



TEXAS A&M UNIVERSITY

Texas Real Estate Research Center



TEXAS HOUSING INSIGHT

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OCTOBER 2023 DATA

TECHNICAL REPORT

About This Report	2
October 2023 Summary	3
Supply	6
Texas Single-Family Permits	6
Single-Family Housing Construction Permits.....	6
Single-Family Housing Construction Permit Values.....	7
Top New Home Markets.....	7
Regional Housing Starts	8
Metro Housing Starts.....	8
Inventory by Price Cohort	9
Texas New and Existing Inventory	9
Demand	10
Residential Home Sales.....	10
Texas Sales by Price Cohort	10
Metro Home Sales	11
Homeownership Rate	11
New and Existing Home Sales.....	12
Metro Median Days on Market	12
Metro Median Sale to List Price Ratio	13
Interest Rates.....	13
Prices	14
Median Existing Single-Family Home Prices	14
Texas New and Existing Median Home Price.....	14
Texas Major Metro Median Home Prices.....	15
Texas Major Metro Median Single-Family Monthly Rent	15
Major Metro Home Price Index.....	16
Major Metro Single-Family Rent Index.....	16



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 and Koby McMeans

Data current as of Nov. 28, 2023

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OCTOBER 2023 SUMMARY

DAYS ON MARKET
▼ 52 days

ACTIVE LISTINGS
▲ 4.1% MOM

MEDIAN HOME PRICE
▼ 1.9% MOM

HOME PRICE INDEX
▬ 0.1% MOM

High mortgage rates continue to put downward pressure on the housing market, with Texas home sales decreasing 5.9 percent year-over-year (YOY). The average price fell alongside sales, with homes costing around \$6,000 less than in September. Demand for new construction increased despite the high entry barrier into the housing market. Homes continue to sit on the market longer, increasing by a week since the start of the year.

Housing Demand Remains Weak

High mortgage rates continue to decrease demand for homebuyers, leading to Texas' **total home sales** falling 3.7 percent to 26,164 sales in October (Table 1). The "Big Four" metros were split with Austin and Dallas experiencing gains while Houston and San Antonio fell significantly. Austin had the highest monthly elevation with a 2.4 percent growth rate while San Antonio plummeted by 6.1 percent. The gap between Dallas and Houston grew as they moved in opposite directions. High mortgage rates continue to increase the entry barrier for buyers, leaving only the most committed buyers in the market.

Table 1. Home Sales Volume

	Sept.	Oct.	Monthly Changes
Texas	27,175	26,164	↓ -3.7%
Austin-Round Rock	2,436	2,495	↑ 2.4%
Dallas-Fort Worth-Arlington	7,089	7,198	↑ 1.5%
Houston-The Woodlands-Sugar Land	7,145	6,854	↓ -4.1%
San Antonio-New Braunfels	2,784	2,615	↓ -6.1%

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)** enters its sixth month of decreases, falling from 59 days in February to 52 days in October, indicating a shorter listing period. Among the major metros, Houston (44 days) posted the only monthly decrease while San Antonio (70 days) posted the largest gain. Dallas (44 days) and Austin (68 days) remain unchanged from the previous month.

Housing supplies are stocking up as **active listings** marked their seventh straight month of increases, climbing 4.1 percent to 98,875 listings. All four major metros posted monthly gains with Houston (8.5 percent) adding 1,867 listings while Austin (0.9 percent) had a moderate gain of 84 listings. The constant increases since the start of 2023 have put the state's active listings number at October 2019 levels.

The state's **new listings** fell 1.45 percent to 42,100 in October. San Antonio contributed heavily to this decline, falling over 17 percent (790 homes). Amid the rise in active listings, the months of inventory (**MOI**) grew to 3.8 months with all four major metros posting marginal gains.

High Mortgage Rates Continue to Impair Affordability

The Fed's effort to curb inflation has led to a substantial rise in both treasury and mortgage rates. The **ten-year U.S. Treasury Bond yield** grew for the sixth consecutive month reaching 4.8 percent. Likewise, **the Federal Home Loan Mortgage Corporation's 30-year fixed-rate** increased to 7.62 percent, up 42 basis points. The inflated mortgage rate is expected to further raise the cost of homeownership, decreasing mortgage applications.

Single-Family Permit Levels Rebound

Texas' **single-family construction permits** rose 1.1 percent month over month (MOM) to 12,619 issuances. All four major metros reported growing demand for permits except for Houston (4,007 units), falling 4.6 percent. Among the other three metros, both San Antonio (967 units) and Dallas (3,731 units) saw double-digit monthly percent gains at 31 and 24 percent, respectively. Austin rebounded from last month's fall, climbing 8.7 percent to 1,643 units.

Construction starts grew alongside construction permits according to data from Dodge Construction Network. **Single-family construction starts** increased 1.2 percent MOM to 11,556 units. Both Dallas and Houston led with over 3,250 houses breaking ground, surpassing the combined total of other metros outside the Big Four. Home project starts in Austin (1,605 starts) and San Antonio (694 starts) surpassed the typical 2:1 ratio.

The state's year-to-date total **single-family starts value** climbed to \$25.4 billion, up from \$22.8 billion in September. Starts values continued the previous month's trend of mirroring the values observed in 2019. Houston and Dallas remain the largest contributors, accounting for more than half of the state's construction activity values. Dallas' market share rose to 30.2 percent, with Houston trailing at 29.7 percent.

Median Home Price Falls for First Time Since February

After last month's spike in median home prices, October erased that increase with the housing market easing as the **median home price** fell 1.9 percent MOM, falling by over \$6,000 from last month. Housing prices remained elevated, but this month they declined as all of the Big Four metros reported monthly decreases with Austin experiencing the greatest decrease at 3 percent. Dallas and Houston declined by over 1 percent while San Antonio declined the least at 0.7 percent (Table 2).

Table 2. Median Housing Prices

	Sept.	Oct.	Monthly Changes
Texas	\$341,500	\$334,900	↓ -1.9%
Austin-Round Rock	\$450,500	\$437,000	↓ -3.0%
Dallas-Fort Worth-Arlington	\$398,900	\$393,300	↓ -1.4%
Houston-The Woodlands-Sugar Land	\$334,800	\$331,500	↓ -1.0%
San Antonio-New Braunfels	\$314,900	\$312,700	↓ -0.7%

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

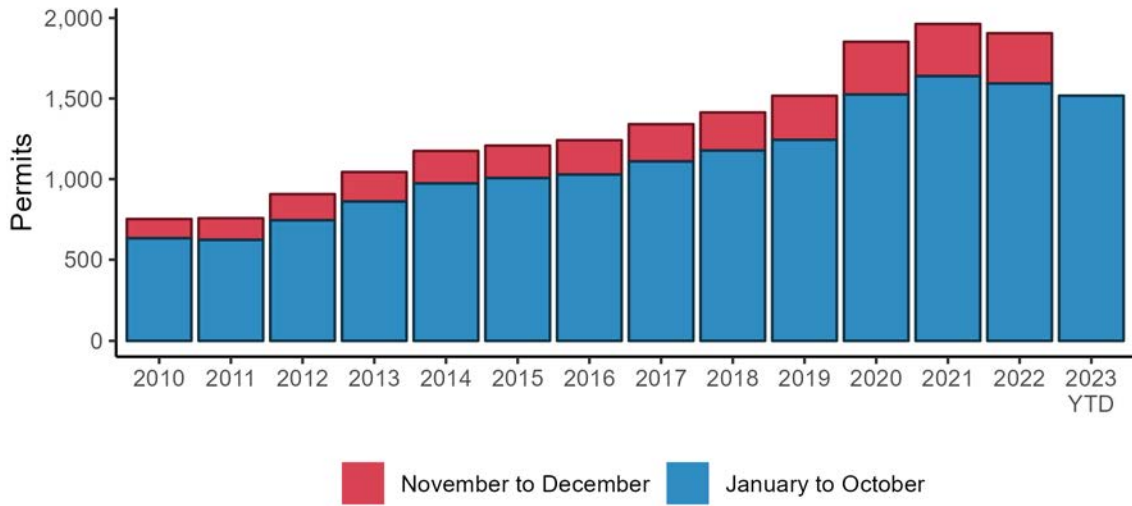
Due to the price rise, half of homes are now priced at \$200,000-\$300,000 or \$300,000-\$400,000, accounting for 26 percent and 24 percent of total home sales, respectively.

The **Texas Repeat Sales Home Price Index** (Dec 2004=100) moderated at a 0.1 percent MOM loss but was up 1.5 percent from the previous year. Austin had the lowest annual appreciation with a 5.7 percent YOY decrease while Houston showed the highest annual appreciation at 2.5 percent.



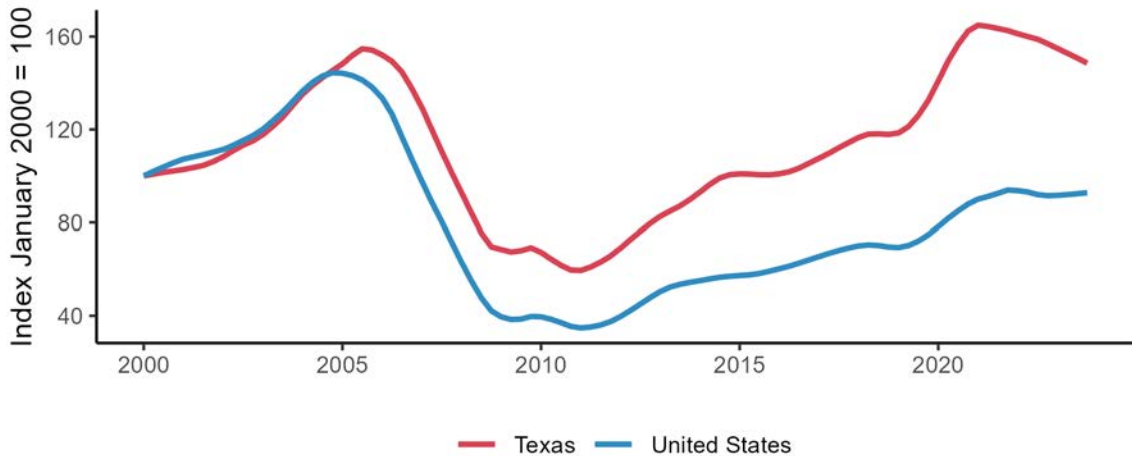
SUPPLY

Texas Single-Family Permits



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

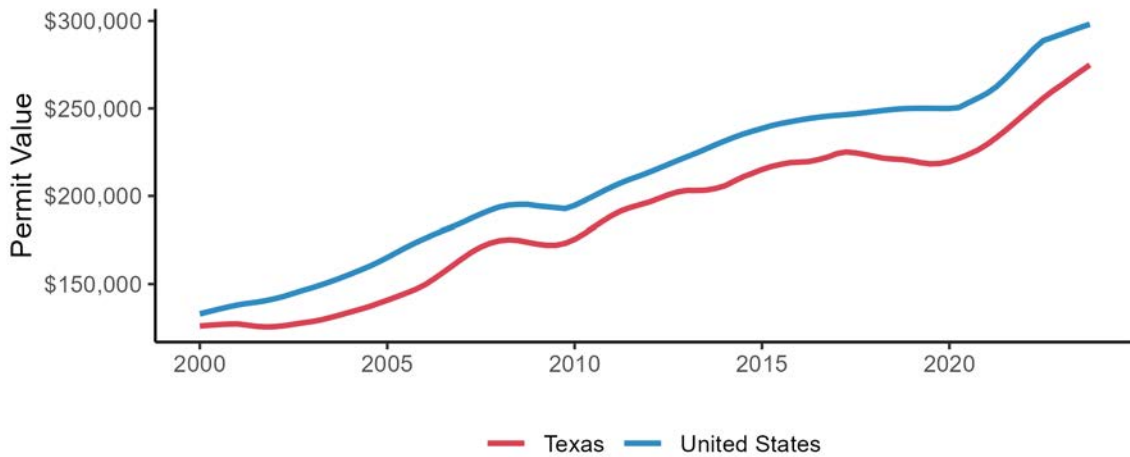
Single-Family Housing Construction Permits Seasonally Adjusted Trend



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

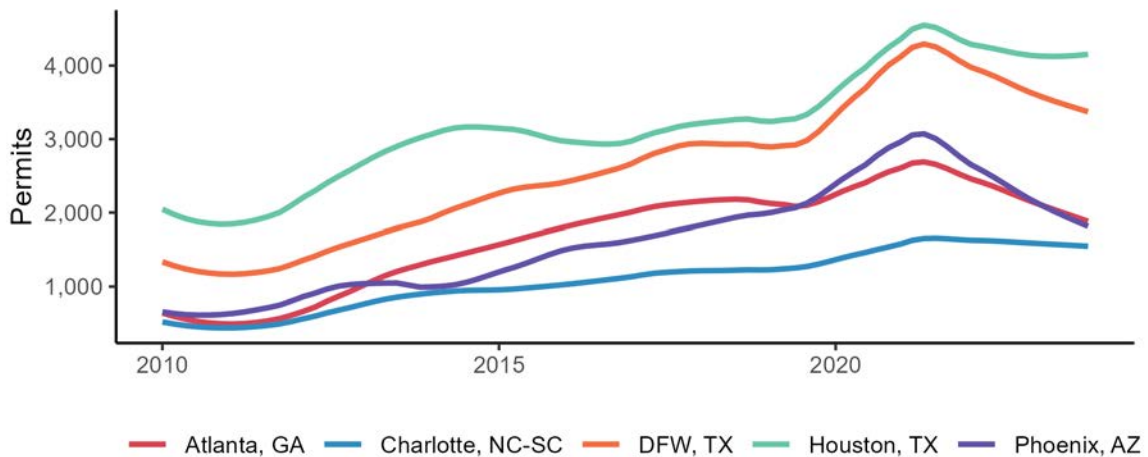


Single-Family Housing Construction Permit Values Seasonally Adjusted Trend



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

Top New Home Markets Single-Family Detached Homes

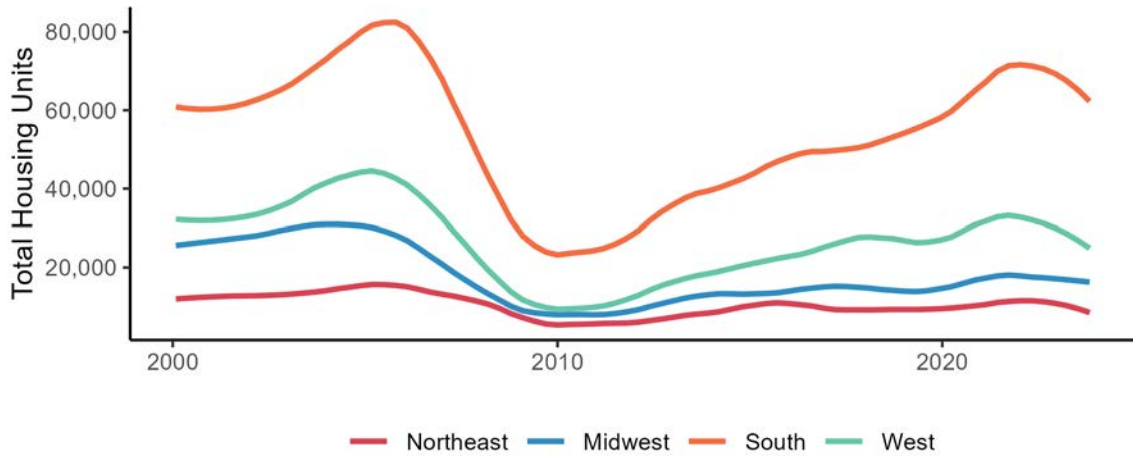


Source: U.S. Census Bureau - Texas Real Estate Research Center at Texas A&M University



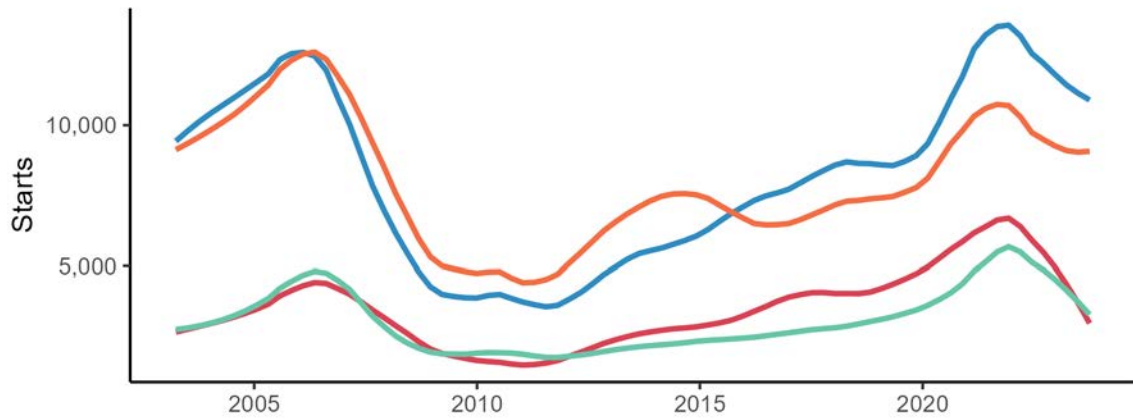
Regional Housing Starts

Total Housing Units



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

Metro Housing Starts

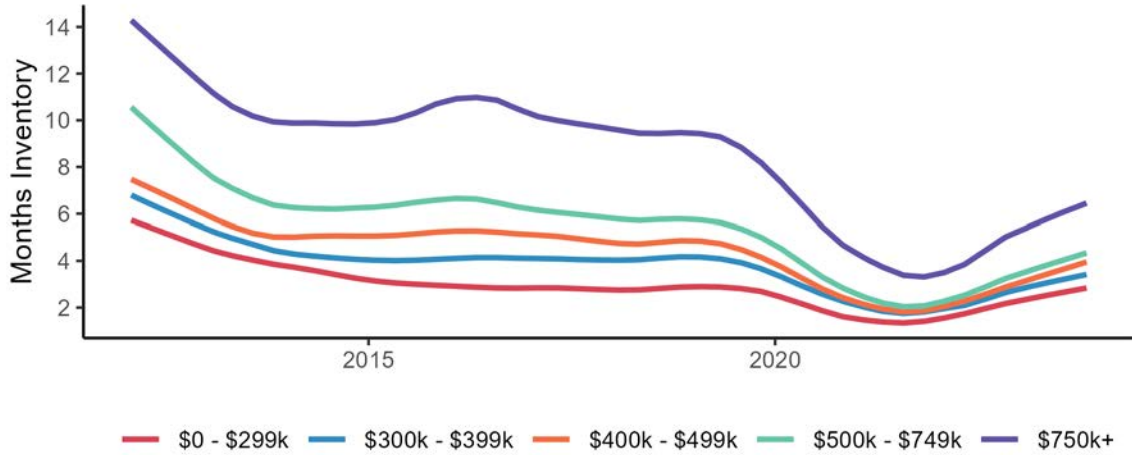


und Rock, TX — Dallas-Fort Worth-Arlington, TX — Houston-The Woodlands-Sugar Land, TX — Sa

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

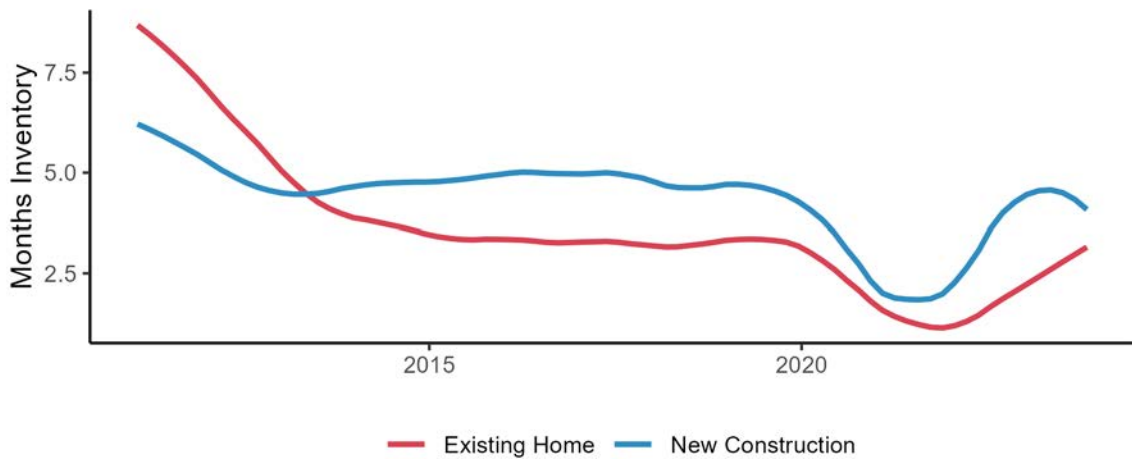


Inventory by Price Cohort
Seasonally Adjusted Trend



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



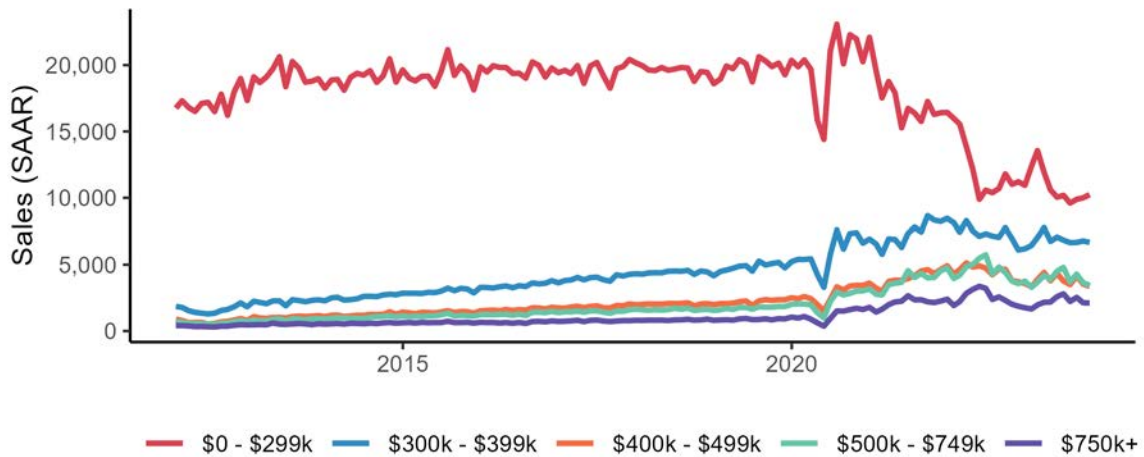
DEMAND

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

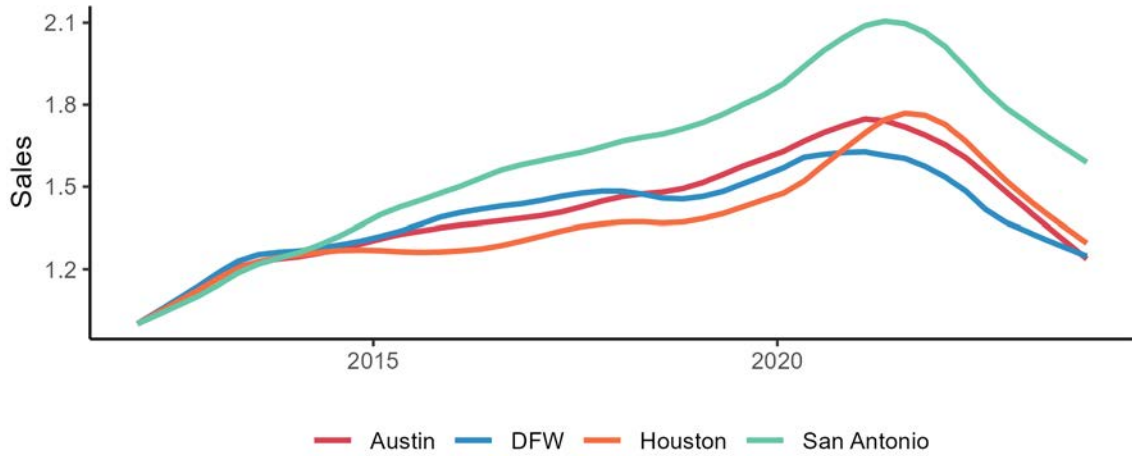




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Metro Home Sales

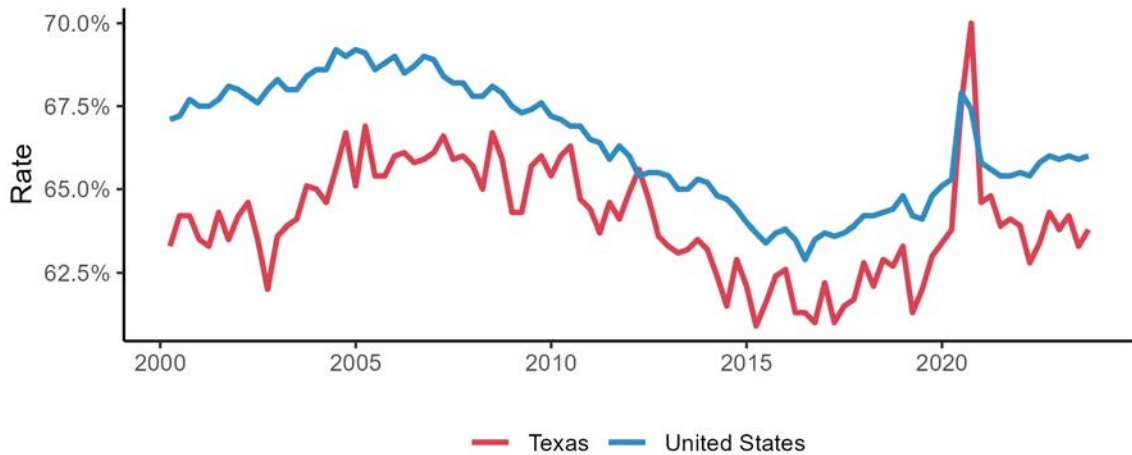
Seasonally Adjusted Trend



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

Homeownership Rate

Seasonally Adjusted Trend

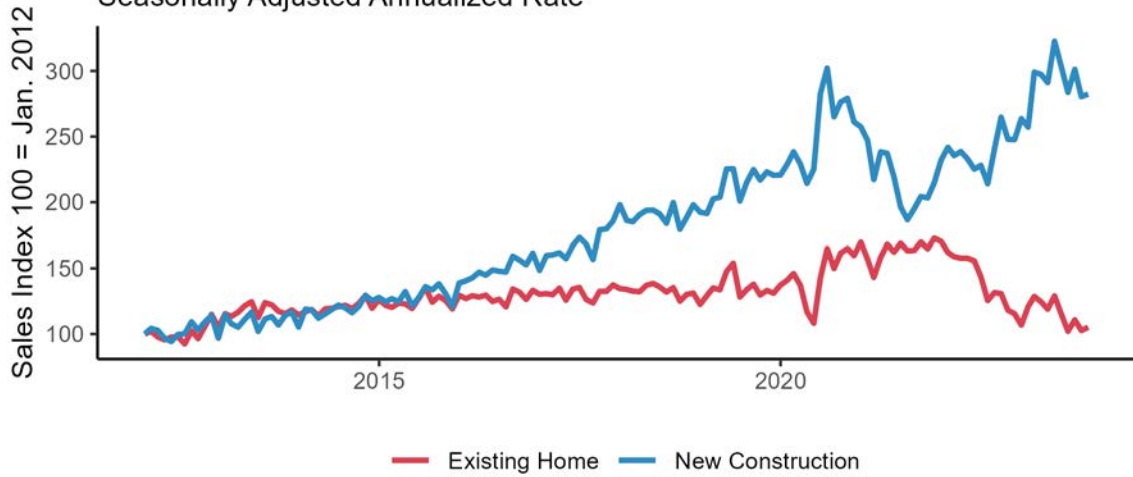


Source: U.S. Census Bureau and Texas Real Estate Research Center at Texas A&M University



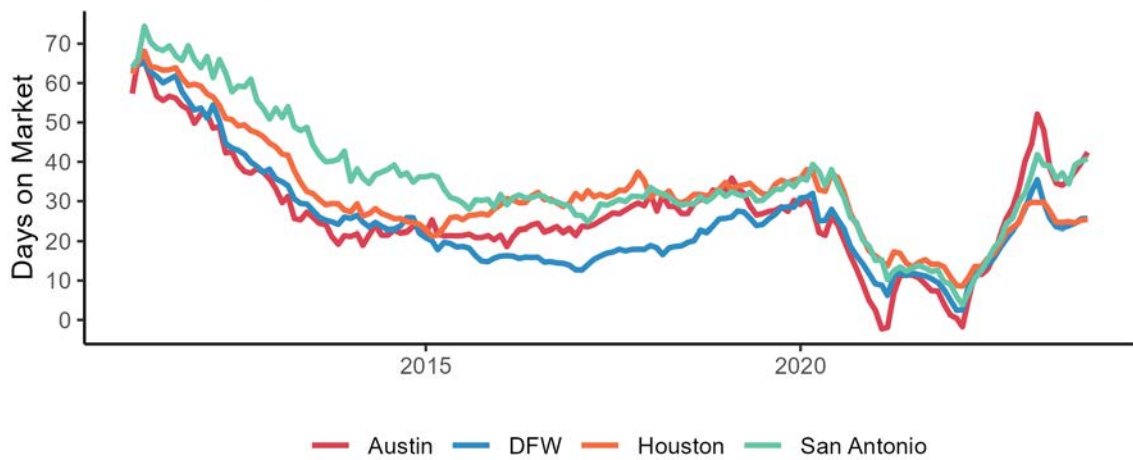
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New and Existing Home Sales
Seasonally Adjusted Annualized Rate



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

Metro Median Days on Market
Seasonally Adjusted Annualized Rate



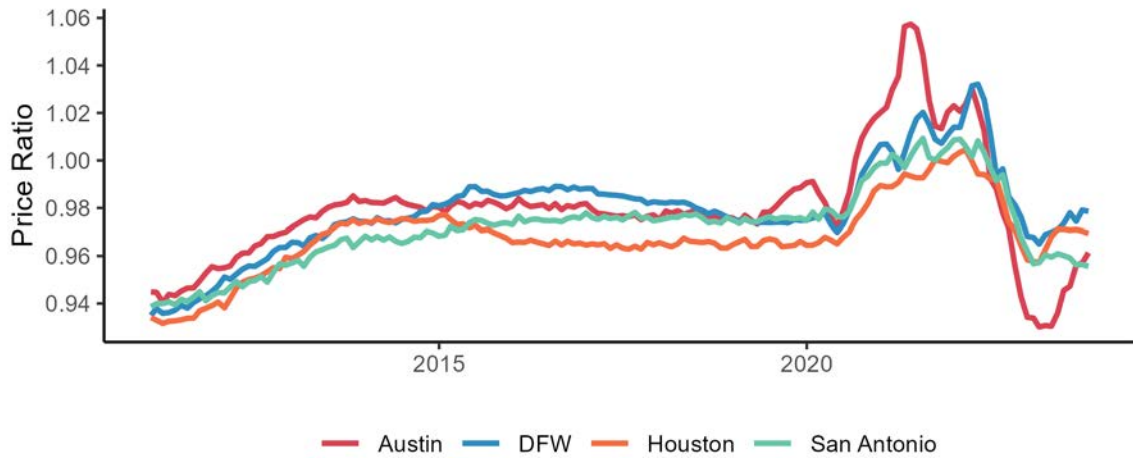
Source: Texas Real Estate Research Center at Texas A&M University



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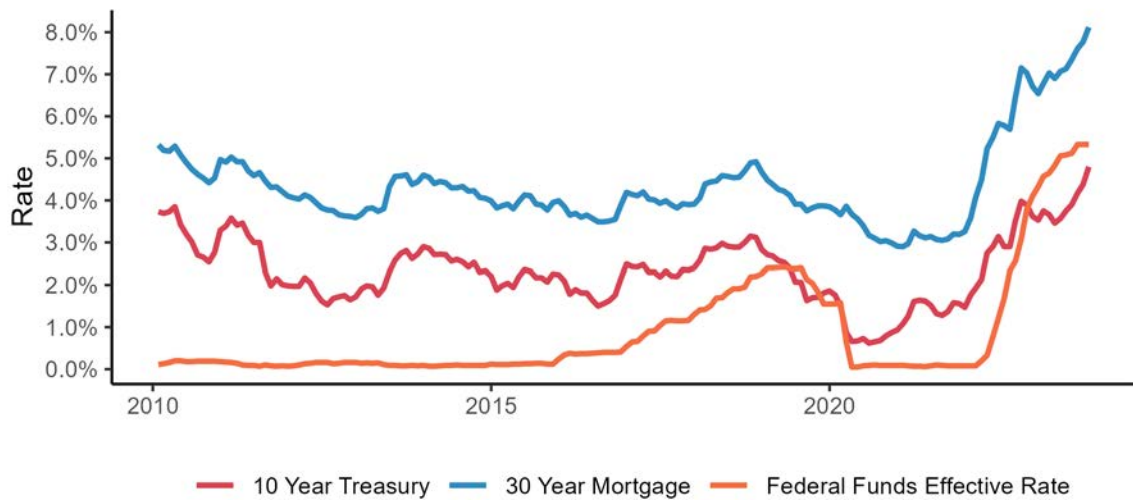
Metro Median Sale to List Price Ratio

Seasonally Adjusted Annualized Rate



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

Interest Rates

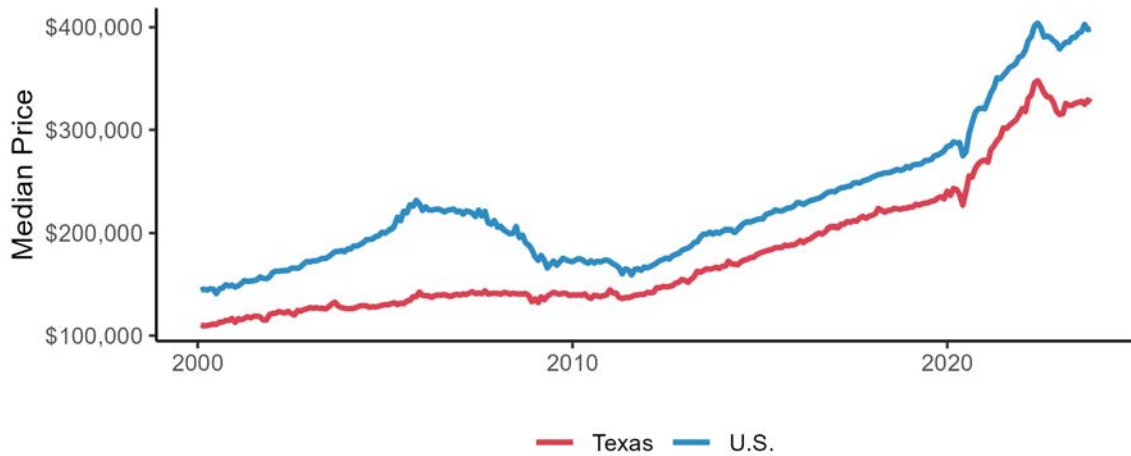


Source: Federal Reserve - Wall Street Journal - Texas Real Estate Research Center at Texas A&M University



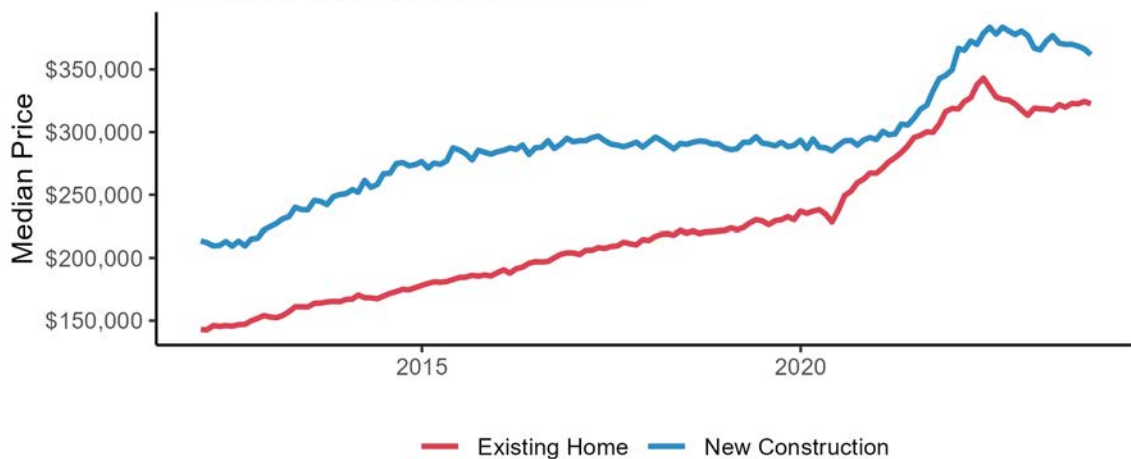
PRICES

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



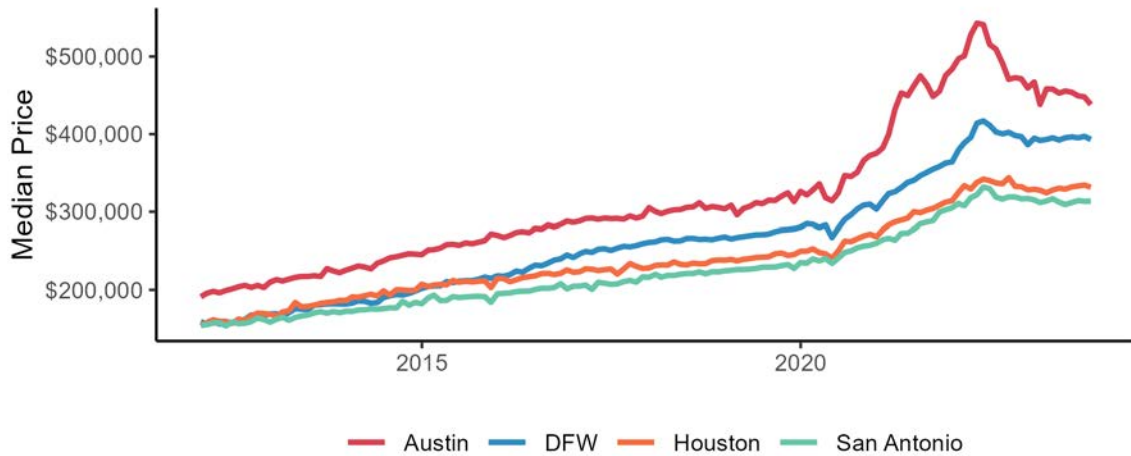
Source: Texas Real Estate Research Center at Texas A&M University





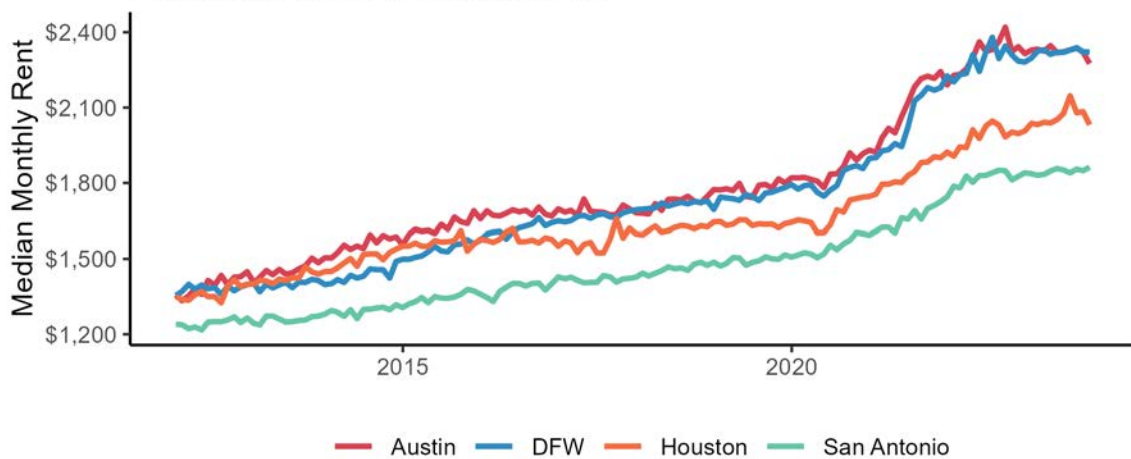
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Texas Major Metro Median Home Prices Seasonally Adjusted Annualized Rate



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

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

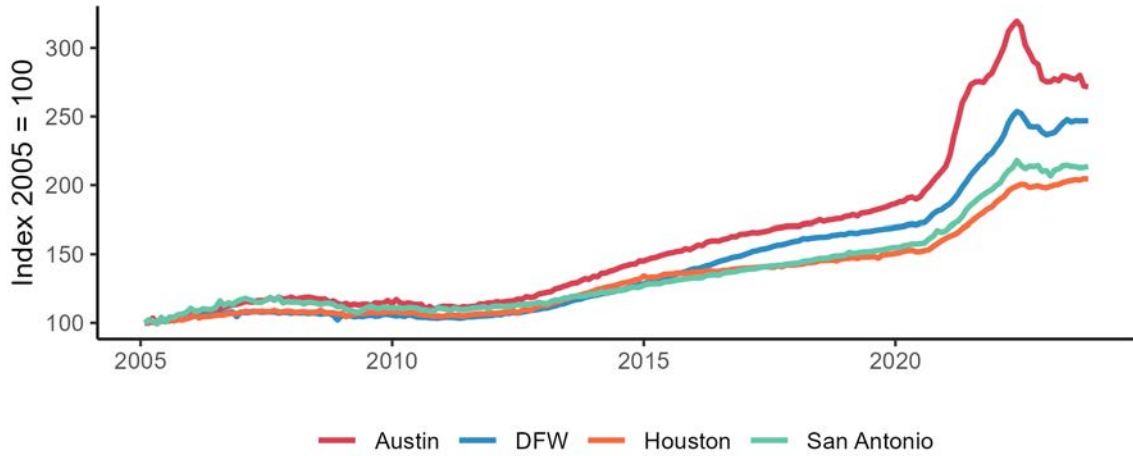


Source: Texas Real Estate Research Center at Texas A&M University



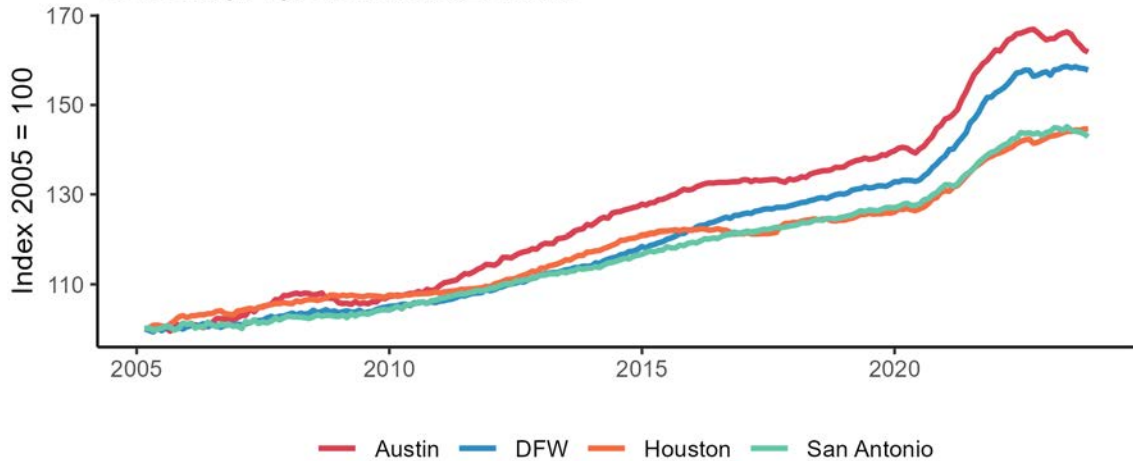
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Major Metro Home Price Index Seasonally Adjusted Annualized Rate



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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