

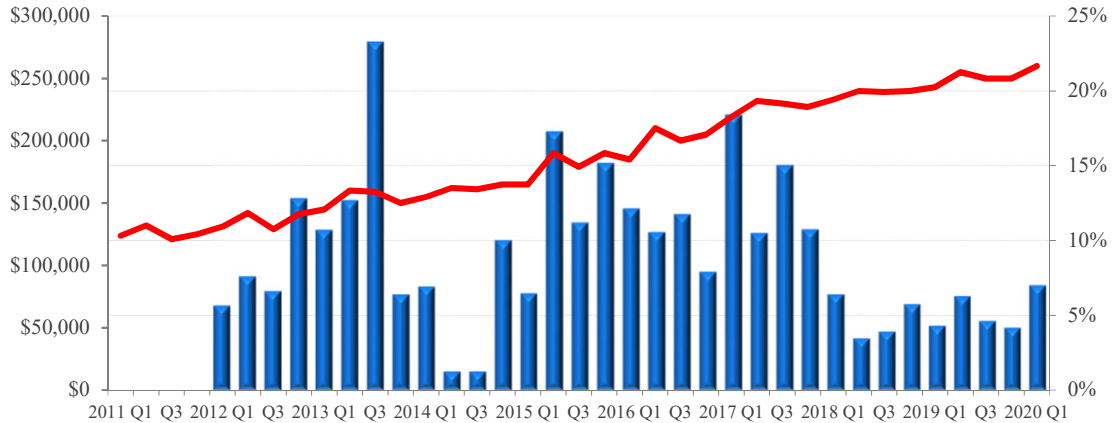
# Sebastian-Vero Beach, FL Area

## 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                             | Vero Beach | U.S.      | Local Trend  |
| Current Median Home Price (2020 Q1)        | \$260,000  | \$272,433 | Prices continue to grow relative to last year  |
| 1-year (4-quarter) Appreciation (2020 Q1)  | 7.0%       | 7.7%      |  |
| 3-year (12-quarter) Appreciation (2020 Q1) | 18.7%      | 18.1%     |  |
| 3-year (12-quarter) Housing Equity Gain*   | \$41,000   | \$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*  | \$115,000  | \$96,500  |  |
| 9-year (36 quarters) Housing Equity Gain*  | \$136,000  | \$114,500 |  |

\*Note: Equity gain reflects price appreciation only

|   | Vero Beach | U.S.           |   |
|---|------------|----------------|---|
| <b>Conforming Loan Limit**</b>                | \$484,350  | \$726,525      | Most buyers in this market have access to government-backed financing |
| <b>FHA Loan Limit</b>                         | \$314,827  | \$726,525      |   |
| <b>Local Median to Conforming Limit Ratio</b> | 54%        | not comparable |   |

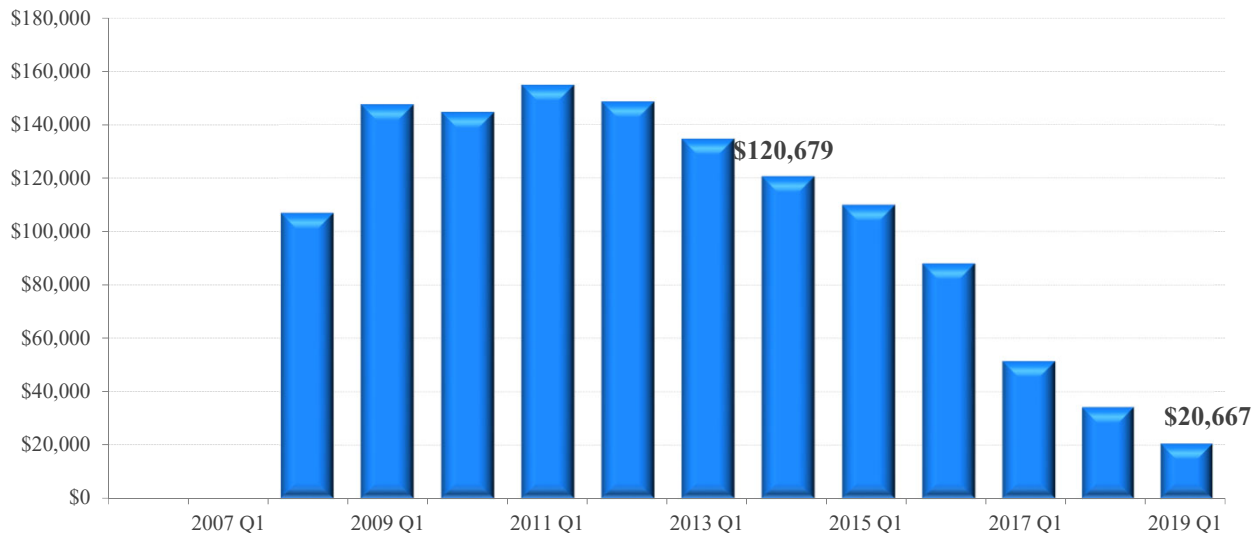
Note: limits are current and include the changes made on January 1st 2019.

#### Local NAR Leadership

The Sebastian-Vero Beach, 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        | VeroBeach | U.S.      | Local Trend  |
|-----------------------|-----------|-----------|--|
| 1-year (4-quarter)    | \$20,667  | \$23,185  | Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession |
| 3-year (12-quarter)*  | \$51,675  | \$52,978  |  |
| 5-year (20-quarter)*  | \$109,919 | \$87,425  |  |
| 7-year (28 quarters)* | \$134,657 | \$120,351 |  |
| 9-year (36 quarters)* | \$154,887 | \$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

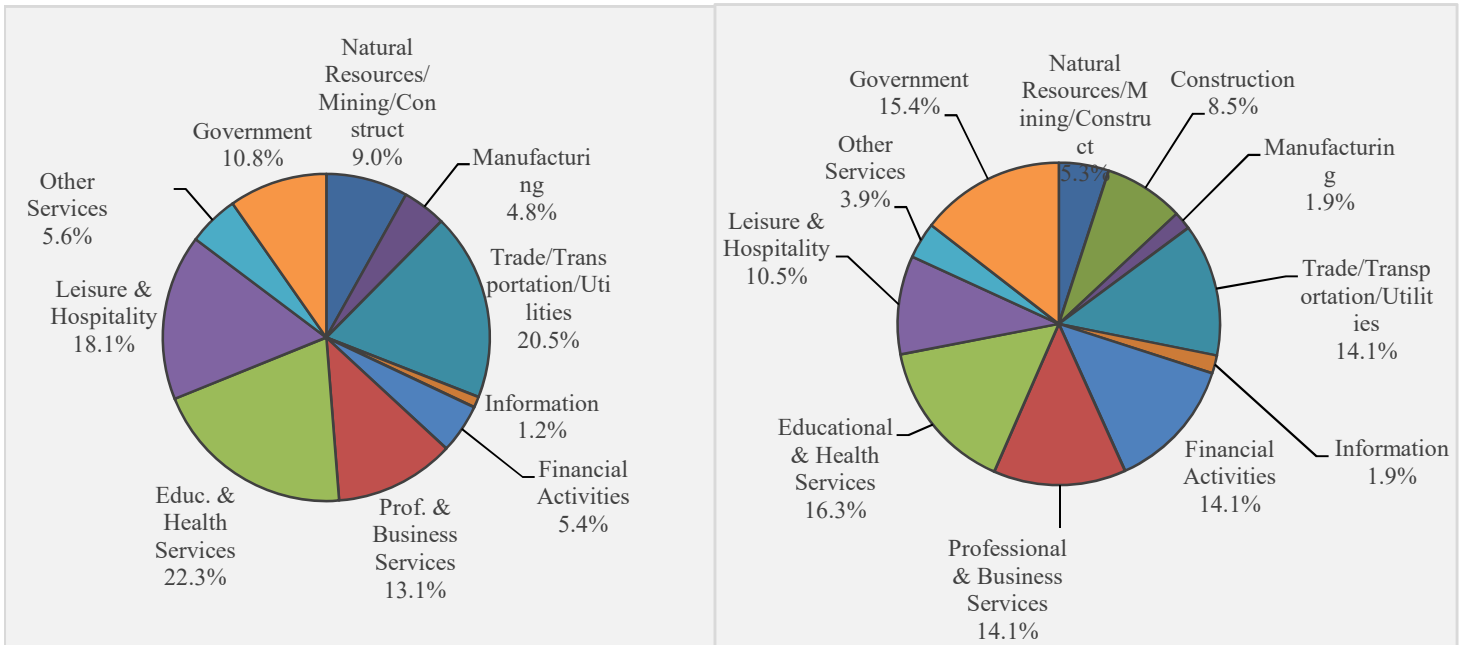
# Drivers of Local Supply and Demand...

| Local Economic Outlook            | Vero Beach | U.S.           |   |
|-----------------------------------|------------|----------------|---|
| 12-month Job Change (Mar)         | 500        | Not Comparable | Employment growth has eased, but remains positive   |
| 12-month Job Change (Feb)         | 800        | Not Comparable |   |
| 36-month Job Change (Mar)         | 3,300      | Not Comparable | Vero Beach's unemployment situation is worse than the national average and weighs on confidence |
| Current Unemployment Rate (Mar)   | 5.1%       | 4.4%           |   |
| Year-ago Unemployment Rate        | 3.8%       | 3.8%           | Local employment growth is poor and needs to improve  |
| 1-year (12 month) Job Growth Rate | 0.9%       | 1.3%           |   |

## Share of Total Employment by Industry

Sebastian-Vero Beach, FL Area

U.S.



### 12-month Employment Change by Industry in the Sebastian-Vero Beach, FL Area (Mar - 2020)

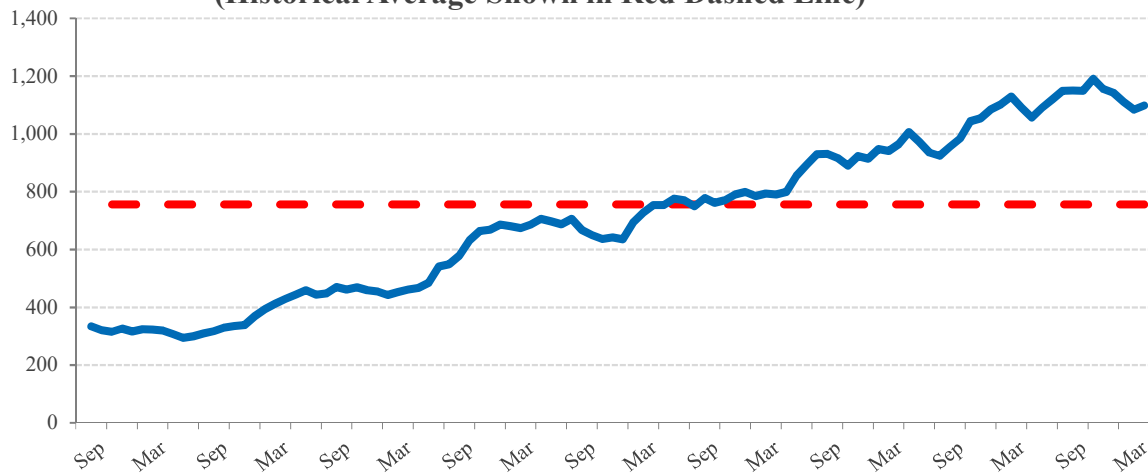
|  |      |                           |      |
|--|------|---------------------------|------|
| Goods Producing                        | NA   | Information               | 0    |
| Natural Resources/Mining/Construction  | 200  | Financial Activities      | -100 |
| Natural Resources and Mining           | NA   | Prof. & Business Services | 200  |
| Construction                           | NA   | Educ. & Health Services   | 400  |
| Manufacturing                          | 100  | Leisure & Hospitality     | 400  |
| Service Providing Excluding Government | NA   | Other Services            | 0    |
| Trade/Transportation/Utilities         | -400 | Government                | 0    |

| 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% |   |

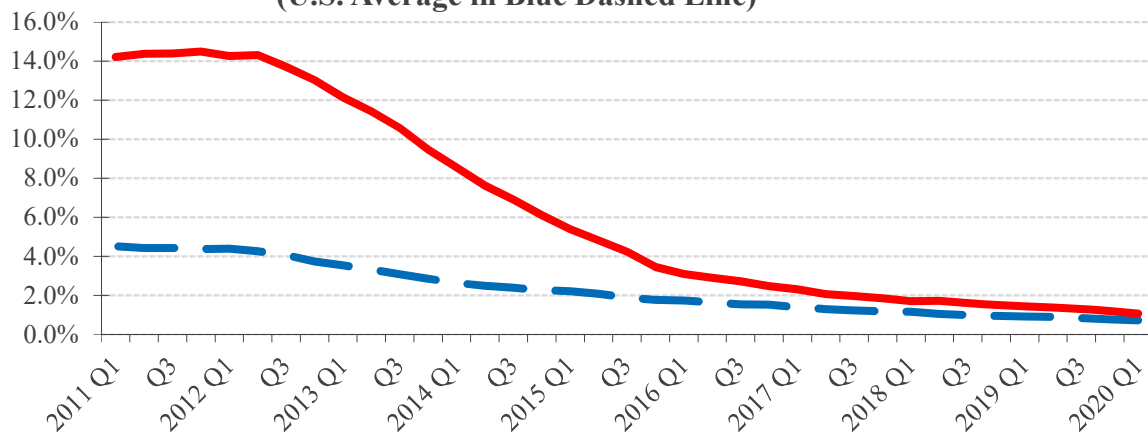
## New Housing Construction

| Local Fundamentals   | Vero Beach | U.S.           |  |
|--|------------|----------------|--|
| 12-month Sum of 1-unit Building Permits through Mar                | 1,098      | not comparable | The current level of construction is 45.2% above the long-term average   |
| 8-year average for 12-month Sum of 1-Unit Building Permits         | 756        | 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)<br>12-month sum vs. a year ago | 0.6%       | 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)



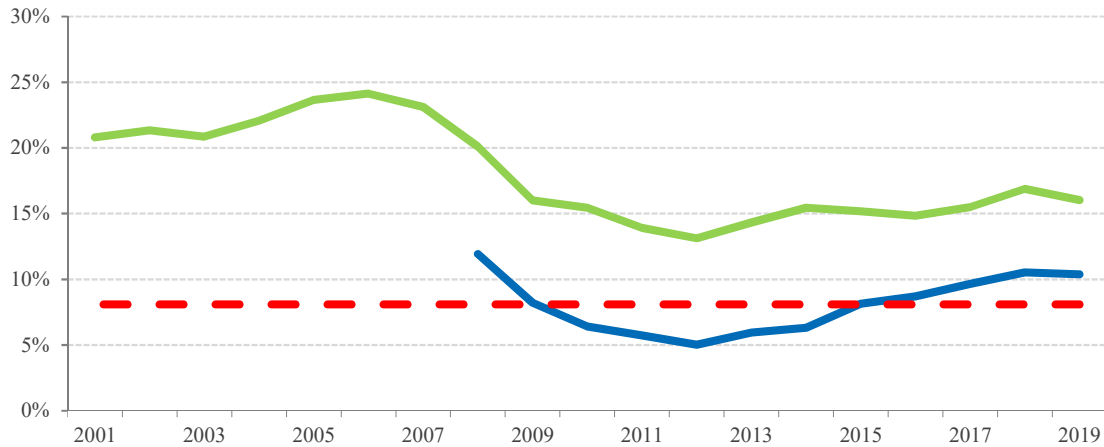
**State Total Foreclosure Rate vs. U.S. Average**  
(U.S. Average in Blue Dashed Line)



# Affordability

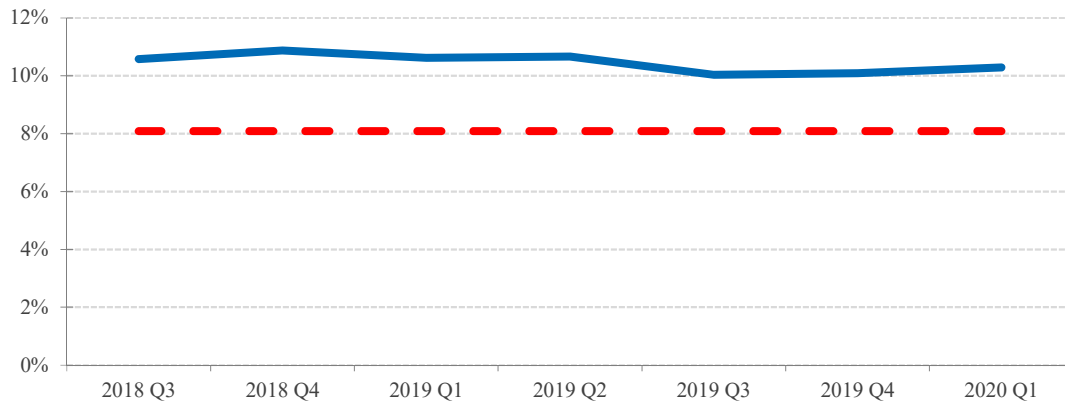


**Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income**  
(Local Historical Average Shown in Red, U.S. Average in Green)



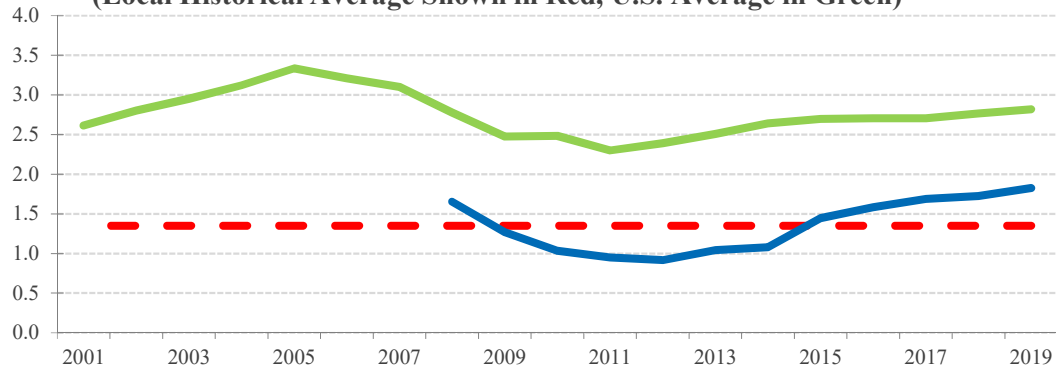
| Monthly Mortgage Payment to Income | Vero Beach | U.S.  |   |
|------------------------------------|------------|-------|---|
| Ratio for 2019                     | 10.4%      | 16.0% | Weak by local standards and could weigh on demand |
| Ratio for 2020 Q1                  | 10.3%      | 14.6% |   |
| Historical Average                 | 8.1%       | 18.4% | More affordable than most markets                 |

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



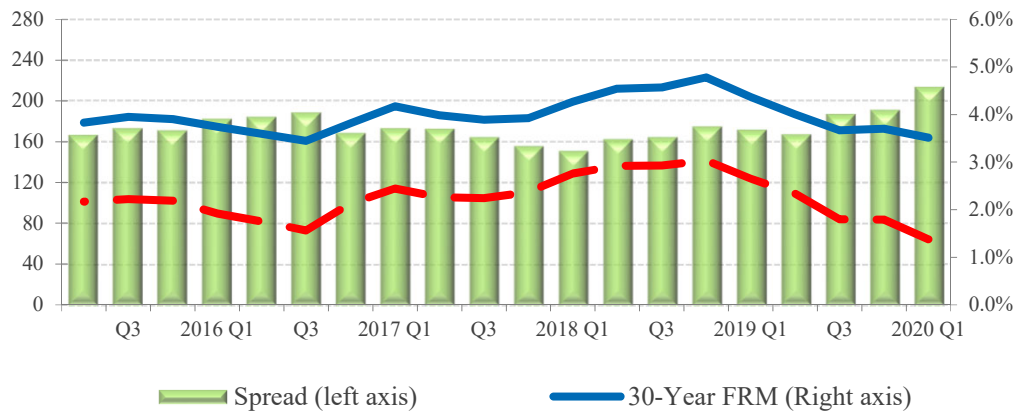
| Median Home Price to Income | Vero Beach | U.S. |   |
|-----------------------------|------------|------|---|
| Ratio for 2019              | 1.8        | 2.8  | The price-to-income ratio is high by historic standards and getting worse |
| Ratio for 2020 Q1           | 1.9        | 2.7  |   |
| Historical Average          | 1.4        | 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

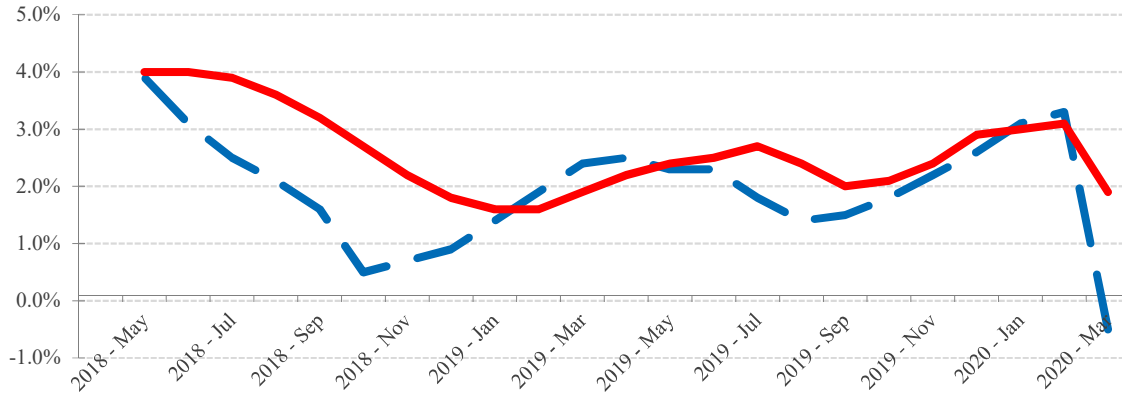
**30-year Fixed Mortgage Rate and Treasury Bond Yield**



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 Vero Beach area referred to in this report covers the geographic area of the Sebastian-Vero Beach, 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:

Indian River County

More information on the OMB's geographic definitions can be found at [https://obamawhitehouse.archives.gov/omb/bulletins\\_default/](https://obamawhitehouse.archives.gov/omb/bulletins_default/)