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REAL ESTATE

HOUSTON REAL ESTATE MARKET UPDATE

LOWER INTEREST RATES HELP AREA HOME SALES TO REACH RECORD NUMBERS IN NOVEMBER

The Houston Housing Market:

- 1) According to the latest monthly report from the Houston Association of REALTORS® (HAR), November became the 5th consecutive month of positive home sales in the Houston MSA, with 6,395 units sold compared to 6,170 a year earlier, a 3.6% increase in volume. On a year-to-date basis, single-family home sales in the greater Houston area are **4.1% ahead of last year's record volume**.
- 2) The median price of a single-family home (the figure at which half of the homes sold for more and half sold for less) inched up 2.5% to \$240,900 in November, while the average price also rose by 1.1% to \$297,831. Despite these record prices, pricing increases in general have shown moderation as the end of the year draws to a close.
- 3) Total dollar volume for the month of November increased by 3.4% to \$2.2 Billion.
- 4) Homes in the \$250,000 to \$500,000 climbed **12.5% year-over-year** in November while homes in the \$500,000 to \$750,000 range increased by 5.2% year-over-year, demonstrating continued strength across the board.
- 5) Days on Market (DOM) for single-family homes was at 59 compared to 60 last November.
- 6) "The end of the year typically brings a slower pace of home sales, so we welcome another month of gains and attribute it to continued low interest rates in a market that has added more than 80,000 jobs over the past year, according to the Texas Workforce Commission," said HAR Chair Shannon Cobb Evans with Better Homes and Gardens Real Estate Gary Greene.
- 7) Single-family home inventory held steady at 3.8 months supply in November. This marks the first time this year that there has been no increase in the supply of homes; however, it is not uncommon to see fewer homes listed during the holiday months. The national housing inventory stood at 3.9-months supply for November, according to NAR. According to the **Texas A&M Real Estate Center**, to reach/maintain a balanced housing market, there needs to be 6.5 months of inventory.

The Houston Economy:

- 1) The Houston area MSA created 80,400 jobs in the 12 months ending October 2019, according to data released by the Texas Workforce Commission (TWC). Nonfarm payroll employment was 3,172,000 in October, up from 3,165,600 in September.
- 2) Houston's unemployment rate was **3.5%** in October, down from 3.9% in October of last year. The Texas unemployment rate continued its five-month low in October at **3.4%** down from 3.7% a year prior, while the national rate stood at 3.6% in October, down from 3.8% this same time last year.
- 3) **The Texas Workforce Commission** reported that Texas employers added 297,100 jobs over the year. Total nonfarm annual employment growth was at 2.4% in October and has held at or above 2.0% since February 2018. "Thanks to the hard work of Texas businesses our state's vast economy continues to thrive with employers adding over 290,000 jobs in the last year," said TWC Commissioner Representing Employers Aaron Demerson "By continuing to support local businesses, we can ensure our industries continue to flourish and set new records."
- 4) The U.S. Bureau of Labor Statistics reports that the average hourly wage was 3.0% higher in October 2019 than a year prior. Higher wages, and lower mortgage rates affect consumer behaviors. As we see with increased home sales, total consumer purchases also increased by 3.9% compared to September 2018 and in a July Gallup Poll 53% of respondents described economic conditions as 'excellent' or 'good.' This continued optimism is important for housing and overall economic growth.
- 5) The greater Houston area continues to lead the nation in the number of residential building permits issued to developers. Year to date as of July 2019, the Houston MSA saw **36,073** permits issued — nearly 20 times the 1,843 permits issued in the average metropolitan area. The report included both multifamily units and single-family homes in its calculation of residential building permits. With inventory low and demand high for new single family construction, Houston is still on track to lead the nation in permits well into the New Year.

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CBA LAND CAPITAL
281.602.0600
www.CBALandCapital.com

CONNOR INVESTMENT REAL ESTATE
713.535.2257
www.ConnorInv.com

