



TEXAS A&M UNIVERSITY

Texas Real Estate Research Center



TEXAS HOUSING INSIGHT

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DECEMBER 2023 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.

Joshua Roberson and Koby McMeans

Data current as of Feb. 7, 2024

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DECEMBER 2023 SUMMARY

TOTAL HOME SALES
 **1.9% MOM**

MEDIAN HOME PRICE
 **0.7% MOM**

DAYS ON MARKET
 **57 days**






HOME PRICE INDEX
 **2.5% YOY**

Despite mortgage rates continuing to fall from their elevated level, housing sales haven't rebounded. The average price has fallen alongside home sales, with homes costing \$2,000 less than in November. Single-family starts increased while permits moved downward. Homes sat on the market for longer in December as average days on market reported its first increase since the beginning of the year.

Home Sales Fall Alongside Listings

Mortgage rates continued to fall, but their elevated level remains problematic for homebuyers as Texas' **total home sales** fell 1.9 percent month over month (MOM) to 25,430 (Table 1). Among the Big Four, San Antonio reported the only gain in home sales, jumping 7.1 percent to 2,684. Houston's home sales decreased by 16.6 percent, losing over 1,000 sales in December. Austin and Dallas also experienced losses, falling by 9.2 percent and 3.5 percent, respectively. The gap between Houston and Dallas widened as Houston reported poor monthly sales. Despite rates falling, they remain elevated, resulting in an affordability problem for homebuyers.

Table 1. Home Sales Volume

| | November | December | Monthly Changes |
|----------------------------------|--------------|--------------|---|
| Texas | 25,916 | 25,430 |  -1.9% |
| Austin-Round Rock | 2,384 | 2,165 |  -9.2% |
| Dallas-Fort Worth-Arlington | 7,363 | 7,102 |  -3.5% |
| Houston-The Woodlands-Sugar Land | 6,841 | 5,708 |  -16.6% |
| San Antonio-New Braunfels | 2,506 | 2,684 |  7.1% |

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)** climbed to 57, marking the first increase since April. This increase suggests longer listing times could be approaching. All four of the major metros experienced increases in DOM with Houston (50 days) and Dallas (49 days) rising by seven and four days, respectively. Austin (77 days) and San Antonio (68 days) had minor fluctuations from the previous month.

Housing supplies remained elevated, but **active listings** fell for the first time since May, falling to 103,395 listings. San Antonio (12,254) was the only one of the Big Four to post a monthly increase at 1 percent. Austin had the largest drop in active listings with a 13.3 percent loss to 8,307 listings. Dallas (22,056) and Houston (24,770) had moderate reductions. Despite the fall in active listings in December, levels are still on pace with 2019.

The state's **new listings** fell 1.89percent to 42,658 in December. All four of the major metros posted monthly decreases of between 2 and 4 percent. Austin had a 2 percent decrease to 3,766 listings while San Antonio had the largest decrease at 4 percent. Amid the fall in active listings, the months of inventory (**MOI**) experienced a small decrease to 3.6 with Austin contributing heavily to the fall, dropping over 10 percent.

Mortgage Rates Continue to Plunge

Treasury and mortgage rates continued to fall amidst rumors of interest rate hikes being finished. The **ten-year U.S. Treasury Bond yield** fell 48 basis points to 4.02 percent. Likewise, **the Federal Home Loan Mortgage Corporation's 30-year fixed-rate** fell 62 basis points to 6.82 percent. If rates continue to fall into the start of 2024, housing affordability should improve.

Permits Unchanged, Starts on the Rise

Texas' **single-family construction permits** moderated just shy of a quarter of a percent decrease from November, falling to 12,392 issuances. Dallas and San Antonio had monthly dips falling 5.3 percent and 12.9 percent, respectively. Houston and Austin both experienced minor fluctuations of less than ten issuances.

Construction starts grew while construction permits remained effectively unchanged, according to data from Dodge Construction Network. **Single-family starts** increased 2.5 percent MOM to 12,222 units. Despite the Texas increase, San Antonio (8,08 starts) reported the only monthly increase among the Big Four, rising 20.6 percent. Austin (1,392 starts) fell 13.6 percent, making the ratio of Austin to San Antonio starts fall under the typical 2:1 ratio. Dallas (3,250 starts) and Houston (3,448 starts) continued to outperform the rest of the state, combining for 55 percent of total starts.

The state's year-to-date total **single-family starts value** climbed to \$29.8 billion, up from \$27.7 billion in November. Starts values continued to mirror 2019 values since May, however, value fell just outside the \$1 billion dollar threshold in December. Houston and Dallas accounted for over 60 percent of the state's construction value.

Median Home Prices Fall Despite Big Four Rising

Texas' **median home price** fell 0.7 percent to \$332,300 (Table 2). Among the Big Four metro areas, Dallas posted the only decrease, falling by 1 percent. Austin saw the greatest price boost with a 4.2 percent gain, raising the price to its highest level since January. Home prices across the Big Four remain above pre-COVID prices.

Table 2. Median Housing Prices

| | November | December | Monthly Changes |
|----------------------------------|------------------|------------------|-----------------|
| Texas | \$334,600 | \$332,300 | -0.7% |
| Austin-Round Rock | \$437,200 | \$455,600 | 4.2% |
| Dallas-Fort Worth-Arlington | \$306,900 | \$393,000 | -1.0% |
| Houston-The Woodlands-Sugar Land | \$328,500 | \$328,800 | 0.1% |
| San Antonio-New Braunfels | \$311,000 | \$317,600 | 2.1% |

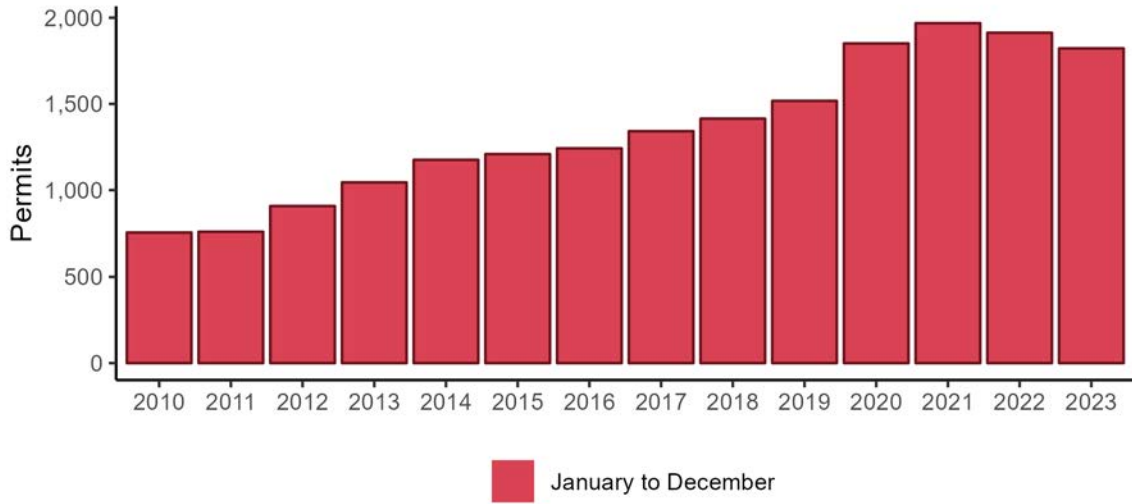
Note: Seasonally adjusted data used for the reported metrics.
Source: Texas Real Estate Research Center at Texas A&M University

Home prices continued to hover around \$200,000-\$300,000 and \$300,000-\$400,000, accounting for 26 and 24 percent of total home sales, respectively.

The **Texas Repeat Sales Home Price Index** (Dec 2004=100) fell 0.4 percent MOM but remains 2.5 percent higher YOY. Houston had the highest annual appreciation with a 3.3 percent year-over-year increase. Austin appreciation fell three percent.

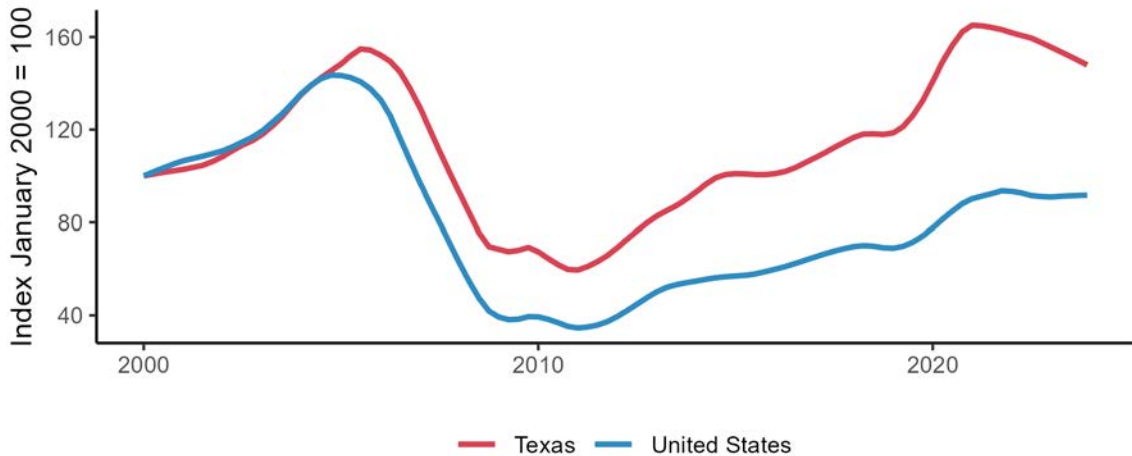


Texas Single-Family Permits



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

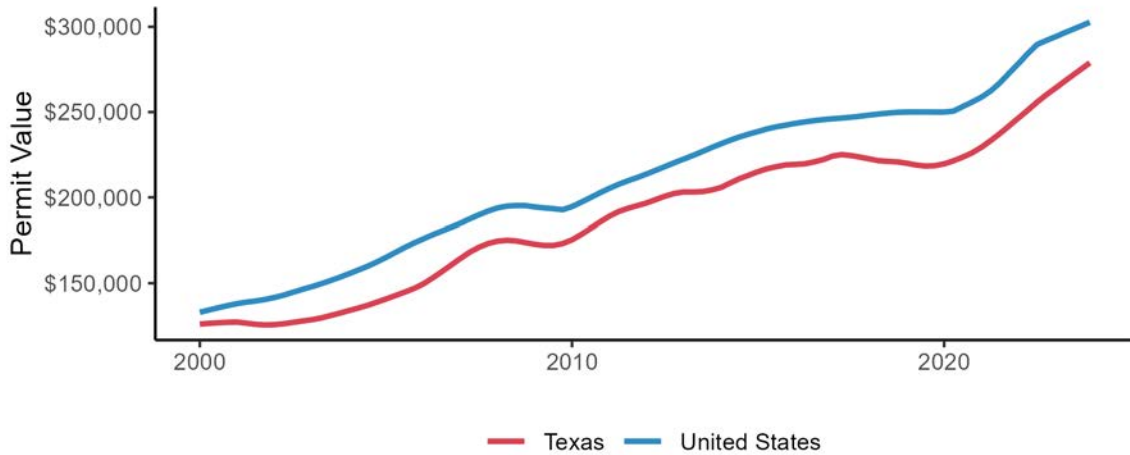
Single-Family Housing Construction Permits Seasonally Adjusted Trend



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

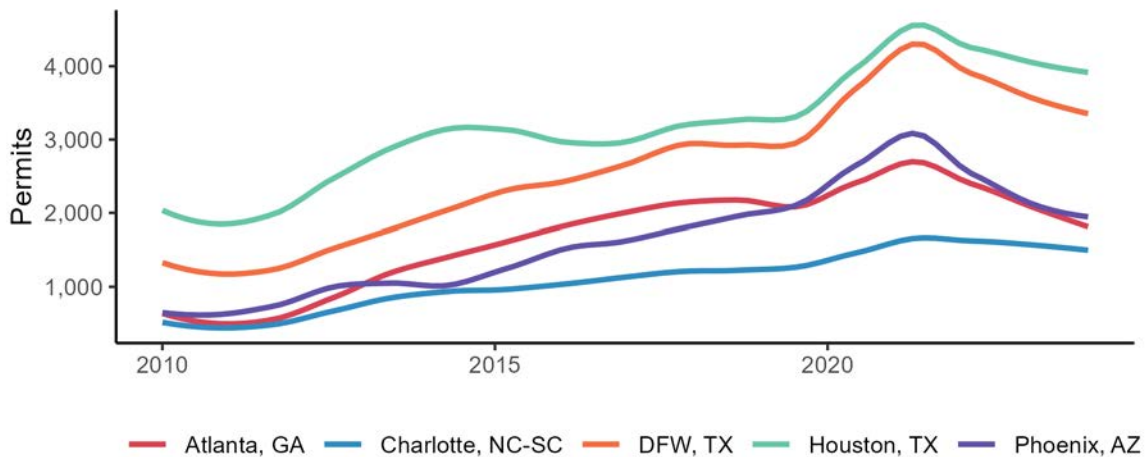


Single-Family Housing Construction Permit Values Seasonally Adjusted Trend



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

Top New Home Markets Single-Family Detached Homes

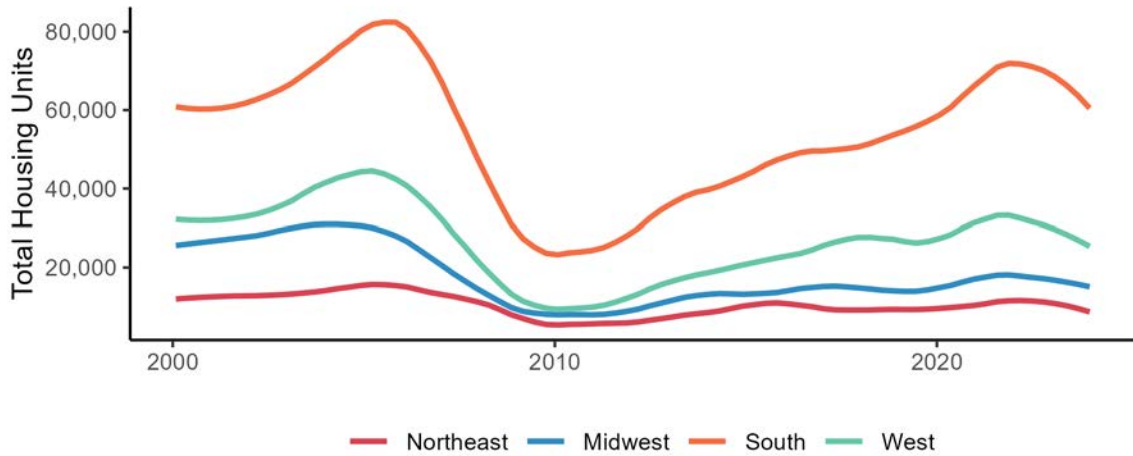


Source: U.S. Census Bureau - Texas Real Estate Research Center at Texas A&M University



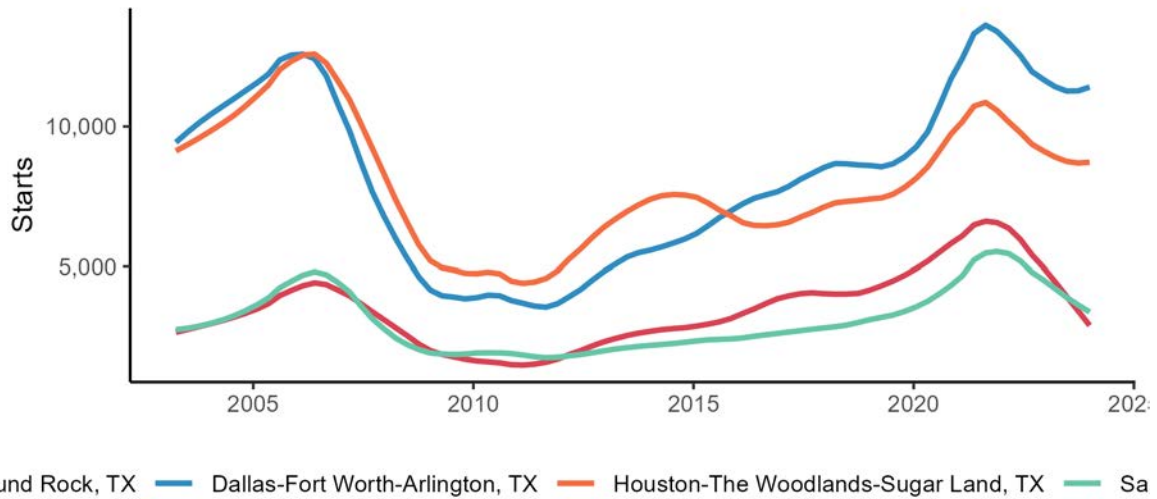
Regional Housing Starts

Total Housing Units



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

Metro Housing Starts

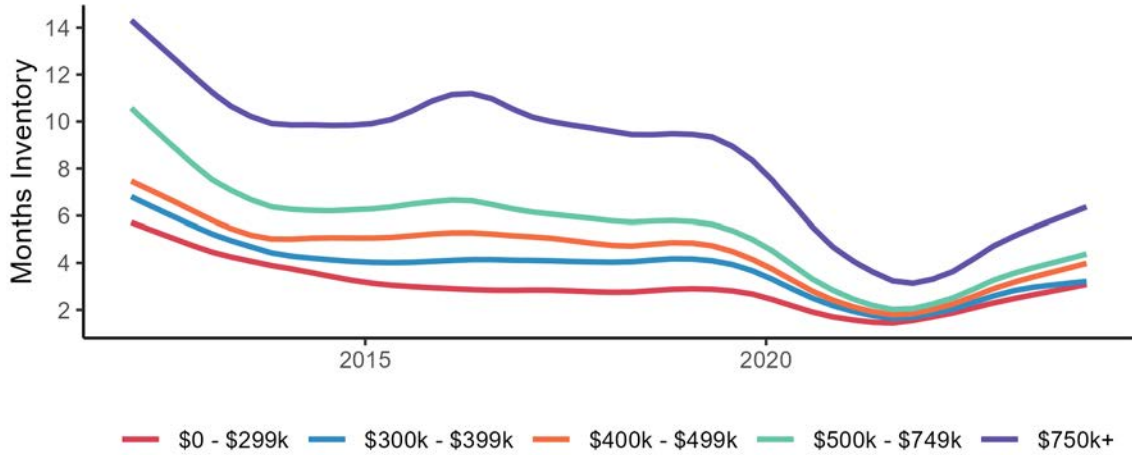


Source: Zonda - Texas Real Estate Research Center at Texas A&M University



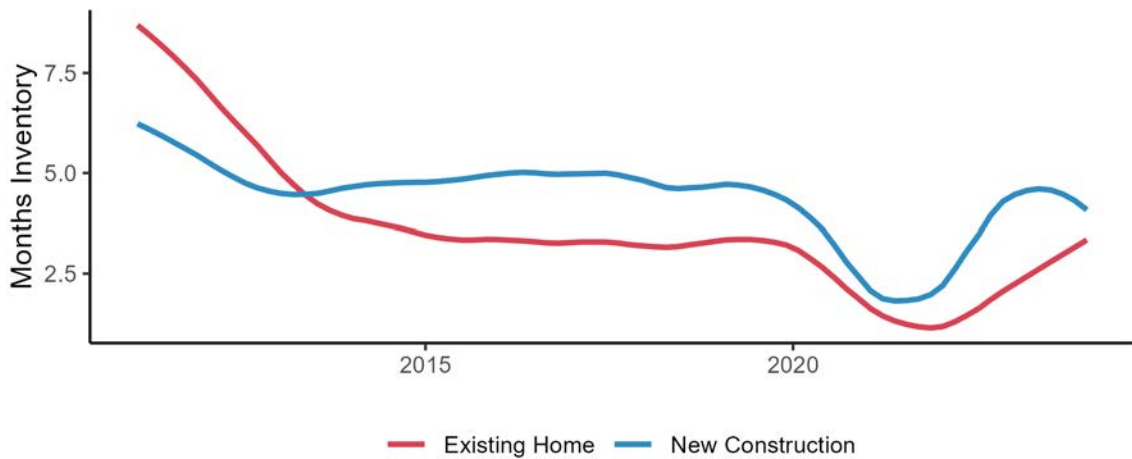
SUPPLY

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



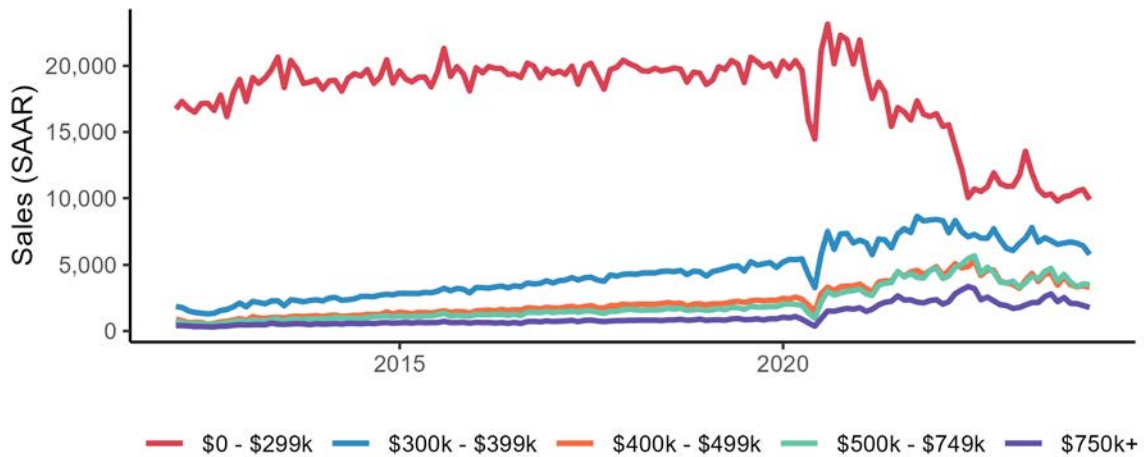
DEMAND

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



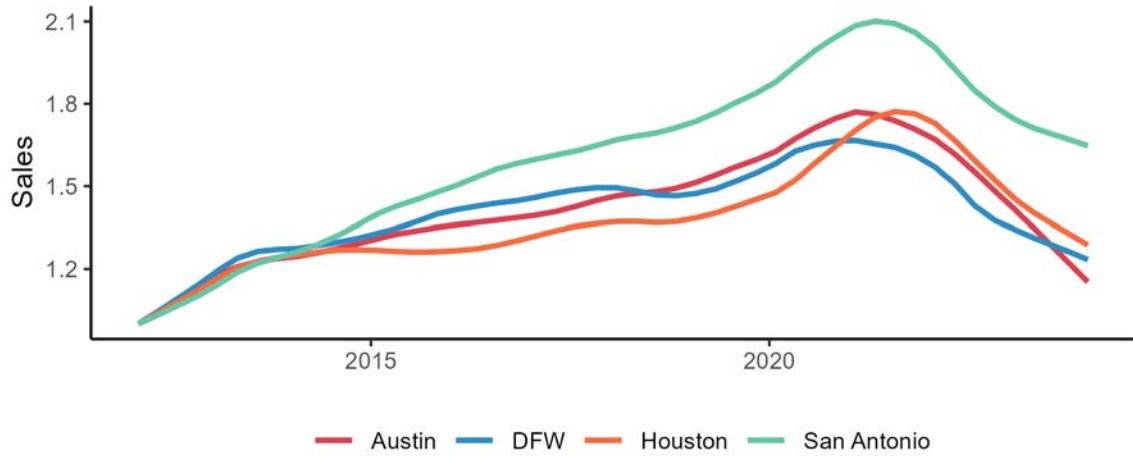
Source: Texas Real Estate Research Center at Texas A&M University





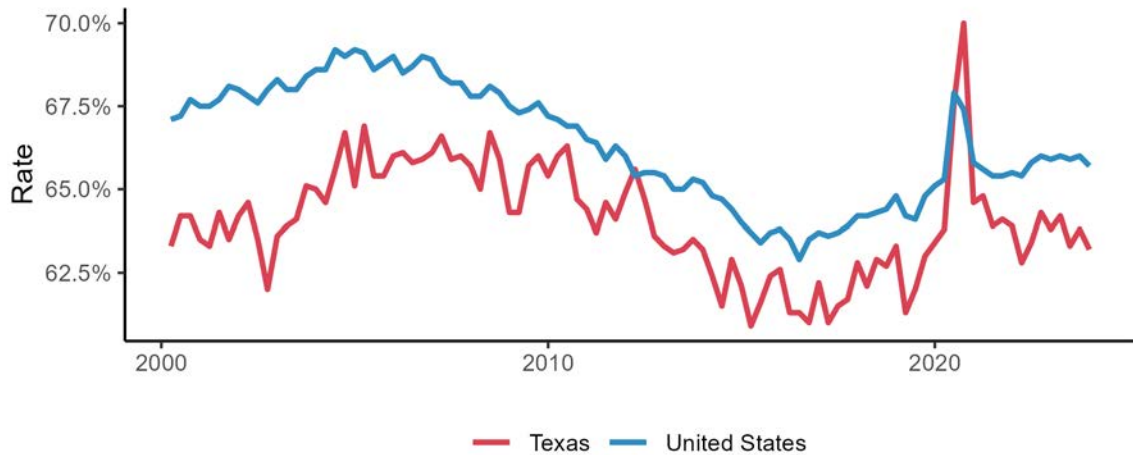
DEMAND

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

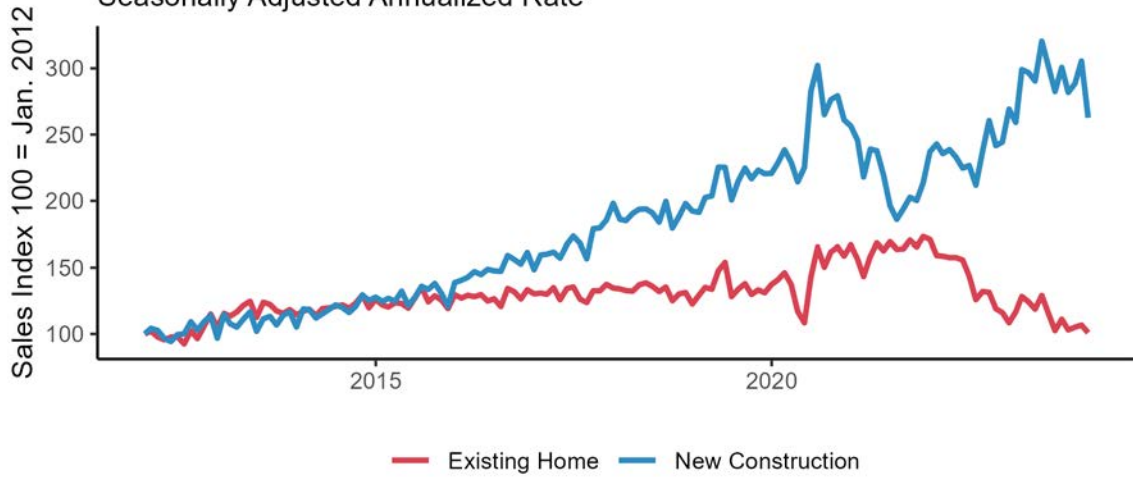




DEMAND

New and Existing Home Sales

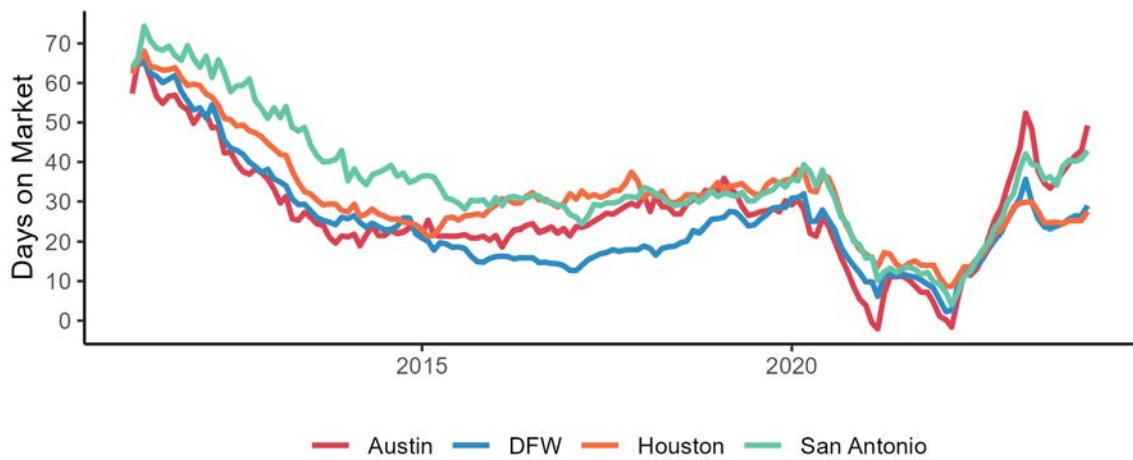
Seasonally Adjusted Annualized Rate



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

Metro Median Days on Market

Seasonally Adjusted Annualized Rate



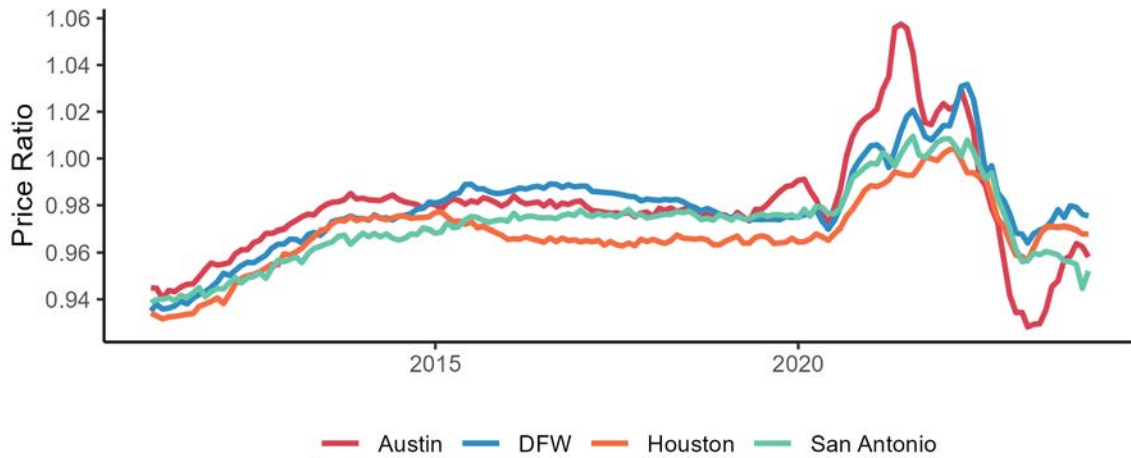
Source: Texas Real Estate Research Center at Texas A&M University



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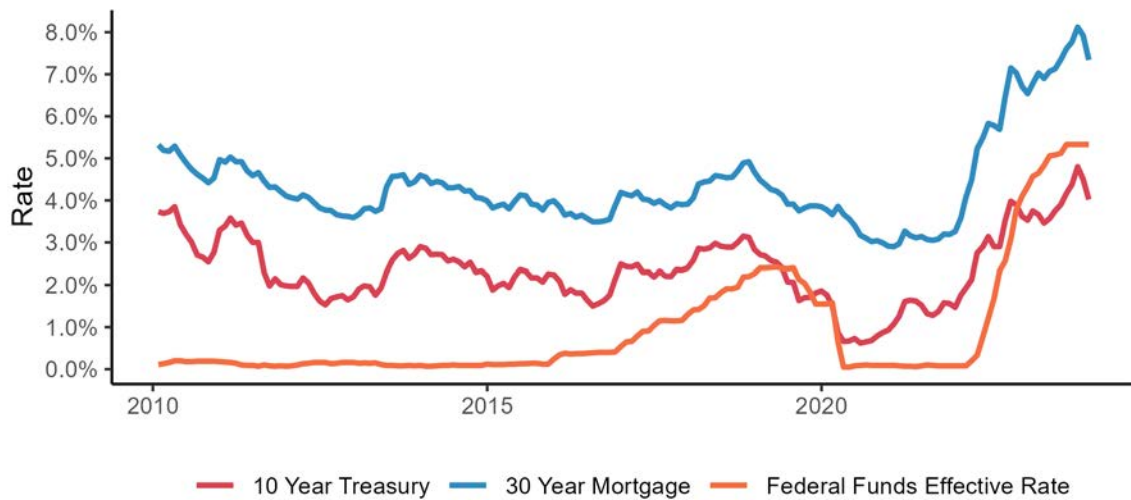
Metro Median Sale to List Price Ratio

Seasonally Adjusted Annualized Rate



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

Interest Rates

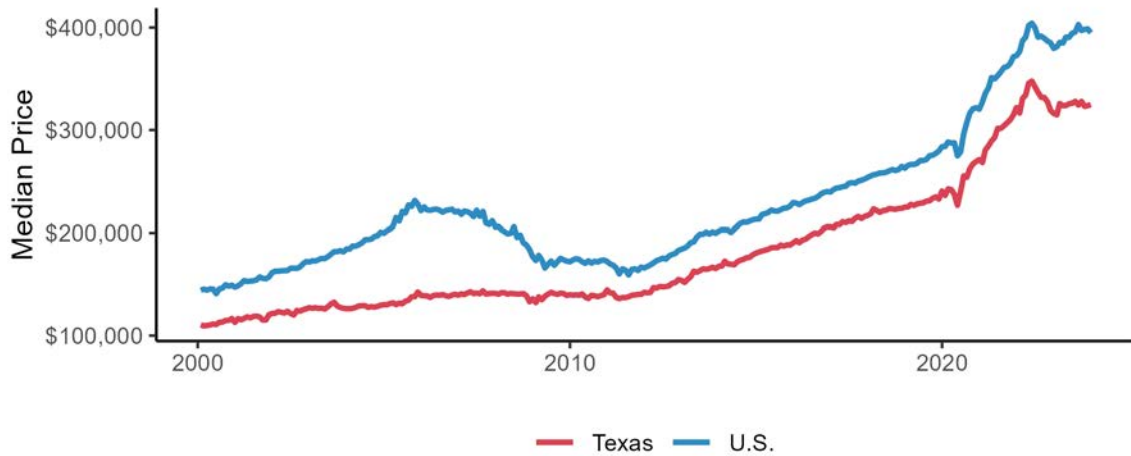


Source: Federal Reserve - Wall Street Journal - Texas Real Estate Research Center at Texas A&M University



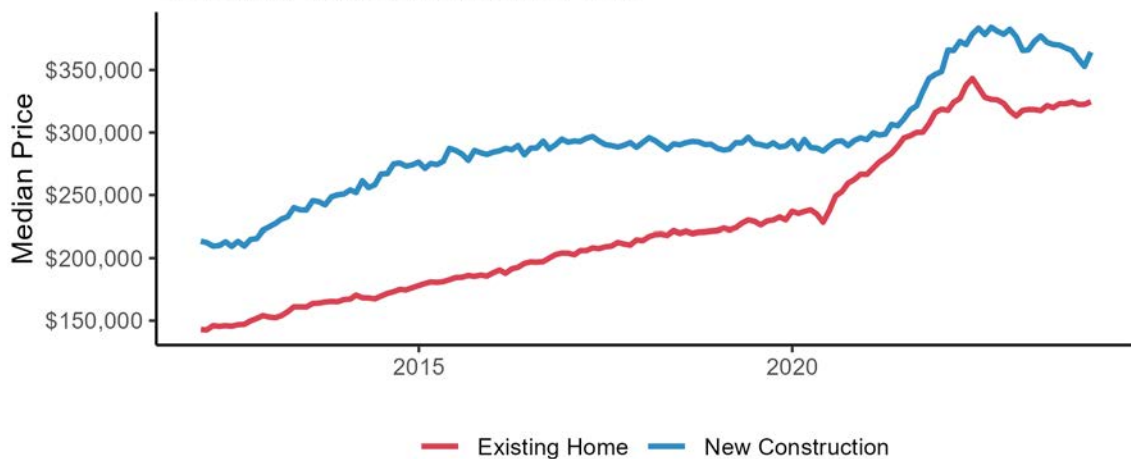
PRICES

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

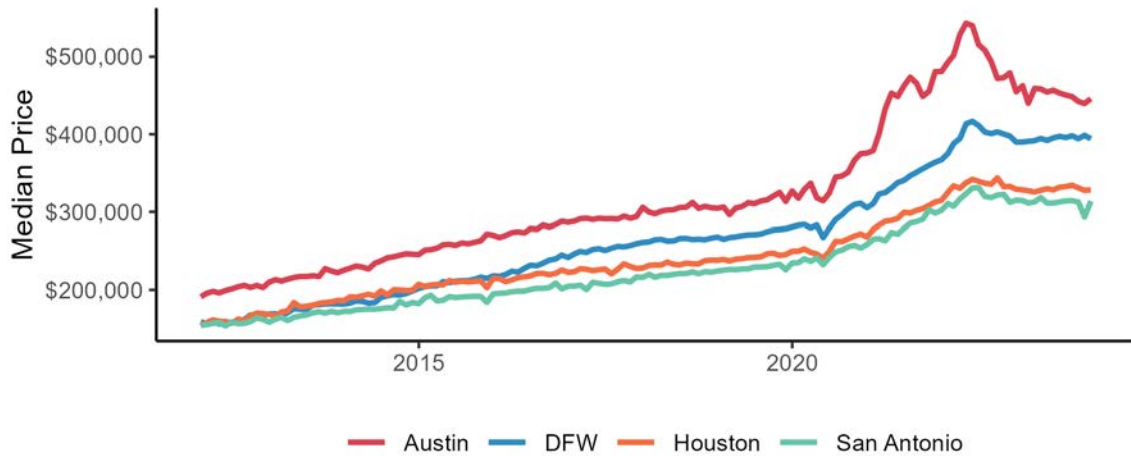


Source: Texas Real Estate Research Center at Texas A&M University



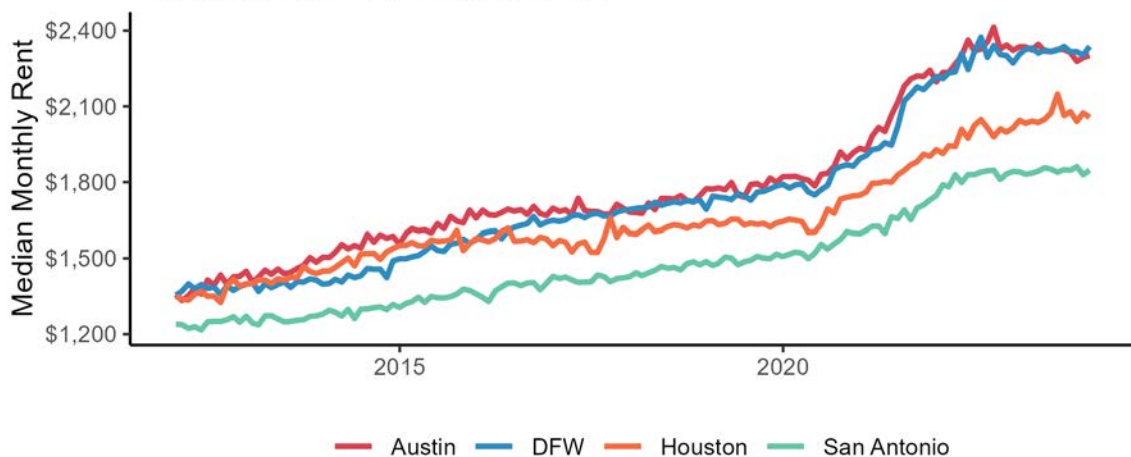
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Texas Major Metro Median Home Prices Seasonally Adjusted Annualized Rate



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

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

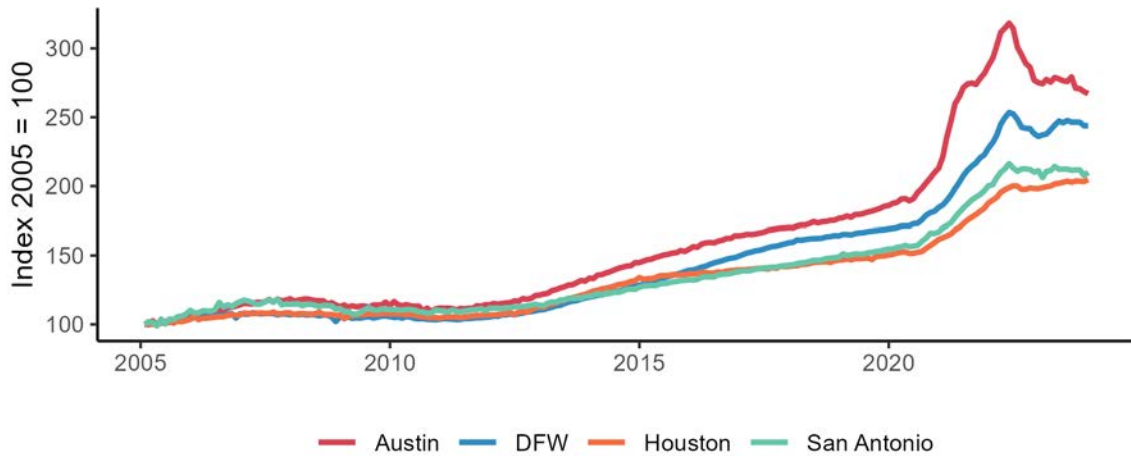


Source: Texas Real Estate Research Center at Texas A&M University



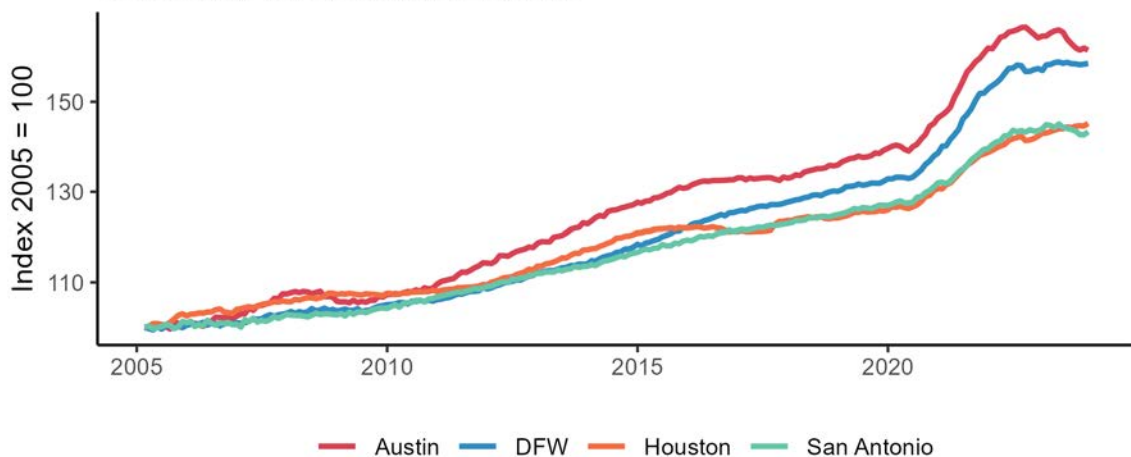
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Major Metro Home Price Index Seasonally Adjusted Annualized Rate



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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