



and the **BEAT GOES ON**

stewart

Ted C. Jones, PhD
Chief Economist
Stewart Title

**An Economic Outlook on What Changes,
What Stays the Same and What's to Come**

Recorded by SONNY and CHER on Atco Records

THE BEAT GOES ON

Words and Music by SONNY BONO



1967 – An
Economic
Forecast for
2020

**The beat goes on, the beat goes on
Drums keep pounding a rhythm to the brain
La de da de de, la de da de da**

Sonny & Cher

**Charleston was once the rage, uh huh
History has turned the page, uh huh
The mini skirts, the current thing, uh huh
Teenybopper is our newborn king, uh huh**

Sonny & Cher

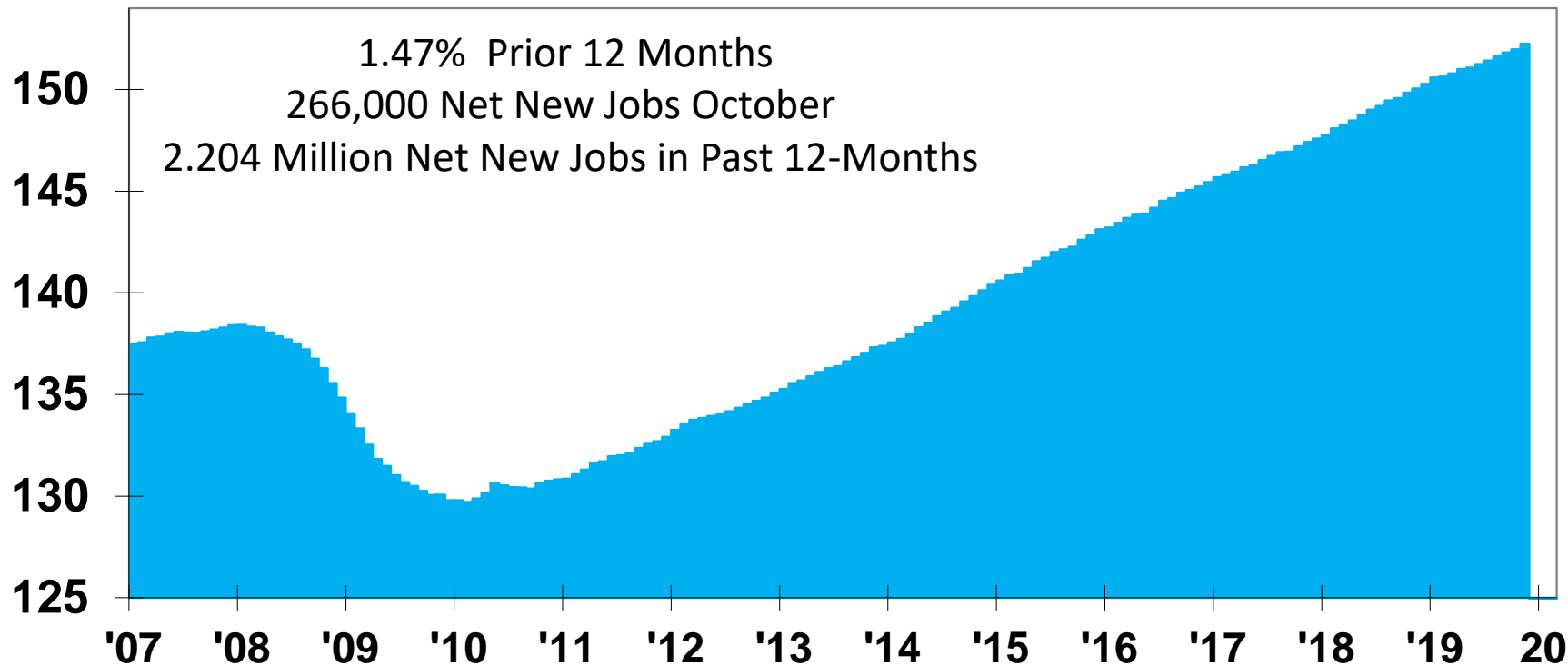
**The grocery store's the super mart, uh huh
Little girls still break their hearts, uh huh
And men still keep on marching off to war
Electrically they keep a baseball score**

Sonny & Cher

U.S. Jobs

Jobs (Millions) *Seasonally Adjusted*

More Jobs Than Anytime
In History



Compound Annual Job Growth Rate

1.47%

November 2019

1.31%

Past 40-Years

12.2%

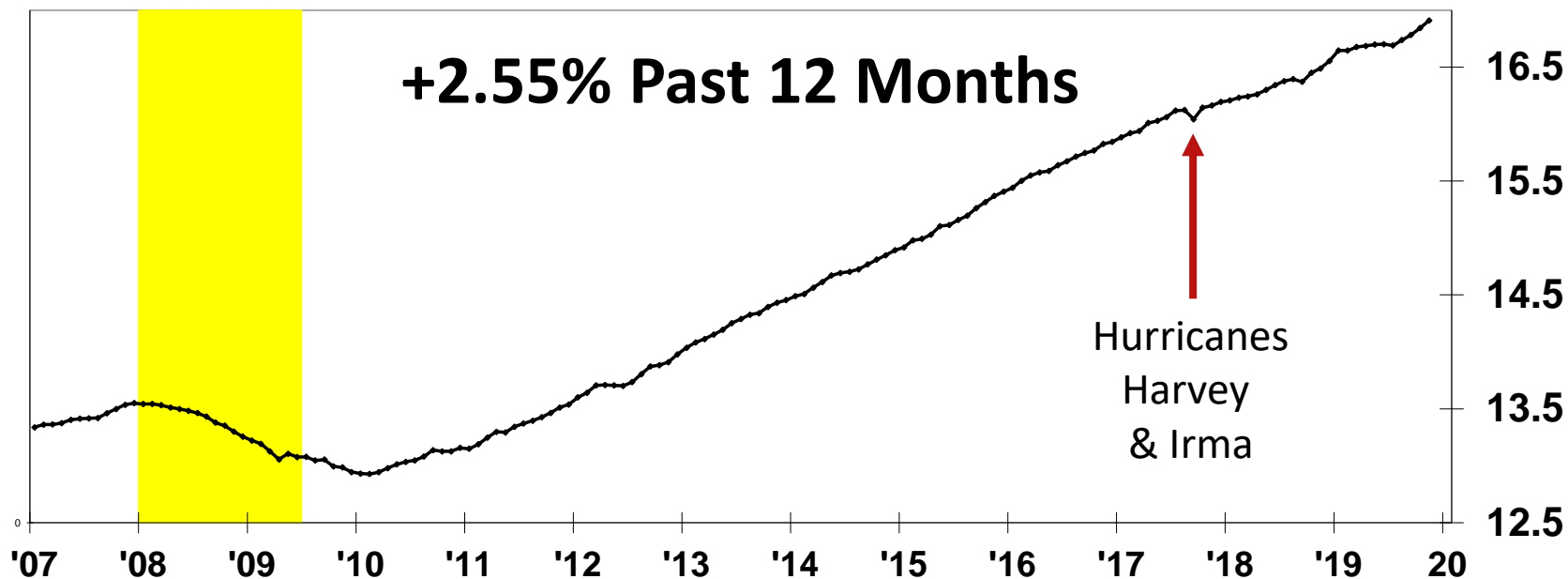
**Better
Than
Average**

U.S. Leisure & Hospitality Jobs

The Blood Pressure Test of the U.S. Economy

Millions of Jobs
Seasonally-Adjusted

 Recession



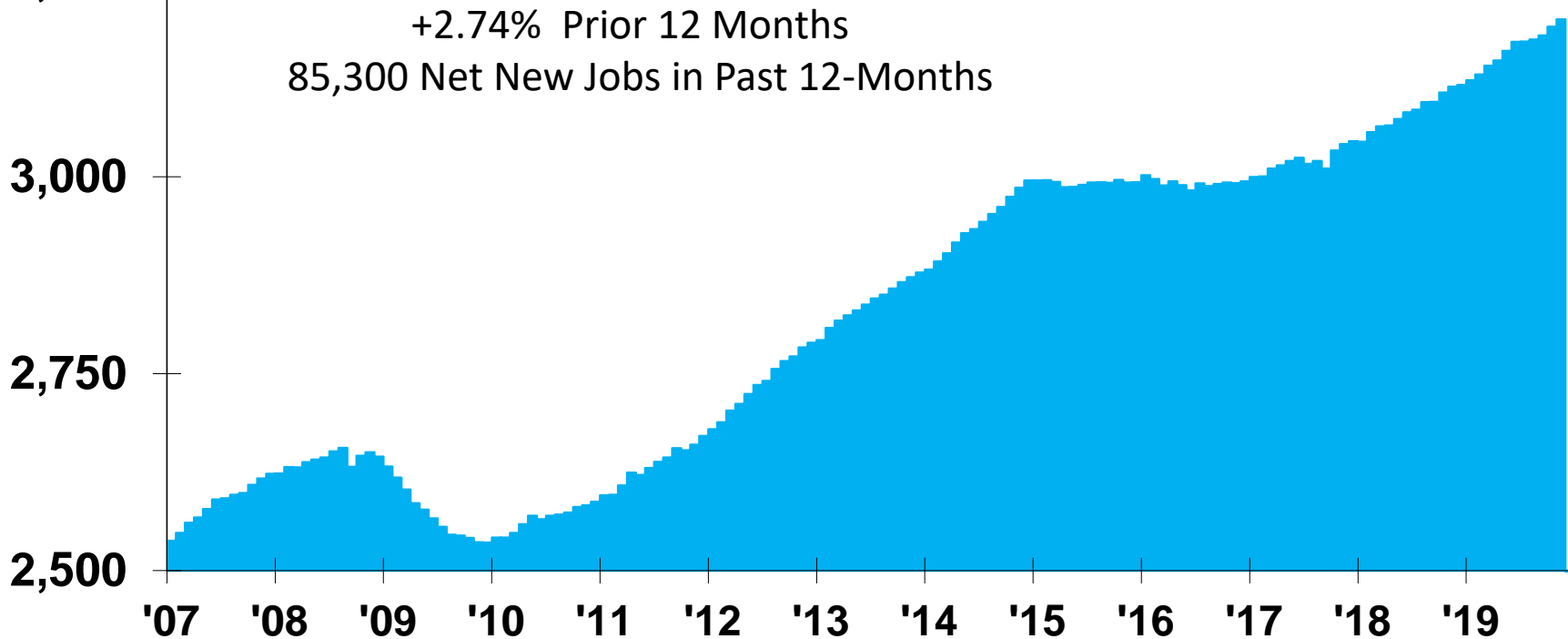
State Job Growth -- 12 Months Ending October 2019

Utah	3.19%	Nebraska	1.57%	Virginia	0.74%
Florida	2.58%	South Carolina	1.43%	New Jersey	0.72%
Arizona	2.45%	Massachusetts	1.42%	Wisconsin	0.56%
Texas	2.36%	Arkansas	1.42%	Indiana	0.54%
Washington	2.25%	Delaware	1.32%	Iowa	0.49%
Idaho	2.21%	Montana	1.32%	Pennsylvania	0.48%
Nevada	2.19%	Kansas	1.27%	West Virginia	0.44%
New Mexico	2.05%	Tennessee	1.26%	Ohio	0.35%
Alabama	2.03%	Missouri	1.20%	Alaska	0.33%
North Carolina	2.02%	New Hampshire	1.13%	Minnesota	0.33%
Colorado	1.92%	Maryland	1.09%	Vermont	0.32%
South Dakota	1.86%	New York	1.07%	Connecticut	0.28%
Rhode Island	1.79%	Maine	1.04%	Oklahoma	0.26%
California	1.78%	Mississippi	1.01%	Wyoming	0.24%
Oregon	1.70%	Dist of Columbia	0.97%	Louisiana	0.18%
Kentucky	1.61%	Illinois	0.93%	North Dakota	0.00%
Georgia	1.59%	Hawaii	0.85%	Michigan	-0.05%

Houston-The Woodlands-Sugar Land Jobs

Jobs (Thousands) *Seasonally Adjusted*

3,250



2.3%

**Q4 2019 Forecast
Atlanta Federal Reserve**

3.1%

Q1 2019

2.0%

Q2 2019

1.9%

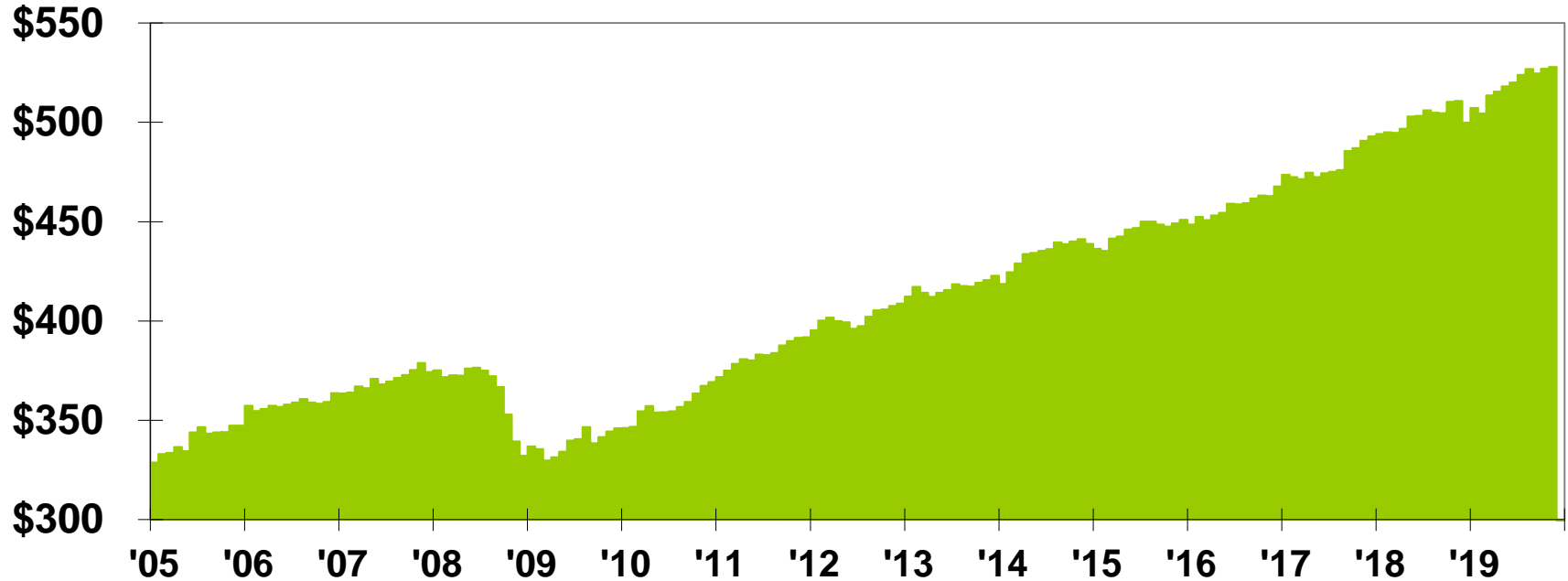
Q3 2019

Retail Sales Say No Recession

Retail sales (which make up approximately 68% of GDP) were up 3.35% in November 2019 Vs November 2018

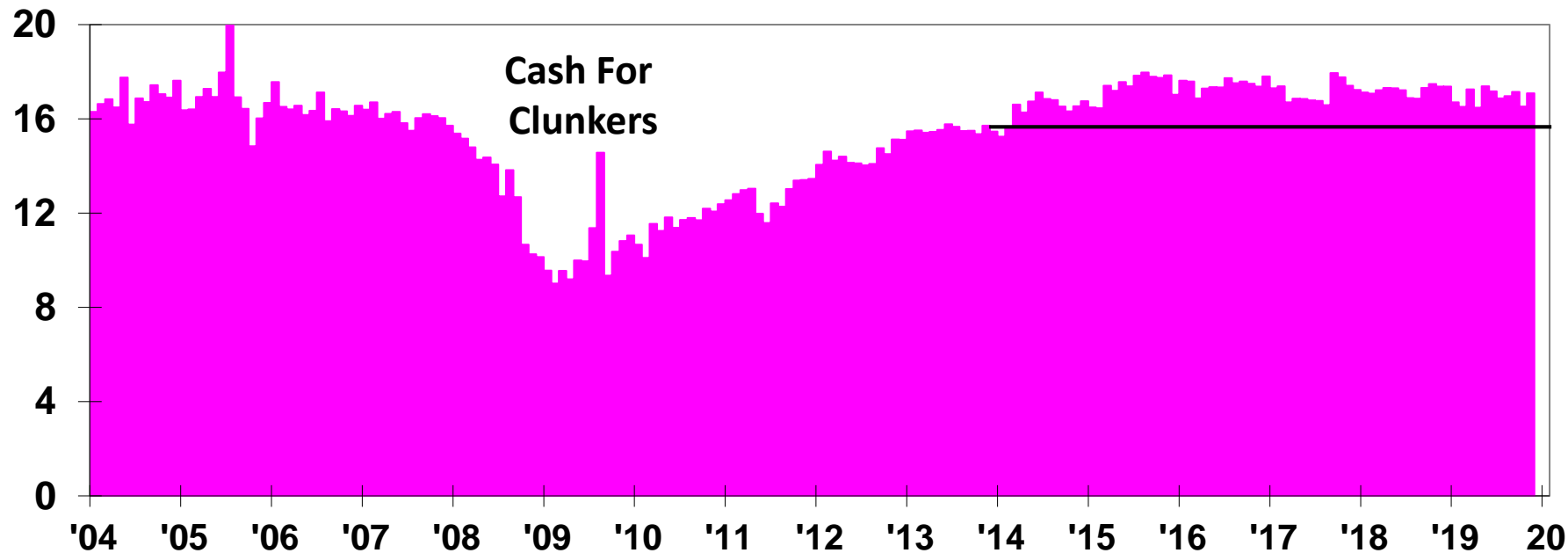
U.S. Real Retail & Food Service Sales

\$ Billions – Seasonally Adjusted



Light Weight Vehicle Sales

Millions – *Seasonally Adjusted Annual Rate*



Yield Curve Inversion

May 1998

Recession Started?

**Stock
Market
Performance
Following
Inverted
Yield
Curve**

MarketWatch

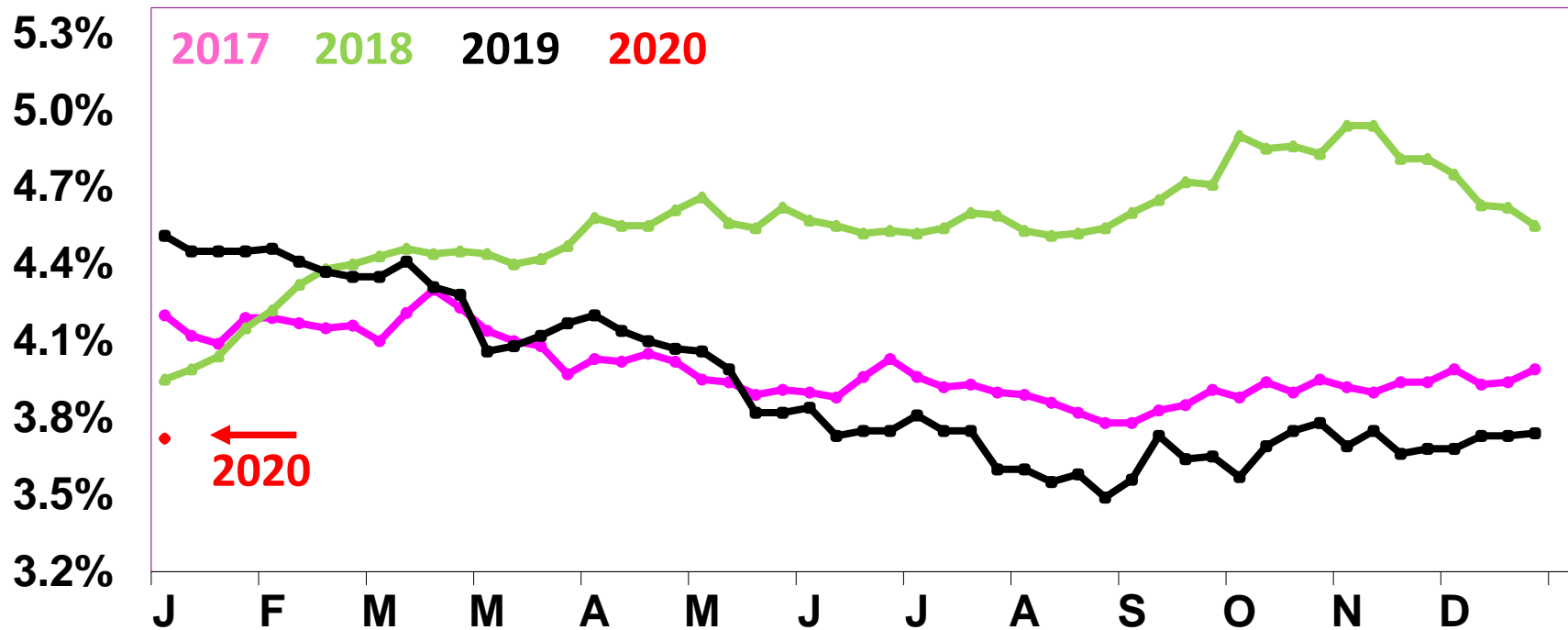
	1 year	2 years	3 years
8/17/1978	3.06%	19.64%	24.88%
8/20/1980	5.59%	-8.69%	32.49%
12/9/1988	25.87%	18.31%	36.54%
5/26/1998	19.26%	25.96%	16.81%
12/30/2005	13.62%	18.44%	-28.65%
Average	13.48%	14.73%	16.41%

**12-Month Income
Increase
Inflation 1.8%
2019 Best Wage
Gains in 10 Years**

3.1%

30-Year Conventional Residential Mortgage Rates

Percent



30-Year Fixed-Rate Forecast

December

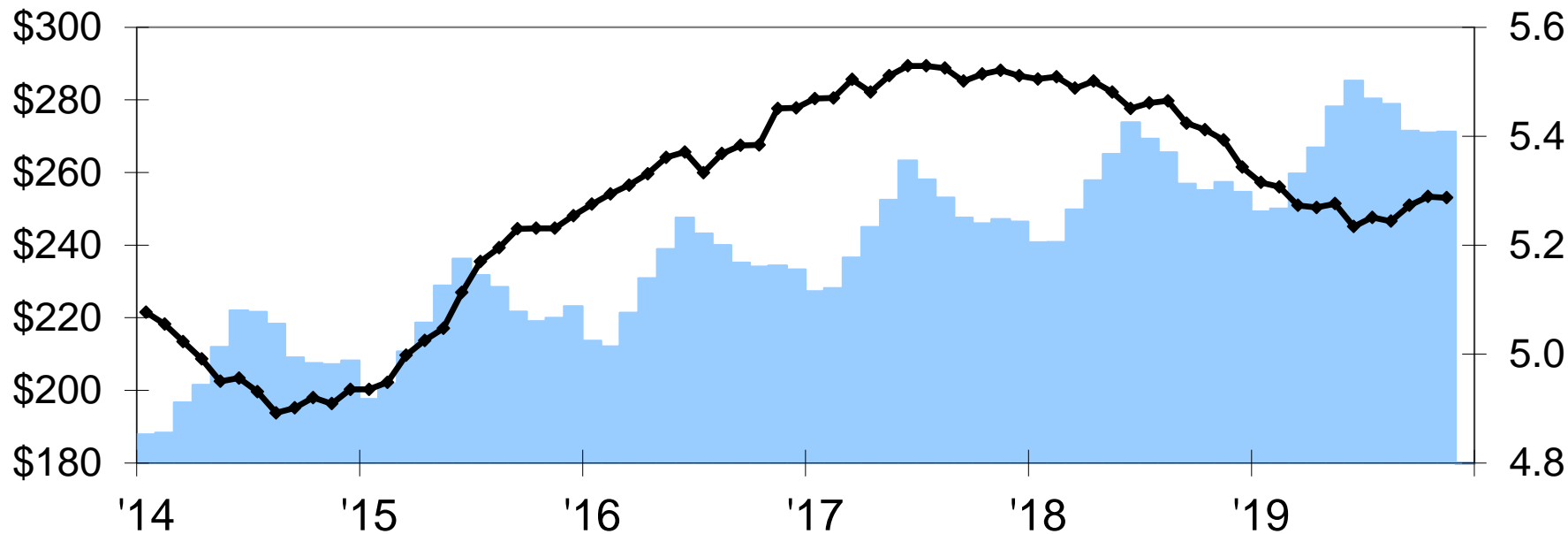
Year	Fannie	Freddie	MBA	Average
2019	3.9%	3.9%	3.7%	3.83%
2020	3.6%	3.8%	3.7%	3.70%
2021	3.6%	3.8%	3.8%	3.73%
2022			4.1%	4.10%

U.S. Existing Home Sales & Median Prices

Sales - Trailing 12 Months

Median Price \$ *Thousands*

Home Sales 12-Months *Millions*



**Houston
Months
Inventory
Of Homes
For Sale:
6 Months
Normal**

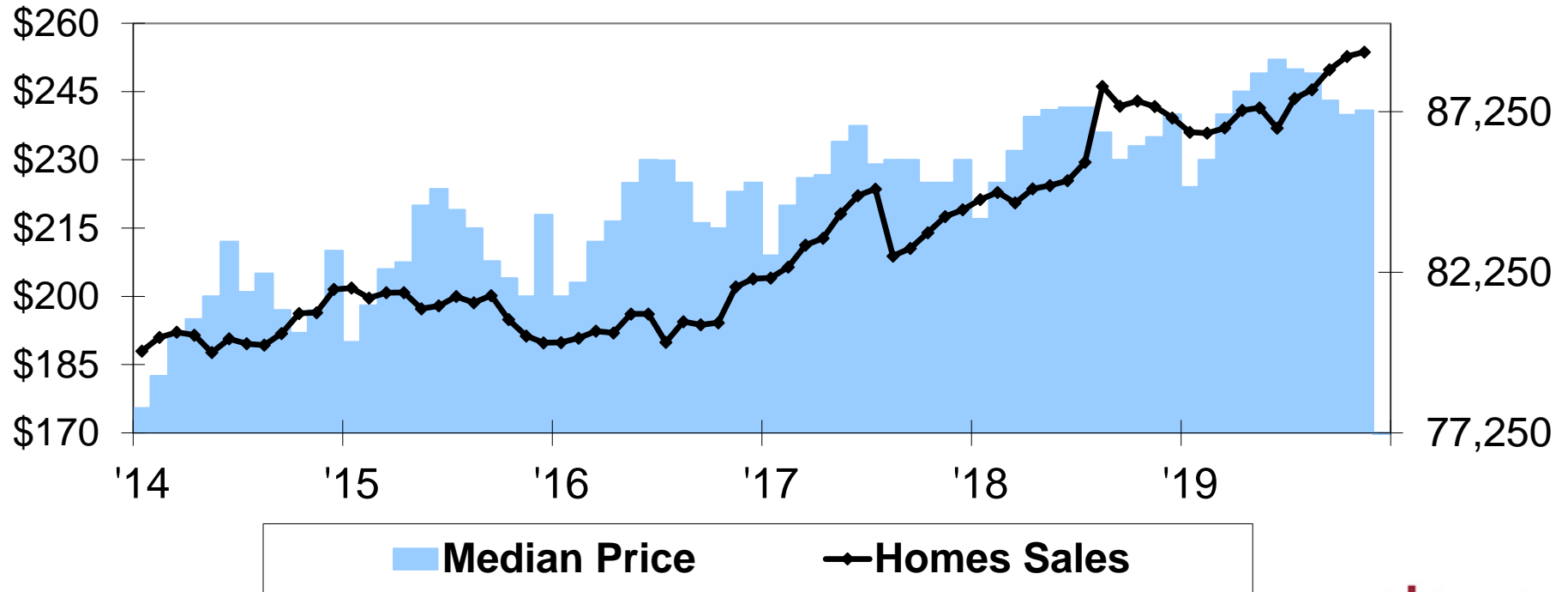
3.9

Houston MSA Home Sales & Median Prices

Sales Trailing 12 Months

Median Price \$ *Thousands*

Home Sales *12-Months*



Single Family Home Sales



Ft Bend-Galveston-Harris-Montgomery Counties

January – November

'18 to '19

Percent

Price Range	2018	2019	Change
\$1 to \$499,999	59,848	61,882	3.4%
\$500,000 to \$799,999	4,620	4,931	6.7%
\$800,000 to \$999,999	888	942	6.1%
\$1 Million and Up	1,445	1,475	2.1%
Total	66,801	69,230	3.6%

Townhouse-Condo Home Sales



Ft Bend-Galveston-Harris-Montgomery Counties

January – November

'18 to '19

Percent

Price Range	2018	2019	Change
\$1 to \$499,999	5,759	5,595	-2.8%
\$500,000 to \$799,999	258	198	-23.3%
\$800,000 to \$999,999	34	27	-20.6%
\$1 Million and Up	24	17	-29.2%
Total	6,075	5,837	-3.9%

Mid- & Hi-Rise Sales



Ft Bend-Galveston-Harris-Montgomery Counties
January – November

'18 to '19
Percent

Price Range	2018	2019	Change
\$1 to \$499,999	520	511	-1.7%
\$500,000 to \$799,999	78	99	26.9%
\$800,000 to \$999,999	16	24	50.0%
\$1 Million and Up	46	38	-17.4%
Total	660	672	1.8%

Single Family THC Mid- & Hi-Rise Sales



Ft Bend-Galveston-Harris-Montgomery Counties

January – November

'18 to '19

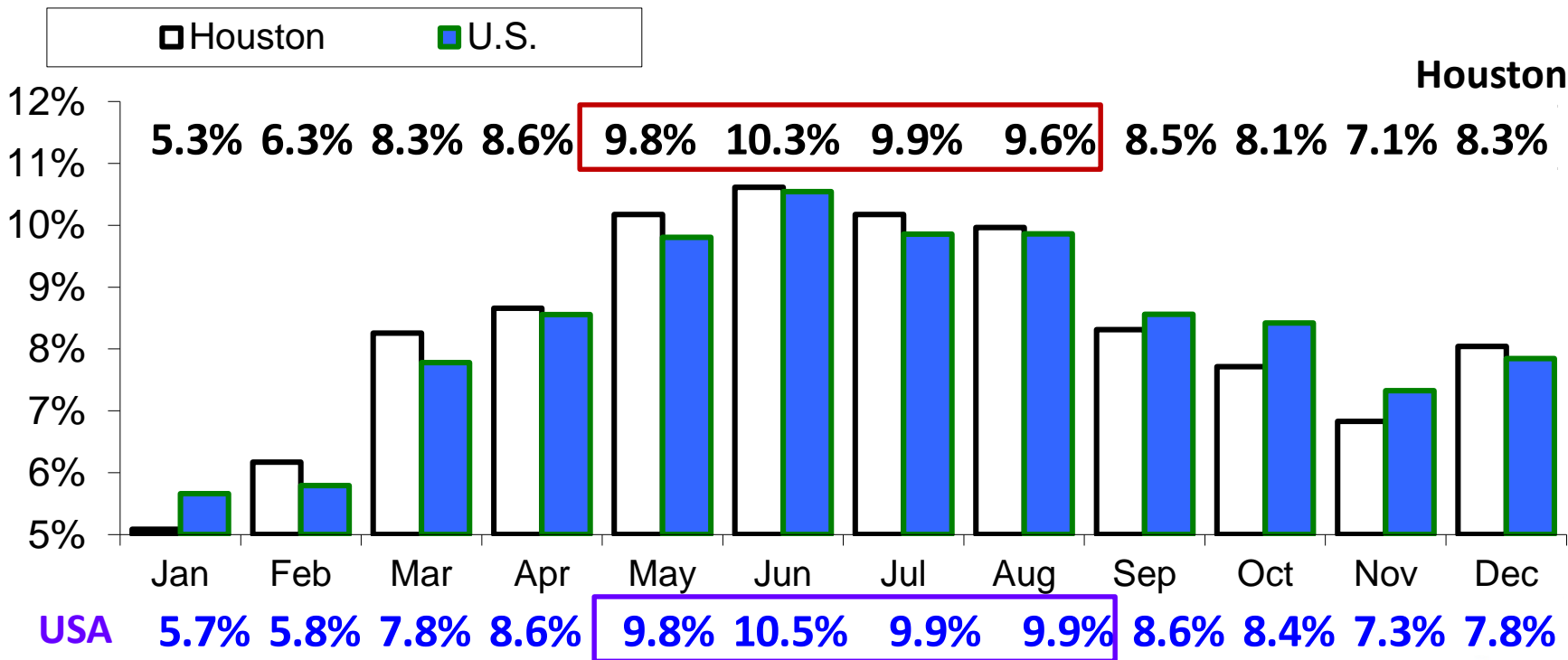
Percent

Change

Price Range	2018	2019	Change
\$1 to \$499,999	66,127	67,988	2.8%
\$500,000 to \$799,999	4,956	5,228	5.5%
\$800,000 to \$999,999	938	993	5.9%
\$1 Million and Up	1,515	1,530	1.0%
Total	73,536	75,739	3.0%

Existing Home Sales Seasonality

Monthly Percentage of Annual Home Sales – 2013 - 2018



Jobs & Residential Dwelling Unit Permits

Houston-The Woodlands-Sugar Land

Year	Net New Jobs	Dwelling Unit Permits	Jobs Per New Dwelling
2013	89,000	51,334	1.73
2014	116,800	63,745	1.83
2015	(2,300)	56,901	(0.04)
2016	1,300	44,732	0.03
2017	50,900	42,395	1.20
2018	71,400	57,478	1.24
Total	327,100	316,585	1.03

**Normal
Is
1.25 to 1.50
Net New
Jobs Per
New
Dwelling**

Houston Residential Dwelling Unit Permits & Jobs

Latest 12-Months

Residential Building Permits	62,623
Net New Jobs	85,300
Jobs Per New Dwelling	1.36

Average Rent	\$1,111
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Year-Over-Year Change	1%
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Average Apartment Size- Sq Ft	879
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Apartment Mix

\$501 - \$700	12%
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\$701 - \$1,000	41%
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\$1,001 - \$1,500	31%
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\$1,501 - \$2,000	10%
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> \$2,000	5%
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Owner Occupied	60%
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Renter Occupied	39%
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Houston Apartment Rents

RENTCafé®

Conventional - 20% Down

Average Rent	\$	1,111
Rate		3.72%
Term		30 Years

Median Price	\$	240,900
Less 20% Down		(48,180)

Loan Amount	\$	192,720
Monthly Payment		(889)

Residual	\$	222
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Conventional Loan

**Monthly
Rental
Payment
Applied
to Home
Purchase**

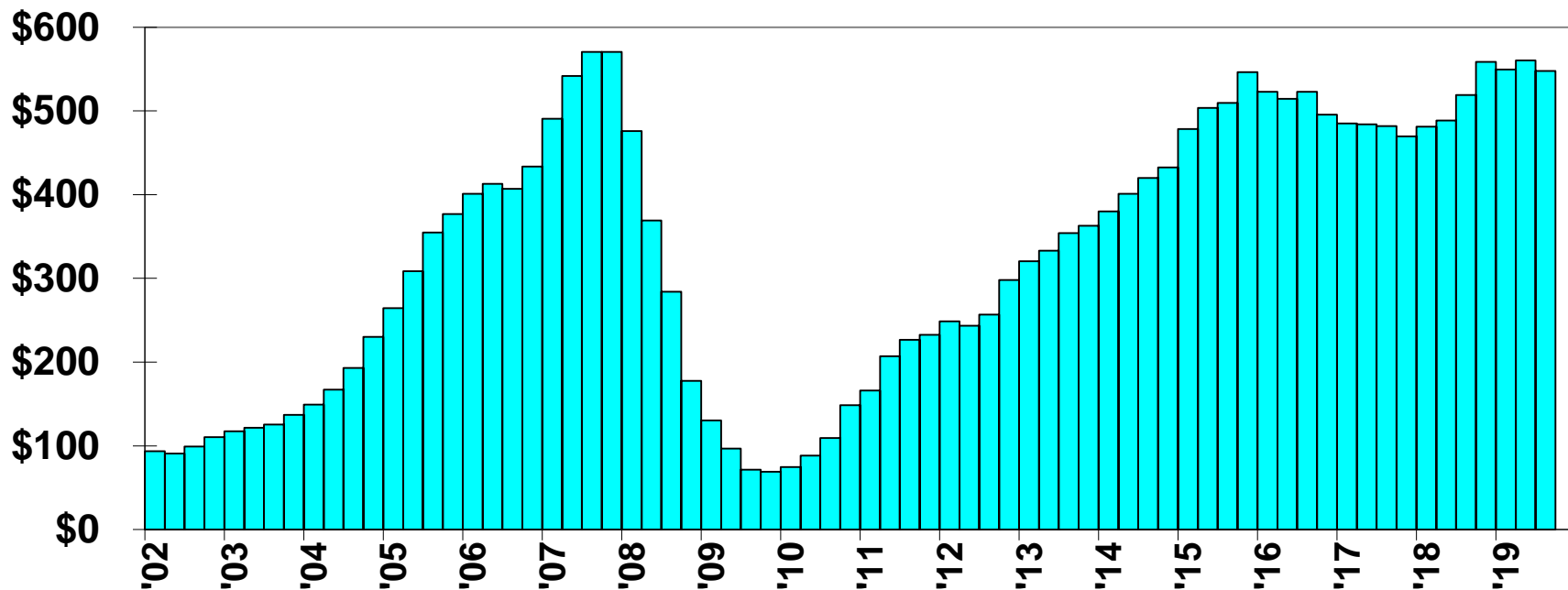
**Millennials
Begin
Turning
40
This
Year**

40

U.S. Commercial Real Estate Sales Volume

\$ Billions – *Trailing 12 Months*

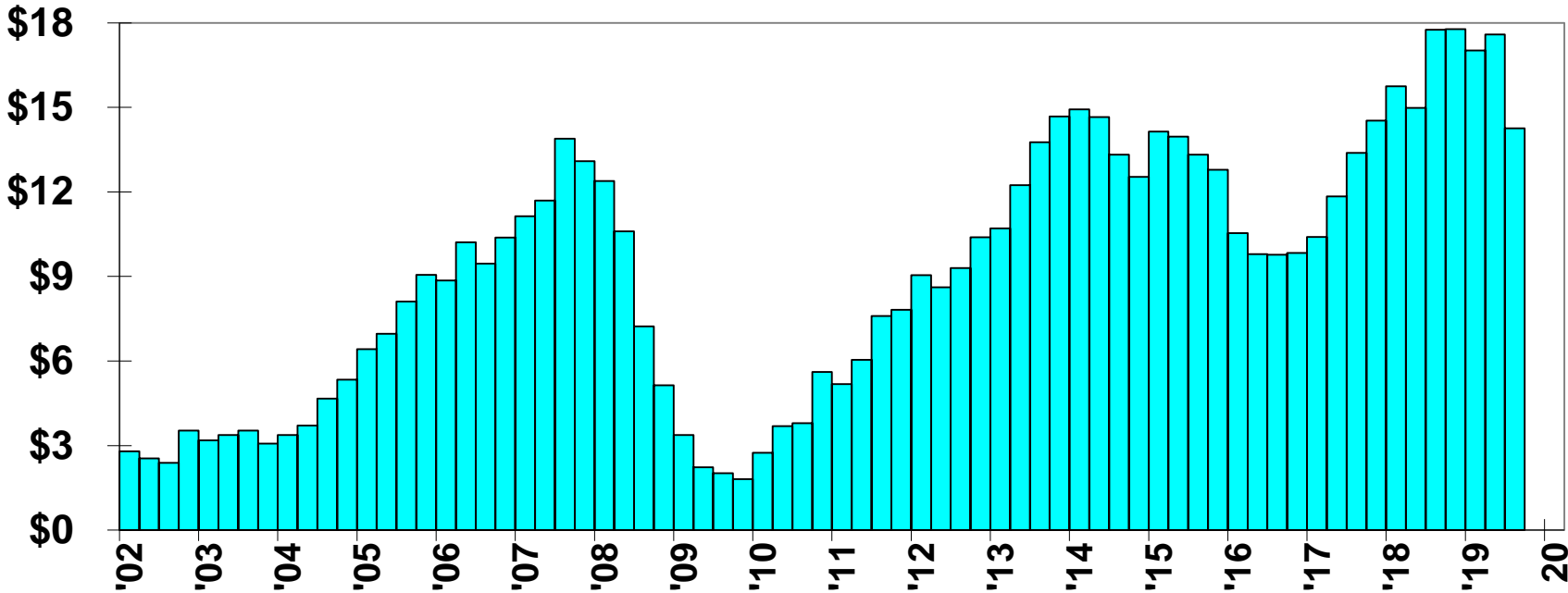
+6.0% Year-Over-Year



Houston Commercial Real Estate Sales Volume

\$ Billions – *Trailing 12 Months*

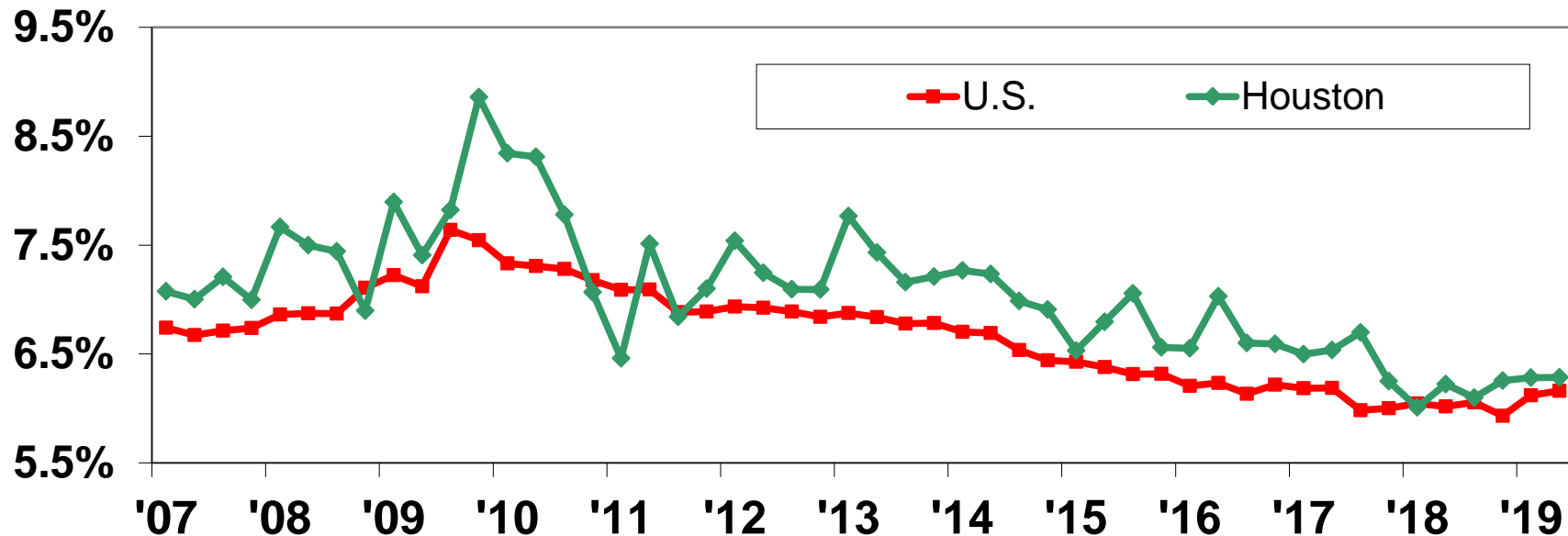
-19.7% Year-Over-Year



U.S. Real Estate Cap Rates

Percent

Property and Portfolio Sales \$2.5 Million and Up



Oil Prices

West Texas Intermediate Crude

 Recession

\$ Per Barrel
Monthly Average



U.S. energy consumption by source, 2018



biomass

renewable

heating, electricity, transportation

5.1%



petroleum

nonrenewable

transportation, manufacturing

36.5%



hydropower

renewable

electricity

2.5%



natural gas

nonrenewable

heating, manufacturing, electricity

30.6%



geothermal

renewable

heating, electricity

0.2%



coal

nonrenewable

electricity, manufacturing

13.1%



wind

renewable

electricity

2.5%



uranium

nonrenewable

electricity

8.3%



solar & other

renewable

light, heating, electricity

0.9%



INSTITUTE FOR
ENERGY RESEARCH

2020 Economic Outlook

stewart®

Good Economy *just so average*

Growing Jobs & Wages *best wage growth in 10 years*

Stable & Low Interest Rates *no place but up*

Rising Home Prices *albeit at a Lower Pace*

Cheap (But Profitable) Energy *fuels the economy*

Manufacturing Comeback *no college or debt required*

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DrTCJ

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