



Sustainable Homeownership Conference 2017

University of California, Berkeley
June 9, 2017

Dr. James P. Gaines

Chief Economist



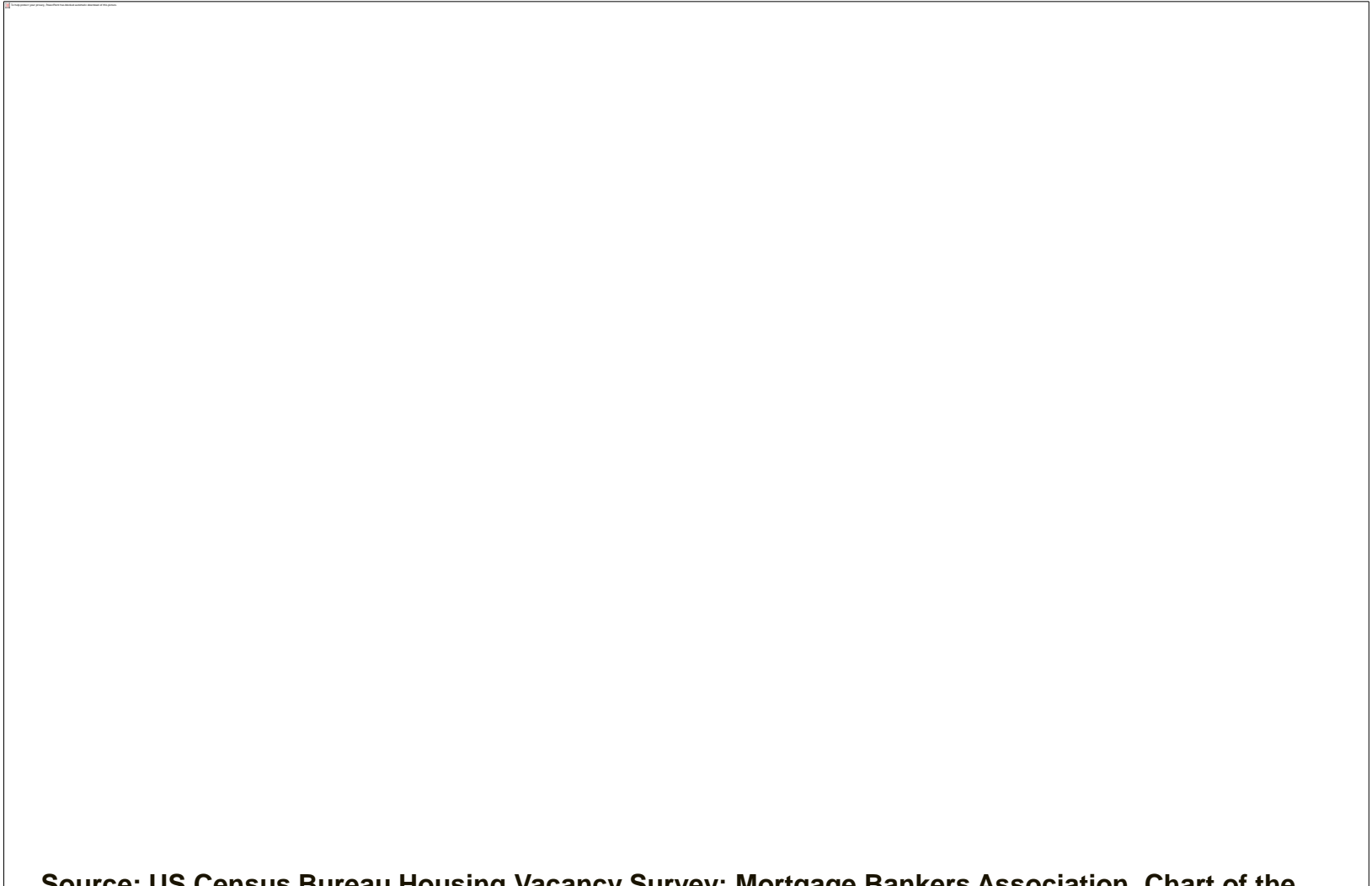
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Homeownership Impacts

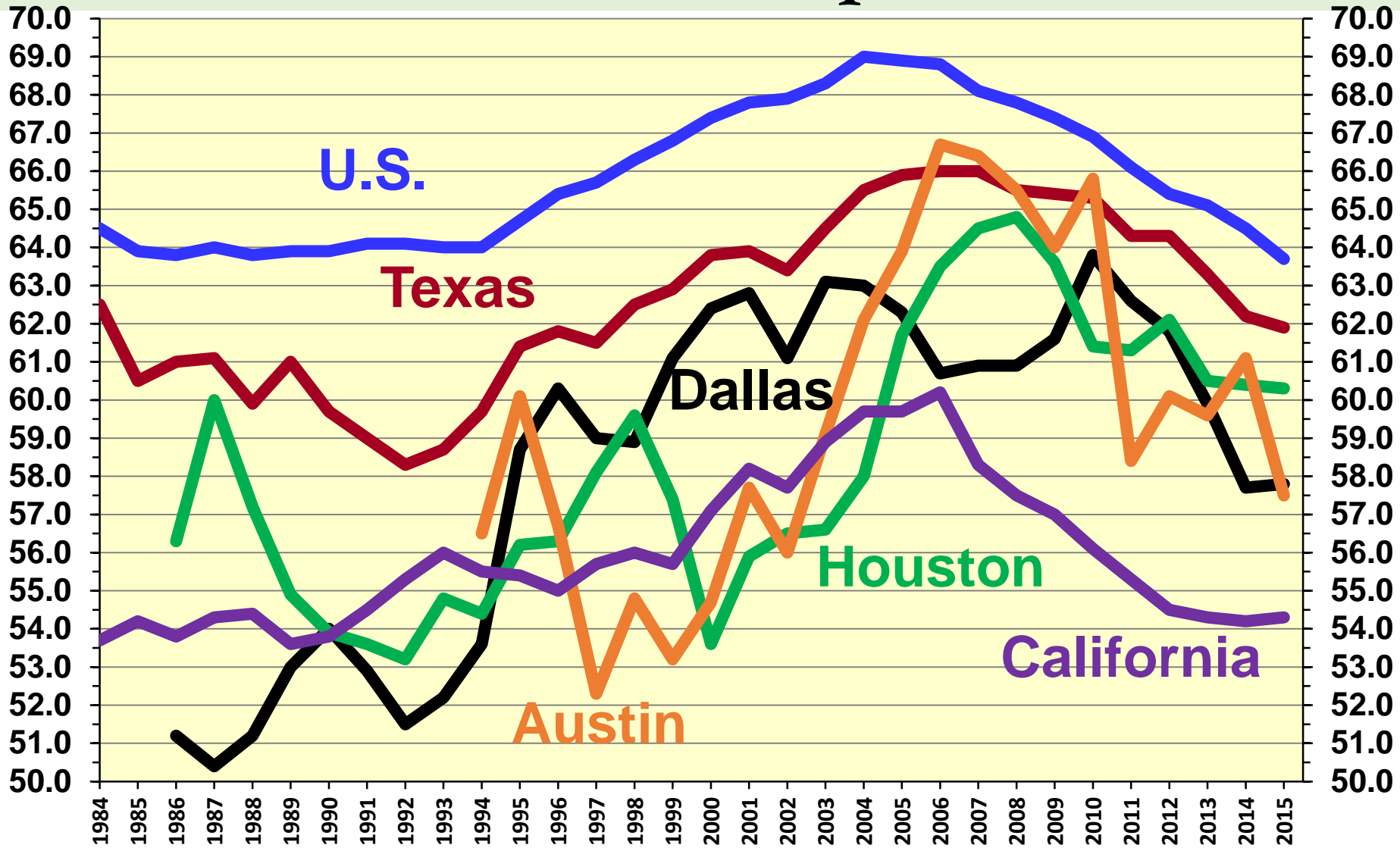
- **Demographics**
 - **Life style/life cycle generational differences: family formations vs. household formations**
 - **Aging Boomers renting**
- **Affordability**
 - **Income growth & distribution**
 - **Supply Constraints**
 - **Land development costs: direct & indirect**
 - **Construction costs: materials & labor supply/cost**
- **Mortgage credit availability and cost**
- **SF Investor market**

Annual Change in Owner-Occupied and Renter Households



Source: US Census Bureau Housing Vacancy Survey; Mortgage Bankers Association, Chart of the Week June 2, 2017

U.S., Texas & California Homeownership Rates



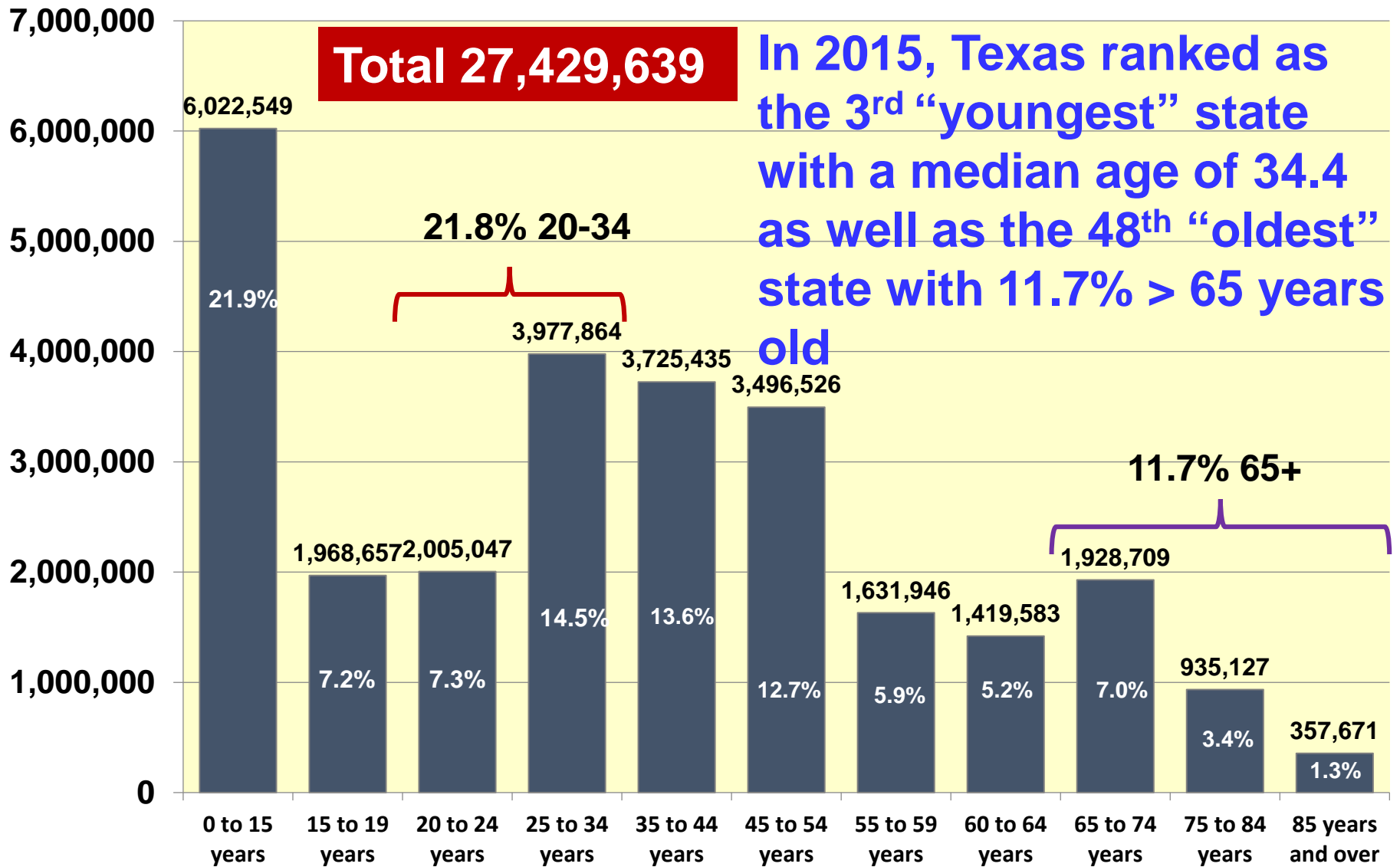
Source: US Census Bureau; Real Estate Center at Texas A&M University

Texas Outlook

- ❑ **Texas Economy** slowed down in 2016; 2017 up
- ❑ **Energy sector** negative impacts mostly over; stabilizing – not a major negative
- ❑ **Texas job growth** pick up in early 2017; expect ~2.5%
- ❑ **Population** expansion continues: +3.1 million since 2010; 2.2 million in main four principal MSAs
- ❑ **Local Growth Issues** becoming more pressing, causing greater strain on state and local resources

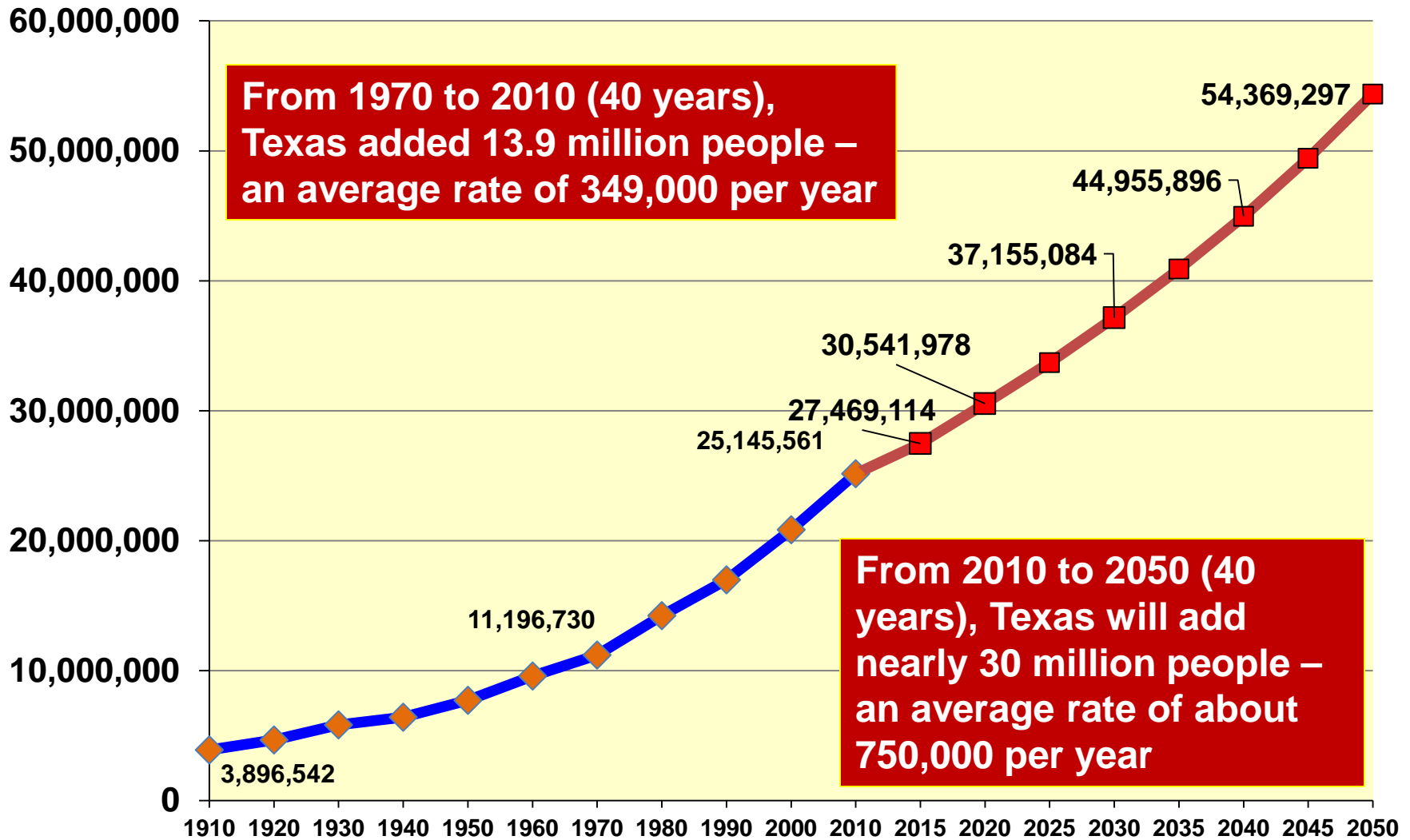
Texas Demographics

2015 Texas Population by Age



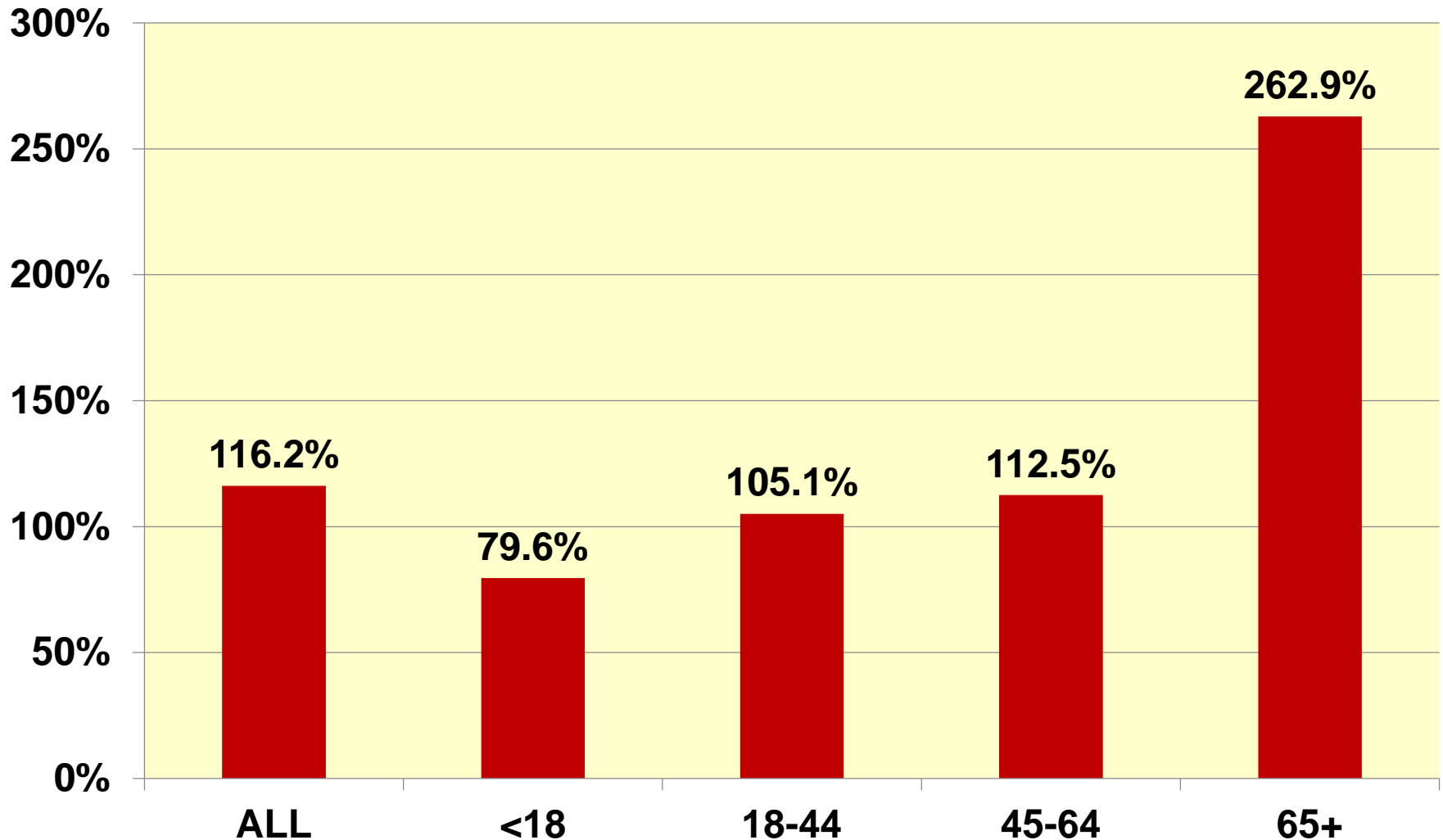
Source: ACS; U.S. Census Bureau

Texas Population 1910-2050



Sources: U.S. Census Bureau, Texas State Demographer 2014 Projections (2000-2010 Scenario)

Percent Change from 2010 to 2050 by Age Groups in the Texas Population

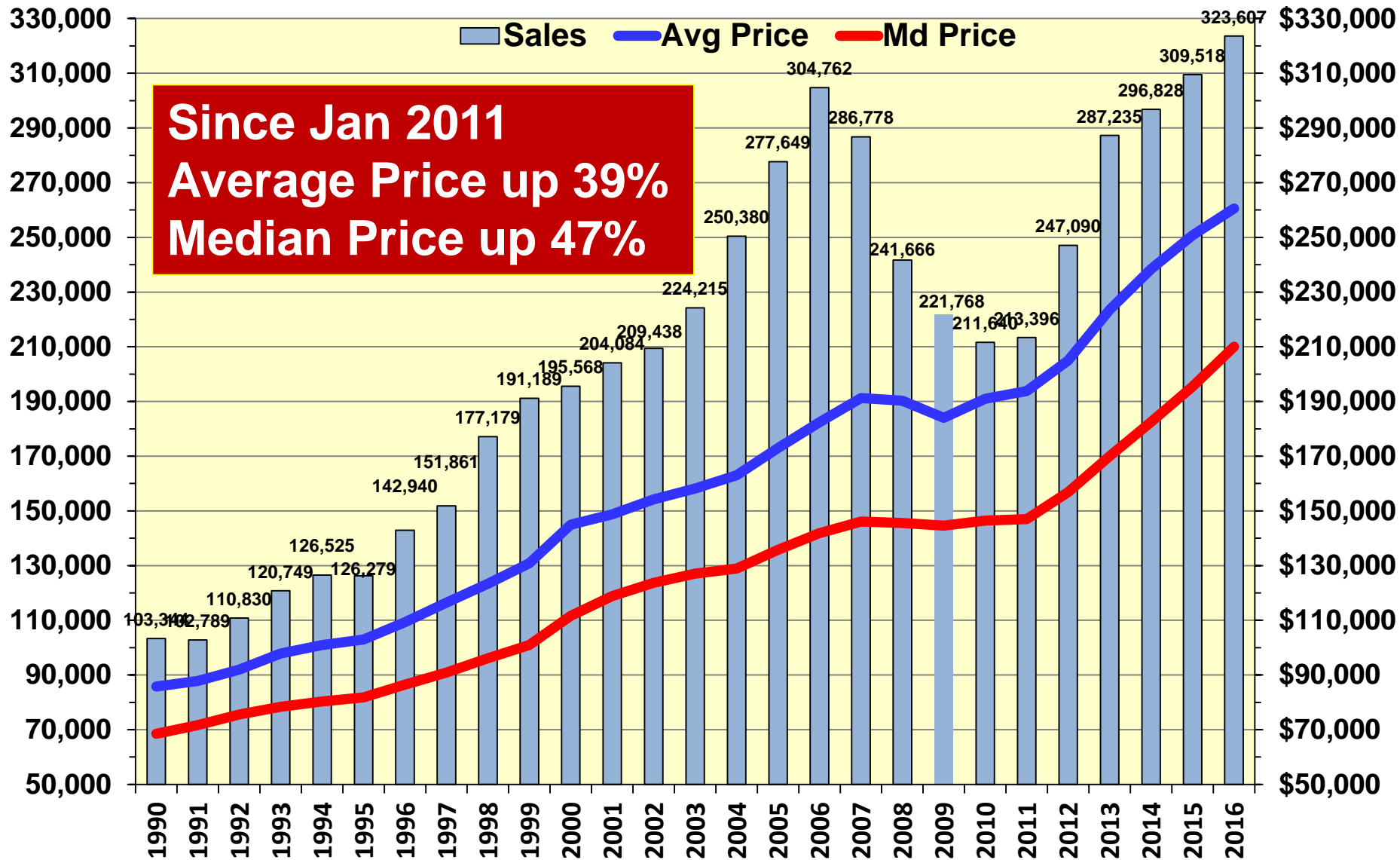


Housing Market

Texas Housing Summary

- **2016 record year for sales (+5%) and prices (+7.6%)**
 - 14 of 25 Texas MSAs set records even with short inventories
- **2017YTD sales +3.7%; Md. Price +8.0%; avg. pr./sf +7.5%**
- **Texas leads nation in residential permits since 2008**
 - Residential construction leveling off: 2016 SF +2%; MF -19%
 - DFW and Houston 1 & 2 nationally since 2008 for SF permits (despite Houston -21.4% in 2016 and DFW -2.4%)
 - Austin & San Antonio in top 25
 - Approximately 130,000 units “short” since 1994 vs. average
- **Statewide median home price expanded 43% since 2011**
- **RCLI highest in 8 months indicating better 2017**

Annual Texas Home Sales



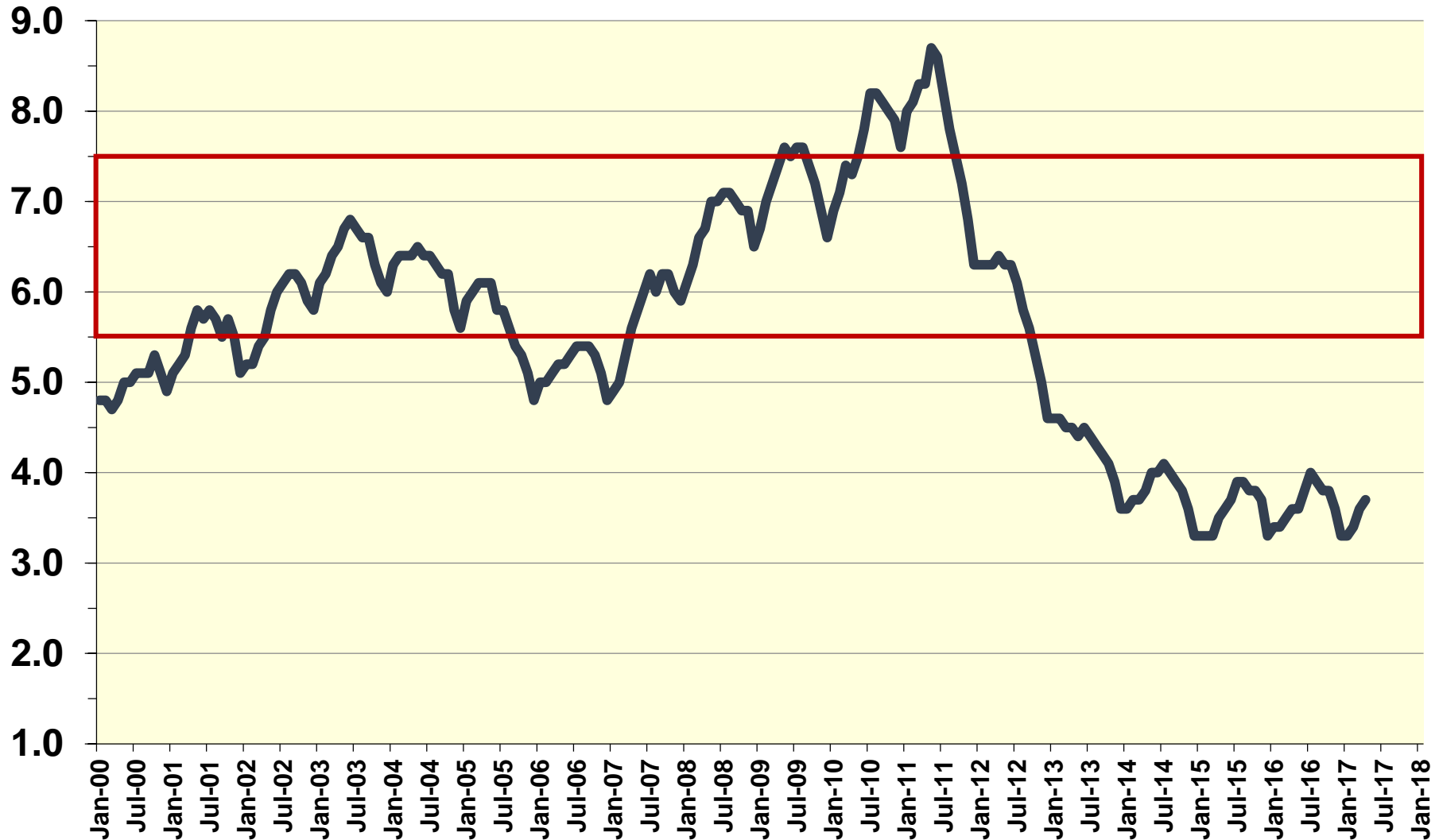
Source: Real Estate Center at Texas A&M University

Texas Sales by Price Distribution

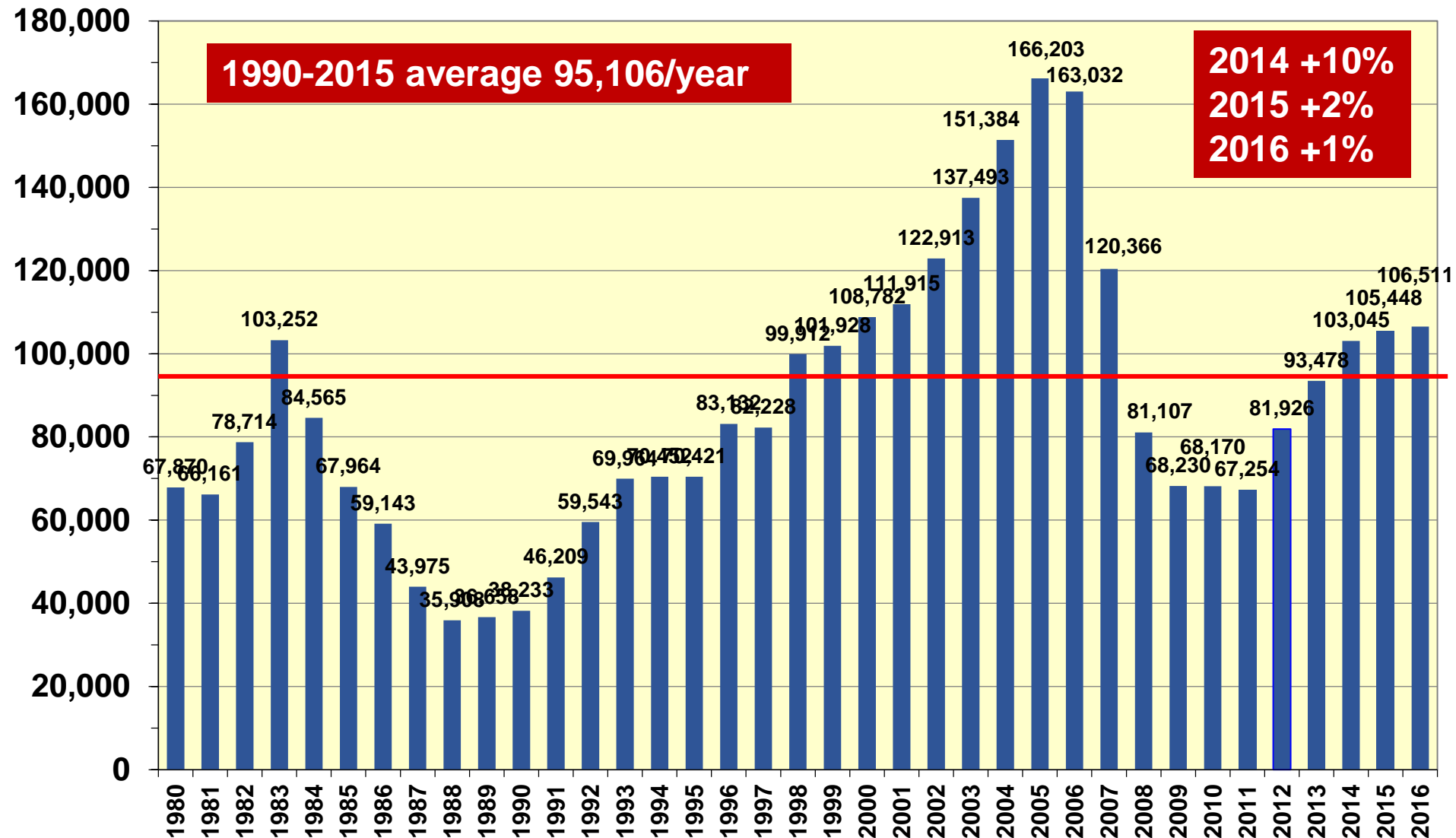
Price Range		Percent Distribution						
		2011	2012	2013	2014	2015	2016	
69%	\$0 - \$69,999	15.0	12.7	9.2	7.2	6.1	5.1	47%
	\$70,000 - \$99,999	12.5	11.3	9.5	8.2	6.8	5.7	
	\$100,000 - \$149,999	23.6	22.8	21.9	20.2	17.7	15.3	
	\$150,000 - \$199,999	17.5	18.5	19.7	20.3	20.6	20.6	
30%	\$200,000 - \$249,999	9.8	10.8	11.7	12.8	14.1	15.6	51%
	\$250,000 - \$299,999	6.9	7.6	8.4	9.1	10.2	11.3	
	\$300,000 - \$399,999	7.1	7.9	9.3	10.5	11.8	12.9	
	\$400,000 - \$499,999	3.0	3.6	4.5	5.1	5.6	6.2	
	\$500,000 - \$749,999	2.7	3.0	3.6	4.2	4.6	4.9	
	\$750,000 - \$999,999	0.9	1.0	1.1	1.2	1.3	1.3	
	\$1,000,000 +	0.9	0.9	1.1	1.2	1.2	1.2	

Source: TAR Data Relevance Project; Real Estate Center at Texas A&M University

Texas Months' Inventory

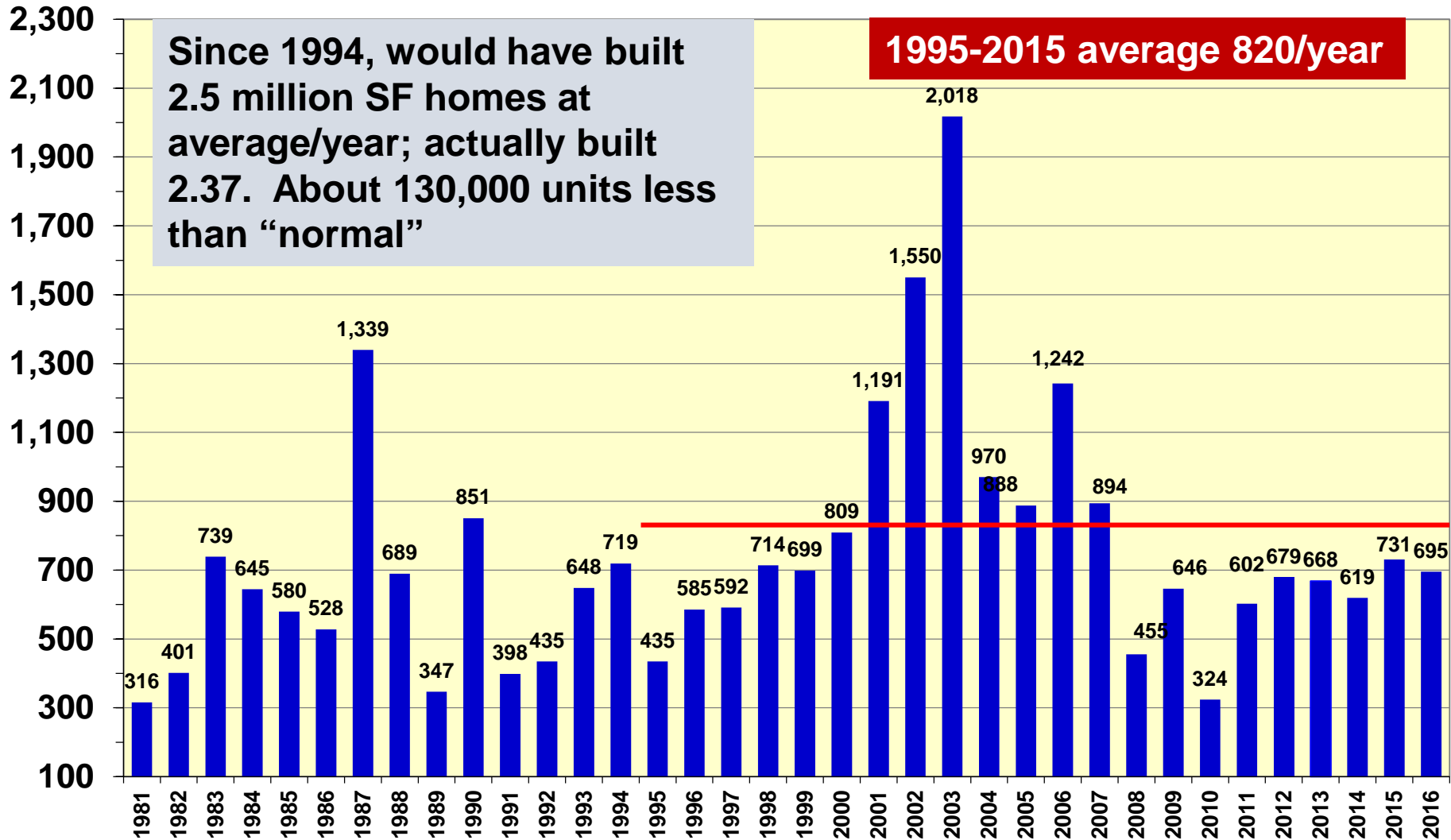


Texas SF Building Permits



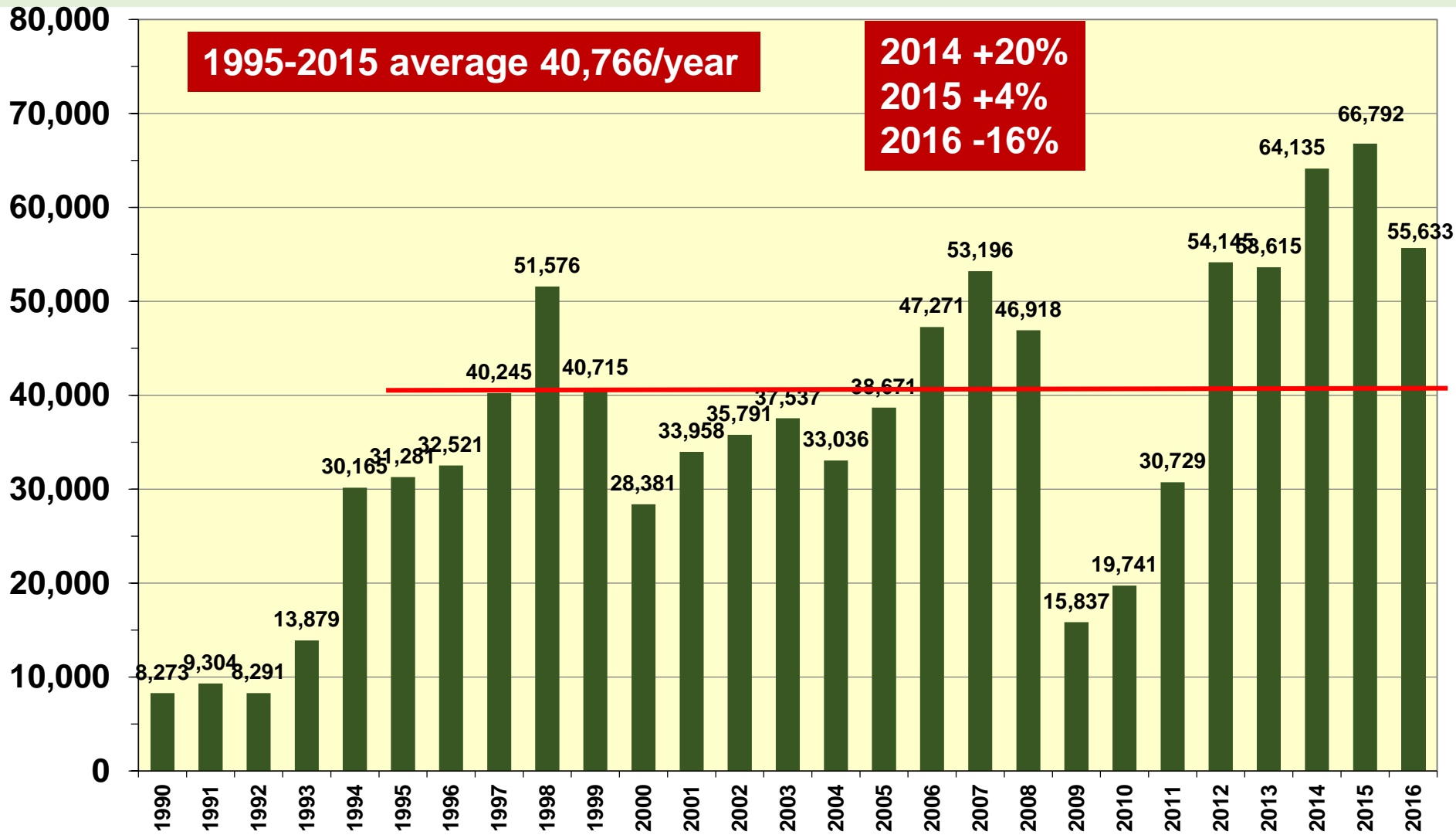
Source: US Census Bureau, Real Estate Center at Texas A&M

Texas SF Building Permits per 1,000 New Households



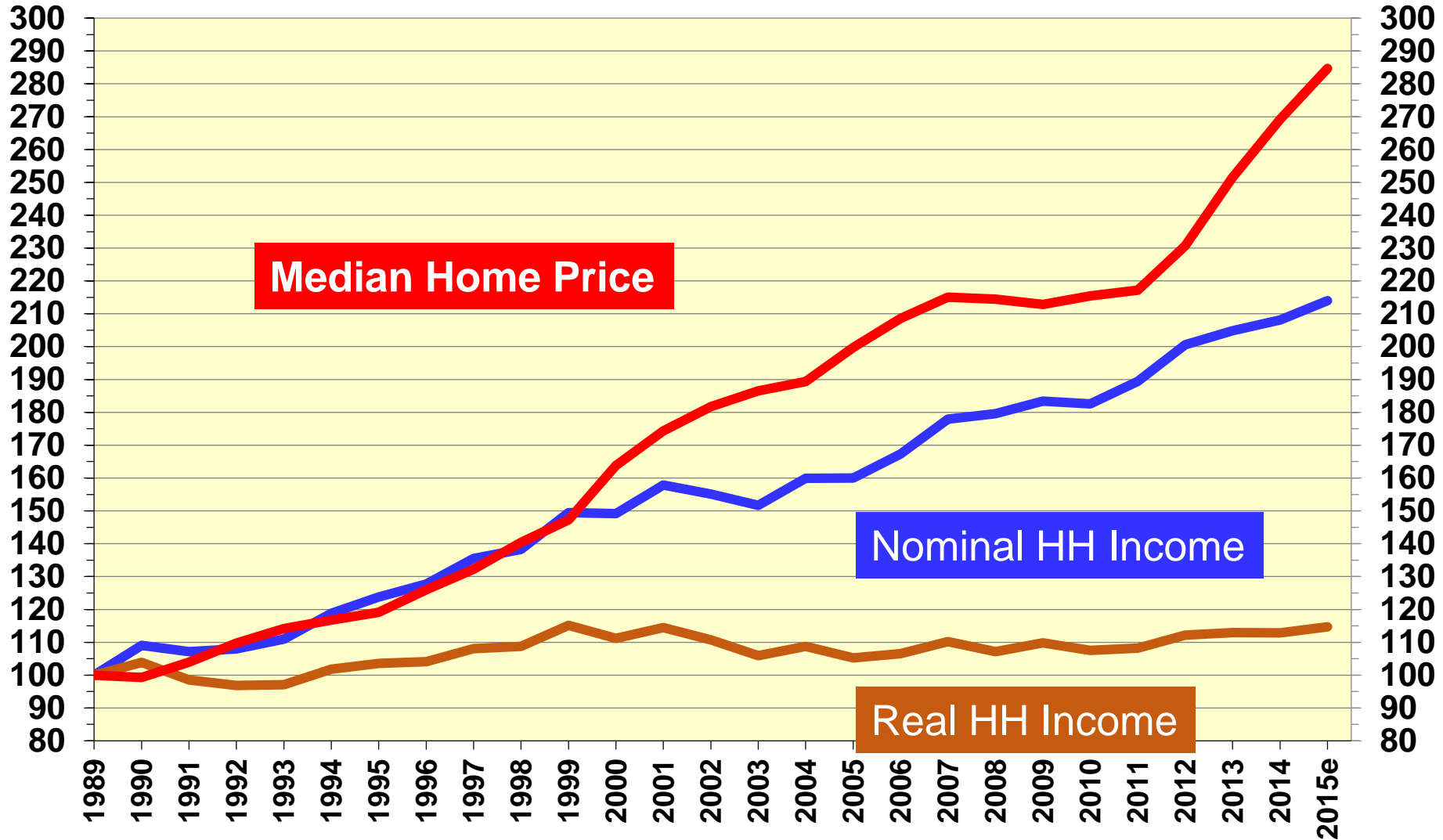
Source: US Census Bureau, Real Estate Center at Texas A&M

Texas MF Building Permits: Making Up the Difference?



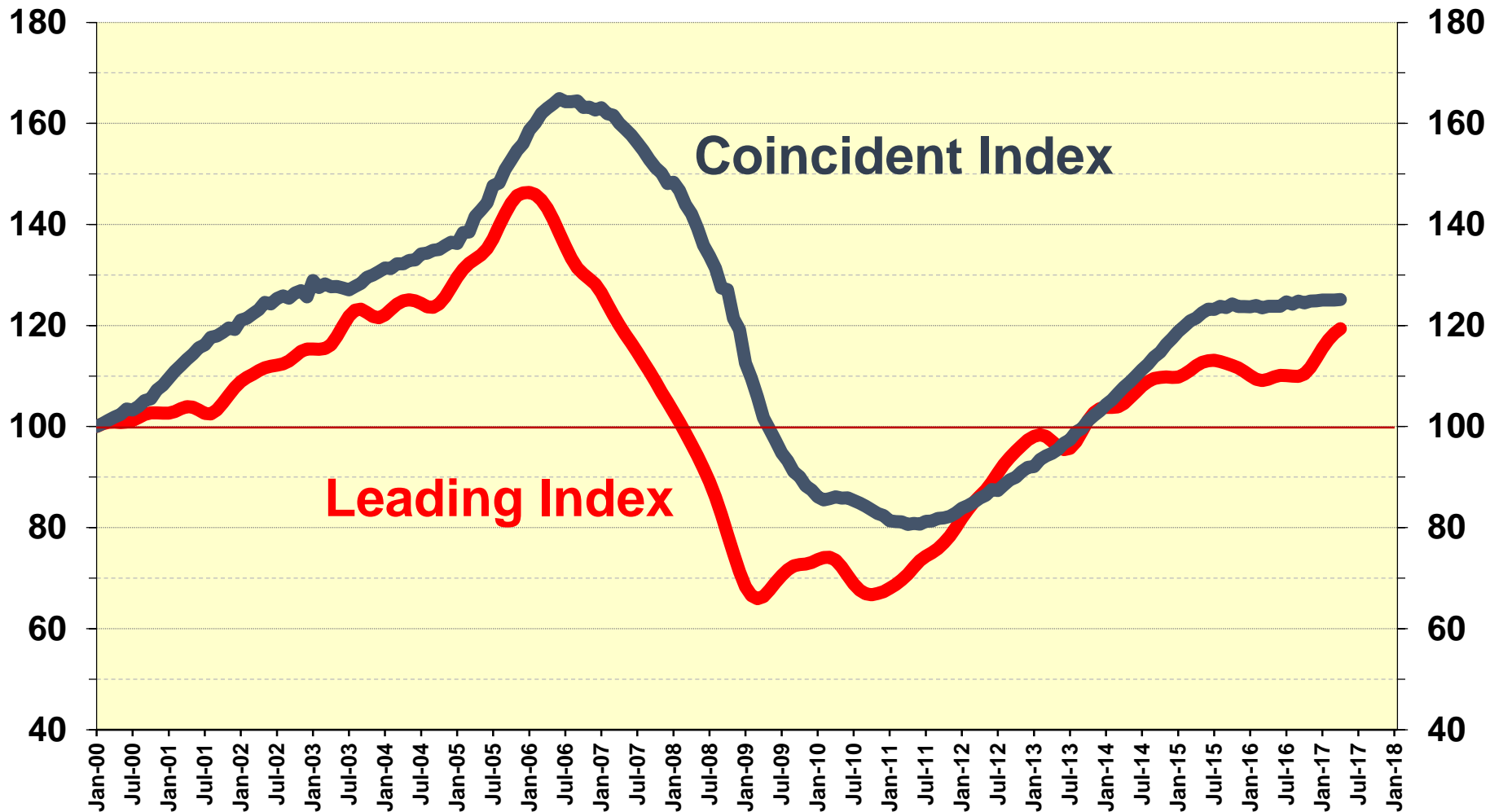
Source: US Census Bureau, Real Estate Center at Texas A&M

Texas Median HH Income & Median Home Price Indexed to 1989



Source: U.S. Census Bureau; Real Estate Center at Texas A&M University

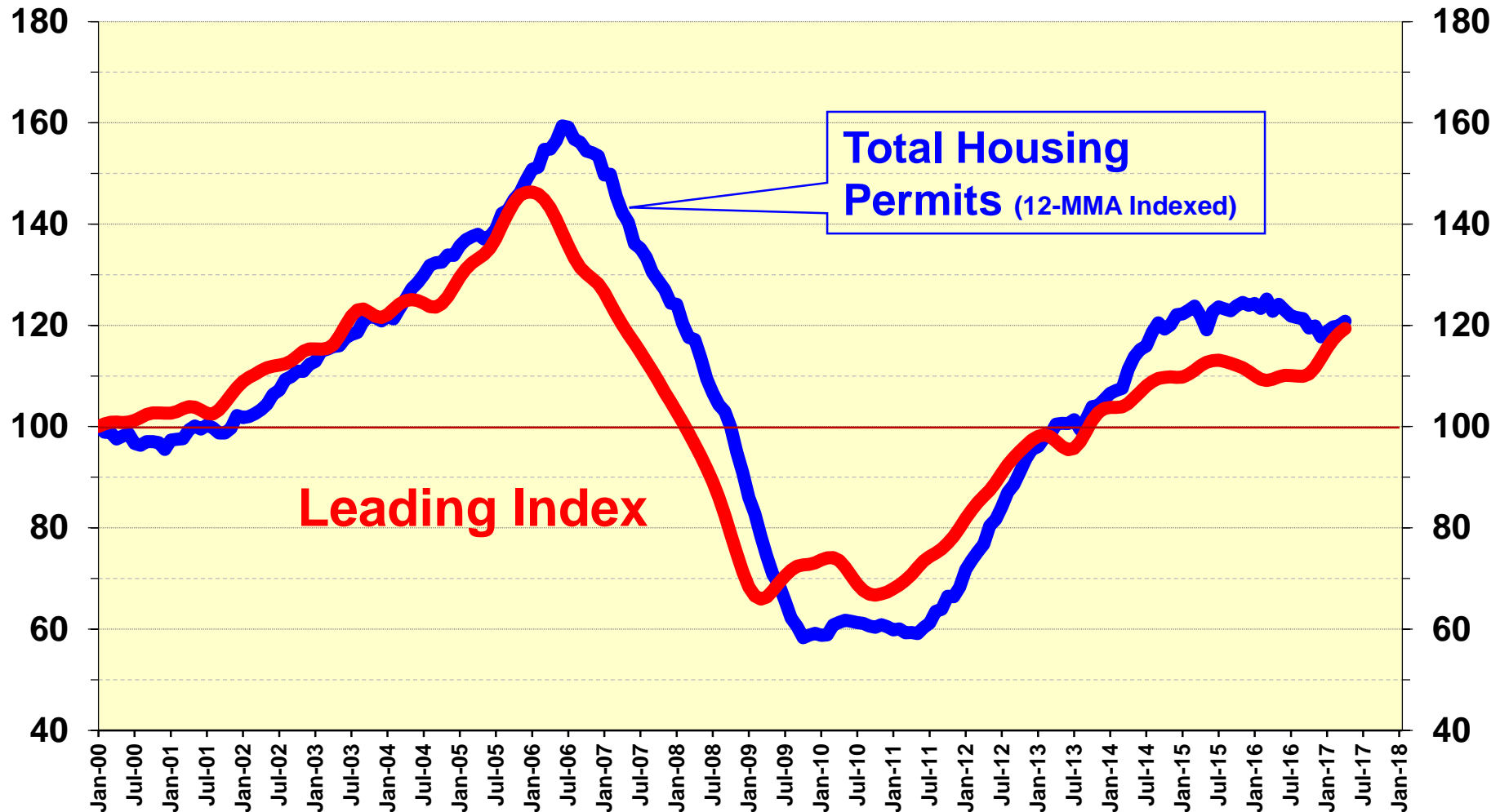
Texas Residential Construction Leading and Coincident Indexes



Source: Real Estate Center at Texas A&M University

Texas Residential Construction Leading Index and Housing Permits

Jan 2000=100



Source: Real Estate Center at Texas A&M University



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