

# 2014 Midyear Economic Forecast

**San Antonio 2Q14 report and  
2014-15 forecast**

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# 2013 Was a Good Year!

**But don't compare everything to it.....**

- Near record year for San Antonio home resales. Commercial seemed to begin recovery
- 2013 was the year San Antonio felt and saw the recovery
- San Antonio economy is in recovery mode
- More demand than inventory in most channels
- San Antonio residential investment properties as well commercial, retail, industrial at 90+% occupancy
- Milken Institute named San Antonio #12 top performing metro 2013
- San Antonio received 'A+' best cities in the nation for business – Forbes
- San Antonio #2 of 52 largest metros US with the most economic momentum going into 2014



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# 2014 key strengths

- American economy slowly improving
- Texas economy strong. 7 states at prerecession numbers. Texas metros recovery strong
  - San Antonio growing faster than country and similar to state.
  - Tight inventories in all Texas metros and cities.
- Energy and new technology have put US in control of oil/gas production globally  
Texas energy, health and education businesses lead nation
- Federal Reserve comfortable to aim towards ending tapering
- Mortgage and interest rates historically low
  - Mortgage interest rates in the 4-percent range were unheard of until 2010, and rates in the 5-percent range were unknown prior to 2003
  - 1970s, rates hovered in the 7-percent range and spiked up above 9 percent in late 1975, late 1976 and most of 1978
  - In the early 1980s, mortgage interest rates brushed the stratospheric highs of 18 percent and even 19 percent
  - During the 1990s, mortgage interest rates ranged from around 7 percent to roughly 9 percent.. They held at less than 9 percent in 2000, less than 8 percent in 2001 and less than 7 percent in 2003.
- 6+ years of economic negativity, replaced by positive outlook
- Consumers and businesses spending
- Texas sustains economic growth through year into 2015+
- Low inventory – better than the alternative
- Resale / new homes sales continue positive appreciation / sales
- Other real estate channels strong though 2014



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# 2014 Economic Strengths

- Continued low inflation
- Continued real estate appreciation and recovery
- Continued job creation. More people are working, more jobs created
- Job growth averaged 272,000 for the last three months. Dramatic increase. All the gains took place in the private sector. Government employment fell slightly over the year.
- Interest rates will continue at low levels but gradual increase to low 5's. Consumers continue to watch Federal Reserve
- Americans have credit capacity again, lenders lending
- Mortgage market continuing to mature post Dodd-Frank, post QE taper?
- Regulatory uncertainty & political risk continue to fuel business indecision
- National rebound started in 2011, slow progress 2012, 1<sup>st</sup> 8 months 2013
  - San Antonio and other major Texas metros rebound started in 2Q2010
  - Regional real estate and economy show strength 2013, continue through 2014
  - Slow improvement nationally from worst economy in 60+ years
- **Remember 2014 is not 2013**



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# Where are we in the cycle?

- **US – Stabilization** – The Federal Reserve lowers rates, then gradually allows increase, as housing and job growth historically follow. When the rates are at zero, the Federal reserve uses other means, such as quantitative easing (QE) to encourage growth. Mildly effective. As Fed reduce stimulus, rates should rise
- **Texas – Recovery/Expansion** – Supply / demand is in balance, and home / land value appreciation meets or beats inflation
- **Austin – Expansion** – Economic housing formation as well as other real estate channel demand exceeds supply. Housing and real estate appreciation stronger
- **Houston – Expansion** – Economic housing formation as well as other real estate channel demand exceeds supply. Housing and real estate appreciation stronger
- **San Antonio – Recovery** – Demand has picked up, putting pressure on supply
- **Dallas/Fort Worth – Recovery** – Demand has picked up, putting pressure on supply

**All of this is caused by dynamic job growth in Texas.**



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# The welcome surprise of 2013-14

- Home price and strong real estate appreciation
- Significant change in consumers psychology
  - Fear of losing job has decreased dramatically, particularly in Texas. **Labor shortage is a bigger issue**
  - 5+ years of pent up demand for a different home, office expansion. 3 to 5 years of strong employment growth in San Antonio improving and other Texas metros. Move up, move out, or move down
  - Fear of declining home prices largely over across America. Texas received very little of this, and values have improved dramatically the last 18 months
  - Unbelievable low mortgage / bank rates create 'positive leverage'. Return of positive leverage brings back speculators as well as the consumer
  - Equity is looking for undervalued assets
  - Most levels of real estate are suddenly moving forward this year
  - Texas real estate investment heavily desired
- Significant low levels of inventory
  - Low inventory levels across all channels with increased demand = higher prices
  - Increased demand + low inventory + constrained supply = higher prices
  - Homebuilders / developers constrained to respond
    - 18,000+/- developed lots at end of 1Q14, With 8,500+/- starts this year. Higher land, lot and labor prices have pushed the ability to build a \$150K new home to \$180K / \$200K.
    - Office, industrial, retail development have picked up.
  - San Antonio balanced multifamily pipeline
  - Commercial inventory catching up to needs

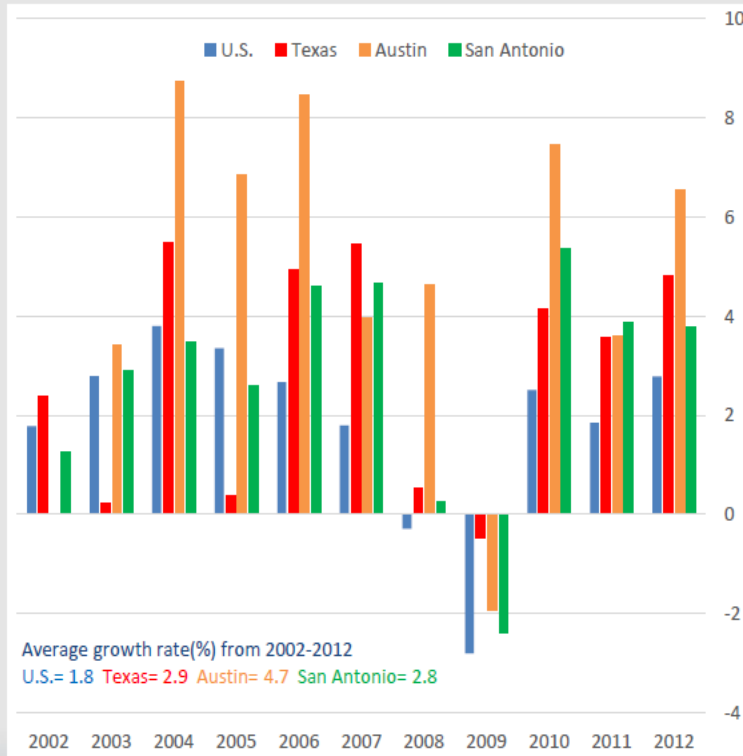


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# San Antonio Shows Economic Strength

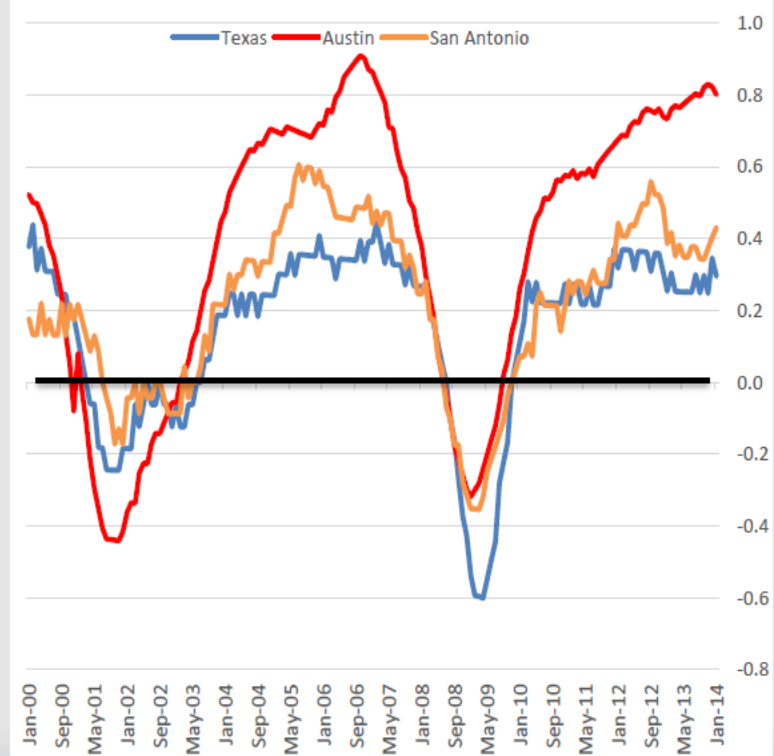
San Antonio growing faster than country and similar to state

**Gross Domestic Product (GDP)**  
(Annual % change)



Source: Bureau of Economic Analysis

**Business-Cycle Index**  
(Monthly % change; s.a.)



s.a./ Seasonally adjusted.

Source: Dallas Federal Reserve



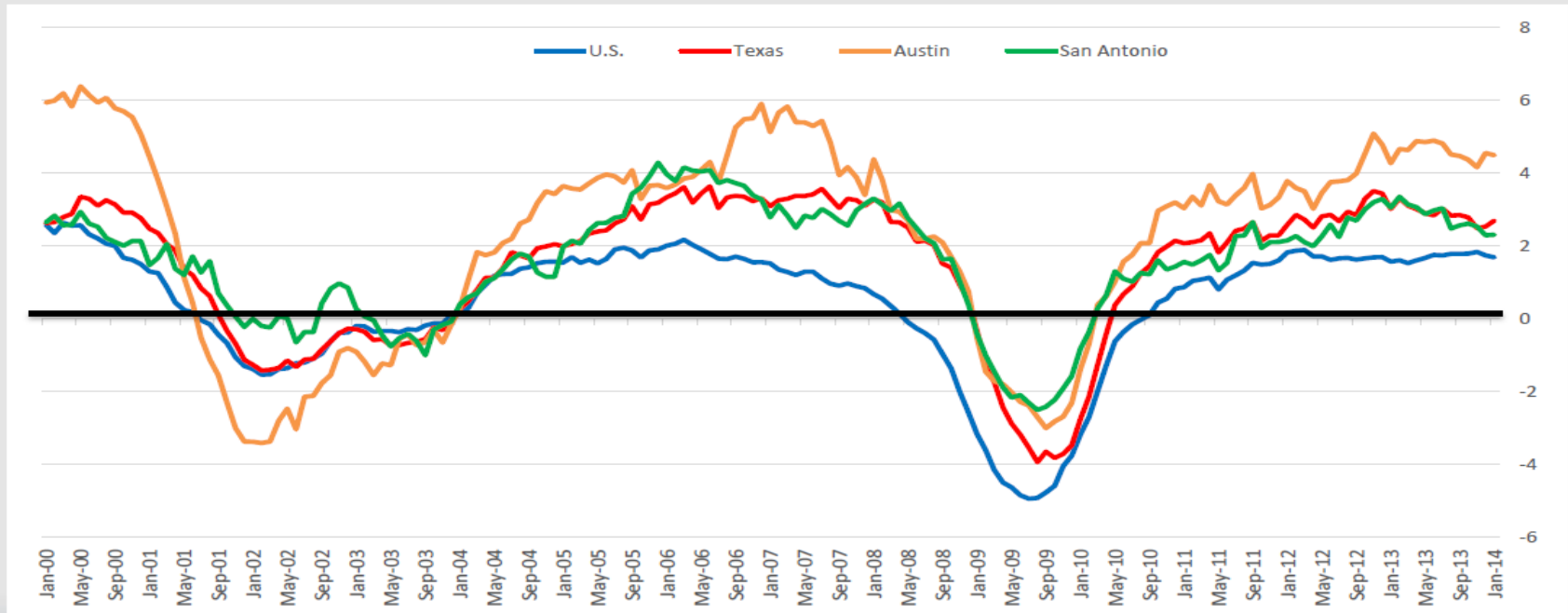
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# San Antonio / Austin Economic Strength

Growth in Austin and San Antonio showing signs of slowing, Texas economy continues to expand at a moderate pace

Nonfarm Employment  
(Annual % change; s.a.)



s.a./ Seasonally adjusted.

Source: Dallas Federal Reserve



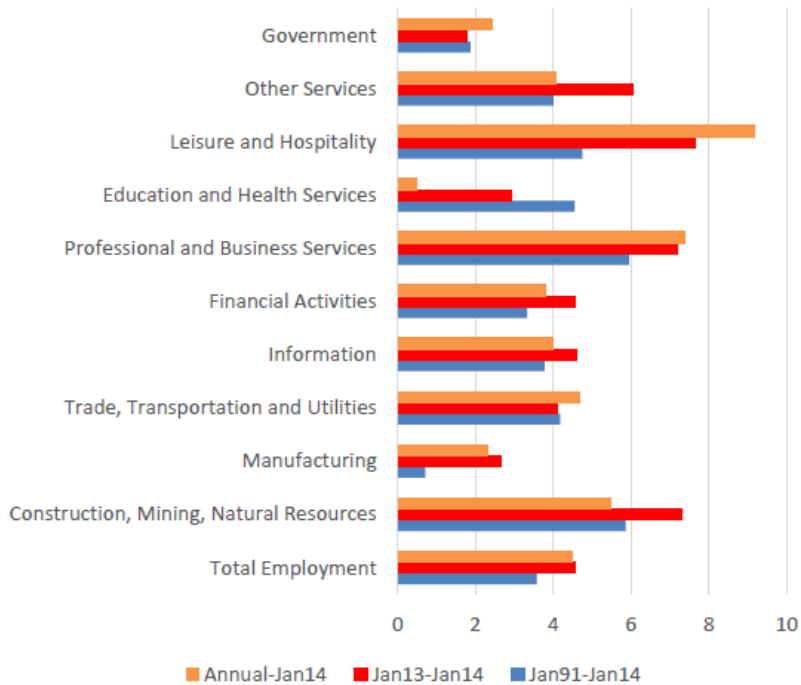
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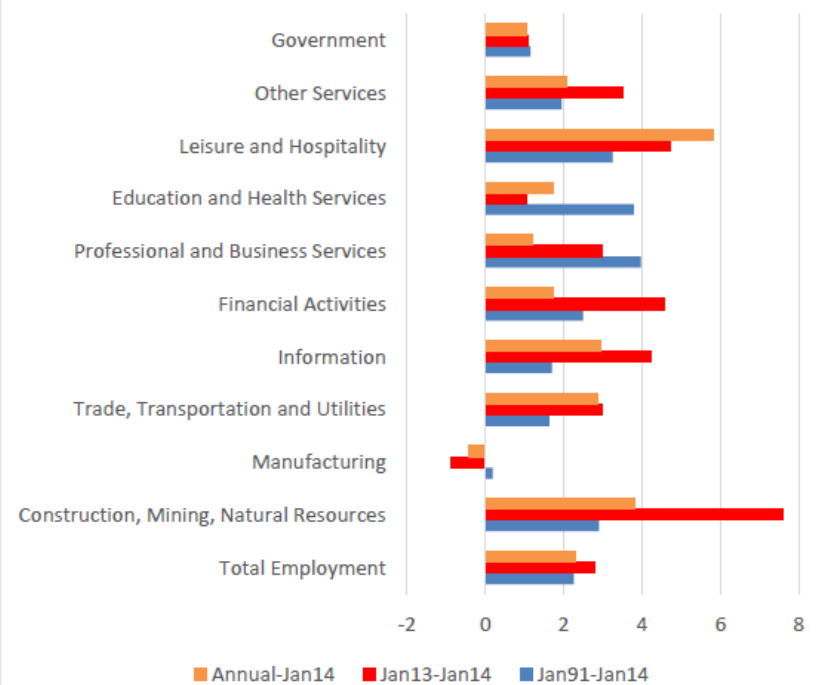
# San Antonio / Austin Sector comparison

**Austin Employment by Industry**  
(Annual % change; s.a.)



s.a./ Seasonally adjusted. Average growth rates from January 1991 to January 2014, January 2013 to 2014, and the annual growth rate for January 2014.  
Source: Dallas Federal Reserve

**San Antonio Employment by Industry**  
(Annual % change; s.a.)



s.a./ Seasonally adjusted. Average growth rates from January 1991 to January 2014, January 2013 to 2014, and the annual growth rate for January 2014.  
Source: Dallas Federal Reserve

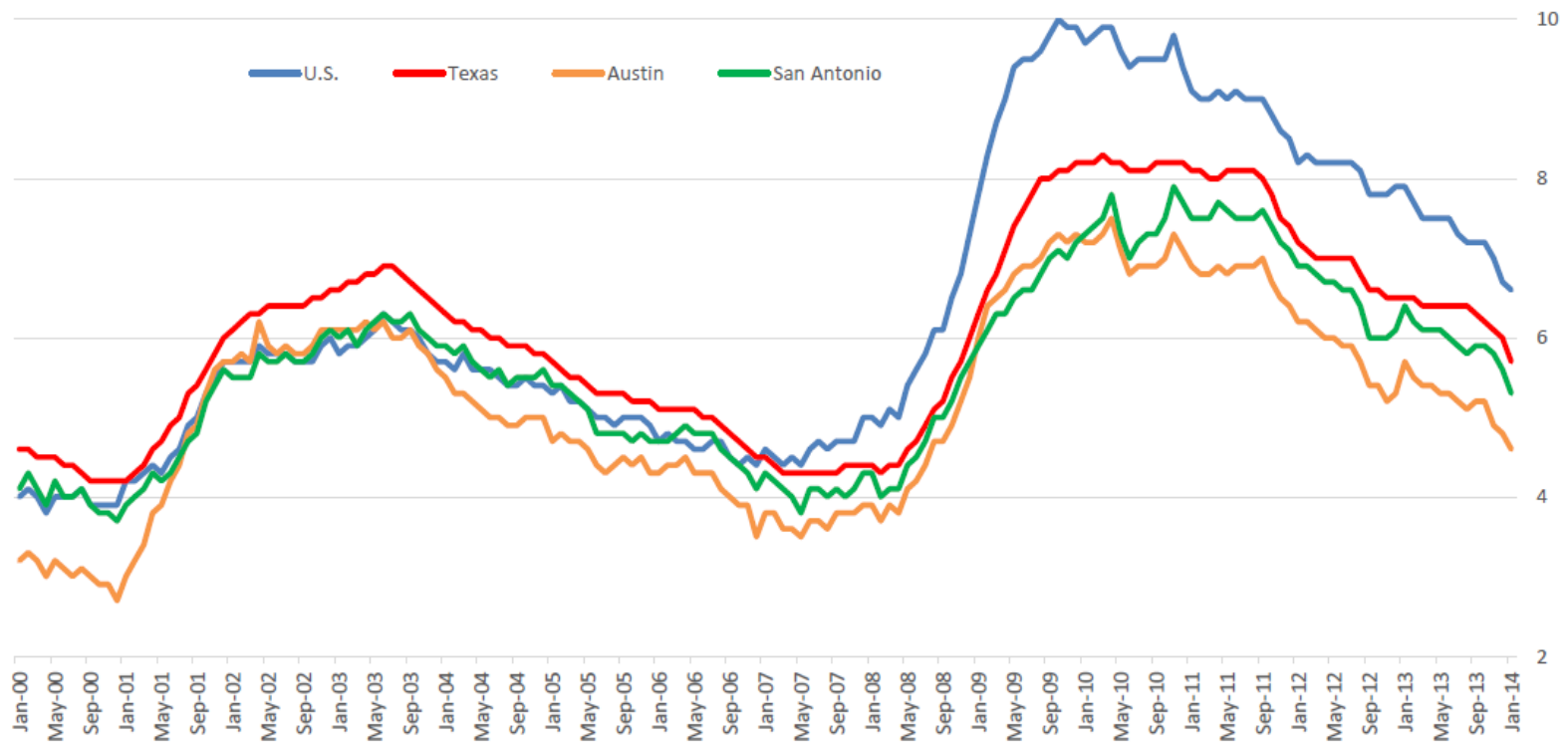


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# San Antonio Employment Growth Continues to be Stronger than US & Texas

Unemployment Rate  
(%; s.a.)



s.a./ Seasonally adjusted.

Source: Dallas Federal Reserve

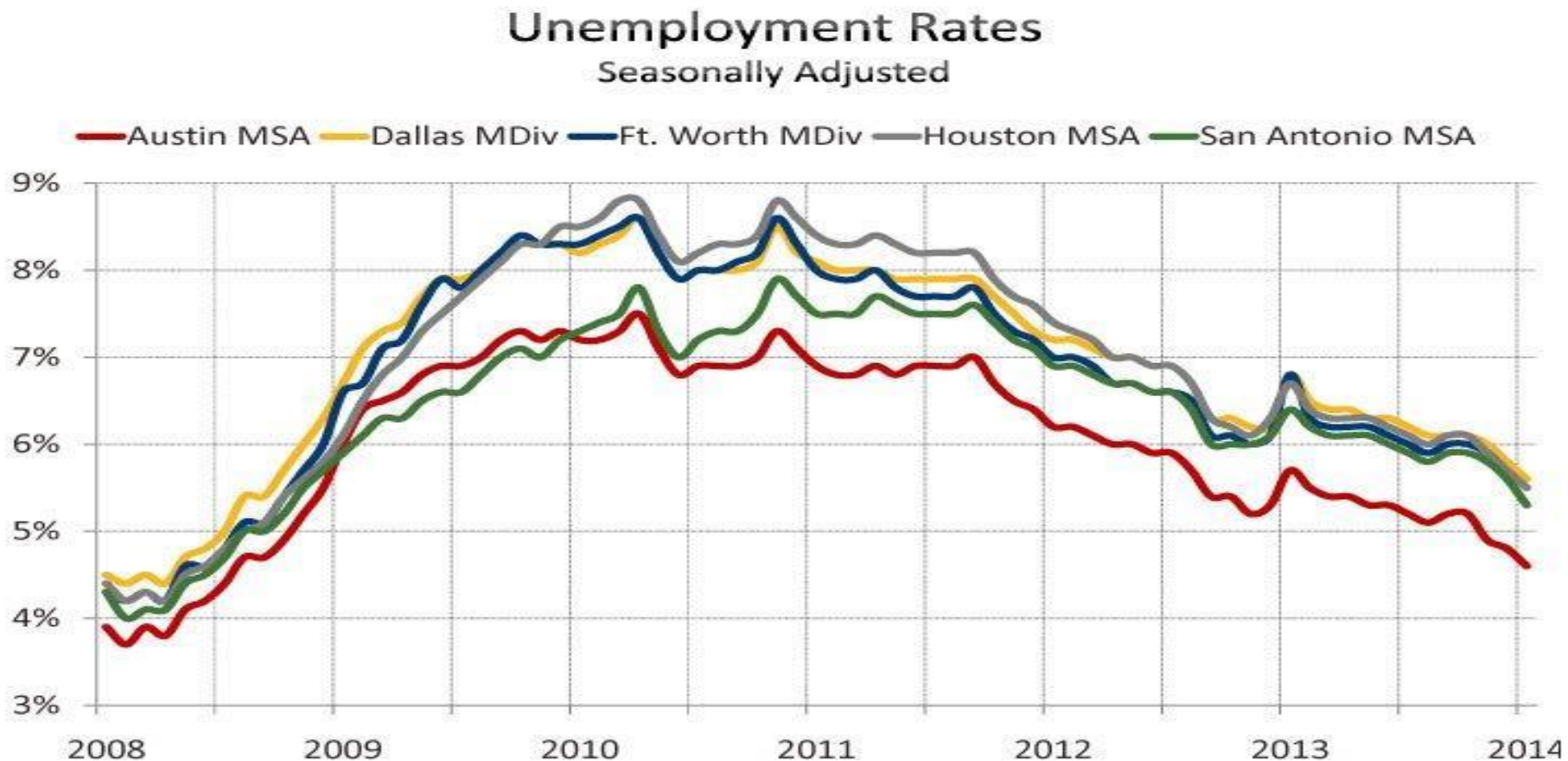


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# Unemployment Rates

## San Antonio vs. Texas Metros



Source: Federal Reserve Bank of Dallas, Local Area Unemployment Statistics (LAUS).

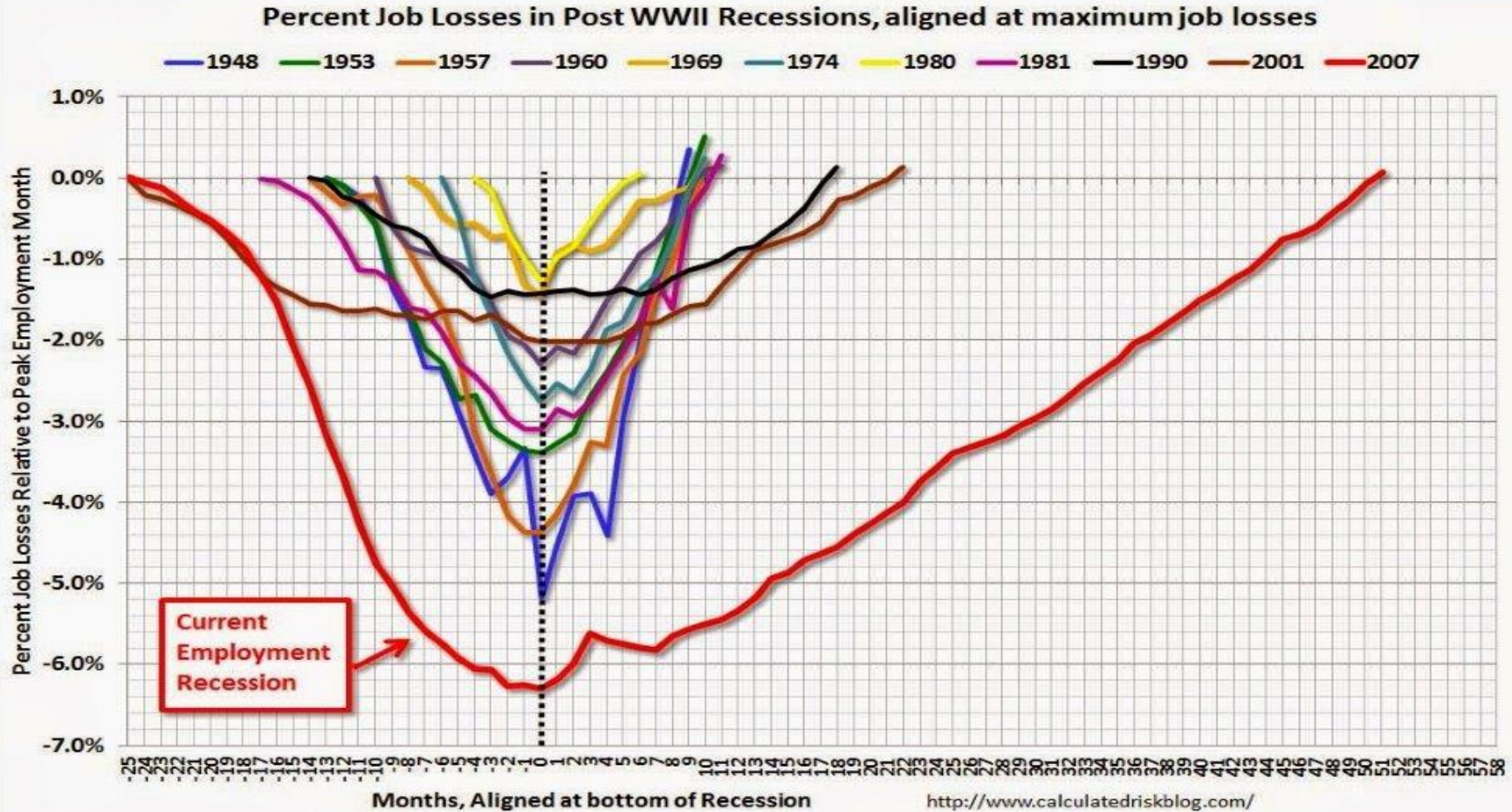


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# National Employment Recovery

## Back to Pre-recession Employment Nationally



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# Monthly Unemployment Rate vs. Labor Participation Rate

Monthly Unemployment Rate  
and the Labor Force Participation Rate

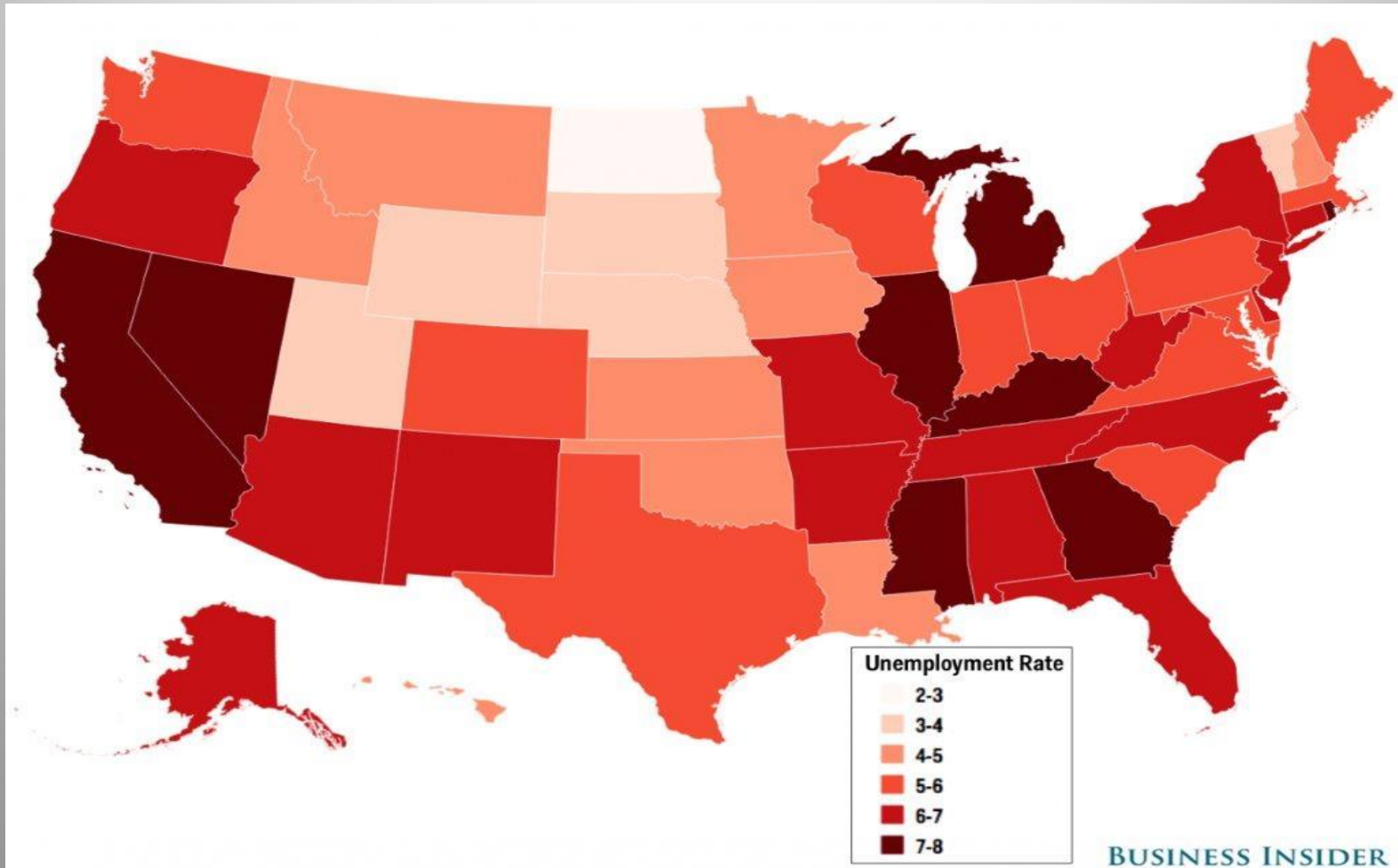
dshort.com  
July 2014  
Data through June



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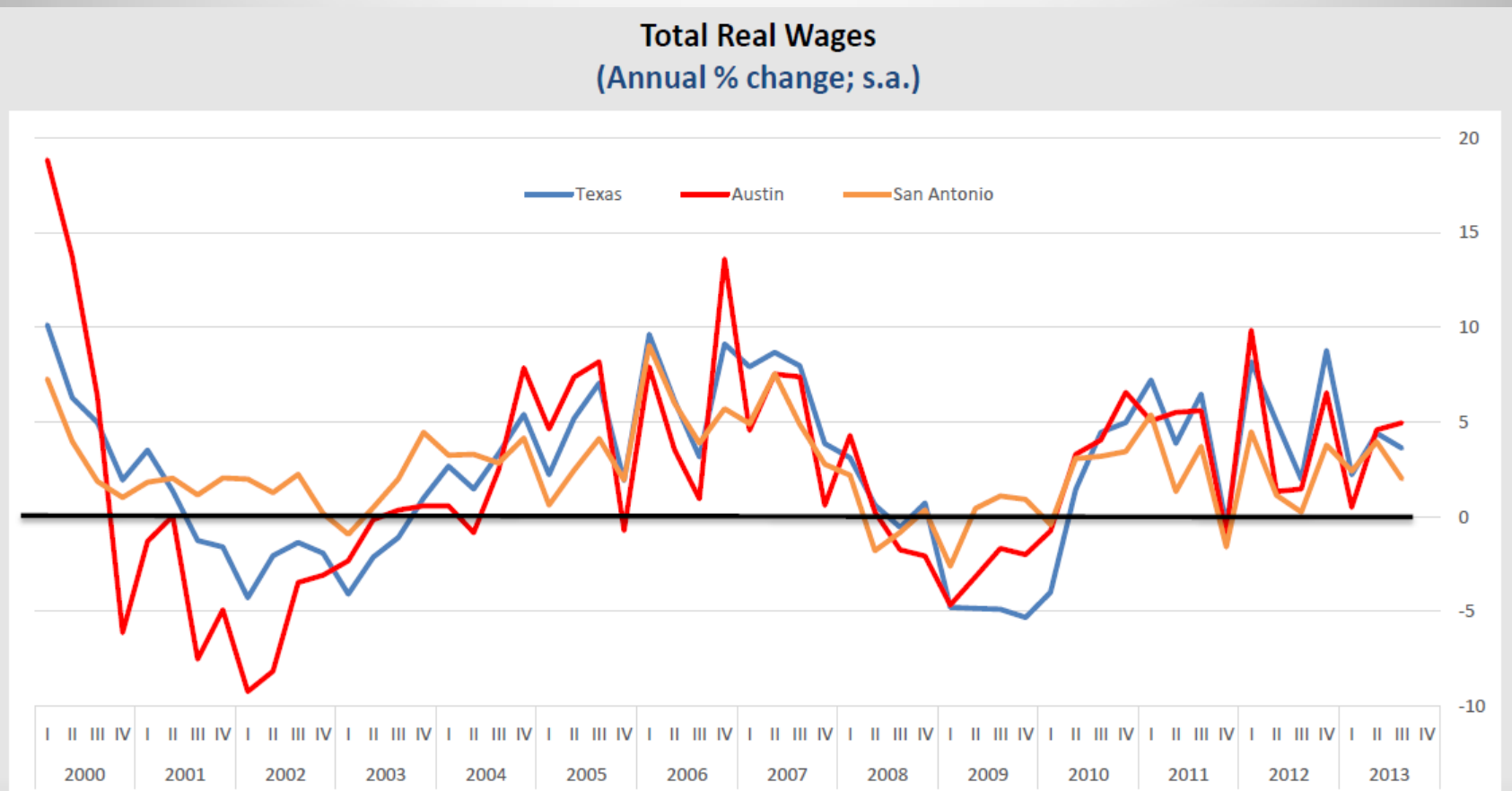
# Current Unemployment Rate by State June 2014



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# San Antonio / Austin Employment Growth Continues to be Stronger than Wage Growth



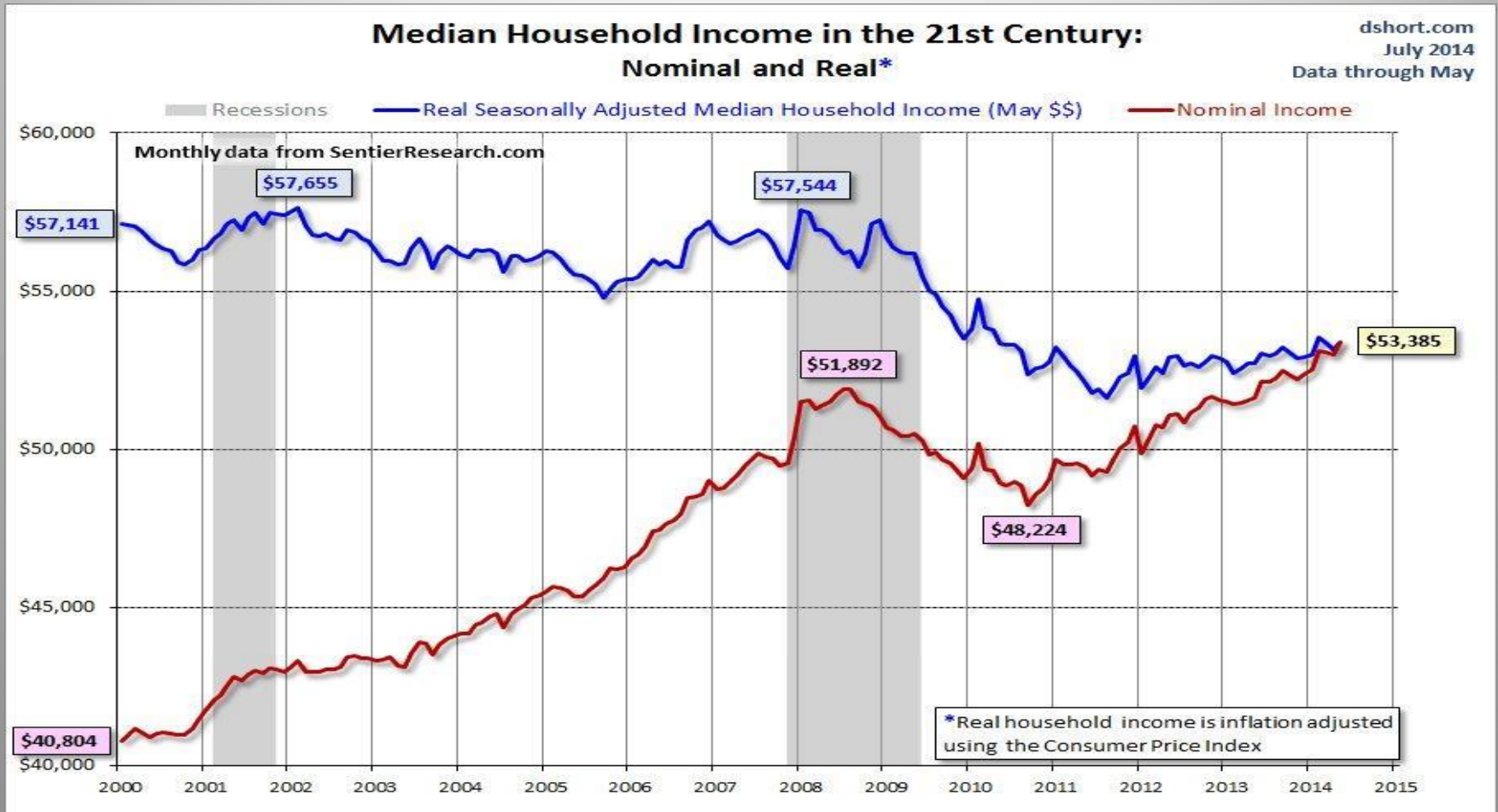
s.a./ Seasonally adjusted. Deflated by Texas CPI.  
Source: Dallas Federal Reserve



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# Wage Growth Nationally Not Keeping up With Cost of Living



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# Wage Growth Losing Ground to Cost of Living

Median Household Income in the 21st Century:  
Nominal Growth and Real\* Shrinkage

dshort.com  
July 2014  
Data through May



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## Median Household income: Winners and Losers

States & DC	2000 Rank	2012 Rank	Change	States & DC	2000 Rank	2012 Rank	Change
North Dakota	42	17	25	Alabama	43	44	-1
DC	26	4	22	New Mexico	44	45	-1
Wyoming	32	12	20	Utah	10	11	-1
Oklahoma	48	32	16	California	12	14	-2
Vermont	33	18	15	Wisconsin	18	20	-2
Texas	35	22	13	Oregon	21	24	-3
South Dakota	40	29	11	South Carolina	38	41	-3
Washington	20	9	11	Colorado	9	13	-4
Iowa	28	19	9	Alaska	3	8	-5
Maine	39	30	9	Florida	34	39	-5
West Virginia	51	43	8	New York	30	35	-5
Montana	47	40	7	Arizona	31	37	-6
Massachusetts	13	7	6	Mississippi	45	51	-6
Rhode Island	22	16	6	Kentucky	41	48	-7
Virginia	11	5	6	Minnesota	2	10	-8
Nebraska	25	21	4	Georgia	24	33	-9
Idaho	37	34	3	Indiana	29	38	-9
New Hampshire	5	2	3	Michigan	16	26	-10
New Jersey	6	3	3	Hawaii	4	15	-11
Connecticut	8	6	2	Illinois	14	25	-11
Arkansas	50	50	0	Missouri	17	28	-11
Kansas	27	27	0	North Carolina	36	47	-11
Louisiana	49	49	0	Nevada	15	36	-21
Maryland	1	1	0	Ohio	19	42	-23
Pennsylvania	23	23	0	Delaware	7	31	-24
Tennessee	46	46	0				

*Source: Census Bureau, Current Population Survey*

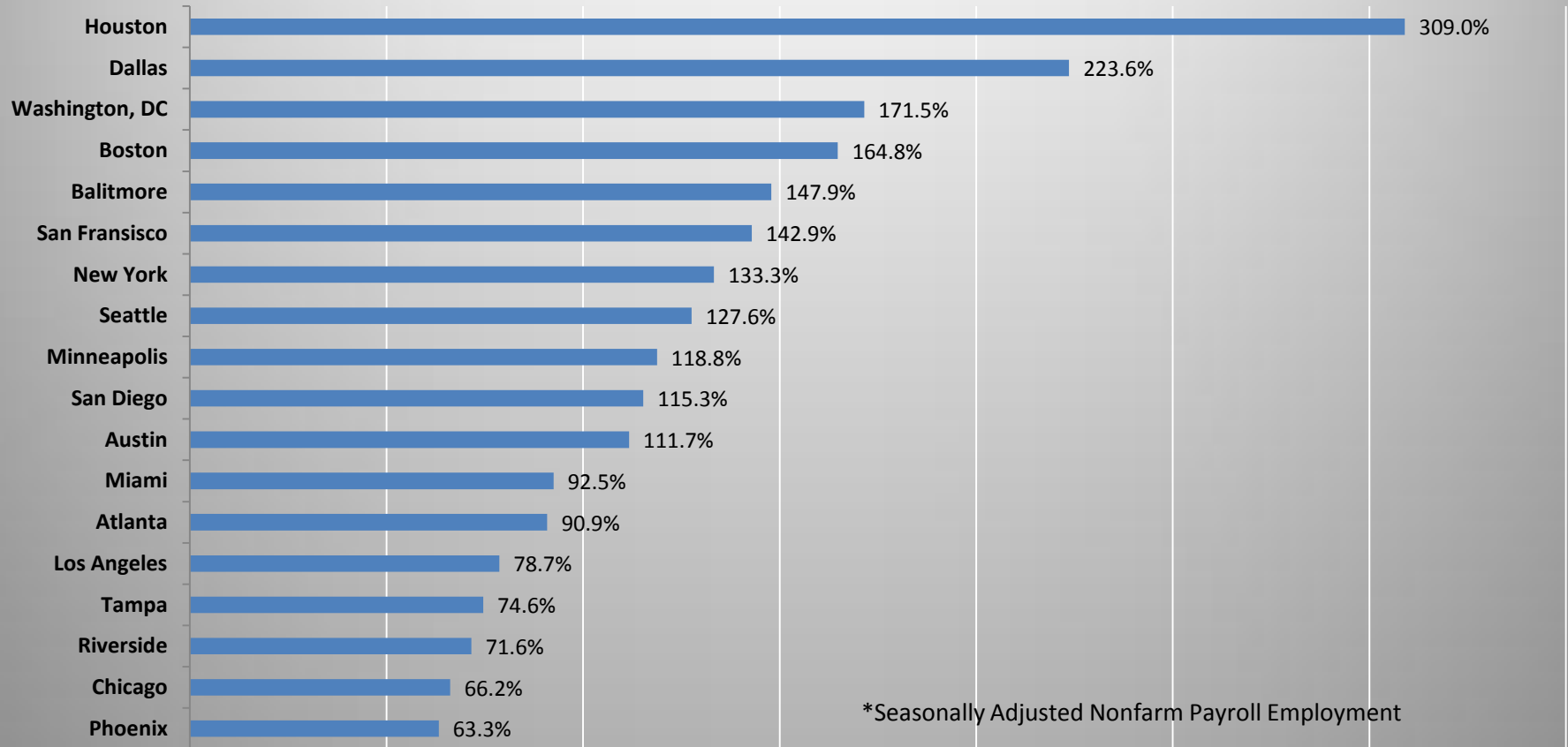


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# Texas Metro Comparison on Job Recovery To Prerecession

Percentage of Jobs Recovered through April 2014\*



\*Seasonally Adjusted Nonfarm Payroll Employment

Source: US Bureau of Labor statistics



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# 2014 Economic forecast

- Employment – Nationally very slow recovering
  - Unemployment – US 6.3% (U6 12.4%) / Texas 5.1% / San Antonio 4.1%
  - San Antonio and Texas have been lower than the national avg. the last 85 months (7+ years)
  - 9.4 million Americans remain unemployed. In Texas there are 656,177 without jobs, in San Antonio with an estimated 51,569 workers looking for work.
- Home, car and retail sales have improved dramatically
- Consumers are spending, lenders lending
- Real estate construction stronger across all channels nationally, Texas leading
- Interest rates have stayed low through most of 2013, improving economy should cause rates to rise in 2014
- 5+ years of household formation pent up demand
- Corporate earnings continue to improve
- Housing and real estate slowly stabilizing, putting more people to work

**Projections for the next couple of years indicate substantive national growth still challenged. Texas growth strong in 2014, continuing through 2015**



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# 2014 Economic Concerns

- National job recovery continues to be slow. Last 90 days has been better, but we are still 2+ million short of peak. Remember Texas is an exception
- Interest rate shock, consumer hopes that rates won't increase. Watch Federal Reserve closely. End of QE tapering. Fed actions key
- Cautious optimism by households and businesses through 2014 / 15.
- Home pricing and mortgage financing concern. New QRM guidelines stricter than past 10 years. Hard to produce homes for less than \$200K
- Regulatory uncertainty & political uncertainty continue to fuel price uncertainty nationally
- Higher consumer credit leading to increased spending without increased income
- Lifting US export restrictions on oil and natural gas
- Regulations on private investment in Mexican oil and gas by (US) companies improved. Texas biggest recipient of opportunity.



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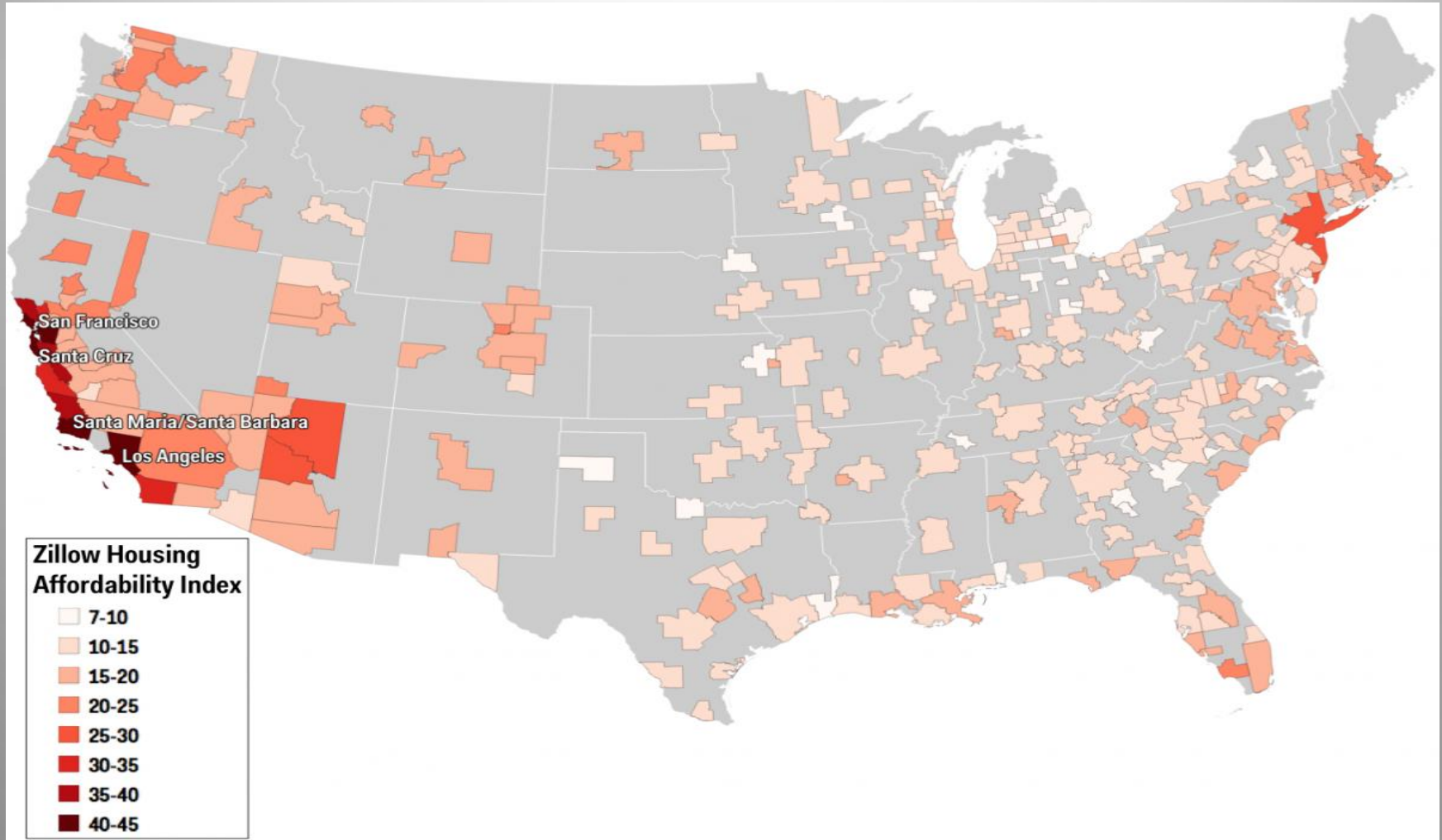
# Now is the time to buy!

- Resale home inventory is below 6 months ( can you say sellers market....)
  - 4.7 month supply
  - New and resale home inventory levels tight
  - Values appreciating
- Apartments continue to do well. 'A/B' class near tipping point. 'C' class opportunity?
- Office / retail / Industrial attractive. Demand outstrips supply. Development and sales improved. CBD San Antonio office challenged
- Home and real estate values remained positive during recession and continue to gain value
- Record affordability, 2<sup>nd</sup> lowest mortgage rates in 60+ years
- Residential, rental and office entitlements at lowest levels in 6+ years
- Lending requirements improving
- Bexar top relocation markets in nation ( source:IRS)
- Lower Supply + Higher Demand = Value improvement



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# Housing affordability

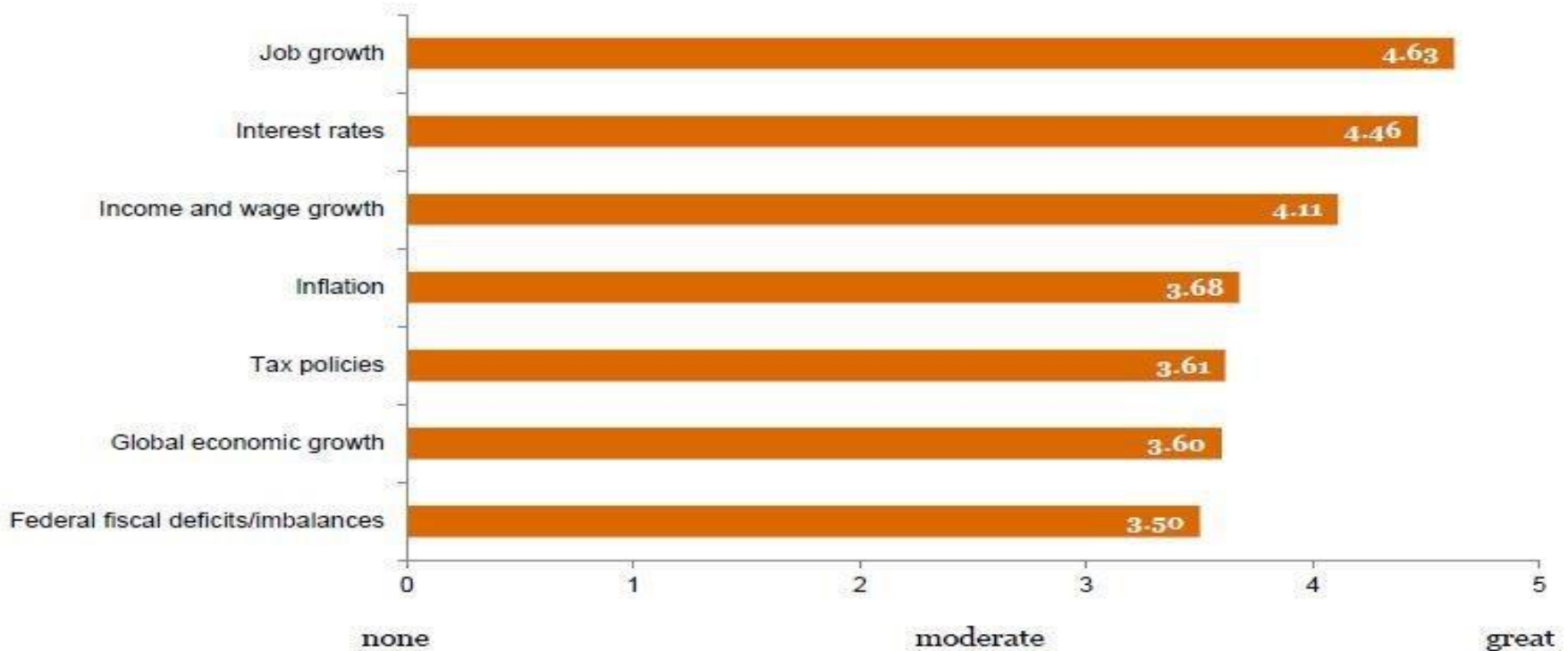


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# Real Estate Key Concerns

## *Issues of importance for real estate* *Economic/Financial Issues*



Source: Emerging Trends in Real Estate 2014 survey  
Note: Based on US respondents only

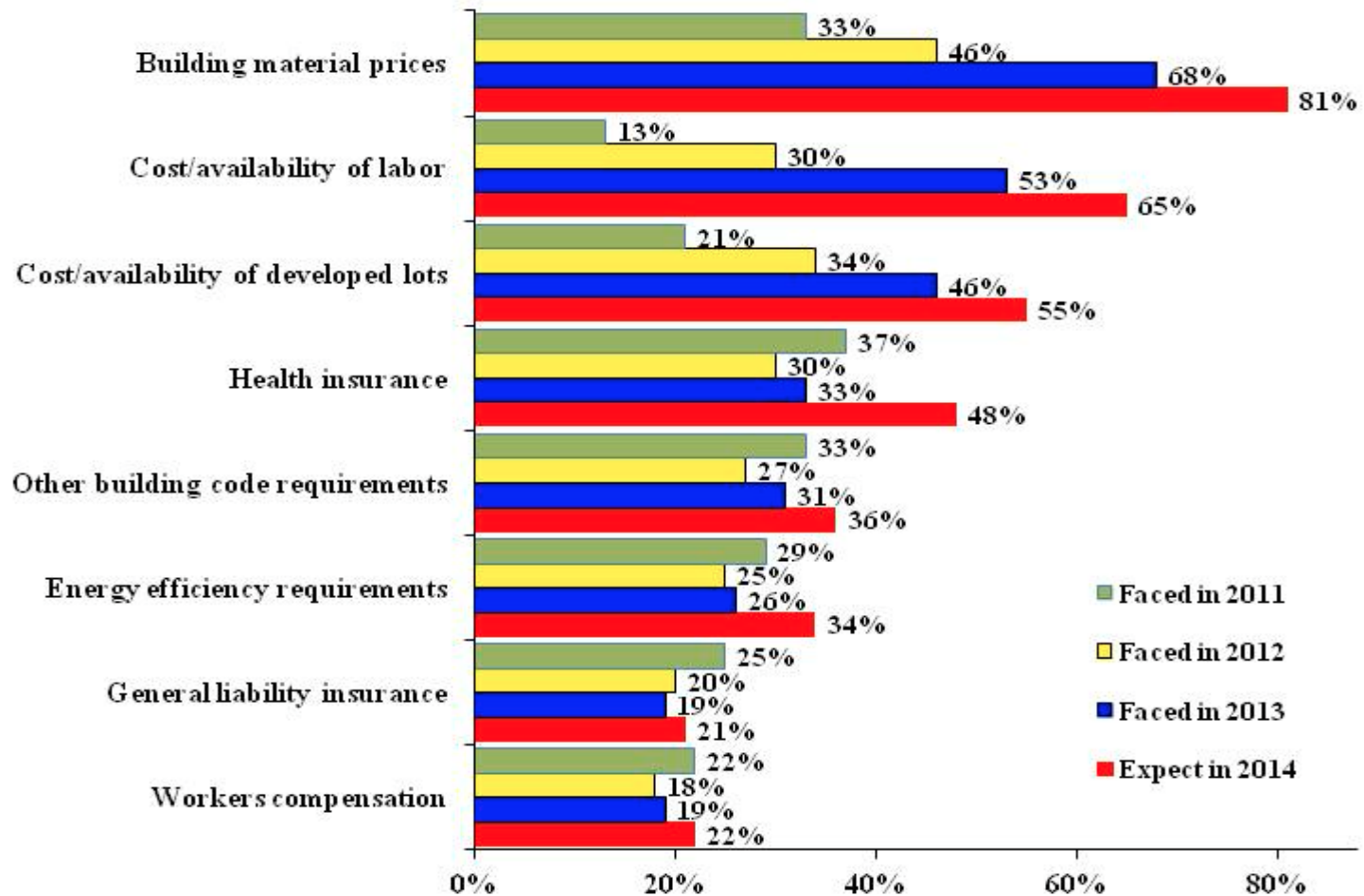


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Chart: Most Significant Problems faced by builders - BUILDING COSTS



Source: HMI Survey, Jan. 2014, NAHB EcHp



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# Market Conditions

- Affordability – price / payment to income (Rates still at historic lows)
- Interest rates / cap rates rising from historic lows
- Pent up demand. Household formations – 1 million+ in 2012, 550K to 600K annually last 5+ years
- Rising rents (nationally, regionally and locally)
- Corporate profits up, wages flat
- Fewer distressed sales. Foreclosures on downward spiral (Texas where they make up less than 1% of market) Commercial foreclosures virtually non existent
- Smaller inventory of new and resale homes, multi family or office offerings
- A sellers market locally and regionally
- Nationally improving, but not yet whole. Texas continues to improve
- Job creation nationally slow. Wage improvement slow
- Mortgage and bank rates creeping up
- Expectations – the market has turned. Set proper expectations



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# Traditional economic indicators in Texas remain strong

- Texas economic indicators continue to show strength:
  - Total debt balance per capita 2<sup>nd</sup> lowest in US
  - Debt balance 90+days late, 2<sup>nd</sup> lowest in US
  - Percent of new bankruptcies lowest in US
  - Job creation still strong, 40+% of jobs in US created in Texas
  - in US metros economic rankings
- Demand greater than supply
- Real estate and land values continue to improve
  - Central and South Texas area leading the state with a 6+% increase in rural values sold over the previous year, 2012. Texas leads the nation in number of farms and ranches, with 247,500 farms and ranches covering 130.4 million acres as well as the highest average value of farm and ranch real estate in any state.



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# Mortgage Rates

Why wait?



Freddie Mac / Haver Analytics 8/13



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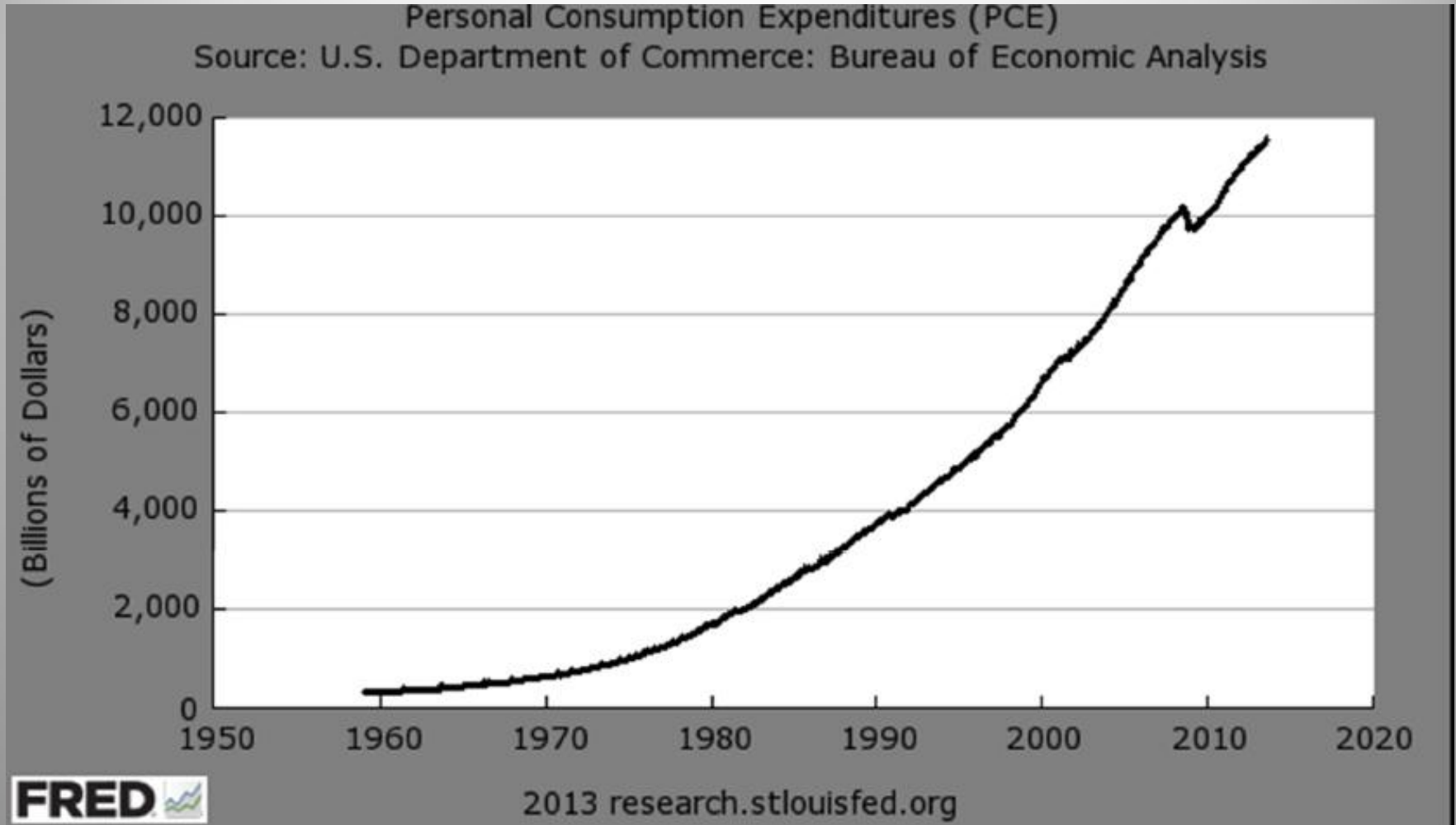
# Reasons mortgage rates will continue to rise

- No more cheap money. Fed has announced the move to higher borrowing costs
- The End of Freddie and Fannie
  - Don't know what it will be, but every one wants a change
  - 95% of all loans are done by the government presently, 60% prerecession. Hard to replace or compete against
- Inflation is on the march
  - Mortgage rates have a direct correlation to demand
  - As the economy improves, inflation will begin to set in naturally. To offset the risk of drastic rising inflation, the federal government (Federal Reserve) will be forced to raise their interest rates
  - Supply and demand
  - Something's go to give and it doesn't look like it will be inflation
- History
  - Interest rates have risen....however they are still at near 60 year lows
  - 30 year mortgage rates have averaged 8.88 percent over time. They have been under 5 percent in just 41 of the 524 months on record or about 4+/-% of the time. Just a return to the lower 25<sup>th</sup> percentile of all time mortgage rates would see rates rise to 6.92%.
  - Interest rates are expected to go up! Not down!
  - For every point increase, there is a loss of 12% buying power



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# Consumers Are Spending again 2014

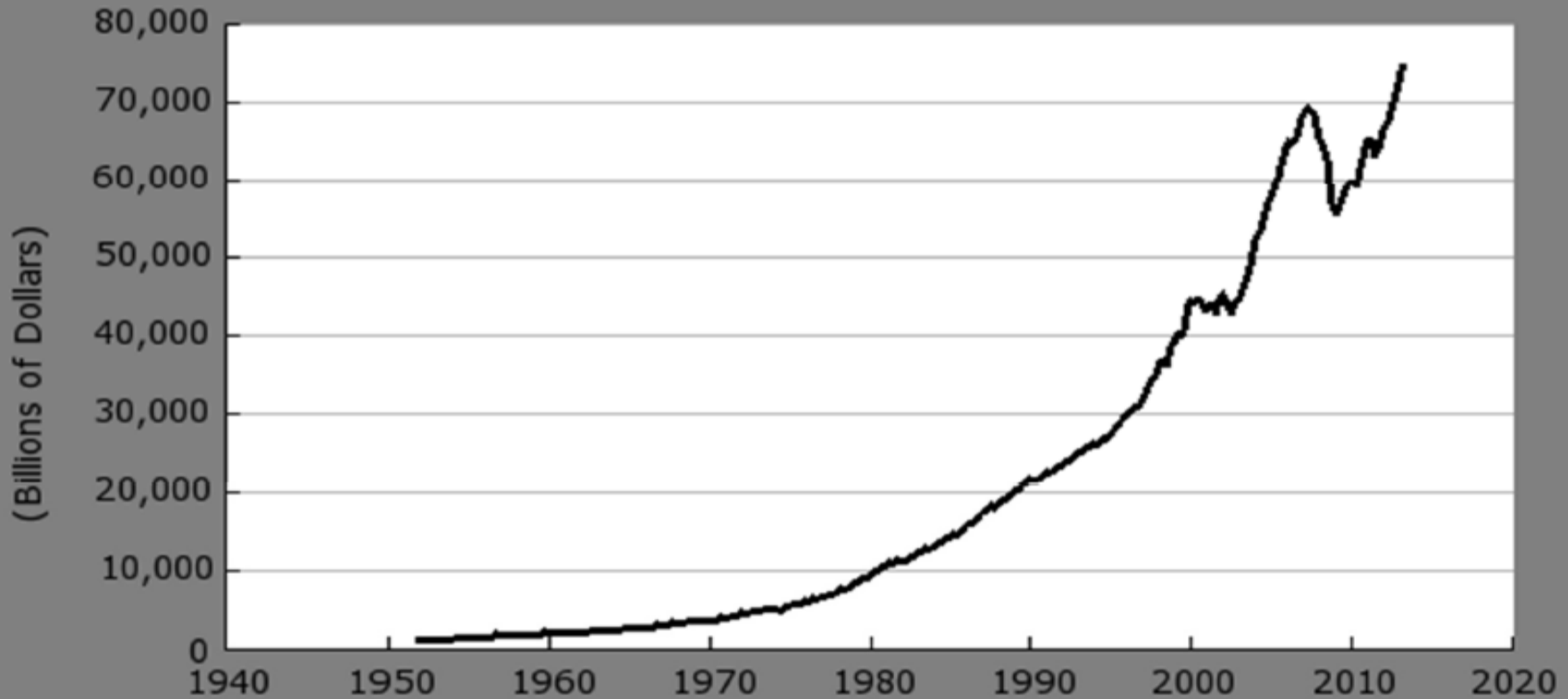


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# Household Net Worth Recovering 2014

Households and Nonprofit Organizations; Net Worth, Level (TNWBSHNO)  
Source: Board of Governors of the Federal Reserve System



2013 research.stlouisfed.org

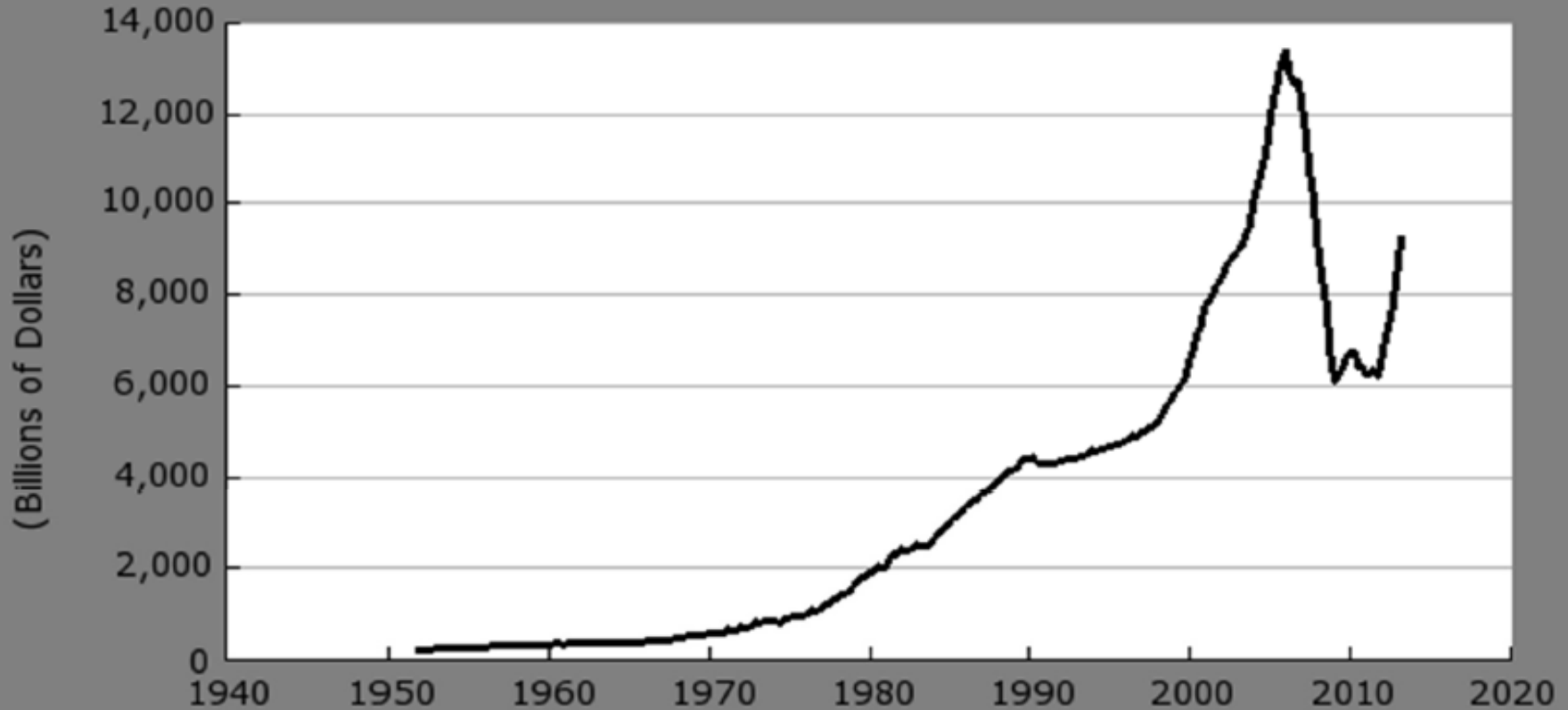


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# Households Lost \$8 Trillion in Real Estate Equity During this Recession

Households; Owners' Equity in Real Estate, Level (OEHRENWBSHNO)  
Source: Board of Governors of the Federal Reserve System



FRED 

2013 research.stlouisfed.org



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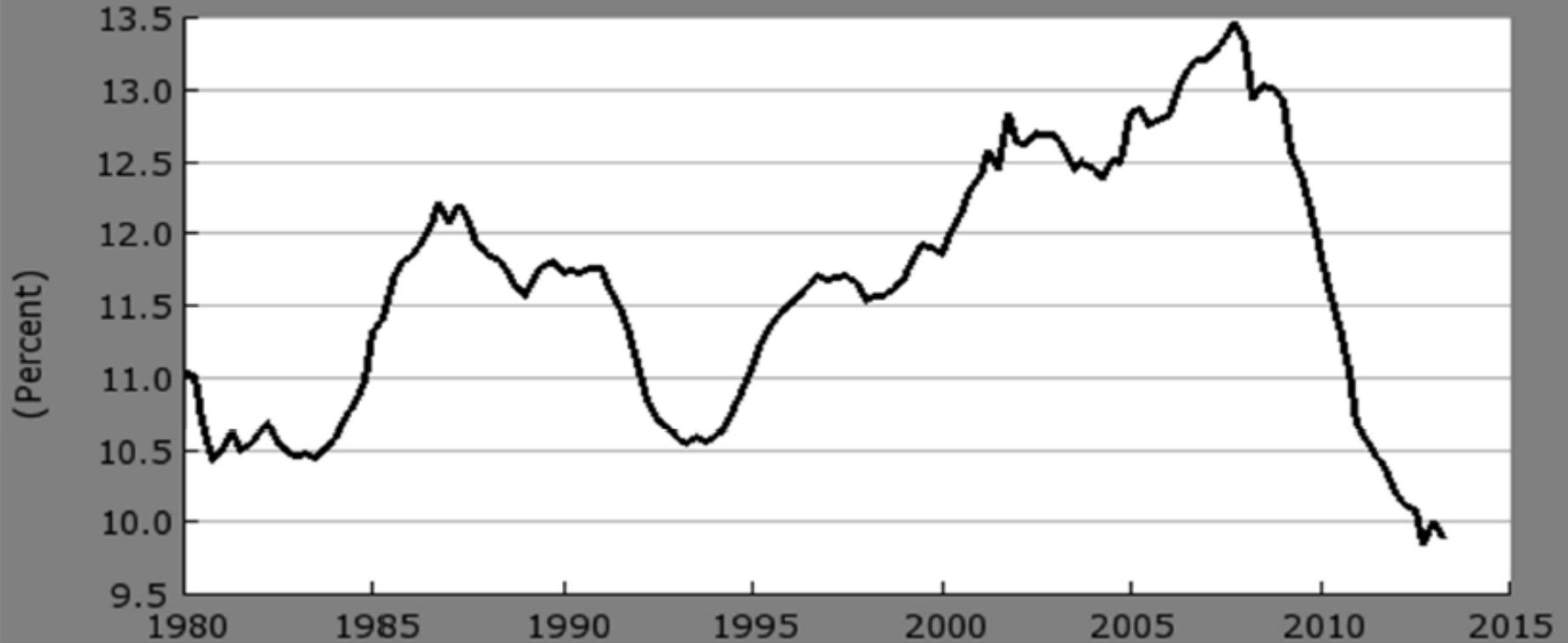
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# Payment on long term debt vs. personal income

Household Debt Service Payments as a Percent of Disposable Personal Income (TDSP)

Source: Board of Governors of the Federal Reserve System



2013 research.stlouisfed.org



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# Now is the time to buy!

- San Antonio area resale home inventory is at 4.7 months (sellers market....)
- New and resale home inventory levels tight
  - Values appreciating in most San Antonio sub markets
- San Antonio home values remained positive during recession and continue to gain value
- Record affordability, 2<sup>nd</sup> lowest mortgage rates in 60+ years
- 1 out of 1991 properties in Bexar County, 1 in 2065 in San Antonio are in foreclosure
- Residential, rental and office entitlements at lowest levels in 6+ years
- Lending requirements still tight, causing fewer opportunities
- Rentals –91.8% occupancy / **less than 11,586 units left in five county area**
- 42,000+ people annually moving to San Antonio annually
- Lower Supply + Higher Demand = Value improvement



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# The numbers...

- **Total rental units in San Antonio**
  - 91.8% occupancy = 11,586 units available + 8930 units under construction to be completed 2014

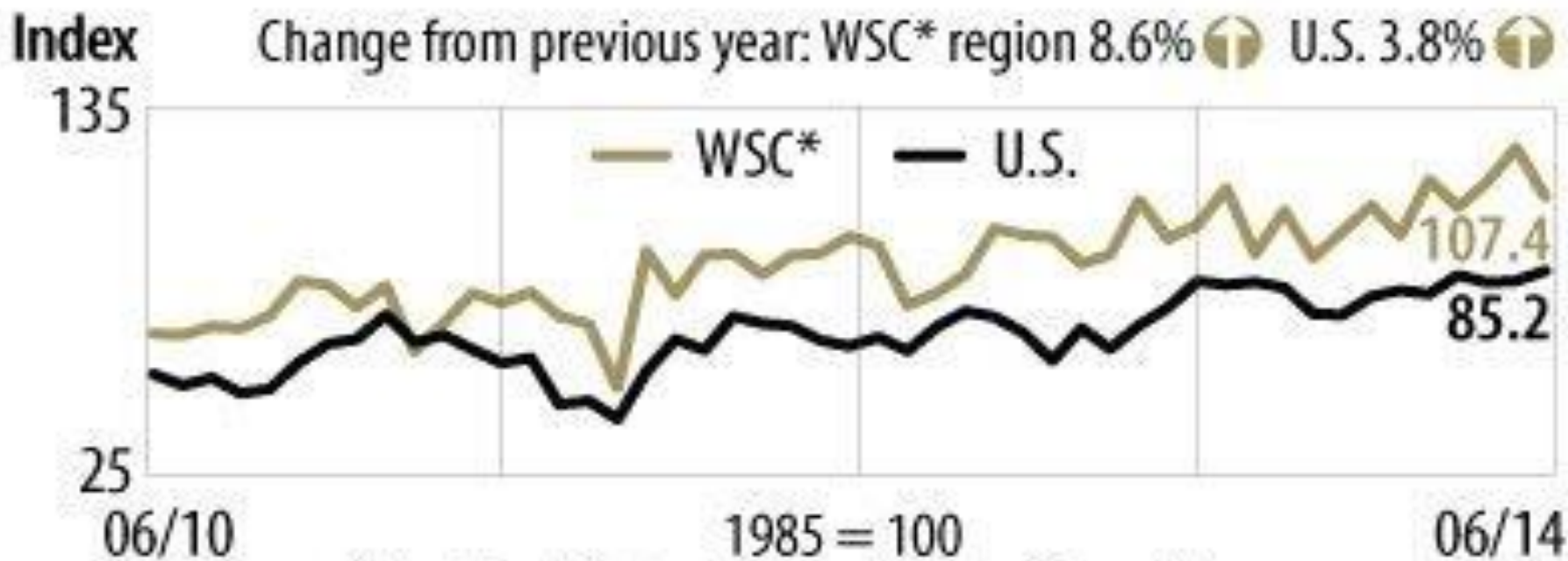
Total of 20, 516 rental units available in the next 12 months
- **9,000 to 11,000 home starts this year**
  - For every 2 jobs / one home start
- **9560 listings presently, 4.7 months supply**
- **Total shelter 30,076 units available**
- **Total annual immigration 42,000+**



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# Consumer Confidence Level

## Consumer Confidence Index



\*West South Central region - includes Texas, Arkansas, Louisiana & Oklahoma (per source's data groups)



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# 2014-15 Outlook for Texas Economy

- **Downside risks:**
  - National (global) recession
  - National slow economic growth and recovery
  - Energy sector employment slower growth
  - Tech decline and new technology
- **Texas job growth continues to outpace national rate**
- **Energy industry slowing expansion**
- **State and local budget deficits and level spending**
- **Population growth continues even stronger with continued job creation**
  - The need for ‘tech’ and construction labor in all metros, across the state
  - Continued immigration from California and other states, due to ‘business friendly’ / less tax burden environment
- **New construction rebound continues, but far from ‘recovered’**
- **Pent up demand for all channels of real estate driven by investment, affordability, low interest rates**



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# National and Local Housing is Improving

- **Nationally the new housing market is improving**
  - National 2013 –914,000 projected starts (off 49%)
  - San Antonio SMSA - forecast 2013 – 9800+ (San Antonio could do 15,000+ if desirable lots were available)
- **Nationally and locally, lack of inventory still a challenge**
- **Housing inventory back to more balanced levels**
  - Resale listing inventory
    - US avg. 5.1 months / 2.09 Million
    - San Antonio SMSA 4.7 months
  - **Inner Core Neighborhoods:** tight
  - **Close in Neighborhoods:** tight
  - **Suburban Neighborhoods:** Improved. Most have become ‘sellers’ market
- **House price trends** (annual basis / median value)
  - US 4 to 6% / Texas 8% / San Antonio 6+% SMSA



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# National economic outlook 2014

- **Most indicators positive, but not robust**
  - Job formations & employment slow nationally
  - Real income not increasing
    - Local example: last 10 years / home appreciation 58% / rent appreciation 38% / wages flat
  - Personal consumption / economic activity (GDP) slow
  - Inflation low
- **Sluggish growth thru end of the year**
- **Interest rates increase but stay low comparatively thru 2014**
- **Bank and mortgage credit attractive, but still tight**
  - Still dependent on major government support: interest rates, MBS purchases by Fed, FHA and GSES
- **Housing challenged with lack of inventory as well as appraisals nationally thru 2015**
- **Construction Recovery mostly in MF as rental markets remain strong**
- **Only 7 states are at prerecession employment**
- **International and national economy uncertainty**
- **Good news – you live in Texas! You live in San Antonio !**



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# Where are we comparatively?

## Nationally

- Home prices down 35+% since 2006 peak
- \$7.5 Trillion, over 49% lost equity in housing meltdown
- Defaults, delinquencies, and foreclosures improving
- New home starts improved for last 12 months, 34.5 % annually. 50+% less than 2006 starts.
- New household formation 25% of historic annual rate, but improving
- Federal government mortgage programs have had little impact to national economy.
- Federal Reserve policies have helped.
- CFRB continues to affect mortgage / bank lending

## Texas

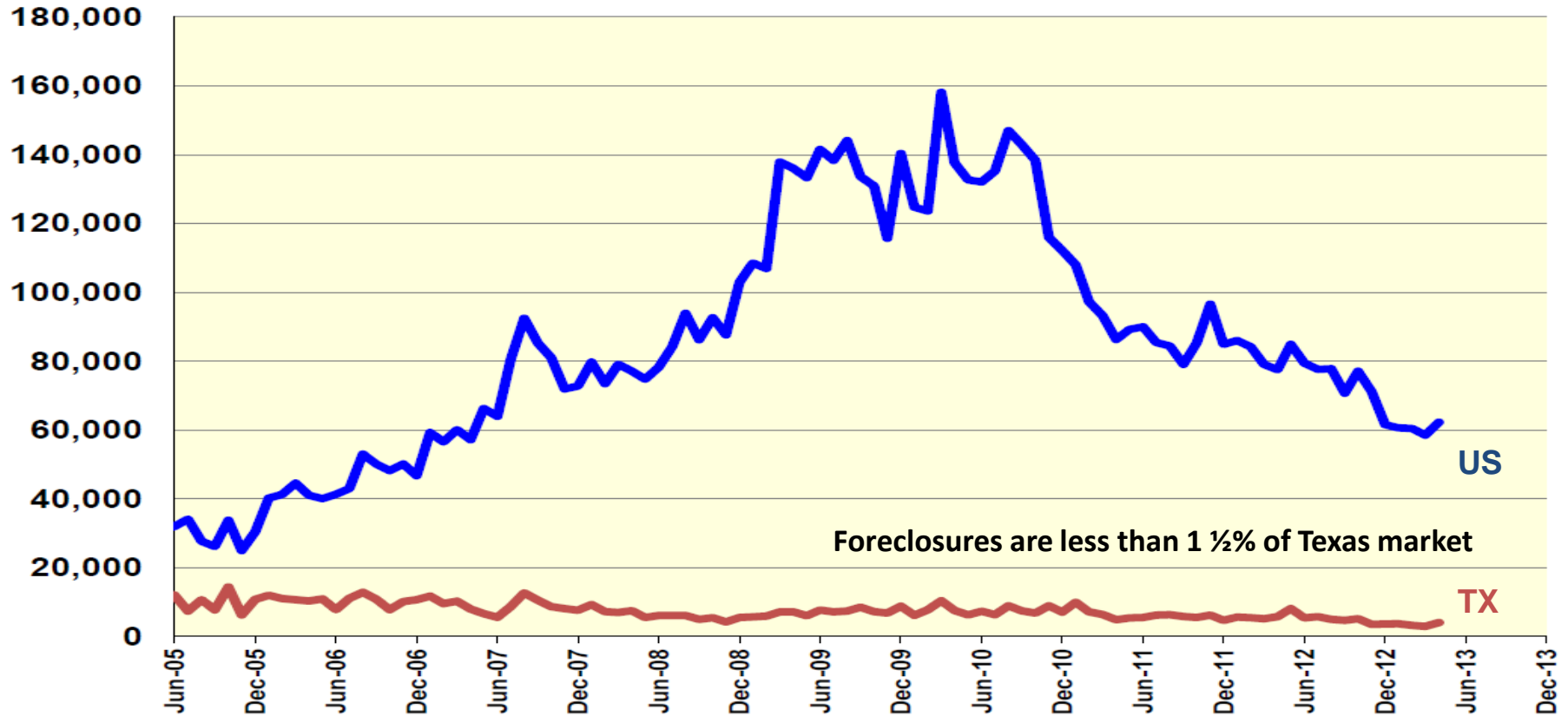
- Home prices improving statewide. San Antonio maintains good appreciation
- All major Texas metros have turned positive
- Defaults, delinquencies, and foreclosures almost non existent
- Labor and materials costs dramatically up
- Texas foreclosures minimal, small impact
- San Antonio foreclosures minimal
- Texas and metros doubling in population next 20 years
- Not enough inventory in most real estate channels in Texas metros
- State Job Creation 43+% of national growth
- Regional banks are healthy



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# Monthly Foreclosure Listings



Source: RealtyTrac, Inc.; Real Estate Center at Texas A&M University (Notice of Trustee/Foreclosure Sale)

Source: RealtyTrac 5/13



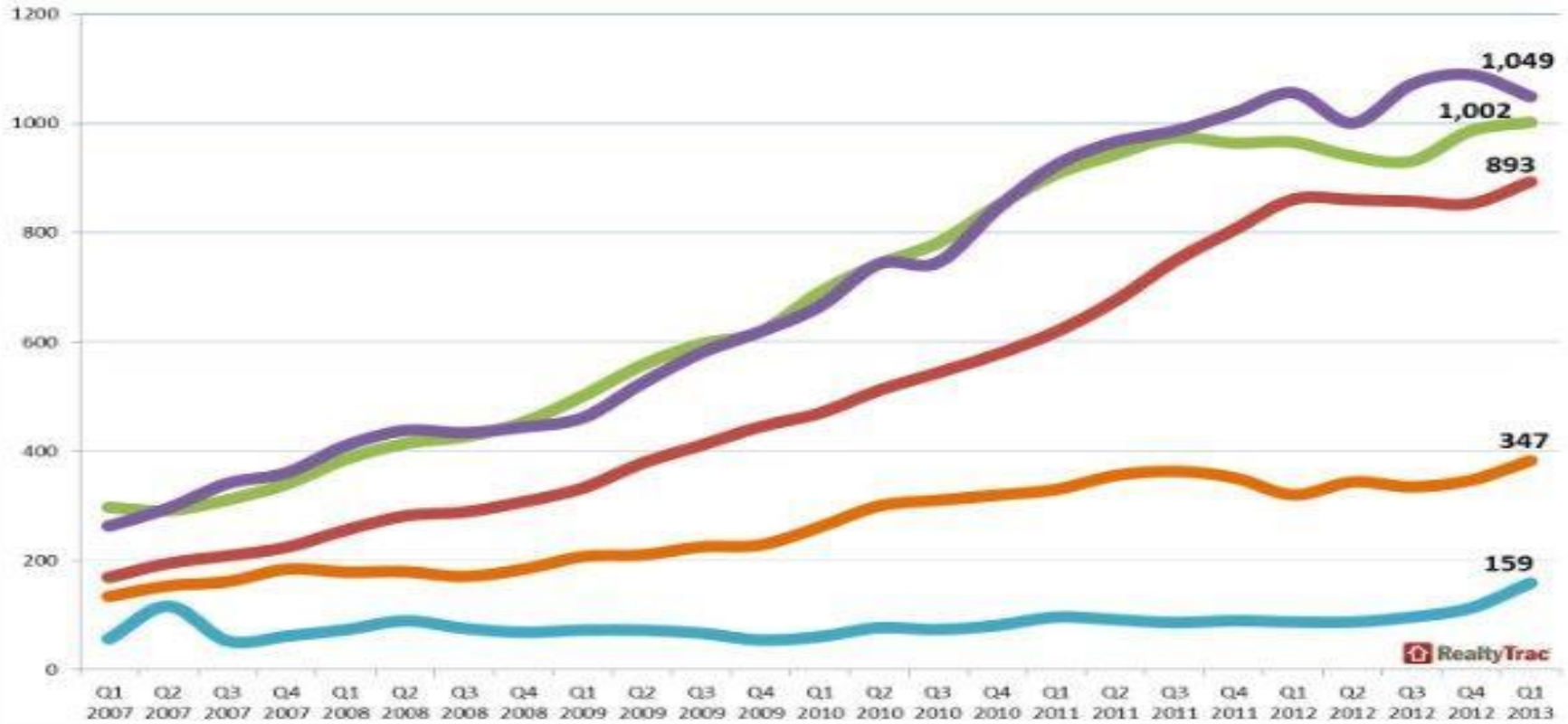
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# Foreclosure Process and its Challenges

## Average Days to Foreclose

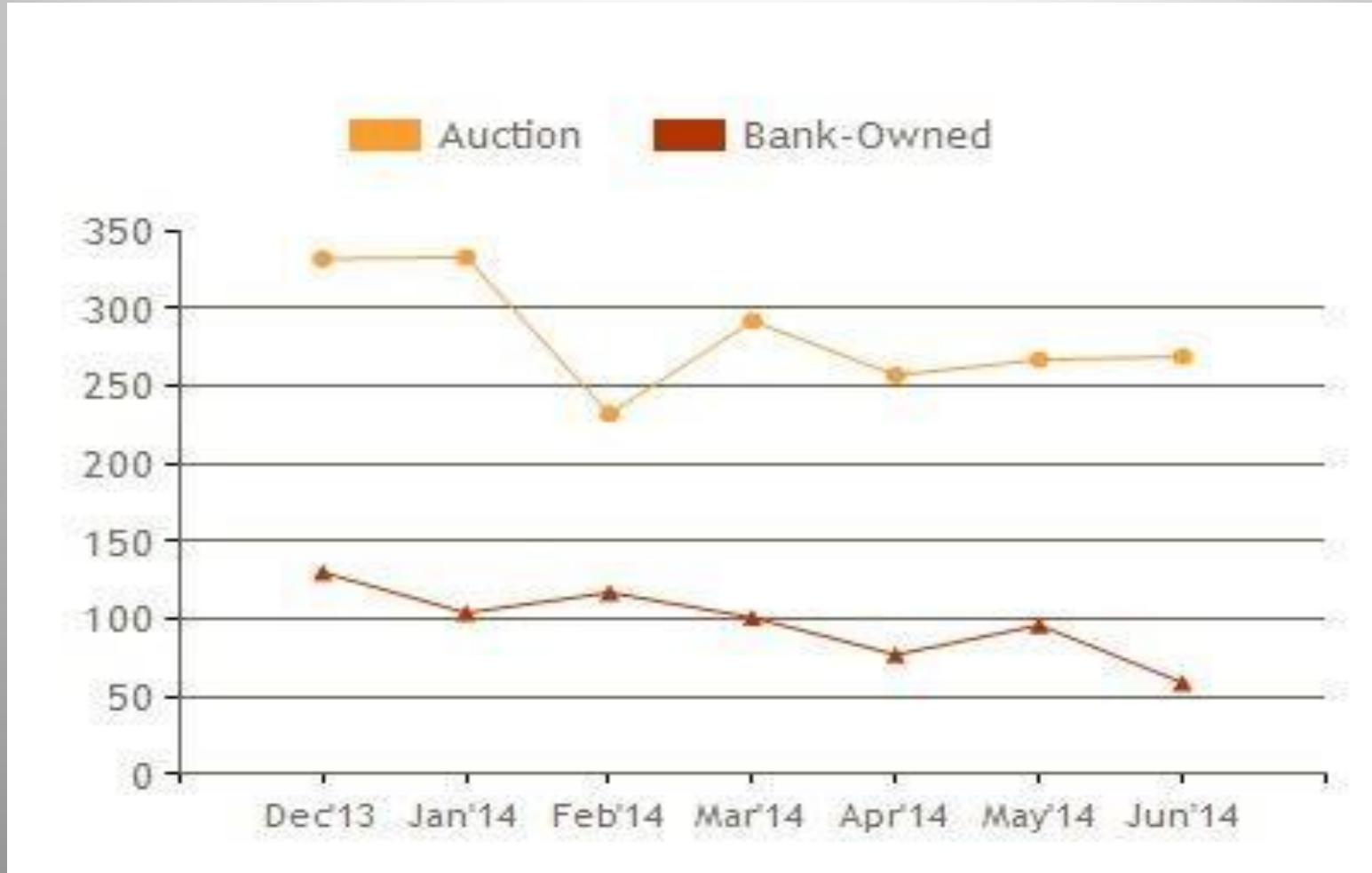
California Florida New Jersey New York Texas



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# San Antonio Auction vs. Bank Owned Sales



Source; Realty trac 7/14



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# San Antonio Foreclosure Activity



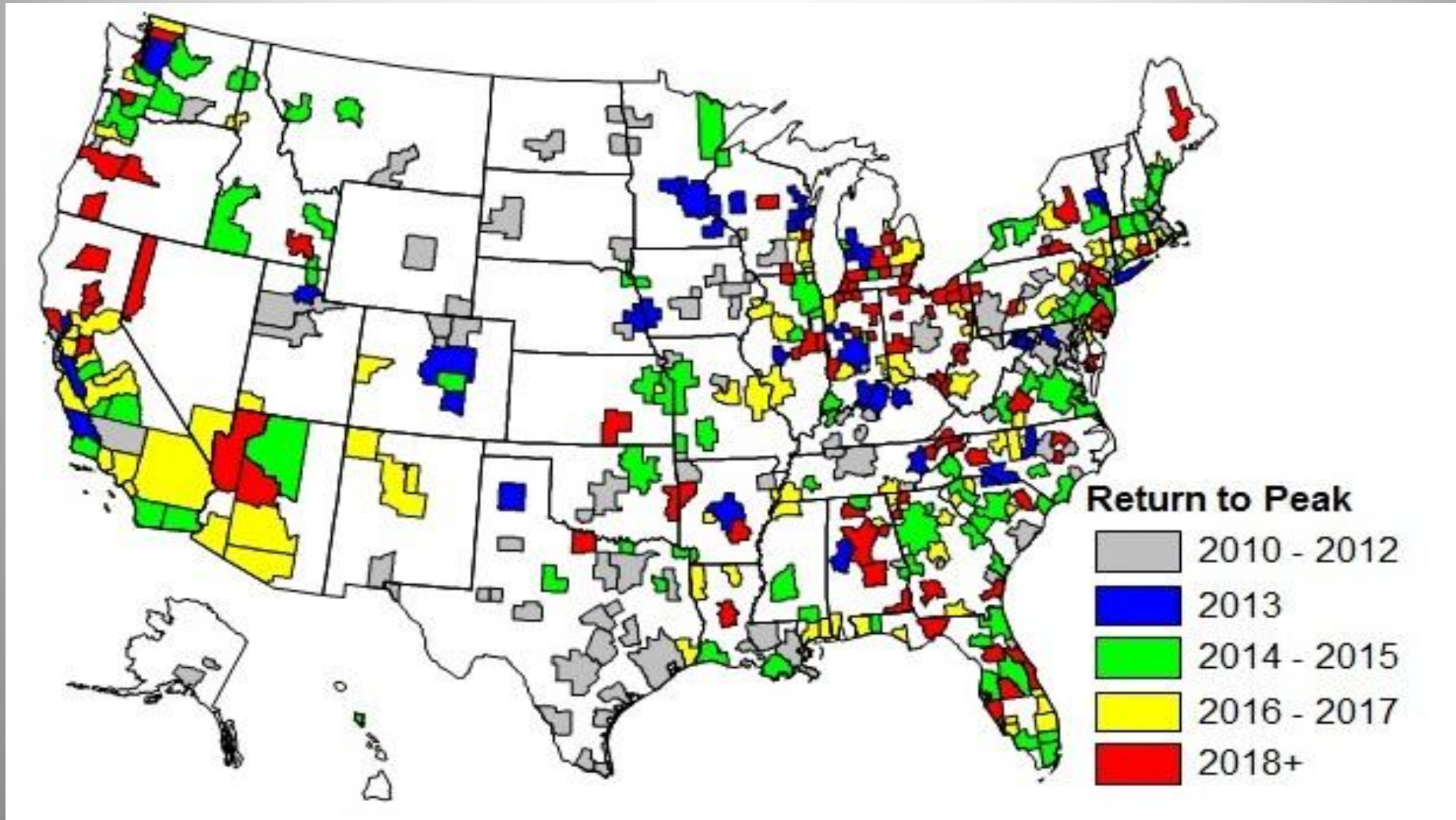
Source; Realty trac 7/14



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# Where housing markets have recovered

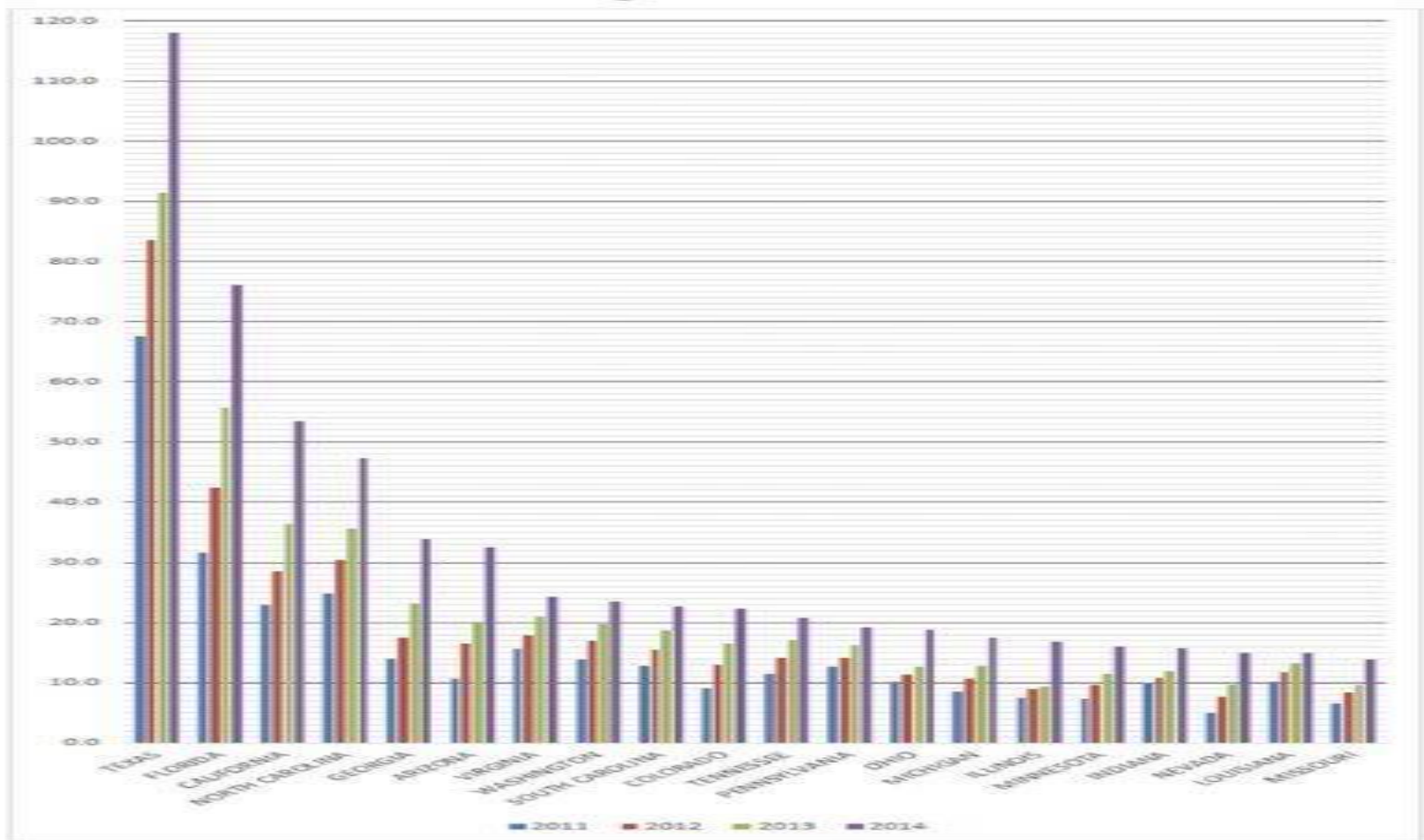


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# Texas on the top of many lists!

National Association of Home Builders Single Family Housing Starts Forecast, Oct. 2013  
*Top 20 States*



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National perspective

# Mortgage Qualification Changes

- In wake of credit issues, mortgage originators raised the bar on the qualification process for those buyers that were on the peripheral. (Low doc / no doc / no credit score / no down payment, etc.)
- Sub – prime is non existent. Jumbo has eased up
  - No down payment loans with FICO scores <740 very difficult to obtain
  - Modest down payment loans will not work without documentation.
- American Mortgage Bankers Association research indicates that latest changes in mortgage qualification standards will increase percentage of buyers unable to qualify
  - Previously thought that 10% of buyers that purchased in 2006 would not qualify today



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# Reasons Mortgage Rates Will Continue to go Up

- **No more cheap money. Fed has announced the move to higher borrowing costs**
- **The End of Freddie and Fannie;**
  - Don't know what it will be, but every one wants a change
- **Inflation is on the march**
  - Mortgage rates have a direct correlation to demand.
  - As the economy improves, inflation will begin to set in naturally. To offset the risk of drastic rising inflation, the federal government (Federal Reserve) will be forced to raise their interest rates.
  - Supply and demand
  - Something's go to give and it doesn't look like it will be inflation
- **History**
  - Interest rates have risen....however they are still at 60 year lows
  - 30 year mortgage rates have averaged 8.88 percent over time. They have been under 5 percent in just 41 of the 520 months on record or about 4+/-% of the time. Just a return to the lower 25<sup>th</sup> percentile of all time mortgage rates would see rates rise to 6.92%.
  - Interest rates are expected to go up! Not down!
  - For every point increase, there is a loss of 12% buying power



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# Conclusions

- **Texas Metros continue to grow in jobs and population**
  - How much more can it grow with constrained supply?
- **Years of pent up demand – 5+ years**
  - We are 2+ years into local recovery
- **Interest rates stay low through 2014, great time to buy**
  - Affordability; prices and interest rates. Rate increase will slow sales temporarily
  - QE3 and monetary policy changing. In healthy economy, rates should go up
- **Real estate to remain strong. Growth slower**
  - Under supply of homes, office, industrial. Less downward price pressure
  - Not many 'A' opportunities left; housing, land, commercial. Where is the opportunity?
  - Rents are up, as are values. Bottom of market was two years ago
  - For qualified buyers, an ideal time to buy, selection and inventory a problem
  - Housing inventory looks like it bottomed in 2013
- **National housing market will remain slow and steady, local and regional continue to strengthen through 2014**
  - Homebuilding and Realtors more optimistic than previous 5+ years
  - Homebuilders constrained to respond
- **National and regional rental market will strengthen through mid 2014**
- **National economy slow improvement, Regionally and locally the economy could be surprisingly strong 2013/14**
- **In Austin the market is more like the early 80's**



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# Texas and San Antonio are different from the rest of the country!

- Home and real estate prices continue to appreciate in San Antonio
- The wide value swings of the rest of the country were never present here
- Austin is still an affordable metro market in comparison to the nation
- Texas has one of the lowest tax burdens in the country (46<sup>th</sup>)
- San Antonio's cost of living is the best in the state of the 4 metros
- Continued positive job growth
- Over 50% of all jobs created last two years were in Texas
- Limited supply of Inventory / rental homes / apartments
  - Rent values increasing
  - Rental occupancy has been steady at 94+ % average last 3+ years
  - Not enough developed land and lots
- More Fortune 500 corporate headquarters are located in Texas than any other state



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# How do you build confidence in the housing market?

- Realtors / mortgage professionals need to explain to buyers why the market has changed and why now is the time to buy.
- It would be helpful to see what the months inventory number looks like in their community and the city as a whole. Explain why prices are firm when supply drops below six months.
- It would be helpful to show buyers the mortgage interest rate chart to help buyers to get a perspective of the current rates and affordability. Be sure to use more than 5 years of history.
- Purpose of this is to **show them there never will be a better time to buy!**



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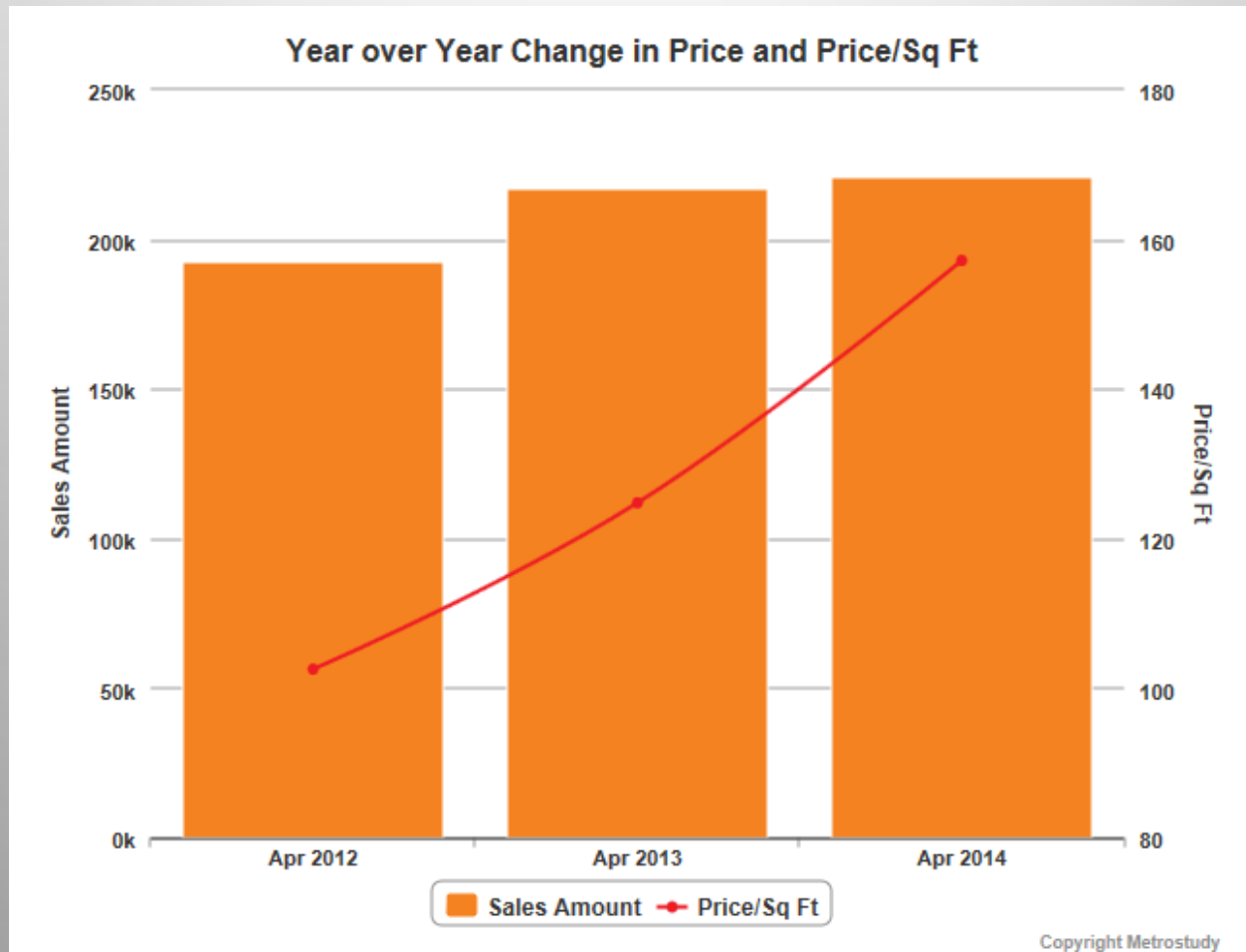
# Why buy San Antonio today?

- Of all the markets, San Antonio has seen price stabilization and no price erosion over the past few years
- Hard costs for development and housing continue to rise at about 18% to 22%
- San Antonio and Texas are strong short and long term investments
- Barring a catastrophic event, values will continue to improve in San Antonio and other Texas Metros
- Investment income has continued to rise in San Antonio, and they have stabilized in the Texas Metros. As the national economy improves, San Antonio , etc. is at the top of most lists for relocation, corporate and personal.



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# San Antonio Values Improve



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JUNE 2014



# San Antonio MARKET STATISTICS



**\$199,000 and below = 54.08%**  
**\$200,000-\$500,000 = 40.74%**  
**\$500,000 and up = 5.17%**

### Pending Sales



### Active Listings



### New Listings



### Single Family Homes Sold 2014



Percent change reflects a year-over-year comparison between June 2013 and June 2014.  
 For a detailed report please visit [SABOR.com](http://SABOR.com).



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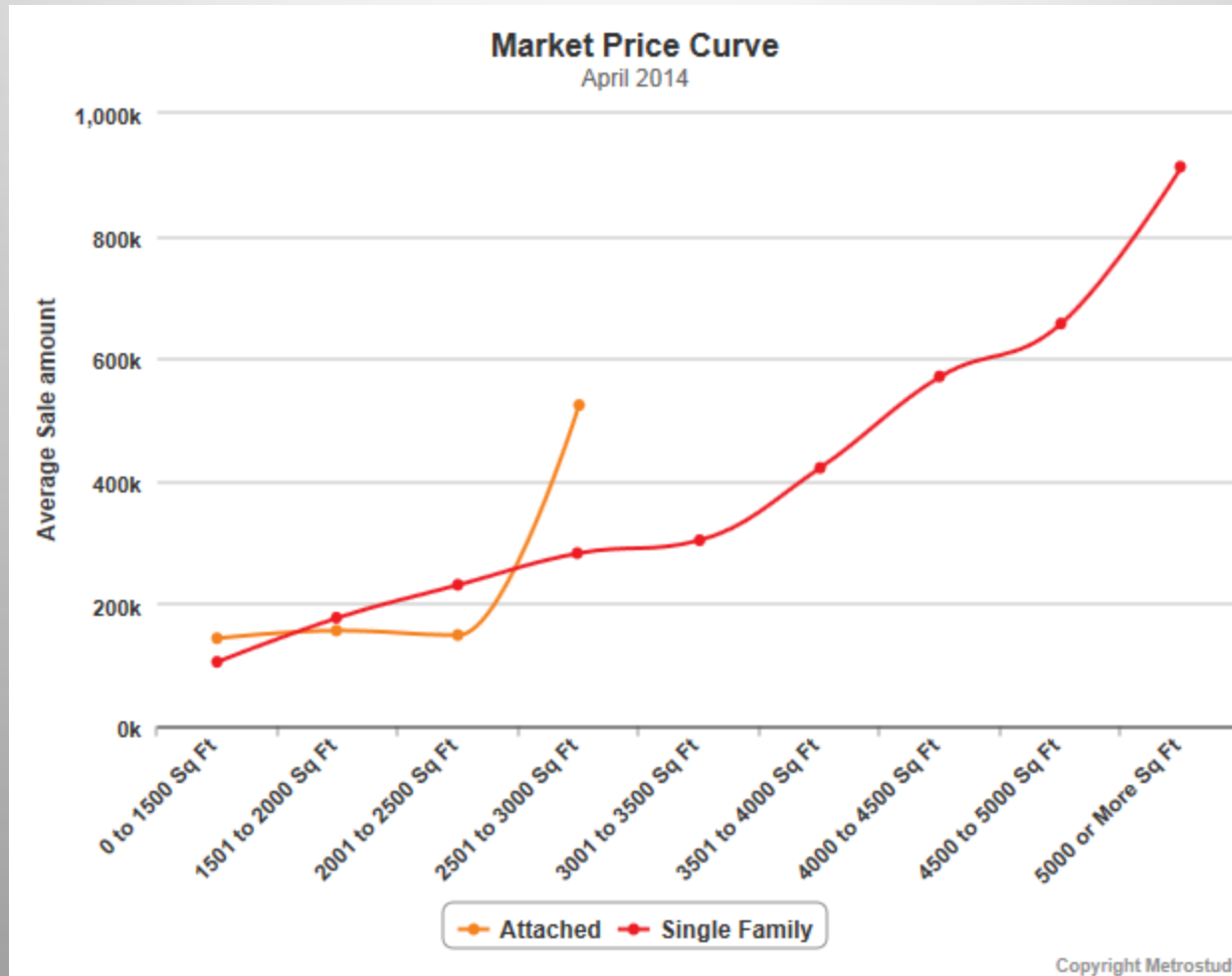
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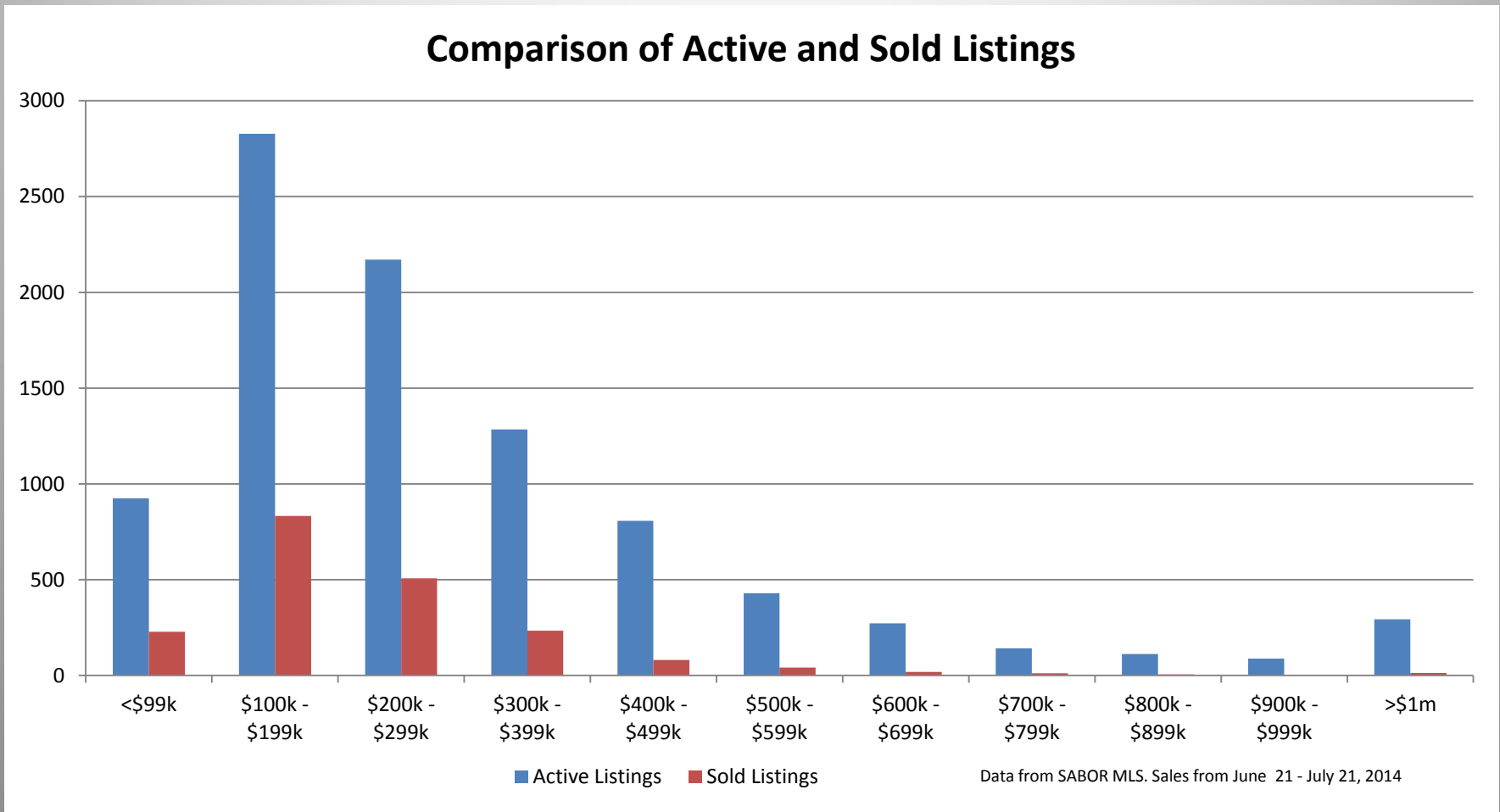
# San Antonio Prices Improve



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# San Antonio Inventory vs. Sales

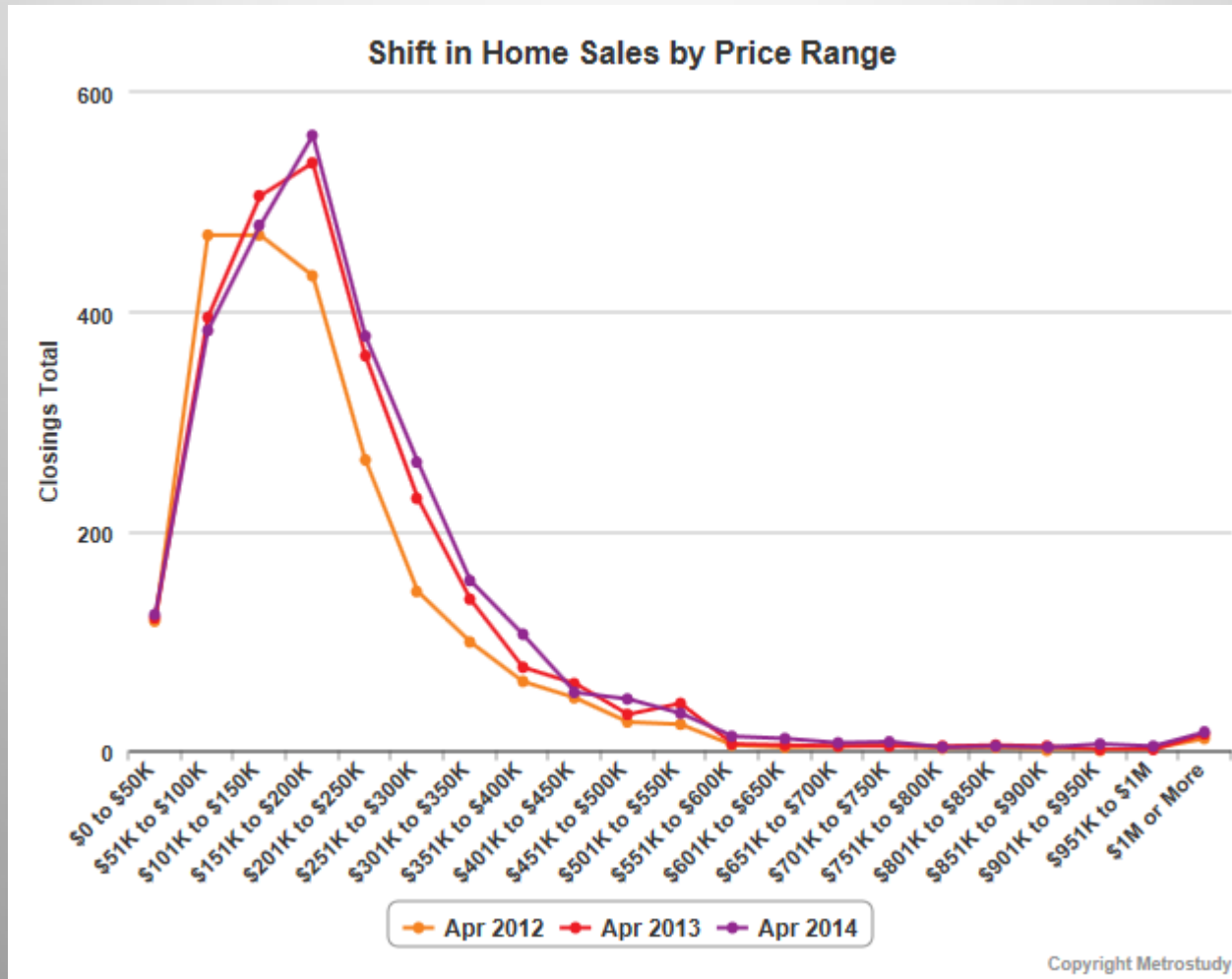


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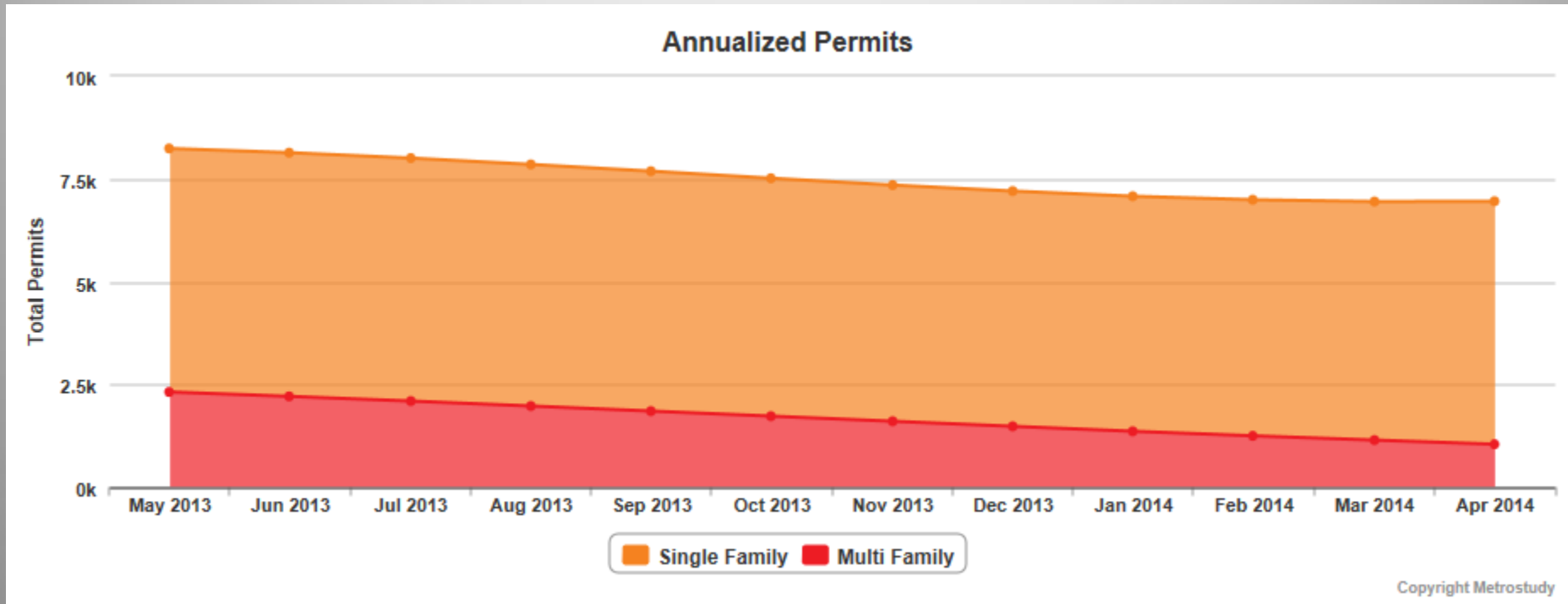
# San Antonio Shift in Home Sales



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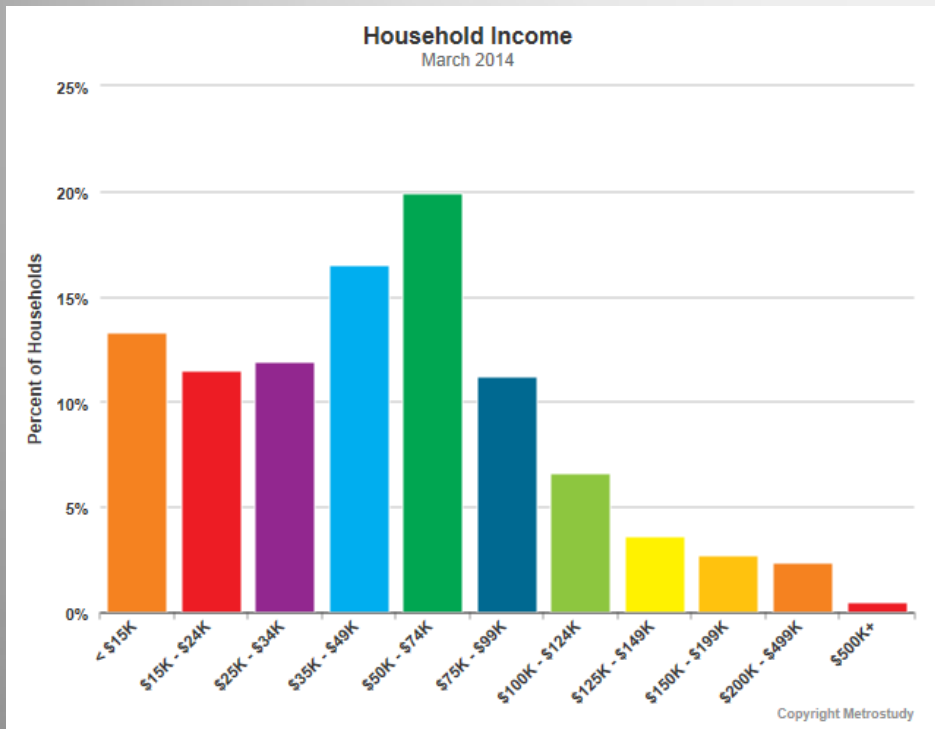
# San Antonio Annualized Permits



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# San Antonio Household Income



- Austin median home price \$231,750. / \$70.K
- SA median home price \$176,000./ \$53.K
- Dallas median home price \$175,000. / \$52.9K
- Ft. Worth median home price \$162,500 /\$49.K
- Houston median home price \$195,000 / \$59.K

FHA limits, 3.5% down payment, ( underwriting engine determines how much payment is acceptable, High FICO equals more house payment. The other factor is the bottom ratio of additional debt.



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# What makes San Antonio different?

- Unlike many markets in the US, San Antonio did not experience the massive deceleration housing appreciation. The last 12 to 24 months we have seen regional appreciation, something the rest of the country is just seeing
- Nonetheless, San Antonio remains competitive from a builder / seller standpoint. In most neighborhoods it is a 'sellers' market
- Local buyers are not convinced of strength of market. Still looking for discounts
- Unsold inventory tight. Builders / sellers raising prices on to be built (to cover costs) and resale units
- Lack of new development and pent up demand
- Limited finished lot inventory
- Job creation



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**There is not a better time to  
buy a home in San Antonio!**

**If not now, when?**



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# Thank you



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