

**AUGUST 2023**

## **HOUSTON REAL ESTATE MARKET UPDATE**

### **THE HOUSTON MSA HOUSING MARKET SEES STABILIZATION HEADING INTO THE FALL.**

#### **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 decreased 14.0% year-over-year in June 2023 from 42,628 sales to 36,488, as sales decline by the smallest amount in over a year.

JBREC also reports the June 2023 median price – the figure at which half of the homes sold for more and half sold for less – for new single-family homes was \$313,000, down 1.8% year-over-year.

Although homebuilders continue to struggle with higher construction costs and limited land to build on, a survey released from the National Association of Home Builders revealed that the lack of inventory in the existing home market continues to boost home builder sentiment. Due to a tight housing market for existing homes, the demand for new home construction continues as home buyers seek more options. While the number of permit applications has significantly shrunk from the frenzy of applications during the pandemic, permit issuance seems to be returning to the ten-year trend before the pandemic. According to the Texas Real Estate Research Center, Houston had the largest demand for permits with 4,500 issuances in June, maintaining the same level as in May.

**Existing Home Sales** – According to the August report from the [Houston Association of REALTORS®](#) (HAR), existing single-family home sales in July 2023 decreased 8.3% to 9,223 sales from 10,053 sales in July 2022.

The average price of an existing single-family home increased 0.6% to \$428,140 in July 2023, and the median price dropped 2.3% to \$340,000.

The total active listings of single-family homes in the Houston area increased 13.2% to 37,079 active listings in July 2023. Single-family home inventory increased from 2.4 months of supply in July 2022 to 3.2 months in July 2023. This is the largest months supply that the Houston MSA has held since May 2020 when it was 3.3 months.

Pending single-family home sales increased 12.1% year-over-year to 8,447 pending sales in July 2023.

“Each passing month has moved the Houston housing market closer to what we consider normal, with seasonal influences, but consumers are still understandably taking a cautious approach to the home buying process, and many are ultimately choosing to rent,” stated HAR Chair Cathy Treviño with LPT, Realty.

HAR reported the average lease price climbing 3.0 percent to \$2,363 – a record high.

#### **The Houston and Texas Economy:**

According to the Texas Workforce Commission, Texas reached 13,969,100 total non-farm jobs in July 2023, adding 26,300 positions over the month. July 2023 marks the 29th consecutive month of total non-farm employment growth.

“Texas leads the nation in sustainable job growth with more than 2.7 million positions added in the past decade,” remarked TWC Chairman Bryan Daniel. “The Texas economy remains strong, and will continue to provide support through tools and resources for job seekers and employers alike.”

<b>NEW HOME SALES</b>	<b>JUNE 2022</b>	<b>JUNE 2023</b>	<b>CHANGE</b>
NEW HOME SALES (TTM)	42,628	36,488	-14.0%
NEW HOME MEDIAN SALES PRICE	\$318,700	\$313,000	-1.8%
<b>EXISTING HOME SALES</b>	<b>JULY 2022</b>	<b>JULY 2023</b>	<b>CHANGE</b>
TOTAL ACTIVE LISTINGS	32,748	37,079	13.2%
SINGLE-FAMILY HOME SALES	8,256	7,557	-8.5%
SINGLE-FAMILY AVG. SALES PRICE	\$425,378	\$428,140	0.6%
SINGLE-FAMILY MEDIAN SALES PRICE	\$348,125	\$340,000	-2.3%
SINGLE-FAMILY MONTHS INVENTORY*	2.4 months	3.2 months	0.8 months
SINGLE-FAMILY PENDING SALES	7,535	8,447	12.1%

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