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It's a good time to live in the great state of Texas

Jones delivers economic forecast to BAHEP members



Ted C. Jones, Ph.D.
Chief Economist / Senior Vice President
Stewart Title Guaranty Company

Ted C. Jones, Ph.D., talks — a lot. In his position as the chief economist, senior vice president of Stewart Title Guaranty Company, Jones typically gives more than 150 presentations on real estate and the economic outlook each year. Members of the Bay Area Houston Economic Partnership were recently the enthusiastic recipients of one of his entertaining and insightful talks.

Jones makes predictions

During his presentation — *Things Change, the Outlook for Real Estate and the Economy* — Jones made some predictions that business owners found encouraging. He said, “The administration is going to cut the corporate tax rate from 35 percent to 15 percent.”

Jones also predicted that we’re going to have U.S. overseas corporate profit repatriation. What does that mean? The administration is proposing that we give a one-time tax holiday for corporate repatriation. It has advocated for a special corporate tax repatriation holiday rate whereby corporations with money stashed overseas would be able to pay a tax rate of just 10% on that income in order to bring it back into the United States. This cash could be a big boon to some of the largest U.S. multinational companies.

The Speaker of the House said that America

would bring back \$3 trillion by doing this, according to Jones.

In winding up his predictions, Jones stated that there would be a corporate gains tax cut as well as tax changes for the middle class that would be positive for some and not so positive for others.

Recession not in the forecast

Jones then turned his attention to the performance of the U.S. stock market in 2016, which saw the Dow Jones Industrial Average at 13 percent followed by the S&P 500 at 9.5 percent and the NASDAQ Composite at 7.5 percent. He said that the NASDAQ Composite is heavily weighted towards information technology companies. Jones stated that industrials were the big winner, which is great news for Houston whose primary business is industrials.

Jobs were the next topic of discussion, and there was good news and bad news to

relate. Jones reported that we now have more jobs than at any other time in our history, but U.S. job growth keeps going down. However, leisure and hospitality jobs grew by 2.25 percent over the past 12 months compared to the 1.64 percent growth overall of U.S. jobs. In the Houston — The Woodlands — Sugar Land Metropolitan Statistical Area (MSA) that growth was 4.17 percent. “You don’t spend money on leisure and hospitality unless you feel good about the future,” Jones remarked. Because of this segment of growth, he, therefore, does not see a recession coming up.

Jones covers tax climate, home sales, interest rates, and the amazing Permian Basin

Jones then spoke of the Tax Foundation’s 2017



City Manager Wayne Sabo, Webster, Texas; Ted Cummings, Ph.D., Dean, School of Business, University of Houston-Clear Lake; Leslie Cummings (left to right)

State Business Tax Climate Index where Texas ranks 14th out of all the states. “What we need to do,” he

said, “is to get rid of our gross receipts tax, our corporation income tax, and our corporate franchise tax. If Texas were to do that, it’d be the third best place to do business in America.”

There was good news to report in regard to household debt, according to Jones. He said that we’re currently spending less of our take-home pay on debt services (house, cars, college debt) today than we have in three decades. “People have money in their pockets; that’s why things are so good,” Jones declared.

Home sales in Galveston County and the Houston MSA were the highest in history over the past 12 months. That’s good news, but Jones added some bad news along with the good. He reported that 1.094 million residential building permits were issued in the past 12 months in the U.S. while there were 2.243 million net new jobs. There

were 2.05 new jobs per new dwelling unit where 1.25 to 1.5 is normal. That translates to demand outstripping supply thus driving prices up. In the Houston MSA, 44,643 residential building permits were issued in the

past 12 months. With 14,400 new jobs in the MSA, there were 3.1 dwellings per new job where 1.25 to 1.5 is normal. What does this mean? Jones said that high-end apartments will



Bob Mitchell, president, Bay Area Houston Economic Partnership (left) and Mike Sullivan, director of Governmental and Public Affairs, Group 1 Automotive, Inc.

not be built this year, because we have too many. He added that we still have a very hot housing market in homes over \$500,000. That market tends to cool off, though, with homes over \$1 million.

Interest rates? They’re going up. He said, “My forecast for 30-year rates over the next 12-18 months will be between 4.7 and 5.3 percent.”

Finally, Jones spoke of

oil, gas, and the Permian Basin. Under Midland-Odessa and the Permian Basin, new technology made it possible to find 14 billion barrels of oil. “Mark my words, 10 years from today, the U.S. will be among the top five oil exporting countries in the world,” he foretold.

Things change. Technology changes. It’s a good time to live in the great state of Texas.



Leigh McKittrick, marketing manager, Schaumburg & Polk, Inc.; Council Member J.W. “Jay” Martin, La Porte, Texas; Mayor Louis Rigby, La Porte, Texas (left to right)

BAHEP welcomes Marina Bend at Clear Creek apartment community

League City’s Marina Bend at Clear Creek is a luxurious new apartment community featuring private access to Clear Creek. It has become the newest member of the Bay Area Houston Economic Partnership. “League City is a member city of BAHEP, and it is experiencing phenomenal growth. Marina Bend at Clear Creek provides apartment homes that offer the quality of upscale single family homes without the personal upkeep that they require. We are pleased to welcome Marina Bend at



Clear Creek into our membership,” stated Bob Mitchell, BAHEP president.

Kimberly Maerz is Marina Bend’s property manager. She commented, “We are all so proud of our new apartment community and are really excited to be opening on or before May 1st. We’re also looking forward to being active mem-

bers of the organization. Due to BAHEP’s many initiatives which bring great companies and jobs to this region, it makes it possible for an apartment community such as ours to be successful. We definitely want to contribute to BAHEP’s success, as well.”

According to Maerz, Marina Bend at Clear Creek

offers lifestyle-enhancing amenities that make it easy to unwind, including a meditation garden, resort-style pool with an outdoor summer kitchen, a rooftop lounge, business center, and 24-hour fitness center.

The apartment community offers a variety of open concept, one and two bedroom floor plans with wood-style flooring, recycled glass counter tops with matching backsplash, GE slate finish appliances and a washer and dryer.

Marina Bend at Clear Creek is the first phase of a

60-acre master planned development. This development is anticipated to include a marina, hotel, indoor/outdoor dining, retail, and concert venues.

To view artist concepts of the floor plans at the beautiful four-story Marina Bend at Clear Creek, visit www.marinabendatclearcreek.com.

Call 832.558.4990 for more information or to schedule a tour of the property, which is located in Galveston County at 350 N. Wesley Drive, League City, Texas.

BayTech offers intensive course in fiber optics to veterans

Most people have heard of fiber optics but would be hard-pressed to define exactly what it is.

Fiber optic communication is a method of transmitting information from one place to another by sending pulses of light through an optical fiber. Fiber is preferred over electrical cabling when high bandwidth, long distance, or immunity to electromagnetic interference is required. The field of applied science and engineering concerned with the design and application of optical fibers is known as **fiber optics**. Optical fiber is used by many telecommunications companies to transmit

telephone signals, internet communication, and cable television signals.

Launched in 2011, the Bay Area Houston Advanced Technology Consortium, or BayTech, was created by the Bay Area Houston Economic Partnership to retain human spaceflight expertise, jobs and business in the Bay Area Houston region. Over the years, BayTech has expanded its mission by facilitating training for military veterans.

On Dec. 1, 2016, BayTech began a Wagner-Peyser grant to provide Fiber Optic Technician training to military veterans with the goal of placing

them in industry when fully certified. The training is being delivered by EDS Technologies LLC, a veteran-owned training company. The training program is wholly-funded by the Wagner-Peyser grant in the amount of \$451,570.

BayTech developed an outreach strategy to target military veterans for the training by working with the Houston-Galveston Area Council Workforce Solutions and EDS Technologies LLC, to leverage their veteran networks and contacts to market the Fiber Optic Training Program utilizing flyers, face-to-face contact, and social media.

The Fiber Optic Techni-

cian training is a 40-hour program, 30 percent lecture and 70 percent hands-on, and consists of fiber optic theory, design, elements, and installation.

Two classes were held in February and March 2017 with 16 students in each class. All 32 students successfully completed the course and received completion certificates. Additionally, all 32 students sat for the Fiber Optic Association certification exam and all passed the exam. Additional “Employment Readiness” training is being provided by the United Way and is used to augment the fiber optic training.

BayTech is working with

the Houston-Galveston Area Council Workforce Solutions and with the training provider, EDS Technologies LLC, to begin activities to place these individuals within industry.

The final fiber optic training course for 2017 is being held April 24 – 28, 2017.

Representatives from telecommunications companies who want information about available candidates can contact Kim Morris, BayTech director, at 832.536.3255. Morris is also available by email at kim@bayareahouston.com.

For more information about BayTech, visit www.baytechsolutions.org.

BUSINESS to BUSINESS is a monthly Bay Area Houston Economic Partnership publication in partnership with THE DAILY NEWS. BAHEP is a member-driven organization that provides the leadership to stimulate regional economic development and employment in southeastern Texas. Its members include more than 265 business partners encompassing 13 cities, Galveston and Harris counties, the Houston Airport System, and Port Houston. For membership information, contact Membership Director Harriet Lukee at 832.536.3250.

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