Orlando-Kissimmee-Sanford 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

<table>
<thead>
<tr>
<th>Price Activity</th>
<th>Orlando</th>
<th>U.S.</th>
<th>Local Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Median Home Price (2022 Q1)</td>
<td>$399,900</td>
<td>$365,767</td>
<td>Prices continue to grow relative to last year</td>
</tr>
<tr>
<td>1-year (4-quarter) Appreciation (2022 Q1)</td>
<td>23.0%</td>
<td>15.2%</td>
<td></td>
</tr>
<tr>
<td>3-year (12-quarter) Appreciation (2022 Q1)</td>
<td>49.8%</td>
<td>44.5%</td>
<td></td>
</tr>
<tr>
<td>3-year (12-quarter) Housing Equity Gain*</td>
<td>$132,900</td>
<td>$112,700</td>
<td>Gains in the last 3 years have extended the trend of positive price growth after the recession</td>
</tr>
<tr>
<td>7-year (28 quarters) Housing Equity Gain*</td>
<td>$213,600</td>
<td>$162,367</td>
<td></td>
</tr>
<tr>
<td>9-year (36 quarters) Housing Equity Gain*</td>
<td>$249,900</td>
<td>$213,600</td>
<td></td>
</tr>
</tbody>
</table>

*Note: Equity gain reflects price appreciation only

<table>
<thead>
<tr>
<th>Price Activity</th>
<th>Orlando</th>
<th>U.S.</th>
<th>Note: limits are current and include the changes made on January 1st 2022.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conforming Loan Limit**</td>
<td>$647,200</td>
<td>$765,600</td>
<td>Most buyers in this market have access to government-backed financing</td>
</tr>
<tr>
<td>FHA Loan Limit</td>
<td>$420,680</td>
<td>$765,600</td>
<td></td>
</tr>
<tr>
<td>Local Median to Conforming Limit Ratio</td>
<td>62%</td>
<td>not comparable</td>
<td></td>
</tr>
</tbody>
</table>

Local NAR Leadership
The Orlando-Kissimmee-Sanford 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

<table>
<thead>
<tr>
<th>Price Activity</th>
<th>Orlando</th>
<th>U.S.</th>
<th>Local Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-year (4-quarter)</td>
<td>$81,172</td>
<td>$54,263</td>
<td>Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession</td>
</tr>
<tr>
<td>3-year (12-quarter)*</td>
<td>$145,522</td>
<td>$124,663</td>
<td></td>
</tr>
<tr>
<td>5-year (20-quarter)*</td>
<td>$189,386</td>
<td>$154,612</td>
<td></td>
</tr>
<tr>
<td>7-year (28 quarters)*</td>
<td>$238,096</td>
<td>$189,111</td>
<td></td>
</tr>
<tr>
<td>9-year (36 quarters)*</td>
<td>$277,004</td>
<td>$221,623</td>
<td></td>
</tr>
</tbody>
</table>

*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

<table>
<thead>
<tr>
<th>Orlando</th>
<th>U.S.</th>
<th>12-month Job Change (Mar)</th>
<th>107,600</th>
<th>Not Comparable</th>
<th>Employment growth has eased, but remains positive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orlando</td>
<td>Not Comparable</td>
<td>12-month Job Change (Feb)</td>
<td>113,000</td>
<td>Not Comparable</td>
<td>Orlando's unemployment situation is worse than the national average and weighs on confidence</td>
</tr>
<tr>
<td>Orlando</td>
<td>Not Comparable</td>
<td>36-month Job Change (Mar)</td>
<td>15,400</td>
<td>Not Comparable</td>
<td>Local employment growth is strong compared to other markets</td>
</tr>
<tr>
<td>Current Unemployment Rate (Mar)</td>
<td></td>
<td></td>
<td></td>
<td>3.6%</td>
<td></td>
</tr>
<tr>
<td>Year-ago Unemployment Rate</td>
<td></td>
<td>5.8%</td>
<td>6.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-year (12 month) Job Growth Rate</td>
<td></td>
<td>8.7%</td>
<td>6.2%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Share of Total Employment by Industry

Orlando-Kissimmee-Sanford Area

<table>
<thead>
<tr>
<th>Orlando-Kissimmee-Sanford Area</th>
<th>U.S.</th>
<th>Natural Resources/Mining/Construction</th>
<th>5.8%</th>
<th>Construction</th>
<th>8.4%</th>
<th>Natural Resources and Mining</th>
<th>0.0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leisure &amp; Hospitality</td>
<td>17.4%</td>
<td>Government</td>
<td>8.9%</td>
<td>Manufacturing</td>
<td>3.5%</td>
<td>Government</td>
<td>15.0%</td>
</tr>
<tr>
<td>Educational &amp; Health Services</td>
<td>11.6%</td>
<td>Information</td>
<td>1.8%</td>
<td>Leisure &amp; Hospitality</td>
<td>10.0%</td>
<td>Financial Activities</td>
<td>16.2%</td>
</tr>
<tr>
<td>Professional &amp; Business Services</td>
<td>17.1%</td>
<td>Construction</td>
<td>5.8%</td>
<td>Information</td>
<td>1.8%</td>
<td>Financial Activities</td>
<td>16.2%</td>
</tr>
<tr>
<td>Other Services</td>
<td>2.9%</td>
<td>Natural Resources and Mining</td>
<td>0.0%</td>
<td>Manufacturing</td>
<td>3.5%</td>
<td>Financial Activities</td>
<td>16.2%</td>
</tr>
<tr>
<td>Educ. &amp; Health Services</td>
<td>11.6%</td>
<td>Natural Resources/Mining/Construction</td>
<td>5.8%</td>
<td>Manufacturing</td>
<td>3.5%</td>
<td>Financial Activities</td>
<td>16.2%</td>
</tr>
</tbody>
</table>

12-month Employment Change by Industry (Mar - 2022)

<table>
<thead>
<tr>
<th>Goods Producing</th>
<th>NA</th>
<th>Information</th>
<th>1,900</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Resources/Mining/Construction</td>
<td>-3,400</td>
<td>Financial Activities</td>
<td>5,200</td>
</tr>
<tr>
<td>Natural Resources and Mining</td>
<td>0</td>
<td>Prof. &amp; Business Services</td>
<td>20,300</td>
</tr>
<tr>
<td>Construction</td>
<td>-3,400</td>
<td>Educ. &amp; Health Services</td>
<td>3,800</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>2,400</td>
<td>Leisure &amp; Hospitality</td>
<td>49,100</td>
</tr>
<tr>
<td>Service Providing Excluding Government</td>
<td>NA</td>
<td>Other Services</td>
<td>2,500</td>
</tr>
<tr>
<td>Trade/Transportation/Utilities</td>
<td>20,600</td>
<td>Government</td>
<td>800</td>
</tr>
</tbody>
</table>

State Economic Activity Index

<table>
<thead>
<tr>
<th>Florida</th>
<th>U.S.</th>
<th>12-month change (2022 - Mar)</th>
<th>7.9%</th>
<th>5.7%</th>
</tr>
</thead>
<tbody>
<tr>
<td>36-month change (2022 - Mar)</td>
<td>NA</td>
<td>4.4%</td>
<td></td>
<td>The economy of Florida has outpaced the rest of the nation and improved modestly from last month's 7.92% change</td>
</tr>
</tbody>
</table>
### New Housing Construction

<table>
<thead>
<tr>
<th>Local Fundamentals</th>
<th>Orlando</th>
<th>U.S.</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>12-month Sum of 1-unit Building Permits through Mar</td>
<td>18,843</td>
<td>not comparable</td>
<td>The current level of construction is 31.6% above the long-term average</td>
</tr>
<tr>
<td>8-year average for 12-month Sum of 1-Unit Building Permits</td>
<td>14,320</td>
<td>not comparable</td>
<td>Production above trend for an extended period of time could cause prices to moderate as inventory is built up.</td>
</tr>
<tr>
<td>Single-Family Housing Permits (Mar) 12-month sum vs. a year ago</td>
<td>21.3%</td>
<td>7.8%</td>
<td>Construction is on the rise relative to last year, suggesting that the local inventory has stabilized</td>
</tr>
</tbody>
</table>

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

![Construction: 12-month Sum of Local Housing Permits](chart)

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

![State Total Foreclosure Rate vs. U.S Average](chart)

Source: Mortgage Bankers' Association
Affordability

### Monthly Mortgage Payment to Income

<table>
<thead>
<tr>
<th></th>
<th>Orlando</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio for 2021</td>
<td>13.7%</td>
<td>16.9%</td>
</tr>
<tr>
<td>Ratio for 2022 Q1</td>
<td>16.9%</td>
<td>18.5%</td>
</tr>
<tr>
<td>Historical Average</td>
<td>13.6%</td>
<td>18.1%</td>
</tr>
</tbody>
</table>

The price-to-income ratio is high by historic standards and could weigh on demand.

More affordable than most markets.

### Recent Trend - Local Mortgage Servicing Cost to Income

<table>
<thead>
<tr>
<th></th>
<th>Orlando</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio for 2021</td>
<td>2.7</td>
<td>3.4</td>
</tr>
<tr>
<td>Ratio for 2022 Q1</td>
<td>3.0</td>
<td>3.3</td>
</tr>
<tr>
<td>Historical Average</td>
<td>2.2</td>
<td>2.7</td>
</tr>
</tbody>
</table>

The price-to-income ratio is high by historic standards and getting worse.

Affordable compared to most markets.

### Median Home Price to Income

<table>
<thead>
<tr>
<th></th>
<th>Orlando</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio for 2021</td>
<td>2.7</td>
<td>3.4</td>
</tr>
<tr>
<td>Ratio for 2022 Q1</td>
<td>3.0</td>
<td>3.3</td>
</tr>
<tr>
<td>Historical Average</td>
<td>2.2</td>
<td>2.7</td>
</tr>
</tbody>
</table>

The price-to-income ratio is high by historic standards and getting worse.

Affordable compared to most markets.
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

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

Source: NAR

<table>
<thead>
<tr>
<th>REALTOR® Price Expectations</th>
<th>Florida</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022 - Mar</td>
<td>3.9%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Prior 12 months</td>
<td>1.4%</td>
<td>2.2%</td>
</tr>
</tbody>
</table>

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.
Geographic Coverage for this Report

The Orlando area referred to in this report covers the geographic area of the Orlando-Kissimmee-Sanford 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, Orange County, Osceola County, and Seminole County

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