

The background of the slide is a close-up, slightly blurred image of the United States flag, showing the stars and stripes in a wavy pattern.

The Economic Outlook for Real Estate Investors and Decision Makers

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The background of the slide is a close-up, slightly blurred image of the United States flag, showing the stars and stripes in a wavy pattern. The colors are muted, with a soft blue, red, and white palette.

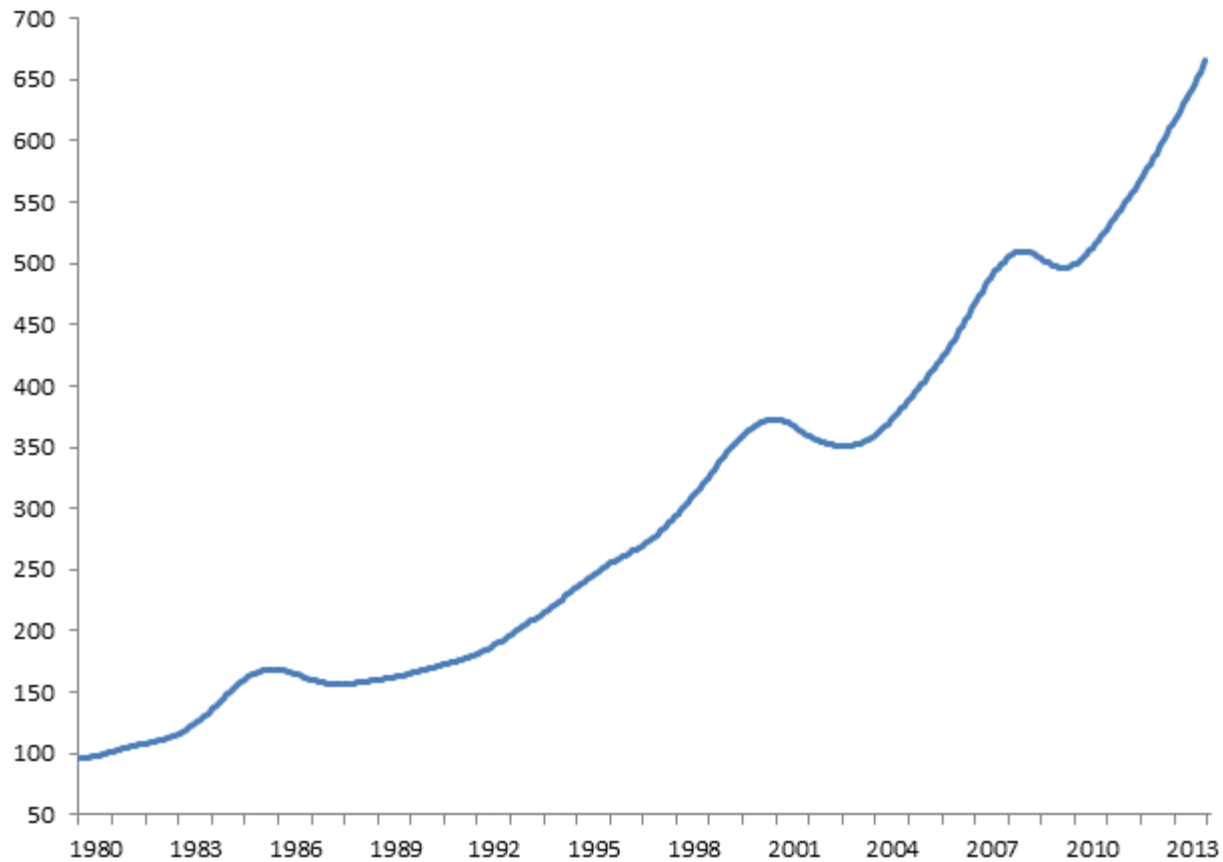
Topics for Today

- The outlook for job growth and the economy
- The investment environment

Austin Business-Cycle Index

Austin – Round Rock Business-Cycle Index

Index, October 1980 = 100*

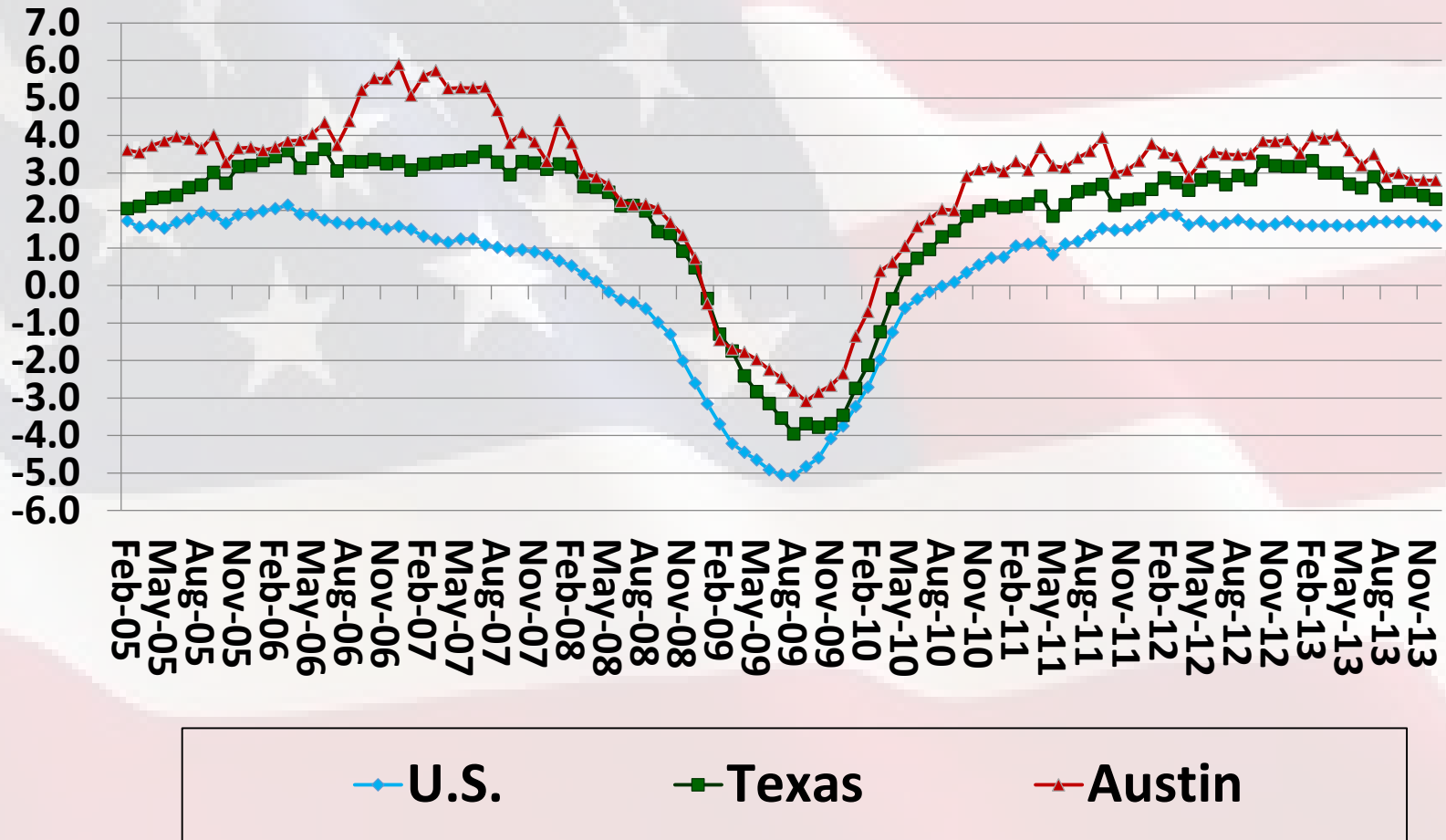


*Monthly, seasonally adjusted.

Last data entry December 2013.

SOURCE: Federal Reserve Bank of Dallas.

Employment Growth Rates

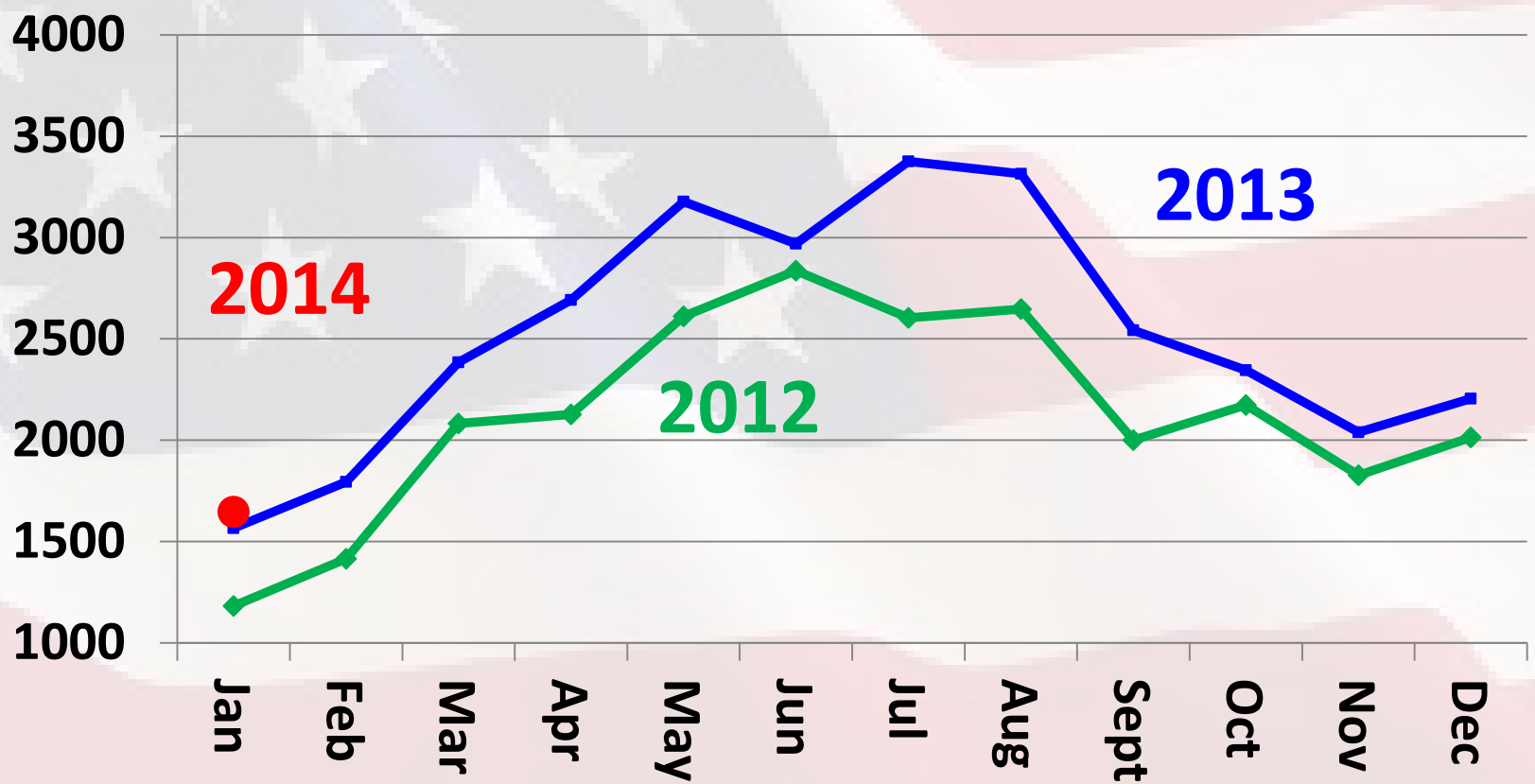




AUSTIN – ROUND ROCK – SAN MARCOS EMPLOYMENT

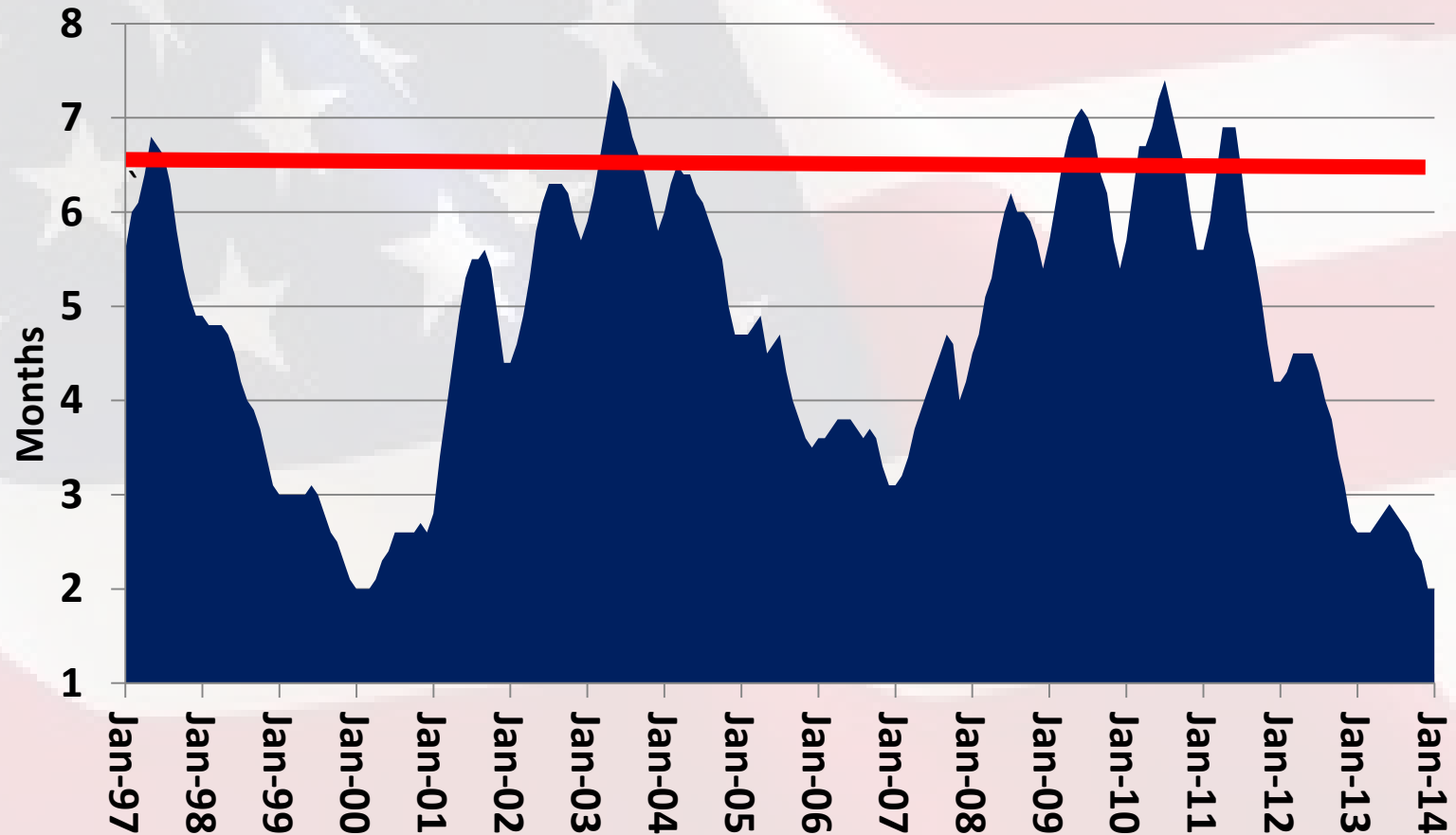
<u>Industry</u>	<u>Dec-13</u>	<u>Dec-12</u>	<u>%Change</u>
Total Nonfarm	865,900	842,200	2.81%
Mining/Logging/Construct.	45,500	43,500	4.60%
Manufacturing	51,200	51,300	-0.19%
Wholesale Trade	46,400	44,800	3.57%
Retail Trade	97,500	95,300	2.31%
Trans/Warehse/Util.	15,000	14,300	4.90%
Information	22,900	22,200	3.15%
Financial Activities	46,600	46,100	1.08%
Prof./Bus.Serv.	138,200	127,400	8.48%
Education/Health	101,800	99,700	2.11%
Leisure/Hospitality	98,600	94,800	4.01%
Government	165,800	167,000	-0.72%
Federal	10,700	11,000	-2.73%
State	73,400	73,900	-0.68%
Local	81,700	82,500	-0.97%

Existing Home Sales Austin



Source: Real Estate Center

Inventory of Unsold Homes Austin

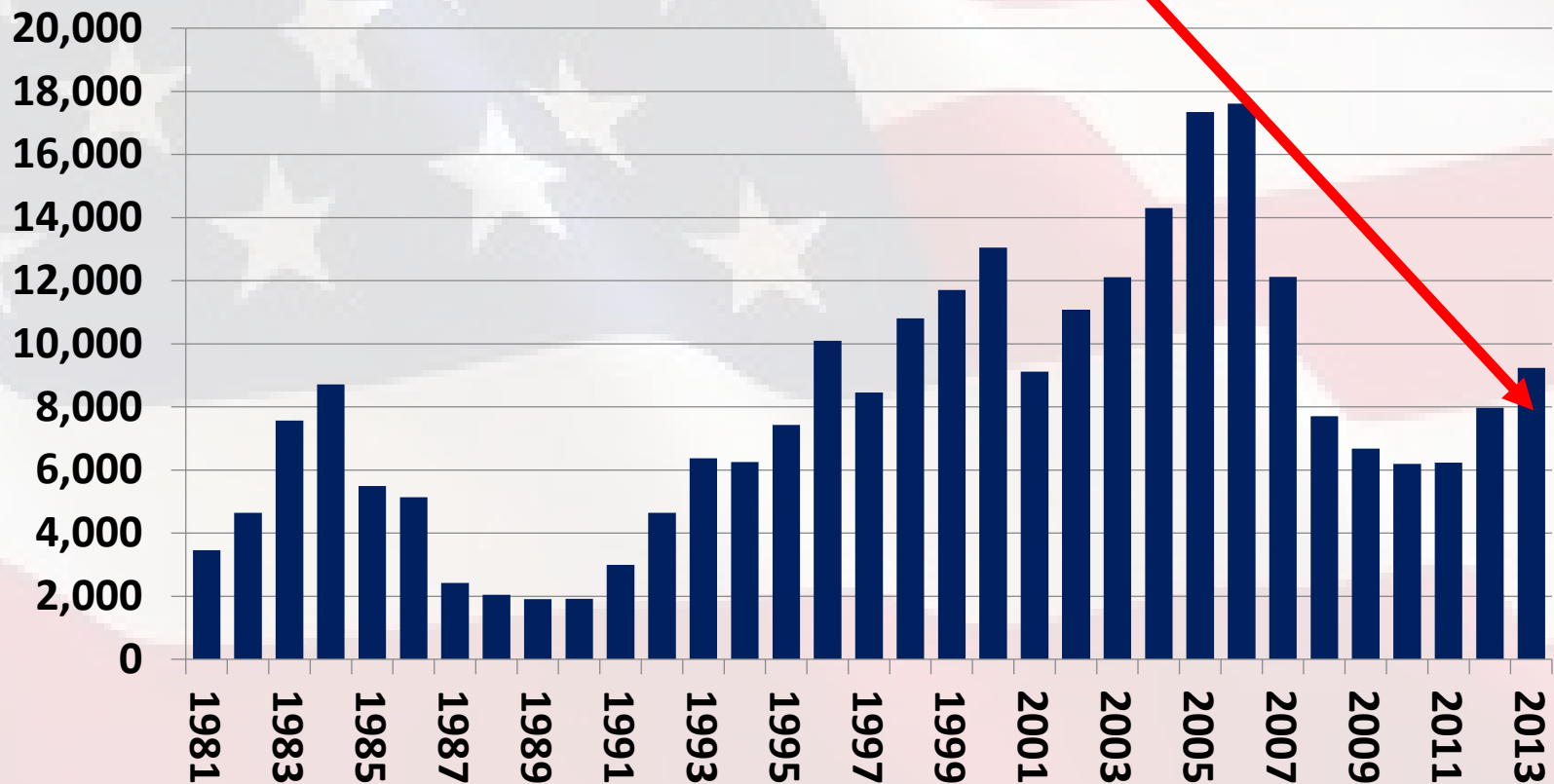


Jan. 1997 to present

Source: Real Estate Center

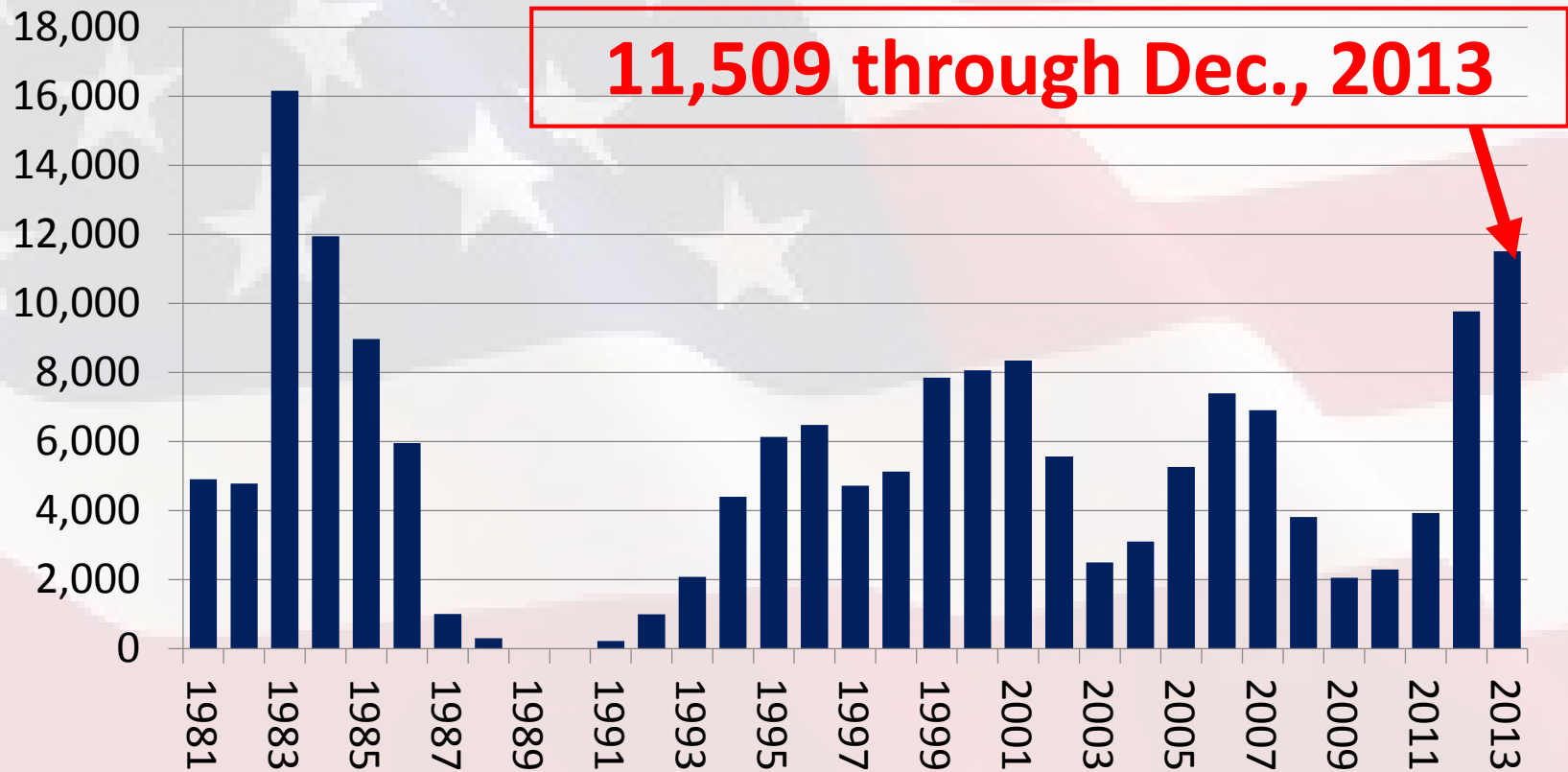
Single-Family Building Permits Austin, TX

9,240 through Dec., 2013



Source: Real Estate Center

Multi-Family Building Permits 5+ Units per Building Austin, TX



Source: Real Estate Center - Permits for Buildings with 5+ Units



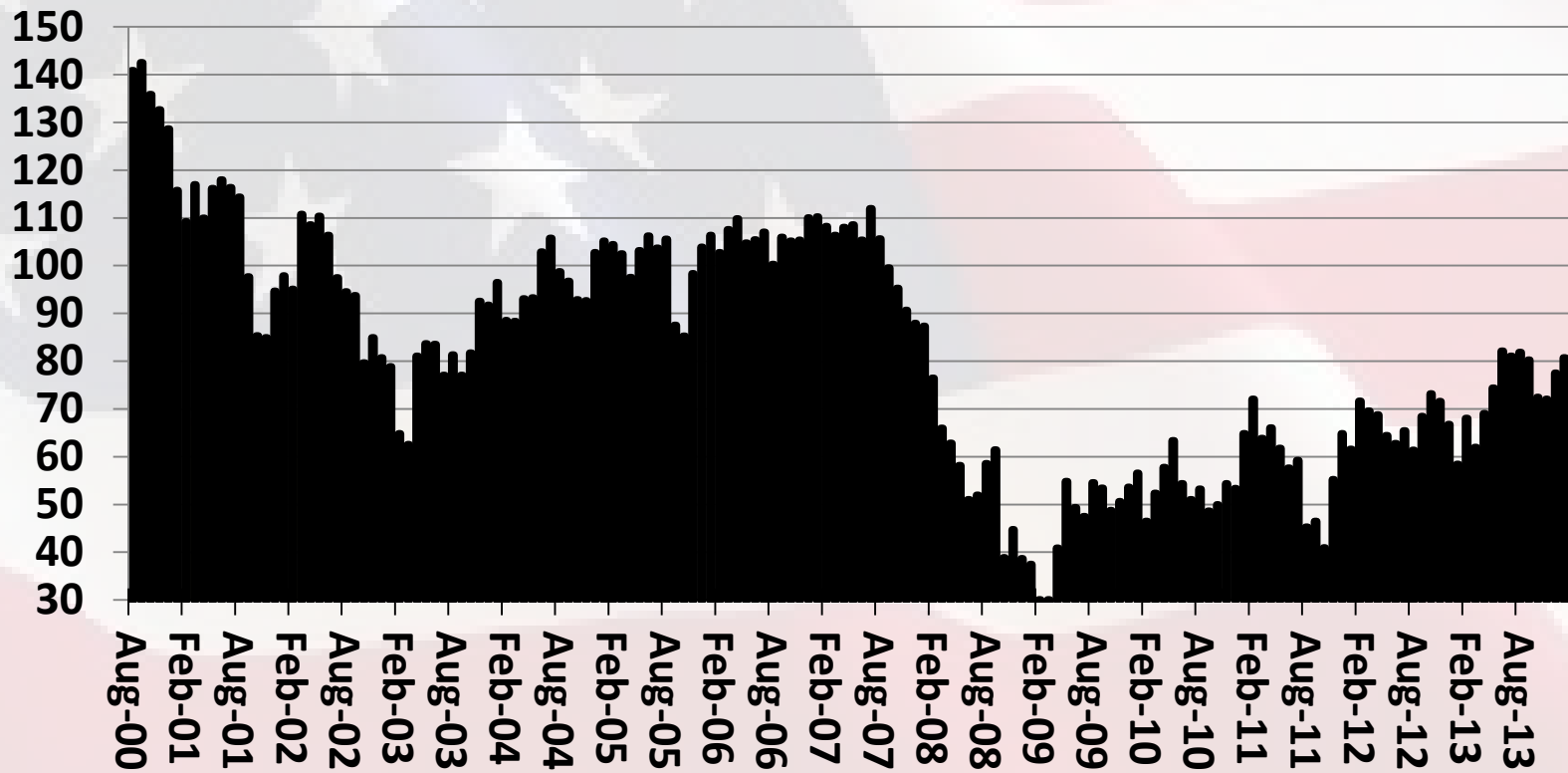
Job Openings in America

Looking for Workers

Total Job Openings	3,990,000
Construction	143,000
Manufacturing	297,000
Trade, Transportation, Utilities	773,000
Professional & Business Services	721,000
Education & Health Care	592,000
Leisure & Hospitality	550,000
Government	346,000

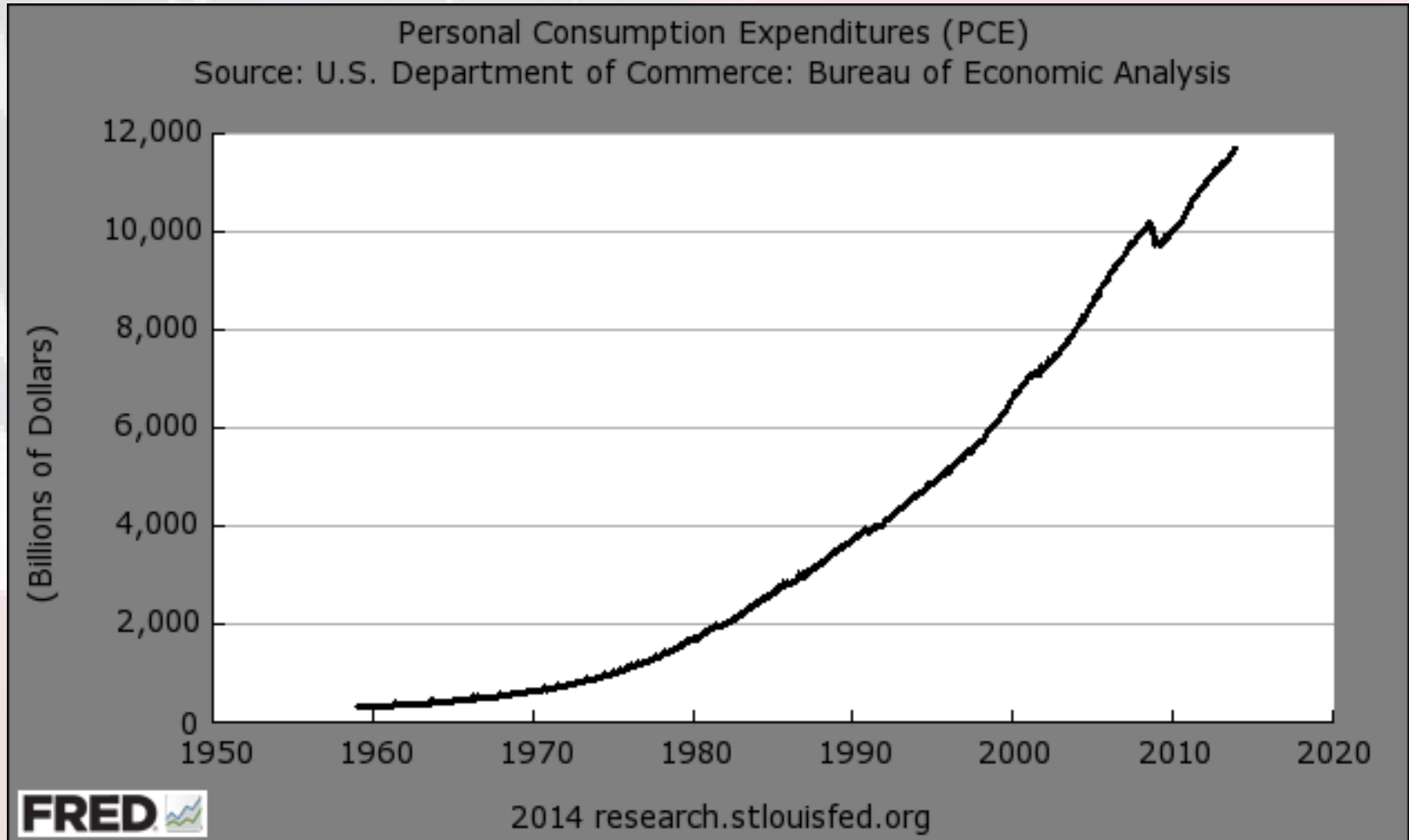
Source: Bureau of Labor Statistics
BLS release on Feb. 11, 2014

Consumer Confidence Index



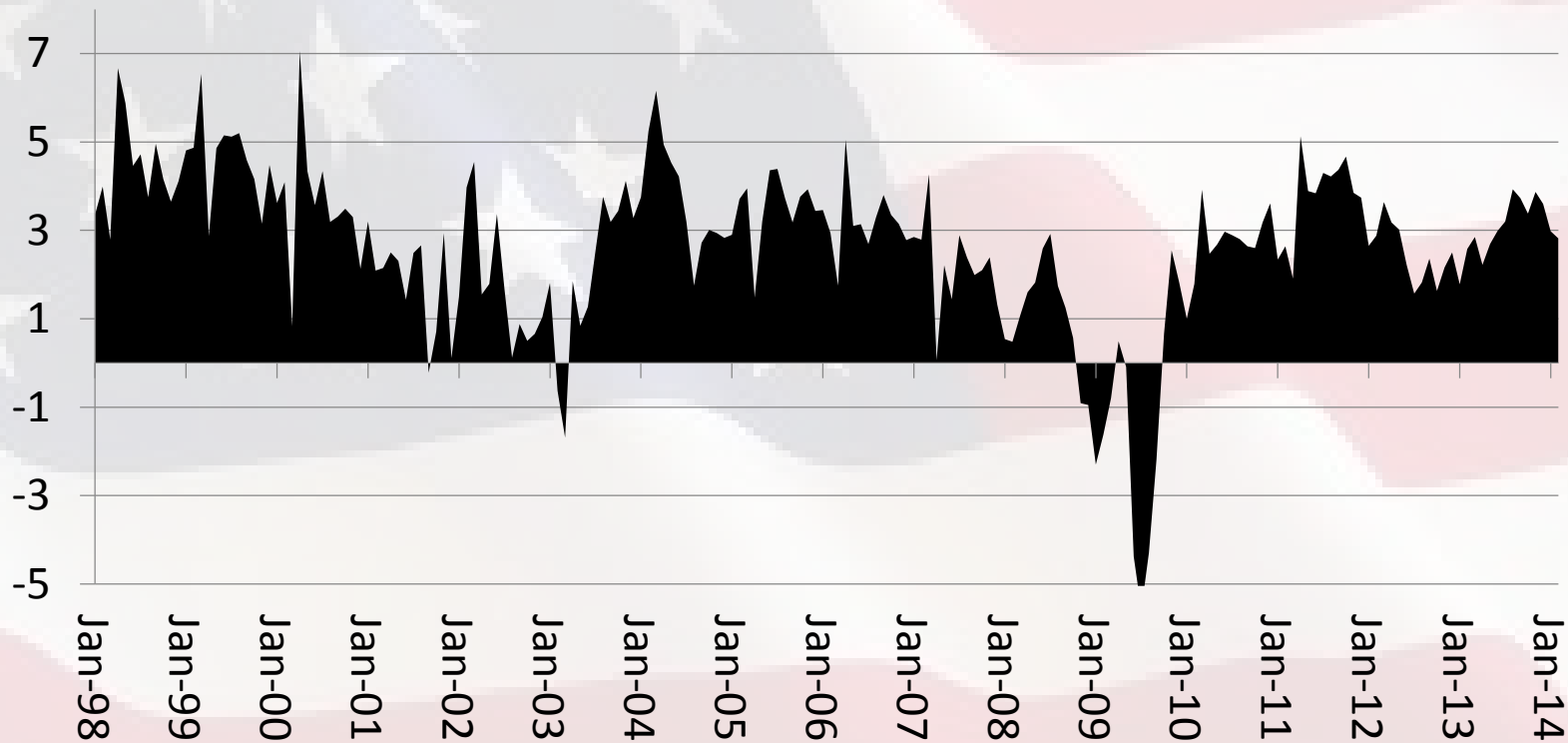
Source: The Conference Board

Personal Consumption Expenditures



General Merchandise Retail Sales

Same Store Sales % Change from Year Earlier



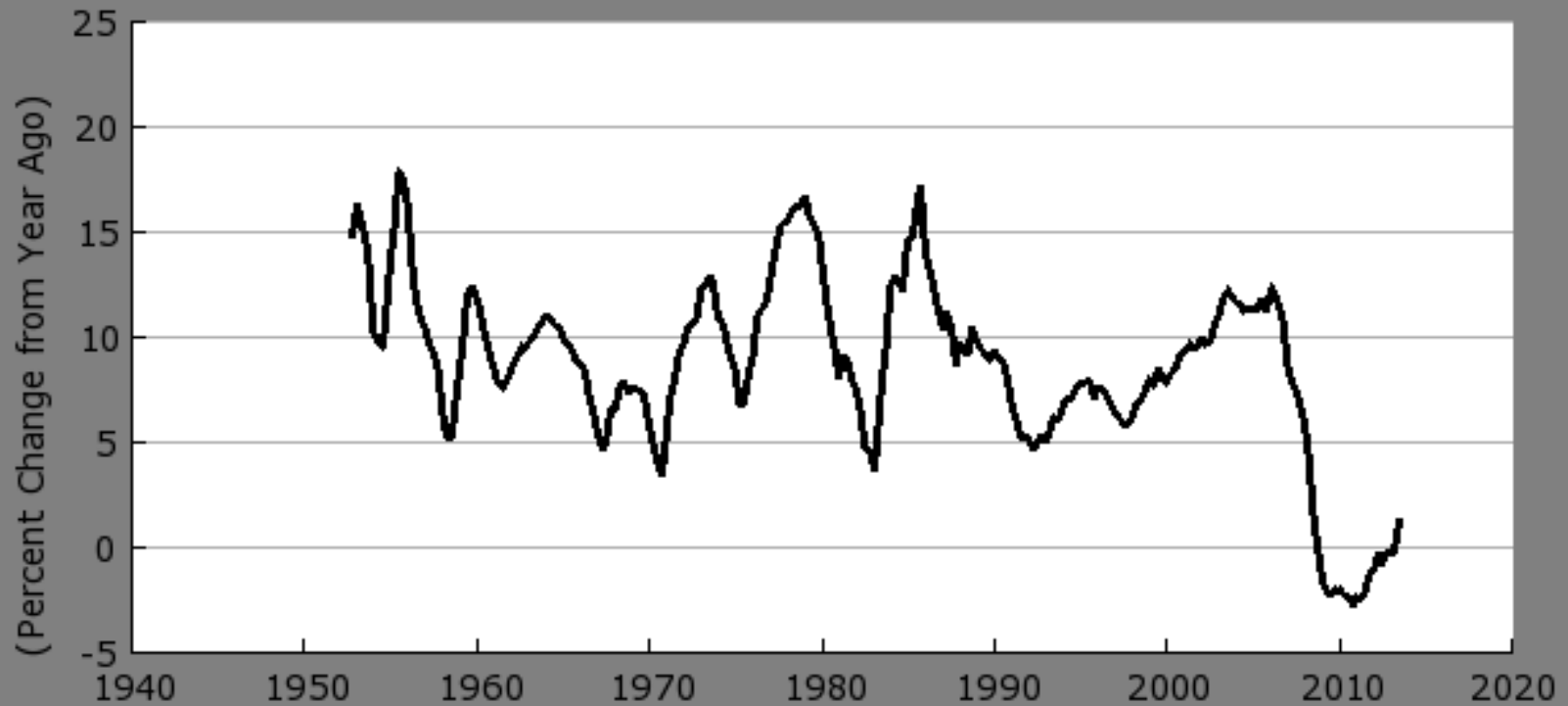
Source: Redbook Instinet Research

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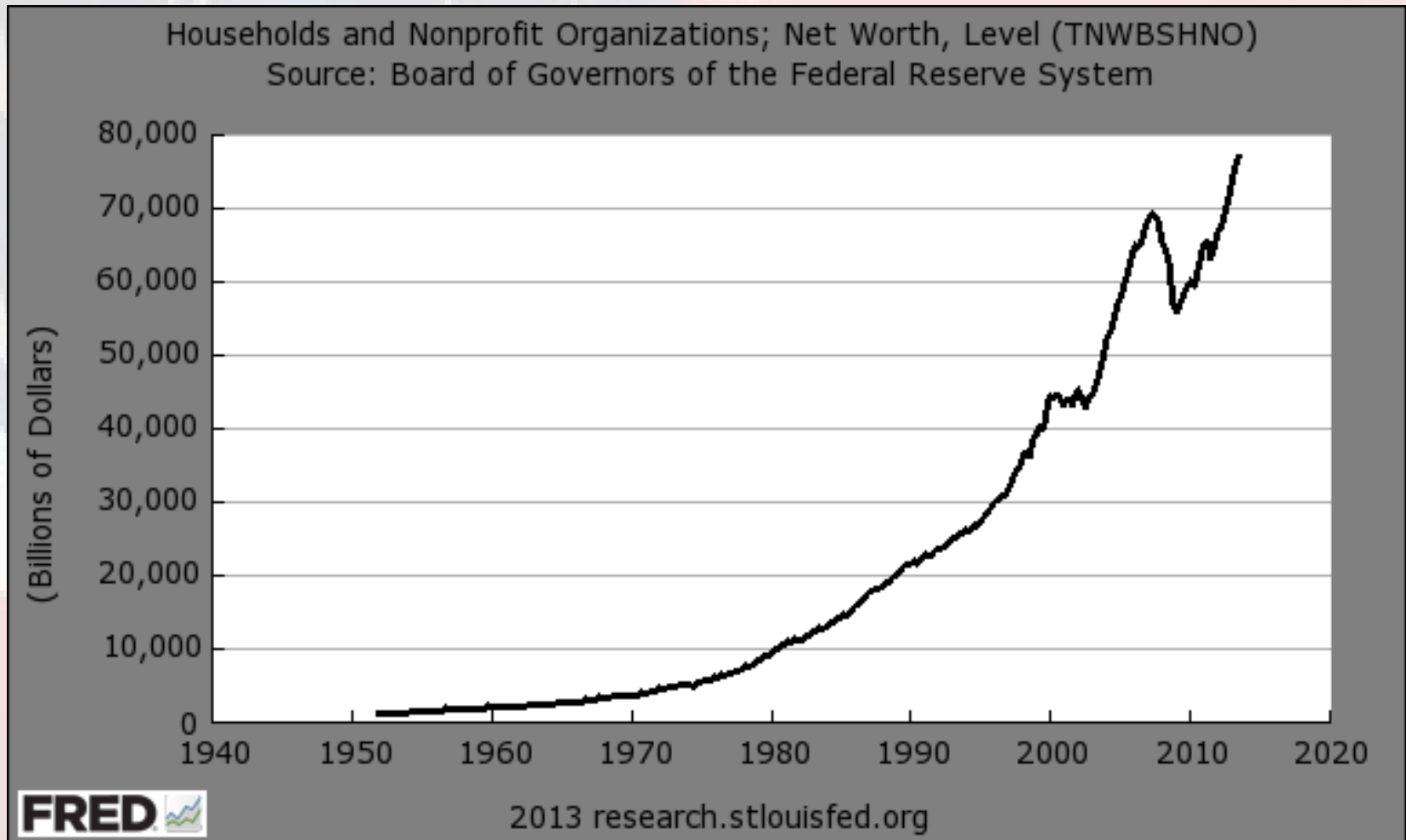
Consumers Paying Down Debt for First Time in 50 Years

Households and Nonprofit Organizations; Credit Market Instruments; Liability, Level (CMDEBT)

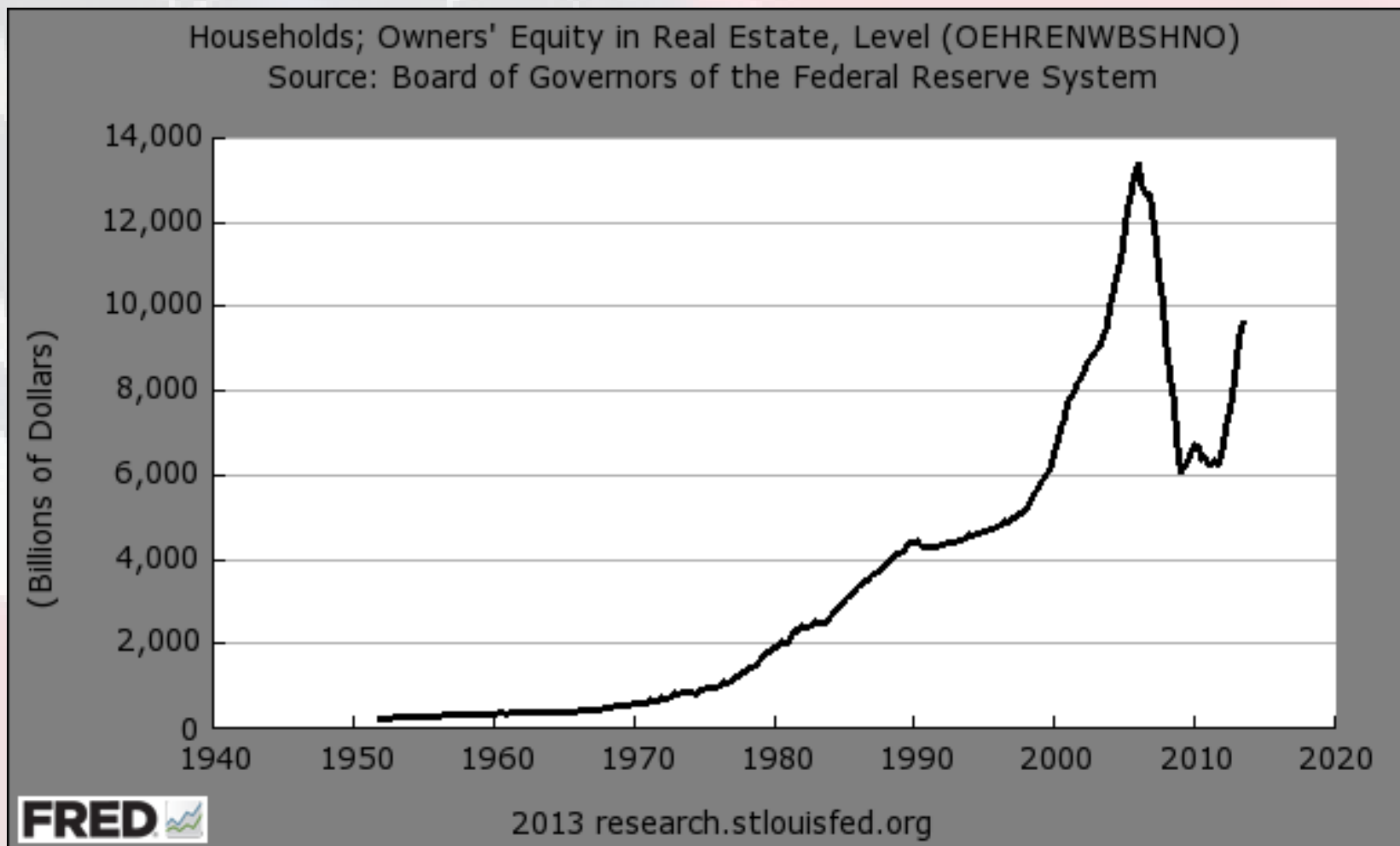
Source: Board of Governors of the Federal Reserve System



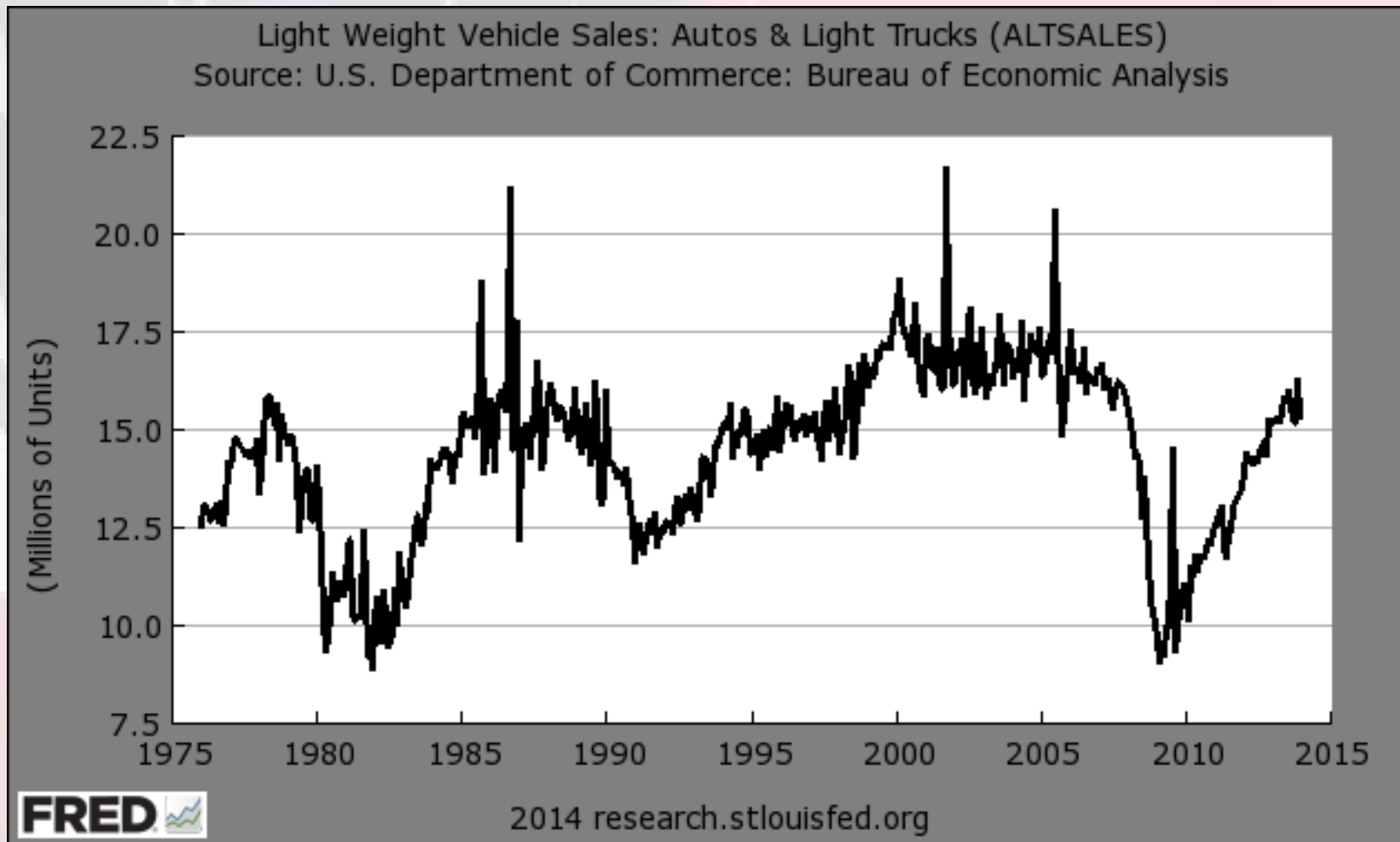
Household Net Worth Recovering After Stock Market Rally



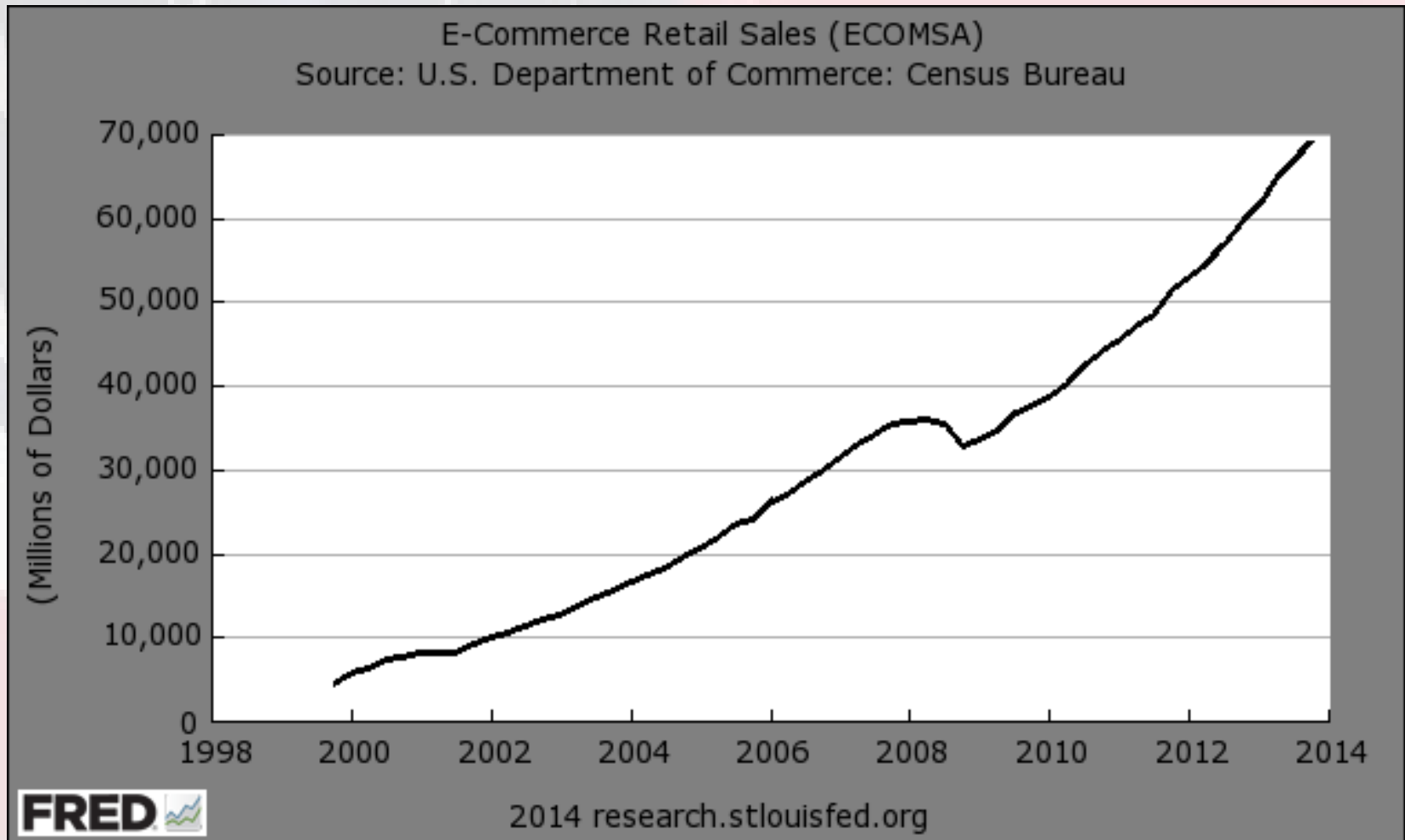
Households Have Lost Almost \$8 Trillion in Real Estate Equity



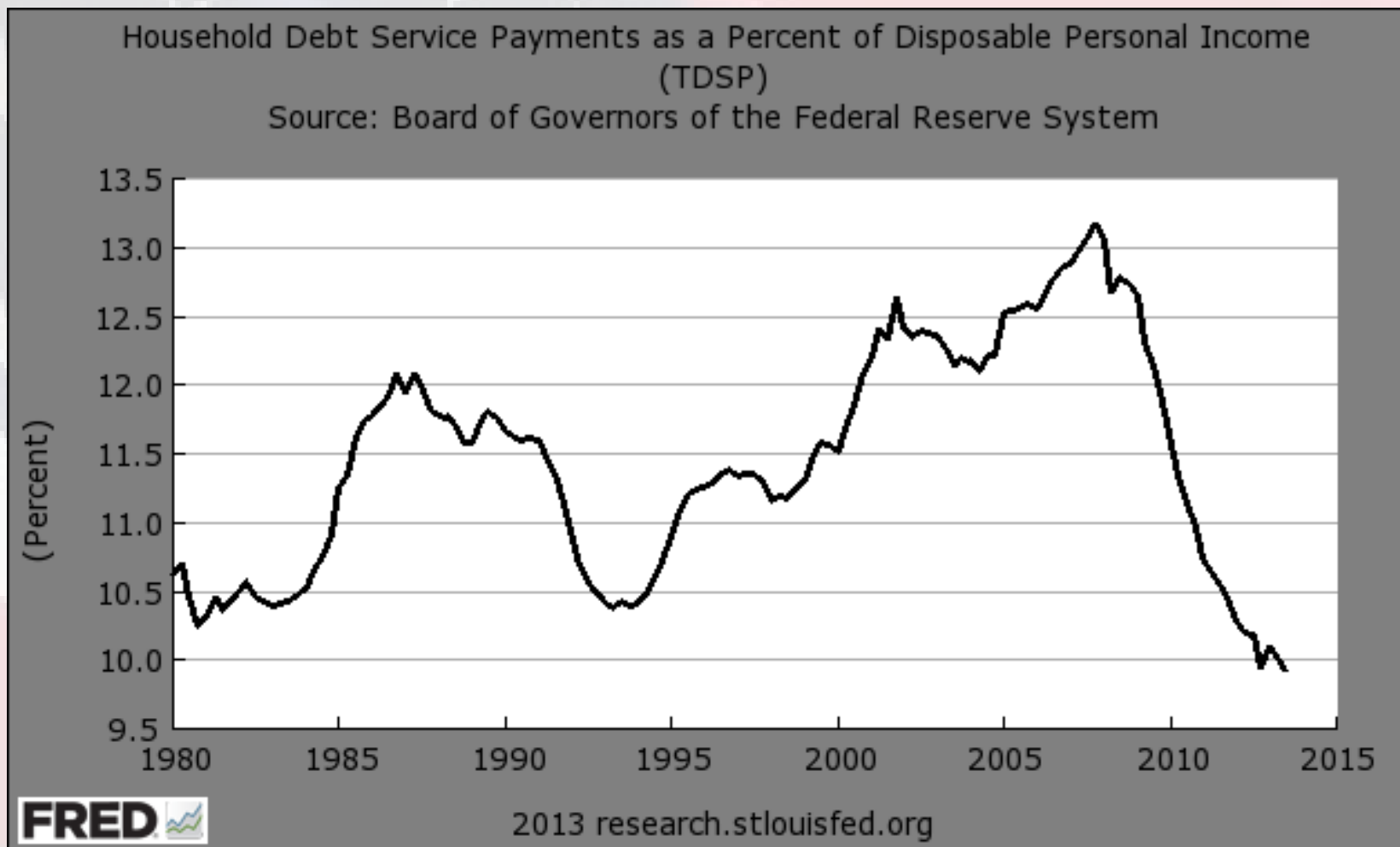
Light Weight Vehicle Sales: Autos & Light Trucks



Internet Sales Exploding



Household Debt Service Payments as a Percent of Disposable Personal Income



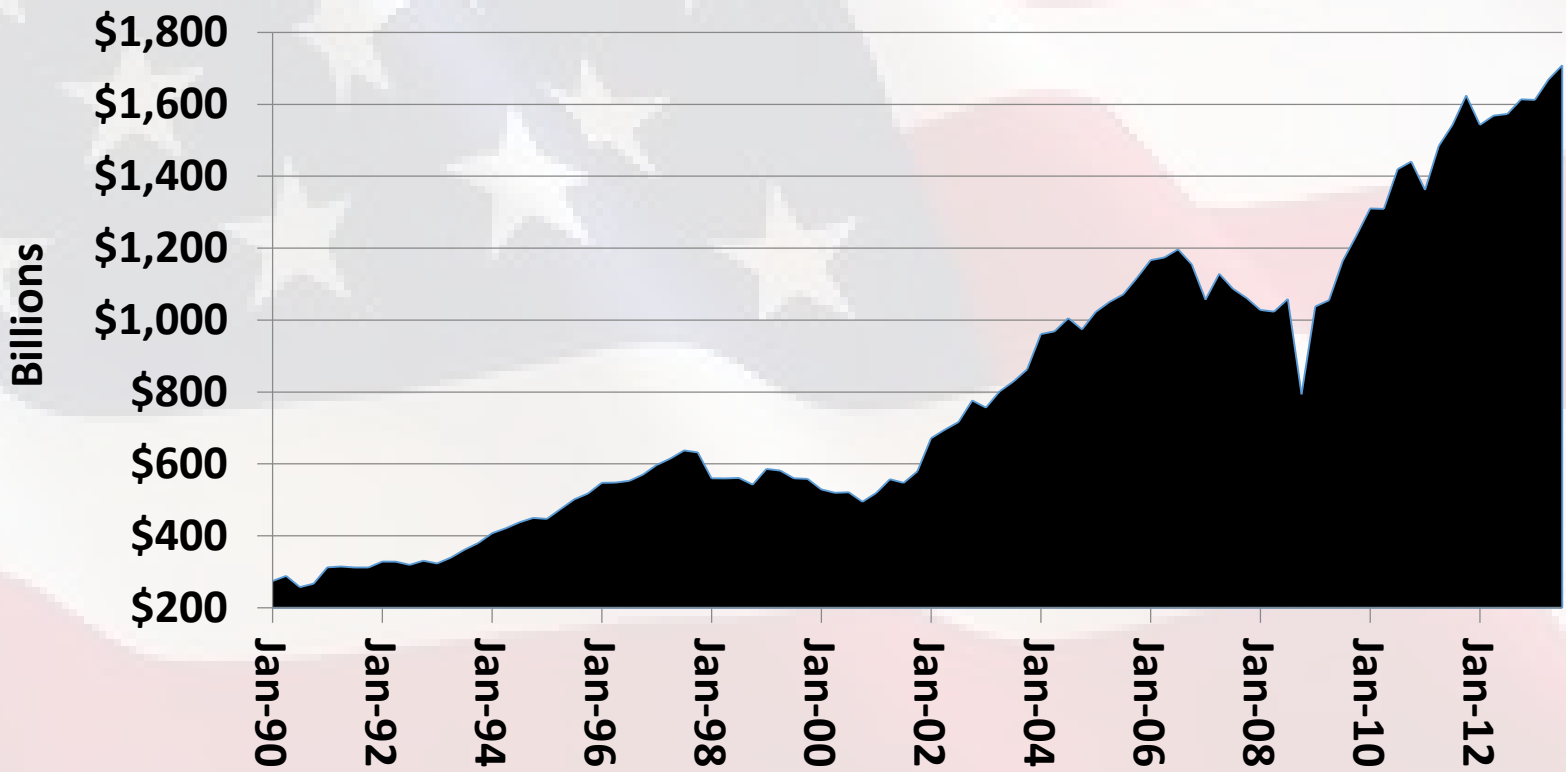
The background of the slide is a faded, wavy American flag. The stars and stripes are visible but have a low opacity, serving as a decorative backdrop for the text.

The Business Sector



Corporate Profits

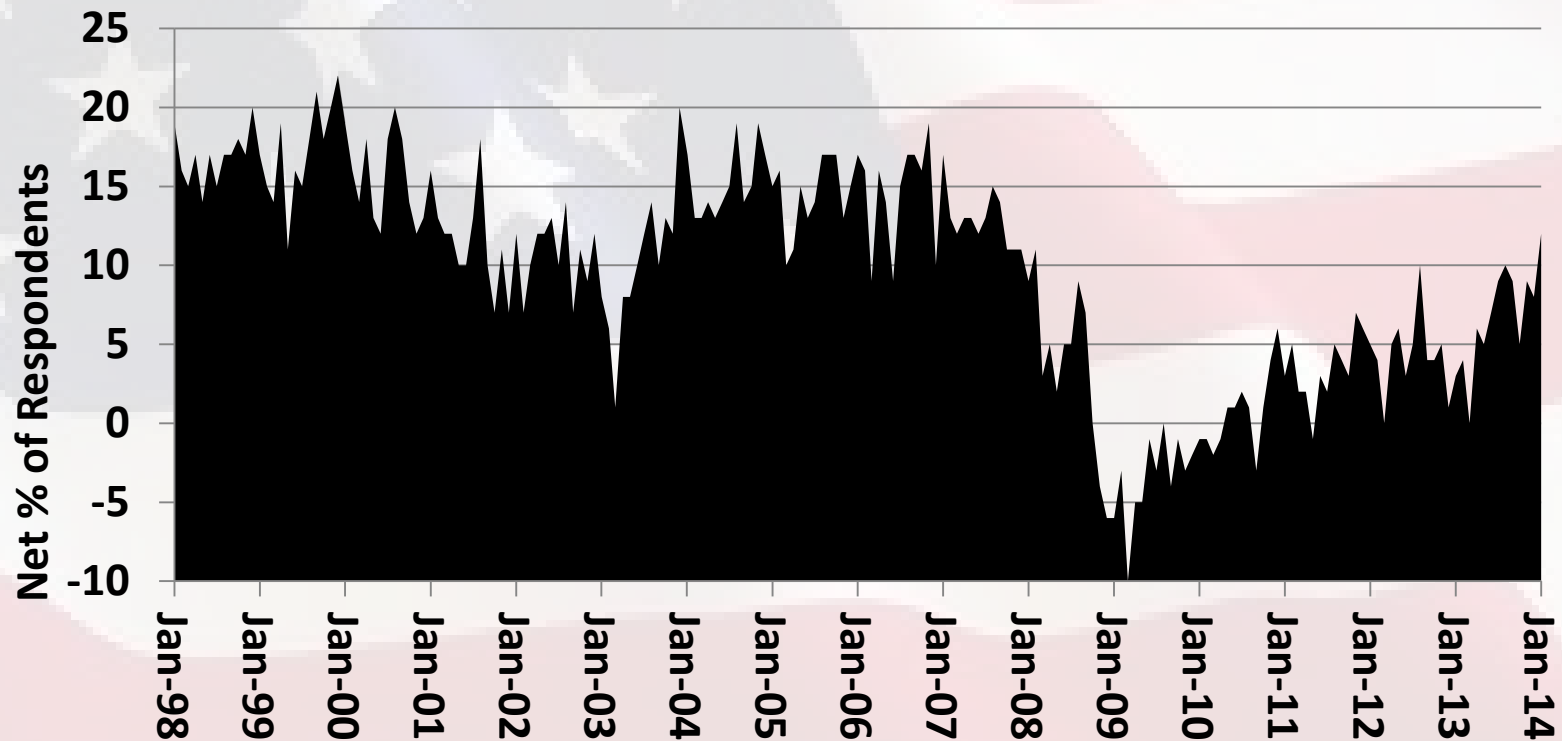
(With Inventory Valuation Adjustment & Capital Consumption Adjustment)



Source: Department of Commerce

Small Business Outlook

“Planning To Hire People In The Next Three Months”





Corporate Hiring Plans: Next 6 Months

	<u>Q4-13</u>	<u>Q3-13</u>	<u>Q2-13</u>	<u>Q1-13</u>
More Jobs	34%	32%	32%	29%
Less Jobs	22%	24%	26%	25%

Source: Business Roundtable

Manufacturers' New Orders: Nondefense Capital Goods Excluding Aircraft

Manufacturers' New Orders: Nondefense Capital Goods Excluding Aircraft
(NEWORDER)

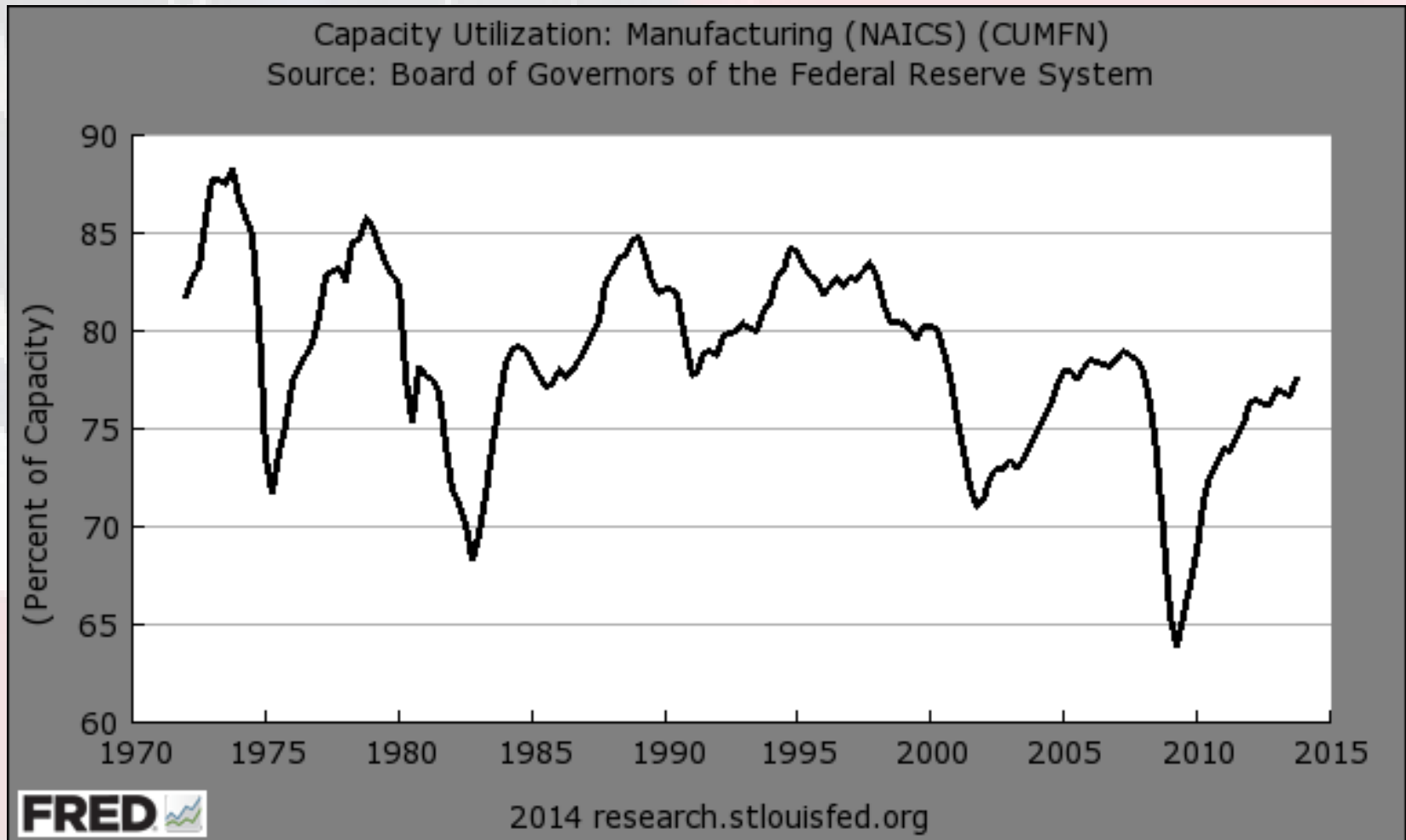
Source: U.S. Department of Commerce: Census Bureau



FRED 

2014 research.stlouisfed.org

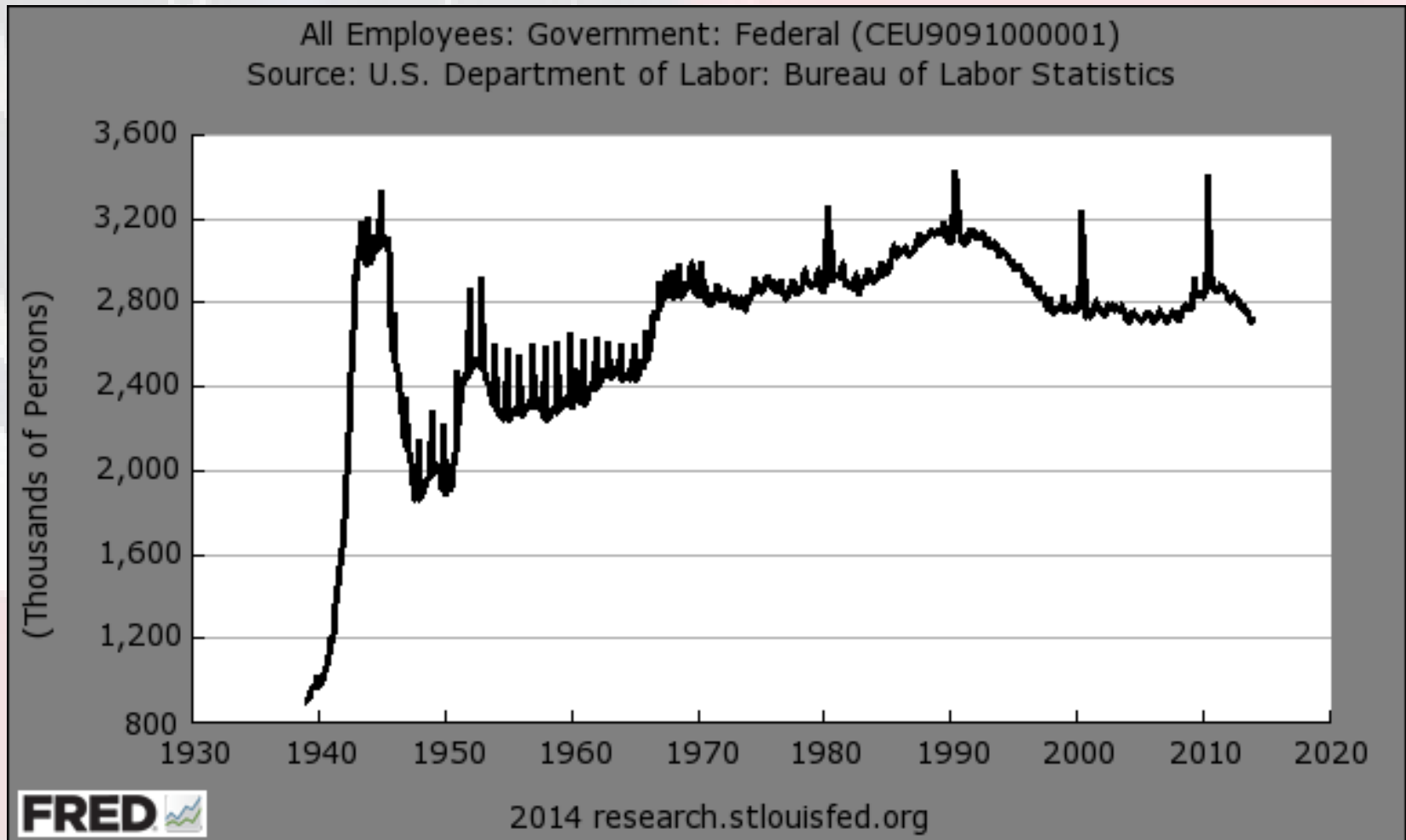
Capacity Utilization: Manufacturing



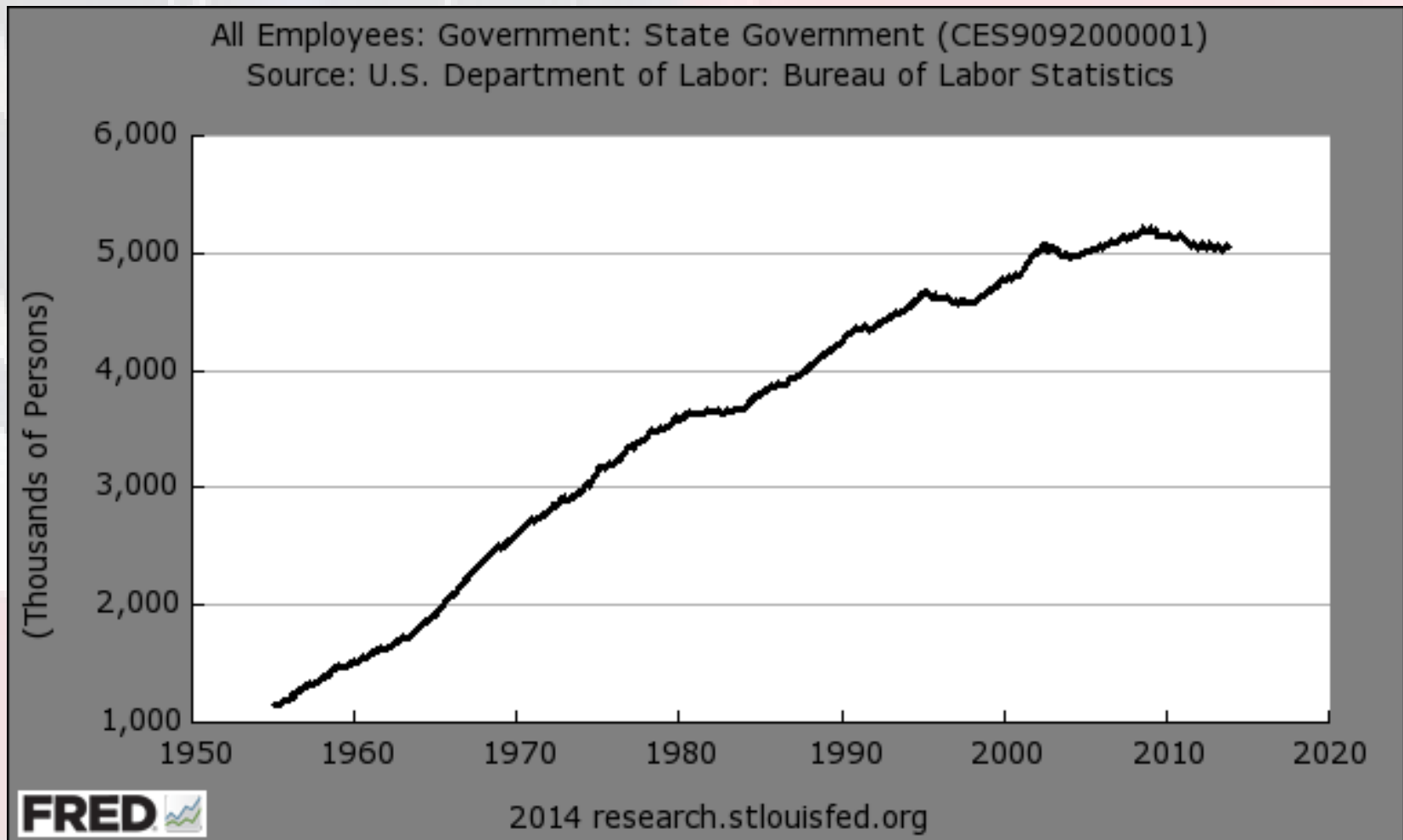
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The Government Sector

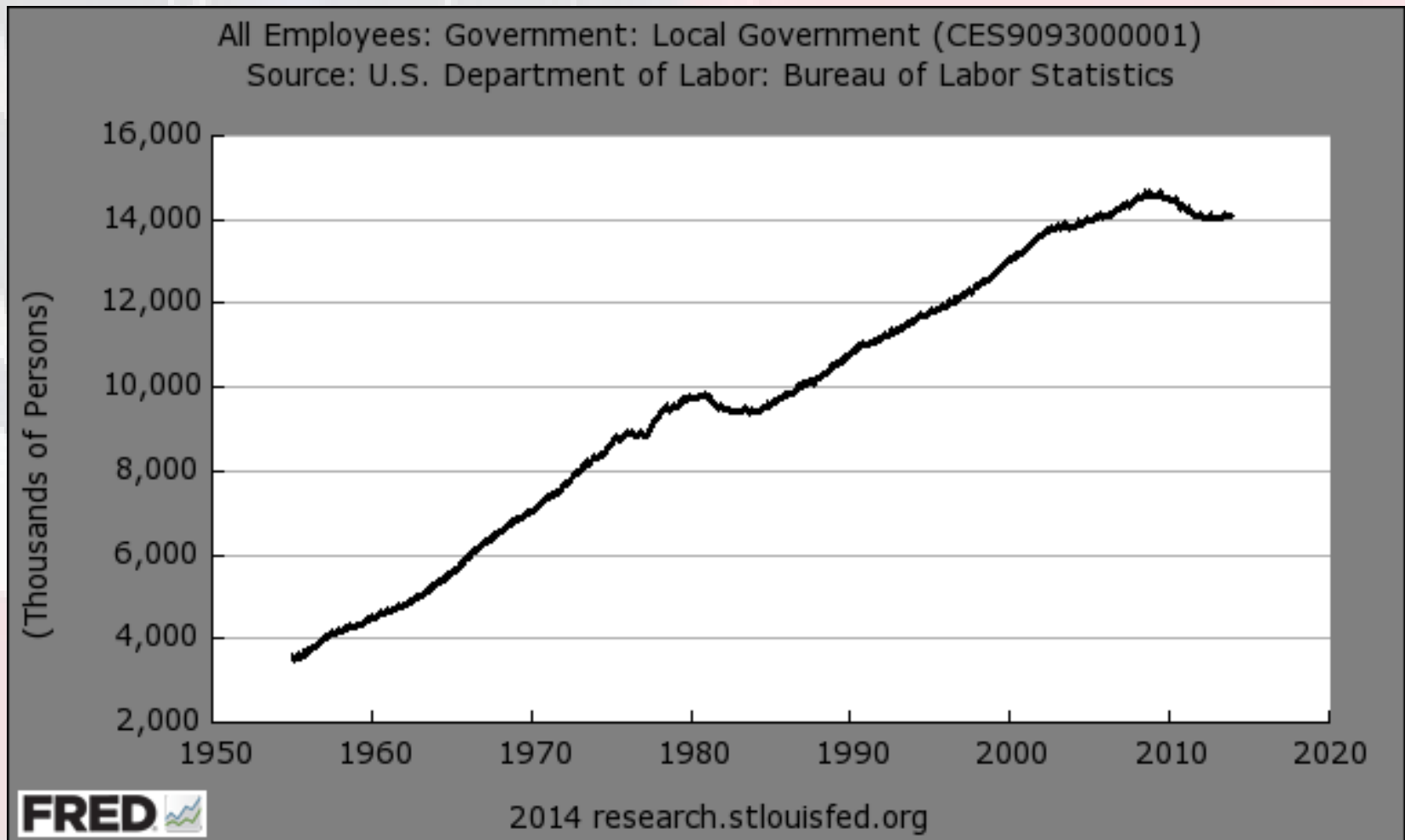
Federal Government Employment



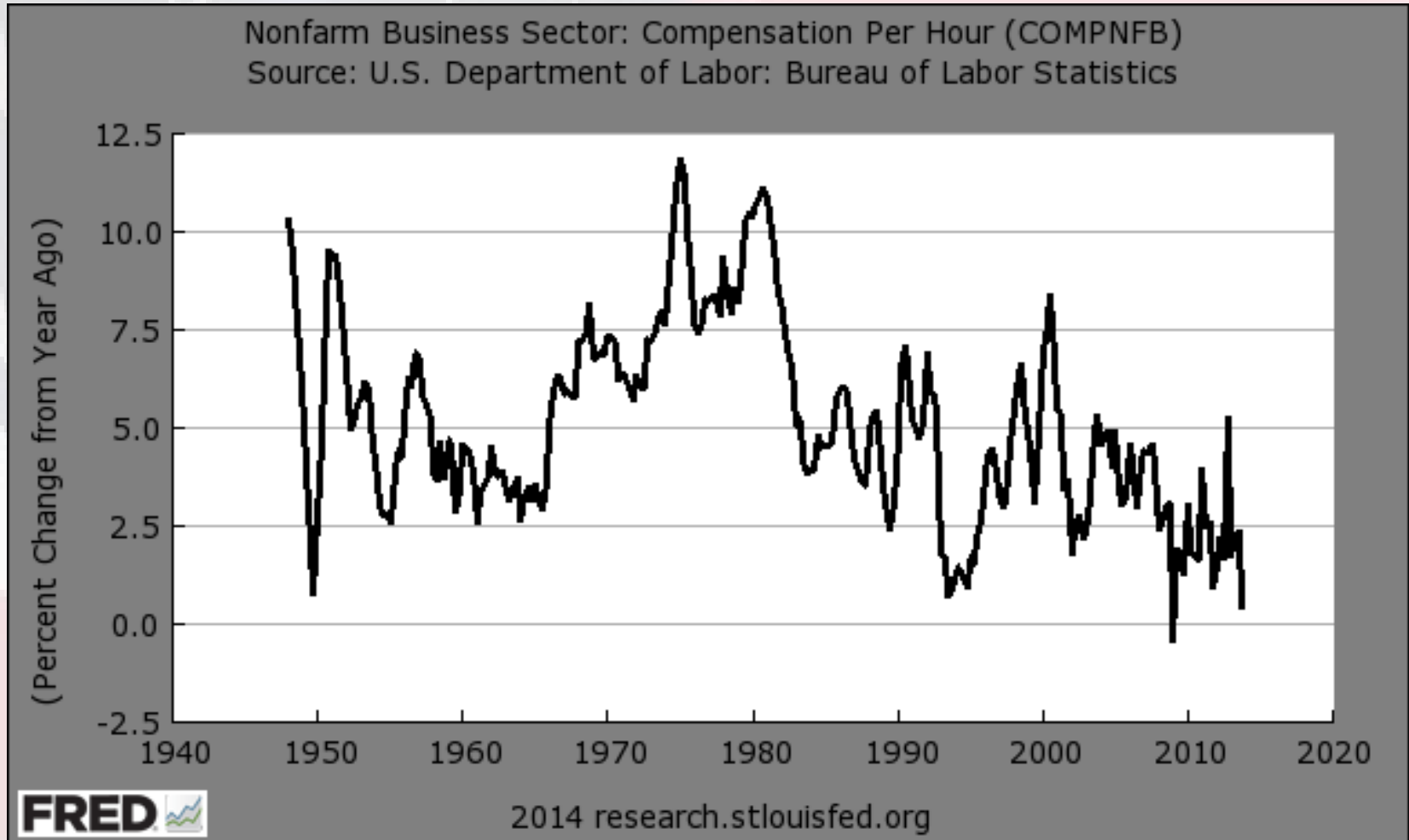
State Government Employment



Local Government Employment

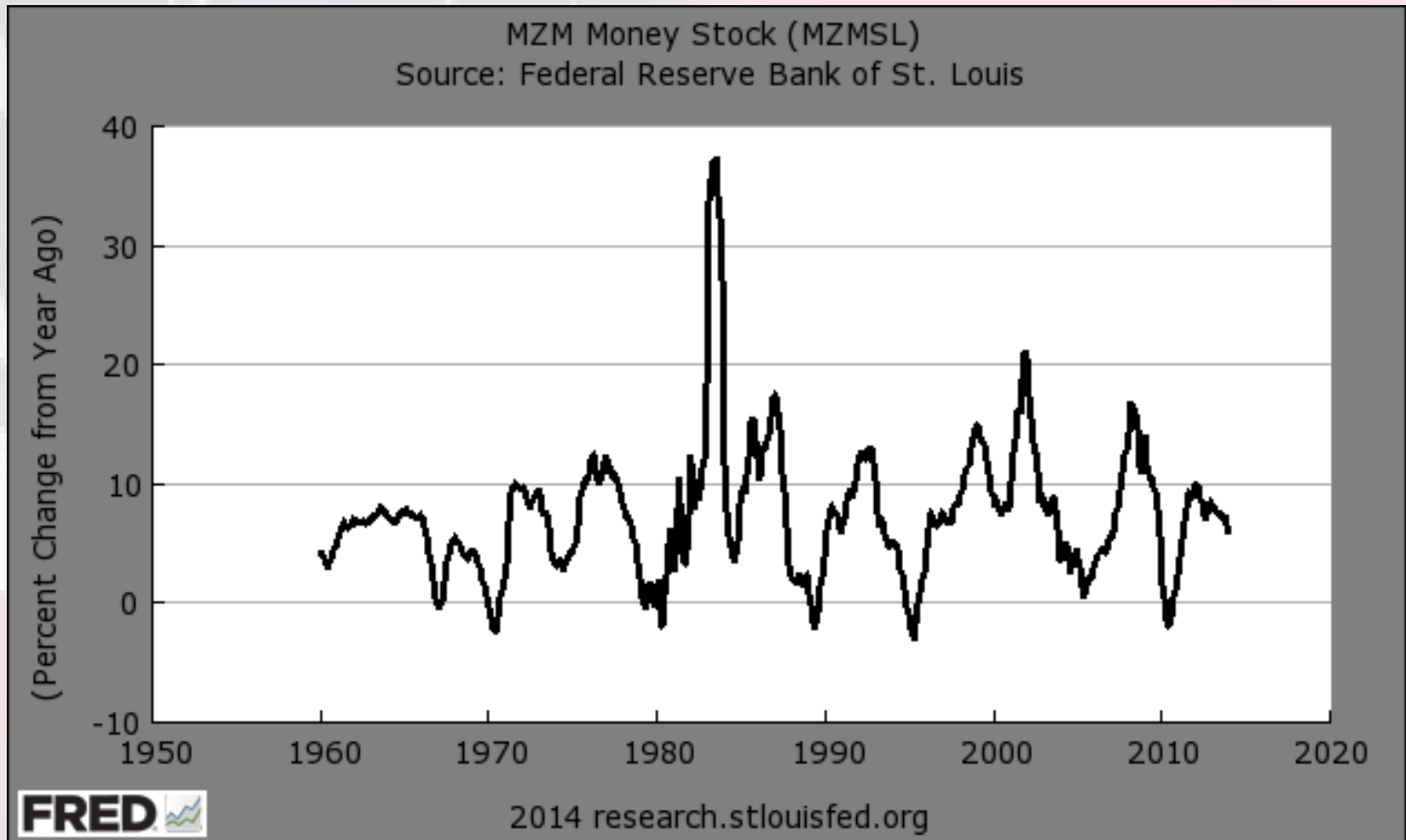


The Economy: Wage Rates Increase Slowly

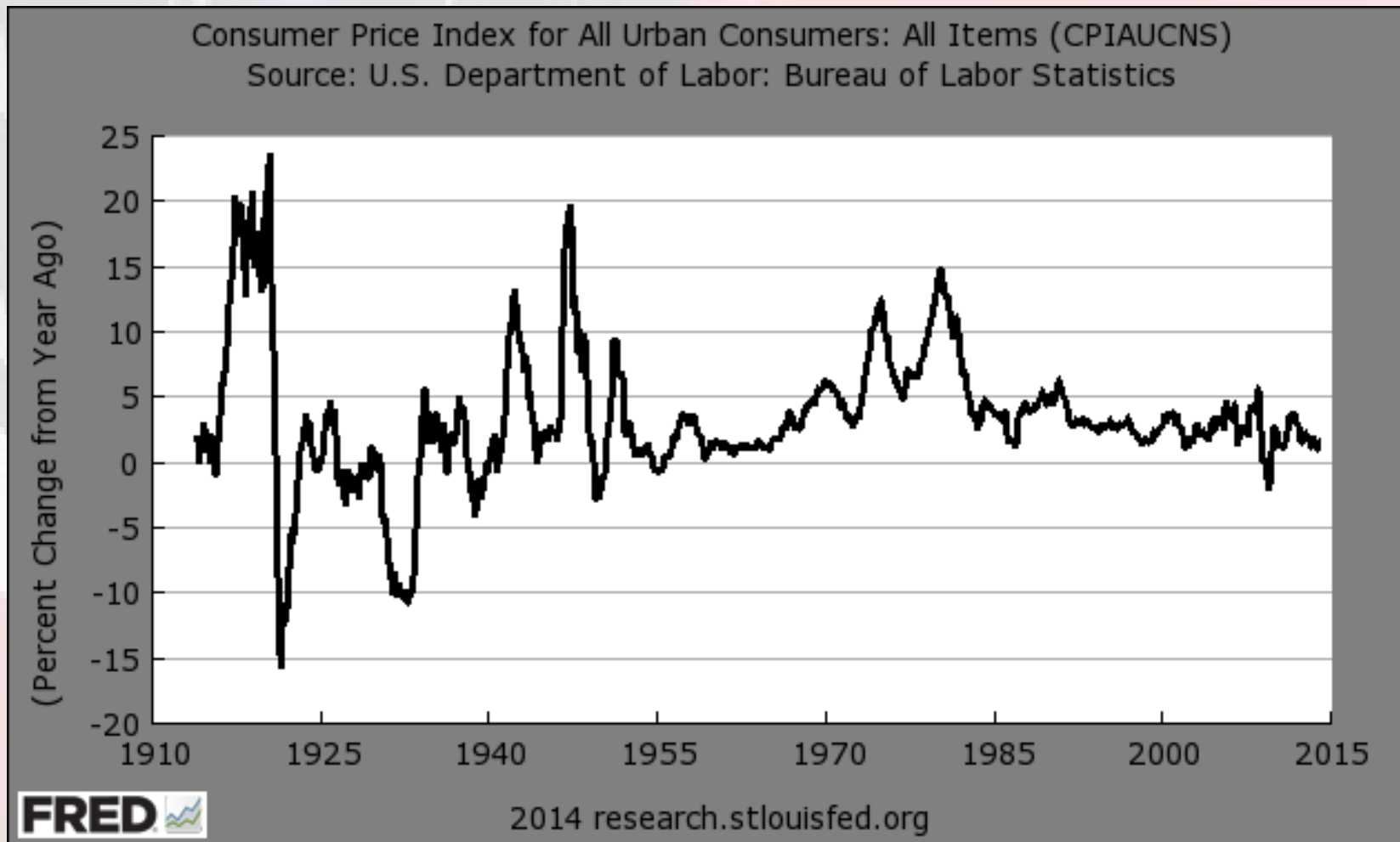


Money Supply and Velocity:

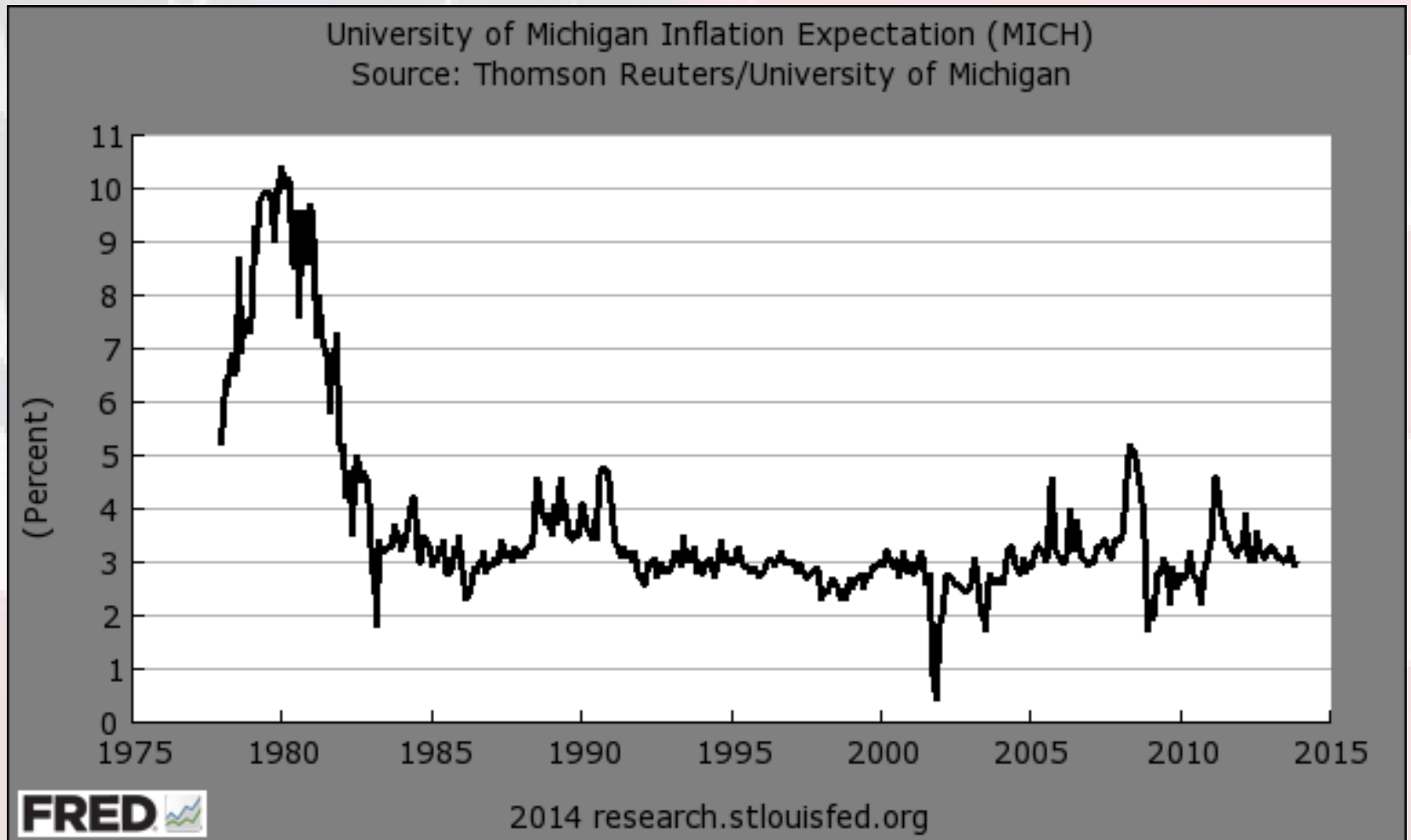
Actual Money Supply Increasing Modestly



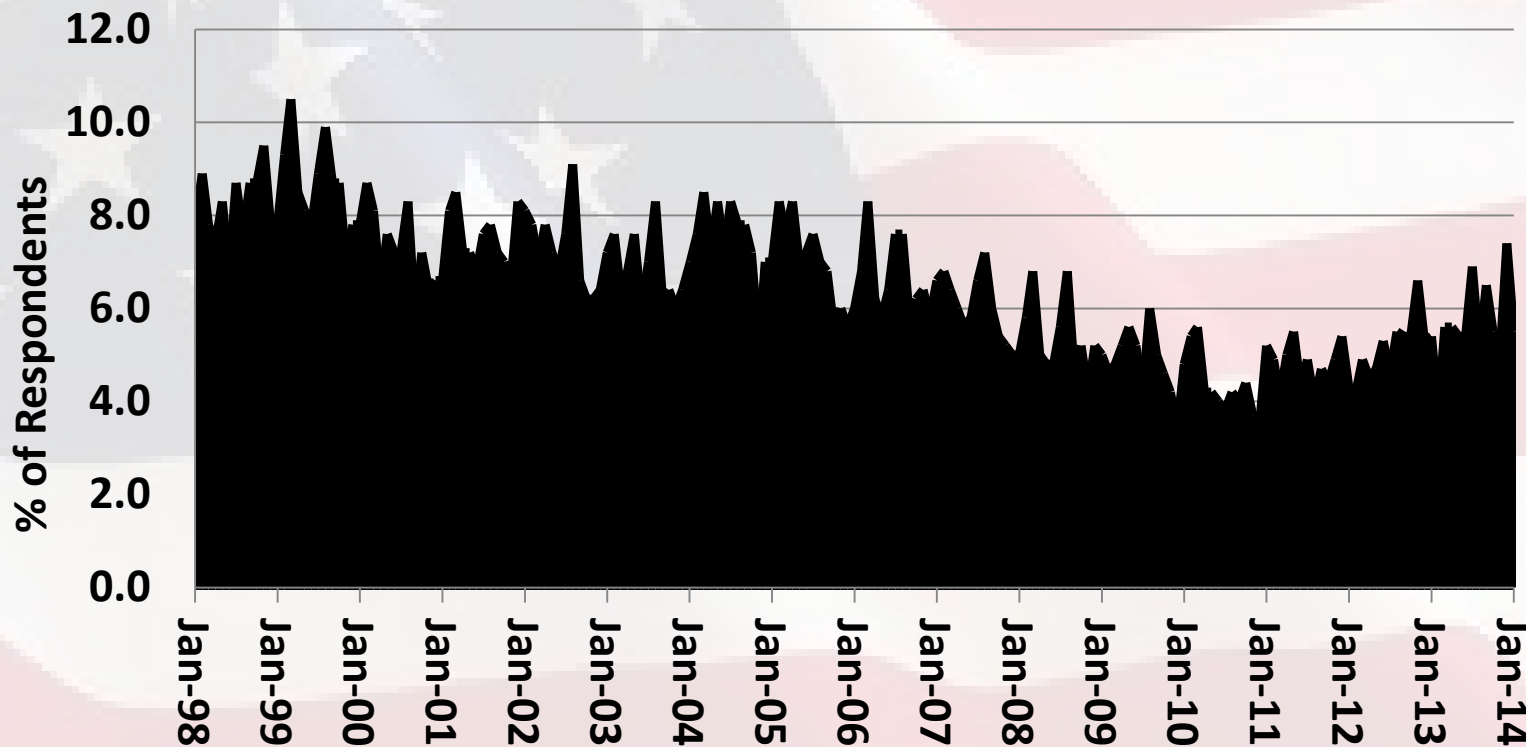
Inflation Rate: CPI Remains Low Despite Food/Fuel



University of Michigan Inflation Expectation



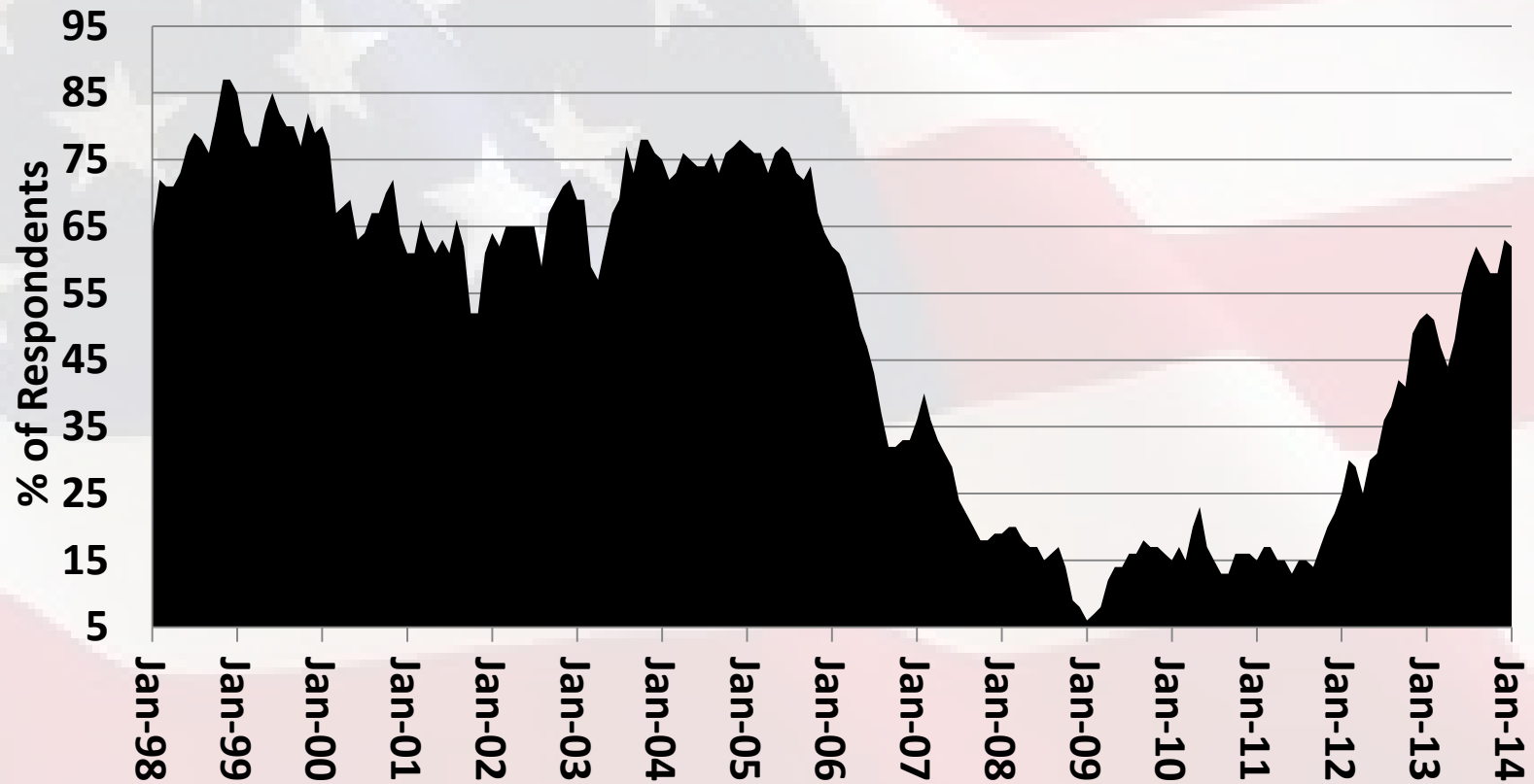
People Who Plan to Buy a Home in the Next Six Months



Source: The Conference Board

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Builders Sentiment “Current Sales Are Good”



Source: National Association of Home Builders

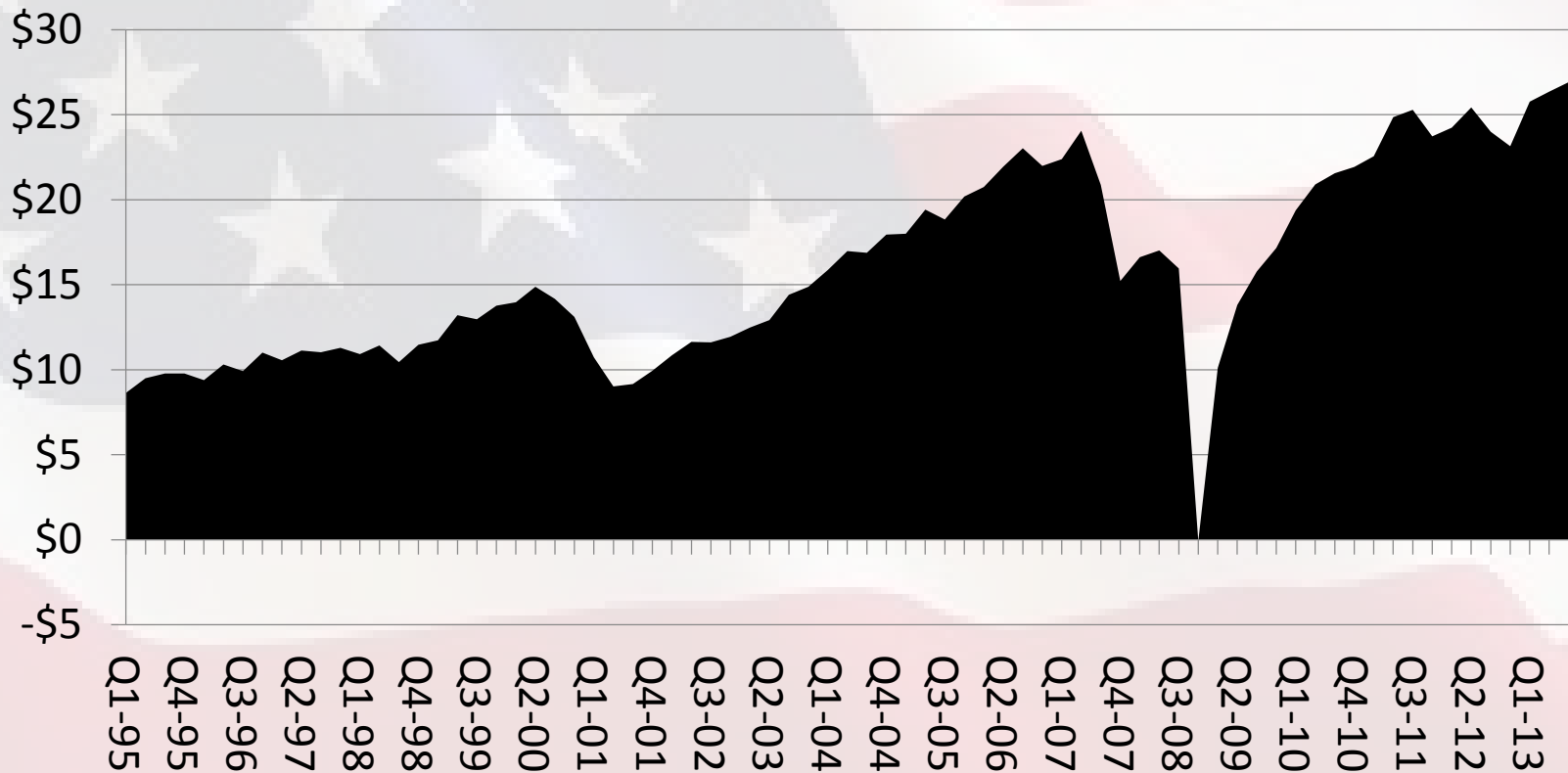
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The Investment Environment

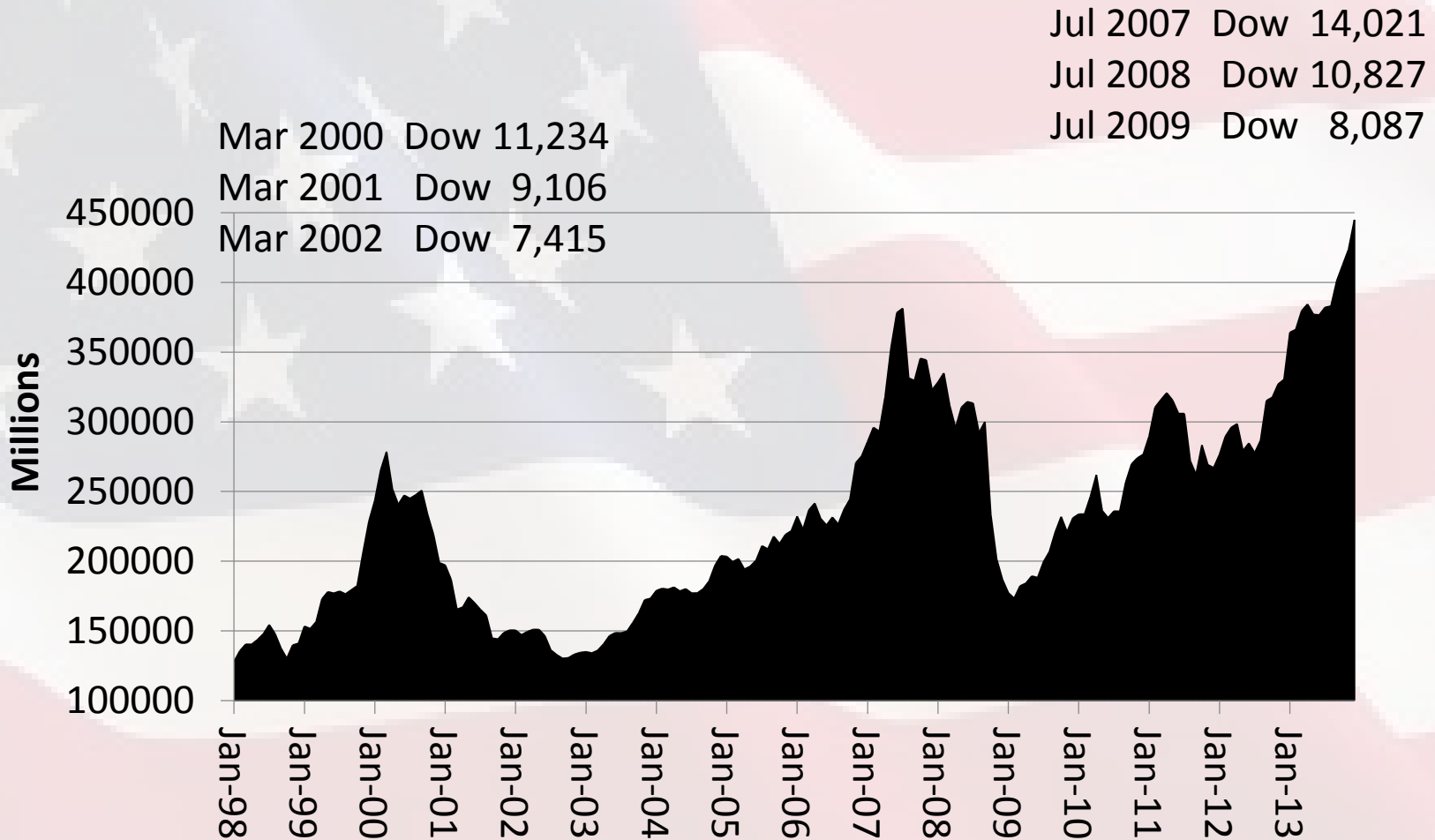
Corporate Earnings Per Share

S&P 500 Operating Earnings



Source: Standard and Poor's

Margin Debt Debit Balances at Broker/Dealers



Source: Standard and Poor's

Updated 2/14/14

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