

Texas Annual Housing Report

2014 Edition

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About the Texas Annual Housing Report

The Texas Annual Housing Report is a recap of all market research reports distributed by the Texas Association of Realtors each year. The 2014 edition includes insights from the [2014 Texas Relocation Report](#), [2014 Texas International Homebuyers Report](#), [2014 Texas Luxury Home Sales Report](#), [2014 Texas Small Land Sales Report](#), [2014 Texas Remodel Valuation Report](#), [2014 Texas Condominium Mid-Year Sales Report](#), [2014 Texas Homebuyers and Sellers Report](#), and 2014 Texas Quarterly Housing Reports for [Q1](#), [Q2](#) and [Q3](#). To view the Texas Annual Housing Report in its entirety, visit TexasRealEstate.com.

About the Texas Association of REALTORS®

With more than 90,000 members, the Texas Association of REALTORS® is a professional membership organization that represents all aspects of real estate in Texas. We advocate on behalf of Texas Realtors and private-property owners to keep homeownership affordable, protect private-property rights, and promote public policies that benefit homeowners. Visit TexasRealEstate.com to learn more.



Executive Summary

The 2014 Texas Annual Housing Report shows that Texas continues to be a national leader in economic, population and housing market growth in 2014, yielding significant growth in all areas of Texas real estate over the last year.

Texas currently gains more out-of-state residents than any other state and is a leader in home sales from international buyers. The 2014 Texas Relocation Report released in October showed that more than 584,000 people moved to Texas from out of state in 2013, whereas September's 2014 Texas International Homebuyers Report showed that home purchases by international homebuyers reached its highest level in five years, contributing more than \$11 billion to the Texas economy in a 12-month period.

In addition, the Lone Star State's rapid economic, job and population growth had a positive impact on multiple segments of the Texas housing market over the last year, including:

- The 2014 Texas Homebuyers and Sellers Report released in March reported that Texans' median household incomes rose significantly in 2013, increasing 9.6 percent year-over-year to \$91,700. This is nearly double the nationwide increase of 5.6 percent to \$83,000 during the same time frame.
- Luxury home sales surged to become one of the fastest growing price classes (\$1 million or more) within the Texas housing market. January's 2014 Texas Luxury Home Sales Report reported an average 35 percent year-over-year increase for luxury home sales in Texas's four major metros in 2013.
- Small land sales in Texas – many of which were used for ranchettes, vacation homes and recreational uses – were also strong, with 4,189 small land sales statewide in 2013, according to April's 2014 Texas Small Land Sales Report.
- Housing development picked up significantly over the last year, with new home sales in Texas outpacing those nationally by more than half according to the 2014 Texas Homebuyers and Sellers Report released in March.

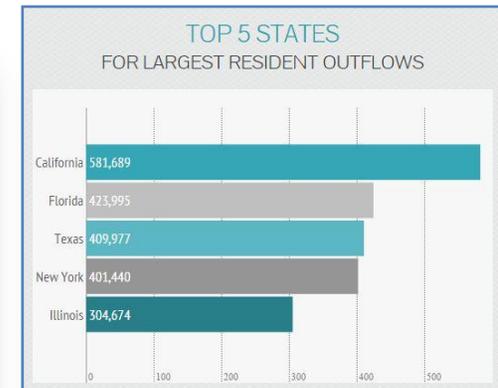
Executive Summary (continued)

- While the 2014-Q1 through 2014-Q3 Texas Quarterly Housing Reports continue to show statewide inventory levels that are approximately three months below the Real Estate Center at Texas A&M University's balanced housing market level of 6.5 months, Texas homes sales in 2014 have kept pace with last year's strong levels, putting 2014 on-pace to surpass 2013 as the second-best year in Texas real estate.
- Low housing inventory levels drove Texas condominium and townhome sales to be the fastest-growing segment of the housing market, increasing an average 10.5 percent in Texas's four major metros in the first half of 2014. As reported by the 2014 Texas Condominium Mid-Year Sales Report, condominiums were also a popular choice due to rising home prices statewide, which steadily increased between five and 10 percent during the year.

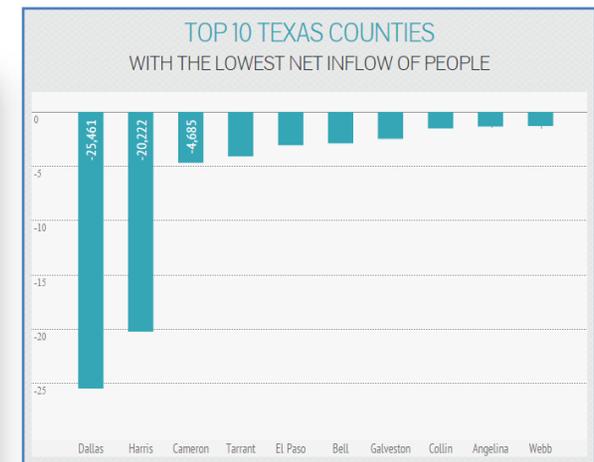
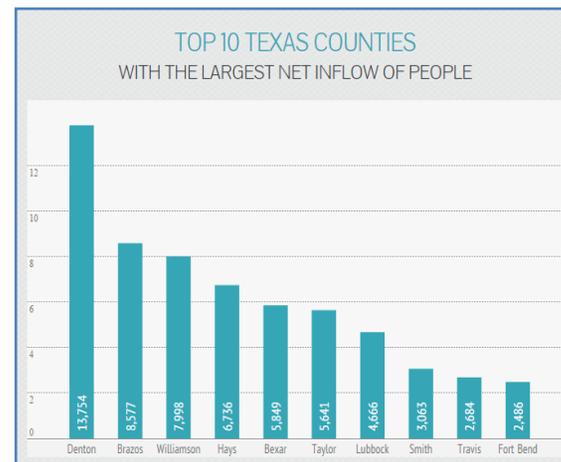
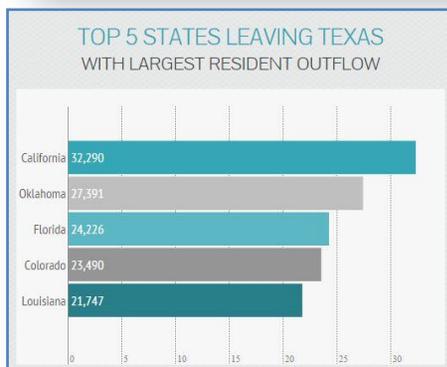
Despite this rapid market growth, however, tough lending standards and a competitive homebuying market caused some Texas homeowners to remodel their current homes instead of entering the market. The 2014 Texas Remodel Valuation Report showed that remodeling projects became increasingly more popular and profitable over the last year, with smaller, functional projects that boosted a home's curb appeal yielding the most recoup costs statewide.

People are moving to Texas from around the country and around the world.

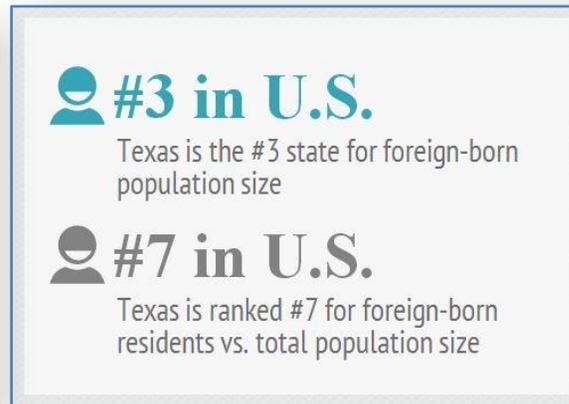
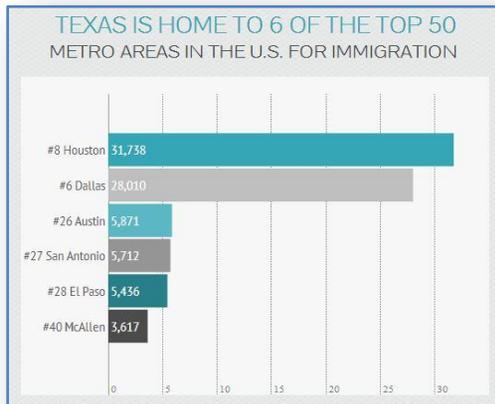
Enjoying strong economic and job growth over the last few years, Texas currently gains more out-of-state residents than any other state. More than 584,000 people moved to Texas from out of state in 2013 according to the [2014 Texas Relocation Report](#).



Overall, Texas had a net gain of out-of-state residents in 2013, with 138,057 more people moving into Texas than Texas residents moving out of state.

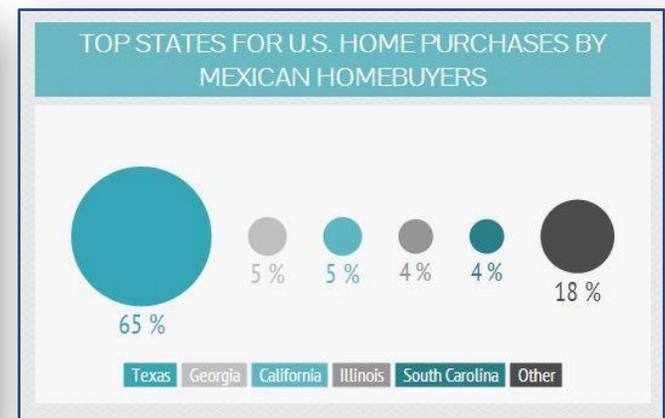


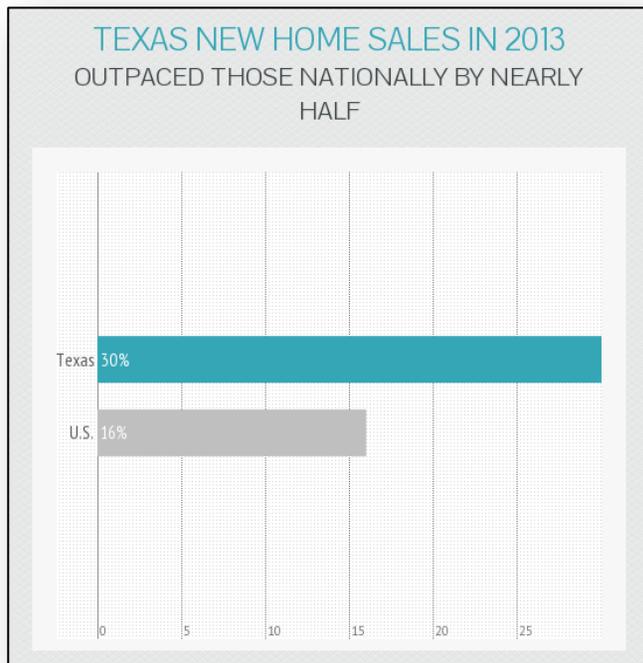
As the Texas economy grows, homes in the Lone Star State are increasingly seen as a good investment for international homebuyers.



The [2014 Texas International Homebuyers Report](#) showed that home purchases by international homebuyers reached its highest level in five years, contributing more than \$11 billion to the Texas economy in a 12-month period.

A significant portion of international home sales in Texas were from Latin America or the Caribbean, particularly Mexico. Sixty-five percent of Mexican citizens who purchased a home in the U.S. bought a home in Texas.





In addition, luxury home sales saw double digit-growth among Texas’s four major markets in 2013 and were one of the fastest-growing price classes (\$1 million or more) within the Texas housing-market.

★ **2,394**

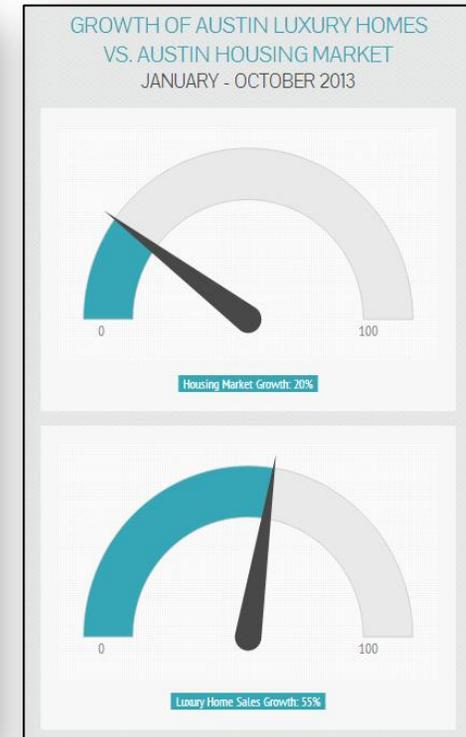
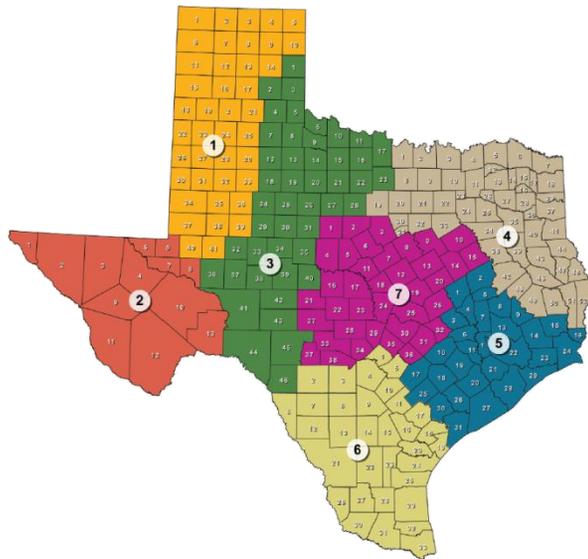
Total number of luxury homes sold in Texas from January to October 2013.

▲ **35.25 Percent**

This is a 35.25 percent increase in luxury home sales from the same time period in 2012

According to the [2014 Texas Luxury Home Sales Report](#), luxury home sales in Texas’s four major metros increased more than 35 percent year-over-year. In Austin and Houston in particular, the luxury housing market grew twice as fast as the housing market at large.

Small land sales in Texas were also boosted by the state’s economic growth. The [2014 Texas Small Land Sales Report](#) released in April reported 4,189 small land sales statewide in 2013.



While Texas’s seven regions are home to a diverse scope of land characteristics and thus land uses, most homebuyers use small land purchases – which have a statewide median tract size of 20 acres – for ranchettes, vacation homes and other recreational uses.

However, the fastest-growing housing type for Texas in 2014 was condominium and townhome sales.

As reported by the Texas Quarterly Housing Reports for [Q1-2014](#), [Q2-2014](#) and [Q3-2014](#), low housing inventory levels and rising home prices has driven demand for all housing types. Condos are significantly less expensive than single-family homes and allow Texas homebuyers to live closer to where they work and play, particularly in Texas's urban centers.

Condominium and townhome sales in Texas's four major metros saw an average 10.5 percent increase in the first half of 2014 compared to the same time period in 2013. Indicative of the growing demand for that housing type, condos also spent significantly less time on the market – an average of 14 fewer days in Austin, Dallas, Houston and San Antonio.

★ **6,681**

Total condos sold in Texas for the first five months in 2014.

▲ **10.5 Percent**

Average condo sales growth in Texas for the first five months of 2014 compared to the same time period in 2013.

▼ **17.5 Percent**

Average decline of the amount of time condos spent on the market.

While housing demand in Texas remains at an all-time high, low housing inventory levels in markets throughout the state have prevented Texas from seeing the double-digit home sales increases that occurred in 2013.

Statistic	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	YoY % Change
Sales (units)	80,359	61,516	55,466	81,366	80,851	0.61 %
>>>>QoQ % Change		-23.44 %	-9.83 %	46.69 %	-0.63 %	
Median Price	176,800	172,500	173,000	187,300	188,900	6.84 %
>>>>QoQ % Change		-2.43 %	0.28 %	8.26 %	0.85 %	
Avg Price	229,938	225,194	224,558	245,828	243,548	5.91 %
>>>>QoQ % Change		-2.06 %	-0.28 %	9.47 %	-0.92 %	
Mo. Inventory	4.00	3.60	3.40	3.60	3.70	-7.50 %
>>>>QoQ % Change		-10.00 %	-5.55 %	5.88 %	2.77 %	

Texas home prices continue to rise steadily, increasing between five and 10 percent during the year. However, housing development picked up significantly in 2014, providing the Texas housing market with much-needed housing stock. As a result, monthly housing inventory statewide and in Texas’s major cities increased on a quarterly basis for the first time in three years in Q2-2014, a trend that largely continued in Q3-2014.

While it will be some time before Texas has enough housing inventory to meet demand – and inventory levels remain well below the Real Estate Center at Texas A&M University’s level of 6.5 months inventory as a balanced market – this slow rise in housing stock bodes well for increased home sales growth in 2015.

As lending standards remained strict and home prices continued to rise throughout Texas, the highest share of homebuyers continued to be married couples.

As reported by the [2014 Texas Homebuyers and Sellers Report](#), dual income families are much more likely to be able to afford a home than first-time or single homebuyers. In Texas, the number of married homebuyers increased from 69 percent to 71 percent year-over-year in 2013.



At the same time, a significant portion of Texas homeowners have opted to stay in their current homes to hold onto low mortgage interest rates secured during the recession and to avoid having to enter a competitive homebuying market. Thus, it's no surprise that remodeling projects have become increasingly popular and profitable among Texas homeowners.

Remodeling trends were consistent across the state with all five major Texas markets demonstrating that smaller, functional remodeling projects or projects that boosted a home's curb appeal yielded greater increases in recoup costs than upscale, luxury projects.

