



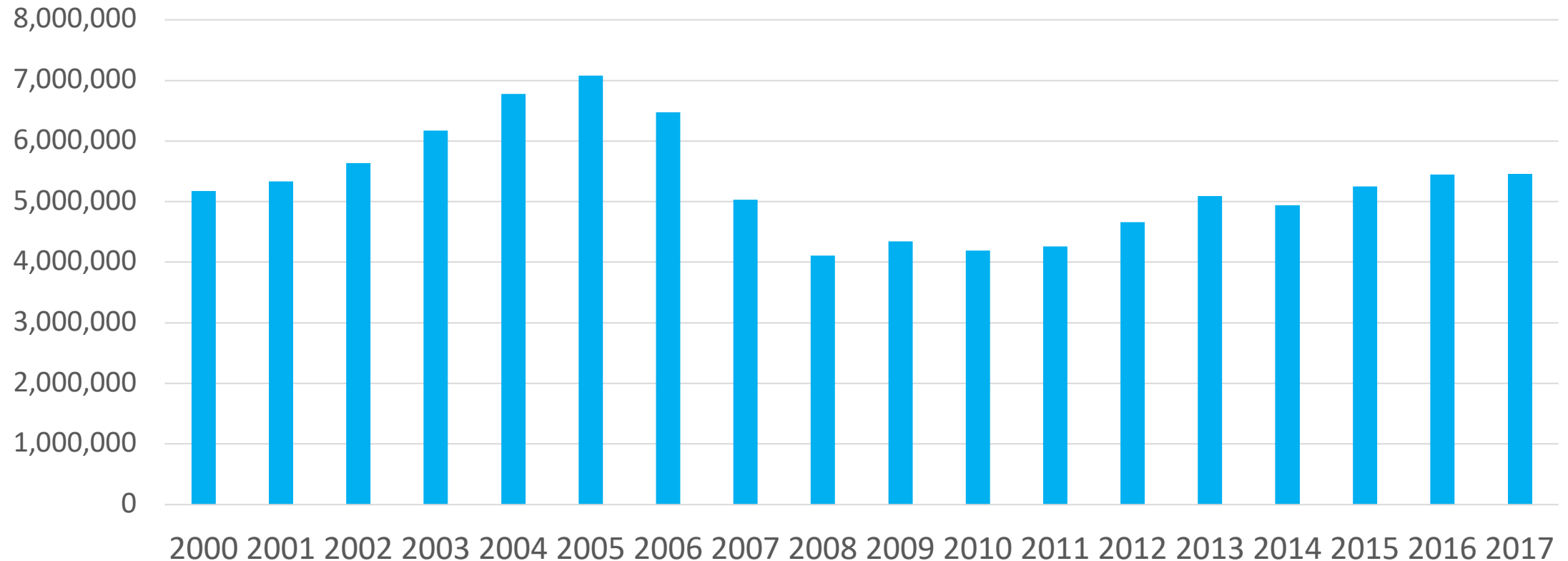
Dr. Lawrence Yun

Chief Economist and Senior Vice President of Research,
National Association of REALTORS®



Forecasting the Future: Housing Marketing Outlook and Key Trends

National Existing Home Sales in 2017 - Best in 11 years



Tax Reform

- Mortgage interest deduction?... \$750,000
- Property tax deduction? ... SALT at \$10,000
- Capital Gains Exemption? ... as before
- Standard Exemption? ... doubled
- 1031 Exchange? ... protected
- **Business Income ... more deductions**

Arkansas

- 99.7% of homeowners pay less than \$10,000 in property taxes
- 98.7% of homeowners have less than \$750,000 in mortgage

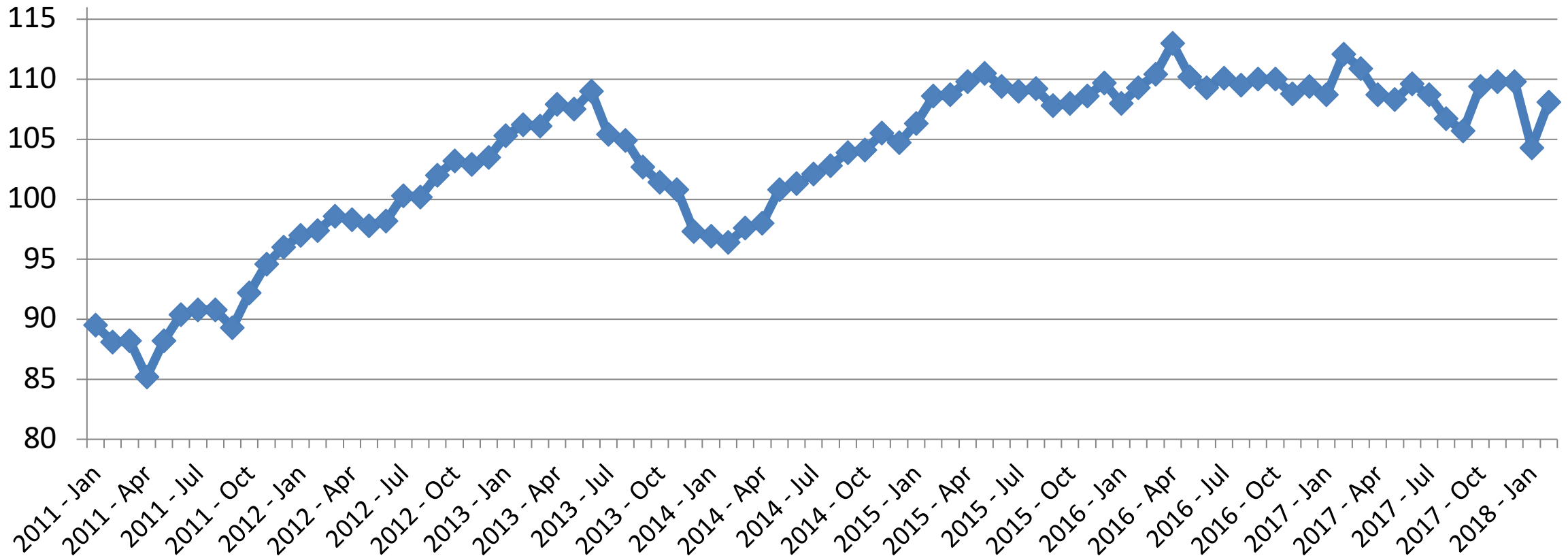
Many States

- 97% of homeowners pay less than \$10,000 in property taxes
- 97% 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

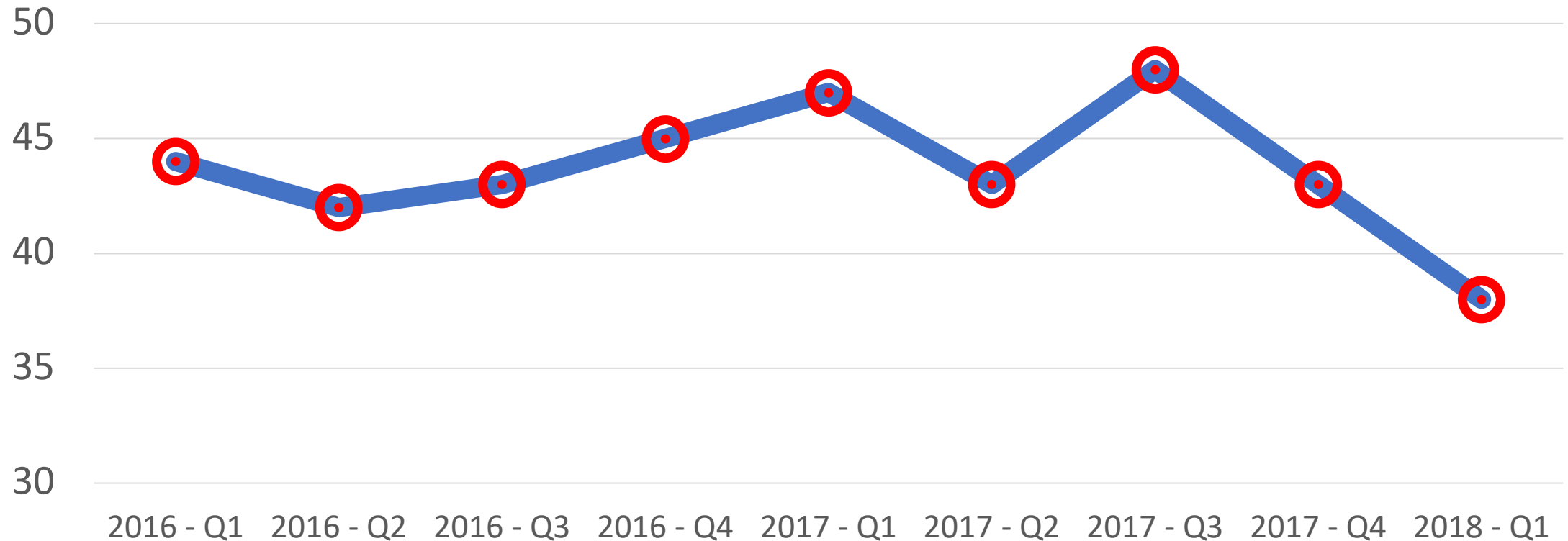
Pending Sales Index – Stalling ... Why?



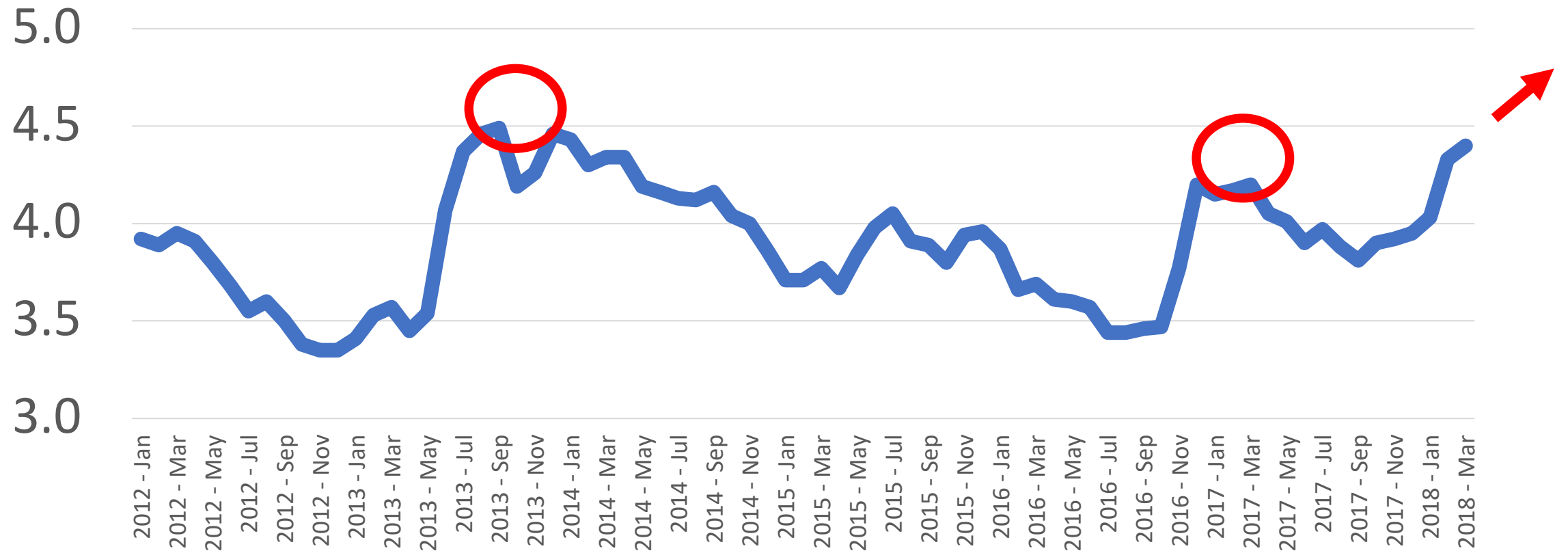
Source: NAR

NAR HOME Survey of Consumers

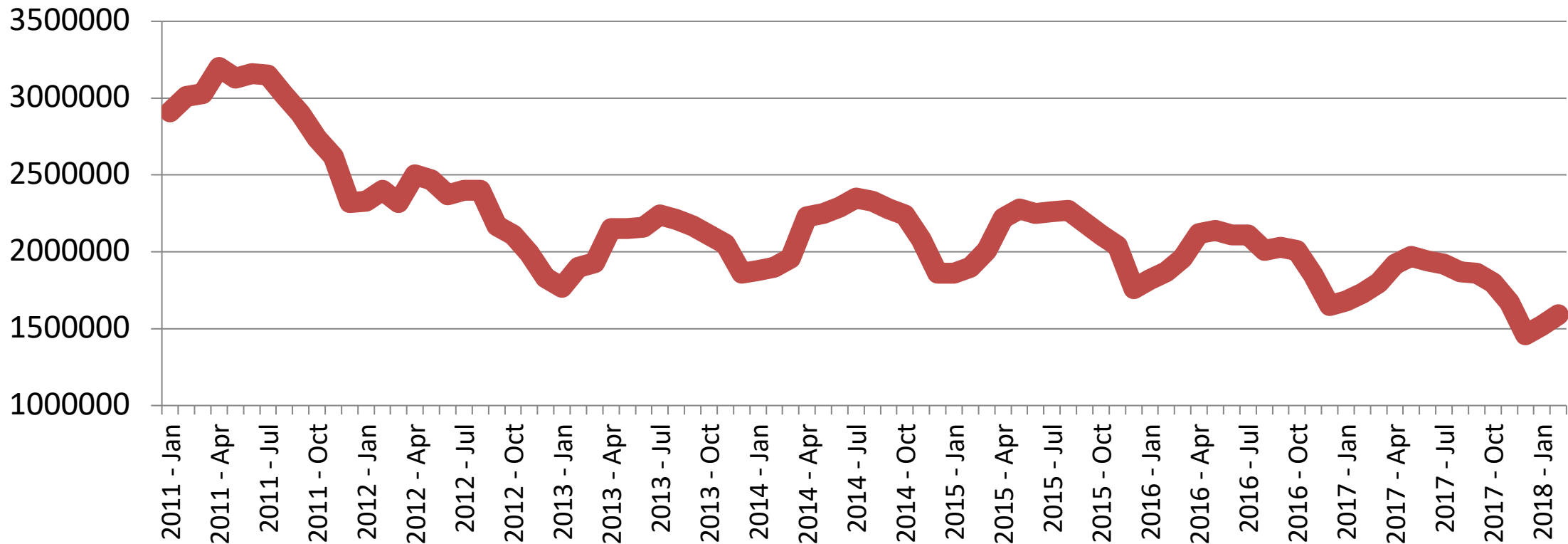
% Strongly Indicating Good Time to Buy



Mortgage Rates - 30-year Fixed Rate

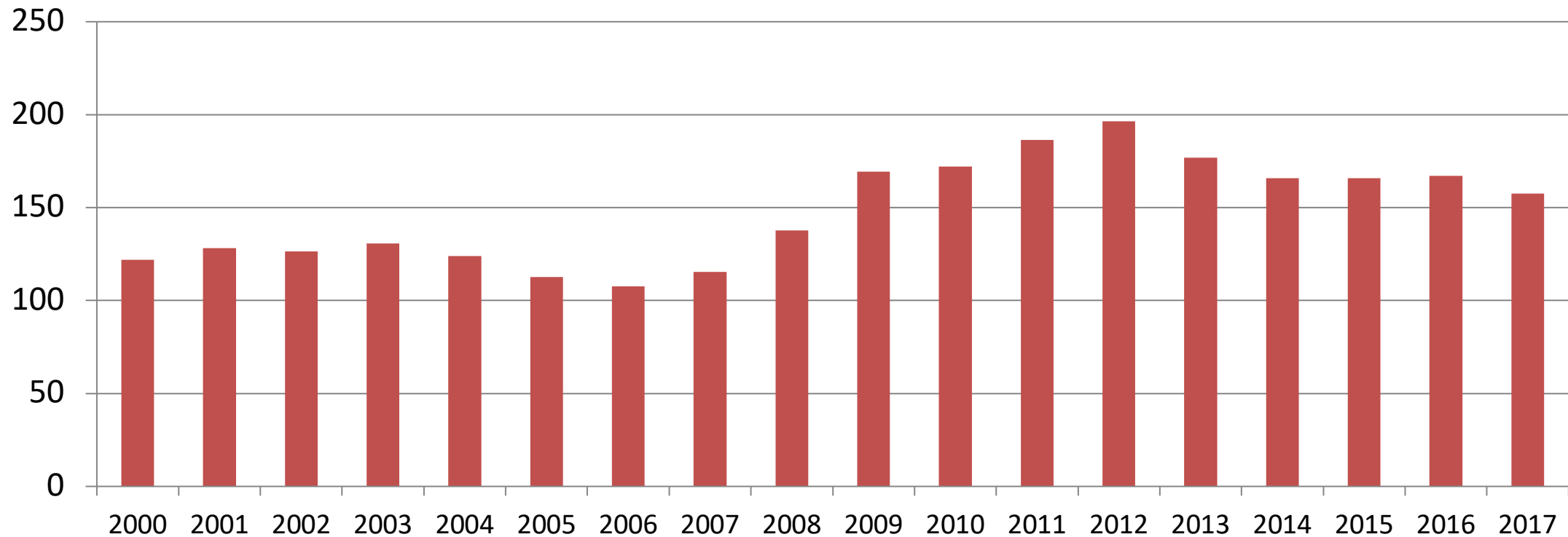


Inventory of Homes on Market



Source: NAR

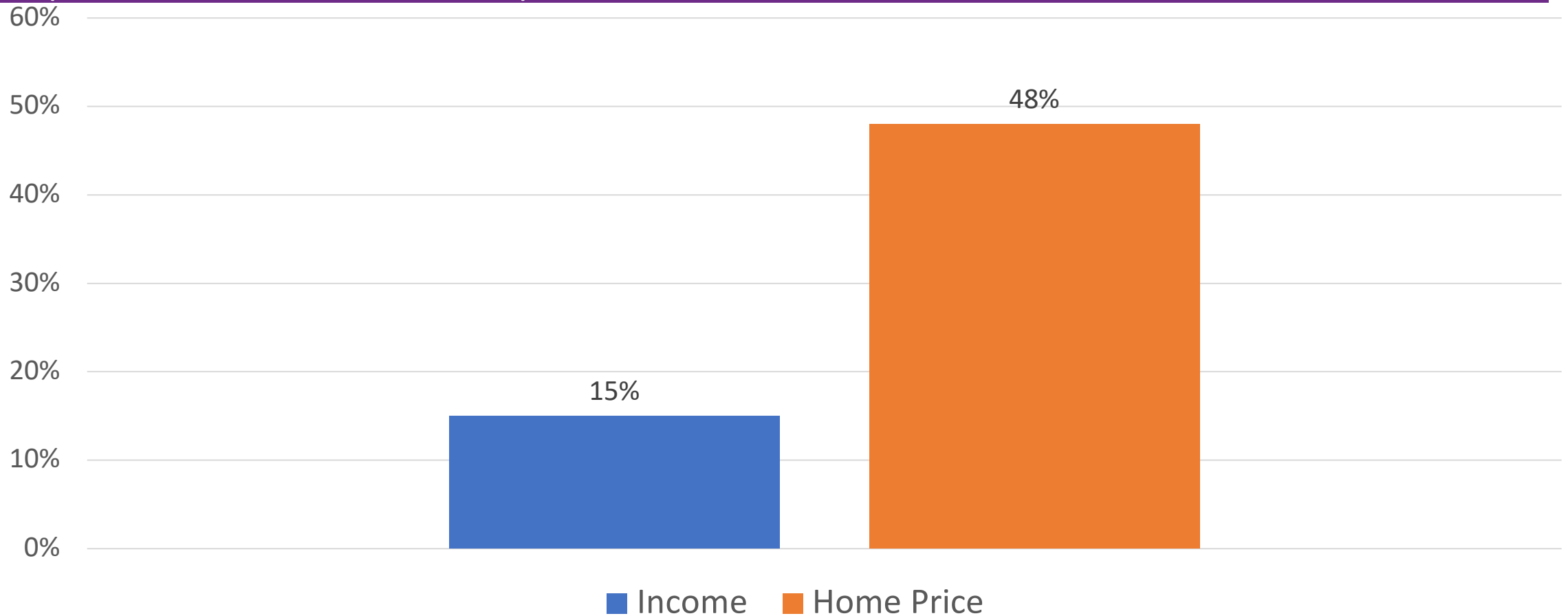
Affordability Index - Slipping



Source: NAR

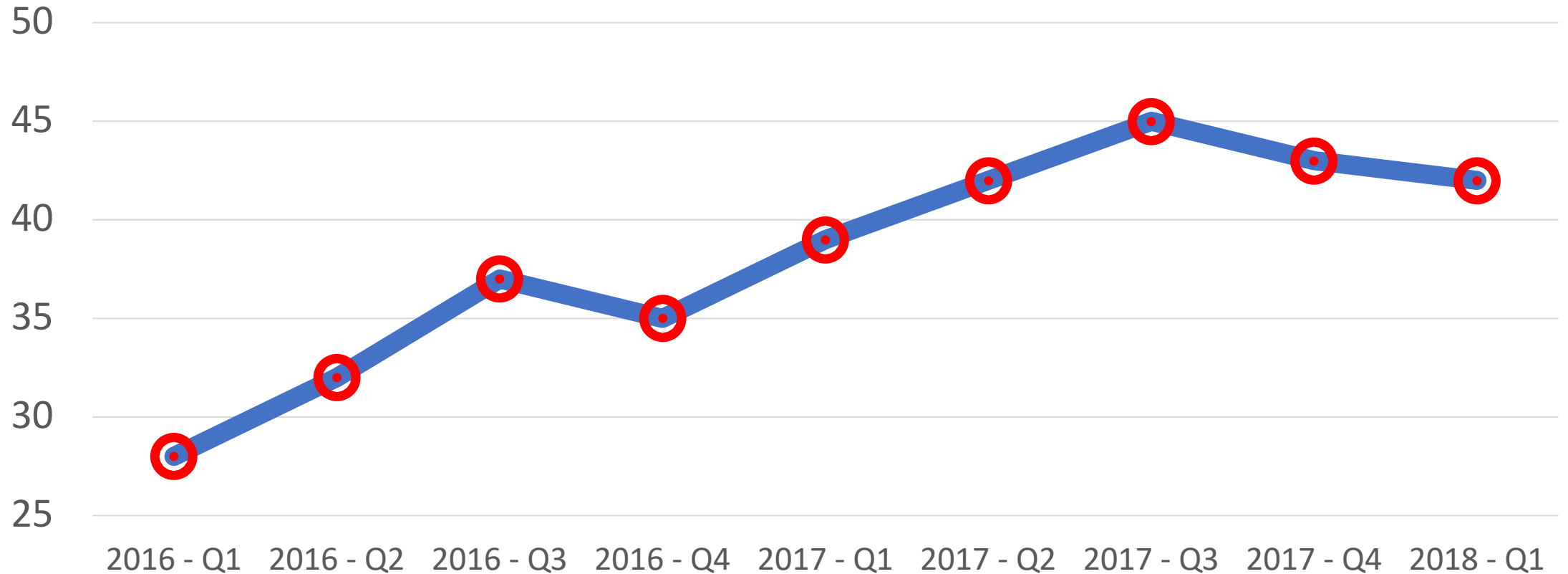
Income Growth and Home Price Growth

(from lows in 2011 to 2017)



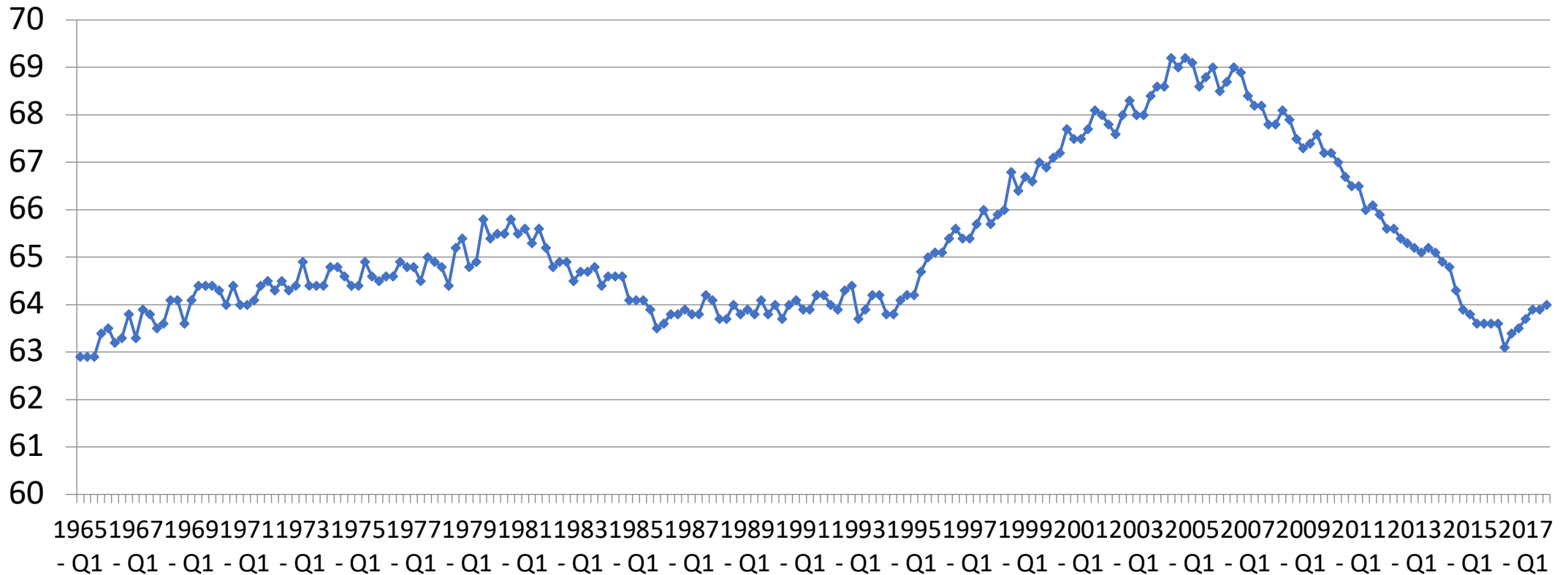
NAR HOME Survey of Consumers

% Strongly Indicating Good Time to Sell

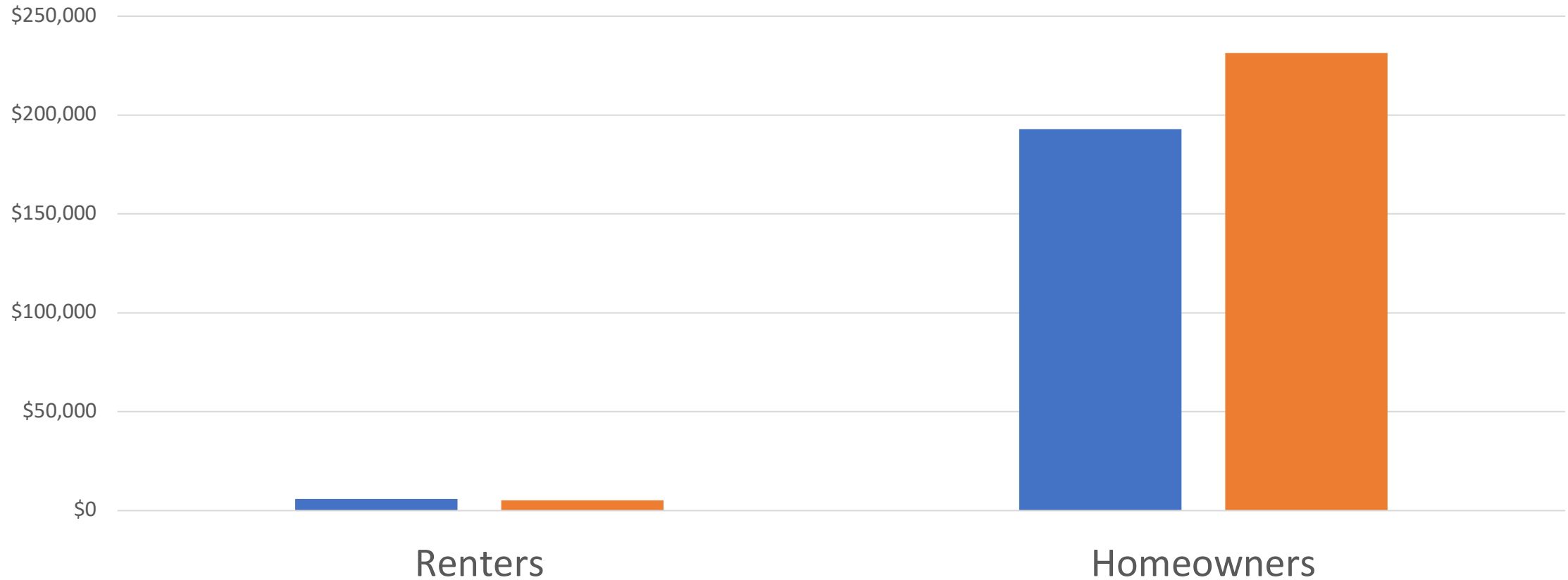


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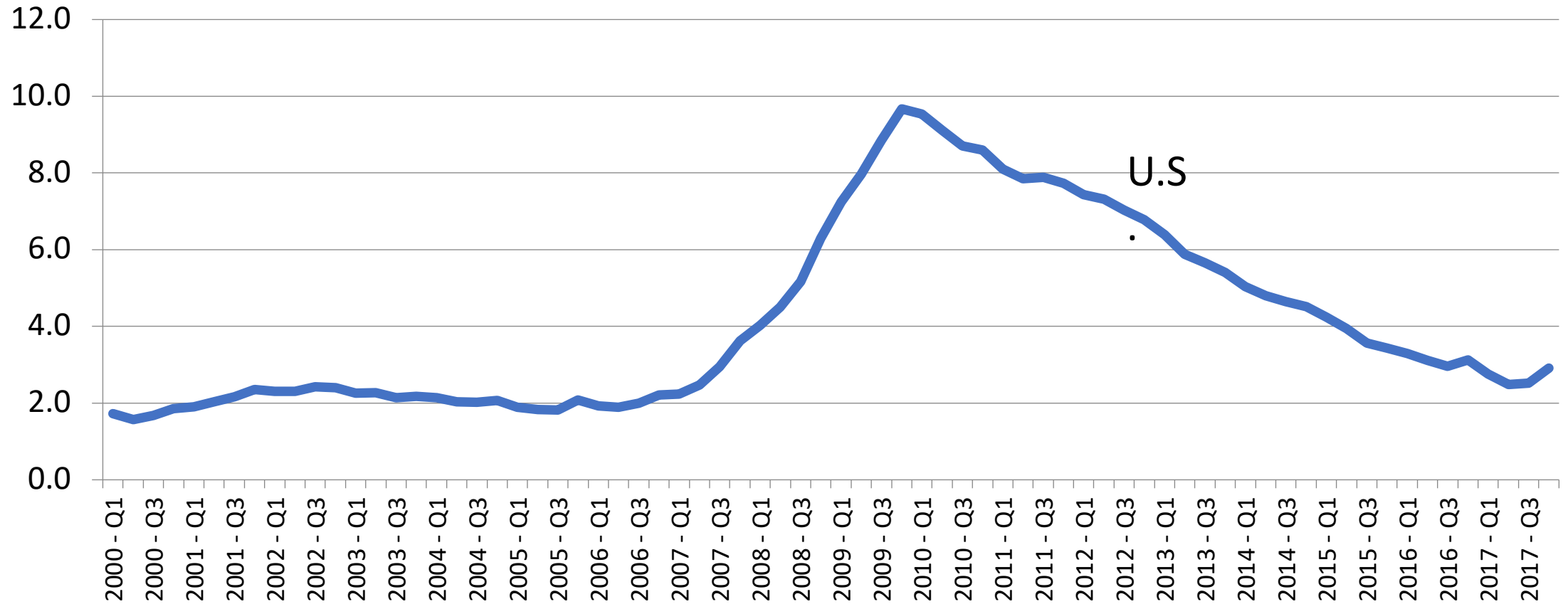
Homeownership Rate Trying to Make a Comeback



Wealth: From 2000 to 2016



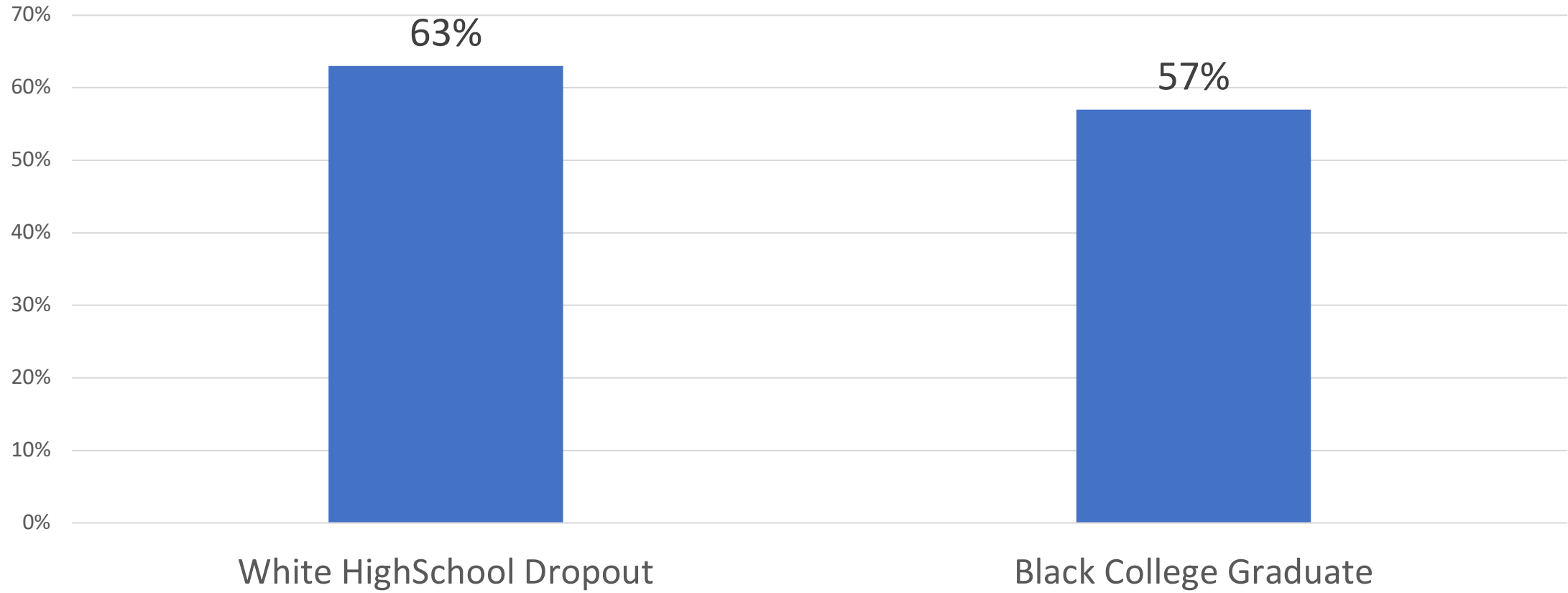
Fewer Borrowers Defaulting and in Foreclosure



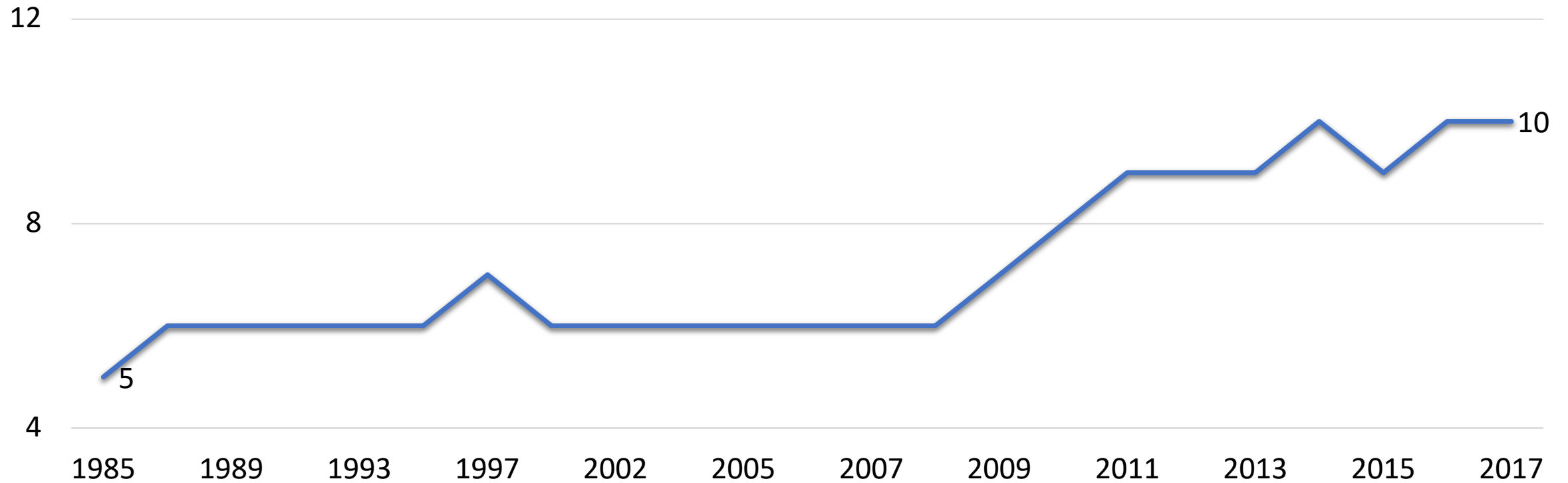
FAIR **HOUSING**
MAKES U.S.
STRONGER

Commemorating 50 Years
of the Fair Housing Act

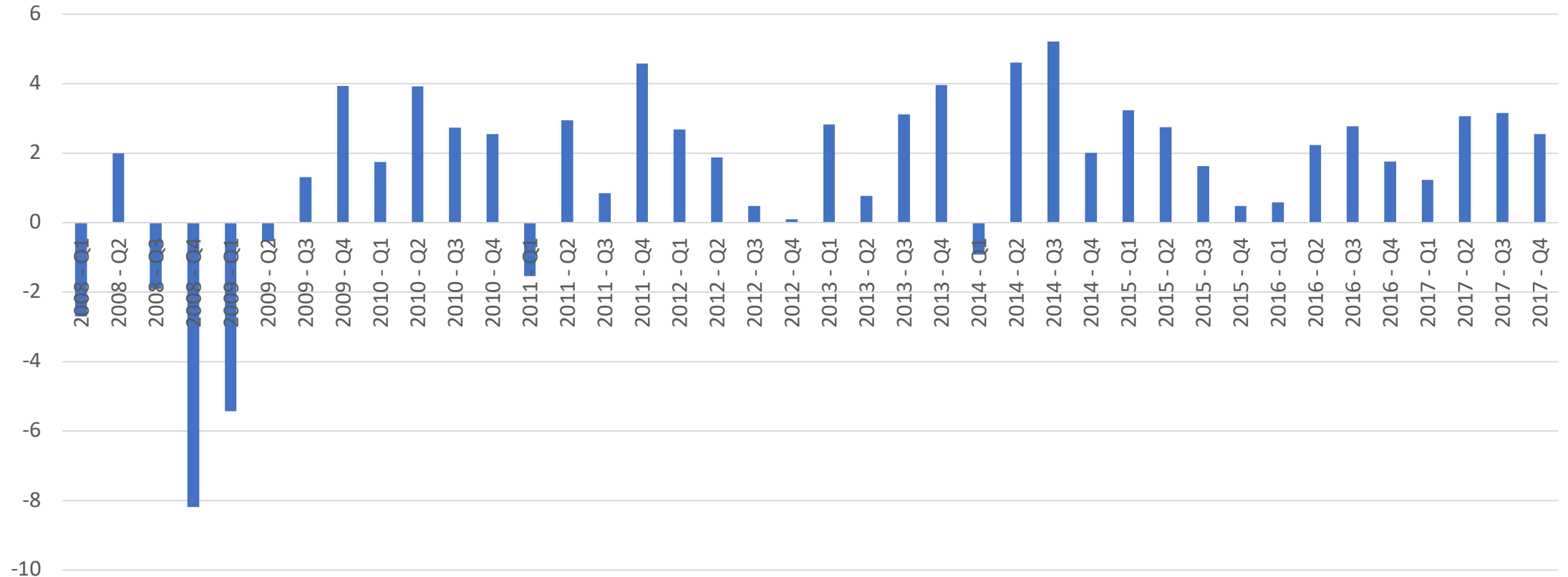
Shocking Homeownership Rate! ... Much Room for Improvement



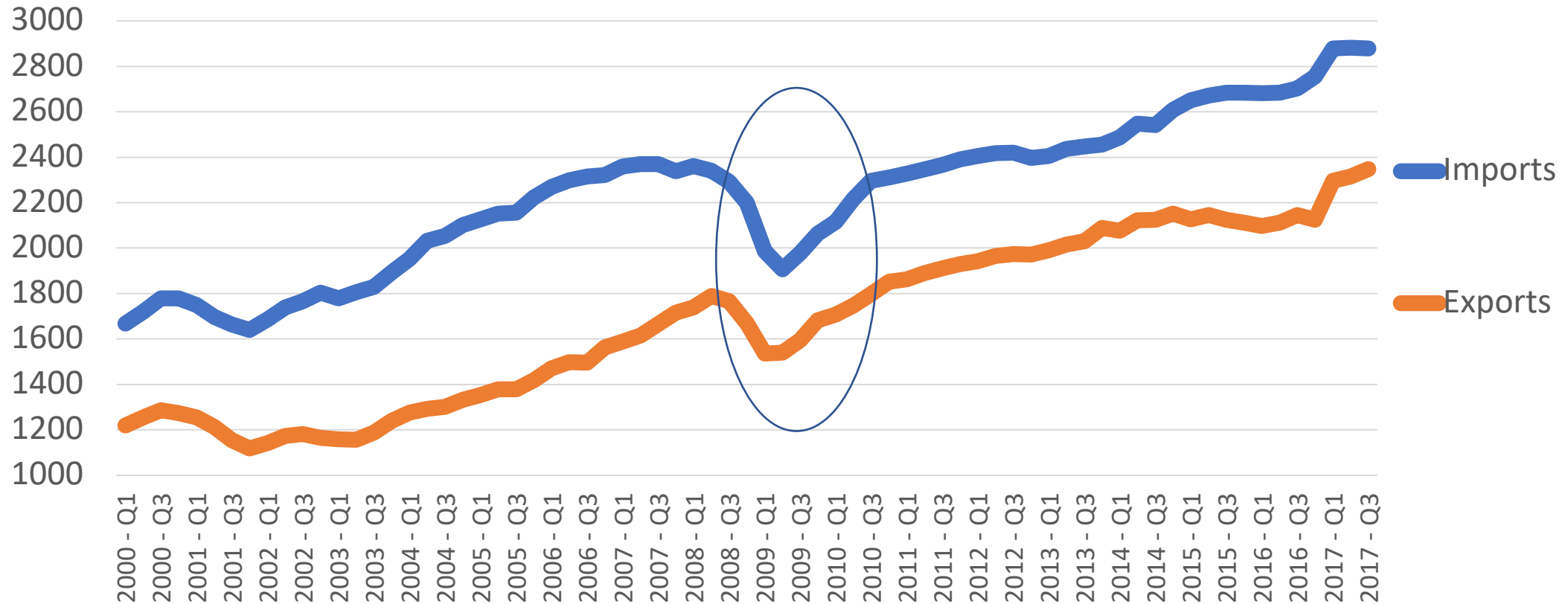
Actual Tenure in Home is Elevated



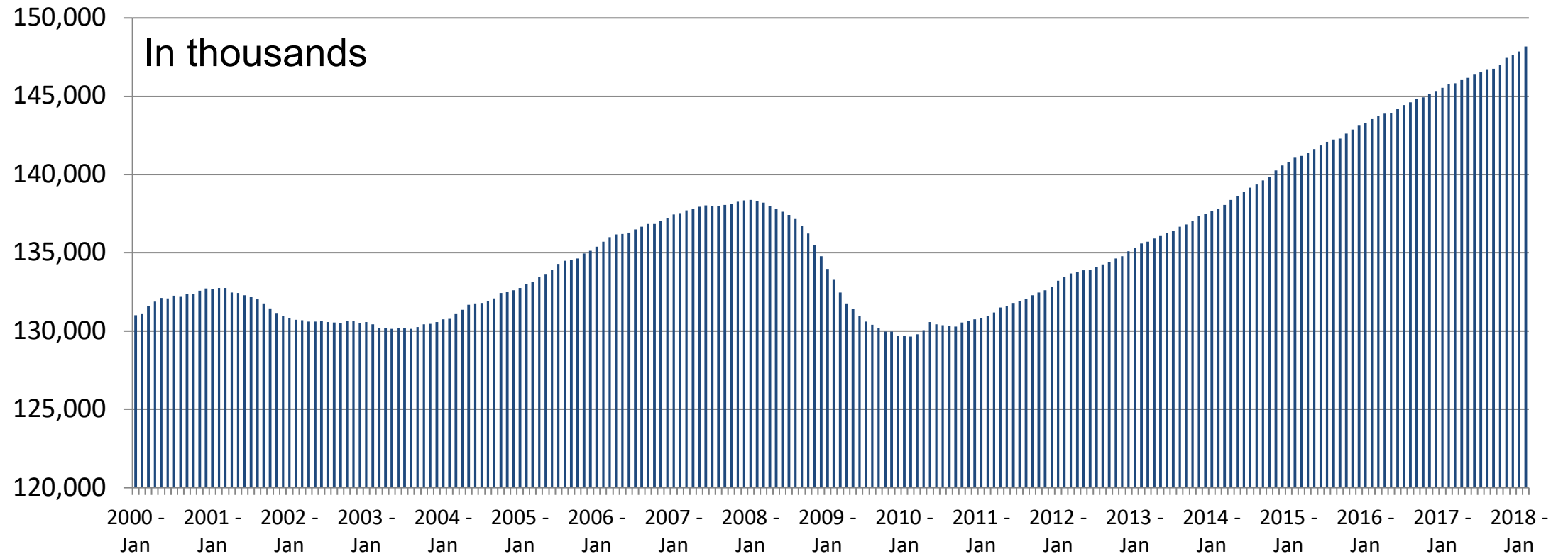
GDP Growth Rate 3% in Q2 and Q3



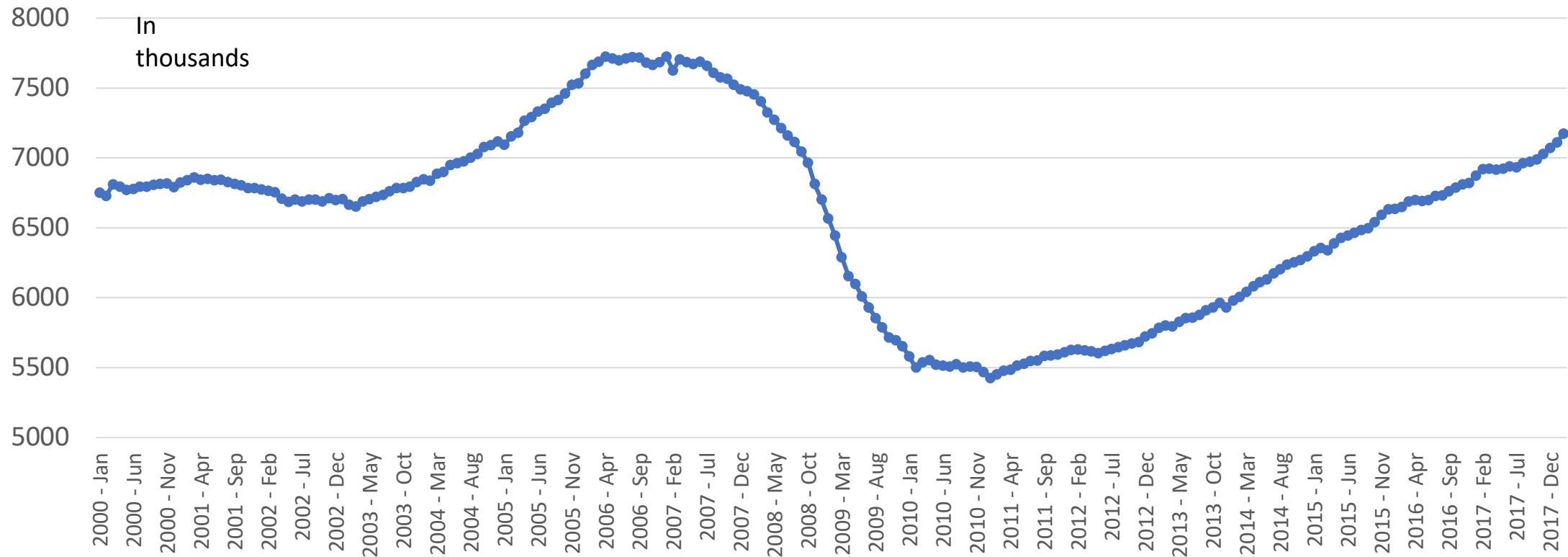
Exports and Imports (Levels in \$billion)



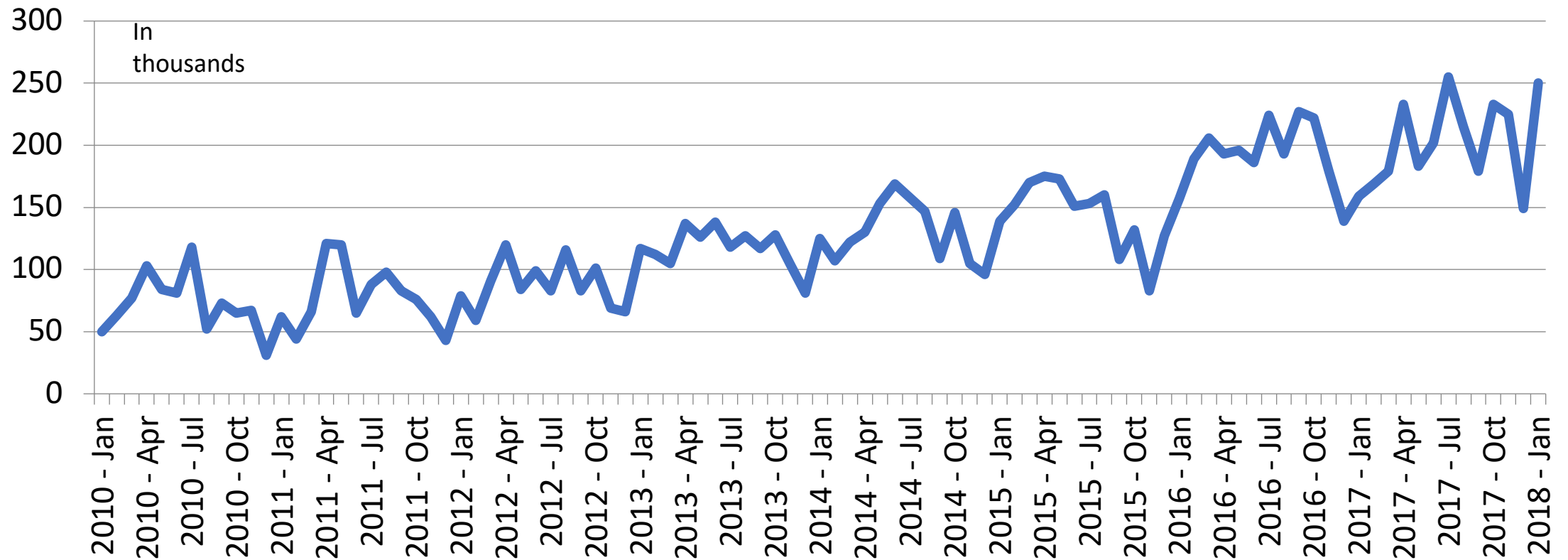
Total Jobs – New Highs every passing month



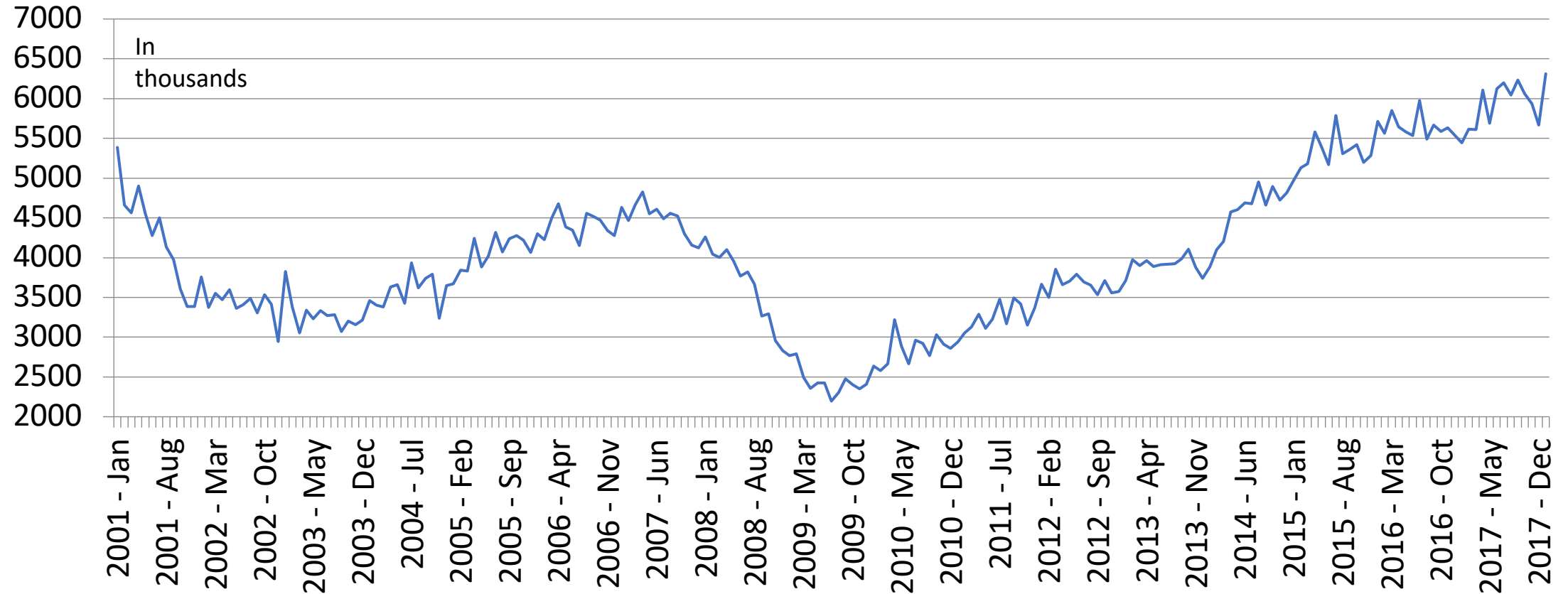
Construction Workers – Not yet back to peak



Total Job Openings in Construction



Total Job Openings

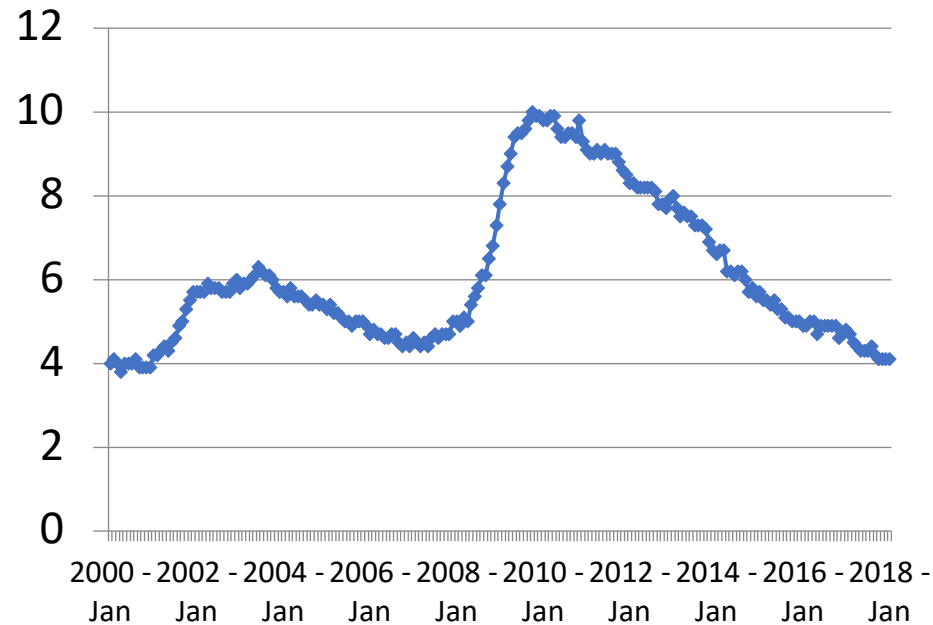


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Tight Labor Market?

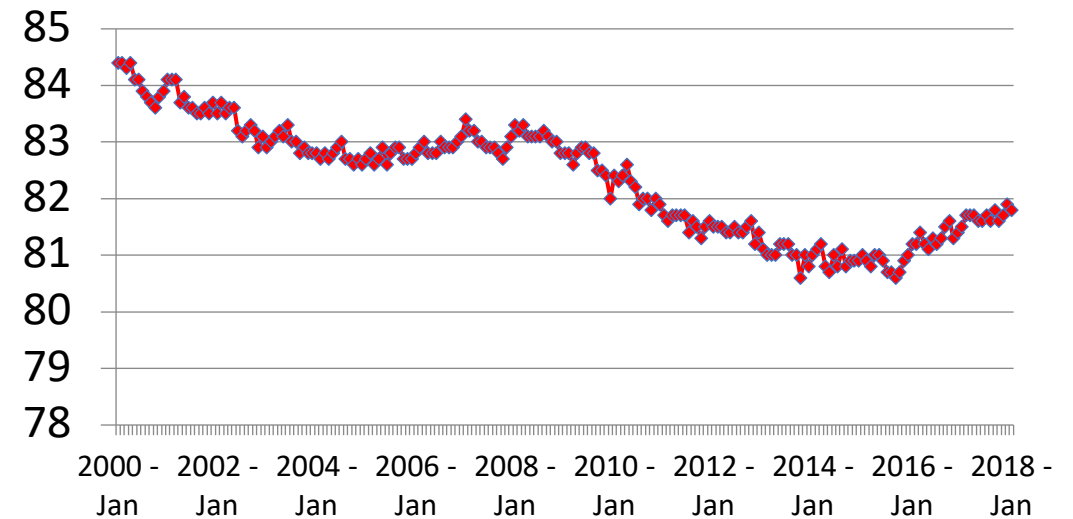
Yes

Low Unemployment Rate

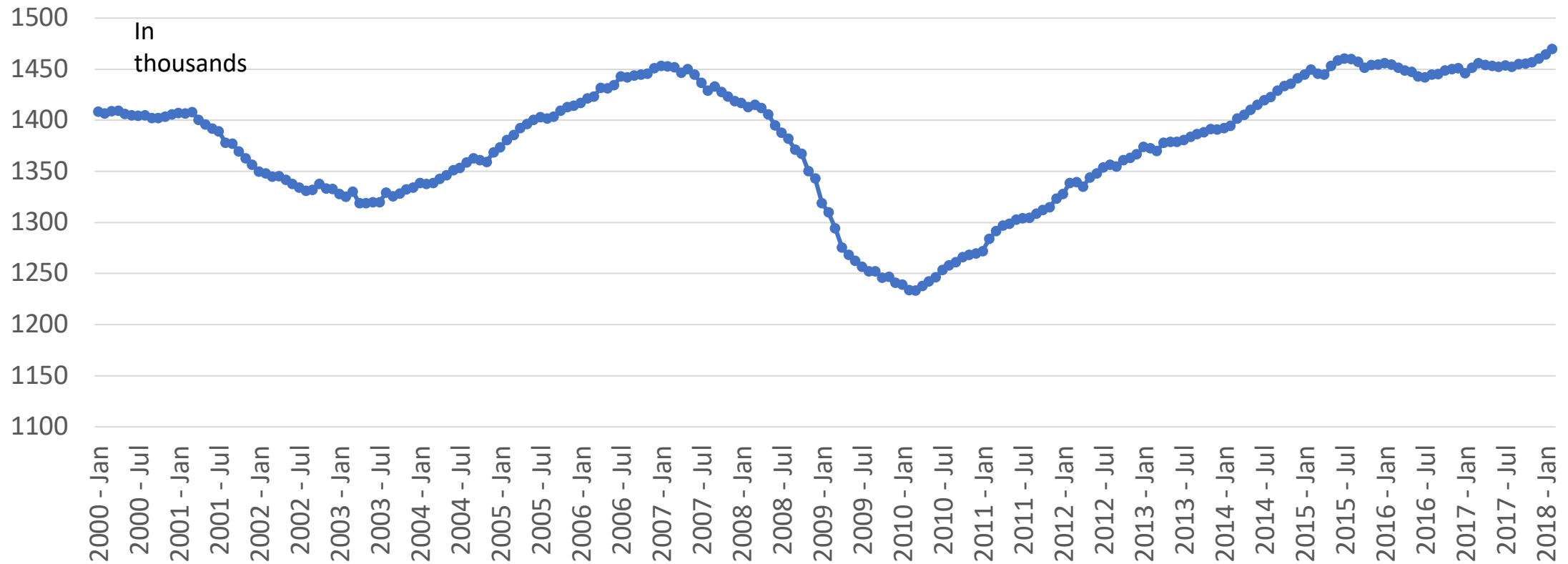


No

**Soft Labor Force Participation Rate
25 to 54**

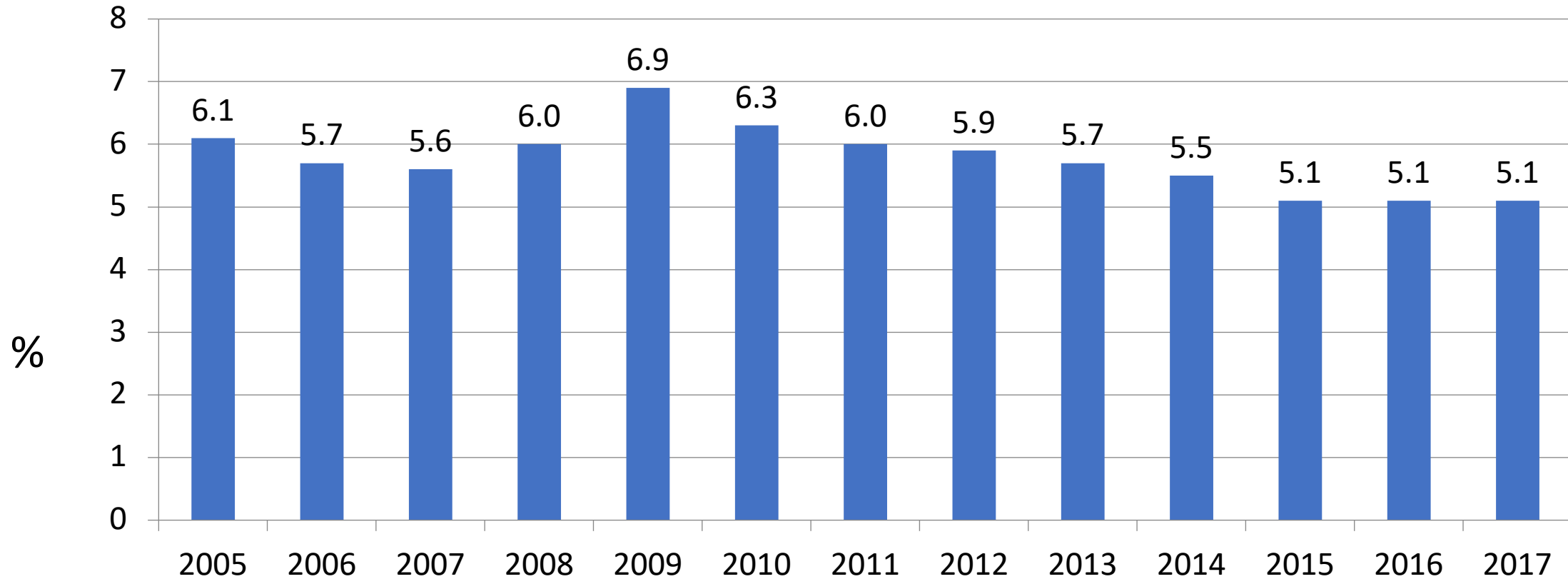


Jobs in Truck Transportation



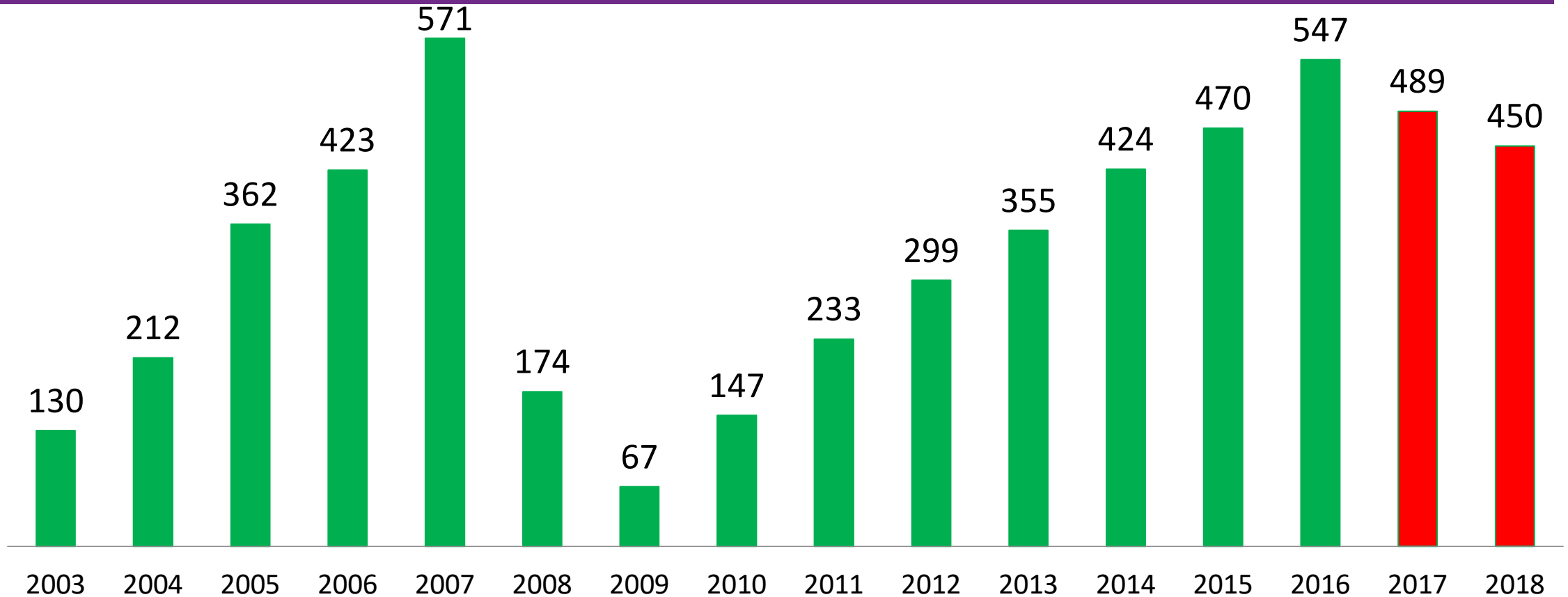
Commercial Real Estate Outlook

Cap Rates – Likely Already Hit Cyclical Low



Commercial Investment Sales of Large Properties

(Properties valued at \$2.5 million and over)



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Housing Market Forecast

Economic Forecast

	2015	2016	2017	2018 Forecast
GDP Growth	2.9%	1.5%	2.5%	2.6%
Job Growth	+2.6 million	+2.0 million	+2.1 million	+2.1 million
CPI Inflation	0.3%	1.3%	2.0%	2.5%



Housing Forecast

	2015	2016	2017	2018 Forecast
New Home Sales	500,000	560,000	600,000	700,000
Existing Home Sales	5.3 million	5.4 million	5.5 million	5.6 million
Median Price Growth	+ 6.8%	+5.1%	+6.0%	+4.0%
30-year Rate	3.9%	3.6%	4.0%	4.6%



Rising Cap Rates and Commercial Real Estate Prices

- Fewer transactions as buyers and sellers face-off without budging on price (5% to 10% decline in unit sales)
- Steady prices in mid-tier markets
- Modest price correction in big cities and trophy properties
 - (3% to 7% drop in 2018 after 90% increase)



Thank you

Lawrence Yun



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