

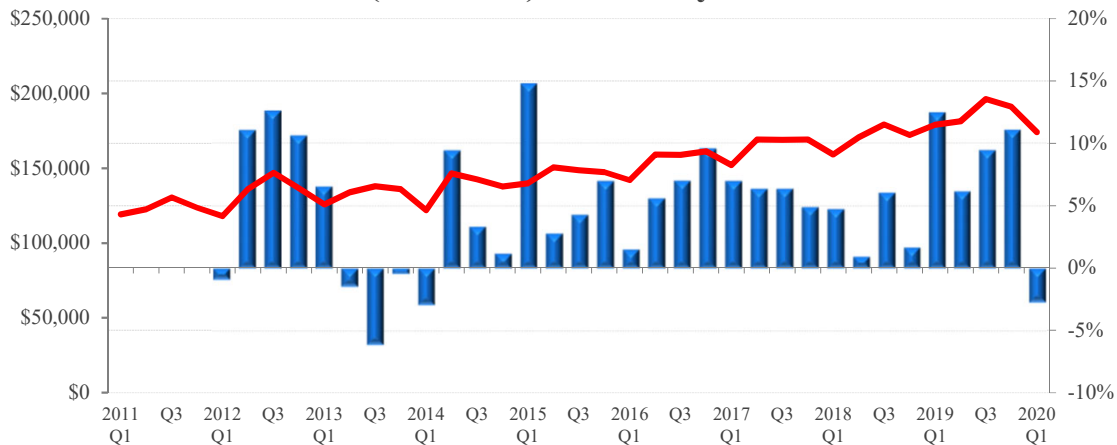
Bowling Green Area

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	Bowling Green	U.S.	Local Trend
Current Median Home Price (2020 Q1)	\$174,100	\$272,433	Prices are down compared to a year earlier and continue to weaken
1-year (4-quarter) Appreciation (2020 Q1)	-2.7%	7.7%	
3-year (12-quarter) Appreciation (2020 Q1)	14.5%	18.1%	
3-year (12-quarter) Housing Equity Gain*	\$22,100	\$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*	\$48,400	\$96,500	
9-year (36 quarters) Housing Equity Gain*	\$55,000	\$114,500	

*Note: Equity gain reflects price appreciation only

	Bowling Green	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	36%	not comparable	

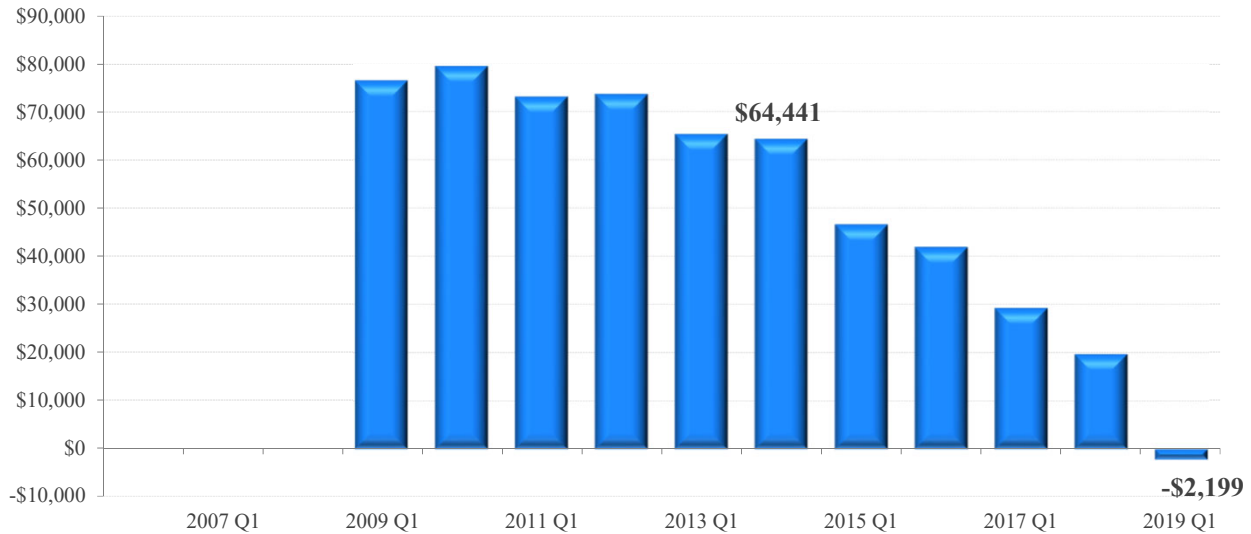
Note: limits are current and include the changes made on January 1st 2019.

Local NAR Leadership

The Bowling Green market is part of region 4 in the NAR governance system, which includes all of North Carolina, South Carolina, Kentucky, and Tennessee. The 2020 NAR Regional Vice President representing region 4 is J.D. Rinehart, Jr..

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	Bowling Green	U.S.	Local Trend
1-year (4-quarter)	\$2,199	\$23,185	Price trends in the last three years have undercut the steady post-recession home equity growth despite owners paying down principle
3-year (12-quarter)*	\$29,509	\$52,978	
5-year (20-quarter)*	\$46,759	\$87,425	
7-year (28 quarters)*	\$65,441	\$120,351	
9-year (36 quarters)*	\$73,141	\$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

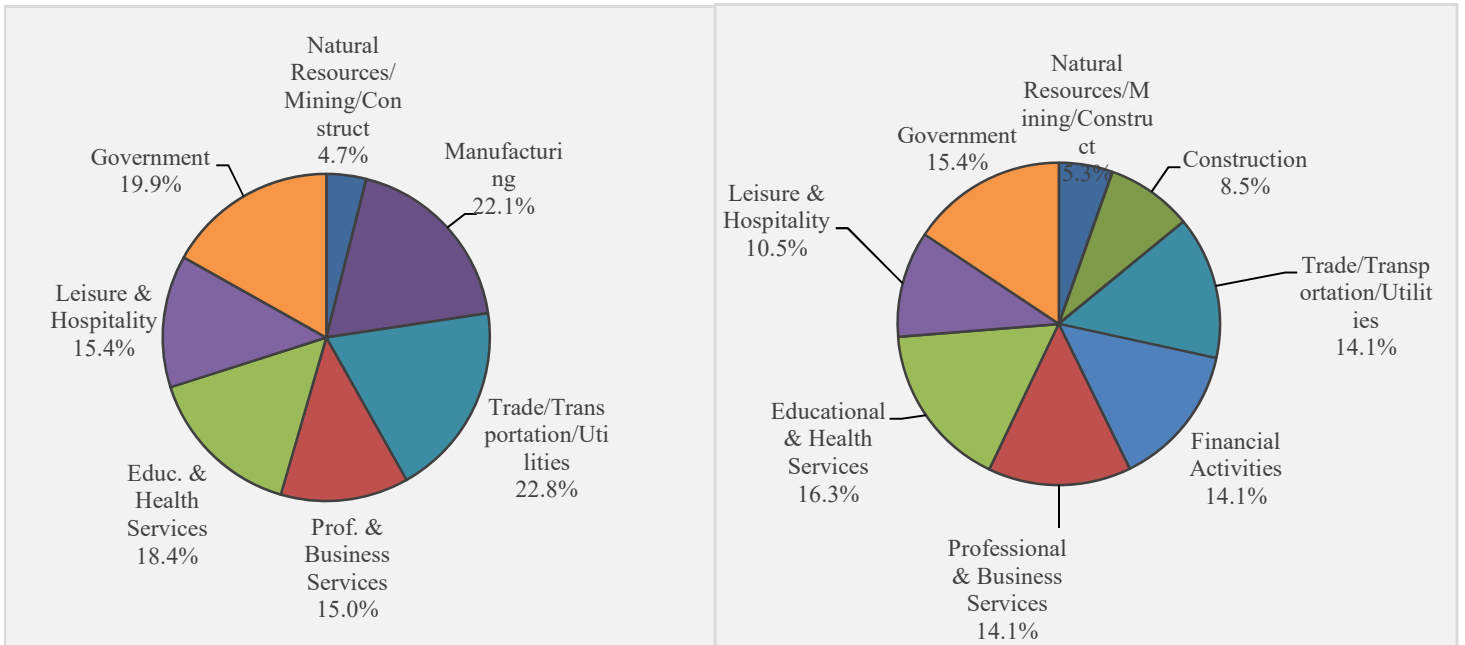
Drivers of Local Supply and Demand...

Local Economic Outlook	Bowling Green	U.S.	
12-month Job Change (Mar)	-300	Not Comparable	Employment continues to decline and will weigh on demand in some areas
12-month Job Change (Feb)	800	Not Comparable	
36-month Job Change (Mar)	500	Not Comparable	Bowling Green'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	4.4%	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

Bowling Green Area

U.S.



12-month Employment Change by Industry in the Bowling Green Area (Mar - 2020)

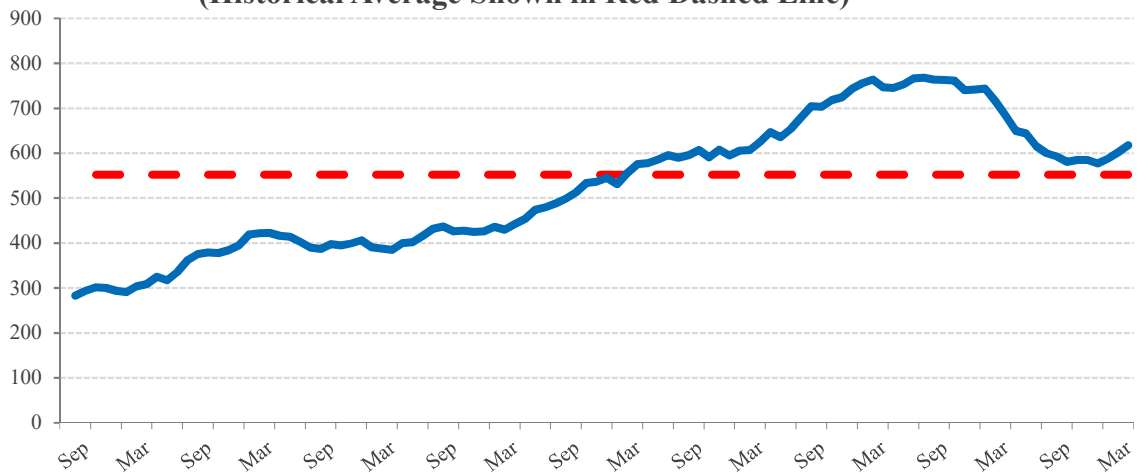
Goods Producing	NA	Information	NA
Natural Resources/Mining/Construction	-100	Financial Activities	NA
Natural Resources and Mining	NA	Prof. & Business Services	-100
Construction	NA	Educ. & Health Services	200
Manufacturing	300	Leisure & Hospitality	500
Service Providing Excluding Government	NA	Other Services	NA
Trade/Transportation/Utilities	100	Government	-200

State Economic Activity Index	Kentucky	U.S.	
12-month change (2020 - Mar)	-3.3%	1.2%	The economy of Kentucky is still in recession, but improved modestly from last month's -38.49% change
36-month change (2020 - Mar)	NA	7.0%	

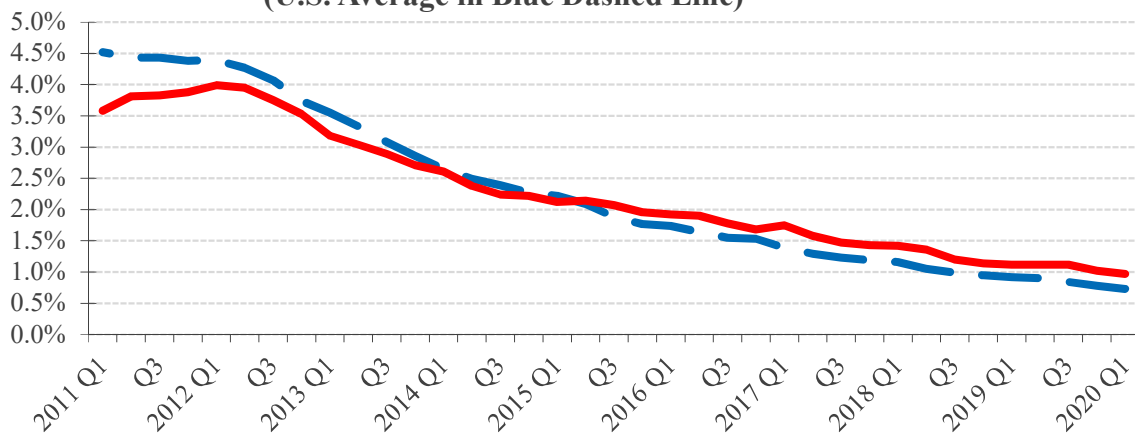
New Housing Construction

Local Fundamentals	Bowling Green	U.S.	
12-month Sum of 1-unit Building Permits through Mar	618	not comparable	The current level of construction is 11.9% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	552	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	-9.6%	5.5%	Construction continues to decline from last year

Construction: 12-month Sum of Local Housing Permits
(Historical Average Shown in Red Dashed Line)



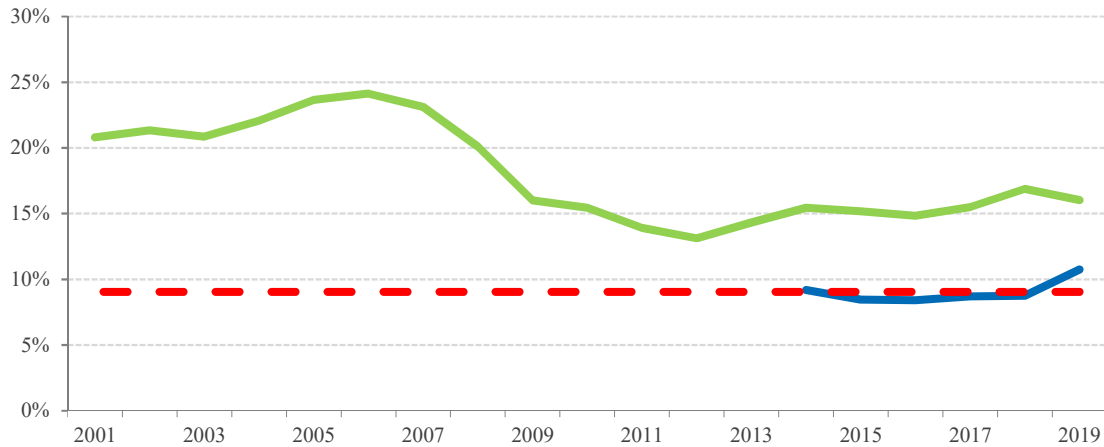
State Total Foreclosure Rate vs. U.S. Average
(U.S. Average in Blue Dashed Line)



Affordability

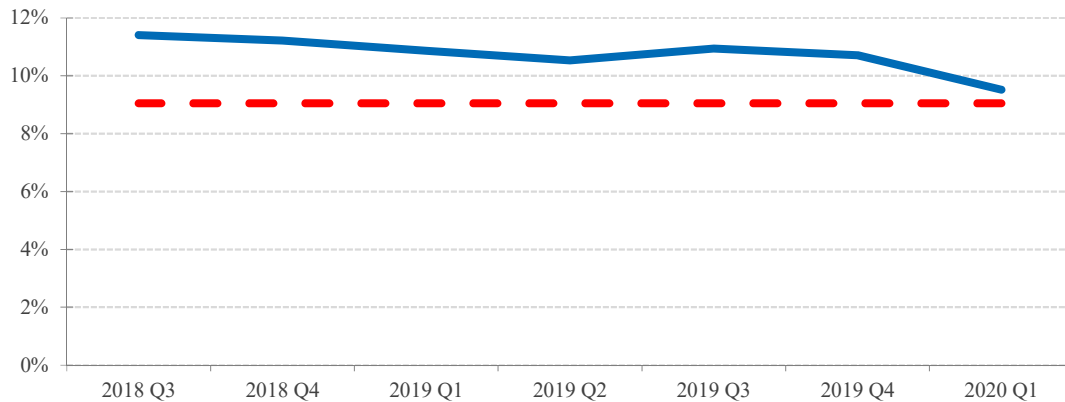


Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income
(Local Historical Average Shown in Red, U.S. Average in Green)



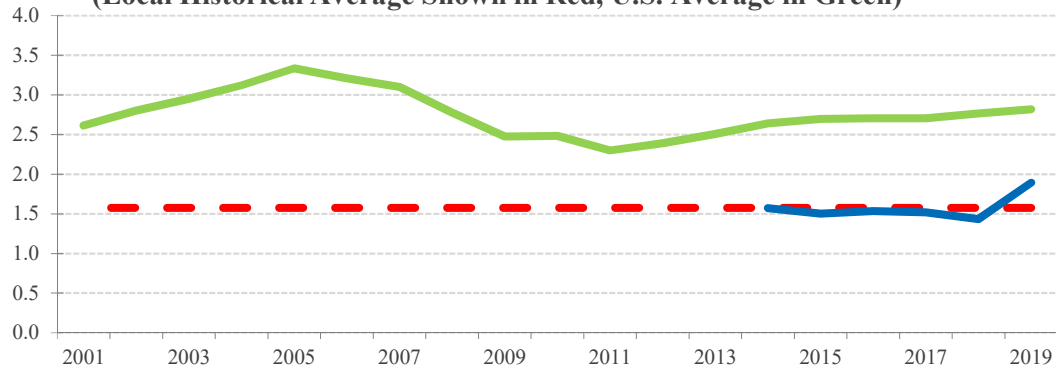
Monthly Mortgage Payment to Income	Bowling Green	U.S.	
Ratio for 2019	10.8%	16.0%	Weak by local standards and could weigh on demand
Ratio for 2020 Q1	9.5%	14.6%	
Historical Average	9.0%	18.4%	More affordable than most markets

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



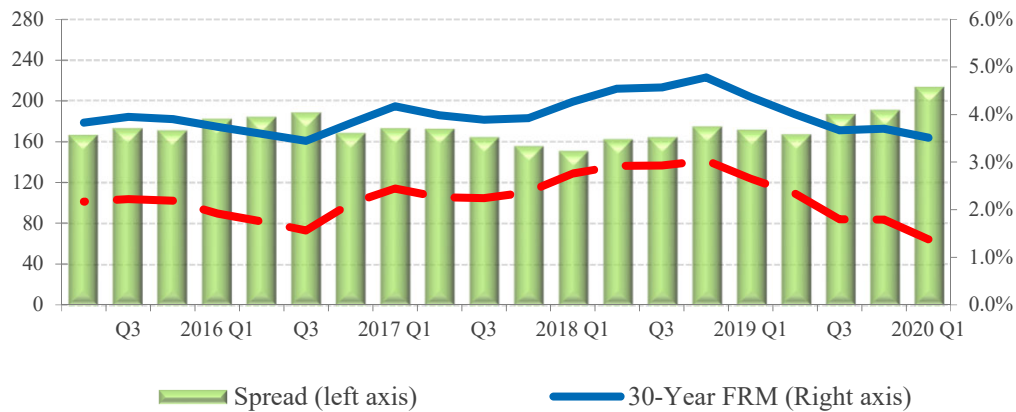
Median Home Price to Income	Bowling Green	U.S.	
Ratio for 2019	1.9	2.8	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2020 Q1	1.8	2.7	
Historical Average	1.6	2.7	Affordable compared to most markets

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



The Mortgage Market

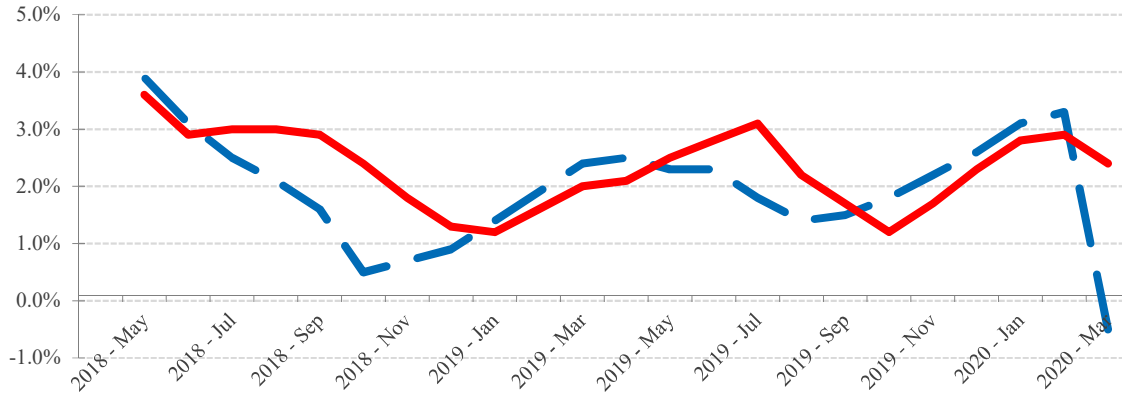
30-year Fixed Mortgage Rate and Treasury Bond Yield



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	Kentucky	U.S.	
2020 - Mar	2.4%	-0.5%	REALTORS® expect higher price growth in Kentucky than in the U.S. in the next 12 months. Their price expectations are also higher than a year ago.
Prior 12 months	2.0%	2.4%	



Geographic Coverage for this Report

The Bowling Green area referred to in this report covers the geographic area of the Bowling Green 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:

Allen County, Butler County, Edmonson County and Warren County

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