TEXAS A&M UNIVERSITY
Texas Real Estate Research Center

TEXAS HOUSING INSIGHT

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MARCH 2023 DATA
TECHNICAL REPORT

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.](mailto:info@recenter.tamu.edu)

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Data current as of April 15, 2023

MARCH 2023 SUMMARY

SINGLE-FAMILY CONSTRUCTION PERMITS	TOTAL HOUSING SALES	MEDIAN HOME PRICE	HOME PRICE INDEX
▲ 23.0% MOM	▲ 2.2% MOM	▲ 1.0% MOM	▲ 1.9% MOM

Construction had a great March as it made monumental leaps over February. Meanwhile, active listings dropped as sales continued to rise. Days on market (DOM) increased for yet another month, conflating with the fact that demand is slowing though still trending upward. However, too few existing homes are being put on the market to fill the void. Interest rates' continued climb and an uncertain economic future were likely contributing factors to possible buyers holding onto their current homes. These factors continue to point to a cooling housing market.

Supply* Recedes as Construction Skyrockets

Single-family construction permits have continued increasing since February with 12,431 issued in March, a 23 percent month-over-month (MOM) improvement. All four major metros contributed to the statewide rise, as they all had positive gains for the month. Houston continued to lead the other metros with a 21.5 percent increase (4,616 permits) over last month's already impressive growth. San Antonio replaced Austin as the metro with the lowest growth at 2.3 percent (605 permits).

Single-family construction starts recorded a strong count in March at 11,478. While nowhere near 2021 and 2022 levels, they are comparable to 2019, which was a strong year and a positive sign for the rest of 2023. Construction generally hits a seasonal low in December and peaks in March or June.

The state's total **single-family starts value** reached $7.1 billion in March, down from $12 billion in March 2022. Houston and Dallas-Fort Worth continue to account for over half of the state's values, holding a combined 55 percent of the Texas market. Austin and San Antonio remained on par with previous years' market percentage shares.

Demand Trends Upward as Sales Remain Strong

Housing demand started the year off strong with three consecutive months of seasonally adjusted sales growth. **Total home sales** gained 2.2 percent MOM reaching 30,610 (Table 1). Three of the four major metros have risen in monthly home sales, with Dallas being the only to have a drop, moving 97 fewer homes than the previous month. Houston was the metro with the largest monthly increase in March, reaching a 9.6 percent improvement. Austin and San Antonio lagged Houston and Dallas with sales of 2,738 and 3,103, respectively.

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

As the metro with the most sales in Texas, Dallas had sales volumes that were consistent with 2022 across price cohorts. However, transactions for homes on the two tails—below $200K and above $750K—both shrank significantly. Transactions in the upper tail dropped to 805 units in March, falling more than 15 percent year-over-year.

Texas' **average DOM** steadily advanced to 57 days. Compared with the five-year average of 59 days before 2020, the housing market is fast approaching historic norms. Houston's homes seemed to be in the hottest market, reporting the lowest DOM level of 51.4 days. Austin's DOM record kept inching up, marking 72.7 days this month, the longest market time since 2013. This is a major swing from the intense market conditions from just a year ago.

Amid the overall trend of continuously growing house inventories, **active listings** had their first major dip since March 2022. The 8 percent drop brought the count of available homes in Texas down to 83,497 units. While Austin ticked up 4.5 percent, Dallas dropped marginally. Due to March's robust sales volumes in Houston and San Antonio, these two metros had a hard time quickly restocking. As a result, they had significant reductions of 8.5 percent and 11.3 percent, respectively. Despite the drop in housing inventories, **months of inventory (MOI)** resumed an upward trend at three months. The trend was largely sustained by Austin's increasing MOI.

Prices Make Minimal Gains as Long-Term Rates Rise

Texas' median home price inched up 1 percent MOM, and the price was mainly unchanged from a year ago (Table 2). Austin had the greatest rebound of 6 percent since the price correction started in May 2022. Despite the recent improvement, Austin's median price still fell $70K short of 2022's market price, diminishing 15 percent. Other than Austin, the remaining three metros did not post drastic changes. Relatively, Houston's and San Antonio's housing prices were the most stable among the four major metros, with March prices staying in a reasonable range from the local markets' peaks.

The **ten-year U.S. Treasury bond yield** dipped nine basis points MOM to reach 3.6 percent. The **Federal Home Loan Mortgage Corporation's 30-year fixed-rate** reversed course as it climbed to 6.5 percent, the first increase since October 2022.

Though mortgage rates remain high, sales have trended upward and continued through March. The **Texas Repeat Sales Home Price Index** accounts for compositional price effects and provides a better measure of changes in single-family home values. Texas' index gained 1.9 percent MOM. Houston was the only metro whose index remained constant, while the four other major metros all had modest increases over February. These modest rises indicate price normalization.

Table 1. Home Sales Volume

	Feb	Mar	Monthly Changes
Texas	29,965	30,610	↑ 2.2%
Austin-Round Rock	**2,703**	2,738	↑ 1.3%
Dallas-Fort Worth	**8,706**	8,609	↓ -1.1%
Houston-The Woodlands-Sugar Land	7,500	8,222	↑ 9.6%
San Antonio-New Braunfels	2,975	3,103	↑ 4.3%

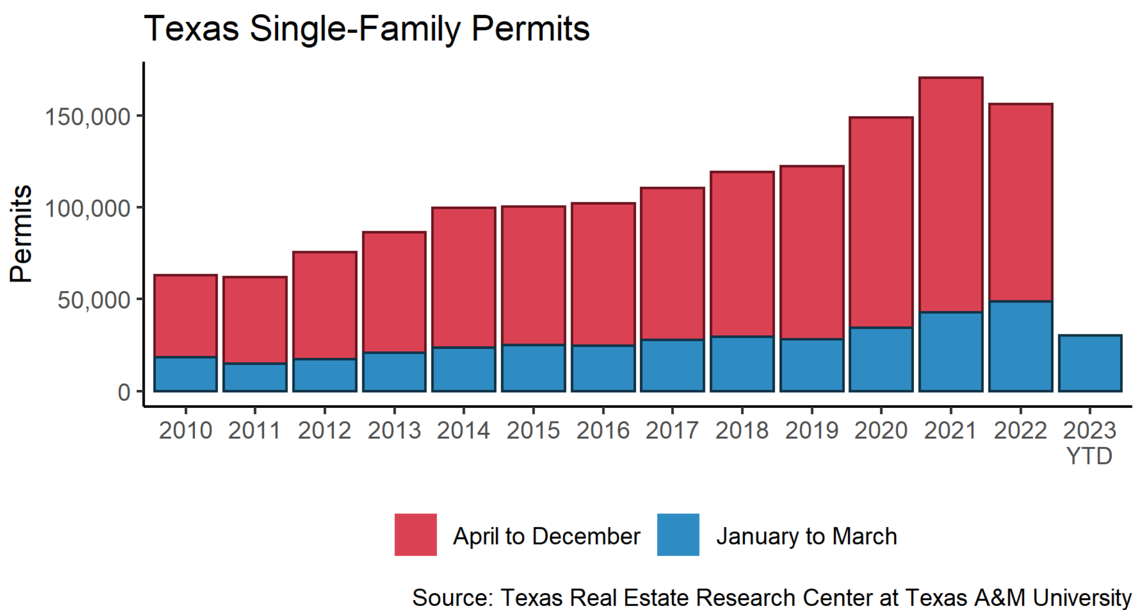
Note: Seasonally adjusted data used for the reported metrics.
Source: Texas Real Estate Research Center at Texas A&M University

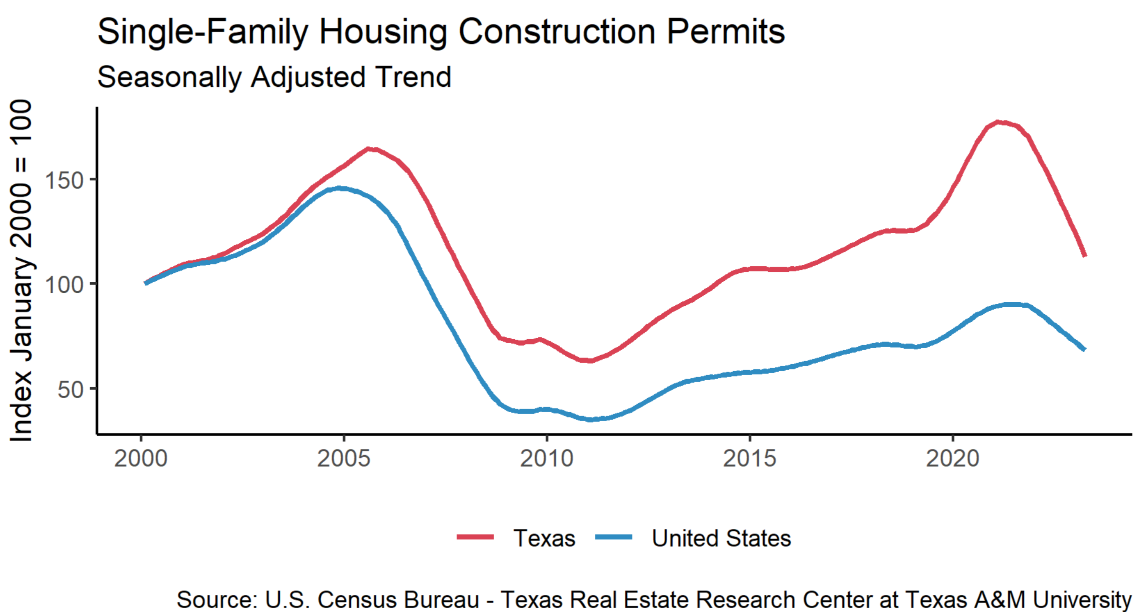
Table 2. Median Housing Prices

	Feb	Mar	Monthly Changes
Texas	$332,600	$335,900	↑ 1.0%
Austin-Round Rock	$432,800	**$458,600**	↑ 6.0%
Dallas-Fort Worth	$391,000	$390,700	↓ -0.1%
Houston-The Woodlands-Sugar Land	$326,700	$323,100	↓ -1.1%
San Antonio-New Braunfels	**$309,500**	$314,400	↑ 1.6%

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

SUPPLY


Texas Single-Family Permits
Permits
150,000
100,000
50,000
0
2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 YTD
April to December
January to March
Source: Texas Real Estate Research Center at Texas A&M University


Single-Family Housing Construction Permits
Seasonally Adjusted Trend
Index January 2000 = 100
150
100
50
2000 2005 2010 2015 2020
Texas
United States
Source: U.S. Census Bureau - Texas Real Estate Research Center at Texas A&M University

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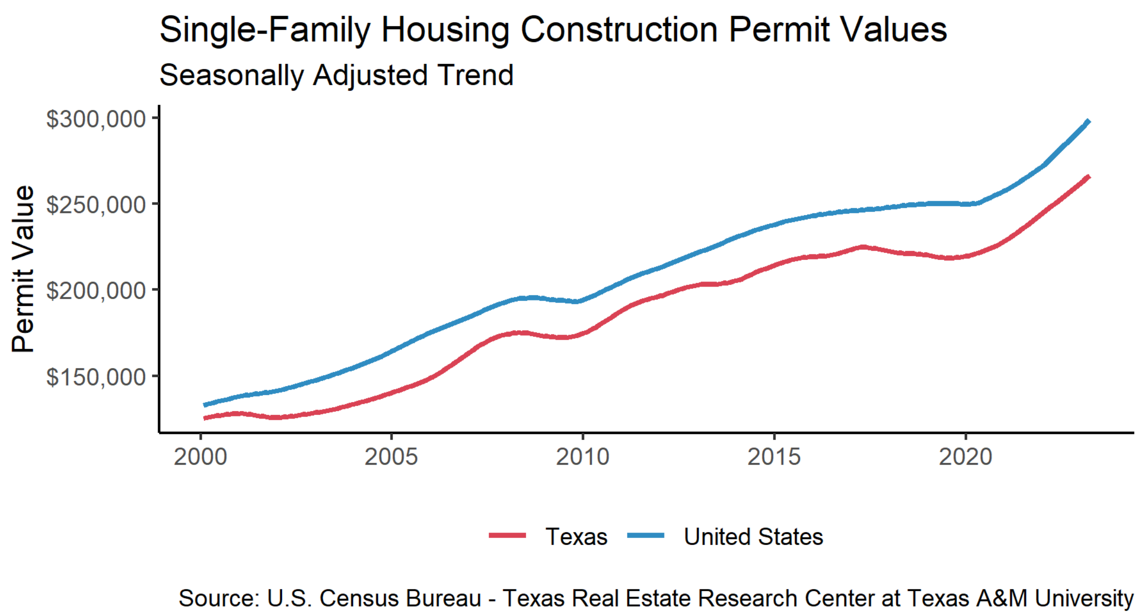
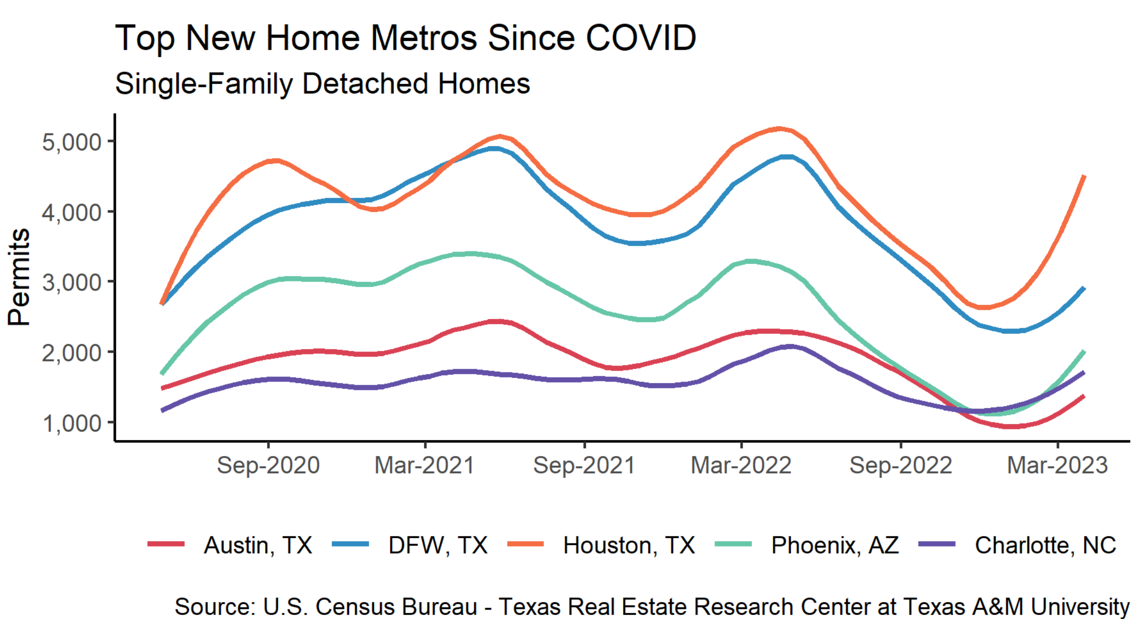

Single-Family Housing Construction Permit Values
Seasonally Adjusted Trend
Permit Value
$300,000
$250,000
$200,000
$150,000
2000
2005
2010
2015
2020
Texas
United States
Source: U.S. Census Bureau - Texas Real Estate Research Center at Texas A&M University


Top New Home Metros Since COVID
Single-Family Detached Homes
Permits
5,000
4,000
3,000
2,000
1,000
Sep-2020
Mar-2021
Sep-2021
Mar-2022
Sep-2022
Mar-2023
Austin, TX
DFW, TX
Houston, TX
Phoenix, AZ
Charlotte, NC
Source: U.S. Census Bureau - Texas Real Estate Research Center at Texas A&M University

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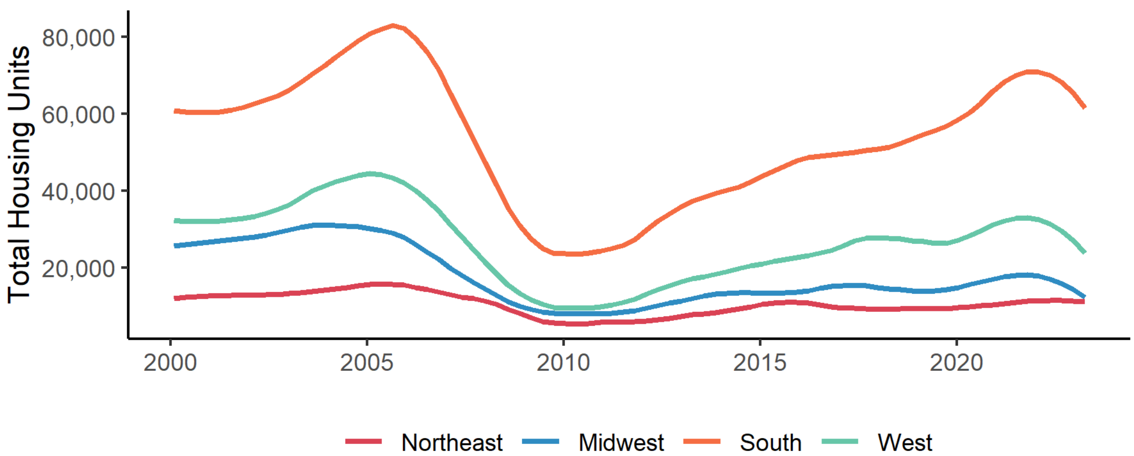
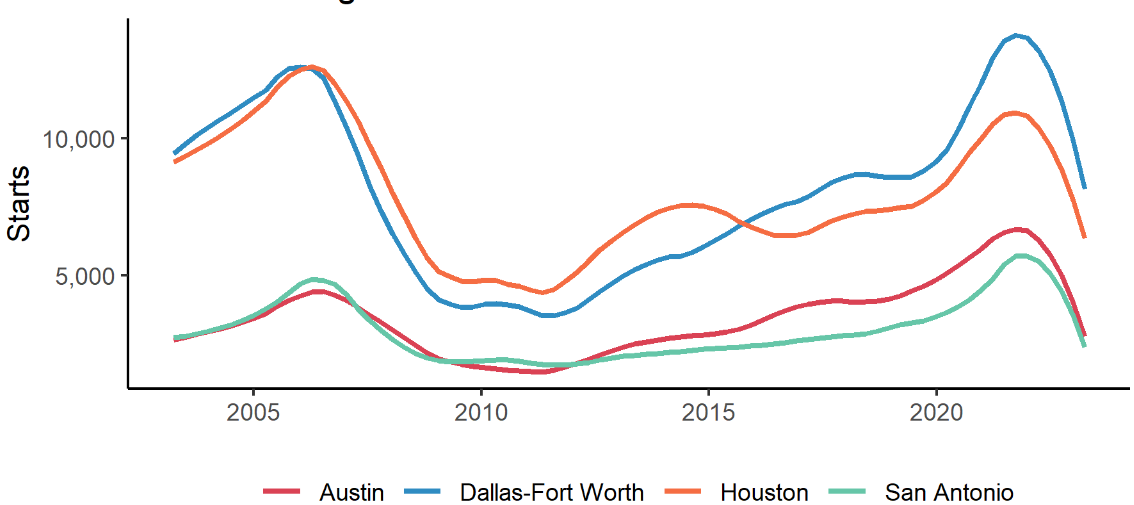
Regional Housing Starts

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

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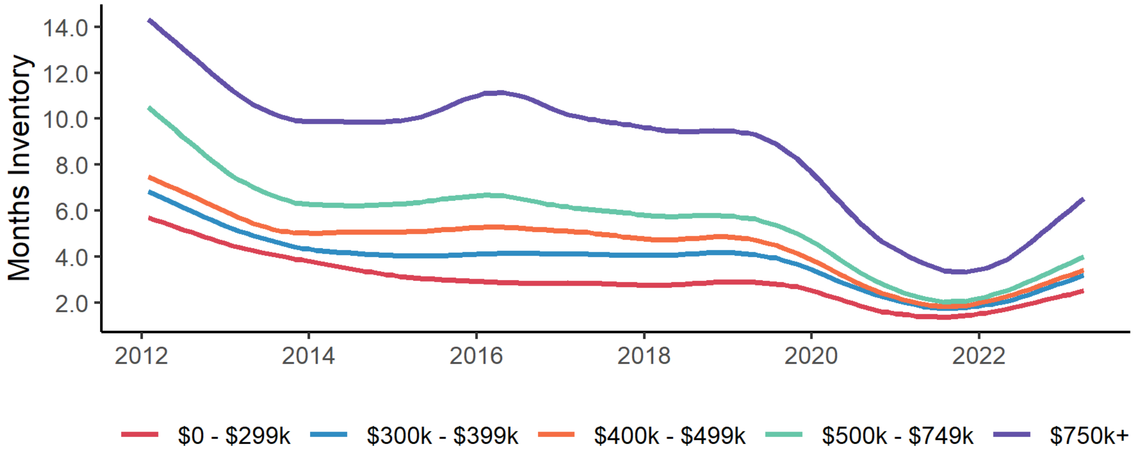
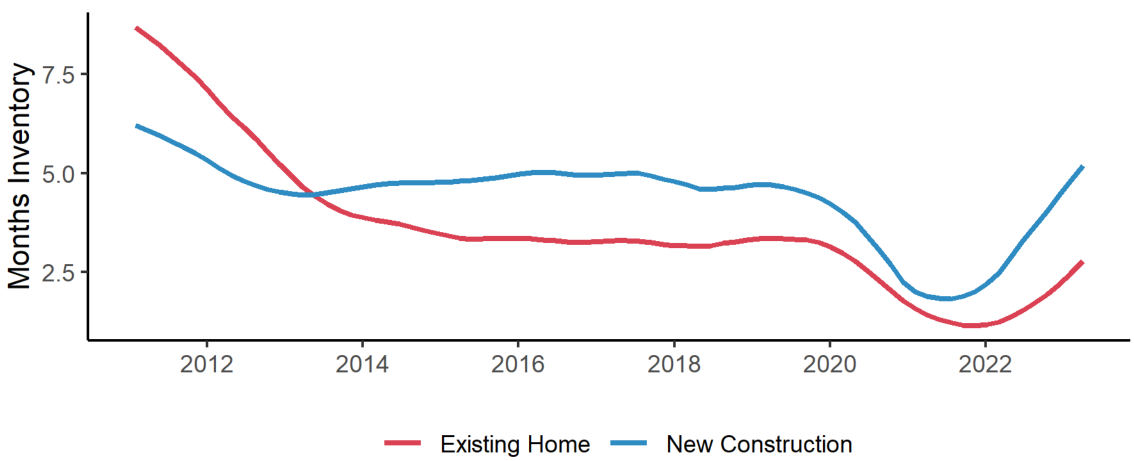
Inventory by Price Cohort
Seasonally Adjusted Trend



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

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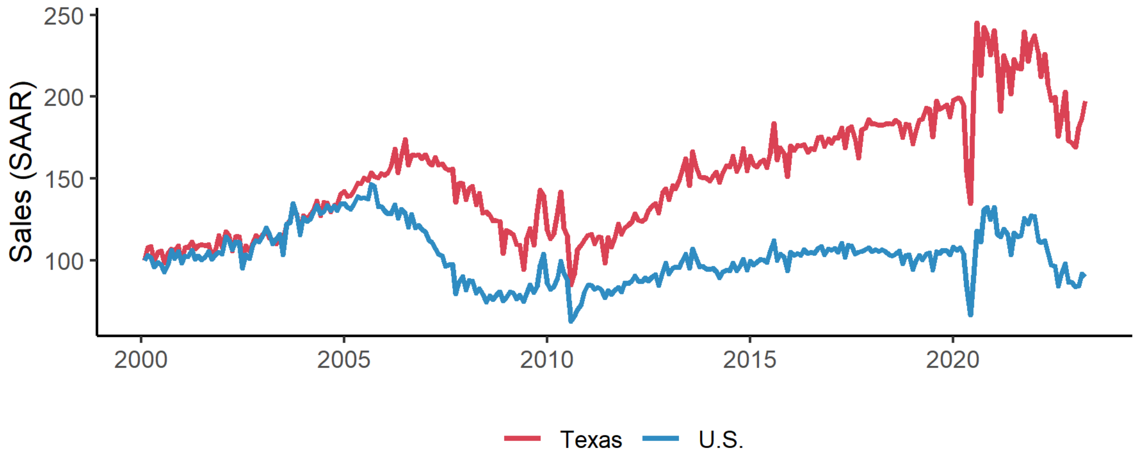
Residential Home Sales

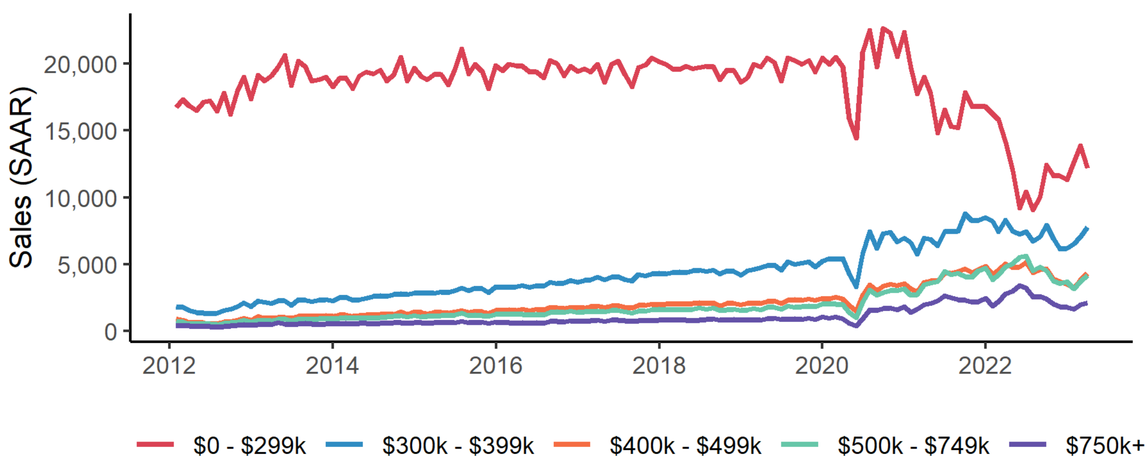
Seasonally Adjusted Annualized Rate



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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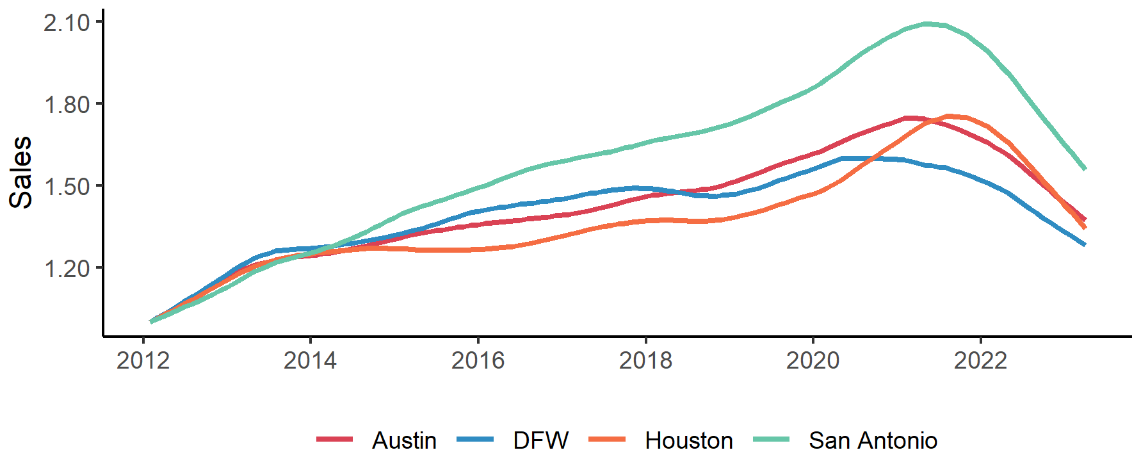
Metro Home Sales

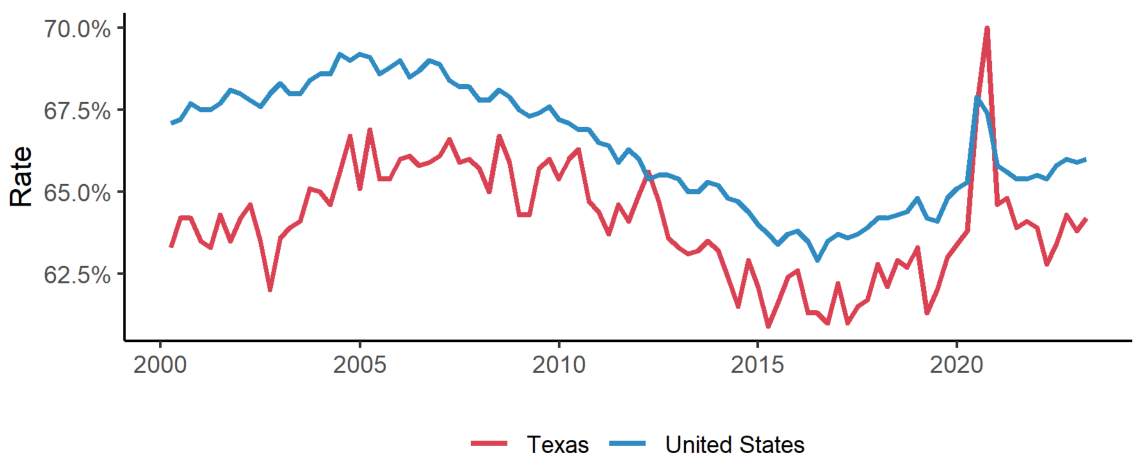
Seasonally Adjusted Trend



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

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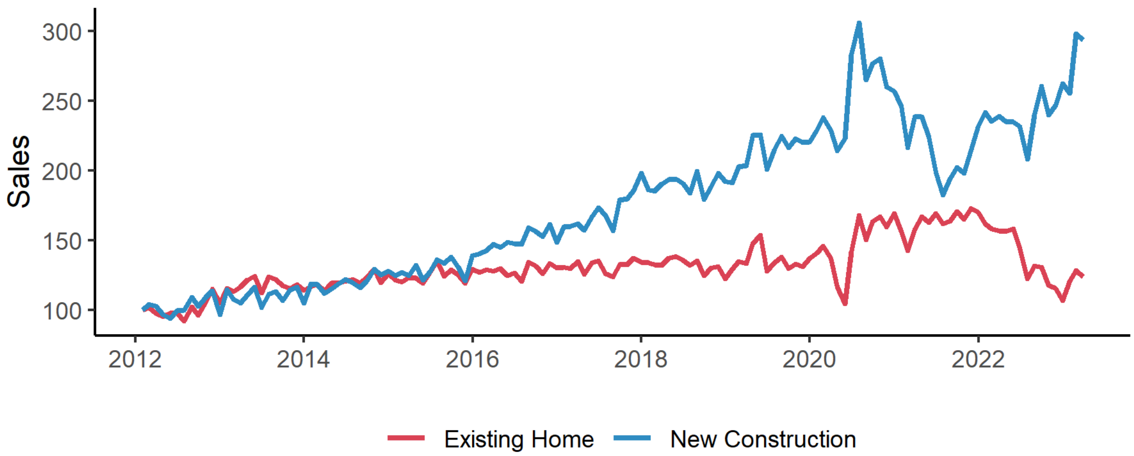
New and Existing Home Sales

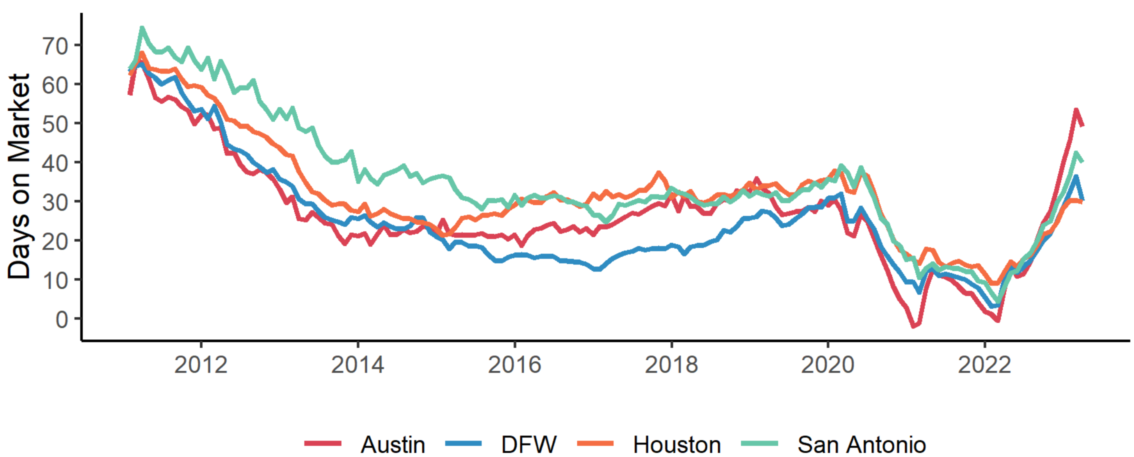
Seasonally Adjusted Annualized Rate



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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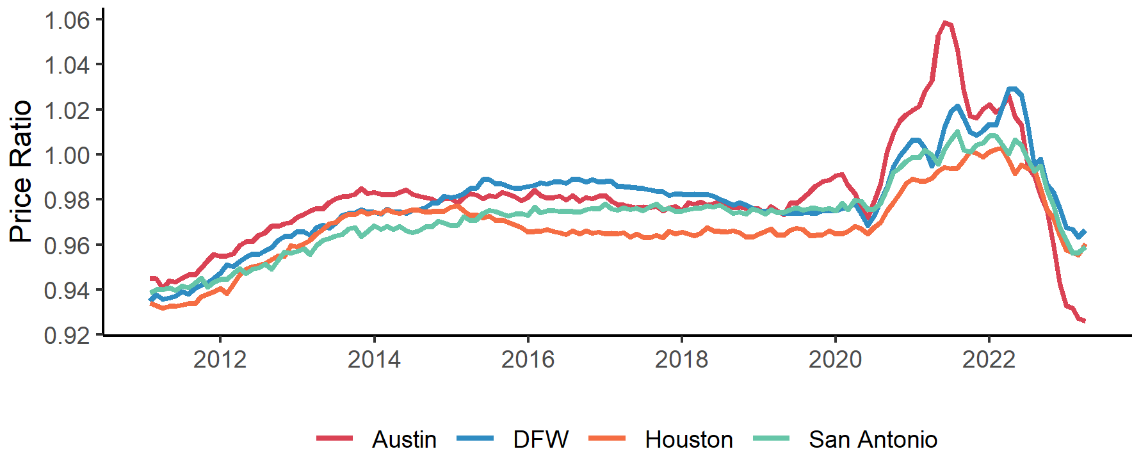
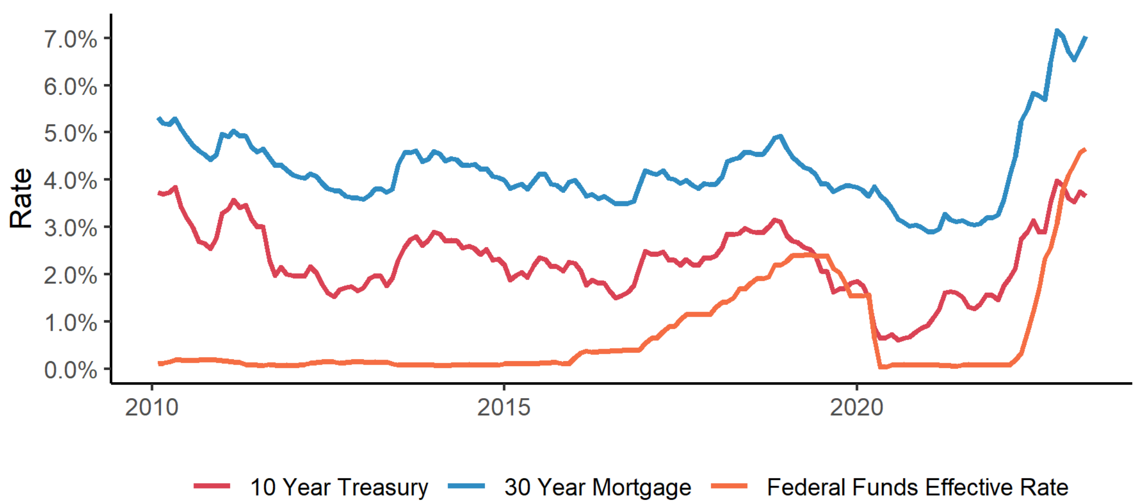
Metro Median Sale to List Price Ratio

Seasonally Adjusted Annualized Rate



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

Interest Rates



Source: Federal Reserve - Wall Street Journal - Texas Real Estate Research Center at Texas A&M University

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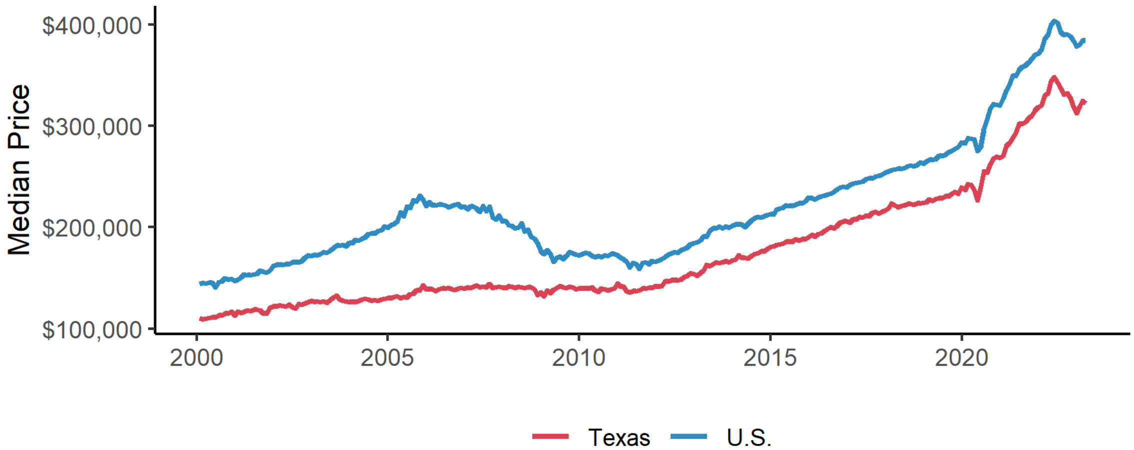
Median Existing Single-Family Home Prices

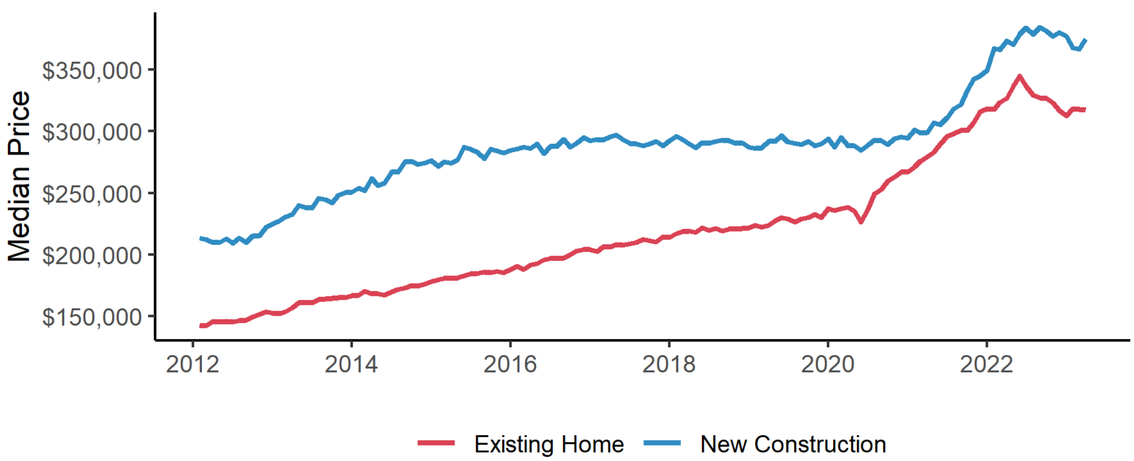
Seasonally Adjusted Annualized Rate



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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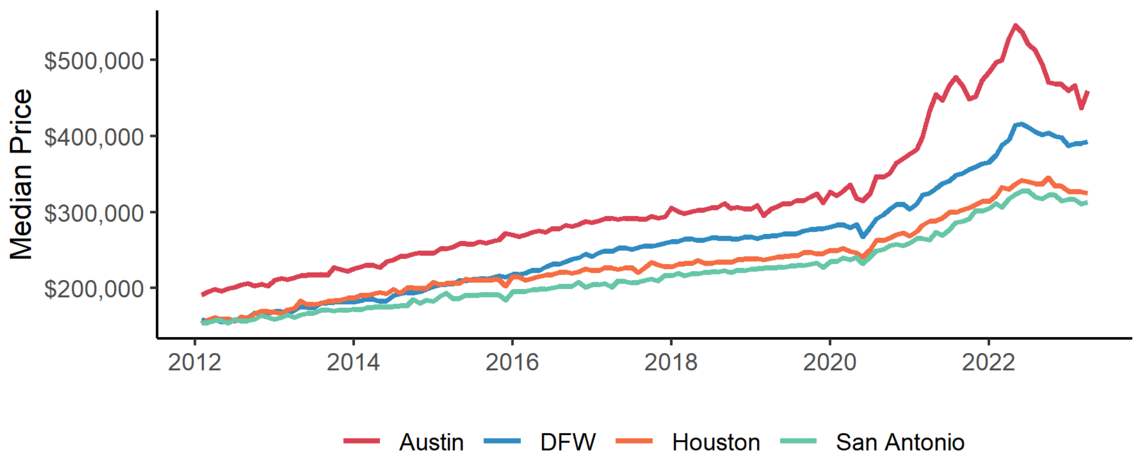
Texas Major Metro Median Home Prices

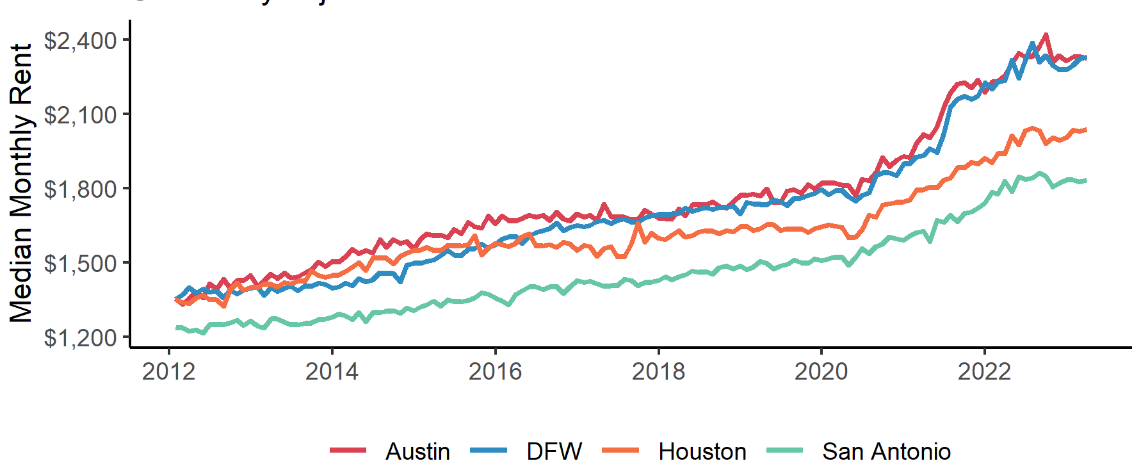
Seasonally Adjusted Annualized Rate



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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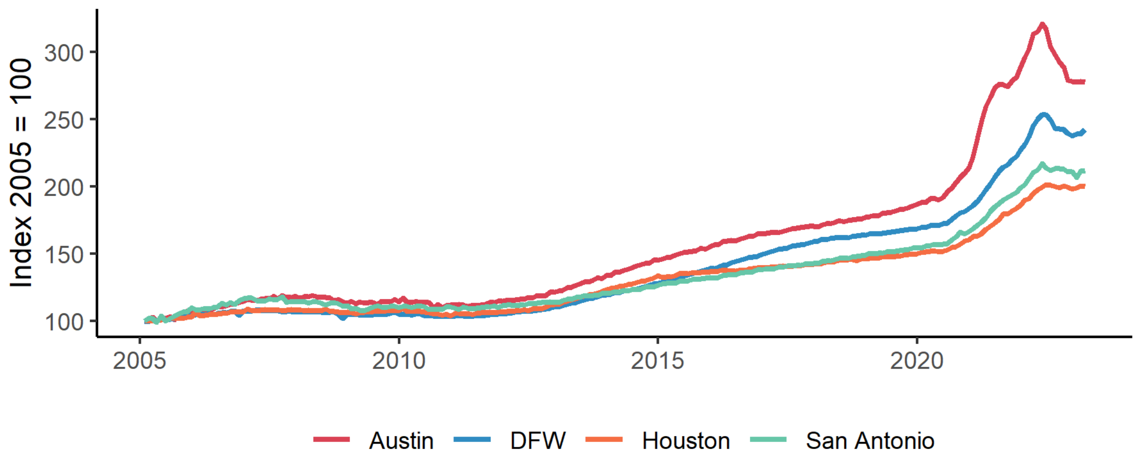
Major Metro Home Price Index

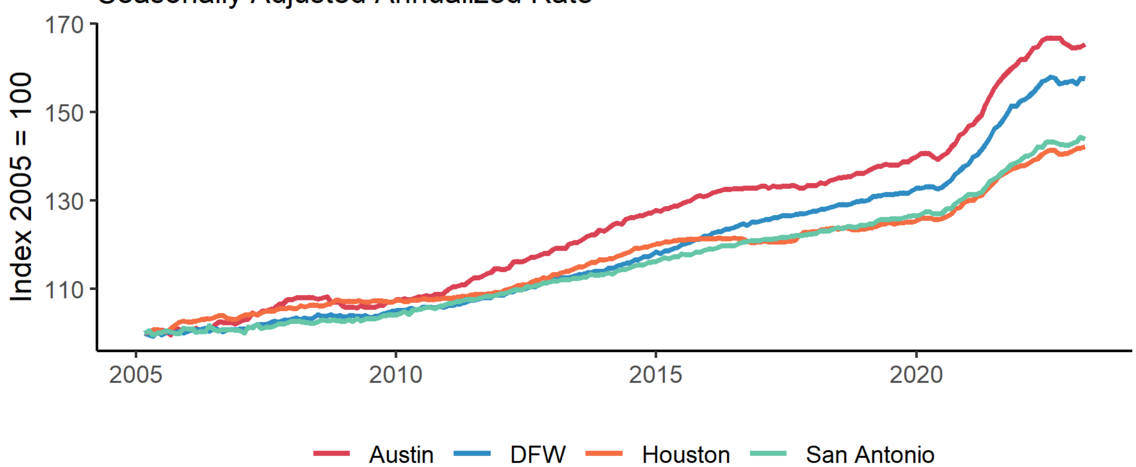
Seasonally Adjusted Annualized Rate



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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