



TEXAS A&M UNIVERSITY

Texas Real Estate Research Center



TEXAS HOUSING INSIGHT

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SEPTEMBER 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.

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Data current as of Oct. 15, 2023

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SEPTEMBER 2023 SUMMARY

SINGLE FAMILY STARTS
 8.5% MOM

MEDIAN HOME PRICE
 1.8% MOM

DAYS ON MARKET
 55 days

ACTIVE LISTINGS
 5.2% MOM

High mortgage rates have put downward pressure on the housing market throughout the year, resulting in a 14.2 percent year-over-year (YOY) decrease in sales volume. Median price rose 1.8 percent despite home sales not changing much since last month. Additionally, homes are sitting on the market longer, causing months of inventory (MOI) to rise. Active listings were up 5.2 percent.

Housing Demand Plunges in 2023

Following August’s impressive 9.5 percent month-over-month (MOM) growth, Texas’ **total home sales** held fairly steady at 27,175 transactions in September, a deviation of less than 1 percent from August (Table 1). Monthly sales activities in major metros remained relatively steady as well. Despite these minor monthly changes, the housing market has fallen dramatically with the onset of the highest mortgage rates since 2000, leaving only the most committed buyers. Consumer demand has trended strongly downward since December 2021, resulting in a 14.2 percent YOY decline in the state’s sales volume.

Table 1. Home Sales Volume

	Aug	Sep	Monthly Changes
Texas	27,395	27,175	↓ -0.8%
Austin-Round Rock	2,474	2,436	↓ -1.5%
Dallas-Fort Worth-Arlington	7,109	7,089	↓ -0.3%
Houston-The Woodlands-Sugar Land	7,117	7,145	↑ 0.4%
San Antonio-New Braunfels	2,749	2,784	↑ 1.3%

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

The state’s **average days on market (DOM)** is showing a departure from the steep rebounding trend that persisted from March 2022 to April 2023. Since then, DOM readings have fallen from 59 to 55 days, indicating a shorter listing period. Among the major metros, Austin (69 days) and San Antonio (69 days) reported DOM longer than the state average, while Dallas and Houston had DOM figures of 45 days and 48 days, respectively.

Housing supplies are stocking up as **active listings** have trended upward since February. In September, the number of homes available for sale increased by 5.2 percent, reaching a total of 90,750 listings. Houston had the most homes available for sale with 22,260 listings, while Austin had the fewest among the Big Four with 9,570 listings. Despite the strong rebound over the last eight months, the state’s active listings still need to bridge a gap of more than 10 percent to catch up on the pre-pandemic level.

The state recorded 41,200 **new listings** in September. Houston and Dallas accounted for 28 percent and 24 percent of the market share, respectively. San Antonio had a robust month for new listings after 4,540 properties entered the market, surpassing Austin's 3,720 units. As active listings increased and sales slowed down, the **MOI** grew to 3.6 months.

Record Rates Push Down Loan Applications

The Fed's initiative to rein in inflation has increased both the treasury rates and mortgage rates significantly. The **ten-year U.S. Treasury Bond yield** exhibits a monthly average yield of 3.8 percent in 2023, up from 3 percent in 2022 and 1.5 percent in 2021. The rate keeps rising, and the September reading has reached 4.4 percent—the highest reading in 16 years.

Boosted by the bond yield, **the Federal Home Loan Mortgage Corporation's 30-year fixed-rate** elevated to 7.2 percent, up 13 basis points. The inflated mortgage rate is expected to further raise the cost of homeownership, decreasing mortgage applications. Under the pressure of high mortgage rates, mortgage loan applications have fallen by over 25 percent. With the index setting March 1990's volume index as the benchmark, the Mortgage Bankers Association reported a weekly average of 142.8, down from 193.9 a year earlier.

Single-Family Permit Levels Fall from Last Month's Spike

Texas' **single-family construction permits** fell 11.5 percent MOM to 12,353 issuances. Inversely from last month, San Antonio reported the only increase in demand (740 permits), up 18.4 percent from last month. Dallas accounted for most of the state's loss, down 38.5 percent to 2,805 monthly permits. Houston (4,234 permits) fell just below a third of the state's total permits while Austin (1,580 permits) continued to feel the effects of the price corrections from 2022.

Construction starts fell alongside construction permits according to data from Dodge Construction Network. **Single-family construction starts** decreased by 8.5 percent MOM to 11,750 units. Houston posted the only significant positive change among the Big Four, climbing to over 3,300 houses breaking ground. Home project starts fell in Austin (15 percent MOM) and Dallas (5.2 percent MOM) while San Antonio experienced little fluctuation from the previous month.

The state's total **single-family starts value** reached \$22.8 billion this month, consistent with August's trend of mirroring the activity levels of 2019. This value is still well below the 2022 peak. Houston and Dallas continue to account for over half of the state's construction activity values. All Big Four metros saw increases in starts values, however, all had the same percent of market share as the previous month, showing consistent increases across Texas.

Constrained Supply Keeps Median Home Prices Aloft

The still-suppressed housing supply is keeping housing prices elevated. Texas's **median home price** gained 1.8 percent MOM, increasing by almost \$6,000 in a month. For all of 2023, median prices have remained relatively steady with only minor month-to-month fluctuations. The Big Four metros reported monthly changes of less than 1 percent. While Austin's price still suffers from price correction, Dallas' median home price is steadily advancing to the \$400,000 region (Table 2).

Table 2. Median Housing Prices

	Aug	Sep	Monthly Changes
Texas	\$ 335,600	\$ 341,500	↑ 1.7%
Austin-Round Rock	\$ 452,400	\$ 450,500	↓ -0.4%
Dallas-Fort Worth-Arlington	\$ 396,400	\$ 398,900	↑ 0.6%
Houston-The Woodlands-Sugar Land	\$ 332,900	\$ 334,800	↑ 0.6%
San Antonio-New Braunfels	\$ 313,800	\$ 314,900	↑ 0.3%

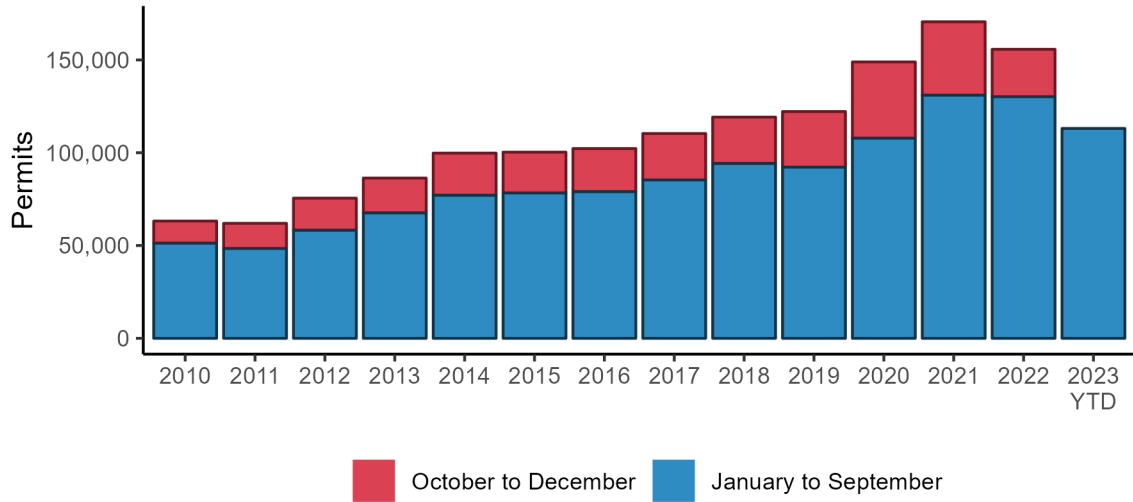
Note: Seasonally adjusted data used for the reported metrics.
Source: Texas Real Estate Research Center at Texas A&M University

Due to the price rise, over half of homes are now priced at \$200,000-\$300,000 or \$300,000-\$400,000, accounting for 33 percent and 24 percent of total home sales, respectively.

The **Texas Repeat Sales Home Price Index** (Dec 2004=100) peaked in July and retreated slightly in September. After suffering major price corrections earlier in the year, home price growth has gradually grown back to rates comparable to the peaks from last year.

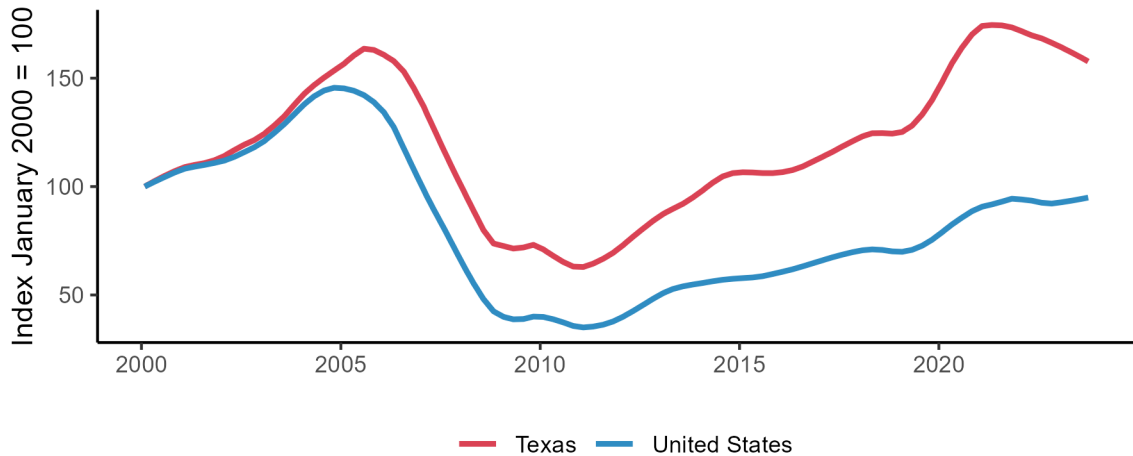


Texas Single-Family Permits



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

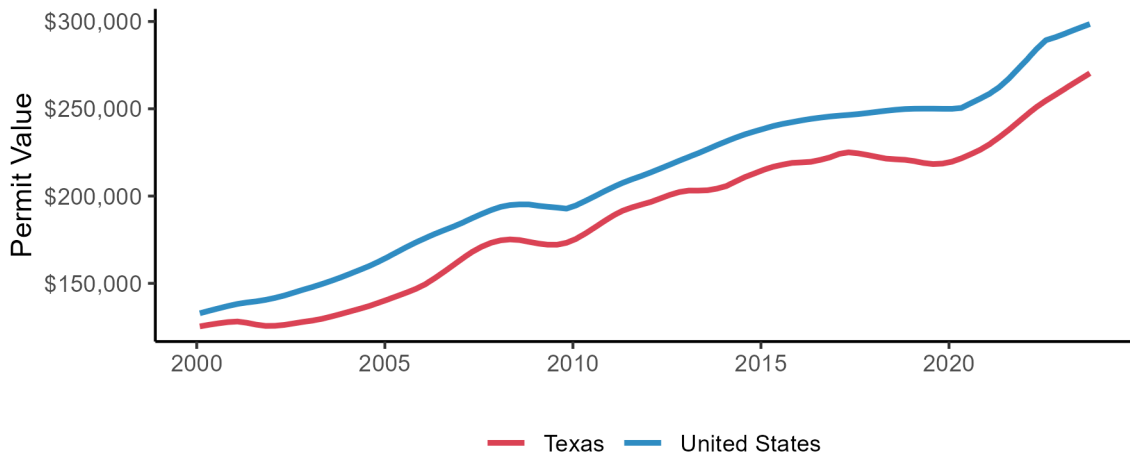
Single-Family Housing Construction Permits Seasonally Adjusted Trend



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

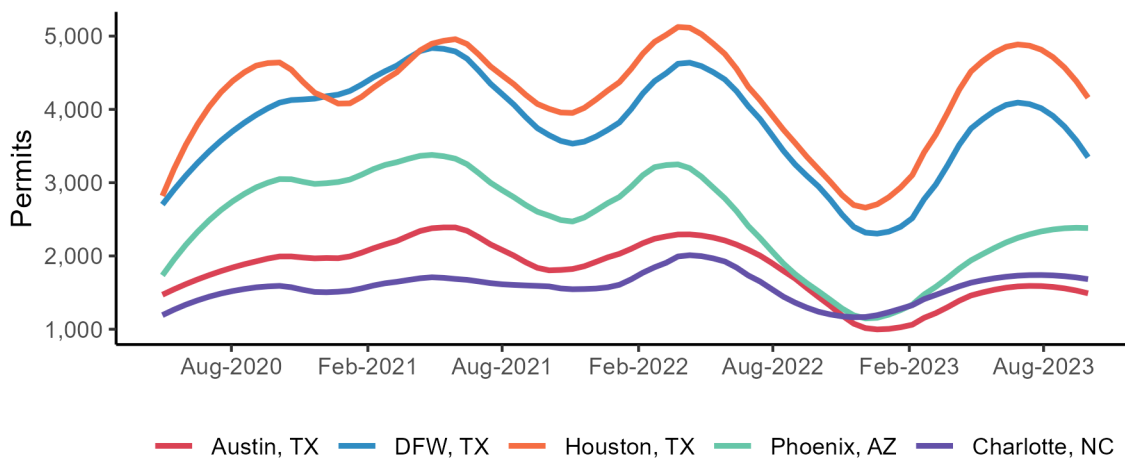


Single-Family Housing Construction Permit Values Seasonally Adjusted Trend



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

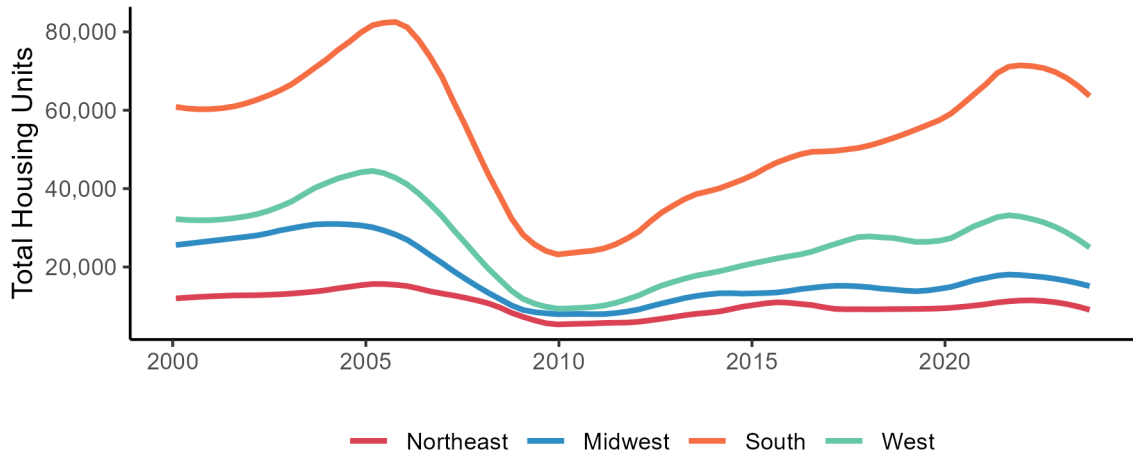


Source: U.S. Census Bureau - Texas Real Estate Research Center at Texas A&M University



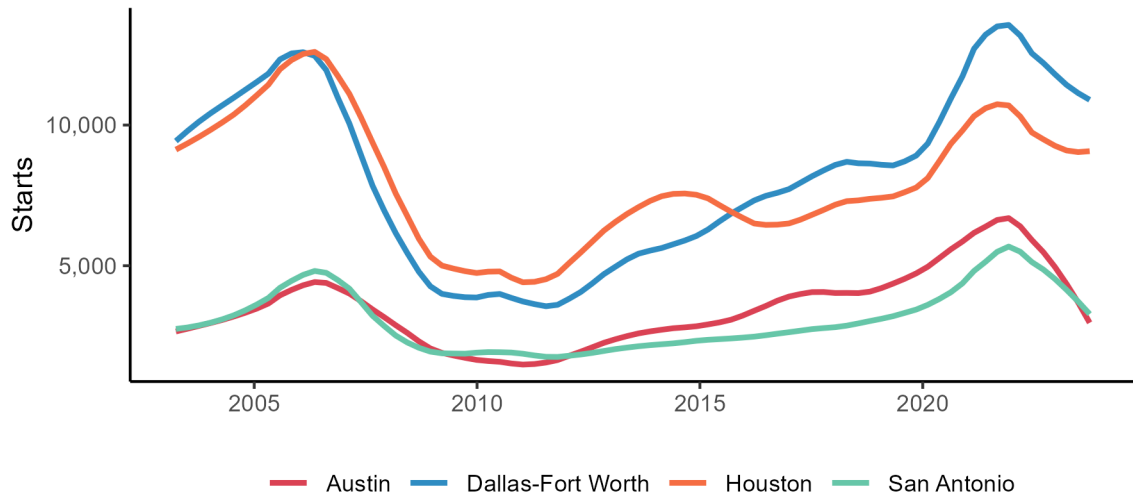
Regional Housing Starts

Total Housing Units



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

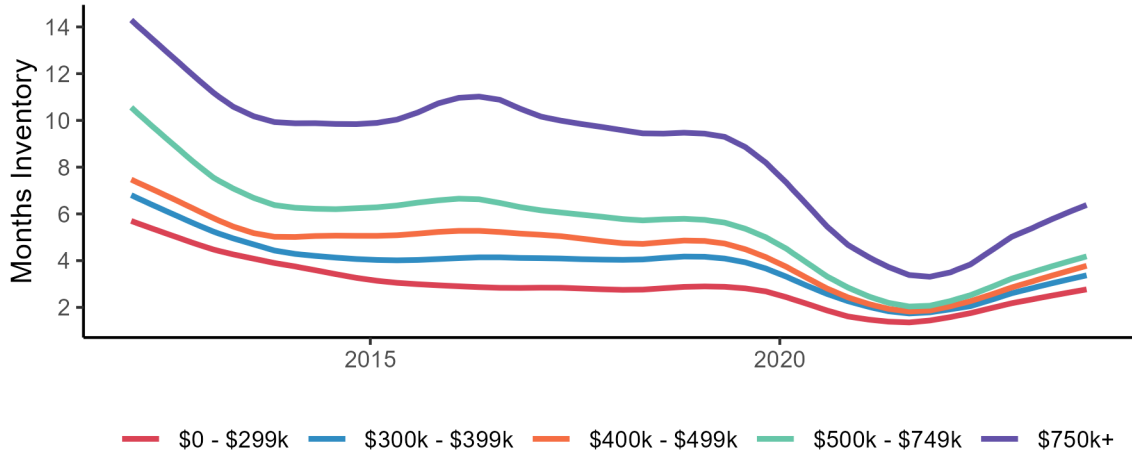
Metro Housing Starts



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

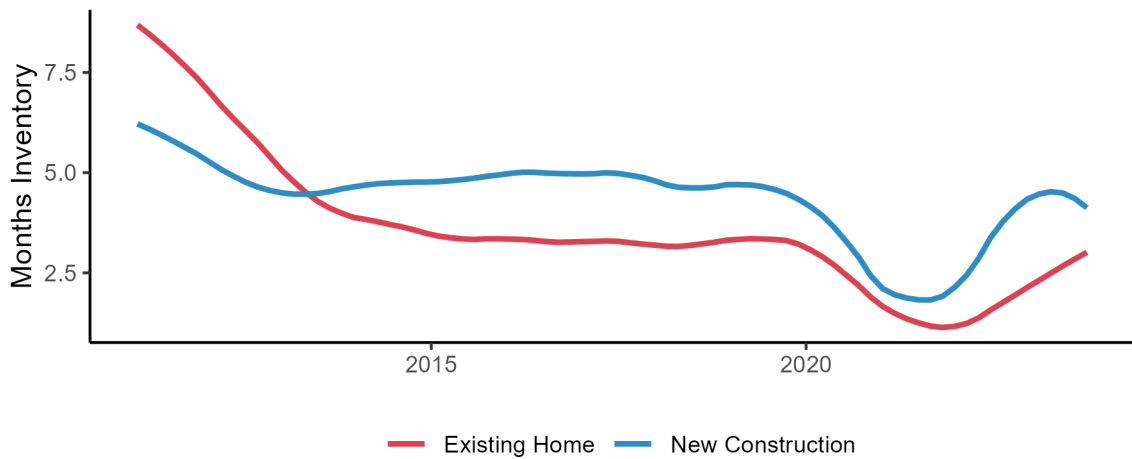


Inventory by Price Cohort
Seasonally Adjusted Trend



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

Texas New and Existing Inventory
Seasonally Adjusted Annualized Rate

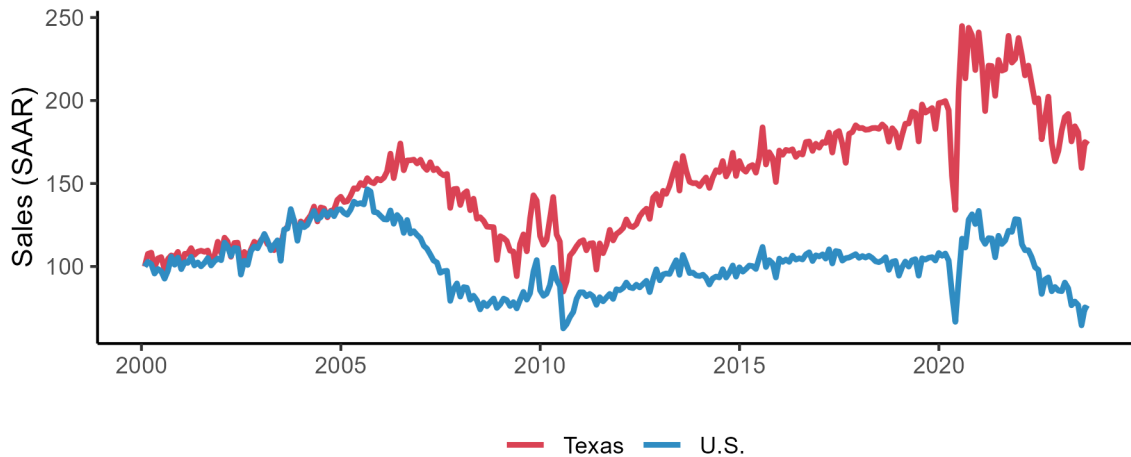


Source: Texas Real Estate Research Center at Texas A&M University



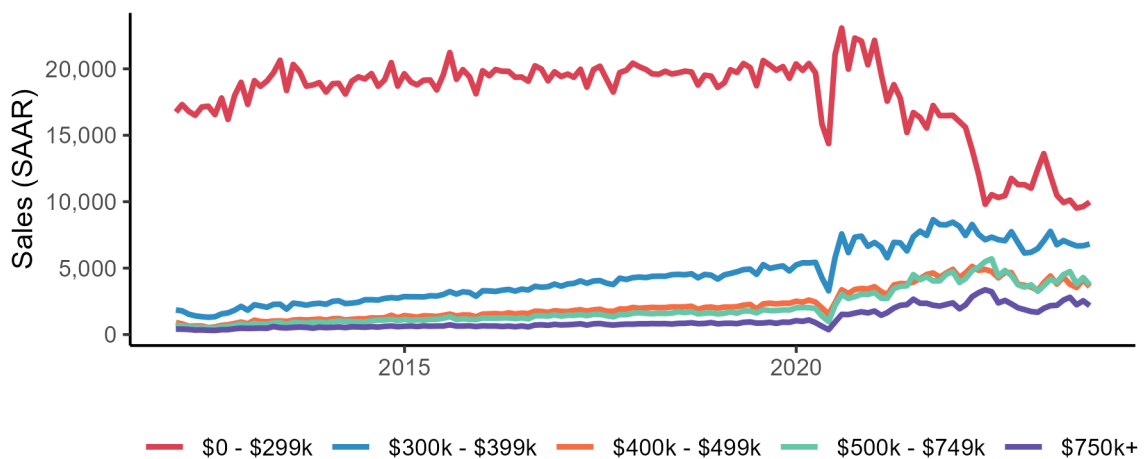
DEMAND

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



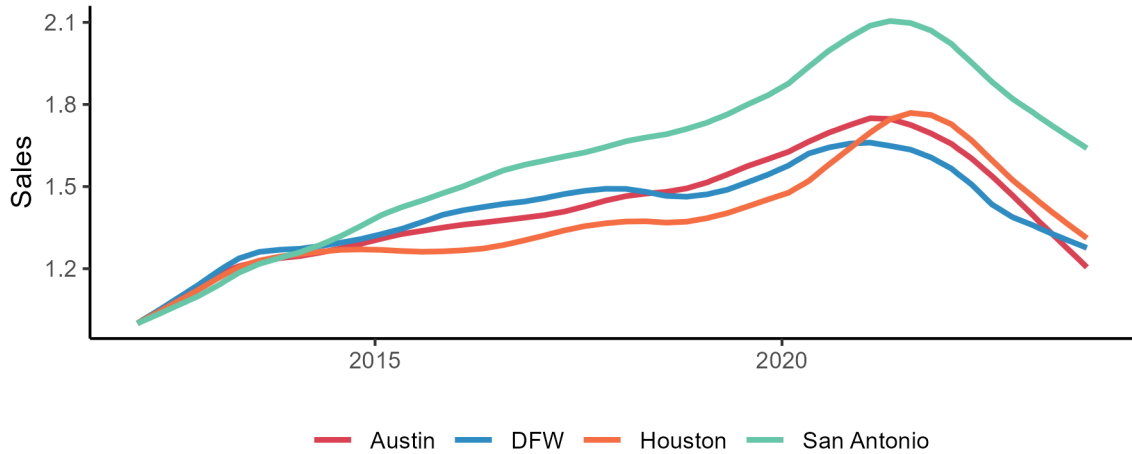
Source: Texas Real Estate Research Center at Texas A&M University





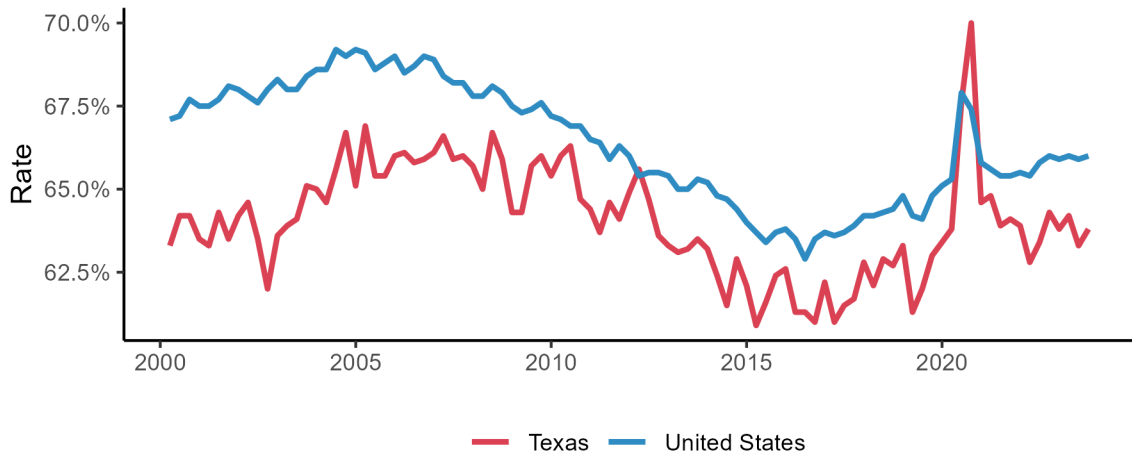
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Metro Home Sales Seasonally Adjusted Trend



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

Homeownership Rate Seasonally Adjusted Trend



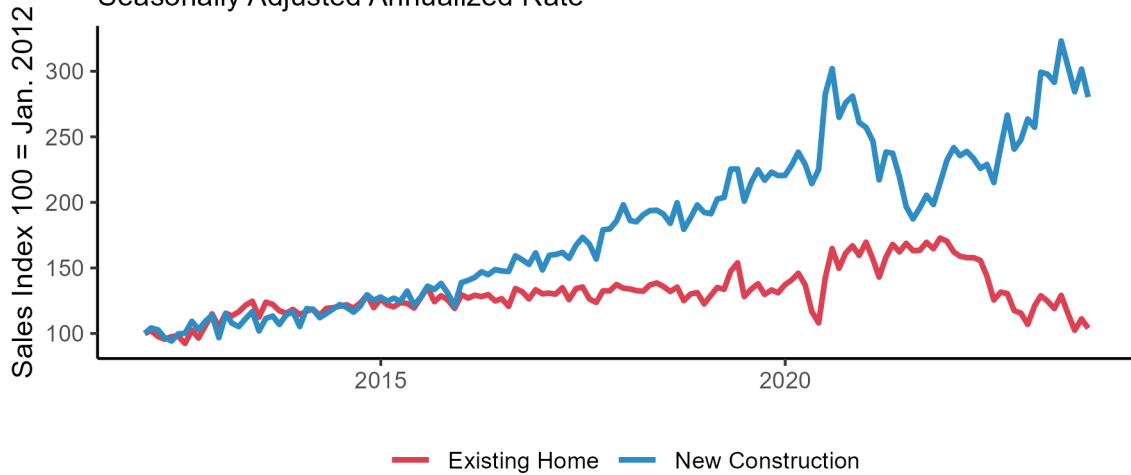
Source: U.S. Census Bureau and Texas Real Estate Research Center at Texas A&M University





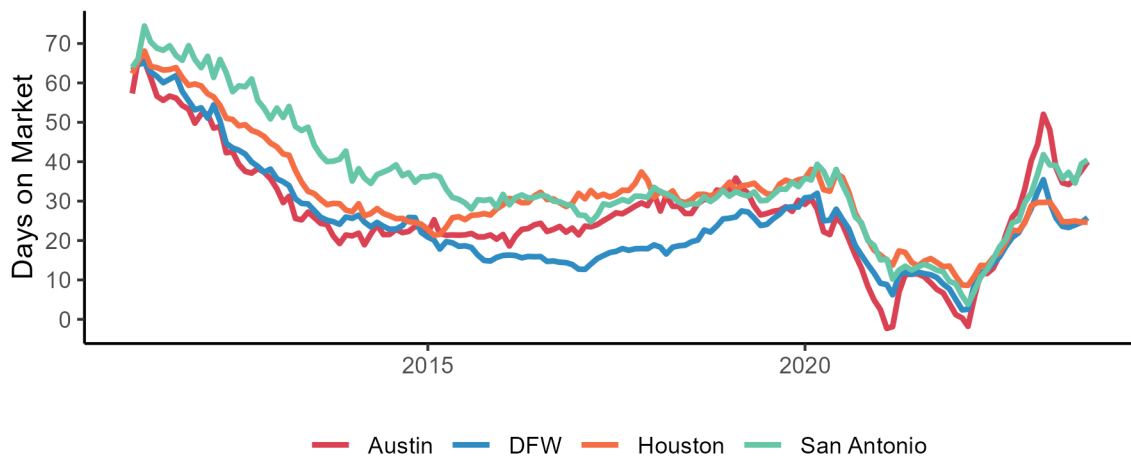
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New and Existing Home Sales Seasonally Adjusted Annualized Rate



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

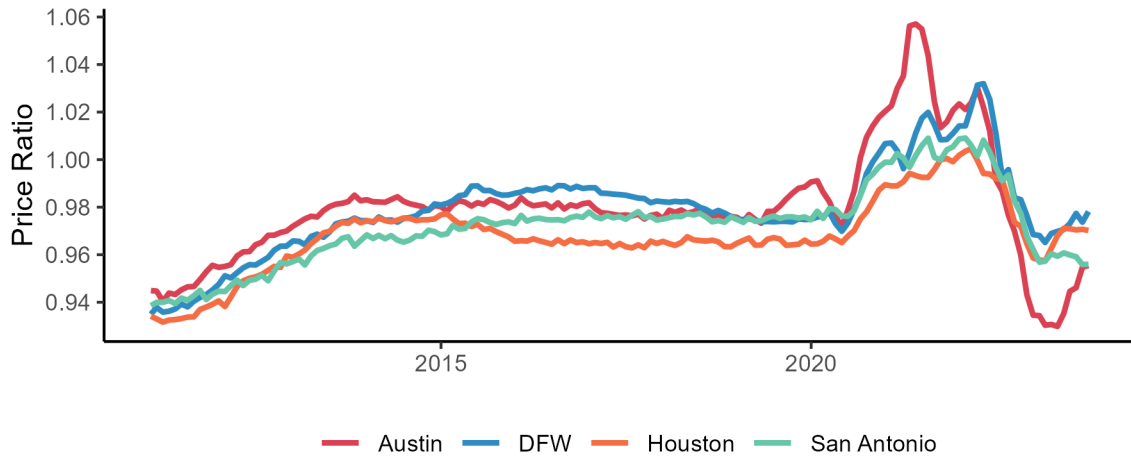




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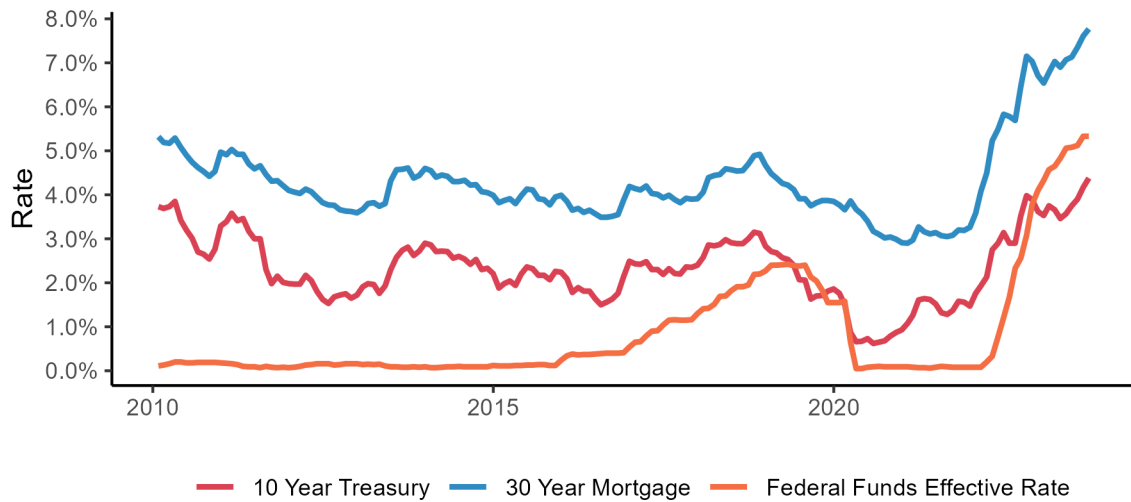
Metro Median Sale to List Price Ratio

Seasonally Adjusted Annualized Rate



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

Interest Rates

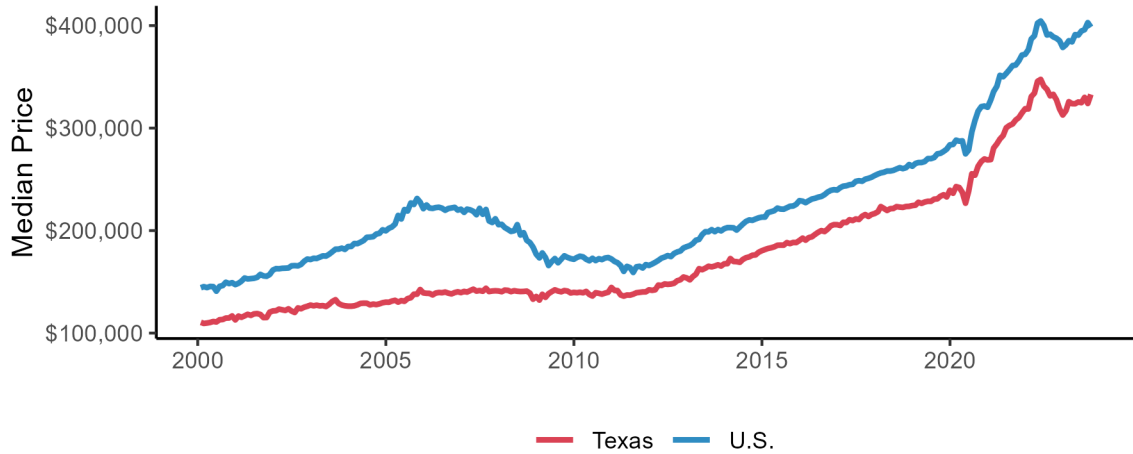


Source: Federal Reserve - Wall Street Journal - Texas Real Estate Research Center at Texas A&M University



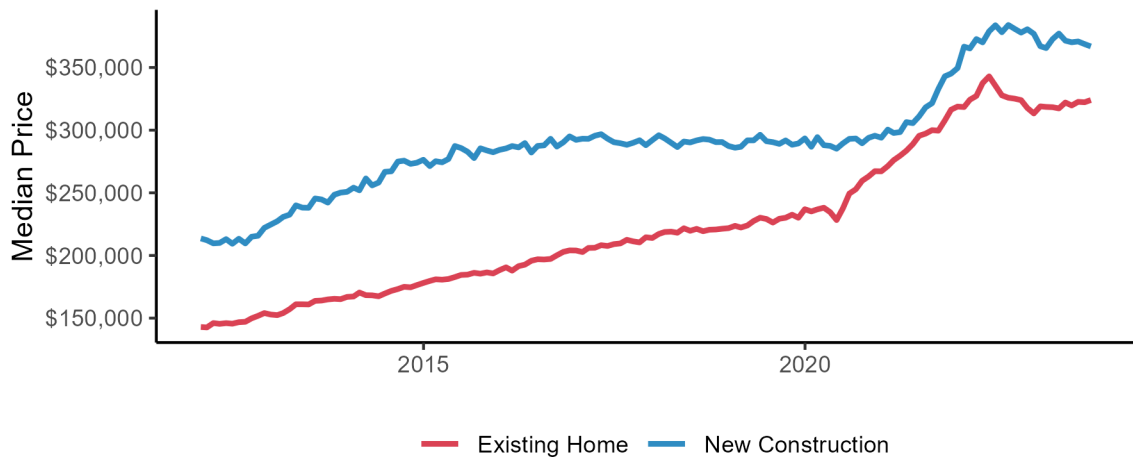
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Median Existing Single-Family Home Prices Seasonally Adjusted Annualized Rate



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

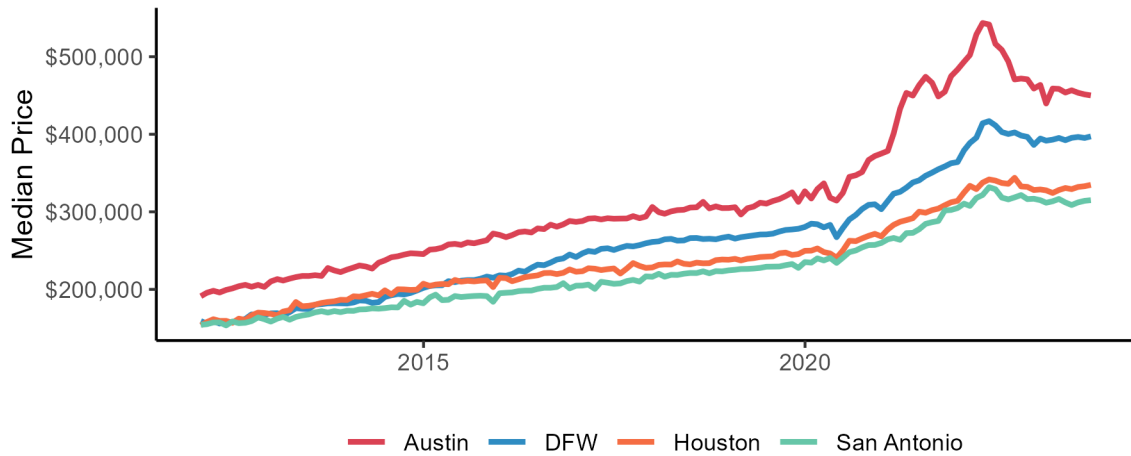


Source: Texas Real Estate Research Center at Texas A&M University



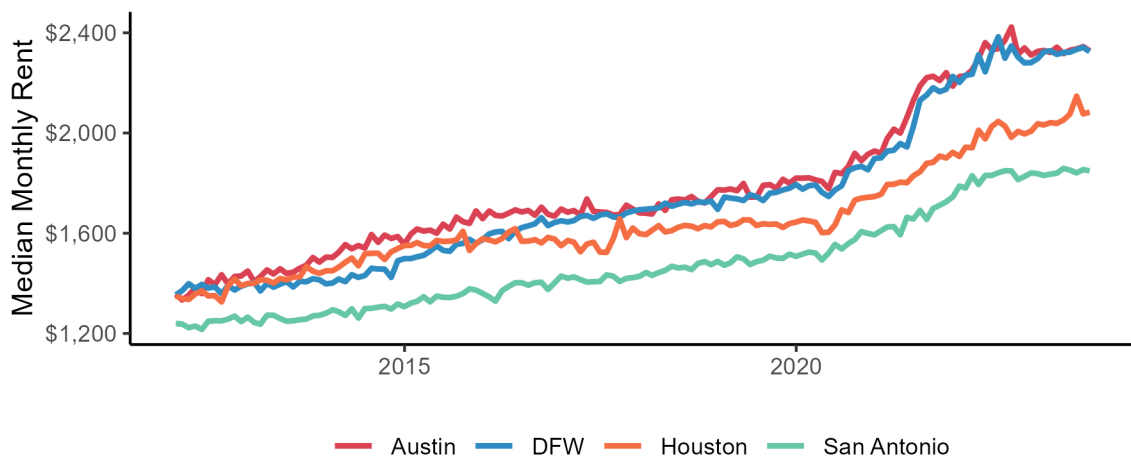
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Texas Major Metro Median Home Prices Seasonally Adjusted Annualized Rate



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

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

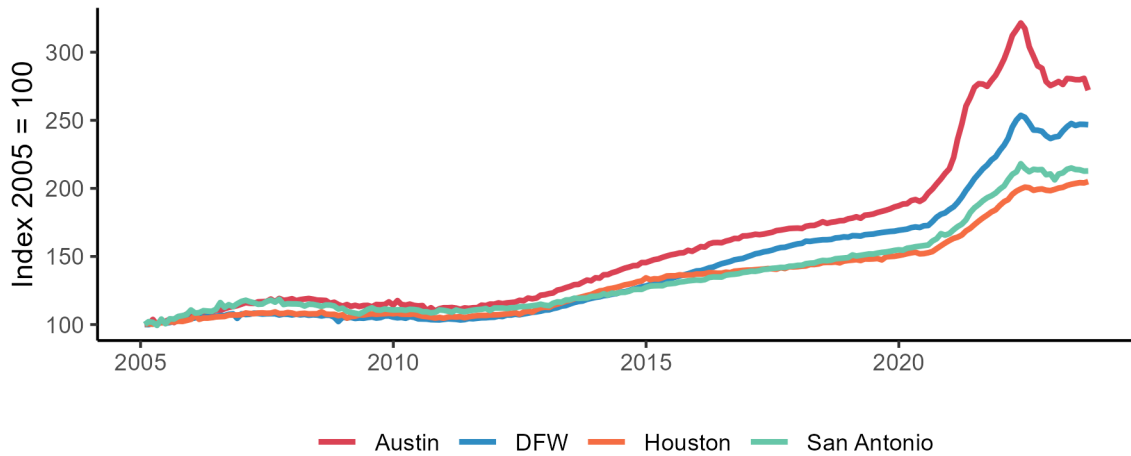


Source: Texas Real Estate Research Center at Texas A&M University



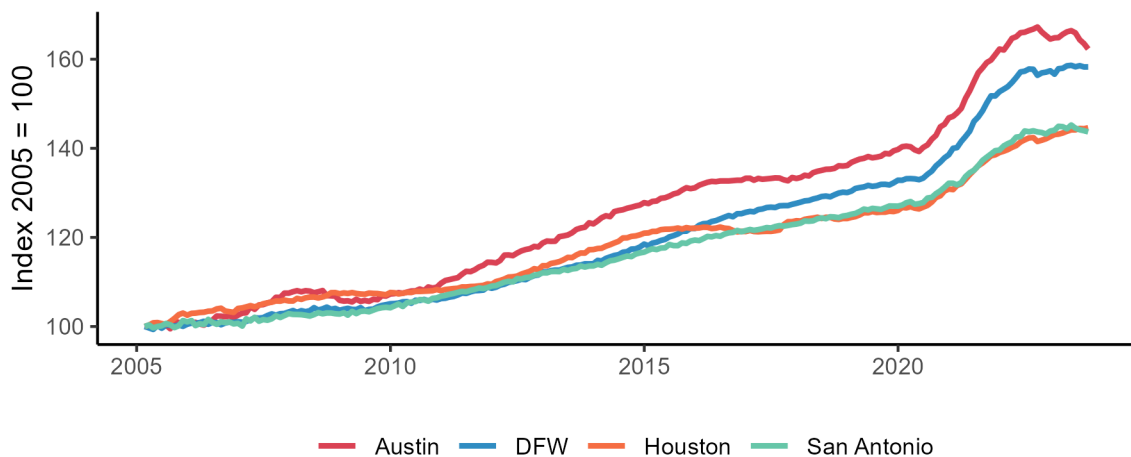
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Major Metro Home Price Index Seasonally Adjusted Annualized Rate



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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