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Residential Property Market Overview

Tax Year 2026



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Houston Residential Home Market

During 2025, the Houston real estate market offered a combination of strong fundamentals, competitive pricing, and growing investor interest. Despite headwinds such as elevated mortgage rates and persistent inflation, Houston continued to outperform many major metropolitan areas in terms of housing affordability, market stability, and long-term growth potential.

[Houston Housing Market Analysis & Forecast \(2024 - 2026\) | The Luxury Playbook](#)



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Leading Indicators

Key metrics used to predict or explain market behavior:

- Inflation, Interest rates, and mortgage rates
- Inventory levels & new starts
- Sales prices and sales volume



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Inflation

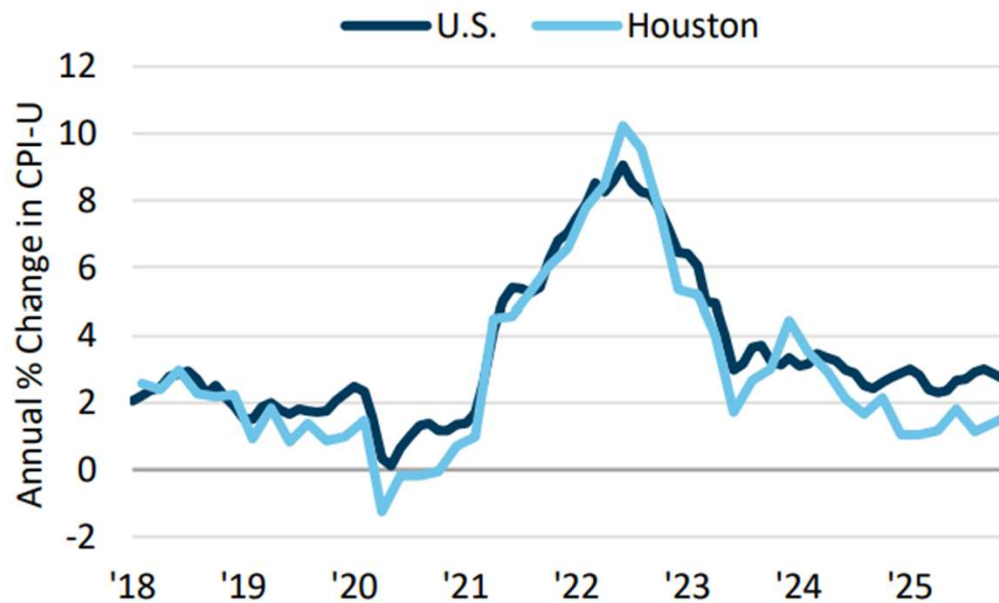
During 2025 inflation remained above the Federal Reserve's 2.0 percent target rate but did not rise dramatically higher following the implementation of tariffs in the spring.



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Inflation

U.S. & METRO HOUSTON INFLATION RATES



Source: Partnership Analysis of Bureau of Labor Statistics Data

[Glance-February-2026-Final-1.pdf](#)



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Interest Rates

Despite the Federal Reserve inflation target rate not being reached. The Fed Funds Rate was lowered three times during 2025.



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FOMC's target range for the federal funds rate

Effective Date	Federal Funds - Level % (Low)	Federal Funds - Level % (High)
01/30/2025	4.25	4.5
03/20/2025	4.25	4.5
05/08/2025	4.25	4.5
06/20/2025	4.25	4.5
07/31/2025	4.25	4.5
09/18/2025	4	4.25
10/30/2025	3.75	4
12/11/2025	3.5	3.75
01/29/2026	3.5	3.75

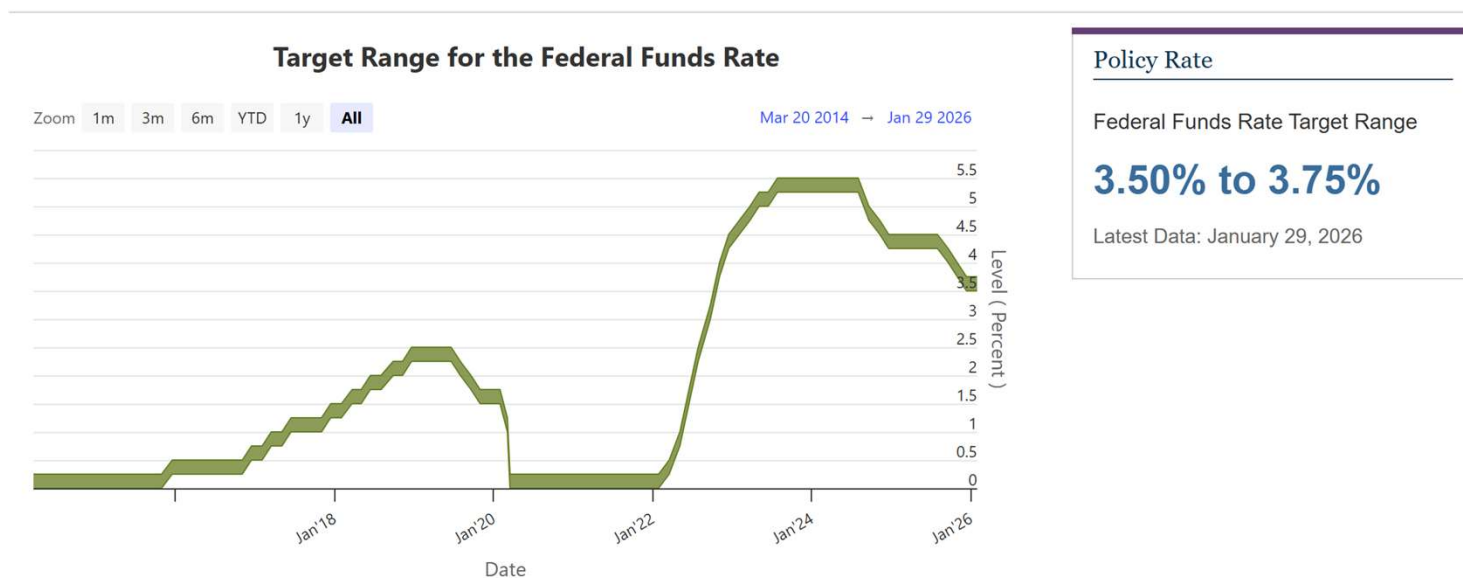
[The Fed Explained - Accessible: FOMC's target federal funds rate or range, change \(basis points\) and level](#)



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Interest Rates

Since 9/19/2024 we have seen steady rate reductions. As of January 29, 2026, the target rate range was between 3.50 to 3.75%.



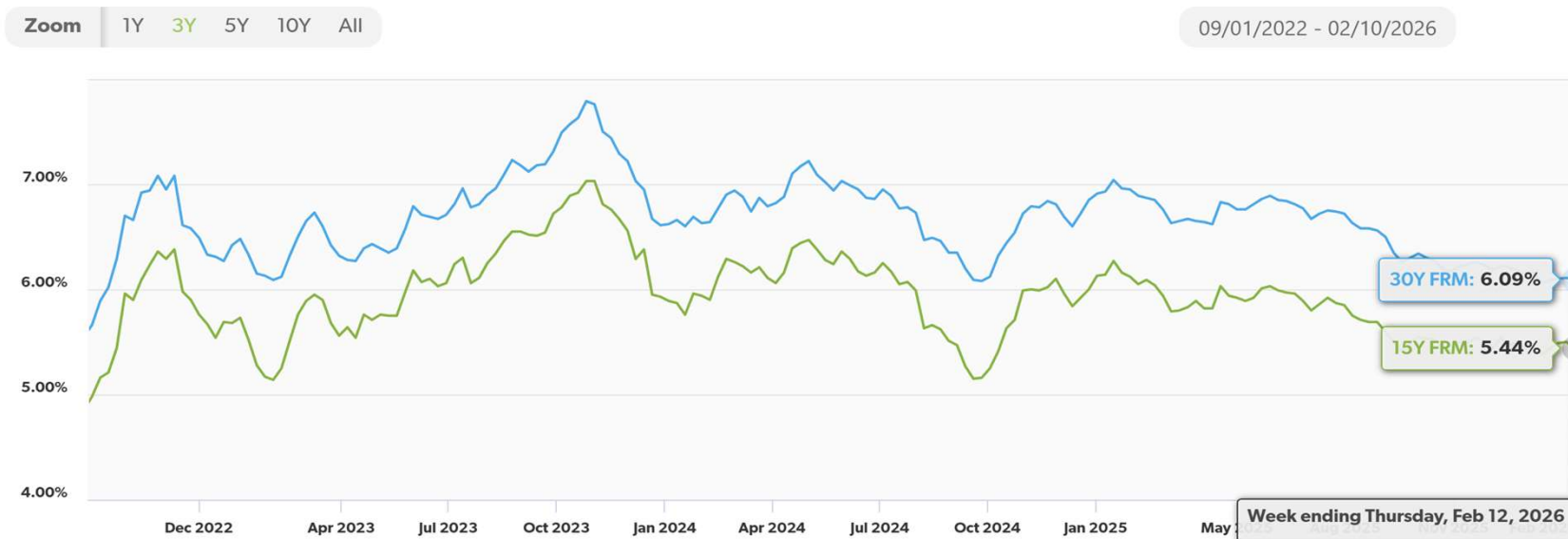
[The Fed - Economy at a Glance - Policy Rate](#)



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Mortgage Rates

After experiencing mortgage rates increase starting in 2022, that mirrored the rise in the Fed rate. We have now seen a rate reduction.



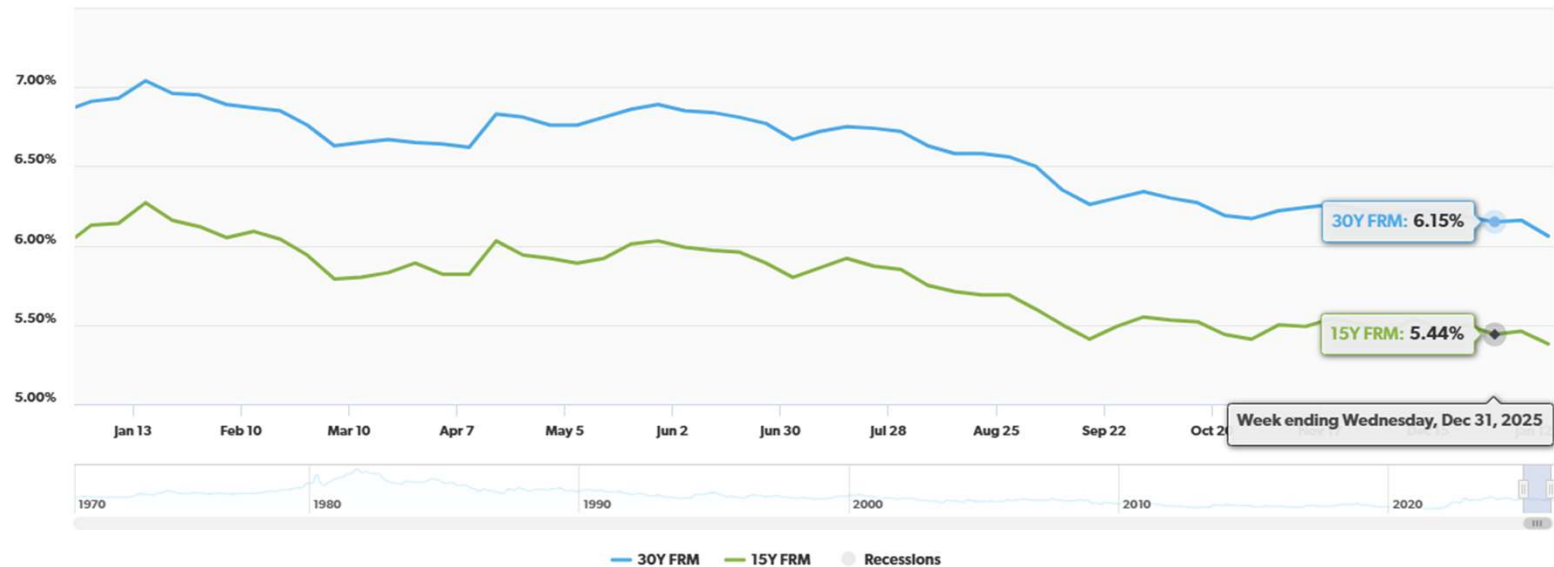
[Mortgage Rates - Freddie Mac](#)



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Mortgage Rates

The Fed Funds Rate started to be increased in 2022 to reduce inflation . **As of 1/1/26 30-year mortgage rate was 6.15% and a 15-year mortgage rate was 5.44%.**



[Mortgage Rates - Freddie Mac](#)



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Home Inventory

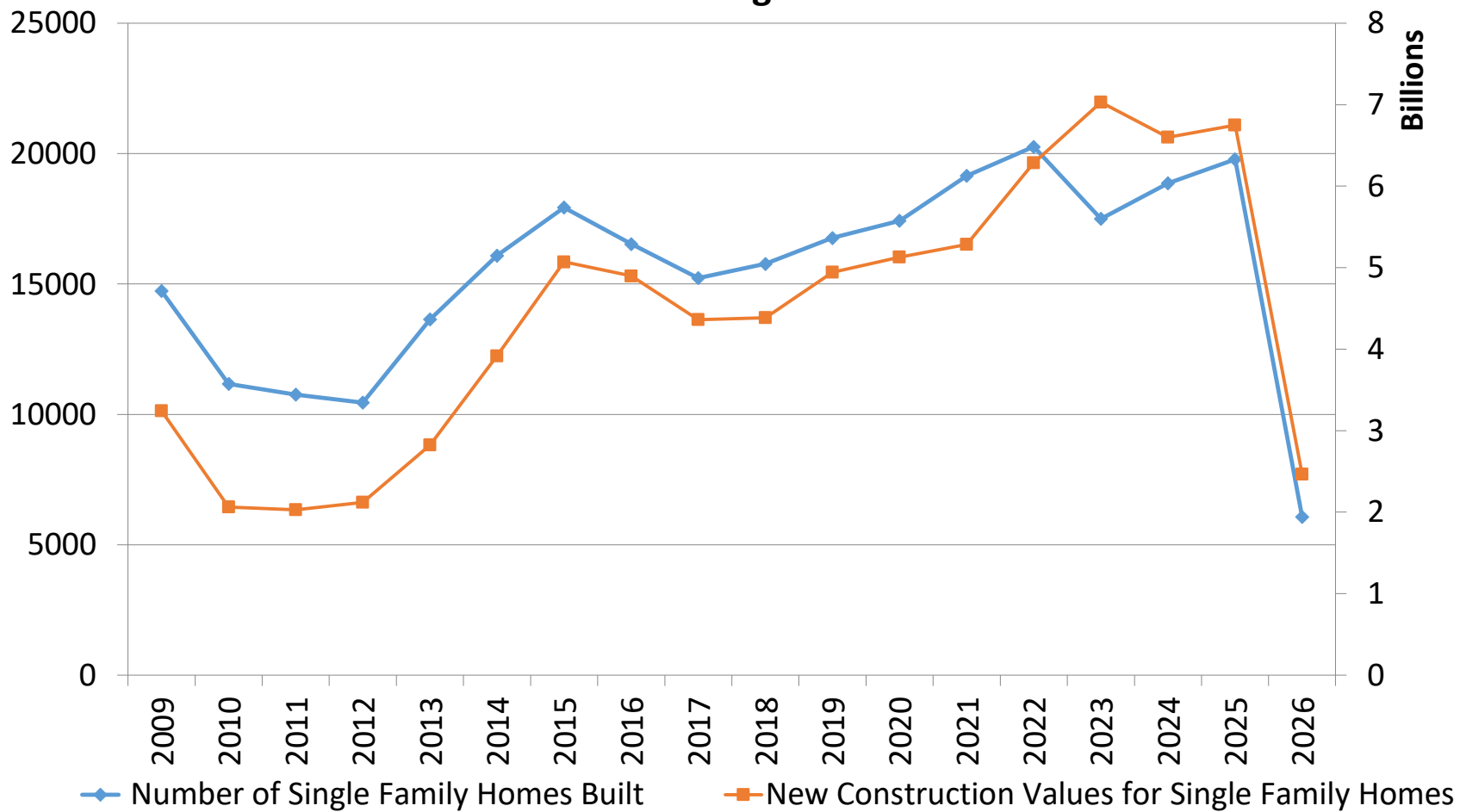
- According to the Houston Association of Realtors (HAR), the inventory of available homes increased from 4.0 months in December 2024 to 4.5 months of supply in December 2025.
- Throughout 2025 inventory supply remained at equilibrium levels. Traditionally inventory between 4.0 to 6.0 is considered a “balanced market”.

[Monthly Housing Update - HAR.com](#)



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Housing Starts





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Single Family Sales Volume

- Full year increase (3.8%)
 - 2024: 85,373
 - 2025: 88,634

- Month-over-month increase (1.2%)
 - December 2024: 8,600 units
 - December 2025: 8,707 units



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Sales Prices

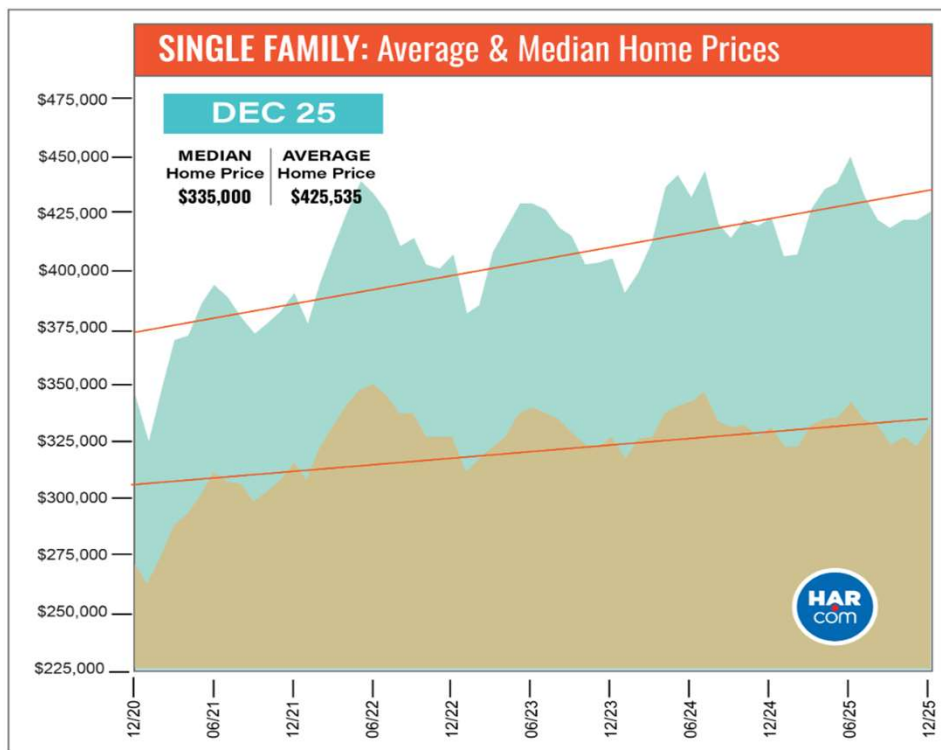
- Average sales price (2.5%):
 - Full year 2024: \$422,590
 - Full year 2025: \$426,558

- Median sales price (FLAT):
 - Full year 2024: \$335,000
 - Full year 2025: \$334,990



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Sales Prices



Average Price \$425,535

Median Price \$335,000



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2026 Outlook and Insights

With a strong finish to 2025 the Houston housing market returned to a more balance pace making it a solid year for both buyers and sellers. Houston experienced modest growth in 2025. As 2026 gets underway this growth is expected to continue.

- Unemployment remains low
- The Federal Reserve dropped rates 3 times during 2025
- The economy & job growth in Texas and nationally remain positive
- Inflation is near 2.0 percent tar-get
- Housing inventory remain at equilibrium

[The Fed Explained - Accessible: FOMC's target federal funds rate or range, change \(basis points\) and level](#)

[Economy at a Glance - January 2026](#)

[Monthly Housing Update and MLS Sales Activity - HAR.com](#)



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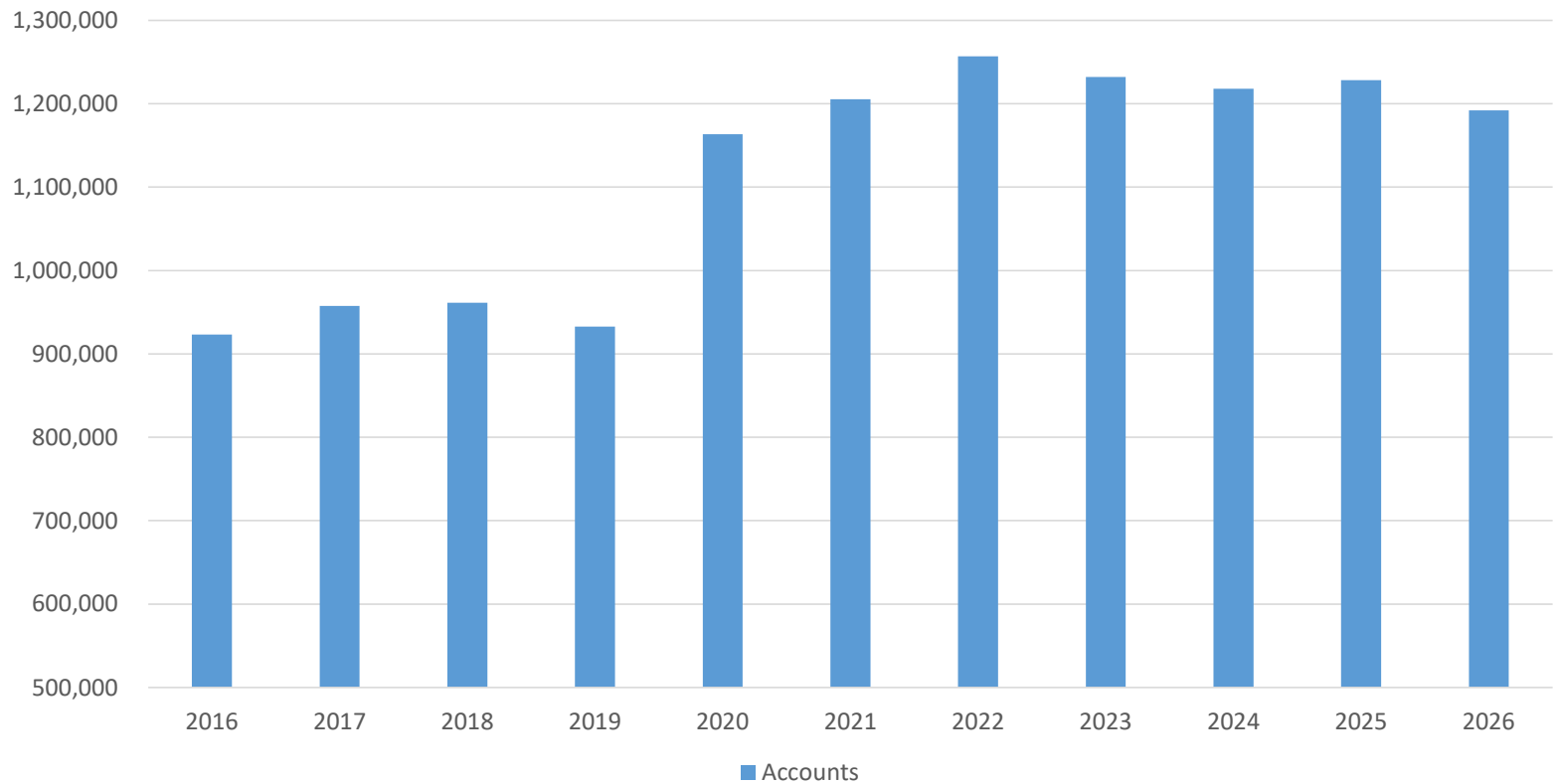
2026 Residential Noticing

- Residential noticing began Friday, March 13th
 - Single family homes, including townhomes & condos
 - Real and personal property mobile homes
 - Vacant land
- 1,191,961 accounts noticed as of 3/16/26 (\$427.3b)



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Initial Noticing 2016 - 2026





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2026 Single-family Increase, Decrease, No Change (as of March)

Market Value	Parcels	Percent of Parcels		
		No Change	Increase	Decrease
Under 124,999	53,043	35.7%	27.3%	37.0%
125,000 - 199,999	175,831	22.2%	35.2%	42.6%
200,000 - 299,999	400,381	13.8%	43.0%	43.3%
300,000 - 449,999	279,639	9.5%	55.4%	35.0%
450,000 - 749,999	134,400	5.4%	68.8%	25.8%
750,000 and up	77,734	3.8%	82.1%	14.1%
Total	1,121,028	13.4%	49.9%	36.7%
Tax Year 2025		12.2%	56.0%	31.8%



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2026 Single-family Percent Change (as of March)

Market Value	Average Percent of Change		Overall Percent of Change
	Reappraisal Only	with New Construction	
Under 124,999	-0.62%	-0.29%	-1.32%
125,000 - 199,999	0.29%	1.42%	-0.17%
200,000 - 299,999	1.21%	5.22%	1.14%
300,000 - 449,999	2.73%	8.63%	2.93%
450,000 - 749,999	4.71%	8.05%	4.68%
750,000 and up	8.15%	10.60%	9.29%
Total	2.26%	5.93%	4.20%