

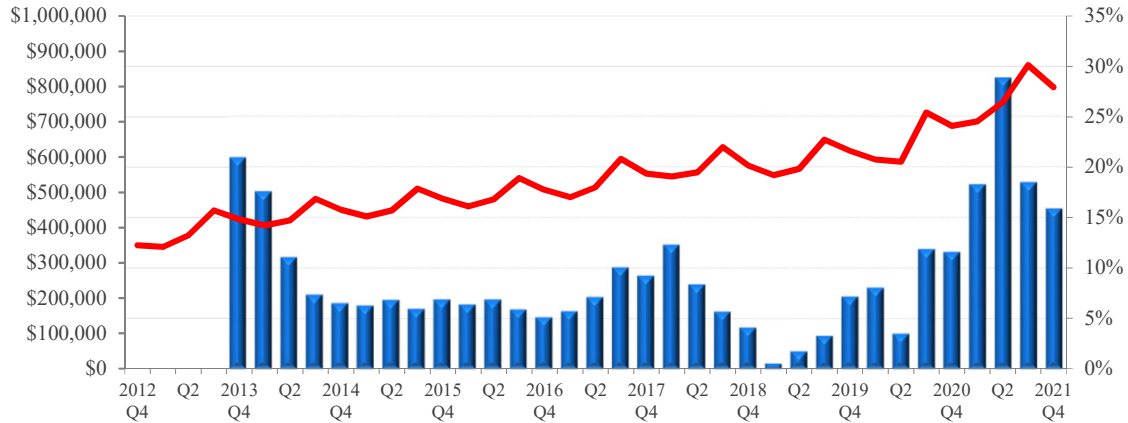
Los Angeles-Long Beach-Glendale Area

Local Market Report, Fourth 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	Los Angeles	U.S.	Local Trend
Current Median Home Price (2021 Q4)	\$797,900	\$353,800	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2021 Q4)	15.9%	13.8%	
3-year (12-quarter) Appreciation (2021 Q4)	38.5%	38.3%	
3-year (12-quarter) Housing Equity Gain*	\$221,800	\$98,067	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$347,000	\$146,167	
9-year (36 quarters) Housing Equity Gain*	\$447,800	\$174,967	

*Note: Equity gain reflects price appreciation only

	Los Angeles	U.S.	
Conforming Loan Limit**	\$970,800	\$765,600	Not all buyers have access to government-backed financing in this market
FHA Loan Limit	\$970,800	\$765,600	
Local Median to Conforming Limit Ratio	82%	not comparable	

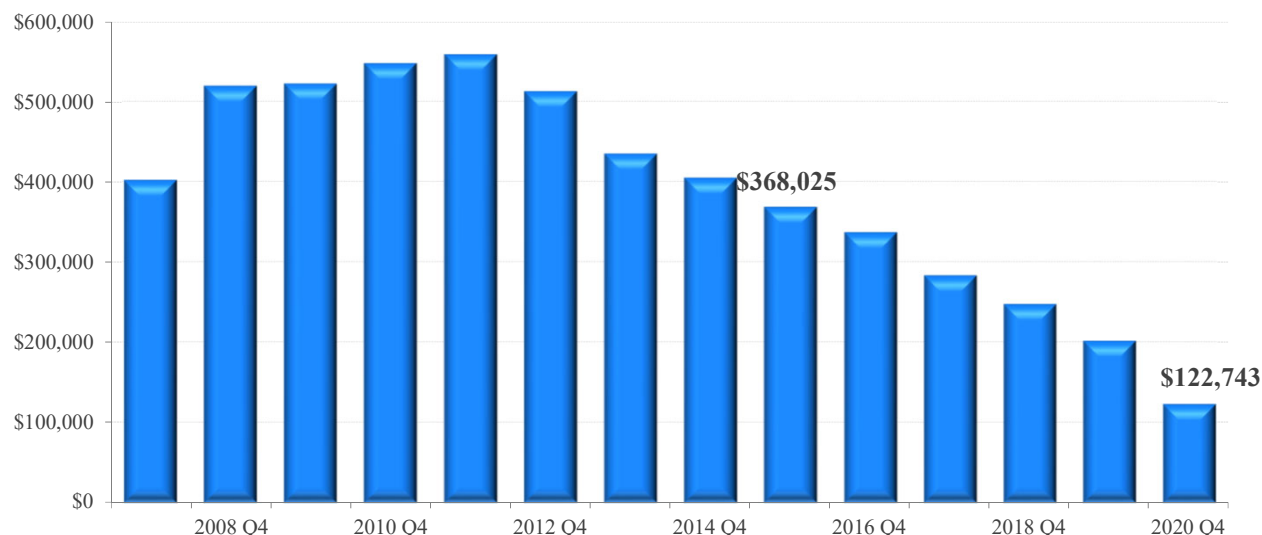
Note: limits are current and include the changes made on January 1st 2022.

Local NAR Leadership

The Los Angeles-Long Beach-Glendale market is part of region 13 in the NAR governance system, which includes all of California, Hawaii, and Guam. The 2022 NAR Regional Vice President representing region 13 is Pat "Ziggy" Zacarelli.

Benefits of Ownership: Total Equity Appreciation

Total Equity Accrued to Owner by Year and Quarter of Purchase



Total Equity Gained** through 2021 Q4 from quarter in which home was of purchased

Price Activity	Los Angeles	U.S.	Local Trend
1-year (4-quarter)	\$122,743	\$48,965	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$247,291	\$109,264	
5-year (20-quarter)*	\$336,553	\$140,475	
7-year (28 quarters)*	\$404,410	\$172,064	
9-year (36 quarters)*	\$512,189	\$207,324	

*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...

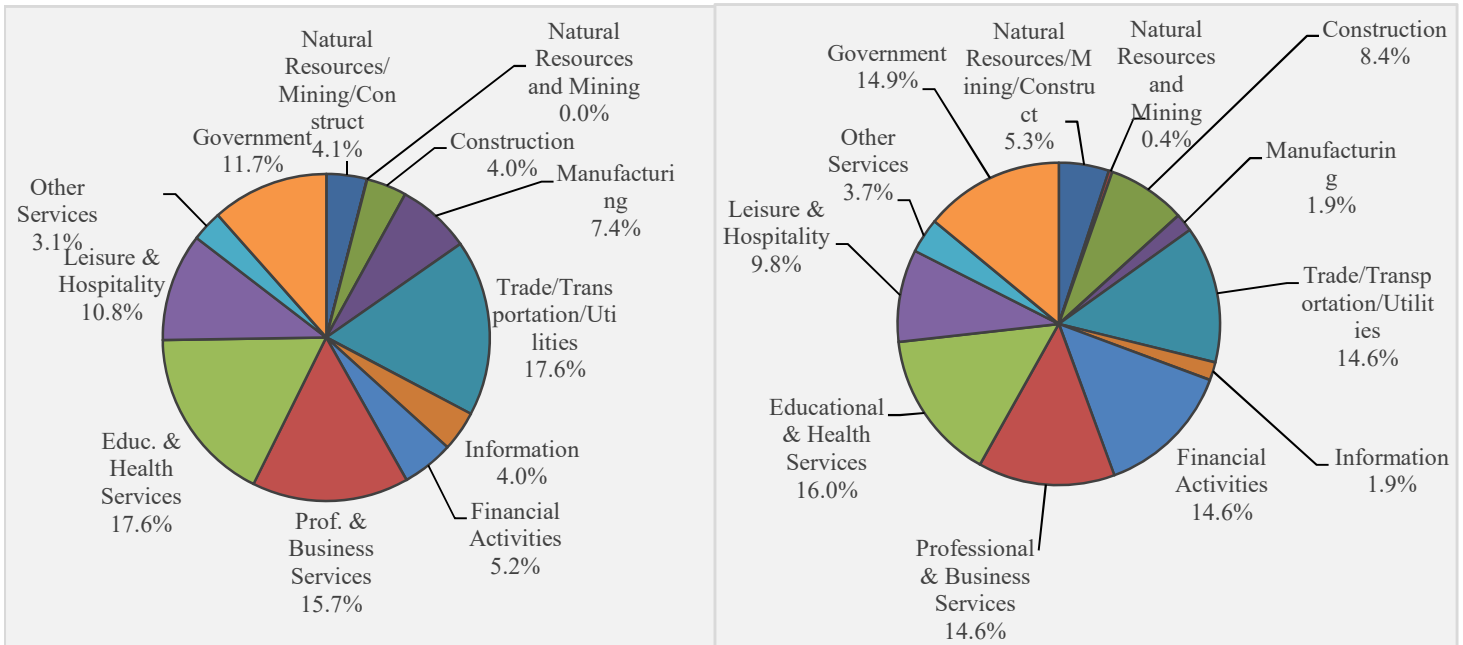


Local Economic Outlook	Los Angeles	U.S.	
12-month Job Change (Dec)	398,900	Not Comparable	Employment has held up and is on an upward trend
12-month Job Change (Nov)	316,200	Not Comparable	
36-month Job Change (Dec)	-179,400	Not Comparable	Los Angeles's unemployment situation is worse than the national average and weighs on confidence
Current Unemployment Rate (Dec)		3.9%	
Year-ago Unemployment Rate	11.1%	6.7%	Local employment growth is strong compared to other markets
1-year (12 month) Job Growth Rate	7.0%	3.6%	

Share of Total Employment by Industry

Los Angeles-Long Beach-Glendale Area

U.S.



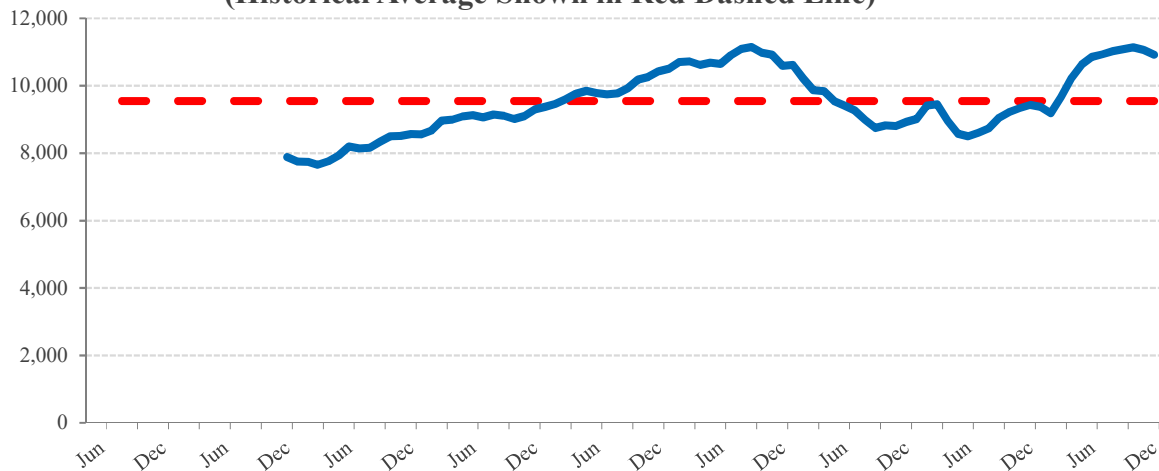
12-month Employment Change by Industry (Dec - 2021)

Goods Producing	NA	Information	36,300
Natural Resources/Mining/Construction	2,000	Financial Activities	-1,500
Natural Resources and Mining	0	Prof. & Business Services	45,700
Construction	2,000	Educ. & Health Services	51,400
Manufacturing	10,400	Leisure & Hospitality	226,400
Service Providing Excluding Government	NA	Other Services	39,500
Trade/Transportation/Utilities	37,400	Government	14,300

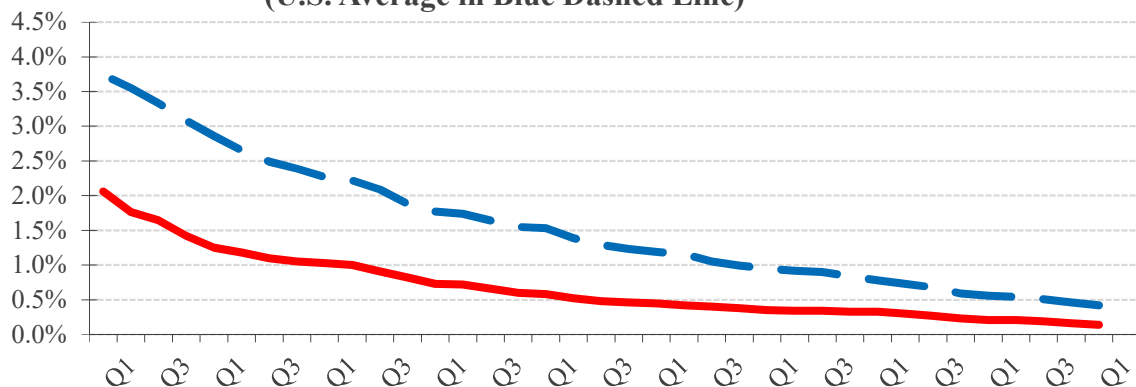
State Economic Activity Index	California	U.S.	
12-month change (2021 - Dec)	11.0%	6.2%	The economy of California has outpaced the rest of the nation and improved modestly from last month's 10.42% change
36-month change (2021 - Dec)	NA	4.1%	

New Housing Construction			
Local Fundamentals	Los Angeles	U.S.	
12-month Sum of 1-unit Building Permits through Dec	10,925	not comparable	The current level of construction is 14.4% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	9,552	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) 12-month sum vs. a year ago	15.8%	13.9%	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)

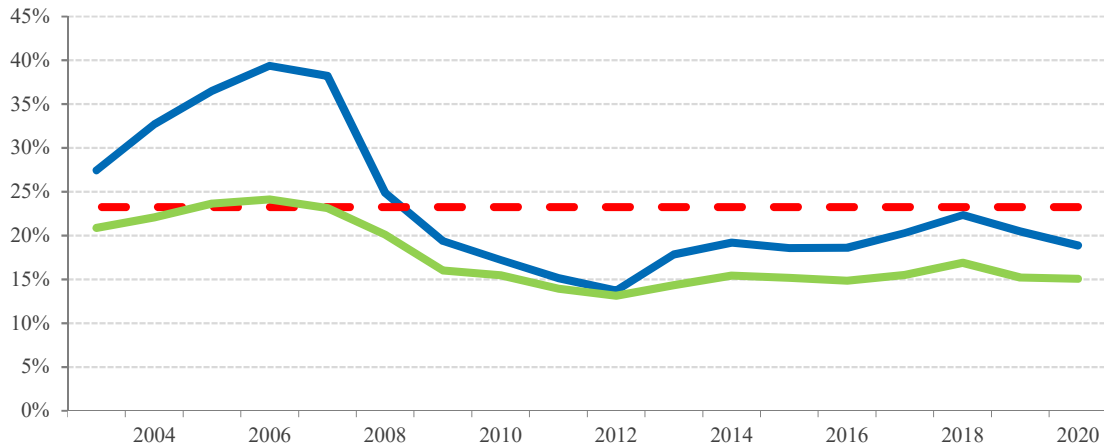


State Total Foreclosure Rate vs. U.S. Average
(U.S. Average in Blue Dashed Line)



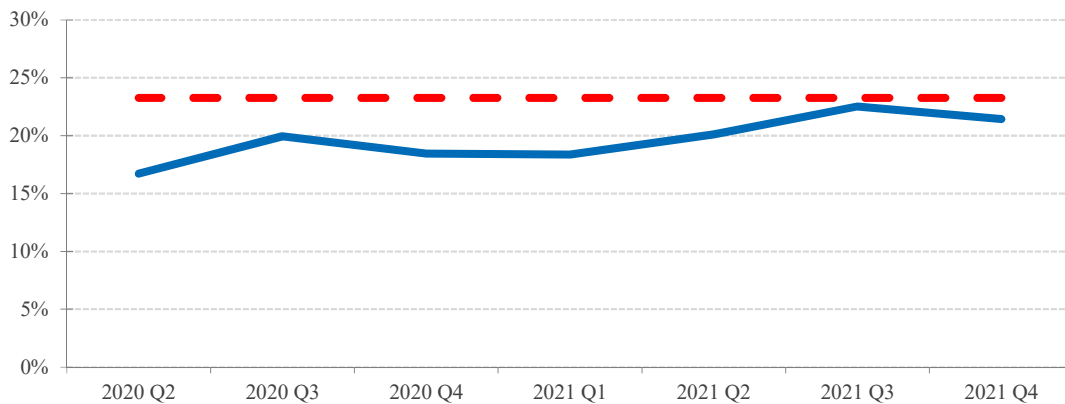
Affordability

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

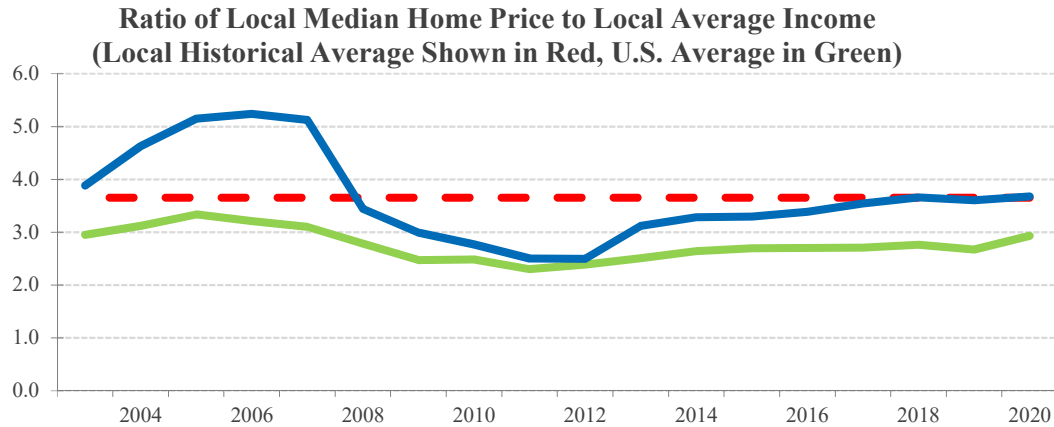


Monthly Mortgage Payment to Income	Los Angeles	U.S.	
Ratio for 2021	21.2%	16.7%	Historically strong and an improvement over the third quarter of 2021
Ratio for 2021 Q4	21.4%	16.3%	
Historical Average	23.3%	18.1%	Weaker affordability than most markets

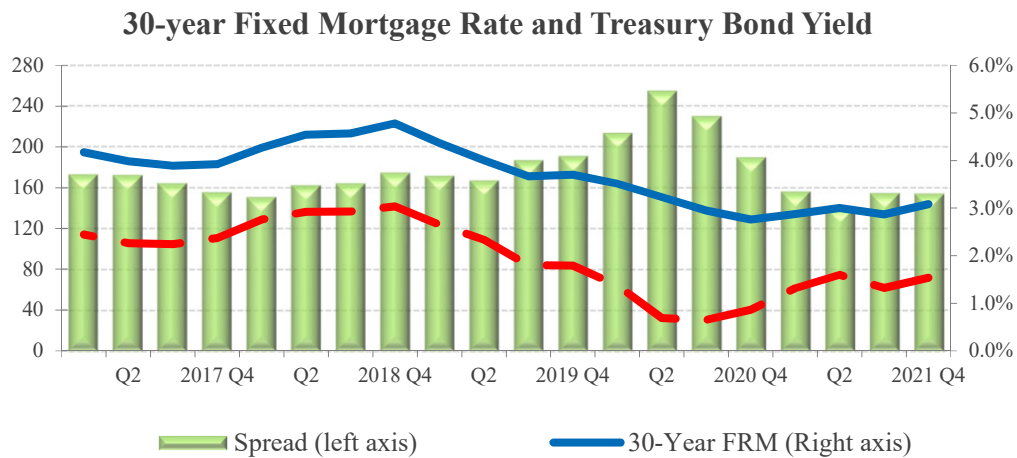
Recent Trend - Local Mortgage Servicing Cost to Income
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Los Angeles	U.S.	
Ratio for 2021	4.2	3.3	The price-to-income ratio eased, but could be better
Ratio for 2021 Q4	4.2	3.2	
Historical Average	3.7	2.7	Less affordable than most markets



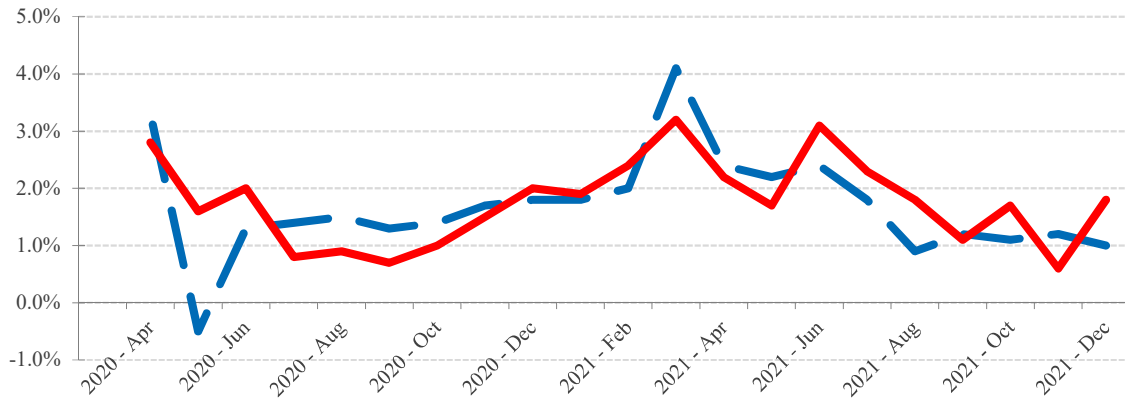
The Mortgage Market



At the end of year, mortgage rates continued to remain near 3 percent as investors were concerned about the impact of Omicron variant on the economy. Nevertheless, rates were higher than a year ago. According to the mortgage finance provider Freddie Mac, the 30-year fixed mortgage rate rose to 3.08 percent in Q4 2021 from 2.76 percent a year earlier. Meanwhile, the outlook is for mortgage rates to rise even further. With elevated inflation, the Fed will likely raise short-term interest rates as soon as March. Although the Fed doesn't set up mortgage rates, Fed's actions have a ripple effect. A higher rate for banks tends to make borrowing more expensive for consumers affecting eventually long-term interest rates (such as 10-year Treasury bond). While mortgage rates typically follow the trend of the 10-year Treasury yield, the rate on the conventional 30-year mortgage also tends to rise. As a result, mortgage rates will move up in the first quarter of 2022. NAR forecasts the 30-year fixed mortgage rate to hover around 4.5 percent in 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	California	U.S.	
2021 - Dec	4.0%	3.5%	REALTORS® expect higher price growth in California than in the U.S. in the next 12 months. Their price expectations are also higher than a year ago.
Prior 12 months	2.4%	2.0%	

Geographic Coverage for this Report

The Los Angeles area referred to in this report covers the geographic area of the Los Angeles-Long Beach-Glendale 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:

Los Angeles County

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