

APRIL 2022

HOUSTON REAL ESTATE MARKET UPDATE

RISING INTEREST RATES AND LIMITED INVENTORY DON'T STOP HOUSTON AREA SALES FROM INCREASING IN MARCH.

Undaunted by rising mortgage interest rates and a record low supply of homes across Greater Houston, buyers kept the Houston MSA real estate market humming in March.

The Houston Housing Market:

New Home Sales - John Burns Real Estate Consulting (JBREC) reported that sales of new single-family housing (measured in trailing 12 months) in the Houston area increased by 10.0% year-over-year from 39,128 new home closings to 42,996 in February 2022.

JBREC also reports the median price - the figure at which half of the homes sold for more and half sold for less - for new single-family homes was \$316,000 in February 2022, up 14.0% over a year ago.

Existing Home Sales - According to the latest monthly report from the [Houston Association of REALTORS®](#) (HAR), existing single-family home sales for March 2022 rose 4.1% to 9,693 from 6,309 a year prior. Year to date the market is running 10.8% ahead of last year's record pace.

The average price of a single-family home rose 11.4% to \$410,923 in March and the median price jumped 15.5% to \$335,000. This is the first time that average pricing for a single-family home in Houston has surpassed \$400,000.

The total active listings of single-family homes in the Houston area decreased by 2.1% year-over-year to 20,923 active listings in March 2022

Single-family home inventory was unchanged at 1.3-months supply from March 2021 to March 2022. In the past 12 months, the highest inventory level the Houston MSA has seen was a 1.8-months supply in August 2021. Housing inventory nationally stands at a 1.6-months supply, according to the latest report from the National Association of Realtors (NAR).

When looking at single-family home pending sales, this number grew 3.8% year-over-year to be 10,616 pending sales in March 2022.

Homes priced between \$500,000 and \$1 million led the way in sales for the month, registering a 36.1 percent year-over-year gain. The \$250,000 to \$500,000 housing segment came in second place, climbing 24.0 percent.

That was followed by the luxury market - consisting of homes priced at \$1 million and above - which increased 16.0 percent.

An ongoing shortage of available homes below \$250,000 is pushing consumers to shop for higher-priced homes or to lease. Meanwhile, mortgage rates, which topped 5 percent last week for the first time in years.

"We are experiencing unprecedented market conditions in Houston with a frenetic pace of homebuying despite limited inventory, rising prices and steadily climbing interest rates," said HAR Chair Jennifer Wauhob with Better Homes and Gardens Real Estate Gary Greene. "This is taking place amid a backdrop of continued supply chain problems and rising prices for everything from gasoline to groceries, which only adds to consumer pressures. We expect to see buyers start to pull back a bit until conditions stabilize, if indeed they do."

The Houston and Texas Economy:

In March, the seasonally adjusted Texas unemployment rate was 4.4%, a 2.0% decrease from March 2021 when the unemployment rate was 6.4%.

According to the [Texas Workforce Commission](#), Texas added 30,100 total nonagricultural jobs over the month. For the month, the state reached another record employment level with nonfarm jobs reaching 13,207,600 in March 2022. Since March 2021, Texas has added a total of 731,600 positions.

"Texas continues to add jobs month after month, meaning more career opportunities for our Texas workforce," said TWC Commissioner Representing Labor Julian Alvarez. "From registered apprenticeship programs designed to fill high-demand job openings to child care resources for families and providers, TWC continues to offer tools and resources to help our workforce succeed at advancing in their careers."

NEW HOME SALES	FEB 2021	FEB 2022	CHANGE
NEW HOME SALES (TTM)	39,128	42,996	10.0%
NEW HOME MEDIAN SALES PRICE	\$277,100	\$316,000	14.0%
EXISTING HOME SALES	MARCH 2021	MARCH 2022	CHANGE
TOTAL ACTIVE LISTINGS	21,365	20,923	-2.1%
SINGLE-FAMILY HOME SALES	9,309	9,693	4.1%
SINGLE-FAMILY AVG. SALES PRICE	\$368,971	\$410,923	11.4%
SINGLE-FAMILY MEDIAN SALES PRICE	\$290,000	\$335,000	15.5%
SINGLE-FAMILY MONTHS INVENTORY*	1.3	1.3	unchanged
SINGLE-FAMILY PENDING SALES	10,226	10,616	3.8%

*Months inventory estimates the number of months it will take to deplete current active inventory based on the prior 12 months sales activity.