



# TEXAS HOUSING INSIGHT

JAMES P. GAINES  
CHIEF ECONOMIST

LUIS B. TORRES  
RESEARCH ECONOMIST

WESLEY MILLER  
RESEARCH ASSOCIATE

PAIGE SILVA  
RESEARCH ASSOCIATE

GRIFFIN CARTER  
RESEARCH INTERN

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APRIL 2020 DATA

TECHNICAL REPORT

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# ABOUT THIS REPORT

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

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

Data current as of May 26, 2020

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# APRIL 2020 SUMMARY

SINGLE-FAMILY BUILDING PERMITS  
▼ -22.2% MOM

MONTHS INVENTORY  
▼ 3.4

HOUSING SALES  
▼ -17.6% MOM

DAYS ON MARKET  
▼ 57

TEXAS REPEAT SALES INDEX  
▲ 3.6% YOY

Total Texas housing sales declined 17.6 percent in April amid economic uncertainty surrounding the COVID-19 pandemic. Showings of homes for sale were not explicitly prohibited by the month-long statewide stay-at-home order, but potential buyers and sellers were certainly more reluctant to host and attend in-person tours and open houses. Nevertheless, demand remained stable as the average days on market slid to 57 days, although loan applications for home purchases decreased while lenders implemented stricter lending standards.

On the supply side, both housings starts and building permits plunged more than 20 percent despite construction being considered an “essential” business under the statewide mandate. Median home-price appreciation decelerated but remained positive as corroborated by the Texas Repeat Sales Home Price Index. The coronavirus outbreak is the greatest threat to the Texas housing market since the 1986-90 recession via disruptions to buyer and seller confidence, the negative income shock, and wariness of visiting and showing homes for sale. The Real Estate Center, however, projects the rate of decline in single-family housing sales will slow in May relative to April.

## Supply\*

Contemporaneous and anticipated construction activity continued to fall during the coronavirus-induced downturn. The Texas **Residential Construction Cycle (Coincident) Index**, which measures *current* construction levels, sank to its lowest reading since 2017 as industry employment plummeted. Decreased building permits and housing starts offset falling interest rates, pulling the **Residential Construction Leading Index** down to levels around those last seen in January 2007.

As economic uncertainty ramped up due to coronavirus concerns, **single-family construction permits** nosedived 22.2 percent. Nevertheless, Texas remained the national leader with Houston and Dallas issuing 2,829 and 1,856 nonseasonally adjusted permits, respectively, despite declining about 25 percent. Other locales registered more moderate decreases between 11 and 17 percent, but San Antonio permits fell for the sixth consecutive month to 632. Austin issued 1,618 permits, double the per capita statewide rate, while Fort Worth posted 1,002. On the other hand, Texas’ multifamily permits improved for the second straight month, increasing 16.1 percent.

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

**Total Texas housing starts** fell more than 20 percent to a year-and-a-half low as building activity slowed under social distancing rules. Meanwhile, **single-family private construction values** dropped 26.9 percent in April to a seven-year low after adjusting for inflation. Every major metro registered a steep decline, with San Antonio values contracting by a third. Houston's metric sank 22 percent after flattening the previous month, while Austin and DFW values decreased for the second straight month. Single-family construction, however, is expected to rebound in the coming months as housing demand remains relatively stable.

The state's supply of active listings fell to its lowest level year to date (YTD), offsetting plummeting sales and pulling **Texas' months of inventory (MOI)** down to 3.4 months. A total MOI around six months is considered a balanced housing market. Inventory for homes priced less than \$300,000 (where four-fifths of total sales take place) slid to 2.7 months. On the other hand, luxury home inventory (consisting of homes priced more than \$500,000) ticked up for the first time in eight months as falling sales outweighed a decline in the supply of active listings. So, despite falling sales, the overall market remained relatively tight and in short supply.

On the metropolitan level, the Houston MOI registered the greatest drop but remained above the statewide level at 3.6 months. North Texas inventory flattened at 2.7 and 2.5 months in Dallas and Fort Worth, respectively. San Antonio's MOI increased slightly to 3.3 months, while Austin's metric reached 2.1 months. Most of the expansion happened in the higher price ranges.

## **Demand**

With COVID-19 impacts well underway, **total housing sales** dropped 17.6 percent in April to their lowest level since 2015, decreasing in every price cohort. Homes priced less than \$300,000, however, accounted for two-thirds of the decline, corresponding to the sales composition. Texas sales decelerated from a double-digit pace in the first two months of the year relative to the same period in 2019 to just a 1.5 percent clip when comparing the first four months of the year.

Sales activity in the Metropolitan Statistical Areas (MSAs) declined at a faster rate than the previous month, with Austin and Houston sales volumes falling by a fifth. Sales plunged 18.7 percent in DFW, largely due to decreases in the \$200,000-\$300,000 price cohort. San Antonio was the only major metro to not register reductions across the price spectrum as homes priced from \$400,000-\$500,000 reached an all-time high. However, the MSA's total sales still slid 14.3 percent.

Despite massive layoffs across the state, housing demand remained healthy as Texas' **average days on market (DOM)** extended a year-long downward trend, sinking to 57 days. Some of this resiliency may reflect disproportionate job losses occurring at the lower-end of the earnings spectrum which primarily consists of renter households. Austin's metric slipped to its lowest level in five years at 47 days, while the San Antonio DOM inched down to 59 days. The average home in Houston sold after 59 days, stabilizing around its year-ago level. Demand softened slightly in North Texas as the DOM ticked up to 52 and 44 days in Dallas and Fort Worth, respectively but remained strong compared with the statewide average.

Ongoing concerns, such as the global coronavirus pandemic and critically low oil prices, pulled interest rates down in April. Both the **ten-year U.S. Treasury bond yield** and the **Federal Home Loan Mortgage Corporation's 30-year fixed-rate** dropped to their lowest readings on record at 0.7 and 3.3 percent, respectively. Despite the former reaching a series low, mortgage applications for home purchases decreased for the third straight month plummeting 28.5 percent YTD amid coronavirus-related disruptions to the housing market and stricter lending standards. Applications to refinance home loans fell 13.2 percent in April but maintained positive YTD growth after doubling since year end in the first quarter. However, Center staff expects applications volumes to recover in the coming months assuming housing demand remains stable.

## Prices

The **Texas median home price** flattened at \$247,400, posting its lowest annual growth rate this year at 4.2 percent. Austin's median home price sank to \$316,400 after double-digit YOY hikes the previous two months when the proportion of homes priced more than \$300,000 exceeded 60 percent for the first time ever. Home-price appreciation in Dallas and Houston also decelerated to around 3 percent, with the metric hovering around \$296,700 and \$248,800, respectively. On the other hand, YOY growth in Fort Worth and San Antonio accelerated, pushing the median price up to \$252,900 in the former and \$240,600 in the latter.

The **Texas Repeat Sales Home Price Index**, a better measure of changes in single-family home values, provides insight into how Texas home prices evolve. The index indicated home price appreciation decelerated in April on both the state and metropolitan levels. Texas' index rose just 3.6 percent YOY, with the larger locales sliding well under the statewide average. The Dallas and Houston metrics increased only 2.3 and 2.6 percent, respectively. Austin's index maintained the highest annual growth rate of 6 percent. The Fort Worth and San Antonio indices slowed to 3.8 and 3.2 percent YOY growth, respectively, contrasting median home price data. Favorable housing affordability relative to other parts of the country supported the Lone Star State's economic growth after the housing bubble burst a decade ago. Texas needs to maintain affordability for the housing market to remain a stalwart in the current recession and subsequent recovery.

The Real Estate Center projected single-family housing sales using monthly pending listings from the preceding period (see Table 1). Only one month in advance was projected due to the uncertainty surrounding the COVID-19 pandemic and the availability of reliable and timely data. Although activity is expected to worsen, the rate of decline decelerated at the statewide level, from a 13.6 percent decrease in April to an anticipated 10.1 percent decrease in May. The drop in single-family sales in DFW and Houston is also expected to slow with the metric falling 10.4 and 7.4 percent, respectively. Central Texas, on the other hand, contradicted the overall state trend as the sales are estimated to plummet at a faster rate in May, 17.6 and 11.0 percent in Austin and San Antonio, respectively, relative to the previous month.

**Single-Family Housing Sales Projections  
(Month-over-Month Percentage Change)**

	<b>April 2020</b>	<b>May 2020</b>
Texas	-13.6	-10.1
Austin-Round Rock	-12.7	-17.6
Dallas-Fort Worth	-14.7	-10.4
Houston-The Woodlands-Sugar Land	-16.8	-7.4
San Antonio-New Braunfels	-8.7	-11.0

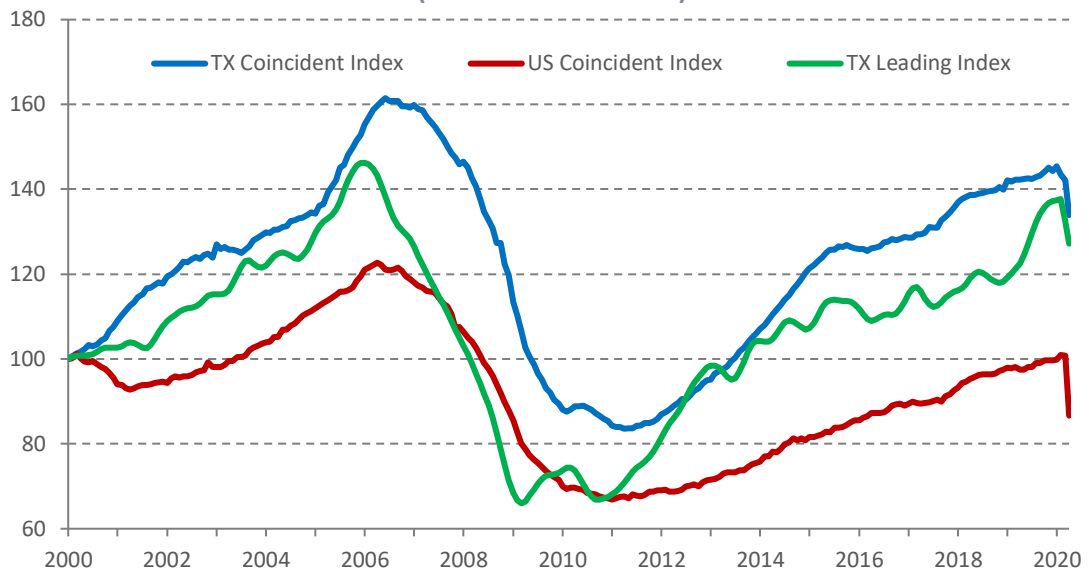
Note: Seasonally adjusted data. Based on monthly pending listings and single-family housing sales through the Multiple Listing Service.

Source: Real Estate Center at Texas A&M University





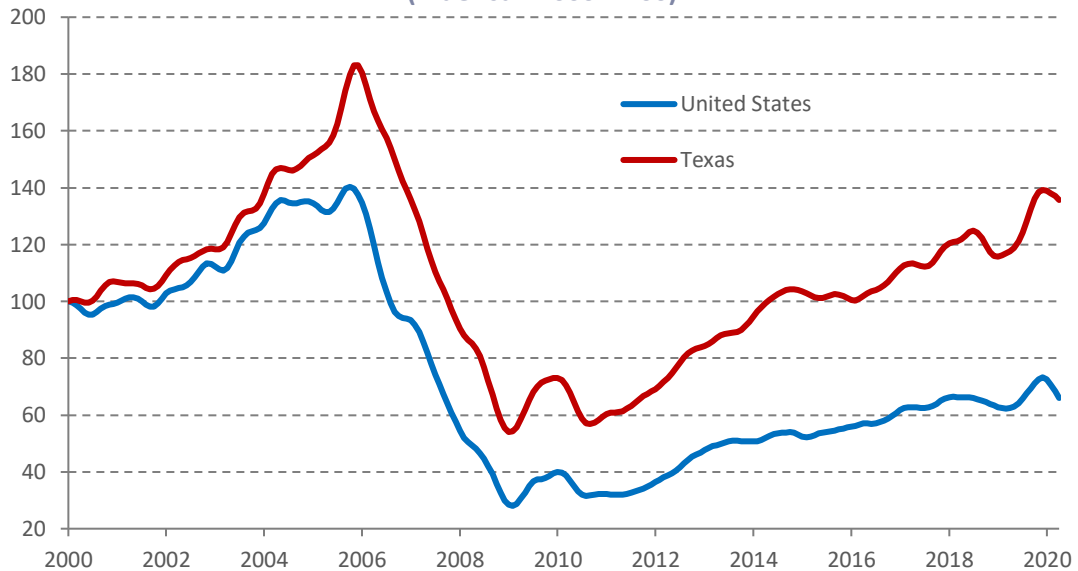
### Texas Residential Construction Index (Index Jan 2000 = 100)



Note: Trend-Cycle Component.

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

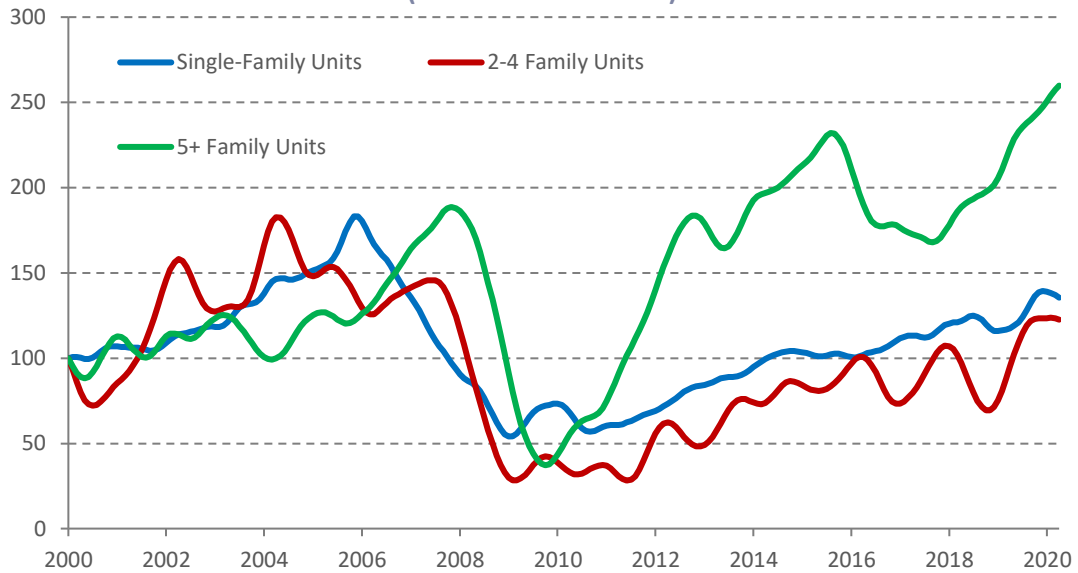
### Single-Family Housing Construction Permits (Index Jan 2000 = 100)



Note: Trend-Cycle Component.

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

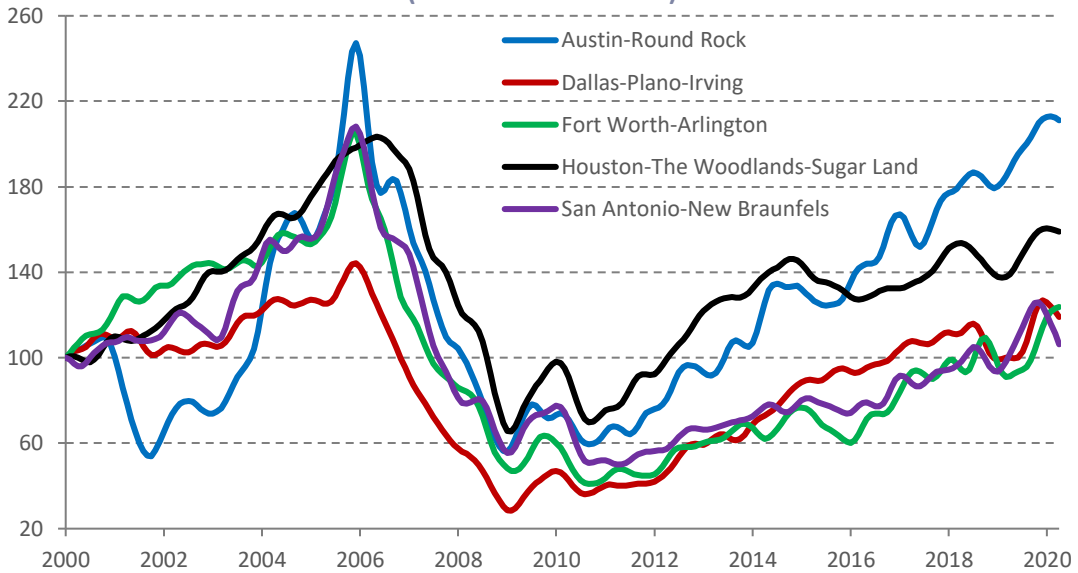
### Texas Housing Construction Permits (Index Jan 2000 = 100)



Note: Trend-Cycle Component.

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

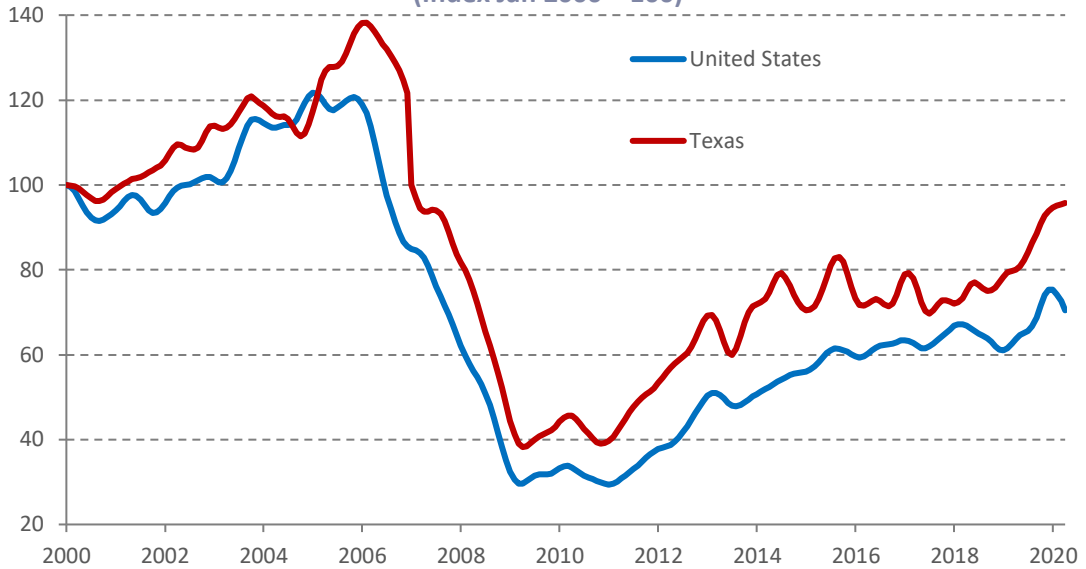
### Major Metros Single-Family Housing Construction Permits (Index Jan 2000 = 100)



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

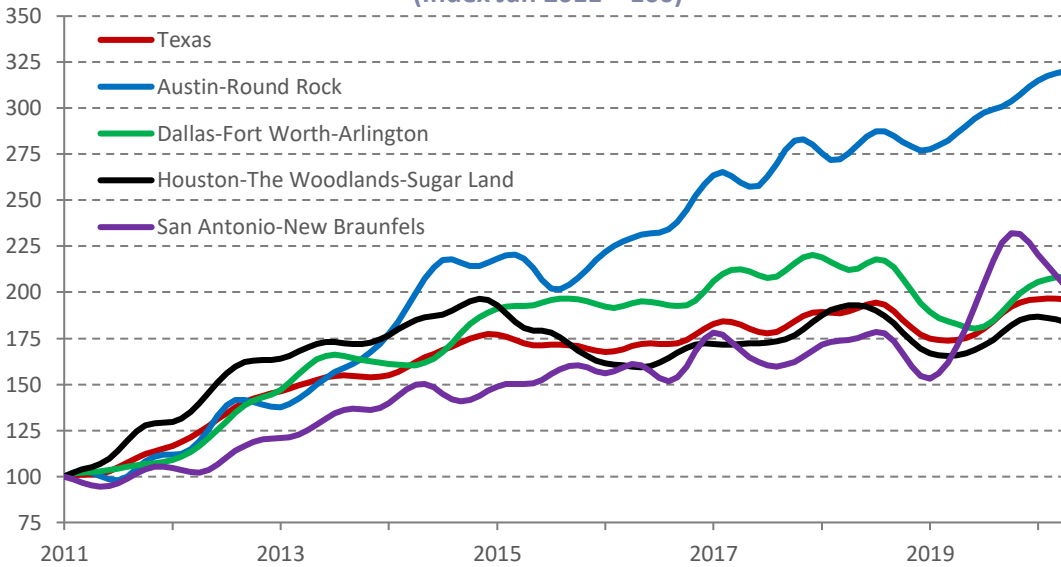
Sources: U.S. Census Bureau and Real Estate Center at Texas A&M University

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



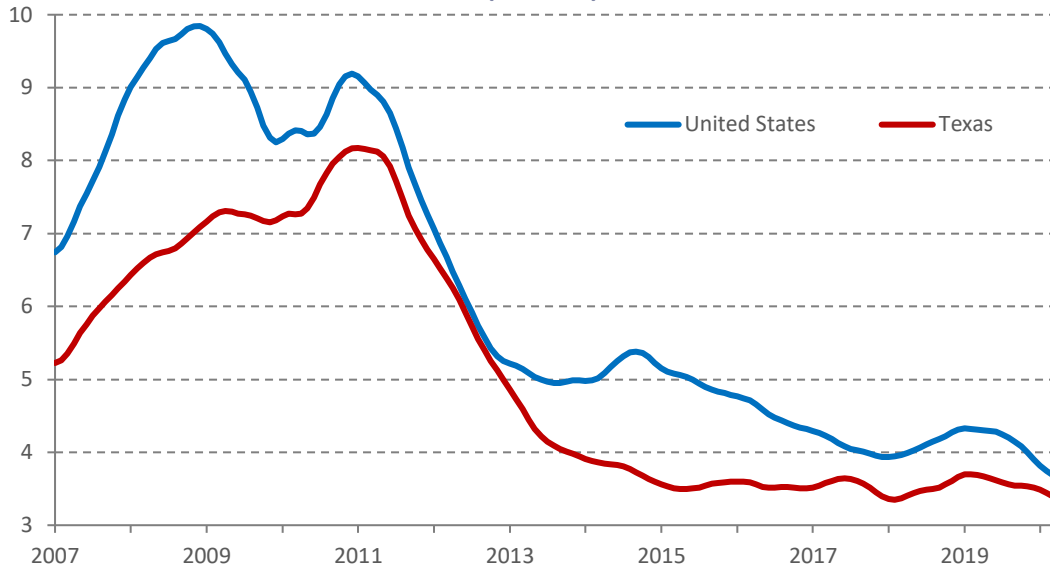
Note: Trend-Cycle Component.  
Sources: U.S. Census Bureau and Bank of Tokyo-Mitsubishi UFJ

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



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

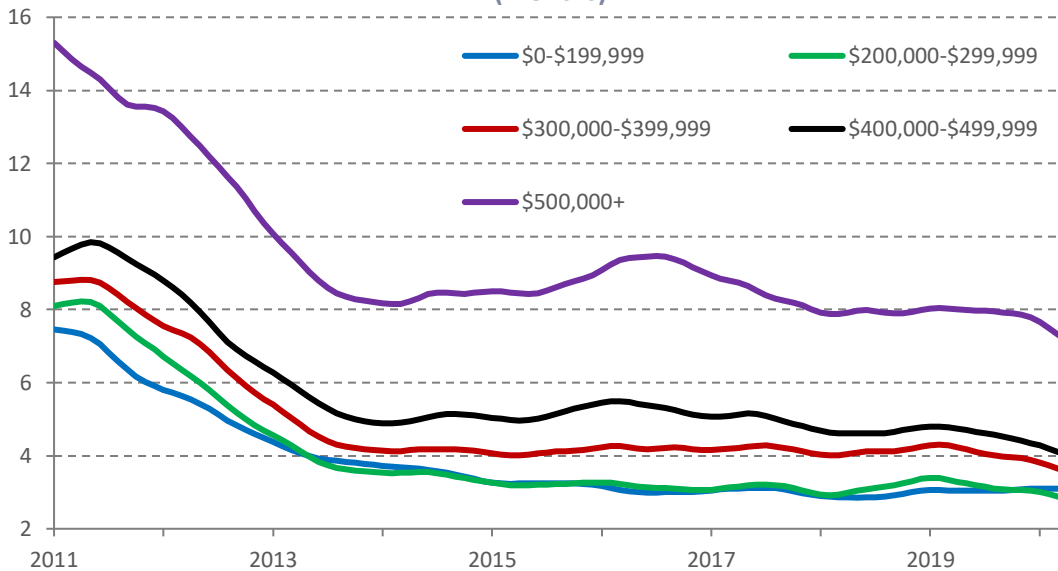
### Total Months of Inventory (Months)



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](#).

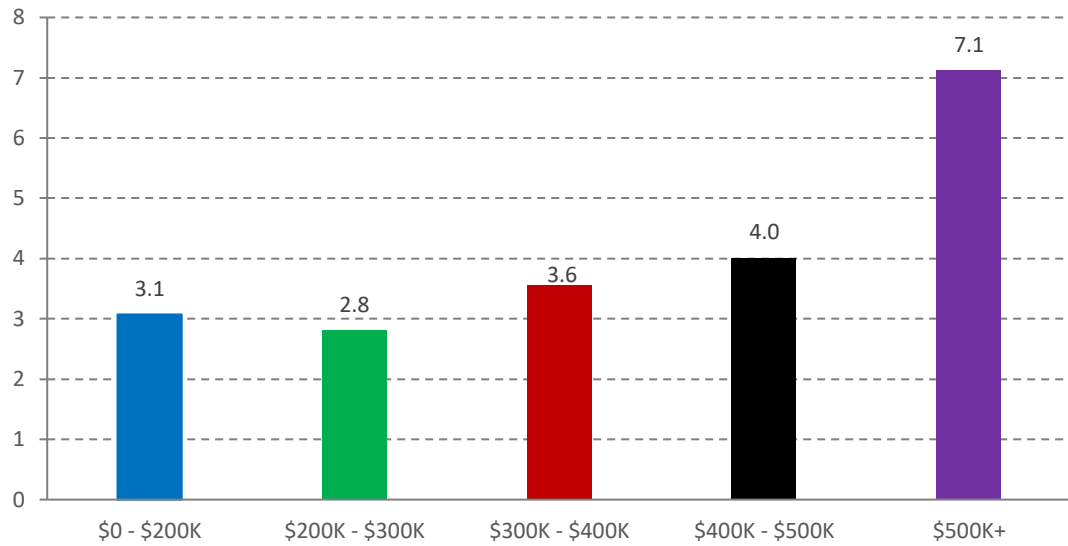
Sources: U.S. Census Bureau, National Association of Realtors, and Real Estate Center at Texas A&M University

### Texas Months of Inventory by Price Cohort (Months)



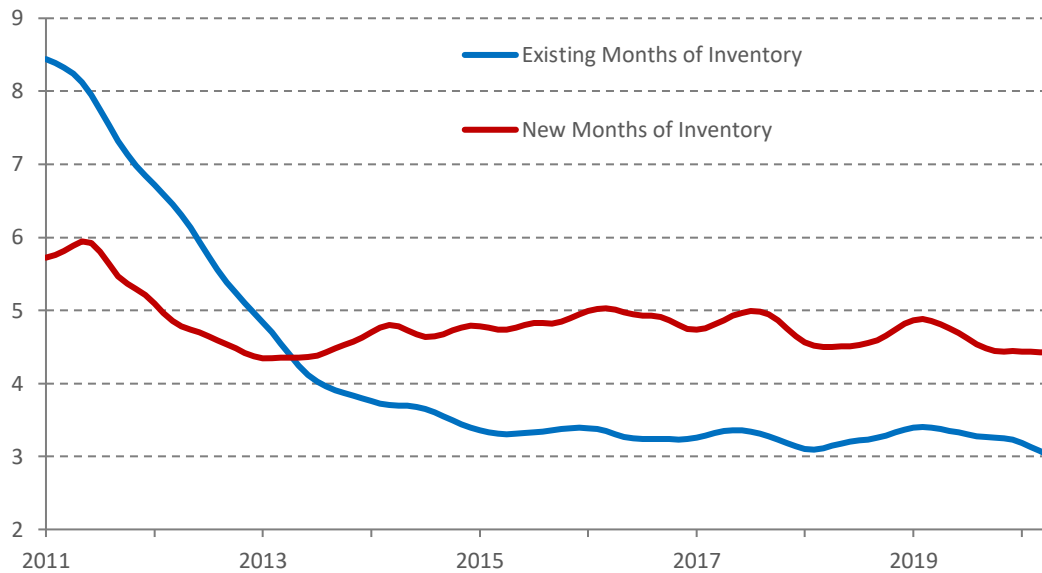
Note: Trend-Cycle Component.  
Source: Real Estate Center at Texas A&M University

**Texas Current Months of Inventory by Price Cohort  
(April 2020)**



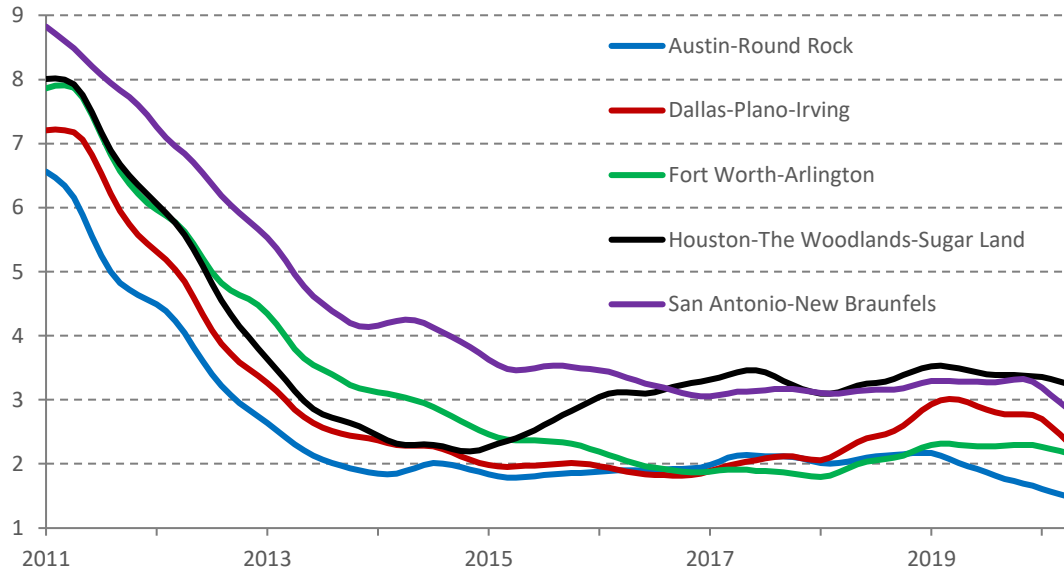
Note: Seasonally adjusted.  
Source: Real Estate Center at Texas A&M University

**Texas Existing and New Home Months of Inventory  
(Months)**



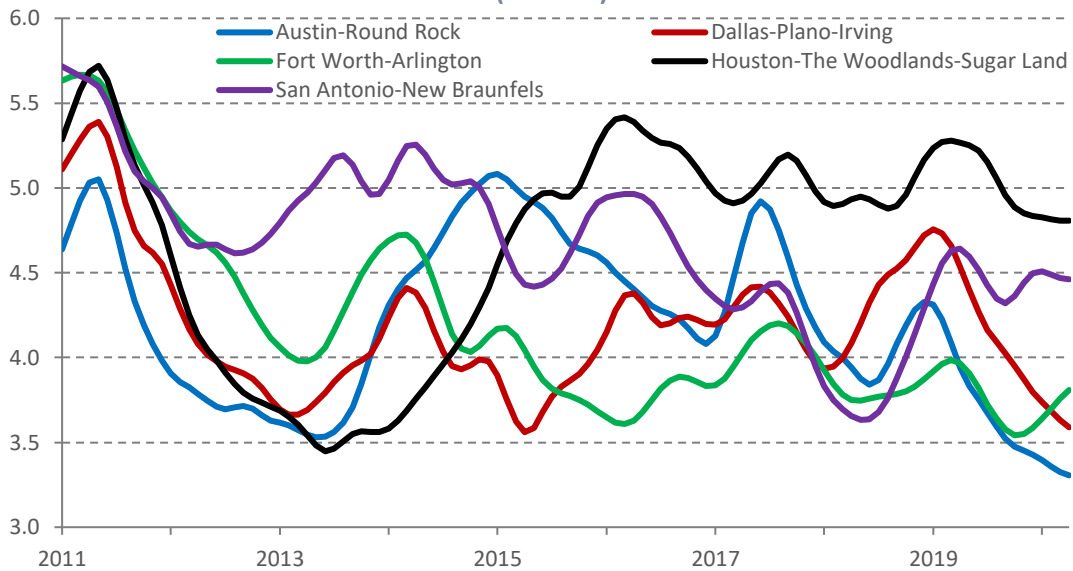
Note: Trend-Cycle Component.  
Source: Real Estate Center at Texas A&M University

### 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)

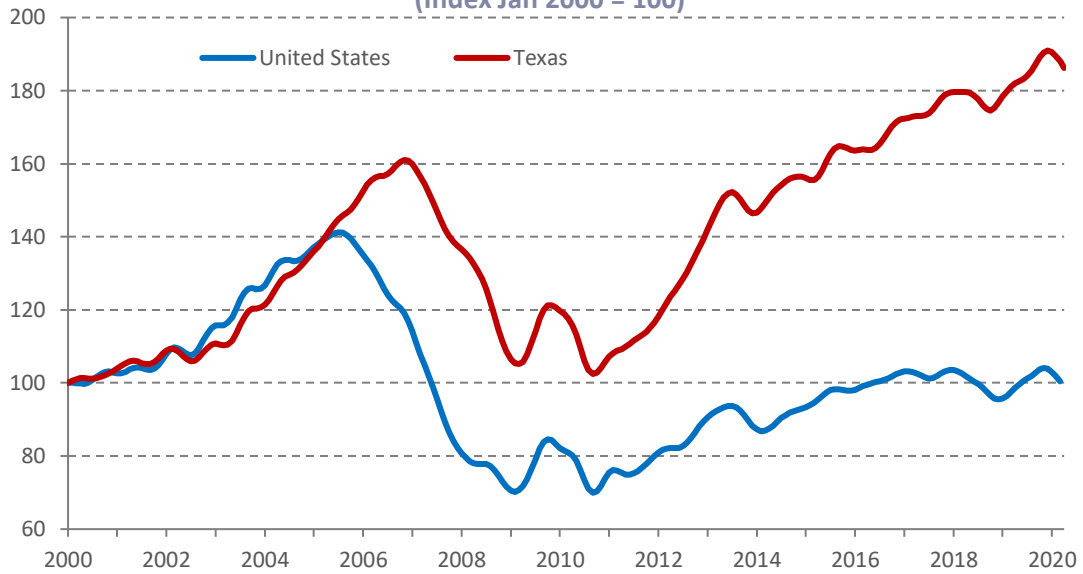


Note: Trend-Cycle Component.  
Source: Real Estate Center at Texas A&M University



# DEMAND

**Total Housing Sales**  
(Index Jan 2000 = 100)

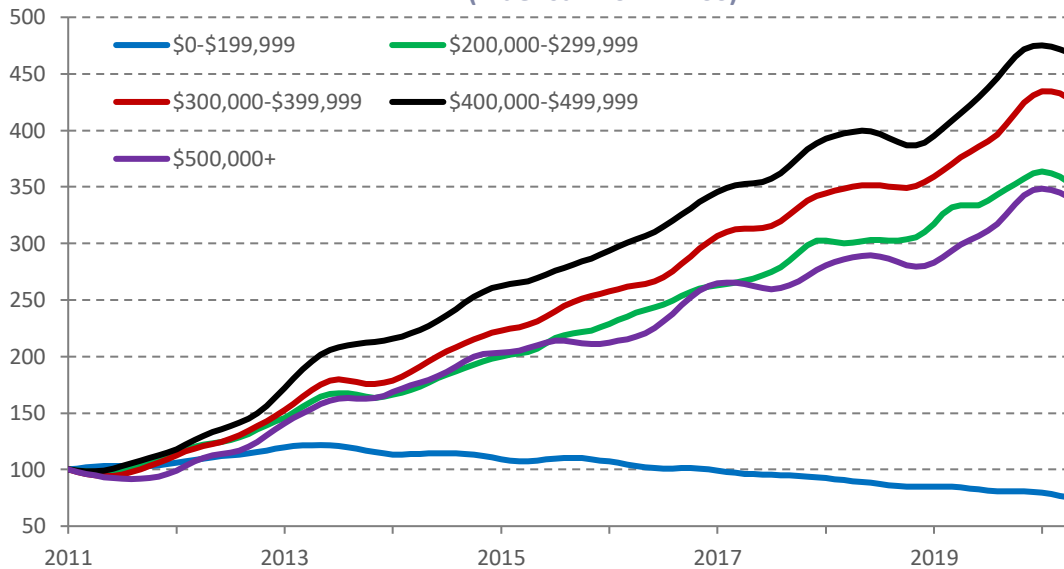


Note: Trend-Cycle Component. Sales for the United States include all existing homes and new single-family homes sold through an MLS; new non-single-family homes are not included. Texas includes all existing and new homes.

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

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

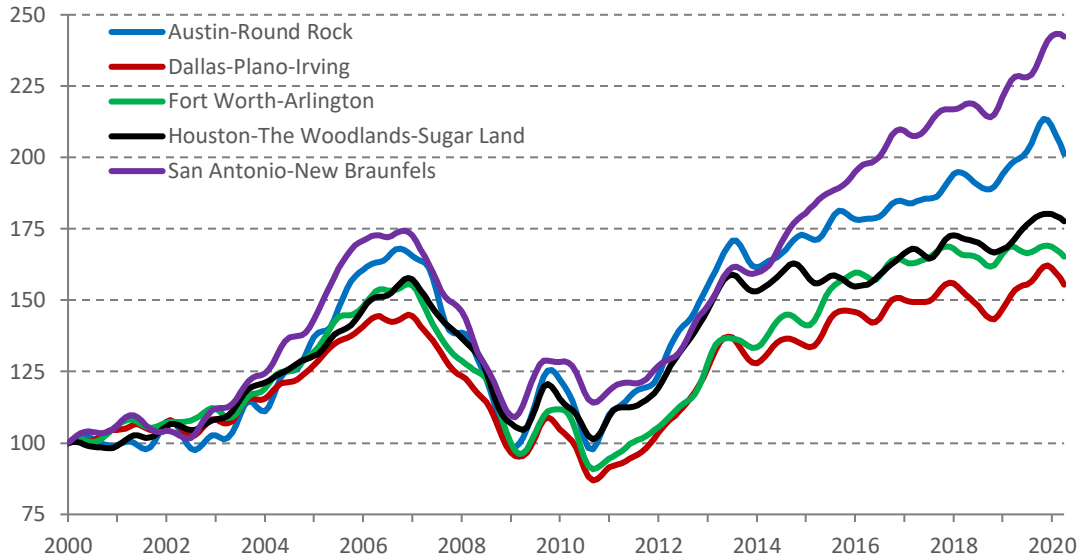
**Texas Total Housing Sales by Price Cohort**  
(Index Jan 2011 = 100)



Note: Trend-Cycle Component.

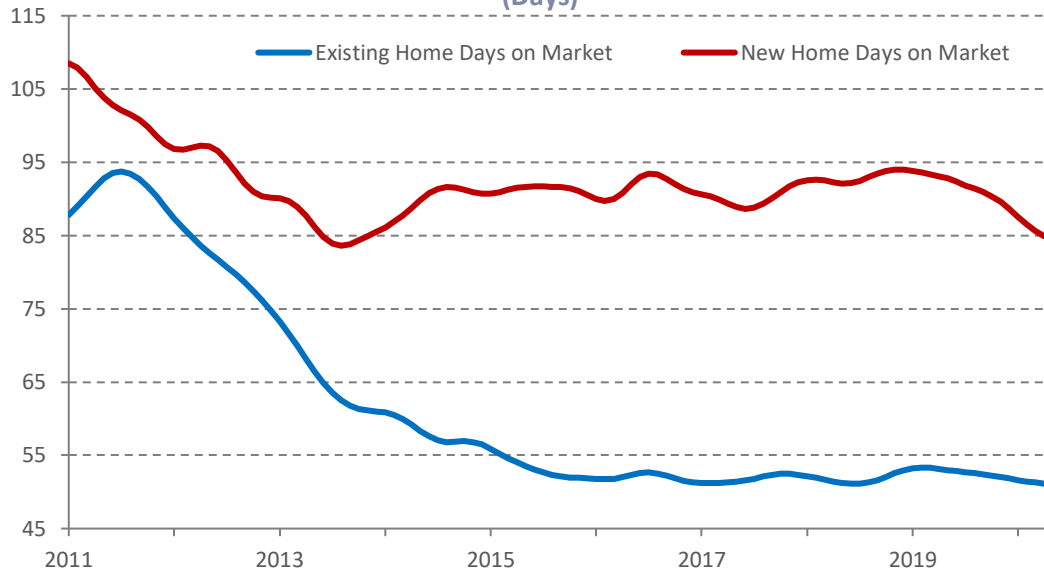
Source: Real Estate Center at Texas A&M University

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



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

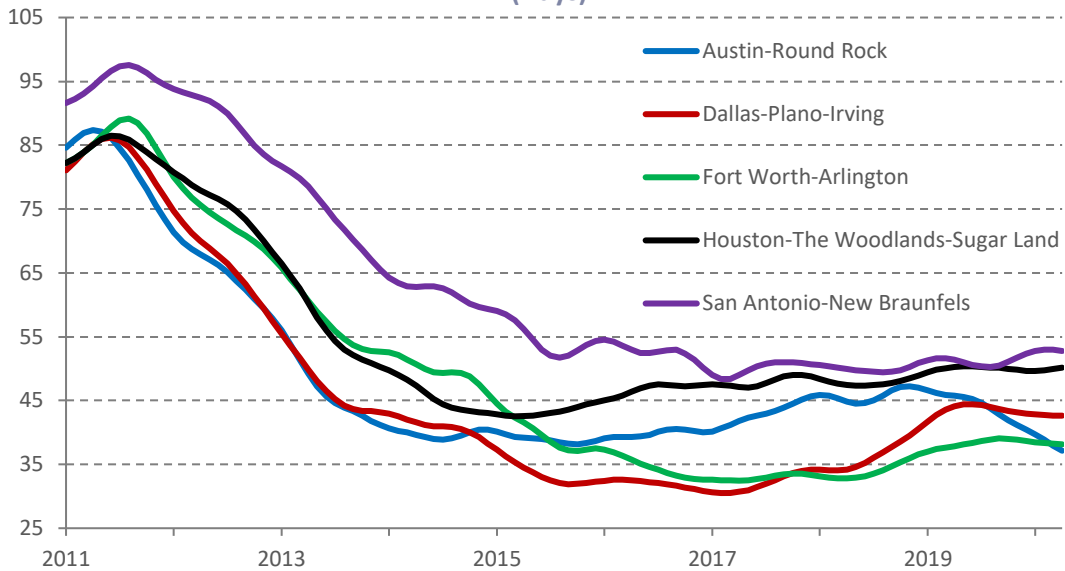
### Texas Homes Days on Market (Days)



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

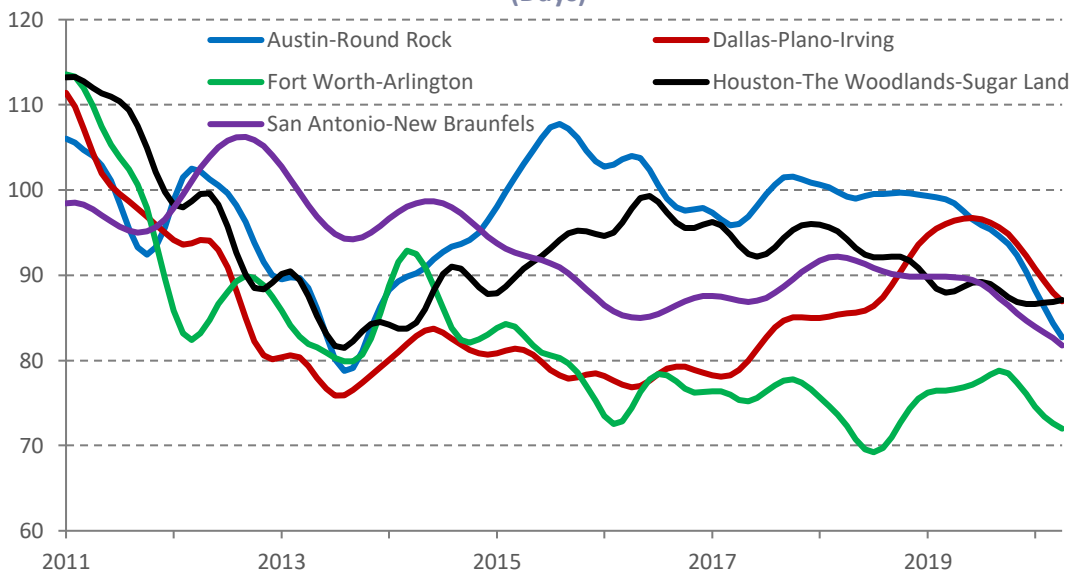


### Major Metros Existing Homes Days on Market (Days)



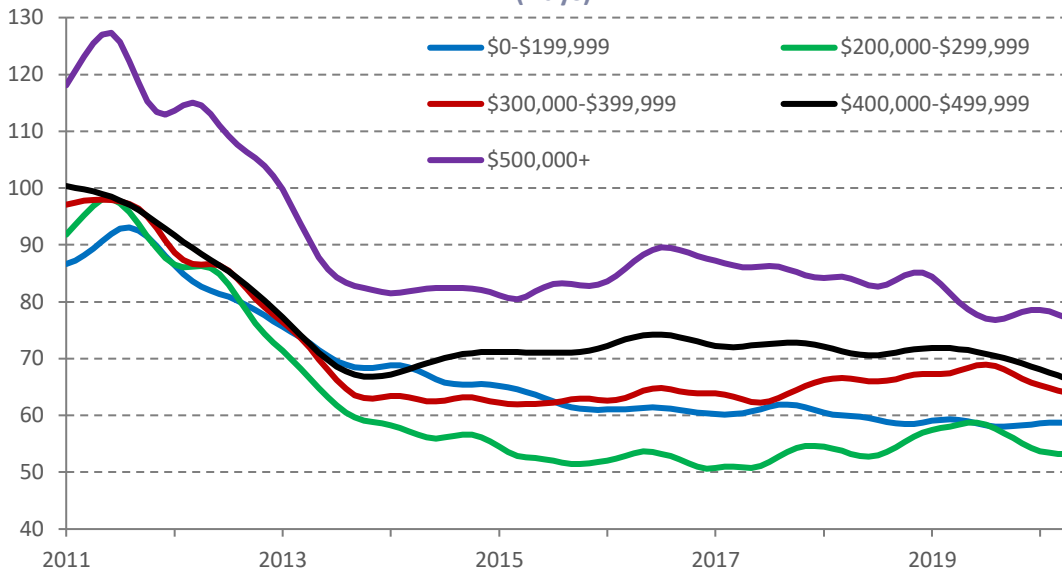
Note: Trend-Cycle Component. For single-family homes.  
Source: Real Estate Center at Texas A&M University

### Major Metros New Homes Days on Market (Days)



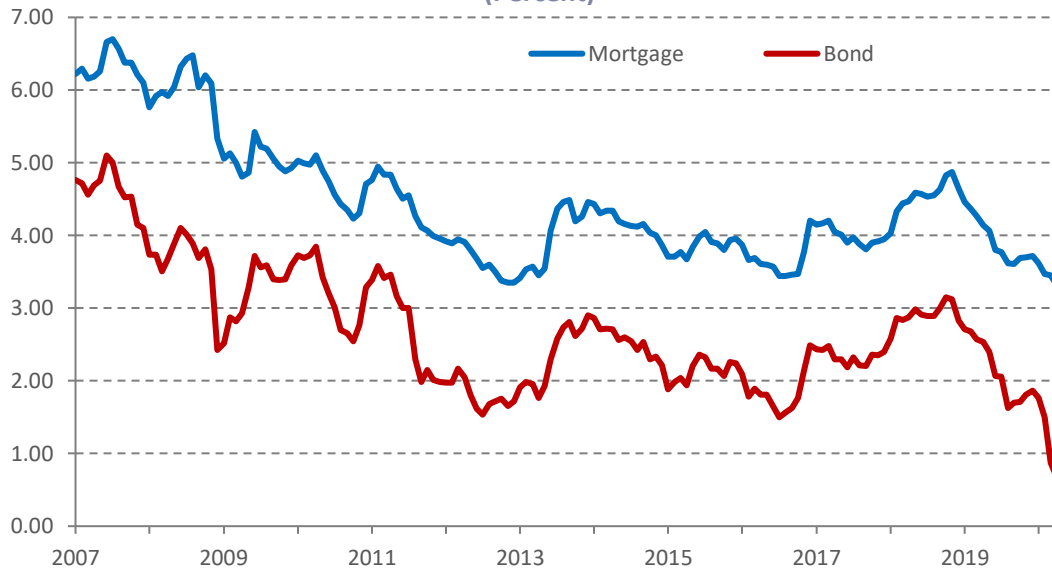
Note: Trend-Cycle Component. For single-family homes.  
Source: Real Estate Center at Texas A&M University

### Texas Home Days on Market by Price Cohort (Days)



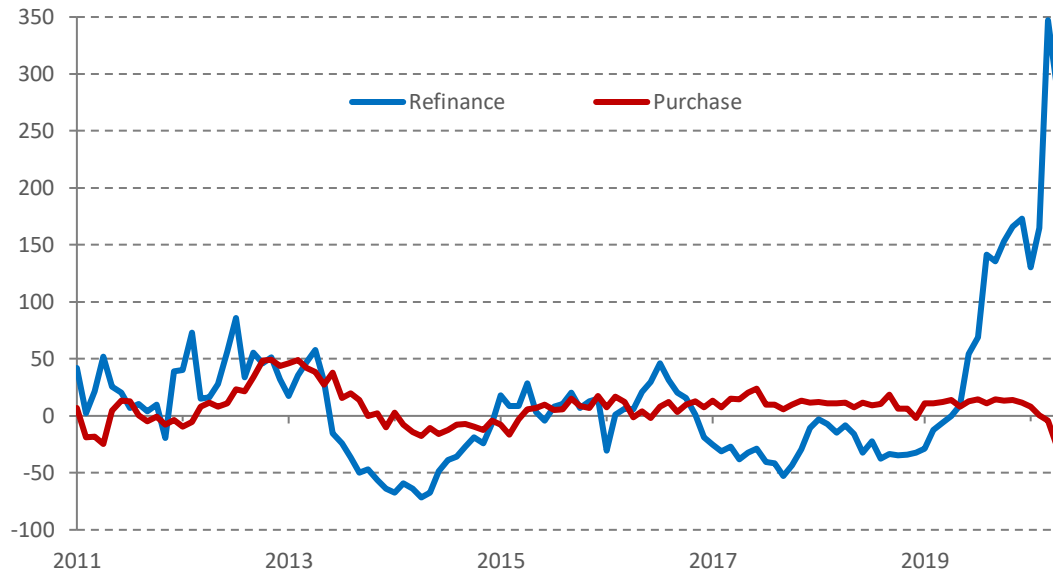
Note: Trend-Cycle Component. For single-family homes.  
Source: Real Estate Center at Texas A&M University

### 30-Year Mortgage Rate and Ten-Year Treasury Yield (Percent)



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

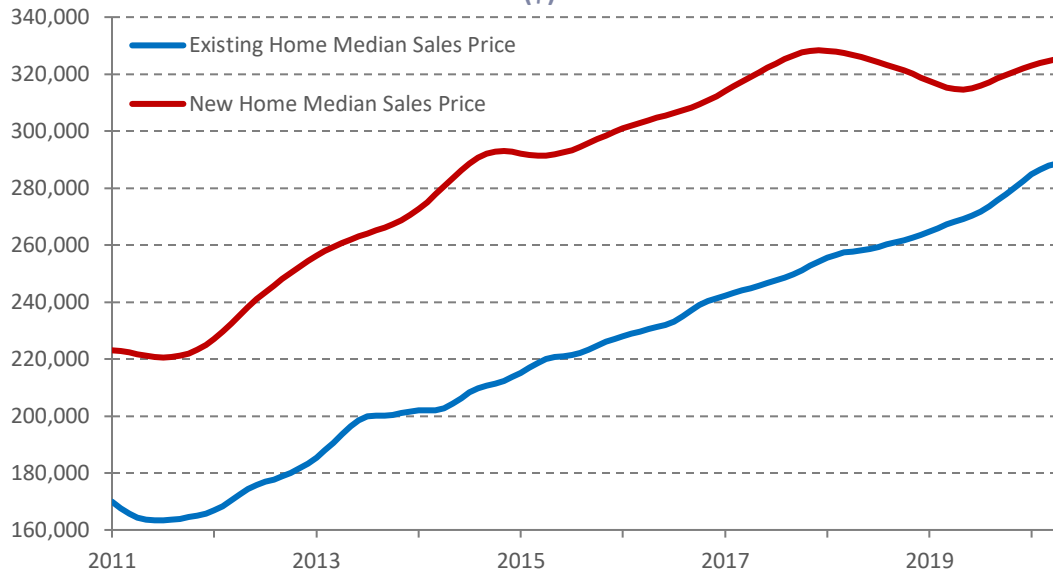
### Texas Mortgage Applications (Year-over-Year Percentage Change)



Note: Seasonally adjusted.  
Source: Mortgage Bankers Association

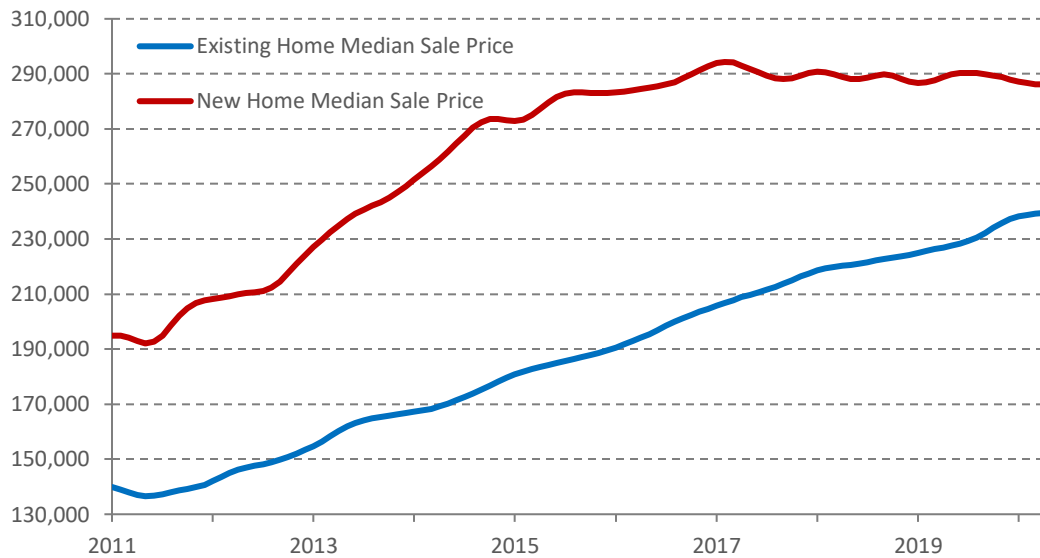


**United States Existing and New Home Median Sales Price**  
(\$)



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

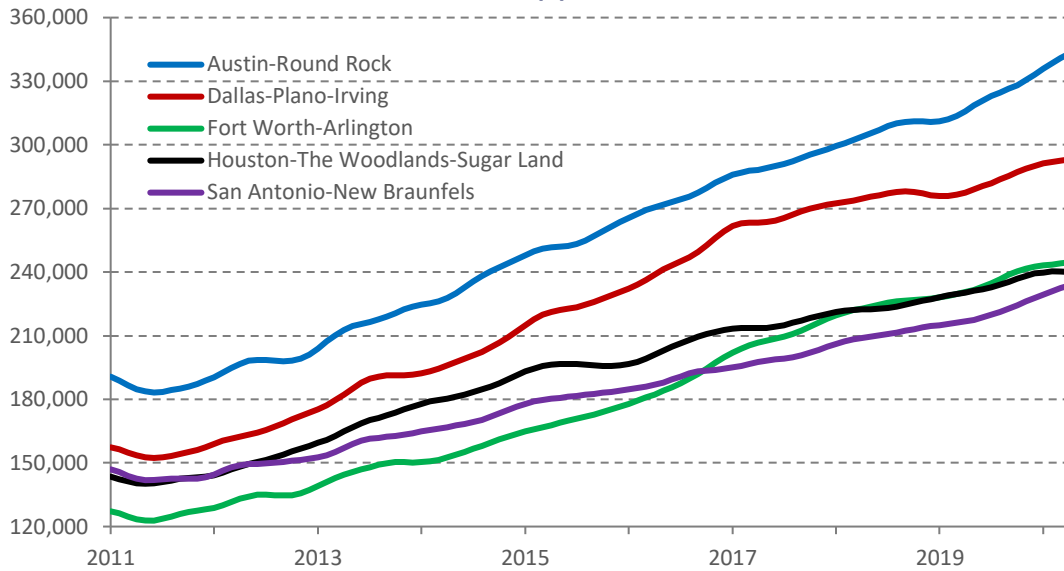
**Texas Existing and New Home Median Sales Price**  
(\$)



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

### Major Metros Existing Home Median Sales Price

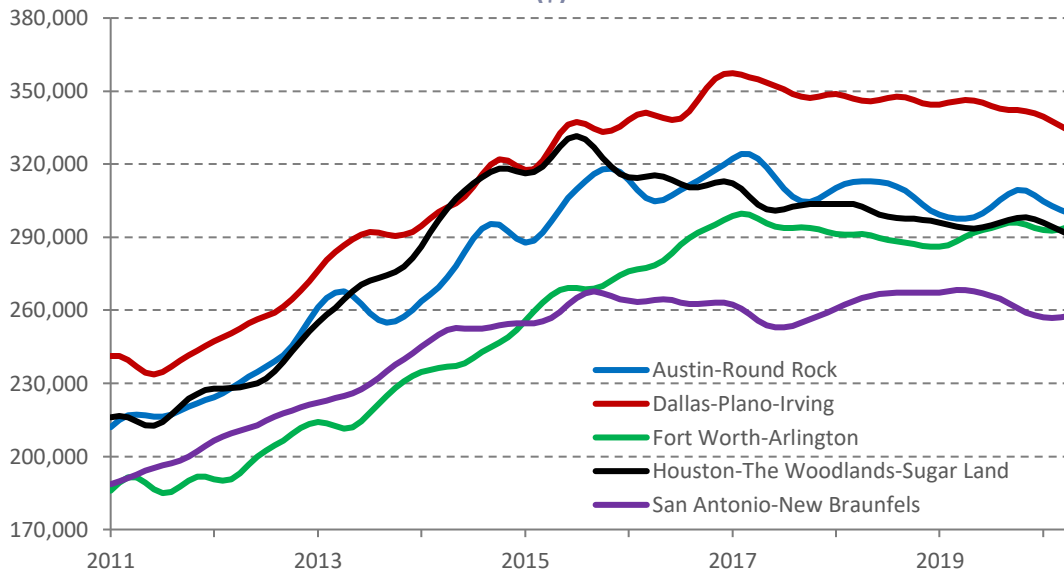
(\$)



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

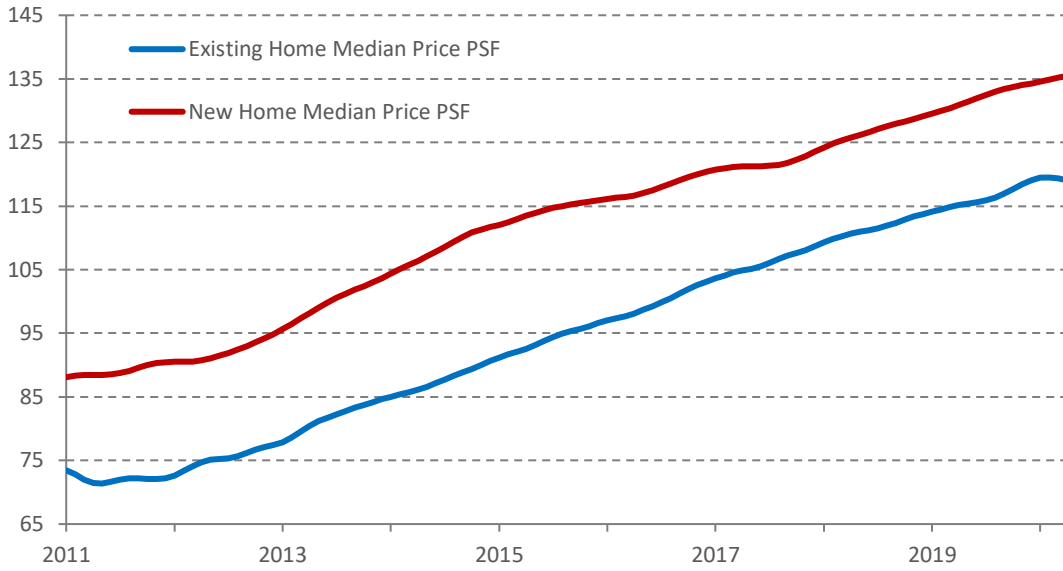
### Major Metros New Home Median Sales Price

(\$)



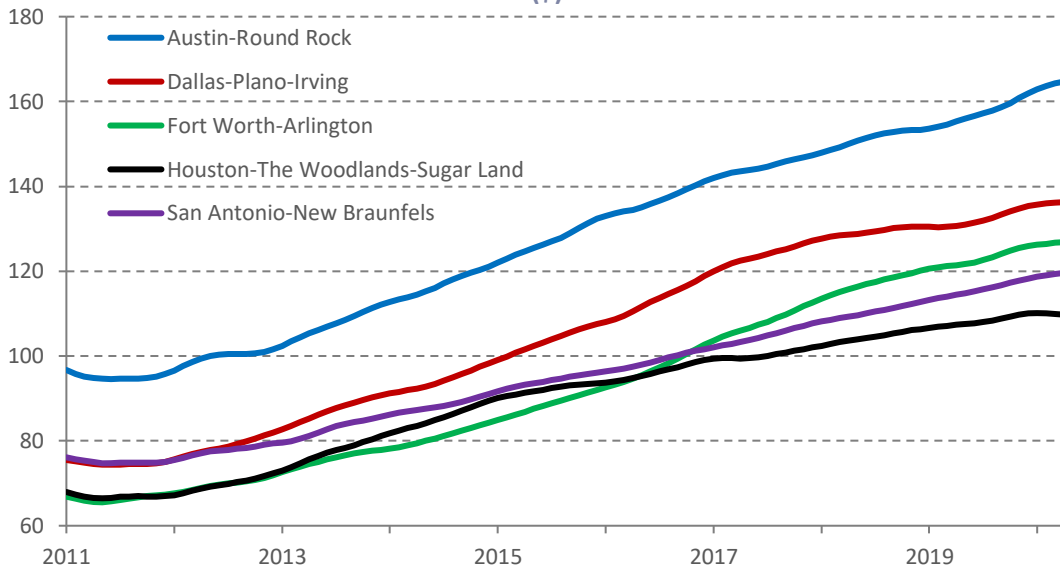
Note: Trend-Cycle Component. For single-family homes.  
Source: Real Estate Center at Texas A&M University

### Texas Home Median Price Per Square Foot (\$)



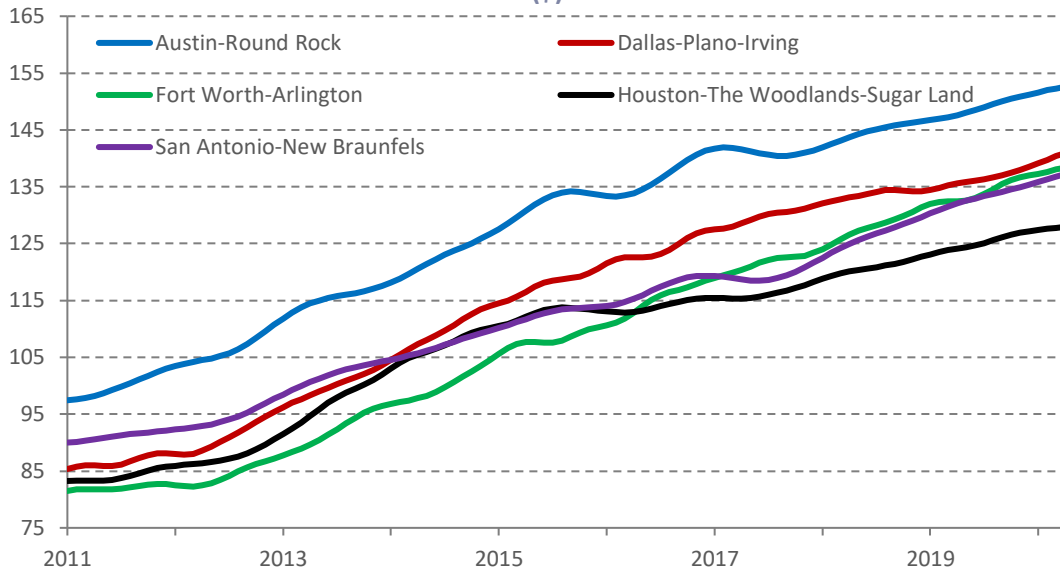
Note: Trend-Cycle Component. For single-family homes.  
Source: Real Estate Center at Texas A&M University

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



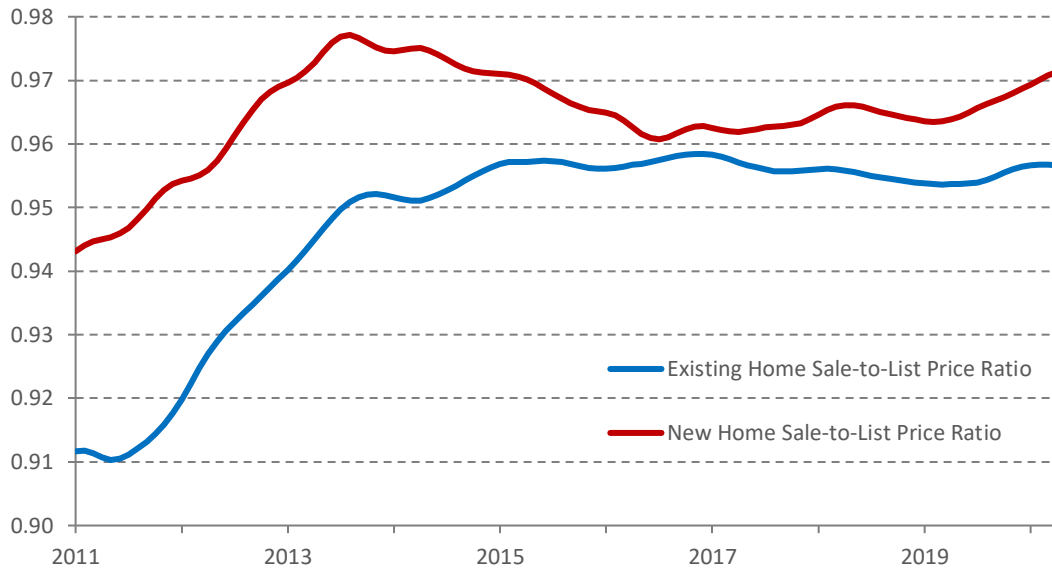
Note: Trend-Cycle Component. For single-family homes.  
Source: Real Estate Center at Texas A&M University

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



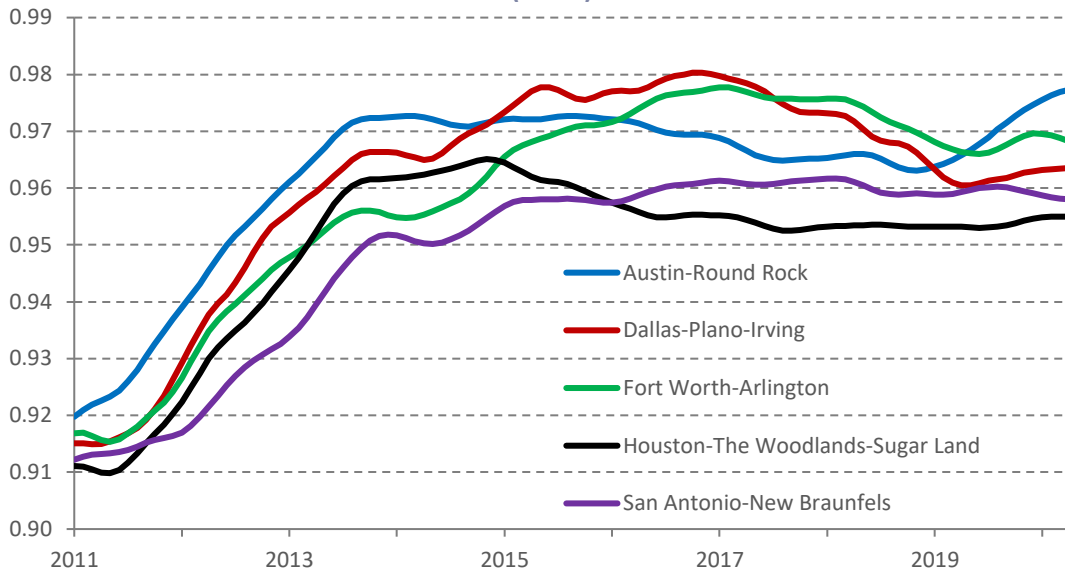
Note: Trend-Cycle Component. For single-family homes.  
Source: Real Estate Center at Texas A&M University

### Texas Home Sale Price to List Price (Ratio)



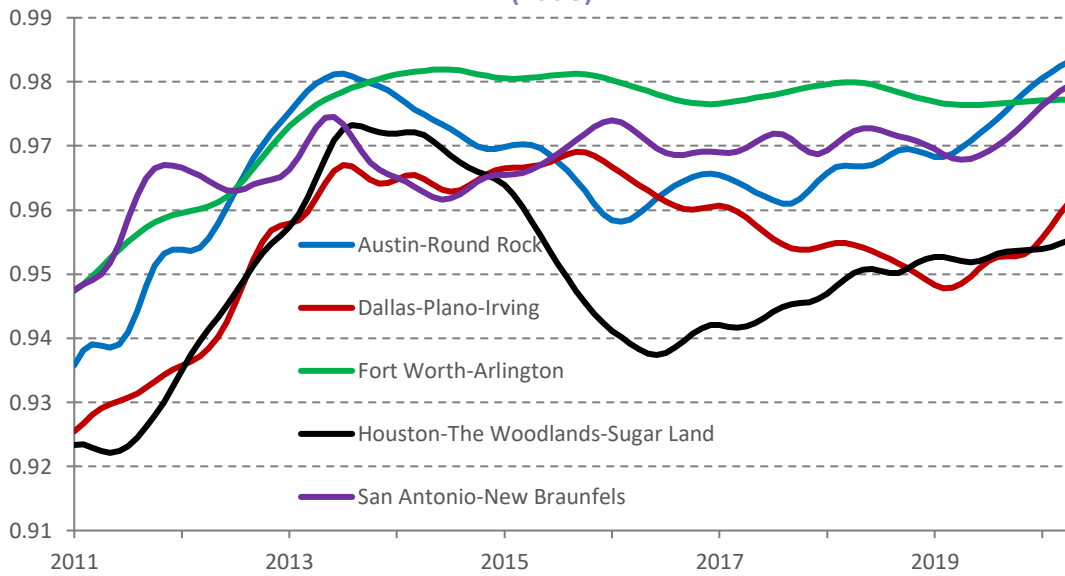
Note: Trend-Cycle Component. For single-family homes.  
Source: Real Estate Center at Texas A&M University

### 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

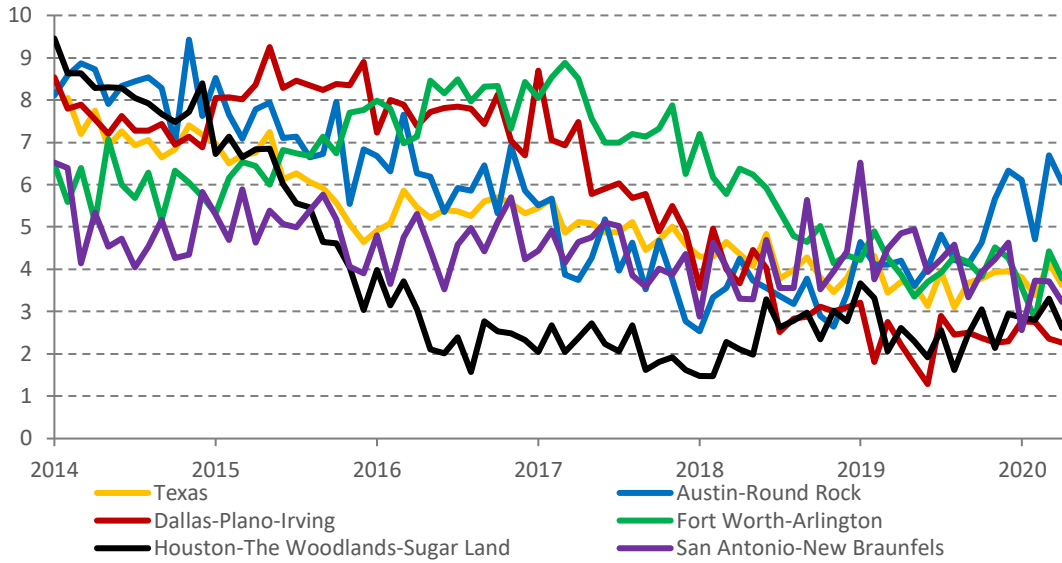
### Major Metros New Home Sale Price to List Price (Ratio)



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



### 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 A&M UNIVERSITY  
**Real Estate Center**

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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