

Economic & Real Estate Outlook

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Presentations at NAR Legislative Meetings

Washington, DC

May 17, 2018

Job Additions for 90 straight months

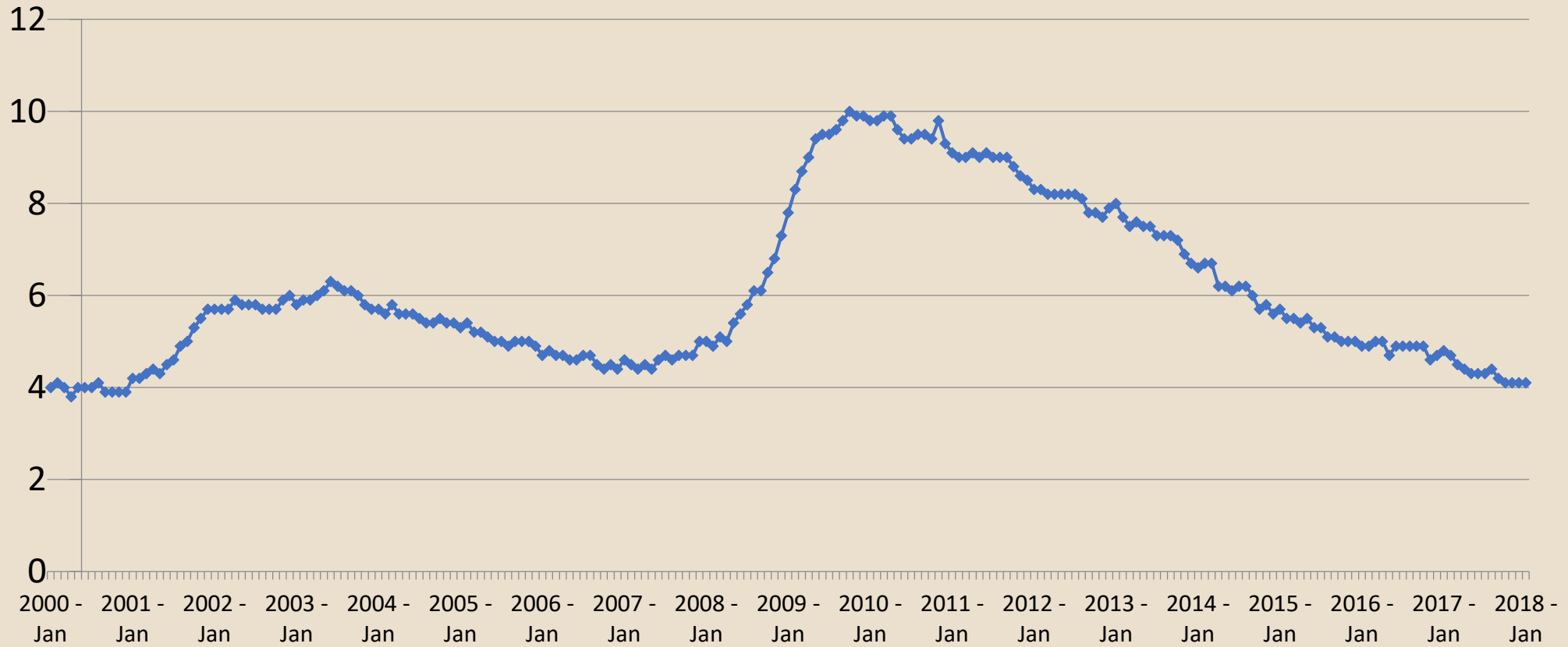
Unemployment Rate 3.9%

High Stock Market

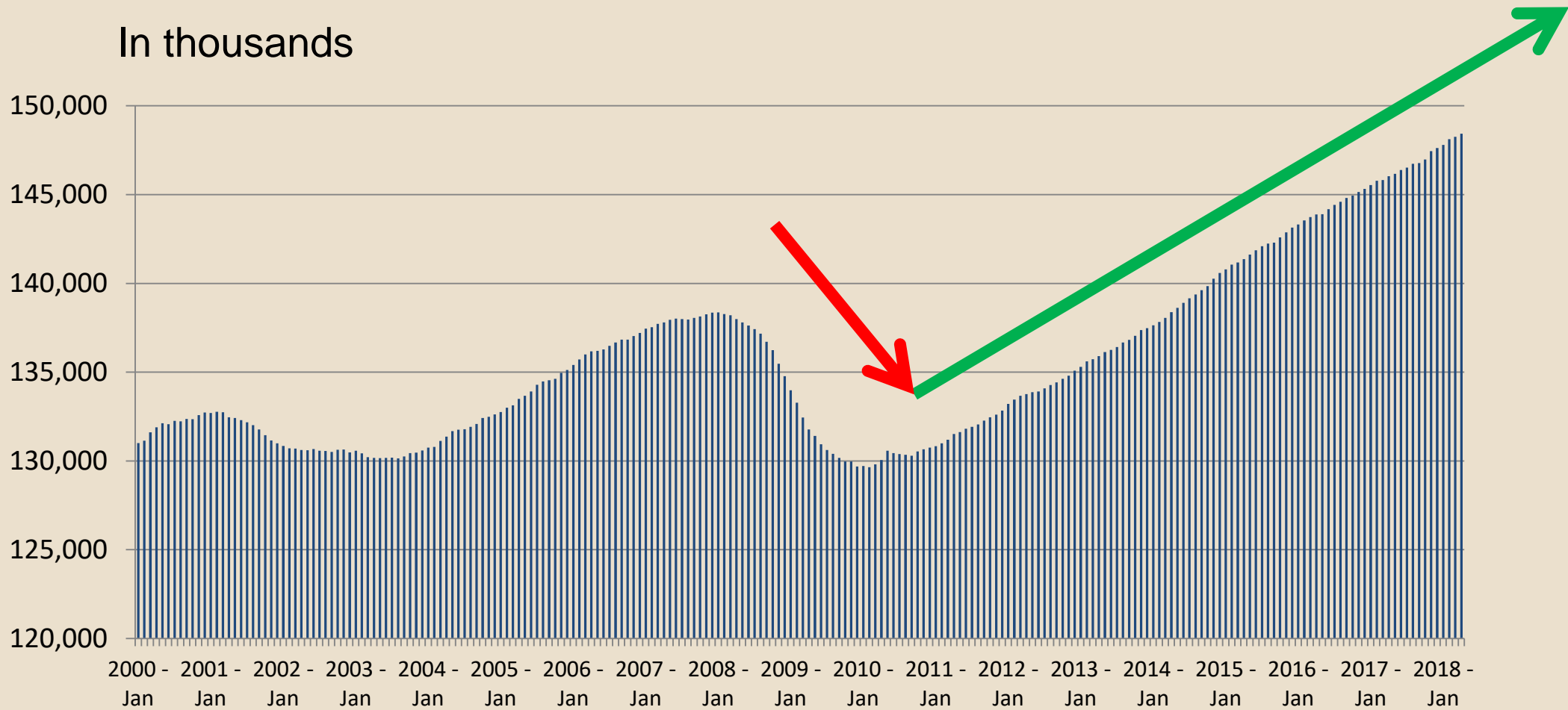
High Net Worth

Wages picking up

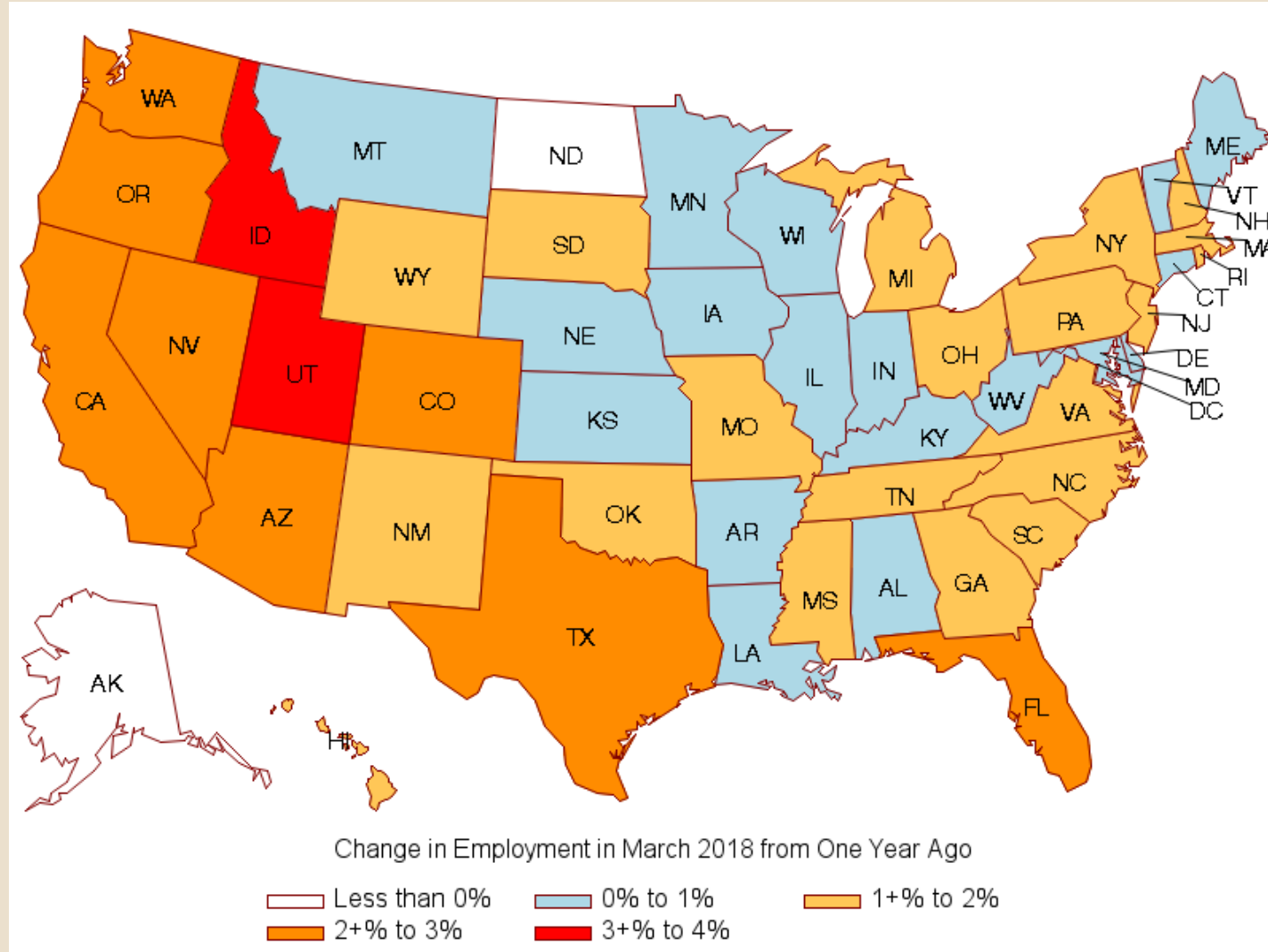
Unemployment Rate



Jobs (18 million gained from 2010)

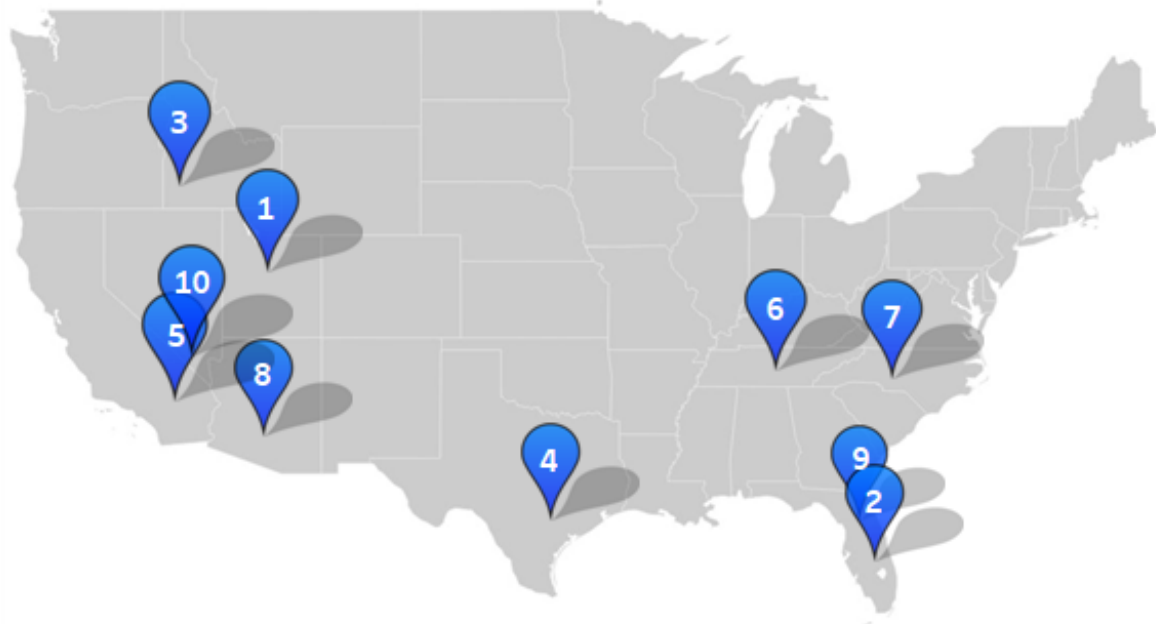


Recent Employment Growth (March 2017 to March 2018)



The Strongest Job Markets

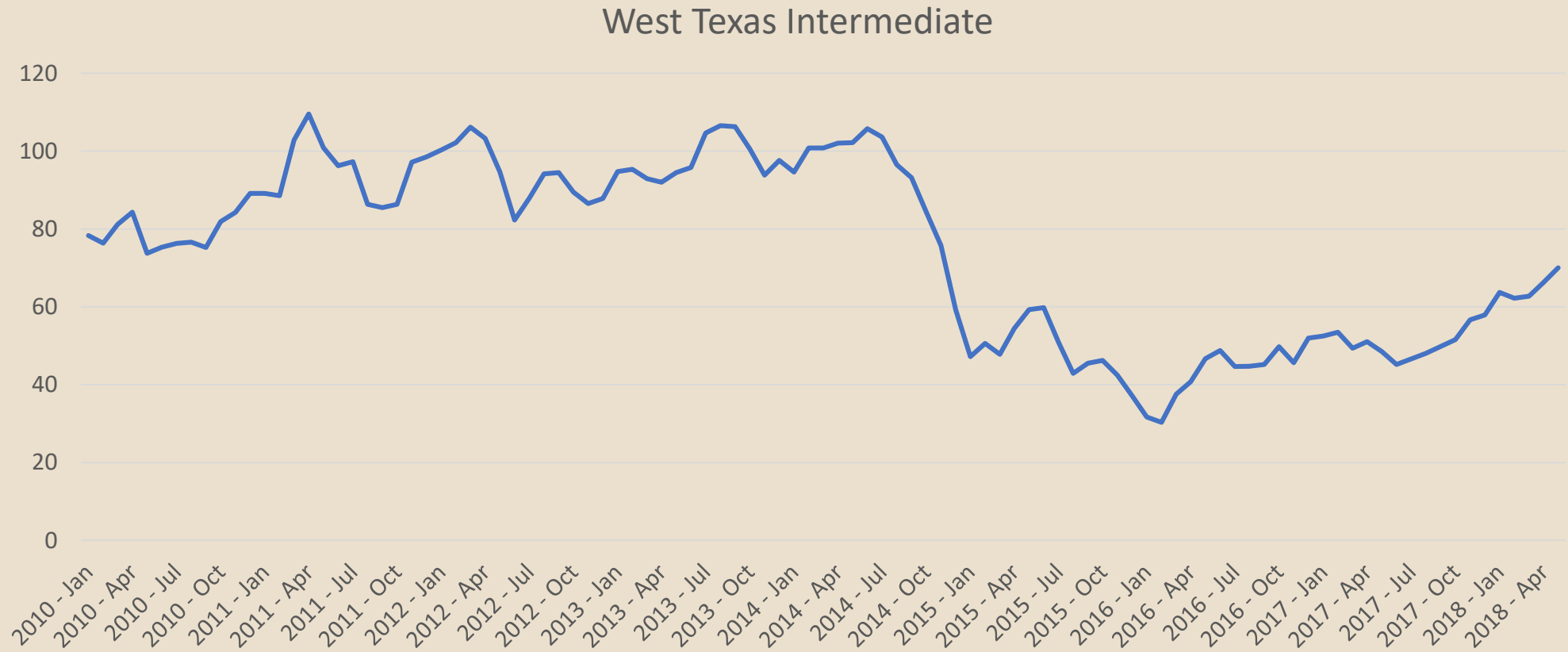
in the last three years



	Job growth (3 years)	Jobs (3 years)
1. Provo-Orem, UT	15.8%	+35,000
2. Orlando-Kissimmee et al., FL	12.7%	+144,700
3. Boise City, ID	12.3%	+35,200
4. Austin-Round Rock, TX	11.6%	+110,300
5. Riverside-San Bernadino et al., CA	11.4%	+151,900
6. Nashville-Davidson et al., TN	10.6%	+95,400
7. Charlotte-Concord et al., NC-SC	10.1%	+110,200
8. Phoenix-Mesa et al., AZ	10.0%	+190,800
9. Jacksonville, FL	9.9%	+63,200
10. Las Vegas-Henderson et al., NV	9.7%	+88,000

Source: U.S. Bureau of Labor Statistics.

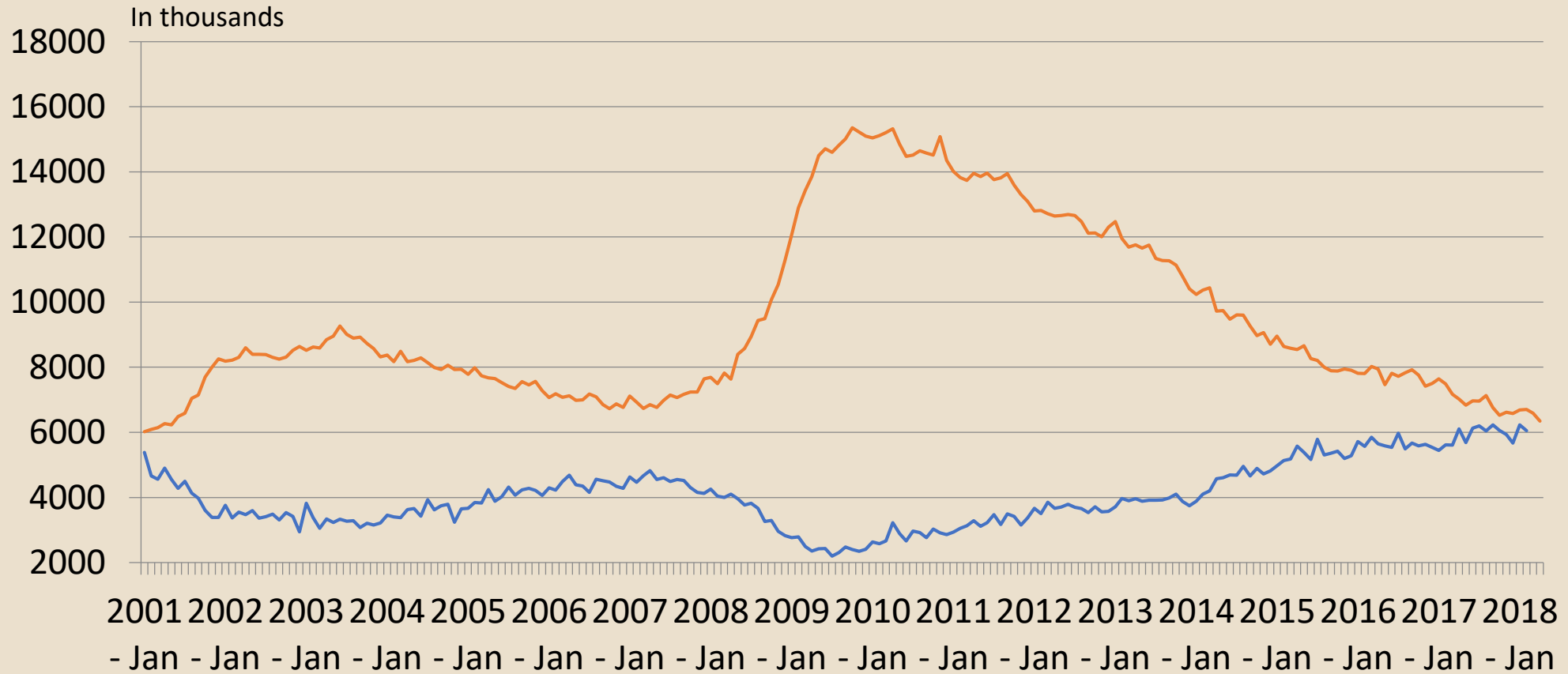
Oil Price - Bouncing Off Lows



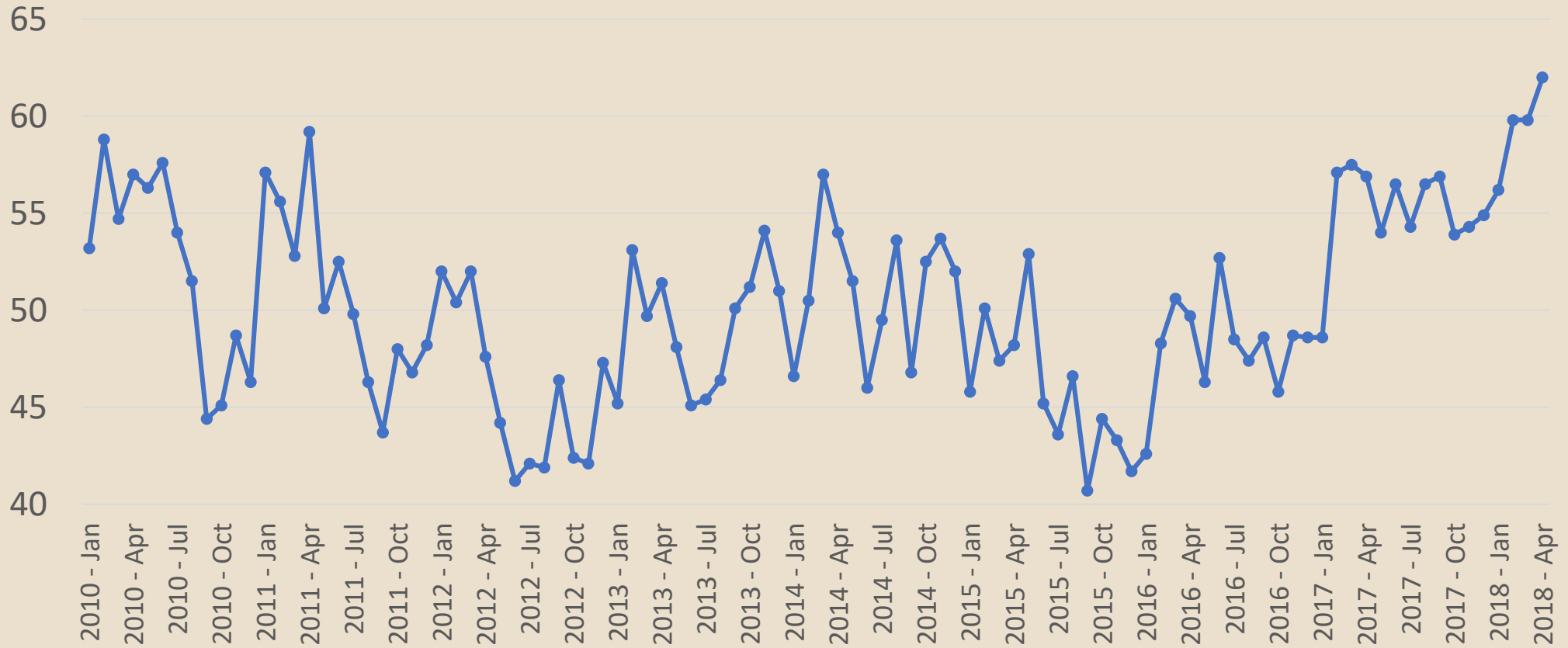
Total Job Openings



Job Openings = Job Seekers



Backlog of Orders: Breaking Higher



Source: ISM Institute

Home Sales Not Breaking Higher

Pending Contracts stable and neutral

Low Inventory

Weakening Affordability

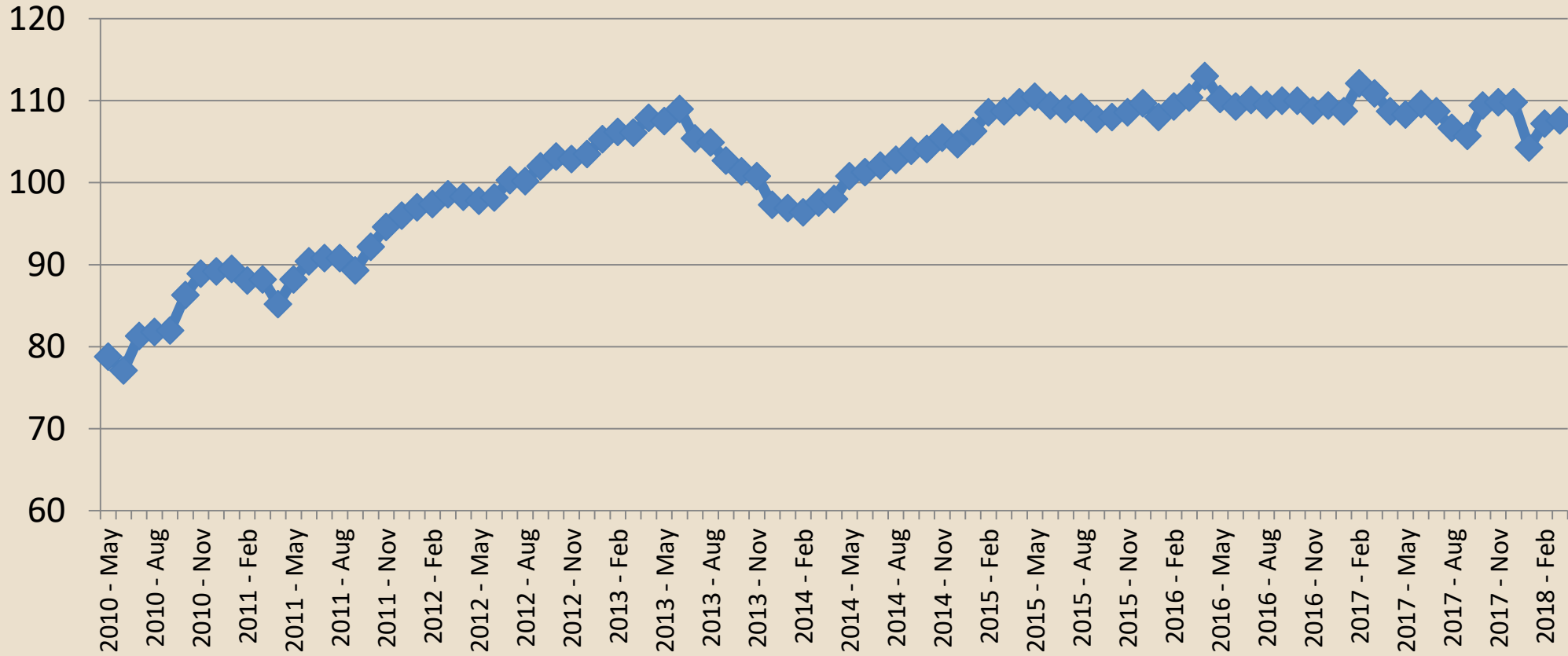
Low Homeownership Rate

Low First-Time Buyers

Diminished Optimism of Home Buying

Rising

(seasonally adjusted)



Source: NAR

Is Tax Reform Preventing a Breakout?

Mortgage interest deduction?...
\$750,000

Property tax deduction? ... SALT at
\$10,000

Capital Gains Exemption? ... as before
Standard Exemption? ... doubled

Business Income ... more deductions

**99% of homeowners pay less than
\$10,000 in property taxes**

**98% of homeowners have less than
\$750,000 in mortgage**

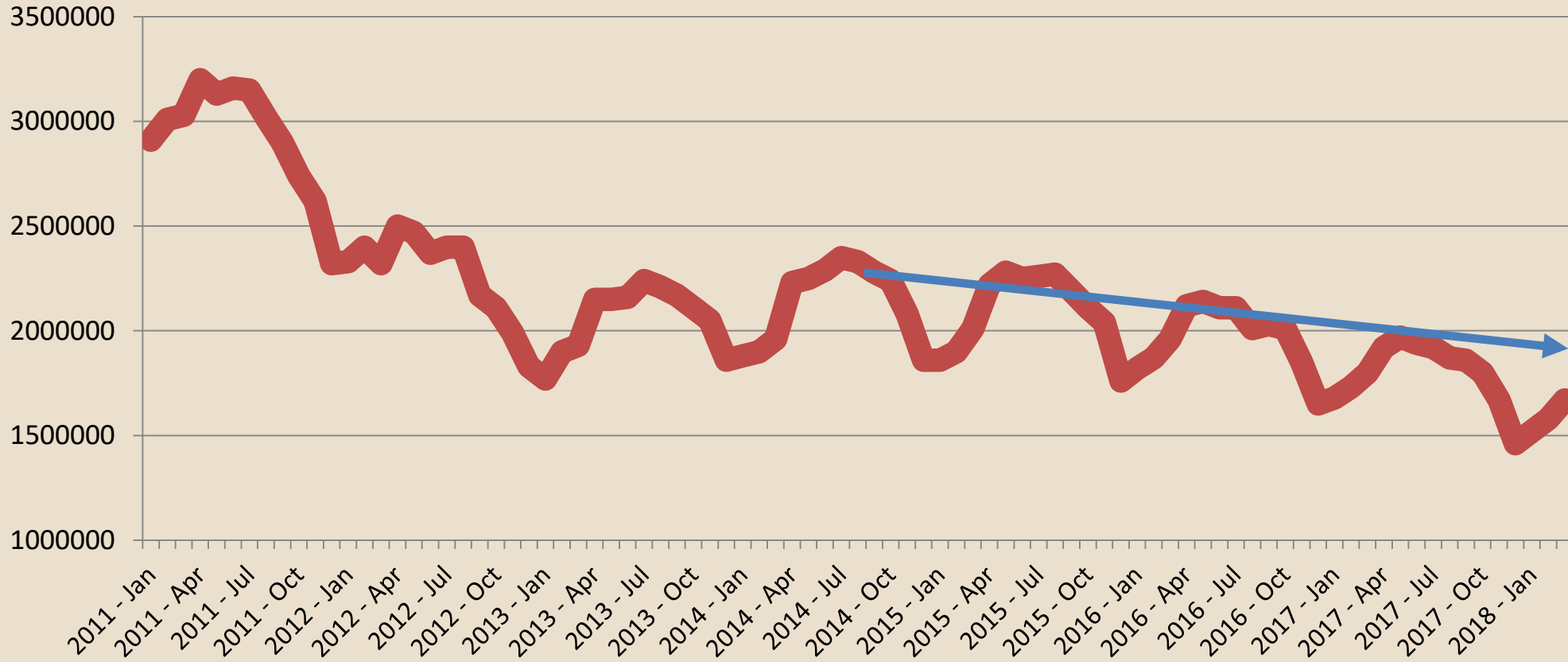
Connecticut - Highly Impacted

**86% of homeowners pay less than
\$10,000 in property taxes**

**91% of homeowners have less than
\$750,000 in mortgage**

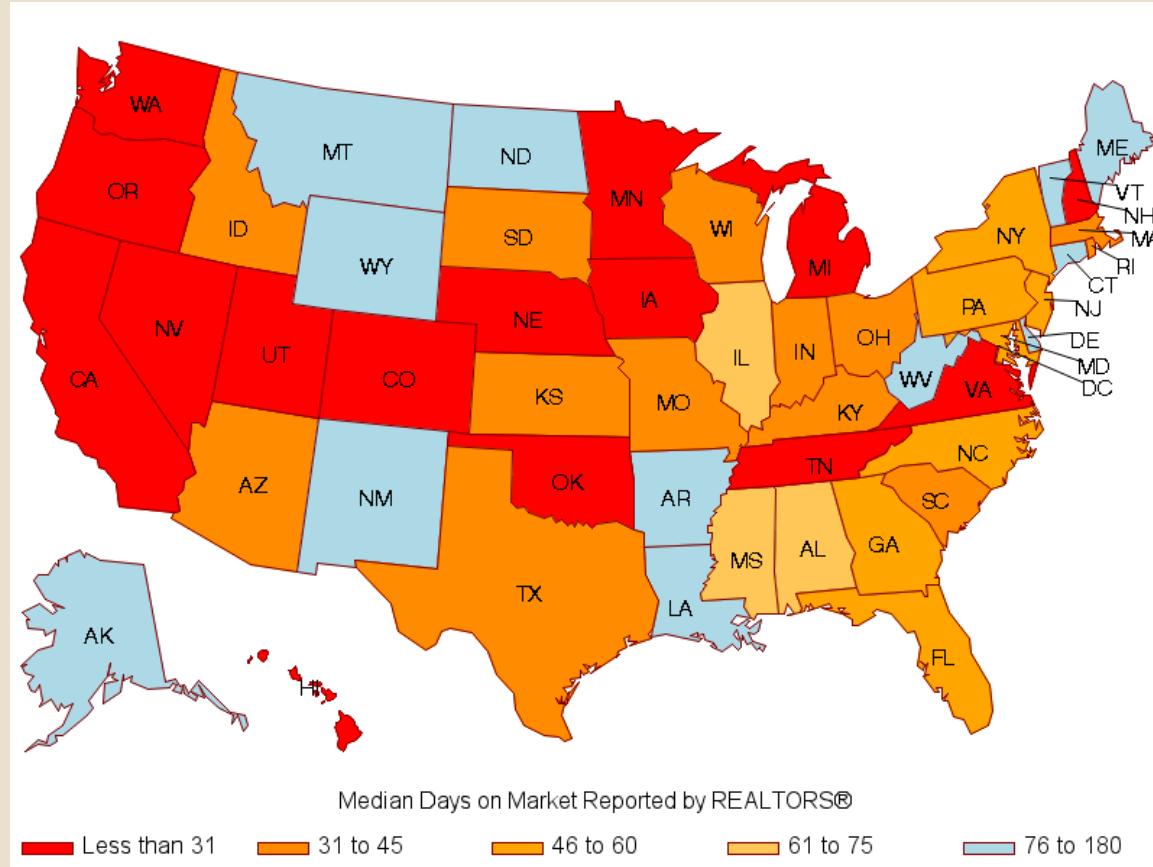
Inventory of Homes on Market

(Lowest Inventory in a generation)



Source: NAR

Median Days On Market in March 2018





Housing Shortage Tracker

March 2018

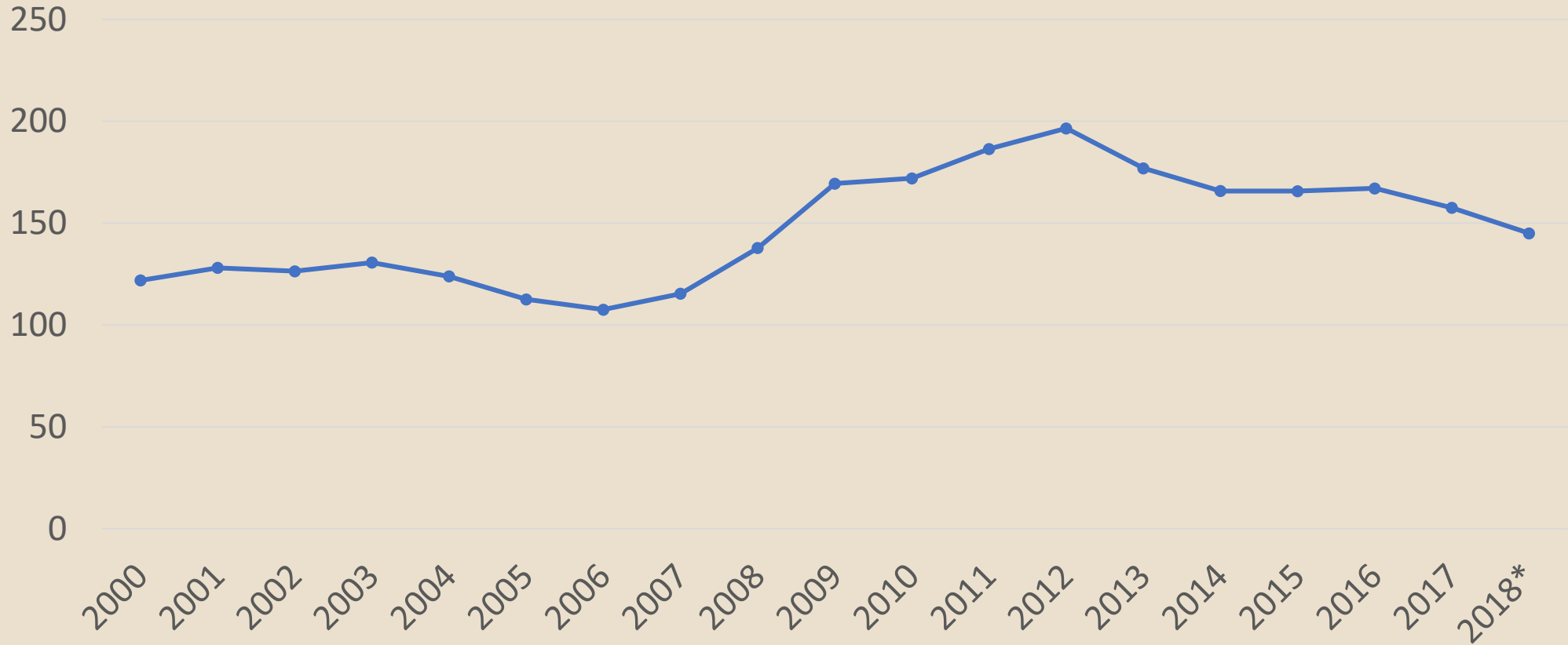
Illustrative Example

	Jobs (3 years)	1-unit permits (3 years)	Ratio
San Francisco-Oakland-Hayward, CA	+188,700	+14,469	13.0
Boston-Cambridge-Nashua, MA-NH	+120,900	+15,761	7.7
Washington-Arlington-Alexandria, DC-VA-MD-WV	+174,100	+41,764	4.2
Orlando-Kissimmee-Sanford, FL	+144,700	+43,328	3.3
Phoenix-Mesa-Scottsdale, AZ	+190,800	+58,857	3.2
Chicago-Naperville-Elgin, IL-IN-WI	+161,500	+24,980	6.5

Sources: U.S. Census Bureau (Building Permits Survey), U.S. Bureau of Labor Statistics.

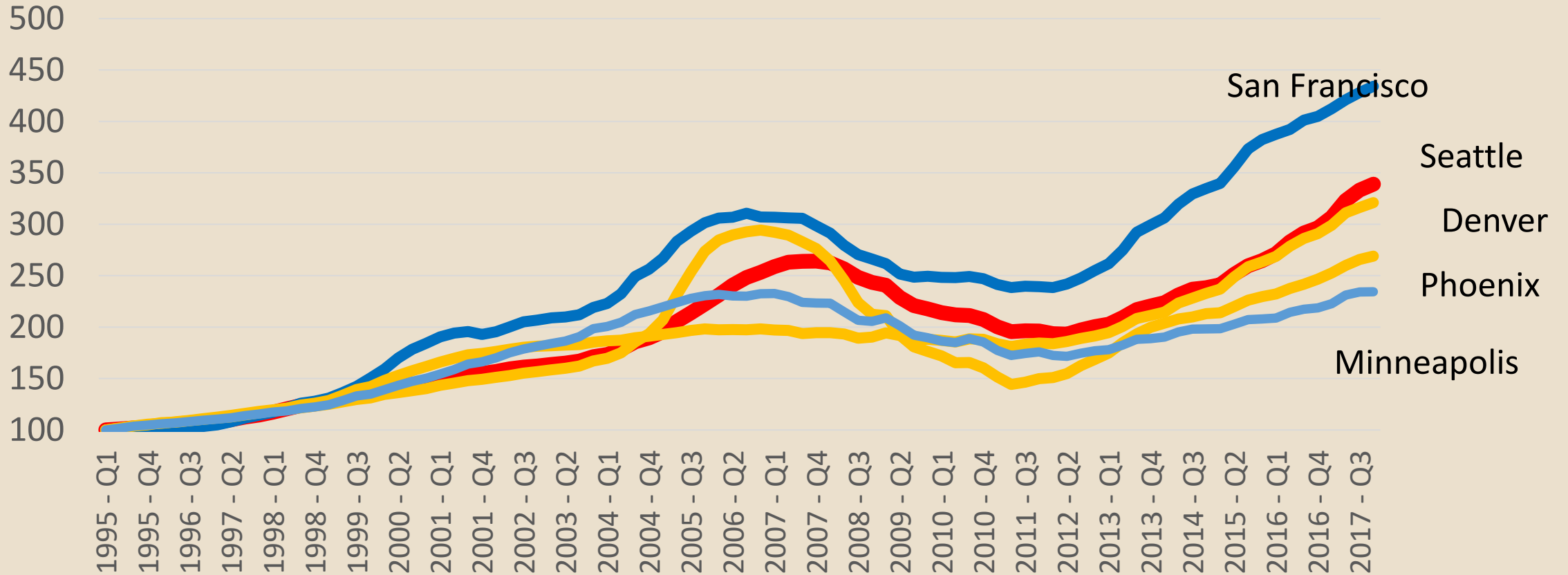
Affordability Index

(Based on Income, Mortgage Rate, Home Price)



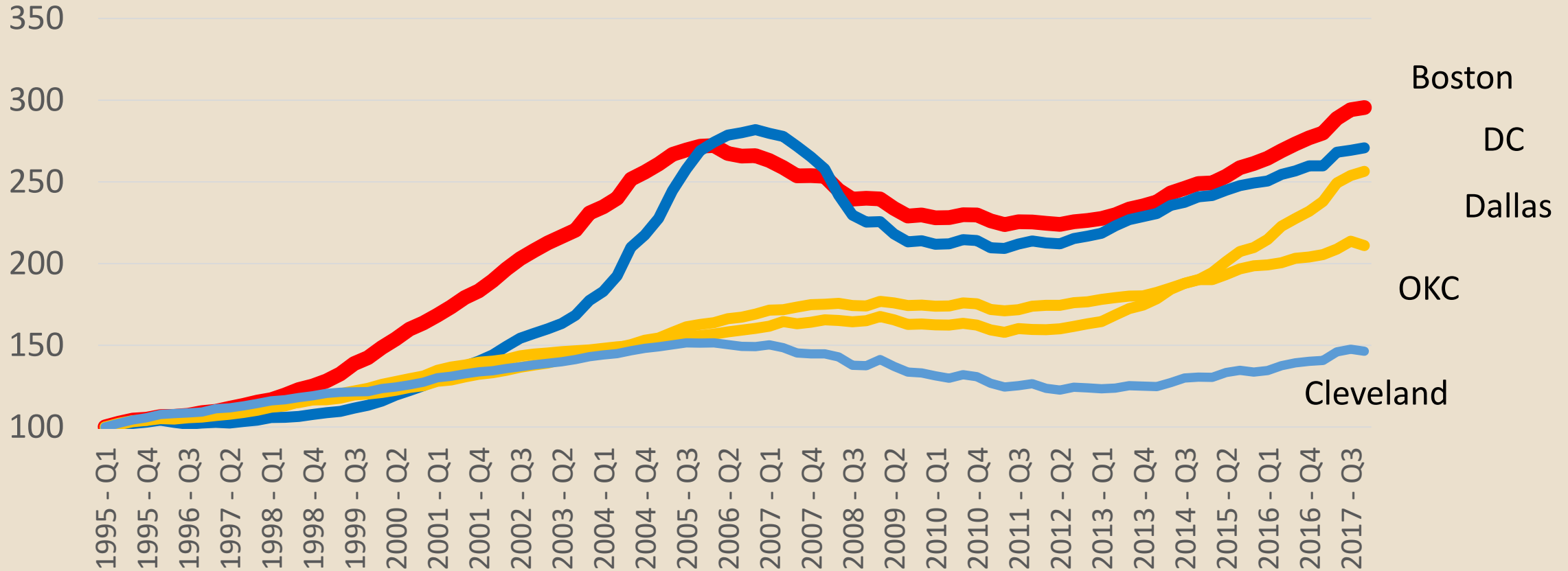
Source: NAR

Home Price Index (Constant Quality)



Source: Federal Housing Finance Agency

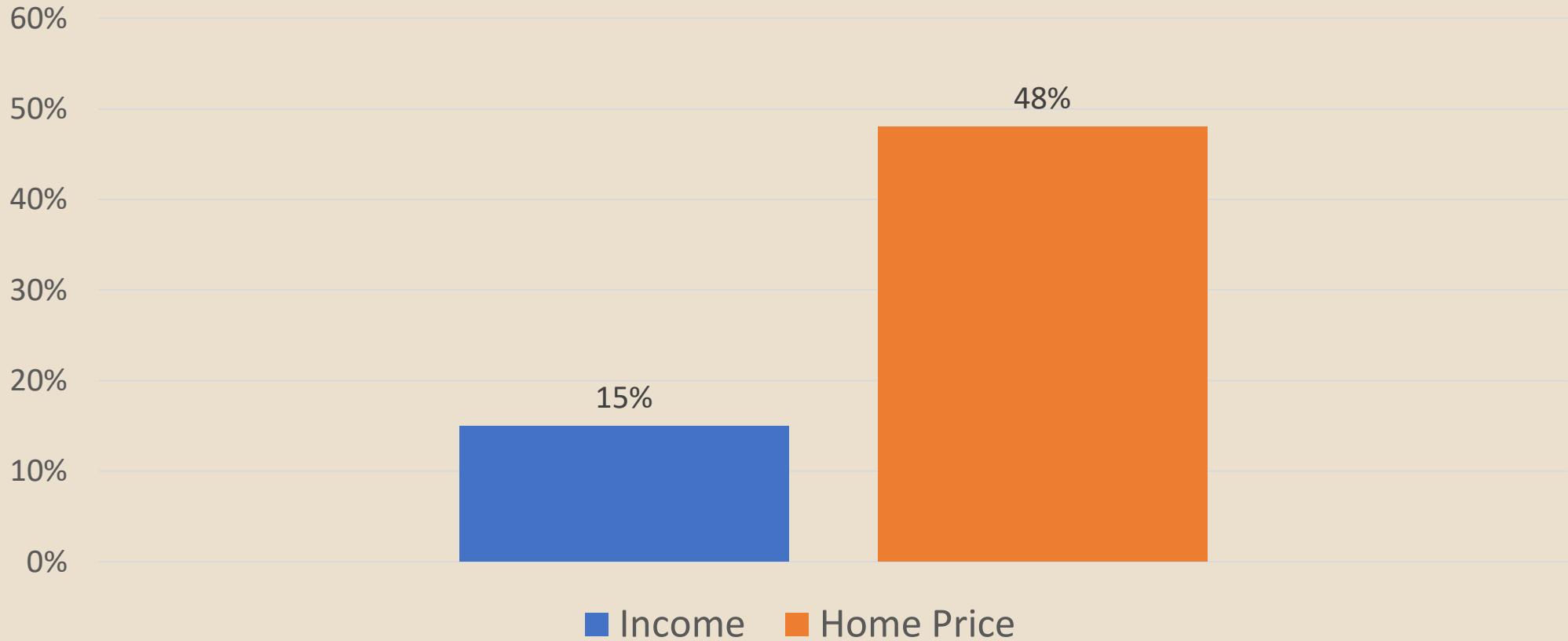
Home Price Index (Constant Quality)



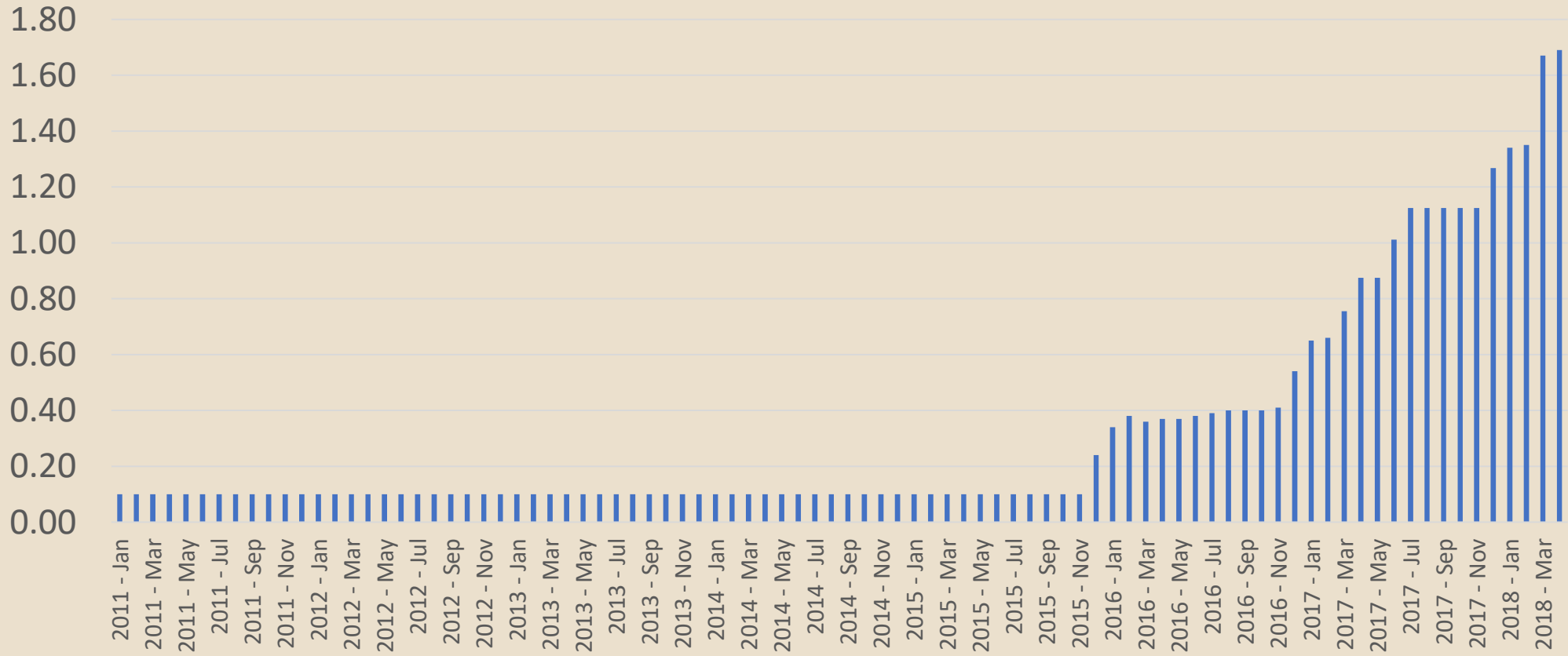
Source: Federal Housing Finance Agency

Growth

(from lows in 2011 to 2017)



Tightening Monetary Policy Fed Funds Rate ... from zero to ...



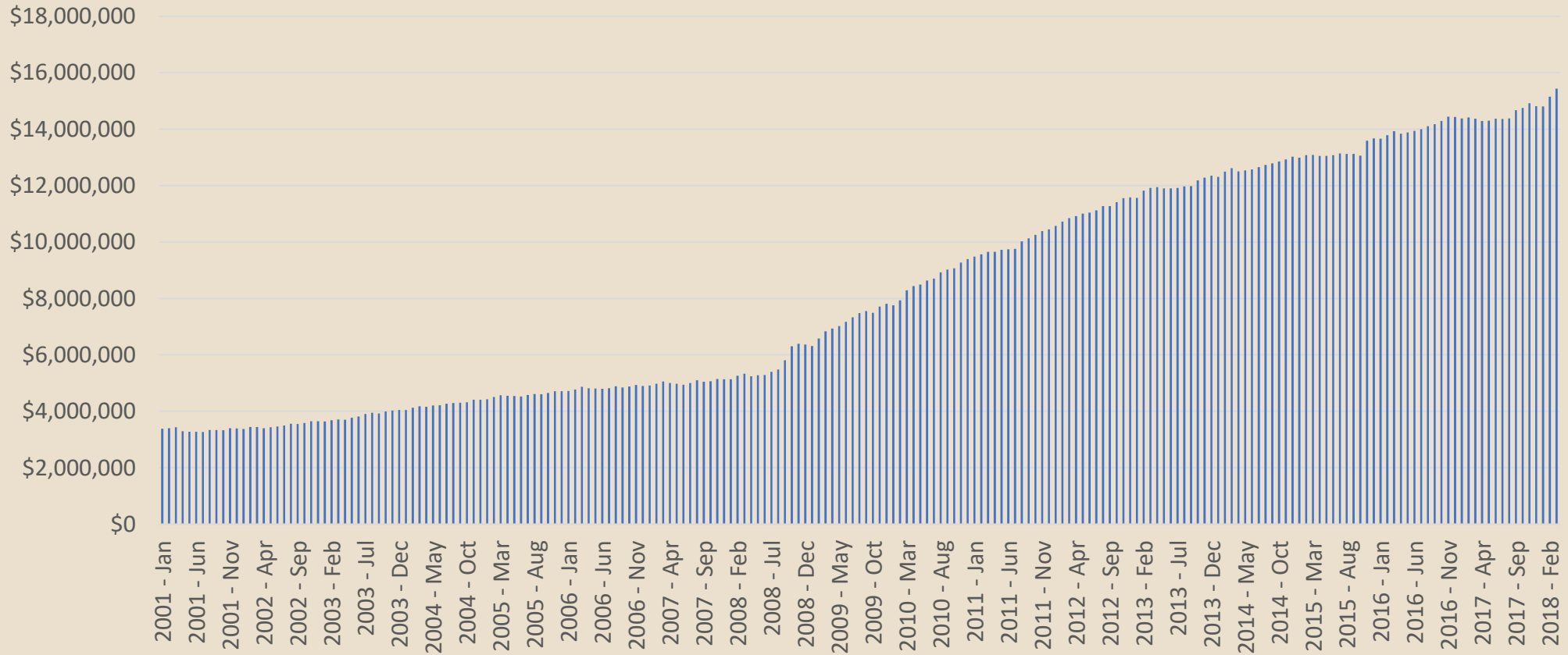
Consumer Inflation Slowly Moving Up

(year over year % growth)



National Debt

in \$ billion



Real World Game of Thrones: Philip II versus Elizabeth I



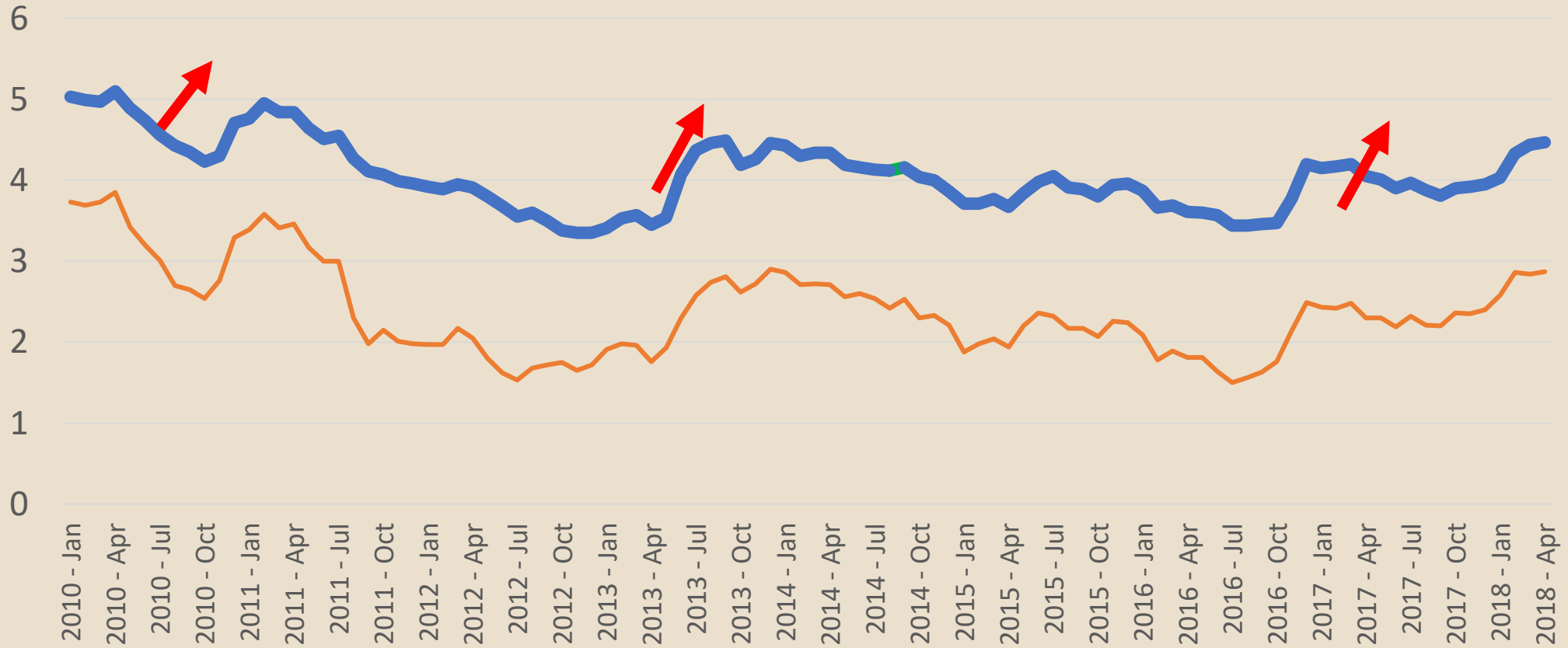
20%



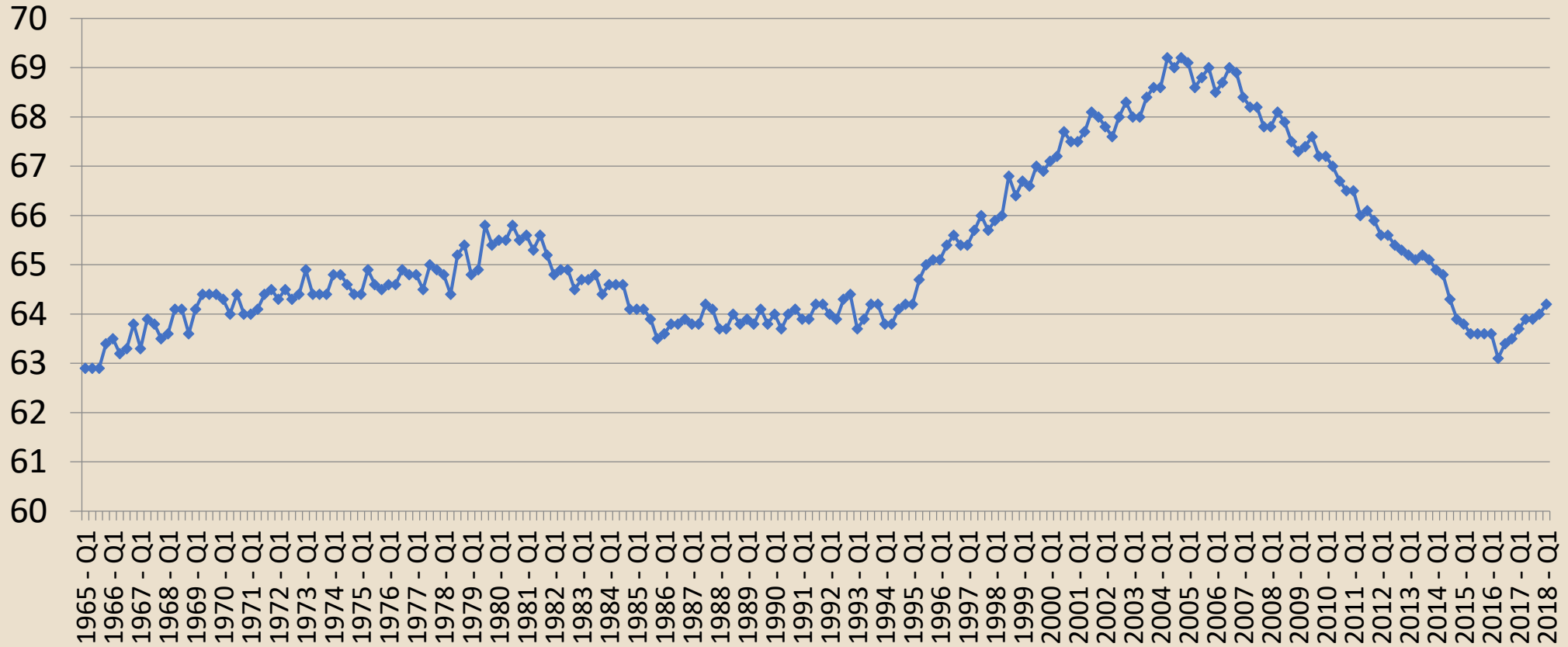
5%

Mortgage Rates to Rise Permanently

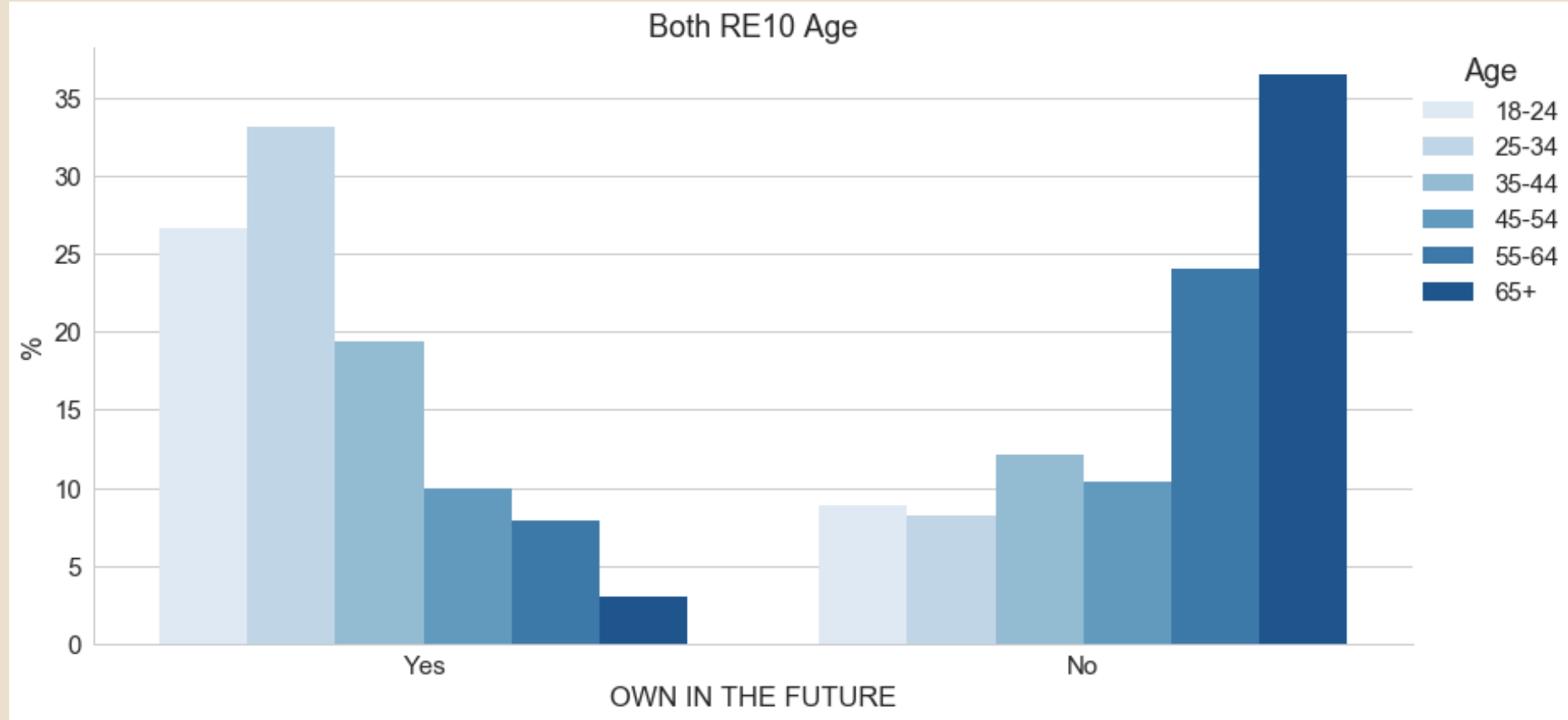
(around 170 basis points spread above 10 year Treasury)



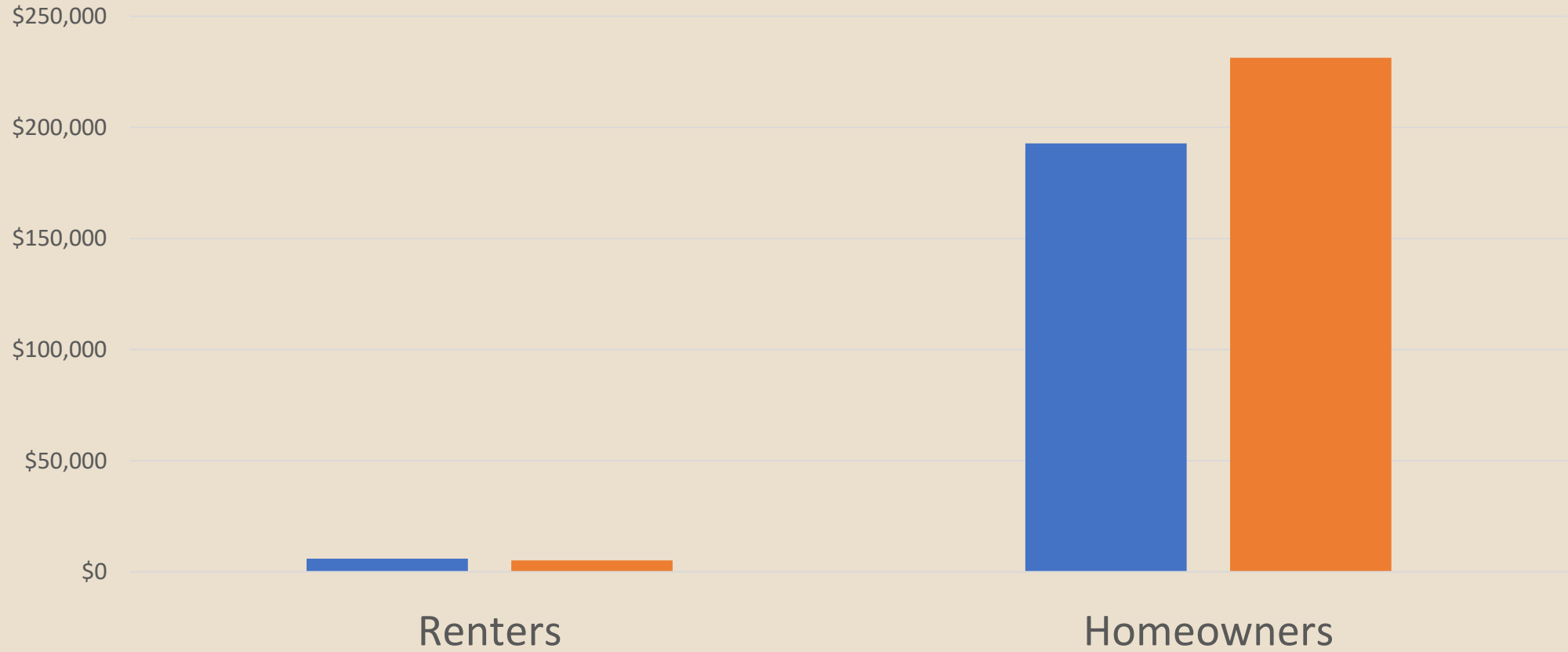
Homeownership Rate: Trying to Make a Comeback



Homebuyers' Desire to Own in the Future? Strong Among Young Adults



Wealth: From 2000 to 2016



FAIR

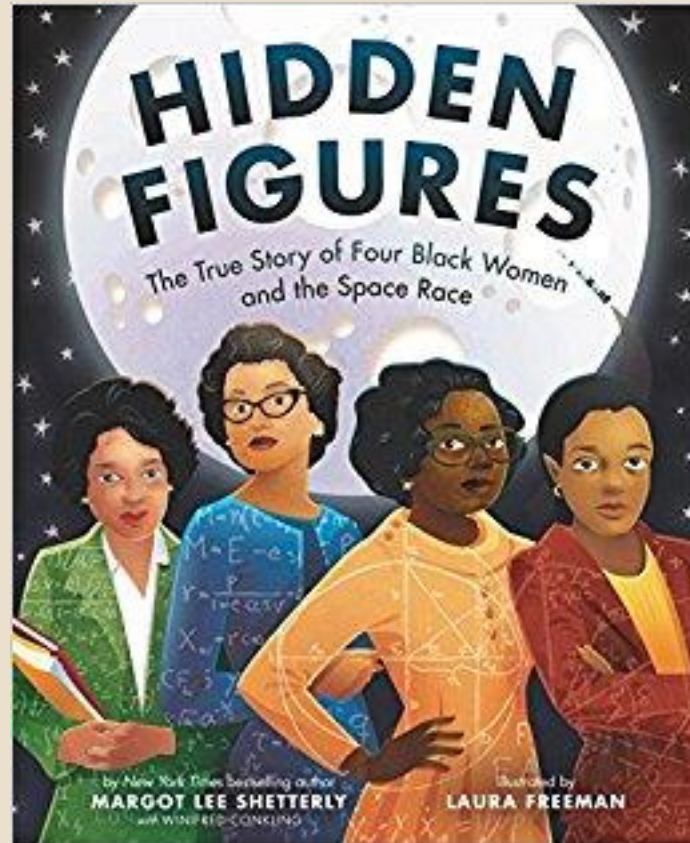
HOUSING

MAKES U.S.

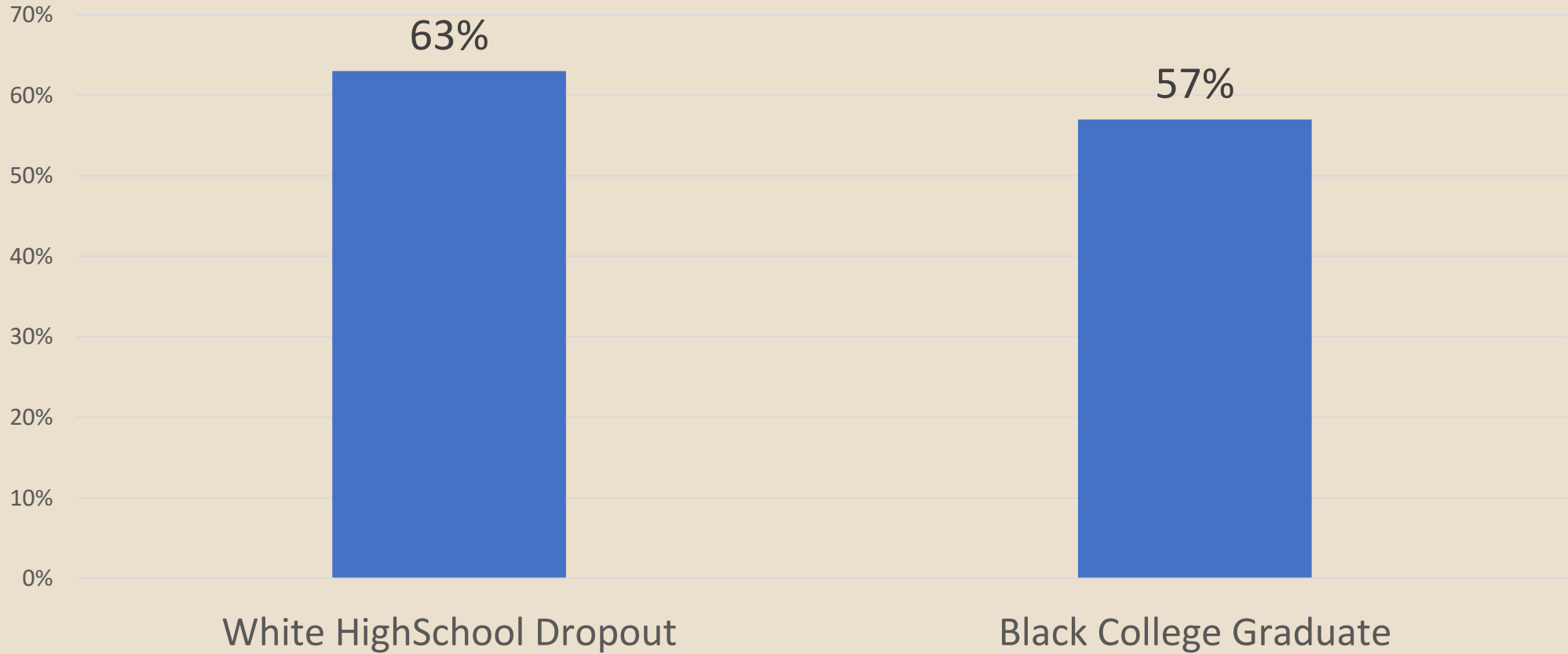
STRONGER

COMMEMORATING THE
50TH ANNIVERSARY OF
THE FAIR HOUSING ACT

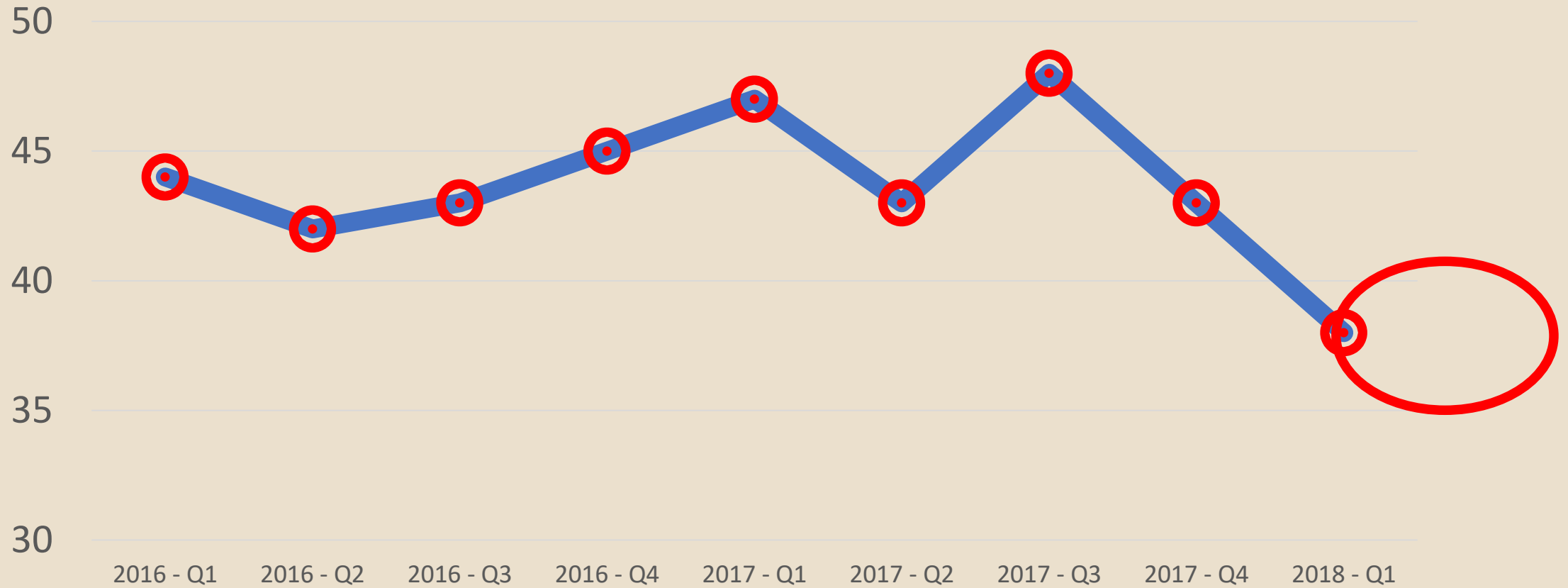
America's Superpower Status Tested after Sputnik Launch



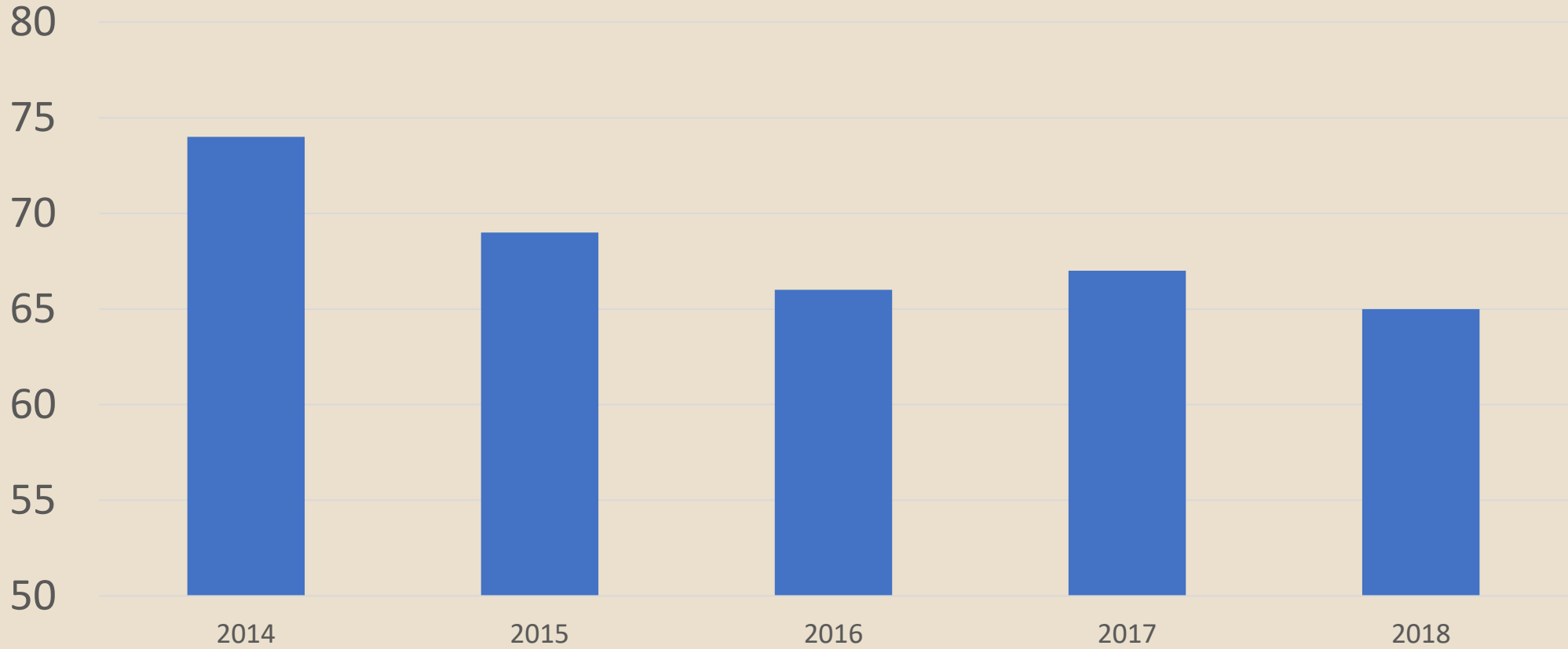
Shocking Homeownership Rate! ... Much Room for Improvement



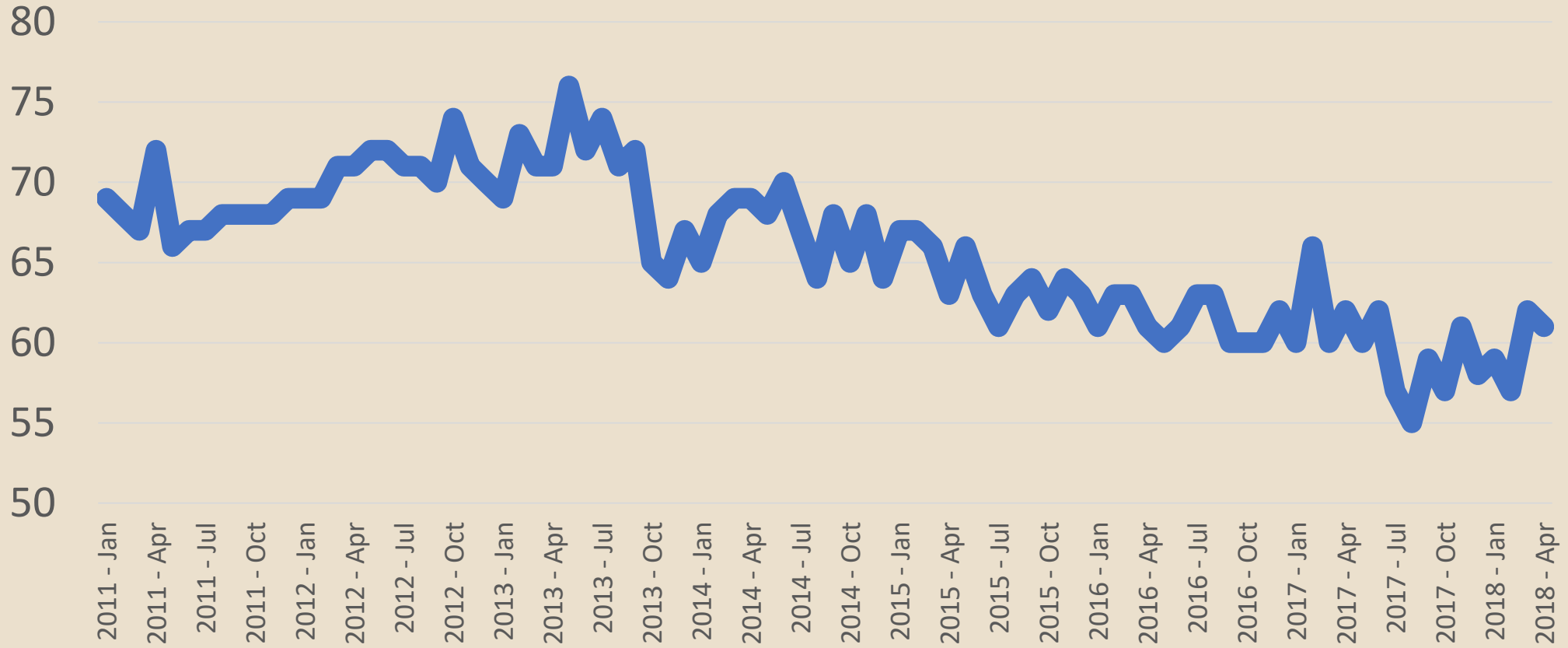
Diminished Optimism NAR Survey of Consumers % Strongly indicating Good Time to Buy



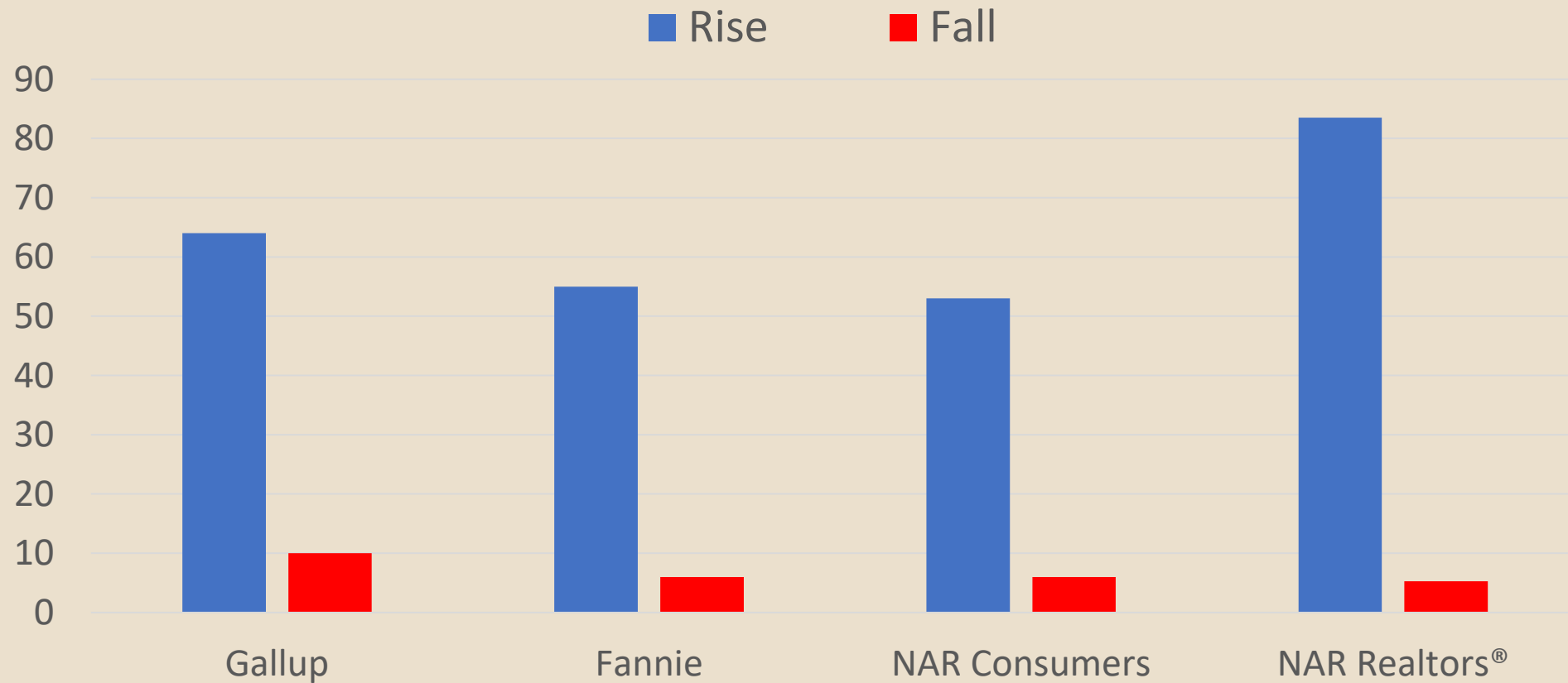
Gallup Survey of Consumers: % Indicating Good Time to Buy



Fannie Mae Housing Survey: % Indicating Good Time to Buy

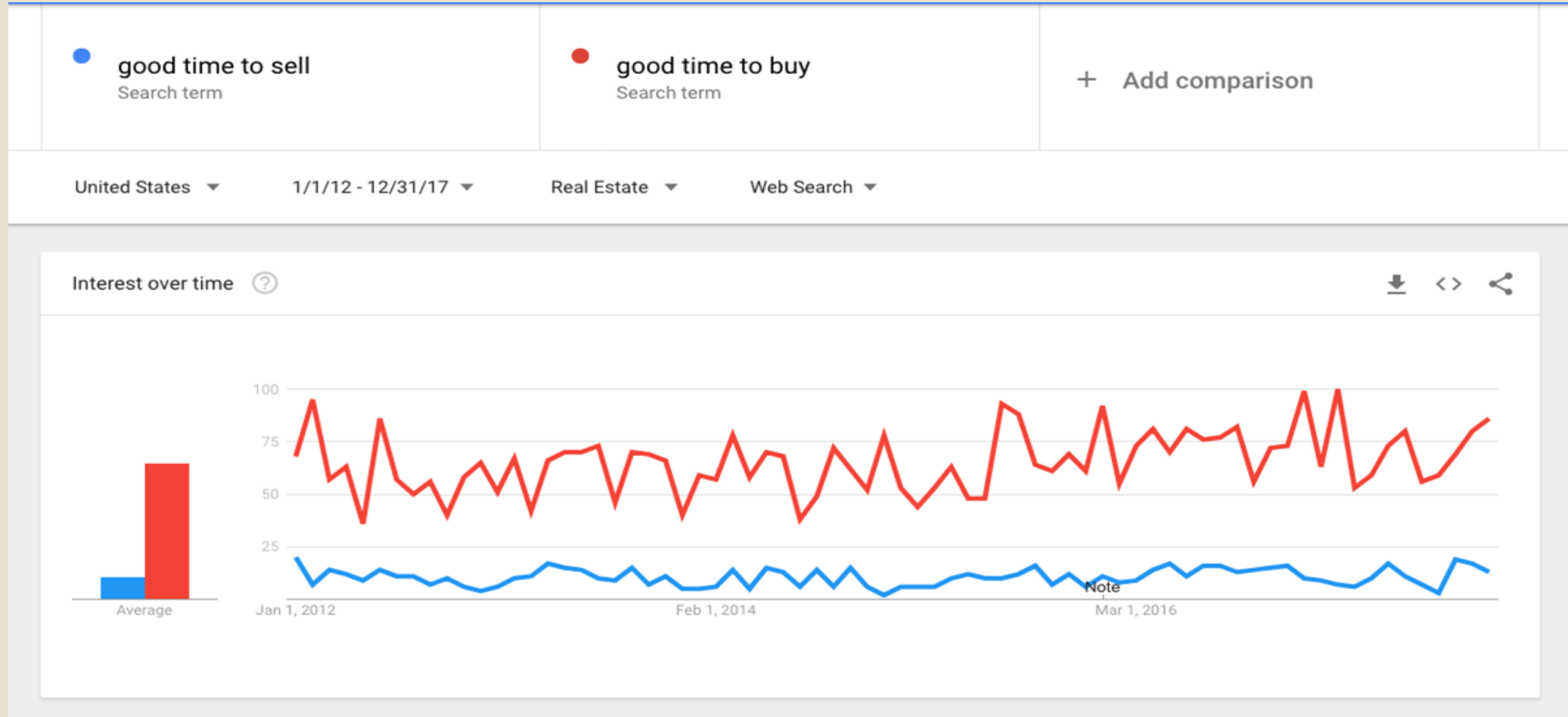


Home Price Expectation

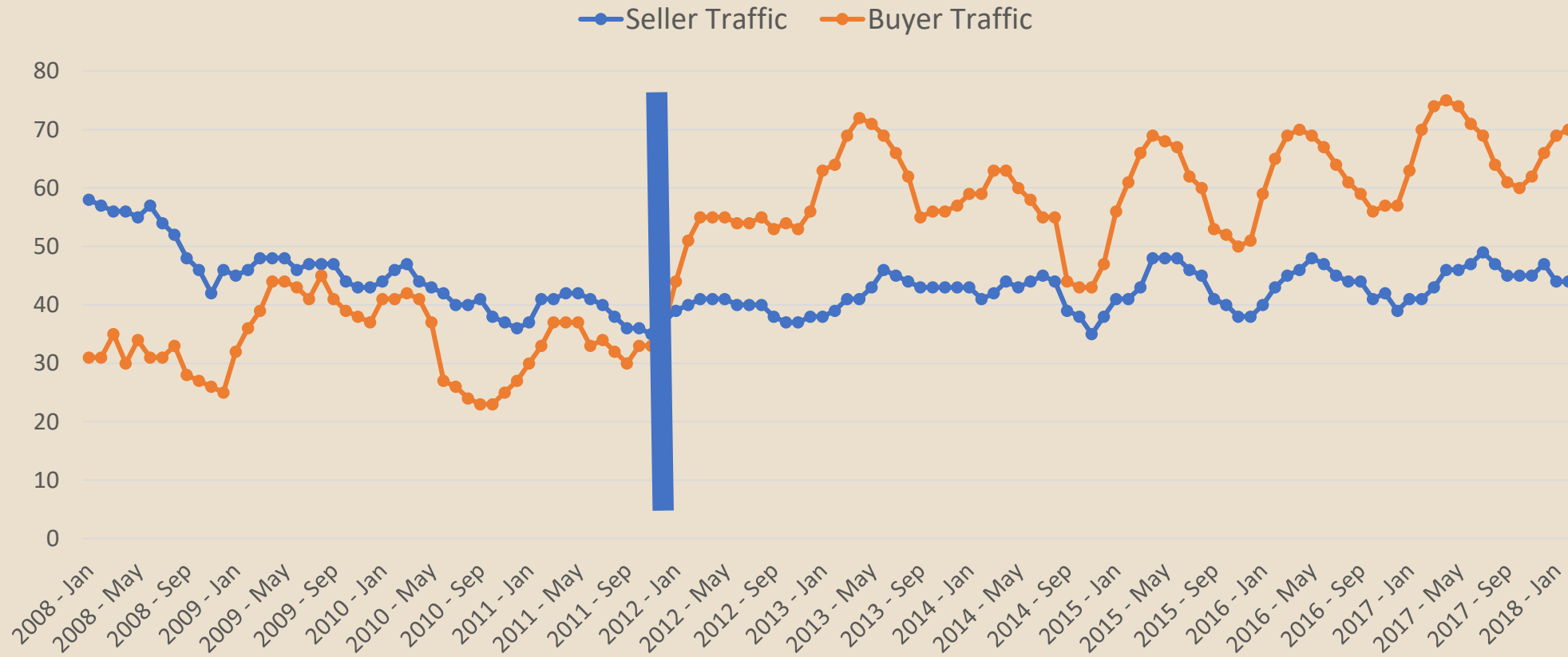


Googling What?

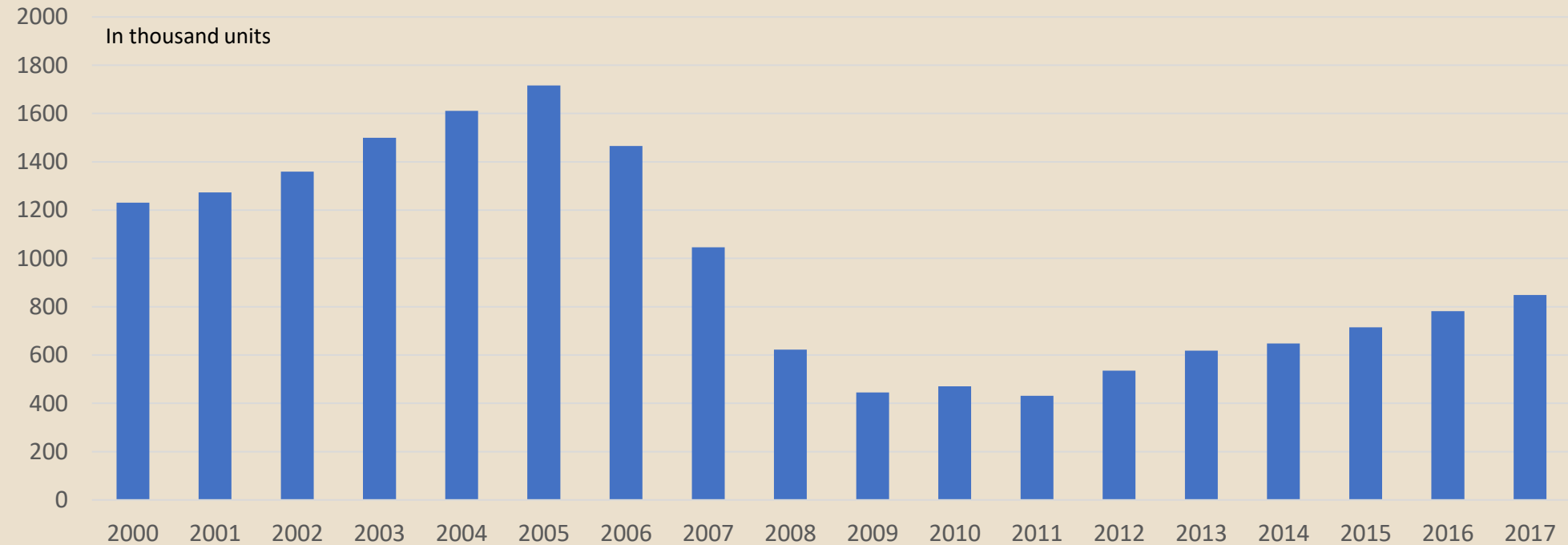
From 2012 to 2017



Foot Traffic according to Realtors®



Diminished Optimism Because of Lack of Supply Need to Boost Single-Family Housing Starts



How to Boost Home Construction

**Provide Regulatory Relief to
Community Banks**

**Remove Tariff on Lumber and Building
Materials**

**Don't be Too Stringent on Zoning Land
Use**

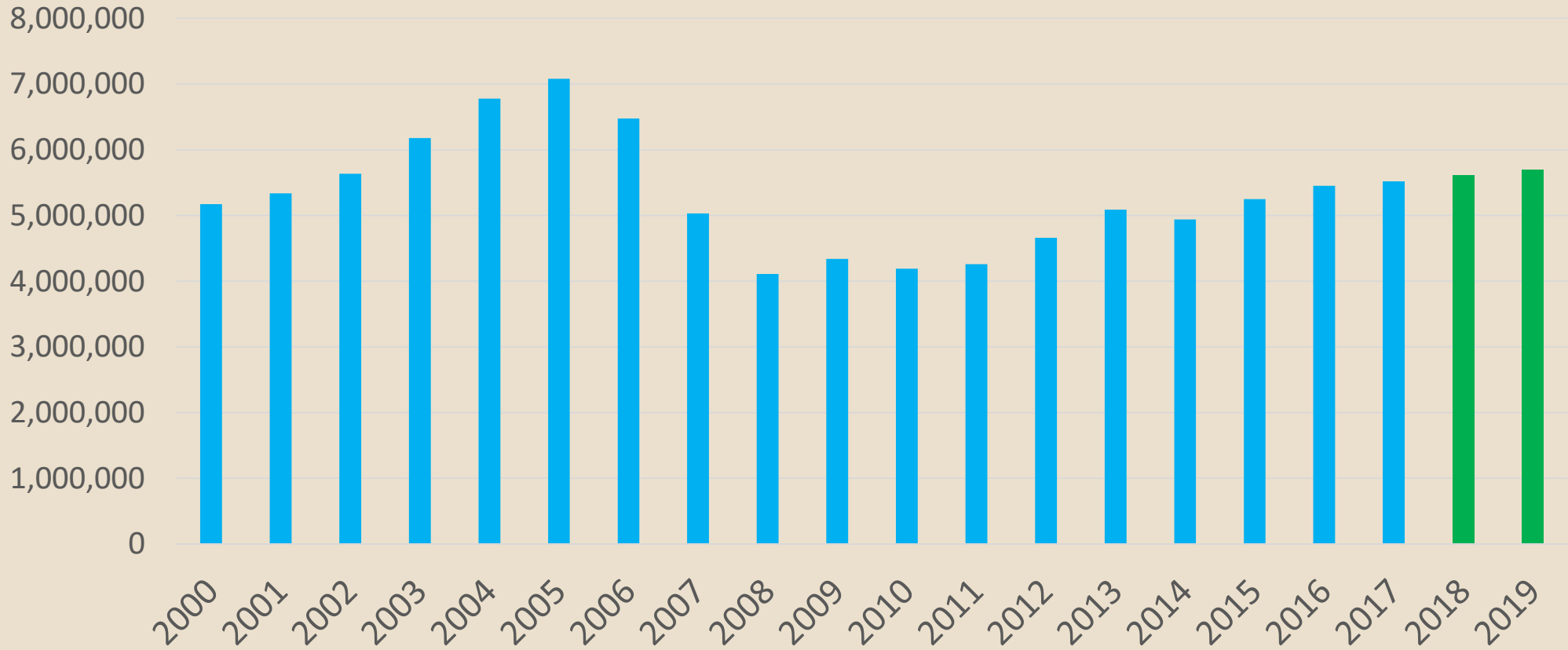
Rework Condominium Defect Laws

**Train New Workers for Construction
Industry**

Forecast

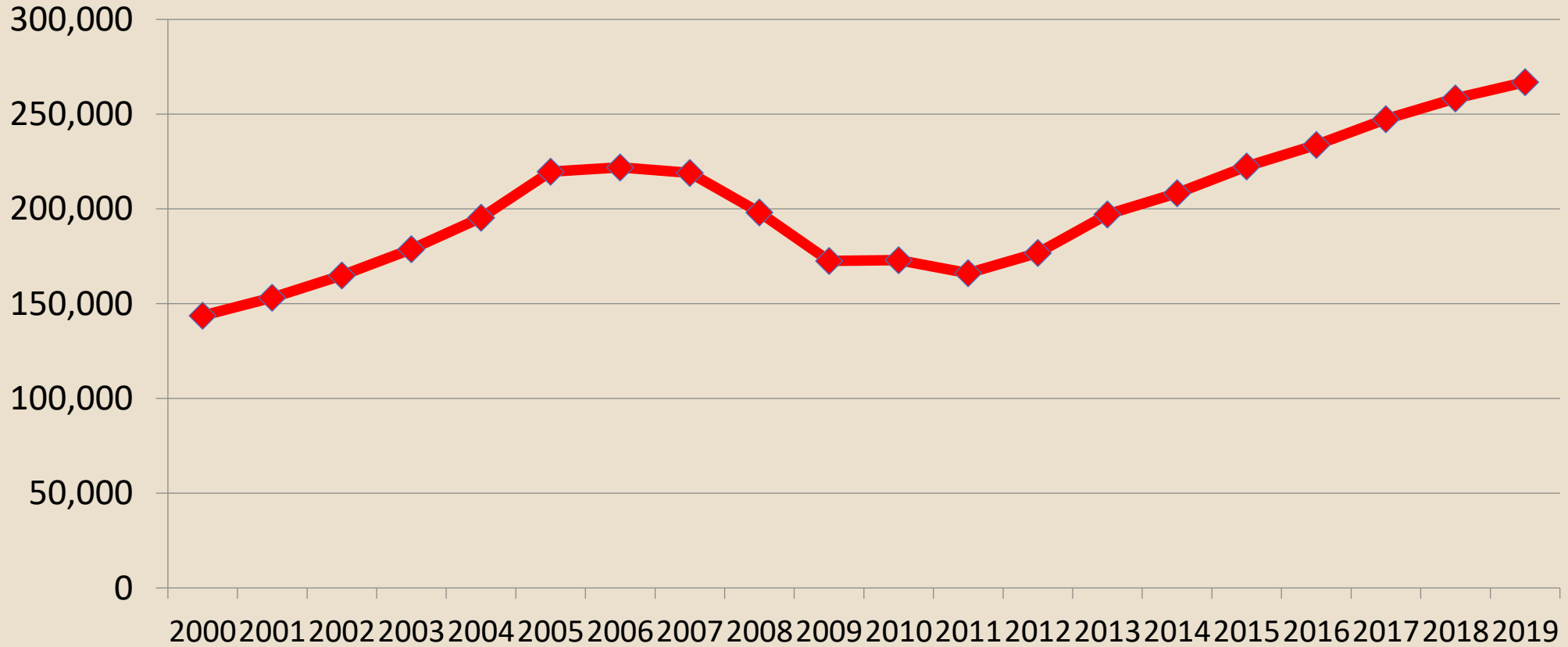
National Existing Home Sales

Inching Higher 4% over 2 years



Median Home Price

Rising 8% over 2 years



Thank You !

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