



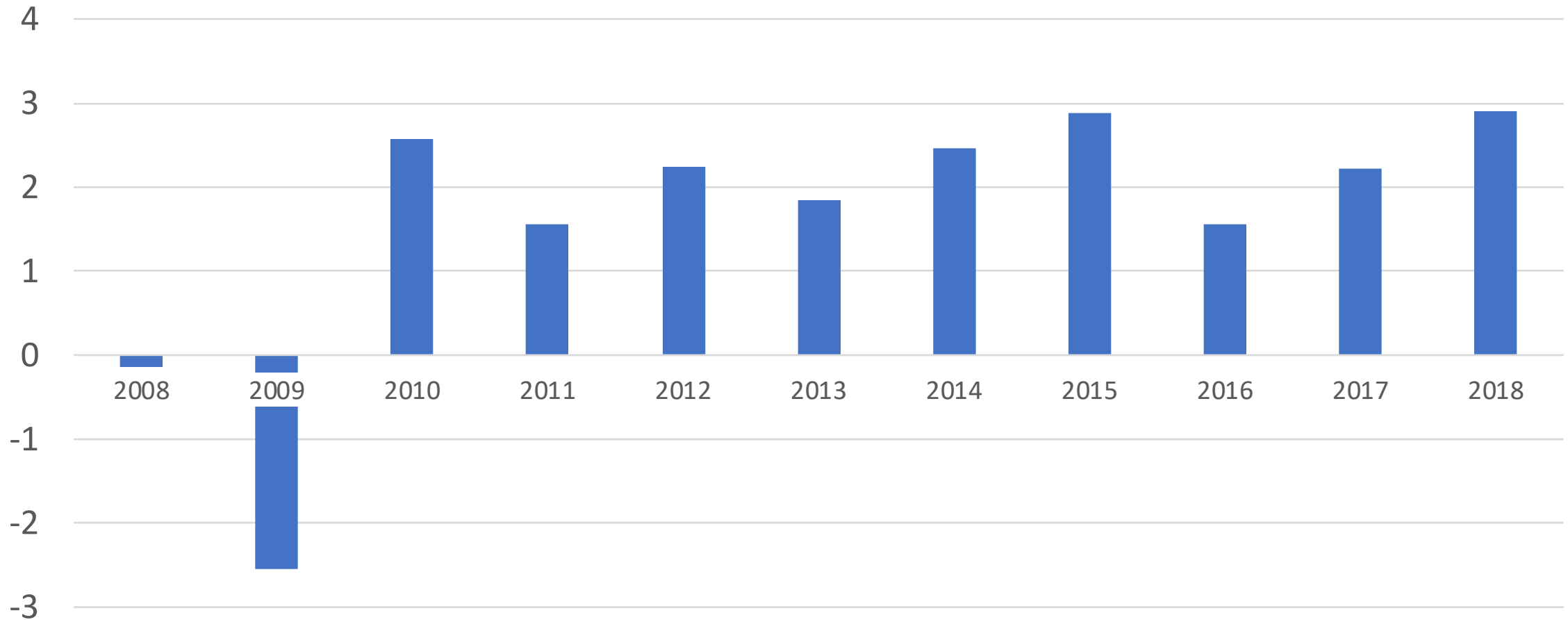
REALTOR®
BROKER
SUMMIT

ECONOMIC AND REAL ESTATE OUTLOOK

Lawrence Yun, Ph.D.
Chief Economist,
National Association of REALTORS®

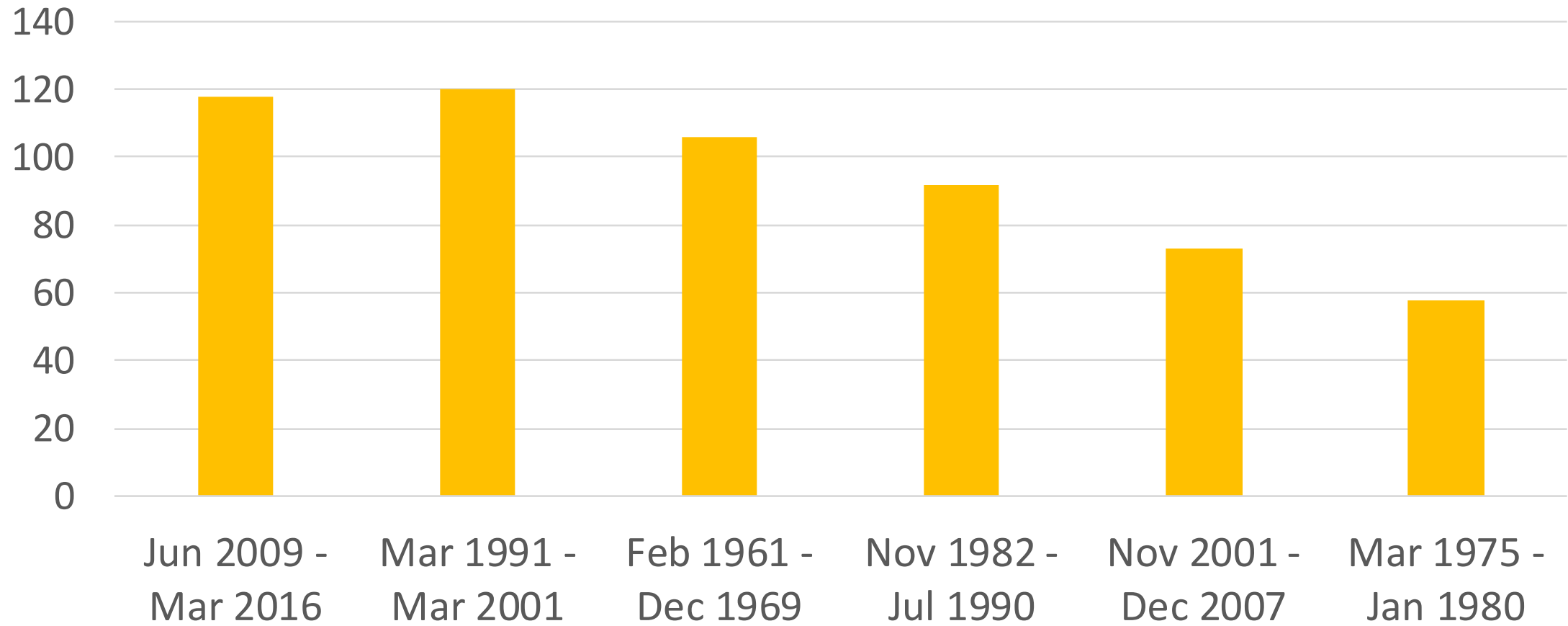
ANNUAL GDP GROWTH RATE OF 2.9% IN 2018

(Q4 TO Q4 AT 3.0%)

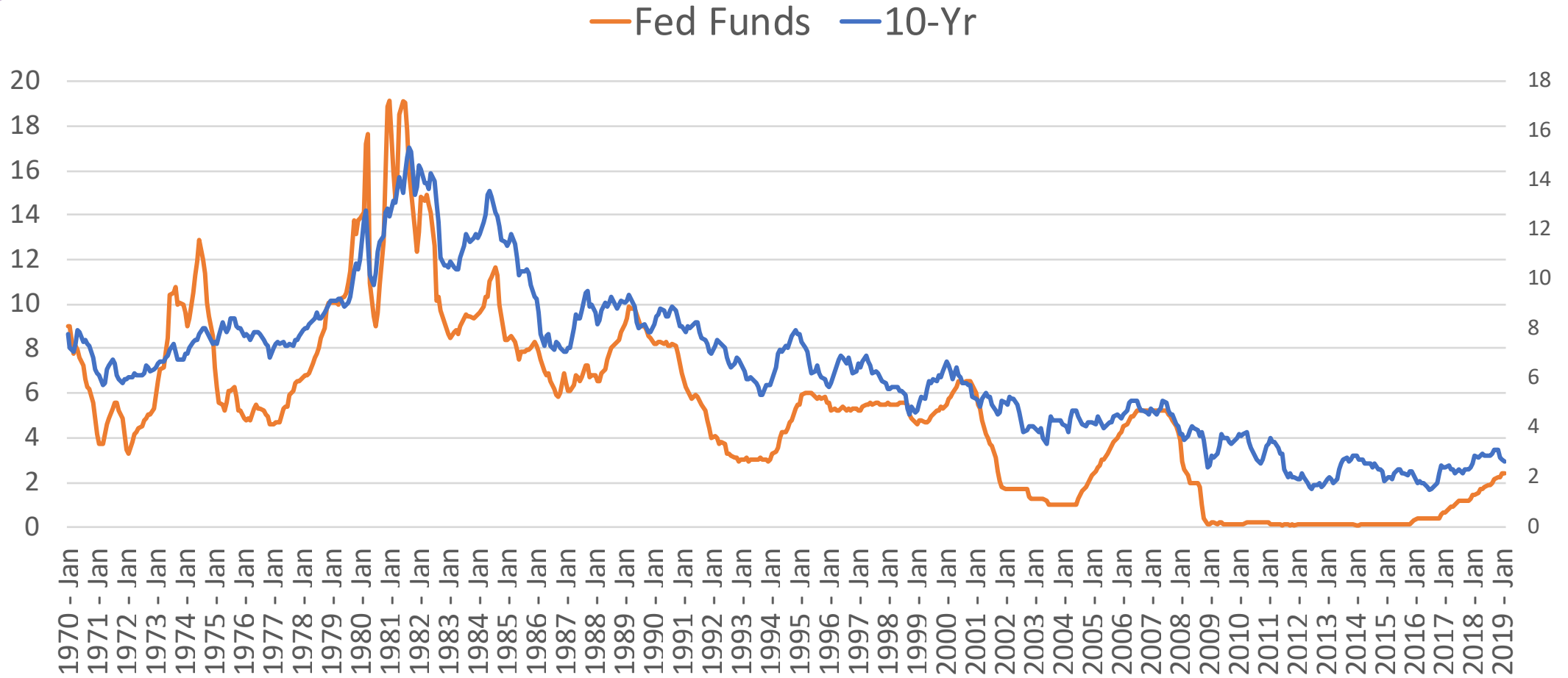


LONGEST EXPANSION EVER?

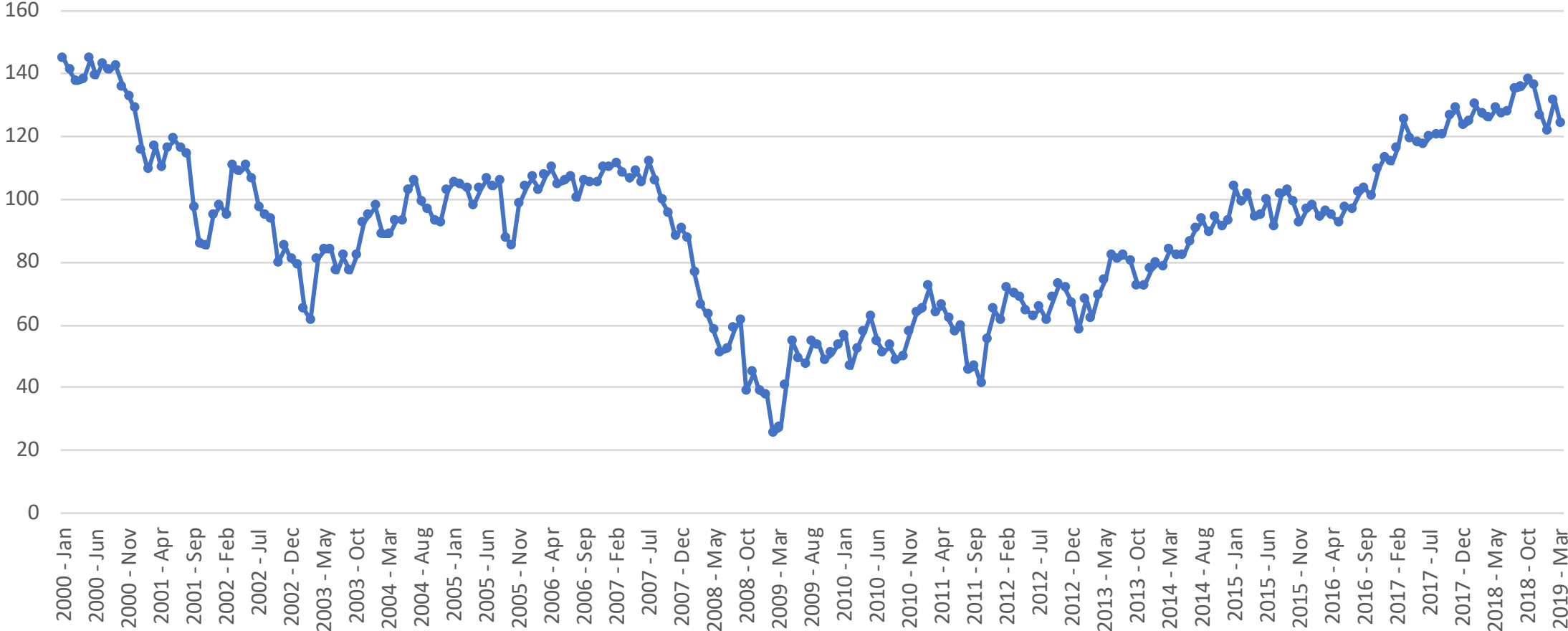
OF MONTHS OF GDP GROWTH



INVERTED YIELD CURVE? WHAT IS DIFFERENT THIS TIME?

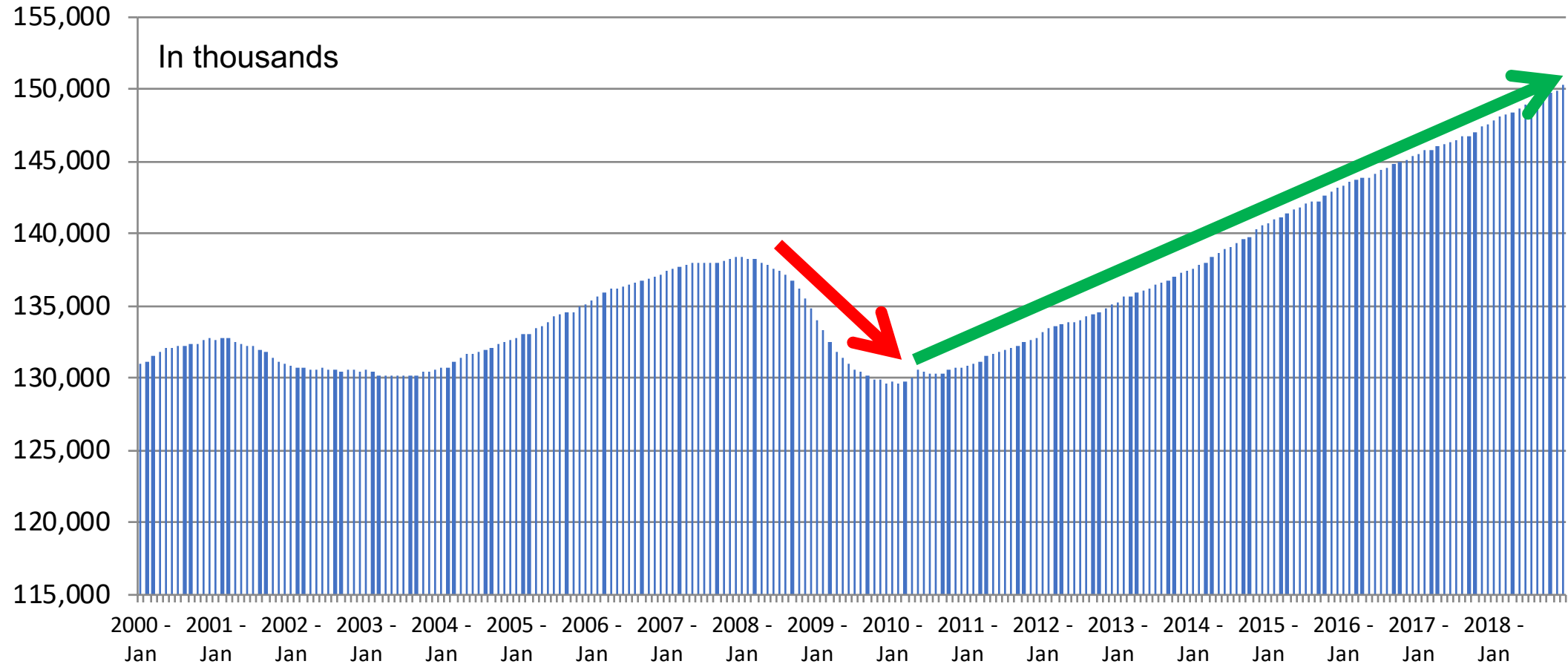


CONSUMER CONFIDENCE REMAINS HIGH



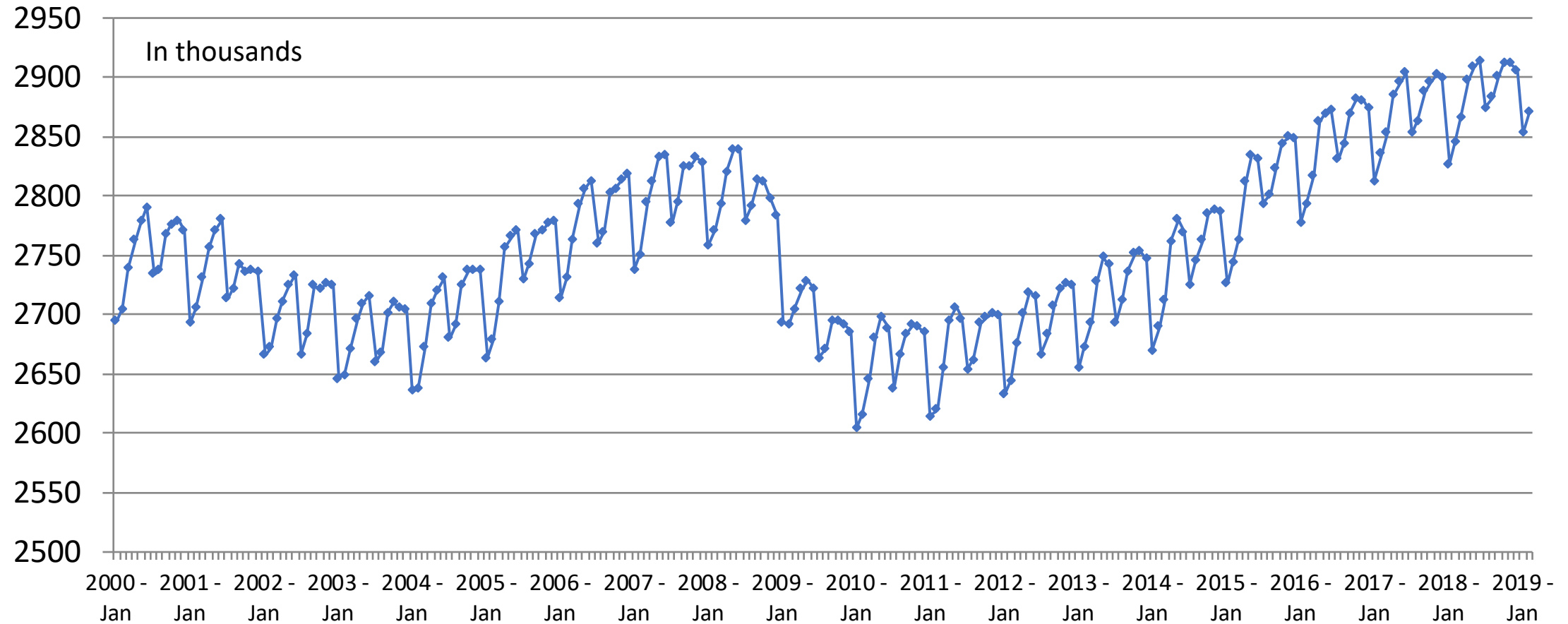
JOBS

(20 MILLION GAINED FROM 2010 ... MORE THAN 2 MILLION PER YEAR)



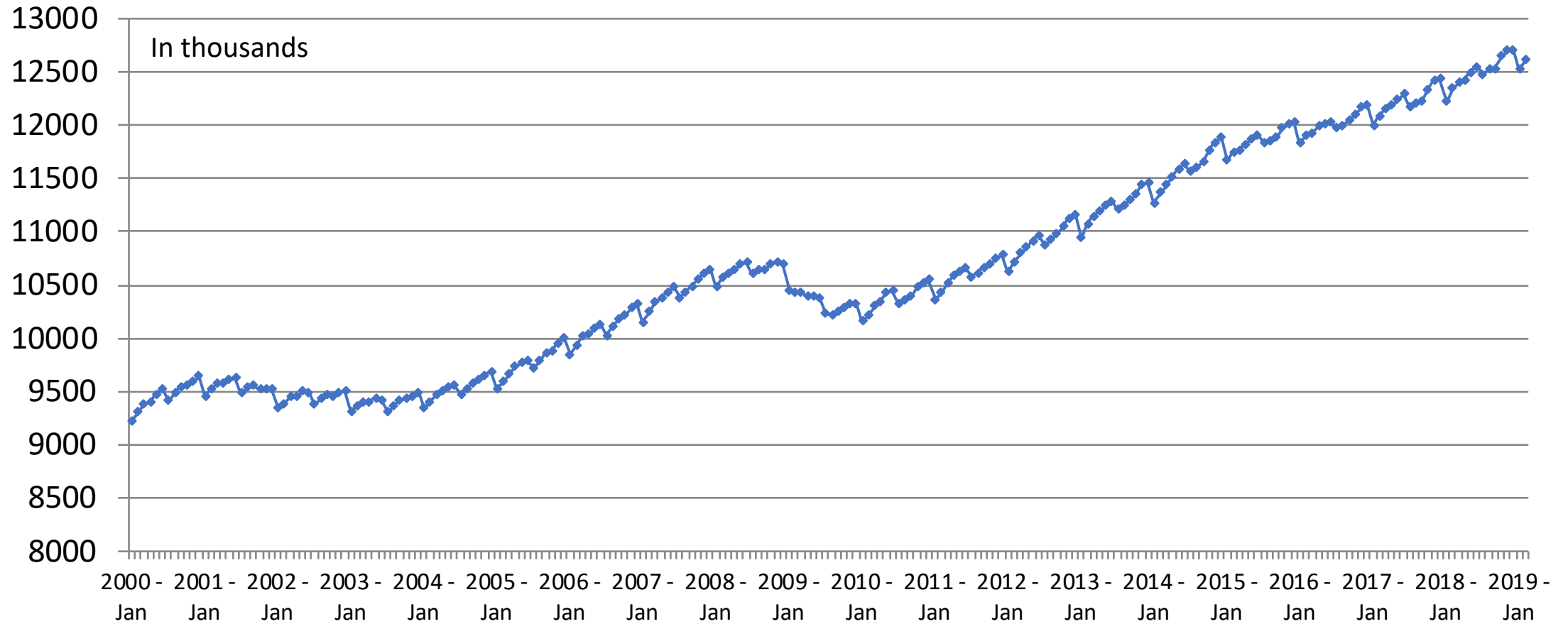
TOTAL JOBS MISSOURI

(6% GROWTH VS 13% NATIONWIDE FROM 2000)



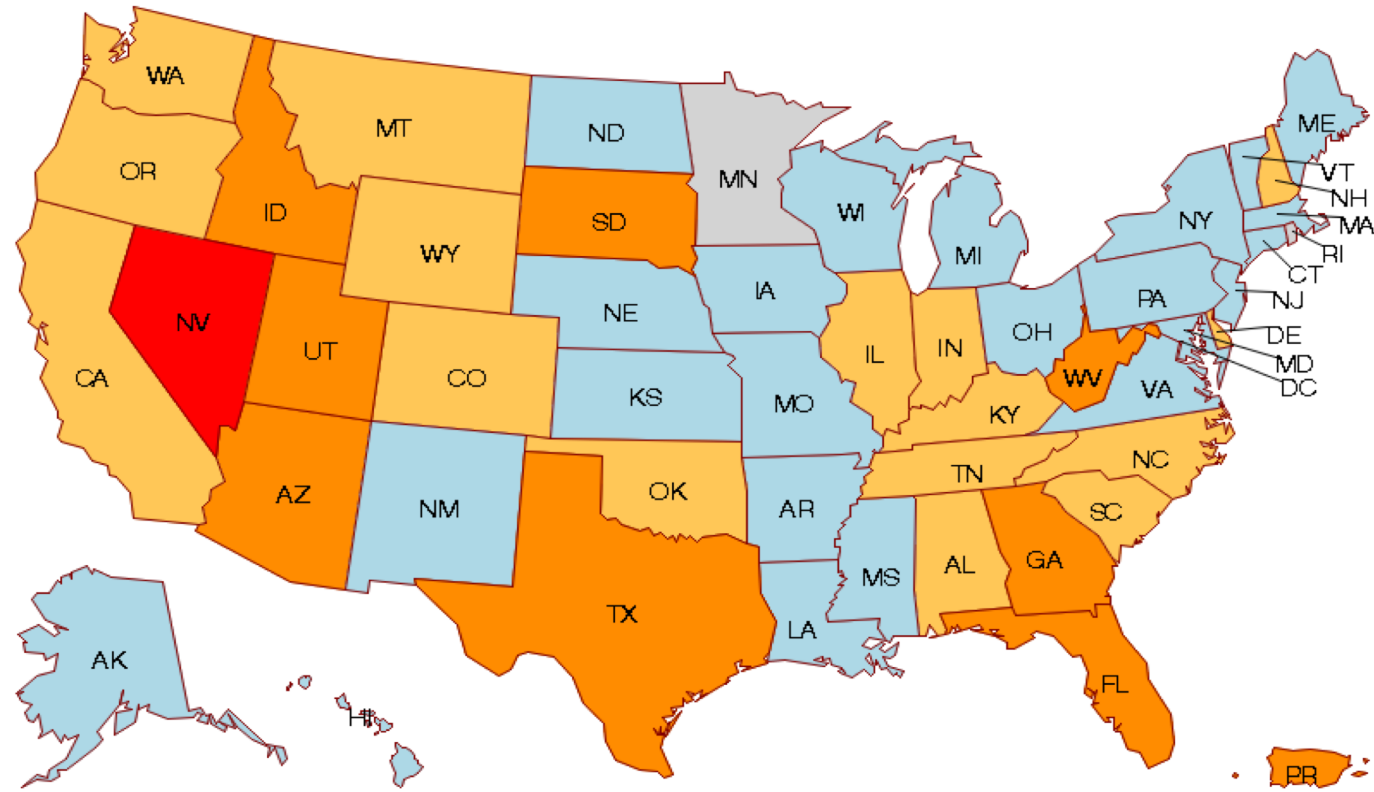
TOTAL JOBS TEXAS

(32% GROWTH VS 13% NATIONWIDE FROM 2000)

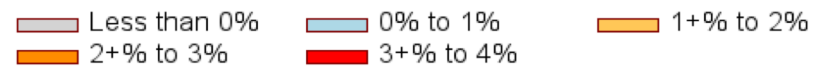


JOB GROWTH

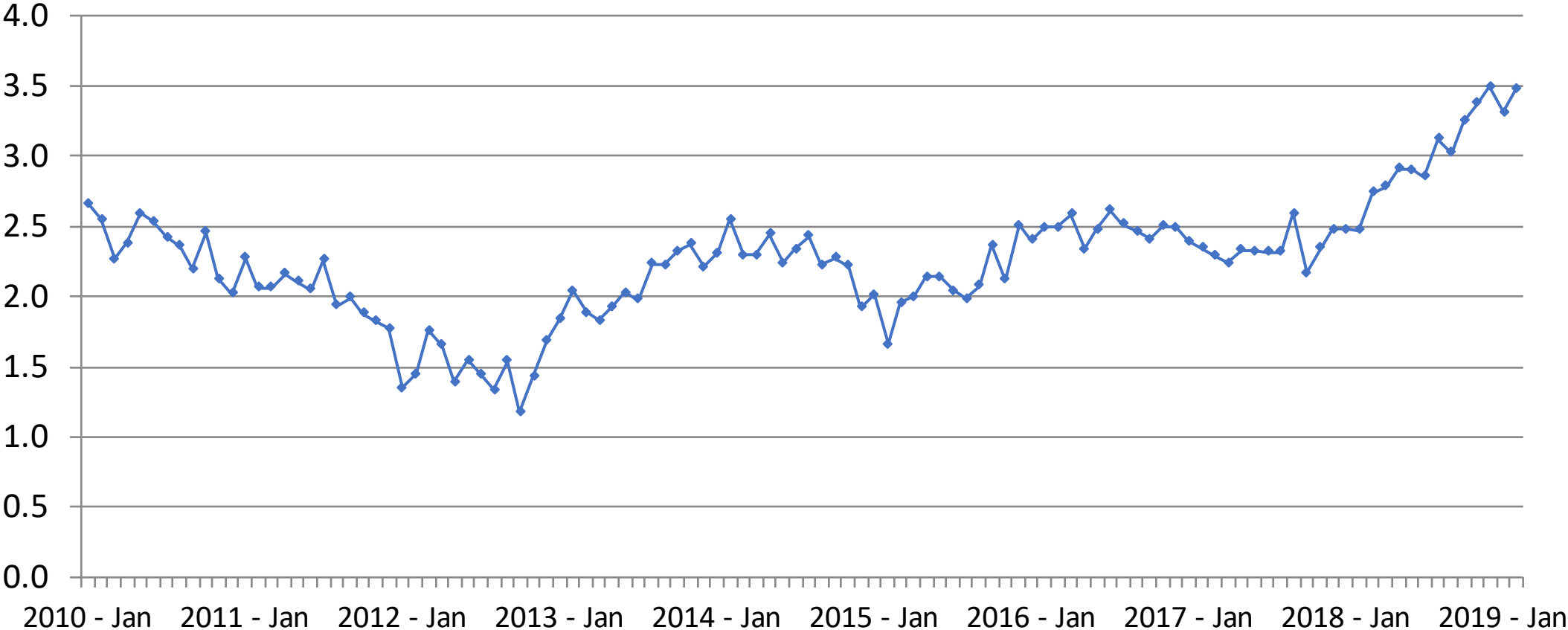
(FEB 2018 TO FEB 2019)



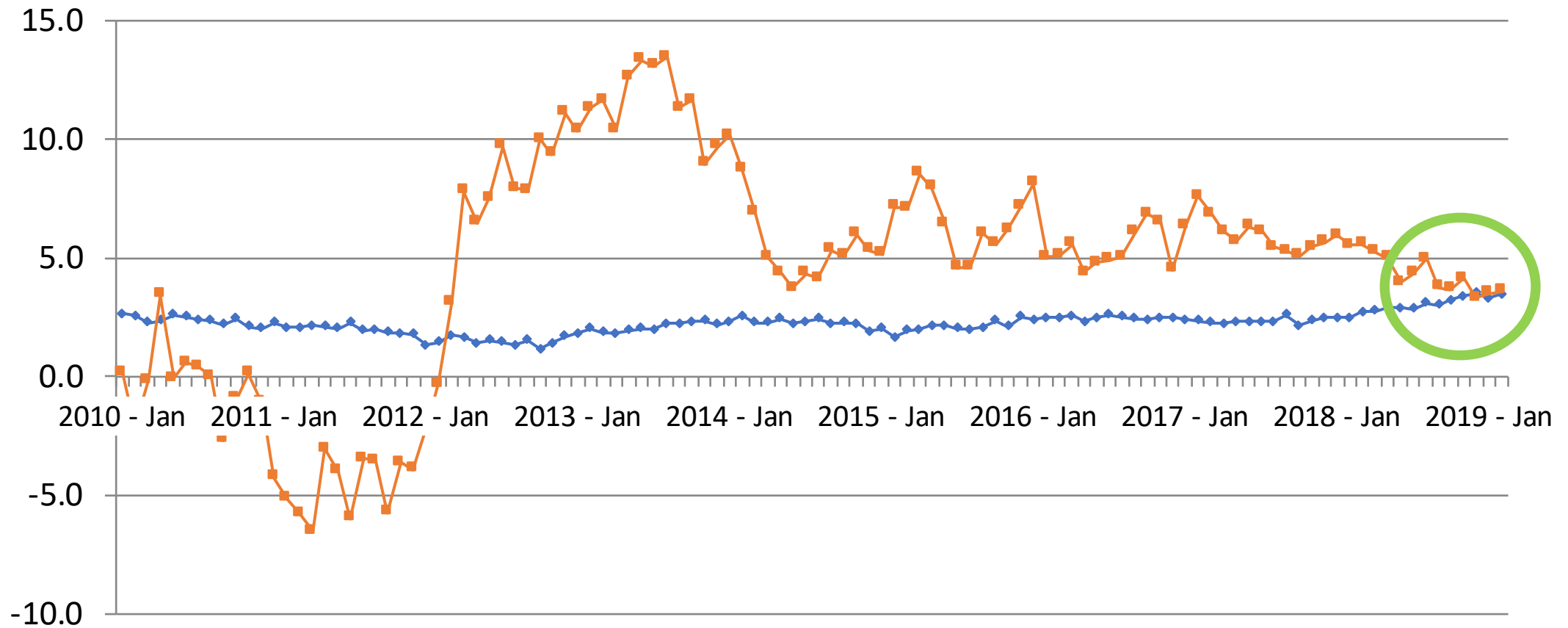
Change in Employment in February 2019 from One Year Ago



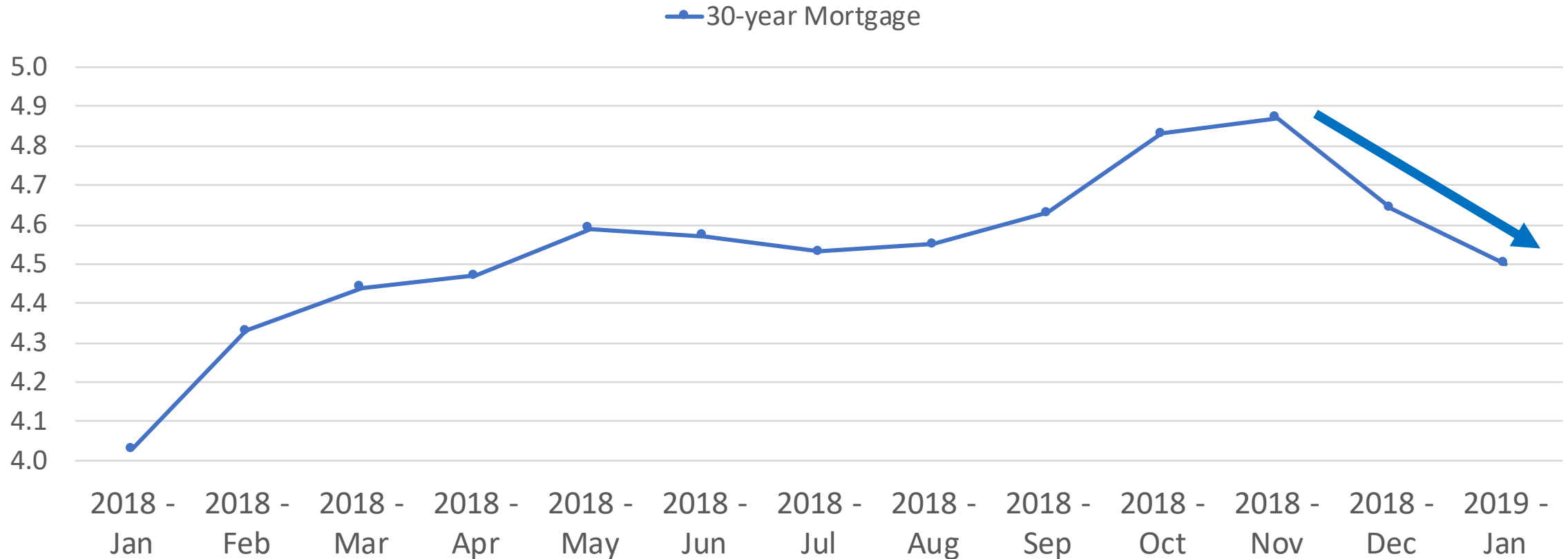
AVERAGE HOURLY WAGE INCREASE



WAGE GROWTH AND HOME PRICE GROWTH

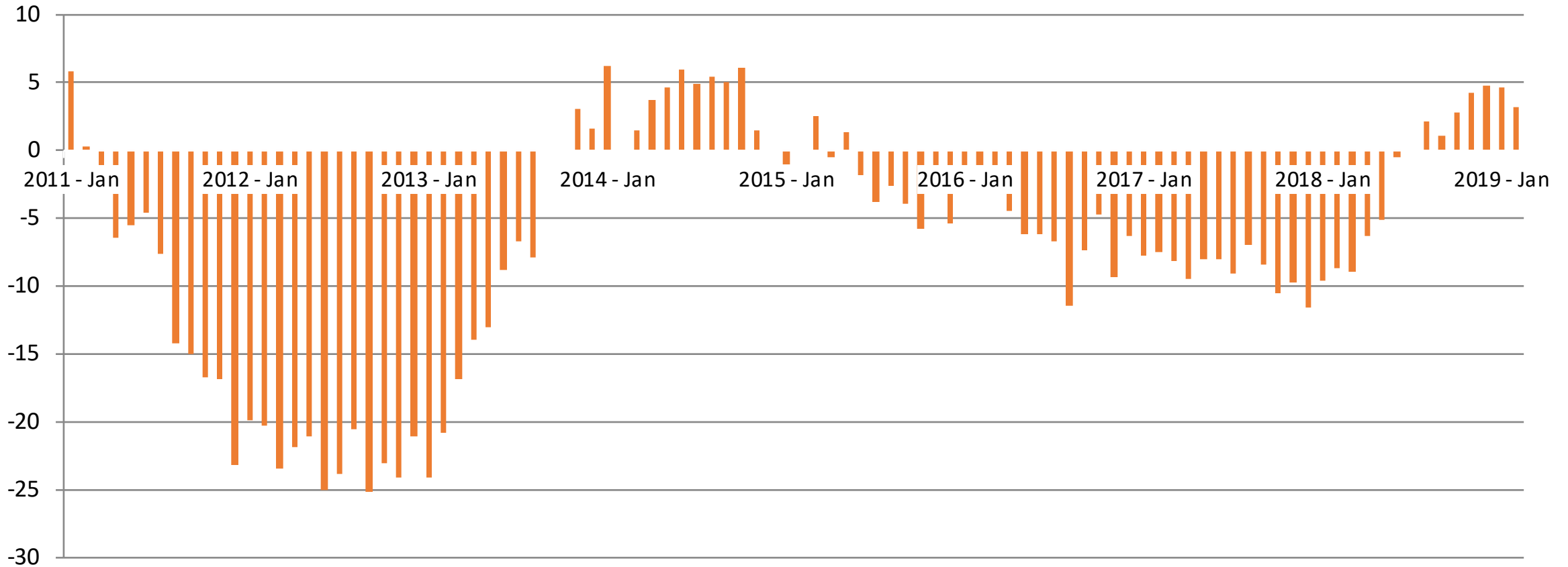


“PATIENT” FEDERAL RESERVE ... MORTGAGE RATES FALL



INVENTORY GROWTH: 7 STRAIGHT MONTHS

(% CHANGE FROM ONE YEAR AGO)



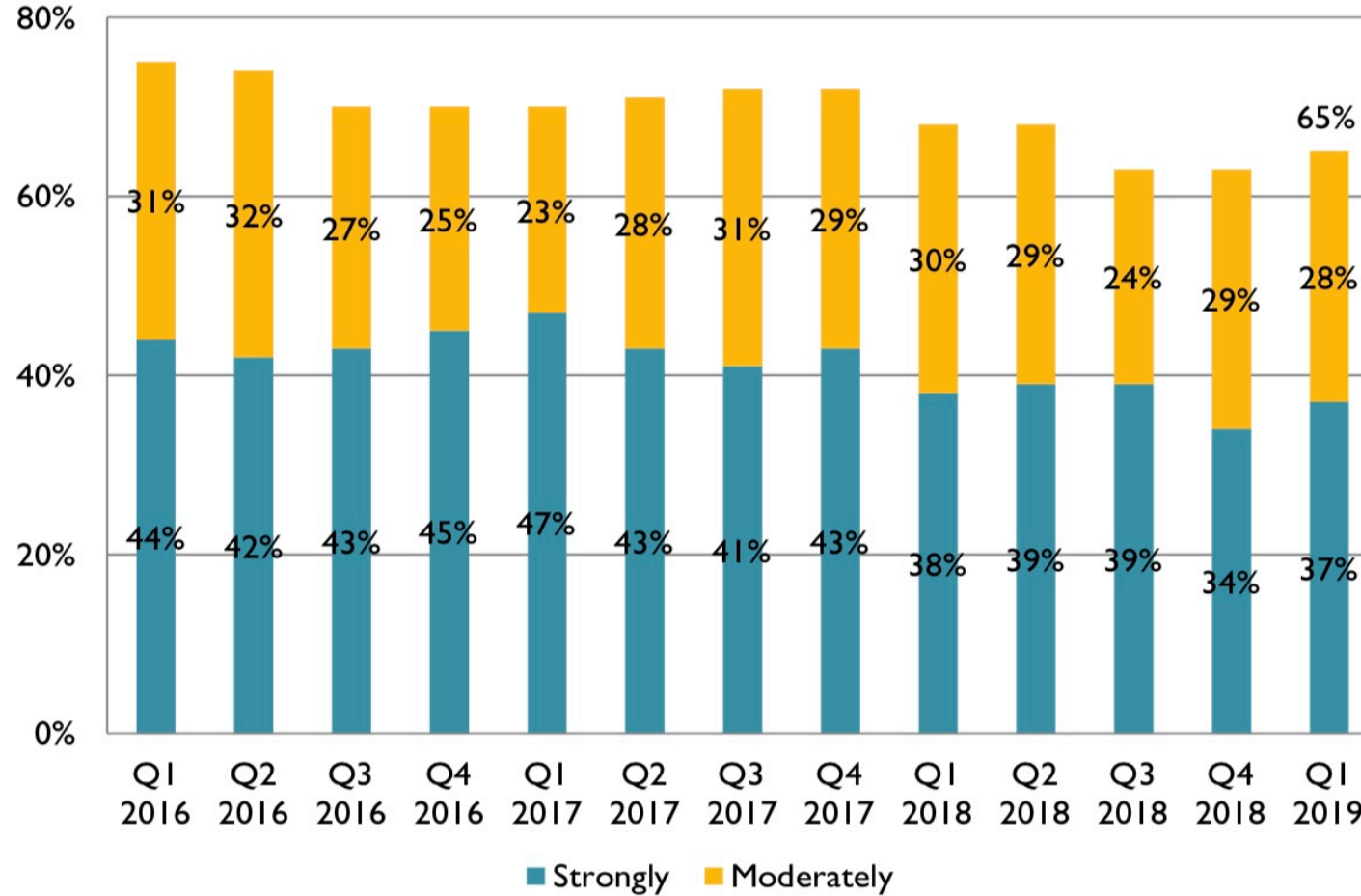
Source: NAR

INVENTORY OF HOMES FOR SALE

(7 STRAIGHT MONTHS OF INCREASE ON A YEAR-OVER-YEAR BASIS)

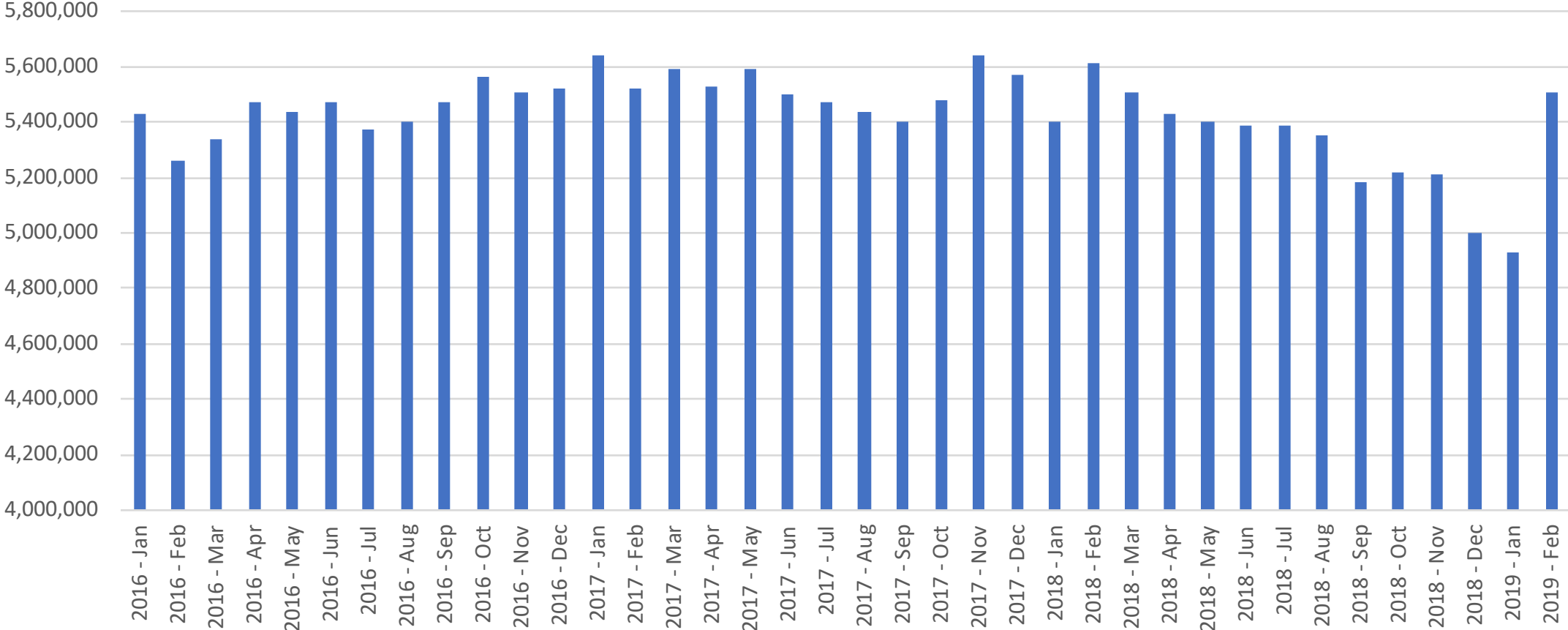


Good Time to Buy a Home, Strongly or Moderately



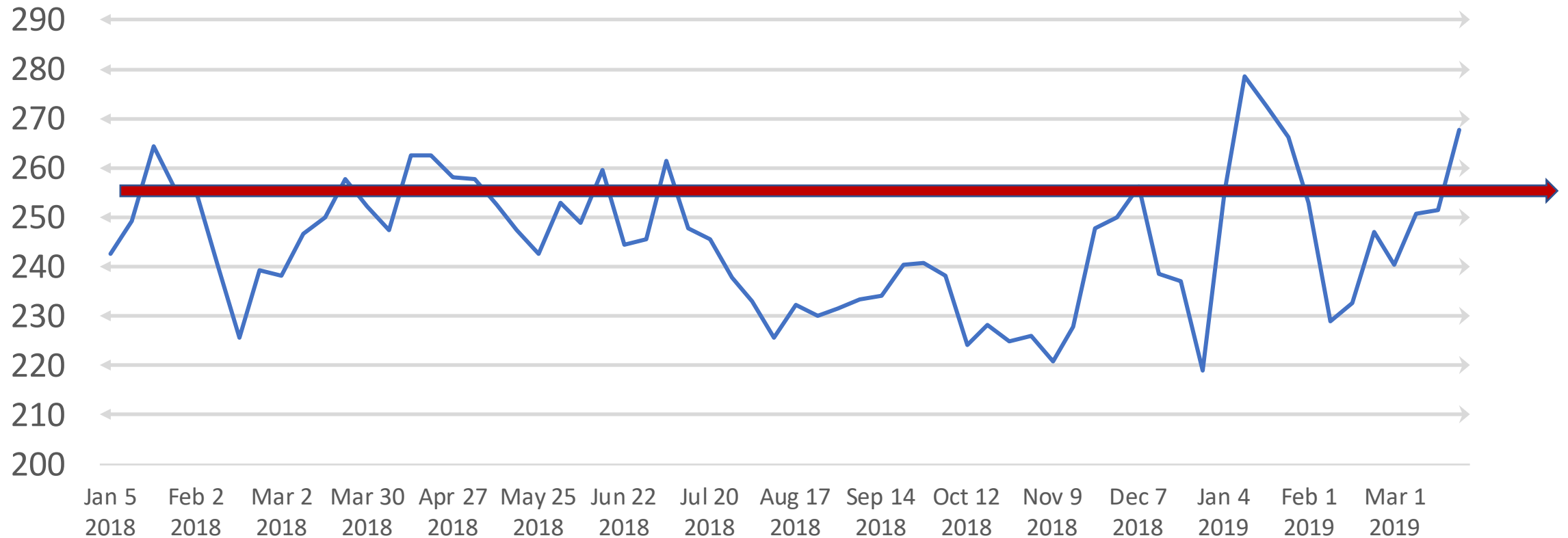
2019 NAR HOME Survey

NATIONAL EXISTING HOME SALES



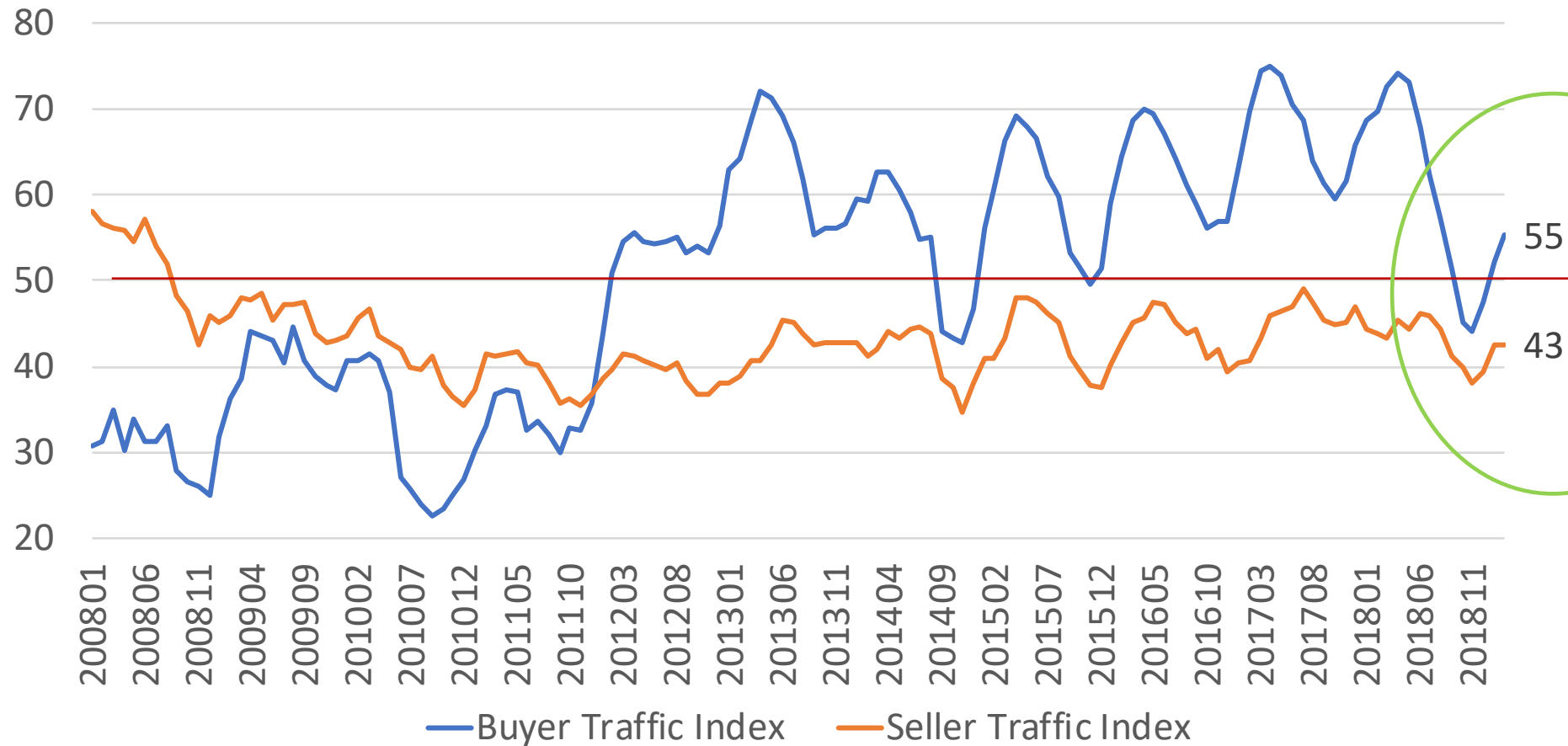
MORTGAGE PURCHASE APPLICATIONS

4-week moving average

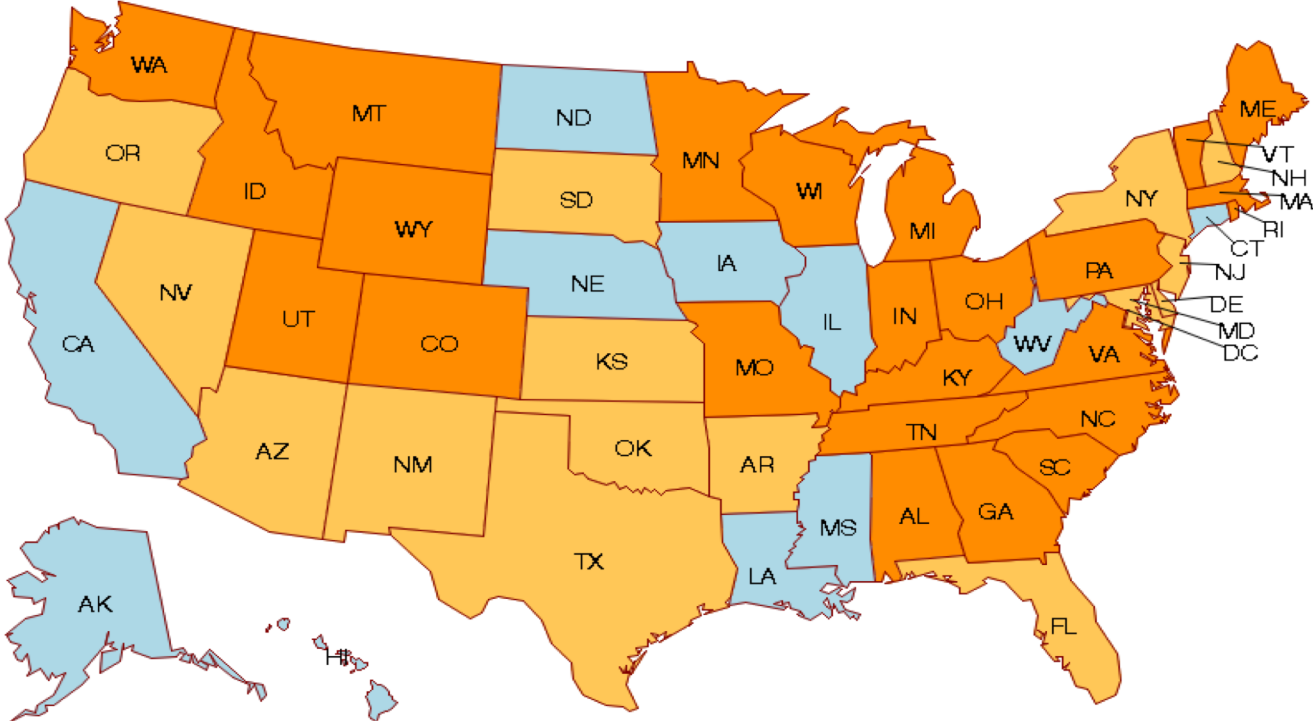


REALTORS® BUYER AND SELLER TRAFFIC INDEX

(ABOVE 50="SOLID")



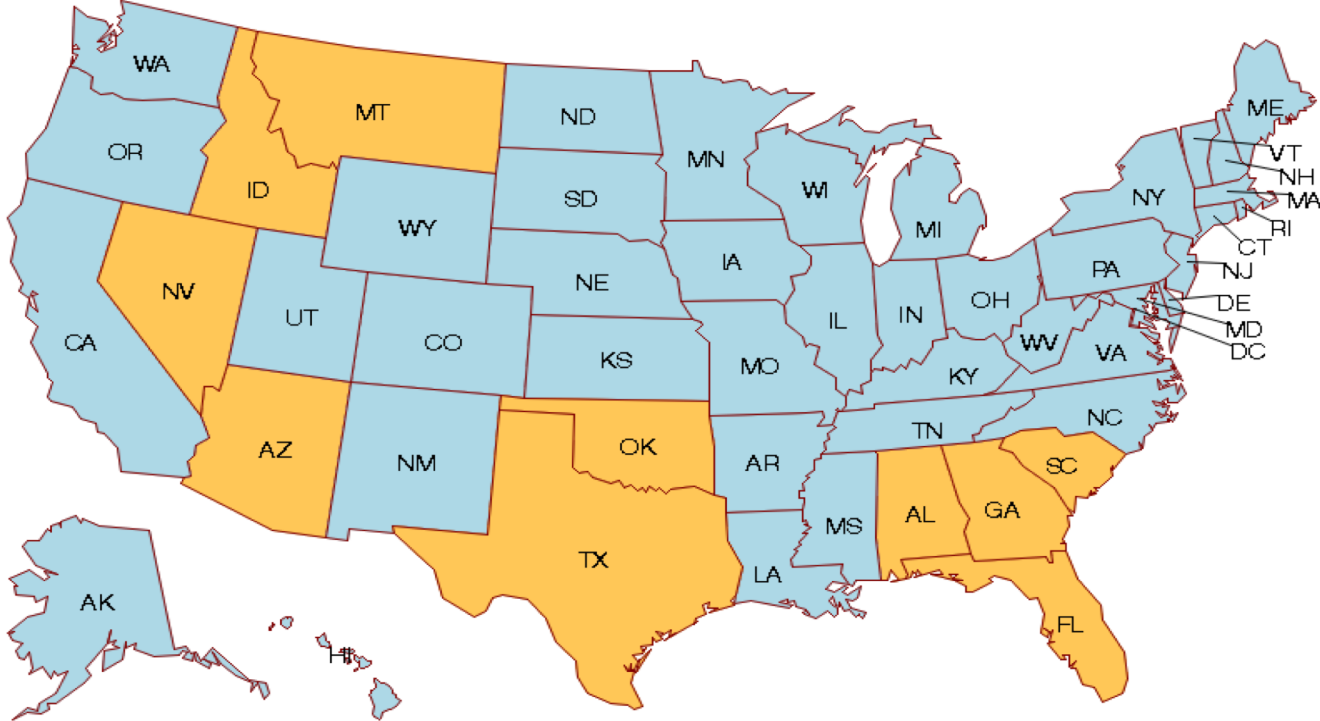
REALTORS® BUYER TRAFFIC INDEX



REALTORS® Buyer Traffic Index

Weak (25+ to 45) Stable (45+ to 55) Strong (55+ to 75)

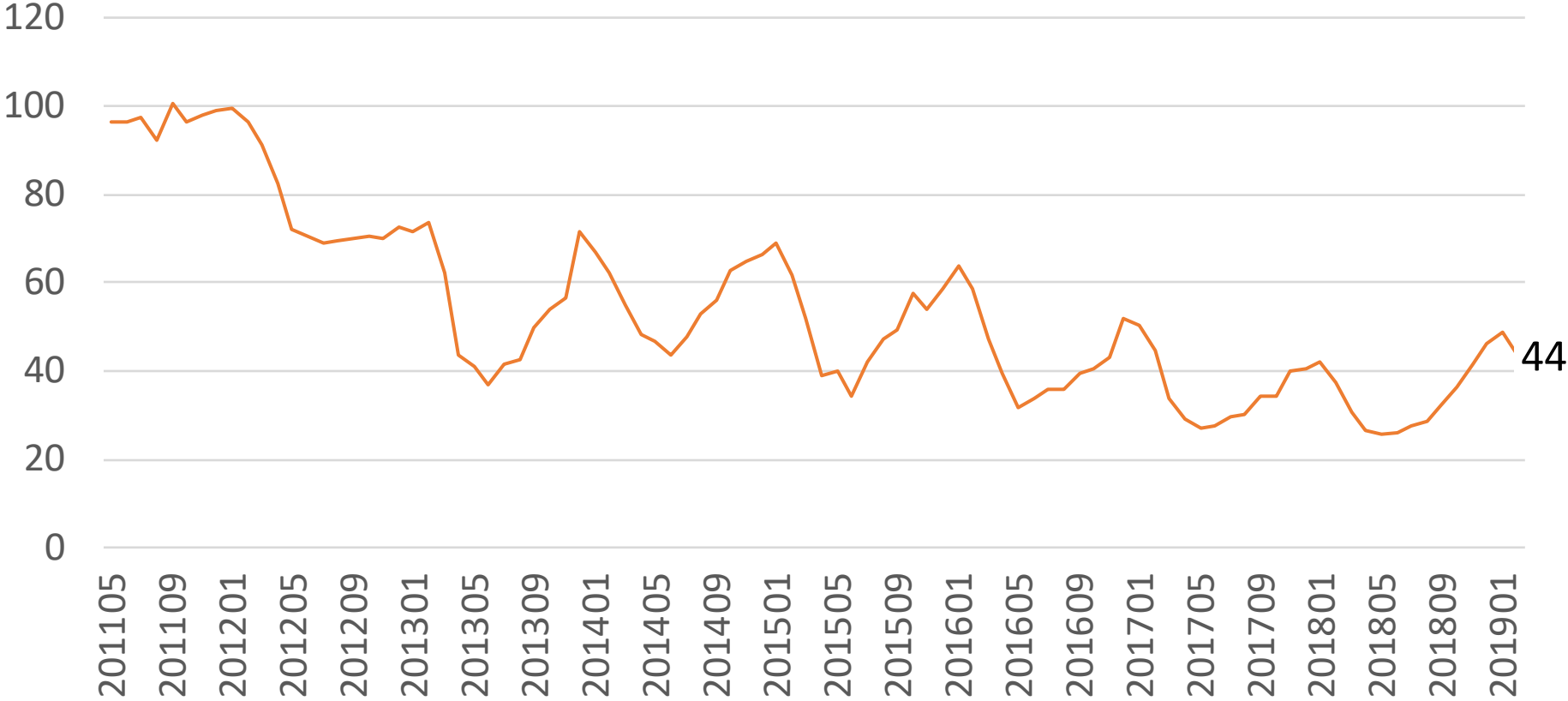
REALTORS® SELLER TRAFFIC INDEX



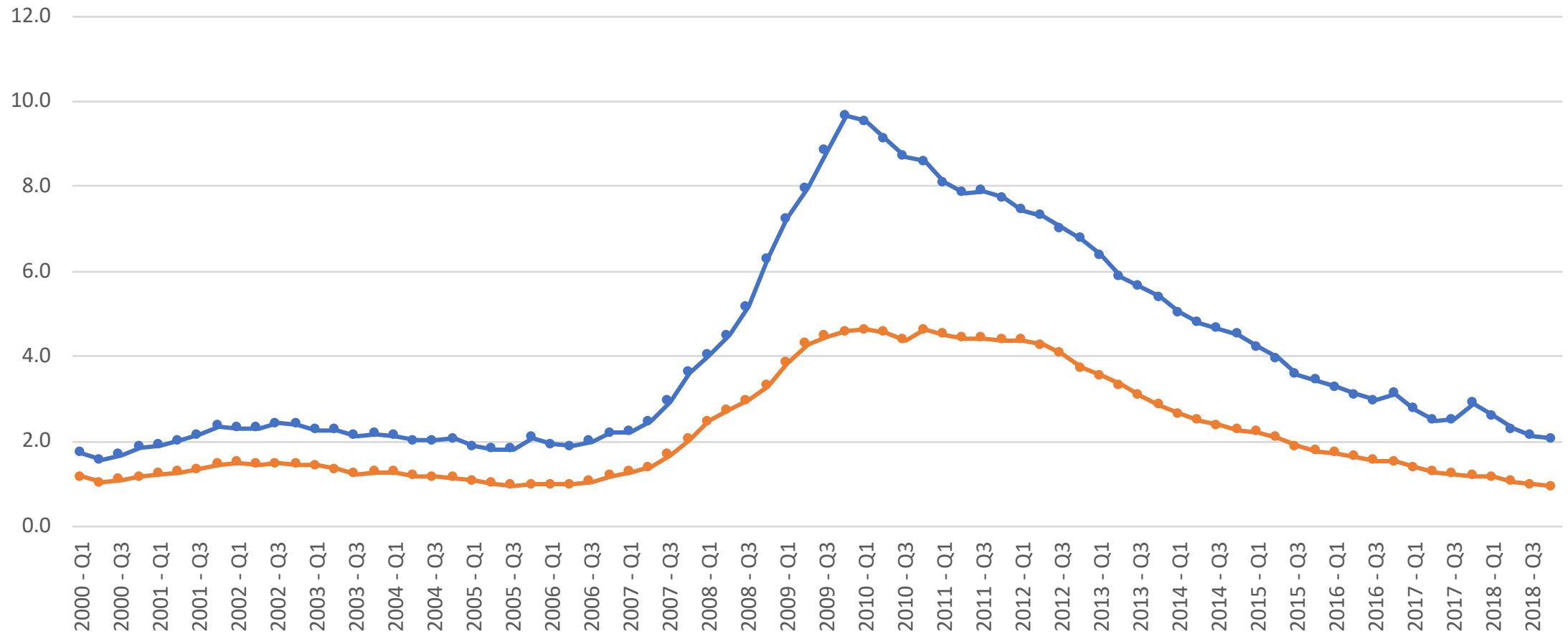
REALTORS® Seller Traffic Index

Very weak (0 to 25) Weak (25+ to 45) Stable (45+ to 55)

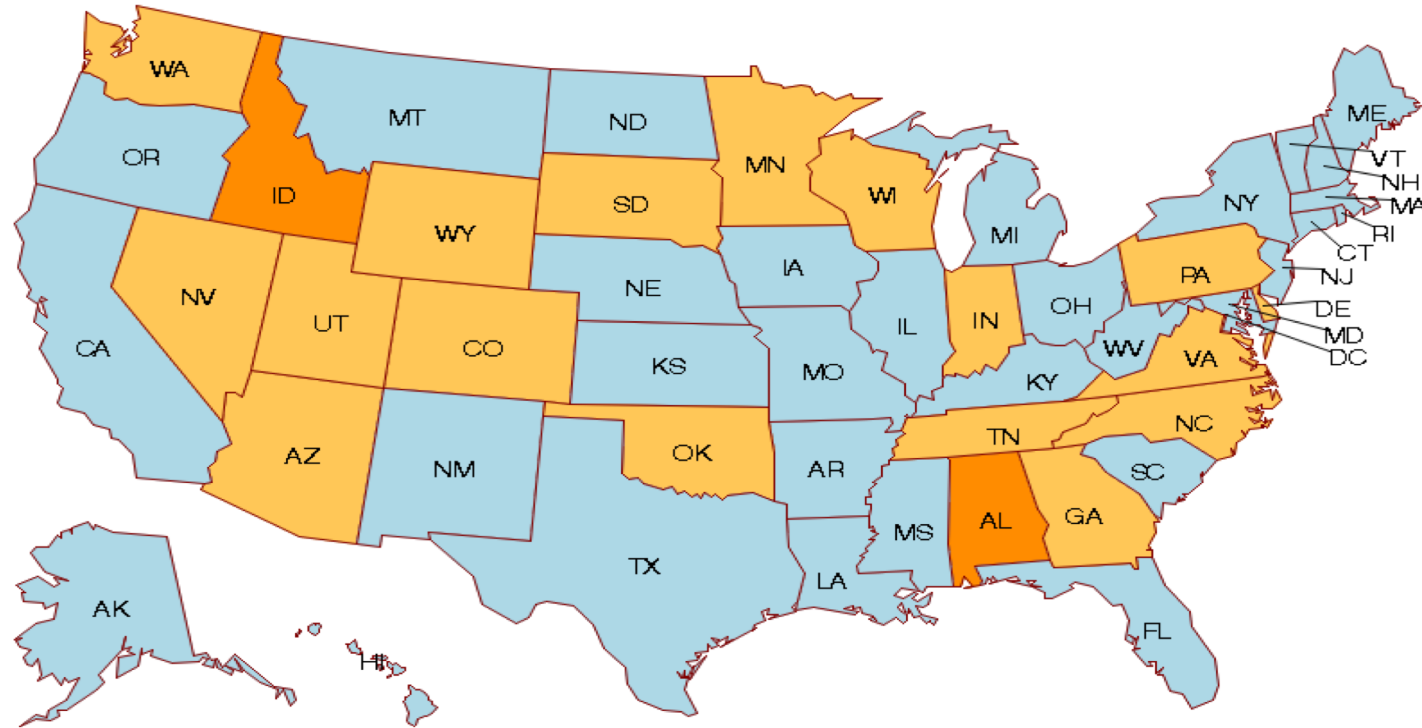
MEDIAN DAYS ON MARKET



MORTGAGES IN FORECLOSURE AND SERIOUSLY DELINQUENT (%)



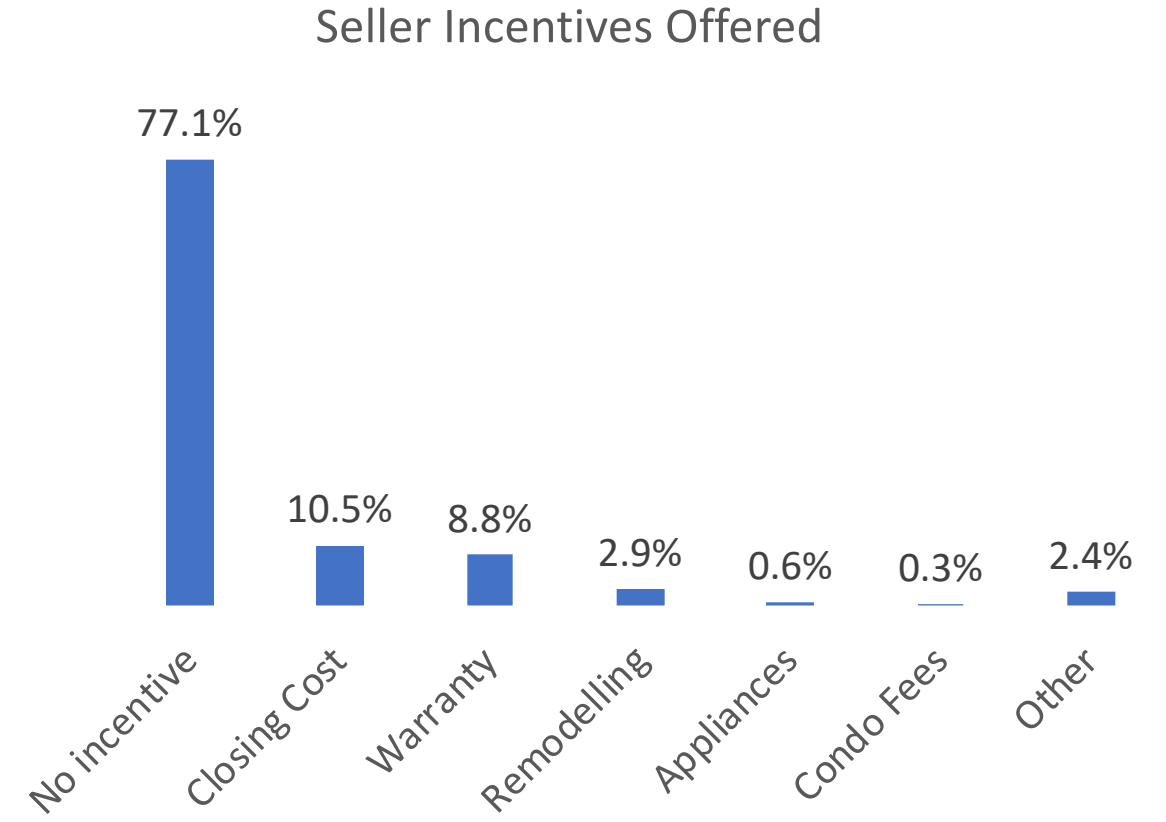
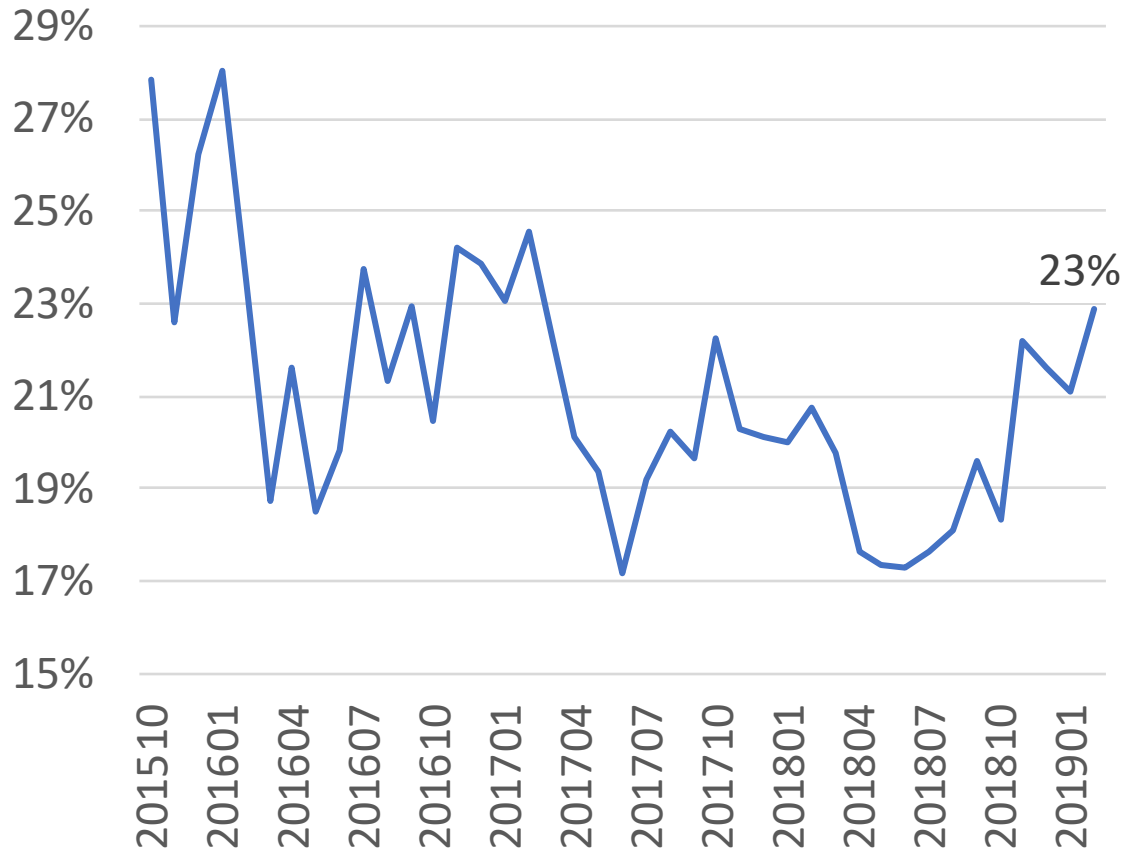
REALTORS® MEDIAN EXPECTED PRICE CHANGE IN NEXT 12 MONTHS



Median Expected Price Change Within Next 12 Months (in %) Among REALTOR® Respondents

Legend: 0% to 2% (light blue), 2+% to 3% (orange), 3+% to 5% (dark orange)

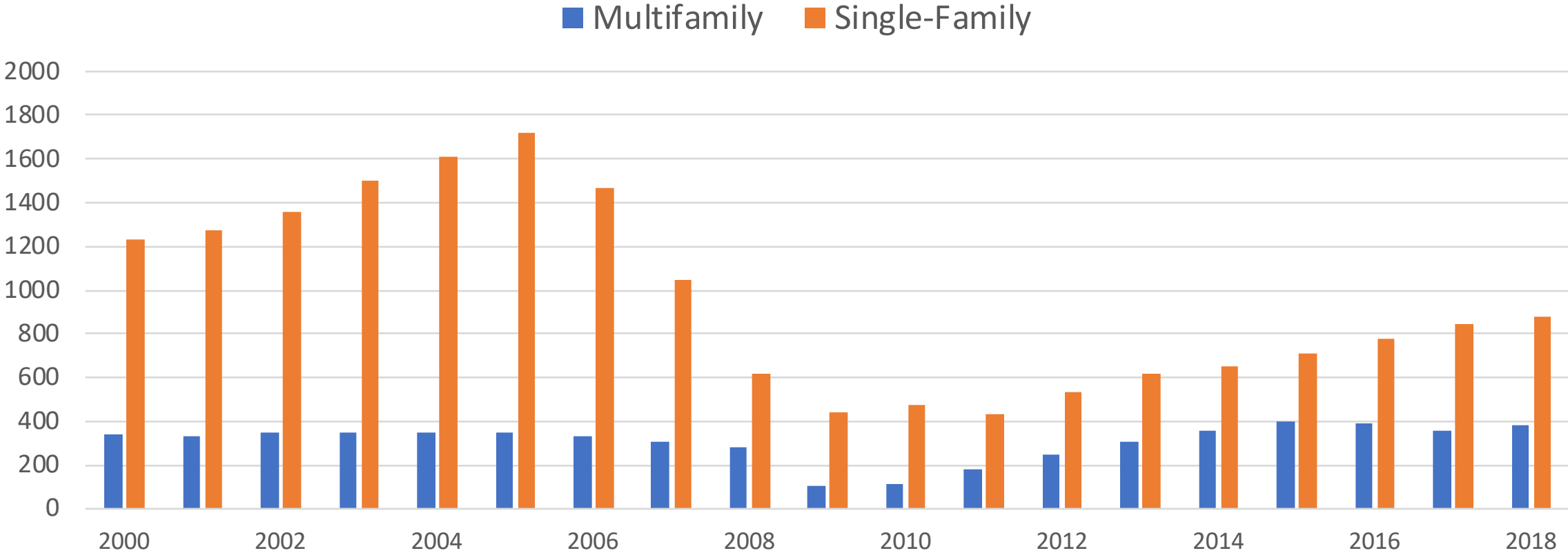
PERCENT OF CLOSED SALES WHERE SELLER OFFERED INCENTIVES



REGIONAL VARIATIONS WEST HIT BY UNAFFORDABILITY (NOT JOBS)



U.S. HOUSING STARTS ... NOT ENOUGH SHORT BY 5 TO 6 MILLION UNITS



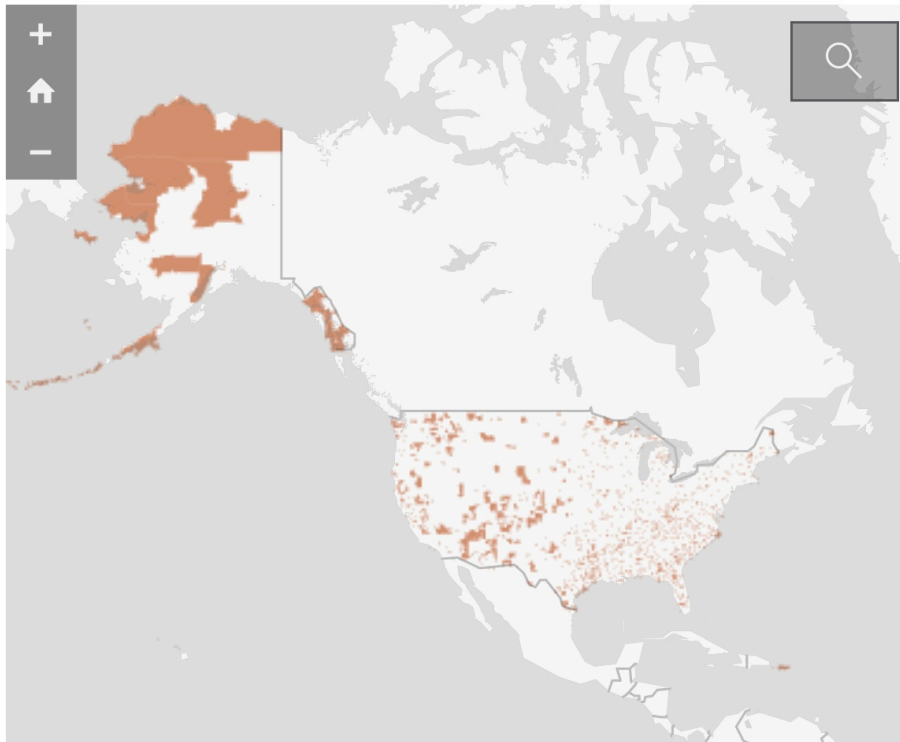
CONSEQUENCE AND POSSIBLE SOLUTIONS

- BAD: Homeowners staying put for longer period
- BAD: Home prices outpace income growth ... hurts affordability
- BAD: Slower economic growth
- BAD: Rent Control discussion come alive

- Reduce local supply constraints ... zoning laws, long permit process
- Plentiful skilled workers ... trade school training
- Federal spending tied to allow more home construction
- Opportunity zones ... tax incentives to develop and re-develop

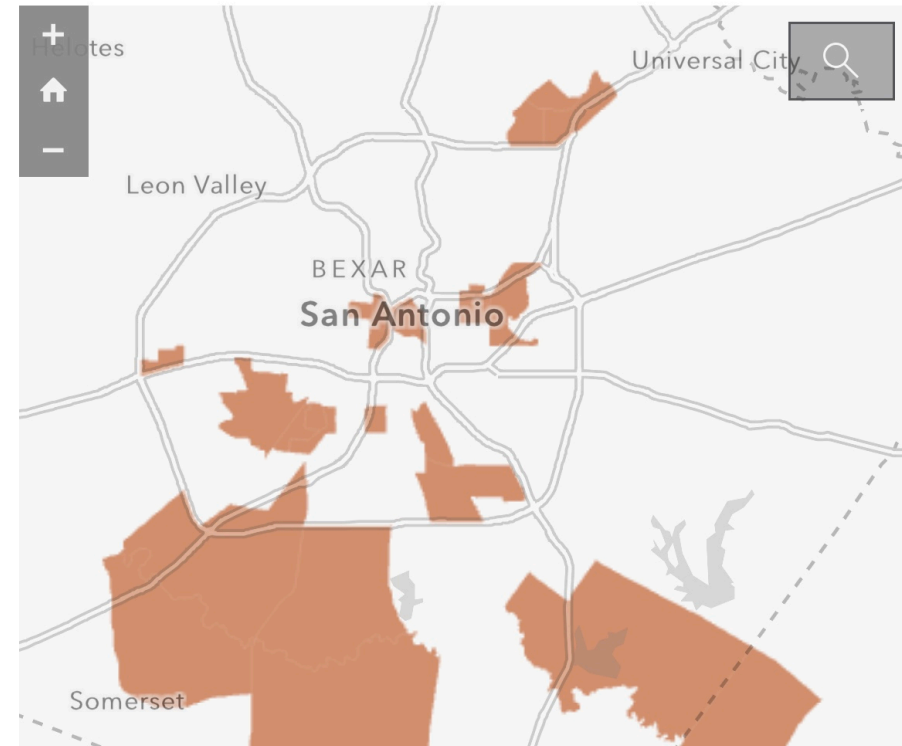
Opportunity Zone Maps

Here's a map showing how many Opportunity Zones were created from the eligible census tracts:

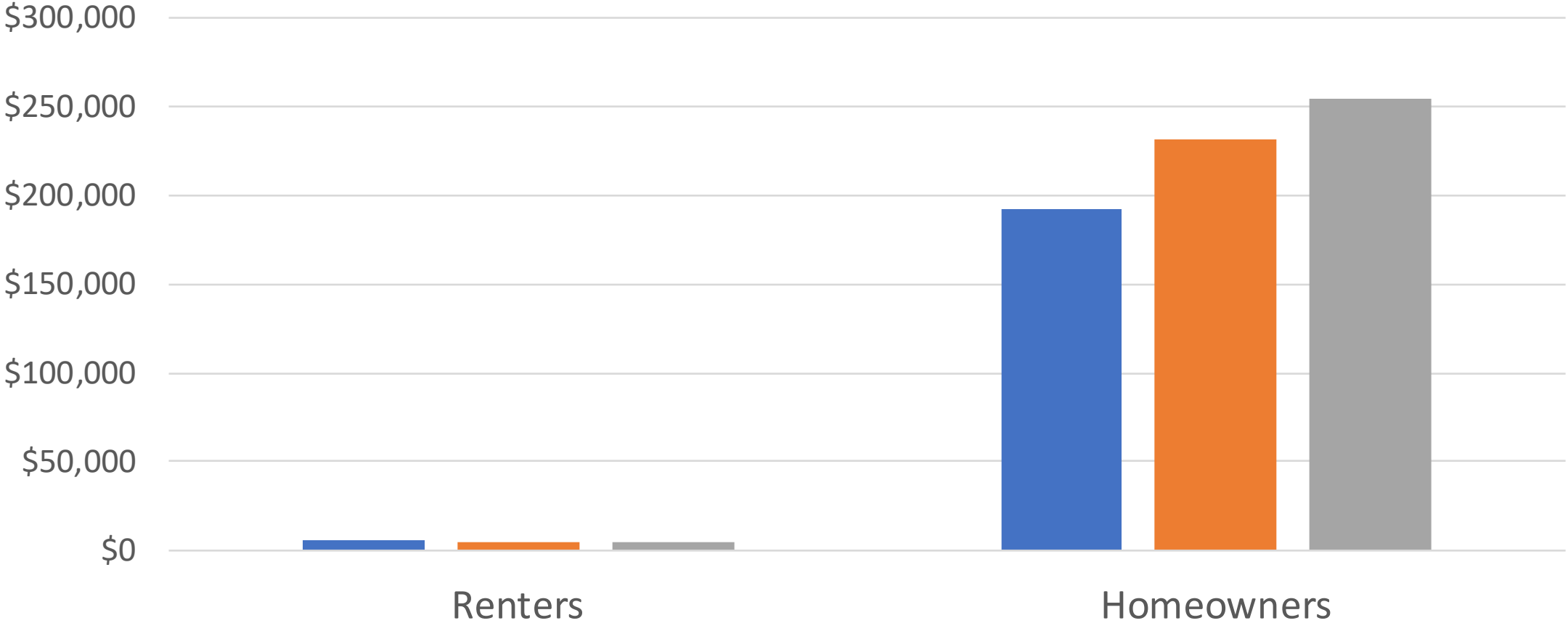


Opportunity Zone Maps

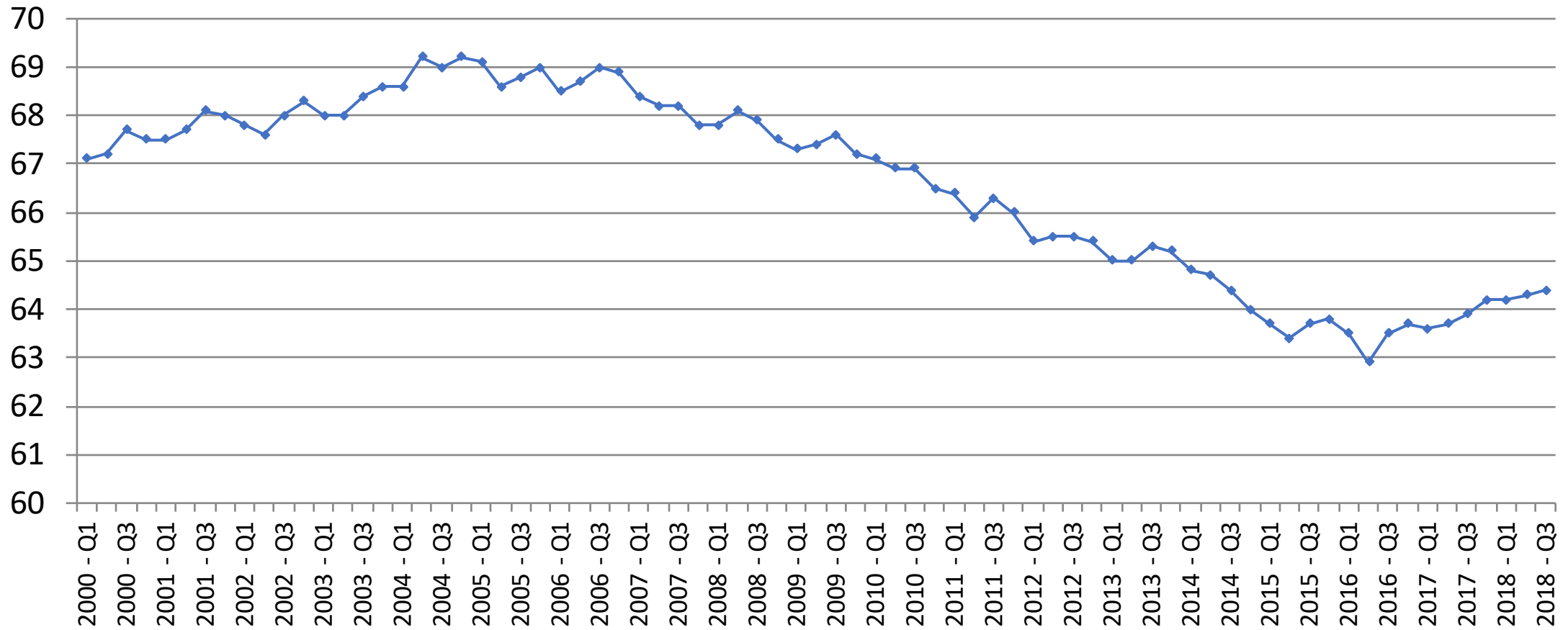
Here's a map showing how many Opportunity Zones were created from the eligible census tracts:



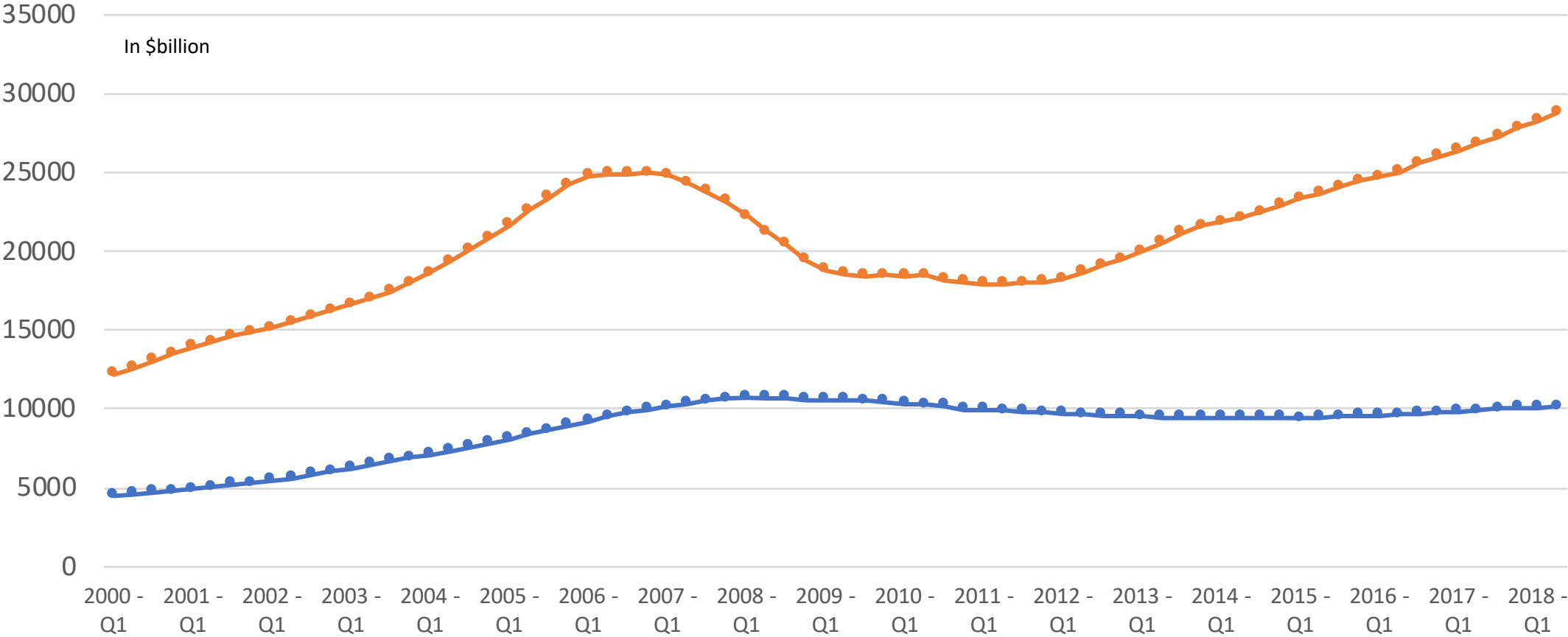
WEALTH: FROM 2000 TO 2016 TO 2018



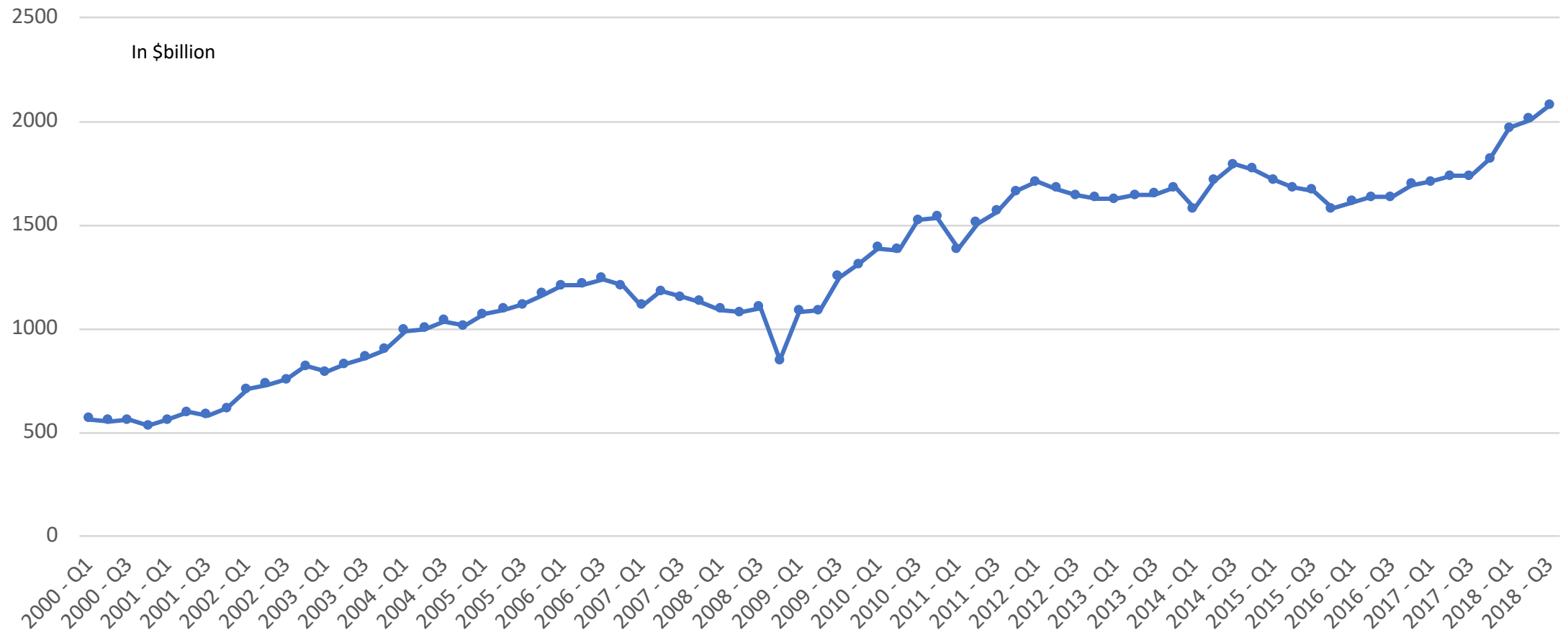
HOMEOWNERSHIP RATE TRYING TO MAKE A COMEBACK



REAL ESTATE WEALTH = ASSET - MORTGAGE



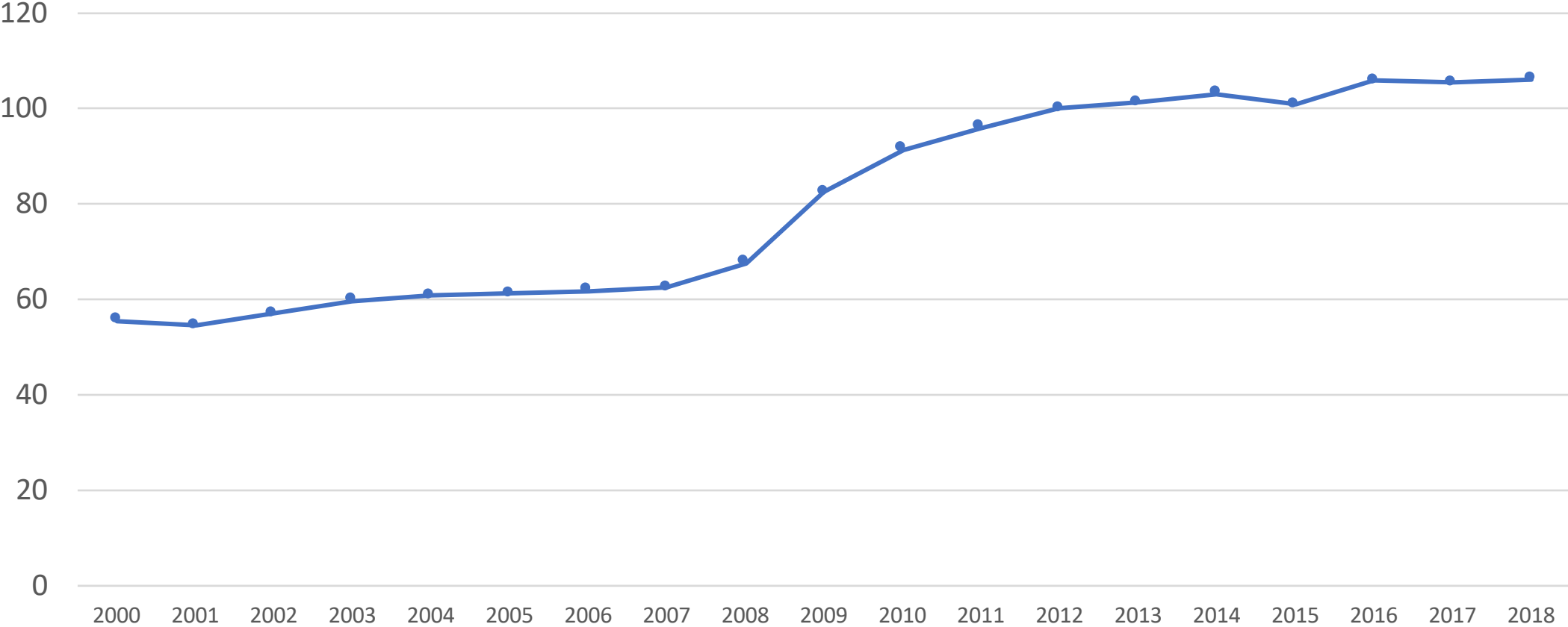
AFTER-TAX CORPORATE PROFITS



TOO MUCH BORROWING?

- Households ... homeowners with sizable equity, but not renters
- Corporations ... huge profits, but to diminish, and elevated borrowing
- Government ... ???

NATIONAL DEBT TO GDP (%)

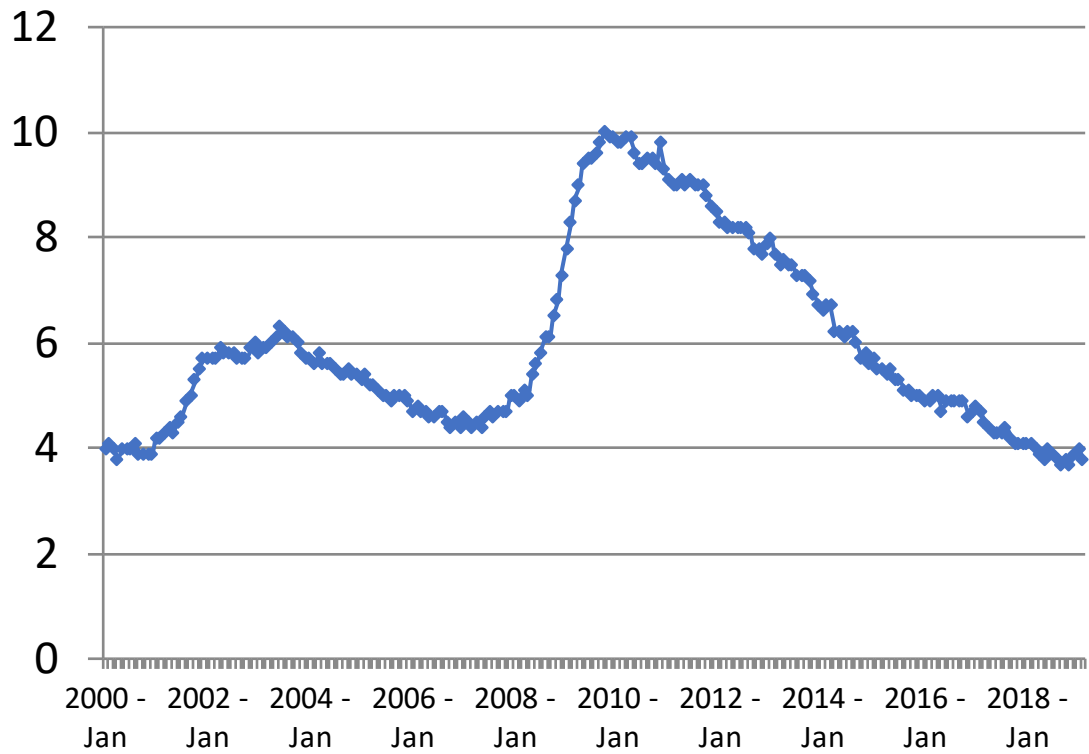


TAX REFORM

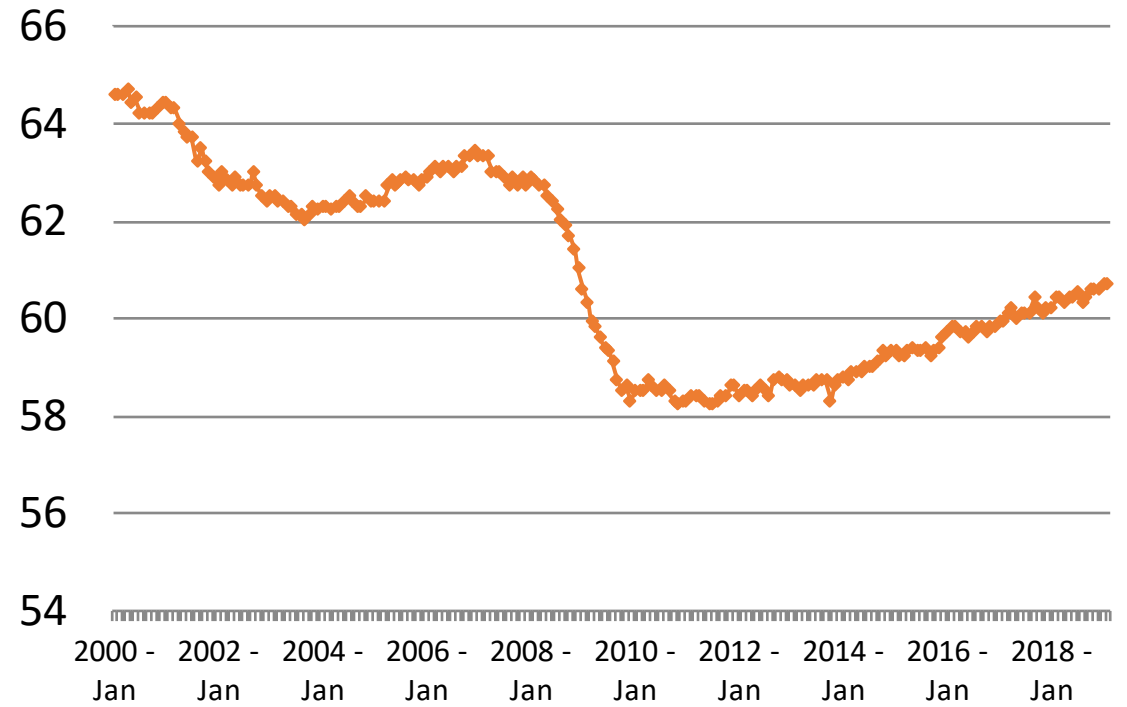
- Tax cut for most households
- Mortgage interest cap at \$750,000; SALT cap at \$10,000
- Over 90% of Homeowners will be fully able to deduct without hitting the limit
- However, many will not itemize and do a standard deduction

BROAD LABOR MARKET CONDITIONS

Unemployment Rate



Employment Rate (% of population with job)



ECONOMIC FORECAST

| | 2016 | 2017 | 2018 | 2019 Forecast | 2020 Forecast |
|---------------|--------------|--------------|--------------|---------------|---------------|
| GDP Growth | 1.5% | 2.2% | 2.9% | 2.0% | 1.8% |
| Job Growth | +2.5 million | +2.2 million | +2.4 million | +2.0 million | +1.5 million |
| CPI Inflation | 1.3% | 2.1% | 2.4% | 1.4% | 1.8% |

HOUSING FORECAST

| | 2016 | 2017 | 2018 | 2019 Forecast | 2020 Forecast |
|---------------------|-------------|-------------|-------------|---------------|---------------|
| New Home Sales | 560,000 | 613,000 | 627,000 | 635,000 | 700,000 |
| Existing Home Sales | 5.4 million | 5.5 million | 5.3 million | 5.3 million | 5.5 million |
| Median Price Growth | +5.1% | +5.7% | +4.9% | +2.7% | +3.0% |
| 30-year Rate | 3.6% | 4.0% | 4.6% | 4.3% | 4.6% |