



RESIDENTIONAL ECONOMIC ISSUES AND TRENDS FORUM

May 13, 2020 | 12 PM – 1 PM Eastern Time



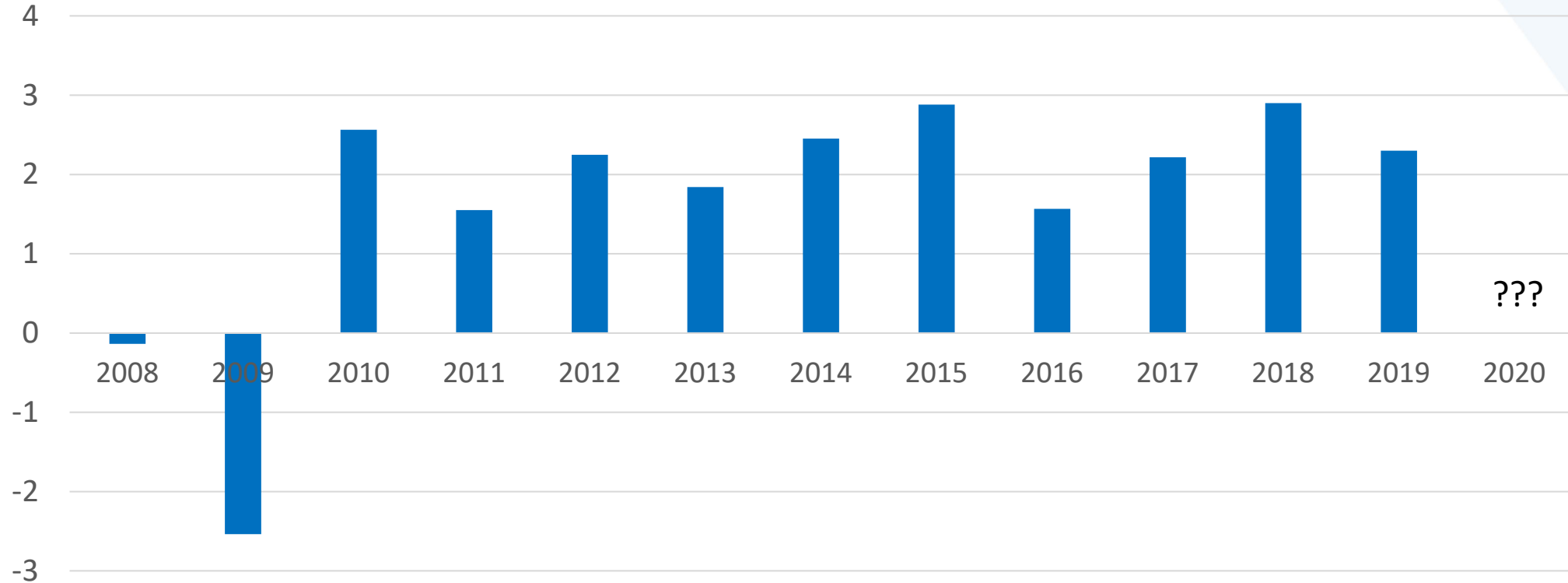
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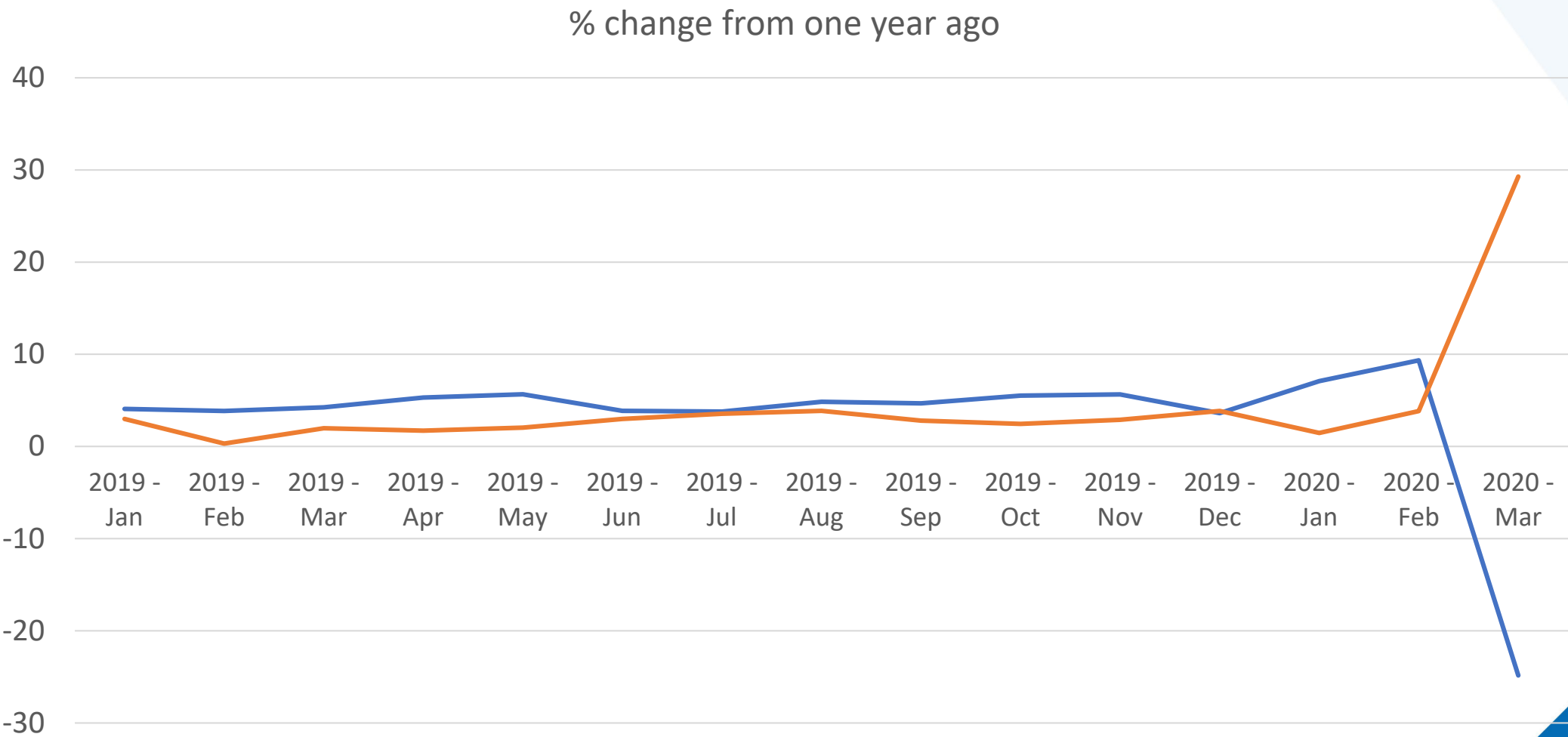
GDP Collapse in 2020 after a decade of growth



GDP Details in 2020 Q1

2020 Q1	% change annualized rate
GDP	-4.8%
Consumer Spending	-8%
Business Spending	-9%
Residential Investment (Home building, home sales, remodeling)	+21%
Commercial Structure Completion	-7%
Federal and State Government Spending on Investment	Modestly Positive
Personal Income	+2%
Personal Savings	+152%

Spending Growth at Grocery Shops versus Restaurants

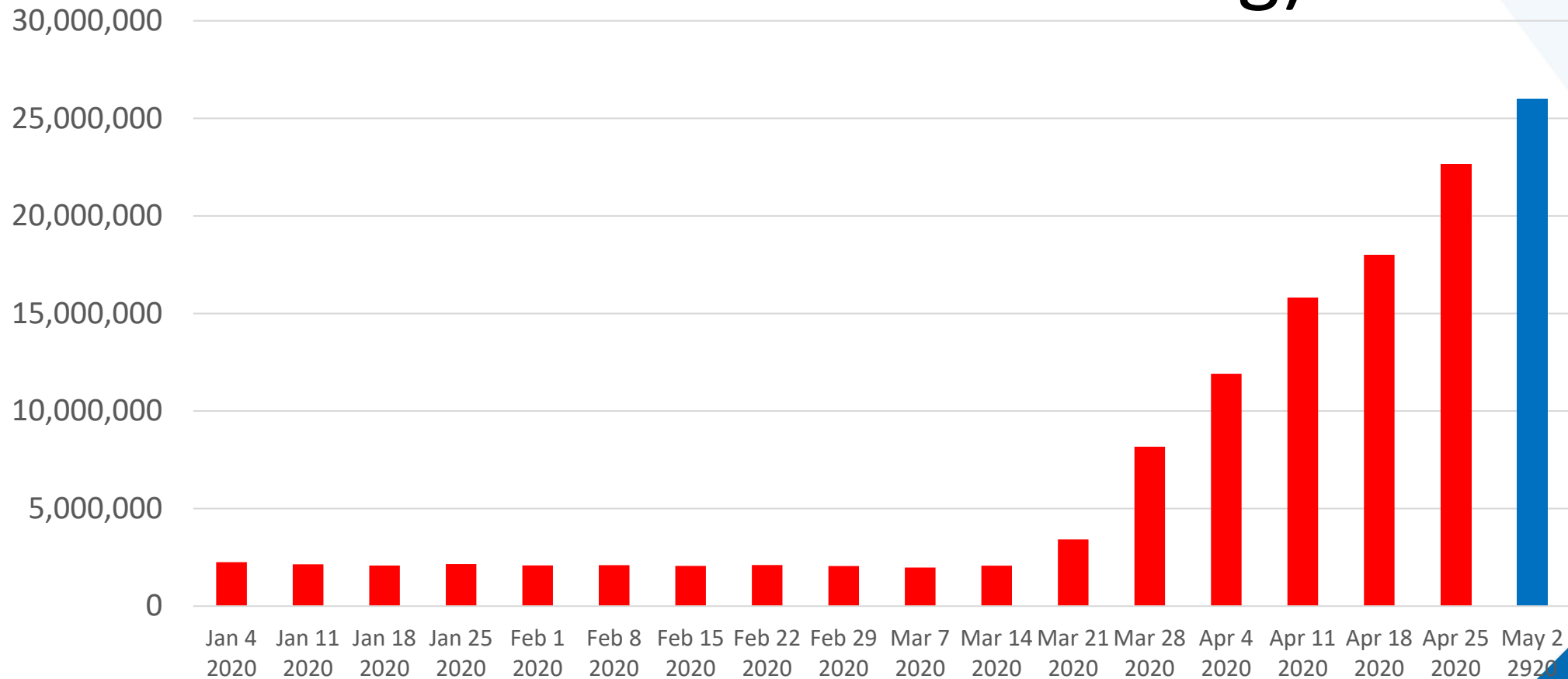


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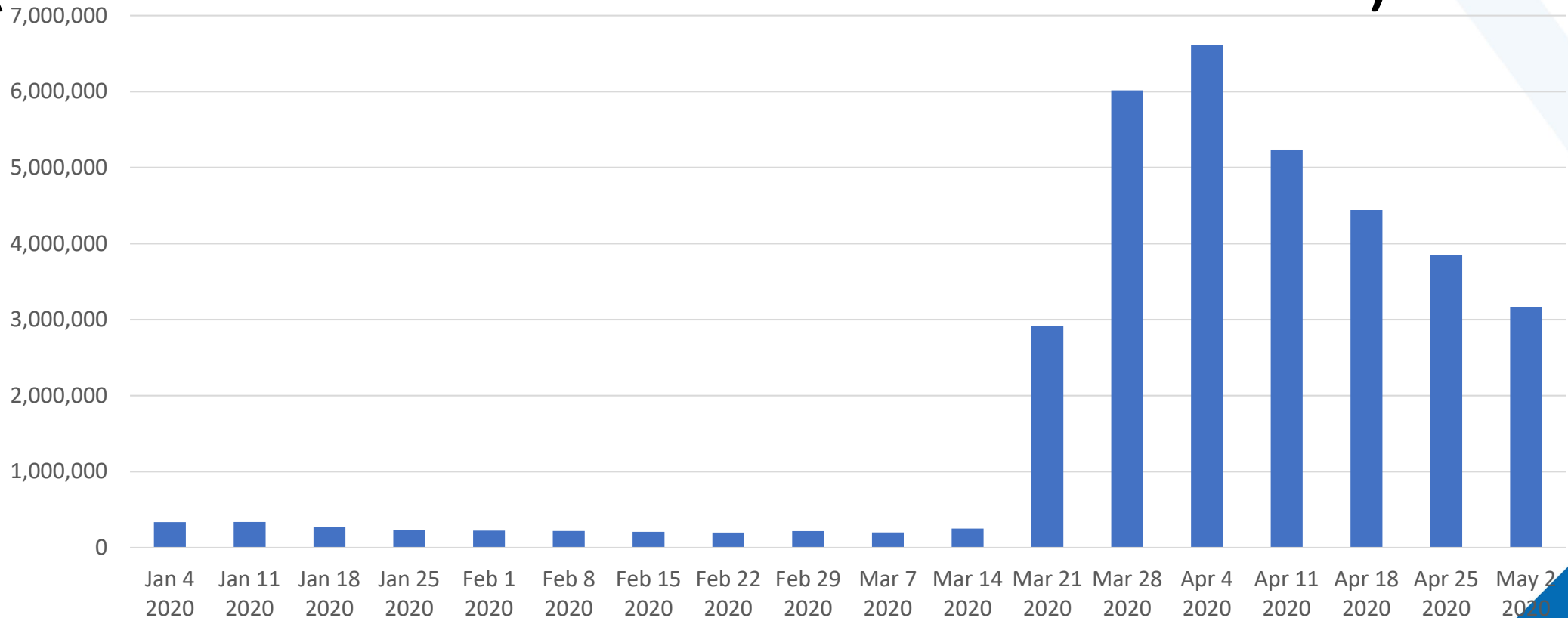
Consumer Retail Spending in March

	% change from one year ago to March
Building Material and Gardening	+10.4%
Clothing Stores	-52.5%
Sporting and Hobby Stores	-23.8%
Department Stores	-24.5%
Non-Store Purchase	+15.5%

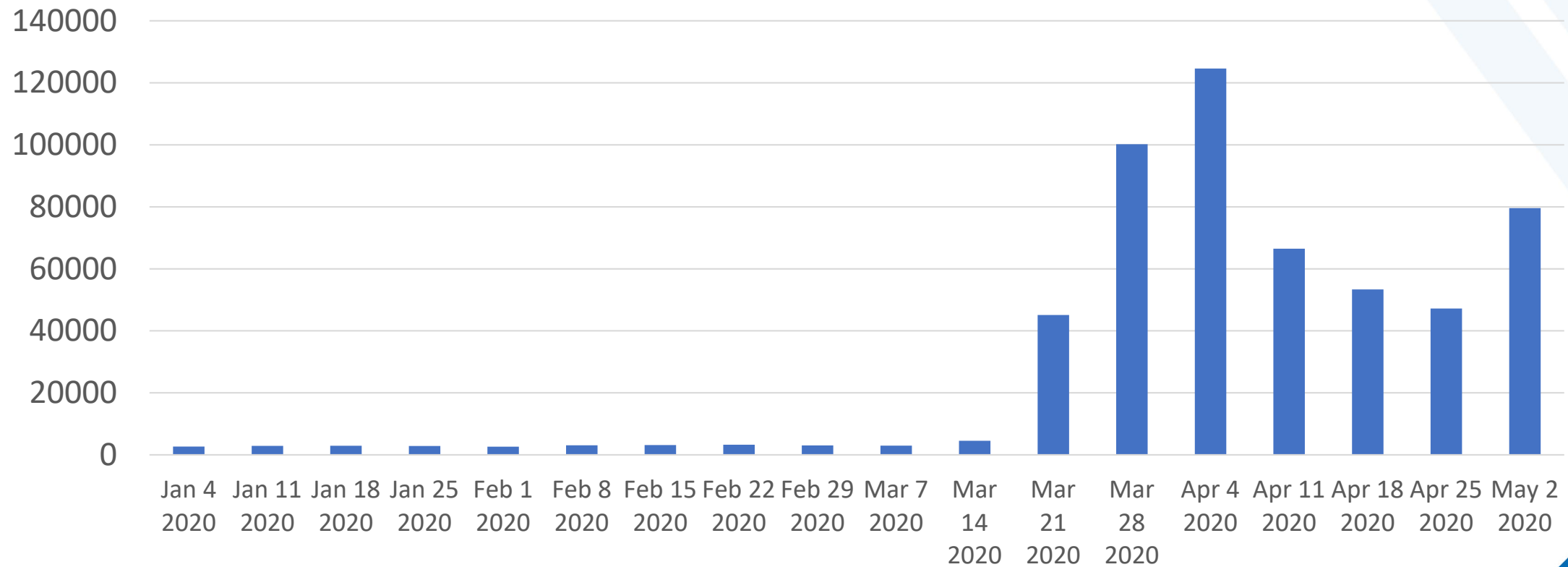
Total Cases: Unemployment Insurance Filers (26 million estimated due to data lag)



New Cases: Unemployment Insurance Filers: (33 million cumulative since Lockdown)



Maryland: New Cases Increased because of New Website for Independent Contractors



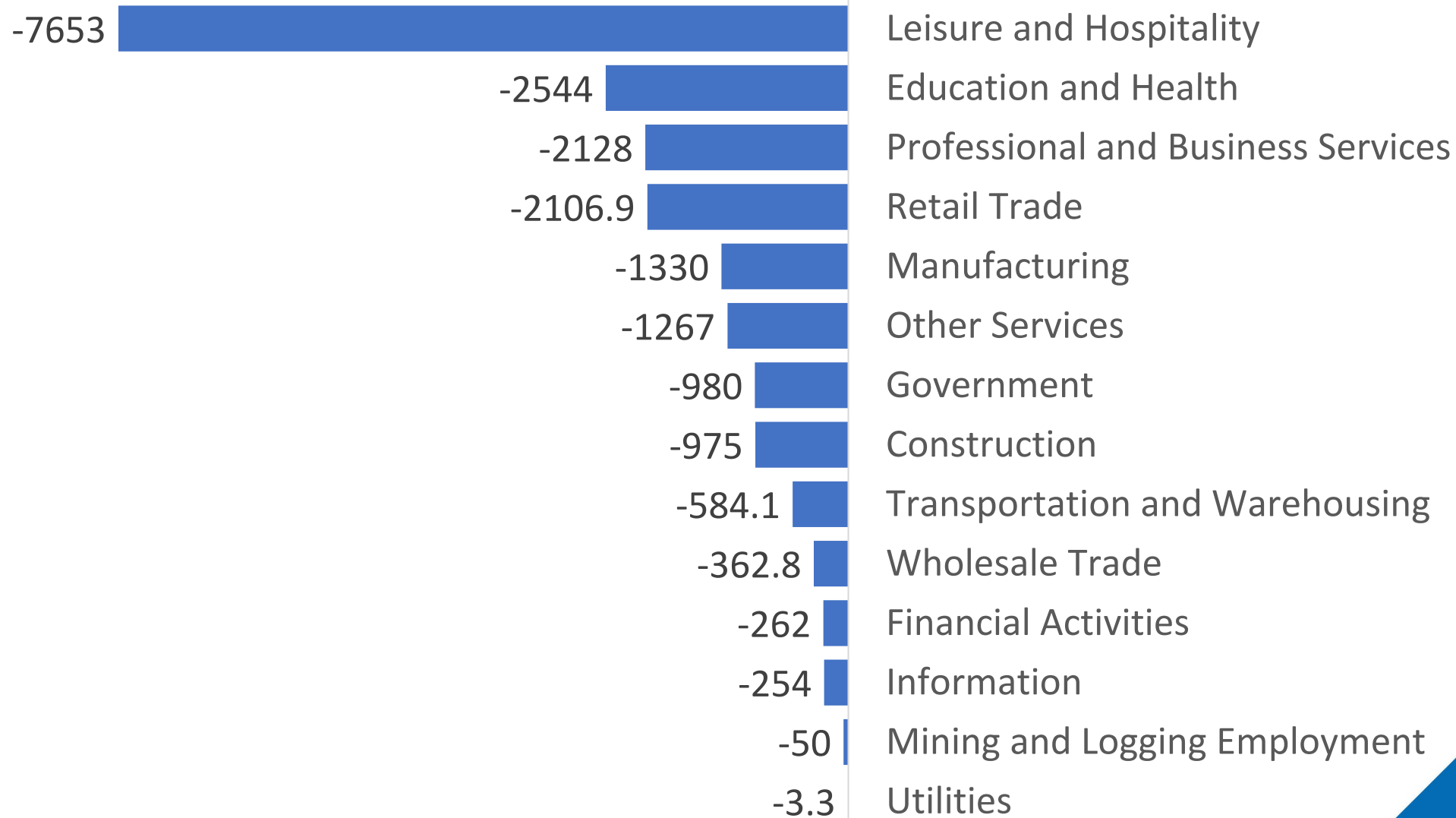
Pre-Pandemic: Unemployment Insurance Filers:

In 2019 ... 218,000 new filers each week
... 11.3 million new first-time unemployment filers

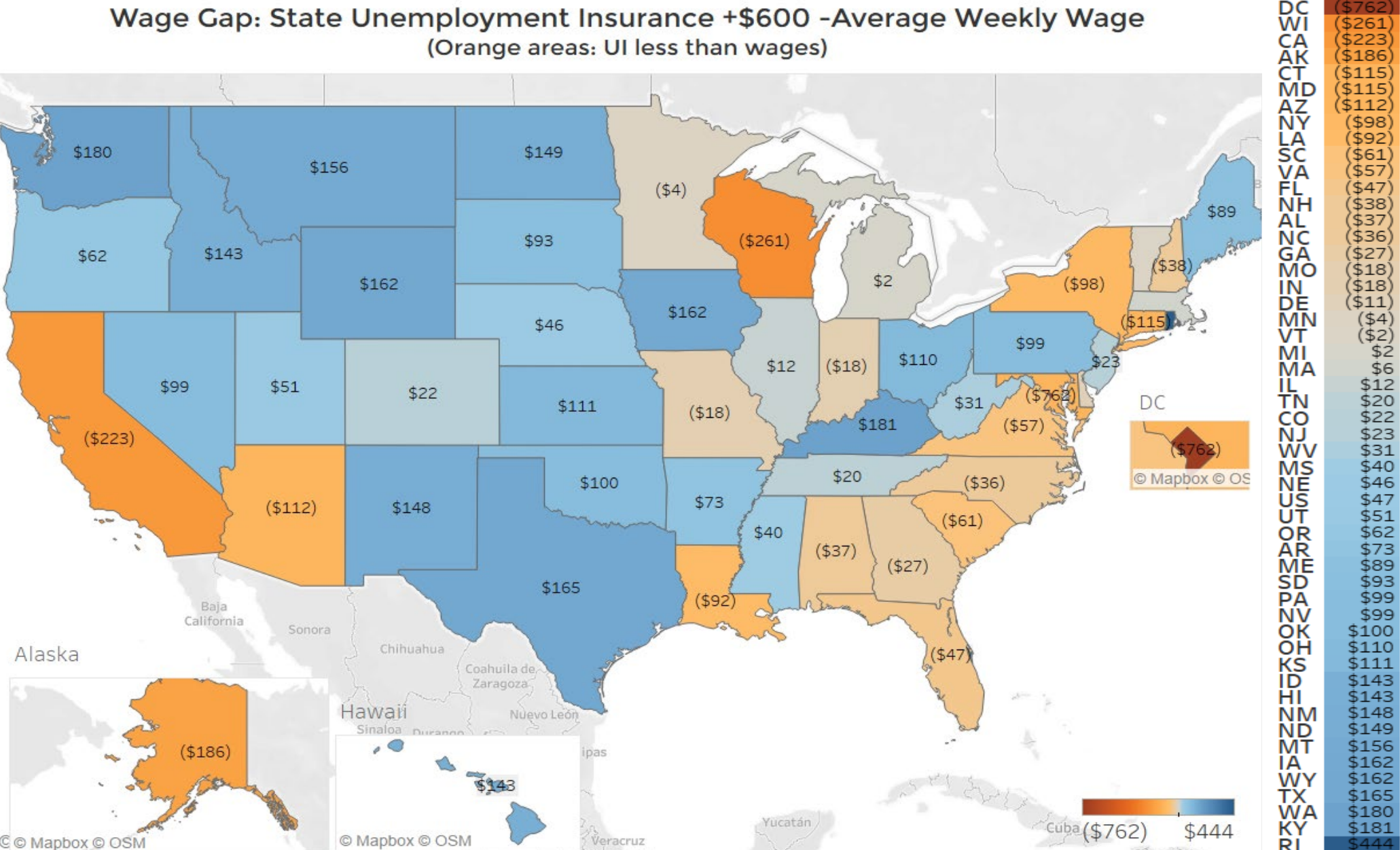
In 2019 ... Yet, over 2 million net new job creations

20.5 M jobs lost in April 2020; one in three jobs lost were in leisure/hospitality

Nonfarm Payroll Jobs Lost in April 2020 ('000)

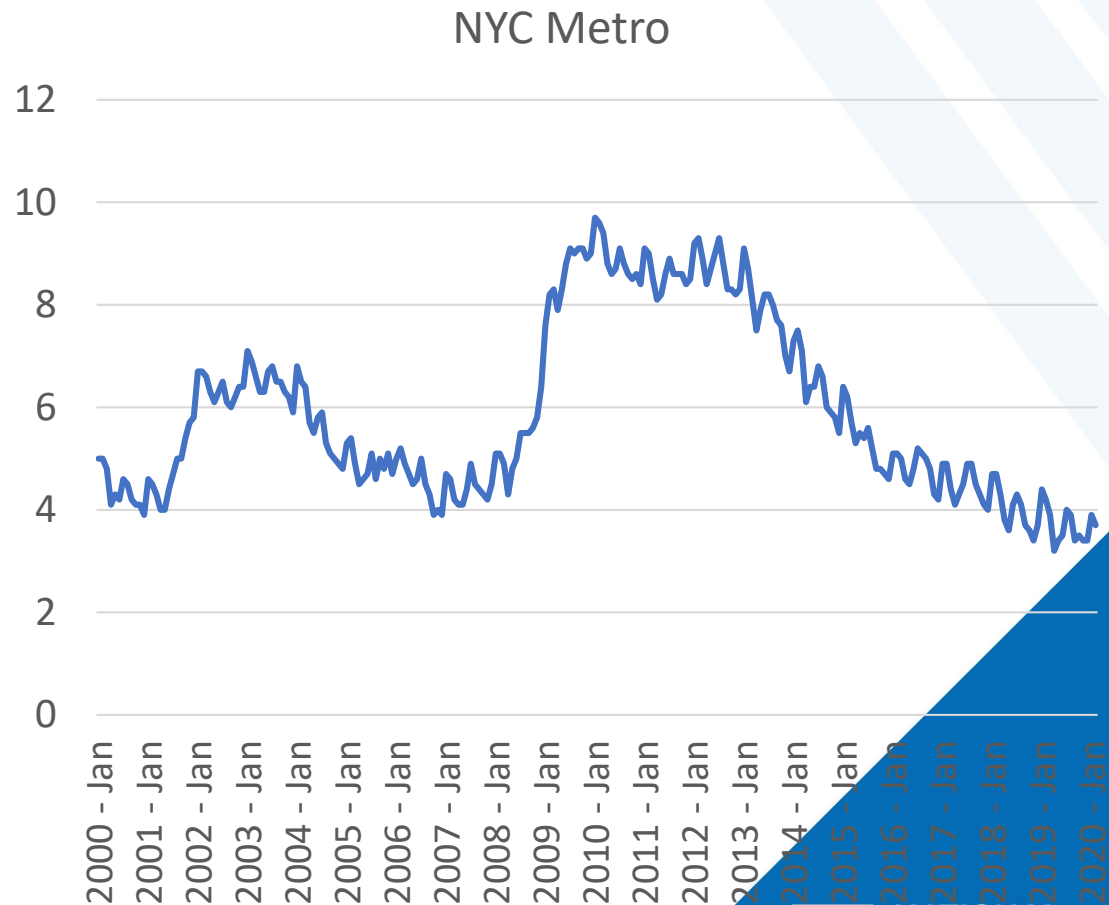
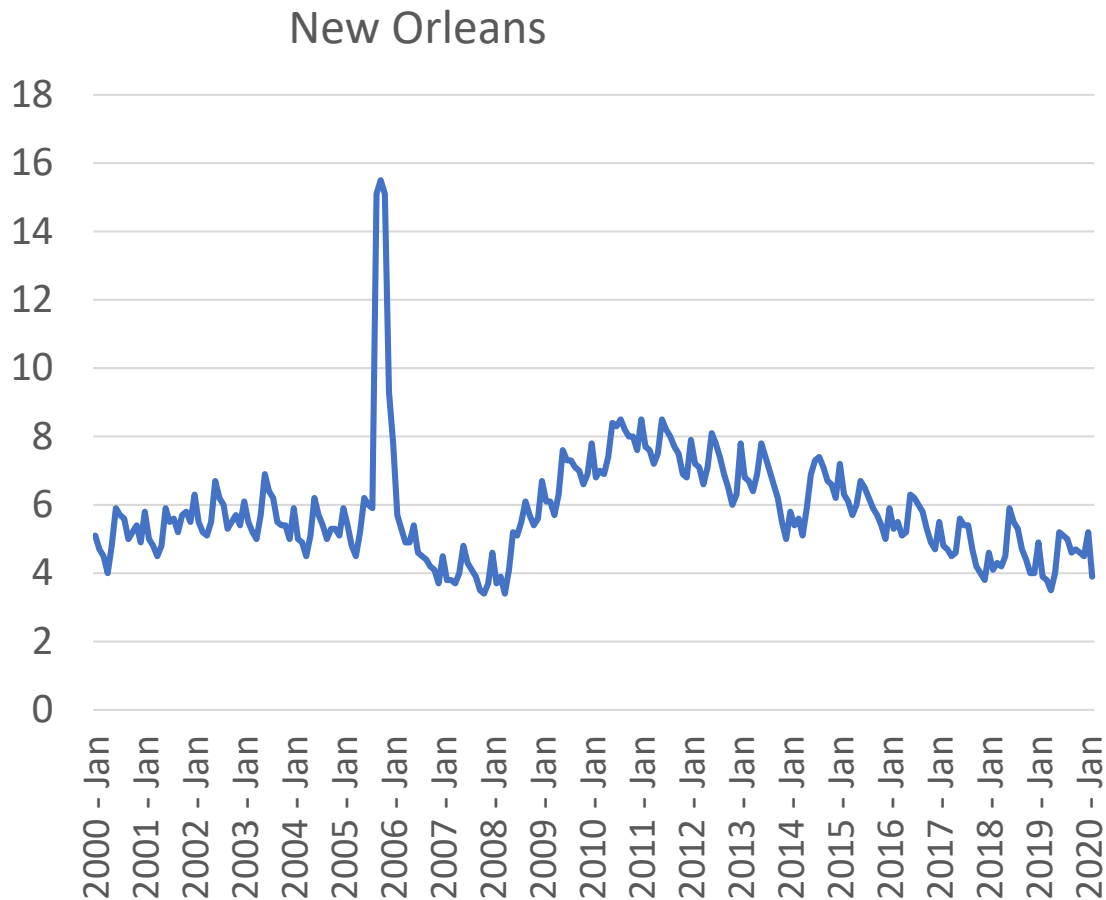


Unemployment insurance benefits don't fully replace wages in some states

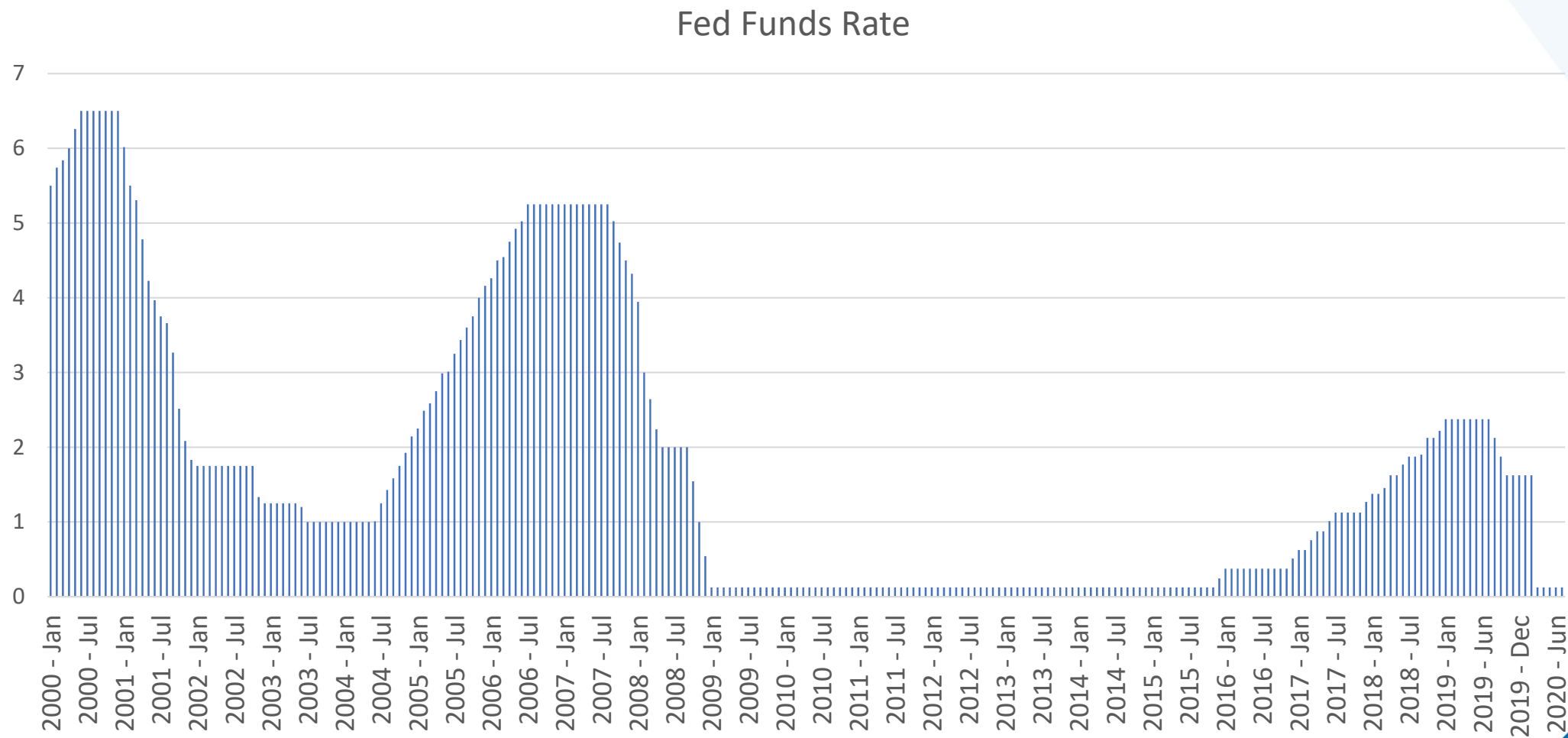


Local Disaster Events: Katrina and 9-11

Unemployment Rates

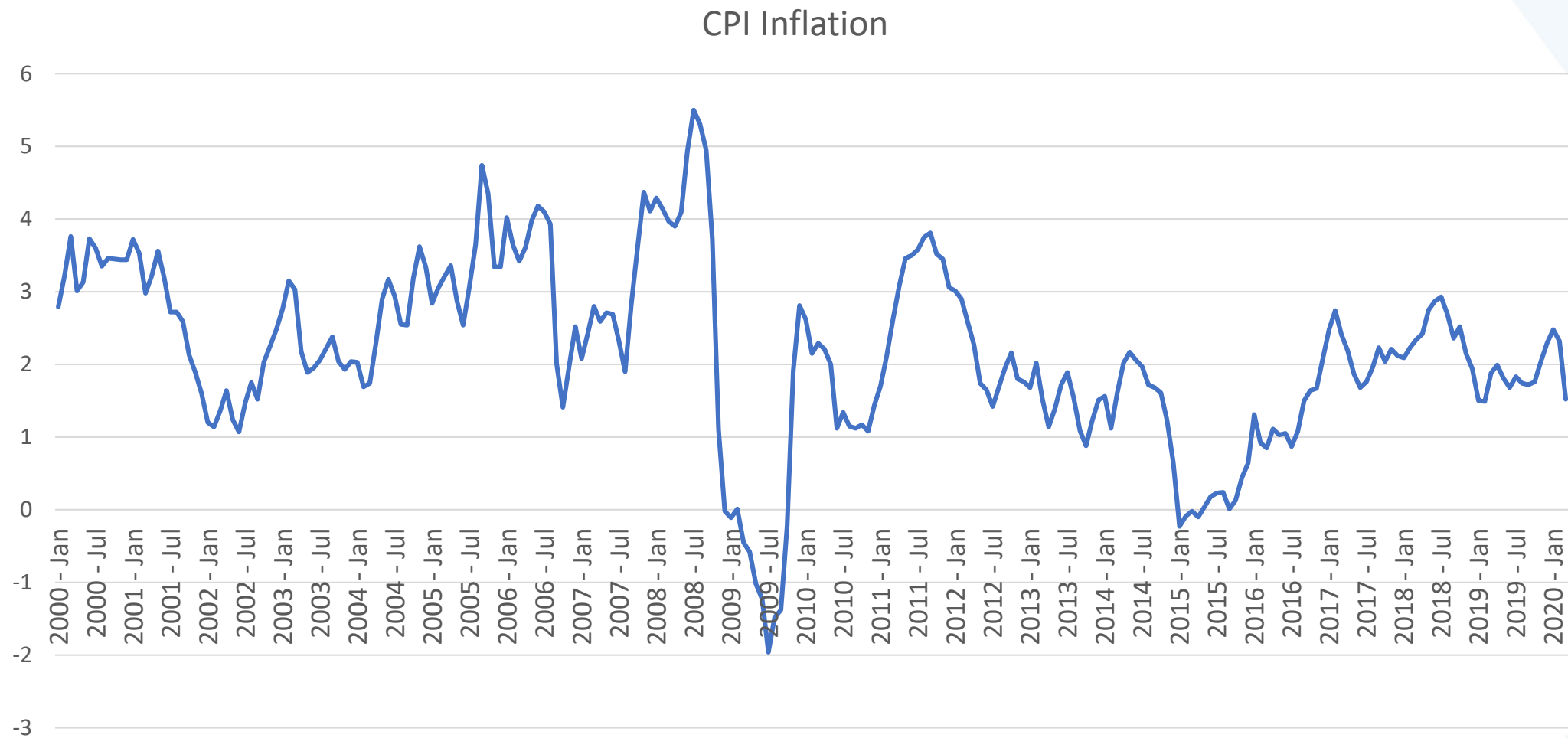


Federal Reserve All-In Quantitative Easing including buying Corporate Debts



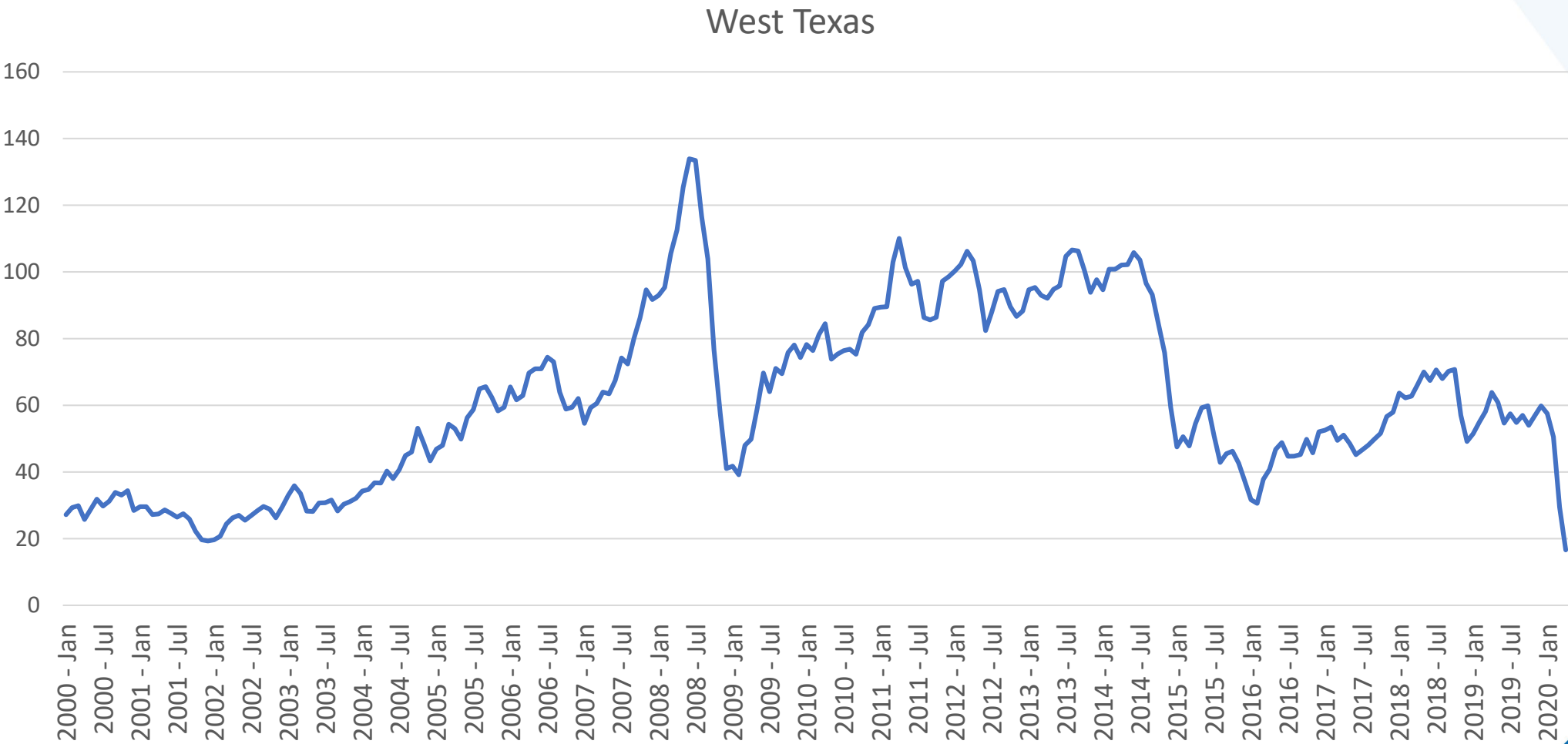
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No Inflation ... No Worries for Now

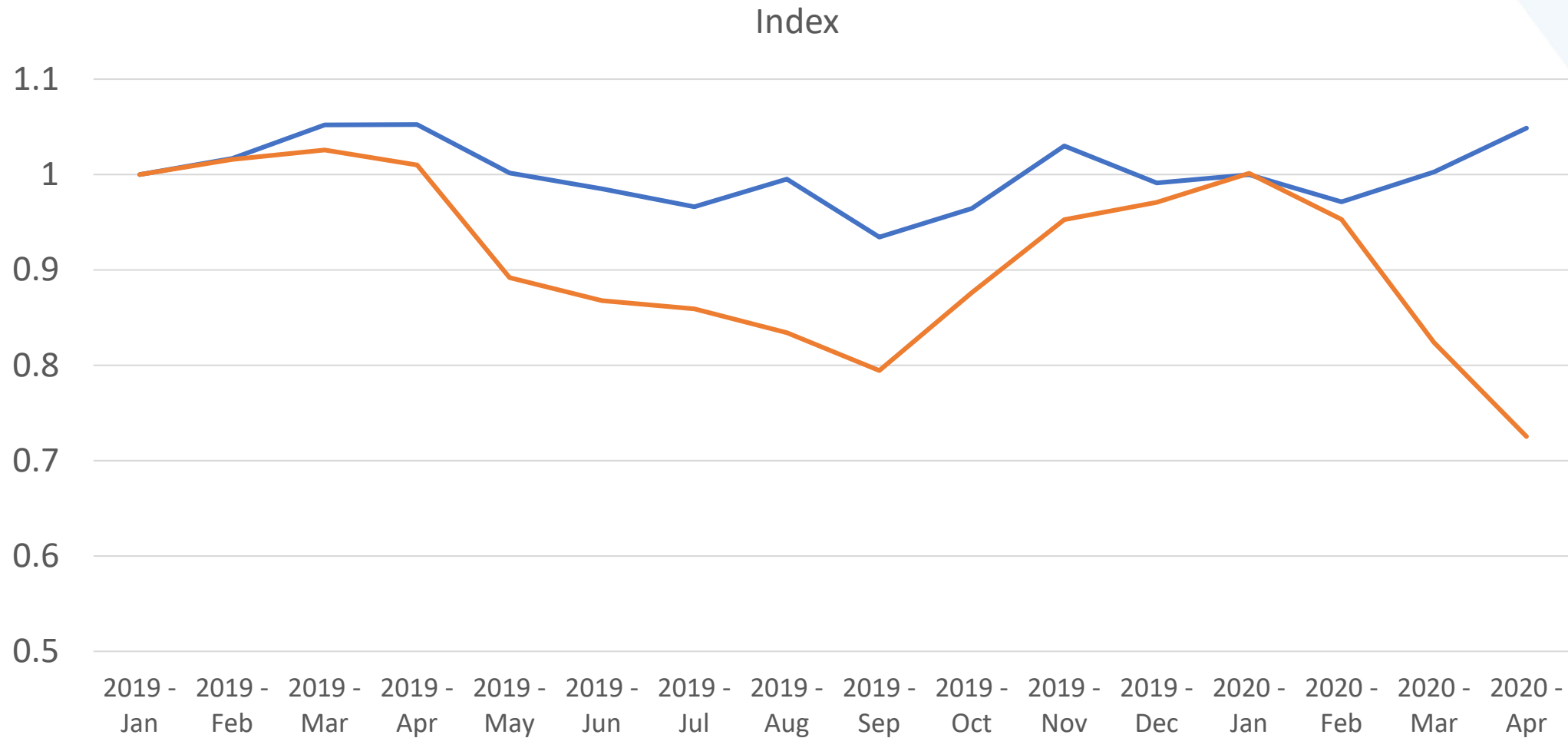


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Oil Price Collapse ... Global Economic Collapse ... Russia and Saudi Oil War

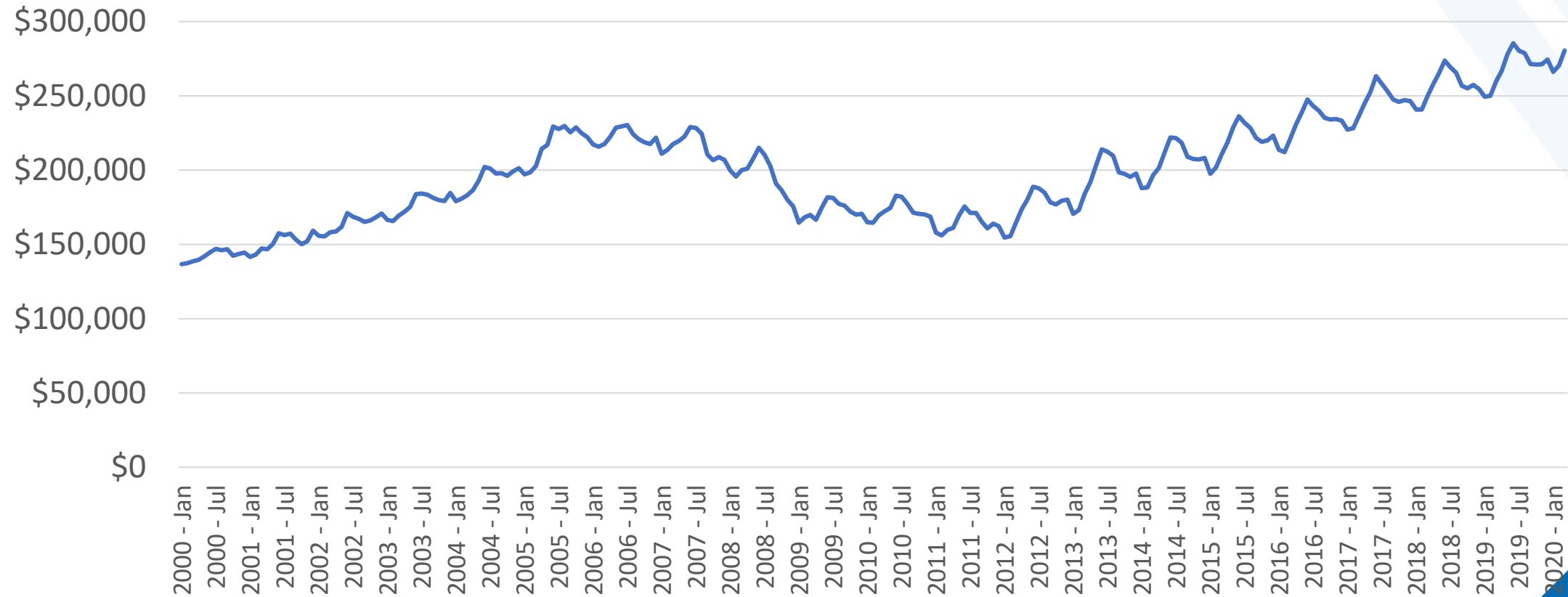


Beef Price Rising ... Cattle Price Falling



Home Price

NAR Median Home Price ... 8% higher from a year ago

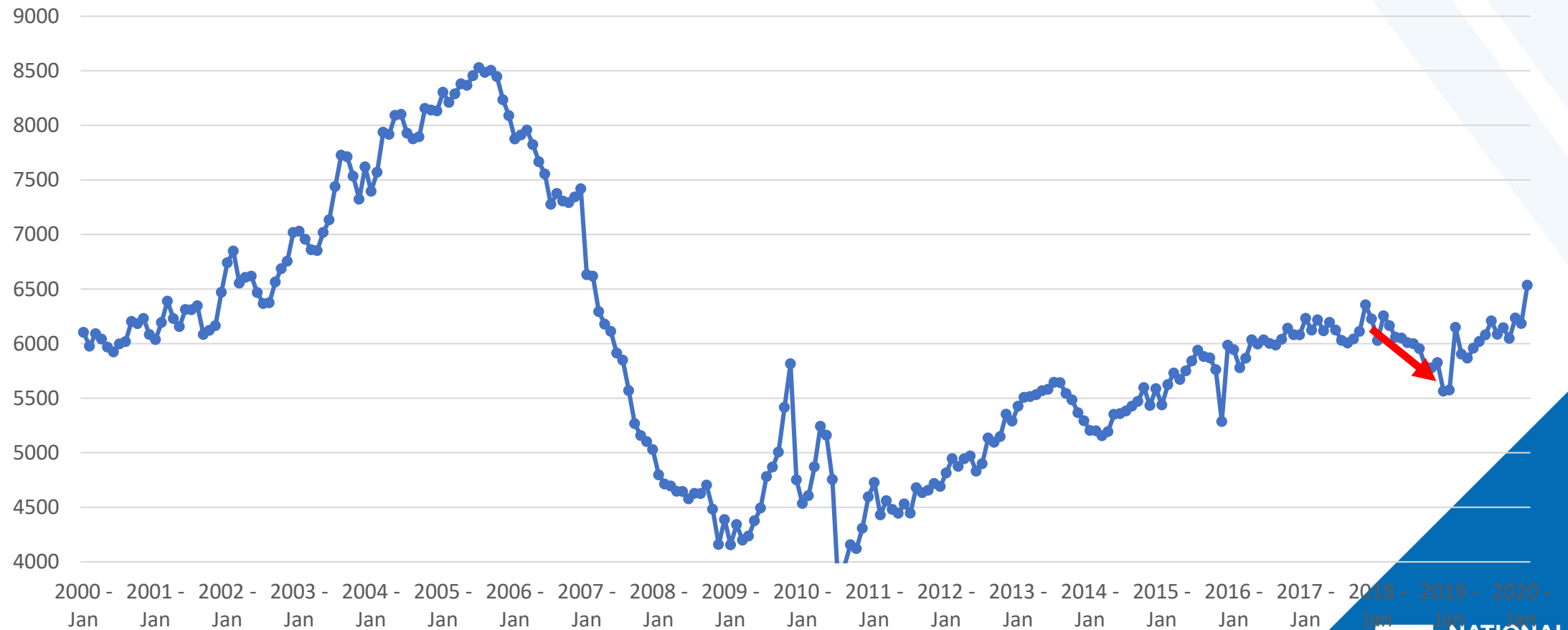


Inventory

Low Pre-Pandemic ... Lower During Pandemic

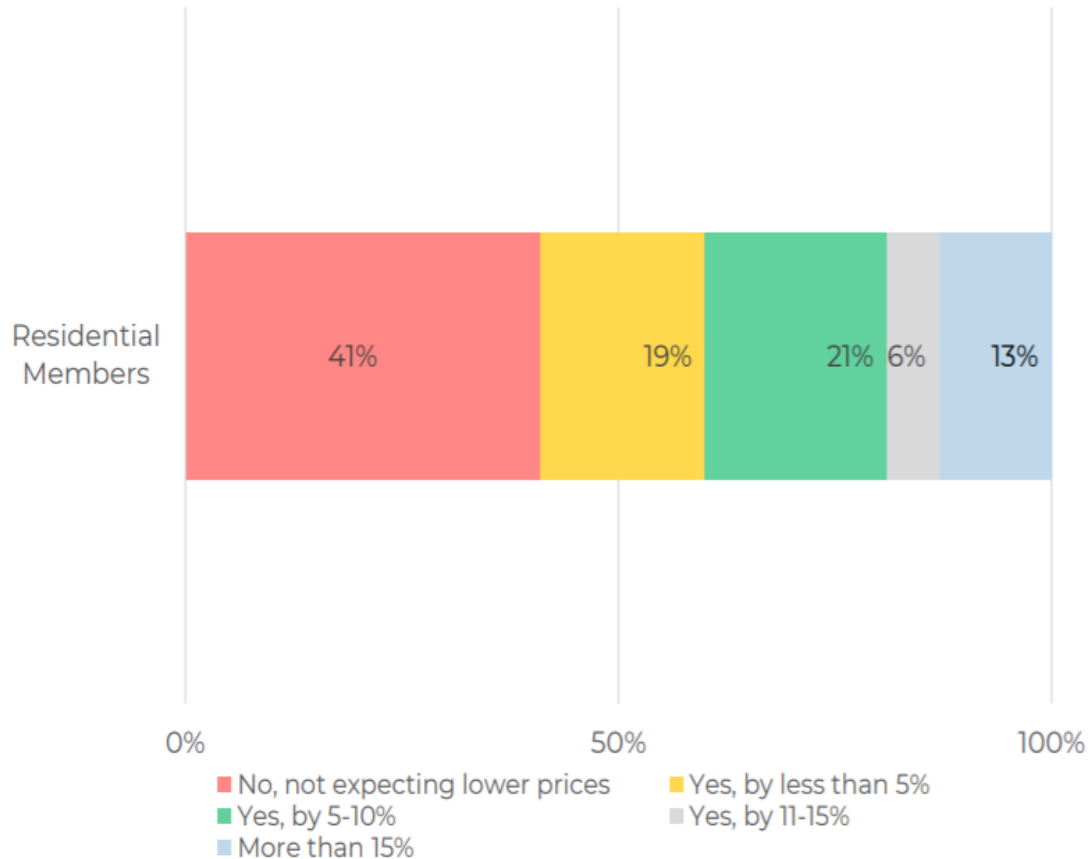


Home Sales Strong Pre-Pandemic

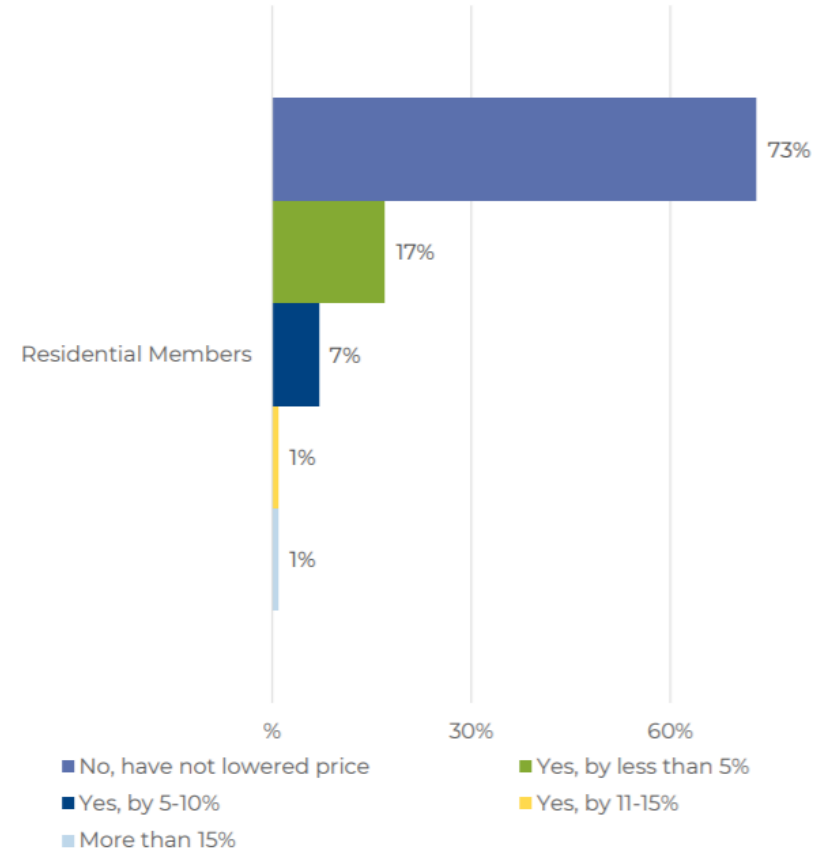


60% of Buyers and 90% of Sellers believe Stable Price

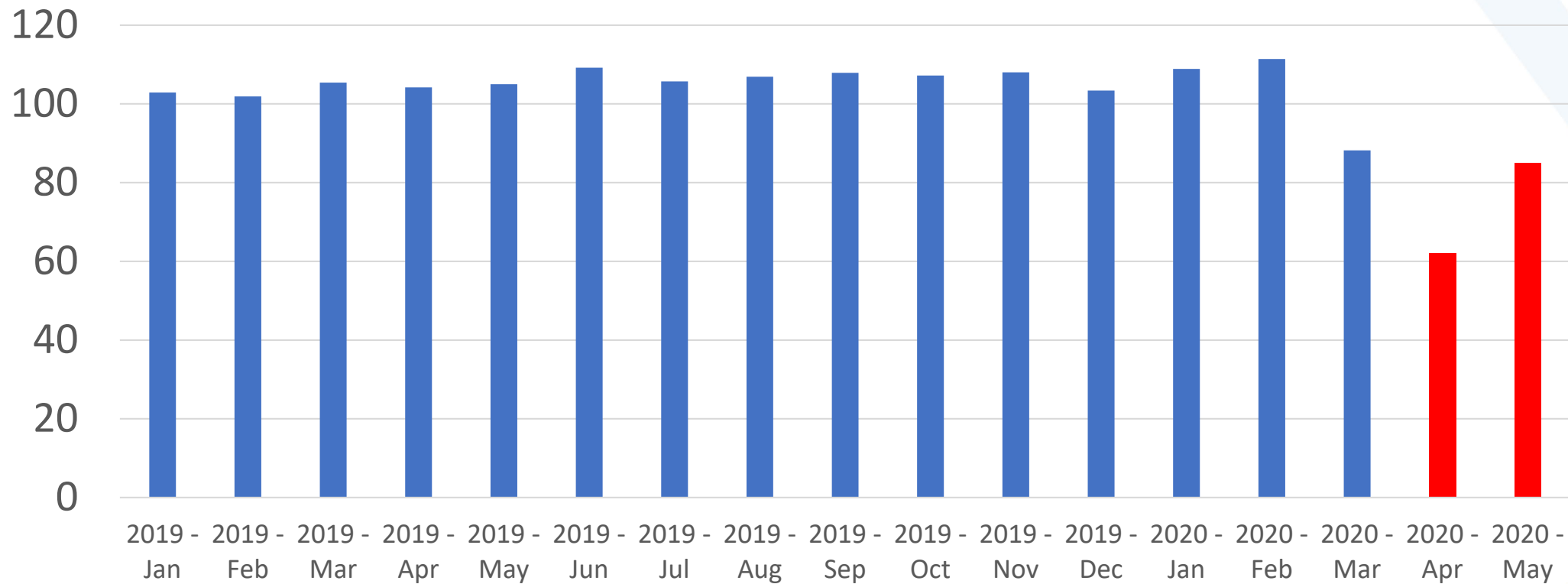
IN GENERAL, ARE HOME BUYERS EXPECTING LOWER PRICES NOW?



IN GENERAL, HAVE ANY OF YOUR HOME SELLERS RECENTLY REDUCED PRICE TO ATTRACT BUYERS?



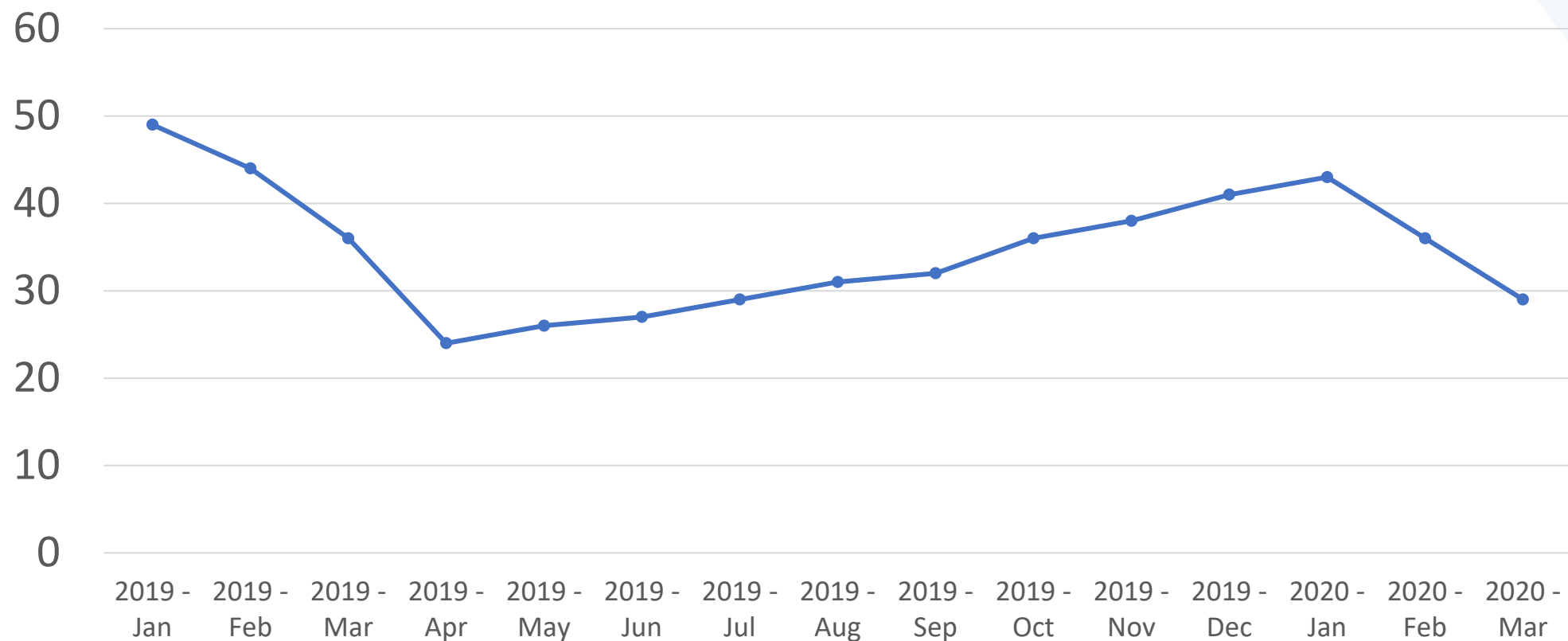
Pending Contracts ... March Pandemic Impact shaves 20% and Likely in April and in May



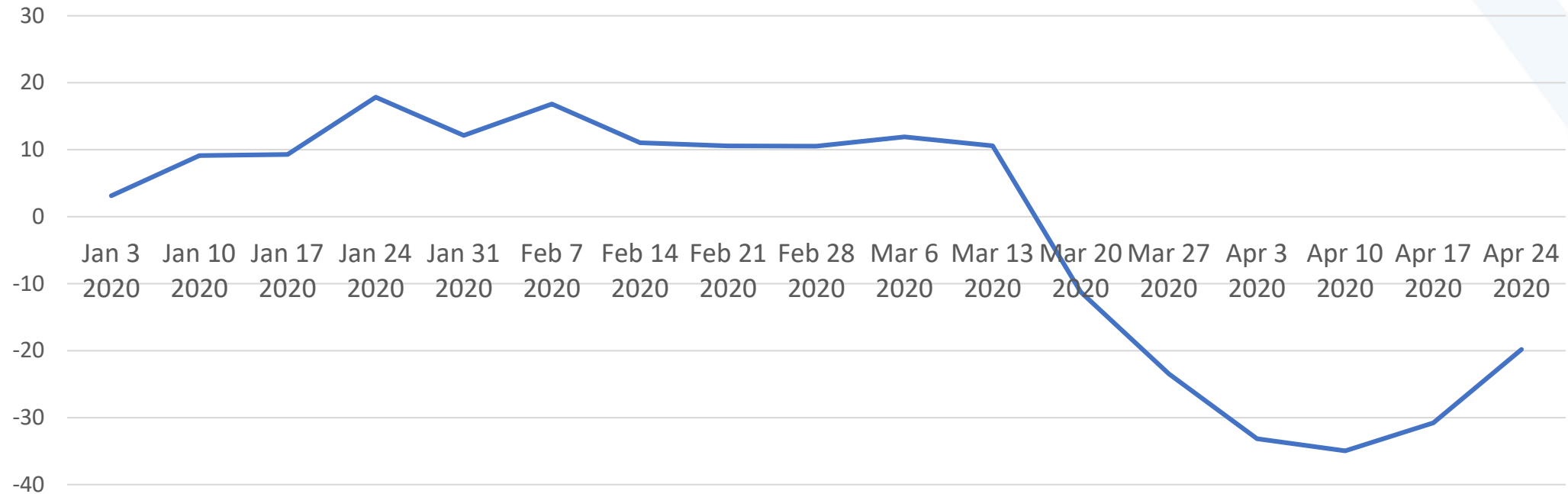
Key Indicator will be Days on Market

If Swift then Need More Listings to Satisfy Demand

If Lingering then Trouble with Demand



Mortgage Application to Buy a Home ... Worst is Over?



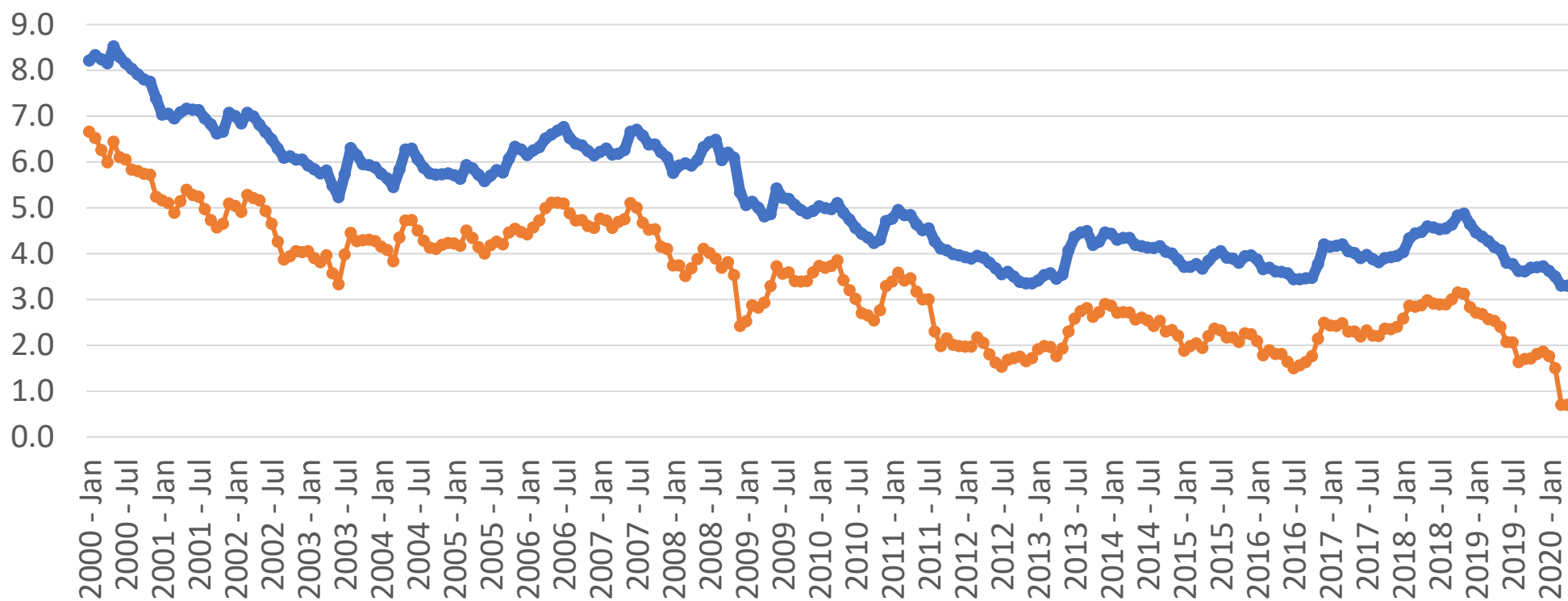
April Housing Market Indicators

	% change from a year ago
Pending	Down 25% to 30% in Midwest and South Down 45% to 55% in Northeast and West
Inventory	Down 40% to 45%
Days on Market	25 to 30 days
Time to Close	33 days to 40 days
States faring better	GA, TX, UT
States faring worse	CA, NY, MI, PA

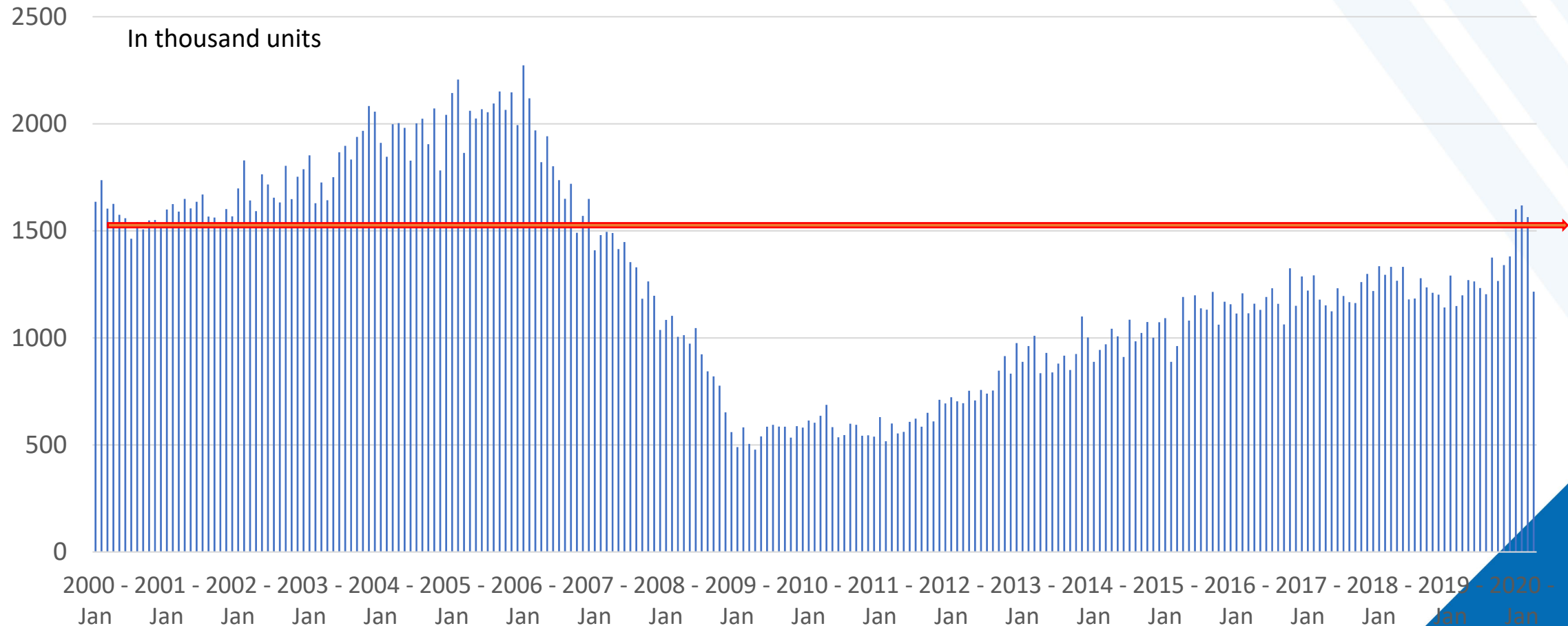
1930s Great Depression versus 2020 Pandemic

	1930s	2020
Unemployment Rate	25%	20% (?)
Job Losses	Steady downward for 5 years	Abrupt downward for 5 months (?)
Government Spending	Contracted To Balance Budget	Expands To Provide Income
Monetary Policy	Contracted	Loosened to Max

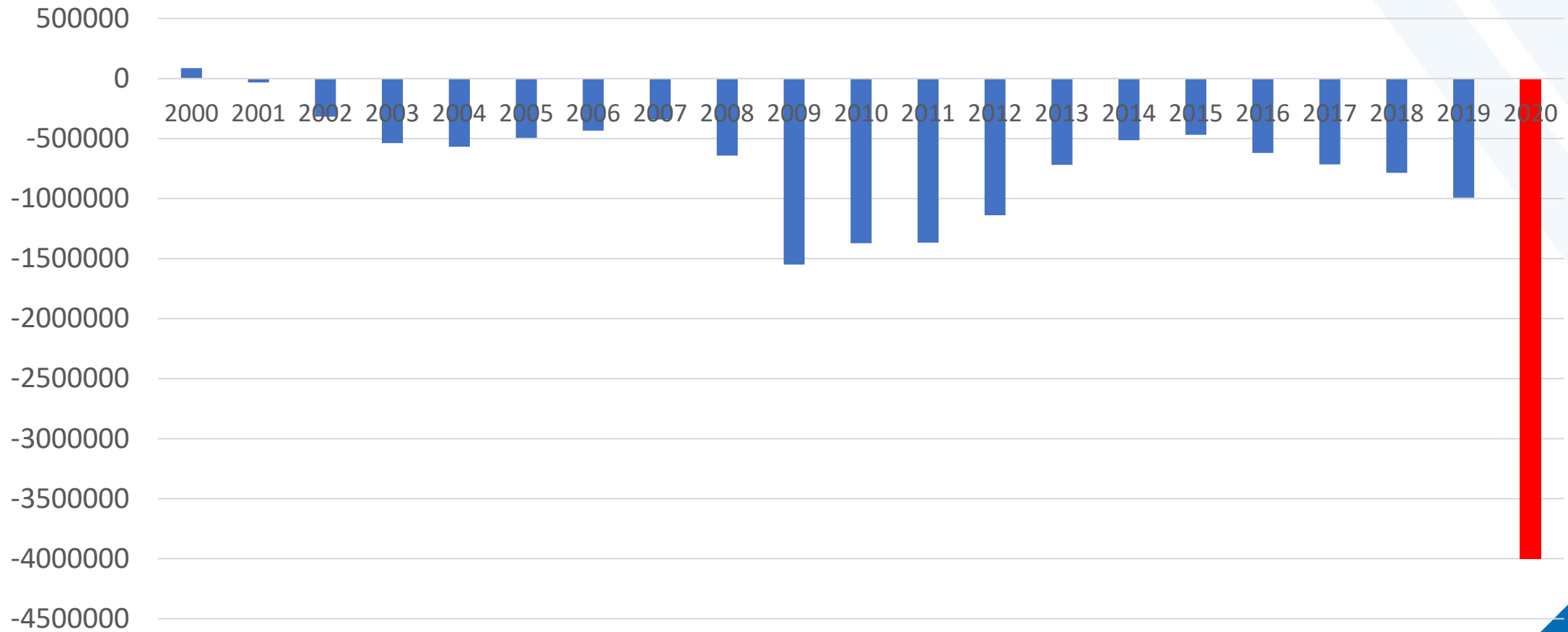
30-Year Mortgage Rate can fall Further ... Because of Super-low 10-year Treasury Yields ... But Jumbo Loans not Working



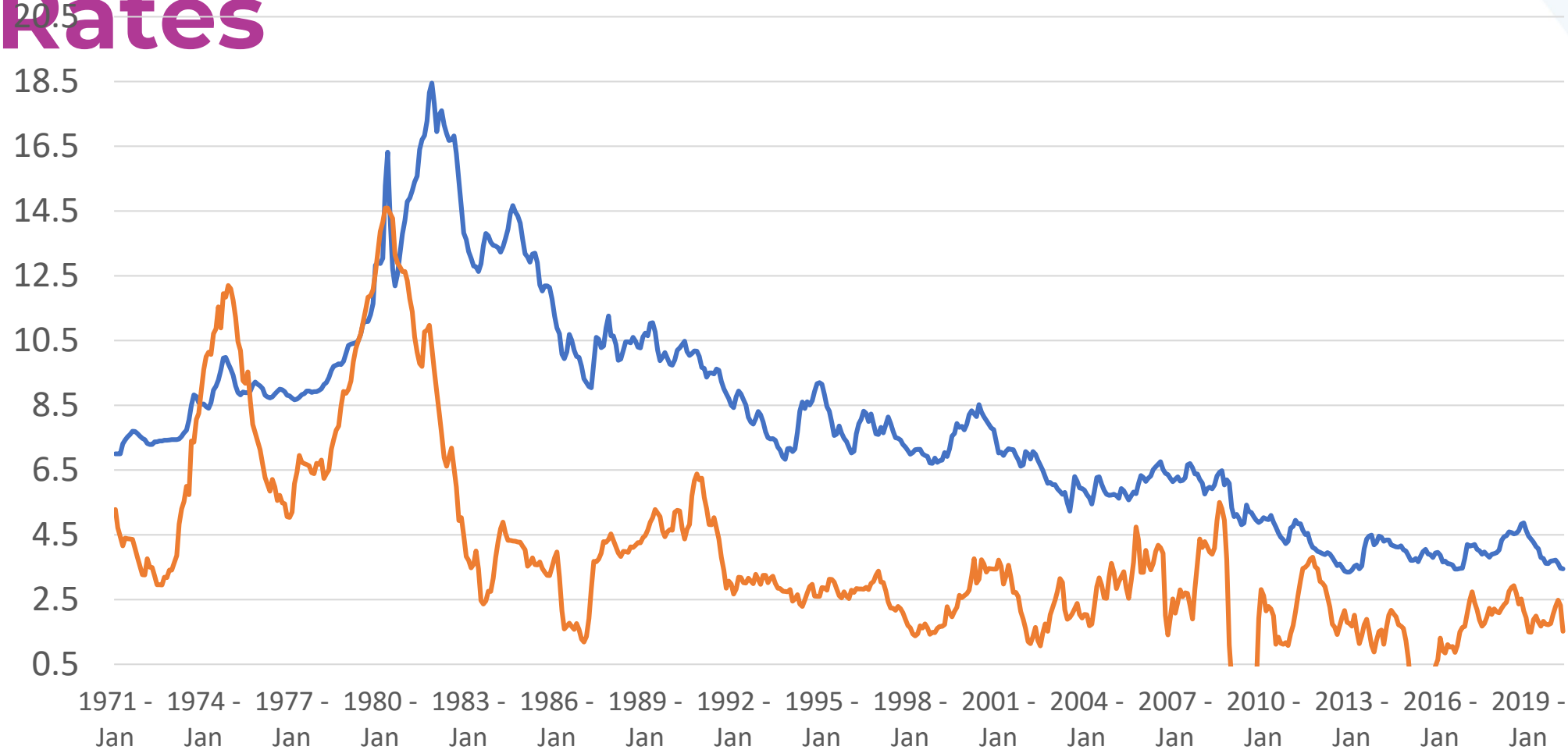
Housing Shortage ... Falling Below Normal Again during Pandemic



Federal Budget Deficit ... \$4 trillion in 2020 ... Who will buy U.S. debt?



1970 High Inflation pushed up Mortgage Rates



2025 to 2030 ... Delayed Inflation

	Future Possibilities
Inflation Rate	4% to 7%
Mortgage Rate	6% to 9%
Home Sales	Negative
Homeownership Rate	62%
Home Price Appreciation	5% to 10%
College Tuition, Medical Expenses	Rising
Income, Rent, Food	Rising
Mortgage Payment for Those who bought in 2020-21	Not Rising



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OUTLOOK 2020-2021

2020 Quarterly Forecast

	Annualized Rate	Year over year change
2018	5.34 million	
2019	5.34 million	
2020 Q1 actual	5.48 million	+5%
2020 Q2	3.2 million	-39%
2020 Q3	4.7 million	-13%
2020 Q4	5.1 million	-6%

Annual Forecast

	2019	2020 Forecast	2021 Forecast
GDP Growth	2.3%	-4.5%	+3%
Job Gains	2.2 million	- 4 million	+ 2 million
Home Prices	4.8%	0% to 2%	1% to 3%
Home Sales	0%	-10% to -15%	+13 to +18%

Empty Malls into Healthcare Armory?



Permanent Changes after Pandemic



End of Open-Houses

Virtual House Tours

Virtual Office Meetings

More Remote Working

Less Traffic near City Centers

Move Further Out

Larger House

Advancement of Civilization



People have enough to eat
even in times of natural disasters

People starve even in normal times

THANK YOU



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