

JULY 2024

HOUSTON REAL ESTATE MARKET UPDATE

HOUSTON MSA SEES INCREASE IN NEW HOME SALES AND INVENTORY HEATS UP WITH SUMMER TEMPERATURES.

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** 2.0% year-over-year in May 2024 from 38,292 sales to 39,040 sales.

JBREC also noted the May 2024 median price for new single-family homes was \$302,100, a decrease of 5.4% year-over-year.

According to Zonda Economics, "The good news is that the consensus among five top forecasting firms, including Zonda, is that mortgage rates are more likely to decrease than increase over the next 18 months." Additionally, "Builders are responding by increasing the dollar amount of incentives offered and by being more aggressive with mortgage rate buydowns."

John Burns reports that if buyers valued new and resale homes equally, existing home prices would need to drop by -15% to compete with a builder who buys down the mortgage rate from 7% to 5.5%. According to research by the New Home Trends Institute, young consumers tend to believe new construction homes are a better value than resale homes as resale homes are often less desirable than new construction due in part to new homes coming with warranties and more efficient appliances and incentives.

Existing Home Sales - According to the June report from the [Houston Association of REALTORS®](#) (HAR), existing single-family home sales in June 2024 decreased 11.6% to 7,718 sales from 8,729 sales in June 2023.

The average price of an existing single-family home increased 0.8% to \$432,090 in June 2024, and the median price increased 0.7% to \$345,500.

The report goes on to state that, "Months of inventory expanded from a 3.0-months supply last June to 4.3 months, which is the highest since October 2012 when there was a 4.4-months supply. Housing inventory nationally stands at a 3.7-months supply, according to the latest report from the National Association of Realtors (NAR)."

The total active listings of single-family homes in the Houston area increased 33.8% to 47,563 active listings in June 2024. Single-family home inventory increased from 3.0 months of supply in June 2023 to 4.3 months in June 2024. According to the National Association of Realtors, a balanced market falls between 4.0 - 6.0 months of inventory.

Pending single-family home sales increased 8.4% year-over-year to 8,478 pending sales in June 2024.

The Houston and Texas Economy:

According to the Texas Workforce Commission's July press release, Texas' civilian labor force reached a new record high in June, marking the sixth consecutive month of growth. Texas' seasonally adjusted civilian labor force achieved a new high of 15,311,500 in June 2024.

The press release goes on to state that Texas' nonfarm job count grew by 267,400 positions since June 2023. This reflected a 1.9% annual growth rate, which outpaced the nation by 0.2%.

"Our civilian labor force of 15.3 million people in Texas continues to prosper and break records each month," said TWC Commissioner Representing Labor Alberto Treviño III. "TWC and our workforce boards offer guidance and training to help Texans find job opportunities and pursue rewarding career paths."

NEW HOME SALES	MAY 2023	MAY 2024	CHANGE
NEW HOME SALES (TTM)	38,292	39,040	2.0%
NEW HOME MEDIAN SALES PRICE	\$319,500	\$302,100	-5.4%
EXISTING HOME SALES	JUNE 2023	JUNE 2024	CHANGE
TOTAL ACTIVE LISTINGS	35,556	47,563	33.8%
SINGLE-FAMILY HOME SALES	8,729	7,718	-11.6%
SINGLE-FAMILY AVG. SALES PRICE	\$428,790	\$432,090	0.8%
SINGLE-FAMILY MEDIAN SALES PRICE	\$343,000	\$345,500	0.7%
SINGLE-FAMILY MONTHS INVENTORY*	3.0 months	4.3 months	1.3 months
SINGLE-FAMILY PENDING SALES	7,820	8,478	8.4%

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