



**REAL ESTATE CENTER**  
TEXAS A & M UNIVERSITY

## Hotter Texas Housing Market Predicted for 2014

By Bryan Pope, Associate Editor, Real Estate Center at Texas A&M University  
Sept. 24, 2013/Release No. 01-0913

COLLEGE STATION, Tex. ([Real Estate Center](#)) – Although the New Year is more than three months away, a noted economist already sees signs of a hotter Texas housing market characterized by more sales, higher prices and a reduced inventory.

“If you are a real estate professional in Texas, I would suggest that you not take a vacation at all in 2014,” said Real Estate Center Chief Economist Dr. Mark Dotzour. “It is shaping up to be a busy year.”

In his [latest blog post](#), Dotzour cites several reasons for his optimism, including the state’s job market and “ridiculously cheap” mortgage rates.

“Texas continually outperforms the national average for job growth,” he said. “Often we’re double the national average. We’ve added over 459,000 jobs since January 2012. That job growth is likely to continue through 2014.”

Also, while mortgage rates are increasing, they are still at historically low levels.

“In the late ‘70s, we thought 8 percent mortgages were cheap,” Dotzour said. “Five percent was unheard of. Now the media is saying higher mortgage rates will make houses unaffordable and derail the housing recovery. It won’t. Look at the numbers for housing affordability indices in Texas and the nation. Houses have never been more affordable, if you have a job.”

A recent Real Estate Center calculation indicated that even if mortgage rates were to rise to 7 percent, houses would be just as affordable as they were in 2007, a good year for selling homes in Texas, Dotzour said.

Like many parts of the country, Texas has a low housing inventory. A 6.5-month inventory is viewed as a balanced market. The statewide inventory is currently four months, and some cities have less than three, including Austin. This is expected to push prices higher.

The constrained supply of homes in Texas is likely to continue through 2014 because home builders are having a difficult time getting loans to build new houses.

“Home builders will not be able to build homes fast enough to meet the demand,” Dotzour said. “Developers won’t be able to supply lots to meet demand. Prices are likely to continue to move up. Higher prices spur more buyer demand. Transaction volume will most likely increase as well.”

Created in 1971, the Real Estate Center is the nation’s largest publicly funded real estate research entity. It is part of Mays Business School at Texas A&M University.

## Real Estate Center

[Gary Maler](#), 979-845-9691 (director)  
Dr. [Ali Anari](#), 979-845-2094 (econometrics)  
Dr. [Mark Dotzour](#), 979-862-6292 (chief economist)  
[Attorney Judon Fambrough](#), 979-845-2007 (legal issues)  
Dr. [James Gaines](#), 979-845-2079 (residential)  
Dr. [Charles Gilliland](#), 979-845-2080 (rural land)  
Dr. [Harold Hunt](#), 979-847-9021 (commercial)  
Dr. [Luis Torres](#), 979-845-7972 (econometrics)

For information on the Real Estate Center, contact Senior Editor David S. Jones at 979-845-2039 (voice), 979-845-0460 (fax) or [d-jones@tamu.edu](mailto:d-jones@tamu.edu). Or contact Associate Editor Bryan Pope, 979-845-2088 (office) or [b-pope@tamu.edu](mailto:b-pope@tamu.edu).

Thousands of pages of data are available at the [Center's web site](#). News is also available in our electronic newsletter, our twice-weekly e-newsletter [RECON](#) (with [RSS feed](#)), our weekly [Real Estate Red Zone podcast](#), on Facebook, daily [NewsTalk Texas](#) (with [RSS feed](#)) and on [Twitter](#). To request a free press subscription to our quarterly flagship periodical [Tierra Grande](#) magazine, contact David Jones at the e-mail address above.