

APR 23, 2025

Texas Housing Insight | February 2025



All measurements are calculated using seasonally adjusted data, and percentage changes are calculated month-over-month, unless stated otherwise.

TOTAL HOME SALES
▼ 2.3% YOY

MEDIAN HOME PRICE
▲ 0.9% YOY

DAYS ON MARKET
= 50

MONTHS' SUPPLY
▲ 4.4% YOY

The Texas housing market reflected ongoing challenges in February 2025, with weak home sales a reminder of low affordability and cautious buyer behavior amid economic uncertainty. Home sales ranked among the weakest on record for a February since 2019. High mortgage rates continue to weigh on buyer affordability.

The recent jump in inventory levels are signs of lagging demand struggling to keep pace. February is the 13th consecutive month where inventory is expanding at a rapid pace of 30 percent year over year (YoY), outpacing demand. Inventory has risen to approximately 35 percent above pre-pandemic levels, shifting the market conditions in favor of buyers.

While inventory growth benefits buyers and gives them more leverage and time to make decisions, the current pace of inventory build-up is putting more downward pressure on overall home prices. Regionally, home prices in Austin continue a trajectory toward a stable bottom and the pace of decline has leveled off in recent months. Houston home prices have steadily trended upward in the past 16 months, neither accelerating nor decelerating.

Statewide, new construction has declined from the same period last year. Builder sentiment is weakening due to uncertainty surrounding material costs and potential supply-chain challenges brought on by new tariffs policies. Texas continues to lead the nation in new home construction, offering comparatively affordable housing options.

The latest consumer sentiment and bond yields highlight heightened inflation expectations and concerns of potential economic slowdown from restrictive tariffs policies. The sharp rise and volatility in 30-year mortgage rates will intensify the demand-supply imbalance as more potential buyers may choose to delay their purchase and wait out the uncertainty – not to mention many have stayed on the sidelines waiting for rates to fall.

Moderate Dip in February Home Sales

February recorded sluggish home sales, reflecting a weaker performance in the housing market and ongoing affordability challenges due to high mortgage rates.

Feb 2025	Monthly Closed Sales	YoY% (NSA)	Year-To-Date YoY%	Median Home Price
Texas	23,080	(4.5%)	(2.3%)	\$328,000
U.S.	257,000	(5.2%)	(1.6%)	\$398,500

Sources: Texas Real Estate Research Center and NAR Existing Homes Sales, retrieved from FRED

A total of 23,080 home sales (including new and existing homes) were recorded statewide, making up 9 percent of homes sales nationwide.

Monthly sales declined by 4.5 percent from February 2024 (2024 was a leap year); Year to date, sales were down 2.3 percent.

Texas home sales trends show similarities to national trends: Not adjusted for seasonality, national home sales were down 5.2% YoY in February and 1.6% YoY year-to-date.

The median sales price was \$328,000, not much changed from January (\$326,000) but was lower than a year ago (\$332,700).

January's monthly sales were revised upward from 1.2 percent to 2.1 percent YoY.

Home Sales at Slowest Pace Since 2016

February 2025 home sales figures rank among the weakest on record for a February since 2019, whether seasonally adjusted or not. Additional indicators, such as days on market (DoM) and inventory turnover (see Figure 1), further point to the slowest pace of home sales observed since 2016.

Source: Texas Real Estate Research Center

In Figure 1:

In February, the active inventory turnover ratio stood at 13.9 percent, or one in seven listed homes sold. This marks a decline from 20 percent (one in five) a year ago.

The average DoM reached 50 days in February, an increase from 44 days in the same period last year.

At the current pace of sales, supply exceeds demand. Before the pandemic, the market was relatively balanced, with an inventory turnover ratio of approximately 20 percent and DoM averaging 30 to 35 days.

Rising Inventory Outpaces Weak Demand

Over the past 12 months, inventory has improved significantly amid rising new listings, rebounding to near pre-pandemic levels and even exceeding them in recent months. However, when viewed with months' supply (see Figure 2), the sharp increase in inventory is also indicative of weak demand struggling to keep up with the growing supply.

Source: Texas Real Estate Research Center

In Figure 2:

At the end of February, active inventory totaled 124,070, up 3.9 percent MoM from January and 28.6 percent YoY from February 2024.

Months' supply in February stood at 4.4 months, an increase from 3.5 months in the same period last year.

In the relatively balanced market prior to the pandemic, months' supply was approximately 3.5 months.

Home Prices Edge Higher at Slower Pace with Mixed Trends

Home prices have softened recently with mixed trends. High inventory has put downward pressure on home prices. Overall, home prices in Texas rose by 0.9 percent YoY, the slowest pace since November 2023.

Among the major metros, Austin continues to see downward price trends, while home prices in San Antonio have remained relatively stable, showing no clear upward trends. In Houston, home prices have maintained steady upward trends in the past 16 months, neither accelerating nor decelerating, with YoY growth consistently at about 2.5 percent. In recent months, YoY price appreciation in the Fort Worth-Arlington area has slightly exceeded that of the Dallas-Plano-Irving metro division. This can be explained by Fort Worth-Arlington's relatively more affordable home prices that appeal to buyers seeking more value for their money.