

# New Braunfels Utilities Board of Trustees

## New Braunfels Housing Market Update



3/28/2024

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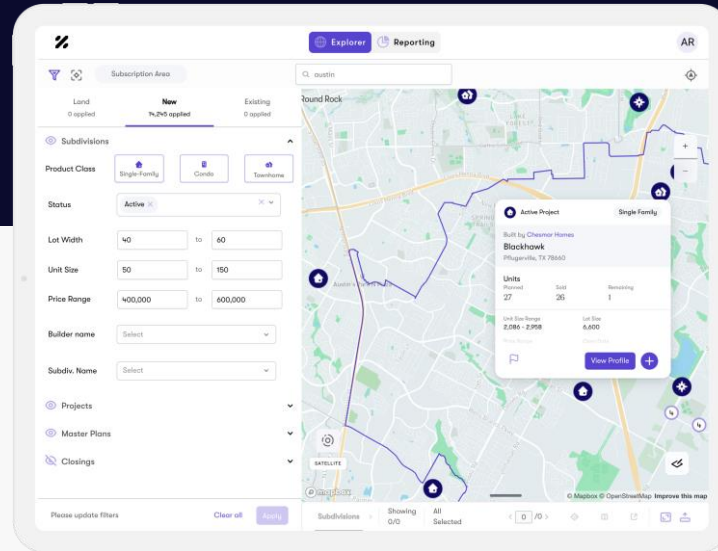


# #1 provider in new home construction data solutions



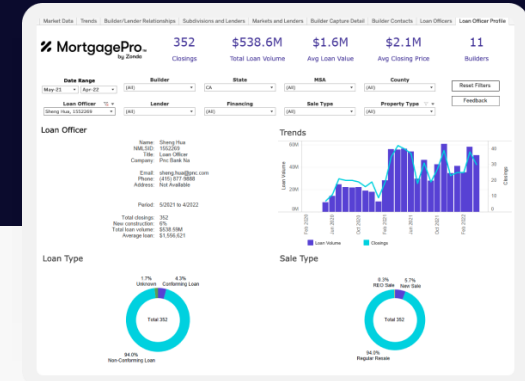
## BuildingProductPro

Essential housing insights for building product suppliers



## Enterprise

The complete data solution for home builders



## MortgagePro

Helping mortgage lenders secure builder business



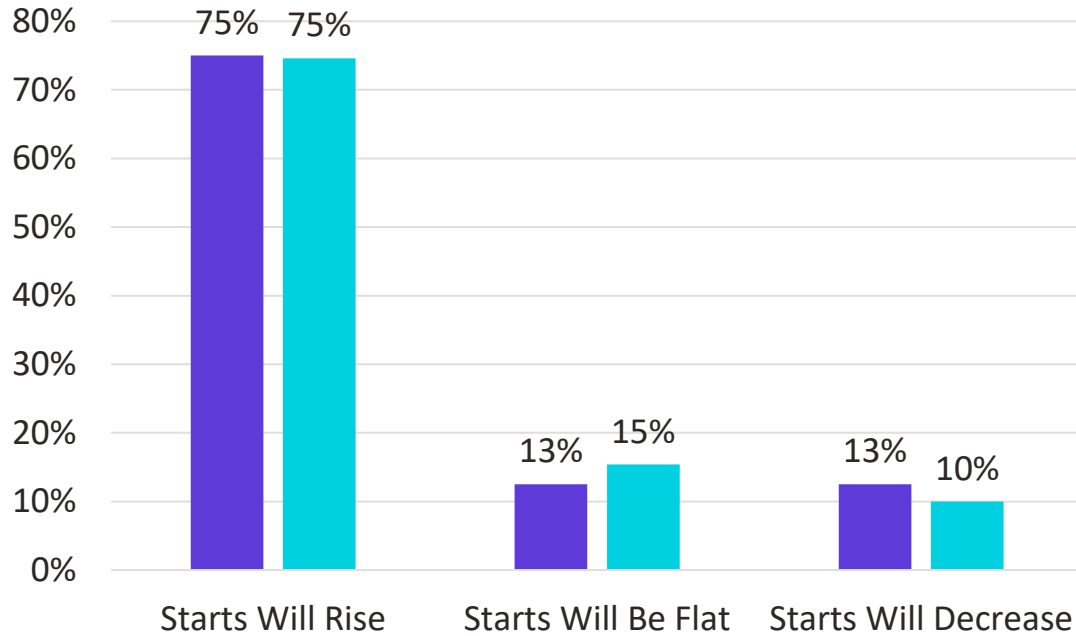
# Mortgage Rate & Homebuyer Backdrop



# Builder Outlook for 2024 is Improving

What is your plan for housing starts in 2024?

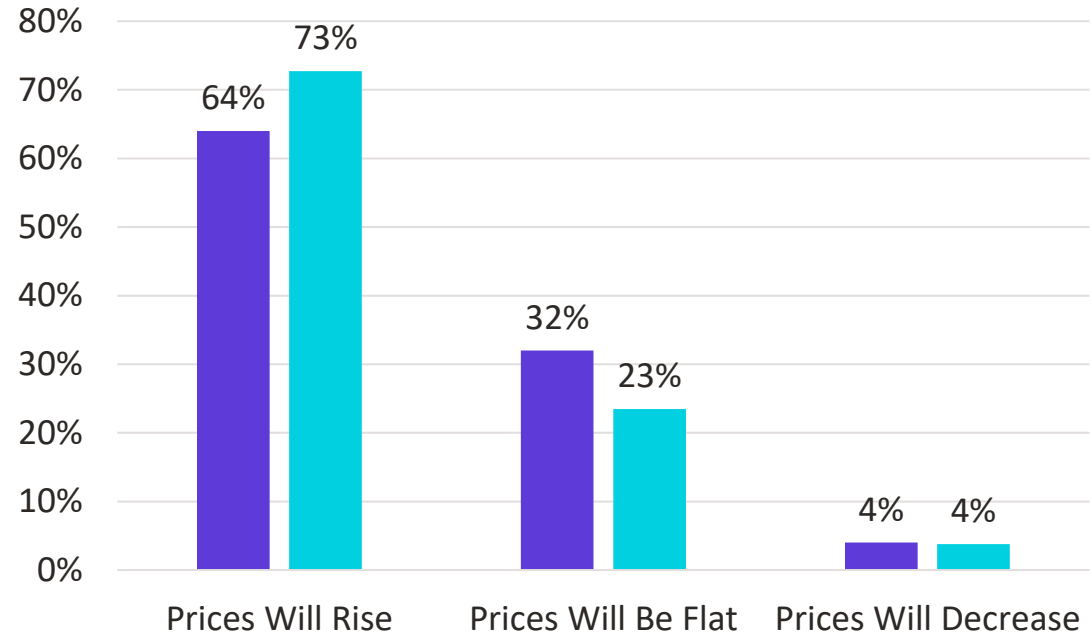
■ Texas ■ National



Texas Consensus: Up 10%+ in 2024

What do anticipate happening to home prices in 2024?

■ Texas ■ National



Texas Consensus: Up 1% to 5% in 2024

## But Some Buyer Headwinds Remain in Texas

### What are the biggest hurdles related to demand? (percentage of respondents)

1. Current mortgage rates (88%)
2. People choosing to wait and see (56%)
3. Consumer confidence (40%)
4. Buyers with credit issues (36%)
5. Homes prices (32%)

### In response to higher rates/prices, buyers are... (percentage of respondents)

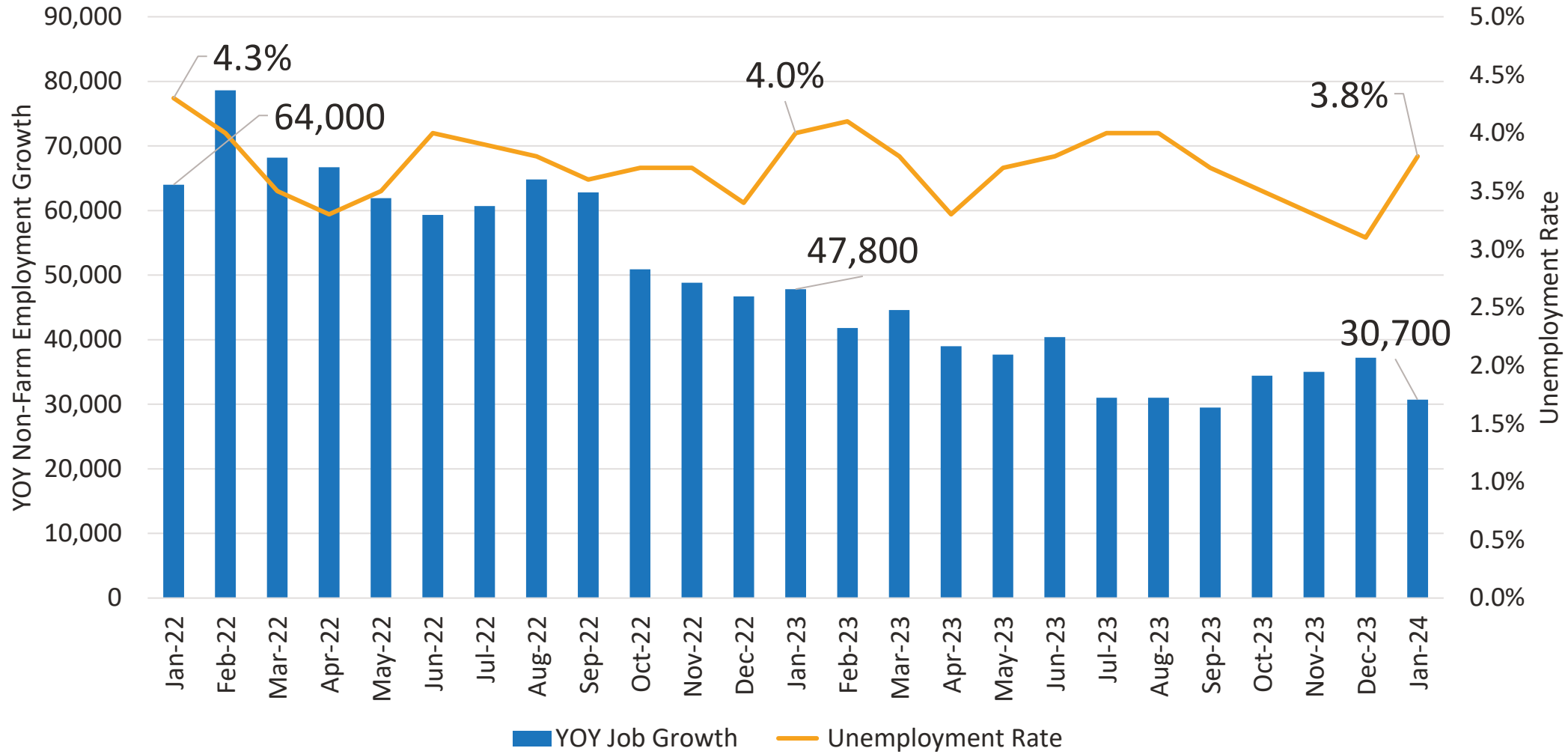
1. Stretching their budgets (80%)
2. Looking at smaller homes (68%)
3. Looking at different locations (52%)
4. Needing to pay down debt to qualify (36%)
5. Putting less money down (28%)



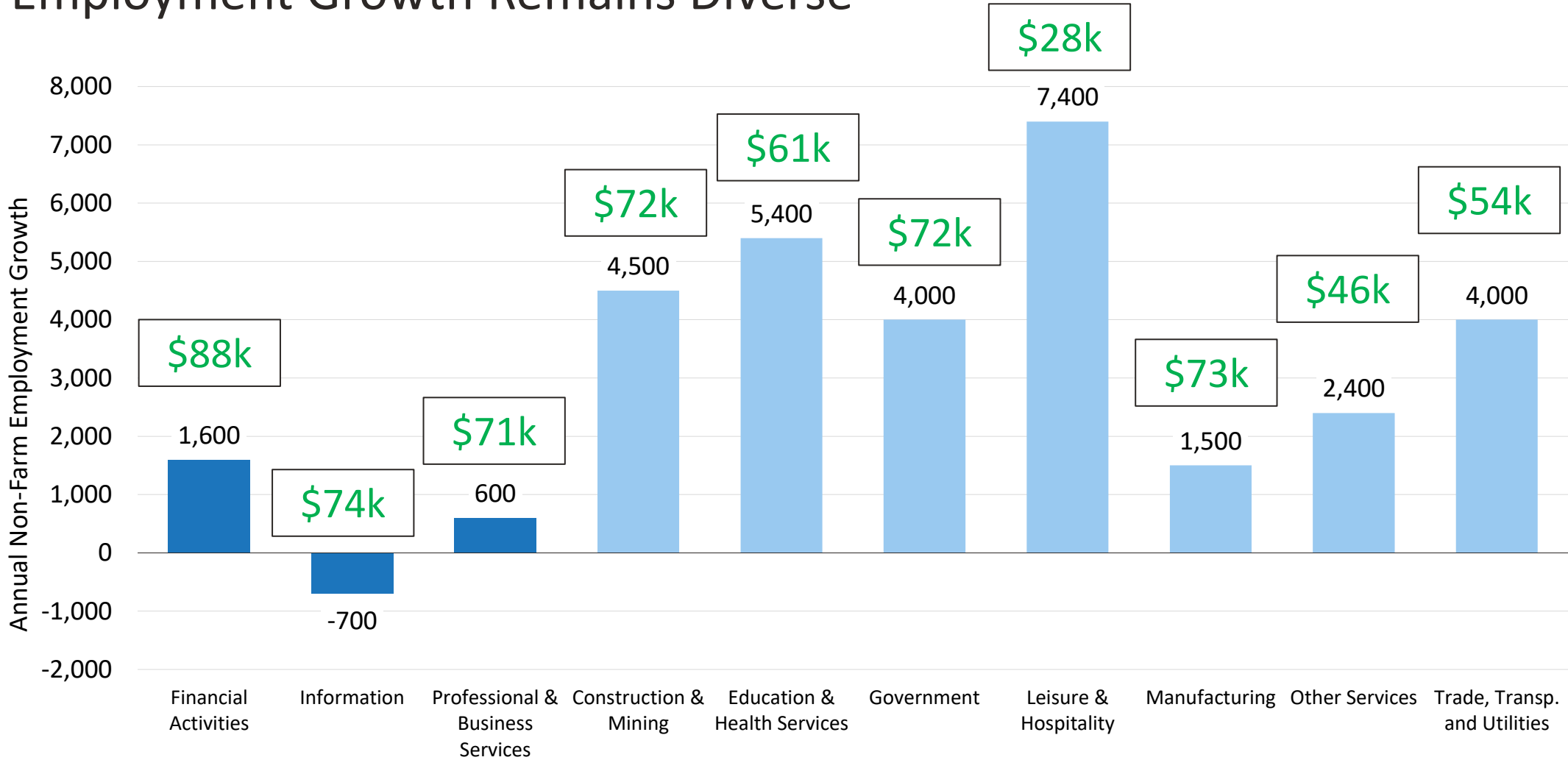
# San Antonio Economy



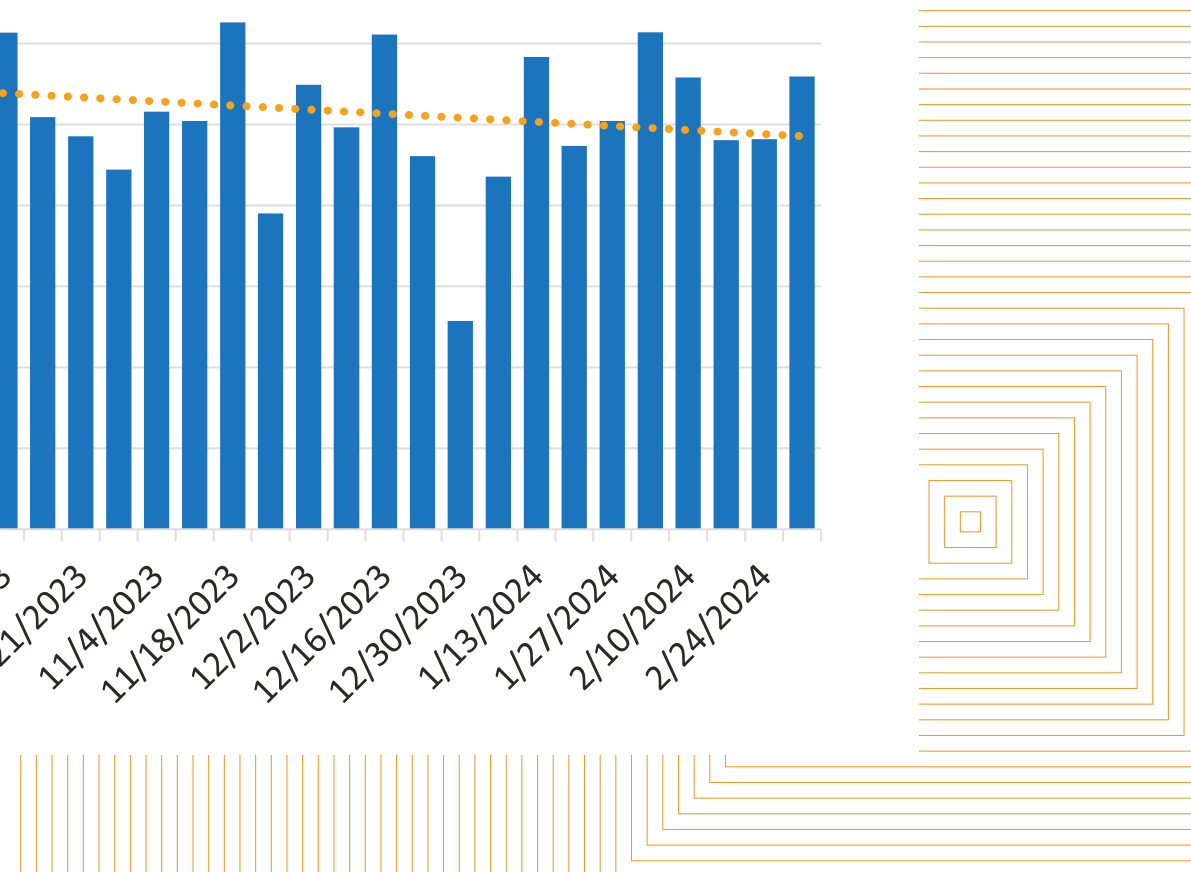
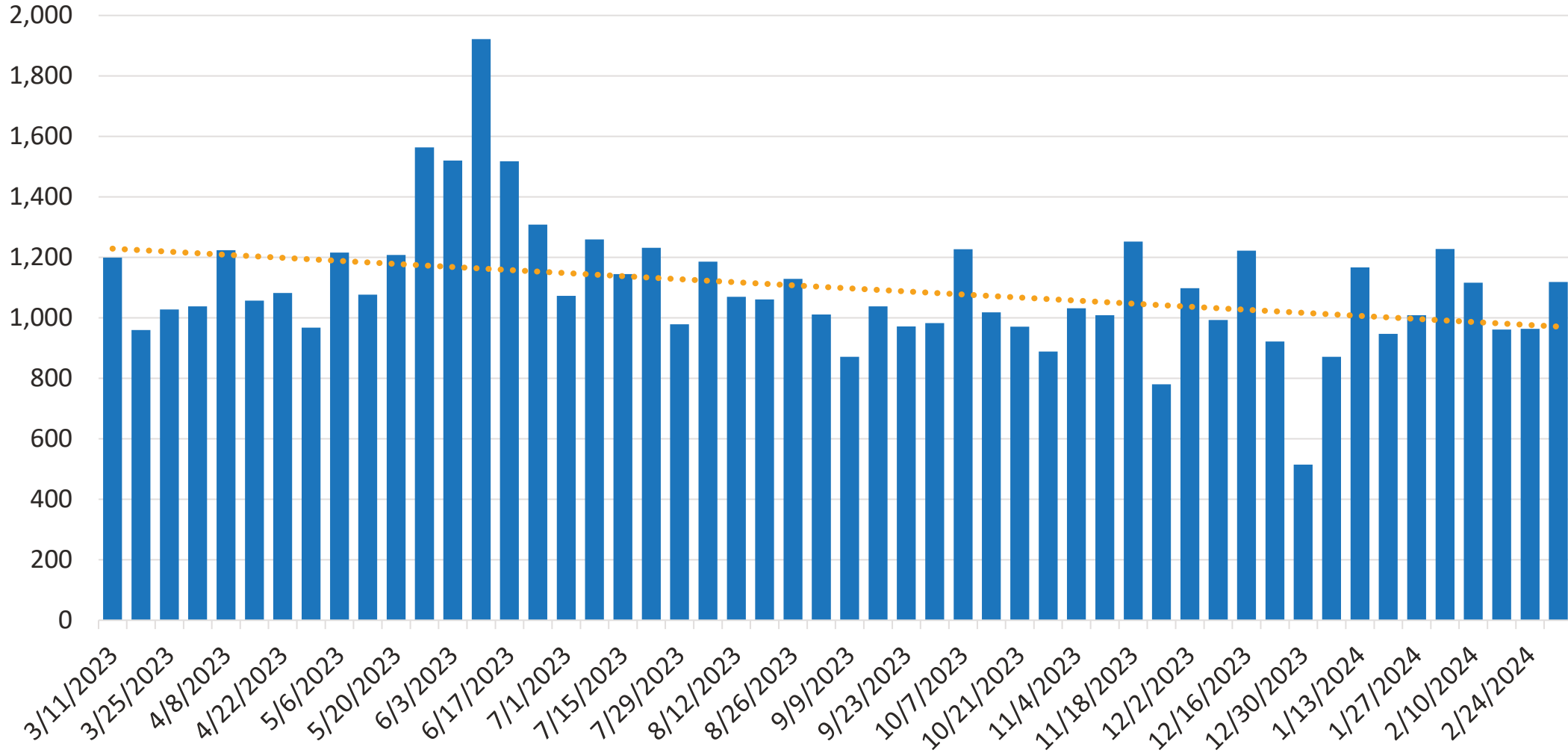
# Job Growth Levels are Pulling Back With Near Full Employment



# Employment Growth Remains Diverse

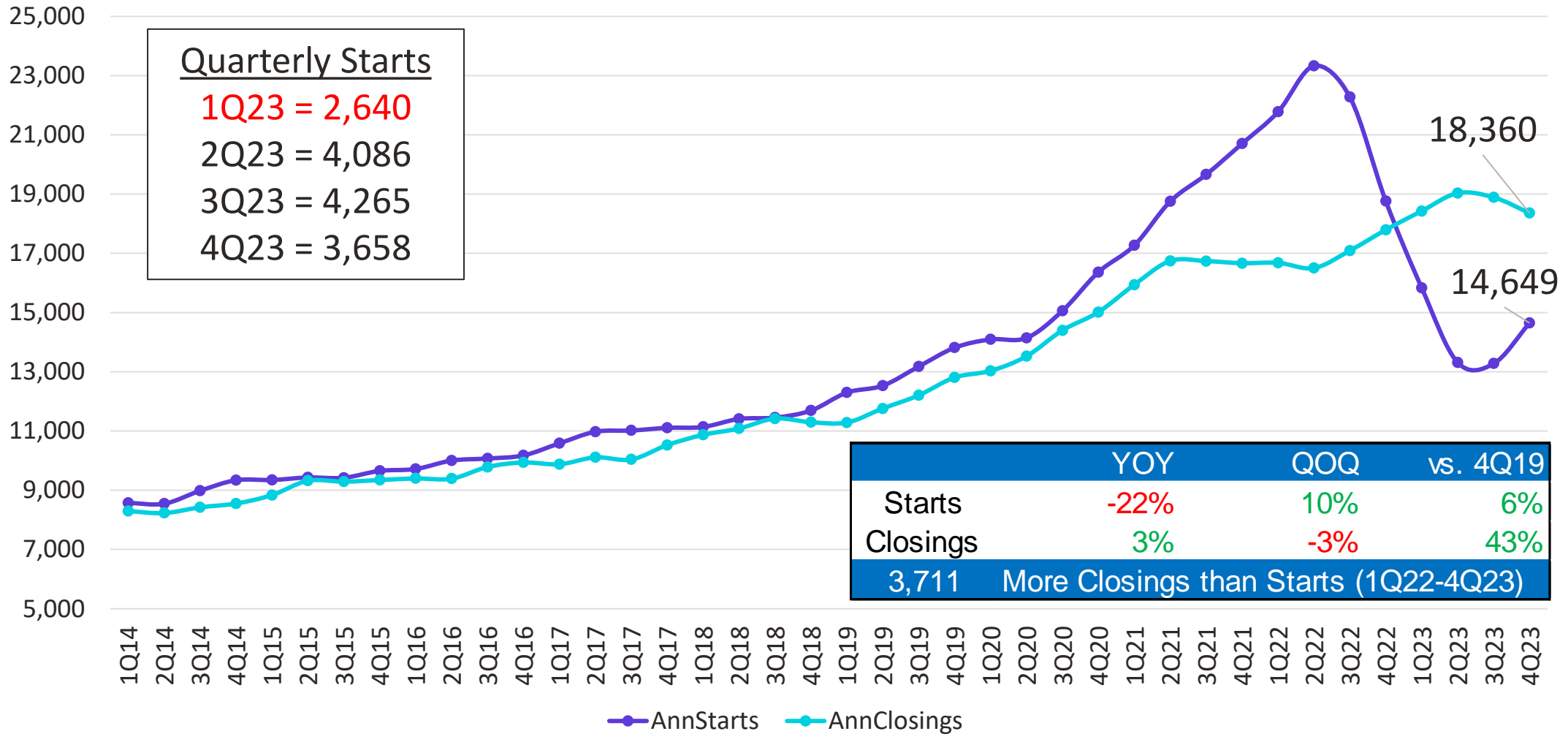


# Initial Unemployment Claims Showing No Signs of Trouble

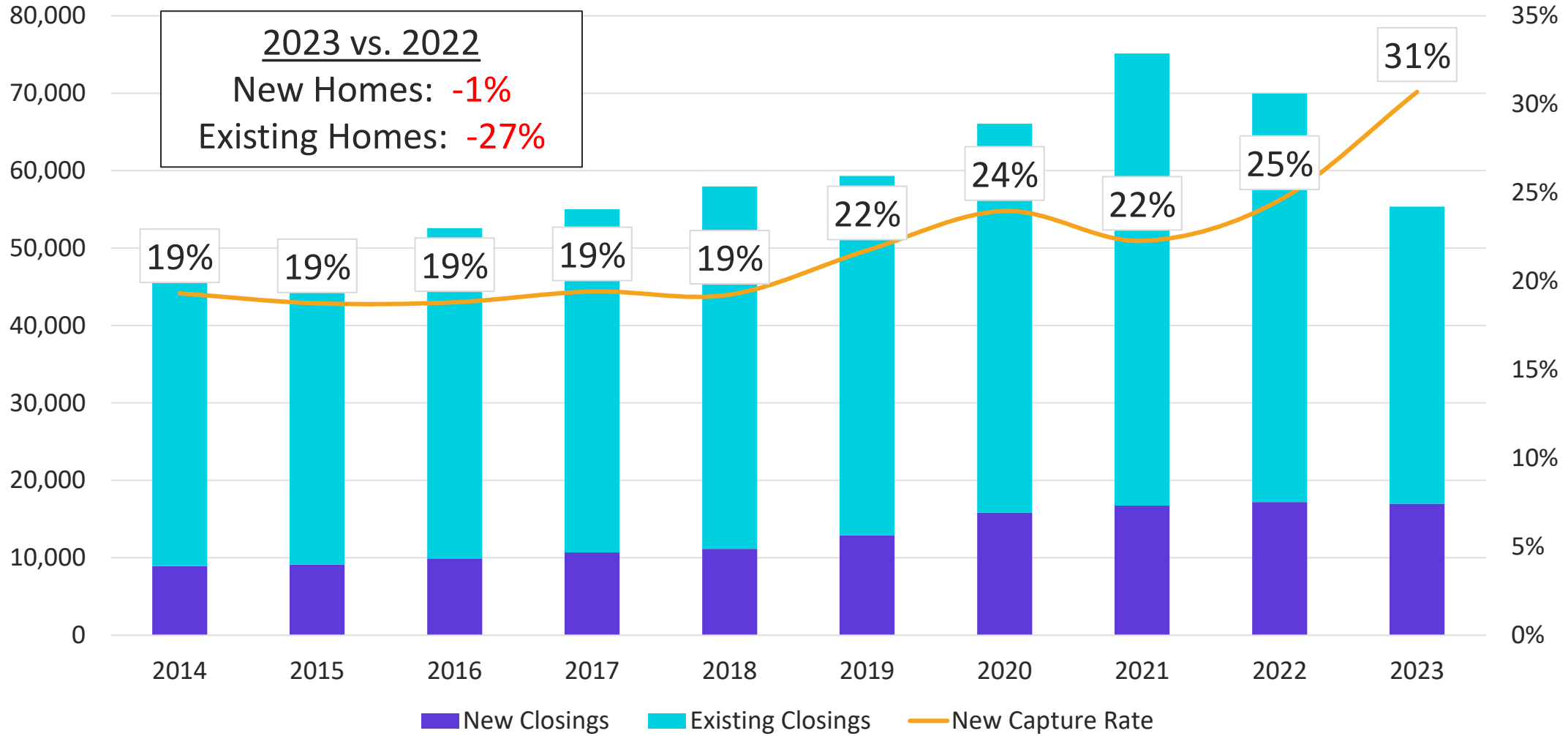


# Housing Demand

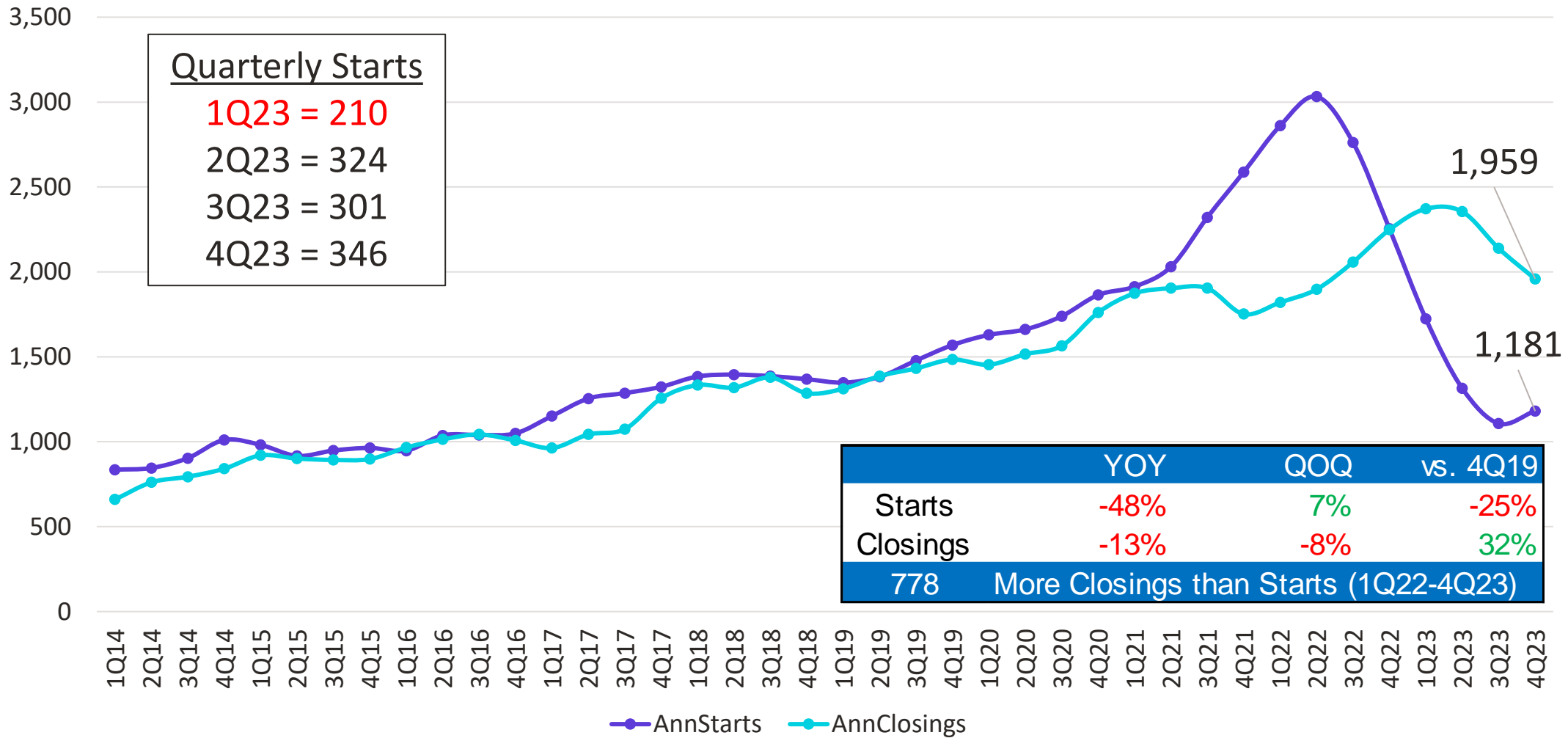
# New Home Starts (San Antonio MSA)



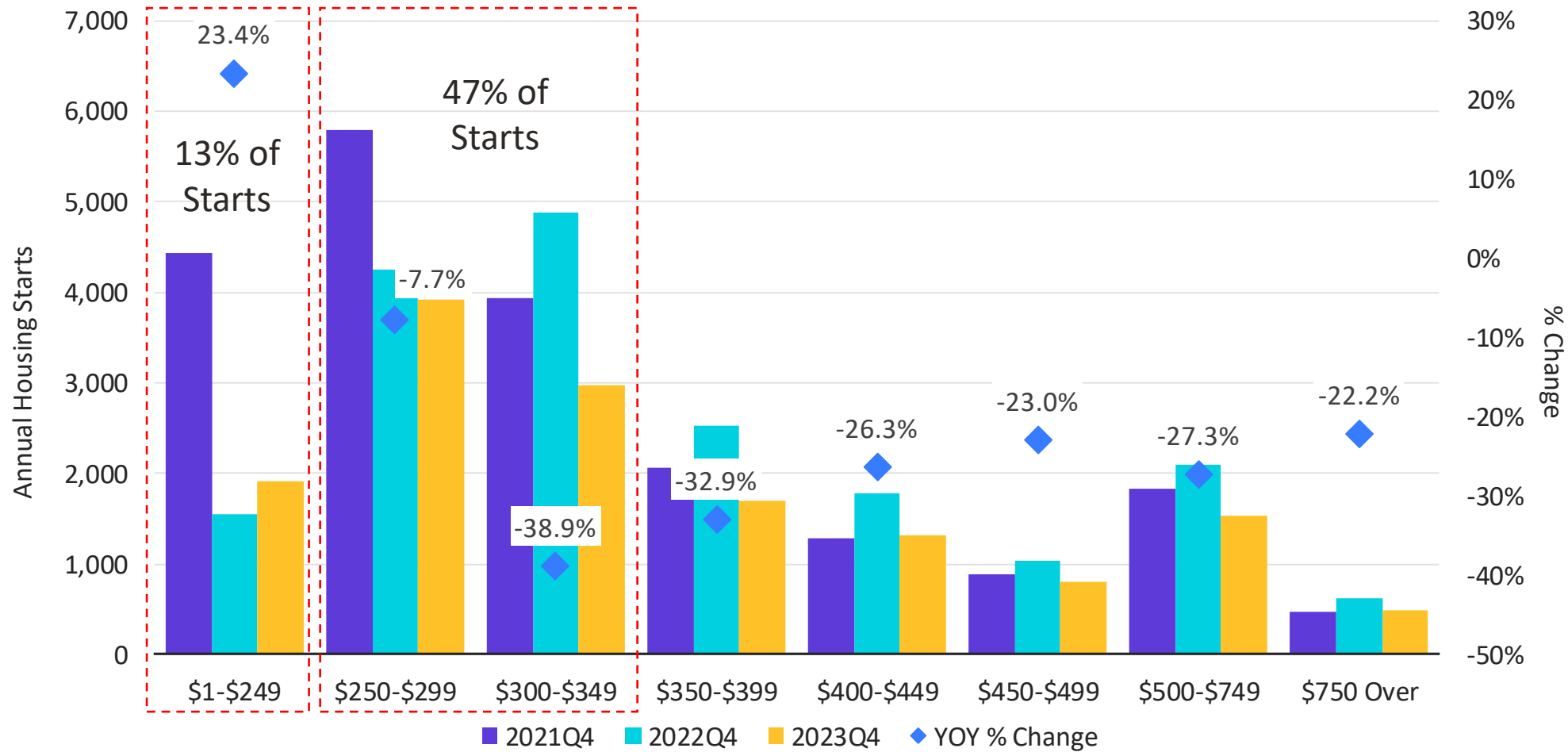
# New Home Market Captured 31% of Total Closings in 2023



# New Home Starts (NBU Electric Service Area)

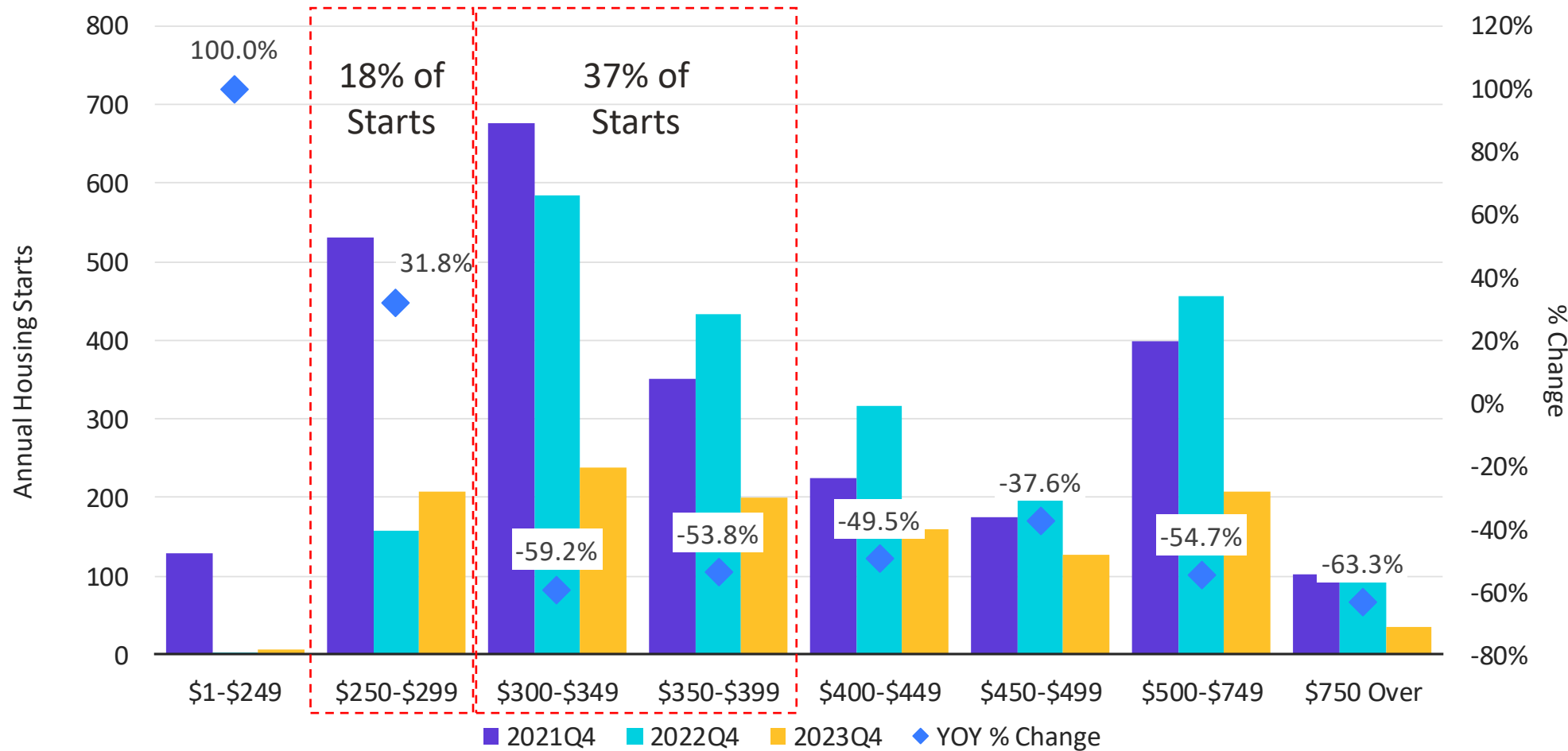


# New Home Starts by Price Range (San Antonio MSA)

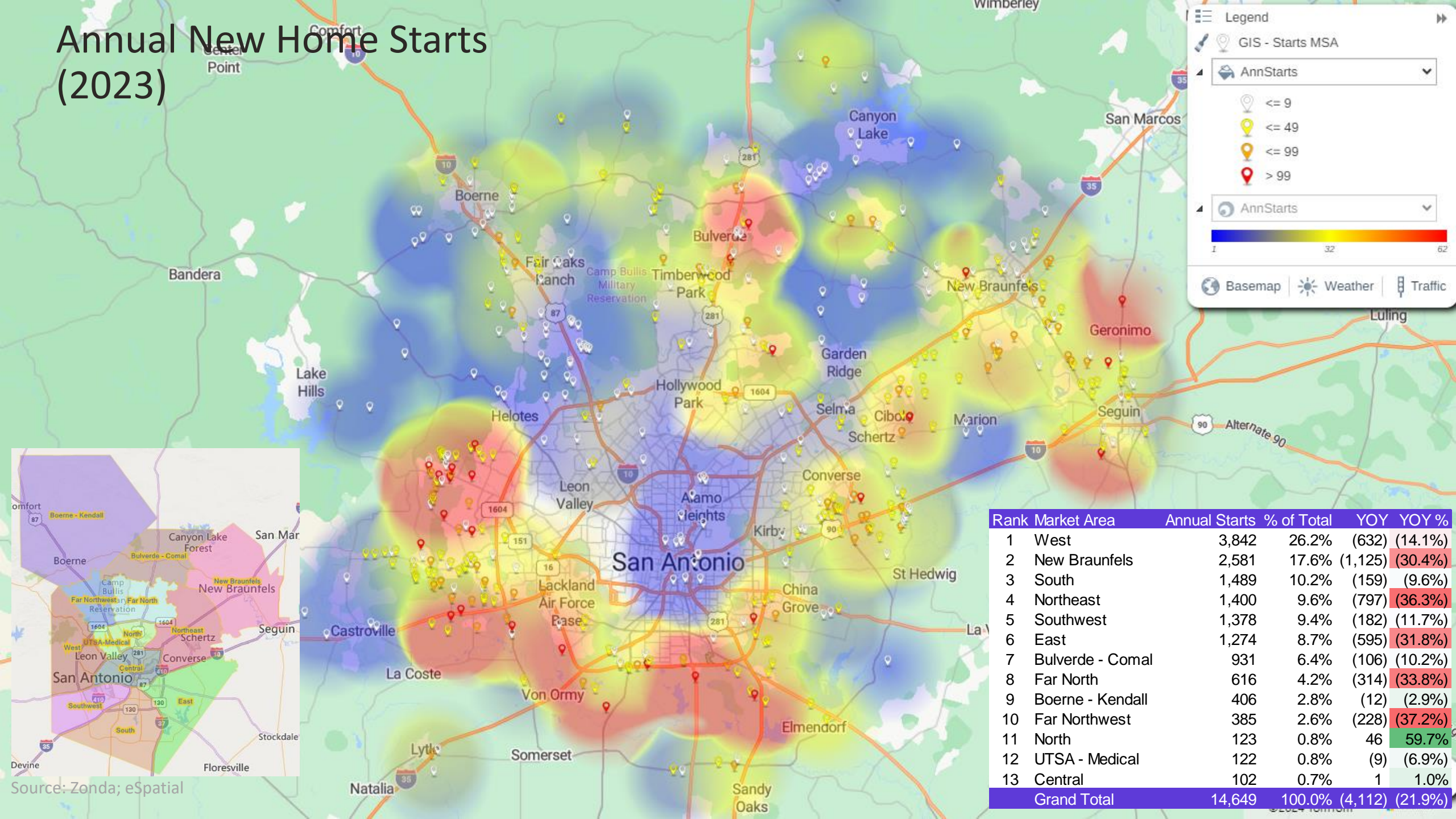




# New Home Starts by Price Range (NBU Electric Service Area)



# Annual New Home Starts (2023)



Legend

GIS - Starts MSA

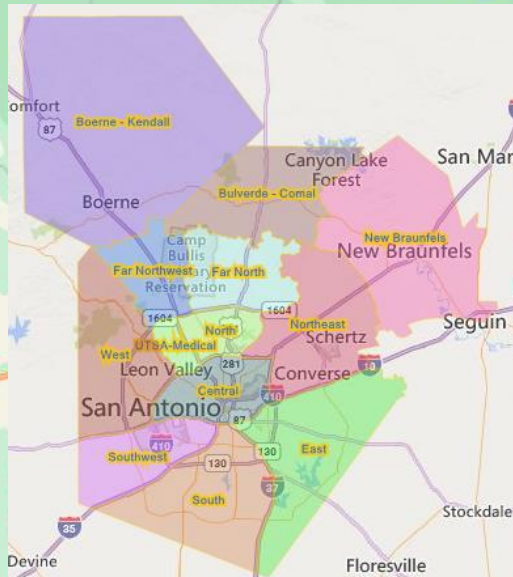
AnnStarts

- <= 9
- <= 49
- <= 99
- > 99

AnnStarts

Basemap | Weather | Traffic

Rank	Market Area	Annual Starts	% of Total	YOY	YOY %
1	West	3,842	26.2%	(632)	(14.1%)
2	New Braunfels	2,581	17.6%	(1,125)	(30.4%)
3	South	1,489	10.2%	(159)	(9.6%)
4	Northeast	1,400	9.6%	(797)	(36.3%)
5	Southwest	1,378	9.4%	(182)	(11.7%)
6	East	1,274	8.7%	(595)	(31.8%)
7	Bulverde - Comal	931	6.4%	(106)	(10.2%)
8	Far North	616	4.2%	(314)	(33.8%)
9	Boerne - Kendall	406	2.8%	(12)	(2.9%)
10	Far Northwest	385	2.6%	(228)	(37.2%)
11	North	123	0.8%	46	59.7%
12	UTSA - Medical	122	0.8%	(9)	(6.9%)
13	Central	102	0.7%	1	1.0%
Grand Total		14,649	100.0%	(4,112)	(21.9%)



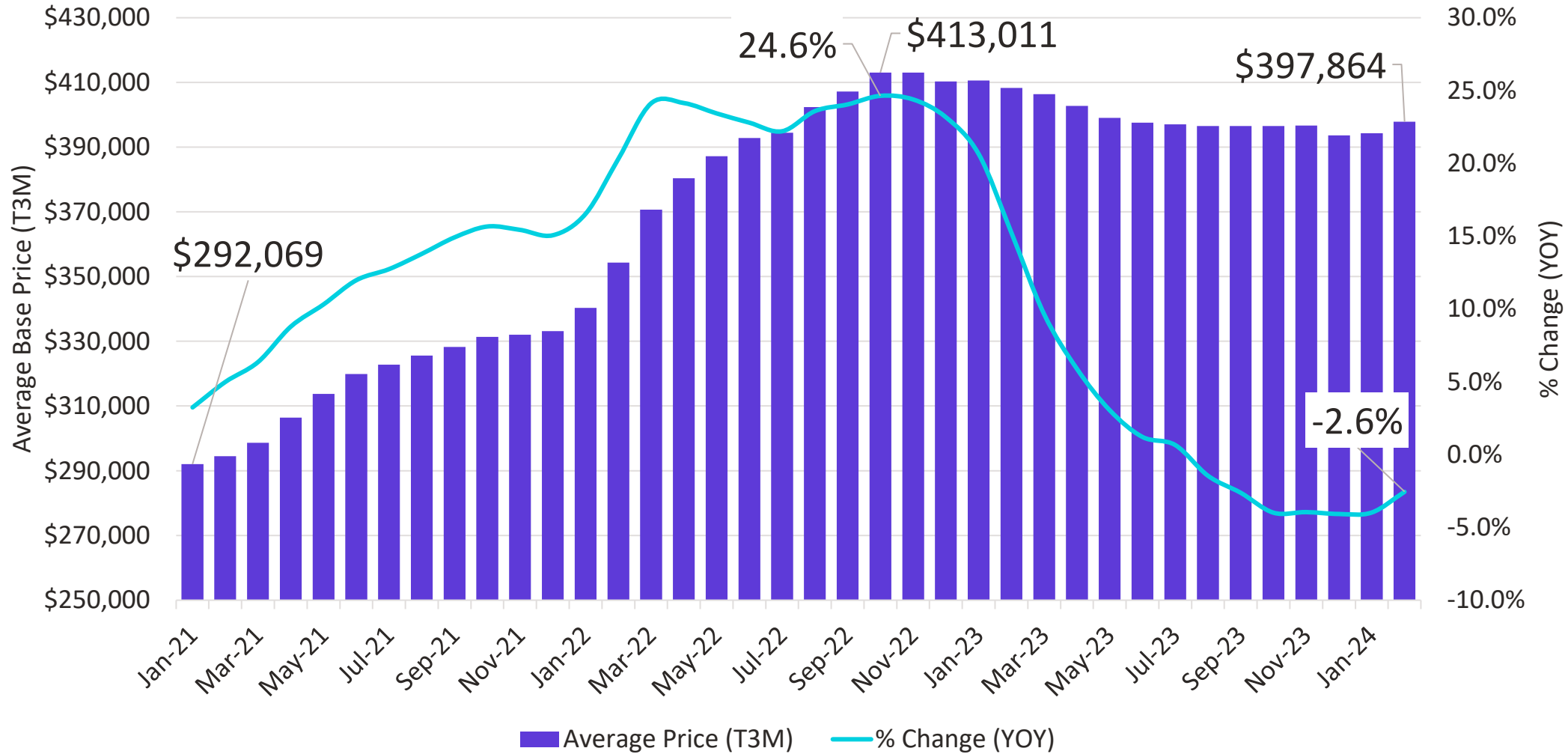
Source: Zonda; eSpatial

## New Home Starts Are Down in Most Locations Across the Market

Rank	Market Area	Annual Starts	% of Total	YOY	YOY %
1	San Antonio	8,016	54.7%	(1,935)	(19.4%)
2	New Braunfels	1,483	10.1%	(1,061)	(41.7%)
3	Seguin	1,090	7.4%	(63)	(5.5%)
4	Converse	1,062	7.2%	(688)	(39.3%)
5	Bulverde	706	4.8%	(157)	(18.2%)
6	Boerne	593	4.0%	(53)	(8.2%)
7	Cibolo	401	2.7%	(129)	(24.3%)
8	Von Ormy	207	1.4%	9	4.5%
9	Spring Branch	184	1.3%	58	46.0%
10	Castroville	159	1.1%	41	34.7%
11	Marion	151	1.0%	24	18.9%
12	Saint Hedwig	150	1.0%	(83)	(35.6%)
13	Elmendorf	109	0.7%	(15)	(12.1%)
14	Schertz	101	0.7%	(82)	(44.8%)
15	Lytle	62	0.4%	(25)	(28.7%)
16	Pleasanton	53	0.4%	50	-
17	Canyon Lake	33	0.2%	(13)	(28.3%)
18	Bergheim	26	0.2%	20	333.3%
19	Universal City	21	0.1%	13	162.5%
20	Atascosa	13	0.1%	13	-
21	Helotes	10	0.1%	(30)	(75.0%)
22	Blanco	9	0.1%	6	200.0%
23	Mico	9	0.1%	(5)	(35.7%)
24	Adkins	1	0.0%	(7)	(87.5%)
Grand Total		14,649	100.0%	(4,112)	(21.9%)



# San Antonio Detached New Home Base Prices Are Stabilizing



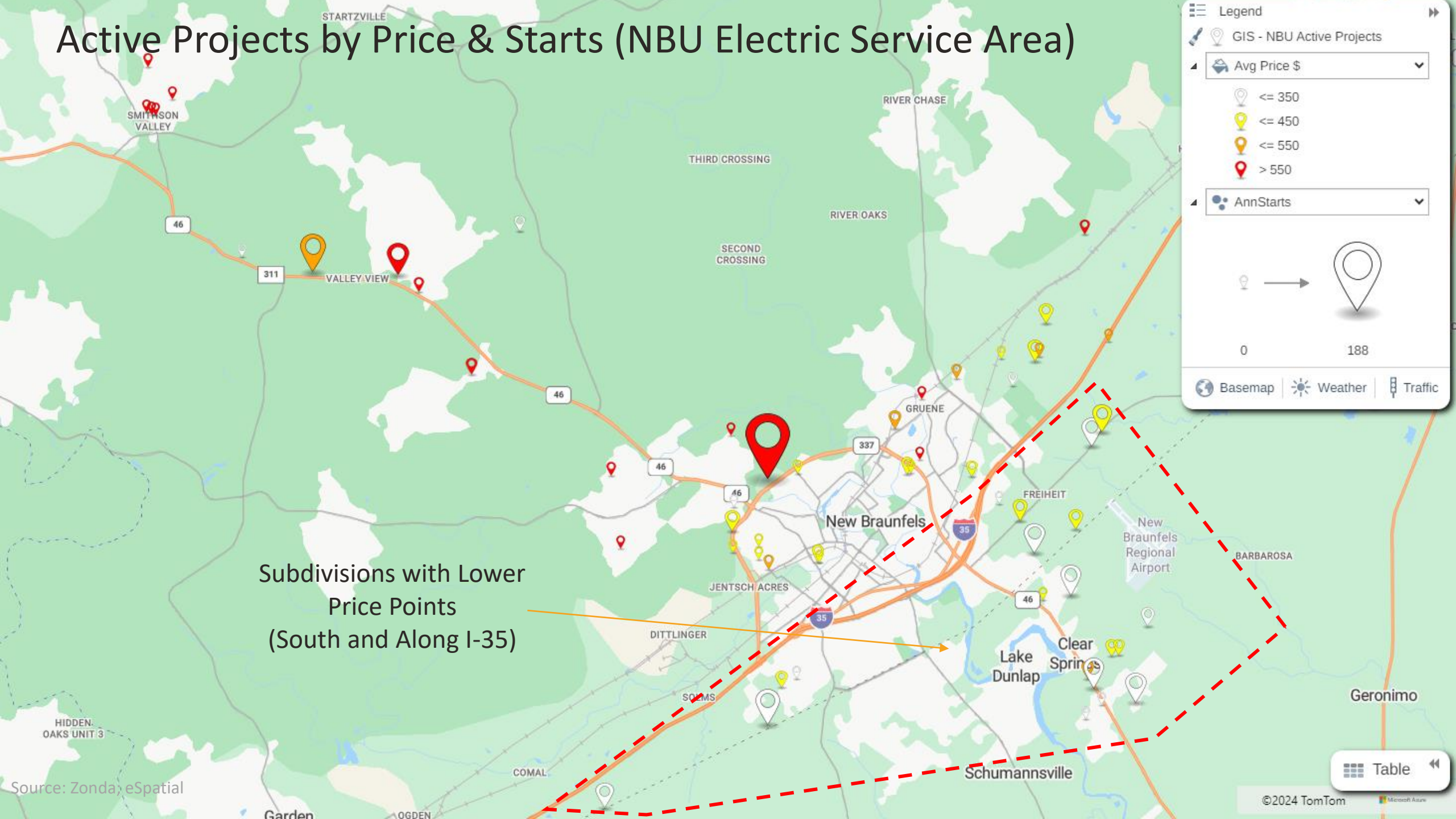
## Base Prices Continue to Stabilize in New Braunfels

Price Trend	November 2023	December 2023	January 2024	Jan '24 vs. June '22
Increase (Avg. Change)	19% (+1.3%)	18% (+1.1%)	14% (+0.7%)	18% (+5.8%)
Flat (Avg. Change)	67% (0.0%)	66% (0.0%)	72% (0.0%)	0% (0.0%)
Decrease (Avg. Change)	14% (-3.4%)	15% (-3.1%)	14% (-2.1%)	82% (-10.4%)
<b>Floorplans:</b>	<b>181</b>	<b>155</b>	<b>229</b>	<b>148</b>

Base Prices ↔ + Mortgage Rate Buydowns ↑ + Impact Fees ↑ + Borrowing Costs ↑ + Sticky Land Prices ↔

**Margin Compression**

# Active Projects by Price & Starts (NBU Electric Service Area)



Subdivisions with Lower Price Points (South and Along I-35)

Legend

GIS - NBU Active Projects

Avg Price \$

- ≤ 350
- ≤ 450
- ≤ 550
- > 550

AnnStarts

0 188

Basemap Weather Traffic

Table

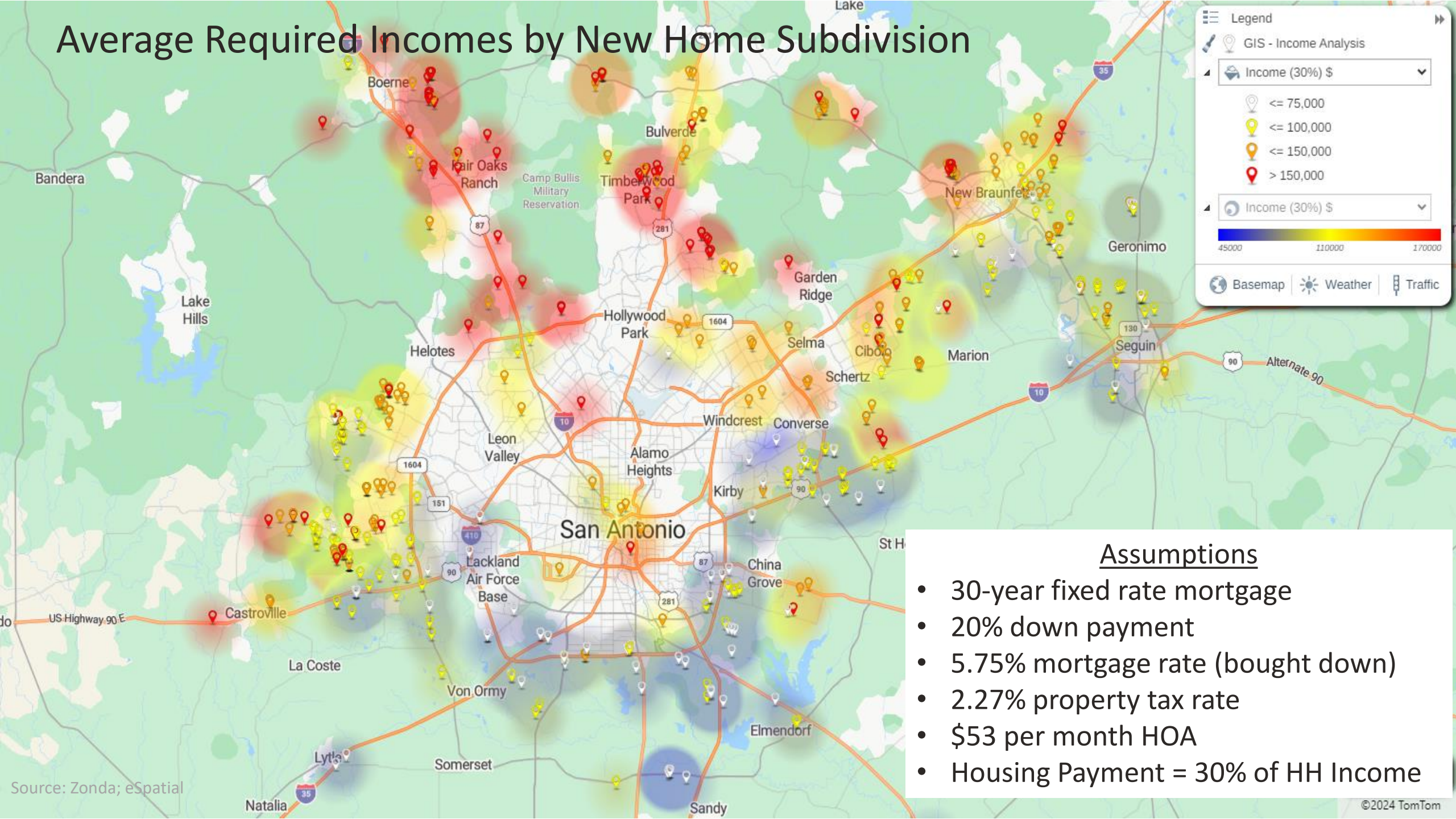
## Impact Fee As a Percentage of Average New Home Base Prices

Rank	Subdivision	Annual Starts	Avg. New Home Base Price (\$000s)	Impact Fee (% of Base Price)
1	ZCE-Vintage Oaks at the Vineyard	68	\$898.5	2.9%
2	ZCE-Copper Ridge	11	\$725.0	3.5%
3	Veramendi/	188	\$593.5	4.3%
4	Meyer Ranch	92	\$529.0	4.9%
5	Legacy at Lake Dunlap	20	\$519.5	4.9%
6	Gruene Villages	19	\$471.0	5.5%
7	Wasser Ranch	31	\$423.5	6.1%
8	August Fields	30	\$419.0	6.1%
9	Casinas at Gruene/Detached	15	\$415.5	6.2%
10	Highland Grove	11	\$411.5	6.2%
11	Willowbrook	14	\$406.0	6.3%
12	Lark Canyon	28	\$397.5	6.5%
13	Meyer's Landing	25	\$373.0	6.9%
14	Cloud Country	26	\$364.0	7.1%
15	Overlook at Creekside	53	\$356.5	7.2%
16	Town Creek/NB	16	\$351.0	7.3%
17	Dauer Ranch	22	\$350.0	7.3%
18	The Parklands	43	\$338.0	7.6%
19	Saengerhalle Meadows	62	\$337.5	7.6%
20	Morningside Trails	12	\$332.5	7.7%
21	Steelwood Trails	80	\$308.5	8.3%
22	Parkside/NB	59	\$304.0	8.5%
23	Deer Crest/NB	62	\$285.0	9.0%
24	Spring Valley	59	\$285.0	9.0%
25	Creekside Terrace	55	\$284.5	9.0%
<b>Top 25 Totals/Averages:</b>		<b>1,101</b>	<b>\$419.2</b>	<b>6.1%</b>

Rank	City	Impact Fee (\$000s)	Avg. New Home Base Price (\$000s)	Impact Fee (% of Base Price)
1	Frisco	\$4.5	\$1,030.5	0.4%
2	Universal City	\$4.5	\$536.5	0.8%
3	Celina	\$6.0	\$700.3	0.9%
4	Round Rock	\$6.0	\$521.0	1.2%
5	Austin	\$7.7	\$662.1	1.2%
6	Dripping Springs	\$8.2	\$667.5	1.2%
7	Boerne	\$7.6	\$607.0	1.3%
8	San Marcos	\$6.5	\$439.6	1.5%
9	Buda	\$7.1	\$404.6	1.8%
10	Hutto	\$11.6	\$422.1	2.8%
11	Kyle	\$12.5	\$452.7	2.8%
12	Georgetown	\$17.1	\$555.5	3.1%
13	Aubrey	\$16.4	\$508.3	3.2%
14	Pflugerville	\$29.8	\$507.5	5.9%
15	NBU Electric Service Area	\$25.7	\$419.2	6.1%



# Average Required Incomes by New Home Subdivision



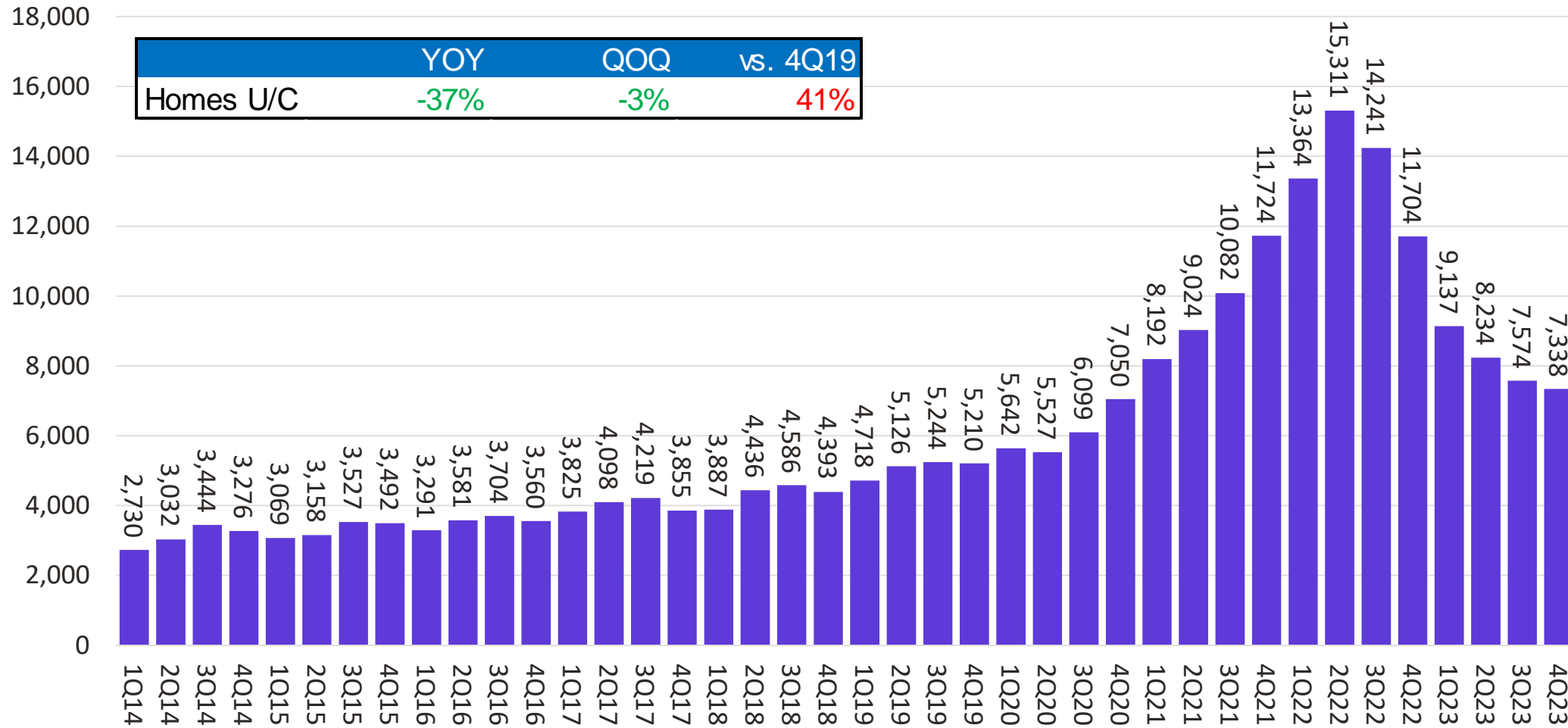
## Assumptions

- 30-year fixed rate mortgage
- 20% down payment
- 5.75% mortgage rate (bought down)
- 2.27% property tax rate
- \$53 per month HOA
- Housing Payment = 30% of HH Income

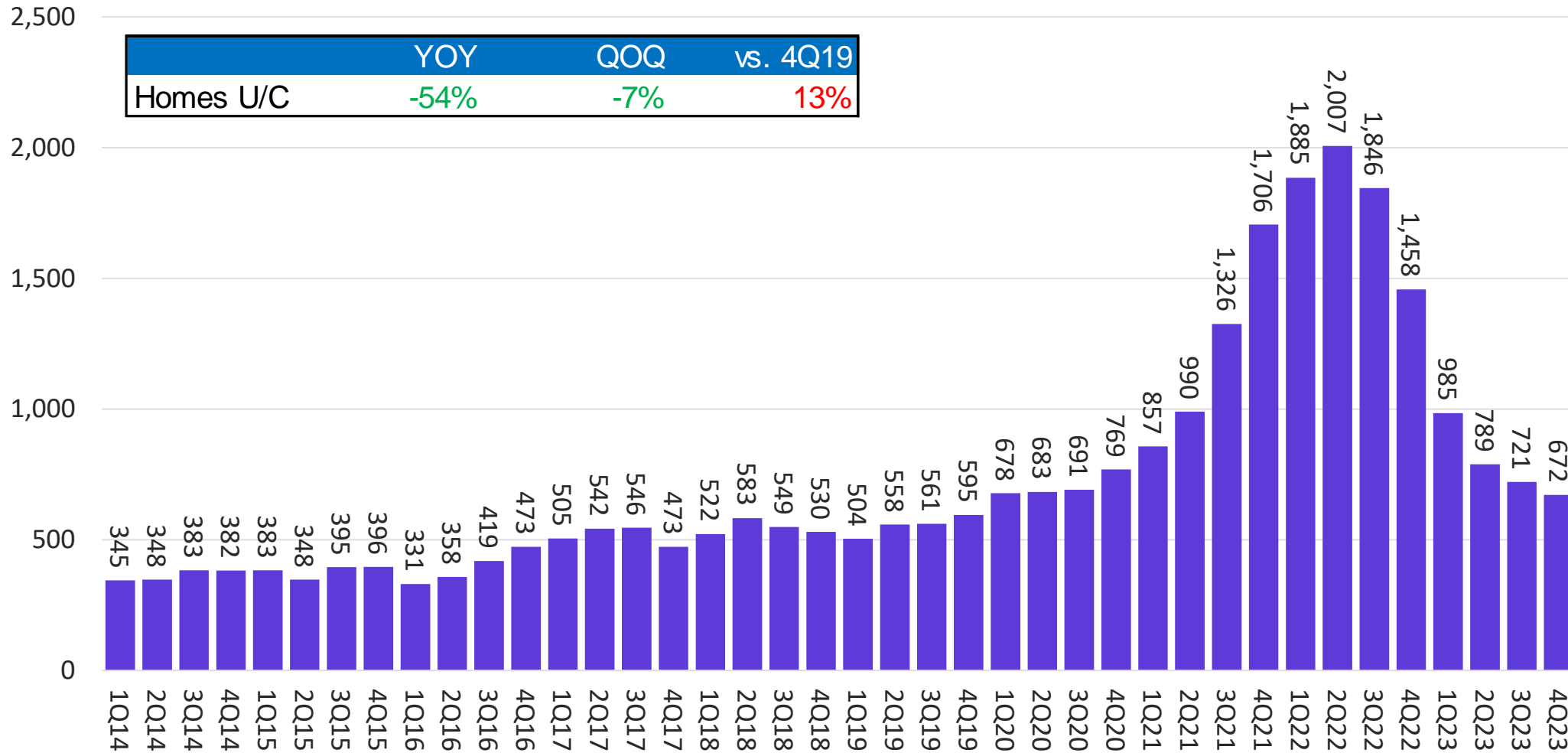


# Housing Supply

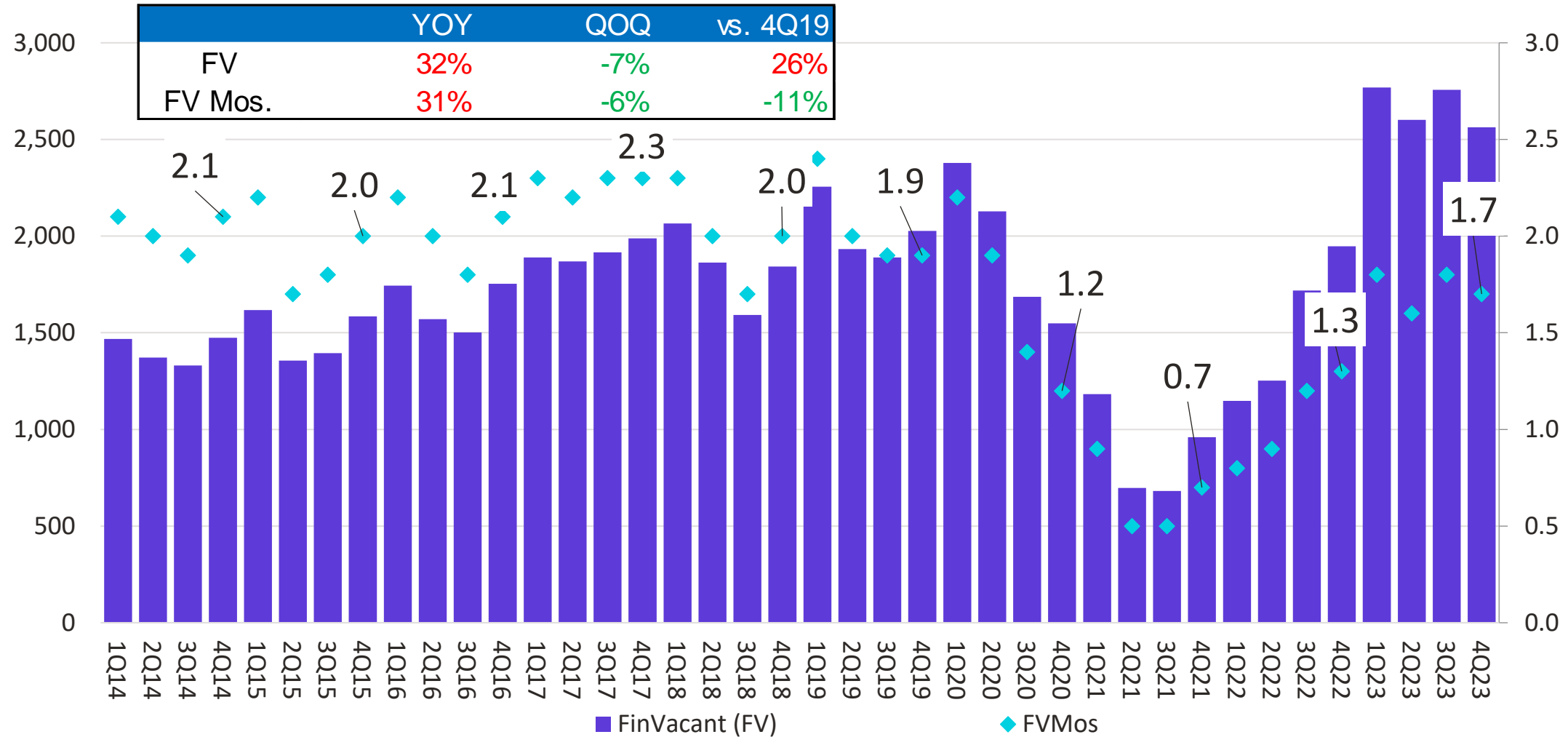
# Homes Under Construction (San Antonio MSA)



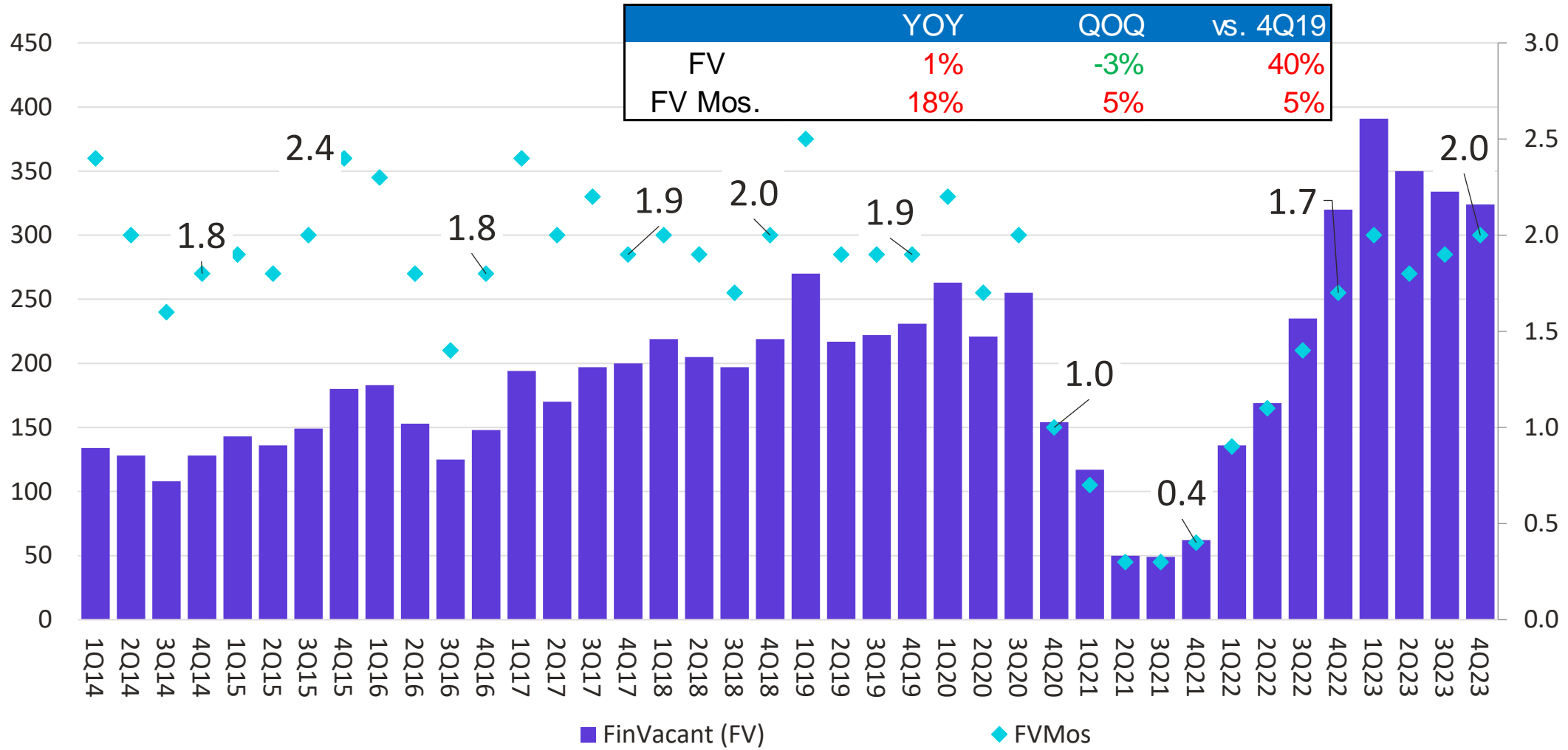
# Homes Under Construction (NBU Electric Service Area)



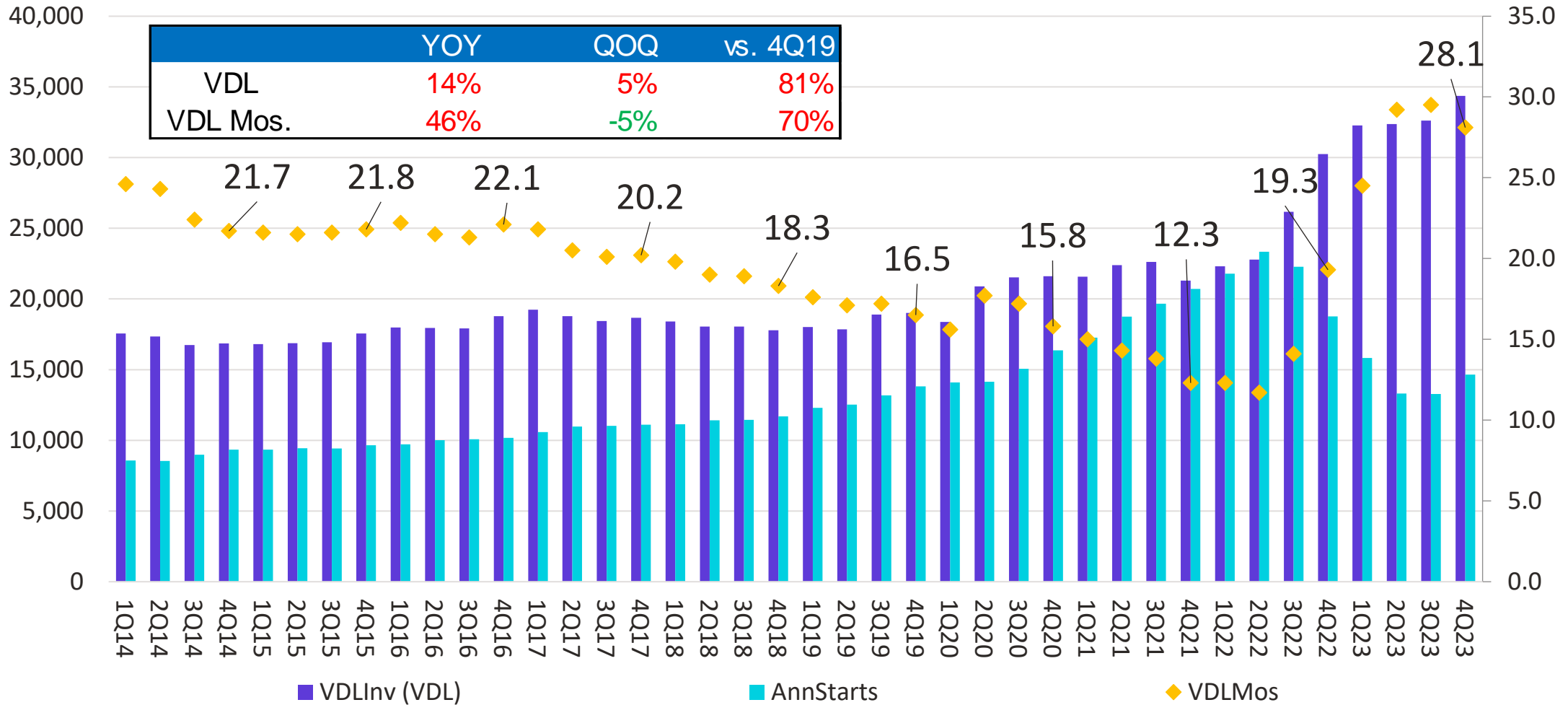
# Finished Vacant Inventory (San Antonio MSA)



# Finished Vacant Inventory (NBU Electric Service Area)

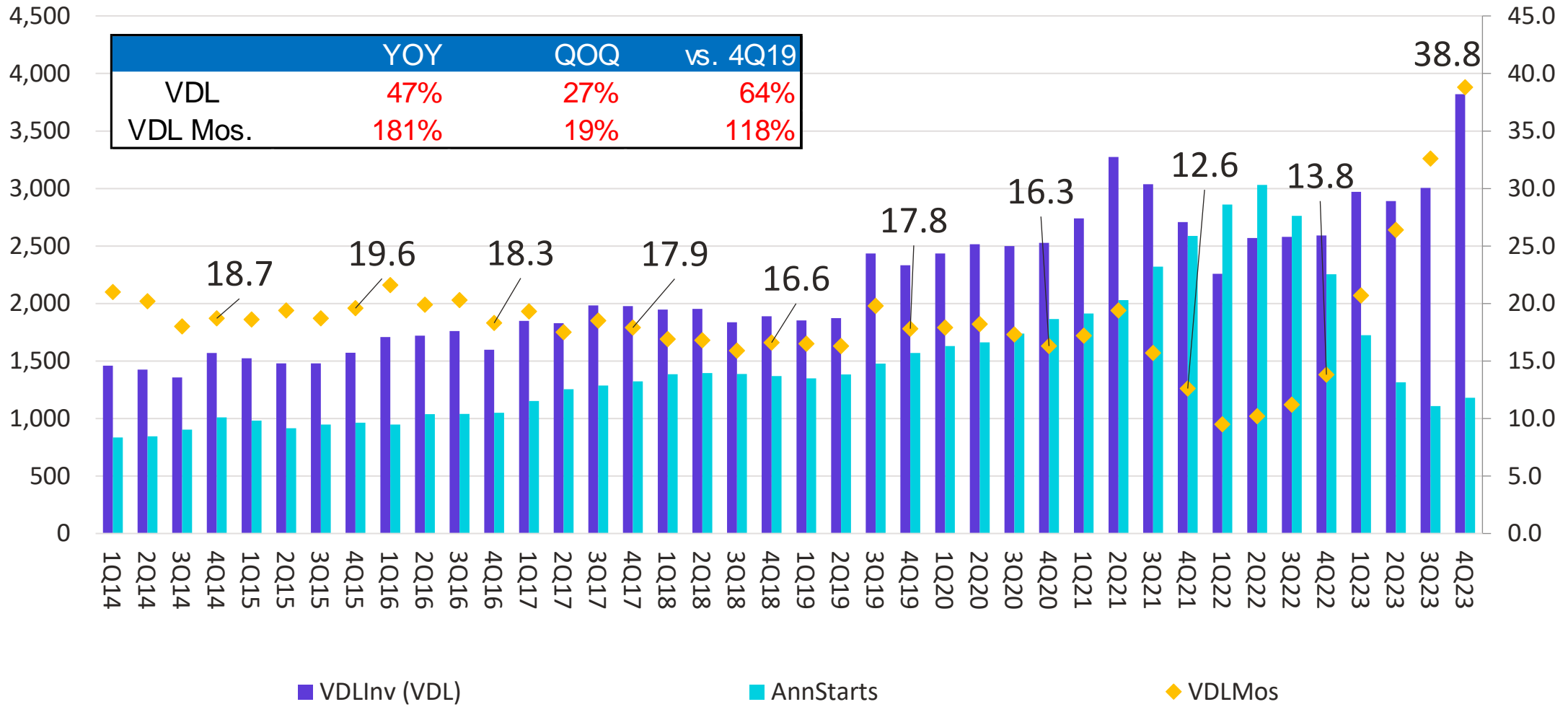


# Vacant Developed Lot Supply (San Antonio MSA)



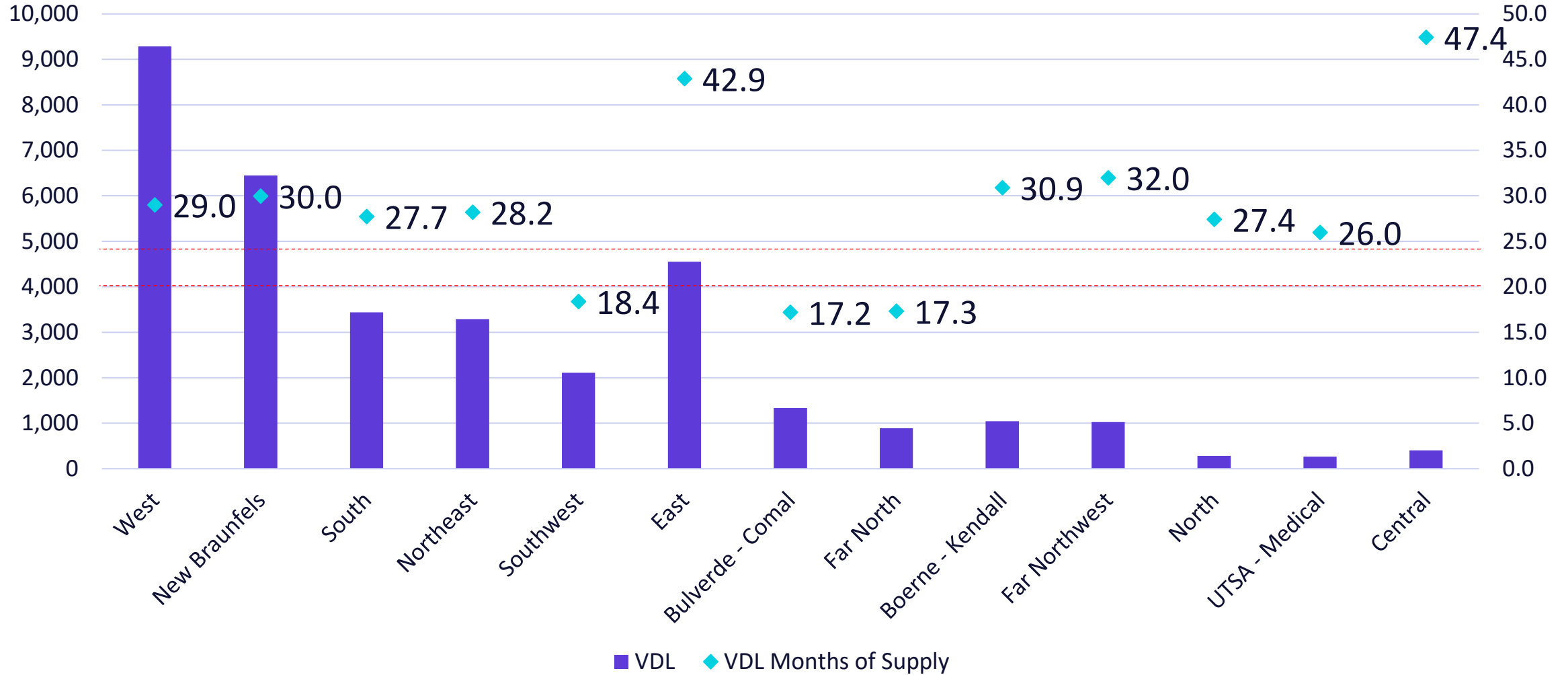
Source: Zonda

# Vacant Developed Lot Supply (NBU Electric Service Area)



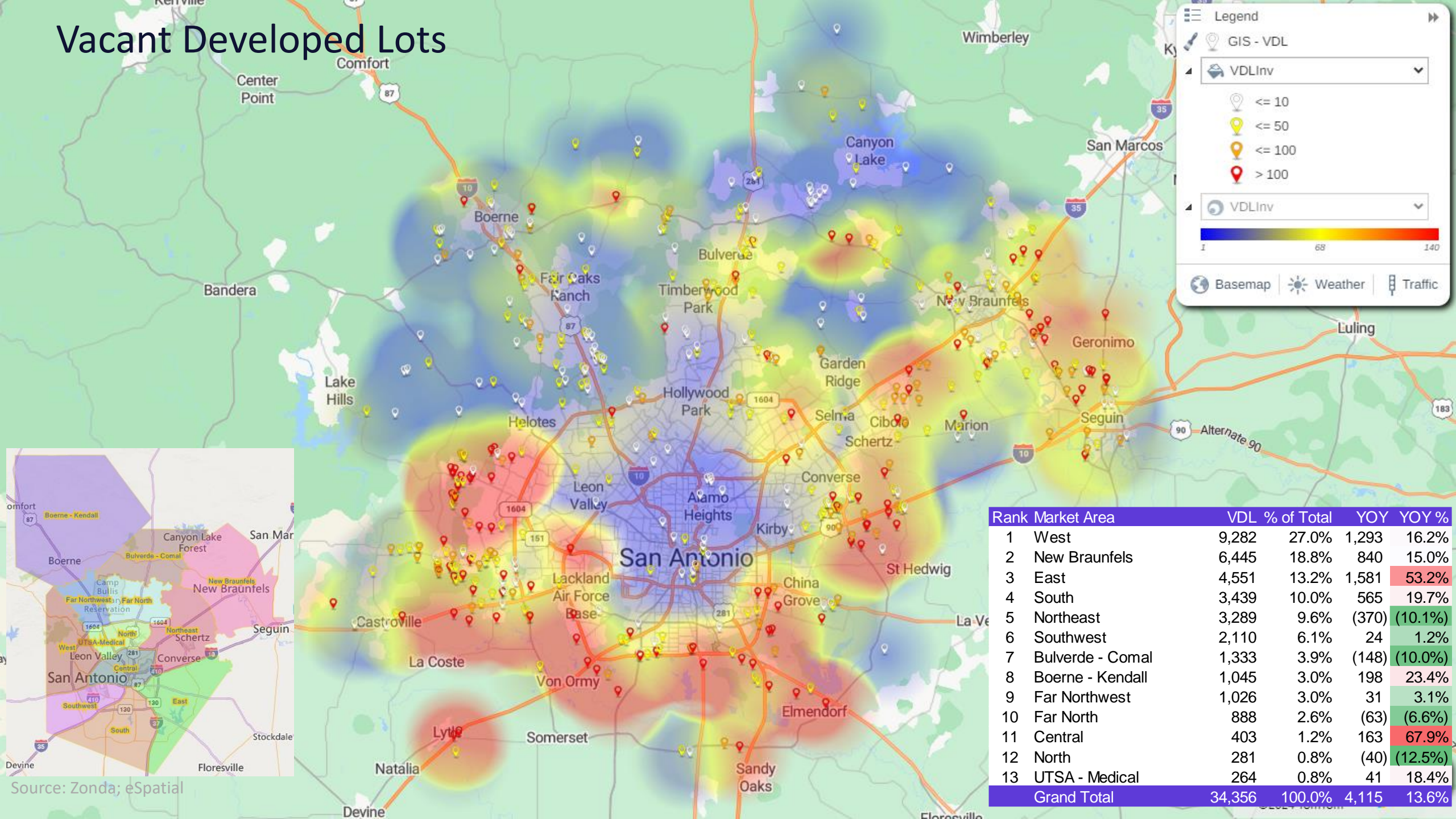
Source: Zonda

## VDL Months of Supply is Above Equilibrium in Most Market Areas





# Vacant Developed Lots



Legend

GIS - VDL

VDLInv

- Pin: <= 10
- Pin: <= 50
- Pin: <= 100
- Pin: > 100

VDLInv

1 68 140

Basemap Weather Traffic

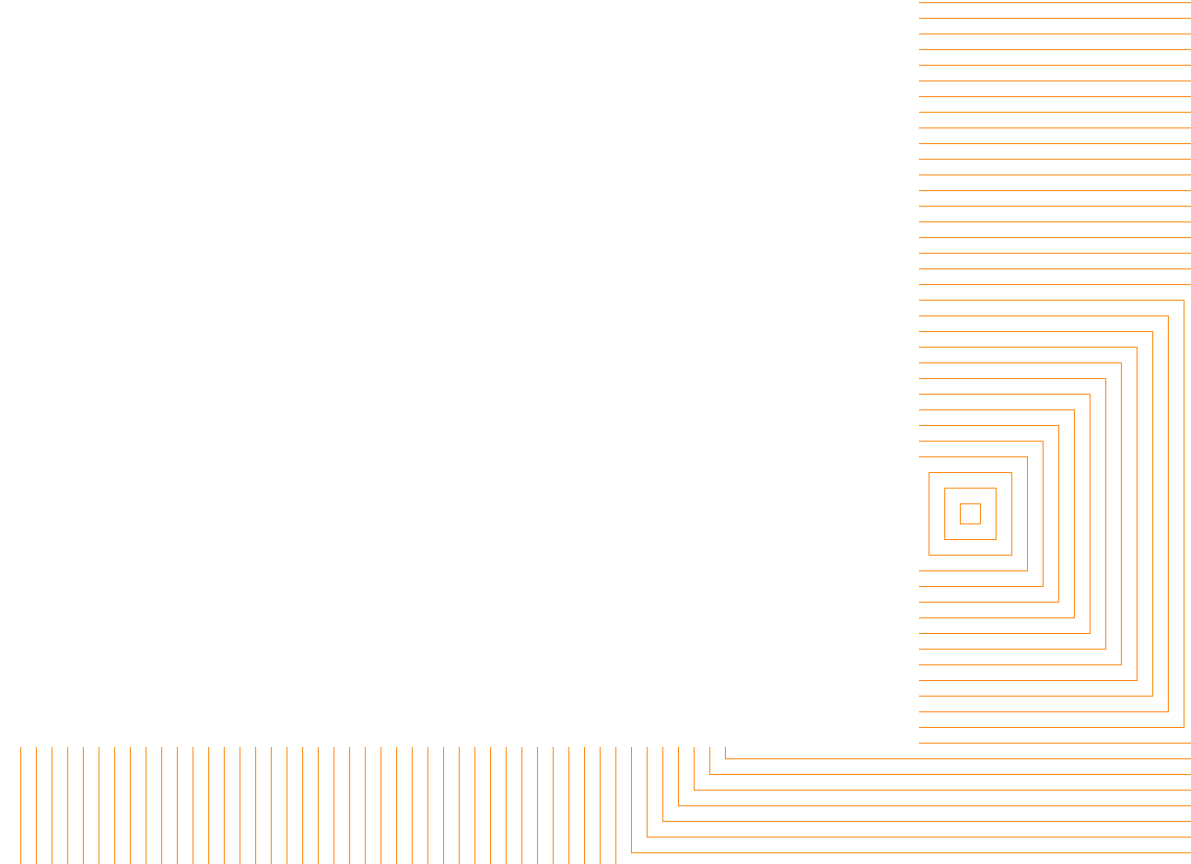
Rank	Market Area	VDL	% of Total	YOY	YOY %
1	West	9,282	27.0%	1,293	16.2%
2	New Braunfels	6,445	18.8%	840	15.0%
3	East	4,551	13.2%	1,581	53.2%
4	South	3,439	10.0%	565	19.7%
5	Northeast	3,289	9.6%	(370)	(10.1%)
6	Southwest	2,110	6.1%	24	1.2%
7	Bulverde - Comal	1,333	3.9%	(148)	(10.0%)
8	Boerne - Kendall	1,045	3.0%	198	23.4%
9	Far Northwest	1,026	3.0%	31	3.1%
10	Far North	888	2.6%	(63)	(6.6%)
11	Central	403	1.2%	163	67.9%
12	North	281	0.8%	(40)	(12.5%)
13	UTSA - Medical	264	0.8%	41	18.4%
Grand Total		34,356	100.0%	4,115	13.6%

Source: Zonda; eSpatial

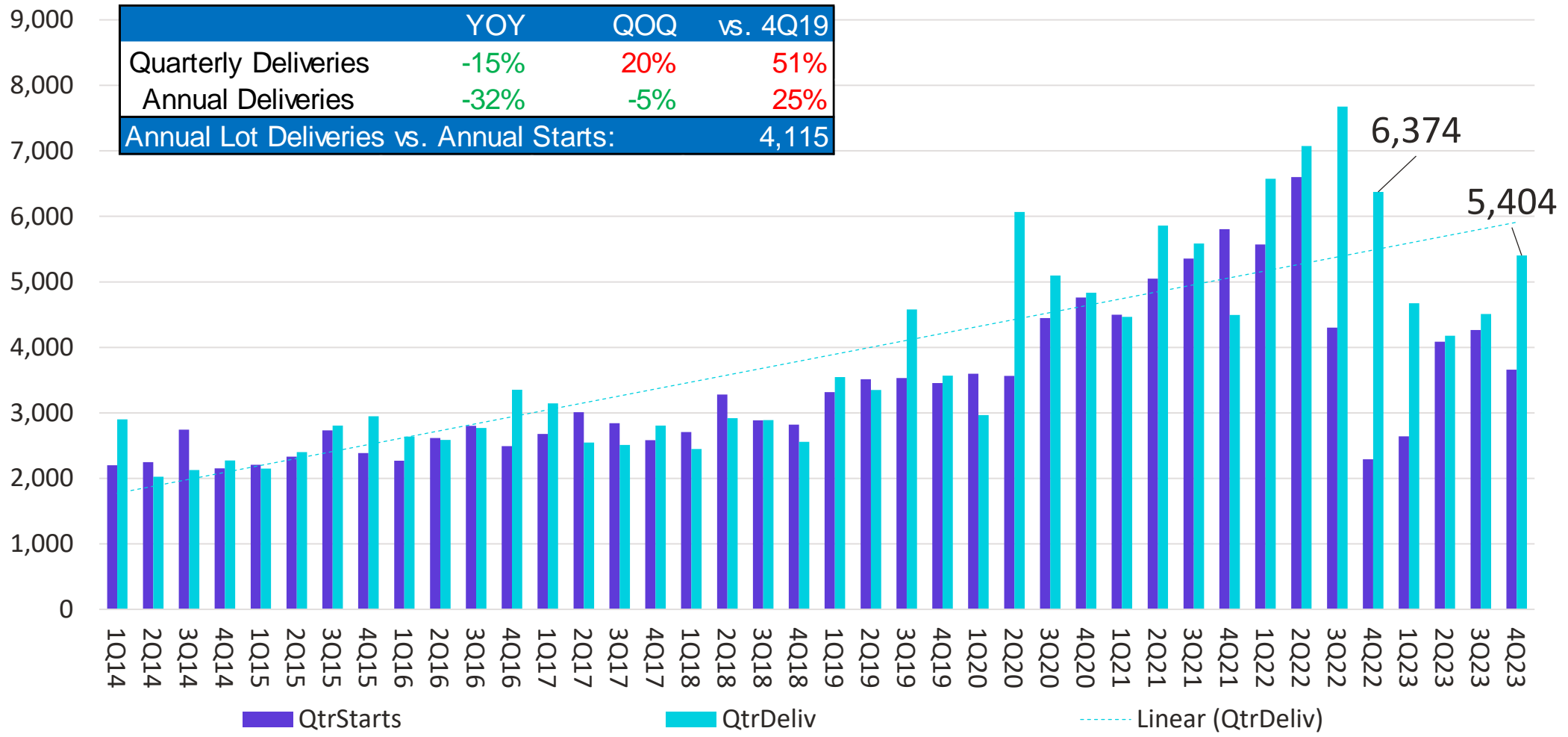


## Vacant Developed Lots Continue to Climb in New Braunfels

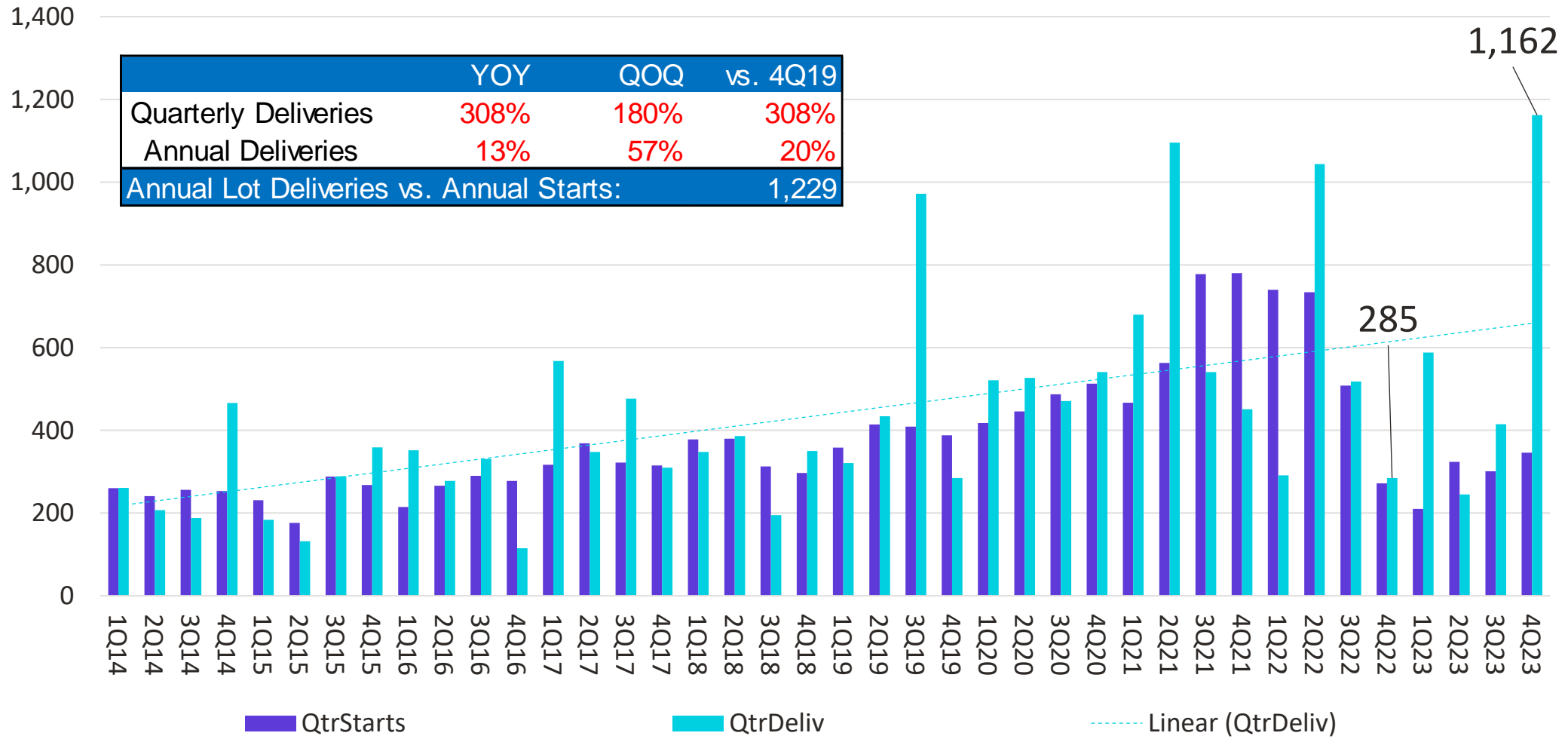
Rank	Market Area	VDL	% of Total	YOY	YOY %
1	San Antonio	16,773	48.8%	1,354	8.8%
2	New Braunfels	4,434	12.9%	1,383	45.3%
3	Converse	2,311	6.7%	125	5.7%
4	Seguin	1,976	5.8%	(411)	(17.2%)
5	Castroville	1,301	3.8%	341	35.5%
6	Boerne	1,295	3.8%	146	12.7%
7	Cibolo	1,063	3.1%	(38)	(3.5%)
8	Bulverde	955	2.8%	(177)	(15.6%)
9	Von Ormy	809	2.4%	394	94.9%
10	Elmendorf	733	2.1%	216	41.8%
11	Adkins	547	1.6%	537	-
12	Schertz	472	1.4%	32	7.3%
13	Marion	427	1.2%	(127)	(22.9%)
14	Lytle	405	1.2%	297	275.0%
15	Saint Hedwig	222	0.6%	124	126.5%
16	Spring Branch	179	0.5%	(89)	(33.2%)
17	Pleasanton	113	0.3%	(17)	(13.1%)
18	Helotes	112	0.3%	(6)	(5.1%)
19	Canyon Lake	76	0.2%	0	0.0%
20	Mico	54	0.2%	0	0.0%
21	Atascosa	44	0.1%	44	-
22	Universal City	25	0.1%	(21)	(45.7%)
23	Bergheim	22	0.1%	8	57.1%
24	Blanco	8	0.0%	0	0.0%
Totals:		34,356	100.0%	4,115	13.6%



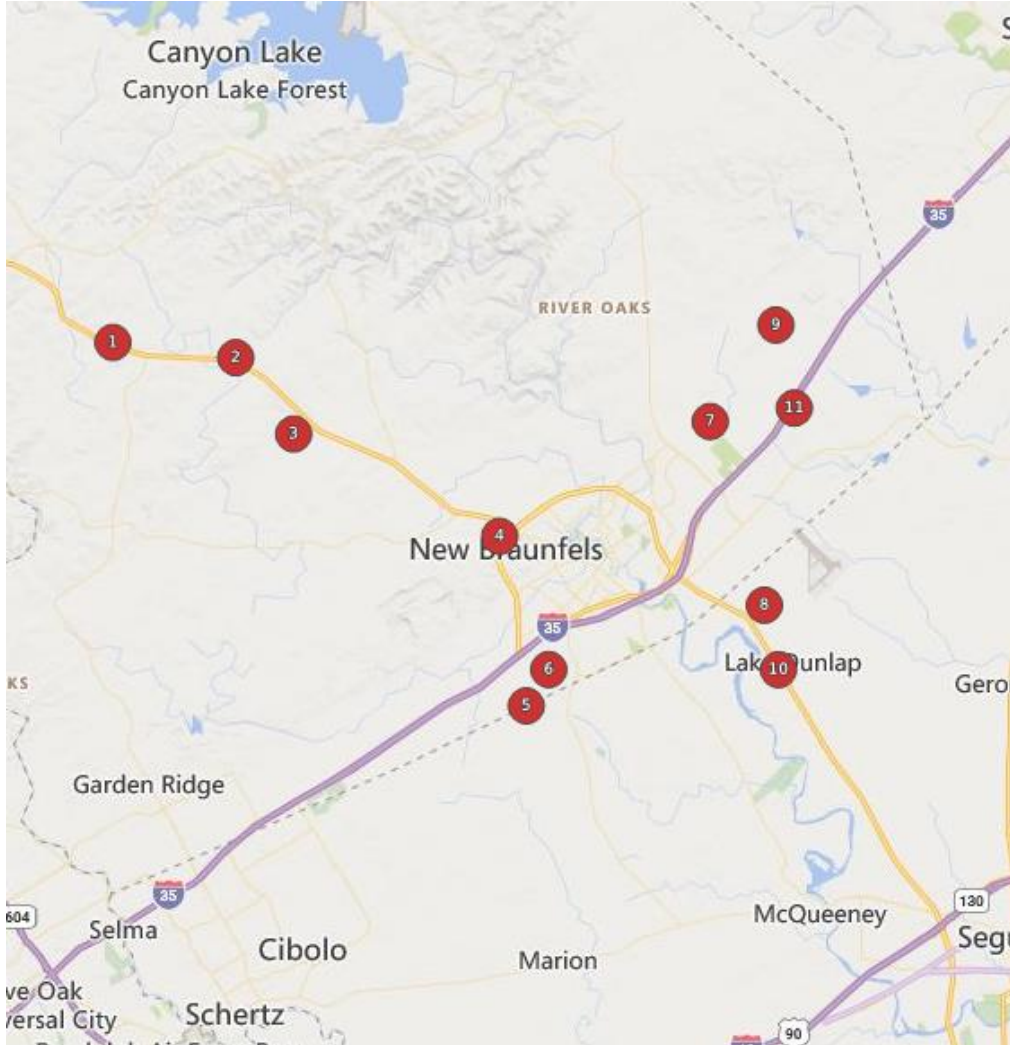
# Quarterly Lot Deliveries (San Antonio MSA)



# Quarterly Lot Deliveries (NBU Electric Service Area)

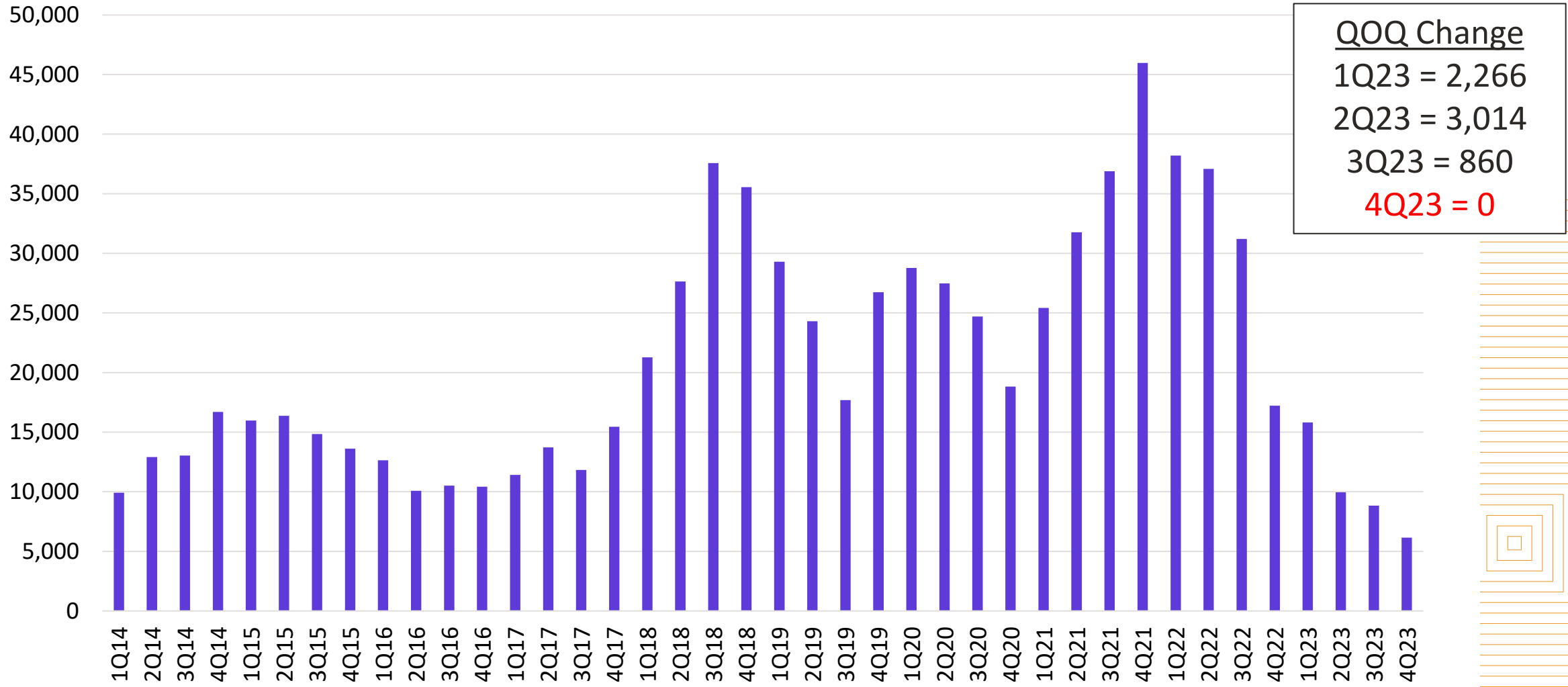


# 4Q23 Lot Deliveries (NBU Electric Service Area)

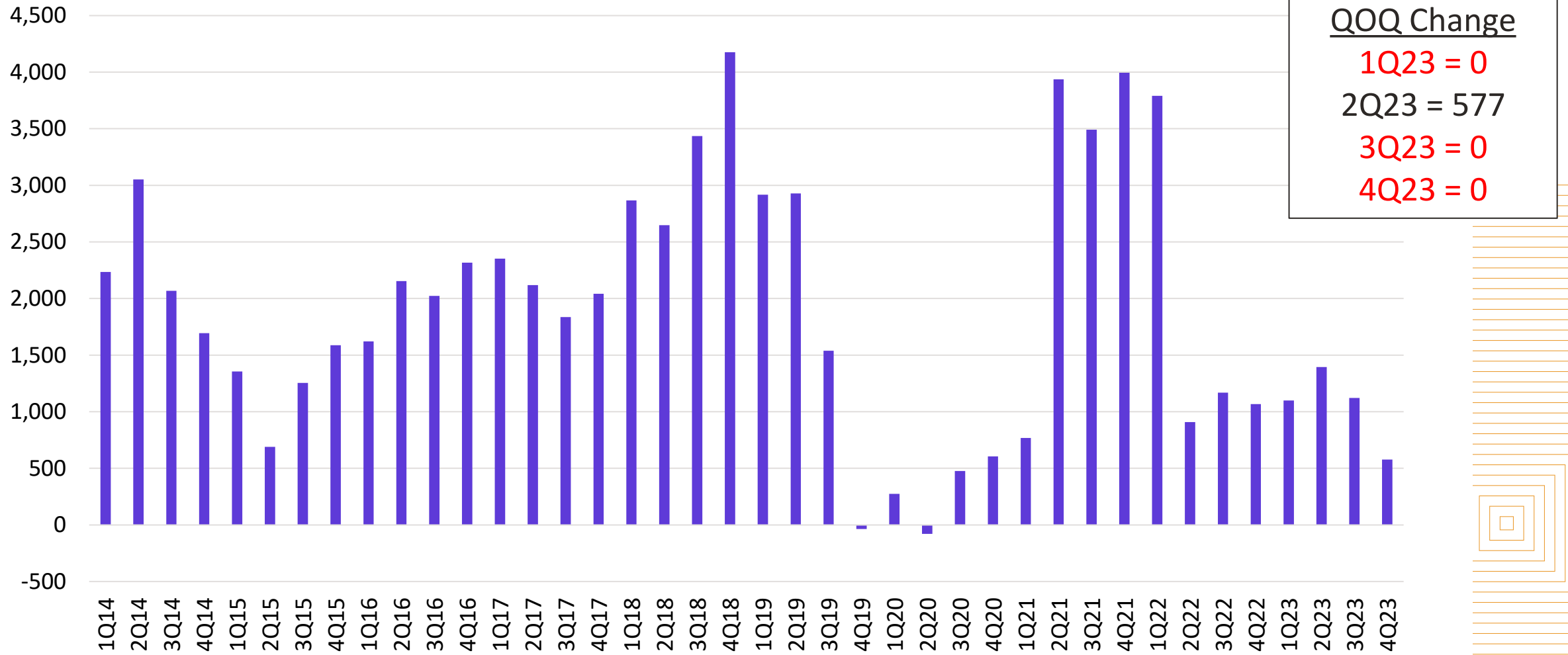


#	Subdivision	Developer	4Q23 Lot Deliveries
10	Legacy at Lake Dunlap	Heartwood Development	232
7	Sunflower Ridge	Aspen Grove Realty	195
11	Mayfair	SouthStar Communities	191
5	Steelwood Trails	Lennar Homes/Mosaic/Yantis	152
8	Saengerhalle Meadows	D.R. Horton Inc	136
1	Bigbee Tract	Ashton Woods Homes	118
6	Sunset Ridge	Scanio Development	52
4	Equinox	Grocapitus Investments LLC	47
2	Vintage Oaks at the Vineyard	SouthStar Communities	31
3	Copper Ridge	Southerland Communities	5
9	Havenwood at Hunter's Crossing	SouthStar Communities	3
<b>Totals:</b>			<b>1,162</b>

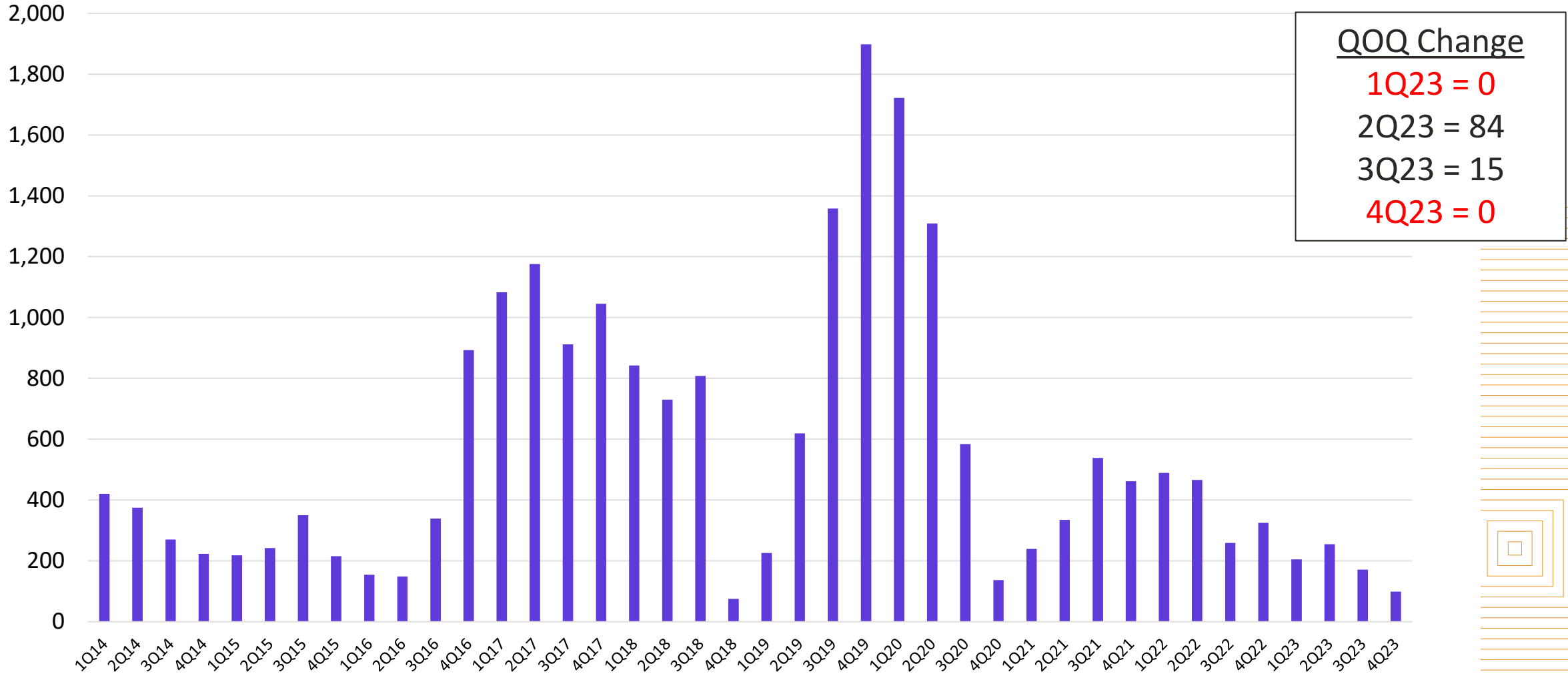
# Total Tracked Housing Units YOY Change (San Antonio MSA)



# Total Tracked Housing Units YOY Change (NBU Electric Service Area)



# Total Tracked Housing Units YOY Change (City of Pflugerville)





# Final Thoughts

## Final Thoughts

- Market wide start activity should transition from a sizable decline in 2023 (-20%) to a double digit increase in 2024 (+10% or more)
- Given the steep decline in start activity in the NBU Electric Service in 2023 (-48%), activity should move off the lows in 2024
- High mortgage rates will continue to push demand to the new home market (“unlock” of existing homes is coming though)
- Employment growth is slowing – heading for a soft landing, but watch this moving forward
- Monitor signs of being an outlier – highest impact fees as percentage of base prices, outsized start declines, limited new plat filings, etc.

Thank You!