Texas & Temple-Belton Economy and Housing Outlook 2019

TBBOR
Temple-Belton Board of REALTORS®

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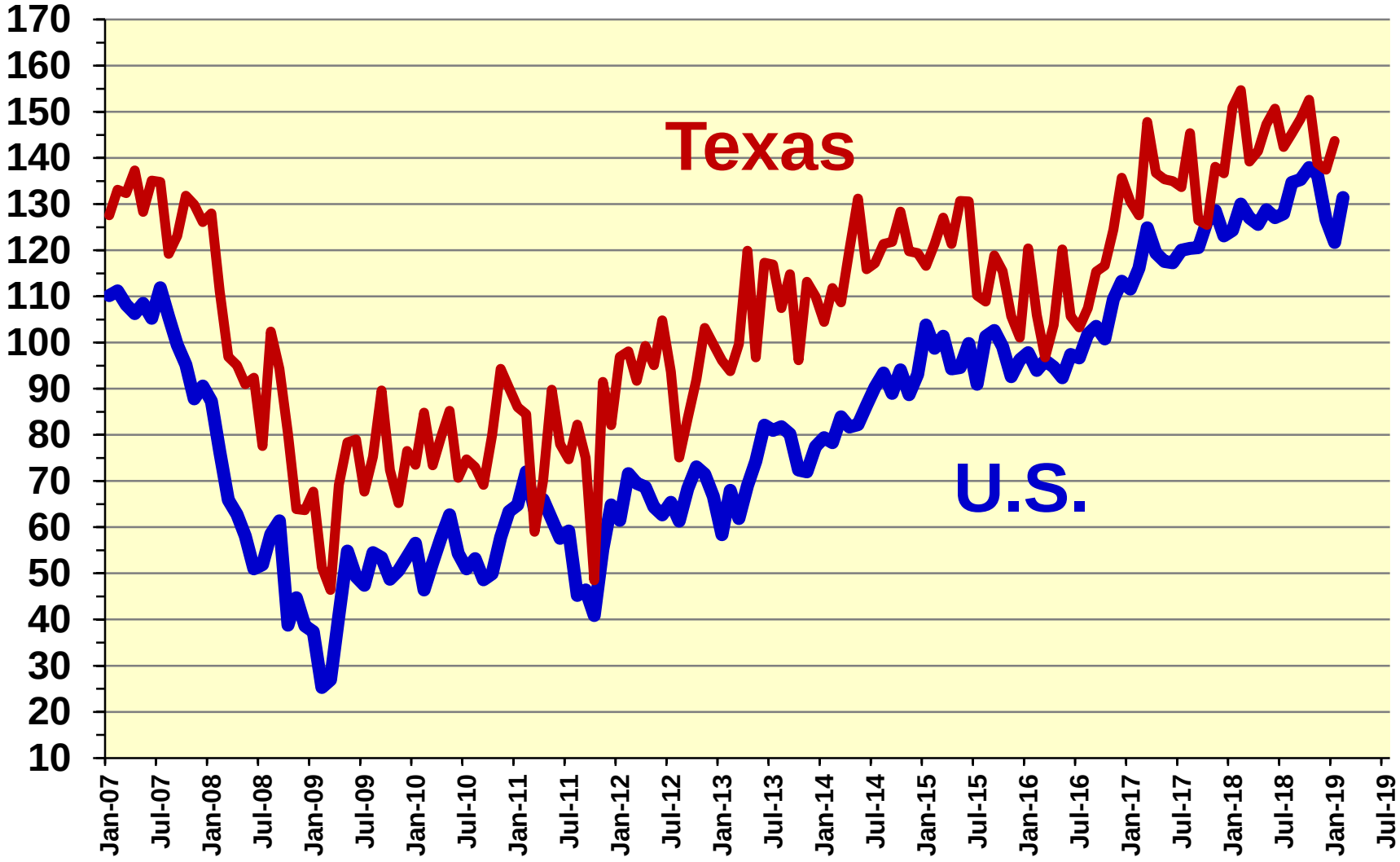
2018 A Very Good Year - 2019 Definite Slowdown

- Real GDP growth 2018 2.9%+ 2019 ~2.5%
- Jobs expanded ~1.5% Unemployment rate ~4.0%+
- Interest rates up/down during the year;
- Inflation approached 2.5%
- Tax Cuts added positive impacts
- Industrial Production high but less labor
- Income and spending growing
  - Real Disposable Personal Income +2.9% thru 3Q18
  - Real PCE +2.6% thru 3Q18
- Housing improving, not fully recovered; recent stalling
- U.S. became #1 oil producer and net exporter

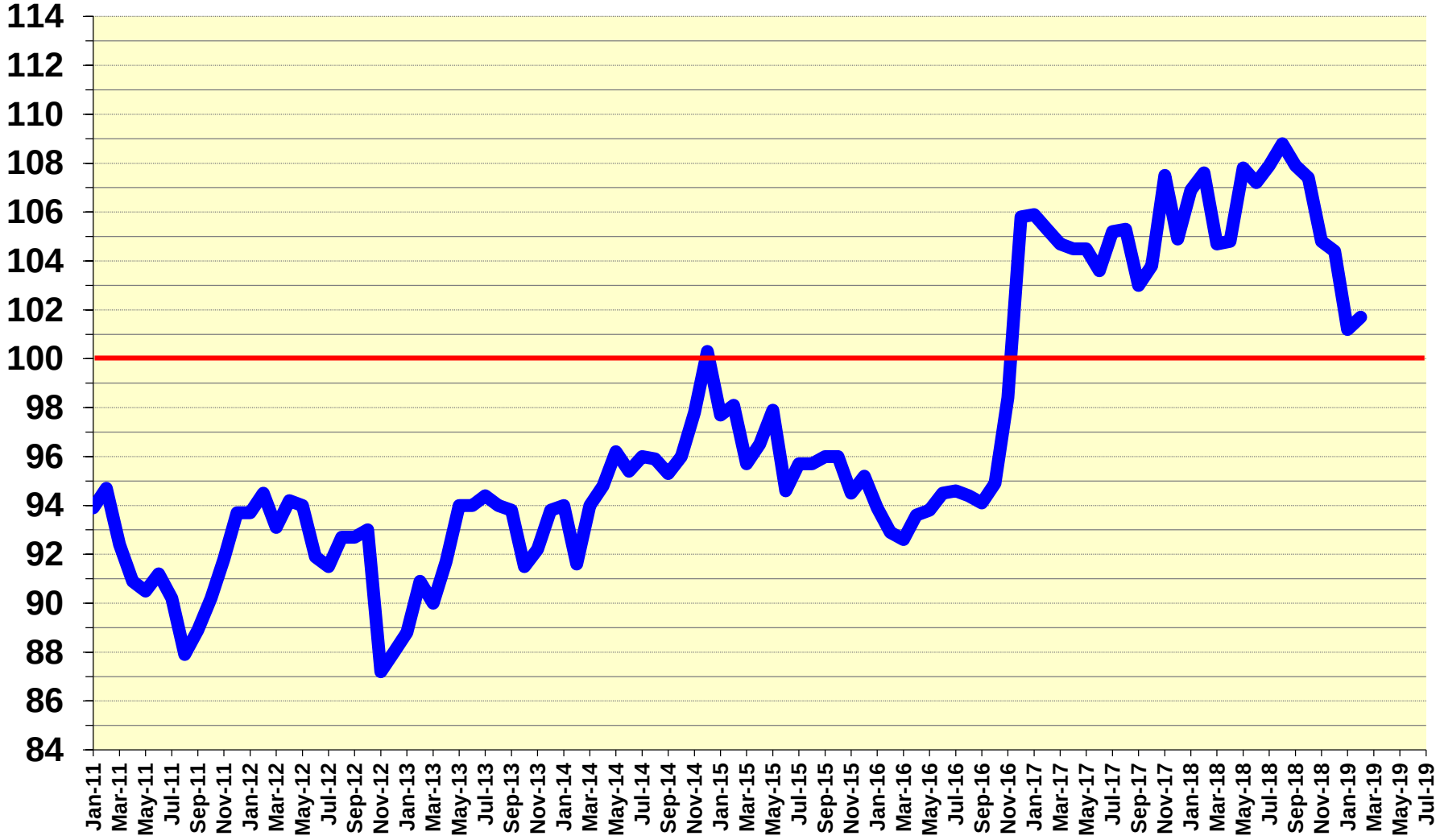
Consumer Confidence Index



Source: The Conference Board (1985=100; NSA); Haver Analytics

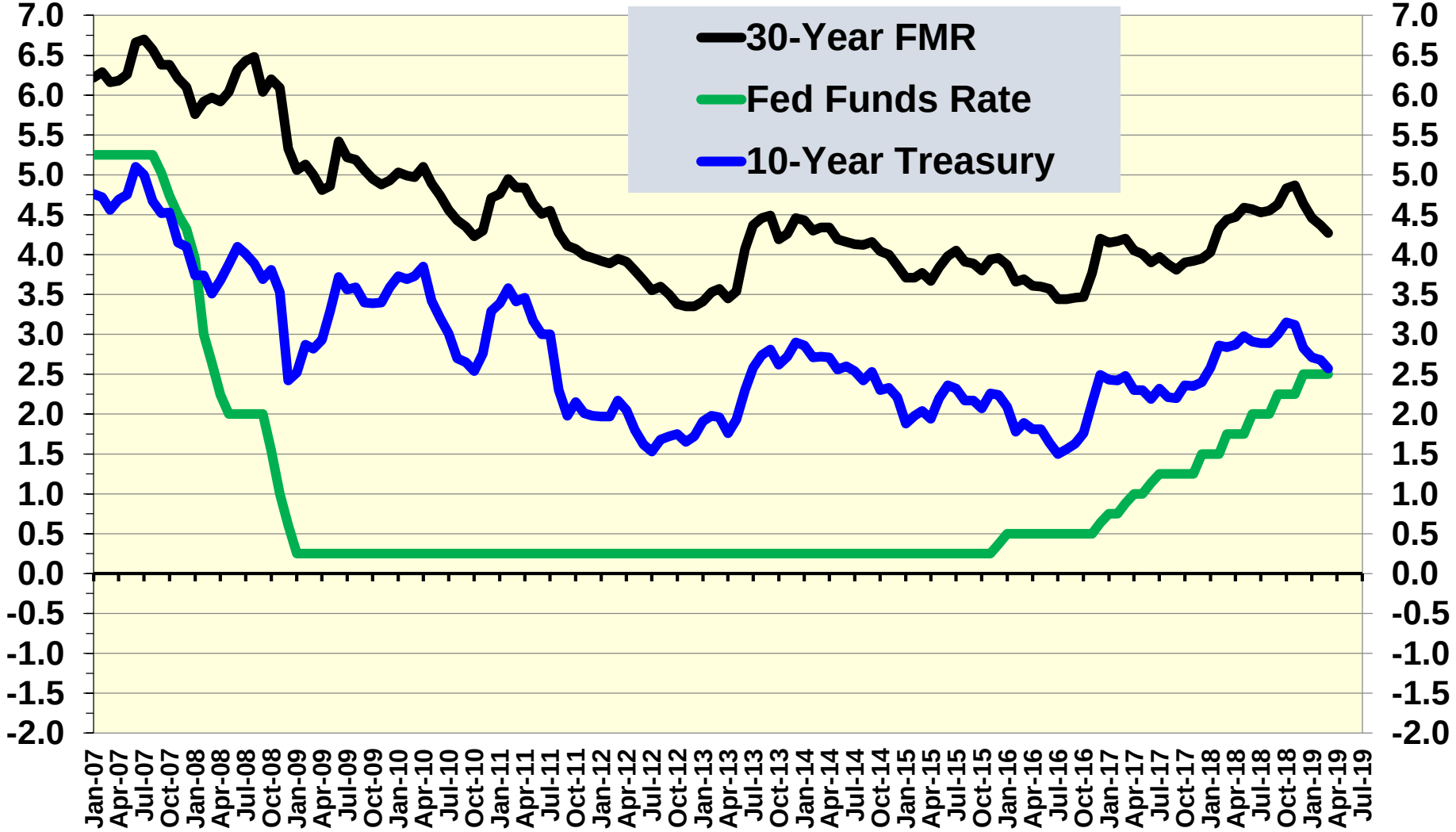
NFIB Small Business Optimism Index

(Overall Index SA 1986 = 100)



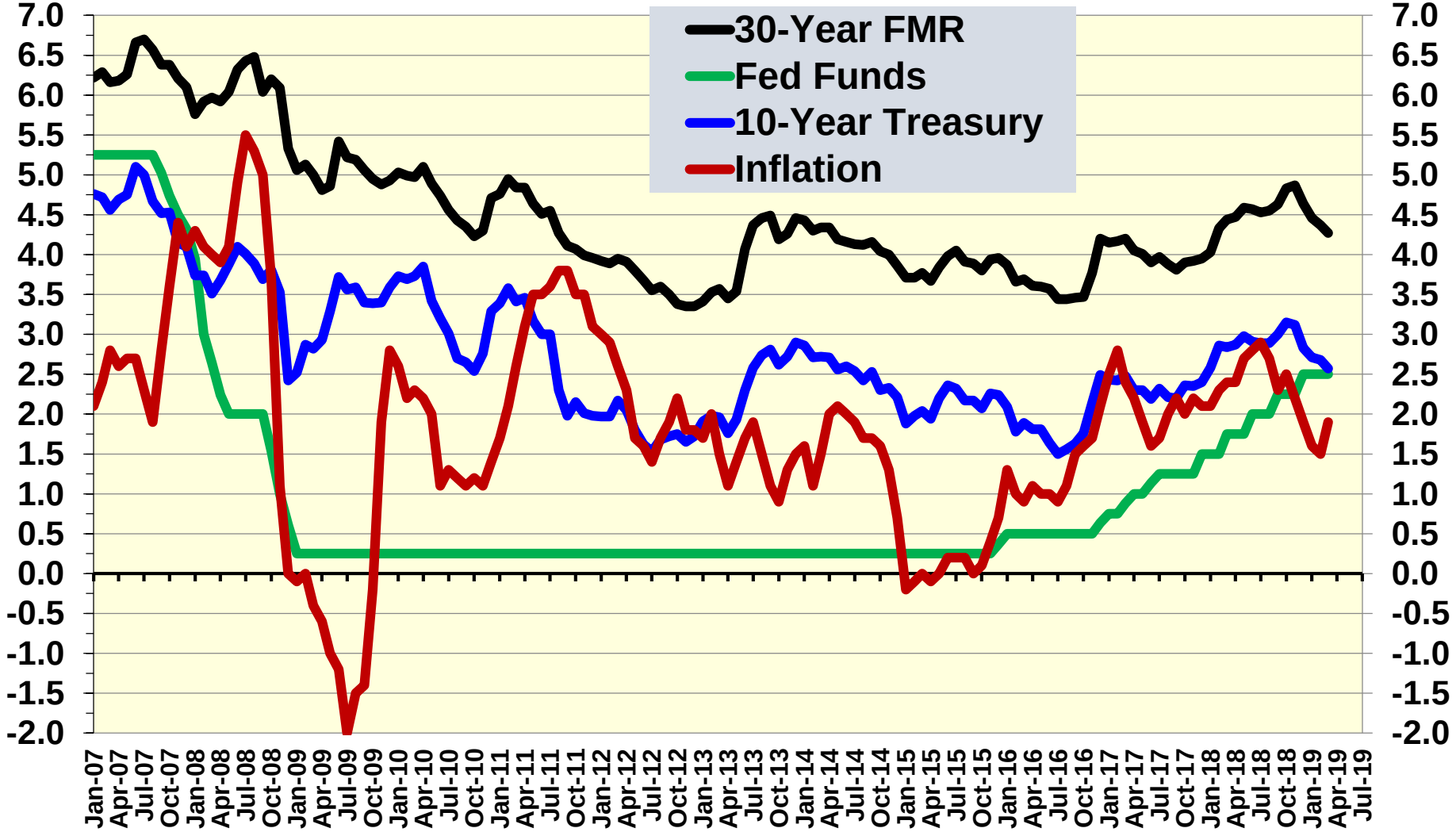
Source: National Federation of Independent Businesses; based on ten survey indicators

Fed Funds Rate, 10-Year Treasury, 30-Year FMR



Source: Haver Analytics; FHLMC; St. Louis FED;
Real Estate Center at Texas A&M University

Fed Funds Rate, 10-Year Treasury, 30-Year FMR & Inflation



Source: Haver Analytics; FHLMC; St. Louis FED;
Real Estate Center at Texas A&M University

Texas Economy

2015-2016 Oil Decline; Down Years

2017 Recovery – A Good Year

2018: Better than 2017

2019 Some Headwinds, but Not Bad

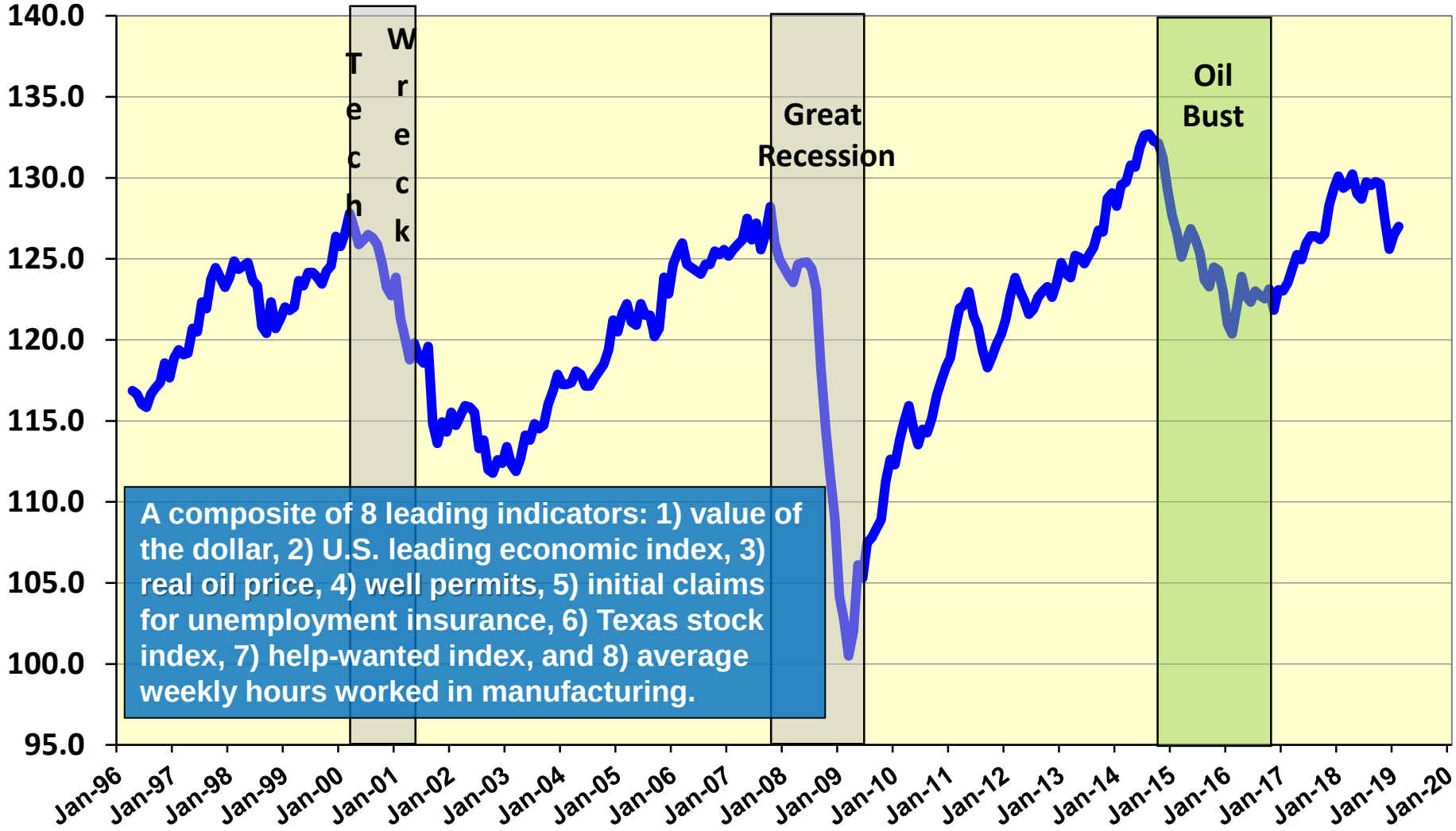
2018 a Very Good Year Economically For Texas

- Rebound from Harvey going strong but not over
- State GDP +3.7% (3Q18) [estimate ~4.5% 2018]
- Personal Income +5.3% vs. 4.5% nationally
- Oil Prices >$70 until 4Q – dropped then rebounded
- Jobs increased 276,100 +2.3%
- Population increased 379,128 to 28,701,845
  - 190,951 natural increase (50.3%)
  - 104,976 foreign immigration (27.7%)
  - 82,569 domestic immigration (22%)

Texas Economic Outlook: 2019 Positive but Slower Growth Than 2018

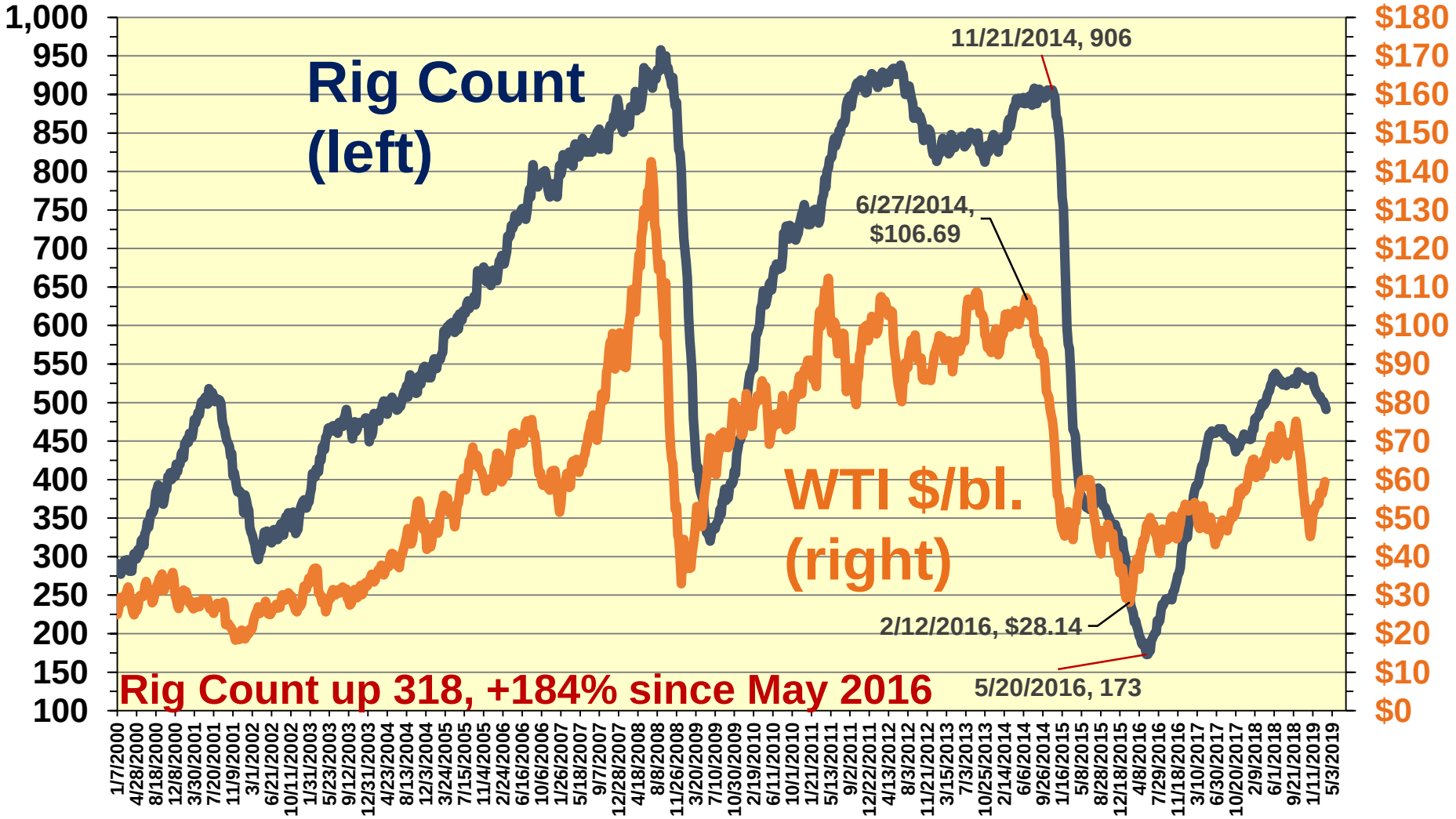
- **U.S. Economy** stays relatively strong
- **Employment:** ~1.5% - 2.0% from 2.3% in 2018 (revised)
- **GDP**: 3.5% 2019 from ~4.5% 2018
- **Energy sector** neutral; oil prices $40-$60/bl.
- **Population** expansion continues but at slower pace
- **Exports** doing well and contributing to economy – trade agreements and value of dollar add uncertainty
- **Retail Sales** steady but not significantly higher

Texas' Leading Economic Index



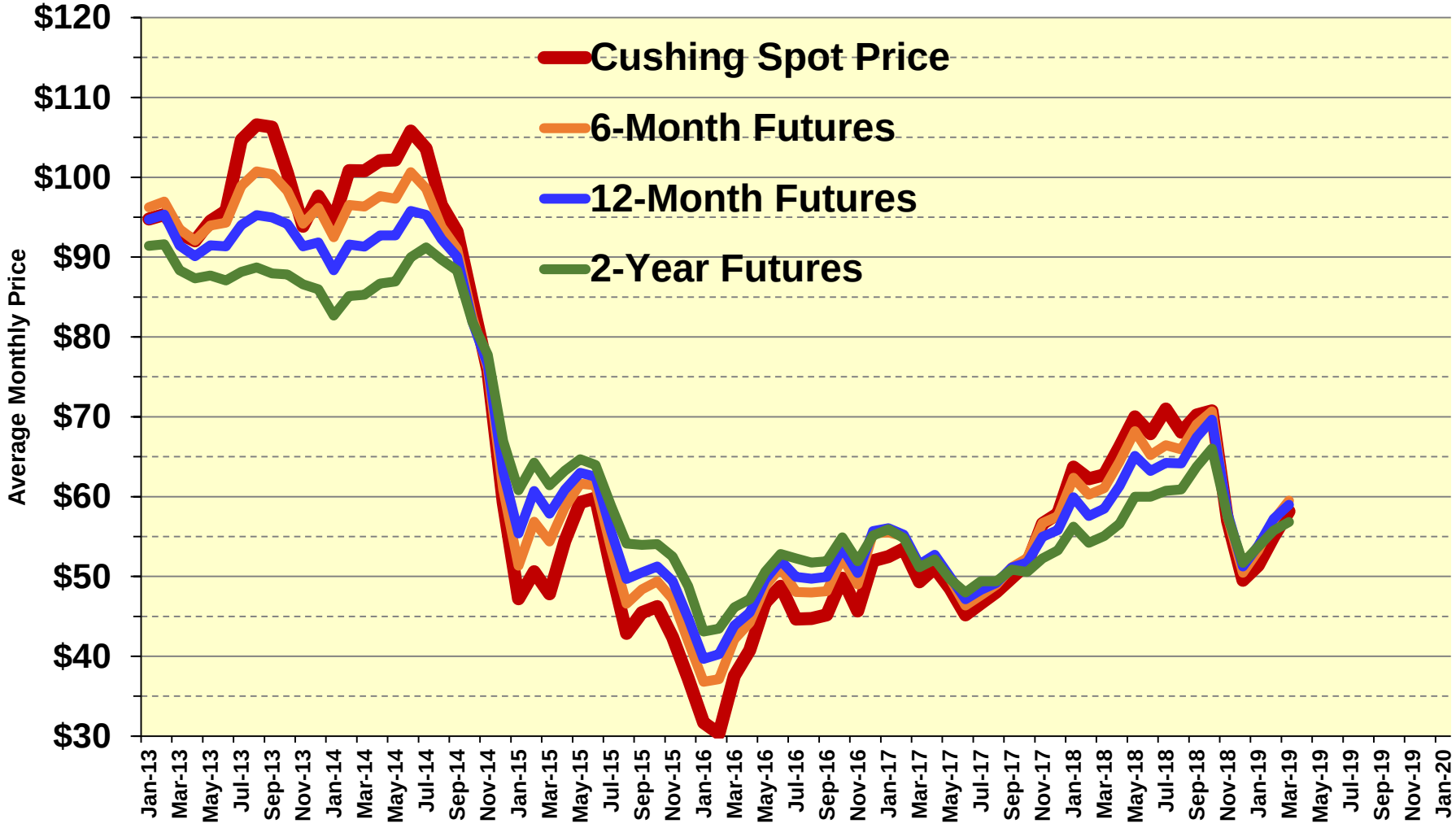
Source: Federal Reserve Bank of Dallas, 1987=100

Weekly Active Texas Rig Count & Price of WTI



Source: Baker Hughes; EIA; RE Center at Texas A&M University

Current and Futures Monthly Average Price of WTI



Sources: EIA; Haver Analytics; Real Estate Center at Texas A&M University

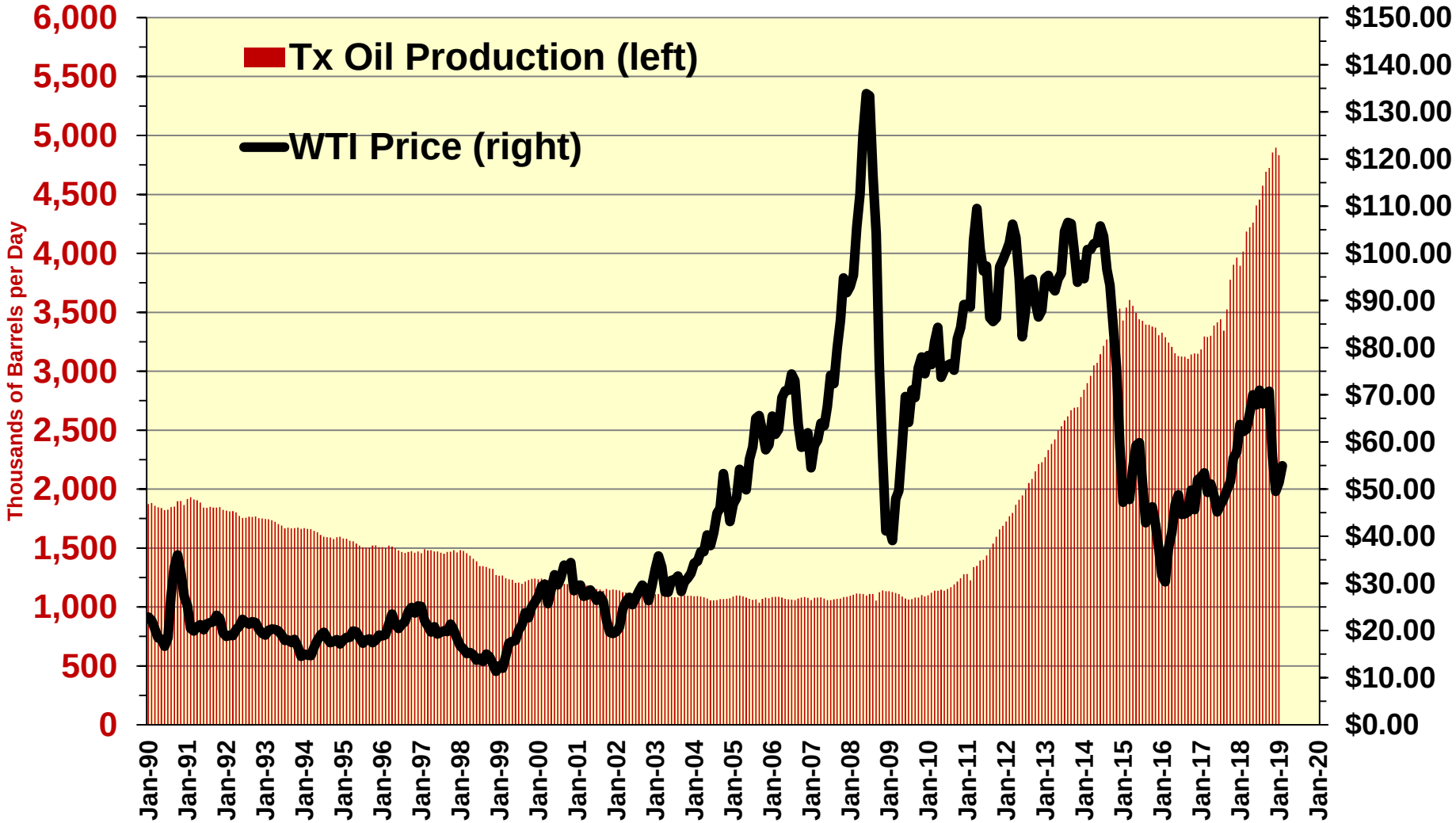
Oil Spot Prices: Cushing & Midland

Futures contracts for Midland and Cushing crudes show the market expects their prices to stay in the mid-$50 range through the end of 2019.*

***Permian Basin Economic Indicators, Dallas Federal Reserve Bank, March 22, 2019**

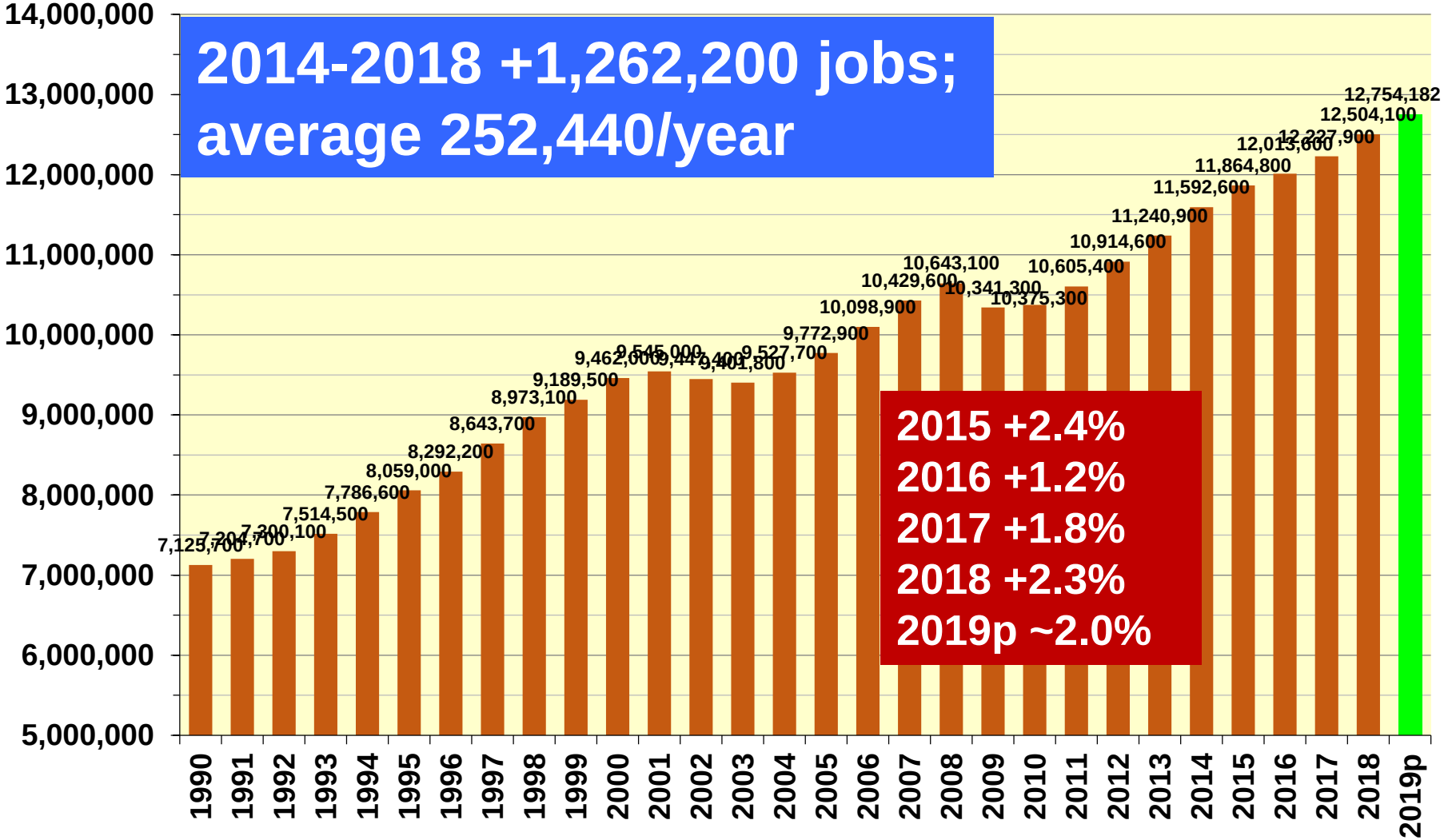
Sources: Bloomberg; Dallas Federal Reserve Bank; Real Estate Center at Texas A&M University

Monthly Texas Oil Production & Price of WTI

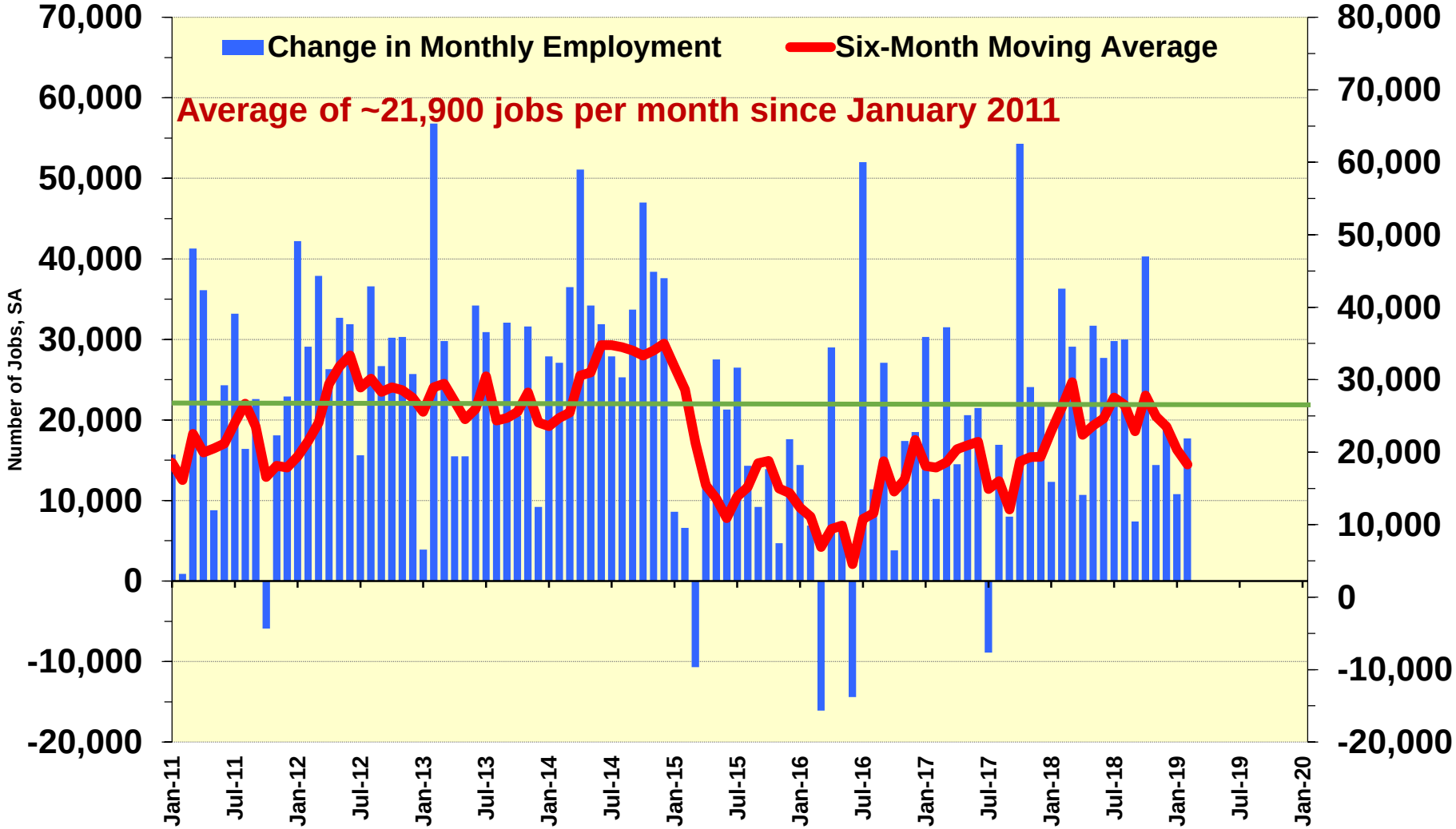


Source: EIA; RE Center at Texas A&M University

Texas Annual Jobs



Monthly Change in Total Nonfarm Employment Texas



Sources: TWC; Haver Analytics; Real Estate Center at Texas A&M University

Texas Growth

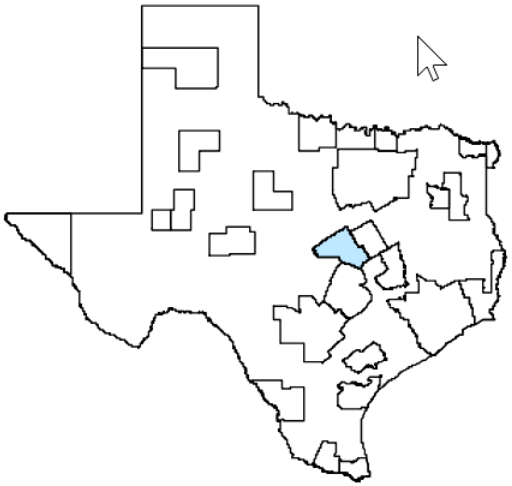
Year	Jobs, NSA (Dec-Dec)	Population (July-July)
2010	216,200	439,887
2011	236,200	402,776
2012	373,300	433,903
2013	300,800	400,952
2014	420,900	475,157
2015	151,800	500,444
2016	150,000	449,982
2017	253,900	399,734
2018	276,100	379,128

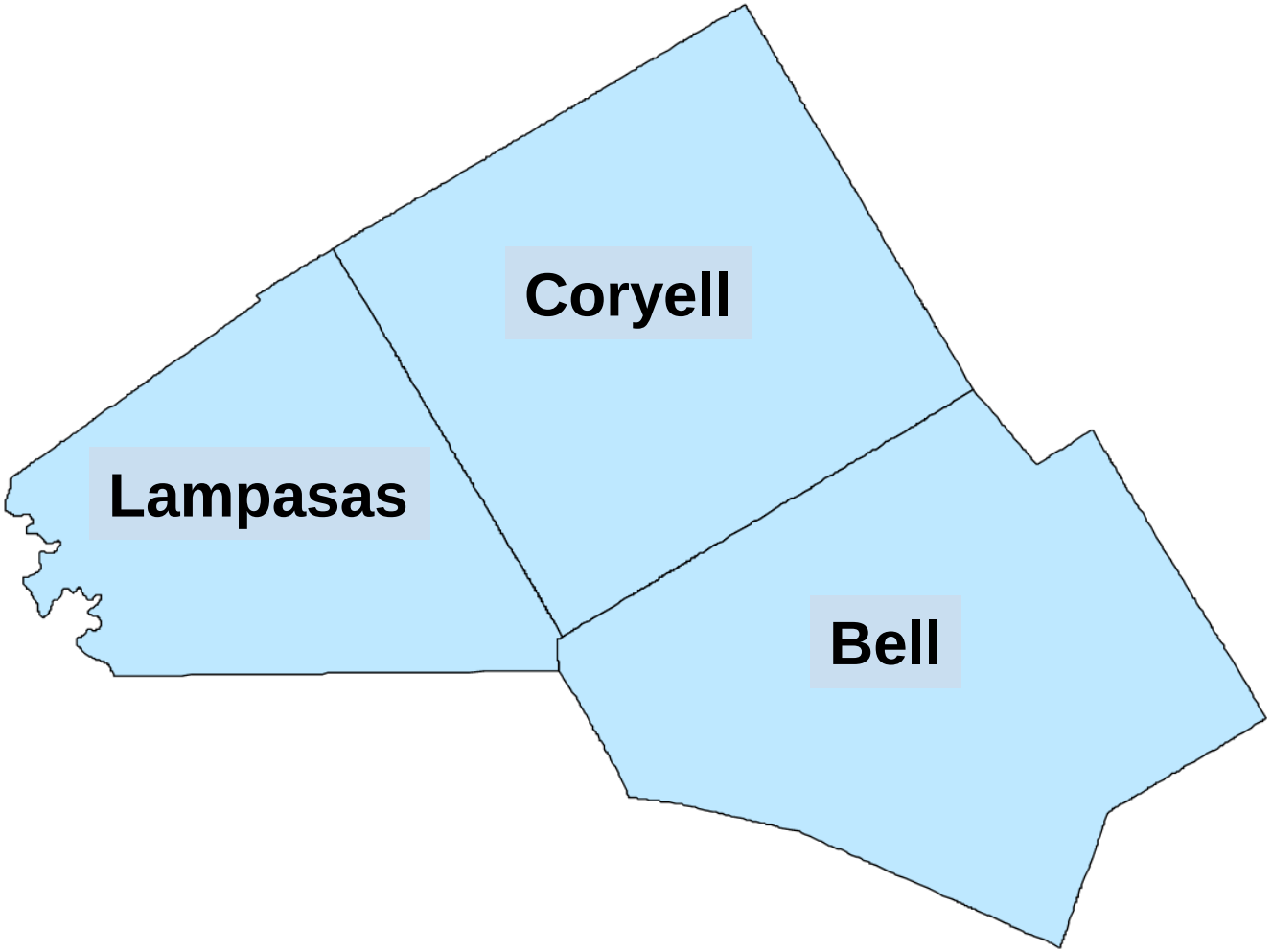
2010-2018
+3,881,963 people
+2,379,200 jobs

Sources: US Census Bureau; Texas Workforce Commission; Real Estate Center at Texas A&M University

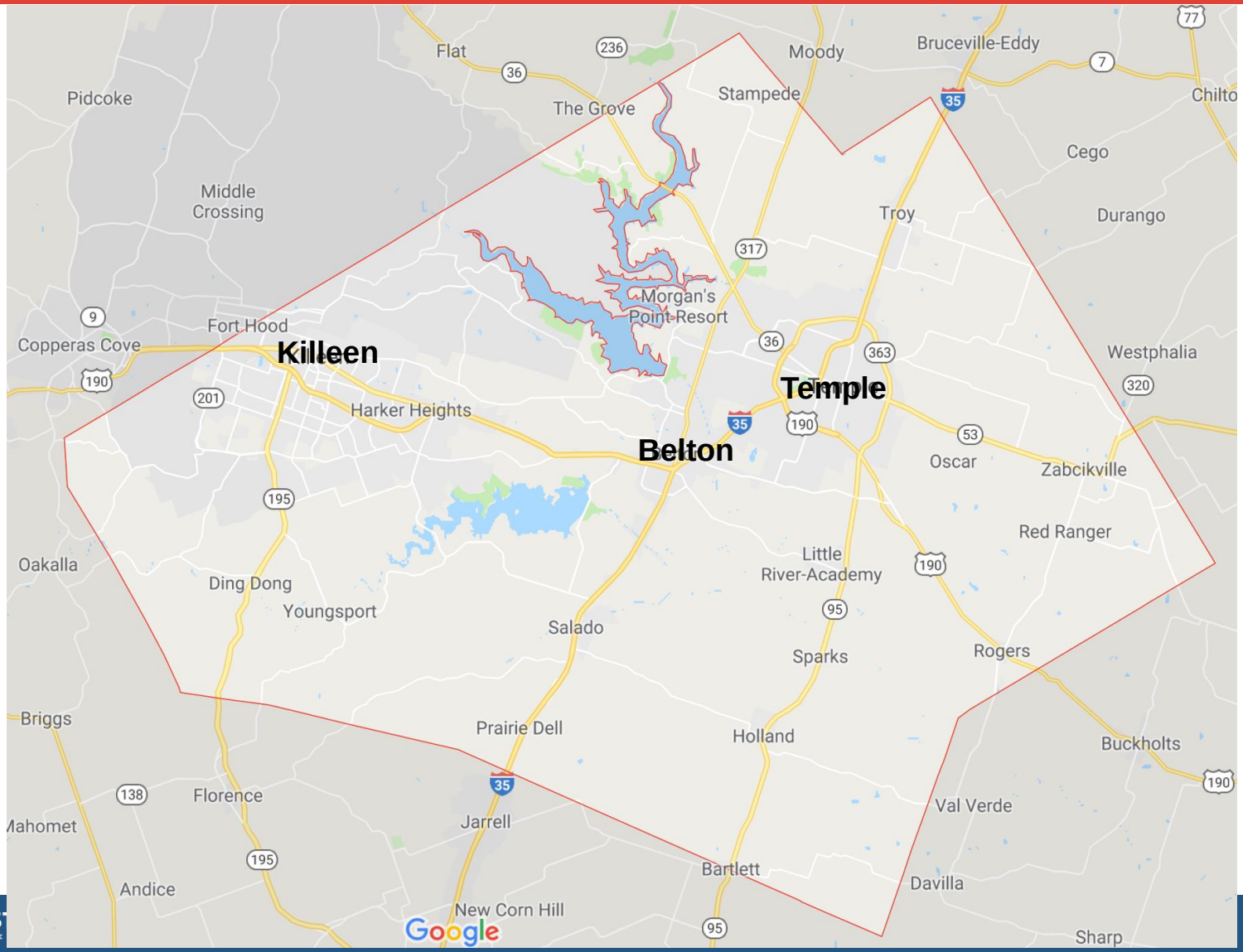
Killeen-Temple MSA Bell County Economic Outlook

Killeen-Temple MSA

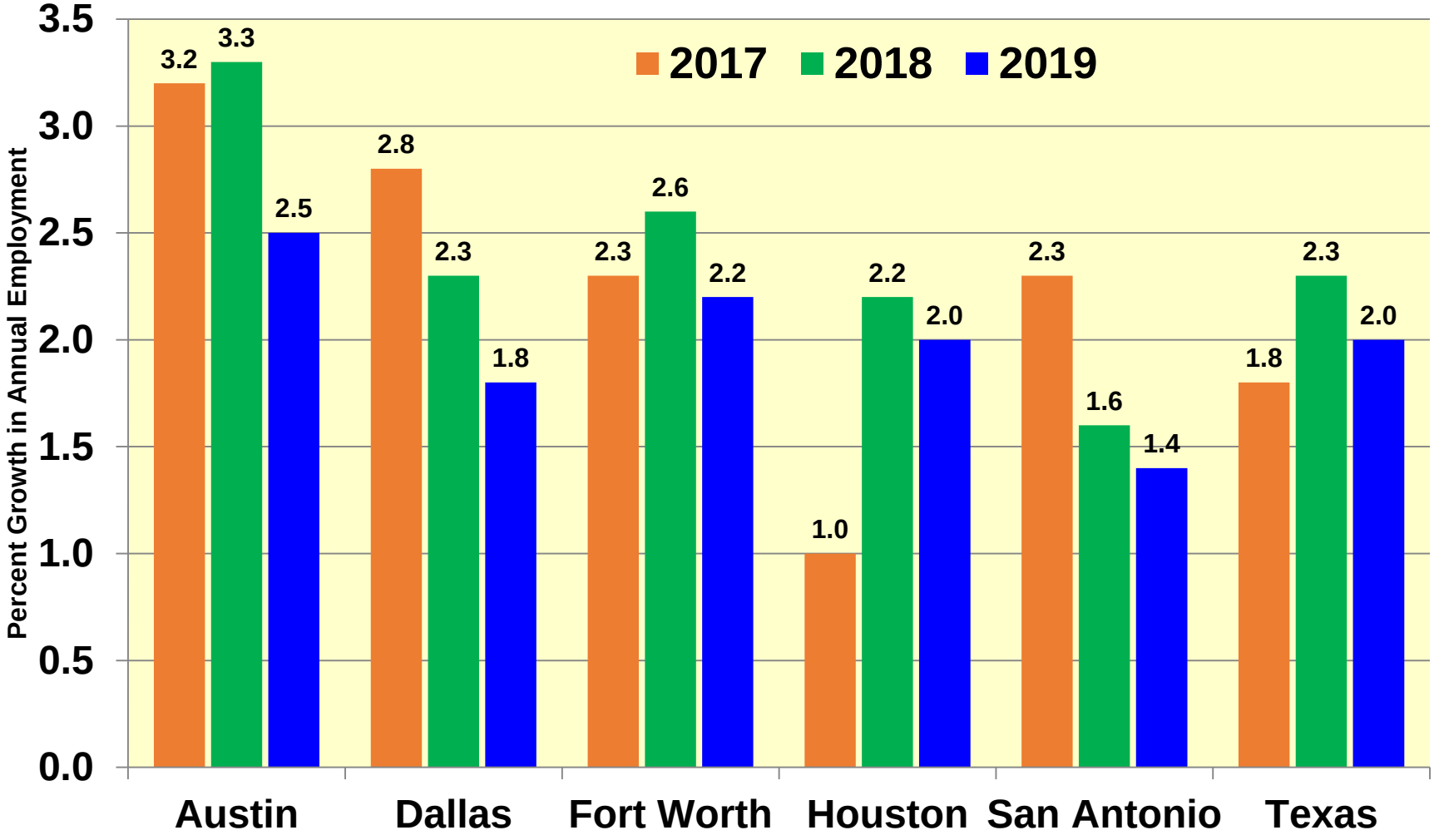




Bell County


Flat
236
36
Moody
Bruceville-Eddy
77
7
Pidcoke
The Grove
Stampede
35
Chilto
Cego
Middle
Crossing
Troy
Durango
317
Morgan's
Point Resort
9
Fort Hood
Copperas Cove
Killeen
36
363
Westphalia
190
Temple
320
201
Harker Heights
35
190
53
Belton
Oscar
Zabcikville
195
Red Ranger
Little
River-Academy
190
Oakalla
Ding Dong
Youngsport
95
Salado
Sparks
Rogers
Briggs
Prairie Dell
Holland
Buckholts
190
138
Florence
35
Val Verde
Mahomet
Jarrell
195
Bartlett
Davilla
Andice
New Corn Hill
Google
95
Sharp

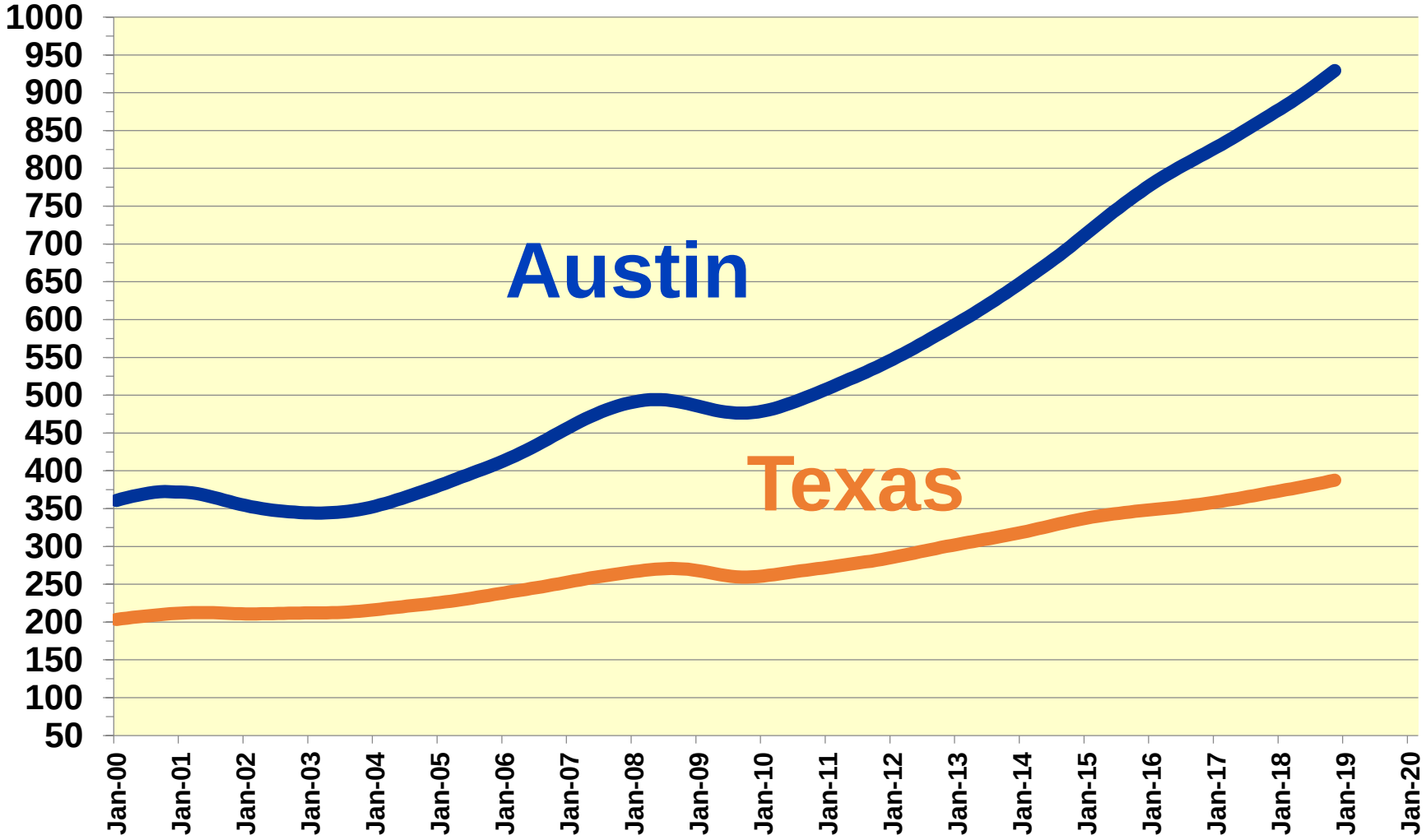
Texas Major MSAs Employment Growth 2017, 2018 & 2019



Sources: TWC; Real Estate Center at Texas A&M University

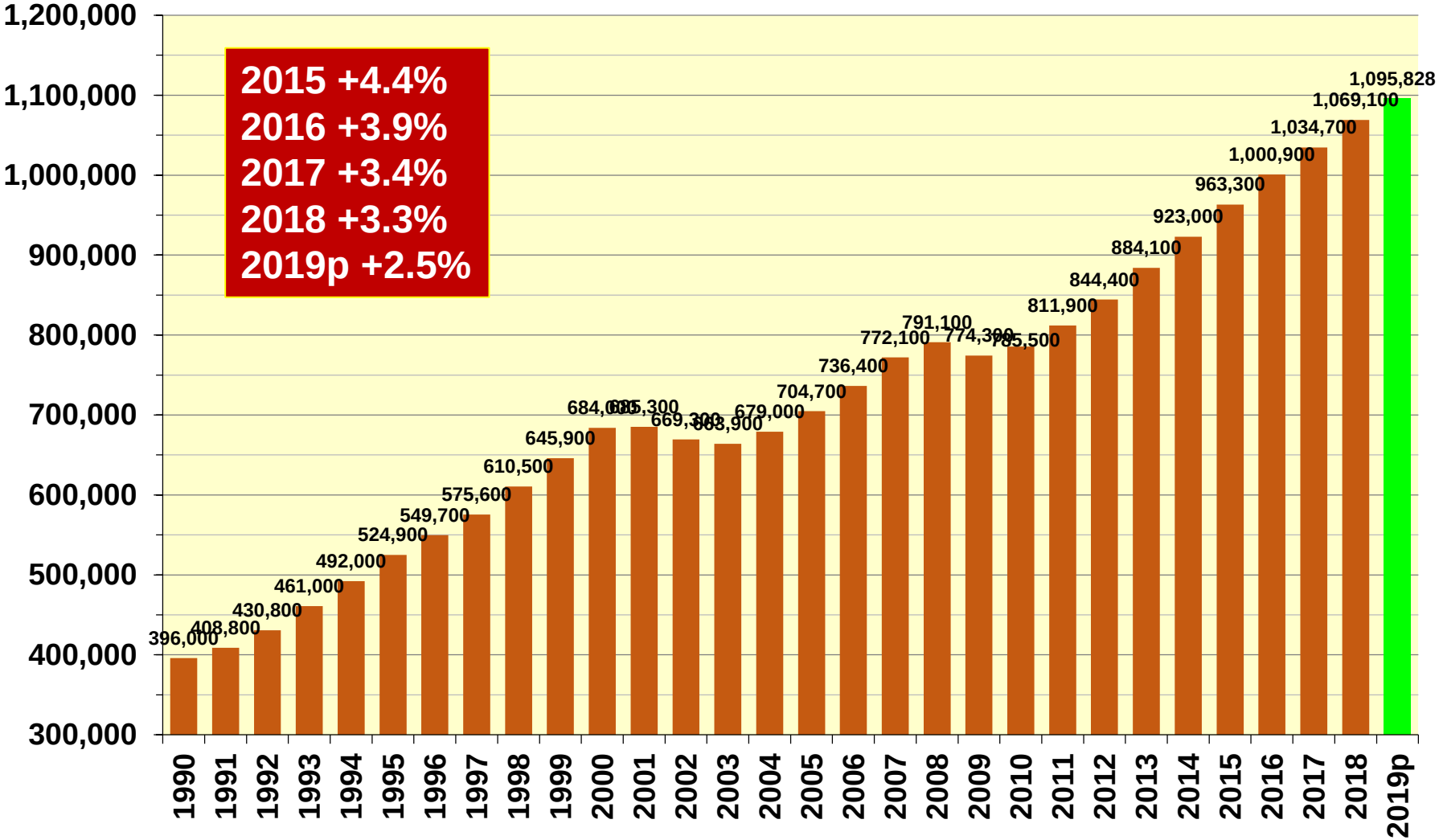
Austin & Texas Business-Cycle Indexes

Monthly, Seasonally Adjusted, 10/1980=100



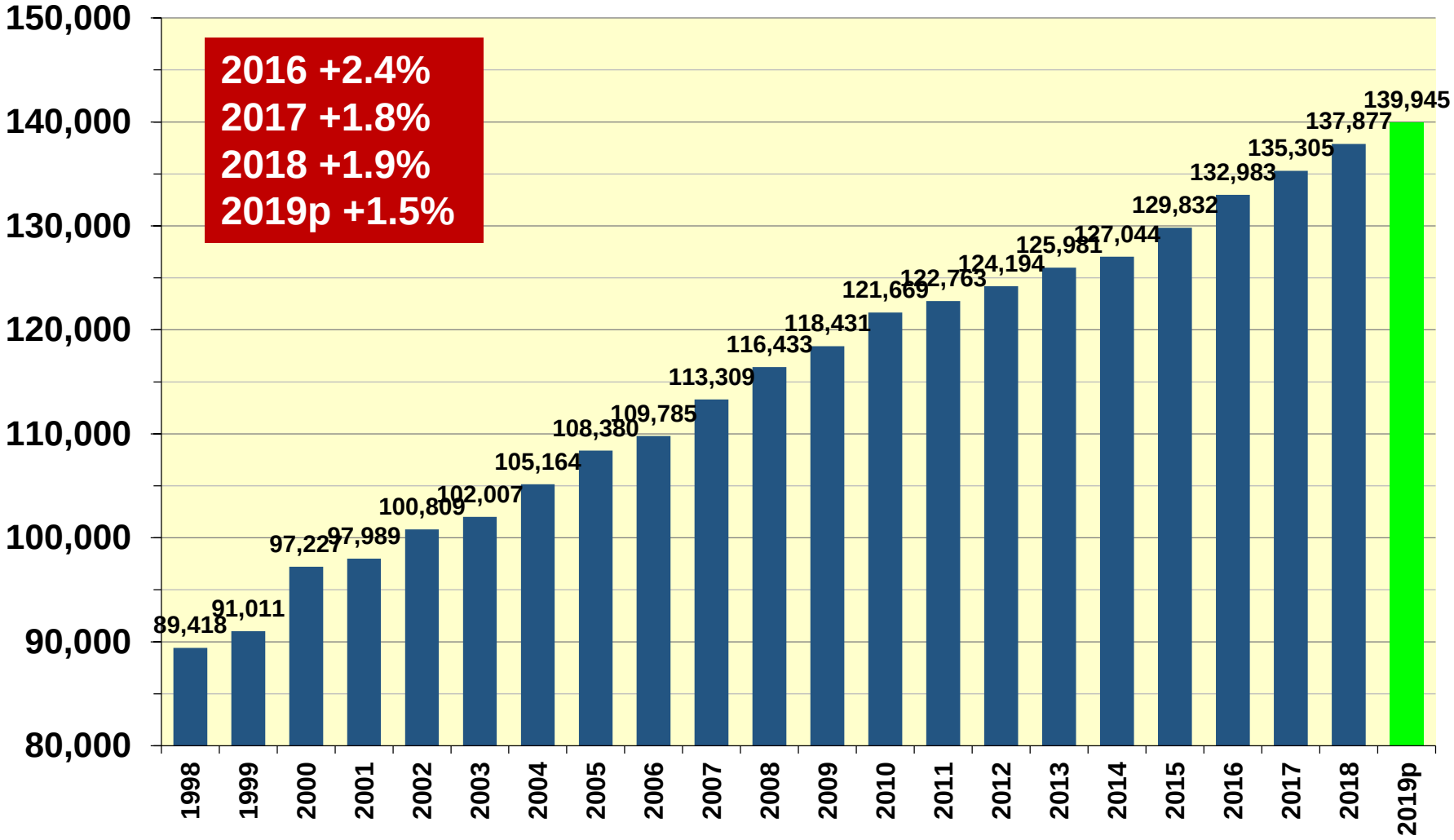
Source: Federal Reserve Bank of Dallas

Austin Annual Jobs



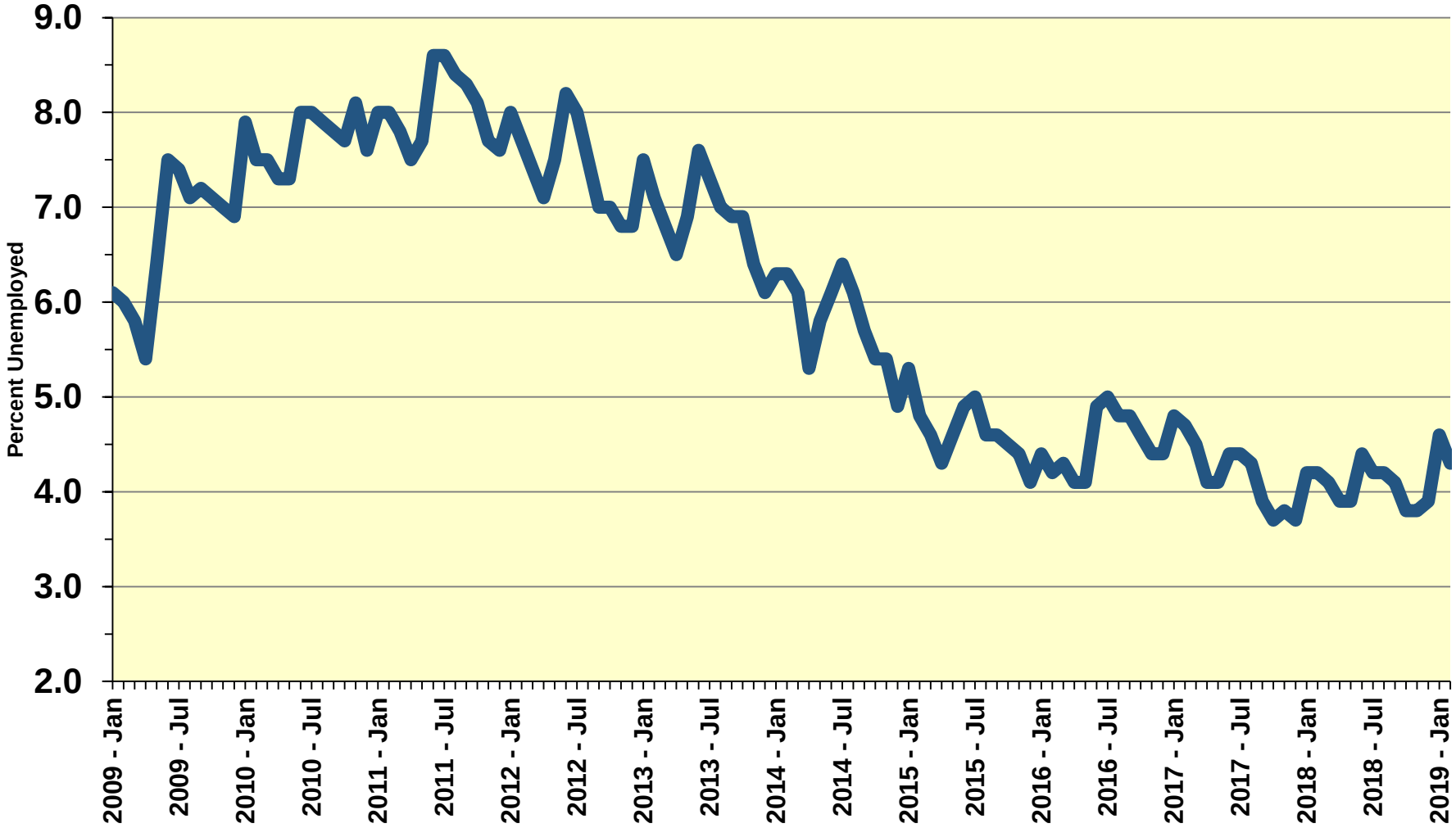
Sources: Haver Analytics; Real Estate Center at Texas A&M University

Bell County Annual Employment

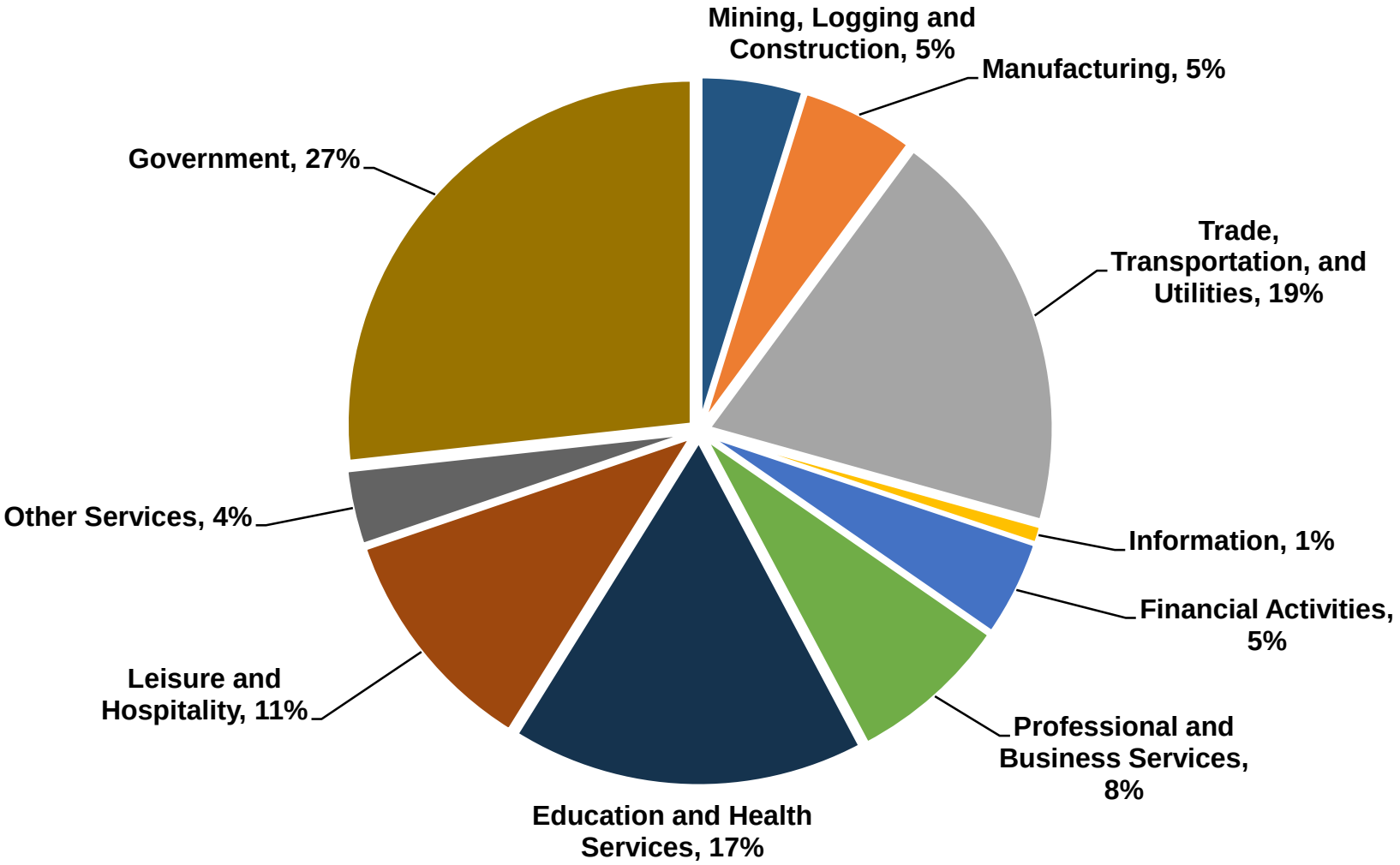


Sources: Haver Analytics; Real Estate Center at Texas A&M University

Bell County Unemployment Rate

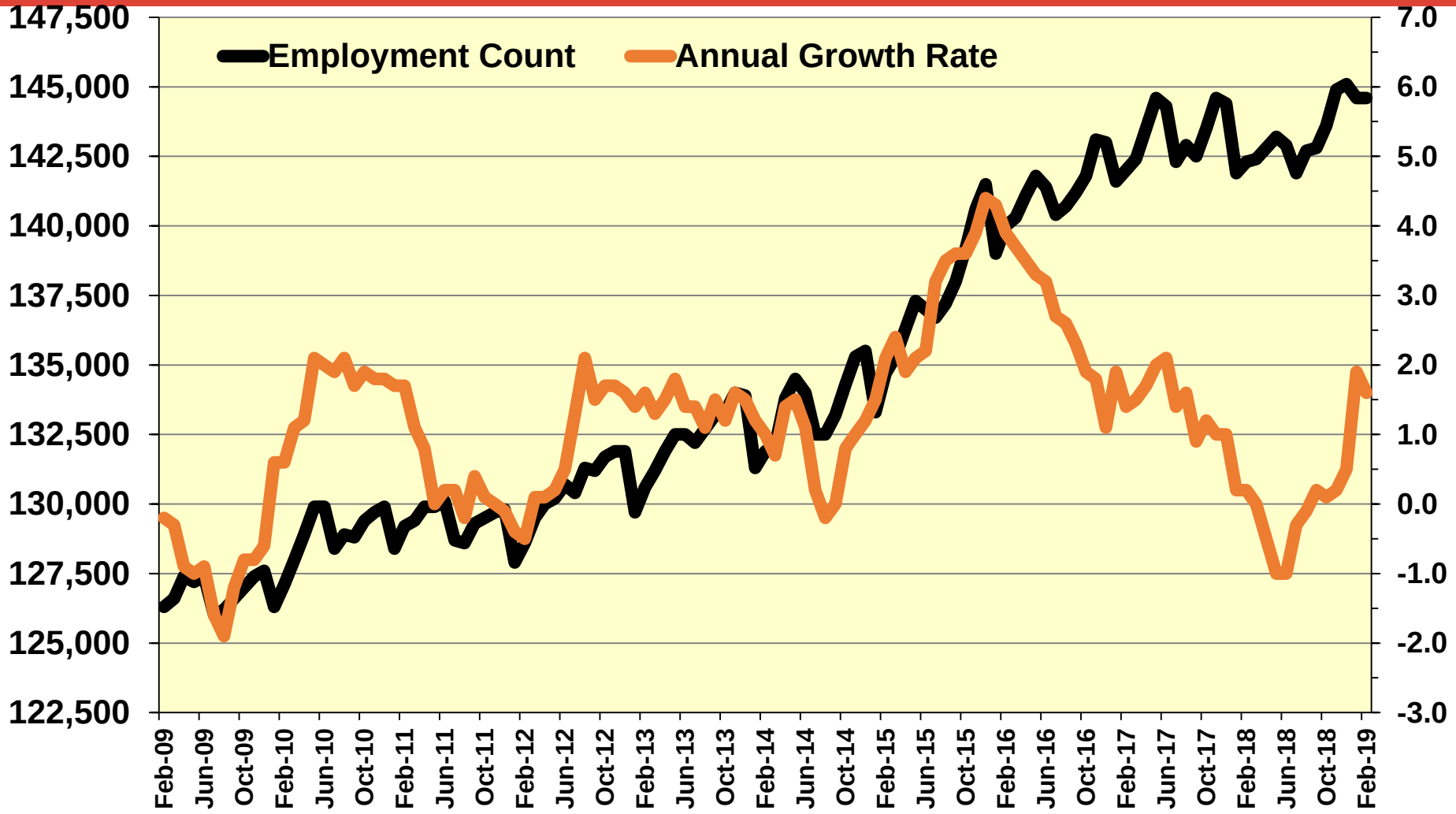


Killeen-Temple Employment by Industry



Sources: Texas Workforce Commission, Real Estate Center at Texas A&M University

Killeen-Temple Jobs and Annual Job Growth Rate



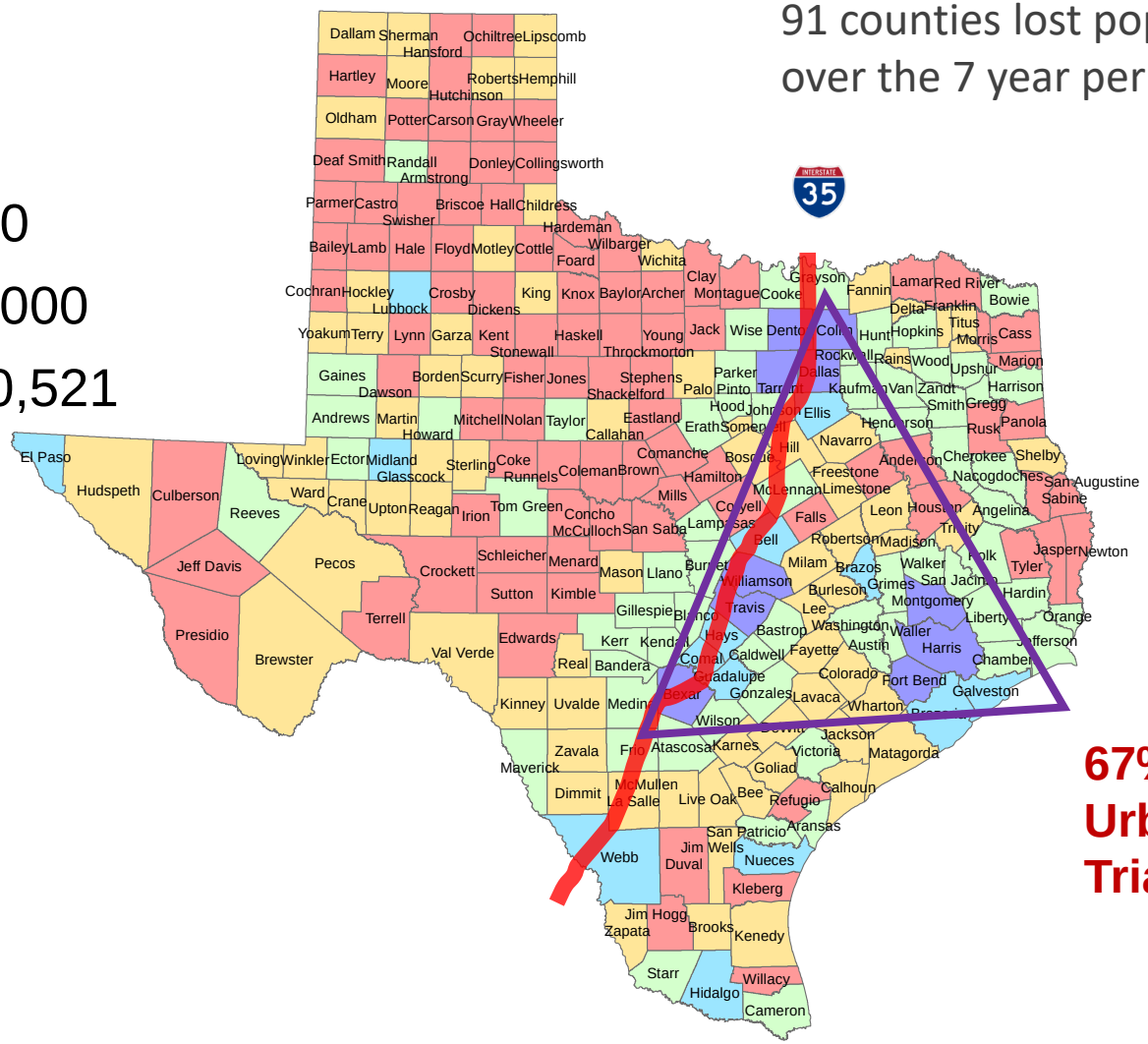
Sources: Texas Workforce Commission, Real Estate Center at Texas A&M University

Texas Demographics

Estimated Population Change, Texas Counties, 2010 to 2017

- -2,139 - 0
- 1 - 1,000
- 1,001 - 20,000
- 20,001 - 100,000
- 100,001 - 560,521

91 counties lost population over the 7 year period.



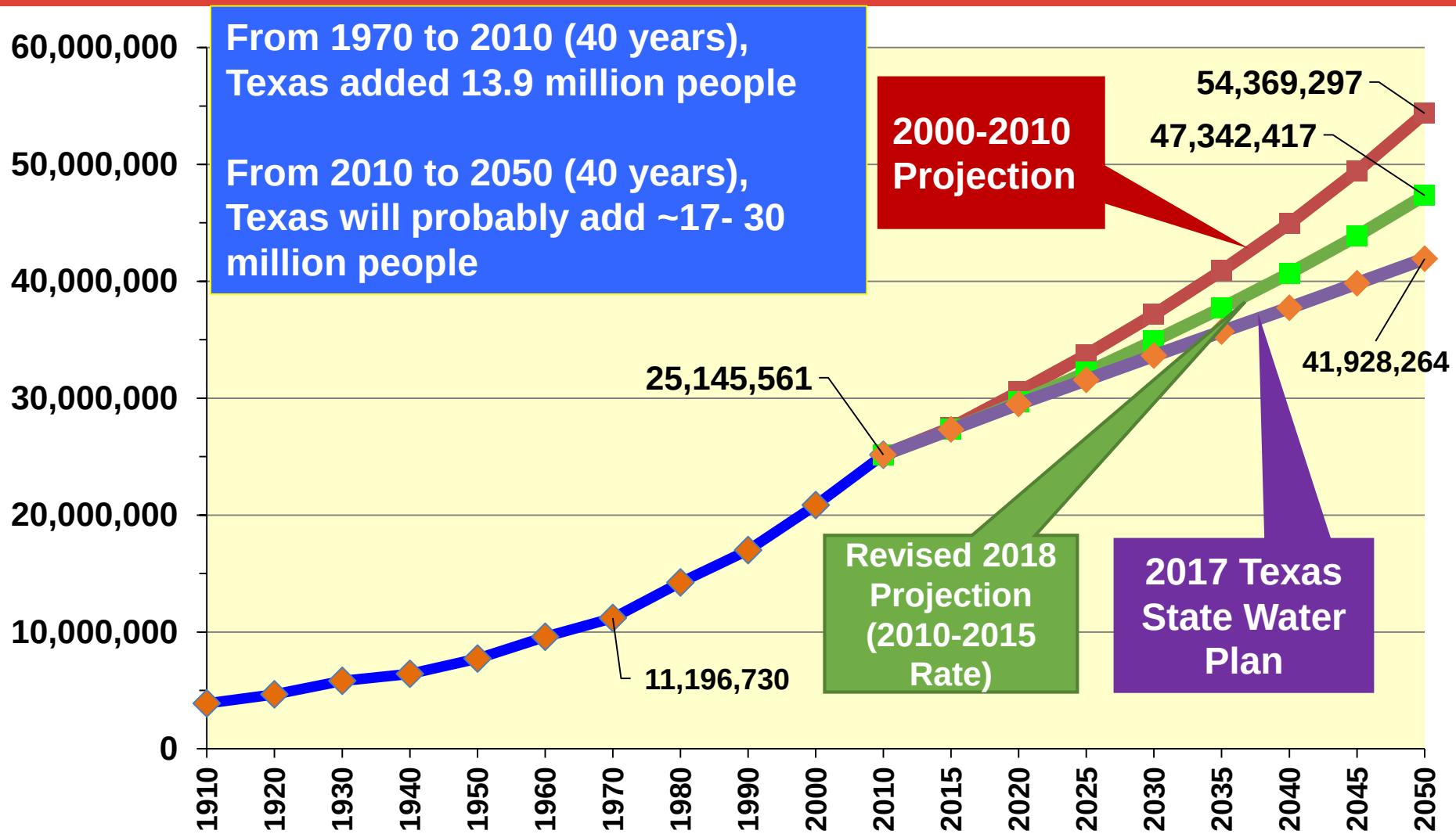
87% E of I-35

67% in Urban Triangle

Source: U.S. Census Bureau, 2017 Vintage Population Estimates; Texas State Demographer's Office

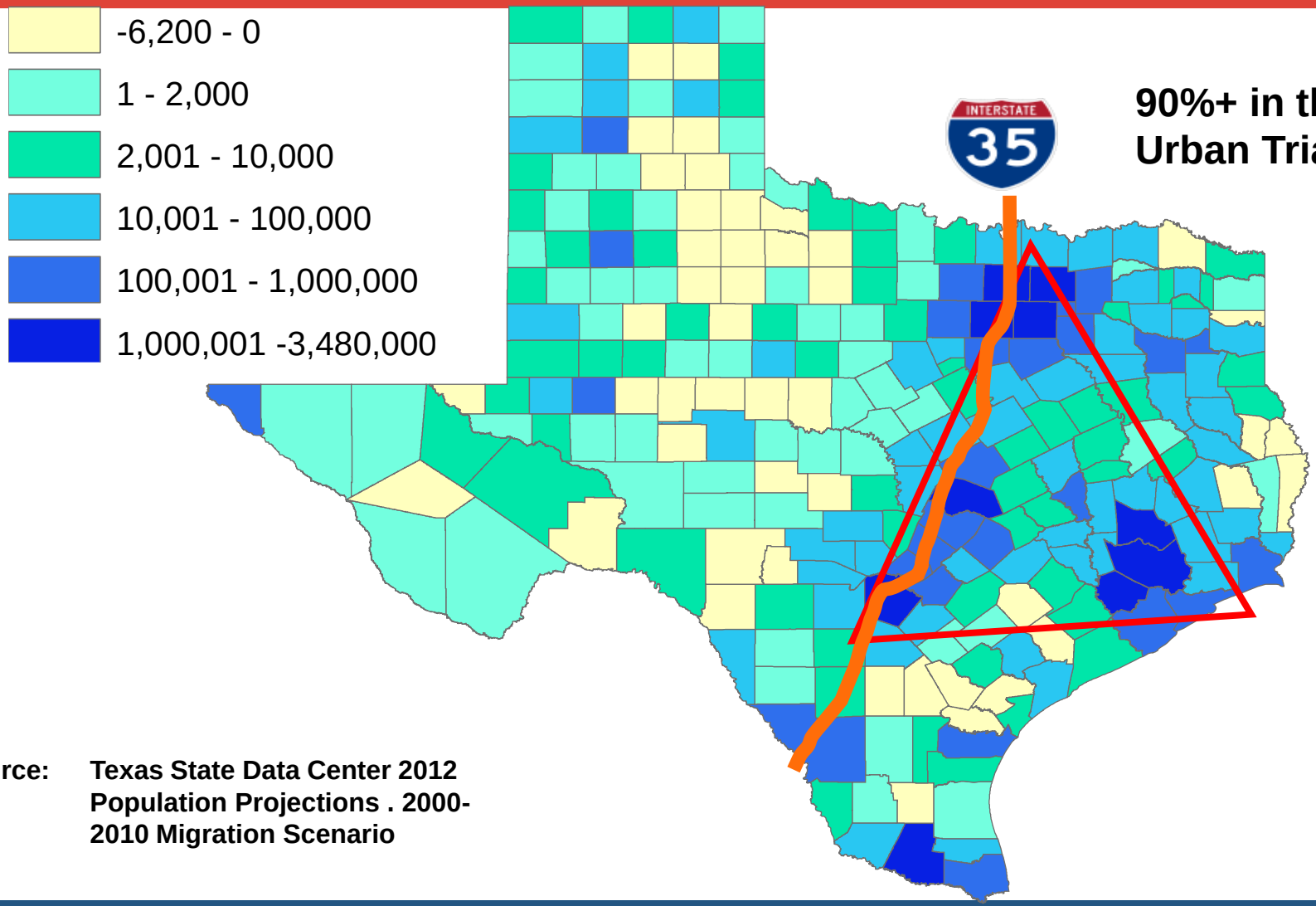
Texas Population 1910-2050

2018 Population Projection & 2017 Texas Water Plan



Sources: U.S. Census Bureau; Texas State Demographer's Office 2018 Projection & 2000-2010 Scenario; Real Estate Center at Texas A&M University

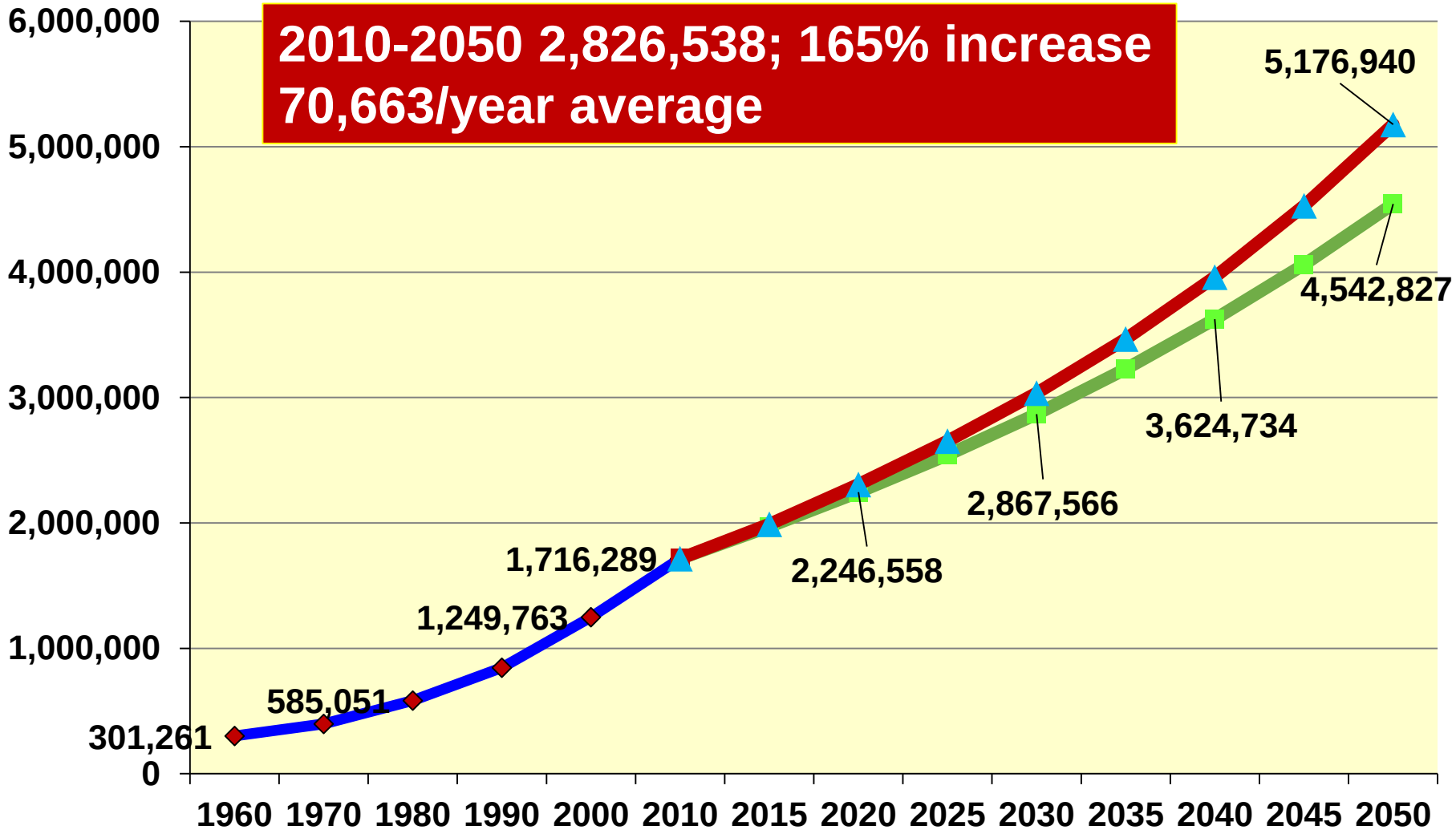
Projected Population Change, Texas Counties, 2010-2050



Source: **Texas State Data Center 2012 Population Projections . 2000-2010 Migration Scenario**

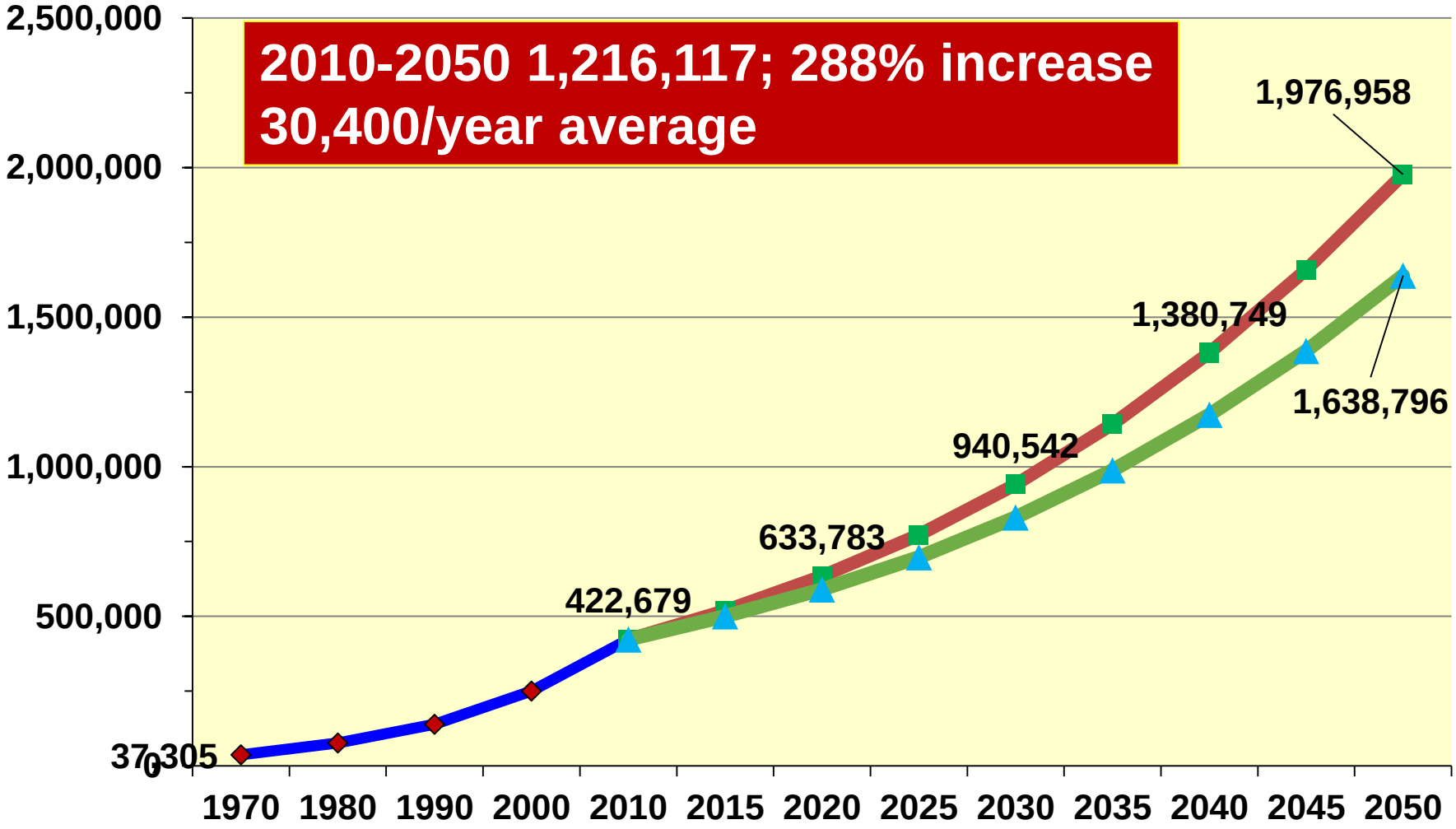
Austin MSA Population

Bastrop, Caldwell, Hays, Travis & Williamson Counties



Source: U.S. Census Bureau; Texas State Demographer's Office 2018 Projection & 2000-2010 Projection; Real Estate Center at Texas A&M University

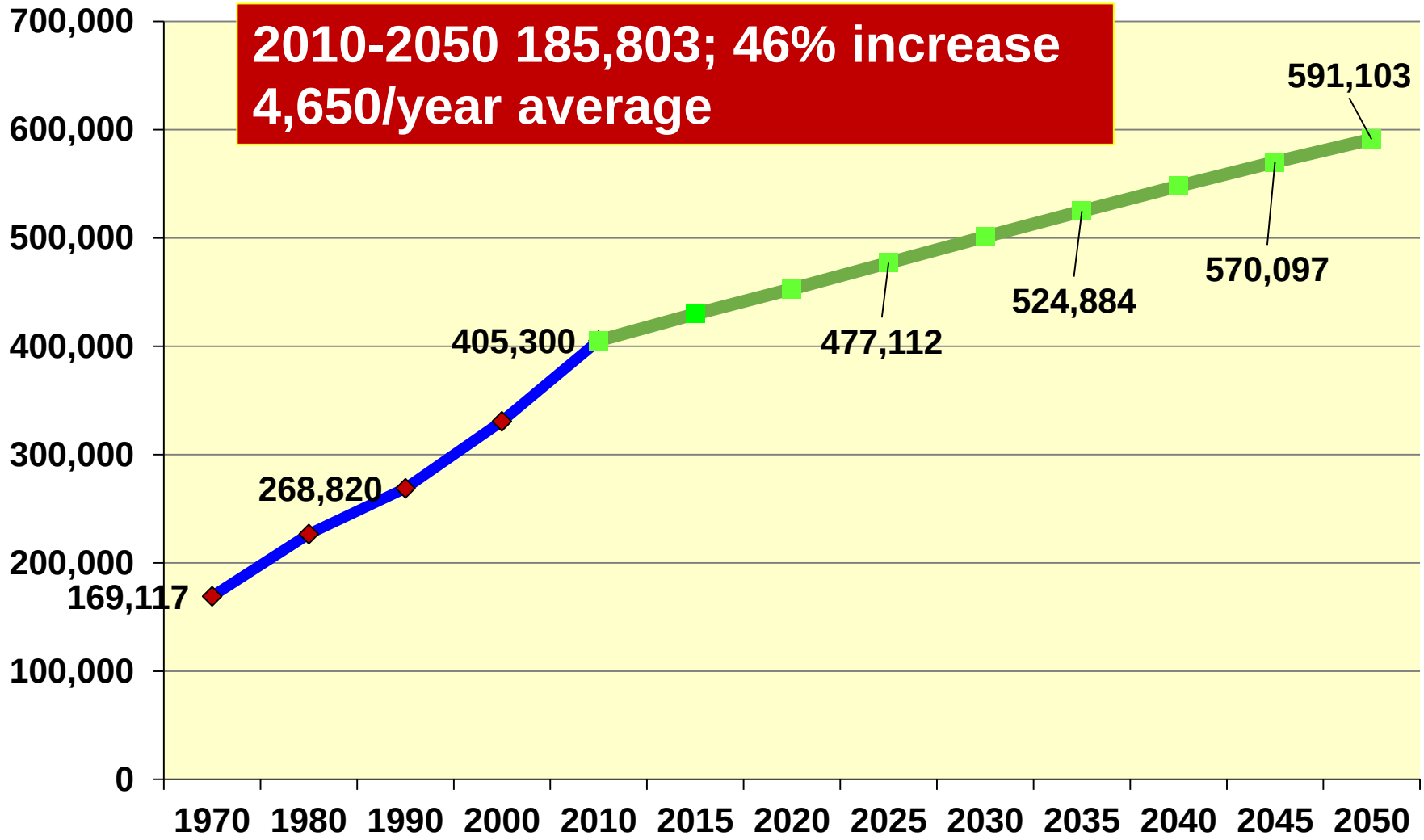
Williamson County Population



Source: U.S. Census Bureau; Texas State Demographer's Office 2014 Projection; 2000-2010 Scenario

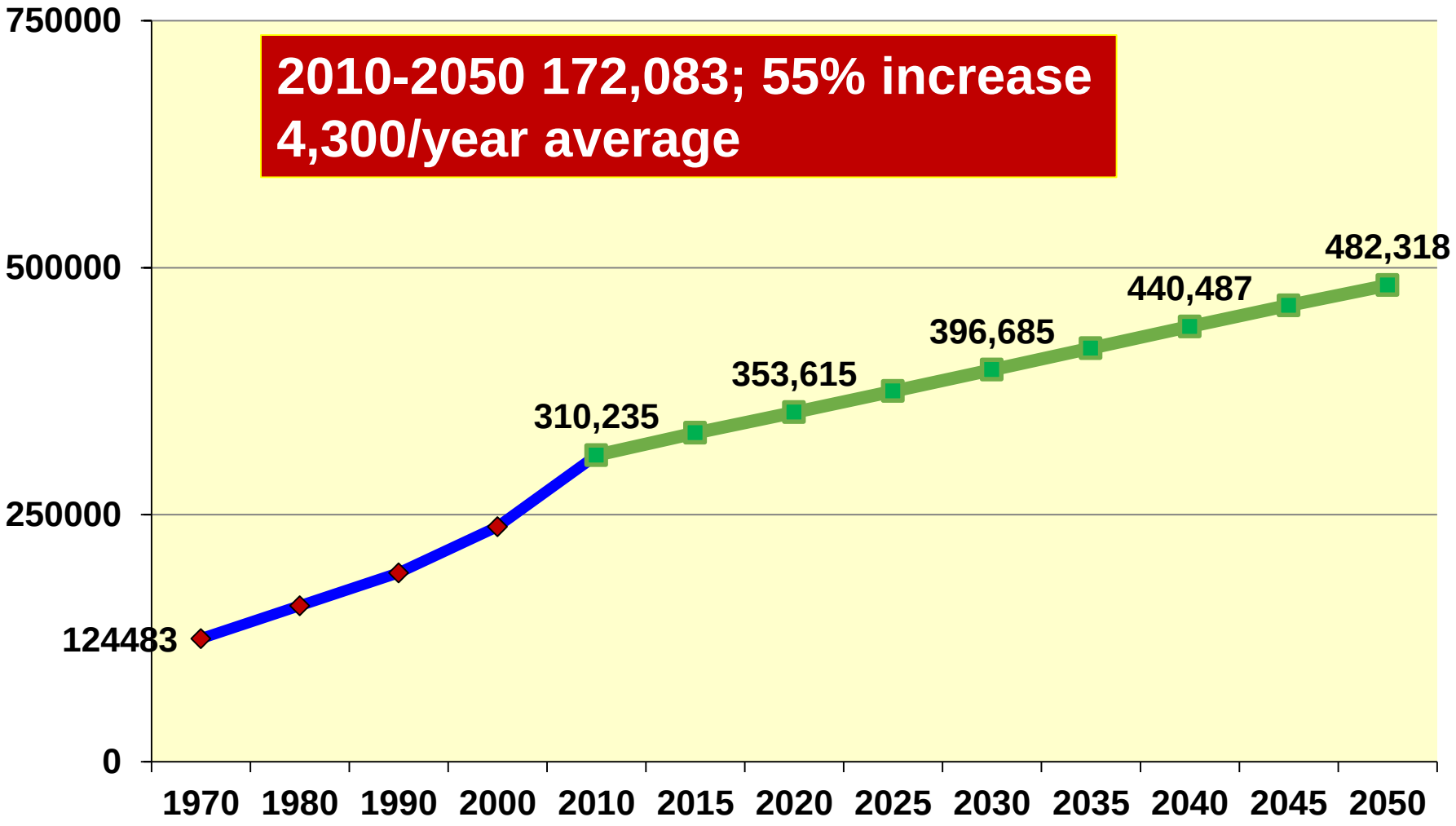
Killeen-Temple MSA Population

Bell, Coryell & Lampasas Counties



Source: U.S. Census Bureau; Texas State Demographer's Office 2018 Projection; Real Estate Center at Texas A&M University

Bell County Population



Sources: U.S. Census Bureau; Texas State Demographer's Office 2018 Projection; Real Estate Center at Texas A&M University

Texas Housing Market

2018 A Solid Year For Housing Around the State

- **Total Housing Activity: 2018 vs. 2017**
  - **Sales +1.7% 343,833 vs. 336,502 $97.7B vs. $92.4B**
  - **Listings +1.4% 101,603 vs. 100,664**
  - **DoM 58 vs. 57**
  - **MOI 3.4 vs. 3.1**
  - **Average Price +3.7% $284,173 vs. $274,580**
  - **Median Price +4.5% $233,000 vs. $223,990**
  - **Md. Price/sq. ft. +5% $116.37 vs. $110.55**
  - **Avg. Price/sq. ft. +4.3% $128 vs. $122**

2018 A Solid Year For New Housing Around the State

- **New Home Construction lead the nation**
  - **State 168,500 total starts, ~122k SF ~47k MF**
  - **DFW 57.9K (35.1k SF, 22.8k MF); Houston 50.8k (41.3k SF, 9.5k MF)**
- **New Home Sales stayed strong**
  - **New home sales +8.1%**
  - **DoM 93**
  - **MOI 5.1**
  - **Average price -0.4%**
  - **Median price +0.2%**
  - **Price/sq. ft. +2.9%**

2018 Percent Changes in Key Housing Measures

	Sales	Average Price	Median Price	Months Inventory	Median Price/sf
Texas	1.7%	3.7%	4.5%	9.8%	5.0%
Austin	1.4%	4.2%	3.9%	9.7%	3.9%
DFW	-2.4%	4.1%	3.9%	19.7%	5.7%
Houston	3.4%	2.7%	3.1%	13.5%	4.2%
San Antonio	2.9%	4.2%	5.2%	8.0%	5.5%

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

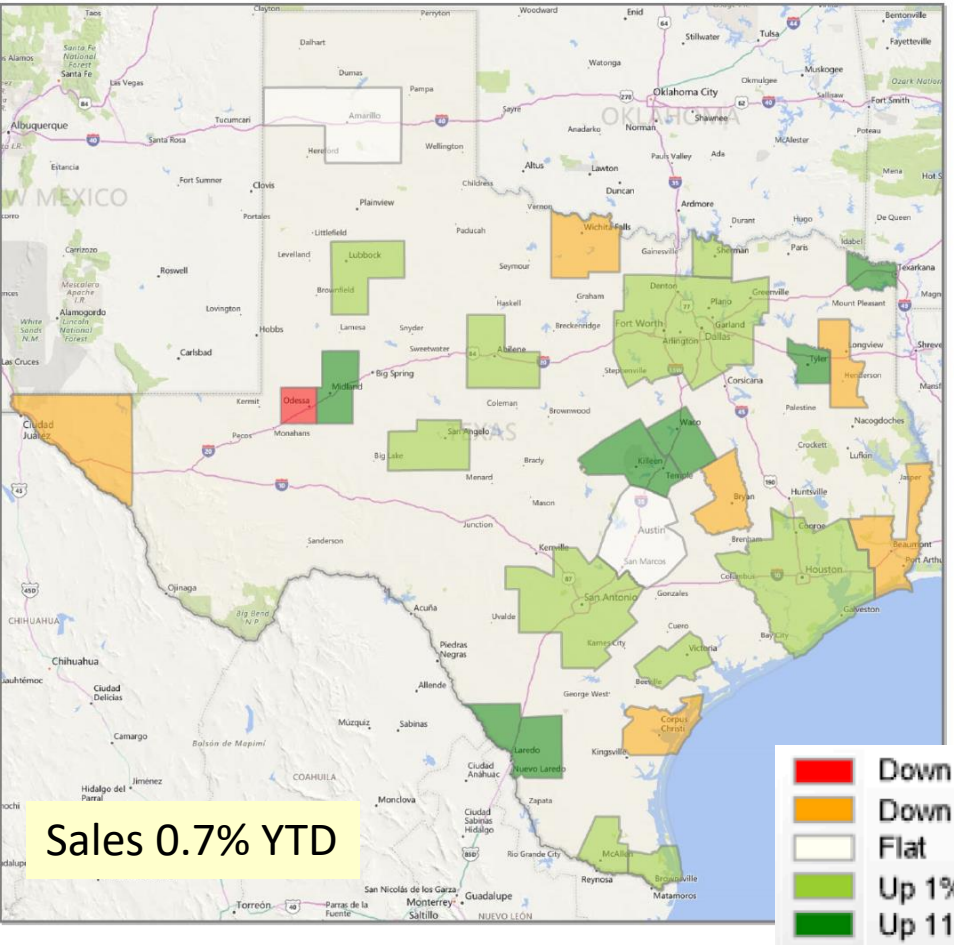
2019 Home Market Slowdown

Factors that may create a drag on home-buying demand

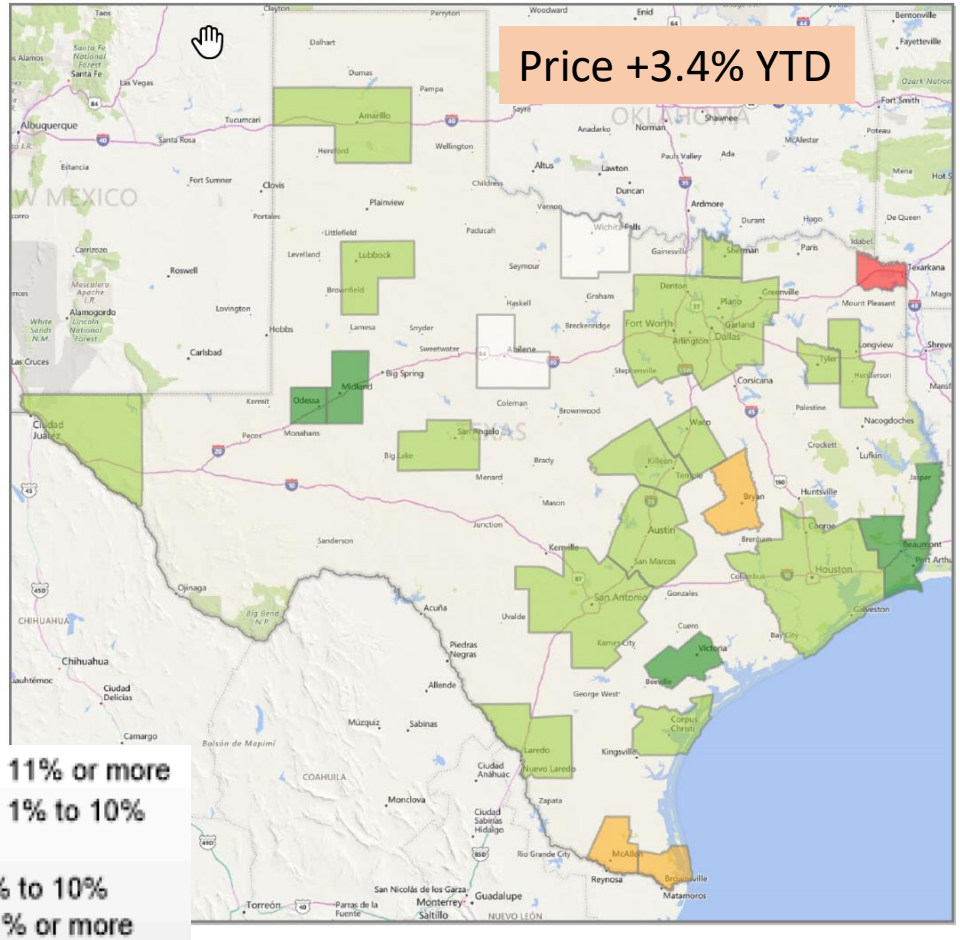
- **Limited inventory availability**
- **Higher prices - affordability**
- **Increasing interest rates**
- **Concerns about general economy – fear of recession or jobs**
- **Stock market volatility**
- **Negative press coming off record year(s)**

March 2019 Residential Sales Slowed Down; Price/Sq. Ft. Still Up

Residential* Closed Sales
YoY Percentage Change



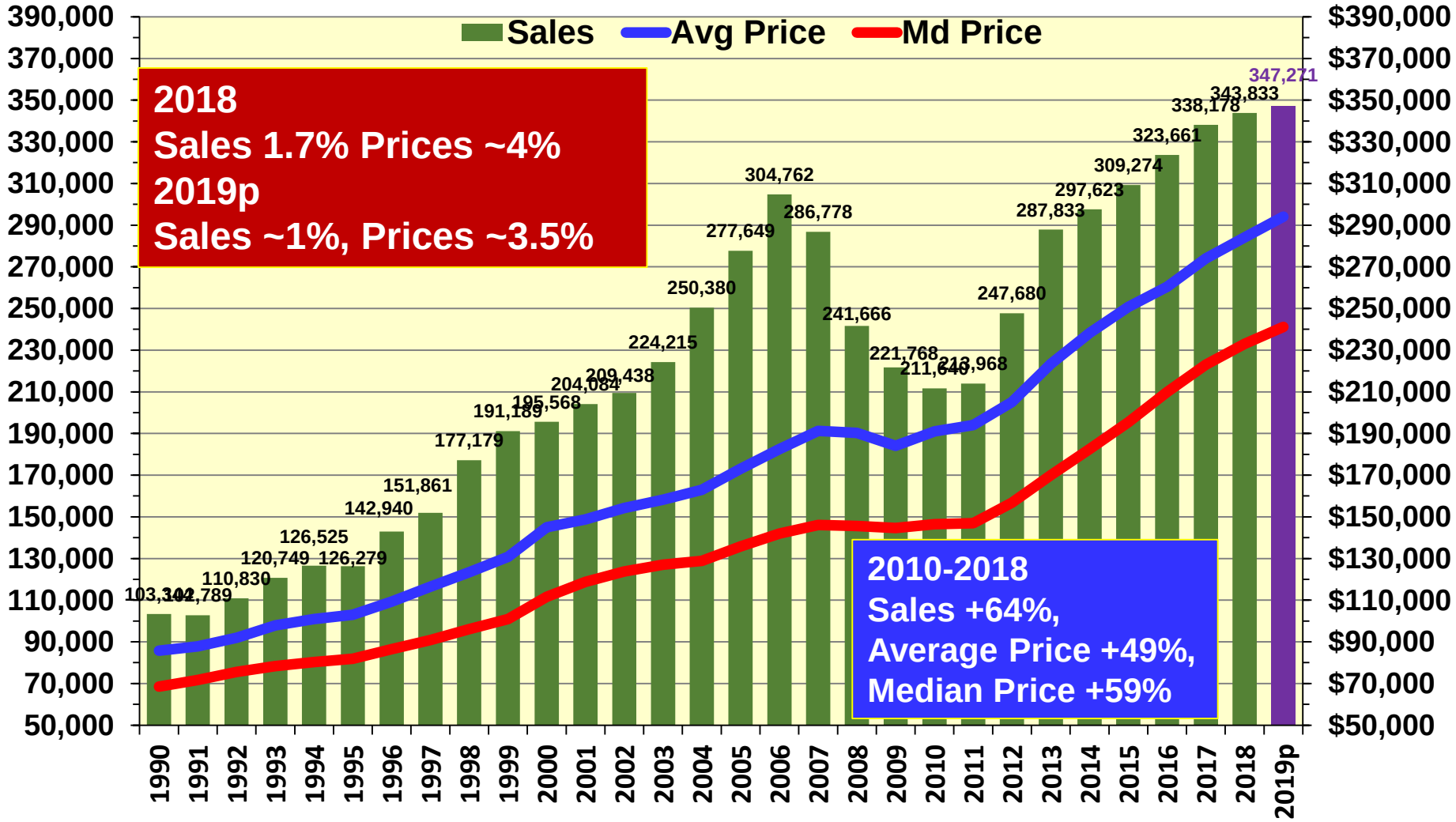
Residential* Avg Close Price Per SqFt
YoY Percentage Change



- Down 11% or more
- Down 1% to 10%
- Flat
- Up 1% to 10%
- Up 11% or more

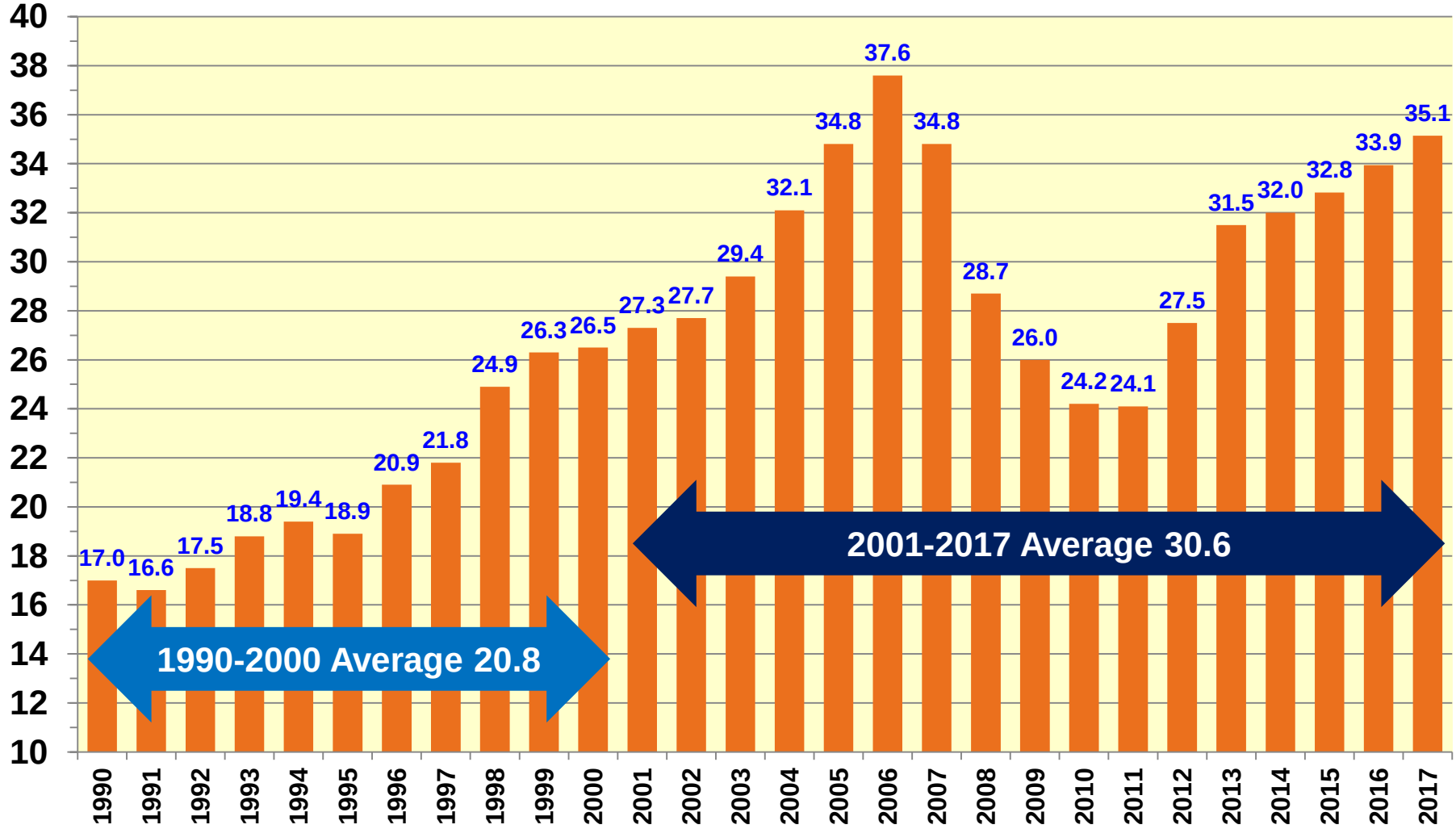
Source: TR Data Relevance Program; Real Estate Center at Texas A&M University

Annual Texas Home Sales & Prices



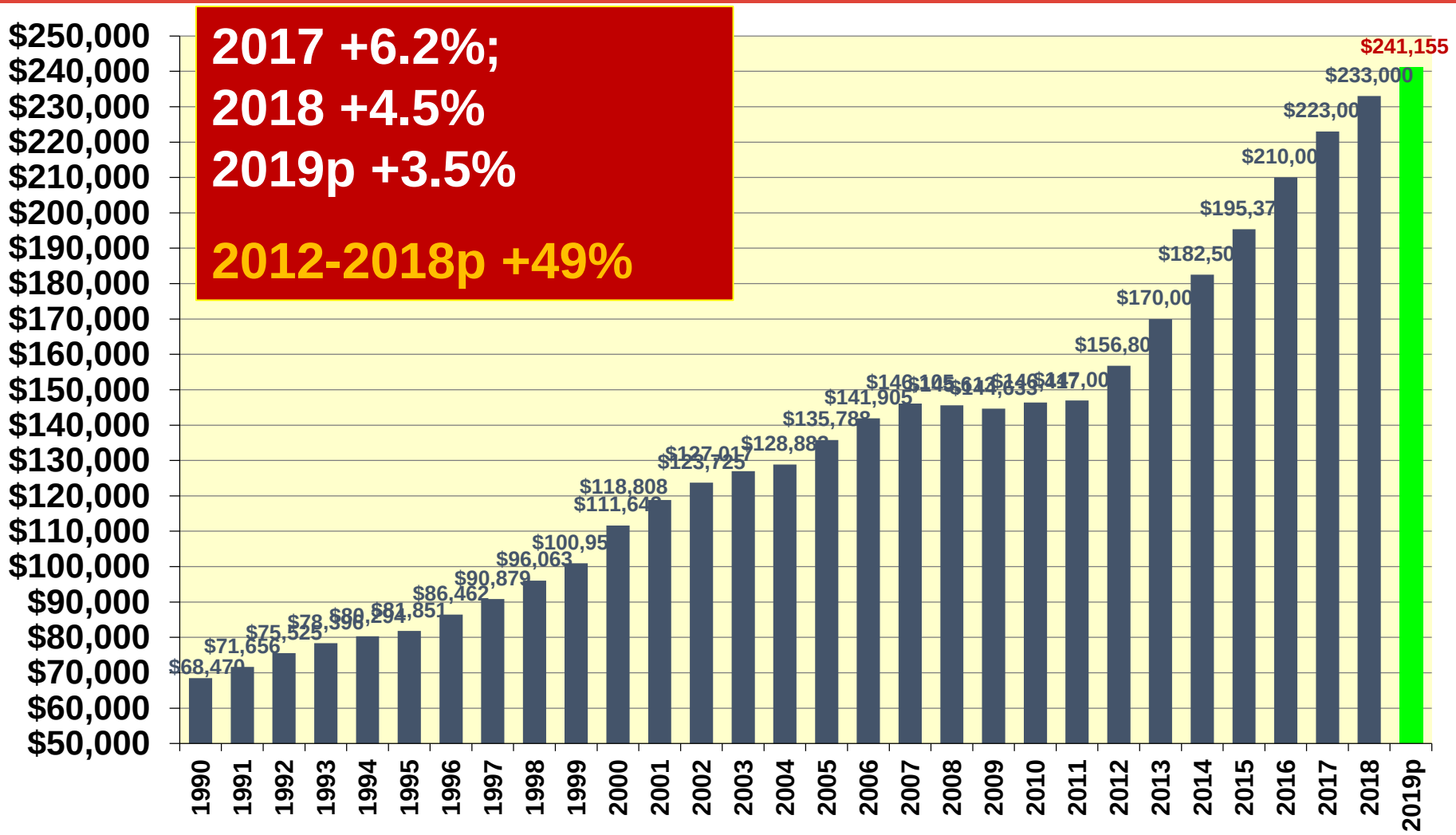
Source: TAR Data Relevance Program; Real Estate Center at Texas A&M University

Texas Home Sales per 1,000 Households



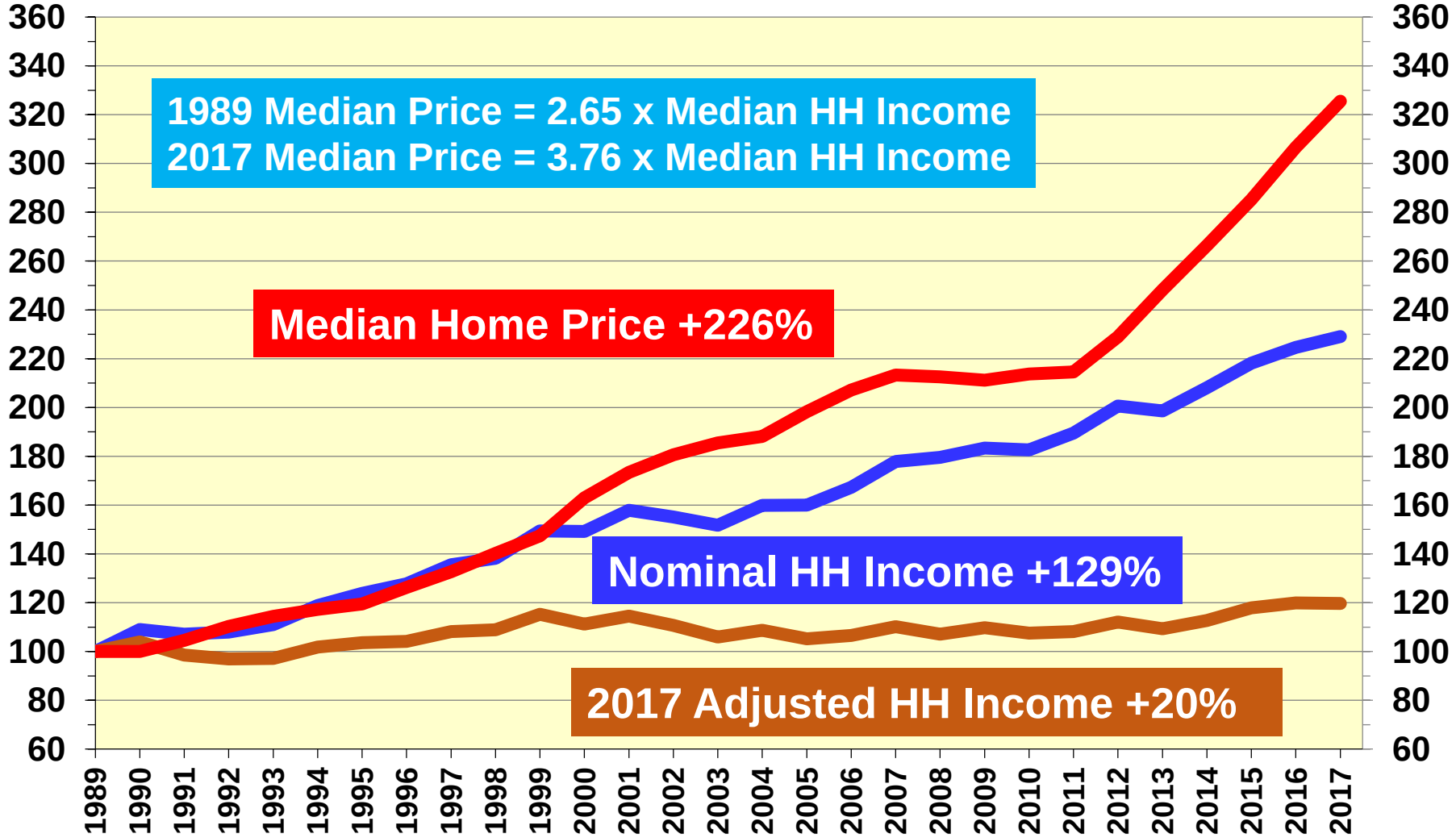
Source: TAR Data Relevance Program; US Census Bureau;
Real Estate Center at Texas A&M University

Texas Median Home Prices Continue to Climb



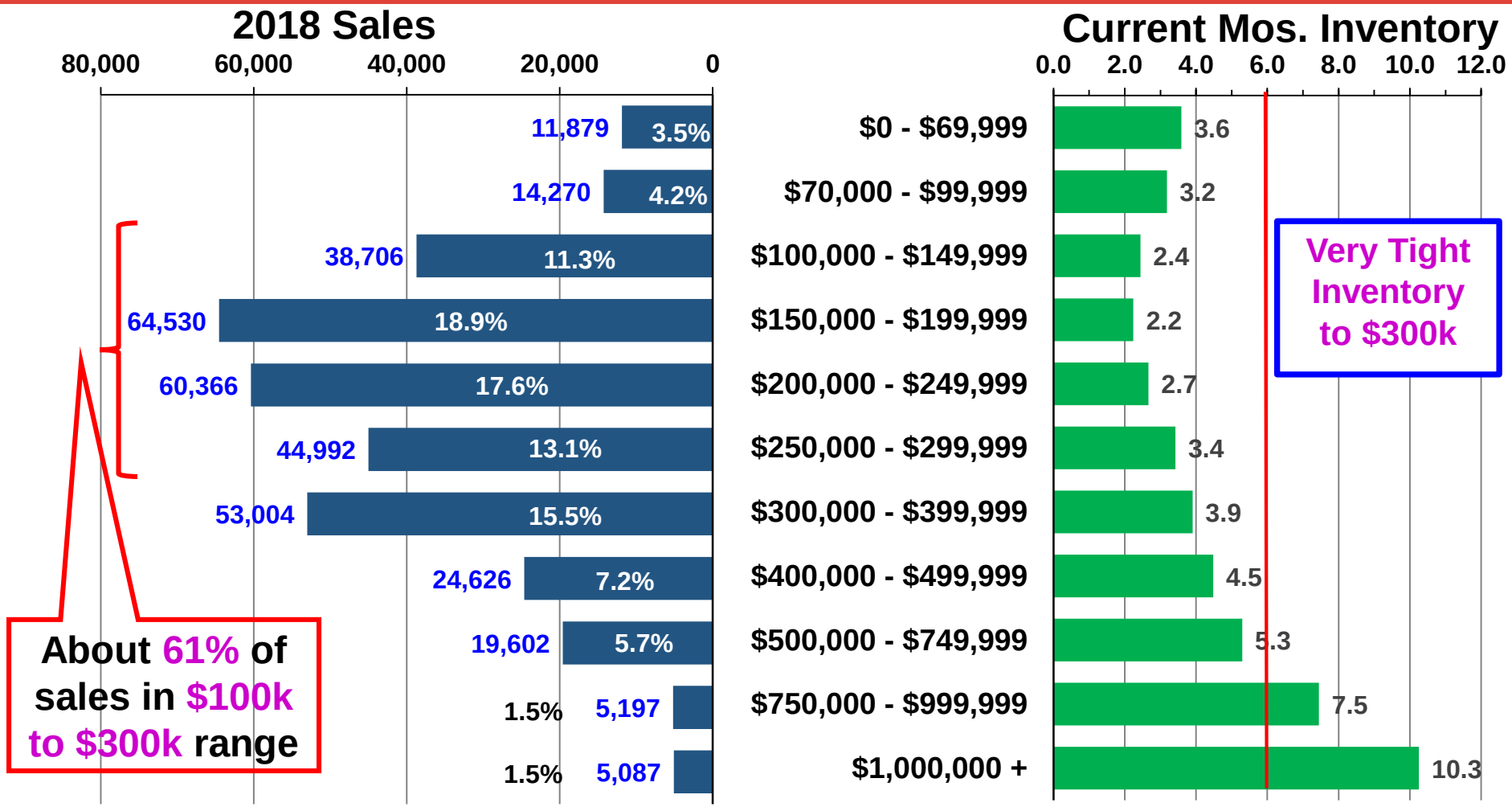
Source: TAR Data Relevance Program; Real Estate Center at Texas A&M University

Texas Median HH Income & Median Home Price Indexed to 1989

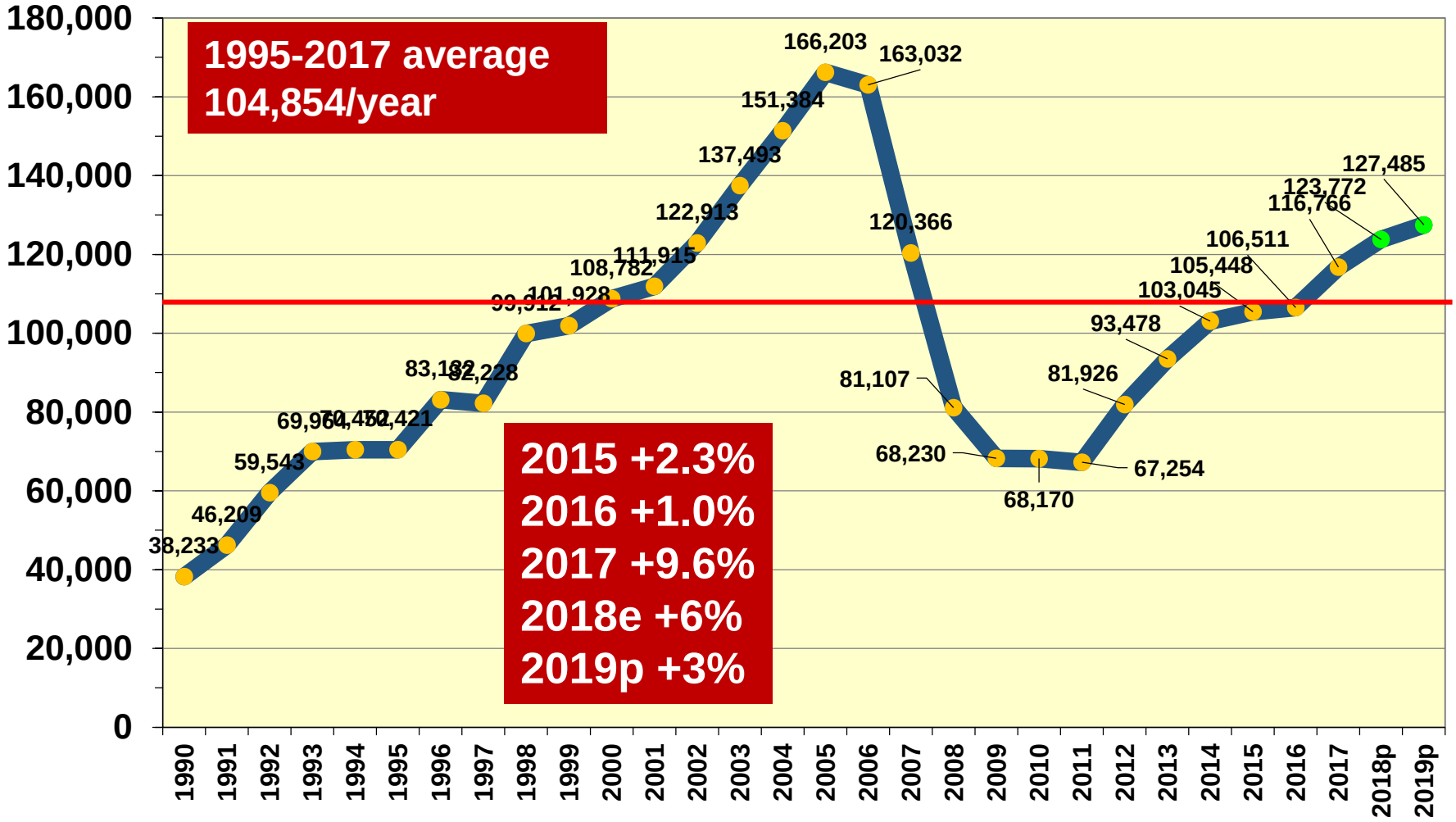


Sources: U.S. Census Bureau; Haver Analytics; Real Estate Center at Texas A&M University

Texas 2018 Sales and Months Inventory by Price

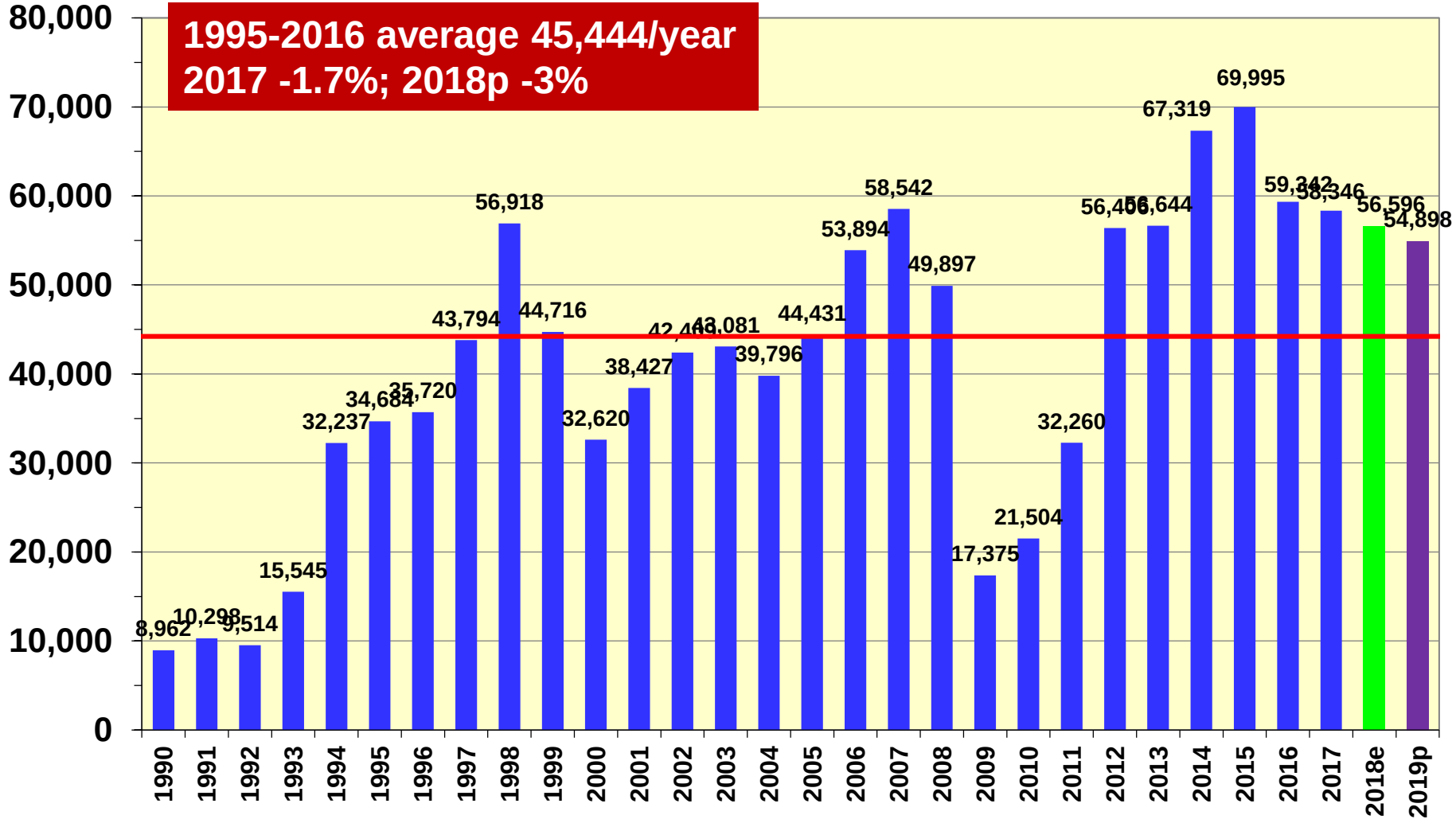


Texas SF Building Permits



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

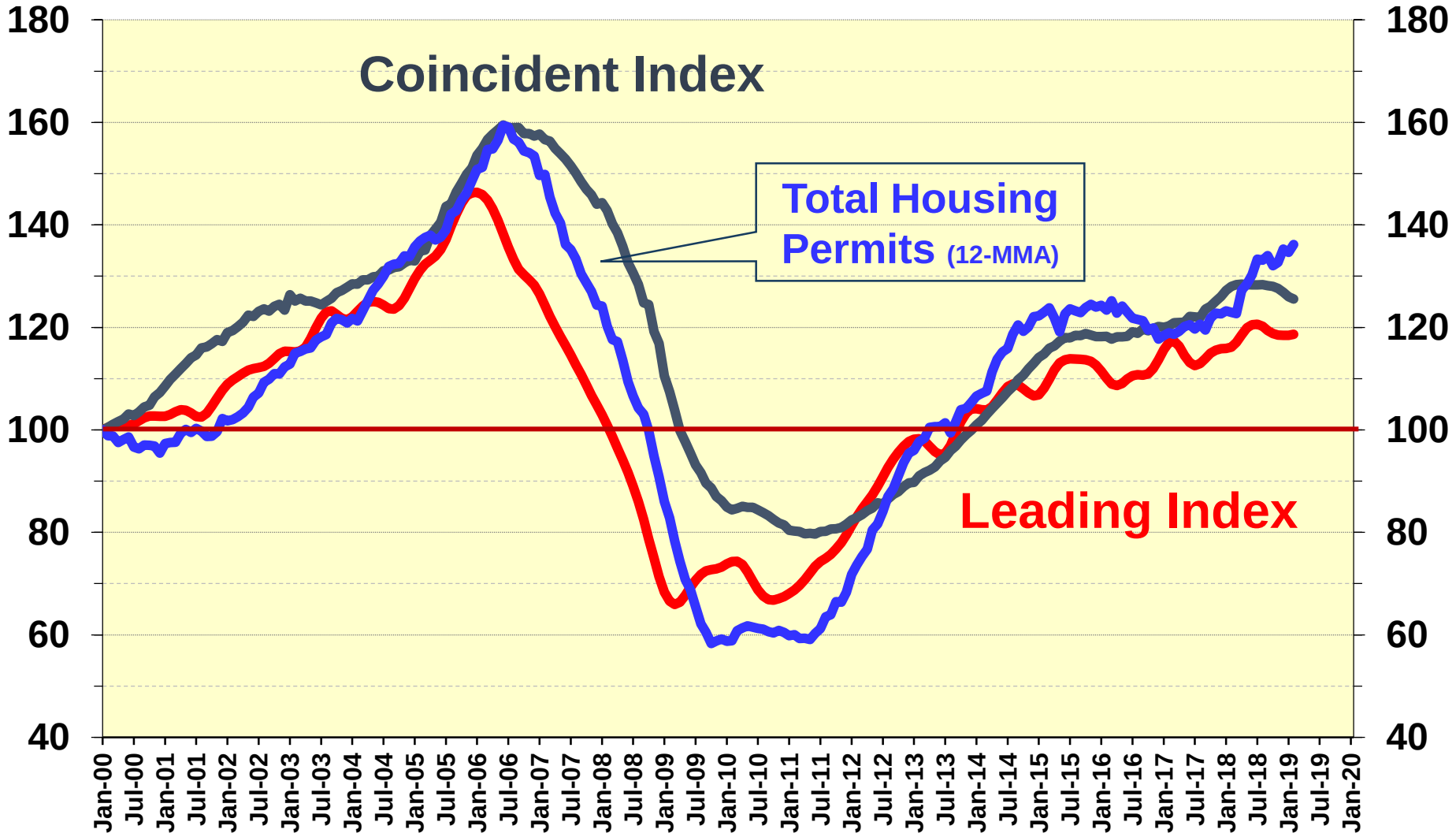
Texas MF Building Permits



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

Texas Residential Construction Leading and Coincident Indexes

Jan 2000=100



Source: Real Estate Center at Texas A&M University

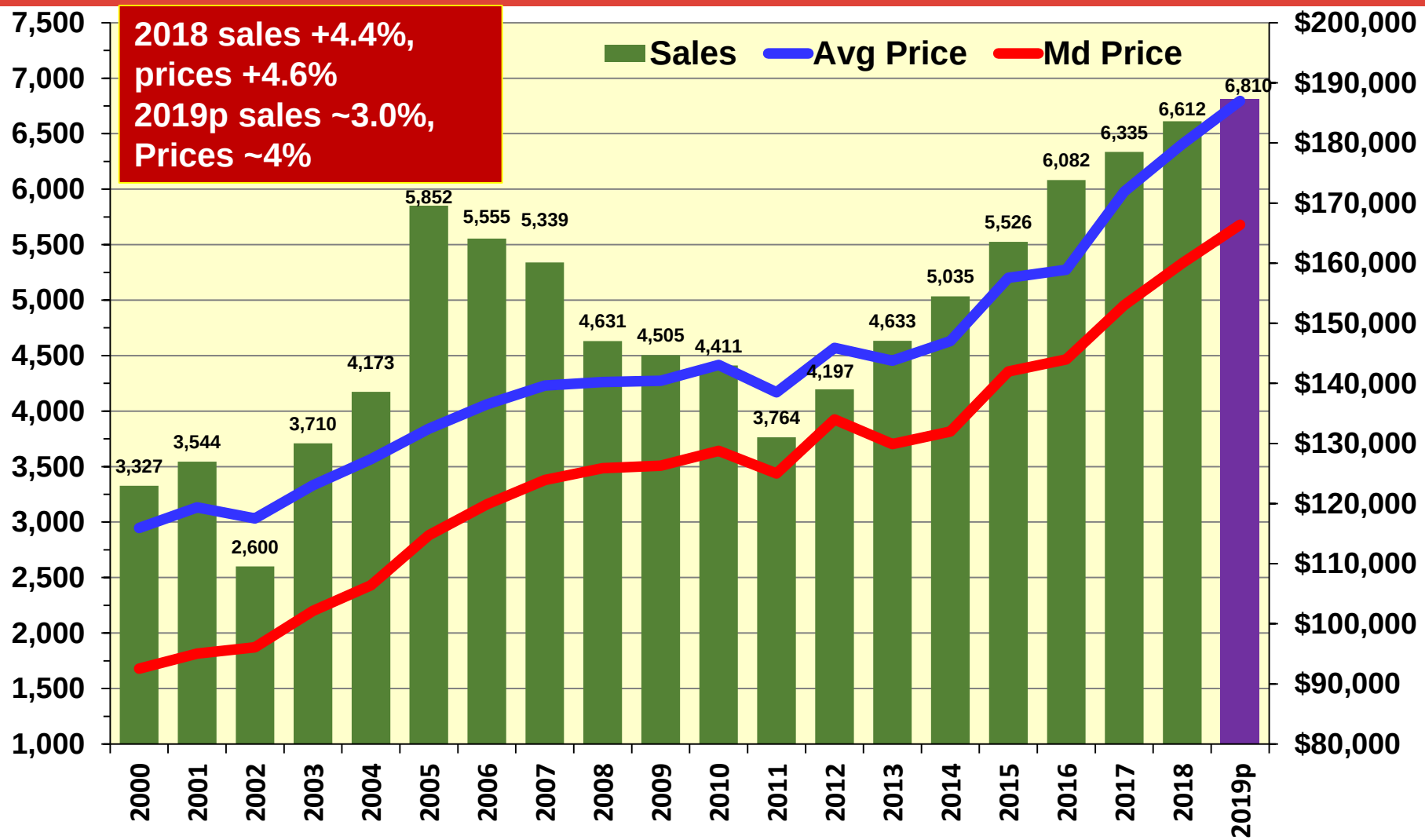
Texas Single-Family Housing Markets Expected to Slow Down in 2019

Texas	(2018 (%)	2019 (%)	1991-2018 (%)
Housing Permits	5.7	2.1	5.4
Sales	1.8	0.9	4.6
Price per square foot	4.4	4.0	4.8
Austin			
Housing Permits	9.6	0.2	11.4
Sales	2.3	2.8	6.1
Price per square foot	4.5	4.0	6.3
DFW			
Housing Permits	5.3	3.3	4.7
Sales	-2.2	0.3	5.0
Price per square foot	5.3	4.4	4.6
Houston			
Housing Permits	4.1	0.1	5.9
Sales	3.5	1.1	3.9
Price per square foot	3.1	4.6	5.3
San Antonio			
Housing Permits	9.7	10.5	7.9
Sales	2.3	-1.0	6.8
Price per square foot	5.2	3.9	4.6

Source: Real Estate Center at Texas A&M University

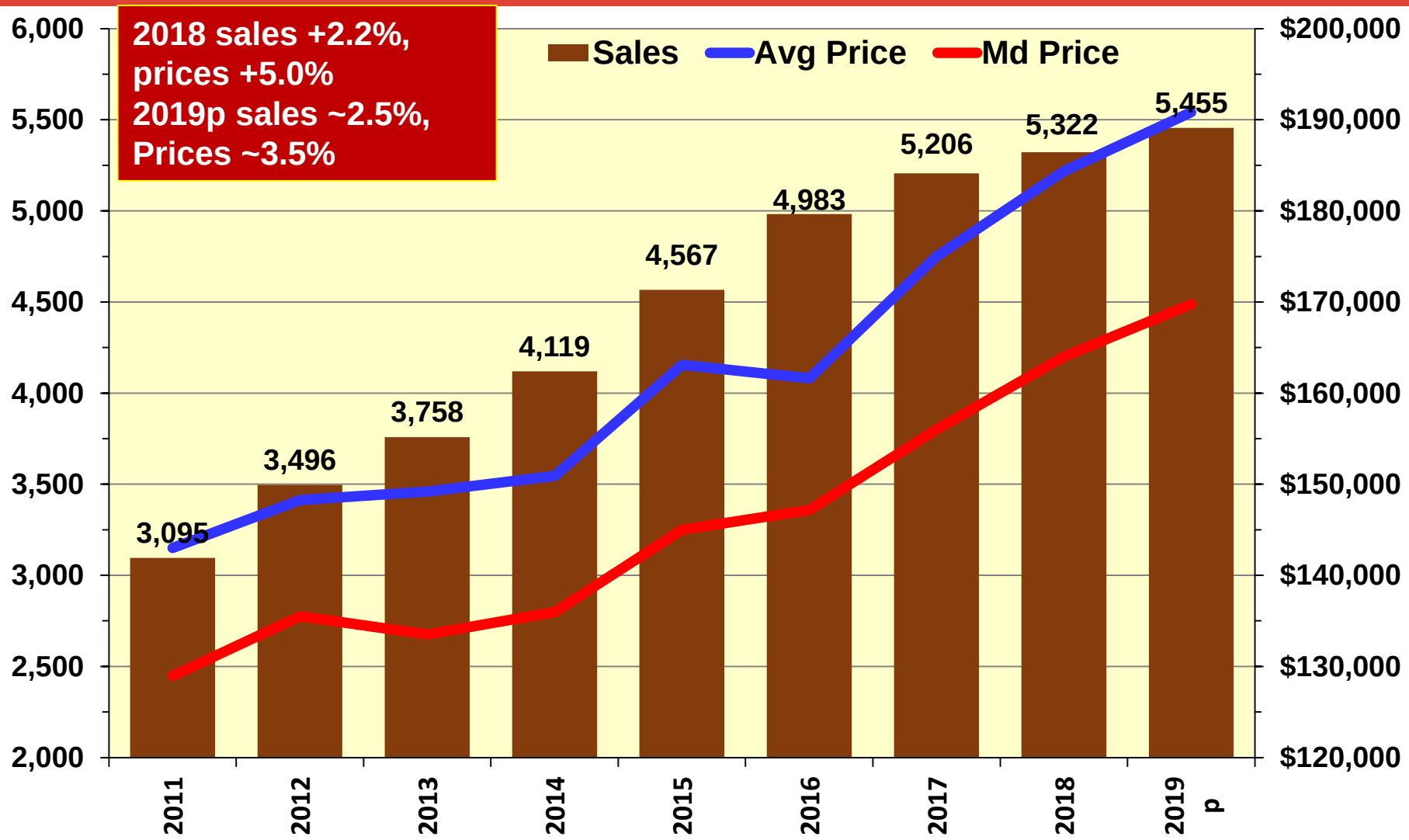
Killeen-Temple/ Bell County Housing Markets

Annual Killeen-Temple Home Sales & Prices



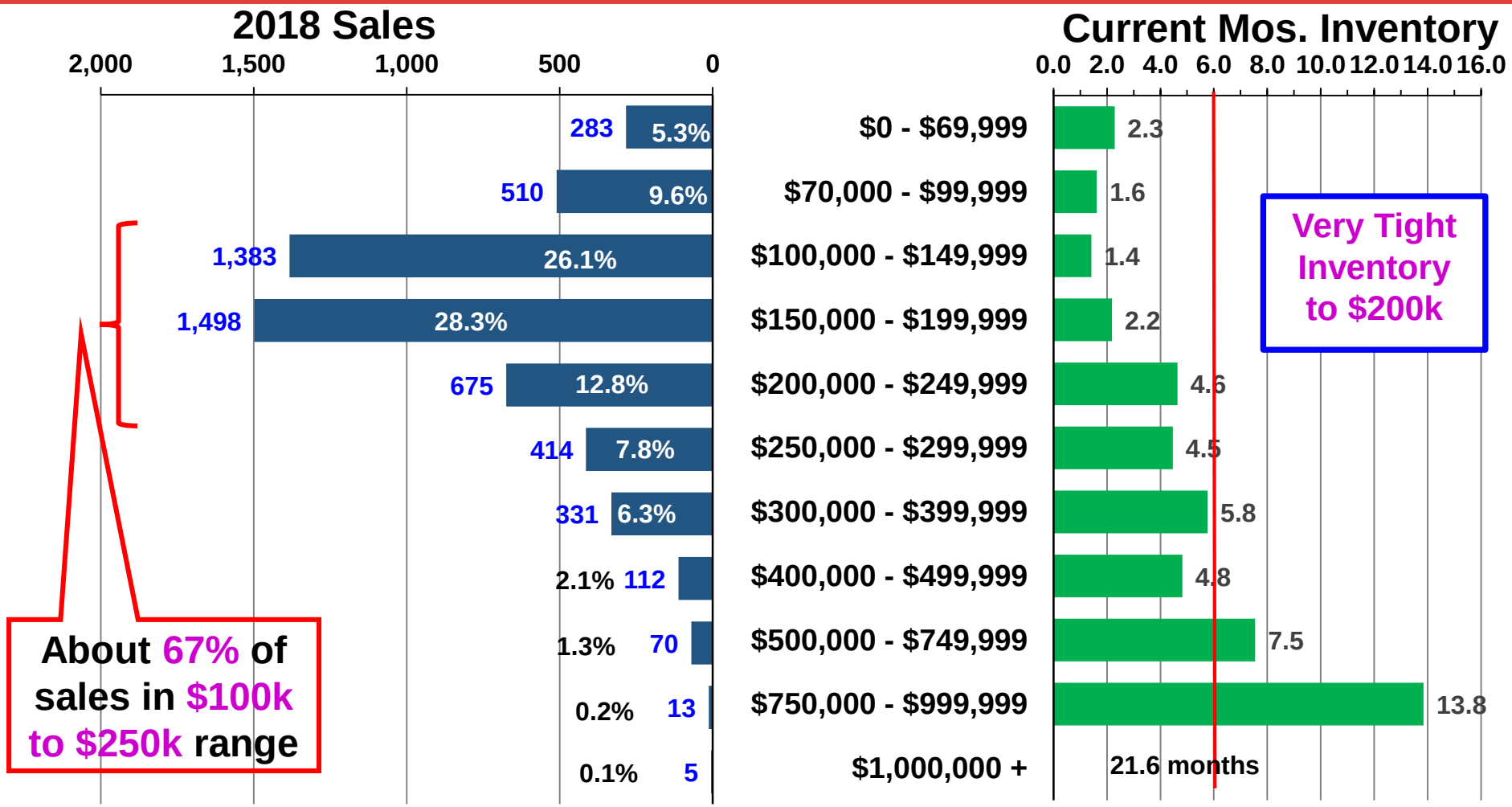
Source: Temple-Belton BoR; Real Estate Center at Texas A&M University

Annual Bell County Home Sales & Prices



Source: Temple-Belton BoR; Real Estate Center at Texas A&M University

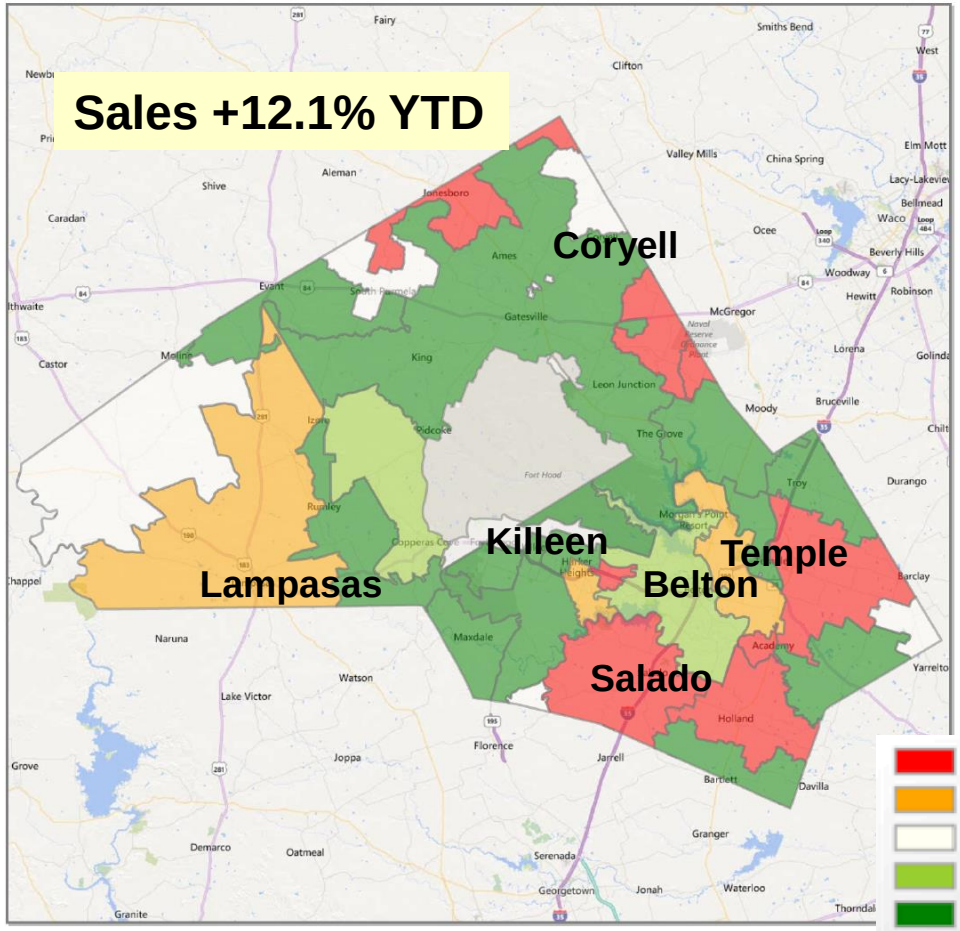
Bell County 2018 Sales and Months Inventory by Price



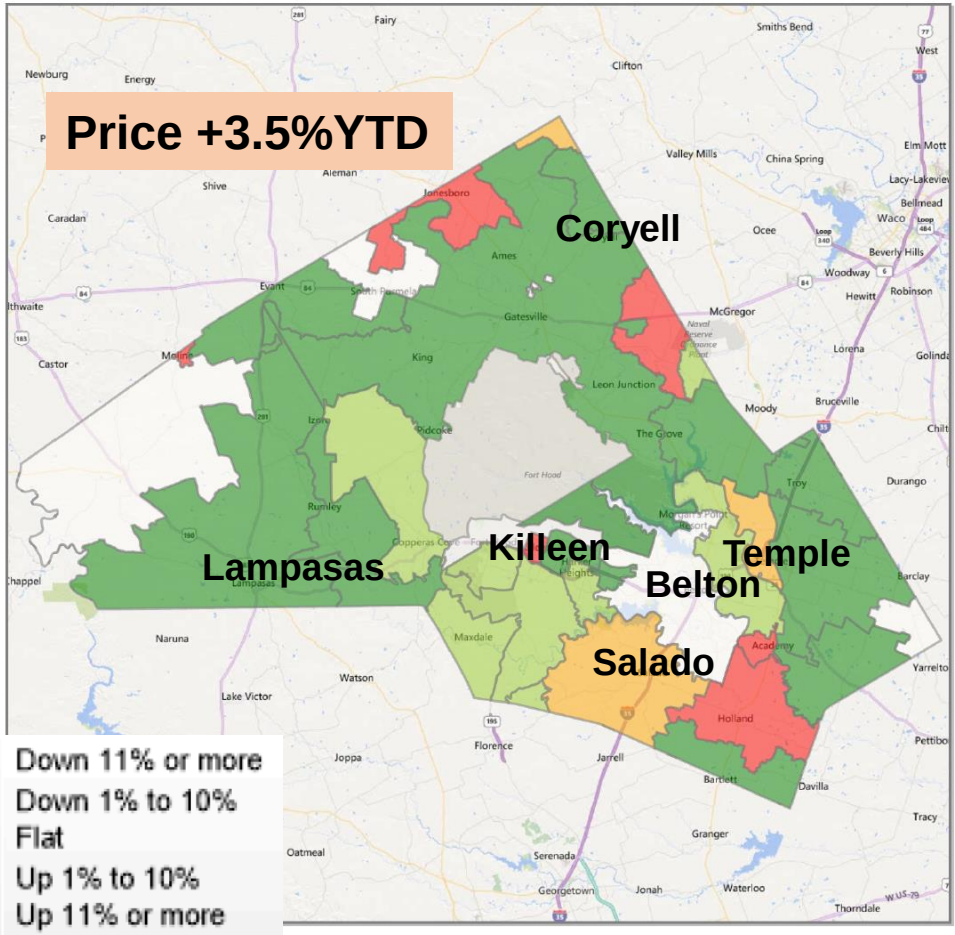
Source: Temple-Belton BoR; Real Estate Center at Texas A&M University

March 2019 Killeen-Temple Residential Sales & Price/Sq. Ft.

Residential Closed Sales**
YoY Percentage Change



Residential Avg Close Price Per SqFt**
YoY Percentage Change



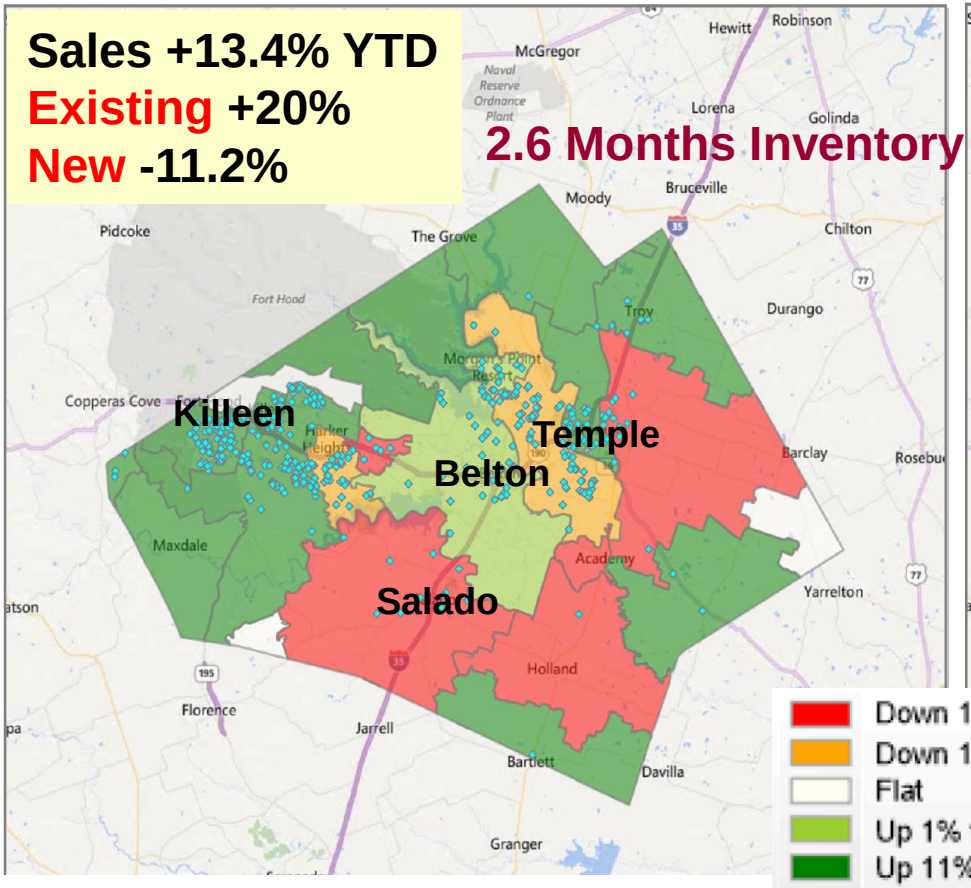
- Down 11% or more
- Down 1% to 10%
- Flat
- Up 1% to 10%
- Up 11% or more

Source: Temple-Belton BoR; Real Estate Center at Texas A&M University

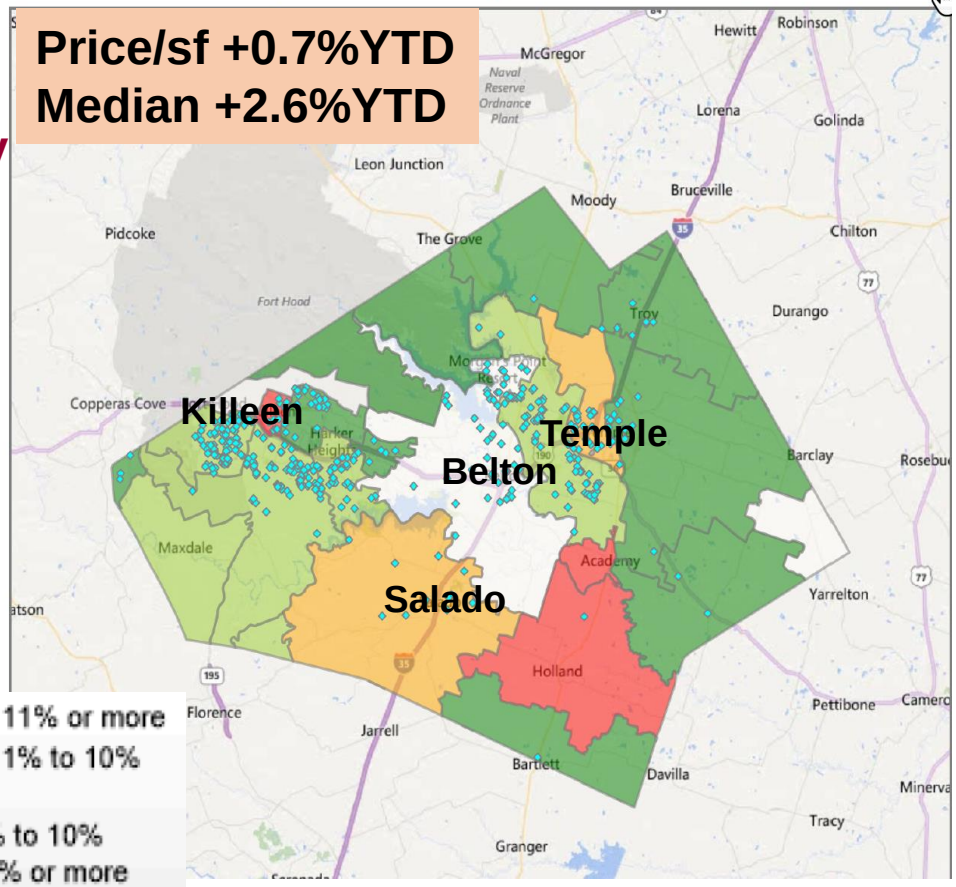
March 2019 Bell Co. Residential Sales & Price/Sq. Ft.

Sales & Prices by Zip Code

Residential Closed Sales**
YoY Percentage Change



Residential Avg Close Price Per SqFt**
YoY Percentage Change



- Down 11% or more
- Down 1% to 10%
- Flat
- Up 1% to 10%
- Up 11% or more

Source: Temple-Belton BoR; Real Estate Center at Texas A&M University

Killeen-Temple Housing Report

2019 Q1

Median price

$157,600

Up 4.7%

Compared to same quarter last year

Price Distribution

$0 - $99,999	17.9%
$100,000 - $199,999	54.1%
$200,000 - $299,999	18.7%
$300,000 - $399,999	5.3%
$400,000 - $499,999	2.4%
$500,000 - $749,999	1.2%
$750,000 - $999,999	0.2%
$1,000,000+	0.2%

Active listings

Down 12.3%

1,471 in 2019 Q1

Closed sales

Up 12.1%

1,429 in 2019 Q1

Days on market

Days on market	71
Days to close	31
Total	102

1 day less than 2018 Q1

Months of inventory

2.6

Compared to 3.2 in 2018 Q1

About the data used in this report

Data used in this report come from the Texas REALTOR® Data Relevance Project, a partnership among the Texas Association of REALTORS® and local REALTOR® associations throughout the state. Analysis is provided through a research agreement with the Real Estate Center at Texas A&M University.

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Bell County Housing Report

2019 Q1

Median price

$159,900

Up 2.6%

Compared to same quarter last year

Price Distribution

$0 - $99,999	15.9%
$100,000 - $199,999	54.7%
$200,000 - $299,999	19.4%
$300,000 - $399,999	5.8%
$400,000 - $499,999	2.7%
$500,000 - $749,999	1.3%
$750,000 - $999,999	0.2%
$1,000,000+	0.0%

Active listings

Down 14.3%

1,181 in 2019 Q1

Closed sales

Up 13.4%

1,150 in 2019 Q1

Days on market

Days on market	72
Days to close	31
Total	103

Unchanged from 2018 Q1

Months of inventory

2.6

Compared to 3.2 in 2018 Q1

About the data used in this report

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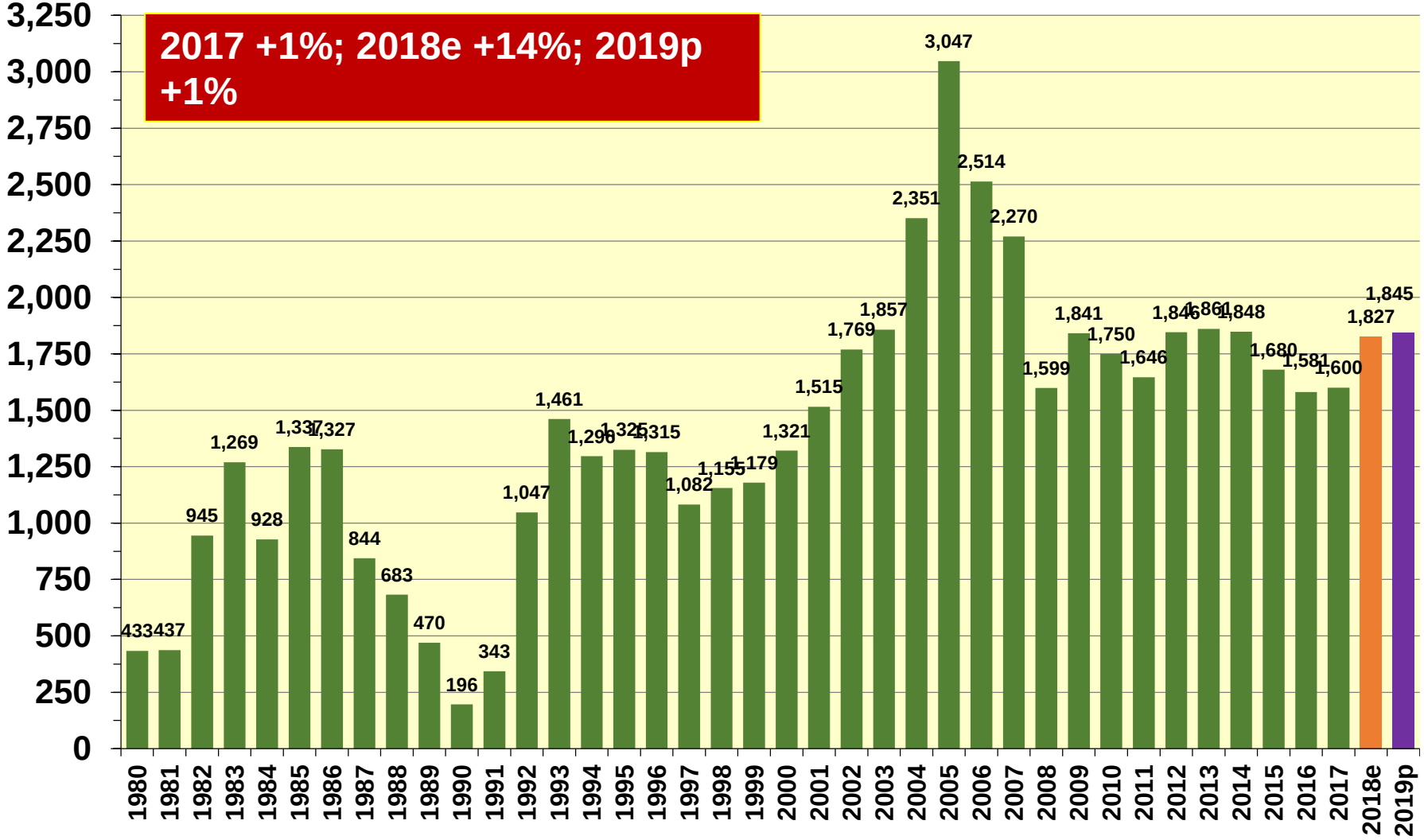
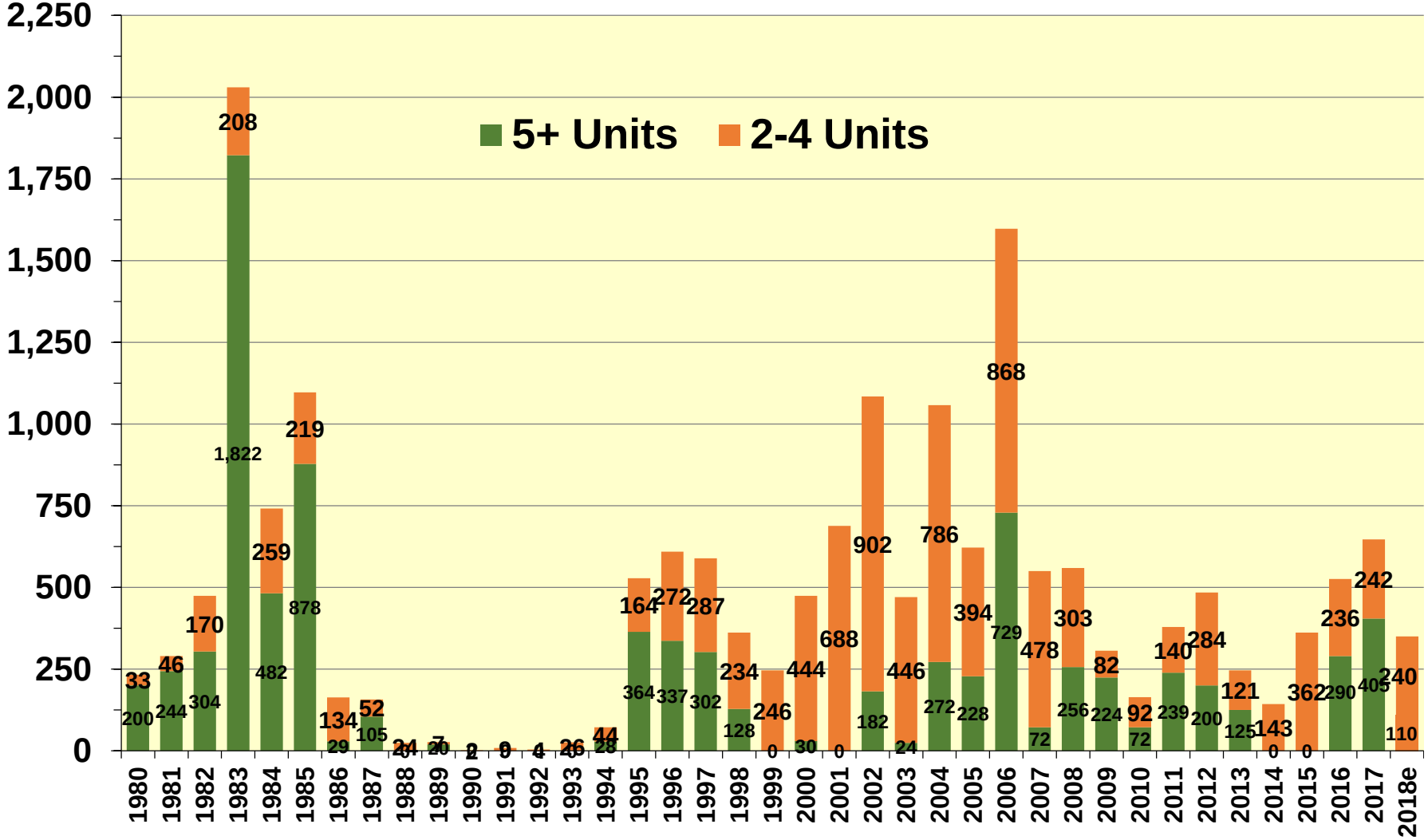
Bell County SF Permits



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

Bell County MF Permits



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

Longer-Term Outlook

- **Population Growth Continues to Outpace U.S.; Concentrated in Urban Triangle**
- **Infrastructure Trying to Keep Up with Growth: roads, water/sewer, utilities, schools**
  - **Water West of I-35 Major Limiting Factor for Growth**
- **Infrastructure Financing higher rates; bond market competition for capital; private vs. public financing; taxes**
- **Land and land resources & government regulatory actions**
- **Money Capital & Money Markets: debt, inflation and interest rates**

Texas & Temple-Belton Economy and Housing Outlook 2019

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Dr. James P. Gaines
Chief Economist
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