

HOUSTON REAL ESTATE MARKET UPDATE

HOUSTON MSA HOME SALES TAKE A DIP IN MARCH AS INVENTORY STILL REMAINS BELOW A BALANCED 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 6.0% year-over-year in February 2024 from 40,281 sales to 38,062 sales.

JBREC also reports the February 2024 median price for new single-family homes was \$298,000, decreasing 7.0% year-over-year. Builders continue to moderate median pricing by adjusting house floor plans and finishes.

The Houston Business Journal reports since mortgage interest rates have been spiking, there has been a growing demand for new homes, as many existing homeowners hesitate to sell because they are locked into their lower rates. Ben Caballero, founder and CEO of HomesUSA.com, says new homes are still selling better than existing houses because builders have more flexibility in facing the headwinds of higher interest rates. For example, they can offer incentives, such as to buy down the mortgage rate, pay for closing costs or offer agents higher commissions.

Existing Home Sales – According to the March report from the [Houston Association of REALTORS®](#) (HAR), existing single-family home sales in March 2024 decreased 7.0% to 8,939 sales from 9,611 sales in March 2024.

The average price of an existing single-family home increased 1.3% to \$412,464 in March 2024, and the median price increased 1.6% to \$330,000.

“We’re seeing a spring cleaning of sorts in the housing market,” said HAR Chair Thomas Mouton with Century 21 Exclusive. “The rise in active listings indicates more homeowners are testing the waters and putting their properties on the market, but some buyers may be taking a cautious approach due to continued interest rate fluctuations.”

The total active listings of single-family homes in the Houston area increased 26.1% to 41,070 active listings in March 2024. Single-family home inventory increased from 2.6 months of supply in March 2023 to 3.5 months in March 2024. In a balanced market, there would typically be about 6 months of inventory.

Matthew Walsh, Moody’s Analytics housing economist, told Newsweek, “On the supply side, a lean inventory of homes for sale is making it difficult for the buyers that remain in the market to find a home.”

Pending single-family home sales increased 4.9% year-over-year to 8,741 pending sales in March 2024.

The Houston and Texas Economy:

According to the Texas Workforce Commission’s April Press Release, Texas’ seasonally adjusted job count reached 14,115,700 after 19,100 jobs were added over the month in March, reflecting growth in 45 of the last 47 months.

The release goes on to say that Texas led the nation with the largest absolute over-the-year increase in total nonfarm employment, which grew by 270,700 jobs from March 2023 to March 2024. This represents a 2.0 percent annual growth rate in Texas, which outpaced the U.S. growth rate by 0.1 percentage points.

“Texas continues to be a top place for growth and economic success with thousands of jobs added by employers in March,” said TWC Chairman Bryan Daniel. “Our world class workforce of talented Texans attracts employers from many expanding industries.”

| NEW HOME SALES | FEBRUARY 2023 | FEBRUARY 2024 | CHANGE |
|----------------------------------|----------------------|----------------------|---------------|
| NEW HOME SALES (TTM) | 40,281 | 38,062 | -5.5% |
| NEW HOME MEDIAN SALES PRICE | \$320,500 | \$298,000 | -7.0% |
| EXISTING HOME SALES | MARCH 2023 | MARCH 2024 | CHANGE |
| TOTAL ACTIVE LISTINGS | 32,557 | 41,070 | 26.1% |
| SINGLE-FAMILY HOME SALES | 7,926 | 7,334 | -7.5% |
| SINGLE-FAMILY AVG. SALES PRICE | \$407,015 | \$412,464 | 1.3% |
| SINGLE-FAMILY MEDIAN SALES PRICE | \$324,870 | \$330,000 | 1.6% |
| SINGLE-FAMILY MONTHS INVENTORY* | 2.6 months | 3.5 months | 0.9 months |
| SINGLE-FAMILY PENDING SALES | 8,332 | 8,741 | 4.9% |

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