



JULY 2020

## AUSTIN REAL ESTATE MARKET UPDATE

### NEW HOME SALES JUMP 16%; REALES BEGIN THEIR SLOW RECOVERY

#### **The Austin - Round Rock Housing Market:**

1. New Home Sales - John Burns Real Estate Consulting (JBREC) reported that sales of new single-family housing increased by **16%** year-over-year from 16,290 new home closings to 18,906 in May 2020.
2. New Home Sales Price - The median sales price of new houses sold in May 2020 was \$321,900, an increase of 3.3% year-over-year.
3. Existing Single Family Home sales volume increased by 9.3% year-over-year to 3,969 home sales in June. Sales dollar volume also increased by 13.1% to \$1.67 Billion.
4. Existing home average sales price rose 3.5% year-over-year from \$414,423 to \$428,915. Average price per square foot rose to \$189.29. The median price of existing single family housing rose in June by 4.6% to \$340,000 and homes spent two fewer days on the market. In the city of Austin, the median price for a single-family home continues to rise, climbing 3.3% to \$407,000 in June.
5. Existing single-family home inventory within the Austin-Round Rock MSA declined to critically low levels in June to only **1.8 months' supply**. This continued lack of inventory in each Texas market continues to fuel the new home market.
6. James Gaines, chief economist for the Real Estate Center at Texas A&M University, thinks perspective is needed when interpreting the market throughout 2020. "There are plenty of

unknowns in the months ahead, but June home sales across the MSA being up 9.3% year-over-year was tremendous when considering the strength of 2019. And while home sales declined throughout the Austin-MSA during the first six months of 2020, we are still on track for a strong year," Gaines said. Gaines noted that while June saw strong numbers throughout all of Texas, Austin's **inventory shortage remains extremely problematic**. "Extremely low inventory is one of the factors that affects overall sales dollar volume while simultaneously creating a very competitive and tight market. Home builders aren't building quite as many new homes and sellers were hesitant to list their home during shelter in place orders. Even if we end up with a 3 to 4% decline in sales in 2020, that would still be a strong year for the region."

#### **The Austin Economy:**

The unemployment rate in the Austin-Round Rock MSA increased to 7.5% up from 2.8% a year prior as workers continue to face restricted re-openings due to the Coronavirus pandemic. However, this is down significantly from May which recorded over 11% unemployment.

As expected, the Austin MSA jobs decreased from 1,119,300 to 1,063,400, according to the latest figures published by the Texas Workforce Commission. This marks a 4.99% year-over-year decrease compared with June 2019. Over the past five years, the job growth rate has increased at an average annual rate of 1.5%. As dismal as these number may seem, the economy continues to improve as individuals return to the workforce. From April to May, 89,790 jobs were added back to the market, a month-to-month increase of 1.8%.

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