

# ADVANTAGE ASSET MANAGEMENT

PRESENTS

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## Real Estate Outlook – 2017 Rental Market Growth & Current Trends

September 27, 2017

- A. Current Rental Market Trends & Industry Outlook for 2017 & 2018
  - 1. The Outlook – Hard to predict with so many different forces:
    - Negatives:
      - Collapse in oil prices in 2015
      - Clear softening of the 2013-2015 Sellers' Market
    - Positives:
      - Woodlands and Conroe Micro-Market Stronger
      - Bargain hunters and families seeking affordable housing & good schools
  - 2. Job Market
    - People need jobs to rent or buy housing
    - Texas employment growth: 2.5% vs. 1.4% nationally
    - Texas unemployment rate: 4.2% vs. 4.4% nationally
    - However, Houston's growth is lagging vs. other Texas metro markets @ 1.8%
  - 3. TX A&M Real Estate Center Stats:
    - Income increasing slowly, but housing costs increasing faster
    - Interest rates increasing on mortgages, but slowly
    - Financial uncertainty up
    - Sharp drop in Houston in construction jobs
    - Complex issue in retail employment
    - NAFTA uncertainty an issue for Houston and Texas
  - 4. Merger of Invitation Homes and Waypoint Homes
- B. Taking Advantage of Opportunities
  - 1. Self-management, Broker Management or Rental Management Company?
  - 2. Renting your present home or buying rental property?
  - 3. What is your risk profile? Watch for too much leverage!
  - 4. Remember traditional investment portfolio rules
- C. Simple Tips to Increase the Market Value of Your Properties
  - 1. Absolute – clean inside and out – Does it pass the “smell test?”
  - 2. Safety is Number 1
  - 3. Fresh paint moves listings
  - 4. Pets or not?
  - 5. Avoid rental disasters – wrong tenants and wrong contractors
- D. Local Market
  - 1. The Woodlands and Conroe Area is not “Houston”
  - 2. Know your general area rental conditions and your specific area conditions

- E. Thoughts on Hurricane Harvey and Effects on the Market
  - 1. Rental market spike is positive and negative
  - 2. Continue to use standard screening or even increase screening
  - 3. If your property flooded, be sure to have it professionally screened for mold. Avoid a disaster if you get a sensitive tenant who claims you lied about whether it previously flooded or claims you covered up mold.
  - 4. Note – most mold is simply not toxic, but there is a lot of hysteria you don't need!
- F. Thrive in Market Discussions with your Clients, Buyers, etc.
  - 1. Plan your presentation
  - 2. Do not oversell
  - 3. Know your market and your property or properties
- G. Questions?