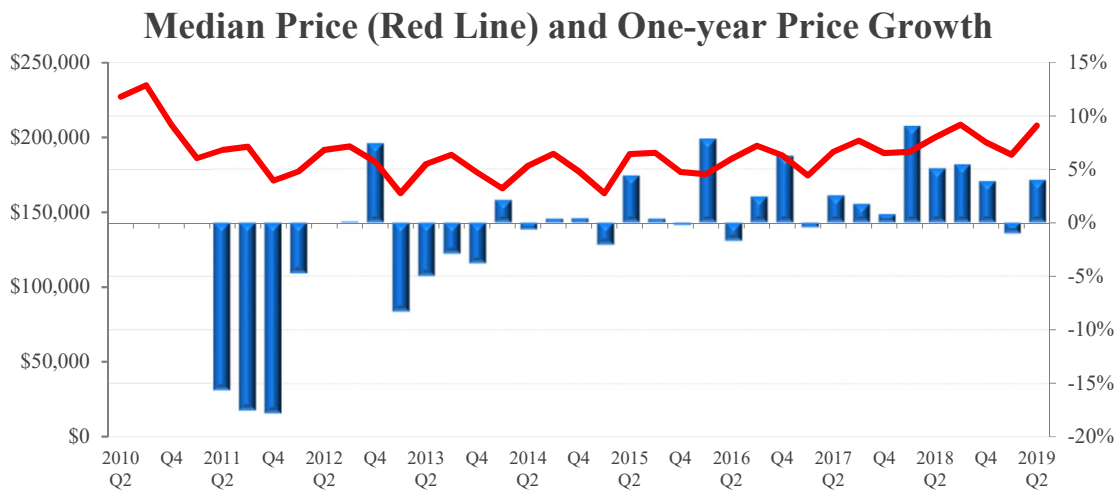


Allentown-Bethlehem-Easton Area

Local Market Report, Second Quarter 2019

Today's Market...



Local Price Trends			
Price Activity	Allentown	U.S.	Local Trend
Current Median Home Price (2019 Q2)	\$207,900	\$276,800	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2019 Q2)	4.0%	4.2%	
3-year (12-quarter) Appreciation (2019 Q2)	12.0%	15.8%	
3-year (12-quarter) Housing Equity Gain*	\$22,200	\$37,667	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$16,200	\$95,867	
9-year (36 quarters) Housing Equity Gain*	-\$19,300	\$100,200	

*Note: Equity gain reflects price appreciation only

	Allentown	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	43%	not comparable	

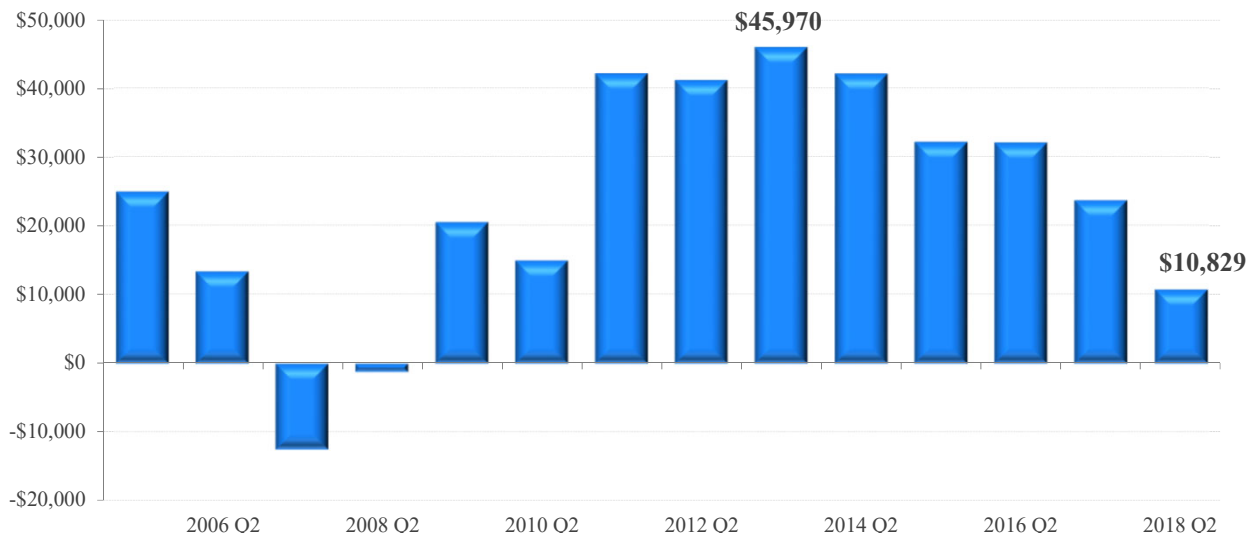
Note: limits are current and include the changes made on January 1st 2019.

Local NAR Leadership

The Allentown-Bethlehem-Easton market is part of region 2 in the NAR governance system, which includes all of New York, New Jersey, and Pennsylvania. The 2019 NAR Regional Vice President representing region 2 is Guy Matteo.

Benefits of Ownership: Total Equity Appreciation

Total Equity Accrued to Owner by Year and Quarter of Purchase



Total Equity Gained through 2019 Q2 from quarter in which home was of purchased**

Price Activity	Allentown	U.S.	Local Trend
1-year (4-quarter)	\$10,829	\$15,090	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$32,112	\$50,431	
5-year (20-quarter)*	\$42,107	\$79,779	
7-year (28 quarters)*	\$41,179	\$108,518	
9-year (36 quarters)*	\$15,037	\$112,549	
If purchase in 2005, the national price peak	\$25,001	\$75,039	

*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

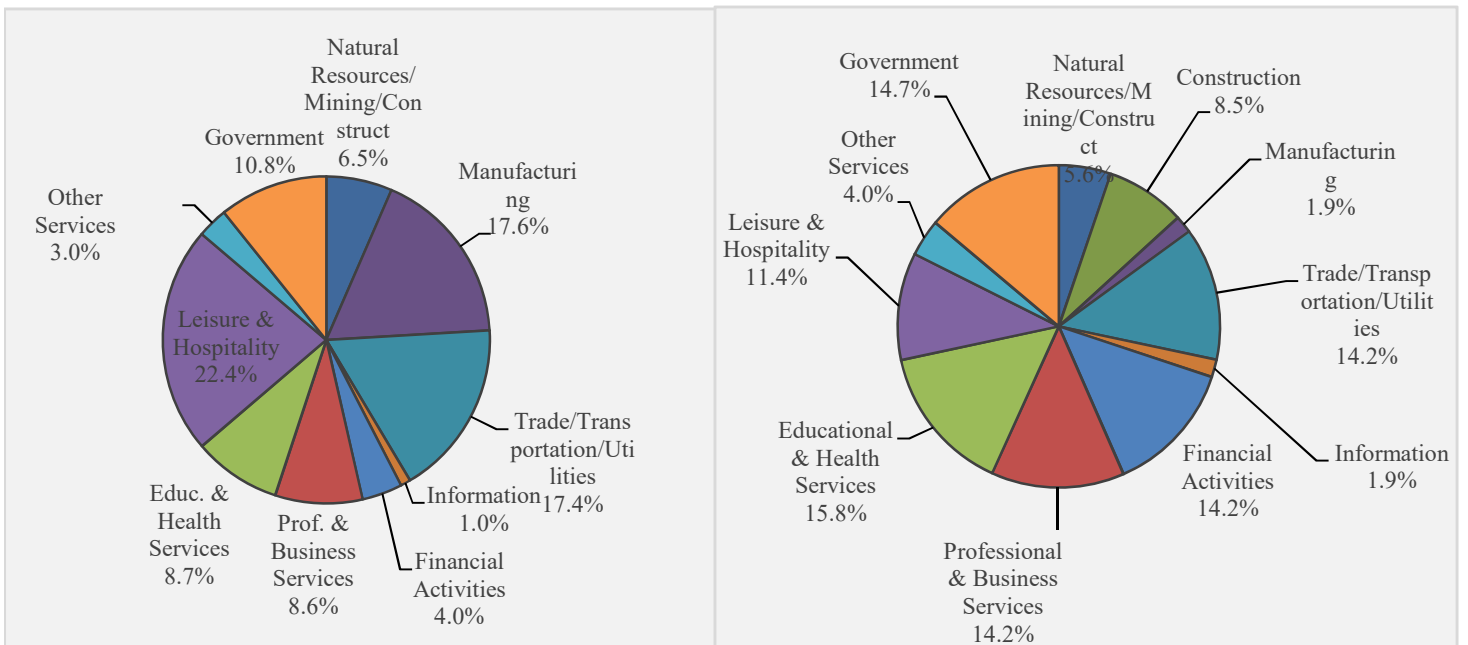
Drivers of Local Supply and Demand...

Local Economic Outlook	Allentown	U.S.	
12-month Job Change (Jun)	3,700	Not Comparable	Employment has held up and is on an upward trend
12-month Job Change (May)	2,500	Not Comparable	
36-month Job Change (Jun)	14,000	Not Comparable	Allentown's unemployment rate lags the national average, but has improved relative to the same period last year
Current Unemployment Rate (Jun)	4.0%	3.7%	
Year-ago Unemployment Rate	4.7%	3.9%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	1.0%	1.7%	

Share of Total Employment by Industry

Allentown-Bethlehem-Easton Area

U.S.



12-month Employment Change by Industry in the Allentown-Bethlehem-Easton Area (Jul - 2019)

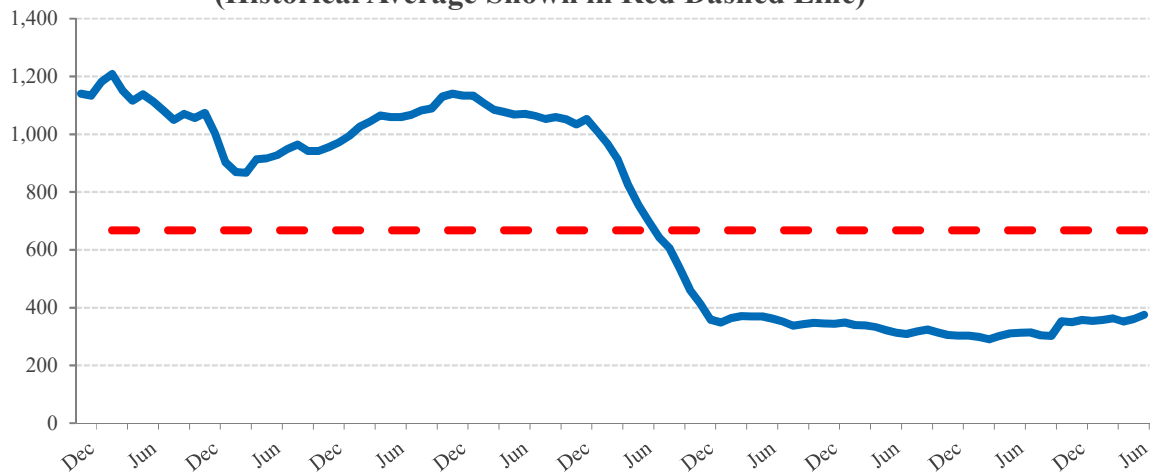
Goods Producing	NA	Information	0
Natural Resources/Mining/Construction	700	Financial Activities	-500
Natural Resources and Mining	NA	Prof. & Business Services	1,200
Construction	NA	Educ. & Health Services	600
Manufacturing	400	Leisure & Hospitality	1,600
Service Providing Excluding Government	NA	Other Services	100
Trade/Transportation/Utilities	400	Government	100

State Economic Activity Index	Pennsylvania	U.S.	
12-month change (2019 - Jun)	2.6%	3.0%	Pennsylvania's economy is growing, but decelerated from last month's 2.79% change and lags the rest of the nation
36-month change (2019 - Jun)	NA	9.2%	

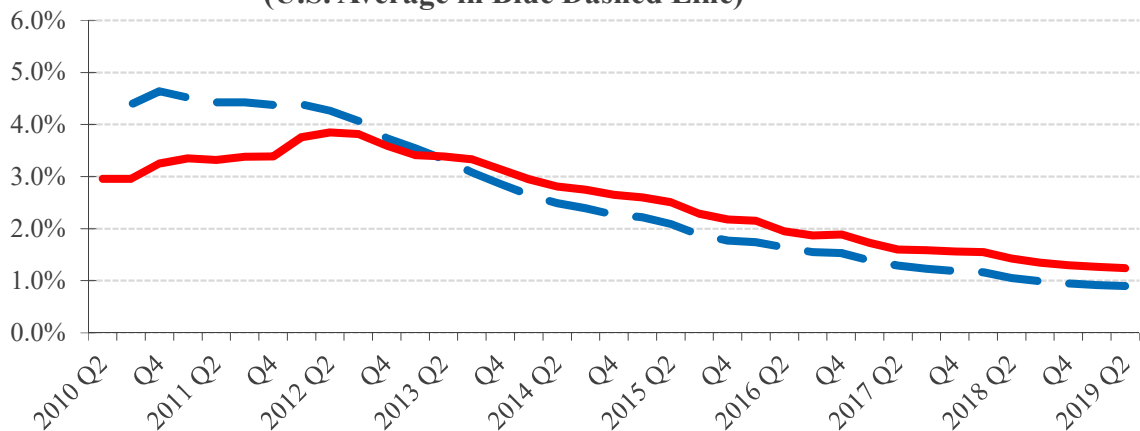
New Housing Construction

Local Fundamentals	Allentown	U.S.	
12-month Sum of 1-unit Building Permits through Jun	375	not comparable	The current level of construction is 43.8% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	668	not comparable	Reduced construction will limit new supply to the market, allowing demand to catch up with inventory more quickly
Single-Family Housing Permits (Jun) 12-month sum vs. a year ago	19.8%	-2.5%	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)**



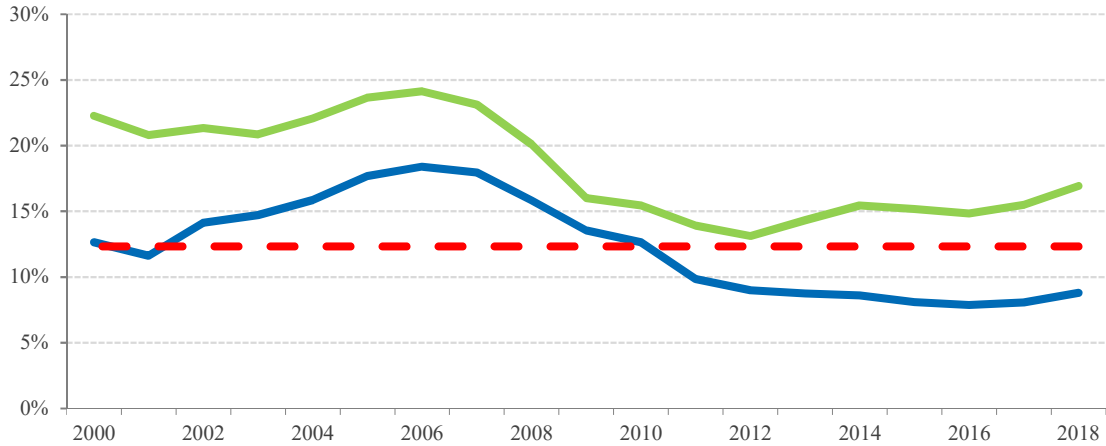
**State Total Foreclosure Rate vs. U.S. Average
(U.S. Average in Blue Dashed Line)**



Affordability

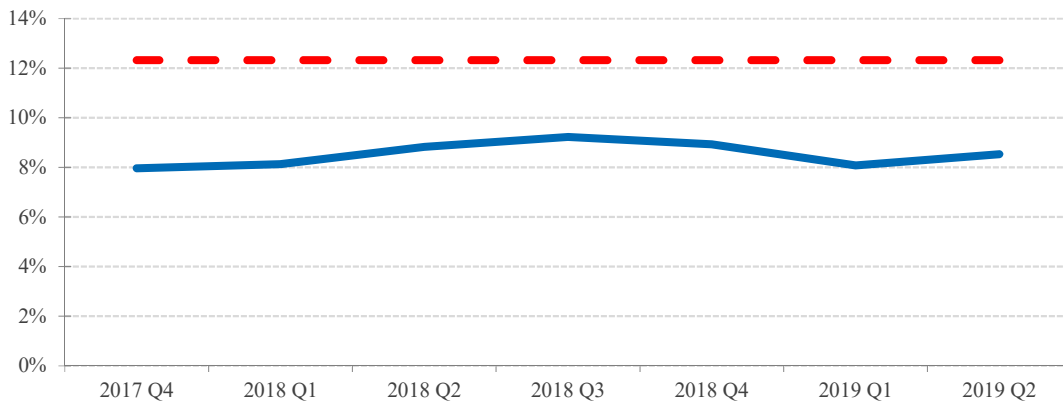


Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income
(Local Historical Average Shown in Red, U.S. Average in Green)

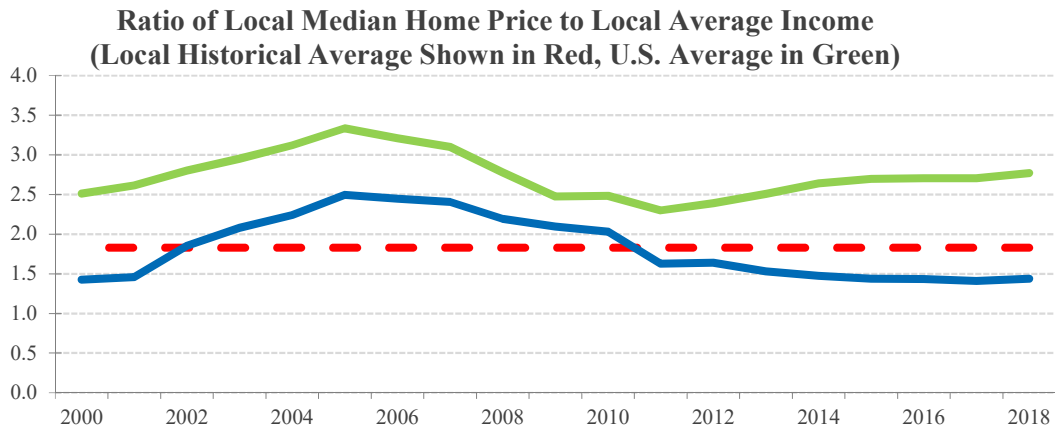


Monthly Mortgage Payment to Income	Allentown	U.S.	
Ratio for 2018	8.8%	16.9%	Historically strong, but weaker than the first quarter of 2019
Ratio for 2019 Q2	8.5%	16.3%	
Historical Average	12.3%	18.6%	More affordable than most markets

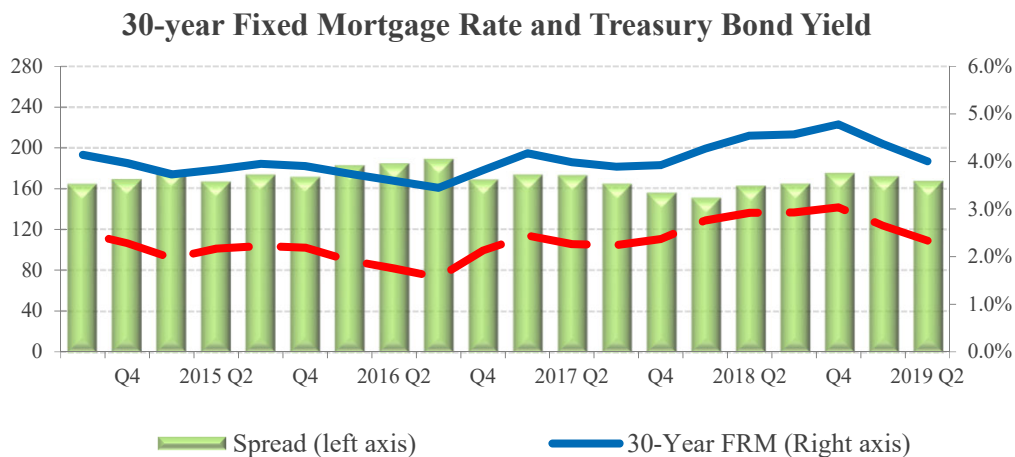
Recent Trend - Local Mortgage Servicing Cost to Income
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Allentown	U.S.	
Ratio for 2018	1.4	2.8	The price-to-income ratio rose, but is better than the historic average
Ratio for 2019 Q2	1.5	2.8	
Historical Average	1.8	2.7	Affordable compared to most markets



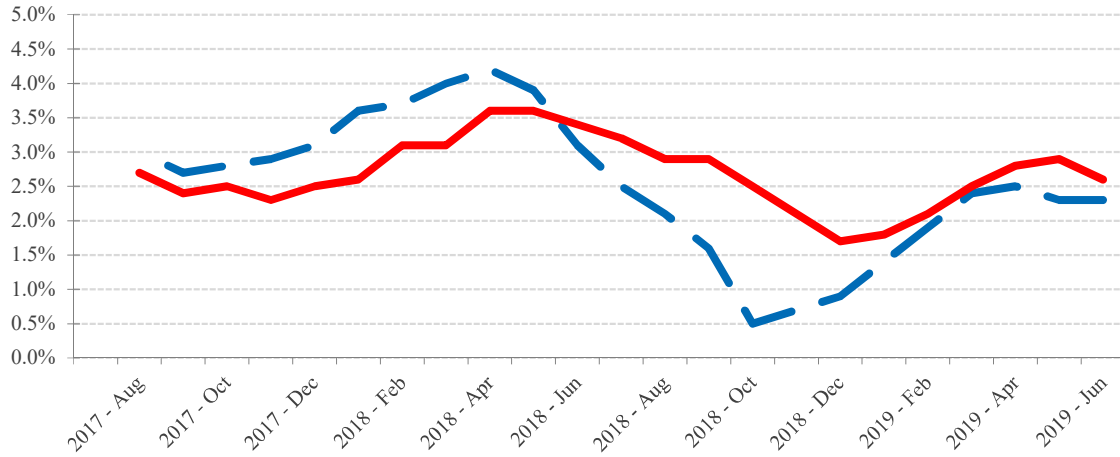
The Mortgage Market



Home loans grew cheaper in the second quarter of the year. Interest rates for long-term fixed-rate loans have decreased substantially since the end of 2018. Not that long ago (November 2018), the average interest rate for a 30-year fixed-rate mortgage was near 5%. In contrast, as the second quarter ended, the 30-year fixed rate mortgage dropped to 4.00 percent in Q2 2019 from 4.54 percent in the Q2 2018, according to mortgage finance provider Freddie Mac. Stock market volatility and global trade worries are pushing rates down. In the meantime, homebuyers and homeowners benefit from these low rates. Looking ahead, NAR is forecasting the 30-year fixed rate mortgage to average 3.9 percent for 2019 and 3.6 percent for 2020, respectively.

REALTOR® Price Expectations

REALTOR® Price Expectations for the Next 12 Months
(U.S. Average in Blue Dashed Line)



Source: NAR

REALTOR® Price Expectations	Pennsylvania	U.S.	
2019 - Jun	2.6%	2.3%	REALTORS® expect higher price growth in Pennsylvania 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	3.4%	3.1%	

Geographic Coverage for this Report

The Allentown area referred to in this report covers the geographic area of the Allentown-Bethlehem-Easton 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:

Carbon County, Lehigh County, Northampton County, and Warren County

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