

## Luxury Development Expands in Galveston as Tourism Booms Despite Slower Housing Market

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July 14, 2025

— Categories: Real Estate



Galveston, Texas, is experiencing a surge in luxury real estate development, driven by a booming tourism industry, even as the broader housing market shows signs of cooling. While high mortgage rates and an oversupply of homes have softened the general market, developers are

moving forward with high-end projects, targeting affluent buyers who remain undeterred by macroeconomic headwinds.

One of the most notable examples is Roseate Beach, a planned luxury community with over 160 homes priced between \$1.2 million and \$4 million. According to Manny Mehos, CEO of Green East Realty, the buyers interested in these properties are operating in a different financial realm. “This is a completely separate market from the average Galveston homebuyer,” Mehos said. For reference, the Galveston Association of Realtors (GAR) lists the median home price in the area at approximately \$450,000.

Another high-profile project is Tiara on the Beach, a 10-story luxury condominium development breaking ground on Seawall Boulevard. These types of projects are being spurred by a sharp uptick in tourism. Galveston welcomed nearly 9 million visitors last year, and the city’s cruise terminal now ranks fourth globally in passenger volume. According to Lisa Carnes of the Carnes Realty Group, many of her luxury clients first visit Galveston for leisure before deciding to invest. “I see at least six to ten buyers annually who make that jump,” Carnes told *The Houston Chronicle*.

However, the broader housing market tells a different story. Inventory in Galveston has swelled to an estimated 18-month supply, well above the typical balanced market range of 4 to 6 months. Rising insurance premiums and property taxes have also led to a noticeable sell-off in the vacation home segment, with some average home prices falling from \$565,000 in 2024 to \$526,000 this year, according to *Newsweek*.

Despite these pressures, developers remain confident. Luxury builds are being constructed to withstand future risks, with flood-elevated designs and reinforced infrastructure. In addition, beach restoration projects and infrastructure investments are helping to maintain the island's appeal.

Galveston's approach underscores how market-driven development and limited but effective public-private partnerships can deliver sustained growth. Rather than stifling investment through heavy-handed policies, the region is allowing the private sector to adapt to demand, focusing resources where confidence, capital, and long-term vision still exist.