

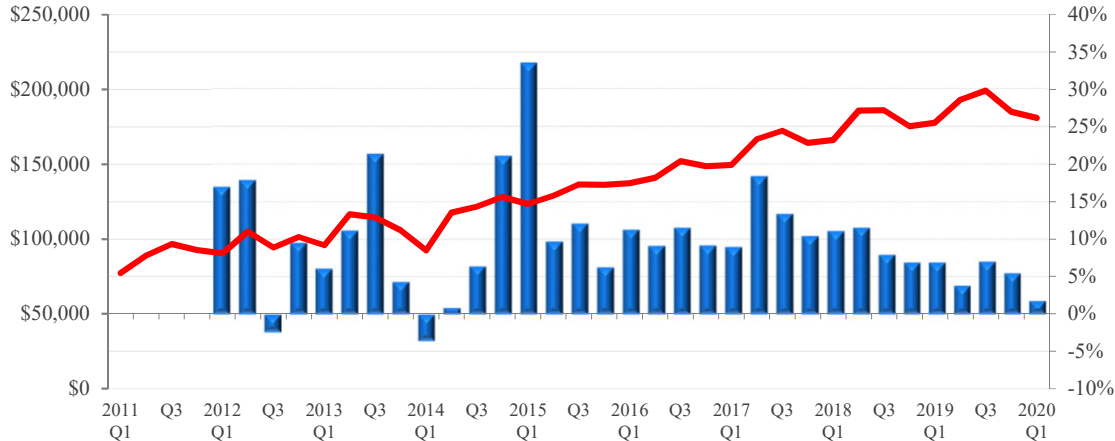
Sherman-Denison Area

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	Sherman-Denison	U.S.	Local Trend
Current Median Home Price (2020 Q1)	\$180,900	\$272,433	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2020 Q1)	1.8%	7.7%	
3-year (12-quarter) Appreciation (2020 Q1)	20.9%	18.1%	
3-year (12-quarter) Housing Equity Gain*	\$31,300	\$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*	\$85,000	\$96,500	
9-year (36 quarters) Housing Equity Gain*	\$103,600	\$114,500	

*Note: Equity gain reflects price appreciation only

	Sherman-Denison	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	37%	not comparable	

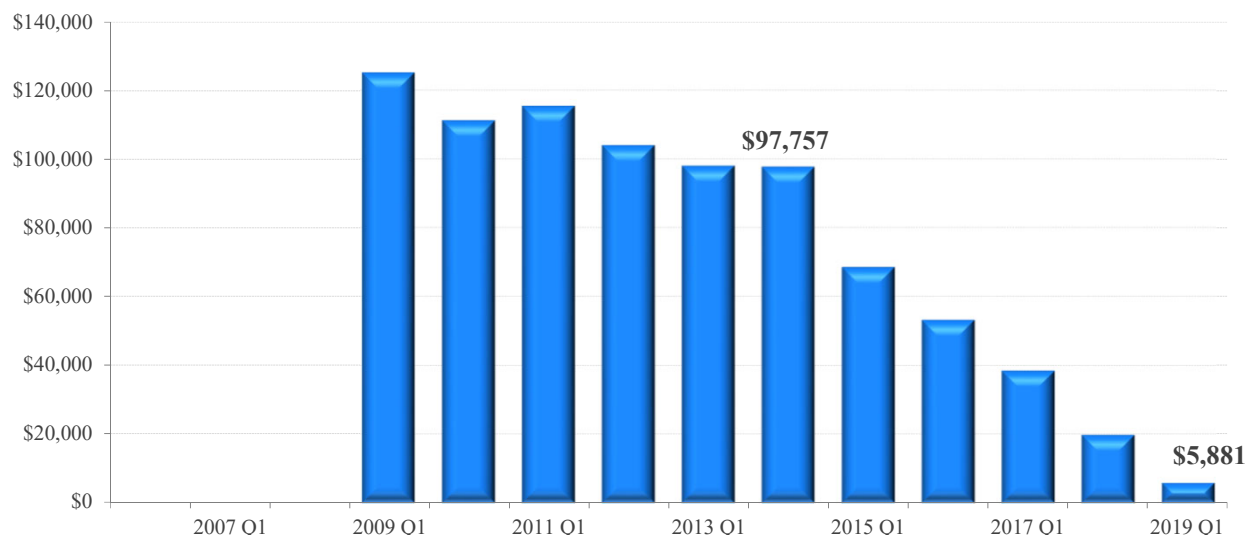
Note: limits are current and include the changes made on January 1st 2019.

Local NAR Leadership

The Sherman-Denison market is part of region 10 in the NAR governance system, which includes all of Louisiana and Texas. The 2020 NAR Regional Vice President representing region 10 is Kaki Lybbert.

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	Sherman-Denison	U.S.	Local Trend
1-year (4-quarter)	\$5,881	\$23,185	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$38,592	\$52,978	
5-year (20-quarter)*	\$68,658	\$87,425	
7-year (28 quarters)*	\$98,001	\$120,351	
9-year (36 quarters)*	\$115,374	\$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

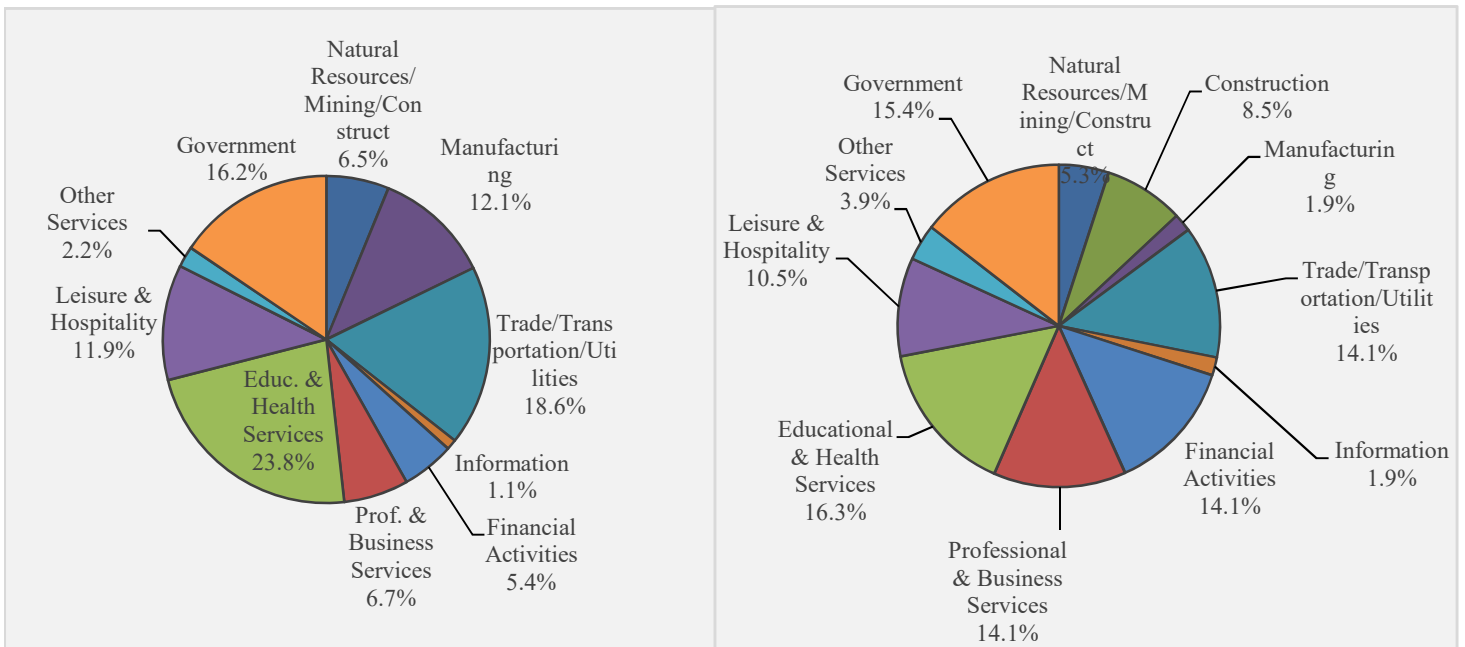
Drivers of Local Supply and Demand...

Local Economic Outlook	Sherman-Denison	U.S.	
12-month Job Change (Mar)	500	Not Comparable	Employment has held up and is on an upward trend
12-month Job Change (Feb)	0	Not Comparable	
36-month Job Change (Mar)	2,400	Not Comparable	Sherman-Denison's unemployment situation is worse than the national average and weighs on confidence
Current Unemployment Rate (Mar)	4.6%	4.4%	
Year-ago Unemployment Rate	3.0%	3.8%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	1.0%	1.3%	

Share of Total Employment by Industry

Sherman-Denison Area

U.S.



12-month Employment Change by Industry in the Sherman-Denison Area (Mar - 2020)

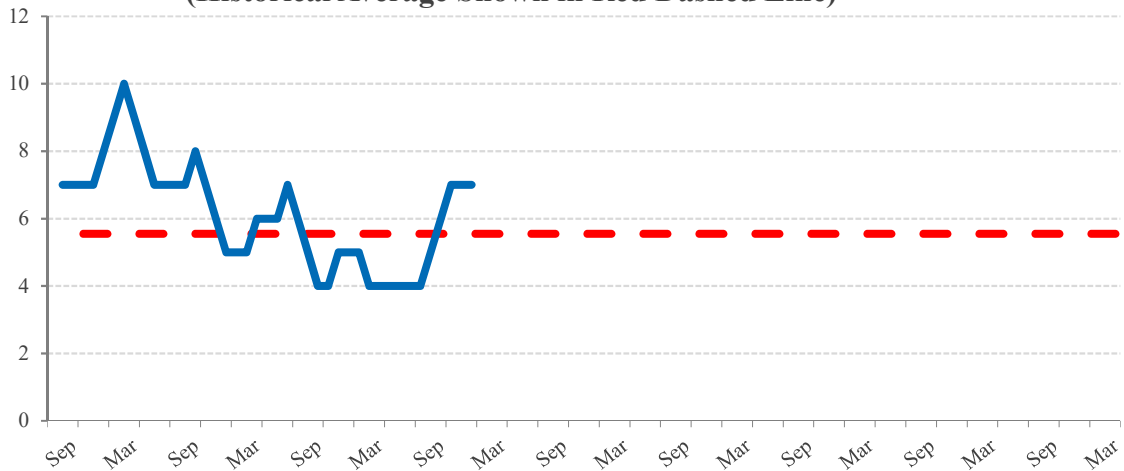
Goods Producing	NA	Information	200
Natural Resources/Mining/Construction	-200	Financial Activities	0
Natural Resources and Mining	NA	Prof. & Business Services	-300
Construction	NA	Educ. & Health Services	200
Manufacturing	-200	Leisure & Hospitality	100
Service Providing Excluding Government	NA	Other Services	0
Trade/Transportation/Utilities	-100	Government	300

State Economic Activity Index	Texas	U.S.	
12-month change (2020 - Mar)	1.9%	1.2%	The economy of Texas has outpaced the rest of the nation and improved modestly from last month's -5.50% change
36-month change (2020 - Mar)	NA	7.0%	

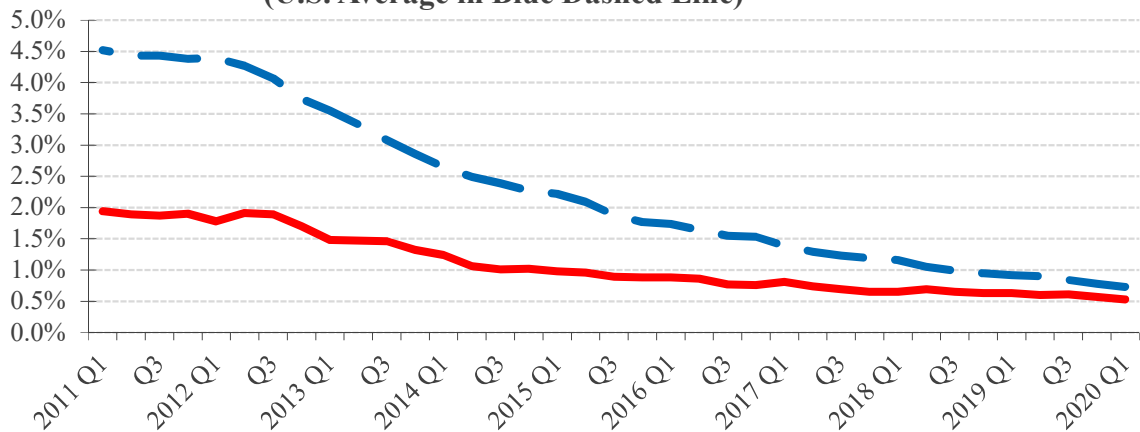
New Housing Construction

Local Fundamentals	Sherman-Denison	U.S.	
12-month Sum of 1-unit Building Permits through Mar	NA	not comparable	Local Data Not Available
8-year average for 12-month Sum of 1-Unit Building Permits	6	not comparable	Local Data Not Available
Single-Family Housing Permits (Mar) 12-month sum vs. a year ago	NA	5.5%	Local Data Not Available

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

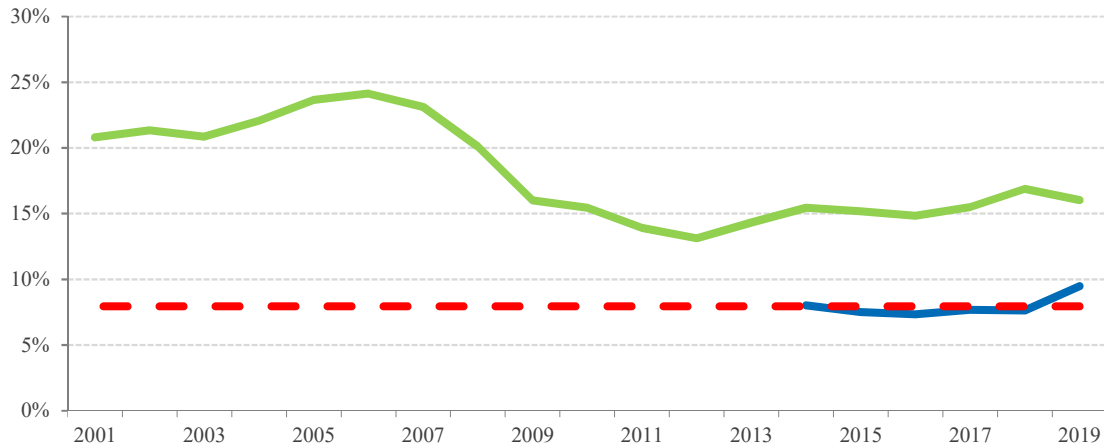


State Total Foreclosure Rate vs. U.S. Average
(U.S. Average in Blue Dashed Line)



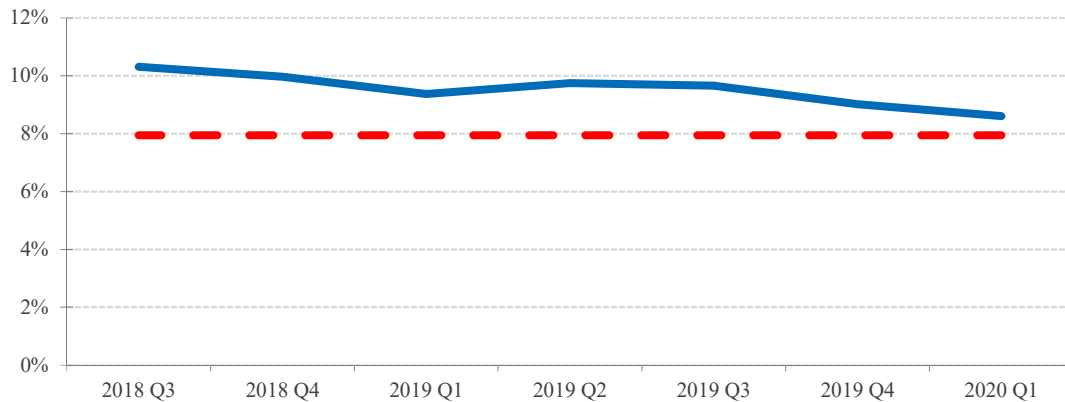
Affordability

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



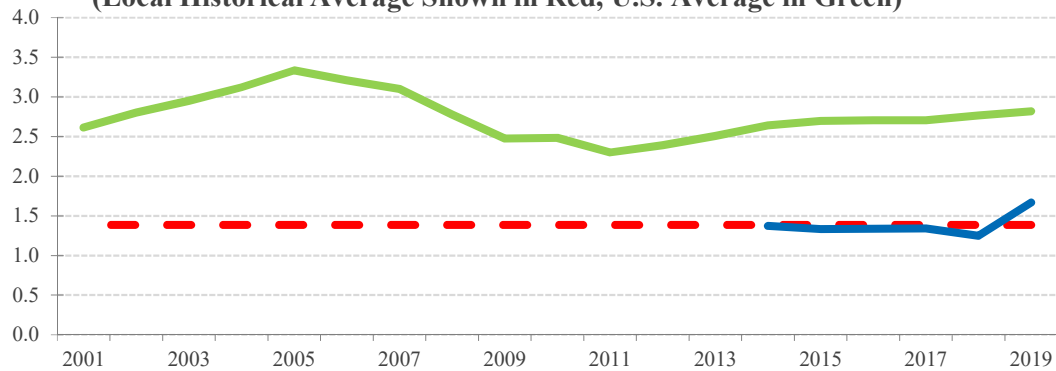
Monthly Mortgage Payment to Income	Sherman-Denison	U.S.	
Ratio for 2019	9.5%	16.0%	Weak by local standards and could weigh on demand
Ratio for 2020 Q1	8.6%	14.6%	
Historical Average	7.9%	18.4%	More affordable than most markets

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



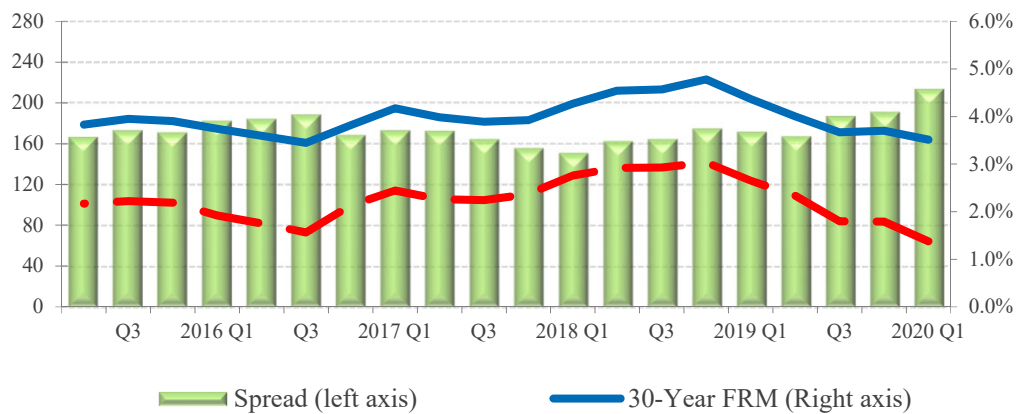
Median Home Price to Income	Sherman-Denison	U.S.	
Ratio for 2019	1.7	2.8	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2020 Q1	1.6	2.7	
Historical Average	1.4	2.7	Affordable compared to most markets

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



The Mortgage Market

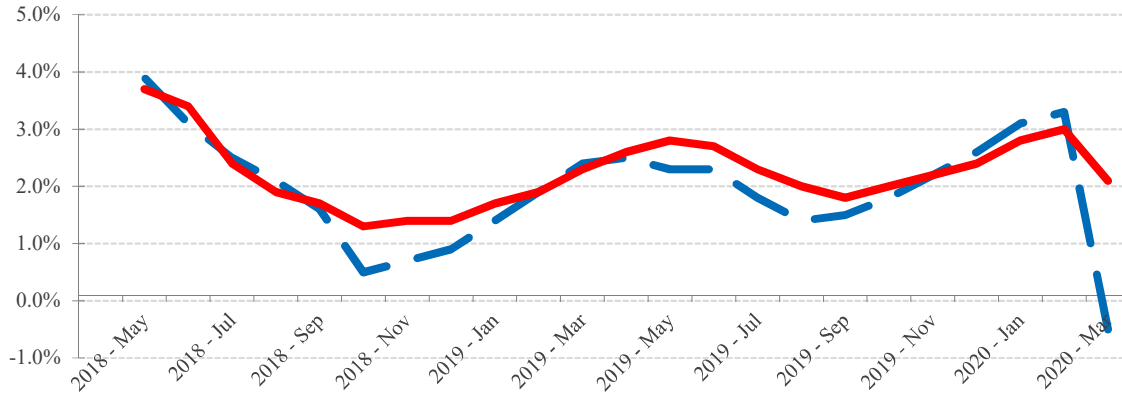
30-year Fixed Mortgage Rate and Treasury Bond Yield



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	Texas	U.S.	
2020 - Mar	2.1%	-0.5%	REALTORS® expect higher price growth in Texas than in the U.S. in the next 12 months. However, their price expectations for the local market are more modest than a year ago.
Prior 12 months	2.3%	2.4%	



Geographic Coverage for this Report

The Sherman-Denison area referred to in this report covers the geographic area of the Sherman-Denison 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:

Grayson County

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