LEADERSHIP WEEK
AUGUST 13-17, 2023

#NARLeadershipWeek
Scary Chart:
10-year Treasury Borrowing Rate Testing Resistance Line

Source: U.S. Treasury and Federal Reserve
Scary Chart Zoom-in: 10-year Treasury Borrowing Rate Testing Resistance Line
High Borrowing Costs from Fed’s Aggressive Policy:
10-year Treasury and Fed Funds Rate

Source: U.S. Treasury and Federal Reserve
Downgrade of USA Debt ???
Federal Outlay (blue bar) > Tax Receipts (orange line)

Source: Congressional Budget Office
Damage from High Interest Rates

Home Sales Down

• Commercial Real Estate Transactions Down

• Commercial Real Estate Property Prices Down

• Community Banks in a Mess from Interest Rate Mismatch

• Community Banks in a Mess from Commercial Real Estate Loan Exposure

• Economic Slowdown

• Interest Expenditure of Federal Debt Rising
Weaker Home Sales - Existing-Home Sales Below Pre-COVID...Down 23% Year-to-Date

Seasonally adjusted annualized sale pace

Source: NAR
Newly Constructed Home Sales...Back to Pre-COVID

Source: HUD
Inventory of Existing Homes Low  ...  New Homes High

Source: NAR and HUD
Commercial Real Estate Transactions ... Down 50%
(properties valued at $2.5 million and above)

Source: MSCI
Commercial Real Estate Property Price Index
... Down 15%

Index value

Source: Green Street
Commercial Real Estate Loans Held by Top-25 Banks and 1000 Small Banks

Source: Federal Reserve
Why is the Fed Raising Interest Rates?
Inflation Steadily Calming Down: 3% in June, but Not Yet 2%, With More Deceleration Underway as Wage and Rents Moderate

% change from a year ago

Source: BLS
More Jobs and Less Inflation ... But Voters Saying It Ain’t So

Recent 12 months

Democrat Narrative
Wage Growth > CPI Inflation in recent 12 months

Republican Narrative
Wage Growth < CPI Inflation since Biden Inauguration

From January 2021
## Price Growth by Key Items

<table>
<thead>
<tr>
<th>Item</th>
<th>% change from a year ago</th>
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</thead>
<tbody>
<tr>
<td>Car Insurance</td>
<td>16.9%</td>
</tr>
<tr>
<td>Rent</td>
<td>8.3%</td>
</tr>
<tr>
<td>Food</td>
<td>5.8%</td>
</tr>
<tr>
<td>Electricity</td>
<td>5.4%</td>
</tr>
<tr>
<td>Lodging Away from Home (Hotel/Airbnb)</td>
<td>5.0%</td>
</tr>
<tr>
<td>New Car</td>
<td>4.1%</td>
</tr>
<tr>
<td>Clothes</td>
<td>3.1%</td>
</tr>
<tr>
<td>Medical Service</td>
<td>-1%</td>
</tr>
<tr>
<td>Airfare</td>
<td>-13%</td>
</tr>
<tr>
<td>Gasoline</td>
<td>-27%</td>
</tr>
</tbody>
</table>

Source: BLS
Annual Apartment Construction at 40-year High... Why has Rent Not Calmed Down?

Source: Census/HUD
Apartment Rent Growth in Private Sector Data

Source: CoStar
Rents Rising or Softening?

Source: BLS and CoStar
Financial Literacy on Rent Control: Supply and Demand Graph
Home Prices: Not Part of CPI
National Median Home Price

Source: NAR
Home Price Change in 2023 Q1 from Prior Quarter

Source: NAR Analysis of FHFA data
Home Price Change from Onset of COVID (2020 Q1 to 2023 Q2)

Source: NAR Analysis of FHFA data
Homeownership Rate in Hawaii and U.S.

Source: Census
Home Value (fell $3 trillion) and Mortgage Debt (rose $1 trillion)

Source: Federal Reserve
Shockingly High Monthly Mortgage Payment To Buy Typical Home at Prevailing Mortgage Rate - Not Part of CPI

Source: NAR
More Turning to Cash Sales

% of total sales

Source: NAR
Distressed Property Sales Rising from 1% to 2% ... Non-Existent

% of total sales

Source: NAR
Job Market
Total Payroll Jobs ... 4 Million More from Pre-Covid

Source: BLS
Job Openings > Those Searching for Job

Source: BLS
Job Gains Since Pre-Covid Record High Payroll Employment

Source: NAR Analysis of BLS data
Mortgage Rates to Fall?

30-year Fixed Rate to be near 6% by the early spring

• Rents will calm down further ... Holds down CPI ... and make the Fed stop raising the interest rate
• Community banks are suffering from high interest rates
• Spread with government bond with a return to normal
Total Home Sales: New and Existing
Bottoming This Year Before Upturn Next Year

Source: NAR forecast and HUD
Extra Demand from International Home Buyers?

Foreigners and Very Recent Immigrants
International Purchases by $ Volume

(Billion Dollars)

- Non-resident (Type A)
- Resident (Type B)
- Total

Note: Based on transactions in the 12 months ending March of each year.

Source: NAR
## Top Countries of Origin:
China, Mexico, Canada, India, and Colombia

<table>
<thead>
<tr>
<th>Year</th>
<th>China*</th>
<th>Mexico</th>
<th>Canada</th>
<th>India</th>
<th>Colombia</th>
<th>All Foreign Buyers</th>
<th>Share of Top 5</th>
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<tbody>
<tr>
<td>2009</td>
<td>$3.8</td>
<td>$3.8</td>
<td>$8.5</td>
<td>$5.7</td>
<td>$0.5</td>
<td>$38.8</td>
<td>36%</td>
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<tr>
<td>2010</td>
<td>$11.2</td>
<td>$6.5</td>
<td>$17.1</td>
<td>$5.0</td>
<td>$0.5</td>
<td>$66.0</td>
<td>33%</td>
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<tr>
<td>2011</td>
<td>$7.0</td>
<td>$4.2</td>
<td>$13.1</td>
<td>$5.1</td>
<td>$0.6</td>
<td>$66.4</td>
<td>27%</td>
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<tr>
<td>2012</td>
<td>$12.0</td>
<td>$6.5</td>
<td>$15.9</td>
<td>$5.2</td>
<td>$0.6</td>
<td>$82.5</td>
<td>26%</td>
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<td>2013</td>
<td>$12.8</td>
<td>$3.6</td>
<td>$11.8</td>
<td>$3.9</td>
<td>$0.5</td>
<td>$68.2</td>
<td>23%</td>
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<td>2014</td>
<td>$22.7</td>
<td>$4.5</td>
<td>$13.8</td>
<td>$5.8</td>
<td>$0.5</td>
<td>$92.2</td>
<td>21%</td>
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<tr>
<td>2015</td>
<td>$28.5</td>
<td>$4.9</td>
<td>$11.2</td>
<td>$8.0</td>
<td>$0.9</td>
<td>$103.9</td>
<td>18%</td>
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<tr>
<td>2016</td>
<td>$27.3</td>
<td>$4.8</td>
<td>$8.9</td>
<td>$6.1</td>
<td>$1.2</td>
<td>$102.6</td>
<td>15%</td>
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<tr>
<td>2017</td>
<td>$31.7</td>
<td>$9.3</td>
<td>$19.0</td>
<td>$7.8</td>
<td>$1.0</td>
<td>$153.0</td>
<td>17%</td>
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<tr>
<td>2018</td>
<td>$30.4</td>
<td>$4.2</td>
<td>$10.5</td>
<td>$7.2</td>
<td>$1.2</td>
<td>$121.0</td>
<td>15%</td>
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<td>2019</td>
<td>$13.4</td>
<td>$3.7</td>
<td>$8.0</td>
<td>$4.2</td>
<td>$0.8</td>
<td>$77.9</td>
<td>16%</td>
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<td>2020</td>
<td>$11.5</td>
<td>$5.8</td>
<td>$9.5</td>
<td>$5.4</td>
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<td>$74.0</td>
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<td>2021</td>
<td>$4.8</td>
<td>$2.9</td>
<td>$4.2</td>
<td>$3.1</td>
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<td>$54.4</td>
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<td>2022</td>
<td>$6.1</td>
<td>$2.9</td>
<td>$5.5</td>
<td>$3.6</td>
<td>$1.0</td>
<td>$59.0</td>
<td>15%</td>
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<tr>
<td>2023</td>
<td>$13.6</td>
<td>$4.2</td>
<td>$6.6</td>
<td>$3.4</td>
<td>$0.9</td>
<td>$53.3</td>
<td>19%</td>
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Source: NAR
Top Destinations by Foreign Buyers: Florida, California, Texas, North Carolina, and Arizona

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<thead>
<tr>
<th>Year</th>
<th>FL</th>
<th>CA</th>
<th>TX</th>
<th>NC</th>
<th>AZ</th>
<th>IL</th>
<th>NY</th>
<th>OH</th>
<th>PA</th>
<th>NJ</th>
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<td>2009</td>
<td>23%</td>
<td>13%</td>
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<td>2%</td>
</tr>
</tbody>
</table>

Top 10 list is based on the most recent year.

Source: NAR
NAR Membership

Source: NAR
Membership Change From a Year Ago

Source: NAR
Membership Changes from One Year Ago to July 2023

Source: NAR
THANK YOU.

#NARLeadershipWeek