U.S. Real Estate Market Outlook

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June 10, 2019
Consumer Confidence Remains High
Mortgage Purchase Applications
(Higher compared to a year ago)

4-week moving average

National Existing Home Sales
Inventory Growth:
(% change from one year ago)

Source: NAR
U.S. Housing Starts ... Not Enough Short by 5 to 6 million units

- Multifamily
- Single-Family
Rising Home Price means Rising Real Estate Wealth
(Total Asset – Outstanding Mortgage)
Sinking Housing Affordability Index – though still above the level set in 2000
Mortgages Performance in Michigan
Foreclosure and Seriously Delinquent (%)
## 2000 versus 2019 comparison

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2019</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Affordability</td>
<td>122</td>
<td>146</td>
<td>Better</td>
</tr>
<tr>
<td>30-year mortgage rate</td>
<td>8.1%</td>
<td>4.5%</td>
<td>Better</td>
</tr>
<tr>
<td>Population</td>
<td>282 million</td>
<td>329 million</td>
<td>Better</td>
</tr>
<tr>
<td>Population (16 yrs old and over)</td>
<td>218 million</td>
<td>263 million</td>
<td>Better</td>
</tr>
<tr>
<td>Households</td>
<td>103 million</td>
<td>122 million</td>
<td>Better</td>
</tr>
<tr>
<td>Jobs</td>
<td>132 million</td>
<td>152 million</td>
<td>Better</td>
</tr>
<tr>
<td>Total Home Sales (New + Existing)</td>
<td>6.1 million</td>
<td>5.9 million</td>
<td>Worse</td>
</tr>
</tbody>
</table>
Global Dimension of Home Buyers in the U.S. (Foreigners and Recent Immigrants in $billion)

Note: Based on transactions in the 12 months ending March of each year.
Top Foreign Buyers From: China, Canada, Mexico, India, U.K., Brazil

*China includes People's Republic of China, Hong Kong, and...
62 percent of leads/referrals were personal or business contacts and former clients

**SOURCE OF REFERRALS OR LEADS ON FOREIGN RESIDENTIAL BUYERS**

- Personal Contacts: 23%
- Was a Former Client: 21%
- Walk-in/Open House/Phone Call: 12%
- From a Business contact in the U.S.: 8%
- From a Business Contact Outside the U.S.: 7%
- From a Business Contact Outside the U.S.: 5%
- From a Business Contact Outside the U.S.: 4%
- From a Business Contact Outside the U.S.: 1%
Commercial Real Estate Trends
2019 a Good Year for $2.5M+ Market, But Slowdown in 2019 Q1

Dollar Volume of Transactions

*For $2.5M and above. 2019 figure is annualized figure based on 2019 Q1 of $106.35Bn

Source: Real Capital Analytics
Commercial Prices Still Trending Up
(90% gain since 2010 Q1 based on NCREIF)

Source: Federal Reserve Board, Green Street, NCREIF
Apartment and Industrial: Best Asset Classes
(NCREIF Index- Industrial up 103.7% and apartment 96% since 2009 Q1)

Property Price Index

Source: Real Capital Analytics Commercial Real Estate Price Indices
Cap Rates Falling for all Property Types
(as of 2019 Q1; $2.5 M + Transactions)

Source: Real Capital Analytics Commercial Real Estate Price Indices
SIOR Members Reported Stronger Conditions in Industrial and Office Market from One Year Ago

Source: SIOR, NAR
## NAR's U.S. Economic Outlook: No Recession
(as of May 2019)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
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</thead>
<tbody>
<tr>
<td><strong>GDP Growth</strong></td>
<td>2.2</td>
<td>2.9</td>
<td>2.5</td>
<td>2.0</td>
</tr>
<tr>
<td><strong>Unemployment rate</strong></td>
<td>4.4</td>
<td>3.9</td>
<td>4.0</td>
<td>4.1</td>
</tr>
<tr>
<td><strong>30-yr mortgage rate</strong></td>
<td>4.0</td>
<td>4.5</td>
<td>4.3</td>
<td>4.6</td>
</tr>
<tr>
<td><strong>Housing Starts (’000)</strong></td>
<td>1,203</td>
<td>1,250</td>
<td>1,266</td>
<td>1,400</td>
</tr>
<tr>
<td>Single-family</td>
<td>849</td>
<td>876</td>
<td>910</td>
<td>1,010</td>
</tr>
<tr>
<td>Multi-family</td>
<td>354</td>
<td>374</td>
<td>356</td>
<td>390</td>
</tr>
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Thank You !