



TEXAS HOUSING INSIGHT

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NOVEMBER 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 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 December 23, 2019

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NOVEMBER 2019 SUMMARY

MONTHS INVENTORY
= 3.6

DAYS ON MARKET
= 59

30-YEAR MORTGAGE RATE
= 3.7%

TEXAS REPEAT SALES INDEX
▲ 3.7%

Texas housing sales stabilized in November after reaching a record high the previous month. Steady employment growth and low mortgage interest rates continued to support housing demand, as exemplified by rising mortgage applications and a downtick in the average days on market. As home builders continued to concentrate their efforts to provide more affordable homes, inventory for homes priced less than \$300,000 expanded for the first time since February. Additional supply at the lower end of the market pushed Austin sales to record-breaking levels while also supporting an increase in San Antonio's sales volume. On the other hand, November home purchases in Houston and North Texas fell due to low inventories in the same price range. Although home-price appreciation has moderated over the past few years, housing affordability remains the primary challenge to the Texas housing market.

Supply*

The Texas **Residential Construction Cycle (Coincident) Index**, which measures *current* construction activity, ticked up with industry wage improvements. The **Residential Construction Leading Index** rose to its highest level since the Great Recession as housing starts increased, suggesting higher levels of construction in the coming months.

Single-family construction permits fell for the first time in five months, but the year-to-date (YTD) count increased 1.5 percent compared with January-through-November levels in 2018. Texas led the nation with 9,128 nonseasonally adjusted permits, accounting for 16 percent of the U.S. total, but ranked seventh in per capita issuance. On the metropolitan level, Houston topped the list for the 13th straight month with 2,883 permits, followed by DFW with a post-recessionary record 2,789. Issuance remained strong in Central Texas with 1,259 and 736 permits in Austin and San Antonio, respectively. Texas' monthly multifamily permits stepped back from a YTD record in October but maintained a strong upward trend.

Total Texas housing starts accelerated to a one-and-a-half year high, increasing 6.1 percent amid a rebound in the multifamily sector. **Single-family private construction values** fell 8.7 percent after data revisions pushed October values upward. November levels, however, were in line with the

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

yearlong average. Houston and San Antonio registered monthly losses but maintained positive momentum. Austin and DFW construction values increased after dropping in October.

Strong construction activity balanced solid sales volumes. **Texas' months of inventory (MOI)** remained at 3.6 months for the fifth consecutive month. A total MOI around six months is considered a balanced housing market. The MOI for homes priced less than \$300,000, which comprised two-thirds of sales, ticked above 2.8 as the supply of active listings increased for the third straight month. Inventory for luxury homes (those priced more than \$500,000), however, remained elevated at 8.3 months. This disparity exemplifies the shortage of affordable housing, although efforts have been made to more closely match demand and supply.

Inventory continued to decrease in Austin and Dallas, sliding below 2.2 months in the former and posting 3.1 months in the latter. The Fort Worth and Houston MOIs steadied at 2.5 and 3.9 months, respectively. Meanwhile in San Antonio, a recent influx of new listings pushed the MOI to 3.7 months with a notable increase in the \$200,000-\$300,000 price cohort.

Demand

Total housing sales flattened in November after adjusting for seasonality. The upward trend, however, persisted amid low interest rates and ongoing strength in the job market. Activity for homes priced above \$200,000 slowed after reaching record-breaking levels the previous month but increased more than 10 percent compared with 2018 on a YTD basis.

Central Texas sales volumes continued to grow, particularly in Austin, where transactions climbed 3.2 percent for the fifth straight month. Most of the monthly improvement occurred in the \$200,000-\$300,000 price range after weakness in the first half of the year. San Antonio sales rose 1 percent, largely due to a surge in closings for homes priced below \$200,000. Houston and Fort Worth, however, lost traction in the \$200,000-\$300,000 bracket, pulling total sales down 1.3 and 1.1 percent, respectively. Dallas sales activity declined 3.4 percent with decreases across all price cohorts.

Texas' **average days on market (DOM)** stabilized at 59 days, indicating healthy demand. The DOM in Houston and San Antonio steadied at 56 and 59 days, respectively. In Austin, the DOM recorded a monthly increase to 57 days but shed two days from a year ago. North Texas demand remained strong compared to the rest of the state with DOMs of 51 and 45 days in Dallas and Fort Worth, respectively.

Speculations of a U.S.-China trade truce and continued strength in the national economic data slowed the downward slide in interest rates. Long-term rates were above those for short-term instruments for the second straight month following a four-month yield curve inversion, signaling increased confidence. Concerns of a recession lessened as current economic fundamentals at the state and national level remain healthy and stable. The **ten-year U.S. Treasury bond yield** rose above 1.8 percent, while the **Federal Home Loan Mortgage Corporation's 30-year fixed-rate** stabilized at 3.7 percent. After falling the previous month, mortgage applications for home

purchases climbed nearly 30 percent YTD. Refinance mortgage application activity accelerated as rates remained relatively low, almost tripling since year end.

Prices

The **Texas median home price** flattened at \$245,300, while annual home-price appreciation decelerated to 4.2 percent. The median price for new homes flattened; however, resale transactions, which comprise the majority of home sales, recorded the fastest median price growth rate this year of 5.5 percent year over year (YOY), exceeding the national existing-home price appreciation of 5.4 percent YOY.

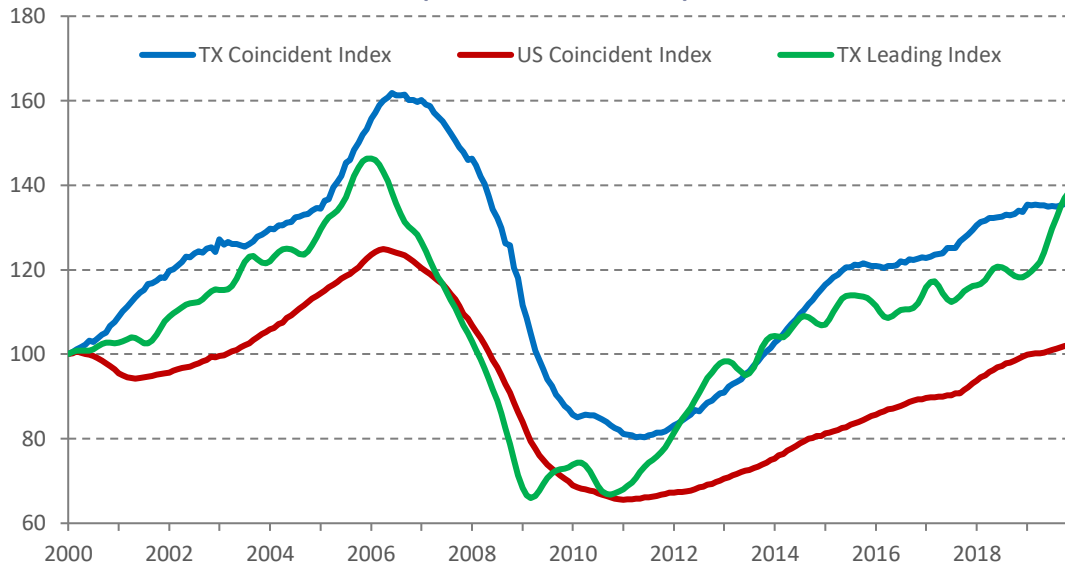
On the metropolitan level, median home prices fell. Austin's median price dropped \$14,600 from an all-time high in October to \$314,400. San Antonio's metric shed \$6,300, falling to \$229,500 as homes priced less than \$200,000 comprised more than a third of total sales for the first time since May. The median price in North Texas was \$293,600 and \$251,800 in Dallas and Fort Worth, respectively. Houston's price decreased for the second straight month to \$245,100.

The **Texas Repeat Sales Home Price Index** indicated more moderate home price appreciation of 3.7 percent. The Dallas and Houston indices slowed pace, increasing only 2.1 and 2.0 percent YOY, respectively. San Antonio's index increased 4.1 percent YOY but decelerated from growth as high as 6.6 percent in January. On the other hand, Austin's and Fort Worth's indexes accelerated 5.5 and 4.3 percent YOY, respectively. Rising home prices without substantial wage growth decreases overall housing affordability, which remains the primary challenge to the Texas home market.



SUPPLY

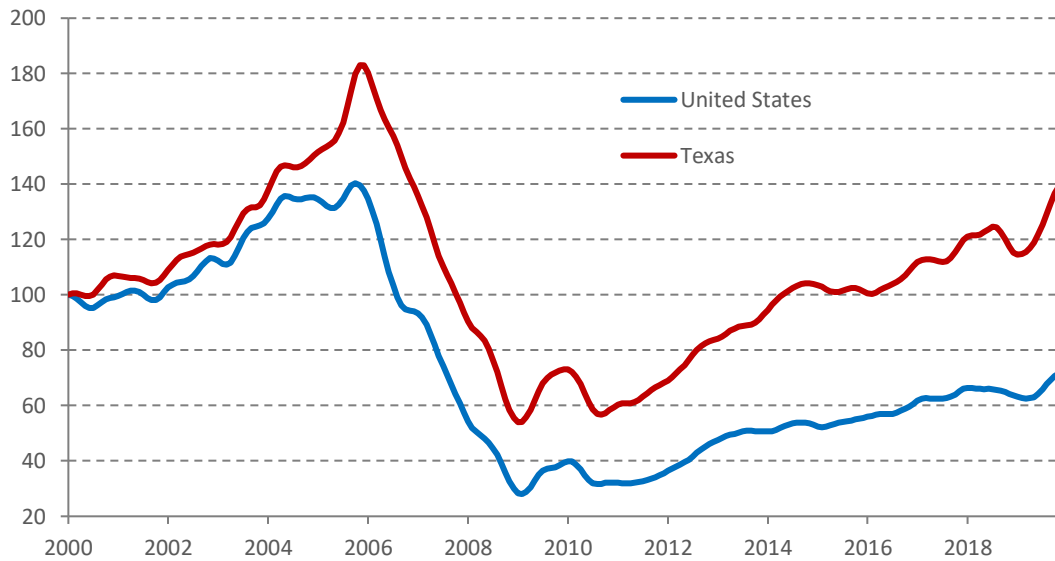
Texas Residential Construction Index
(Index Jan 2000 = 100)



Note: Trend-Cycle Component.

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

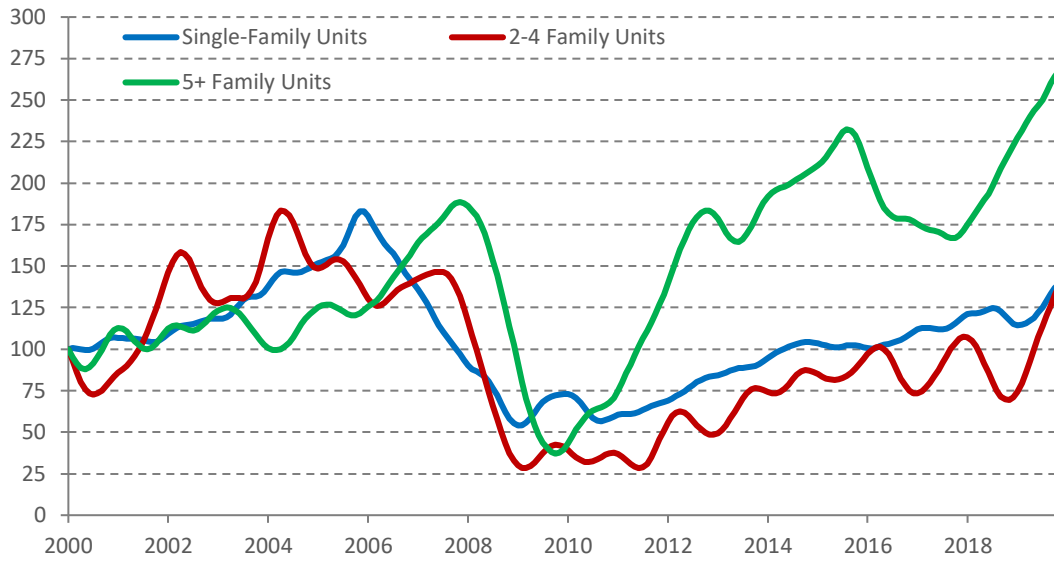
Single-Family Housing Construction Permits
(Index Jan 2000 = 100)



Note: Trend-Cycle Component.

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

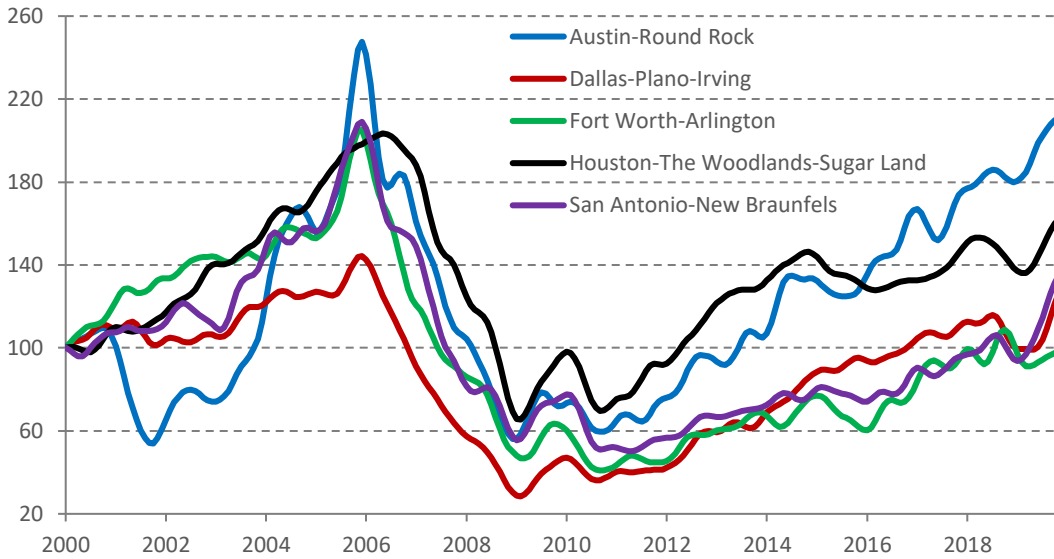
Texas Housing Construction Permits (Index Jan 2000 = 100)



Note: Trend-Cycle Component.

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

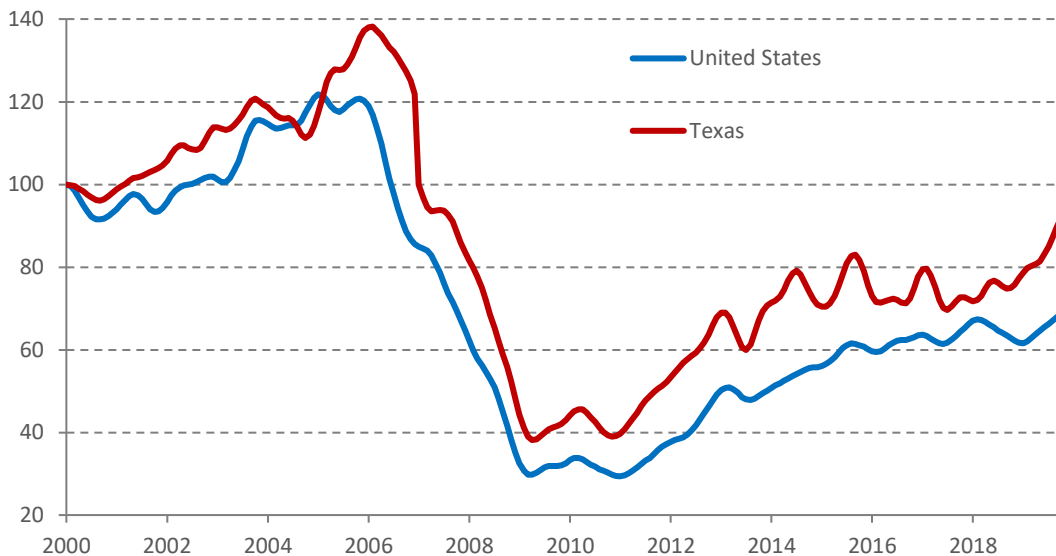
Major Metros Single-Family Housing Construction Permits (Index Jan 2000 = 100)



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

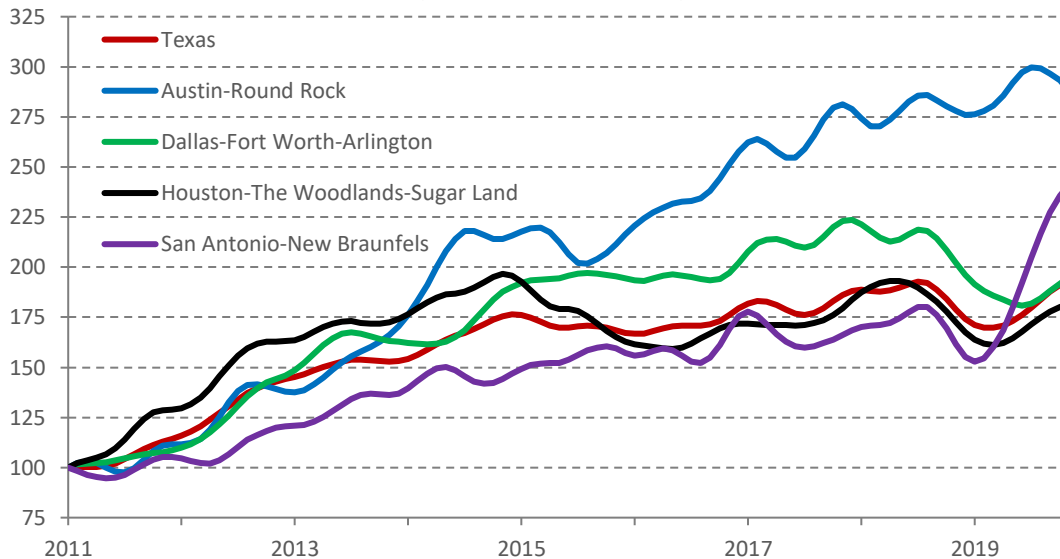
Sources: U.S. Census Bureau and Real Estate Center at Texas A&M University

Total Housing Starts Per Capita (Index Jan 2000 = 100)



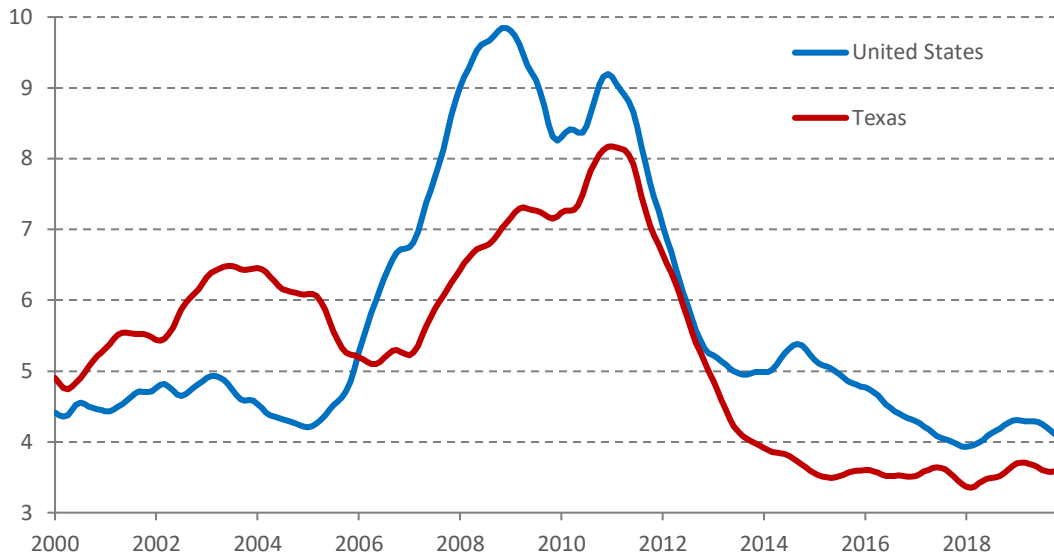
Note: Trend-Cycle Component.
Source: U.S. Census Bureau and Bank of Tokyo-Mitsubishi UFJ

Total New Private Single-Family Construction Value (Index Jan 2011 = 100)



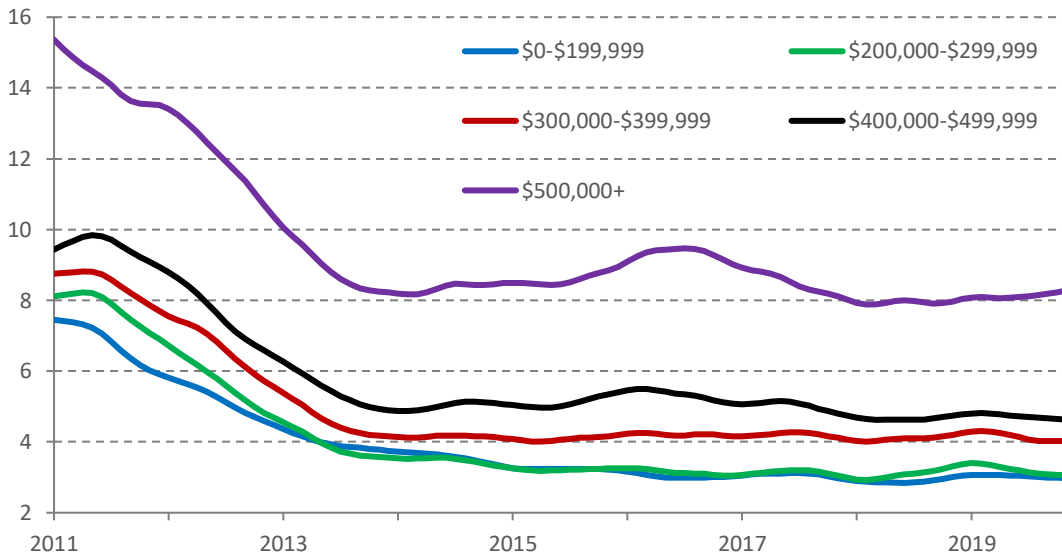
Note: Inflation adjusted. Trend-Cycle Component.
Source: Dodge Data & Analytics

Total Months of Inventory (Months)



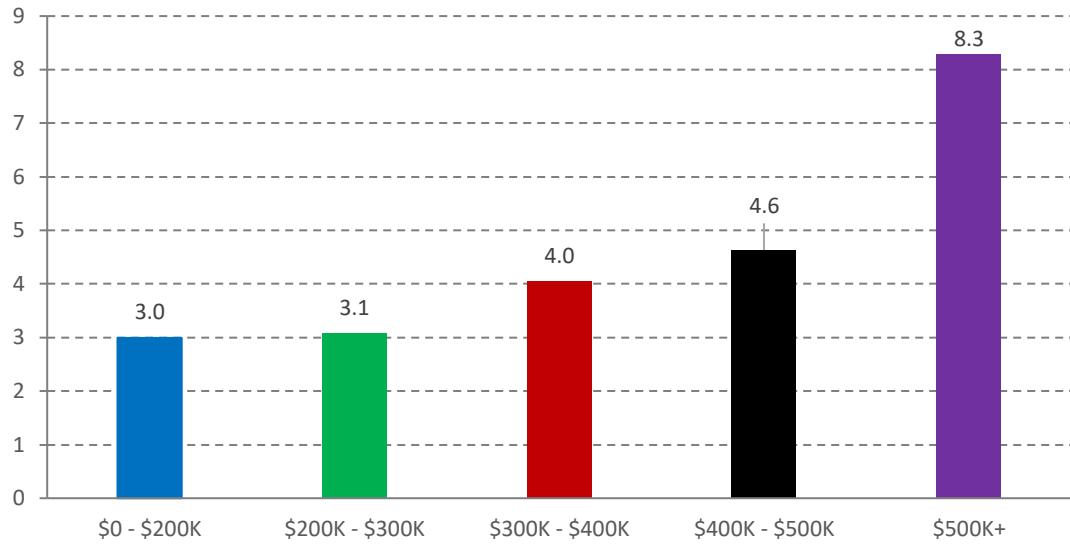
Note: Trend-Cycle Component. Months of inventory for the United States is estimated using weights for all existing homes and new single-family homes; new nonsingle-family homes are not included. Texas includes all existing and new homes. For more information, see [Months of Inventory](#).
Sources: U.S. Census Bureau, National Association of Realtors, and Real Estate Center at Texas A&M University

Texas Months of Inventory by Price Cohort (Months)



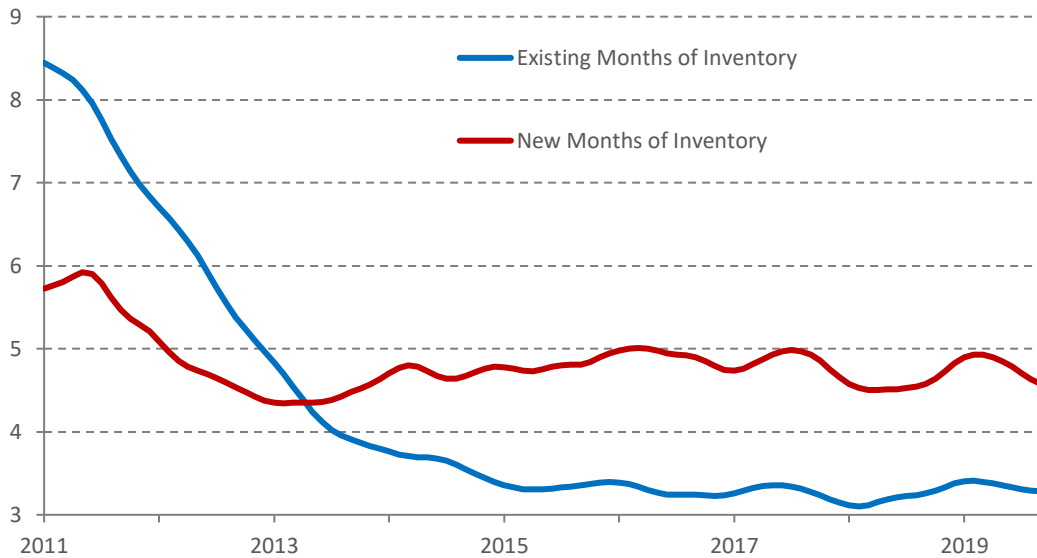
Note: Trend-Cycle Component.
Source: Real Estate Center at Texas A&M University

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



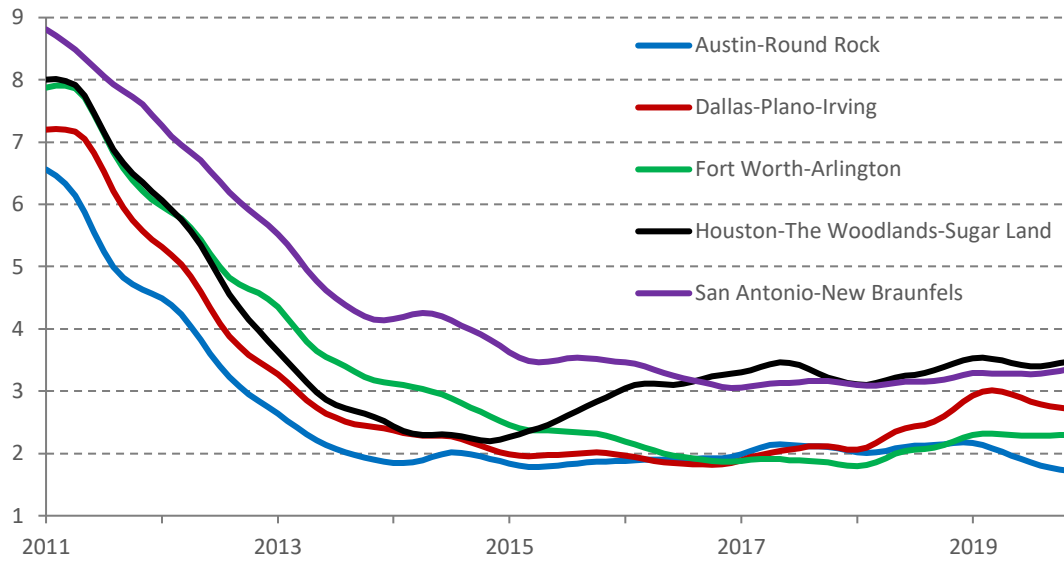
Note: Seasonally adjusted.
Source: Real Estate Center at Texas A&M University

Texas Existing and New Home Months of Inventory (Months)



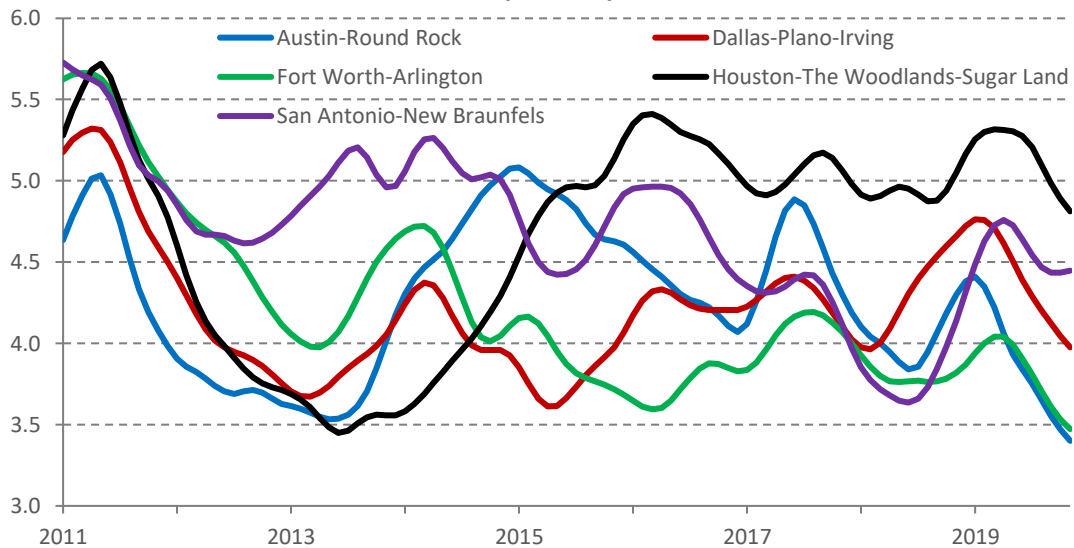
Note: Trend-Cycle Component.
Source: Real Estate Center at Texas A&M University

Major Metros Existing Home Months of Inventory (Months)



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

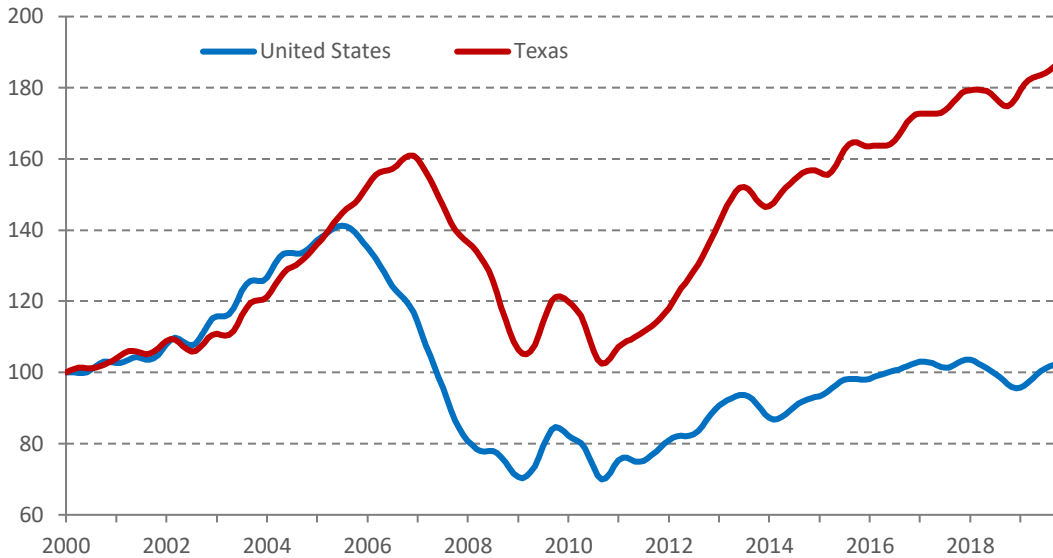
Major Metros New Home Months of Inventory (Months)



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



Total Housing Sales
(Index Jan 2000 = 100)

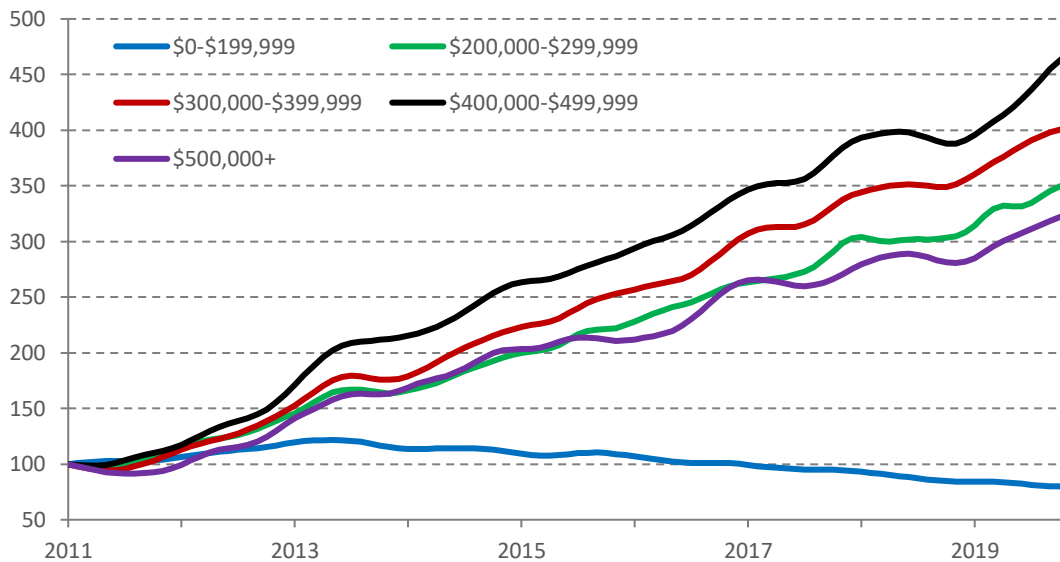


Note: Trend-Cycle Component. Sales for the United States include all existing homes and new single-family homes sold through an MLS; new non-single-family homes are not included. Texas includes all existing and new homes.

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

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

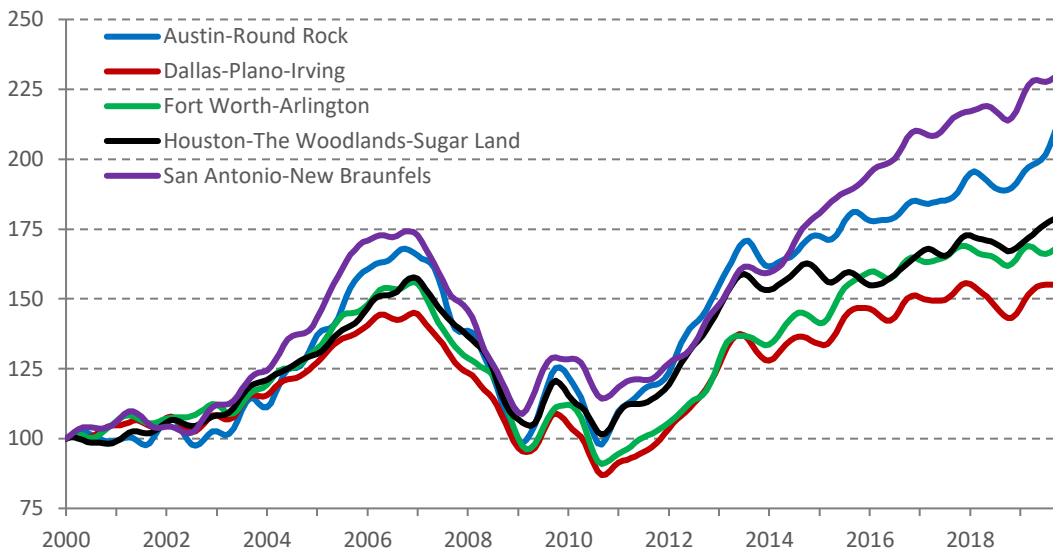
Texas Total Housing Sales by Price Cohort
(Index Jan 2011 = 100)



Note: Trend-Cycle Component.

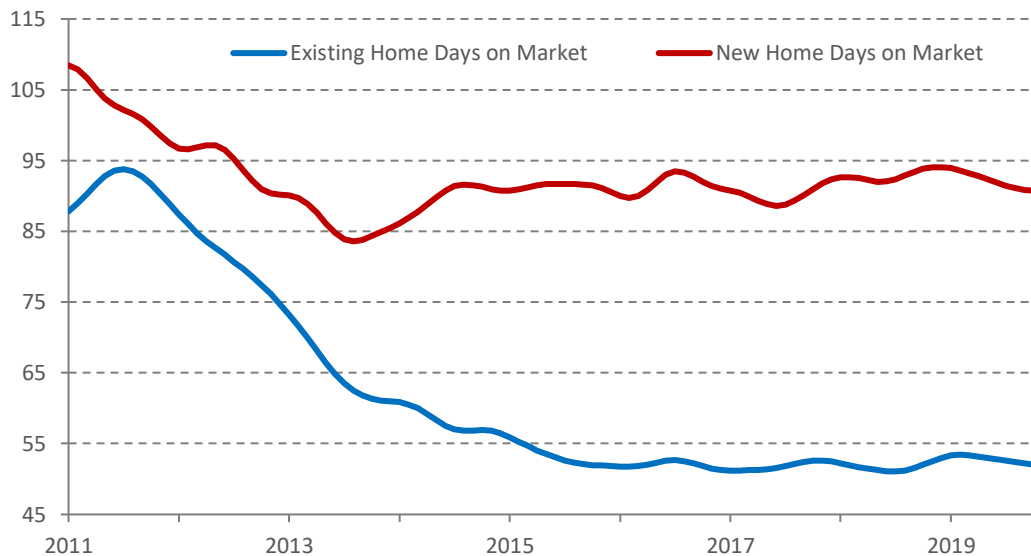
Source: Real Estate Center at Texas A&M University

Major Metros Total Housing Sales (Index Jan 2000 = 100)



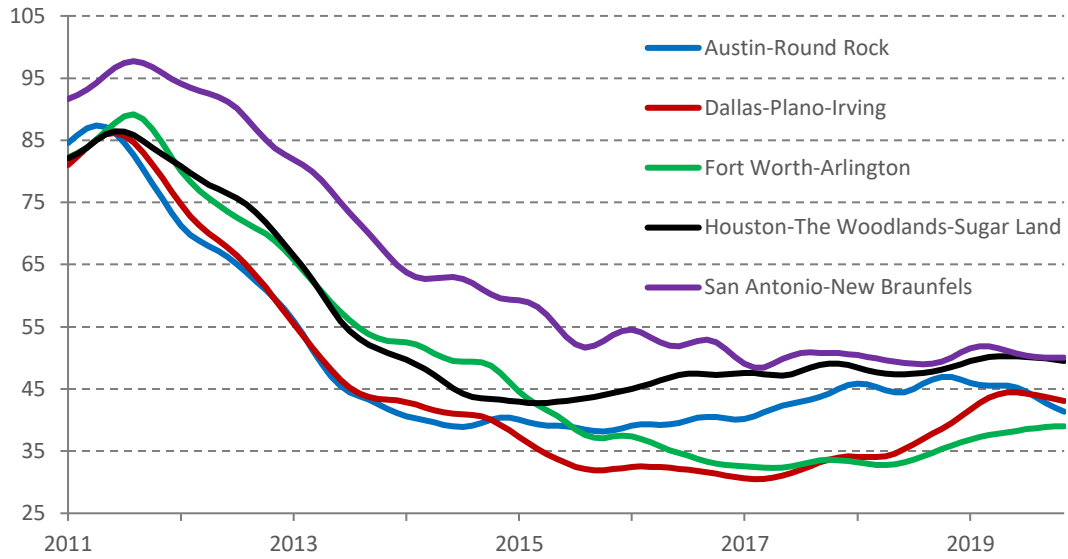
Note: Trend-Cycle Component.
Source: Real Estate Center at Texas A&M University

Texas Homes Days on Market (Days)



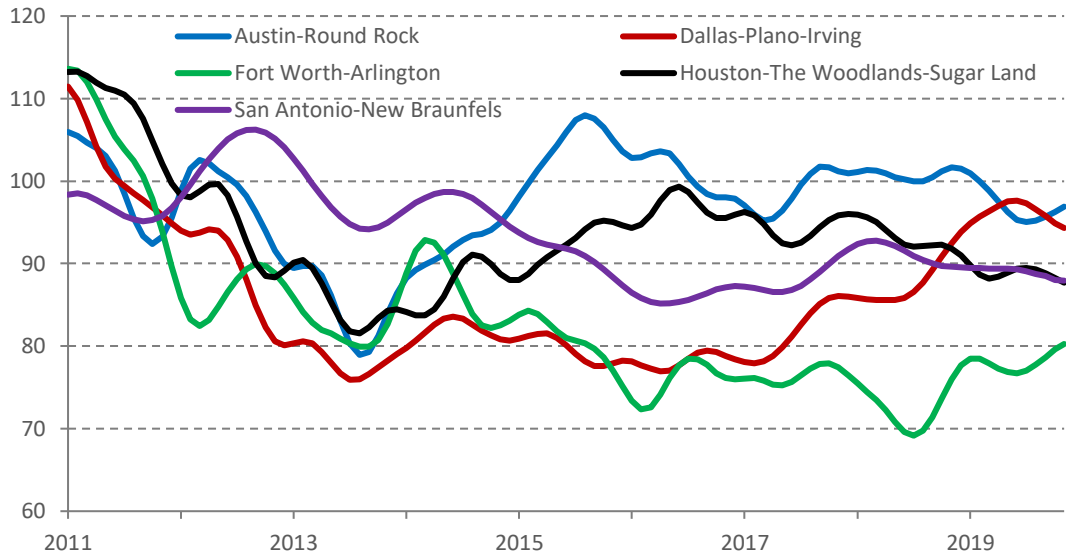
Note: Trend-Cycle Component. For single-family homes.
Source: Real Estate Center at Texas A&M University

Major Metros Existing Homes Days on Market (Days)



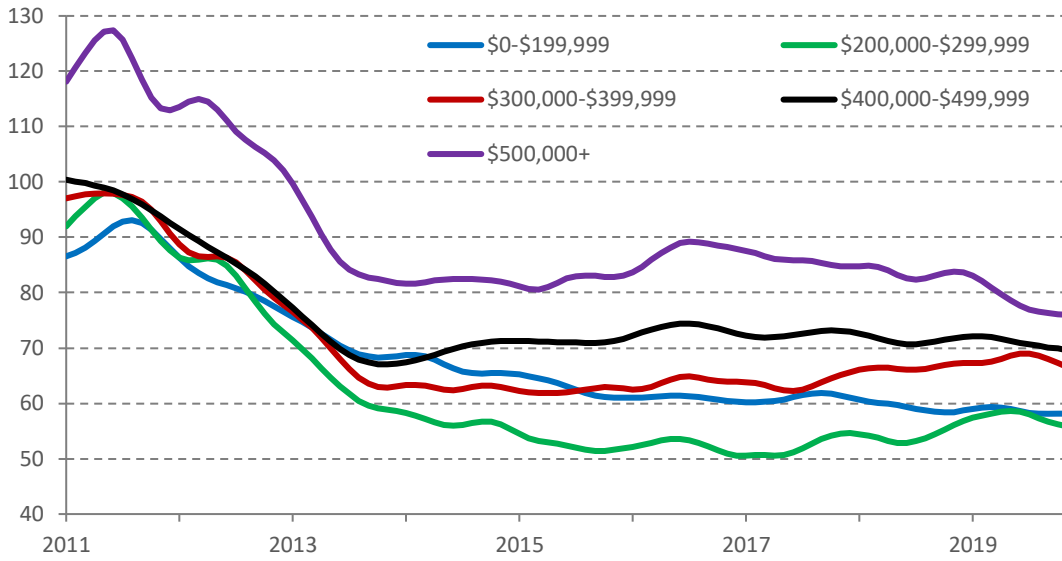
Note: Trend-Cycle Component. For single-family homes.
Source: Real Estate Center at Texas A&M University

Major Metros New Homes Days on Market (Days)



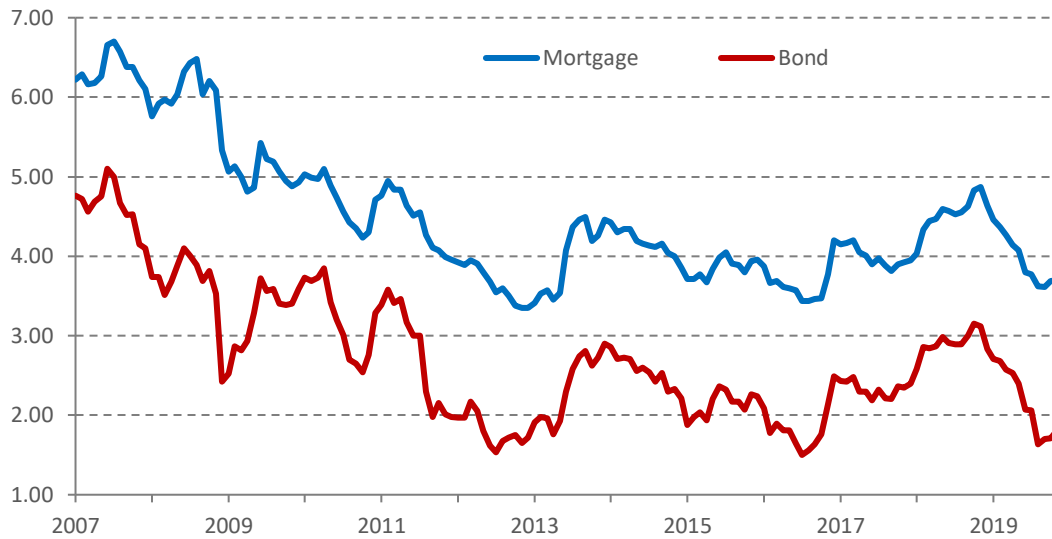
Note: Trend-Cycle Component. For single-family homes.
Source: Real Estate Center at Texas A&M University

Texas Home Days on Market by Price Cohort (Days)



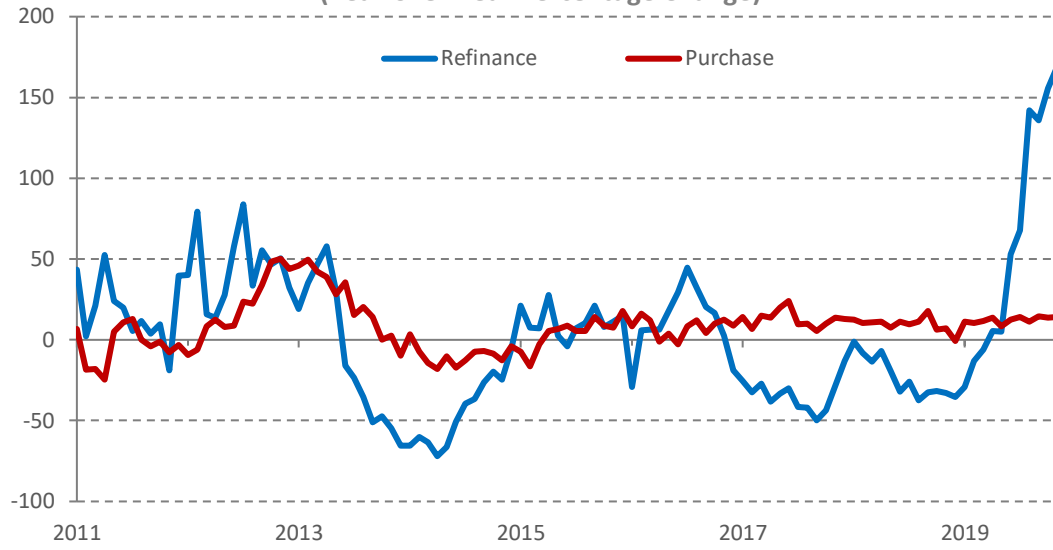
Note: Trend-Cycle Component. For single-family homes.
Source: Real Estate Center at Texas A&M University

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



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

Texas Mortgage Applications (Year-over-Year Percentage Change)

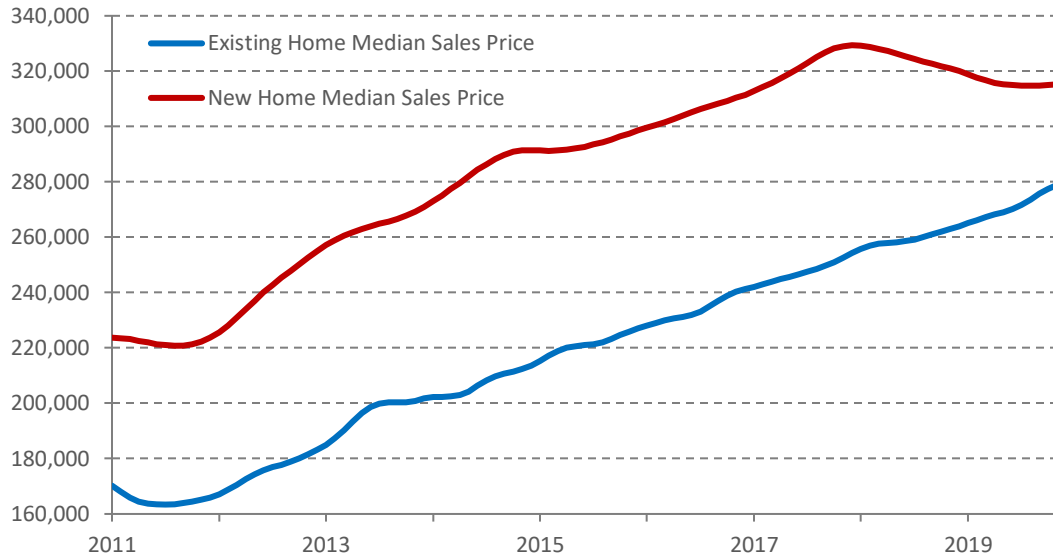


Note: Seasonally adjusted.

Source: Mortgage Bankers Association

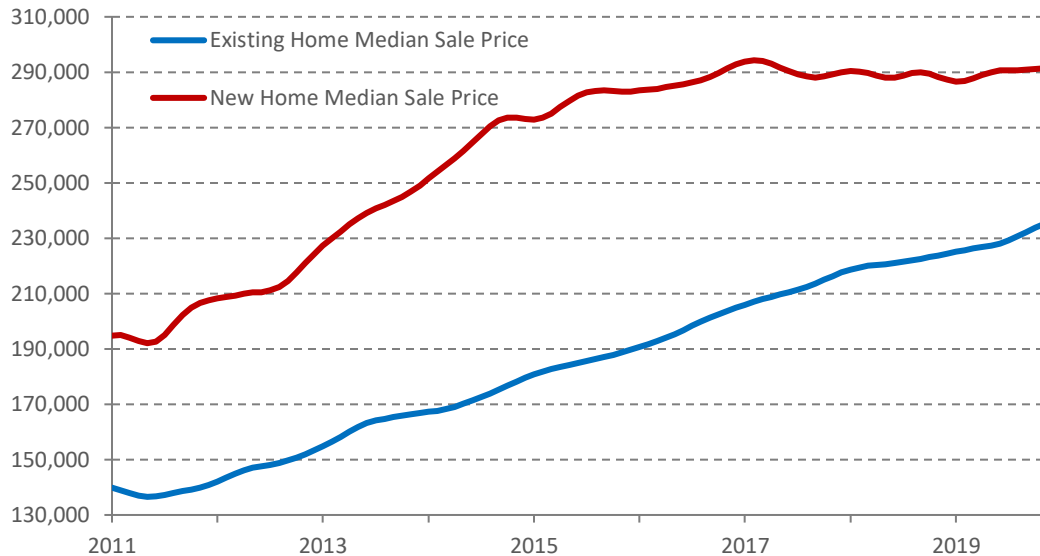


United States Existing and New Home Median Sales Price
(\$)



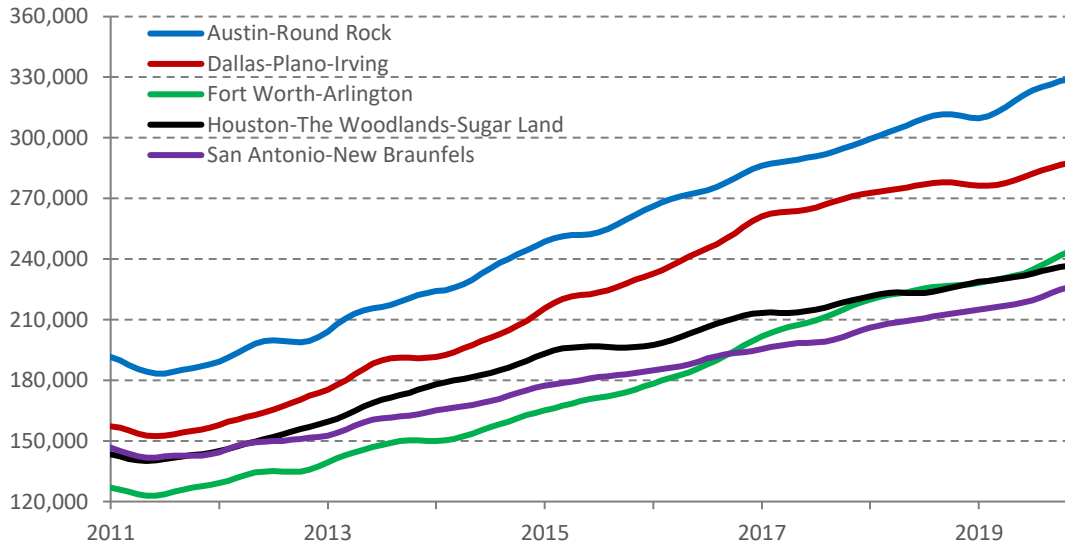
Note: Trend-Cycle Component. For single-family homes.
Source: Federal Reserve Bank of St. Louis

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



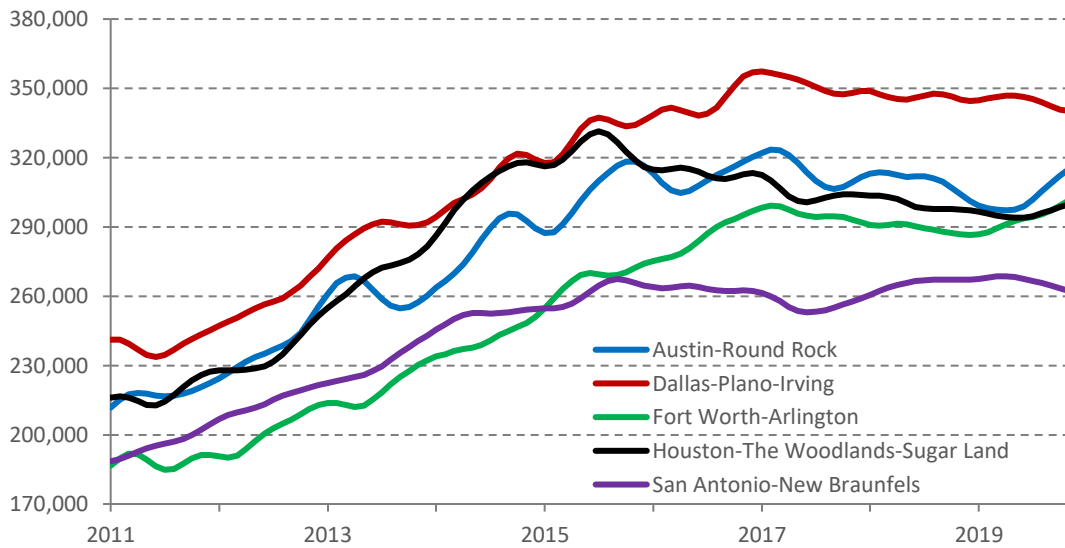
Note: Trend-Cycle Component. For single-family homes.
Source: Real Estate Center at Texas A&M University

Major Metros Existing Home Median Sales Price (\$)



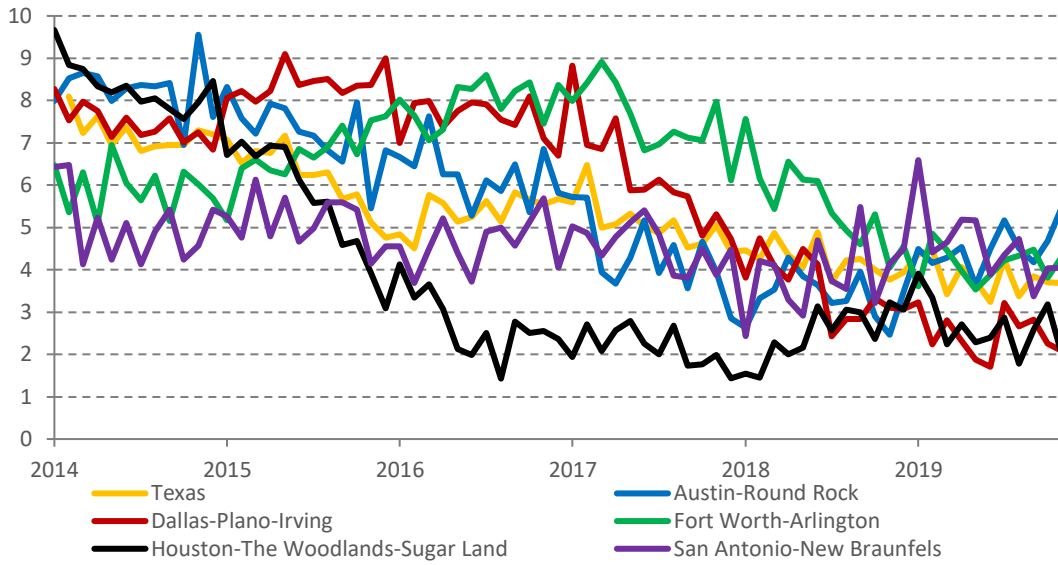
Note: Trend-Cycle Component. For single-family homes.
Source: Real Estate Center at Texas A&M University

Major Metros New Home Median Sales Price (\$)



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

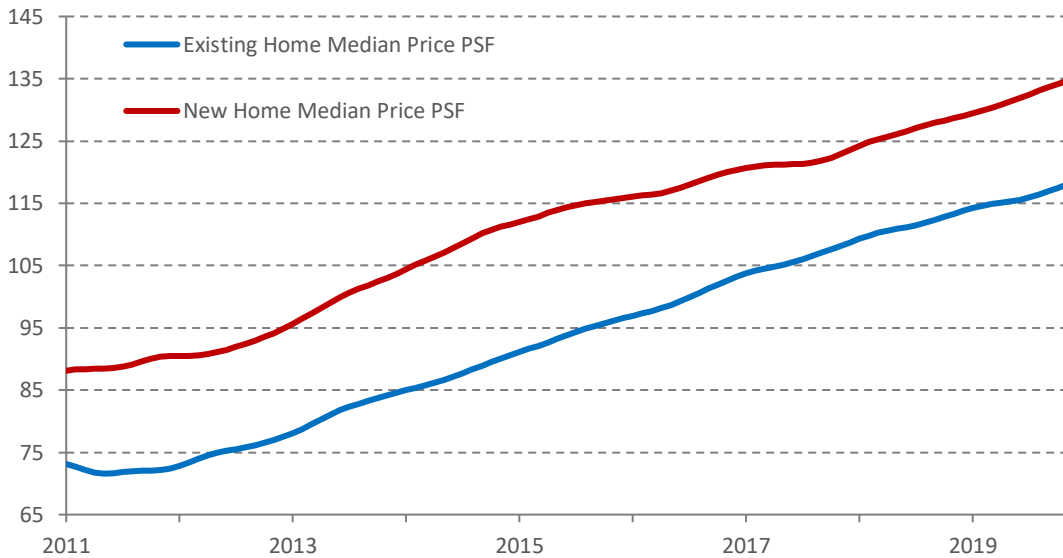
Repeat Sales Home Price Index (Year-over-Year Percentage Change)



Note: Seasonally adjusted. The Repeat Sales Home Price Index tracks real home price appreciation for residential single-family homes.

Source: Real Estate Center at Texas A&M University

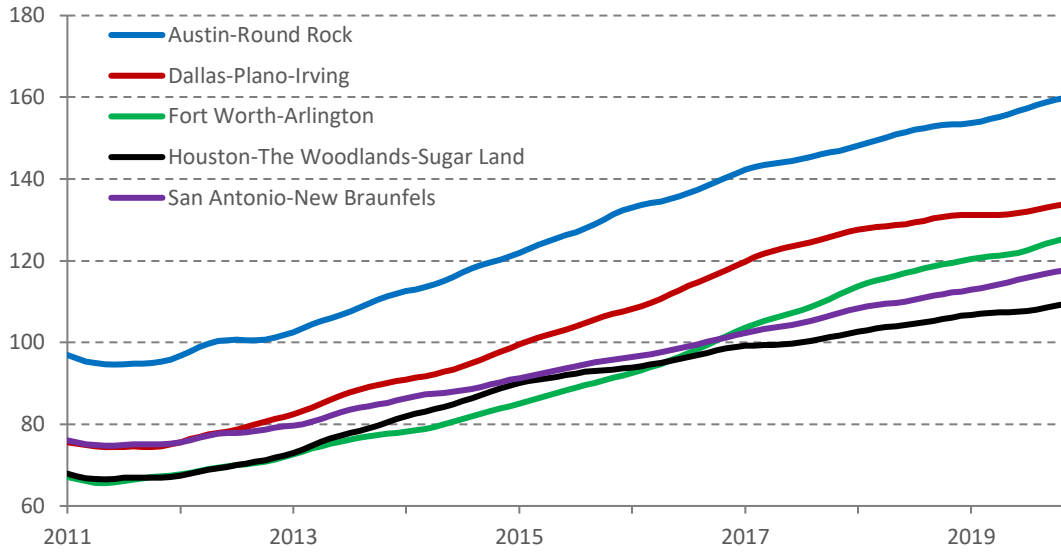
Texas Home Median Price Per Square Foot (\$)



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

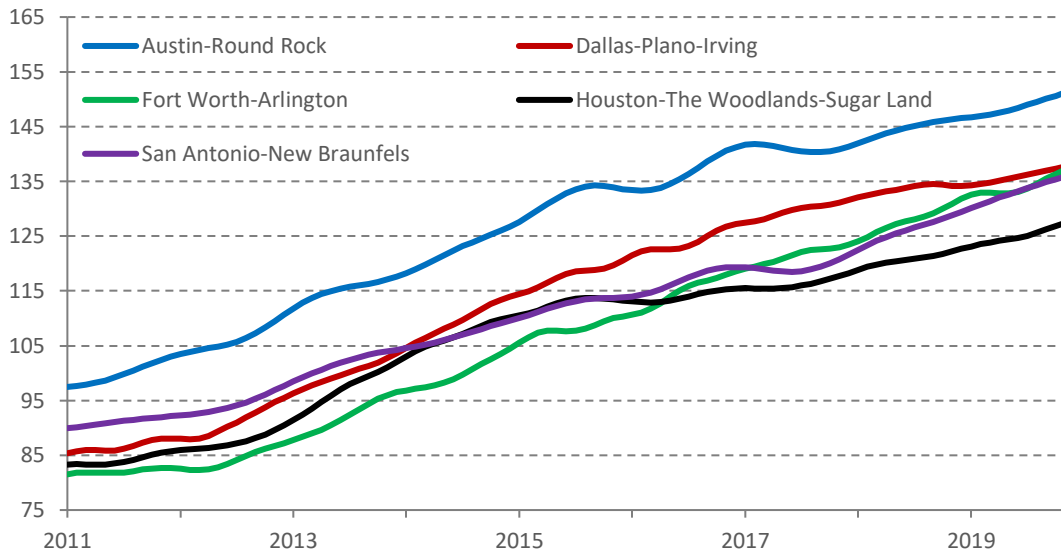
Source: Real Estate Center at Texas A&M University

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



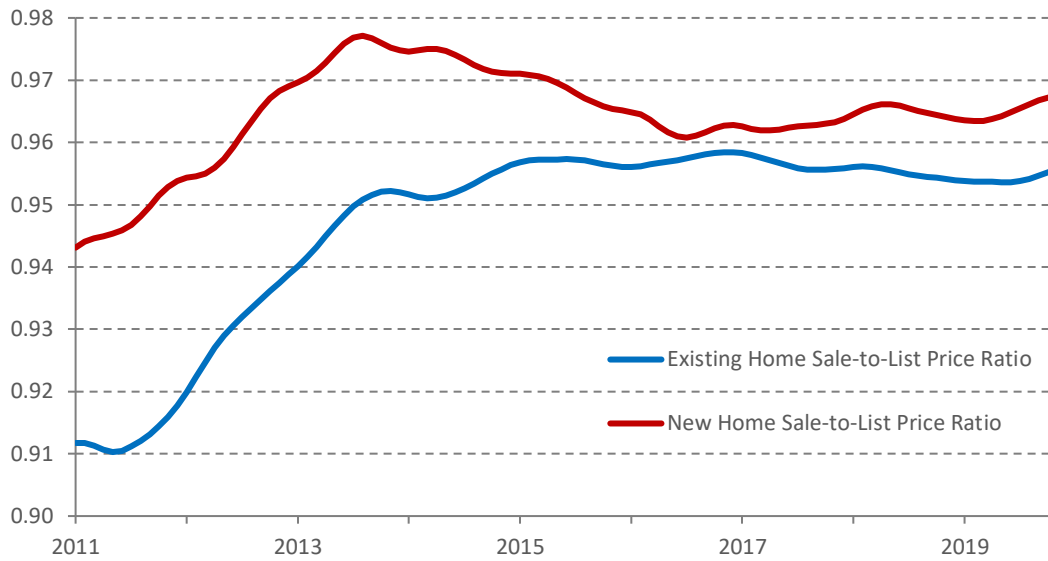
Note: Trend-Cycle Component. For single-family homes.
Source: Real Estate Center at Texas A&M University

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



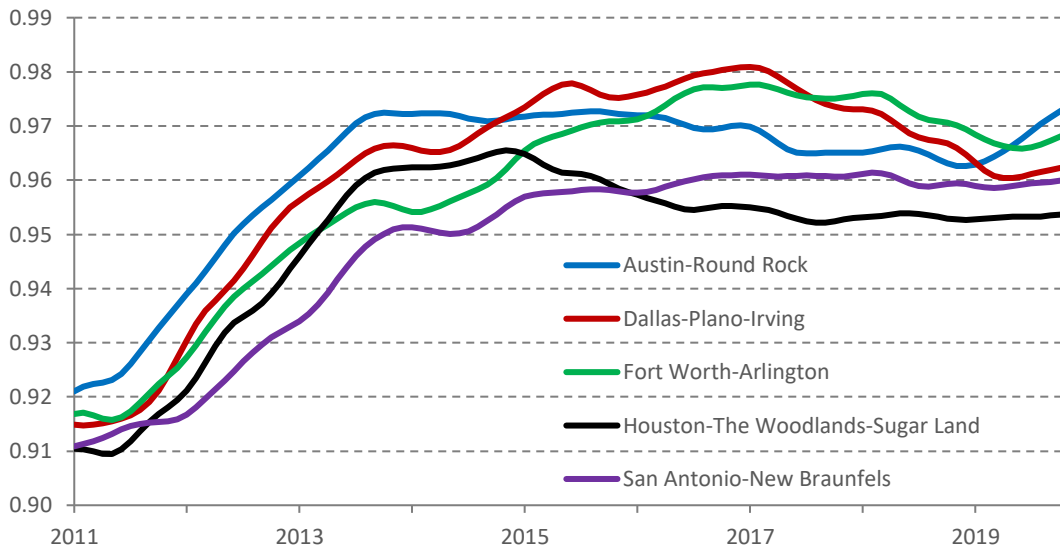
Note: Trend-Cycle Component. For single-family homes.
Source: Real Estate Center at Texas A&M University

Texas Home Sale Price to List Price (Ratio)



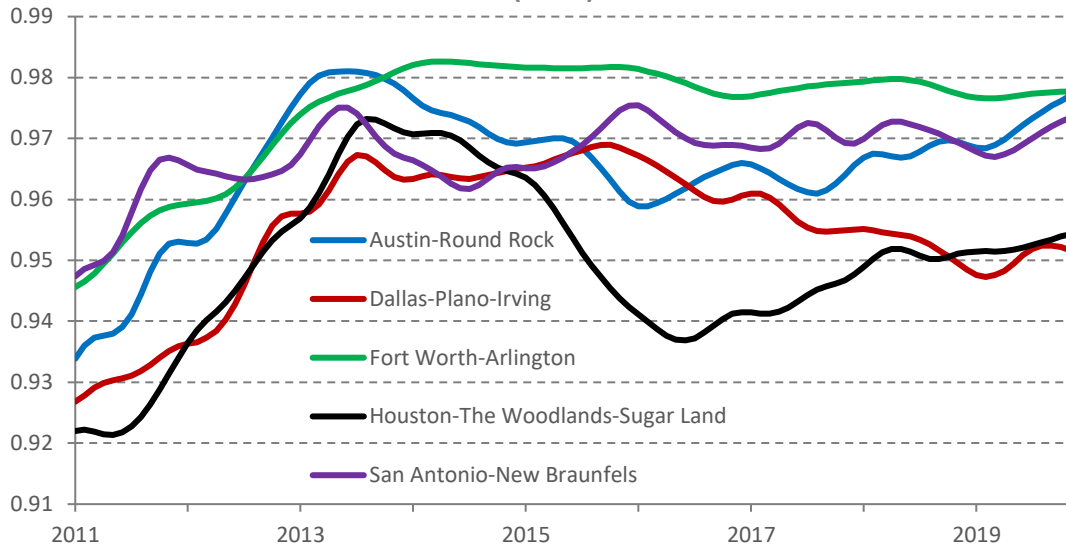
Note: Trend-Cycle Component. For single-family homes.
Source: Real Estate Center at Texas A&M University

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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