



Hibbs Newsletter

Hibbs Institute for Business & Economic Research

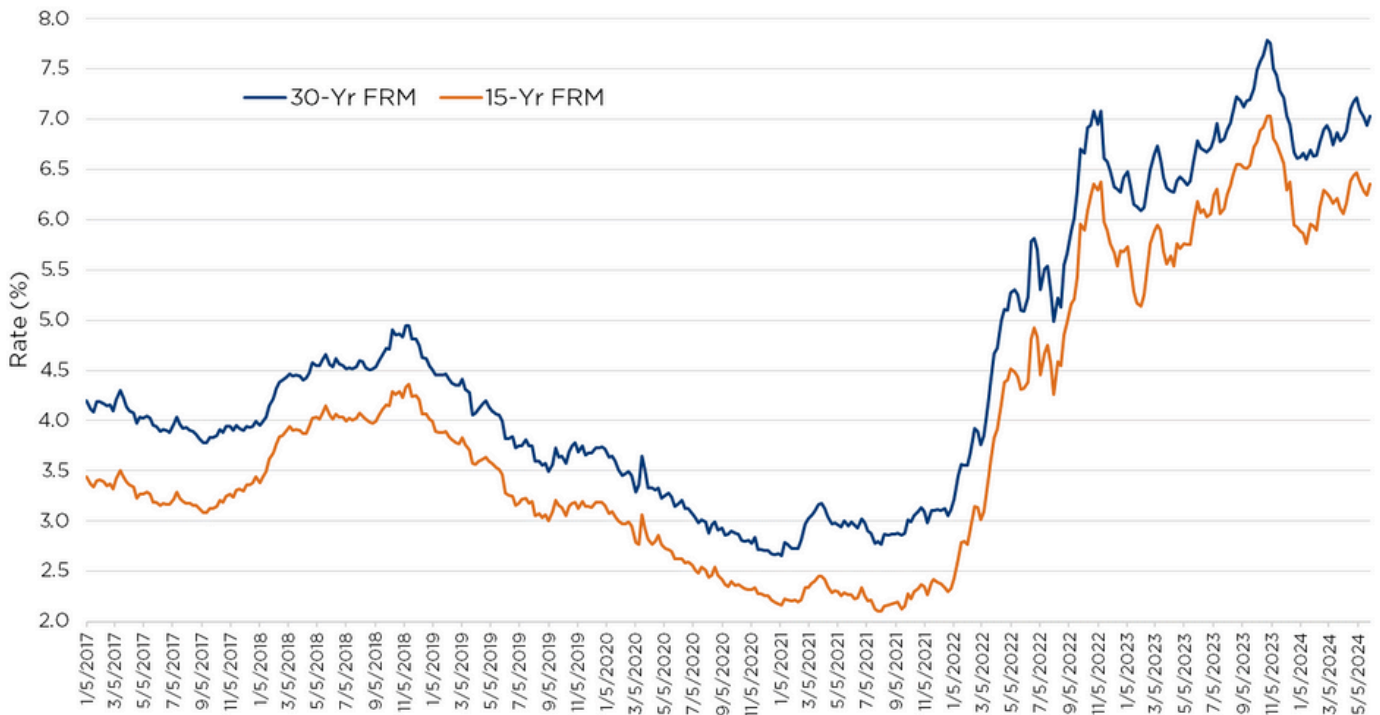
June 2024

This issue of the **Hibbs Newsletter** complements the May 2024 issue of the **Hibbs Brief**, with recent figures related to the U.S. mortgage rates and some of the most relevant housing market indicators for the East Texas area.

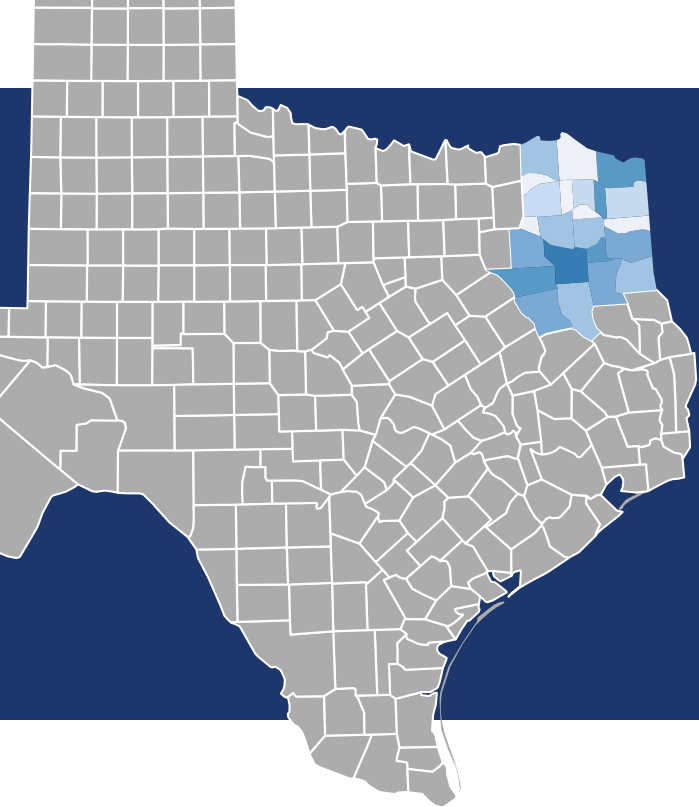
Key Findings

- Both 30-year and 15-year mortgage rates are expected to remain high in the near future, influenced by ongoing economic conditions and policy changes.
- The housing market in East Texas has experienced significant growth, over the past decade or so. The average price of homes has increased by around 92% over the last 10 years. Notably, the price trend has steepened in the past five years, indicating a more rapid rise in home prices recently.
- The number of building permits issued in East Texas has increased substantially, reflecting the region's growth and development trends.

Figure 1. United States 30-Yr and 15-Yr Fixed Mortgage Rate, by Week (January 3, 2017 - May 30, 2024)



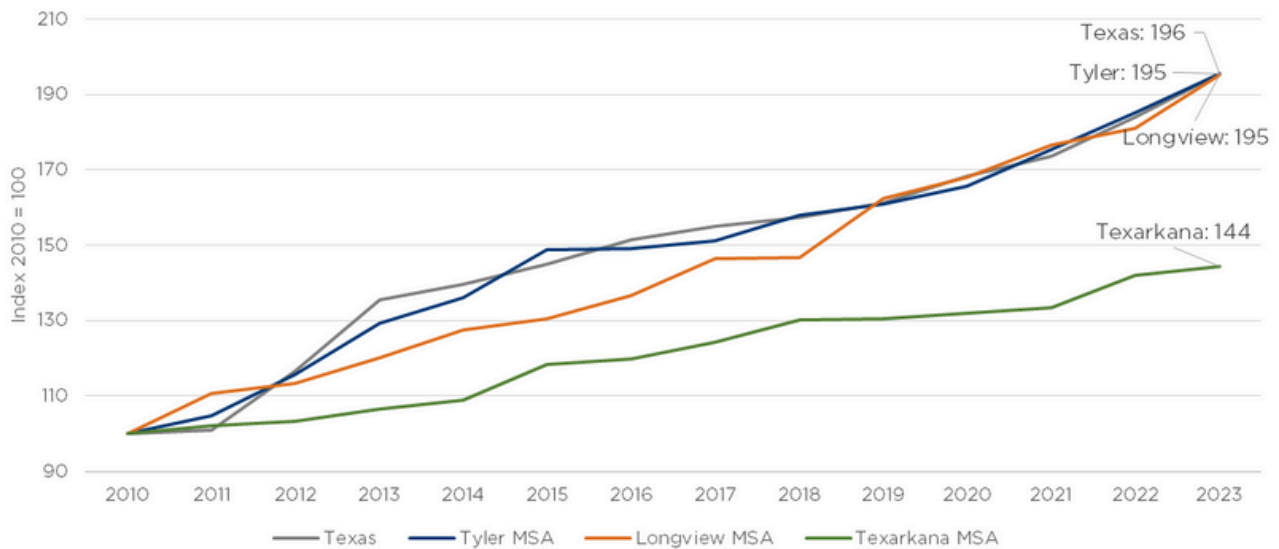
The 30-year and 15-year mortgage rates are important indicators of the housing market and overall economic conditions. The 30-year rate is typically higher than the 15-year rate due to the longer loan term, which presents a greater risk to lenders. Recently, the 30-year rate has been trending upward, influenced by inflation and tighter monetary policies. In contrast, the 15-year rate is generally lower than the 30-year rate because it poses less risk to lenders. According to data from the beginning of June, the 30-year and 15-year mortgage rates were 6.99% and 6.29%, respectively (**Figure 1**).



Unit sales may vary widely from location to location due to differences in population size and other factors. Thus, the use of an index is recommended to “standardize” the volume of unit sales during a period. Unit sales in the Tyler MSA and overall Texas have increased similarly over the past 10 years, proportionally. Both the Tyler MSA and overall state increased their number of single-family homes sold by more than 90% in 13 years. Annual unit sales of single-family homes in the Longview MSA depict a consistent growth since 2011. After 2015, this growth steepens slightly over the following years. The number of unit sales per year in the Texarkana MSA has been more modest. With a noticeable peak in 2015 and mild growth after 2018, the Texarkana MSA increased its volume of single-unit home sales by 44% in a 13-year period (Figure 2).

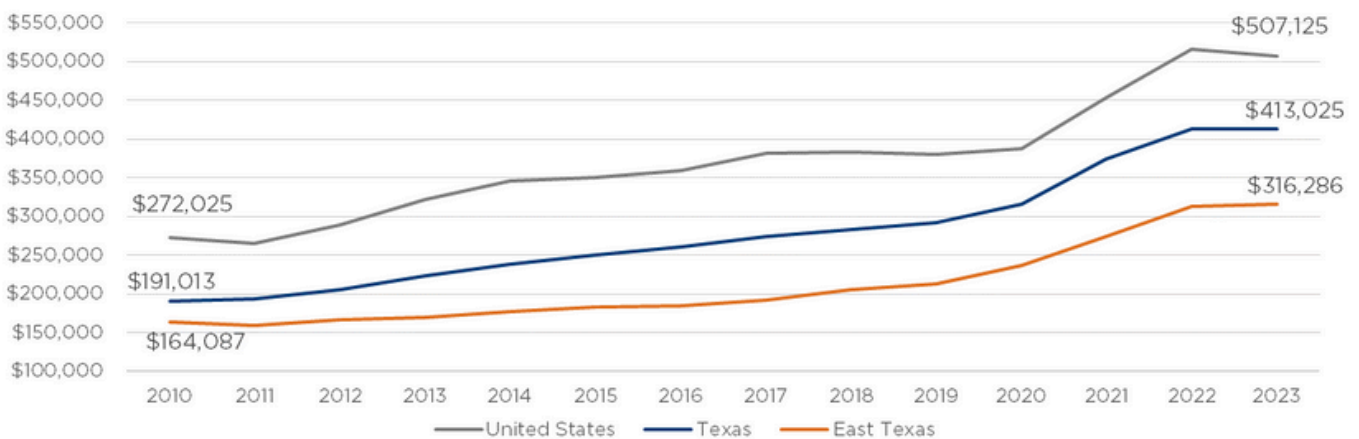
In alignment with the growing demand for homes, prices have also risen over the past 13 years in the state as a whole and specifically in the East Texas MSAs. Between 2010 and 2023, the average annual price of homes in the state increased 116%. Although the increase in home prices was lower in East Texas than in the state overall, it was higher than the growth experienced by the United States as a whole. Prices in East Texas rose by 92.7%, while they increased by 86.4% in the U.S. (Figure 3).

Figure 2. Annual Unit Sales of Single-Family Residential Housing in Texas, Tyler MSA, Longview MSA and Texarkana MSA; Indexed 2010 = 100 (2010-2020)



Source: Hibbs Institute’s estimates using Real Estate Center at Texas A&M University.

Figure 3. Annual Average Prices of Home Sales in United States, Texas and East Texas (2010-2023)



Note: the East Texas annual average prices are calculated taking the average prices of the Tyler and Longview MSAs.

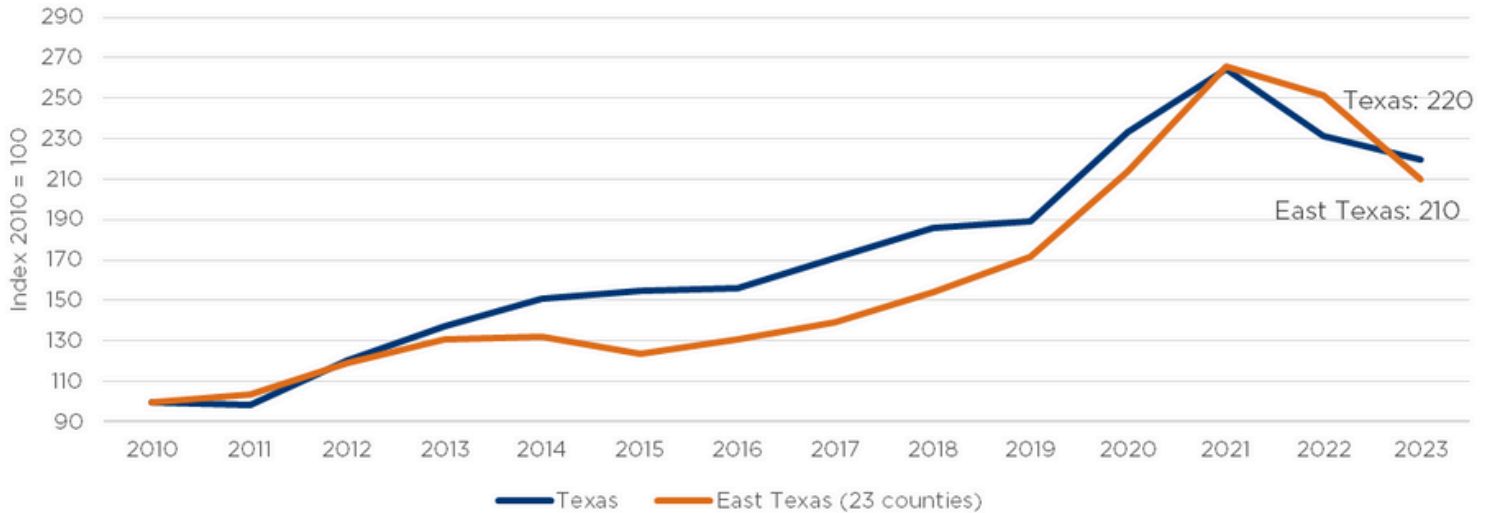
Source: Hibbs Institute’s estimates using Real Estate Center at Texas A&M University and U.S. Census Bureau and U.S. Department of Housing and Urban Development, retrieved from FRED, Federal Reserve Bank of St. Louis.

HOUSING MARKET IN EAST TEXAS (CONTINUED)

The housing market in East Texas is intensely linked to counties with substantially higher levels of economic activity and building development (e.g. Smith, Bowie and Gregg), compared to other counties in rural or less developed areas in the region. This is typically measured by the number of building permits issued in an area.¹ In terms of residential developments, building permits are typically classified into three categories: 1) single-family units, 2) 2-4 family units and 3) 5-plus family units, residential apartment complexes. **Figure 4** depicts the single-family housing building permits since 2010 for East Texas and the state of Texas using an index (2010 = 100). Since the regions are too widely different to be compared with raw numbers, the use of a calculated index is a common practice to produce comparable figures. Although this index shows that the number of building permits in Texas is proportionally higher than in East Texas, this regional housing market has been growing faster (at a higher rate) since 2018. **Table 1** details the number of building permits by category for all 23 counties in East Texas from 2019 to 2023, the most recent year available.

¹ A building permit is an official approval issued by a local government, which allows a contractor to develop a construction project on a certain property.

Figure 4. Building Permits of Single-Family Housing in East Texas and Texas; Indexed 2010 = 100 (2010-2023)



Note: the East Texas index includes the influence area defined by the [Hibbs Institute](#), as 23 counties.
 Source: Hibbs Institute's estimates using Real Estate Center at Texas A&M University.

Table 1. Building Permits in East Texas by Category and County (2019-2023)

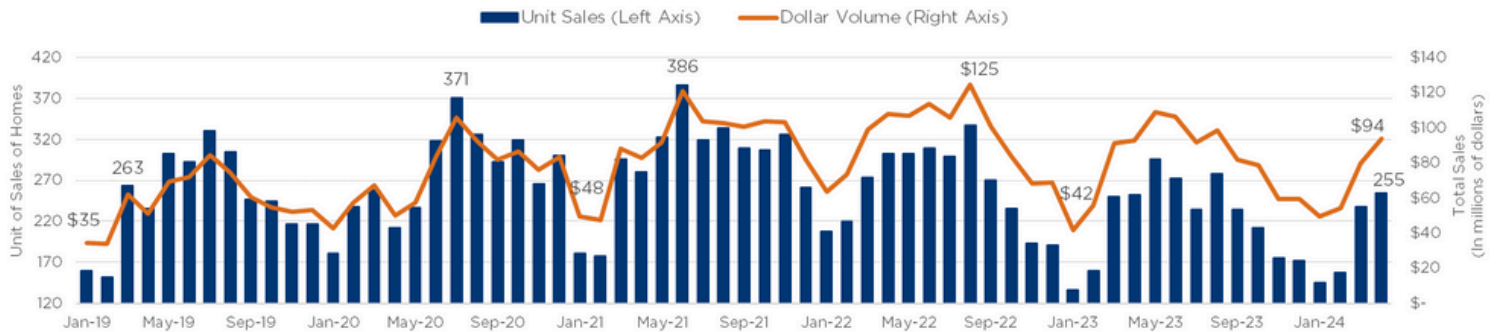
County	2019			2020			2021			2022			2023		
	Single	2-4	5-Puls	Single	2-4	5-Puls	Single	2-4	5-Puls	Single	2-4	5-Puls	Single	2-4	5-Puls
Anderson	20	0	9	21	1	1	27	0	1	30	0	12	18	0	0
Bowie	50	0	0	68	1	0	229	0	0	94	4	1	70	51	5
Camp	7	1	0	10	0	0	4	0	0	8	0	0	1	0	0
Cass	16	4	0	10	4	0	7	0	0	6	0	0	15	0	0
Cherokee	17	0	0	13	0	0	18	0	0	47	0	0	39	0	0
Delta	7	0	0	7	1	0	14	0	0	6	0	0	9	1	0
Franklin	2	0	0	5	0	0	0	0	0	0	0	0	6	0	0
Gregg	192	4	2	259	8	0	255	10	2	275	9	12	268	6	0
Harrison	56	0	0	82	0	0	114	0	0	66	29	7	55	0	0
Henderson	66	3	0	173	15	0	241	1	0	300	18	9	270	3	0
Hopkins	26	5	0	13	0	0	47	2	3	36	5	0	74	0	0
Lamar	31	24	0	24	5	0	32	19	1	57	17	0	37	25	0
Marion	4	0	0	11	0	0	6	3	0	5	0	0	5	2	0
Morris	1	0	0	3	0	0	4	0	0	1	0	0	4	0	0
Panola	8	0	0	13	0	0	10	0	0	11	0	0	3	0	0
Rains	18	0	0	30	0	0	25	0	0	9	0	0	31	0	0
Red River	6	0	0	13	0	0	21	0	0	13	0	0	15	1	0
Rusk	0	0	0	3	0	0	3	0	1	8	0	0	3	0	0
Smith	592	22	1	635	74	3	741	50	6	739	47	5	468	116	2
Titus	34	0	0	32	0	2	8	0	0	0	0	1	24	1	3
Upshur	6	0	0	19	4	0	23	6	0	2	0	0	3	2	2
Van Zandt	32	1	0	42	1	0	22	0	2	34	0	1	34	4	0
Wood	17	1	2	21	6	0	18	1	0	25	1	0	28	0	3
Totals	1,208	65	14	1,507	120	6	1,869	92	16	1,772	130	48	1,480	212	15

Source: Real Estate Center at Texas A&M University.



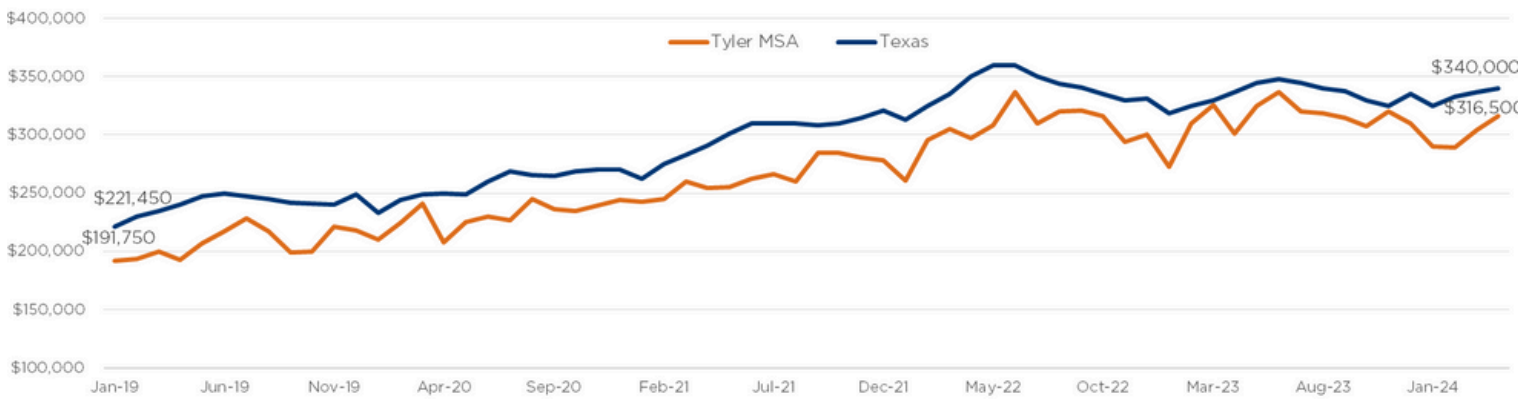
The housing market in the Tyler MSA is strong and continues to gain momentum. In the summer of 2022, sales reached an all-time high of \$125 million in terms of dollar value (Figure 5). Over the past five years, the median price of homes in the Tyler MSA has increased from \$191,750 in January 2019 to \$316,500 in April 2024, representing a 65% increase (Figure 6). Additionally, the gap between the income required to purchase a home and the median household income is approximately 32.8%, indicating a measure of household affordability (Figure 7).

Figure 5. Monthly Sales in Dollar Volume and in Units of Housing in the Tyler MSA (January 2019–April 2024)



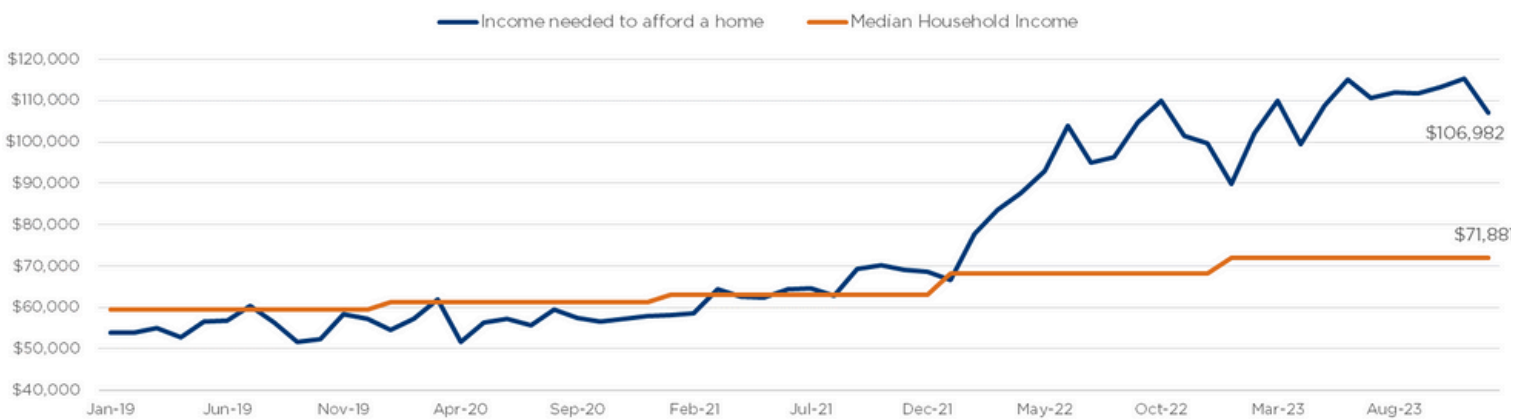
Source: Real Estate Center at Texas A&M University.

Figure 6. Median Price of Homes in Texas and the Tyler MSA (January 2019–April 2024)



Source: Real Estate Center at Texas A&M University.

Figure 7. Median Household Income and Income Needed to Afford a Home in the Tyler MSA (January 2019–December 2023)

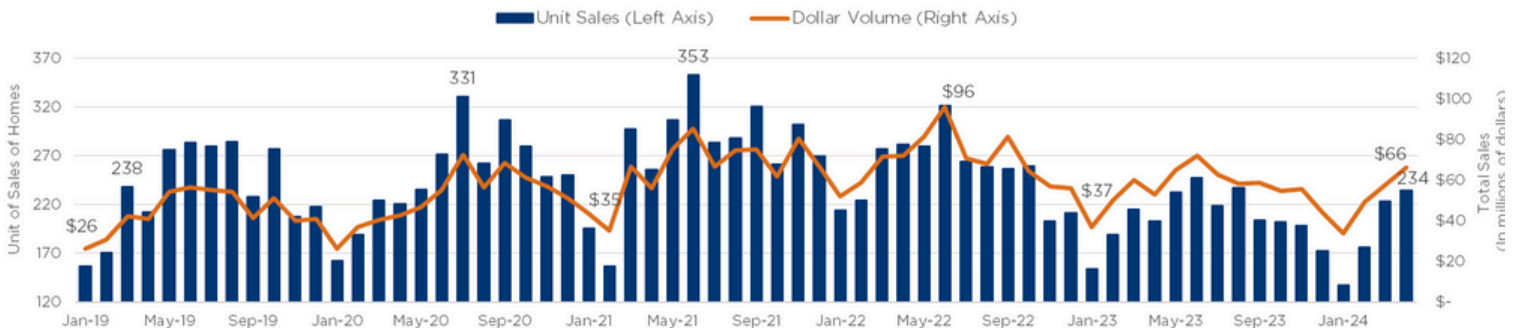


Source: Hibbs Institute's estimates using U.S. Census Bureau, Bureau of Labor Statistics and Redfin statistics.

LONGVIEW MSA

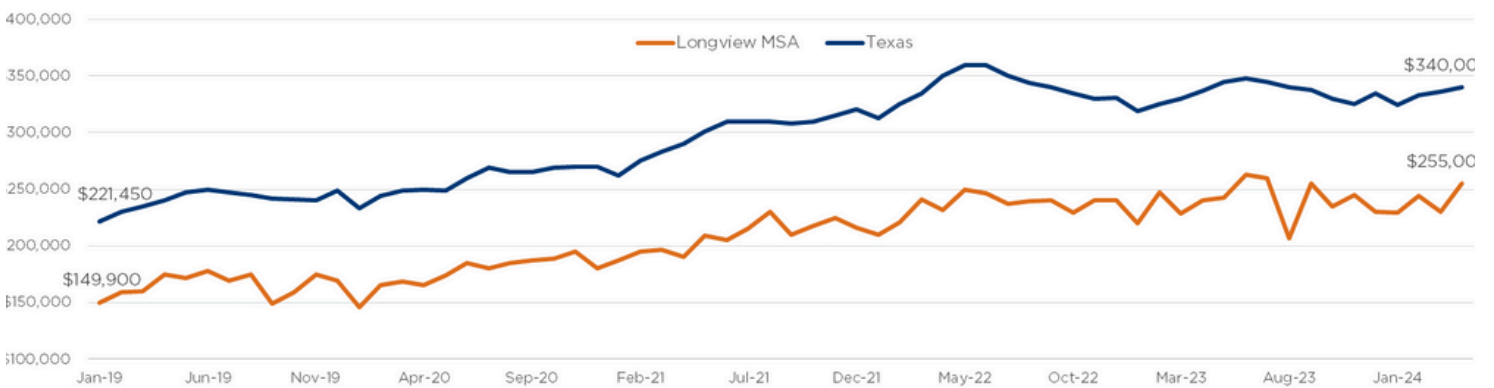
The Longview MSA's housing market is performing reasonably well. In June 2021, the highest number of units sold was 353, while the maximum dollar value was reached one year later at \$96 million (Figure 8). Over the past five years, the median price of homes in the Longview MSA has risen from \$149,900 in January 2019 to \$255,000 in April 2024, representing a 71% increase (Figure 9). The housing affordability gap in the Longview MSA is roughly 16%, indicating that the average income necessary to purchase a home is greater than the median household income (Figure 10).

Figure 8. Monthly Sales in Dollar Volume and in Units of Housing in the Longview MSA (January 2019–April 2024)



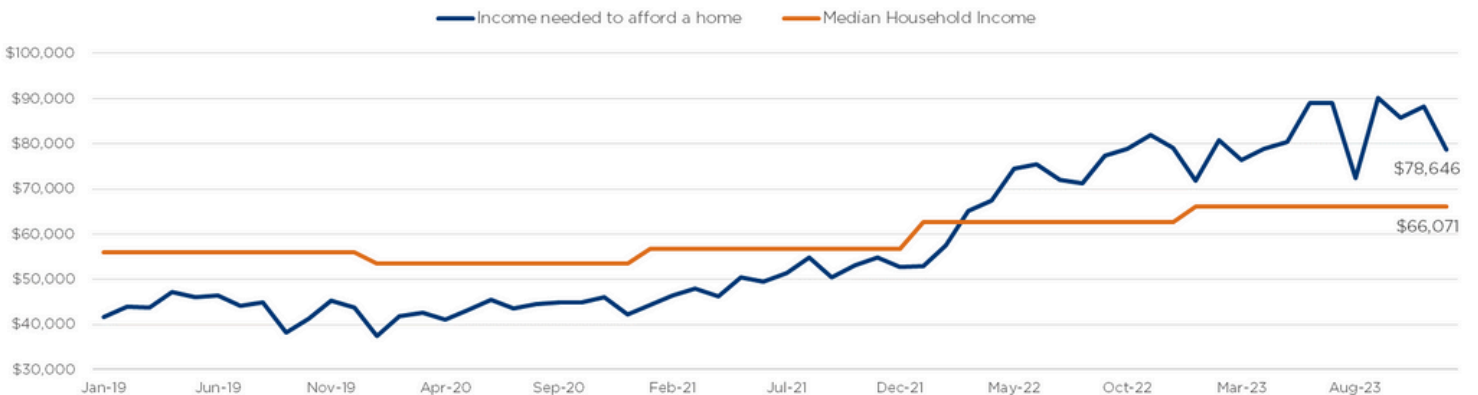
Source: Real Estate Center at Texas A&M University.

Figure 9. Median Price of Homes in Texas and the Longview MSA (January 2019–April 2024)



Source: Real Estate Center at Texas A&M University.

Figure 10. Median Household Income and Income Needed to Afford a Home in the Longview MSA (January 2019–December 2023)

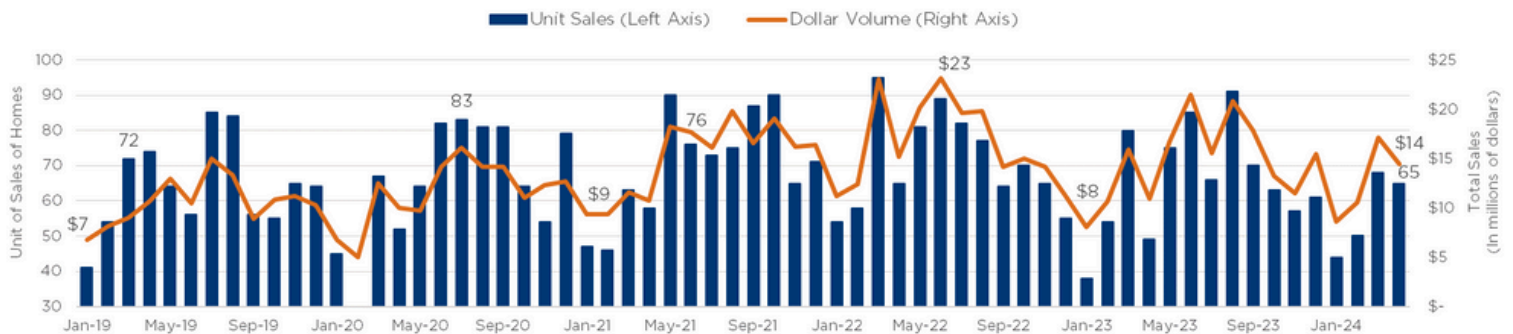


Source: Hibbs Institute's estimates using U.S. Census Bureau, Bureau of Labor Statistics and Redfin statistics.



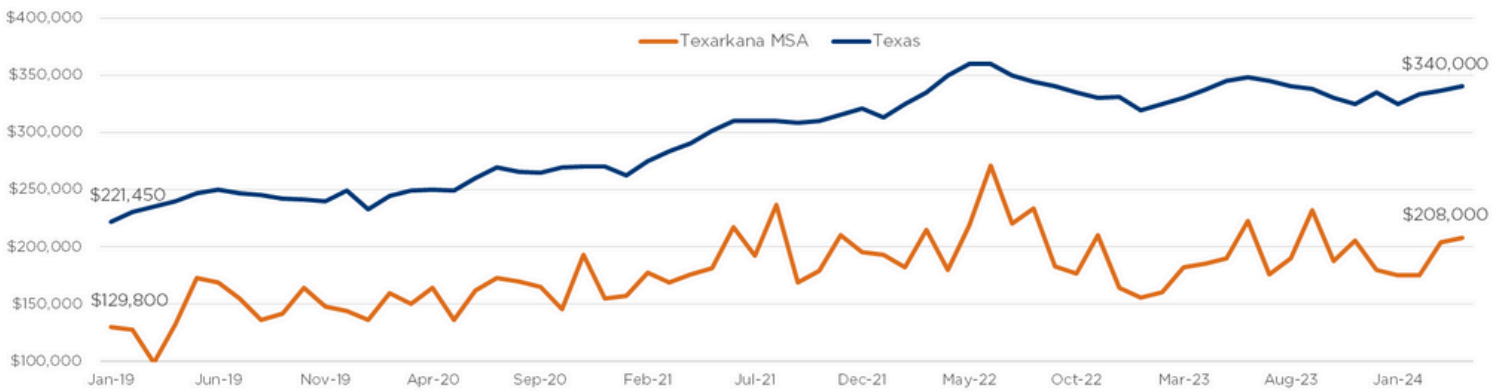
The Texarkana MSA's housing market is generally stable, with sales volumes steadily increasing over the last few years. The number of sales units remains relatively consistent, as evidenced by the latest figure available, which shows 65 units sold and a dollar value of around \$14 million in April 2024 (Figure 11). Over the past five years, the median price of homes in the Texarkana MSA has increased from \$129,800 in January 2019 to \$208,000 in April 2024, representing a 62% increase (Figure 12). The housing affordability gap in the Texarkana MSA is approximately 24%, indicating that the income needed to afford a house is higher than the median household income (Figure 13).

Figure 11. Monthly Sales in Dollar Volume and in Units of Housing in the Texarkana MSA (January 2019–April 2024)



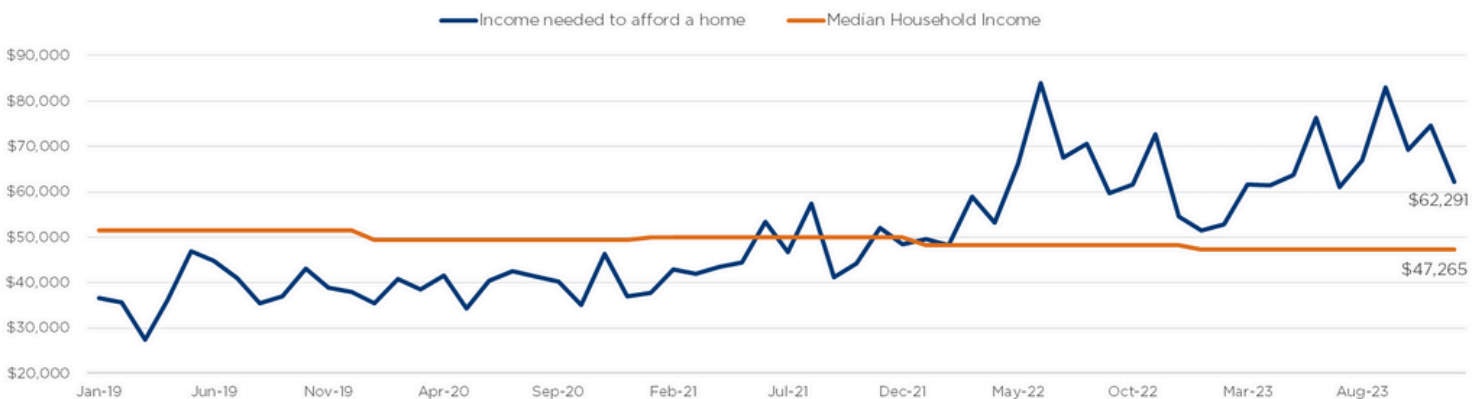
Source: Real Estate Center at Texas A&M University.

Figure 12. Median Price of Homes in Texas and the Texarkana MSA (January 2019–April 2024)



Source: Real Estate Center at Texas A&M University.

Figure 13. Median Household Income and Income Needed to Afford a Home in the Texarkana MSA (January 2019–December 2023)



Source: Hibbs Institute's estimates using U.S. Census Bureau, Bureau of Labor Statistics and Redfin statistics.



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