

JULY 2022

HOUSTON REAL ESTATE MARKET UPDATE

LIMITED INVENTORY CONTINUES TO PUSH PRICES TO NEW HIGHS.

Increasing prices and mortgage rates continue throughout the Houston MSA as sales stay well above historical averages and pre-pandemic numbers.

The Houston Housing Market:

New Home Sales - John Burns Real Estate Consulting (JBREC) reported that sales of new single-family housing (measured in a trailing 12 months) in the Houston area increased by 1.0% year-over-year from 42,520 new home closings to 42,734 in May 2022.

JBREC also reports the May 2022 median price - the figure at which half of the homes sold for more and half sold for less - for new single-family homes was \$316,800, up 14.0% year-over-year.

Existing Home Sales - According to the latest monthly report from the [Houston Association of REALTORS®](#) (HAR), existing single-family home sales for June 2022 decreased 8.6% to 9,728 sales from 10,649 sales a year prior.

The average price of a single-family home rose 11.0% to \$436,425 in June 2022 and the median price jumped 13.2% to \$355,000 which is noted as the highest median price of all time.

The total active listings of single-family homes in the Houston area increased to 29,344 active listings in June 2022. Single-family home inventory increased by 0.6 months year-over-year from 1.4 months in June 2021 to 2.0 months in June 2022. This is the highest months' supply Houston has seen since November 2020, but still well below 6.0 to 6.5 months of supply necessary for a balanced market.

Pending single-family home sales dipped by 7.7% year-over-year to be 9,181 pending sales in June 2022.

Homes priced between \$500K and \$1M led the way in sales for June 2022, registering a 22.0% year-over-

year gain. Next came homes priced between \$250,000 and \$500,000 with an increase of 2.4% year-over-year. Lastly, the luxury segment, comprised of houses between \$500,000 and \$1M, saw a decline for the first time in 2 years, decreasing by 2.3%.

Although we saw a decrease of single-family home sales in June, when compared historically, sales are substantially ahead of pre-pandemic 2019 numbers. Additionally, for the third consecutive month, the single-family home "Close to Original List Price Ratio" was greater than 100%, coming in at 100.1% for June 2022. This means that most home buyers paid above the list price for homes they purchased, signaling a strong demand for home purchases in that price range.

The Houston and Texas Economy:

In June 2022 the seasonally adjusted Houston unemployment rate was 4.1%, a 0.1% decrease from May 2022.

According to the [Texas Workforce Commission](#), Texas added 82,500 total non-agricultural jobs over the month. In June 2022, the state reached another record employment level with non-farm jobs reaching 13,431,100. Since June 2021, Texas has added a total of 778,700 positions.

"Texas set a new all-time employment record in June by adding 82,500 jobs, the highest monthly jobs increase this year," said TWC Chairman Bryan Daniel. "This type of sustained economic success is only possible when employers and job seekers have maximum opportunities to reach their full potential, and TWC works hard to support those opportunities."

NEW HOME SALES	MAY 2021	MAY 2022	CHANGE
NEW HOME SALES (TTM)	42,520	42,734	1.0%
NEW HOME MEDIAN SALES PRICE	\$277,900	\$316,800	14.0%
EXISTING HOME SALES	JUNE 2021	JUNE 2022	CHANGE
TOTAL ACTIVE LISTINGS	23,024	29,344	27.4%
SINGLE-FAMILY HOME SALES	10,649	9,728	-8.6%
SINGLE-FAMILY AVG. SALES PRICE	\$393,279	\$436,425	11.0%
SINGLE-FAMILY MEDIAN SALES PRICE	\$313,500	\$355,000	13.2%
SINGLE-FAMILY MONTHS INVENTORY*	1.4 months	2.0 months	0.6 months
SINGLE-FAMILY PENDING SALES	9,951	9,181	-7.7%

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