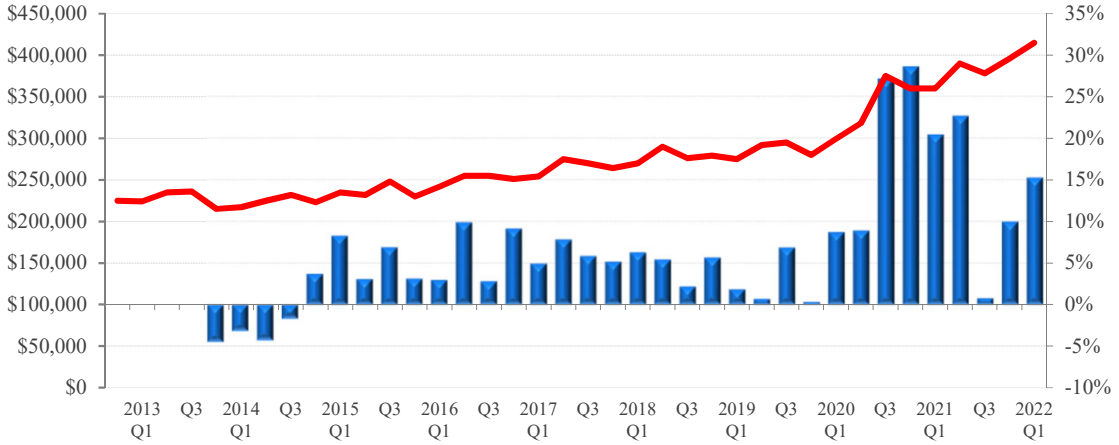
Crestview-Fort Walton Beach-Destin, Area

Local Market Report, First Quarter 2022

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	**Destin**	**U.S.**	**Local Trend**
Current Median Home Price (2022 Q1)	$415,000	$365,767	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2022 Q1)	15.3%	15.2%	
3-year (12-quarter) Appreciation (2022 Q1)	50.9%	44.5%	
3-year (12-quarter) Housing Equity Gain*	$140,000	$112,700	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	$180,000	$162,367	
9-year (36 quarters) Housing Equity Gain*	$191,000	$189,833	
*Note: Equity gain reflects price appreciation only			

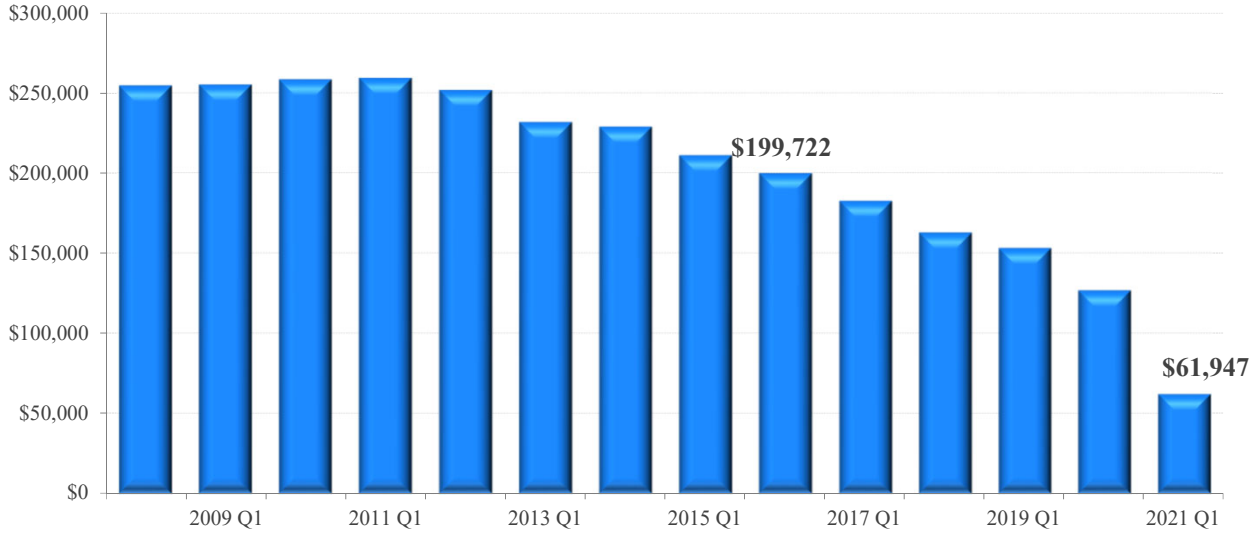
	Destin	**U.S.**	
Conforming Loan Limit**	$647,200	$765,600	Most buyers in this market have access to government-backed financing
FHA Loan Limit	$539,350	$765,600	
Local Median to Conforming Limit Ratio	64%	not comparable	
Note: limits are current and include the changes made on January 1st 2022.			

Local NAR Leadership

The Crestview-Fort Walton Beach-Destin, 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 2022 Q1 from quarter in which home was of purchased			
Price Activity	**Destin**	**U.S.**	**Local Trend**
1-year (4-quarter)	$61,947	$54,263	
3-year (12-quarter)*	$153,000	$124,663	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
5-year (20-quarter)*	$182,520	$154,612	
7-year (28 quarters)*	$210,899	$189,111	
9-year (36 quarters)*	$231,475	$221,623	

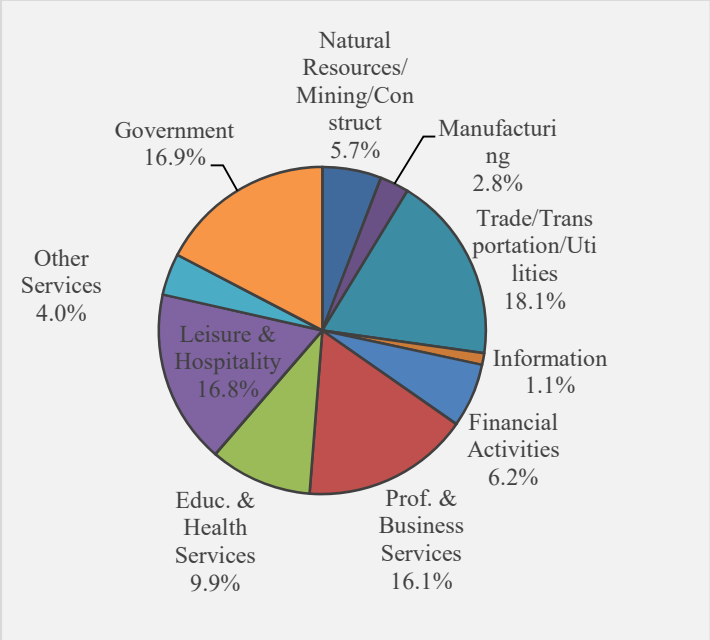
*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity

Drivers of Local Supply and Demand…

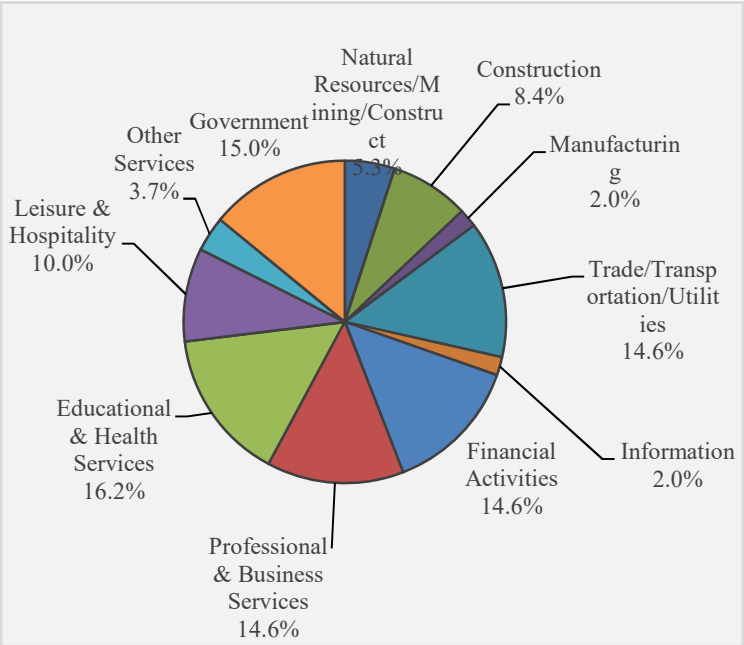
Local Economic Outlook	Destin	U.S.	
12-month Job Change (Mar)	3,000	Not Comparable	Employment growth has eased, but remains positive
12-month Job Change (Feb)	4,000	Not Comparable	
36-month Job Change (Mar)	6,600	Not Comparable	Destin's unemployment situation is worse than the national average and weighs on confidence
Current Unemployment Rate (Mar)		3.6%	
Year-ago Unemployment Rate	3.9%	6.0%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	2.5%	6.2%	

Share of Total Employment by Industry

Crestview-Fort Walton Beach-Destin, Area



U.S.

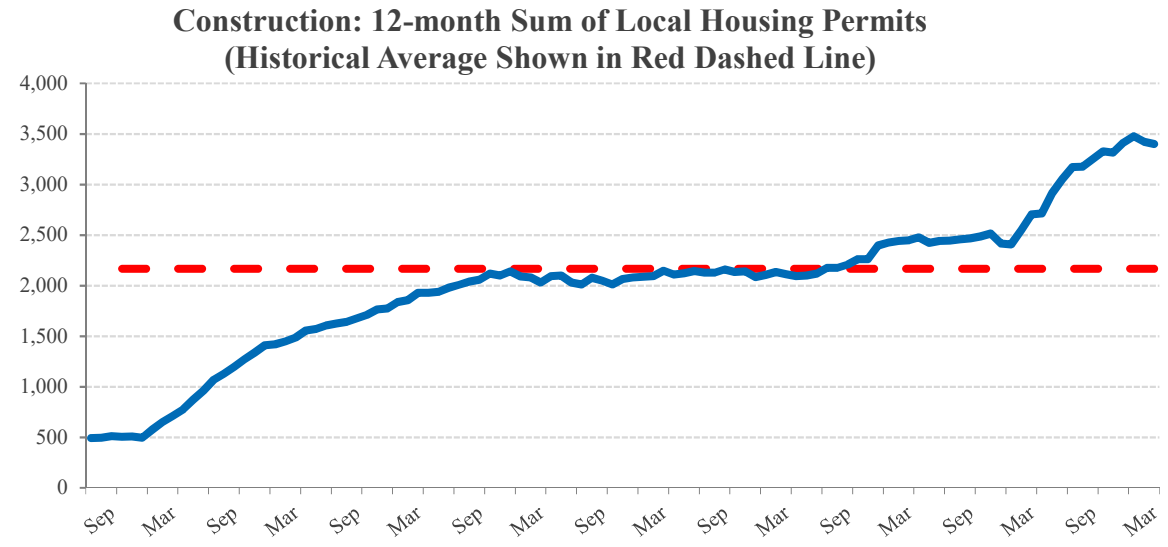


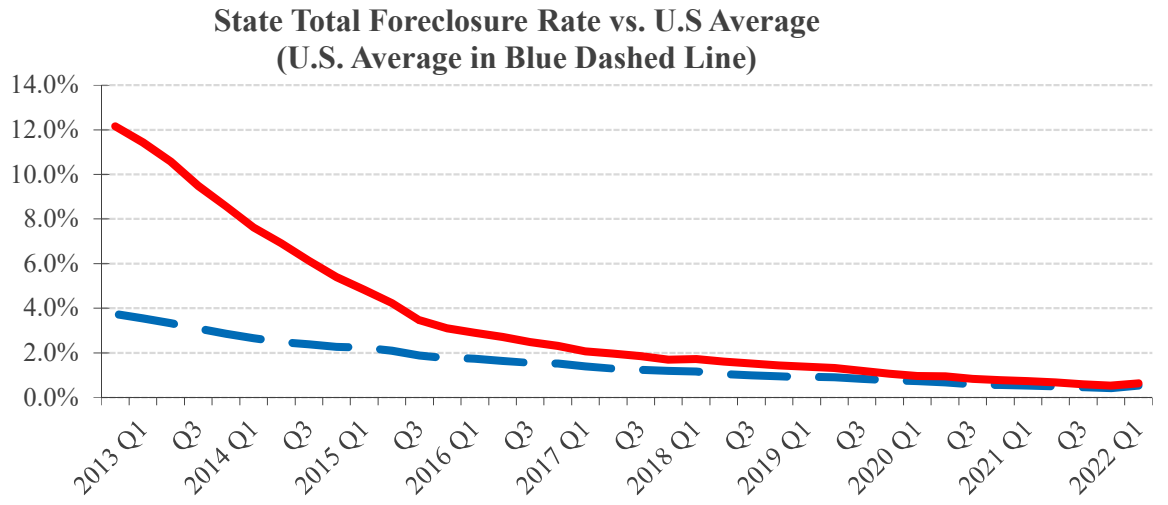
12-month Employment Change by Industry (Mar - 2022)			
Goods Producing	NA	Information	100
Natural Resources/Mining/Construction	0	Financial Activities	300
Natural Resources and Mining	NA	Prof. & Business Services	-100
Construction	NA	Educ. & Health Services	200
Manufacturing	100	Leisure & Hospitality	500
Service Providing Excluding Government	NA	Other Services	100
Trade/Transportation/Utilities	1,400	Government	300

State Economic Activity Index	Florida	U.S.	
12-month change (2022 - Mar)	7.9%	5.7%	The economy of Florida has outpaced the rest of the nation and improved modestly from last month's 7.92% change
36-month change (2022 - Mar)	NA	4.4%	

NATIONAL ASSOCIATION OF REALTORS®

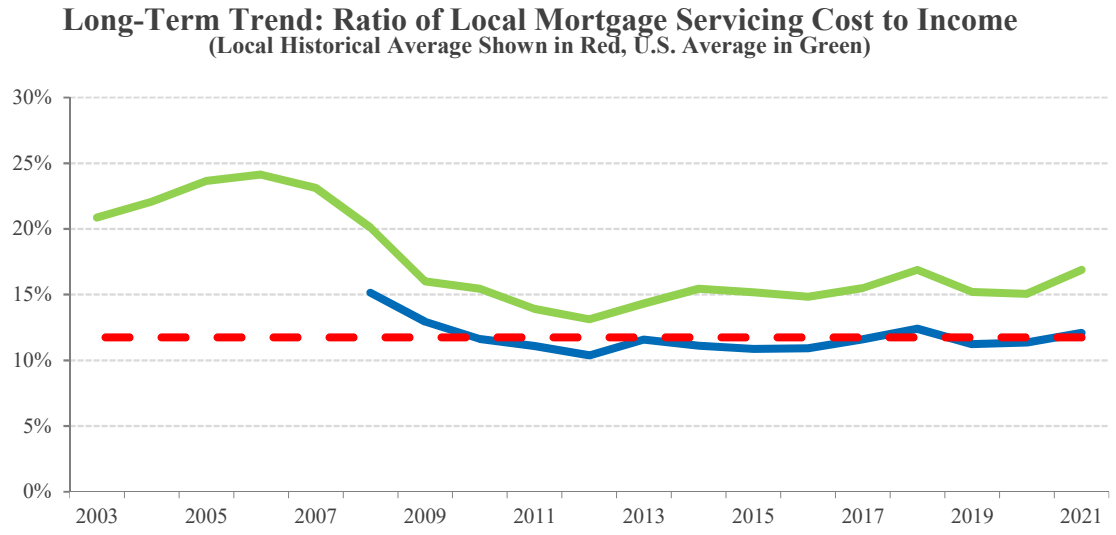
New Housing Construction			
Local Fundamentals	**Destin**	**U.S.**	
12-month Sum of 1-unit Building Permits through Mar	3,402	not comparable	The current level of construction is 57.0% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	2,167	not comparable	Production above trend for an extended period of time could cause prices to moderate as inventory is built up.
Single-Family Housing Permits (Mar) 12-month sum vs. a year ago	25.8%	7.8%	Construction is on the rise relative to last year, suggesting that the local inventory has stabilized



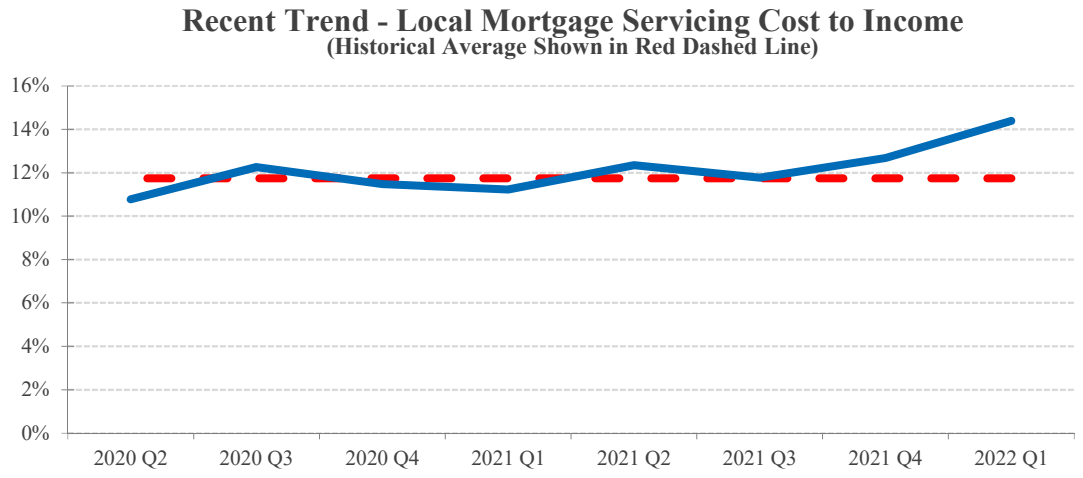


Source: Mortgage Bankers' Association

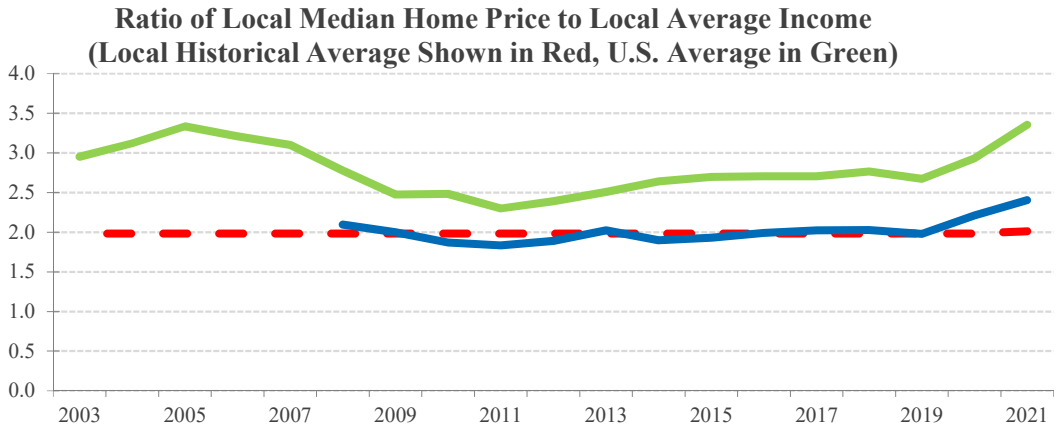
Affordability



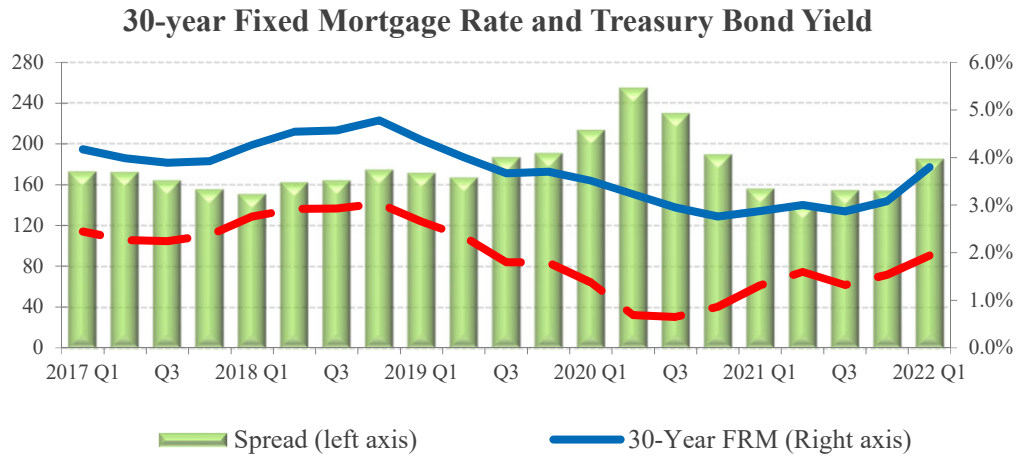
Monthly Mortgage Payment to Income	Destin	U.S.	
Ratio for 2021	12.1%	16.9%	Weak by local standards and could weigh on demand
Ratio for 2022 Q1	14.4%	18.5%	
Historical Average	11.7%	18.1%	More affordable than most markets



Median Home Price to Income	Destin	U.S.	
Ratio for 2021	2.4	3.4	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2022 Q1	2.6	3.3	
Historical Average	2.0	2.7	Affordable compared to most markets

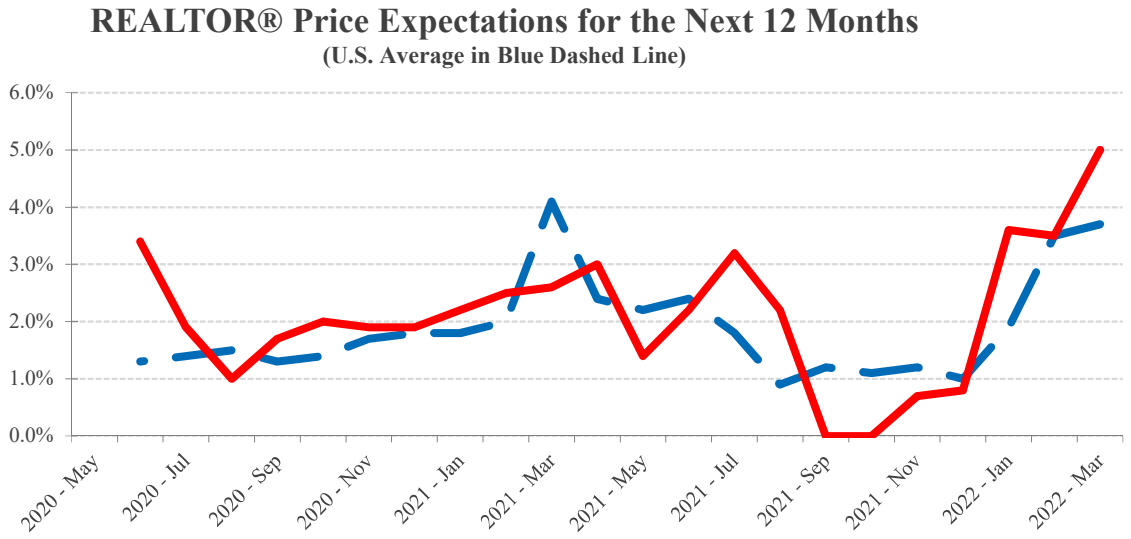


The Mortgage Market



Mortgage rates surged in the first quarter of the year. The war in Ukraine added to upward pressure on inflation. As a result, the Federal Reserve raised its short-term interest rates by 25 basis points in March in its efforts to control elevated inflation. 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. Nevertheless, the Fed will continue its tightening policy with additional rate hikes in the following months. Thus, the outlook is for mortgage rates to rise even further. According to the mortgage finance provider Freddie Mac, the 30-year fixed mortgage rate rose to 3.8 percent in Q1 2022 from 2.9 percent a year earlier. NAR forecasts the 30-year fixed mortgage rate to hover around 5.5 percent in mid-2022.

REALTOR® Price Expectations



Source: NAR

REALTOR® Price Expectations	Florida	U.S.	
2022 - Mar	3.9%	3.6%	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	1.4%	2.2%	

Geographic Coverage for this Report

The Destin area referred to in this report covers the geographic area of the Crestview-Fort Walton Beach-Destin, 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:

Okaloosa County and Walton County

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