MARCH 2014 -NEWSFLASH

Dear Partner:

Many of the forecasters predicted that there would be a slowdown in home sales and construction in 2014. Nationally, that is probably true. However, it will only be a slowdown from the frantic pace we saw in 2013. The housing and real estate markets in 2014 could be down, possibly 4% to 5% from 2013. In Texas, and Houston in particular the pace may not slow due to the exceptional growth in jobs and population.

Below I have summarized three articles and have attached the complete articles for your review.

City of Houston Building Permits—*GHP Research—February 24, 2014*

"Building permits in the City of Houston reached an all-time high of $6.2 Billion for the 12 months ending January 2013. This was a 25.5 % increase over the previous peak in October 2008. This was also a 25.5 % increase over the $ 5.0 Billion for the 12 months of 2012. Residential permits increased 31.1 % over 2012.

U.S. New Homes Sales Surge in January, Led By Northeast—*U. S. News –February 26, 2014*

The sale of new homes in the U.S. surged in January 2014. This was an unexpected sign of strength. Economists surveyed by Dow Jones forecasted home sales would fall to 401,000 from 427,000. This is after months of slow down attributed in part to the colder than normal weather. In another sign of strong demand for housing recently, home prices last year posted their largest annual gain since 2005. New home sales peaked in 2005 at 1 .4 Million. The low was in 2011 when sales were at an annual pace of 270,000.

The following article puts the national housing market in prospective in a very clear way.

Relax, Housing Is Ok After All: Opinion—*The Street –February 26, 2014*

Stop worrying about housing. The real estate recovery is doing fine.

The fundamentals of housing's recovery haven't changed through this cold winter that has chilled the economy.

The Mortgage Bankers Association said loan applications dipped 4%. Actually the applications were little changed---it's that the spring pickup in loan demand has not shown up yet.

The data says that things are not too hot and not too cold.

We believe that we continue to be in the early stages of the housing market recovery, and that there is a long runway ahead for continued growth.

All of this news is steady as she goes for good, fundamental reasons.-----house prices are now within 4% of fair value.---Buying a house is still cheaper than renting. ------House prices are still 14% below their 2006 peak. Fannie Mae says houses are fairly priced, reasonably available, and the credit to buy is available more broadly."

HAVE A GREAT DAY.

Jim

ARTICLE ATTACHMENTS:

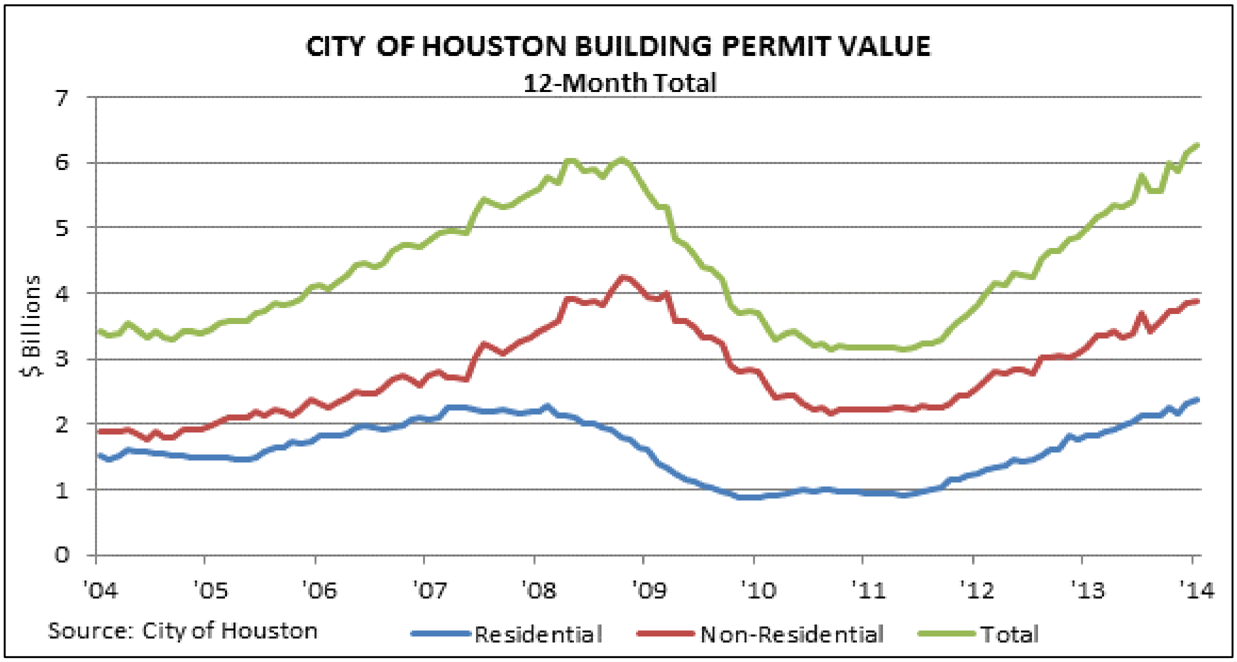
On Behalf Of GHP Research
Sent: Monday, **February 24, 2014 10:12 AM**
To: Undisclosed Recipients
Subject: Update- City of Houston Building Permits

For the latest data, click here.

February 24, 2014

CITY OF HOUSTON BUILDING PERMITS

City of Houston building permits reached an all-time high in January. For the 12 months ending January '14, the city issued building permits totaling $6.2 billion, surpassing the pre-recession peak of $6.0 billion in October '08. This was also a 25.5 percent increase over the $5.0 billion issued during the 12 months ending January '13. Residential permits increased 31.1 percent from $1.8 billion to $2.4 billion and nonresidential permits increased 22.2 percent from $3.1 billion to $3.9 billion.



For the month of January '14, the City of Houston issued building permits totaling $580.2 million, a 20.9 percent increase over the $479.8 million issued in January '13. The large year-over-year growth was due to a 51.1 percent increase in residential permit values, from $136.7 million in January '13 to $206.5 million in January '14. Permits were issued for 428 single-family homes for a total value of $105.7 million and 49 multi-family buildings for $83.2 million. Nonresidential permits increased 8.9 percent from $343.1 million in January '13 to $373.7 million in January '14.

Prepared by Greater Houston Partnership Research Department

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WALL STREET JOURNAL

U.S. New Home Sales Surge in January, Led By Northeast

U.S. NEWS * February 26, 2014, 10:03 a.m. ET

By: SARAH PORTLOCK And JONATHAN HOUSE

New home sales surged in January, despite the awful weather. Trulia's chief economist Jed Kolko joins MoneyBeat to put the numbers into context. Photo: Getty Images.

WASHINGTON—Sales of newly built homes surged in January, an unexpected sign of strength after a long stretch of weakness in the housing sector.

New single-family home sales rose 9.6% to a seasonally adjusted annual rate of 468,000 from a month earlier, reaching their highest level since July 2008, the Commerce Department said Wednesday. December's figure was revised up to 427,000.

Economists surveyed by Dow Jones forecast January home sales would fall to an annual pace of 401,000.

Last month's increase was boosted by sales in the northeast, where activity expanded by 73.7% and reversed the prior month's declines. The South and West also saw gains, but new home sales in the Midwest fell.

The figures come after months of slowdown that many economists are attributing at least in part to cold weather. Snow storms and cooler temperatures can shutter construction sites and discourage people from venturing out to look at properties.

In another sign of strong demand for housing recently, home prices last year posted their largest annual gain since 2005, according to the Standard Poor's/Case-Shiller price index Tuesday.

Rising mortgage rates and home prices could encourage prospective home buyers to move quickly. Some economists say this pent-up demand will help drive traffic and activity in the months ahead. Indeed, a separate Commerce Department report last week said permits for new homes, a sign of future demand, were up from a year earlier.

Still, other housing market indicators are showing signs of weakness. Construction of new homes tumbled last month, the Commerce Department said last week. And a measure of sales of previously owned homes fell sharply in January as well, according to a National Association of Realtors report last week. Those sales, which make up the bulk of home transactions, were down to the lowest level in 18 months.

New-home sales peaked in July 2005, when they hit an annual pace of nearly 1.4 million. Sales hit a low of 270,000 in February 2011.

http://online.wsj.com/article/SB10001424052702304709904579406910208067386.html?KEYWORDS=us+new+home+sales

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The Street

Relax, Housing Is OK After All: Opinion

By Tim Mullaney - 02/26/14 - 12:29 PM EST
Tickers in this article: RLGY TOL

NEW YORK (TheStreet) -- Stop worrying about housing. The real estate recovery is doing fine.

That's the message from two big pieces of data Wednesday -- and also new disclosures by some of the industry's biggest players.

Plus, the fundamentals of housing's recovery haven't changed through this winter of cold winter that has chilled the economy for a spell. They're the same mix of good and needs-to-get-better as they were two months ago. That's decent news for investors and home owners, and better news for job seekers..

The newest macro data come from the Census Bureau, which says January new home sales rose 9.6% from January, hitting a seasonally adjusted annual rate of 468,000 single family homes and beating forecasts by more than 50,000 houses. At an average price of $322,800, that gap represents about $16 billion worth of unforeseen sales this year.

Earlier Wednesday, the Mortgage Bankers Association of America said applications for loans to buy houses dipped 4% on a seasonally adjusted basis. The association said applications were actually little changed -- it's just that the spring pickup in loan demand hasn't yet shown up this year.

In other words, the data say things are not too hot and not too cold. That's what the nation's big real estate companies are saying as well.

Realogy, owner of Coldwell Banker and America's biggest real estate broker, said Tuesday that buyer traffic at its Web sites is up 10% from last year, in what CEO Richard Smith said is a sign that consumers are not backing off home shopping for this spring. He also pointed to signs of easier credit, which let more consumers buy, with Wells Fargo lowering its minimum FICO score for mortgage borrowers to 600 from 640, and that the percentage of home owners whose mortgage balance is more than their homes' value has fallen by half.

"We believe that we continue to be in the early stages of the housing market recovery, and that there is a long runway ahead for continued growth," Smith said.

Fannie Mae said much the same thing. Fannie, which buys about 40% of single-family mortgages, made $84 billion last year and has now completely reimbursed taxpayers for its 2008 bailout.

And big builder **Toll Bros.** said Tuesday that its backlog of homes ordered but not yet built was up 31% at the end of January. That's basically unchanged from October, despite the weather issues that hurt much of the economy.

All of this news is steady-as-she-goes for good, fundamental reasons. Housing prices are now within about 4% of fair value, according to calculations by *Trulia.com*. Buying a house is still cheaper than renting in every major U.S. metro area, and the median household can afford 65% of new homes, according to the National Association of Home Builders. Home prices are still 14% below their 2006 peaks, even before adjusting for general inflation, Fannie Mae says. All that points to the idea that houses are fairly priced, reasonably available, and the credit to buy them is available more broadly.

Most important, the jobs outlook is still decent and improving, if more slowly in the last two months than before. The unemployment rate is down to 6.6%, and likely to go under 6% by the end of the year, economist Joel Naroff says. That means people can be reasonably secure about their ability to make mortgage payments if they do buy houses.

The wild cards are also the same as two months ago. To get to the high end of forecasts, which call for 1.3 million housing starts this year compared with 923,400 in 2013, it would certainly help to see stronger wage growth and more young people begin their own households. Birth rates and household formation are still way below mid-1990s levels, as young people express their shaky confidence in the economy in the most tangible ways.

As housing goes, so goes the economy at this point. All of the remaining gap between pre-recession employment and today's market reflects the absence of construction and renovation-related jobs. And the latest data point to the idea that the recovery is still budding, like crocuses under all that snow.

This article represents the opinion of a contributor and not necessarily that of TheStreet or its editorial staff.

http://www.thestreet.mobi/story/12458086/1/relax-housing-is-ok-after-all-opinion.html?puc=yahoo&cm_ven=YAHOO