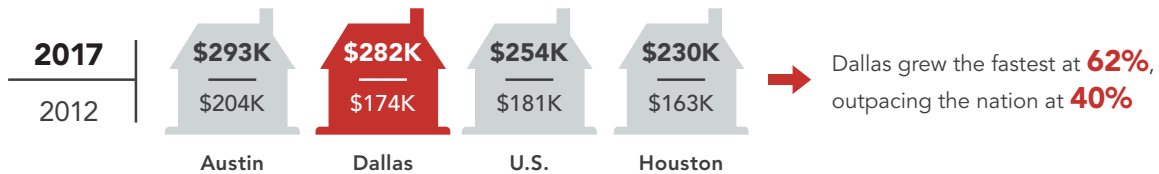


Texas Home Prices Head Through the Roof

Design: Emily Rogers, Darcy Taj; Content: Enrique Martínez-García, Valerie Grossman

Median Home Prices Surge \$88K Since 2012

(On average, state's least-affordable large metros)



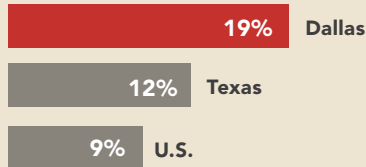
What's Driving the INCREASE?

Mortgage rates also have been historically low: the 30-year mortgage rate was **4%** for 2017.



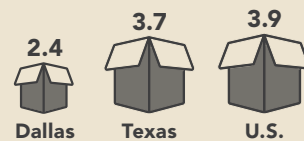
There are MORE people...

Increase in payroll employment, 2012-17



...and not enough homes.

Months of inventory in 2017*

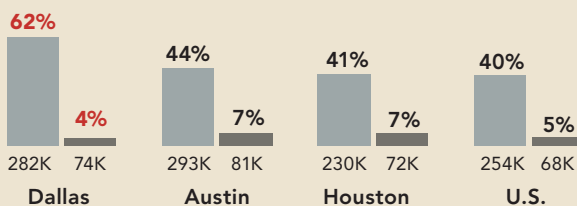


*6 months is considered a balanced market

What Does This Mean for Texas?

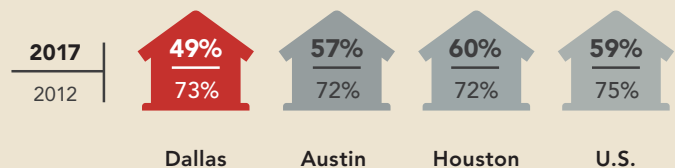
Median house prices are rising faster than median income...

■ Median house price increase, 2012-17 ■ Median income increase, 2012-17



...so Texas metros' competitive edge in housing affordability is eroding.

Share of affordable homes



NOTES: Large metros are those with more than 1 million residents in 2016 according to the census (Houston–The Woodlands–Sugar Land, Dallas–Plano–Irving, Fort Worth–Arlington, San Antonio–New Braunfels and Austin–Round Rock). References to Houston, Dallas and Austin—the three least-affordable markets—cover those metro areas. The share of affordable homes comes from the NAHB/Wells Fargo Housing Opportunity Index for a given metro area, which is defined as the share of homes sold in that area that would have been affordable to a family earning the metro's median income under standard mortgage underwriting criteria. Payroll employment represents total nonfarm payroll employment, which is used as a proxy for population growth in 2012–17. The 30-year U.S. mortgage rate is the fixed rate. Months of inventory are for existing homes. Averages of the top three least-affordable metro areas (Dallas, Houston and Austin) are simple arithmetic means.

SOURCES: National Association of Home Builders (NAHB)/Wells Fargo; Real Estate Center at Texas A&M University; Multiple Listing Service; Federal Home Loan Mortgage Corp.; Bureau of Labor Statistics; Census Bureau; authors' calculations.