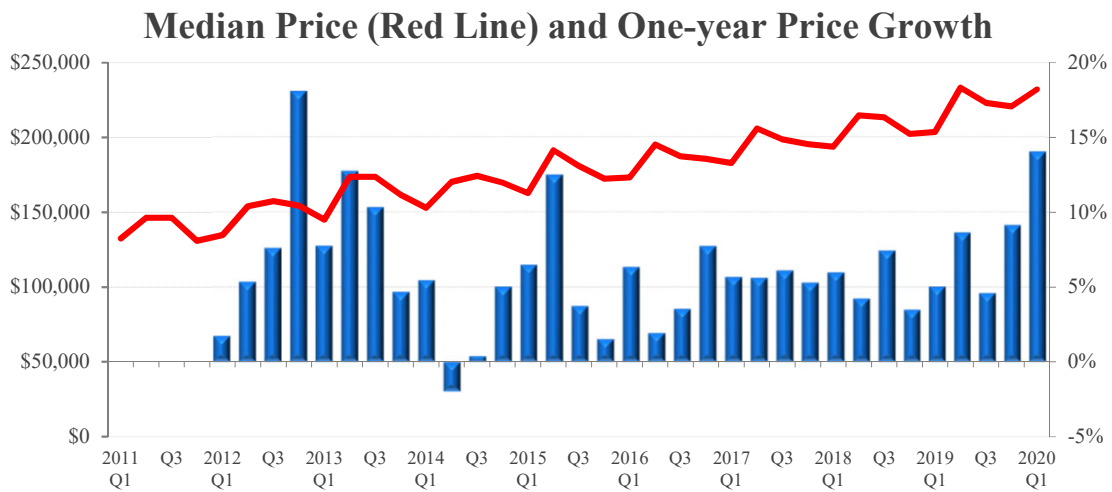


Birmingham-Hoover Area

Local Market Report, First Quarter 2020

including the impact of COVID-19 on the local economy

Today's Market...



| Local Price Trends | | | |
|--|------------|-----------|--|
| Price Activity | Birmingham | U.S. | Local Trend |
| Current Median Home Price (2020 Q1) | \$232,100 | \$272,433 | Prices continue to grow relative to last year |
| 1-year (4-quarter) Appreciation (2020 Q1) | 14.0% | 7.7% | |
| 3-year (12-quarter) Appreciation (2020 Q1) | 26.8% | 18.1% | |
| 3-year (12-quarter) Housing Equity Gain* | \$49,100 | \$41,733 | Gains in the last 3 years have extended the trend of positive price growth after the recession |
| 7-year (28 quarters) Housing Equity Gain* | \$87,000 | \$96,500 | |
| 9-year (36 quarters) Housing Equity Gain* | \$99,700 | \$114,500 | |

*Note: Equity gain reflects price appreciation only

| | Birmingham | U.S. | |
|---|------------|----------------|---|
| Conforming Loan Limit** | \$484,350 | \$726,525 | Most buyers in this market have access to government-backed financing |
| FHA Loan Limit | \$314,827 | \$726,525 | |
| Local Median to Conforming Limit Ratio | 48% | not comparable | |

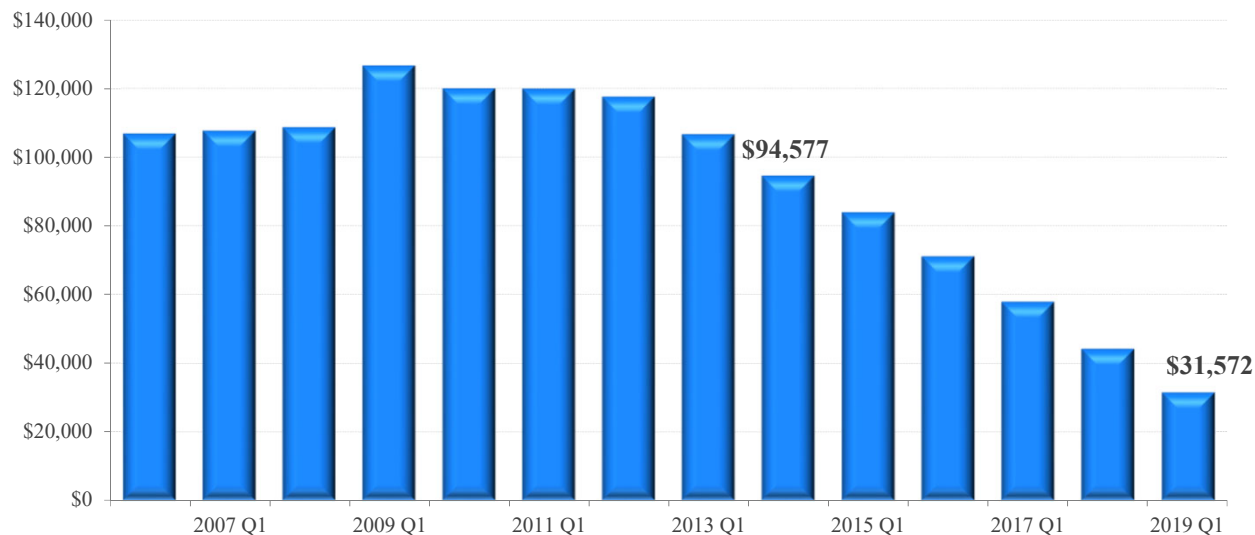
Note: limits are current and include the changes made on January 1st 2019.

Local NAR Leadership

The Birmingham-Hoover market is part of region 5 in the NAR governance system, which includes all of Georgia, Florida, Alabama, Mississippi, Virgin Islands, and Puerto Rico. The 2020 NAR Regional Vice President representing region 5 is Pam Powers.

Benefits of Ownership: Total Equity Appreciation

Total Equity Accrued to Owner by Year and Quarter of Purchase



Total Equity Gained through 2020 Q1 from quarter in which home was of purchased**

| Price Activity | Birmingham | U.S. | Local Trend |
|-----------------------|------------|-----------|--|
| 1-year (4-quarter) | \$31,572 | \$23,185 | Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession |
| 3-year (12-quarter)* | \$58,020 | \$52,978 | |
| 5-year (20-quarter)* | \$83,930 | \$87,425 | |
| 7-year (28 quarters)* | \$106,671 | \$120,351 | |
| 9-year (36 quarters)* | \$119,867 | \$138,556 | |

*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

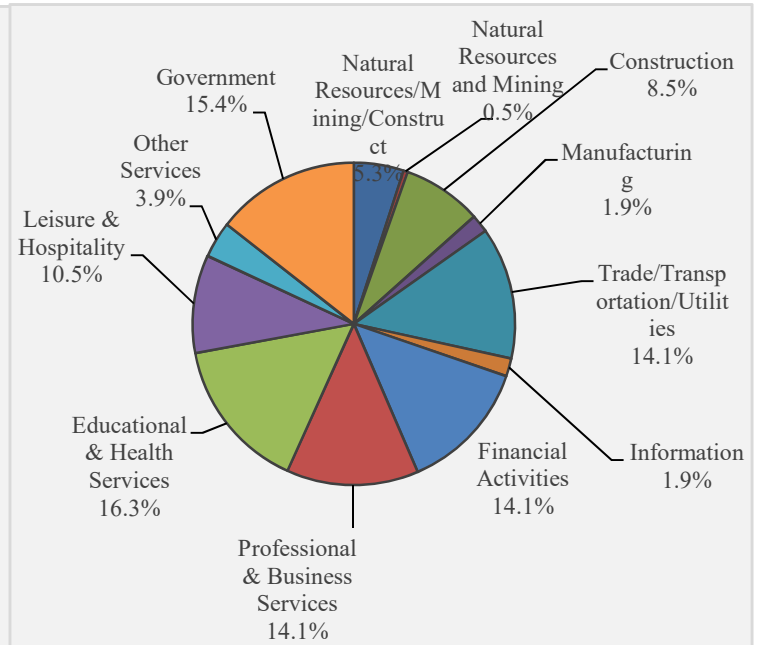
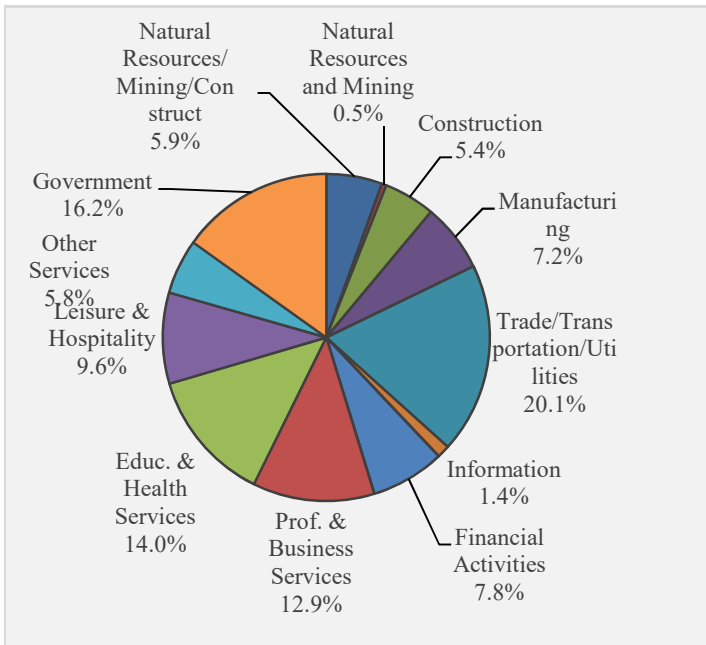
Drivers of Local Supply and Demand...

| Local Economic Outlook | Birmingham | U.S. | |
|-----------------------------------|------------|----------------|--|
| 12-month Job Change (Mar) | 2,200 | Not Comparable | Employment growth has eased, but remains positive |
| 12-month Job Change (Feb) | 3,000 | Not Comparable | |
| 36-month Job Change (Mar) | 17,200 | Not Comparable | Unemployment in Birmingham is better than the national average and improving |
| Current Unemployment Rate (Mar) | 2.7% | 4.4% | |
| Year-ago Unemployment Rate | 3.1% | 3.8% | Local employment growth is poor and needs to improve |
| 1-year (12 month) Job Growth Rate | 0.4% | 1.3% | |

Share of Total Employment by Industry

Birmingham-Hoover Area

U.S.



12-month Employment Change by Industry in the Birmingham-Hoover Area (Mar - 2020)

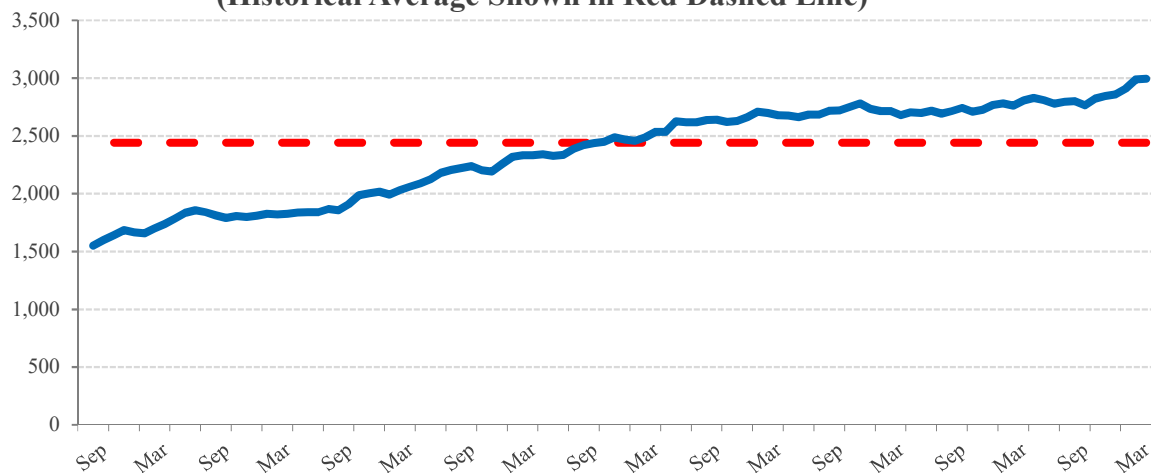
| | | | |
|--|------|---------------------------|-------|
| Goods Producing | NA | Information | -200 |
| Natural Resources/Mining/Construction | 400 | Financial Activities | 500 |
| Natural Resources and Mining | -200 | Prof. & Business Services | -400 |
| Construction | 600 | Educ. & Health Services | 600 |
| Manufacturing | -500 | Leisure & Hospitality | 400 |
| Service Providing Excluding Government | NA | Other Services | 0 |
| Trade/Transportation/Utilities | 600 | Government | 1,600 |

| State Economic Activity Index | Alabama | U.S. | |
|-------------------------------|---------|------|--|
| 12-month change (2020 - Mar) | 0.3% | 1.2% | The economy of Alabama is growing more slowly than the rest of the nation, but improved modestly from last month's - 23.82% change |
| 36-month change (2020 - Mar) | NA | 7.0% | |

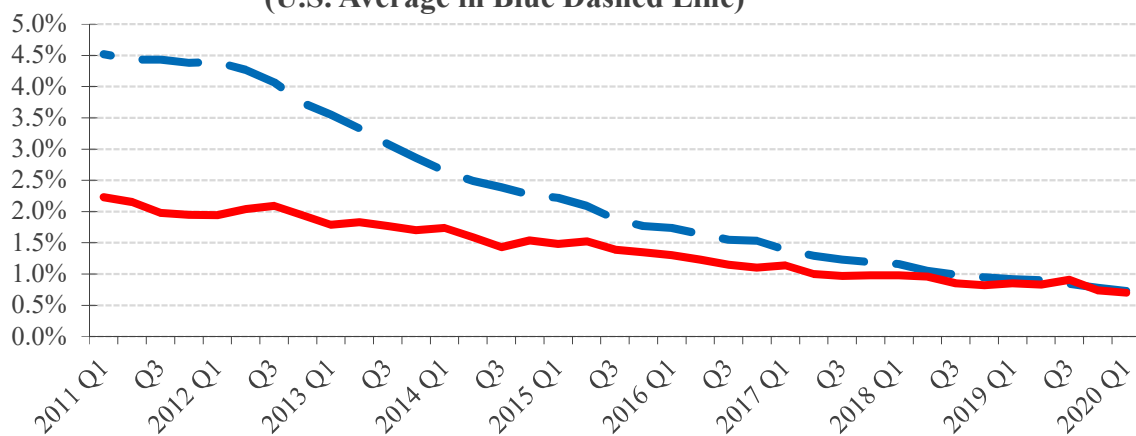
New Housing Construction

| Local Fundamentals | Birmingham | U.S. | |
|--|------------|----------------|--|
| 12-month Sum of 1-unit Building Permits through Mar | 2,995 | not comparable | The current level of construction is 22.6% above the long-term average |
| 8-year average for 12-month Sum of 1-Unit Building Permits | 2,442 | 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 (Mar) 12-month sum vs. a year ago | 6.7% | 5.5% | 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)**



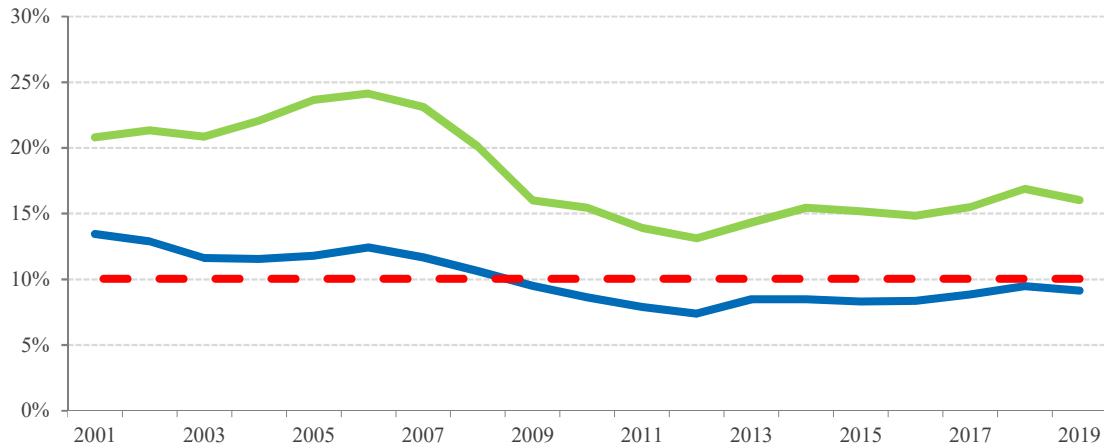
**State Total Foreclosure Rate vs. U.S Average
(U.S. Average in Blue Dashed Line)**



Affordability

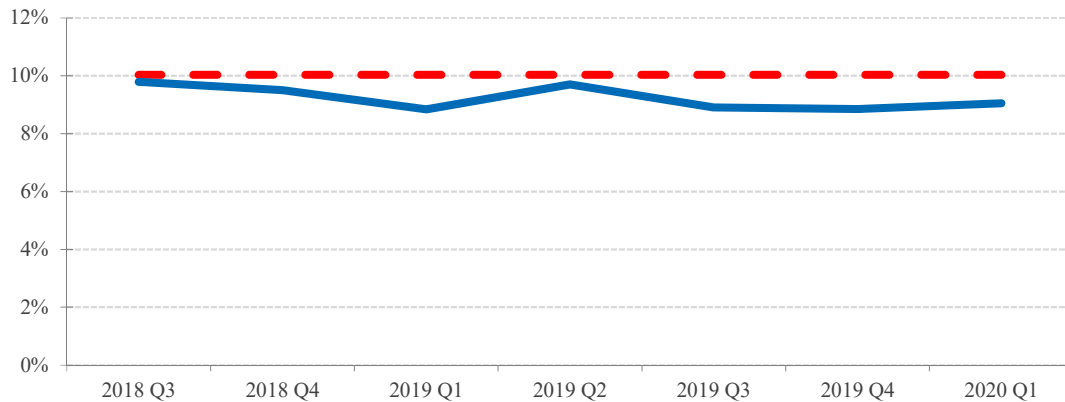


Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income
(Local Historical Average Shown in Red, U.S. Average in Green)



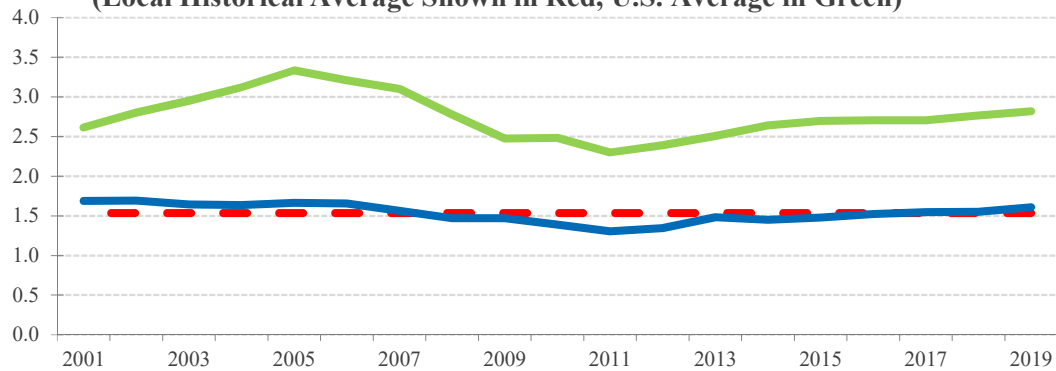
| Monthly Mortgage Payment to Income | Birmingham | U.S. | |
|------------------------------------|------------|-------|---|
| Ratio for 2019 | 9.1% | 16.0% | Historically strong, but weaker than the fourth quarter of 2019 |
| Ratio for 2020 Q1 | 9.1% | 14.6% | |
| Historical Average | 10.0% | 18.4% | More affordable than most markets |

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



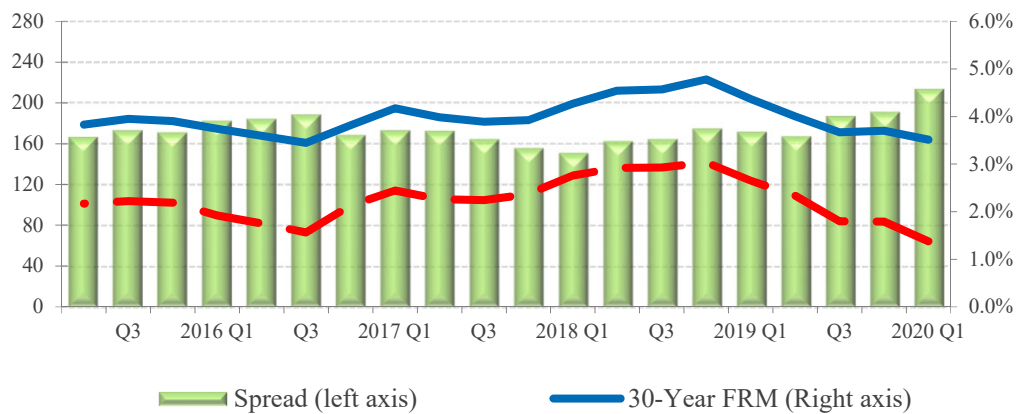
| Median Home Price to Income | Birmingham | U.S. | |
|-----------------------------|------------|------|---|
| Ratio for 2019 | 1.6 | 2.8 | The price-to-income ratio is high by historic standards and getting worse |
| Ratio for 2020 Q1 | 1.7 | 2.7 | |
| Historical Average | 1.5 | 2.7 | Affordable compared to most markets |

**Ratio of Local Median Home Price to Local Average Income
(Local Historical Average Shown in Red, U.S. Average in Green)**



The Mortgage Market

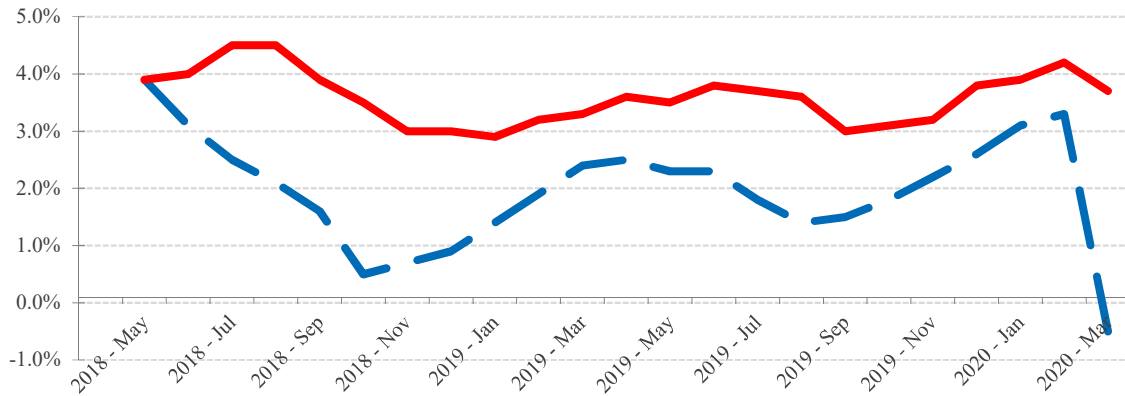
30-year Fixed Mortgage Rate and Treasury Bond Yield



The first quarter of the year mostly encompassed a pre-pandemic economy that was characterized by low unemployment and a robust economy. Nevertheless, as a result of the COVID-19 outbreak, mortgage rates reached a then-historical low in March of 2020 fueling an increase in refinance activities. Specifically, at the end of the first quarter, mortgage rates declined 90 basis points compared to a year earlier. According to the mortgage finance provider Freddie Mac, the 30-year fixed rate mortgage dropped to 3.51 percent in Q1 2020 from 4.37 percent in Q1 2019. Looking ahead, NAR is forecasting the 30-year fixed rate mortgage to average 3.20 percent for 2020.

REALTOR® Price Expectations

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



Source: NAR

| REALTOR® Price Expectations | Alabama | U.S. | |
|-----------------------------|---------|-------|---|
| 2020 - Mar | 3.7% | -0.5% | REALTORS® expect higher price growth in Alabama than in the U.S. in the next 12 months. Their price expectations are also higher than a year ago. |
| Prior 12 months | 3.3% | 2.4% | |



Geographic Coverage for this Report

The Birmingham area referred to in this report covers the geographic area of the Birmingham-Hoover 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:

Bibb County, Blount County, Chilton County, Jefferson County, Shelby County, St. Clair County, and Walker County

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