

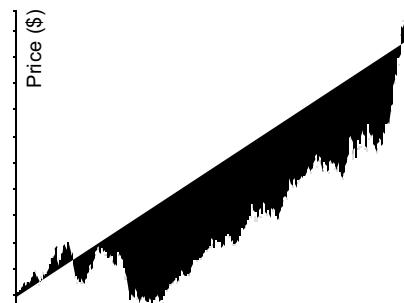
# Quarterly Housing Report

Third Quarter for Midland MSA

## Economic Analysis and Outlook

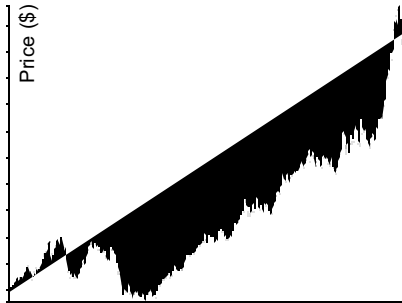
The outlook for Midland's economy appears to be improving with oil prices stabilizing since the August low of \$39.50. Instead of free falling prices like last year, oil is currently hanging around the mid to upper \$40 dollar per barrel range. The boost in prices has been matched with a boost in investment in the Permian Basin. Recent surges in capital has enabled producers to acquire more prospective sites for future exploration.

Despite the positive news in oil, the number of jobs continues to remain at its plateau level of 90,000 based on September BLS reports. This trend is currently the same for oil and gas, reported under the mining, logging, and construction category, and transportation employment categories but may soon change as rig counts increase. As of September, rig counts in Rail Road District 8, where Midland physically resides in, grew to 133. Although nowhere near the levels during the oil boom, this is a major change in direction since the low of 91 rigs reported earlier in May. According to a recent study by the University of Houston, each oil rig represents a total of 224 jobs on and off the drilling pad.

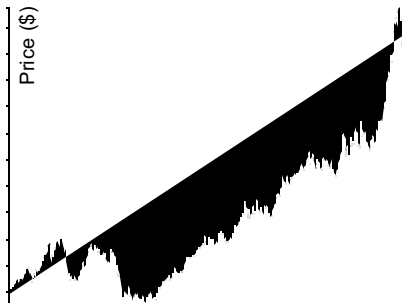


# Housing Market Update

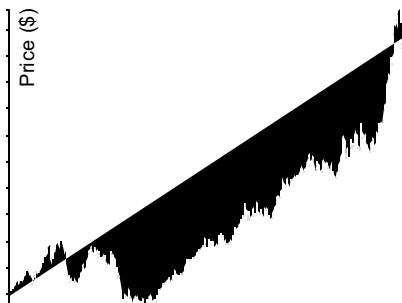
As the oil markets continue to improve we believe the housing market will eventually follow suit. At this time there is still too much volatility in the markets to determine any type of sustainable recovery but there are a few trends that we have been able to highlight below.



Prices in the northwest side of Midland have continued to drop due to the increased number of listings and falling demand. This includes the higher priced submarket in the \$300k to \$400k range, which is amongst the most active price ranges in area especially for new construction. We can see from Chart 2 that existing homes have taken a gradual decline since 2014 and new homes since 2015 have gradually fallen. The price trend for new homes only represents sales recorded on the MLS, which typically include only spec homes.



On the Northeast side of Midland inventory continues to rise for all price categories. Close prices have taken a hit but in various degrees for each segment with one exception. Existing homes in the \$200k to \$250k price range have actually held its ground since 2014 and in some periods have increased. Existing homes in the \$300-\$400k, after a mild slump, has remained relatively steady at around \$124 per square foot. Since 2014 the new home market has shifted from homes in the \$400k range to the mid-\$200k range.



Despite spikes in supply and lagging sales, prices in the 79703 zip code have been less volatile than in other surrounding areas. Homes on the smaller end of the square footage scale have decreased in price while homes closer to 1,500 square foot range have remained virtually untouched.

# Top Zip Code Tables

Column One	Column Two	Column Three	Column Four
w	x	y	z
w	x	y	z
w	x	y	z

Column One	Column Two	Column Three	Column Four
w	x	y	z
w	x	y	z
w	x	y	z

Column One	Column Two	Column Three	Column Four
w	x	y	z
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