

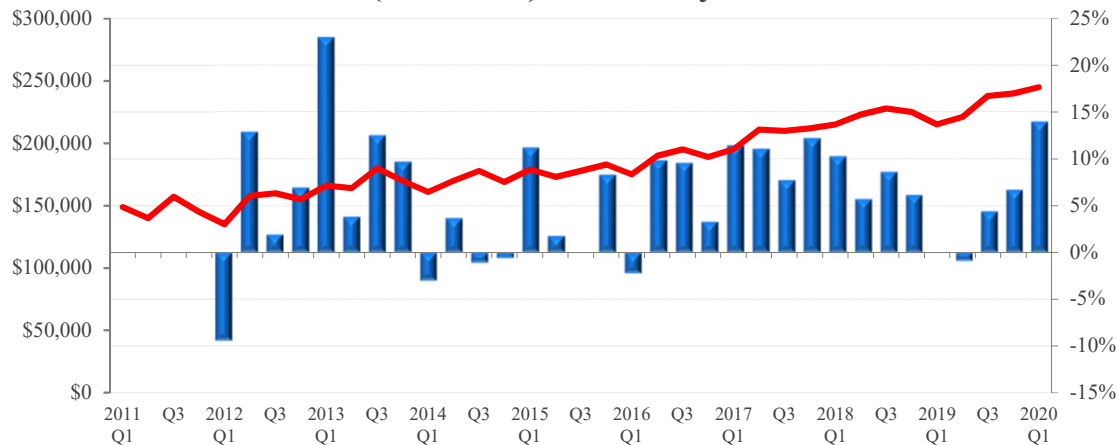
Panama City Area

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	Panama City	U.S.	Local Trend
Current Median Home Price (2020 Q1)	\$245,000	\$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)	25.6%	18.1%	
3-year (12-quarter) Housing Equity Gain*	\$50,000	\$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*	\$79,000	\$96,500	
9-year (36 quarters) Housing Equity Gain*	\$96,000	\$114,500	

*Note: Equity gain reflects price appreciation only

	Panama City	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	51%	not comparable	

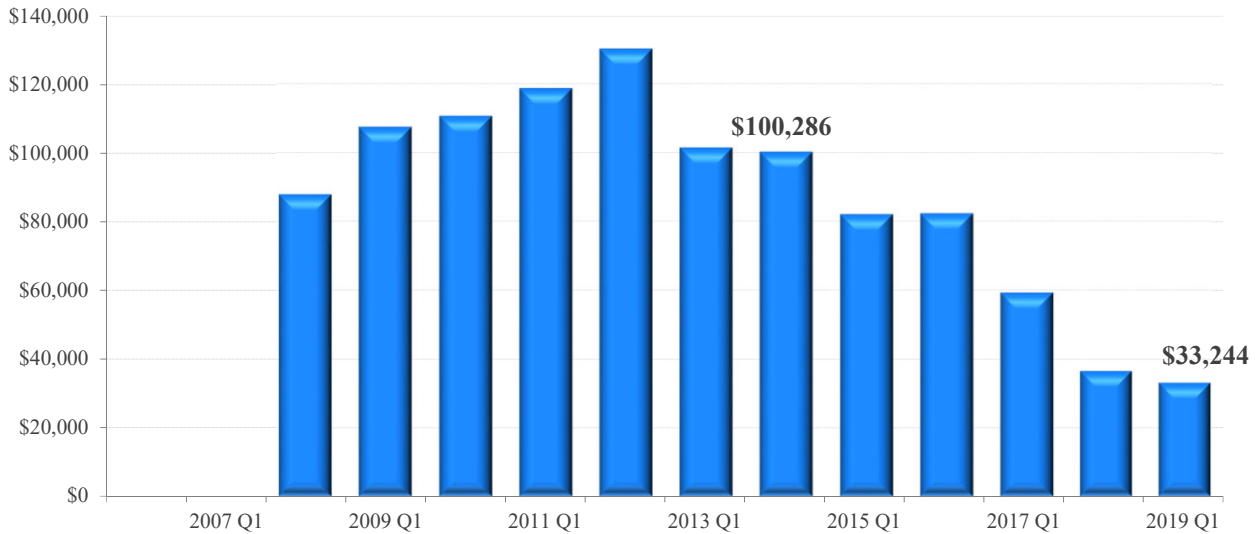
Note: limits are current and include the changes made on January 1st 2019.

Local NAR Leadership

The Panama City 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	PanamaCity	U.S.	Local Trend
1-year (4-quarter)	\$33,244	\$23,185	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$59,505	\$52,978	
5-year (20-quarter)*	\$82,185	\$87,425	
7-year (28 quarters)*	\$101,504	\$120,351	
9-year (36 quarters)*	\$118,695	\$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

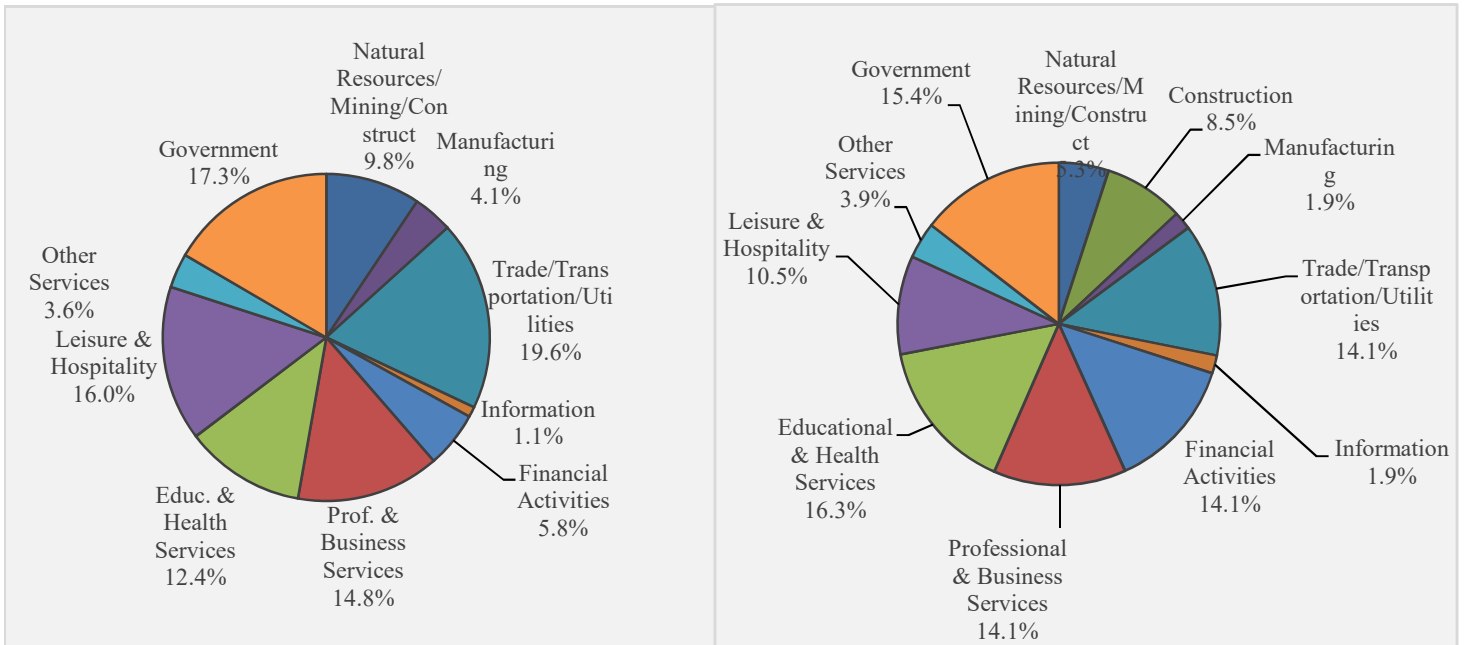
Drivers of Local Supply and Demand...

Local Economic Outlook	Panama City	U.S.	
12-month Job Change (Mar)	-100	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 (Feb)	-300	Not Comparable	
36-month Job Change (Mar)	-3,600	Not Comparable	Panama City's unemployment rate lags the national average, but has improved relative to the same period last year
Current Unemployment Rate (Mar)	4.5%	4.4%	
Year-ago Unemployment Rate	4.5%	3.8%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	-0.1%	1.3%	

Share of Total Employment by Industry

Panama City Area

U.S.



12-month Employment Change by Industry in the Panama City Area (Mar - 2020)

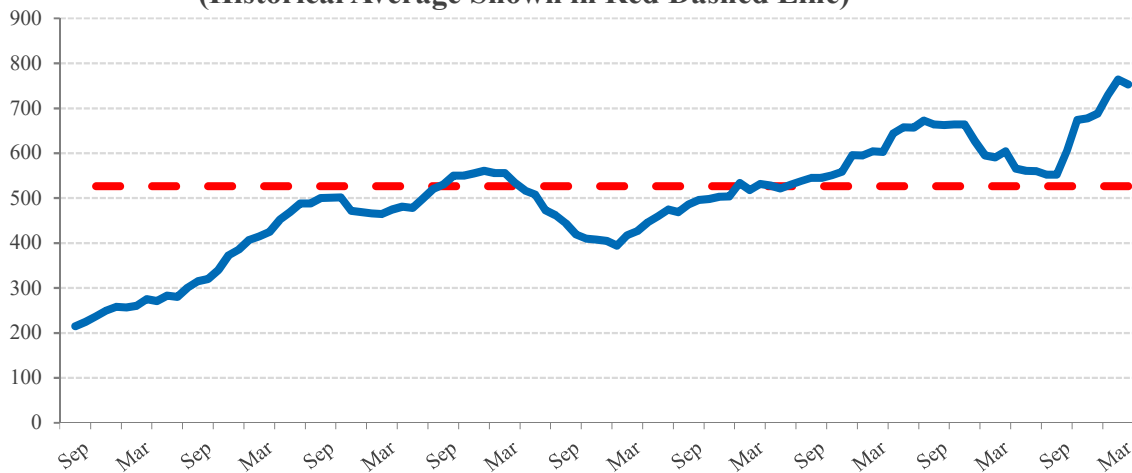
Goods Producing	NA	Information	0
Natural Resources/Mining/Construction	700	Financial Activities	100
Natural Resources and Mining	NA	Prof. & Business Services	0
Construction	NA	Educ. & Health Services	-600
Manufacturing	0	Leisure & Hospitality	600
Service Providing Excluding Government	NA	Other Services	100
Trade/Transportation/Utilities	-600	Government	-600

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%	

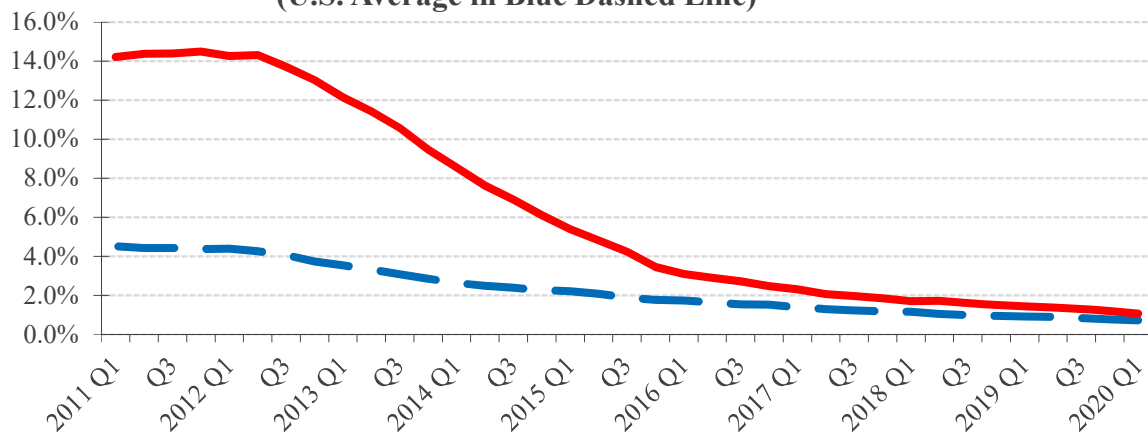
New Housing Construction

Local Fundamentals	Panama City	U.S.	
12-month Sum of 1-unit Building Permits through Mar	753	not comparable	The current level of construction is 43.0% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	526	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	24.7%	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)



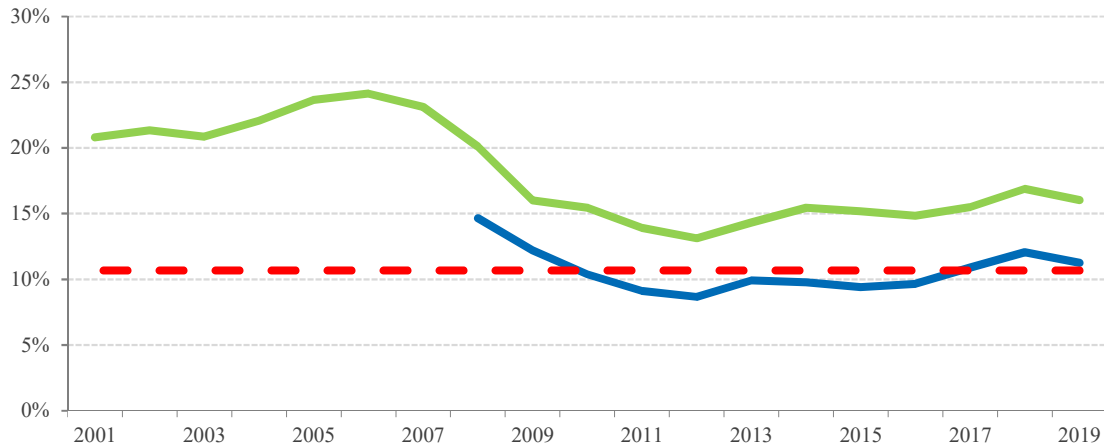
State Total Foreclosure Rate vs. U.S. Average
(U.S. Average in Blue Dashed Line)



Affordability

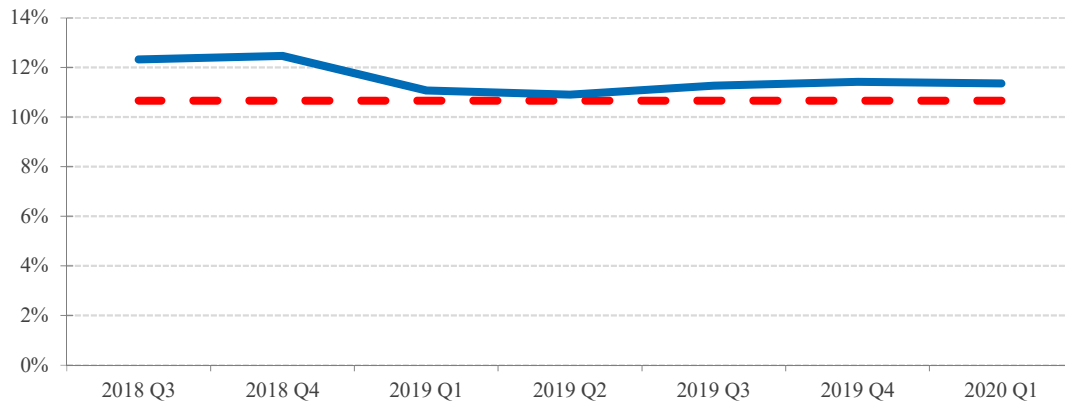


Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income
(Local Historical Average Shown in Red, U.S. Average in Green)



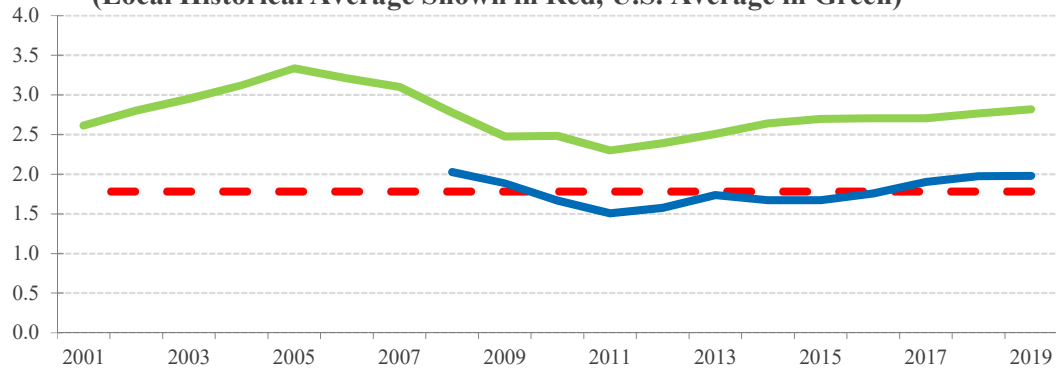
Monthly Mortgage Payment to Income	Panama City	U.S.	
Ratio for 2019	11.3%	16.0%	Weak by local standards and could weigh on demand
Ratio for 2020 Q1	11.4%	14.6%	
Historical Average	10.7%	18.4%	More affordable than most markets

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



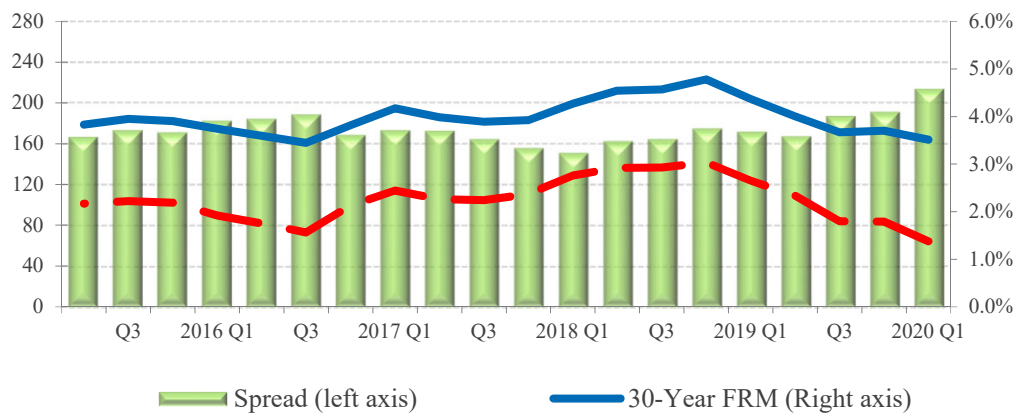
Median Home Price to Income	Panama City	U.S.	
Ratio for 2019	2.0	2.8	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2020 Q1	2.1	2.7	
Historical Average	1.8	2.7	Affordable compared to most markets

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



The Mortgage Market

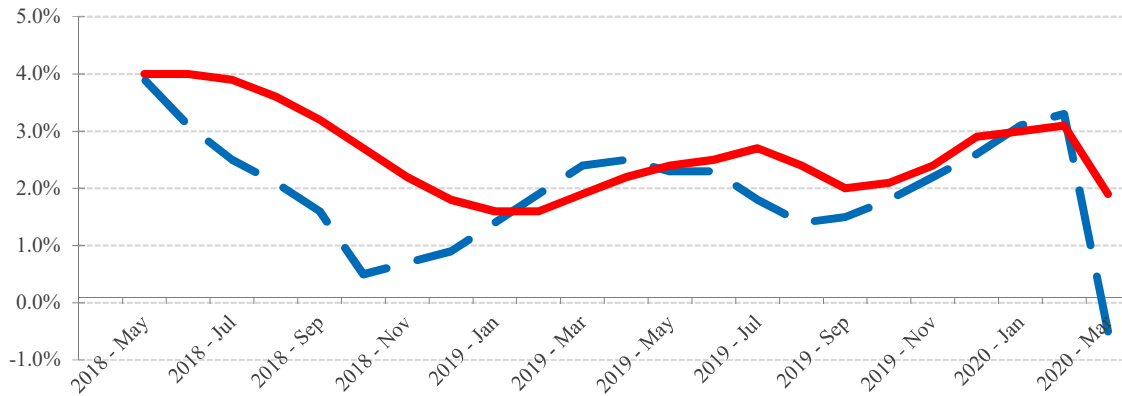
30-year Fixed Mortgage Rate and Treasury Bond Yield



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 Panama City area referred to in this report covers the geographic area of the Panama City 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:

Bay County and Gulf County

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