



TEXAS A&M UNIVERSITY

Texas Real Estate Research Center



# TEXAS HOUSING INSIGHT

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MARCH 2022 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](mailto:info@recenter.tamu.edu).

Joshua Roberson, Weiling Yan, and John Shaunfield

Data current as of May 6, 2022

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# MARCH 2022 SUMMARY

TOTAL HOUSING STARTS  
▲ 1.7% QOQ

TOTAL HOUSING SALES  
▲ 3.4% QOQ

MEDIAN HOME PRICE  
▲ \$337,000

MONTHS INVENTORY  
▼ 11 months

Total Texas housing sales continued to grow, increasing by 3.4 percent in the first quarter. Sales were concentrated on homes priced over \$300,000. The constrained inventory in the lower-priced cohort pushed the median housing prices to a record-breaking level. Despite rising mortgage rates, housing market demand remains robust, driven largely by demographics. As building material costs (notably for lumber) continued to increase so did housing starts.

## Supply\*

The **Residential Construction Cycle (Coincident) Index**, which measures current construction levels, increased slightly for both Texas and the U.S. as construction employment, wages, and output remained elevated. Construction activity is expected to slow in the coming months as indicated by the **Texas Residential Construction Leading Index (RCLI)**, which fell amid lower weighted building permits and housing starts while the ten-year real Treasury bill yield decreased.

According to Metrostudy data, after hitting a record high in the last quarter, the supply side contracted at the earliest stage of the construction cycle in the number of **new vacant developed lots (VDLs)**. Despite a 26.3 percent elevation in San Antonio's lot development, the depressed activity in DFW and Houston outweighed the gain. The contraction was most notable in lots priced between \$200,000 and \$299,000 for both metros, and DFW accounted for most of the quarterly loss due to reduced investment across all price cohorts except in lots priced above \$500,000.

Quarterly growth in **single-family construction permits** remained steady, hiking at 10.4 percent quarter over quarter (QOQ). All metros posted positive seasonally adjusted growth. Houston and DFW were standouts not only in Texas but also compared with other metros nationwide. Austin edged out San Antonio building permit output with 6,000 permits. Texas' multifamily sector registered a moderate expansion with 15.06 percent QOQ increase as issuance shifted from two to four units to five or more units.

In 1Q2022, lumber prices continued the latest wave of rises, hiking steeply at 34 percent. In spite of the lumber price disruption for new home construction, **total Texas housing starts** still grew by a narrow margin of 1.7 percent. Among the 36,000 homes that broke ground in the Texas Triangle,

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



80 percent were appraised at over \$300K. Moreover, Dallas had the most growth in housing starts (\$500K+), followed by Austin and Houston (\$400K-\$499K), and San Antonio (\$300K-\$399K).

**Single-family private construction values** increased 7.8 percent QOQ in real terms as the metric trended upward in Texas' major metros. Houston's average total cost for building construction surpassed Dallas' in September 2021, and since then it had been the highest among all the Texas metros. Austin registered a sharp increase of 19.2 percent, while the other metros advanced incrementally.

The number of homes added to the Texas Multiple Listing Services expanded in March with 9,700 listings. Despite this inventory expansion, compared with 1.2 months in 2021Q4, **Texas' months of inventory (MOI)** still deflated due to fast turnovers. Homes priced in the \$200s had the tightest inventory at 0.8 months for the first quarter.

Both Austin and DFW remained below one month's inventory, at 0.5 and 0.8 months, respectively. Houston and San Antonio trailed slightly above the one-month mark, at 1.1 and 1.2 months respectively. Inventory levels in each of the big four metros continued to drop over the latest quarter with the exception of DFW, which may have bottomed out.

## **Demand**

While the national demand for housing declined marginally, demand in Texas accelerated, elevating the state **total housing sales** by 3.4 percent QOQ to 110,737 closed listings. Sales for homes priced above \$500,000 continued climbing at an impressive rate, and the luxury home market share jumped to 24 percent with almost as many sales as homes priced from \$200,000 to \$299,999.

Total quarterly sales expanded in Texas largely due to massive growth in Houston, over 10 percent QOQ. San Antonio grew at a more modest rate of 2.7 percent, while both Austin and DFW contracted. Statewide existing-home sales shrunk for the first quarter, but new-home sales grew enough to push overall sales into positive territory.

Active listings in the existing-home market plummeted, maintaining supply constraints. Active listings of new homes also fell during the first quarter. Houston led the boost in new-home sales with an average of 9,355 closed listings per month, expanding 9.7 percent QOQ. Austin and San Antonio increased marginally with 3,095 and 3,552 closed listings, respectively. New-home sales in DFW decelerated in 1Q2022 after a positive run that started last summer. They tumbled across all price cohorts except \$500,000+ homes, most of which were in Dallas.

While the homeownership rate for the South was 67.4 percent, the U.S. Census Bureau announced the **Texas homeownership rate** ticked down 1.1 percentage points to 62.8 percent. Metro-level homeownership rates fell slightly except in San Antonio, where they rebounded 1.54 percent.

Texas' **average days on market (DOM)** elevated to 33 days, demonstrating that while the housing market is still hot, some signs of weakness are emerging. Austin's DOM gained a day over the previous quarter, averaging 22 days in Q1, while homes sold after an average of 24 and 25 days in



Dallas and Fort Worth, respectively. Houston's metric gained 4.9 percent QOQ, staying above the state average at 35 days. San Antonio fell to 31.4 days. As supply has begun rising to meet demand, DOM has increased QOQ, signifying a slow return to a healthy market.

The Federal Reserve is expected to reduce its balance sheet assets and increase the Federal Funds rate several more times by the end of the year. The **ten-year U.S. Treasury bond yield**\* rose from 1.5 percent last December to 2.1 percent this March, soaring by at least 60 basis points with much volatility along the way. Furthermore, the **Federal Home Loan Mortgage Corporation's 30-year fixed-rate** skyrocketed by 4.2 percent in March 2022, rising firmly from a record low of 2.7 percent in January 2021. Responding to these increased property interests, Texas' home-refinance applications declined 10.8 percent in the past month, and the metric shrunk 54.8 percent from a year ago. Home-purchase applications, on the other hand, showed strong growth in 2022, albeit diminishing 8 percent from a year ago.

Millennials emerged as a big force of the mortgage applications as many reached 32 years old—the median age for first-time buyers. Though the increased mortgage rates could cool the homebuying frenzy and depress the housing boom, the need for larger family homes as well as for home office space persists, and housing demand remains robust. For a typical Texas mortgagee, the **median mortgage rates** in March climbed to 3.6 percent for non-GSE loans and 4.1 for GSE loans, respectively. The rates for both loans shot up by about 30 percent from a year ago. Under the pressure of rising interest rates, the original loan balance that constituted the "typical" Texas conventional home loan dropped \$222 million in a year to \$314 million. Despite the big drop in loan values, the debt-to-income ratio (DTI) rose from 35.3 to 35.6 percent, leaving housing affordability a long-lasting constraint.

## Prices

**Texas' median home price** rose for the 15<sup>th</sup> consecutive month, increasing 4.9 percent QOQ to a record-breaking \$335,000 in March. The ongoing compositional sales shift toward higher-priced homes contributed to a higher median price. The growing share of higher-priced homes in Austin has increased the median price of homes sold to a new high of \$520,000, up 8.9 percent QOQ. The Dallas metric (\$416,000) gained 7.4 percent, while the quarterly price growth in Fort Worth (\$352,000) elevated 5.9 percent. Houston's (\$330,000) and San Antonio's (\$322,000) metrics rose 4.8 and 4.1 percent, respectively.

The **Texas Repeat Sales Home Price Index** accounts for compositional price effects and corroborated substantial home-price appreciation as the index hovered near a series maximum, gaining 20 percent YOY. Austin led price growth with almost 30 percent YOY growth. Despite its elevated growth rate, the pace has gradually slowed down closer to levels observed in the other major Texas metros. Annual home-price appreciation is at 28 and 25 percent in Dallas and Fort Worth, respectively. San Antonio posted a 20 percent annual hike followed by Houston with 15

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\* Bond and mortgage interest rates are nonseasonally adjusted. Loan-to-value ratios, debt-to-income ratios, and the credit score component are also nonseasonally adjusted.



percent growth. Rapid price growth outpaced wage gains, adding additional pressure to housing affordability.

### Household Pulse Survey

According to the U.S. Census Bureau's Household Pulse Survey, the share of Texas homeowners behind on their mortgage payments jumped 3 percentage points to 7 percent (Table 1). Houston areas mirrored the statewide average, where the behind-the-payment share increased 2 percent points, while DFW area was unchanged at 4 percent. The share of Texas respondents who were somewhat likely to leave their houses in the next two months due to foreclosure shrunk by 20 percent to 5 percent, much lower than the national rate of 13 percent (Table 2).

**Table 1. Last Month's Payment Status for Owner-Occupied Housing Units**

	Owned Free and Clear	Household Currently Caught Up on Mortgage Payments		
		Yes	No	Did Not Report
United States	37%	58%	5%	0%
Texas	41%	52%	7%	0%
Dallas-Fort Worth	35%	60%	4%	0%
Houston-The Woodlands-Sugar Land	44%	48%	8%	0%

Note: Nonseasonally adjusted. Total includes only individuals who are 18 years and older reported living in owner-occupied housing units. It excludes those living in different types of housing units and those who did not report their housing situation.

Source: U.S. Census Bureau Household Pulse Survey, Mar. 2-Mar. 14, 2022

**Table 2. Likelihood of Leaving this House in Next Two Months Due to Foreclosure**

	Very Likely	Somewhat Likely	Not Very Likely	Not Likely at All	Did Not Report
United States	3%	13%	37%	45%	2%
Texas	3%	5%	44%	47%	0%
Dallas-Fort Worth	n/a	20%	32%	47%	2%
Houston-The Woodlands-Sugar Land	9%	2%	53%	36%	0%

Note: Nonseasonally adjusted. Total includes only individuals who are 18 years and older, are not current on mortgage payments, and are reported living in owner-occupied housing units. It excludes those living in different types of housing units and those who did not report their housing situation.

Source: U.S. Census Bureau Household Pulse Survey, Mar. 2-Mar. 14, 2022

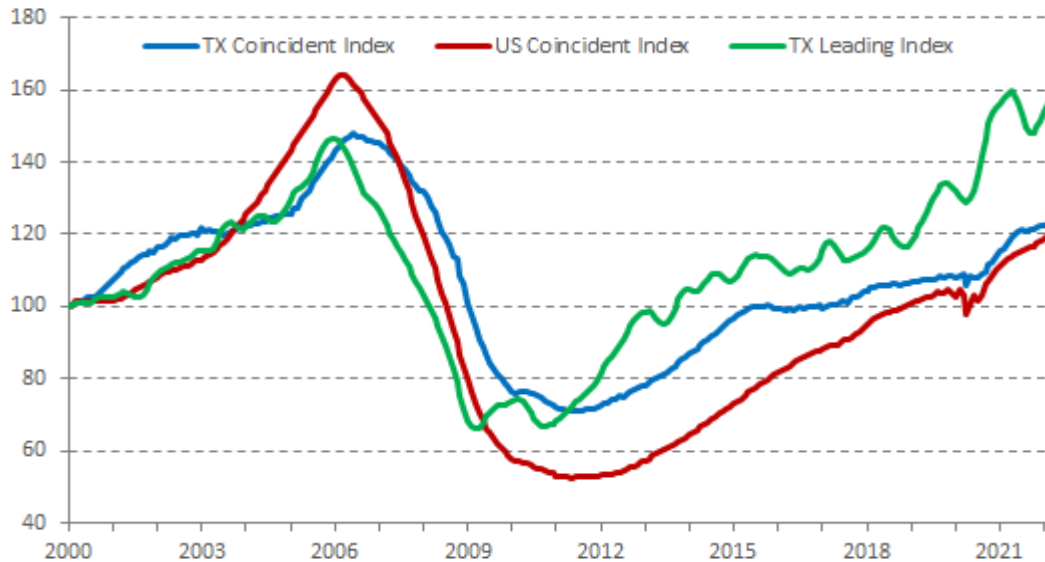






# SUPPLY

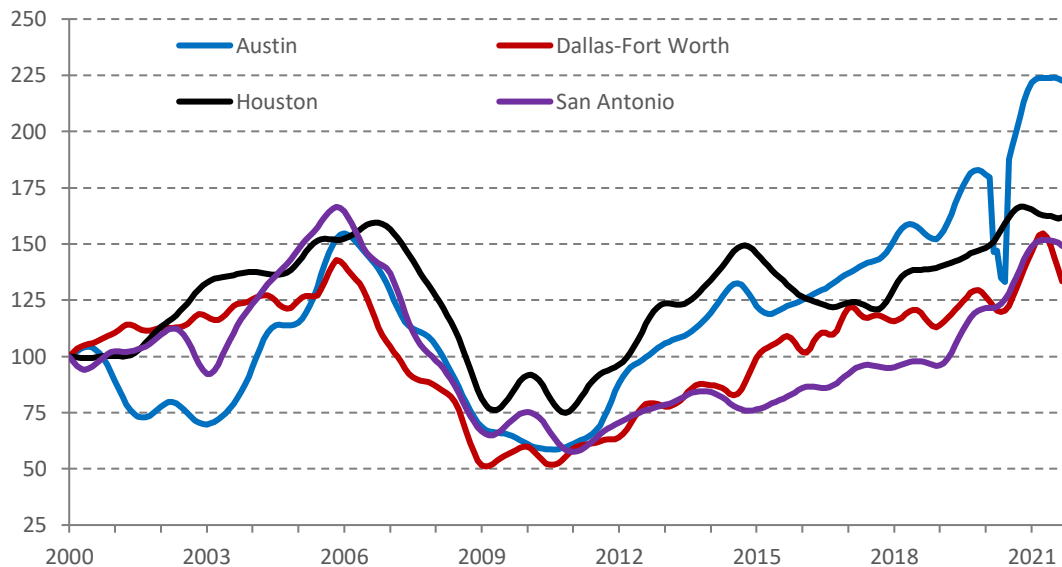
**Texas Residential Construction Index**  
(Index Jan 2000 = 100)



Note: Trend-cycle component.

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

**Major Metro Residential Leading Construction Index**  
(Index Jan 2000 = 100)



Note: Trend-cycle component.

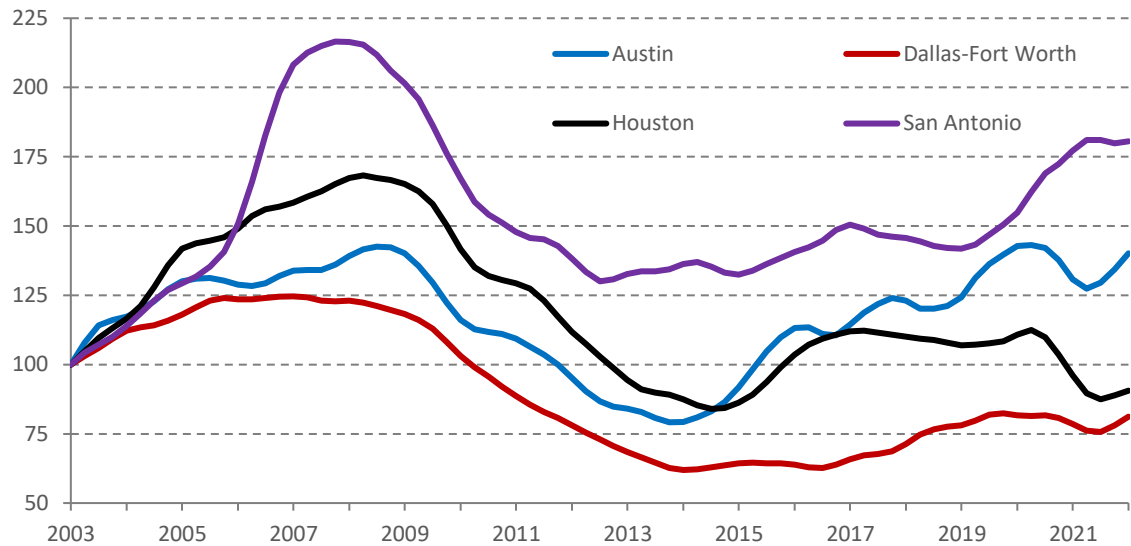
Source: Texas Real Estate Research Center at Texas A&M University



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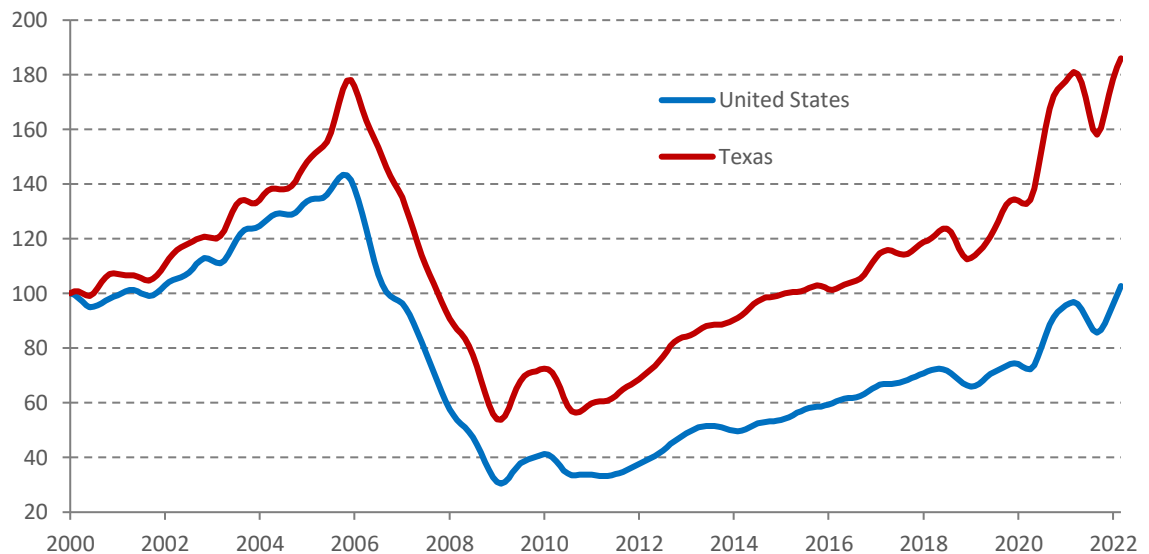
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### Vacant Developed Lots (Index Q1 2003 = 100)



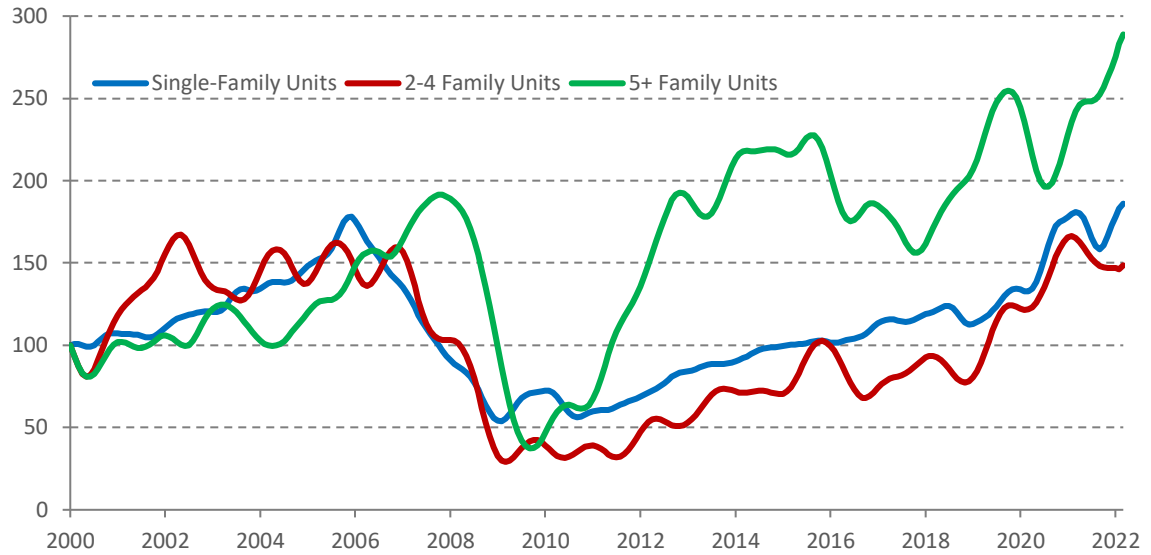
Note: Trend-cycle component.  
Source: Zonda

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



Note: Trend-cycle component.  
Sources: U.S. Census Bureau and Texas Real Estate Research Center at Texas A&M University

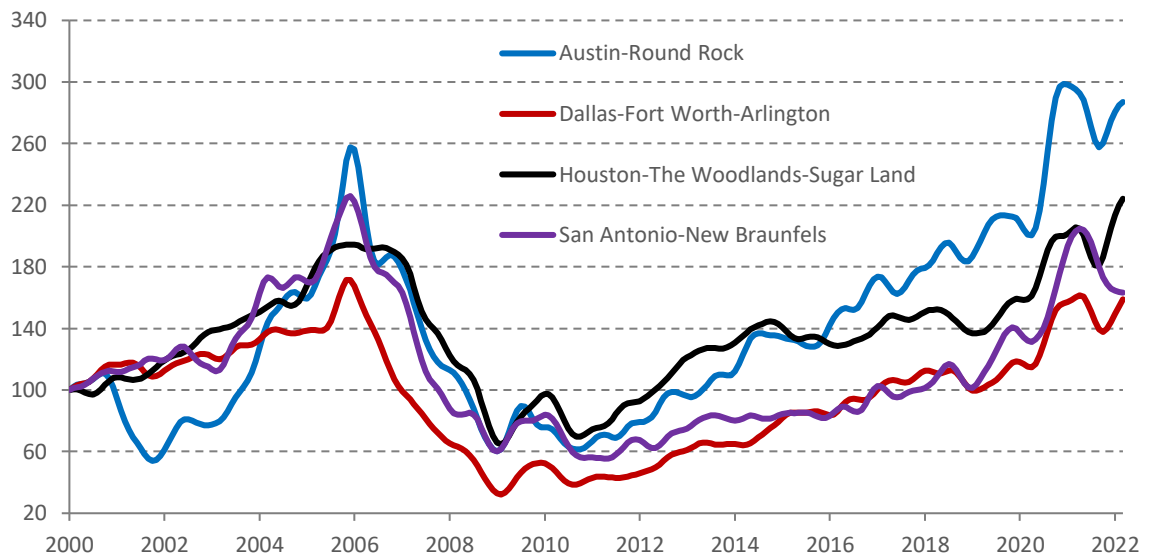
### Texas Housing Construction Permits (Index Jan 2000 = 100)



Note: Trend-cycle component.

Sources: U.S. Census Bureau and Texas Real Estate Research 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.

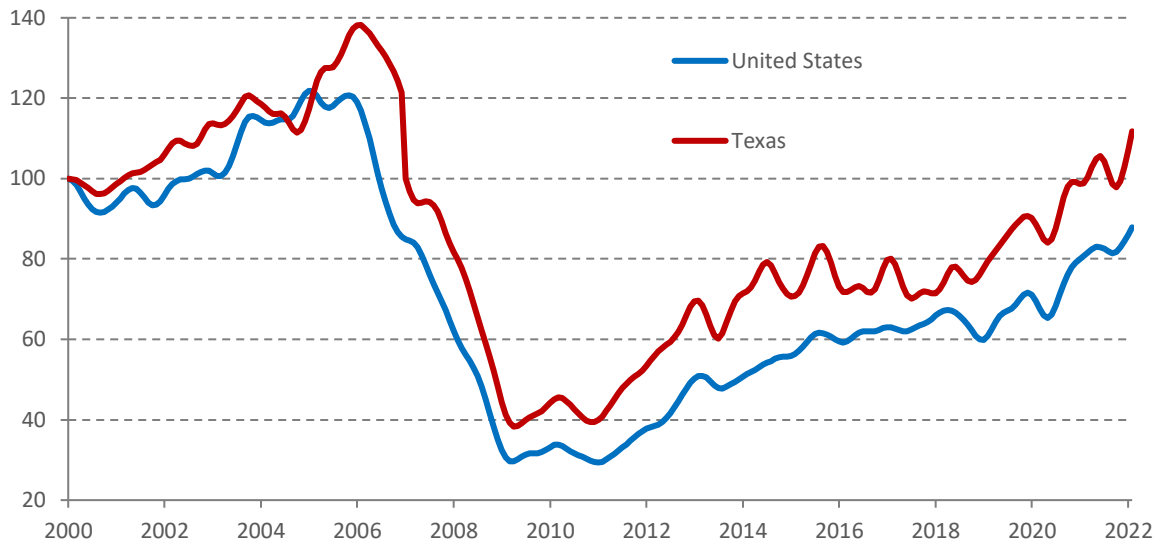
Sources: U.S. Census Bureau and Texas Real Estate Research Center at Texas A&M University



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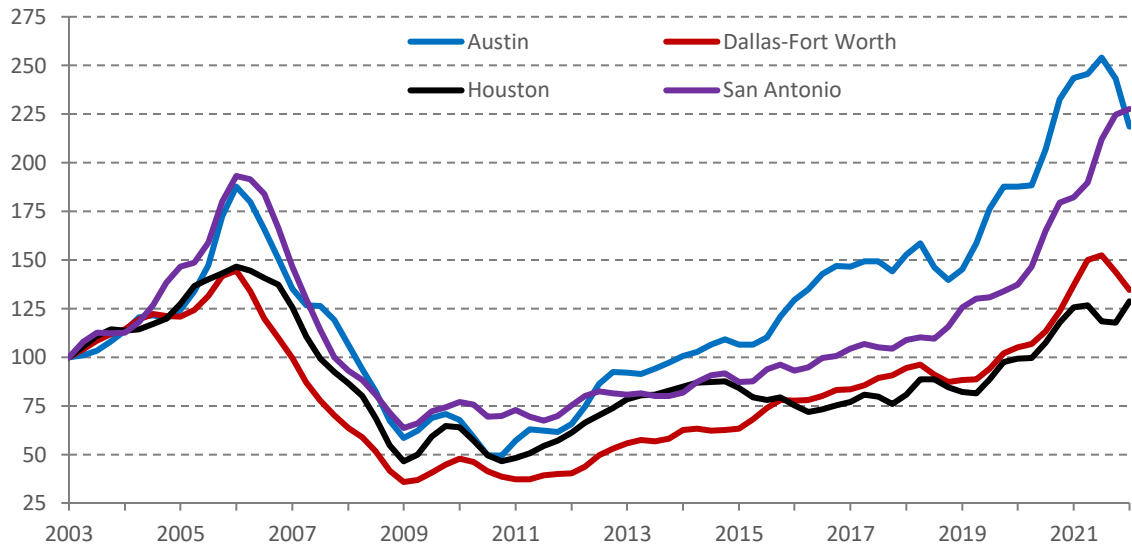
### Total Housing Starts Per Capita (Index Jan 2000 = 100)



Note: Trend-cycle component.

Sources: U.S. Census Bureau and Bank of Tokyo-Mitsubishi UFJ

### Major Metros Single-Family Starts (Index Q1 2003 = 100)



Note: Trend-cycle component.

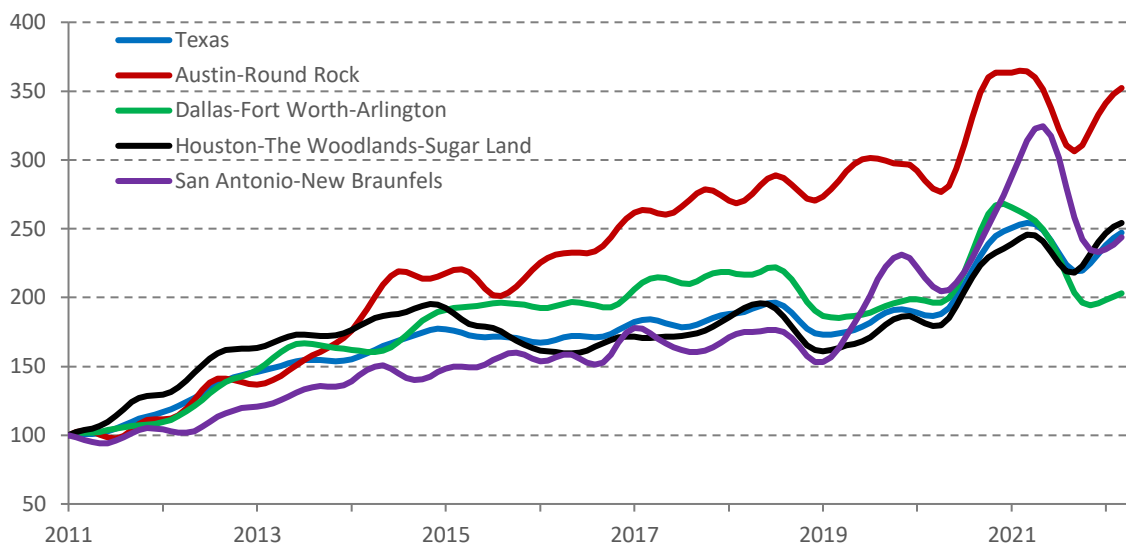
Source: Zonda



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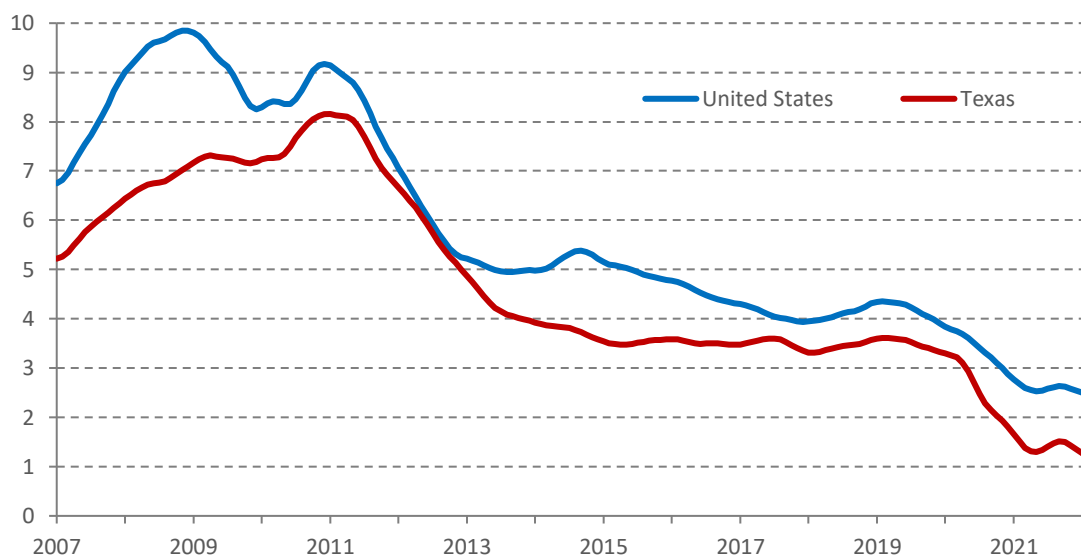
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### Total New Private Single-Family Construction Value (Index Jan 2011 = 100)



Note: Inflation adjusted. Trend-cycle component.  
Source: Dodge Data & Analytics

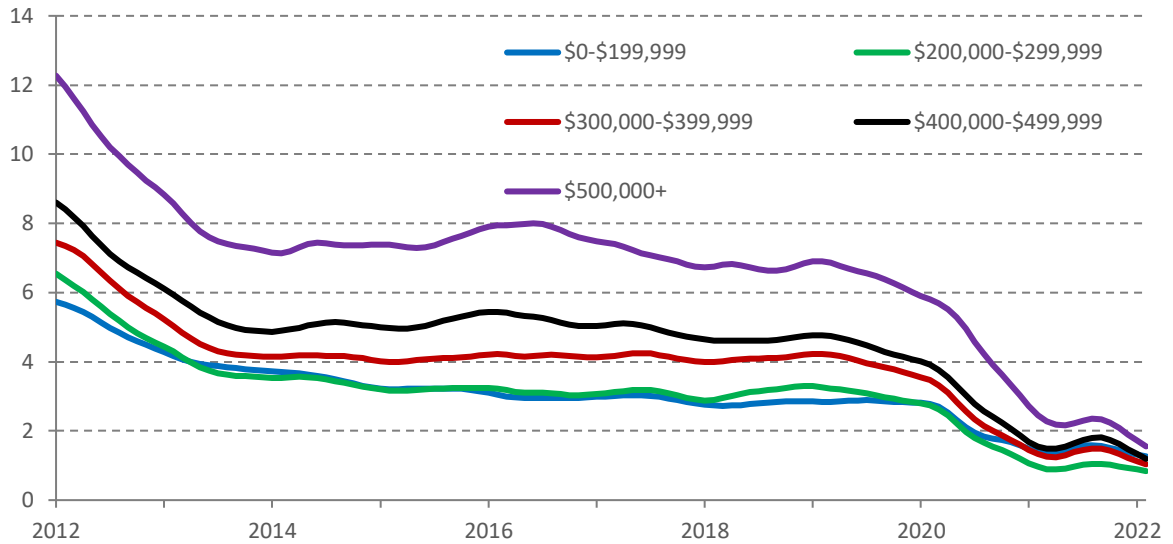
### Total Months of Inventory (Months)



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 Texas Real Estate Research Center at Texas A&M University



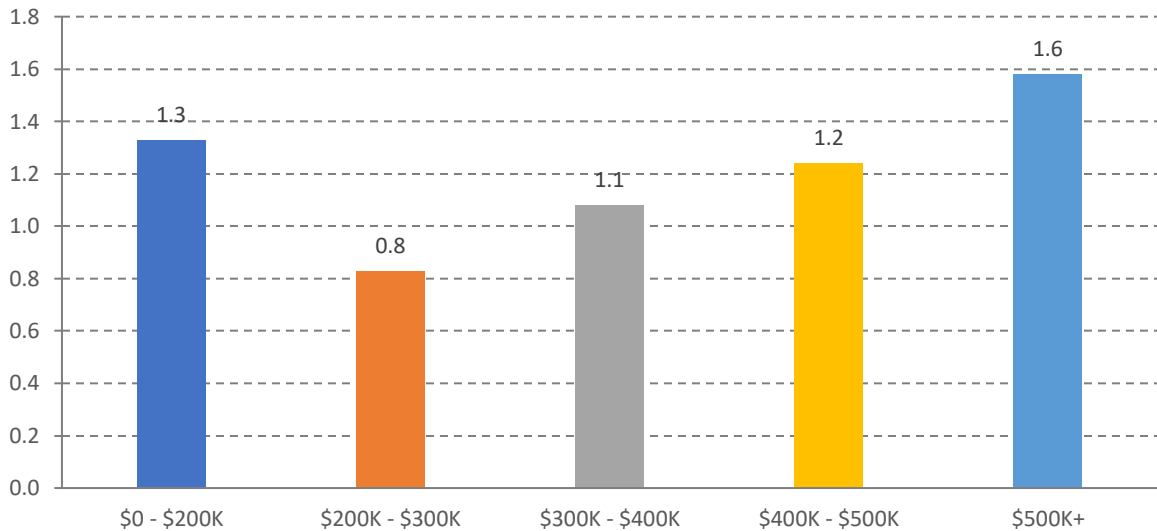
### Texas Months of Inventory by Price Cohort (Months)



Note: Trend-cycle component.

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

### Texas Current Months of Inventory by Price Cohort (September 2021)



Note: Seasonally adjusted.

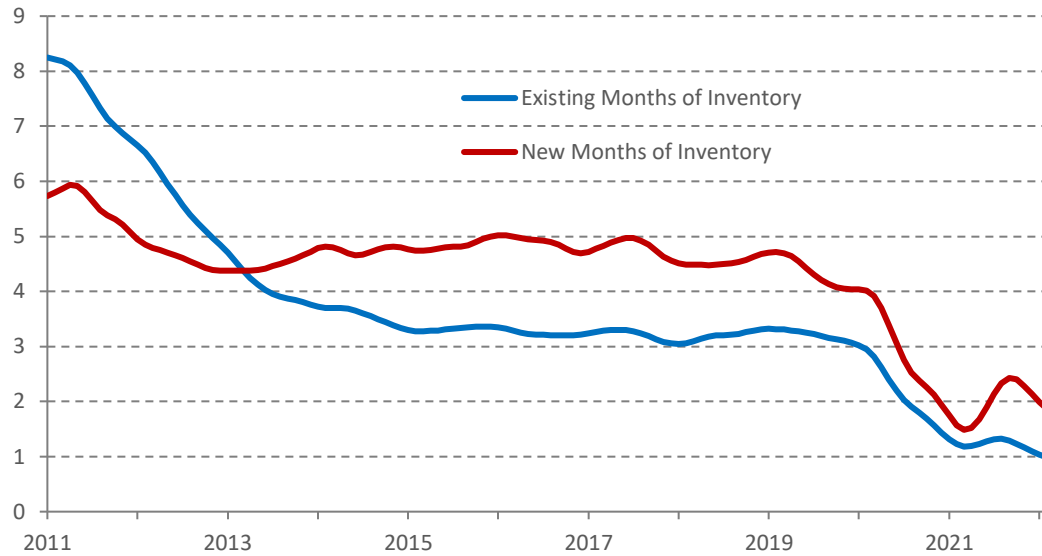
Source: Texas Real Estate Research Center at Texas A&M University



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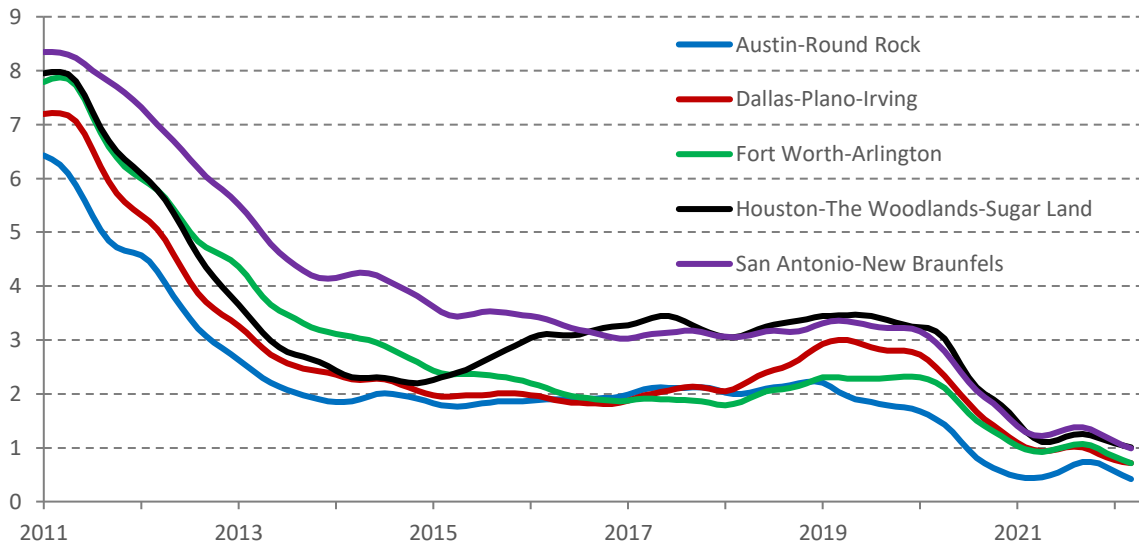
### Texas Existing and New Home Months of Inventory (Months)



Note: Trend-cycle component.

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

### Major Metros Existing Home Months of Inventory (Months)



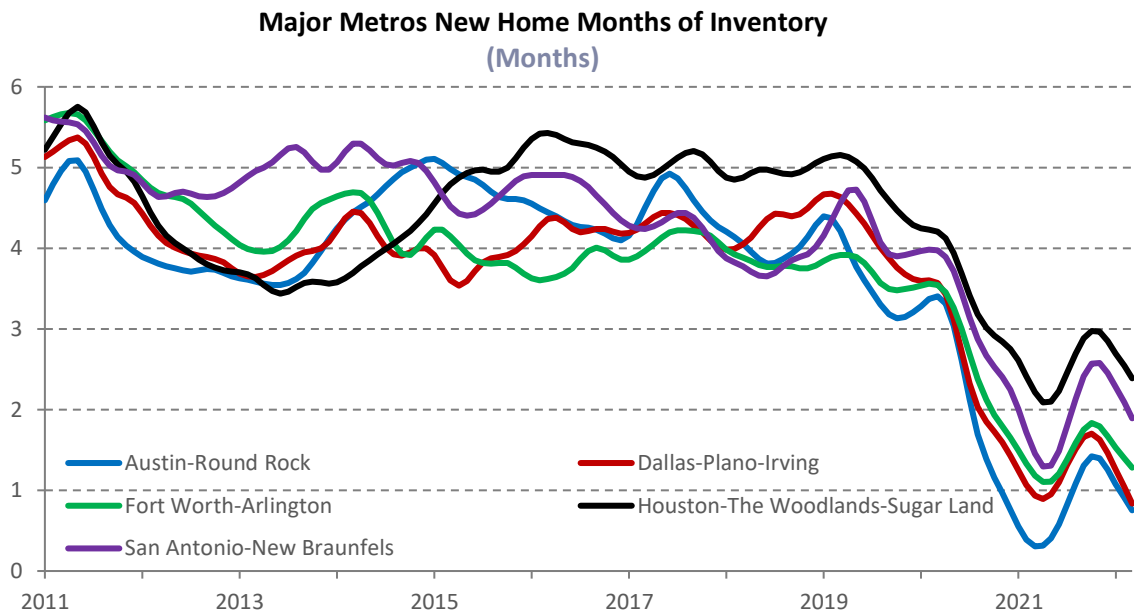
Note: Trend-cycle component.

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



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Note: Trend-cycle component.

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



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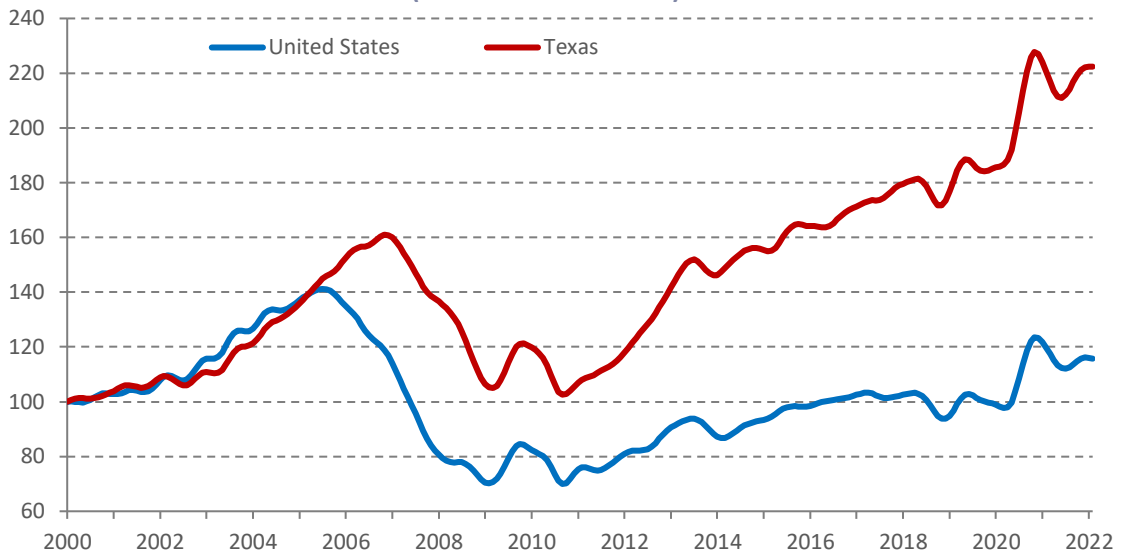
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# DEMAND

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

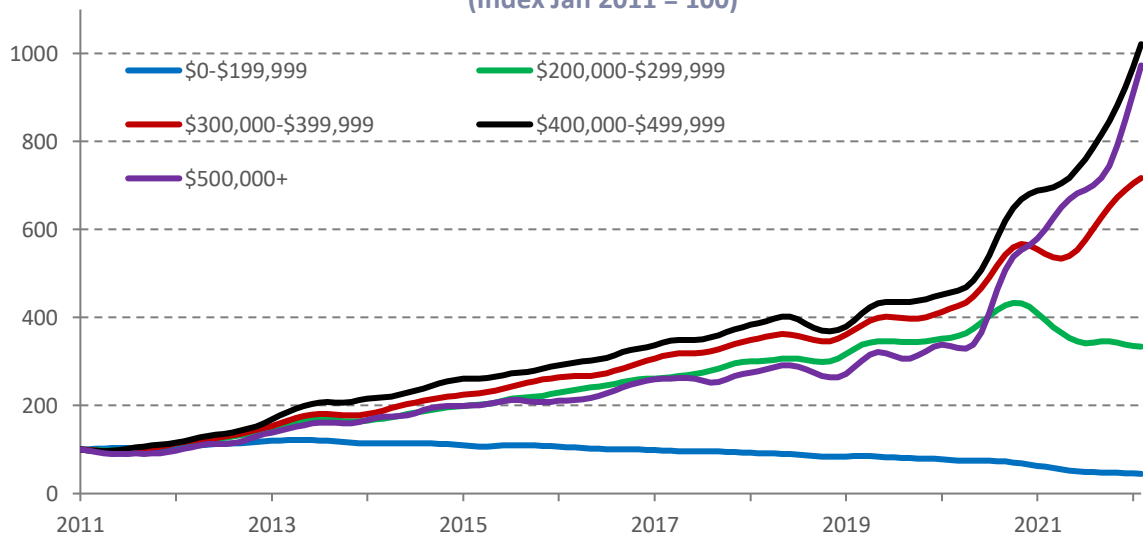


Note: Trend-cycle component. Sales for the United States include all existing homes and new single-family homes sold through an MLS; new non-single-family homes are not included. Texas includes all existing and new homes.

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

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

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



Note: Trend-cycle component.

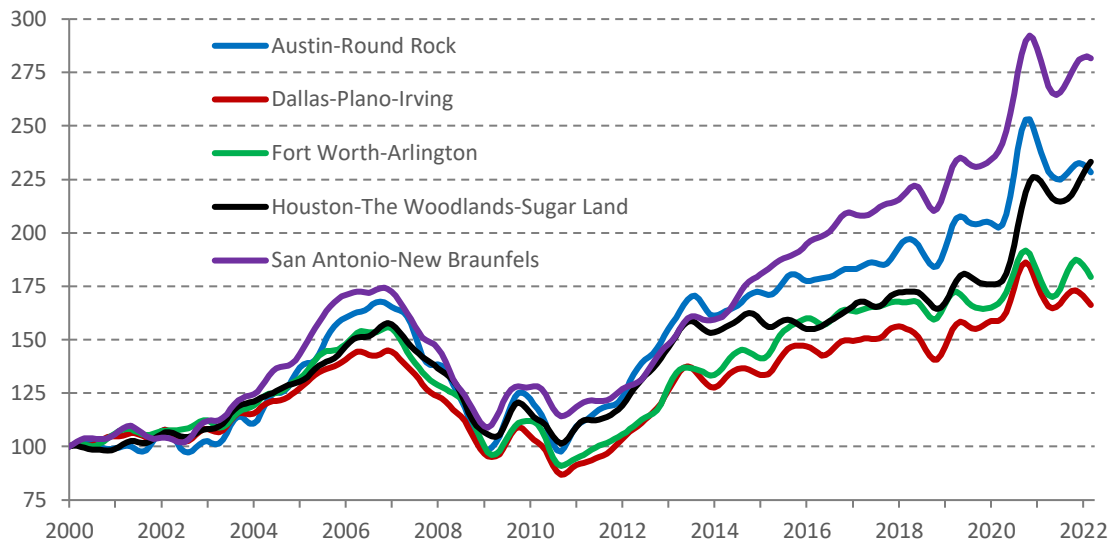
Source: Texas Real Estate Research Center at Texas A&M University



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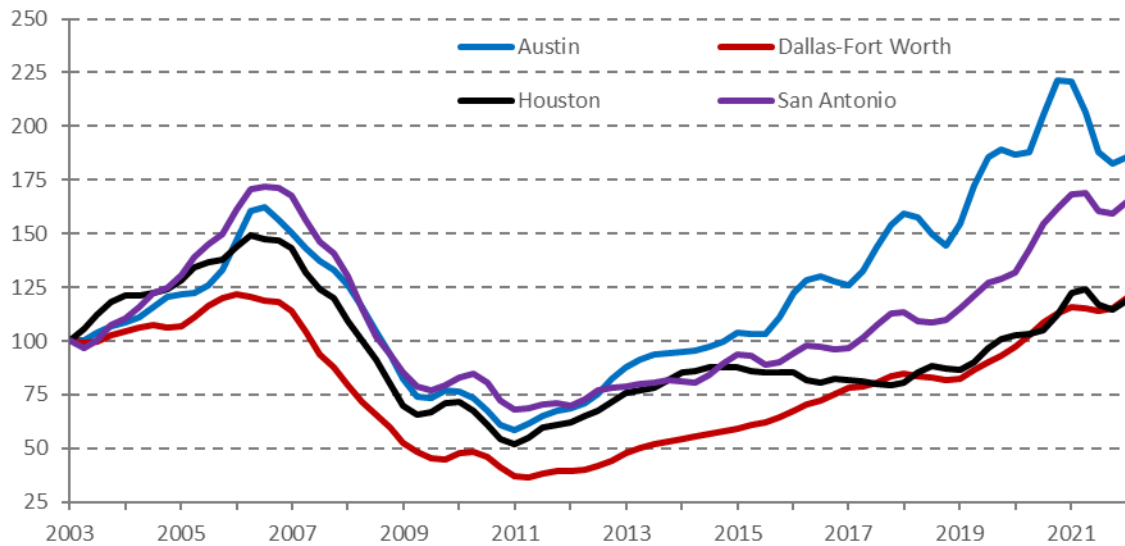
### Major Metros Total Housing Sales (Index Jan 2000 = 100)



Note: Trend-cycle component.

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

### Major Metros New-Home Sales (Index 1Q2003 = 100)



Note: Trend-cycle component.

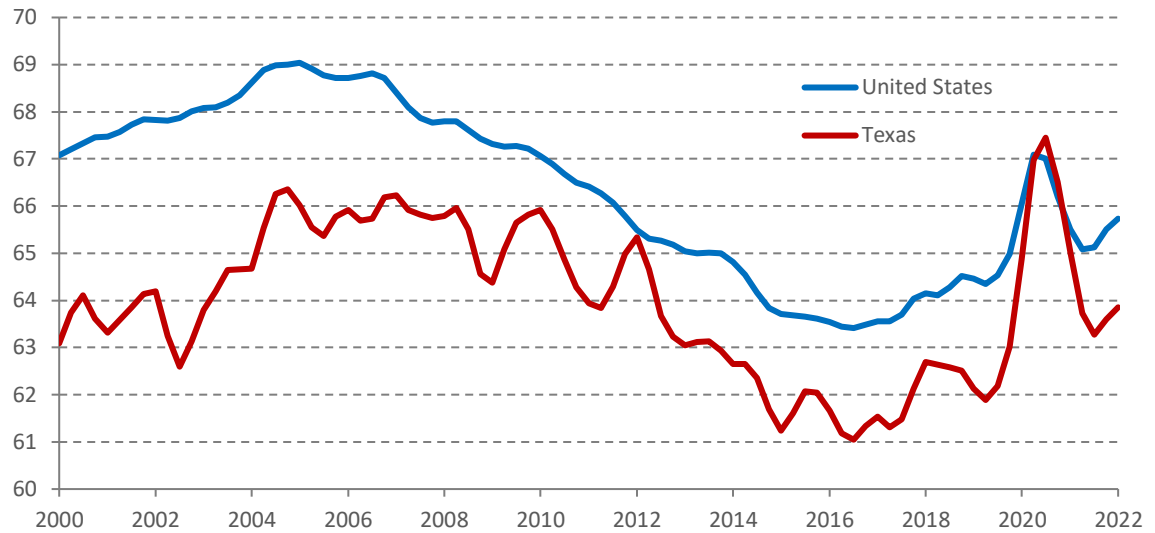
Source: Zonda



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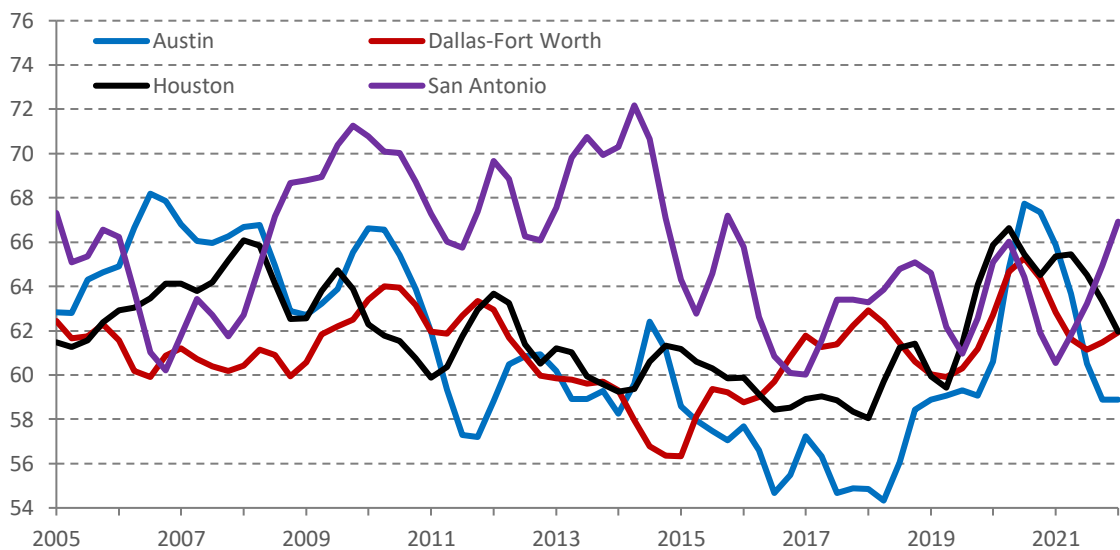
### Home Ownership Rate (%)



Note: Trend-cycle component.

Source: United States Census Bureau

### Major Metros Home Ownership Rate (%)



Note: Trend-cycle component.

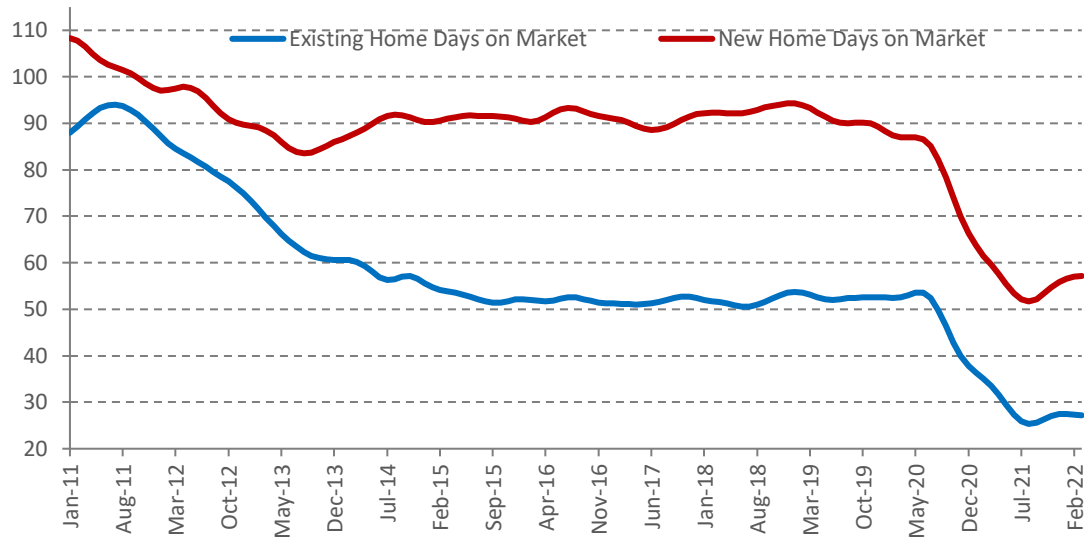
Source: United States Census Bureau



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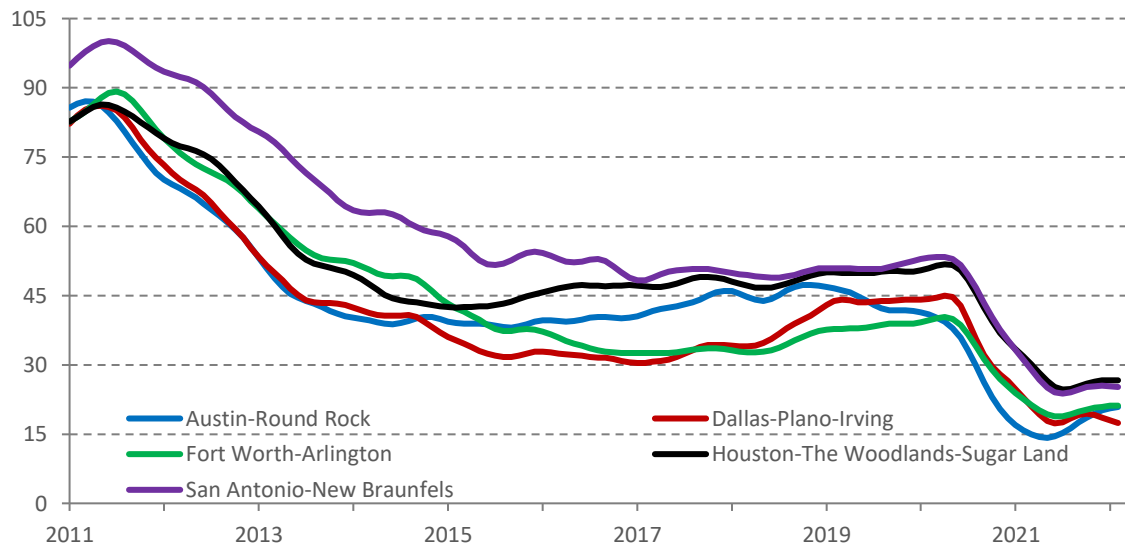
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### Texas Homes Days on Market (Days)



Note: Trend-cycle component. For single-family homes.  
Source: Texas Real Estate Research Center at Texas A&M University

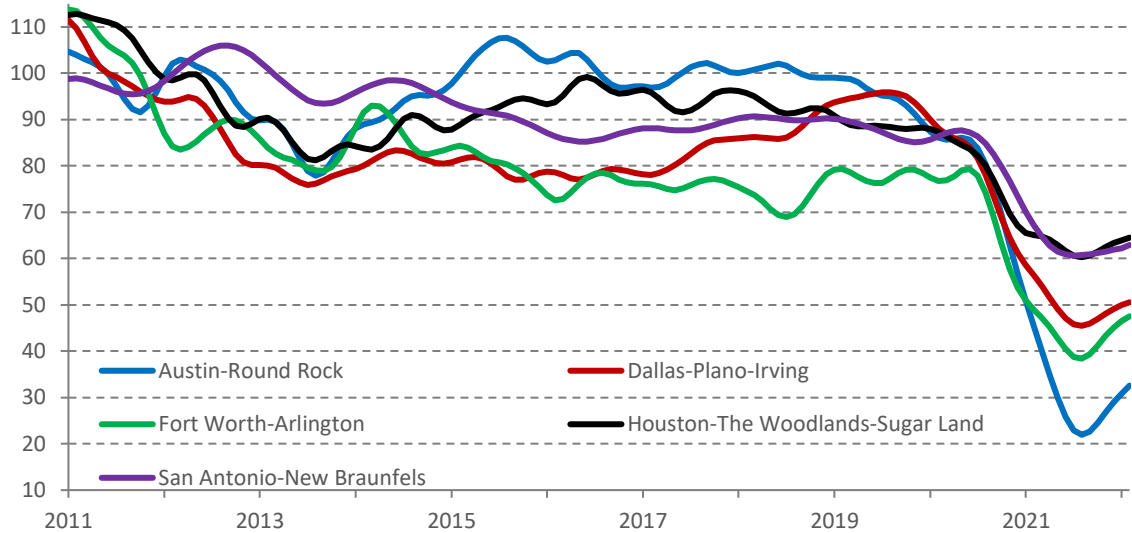
### Major Metros Existing Homes Days on Market (Days)



Note: Trend-cycle component. For single-family homes.  
Source: Texas Real Estate Research Center at Texas A&M University

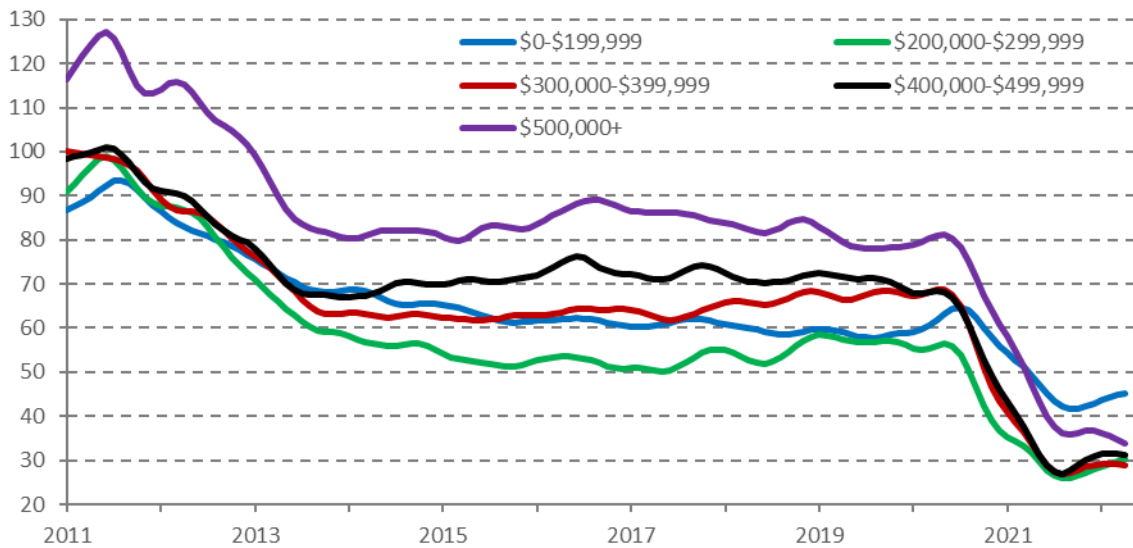


### Major Metros New Homes Days on Market (Days)



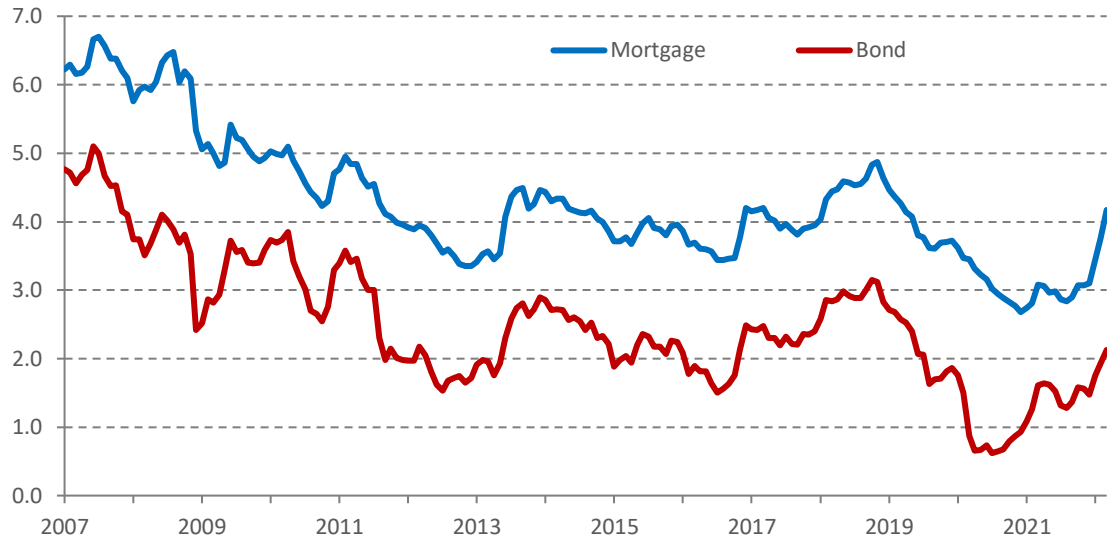
Note: Trend-cycle component. For single-family homes.  
Source: Texas Real Estate Research Center at Texas A&M University

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



Note: Trend-cycle component. For single-family homes.  
Source: Texas Real Estate Research Center at Texas A&M University

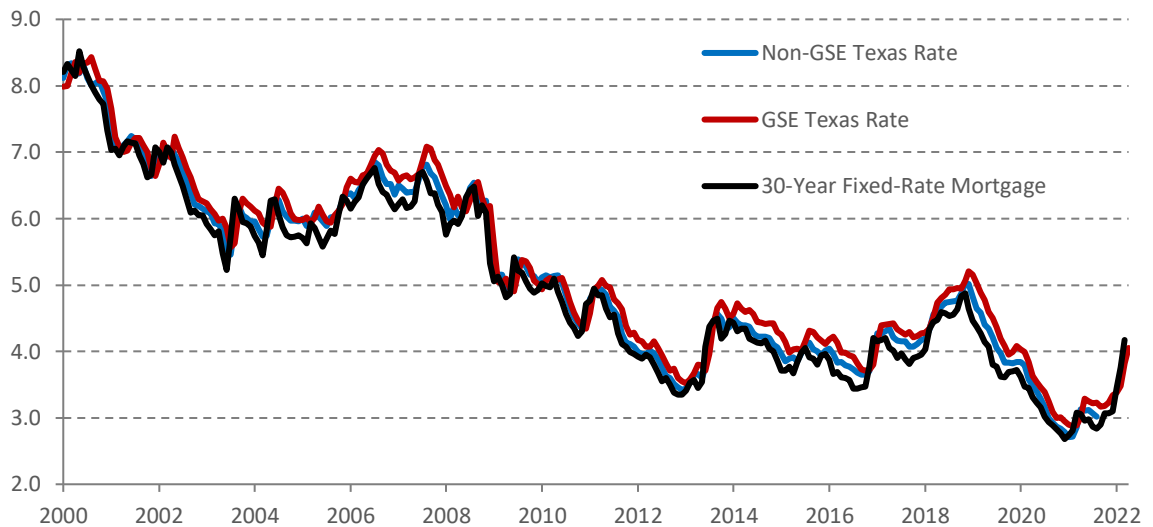
### 30-Year Mortgage Rate and Ten-Year Treasury Yield (Percent)



Note: Nonseasonally adjusted.

Sources: Federal Home Loan Mortgage Corporation and Federal Reserve Board

### Fixed 30-Year Mortgage Rates (Percent)



Note: Nonseasonally adjusted. The data for the most recent origination month is preliminary.

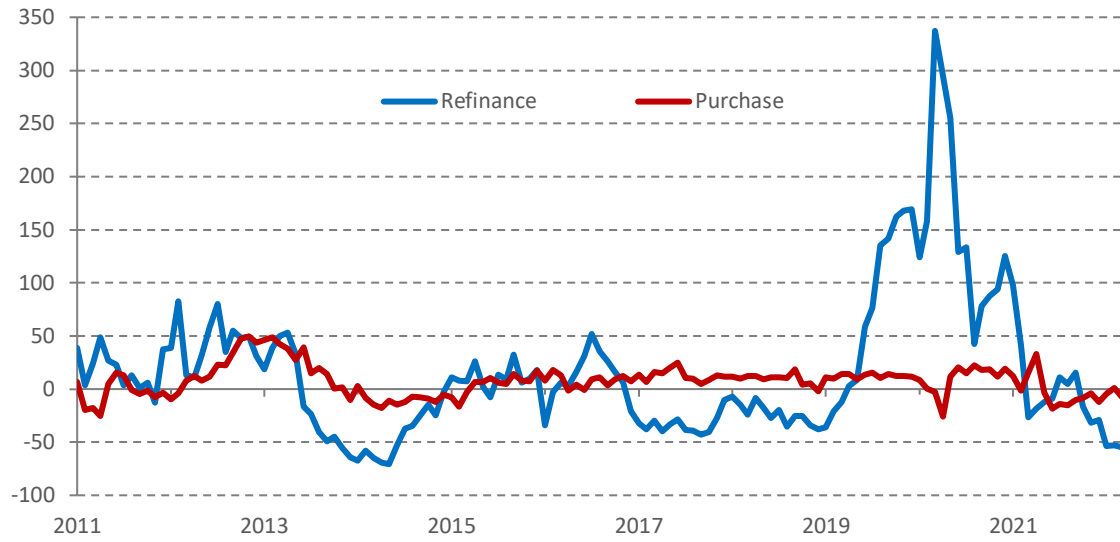
Sources: Federal Home Loan Mortgage Corporation and TrueStandings Servicing



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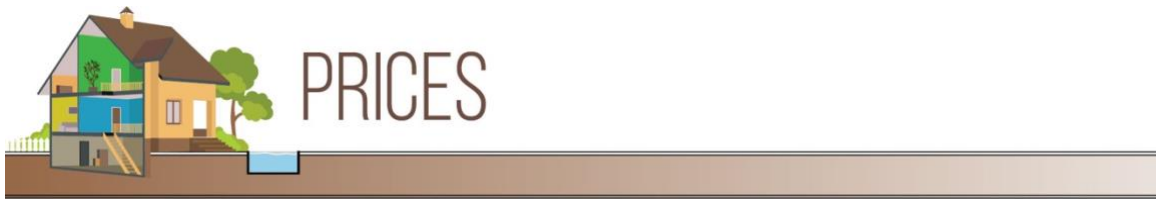
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### Texas Mortgage Applications (Year-over-Year Percentage Change)

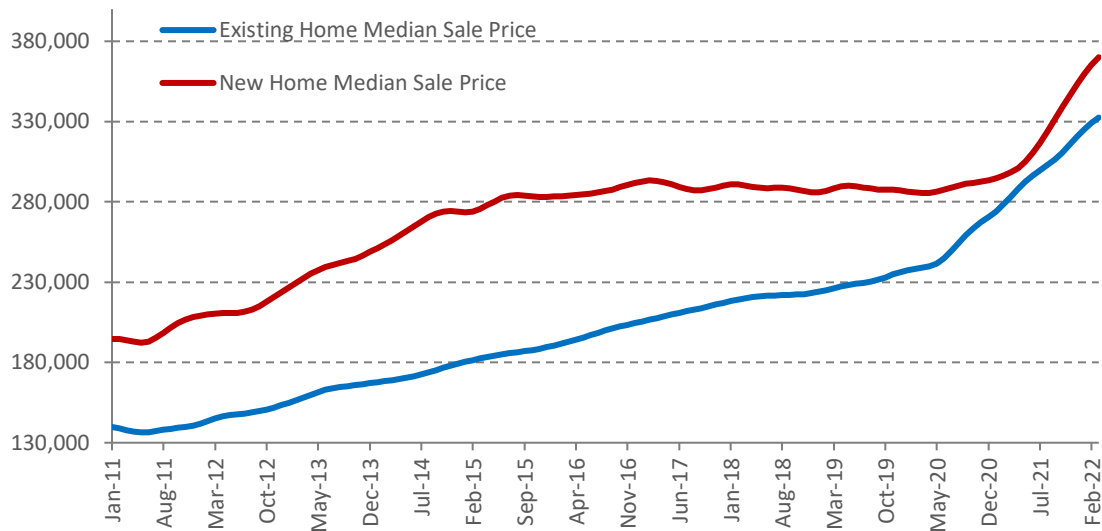


Note: Seasonally adjusted.  
Source: Mortgage Bankers Association



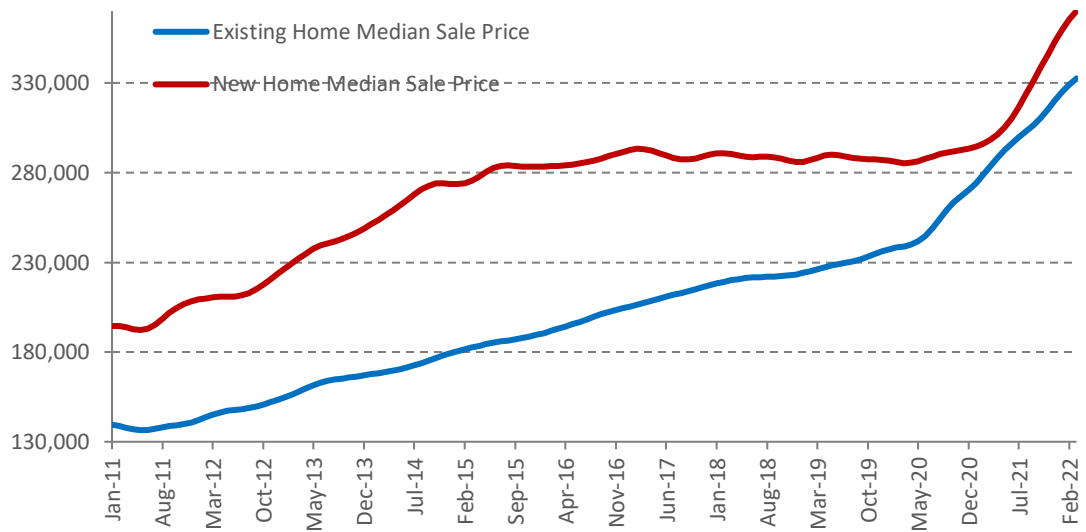


**United States Existing and New Home Median Sales Price**  
(\$)



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

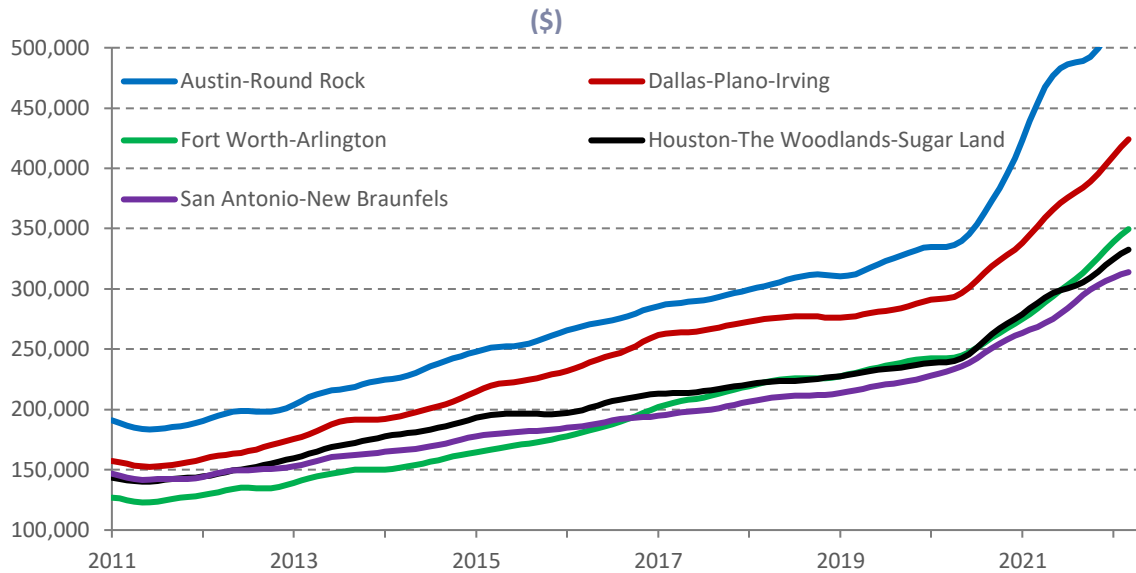
**Texas Existing and New Home Median Sales Price**  
(\$)



Note: Trend-cycle component. For single-family homes.  
Source: Texas Real Estate Research Center at Texas A&M University

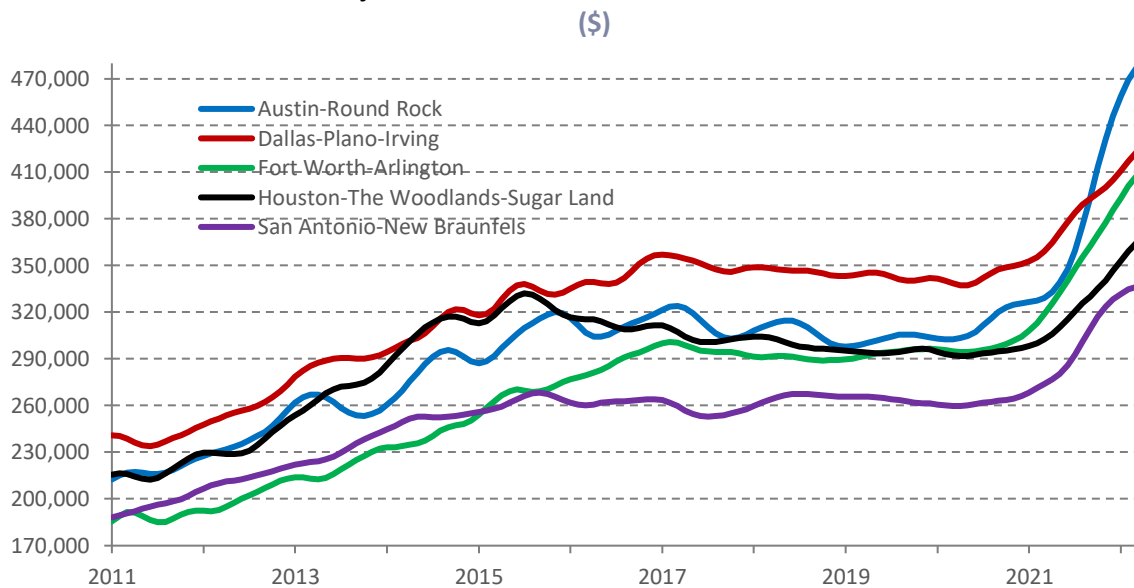


### Major Metros Existing Home Median Sales Price



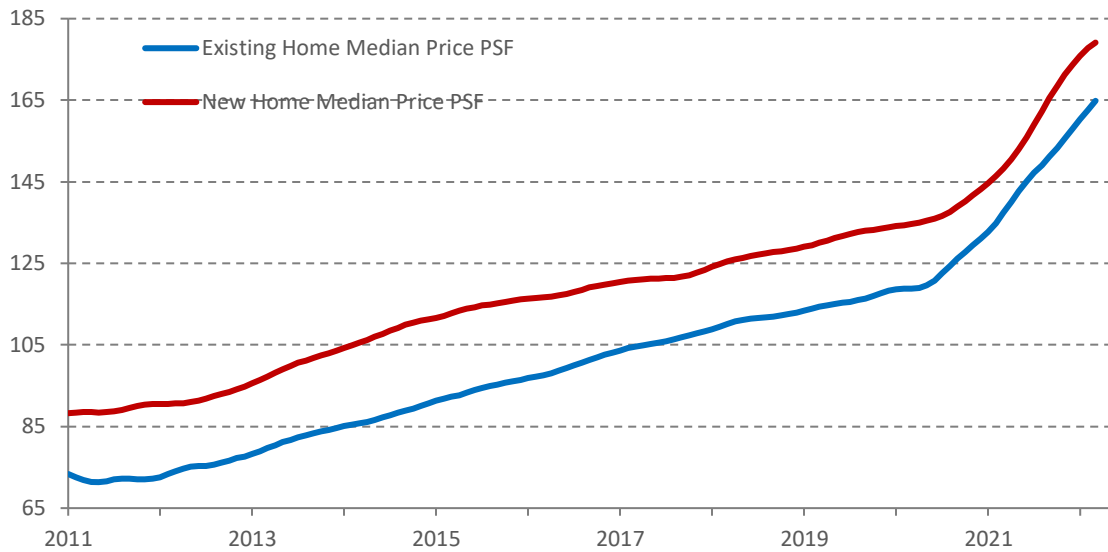
Note: Trend-cycle component. For single-family homes.  
Source: Texas Real Estate Research Center at Texas A&M University

### Major Metros New Home Median Sales Price



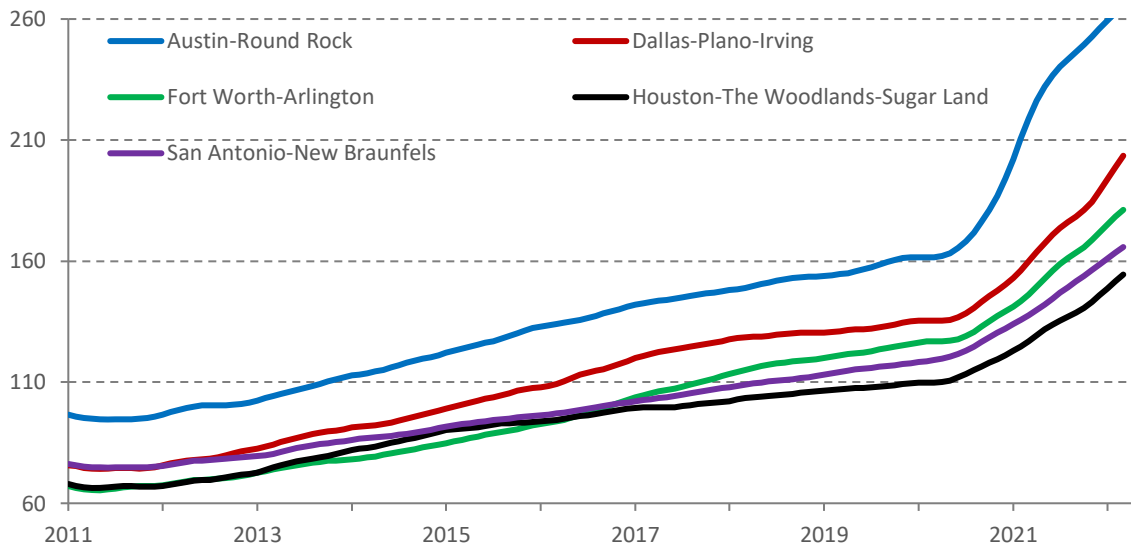
Note: Trend-cycle component. For single-family homes.  
Sources: Texas Real Estate Research Center at Texas A&M University

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



Note: Trend-cycle component. For single-family homes.  
Source: Texas Real Estate Research Center at Texas A&M University

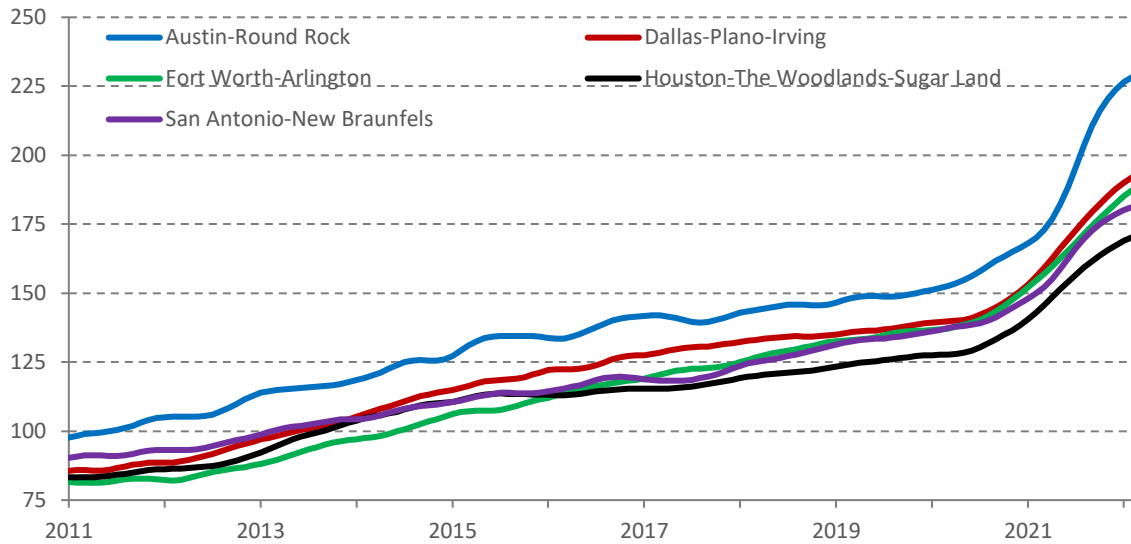
### Major Metros Existing Home Median Price Per Square Foot (\$)



Note: Trend-cycle component. For single-family homes.  
Source: Texas Real Estate Research Center at Texas A&M University

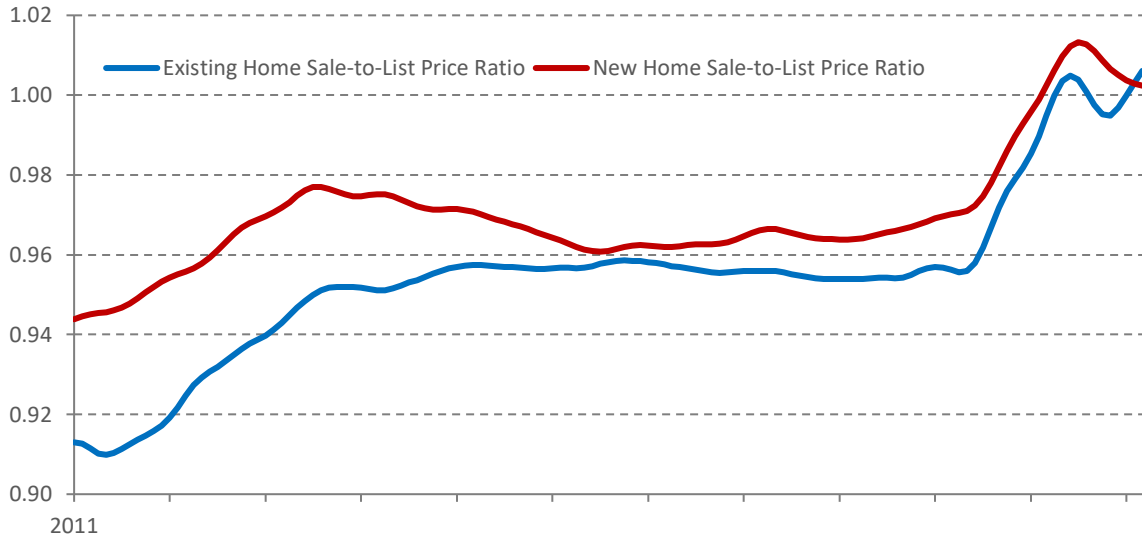


### Major Metros New Home Median Price Per Square Foot (\$)



Note: Trend-cycle component. For single-family homes.  
Source: Texas Real Estate Research Center at Texas A&M University

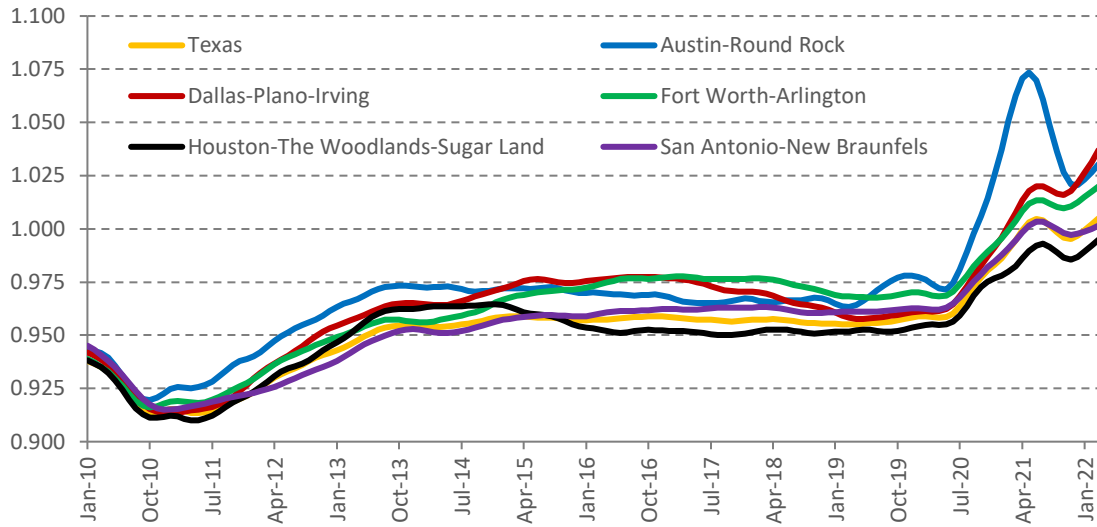
### Texas Home Sale Price to List Price (Ratio)



Note: Trend-cycle component. For single-family homes.  
Source: Texas Real Estate Research Center at Texas A&M University

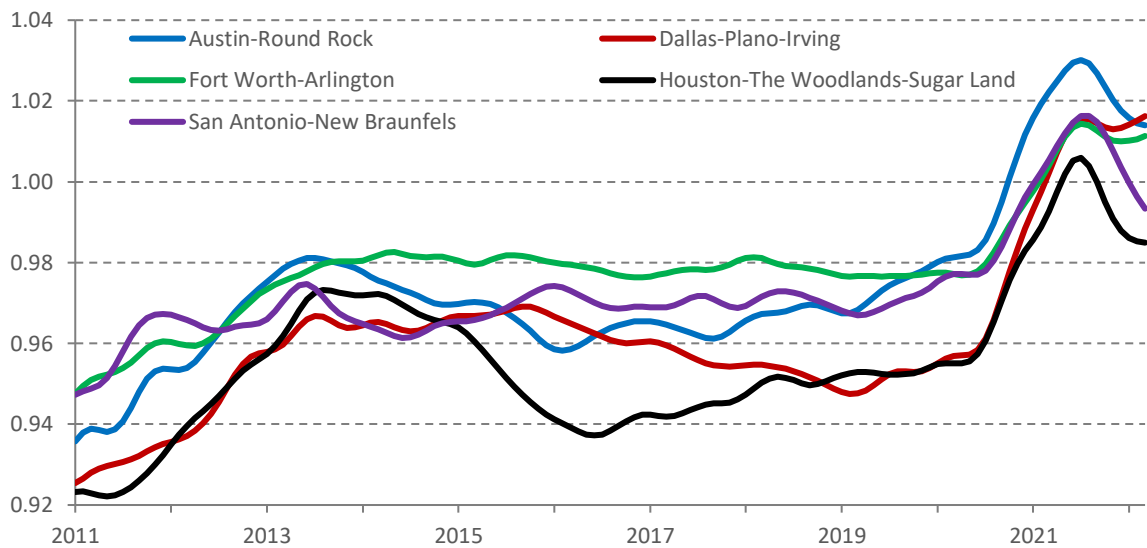


### Major Metros Existing Home Sale Price to List Price (Ratio)



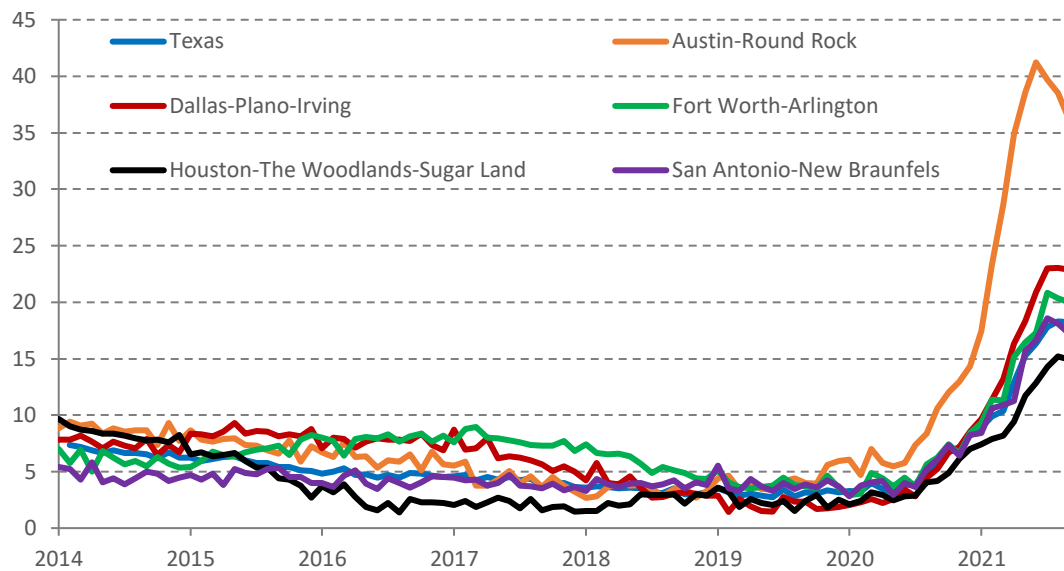
Note: Trend-cycle component. For single-family homes.  
Source: Texas Real Estate Research Center at Texas A&M University

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



Note: Trend-cycle component. For single-family homes.  
Source: Texas Real Estate Research Center at Texas A&M University

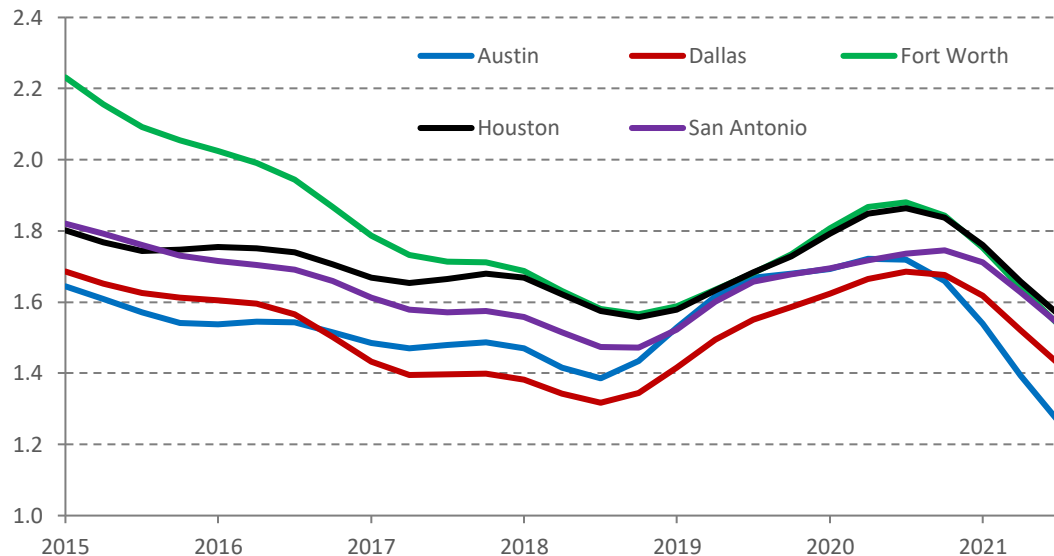
### Repeat Sales Home Price Index (Year-over-Year Percentage Change)



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

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

### Housing Affordability Index (Ratio)



Note: Trend-cycle component.

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



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## Texas Real Estate Research Center

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