

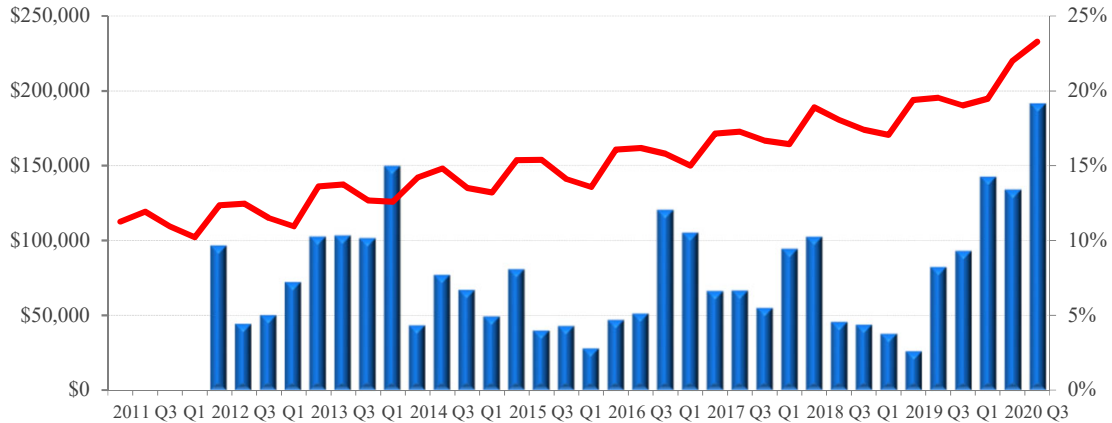
Memphis Area

Local Market Report, Third Quarter 2020

including the impact of COVID-19 on the local economy

Today's Market...

Median Price (Red Line) and One-year Price Growth



Local Price Trends			
Price Activity	Memphis	U.S.	Local Trend
Current Median Home Price (2020 Q3)	\$232,900	\$309,100	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2020 Q3)	19.1%	11.6%	
3-year (12-quarter) Appreciation (2020 Q3)	34.9%	22.2%	
3-year (12-quarter) Housing Equity Gain*	\$60,200	\$56,167	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$95,400	\$102,233	
9-year (36 quarters) Housing Equity Gain*	\$113,600	\$139,867	

*Note: Equity gain reflects price appreciation only

	Memphis	U.S.	
Conforming Loan Limit**	\$510,400	\$765,600	Most buyers in this market have access to government-backed financing
FHA Loan Limit	\$331,760	\$765,600	
Local Median to Conforming Limit Ratio	46%	not comparable	

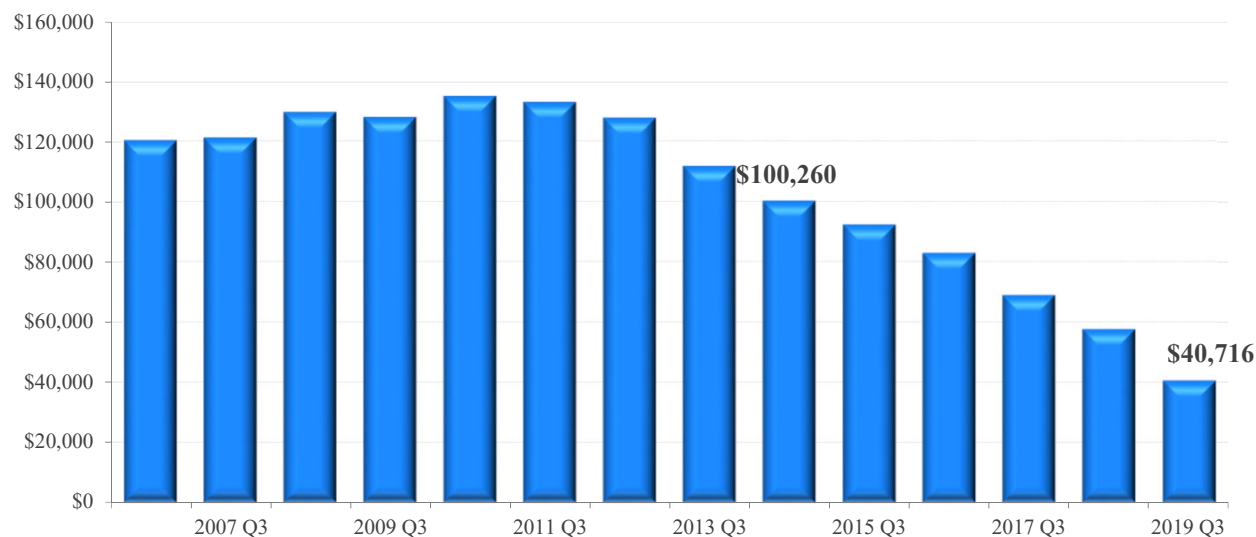
Note: limits are current and include the changes made on January 1st 2020.

Local NAR Leadership

The Memphis market is part of region 4 in the NAR governance system, which includes all of North Carolina, South Carolina, Kentucky, and Tennessee. The 2021 NAR Regional Vice President representing region 4 is Carl Tackett.

Benefits of Ownership: Total Equity Appreciation

Total Equity Accrued to Owner by Year and Quarter of Purchase



Total Equity Gained** through 2020 Q3 from quarter in which home was of purchased

Price Activity	Memphis	U.S.	Local Trend
1-year (4-quarter)	\$40,716	\$16,096	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$69,006	\$47,598	
5-year (20-quarter)*	\$92,384	\$80,260	
7-year (28 quarters)*	\$111,803	\$109,512	
9-year (36 quarters)*	\$133,079	\$147,140	

*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity

Drivers of Local Supply and Demand...

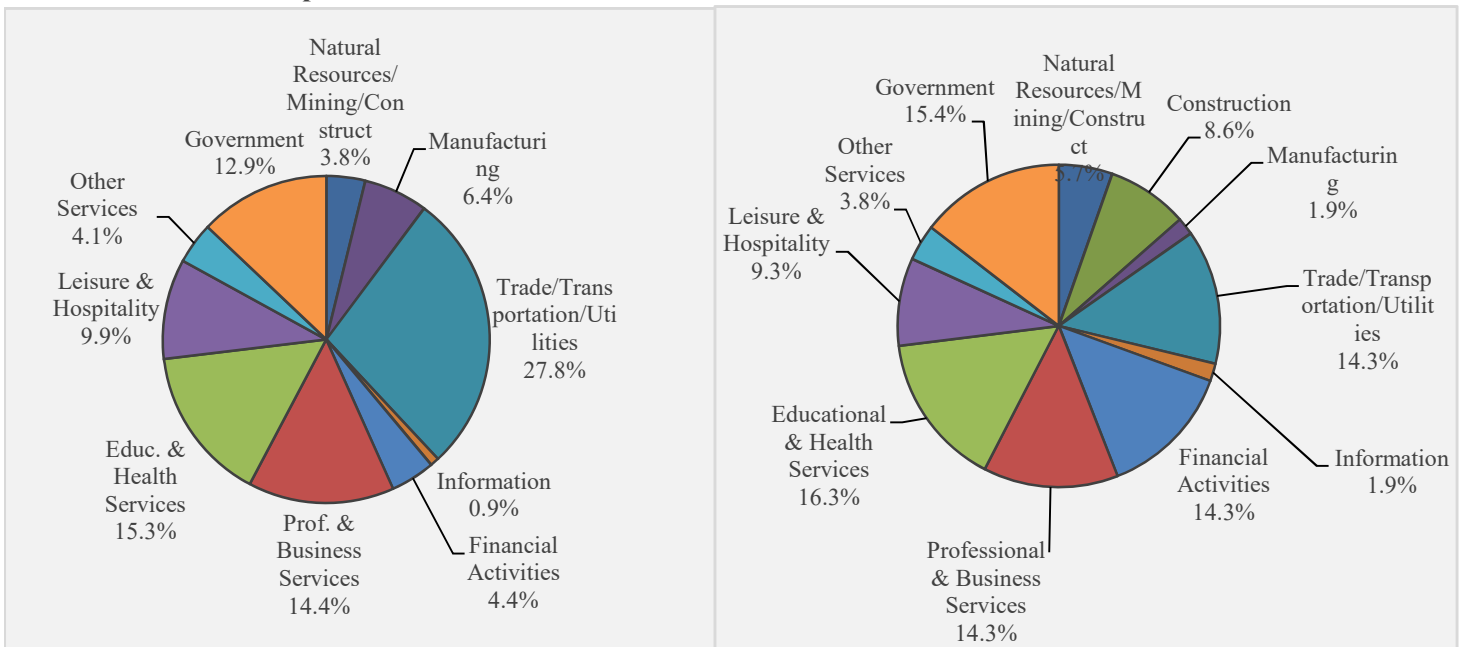


Local Economic Outlook	Memphis	U.S.	
12-month Job Change (Sep)	-31,800	Not Comparable	Job losses are a problem and will weigh on demand, but layoffs are declining, a trend that could help buyer confidence
12-month Job Change (Aug)	-37,600	Not Comparable	
36-month Job Change (Sep)	-18,800	Not Comparable	Memphis's unemployment situation is worse than the national average and weighs on confidence
Current Unemployment Rate (Sep)	8.9%	7.9%	
Year-ago Unemployment Rate	4.1%	3.5%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	-4.8%	-3.9%	

Share of Total Employment by Industry

Memphis Area

U.S.



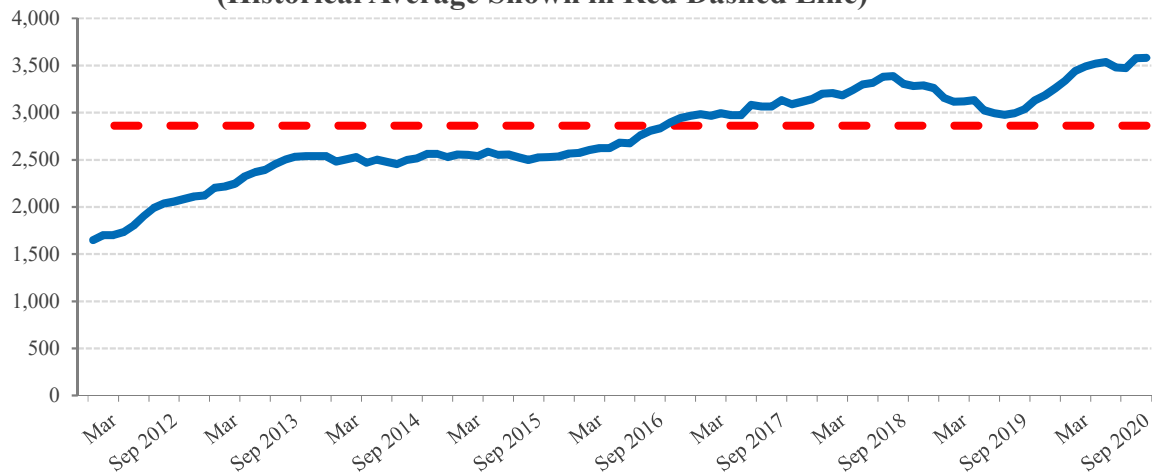
12-month Employment Change by Industry in the Memphis Area (Sep - 2020)

Goods Producing	NA	Information	-200
Natural Resources/Mining/Construction	-400	Financial Activities	-2,700
Natural Resources and Mining	NA	Prof. & Business Services	-7,800
Construction	NA	Educ. & Health Services	-3,700
Manufacturing	-5,900	Leisure & Hospitality	-8,700
Service Providing Excluding Government	NA	Other Services	-2,500
Trade/Transportation/Utilities	-3,400	Government	-2,300

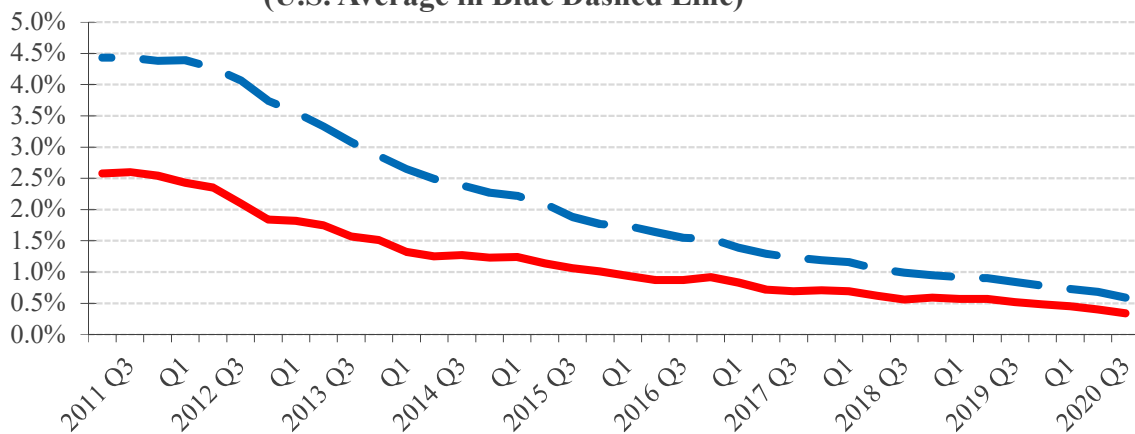
State Economic Activity Index	Tennessee	U.S.	
12-month change (2020 - Sep)	-6.0%	-4.9%	The economy of Tennessee is still in recession, but improved modestly from last month's -11.80% change
36-month change (2020 - Sep)	-0.6%	0.6%	

New Housing Construction			
Local Fundamentals	Memphis	U.S.	
12-month Sum of 1-unit Building Permits through Sep 2020	3,576	not comparable	The current level of construction is 24.9% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	2,863	not comparable	Production above trend for an extended period of time could cause prices to moderate as inventory is built up.
Single-Family Housing Permits (Sep 2020) 12-month sum vs. a year ago	14.2%	10.2%	Construction is on the rise relative to last year, suggesting that the local inventory has stabilized

**Construction: 12-month Sum of Local Housing Permits
(Historical Average Shown in Red Dashed Line)**

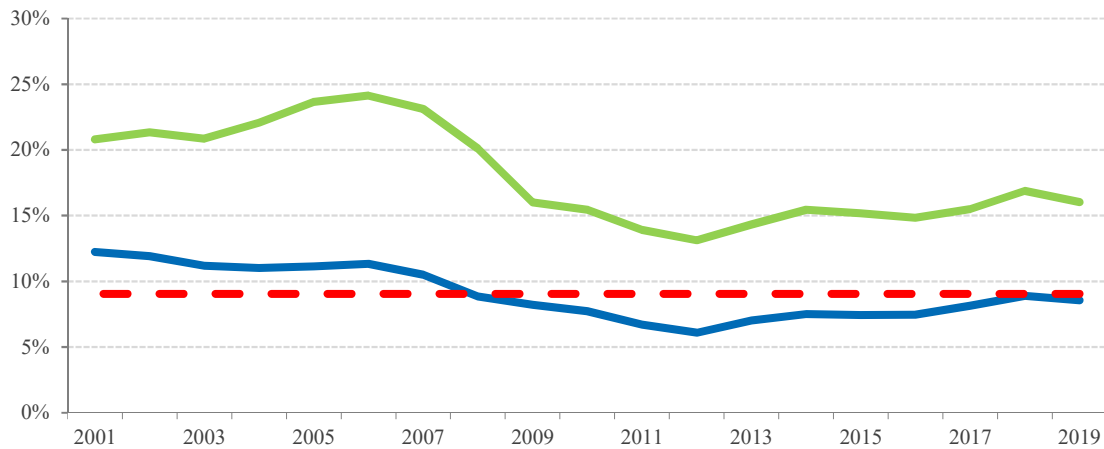


**State Total Foreclosure Rate vs. U.S. Average
(U.S. Average in Blue Dashed Line)**



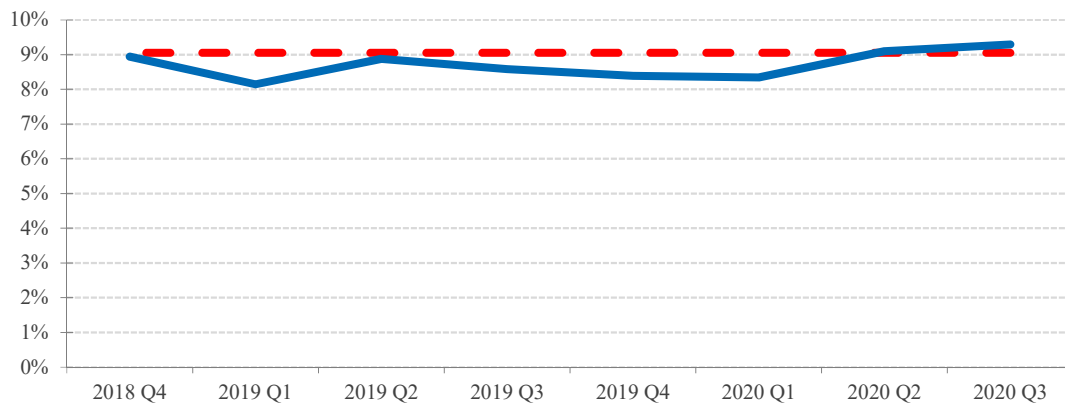
Affordability

Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income
(Local Historical Average Shown in Red, U.S. Average in Green)

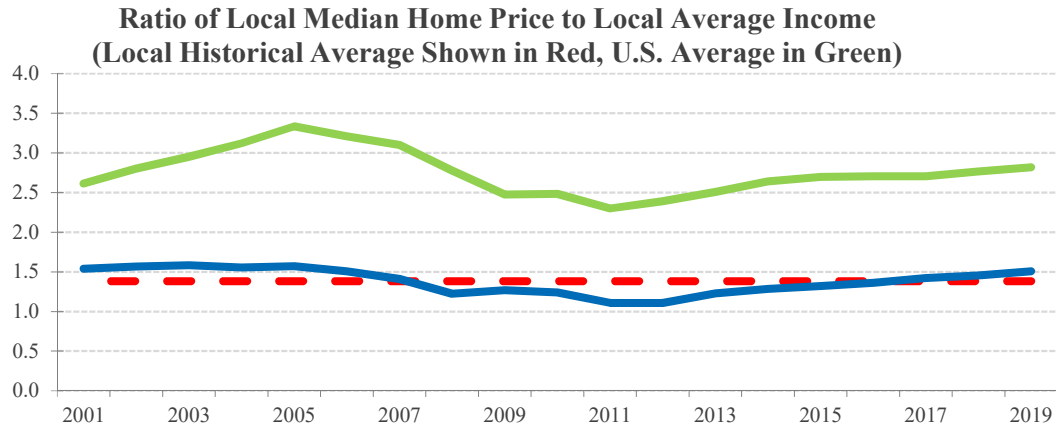


Monthly Mortgage Payment to Income	Memphis	U.S.	
Ratio for 2019	8.6%	16.0%	Weak by local standards and could weigh on demand
Ratio for 2020 Q3	9.3%	15.4%	
Historical Average	9.1%	18.4%	More affordable than most markets

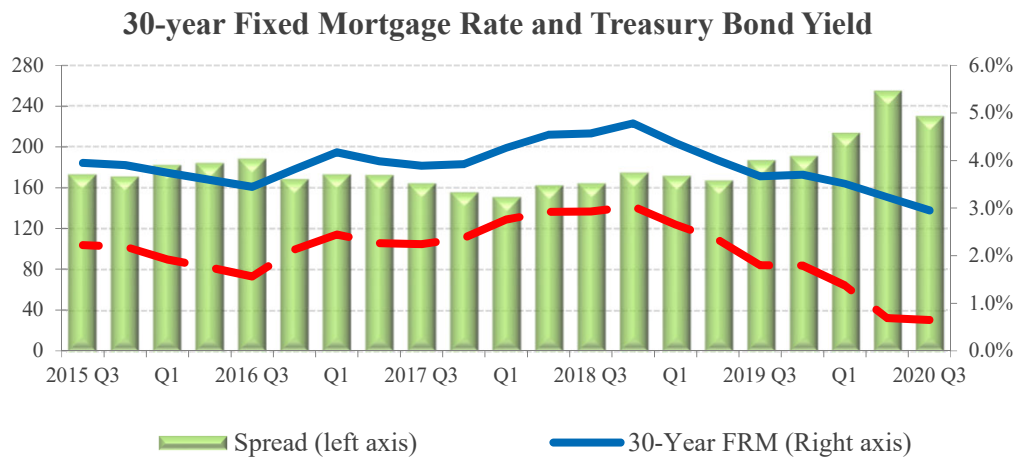
Recent Trend - Local Mortgage Servicing Cost to Income
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Memphis	U.S.	
Ratio for 2019	1.5	2.8	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2020 Q3	1.8	3.1	
Historical Average	1.4	2.7	Affordable compared to most markets



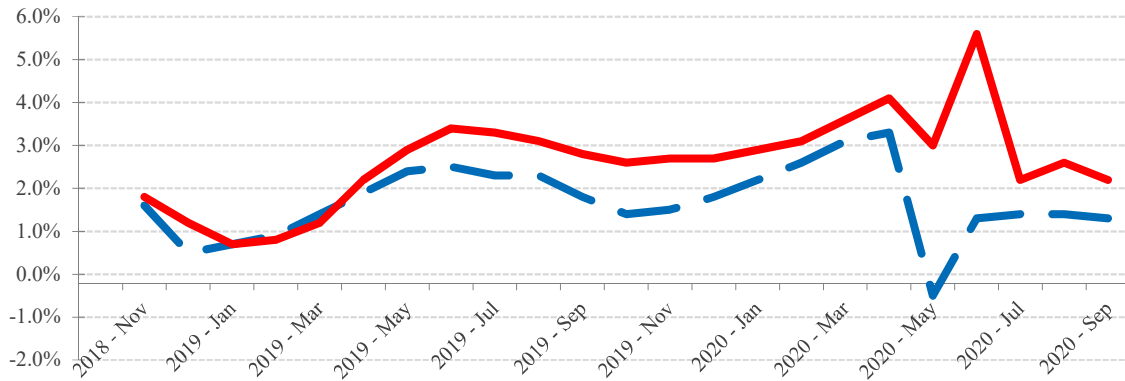
The Mortgage Market



In the third quarter of the year, the 30-year fixed rate hit an all-time low, as investors were skeptical about the recovery of the economy from the shutdowns. According to the mortgage finance provider Freddie Mac, the 30-year fixed rate mortgage dropped to 2.95 percent in Q3 2020 from 3.67 percent a year earlier. In the meantime, in August, the Fed announced the adoption of a more flexible policy that will seek to achieve inflation that averages 2 percent over time. This means that a period where inflation is above 2 percent can compensate for a period when inflation is below 2 percent. This significant change can keep interest rates low for longer periods, which could translate into both long periods of cheap mortgages and stronger job market. Thus, more and more homebuyers and homeowners are expected to take advantage of these ultra-low rates. Looking ahead, NAR is forecasting the 30-year fixed rate mortgage to average 3.1 percent for both 2020 and 2021.

REALTOR® Price Expectations

REALTOR® Price Expectations for the Next 12 Months
(U.S. Average in Blue Dashed Line)



Source: NAR

REALTOR® Price Expectations	Tennessee	U.S.	
2020 - Sep	0.0%	1.7%	REALTORS® expect weaker price growth in Tennessee than in the U.S. in the next 12 months. Their price expectations for the local market are more modest than a year ago.
Prior 12 months	2.7%	1.5%	

Geographic Coverage for this Report

The Memphis area referred to in this report covers the geographic area of the Memphis metro area as officially defined by the Office of Management and Budget of the U.S. Government. The official coverage area includes the following counties:

Crittenden County, AR; Benton County, MS; DeSoto County, MS; Marshall County, MS; Tate County, MS; Tunica County, MS; Fayette County, TN; Shelby County, TN; Tipton County, TN

More information on the OMB's geographic definitions can be found at https://obamawhitehouse.archives.gov/omb/bulletins_default/