

# HOUSTON REGIONAL AREA TEXAS MARKET

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## *General Information*

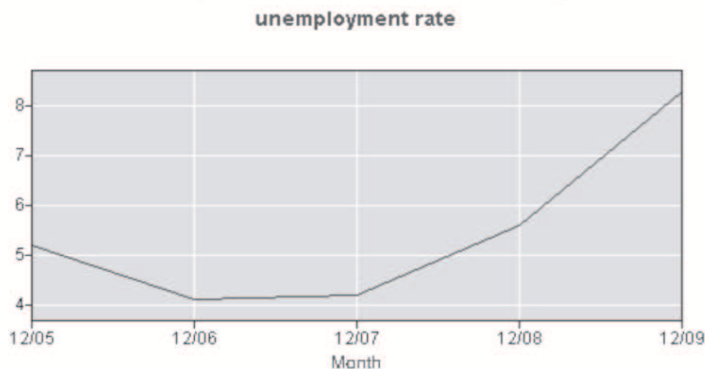
Location:	Southwestern United States on the Texas Gulf Coast
Counties:	Harris, Montgomery, Fort Bend, Galveston, Brazoria
Rank among other US cities:	4th Largest
MSA Population:	5,628,101 as estimated by the United States Census Bureau
Professional Sports teams:	NFL – Texans, Reliant Stadium NBA – Rockets, Toyota Center MLB – Astros, Minute Maid Park
Airports with scheduled commercial flights:	George Bush International Hobby Airport
Universities:	Houston Baptist University Rice University Texas Southern University University of Houston University of St. Thomas
Medical Schools:	Baylor College of Medicine University of Texas Medical School
Law Schools:	University of Houston Southwestern School of Law
Primary Industries:	Healthcare, Petrochemical, Airlines, Technology, Education
Major Employers:	Houston is home to the headquarters of 20 Fortune 500 companies, second behind New York City.
Major Employers include:	Exxon Mobil, Shell, BP, Chevron, Continental Airlines, University of Texas M.D. Anderson Cancer Center, Baylor College of Medicine, Hewlett Packard, Johnson Space Center

# HOUSTON TEXAS MARKET continued

## Economic Indicators

Employment:

Per the following chart, unemployment increased significantly in 2008 and 2009.



## New Single Family Construction

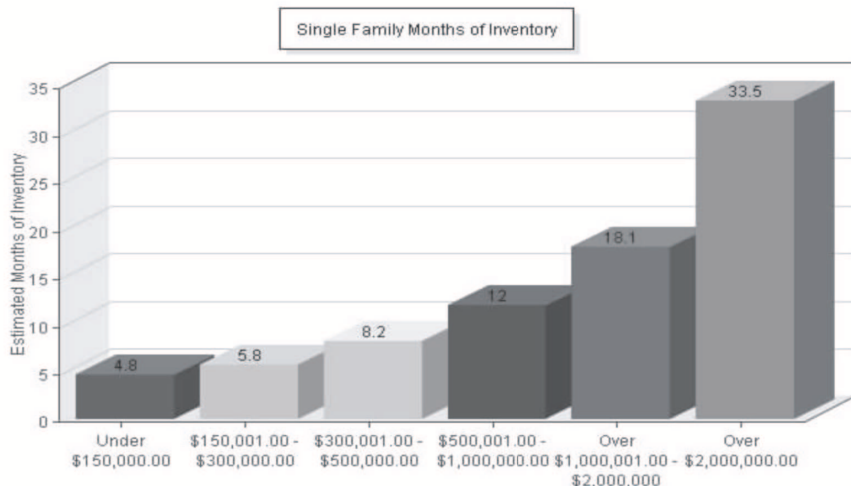
The U.S. Commerce Department indicates there were 22,360 single family units authorized in 2009 versus 28,152 in 2008 and 42,070 in 2007. There has been a dramatic decline in new housing starts which reflects obvious builder concern about future demand.

## Residential Sales Trends

The Houston Association of Realtors reports total sales of single family residences in January 2010 is down 12.3% from January 2009. The January 2010 median price increased 11.9% over January 2009. The primary reason the median price increased was due to a large number of high value homes relative to last year. The inventory of listings is up slightly to 2.3% from January 2009 and the current months of inventory is 6.1.

## Single Family Inventory

The months of available inventory in a given market can be an indication of supply vs. demand. The months of inventory in many Houston neighborhoods has remained relatively constant. The balance has likely occurred since as the number of sales declined so did the number of new listings. Market sentiment was adversely affected by recent negative economic news and owners have been reluctant to list their homes in the face of a soft market. The following chart provided by RAC (Relocation Appraisers and Consultants) depicts the months of available inventory by price range as of January 1, 2010. This is one of several graphics available in the RAC Report on the RAC website.



# HOUSTON TEXAS MARKET *continued*

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## *Take Away*

While the Houston residential market has not experienced the dramatic fluctuations characteristic of most major metropolitan markets, residential market activity has declined in the past two years. The weakening market can be attributed to declining oil prices, a poor national economy and waning consumer confidence. New home construction has declined; however, builders continue to add inventory. This supply of new homes continues to put downward pressure on pricing in many suburban markets. Houston is a large city with ample geographic area for future growth. The city has modernized infrastructure and, as mentioned previously, there are a large number of employment opportunities in a number of diversified industries. There are no indications that a recovery in the residential real estate market will occur in the near term. Houston is well positioned to take advantage of an improving economy; however, there are significant barriers to a recovery. Unfortunately, local and national economies are not likely to improve significantly in the short term and analyzing real estate markets will continue to be a challenge.



*For additional or more current information on the residential market in the Houston area, visit [www.rac.net](http://www.rac.net) and select "The RAC Report," or contact the following RAC member:*

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