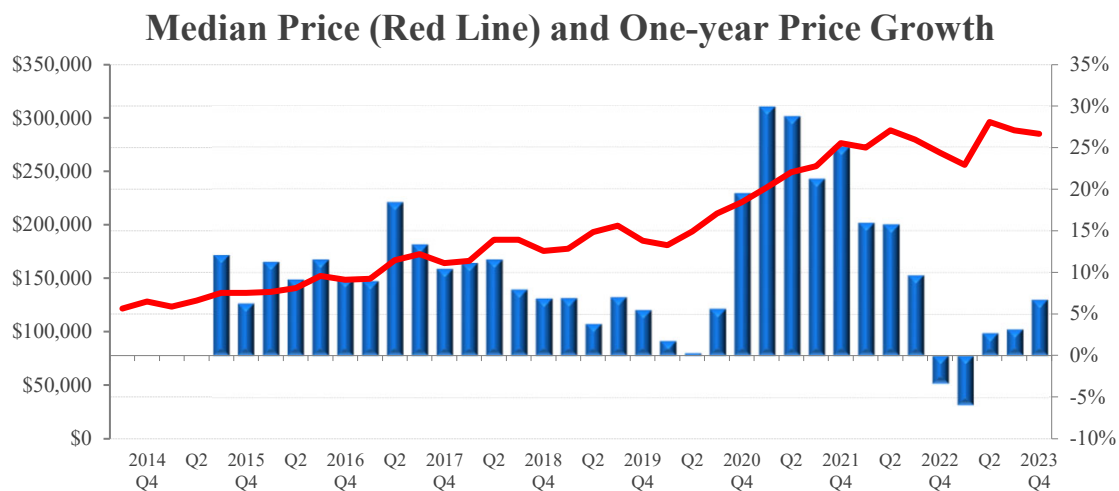


Sherman-Denison Area

Local Market Report, Fourth Quarter 2023

Today's Market...



| Local Price Trends | | | |
|--|-----------------|-----------|--|
| Price Activity | Sherman-Denison | U.S. | Local Trend |
| Current Median Home Price (2023 Q4) | \$285,200 | \$387,300 | Prices continue to grow relative to last year |
| 1-year (4-quarter) Appreciation (2023 Q4) | 6.7% | 3.9% | |
| 3-year (12-quarter) Appreciation (2023 Q4) | 29.0% | 24.5% | |
| 3-year (12-quarter) Housing Equity Gain* | \$64,100 | \$76,300 | Gains in the last 3 years have extended the trend of positive price growth after the recession |
| 7-year (28 quarters) Housing Equity Gain* | \$136,500 | \$153,367 | |
| 9-year (36 quarters) Housing Equity Gain* | \$157,000 | \$179,667 | |

*Note: Equity gain reflects price appreciation only

| | Sherman-Denison | U.S. | |
|--|-----------------|----------------|---|
| Conforming Loan Limit** | \$766,550 | \$1,149,825 | Most buyers in this market have access to government-backed financing |
| FHA Loan Limit | \$498,257 | \$1,149,825 | |
| Local Median to Conforming Limit Ratio | 37% | not comparable | |

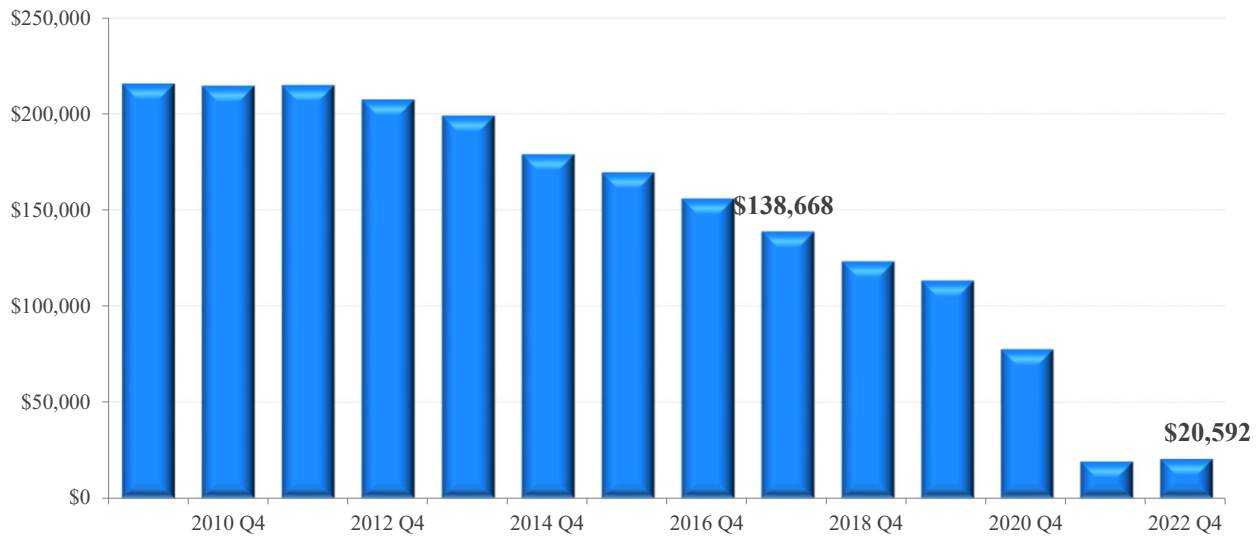
Note: limits are current and include the changes made on January 1st 2024.

Local NAR Leadership

The Sherman-Denison market is part of region 10 in the NAR governance system, which includes all of Louisiana and Texas. The 2024 NAR Regional Vice President representing region 10 is Marvin Jolly.

Benefits of Ownership: Total Equity Appreciation

Total Equity Accrued to Owner by Year and Quarter of Purchase



Total Equity Gained through 2023 Q4 from quarter in which home was of purchased**

| Price Activity | Sherman-Denison | U.S. | Local Trend |
|-----------------------|-----------------|-----------|--|
| 1-year (4-quarter) | \$20,592 | \$18,387 | Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession |
| 3-year (12-quarter)* | \$77,507 | \$95,158 | |
| 5-year (20-quarter)* | \$123,281 | \$151,356 | |
| 7-year (28 quarters)* | \$155,832 | \$183,780 | |
| 9-year (36 quarters)* | \$178,863 | \$215,076 | |

*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

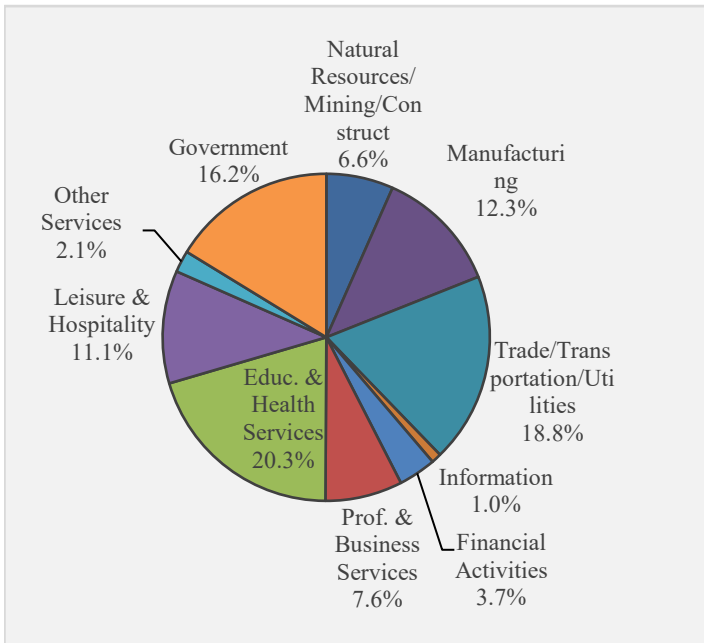
Drivers of Local Supply and Demand...

| Local Economic Outlook | Sherman-Denison | U.S. | |
|-----------------------------------|-----------------|----------------|---|
| 12-month Job Change (Dec) | 500 | Not Comparable | Employment growth has eased, but remains positive |
| 12-month Job Change (Nov) | 600 | Not Comparable | |
| 36-month Job Change (Dec) | 3,400 | Not Comparable | Unemployment in Sherman-Denison is better than the national average and improving |
| Current Unemployment Rate (Dec) | 3.3% | 3.7% | |
| Year-ago Unemployment Rate | 3.3% | 3.5% | Local employment growth is poor and needs to improve |
| 1-year (12 month) Job Growth Rate | 1.0% | 2.3% | |

Share of Total Employment by Industry

Sherman-Denison Area

U.S.



12-month Employment Change by Industry (Dec - 2023)

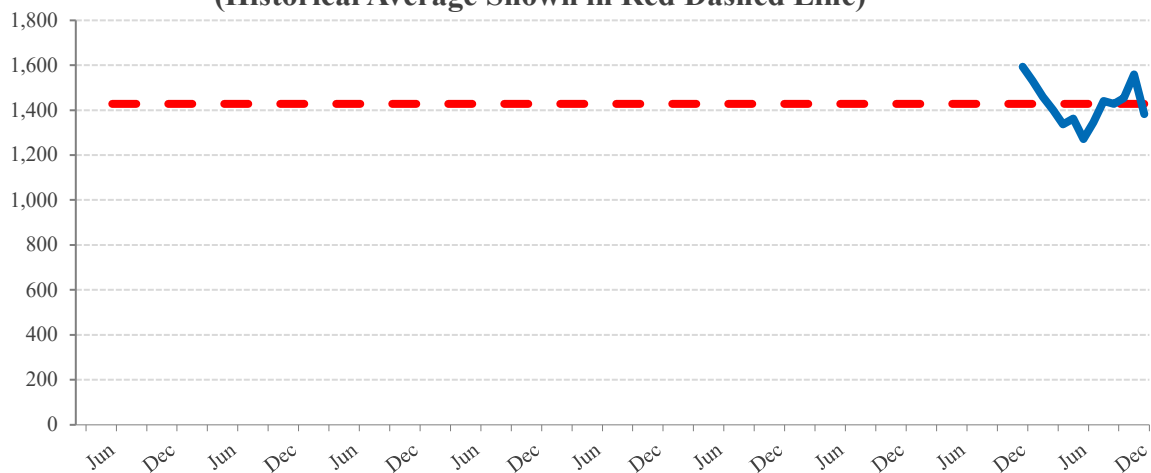
| | | | |
|--|------|---------------------------|------|
| Goods Producing | NA | Information | 100 |
| Natural Resources/Mining/Construction | 100 | Financial Activities | -100 |
| Natural Resources and Mining | NA | Prof. & Business Services | 0 |
| Construction | NA | Educ. & Health Services | 400 |
| Manufacturing | -100 | Leisure & Hospitality | 0 |
| Service Providing Excluding Government | NA | Other Services | 0 |
| Trade/Transportation/Utilities | -100 | Government | 300 |

| State Economic Activity Index | Texas | U.S. | |
|-------------------------------|-------|-------|---|
| 12-month change (2023 - Dec) | 3.5% | 3.0% | The economy of Texas has outpaced the rest of the nation and improved modestly from last month's 3.49% change |
| 36-month change (2023 - Dec) | 16.4% | 14.3% | |

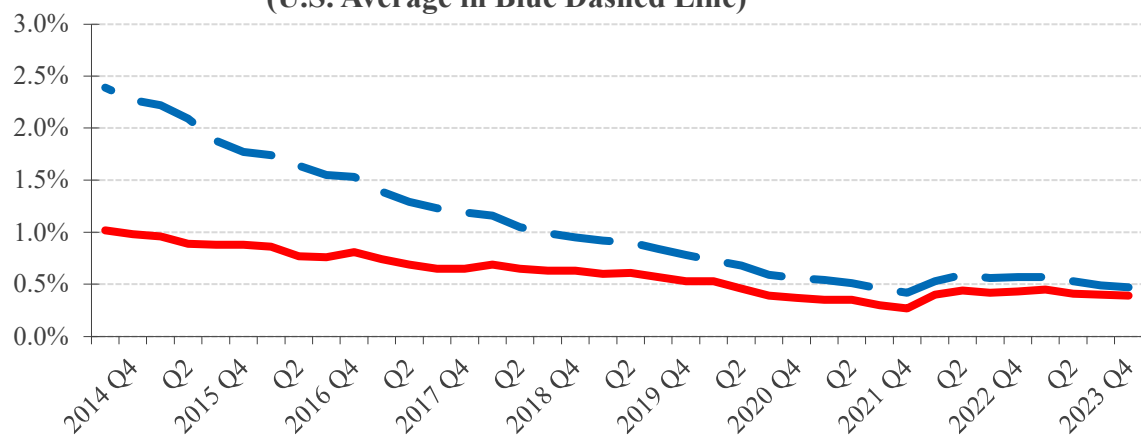
New Housing Construction

| Local Fundamentals | Sherman-Denison | U.S. | |
|--|-----------------|----------------|---|
| 12-month Sum of 1-unit Building Permits through Dec | 1,383 | not comparable | The current level of construction is 3.2% below the long-term average |
| 8-year average for 12-month Sum of 1-Unit Building Permits | 1,428 | not comparable | Reduced construction will limit new supply to the market, allowing demand to catch up with inventory more quickly |
| Single-Family Housing Permits (Dec) 12-month sum vs. a year ago | -13.2% | -6.1% | Construction continues to decline from last year |

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

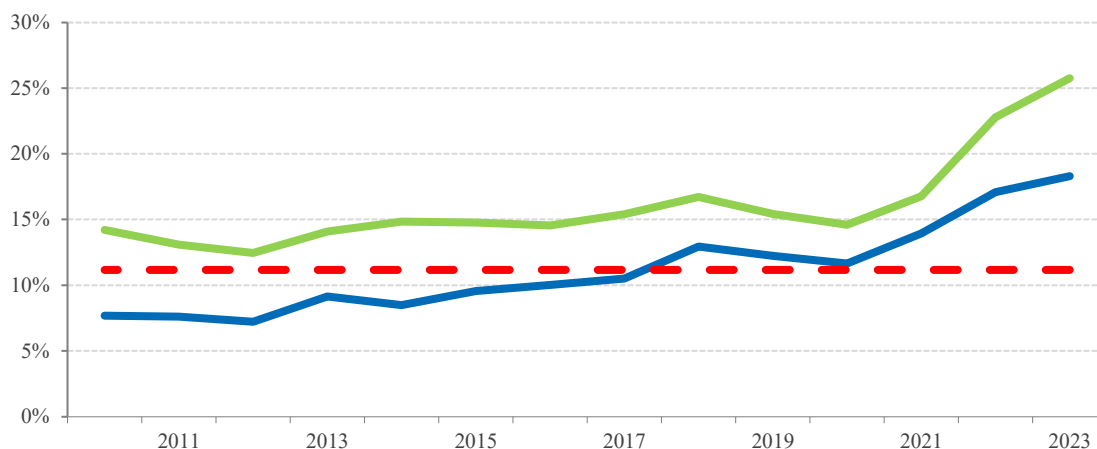


State Total Foreclosure Rate vs. U.S. Average
(U.S. Average in Blue Dashed Line)



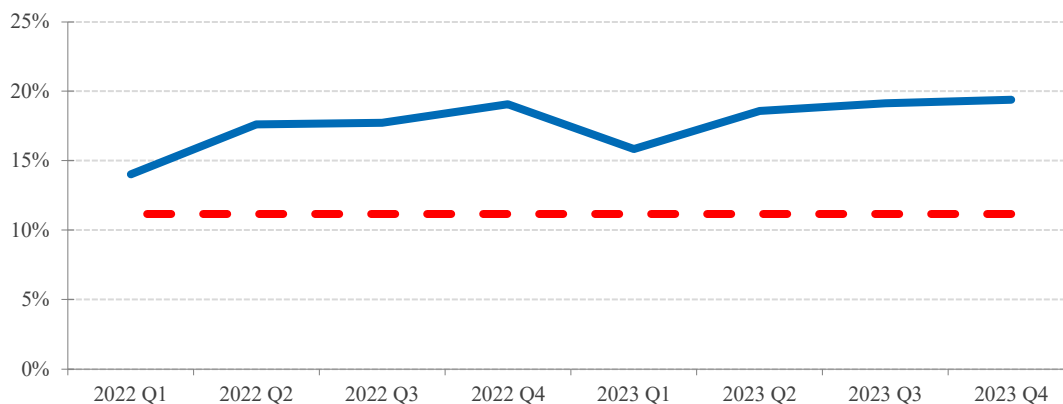
Affordability

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

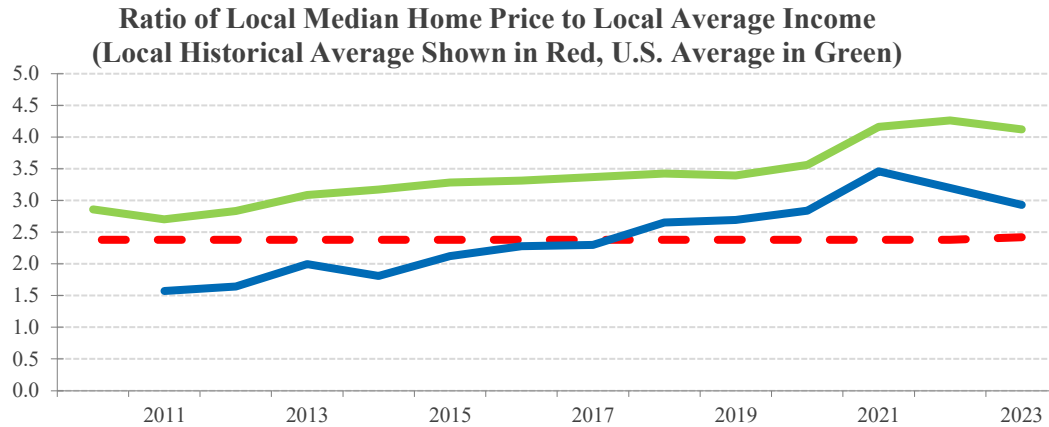


| Monthly Mortgage Payment to Income | Sherman-Denison | U.S. | |
|------------------------------------|-----------------|-------|---|
| Ratio for 2023 | 18.3% | 25.8% | Weak by local standards and could weigh on demand |
| Ratio for 2023 Q4 | 19.4% | 25.5% | |
| Historical Average | 11.2% | 17.0% | 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 | Sherman-Denison | U.S. | |
|-----------------------------|-----------------|------|--|
| Ratio for 2023 | 2.9 | 4.1 | The price-to-income ratio eased, but could be better |
| Ratio for 2023 Q4 | 3.0 | 3.9 | |
| Historical Average | 2.4 | 3.4 | Affordable compared to most markets |



The Mortgage Market



Throughout much of the final quarter of the year, mortgage rates remained elevated near 7.5 percent. According to the mortgage provider Freddie Mac, the 30-year fixed mortgage rate rose to 7.3 percent in the fourth quarter of 2023 from 6.7 percent the previous year. Nevertheless, rates fell below 7 percent at the end of year as the Federal Reserve continued to halt its interest rates hikes. With lower interest rates on the horizon, mortgage rates are expected to continue their downward trend in 2024, thereby enhancing affordability for potential homebuyers.

NAR forecasts the 30-year fixed mortgage rate to average 6.8 percent in the first quarter of 2024, with a further decline expected to bring them below 6.6% by the end of the first half.

Geographic Coverage for this Report

The Sherman-Denison area referred to in this report covers the geographic area of the Sherman-Denison 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:

Grayson County

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

