

Texas Annual Housing Report

2016 Edition

Release date: Dec. 1, 2016

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About the Texas Annual Housing Report

The Texas Annual Housing Report is a recap of all market research reports distributed by the Texas Association of Realtors each year. The 2016 edition includes insights from the [Texas International Homebuyers Report](#), [Texas Luxury Home Sales Report](#), [Texas Small Land Sales Report](#), [Texas Remodel Valuation Report](#), [Texas Condominium Mid-Year Sales Report](#), [Texas Homebuyers and Sellers Report](#), and 2016 Texas Quarterly Housing Reports for [Q1](#), [Q2](#) and [Q3](#).

About the Texas Association of REALTORS®

With more than 110,000 members, the Texas Association of REALTORS® is a professional membership organization that represents all aspects of real estate in Texas. We advocate on behalf of Texas REALTORS® and private-property owners to keep homeownership affordable, protect private-property rights, and promote public policies that benefit homeowners. Visit TexasRealEstate.com to learn more.



Executive Summary

The last 12 months of market research reports released by the Texas Association of REALTORS® showed an increasing diversity in the demand for Texas real estate, both in the types of real estate in demand as well as Texas homebuyers.

Despite slowing job growth throughout the year and a downturn in the state's energy sector, Texas home sales volume continues to outpace 2015 levels. The Texas Quarterly Housing Reports released this year show that the Texas housing market is currently on pace to surpass 2015 as the highest home sales volume in the state's history.

Diversifying Demand Among Texas Homebuyers

First-time homebuyers are a growing driver of the Texas housing market. According to the Texas Homebuyers and Sellers Report, nearly one in three (30 percent) Texas homebuyers are first-time homebuyers. In addition, the report showed that twice as many single women purchased a home than single men in Texas.

The demand for Texas real estate continues to grow across the globe as well, with international homebuyers contributing more than \$10 billion to the Texas economy. According to the Texas International Homebuyers Report, Texas homes are being purchased by as many international homebuyers from Asia (namely China and India) as from Latin America (including Mexico). Texas had more homebuyers from India than any other state, with one in five international homebuyers from India purchasing a home in Texas.

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Diversifying Demand Among Texas Real Estate

Some homebuyers – particularly urban millennials and Baby Boomer retirees – are looking for more affordable alternatives to a traditional single-family home that requires less upkeep. This has led to an increasing demand for condominiums throughout the state. The 2016 Texas Condominium Mid-Year Sales Report showed double-digit growth in both condo sales volume and prices in four of Texas' five major metropolitan areas for the first half of 2016.

Texas continues to outpace the national housing market in new home sales activity. According to the Texas Homebuyers and Sellers Report, 30 percent of homes purchased in Texas were new homes, up two percentage points from 2015 (compared to only 14 percent nationally).

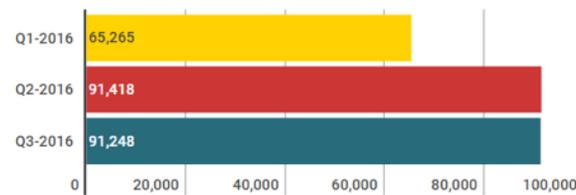
Despite a downturn in the oil and gas market, the volume of luxury home sales also experienced significant growth throughout Texas in 2016. The types of \$1M+ homes available throughout the state continue to diversify, including lakeside properties in Austin, homes with large acreage in the Permian Basin and coastal properties along the Gulf Coast.

Finally, small land sales were the highest-performing segment of the Texas housing market, with small land sales volume increasing nearly 19 percent year over year. With a variety of land uses across the state – from ranchettes to getaway properties to agricultural and ranching operations – Texas families are increasingly viewing small land purchases as a wise investment strategy.

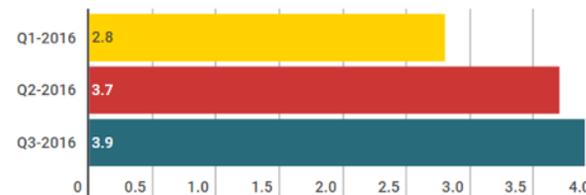
Home remodeling and renovation projects continue to yield strong returns for Texas homeowners. The Texas Remodel Valuation Report showed that projects that increase a home's sustainability, energy efficiency and curb appeal often yield higher recoup costs than project costs.

Both Texas home sales and home prices continued to rise throughout 2016 as a result of continued population growth and strong housing demand throughout the state. Despite slowing job growth and continued economic effects from the recent downturn in the energy sector, 2016 is currently on pace to surpass 2015 as the highest annual home sales volume in Texas history.

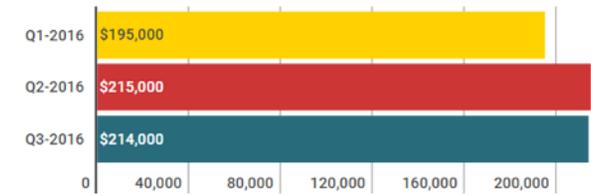
Texas Home Sales Q1-2016 - Q3-2016



Texas Housing Inventory Q1-2016 - Q3-2016



Texas Median Price Q1-2016 - Q3-2016



According to the Texas Quarterly Housing Reports for [Q1-2016](#), [Q2-2016](#) and [Q3-2016](#), 247,931 homes were sold in Texas in the first three quarters of 2016. In Q2-2016, Texas home sales volume hit a quarterly all-time high with 91,418 home sales.

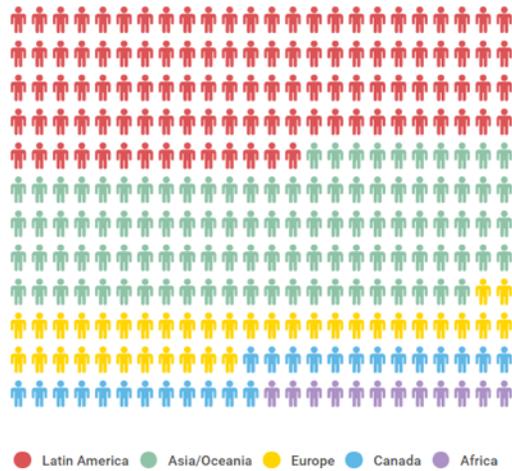
The median price for Texas homes remained near or above \$200,000 throughout the year, peaking at \$215,000 in Q2-2016. According to the Real Estate Center at Texas A&M University (Real Estate Center), rising land and development costs have made it difficult for developers to build new homes under \$200,000 – typically an affordable price range for entry-level homebuyers – throughout the state.

Housing inventory levels continued to remain low throughout Texas in 2016, reaching an all-time low of 2.8 months in the first quarter of 2016.

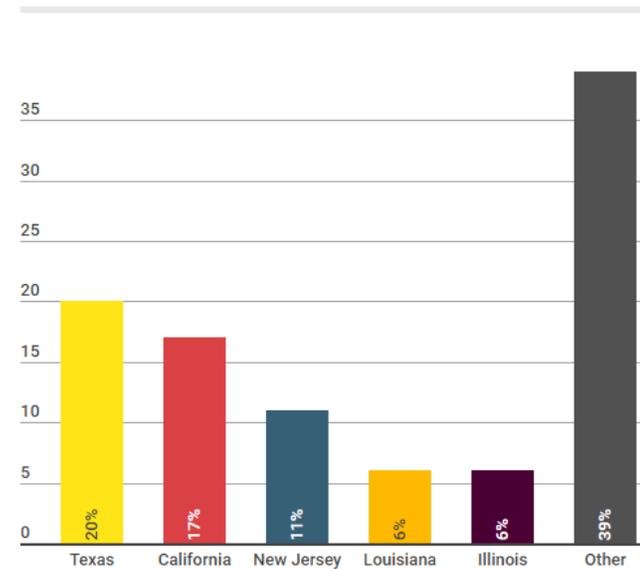
The demand for Texas real estate continued to grow among international homebuyers from around the world, particularly in Asia. According to the [Texas International Homebuyers Report](#), international homebuyers contributed more than \$10 billion to the Texas economy from April 2015 to March 2016.

Texas drew nearly equal percentages of homebuyers from Latin America (including Mexico) and Asia (including China and India). Thirty-four percent of international homebuyers in Texas were from Asia, while 36 percent of homebuyers were from Latin America.

International clients who purchased homes in Texas April 2015 - March 2016



Major destinations of foreign buyers from India



Texas had the highest volume of homebuyers from India among all U.S. states from April 2015 to March 2016, with one in five Indian homebuyers in the U.S. purchasing a home in Texas.

The demand for Texas real estate continued to diversify by housing type as well, with condominium sales in Texas' four major metropolitan areas experiencing a significant year-over-year increase in the first half of 2016.

According to the [Texas Condominium Mid-Year Sales Report](#), condos are often a more affordable alternative to single-family homes that require significantly less upkeep and offer closer access to amenities.

This low-maintenance style of living is increasingly popular among Baby Boomer retirees and young professionals in Texas' major metropolitan areas.

Due to this rising demand, the median price for condos in Texas experienced double-digit gains

Existing condos and townhomes are often in higher demand than new developments, as rising development costs make new condos and townhomes significantly more expensive than existing units.



7,238

Total condos sold in Dallas, Houston, Austin and San Antonio for the first five months of 2016.



7.6 Percent Increase

Average condo sales volume growth in Texas for the first five months of 2016 compared to the same time period in 2015.



2,531

Total townhomes sold in Dallas, Houston, Austin and San Antonio for the first five months of 2016.



2.2 Percent Decrease

Average townhome sales volume growth in Texas for the first five months of 2016 compared to the same time period in 2015.

Luxury home sales were among the key drivers for the Texas housing market in 2016. According to the [Texas Luxury Home Sales Report](#), five of Texas' six largest luxury housing markets experienced significant gains in home sales priced \$1 million and higher in the first eight months of the year.

Austin - Round Rock

★ 473

Total number of Austin luxury homes sold from January to August 2016.

▲ 3.1 percent

This is a 3.1 percent increase in luxury home sales from the same time period in 2015.

Houston - The Woodlands - Sugarland

★ 974

Total number of Houston luxury homes sold from January to August 2016.

▼ 7.9 percent

This is a 7.9 percent decrease in luxury home sales from the same time period in 2015.

Midland

★ 16

Total number of Midland luxury homes sold from January to August 2016.

▲ 166.7 percent

This is a 166.7 percent increase in luxury home sales from the same time period in 2015.

Dallas - Fort Worth - Arlington

★ 919

Total number of Dallas-Fort Worth luxury homes sold from January to August 2016.

▲ 1.9 percent

This is a 1.9 percent increase in luxury home sales from the same time period in 2015.

San Antonio - New Braunfels

★ 97

Total number of San Antonio luxury homes sold from January to August 2016.

▲ 11.5 percent

This is an 11.5 percent increase in luxury home sales from the same time period in 2015.

Corpus Christi

★ 16

Total number of Corpus Christi luxury homes sold from January to August 2016.

▲ 60 percent

This is a 60 percent increase in luxury home sales from the same time period in 2015.

Luxury home sales growth throughout Texas has been driven by an influx of higher-end homes on the market following the downturn of the oil and gas market, as well as rising home prices and development costs. In the Austin-Round Rock MSA, the average price per square foot of a luxury home in 2016 was \$345 – higher than any other luxury housing market in Texas.

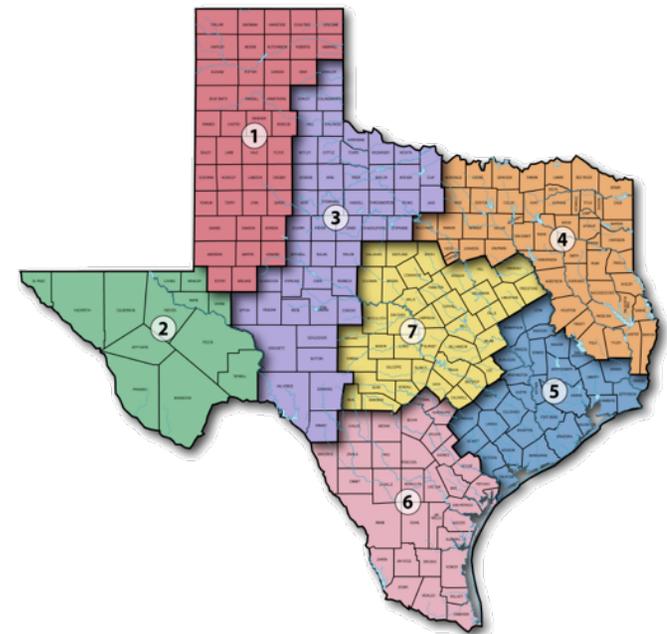
Small land sales were the highest-performing segment of the Texas real estate market, with both small land tract sales and average price per acre experiencing double-digit growth in 2015.

According to the [Texas Small Land Sales Report](#) released in June 2016, Texas small land sales jumped 18.91 percent year-over-year to 6,281 small land sales.

According to the Real Estate Center, Texas land purchases are seen as an increasingly popular investment strategy, as they often yield higher returns than traditional investments. High demand and land sales activity over the last few years has begun to impact the availability of prime land throughout the state.

Texas is home to seven different regions that vary greatly in tract size, land use and terrain. Land usage throughout the state varies from recreational properties, second homes, small farming to large ranching operations, commercial developments and more, underscoring the diversity of Texas real estate.

Small land sales in **Regions One and Two** have traditionally been influenced by agricultural and ranching trends while **Regions Three and Four** are popular for hunting properties and ranchettes. Land parcels in **Region Six** are frequently purchased for urban development. Attractive views and close proximity to three major metropolitan areas make **Regions Five and Seven** ideal for retirement properties and “getaway” properties.



With demand for Texas real estate at an all-time high, sales activity among first-time and single homebuyers continues to increase. The [Texas Homebuyers and Sellers Report](#) showed that thirty percent of homebuyers were first-time homebuyers, while twice as many single women as single men purchased a home (14 percent versus seven percent, respectively). Thirty percent of homes purchased in Texas were new homes, up two percentage points from 2015.

Increasing a home’s sustainability was a popular trend in remodeling and renovation projects for Texas homeowners, according to the [Texas Remodel Valuation Report](#). A growing number of homebuyers in major metropolitan areas throughout Texas are preferring to buy a lower-priced home and remodel it to suit their exact needs, while increasing the home’s curb appeal and energy efficiency.

Each of the metropolitan areas featured in the report – Austin, Dallas, Houston, El Paso, McAllen and San Antonio – had one or more renovation and remodeling projects that recouped 100 percent or more of the initial project costs.

In all markets, fiberglass attic insulation, garage door replacements, steel entry door replacements and manufactured stone veneer projects were among the most valuable remodeling projects. In some markets, these projects recouped more than 160 percent of the total project cost.

Home renovation projects with the highest recoup costs in Texas

