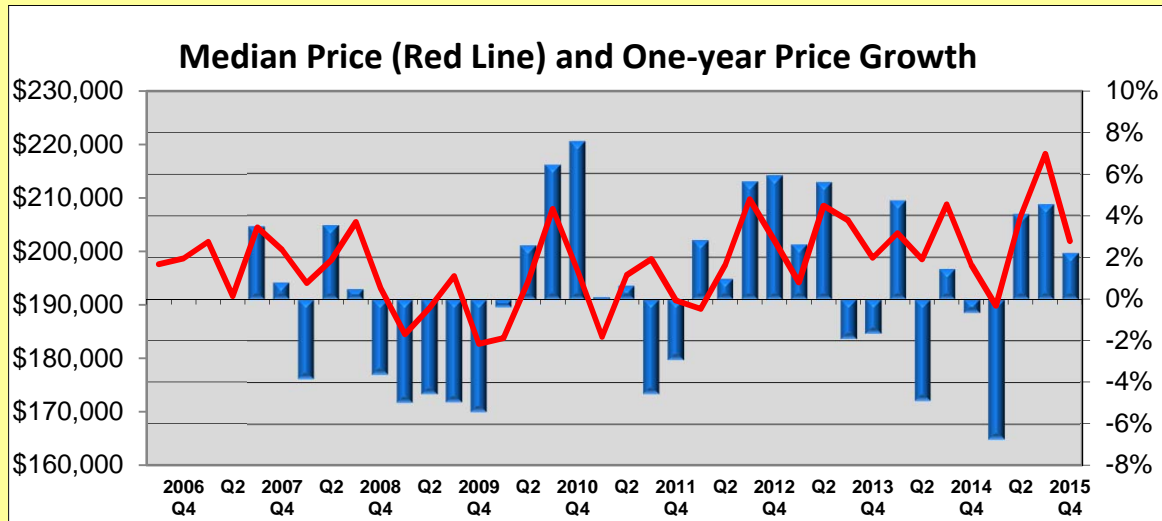


Albany-Schenectady-Troy Area Local Market Report, Fourth Quarter 2015

Today's Market...



Local Price Trends

Price Activity	Albany	U.S.	Local Trend
Current Median Home Price (2015 Q4)	\$201,900	\$221,067	Prices are up from a year ago, but price growth is slowing
1-year (4-quarter) Appreciation (2015 Q4)	2.2%	6.5%	
3-year (12-quarter) Appreciation (2015 Q4)	-0.1%	23.6%	
3-year (12-quarter) Housing Equity Gain*	-\$200	\$42,233	Price trends in the last three years have undercut the steady post-recession price trend
7-year (28 quarters) Housing Equity Gain*	\$8,800	\$40,300	
9-year (36 quarters) Housing Equity Gain*	\$3,200	\$1,633	

*Note: Equity gain reflects price appreciation only

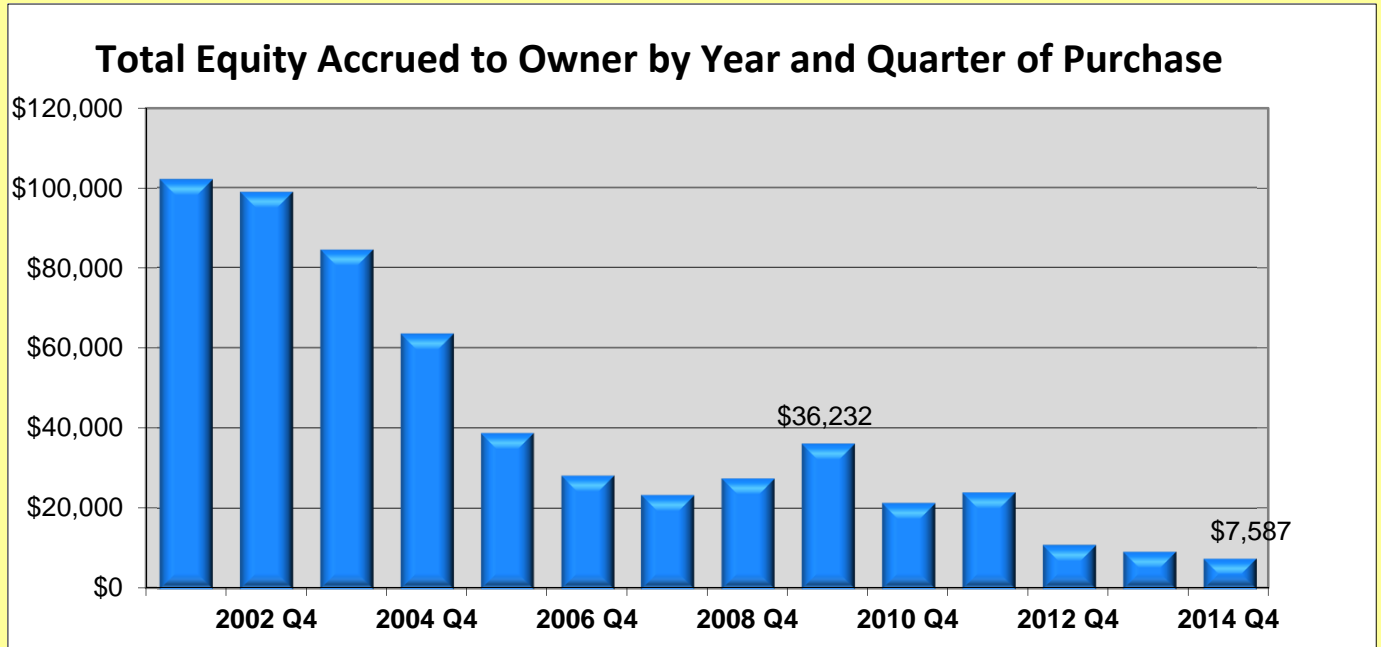
	Albany	U.S.	
Conforming Loan Limit**	\$417,000	\$625,500	Most buyers in this market have access to government-backed financing
FHA Loan Limit	\$292,100	\$625,500	
Local Median to Conforming Limit Ratio	48%	not comparable	

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

Local NAR Leadership

The Albany-Schenectady-Troy market is part of region 2 in the NAR governance system, which includes all of New York, New Jersey, and Pennsylvania. The 2016 NAR Regional Vice President representing region 2 is Bette McTamney.

Benefits of Ownership: Total Equity Appreciation



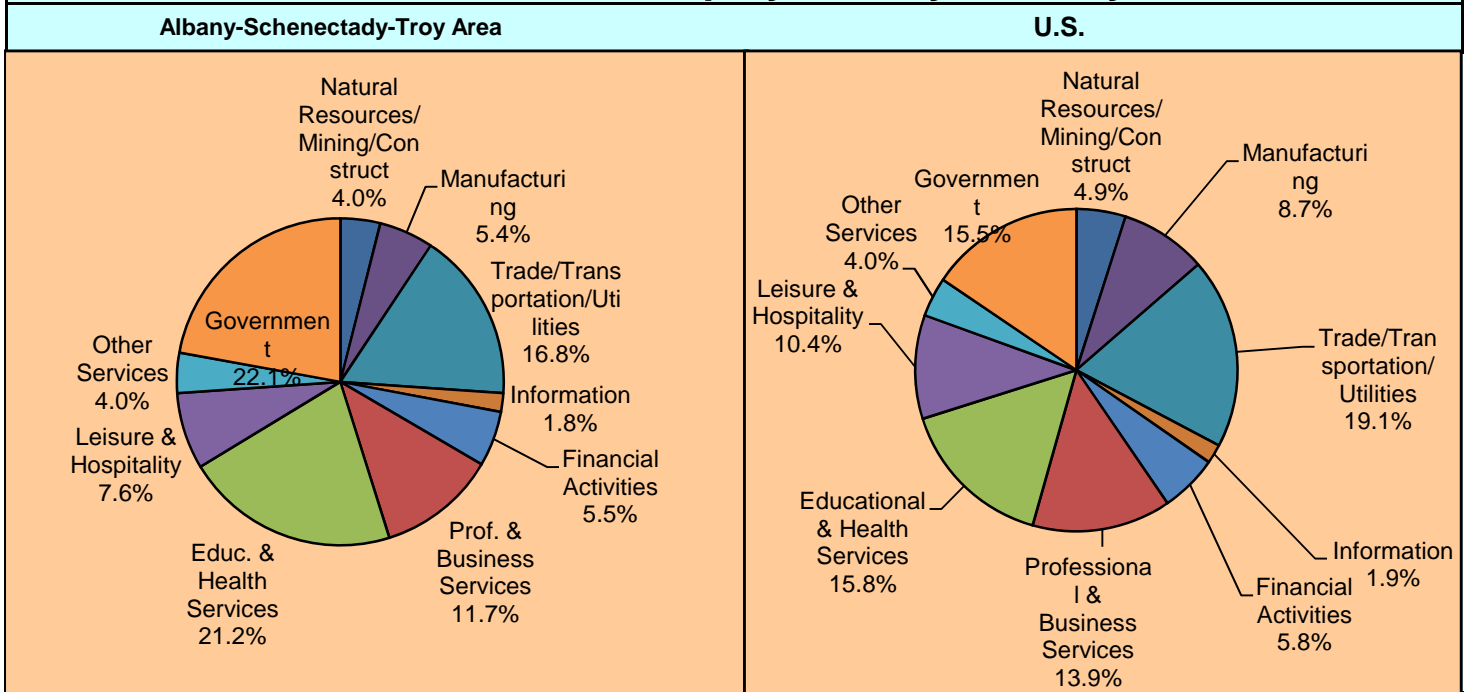
Total Equity Gained** through 2015 Q4 from quarter in which home was of purchased			
Price Activity	Albany	U.S.	Local Trend
1-year (4-quarter)	\$7,587	\$16,784	While owners pay down principle, price appreciation in the last 3 years have helped homeowners to build equity
3-year (12-quarter)*	\$10,984	\$52,129	
5-year (20-quarter)*	\$21,465	\$62,764	
7-year (28 quarters)*	\$27,594	\$52,606	
9-year (36 quarters)*	\$28,341	\$16,571	
If purchase in 2005, the national price peak	\$38,914	\$11,104	

*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	Albany	U.S.	
12-month Job Change (Dec)	3,400	Not Comparable	Employment growth has eased, but remains positive
12-month Job Change (Nov)	5,700	Not Comparable	
36-month Job Change (Dec)	15,200	Not Comparable	Unemployment in Albany is better than the national average and improving
Current Unemployment Rate (Dec)	4.0%	5.0%	
Year-ago Unemployment Rate	4.4%	5.6%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	0.7%	2.1%	

Share of Total Employment by Industry



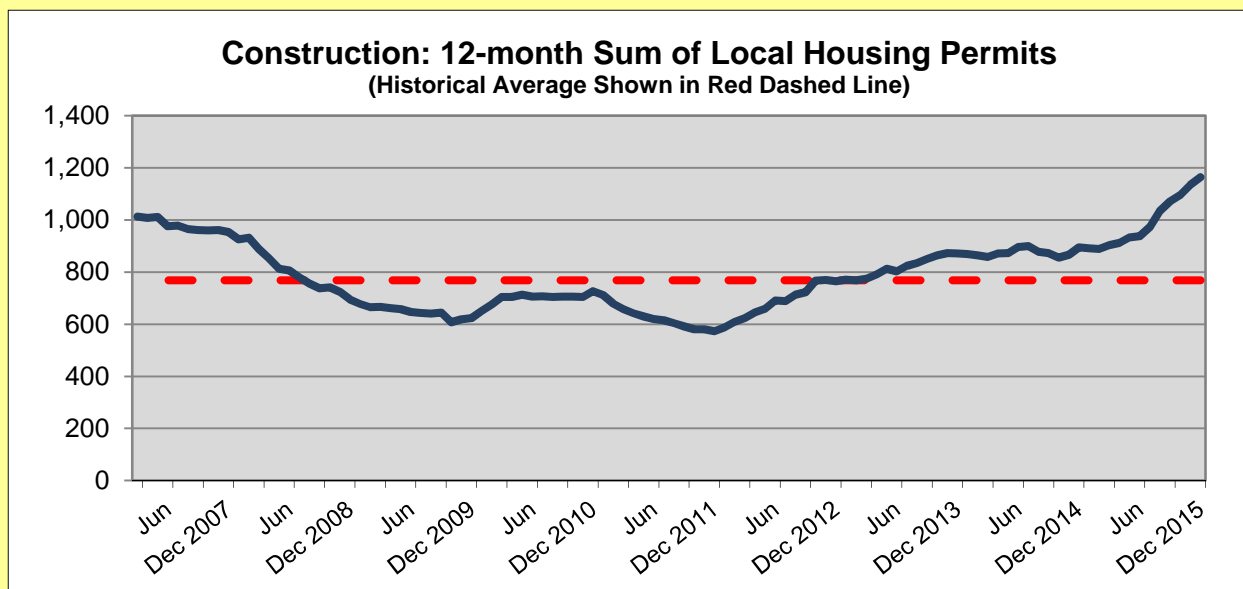
12-month Employment Change by Industry in the Albany-Schenectady-Troy Area (Dec - 2015)

Goods Producing	NA	Information	200
Natural Resources/Mining/Construction	-500	Financial Activities	0
Natural Resources and Mining	NA	Prof. & Business Services	3,100
Construction	NA	Educ. & Health Services	1,700
Manufacturing	500	Leisure & Hospitality	-1,600
Service Providing Excluding Government	NA	Other Services	200
Trade/Transportation/Utilities	-100	Government	-100

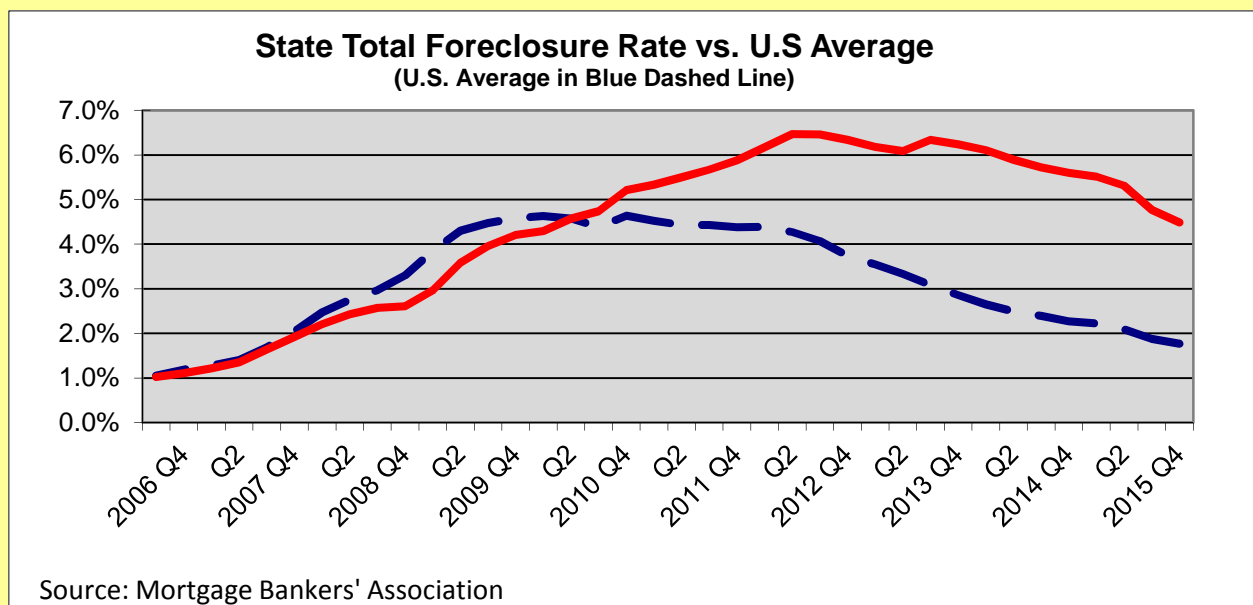
State Economic Activity Index	New York	U.S.	
12-month change (2015 - Dec)	3.3%	3.2%	New York's economy is stronger than the nation's, but slowed from last month's 3.48% change
36-month change (2015 - Dec)	10.8%	10.6%	

New Housing Construction

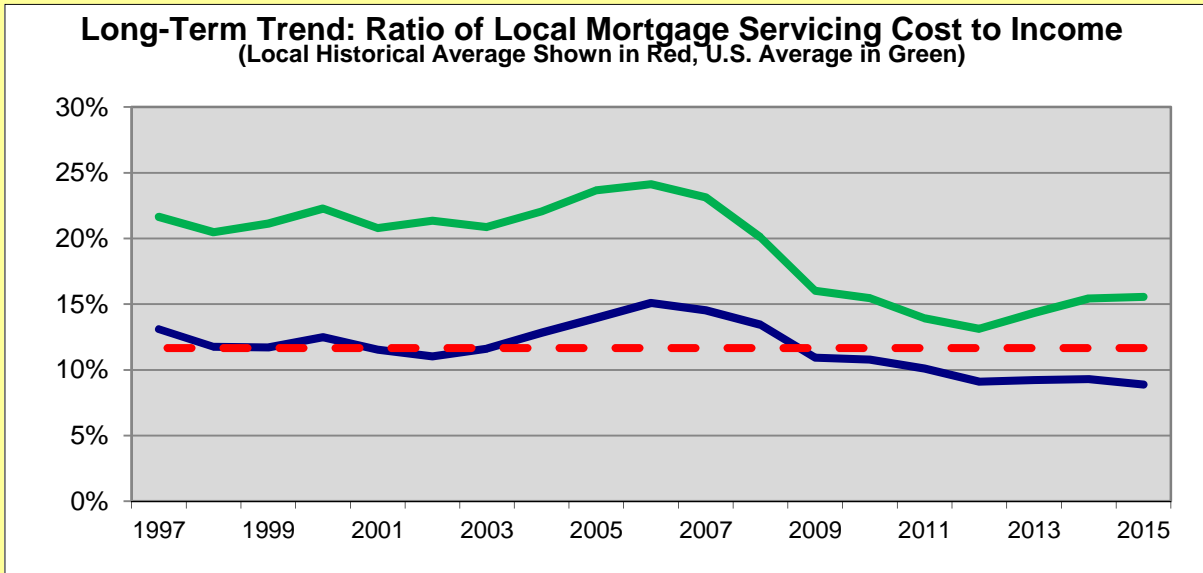
Local Fundamentals	Albany	U.S.	
12-month Sum of 1-unit Building Permits through Dec 2015	1,164	not comparable	The current level of construction is 51.4% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	769	not comparable	Production above trend for an extended period of time could cause prices to moderate as inventory is built
Single-Family Housing Permits (Dec 2015) 12-month sum vs. a year ago	30.1%	9.7%	Construction is on the rise relative to last year, suggesting that the local inventory has stabilized



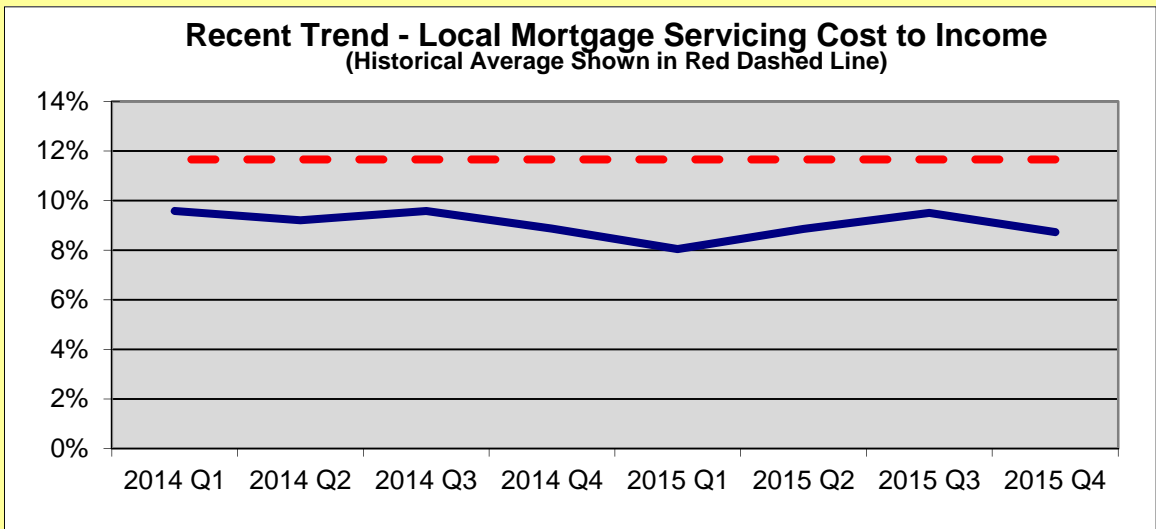
While new construction is the traditional driver of supply in real estate, foreclosures and short-sales now have a strong impact on inventories, particularly at the local level. Rising inventories, through construction or distressed sales, place downward pressure on the median home prices.



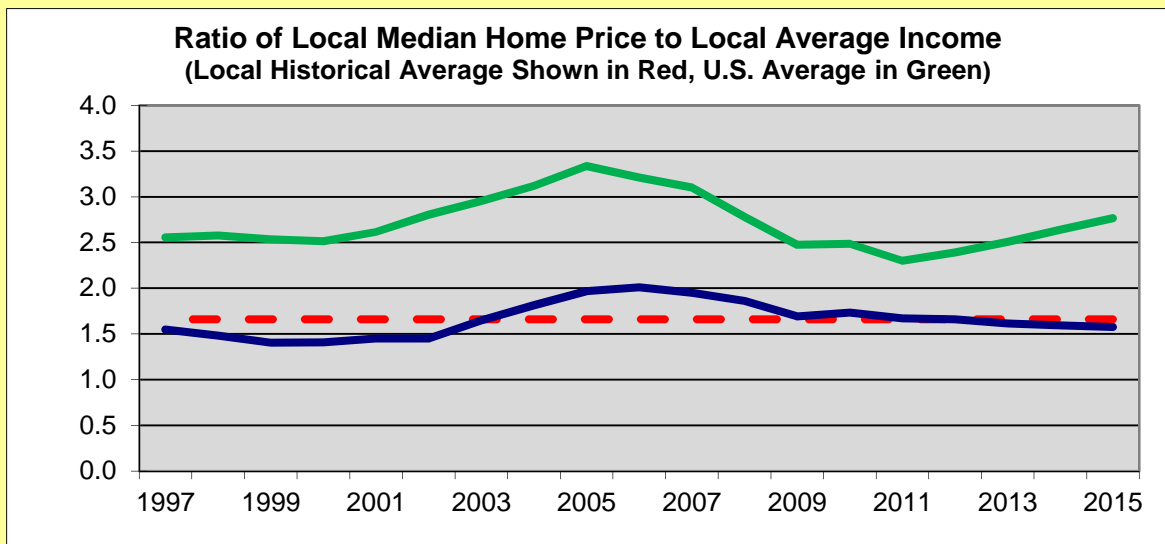
Affordability



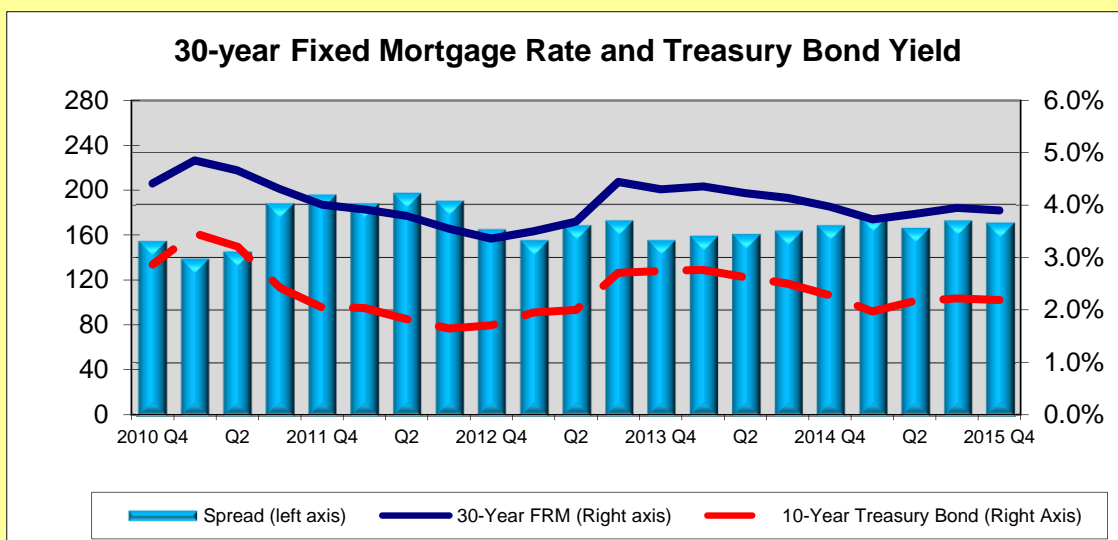
Monthly Mortgage Payment to Income	Albany	U.S.	
Ratio for 2015	8.9%	15.6%	Historically strong and an improvement over the third quarter of 2015
Ratio for 2015 Q4	8.7%	15.1%	
Historical Average	11.7%	19.5%	More affordable than most markets



Median Home Price to Income	Albany	U.S.	
Ratio for 2015	1.6	2.8	The price-to-income ratio has fallen and is below the historical average
Ratio for 2015 Q4	1.5	2.7	
Historical Average	1.7	2.7	Affordable compared to most markets

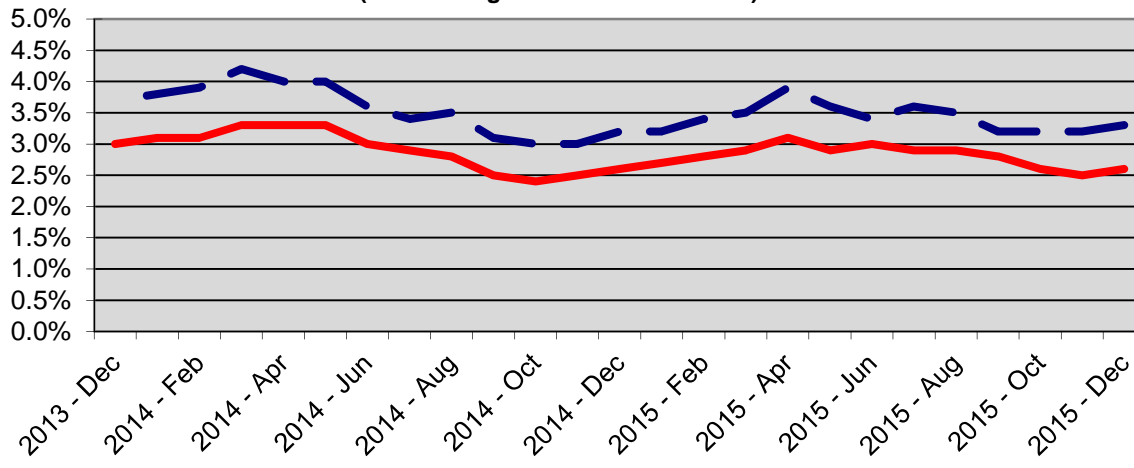


The Mortgage Market



Despite indications of economic strength early in the 4th quarter, the Federal Reserve held off its much anticipated rate increases until mid-December. However, a fresh set of weak economic numbers centered on a slowing Chinese economy, excess oil, and the potential impacts on domestic oil exploration and manufacturing softened domestic economic growth in the 4th quarter. As a result, Treasuries slumped as investors moved money into this safe haven and mortgage rates benefited. The average 30-year fixed rate mortgage eased modestly from 4.0 percent in the 3rd quarter to 3.9 percent in the 4th. The 10-year Treasury did not fall as much as MBS and as a result the spread between them eased from 173 basis points to 171. While mortgage rates remained cheap, lenders were hit with the implementation of the new TILA-RESPA Integrated Disclosure rules (TRID) on October 3rd. Some lenders struggled to comply and as a result roughly 10 percent of settlements were delayed by roughly 8 days on average, though few were canceled. Rates are likely to remain low through the spring as the market deals with international instability and the FED pulls back from planned rate hikes, but some lenders may continue to have issues with the new settlement procedures. NAR is now forecasting fewer rate hikes by the FED in 2016 and as a result the 30-year fixed rate mortgage is now expected to average just 4.3 percent for 2016, down from earlier estimates near 5.0 percent.

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



Source: NAR

REALTOR® Price Expectations	New York	U.S.	
2015 - Dec	2.6%	3.3%	REALTORS® expect weaker price growth in New York than in the U.S. in the next 12 months. Their price expectations for the local market are more modest than a year ago.
Prior 12 months	2.8%	3.4%	



Geographic Coverage for this Report

The Albany area referred to in this report covers the geographic area of the Albany-Schenectady-Troy 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:

Albany County, Rensselaer County, Saratoga County, Schenectady County, and Schoharie County

More information on the OMB's geographic definitions can be found at http://www.whitehouse.gov/omb/inforeg_statpolicy/