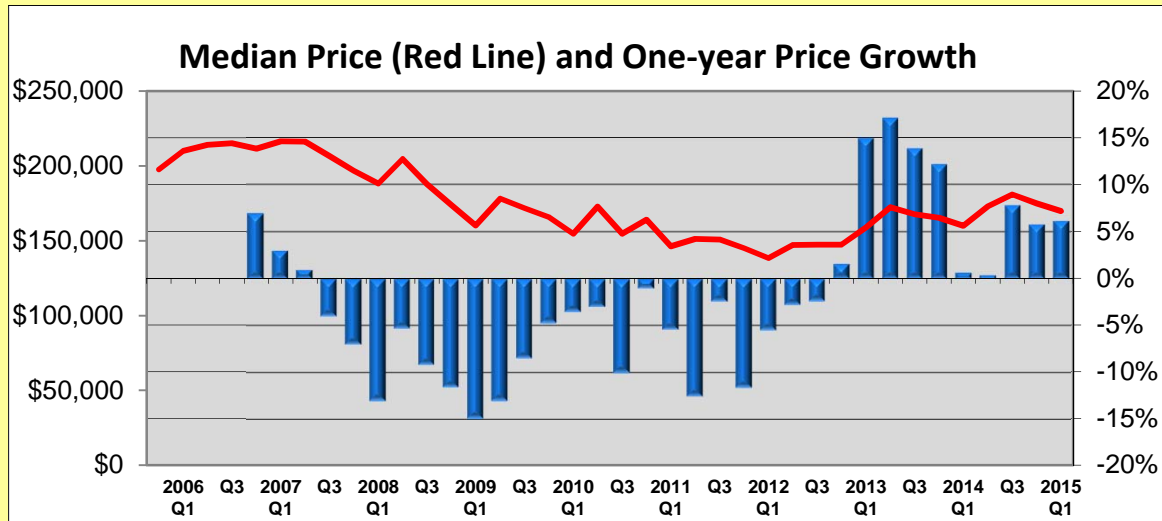


## Gainesville Area Local Market Report, First Quarter 2015

### Today's Market...



Local Price Trends			
Price Activity	Gainesville	U.S.	Local Trend
Current Median Home Price (2015 Q1)	\$169,900	\$203,867	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2015 Q1)	6.2%	6.7%	
3-year (12-quarter) Appreciation (2015 Q1)	22.8%	28.8%	
3-year (12-quarter) Housing Equity Gain*	\$31,600	\$45,533	Gains in the last 3 years have helped to pull the local market out of the post-recession price weakness
7-year (28 quarters) Housing Equity Gain*	-\$18,400	\$5,333	
9-year (36 quarters) Housing Equity Gain*	-\$40,200	-\$13,067	

\*Note: Equity gain reflects price appreciation only

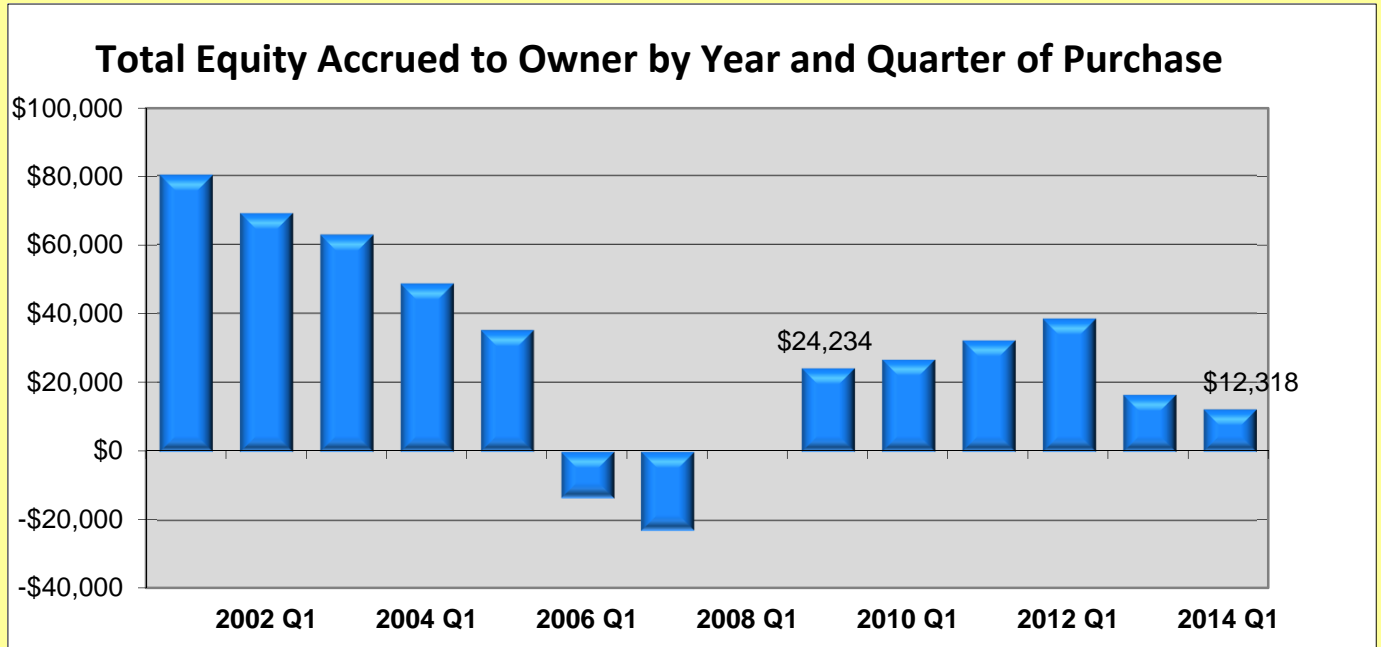
	Gainesville	U.S.	
Conforming Loan Limit**	\$417,000	\$625,500	Most buyers in this market have access to government-backed financing
FHA Loan Limit	\$271,050	\$625,500	
Local Median to Conforming Limit Ratio	41%	not comparable	

Note: limits are current and include the changes made in November of 2012 and extended in November of 2013

#### Local NAR Leadership

The Gainesville market is part of region 5 in the NAR governance system, which includes all of Georgia, Florida, Alabama, Mississippi, Virgin Islands, and Puerto Rico. The 2015 NAR Regional Vice President representing region 5 is Dean Asher.

# Benefits of Ownership: Total Equity Appreciation



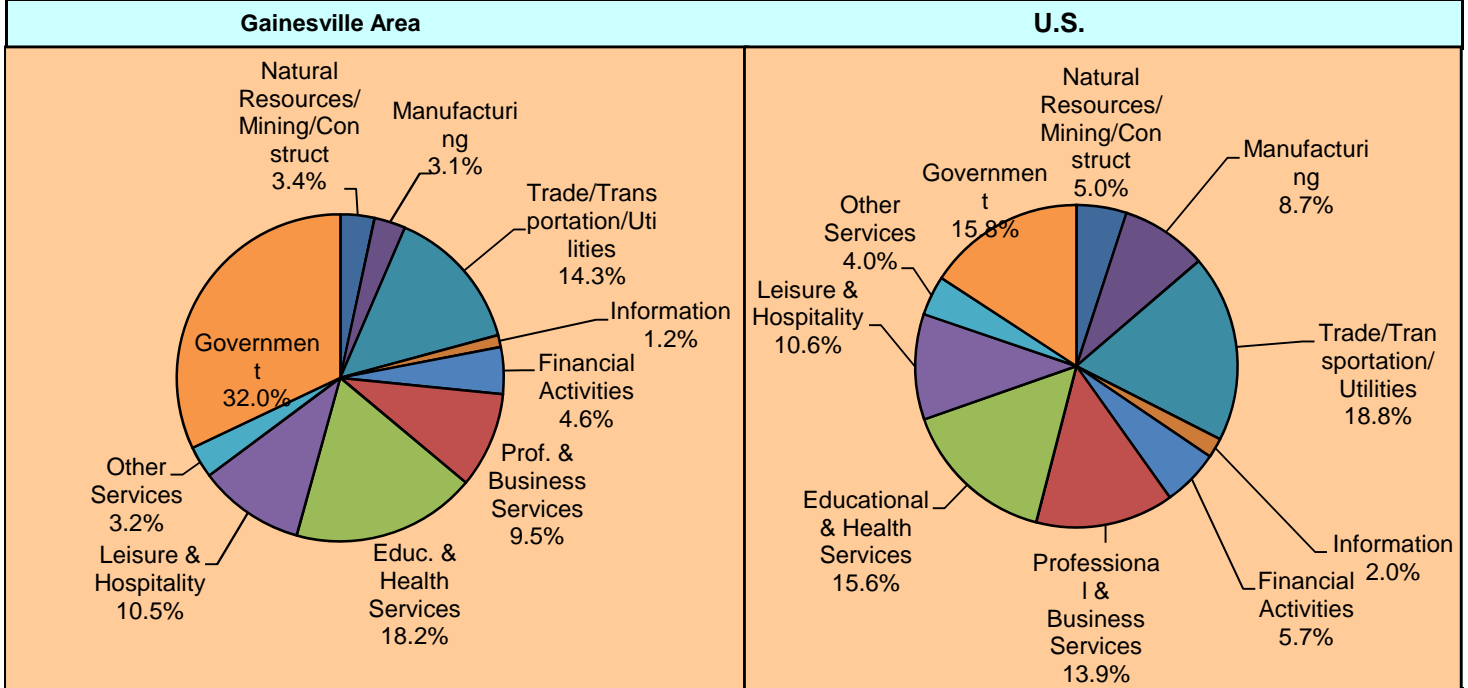
Total Equity Gained** through 2015 Q1 from quarter in which home was of purchased			
Price Activity	Gainesville	U.S.	Local Trend
1-year (4-quarter)	\$12,318	\$15,753	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$38,615	\$53,565	
5-year (20-quarter)*	\$26,785	\$47,444	
7-year (28 quarters)*	\$99	\$17,200	
9-year (36 quarters)*	\$13,592	\$100	
If purchase in 2005, the national price peak	\$35,263	\$16,323	

\*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	Gainesville	U.S.	
12-month Job Change (Mar)	4,300	Not Comparable	Employment growth has eased, but remains positive
12-month Job Change (Feb)	4,500	Not Comparable	
36-month Job Change (Mar)	6,800	Not Comparable	Unemployment in Gainesville is better than the national average and improving
Current Unemployment Rate (Mar)	4.6%	5.5%	
Year-ago Unemployment Rate	5.4%	6.6%	Local employment growth is strong compared to other markets
1-year (12 month) Job Growth Rate	3.3%	2.1%	

## Share of Total Employment by Industry



### 12-month Employment Change by Industry in the Gainesville Area (Mar - 2015)

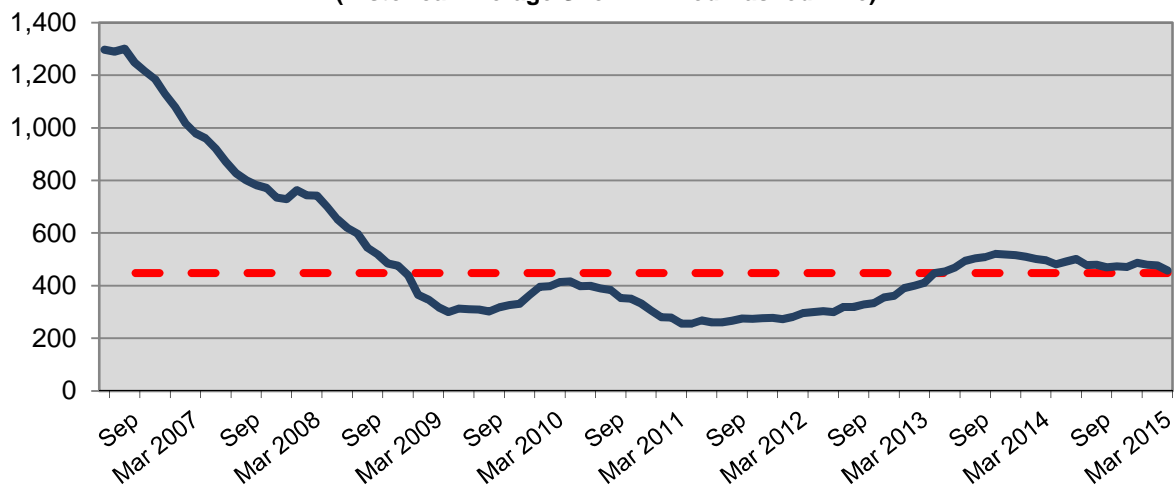
Goods Producing	NA	Information	100
Natural Resources/Mining/Construction	400	Financial Activities	100
Natural Resources and Mining	NA	Prof. & Business Services	1,000
Construction	NA	Educ. & Health Services	1,300
Manufacturing	100	Leisure & Hospitality	-100
Service Providing Excluding Government	NA	Other Services	200
Trade/Transportation/Utilities	1,200	Government	0

State Economic Activity Index	Florida	U.S.	
12-month change (2015 - Mar)	4.4%	3.4%	The economy of Florida has outpaced the rest of the nation and improved modestly from last month's 4.32% change
36-month change (2015 - Mar)	10.6%	9.3%	

## New Housing Construction

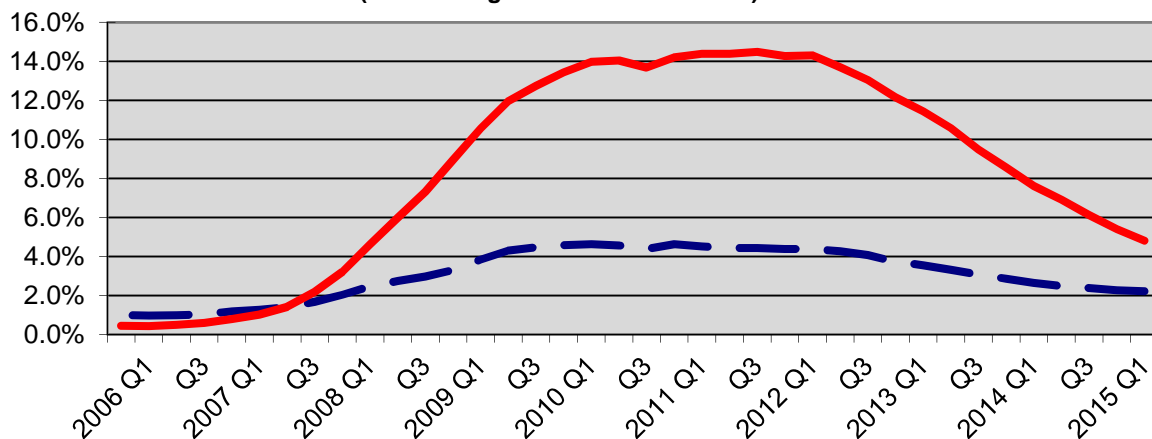
Local Fundamentals	Gainesville	U.S.	
12-month Sum of 1-unit Building Permits through Mar 2015	458	not comparable	The current level of construction is 2.2% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	448	not comparable	Production above trend for an extended period of time could cause prices to moderate as inventory is built
Single-Family Housing Permits (Mar 2015) 12-month sum vs. a year ago	-7.8%	3.1%	Construction continues to decline from last year

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



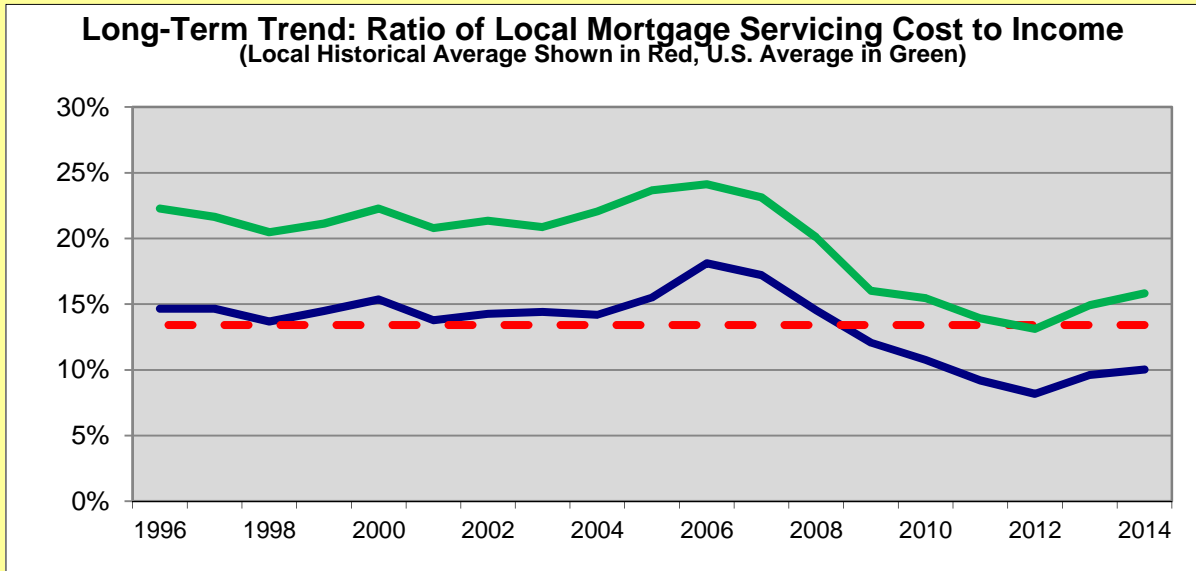
While new construction is the traditional driver of supply in real estate, foreclosures and short-sales now have a strong impact on inventories, particularly at the local level. Rising inventories, through construction or distressed sales, place downward pressure on the median home prices.

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

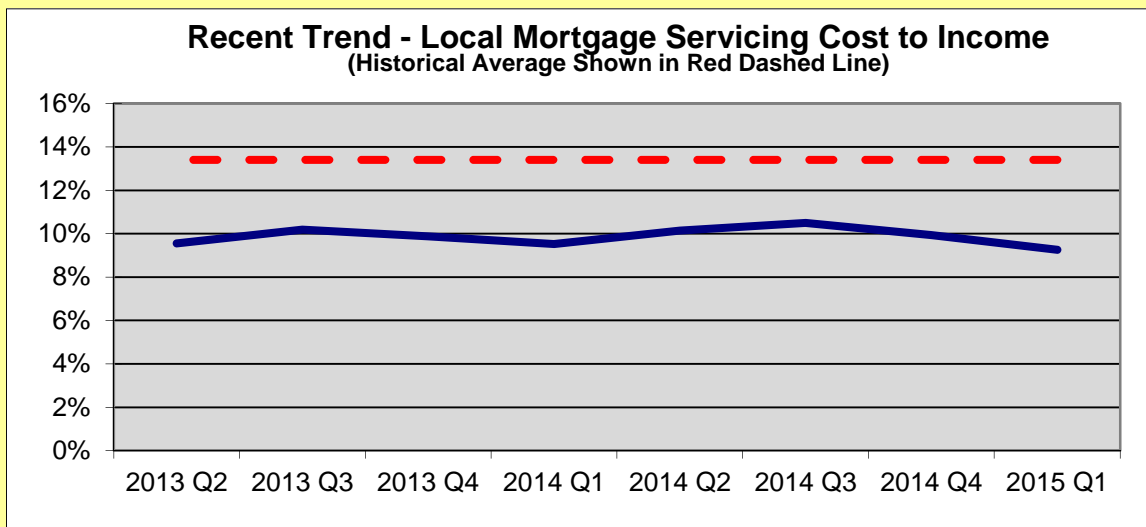


Source: Mortgage Bankers' Association

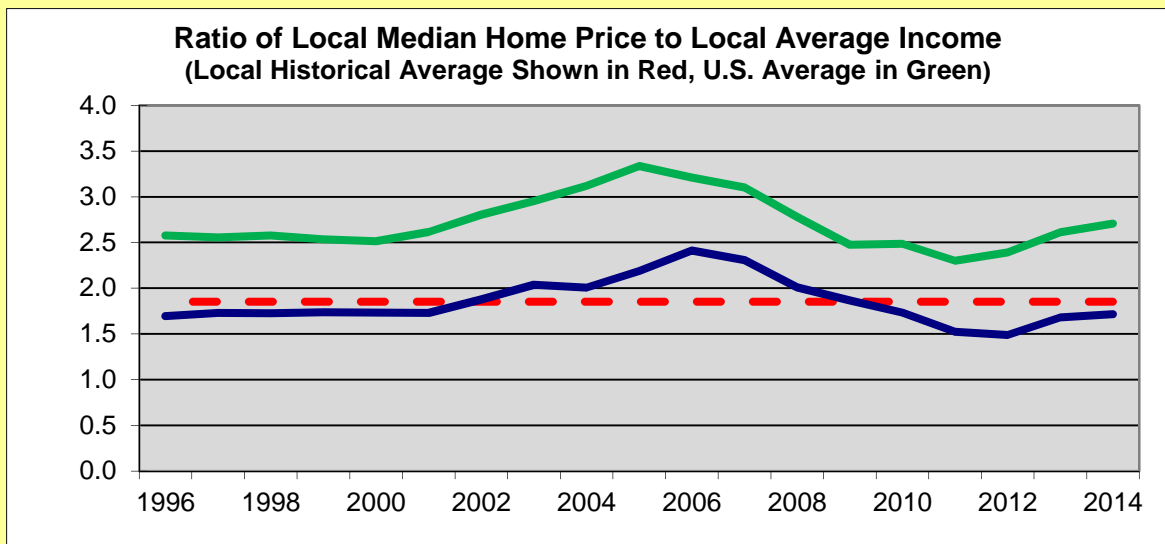
# Affordability



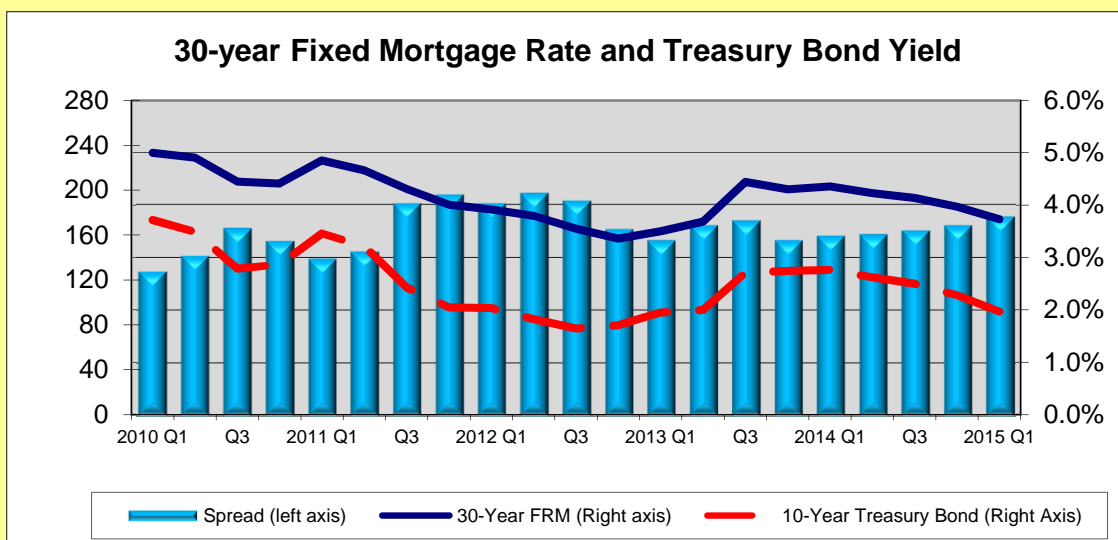
Monthly Mortgage Payment to Income	Gainesville	U.S.	
Ratio for 2014	10.0%	15.8%	Historically strong and an improvement over the fourth quarter of 2014
Ratio for 2015 Q1	9.3%	14.3%	
Historical Average	13.4%	20.0%	More affordable than most markets



Median Home Price to Income	Gainesville	U.S.	
Ratio for 2014	1.7	2.7	The price-to-income ratio has fallen and is below the historical average
Ratio for 2015 Q1	1.7	2.6	
Historical Average	1.9	2.7	Affordable compared to most markets

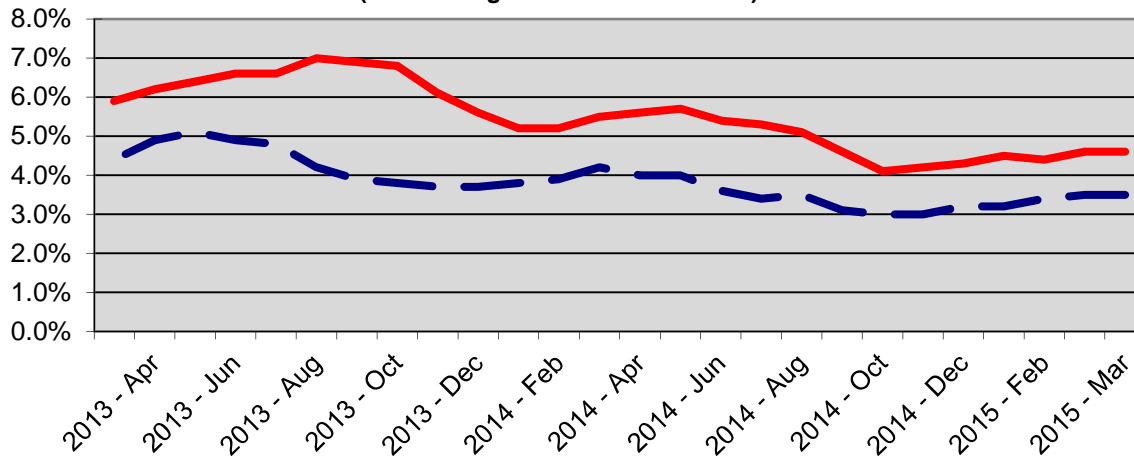


## The Mortgage Market



The headline measure of economic activity, GDP growth, swung from a soft 2.2% in the 4th quarter of 2014 to a dismal 0.2% in the 1st quarter of 2015 with some suggesting that the 1st quarter figure would be revised lower. Sharp declines in global fuel prices over the winter impacted the domestic oil industry, while a rapid rise in the value of the dollar impacted domestic manufacturers' ability to export and increased competition from importers. As a result, employment in both industries slumped in the first quarter. Compounding these issues was weakness in single family housing starts and construction. Weather was partially to blame, but builder sentiment was weak reflecting a pullback in consumer confidence. While not a recession, this economic soft patch weighed on mortgage rates in the 1st quarter which saw the average 30-year fixed rate fall from 3.97% in the 4th quarter to 3.73% in the 1st quarter of 2015. Treasury rates fell by more and as a result the spread between the two rose from 169 basis points to 176. Affordability surged on sub-4% mortgage rates that were augmented by a sharp 50 basis point cut to the FHA's annual mortgage insurance premium. NAR Research forecasts the average rate for a 30-year fixed rate mortgage to climb to 4.3% by year end 2014 and to average 5.2% in 2016 as the Federal Reserve begins to raise short term rates in response to improving domestic and international economic conditions gain steam.

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



Source: NAR

REALTOR® Price Expectations	Florida	U.S.	
2015 - Mar	4.6%	3.5%	REALTORS® expect higher price growth in Florida 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	4.9%	3.5%	



## Geographic Coverage for this Report

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

Alachua County and Gilchrist County

More information on the OMB's geographic definitions can be found at [http://www.whitehouse.gov/omb/inforeg\\_statpolicy/](http://www.whitehouse.gov/omb/inforeg_statpolicy/)