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Amarillo MSA* Housing Market Commentary
YTD December 31, 2020

Closed Sales

3,679 closed sales in 2020 compared with 3,493 closed sales in 2019, a 5.32% increase from one year ago. This is the most homes sold in the Amarillo MSA (Armstrong, Carson, Oldham, Potter, and Randall counties) in a calendar year. The Texas A&M Real Estate Center reports statewide sales up 8.3% YTD through November, while the National Association of Realtors expects 2020 closed sales across the nation to be up approximately 4-4.5%.

Single-Family Home Prices

The average sales price for 2020 increased 12.69% to \$222,313 while the median sales price increased by 11.76% to \$190,000; both measurements being all-time highs. Price increases were influenced by a higher proportion of homes selling over \$250,000 than in previous years. However, price increases were, indeed, driven by a shortage of homes for sale and buyer demand fueled by record low interest rates. Even though prices were increasing throughout 2020, low interest rates kept affordability from being a drag on the market.

Days on Market

During 2020 the average days on market (list to close) was 108 and the median days on market was 68, compared to 119 and 79 days on market, respectively in 2019.

Sales Price to List Price Ratio

The sales price to list price ratio in 2020 was 97.35% of listed prices, a slight increase from 97.11% a year ago. This metric along with Months of Inventory illustrates the overall bias of the market being in favor of Sellers today.

Months of Inventory

One of the most telling market metrics is total months of inventory which takes into consideration the current listing inventory (469) and the number of total sales in 2020 (3,679). Texas A&M's Real Estate Center's definition of a buyer-seller balanced market is 6.5 months of available inventory. Overall, the total months of inventory as of December 31, 2020 is 1.53 months, the lowest number of months of inventory recorded at year end. However, that doesn't tell the full story; for homes priced under \$100,000 the total months of inventory stands at 1.06 months. For homes priced between \$100,000 and \$249,999 the total months of inventory stands at 0.85 months. For homes priced between \$250,000 and \$499,999 the total months of inventory stands at 2.48 months. For homes priced over \$500,000, the total months of inventory stands at 7.48 months compared to 14 months a year ago.

Listing Inventory

There were 469 active single-family listings in the (MLS) as of December 31, 2020; down 409 listings from one year ago; or a (-46.58%) decrease from one year ago. This is the lowest year-end inventory in the MLS since we've been keeping records, with 852 listings being the previous low in 1993.

Building Permits

578 new single-family homes were permitted during 2020 compared with 451 in 2019, an increase of 28.16%. However, to move our market towards a balanced inventory, we need to permit 1,000+ homes per year which doesn't appear possible in the short term. Several factors are limiting new home construction permit activity within the city limits: (1) availability of subcontractors and labor, (2) builders staying away from speculative home construction over \$400,000 inside the Amarillo city limits (although this may be changing), and (3) overall increased construction activity outside the Amarillo city limits.

Foreclosure Activity (Potter and Randall Counties)

Foreclosure activity is another indicator of the overall health of the local economy in general as well as the housing market, specifically. Foreclosure activity during 2020 was highly influenced by COVID-19 and the subsequent government-imposed moratorium on both foreclosure postings and sales. The number of properties sold at foreclosure (123 foreclosures) is down (40%) compared to 2019 (205 foreclosures). Additionally, the 123 foreclosures in 2020 is down (56%) from the five-year moving average of 278 annual foreclosures.

Unemployment and Job Creation

The Amarillo MSA unemployment rate stood at 5.4% according to the November report from the Texas Workforce Commission. That same report shows that 8,600 fewer people were employed than one year ago, a decrease of (6.62%).

Interest Rates

The conventional 30-year mortgage loan interest rate as of December 31, 2020 was 2.75%, down 1.125% from a year ago.

Sources:

Amarillo Association of Realtors' Multiple Listing Service

National Association of Realtors

Texas A&M Real Estate Center

City of Amarillo Building Safety Department

Texas Workforce Commission

Amarillo Foreclosure Report

*Amarillo MSA includes Armstrong, Carson, Oldham, Potter, and Randall Counties