



ZONDA™

metrostudy

Gulf Coast Economic Development District



Houston's New Home Market: *Where Were We?*

Houston New Home Market Highlights

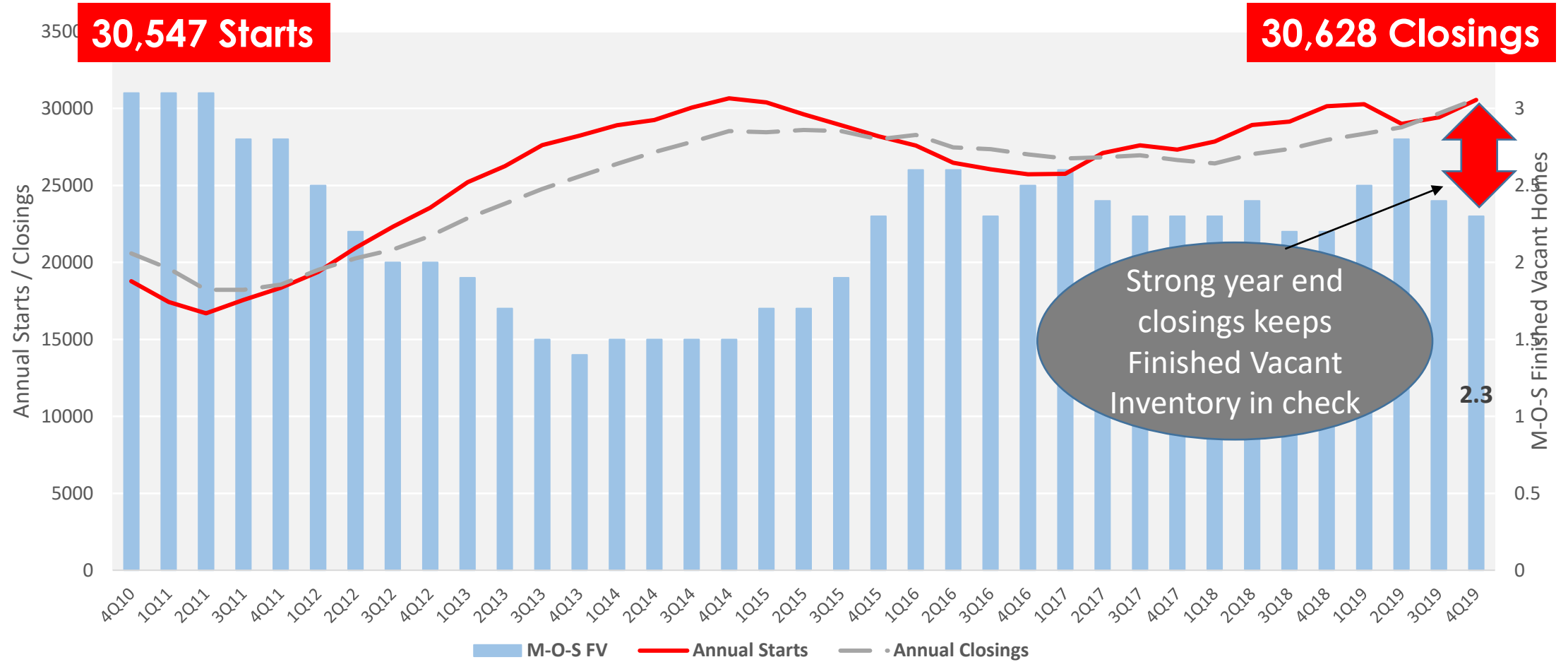
Annual New Home Starts Comparison – Major Metro Areas

Rank	Market	Annual Starts	Annual Change	% Y-O-Y Change
1	Dallas/Ft. Worth	34,928	178	0.5%
2	Houston	30,547	401	1.3%
3	Central Florida	26,632	-1,442	-5.1%
4	Phoenix/Tucson	25,877	1,266	5.1%
5	Atlanta	24,416	-786	-3.1%
6	Denver/Colorado Springs	19,287	-1770	-8.4%
7	Austin	18,905	2481	15.1%
8	Southern California	16,794	-2679	-13.8%
9	Northern California	14,580	-3,207	-18.0%
10	San Antonio	13,748	2,000	17.0%
11	Raleigh/Durham	13,080	619	5.0%
12	Salt Lake City	12,860	-424	-3.2%
13	Tampa	12,754	1,122	9.6%
14	Charlotte	12,543	127	1.0%
15	Philadelphia Region	11,846	941	8.6%
16	Seattle	10,888	83	0.8%
17	Central California	10,843	-525	-4.6%
18	Suburban Maryland	10,710	-130	-1.2%
19	Las Vegas	10,635	-647	-5.7%
20	South Florida	9,150	1,111	13.8%

We're #2!

Houston New Home Market Highlights

Annual New Home Starts and Closings

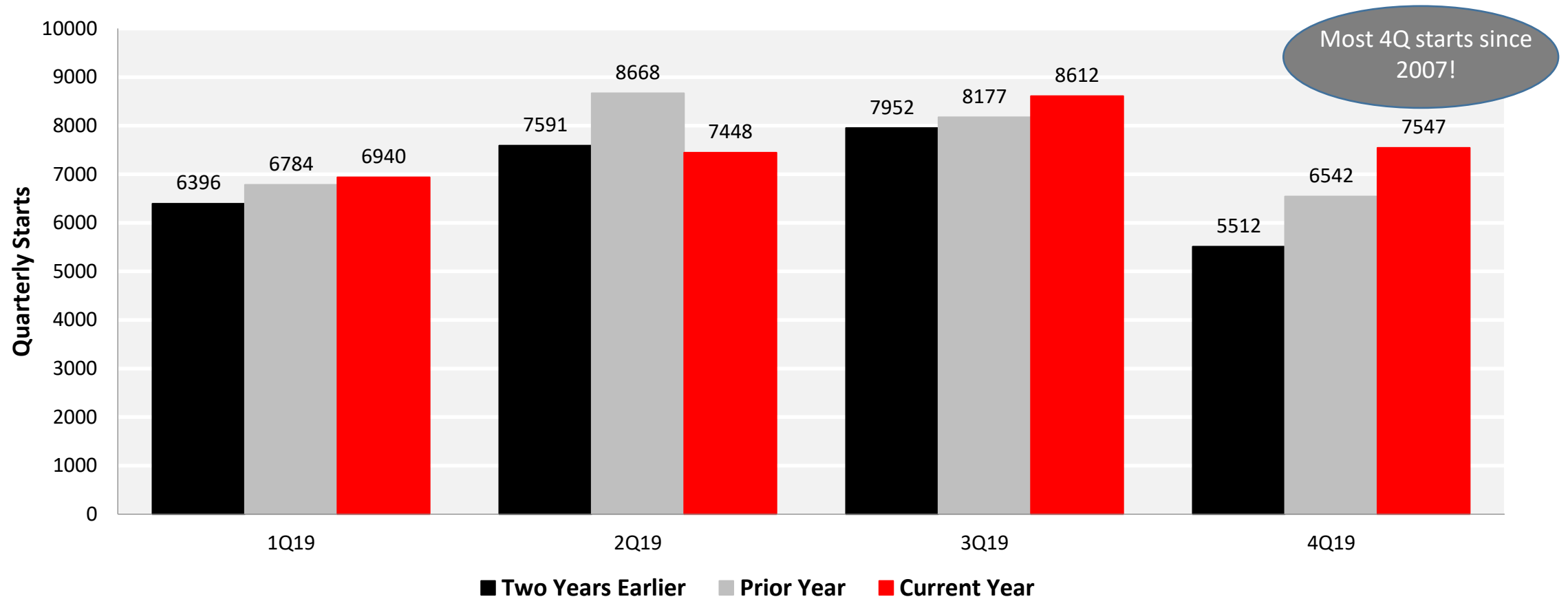


Source: Metrostudy



Houston New Home Market Highlights

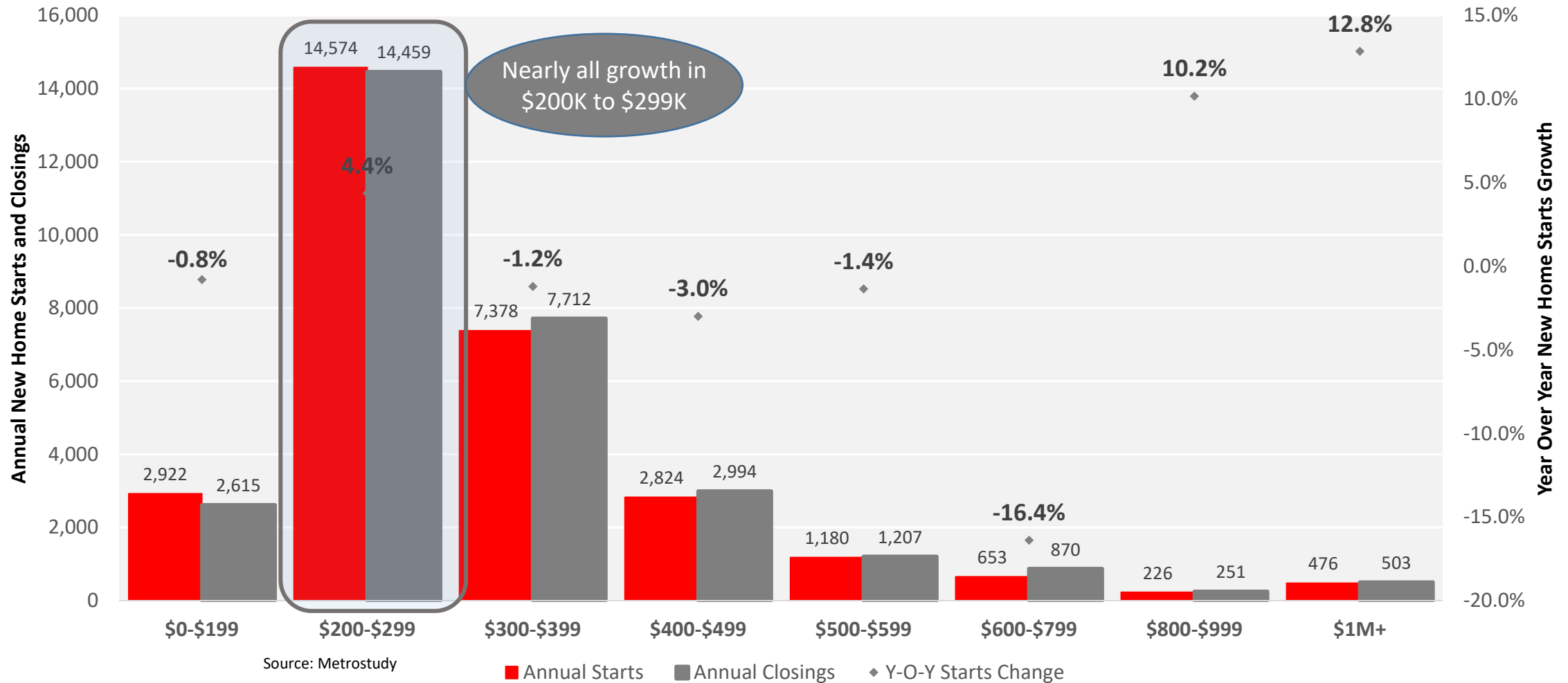
Quarterly New Home Starts Trend



Source: Metrostudy

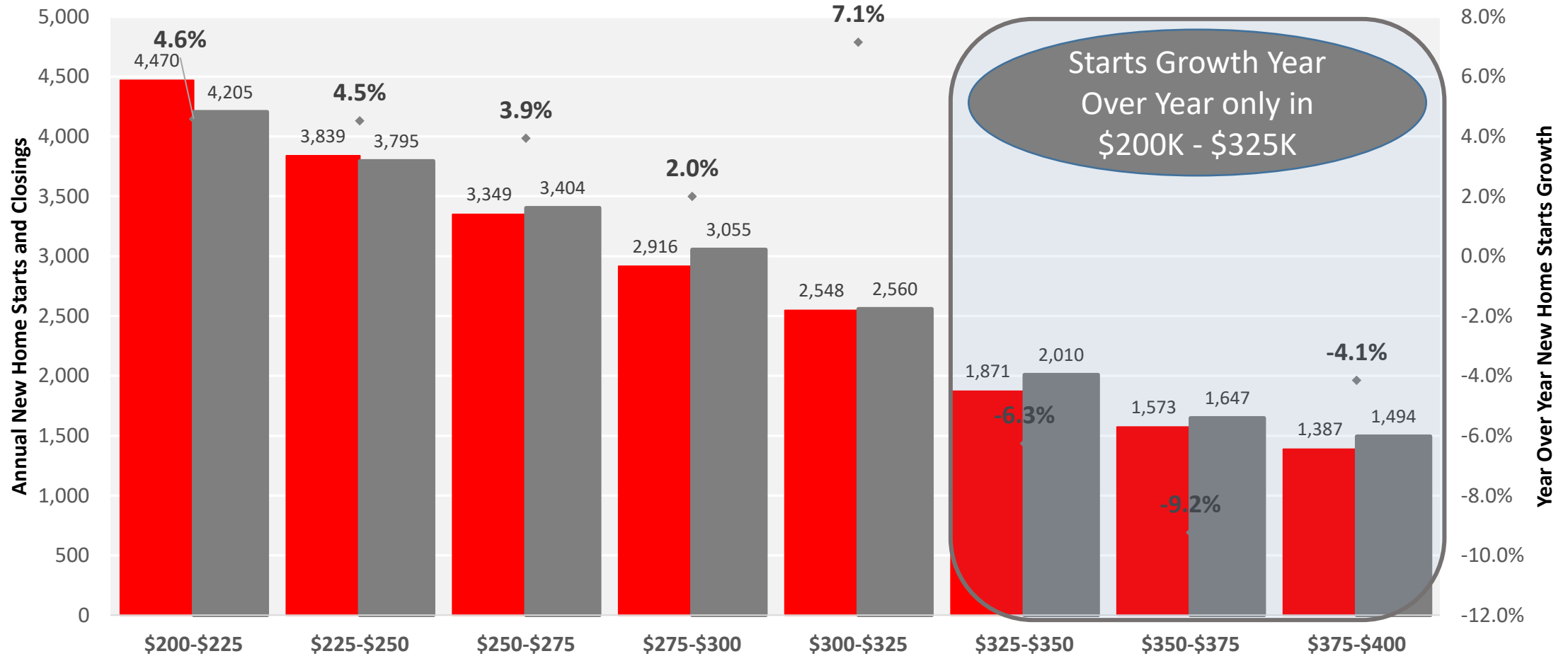
Houston New Home Market Highlights

Annual New Home Starts and Closings by Price Range



Houston New Home Market Highlights

Sweet Spot Price Point Drill Down – Annual New Home Starts and Closings

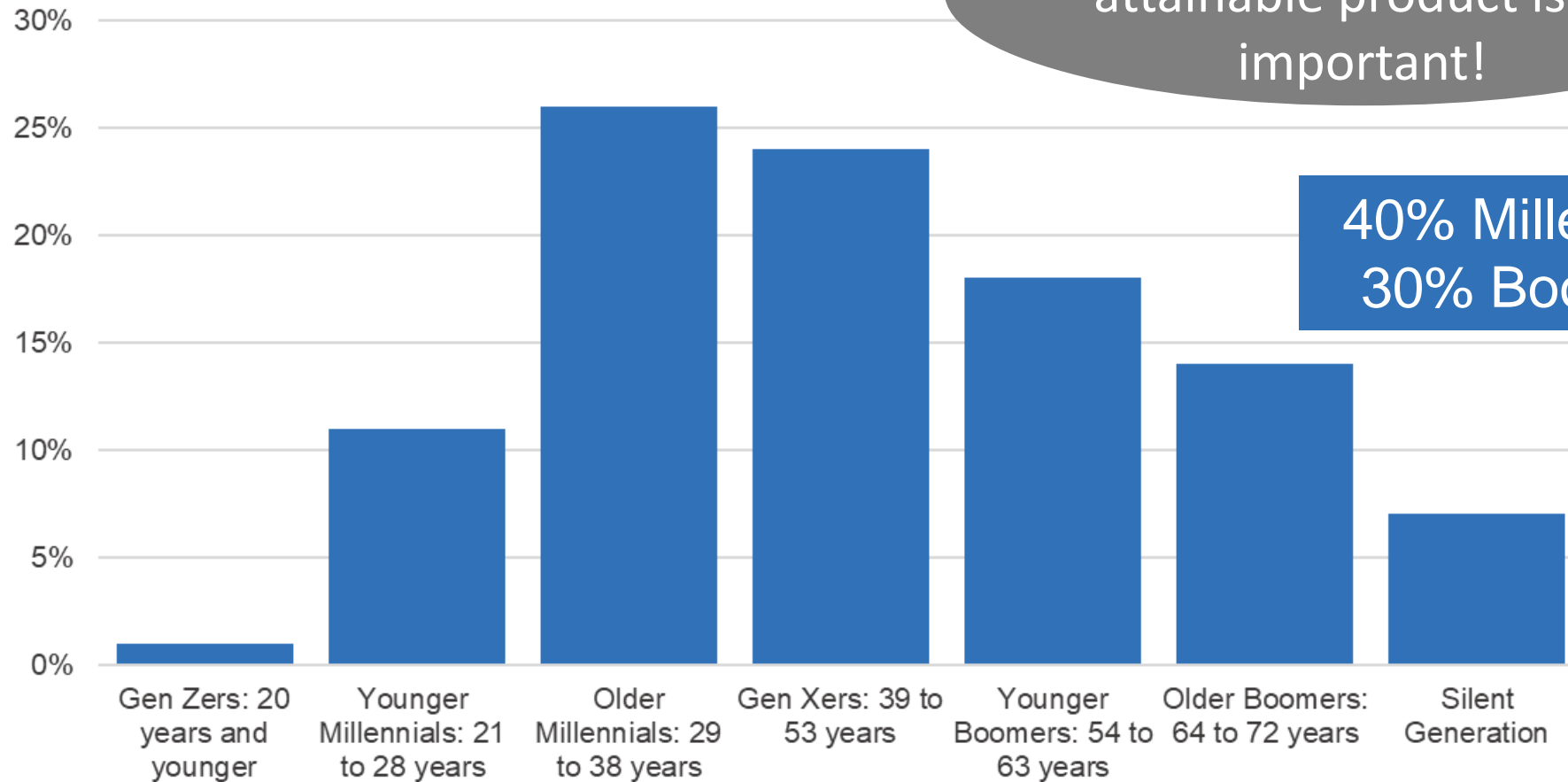


Source: Metrostudy

■ Annual Starts ■ Annual Closings ◆ Y-O-Y Starts Change

Millennials and Boomers Are Driving Forces In The Market

Age Of Home Buyers



Source: 2019 NAR Home Buyer And Seller Generational Trends

Houston by the Market

Northeast Market Area: Attainable Product Spotlight



DR Horton Express and First America at Santa Fe

- Large unique new community right off Grand Parkway NE extension.
- Mix of brick / stone front elevation product and smaller one car all hardy product.
- **Express:**
 - 1,415 sf – 2,319 sf
 - \$169K - \$210K
- **First America:**
 - 1,421 sf – 2,109 sf
 - \$178K - \$219K

Source: Metrostudy, HAR, First America, DR Horton

Houston by the Market

Far North Market Area: *Attainable Product Spotlight*



Source: Metrostudy, HAR

Colina Homes at Parkwest

- 32' lot infill neighborhood in more upscale west side of Conroe
- Craftsman and Modern Farmhouse elevations
- 1,267 sf – 1,918 square feet
- \$177,990 - \$218,990 base pricing

Houston by the Market

Central Market Area: *Attainable Product Spotlight*



Centex Homes at Forbes Crossing

- Infill community just south of Hobby Airport.
- Twelve floor plans ranging from:
 - \$175K - \$231K
 - 1,206 sf – 2,606 sf
- **Seventy eight starts and twenty four closings in just two quarters of activity.**

Source: Centex, HAR, Metrostudy

Houston by the Market

Southwest Market Area: *Attainable Product Spotlight*

Chesmar Townhome Product at Sienna



- Latest application of Chesmar's successful townhome product
- Six floor plans ranging from:
 - \$205,990 - \$242,990
 - 1,671 sf – 2,089 sf
- Lowest entry price point in Sienna since 2013
- Entry base price nearly \$50K lower than lowest price in the next most affordable program in Sienna (Chesmar 45's)

Source: Metrostudy, HAR

Houston by the Market

South Market Area: *Attainable Product Spotlight*



Source: Metrostudy, HAR

MI Homes at Mustang Crossing

- Affordably priced subdivision with amenities located near Alvin schools and retail
- Twelve floor plans ranging from:
 - \$179,990 - \$238,990
 - 1,295 sf – 2,835 sf

Houston Top New Homebuilders

Homebuilders Ranked by *Builder Reported* Annual New Home Closings Volume

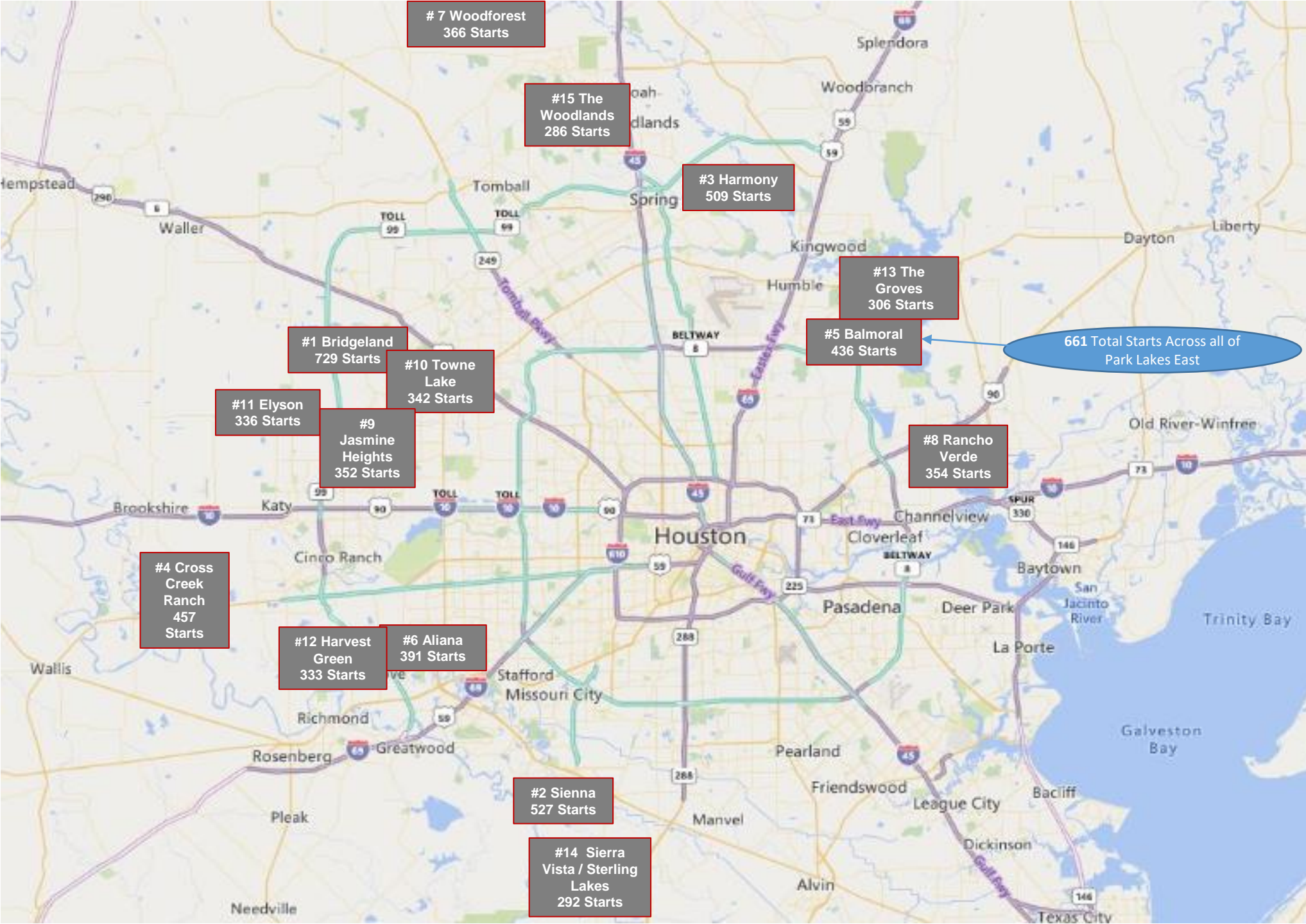
Rank	Builder	Annual Starts	Annual Closings	ASP	Market Share
1	DR Horton (DR Horton, Emerald, Express, Freedom)	3,164	3,703	\$248,906	12.09%
2	Lennar (Lennar, Village, NuHome)	2,569	3,040	\$308,335	9.93%
3	Perry	1,644	1,630	\$375,000	5.32%
4	KB HOME**	1,257	1,255	\$239,011	4.10%
5	LGI**	1,167	1,150	\$228,636	3.75%
6	Taylor Morrison (Taylor Morrison, Darling)	1,085	1,118	\$455,288	3.65%
7	Long Lake, Ltd (Lake Ridge, Postwood, Foxwood, Pride, Lakewood, Briarwood)**	1,139	1,112	\$234,729	3.63%
8	Pulte (Pulte, Centex, Del Webb)	1,146	1,062	\$273,000	3.47%
9	K Hovnanian (K Hovnanian, Brighton, Parkwood)	1,134	1,047	\$299,208	3.42%
10	Legend (Legend, Princeton Classic)	964	950	\$247,492	3.10%
11	Meritage (Meritage, Monterey)	931	927	\$355,000	3.03%
12	Weekley	816	867	\$397,000	2.83%
13	MHI (Plantation, Conventry)	807	787	\$435,000	2.57%
14	Highland (Higland, Horizon, Huntington)	749	760	\$361,489	2.48%
15	Westin Homes	609	673	\$411,250	2.20%
16	Chesmar	670	644	\$282,000	2.10%
17	Beazer**	645	623	\$293,195	2.03%
18	Anglia Homes**	546	607	\$259,331	1.98%
19	CastleRock Communities (Castle Rock, Mercury Custom Builders)	481	542	\$282,000	1.77%
20	Gehan (Gehan, Gray Point)	634	523	\$281,213	1.71%

Source: Metrostudy, Builder Respondents

** Builder Reported Data Not Available, Data Reflects Metrostudy Observed Builder Activity Through 4Q 2019

Top 4Q2019 Communities

Ranked by Annual Starts





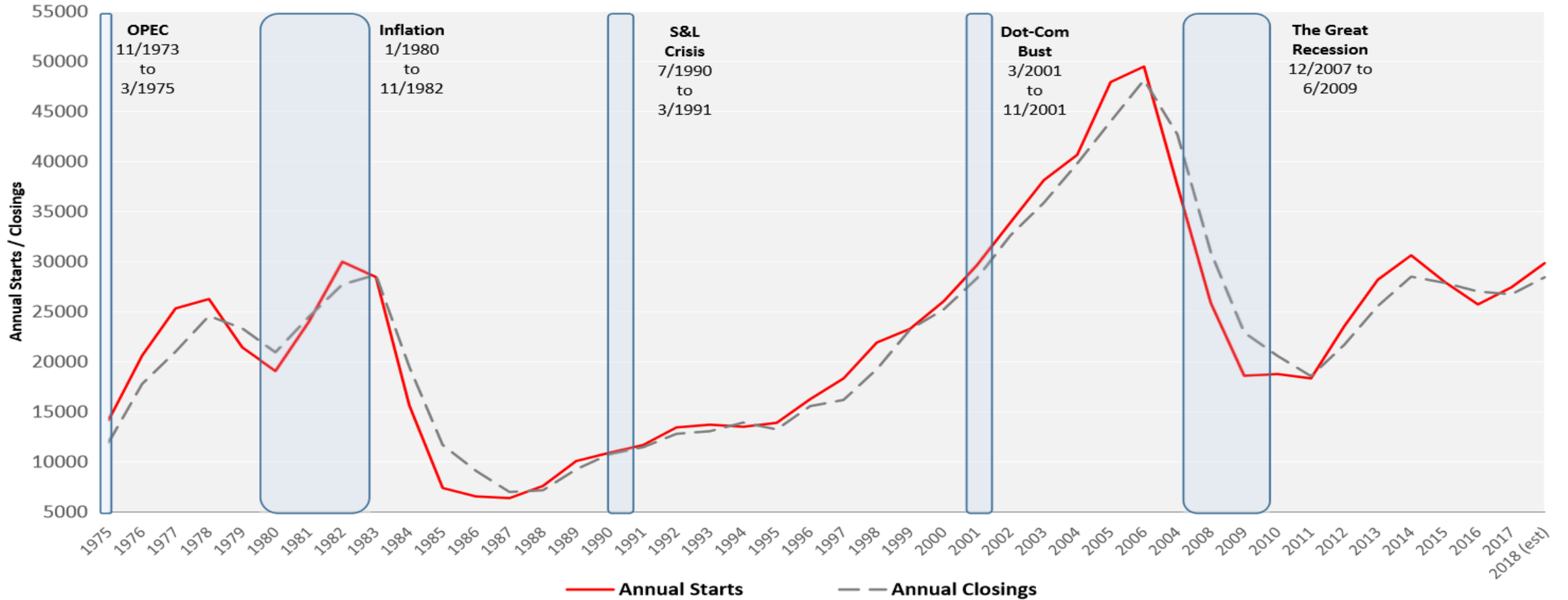
Houston's New Home Market: *Where Might We Be Headed?*

Right now, crystal balls are cloudy at best.....



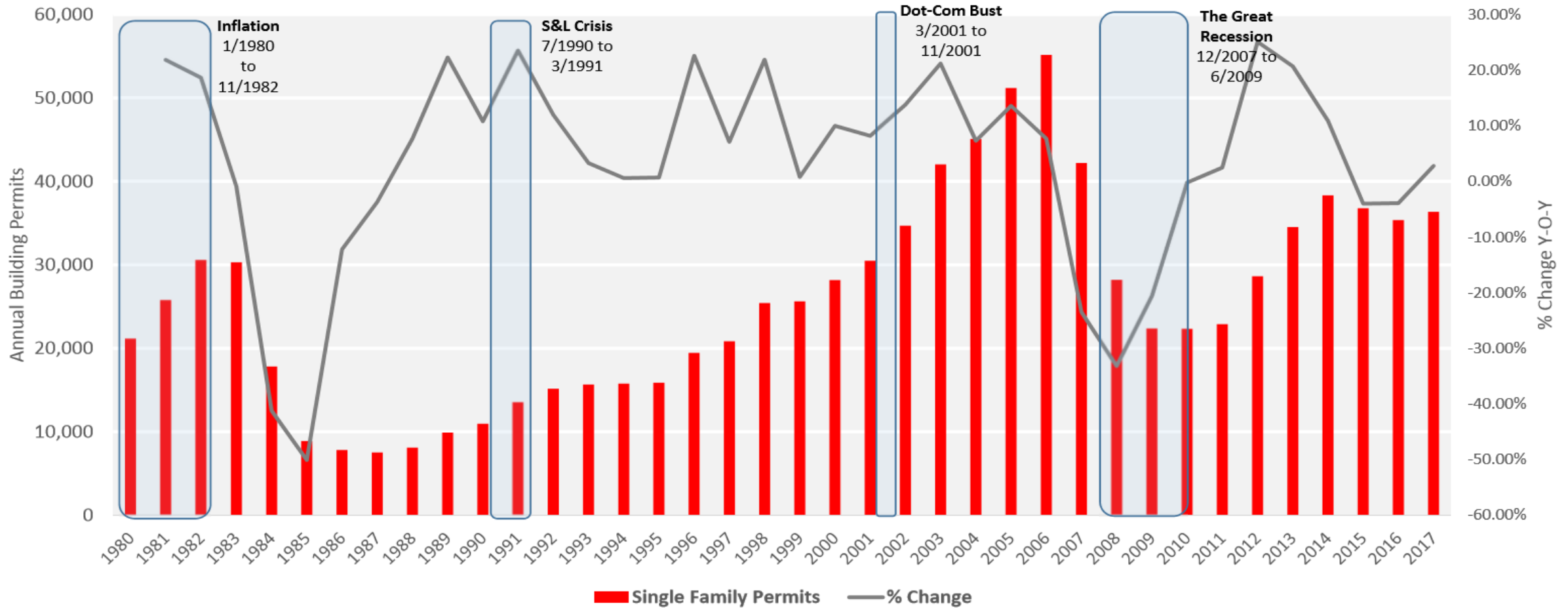


Recession Times



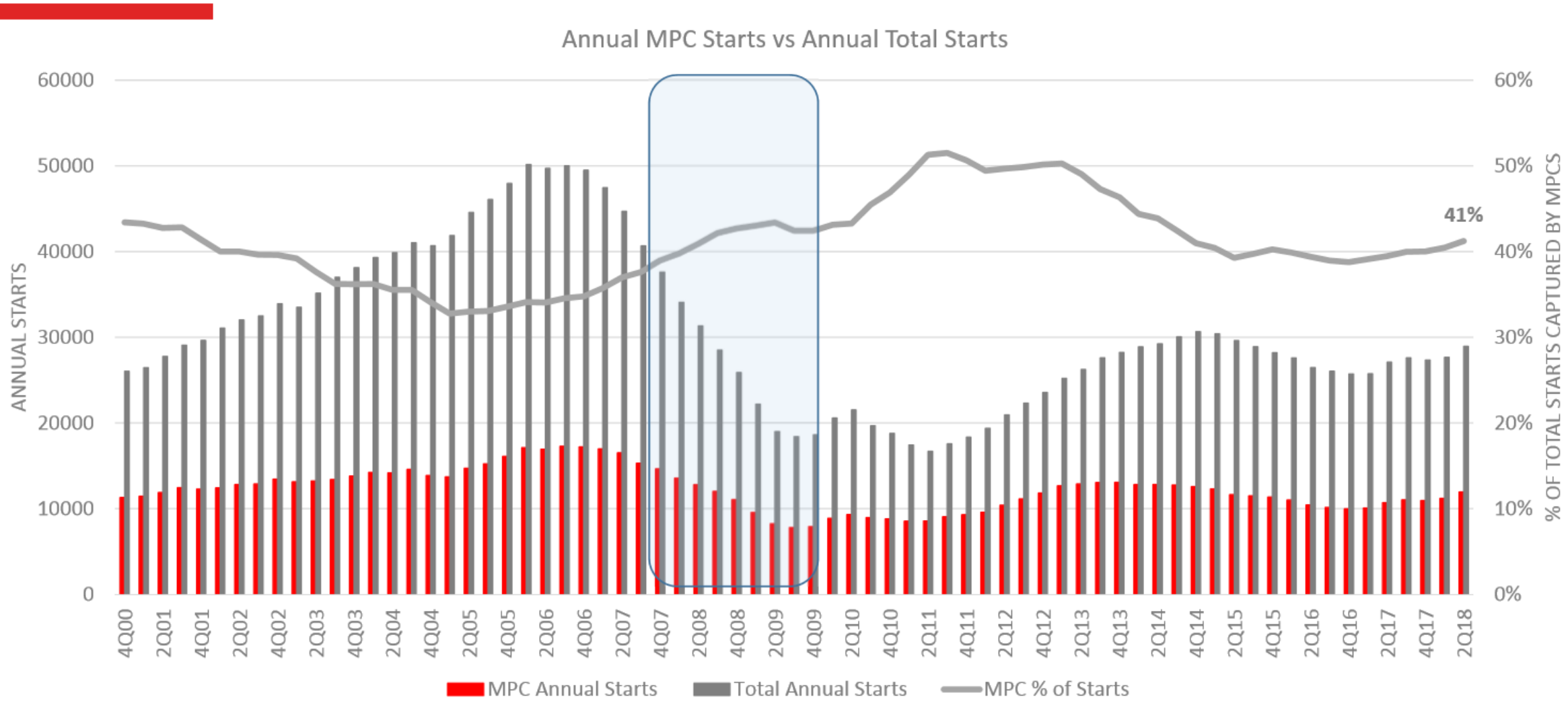
Source: Metrostudy

Source: Metrostudy, SEI, LEIS, FRED



Source: Real Estate Center at Texas A&M, Metrostudy

Houston New Home Activity: MPCs vs Conventional Subdivisions



Source: Metrostudy
metrostudy

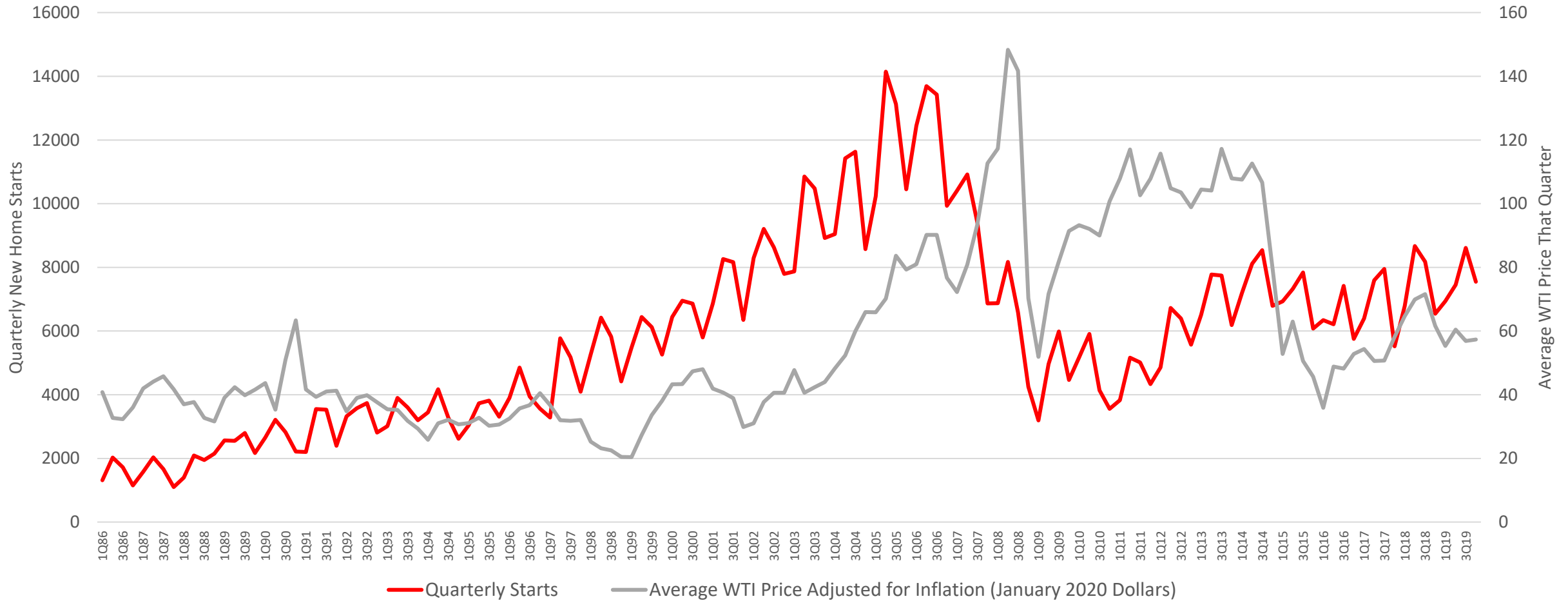
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Low Oil Pricing Times

Houston New Home Starts Volume Versus WTI Pricing

Quarterly New Home Starts Versus WTI Pricing *Adjusted* for Inflation



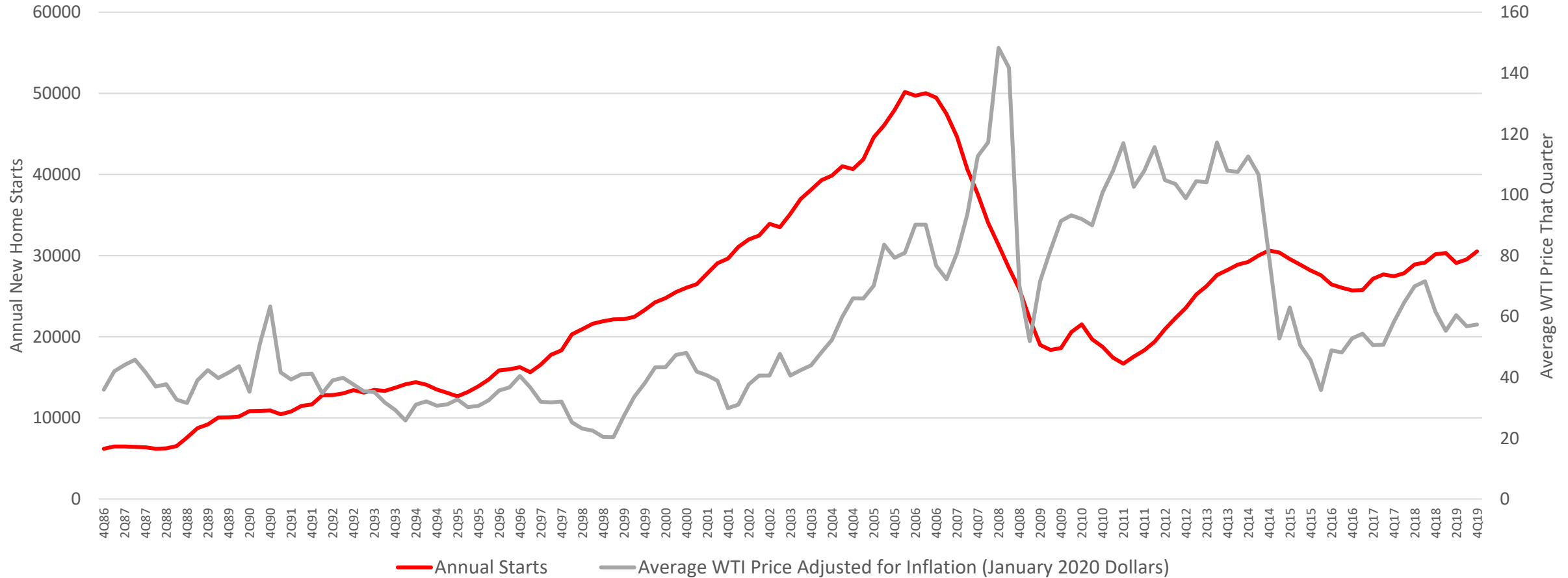
Source: Metrostudy, St. Louis FED



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Houston New Home Starts Volume Versus WTI Pricing

Annual New Home Starts Versus WTI Pricing *Adjusted* for Inflation

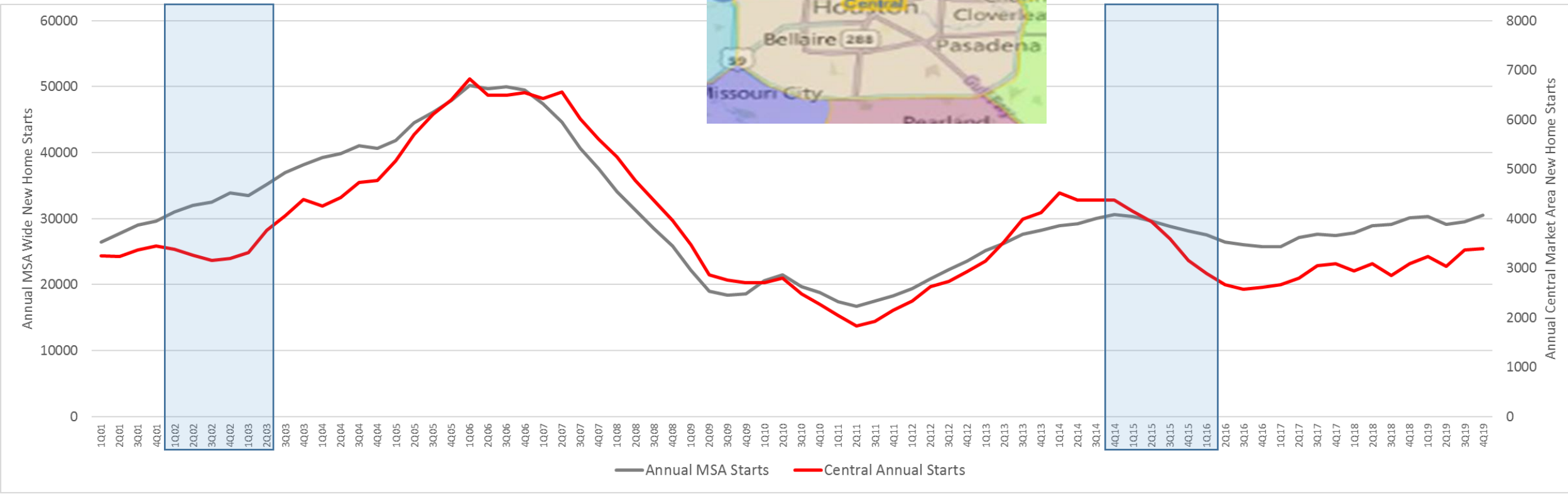
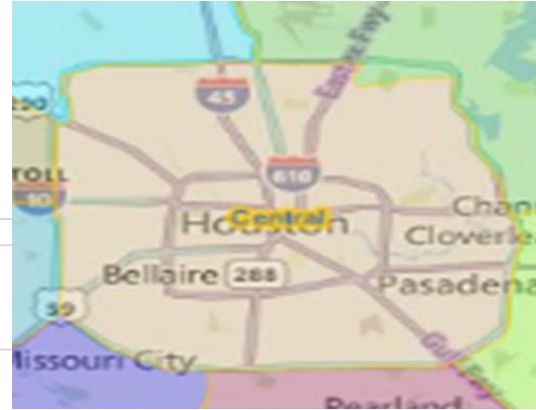


Source: Metrostudy, St. Louis FED



Houston New Home Starts Volume Versus WTI Pricing

Impact on Starts Volume of 2001-2002 and 2014-2016 Oil Price Declines: **Central Submarket** Versus MSA Total

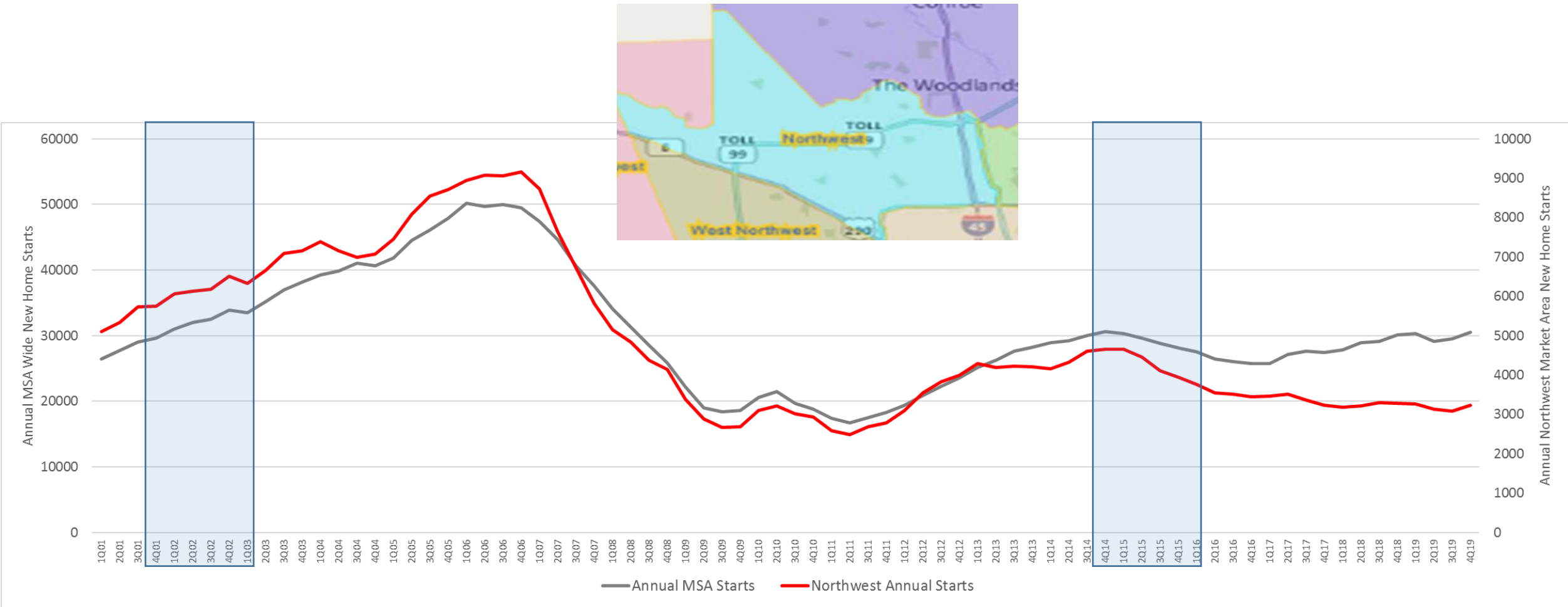


Source: Metrostudy



Houston New Home Starts Volume Versus WTI Pricing

Impact on Starts Volume of 2001-2002 and 2014-2016 Oil Price Declines: Northwest Submarket Versus MSA Total

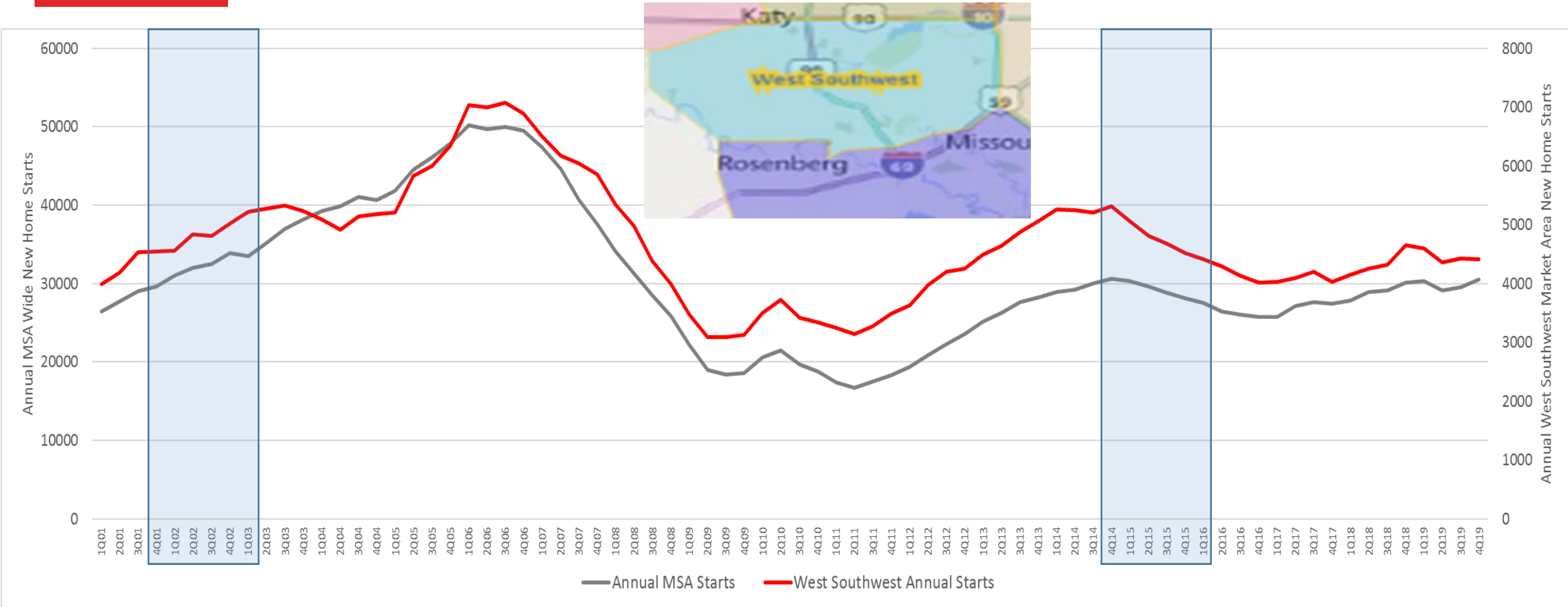


Source: Metrostudy



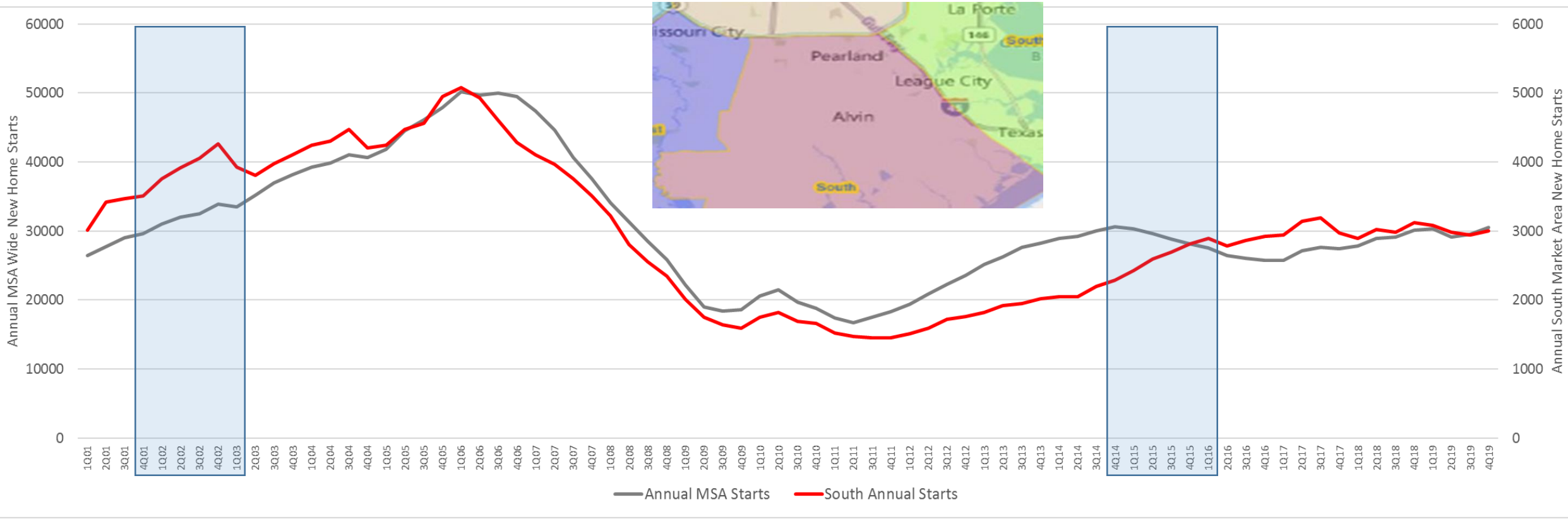
Houston New Home Starts Volume Versus WTI Pricing

Impact on Starts Volume of 2001-2002 and 2014-2016 Oil Price Declines: **West Southwest Submarket** Versus **MSA Total**



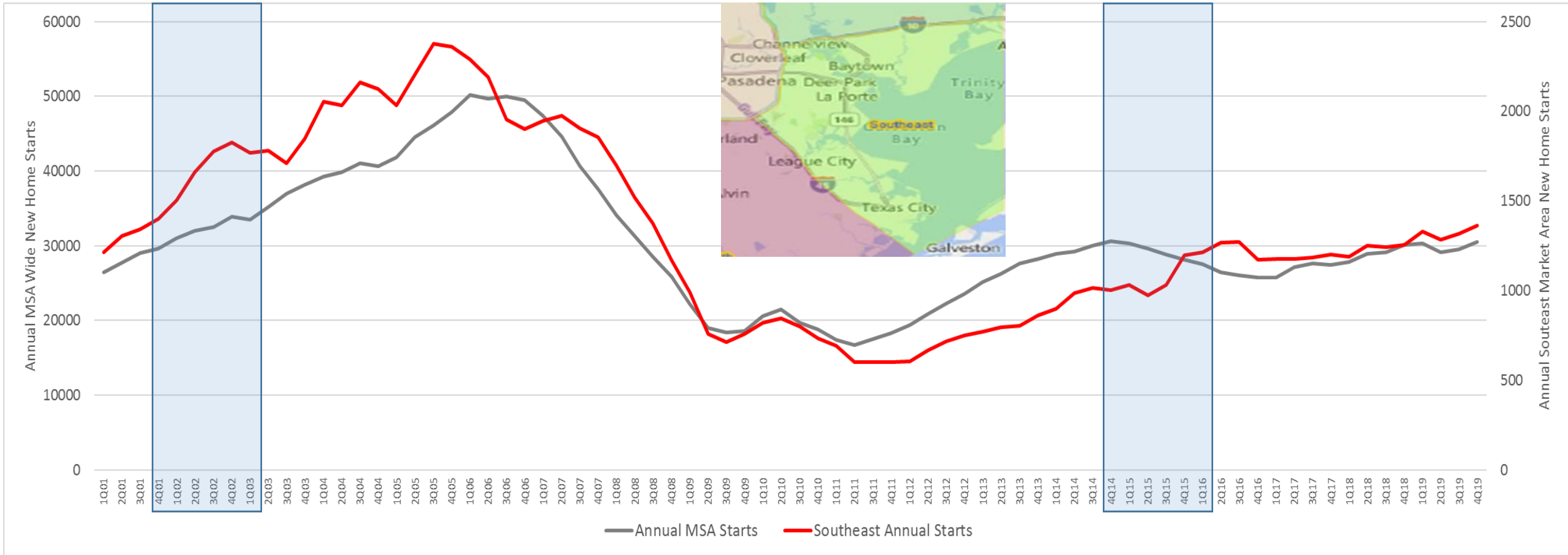
Houston New Home Starts Volume Versus WTI Pricing

Impact on Starts Volume of 2001-2002 and 2014-2016 Oil Price Declines: **South Submarket** Versus MSA Total



Houston New Home Starts Volume Versus WTI Pricing

Impact on Starts Volume of 2001-2002 and 2014-2016 Oil Price Declines: **Southeast Submarket** Versus MSA Total





Concerns in the COVID-19 World

Q16 What is your biggest concern today?

shutdown crisis contracts due Overall economy recession long will close homes stop moving
employee starts homes residential construction Buyers take cancellations COVID
Unemployment general shut pipeline job effect length Whether impact forward
health things business Lack sales continue recovery
uncertainty Unknown long will last Virus sales
economic will prolonged long Timelines economy look traffic
leading backlog Mortgage market going past time weeks lasting
economic impact market sold keep Job loss close slow stay home order
stock market end length crisis length time future sales current city long term will last
Duration staffing new Consumer confidence coming people

Source: Metrostudy



The Bottom Line

The Bottom Line

2020-2021 Houston Starts and Closings FORECAST



Could be higher if we had the lots....

	Annual New Home Starts	Annual New Home Closings
2015 Actual	28,064	27,922
2016 Actual	25,489	26,949
2017 Actual	27,307	26,646
2018 Actual	30,146	27,938
2019 Actual	30,547	30,628
2020 Projected	29,750 → ??	30,250
2021 Projected	29,250	29,750