



TEXAS A&M UNIVERSITY
Real Estate Center



TEXAS HOUSING INSIGHT

JAMES P. GAINES
CHIEF ECONOMIST

WESLEY MILLER
RESEARCH ASSOCIATE

PAIGE SILVA
RESEARCH ASSOCIATE

LUIS B. TORRES
RESEARCH ECONOMIST

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JULY 2019 DATA

TECHNICAL REPORT

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ABOUT THIS REPORT

Real Estate 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 monthly 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.

Dr. James Gaines, Dr. Luis Torres, Wesley Miller, and Paige Silva

Data current as of September 01, 2019

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JULY 2019 SUMMARY

MONTHS OF INVENTORY
▼ 3.7 Months

DAYS ON MARKET
▲ 60 Days

30-YEAR MORTGAGE RATE
▼ 3.8%

TEXAS REPEAT SALES INDEX
▲ 4.1%

Texas housing sales recovered after second-quarter declines, trending upward amid lower mortgage interest rates and a robust economy. Mortgage applications for home purchases and refinances continued to rise, nudged by further decreases in interest rates. Demand was stable as the average home sold after two months on the market. On the supply side, single-family housing permits recovered from second quarter stagnation, however, starts remained sluggish. Home-price appreciation slowed but outpaced wage growth. Housing affordability continues to be the greatest challenge to the housing market across the state.

Supply*

The Texas **Residential Construction Cycle (Coincident) Index**, which measures *current* construction activity, inched up amid ongoing payroll growth in the industry. Higher wages and an upturn in construction values, however, are crucial for the metric's continued growth. The **Residential Construction Leading Index** rose to its highest level since the Great Recession as falling interest rates and a rebound in building permits favored a more positive outlook.

Single-family construction permits bounced back 16.5 percent after staggering in June, but the year-to-date (YTD) count remained behind January through July of last year. Nevertheless, Texas' 10,504 monthly permits (nonseasonally adjusted) accounted for 15 percent of the U.S. total, extending a 13-year stretch as the national leader. Houston and DFW topped the list at the metropolitan level with 3,493 and 2,944 permits, respectively, but North Texas activity remained suppressed through 2019. On the other hand, permits rebounded in Central Texas after taking a step back in June. Austin ranked fifth behind Phoenix and Atlanta with 1,525 permits. San Antonio issued 817 permits, up 10.9 percent year over year (YOY).

Total Texas housing starts flattened as apartment construction stumbled on top of a steep decline in June. The single-family sector remained stagnant while **single-family private construction values** perpetuated a yearlong trend of decline. Houston construction values rebounded after falling to a seven-year low but trended downward. DFW registered similar movement while Austin and San Antonio values dipped in July.

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

Dwindling supply pulled **Texas' months of inventory (MOI)** to the lowest level this year at 3.7 months. A total MOI around six months is considered a balanced housing market. The MOI for homes priced less than \$300,000, which comprised the majority of sales, ticked below 2.8 months. Inventory for luxury homes (those priced more than \$500,000), however, increased for the fourth consecutive month to reach an MOI of nine months. These divergent trends exemplify the shortage of affordable housing and the current mismatch between demand and supply.

The MOI ticked down across the major metros, chipping away at 2018 gains. Houston's MOI fell below four months. Dallas and Fort Worth reached YTD lows at 3.2 and 2.6 months, respectively. In San Antonio, the MOI slid to 3.6 months, while Austin inventories fell to a three-year low, registering below 2.4 months.

Demand

Total housing sales through the MLS corrected upward 17 percent in July after declines in the previous two months. All price cohorts registered double-digit YTD growth except for homes priced less than \$100,000, where a shortage of supply constrains sales. Despite the monthly jump, the sales pace shows signs of slowing in the \$200,000-\$300,000 price range, where more than a third of transactions take place.

After reaching YTD lows in June, metropolitan housing sales posted cycle-highs. Resale activity in Central Texas boosted YTD sales by 3.7 and 3.1 percent in Austin and San Antonio, respectively, compared with the same period last year. Total sales in Houston registered a 1.2 percent rise as the existing-home transactions increased at a more moderate pace. Growth in Dallas and Fort Worth home sales flattened at 1.0 and 0.7 percent, respectively, as North Texas' resale market fell short of 2018 levels in the first seven months.

As sales stabilized, Texas' **average days on market (DOM)** inched up to 60 days. Demand in the major metros also softened slightly but hovered around yearlong averages. Austin and San Antonio's DOM stabilized at 59 days, as did Houston's metric after falling the second quarter. The DOM in Fort Worth ticked up to 45 days. Dallas was the exception, where the DOM extended a sharp incline, reaching a six-and-a-half-year high of 58 days.

Continued concerns about global economic growth and trade uncertainty pulled interest rates down for the ninth consecutive month. Economic fundamentals at the state and national level, however, remain healthy and stable. Interest rates could fall further following the Federal Reserve's rate cut. The **ten-year U.S. Treasury bond yield** flattened at a two-and-a-half year low of 2.1 percent, while the **Federal Home Loan Mortgage Corporation's 30-year fixed-rate** dropped below 3.8 percent. Texans capitalized on lower rates, pushing mortgage applications for home purchases up 18.1 percent YTD. Refinance mortgage applications, which are more sensitive to interest rate fluctuations, have doubled since year-end.

Prices

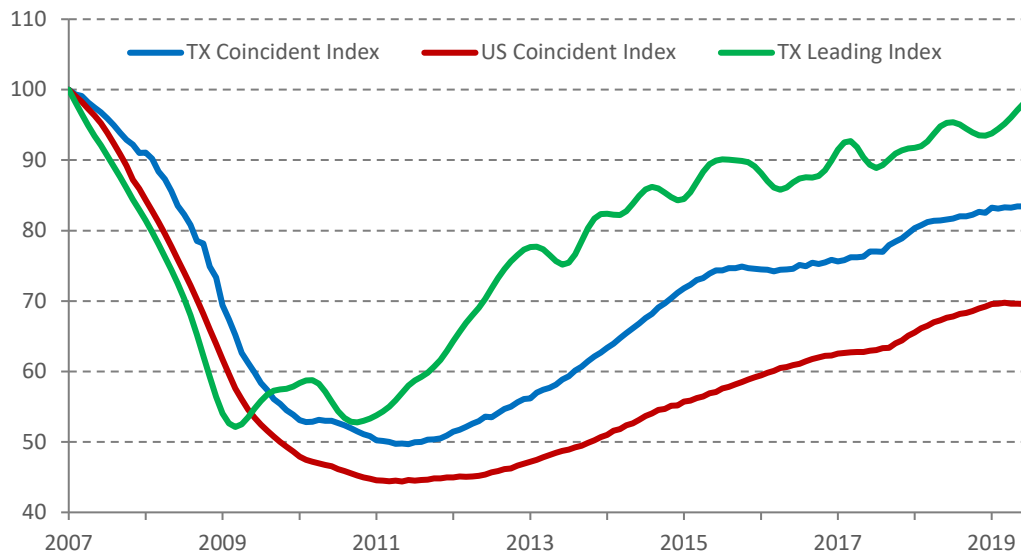
The **Texas median home price** posted a new record-high, reaching \$240,500. The annual rate of growth was 3.8 percent, below the 2018 average of 4.6 percent. Austin led the state with an all-time high median price of \$315,500, followed by Dallas at \$292,900. The median price in Fort Worth (\$241,800) and Houston (\$240,900) fell \$800 and \$400, respectively, from second-quarter record highs. San Antonio was the only metro with a median price below the statewide level, posting \$232,500.

The **Texas Repeat Sales Index** increased 4.1 percent YOY on a statewide basis, insinuating greater home-price appreciation than the annual change in the Texas median home price. The index did, however, corroborate slowing growth compared with the 2018 and 2017 averages of 4.3 and 5.1 percent, respectively. North Texas registered 2.9 and 4.2 percent in Dallas and Fort Worth, respectively; however, appreciation calmed in comparison to 2018 levels. On the other hand, Austin's index accelerated 5.2 percent, the fastest growth rate in over two years. Houston and San Antonio's indices rose above last year's average pace to 2.8 and 4.2 percent, respectively.



SUPPLY

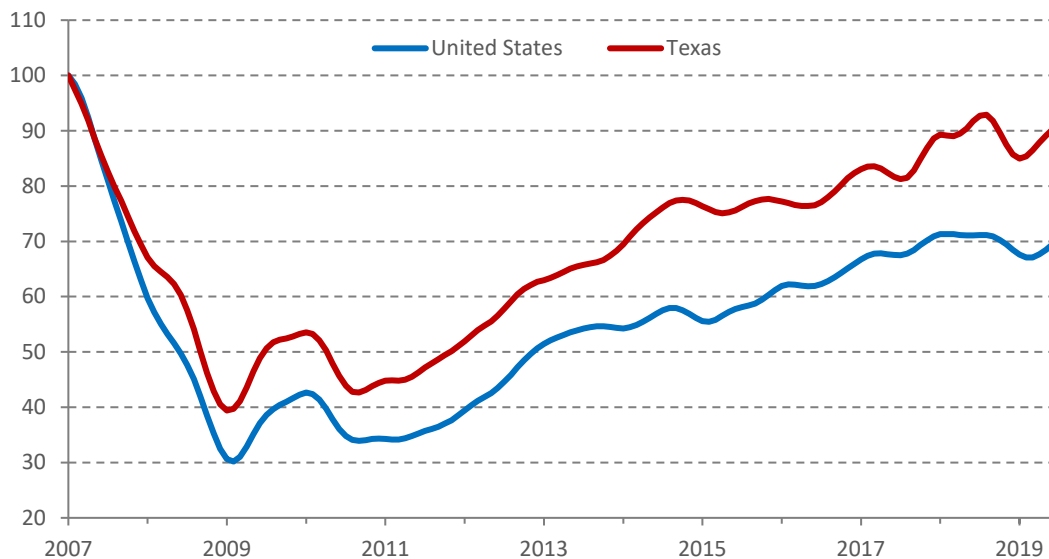
Texas Residential Construction Index (Index Jan 2007 = 100)



Note: Trend-Cycle Component.

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

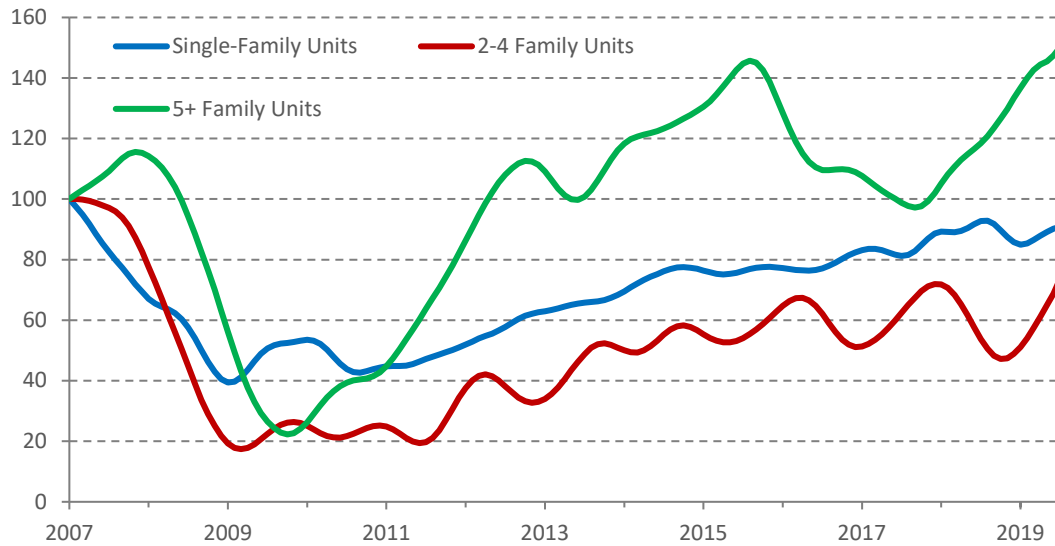
Single-Family Housing Construction Permits (Index Jan 2007 = 100)



Note: Trend-Cycle Component.

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

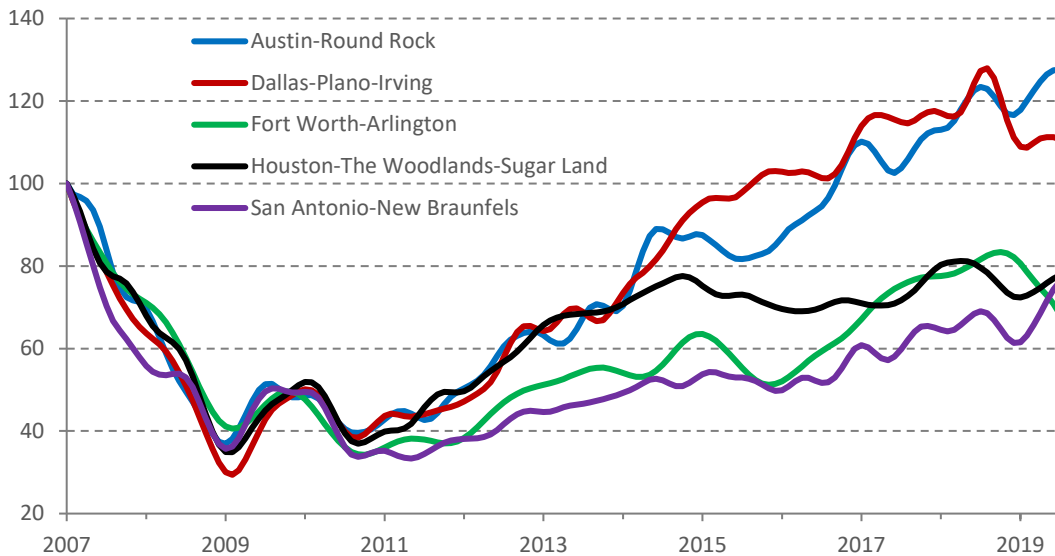
Texas Housing Construction Permits (Index Jan 2007 = 100)



Note: Trend-Cycle Component.

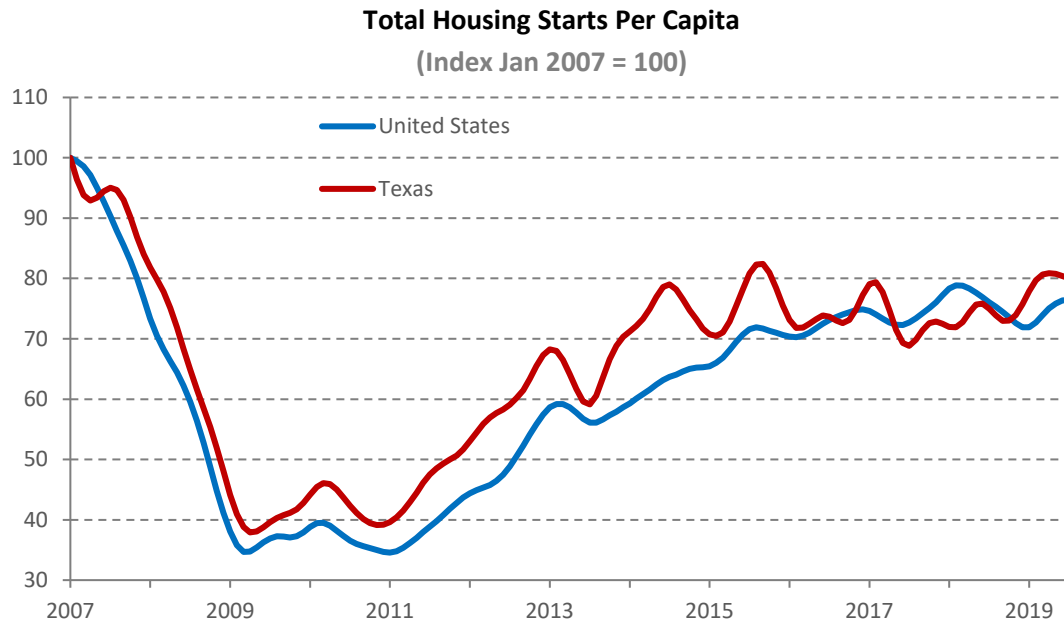
Sources: U.S. Census Bureau and Real Estate Center at Texas A&M University

Major Metros Single-Family Housing Construction Permits (Index Jan 2007 = 100)

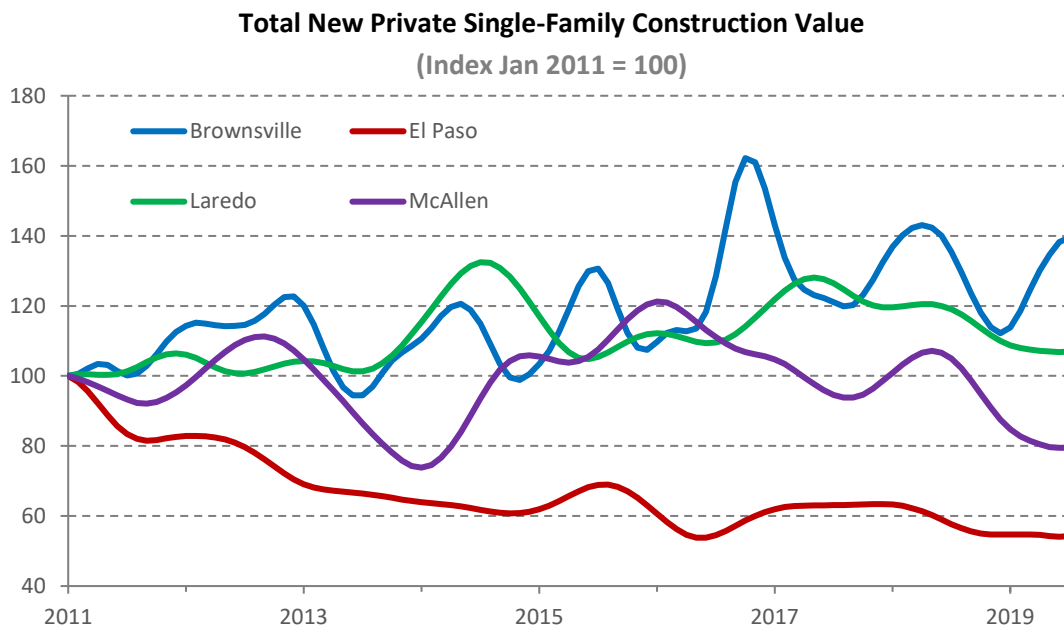


Note: Trend-Cycle Component. Fort Worth is missing data for Somervell County.

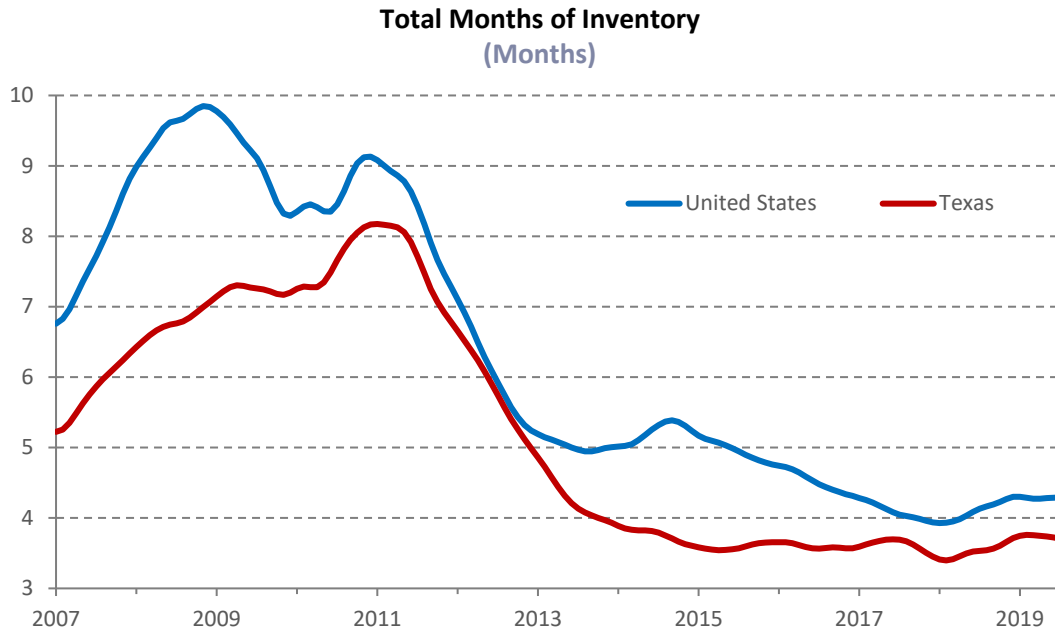
Sources: U.S. Census Bureau and Real Estate Center at Texas A&M University



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

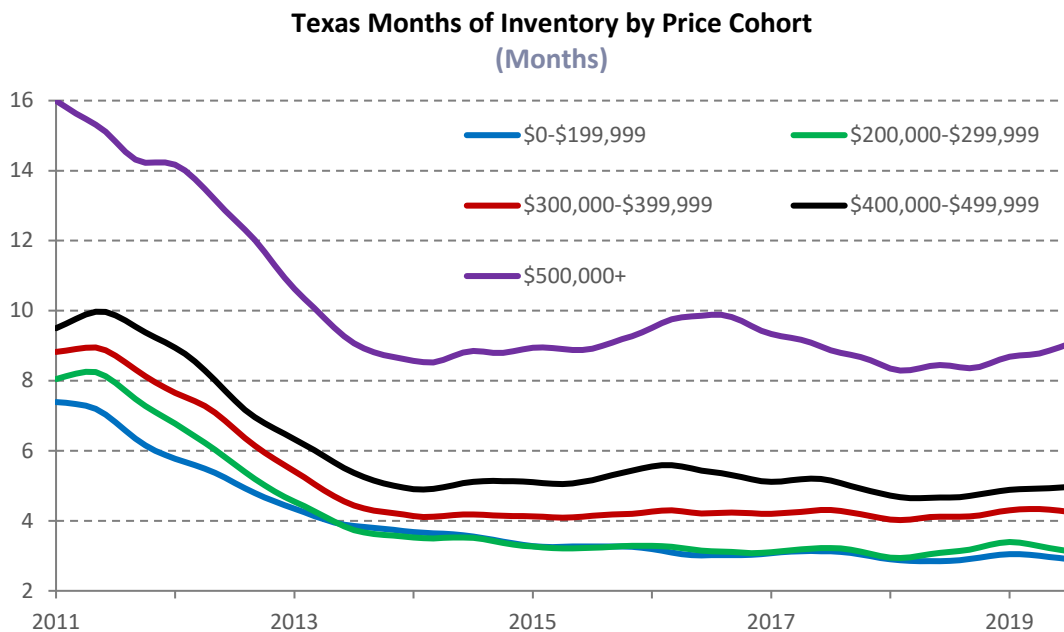


Note: Inflation adjusted. Trend-Cycle Component.
Source: Dodge Analytics



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 Real Estate Center at Texas A&M University



Note: Trend-Cycle Component.

Source: Real Estate Center at Texas A&M University

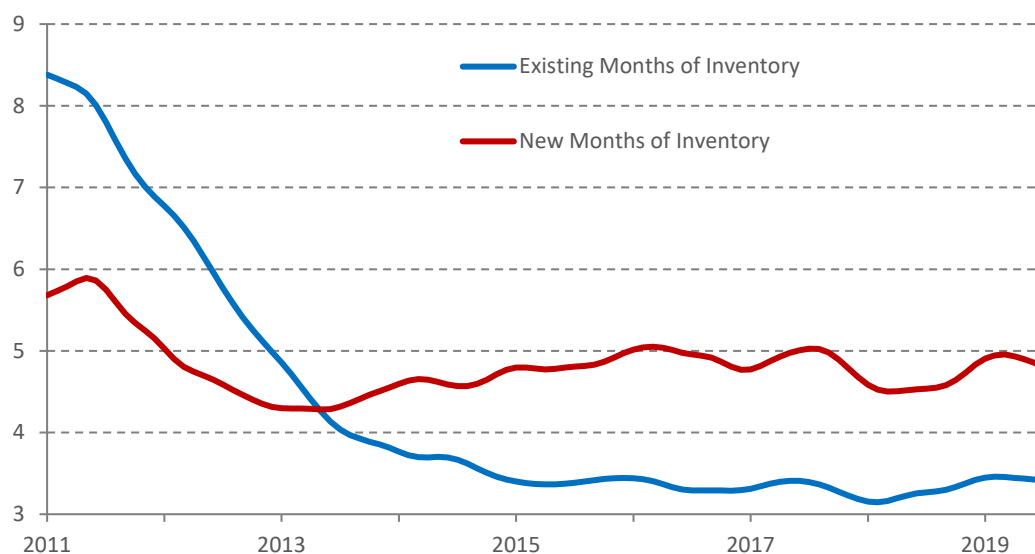
Texas Current Months of Inventory by Price Cohort (July 2019)



Note: Seasonally adjusted.

Source: Real Estate Center at Texas A&M University

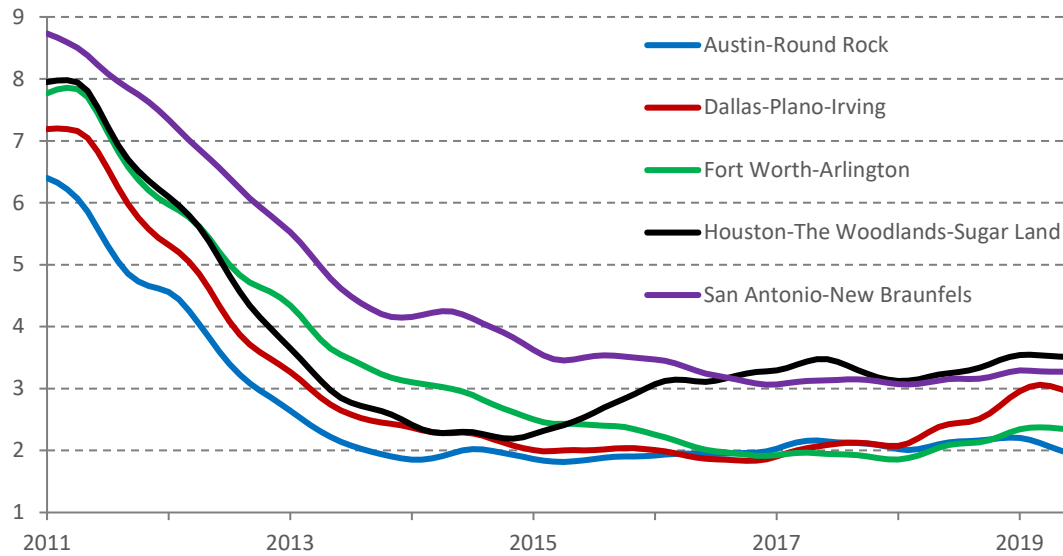
Texas Existing and New Home Months of Inventory (Months)



Note: Trend-Cycle Component.

Source: Real Estate Center at Texas A&M University

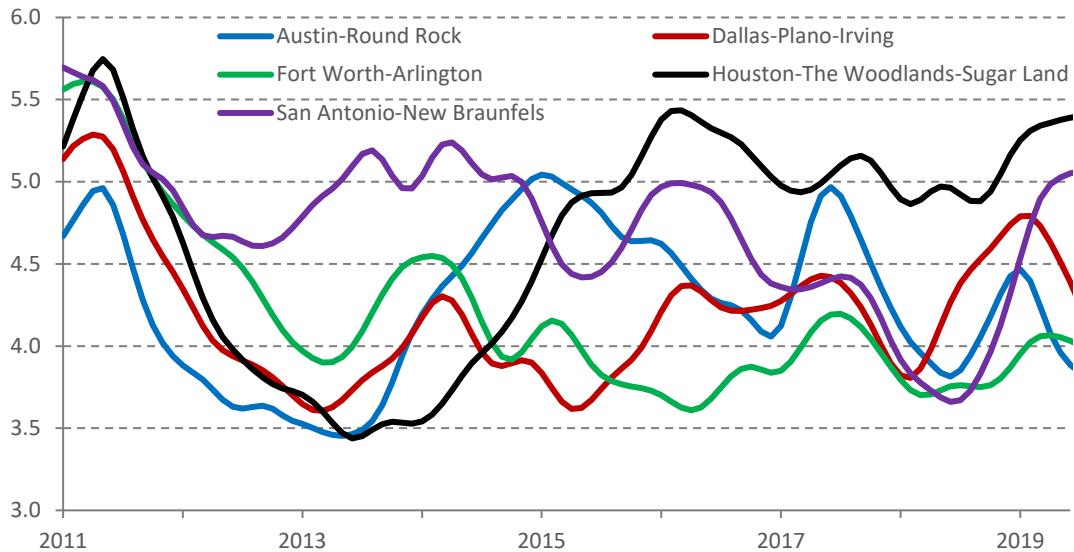
Major Metros Existing Home Months of Inventory (Months)



Note: Trend-Cycle Component.

Source: Real Estate Center at Texas A&M University

Major Metros New Home Months of Inventory (Months)



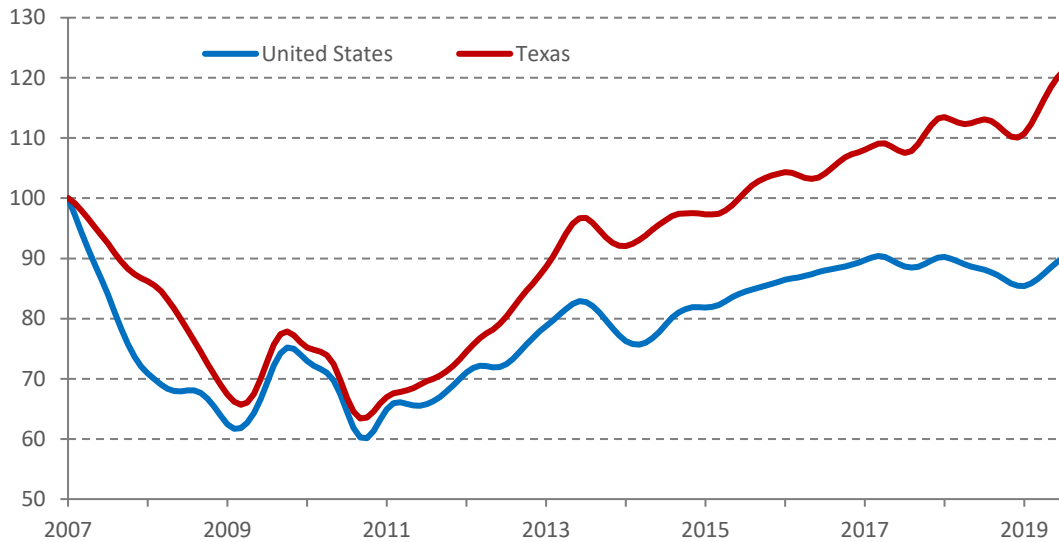
Note: Trend-Cycle Component.

Source: Real Estate Center at Texas A&M University



DEMAND

Total Housing Sales
(Index Jan 2007 = 100)

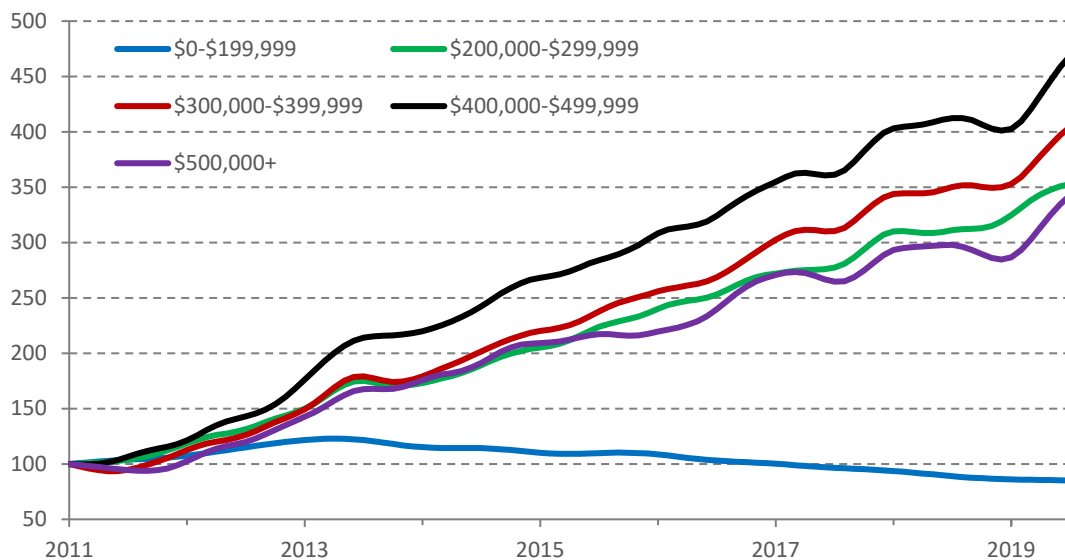


Note: Trend-Cycle Component. Sales for the United States include all existing homes and new single-family homes sold through an MLS; new non-single-family homes are not included. Texas includes all existing and new homes.

For more information see [Housing Sales](#).

Sources: U.S. Census Bureau, National Association of Realtors, and Real Estate Center at Texas A&M University

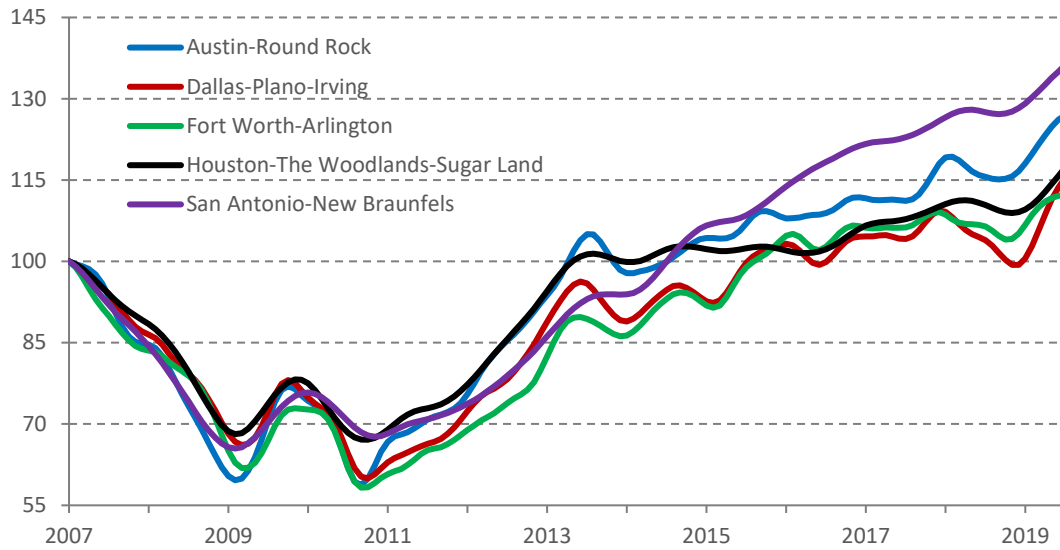
Texas Total Housing Sales by Price Cohort
(Index Jan 2011 = 100)



Note: Trend-Cycle Component.

Source: Real Estate Center at Texas A&M University

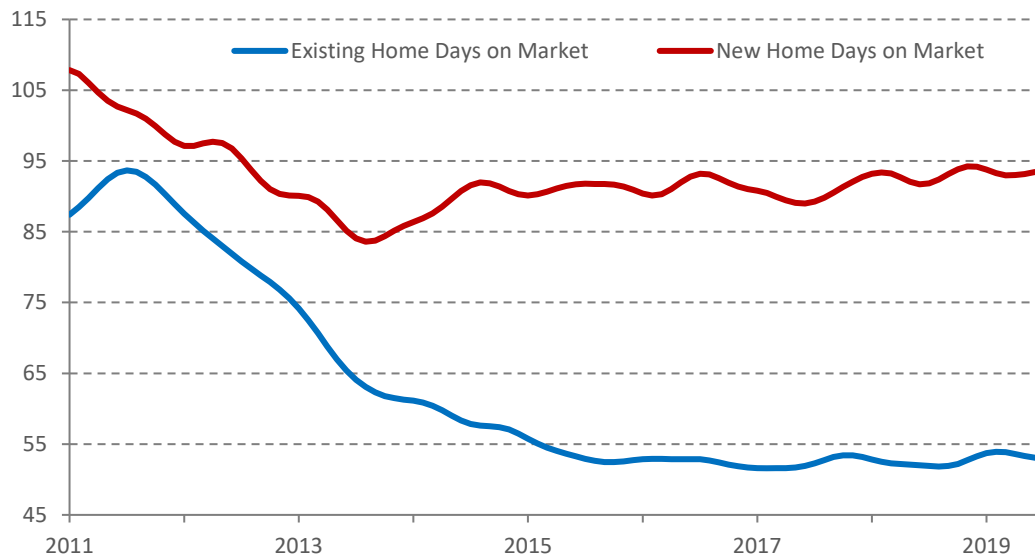
Major Metros Total Housing Sales (Index Jan 2007 = 100)



Note: Trend-Cycle Component.

Source: Real Estate Center at Texas A&M University

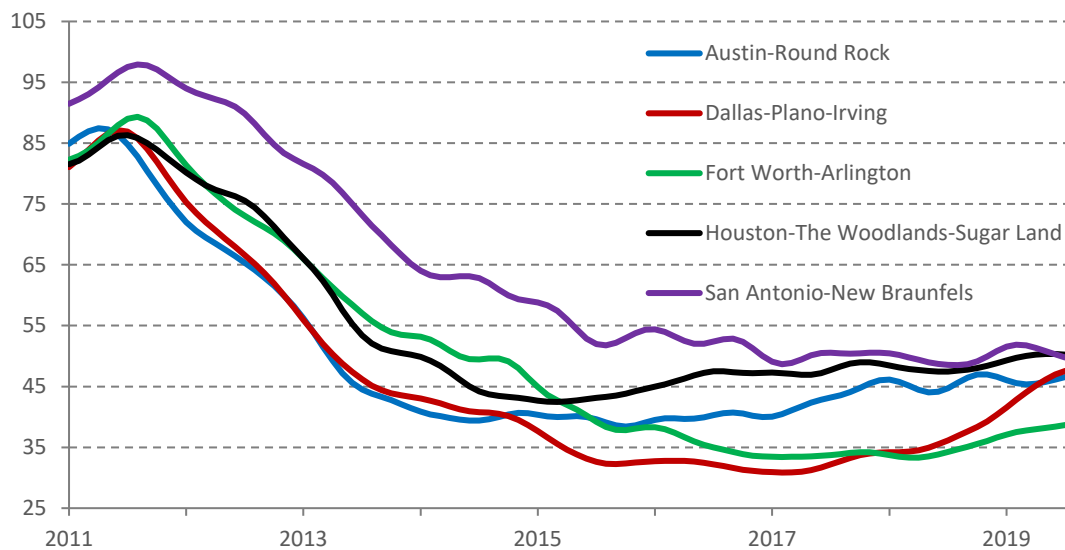
Texas Homes Days on Market (Days)



Note: Trend-Cycle Component. For single-family homes.

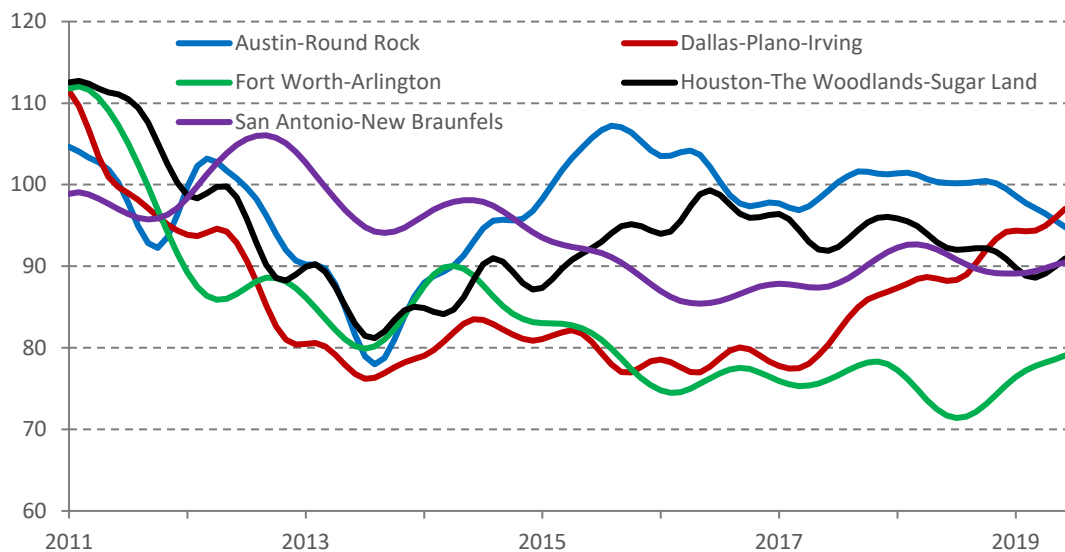
Source: Real Estate Center at Texas A&M University

Major Metros Existing Homes Days on Market (Days)



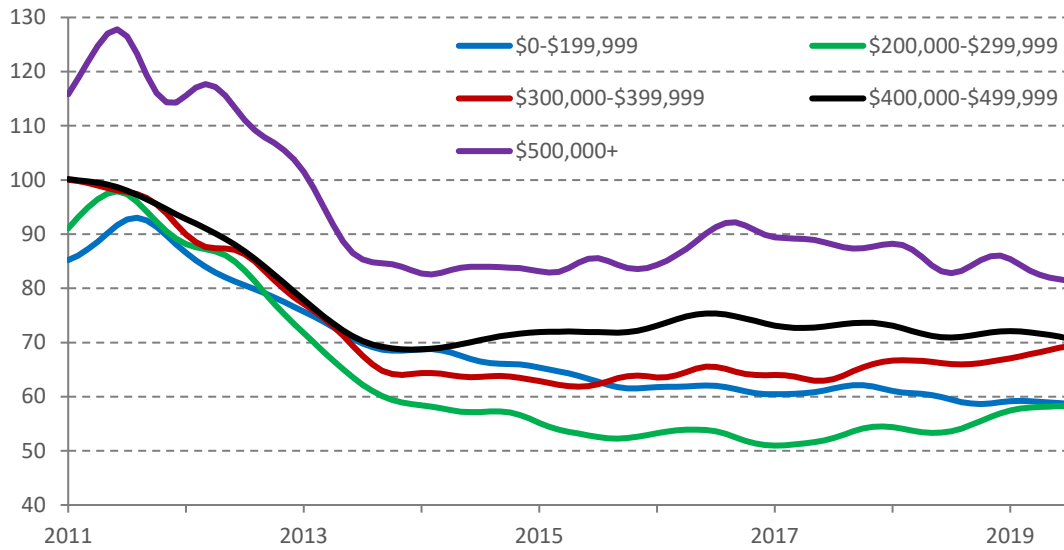
Note: Trend-Cycle Component. For single-family homes.
Source: Real Estate Center at Texas A&M University

Major Metros New Homes Days on Market (Days)



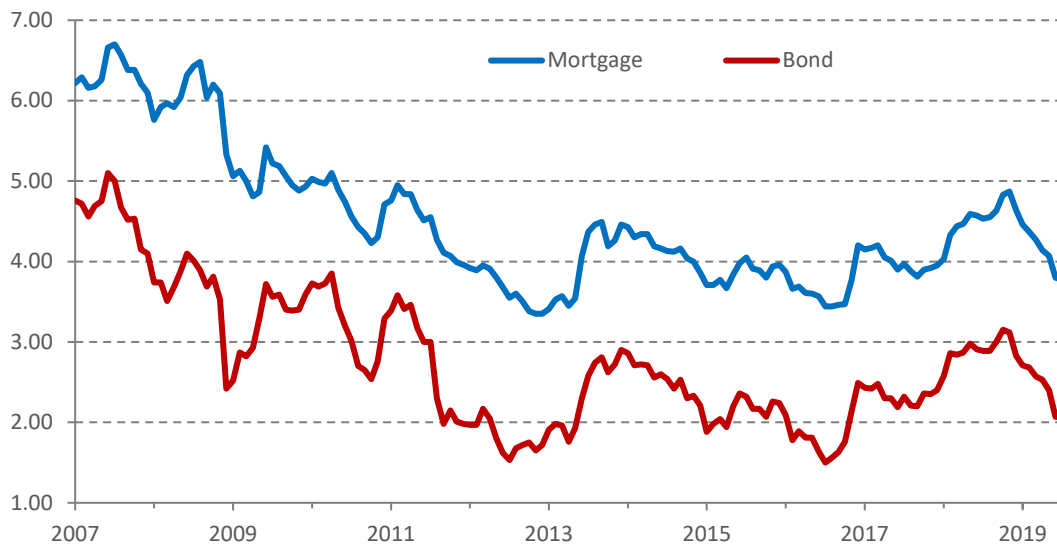
Note: Trend-Cycle Component. For single-family homes.
Source: Real Estate Center at Texas A&M University

Texas Home Days on Market by Price Cohort (Days)

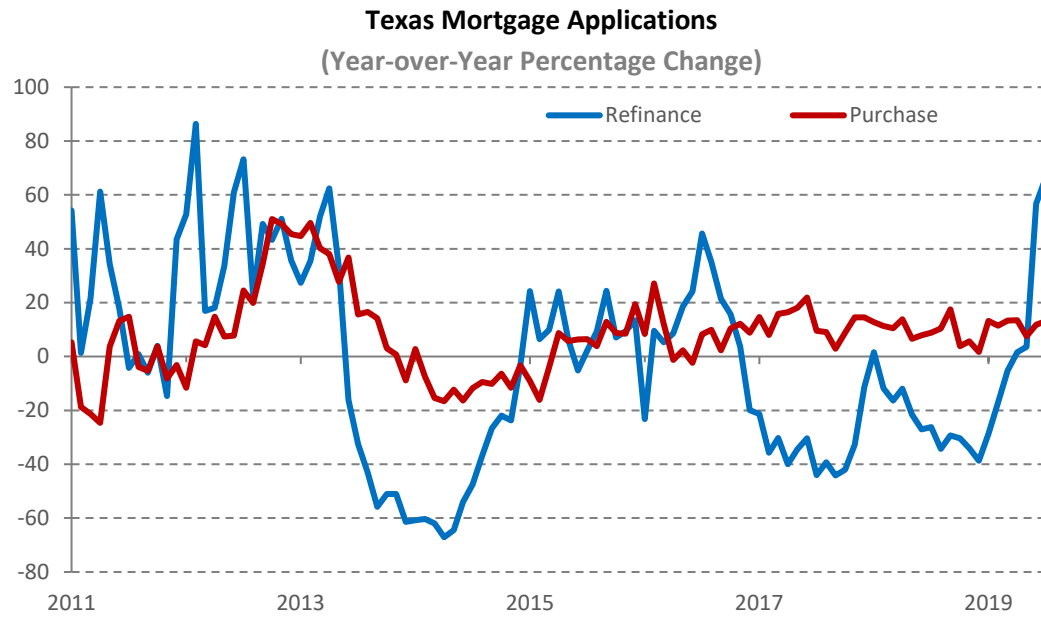


Note: Trend-Cycle Component. For single-family homes.
Source: Real Estate Center at Texas A&M University

30-Year Mortgage Rate and 10-Year Treasury Yield (Percent)



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

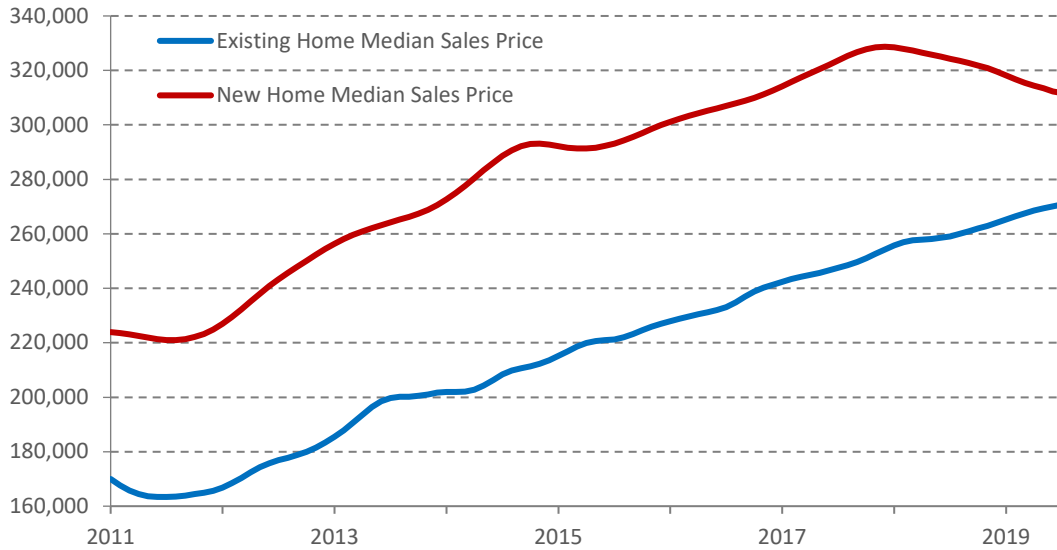


Source: Mortgage Bankers Association



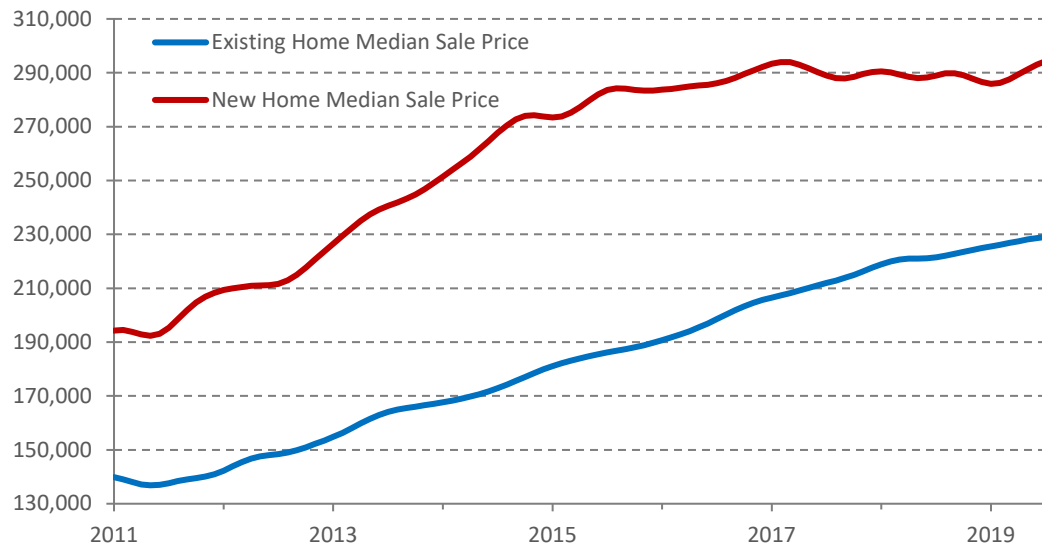
PRICES

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



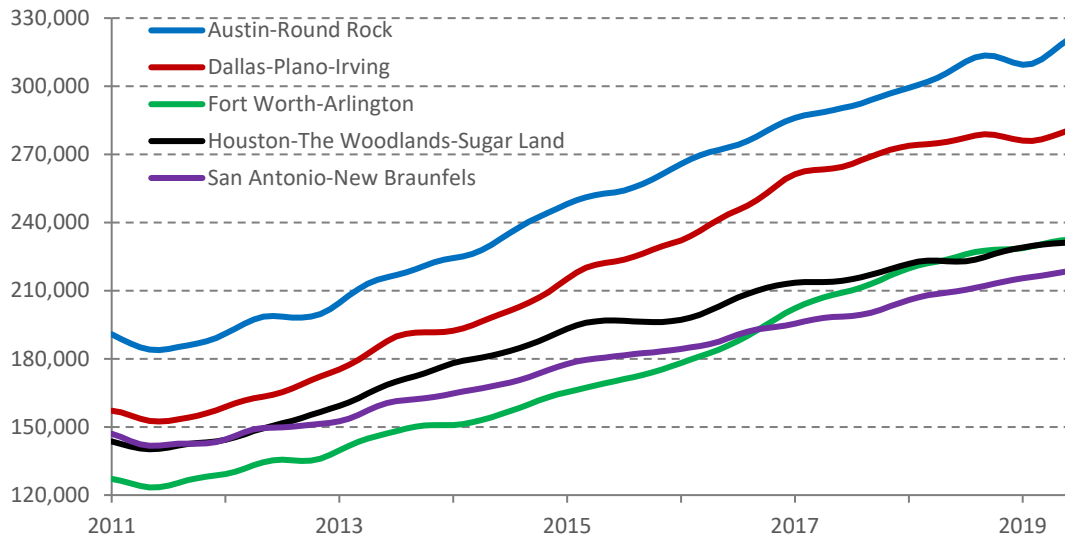
Note: Trend-Cycle Component. For single-family homes.
Source: Federal Reserve Bank of St. Louis

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



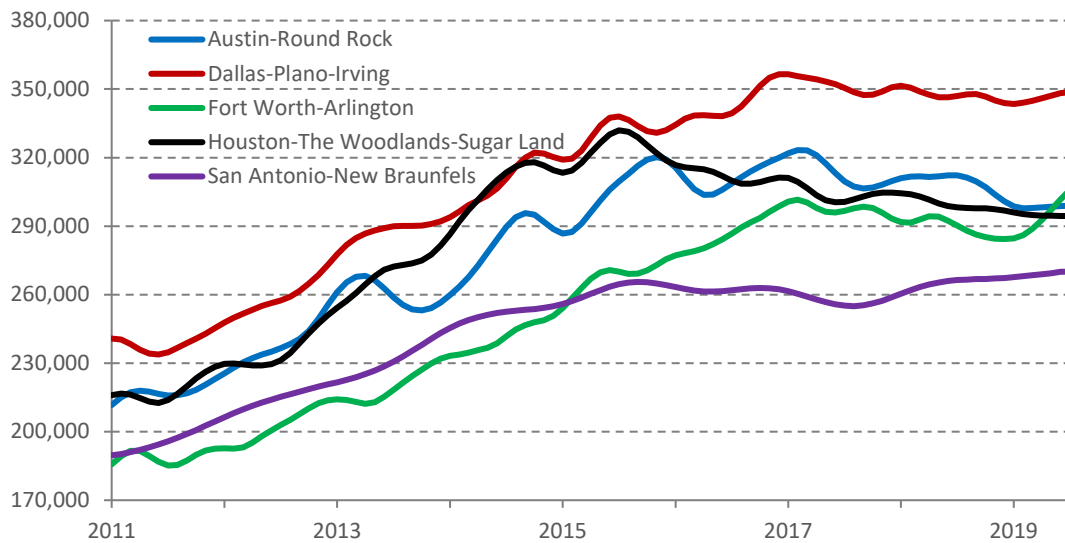
Note: Trend-Cycle Component. For single-family homes.
Source: Real Estate Center at Texas A&M University

Major Metros Existing Home Median Sales Price (\$)

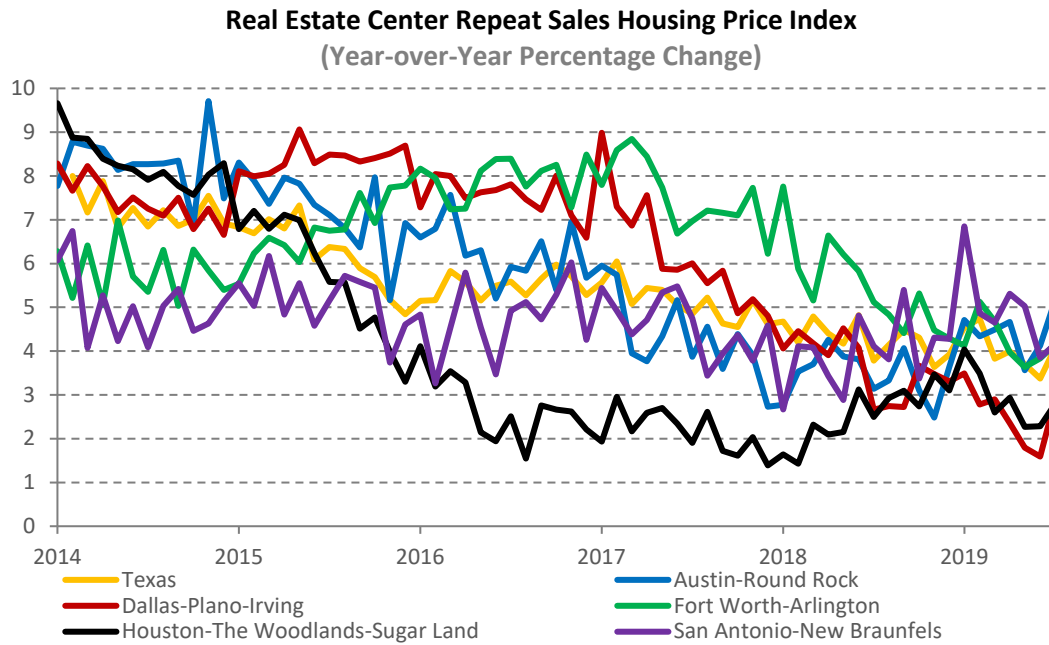


Note: Trend-Cycle Component. For single-family homes.
Source: Real Estate Center at Texas A&M University

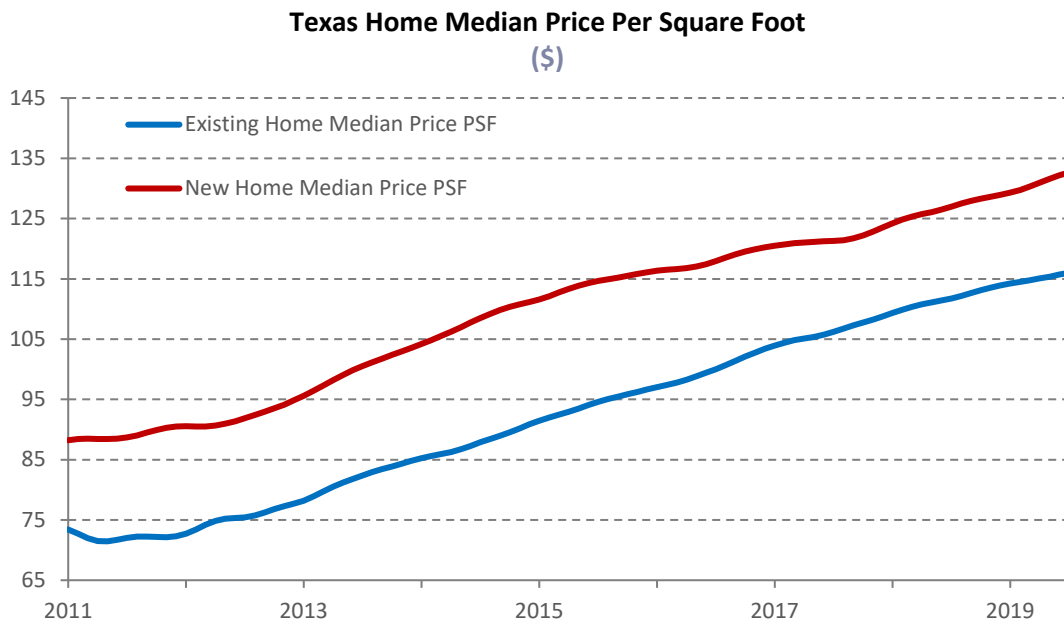
Major Metros New Home Median Sales Price (\$)



Note: Trend-Cycle Component. For single-family homes.
Source: Real Estate Center at Texas A&M University

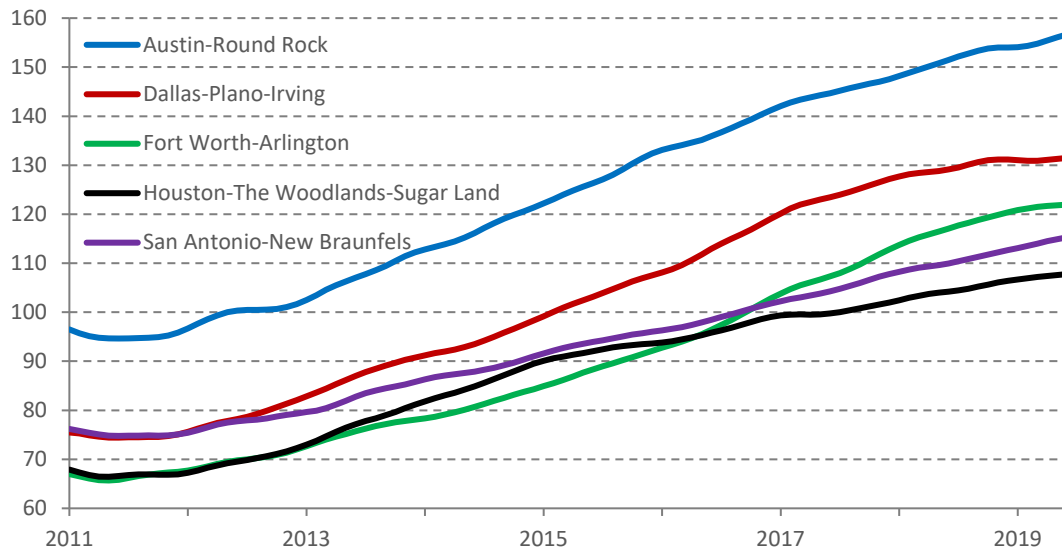


Note: The Repeat Sales Housing Price Index tracks real home price appreciation for residential single-family homes. The Texas Repeat Sales Index starts at February 2014.
Source: Real Estate Center at Texas A&M University



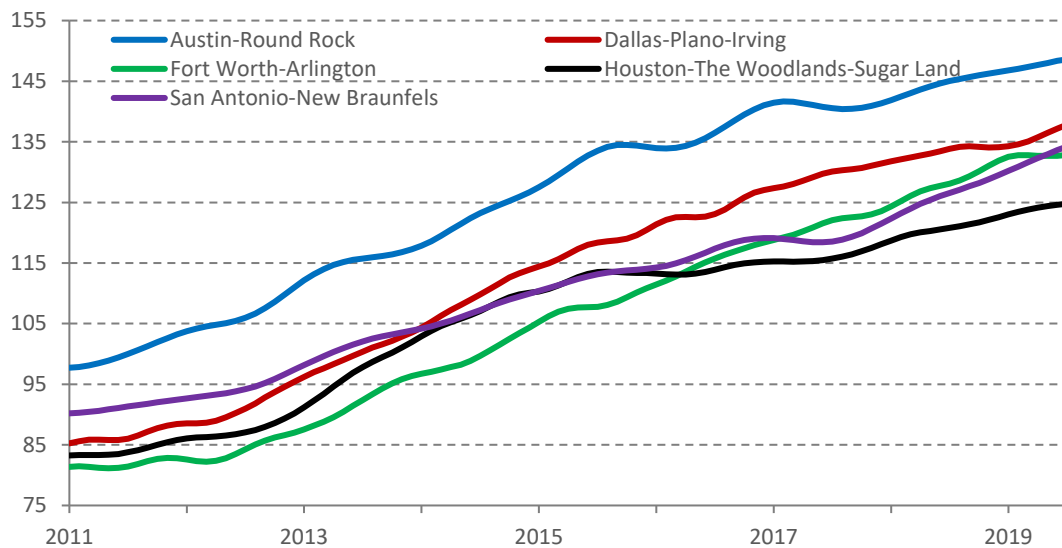
Note: Trend-Cycle Component. For single-family homes.
Source: Real Estate Center at Texas A&M University

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



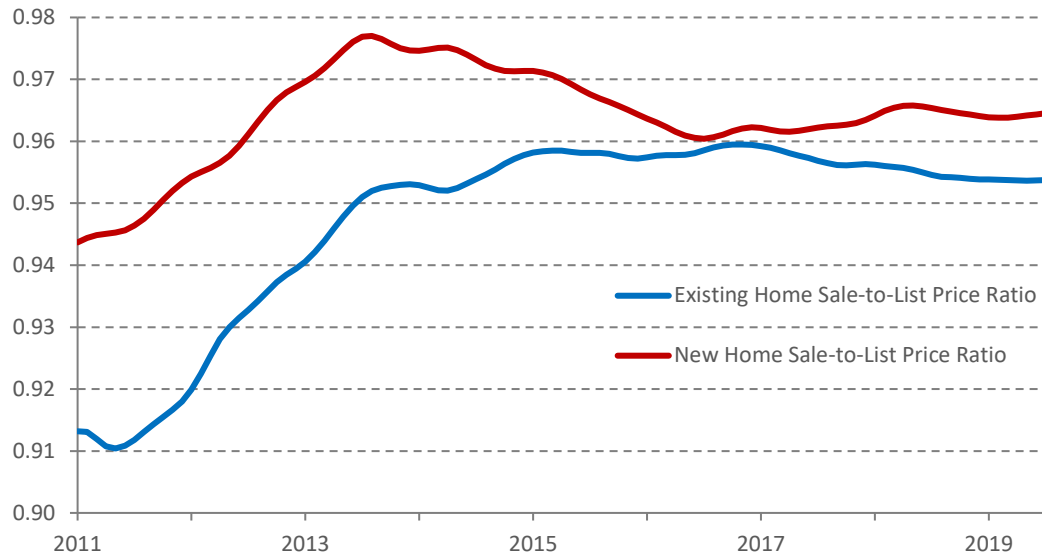
Note: Trend-Cycle Component. For single-family homes.
Source: Real Estate Center at Texas A&M University

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



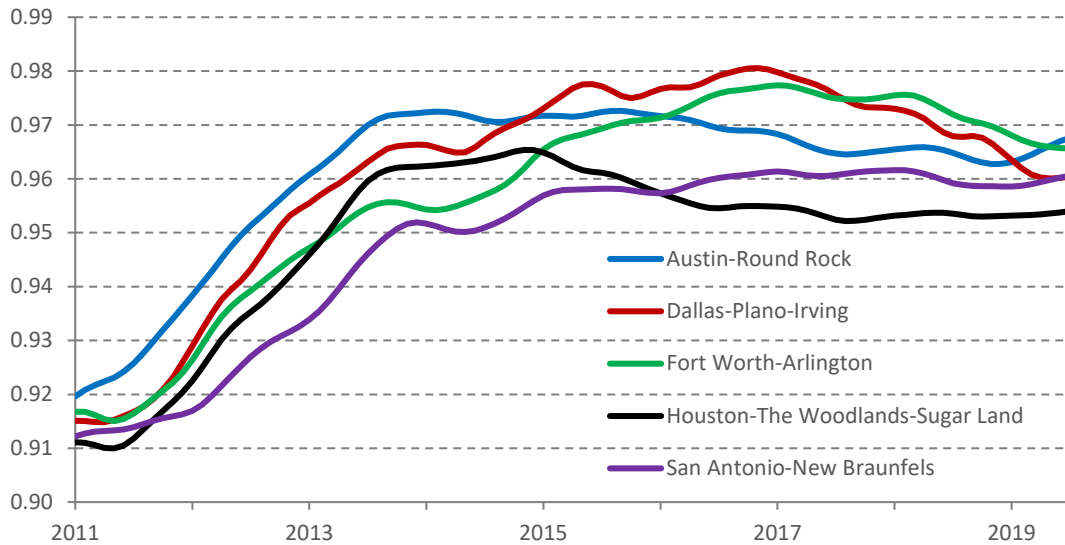
Note: Trend-Cycle Component. For single-family homes.
Source: Real Estate Center at Texas A&M University

Texas Home Sale Price to List Price (Ratio)



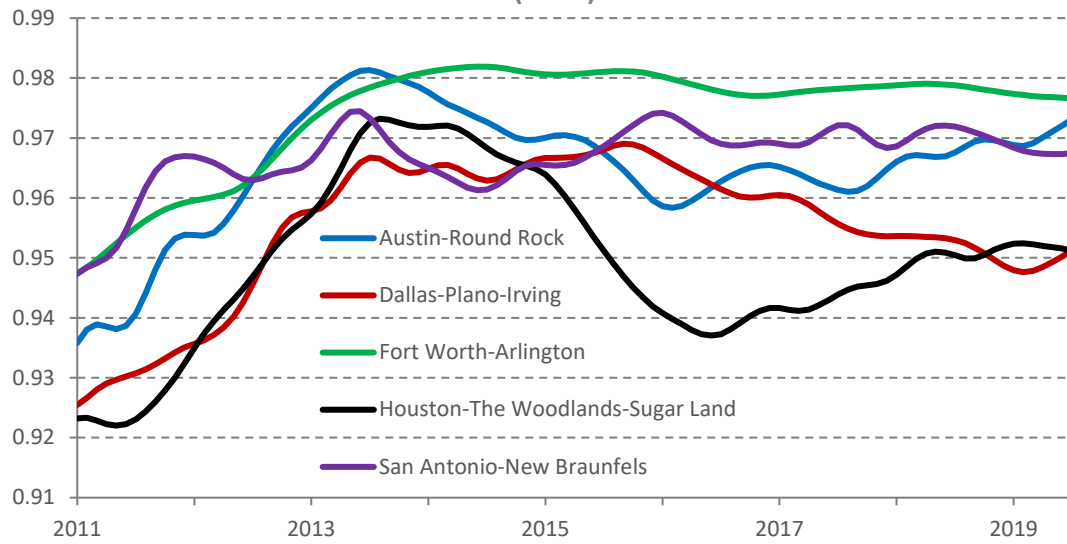
Note: Trend-Cycle Component. For single-family homes.
Source: Real Estate Center at Texas A&M University

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



Note: Trend-Cycle Component. For single-family homes.
Source: Real Estate 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: Real Estate Center at Texas A&M University



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MAYS BUSINESS SCHOOL

Texas A&M University
2115 TAMU
College Station, TX 77843-2115

<http://recenter.tamu.edu>
979-845-2031

DIRECTOR

GARY W. MALER

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