



MLS Press Release

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HURRICANE HARVEY DISTORTS HOUSTON HOUSING ANALYSIS

Houston Housing Minute for August 2018



Current market conditions are healthy, but storm's effects distort traditional measurements

HOUSTON — (September 12, 2018) — Thousands of people are still haunted by Hurricane Harvey's devastating effects as they continue to rebuild their homes and lives. Even now, the storm is affecting the way housing numbers compare August 2018 to August 2017. The traditional year-over-year measurements that the Houston Association of Realtors® (HAR) uses to track market trends have been thrown out of whack because Harvey halted most real estate activity across the greater Houston market during the final week of August 2017 and beyond. Therefore, this HAR report presents the actual numbers of our August 2018 - August 2017 comparison while offering additional analysis to help provide more accurate and statistically relevant assessment of market conditions by removing the "Harvey effect."

According to the traditional, full-month numbers, Houston single-family home sales rose 37.2 percent year-over-year, with 8,358 homes sold in August versus 6,090 one year earlier when Harvey struck the region. HAR isolated single-family home sales for the period of August 1 - 24 since Harvey's effects began to take a toll on the market on August 25, 2017. That analysis showed sales up 7.6 percent in August 2018, with 5,844 homes sold through August 24 of this year compared to 5,433 during the same time frame last year.

HAR also compared August 2018 home sales to August 2016 – the last August for which a complete month of data were available. A total of 8,016 single-family homes sold back then, accounting for a 4.3 percent increase two years later. On a year-to-date basis, home sales are currently 7.2 percent ahead of 2017's record volume.

The single-family home median price (the figure at which half of the homes sold for more and half sold for less) rose 3.0 percent to \$236,870, and the average price increased 1.9 percent to \$300,670. Both represent the highest figures ever for an August.

"We all know how catastrophic Harvey was and how incredibly resilient our community has been, so HAR has taken great care to gauge Houston's August housing market performance as accurately as possible given the data distortions caused by the disaster," explained HAR Chair Kenya Burrell-VanWormer with JPMorgan Chase. "We will likely see similar distortions in the September numbers, as Harvey's effects lingered, however current market conditions are healthy, with single-family home sales and rentals up despite constrained inventory."

Not adjusted to account for Harvey, August sales of all property types totaled 9,978, up 36.8-percent versus the same month last year. Total dollar volume shot up 40.1 percent, reaching \$2.86 billion.

Lease Property Update

There was mixed consumer interest on the property lease front in August, with single-family up and townhome/condominium down, regardless of how HAR analyzed that year-over-year data. Not adjusted to account for the "Harvey effect," single-family home rentals climbed 13.9 percent while leases of townhomes and condominiums were down 1.2 percent. For the period of August 1 - 24, not affected by Harvey, single-family rentals were up 7.6 percent while townhome/condominium rentals fell 8.3 percent.

The average rent for single-family homes rose 3.4 percent to \$1,926 and the average rent for townhomes and condominiums increased 5.5 percent to \$1,639.

August Monthly Market Comparison

The Houston real estate market generated positive activity in August, with single-family home sales, total property sales, pricing and total dollar volume all up compared to August 2017. Without accounting for the effects of Hurricane Harvey – which halted most sales activity from August 25-31, 2017 – month-end pending sales for single-family homes totaled 8,084, a 43.9 percent increase over last year. Total active listings, or the total number of available properties, were up 0.3 percent to 41,991. Single-family homes

inventory remains constrained, reaching a 4.1-months supply in August, which is down fractionally from the 4.3-months supply a year earlier. For perspective, housing inventory across the U.S. stands at a 4.3-months supply, according to the latest report from the National Association of Realtors® (NAR).

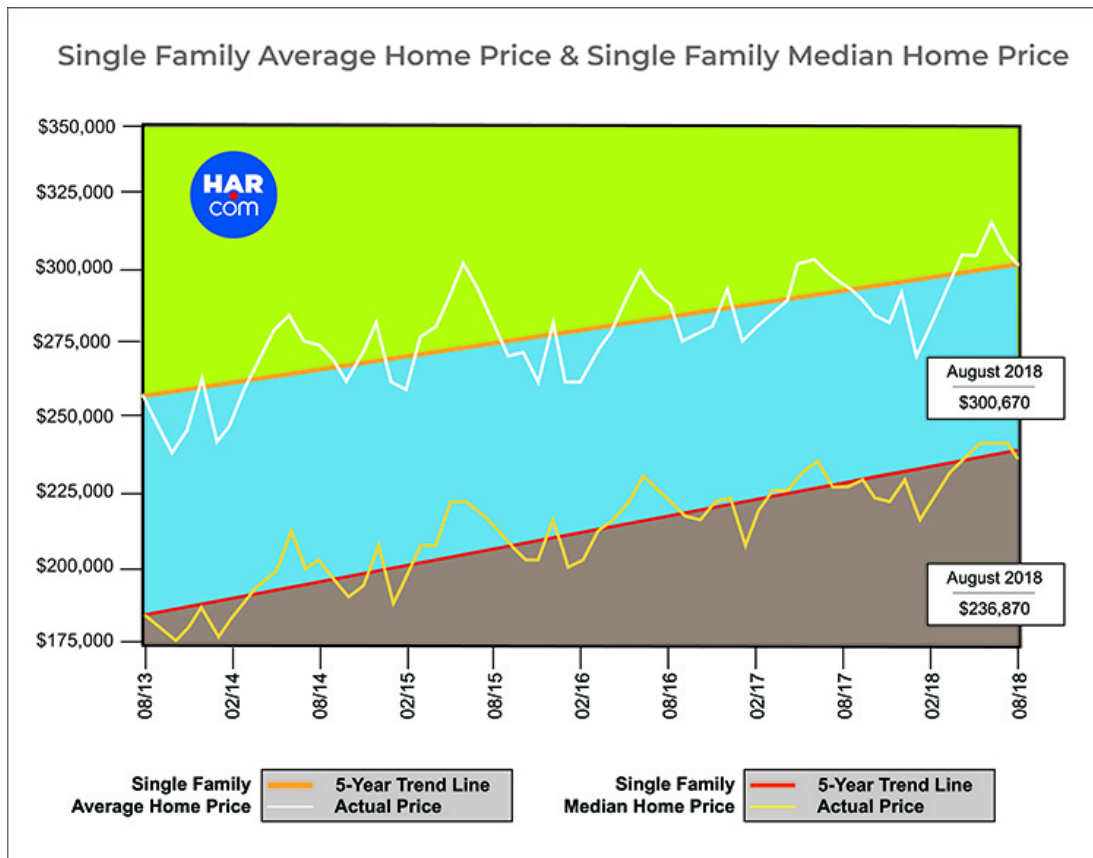
CATEGORIES	AUGUST 2017	AUGUST 2018	CHANGE
TOTAL PROPERTY SALES	7,296	9,978	36.8%
TOTAL DOLLAR VOLUME	\$2,042,873,492	\$2,861,265,371	40.1%
TOTAL ACTIVE LISTINGS	41,884	41,991	0.3%
SINGLE-FAMILY HOME SALES	6,090	8,358	37.2%
SINGLE-FAMILY AVERAGE SALES PRICE	\$294,963	\$300,670	1.9%
SINGLE-FAMILY MEDIAN SALES PRICE	\$230,000	\$236,870	3.0%
SINGLE-FAMILY MONTHS INVENTORY*	4.3	4.1	-0.2 months
SINGLE-FAMILY PENDING SALES*	5,617	8,084	43.9%

* Months inventory estimates the number of months it will take to deplete current active inventory based on the prior 12 months sales activity. This figure is representative of the single-family homes market.

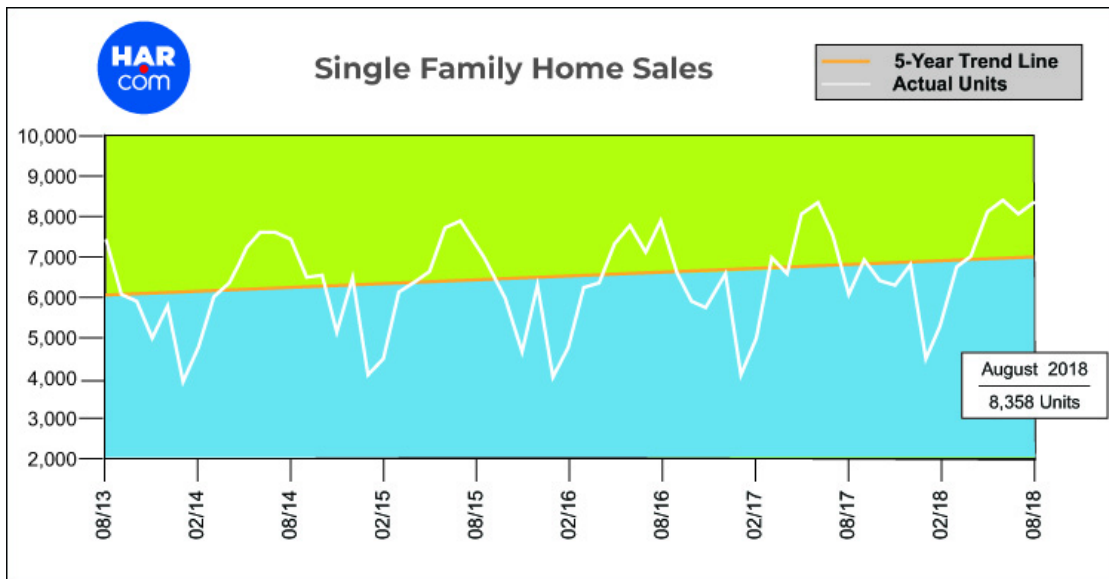
SPECIAL NOTE: Most of the above figures are distorted because of the effects of Hurricane Harvey on home sales from August 25-31, 2017. Please read the full report for analysis that factors out the "Harvey effect."

Single-Family Homes Update

When not accounting for the disruptive effects of Hurricane Harvey on real estate during the final week of August 2017, sales of single-family homes jumped 37.2 percent in August, with 8,358 units sold across the greater Houston area compared to 6,090 a year earlier. In order to eliminate the data distortions caused by the natural disaster, HAR analyzed year-over-year sales activity between August 1 - 24, before Harvey struck. That analysis showed 5,844 single-family home sales in 2018 versus 5,433 in 2017 – an increase of 7.6 percent. On a year-to-date basis, home sales are 7.2 percent ahead of 2017's record pace.



Prices reached the highest levels ever for an August. The median price increased 3.0 percent to \$236,870. The average price rose 1.9 percent to \$300,670. Days on Market (DOM), or the number of days it took the average home to sell, was 49 days versus 51 a year earlier. Inventory registered a 4.1-months supply, down slightly from 4.3 months a year earlier.



HAR has produced two sets of price-segmented home sales data for August.

This first set does not factor out the "Harvey effect":

- \$1 - \$99,999: increased 33.5 percent
- \$100,000 - \$149,999: increased 8.0 percent
- \$150,000 - \$249,999: increased 46.0 percent
- \$250,000 - \$499,999: increased 46.0 percent
- \$500,000 - \$749,999: increased 53.9 percent
- \$750,000 and above: increased 34.6 percent

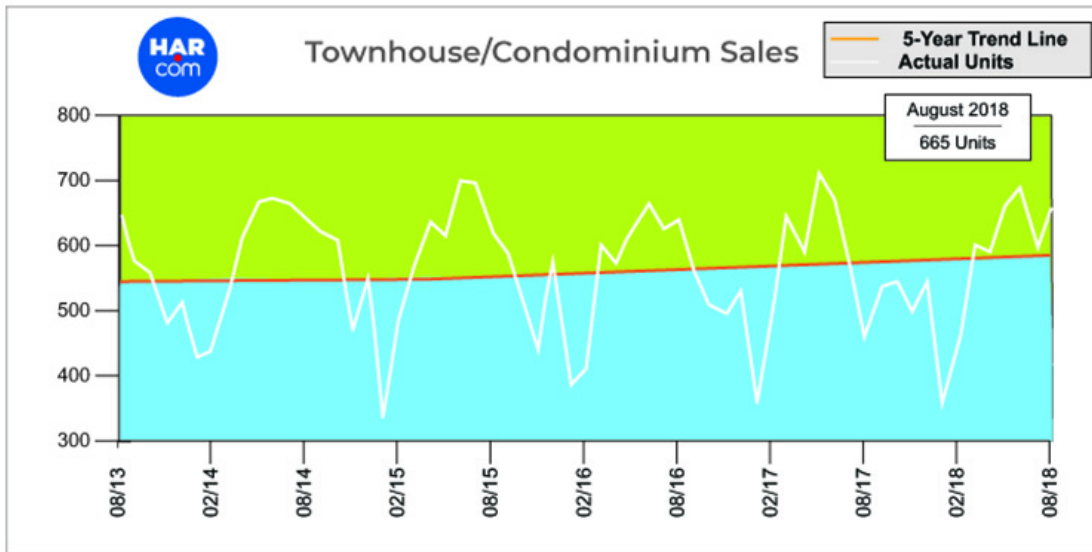
This data set reflects the pre-Harvey (August 1 - 24) comparison:

- \$1 - \$99,999: decreased 2.4 percent
- \$100,000 - \$149,999: decreased 12.4 percent
- \$150,000 - \$249,999: increased 7.3 percent
- \$250,000 - \$499,999: increased 13.7 percent
- \$500,000 - \$749,999: increased 16.7 percent
- \$750,000 and above: increased 15.4 percent

HAR also breaks out the sales figures for existing single-family homes. Existing home sales totaled 7,116 in August, an increase of 36.3 percent versus the same month last year when not removing the distortions caused by Hurricane Harvey. The average sales price increased 3.7 percent to \$291,723 while the median sales price rose 2.7 percent to \$225,000.

Townhouse/Condominium Update

Sales of townhomes and condominiums rose in August, with or without the "Harvey effect." The traditional full-month comparison shows that 665 units sold versus 465 a year earlier, accounting for a 43.0 percent increase.



When isolating the August 1 - 24 time period, sales rose 12.3 percent year-over-year, with 457 units sold in 2018 compared to 407 one year earlier. The average price increased 5.4 percent to \$207,185 and the median price rose 3.3 percent to \$164,240. Inventory declined slightly from a 4.4-months supply to 4.3 months.

Houston Real Estate Highlights in August

(* asterisk denotes that the "Harvey effect" has been removed):

- Single-family home sales rose 7.6 percent year-over-year, with 5,844 units sold*;
- Days on Market (DOM) for single-family homes declined slightly to 49 days;
- Total property sales jumped 36.8 percent, with 9,978 units sold;
- Total dollar volume increased 40.1 percent to \$2.86 billion;
- The single-family home median price rose 3.0 percent to \$236,870, reaching an August high;
- The single-family home average price also achieved an August record, rising 1.9 percent to \$300,670;
- Single-family homes months of inventory was at a 4.1-months supply, down from 4.3 months last August and equal to the national level;
- Townhome/condominium sales rose 12.3 percent year-over-year, with 457 units sold in 2018 compared to 407 one year earlier*;
- Leases of single-family homes rose 7.6 percent with the average rent up 3.4 percent to \$1,926*;
- Volume of townhome/condominium leases fell 8.6 percent with the average rent up 5.5 percent to \$1,639*.