



TEXAS A&M UNIVERSITY

Texas Real Estate Research Center



TEXAS HOUSING INSIGHT

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FEBRUARY 2022 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 April 20, 2022

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FEBRUARY 2022 SUMMARY

TOTAL TEXAS HOUSING STARTS

▲ 11.3% MOM

MONTHS INVENTORY

▼ 1.2 months

HOUSING SALES

▼ -2.7% MOM

DAYS ON MARKET

▲ 34 days

TX HOME PRICE INDEX

▲ 1.24% MOM

Texas' housing market fell slightly in February as supply constraints continued pushing downward on the market, and mortgage rates increased. February sales and active listings were both down, resulting in an inventory level of about one month. Housing starts rose despite the continued surge in building material prices and dip in permits. The greatest challenge remains for homes in the lower price cohorts, as supply still has not caught up to the unprecedented demand. The state's diverse and expanding economy, favorable business policies, and steady population growth, however, support a favorable outlook.

Supply*

The Texas **Residential Construction Cycle (Coincident) Index**, which measures current construction activity, increased both nationally and within Texas as employment exceeded the pre-pandemic level, and construction values accelerated. The Texas **Residential Construction Leading Index (RCLI)** advanced, signaling an expected elevation in future activity. The most influential metric in the leading index was the rise in residential construction value among new construction starts.

Single-family construction permits contracted half a percent seasonally adjusted for February, lagging the national increase of 3.9 percent month over month (MOM). Austin and Dallas-Fort Worth permit activity fell 10.7 and 0.3 percent, respectively. Houston and San Antonio, on the other hand, increased 9.1 and 2.4 percent, respectively. Houston's permit growth rate topped the national list, issuing 5,316 permits, while Dallas followed with 4,091.

Lumber prices rose 11.4 percent in a month and were up 78.3 percent year over year (YOY), drastically raising the costs associated with home building. Despite the lumber market disruption, robust economic conditions and copious demand pushed **total Texas housing starts** up for the fourth consecutive month, soaring 11.3 percent MOM. However, **single-family private construction values** subsided 0.7 percent MOM. Austin accounted for the majority of the loss with a 23.4 percent dip from the previous month, while San Antonio had a 0.1 percent decrease. Dallas-Fort Worth was unchanged, and Houston posted an 8.3 percent hike.

Texas' months of inventory (MOI) remained one-month in February while the U.S. had 2.5 months of inventory for the same period, accentuating how intense housing demand is in Texas. Supply continued to be an issue across all price categories but especially for homes in the lowest price

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



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range. Total housing inventory is still tight in Texas' four biggest metros. Both Austin and DFW remained below one month while Houston and San Antonio were slightly above.

Demand

Texas home sales were down from January, ending February slightly above 28,000. Sales fell in each of the four major Texas metros except San Antonio, where sales grew by almost 1 percent. February sales were negatively impacted by rising mortgage rates and higher home prices that continue to shut out some potential homebuyers.

The Federal Reserve is expected to reduce its balance sheet assets and increase the Federal Funds rate at least two to four times in 2022. The **ten-year U.S. Treasury bond yield** rose to 1.8 percent*, up 0.3 percent from the previous month. The **Federal Home Loan Mortgage Corporation's 30-year fixed-rate** hovered around 3.5 percent, rising 0.4 percent over the previous month. The median mortgage rate for the typical Texas homebuyer climbed to 3.5 percent for government sponsored enterprise (GSE) loans in January† and to 3.2 percent for non-GSE loans. February home-purchase applications inched up by 3.1 percent year to date (YTD), while refinance activities declined by 23.4 percent. (For more information, see *Finding a Representative Interest Rate for the Typical Texas Mortgagee* at <https://www.recenter.tamu.edu/articles/research-article/Finding-Representative-Interest-Rate2278>.)

In January, the median loan-to-value (LTV) constituting the "typical" Texas conventional-loan mortgage dropped from 87.7 a year ago to 83.8. The debt-to-income ratio (DTI) stayed unchanged from a year ago at 36.4 YOY, while the median credit score increased 8.7 points to 752.8 over the same period. The LTV for GSE borrowers stayed constant from December through January at 85.5; meanwhile, their DTI increased slightly from 36.8 to 37.3.

Prices

Texas' median home price continued to increase, consistently growing since the start of the pandemic. Austin remains at the top with half the homes selling for almost \$500,000. DFW is a distant second with a median home price around \$375,000. Median prices for both Houston and San Antonio hovered slightly above \$300,000.

The **Texas Repeat Sales Home Price Index** accounts for compositional price effects and provides a better measure of changes in single-family home values. The Texas index has risen 31.7 percent since the pandemic started. Texas home prices were up 1.24 percent MOM, escalating for the 21st consecutive month. While growth in all other metros accelerated at a steady pace, Austin's explosive growth has slowed since last summer. In summary, Texas' overall increasing home prices decreased its affordability advantage over states like California.

At the metropolitan level, Austin's repeat sales home price index value surpassed all other metros with 29.1 percent YOY growth. Corroborating with the growth rate of median prices, Dallas

* 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.

† The release of Texas mortgage rate data typically lags the Texas Housing Insight by one month.

followed with a 28 percent YOY expansion. Fort Worth and San Antonio's indexes rose 23.3 and 19.7 percent, respectively. Houston followed with a 16.9 percent gain.

Household Pulse Survey

According to the U.S. Census Bureau's Household Pulse Survey, the share of homeowners unable to make next month's mortgage payment increased on a state level. Over 8.6 percent were "not at all confident" or only "slightly confident" they'd be able to make payments. The national average was just over 7.1 percent (Table 1). The number of Texas mortgage owners facing foreclosure increased (Table 2). However, the share of respondents who reported themselves as "not likely at all" to lose their house due to foreclosure also increased, inching up 1 percent to 43 percent. This is marginally above the national average of 42.9 percent (Table 2).



Table 1. Last Month's Payment Status for Owner-Occupied Housing Units

	Confidence in Ability to Make Next Month's Payment						Payment is/will be deferred	Did Not Report
	Owned Free and Clear	Not at all Confident	Slightly Confident	Moderately Confident	Highly Confident			
United States	36.5%	2.3%	4.8%	9.5%	45.7%	0.8%	0.5%	
Texas	40%	1.9%	6.7%	8.9%	40.7%	1.2%	0.7%	
Dallas-Fort Worth	34.5%	3.5%	7.9%	12.2%	38.2%	3.6%	0.2%	
Houston-The Woodlands-Sugar Land	41.2%	3.3%	4.9%	10.7%	37.8%	2.0%	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, Feb. 17-Mar. 1, 2022

Table 2. Likelihood of Leaving this House in Next Two Months Due to Foreclosure

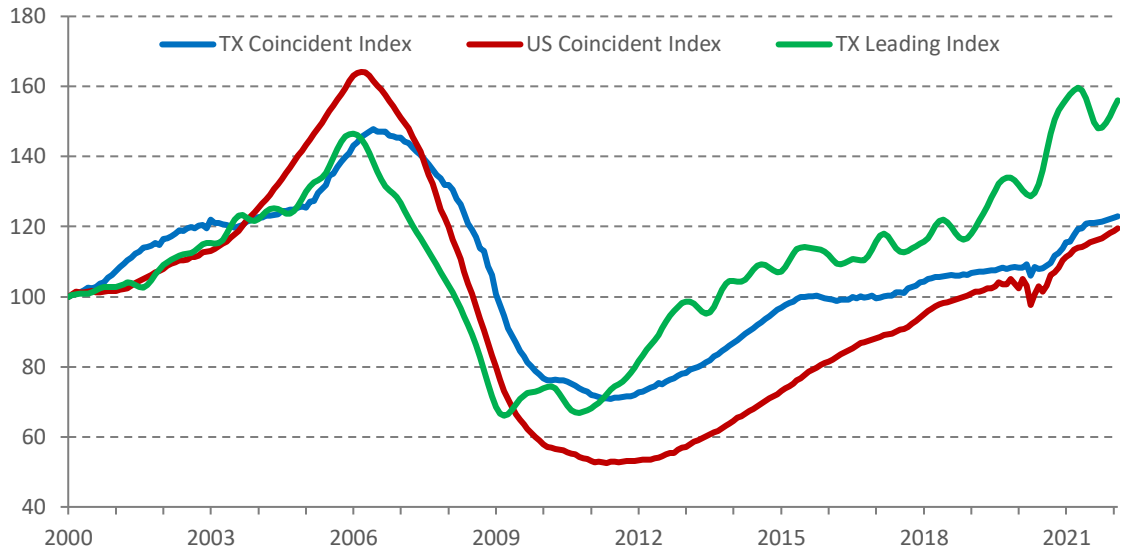
	Very Likely	Somewhat Likely	Not Very Likely	Not Likely at All	Did Not Report
United States	4.7%	13.9%	33.5%	42.9%	5.1%
Texas	5.1%	15.1%	35%	43%	1.8%
Dallas-Fort Worth	-	25.8%	32.9%	39.6%	1.8%
Houston-The Woodlands-Sugar Land	2.5%	15.9%	32.9%	48.6%	-

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.

Source: U.S. Census Bureau Household Pulse Survey, Feb. 17-Mar. 1, 2022



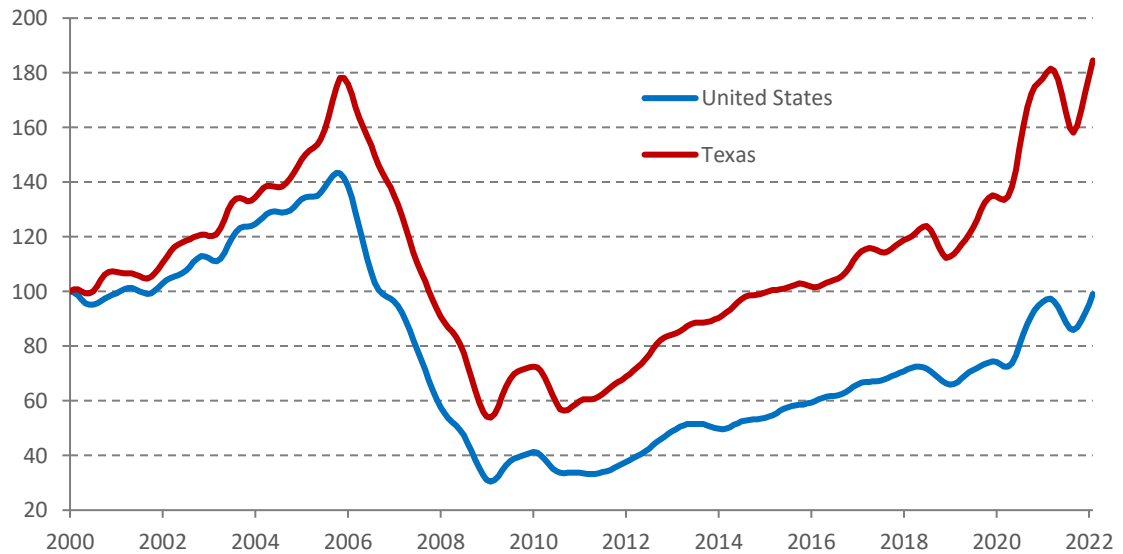
Texas Residential Construction Index
(Index Jan 2000 = 100)



Note: Trend-cycle component.

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

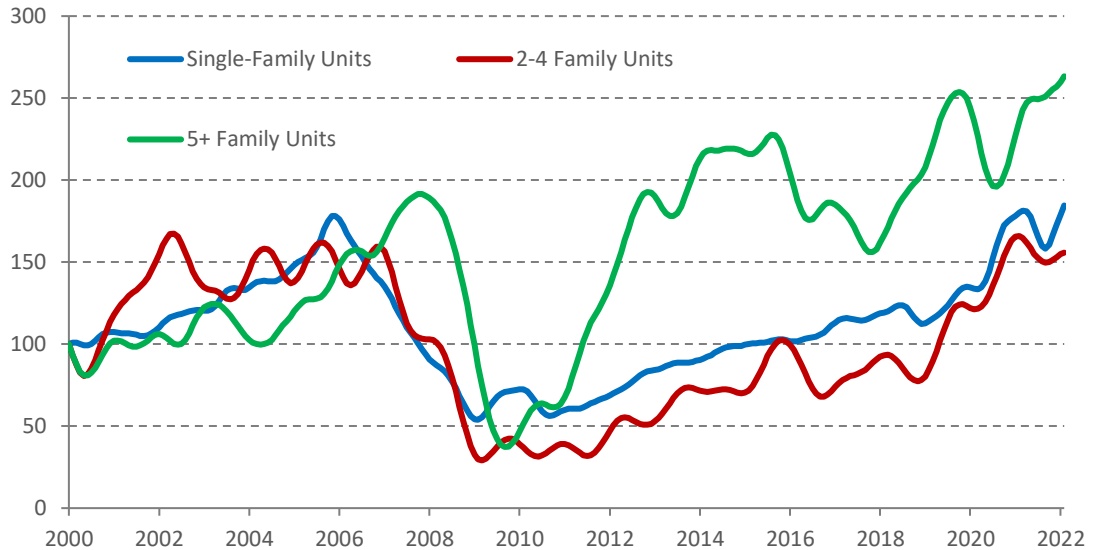
Single-Family Housing Construction Permits
(Index Jan 2000 = 100)



Note: Trend-cycle component.

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

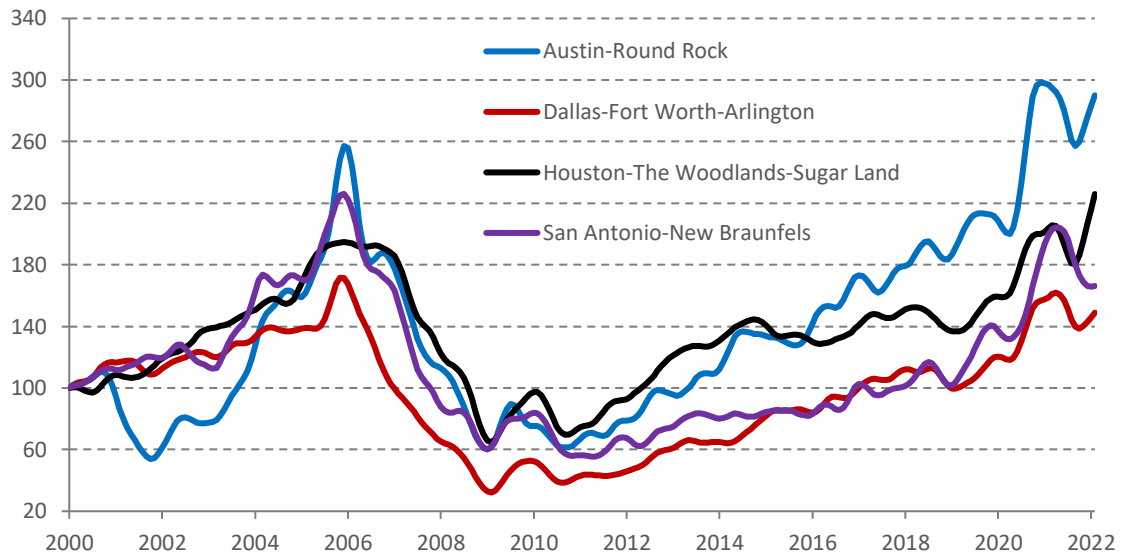
Texas Housing Construction Permits (Index Jan 2000 = 100)



Note: Trend-cycle component.

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

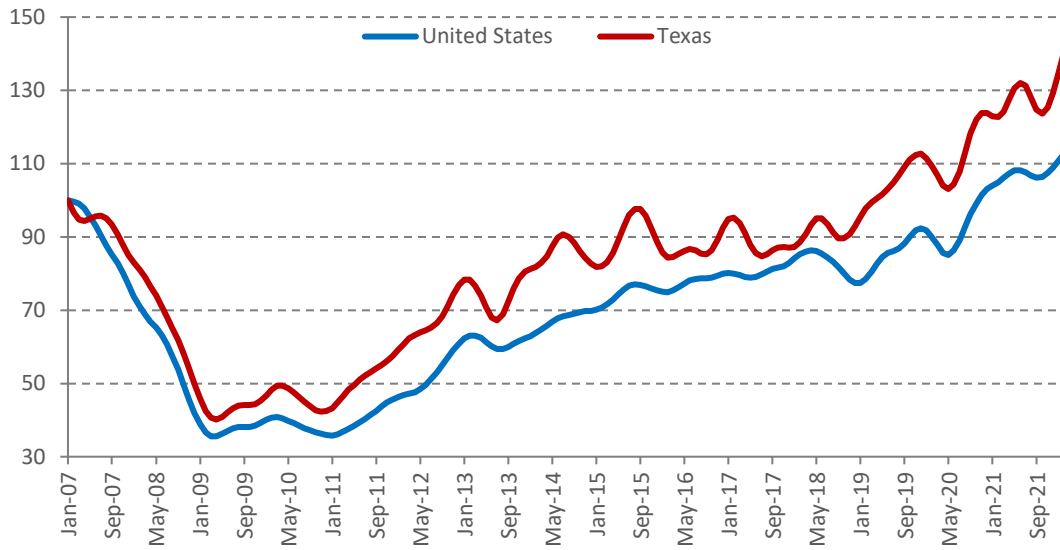
Major Metros Single-Family Housing Construction Permits (Index Jan 2000 = 100)



Note: Trend-cycle component. Fort Worth is missing data for Somervell County.

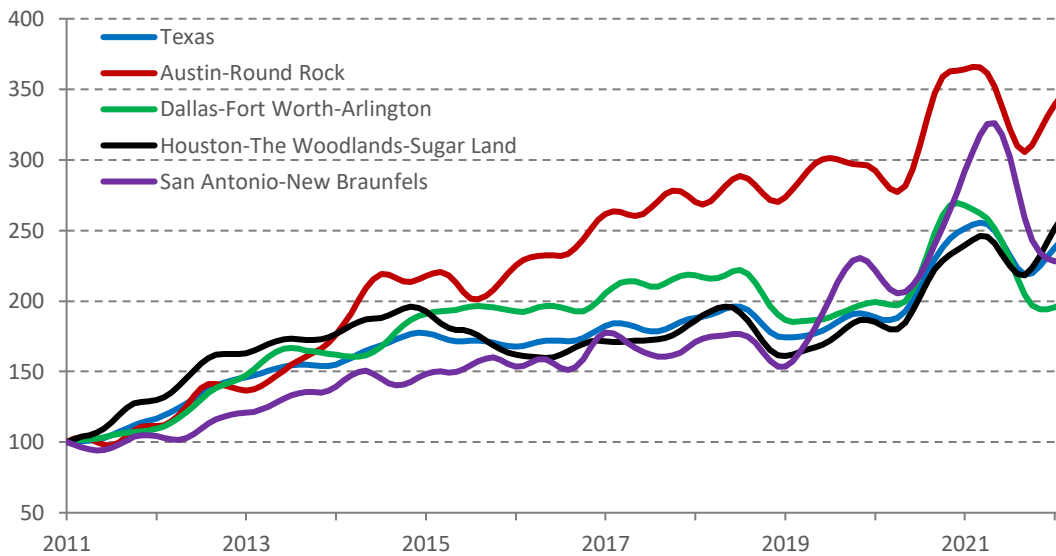
Sources: U.S. Census Bureau and Texas Real Estate Research Center at Texas A&M University

Total Housing Starts
(Index Jan 2007 = 100)



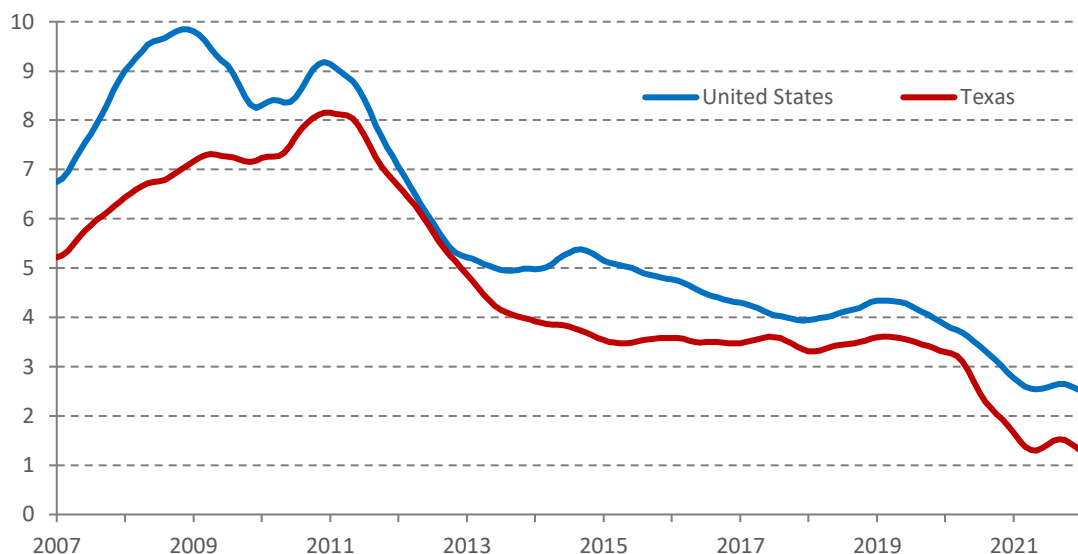
Note: Trend-cycle component.
Sources: U.S. Census Bureau and Bank of Tokyo-Mitsubishi UFJ

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



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

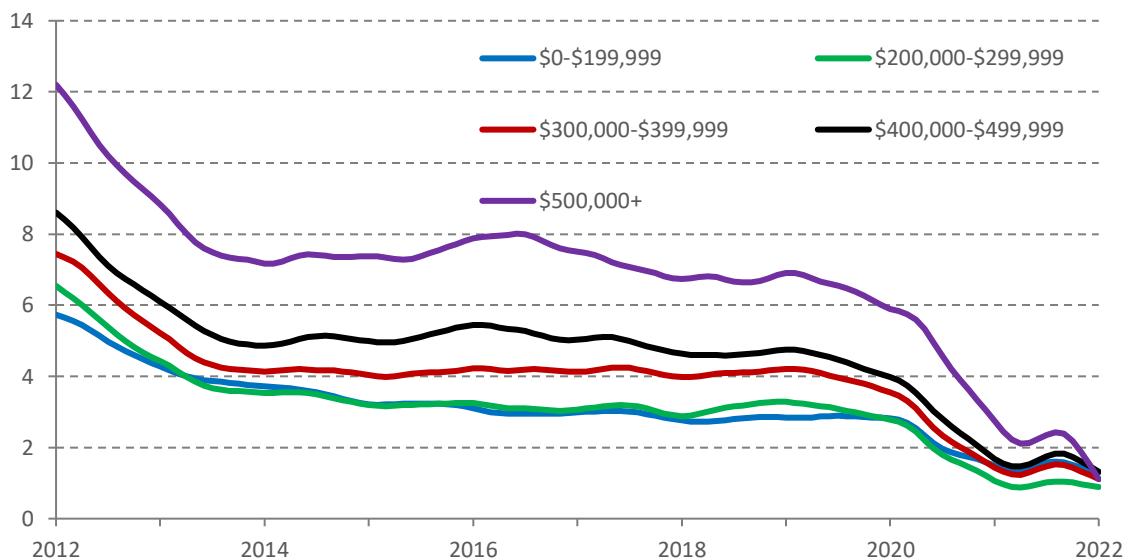
Total Months of Inventory (Months)



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



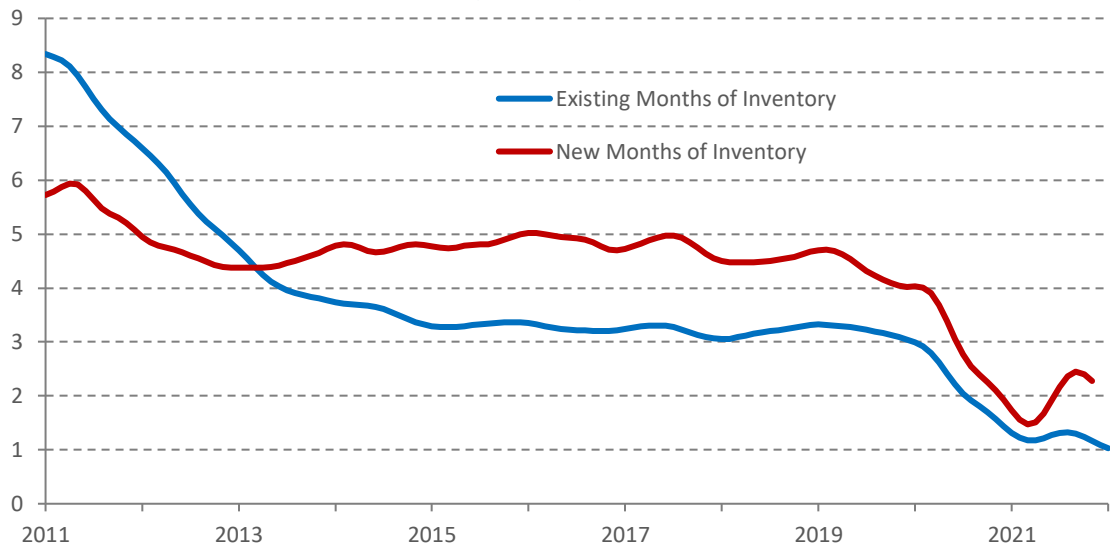
Texas Current Months of Inventory by Price Cohort (January 2021)



Note: Seasonally adjusted.

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

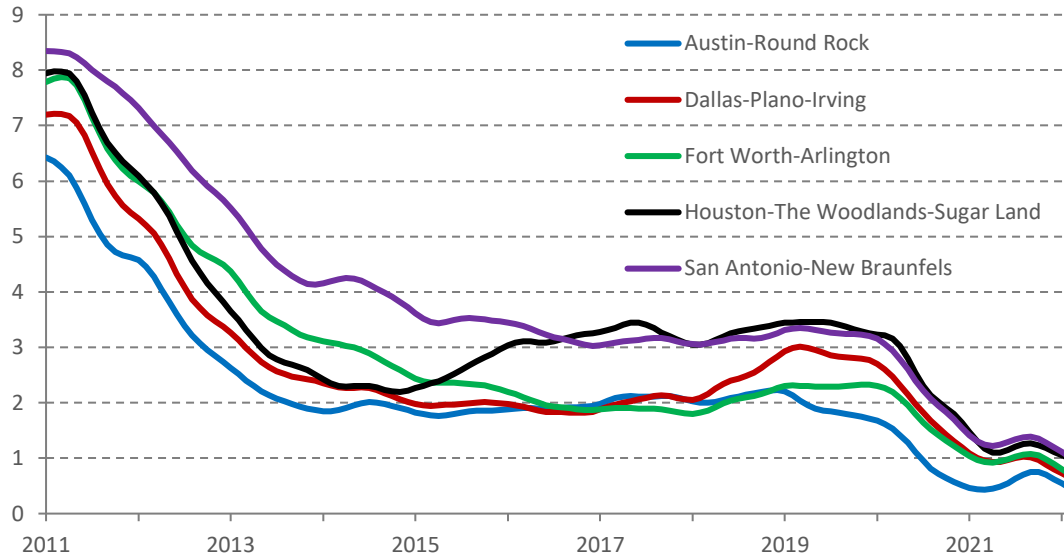
Texas Existing and New Home Months of Inventory (Months)



Note: Trend-cycle component.

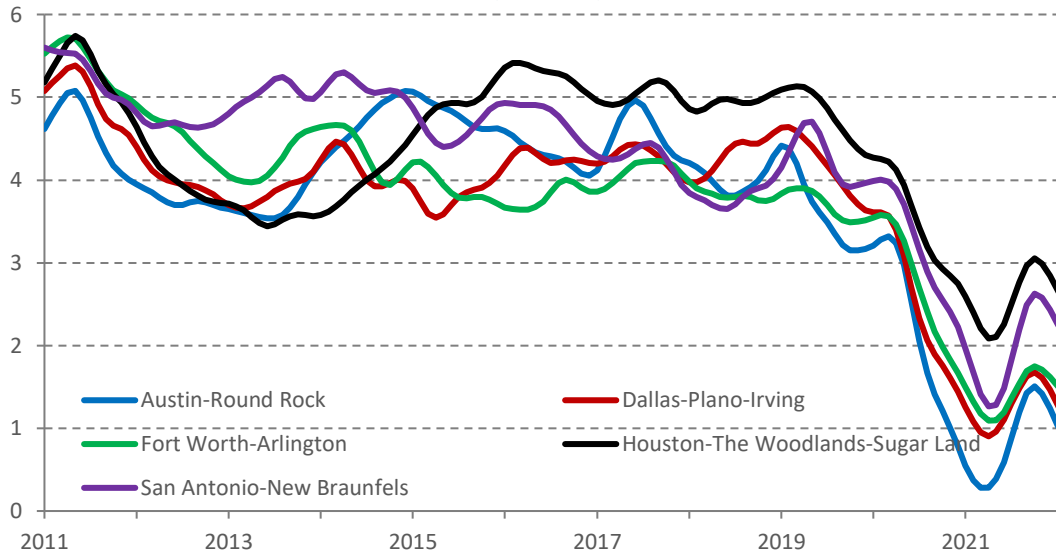
Source: Texas Real Estate Research Center at Texas A&M University

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)

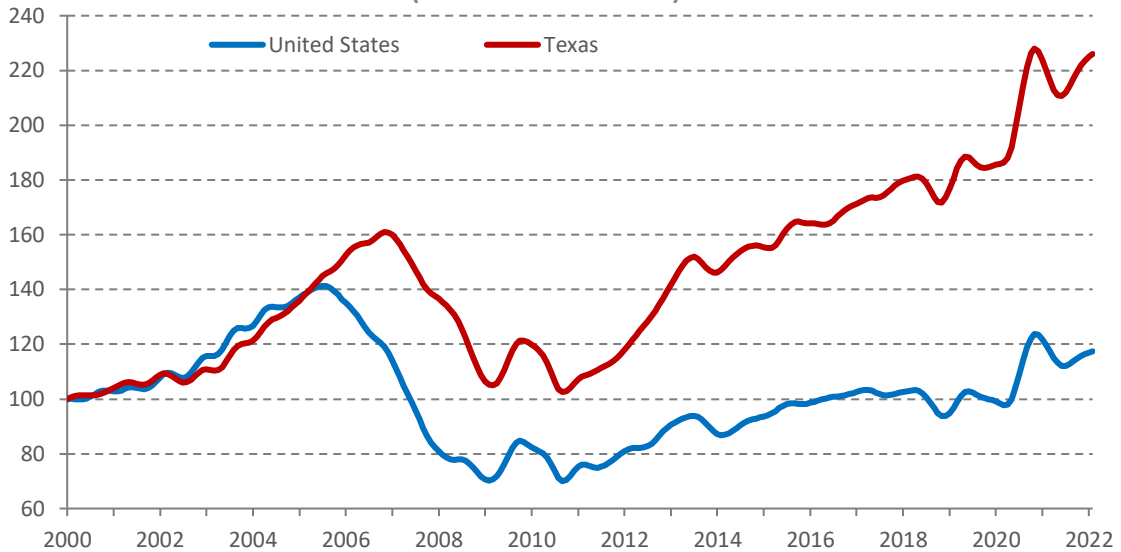


Note: Trend-cycle component.
Source: Texas Real Estate Research Center at Texas A&M University



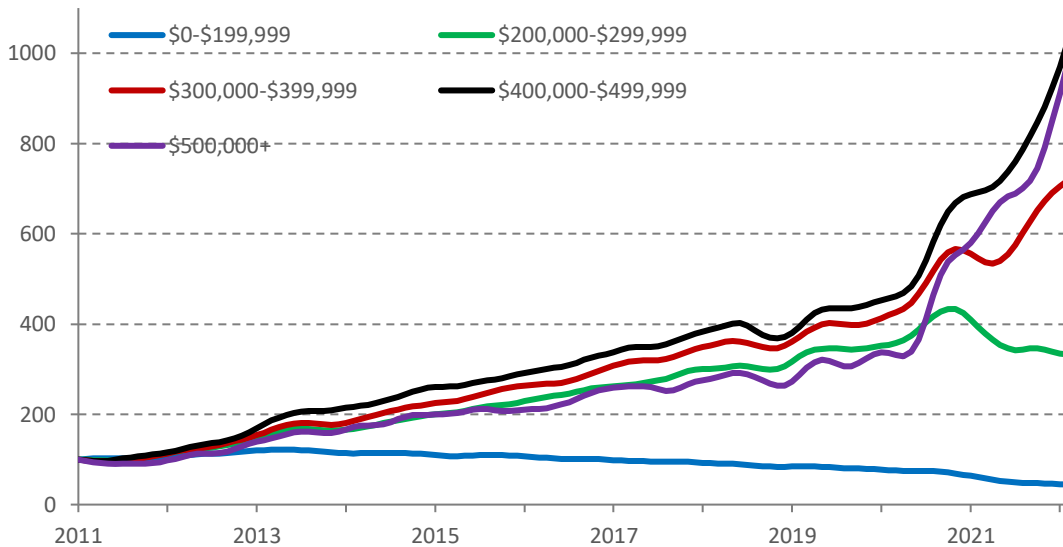
DEMAND

Total Housing Sales
(Index Jan 2000 = 100)



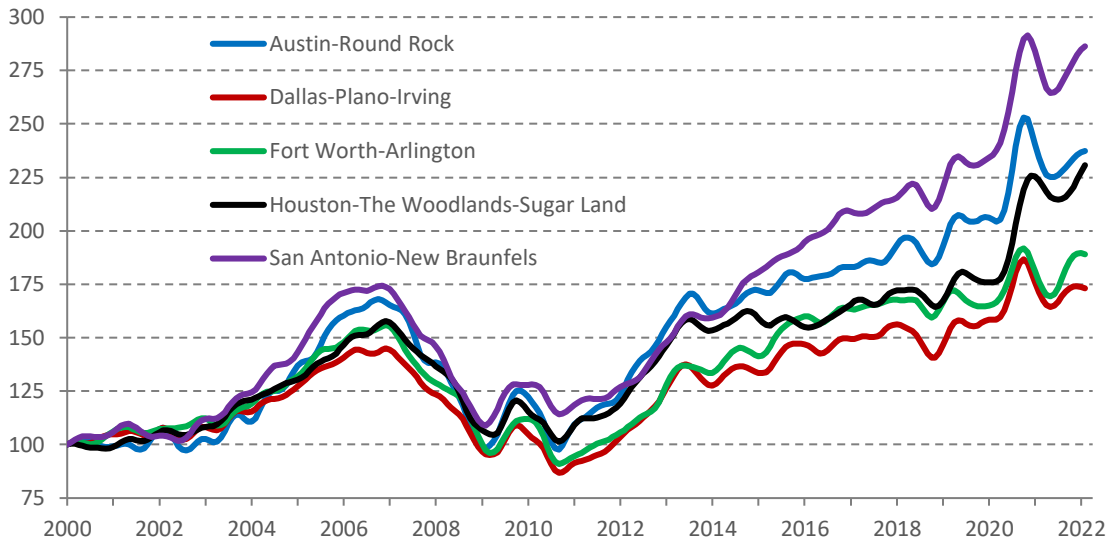
Note: Trend-cycle component. Sales for the United States include all existing homes and new single-family homes sold through an MLS; new non-single-family homes are not included. Texas includes all existing and new homes.
For more information see [Housing Sales](#).
Sources: U.S. Census Bureau, National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



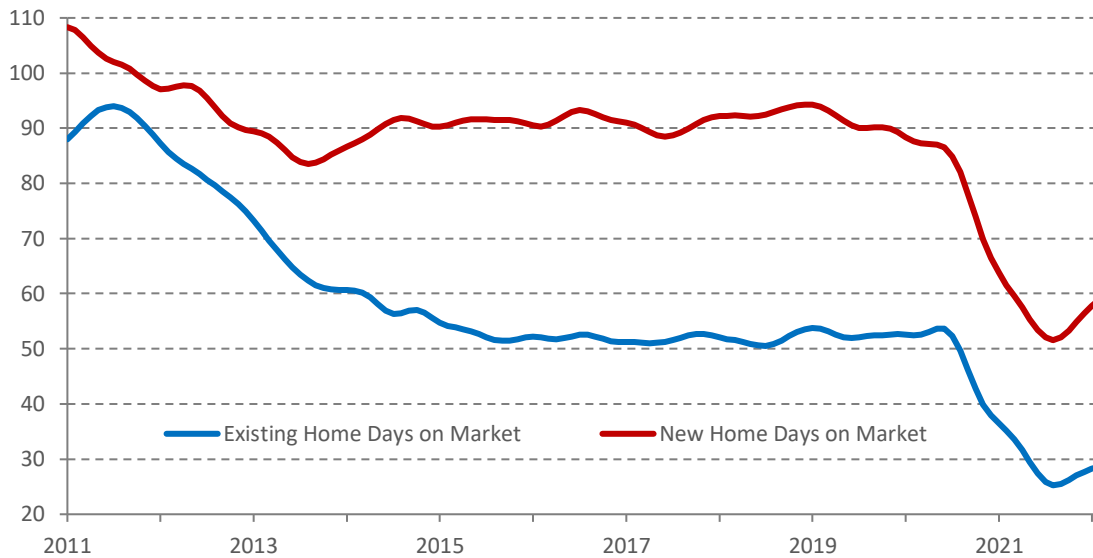
Note: Trend-cycle component.
Source: Texas Real Estate Research Center at Texas A&M University

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



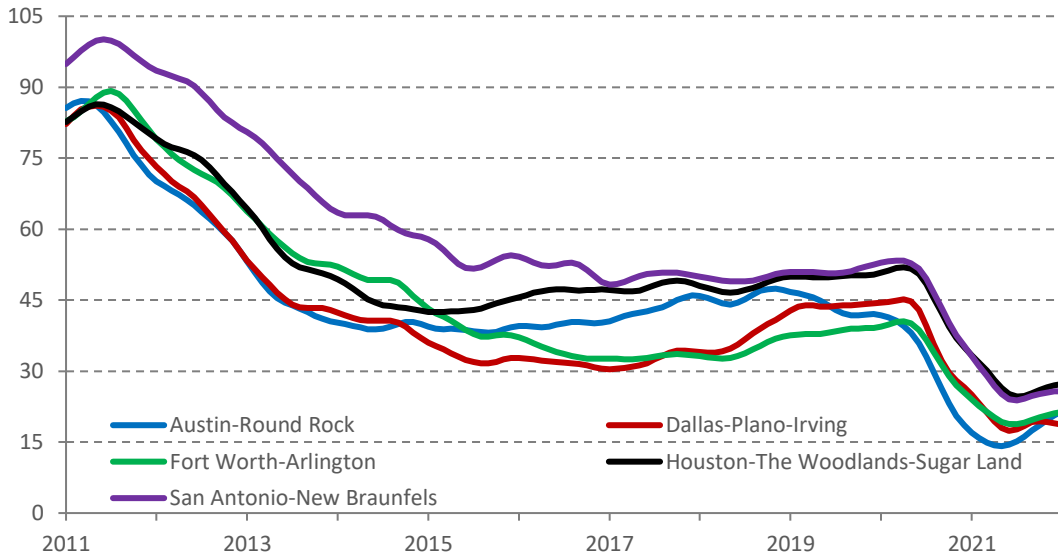
Note: Trend-cycle component.
Source: Texas Real Estate Research Center at Texas A&M University

Texas Homes Days on Market (Days)



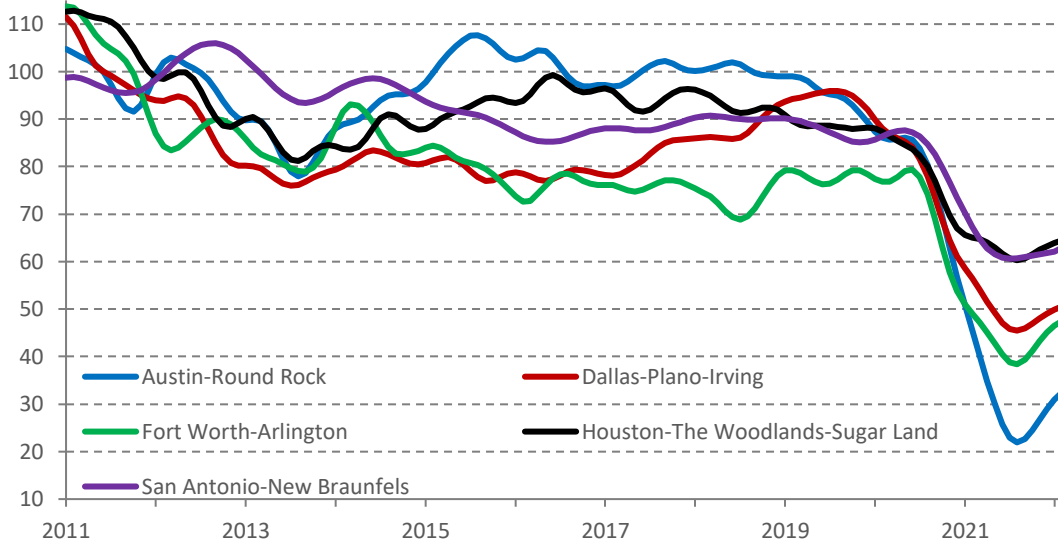
Note: Trend-cycle component. For single-family homes.
Source: Texas Real Estate Research Center at Texas A&M University

Major Metros Existing Homes Days on Market (Days)



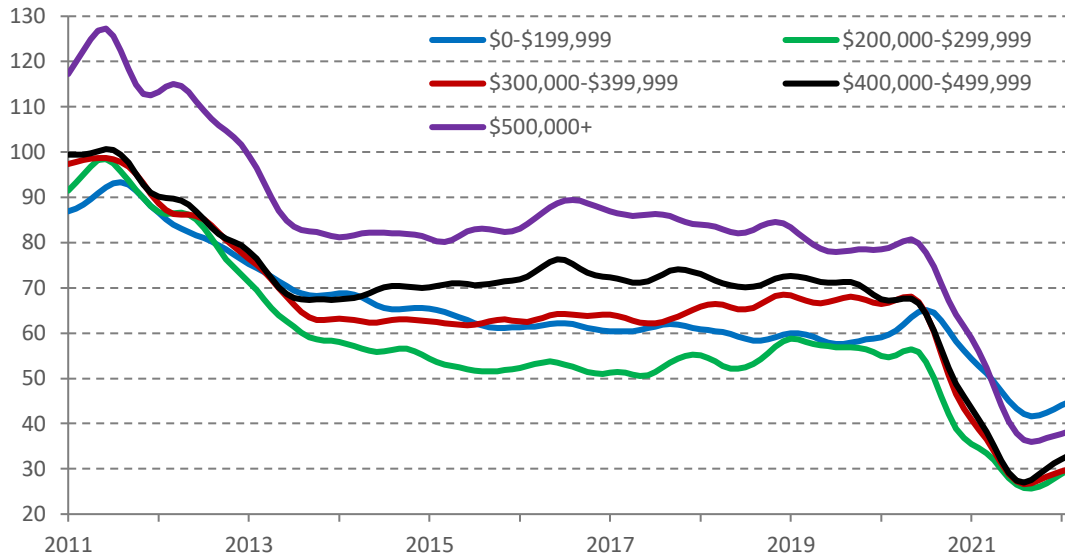
Note: Trend-cycle component. For single-family homes.
Source: Texas Real Estate Research Center at Texas A&M University

Major Metros New Homes Days on Market (Days)



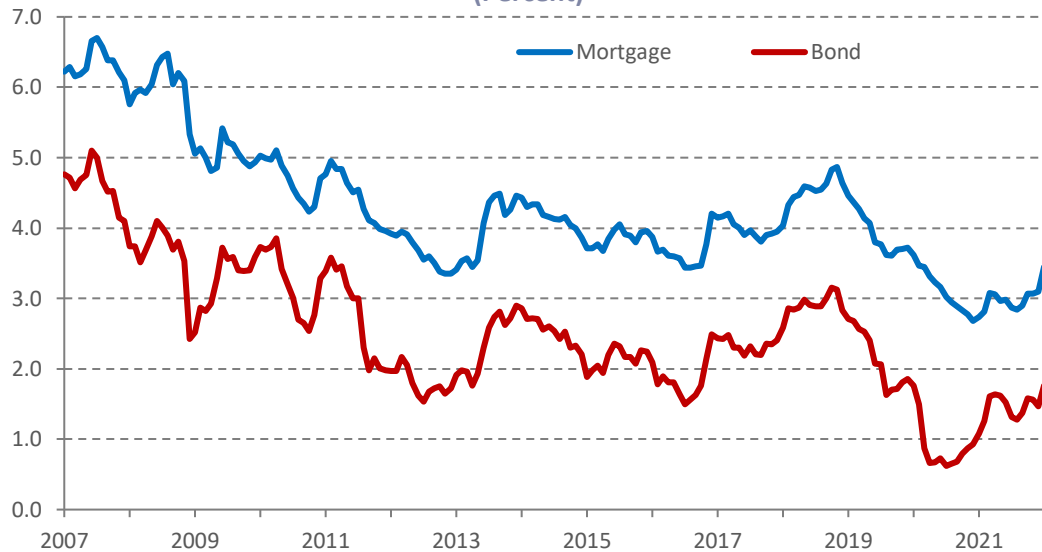
Note: Trend-cycle component. For single-family homes.
Source: Texas Real Estate Research Center at Texas A&M University

Texas Home Days on Market by Price Cohort (Days)



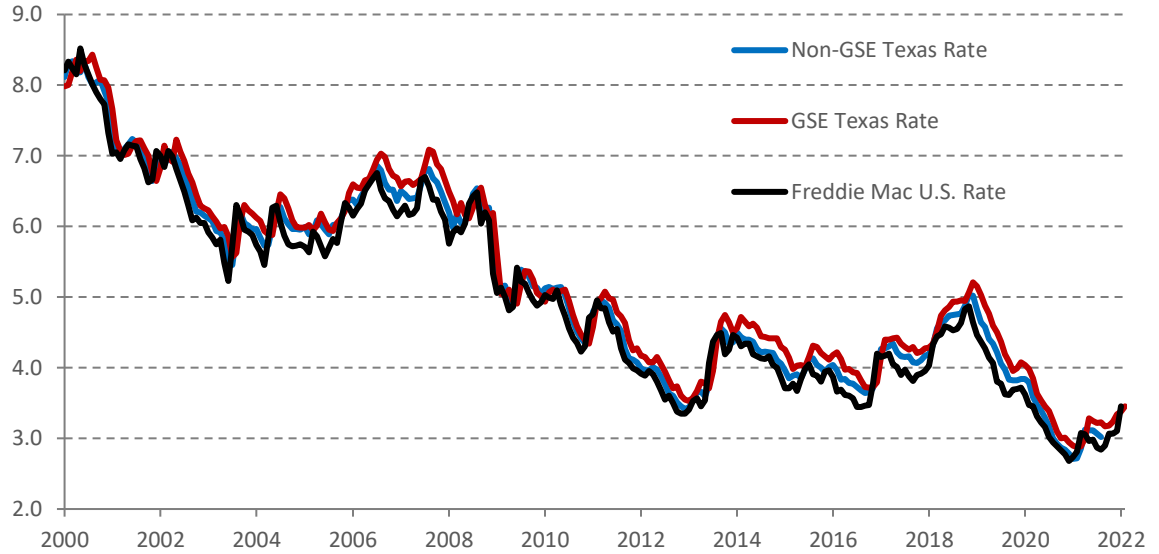
Note: Trend-cycle component. For single-family homes.
Source: Texas Real Estate Research Center at Texas A&M University

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



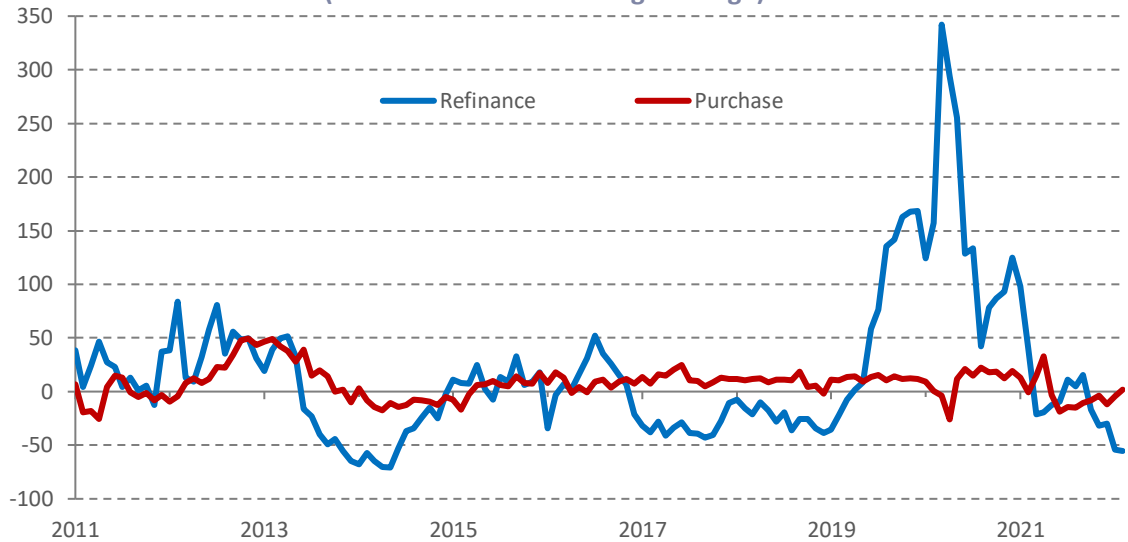
Note: Nonseasonally adjusted.
Sources: Federal Home Loan Mortgage Corporation and Federal Reserve Board

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)

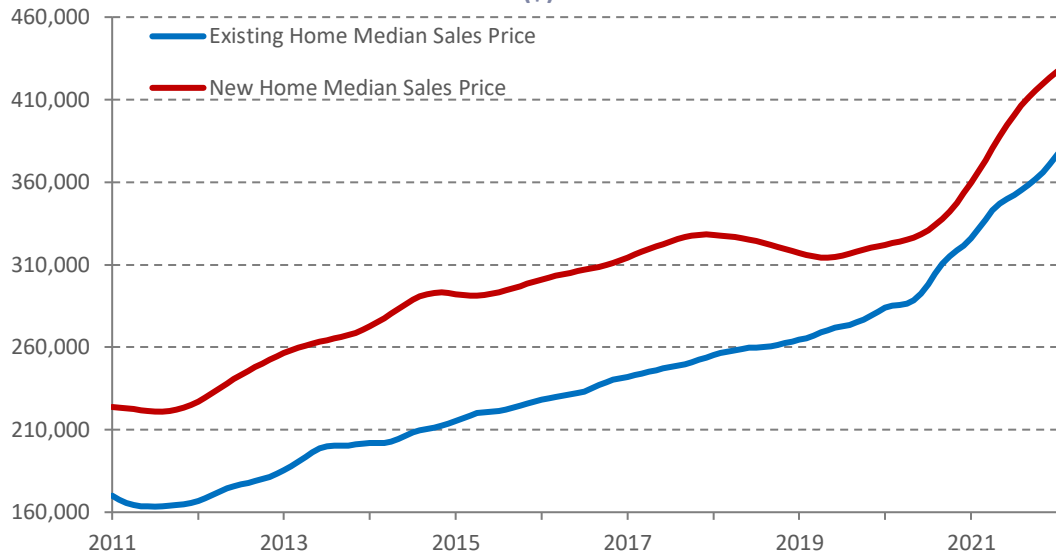


Note: Seasonally adjusted.
Source: Mortgage Bankers Association



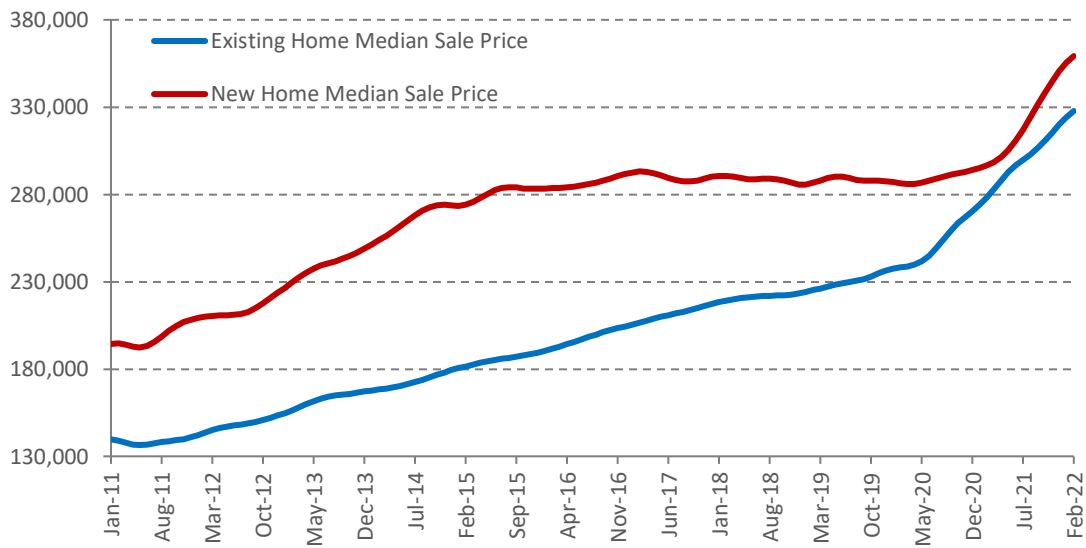
PRICES

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



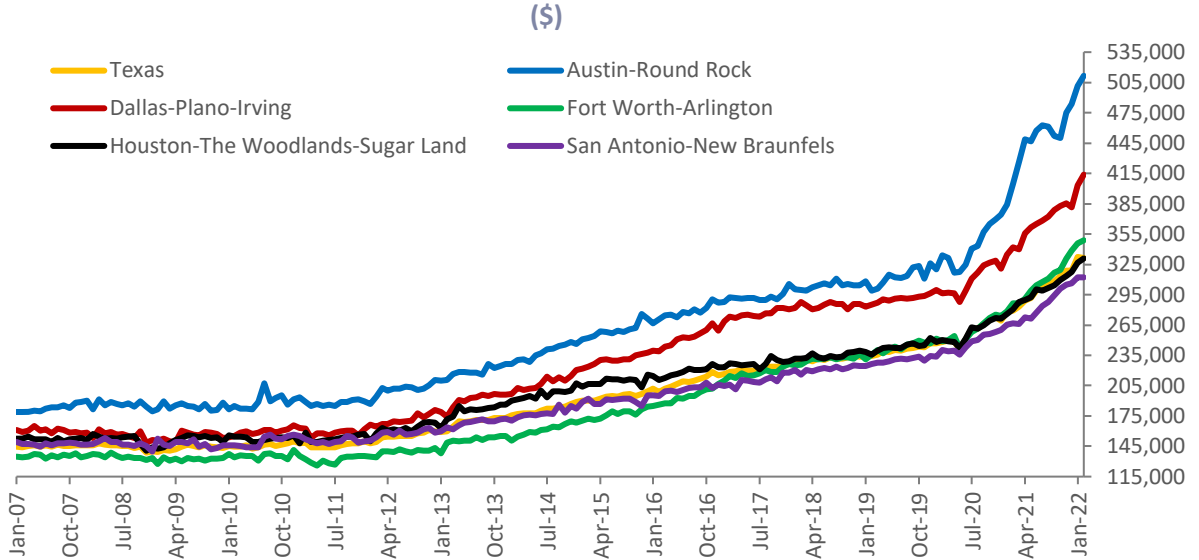
Note: Trend-cycle component. For single-family homes.
Source: Federal Reserve Bank of St. Louis

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



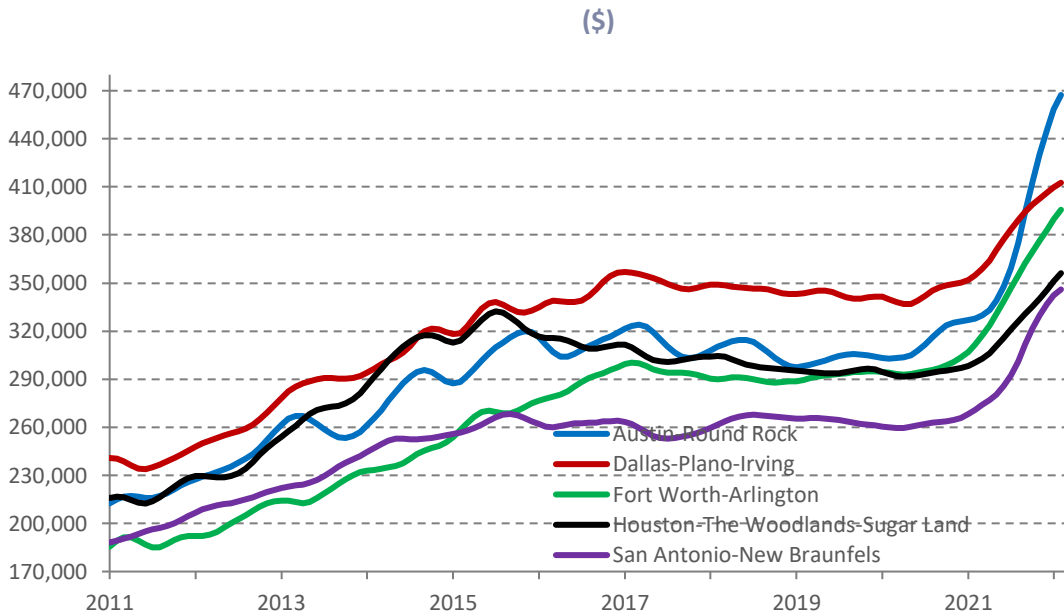
Note: Trend-cycle component. For single-family homes.
Source: Texas Real Estate Research Center at Texas A&M University

Major Metros Existing Home Median Sales Price



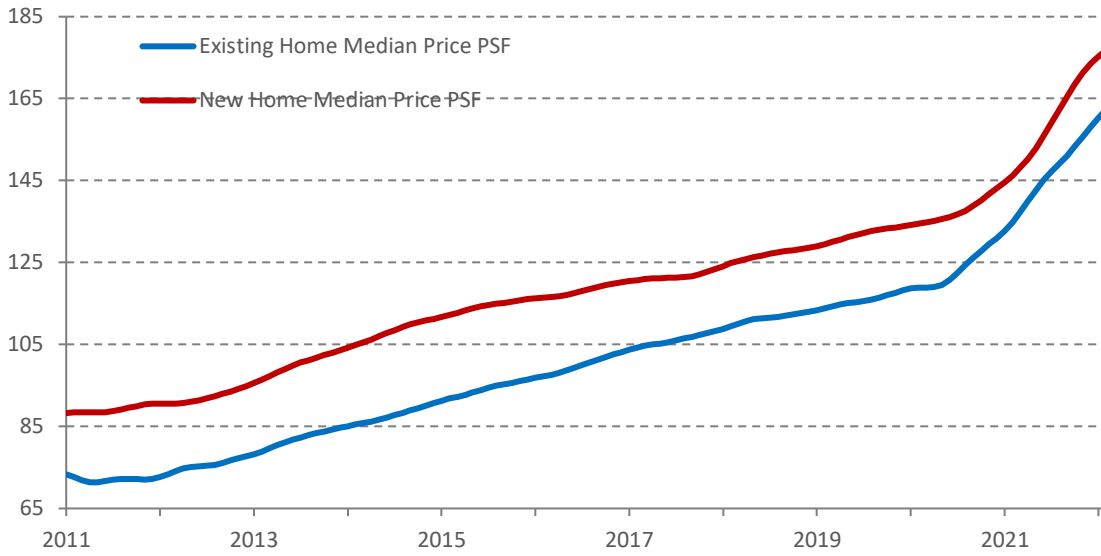
Note: Trend-cycle component. For single-family homes.
 Source: Texas Real Estate Research Center at Texas A&M University

Major Metros New Home Median Sales Price



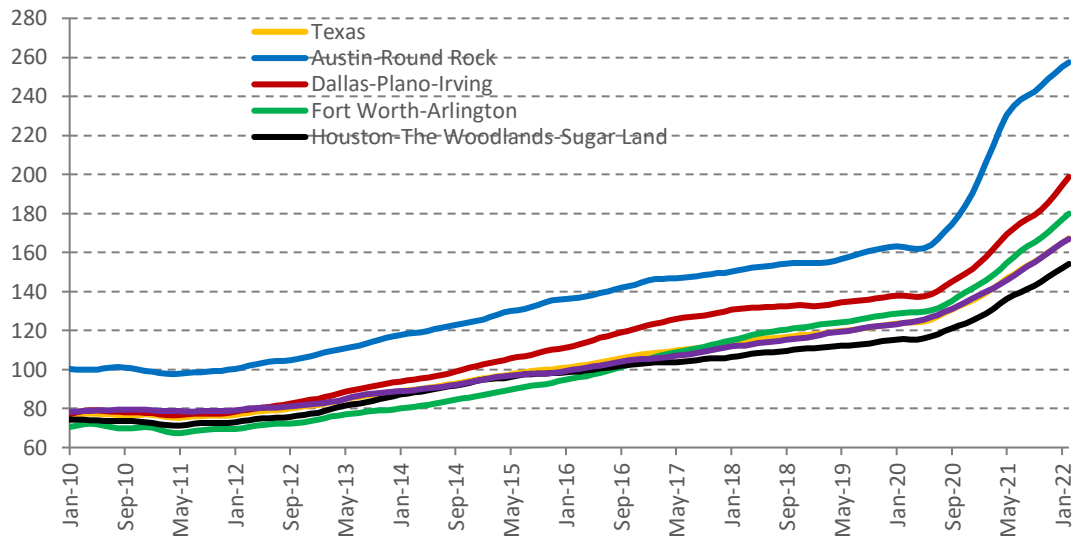
Note: Trend-cycle component. For single-family homes.
 Source: Texas Real Estate Research Center at Texas A&M University

Texas Home Median Price Per Square Foot (\$)



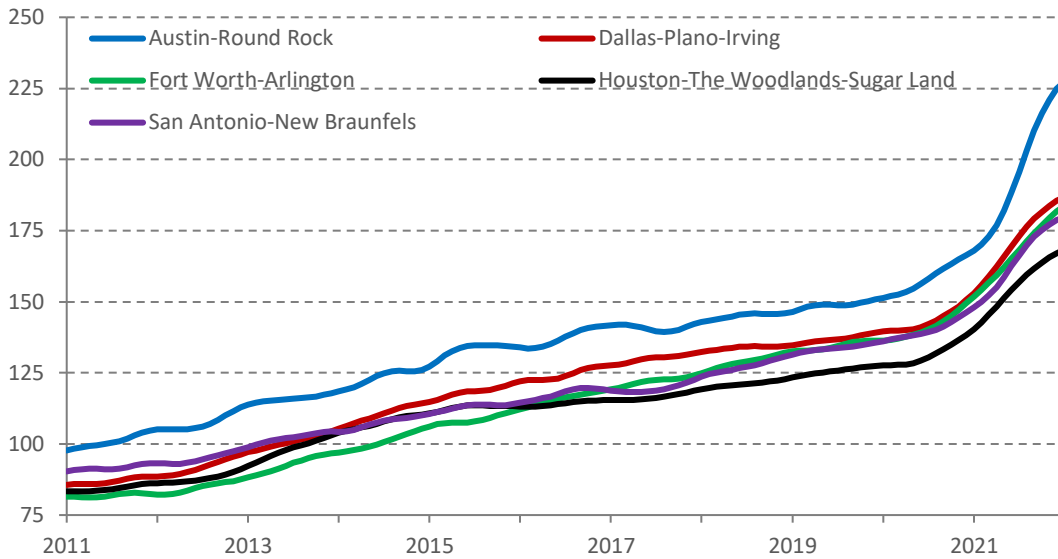
Note: Trend-cycle component. For single-family homes.
Source: Texas Real Estate Research Center at Texas A&M University

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



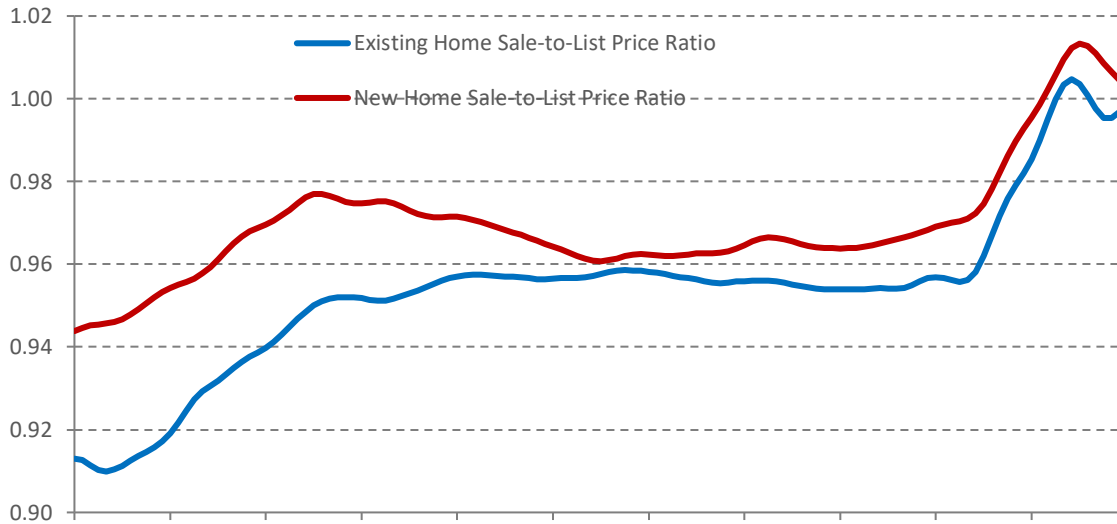
Note: Trend-cycle component. For single-family homes.
Source: Texas Real Estate Research Center at Texas A&M University

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



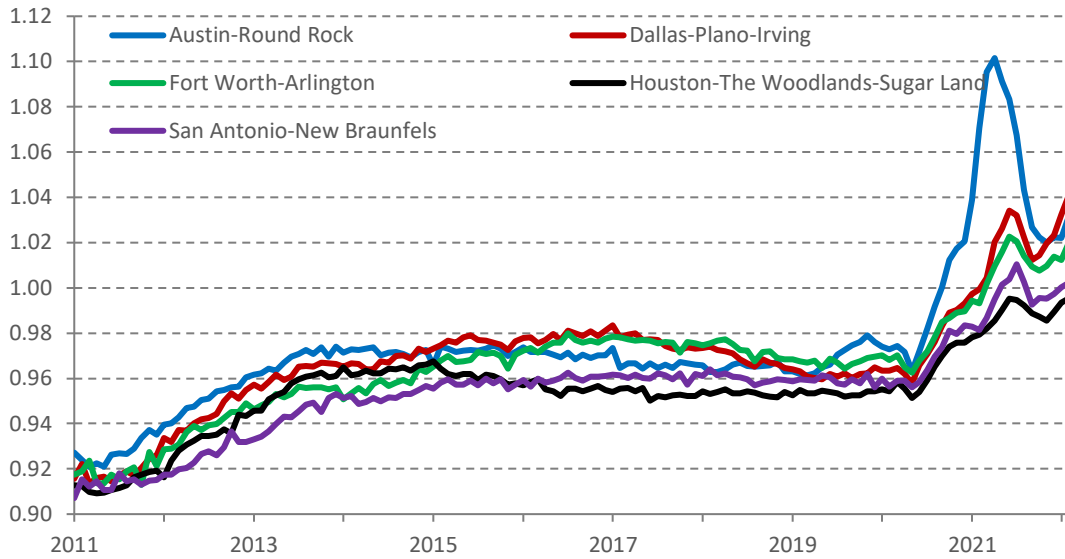
Note: Trend-cycle component. For single-family homes.
 Source: Texas Real Estate Research Center at Texas A&M University

Texas Home Sale Price to List Price (Ratio)



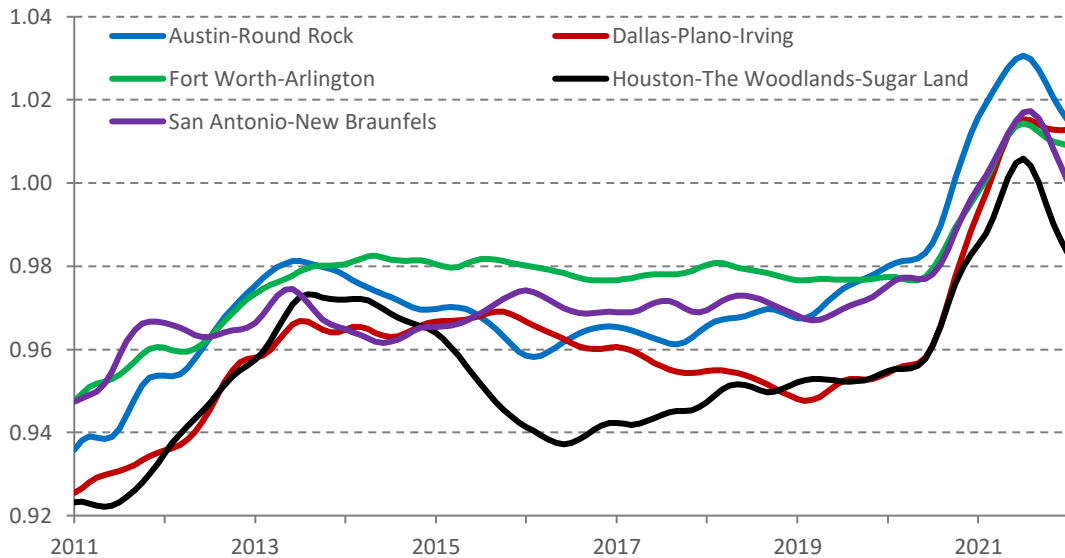
Note: Trend-cycle component. For single-family homes.
 Source: Texas Real Estate Research Center at Texas A&M University

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



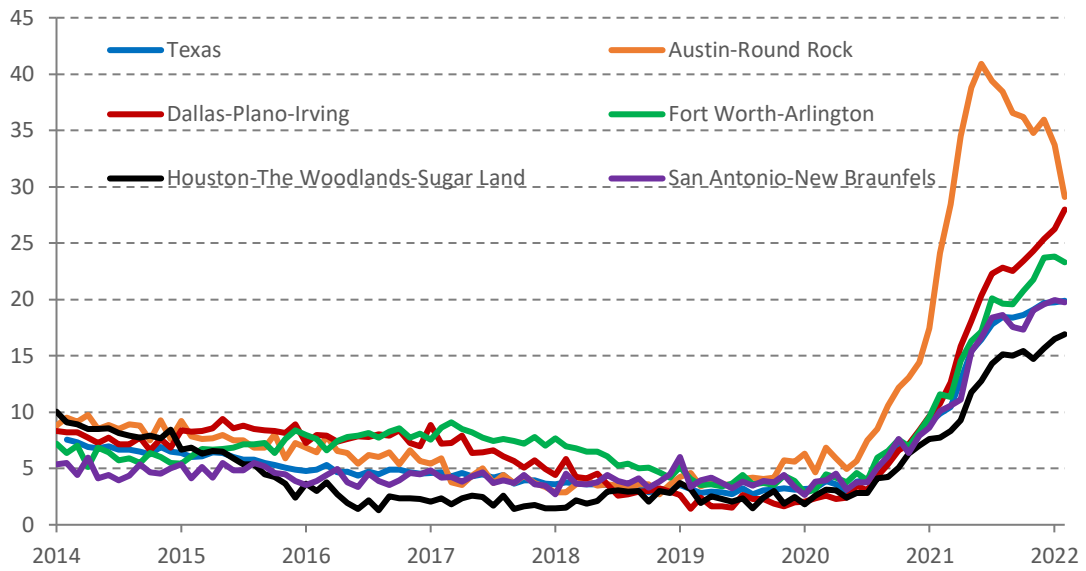
Note: Trend-cycle component. For single-family homes.
 Source: Texas Real Estate Research Center at Texas A&M University

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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