

Houston-The Woodlands-Sugar Land, TX CBSA

Houston is operating in an unstable economic climate due to the energy crises and impacts of COVID-19. It could take at least a couple of quarters for the Houston economy to stabilize. The second quarter of 2020 is expected to show particularly dire results when it comes to unemployment and GDP growth in the region. Houston's economy has a history of going through recurrent shocks, frequently tied to the energy sector or natural disasters. Nonetheless, Houston has an aptitude for resiliency, and usually demonstrates recovery within a relatively short time frame.

Energy firms cut back.

Eleven energy companies recently said they would cut a combined \$18.6 billion from their budgets as oil prices remain near 20-year lows. That sets the stage for tens of thousands of layoffs – many to occur in Houston.

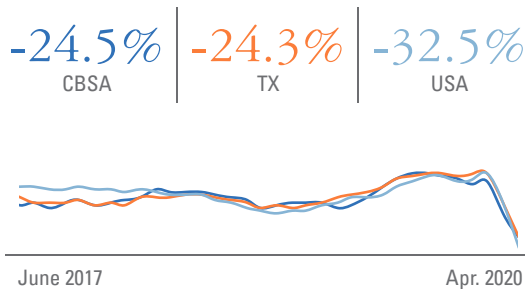
Apartment construction ramps up.

In the Houston region, nearly 23,500 apartment units are under construction and occupancy rates are hovering around 90%. However, the development pipeline will likely slow due to economic blowback from COVID-19.

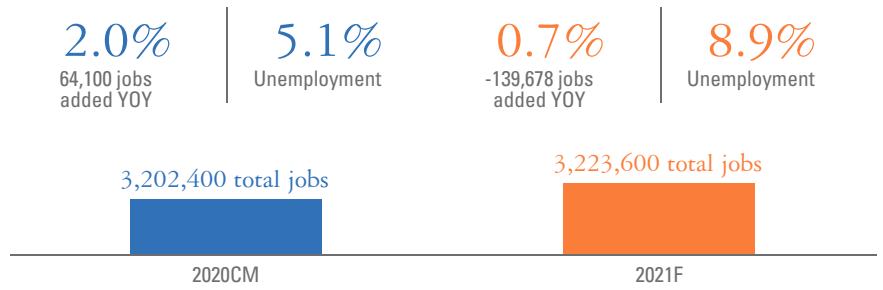
Major projects on tap.

In the Texas Medical Center, the Texas A&M University System is planning a \$550 million complex and the new five-million-square-foot TMC3 biomedical research campus is expected to break ground this year.

NEW HOME PSI *year over year*



EMPLOYMENT SUMMARY

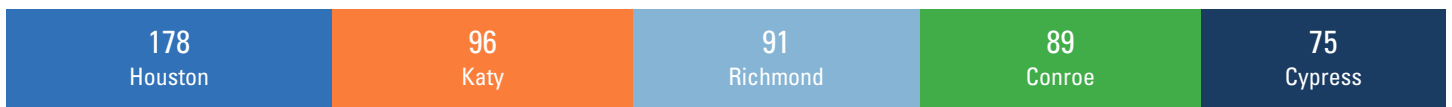


SUPPLY

TYPE	PROJECTS	REMAINING UNITS	PERMITS	YOY CHANGE	PEAK PERMITS
Single-Family	1139	44,453	41,475	6.5%	55,159
Multifamily	119	3,554	21,575	2.6%	44,567
Totals:	1258	48,007	63,050	9.1%	99,726

TOP CITIES

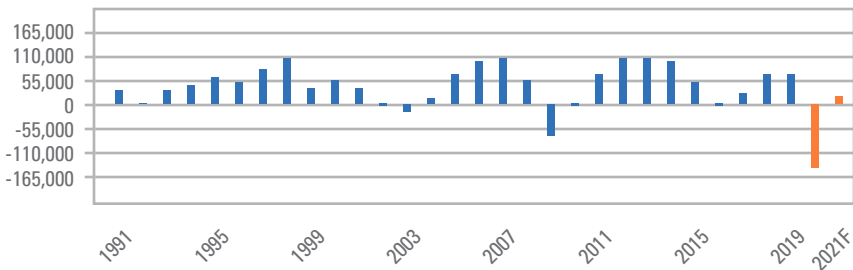
Active New Home Projects



JOB GROWTH *year over year*

■ *Mar. 2020 Job Growth:* ■ *2020 Job Forecast:*

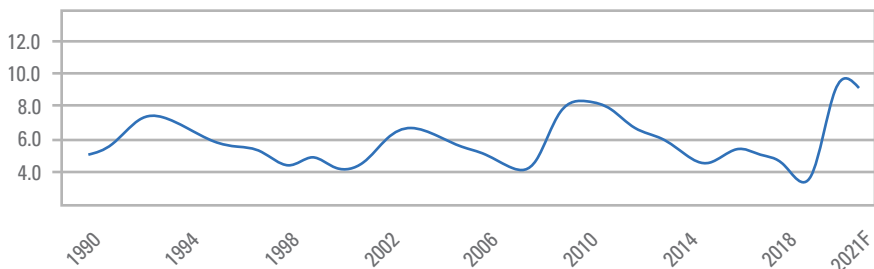
64,100 new jobs **-139,678** new jobs



UNEMPLOYMENT RATE

■ *Mar. 2020 Unemployment:* ■ *Moody's Analytic 2020 Forecast:*

5.1% ↑ **8.9%** ↑



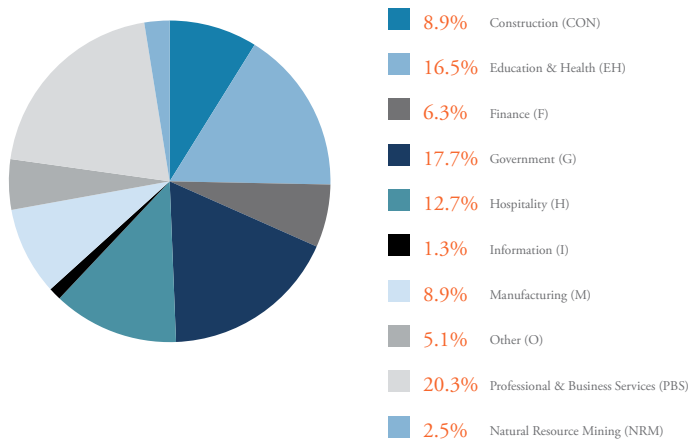
Summary

Total nonfarm employment in the Houston-The Woodlands-Sugar Land, TX metropolitan statistical area increased 2.0% from the same period last year to 3,202,400 payrolls in March 2020. There are approximately 64,100 more jobs than March of last year. The local unemployment rate increased to 5.1% in March 2020 compared to 3.8% in the previous month. March's jobless rate is higher than it was this time last year when it stood at 3.8%. Forecasts from Moody's Analytics show that the region's unemployment rate will finish the year at 8.9%.

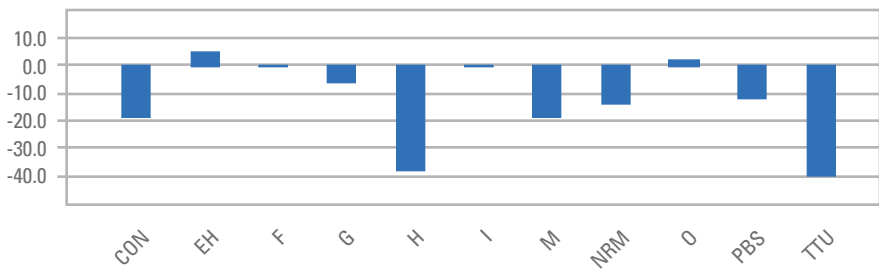
Key Highlights

- With no signs of a rebound in clear sight, oil analysts are bracing for a potential repeat of the 2014 oil bust, which sent oil prices falling more than 70% to less than \$30 a barrel. Houston-based NexTier Oilfield Services has reported the highest number of layoffs this year. It recently cut 1,041 employees in Texas, a large number of which occurred in Houston.
- Because Houston's office market is heavily tied to the energy sector, office vacancies remain above 19%. The vacancy rate for Class A buildings was 17% at the end of 2019, the highest since at least 1992. Based on historical analytics, Houston has roughly a 12-year supply of office space. Large blocks of empty space fill skyscrapers from the city center to the suburbs.

EMPLOYMENT BY SECTOR



JOBS BY SECTOR *year over year*



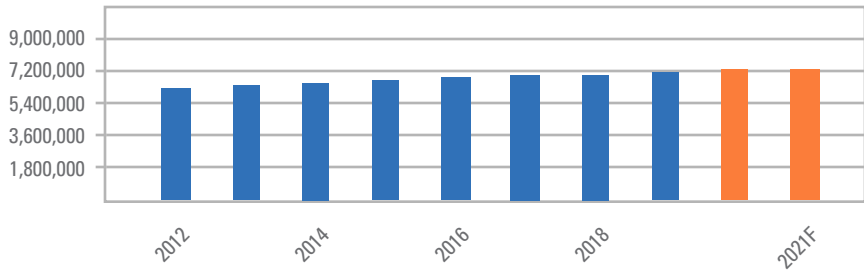
Key Highlights

- In recent years, Houston's industrial market has seen more spec development and build-to-suits of big box distribution centers. Nowhere is this more evident than in the West and Far West submarkets with tenants and users like Igloo, Rooms To Go, Amazon, and Academy, all of whom occupy local distribution centers of at least one million square feet. Further, Ross Stores broke ground recently on a two-million-square-foot distribution facility in West Houston. Other notable industrial projects on tap include Jackson-Shaw's plan to build a four-building industrial business park in northwest Houston and the 540-acre Southwest Int'l Gateway Business Park southwest of Houston.

POPULATION GROWTH

2020E Population Growth:

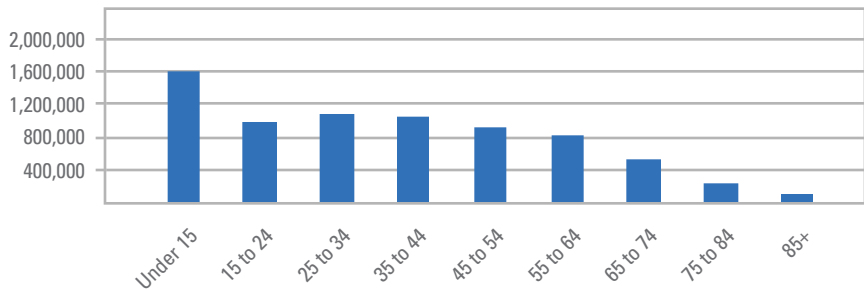
1.3%



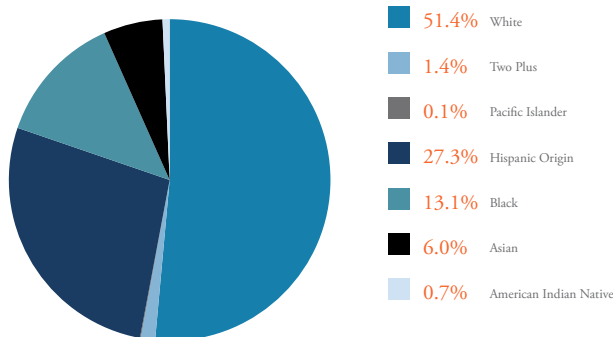
POPULATION BY AGE

2020 Median Age:

34 year 7 month



ETHNICITY



Summary

The current population for the Houston-The Woodlands-Sugar Land, TX metropolitan area is approximately 7,066,000 people. Population in the area is projected to increase by 1.3% in 2020. There are approximately 2,566,000 households in the region which is up 1.6% year-over-year. Forecasts show that current households formation is expected to increase by an annual growth rate of 0.9% for 2021. Median current household income in the area increased 2.0% from the previous year to \$66,712. Incomes are forecasted to increase 1.4% from the previous year to \$67,615.

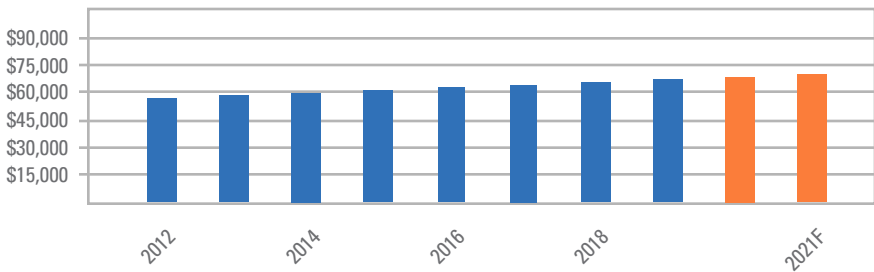
Key Highlights

- According to the U.S. Census Bureau, the Houston area added 1,145,654 residents, the second highest total among U.S. metros. Houston stills holds the No. 5 position on the list of the largest U.S. metro areas.

HOUSEHOLD INCOME

2020E Median Household Income:

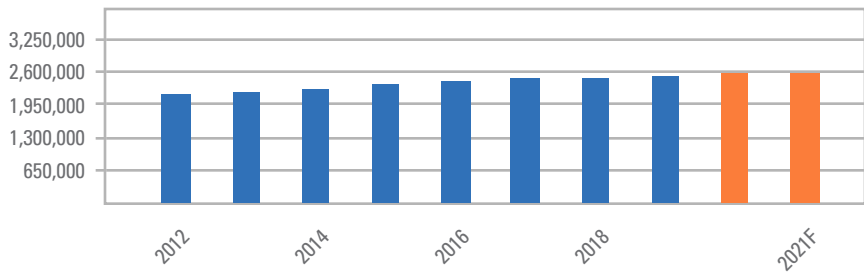
\$67,615



HOUSEHOLD GROWTH

2020E Household Growth:

1.6%



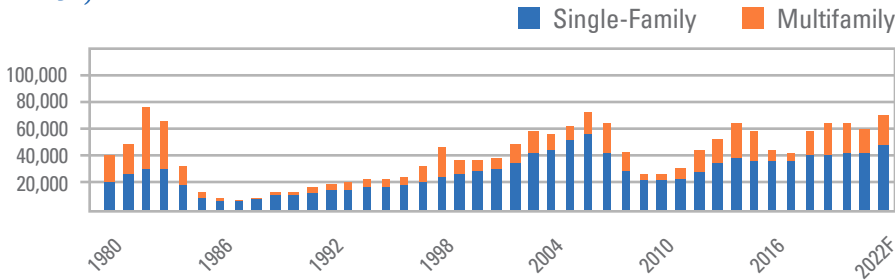
Key Highlights

- Houston's anticipated population growth and demand for e-commerce-related services will keep the need for housing, industrial warehouse, and logistics services strong, according to Texas A&M Real Estate Center Chief Economist Jim Gaines. "The millennials and Gen Z, the 0-40s right now, is huge. It's well over 50% of the population, and this is the age group that is looking for housing and is evolving and growing," Gaines said during a Bisnow webinar April 28. "[It] provides our labor force, provides our demand for housing, and is also going to provide the demand for retail, for restaurants, for all of the other economic engines going on."
- With hundreds of hotels, restaurants and bars closed to the public for most of March and April due to social distancing mandates, sales and hotel-occupancy taxes all but dried up overnight. As a result, the city of Houston's tax-collecting agencies expect to lose up to \$300 million in revenue over the next two fiscal years as a result of the Covid-19 coronavirus pandemic.

PERMITS

2020LTM Total Building Permits:

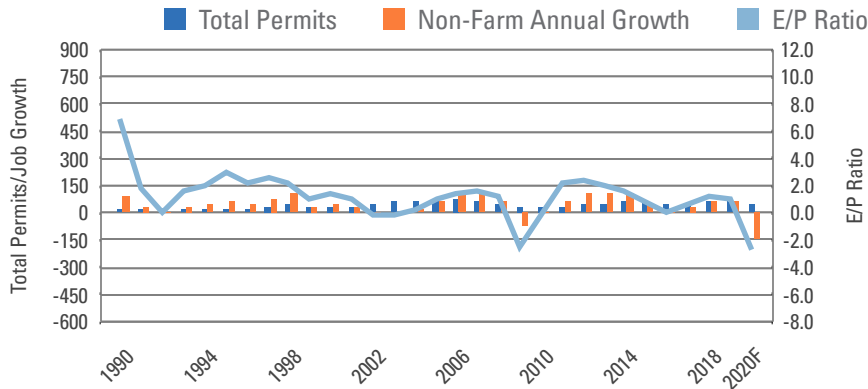
63,050



E/P RATIO

E/P Ratio:

-2.8 ↓



HIGHLIGHTS

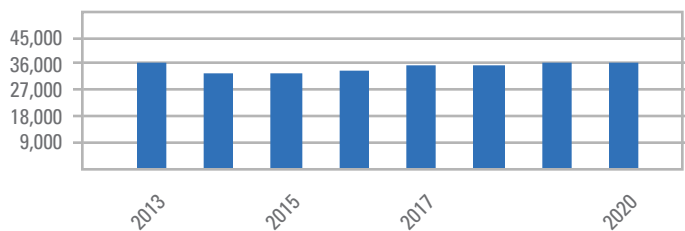
In the Houston-The Woodlands-Sugar Land, TX region, total residential building permit activity increased 5.1% year-over-year to an annualized rate of 63,050 units in March. In the twelve-month period ending March, single-family building permit issuance increased 6.5% to 41,475 units while multifamily permit issuance increased 2.6% to 21,575 units.

- Trendmaker Homes is spearheading the development of more than 260 single-family homes at the Lakes at Creekside in Tomball. Nearly one-third of the roughly 1,600 homes proposed or under construction in the city of Tomball are concentrated along Hufsmith Road and South Cherry Street. The two-lane, county-owned roadways have seen an uptick in development as new residential communities Grand Junction, Copper Cove, and Cherry Pines have broken ground.
- Land Tejas is embarking on 3,000 new homes a few miles north of I-10 and west of the Grand Parkway in Katy ISD. Land Tejas has also developed four Katy area communities south of I-10.

OF LISTINGS

Mar. 2020 # of Listings:

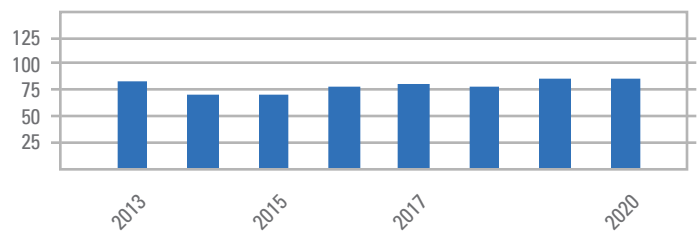
35,436



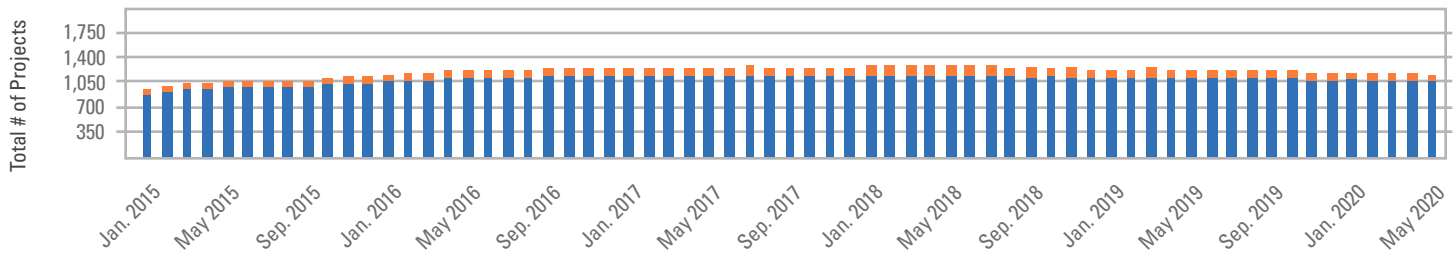
DAYS ON MARKET

Feb. 2020 Days on Market:

85 days



OF ACTIVE PROJECTS

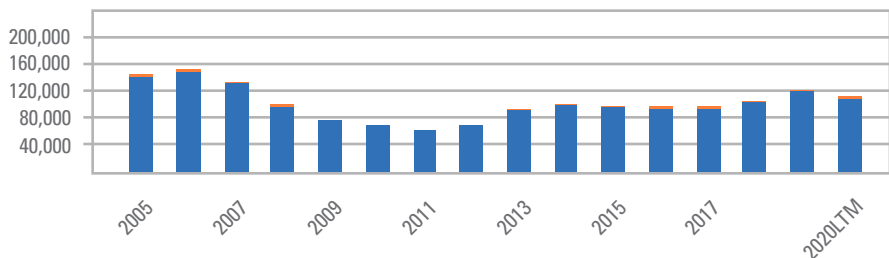


ACTIVE BUILDERS *top 15 results*

RANK	BUILDER	# OF YTD SALES	% MARKET SHARE	# OF PROJECTS	AVG PRICE	AVG SALES
1	D.R. Horton, Inc.	1,014	11.1%	44	\$289,242	5.32
2	Lennar	781	8.6%	83	\$317,636	2.42
3	LGI Homes	558	6.1%	12	\$241,185	9.26
4	Perry Homes	460	5.1%	65	\$391,207	1.69
5	K. Hovnanian Homes	356	3.9%	37	\$307,948	2.08
6	Meritage Homes	347	3.8%	30	\$372,902	2.84
7	Legend Homes	344	3.8%	22	\$281,638	2.78
8	David Weekley Homes	328	3.6%	43	\$361,592	1.62
9	PulteGroup Inc.	317	3.5%	18	\$279,671	5.57
10	Long Lake Ltd.	308	3.4%	30	\$246,899	3.13
11	Taylor Morrison	306	3.4%	55	\$467,591	1.32
12	MHI McGuyer Homebuilders	243	2.7%	50	\$399,364	1.36
13	Gehan Homes	228	2.5%	34	\$260,796	1.68
14	Westin Homes	218	2.4%	44	\$364,896	1.33
15	KB Home	213	2.3%	21	\$243,916	3.81

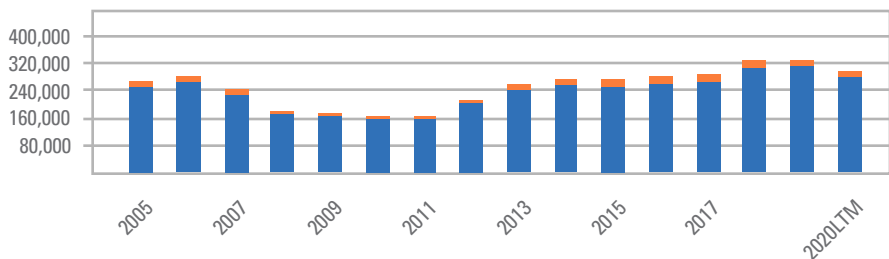
NEW HOME MARKET ANNUALIZED

<i>Change from 2019</i>	<i>16-year Historical Average:</i>	
-7.8% ↓	105,857 sales	
<i>Total Home Closings:</i>	■ Apr. 2020 Detached:	■ Apr. 2020 Attached:
111,105	109,535	1,570



EXISTING HOME MARKET ANNUALIZED

<i>Change from 2019:</i>	<i>16-year Historical Average:</i>	
-9.8% ↓	273,307 sales	
<i>Total Home Closings:</i>	■ Apr. 2020 Detached:	■ Apr. 2020 Attached:
298,781	281,863	16,918



Summary

New home closings in the Houston-The Woodlands-Sugar Land, TX metropolitan area experienced a 7.8% year-over-year decrease to an annualized rate of 113,392 units in April. Of those home closings over the past 12 months, 1,570 were attached closings and 109,535 were detached closings. Existing home closings for the same period posted a year-over-year loss of 9.8% to an annualized rate of 317,094 units. Of those home closings over the past 12 months, 16,918 were attached and 281,863 were detached.

Key Highlights

- Condo and townhomes rose by 6% year-over-year in March to 651. Single-family home sales totaled 7,566 in March, up 8.2% versus last March and the ninth consecutive month of positive sales. Montgomery County (The Woodlands, Conroe, Magnolia) accounts for 15% of all new single family home sales in the Houston Region.

NEW HOME

NEW DETACHED MEDIAN HOME PRICE

Change from 2019:

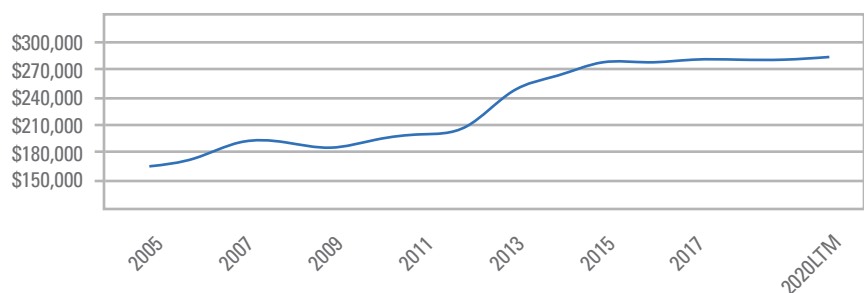
N/A

16-year Historical Average:

\$234,068

■ Apr. 2020 Median Detached Closing Home Price:

\$282,863



NEW ATTACHED MEDIAN HOME PRICE

Change from 2019:

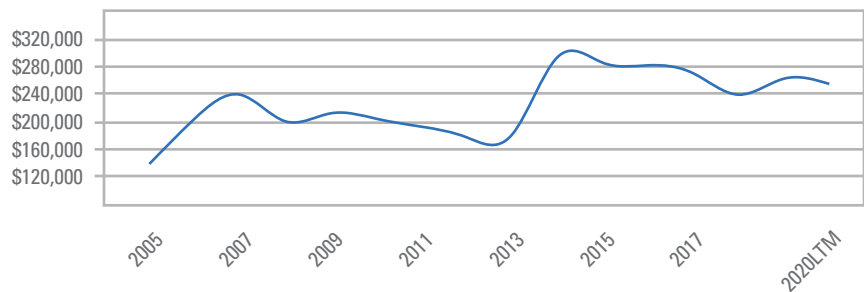
N/A

16-year Historical Average:

\$228,148

■ Apr. 2020 Median Attached Closing Home Price:

\$254,986



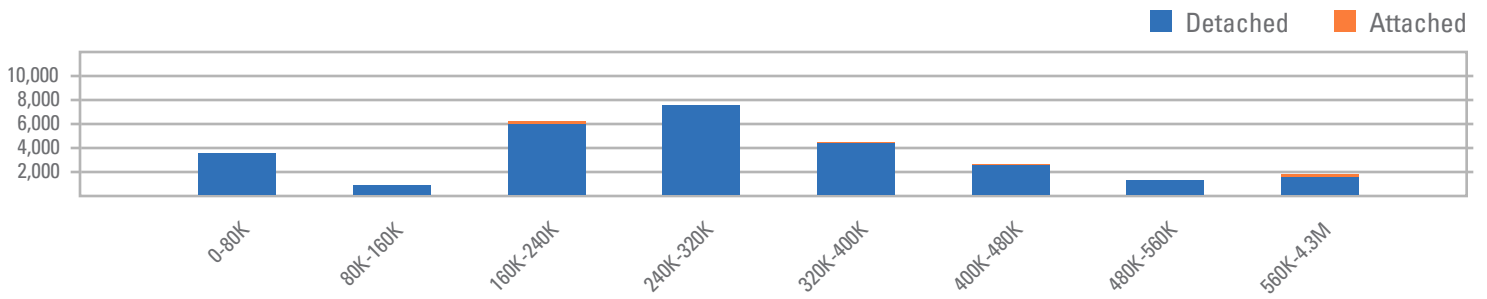
Summary

Homes priced between \$240,000 and \$320,000 experienced the most closing activity over the past year. The new home affordability ratio for a detached home reached 56.5% in January.

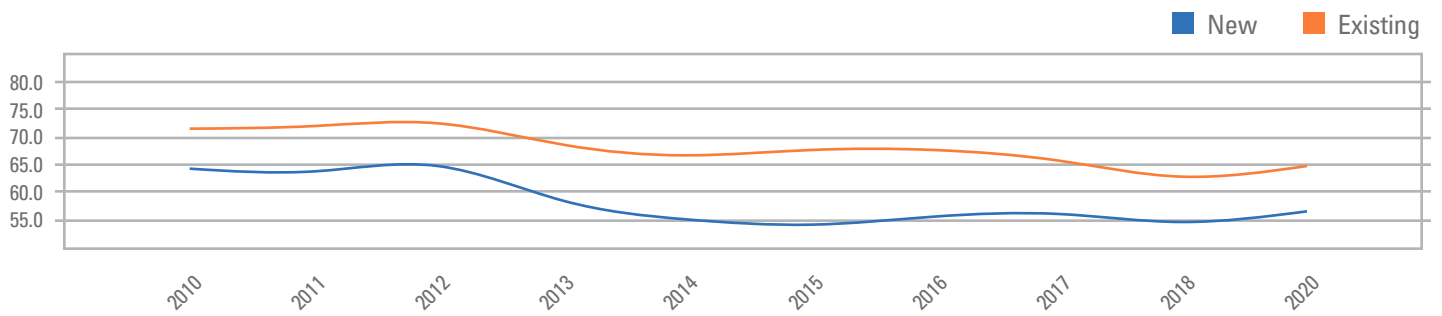
Key Highlights

- Through the COVID-19 outbreak, we have noticed a significant decline in Houston homes valued above the \$450,000 threshold. However, townhome communities in suburban areas of Houston are performing well. D.R. Horton recently closed out two Houston townhome projects totaling 187 units with prices ranging between \$210,000-\$240,000.
- MHI Homes is selling new single-family homes ranging from \$265,990 to \$365,990 in the Meridiana master-planned community in Brazoria County. Homes in the Houston region that are built by MHI Homes sell for an average of \$315,520.
- Westin Homes is offering units in the Tuscan Lakes community located in League City. New home prices range from \$323,546 to \$549,740. Homes in the Houston region that are built by Westin sell for an average of \$406,902.

NEW HOME CLOSINGS BY PRICE RANGE



DETACHED AFFORDABILITY



EXISTING HOME

EXISTING DETACHED MEDIAN HOME PRICE

Change from 2019:

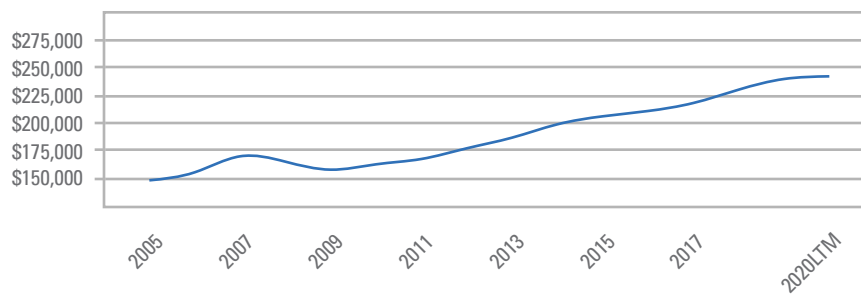
N/A

16-year Historical Average:

\$191,606

■ Apr. 2020 Median Detached Closing Home Price:

\$242,378



EXISTING ATTACHED MEDIAN HOME PRICE

Change from 2019:

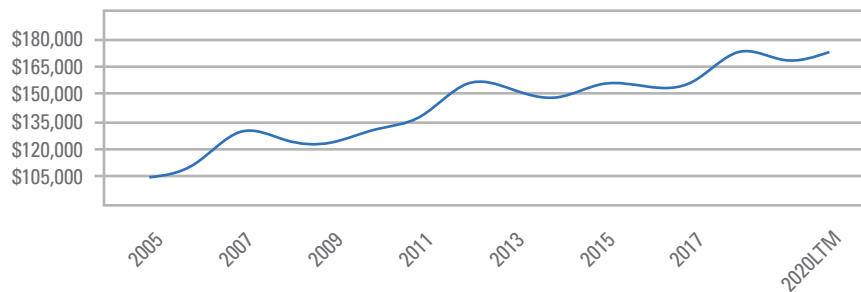
N/A

16-year Historical Average:

\$144,449

■ Apr. 2020 Median Attached Closing Home Price:

N/A



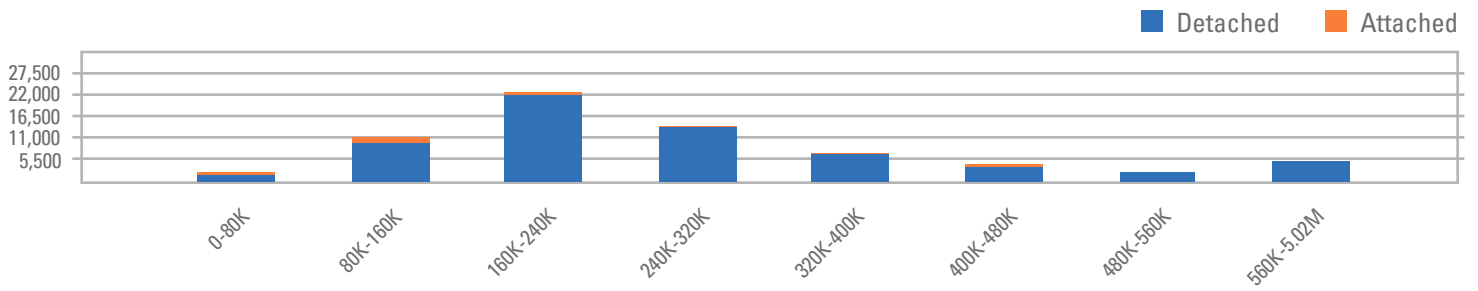
Summary

Homes priced between \$160,000 and \$240,000 experienced the most activity over the past year. The existing home affordability ratio reached 64.7% in January.

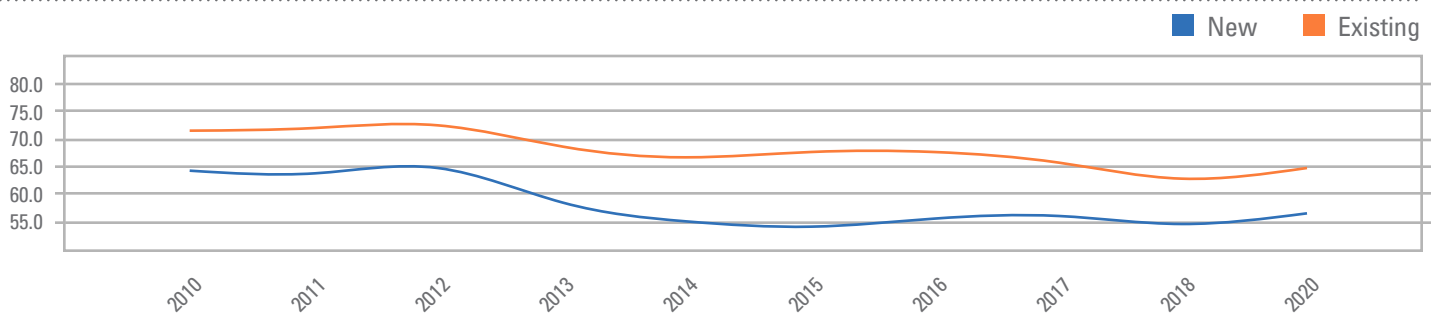
Key Highlights

- The average single-family home price in Houston totaled \$238,000 in March. That represented a 3% year-over-year increase.
- The city of Houston has the best home values in the nation, according to a new report by The Zebra. In the city, a buyer could purchase a home for a median of \$239,900 last year.

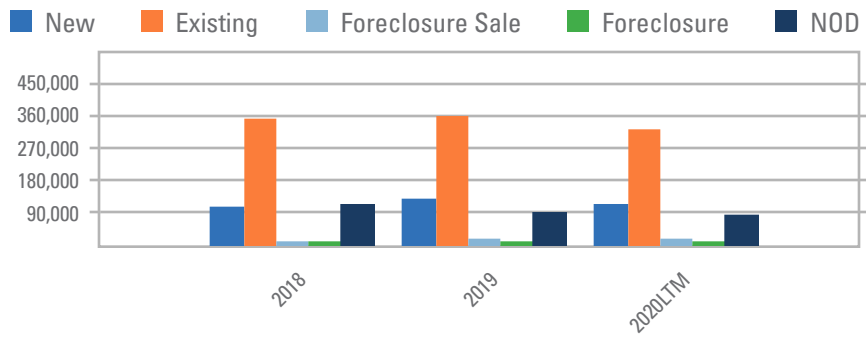
EXISTING CLOSINGS BY PRICE RANGE



DETACHED AFFORDABILITY



HOUSING TRANSACTION VOLUME BY TYPE

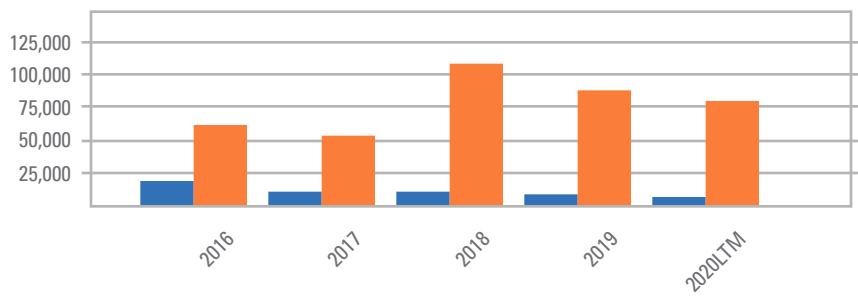


NOTICE OF DEFAULT & FORECLOSURE

■ *Apr. 2020 Total Foreclosures:* ■ *Apr. 2020 Notices of Default:*

5,678

78,253



Summary

Foreclosures in the Houston-The Woodlands-Sugar Land, TX area have declined over the past year. There were 78,253 notices of default sent out in the region in the twelve-month period ending April which is a 14% decrease year-over-year. The region experienced 17 foreclosures in April. Over the past twelve months, there have been 5,678 foreclosures in the area which is lower than it was this time last year.

Key Highlights

- In March, 1 in every 2,182 homes in the Houston metro area were in some stage of foreclosure. The 77044 zip code, which encompasses the Summerwood area, had the highest foreclosure rate. One in every 426 homes in 77044 were in some stage of foreclosure during March.

ECONOMY

	2017	2018	2019	1 YR AGO	APR. 2020	% CHANGE
Job Growth (12-Month)	27,760	67,660	69,000	72,000	64,100	-11.0% ↓
Unemployment Rate	5	4.3	3.8	3.8	5.1	-

COMMUNITY

Median Age	-	-	-	-	34.6	-
Median Household Income	74,742	75,977	77,213	78,448	79,683	1.6% ↑

SUPPLY

# of Listings	34,679	35,090	35,991	35,901	35,436	-1.3% ↓
Days on Market	80	76	84	-	-	-
E/P Ratio	0.7	1.2	1.1	1.1	-2.8	-350.0% ↓
Total Permits	42,395	57,478	63,672	59,976	63,050	5.1% ↑

SALES

Attached Existing	18,342	19,612	18,635	19,034	16,918	-11.1% ↓
Attached New	1,352	1,426	1,568	1,401	1,570	12.1% ↑
Detached Existing	268,221	307,614	311,051	304,576	281,863	-7.5% ↓
Detached New	94,097	104,213	119,830	109,429	109,535	0.1% ↑
Total Investor Sales	6,537	7,644	6,263	7,600	5,191	-31.7% ↓

\$ PRICES

	2017	2018	2019	1 YR AGO	APR. 2020	% CHANGE
Affordability (%)	65.5	62.6	-	62	-	-
Attached Existing Median	\$157,000	\$172,187	\$168,513	-	\$172,187	-
Attached New Median	\$267,950	\$238,055	\$260,151	-	\$254,986	-
Detached Existing Median	\$219,250	\$231,250	\$240,125	-	\$242,378	-
Detached New Median	\$279,765	\$281,250	\$282,250	-	\$282,863	-

↘ DISTRESS

Foreclosures	8,266	8,865	7,560	9,319	5,678	-39.1% ↓
Notices of Default	52,092	108,208	87,882	90,856	78,253	-13.9% ↓

*Current year over year job growth and unemployment rate are as of Mar. 2020.

DEFINITIONS AND METHODOLOGY

All information presented involved the assembly of data sources that we consider to be reliable, including the Bureau of Labor Statistics, CBRE- EA, Great Schools, Moody's Analytics, Neustar, Public Record Data, U.S. Bureau of the Census, Zillow, various regional Multiple Listing Service providers, Meyers Research and Zonda. We do not guarantee any data accuracy as all information is subject to human errors, omissions, and/or changes.

Abbreviations

AVG - Average	L3M - Last 3 Months
C - Current	LTM - Last 12 Months
CBSA - Core Based Statistical Area	P - Partial
CHG - Change	PSI - Pending Sales Index
CM - Current Month	YTD - Year To Date
E - Estimated	YOY - Year Over Year
F - Forecast	

New Home PSI is built on new home contract data that covers 60% of the production new home market across the United States. The New Home PSI blends the cumulative sales of actively and recently sold out projects with the average sales rate per community, which adjusts for fluctuations in supply. Furthermore, the New Home PSI is adjusted based on each market's specific seasonality, removes outliers, and uses June 2016 as the base month.

ABOUT US



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Get More Out Of Services

Understand segmentation needs of your market.

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