

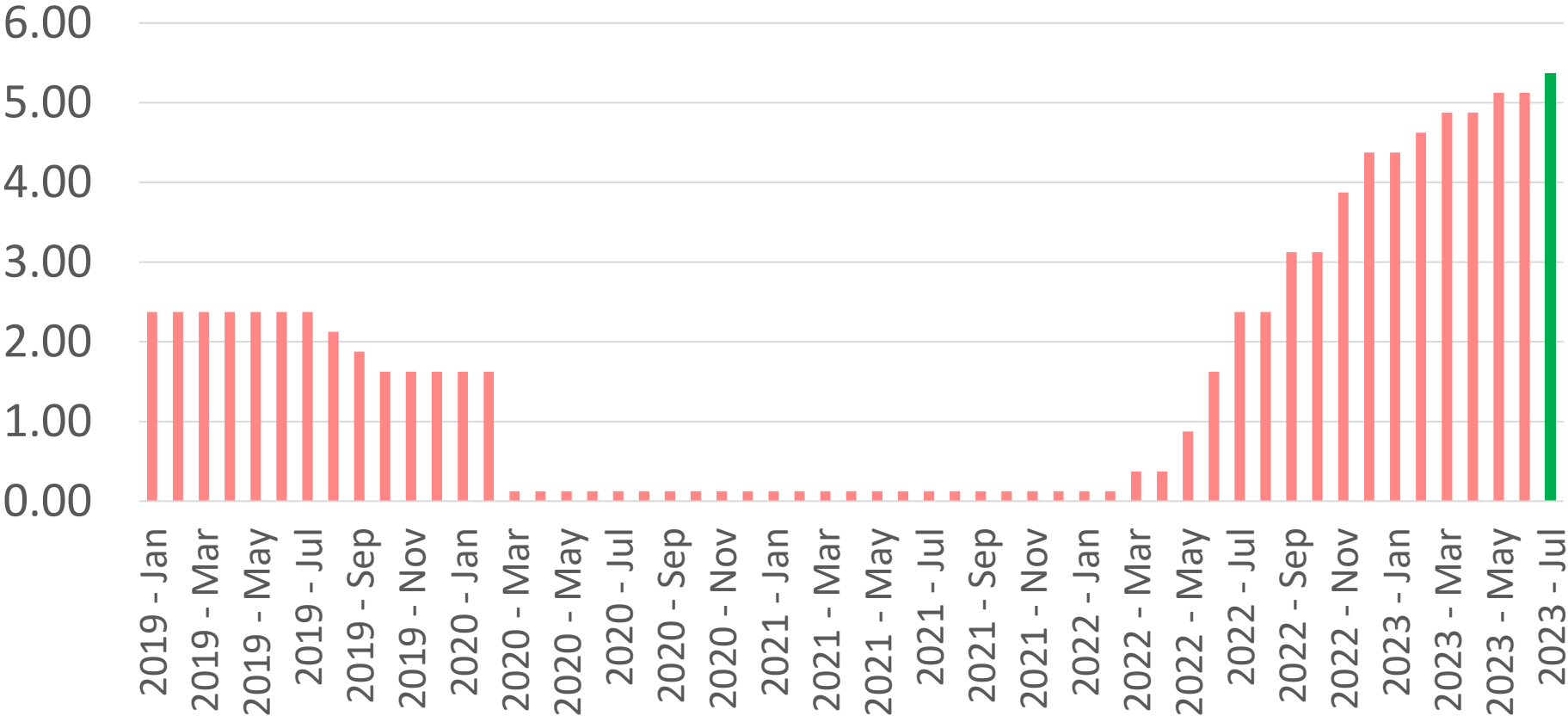
Real Estate Market Outlook

Lawrence Yun, Ph.D.

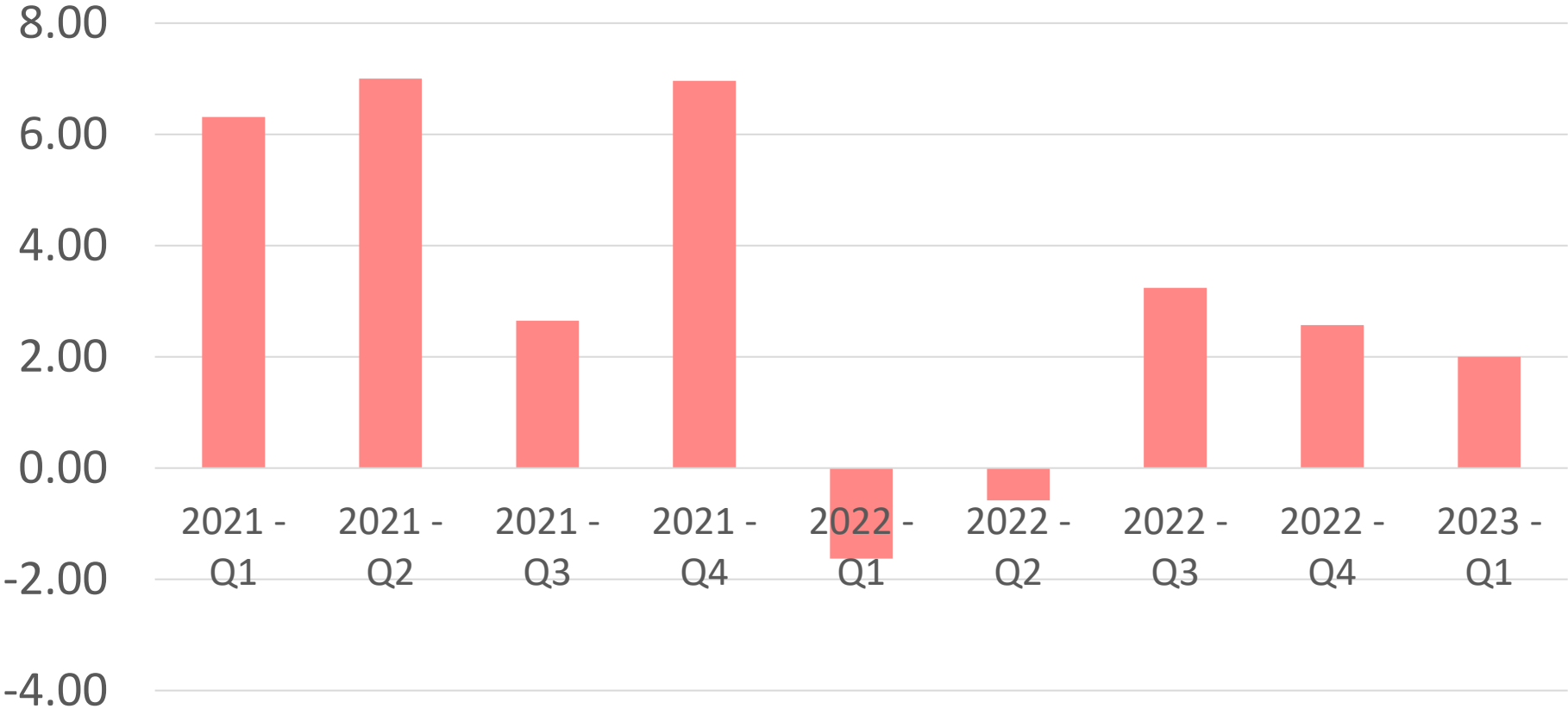
Chief Economist

National Association of REALTORS®

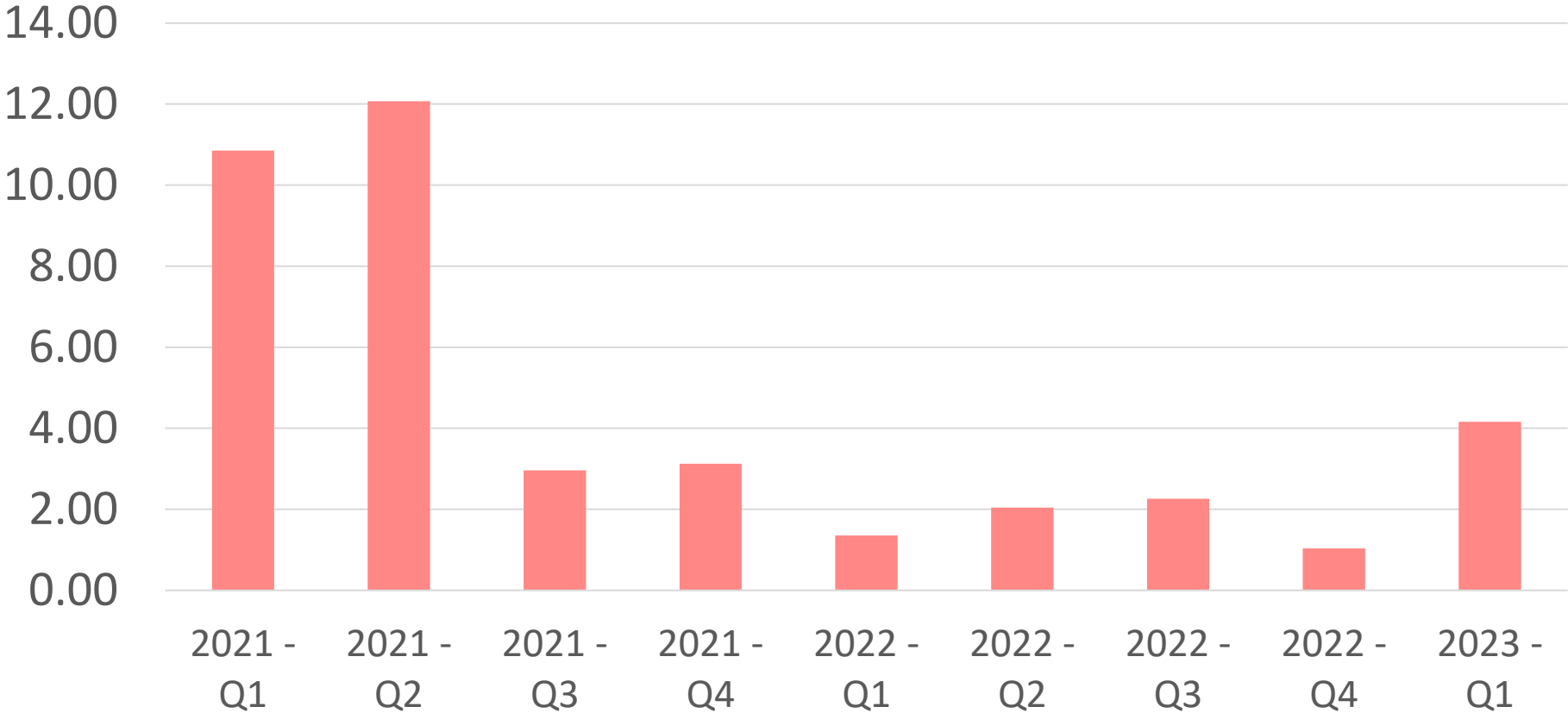
Federal Reserve Rate Hikes



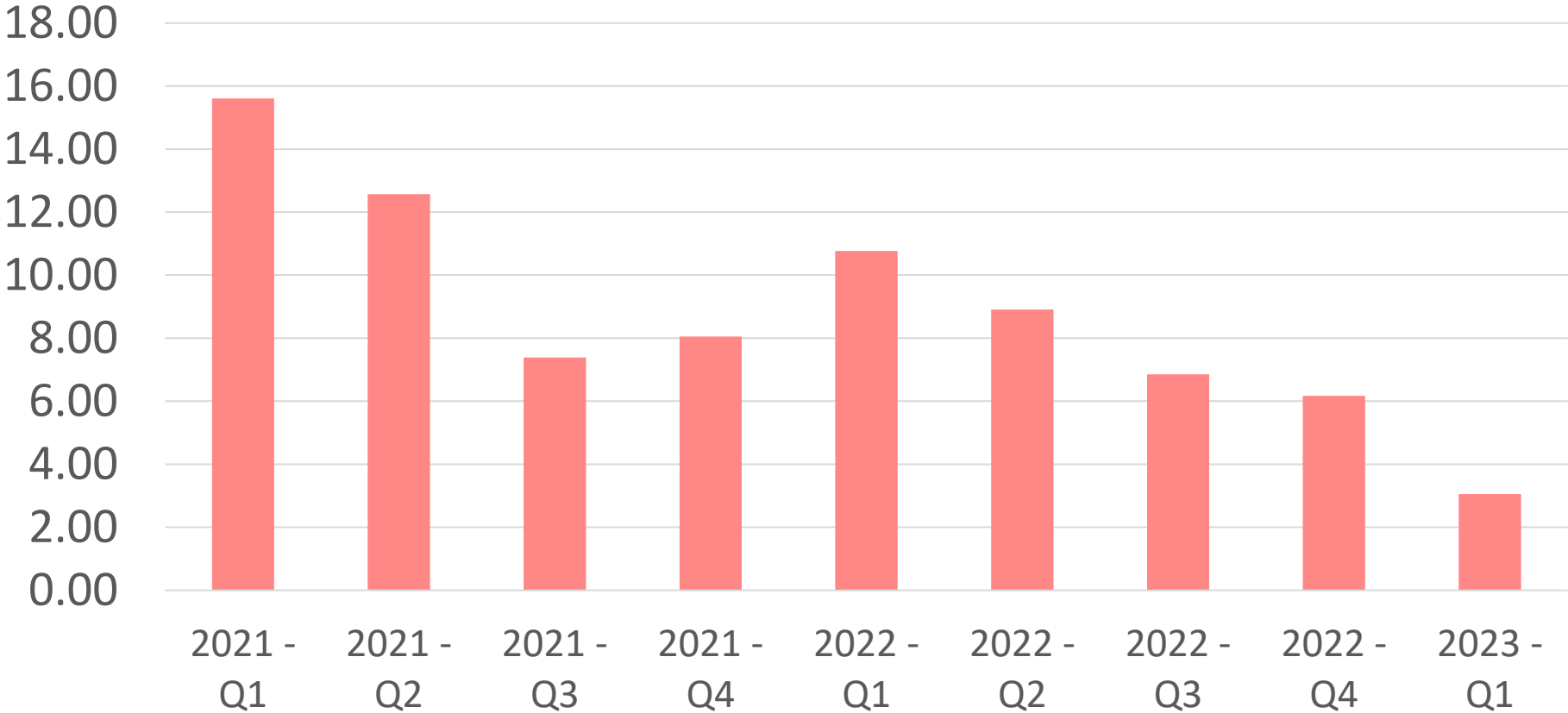
GDP Growth Rate



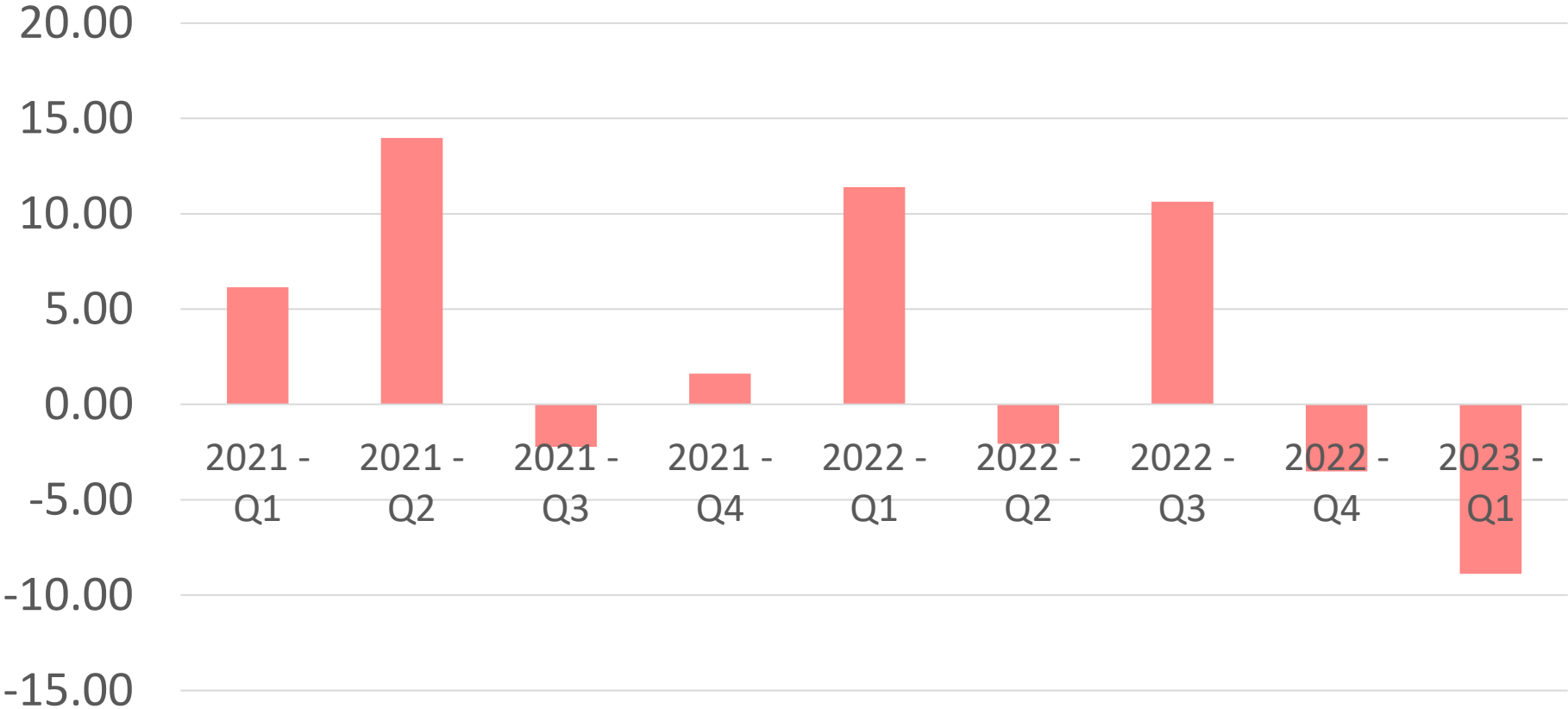
GDP Component on Consumer Spending



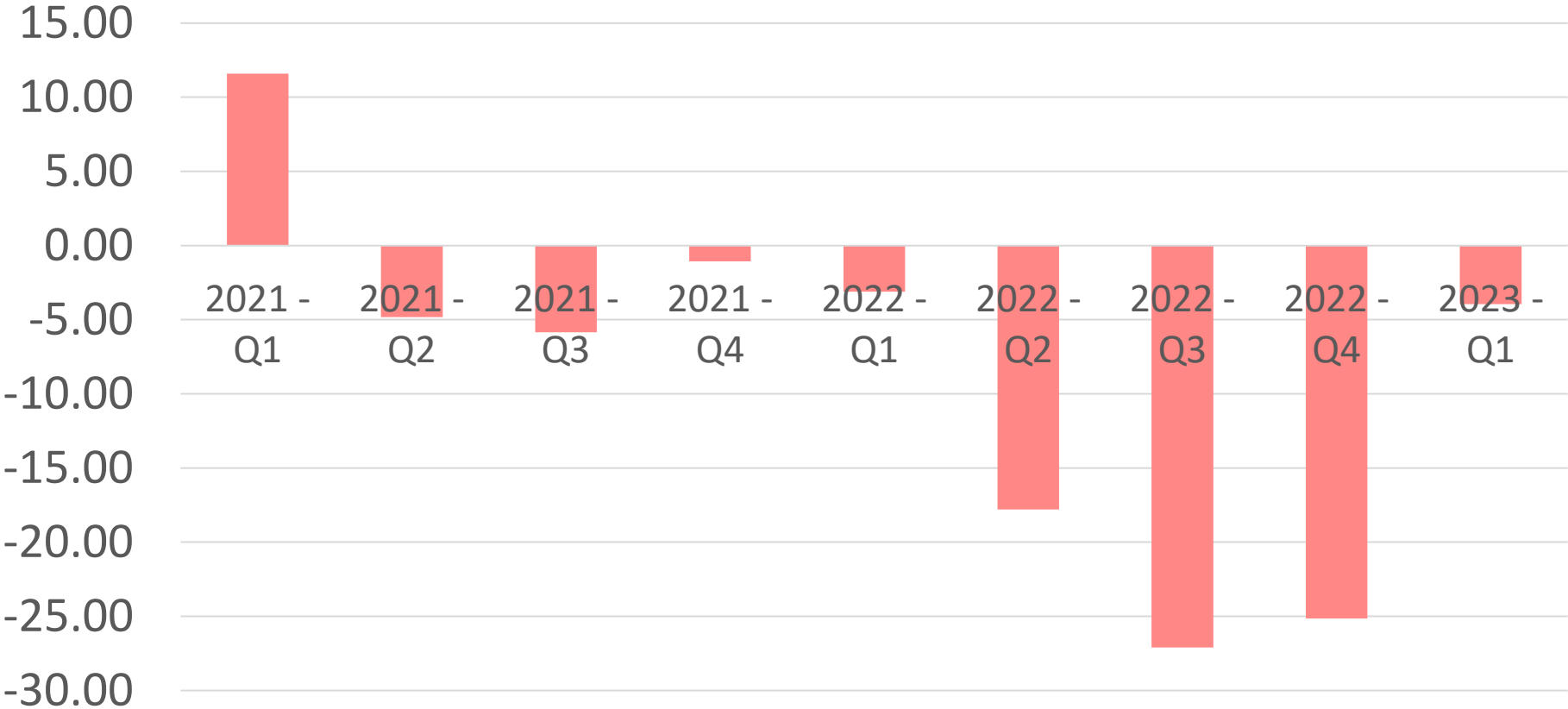
GDP Component on Investment on Software and R&D



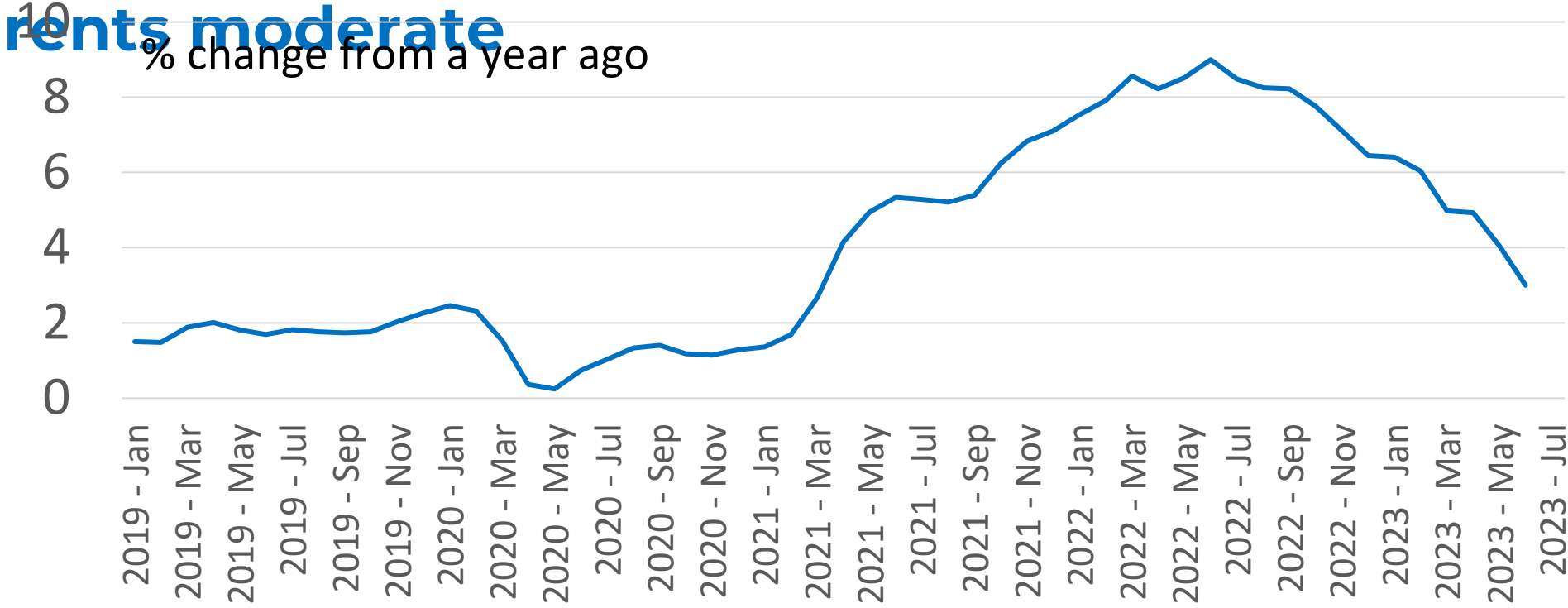
GDP Component on Investment on Equipment



GDP Component on Residential Housing Investment

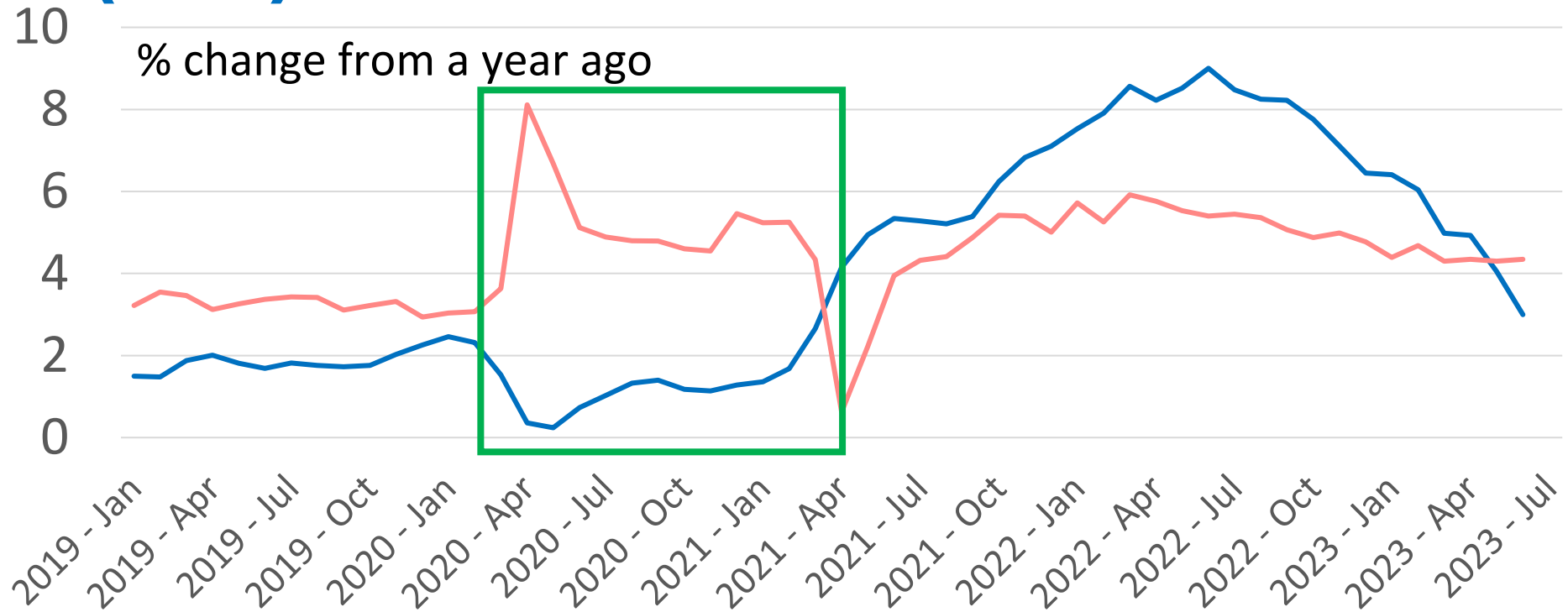


Inflation Steadily Calming Down ... 3% in June With more deceleration underway as wage and rents moderate



Source: BLS

Wage Growth (red) now outpacing Inflation (blue)



Source: BLS

Price Growth by Key Items

| Item | % change from a year ago |
|-----------------|--------------------------|
| Car Insurance | 16.9% |
| Rent | 8.3% |
| Food | 5.8% |
| Electricity | 5.4% |
| New Car | 4.1% |
| Clothes | 3.1% |
| Medical Service | -1% |
| Airfare | -13% |
| Gasoline | -27% |

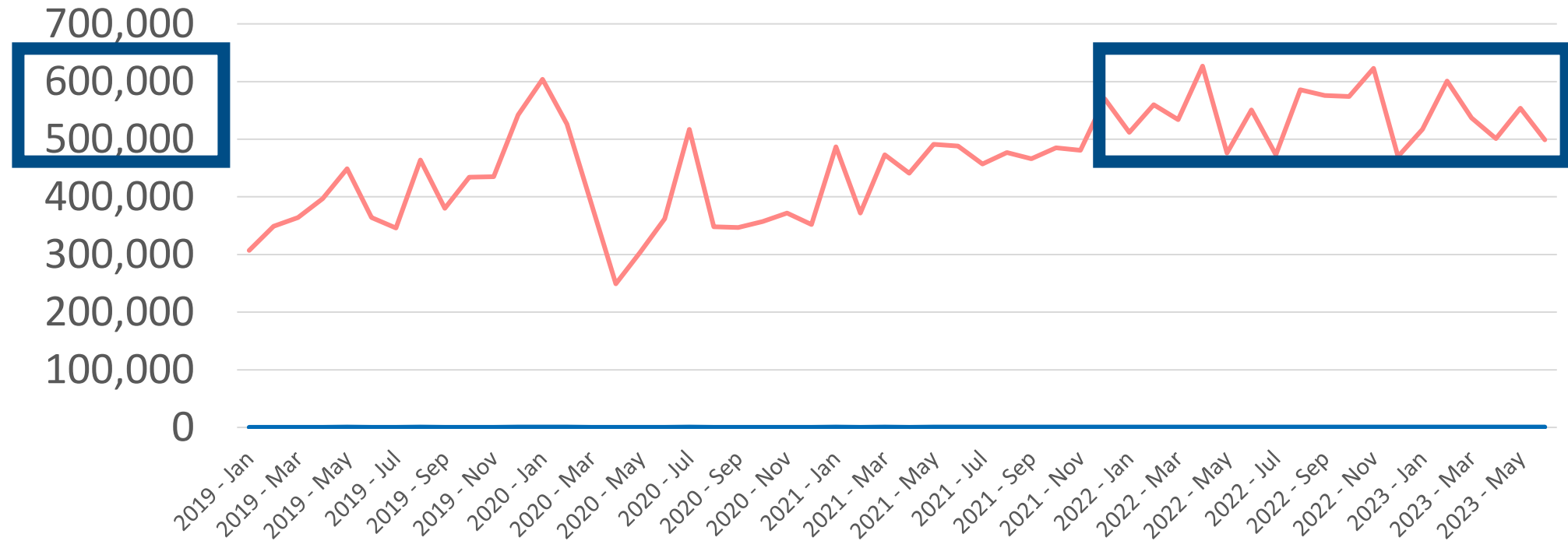
Source: BLS

Rent of Primary Residence ... Start of Deceleration



Source: BLS

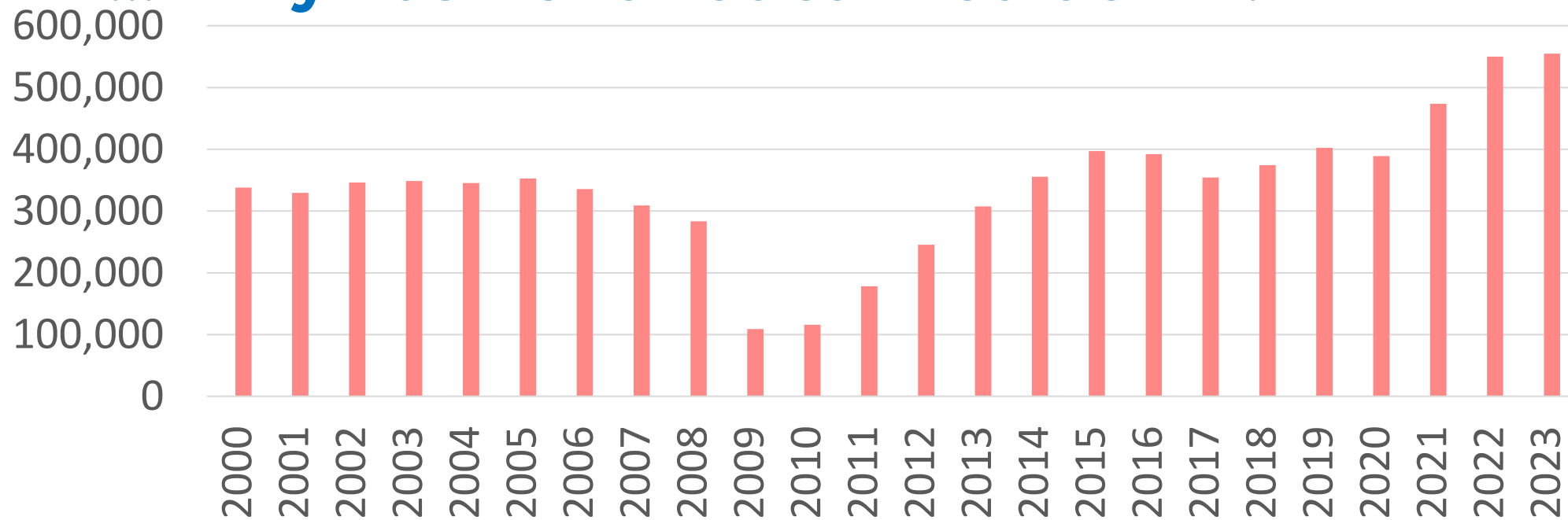
Monthly Multifamily Housing Starts (annualized)



Source: Census/HUD

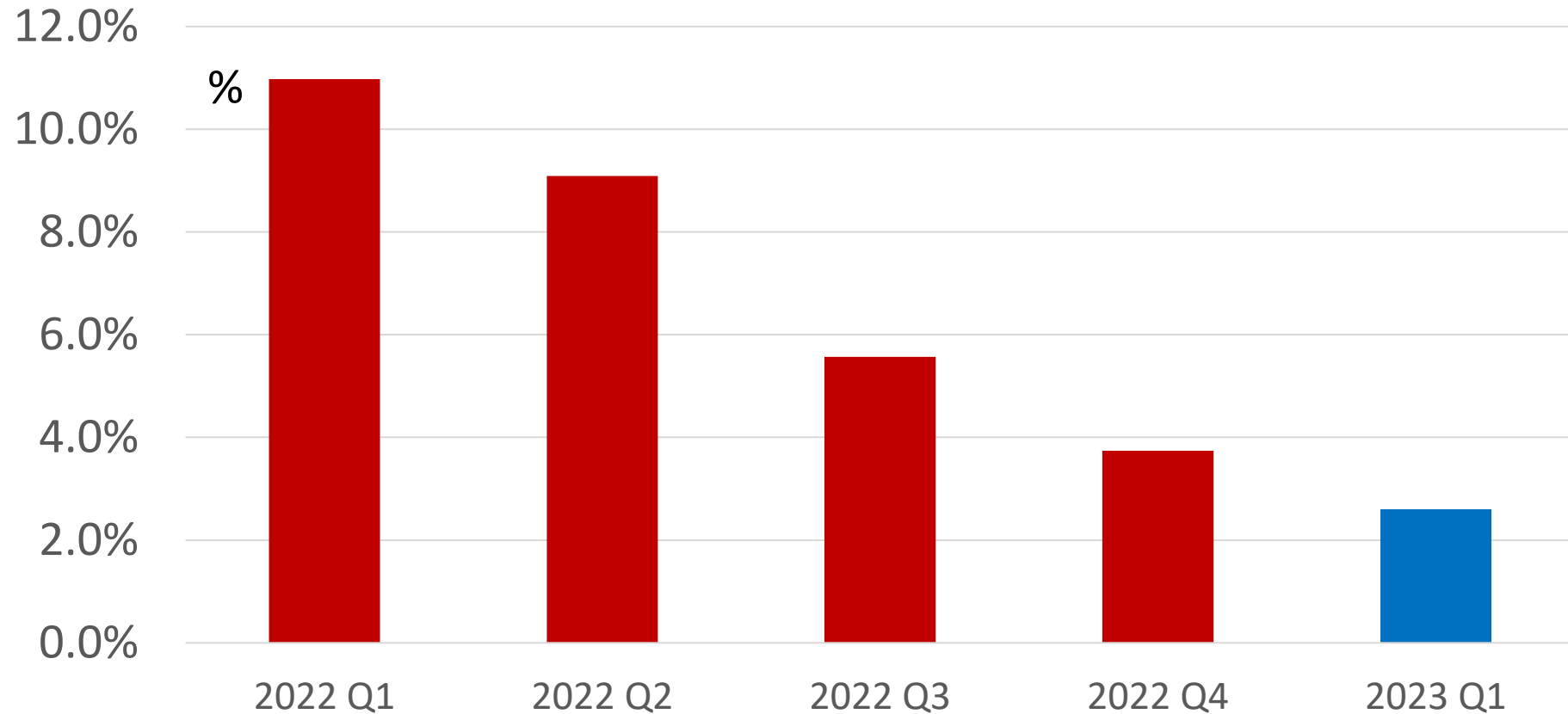
Annual Apartment Construction of 40 year high

... Why has Rent not calmed down?



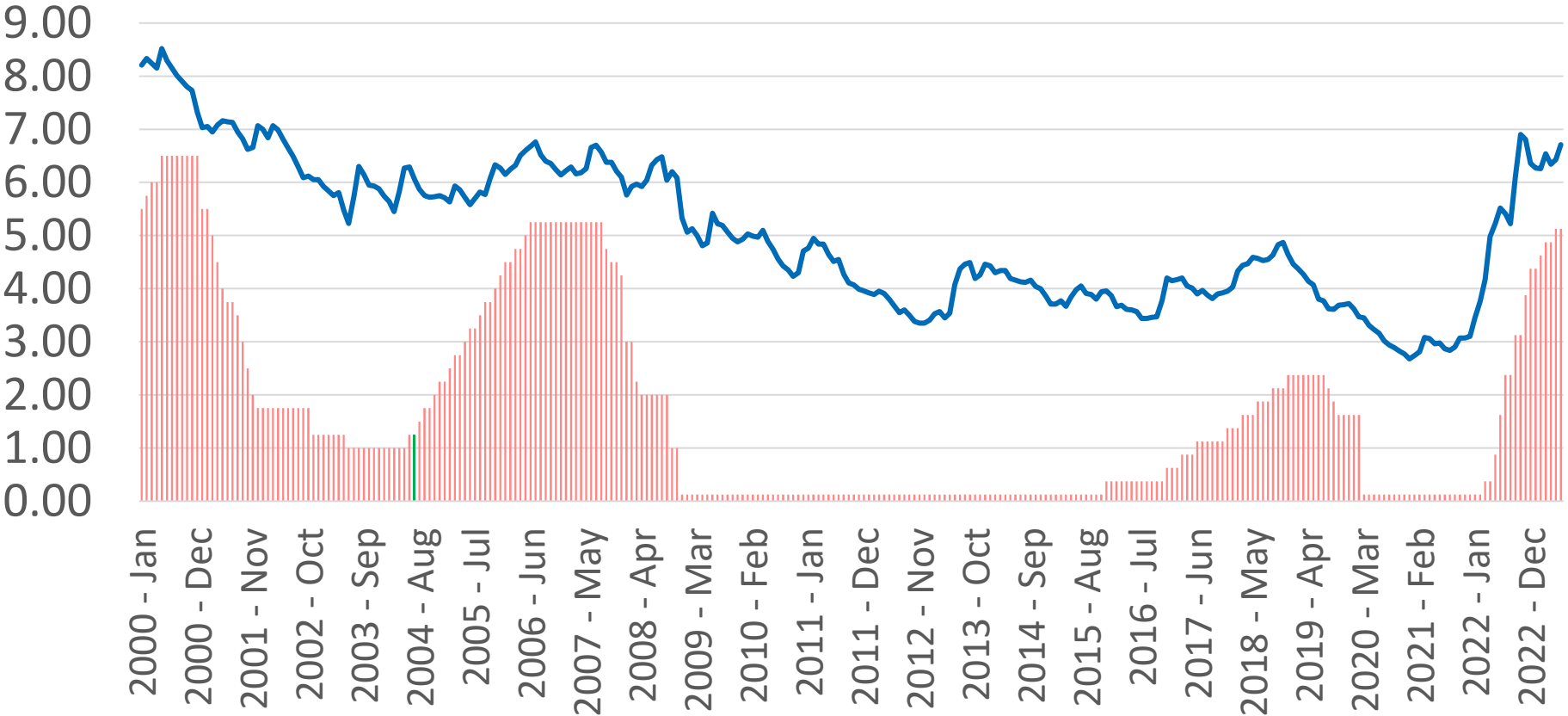
Source: Census/HUD

Apartment Rent Growth in Private Sector Data

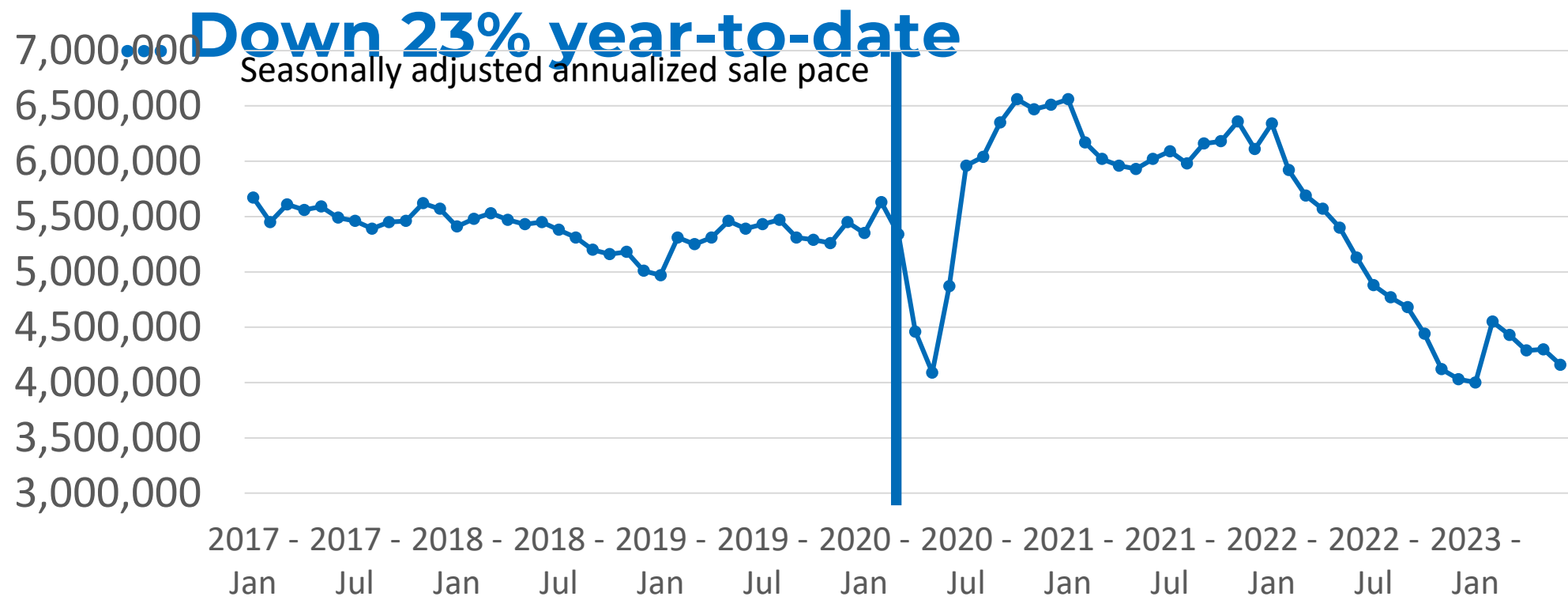


Source: CoStar

Federal Funds Rate and 30-year Mortgage Rate

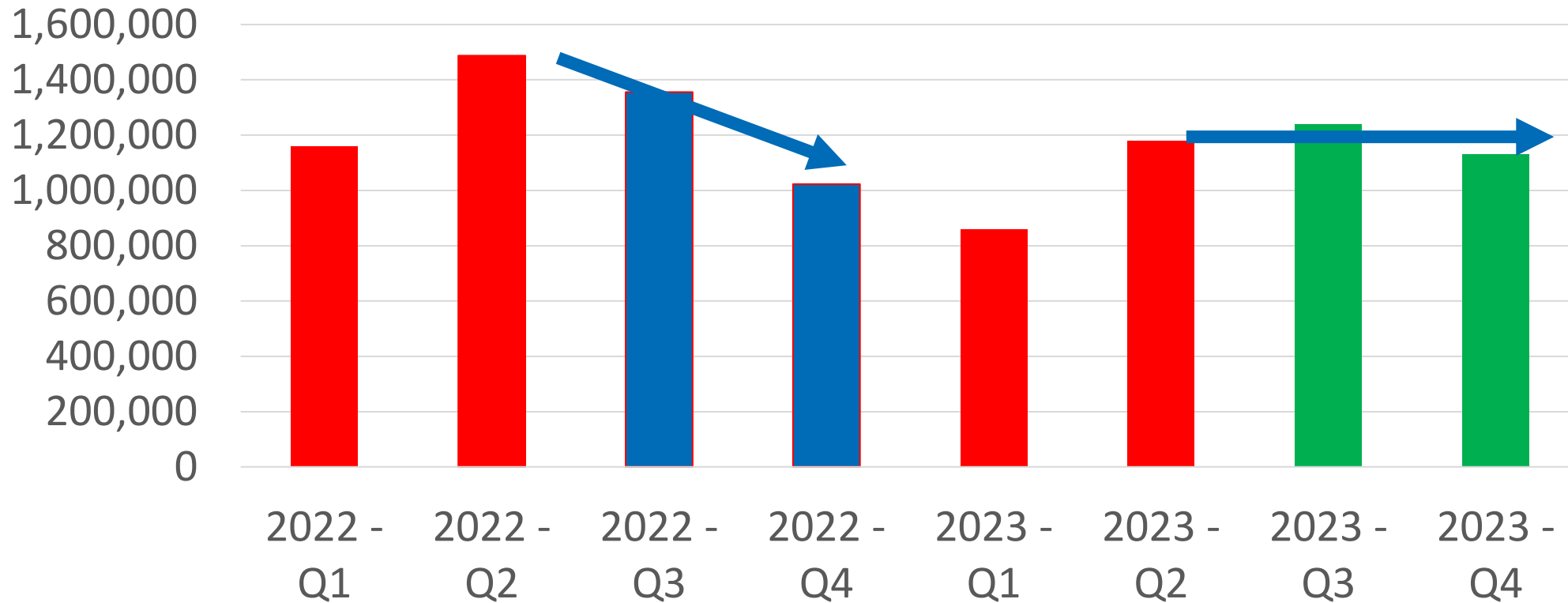


Weaker Home Sales ... Existing Home Sales below Pre-COVID



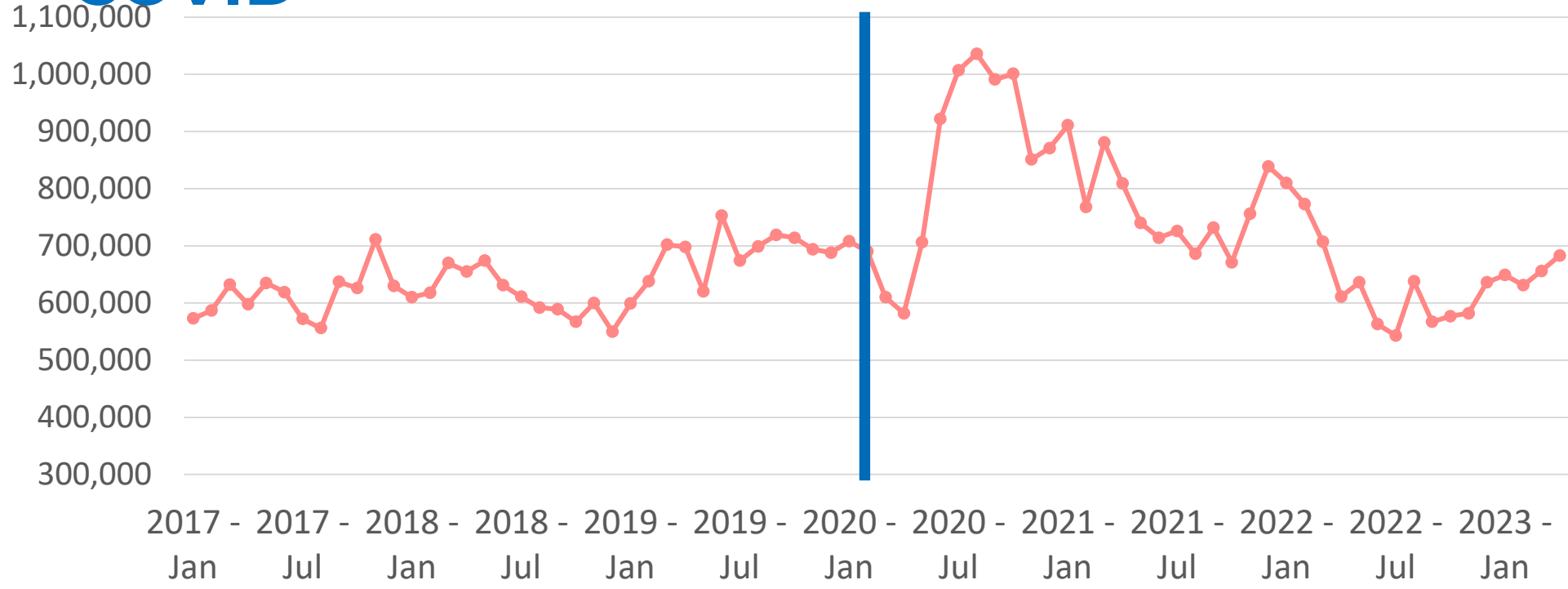
Source: NAR

Close-Up: Raw Count of Existing Home Sales in 2022 and 2023



Source: NAR

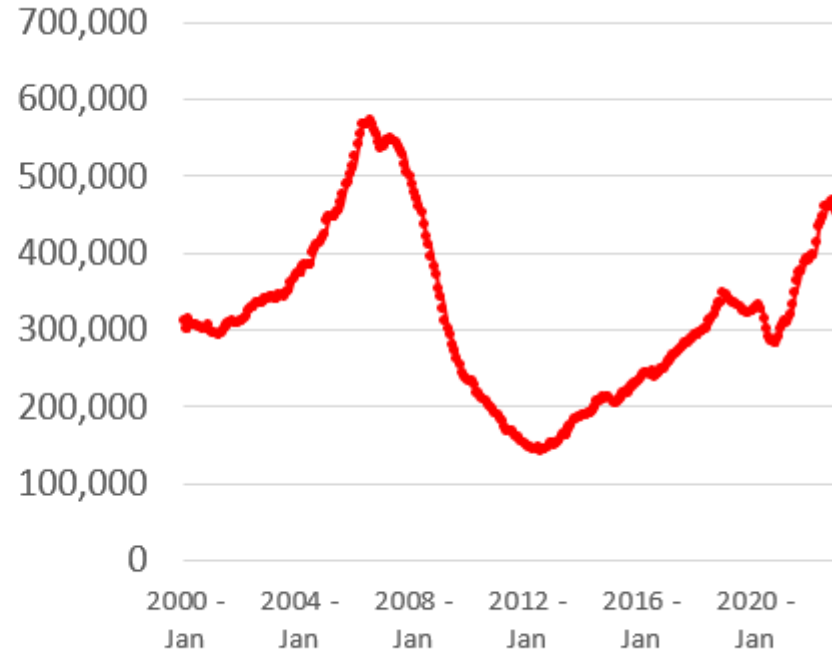
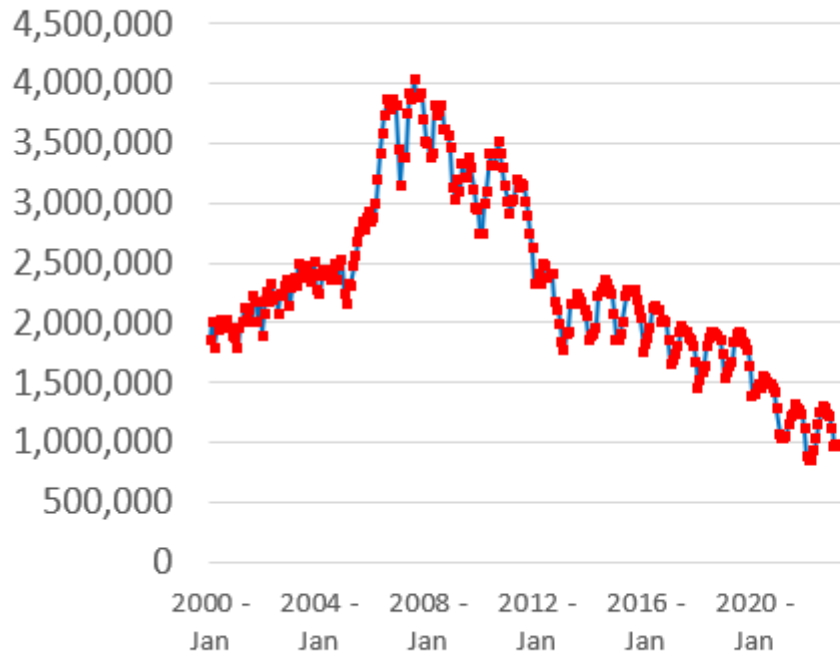
Newly Constructed Home Sales .. Back to Pre-COVID



Source: HUD



Inventory of Existing Homes Low ... New Homes High



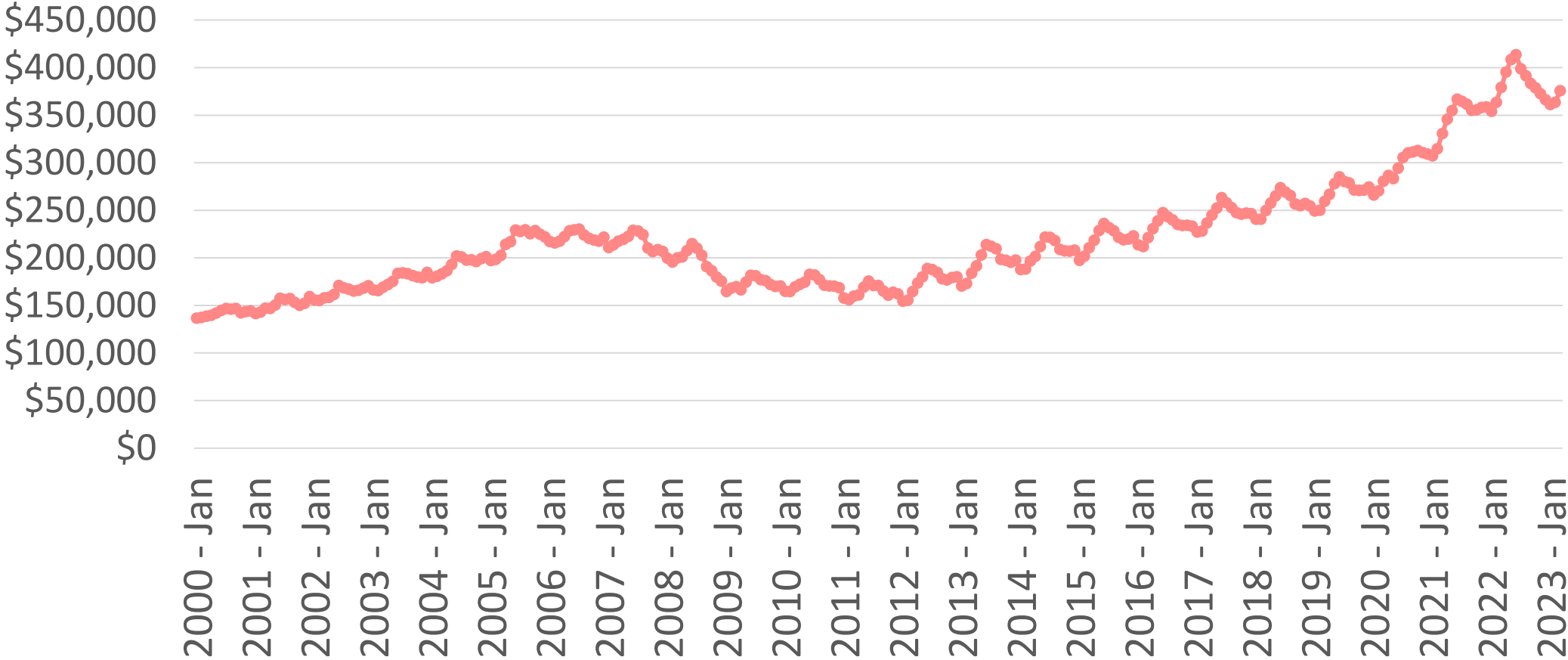
Source: NAR and HUD

Single-family Housing Starts ... Long history



Source: HUD

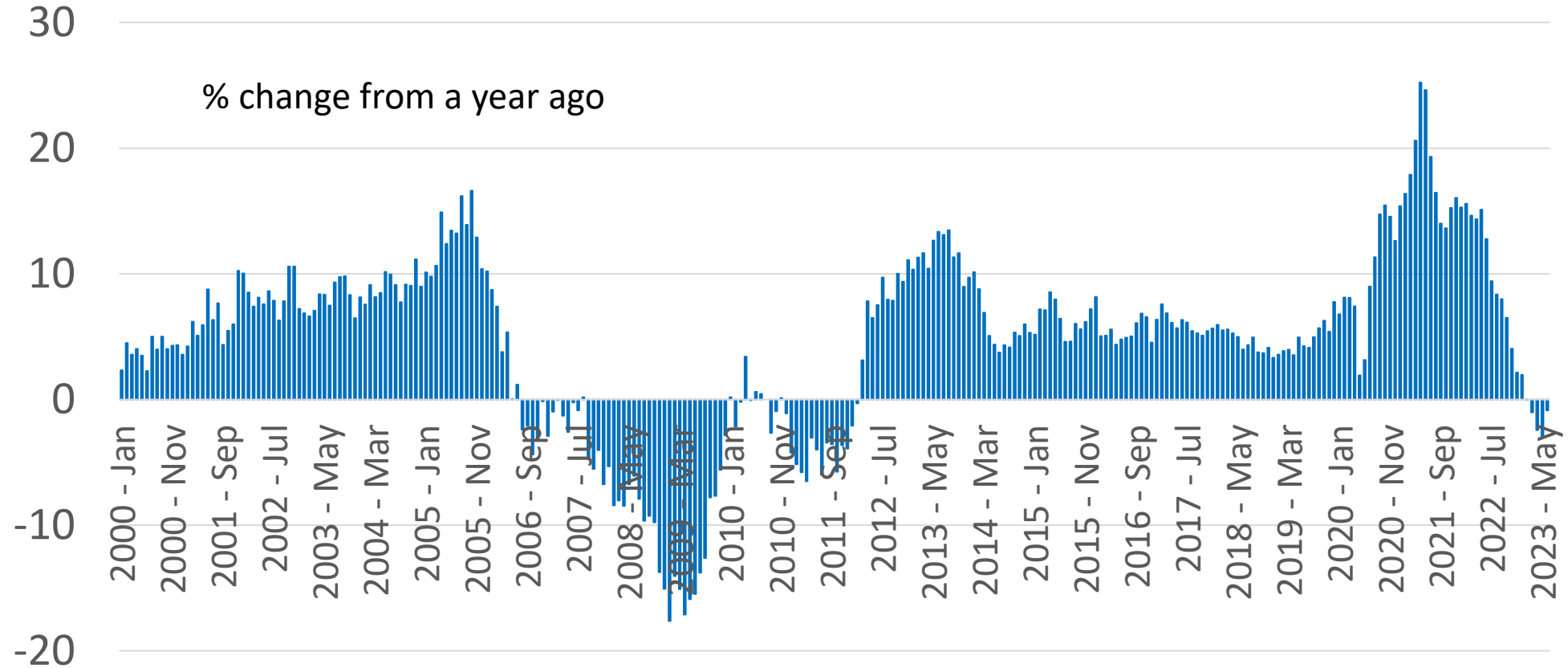
National Median Home Price



Source: NAR

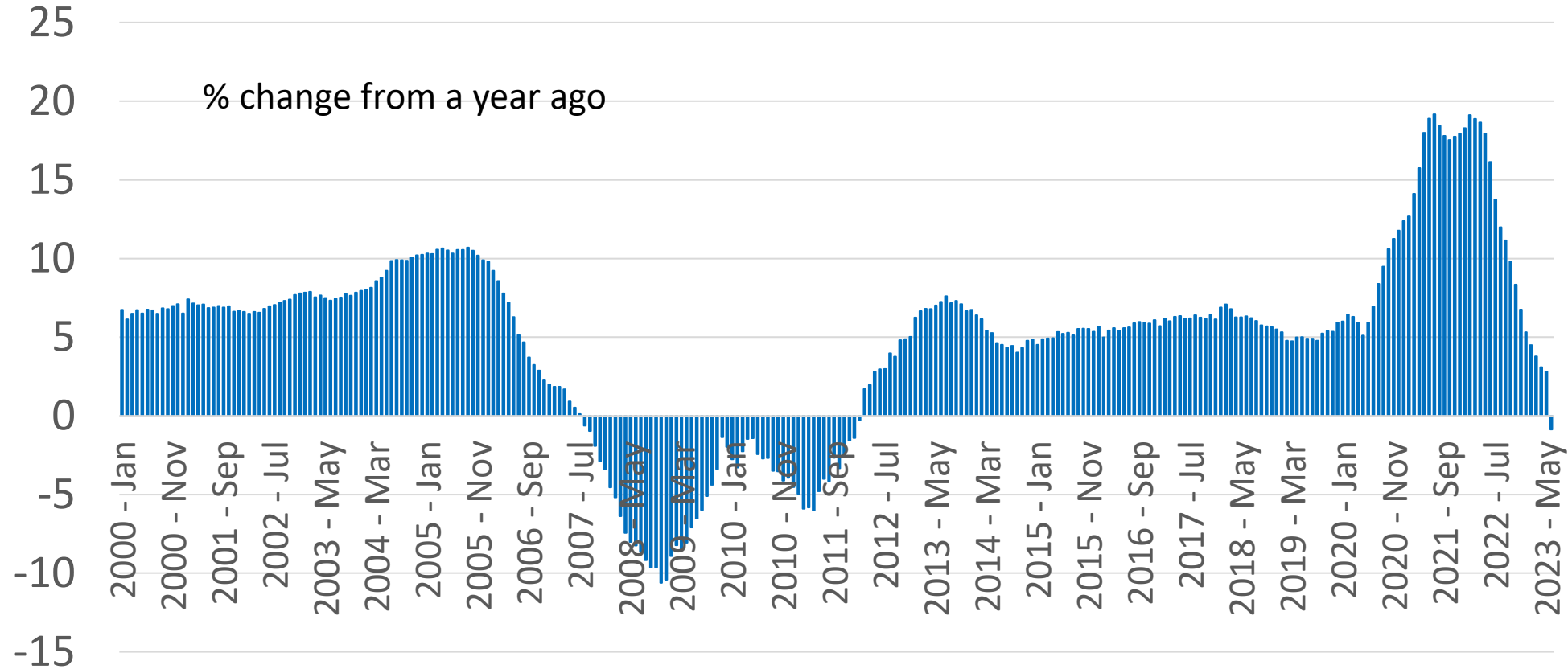


Median Home Price Change .. Recent Declines Ending?



Source: FHFA

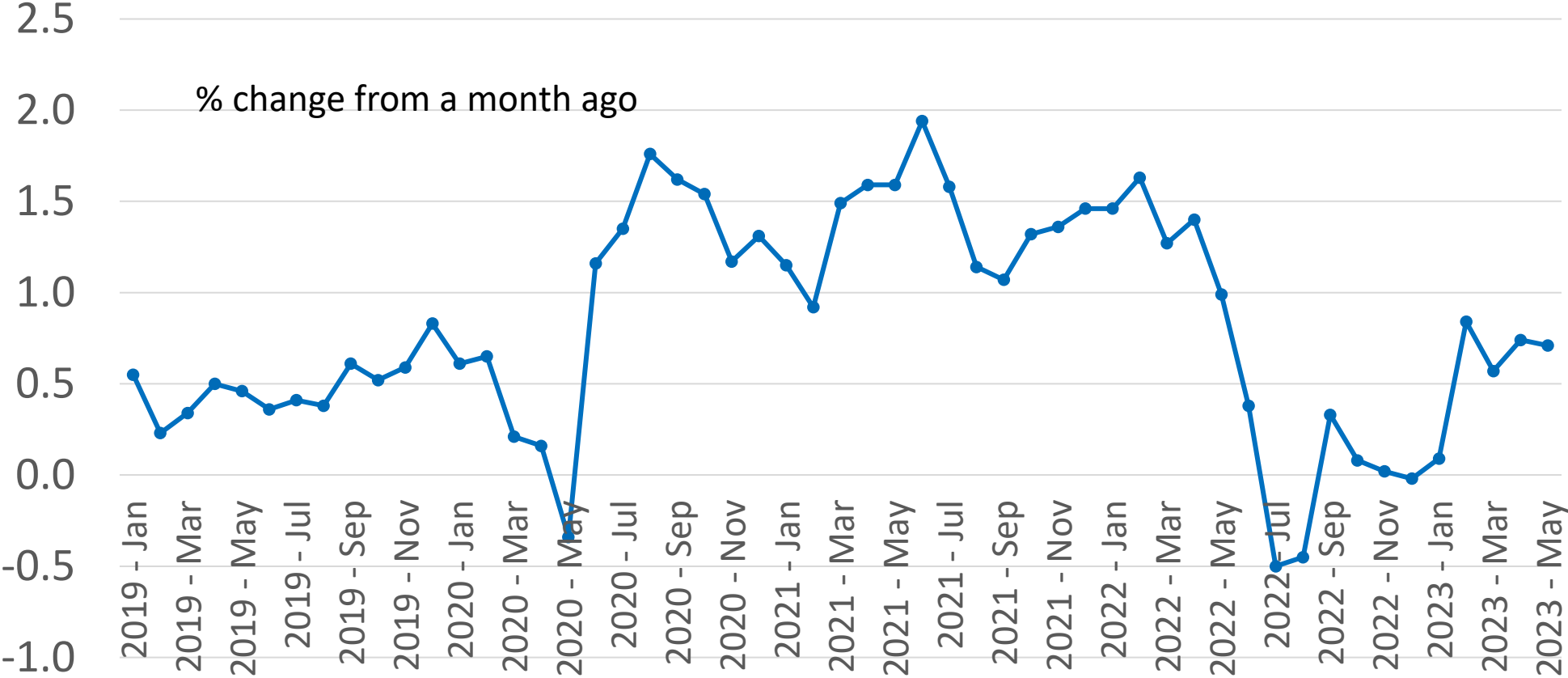
Federal Housing Finance Agency Price Index



Source: FHFA

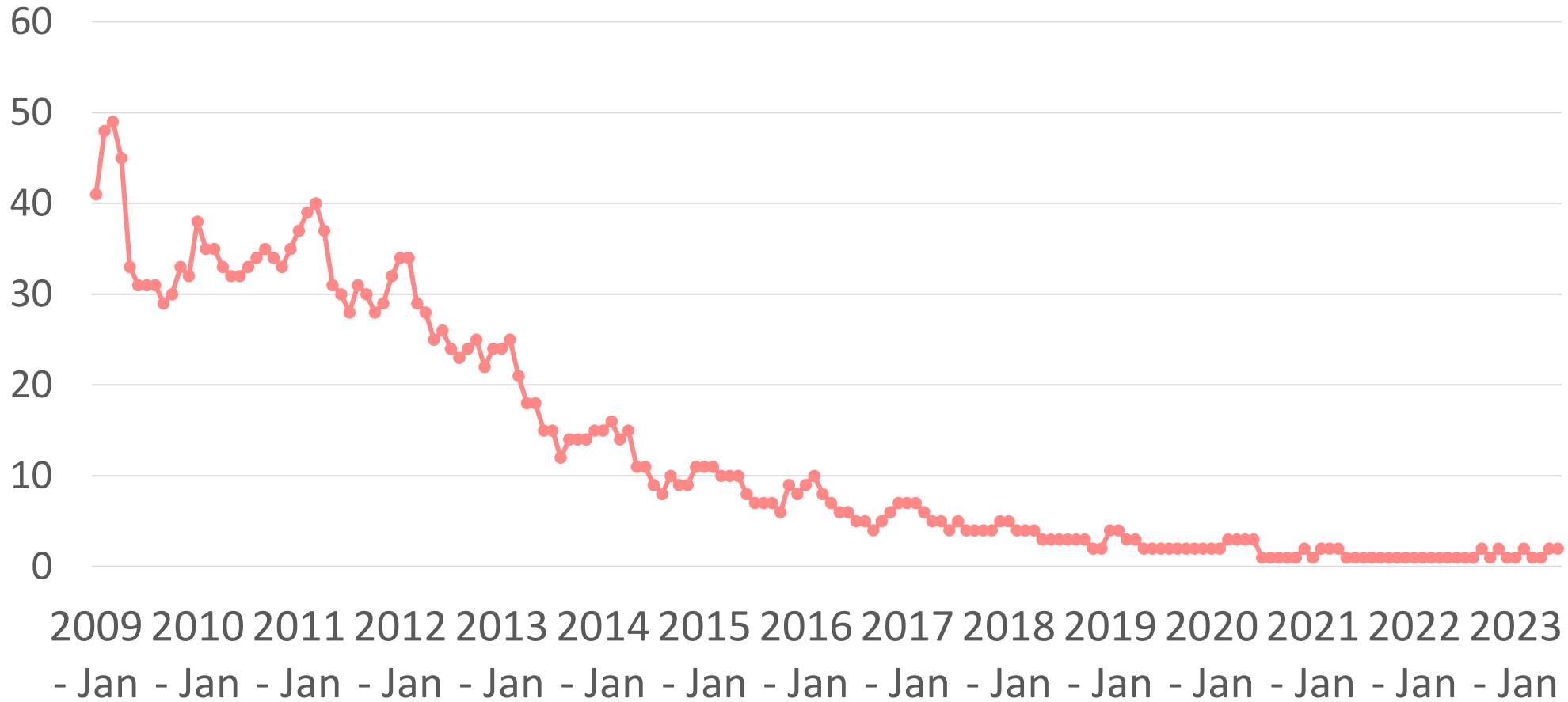
Federal Housing Finance Agency Price Index ...

Monthly Change



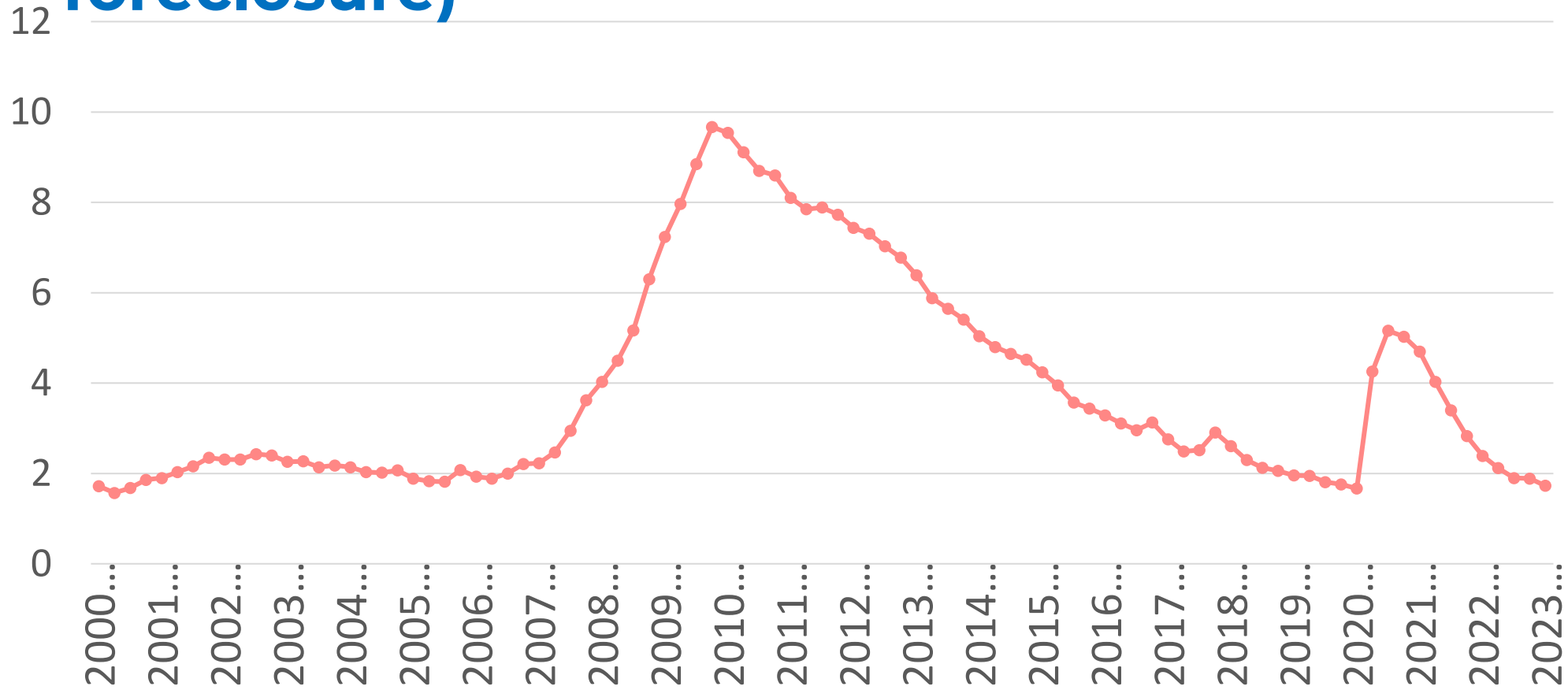
Source: FHFA

Distressed Property Sales as % of Total



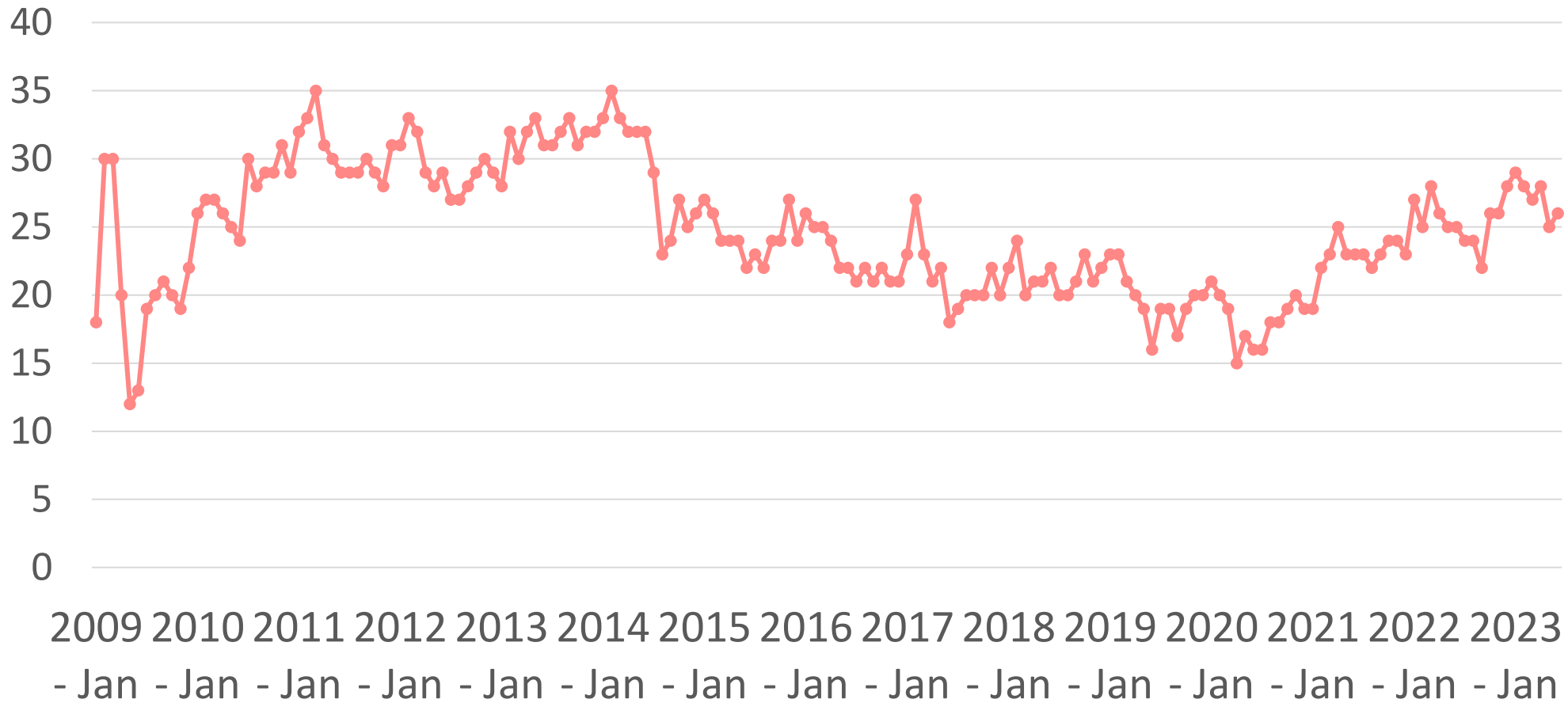
Source: NAR

Serious Mortgage Delinquency (Late by 90 days or foreclosure)



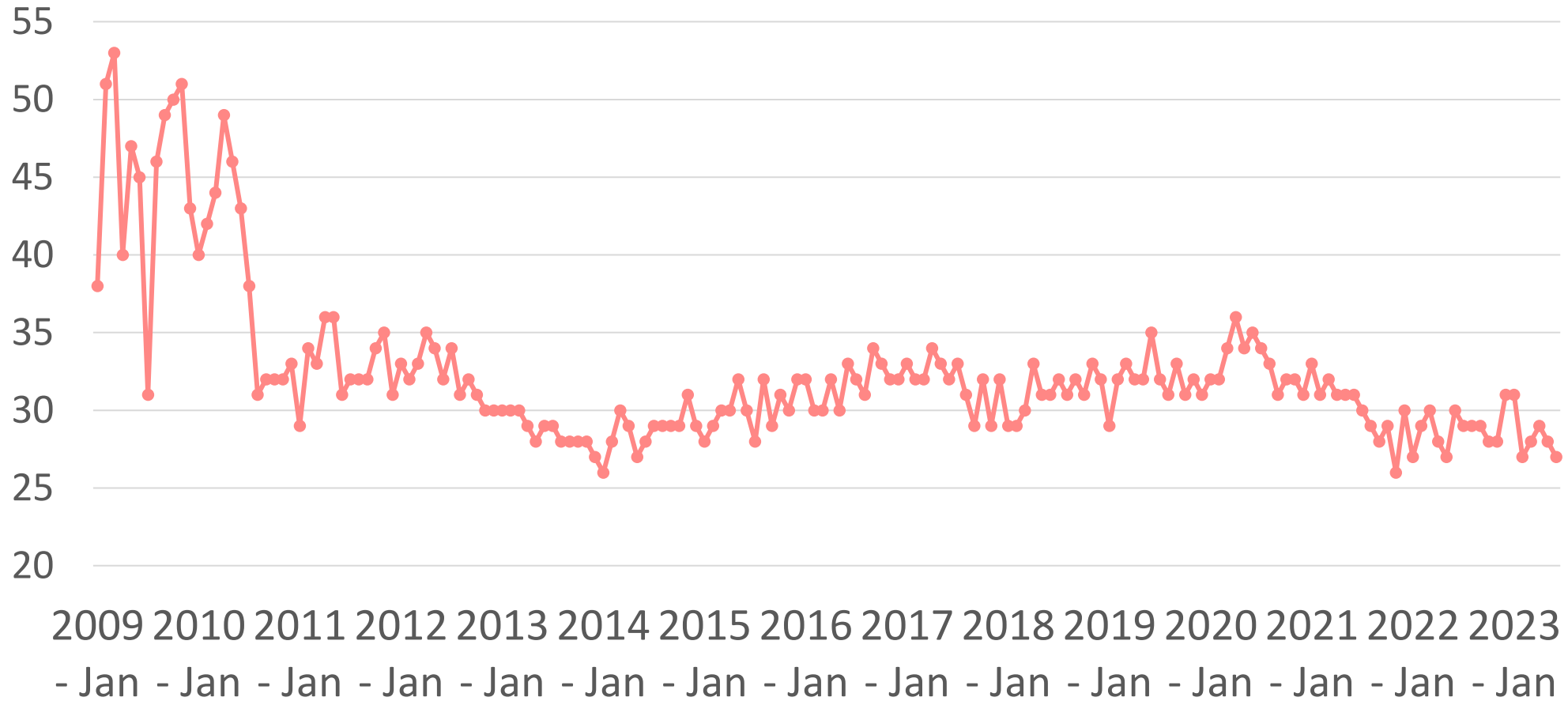
Source: NAR

Cash Sales as % of Total



Source: NAR

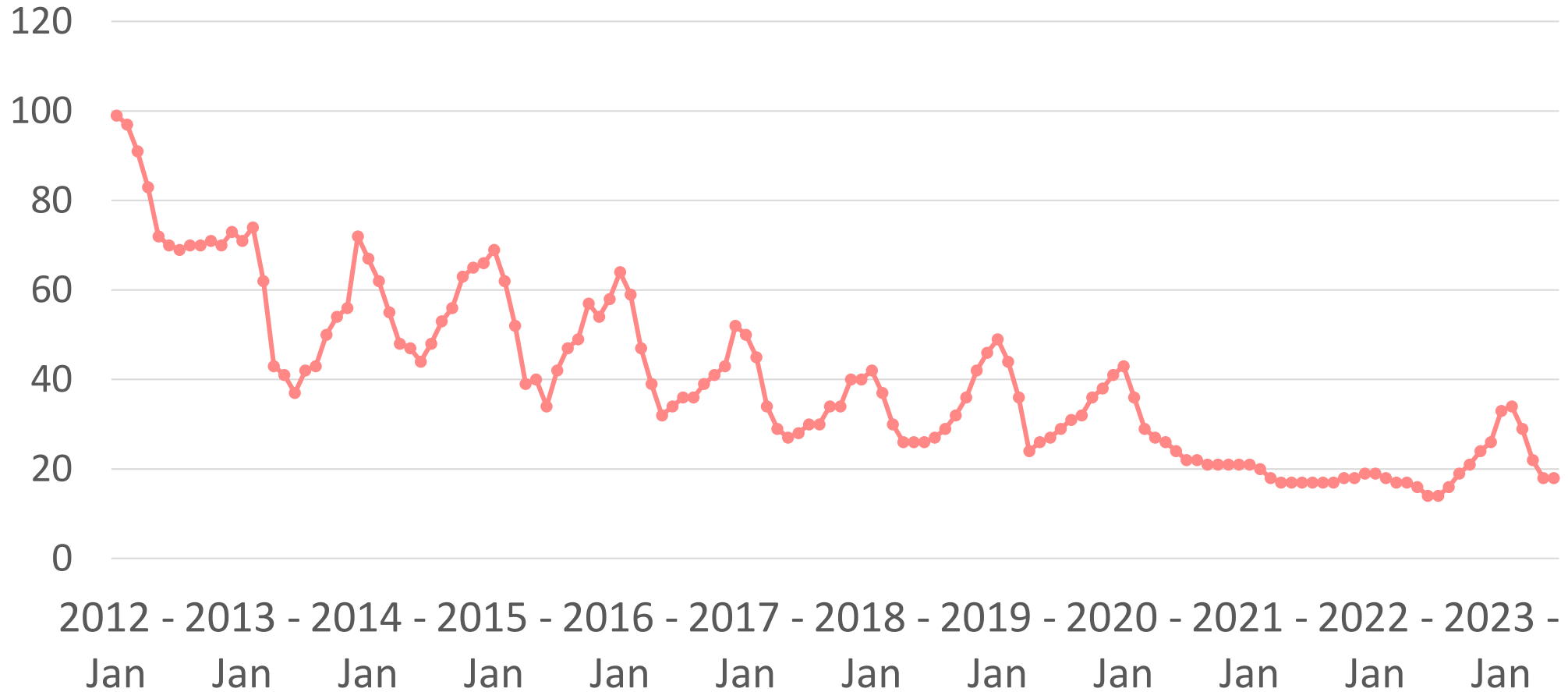
First Time Homebuyers as % of Total



Source: NAR



Days on Market (Listing to Ratified Contract)



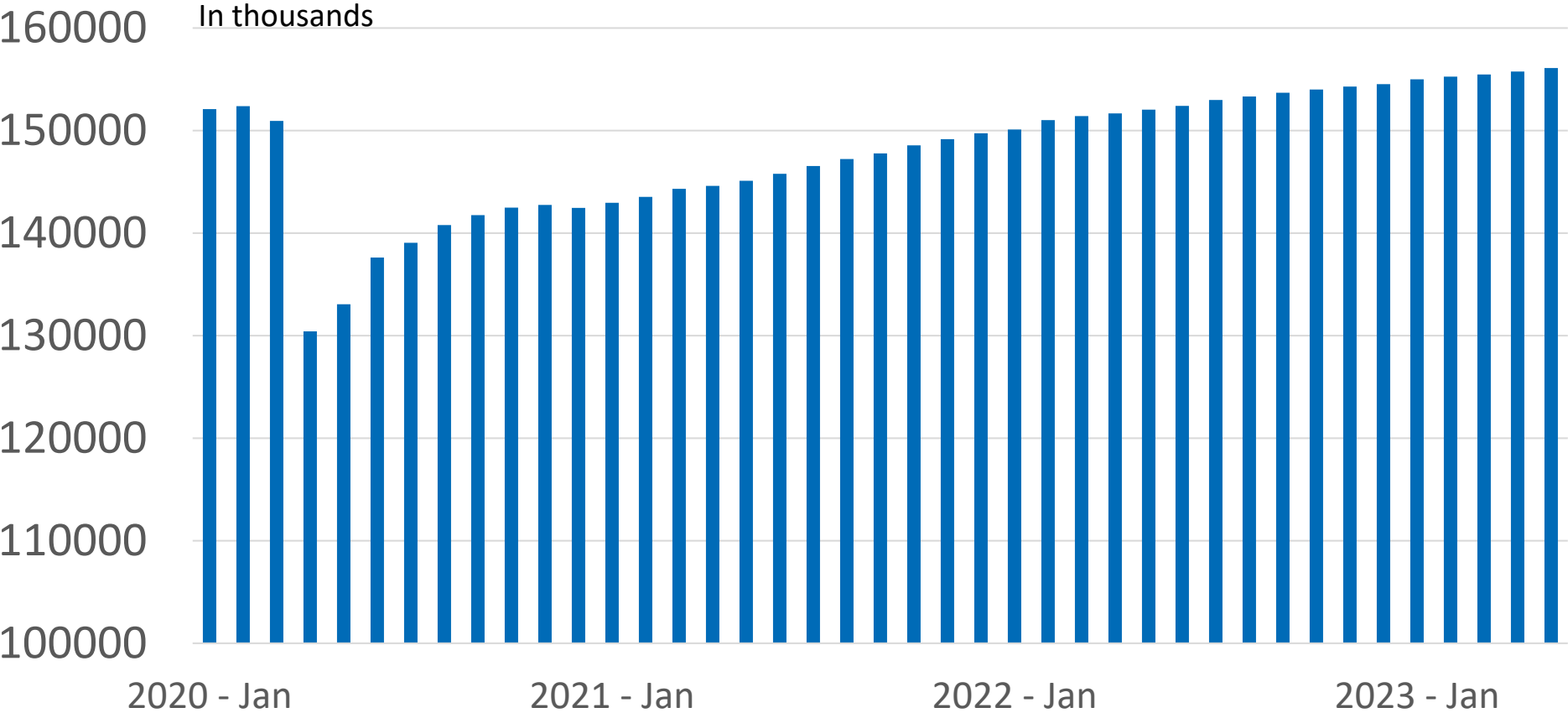
Source: NAR

Price Negotiations in mid-March; Note Pending Price is not Closed Price

| Days on Market | Price Change from Original on still Active Listing | Price Change from Original on Pending Contracts | Price Change from Original on Closed Home |
|----------------|--|---|---|
| 15 to 21 | 4.3% | 4.7% | 5.5% |
| 22 to 30 | 4.5% | 5.0% | 6.2% |
| 31 to 60 | 5.3% | 5.8% | 7.2% |
| 61 to 90 | 6.5% | 6.9% | 8.7% |
| 91 to 120 | 7.3% | 8.1% | 10.2% |
| Over 120 | 9.5% | 9.9% | 12.6% |

Job Market

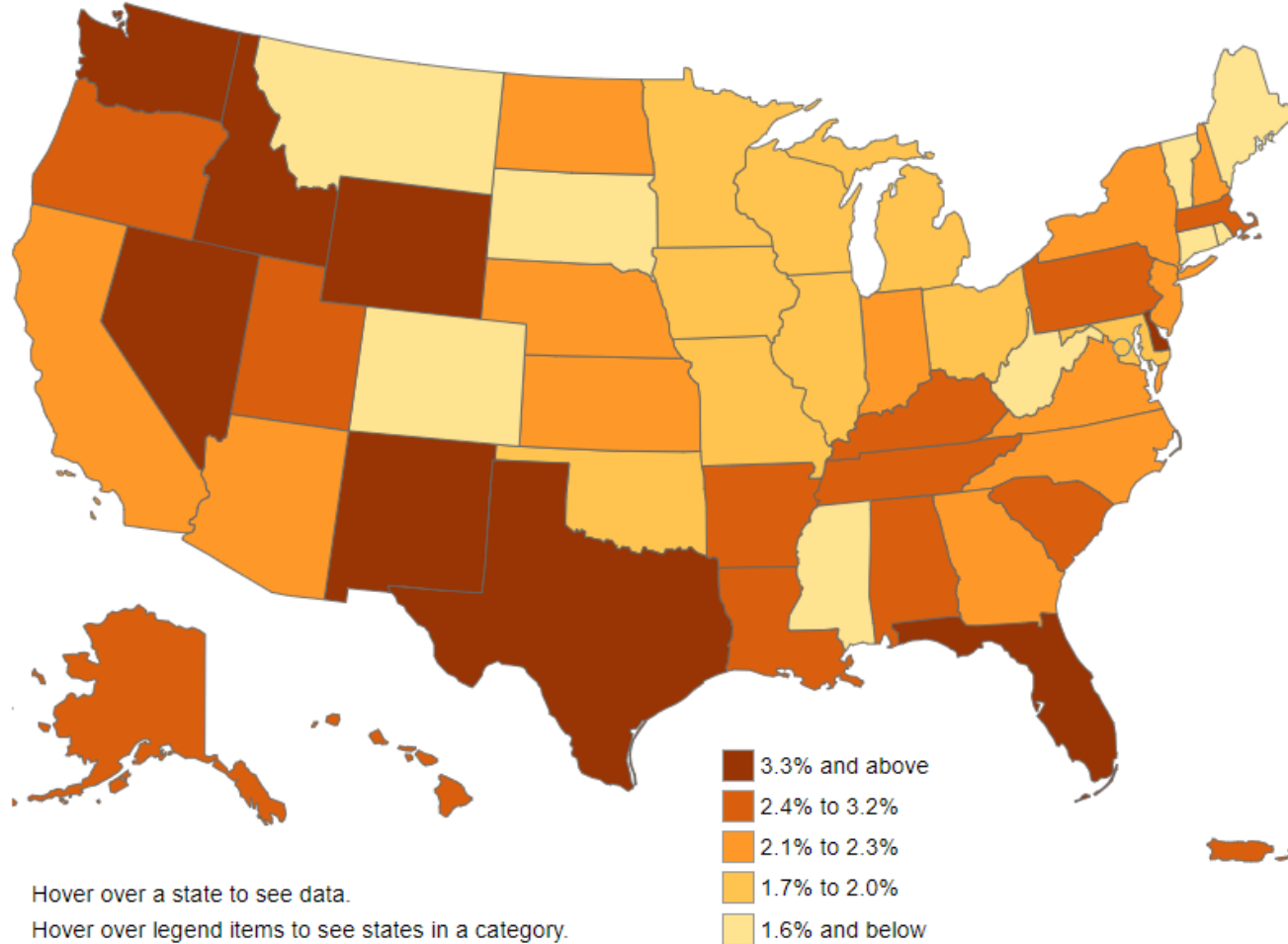
Total Payroll Jobs ... 4 million more from pre-covid



Source: BLS

Job Gains in the past 12 months (% change from June 2022 to June 2023)

Change in nonfarm employment by state, June 2022 to June 2023, seasonally adjusted

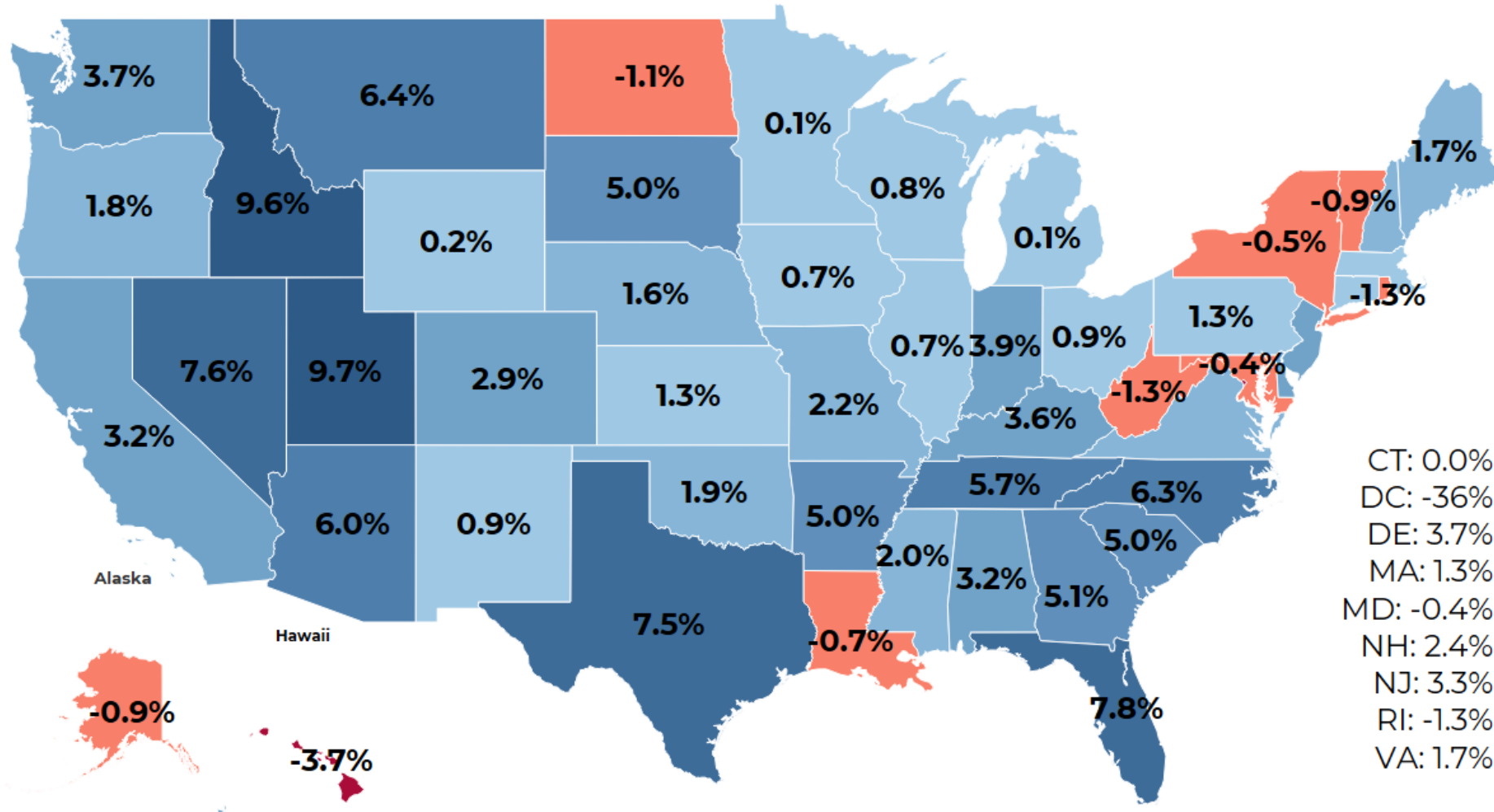


Hover over a state to see data.
Hover over legend items to see states in a category.
Source: U.S. Bureau of Labor Statistics.

Source: BLS

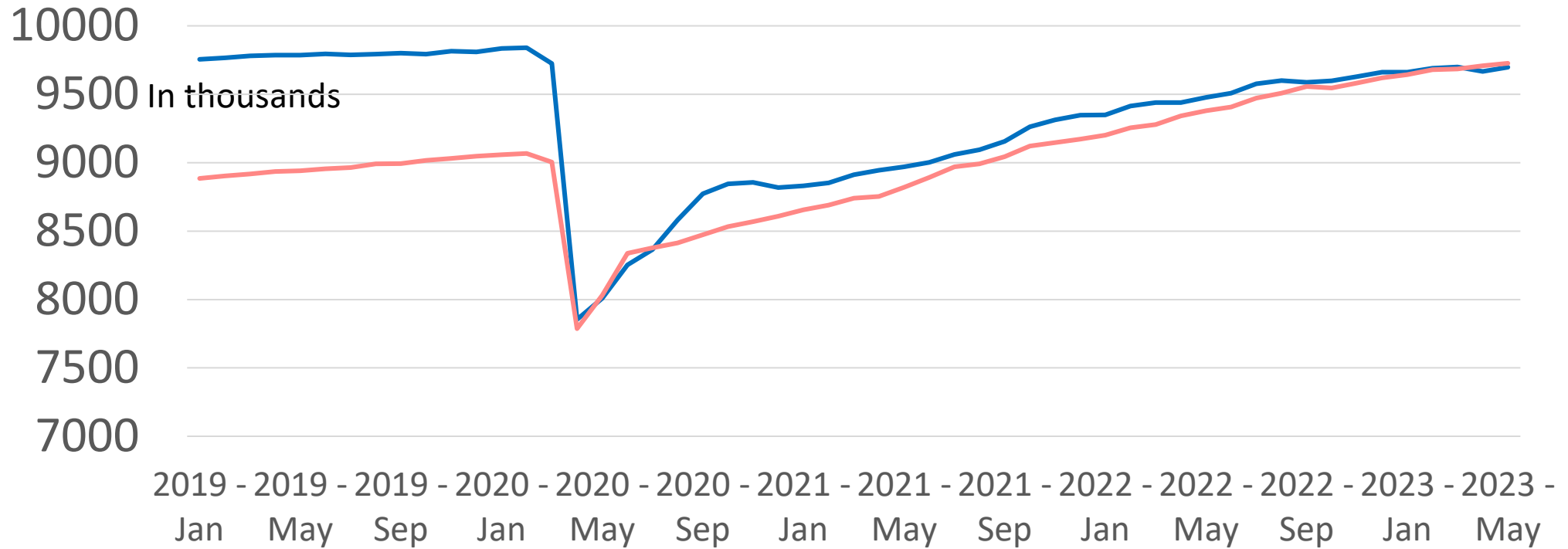
Job Gains Since Pre-Covid Record High Payroll Employment

(% c



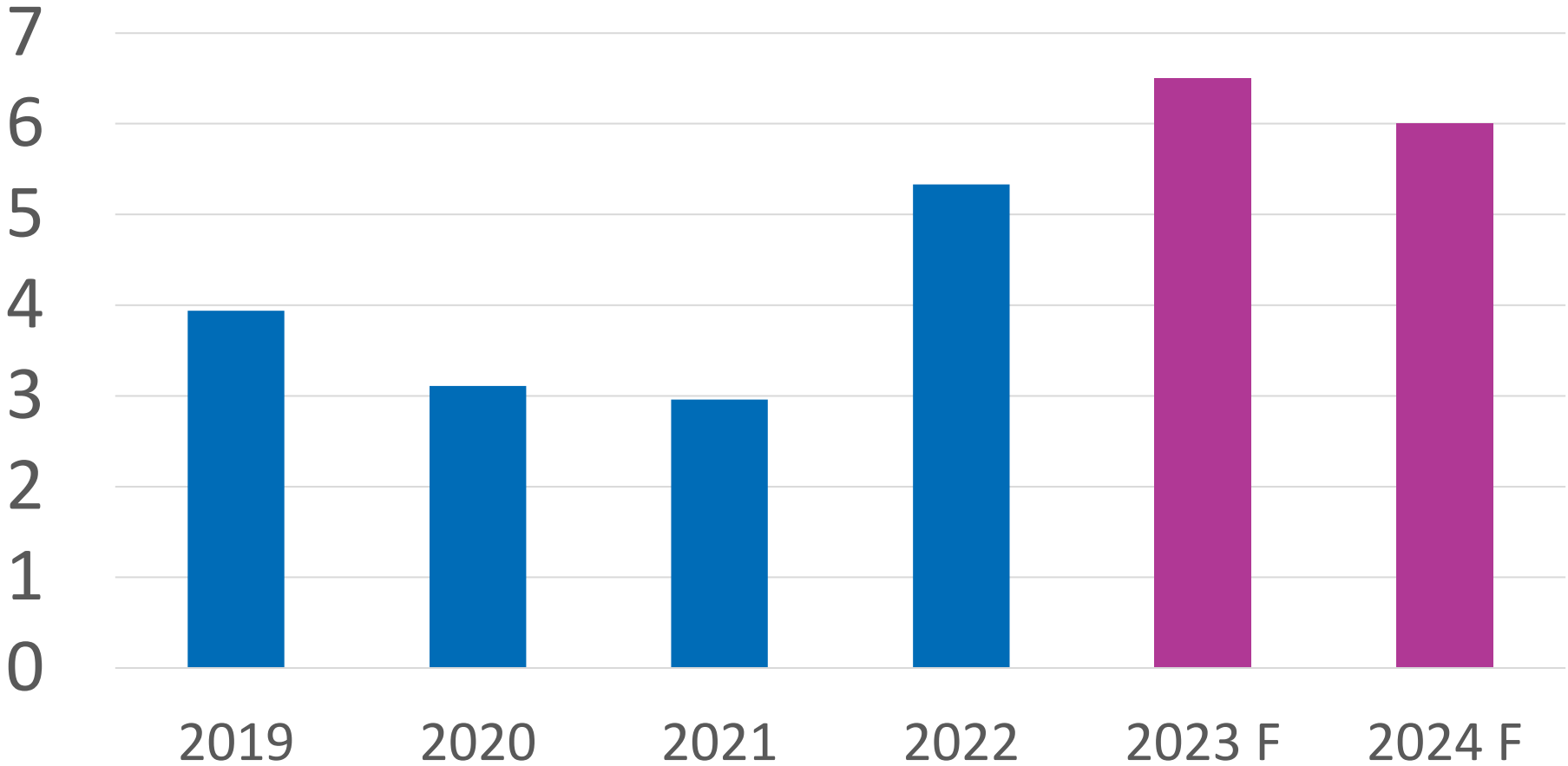
Source: NAR Analysis of BLS data

Payroll Jobs in NY State (and Florida)



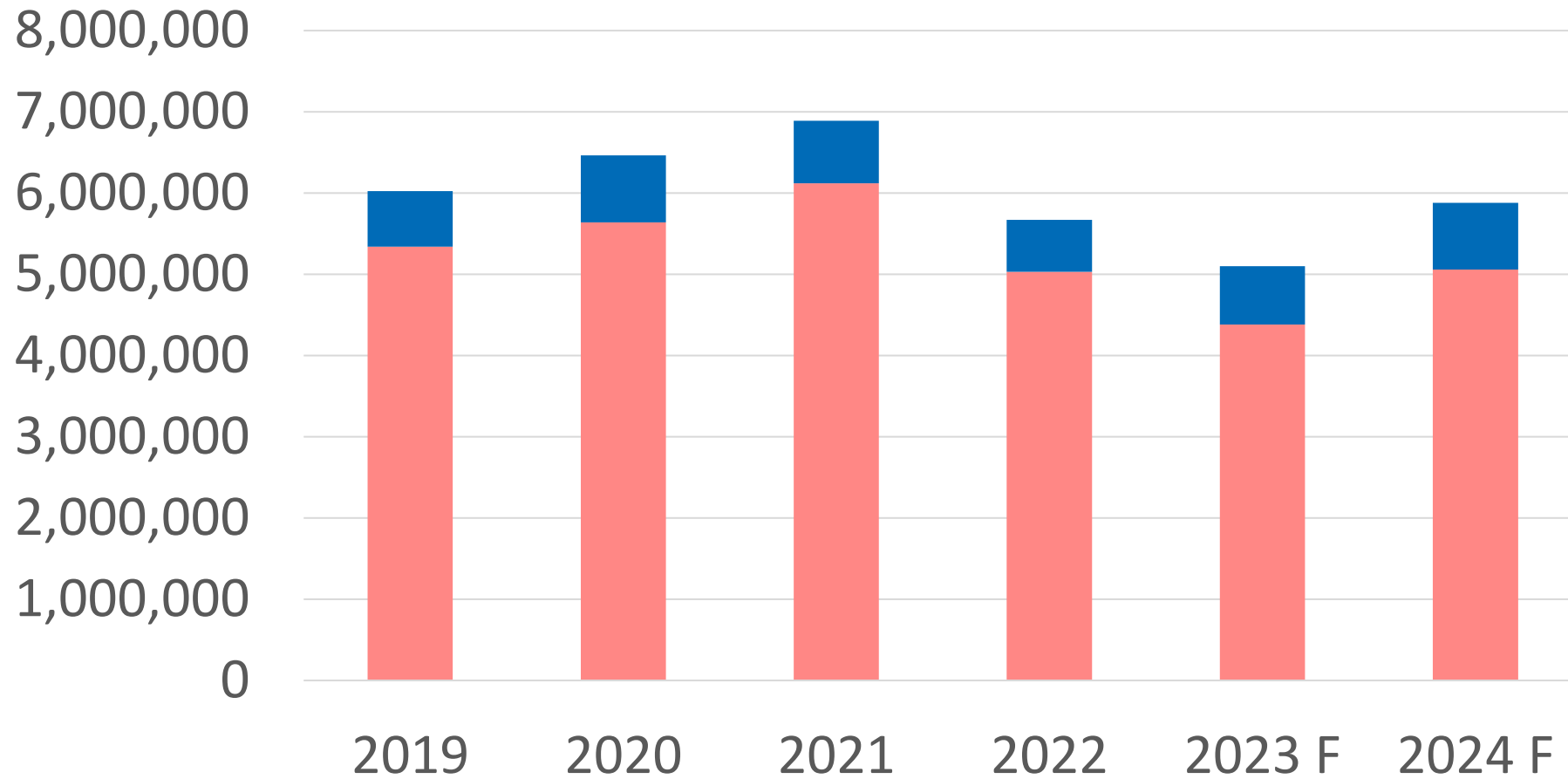
Source: BLS

Mortgage Rate Forecast



Source: Freddie Mac and NAR forecast

Total Home Sales: New and Existing Bottoming this year before upturn next year



Source: NAR forecast and HUD

Why Should Mortgage Rate Fall?

30-year Fixed Rate to be near 6% by the year end

- **Rents will calm down ... Holds down CPI ... and make the Fed stop raising interest rate**
- **Community banks are suffering from high interest rates**

Source: NAR

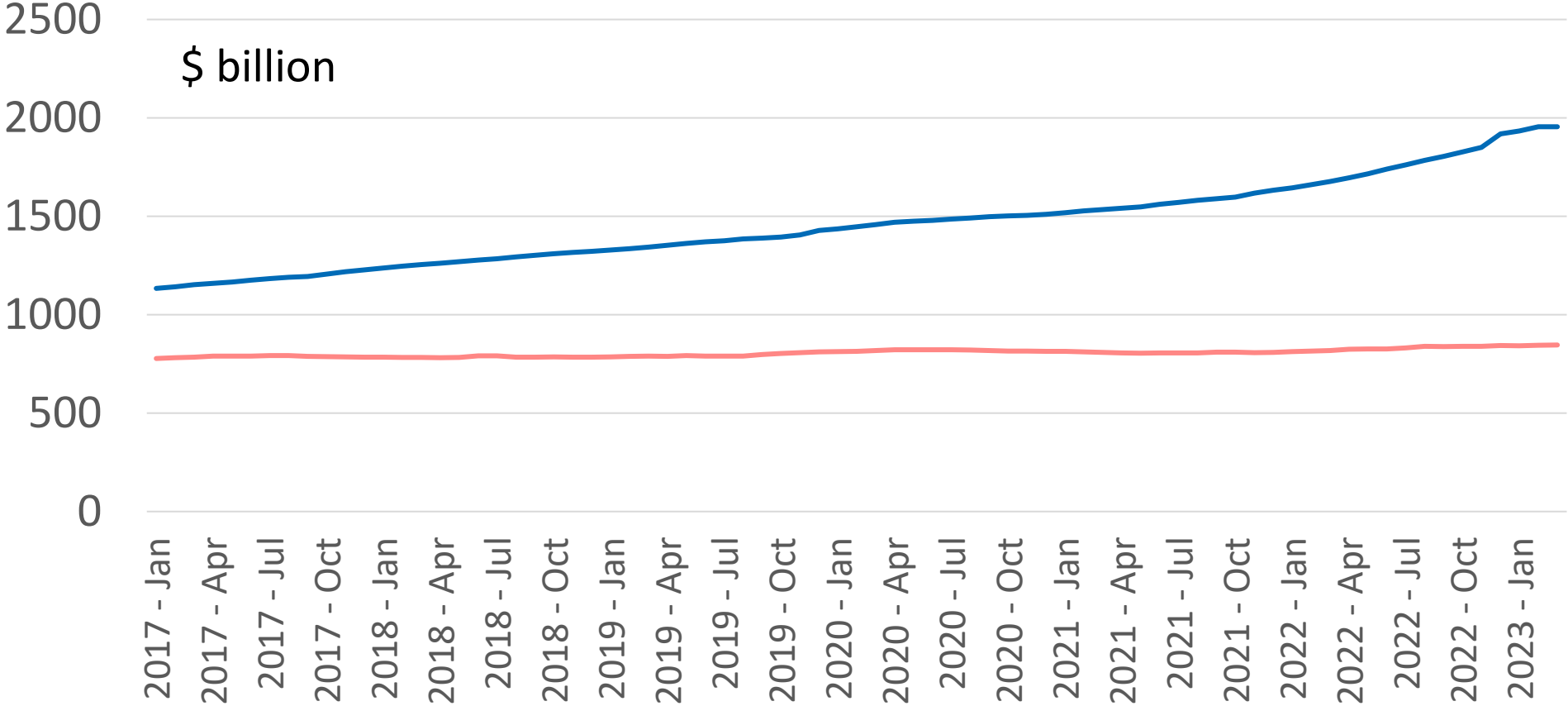
• **Spread with government bond with**



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Commercial Real Estate

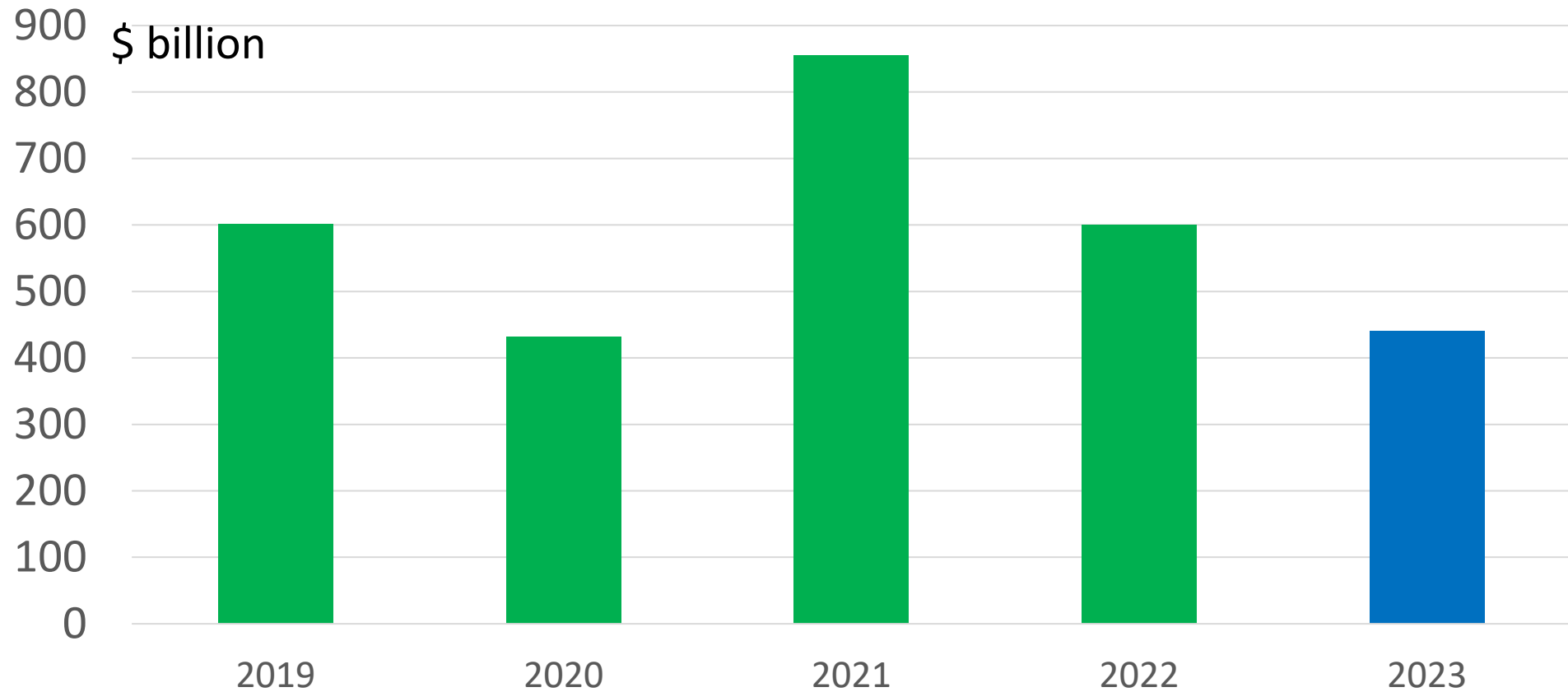
Commercial Real Estate Loans by Small Banks > Large Banks



Source: Federal Reserve

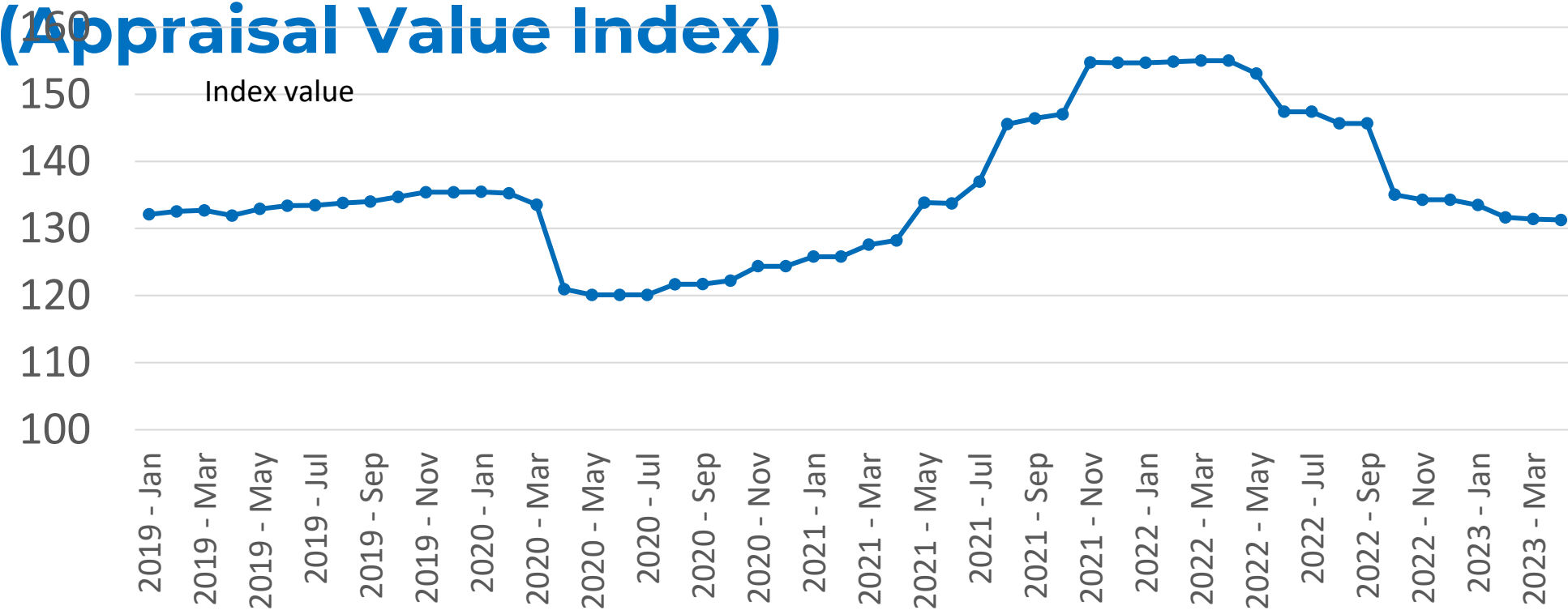


Commercial Real Estate Transactions (\$2.5 million property or greater)



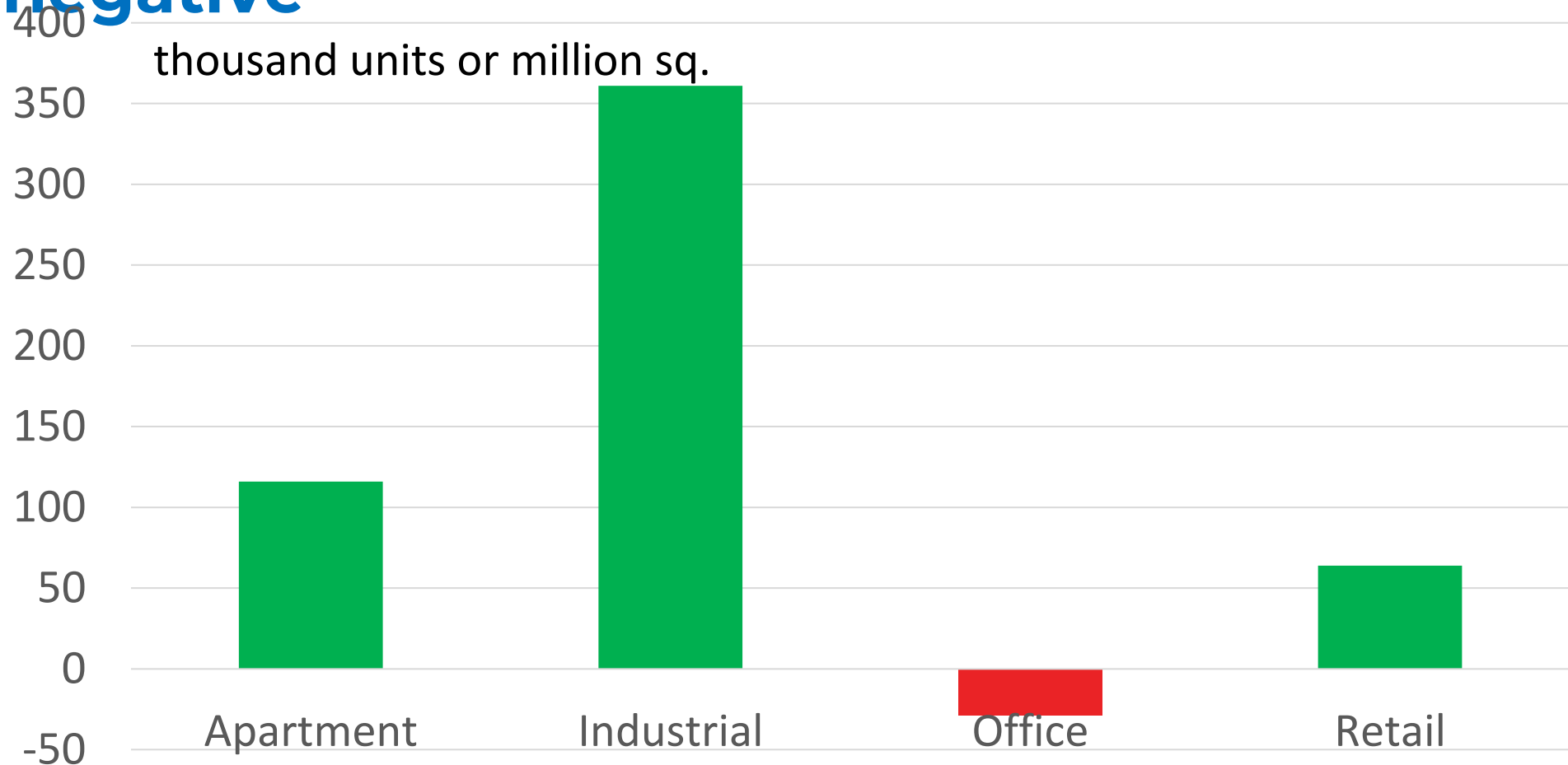
Source: MSCI/RCA

Pressuring Commercial Property Prices to Fall ... 15% off Peak (Appraisal Value Index)



Source: Green Street Advisors

Net Absorption past 12 months ... Office is still negative



Source: CoStar

THANK YOU !