



HOUSTON LAND AND HOUSING FORECAST 10-11-17

Speakers: Patrick Jankowski- Economist, Greater Houston Partnership; Kirk Laguarta and Duane Heckmann- Land Advisors; Jeff Lindner-Harris County Flood Control

Takeaway: Houston's economy continues to steadily grow, and Harvey will only be a momentary setback in different sectors. A positive from Harvey that was recognized and recorded worldwide was the community solidarity evident here as everyone helped everyone else during this catastrophe.

Our Economy

- Rig count fell from 1931 at peak to 1050 now, BUT many rigs are twice as efficient, so drilling rebound is stronger than it looks from this one statistic
- Oil should continue to adjust to supply and demand but should stay bracketed in the \$50-60 range going forward; this will entail some re-hiring in the Oil Patch but reaching nowhere near the last peak
- 2014-2016 we lost about 81,000 higher paying jobs and gained about 83,000 lower paying jobs in hotel, health, education, retail, and financial sectors
- Retail sales continue to steadily rise in Greater Houston; the Purchasing Managers' Index is rising again; employment and job growth are resuming their steady upward trend
- Harvey was the second most severe hurricane ever after Katrina; 122,000 people rescued; 35,000 were in shelters; 300,000 flooded vehicles; 587,000 FEMA claims; 2% of apartments damaged; 8% of single family homes damaged; 25% of refining offline for short period; both airports were closed for 3-4 days

Driving Forces Propelling Houston

- International city
- Energy capital of the world
- Large and diverse economy
- Pro-business environment
- Port of Houston-for fourteen years first port in USA for foreign tonnage (mostly bulk oil and petrochemicals)



- World's largest medical center, first in cancer care
- City has grown from 2.2 million since 1970 and should reach 9.8 million by 2035
- Spirit of Houston is exemplified by the quick private raising of \$350 million for help to Harvey victims

Large Land Transactions

- There have been six large transactions this year (more than 300 acres), a predictor of continued residential growth in the far suburbs - a total of 5,000-21,000 acres of transactions predicted for 2017
- More or less same on track for 2018
- Houston is #2 in the US for new home starts-new lot deliveries in 2017 will be in the 27,000-30,000 range
- From 1997-2016 Houston has averaged 26,500 suburban home sales per year-think: a Cinco Ranch going in every year in Greater Houston
- Builders are reacting to Harvey with higher slabs and other 'beefed up' efforts to mitigate the possibility of rising water entering homes they are building
- Construction material prices will go up for many items due to demand for Harvey repairs

Harvey

- Largest recorded rainfall event in the history of North America-nowhere has ever had four feet of rain in four days
- Water reached rooftops in Hobby Airport area with no proximity to watercourses-the 'streams' were from the sky-thousands of people were on roofs and rescue was difficult since street addresses were under water and night was quickly falling...those rescued were taken to freeway overpasses by small boats and high dump trucks from the City picked them up there and took them to shelters
- Rain totals for five days: 60" Nederland; 56" Friendswood; 54" Bunker Hill; 52" League City
- Harvey covered a very large area with this heavy rain, from Victoria to Port Arthur-unprecedented rainfall
- Harvey dumped enough water to supply the entire US water needs for 26 days or to feed Niagara Falls for 15; we had 68% of our annual rainfall in 4 days
- No way to build defenses to fully protect against a future Harvey; rain fell so long and so heavily that it "piled up" in slow moving waterways around the region

