

The Recovery is Over - Houston is Taking Off

By Ralph Bivins

Houston - we have liftoff.

Getting off the launch pad has been tough. The gravity of the economy's negatives weighted Houston down for several years.

The Downers: The price of oil fell from a high of \$107 a barrel in the summer of 2014 to a low of \$26 a barrel in February of 2016. Layoffs ripped through Houston's economy. The primary victim was Houston's office market, but there was softness in almost every sector.

Then, Hurricane Harvey delivered a big blow last August. Houston hasn't seen the final tally on impact yet. The full impact on the economy as homeowners, merchants and restaurateurs are still trying to recover.

But recent reports on the economic fundamentals prove that Houston is on the upswing again.

The Uppers: Job growth is looking strong. In revised annual statistics, the Texas Workforce Commission recently reported 62,900 jobs were created in Houston in 2017, significantly more than the workforce commission's original estimate of 46,000 jobs.

Even more positive numbers were released Friday. In the 12-month period ending February 2018, Houston gained 67,100 new jobs. It was one of the strongest reports in years.

Houston has also been adding population. The metropolitan area added 94,417 new residents over 12 months ending July 1, 2017, the Census Bureau reported last week. That means Houston was the No. 2 population gainer in the nation, behind only Dallas.

And oilfield drilling is up and West Texas Intermediate crude is over \$65 a barrel.

In other words, Houston's economy is turning around.

"The improvements in the Houston economy provide a brisk tailwind for real estate in southeast Texas," says veteran Houston real estate appraiser Matt Deal of the Deal Sikes & Associates valuation firm. "Residential demand has strengthened. We see solid activity in both multifamily and single-family housing in Houston."

Demand is stronger for virtually every property type in the Greater Houston area. Developers are seeking land for distribution and industrial projects, single-family developments and retail deals.

The improvements in the Houston market fundamentals will soon create a trend for rising prices for many properties, Deal Sikes & Associates reported.

The upswing could be derailed. Rising interest rates or a trade war with China could be momentum killers.

But it looks like the turning point has been reached. Houston's real estate market is ready to skyrocket again.

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