

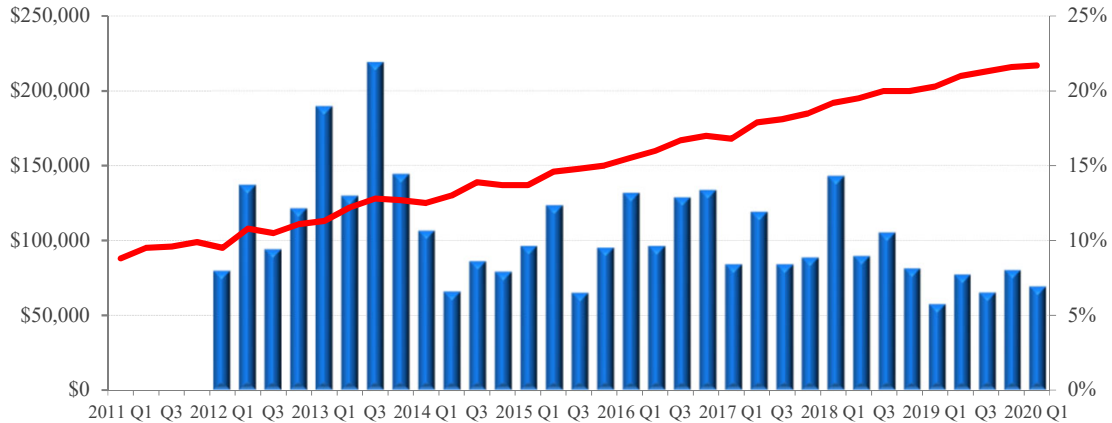
Lakeland-Winter Haven, FL Area

Local Market Report, First 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	Lakeland	U.S.	Local Trend
Current Median Home Price (2020 Q1)	\$217,000	\$272,433	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2020 Q1)	6.9%	7.7%	
3-year (12-quarter) Appreciation (2020 Q1)	29.2%	18.1%	
3-year (12-quarter) Housing Equity Gain*	\$49,000	\$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*	\$104,000	\$96,500	
9-year (36 quarters) Housing Equity Gain*	\$129,000	\$114,500	

*Note: Equity gain reflects price appreciation only

	Lakeland	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	45%	not comparable	

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

Local NAR Leadership

The Lakeland-Winter Haven, FL 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	Lakeland	U.S.	Local Trend
1-year (4-quarter)	\$17,063	\$23,185	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$57,189	\$52,978	
5-year (20-quarter)*	\$92,388	\$87,425	
7-year (28 quarters)*	\$119,319	\$120,351	
9-year (36 quarters)*	\$142,404	\$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

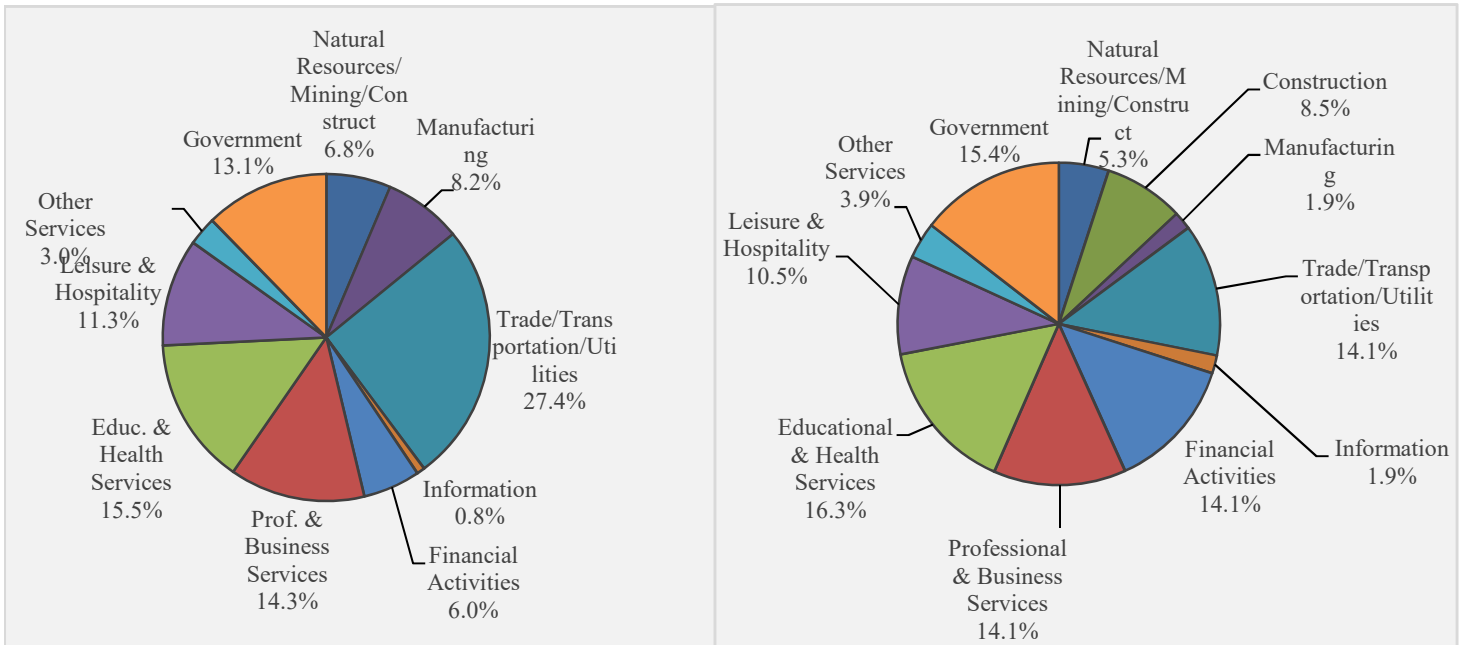
Drivers of Local Supply and Demand...

Local Economic Outlook	Lakeland	U.S.	
12-month Job Change (Mar)	3,100	Not Comparable	Employment growth has eased, but remains positive
12-month Job Change (Feb)	5,000	Not Comparable	
36-month Job Change (Mar)	15,500	Not Comparable	Lakeland's unemployment situation is worse than the national average and weighs on confidence
Current Unemployment Rate (Mar)	4.9%	4.4%	
Year-ago Unemployment Rate	3.7%	3.8%	Local employment growth is strong compared to other markets
1-year (12 month) Job Growth Rate	1.3%	1.3%	

Share of Total Employment by Industry

Lakeland-Winter Haven, FL Area

U.S.



12-month Employment Change by Industry in the Lakeland-Winter Haven, FL Area (Mar - 2020)

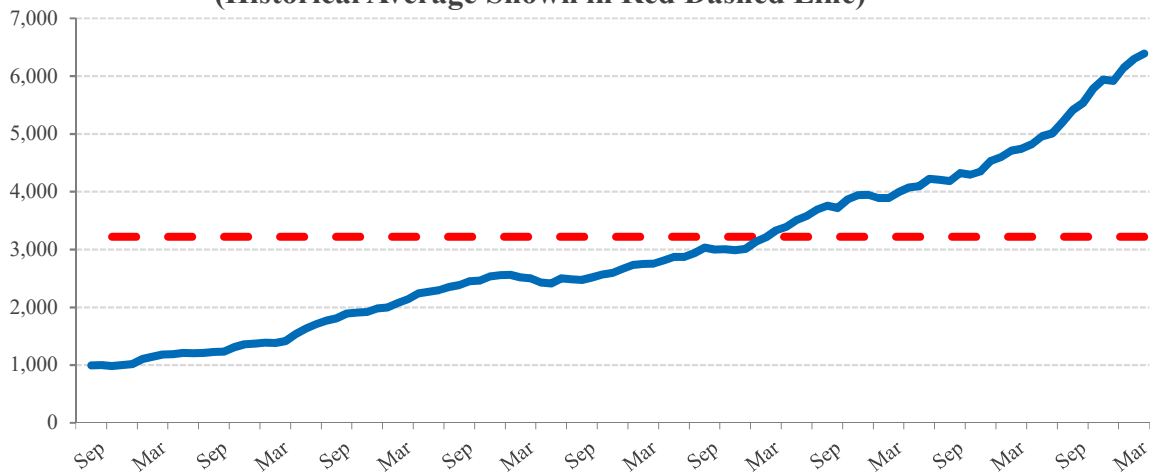
Goods Producing	NA	Information	0
Natural Resources/Mining/Construction	1,300	Financial Activities	600
Natural Resources and Mining	NA	Prof. & Business Services	-400
Construction	NA	Educ. & Health Services	400
Manufacturing	500	Leisure & Hospitality	500
Service Providing Excluding Government	NA	Other Services	200
Trade/Transportation/Utilities	1,400	Government	500

State Economic Activity Index	Florida	U.S.	
12-month change (2020 - Mar)	1.7%	1.2%	The economy of Florida has outpaced the rest of the nation and improved modestly from last month's -11.01% change
36-month change (2020 - Mar)	NA	7.0%	

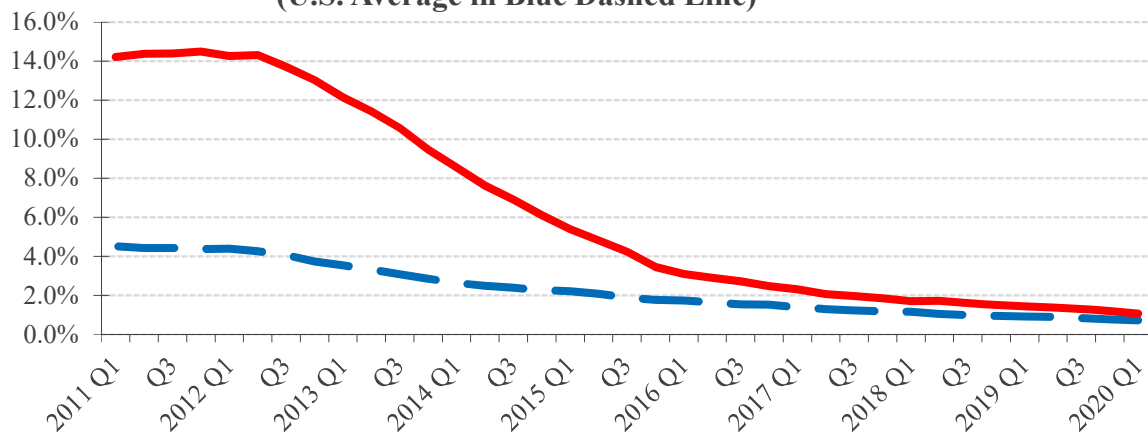
New Housing Construction

Local Fundamentals	Lakeland	U.S.	
12-month Sum of 1-unit Building Permits through Mar	6,391	not comparable	The current level of construction is 98.6% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	3,219	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	34.7%	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)**



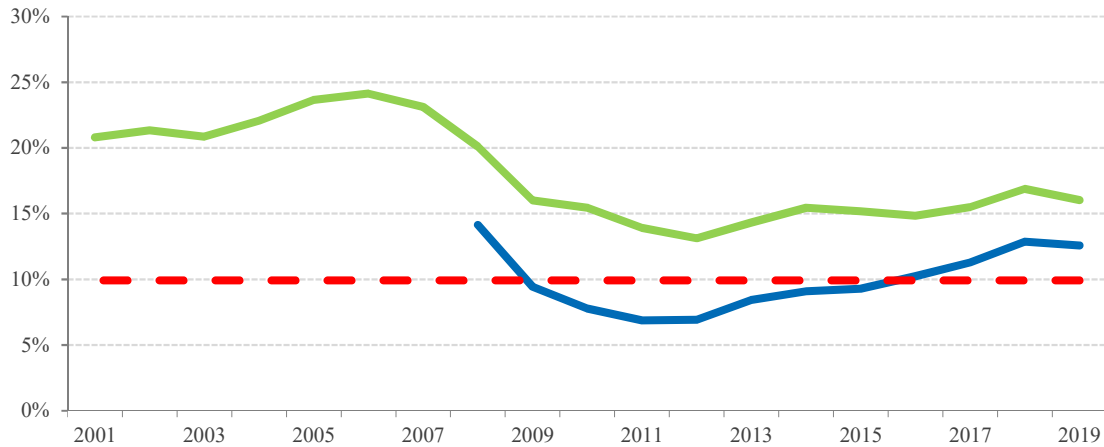
**State Total Foreclosure Rate vs. U.S. Average
(U.S. Average in Blue Dashed Line)**



Affordability

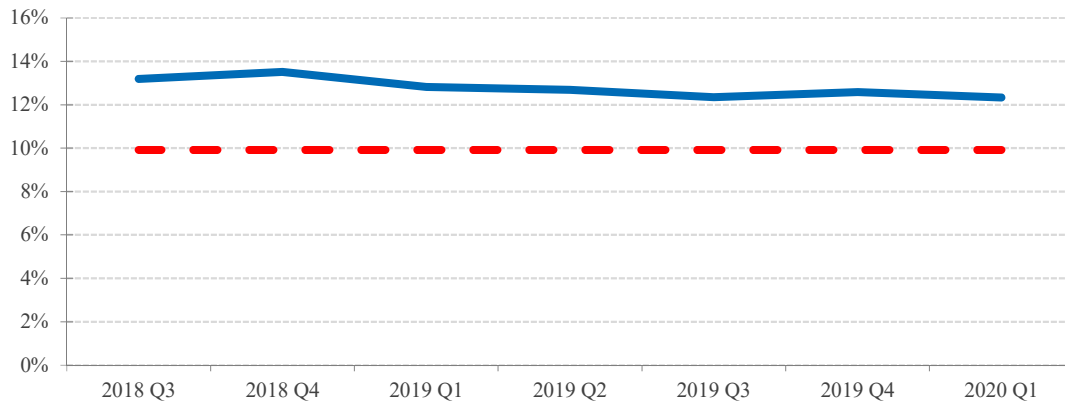


Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income
(Local Historical Average Shown in Red, U.S. Average in Green)



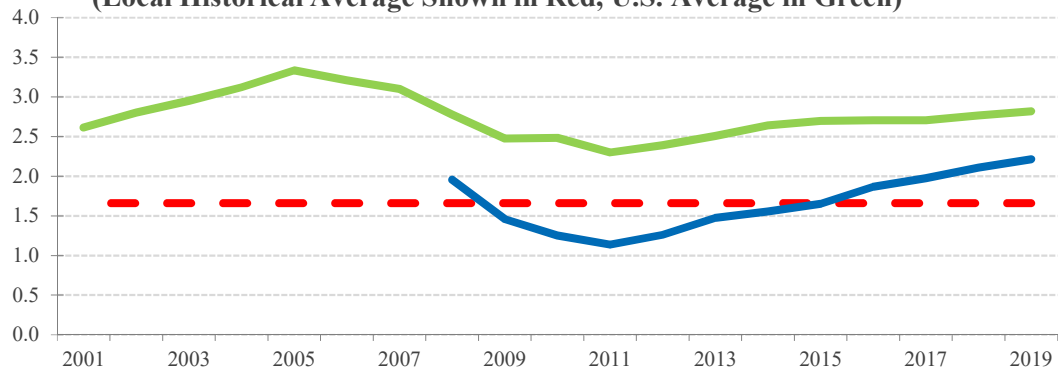
Monthly Mortgage Payment to Income	Lakeland	U.S.	
Ratio for 2019	12.6%	16.0%	Weak by local standards and could weigh on demand
Ratio for 2020 Q1	12.3%	14.6%	
Historical Average	9.9%	18.4%	More affordable than most markets

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



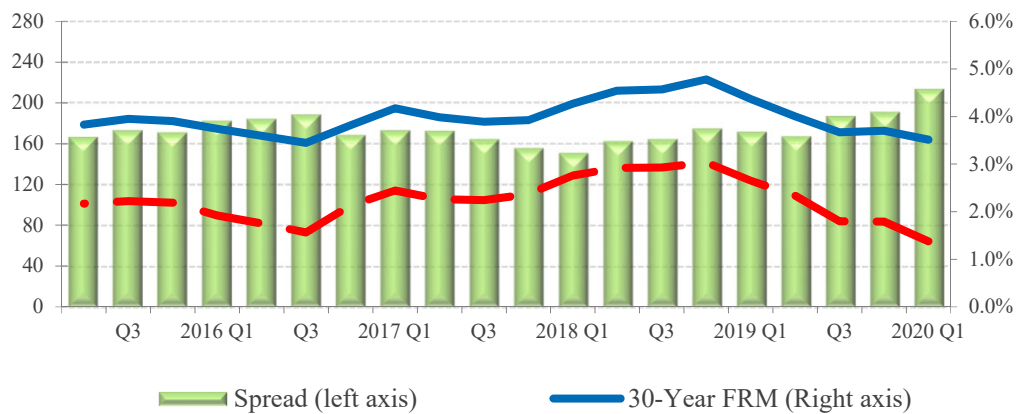
Median Home Price to Income	Lakeland	U.S.	
Ratio for 2019	2.2	2.8	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2020 Q1	2.3	2.7	
Historical Average	1.7	2.7	Affordable compared to most markets

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



The Mortgage Market

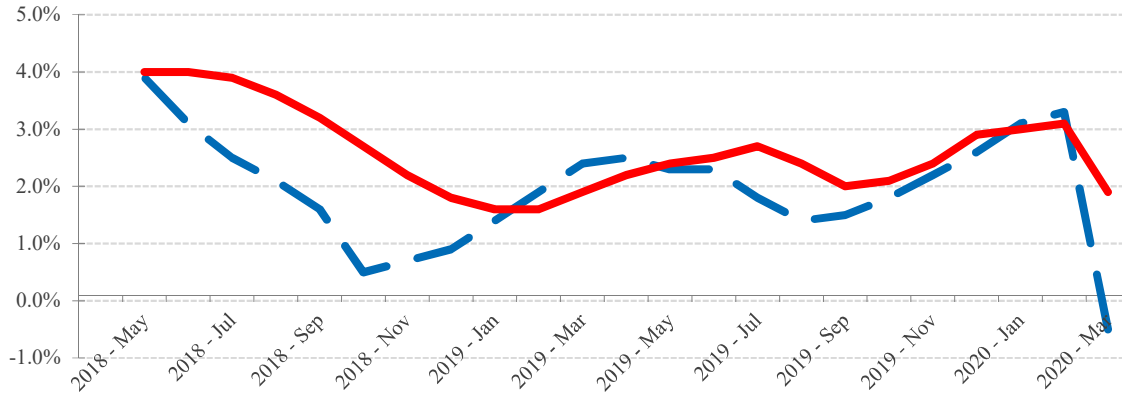
30-year Fixed Mortgage Rate and Treasury Bond Yield



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	Florida	U.S.	
2020 - Mar	1.9%	-0.5%	REALTORS® expect higher price growth in Florida than in the U.S. in the next 12 months but their price expectations for the local market remained at the same level as a year ago.
Prior 12 months	1.9%	2.4%	

Geographic Coverage for this Report

The Lakeland area referred to in this report covers the geographic area of the Lakeland-Winter Haven, FL 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:

Polk County

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