

OCTOBER 2023

## HOUSTON REAL ESTATE MARKET UPDATE

### SEPTEMBER BRINGS MODERATED PRICING AND INCREASED INVENTORY TO THE HOUSTON MSA REAL ESTATE MARKET.

#### 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 15.0% year-over-year in August 2023 from 42,838 sales to 36,250 sales.

JBREC also reports the August 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 \$294,800, down 10.3% year-over-year. It is typical for the housing market to slow in the fall and winter.

August marked a positive month for the Texas residential real estate market. Per the Texas A&M Real Estate Research Center's Texas Housing Insight Report, the demand for new construction housing continues to grow. The report states that "...the market share of new construction sales climbed five percentage points to 21.7 percent." Contributing to this increasing demand for new homes is "...current owners' reluctance to give up their homes in exchange for a higher-cost home," bolstering a growing need for supply.

**Existing Home Sales** - According to the September report from the [Houston Association of REALTORS®](#) (HAR), existing single-family home sales in September 2023 decreased 10.9% to 6,886 sales from 7,728 sales in September 2022. When compared to a pre-pandemic market, September 2023 closings are just 2.3% below the September 2019 total of 7,050.

The average price of an existing single-family home increased 0.8% to \$416,664 in September 2023, and the median price dropped 2.2% to \$333,000.

The total active listings of single-family homes in the Houston area increased 13.7% to 39,632 active listings in September 2023. Single-family home inventory increased from 2.6 months of supply in September 2022 to 3.5 months in September 2023. This is the largest months supply that the Houston MSA has held since November 2019 when it was 3.6 months.

Pending single-family home sales increased 1.2% year-over-year to 6,676 pending sales in September 2023.

#### The Houston and Texas Economy:

According to the Texas Workforce Commission, Texas reached 14,049,400 total non-farm jobs in September 2023, adding 61,400 positions over the month. **September 2023 marks the 31st consecutive month of total non-farm employment growth, and the 24th consecutive series-high level.**

"The Texas economy continues to grow, exceeding 14 million jobs for the first time," said Texas Workforce Commission (TWC) Chairman Bryan Daniel. "TWC supports this continuous job growth through a number of programs designed to ensure the Texas workforce continues to meet the needs of Texas employers."

Fannie Mae's forecast suggests that 30-year mortgage rates will fall into the 6.7% to 7.1% range in 2024, while NAR believes rates will stick closer to 6%. The MBA forecast predicts that 30-year mortgage rates will drop to 6.1% by the end of 2024.

<b>NEW HOME SALES</b>	<b>AUGUST 2022</b>	<b>AUGUST 2023</b>	<b>CHANGE</b>
NEW HOME SALES (TTM)	42,838	36,250	-15.0%
NEW HOME MEDIAN SALES PRICE	\$328,500	\$294,800	-10.3%
<b>EXISTING HOME SALES</b>	<b>SEPTEMBER 2022</b>	<b>SEPTEMBER 2023</b>	<b>CHANGE</b>
TOTAL ACTIVE LISTINGS	33,859	39,632	13.7%
SINGLE-FAMILY HOME SALES	7,728	6,886	-10.9%
SINGLE-FAMILY AVG. SALES PRICE	\$413,345	\$416,664	0.8%
SINGLE-FAMILY MEDIAN SALES PRICE	\$340,350	\$333,000	-2.2%
SINGLE-FAMILY MONTHS INVENTORY*	2.6 months	3.5 months	0.9 months
SINGLE-FAMILY PENDING SALES	6,594	6,676	1.2%

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