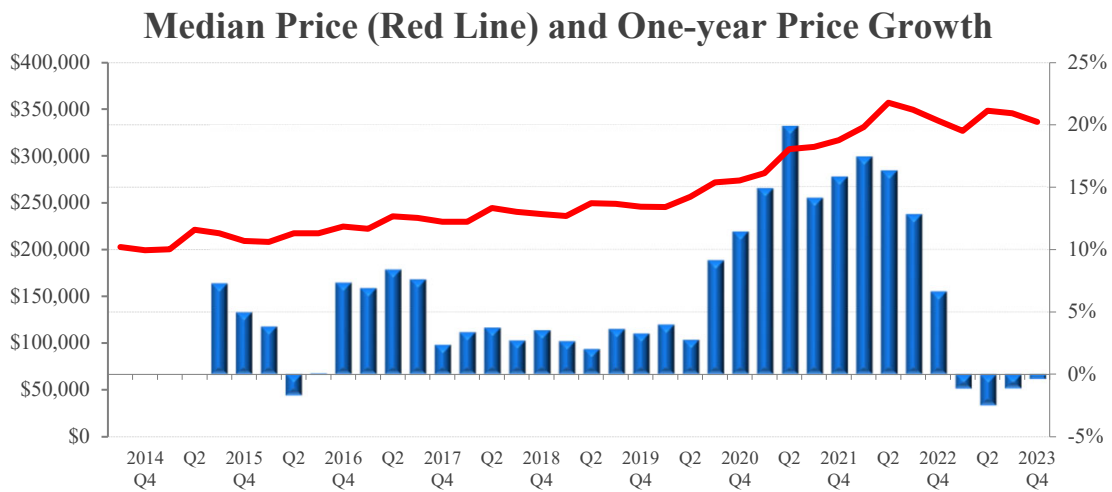


# Houston-The Woodlands-Sugar Land Area

## Local Market Report, Fourth Quarter 2023

### Today's Market...



Local Price Trends			
Price Activity	Houston	U.S.	Local Trend
Current Median Home Price (2023 Q4)	\$336,600	\$387,300	Prices are still down from a year ago, but the trend is improving
1-year (4-quarter) Appreciation (2023 Q4)	-0.4%	3.9%	
3-year (12-quarter) Appreciation (2023 Q4)	23.0%	24.5%	
3-year (12-quarter) Housing Equity Gain*	\$62,900	\$76,300	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$112,100	\$153,367	
9-year (36 quarters) Housing Equity Gain*	\$137,300	\$179,667	

\*Note: Equity gain reflects price appreciation only

	Houston	U.S.	
<b>Conforming Loan Limit**</b>	\$766,550	\$1,149,825	Most buyers in this market have access to government-backed financing
<b>FHA Loan Limit</b>	\$498,257	\$1,149,825	
<b>Local Median to Conforming Limit Ratio</b>	44%	not comparable	

Note: limits are current and include the changes made on January 1st 2024.

#### Local NAR Leadership

The Houston-The Woodlands-Sugar Land market is part of region 10 in the NAR governance system, which includes all of Louisiana and Texas. The 2024 NAR Regional Vice President representing region 10 is Marvin Jolly.

## Benefits of Ownership: Total Equity Appreciation

### Total Equity Accrued to Owner by Year and Quarter of Purchase



### Total Equity Gained\*\* through 2023 Q4 from quarter in which home was of purchased

Price Activity	Houston	U.S.	Local Trend
1-year (4-quarter)	\$2,103	\$18,387	Price trends in the last three years have undercut the steady post-recession home equity growth despite owners paying down principle
3-year (12-quarter)*	\$79,496	\$95,158	
5-year (20-quarter)*	\$117,110	\$151,356	
7-year (28 quarters)*	\$141,287	\$183,780	
9-year (36 quarters)*	\$171,288	\$215,076	

\*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity

# Drivers of Local Supply and Demand...

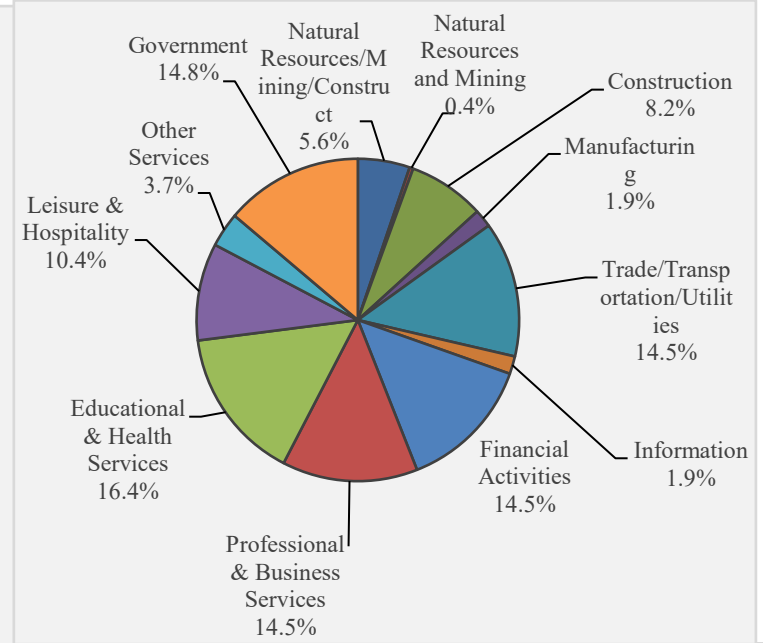
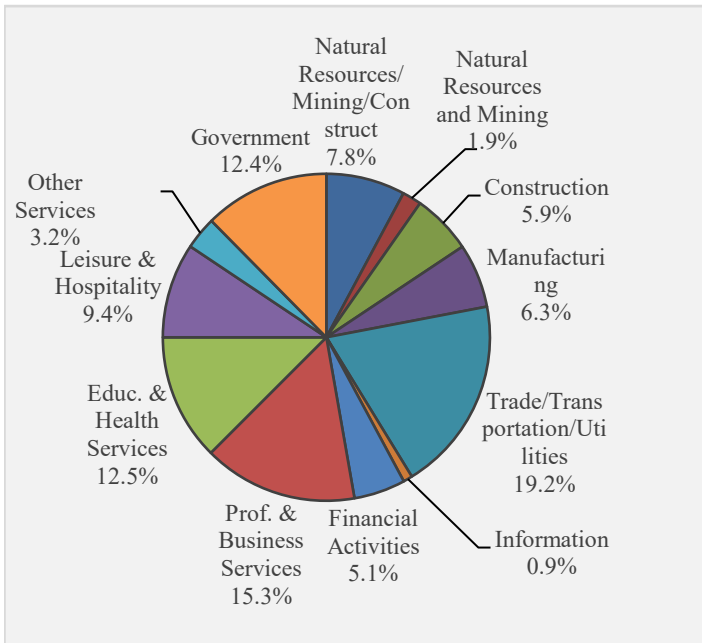


Local Economic Outlook	Houston	U.S.	
12-month Job Change (Dec)	70,100	Not Comparable	Employment growth has eased, but remains positive
12-month Job Change (Nov)	75,700	Not Comparable	
36-month Job Change (Dec)	387,900	Not Comparable	Houston's unemployment rate lags the national average, but has improved relative to the same period last year
Current Unemployment Rate (Dec)	3.8%	3.7%	
Year-ago Unemployment Rate	3.8%	3.5%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	2.1%	2.3%	

## Share of Total Employment by Industry

Houston-The Woodlands-Sugar Land Area

U.S.



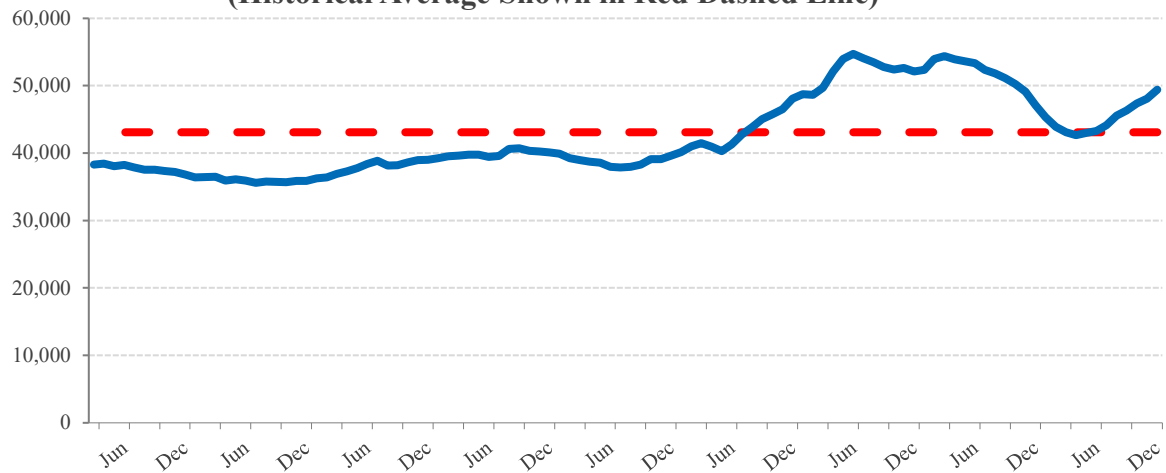
### 12-month Employment Change by Industry (Dec - 2023)

Goods Producing	NA	Information	200
Natural Resources/Mining/Construction	-1,800	Financial Activities	6,300
Natural Resources and Mining	2,400	Prof. & Business Services	9,000
Construction	-4,200	Educ. & Health Services	23,100
Manufacturing	6,200	Leisure & Hospitality	3,800
Service Providing Excluding Government	NA	Other Services	1,300
Trade/Transportation/Utilities	18,400	Government	9,200

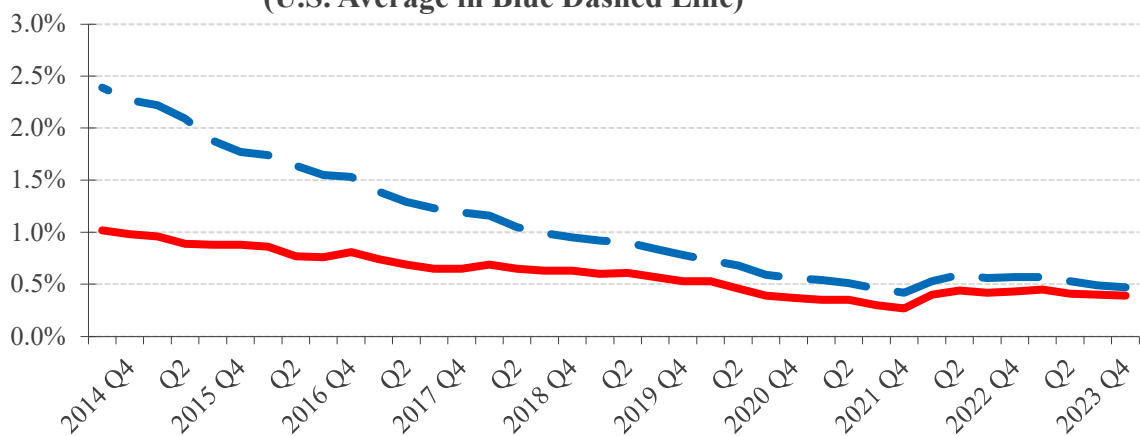
State Economic Activity Index	Texas	U.S.	
12-month change (2023 - Dec)	3.5%	3.0%	The economy of Texas has outpaced the rest of the nation and improved modestly from last month's 3.49% change
36-month change (2023 - Dec)	16.4%	14.3%	

New Housing Construction			
Local Fundamentals	Houston	U.S.	
12-month Sum of 1-unit Building Permits through Dec	49,394	not comparable	The current level of construction is 14.6% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	43,111	not comparable	Production above trend for an extended period of time could cause prices to moderate as inventory is built up.
Single-Family Housing Permits (Dec) 12-month sum vs. a year ago	4.9%	-6.1%	Construction is on the rise relative to last year, suggesting that the local inventory has stabilized

**Construction: 12-month Sum of Local Housing Permits**  
(Historical Average Shown in Red Dashed Line)

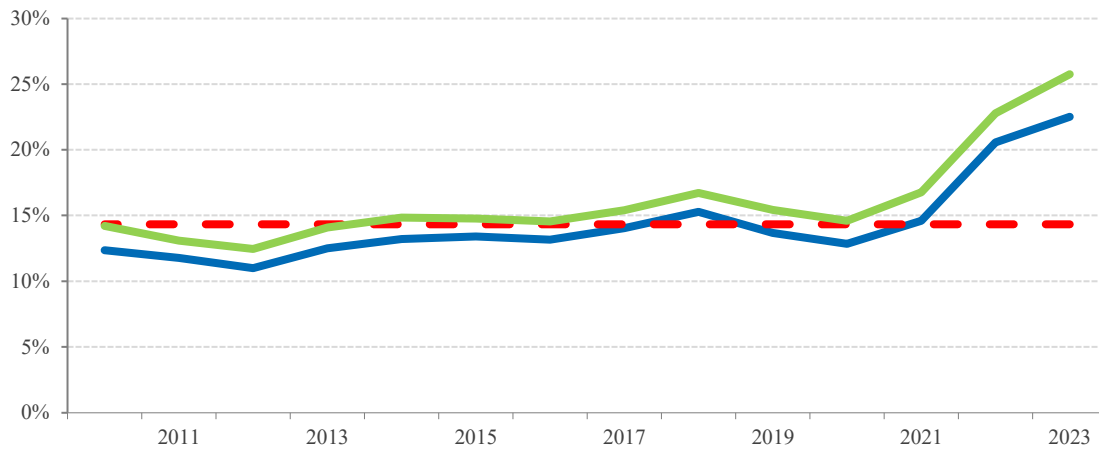


**State Total Foreclosure Rate vs. U.S Average**  
(U.S. Average in Blue Dashed Line)



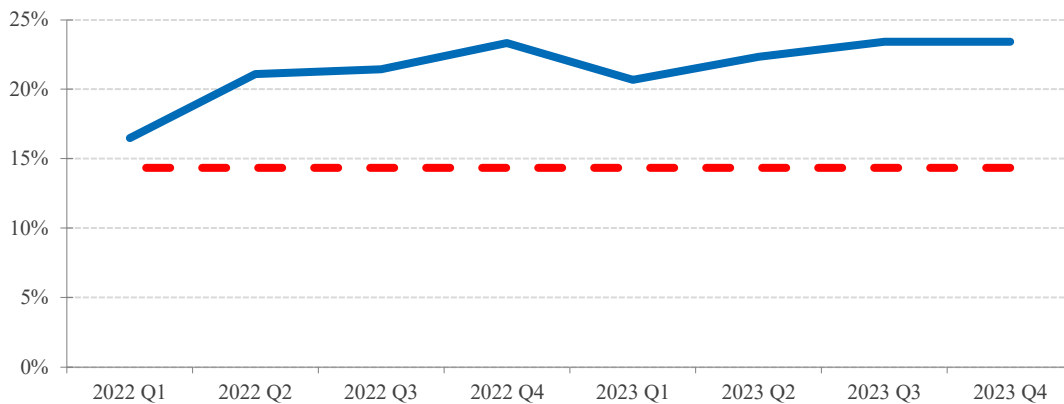
# Affordability

**Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income**  
(Local Historical Average Shown in Red, U.S. Average in Green)

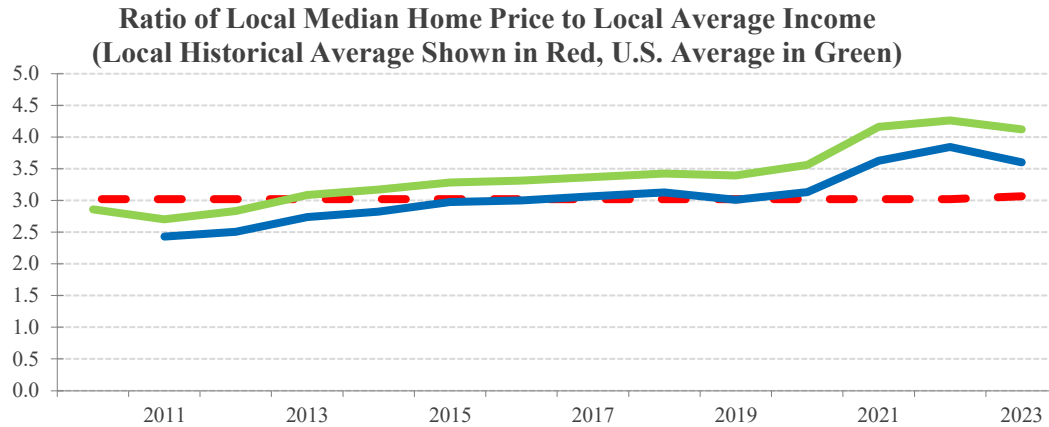


Monthly Mortgage Payment to Income	Houston	U.S.	
Ratio for 2023	22.5%	25.8%	Weak by local standards and could weigh on demand
Ratio for 2023 Q4	23.4%	25.5%	
Historical Average	14.4%	17.0%	More affordable than most markets

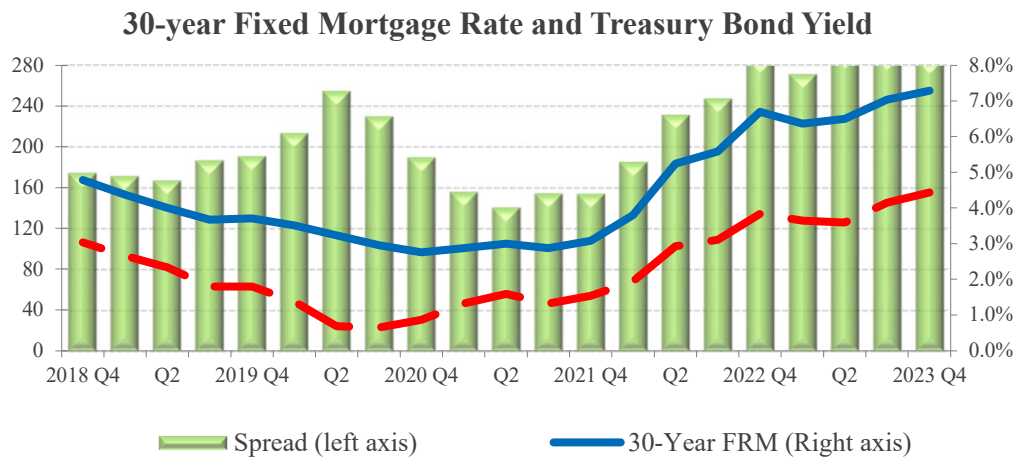
**Recent Trend - Local Mortgage Servicing Cost to Income**  
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Houston	U.S.	
Ratio for 2023	3.6	4.1	The price-to-income ratio eased, but could be better
Ratio for 2023 Q4	3.6	3.9	
Historical Average	3.1	3.4	Affordable compared to most markets



## The Mortgage Market



Throughout much of the final quarter of the year, mortgage rates remained elevated near 7.5 percent. According to the mortgage provider Freddie Mac, the 30-year fixed mortgage rate rose to 7.3 percent in the fourth quarter of 2023 from 6.7 percent the previous year. Nevertheless, rates fell below 7 percent at the end of year as the Federal Reserve continued to halt its interest rates hikes. With lower interest rates on the horizon, mortgage rates are expected to continue their downward trend in 2024, thereby enhancing affordability for potential homebuyers. NAR forecasts the 30-year fixed mortgage rate to average 6.8 percent in the first quarter of 2024, with a further decline expected to bring them below 6.6% by the end of the first half.

## Geographic Coverage for this Report

The Houston area referred to in this report covers the geographic area of the Houston-The Woodlands-Sugar Land metro area as officially defined by the Office of Management and Budget of the U.S. Government. The official coverage area includes the following counties:

Austin County, Brazoria County, Chambers County, Fort Bend County, Galveston County, Harris County, Liberty County, Montgomery County, and Waller County

More information on the OMB's geographic definitions can be found at [https://obamawhitehouse.archives.gov/omb/bulletins\\_default/](https://obamawhitehouse.archives.gov/omb/bulletins_default/)

