

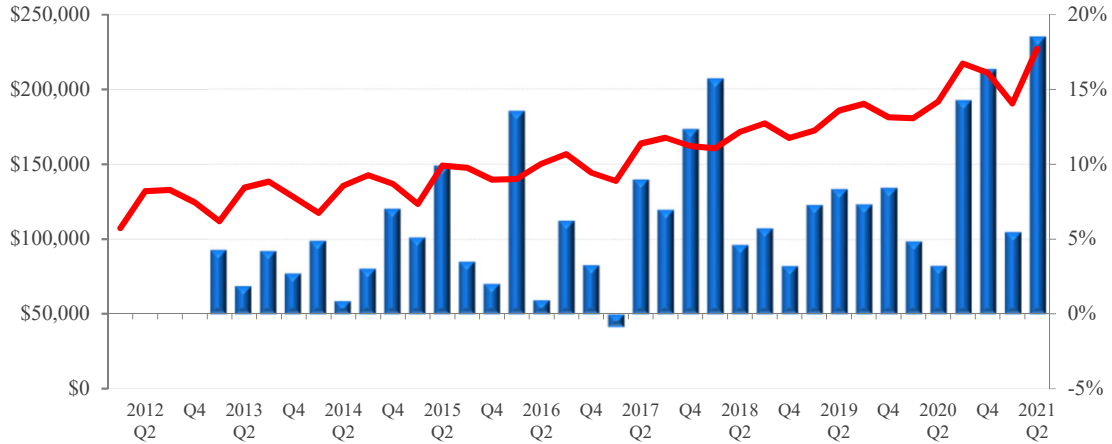
## Gary-Hammond Area

### Local Market Report, Second Quarter 2021

reflecting the impact of COVID-19 on the local economy

## Today's Market...

**Median Price (Red Line) and One-year Price Growth**



#### Local Price Trends

Price Activity	Gary	U.S.	Local Trend
Current Median Home Price (2021 Q2)	\$227,200	\$351,267	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2021 Q2)	18.5%	21.9%	
3-year (12-quarter) Appreciation (2021 Q2)	32.5%	32.3%	
3-year (12-quarter) Housing Equity Gain*	\$55,700	\$85,667	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$91,600	\$139,433	
9-year (36 quarters) Housing Equity Gain*	\$95,300	\$170,333	

\*Note: Equity gain reflects price appreciation only

	Gary	U.S.	
<b>Conforming Loan Limit**</b>	\$510,400	\$765,600	Most buyers in this market have access to government-backed financing
<b>FHA Loan Limit</b>	\$368,000	\$765,600	
<b>Local Median to Conforming Limit Ratio</b>	45%	not comparable	

Note: limits are current and include the changes made on January 1st 2020.

#### Local NAR Leadership

The Gary-Hammond market is part of region 7 in the NAR governance system, which includes all of Indiana, Illinois, and Wisconsin. The 2021 NAR Regional Vice President representing region 7 is Michael Oldenettel.

## Benefits of Ownership: Total Equity Appreciation

### Total Equity Accrued to Owner by Year and Quarter of Purchase



### Total Equity Gained\*\* through 2021 Q2 from quarter in which home was of purchased

Price Activity	Gary	U.S.	Local Trend
1-year (4-quarter)	\$38,893	\$68,283	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$63,582	\$97,874	
5-year (20-quarter)*	\$90,672	\$134,190	
7-year (28 quarters)*	\$108,253	\$165,448	
9-year (36 quarters)*	\$118,279	\$201,855	

\*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...

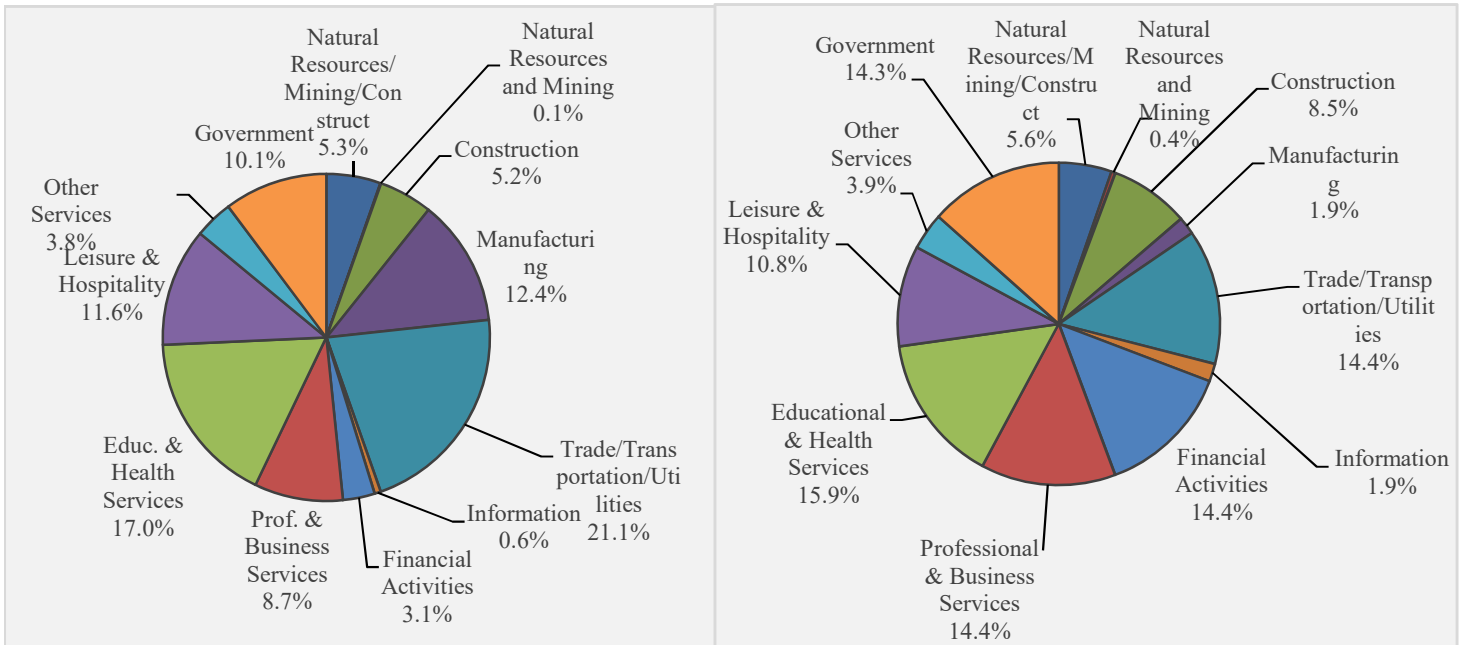


Local Economic Outlook	Gary	U.S.	
12-month Job Change (Aug)	1,300	Not Comparable	Employment growth has eased, but remains positive
12-month Job Change (Jul)	7,200	Not Comparable	
36-month Job Change (Aug)	-16,800	Not Comparable	Gary's unemployment rate lags the national average, but has improved relative to the same period last year
Current Unemployment Rate (Jul)	6.9%	5.4%	
Year-ago Unemployment Rate	12.2%	10.2%	Local employment growth is respectable compared to other markets
1-year (12 month) Job Growth Rate	0.5%	-0.8%	

## Share of Total Employment by Industry

Gary-Hammond Area

U.S.



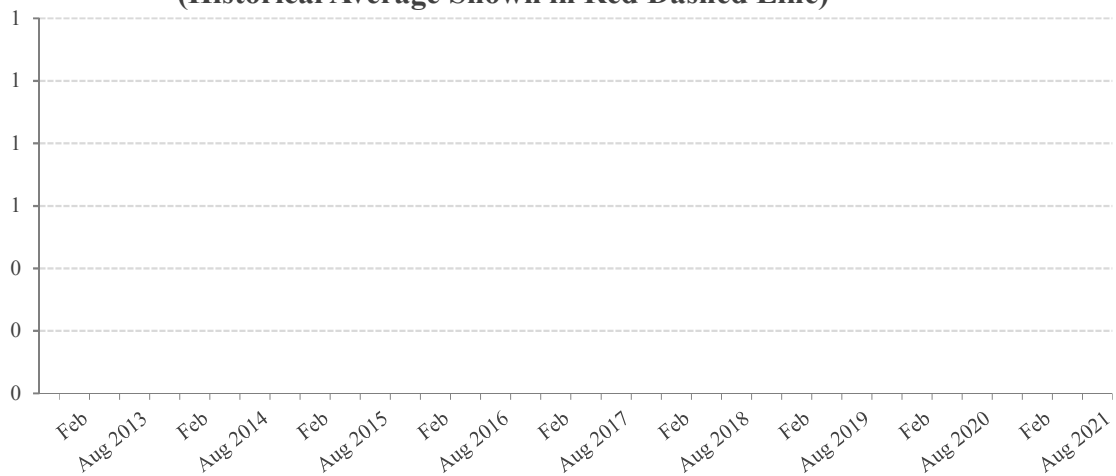
12-month Employment Change by Industry in the Gary-Hammond Area (Aug - 2021)

Goods Producing	NA	Information	0
Natural Resources/Mining/Construction	-200	Financial Activities	-100
Natural Resources and Mining	100	Prof. & Business Services	500
Construction	-300	Educ. & Health Services	600
Manufacturing	1,800	Leisure & Hospitality	2,700
Service Providing Excluding Government	NA	Other Services	400
Trade/Transportation/Utilities	800	Government	700

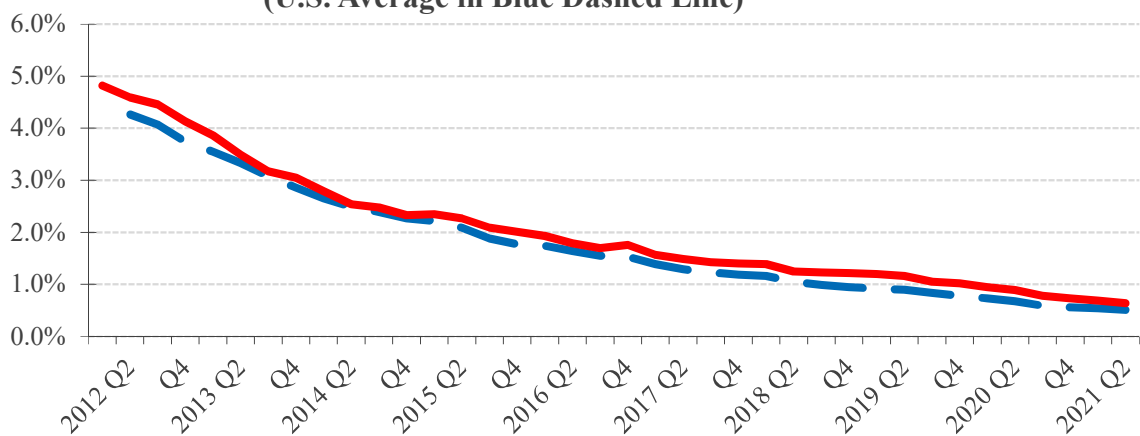
State Economic Activity Index	Indiana	U.S.	
12-month change (2021 - Jul)	11.8%	6.8%	Indiana's economy is stronger than the nation's, but slowed from last month's 14.99% change
36-month change (2021 - Jul)	2.4%	2.7%	

<b>New Housing Construction</b>			
<b>Local Fundamentals</b>	<b>Gary</b>	<b>U.S.</b>	
12-month Sum of 1-unit Building Permits through Aug 2021	NA	not comparable	Local Data Not Available
8-year average for 12-month Sum of 1-Unit Building Permits	NA	not comparable	Local Data Not Available
Single-Family Housing Permits (Aug 2021) 12-month sum vs. a year ago	NA	26.8%	Local Data Not Available

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

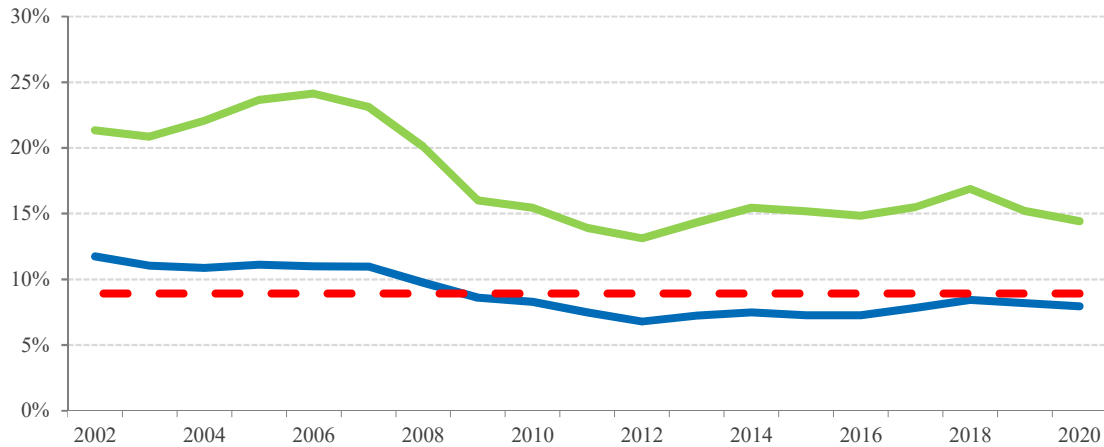


**State Total Foreclosure Rate vs. U.S Average  
(U.S. Average in Blue Dashed Line)**



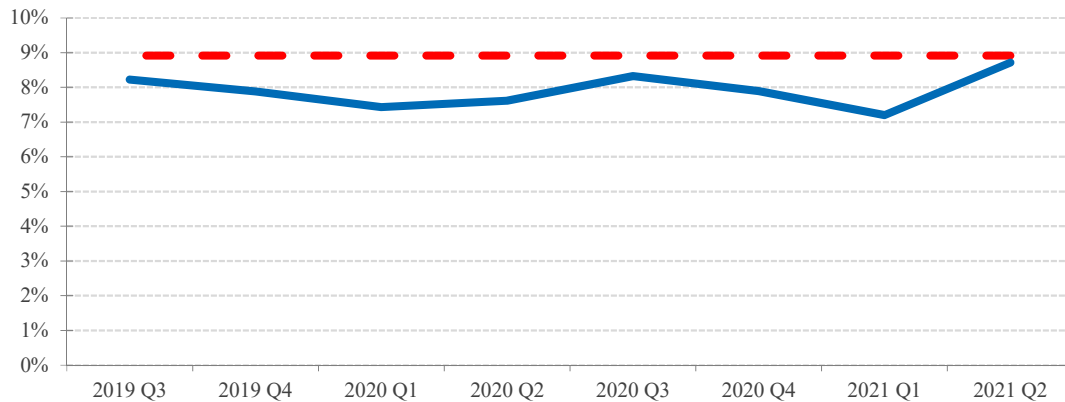
# Affordability

**Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income**  
(Local Historical Average Shown in Red, U.S. Average in Green)

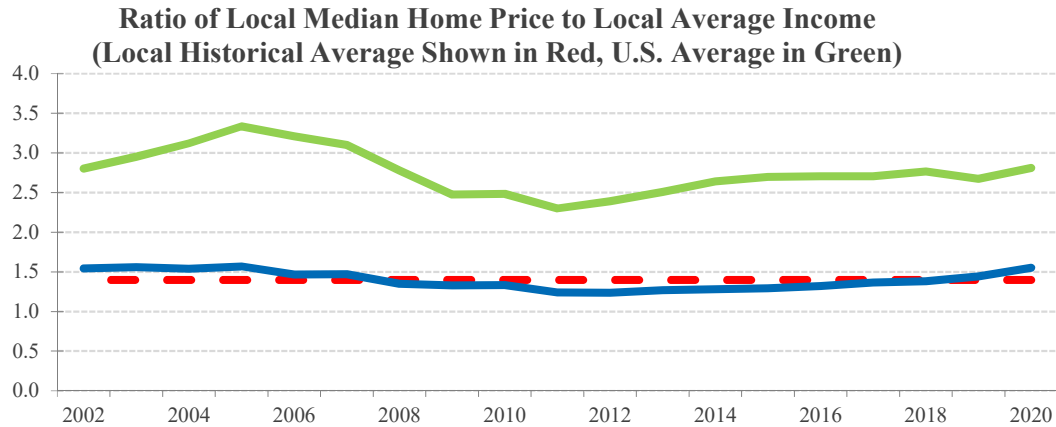


Monthly Mortgage Payment to Income	Gary	U.S.	
Ratio for 2020	8.0%	14.4%	Historically strong, but weaker than the first quarter of 2021
Ratio for 2021 Q2	8.7%	16.0%	
Historical Average	8.9%	18.0%	More affordable than most markets

**Recent Trend - Local Mortgage Servicing Cost to Income**  
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Gary	U.S.	
Ratio for 2020	1.5	2.8	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2021 Q2	1.7	3.2	
Historical Average	1.4	2.7	Affordable compared to most markets



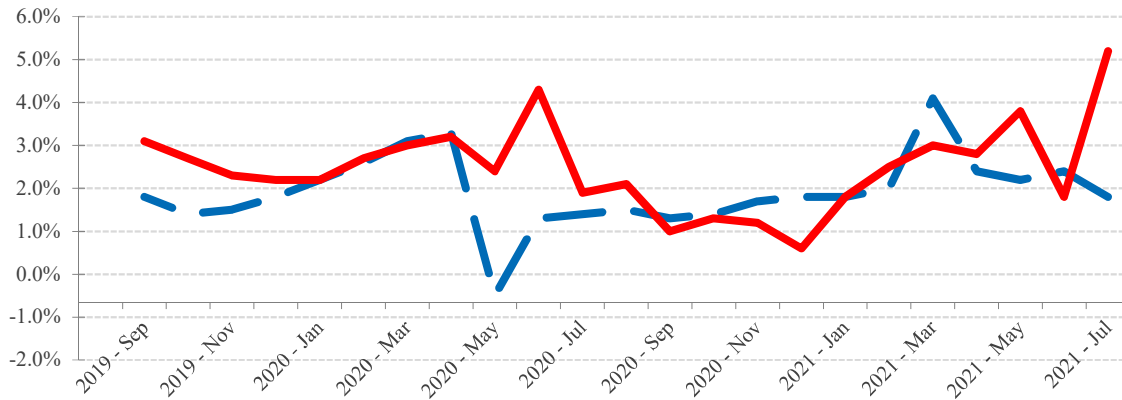
## The Mortgage Market



In the second quarter of 2021, mortgage rates were higher than the previous quarter as the economy grew faster than expected with millions of Americans resuming traveling, going to restaurants, bars, events and shows. Nevertheless, mortgage rates were still lower than a year earlier. According to the mortgage finance provider Freddie Mac, the 30-year fixed mortgage rate was 3.00 percent in Q2 2021 compared to 3.23 percent a year earlier. What to expect from mortgage rates in the upcoming quarters? Rates are expected to rise further as the Fed will likely start reducing its bond purchases before the end of the year and raise interest rates by the middle of next year. NAR forecasts the 30-year fixed mortgage rate to reach 3.5% by mid-2022.

# REALTOR® Price Expectations

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



Source: NAR

REALTOR® Price Expectations	Indiana	U.S.	
2021 - Aug	0.0%	1.1%	REALTORS® expect weaker price growth in Indiana 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	1.3%	1.4%	

## Geographic Coverage for this Report

The Gary area referred to in this report covers the geographic area of the Gary-Hammond 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:

Lake County, Jasper County, Newton County, and Porter County

More information on the OMB's geographic definitions can be found at [https://obamawhitehouse.archives.gov/omb/bulletins\\_default/](https://obamawhitehouse.archives.gov/omb/bulletins_default/)