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Texas Real Estate Research Center



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JANUARY 2023 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.

Joshua Roberson, Weiling Yan, and John Shaunfield

Data current as of February 28, 2023

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JANUARY 2023 SUMMARY

SINGLE-FAMILY PERMITS

▼ 6.9% MOM

TOTAL HOME SALES

▲ 3.4% MOM

MEDIAN HOME PRICE

▲ 2.1% MOM

HOME PRICE INDEX

▼ 0.8% MOM

January home sales increased month over month (MOM), but it was the slowest start since January 2017, a far cry from January levels from both 2021 and 2022. Other housing metrics, such as median price and inventory, may be showing early signs of stabilizing with only minor changes in recent months compared with the major swings experienced during the pandemic.

Supply¹

Single-family construction permits had been sliding down in demand since March 2022. January 2023's permit level fell 6.9 percent MOM to 8,897 permits. The other two months during the past three years that monthly permits dipped below 9,000 were during the initial pandemic shock in April and May 2020. Construction permits fell in all major metros except Austin. While housing demand in Houston (2,842 permits) was mostly flat, Dallas (2,249 permits) dropped more than 15 percent MOM. Austin's monthly construction demand (1,082 permits) rebounded 10 percent, issuing twice as many permits as San Antonio (481 permits).

Texas single-family construction starts have likewise plummeted since March 2022 but started 2023 with a positive month in January with 9,090 units. Although construction starts rebounded in every major metro, the January metric was the lowest level reported in Texas since 2016, suggesting a meek outlook for the housing industry.

The state's total **single-family starts value** diminished from \$3.8 billion in January 2022 to \$2.2 billion in 2023. Houston and Dallas continue to account for more than half of the states total, coming in at 27.5 percent and 26.1 percent, respectively. Further pressing the point home that housing activity is down from the previous year, Austin and San Antonio had their construction values nearly cut in half in the first month of 2023.

The rebound in **active listings** had been aggressive since March 2022. However, the acceleration slowed in the past two months as the metric fell flat at a seasonally adjusted rate of 91,000 units. Compared with the first half of 2022 when inventory was 50 percent short of pre-pandemic levels, housing inventory was only 4.5 percent short in January. Active listings in Austin have more than tripled from a year ago, reaching 8,500 units. Amid the recent flattening, **months of inventory (MOI)** dipped for the first time in the past eight months. The MOI for the four major metros ranged

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

from 2.5 months to 3.4 months. While Dallas, Austin, and San Antonio all either hovered back or beyond pre-pandemic levels, Houston's housing supplies still needed more homes to restock.

Demand

Total home sales inched up 3.4 percent MOM to a seasonally adjusted rate of 27,475 sales. This uptick marked the largest MOM jump since the second half of 2022. Sales in Austin and Houston rebounded greatly, with the former metro surpassing San Antonio's sales volume and the latter surpassing Dallas' (Table 1). While the housing market opened robustly in 2023, Texas' sales still diminished by over 20 percent compared with last year's January metric.

Sales grew across all price cohorts. While homes below \$300K still make up 40 percent of the market, this sector's sales volume rebounded least at 0.5 percent MOM. The remaining price cohorts ascended moderately at a low-single-digit growth, but homes above \$750K grew at an impressive rate of 21.6 percent MOM, accounting for almost 9 percent of the market.

With sales activity picking up, the Texas' **average days on market (DOM)** continued to climb but at a slower pace of 54 days. Compared with the five-year average of 59 days before 2020, this is still converging to historic norms; and it is tilting toward a weaker market that favors buyers. Quadrupling since March 2022, Austin posted a first dip in DOM—balancing at 61 days.

Across all price cohorts except one, DOM rose to a range of 50 to 58 days, a three-day average increase across all the cohorts. The \$400K-\$500K housing sector's DOM declined by 5.8 days over the previous month. Meanwhile, homes priced over \$750K had a 55 DOM, one day higher than the \$300K-\$400K cohort.

Compared with a surge to 69 percent in 3Q2020 during the pandemic frenzy, **Texas' homeownership rate** had been cooling, hovering around 63.6 percent in 2022. At the metropolitan level, the Dallas-Fort Worth (DFW) area was lowest at 56 percent, while Houston was highest at 67 percent. Austin and San Antonio were at 65 and 60 percent, respectively.

Prices

Texas' median home prices started off the new year with a strengthened housing market. The 2.1 percent MOM rebound was the largest monthly gain since April of last year. All metros posted positive price growth except for San Antonio (Table 2). Median price per square foot (PSF) corroborated with the trend, as San Antonio's price PSF dropped 1.6 percent MOM to \$168.8.

The **ten-year U.S. Treasury bond yield** continued its four-month decline, reaching 3.5 percent² in January 2023, while the two-year counterpart decreased to 4.2 percent. The spread between the ten- and two-year bond yields continued to widen for the seventh month straight. The negative spread indicated persistent market uncertainties, and the ten-year bond yield was still far below 2007's peak of 5.1 percent. The **Federal Home Loan Mortgage Corporation's 30-year fixed-rate** moderated slightly this month to 6.3 percent, down 0.1 percent from December.

² Bond and mortgage interest rates are not seasonally adjusted.

Rapidly rising mortgage rates have continued to pester the housing market over the past year. 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 January metric was essentially the same as the month before. However, January's index value of 220 was still 3.9 percent higher than the year before. The same trend also affected the major metros as growth rates shrank from double to single digits, except in Austin, which had a net loss in home values.

Table 1. Home Sales Volume

	Dec	Jan	Monthly Changes
Texas	26,561	27,475	↑ 3.4%
Austin-Round Rock	2,298	2,711	↑ 18.0%
Dallas-Fort Worth	7,275	7,377	↑ 1.4%
Houston-The Woodlands-Sugar Land	6,484	7,488	↑ 15.5%
San Antonio-New Braunfels	2,693	2,628	↓ -2.4%

Note: Seasonally adjusted data used for the reported metrics.
Source: Texas Real Estate Research Center at Texas A&M University

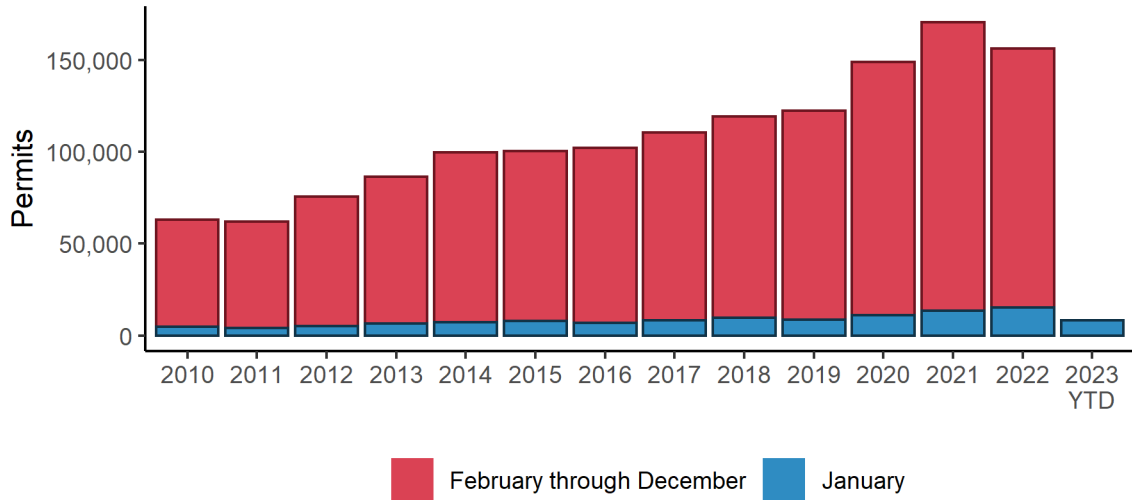
Table 2. Median Housing Prices

	Dec	Jan	Monthly Changes
Texas	\$329,400	\$336,300	↑ 2.1%
Austin-Round Rock	\$457,400	\$462,300	↑ 1.1%
Dallas-Fort Worth	\$387,200	\$390,600	↑ 0.9%
Houston-The Woodlands-Sugar Land	\$328,300	\$329,100	↑ 0.2%
San Antonio-New Braunfels	\$318,400	\$316,000	↓ -0.8%

Note: Seasonally adjusted data used for the reported metrics.
Source: Texas Real Estate Research Center at Texas A&M University

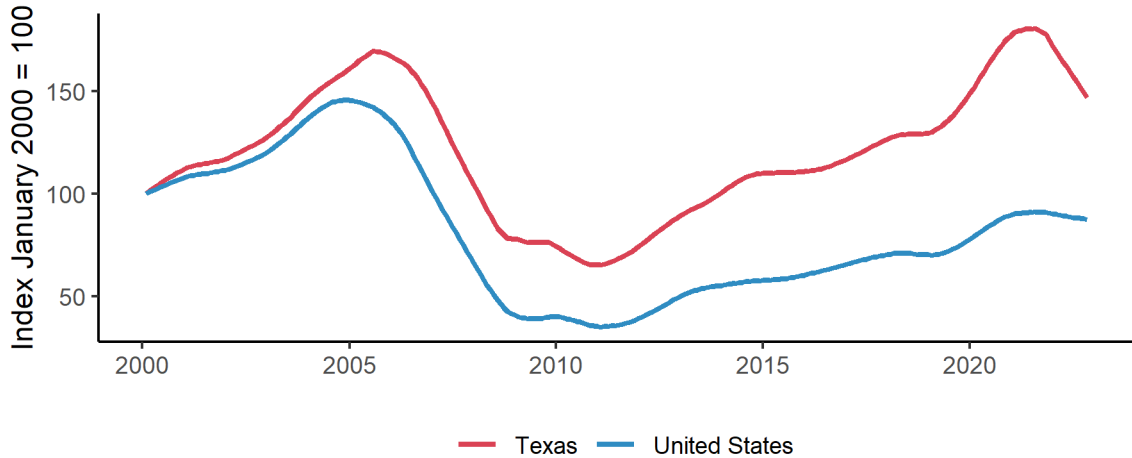


Texas Single-Family Permits



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

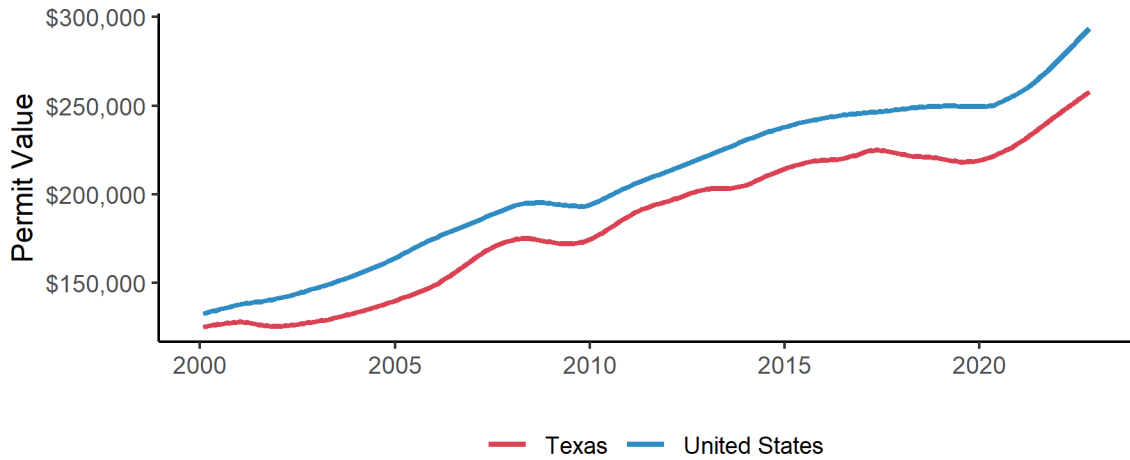
Single-Family Housing Construction Permits Seasonally Adjusted Trend



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

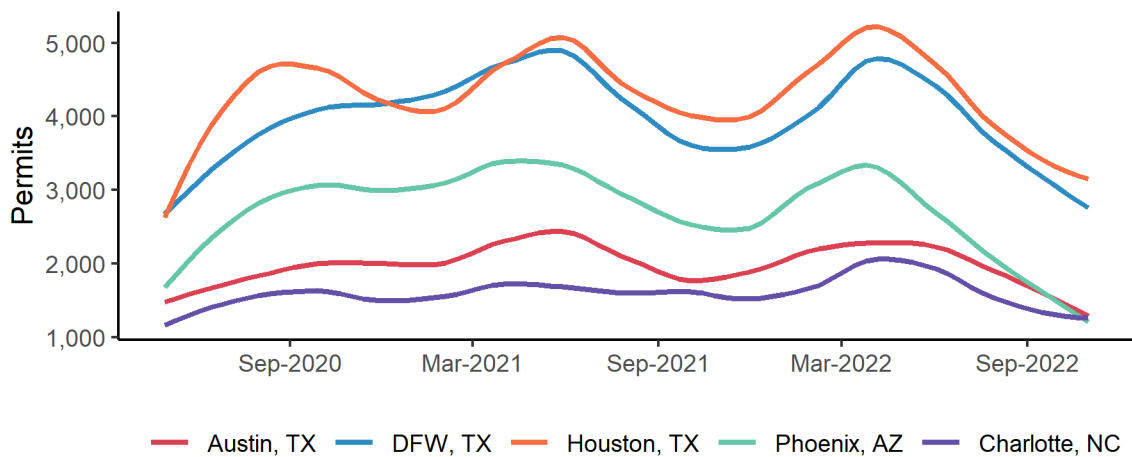


Single-Family Housing Construction Permit Values Seasonally Adjusted Trend



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

Top New Home Metros Since COVID Single-Family Detached Homes

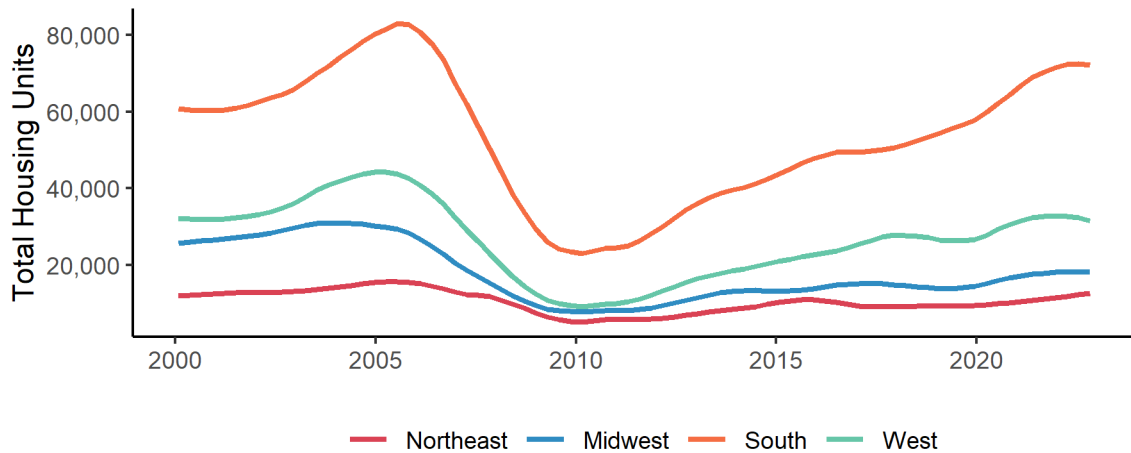


Source: U.S. Census Bureau - Texas Real Estate Research Center at Texas A&M University



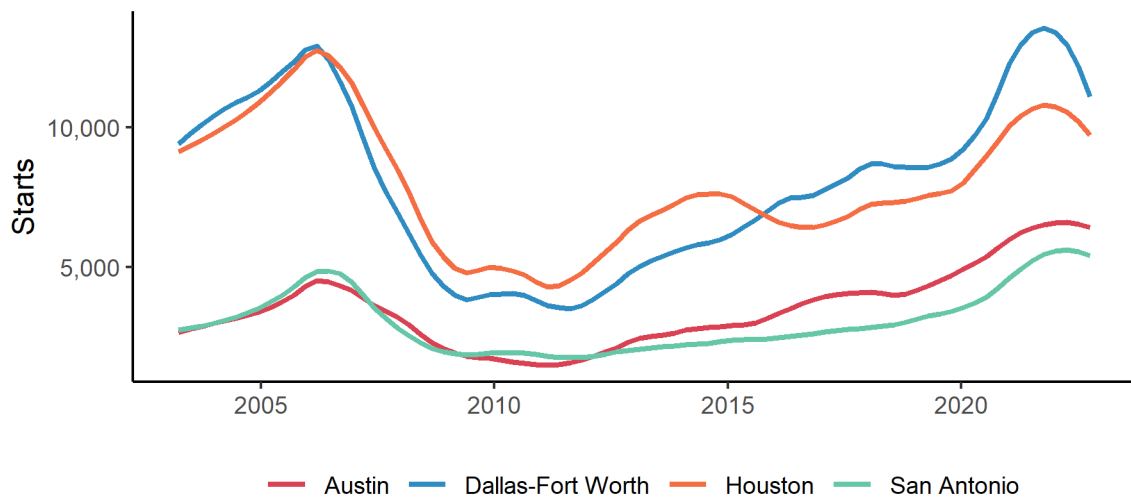
Regional Housing Starts

Total Housing Units



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

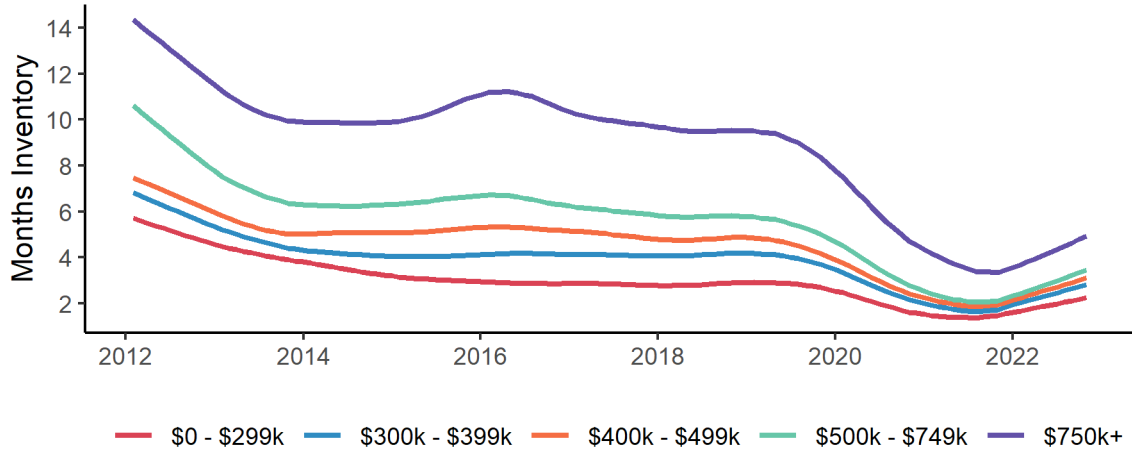
Metro Housing Starts



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

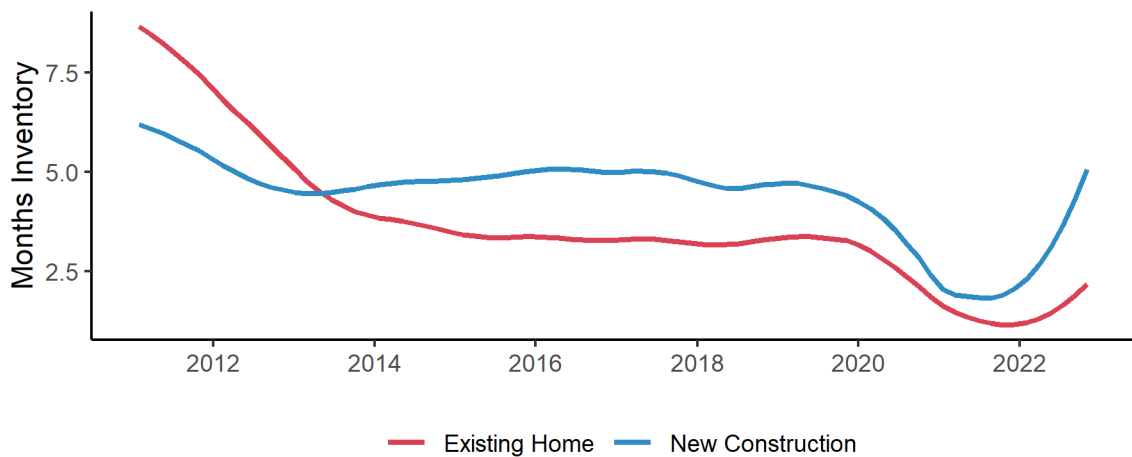


Inventory by Price Cohort
Seasonally Adjusted Trend



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

Texas New and Existing Inventory
Seasonally Adjusted Annualized Rate

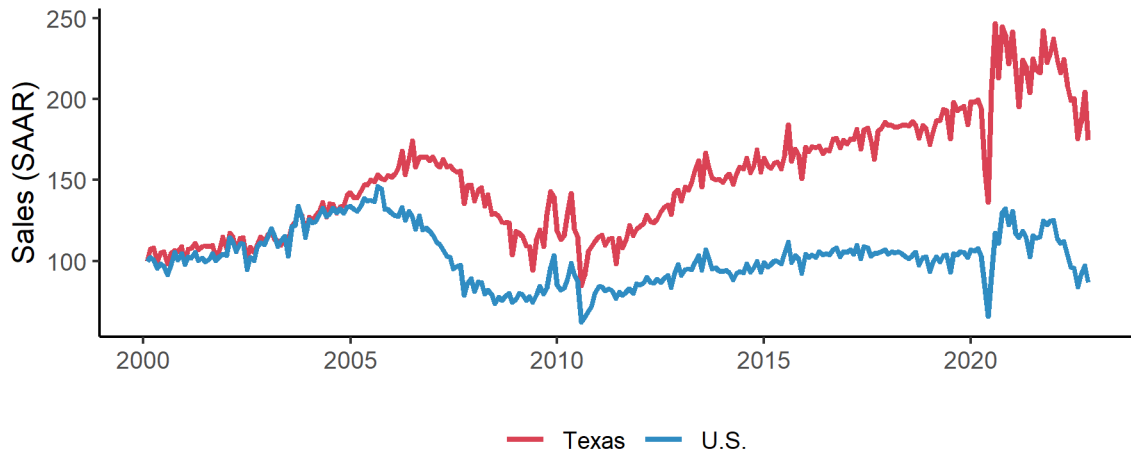


Source: Texas Real Estate Research Center at Texas A&M University



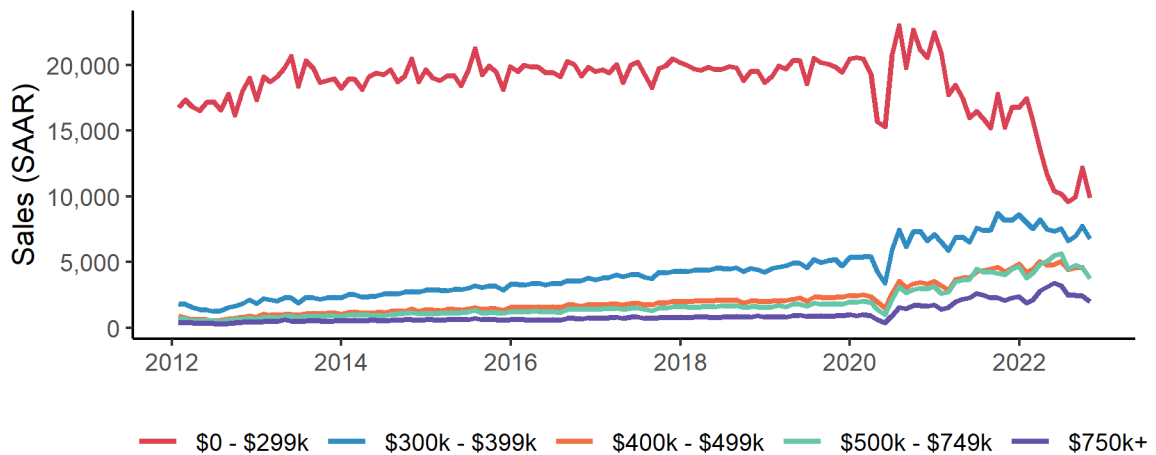
DEMAND

Residential Home Sales Seasonally Adjusted Annualized Rate



Source: National Association of Realtors - Texas Real Estate Research Center at Texas A&M University

Texas Sales by Price Cohort Seasonally Adjusted Annualized Rate

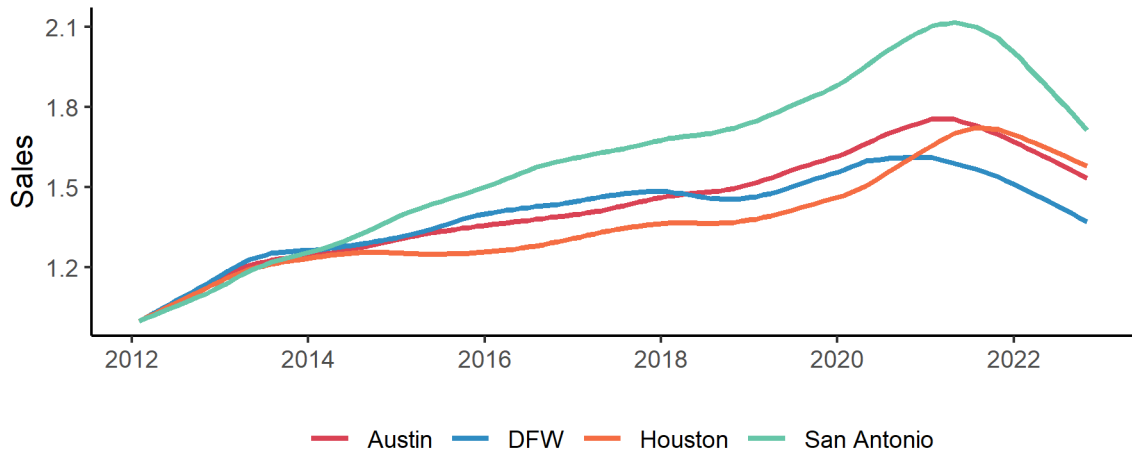


Source: Texas Real Estate Research Center at Texas A&M University



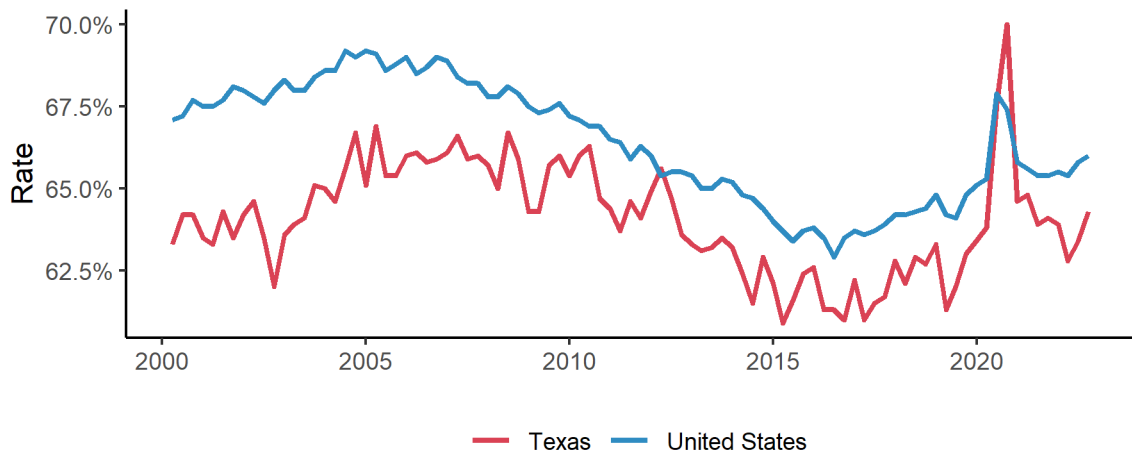
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Metro Home Sales Seasonally Adjusted Trend



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

Homeownership Rate Seasonally Adjusted Trend



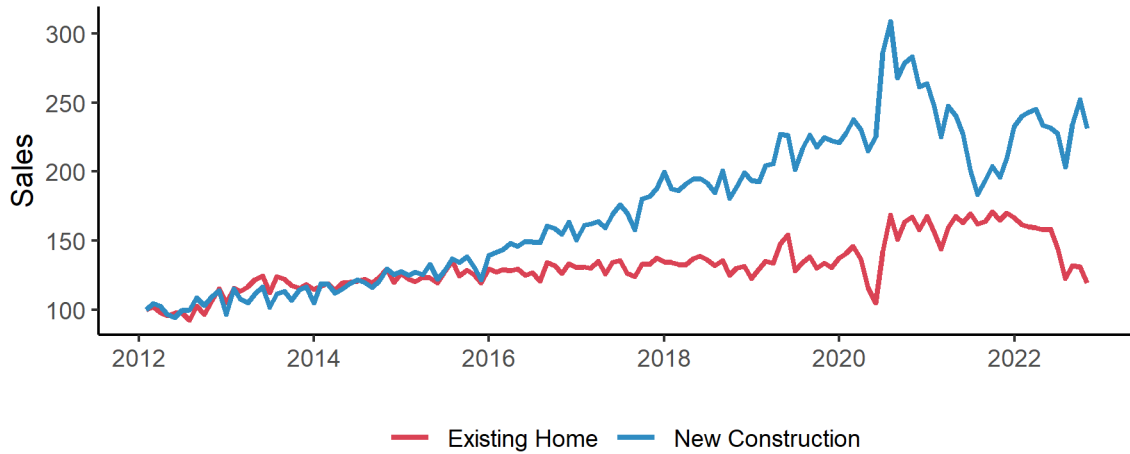
Source: U.S. Census Bureau and Texas Real Estate Research Center at Texas A&M University



DEMAND

New and Existing Home Sales

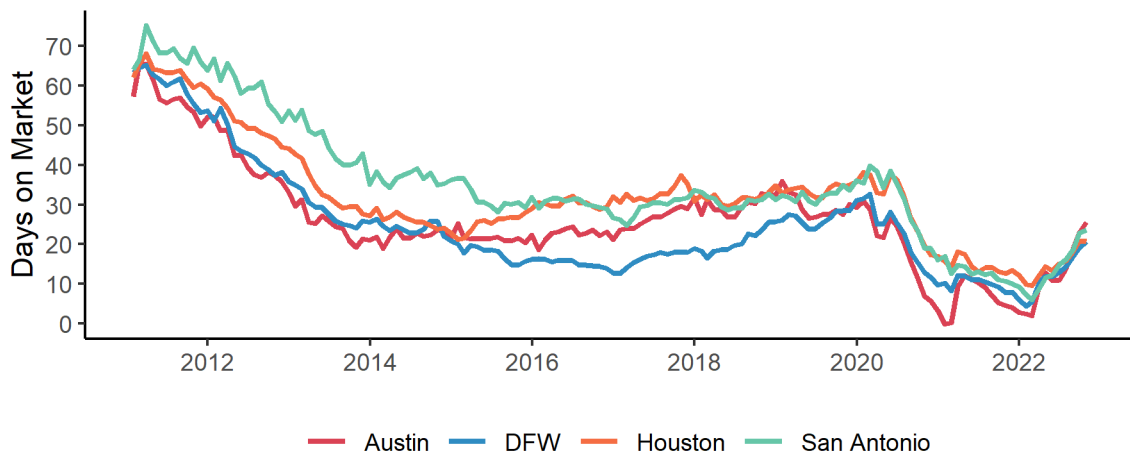
Seasonally Adjusted Annualized Rate



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

Metro Median Days on Market

Seasonally Adjusted Annualized Rate



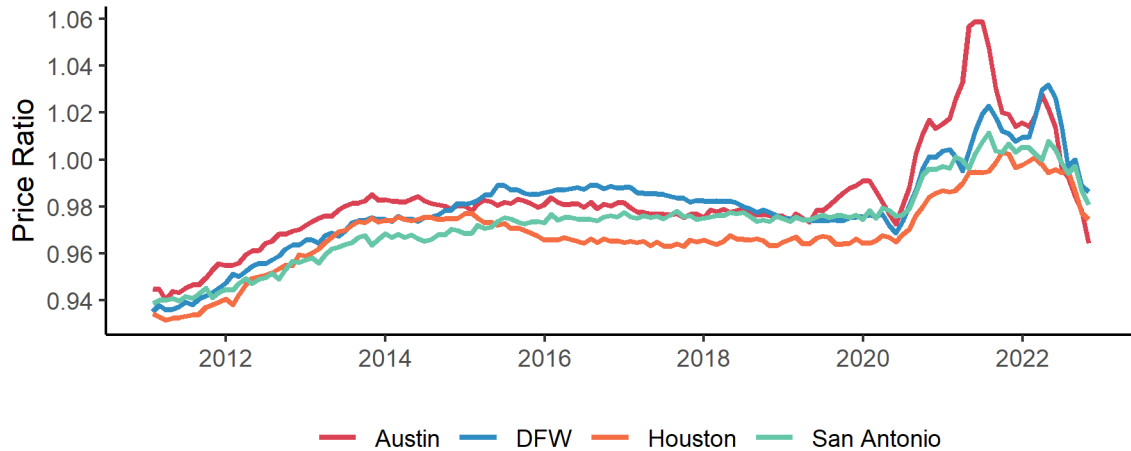
Source: Texas Real Estate Research Center at Texas A&M University



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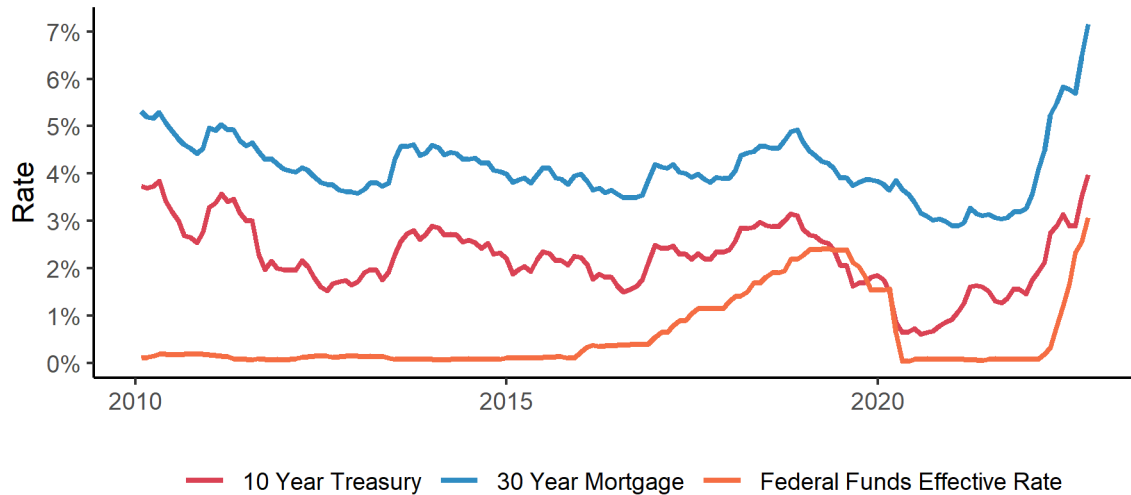
Metro Median Sale to List Price Ratio

Seasonally Adjusted Annualized Rate



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

Interest Rates



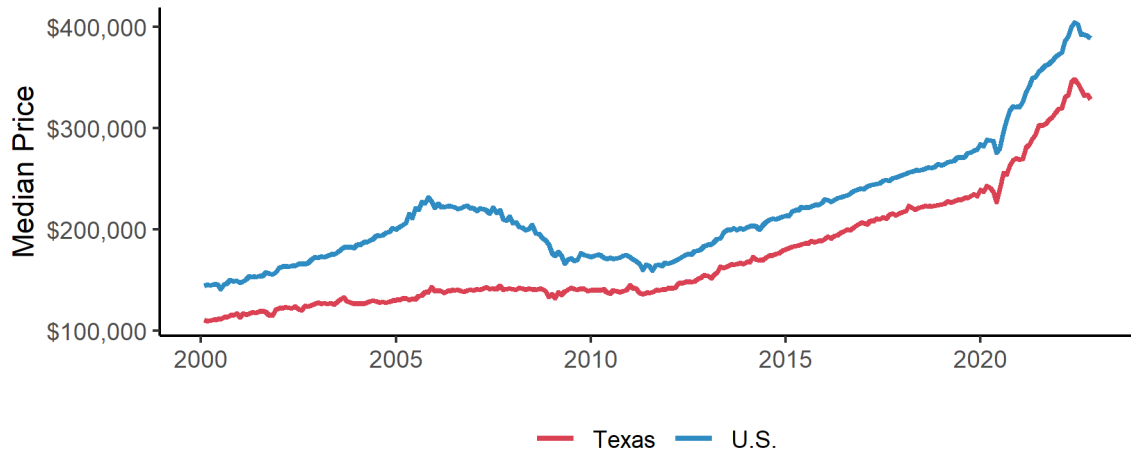
: U.S. Federal Reserve, Wall Street Journal, and Texas Real Estate Research Center at Texas A&M University





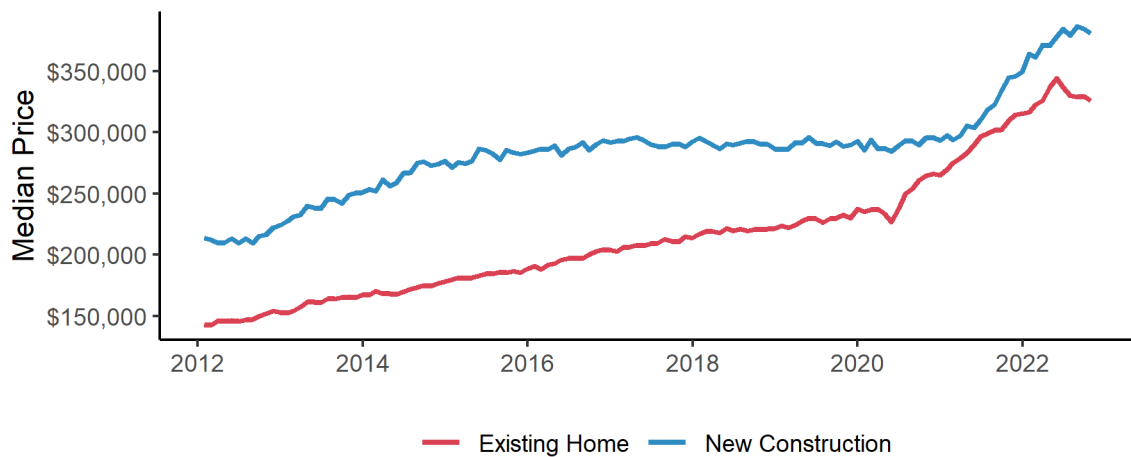
PRICES

Median Existing Single-Family Home Prices Seasonally Adjusted Annualized Rate



Source: National Association of Realtors - Texas Real Estate Research Center at Texas A&M University

Texas New and Existing Median Home Price Seasonally Adjusted Annualized Rate

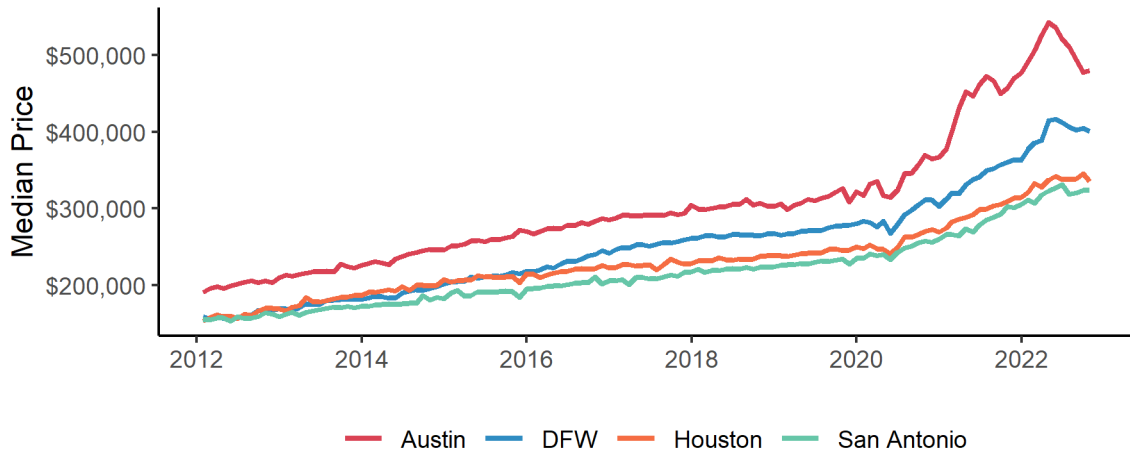


Source: Texas Real Estate Research Center at Texas A&M University



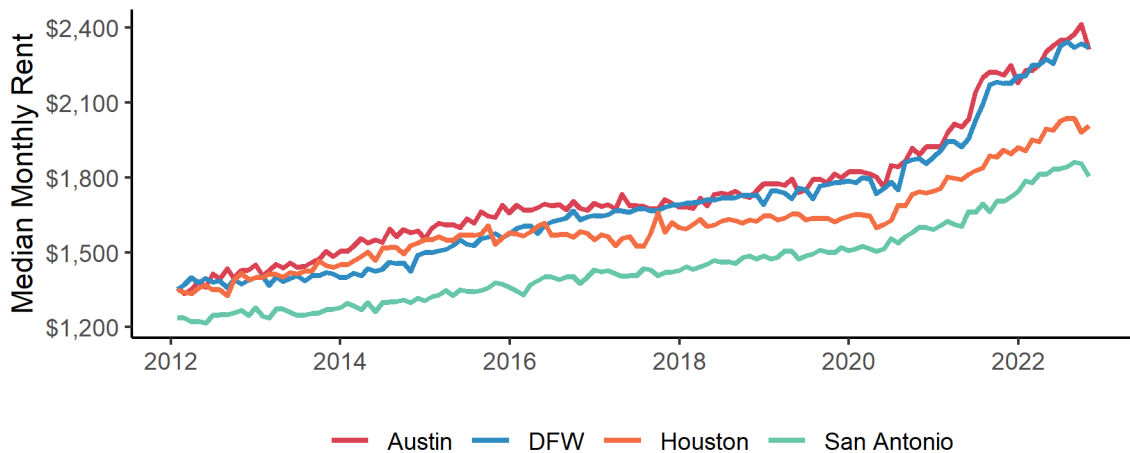
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Texas Major Metro Median Home Prices Seasonally Adjusted Annualized Rate



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

Texas Major Metro Median Single-Family Monthly Rent Seasonally Adjusted Annualized Rate

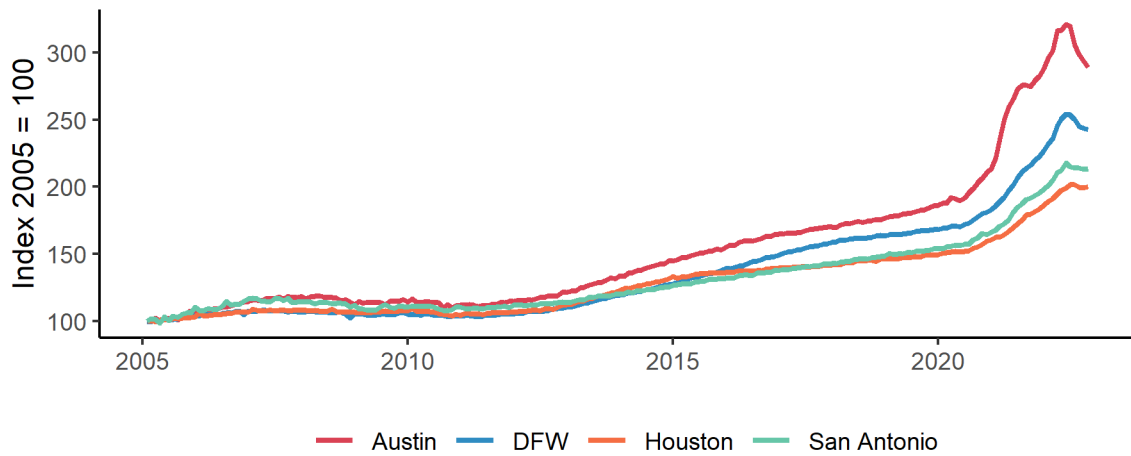


Source: Texas Real Estate Research Center at Texas A&M University



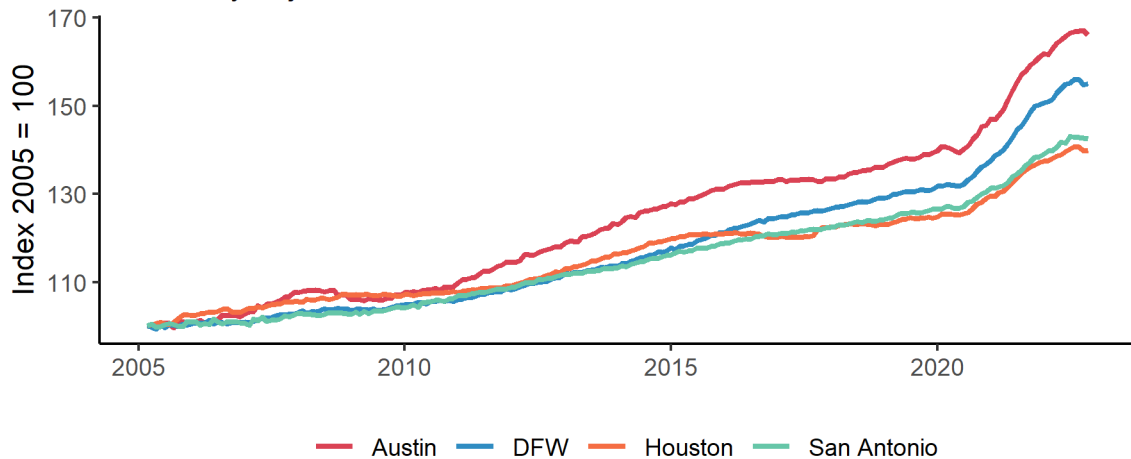
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Major Metro Home Price Index Seasonally Adjusted Annualized Rate



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

Major Metro Single-Family Rent Index Seasonally Adjusted Annualized Rate



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





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