

CEOs put serious talk about diversity, equality on agenda

Did the death of George Floyd spark a fundamental realization about racial inequality in corporate America, or was it just a moment in time?

How can businesses take action that spreads economic opportunity within their organizations and underserved communities as well?

On Wednesday, two dozen or so corporate commanders will have the opportunity to frankly and confidentially discuss diversity, equality and inclusion, simply known as DEI.

The session is the third North Texas CEO Forum held by *The*

IDEAS AT WORK



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Dallas Morning News and McKinsey & Co. The invitees, who all have CEO titles at marquee organizations, will share best practices, discuss their biggest hurdles and hopefully come up with actions that they are uniquely qualified to tackle because of the clout they hold.

It's part think tank and part group therapy.

The first forum, held in person in 2020, focused on shifting culture, building teams and maximizing individual leadership. In September, a Zoom forum discussed returning to the office with a hybrid in-house and virtual workforce.

This time, the CEOs wanted to talk about DEI.

The topic is intensely personal to Lori Ryerkerk, CEO of Irving-based Celanese Corp., "not just because I'm a fervent believer that it's crit-

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2020 File Photo/Smiley N. Pool

A couple watched as demonstrators marched through the AT&T Discovery District in downtown Dallas last September after a Kentucky grand jury brought no charges against Louisville police in the killing of Breonna Taylor.

AIRLINE TRAVEL

American Airlines adding touchless bag drops in push to reduce interactions



Tom Fox/Staff Photographer

Travis Evenson, an American Airlines customer experience senior project manager, demonstrates how passengers can use a new mobile ID bag drop at DFW International Airport. American is installing nine touchless bag drop stations at DFW, and they will be optional to use.

Now arriving at DFW: The future

By **KYLE ARNOLD**
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The airport of the future is arriving as airlines push for a touchless experience from check-in to boarding in response to the worldwide COVID-19 pandemic that crippled the travel industry.

Fort Worth-based American Airlines is installing nine new touchless bag drop stations at DFW International Airport during the next week, part of a wave of changes meant to reduce the number of times that customers have to touch kiosks, interact with employees, hand over identification cards and ultimately swap germs with other humans before they board planes.

After testing the technology at a handful of terminals at DFW and Washington, D.C.'s Ronald Reagan National Airport, American is ready to expand it and prove to federal security officials that it can replace the old process of handing over a driver's license or passport to an airline em-

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HOUSING FORECAST

Home sectors may cool off in '21

Experts say Texas, U.S. will see smaller hikes in starts, prices, sales

By **STEVE BROWN**
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After a record year of housing activity in 2020, this year will see smaller growth in both home prices and sales.

That's what the top Texas and U.S. housing economists see ahead for 2021.

"In 2021, the rates of increase are quite a bit lower," said James Gaines, the former chief economist at the Texas Real Estate Research Center. "We will get back to more normal rates of increase."

Gaines said Texas home starts should rise about 15% in 2021 after soaring 20% last year.

In the Dallas-Fort Worth area, single-family home starts surged more than 30% in 2020 with the highest construction volumes in over a decade.

"In the D-FW area, we are looking at less than two months' inventory across the board," Gaines said last week at a meeting of the Dallas Builders Association. "Homebuilding in the last 10 years has not been anywhere near enough to handle the population growth."

"We are still running way short of houses."

An unexpected surge in home sales during the COVID-19 pandemic reduced home inventories in North Texas to record-low levels. Median home prices in the D-FW area rocketed to all-time highs of more than \$300,000.

The Texas Real Estate Re-

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Don't place bets on mutual funds reports — they're misleading

Imagine you've just stepped into a casino. It has only two games. Both have big stakes — your retirement.

One game offers a crowd of players who come, play and fold. It's an exciting game. The odds are deeply stacked against winning, but winners make it big. There's about a 5% chance that you'll come out a big winner.

And there's about a 15% chance you'll do as well as playing the other game.

PERSONAL FINANCE



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The other game is kind of boring. It's never dramatic. But you know that if you stay, you'll beat about 85% of all the other players.

Which do you choose? And

remember, your retirement is at stake.

That's a situation that Kiplinger's, one of the big and often useful personal finance magazines, doesn't tell you about in one of its regular features. It invites you to the mutual fund casino. It rings a bell and names the big winners. It shows you how high the winners' returns were compared to the much lower figures for the average player.

Boy, those winning funds

look good!

Wait a minute, you say.

Are you trying to tell me that Kiplinger's is promoting casino gambling?

Not at all. It's quietly promoting mutual fund gambling. Allow me to explain.

Kiplinger's has a regular feature on mutual fund performance. It seems to tell us a lot about the top funds in 11 mutual fund categories. Better still, it tells us the winners in those categories over time periods

from one to 10 years.

The March issue deals with performance for periods ending last December. It tells us, for instance, that if we had wanted to invest in large company stocks and had chosen Morgan Stanley Insight A shares 10 years ago, we would have enjoyed a compound annual return of 23.1%.

That's impressive.

Even if we looked at the bottom fund on its list of 10, Fidelity OTC fund, it would

have provided a 19.5% annualized return.

Trust me, you should be impressed. The average fund in that category provided an annualized return of 12.5%. That's a lot less. At the category average return, your money doubled about every six years. With the winners, it doubled about every three years.

Big difference.

The feature seems like a

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Facial recognition remains concern for travelers

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ployee who then tags and moves bags.

Touchless bag drop stations use a combination of mobile phone apps and facial-recognition. It could be a sample of what is to come at airports as airlines, including American, push to make these technologies the standard throughout the travel process, from crossing through Transportation Security Administration lines to boarding.

After a year of dismal travel numbers and recording losses of more than \$35 billion, airlines are facing a reality that flying will never be the same as before COVID-19. On Tuesday, a coalition of airlines, employee unions and travel industry companies pushed the federal government to make a road map for reopening travel and international flights, including guidance from the Centers for Disease Control and Prevention that airline travel is safe.

Eager to fly

But airlines are doing their part, too, with customers showing a steady desire to travel again.

"Eventually, we would like to use our mobile app for the entire process to move through the airport," said Preston Peterson, American's director of customer experience innovation. "We aren't there yet, but the pandemic has given us the chance to test some of these technologies with fewer people and smaller crowds."

American, Dallas-based Southwest Airlines and other carriers spent much of 2020 developing new cleaning protocols and enforcing social distancing rules to give passengers some confidence that travel was safe. The industry touted partnerships with the Mayo Clinic, major research universities in-



Photos by Tom Fox/Staff Photographer

A passenger checks in with an American Airlines representative in Terminal A at DFW International Airport. Over 28 million passengers went through TSA checkpoints between March 1 and March 24, by far the strongest stretch in a year.



American Airlines is encouraging passengers to use touchless technology, including its new Mobile ID bag drop, when checking in for their flights at DFW Airport.

cluding Harvard and medical groups like UT Southwestern to show that air filtering technologies could eliminate much of the risk of spreading COVID-19 for those who traveled while wearing a face mask.

But now airlines need to get back to work to stem those massive losses and billions in debt taken over the past 12 months. Southwest started selling planes to capacity again on Dec. 1, after essentially leaving mid-

dle seats open for nearly six months.

Airlines are bracing for their biggest crowds since the pandemic began heading into spring. More than 28 million passengers went through TSA checkpoints between March 1 and March 24, by far the strongest stretch in a year. Airline Reporting Corp., which tracks ticket sales for carriers, has shown a steady uptick in ticket sales since the middle of Febru-

ary following a drop in COVID-19 cases and positive news about vaccination distribution.

"In terms of getting on planes, the sentiment seems to have turned starting last month," said Erin Francis-Cummings, president and CEO of travel research firm Destination Analysts.

The coronavirus that has killed nearly 550,000 Americans and locked down the economy is still top of mind for travelers, Francis-Cummings said. Travelers are opting for outdoor destinations such as beaches and mountains over big cities. Face masks and social distances are the two biggest concerns that travelers have noted in surveys, she said.

Airlines and airports have been responding. DFW Airport has added touch-free soap dispensers, paper towel dispensers and sinks to bathrooms. Delta Air Lines this month announced plans to add touch-free payments aboard flights.

American Airlines spent much of the past year installing new kiosks and refining menus

to move customers through faster, Peterson said. More customers are using mobile apps for boarding passes. The company also has expanded partnerships with COVID-19 testing companies to give access to parts of the world with strict travel restrictions.

Now many of those restrictions are coming down, giving American Airlines and others time to focus on the long-term changes that will come after the pandemic has passed.

The new tests with mobile luggage drops coincide with using the same technology for access to some of its Admiral Lounges at DFW and Ronald Reagan, Peterson said.

Verifying every bag

But even something like checking luggage isn't so simple for an airline that needs to accommodate federal security requirements. TSA regulations say that every bag needs to be verified with a driver's license or passport to make sure passengers aren't smuggling explosives or other contraband.

With the new touchless bag drop test, American has to prove to TSA that using a mobile app is just as secure as a human checking a driver's license. For now, American is using a third-party app called Airside, which requires users to scan a driver's license or passport and upload a selfie. ID cards are cross-referenced with state and federal databases and pictures are matched.

Users can then scan the app to get luggage tags and a facial recognition reader at the counter will verify identity. That will allow customers to tag their own bags and move them onto scales, where airline employees handle the rest of the process. That eliminates the need to ever give a driver's license or passport to an American Airlines employee.

The touchless bag drop and lounge access technology is optional for American customers. But like many technologies that have become a part of the travel experience, optional eventually becomes essential for those wanting to quickly move through the check-in process.

Facial recognition is still a concern for travelers, but passengers are more willing when the technology has a purpose and a benefit, said Steve Karoly, a former TSA official who now works as executive vice president for K2 Security Screening Group.

"COVID made it clear that something needs to be done to cut down on chokepoints at airports and cut down on contact," Karoly said. "This has all been coming for years, but the pandemic has sped it up."

TSA has been pushing technology for years to speed up the process, including new security scanners that take 3D pictures of luggage and automated screening checkpoints that push passengers through faster.

Programs like TSA Pre-Check, Global Entry and CLEAR have been using advanced screening processes to even allow customers to walk through TSA with as little as an iris scan.

Biometric scanning such as facial recognition is considered more secure because it can map hundreds of points on a face for matches. The technology isn't perfect yet, but Karoly said it has come far even in the past year and can even usually match faces with a mask on.

"Biometrics is a way to get to self-service when we've had all these security barriers for years," Karoly said. "It's all leaning down the same path. They want to reduce the risk of COVID transmission and a lot of this allows you to have less physical interaction with employees."

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Rate of increase in N. Texas home starts expected to slow

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search Center is forecasting that Texas home starts will rise by about 15% this year and will increase almost 14% in the D-FW area. Prices are forecast to rise about 8% statewide.

Gaines said the housing industry has been one of the country's primary economy drivers during the pandemic — and not just because of low mortgage rates.

More than 40% of U.S. home purchases in 2020 were first-time buyers, he said.

"It's the demographics — particularly those millennials we have been talking about for years and years who are finally getting old enough and looking for homeownership," Gaines said.

Pandemic's impact

Thanks to pandemic lockdowns that held back their spending for travel and entertainment, many of those young buyers have the cash to head into the home market.

"People have been saving, and some of the first-time buyers are able to come to the housing market with a down payment," Gaines said. "That's been one of the limiting factors, to have an initial down payment."

"During the last year, people haven't been spending as much money and are saving."

Gaines said those extra savings and record-low mortgage rates in 2020 prompted many first-time buyers to make a move earlier than planned.

"A lot of that demand that might have happened a year or two in the future is being brought current," he said. "There is no reason to put off buying a house thinking prices and interest rates might be lower."



Juan Figueroa/Staff Photographer

North Texas median home prices rocketed to all-time highs of over \$300,000 in 2020, while single-family home starts in the area surged more than 30%.

Home mortgage costs are already heading higher.

"The low interest rates have been less than 3% for quite a while," Gaines said. "It's going to be difficult to keep interest rates as low as they have been."

Higher mortgage rates are a result of the economy rebounding from the worst of the pandemic, said Robert Dietz, chief economist for the National Association of Home Builders.

"The bad news that comes from the accelerating growth is higher interest rates," Dietz said. "Housing affordability headwinds are definitely increasing."

"It is a consequence of the rest of the economy opening."

Dietz said mortgage rates will gradually increase this year.

"How high will interest rates have to go before it slows home sales?" he said. "The rate at which that will occur is lower than it used to be."

"Rates are going to remain relatively historically low but they are going to trend higher over the next couple of years."

After bottoming out near 2.65% last summer, average U.S. long-term home mortgage rates were at 3.17% last week.

Nationwide, economists expect about 1.06 million single-

family home starts in 2021 — up 6% from last year, when U.S. starts rose 12%.

Construction limits

"We are cooling back to that long-run growth trend," Dietz said. "We are not looking for a decline, just getting back to sustainable rates" of construction.

Sky-high prices for building materials and a lack of labor are the biggest limits on home construction in North Texas and nationwide this year.

Dietz said that 96% of builders say they are challenged by shortages or delays in obtaining building materials. And 76% say they are having trouble getting workers.

And when builders can't get the materials, land and labor they need, houses cost a lot more.

"Building materials are the key concern," Dietz said. "The global supply chains are heavily disrupted right now."

"Nationwide, it is the lumber issue that is the big one. Since mid-April 2020, prices are up 200%. Nationwide for a typical newly built home, it's adding about \$24,000."

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