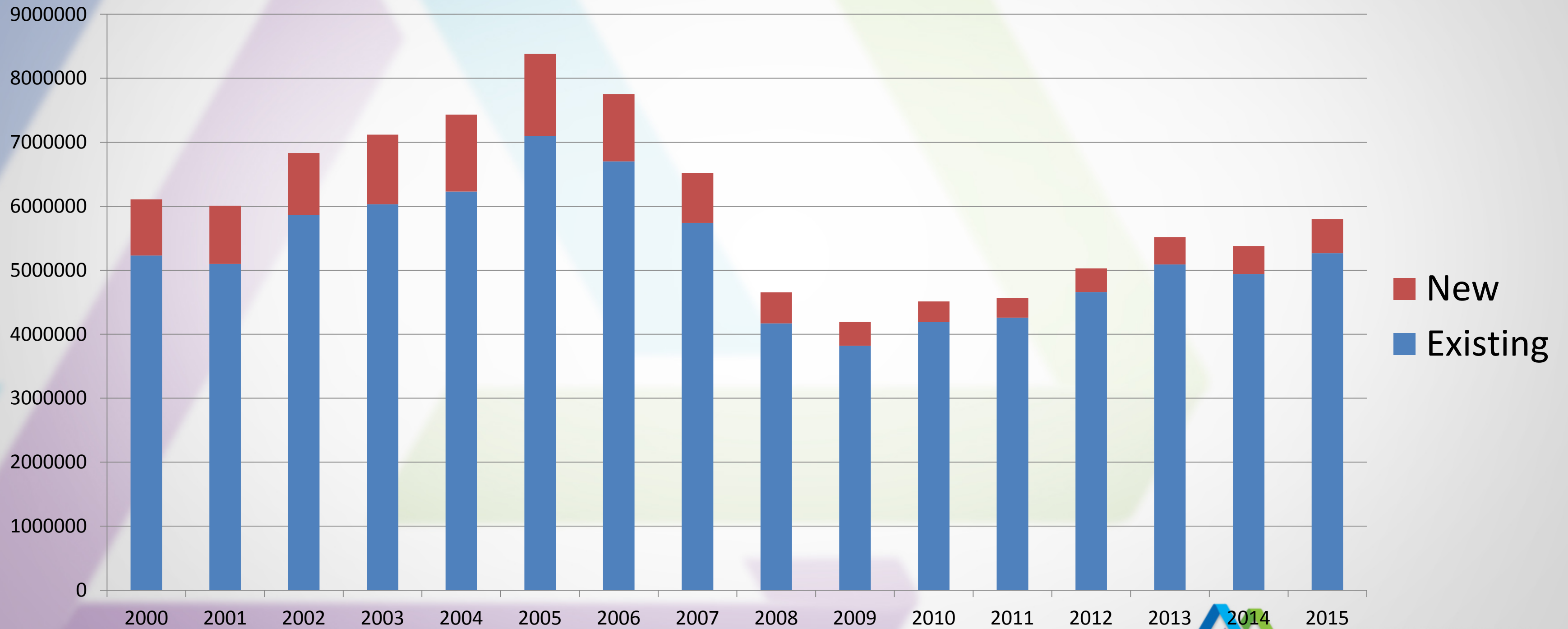




# 2016 REALTOR<sup>®</sup> BROKER SUMMIT

Economic Update & Key Trends,  
Lawrence Yun

# Home Sales Rising

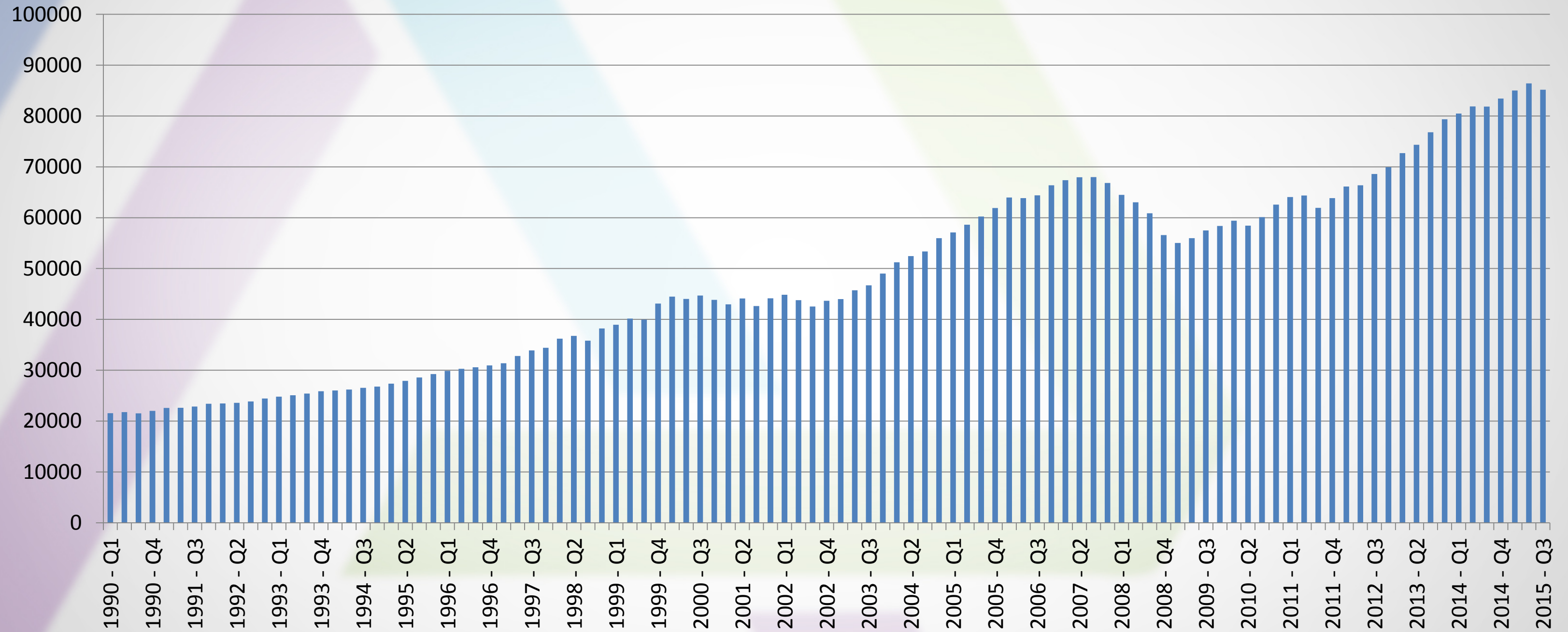


Optimistic Future:  
Plentiful Pent-Up Demand and  
Healthy Homeowners

# Normal vs. Now

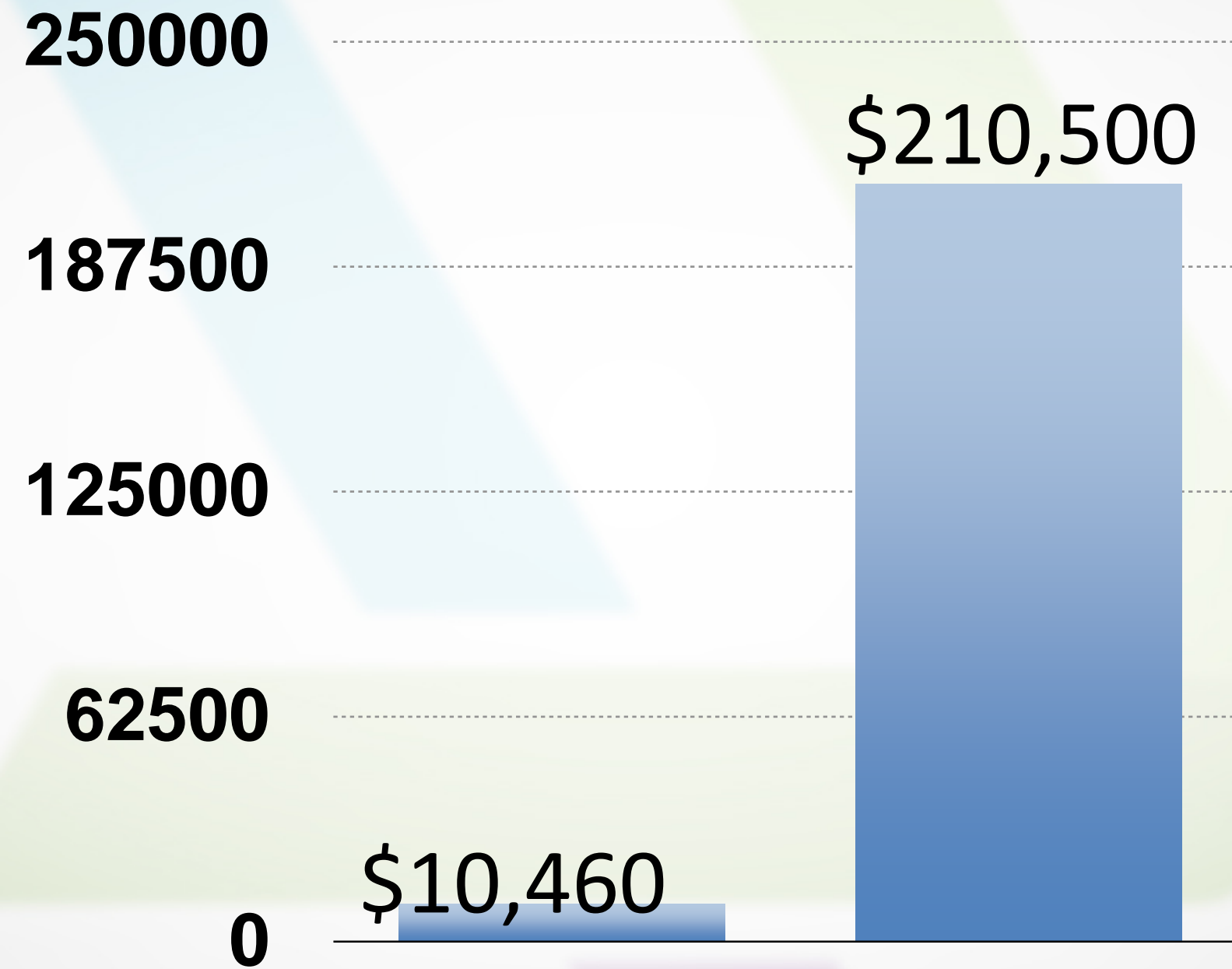
	2000 (Likely Normal)	2015
Existing Home Sales	5.2 million	5.2 million
New Home Sales	900,000	500,000
Population	282 million	320 million
Jobs	132 million	144 million
Total U.S. Household Wealth	\$44 trillion	\$85 trillion

# Lifetime Wealth at near All-Time High



# Wealth Gap Between Young and Old

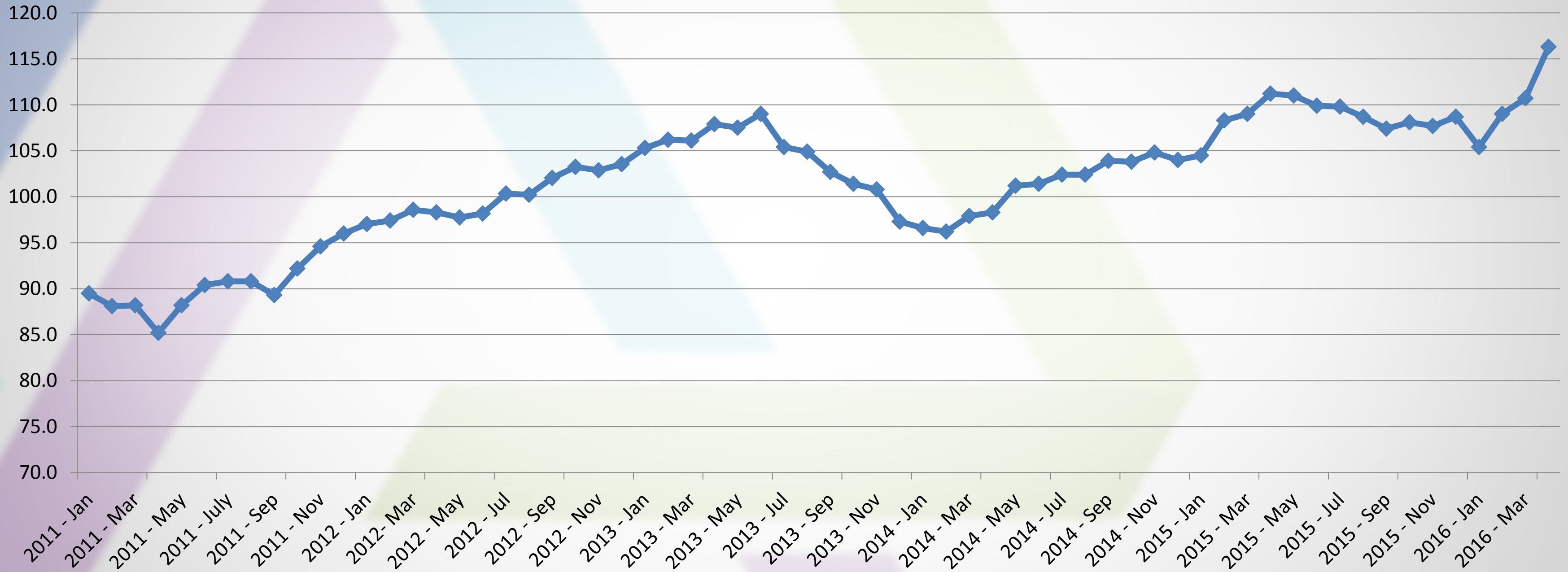
Median net worth of households headed by...



**Under 35**    **65 and over**  
**(2013)**

# National Pending Sales Index

(Seasonally Adjusted)

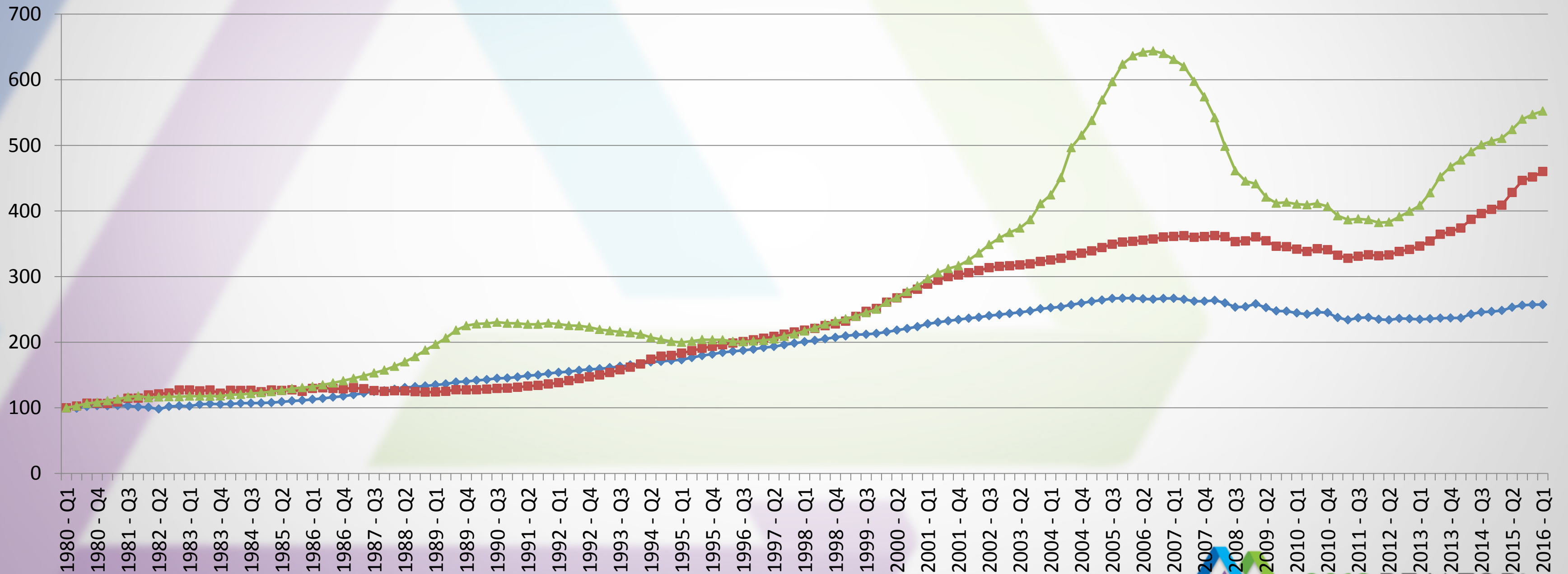


Source: NAR



# Home Price Index

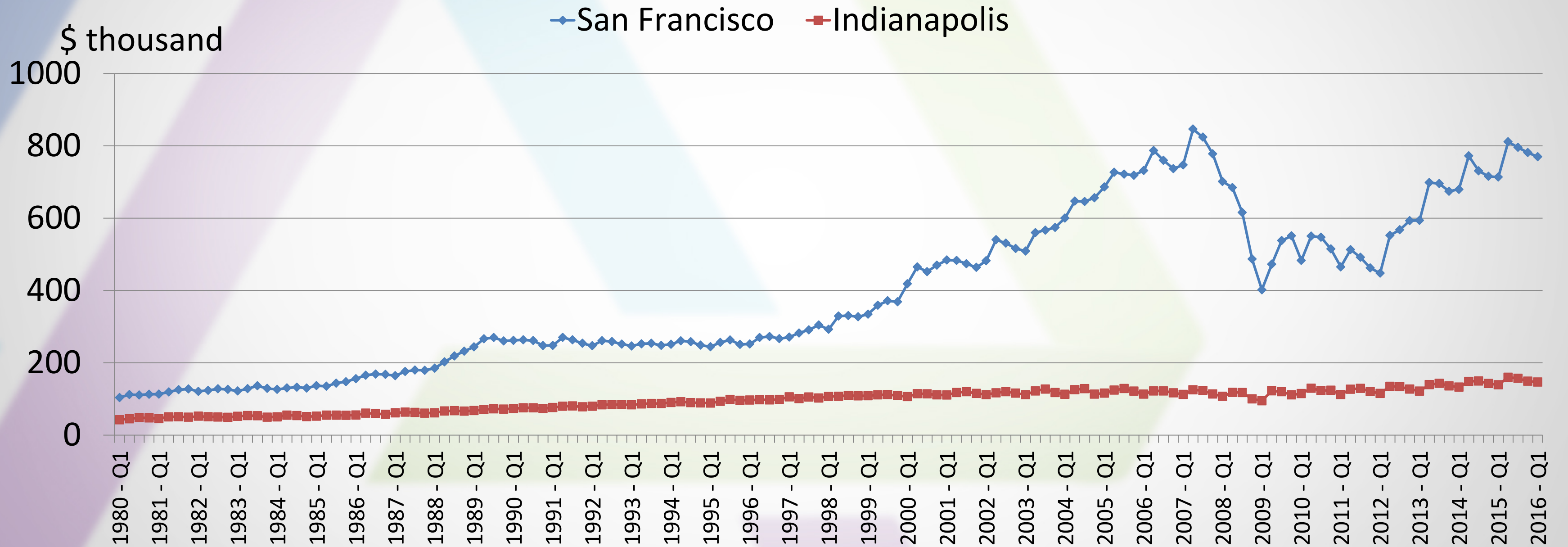
—◆— Ohio —■— Colorado —▲— California



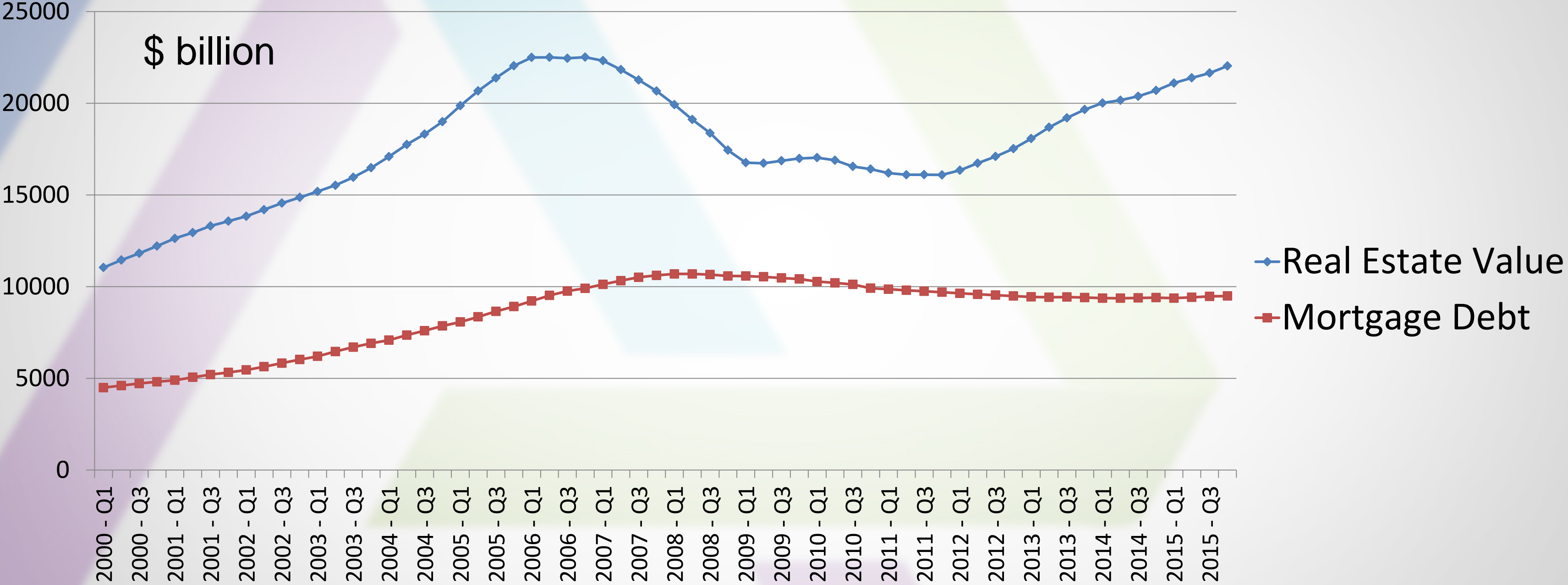


# Widening Metro Home Prices

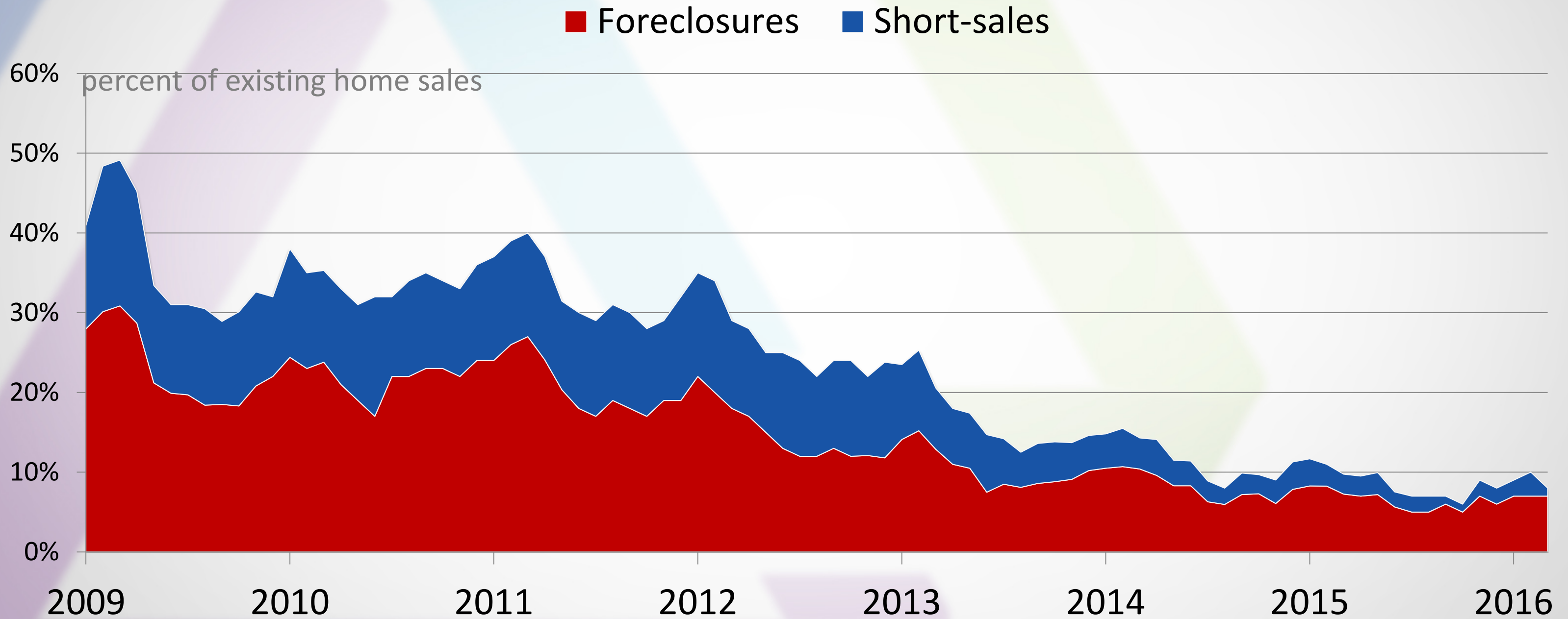
(640% vs. 241% growth from 1980)



# Rising Housing Wealth



# Distressed Sales Share Trending Down

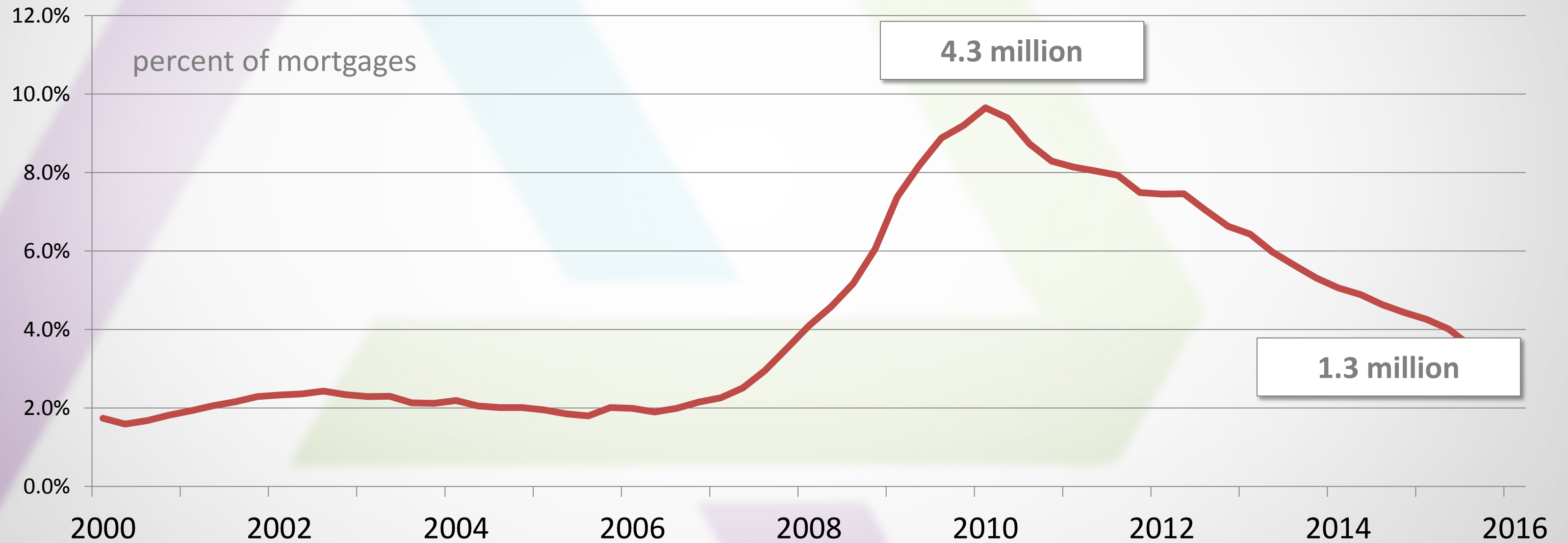


Source: National Association of REALTORS®



# Pipeline of Seriously Delinquent Mortgages is Declining

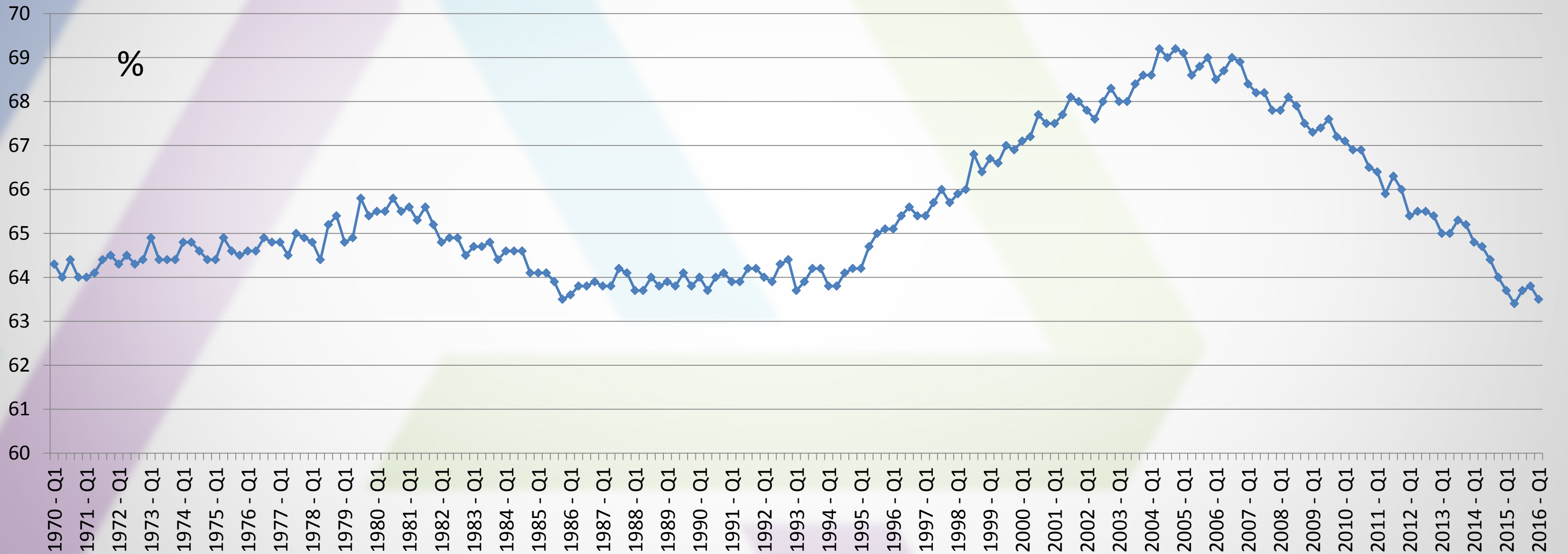
90+ days Past Due and in Foreclosure



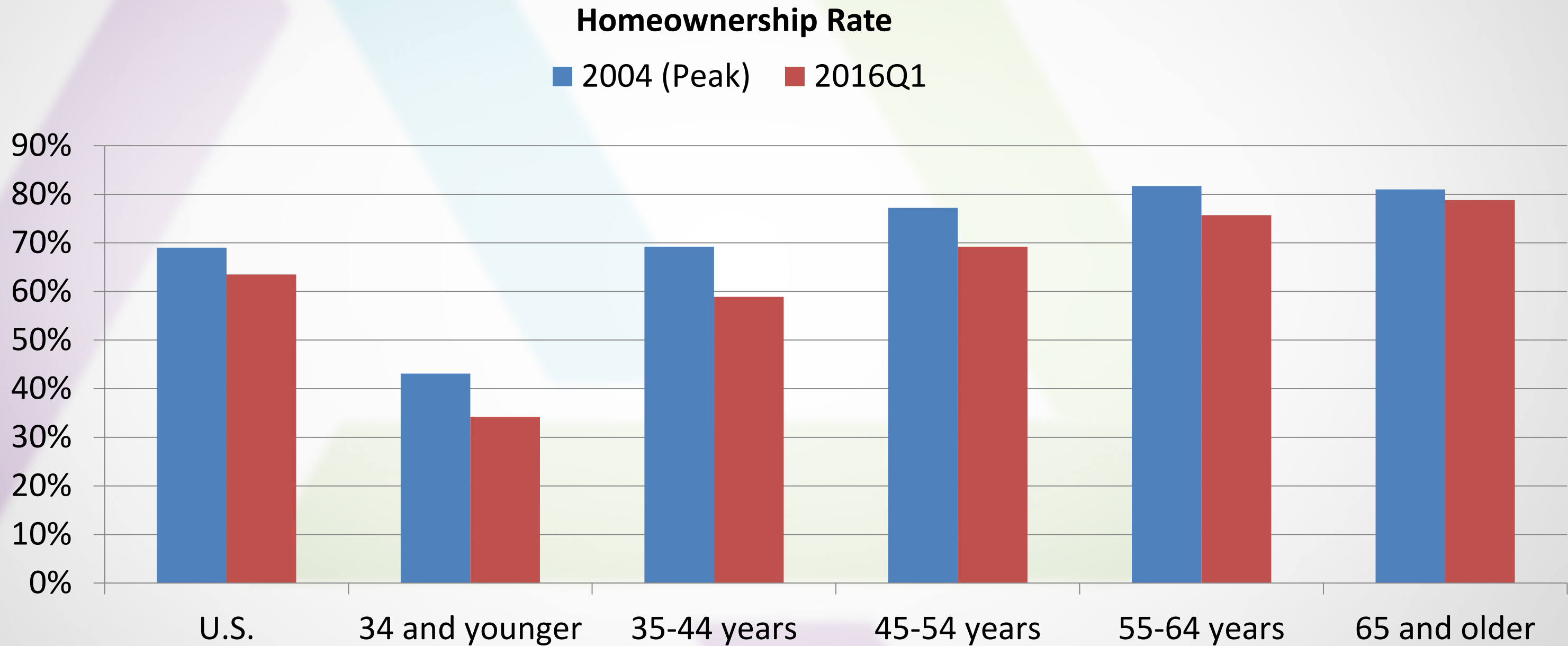
Source: Mortgage Bankers Association

# Pessimistic Future: Affordability and Inventory Shortage

# Very Low Homeownership Rate



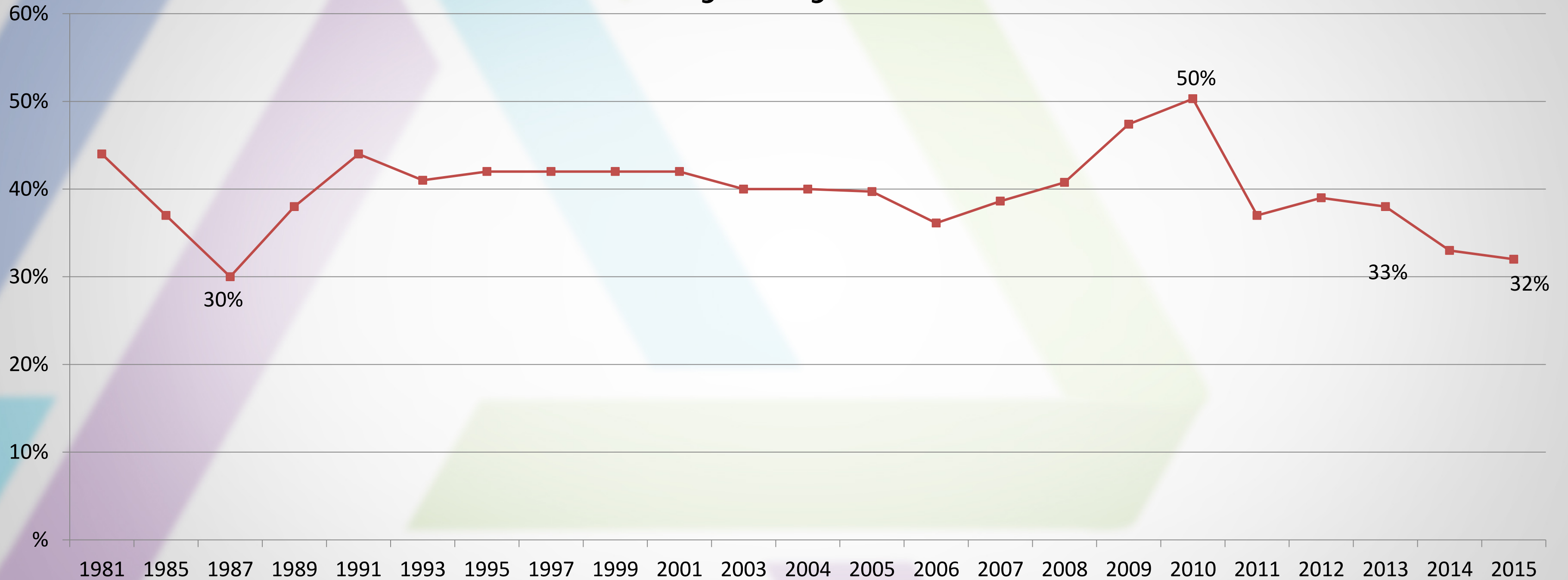
# Younger Households Less Likely to Own a Home



Source: Census Bureau

# First-time collapse ... why?

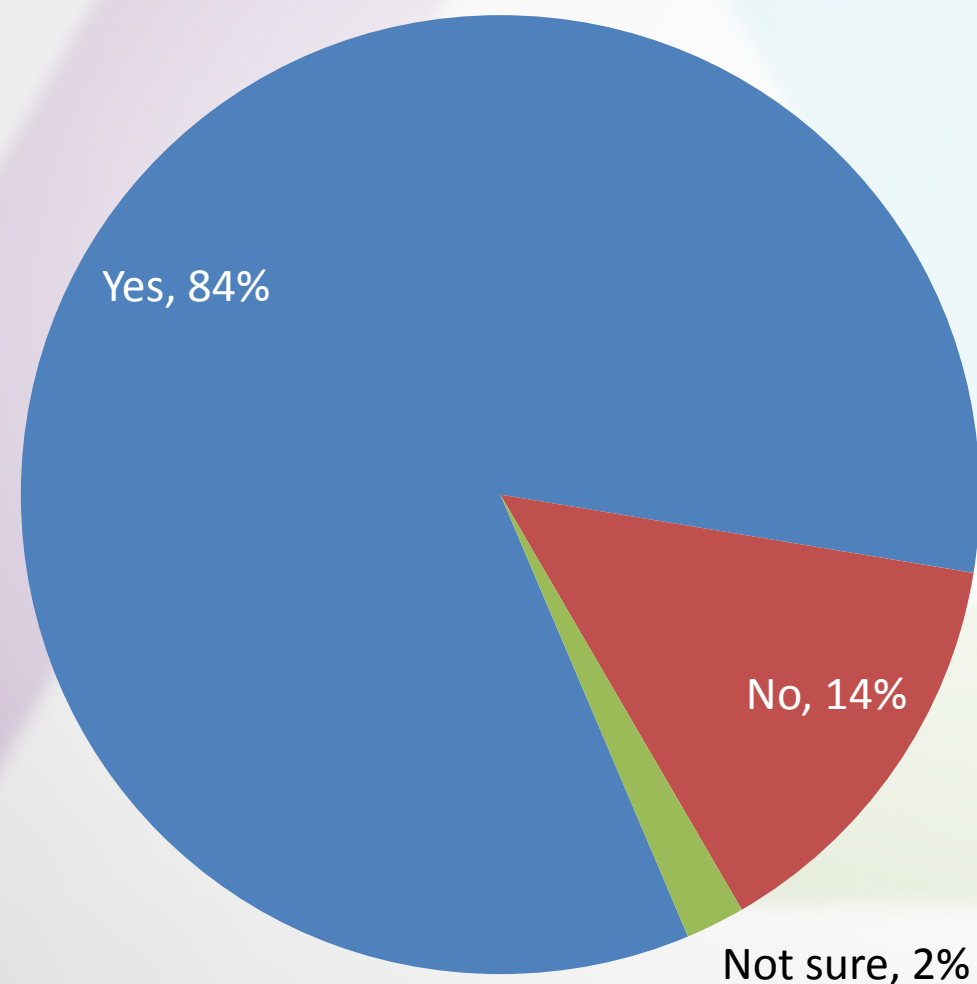
Lowest in nearly 30 years ... since 1987





# Current Renters Point to Affordability as Main Hurdle to Ownership

Do renters ever want to own a home?



Why don't renters own a home?

Can't afford a home 36%

Life circumstances not suitable for owning now 32%

Need flexibility of renting vs owning 14%

Don't want responsibility of owning 7%

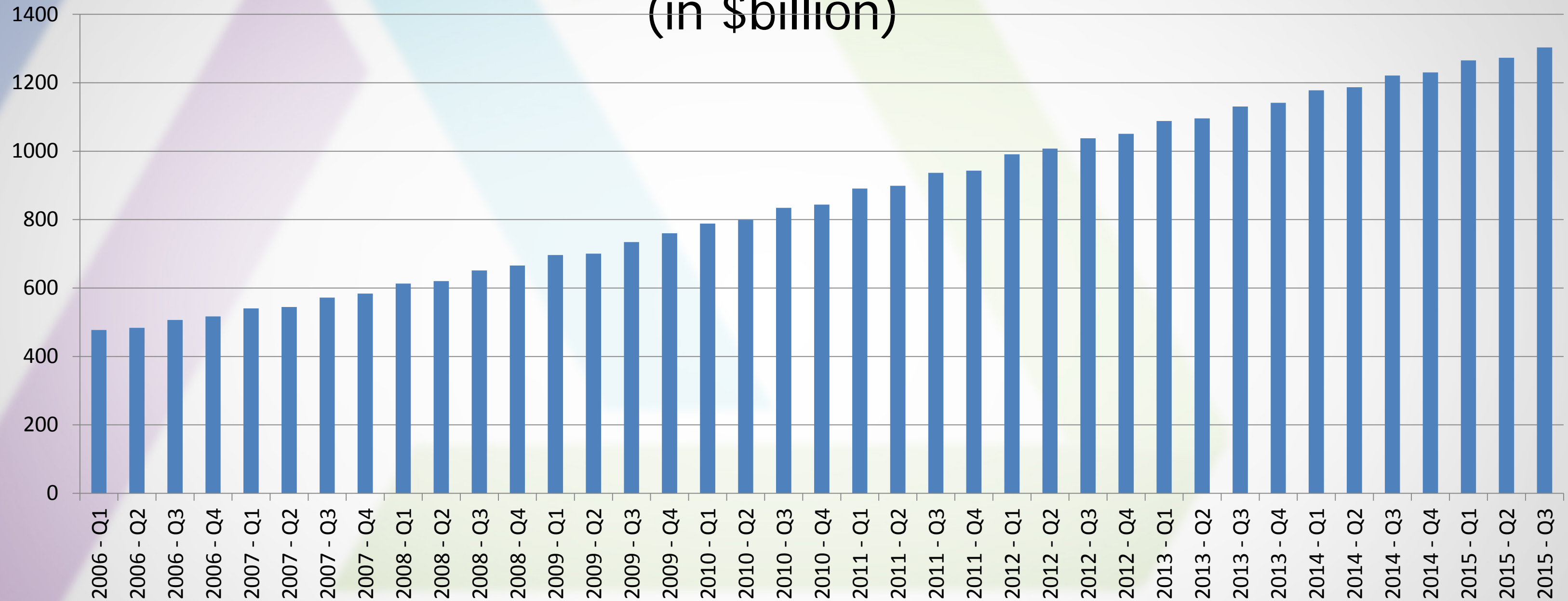
Source: National Association of REALTORS®



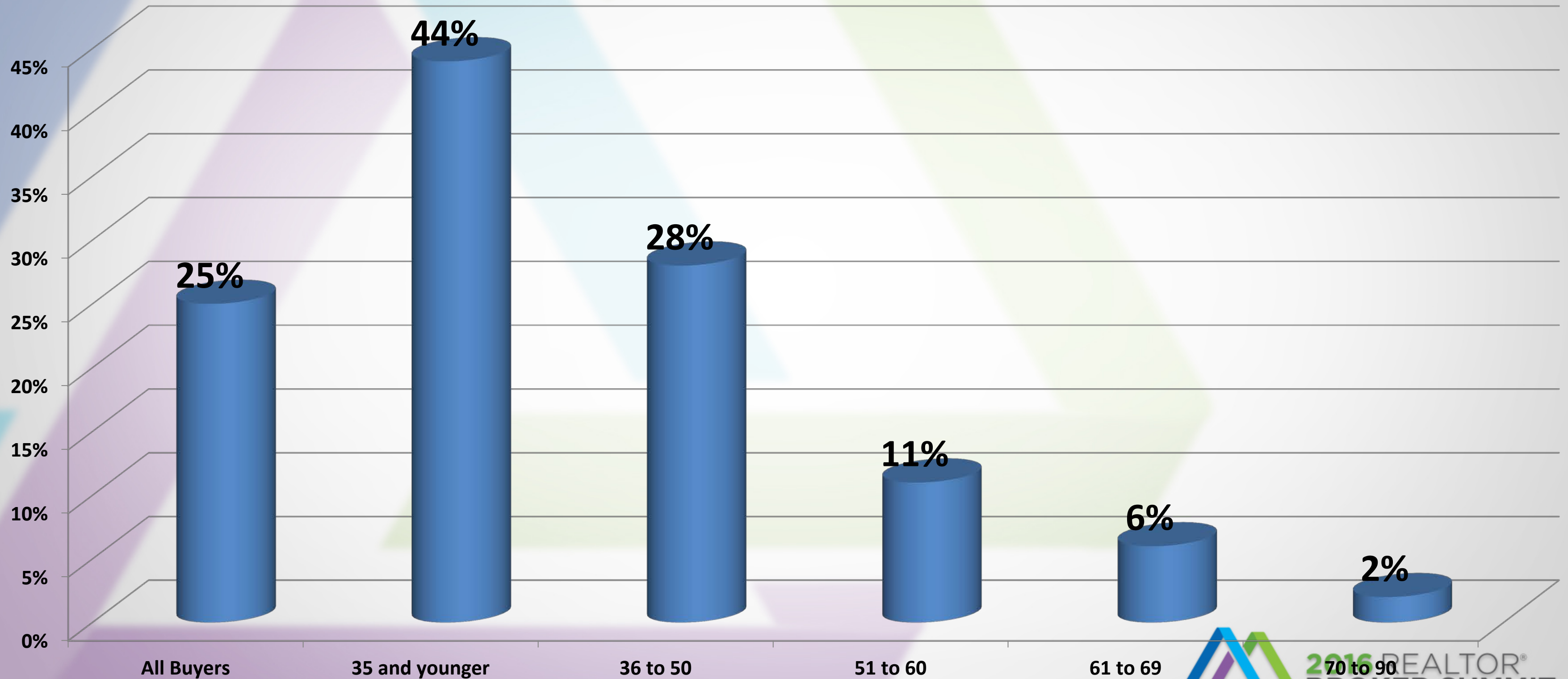
# Student Loan ...

## NAR-ASA Study implies 5 year Delay

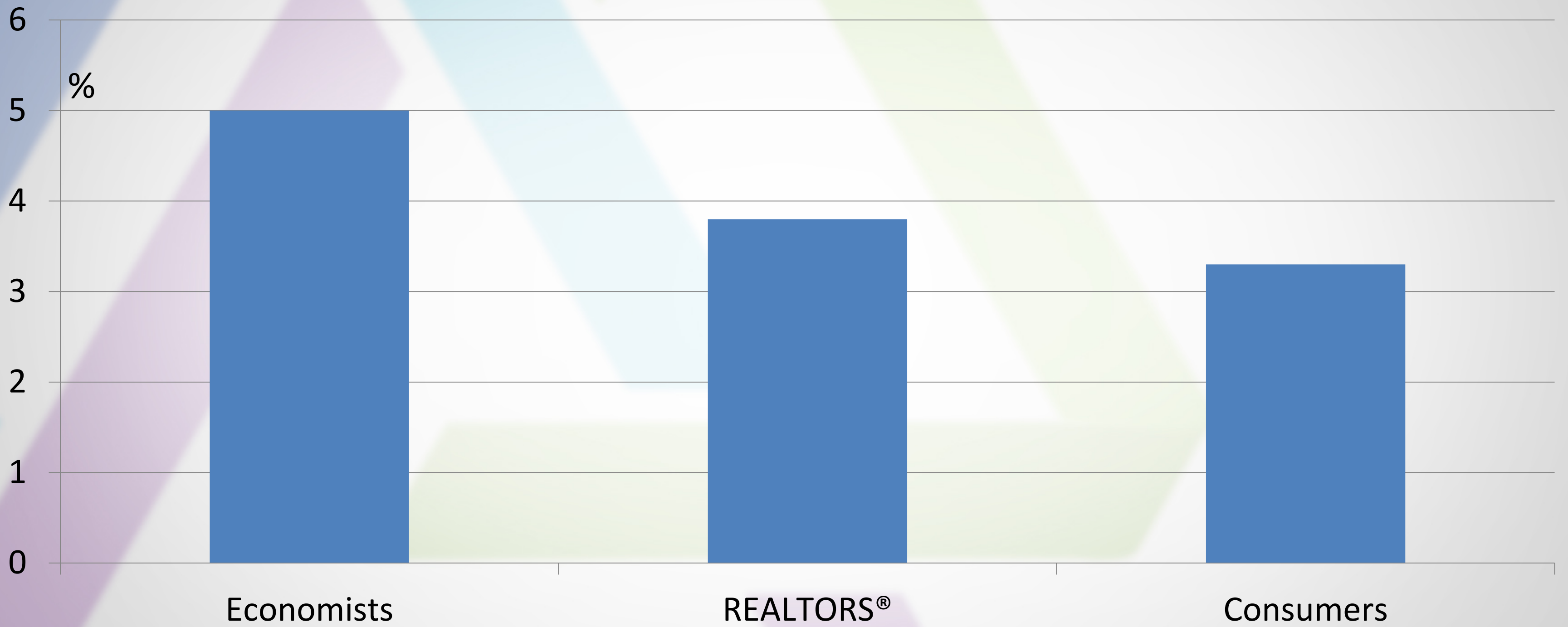
(in \$billion)



# Share of Home Buyers with Student Loan Debt



# Home Price Growth Expectations



# Top 10 Millennial Markets

Austin, TX

Charleston, SC

Denver, CO

Minneapolis, MN-WI

Ogden, UT

Portland, OR-WA

Raleigh, NC

Salt Lake City,

Seattle, WA

Washington, DC-VA-MD-WV

# Data

Metropolitan Area	Share of Millennials to the Total Population (2014)	Share of Millennial Movers to Movers of any age (2014)	Employment Growth (3/2015-3/2016)	Median Household Income for Millennial Movers (2014)	Qualifying Income for First-Time Homebuyers (2014)	Homeownership Rate of Millennial Movers (2014)	Change of Homeownership Rate for Millennial Movers (2013-2014)
Austin, TX	17.7%	29.4%	4.9%	\$51,810	\$43,635	19.4%	1.2%
Charleston, SC	15.8%	24.5%	2.6%	\$47,903	\$41,369	21.7%	-1.4%
Denver, CO	16.1%	27.7%	3.2%	\$50,923	\$56,234	21.6%	-1.7%
Minneapolis, MN-WI	15.0%	27.4%	1.9%	\$55,066	\$38,087	28.7%	2.5%
Ogden, UT	14.7%	24.6%	6.0%	\$54,608	\$29,005	40.2%	9.9%
Portland, OR-WA	15.0%	26.7%	3.2%	\$44,792	\$51,847	17.1%	3.9%
Raleigh, NC	14.1%	25.7%	4.8%	\$49,892	\$37,815	28.4%	0.6%
Salt Lake City, UT	16.6%	27.2%	2.7%	\$51,930	\$43,345	24.0%	-4.5%
Seattle, WA	16.2%	29.0%	3.3%	\$64,294	\$64,645	19.8%	4.4%
Washington, DC-VA-MD-WV	15.7%	28.3%	3.3%	\$69,874	\$69,576	20.8%	2.3%
<b>Average of the 100 Metro Areas</b>	<b>13.9%</b>	<b>22.9%</b>	<b>2.5%</b>	<b>\$44,999</b>	<b>\$39,454</b>	<b>20.7%</b>	<b>0.6%</b>

Sources: Share of Millennials to the Total Population, Share of Millennial Movers to Movers of any age, Median Household Income for Millennial Movers and, Homeownership Rate for Millennial Movers (American Community Survey 2014-1 year Estimates), Growth in Private Payroll Jobs (U.S. Bureau of Labor Statistics), Qualifying Income for First-Time Homebuyers (NAR).

# Low Inventory Months Supply

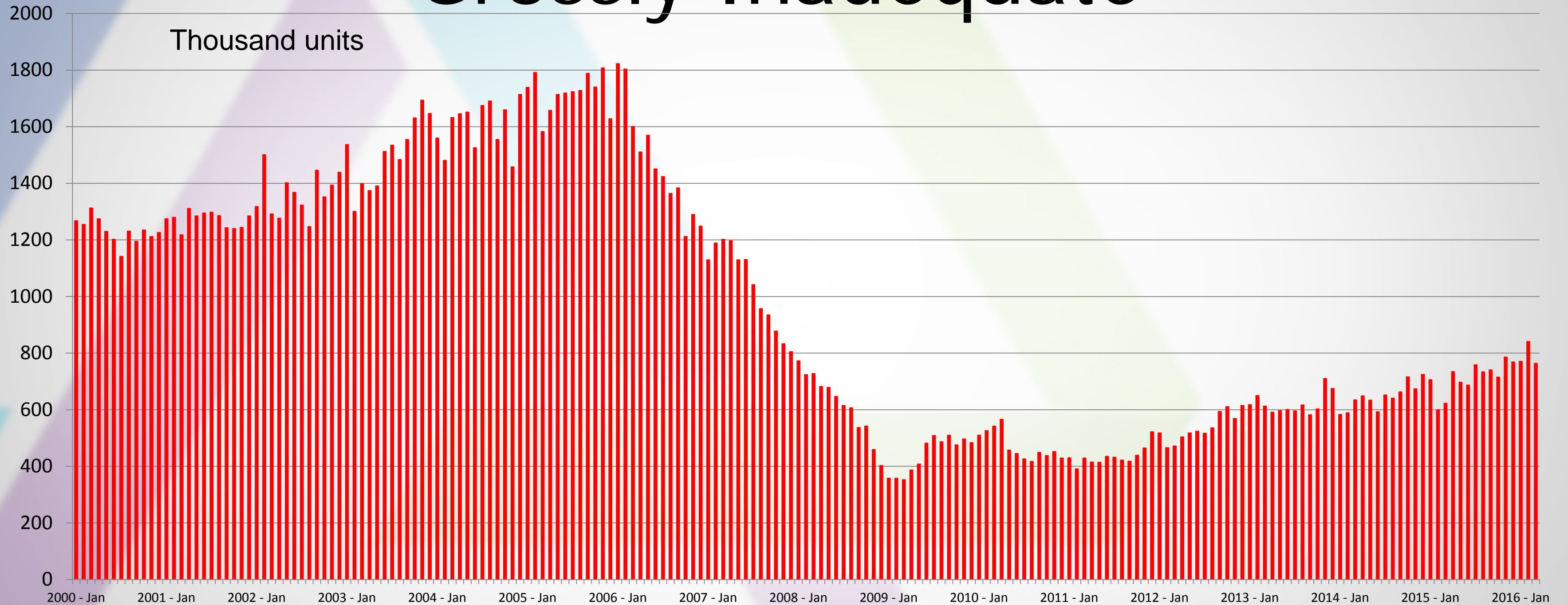


# Even Lower Inventory in relation to Households

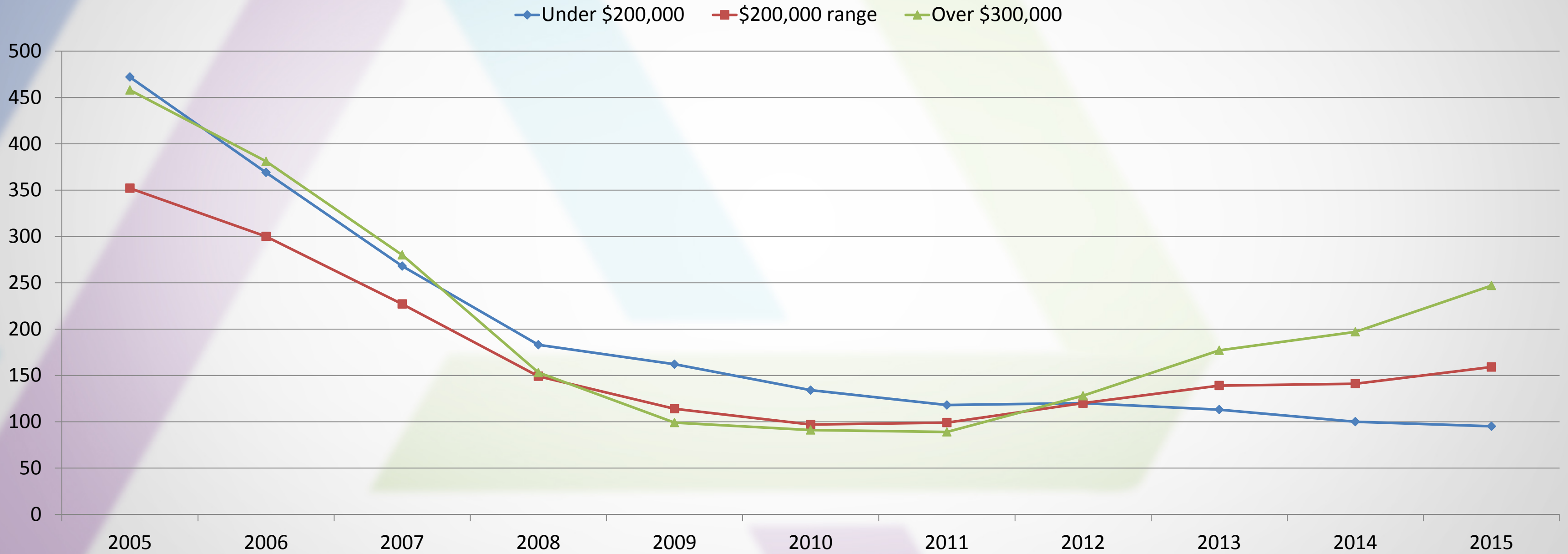




# Single-family Housing Starts – Grossly Inadequate



# Rising Share of Pricy New Homes



# Jump in Mortgage Rate



# National Pending Sales Index

(Seasonally Adjusted)

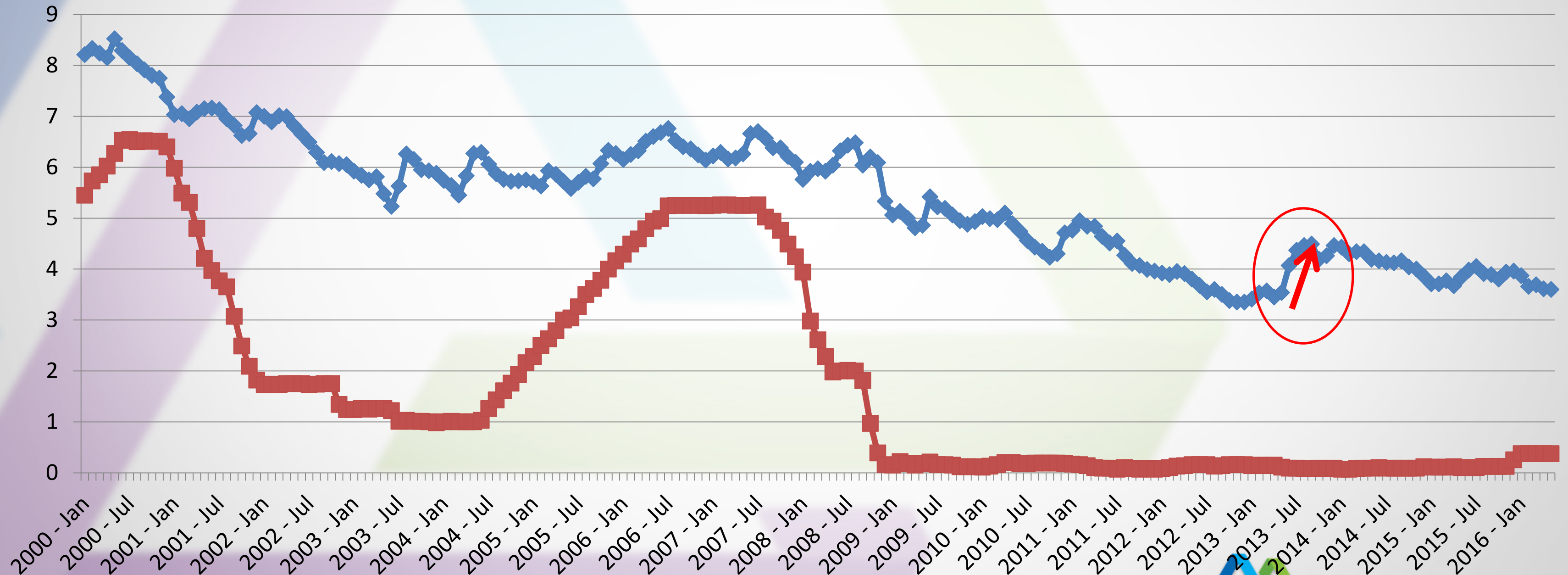


Source: NAR



# Fed Policy and Mortgage Rate

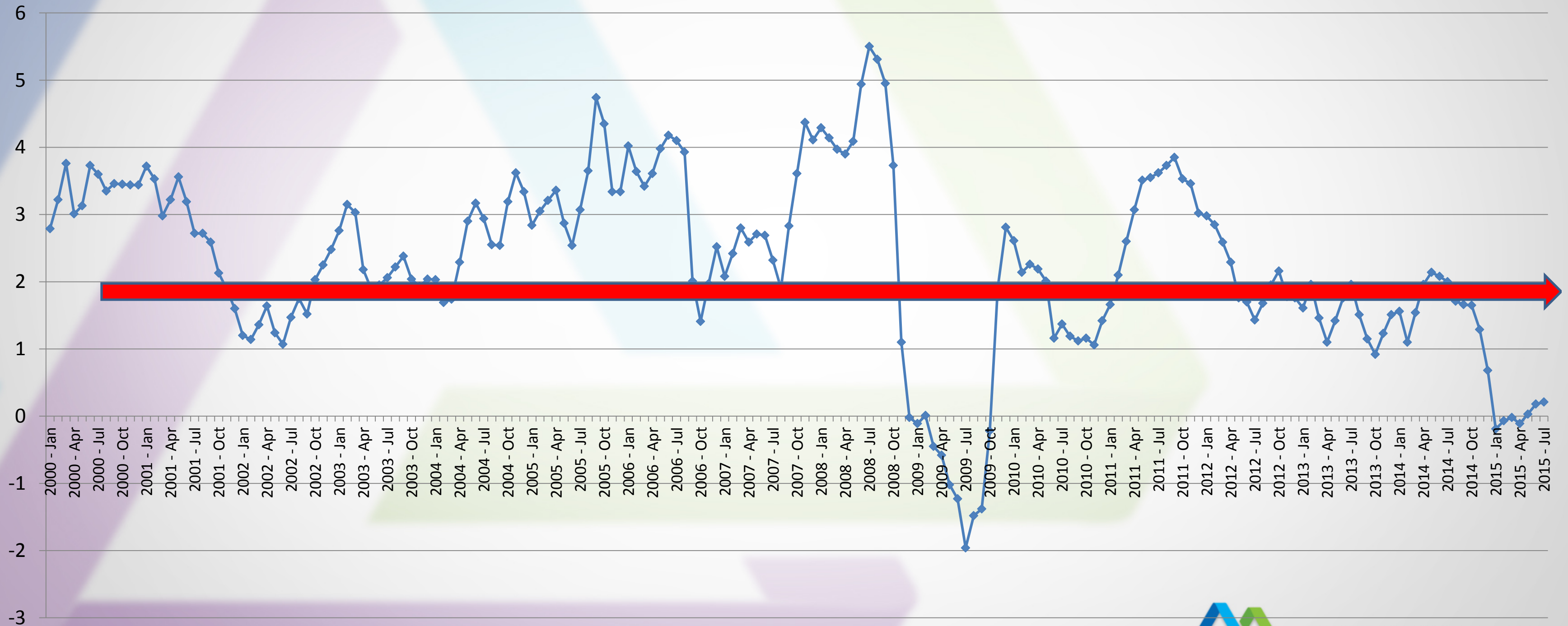
◆ Mortgage Rate    ■ Fed Funds Rate



# Monetary Policy

- Ended Quantitative Easing ... and buying MBS
- Rolling Over and Not Selling MBS
- Fed Rate Hike in December
- Next Rate Hikes
  - July?
  - then again in November?
  - then again/again/again in ... 2017
- Selling MBS in 2018

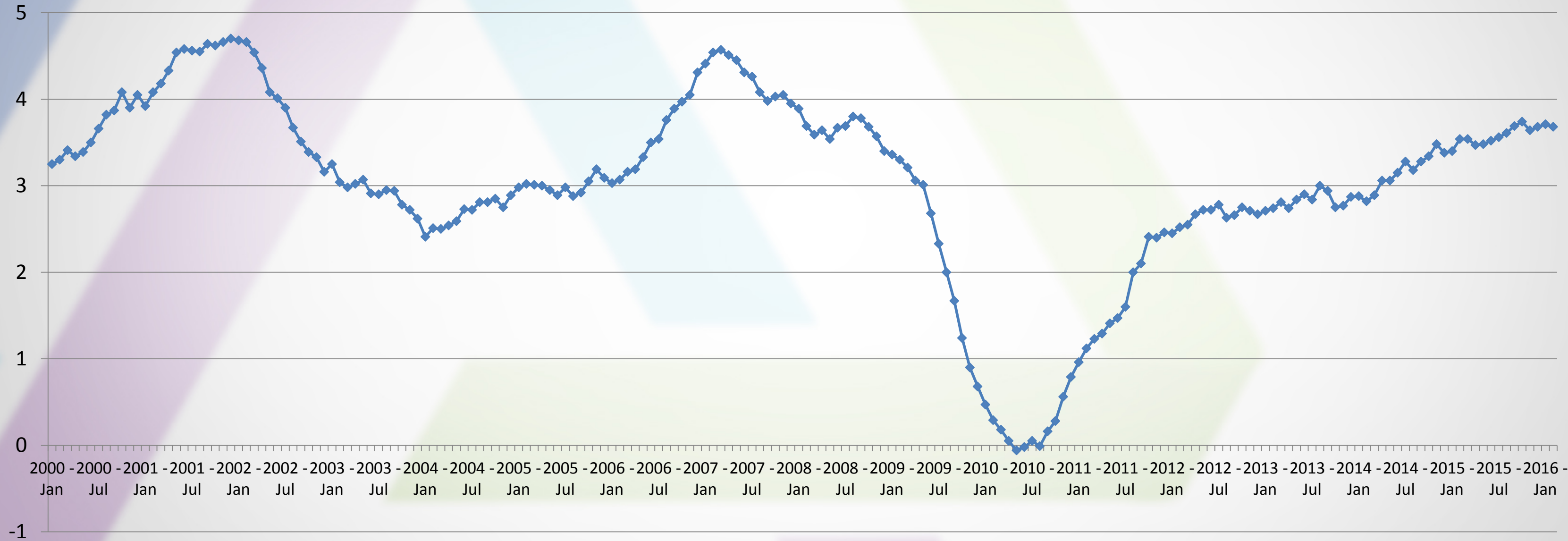
# No CPI Inflation – Yet, But Higher Future Inflation with Nudge Rates Higher



# Big Driver of Future Inflation

## Rents Rising at 7-year high

Renters' Rent





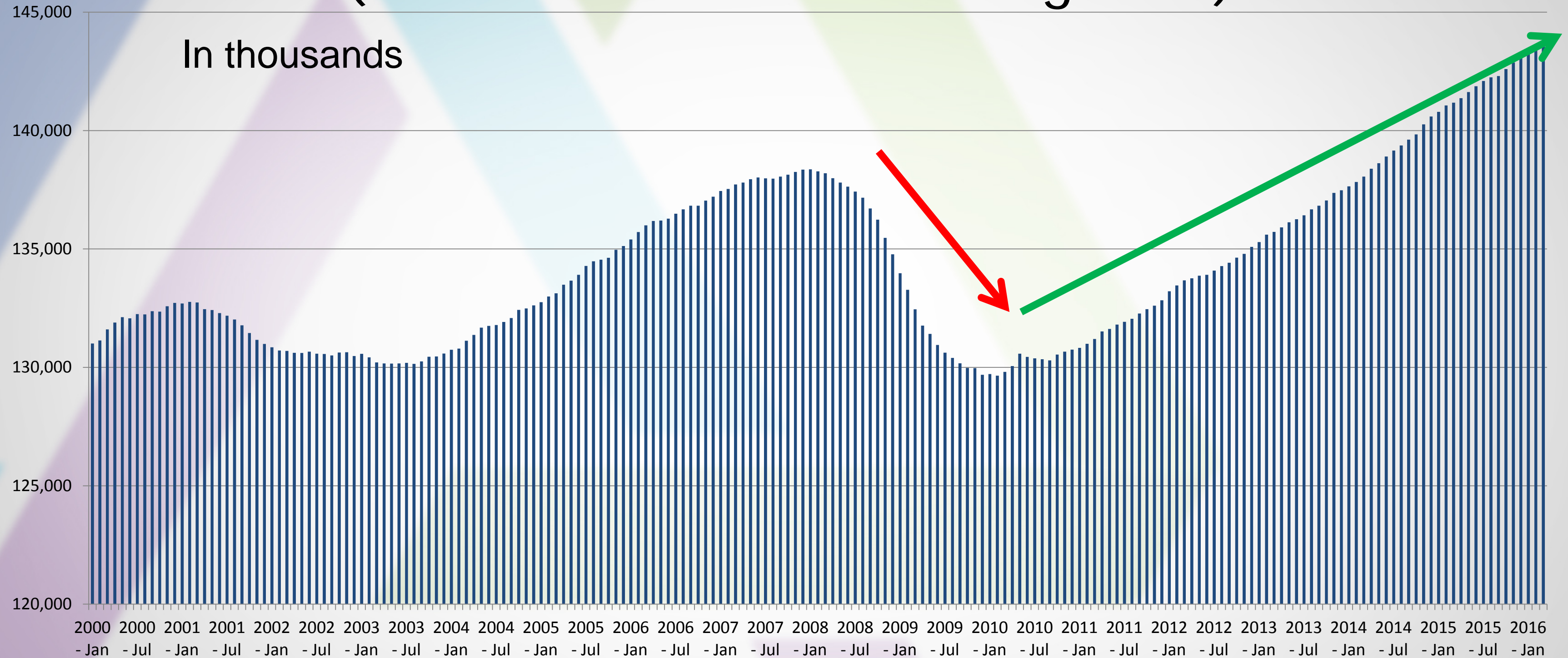
# Relief on Rent?

- If higher rent then higher inflation and higher mortgage rates
- If lower rent than lower inflation and steady mortgage rates

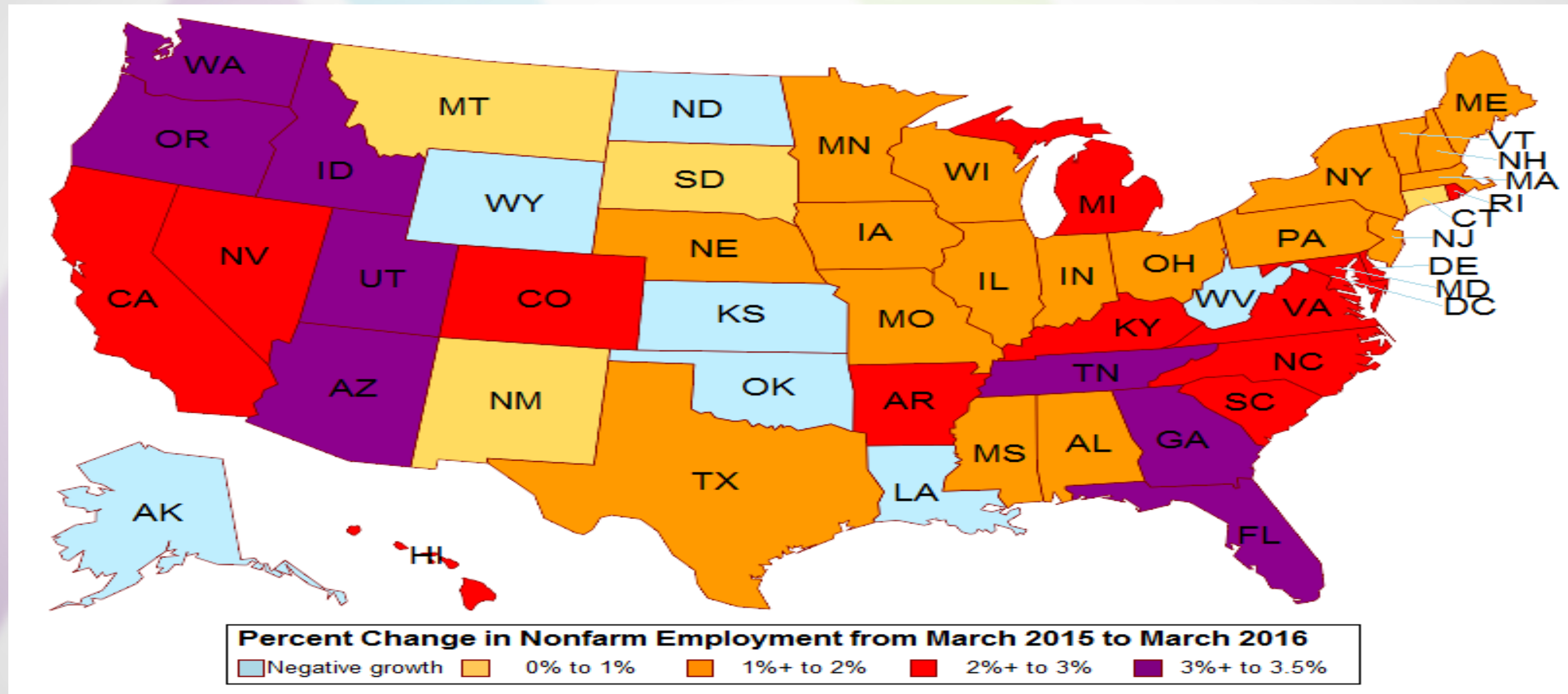
# Forecast

# Jobs

(8 million lost ... 14 million gained)



# State Level Employment



# Economic Forecast

	2014	2015	2016 Forecast	2017 Forecast
GDP Growth	2.6%	2.1%	1.6%	2.2%
Job Growth	+3.0 million	+2.6 million	+1.6 million	+2.2 million
CPI Inflation	1.6%	0.3%	1.7%	3.0%
10-year Treasury	2.6%	2.1%	2.1%	2.8%

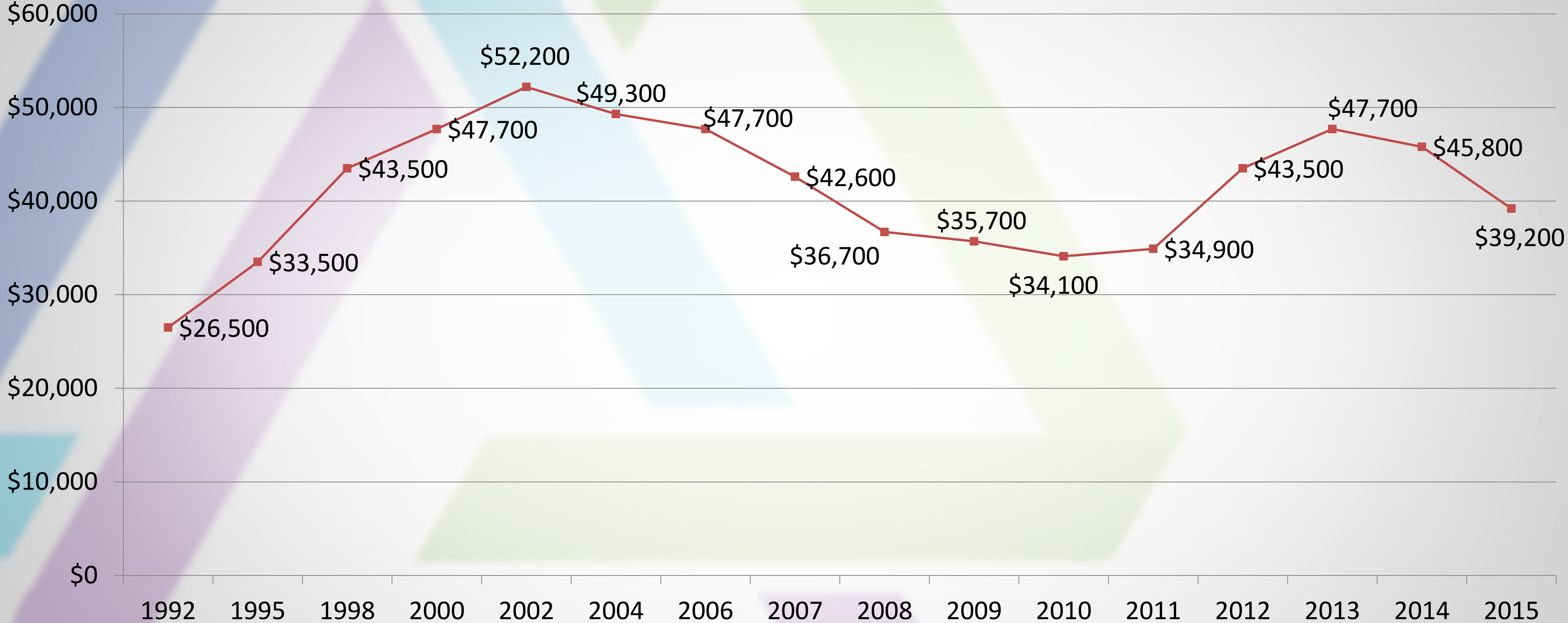
# Housing Forecast

	2014	2015	2016 Forecast	2017 Forecast
New Home Sales	437,000	500,000	540,000	600,000
Existing Home Sales	4.9 million	5.3 million	5.4 million	5.5 million
Median Price Growth	+ 5.7%	+ 6.8%	+4.5%	3.2%
30-year Rate	4.2%	3.9%	3.9%	4.6%



# Member Profile and Consumers

# Gross Median Annual Income, 1992-2015

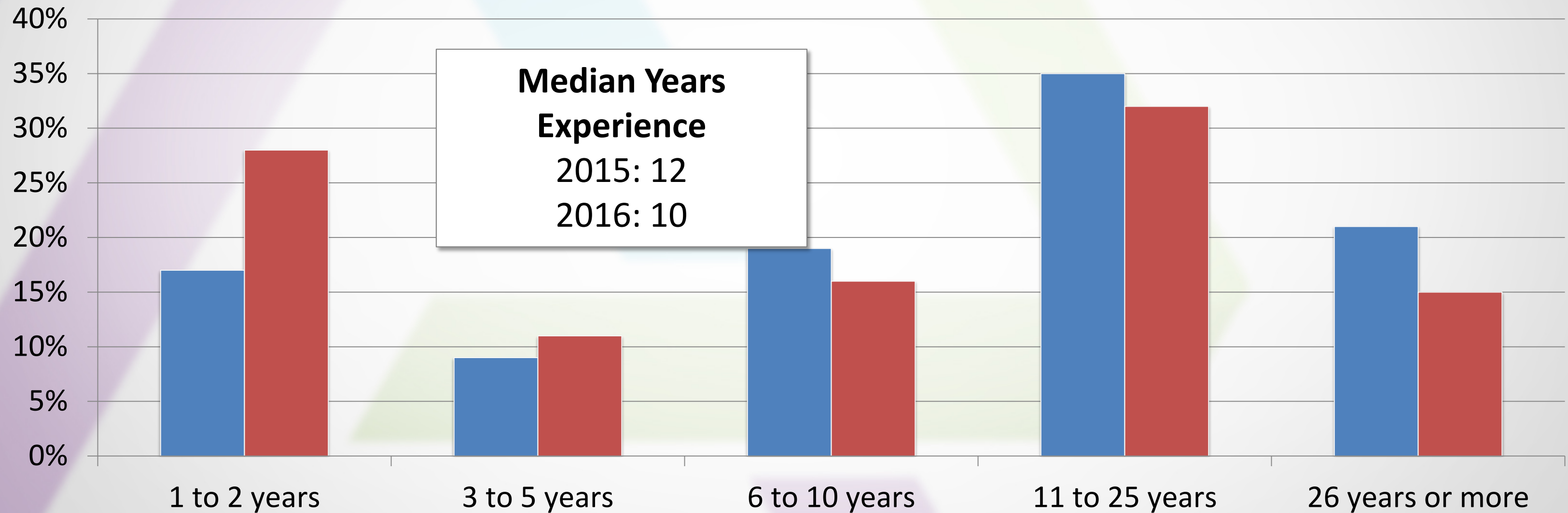




# Years of Experience Declines as More REALTORS® Enter the Business

Percent of REALTORS® by Years of Experience

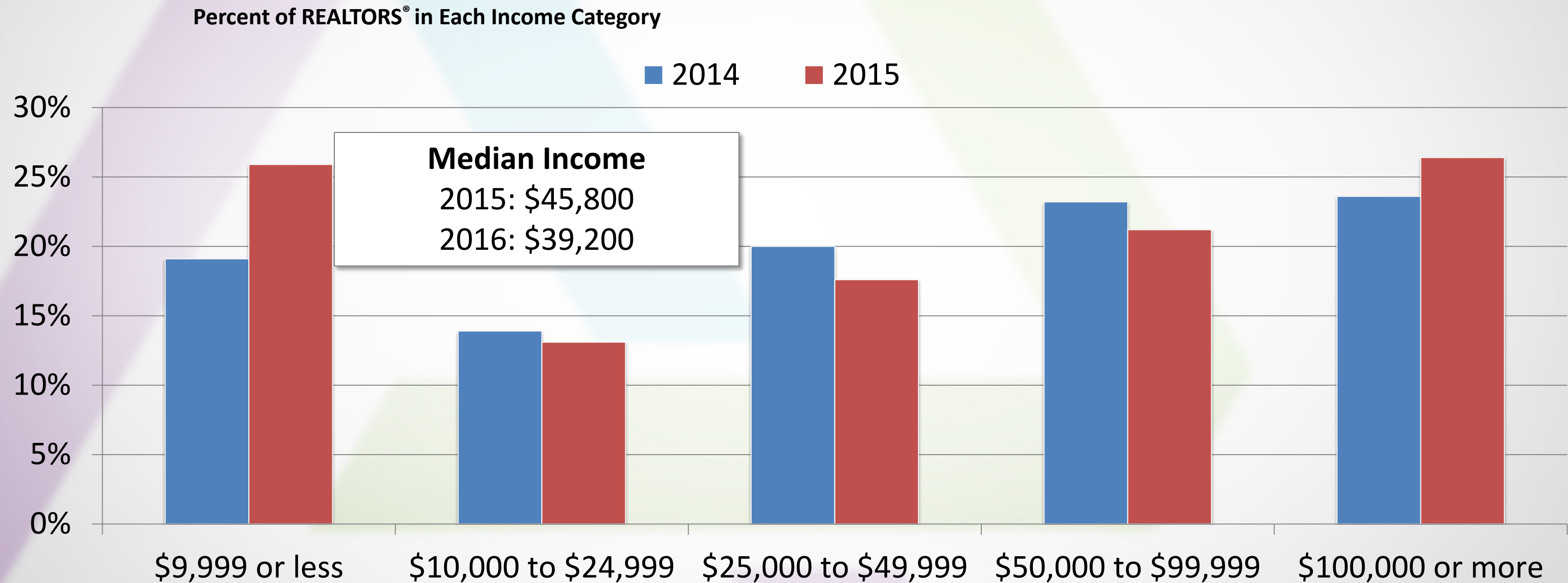
■ 2015 ■ 2016



Source: National Association of REALTORS®

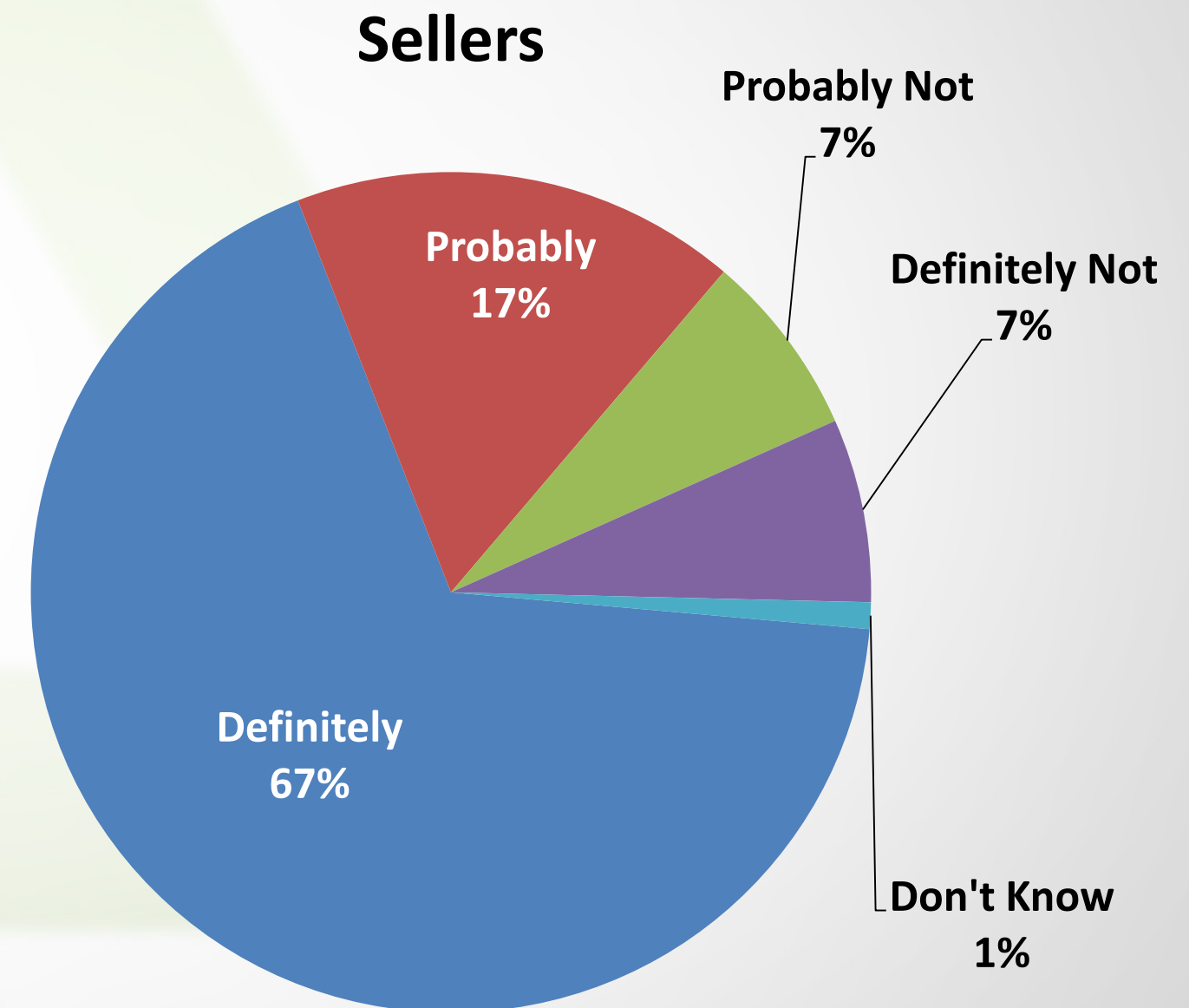
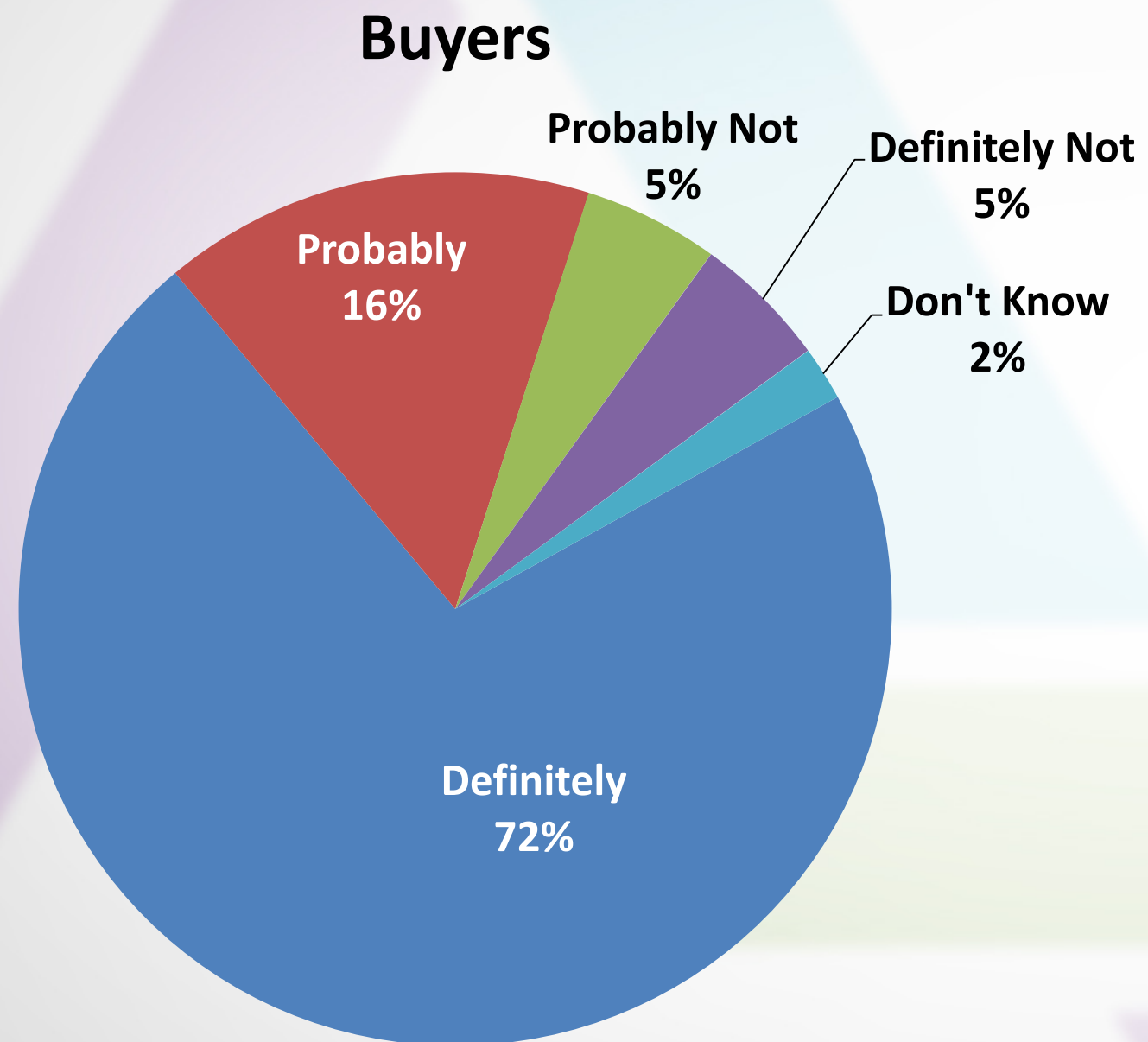


# Larger Share of REALTORS<sup>®</sup> Earning Low and High Incomes



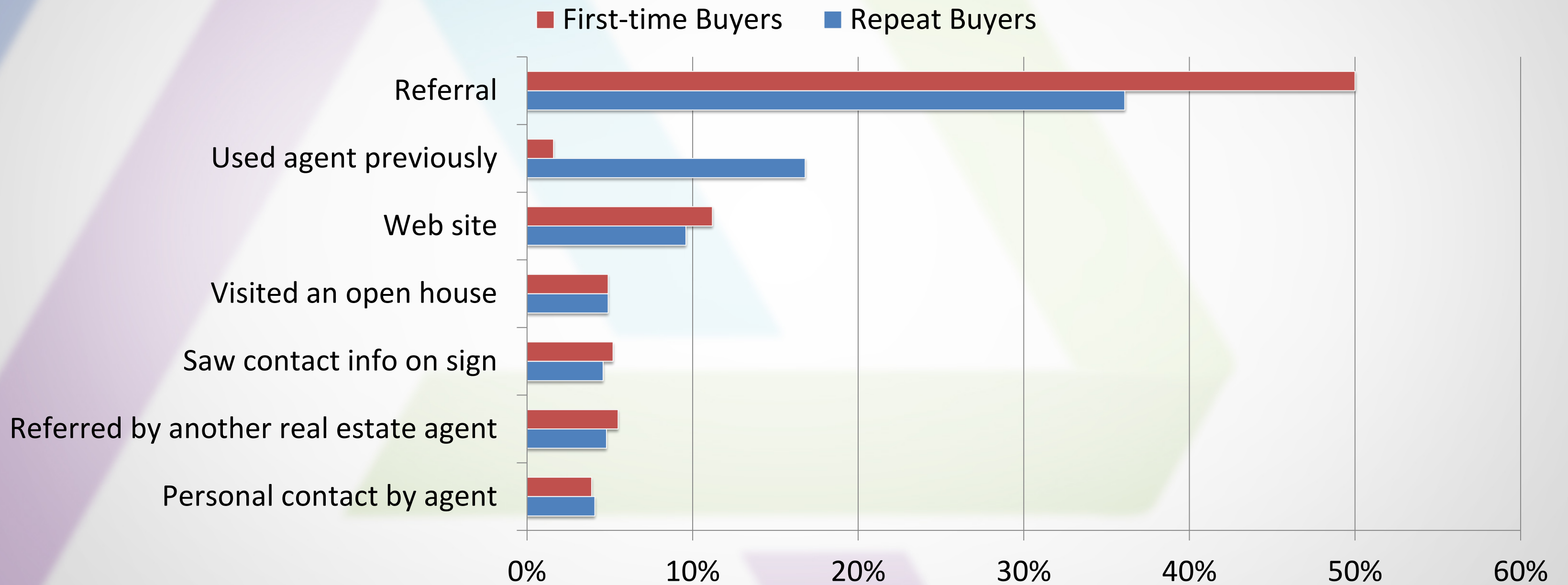
Source: National Association of REALTORS<sup>®</sup>

# A Majority of Buyers and Sellers Would Use or Recommend their Agent to Others



Source: National Association of REALTORS®

# How Buyer Found Agent



Source: National Association of REALTORS®

# FSBO collapse



Hispanic  
Black  
White


4%  
10%  
85%

All Other  
Asian  
Hispanic  
Black  
White

6%  
9%  
29%  
13%  
44%

1960

Today

 2036 REALTOR®  
SUMMIT

