

Housing Market Outlook

Top 75 Large Residential Firm Directors Forum

May 18, 2017

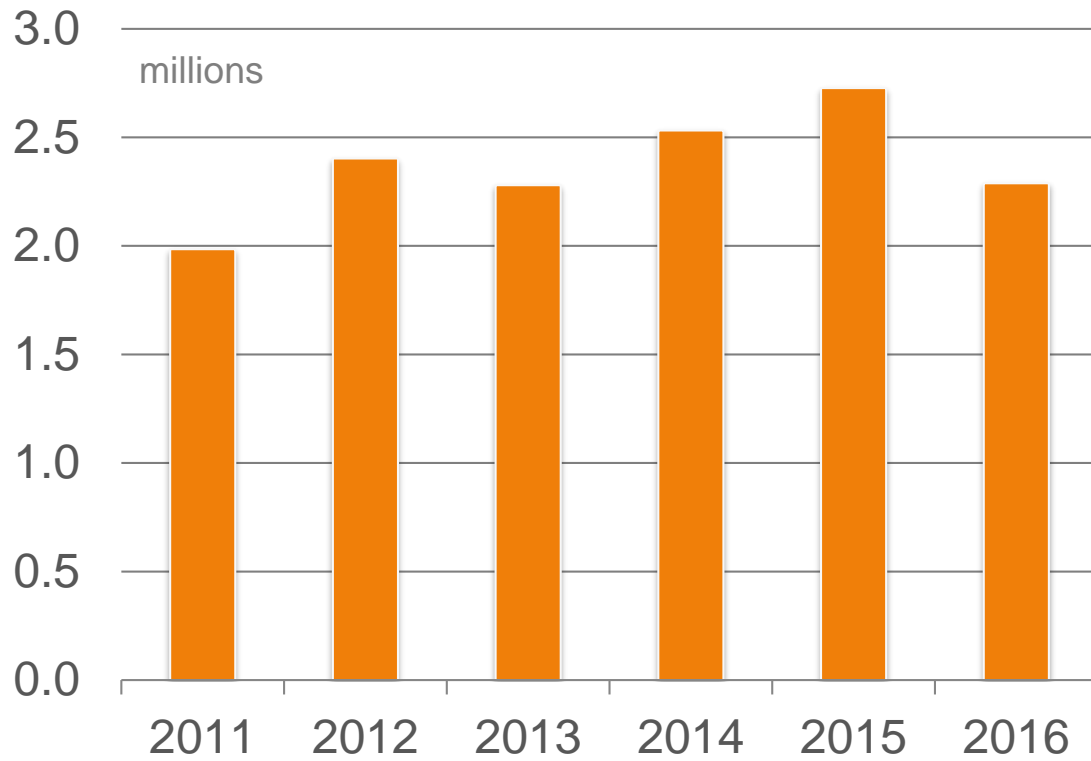
Paul C. Bishop
Vice President, Research



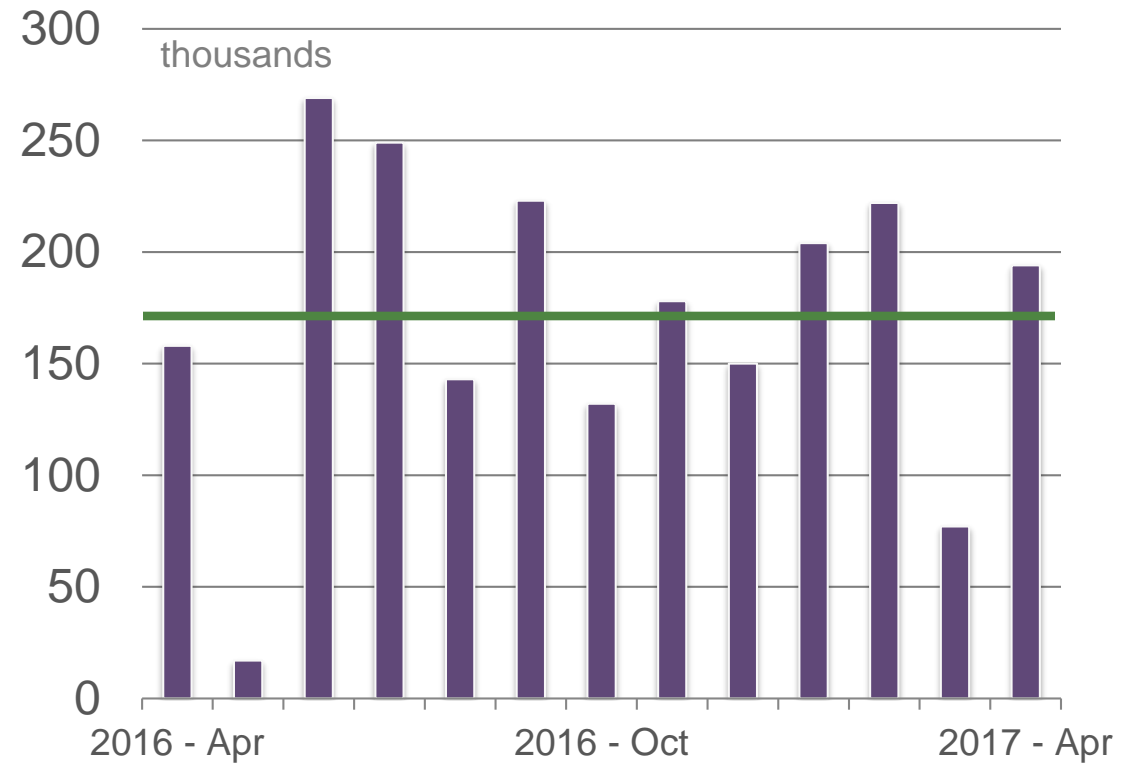
What are the Forces Driving the Economy?

Economy Continues to Add Jobs

U.S. Private Sector Job Gains



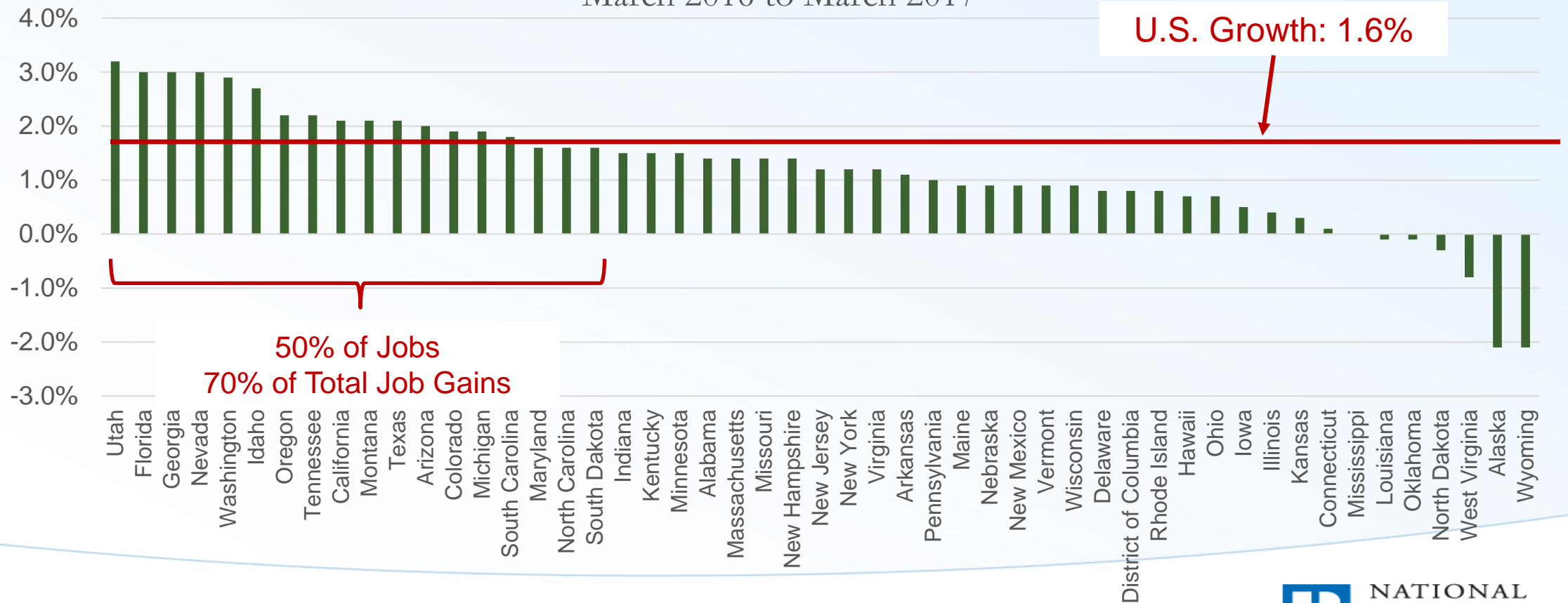
Job Gains During the Past 12 Months



Source: Bureau of Labor Statistics

Job Growth Varies Widely Across the U.S.

Job Growth
March 2016 to March 2017



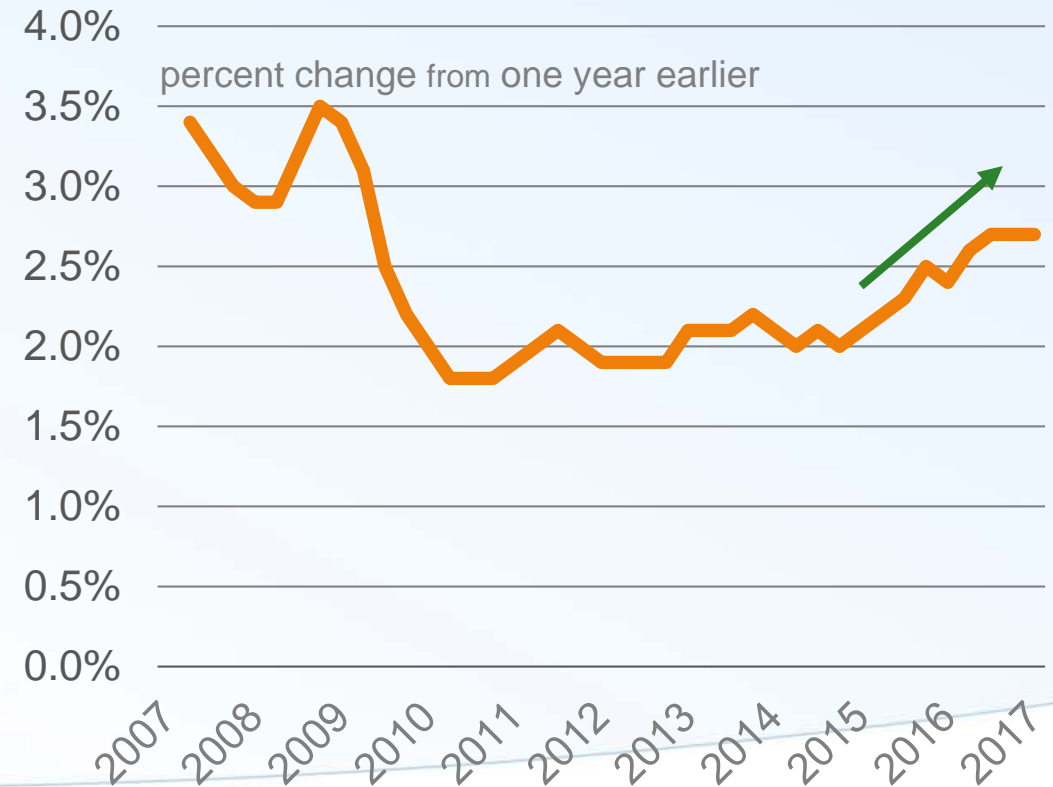
Source: Bureau of Labor Statistics

Job Market is Tighter and Wages Have Started to Increase More Quickly

U.S. Unemployment Rate Down and...

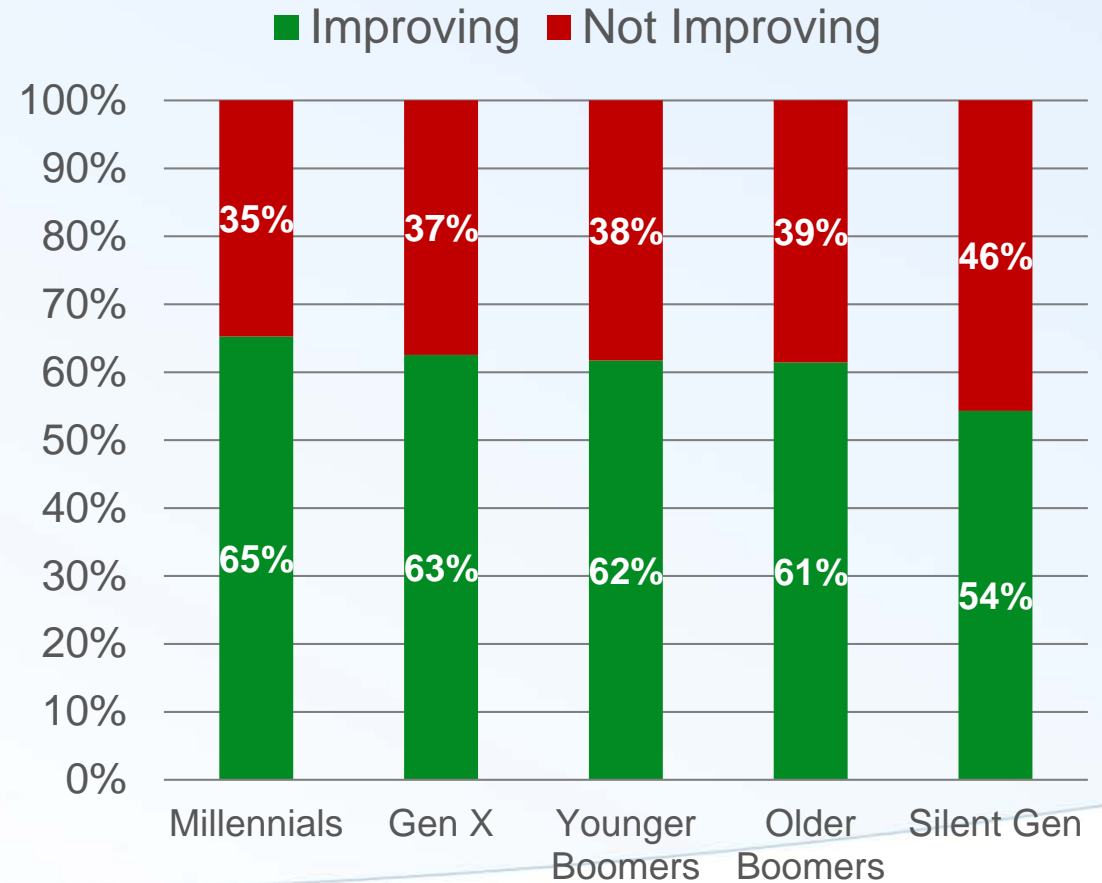
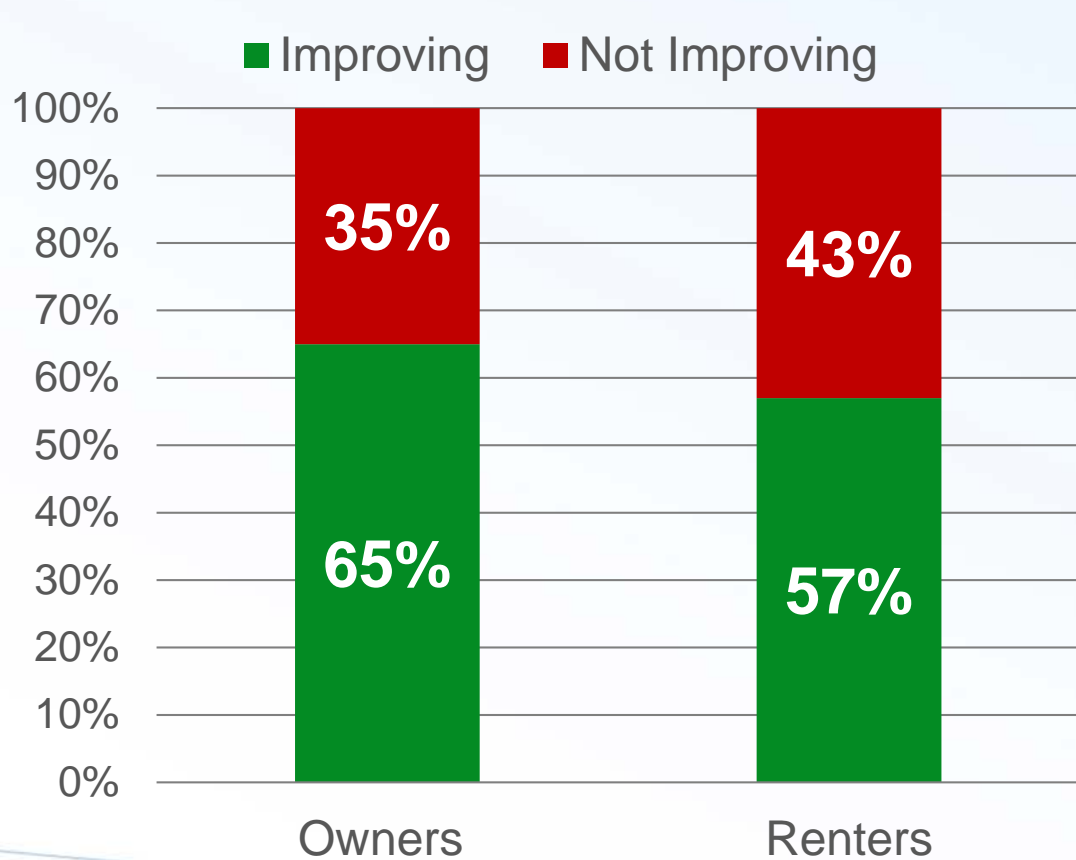


...Hourly Wages Rising Faster



Source: Bureau of Labor Statistics

Most Consumers Think the Economy is Improving

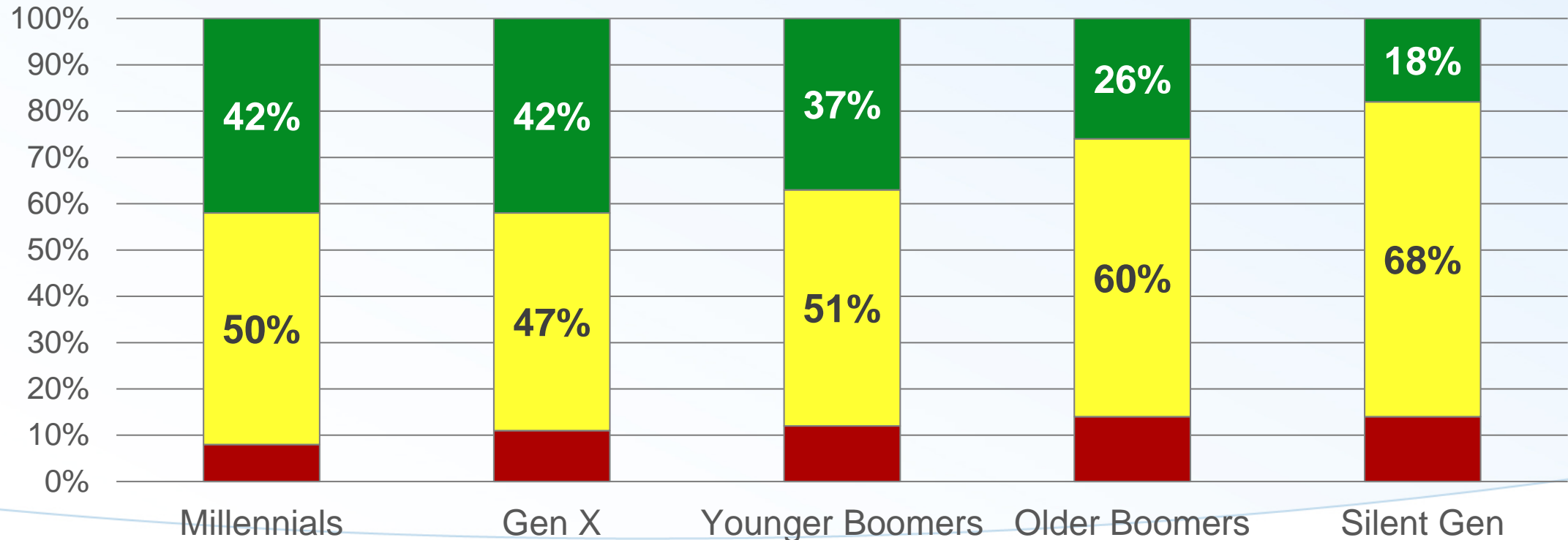


Source: National Association of REALTORS® HOME Survey Q1 2017

Few Think Their Personal Situation will be Worse in 6 Months, but Younger Generations Most Optimistic

In the next 6 months, will your personal financial situation be...

■ Worse ■ Same ■ Better



Source: National Association of REALTORS® HOME Survey Q1 2017

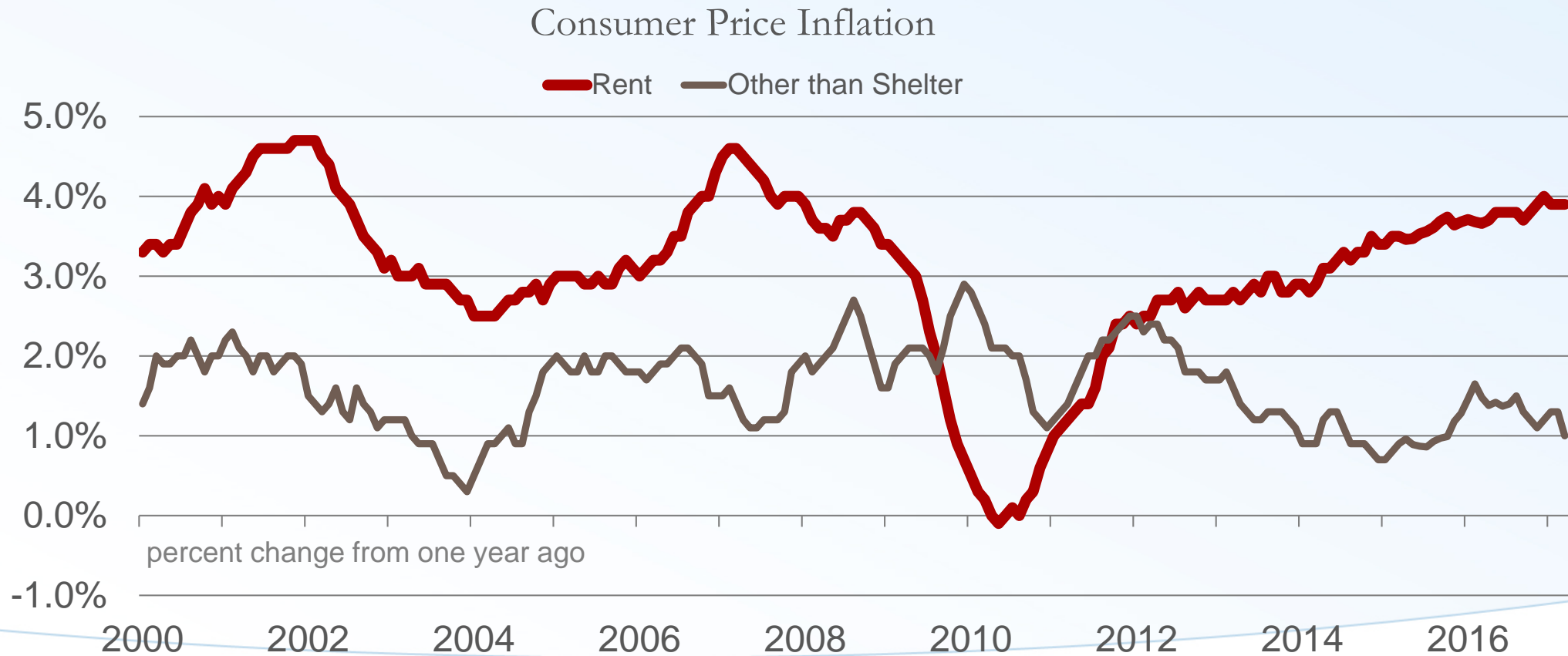
Inflation is Climbing Above 2%

Consumer Price Inflation
(excluding food and energy)



Source: Bureau of Labor Statistics

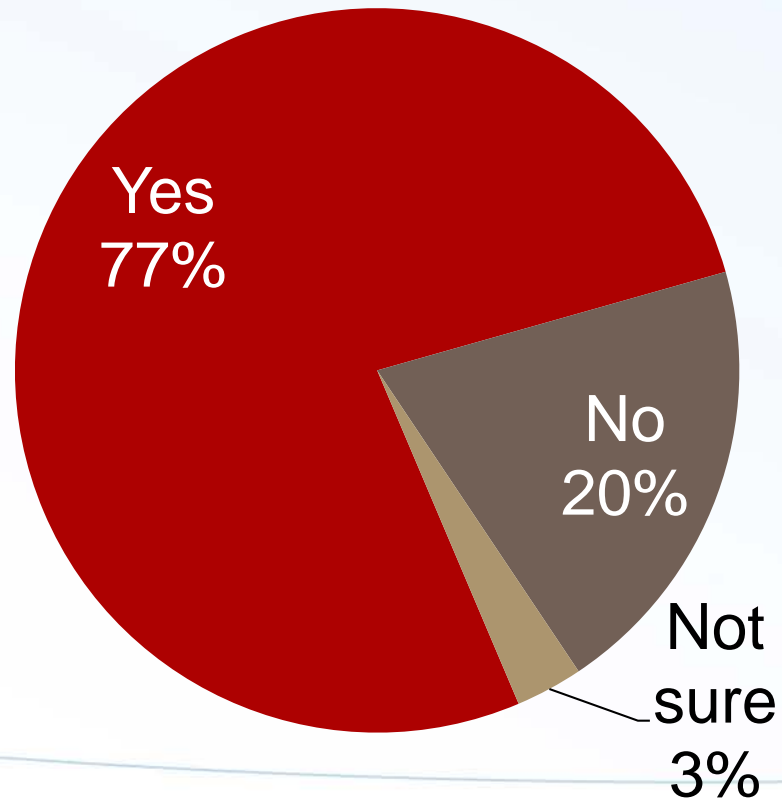
Rents Rising Faster than Most Other Segments



Source: Bureau of Labor Statistics

Current Renters Point to Affordability as Main Hurdle to Ownership

Do renters ever want to own a home?



Why don't renters own a home?

Can't afford a home	36%
Life circumstances not suitable for owning now	28%
Need flexibility of renting vs owning	16%
Don't want responsibility of owning	8%

53% of renters think it would be "difficult" to qualify for a mortgage

Interest Rates Headed on an Upward Path as Fed Anticipates Inflationary Pressures



Source: Federal Reserve

Economic Forecast

	2015	2016	2017 Forecast	2018 Forecast
GDP Growth	2.6%	1.6%	2.2%	2.4%
Job Growth	2.1%	1.8%	1.6%	1.7%
CPI Inflation	0.1%	1.3%	2.3%	2.2%
10-year Treasury	2.1%	1.8%	2.6%	3.2%

Source: National Association of REALTORS® (May 2017)



What's Driving the Housing Market?

2016 U.S. Home Sales Reach Highest Level Since 2006

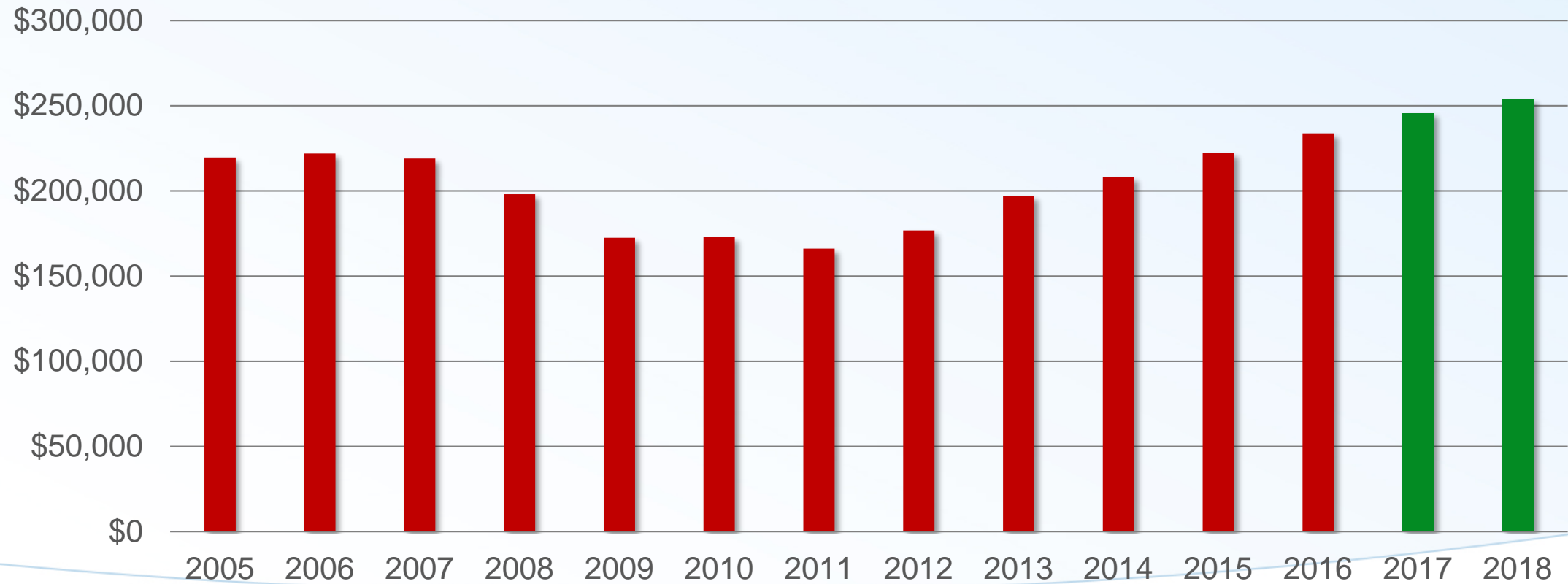
U.S. Annual Existing Home Sales



Source: National Association of REALTORS®

U.S. Home Prices Rise 40% Since Bottom of Housing Crisis

U.S. Median Existing Home Prices

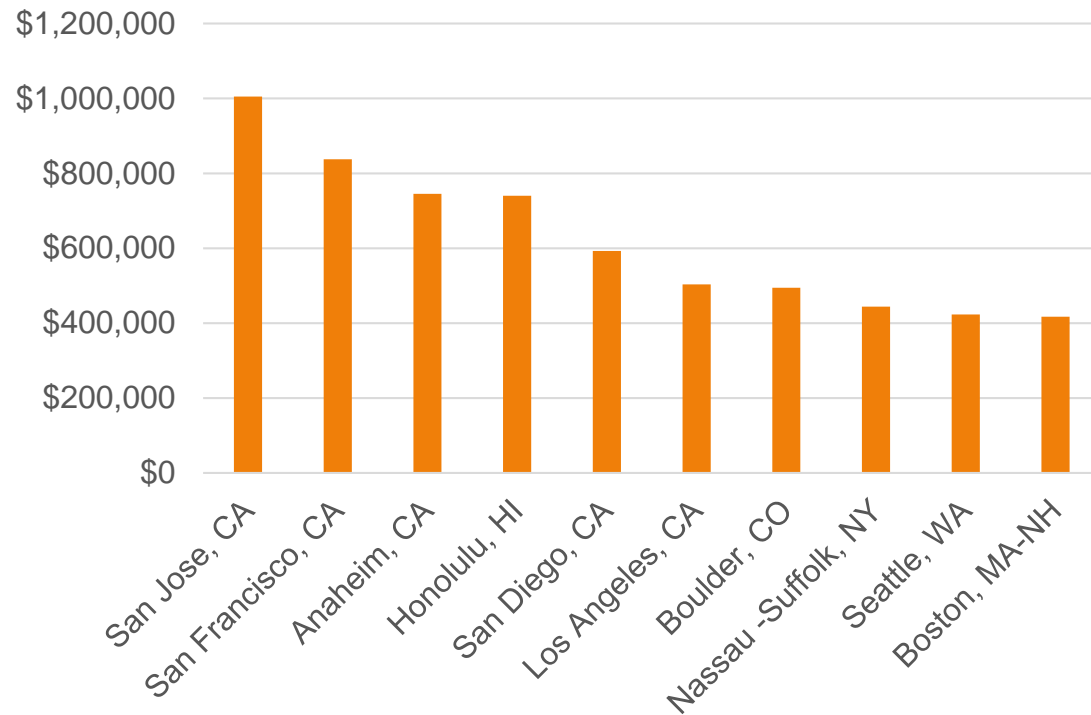


Source: National Association of REALTORS®

Median Home Prices Span Wide Range

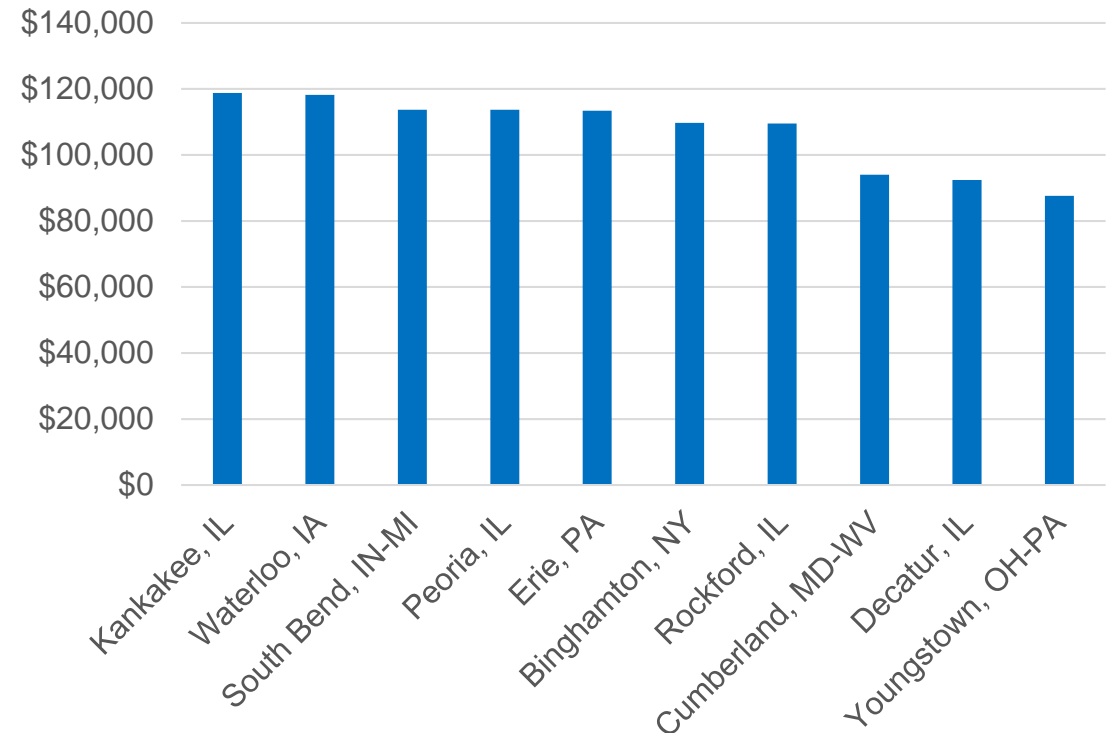
Most Expensive Metros

Median SF Home Price (2016Q4)



Least Expensive Metros

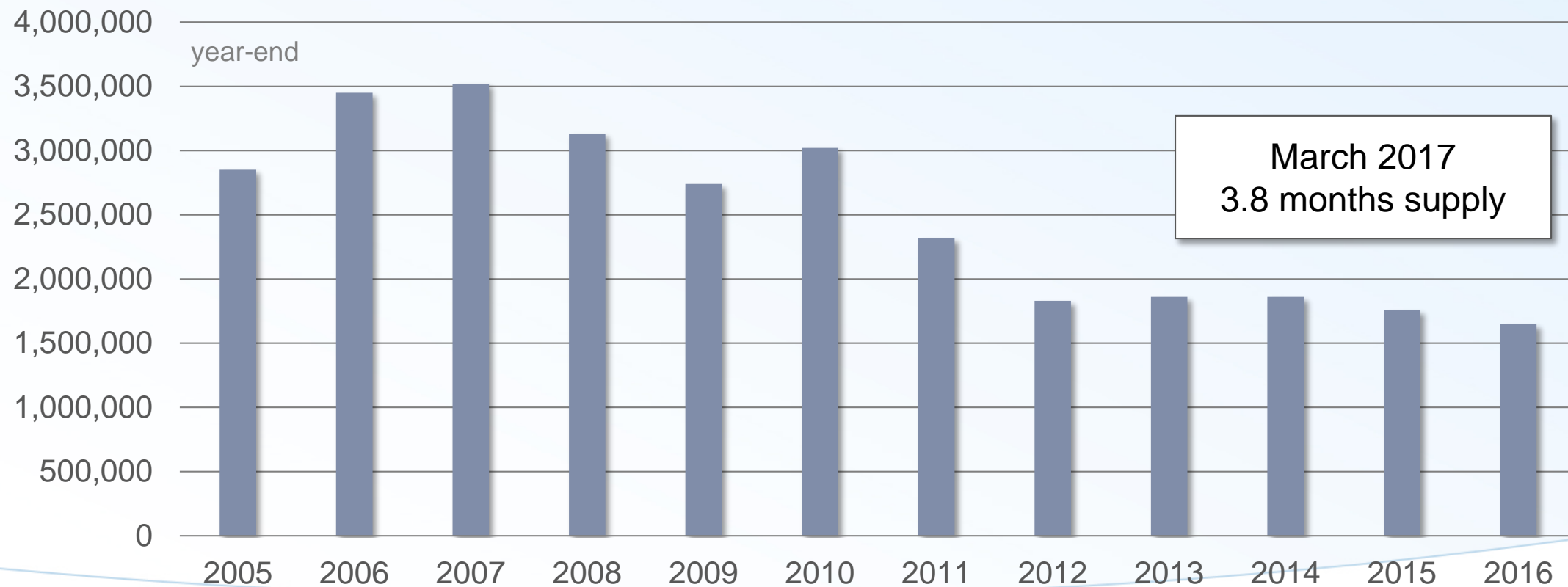
Median SF Home Price (2016Q4)



Source: National Association of REALTORS®

Too Few Homes Available for Sale

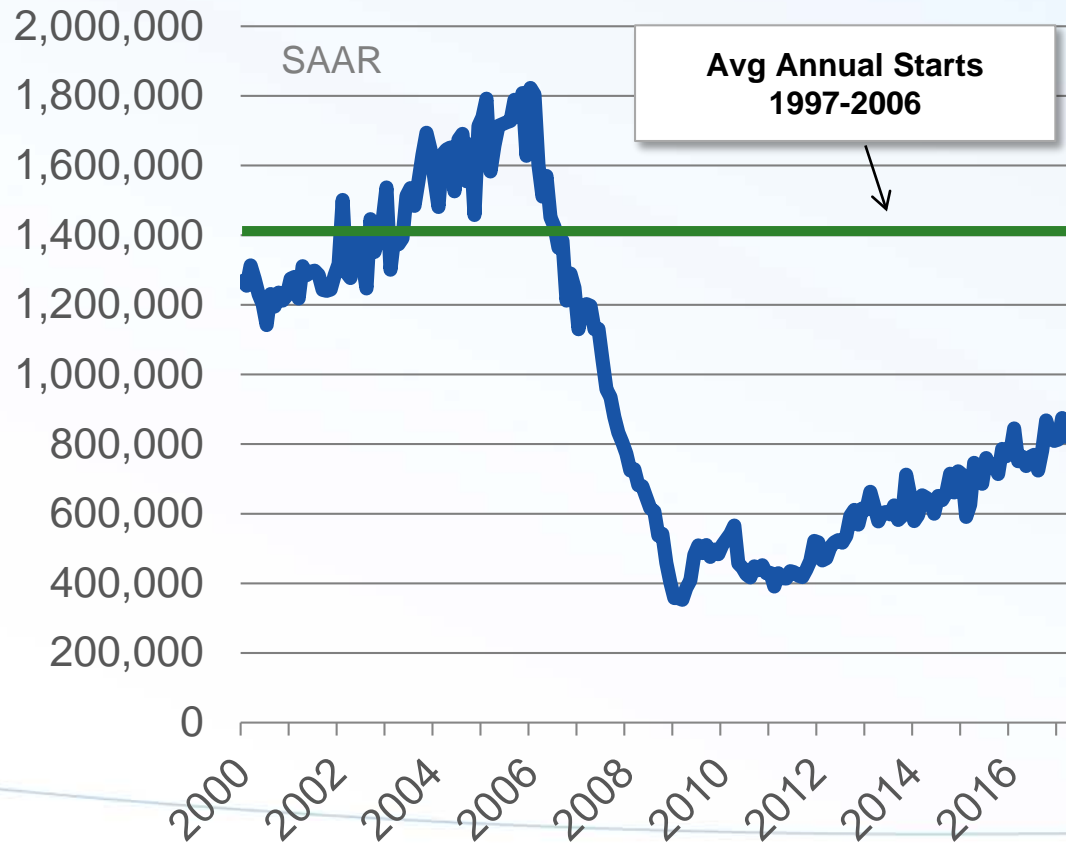
Homes Available for Sale in U.S.



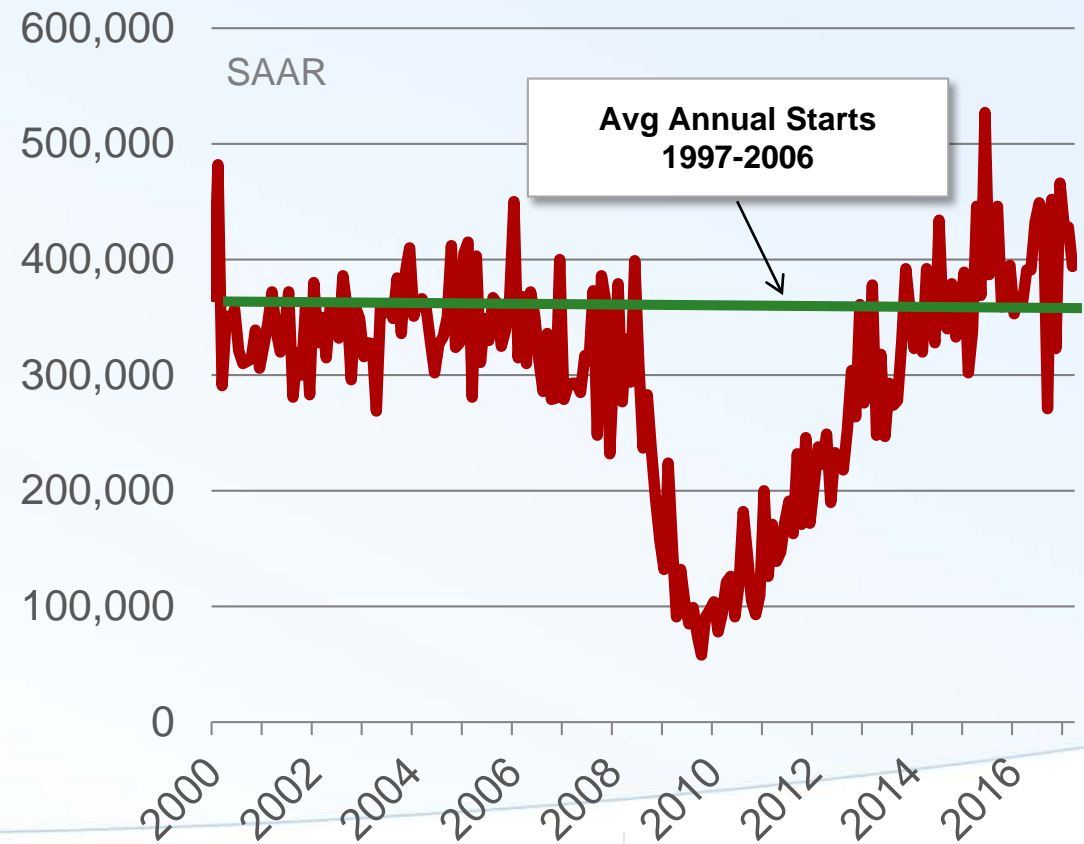
Source: National Association of REALTORS®

Nationally, Single Family Home Building Remains Far Below Normal

U.S. Single Family Starts



U.S. Multi-family Starts



Source: Census Bureau

Low Level of Home Building Evident in New Home Sales

U.S. New Single Family Home Sales

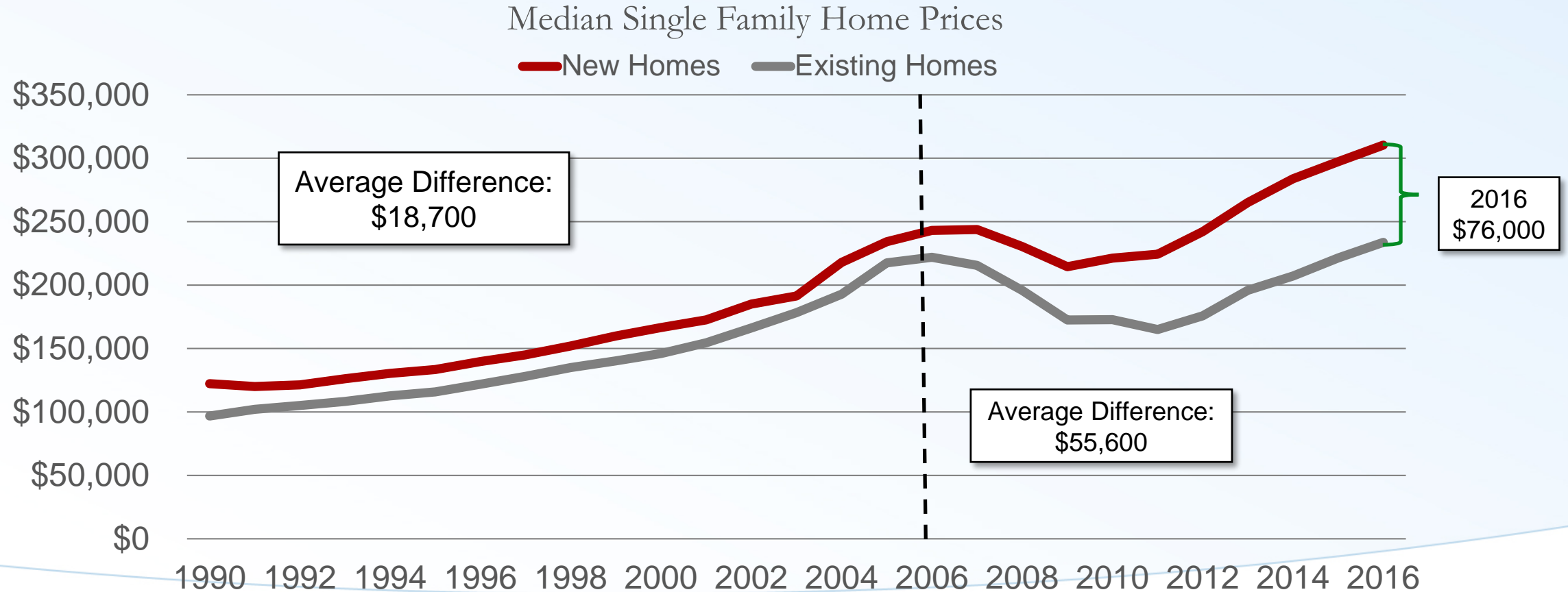


Months Supply of New Homes



Source: Census Bureau

New Home Prices Accelerating Compared to Existing Home Prices Possibly Slowing Trade-up Market



Source: National Association of REALTORS® and Census Bureau

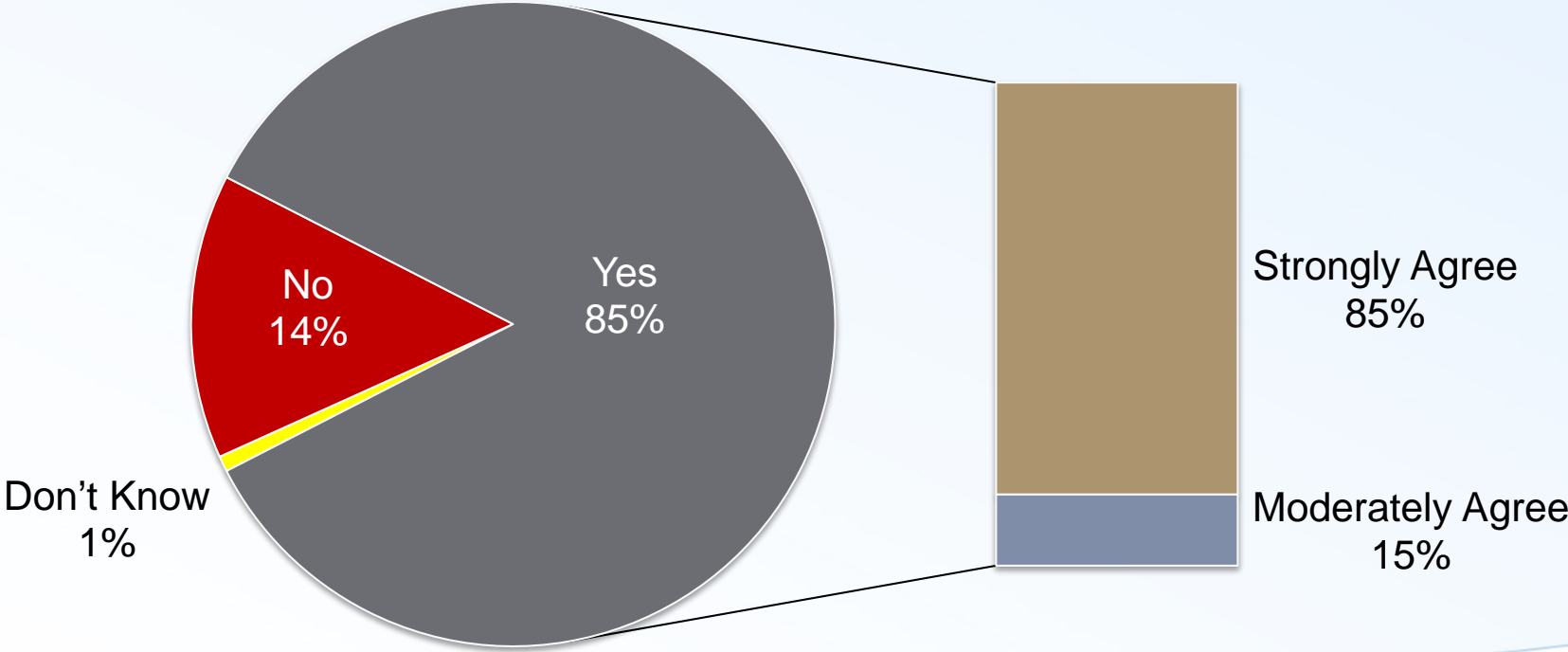
Housing Forecast

	2015	2016	2017 Forecast	2018 Forecast
Housing Starts	1,112,000	1,174,000	1,273,000	1,382,000
New Home Sales	501,000	561,000	620,000	673,000
Existing Home Sales	5,250,000	5,450,000	5,640,000	5,804,000
Median Existing Home Price Growth	6.8%	5.1%	5.0%	3.5%
30-year Mtg Rate	3.9%	3.6%	4.3%	5.0%

Source: National Association of REALTORS® (May 2017)

The American Dream Includes Homeownership

Is Homeownership Part of your American Dream?



Source: National Association of REALTORS® HOME Survey Q1 2017

NAR Research

NAR Research Reports

<https://www.nar.realtor/research-and-statistics/research-reports>

Housing Statistics

<https://www.nar.realtor/research-and-statistics/housing-statistics>

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