Stewart Title and Chicago Title Insurance catch surge on ledge of fiscal cliff

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Two of Houston’s largest title companies saw an influx of business in recent weeks as companies scramble to close deals before year’s end.

Top executives at both Stewart Title and Chicago Title Insurance Co. said the reason for the push in activity is uncertain but could be due to a heightened need to close deals before the effects of the fiscal cliff can be felt, if Congress and the president don’t come to terms before January.

“We are seeing an influx across the country,” said Matt Morris, CEO of Houston-based Stewart Title. “It’s mostly related to commercial transactions and changes to the tax situation. If the transaction has the potential to close by year’s end, we are seeing a last-minute push.”

Houston’s strong commercial real estate market, partnered with possible tax hikes in 2013, has many folks eager to make a deal.

“There’s not quite as much activity in New York or California, but in Houston, we are definitely seeing gains in this last year on real estate values, and people are trying to lock those in right now because they perceive they will feel a lesser tax hit.”

Stewart held the top position on the Houston Business Journal’s 2012 Largest Houston Title Companies list, ranked by number of closings, for the last two years. Stewart employs 346. Chicago Title ranked fifth on the 2012 list and employs 83.

“Overall, it’s been a solid year with a strong refinance market,” said Morris.

Stewart reported 27,260 closings in 2011.

Because of increasing home values and growth in sales transactions, both residential and commercial revenue is up 20 percent this year, he added.

“We see that continuing through the end of the year,” Morris said. “This is a recovery year for us. We are still coming out of the real estate bust when we had to make structural changes.”
Gayle Brand, president and Houston division manager of Jacksonville, Fla.-based Chicago Title, said her company’s revenue has seen a 50 percent increase overall this year over the same period last year. The company’s commercial transactions are up 62 percent year to date.

“December is going to be an incredible month,” she said. “Probably the best we’ve had in years. It’s been very busy with a lot of commercial deals going through that have been dormant and in the pipeline for the last two or three years. They are calling us about deals we thought might never happen, and are wanting them updated before the end of the year.”

Homebuilders are also seeing a busy month, she said.

“Houston is definitely a super strong market with all the people relocating here,” she said. “We’ve been blessed to have more than the average amount of work. It’s been a lot better than last year, and everything is starting to come back. It’s not like it was in the heyday, but it is a massive improvement.”

Chicago has seen its residential closings remain strong throughout the year. In 2011, it reported 8,579.

“People are still refinancing their homes,” she said. “Just when you think they are done, we get five or six more transactions.”

To accommodate the work, Brand said Chicago has brought on 15 percent more people this year over last year.

“We’ve grown our operation in the last year, we needed more people to support the business and to keep up the level of quality,” she said. “We are starting to open up offices again and are growing geographically rather than shrinking. I think most companies are still trying to be conservative. You don’t want to go crazy and be in a position to make changes again — that’s the challenge.”

Brand said she hopes some of the momentum will spill over into January.

“I’m projecting a better 2013 than 2012, just based on our geographic area and how good things are in Houston and in the commercial real estate market,” she said. “We are projecting an overall better year, and most of our counterparts are projecting that, as well. We are cautiously optimistic.”

Morris also projects a strong 2013 because Houston is underbuilt for its population, he said.

“It’s been a dramatic recovery after many long years of drought,” he said. “I could see the year finishing out very strong from these transactions.”