Real Estate Market Outlook

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National Association of REALTORS®
Federal Reserve Rate Hikes
GDP Growth Rate

- 2021 Q1: 6.00
- 2021 Q2: 6.00
- 2021 Q3: 2.00
- 2021 Q4: 6.00
- 2022 Q1: 2.00
- 2022 Q2: 2.00
- 2022 Q3: 2.00
- 2022 Q4: 2.00
- 2023 Q1: 2.00

Source: National Association of Realtors®
GDP Component on Consumer Spending

- 2021 - Q1
- 2021 - Q2
- 2021 - Q3
- 2021 - Q4
- 2022 - Q1
- 2022 - Q2
- 2022 - Q3
- 2022 - Q4
- 2023 - Q1
GDP Component on Investment on Software and R&D
GDP Component on Investment on Equipment

-15.00  -10.00  -5.00  0.00  5.00  10.00  15.00  20.00

2021 - Q1  2021 - Q2  2021 - Q3  2021 - Q4  2022 - Q1  2022 - Q2  2022 - Q3  2022 - Q4  2023 - Q1
GDP Component on Residential Housing Investment

-30.00
-25.00
-20.00
-15.00
-10.00
-5.00
0.00
5.00
10.00
15.00
2021 - Q1
2021 - Q2
2021 - Q3
2021 - Q4
2022 - Q1
2022 - Q2
2022 - Q3
2022 - Q4
2023 - Q1
Inflation Steadily Calming Down ... 3% in June
With more deceleration underway as wage and rents moderate

% change from a year ago

Source: BLS
Wage Growth (red) now outpacing Inflation (blue)

% change from a year ago

Source: BLS
## Price Growth by Key Items

<table>
<thead>
<tr>
<th>Item</th>
<th>% change from a year ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Car Insurance</td>
<td>16.9%</td>
</tr>
<tr>
<td>Rent</td>
<td>8.3%</td>
</tr>
<tr>
<td>Food</td>
<td>5.8%</td>
</tr>
<tr>
<td>Electricity</td>
<td>5.4%</td>
</tr>
<tr>
<td>New Car</td>
<td>4.1%</td>
</tr>
<tr>
<td>Clothes</td>
<td>3.1%</td>
</tr>
<tr>
<td>Medical Service</td>
<td>-1%</td>
</tr>
<tr>
<td>Airfare</td>
<td>-13%</td>
</tr>
<tr>
<td>Gasoline</td>
<td>-27%</td>
</tr>
</tbody>
</table>

Source: BLS
Rent of Primary Residence ... Start of Deceleration

% change from a year ago

Source: BLS
Monthly Multifamily Housing Starts (annualized)

Source: Census/HUD
Annual Apartment Construction of 40 year high
... Why has Rent not calmed down?

Source: Census/HUD
Apartment Rent Growth in Private Sector Data

Source: CoStar
Federal Funds Rate and 30-year Mortgage Rate
Weaker Home Sales ... Existing Home Sales below Pre-COVID
... Down 23% year-to-date

Source: NAR
Close-Up: Raw Count of Existing Home Sales in 2022 and 2023

Source: NAR
Newly Constructed Home Sales ... Back to Pre-COVID

Source: HUD
Inventory of Existing Homes Low ... New Homes High

Source: NAR and HUD
Single-family Housing Starts ... Long history

Source: HUD
National Median Home Price

Source: NAR
Median Home Price Change ... Recent Declines Ending?

% change from a year ago

Source: FHFA
Federal Housing Finance Agency Price Index

% change from a year ago

Source: FHFA
Federal Housing Finance Agency Price Index ... Monthly Change

% change from a month ago

Source: FHFA
Distressed Property Sales as % of Total

Source: NAR
Serious Mortgage Delinquency (Late by 90 days or foreclosure)

Source: NAR
Cash Sales as % of Total

Source: NAR
First Time Homebuyers as % of Total

Source: NAR
Days on Market (Listing to Ratified Contract)

Source: NAR
<table>
<thead>
<tr>
<th>Days on Market</th>
<th>Price Change from Original on still Active Listing</th>
<th>Price Change from Original on Pending Contracts</th>
<th>Price Change from Original on Closed Home</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 to 21</td>
<td>4.3%</td>
<td>4.7%</td>
<td>5.5%</td>
</tr>
<tr>
<td>22 to 30</td>
<td>4.5%</td>
<td>5.0%</td>
<td>6.2%</td>
</tr>
<tr>
<td>31 to 60</td>
<td>5.3%</td>
<td>5.8%</td>
<td>7.2%</td>
</tr>
<tr>
<td>61 to 90</td>
<td>6.5%</td>
<td>6.9%</td>
<td>8.7%</td>
</tr>
<tr>
<td>91 to 120</td>
<td>7.3%</td>
<td>8.1%</td>
<td>10.2%</td>
</tr>
<tr>
<td>Over 120</td>
<td>9.5%</td>
<td>9.9%</td>
<td>12.6%</td>
</tr>
</tbody>
</table>

Price Negotiations in mid-March; Note Pending Price is not Closed Price
Job Market
Total Payroll Jobs ... 4 million more from pre-covid

Source: BLS
Job Gains in the past 12 months (% change from June 2022 to June 2023)

Source: BLS
Job Gains Since Pre-Covid Record High Payroll Employment

(% change from March 2020 to May 2023)

Source: NAR Analysis of BLS data
Payroll Jobs in NY State (and Florida)

In thousands

Source: BLS
Mortgage Rate Forecast

Source: Freddie Mac and NAR forecast
Total Home Sales: New and Existing
Bottoming this year before upturn next year

Source: NAR forecast and HUD
Why Should Mortgage Rate Fall?

30-year Fixed Rate to be near 6% by the year end

• Rents will calm down ... Holds down CPI ... and make the Fed stop raising interest rate

• Community banks are suffering from high interest rates

• Spread with government bond with...
Commercial Real Estate
Commercial Real Estate Loans by Small Banks vs. Large Banks

$ billion

Source: Federal Reserve
Commercial Real Estate Transactions
($2.5 million property or greater)

Source: MSCI/RCA
Pressuring Commercial Property Prices to Fall ... 15% off Peak (Appraisal Value Index)

Source: Green Street Advisors
Net Absorption past 12 months … Office is still negative

Source: CoStar
THANK YOU!