



The Housing Market—what is going on?

On the mind of many of our business and consumer customers is concern about the housing market. Is the housing market losing its steam? The answer to that question looks a little different for those of us fortunate enough to live in Texas. Yes, the Texas housing market continues to cool as we see sales volume decline and housing inventories rise. When the pace of new listings begins to overtake housing sales, this elevates home prices. I believe this pressure is pandemic after-shock. And even though home prices are still high, price growth now is retreating, providing a bit of a respite for potential buyers.

According to the most recent report from Texas Real Estate Research Center at Texas A&M, Texas has had some of the strongest housing appreciation rates in the country over the past decade. In this timeframe, Texas housing prices have risen 99.56 percent, which equates to an annual home appreciation rate of 7.15 percent. If you are a home buyer or real estate investor, Texas has been one of the best long-term real estate investments in the United States over the past decade. Considering only the most recent twelve months, Texas appreciation rates continue to be among the highest in the country, at 19.95 percent. The most recent quarter's appreciation rates in Texas were 4.10 percent, annualized to the rate of 17.44 percent.

Yet there are negative housing market factors:

- A weakening economy, inflation
- Rising loan rates, affordability, limited home inventory, can also lead to increased rental burden

Along with positive housing market factors:

- Job market and consumer spending are still strong
- Homes are still available, fewer bidding wars
- Home buyers migrating to our more affordable area with better quality of life

Although home sales have slowed in Texas, this is not always an indication of demand but rather of supply. Numerous analysts believe that the number of homes sold in Texas in 2021 could have been higher if there had been a greater supply of homes for sale. As newly constructed homes enter the market, this should help with an increase in total sales.

Overall, for this year, the Texas housing market will likely hold its strength, although not at robust level of 2021 with more growth expected in 2023. In my opinion, if you're debating whether or not to purchase a home the remainder of this year and early in the next, start preparing for purchase now. Come see us at Anahuac National Bank for help getting started. We know the market and we can make the process almost painless!

In closing: remember, life is a journey, not a destination and I remain cautiously optimistic about most earthly matters. Don't let fear slow your life to inaction. It is unlikely that housing ups and downs will tip the economy into a recession. The good news is that risks that arise from today's housing market are more about compounding other headwinds and not about a dramatic financial recession. Housing will not drive the lasting structural economic consequences we saw the last time the market went bust. We always appreciate your confidence and look forward to helping in any way we can.

