

SEPTEMBER 2023

## HOUSTON REAL ESTATE MARKET UPDATE

### HOUSTON MSA HOME INVENTORY INCREASES, PRICES STABILIZE, AND SALES EASE DUE TO HIGHER MORTGAGE RATES.

#### 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 July 2023 from 42,774 sales to 36,689, as sales decline by the same amount as June 2023. New Home Sales have stabilized in the 35,000 to 37,000 annual pace range, which is -20% over pre-covid sales pace.

JBREC also reports the July 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 \$301,400, down 4.1% year-over-year. Builders have countered higher interest rates with smaller homes and lower median prices.

As we head into the fall, the Texas New Home Housing Market remains healthy. Per the Texas A&M Real Estate Research Center, the market share of new construction sales continues to grow. Within one year, new construction sales own a share that rose from 15.2% to more than 20.0% of all home sales, indicating that for every five closed listings, one is a new home. Existing homeowners, with locked-in, low mortgage rates, continue to hold on to their homes in a tight market, reducing the supply of available existing real estate. This bolsters new home demand, and a growing need for supply.

**Existing Home Sales** – According to the August report from the [Houston Association of REALTORS®](#) (HAR), existing single-family home sales in August 2023 decreased 4.3% to 9,780 sales from 10,224 sales in August 2022. When comparing to a pre-pandemic market, August closings are 8.0% below the August 2019 total of 8,673. Higher mortgage rates and home prices have slowed overall activity.

The average price of an existing single-family home increased 2.5% to \$420,124 in August 2023, and the median price dropped 0.3% to \$339,000.

The total active listings of single-family homes in the Houston area increased 14.8% to 38,439 active listings in August 2023. Single-family home inventory increased from 2.4 months of supply in August 2022 to 3.3 months in August 2023. This is the largest months supply that the Houston MSA has held since May 2020 when it was also 3.3 months.

Pending single-family home sales increased 2.2% year-over-year to 7,842 pending sales in August 2023.

“While some of the August numbers for the Houston housing market were in negative territory, they are part of a gradual return to normalcy from pandemic-era trends that were unsustainable,” said HAR Chair Cathy Treviño with LPT, Realty.

#### The Houston and Texas Economy:

According to the Texas Workforce Commission, Texas reached 13,979,100 total non-farm jobs in August 2023, adding 16,700 positions over the month. **August 2023 marks the 30th consecutive month of total non-farm employment growth, and the 23rd consecutive series-high level.**

“Our world-class Texas workforce has grown by more than 400,000 jobs over the last year, thanks largely to the energizing job creation by our private-sector employers,” said TWC Commissioner Representing Employers Aaron Demerson. “This continued growth highlights TWC’s unwavering commitment to fostering collaboration and building partnerships with Texas employers across the state.”

<b>NEW HOME SALES</b>	<b>JULY 2022</b>	<b>JULY 2023</b>	<b>CHANGE</b>
NEW HOME SALES (TTM)	42,774	36,689	-14.0%
NEW HOME MEDIAN SALES PRICE	\$314,400	\$301,400	-4.1%
<b>EXISTING HOME SALES</b>	<b>AUGUST 2022</b>	<b>AUGUST 2023</b>	<b>CHANGE</b>
TOTAL ACTIVE LISTINGS	33,491	38,439	14.8%
SINGLE-FAMILY HOME SALES	8,301	7,983	-3.8%
SINGLE-FAMILY AVG. SALES PRICE	\$409,785	\$420,124	2.5%
SINGLE-FAMILY MEDIAN SALES PRICE	\$340,000	\$339,000	-0.3%
SINGLE-FAMILY MONTHS INVENTORY*	2.4 months	3.3 months	0.9 months
SINGLE-FAMILY PENDING SALES	7,674	7,842	2.2%

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