

METRO DEEP DIVE

Austin's housing market appears to be 'returning to normal'

By Patrick Kearns | Aug 26, 2021

Competition soared and affordability plummeted over the past year, but Austin added an eye-popping number of new listings in July.

Booming home prices, bidding wars, and plunging inventory have put a national bullseye on the Austin, Texas housing market. A new deep analysis of the past two years by real estate technology company [OJO Labs](#) shows just how much affordability has waned and competition has exploded in the central Texas market.

The analysis also shows that Austin is adding inventory at a high clip and market velocity — a comparison of new inventory hitting the market to sales pace — is decreasing, signaling a potential return to normal.

"We typically see a fall lull where more homes come to market and buyers tend to taper off a little bit, and then we expect a bit of a December spike," Jeremiah Taylor, Vice President of Real Estate and Mortgage Services at OJO Labs said. "Last year we sprinted through the fall lull and you didn't really feel it, then we had a crazy effervescent spring, which led to huge year-over-year price gains."

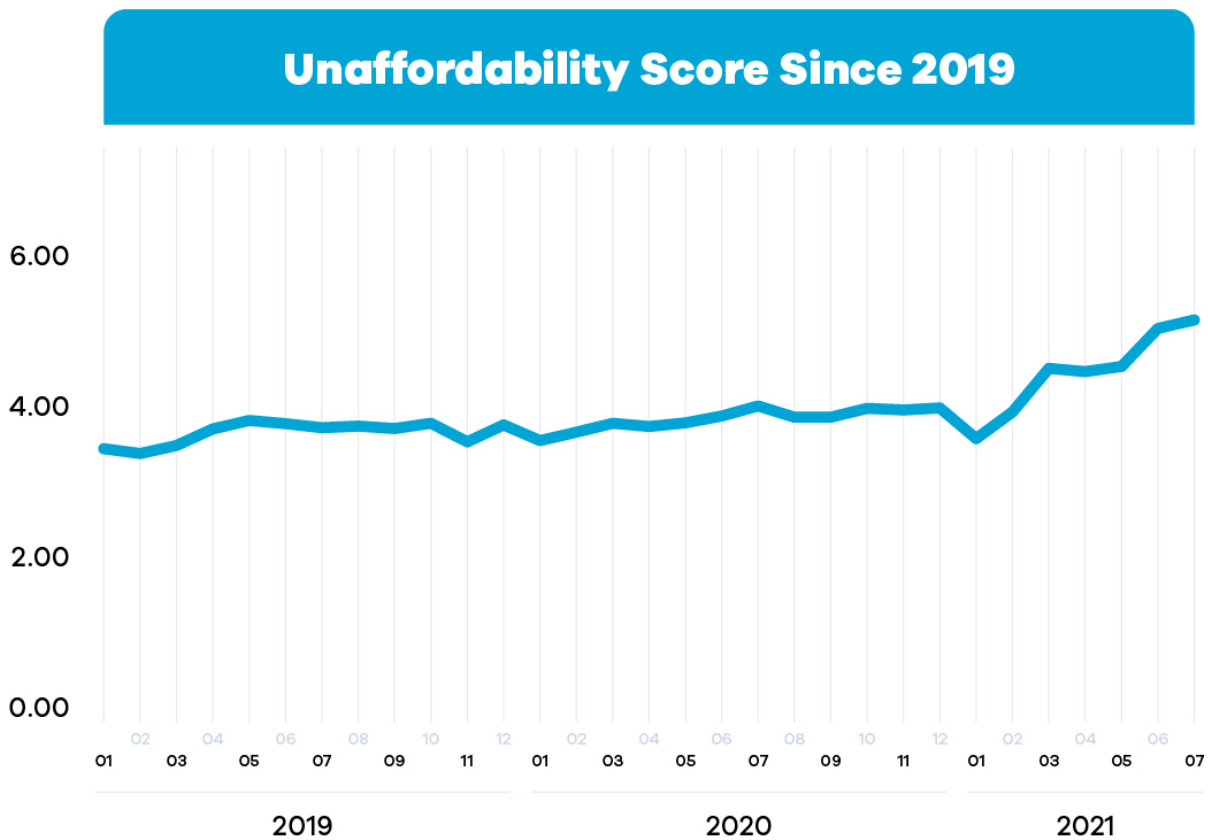
"This year feels like a bit of a return to normal from a housing perspective," Taylor added. "We had a really strong spring market and now we're seeing the more traditional fall lull, which could easily be misinterpreted as a housing slowdown given the high and wild ride off which we just came."

Affordability

It was harder to afford a home in Austin in the month of July 2021 than any time in the past two years, according to analysis of median home prices and median household income. The median home price in Austin reached a new high of \$462,500, according to data supplied by home-search site [Movoto by OJO](#), while the unaffordability score — a composite of home price and income — rose to 5.34.

The year prior, coming fresh off the first wave of COVID-19-induced lockdowns, the median home sold price in July 2020 in Austin was \$350,000, while the unaffordability score was 4.19. In 2019, the days of a pre-pandemic housing market, the median home price was \$315,000, while the unaffordability score sat at 3.89.

Nationally, the median home sold price hit \$365,344 in July 2021, while the national unaffordability score ticked up slightly to 4.69, meaning it was harder to afford a home in Austin than it was on a national level.



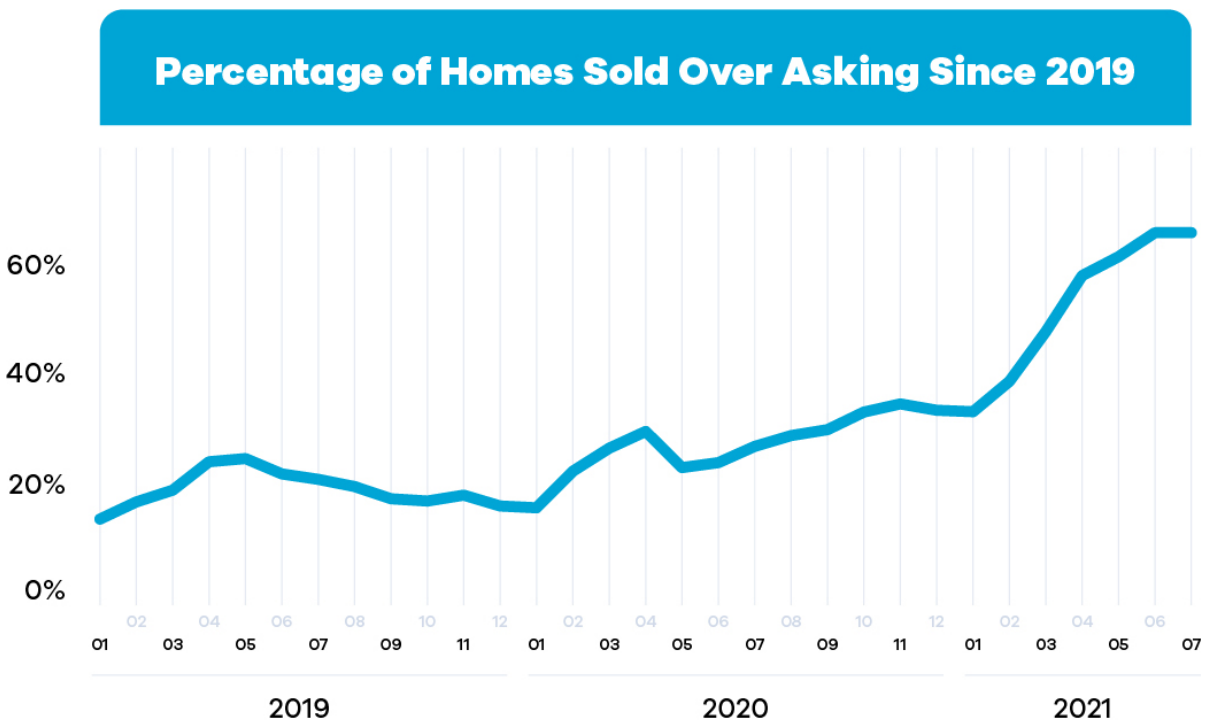
Competition

Competition for homes has been at, or near, an all-time high for the past three months in Austin, with more than 60% of homes selling above initial listing price in May, June, and July of 2021. In July specifically, 65.7% of homes sold above asking price — the same number as the month prior — with the average home selling \$29,028 above initial price.

In July 2020, only 27% of homes were selling for more than initial list price and the average home was actually selling at a discounted price, landing \$8,578 below initial asking. It was even less competitive two years ago, when 21.1% of homes were selling below list price, but at an average of only \$7,453 below initial list price.

Nationally, 49.6% of homes sold for more than list price in July 2021, with the average home selling for \$8,578 above initial asking price.

On a more granular level, Austin's most competitive ZIP code in July actually sits about 10 miles northeast of the city. In the currently under-development ZIP code of 78754, 85.7% of homes sold above initial list price. Conversely, the ZIP code of 78751 — which contains the neighborhoods of North Loop and Hyde Park — was the least competitive, with only 26.7% of homes selling above list price. Although it's one of the pricier nabes in Austin, so don't let the lack of competition fool you into thinking you're getting a major bargain.

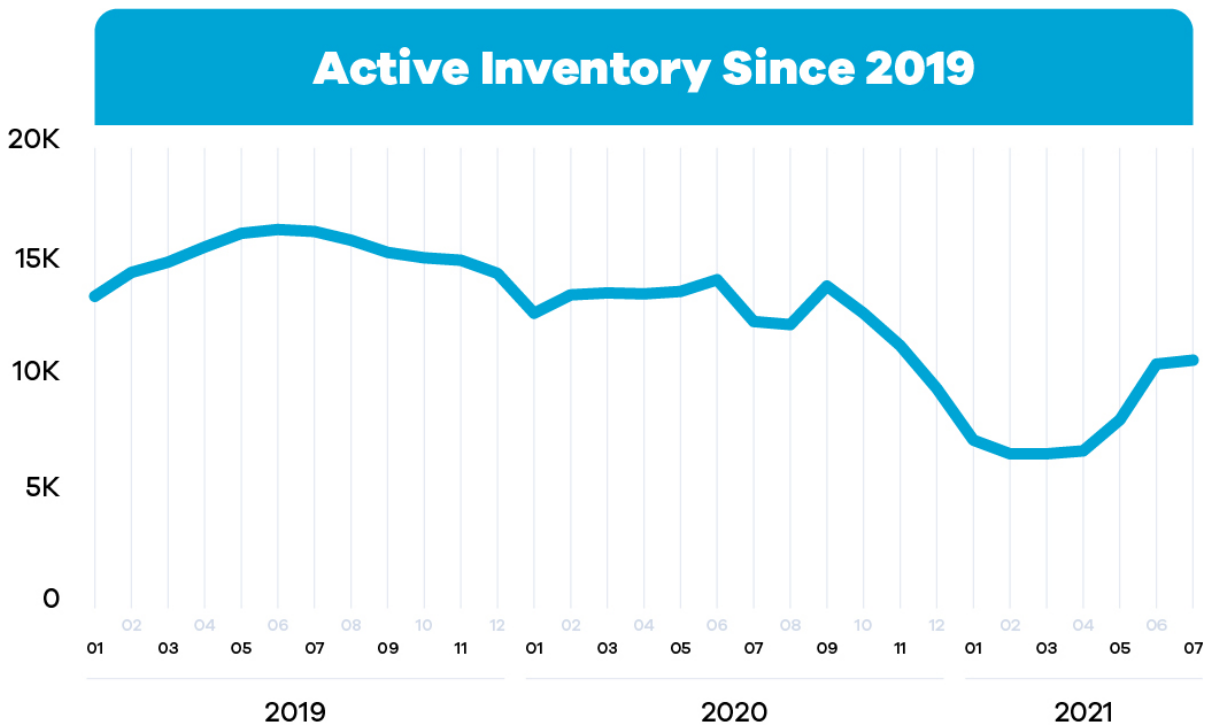


Inventory

A lack of inventory has been routinely cited as one of the main culprits driving prices higher and higher as the calendar progresses, but Austin actually has a pretty bright future-looking indicator.

In July 2021, there were 10,615 active listings in Austin, down 13% from the 12,219 active listings in July 2020 and down 34.7% from the 16,274 active listings in July 2019.

But when you look at new listings added to the market, the 6,621 new listings that hit the market in July 2021 was far and away the highest number of new listings to hit the market in the past two years, more than double the amount added in July 2020 and 83.2% higher than the total added in July 2019. In January and February of 2021, there were fewer than 1,000 new listings to hit the market in each of those months. In May, June, and July, more listings were added each month than any prior months in the past two years.



Median home price data is drawn from local multiple listing service sold data on residential search site Movoto by OJO, and median household income is derived from 2016-19 census data. Unaffordability score is a ratio that's derived from monthly median housing prices and median household income. The higher the score, the more unaffordable a metro area is for a household making the median income.

Want OJO to conduct a deep dive in your market? Contact pkearns@ojolabs.com



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