

Finding Shelter: Assessing Texas Residential Real Estate Amid the Oil Slump

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Texas Housing Market 2016

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REAL ESTATE CENTER
TEXAS A & M UNIVERSITY

Macro Housing Issues

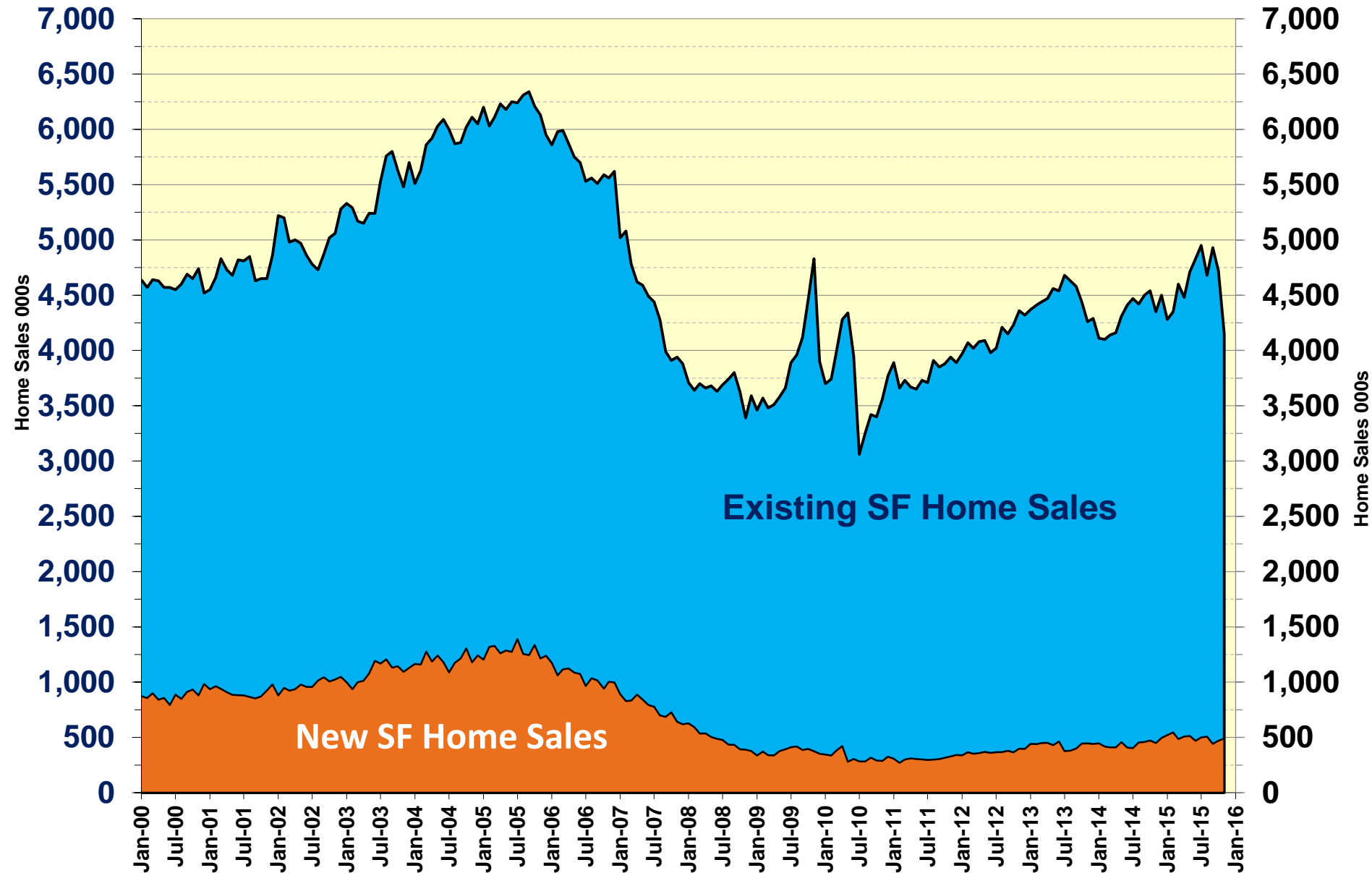
- **Demographics:** growing, shifting
- **Affordability:** workforce priced out of ownership
- **Capital:** more equity
- **Infrastructure:** transportation, education, utilities
- **Development:** Design, Density, Resources and Processes
- **Regulatory:** lending; environmental; land use
 - Federal
 - State
 - Local Growth Controls/Initiatives

National Housing Market

2016 National Housing Market

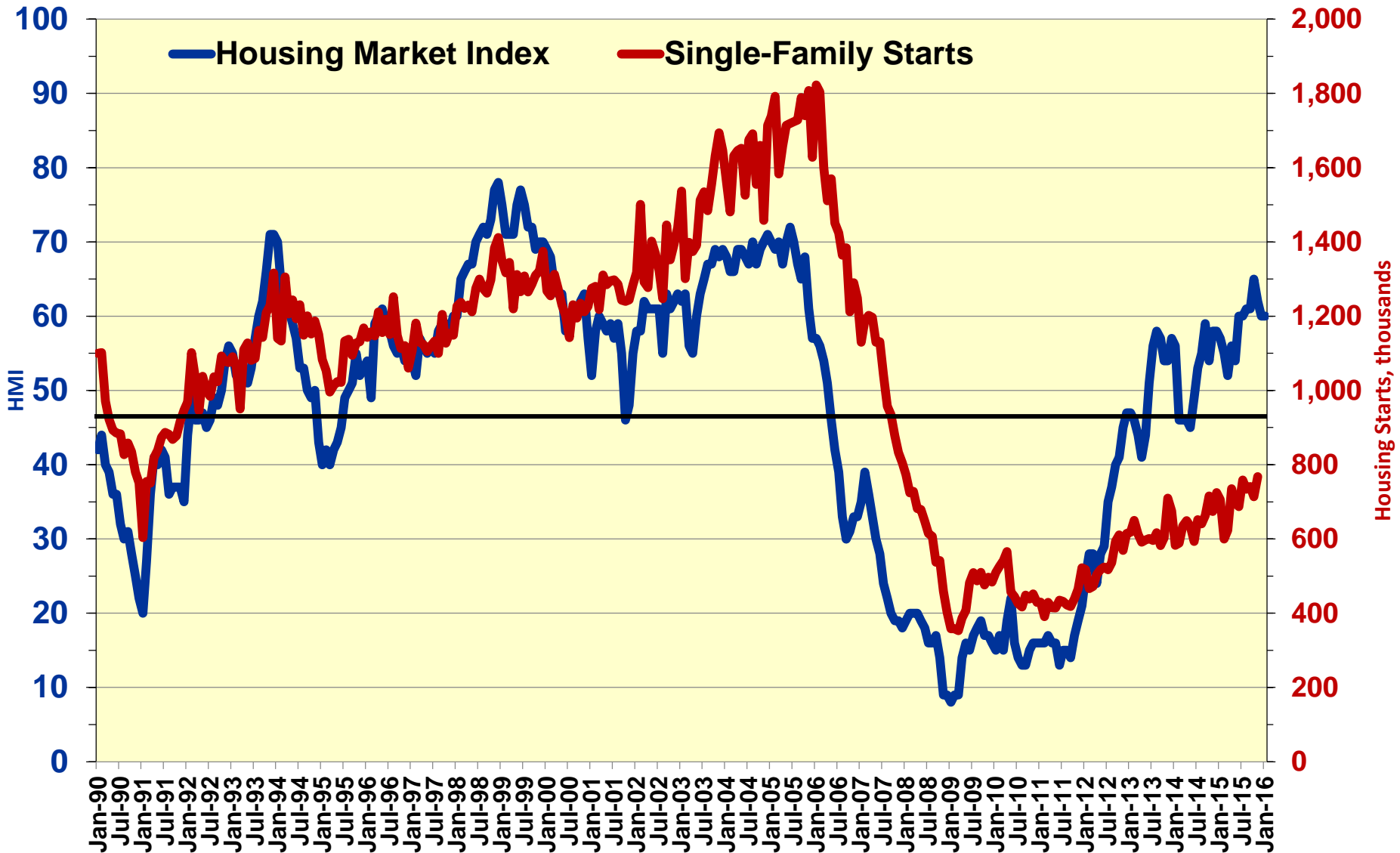
- **Mortgage Rates:** up ~0.5% over the year (4% → 4.5%)
- **Household Formations:** ~1.25 million
- **Rental Market:** tight, low vacancies, higher rents
- **Owner Market:** sales volume and prices up ~5%
 - Increased first-timers, millennials more active
- **Single-family Rental:** organized SF rental market with institutional owners
- **Home Construction:** builders focused on design, density, resources and processes
- **Affordability:** prices and rents increasing faster than incomes – eventual constraint on market

New and Existing SF Home Sales U.S.



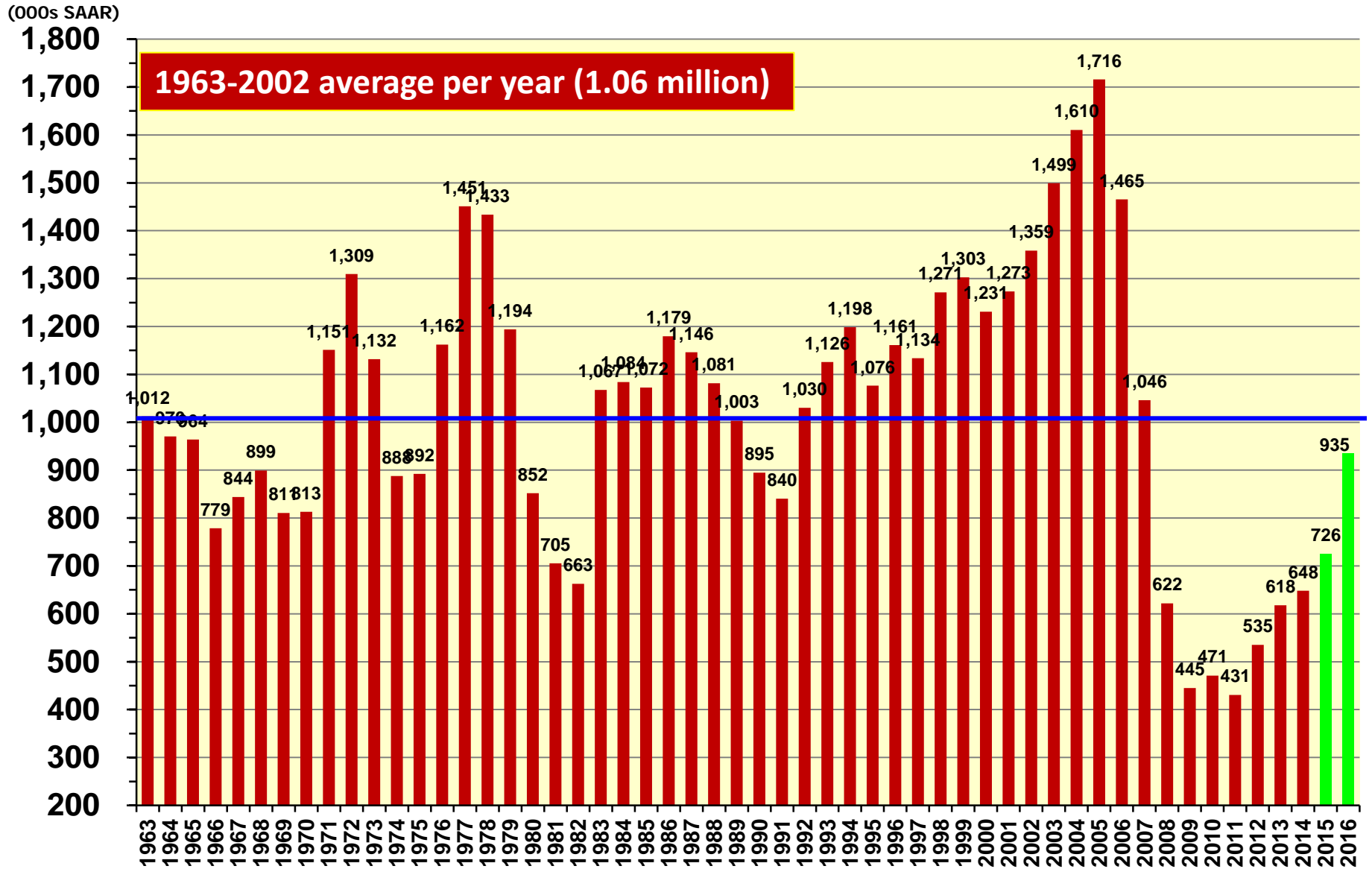
Sources: US Census Bureau, NAR, SAAR

NAHB HMI & SF Starts



Source: NAHB, Real Estate Center at Texas A&M University

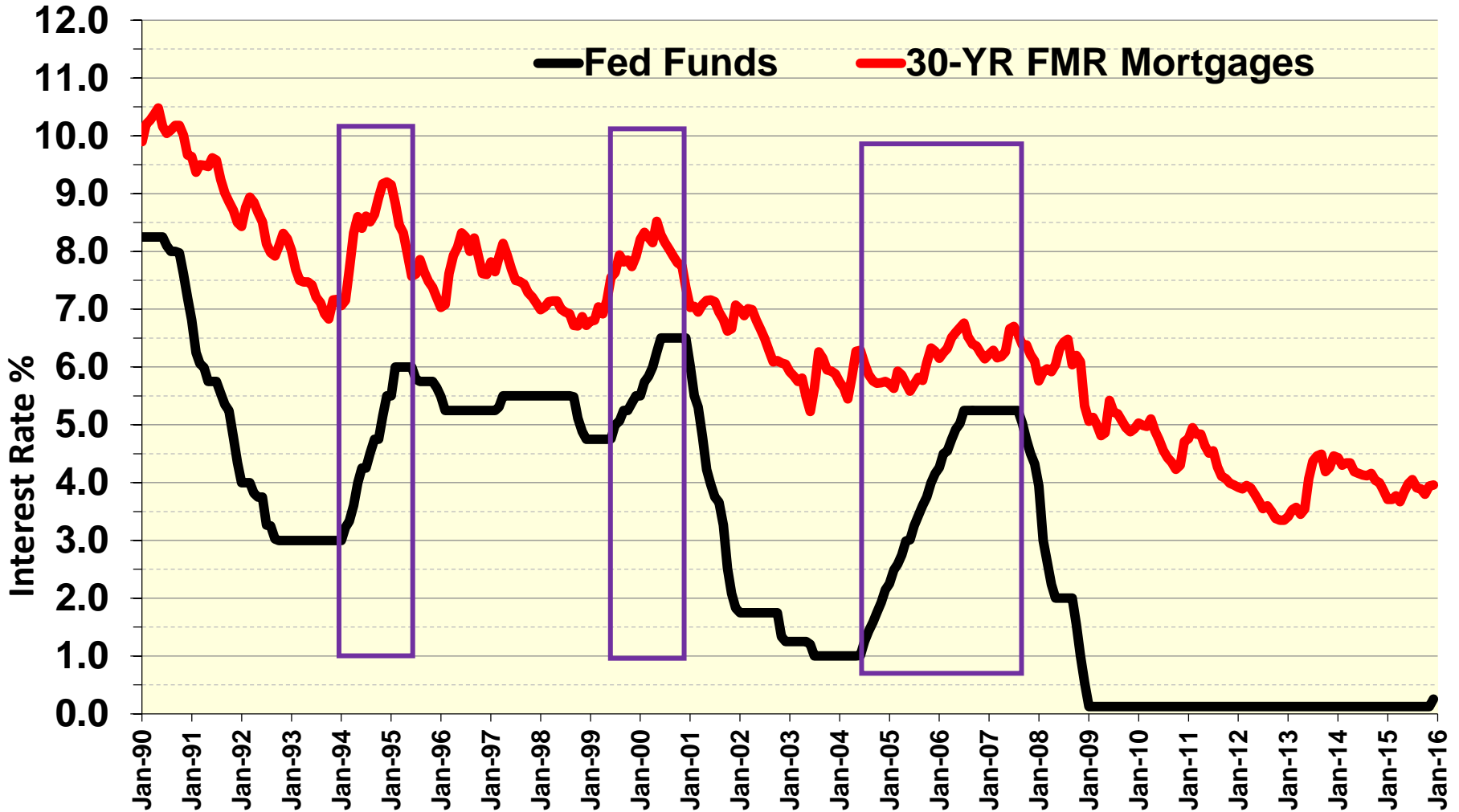
New SF Home Starts



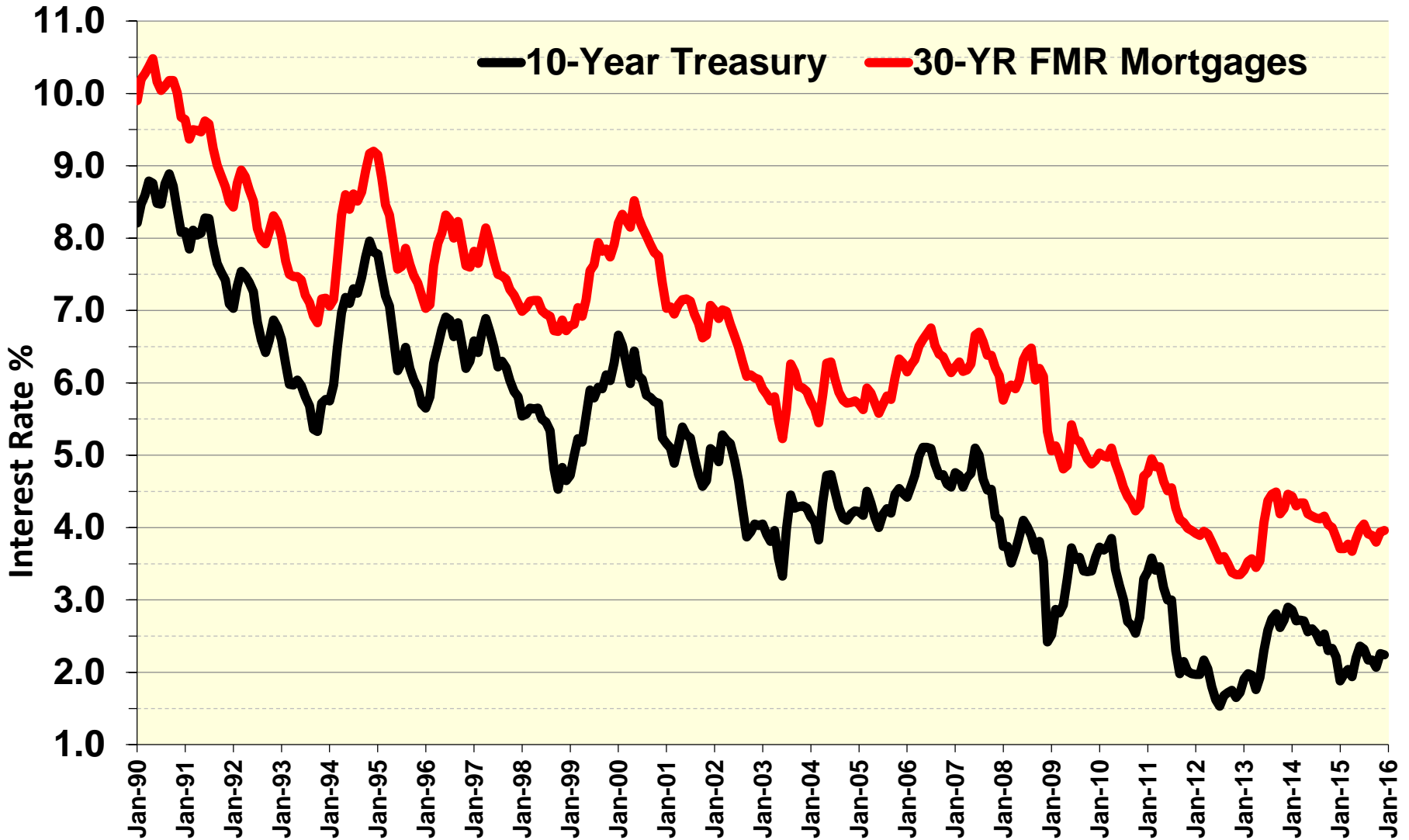
*2015 & 2016 NAHB projections Apr 2015

Source: US Census Bureau; NAHB; Real Estate Center at Texas A&M University

Mortgage and Federal Funds Rate



Mortgage and 10-Year Treasury Rates



Source: Federal Reserve Bank of St. Louis; FHLMC; Real Estate Center at Texas A&M University

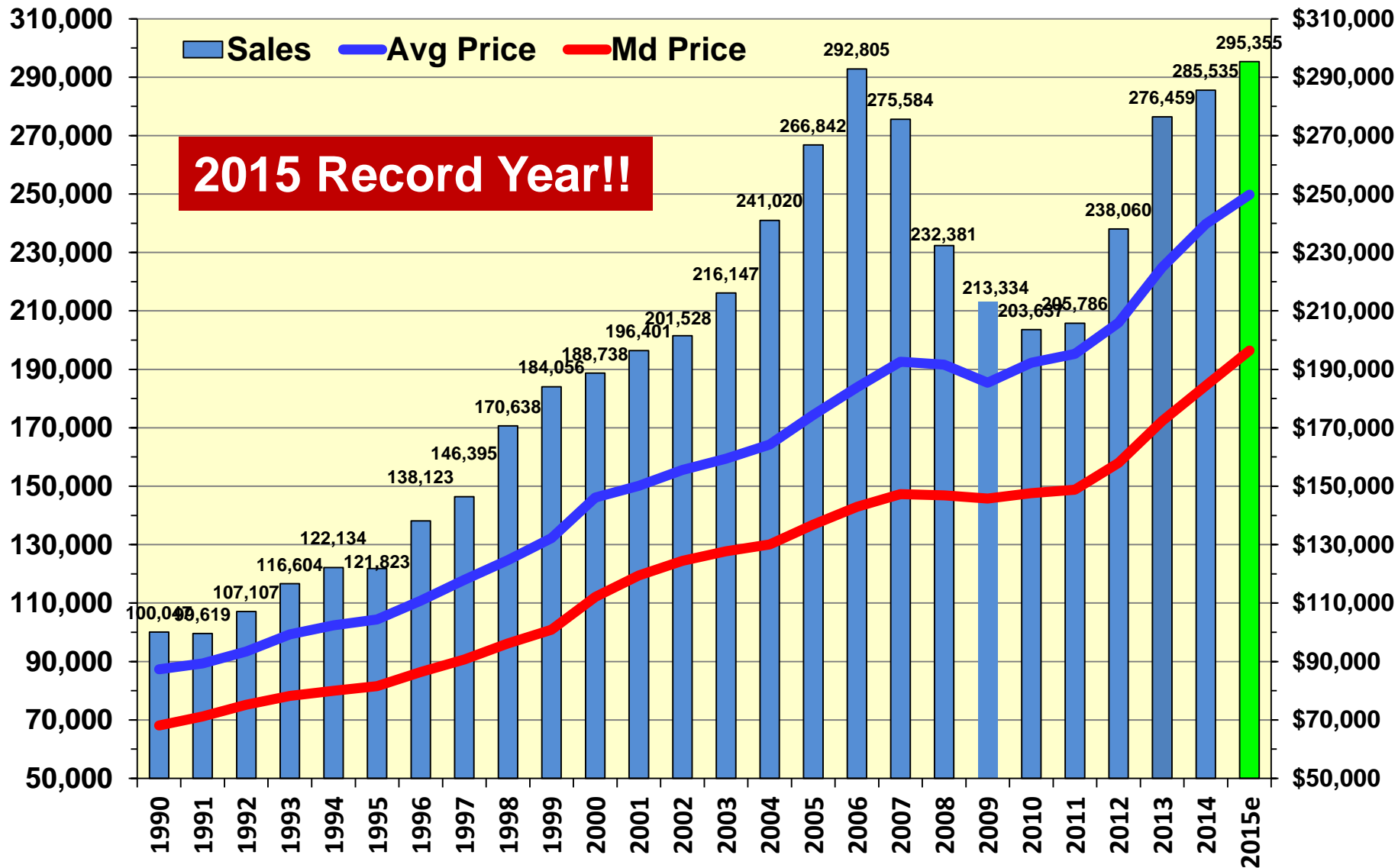
Texas Housing Market

Mortgage & Tenure Status of Homes in Texas 2005 & 2014

	2005		2014	
	Number of Homes	Percent of Total Units	Number of Homes	Percent of Total Units
Total Housing Units	9,026,011		10,426,760	
Total Occupied Units	7,978,095	88.4%	9,227,197	89.0%
Total Renter-Occupied Housing Units	2,815,491	35.3%	3,602,956	38.8%
Total Owner-Occupied Housing Units	5,162,604	64.7%	5,674,241	61.2%
O-O units with a mortgage	3,237,790	62.7%	3,307,196	58.3%
O-O units without a mortgage	1,924,814	37.3%	2,367,045	41.7%

Source: U.S. Census Bureau, 2005 & 2014 American Community Survey

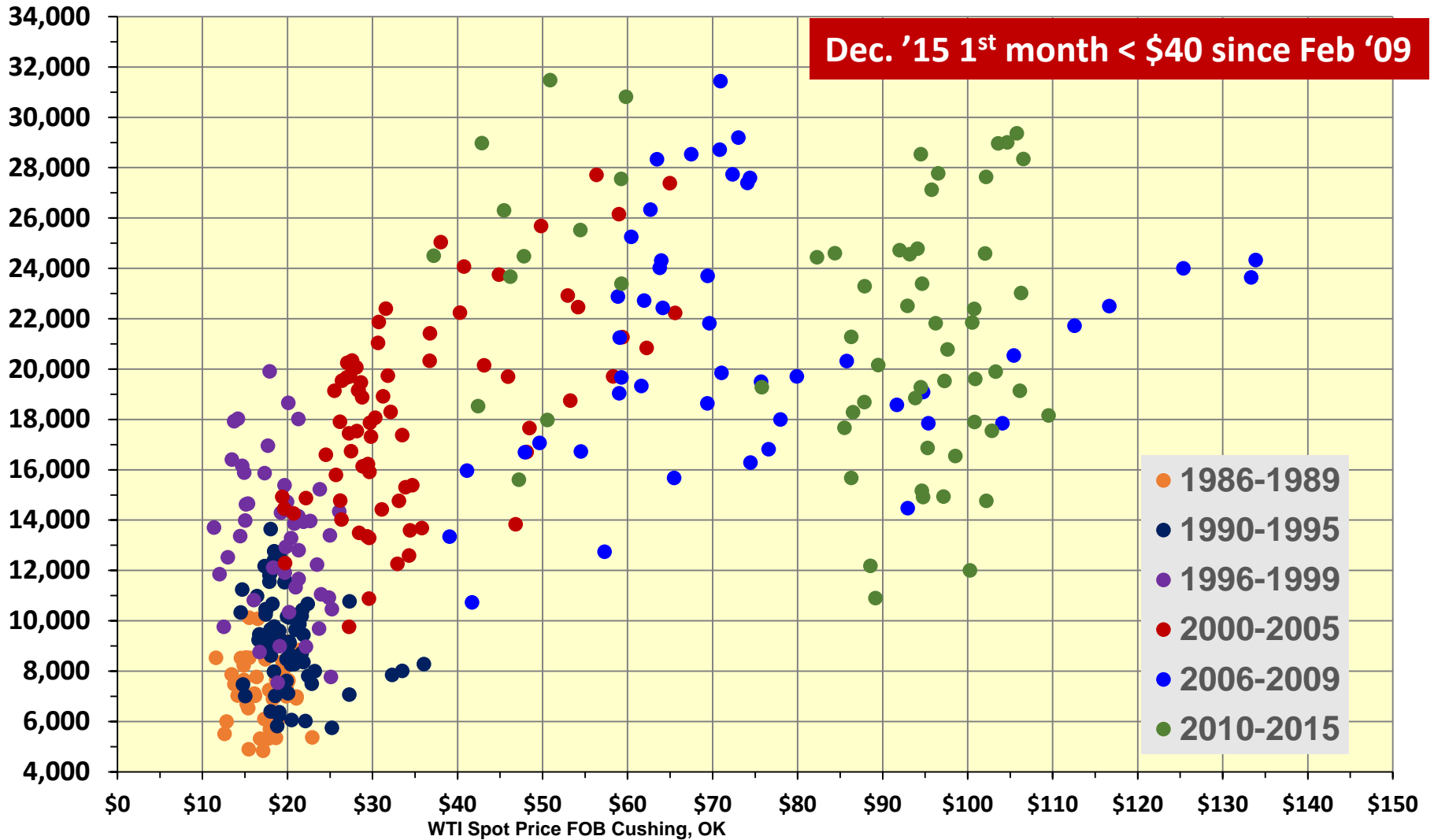
Annual Texas Home Sales



Source: Real Estate Center at Texas A&M University

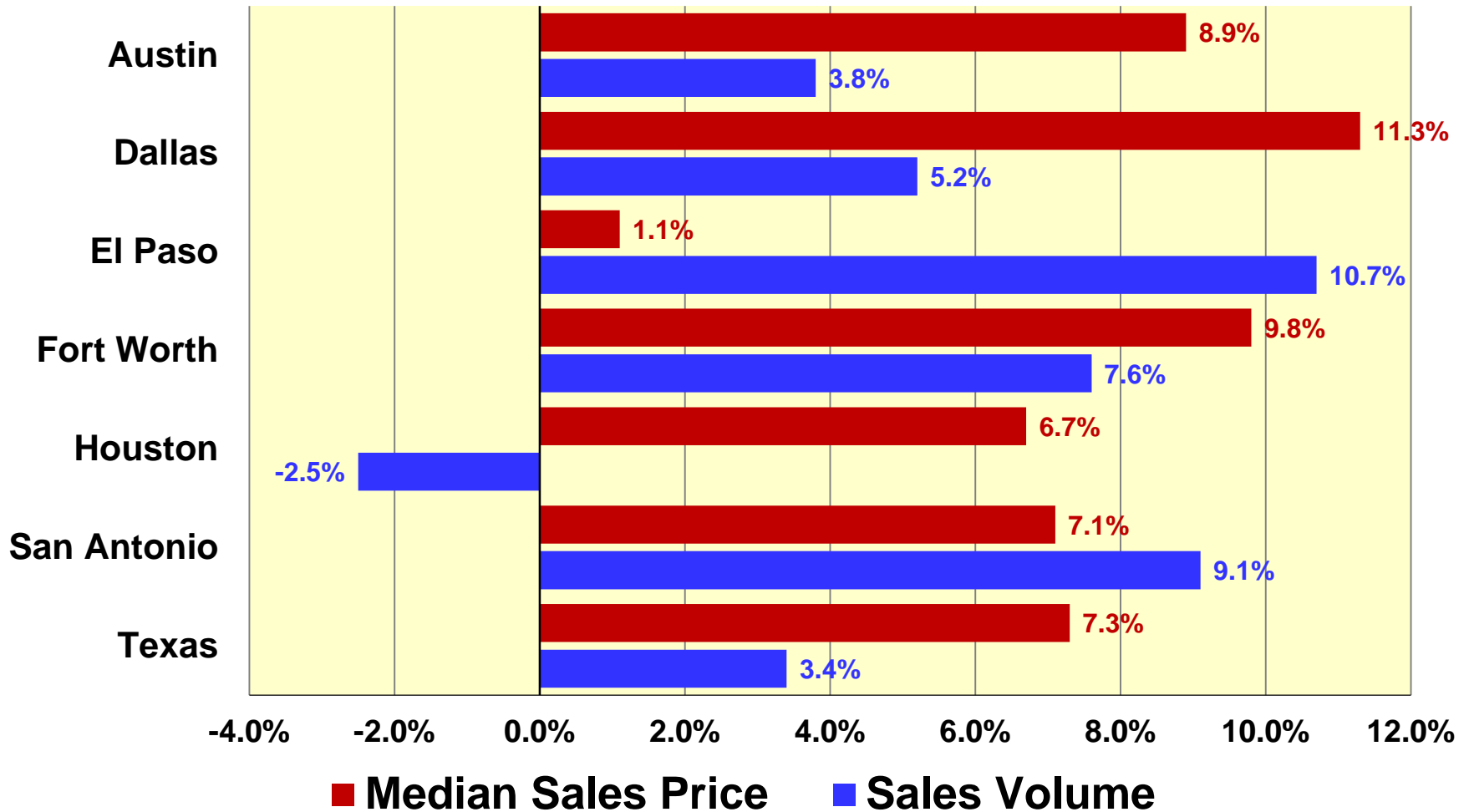
Texas Monthly Home Sales & WTI Price/bl

January 1986 to Present



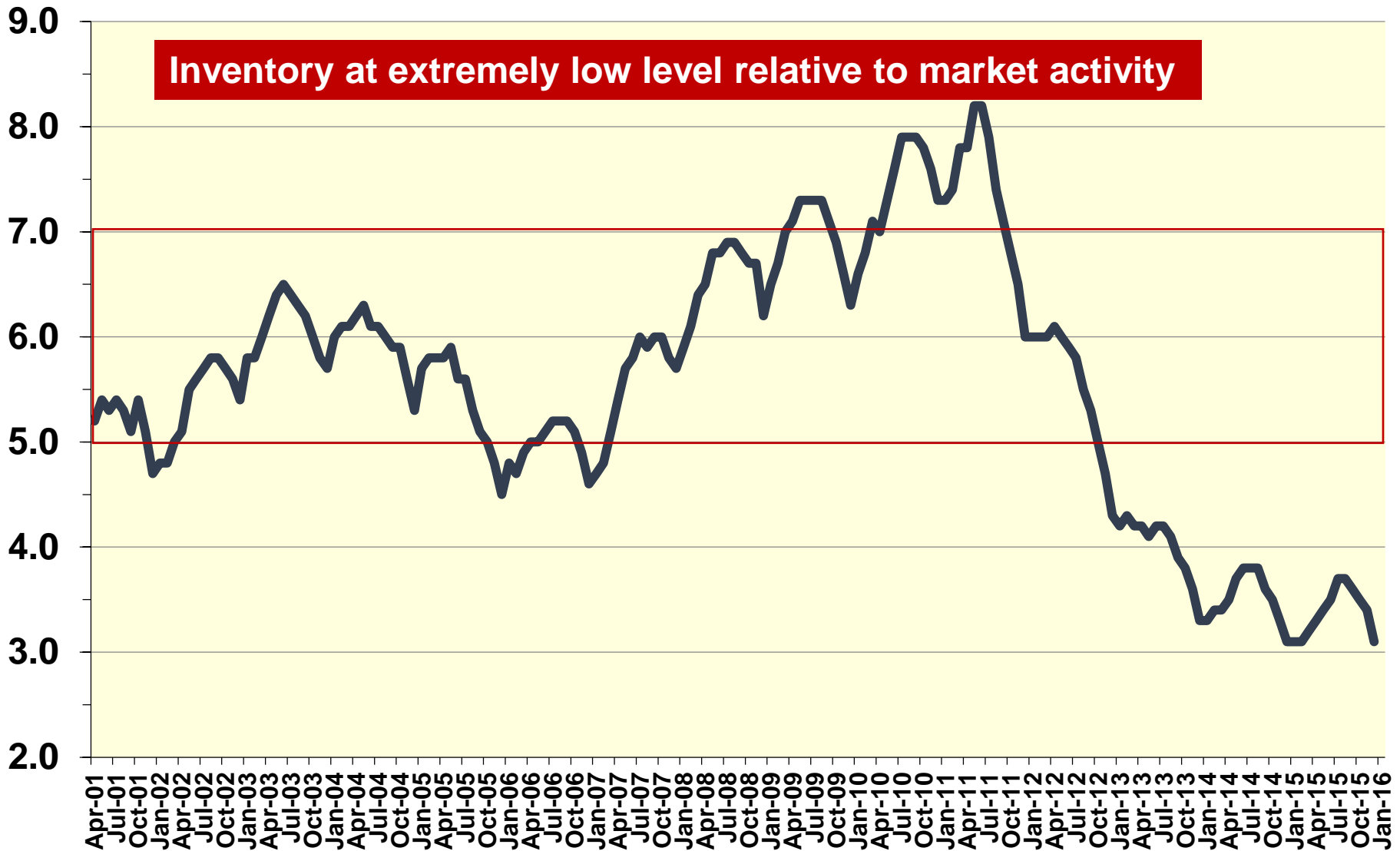
Source: EIA; Real Estate Center at Texas A&M University

2015 Home Sales and Median Prices by Metro Areas



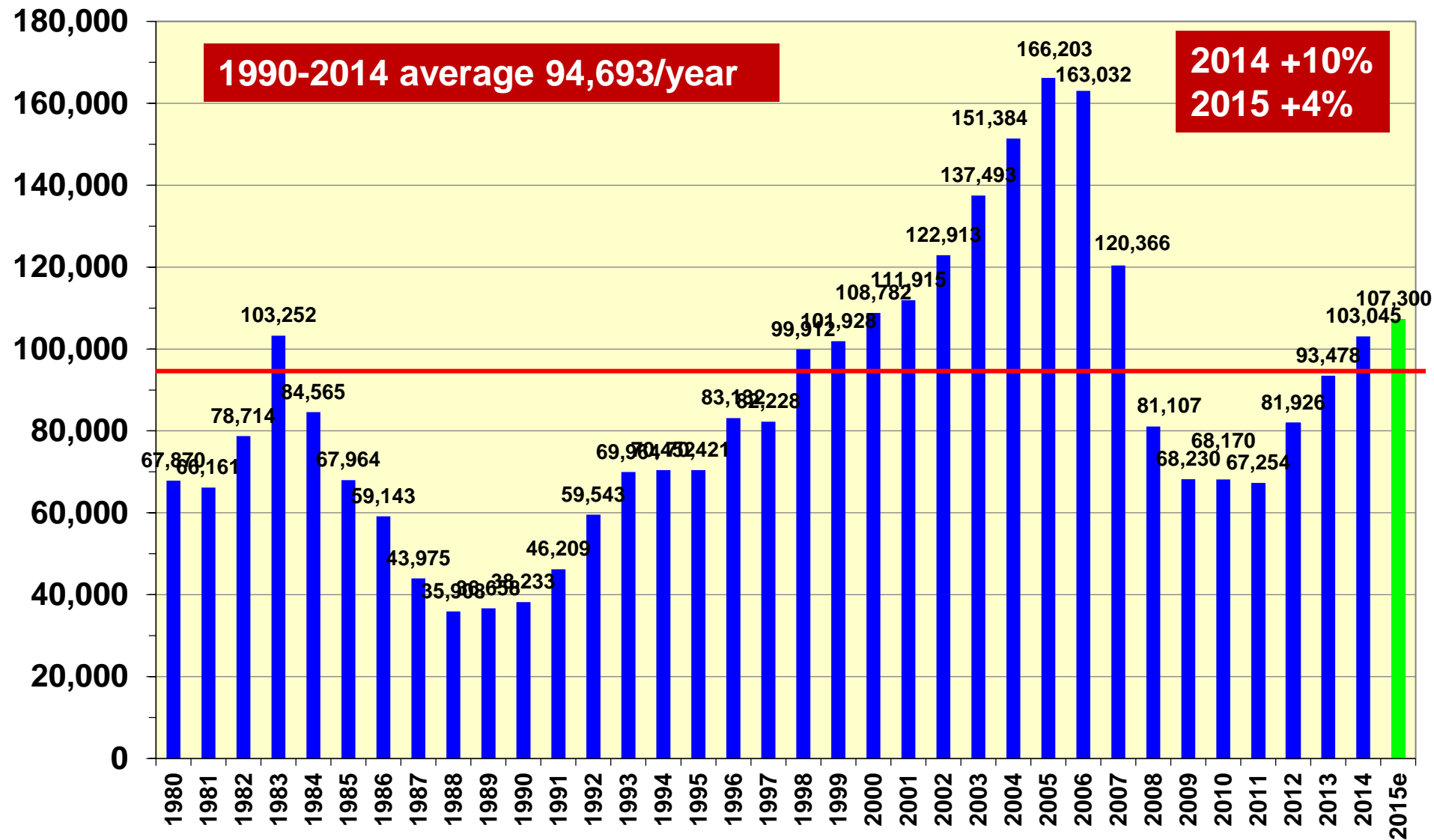
Source: Real Estate Center at Texas A&M University

Texas Months' Inventory



Source: Real Estate Center at Texas A&M

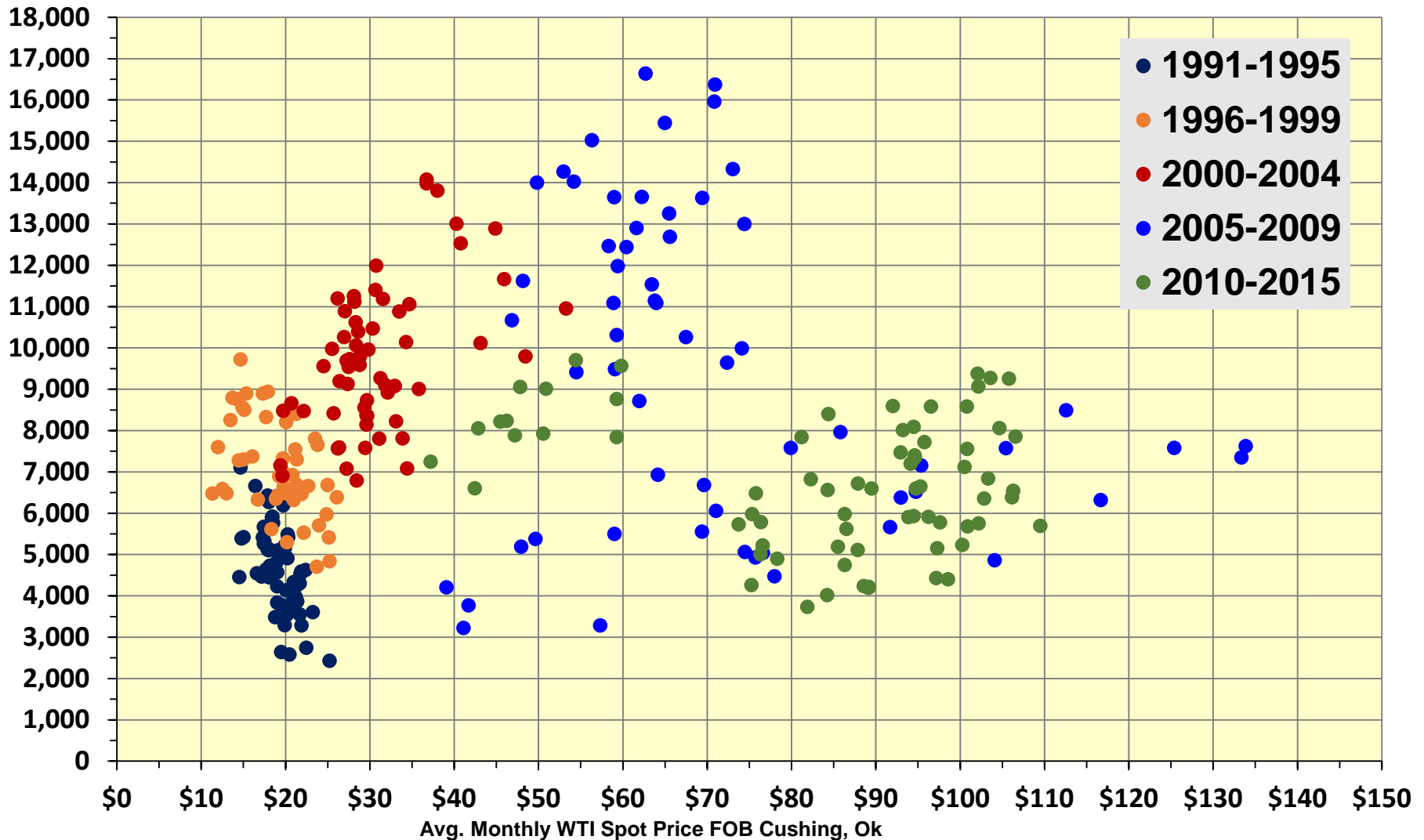
Texas SF Building Permits



Source: US Census Bureau, Real Estate Center at Texas A&M

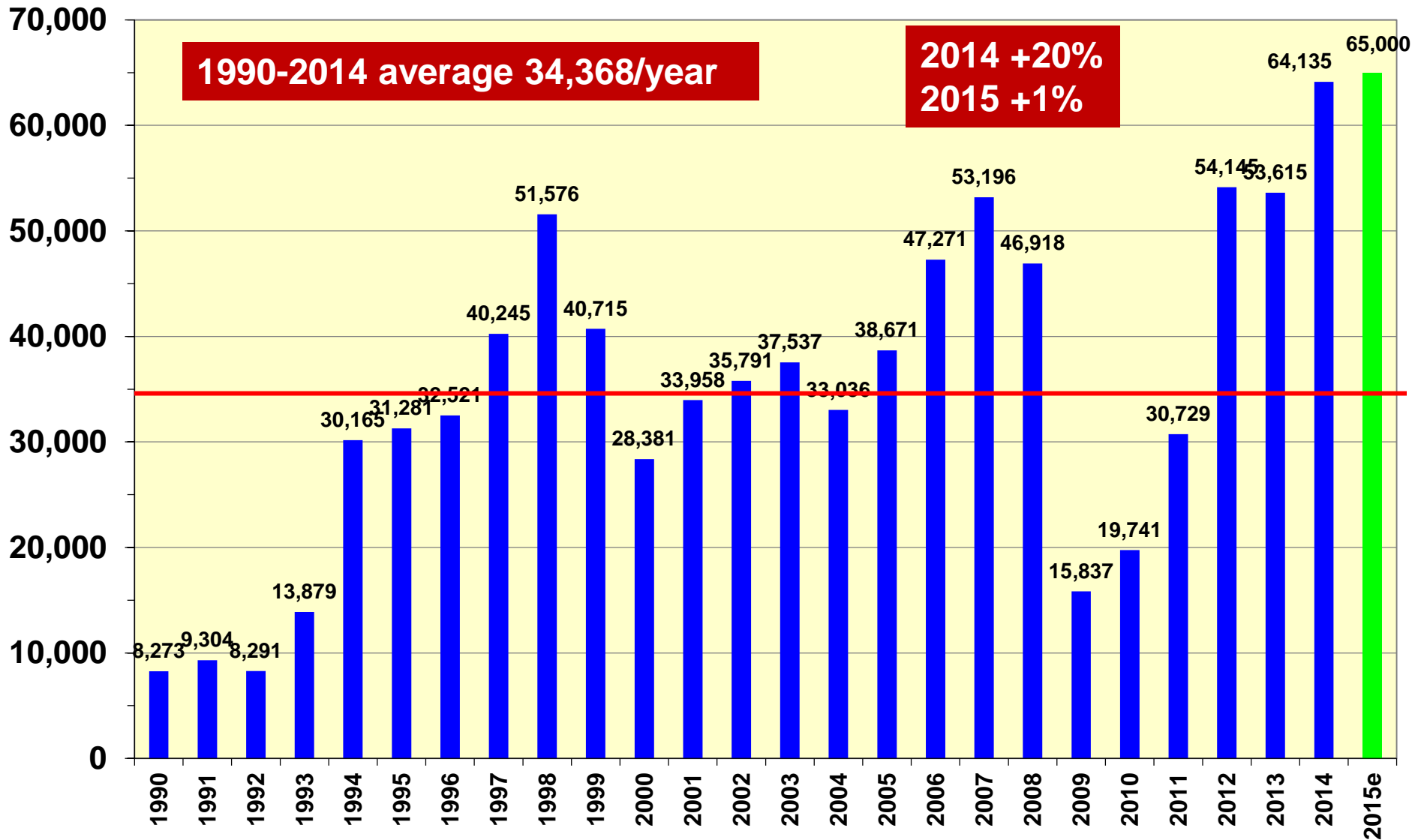
Texas SF Permits & WTI Price/bl.

Monthly January 1991 to Current



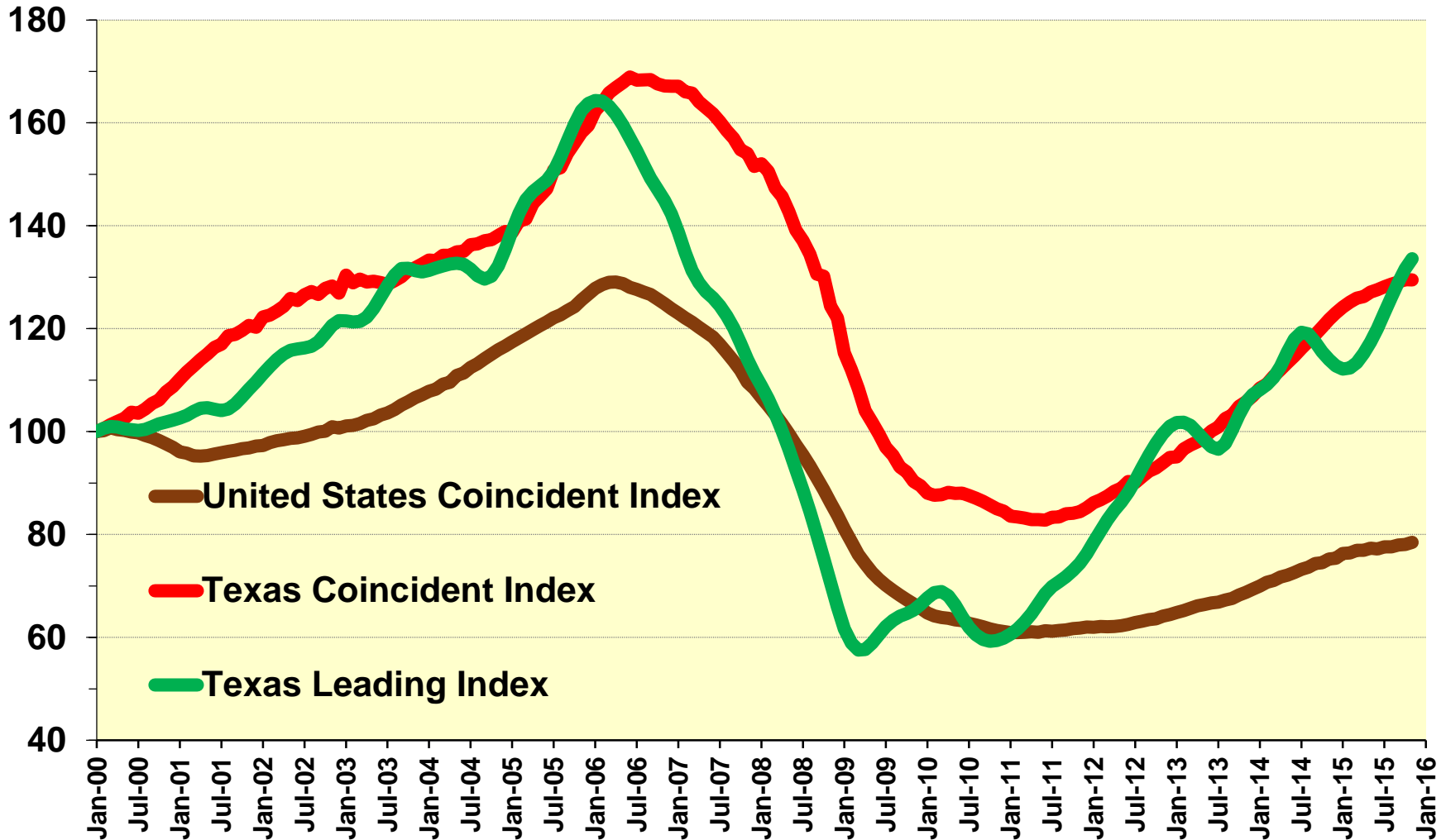
Source: U.S. Census; EIA; Real Estate Center at Texas A&M University

Texas MF Building Permits



Source: US Census Bureau, Real Estate Center at Texas A&M

Texas Residential Construction Indexes (Jan. 2000=100)

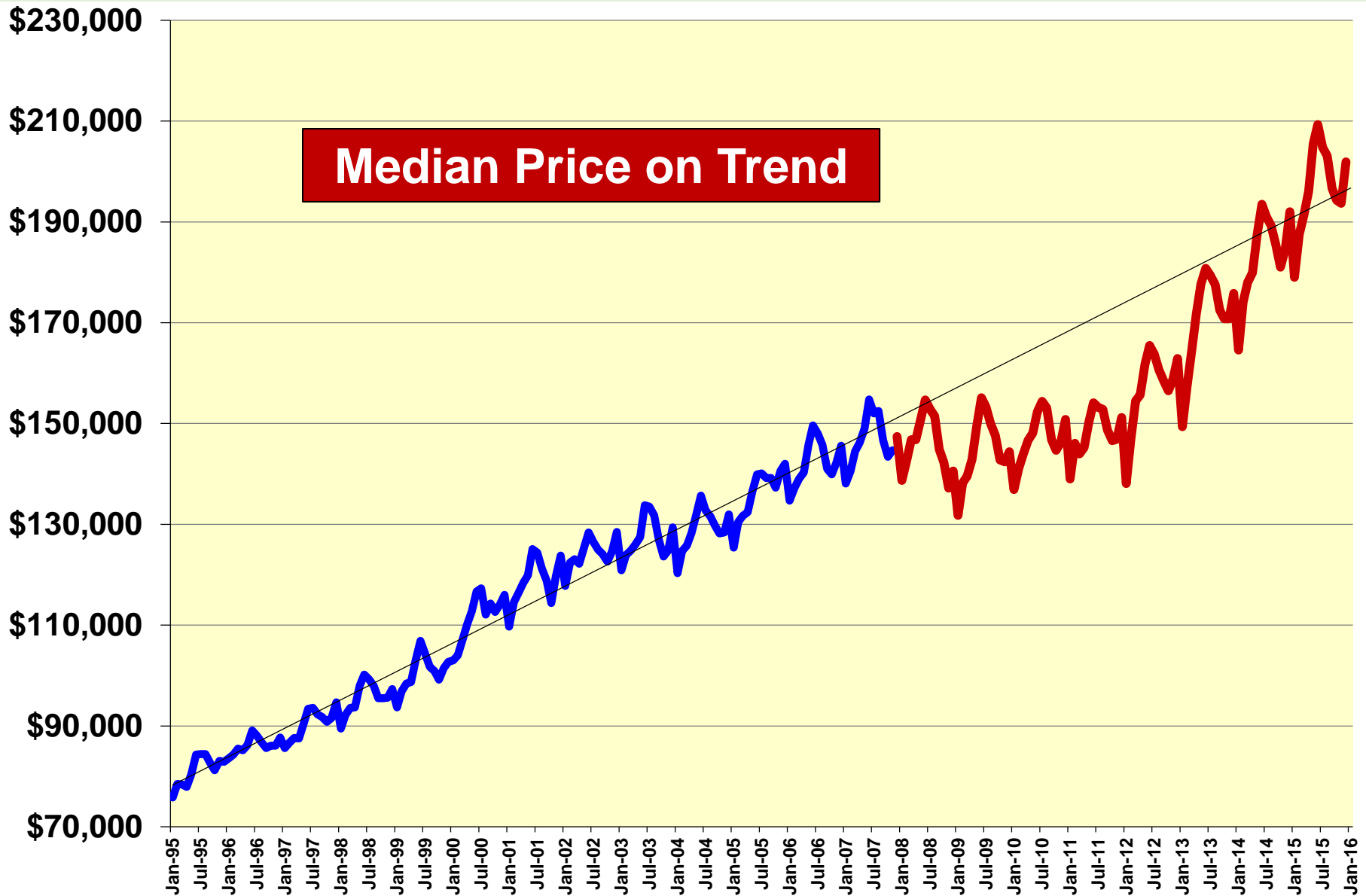


Source: Real Estate Center at Texas A&M

Texas Housing Affordability

Price vs. Income

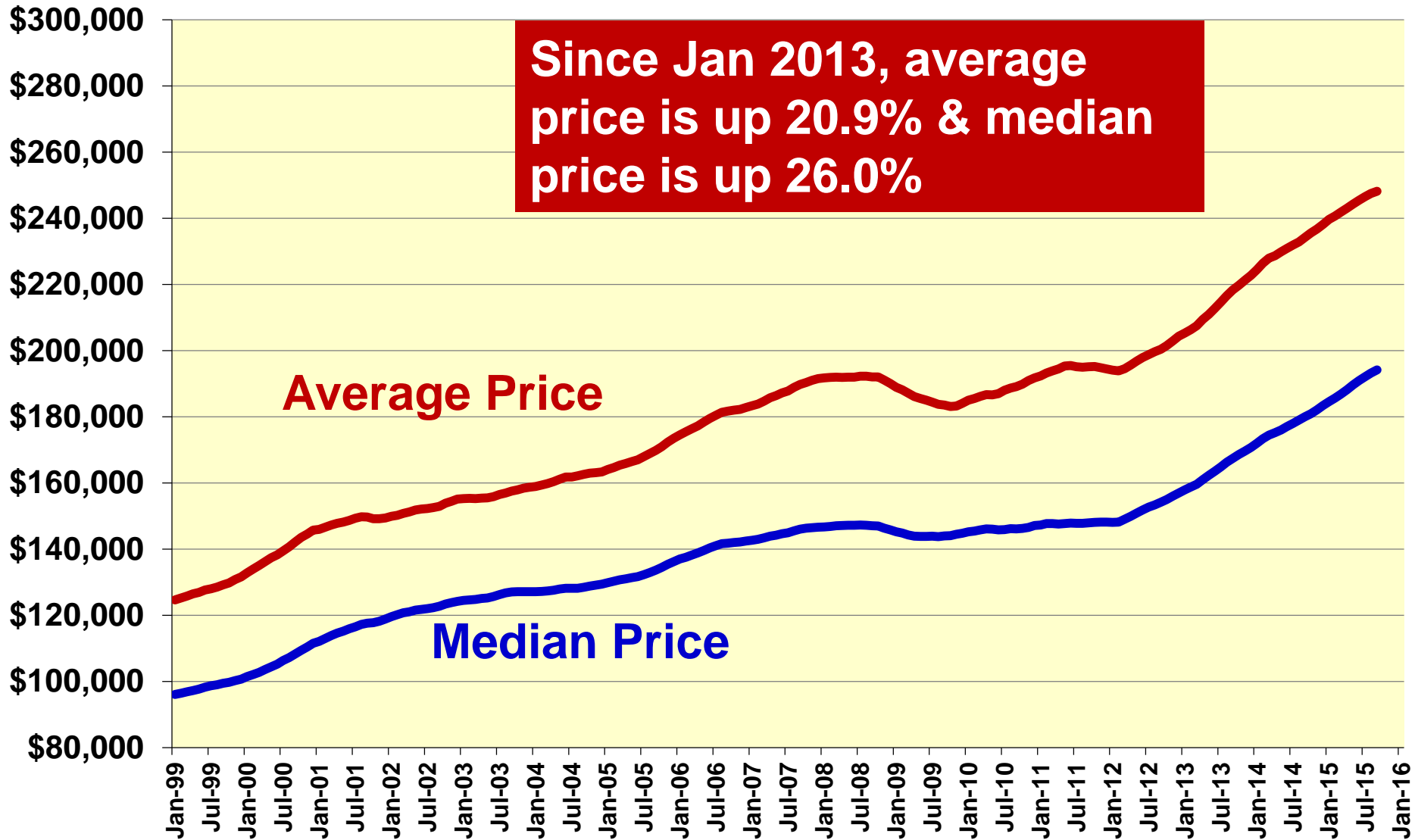
Texas Monthly Median Home Price



Source: Real Estate Center at Texas A&M University

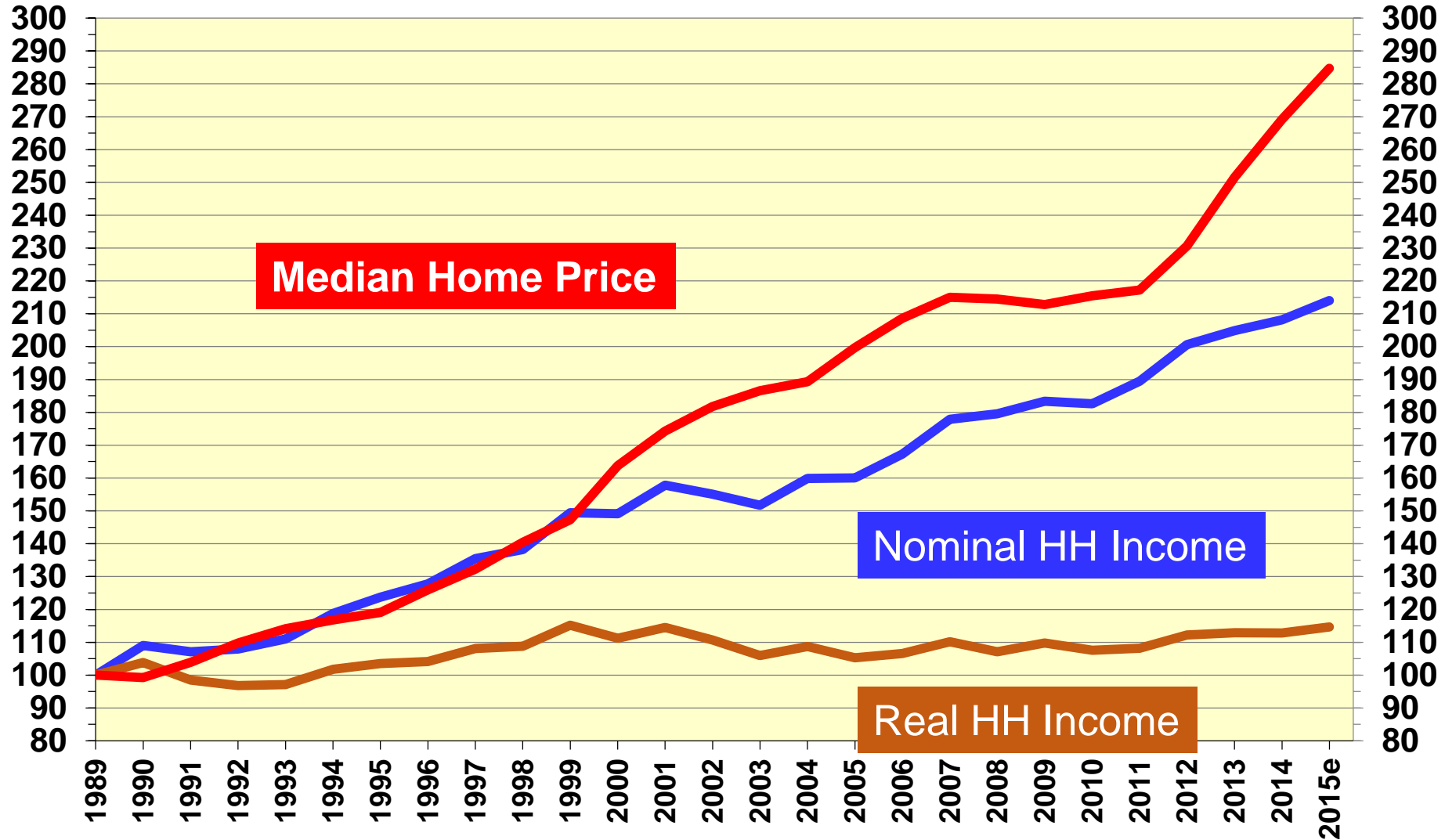
Texas Average & Median Home Prices

12-Month Moving Average



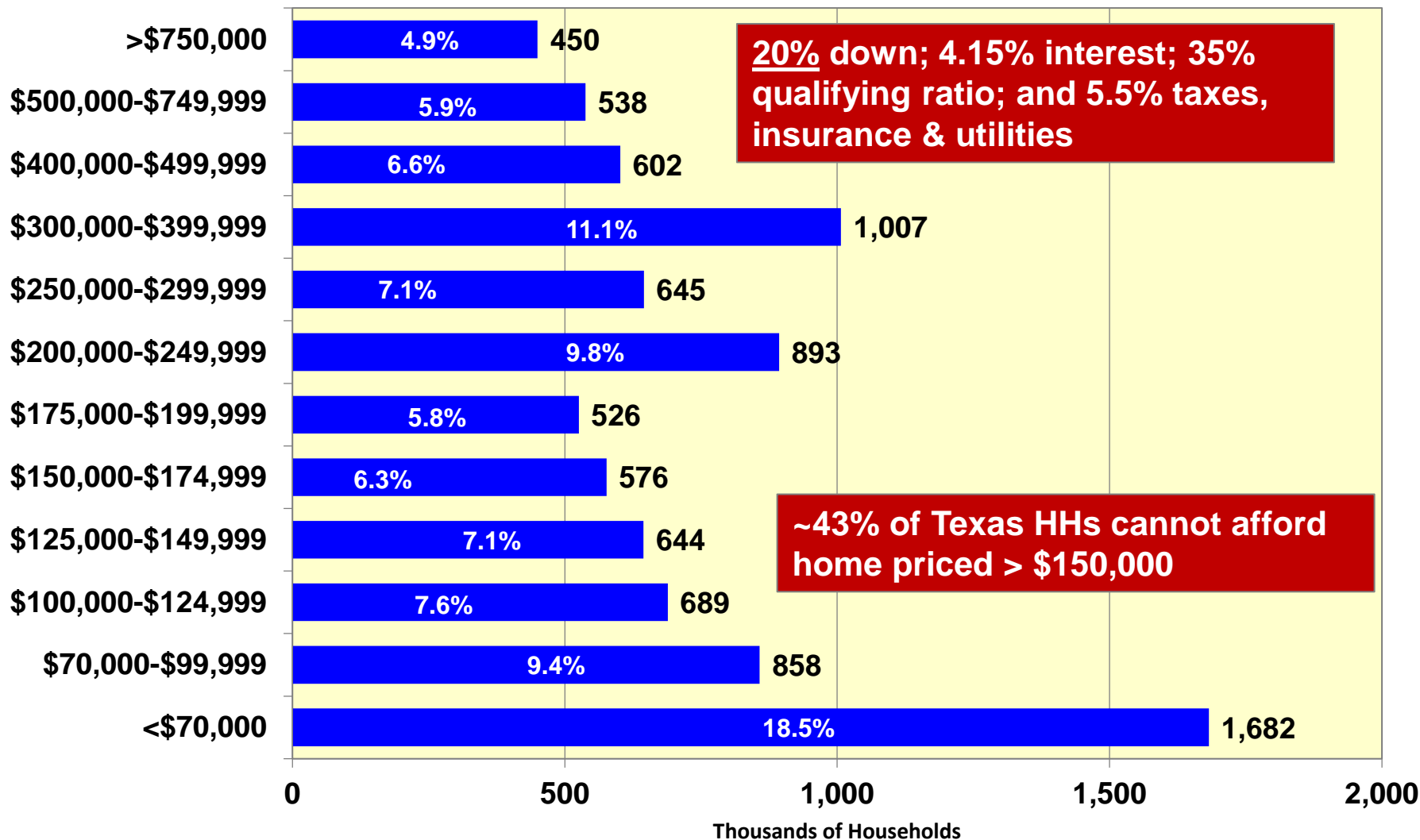
Source: Real Estate Center at Texas A&M University

Texas Median HH Income & Median Home Price Indexed to 1989



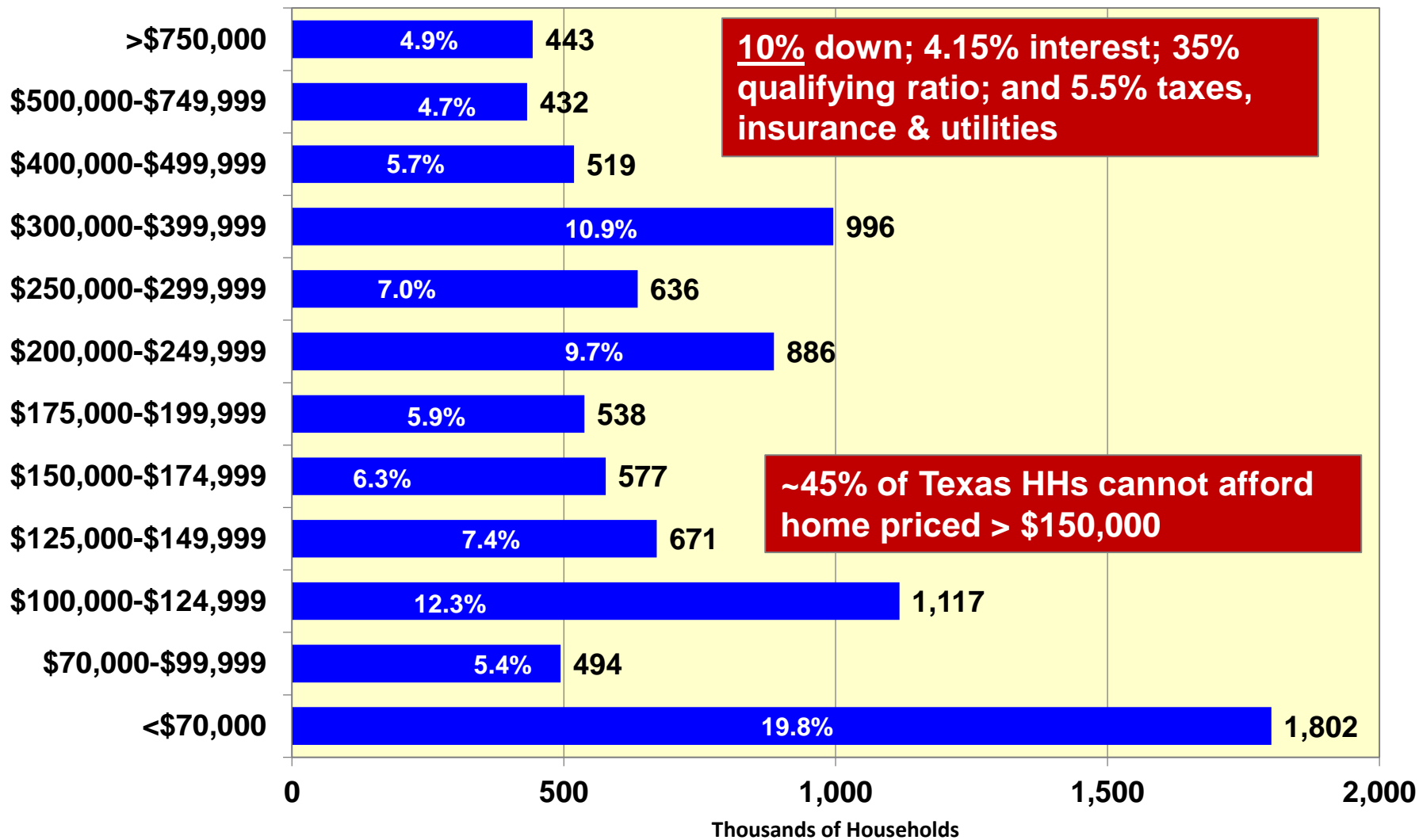
Source: U.S. Census Bureau; Real Estate Center at Texas A&M University

Texas Households by Highest Affordable Price



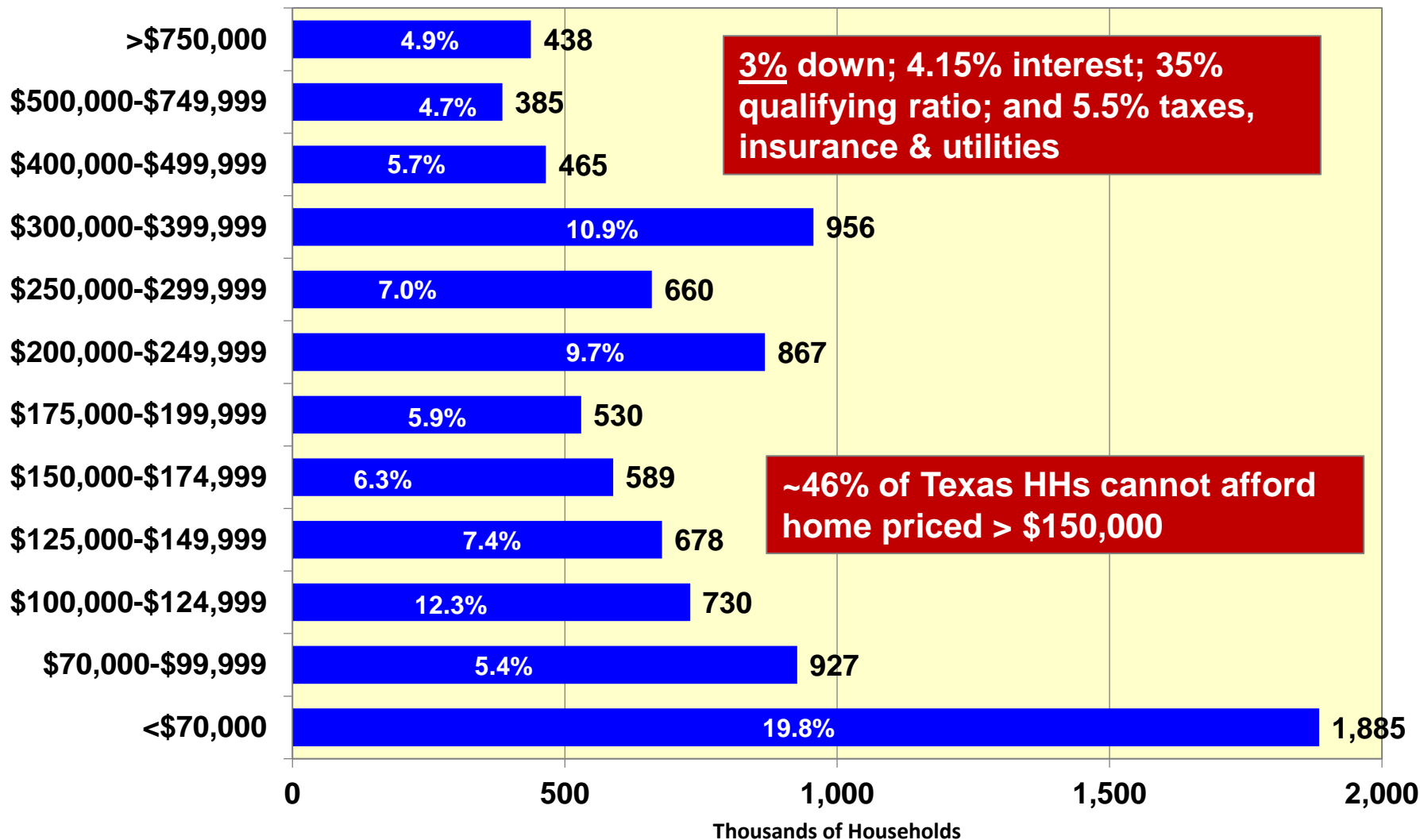
Source: US Census Bureau 2013 American Community Survey; Real Estate Center at Texas A&M University

Texas Households by Highest Affordable Price



Source: US Census Bureau 2013 American Community Survey; Real Estate Center at Texas A&M University

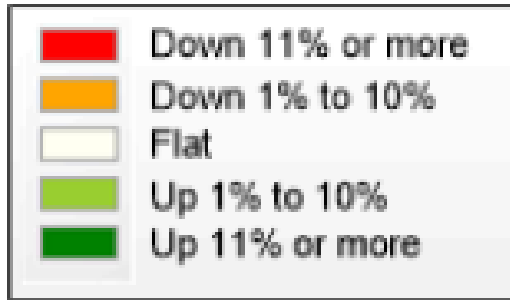
Texas Households by Highest Affordable Price



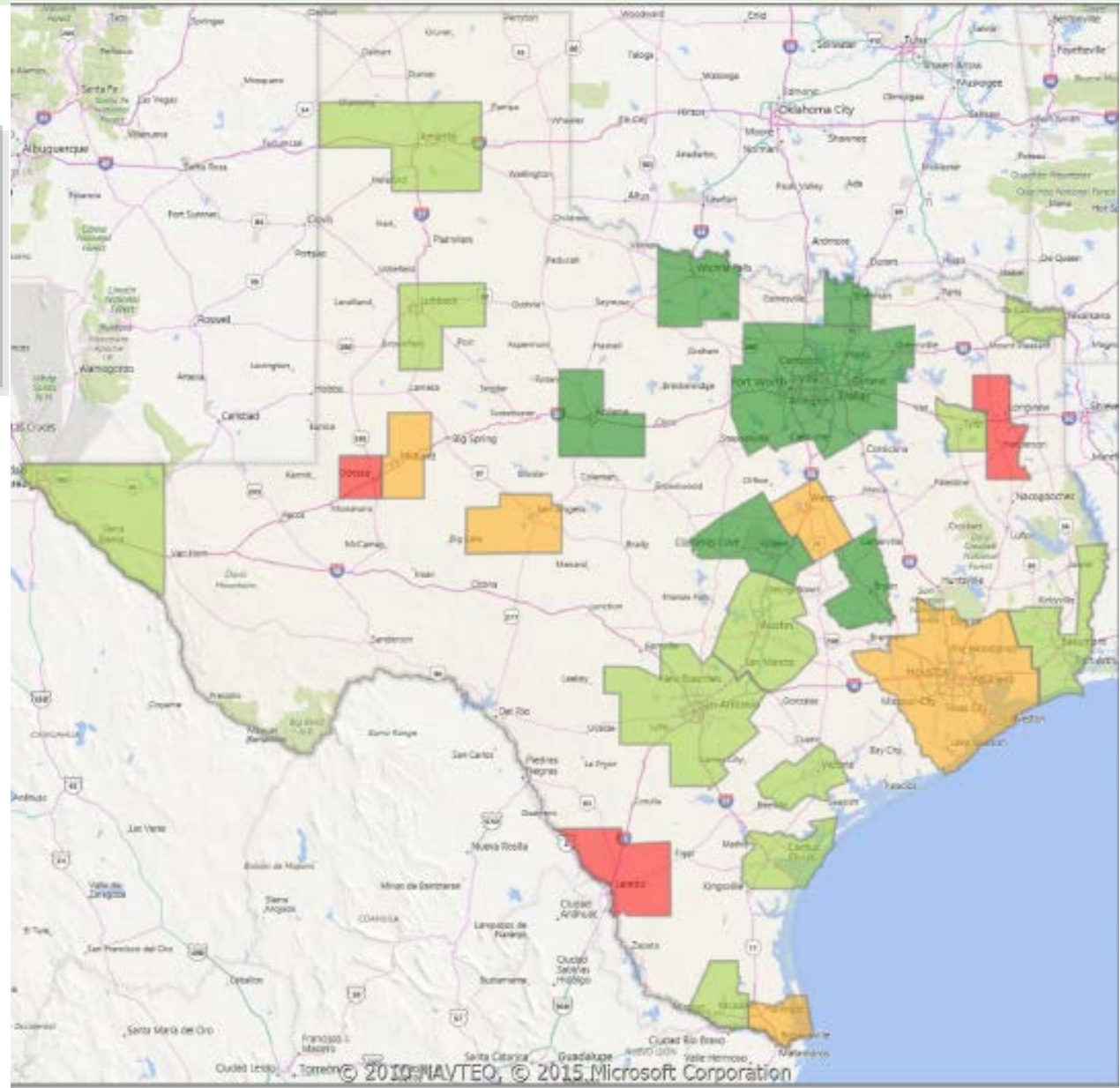
Source: US Census Bureau 2013 American Community Survey; Real Estate Center at Texas A&M University

December Closed Sales Texas MSAs

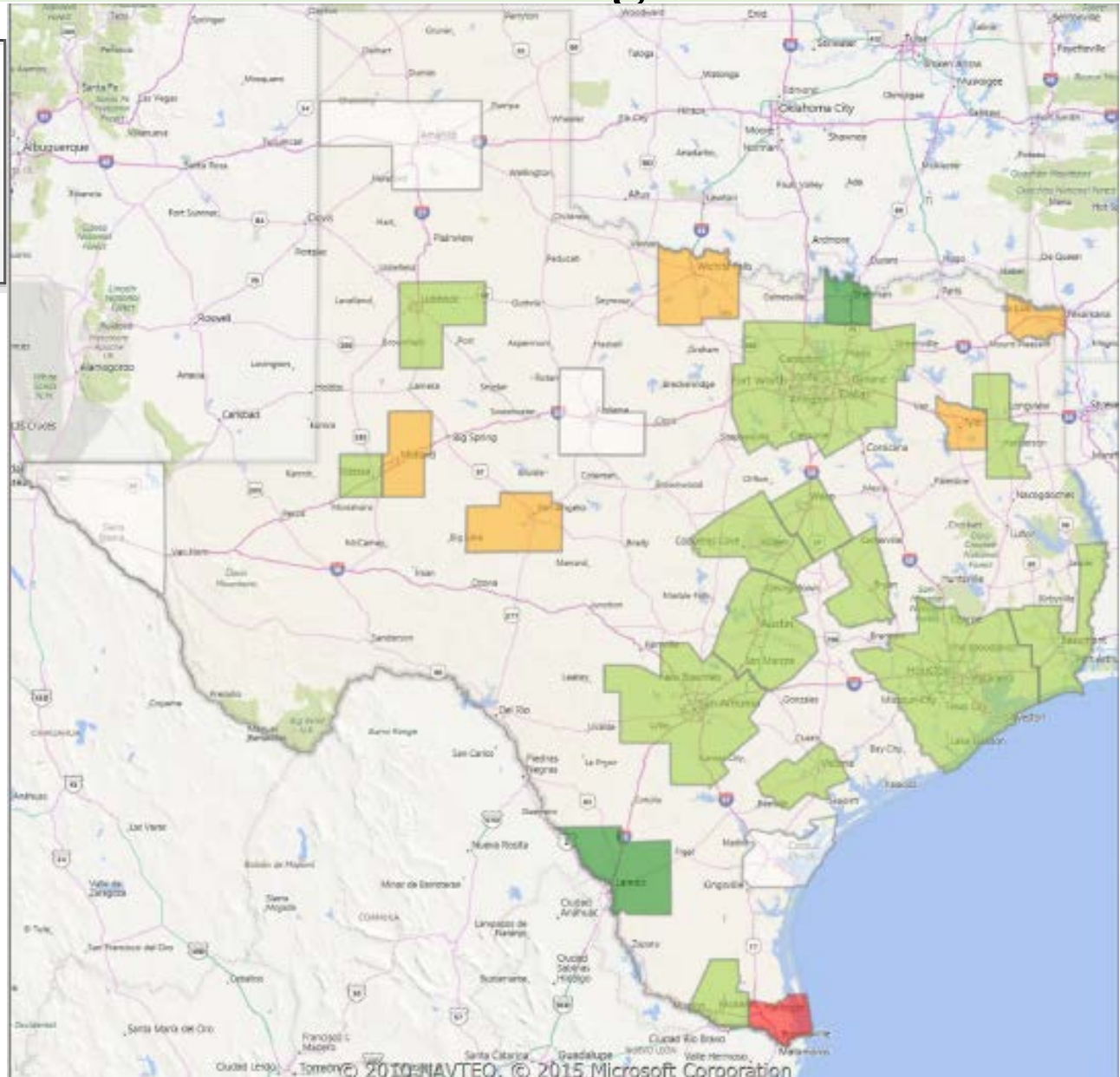
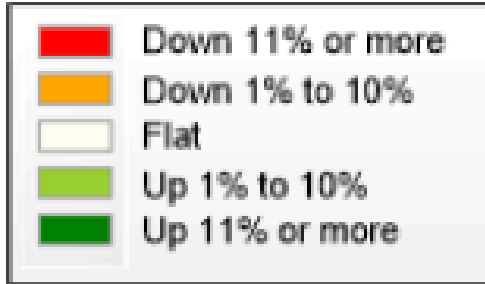
Y/Y Percent Change



Dec. Sales +6%
YTD Sales +4%



December Average Sales Price/Sq.Ft. Y/Y Percent Change



Dec. P/SF +4%
YTD P/SF +6%
Md. Pr. YTD +7%

Source: MetroTex; Texas Realtor®
 Data Relevance Project, Real
 Estate Center at Texas A&M
 University

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