

# Déjà Vu All Over Again

**An Economic and Real Estate Forecast for '12-'13**

**Ted C. Jones PhD -- Chief Economist -- Stewart Title**

<http://blog.stewart.com/Ted>

**stewart<sup>®</sup>**

**STC  
LISTED  
NYSE**

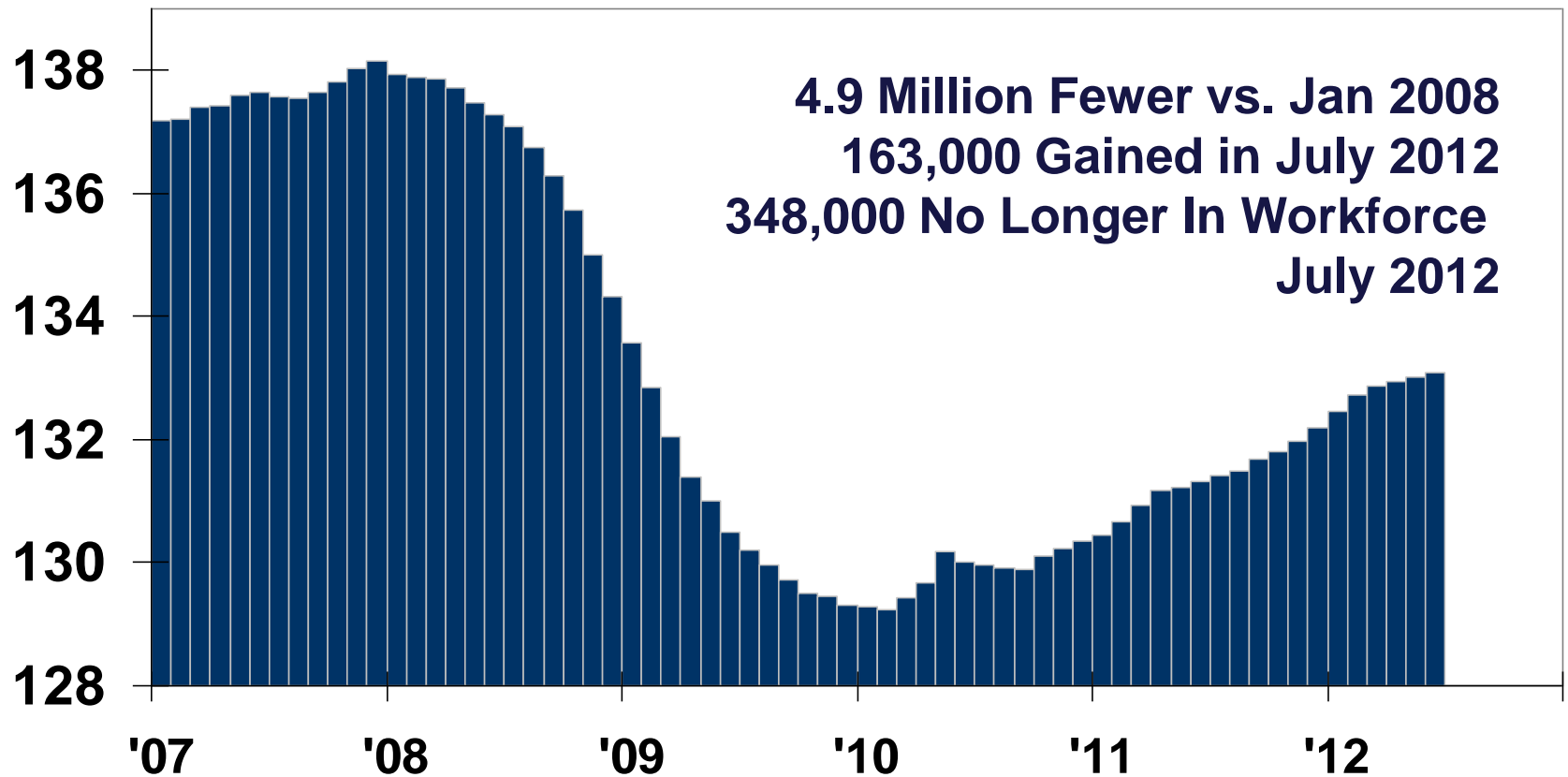


# Mega Themes

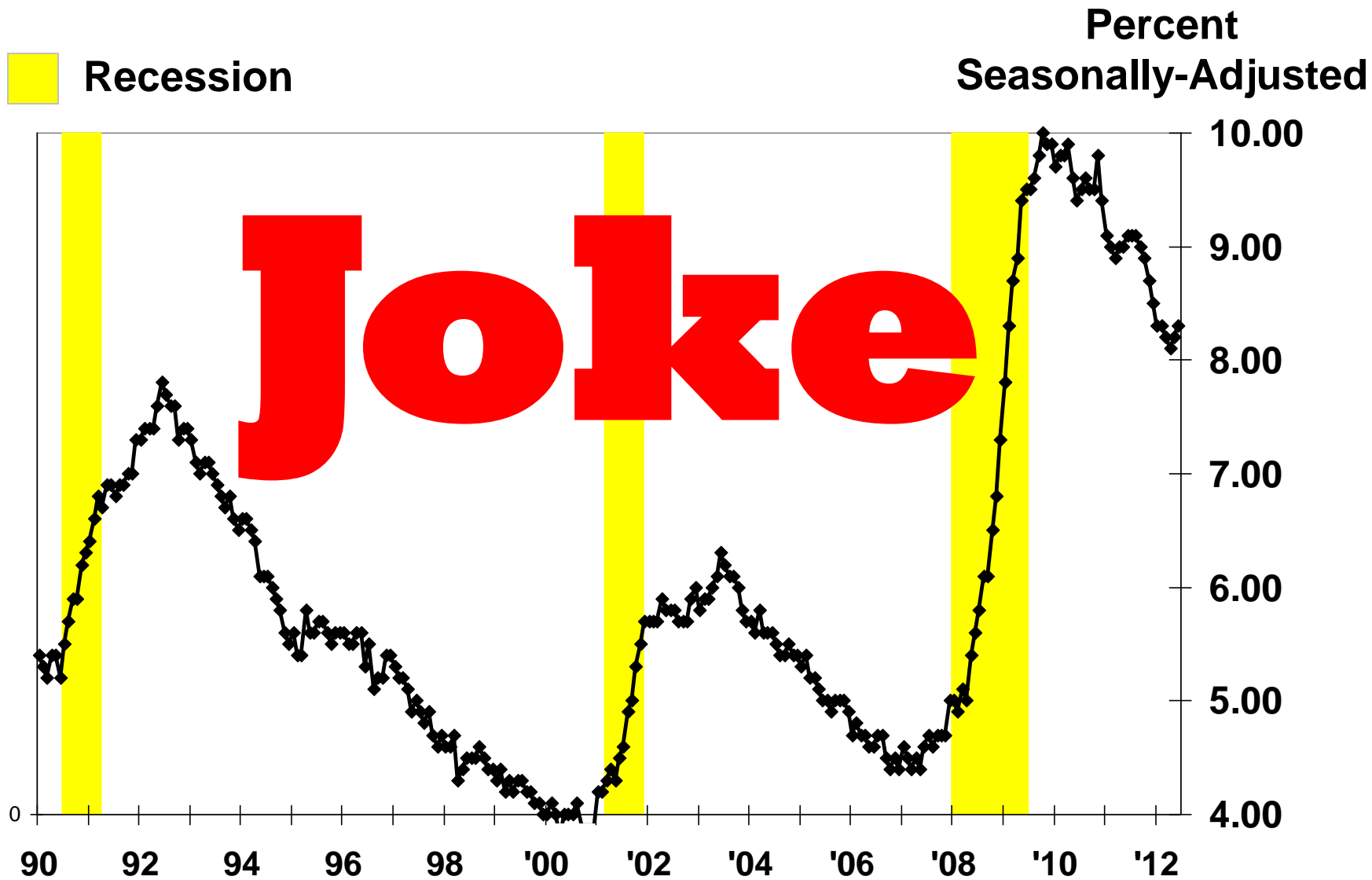
- **Time to Over Weight in Real Estate**
- **Residential Renting vs. Owning**
- **Liquidity Trap**
- **Massive Uncertainty from Washington, DC..... and the Election**

# U.S. Job Numbers

**Jobs (Millions) *Seasonally Adjusted***



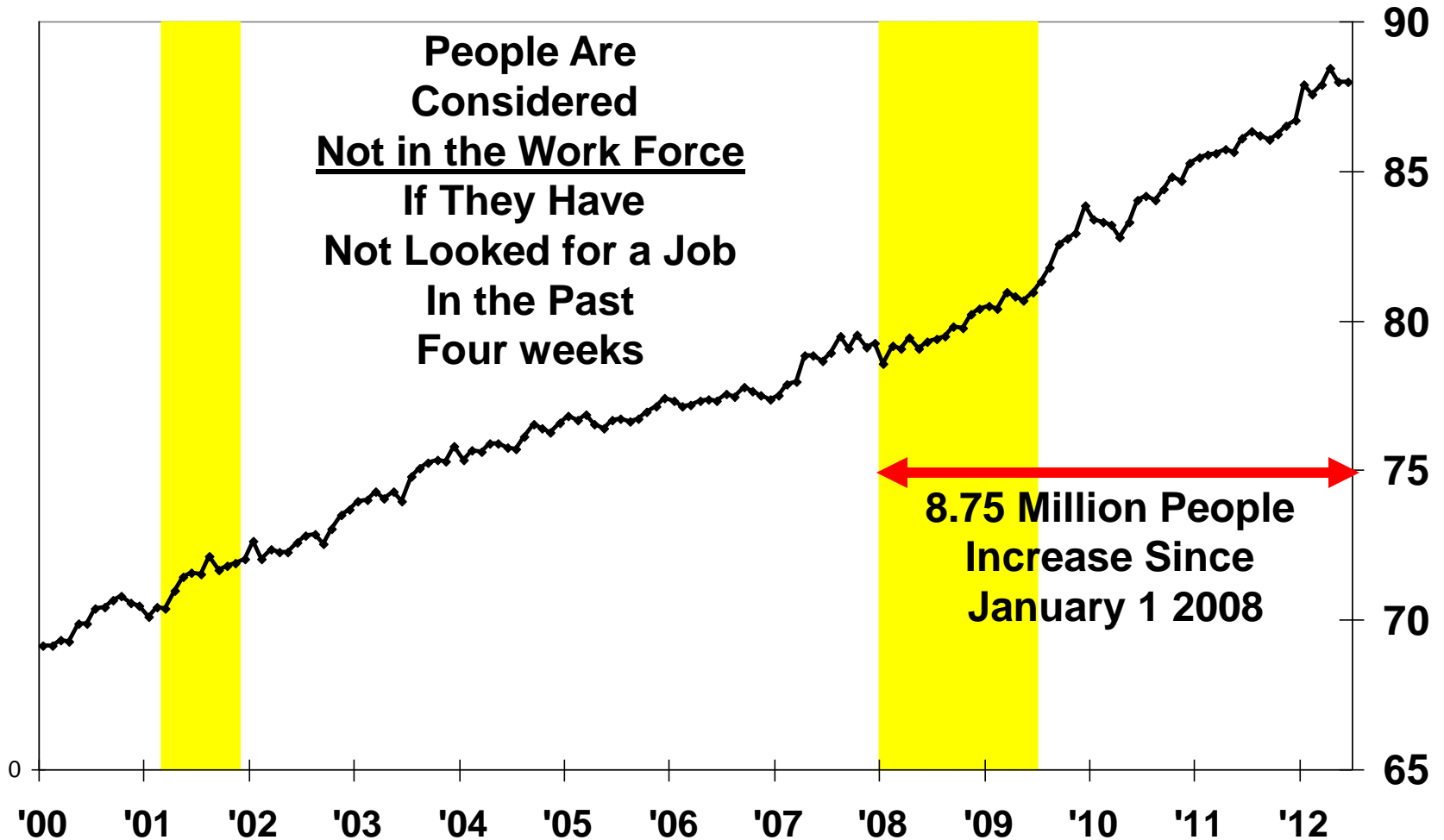
# U.S. Unemployment Rate



# Not in the Work Force – *Seasonally Adjusted*

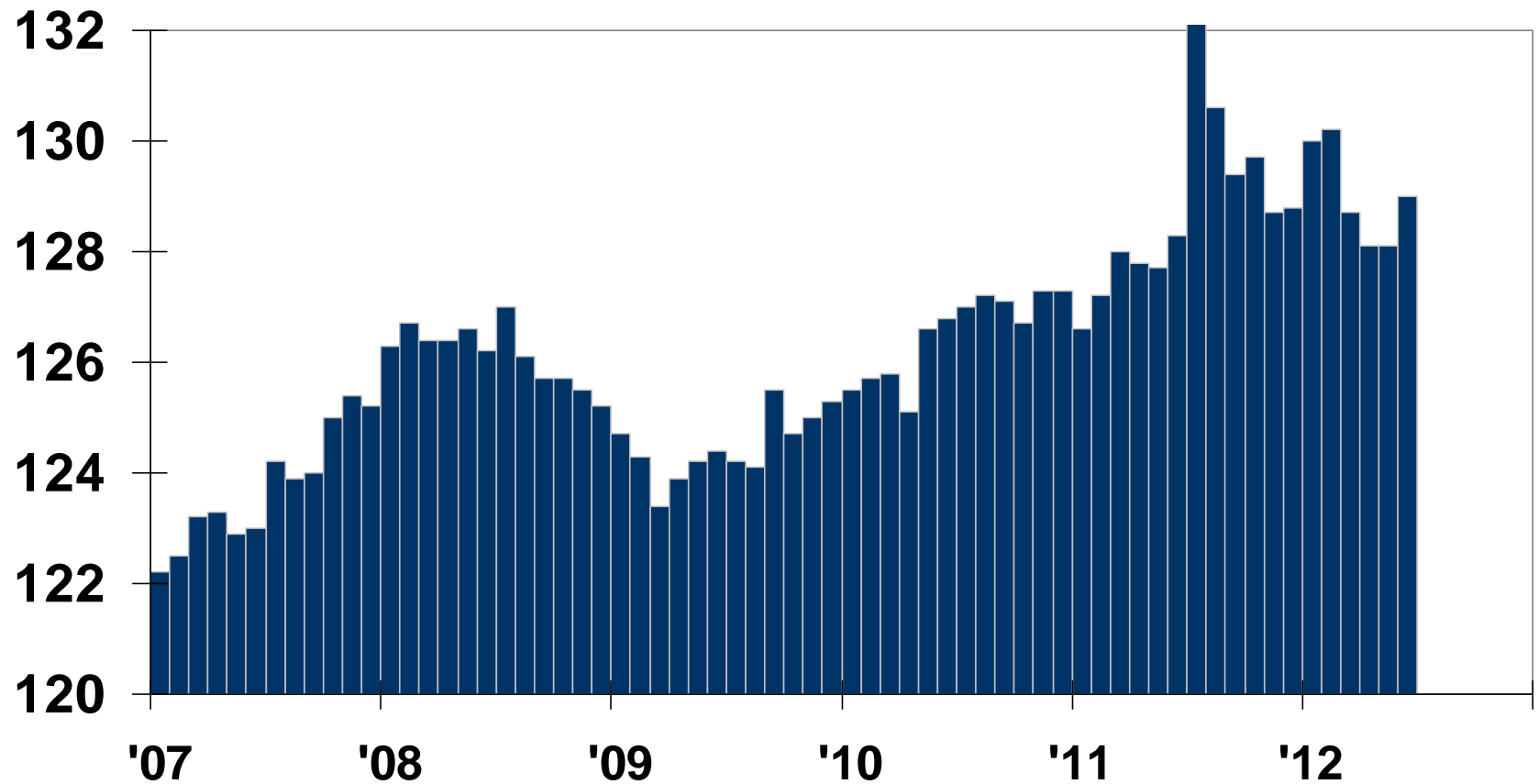
 Recession

Millions of People



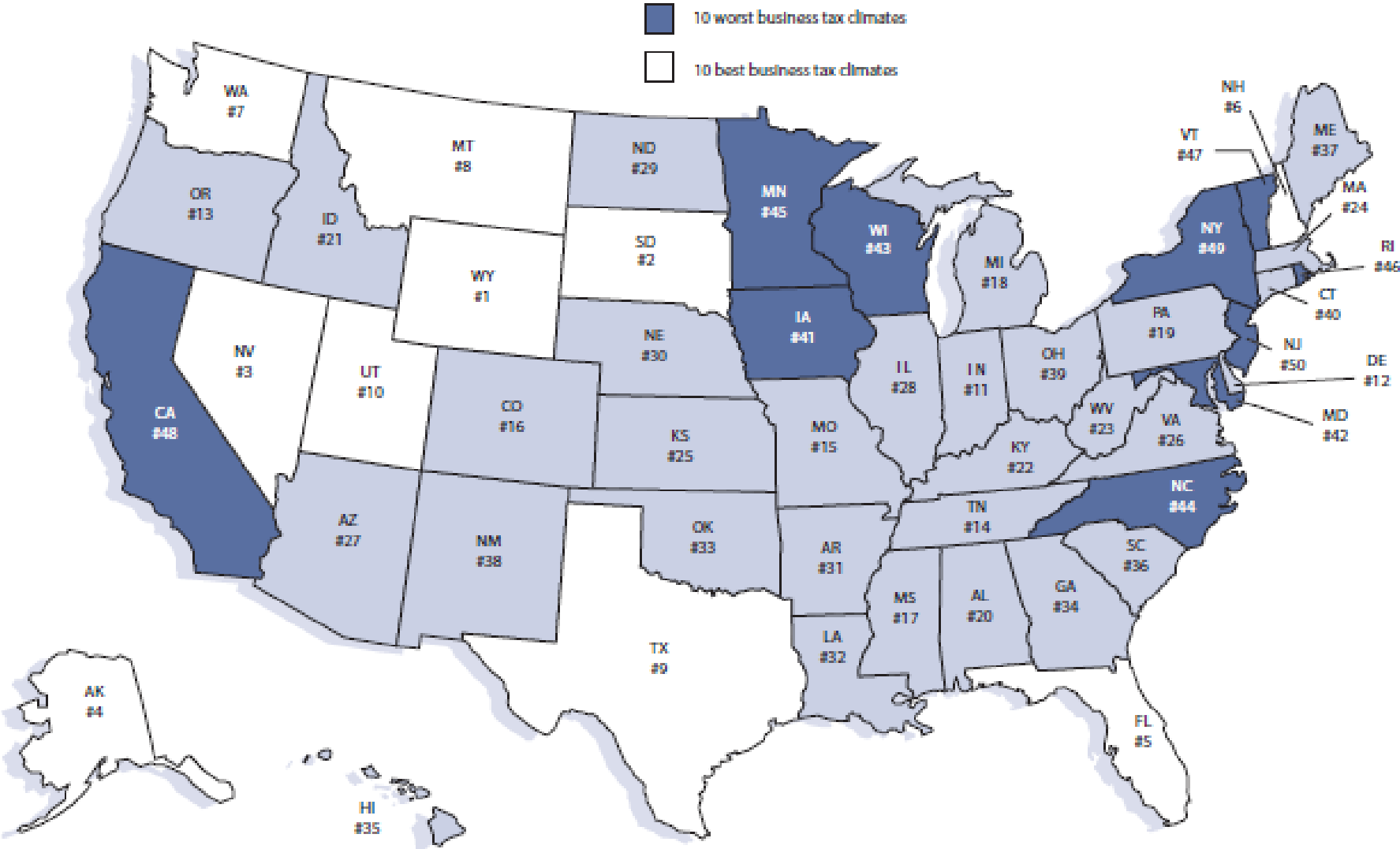
# Brownsville-Harlingen Jobs

Jobs (Thousands) *Seasonally Adjusted*



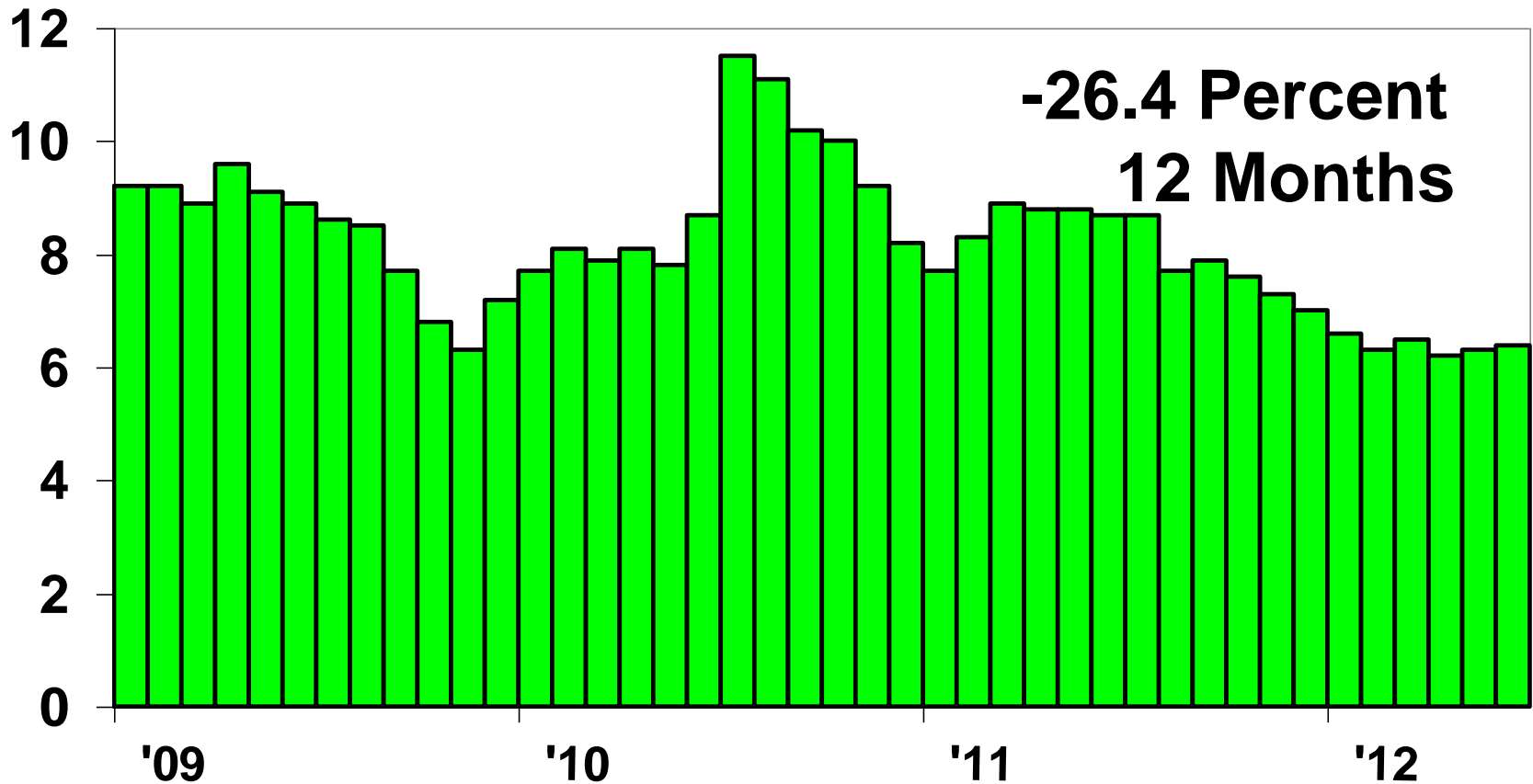
# Texas 9<sup>th</sup> Best Business Tax Environment

*State Business Tax Climate Index, Fiscal Year 2012*



# Months Inventory of Existing Homes

Months -- Seasonally-Adjusted Sales and Inventory



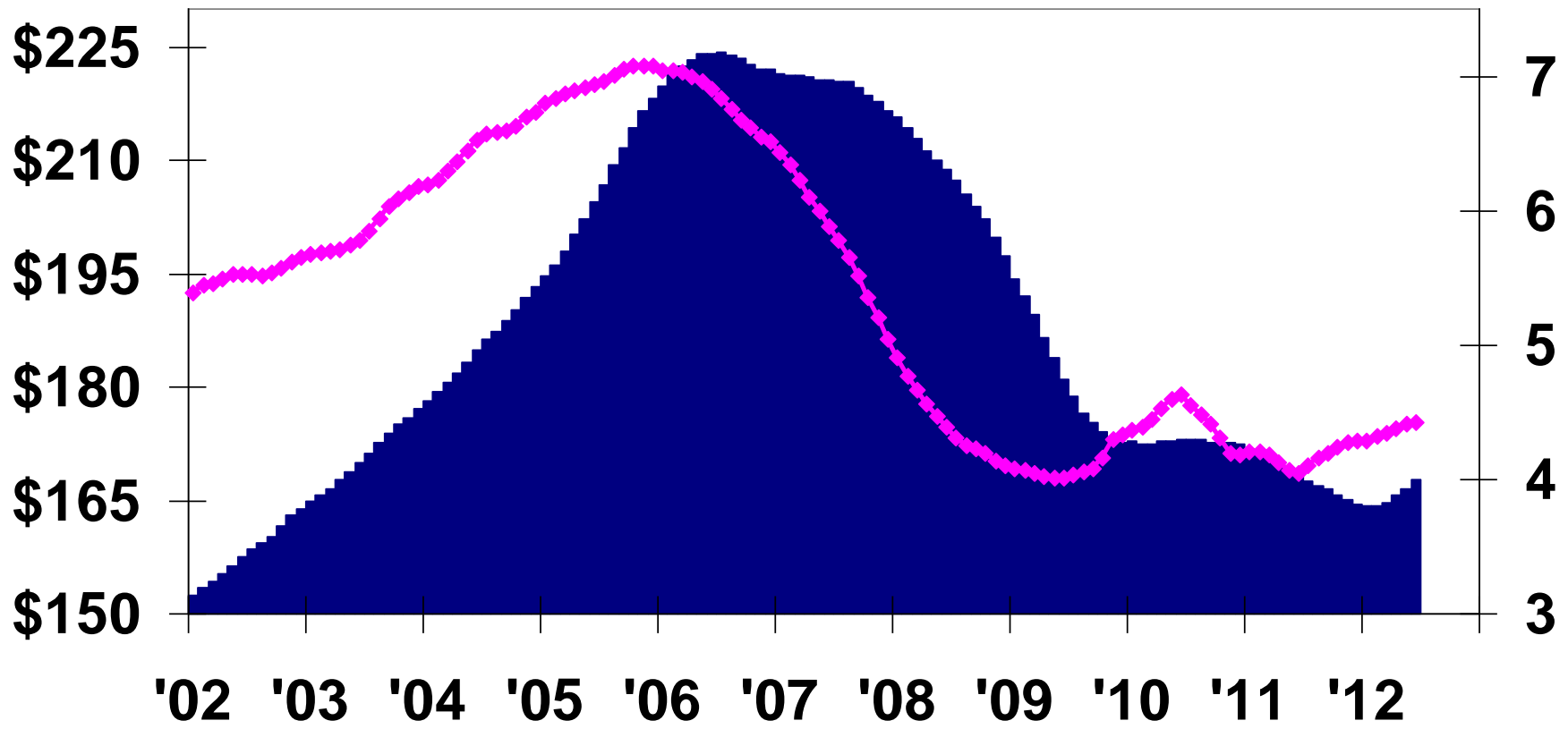


# U.S. Existing Home Sales & Prices

## 12-Month Moving Averages

Median Price \$ *Thousands*

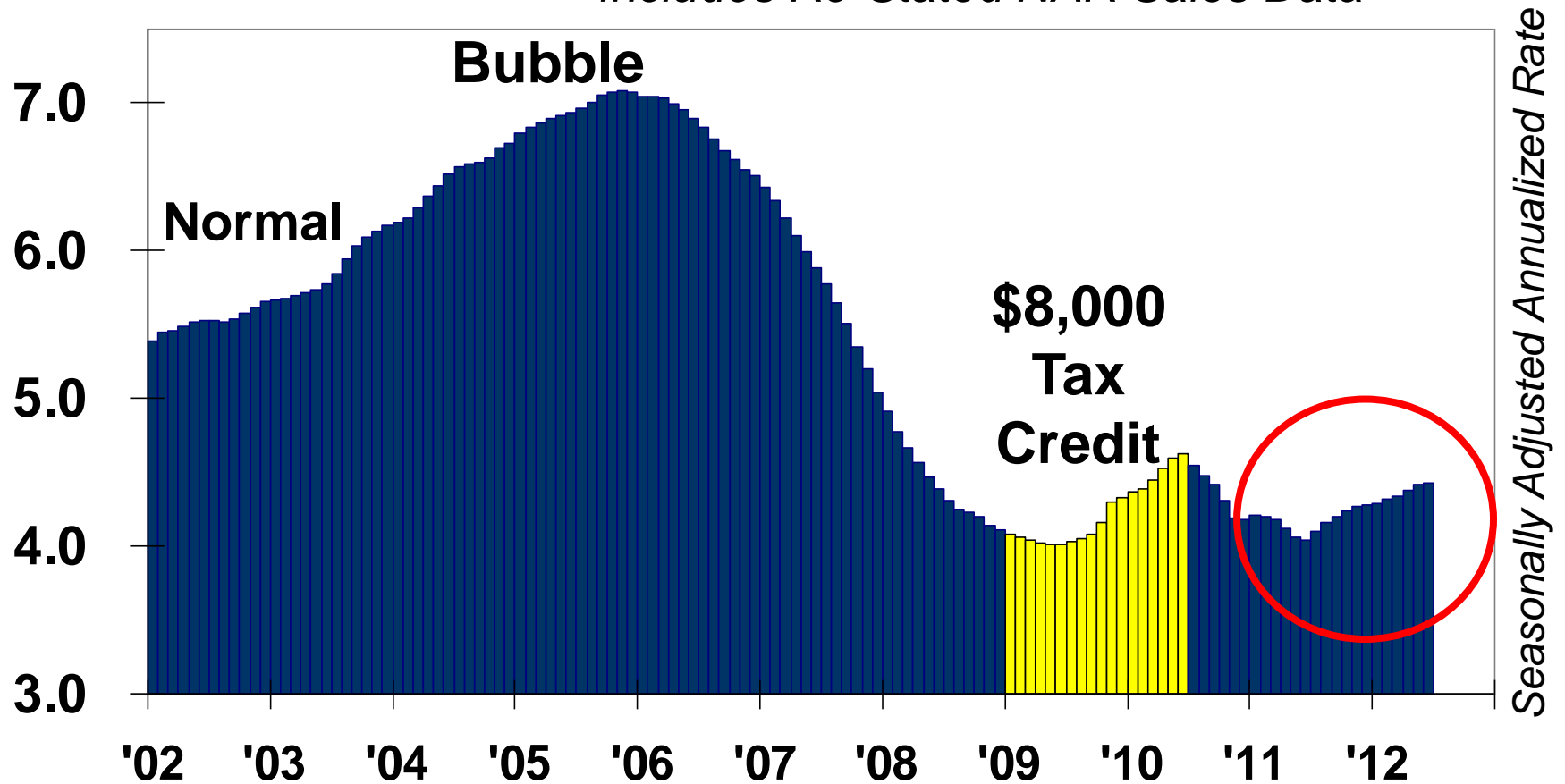
Home Sold *Millions*



■ Median Price ◆ Homes Sales

# US Existing Home Sales Sold (Millions)

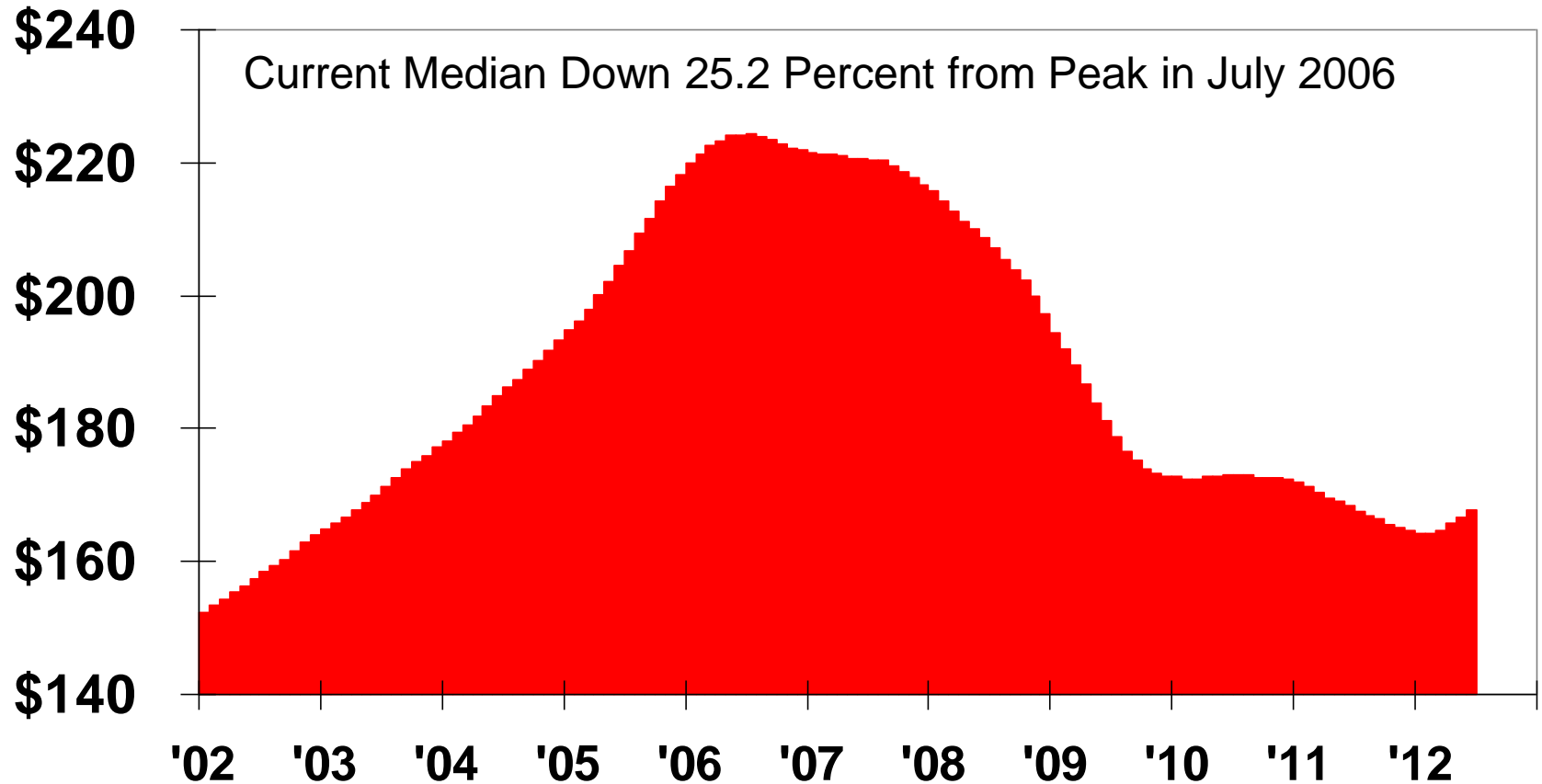
*Average Per Month For Prior 12 Months  
Includes Re-Stated NAR Sales Data*



Seasonally Adjusted Annualized Rate

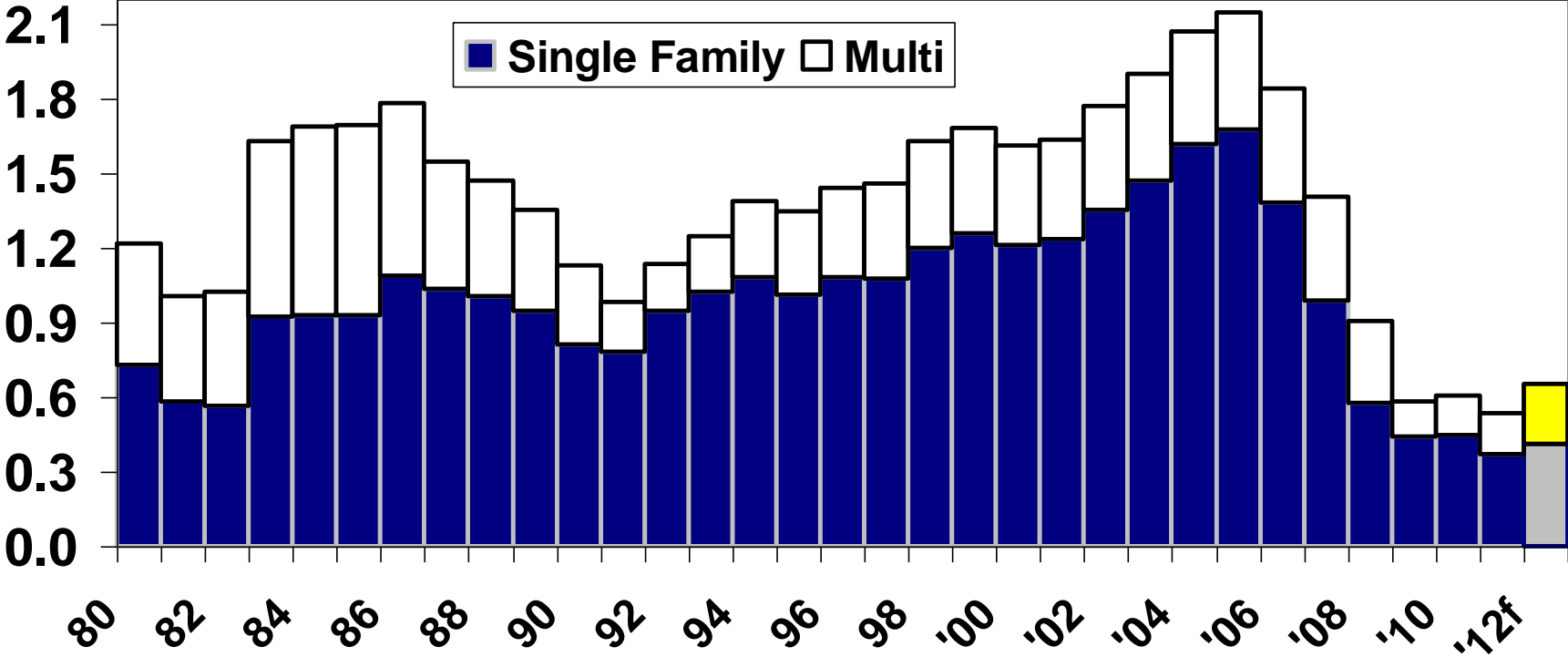
# U.S. Existing Home Sales

Median Price -- \$ Thousands -- Average for Prior 12 Months



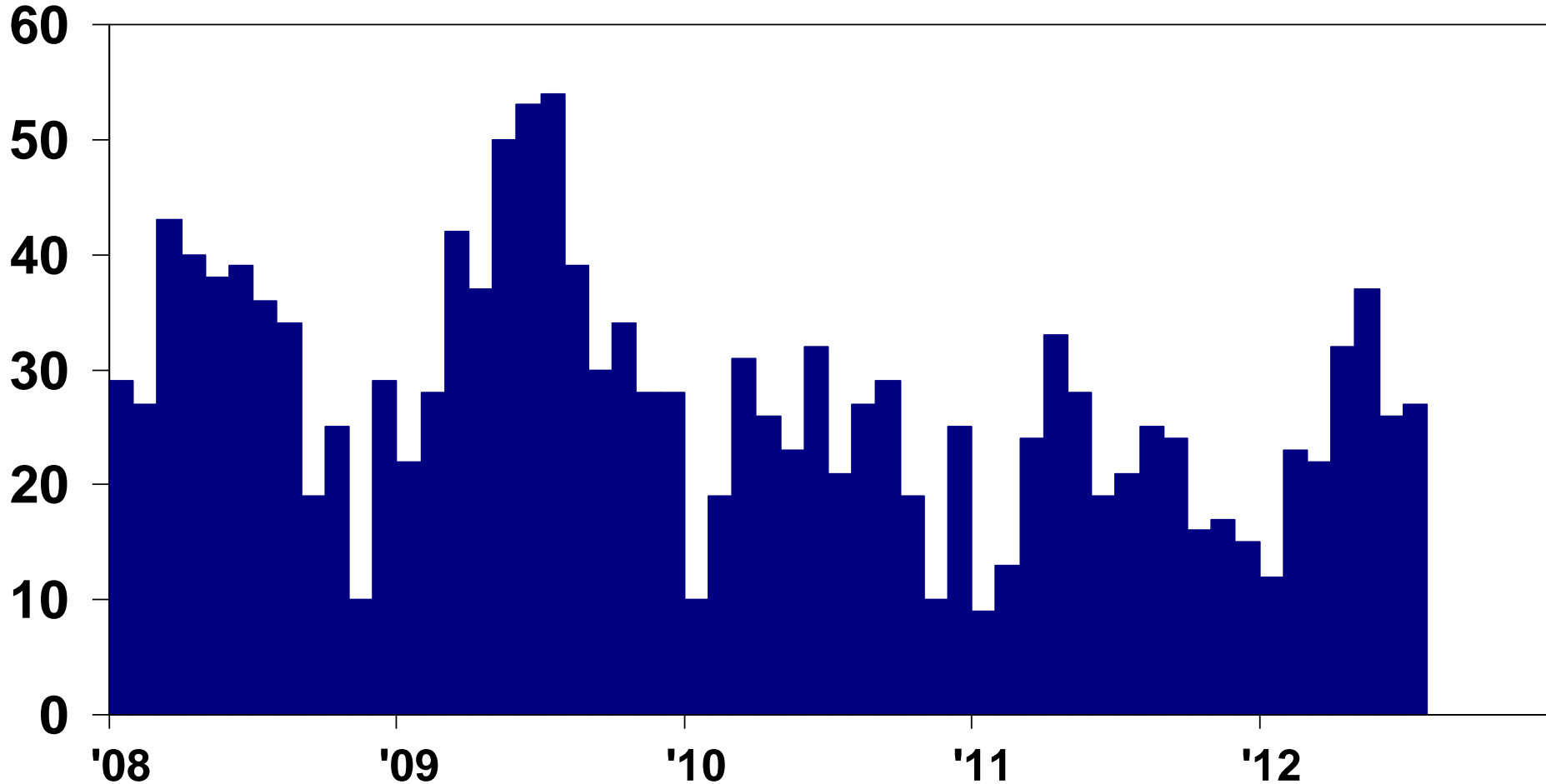
# U.S. Residential Building Permits

Number of Dwelling Units -- *Millions*



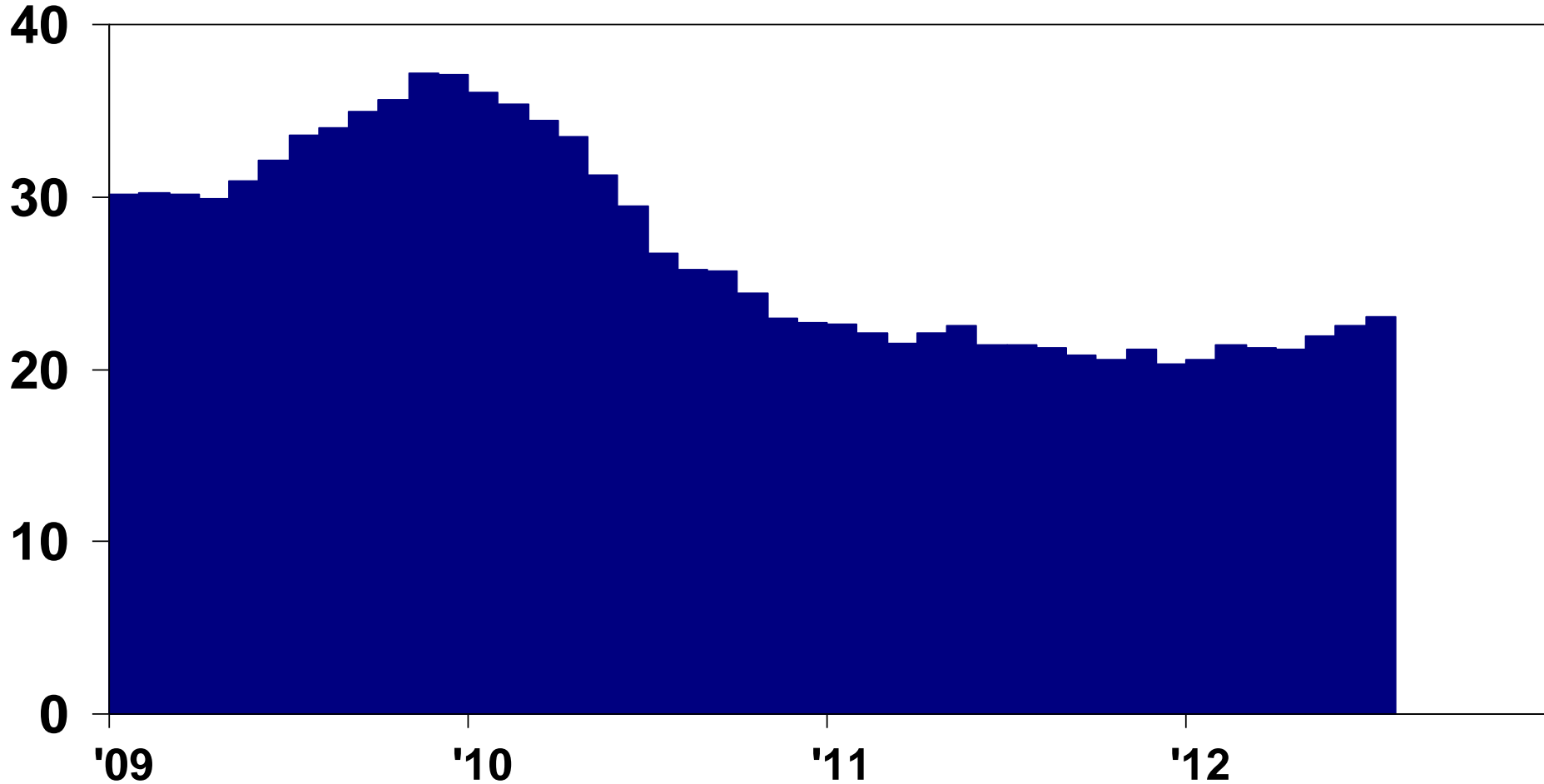
# South Padre Island Existing Home Sales

Number Per Month



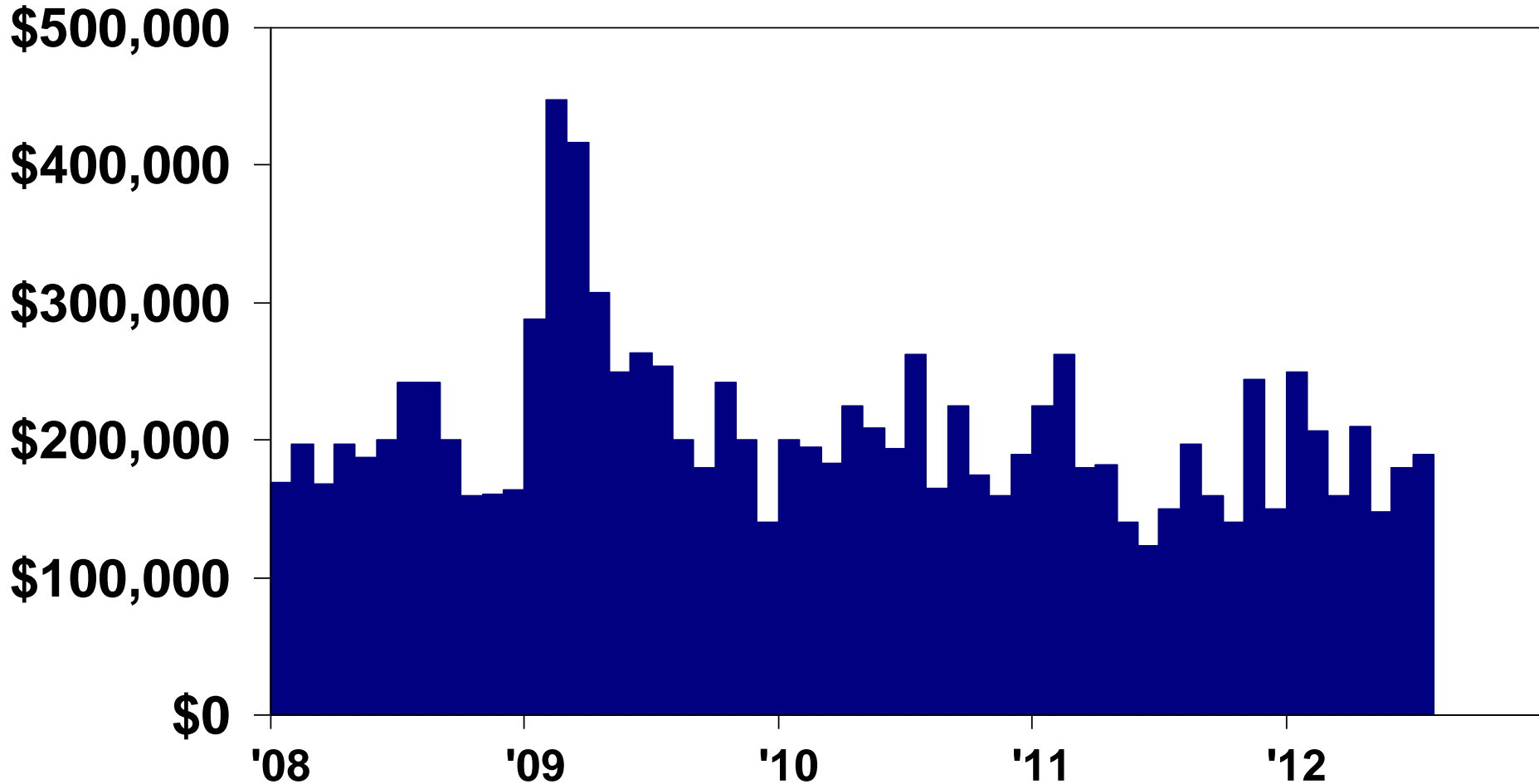
# South Padre Island Existing Home Sales

Average Per Month for Prior 12 Months



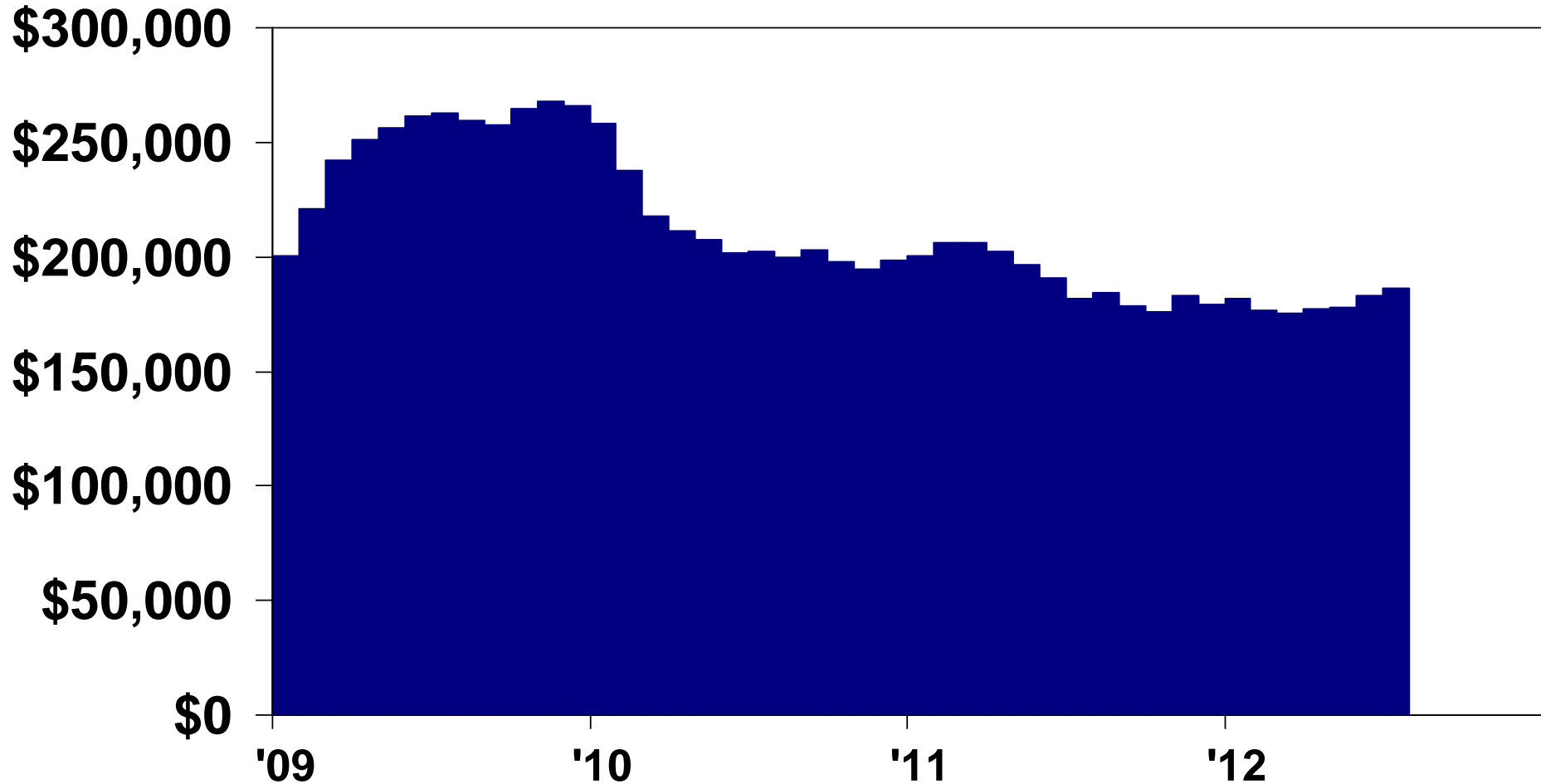
# South Padre Island Existing Home Sales

Median Price



# South Padre Island Existing Home Sales

Median Price





**20 Percent and  
Greater Down  
Payments Made 34  
Percent of the Time  
in 2011**

# Short Sales in January Made up 23.9 Percent of All Transactions vs. 19.3 Percent Foreclosures

[http://money.cnn.com//2012/04/19/real\\_estate/short-sale-rise/index.htm?section=money\\_realestate&utm\\_source=feedburner&utm\\_medium=feed&utm\\_campaign=Feed%3A+rss%2Fmoney\\_realestate+%28Real+Estate%29](http://money.cnn.com//2012/04/19/real_estate/short-sale-rise/index.htm?section=money_realestate&utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+rss%2Fmoney_realestate+%28Real+Estate%29)



# Shadow Inventory Down 10 Percent From A Year Ago

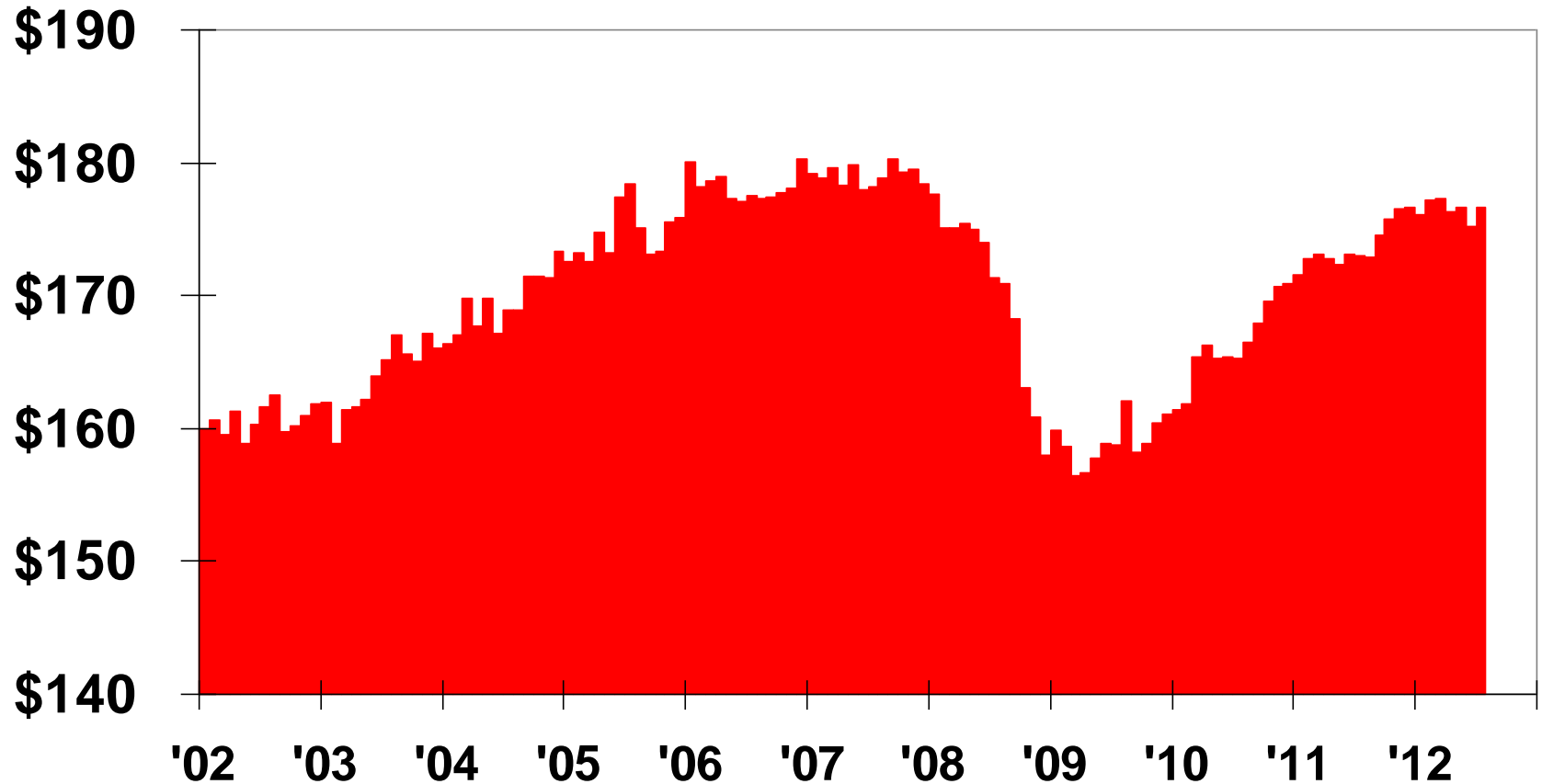
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**For Every Two Current Homes Listed  
There is One Home Still in the  
'Shadows'**

<http://www.housingwire.com/news/us-shadow-inventory-levels-down-year-ago>

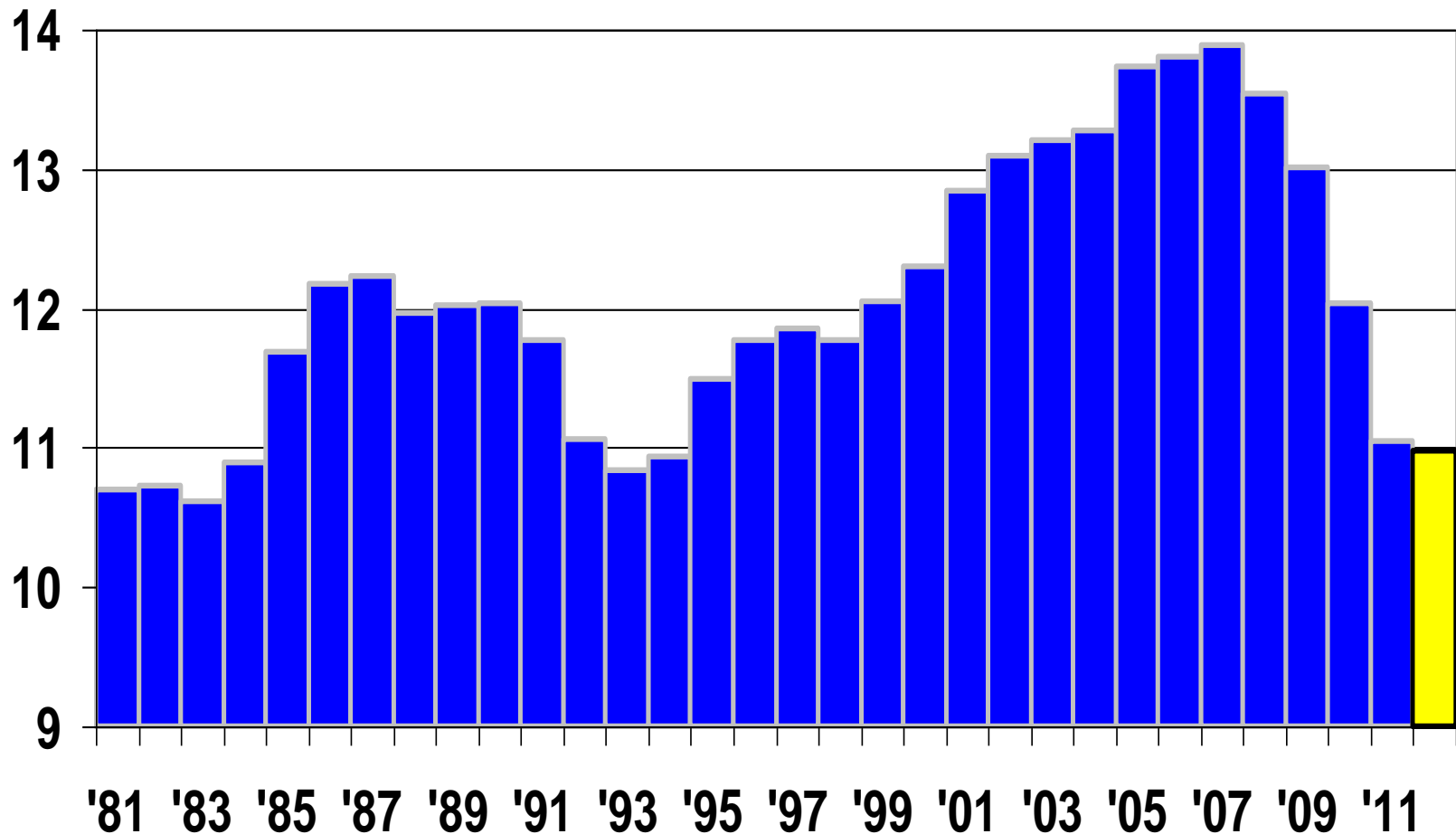
# U.S. Real Retail & Food Service Sales

*\$Billions – Seasonally Adjusted*



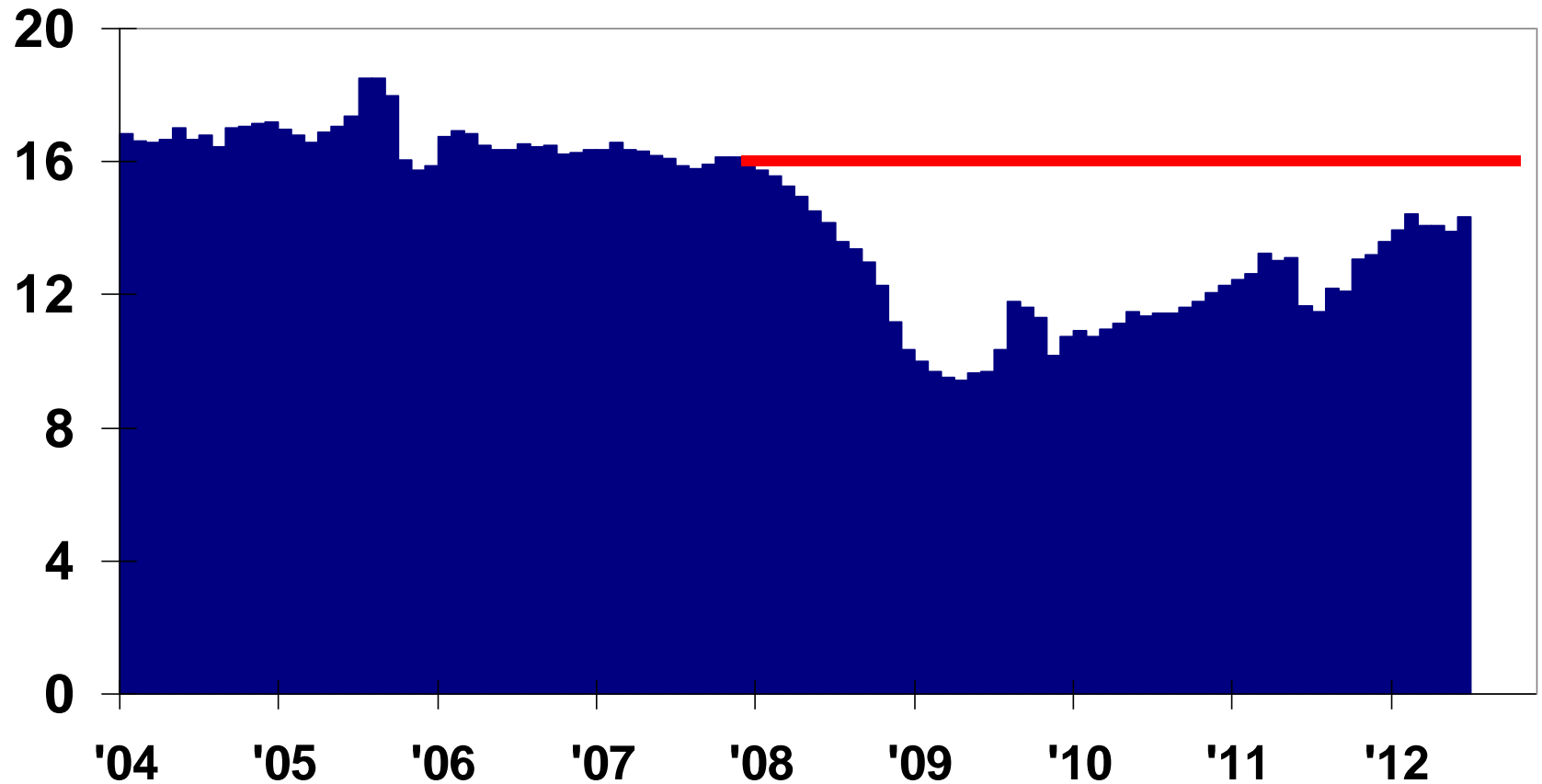
# Household Debt Service as a Percent of Household Disposable Income

Percent



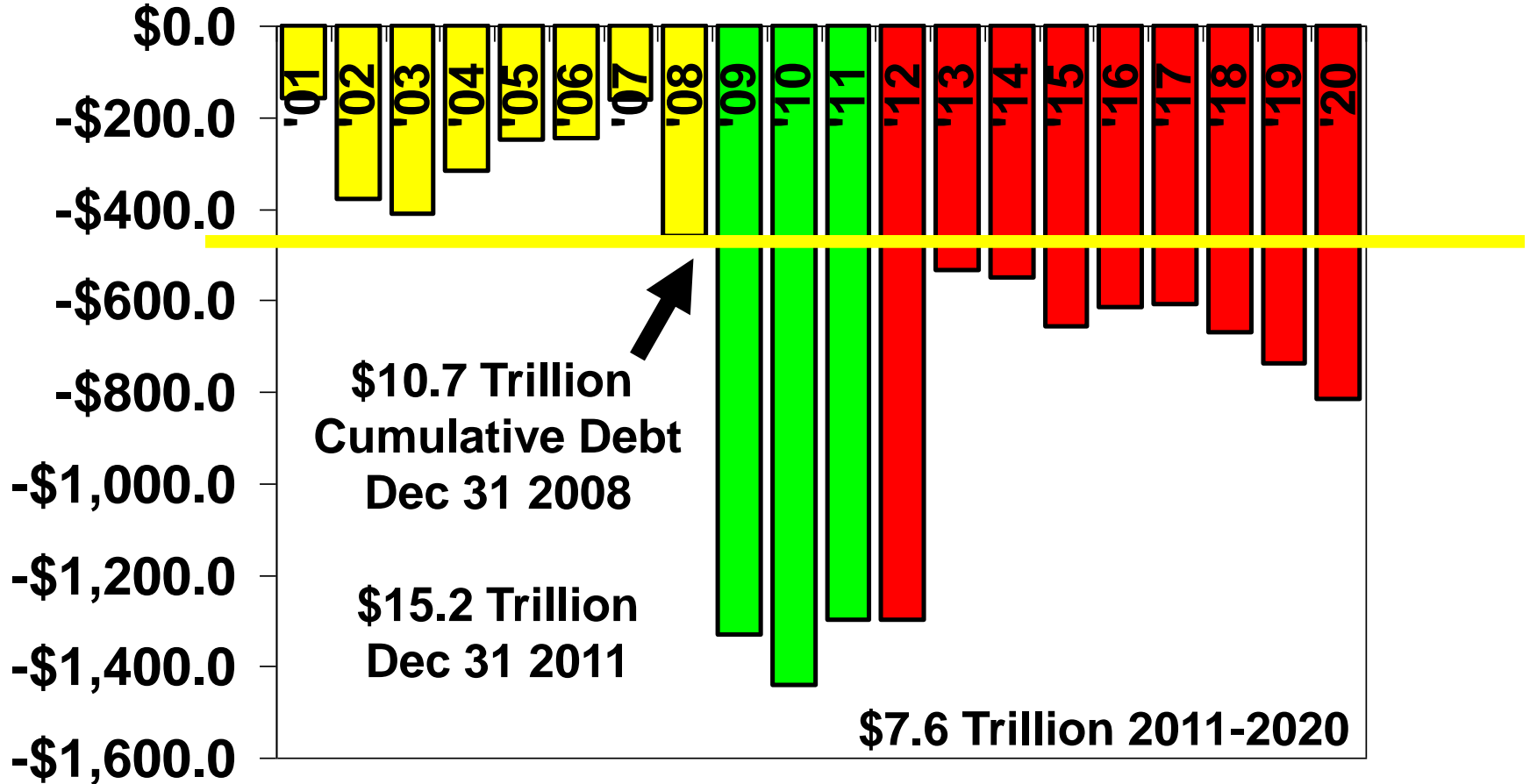
# Light Weight Vehicle Sales

Millions – *Seasonally Adjusted Annual Rate*



# Federal On-Budget Deficit Forecast

\$ Billions – *Baseline (\$10.7 Trillion Total Debt 12-31-08)*



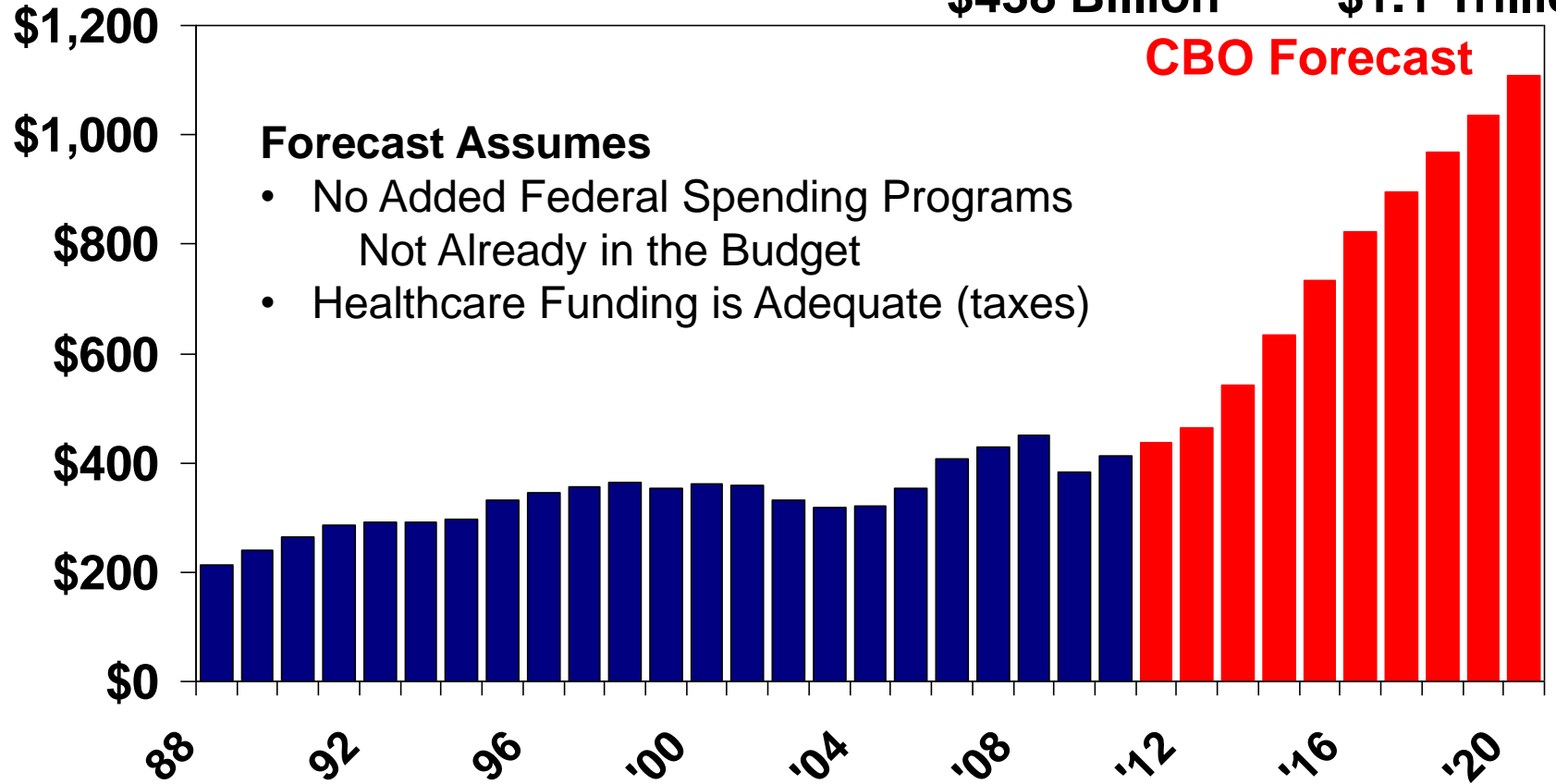
2012 Spending Rate Portends \$26 Trillion Deficit in 2021

# Interest Expense on Federal Debt

\$ Billions

2011  
\$438 Billion

2020  
\$1.1 Trillion



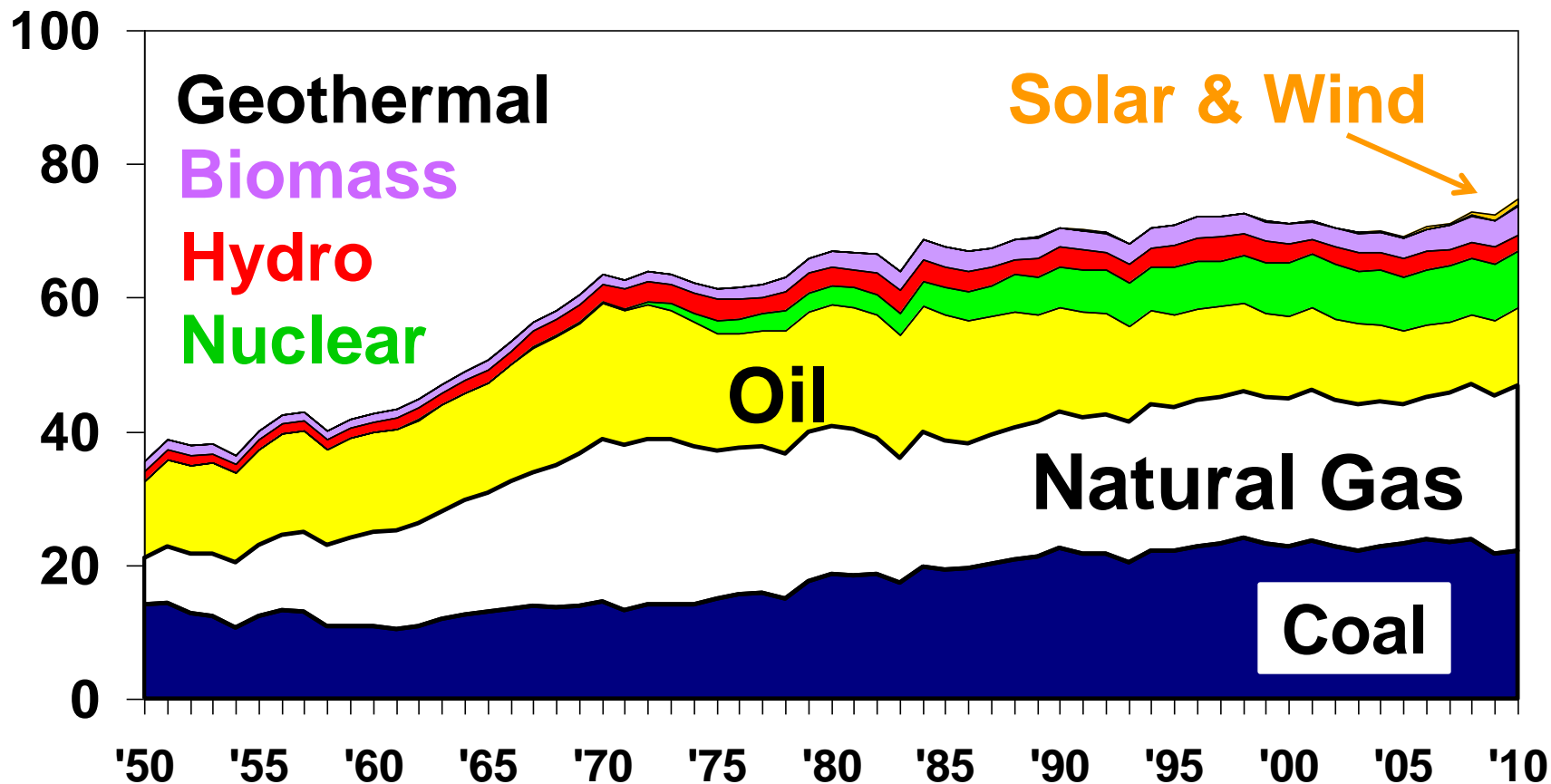


**\$5 Per  
Gallon  
Gasoline**

# US Energy Consumption

Consumption – *Quadrillion BTUs*

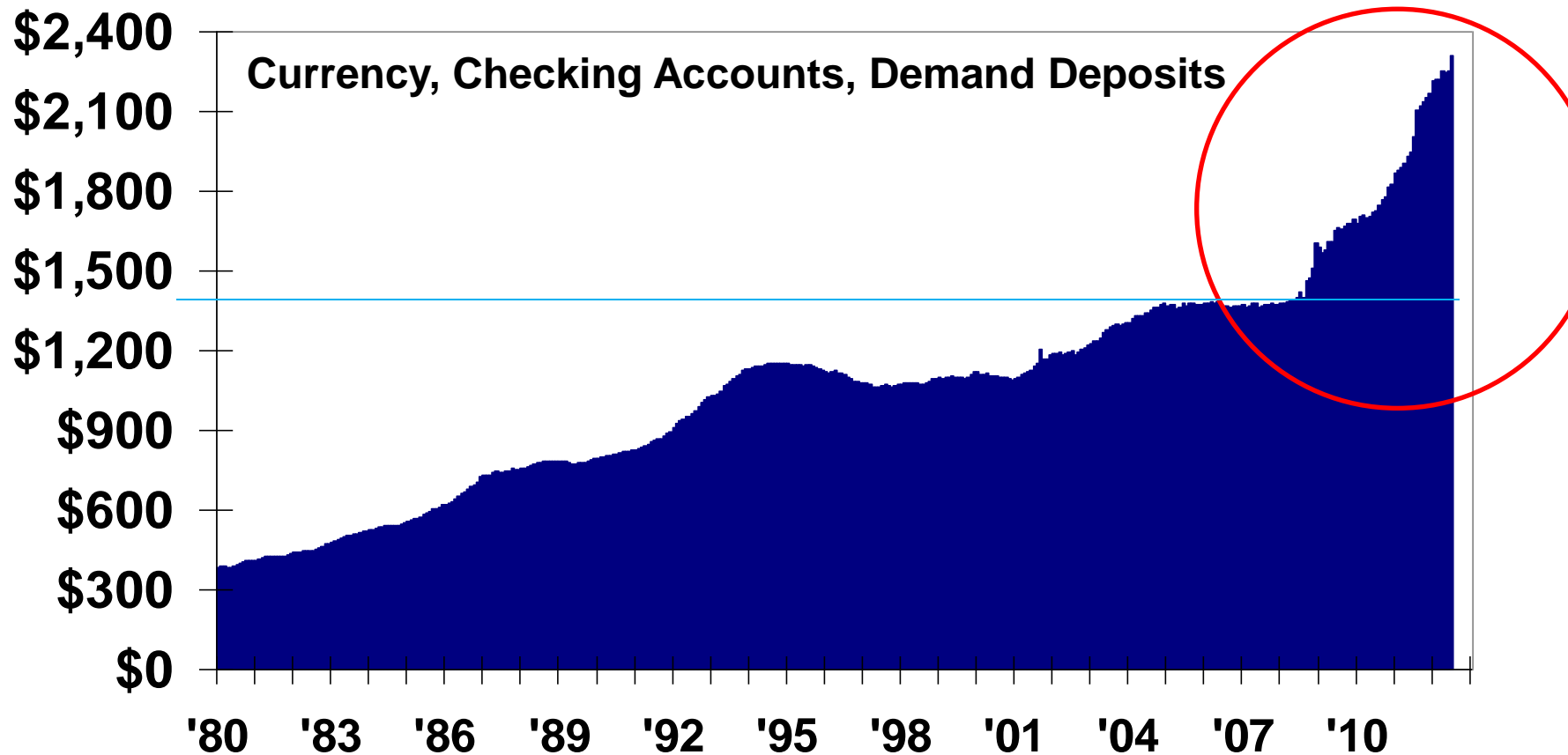
Restated by USEI



# Money Supply – M1

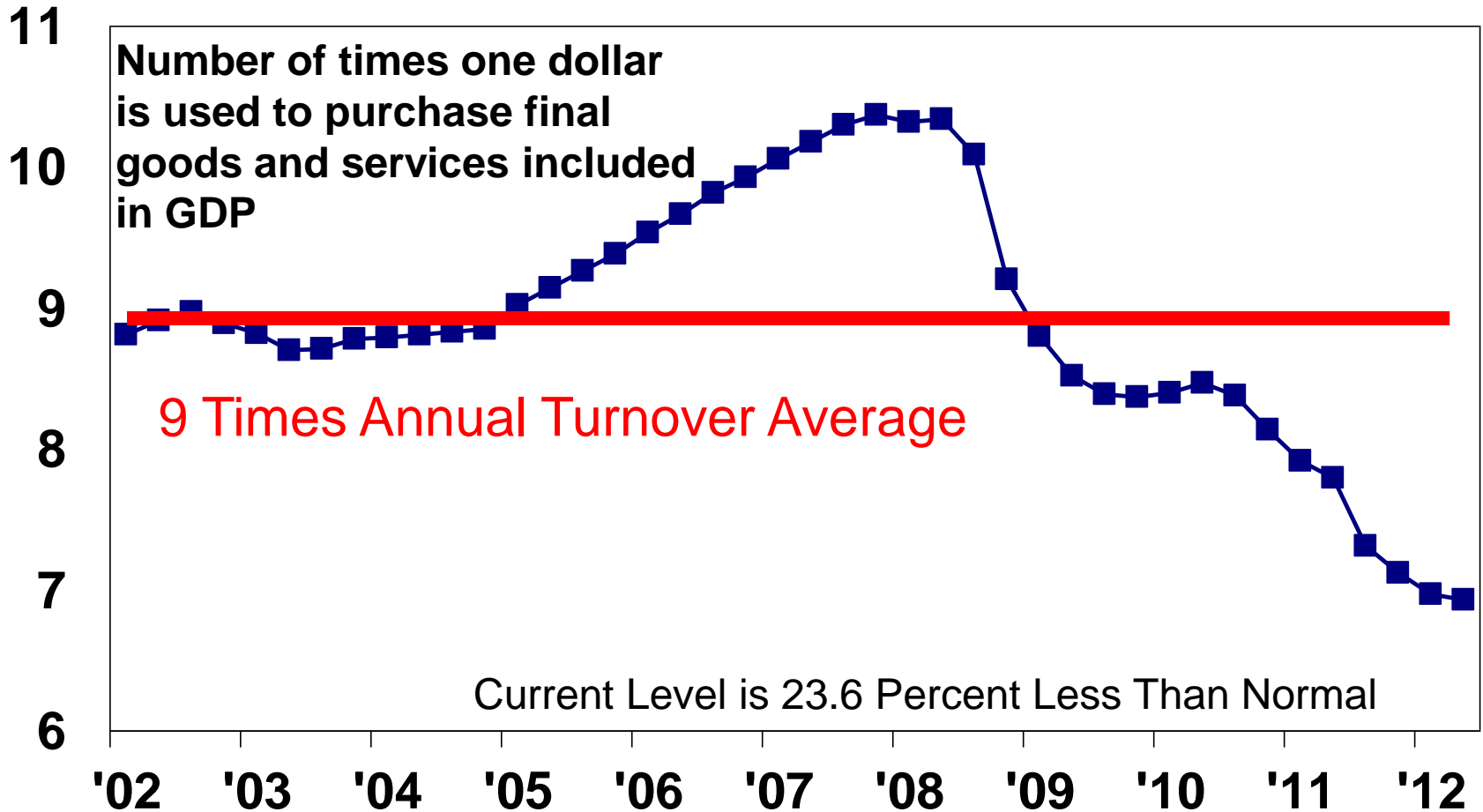
\$ Billions – *Seasonally Adjusted*

70 Percent Increase



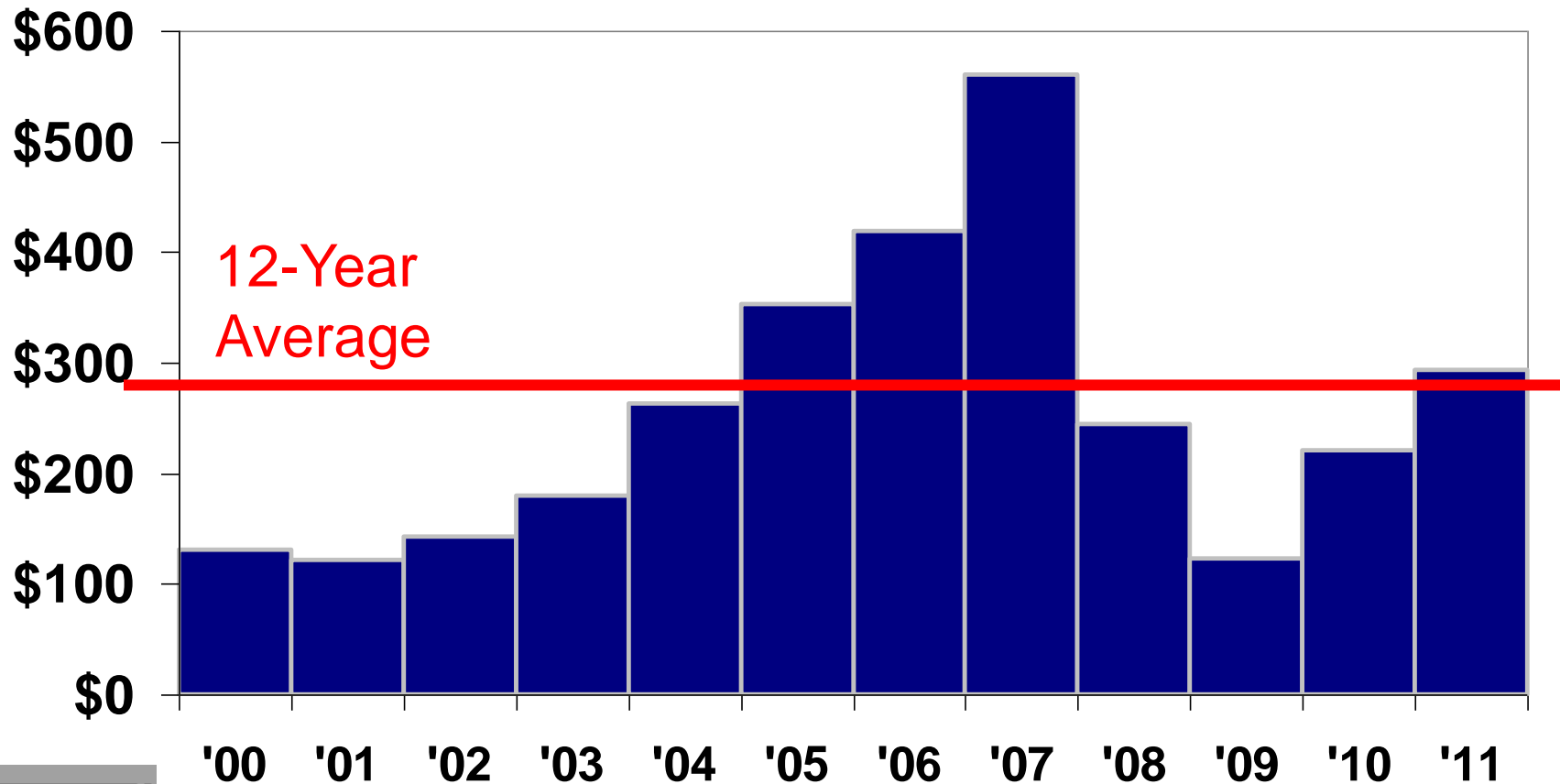
# Velocity of Money Supply M1

Velocity



# Commercial Real Estate Sales Volume

*\$ Billions*



12-Year  
Average





# 2012-2013 Economic Concerns

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- **Washington DC (Congress & Prez)**
- **Jobs – *Stimulus Did Not Work***
  - GDP = Consumption + Investment + Government Spending + Exports - Imports**
- **Rural Land Bubble**
- **Liquidity Trap**
- **Energy: US Imports 50+ Percent of Oil**
- **Government Can't Fix Everything**
  - Newton's Third Law of Motion