Economic Update

Lawrence Yun, NAR Chief Economist
Payroll Jobs in DC ... Below Pre-Covid

Source: BLS
Latest Payroll Jobs in April
6 million more compared to pre-covid highs

Source: BLS
Job Gains not leading to Office Demand
Office Net Absorption .... Pre and Post Covid
National Office Vacancy Rate

Source: CBRE/ULI and NAR Forecast
Payroll Jobs in Nashville >>> DC

In thousands

Source: BLS
Job Gains Since Pre-COVID Record High Payroll Employment
% change from March 2020 to March 2024

Source: NAR Analysis of BLS data
Home Price Appreciation from Pre-Covid

Source: NAR Analysis of FHFA Home Price Index
Wealth Comparison between Owners and Renters

Source: Median Net Worth from Federal Reserve Survey of Consumer Finance
Total Payroll Jobs ... 40 million more compared to 1995

Source: BLS
U.S. Population ... 70 million more people since 1995

Source: NAR
Annual Existing Home Sales: Worst Year since 1995

Source: NAR
Monthly Existing Home Sales ... still stuck at 30 year lows

Seasonally adjusted annualized rate

Source: NAR
Inventory of Existing Homes

Source: NAR
Change in Inventory of Existing Homes (% change from a year ago)

Source: NAR
30-year Mortgage and Fed Funds Rate ... High Rate Environment

Source: U.S. Treasury and Federal Reserve
CPI ... 3.5% in March ... Not yet 2%

Core CPI (in red)

% change from a year ago

Source: BLS
Monthly Payment for 1st time Homebuyer
10% downpayment and 80% of Median Home Price

Source: NAR
Would Homebuyer Use the Same Agent Again or Recommend to Others?

(Percentage Distribution)

- Definitely: 75%
- Probably: 15%
- Probably Not: 5%
- Definitely Not: 4%
- Don't Know: 1%
NAR Membership Dynamics ... Resembles Restaurant Industry entry and exit

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>New Members in 2023</td>
<td>136,374</td>
</tr>
<tr>
<td>Exiting Members in 2023</td>
<td>162,741</td>
</tr>
<tr>
<td>Annual Net Change in 2023</td>
<td>Net Loss of 26,367</td>
</tr>
</tbody>
</table>

Source: NAR
The Larger Price Cuts the Longer the Days on Market
(April 2024)

<table>
<thead>
<tr>
<th>Days on Market</th>
<th>Price on Pending</th>
<th>Price cut on Closing</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 to 14</td>
<td>4.6%</td>
<td>4.9%</td>
</tr>
<tr>
<td>15 to 21</td>
<td>4.6%</td>
<td>5.1%</td>
</tr>
<tr>
<td>22 to 30</td>
<td>4.7%</td>
<td>5.5%</td>
</tr>
<tr>
<td>31 to 60</td>
<td>5.4%</td>
<td>6.5%</td>
</tr>
<tr>
<td>61 to 90`</td>
<td>6.4%</td>
<td>7.9%</td>
</tr>
<tr>
<td>91 to 120</td>
<td>7.4%</td>
<td>9.2%</td>
</tr>
<tr>
<td>120 +</td>
<td>9.3%</td>
<td>11.6%</td>
</tr>
</tbody>
</table>
National Hotel Occupancy Rate (proxy for Short-term Rental Demand)

Source: CBRE/ULI and NAR Forecast
Government Deficit Further Pressuring Rate Rise? Government Outlay > Tax Revenue

Source: Congressional Budget Office
What Happens to Deficit if there is a job cutting recession?

Nothing left to fight the recession other than Print Money
Permanently High Inflation and Inflation Hedge

- Gold
- Commodities
- Bitcoin and Crypto Currencies
- Land and Real Estate
Forecast: Long-term Interest Rates to Fall

1. Rents will calm down further ... Holds down CPI ... and make the Fed cut interest rates

2. Community banks are suffering from high interest rates

3. Credit Spread is abnormally high
Home Sales Forecast: 4.5 million in 2024 and 5 million in 2025

Further Gains in 8 of the next 10 years

Source: NAR forecast and HUD