Elmira Area
Local Market Report, Fourth Quarter 2019

Today's Market…

Median Price (Red Line) and One-year Price Growth

<table>
<thead>
<tr>
<th>Local Price Trends</th>
<th>Elmira</th>
<th>U.S.</th>
<th>Local Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Median Home Price (2019 Q4)</td>
<td>$117,700</td>
<td>$272,300</td>
<td>Prices continue to grow relative to last year</td>
</tr>
<tr>
<td>1-year (4-quarter) Appreciation (2019 Q4)</td>
<td>5.7%</td>
<td>6.5%</td>
<td></td>
</tr>
<tr>
<td>3-year (12-quarter) Appreciation (2019 Q4)</td>
<td>-11.0%</td>
<td>16.4%</td>
<td>Price trends in the last three years have undercut the steady post-recession price trend</td>
</tr>
<tr>
<td>3-year (12-quarter) Housing Equity Gain*</td>
<td>-$14,500</td>
<td>$38,367</td>
<td></td>
</tr>
<tr>
<td>7-year (28 quarters) Housing Equity Gain*</td>
<td>$5,100</td>
<td>$93,467</td>
<td></td>
</tr>
<tr>
<td>9-year (36 quarters) Housing Equity Gain*</td>
<td>$16,600</td>
<td>$102,433</td>
<td></td>
</tr>
</tbody>
</table>

*Note: Equity gain reflects price appreciation only

<table>
<thead>
<tr>
<th>Conforming Loan Limit**</th>
<th>Elmira</th>
<th>U.S.</th>
<th>Most buyers in this market have access to government-backed financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conforming Loan Limit</td>
<td>$484,350</td>
<td>$726,525</td>
<td></td>
</tr>
<tr>
<td>FHA Loan Limit</td>
<td>$314,827</td>
<td>$726,525</td>
<td></td>
</tr>
</tbody>
</table>

Local Median to Conforming Limit Ratio 24% not comparable

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

Local NAR Leadership

The Elmira market is part of region 2 in the NAR governance system, which includes all of New York, New Jersey, and Pennsylvania. The 2020 NAR Regional Vice President representing region 2 is Drew Fishman.
Benefits of Ownership:
Total Equity Appreciation

Total Equity Accrued to Owner by Year and Quarter of Purchase

<table>
<thead>
<tr>
<th>Price Activity</th>
<th>Elmira</th>
<th>U.S.</th>
<th>Local Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-year (4-quarter)</td>
<td>$7,867</td>
<td>$20,164</td>
<td>While owners pay down principle, price appreciation in the last 3 years have helped homeowners to build equity</td>
</tr>
<tr>
<td>3-year (12-quarter)*</td>
<td>$7,681</td>
<td>$50,433</td>
<td></td>
</tr>
<tr>
<td>5-year (20-quarter)*</td>
<td>$28,807</td>
<td>$79,032</td>
<td></td>
</tr>
<tr>
<td>7-year (28 quarters)*</td>
<td>$20,661</td>
<td>$105,840</td>
<td></td>
</tr>
<tr>
<td>9-year (36 quarters)*</td>
<td>$32,891</td>
<td>$114,186</td>
<td></td>
</tr>
<tr>
<td>If purchase in 2005, the national price peak</td>
<td>$57,310</td>
<td>$66,678</td>
<td></td>
</tr>
</tbody>
</table>

*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...

<table>
<thead>
<tr>
<th>Local Economic Outlook</th>
<th>Elmira</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>12-month Job Change (Dec)</td>
<td>-600</td>
<td>Not Comparable</td>
</tr>
<tr>
<td>12-month Job Change (Nov)</td>
<td>-400</td>
<td>Not Comparable</td>
</tr>
<tr>
<td>36-month Job Change (Dec)</td>
<td>-100</td>
<td>Not Comparable</td>
</tr>
<tr>
<td>Current Unemployment Rate (Dec)</td>
<td>4.5%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Year-ago Unemployment Rate</td>
<td>4.1%</td>
<td>3.9%</td>
</tr>
<tr>
<td>1-year (12 month) Job Growth Rate</td>
<td>-1.6%</td>
<td>1.4%</td>
</tr>
</tbody>
</table>

Share of Total Employment by Industry

### Elmira Area

- Government: 18.3%
- Other Services: 4.4%
- Leisure & Hospitality: 9.3%
- Educational & Health Services: 20.2%
- Prof. & Business Services: 4.9%
- Information: 1.4%
- Financial Activities: 3.3%
- Trade/Transport/Utilities: 22.1%

### U.S.

- Government: 15.0%
- Other Services: 10.8%
- Leisure & Hospitality: 10.8%
- Educational & Health Services: 16.1%
- Prof. & Business Services: 14.1%
- Financial Activities: 14.1%
- Information: 1.9%
- Trade/Transport/Utilities: 14.1%

12-month Employment Change by Industry in the Elmira Area (Dec - 2019)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Elmira</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods Producing</td>
<td>NA</td>
<td>Information</td>
</tr>
<tr>
<td>Natural Resources/Mining/Construction</td>
<td>0</td>
<td>Financial Activities</td>
</tr>
<tr>
<td>Natural Resources and Mining</td>
<td>NA</td>
<td>Prof. &amp; Business Services</td>
</tr>
<tr>
<td>Construction</td>
<td>NA</td>
<td>Educ. &amp; Health Services</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>-200</td>
<td>Leisure &amp; Hospitality</td>
</tr>
<tr>
<td>Service Providing Excluding Government</td>
<td>NA</td>
<td>Other Services</td>
</tr>
<tr>
<td>Trade/Transportation/Utilities</td>
<td>0</td>
<td>Government</td>
</tr>
</tbody>
</table>

State Economic Activity Index

<table>
<thead>
<tr>
<th>Index</th>
<th>New York</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>12-month change (2019 - Dec)</td>
<td>2.0%</td>
<td>2.8%</td>
</tr>
<tr>
<td>36-month change (2019 - Dec)</td>
<td>NA</td>
<td>8.8%</td>
</tr>
</tbody>
</table>
Construction is down from last year, but appears to have bottomed. The current level of construction is 74.2% below the long-term average.

### Local Fundamentals

<table>
<thead>
<tr>
<th></th>
<th>Elmira</th>
<th>U.S.</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>12-month Sum of 1-unit Building Permits through Dec</td>
<td>2</td>
<td>not comparable</td>
<td>The current level of construction is 74.2% below the long-term average</td>
</tr>
<tr>
<td>8-year average for 12-month Sum of 1-Unit Building Permits</td>
<td>8</td>
<td>not comparable</td>
<td>Excess supply reduction could result in price escalation over the longer-term if, in the future, there is a rapid and robust</td>
</tr>
<tr>
<td>Single-Family Housing Permits (Dec) 12-month sum vs. a year ago</td>
<td>-33.3%</td>
<td>-0.5%</td>
<td>Construction is down from last year, but appears to have bottomed.</td>
</tr>
</tbody>
</table>

### 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)

Source: Mortgage Bankers’ Association
Affordability

Monthly Mortgage Payment to Income

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<tr>
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<tbody>
<tr>
<td>Ratio for 2019</td>
<td>5.4%</td>
<td>16.0%</td>
</tr>
<tr>
<td>Ratio for 2019 Q4</td>
<td>5.5%</td>
<td>14.9%</td>
</tr>
<tr>
<td>Historical Average</td>
<td>6.8%</td>
<td>18.4%</td>
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Historically strong, but weaker than the third quarter of 2019
More affordable than most markets

Recent Trend - Local Mortgage Servicing Cost to Income

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<tr>
<td>Ratio for 2019</td>
<td>0.9</td>
<td>2.8</td>
</tr>
<tr>
<td>Ratio for 2019 Q4</td>
<td>1.0</td>
<td>2.7</td>
</tr>
<tr>
<td>Historical Average</td>
<td>1.0</td>
<td>2.7</td>
</tr>
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</table>

The price-to-income ratio rose, but is better than the historic average
Affordable compared to most markets

Median Home Price to Income

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<tr>
<td>Ratio for 2019</td>
<td>0.9</td>
<td>2.8</td>
</tr>
<tr>
<td>Ratio for 2019 Q4</td>
<td>1.0</td>
<td>2.7</td>
</tr>
<tr>
<td>Historical Average</td>
<td>1.0</td>
<td>2.7</td>
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Affordable compared to most markets
The fourth quarter was a banner period for residential mortgages across the United States. In an environment of declining interest rates and strong economic conditions, many buyers and owners applied for new or refinanced loans. At the end of 2019, mortgage rates declined nearly 100 basis points compared to a year earlier. According to mortgage finance provider Freddie Mac, the 30-year fixed rate mortgage dropped to 3.70 percent in Q4 2019 from 4.78 percent in Q4 2018. Looking ahead, NAR is forecasting the 30-year fixed rate mortgage to average 3.80 percent for 2020.
REALTOR® Price Expectations

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

<table>
<thead>
<tr>
<th>REALTOR® Price Expectations</th>
<th>New York</th>
<th>U.S.</th>
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<tbody>
<tr>
<td>2019 - Dec</td>
<td>1.5%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Prior 12 months</td>
<td>0.0%</td>
<td>0.9%</td>
</tr>
</tbody>
</table>

REALTORS® expect weaker price growth in New York than in the U.S. in the next 12 months although their local expectations are higher than a year ago.

Source: NAR
Geographic Coverage for this Report

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

Chemung County

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