

REDnews Post COVID Summit: Economic Forecast; Capital Markets Update; Commercial Real Estate Forecast

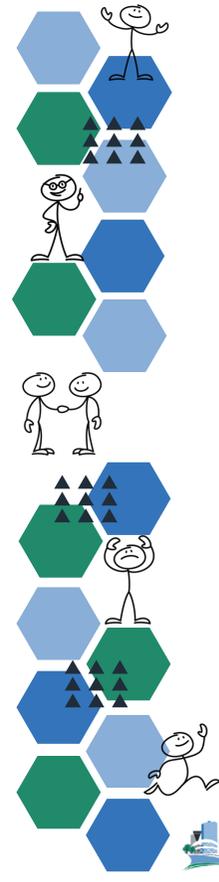
BY RAY HANKAMER

Economic Forecast

Moderator: Carlton Schwab, Texas Economic Development Council. Panelists: Regina Lindsey, Economic Alliance Houston Port Region; Jess Thompson, Federal Reserve Bank of Dallas; Bethany Miller, Greater Houston Partnership; Lance Lacour, Katy Area Development Council; Tim Jeffcoat, Small Business Administration

- There is a high degree of uncertainty now in forecasting the future
- The United States GDP dropped 32 percent in last quarter, the sharpest drop in the history of the country; the next quarter should be better with a slow rebound starting

- Forecasts are for six quarters to recover to where we were before COVID
- Houston has an international economy which is tied to the whole world
- The Purchasing Managers Index, a good tool, shows that the lines have stopped declining and are starting a slow upward trend
- Restaurants, bars and hospitality have showed a sharp upward bounce with re-openings although now, at end of July, we seem to be seeing a leveling off in many CRE sectors
- We have recovered one-third of jobs which were initially lost
- In Houston, the local payroll should only be down about 4.8 percent for the year 2020 compared to 2019
- Houston is seeing a recovery based on life sciences, industrial/logistics and advanced manufacturing; post-COVID we will see more focus on medical-oriented entrepreneurship, labs, research, etc., and we will try to attract these and associated industries to Houston
- Businesses are now transforming from survival mode to adaptation mode, as customers are changing habits...there will be a whole new paradigm and businesses will have to adapt to it
- Our port is working on its plan to deepen and widen the Ship Channel, and is working to bring in new chemical industries; election year caution and worldwide conflicts among energy producers have slowed things down; cold storage facilities are coming to the port
- Mid-stream in O&G remains strong, and oil prices should remain depressed until the end of 2020; working from home cuts down on energy consumption in autos and planes, and is contributing to lower prices for oil
- Green energy companies are expanding their footprints; nimble companies are adjusting
- Sales tax collection from a combined 12 cities in our area is down only 2 percent, surprising many; the state's Rainy Day Fund was depleted by Hurricane Harvey so it is not at full strength for the COVID pandemic



Is Your Team Up for the Hunt?

SEPTEMBER 17, 2020
NORTH TEXAS GIVING DAY

Normally, our Young Leaders in the Real Estate Council play serious dodgeball on North Texas Giving Day and raise funds for Read Fort Worth.

This year is different. We're hunting for the best team — do you have what it takes to win our scavenger hunt and trivia night?

Visit RECouncilGFW.com for more details and join us September 17.

THE HUNT IS ON!

REAL ESTATE COUNCIL of Greater Fort Worth