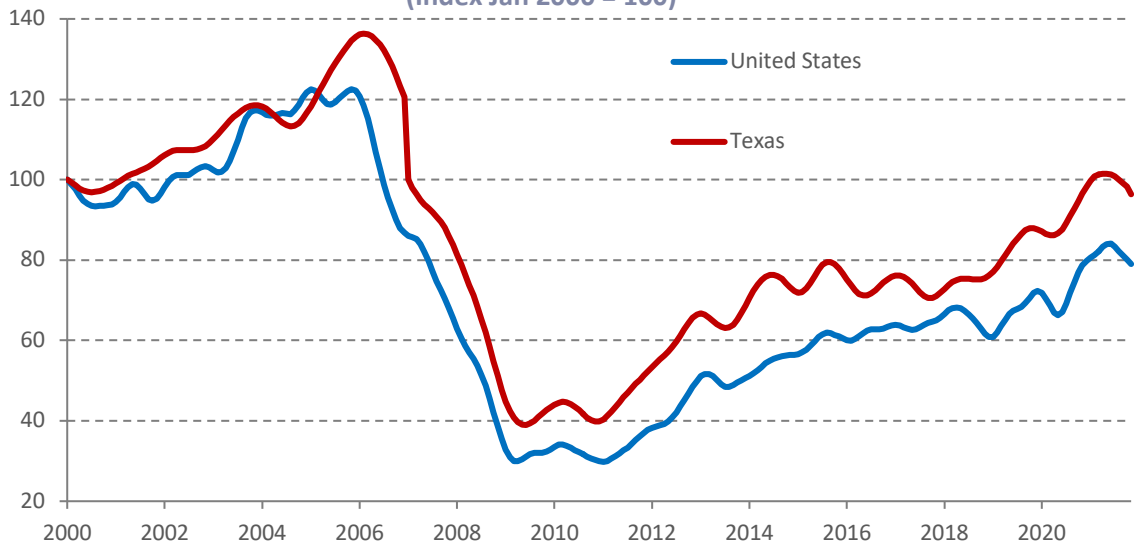


Major Metros Single-Family Housing Construction Permits
(Index Jan 2000 = 100)



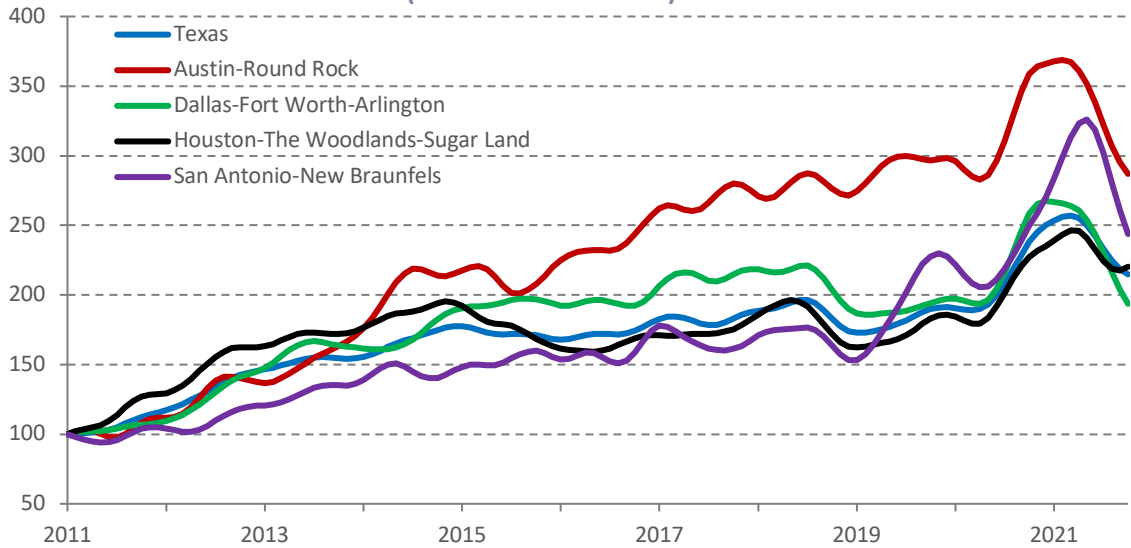
Note: Trend-cycle component. Fort Worth is missing data for Somervell County.
Sources: U.S. Census Bureau and Texas Real Estate Research Center at Texas A&M University

Total Housing Starts Per Capita
(Index Jan 2000 = 100)



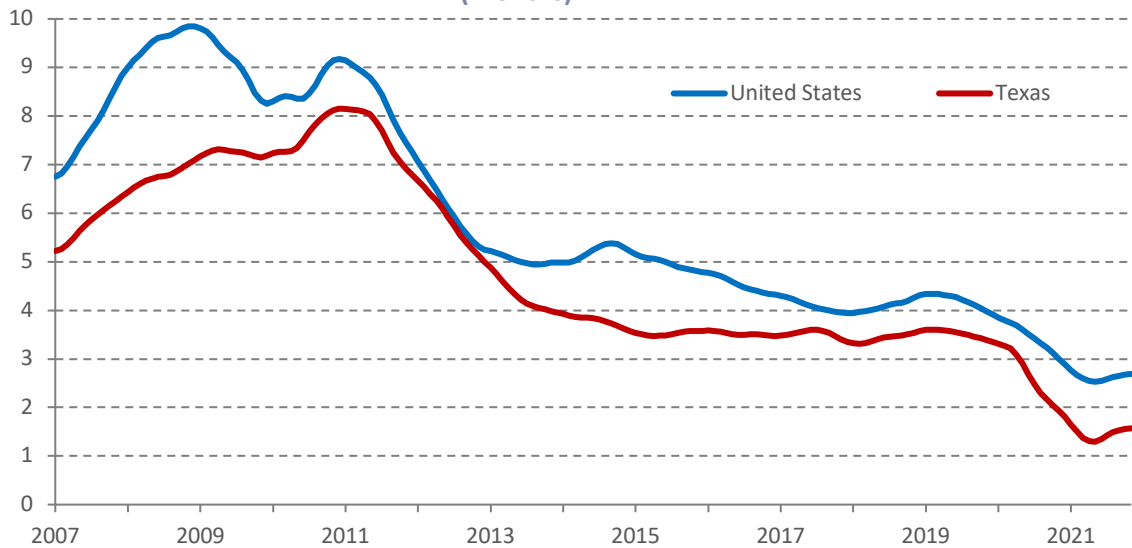
Note: Trend-cycle component.
Sources: U.S. Census Bureau and Bank of Tokyo-Mitsubishi UFJ

Total New Private Single-Family Construction Value (Index Jan 2011 = 100)



Note: Inflation adjusted. Trend-cycle component.
Source: Dodge Data & Analytics

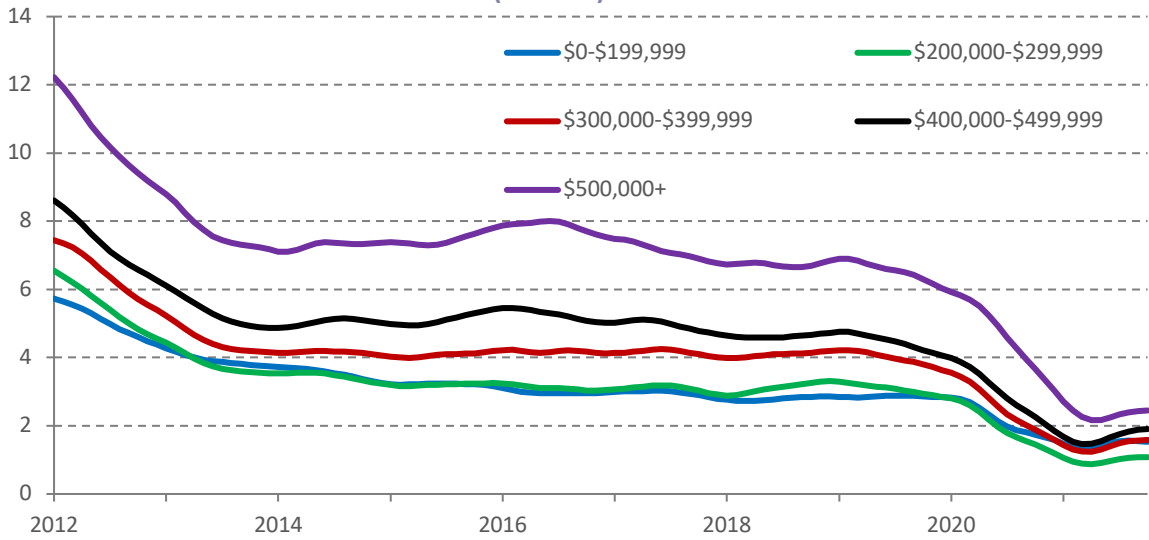
Total Months of Inventory (Months)



Note: Trend-cycle component. Months of inventory for the United States is estimated using weights for all existing homes and new single-family homes; new nonsingle-family homes are not included. Texas includes all existing and new homes. For more information, see [Months of Inventory](#).
Sources: U.S. Census Bureau, National Association of Realtors, and Texas Real Estate Research Center at Texas A&M University

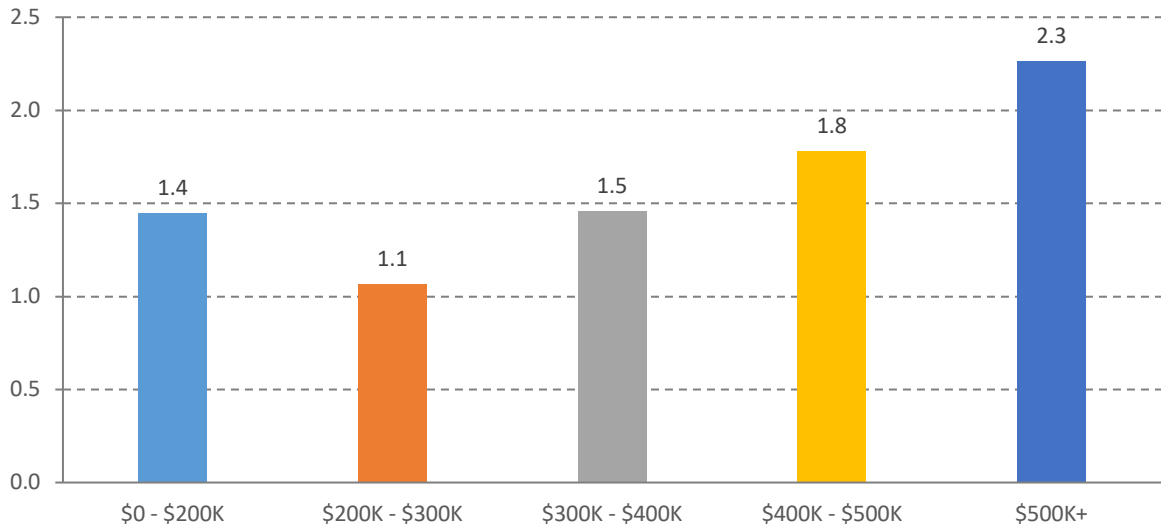


Texas Months of Inventory by Price Cohort (Months)



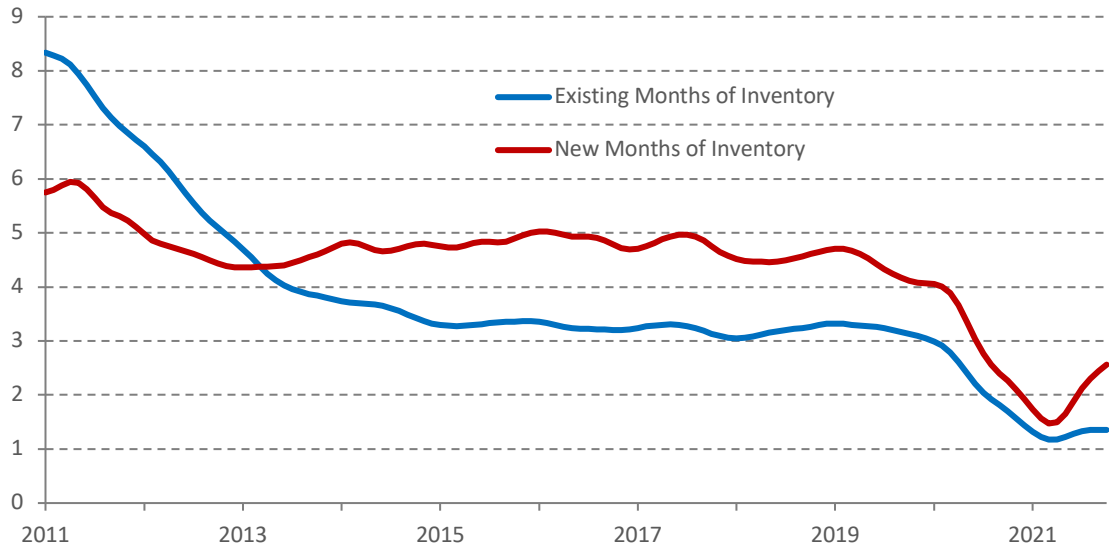
Note: Trend-cycle component.
Source: Texas Real Estate Research Center at Texas A&M University

Texas Current Months of Inventory by Price Cohort (November 2021)



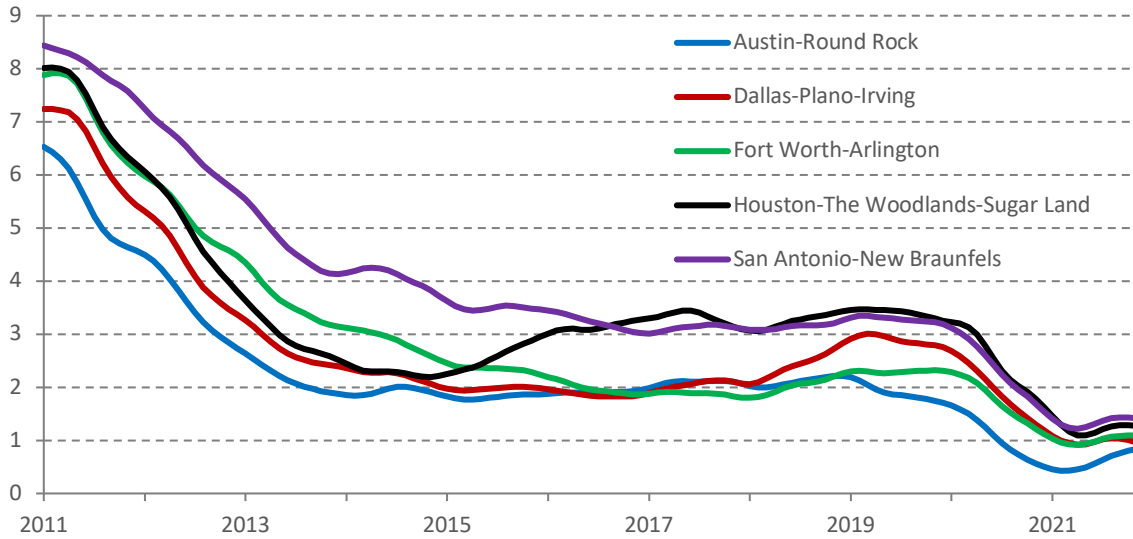
Note: Seasonally adjusted.
Source: Texas Real Estate Research Center at Texas A&M University

Texas Existing and New Home Months of Inventory (Months)



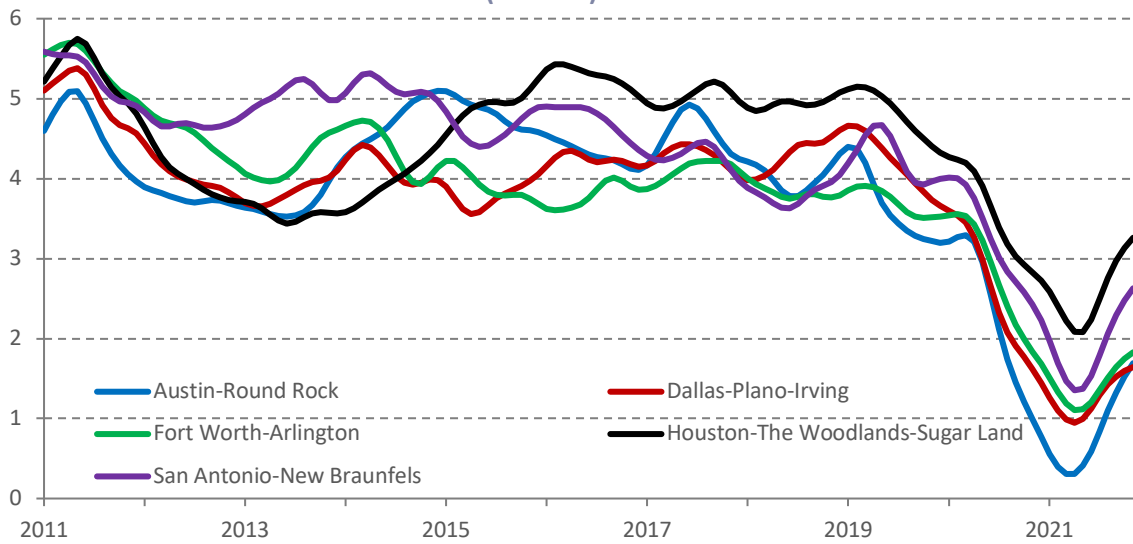
Note: Trend-cycle component.
Source: Texas Real Estate Research Center at Texas A&M University

Major Metros Existing Home Months of Inventory (Months)



Note: Trend-cycle component.
Source: Texas Real Estate Research Center at Texas A&M University

Major Metros New Home Months of Inventory (Months)



Note: Trend-cycle component.

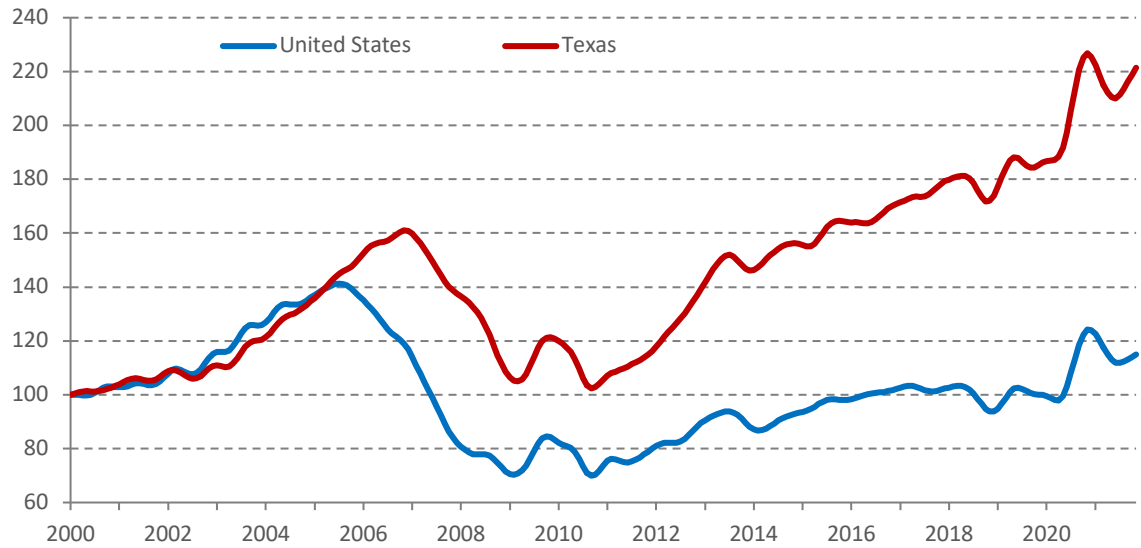
Source: Texas Real Estate Research Center at Texas A&M University





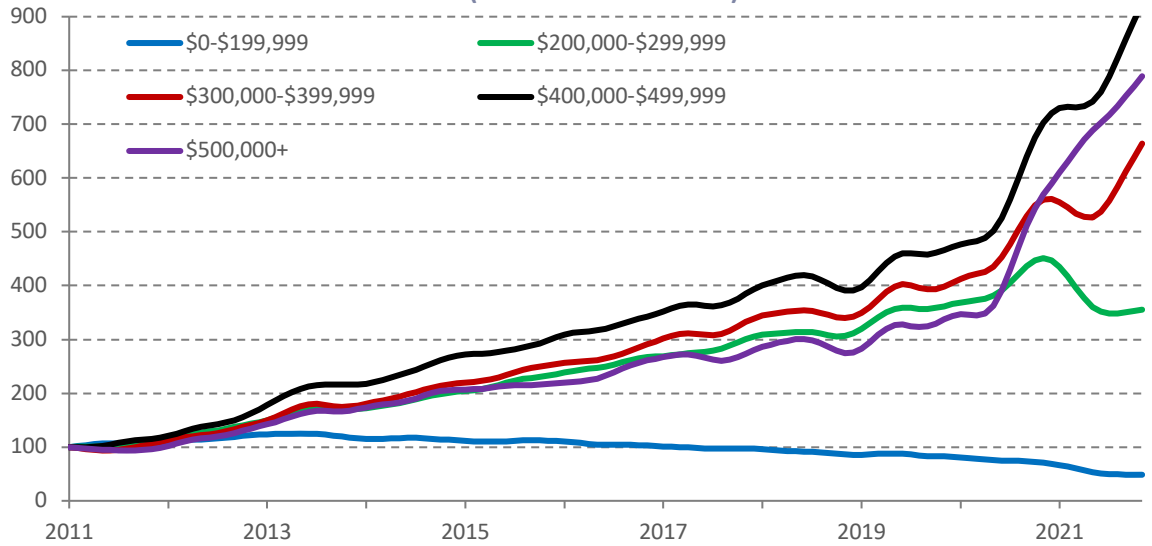
DEMAND

Total Housing Sales
(Index Jan 2000 = 100)



Note: Trend-cycle component. Sales for the United States include all existing homes and new single-family homes sold through an MLS; new non-single-family homes are not included. Texas includes all existing and new homes.
For more information see [Housing Sales](#).
Sources: U.S. Census Bureau, National Association of Realtors, and Texas Real Estate Research Center at Texas A&M University

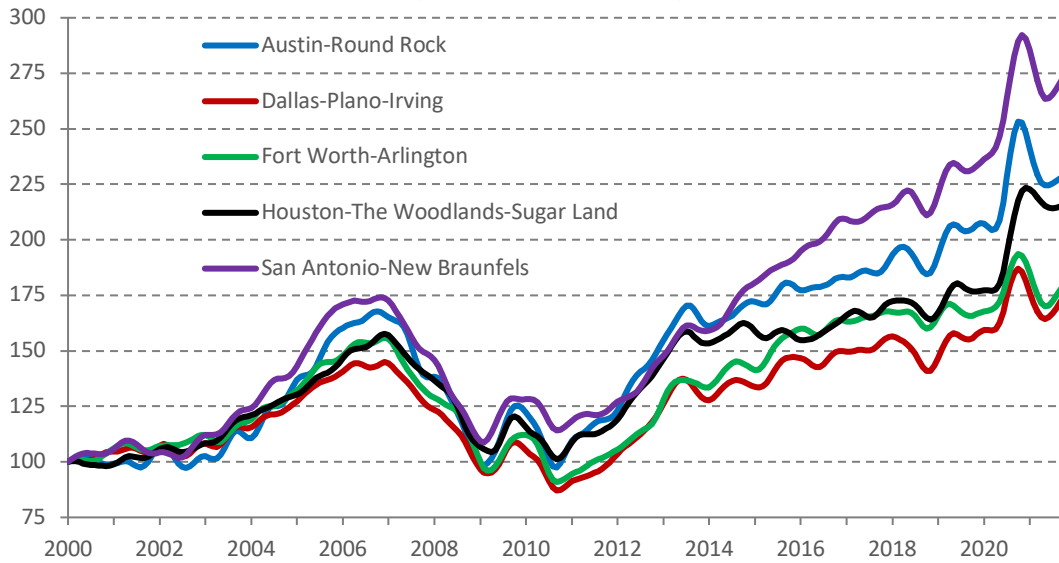
Texas Total Housing Sales by Price Cohort
(Index Jan 2011 = 100)



Note: Trend-cycle component.
Source: Texas Real Estate Research Center at Texas A&M University



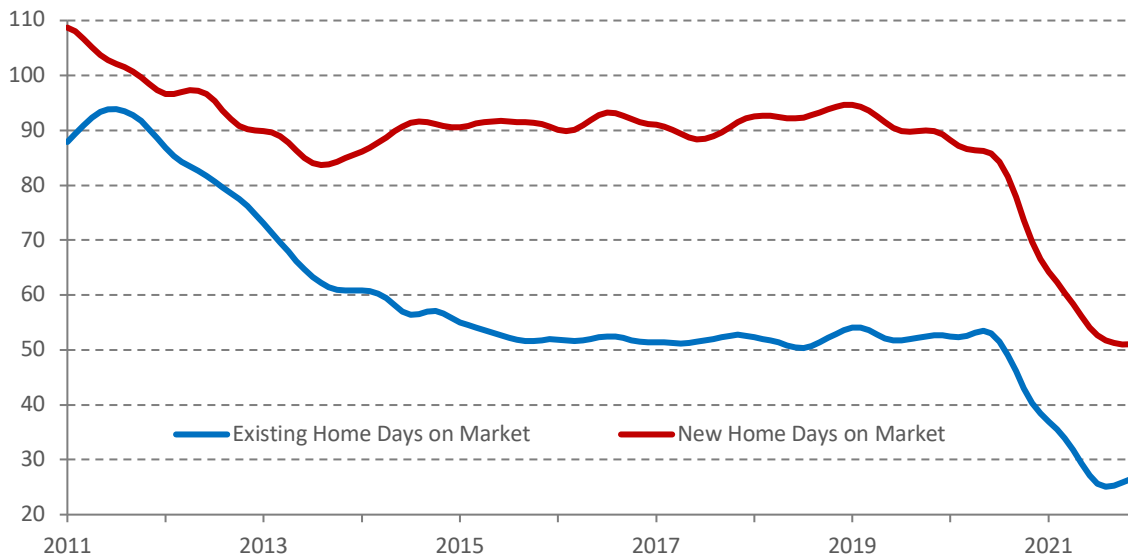
Major Metros Total Housing Sales (Index Jan 2000 = 100)



Note: Trend-cycle component.

Source: Texas Real Estate Research Center at Texas A&M University

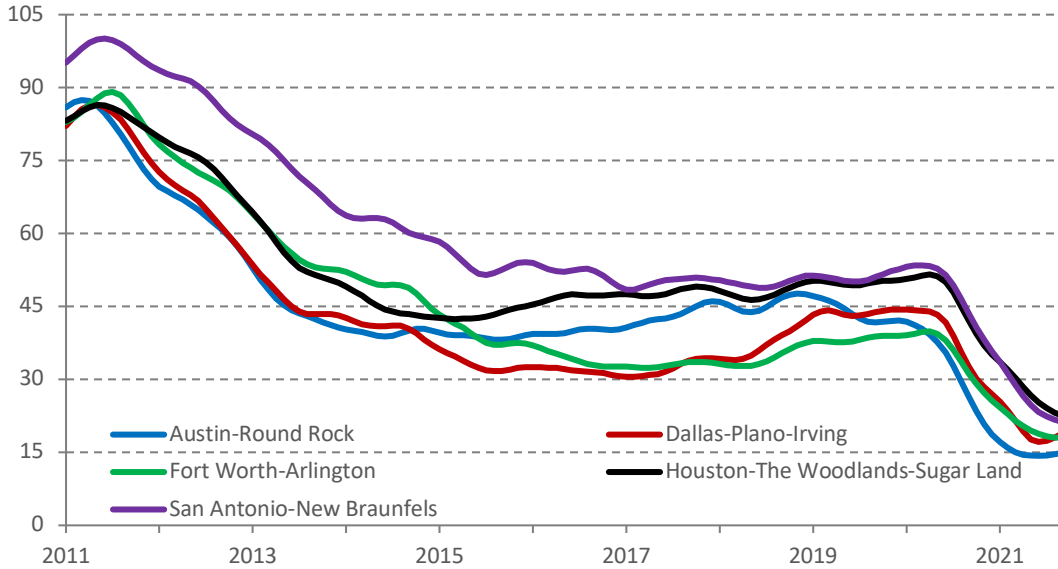
Texas Homes Days on Market (Days)



Note: Trend-cycle component. For single-family homes.

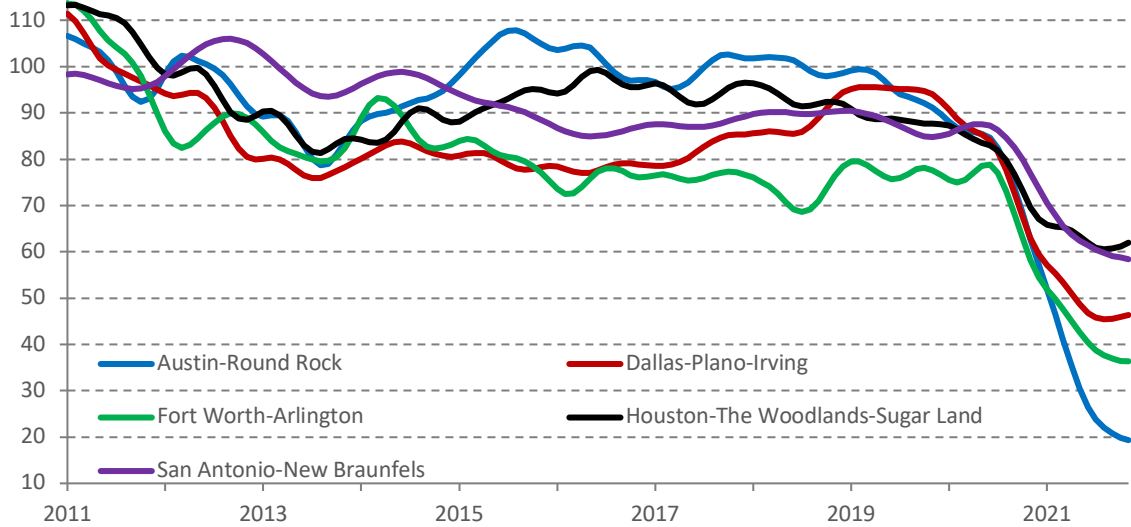
Source: Texas Real Estate Research Center at Texas A&M University

Major Metros Existing Homes Days on Market (Days)



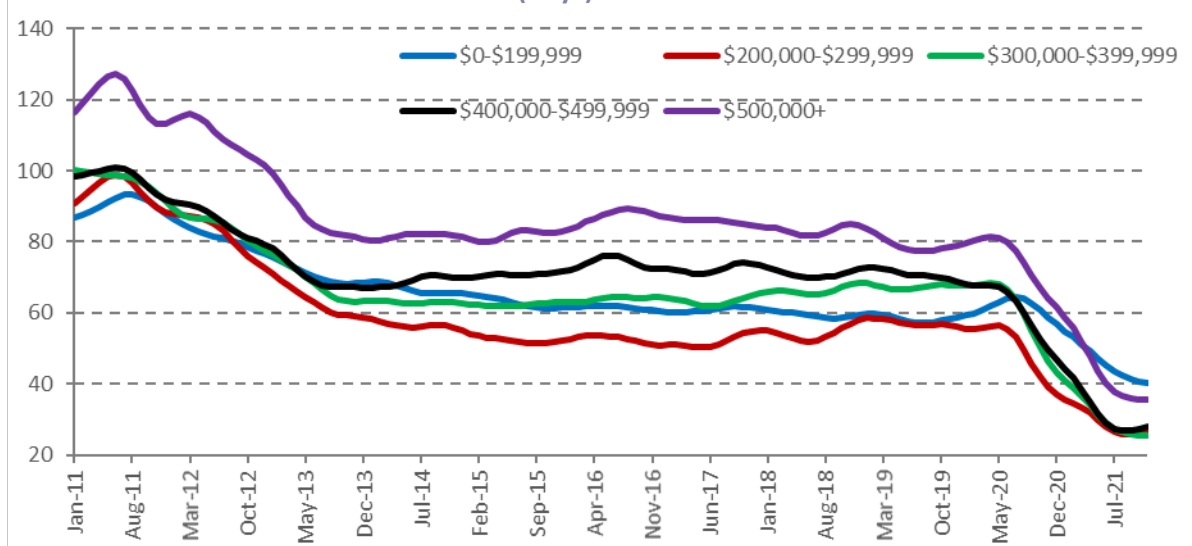
Note: Trend-cycle component. For single-family homes.
Source: Texas Real Estate Research Center at Texas A&M University

Major Metros New Homes Days on Market (Days)



Note: Trend-cycle component. For single-family homes.
Source: Texas Real Estate Research Center at Texas A&M University

Texas Home Days on Market by Price Cohort (Days)



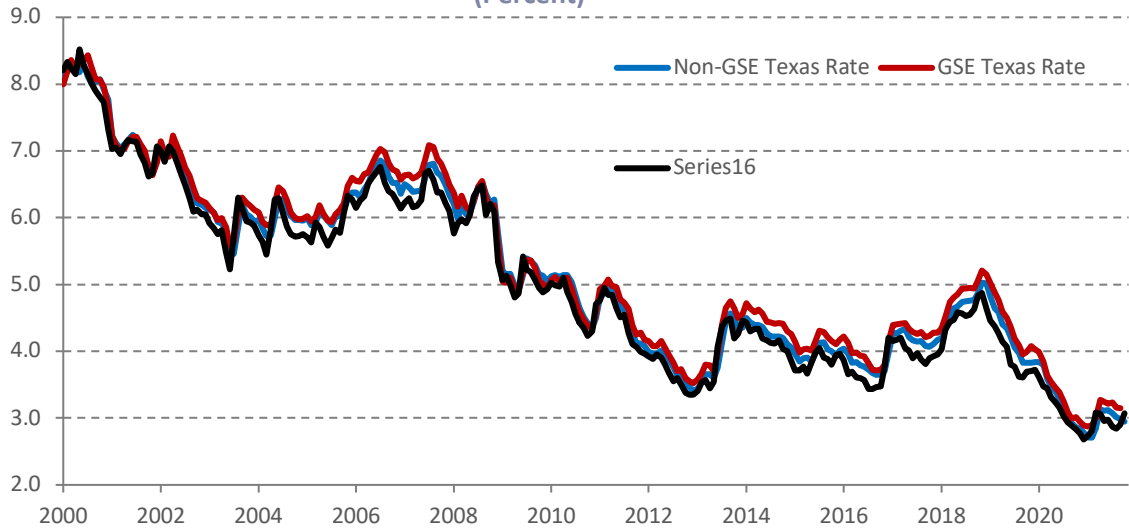
Note: Trend-cycle component. For single-family homes.
Source: Texas Real Estate Research Center at Texas A&M University

30-Year Mortgage Rate and Ten-Year Treasury Yield (Percent)



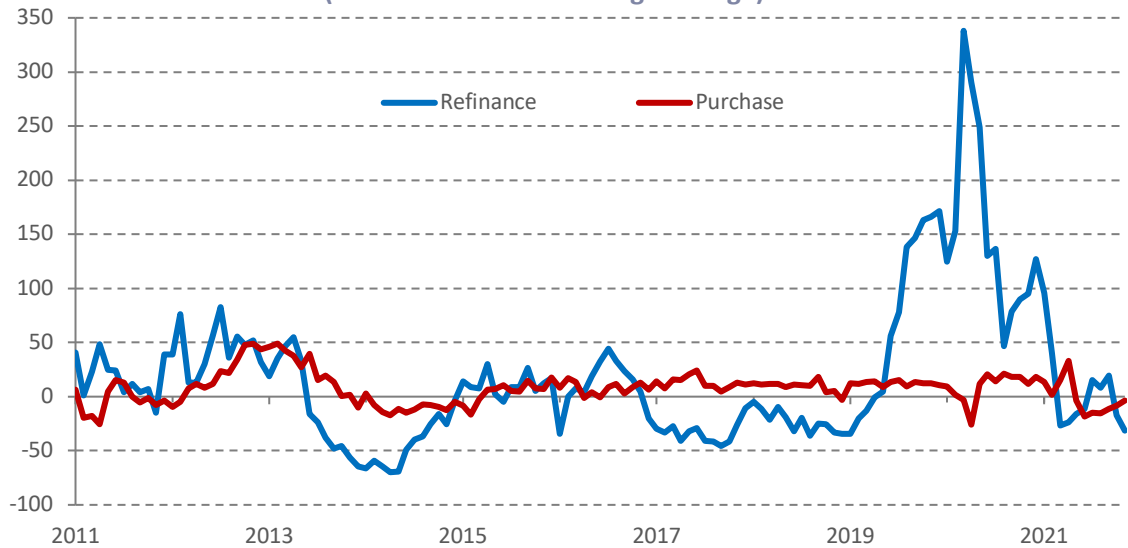
Note: Nonseasonally adjusted.
Sources: Federal Home Loan Mortgage Corporation and Federal Reserve Board

Fixed 30-Year Mortgage Rates (Percent)



Note: Nonseasonally adjusted. The data for the most recent origination month is preliminary.
Sources: Federal Home Loan Mortgage Corporation and TrueStandings Servicing

Texas Mortgage Applications (Year-over-Year Percentage Change)

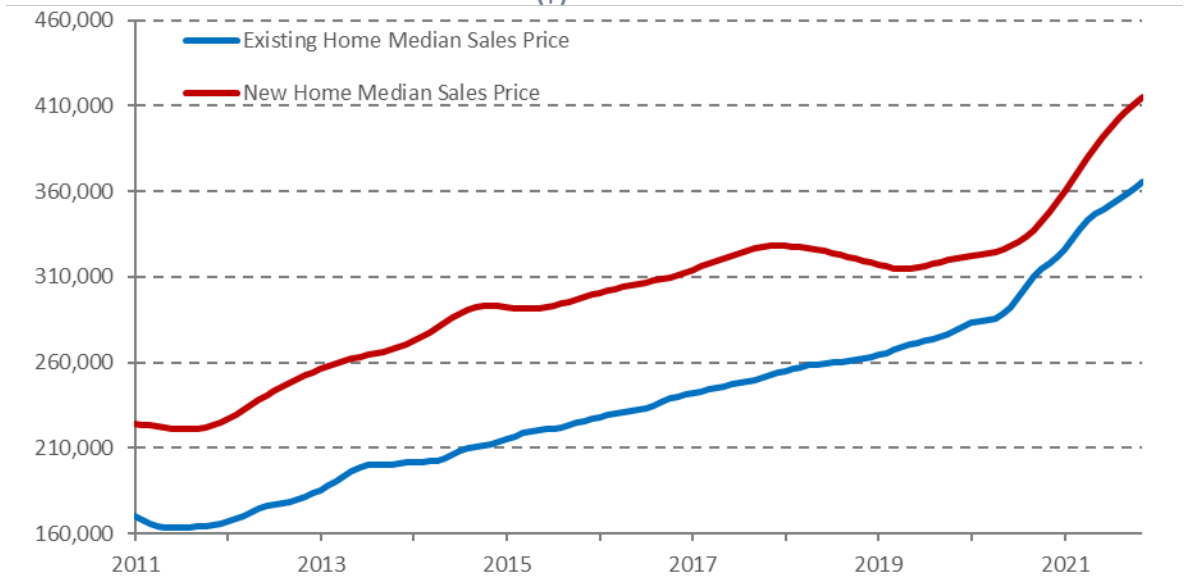


Note: Seasonally adjusted.
Source: Mortgage Bankers Association



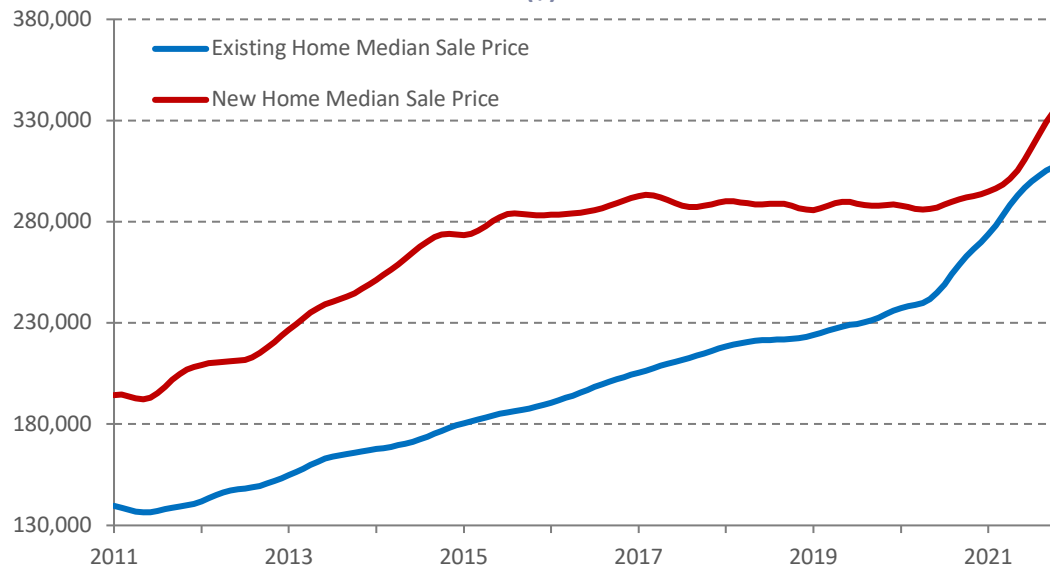
PRICES

United States Existing and New Home Median Sales Price
(\$)



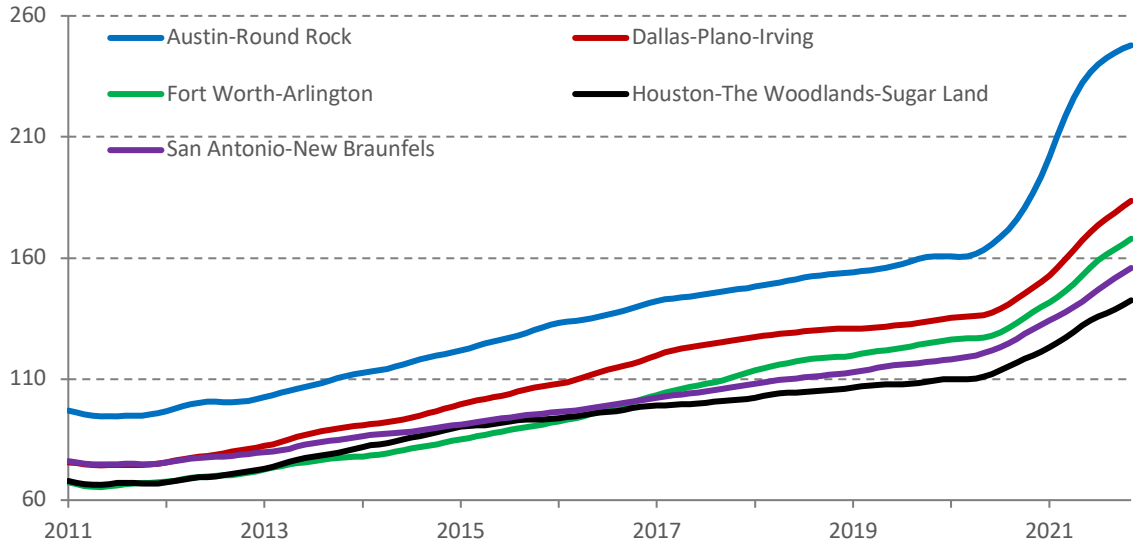
Note: Trend-cycle component. For single-family homes.
Source: Federal Reserve Bank of St. Louis

Texas Existing and New Home Median Sales Price
(\$)



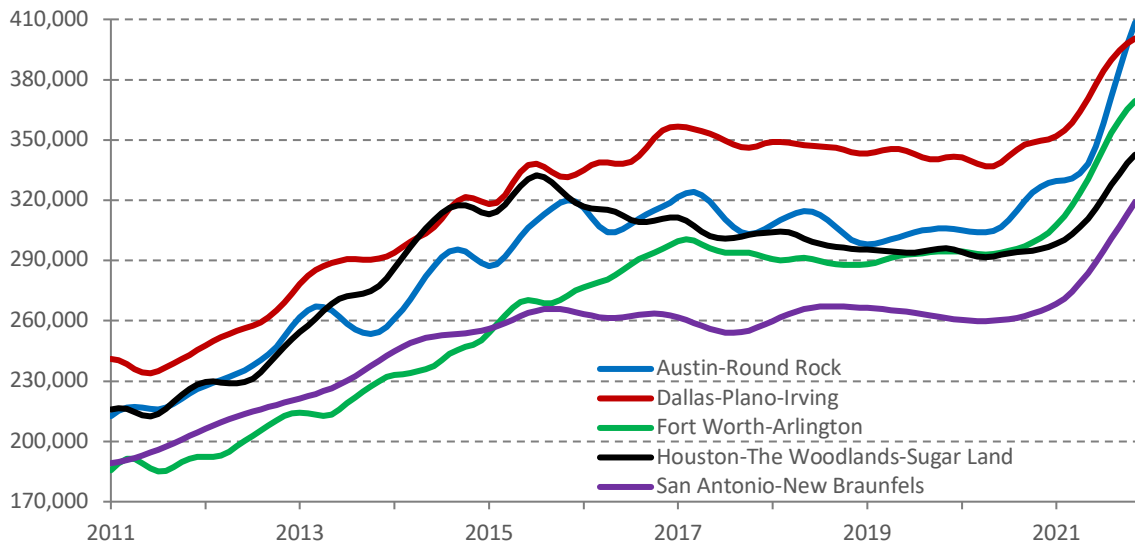
Note: Trend-cycle component. For single-family homes.
Source: Texas Real Estate Research Center at Texas A&M University

Major Metros Existing Home Median Sales Price (\$)



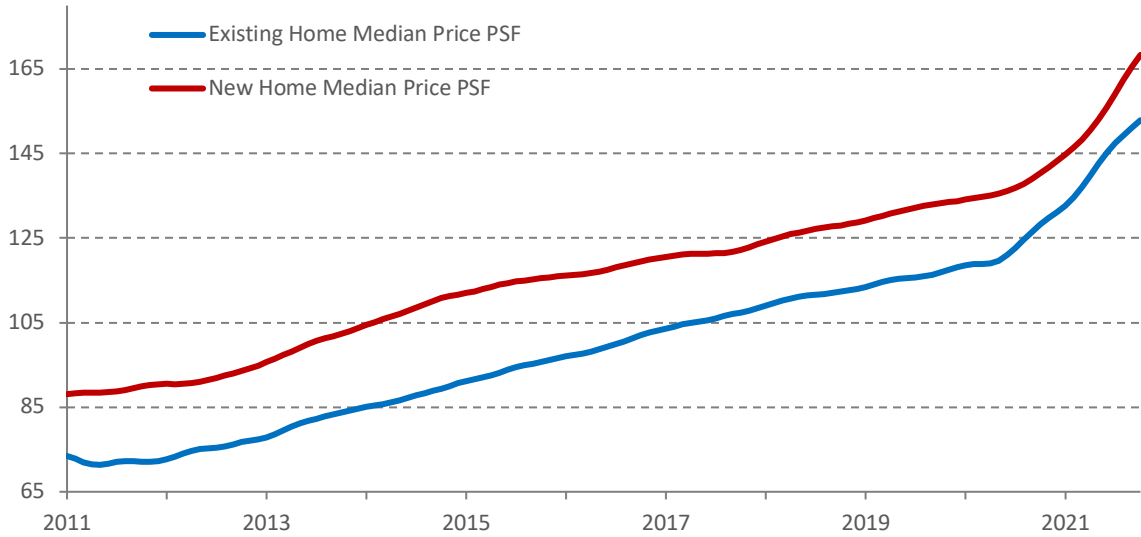
Note: Trend-cycle component. For single-family homes.
Source: Texas Real Estate Research Center at Texas A&M University

Major Metros New Home Median Sales Price (\$)



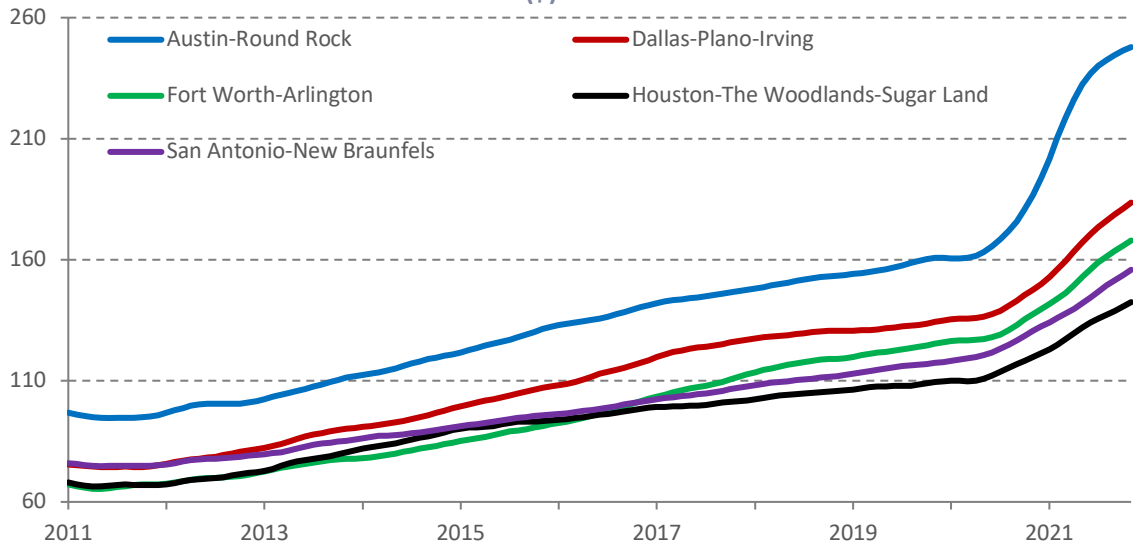
Note: Trend-cycle component. For single-family homes.
Source: Texas Real Estate Research Center at Texas A&M University

Texas Home Median Price Per Square Foot (\$)



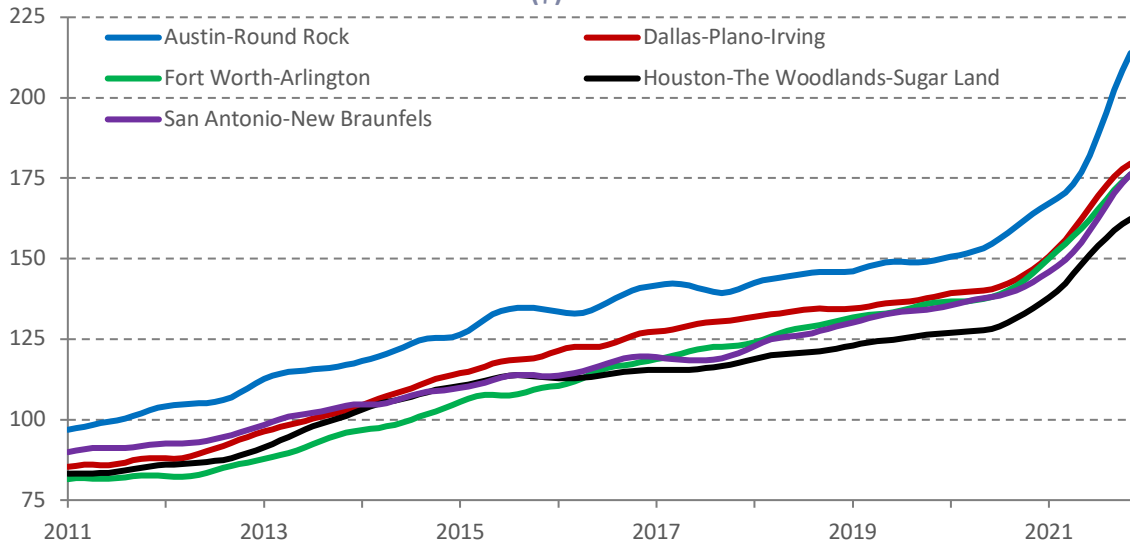
Note: Trend-cycle component. For single-family homes.
 Source: Texas Real Estate Research Center at Texas A&M University

Major Metros Existing Home Median Price Per Square Foot (\$)



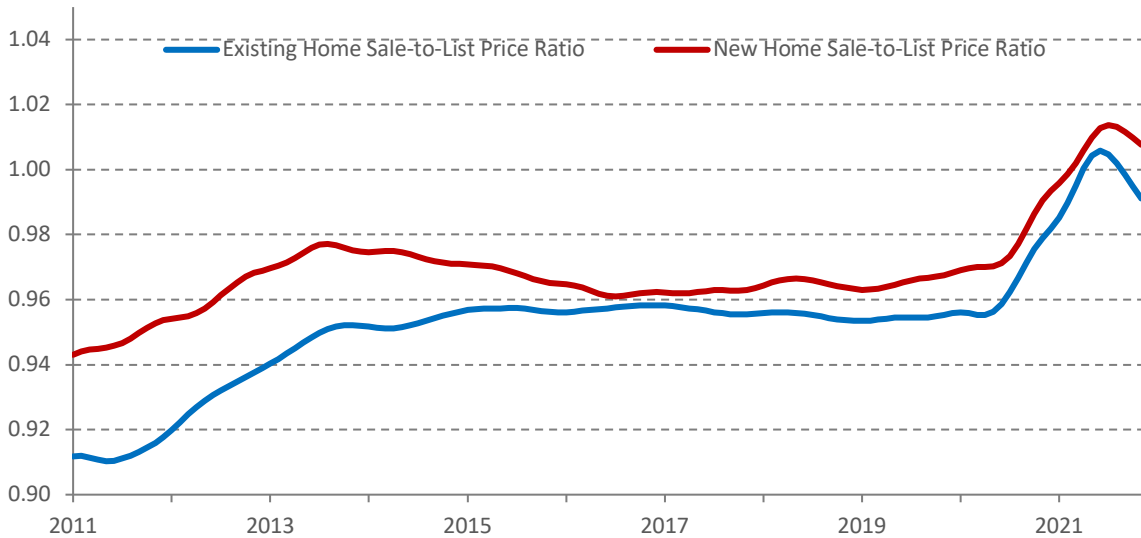
Note: Trend-cycle component. For single-family homes.
 Source: Texas Real Estate Research Center at Texas A&M University

Major Metros New Home Median Price Per Square Foot (\$)



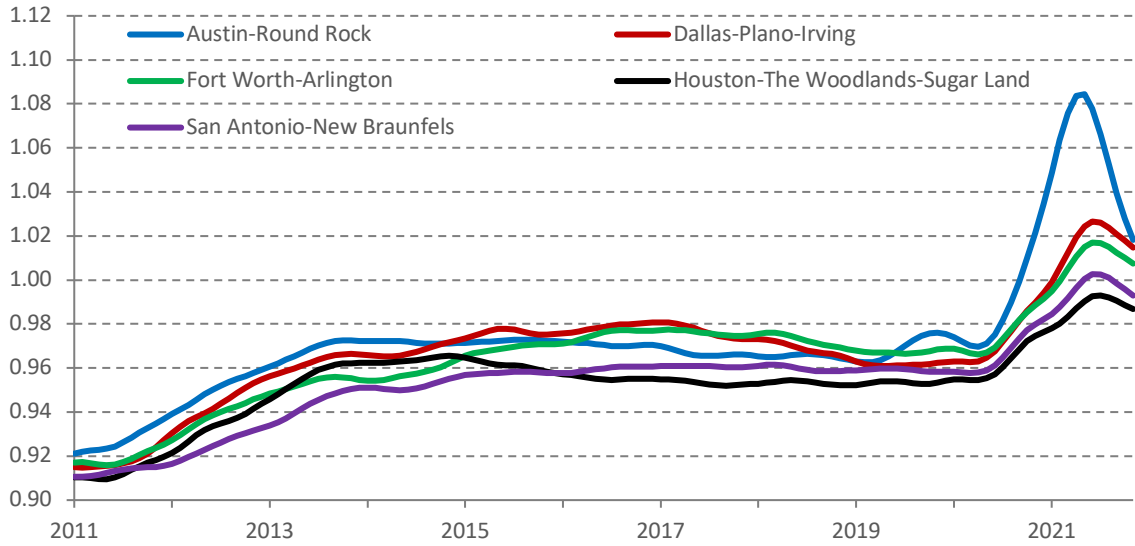
Note: Trend-cycle component. For single-family homes.
Source: Texas Real Estate Research Center at Texas A&M University

Texas Home Sale Price to List Price (Ratio)



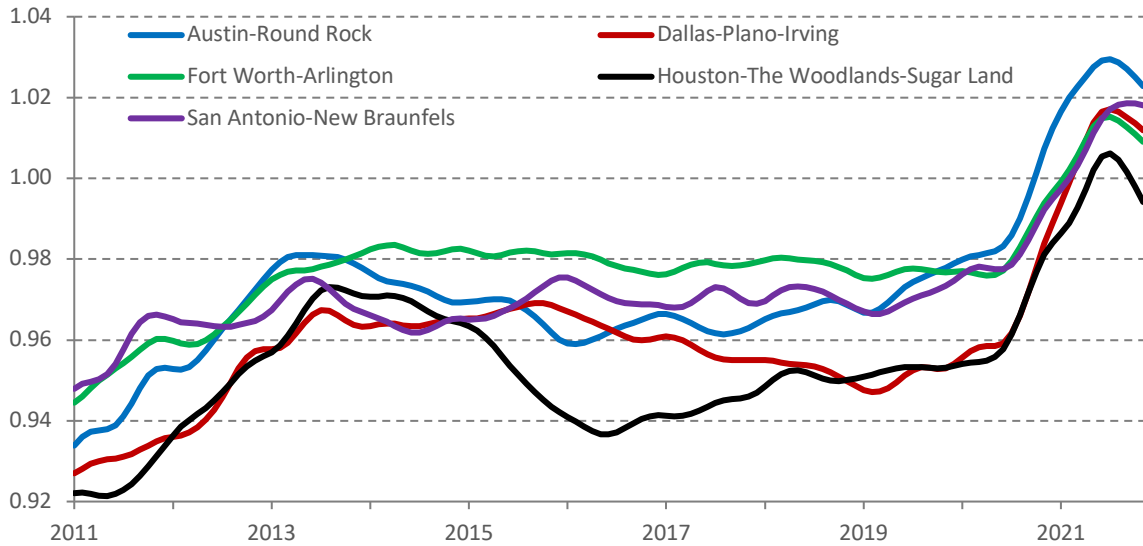
Note: Trend-cycle component. For single-family homes.
Source: Texas Real Estate Research Center at Texas A&M University

Major Metros Existing Home Sale Price to List Price (Ratio)



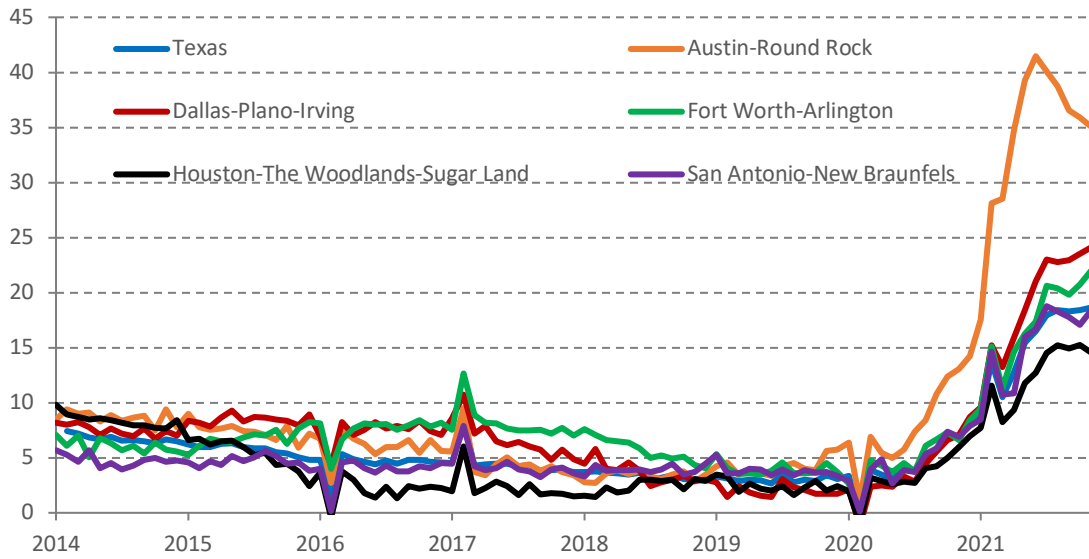
Note: Trend-cycle component. For single-family homes.
Source: Texas Real Estate Research Center at Texas A&M University

Major Metros New Home Sale Price to List Price (Ratio)



Note: Trend-cycle component. For single-family homes.
Source: Texas Real Estate Research Center at Texas A&M University

Repeat Sales Home Price Index (Year-over-Year Percentage Change)



Note: Seasonally adjusted. The Repeat Sales Home Price Index tracks real home price appreciation for residential single-family homes.

Source: Texas Real Estate Research Center at Texas A&M University





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