

# The Texas State of Real Estate

The Texas blueprint: how the Lone Star State is leading America in growth, jobs, and housing supply.



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# Executive Summary



- Texas is the fastest-growing state in the union and is forecasted to overtake California as the most populous state in 2045. People move to Texas for plentiful jobs, cheaper housing, and a different climate, and they primarily come from California and abroad.
- The labor market is growing and evolving, with Texas seeing the fastest job growth in the U.S. Its natural resources employment is being replaced by jobs in the professional and business services sector as well as the construction, service, and education sectors.
- Texas is building more affordable homes than the rest of the country, but it still faces an affordability issue.

Texas was the No. 1 state for permitted housing units, accounting for 15% of the 2024 U.S. total, punching well above its 9% share of the U.S. population.

Nevertheless, 51% of Texans make less than \$75,000 per year, but just 16% of for-sale housing inventory is affordable at this income level.

- More than 1 in 4 people shopping for homes in Texas are from out of state, according to Realtor.com® data.
- The challenges ahead: While cheaper housing has certainly been a boon to both households and businesses in Texas, the competitive advantage is at risk of waning because of rising prices and rents.

Recent rental and housing trends highlight the impact of supply-side adjustments, as an influx of new supply is helping rents and home prices to correct.

Climate has been an attractor for Texas, but hurricane-driven wind and heat risks raise the long-term cost of owning as insurance premiums, maintenance, and damage repair costs mount.

# Introduction

Realtor.com is moving to Texas, and we aren't the only ones.

In conjunction with the announcement of our headquarters relocation from Santa Clara, CA, to Austin, TX, we are excited to share this landmark report on housing, economic, and migratory conditions in Texas over recent years. This report examines who is moving to Texas, why they are coming, and what makes the Lone Star State an attractive destination for businesses, like ours, that choose to invest here.

Combining data from Realtor.com and third-party providers, this report highlights state-level trends in Texas, as well as trends in the state's largest metropolitan areas. The patterns that emerge help explain why Texas is a popular destination for major employers as well as the workers who keep their businesses humming. Important topics we will cover include the following:

- **Who is moving to Texas, and why?** We analyze the types of people arriving, where they are coming from, and what is motivating them to relocate.
- **Trends in the Texas labor market.** We research the industries that are growing the fastest in the state, attracting new workers with expanded opportunities.
- **How does the Texas housing market stack up?** We compare the state's housing and rental markets against the rest of the country.

As we move to expand our investment in and commitment to Austin and the state of Texas, this report highlights some of the key trends that have made it an attractive place to live and work. We aren't the first major company to relocate to the Lone Star State—others will likely follow, as this report suggests.



# Population and Migratory Trends

Texas is the second-largest state in the United States by both population and land area, second to only California and Alaska, respectively.

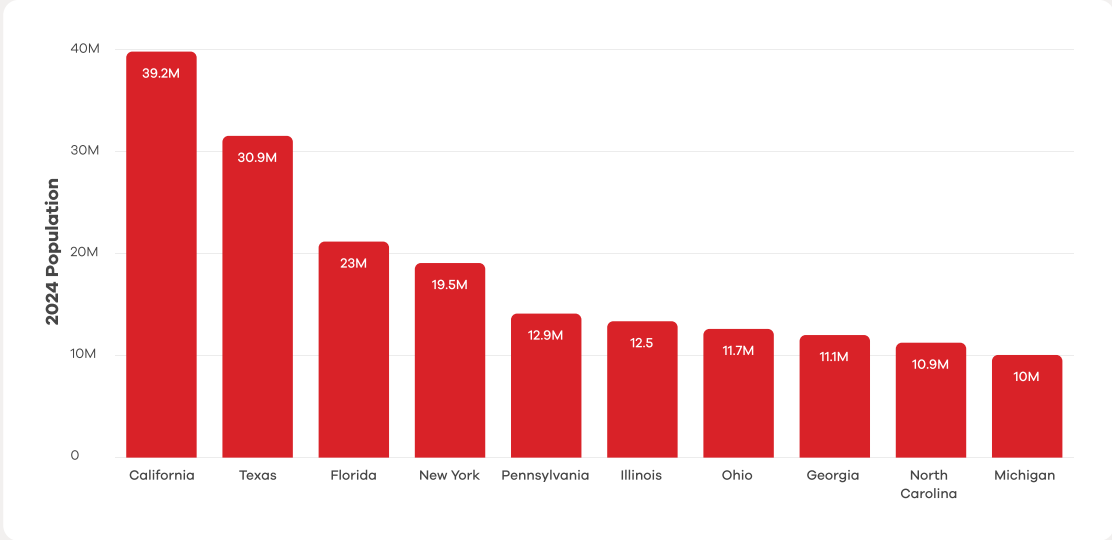
Over the past decade, Texas has also added more residents to its population base than any other state.

This trend is set to continue and will propel Texas to be the most populated state in the union by midcentury. The two largest sources of immigration to Texas are international migration and relocation from California. The top reasons why households move to Texas from out of state are housing, jobs, and climate related reasons.



### The data

## Top 10 Most Populous States In 2024

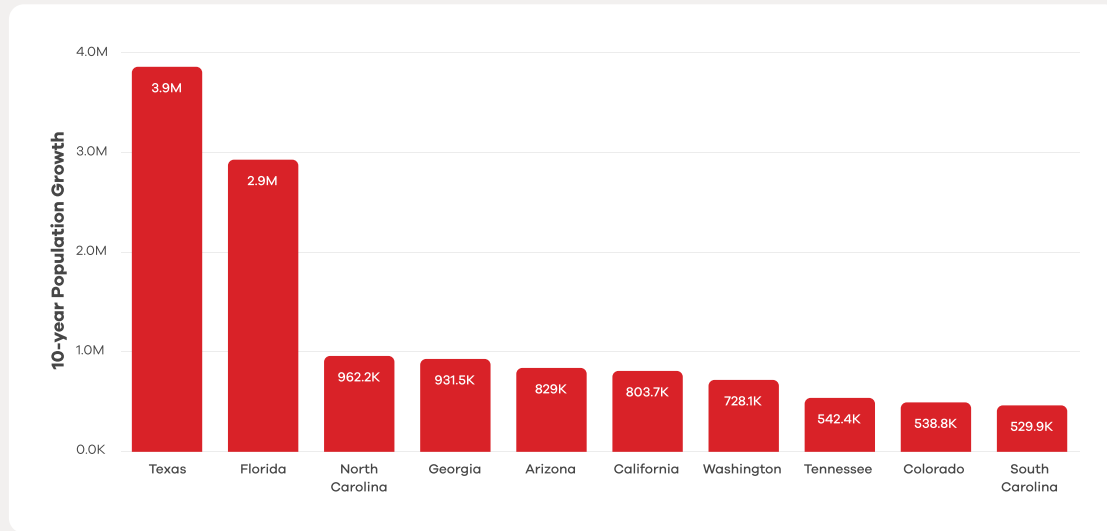


Source: Realtor.com analysis of Current Population Survey

Texas is second, only to California, as the most populous state with an estimated population of just under 31 million in 2024. California’s population lead is sizable, with nearly 27% more residents than Texas in 2024.

The data

## Top 10 Population Growth States, 2014-2024

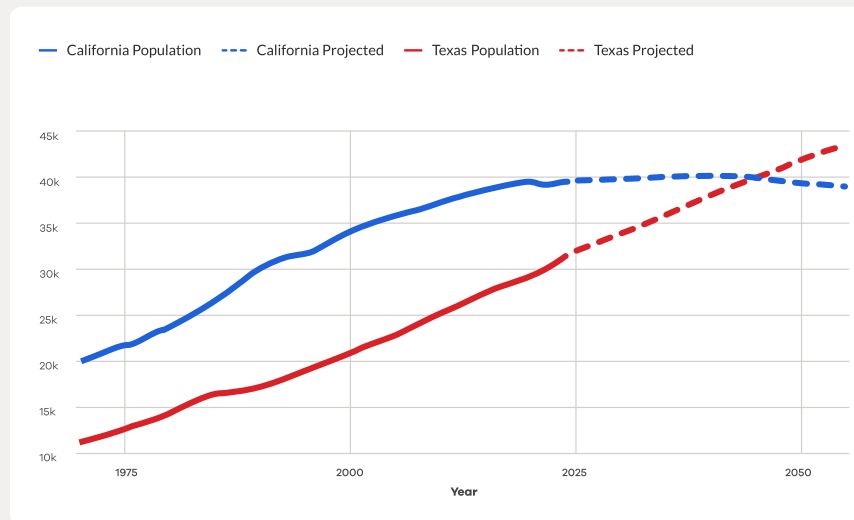


Source: Realtor.com analysis of Current Population Survey

However, Texas leads the nation in net population growth over the past decade with an estimated increase of nearly 4 million new residents between 2013 and 2023. This is nearly as much growth as the No. 2 (Florida) and No. 3 (North Carolina) states combined over the same time period. It is also more than the states ranked sixth through 10th combined, which include California, Washington, Tennessee, Colorado, and South Carolina.

### Texas vs California Population and population projections

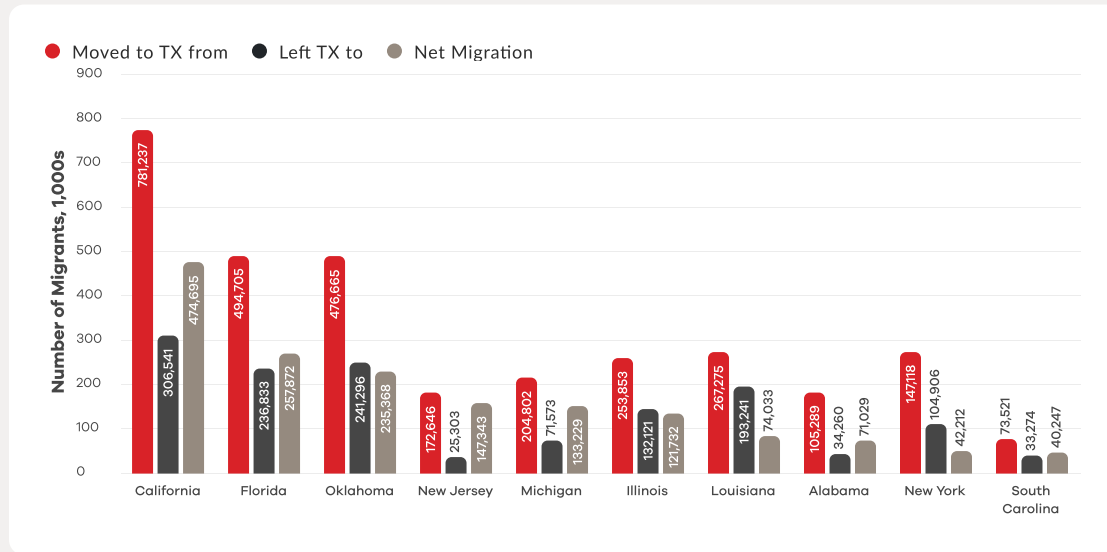
The strong pace of population growth in Texas is slated to continue into at least the middle of the century, reaching a population of nearly 42 million. This net increase of over 10 million Texans over the next 26 years will not only be the most growth of any state in the union, but it will also be enough to eclipse California as the most populous state. It's important to note that the shift in ranking in 2045 is due to a combination of strong net positive growth (population gain) in Texas as well as net negative growth (population loss) projected in California.



Source: Moody's projections and U.S. Census Bureau Population Estimates (historical)

**The data**

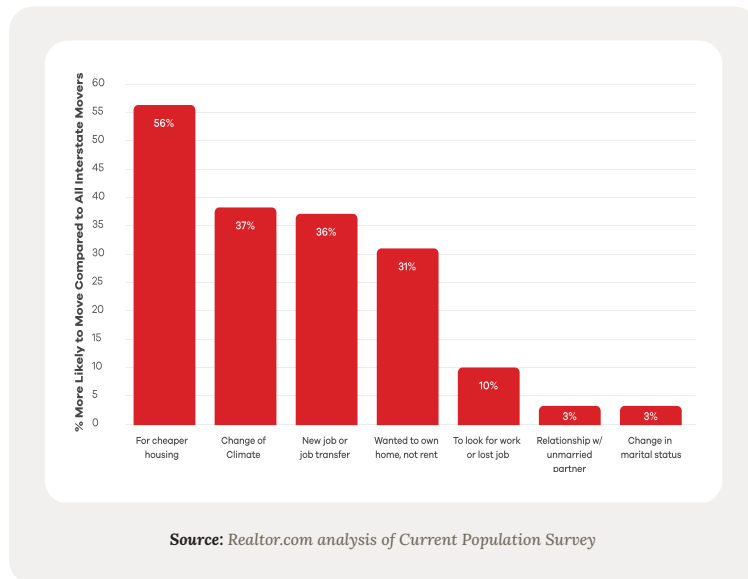
## Top Net Migration States To Texas, 2009-2023



Source: Realtor.com analysis of Current Population Survey

When looking at the top domestic contributors to Texas’ population growth over the past decade and a half, California stands out as the largest contributor of population growth with an estimated net migration of nearly a half-million persons to Texas between 2009 and 2023. Florida and Oklahoma round out the top three, with an estimated net migration of 257,872 and 235,368 persons to Texas, respectively. Other significant contributors include New Jersey, Michigan, Illinois, Louisiana, Alabama, New York, and South Carolina.

### Why move to Texas from California? 2009-2023 odds ratio



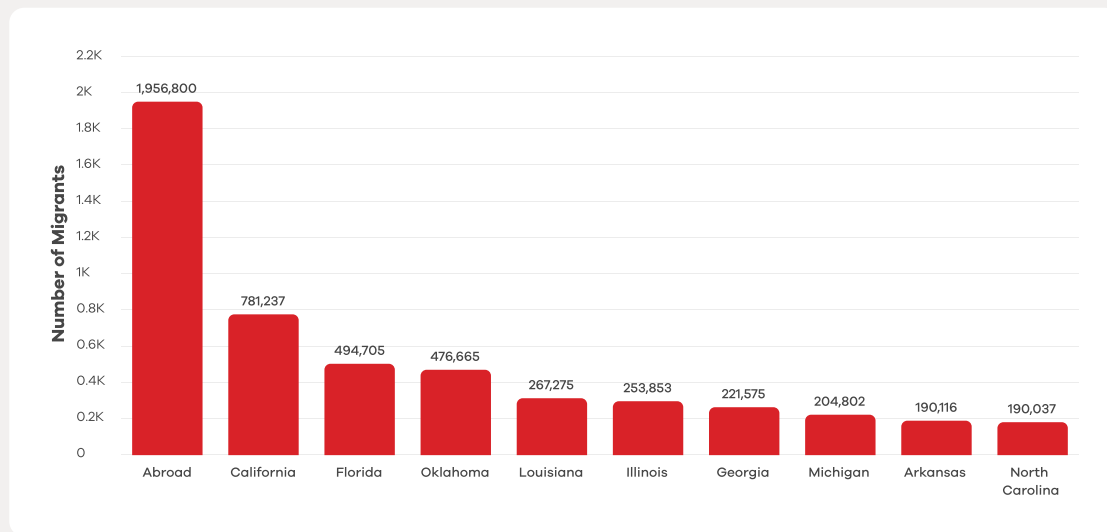
Source: Realtor.com analysis of Current Population Survey

Why are Californians the largest contributor to Texas’ domestic population growth? The short answer is because of housing, climate, and job-related reasons. Fortunately, the U.S. Census Bureau’s Current Population Survey (CPS) asks respondents who have moved in the past year to provide a primary reason why they moved. Using these survey data, we looked at the relative likelihood that a person moved to Texas for a specific reason compared with all who made an out-of-state move for that reason (otherwise referred to here as an odds-ratio). For example, California to Texas movers are 56% more likely to move

for cheaper housing than the typical person who moved out of state. The second-highest odds-ratio of California to Texas movers was for a change of climate (37%), a new job or job transfer (36%), a desire to own a home and not rent (31%), and a job loss or a job search (10%). While we don't know the specific climate reason of every mover, we can speculate that at least some of these climate-related moves from California are spurred by the devastating wildfires that caused tens of billions of dollars in damages from 2017 to 2021. The recent wildfires in Los Angeles County are a reminder that these risks have not diminished.

**The data**

## Top Gross Population Contributors To Texas, 2009-2023



Source: Realtor.com analysis of Current Population Survey

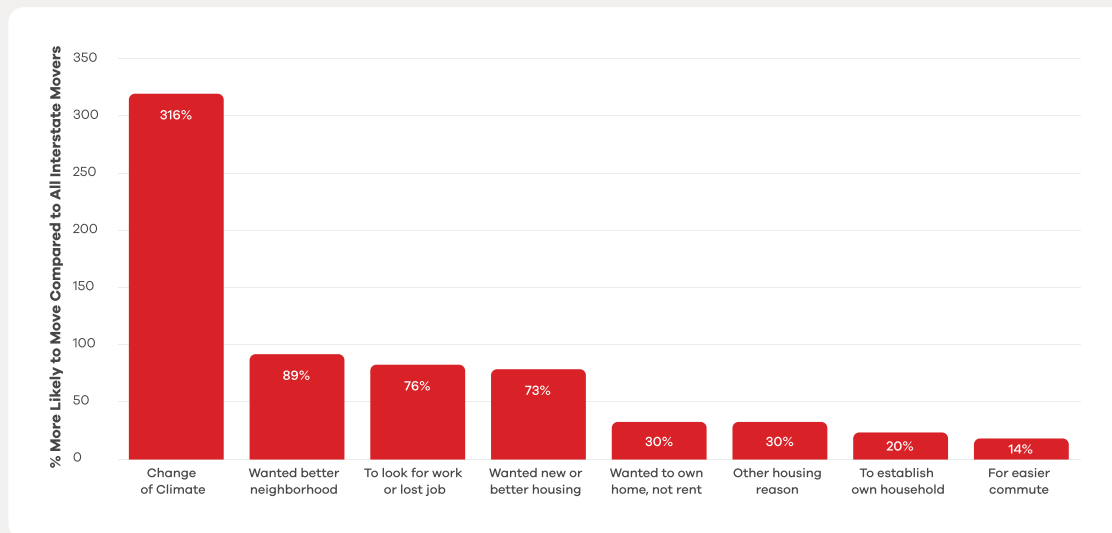
While the sources of, and reasons for, domestic migration to Texas are important, the magnitude from international migration eclipses that of the largest domestic sources. According to Realtor.com Cross Market Demand Data, international shoppers from Canada, Mexico, the United Kingdom, Germany, and Australia have shown the largest interest in homes in Texas in recent years.

While we can't calculate net international migration because the U.S. Census Bureau's Current Population Survey does not track movers to international locales, we can compare gross international migration with gross domestic migration on sources of migrants. As it turns out, nearly 2 million people moved to Texas from abroad from 2009–23. This is more than double the number that moved to Texas from California, four times the number that moved from Florida and Oklahoma, and eight to 10 times the number from Louisiana, Illinois, Georgia, Michigan, Arkansas, and North Carolina. Comparing total gross domestic migration (nearly 5.7 million) with gross international migration (nearly 2 million), we see that domestic movers outpace international movers to Texas, but international migrants are a significant source of those coming to Texas.



**The data**

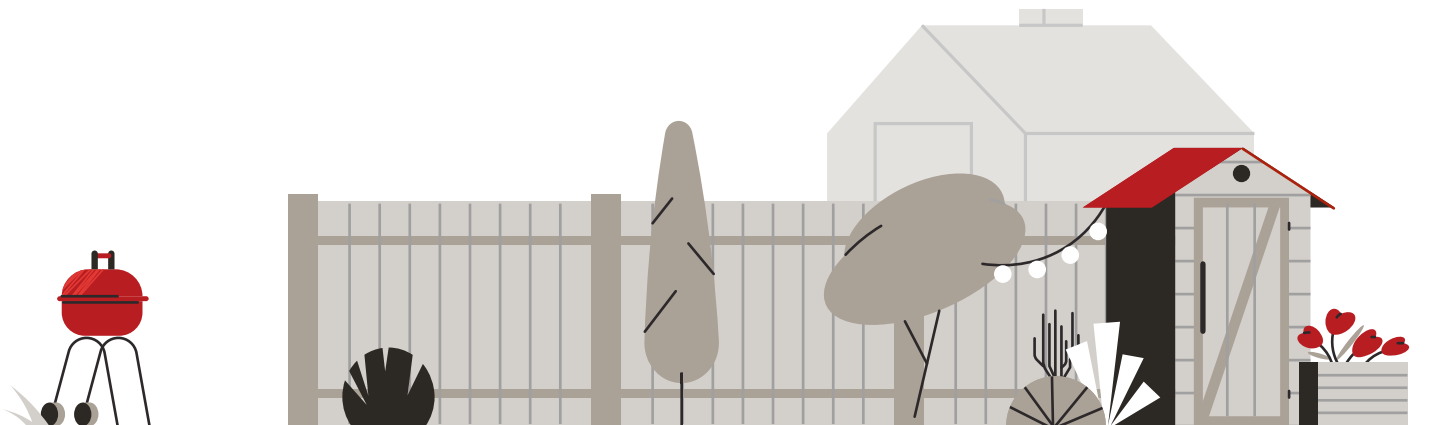
## Why Move To Texas From Abroad? 2009-2023 Odds-Ratio



Source: Realtor.com analysis of Current Population Survey

When looking at the reasons for international migration to Texas, we find a similar trend among persons moving from California to Texas, but with different odds-ratios. For example, international movers to Texas substantially over-index on a change in climate compared with other international migrants to the U.S. with an odds-ratio of 316%—meaning they are over three times more likely to move for that reason. While we don't know the specific climate reason of every mover, we can speculate that at least some of these international moves are from colder-climate countries (Canada, Northern and Eastern Europe, etc.). Other over-indexed reasons for moving among international migrants include moving for a better neighborhood (89%), looking for work or having lost a job (76%), wanting new or better housing (73%), and wanting to own a home rather than rent (30%).

Because a nontrivial share of movers to Texas cite the labor and housing markets as driving forces in their decision to move, we next take a look at the Texas economy and housing market, including trends in economic growth, the home resale market, new construction, and rental housing.



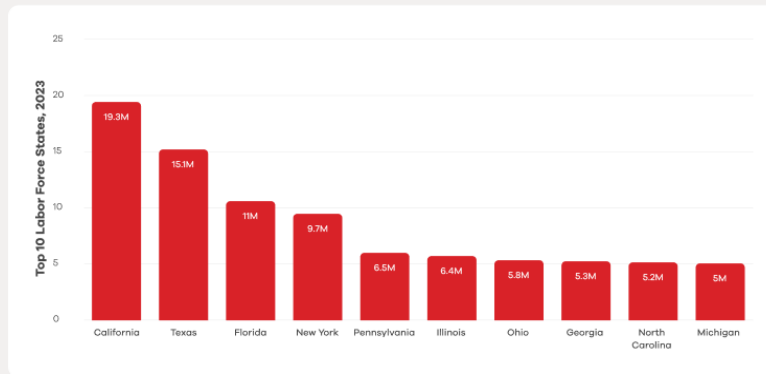


# Trends in the Texas Economy & Labor Market

Mirroring trends in migration, the Texas labor force and employed population is second in the nation, behind California and ahead of other large population states like Florida and New York. At the end of 2023, Texas had 15.1 million in its labor force, 14.5 million of whom were employed. Over the past decade, however, Texas has added more workers to its payrolls than any other state, with an additional 2.5 million, 25% more than the runner-up, Florida. Importantly, Texas has been able to accommodate the influx of people, with unemployment in the state hovering just below 4% at the end of 2023.

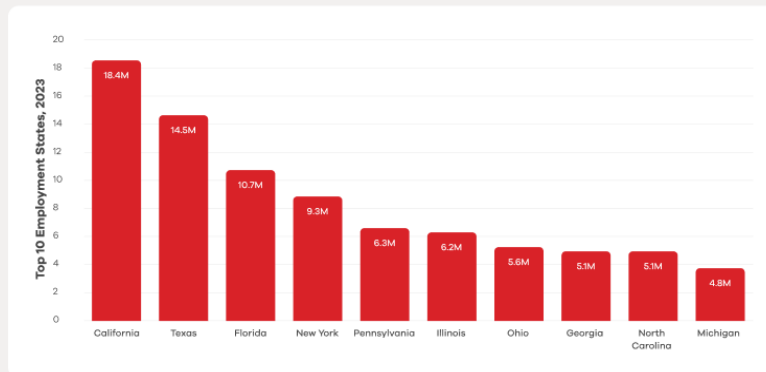
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## Top 10 Labor Force States, 2023



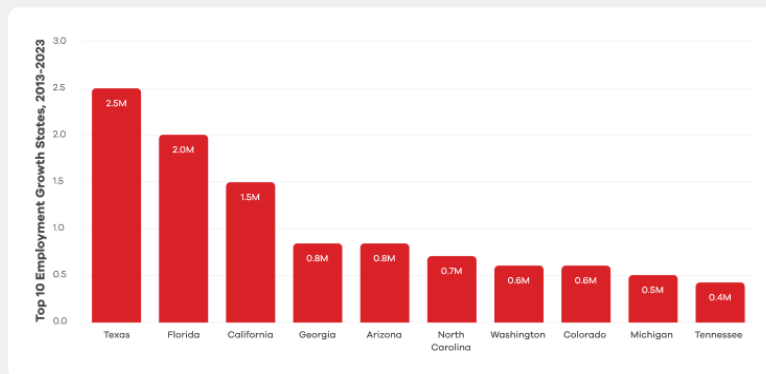
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## Top 10 Employment States, 2023



The data

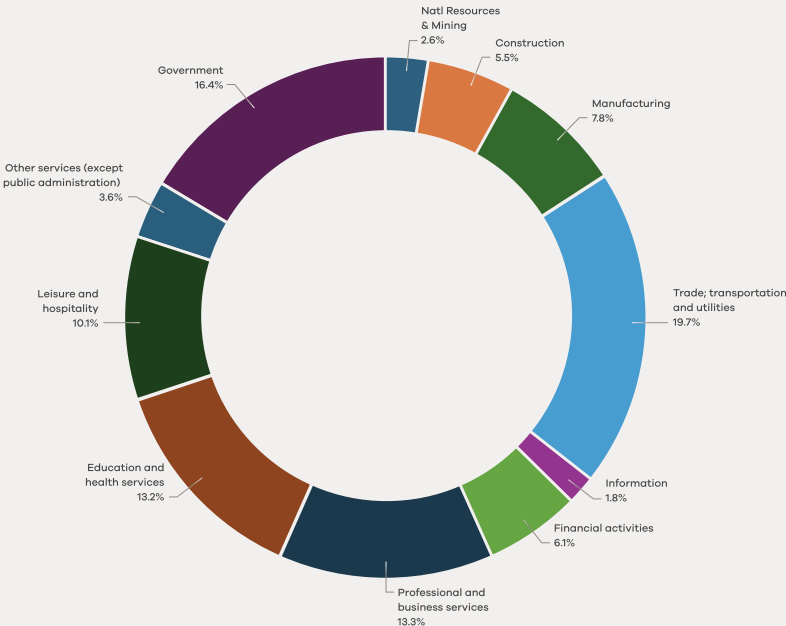
## Top 10 Employment Growth States, 2013-2023



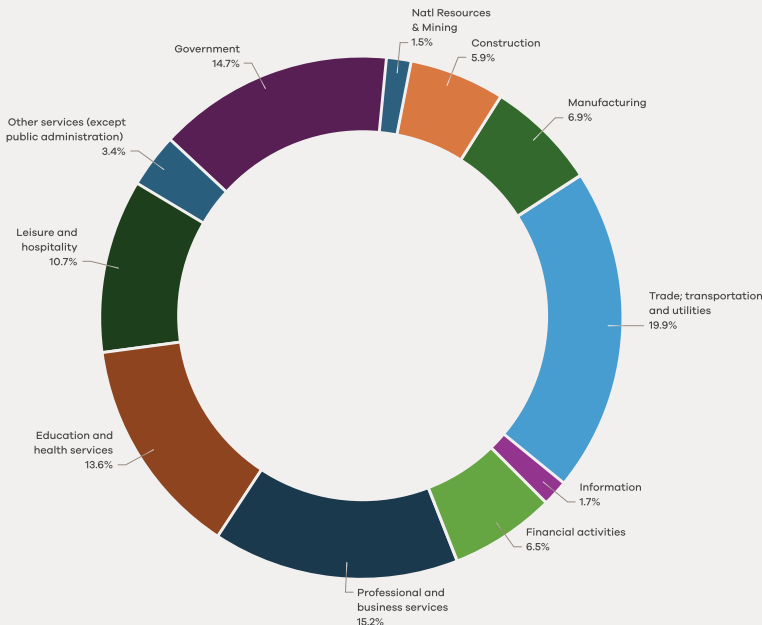
Source: Realtor.com and U.S. Bureau of Labor Statistics

Texas has seen significant changes in the industries that employ workers in the state. While most industries have grown, the number of workers in natural resources and mining industries has shrunk by 26.1% over the past decade, taking the industry from 2.6% to 1.5% of the overall employment base. In the same period, the professional and business services sector has grown fairly steadily from just 13.3% to 15.2% of the employment base as employment in this field has grown by 42%. By comparison, professional and business services sector employment gained just 22.6% in the past decade nationwide. Other industries are also contributing to job growth in Texas. Over the past year, for example, employment has seen the largest increase in the construction, education, and services sectors with growth of 4%, 3.6%, and 2.9% respectively, while the number of workers in natural resources and mining industries fell by 2.2% over the same period.

**The data**  
**TX Employment By Sector, 2013**



**The data**  
**TX Employment By Sector, 2023**

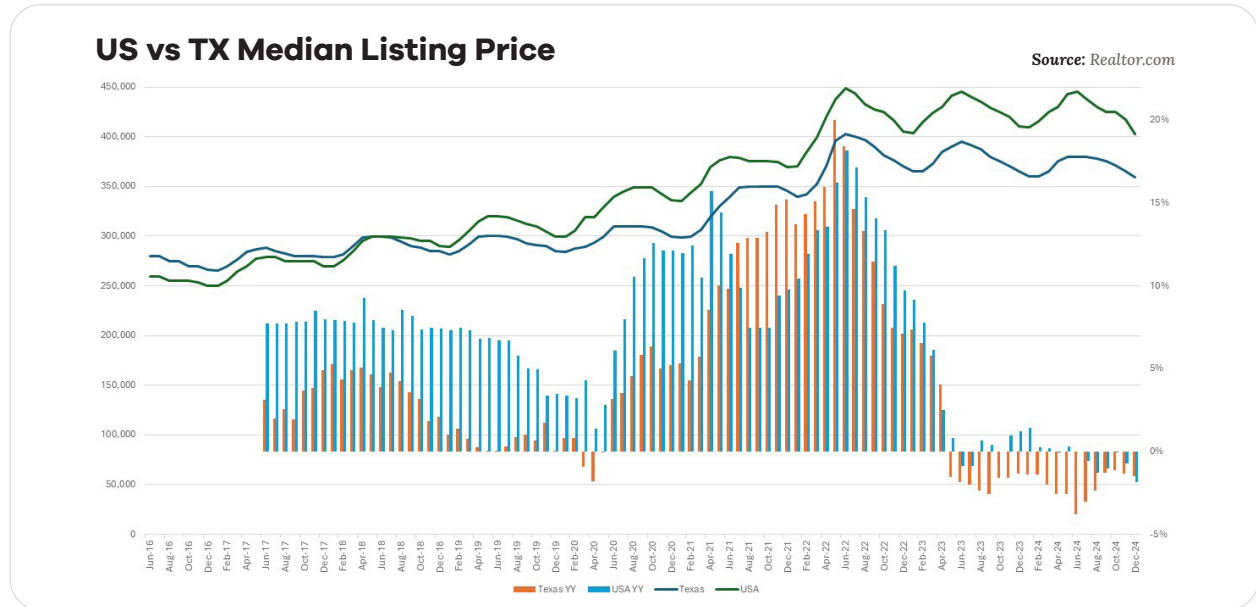


Source: Realtor.com and U.S. Bureau of Labor Statistics

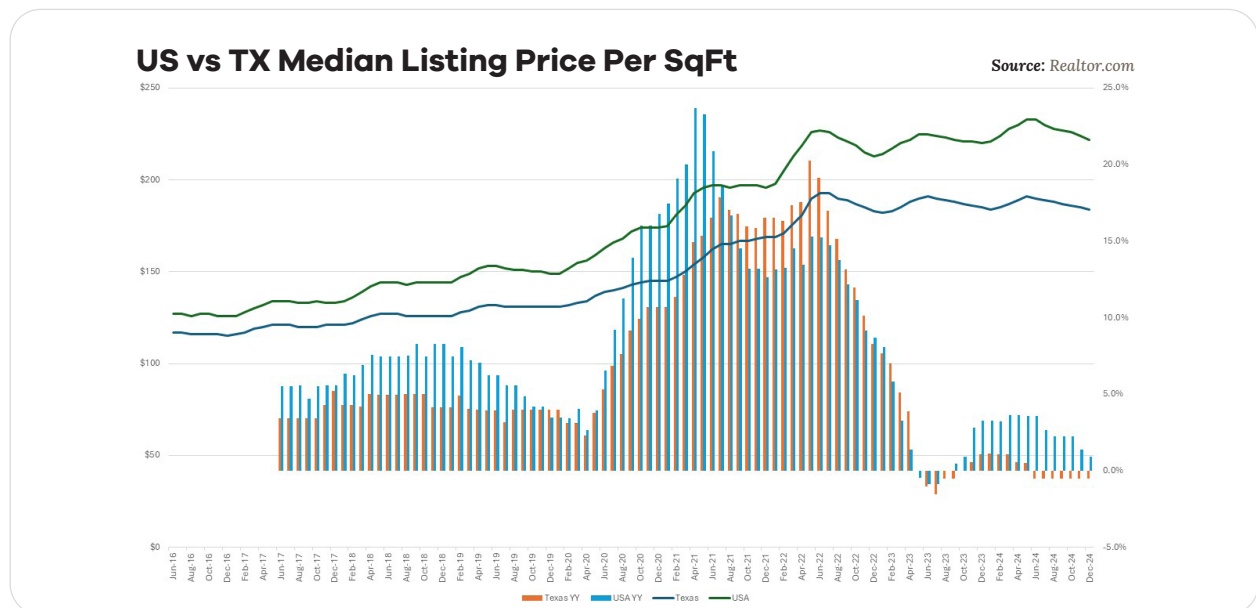
# Housing Market Trends: Resale Market

## Texas Housing Offers Affordability

Texas has grown in popularity in recent years as buyers are drawn to the job opportunities and affordable housing the state offers. The median-priced home in Texas was less than the national median from 2018 through the latest data period, despite considerable growth. After climbing rapidly during the COVID-19 pandemic, home prices in Texas have settled slightly as easing demand and increased inventory relieved some upward price pressure. As of December 2024, the median listing price in Texas was \$360,000, roughly \$40,000 below the national median, while the state's median household income lags the national level by less than \$5,000.



On a price-per-square-foot basis, homes in Texas have only increased in their affordability relative to the national median each year since 2016. In 2024, the typical Texas home was listed for 12.8% lower than the typical home nationally, and was priced 17.6% lower per square foot. Though home prices have fallen recently in Texas, the median listing price per square foot has only eased slightly, suggesting that more small, affordable homes are for sale in the state, helping to pull down the overall median.

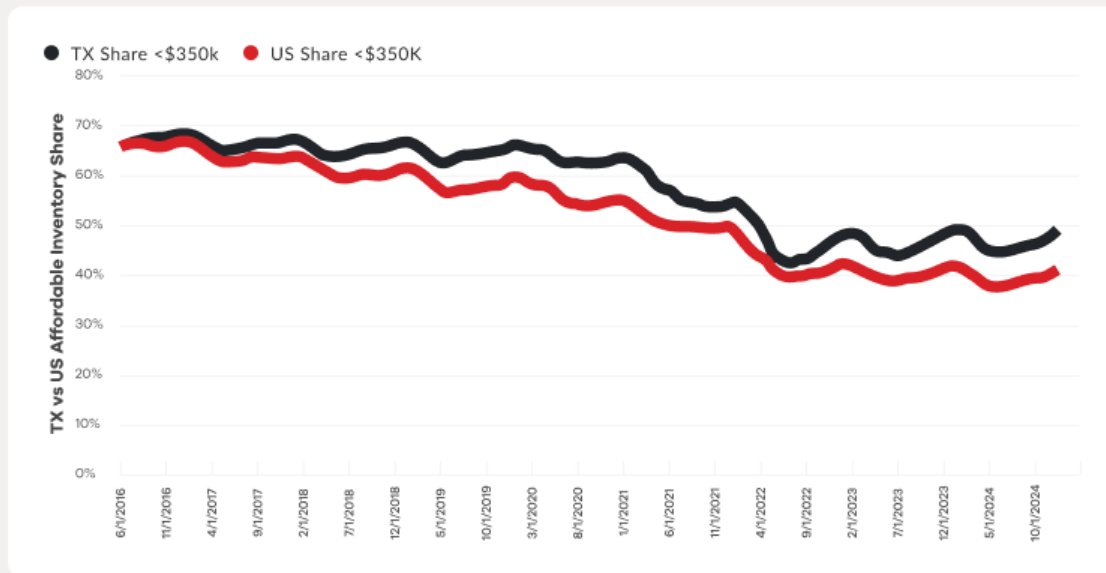


## Texas Boasts High Share of Affordable Inventory

In 2024, almost half (47.5%) of all for-sale inventory in Texas was priced at \$350,000 or below compared with just 40.1% of national inventory. Though Texas outperforms the nation as a whole in terms of share of affordable inventory, this segment of the market saw a sharp drop during the pandemic. In 2019, roughly two-thirds of homes for sale in Texas were priced at or below \$350,000. By 2022, this share had fallen nearly 20 percentage points, to 48% of inventory.

### The data

## TX vs US Affordable Inventory Share



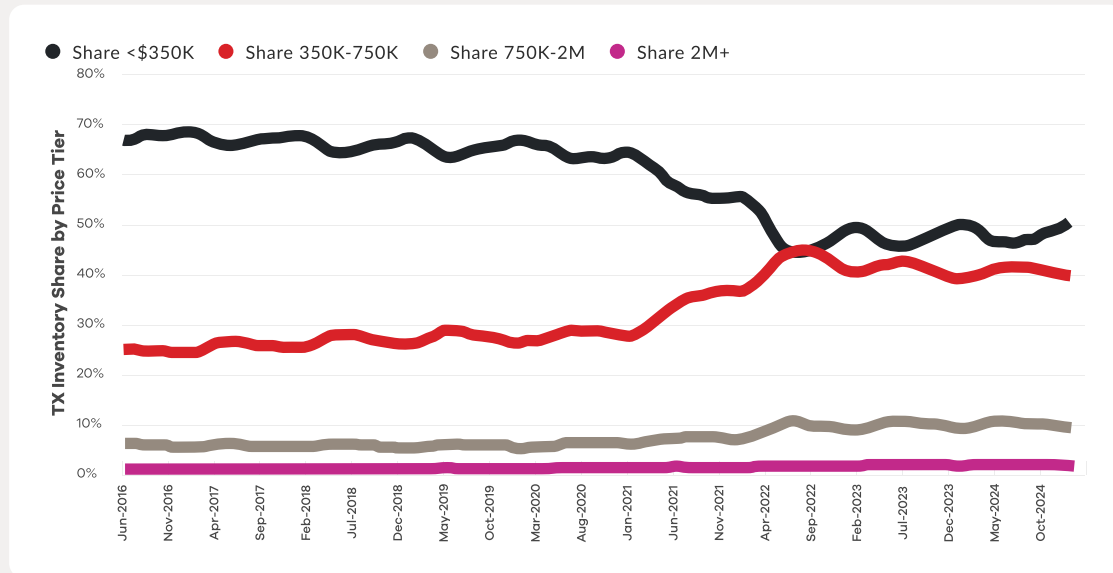
Source: Realtor.com

Nevertheless, the affordable inventory share has leveled off since the pandemic-era surge as waning demand has taken some pressure off of inventory, allowing for more price stability in the Texas market. Importantly, though the share of affordable inventory has remained roughly flat year-over-year, climbing inventory means that there were 23.3% (roughly 50,000) more homes priced under \$350,000 for sale in Texas in 2024 compared to 2023.

Though Texas offers considerable inventory in lower price tiers, the price distribution of for-sale homes does not match well with the state's income distribution. Roughly 23% of Texans make less than \$35,000 per year. However, only about 2% of for-sale homes are affordable at this income level. Similarly, 51% of Texans make less than \$75,000 per year, but just 17% of for-sale inventory is affordable at this income level. Even for 80th percentile earners, making up to \$150,000 per year, just 66% of for-sale inventory is affordable. As lower-priced options grow, continued mortgage rate improvement will be crucial to unlock more affordable inventory availability for low- and middle-income Texans. Importantly, strong new-construction activity has helped to bolster affordable inventory in Texas as the share of new homes for sale priced below \$350,000 has climbed since the pandemic.

The data

## Texas Inventory Share By Price Tier



Source: Realtor.com

Realtor.com regularly assesses how available inventory measures up to the income distribution in each U.S. state. The Realtors Affordability Score ranges from 0 to 2 where 0 means that no income level would be enough to afford any of the available for-sale housing inventory, and 2 means all income levels can afford all available inventory. The higher the score, generally, the more affordable housing inventory is for households across the income spectrum.

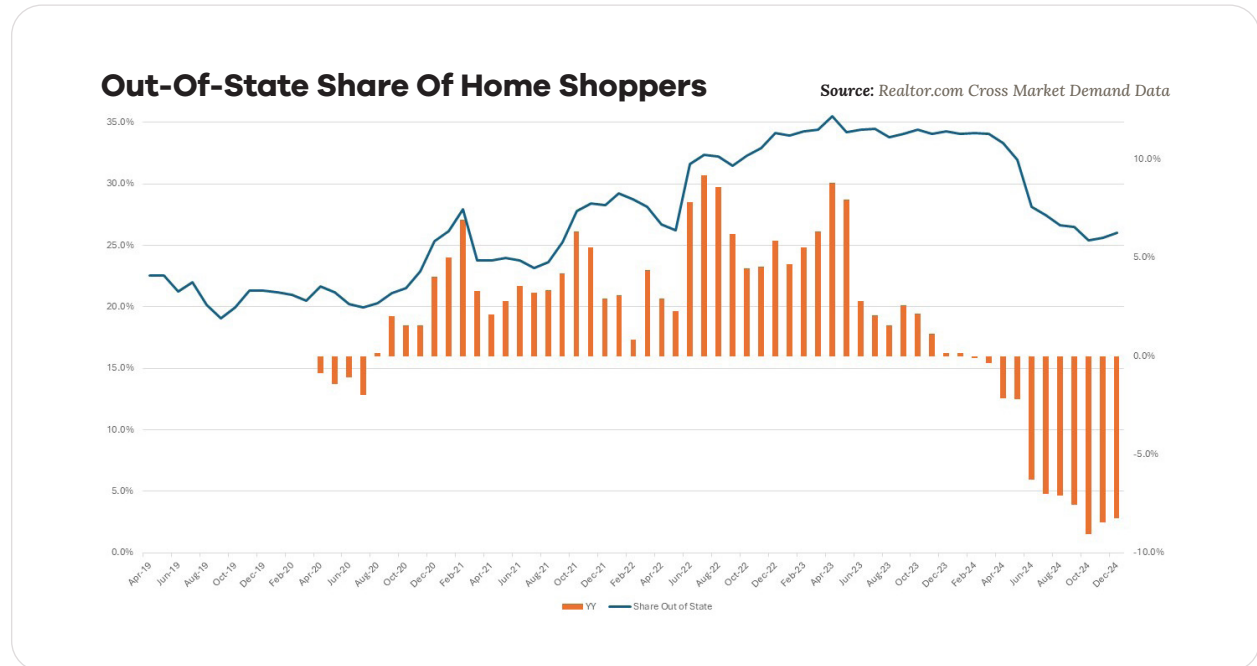
The U.S. Affordability Score 2024 year to date is 0.65, while the Texas score is 0.62, indicating that available inventory is not well-aligned with local income levels. However, by this metric, Texas is more affordable than 4 of the 10 biggest population contributors to the state (New York, New Jersey, Florida, and California). California and Florida are the two largest gross population contributors within the U.S., suggesting relative affordability could be an important factor.

Geography	2024 Affordability Score
USA	.65
Michigan	.86
Illinois	.86
Louisiana	.77
Oklahoma	.77
Alabama	.71
Texas	.62
New Jersey	.58
Florida	.52
New York	.50
California	.43

Source: Realtor.com and National Association of Realtors®

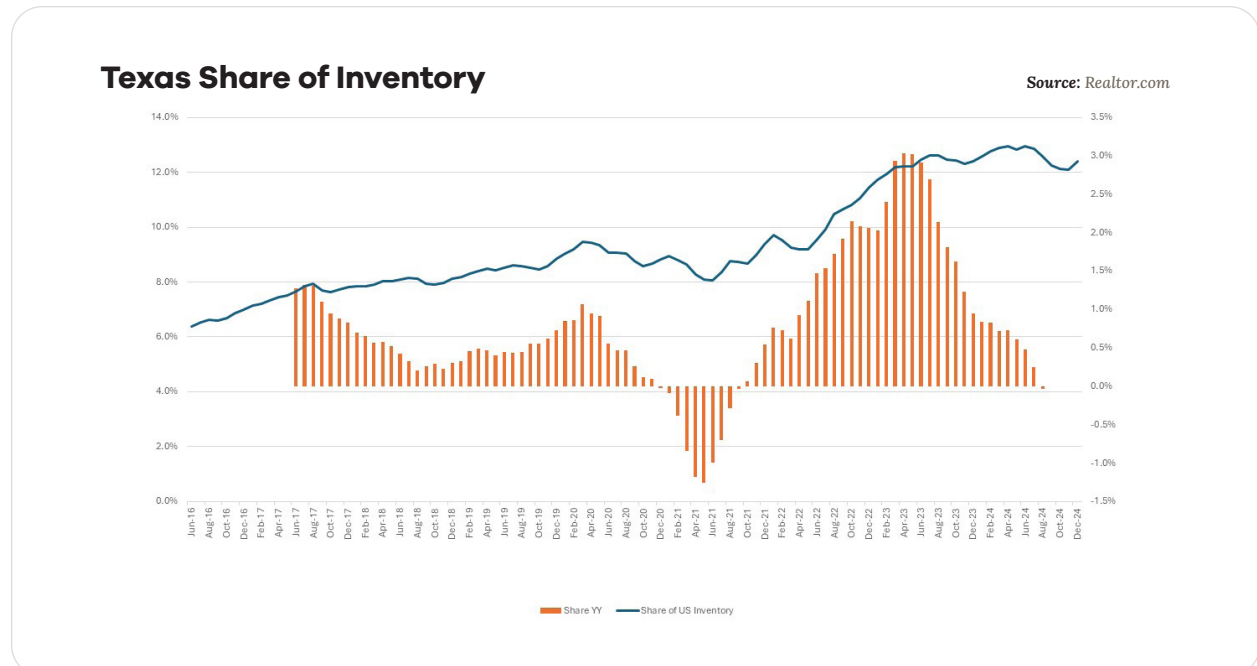
## Shoppers Flock from Out-of-State

In 2019, roughly 1 in 5 Texas home shoppers on Realtor.com was from out of state. This share picked up drastically during the pandemic, and by April 2023, roughly 1 in 3 viewers of Texas properties was from out of the state. Out-of-state viewership has since fallen, but it remains above pre-pandemic levels with 30%—more than 1 in 4 shoppers—in 2024.

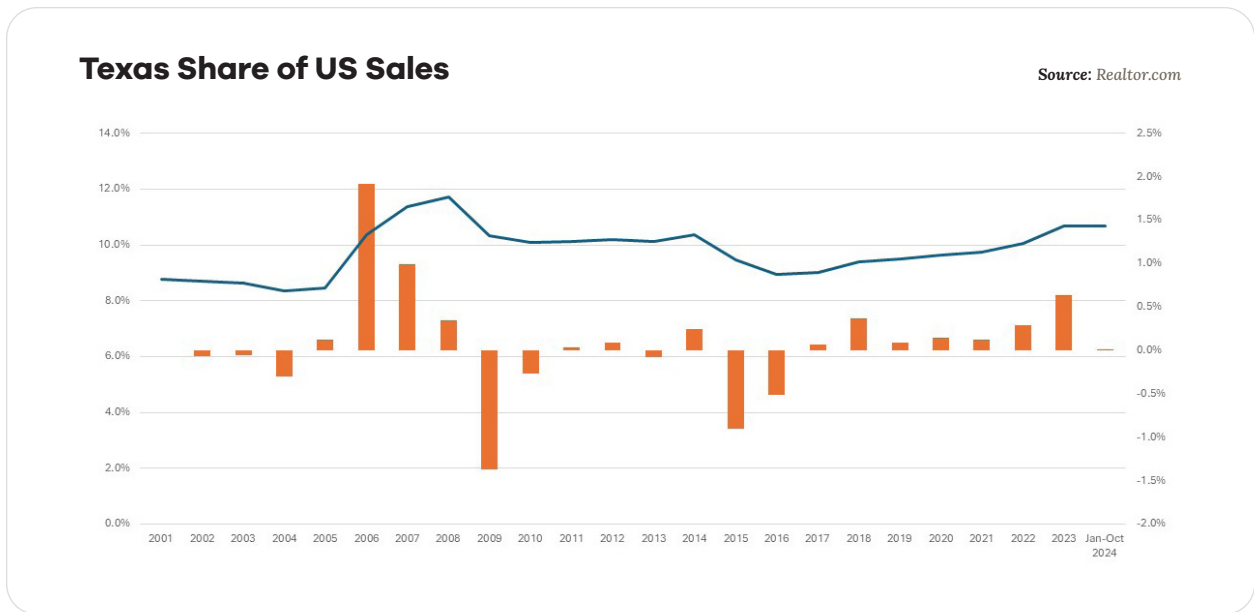


## Texas Outperforms U.S. Home Sales

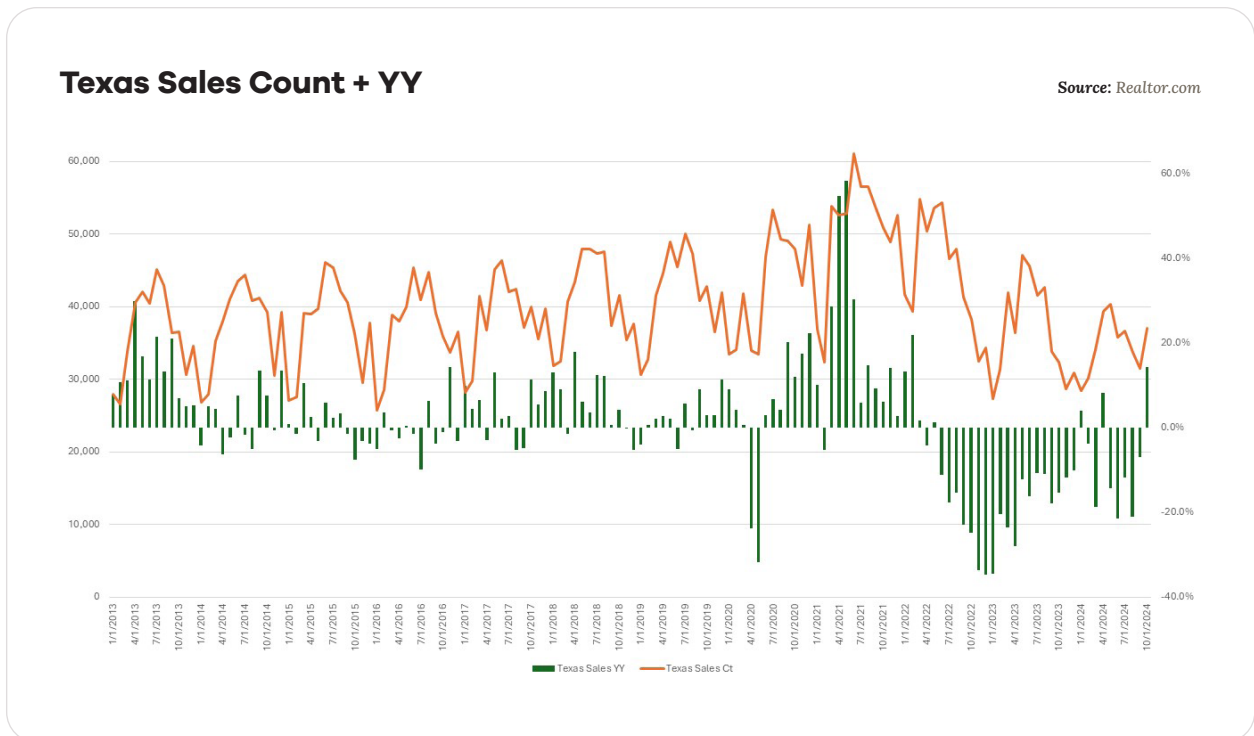
Texas has claimed an increasing share of U.S. active listings each year since 2016, except for 2021, when pandemic-era buyers flocked to the state faster than sellers could keep up. In 2017, Texas homes made up 7.6% of all U.S. homes for sale. By 2024, this share climbed to 12.6%. That is to say, even as inventory levels suffered during the pandemic, Texas has managed to offer buyers more options than much of the country, helping to sustain buyer demand.



Texas has consistently seen more significant annual sales growth, or less severe decline, compared with the U.S. since 2017. As a result, the Texas share of U.S. home sales grew from 9.0% in 2017 to 10.7% in 2023. Put another way, even as the Texas share of the U.S. population has grown from just under to just over 9% in the past five years, the share of U.S. home sales that occur in the Lone Star State has been even higher.



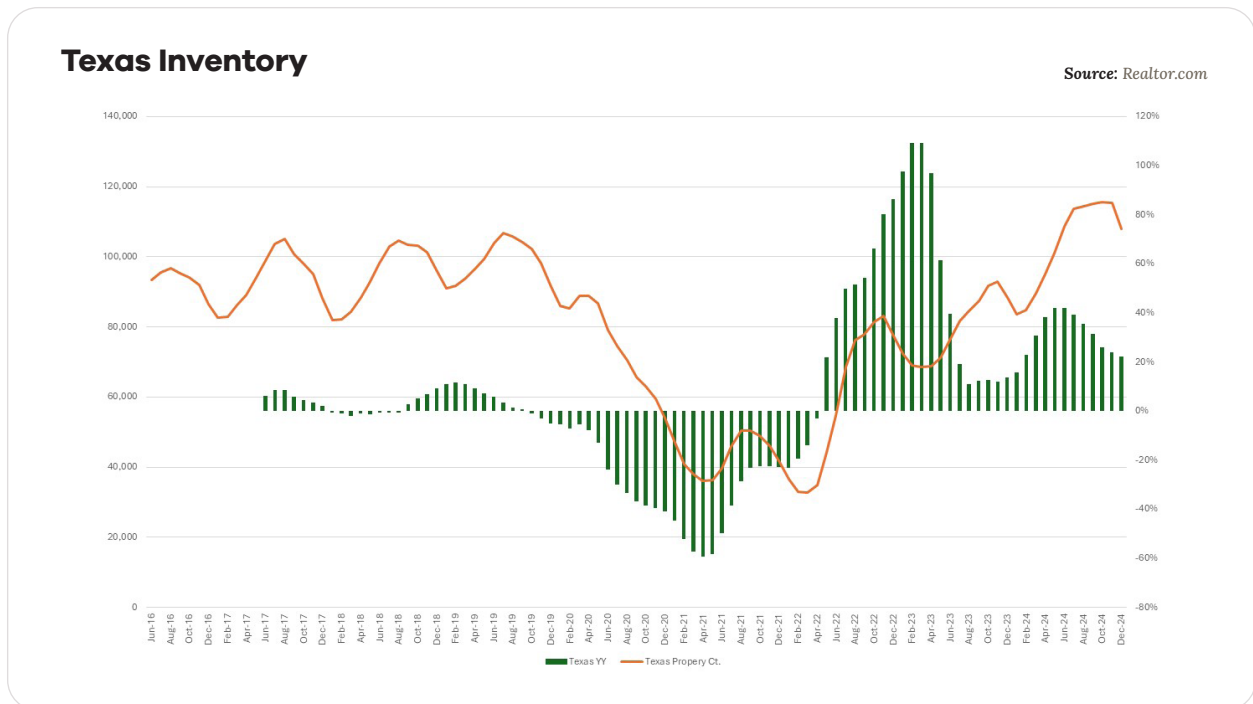
While the Texas share of U.S. sales has grown significantly since 2017, the four largest Texas metros, Houston, Dallas-Fort Worth, San Antonio, and Austin, have seen their share of Texas sales fall. In 2016, 75.2% of Texas sales were in the four largest metros. By 2023, these four massive metros made up just 70.9% of Texas sales. This trend is likely driven by worsening affordability in large metro areas and more home options, especially newly constructed homes, in smaller areas.





## Pandemic-Era Demand Spurred Rapid Growth, Falling Inventory and Climbing Prices

Since 2016, home prices have climbed 35.4% in Texas, significantly lagging national prices, which climbed 61.1% in the same period. Despite its popularity, Texas has retained affordability relative to the U.S. market. Though Texas remains relatively affordable, pandemic-era demand tipped the market off-kilter. The influx of home shoppers was so significant that inventory couldn't keep up. The result was high buyer competition, skyrocketing home prices, and scarce inventory until the market could reset.



In 2020 and 2021, inventory fell 23.5% and 39.9% year over year, respectively, in Texas, pushing prices higher and mirroring declines seen nationwide (28.6% and 37.8%, respectively). In 2017–19, there were typically 96,000 homes listed for sale on a given day. By 2021, this level fell by more than 50,000 homes, to an average of 43,000 active listings. This severe drop in listings resulted in a 9.6% increase in home prices as demand outpaced supply, leading to bidding wars and climbing prices. However, once mortgage rates started to climb, the cost to purchase a home across the country, including in Texas, became too much for home shoppers, and buyer demand waned. Inventory built up in Texas from 2022 through the most recent data period, reaching an average of 104,000 homes for sale on the typical day so far in 2024, above pre-pandemic levels. Meanwhile, national listings have yet to recover, averaging 875,000 in 2024 compared with 1.19 million in 2017–19.



## Red-hot Pandemic Markets Regain Balance

During the pandemic, buyers flocked to Texas, leading to a quickening market pace and significant price growth across the state. On average in 2021, Austin and Dallas-area counties saw homes selling up to 3 weeks more quickly than the national average. High demand outpaced inventory, resulting in quick home sales and fierce competition.

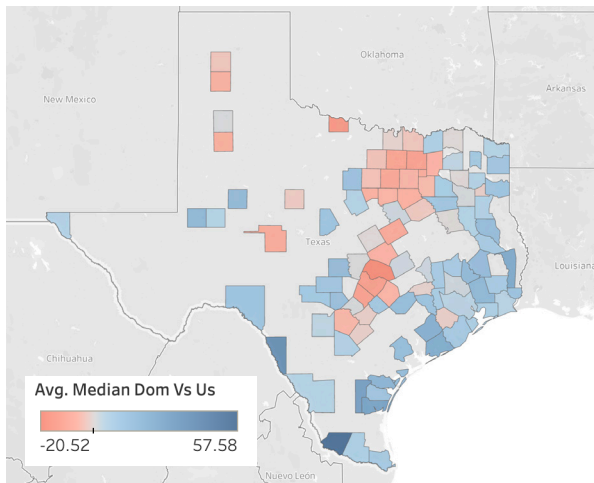
As homes sold quickly and buyers saw more competition, home prices started to climb in earnest. Though most large Texas counties saw price growth in 2021, areas surrounding the Austin metro saw prices climb the most.

As the pandemic-era housing chaos calmed, in large part due to climbing mortgage rates, the Texas housing market was able to recover some balance. By 2024, the vast majority of Texas counties saw inventory climbing year-over-year.

As a result, time on market slowed, and prices eased. However, despite market cooling, counties around the Dallas and Houston metros continued to see a quicker market pace than the national average.

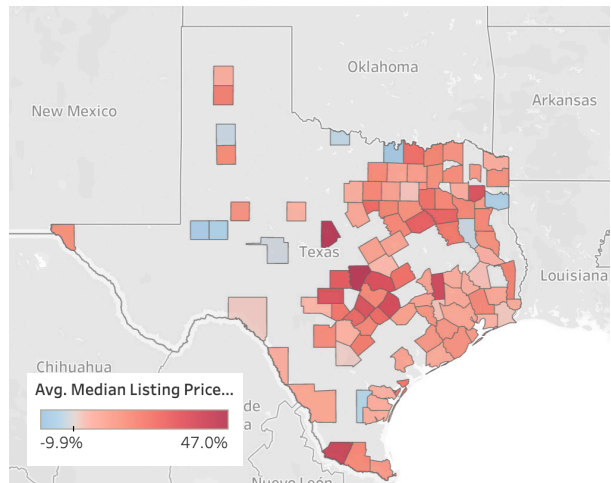
### 2021 Texas County Market Pace vs US

Dallas and Austin areas see quick market pace



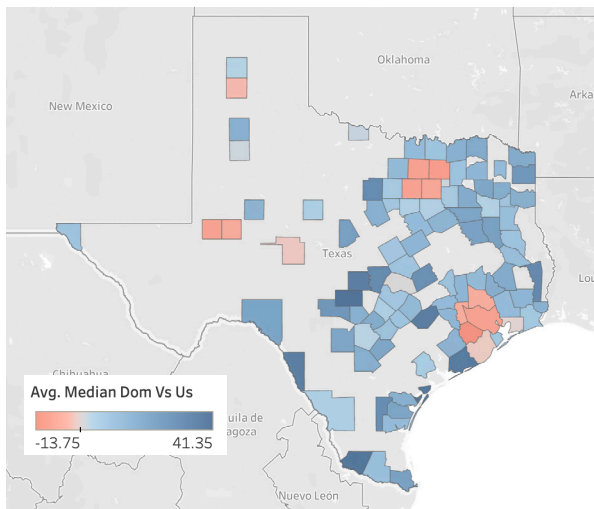
### 2021 Texas County Median Price Year Over Year

Rapid price growth around major Texas metros



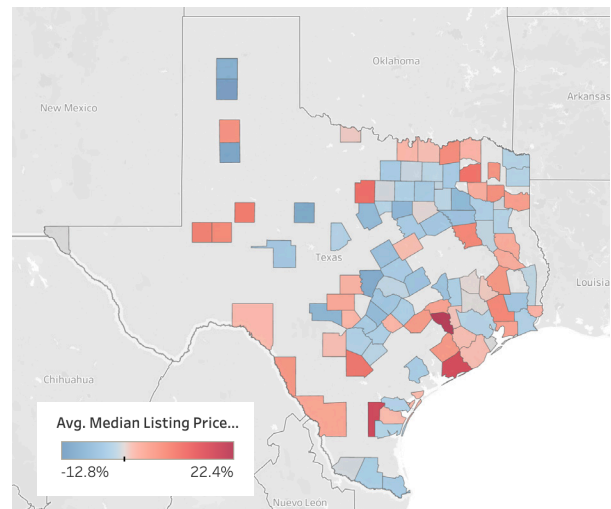
### 2024 Texas Counties vs US Market Pace

Dallas and Houston areas see faster-than-average market pace



### 2024 Texas County Prices Year Over Year

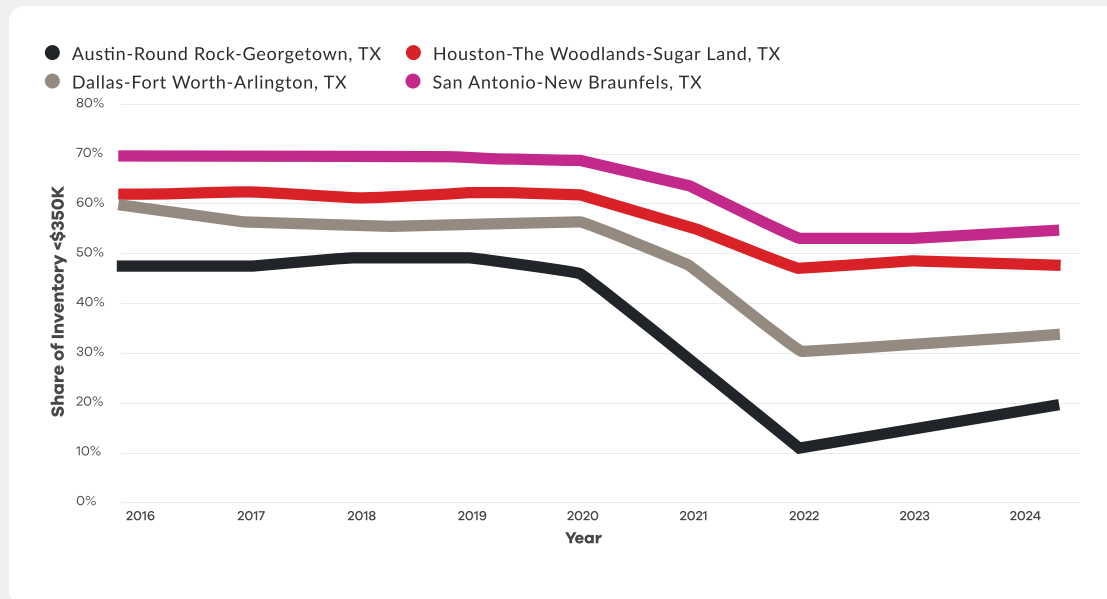
Cooling home prices across major Texas metros, prices climb in low-priced, rural areas



Though most Texas metro areas saw significant pandemic-era home sales and price growth, it seems that the pandemic-era housing market forces did little to alter Texas metro relative affordability. Put differently, pre-pandemic, the San Antonio metro area had the largest share of inventory priced below \$350,000, followed by Houston, Dallas and Austin. In 2024, this order remains the same, though all four major Texas metros have significantly smaller shares of lower-priced inventory than pre-pandemic. The most expensive area, Austin, has seen the most significant recovery in lower-priced inventory this year, but remains the least affordable of the bunch. Austin also, despite some recovery, saw the largest drop off in affordable inventory relative to the beginning of the pandemic.

**The data**

**Share Of Inventory <\$350K**



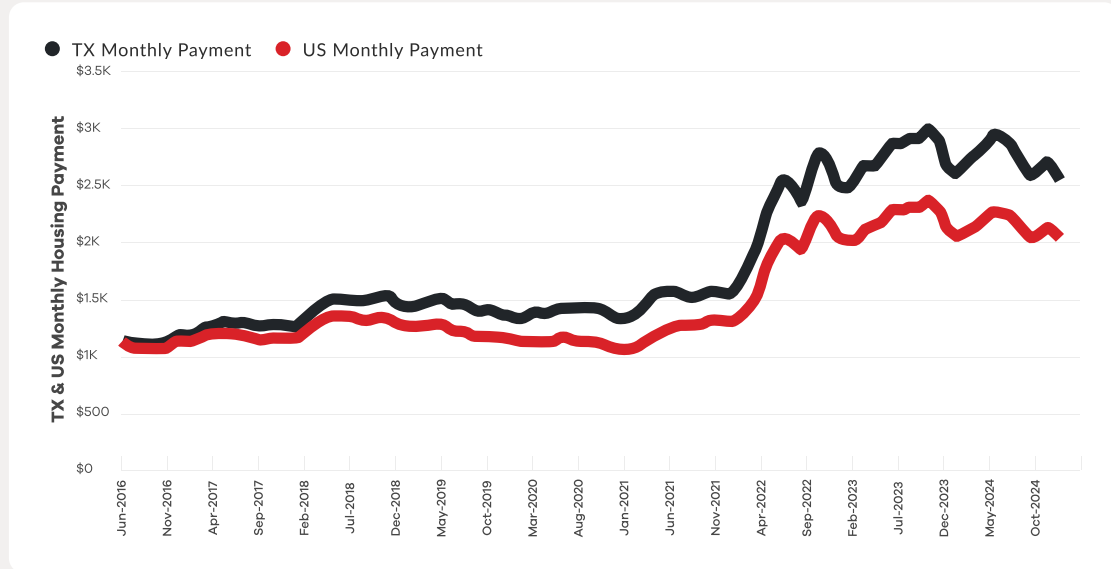
Source: Realtor.com

**Inventory Recovers in Texas, Prices Remain a Challenge**

Inventory has reached pre-pandemic levels in Texas, relieving price pressure and offering home buyers more options and more time to decide. However, despite having more home options, buyers still face relatively high home prices. The median listing price year to date in 2024 is roughly \$80,000 higher than the 2019 average, and mortgage rates remain above 6%. Given the average mortgage rate and median listing price, the typical monthly housing payment in Texas was \$2,100 in December, assuming a 10% down payment. Today's typical monthly payment is roughly \$1,000 more than five years ago due to still-high prices and mortgage rates. This creates a challenge for homebuyers that is, unfortunately, not unique to Texas. Nationally, the typical payment has grown roughly \$1,200 in the same timeframe.

The data

## Texas & US Monthly Housing Payment



Source: Realtor.com Calculations using Realtor.com and Freddie Mac data

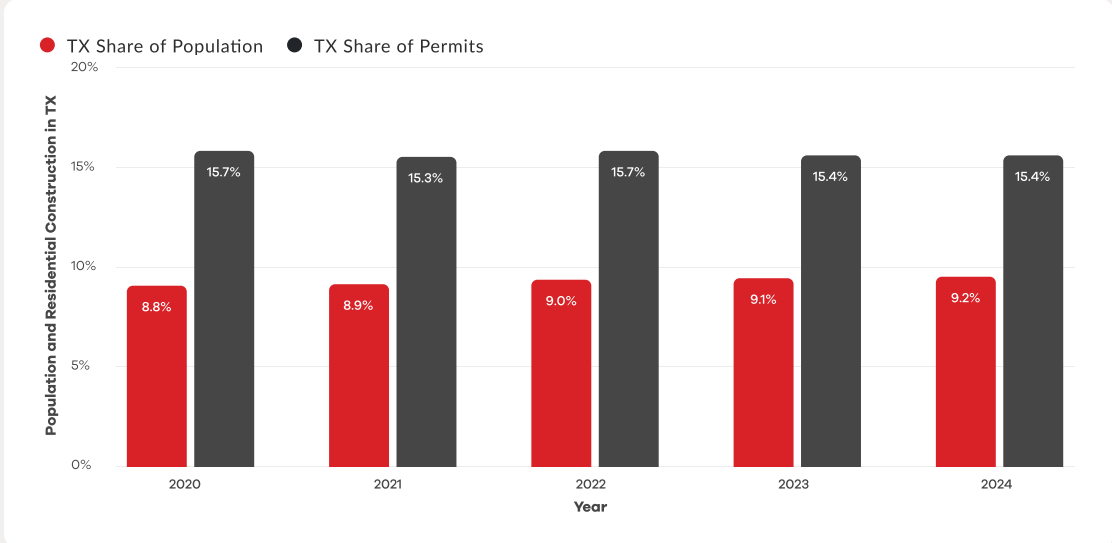


# Housing Market Trends: New Construction

With the rapid population growth Texas has experienced in the past several decades, an urgent need has arisen for more new homes in the state. Builders have taken notice and invested in Texas, currently making it the state with the most permitted units for new construction in the country year to date, according to the U.S. Census Bureau’s November 2024 survey of new residential construction. So far in 2024, over 15% of all housing units permitted for construction in the United States have been in Texas, the most of any state and more than the entire Midwest and Northeast regions. This share of the residential construction market is especially impressive considering that Texas is only home to about 9% of the U.S. population. Over the past five years, the amount of construction in Texas relative to the country at large has held steady. However, as the portion of the U.S. population that lives in the state continues to grow, there is still opportunity for expanded residential construction in Texas.

### The data

## Population & Residential Construction In Texas



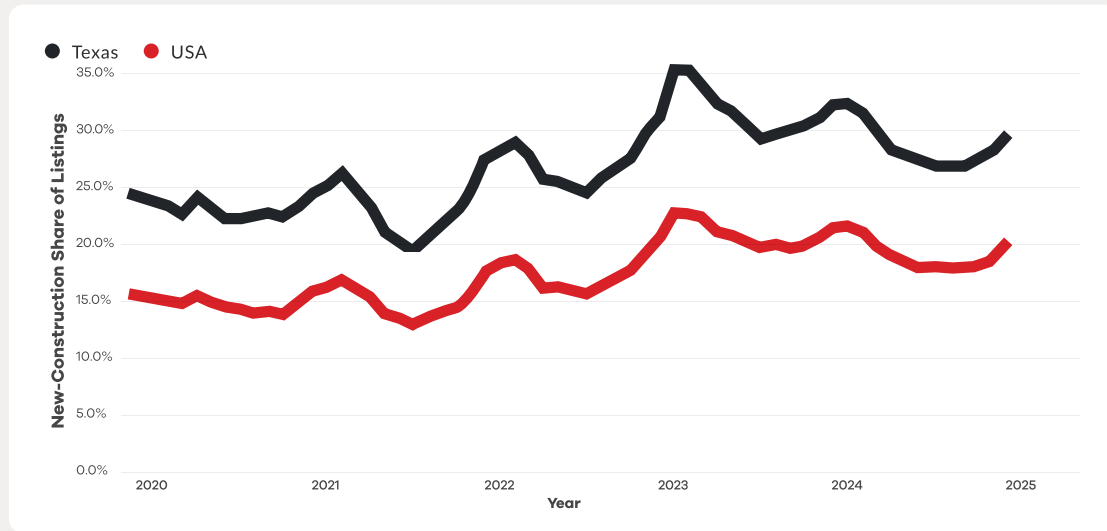
Source: Realtor.com Calculations of U.S. Census Population and New Construction data



Since 2020, Texas has consistently seen a larger share of newly built homes among all homes for sale. In both Texas and the country, the new-construction share climbed during the pandemic and the immediate post-pandemic period as existing-home sellers pulled back from the housing market and builders continued to add homes. Now, as existing-home sellers reengage with the housing market, we see that the still-elevated share of new-construction listings is slowly normalizing.

The data

## New-Construction Listings As Share Of Inventory

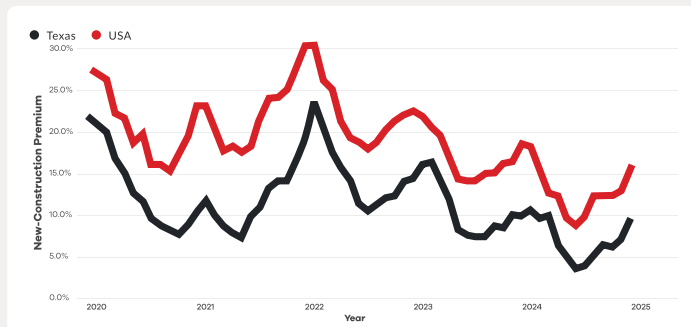


Source: Realtor.com Listing Data

More new homes are being built in Texas than in other parts of the country, but perhaps more importantly, affordable homes are being built in Texas. The chart below shows the percent difference in asking price between the median newly built home and the median existing home on the market in Texas and in the United States at large. Both have been falling since 2022 as new homes make up a larger portion of the market and mortgage rates have cooled the market's pace, but Texas new construction has maintained a consistent price advantage over new construction nationwide. Put simply, Texas home buyers face a smaller price-premium for buying a newly-built home than shoppers nationwide.

The data

## Median Listing Price Premium On New Construction

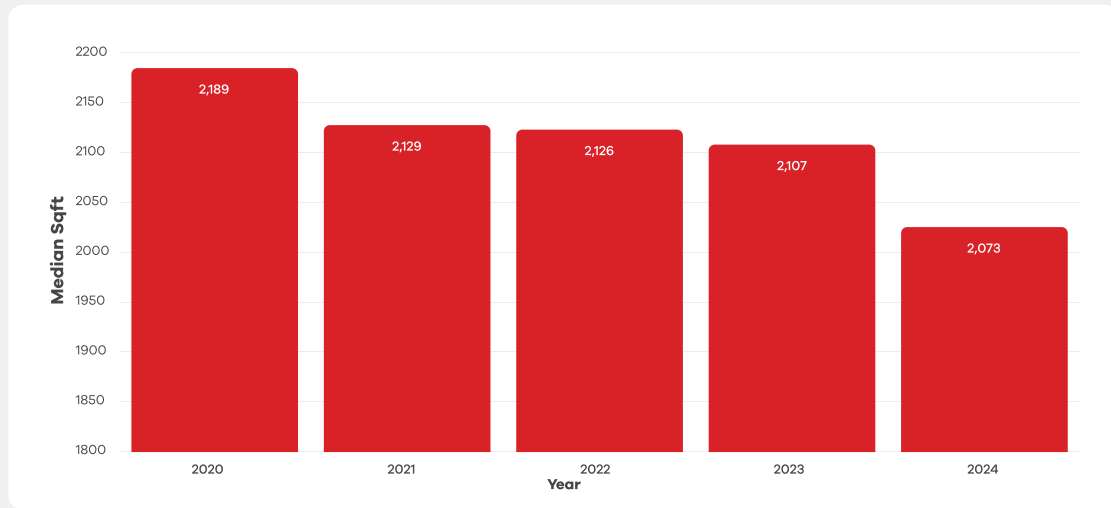


Source: Realtor.com Listing Data

They say that everything is bigger in Texas, but there's one important exception to that rule that matters when it comes to housing affordability: new homes. Across the country, new builds have become smaller in an attempt to create more affordable options for homebuyers. That trend is even more pronounced in the Lone Star State.

The data

## Median Square Footage - Texas New Construction

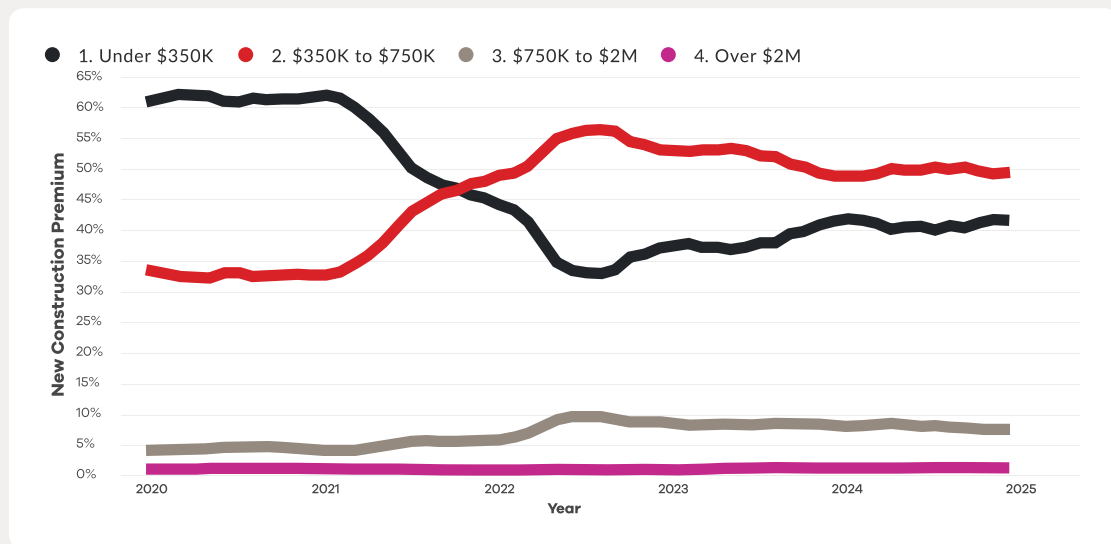


Source: Realtor.com Listing Data

The median newly constructed home on the market in Texas was 2,073 square feet, down from 2,189 in 2020, a 5.3% decrease. Over this time period, new homes in the United States at large have fallen from 2,112 square feet to 2,035, just a 3.6% reduction. Texas is a proven leader in the push to build more affordable new homes, and in the past two years, the share of new builds on the market priced below \$350,000 has increased while the shares of new builds priced from \$350,000 to \$750,000 and from \$750,000 to \$2,000,000 have both fallen.

The data

## Newly Built Homes In Texas By Listing Price Tier



Source: Realtor.com Listing Data

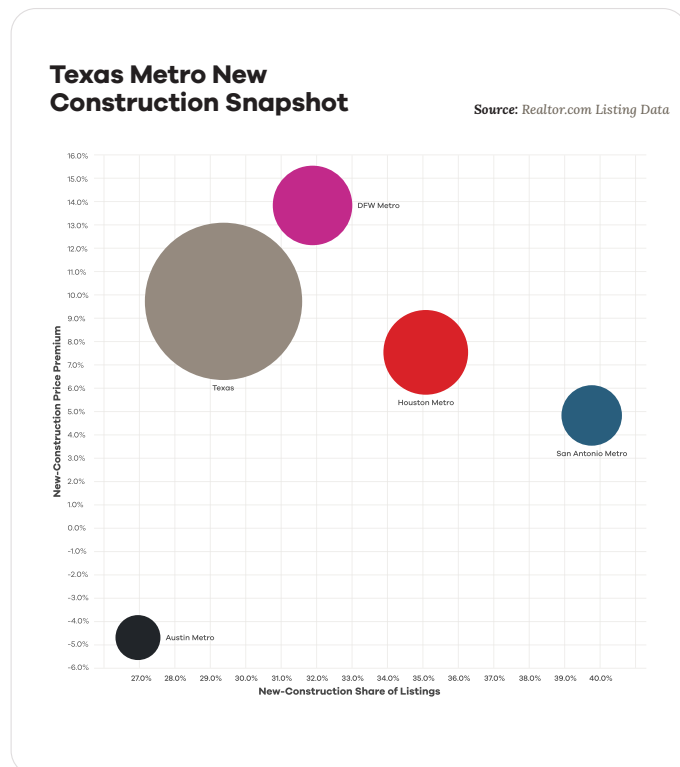


These new homes, much in line with the population growth of the state, are primarily in the Texas Triangle. Of the newly built homes listed for sale in Texas, 79.1% are in the Houston, Dallas-Fort Worth, San Antonio, or Austin metropolitan areas. These new homes, much in line with the population growth of the state, are primarily in the Texas Triangle. 79.1% of newly-built homes listed for sale in Texas are in the Houston, Dallas-Fort Worth, San Antonio, or Austin metropolitan areas.

**Texas Metro New Construction Snapshot** Source: Realtor.com Listing Data

Metro Area	Share of TX New Construction	Median Listing Price (New Construction)	Median Sqft (New Construction)
Houston-The Woodlands-Sugar Land, TX	30.1%	\$376,000	2,100
Dallas-Fort Worth-Arlington, TX	25.5%	\$455,081	2,380
San Antonio-New Braunfels, TX	15.2%	\$340,735	1,966
Austin-Round Rock-Georgetown, TX	8.4%	\$461,995	2,164

Though the major Texas metros dominate as the location of newly built homes in the state, they vary among one another and against the state as a whole when it comes to the makeup of new-construction listings. The horizontal axis of the chart below shows the share of listings in each market that are designated as newly constructed. The vertical axis shows the premium on newly built homes in that market compared with existing homes. The size of the marks corresponds with the number of newly built homes listed in each market, and all the data is reported as of December 2024.



Most similar to the state as a whole are the Dallas-Fort Worth and Houston metropolitan areas, where newly built homes are listed for 13.8% and 7.5% more than existing homes, respectively (compared with 9.7% for Texas at large). However, in Houston, new-construction listings are more prevalent, at 35.1% of the market, compared with 31.9% in DFW and 29.4% at the state level. San Antonio and Austin stand out from the rest. In San Antonio, 39.8% of for-sale listings are new builds and they are priced just 4.8% higher than existing homes, making the Alamo City an especially attractive location for new-home buyers. In Austin, only 27.0% of homes for sale are newly built, but they're priced 4.7% below the median existing home on the market. Austin is a clear leader in building affordable homes, even if there are not quite as many of them as there are in the state as a whole.

# Housing Market Trends: Texas Stands Out for Its Affordable Rental Market

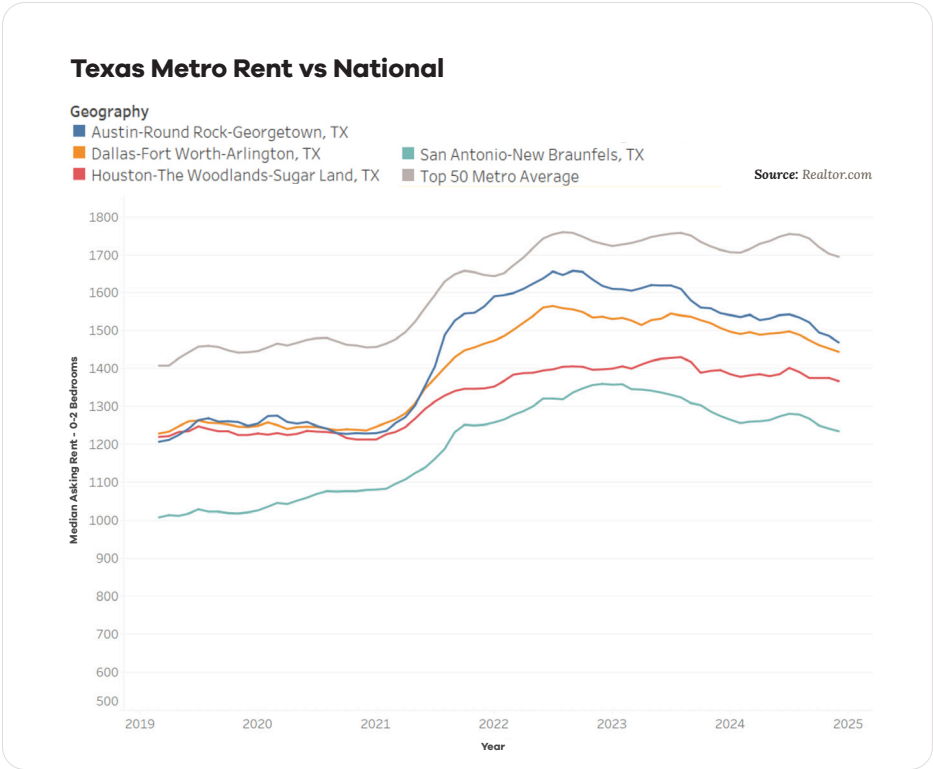
## Highlights

- Texas stands out for its lower rental prices
- Rental demand increased fast during the pandemic
- New rental supply drives down rental prices

With a great combination of affordable rental options and abundant job opportunities, Texas stands out as an attractive place for renters. In 2024, Austin and San Antonio were ranked among the top 10 rental markets by Realtor.com. Moreover, Austin, with its blend of affordable rents, job prospects, and vibrant lifestyle amenities, is also regarded as the top rental market for recent college graduates.

## Texas stands out for its lower rental prices

The median asking rents for 0-2 bedroom units in major Texas metropolitan markets have consistently been lower than the average rent in the Top 50 U.S. markets. In December 2024, the median asking rents were \$1,469 in Austin, \$1,444 in Dallas, \$1,367 in Houston, and \$1,235 in San Antonio, all below the Top 50 average of \$1,695.<sup>1</sup>

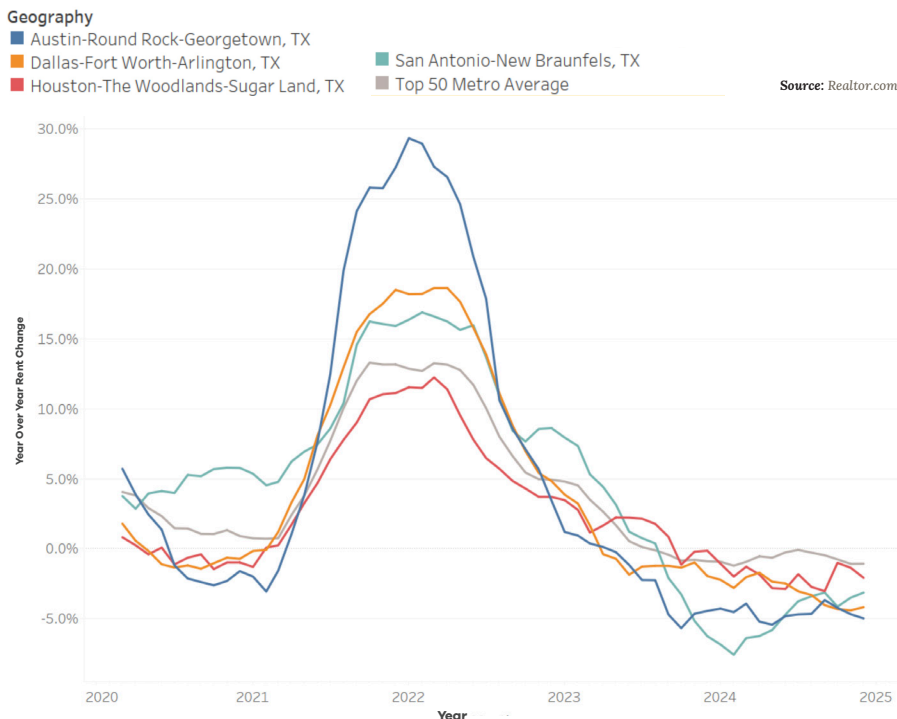


## Rental demand increased fast during the pandemic

Although Texas generally has an affordable rental market, 3 of its 4 major markets saw some of the fastest rent increases during the pandemic. For instance, year-over-year rent growth in Austin peaked at 29.3% in 2022, while peak growth rates in Dallas and San Antonio also exceeded the Top 50 average, indicating high demand for rental properties during that period. This rapid rent growth in Texas is not surprising, given the substantial influx of new residents driven by the remote work trend brought on by the pandemic.

<sup>1</sup> The median asking rent is sourced from Realtor.com December 2024 rental report.

## Texas Metro Year-Over-Year- Rent Change vs National



## New rental supply drives down rental prices

Although Texas experienced rapid rent growth in 2022, its major markets have also seen some of the sharpest declines since the second half of 2023. Specifically, as of December 2024, the year-over-year decline rate was -5.0% in Austin, -4.1% in Dallas, -2.3% in Houston, and -3.1% in San Antonio, whereas the rate across the top 50 markets was -1.1%. This quick cooling is primarily due to a significant influx of new multifamily constructions. As of 2024Q3, the average rental vacancy rate in the four major Texas markets rose to 9.6%, up from 7.4% two years ago. Meanwhile, the average rental vacancy rate across the top 50 metros registered at 6.9% in 2024Q3.<sup>2</sup>

As new rental properties enter the market, Texas continues to stand out for its affordability. In December 2024, a typical renter household spent approximately 17.5% of its monthly income on rent in Austin, 20.0% in Dallas, 21.0% in Houston, and 20.5% in San Antonio—all lower than the average of 25.1% in the Top 50 metros.<sup>3</sup>

### Summary Statistics

Source: Realtor.com, U.S. Census Bureau, Claritas, Realtor.com calculations

Market	Median Asking Rent (Dec 2024)	Rent Changes in 5 Years (vs. pre-pandemic)	Year Over Year Change Rate	Rental Vacancy Rate, 2024Q3	Rent Share of Income
Austin-Round Rock-Georgetown, TX	\$1,499	17.6%	-5.0%	7.9%	17.5%
Dallas-Fort Worth-Arlington, TX	\$1,444	15.9%	-4.2%	8.8%	20.0%
Houston-The Woodlands-Sugar Land, TX	\$1,367	11.6%	-2.1%	10.3%	21.0%
San Antonio-New Braunfels, TX	\$1,235	21.0%	-3.1%	11.3%	20.5%
Top 50 U.S. Average	\$1,695	17.5%	-1.1%	6.9%	25.1%

<sup>2</sup> Rental vacancy rates are sourced from Census Housing Vacancy and Homeownership Survey.

<sup>3</sup> The monthly median household income is derived from the annual median household income data sourced from Claritas.

# Housing Market Trends: Climate Risk Could Pose Threat to Texas Homes

- Climate risk could be a significant concern for many in Texas, particularly regarding potential home damage and costs.
- Homeowners in Texas face great challenges from hurricanes as nearly half of homes in Texas are at severe or extreme risk of hurricane wind damage.<sup>4</sup>
- Texas is one of the states facing significant risks from extreme heat as nearly 90% of homes are exposed to severe or extreme heat.<sup>5</sup>

Climate risks like hurricanes and extreme heat are a significant concern for many in Texas. Understanding these risks in the housing market is essential, as they not only threaten residential safety but also affect property values, insurance costs, and overall market stability.

## Additional Out-of-Pocket Costs for Hurricane Wind Damage

In Texas, about 46.2% of homes, with a total value of nearly \$1.28 trillion, are at severe or extreme risk of hurricane wind damage. Specifically, homeowners in Houston face the greatest risk, with all properties in the area—valued at \$738.4 billion—at severe or extreme risk. Meanwhile, more than half of the homes in Austin and Dallas are exposed to severe or extreme risk of hurricane wind damage as well.

While homeowners insurance policies generally cover wind damage, Texas is one of the states that allows additional hurricane deductibles. In Texas, hurricane insurance deductibles typically run 1% to 5% of the insured property value. In 2024, the median value of homes facing severe or extreme risk in Texas is \$285,607. Therefore, a 1% to 5% hurricane deductible means the policyholder would pay an average between \$2,856 and \$14,280 out of pocket to address hurricane-related property damage before insurance coverage took effect.

	Share of Homes at Risk	Share of Value at Risk	Total Value at Risk
Austin-Round Rock-Georgetown, TX	56.1%	51.0%	\$186.2B
Dallas-Fort Worth-Arlington, TX	0.0%	0.0%	\$0.1B
Houston-The Woodlands-Sugar Land, TX	100.0%	100.0%	\$752.7B
San Antonio-New Braunfels, TX	51.4%	43.8%	\$110.2B
Texas	46.2%	43.2%	\$1.28T
U.S.	18.1%	17.6%	\$7.70T

<sup>4</sup> According to First Street, a home with a wind factor score equal to or above seven suggests it faces a severe or extreme high likelihood of experiencing hurricane winds at 51 mph or above over the next 30 years.

<sup>5</sup> According to First Street, a home with a heat factor score equal to or above seven suggests it currently faces a severe or extreme heat exposure as the average monthly max heat index in the hottest month of the year is above 95F or will be in over 30 years.

## Extreme Heat Requires Extra Home Maintenance

Texas is one of the states facing significant challenges from extreme heat.<sup>6</sup> According to the Centers for Disease Control and Prevention (CDC), extreme heat can cause people to suffer from heat-related illness and even death. Unfortunately, nearly 89.7% of homes in Texas, with a total value of nearly \$2.75 trillion, face severe and extreme risk of heat.

In addition to health threats, exposure to severe and extreme heat can significantly increase the cost and frequency of home maintenance expenses on items such as roofs, patios, and retaining walls. An important expense for homes in hot areas is the cost of HVAC projects. According to the 2021 American Housing Survey (AHS), the median spend on HVAC replacements for Texas homeowners stood at \$4,300, constituting approximately 5% of the typical annual income for owner-occupied households. Additionally, the heightened energy consumption for cooling purposes contributes to increased electricity bills. While the adoption of energy-efficient upgrades could be a good solution for homeowners, the implementation costs could be high. In fact, while all homes in Texas are exposed to severe or extreme heat risks, only 2.8% of owner-occupied homes had solar panels

### Value and Share of Homes Face Severe and Extreme Heat Exposure

	Share of Homes at Risk	Share of Value at Risk	Total Value at Risk
Austin-Round Rock-Georgetown, TX	100.0%	100.0%	\$364.9B
Dallas-Fort Worth-Arlington, TX	99.0%	98.9%	\$959.5B
Houston-The Woodlands-Sugar Land, TX	100.0%	100.0%	\$752.7B
San Antonio-New Braunfels, TX	99.6%	99.2%	\$249.3B
Texas	89.7%	93.0%	\$2.75T
U.S.	32.4%	31.2%	\$13.59T



<sup>6</sup> According to First Street, a home with a heat factor score equal to or above seven suggests it currently faces a severe or extreme heat exposure as the average monthly max heat index in the hottest month of the year is above 95F or will be in over 30 years.

## Conclusion

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At Realtor.com, we're proud to finally call Texas home. We know the importance of investing in our physical community and getting to know our neighbors. The state has grown rapidly in the past several years as people from across the country and around the world have seen what Texas has to offer. Abundant jobs, available housing, and a favorable climate are what draw people to Texas.

In the past decade, the Texas economy has boomed, especially in high-demand and growing professional industries, transforming the nature of the employment landscape and the skills required by the labor force. Maintaining a favorable business climate will ensure that companies continue to invest in the state, creating cutting-edge jobs that attract workers. This means not only a favorable tax climate, but also a government willing to make strategic investments to develop and maintain its transportation, water, and energy infrastructure, all of which are vital to sustaining the businesses and workers who keep them running.

At the same time, as professional and business services workers make up a larger share of the state's employment base, policymakers must ensure that today's workers and the next generation have access to education and training programs to gain and maintain the skills they need to succeed in the future.

From a housing perspective, like many other areas in the United States, the Texas market was already somewhat undersupplied when the low interest rates and workplace flexibility of the pandemic era caused housing demand to surge, flooding the market with cash offers and causing listing prices and rents to soar. The ability of Texas homebuilders to add more housing inventory has helped Texas maintain its advantage relative to the rest of the country.

But even in Texas, home prices have risen, putting the dream of homeownership out of reach for many. As jobs and lower-cost housing continue to attract new residents, the state will need to continue to lead the nation in building homes, and local governments have a role to play in reviewing zoning rules and other regulations that can limit the types and quantity of housing that could otherwise be built. Builders will need to maintain their focus on lower-cost housing to ensure that today's renters can aspire to become homeowners and that essential workers—teachers, health care professionals, first-responders—can continue to call Texas home. The state can also ease the burden of homeownership by continually reassessing the property taxes levied on homeowners and expanding their tax relief options like homestead exemptions, ensuring that one piece of their financial puzzle does not become too much of a hindrance.

Further, while the state draws residents with its favorable climate, it also faces risks from extreme heat and hurricanes that are expected to grow. The state has an opportunity to lead not only in the quantity of homes built, but also in the resilience of these homes against present and future climate risks. Homes that are better able to withstand floods and extreme heat will not only improve the safety of occupants, but could also reduce the property damage caused by weather events. Building these homes without compromising the lower-cost homes and affordability that Texas is known for will require innovation.

In many respects, the Texas economy is a model for other states. Residents are attracted to Texas for its abundant jobs, available housing, and favorable climate. This has put Texas on a path to potentially become the largest state by population by the year 2045. To maintain this edge, Texas cannot stand still. It must educate and prepare its workforce for the shifts ahead. It must maintain a favorable business climate and low-tax environment without neglecting the investments necessary to grow and maintain vital transportation, water, and energy infrastructure. It must continue to lead the nation in homebuilding, adding both owner-occupied and rental homes that are affordable to households at a range of income levels. And Texas must lead not only in the quantity of homes built, but also in the resilience of these homes against flood, wind, and heat risks that are a factor for trillions of dollars of Texas homes. By continuing to churn the economic engine of the state while focusing on its unique advantages, Texas can meet these challenges head-on.



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