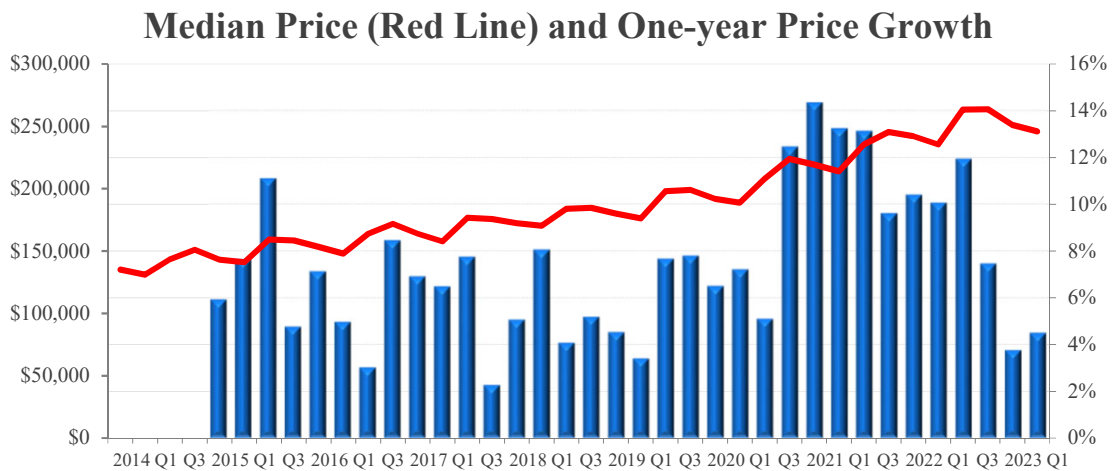


# Louisville/Jefferson County Area

## Local Market Report, First Quarter 2023

### Today's Market...



Local Price Trends			
Price Activity	Louisville	U.S.	Local Trend
Current Median Home Price (2023 Q1)	\$246,000	\$366,733	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2023 Q1)	4.5%	0.3%	
3-year (12-quarter) Appreciation (2023 Q1)	30.2%	34.6%	
3-year (12-quarter) Housing Equity Gain*	\$57,100	\$94,267	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$97,900	\$151,000	
9-year (36 quarters) Housing Equity Gain*	\$114,900	\$175,733	

\*Note: Equity gain reflects price appreciation only

	Louisville	U.S.	
<b>Conforming Loan Limit**</b>	\$726,200	\$1,089,300	Most buyers in this market have access to government-backed financing
<b>FHA Loan Limit</b>	\$472,030	\$1,089,300	
<b>Local Median to Conforming Limit Ratio</b>	34%	not comparable	

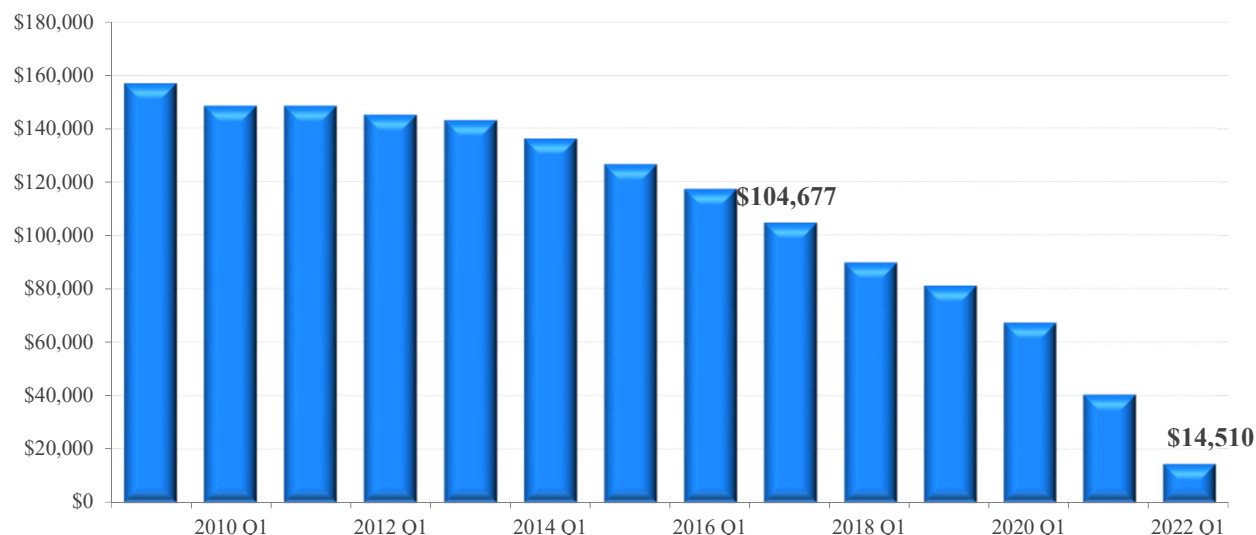
Note: limits are current and include the changes made on January 1st 2023.

#### Local NAR Leadership

The Louisville/Jefferson County market is part of region 4 in the NAR governance system, which includes all of North Carolina, South Carolina, Kentucky, and Tennessee. The 2023 NAR Regional Vice President representing region 4 is Amy Hedgecock.

## Benefits of Ownership: Total Equity Appreciation

### Total Equity Accrued to Owner by Year and Quarter of Purchase



#### Total Equity Gained\*\* through 2023 Q1 from quarter in which home was of purchased

Price Activity	Louisville	U.S.	Local Trend
1-year (4-quarter)	\$14,510	\$7,042	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$67,309	\$108,992	
5-year (20-quarter)*	\$89,839	\$143,305	
7-year (28 quarters)*	\$117,347	\$179,328	
9-year (36 quarters)*	\$136,179	\$206,734	

\*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...

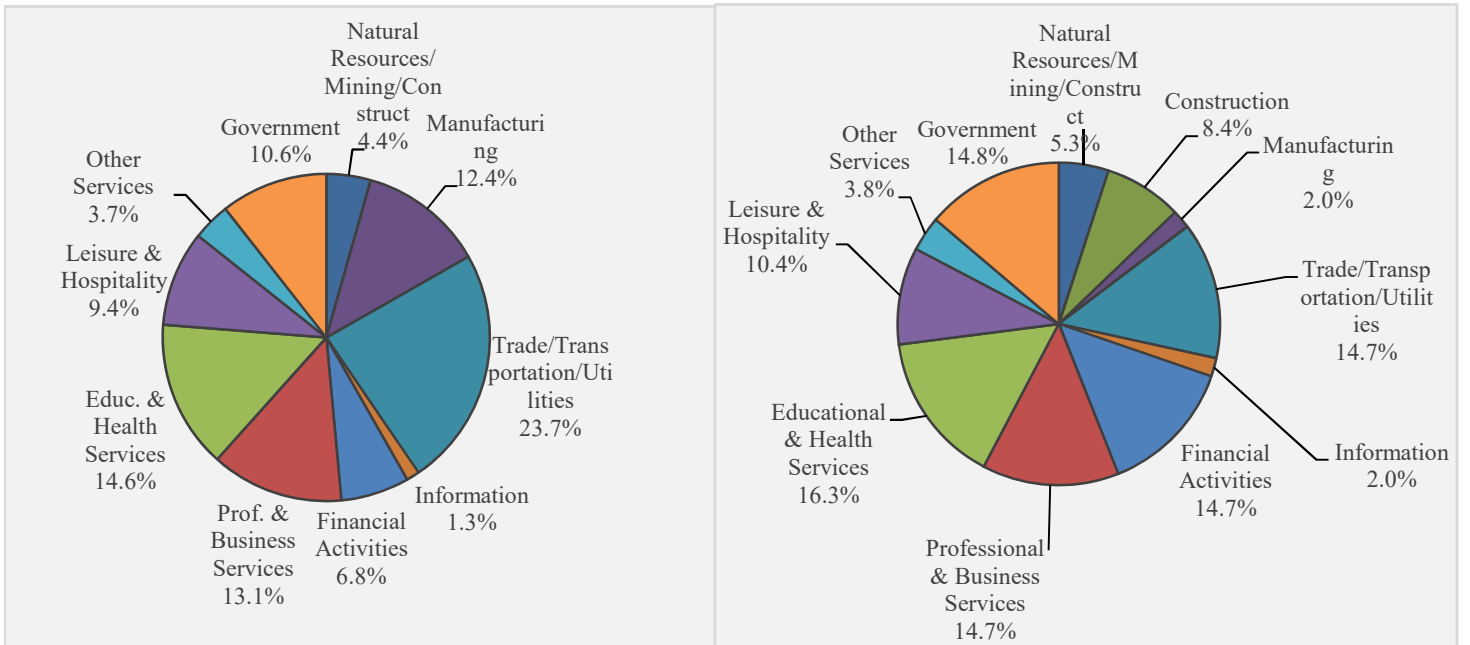


Local Economic Outlook	Louisville	U.S.	
12-month Job Change (Mar)	10,300	Not Comparable	Employment has held up and is on an upward trend
12-month Job Change (Feb)	9,900	Not Comparable	
36-month Job Change (Mar)	15,400	Not Comparable	Unemployment in Louisville is better than the national average and improving
Current Unemployment Rate (Mar)	3.5%	3.5%	
Year-ago Unemployment Rate	4.5%	3.6%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	1.5%	3.8%	

## Share of Total Employment by Industry

Louisville/Jefferson County Area

U.S.



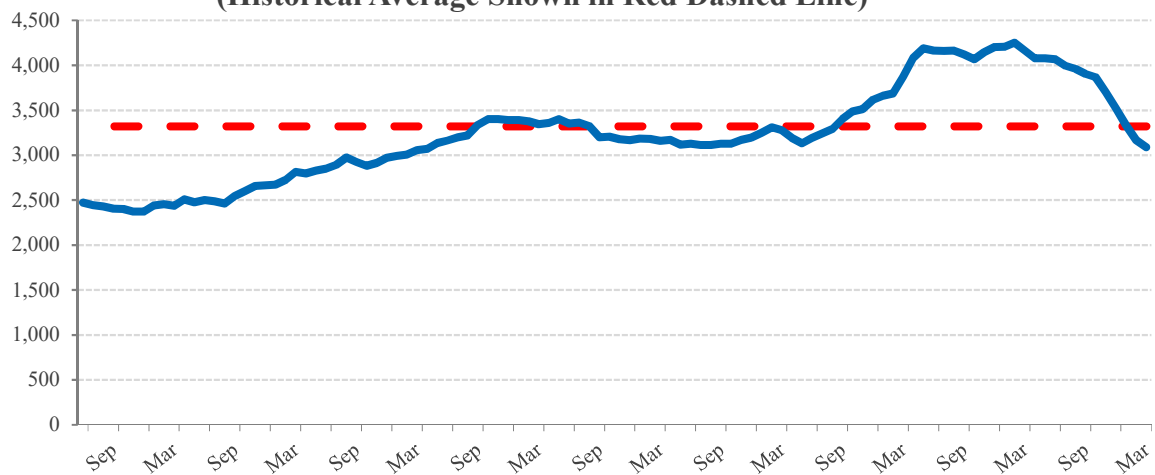
### 12-month Employment Change by Industry (Mar - 2023)

Goods Producing	NA	Information	500
Natural Resources/Mining/Construction	100	Financial Activities	-2,000
Natural Resources and Mining	NA	Prof. & Business Services	-800
Construction	NA	Educ. & Health Services	1,500
Manufacturing	2,600	Leisure & Hospitality	2,800
Service Providing Excluding Government	NA	Other Services	1,200
Trade/Transportation/Utilities	3,300	Government	700

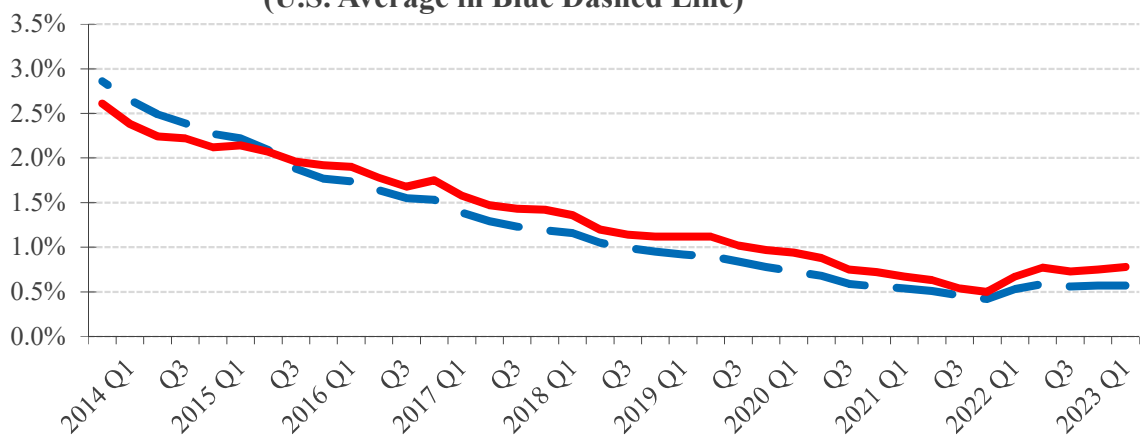
State Economic Activity Index	Kentucky	U.S.	
12-month change (2023 - Mar)	2.6%	3.8%	The economy of Kentucky is growing more slowly than the rest of the nation, but improved modestly from last month's 2.43% change
36-month change (2023 - Mar)	5.9%	6.7%	

New Housing Construction			
Local Fundamentals	Louisville	U.S.	
12-month Sum of 1-unit Building Permits through Mar	3,088	not comparable	The current level of construction is 7.0% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	3,321	not comparable	Reduced construction will limit new supply to the market, allowing demand to catch up with inventory more quickly
Single-Family Housing Permits (Mar) 12-month sum vs. a year ago	-25.8%	-21.2%	Construction continues to decline from last year

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

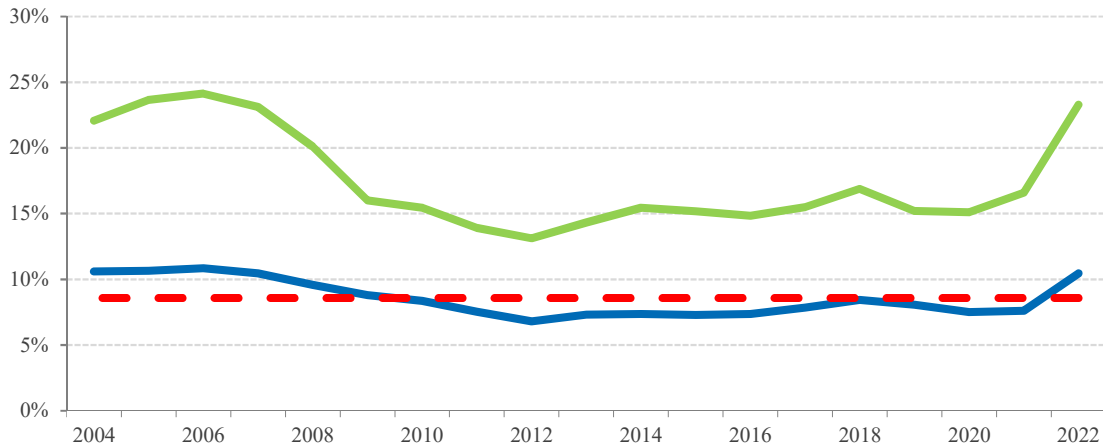


**State Total Foreclosure Rate vs. U.S Average**  
(U.S. Average in Blue Dashed Line)



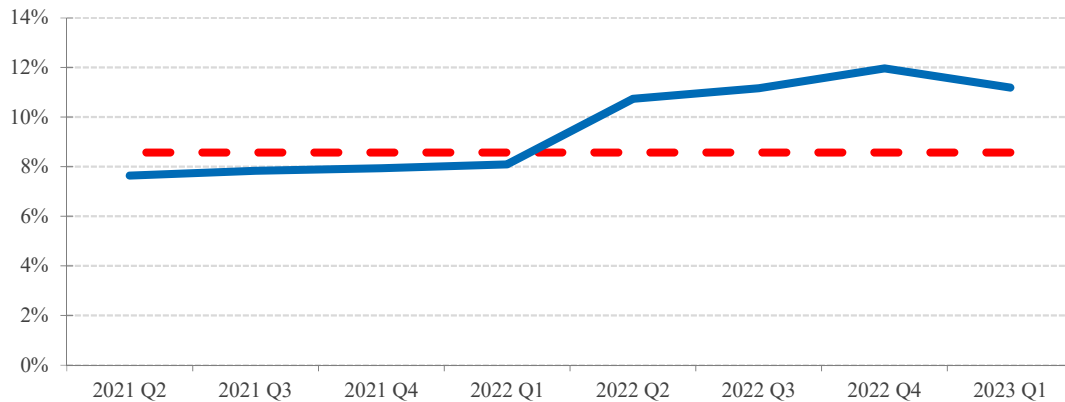
# Affordability

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

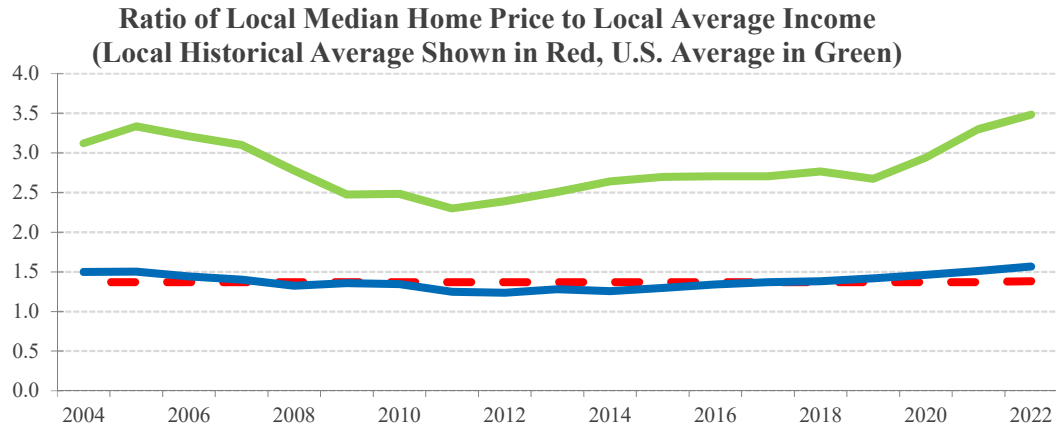


Monthly Mortgage Payment to Income	Louisville	U.S.	
Ratio for 2022	10.5%	23.3%	Weak by local standards and could weigh on demand
Ratio for 2023 Q1	11.2%	23.3%	
Historical Average	8.6%	17.8%	More affordable than most markets

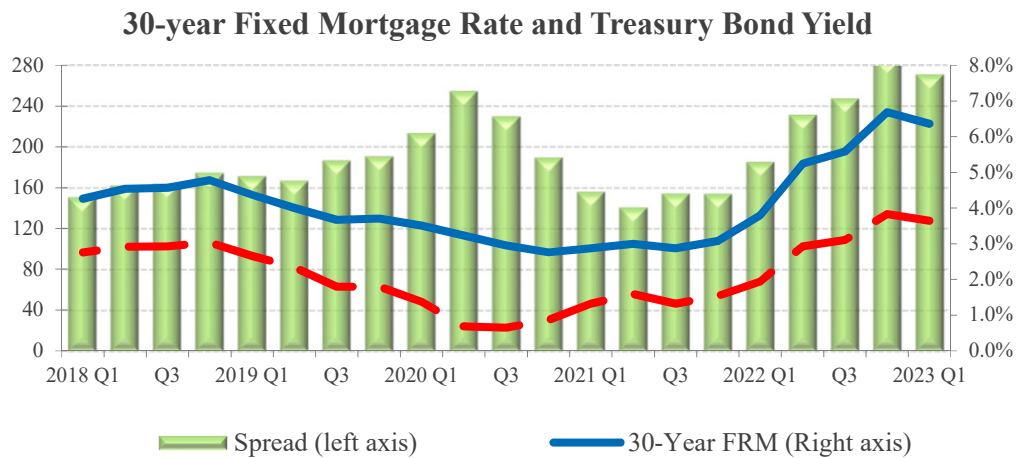
**Recent Trend - Local Mortgage Servicing Cost to Income**  
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Louisville	U.S.	
Ratio for 2022	1.6	3.5	The price-to-income ratio eased, but could be better
Ratio for 2023 Q1	1.5	3.1	
Historical Average	1.4	2.8	Affordable compared to most markets



## The Mortgage Market



After surpassing twice the 7 percent threshold at the end of 2022, mortgage rates fell in the beginning of 2023. According to the mortgage finance provider Freddie Mac, the 30-year fixed mortgage rate dropped to 6.36% in the first quarter of 2023 from 6.69% the previous quarter. Nevertheless, rates continue to be 1.7 times higher than the previous year (3.79%). Although rates will continue to fluctuate in the following months, with inflation easing further and the Federal Reserve expected to pause its rate hikes soon, mortgage rates will stabilize near 6% in the second half of the year. NAR forecasts the 30-year fixed mortgage rate to average 6.3% and 6.1% at the second and third quarter of the year, respectively.

## Geographic Coverage for this Report

The Louisville area referred to in this report covers the geographic area of the Louisville/Jefferson County 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:

Clark County, IN; Floyd County, IN; Harrison County, IN; Scott County, IN; Washington County, IN; Bullitt County, KY; Henry County, KY; Jefferson County, KY; Oldham County, KY; Shelby County, KY; Spencer County, KY; Trimble County, KY

More information on the OMB's geographic definitions can be found at [https://obamawhitehouse.archives.gov/omb/bulletins\\_default/](https://obamawhitehouse.archives.gov/omb/bulletins_default/)

