

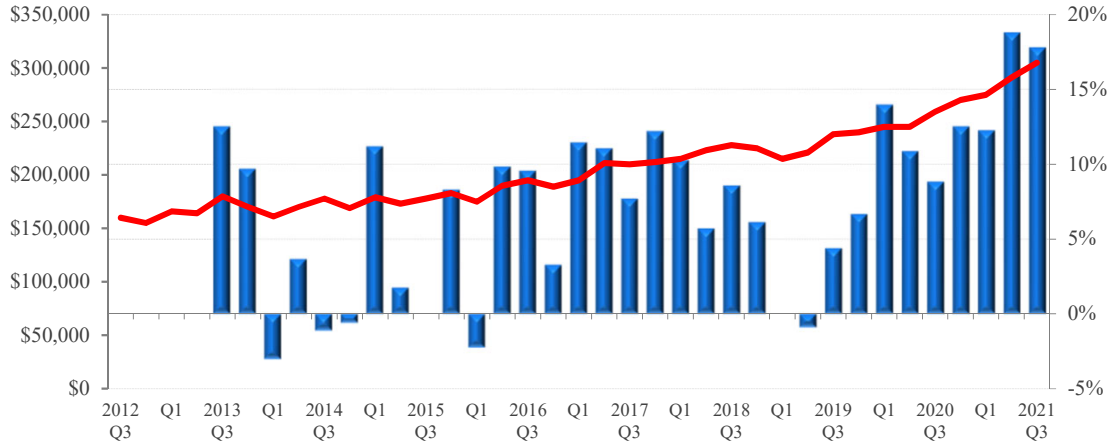
Panama City Area

Local Market Report, Third 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	Panama City	U.S.	Local Trend
Current Median Home Price (2021 Q3)	\$305,000	\$356,133	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2021 Q3)	17.8%	15.2%	
3-year (12-quarter) Appreciation (2021 Q3)	33.8%	34.9%	
3-year (12-quarter) Housing Equity Gain*	\$77,000	\$92,200	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$127,000	\$139,767	
9-year (36 quarters) Housing Equity Gain*	\$145,000	\$172,500	

*Note: Equity gain reflects price appreciation only

	Panama City	U.S.	
Conforming Loan Limit**	\$647,200	\$765,600	Most buyers in this market have access to government-backed financing
FHA Loan Limit	\$420,680	\$765,600	
Local Median to Conforming Limit Ratio	47%	not comparable	

Note: limits are current and include the changes made on January 1st 2022.

Local NAR Leadership

The Panama City 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 2022 NAR Regional Vice President representing region 5 is Ryan Brashear.

Benefits of Ownership: Total Equity Appreciation

Total Equity Accrued to Owner by Year and Quarter of Purchase



Total Equity Gained** through 2021 Q3 from quarter in which home was of purchased

Price Activity	PanamaCity	U.S.	Local Trend
1-year (4-quarter)	\$50,939	\$52,898	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$87,434	\$103,903	
5-year (20-quarter)*	\$128,372	\$138,706	
7-year (28 quarters)*	\$149,142	\$165,595	
9-year (36 quarters)*	\$173,744	\$204,628	

*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...

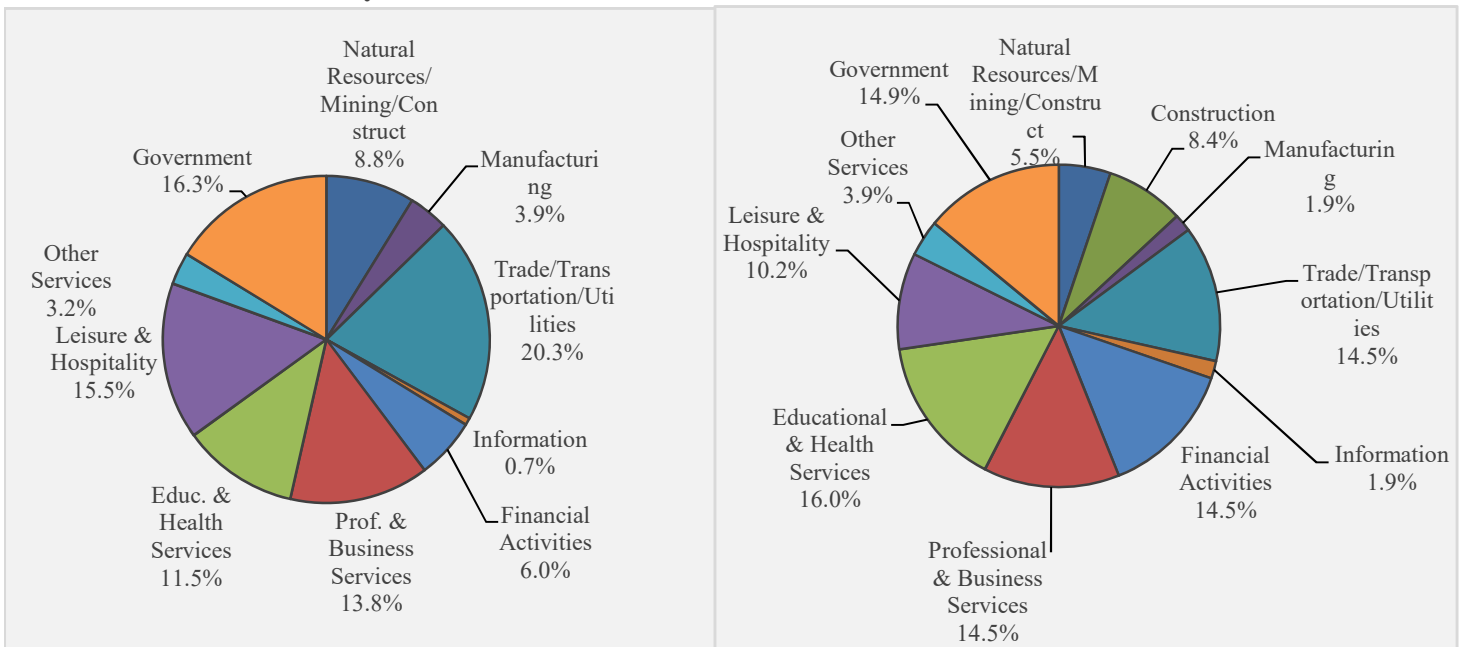


Local Economic Outlook	Panama City	U.S.	
12-month Job Change (Nov)	3,200	Not Comparable	Employment has held up and is on an upward trend
12-month Job Change (Oct)	2,600	Not Comparable	
36-month Job Change (Nov)	3,200	Not Comparable	Unemployment in Panama City is better than the national average and improving
Current Unemployment Rate (Nov)	3.4%	4.2%	
Year-ago Unemployment Rate	3.8%	6.7%	Local employment growth is strong compared to other markets
1-year (12 month) Job Growth Rate	4.1%	1.8%	

Share of Total Employment by Industry

Panama City Area

U.S.



12-month Employment Change by Industry (Nov - 2021)

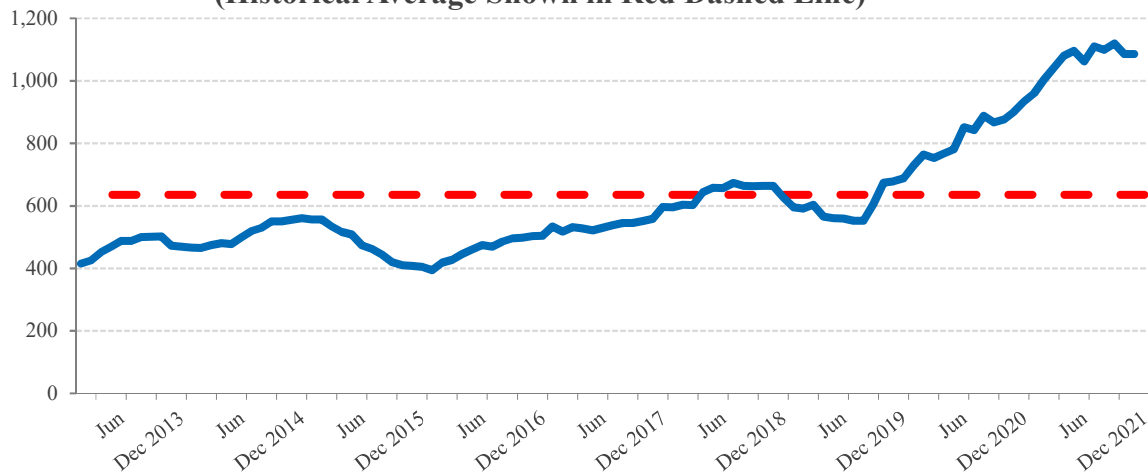
Goods Producing	NA	Information	0
Natural Resources/Mining/Construction	400	Financial Activities	100
Natural Resources and Mining	NA	Prof. & Business Services	1,100
Construction	NA	Educ. & Health Services	-300
Manufacturing	0	Leisure & Hospitality	800
Service Providing Excluding Government	NA	Other Services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

State Economic Activity Index	Florida	U.S.	
12-month change (2021 - Nov)	5.5%	5.7%	Florida's economy is growing, but decelerated from last month's 5.97% change and lags the rest of the nation
36-month change (2021 - Nov)	7.4%	3.8%	

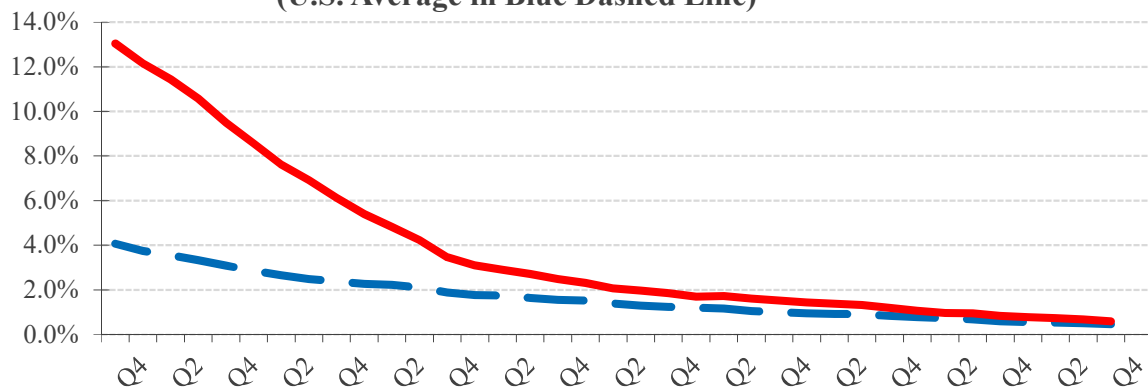
New Housing Construction

Local Fundamentals	Panama City	U.S.	
12-month Sum of 1-unit Building Permits through Nov	1,086	not comparable	The current level of construction is 70.9% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	636	not comparable	Production above trend for an extended period of time could cause prices to moderate as inventory is built up.
Single-Family Housing Permits (Dec 2021) 12-month sum vs. a year ago	20.5%	17.7%	Construction is on the rise relative to last year, suggesting that the local inventory has stabilized

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

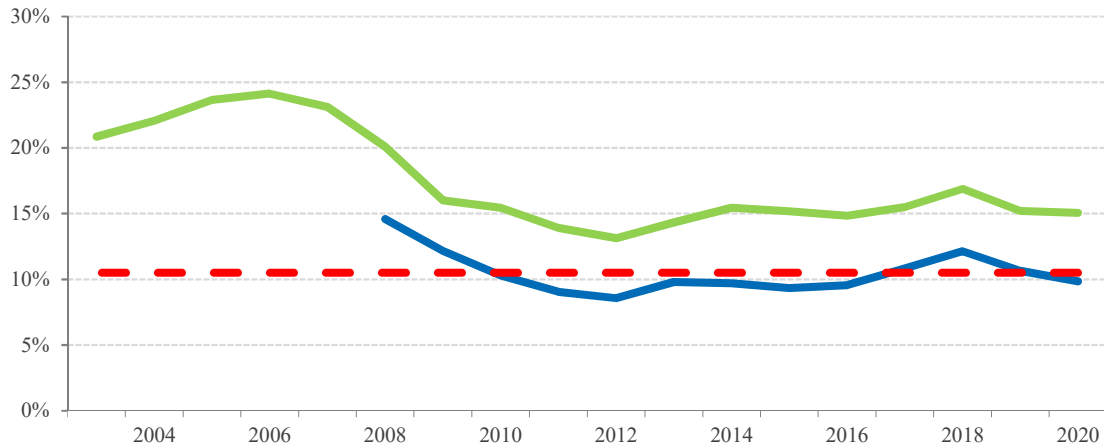


**State Total Foreclosure Rate vs. U.S. Average
(U.S. Average in Blue Dashed Line)**



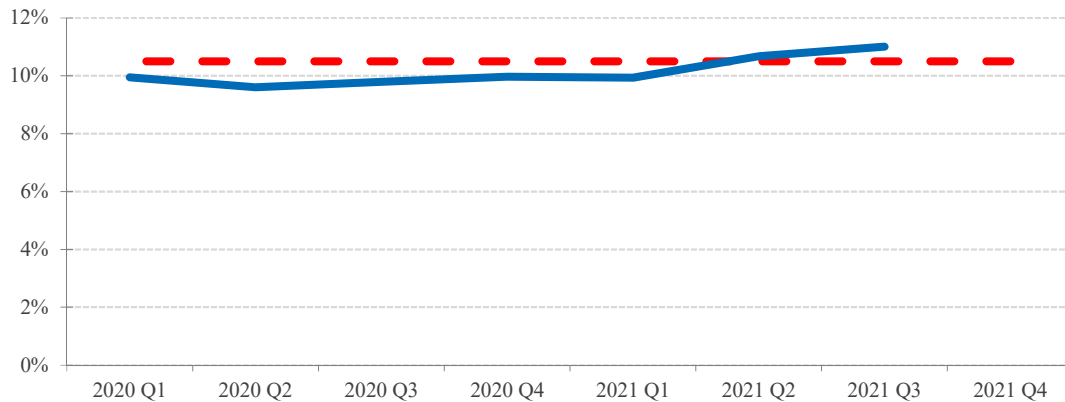
Affordability

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

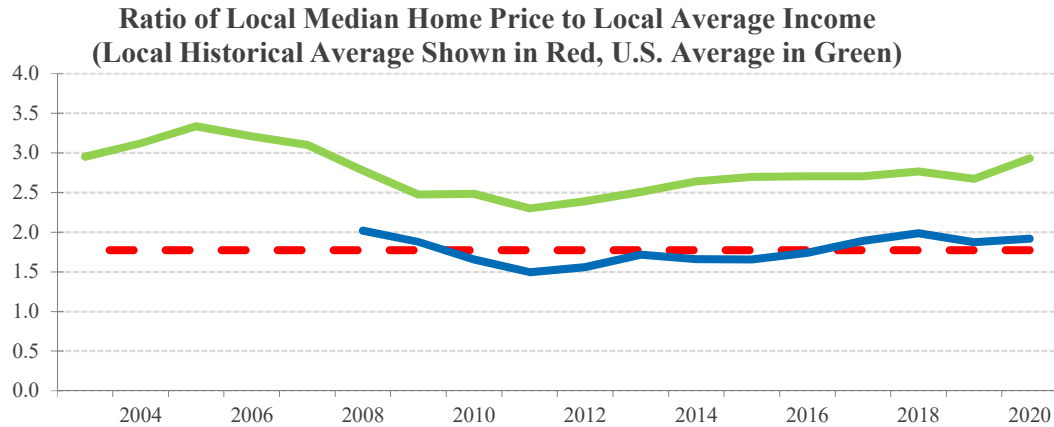


Monthly Mortgage Payment to Income	Panama City	U.S.	
Ratio for 2020	9.8%	15.1%	Weak by local standards and could weigh on demand
Ratio for 2021 Q3	11.0%	16.0%	
Historical Average	10.5%	18.1%	More affordable than most markets

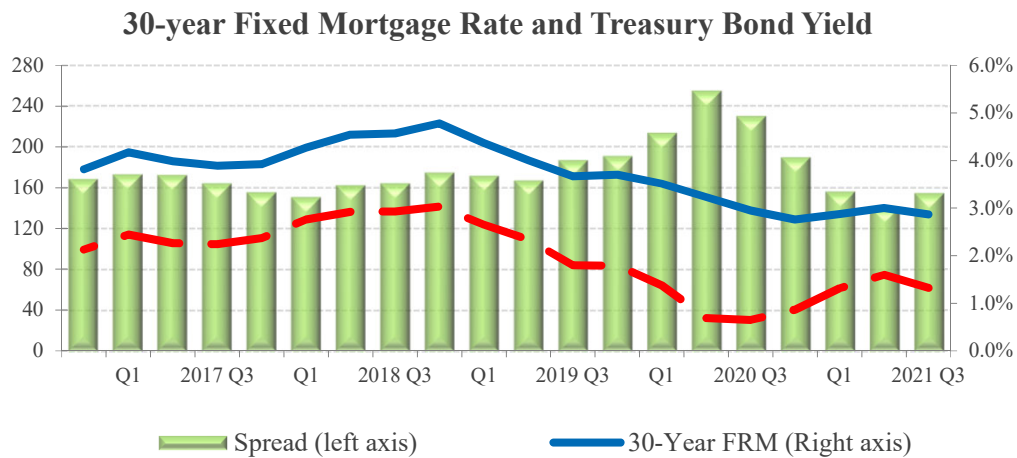
Recent Trend - Local Mortgage Servicing Cost to Income
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Panama City	U.S.	
Ratio for 2020	1.9	2.9	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2021 Q3	2.2	3.2	
Historical Average	1.8	2.7	Affordable compared to most markets



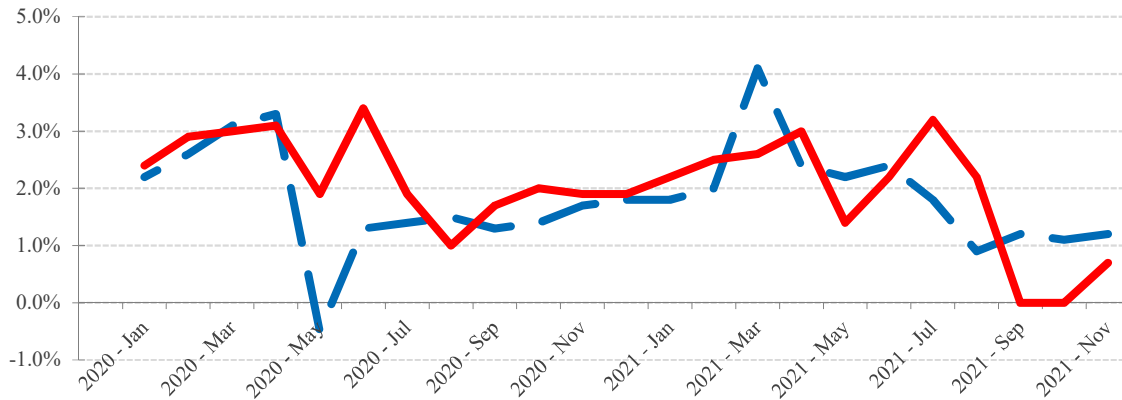
The Mortgage Market



In the third quarter of 2021, mortgage rates fell with the emergence of the Delta variant. Investors were worried about the potential economic impact of the new variant drifting down both the 10-year Treasury yield and mortgage rates. According to the mortgage finance provider Freddie Mac, the 30-year fixed mortgage rate dropped to 2.87 percent in Q3 2021 from 2.95 percent a year earlier. Since low mortgage rates increase homebuyers' purchase power, this also means that many prospective homebuyers were able to buy a more expensive home than they previously thought with the same budget. Nevertheless, the Fed announced that they will start reducing its bond and mortgage-backed security purchases before the end of the year. Furthermore, the Fed will also raise interest rates by the middle of next year in order to control elevated inflation. As a result, mortgage rates will move up in the last quarter of the year. NAR forecasts the 30-year fixed mortgage rate to reach 3.1 percent by the end of year.

REALTOR® Price Expectations

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



Source: NAR

REALTOR® Price Expectations	Florida	U.S.	
2021 - Nov	3.6%	1.9%	REALTORS® expect higher price growth in Florida than in the U.S. in the next 12 months. Their price expectations are also higher than a year ago.
Prior 12 months	2.2%	1.8%	

Geographic Coverage for this Report

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

Bay County and Gulf County

More information on the OMB's geographic definitions can be found at https://obamawhitehouse.archives.gov/omb/bulletins_default/