CoreNet Houston Market Overview on January 31, 2017

Event recap by Anna Demmler.

Speaker: Dr. Bill Gilmer, Director of the Institute of Regional Forecasting (IRF) at the University of Houston

- Houston could continue to experience low relative productivity growth. GDP growth has been very weak; however, job growth remains strong.
- Houston has a weak export sector, especially manufacturing, but a very strong and robust domestic sector which continues to produce a lot of jobs.
- The best case scenario is Houston has solid growth underway, and the worst is we're stagnant until the end of the year or early 2018. However, Houston has no indication of a recession on the horizon.
- Houston had the advantage of both upstream and downstream productivity so when the price of oil and natural gas declined in 2013, it kicked off enormous refinery construction on the Gulf Coast. However, that construction is beginning to wind down.
- 2017 will be much like 2016 but different in that we're on the upside.
- Home sales have been flat since 2012. In areas with little inventory (Galleria, Rice Military), there seems to be an increased interest, perhaps because buyers think the bust is over. I-10 Corridor also sees some improvement but big price declines in the Woodlands.
- Houston came out of 2008 with too many small lots and developed large lots by 2015 but there was no demand. Re-pricing has occurred to get those small lots back on the market and the key is whether we can still build $250,000 homes in Houston.
- The I-35 corridor would definitely suffer from a wall along the U.S.-Mexican border.