

# RATES, RECESSION & REBOUND

## The 3 Rs of the Houston Housing Market

- Rising mortgage rates have tapped the brakes on the market
- Inflation & fear of recession have caused a bit of a pause for buyers & sellers
- Prices continue to rise, but at a modest rate & we should expect some decline
- Homeowners with low interest rates are staying put so there are fewer homes available
- More homes expected to come on the market for spring selling season
- **Sellers:** Low inventory & pent up demand mean it's a great time to sell.
- **Buyers:** Easing home prices continue to be good news for buyers not wanting to compete in multiple offer situations.

Closed Listings by Price Cohort for: February 2023  
Single Family: All(New and Existing)

Price Cohort	Closed Listings*	Percent Dist	% Change Year Ago	Closed YTD	% Change Year Ago	Active Listings	DOM	Close to Orig. List Price	Months Inventory
\$0 - \$69,999	45	0.8%	15%	79	18%	91	115	56.9%	2.7
\$70,000 - \$99,999	42	0.7%	-21%	86	-27%	140	50	89.3%	2.7
\$100,000 - \$149,999	146	2.6%	-26%	278	-25%	430	54	90.8%	2.4
\$150,000 - \$199,999	323	5.6%	-23%	640	-28%	1,024	51	91.6%	2.5
\$200,000 - \$249,999	825	14.4%	-15%	1,463	-26%	1,829	56	93.5%	2.1
\$250,000 - \$299,999	1,114	19.5%	-19%	2,000	-24%	3,153	61	94.4%	2.4
\$300,000 - \$399,999	1,516	26.5%	-24%	2,706	-26%	5,280	65	93.6%	2.6
\$400,000 - \$499,999	724	12.6%	-32%	1,292	-31%	2,917	69	93.5%	2.7
\$500,000 - \$749,999	687	11.7%	-24%	1,168	-23%	3,045	72	94.2%	3.0
\$750,000 - \$999,999	176	3.1%	-23%	306	-22%	930	56	95.4%	3.2
\$1,000,000 +	146	2.6%	-32%	275	-29%	1,100	60	94.0%	4.2
	5,724			10,293		19,939			2.6

Year-over-year home sales have fallen each month since April of 2022 as our market has come back down to earth from the unprecedented (and unsustainable) market of 2021 and the beginning of 2022. While the headlines have been negative, compared to pre-pandemic years, the Houston real estate market has actually held its own.

As mortgage rates have risen close to 6.75%, some homeowners with low interest rates have been staying put because they know they won't get as good of a rate if they move. Higher interest rates have also driven many buyers from the market. In fact, the high rates have caused mortgage applications to drop to their lowest levels in 28 years, and half of those applications were from refinances.

As we enter the spring selling season, we do expect to see a shift in our market. This typically busy season should result in a significant increase in inventory and more buyers re-entering the market as well.

“Date the rate, and marry the house.”