



Basis Points – February 6, 2020

 westwoodgroup.com/weeklyblog/basis-points-february-6-2020/

Above the Fold

Does America Have a New Housing Crisis on Its Hands?

Home prices and rent rates have far eclipsed the highs of the housing bubble that burst nearly 13 years ago. While it's true that median incomes have risen 4.4% from \$60,985 in 2007 to \$63,688 in 2019, the average sales price of a home in the U.S. leapt 26.5% during the same period, from a peak of \$257,000 in 2007 to its current level around \$325,000. According to a recent study by research firm ATTOM Data Solutions, average wage earners can't afford to buy a home in 344 of 486 U.S. counties — in other words, homes are slipping out of monetary reach in 71% of the country.

Many have turned to the rental market, leading to the largest portion (34%) of Americans renting since the 1960s. In many metro areas, where the highest paying jobs are, rent rates have expanded by more than 20% in the last 5 years alone. The national rent average rose to \$1,473, up \$390, or 36%, in the past 10 years.

While this data doesn't necessarily suggest a bubble, something's got to give. The landscape is certainly different now as hedge funds soaked up many distressed properties and many turned them into rentals or flips for more qualified homebuyers. Harvard's [Joint Center for Housing Studies](#) also found that American households have much more equity, on average, than during the housing bubble, with less debt overall. These factors add stability, but a boost in median income would certainly make a more profound impact.

Three Things

1. *eBay's Ultimate Bidder* – Online auction site eBay received an unsolicited bid of \$30 billion from New York Stock Exchange owner ICE (Intercontinental Exchange Inc.). While this might seem “out-of-the-box” for ICE, the company believes they can create value for shareholders of eBay. Executives from the tenured ecommerce site have yet to issue a formal response.
2. *Disney Is Far From Frozen* – The media giant and owner of Frozen, Star Wars and Marvel franchises reported earnings that topped analyst expectations. The strong results were fueled by its new Disney+ streaming service, which has already logged 28 million subscribers just a few months after its release.
3. *American-Made 5G, Can You Hear Me Now?* – The White House is working with American companies, including Microsoft, Dell, AT&T and others, to build out domestic 5G infrastructure without much reliance on Chinese firms such as Huawei, who may pose security risks. Finland's Nokia Corp. and Sweden's Ericsson AB will contribute to the effort and produce hardware for the coming technology.

Did You Know?

King Tut Returning to the Valley of the Kings

For the first time in 3,300 years, boy-king Tutankhamun's sarcophagus was transported out of the Valley of the Kings to be restored ahead of the new Grand Egyptian Museum, set to open later this year.

The tomb was first discovered in 1922 by archaeologist Howard Carter, and after many decades of abuse by heat, humidity, visitors and even dust, the remaining outer coffin was removed last year after a decade-long restoration was completed on the surrounding tomb itself. Tut's golden exterior coffin (one of three total), made mostly from wood, was badly damaged and has been undergoing extensive repair to bring this treasure back to its former glory.

Tut's mummy, which has been housed at the Egyptian Museum in Cairo will also be moved, along with the other coffins, and 5,000 additional relics found in Tut's tomb, to the new Grand Egyptian Museum for its grand opening.

The information contained herein represents the views of Westwood Wealth Management at a specific point in time and is based on information believed to be reliable. No representation or warranty is made concerning the accuracy or completeness of any data compiled herein. Any statements non-factual in nature constitute only current opinion, which is subject to change. Any statements concerning financial market trends are based on current market conditions, which will fluctuate. Past performance is not indicative of future results. All information provided herein is for informational purposes only and is not intended to be, and should not be interpreted as, an offer, solicitation, or recommendation to buy or sell or otherwise invest in any of the securities/sectors/countries that may be mentioned.