



stewart  
title



# AXIOMS:

An Outlook & Forecast for the  
Economy, Real Estate and Life

Ted C. Jones  
Chief Economist

# ax·i·om

/ˈaksēəm/ 

*noun*

plural noun: **axioms**

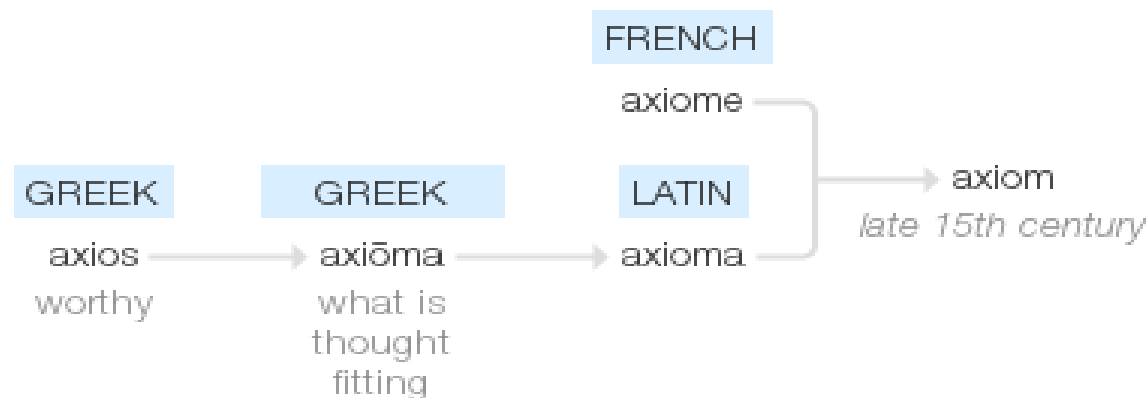
a statement or proposition that is regarded as being established, accepted, or self-evidently true.  
"the axiom that supply equals demand"

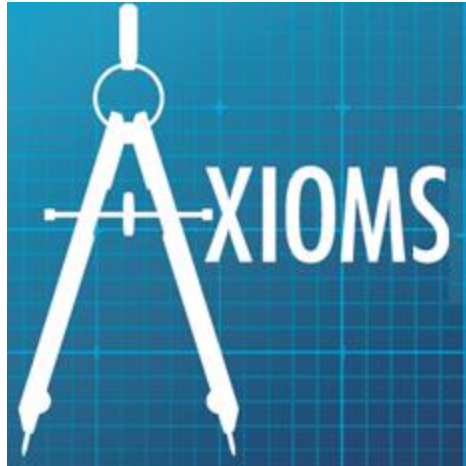
*synonyms:* accepted truth, general truth, **dictum**, **truism**, **principle**

- **MATHEMATICS**

a statement or proposition on which an abstractly defined structure is based.

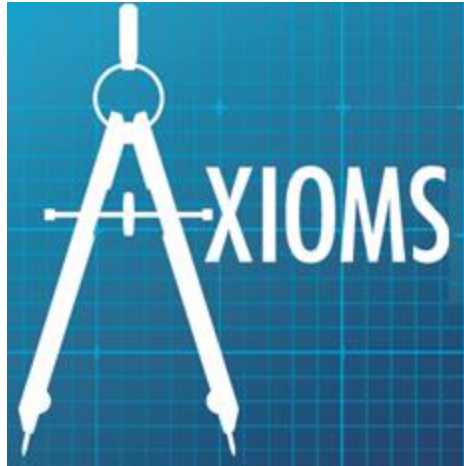
## Origin



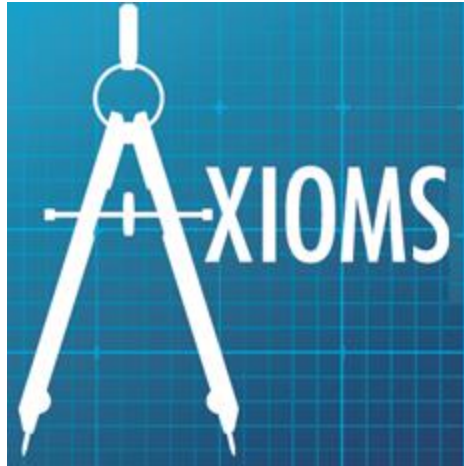


**When Getting On An  
Airplane, the Person  
On the Aisle Always  
Gets There First**

stewart  
title



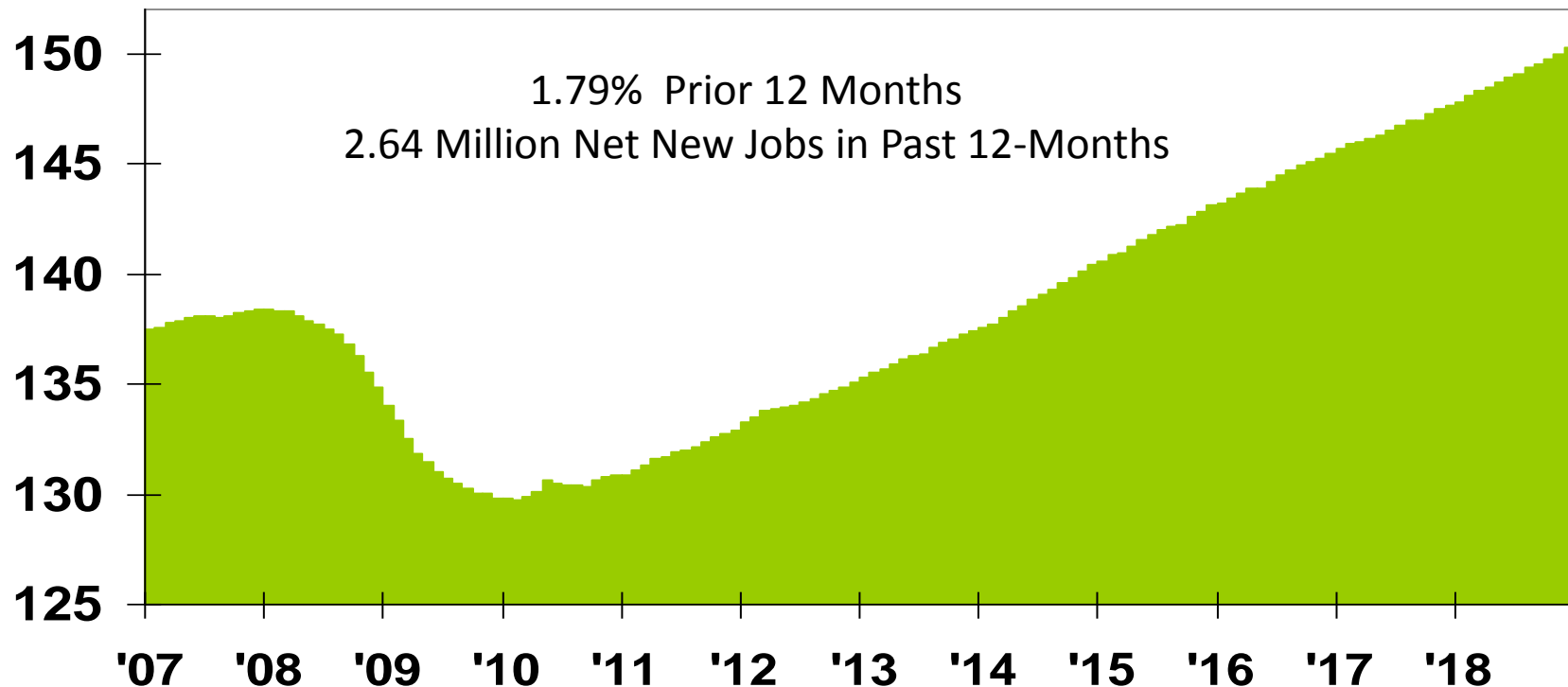
# Things Change



**Jobs are Everything  
Period**

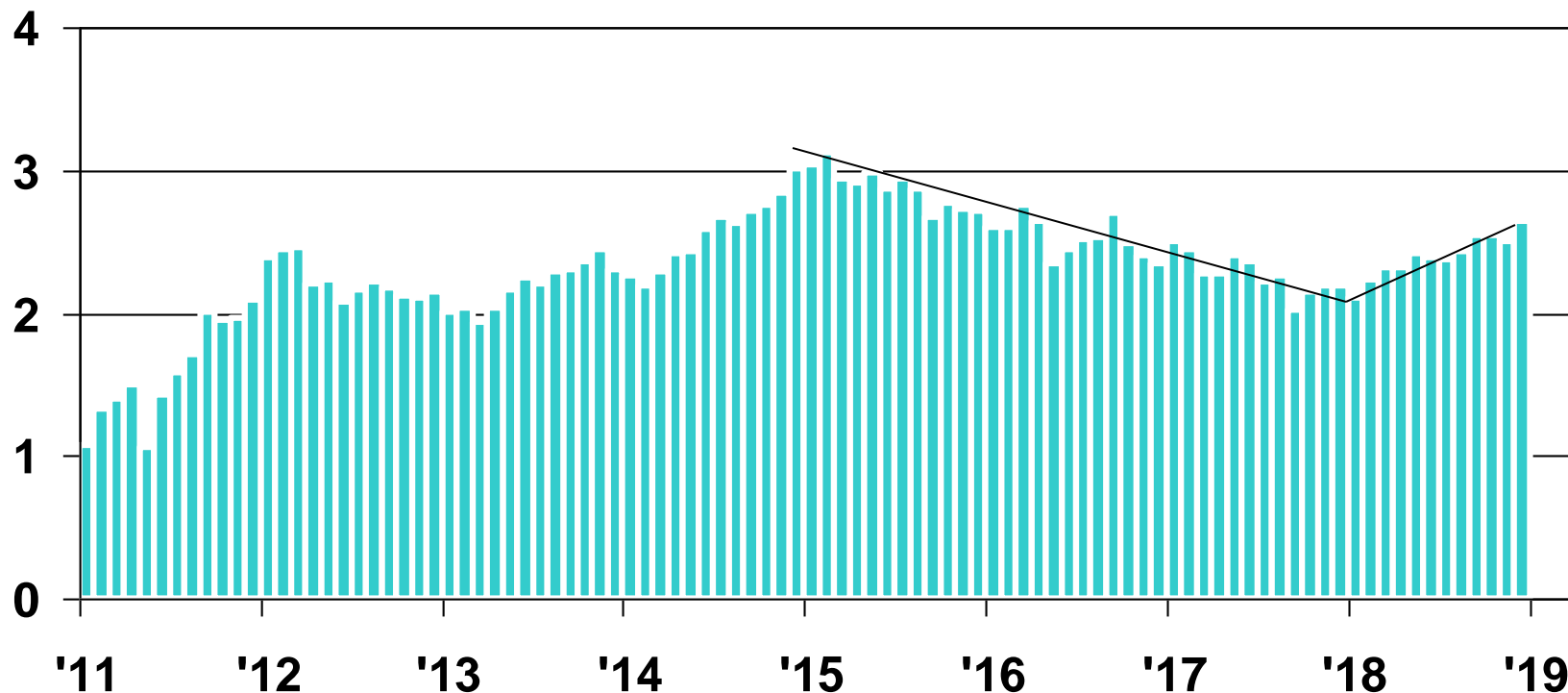
# U.S. Jobs

Jobs (Millions) *Seasonally Adjusted*



# U.S. Net Job Gains – *Trailing 12-Months*

Jobs - *Millions*

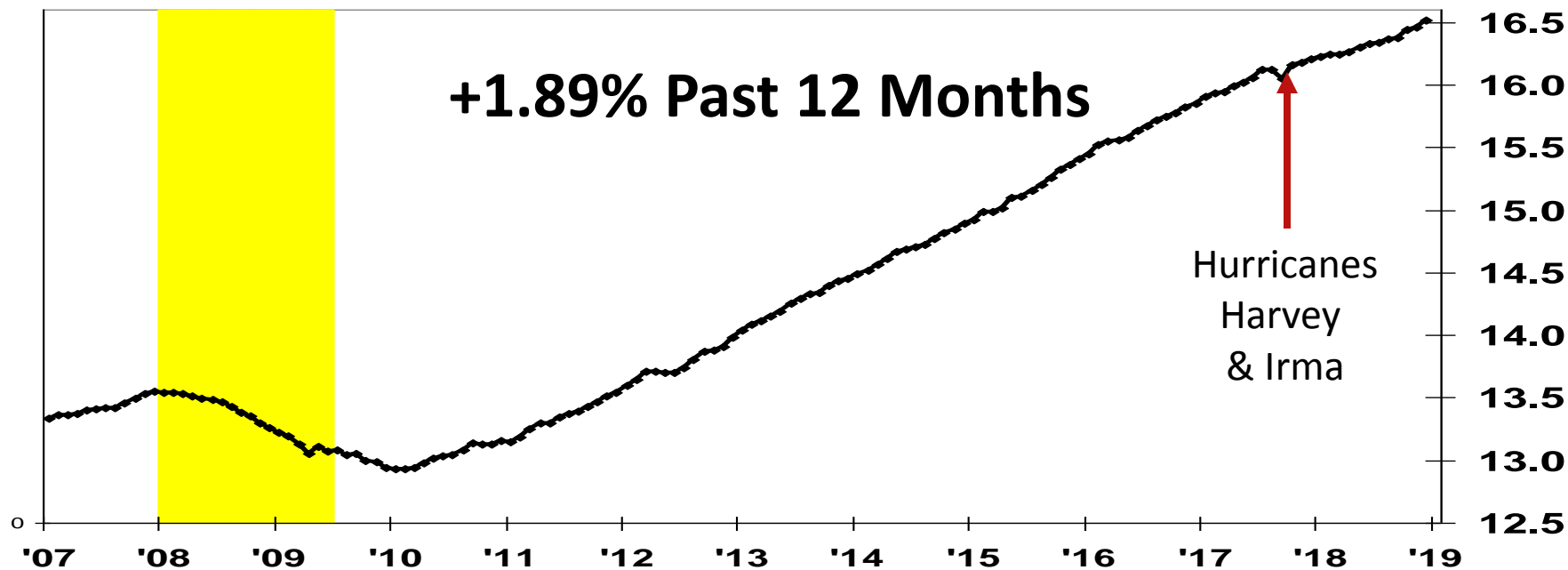


# U.S. Leisure & Hospitality Jobs

The Blood Pressure Test of the U.S. Economy

 Recession

Millions of Jobs  
Seasonally-Adjusted



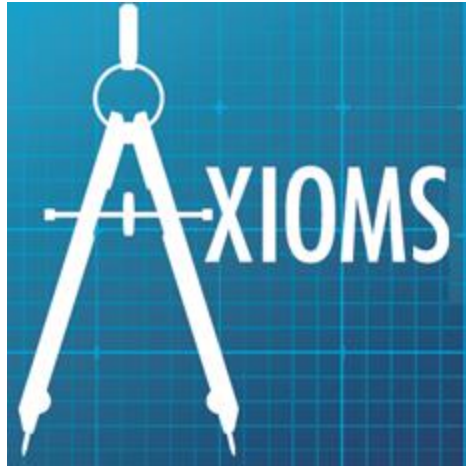


# 3.2%

**12-Month  
Income  
Increase  
Largest Since 2009**

# 3.9%

**Unemployment  
Rate  
48-Year Low  
(was 3.7% last  
month 49 Yrs)**



# **When You Get a Raise You Are Simply Broke at a Higher Level**

**Dr Ivan Schmedemann, Professor Emeritus**

# 90%

Pay Less  
Taxes



**USA TODAY**

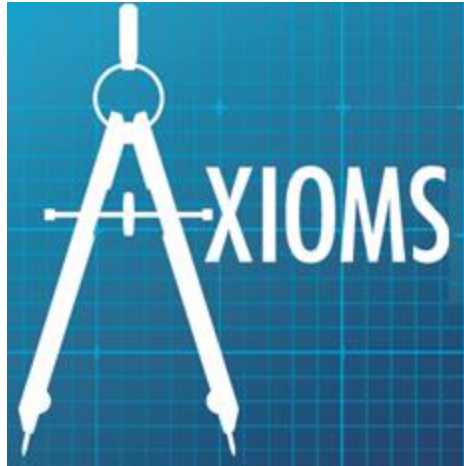
# \$80

# Billion

Extra Money Spent  
on Real Estate Annually  
Due to Tax Cuts



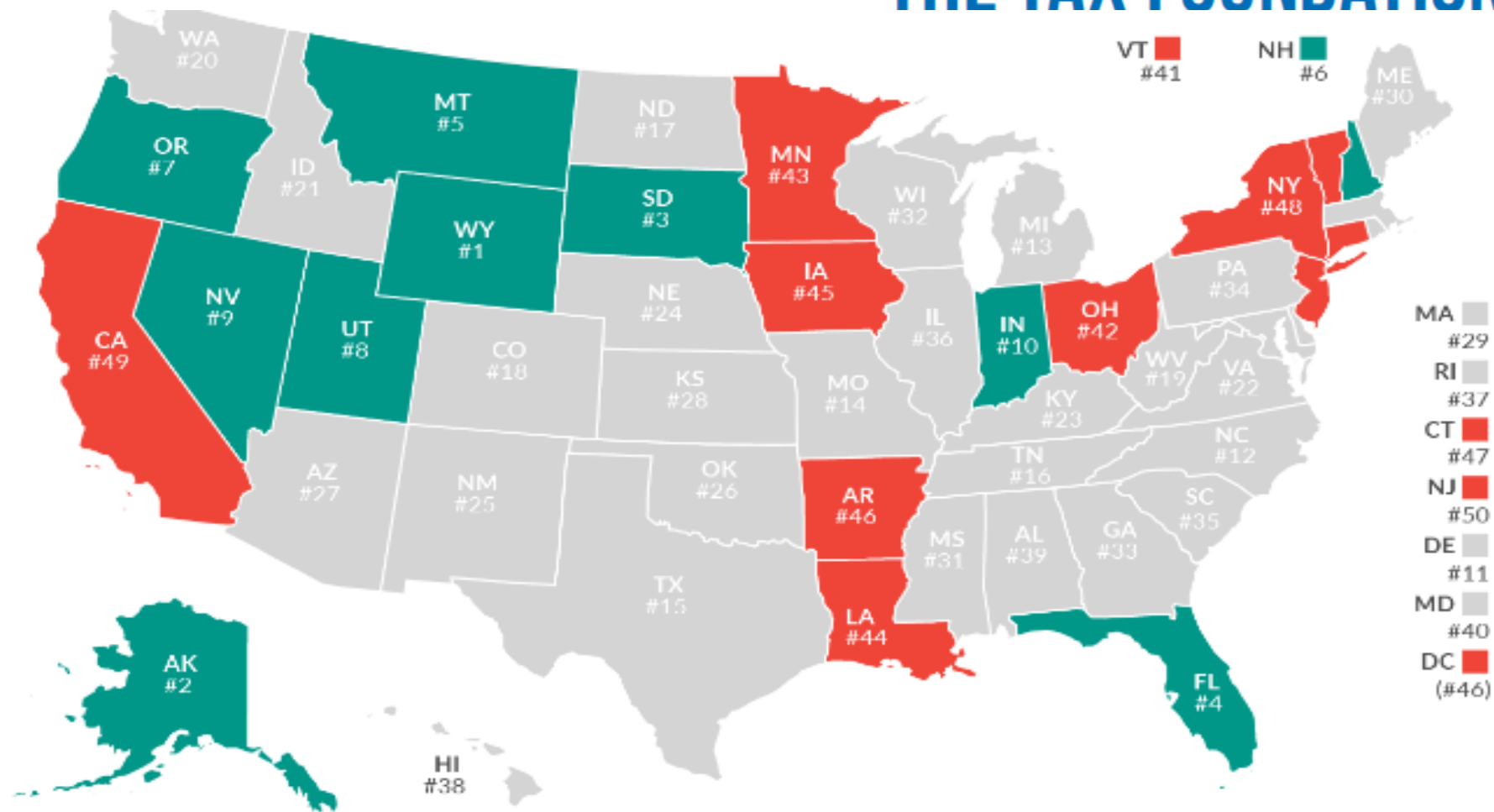
**Zillow**



# **Taxes – or Lack There of – Influences Where People Live & Businesses Relocate**

**Taxes Matter**

# THE TAX FOUNDATION

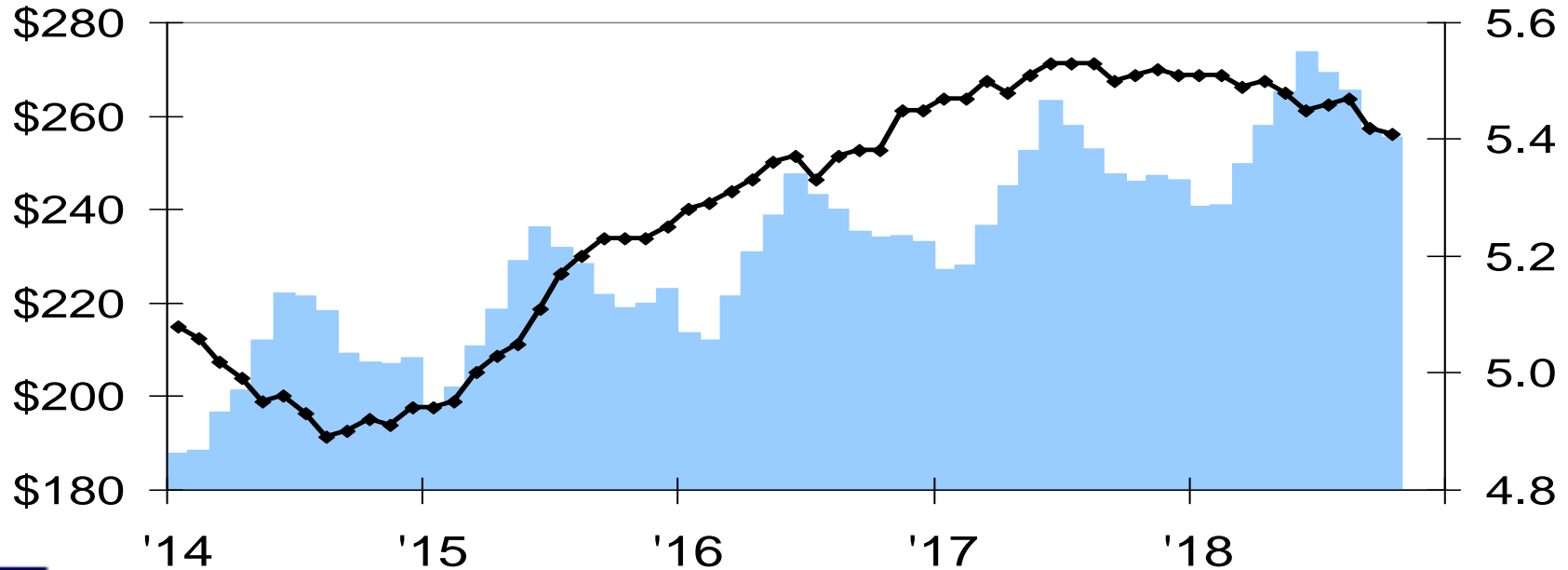


# U.S. Existing Home Sales & Median Prices

Sales Trailing 12 Months

Median Price \$ Thousands

Home Sales 12-Months Millions



Median Price — Homes Sales



**13.6%**

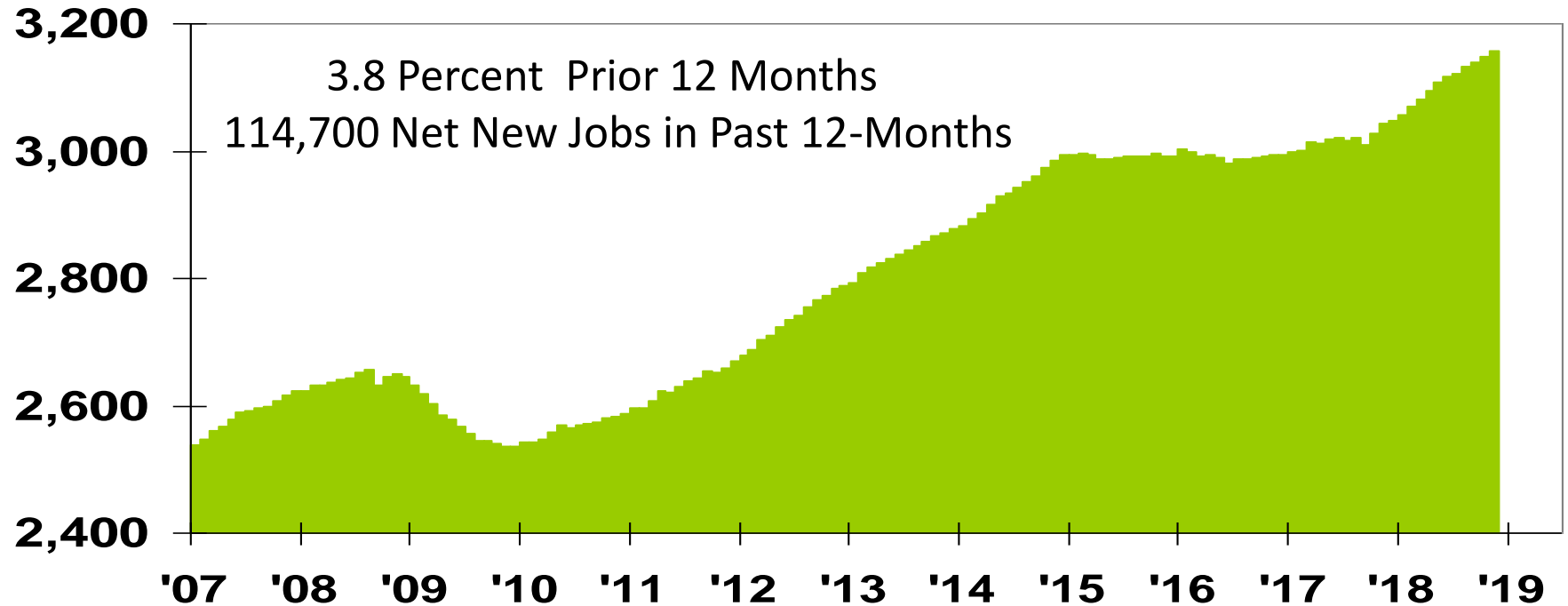
**Percent of  
U.S.  
Population  
Aged 25-34**

**36%**

**Percent of  
Homes  
Purchased  
Past 12-Months**

# Houston-The Woodlands-Sugar Land Jobs

Jobs (Thousands) *Seasonally Adjusted*

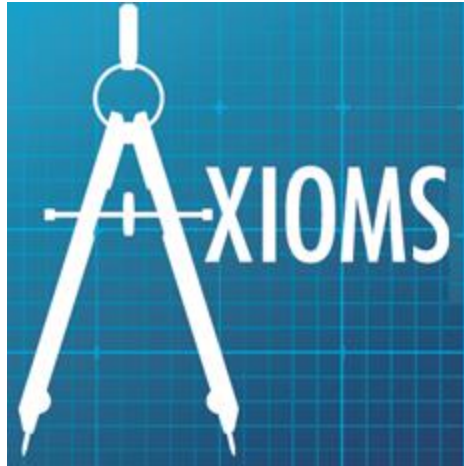




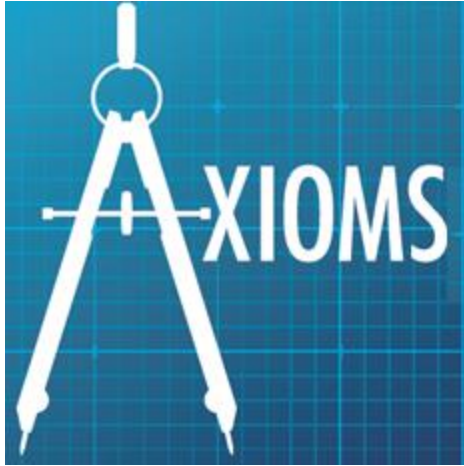
# U.S. Vs Houston MSA Supersector Employment Analysis -- November 2018

Not Seasonally Adjusted

Employment Supersector	Percent of All Jobs		12-Month Job Growth	
	USA	Houston	USA	Houston
<b>Mining &amp; Logging + Oil &amp; Gas</b>	<b>0.5%</b>	<b>2.6%</b>	<b>7.4%</b>	<b>5.3%</b>
<b>Construction</b>	<b>4.9%</b>	<b>7.9%</b>	<b>3.9%</b>	<b>10.8%</b>
<b>Manufacturing</b>	<b>8.6%</b>	<b>7.5%</b>	<b>2.2%</b>	<b>6.4%</b>
Trade-Transport-Utilities	19.1%	20.7%	1.1%	2.1%
Information	1.9%	1.0%	-0.8%	-1.3%
Financial Activities	5.8%	5.3%	1.4%	2.9%
<b>Professional and Business Services</b>	<b>14.3%</b>	<b>16.8%</b>	<b>2.7%</b>	<b>6.4%</b>
Education and Health Services	16.1%	12.7%	2.0%	3.2%
Leisure & Hospitality	10.8%	10.3%	1.8%	0.6%
Other	3.9%	3.7%	1.1%	6.1%
Government	15.3%	13.4%	0.3%	0.5%



# Millennials Are the Future and the Present



# **There is No Such Thing as a National Real Estate Market (Or Economy)**

**TINSTAANREM Axiom -- Ted C Jones**

Preliminary

## Single Family Sales

Ft Bend-Galveston-Harris-Montgomery Counties

'17 to '18

Percent

Change

Price Range	2014	2015	2016	2017	2018	
\$1 to \$499,999	60,764	59,208	61,217	62,782	64,817	3.2%
\$500,000 to \$799,999	4,257	4,331	4,136	4,305	4,721	9.7%
\$800,000 to \$999,999	649	667	567	652	684	4.9%
\$1 Million and Up	952	1,013	917	1,037	1,077	3.9%
Total	66,622	65,219	66,837	68,776	71,299	3.7%

**All-Time Record in Every Price Range**



Preliminary

## Townhouse-Condo Sales

Ft Bend-Galveston-Harris-Montgomery Counties

'17 to '18  
Percent  
Change

Price Range	2014	2015	2016	2017	2018	
\$1 to \$499,999	6,408	6,361	6,268	6,212	6,225	0.2%
\$500,000 to \$799,999	323	297	241	285	273	-4.2%
\$800,000 to \$999,999	27	21	33	35	31	-11.4%
\$1 Million and Up	20	13	12	13	23	76.9%
Total	6,778	6,692	6,554	6,545	6,552	0.1%

**All-Time Record in \$1 Million and Up**



Preliminary

## Mid- & High-Rise Condo Sales

Ft Bend-Galveston-Harris-Montgomery Counties

'17 to '18  
Percent  
Change

Price Range	2014	2015	2016	2017	2018	
\$1 to \$499,999	745	622	565	600	552	-8.0%
\$500,000 to \$799,999	90	71	73	92	97	5.4%
\$800,000 to \$999,999	33	24	20	26	22	-15.4%
\$1 Million and Up	36	38	49	51	57	11.8%
Total	904	755	707	769	728	-5.3%

**All-Time Record in \$1 Million and Up**



Preliminary

## Single Family + Townhouse Condo + Mid- & High-Rise

Ft Bend-Galveston-Harris-Montgomery Counties

'17 to '18  
Percent  
Change

Price Range	2014	2015	2016	2017	2018	
\$1 to \$499,999	67,917	66,191	68,050	69,594	71,594	2.9%
\$500,000 to \$799,999	4,670	4,699	4,450	4,682	5,091	8.7%
\$800,000 to \$999,999	709	712	620	713	737	3.4%
\$1 Million and Up	1,008	1,064	978	1,101	1,157	5.1%
Total	74,304	72,666	74,098	76,090	78,579	3.3%

**All-Time Record in Every Price Range**



# Single Family Harris County October - December

## Single Family October-December

Harris C ounty

'17 to '18

Percent

Change

Price Range	2014	2015	2016	2017	2018	
\$1 to \$499,999	9,330	8,484	9,124	9,632	9,359	-2.8%
\$500,000 to \$799,999	649	521	658	636	647	1.7%
\$800,000 to \$999,999	188	124	153	149	162	8.7%
\$1 Million and Up	253	243	287	302	330	9.3%
Total	10,420	9,372	10,222	10,719	10,498	-2.1%

## All-Time Record \$1 Million and Up



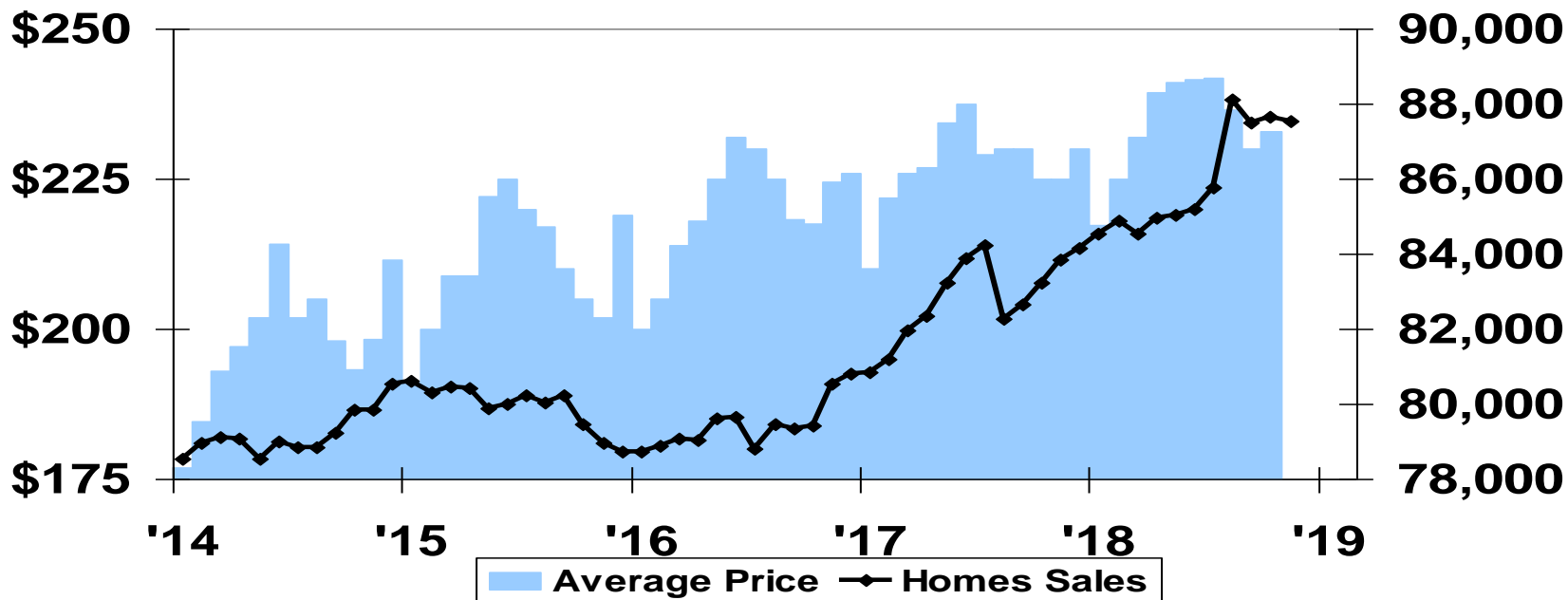


# Houston MSA Home Sales & Median Prices

Sales Trailing 12 Months

Median Price \$ *Thousands*

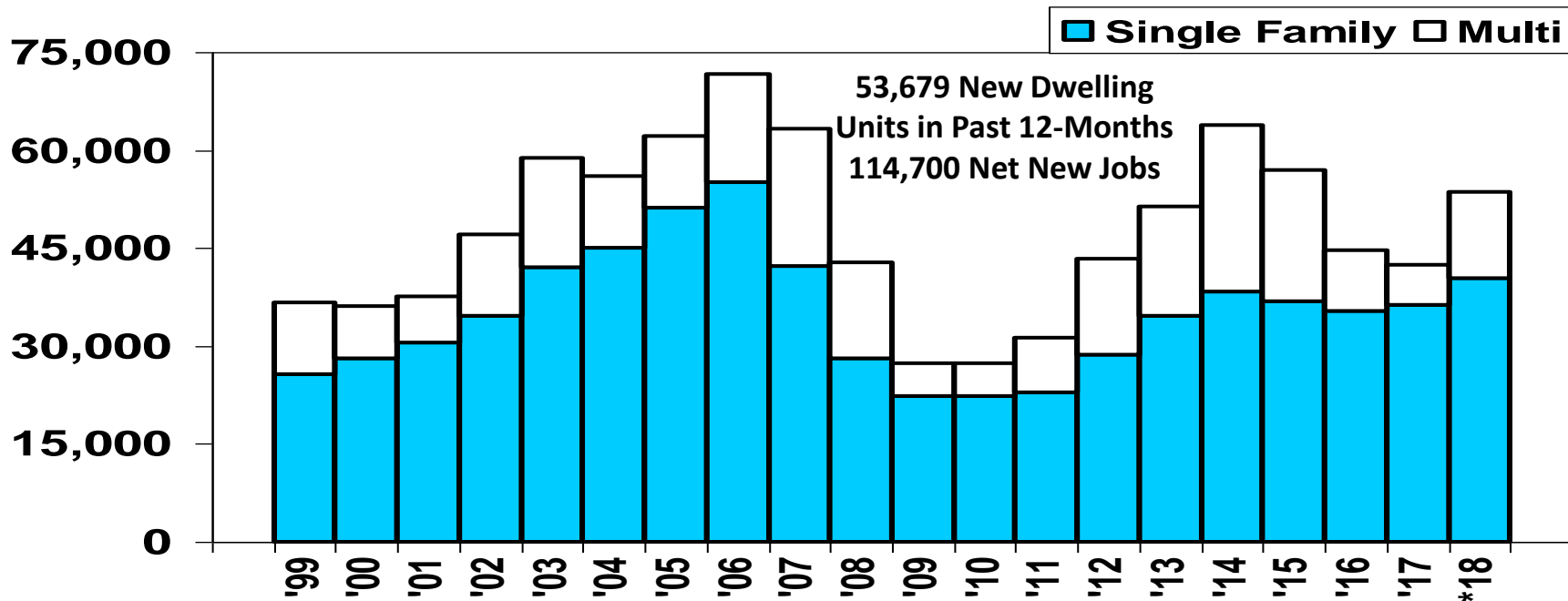
Home Sales *12-Months*



# Houston MSA Residential Building Permits

Number of Dwelling Units

2018 is Latest 12-Months



2.1 Net New Jobs Per New Dwelling Unit, 1.25 to 1.50 Normal

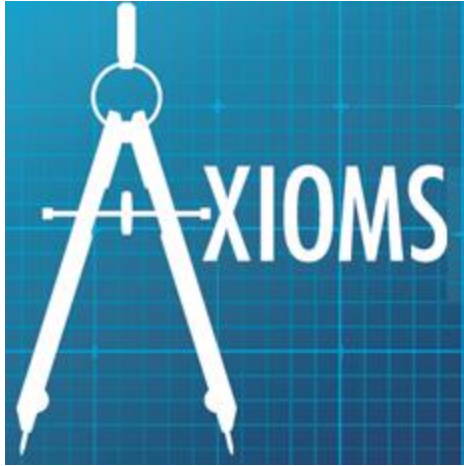
## Jobs & Residential Dwelling Unit Permits

Houston-The Woodlands-Sugar Land

Year	Net New Jobs	Dwelling Unit Permits	Jobs Per New Dwelling
2013	89,000	51,334	1.73
2014	116,800	63,745	1.83
2015	(2,300)	56,901	(0.04)
2016	2,100	44,732	0.05
2017	53,000	42,395	1.25
Total	258,600	259,107	1.00

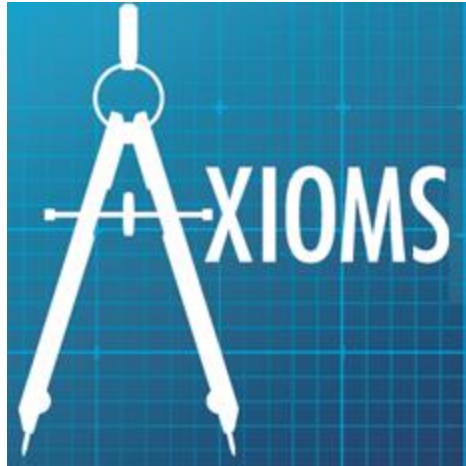
**OVER-  
BUILT**





**No Where is It  
Written That Home  
Values Will Always  
Go Up**

**The Same Goes for Rent Also**

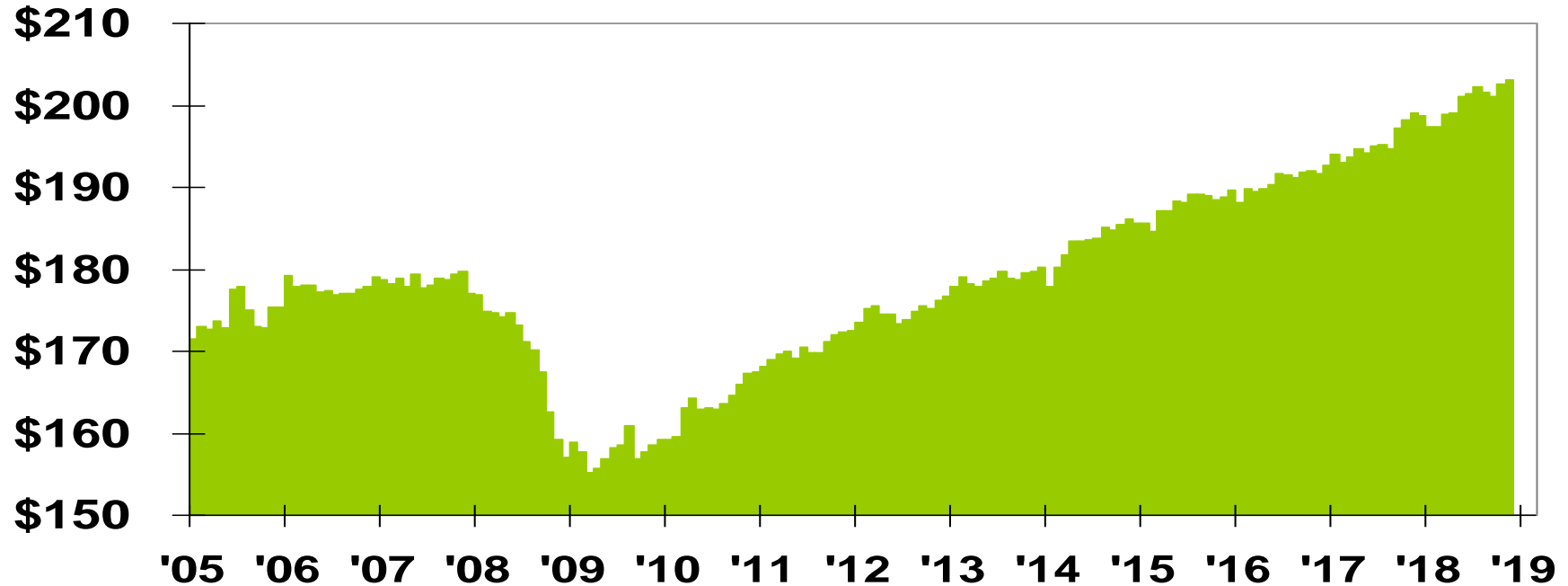


# **There are Three Kinds of People That Can Buy a Home Without a Job**

**People with Gray Hair, Blue Hair or No Hair: Retirees**

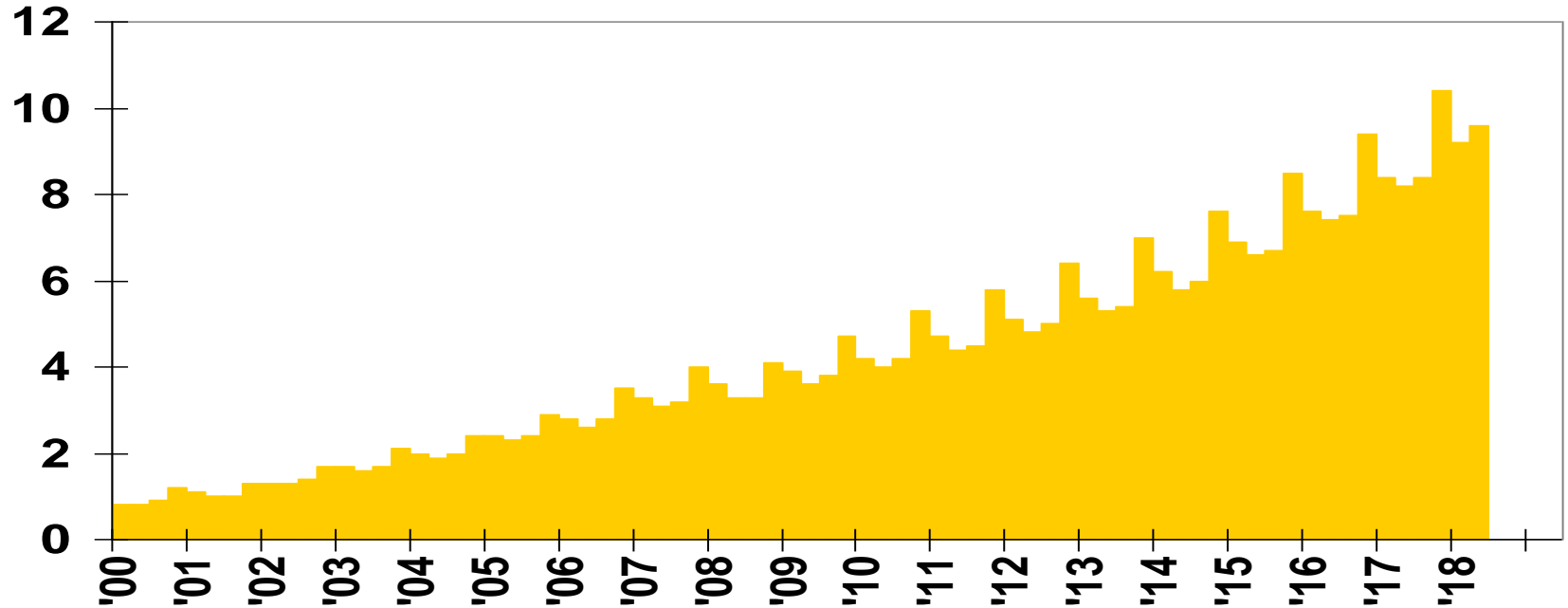
# U.S. Real Retail & Food Service Sales

*\$ Billions – Seasonally Adjusted*



# E-Commerce Sales

Percent of Total Sales – *Not Seasonally Adjusted*



# Omnichannel Marketing

om·ni·chan·nel  
/'ämnə,CHanl/

*adjective*

adjective: **omnichannel**; adjective: **omni-channel**

denoting or relating to a type of retail that integrates the different methods of shopping available to consumers (e.g., online, in a physical store, or by phone).

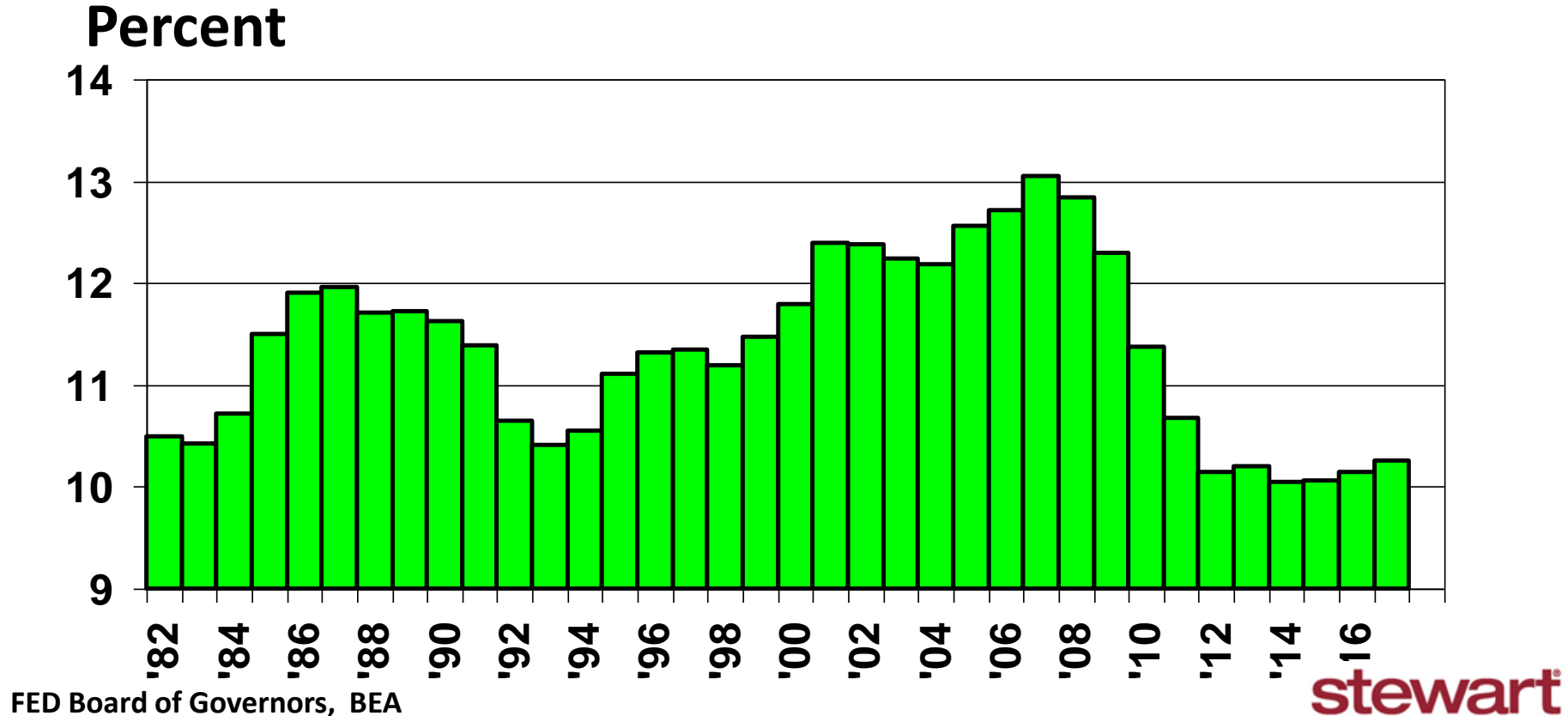
"80 percent of sales for omnichannel retailers happen in the offline world"



# Omnichannel Marketing

- **The number of people who shopped both online and in-store Cyber Monday was up nearly 40% over 2017**
- **Multichannel shoppers outspent single-channel shoppers by up to \$93 on average**
- **49% of all e-commerce traffic came from smartphones**

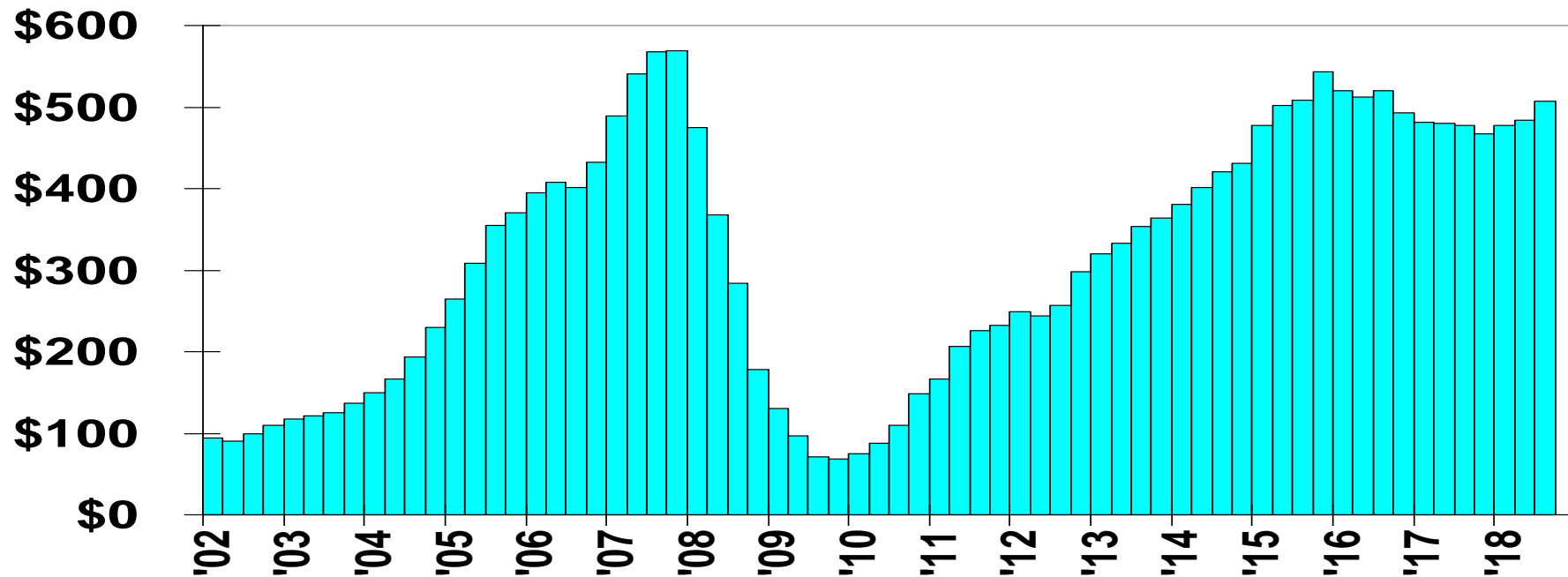
# Household Debt Service as a Percent of Household Disposable Income



# U.S. Commercial Real Estate Sales Volume

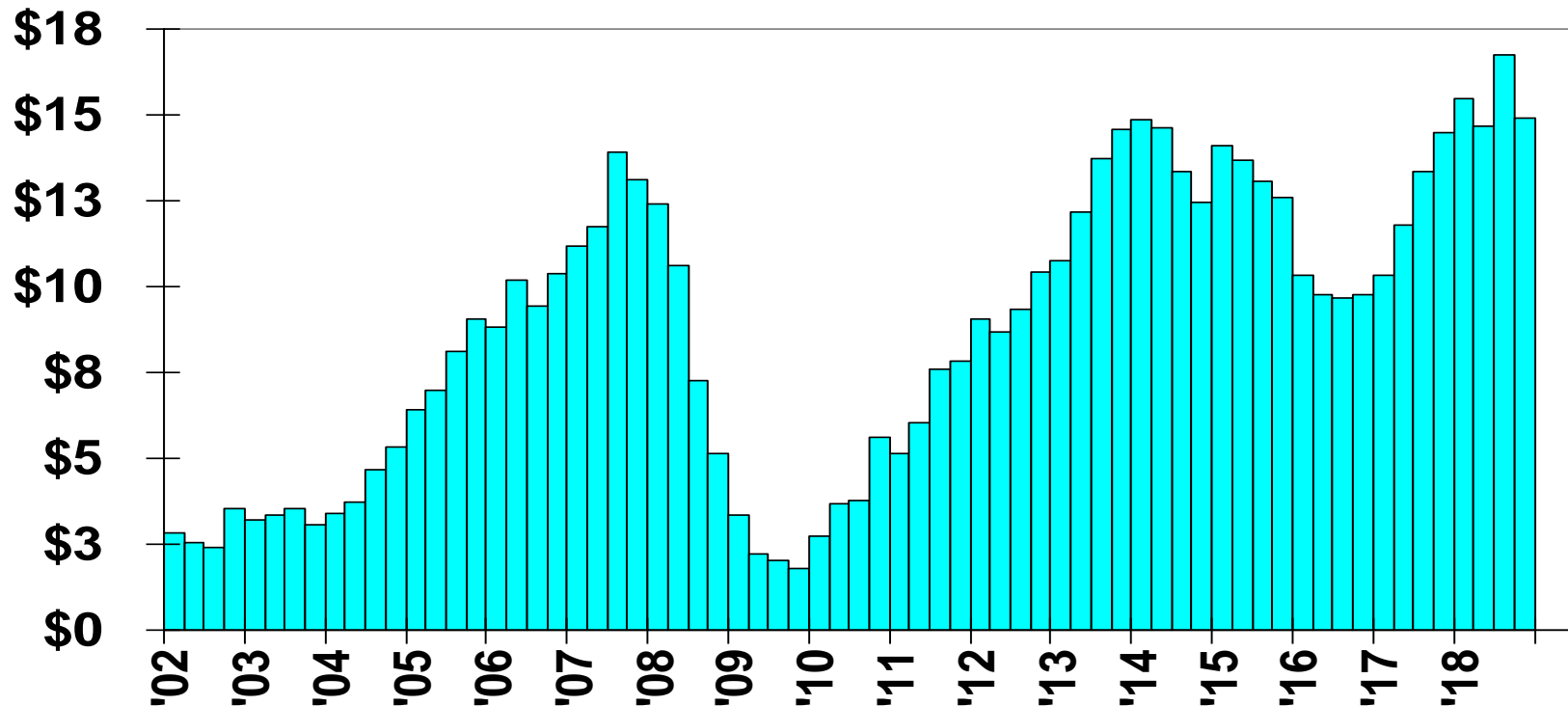
\$ Billions – *Trailing 12 Months*

**+6.1 Percent Year-Over-Year**



# Houston Commercial Real Estate Sales Volume

\$ Billions – *Trailing 12 Months*



**Fed Funds  
Rate Up 25 bp  
to  
1.75% to 2.0%  
Percent  
June 13, 2018**

**\$2.2 Billion  
More Per  
Year in Just  
Credit Card**

# 30-Year Conventional Mortgage Rate Forecast

**4.8% Fannie Mae**

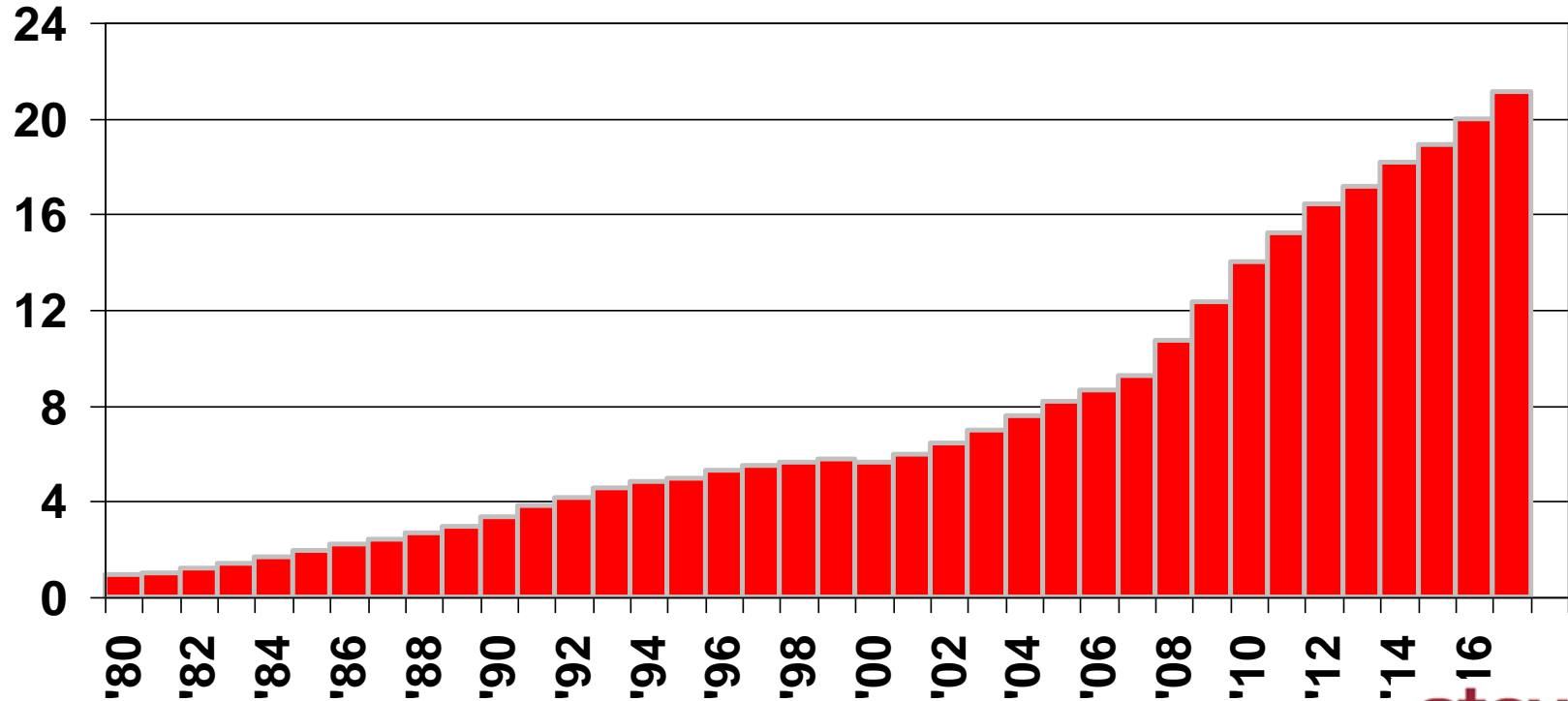
**5.1% Freddie Mac**

**5.1% MBA**

**5.1% - 5.7% Ted**

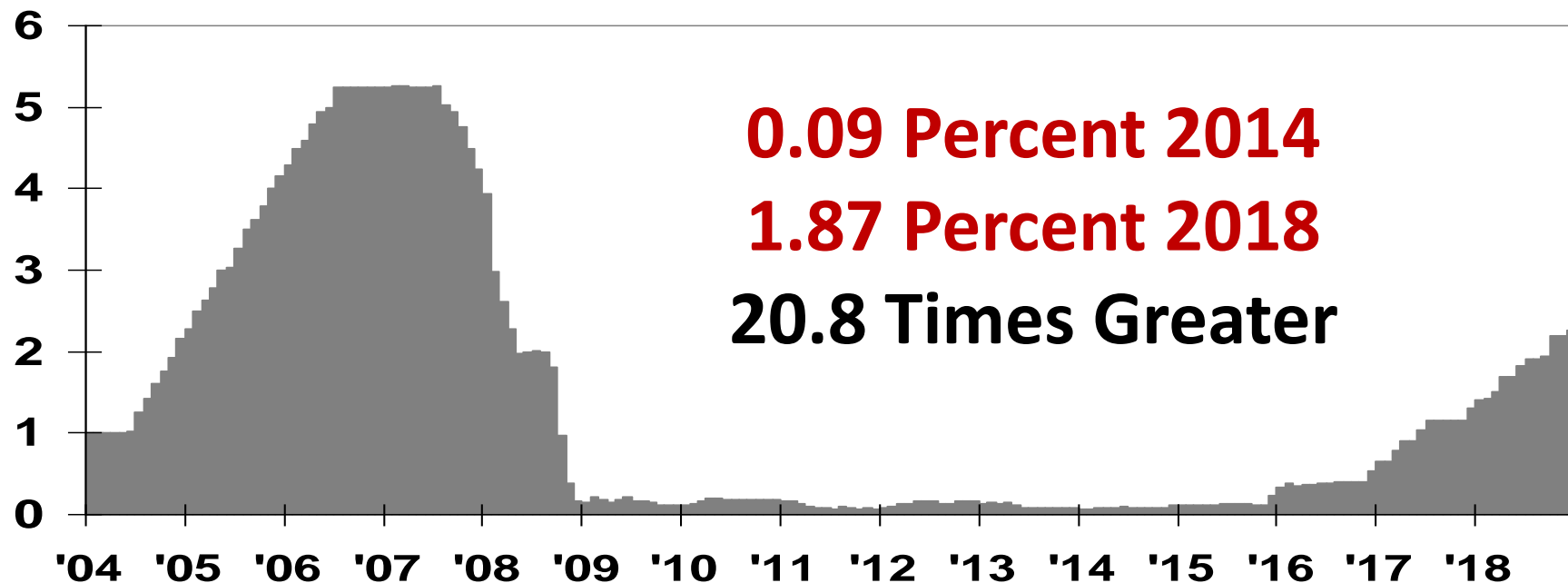
# Federal Debt – Total Public Debt

\$ Trillions



# Average Monthly Fed Funds Rate

Percent





**Federal Debt**

**Interest Payments**

**+30% March 2017 Vs 2016**

**+10.7% March 2018 Vs 2017**

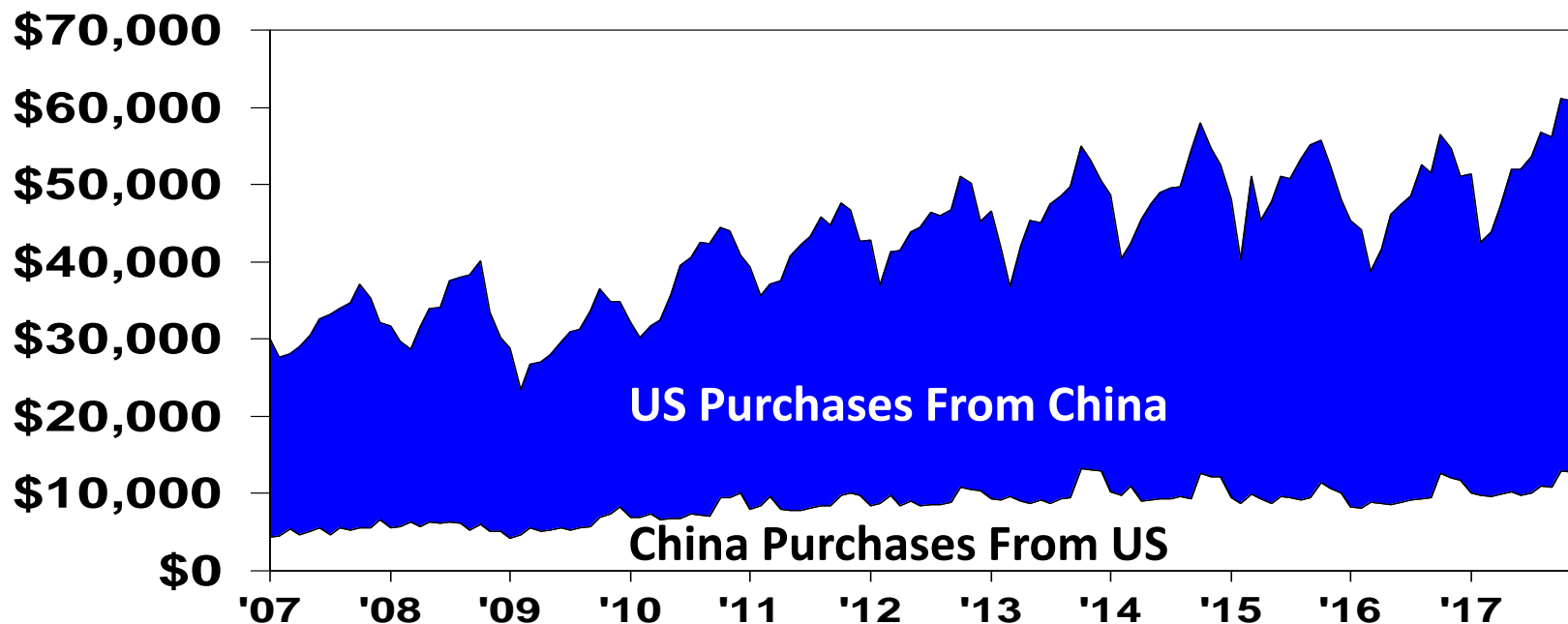
# Tariffs

*Latin for “It’s Going to Cost More.”*

# U.S. & China Trade



\$ Millions



# What the U.S. Bought from China in 2017



U.S. goods deficit  
with China in 2017:  
**\$375.2 billion**

**\$ Billions**

# What the China Bought from U.S. in 2017



**\$ Billions**

# Warren Buffett on Cryptocurrencies



**“It’s not a currency. It does not meet the test of a currency. I wouldn’t be surprised if it’s not around in 10 or 20 years. Stay away from it – it’s a mirage.”**

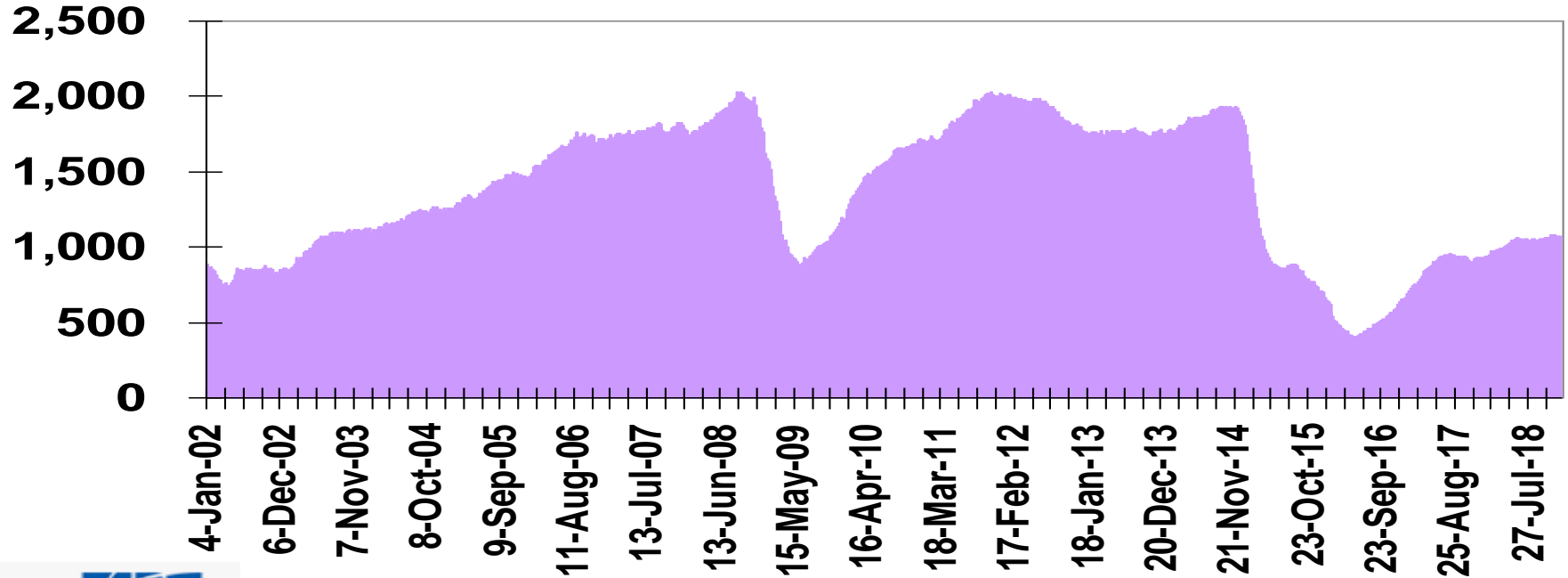
**\$4,758 Electricity  
Cost to Mine 1 Bitcoin  
In U.S.**

**1<sup>st</sup> Time in 75 Years  
U.S. is a Net Oil  
Exporter**



# North American Drilling Rig Counts

*Number of Operating Rigs*



**Oil \$50-\$60**

**2019**

**Twitter**

**DrTCJ**

# 2019 Economic Outlook



**Strong Economy**

**Growing Jobs & Wages**

**Rising Interest Rates**

**Rising Home Prices (Albeit at a Lower Pace)**

**Cheap (But Profitable) Energy**

**Manufacturing Comeback Continues**

**1**

**Paper Straw  
Manufacturer  
In the U.S.**

**We use  
500 Million  
Straws Daily**



JOYECO Stainless Steel Drinking Straws,  
Gold Reusable Drink Straw for 20oz  
Tumblers Rumlbers Cold Beverage (Set  
of 8,4 Bent+4 Straight + 2Brushes)

Price: **\$9.98** & **FREE Shipping**.



# Reusable Silicone Straws - MCIRCO Silicone Straws for 30 oz Tumbler Yeti/Rtic Complete Bundle - Reusable Silicone Straws and Stainless Steel Straws Extra Long Set of 10 with Cleaning Brushes and STO

by Mcirco



131 customer reviews

| 18 answered questions

Amazon's Choice

for "permanent straws"

List Price: ~~\$13.99~~

Price: **\$9.99** & **FREE Shipping.** [Details](#)

You Save: **\$4.00 (29%)**

# TIFFANY & CO.

## *Monkey Straw*

\$425



Sip in style. Straw in sterling silver. 7.25" long.

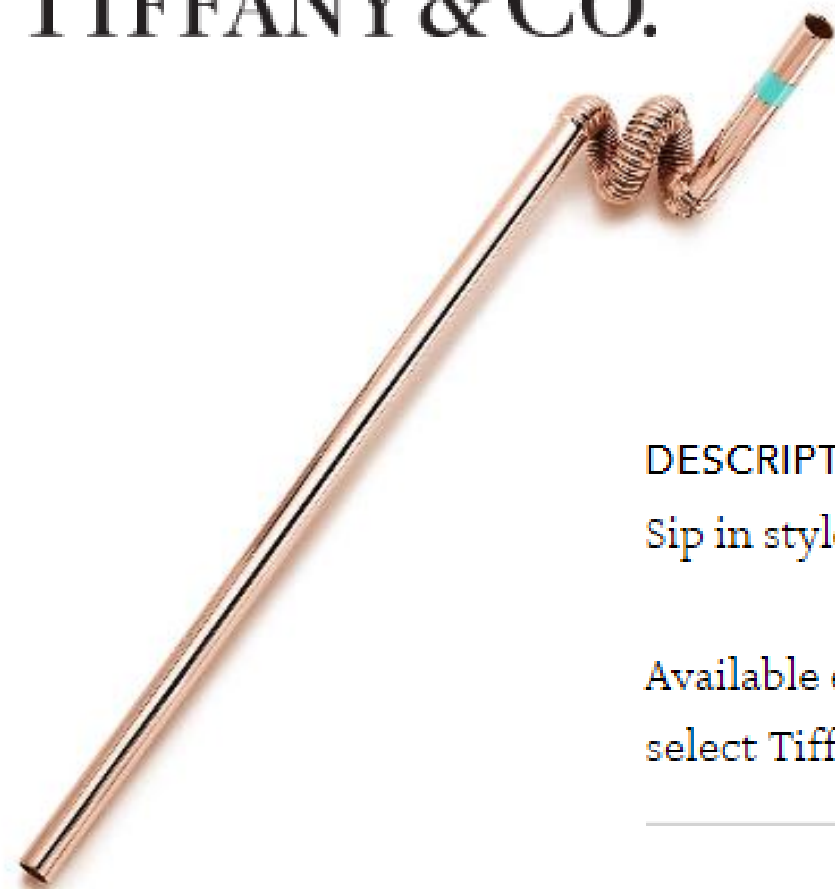
Available exclusively at [Tiffany.com](https://www.tiffany.com), the New York flagship and select Tiffany stores.

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FREE SHIPPING & RETURNS



TIFFANY & Co.



EVERYDAY OBJECTS

# Rose Gold Vermeil Crazy Straw

\$375

## DESCRIPTION & DETAILS

Sip in style. Straw in sterling silver. 7.25" long.

Available exclusively at [Tiffany.com](https://www.tiffany.com), the New York flagship and select Tiffany stores.

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FREE SHIPPING & RETURNS

# TIFFANY & Co.

## Ladybug Straw

\$425



### DESCRIPTION & DETAILS

Straw in sterling silver. 9" long.

Available exclusively at [Tiffany.com](https://www.tiffany.com), the New York flagship and other select Tiffany stores.

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FREE SHIPPING & RETURNS



stewart  
title



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