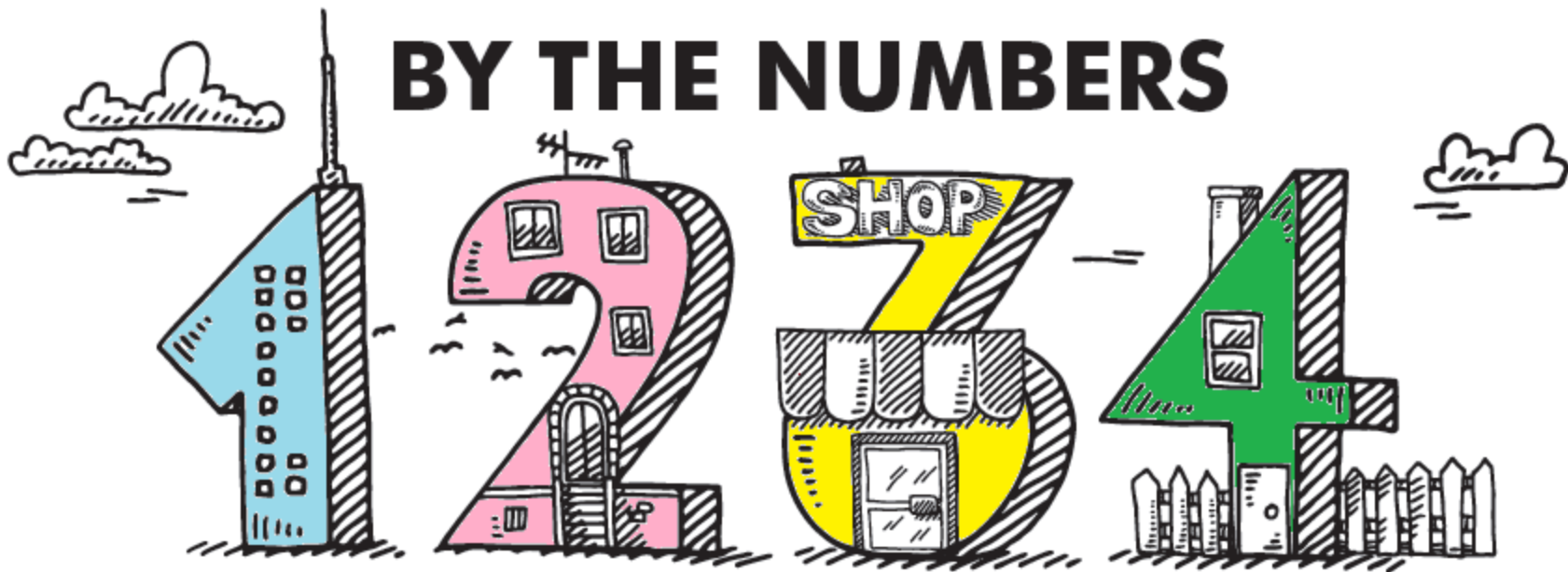


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A 2018 Real Estate and Economic Outlook

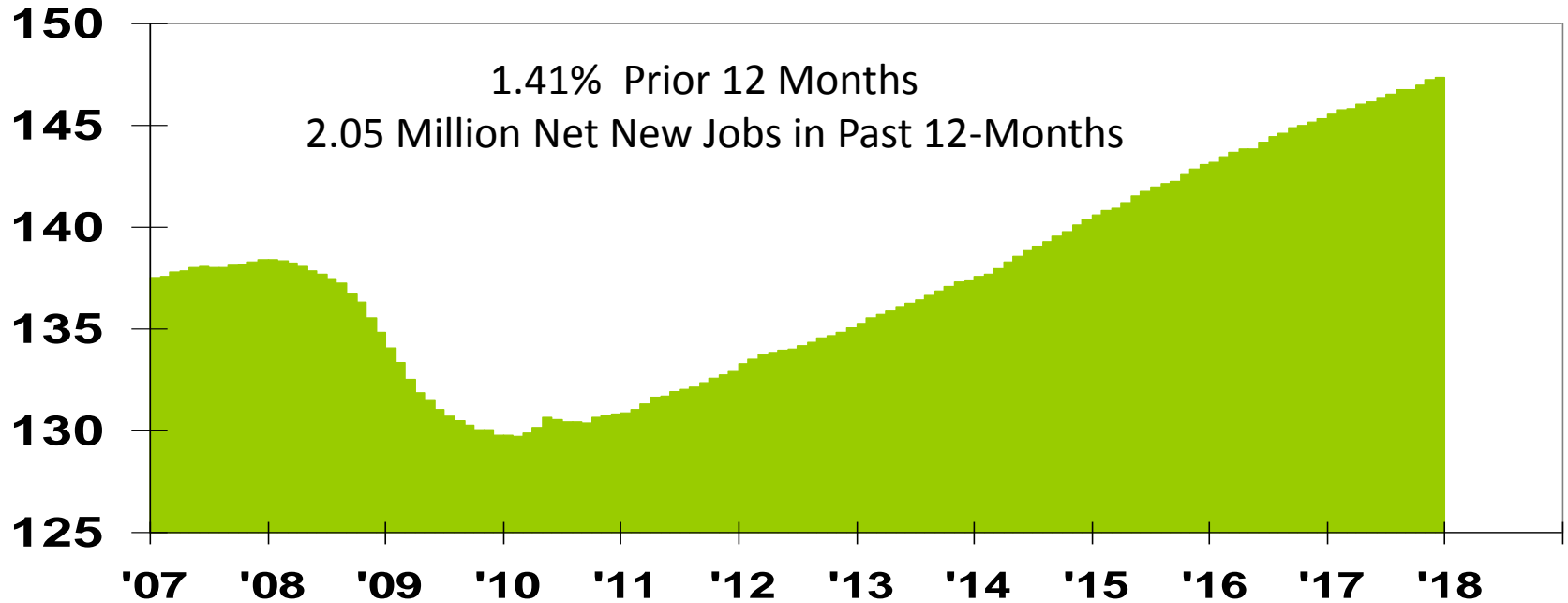
Ted C. Jones, PhD
Chief Economist

stewart

Hurricanes

U.S. Jobs

Jobs (Millions) *Seasonally Adjusted*

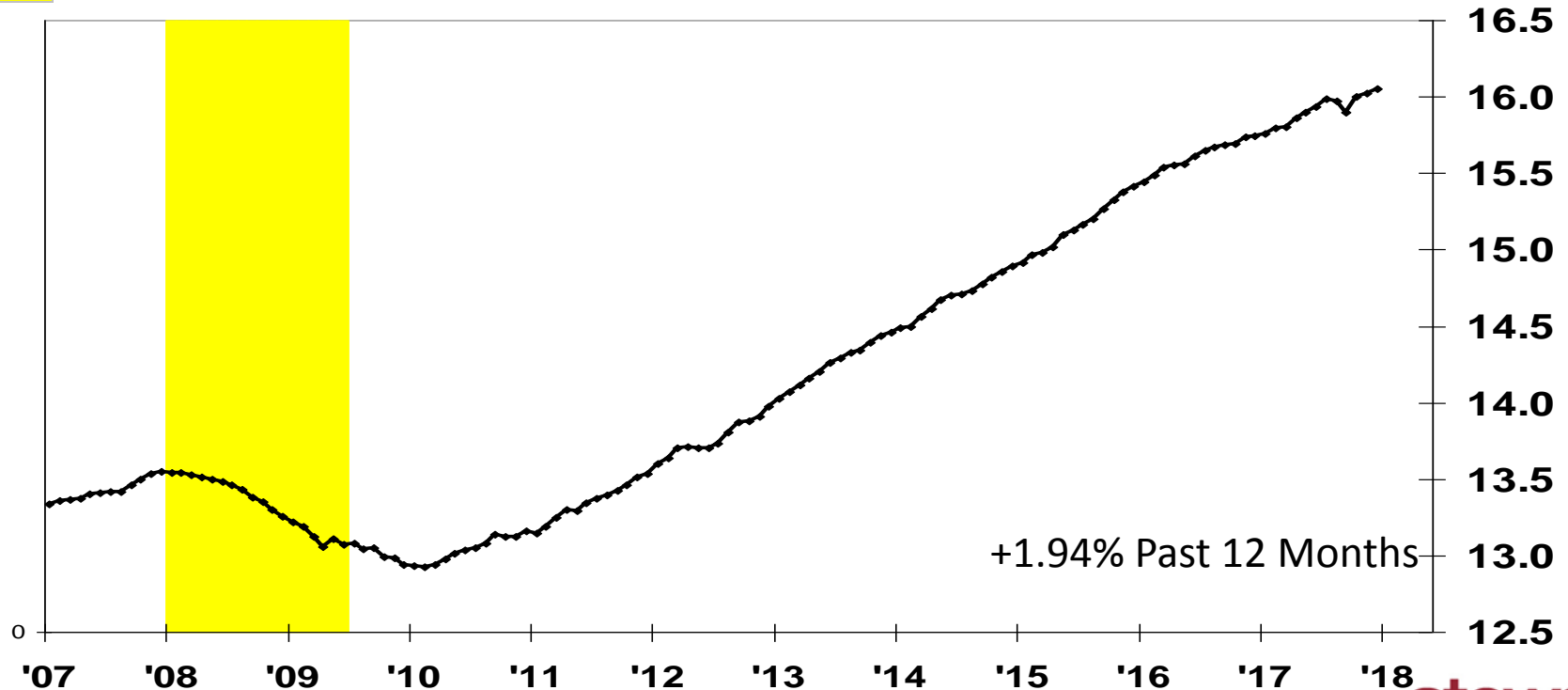


U.S. Leisure & Hospitality Jobs

The Blood Pressure Test of the U.S. Economy

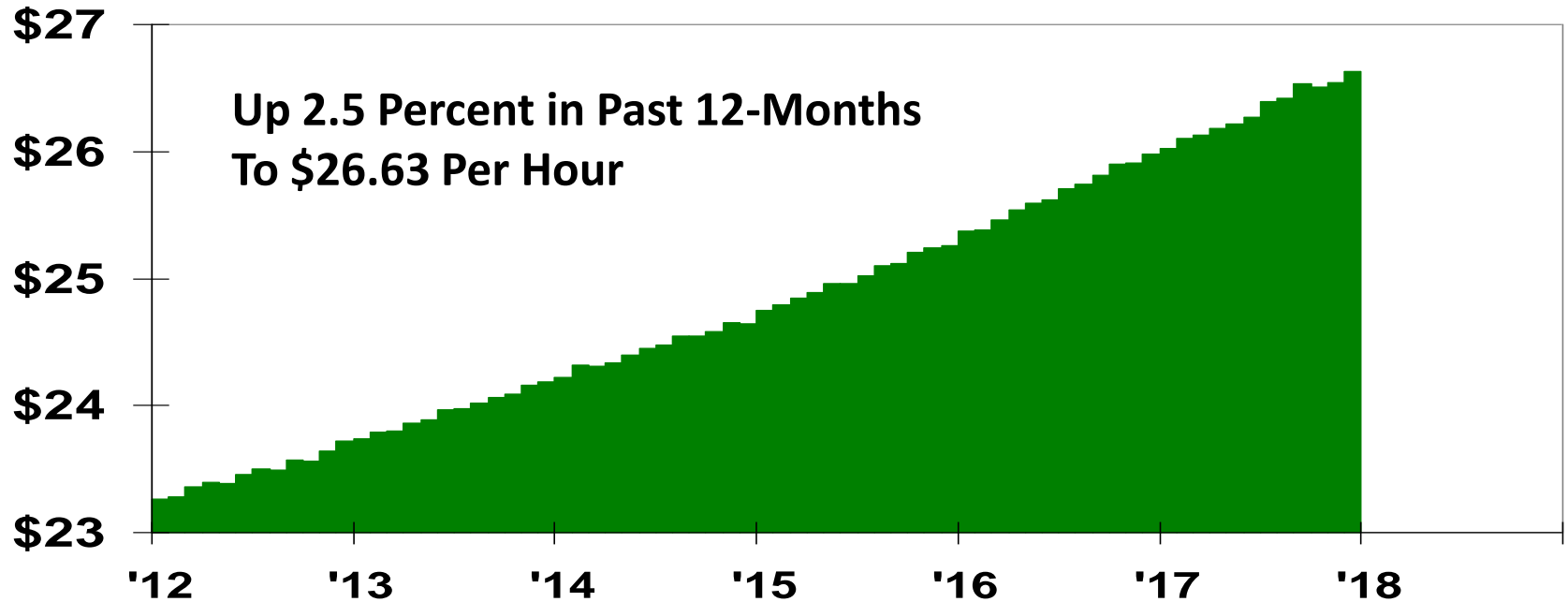
Millions of Jobs
Seasonally-Adjusted

 Recession



U.S. Average Hourly Earnings

\$US Per Hour



Job Growth Rates - 12 Months Ending November 2017

Utah	2.85%	Arizona	1.51%	Nebraska	0.99%
Texas	2.73%	Iowa	1.45%	Virginia	0.86%
Nevada	2.66%	Wisconsin	1.38%	Montana	0.83%
Florida	2.30%	Kentucky	1.33%	Hawaii	0.75%
Idaho	2.30%	New Hampshire	1.29%	Ohio	0.70%
Maryland	2.23%	New York	1.24%	Indiana	0.68%
South Carolina	2.17%	New Mexico	1.22%	Louisiana	0.45%
Washington	2.10%	Tennessee	1.21%	Illinois	0.43%
Oregon	1.96%	Oklahoma	1.16%	North Dakota	0.37%
Georgia	1.92%	Minnesota	1.15%	Maine	0.34%
Massachusetts	1.82%	Rhode Island	1.12%	South Dakota	0.23%
California	1.73%	Mississippi	1.06%	Kansas	0.21%
Colorado	1.73%	Michigan	1.06%	Delaware	0.07%
Alabama	1.68%	Pennsylvania	1.06%	Connecticut	-0.04%
Arkansas	1.67%	Missouri	1.05%	Wyoming	-0.61%
North Carolina	1.63%	New Jersey	1.02%	Alaska	-0.76%
Vermont	1.60%	Dist of Columbia	1.01%	West Virginia	-0.84%

220,000

**1st Time
Applicants
Unemployment
Benefits
Week Ending
October 14
2017**

**1.89
Million**

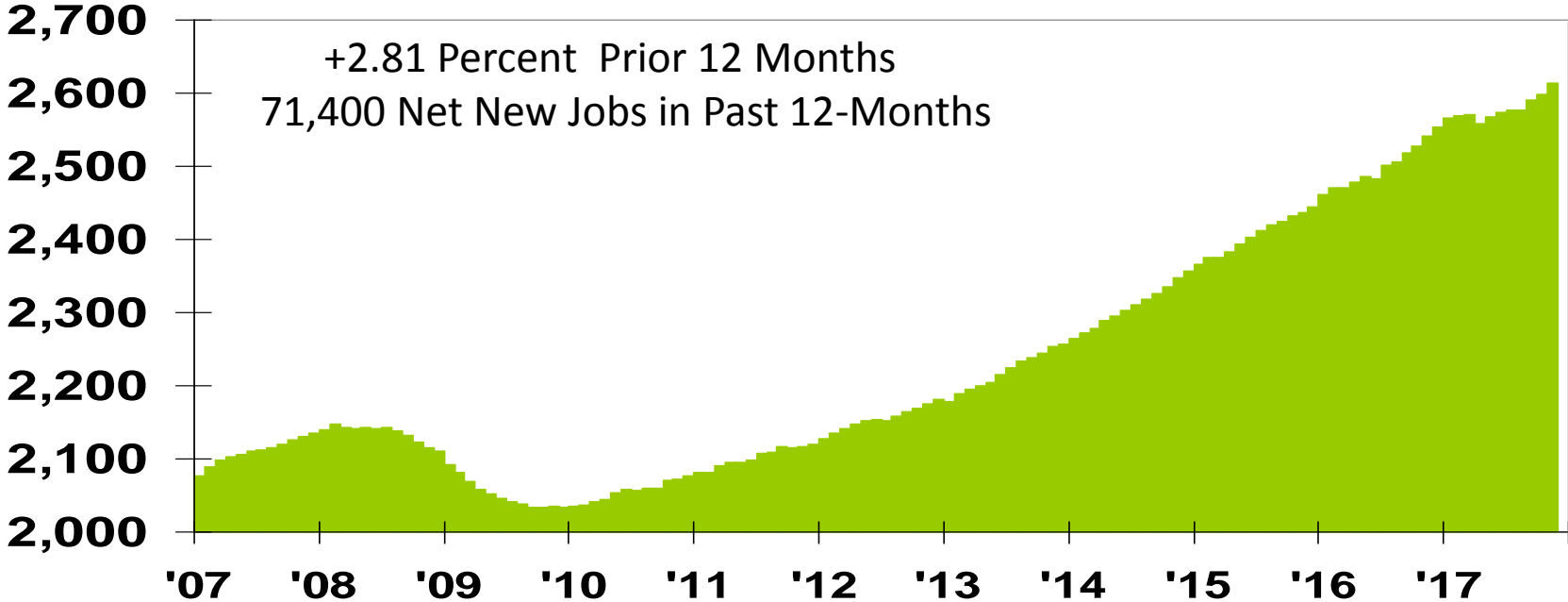
**Total People
on
Unemployment
Benefits
Week Ending
October 14
2017**

**-1.097
Million**

**Number of
Fewer
People With
Part-Time
Jobs That Want
Full-Time
Jobs YOY
Now 4.753M**

Dallas-Plano-Irving Jobs

Jobs (Thousands) *Seasonally Adjusted*



13.6%

**Percent of
U.S.
Population
Aged 25-34**

30%

**Percent of
Homebuyers
Prior Year
Aged 25-34**

130,000+ Millennial Poll

Would You Rather?

47% Have an Easy Job Working for Someone Else

53% Work for Yourself But Work Incredibly Hard

130,000+ Millennial Poll

Would You Rather?

29% Commit to a Guaranteed Job for Next 3 Years

71% Commit to a Start-Up Opportunity

130,000+ Millennial Poll

Would You Rather?

95% Gain 10 Friends in Real Life

5% Gain 10,000 Friends on Instagram-Twitter

130,000+ Millennial Poll

Would You Rather?

33% Lose the Right to Vote

67% Lose the Right to Say Anything on Social Media

130,000+ Millennial Poll

Would You Rather?

43% Give Up Sex

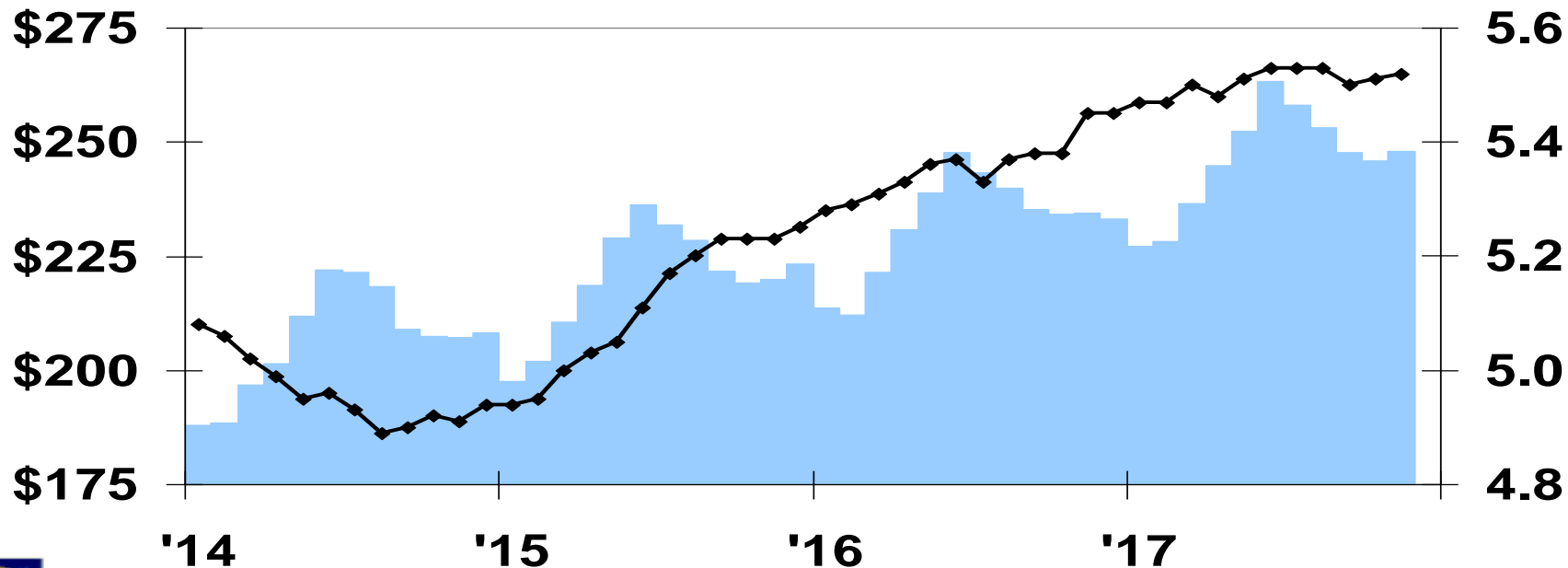
57% Give Up the Internet

U.S. Existing Home Sales & Median Prices

Sales Trailing 12 Months

Median Price *\$ Thousands*

Home Sales *12-Months Millions*



Median Price — Homes Sales

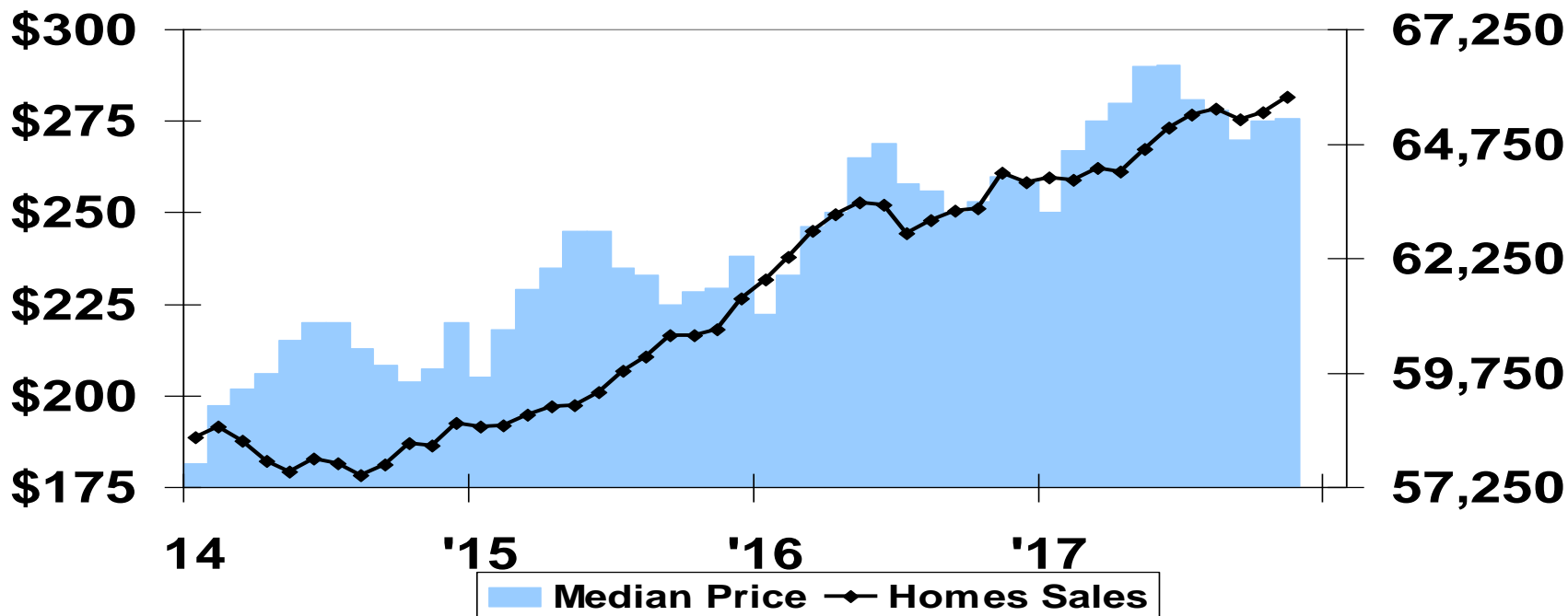


Dallas-Plano-Irving Home Sales & Median Prices

Sales Trailing 12 Months

Median Price *\$ Thousands*

Home Sales *12-Months*

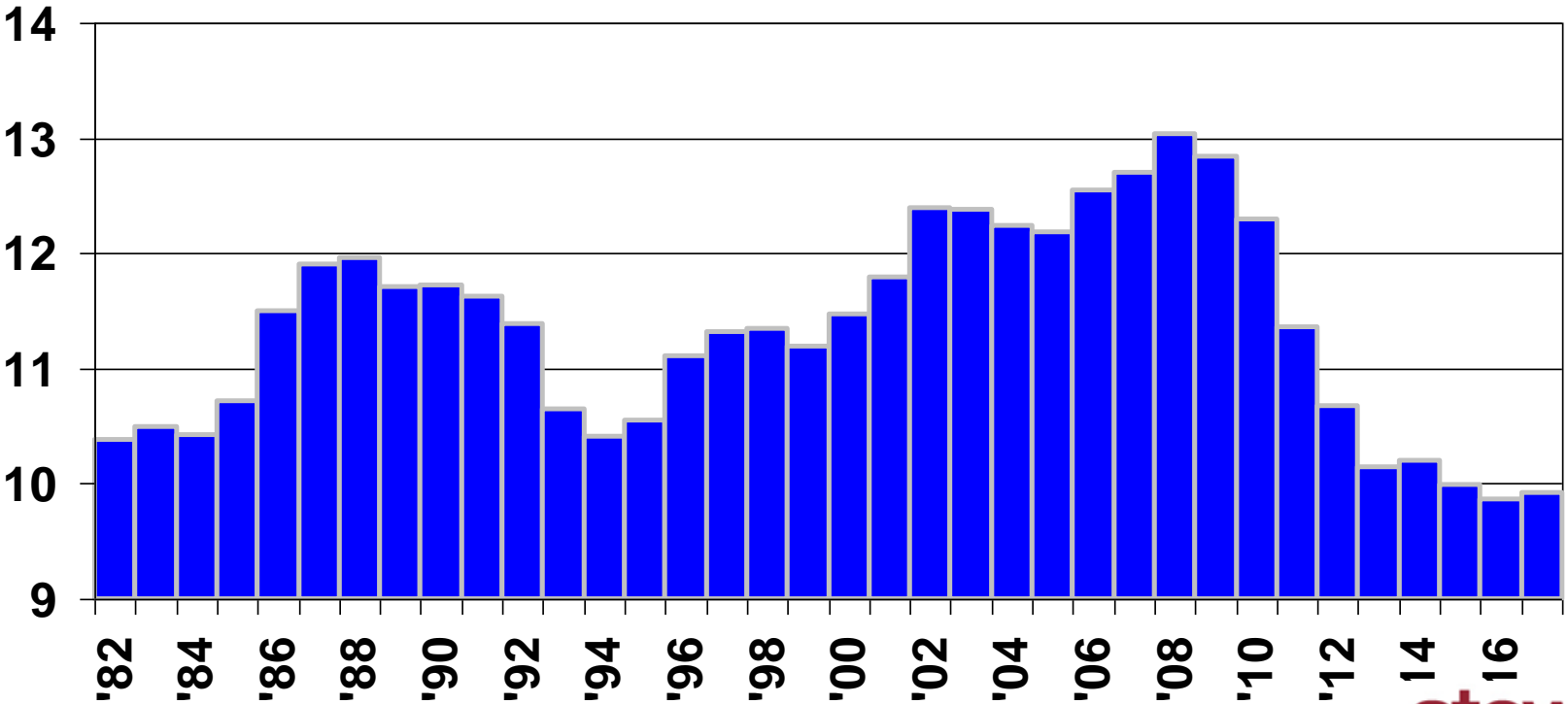


MegaThemes 2018

- More Jobs Than Ever in History
- Tax Reform Implications *MID SALT*
- Entry Level Homebuyers Strong
- Rising Interest Rates
- Commercial Sales Cooling - *End of Cycle*
- Strong Economy Potential!

Household Debt Service as a Percent of Household Disposable Income

Percent

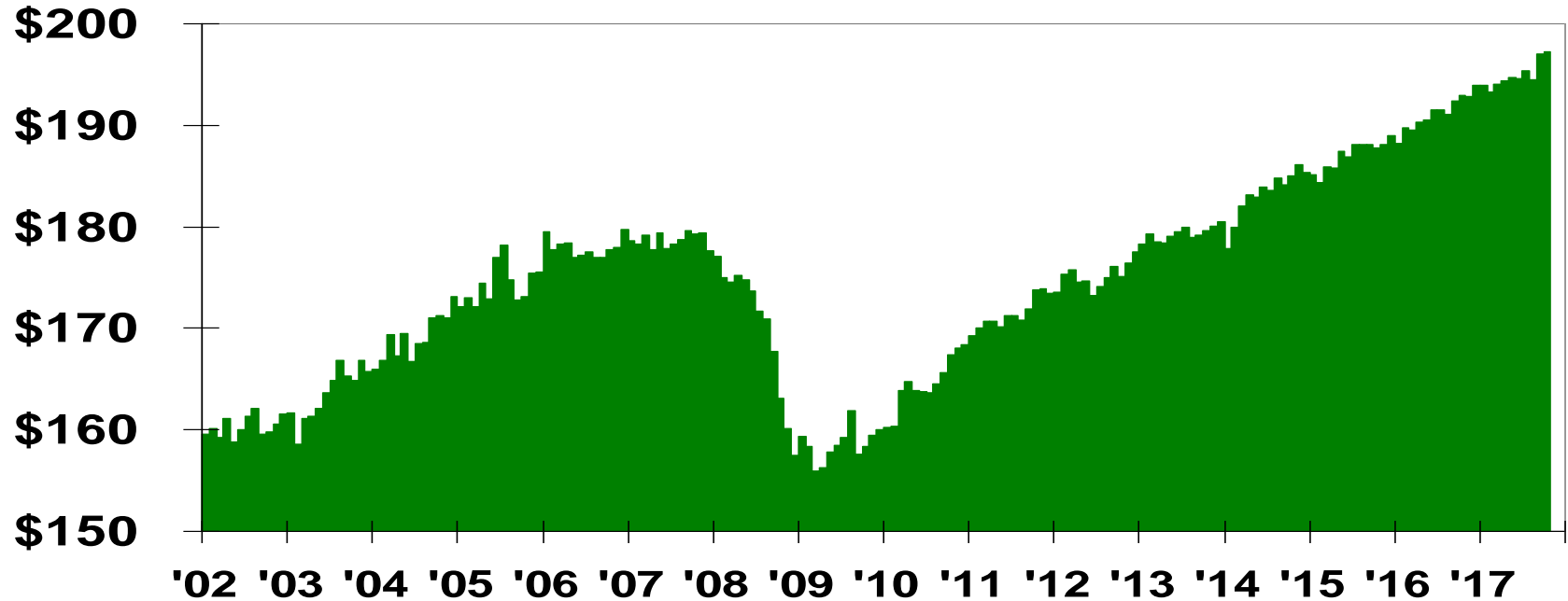


FED Board of Governors, BEA



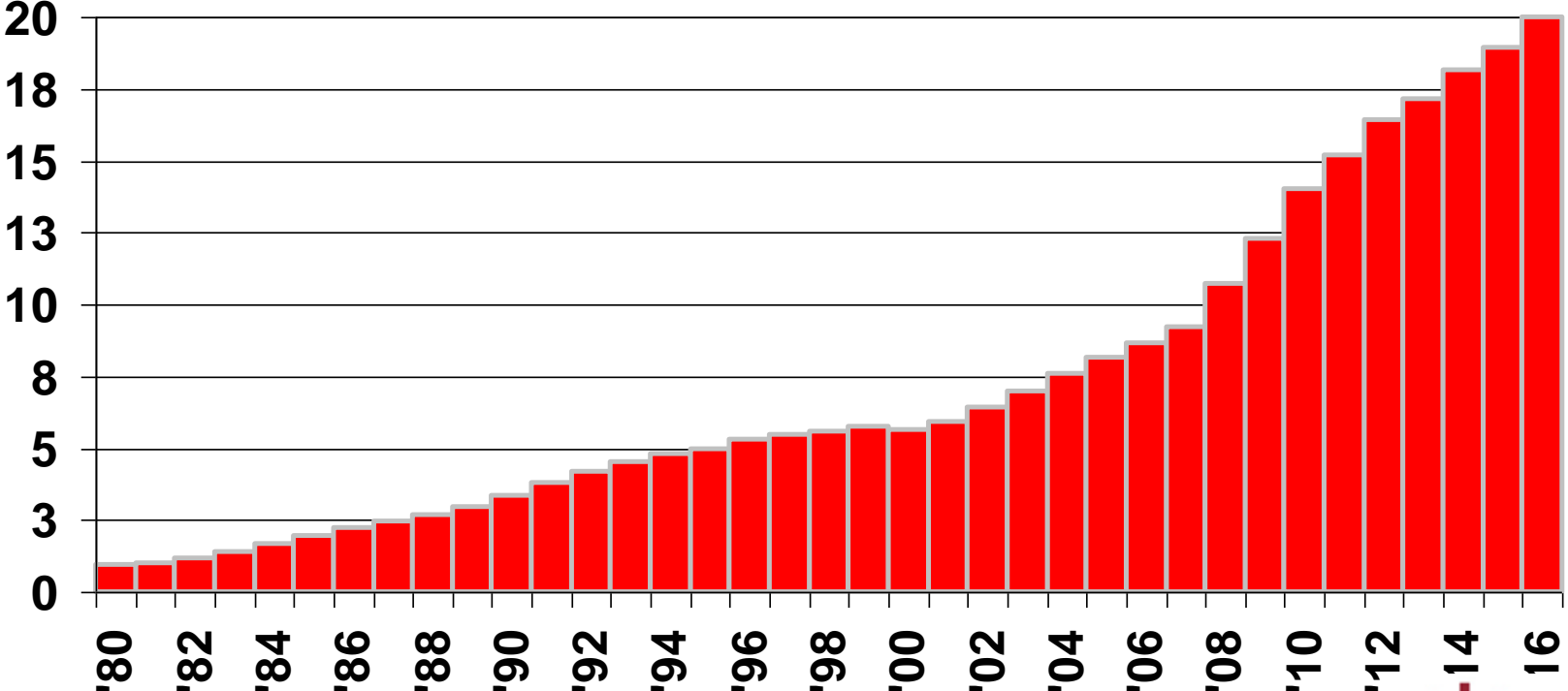
U.S. Real Retail & Food Service Sales

\$ Billions – Seasonally Adjusted



Federal Debt – Total Public Debt

\$ Trillions

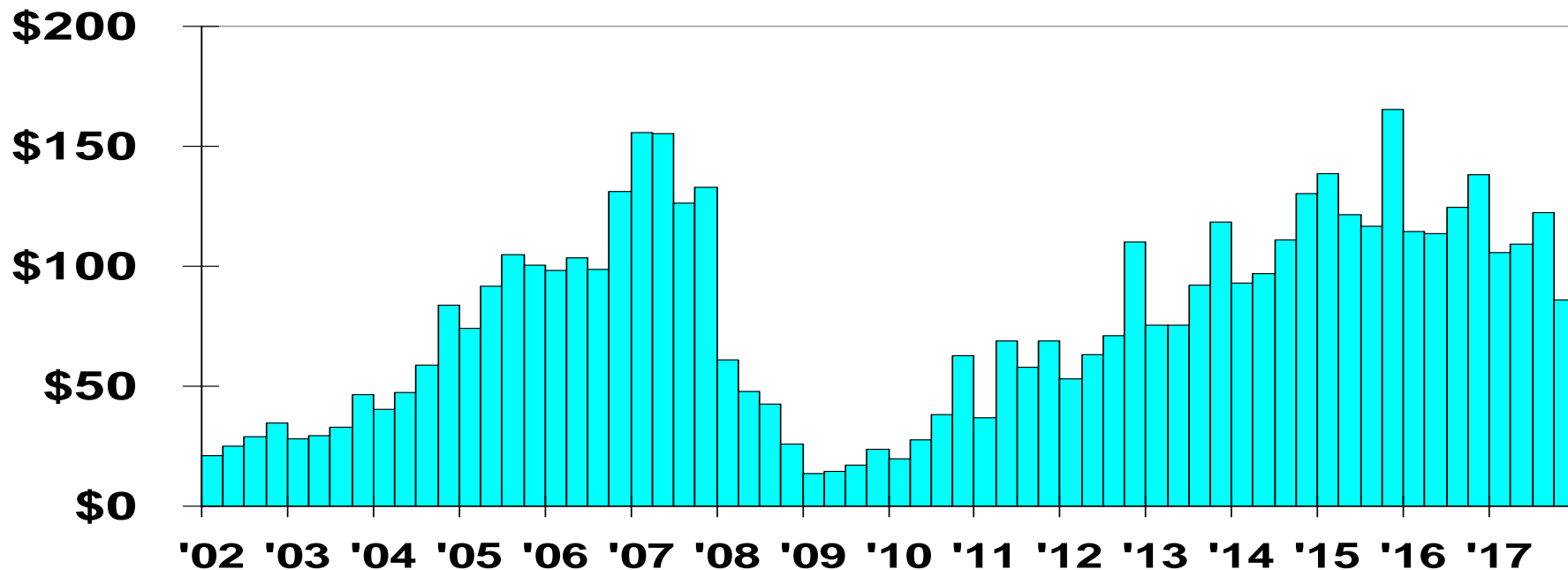


**Federal Debt
Interest Payments
In March 2017
30% Greater
Than March 2016**

U.S. Commercial Real Estate Sales Volume

\$ Billions – *Trailing 12 Months*

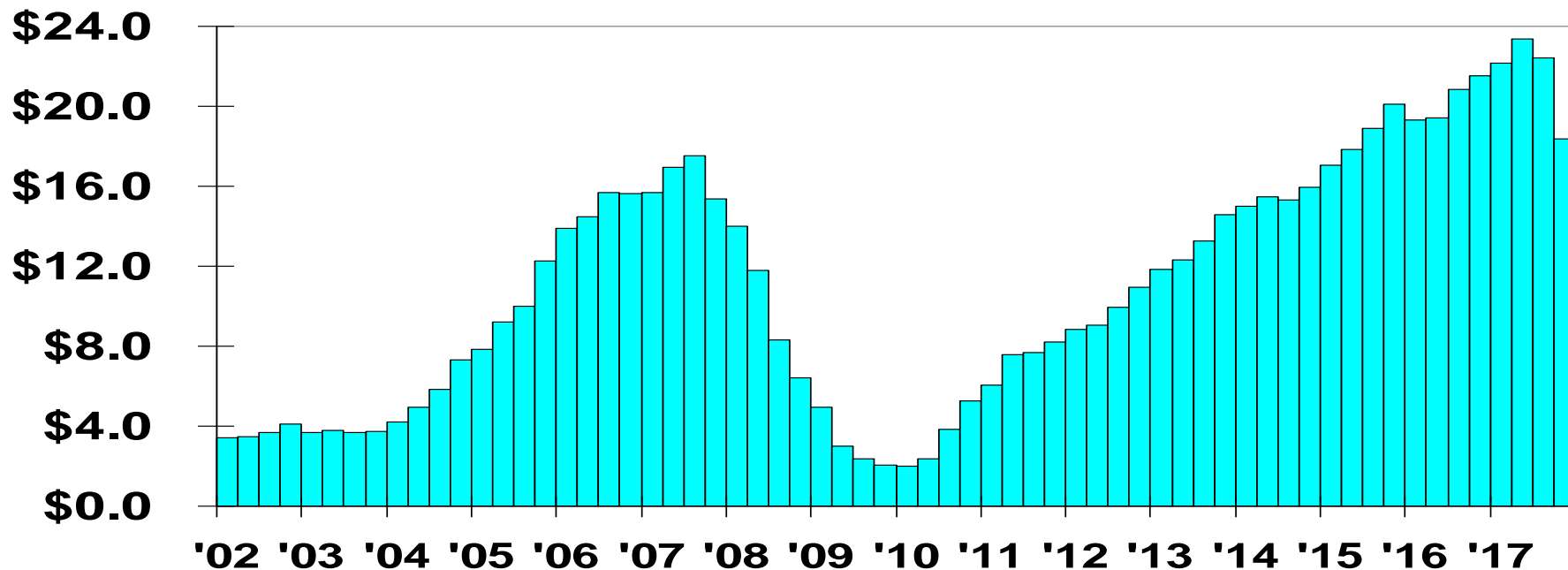
-13.9 Percent Year-Over-Year



Dallas Commercial Real Estate Sales Volume

\$ Billions – *Trailing 12 Months*

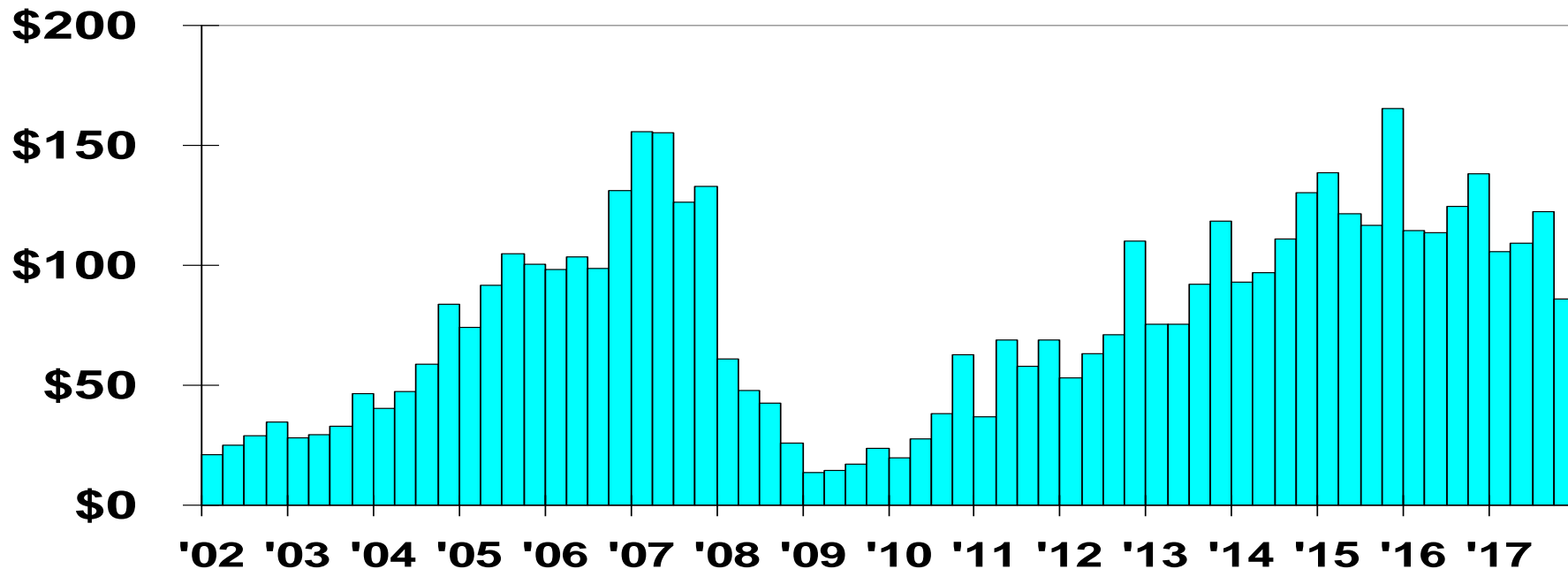
-14.7 Percent YOY



U.S. Commercial Real Estate Sales Volume

\$ Billions – Quarterly

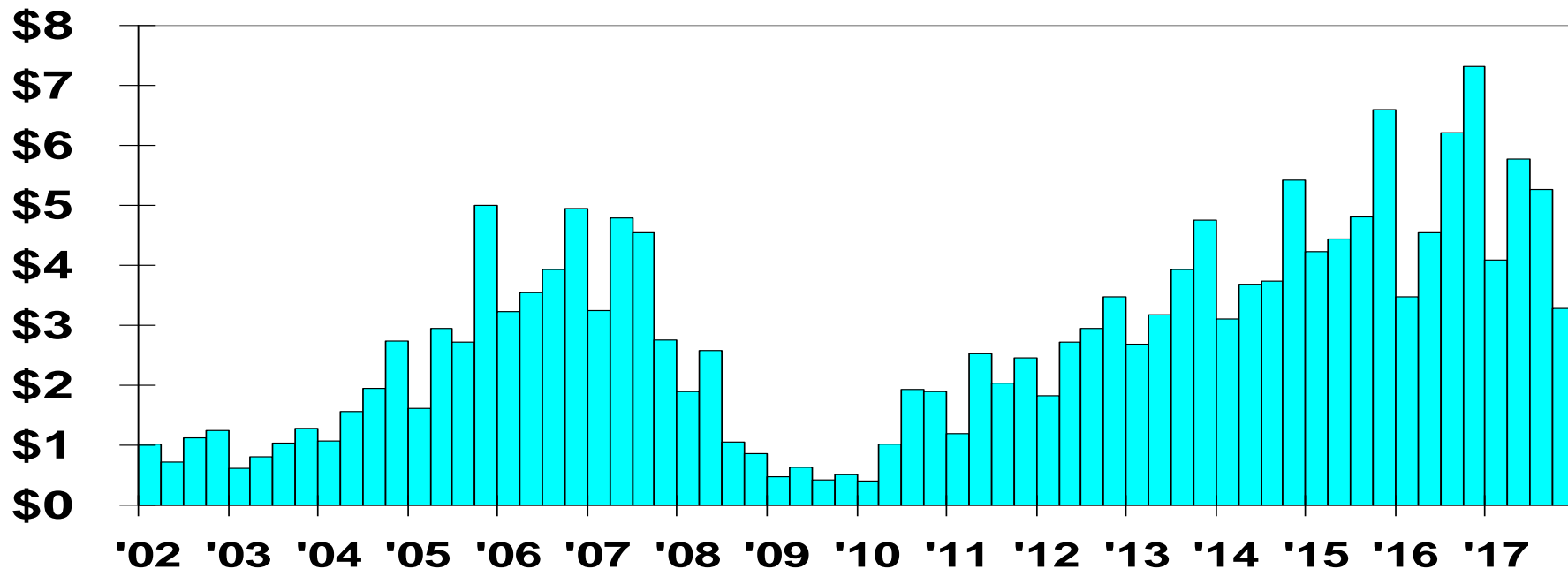
-37.9 Percent Q4 2017 vs Q4 2016



Dallas Commercial Real Estate Sales Volume

\$ Billions – Quarterly

-55.2 Percent YOY



19 Days

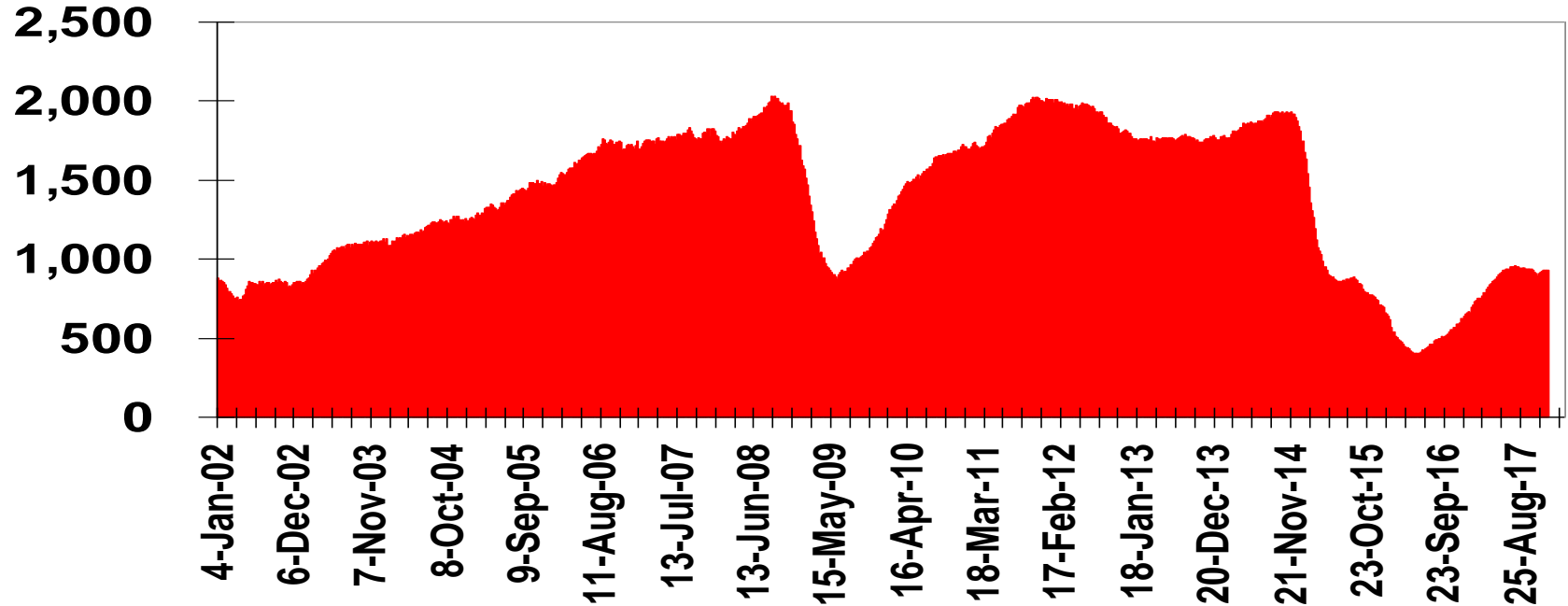
Days to Drill & Fracture

3 Years Ago -- 40 Days

Now – 19 Days

North American Drilling Rig Counts

Number of Operating Rigs



2018

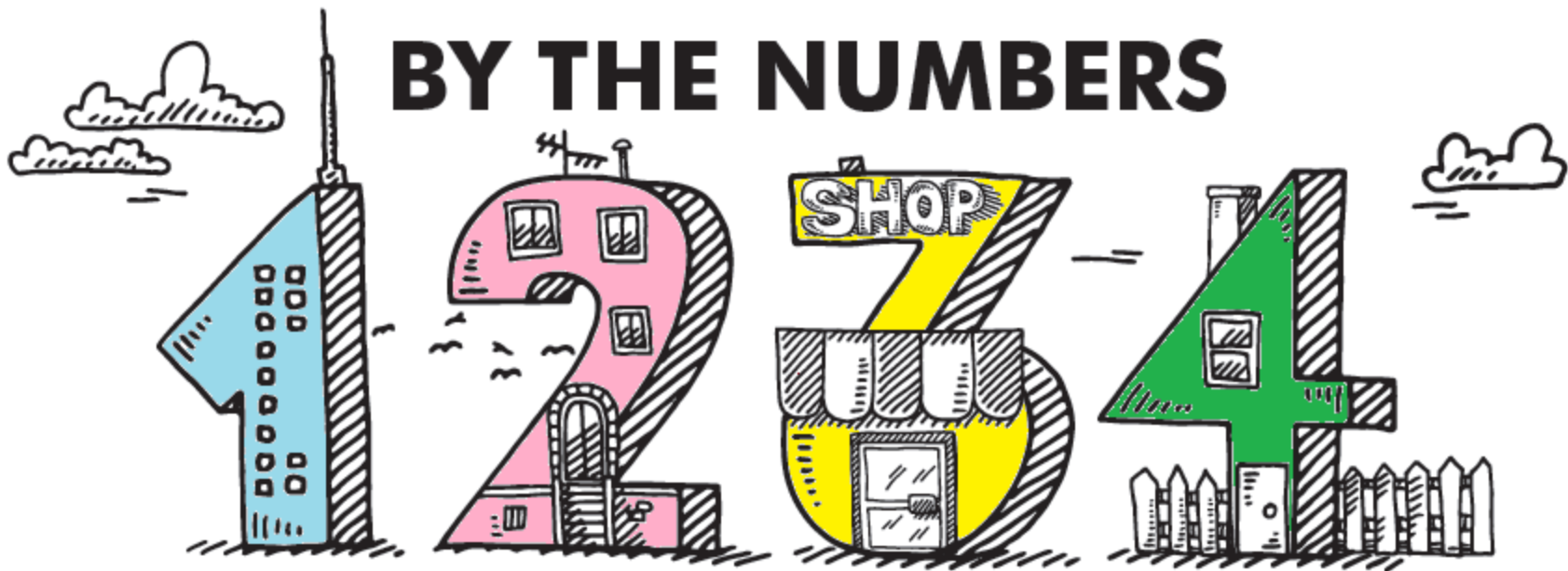
- **Strong Potential Economy** *corporate tax cut*
 - **Mortgage Interest** *some states*
 - **State Tax Deductions** *some states*
 - **Inflation – Unraveling Quantitative Easing** **QE**
 - **Rising Interest Rates**
 - **Mid-Term Elections**
 - **Cheap Energy Drives Overall US Economy**
- Tax Law Impacts

Twitter

DrTCJ

Artificial Intelligence

BY THE NUMBERS



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