ROSS REALTY GROUP | KELLERWILLIAMS Luxury INTERNATIONAL

HOUSING UPDATE

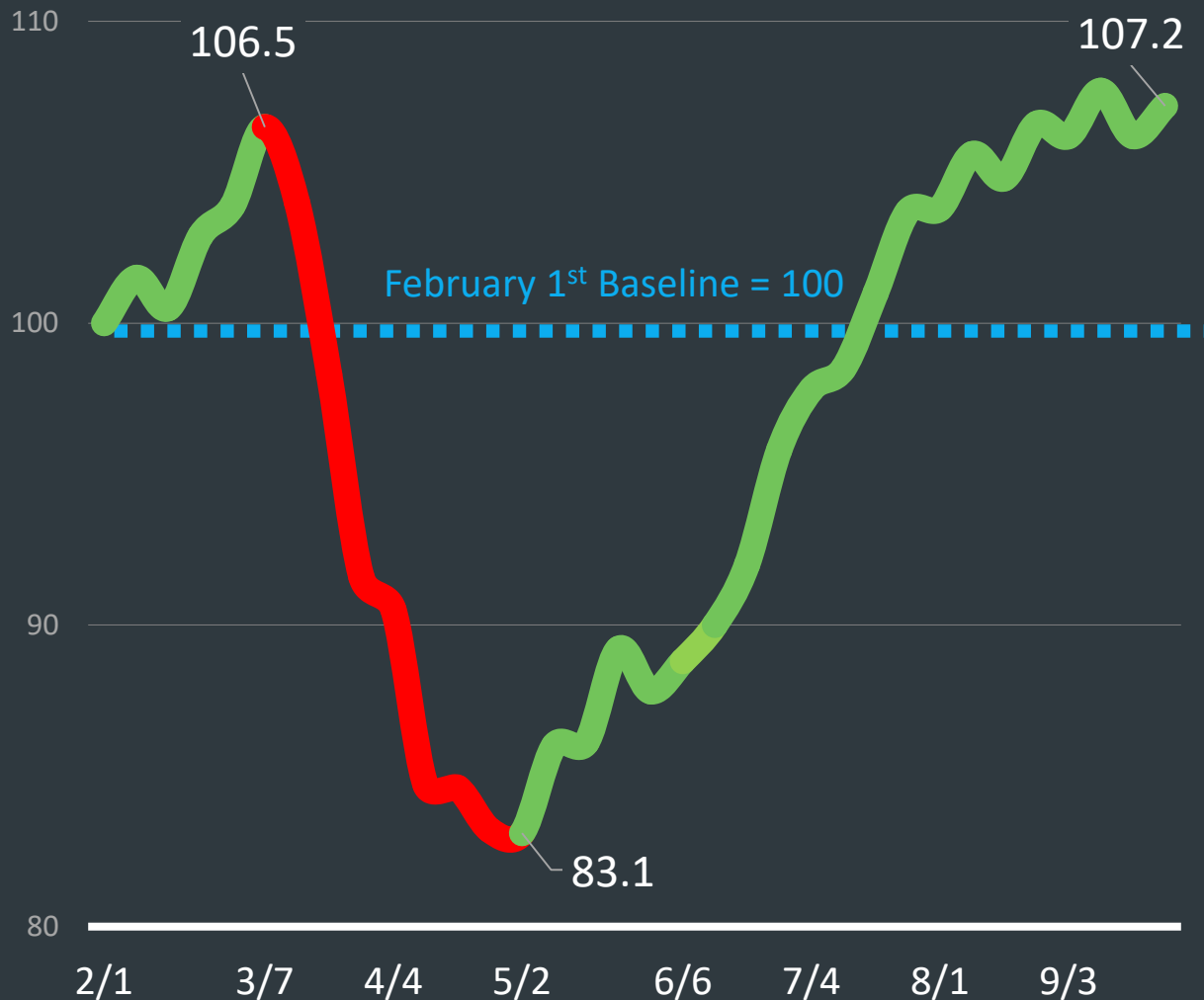## OCTOBER 2020

Housing Market Recovery Index

106.5

107.2

February 1st Baseline = 100

83.1

110

100

90

80

2/1   3/7   4/4   5/2   6/6   7/4   8/1   9/3

4 Components:

1. Demand
2. Supply
3. Price
4. Time on Market

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realtor.com
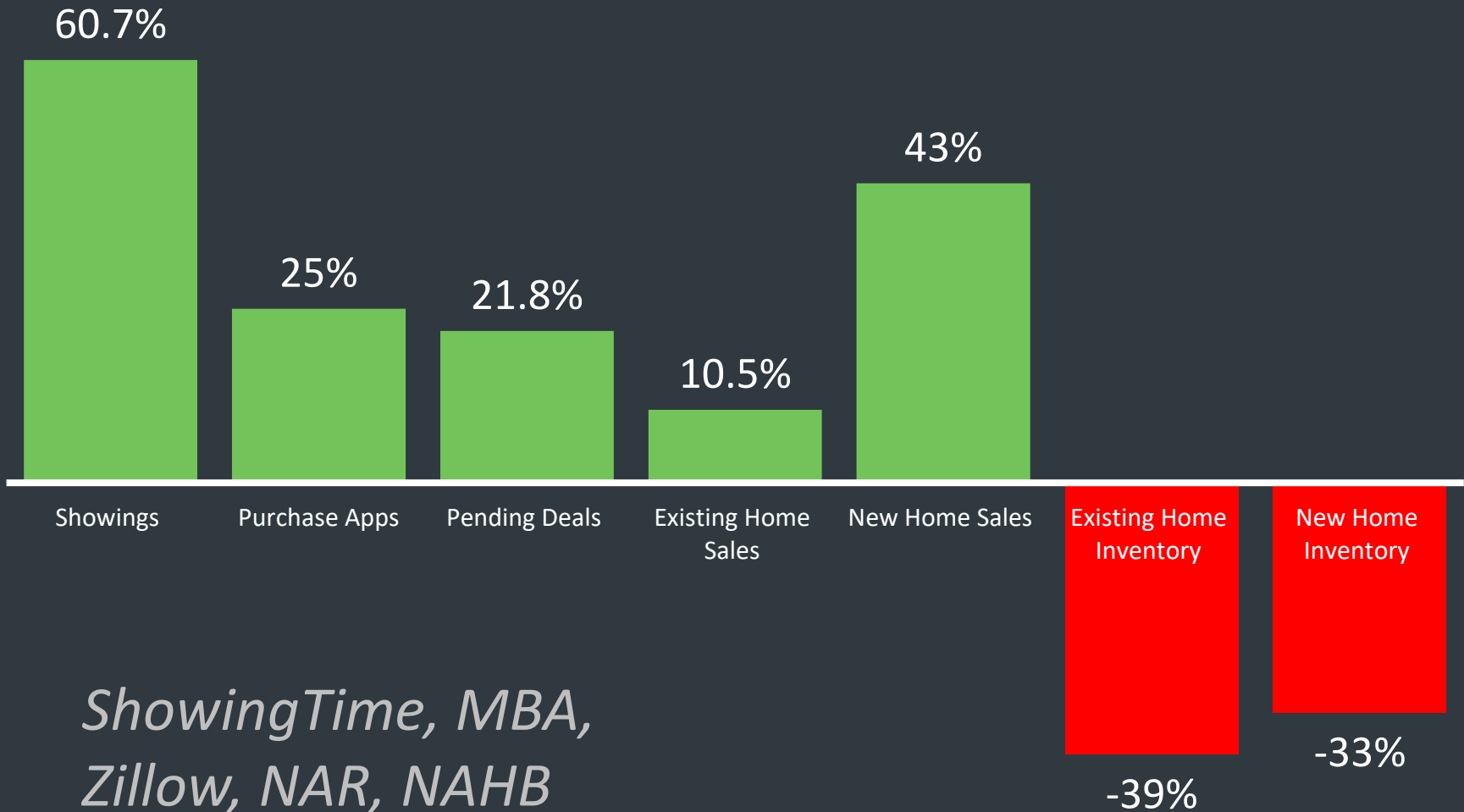
CAN WE KEEP THIS UP?

In the United States, total spending by all consumers as compared to 1/1/2020
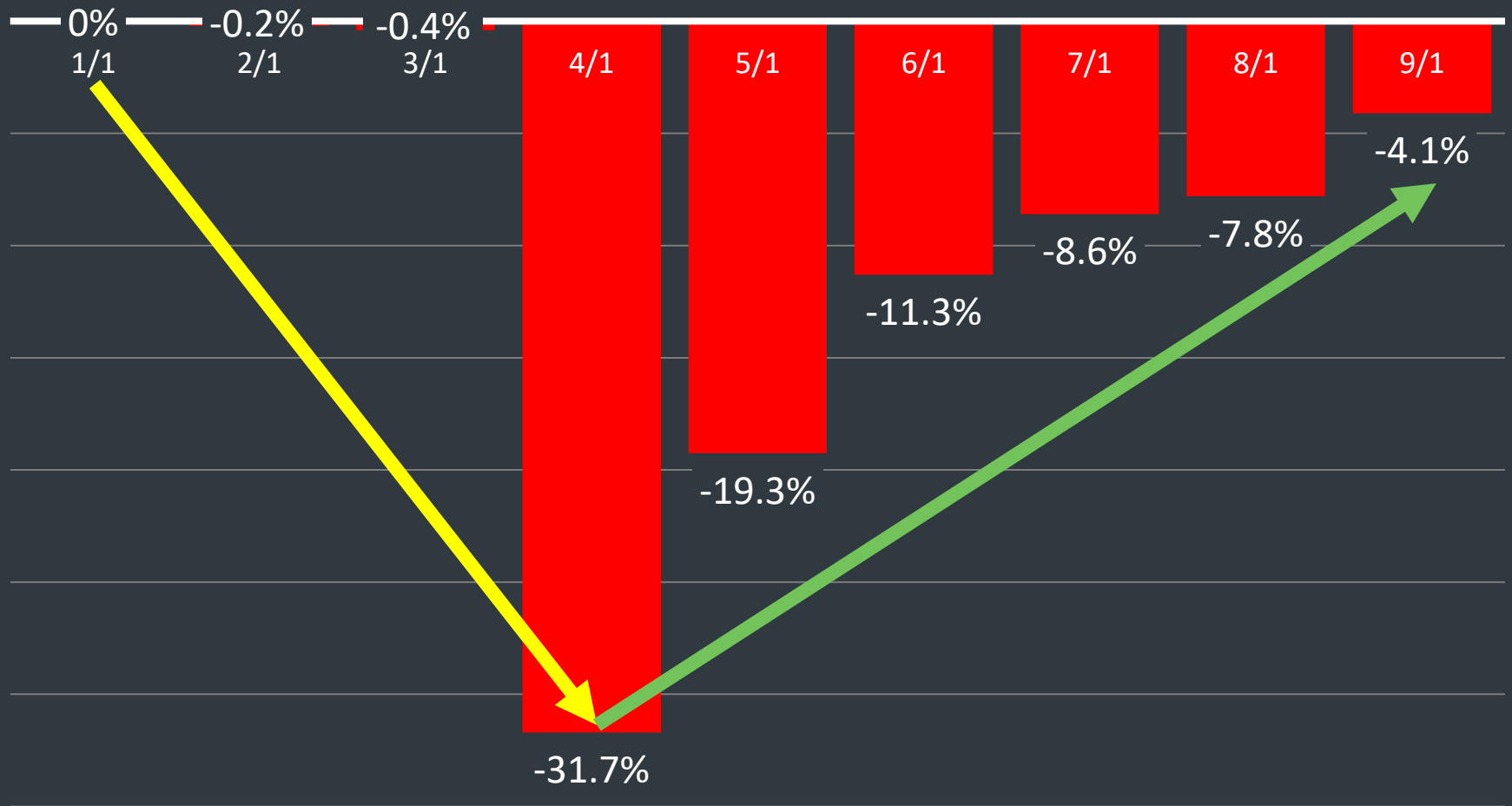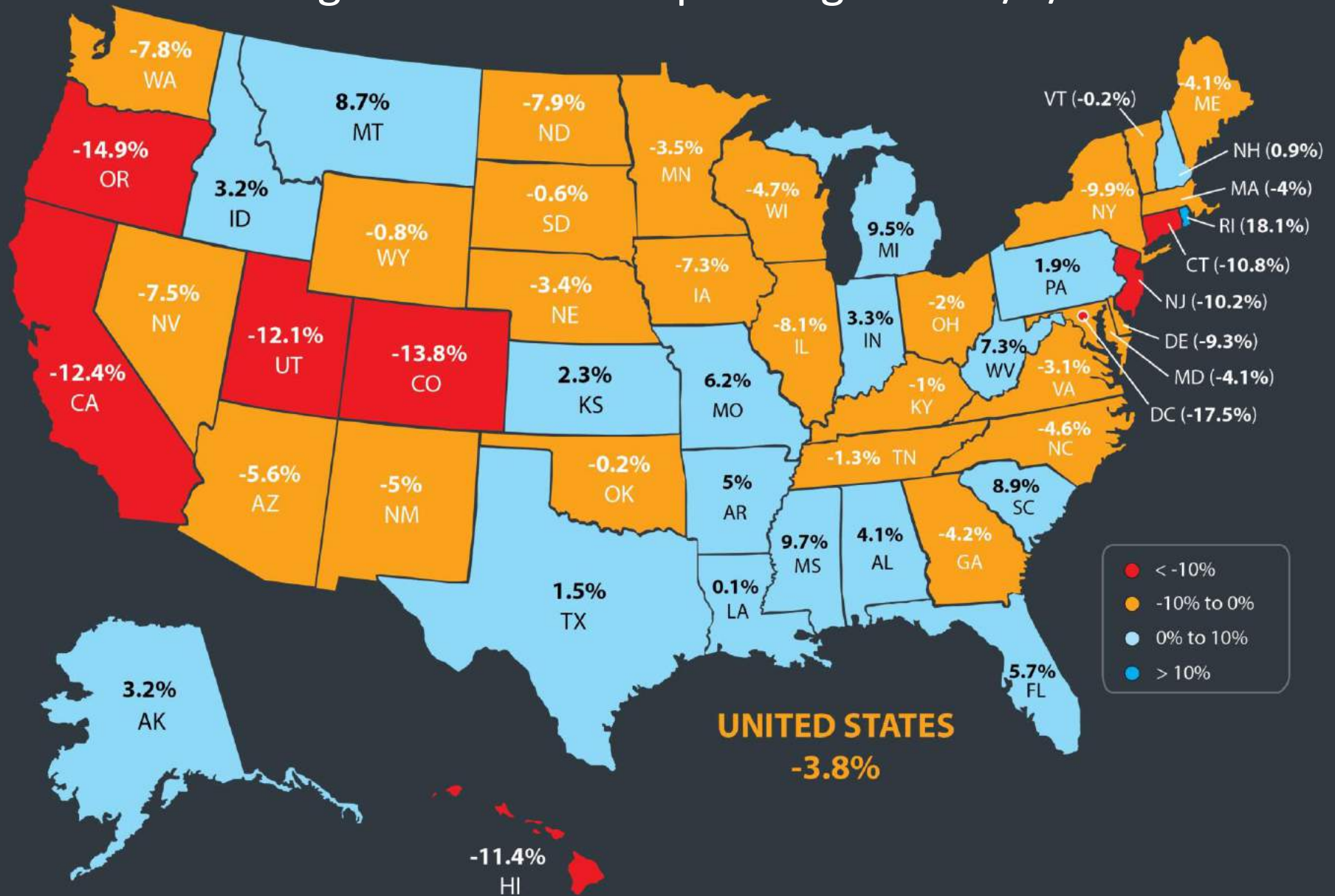
Change in Consumer Spending Since 1/1/20

- -7.8% WA
- 8.7% MT
- -7.9% ND
- -3.5% MN
- -4.1% ME
- VT (-0.2%)
- NH (0.9%)
- -14.9% OR
- 3.2% ID
- -0.6% SD
- -4.7% WI
- -9.9% NY
- MA (-4%)
- RI (18.1%)
- -0.8% WY
- 9.5% MI
- 1.9% PA
- CT (-10.8%)
- -7.5% NV
- -7.3% IA
- -3.4% NE
- -8.1% IL
- 3.3% IN
- -2% OH
- 7.3% WV
- NJ (-10.2%)
- DE (-9.3%)
- -12.4% CA
- -12.1% UT
- -13.8% CO
- 2.3% KS
- 6.2% MO
- -1% KY
- -3.1% VA
- MD (-4.1%)
- DC (-17.5%)
- -4.6% NC
- -5.6% AZ
- -5% NM
- -0.2% OK
- 5% AR
- -1.3% TN
- 8.9% SC
- 9.7% MS
- 4.1% AL
- -4.2% GA
- 1.5% TX
- 0.1% LA
- 5.7% FL
- 3.2% AK
- -11.4% HI

UNITED STATES
-3.8%

Legend:
- 🔴 < -10%
- 🟠 -10% to 0%
- 🔵 0% to 10%
- 🔵 > 10%
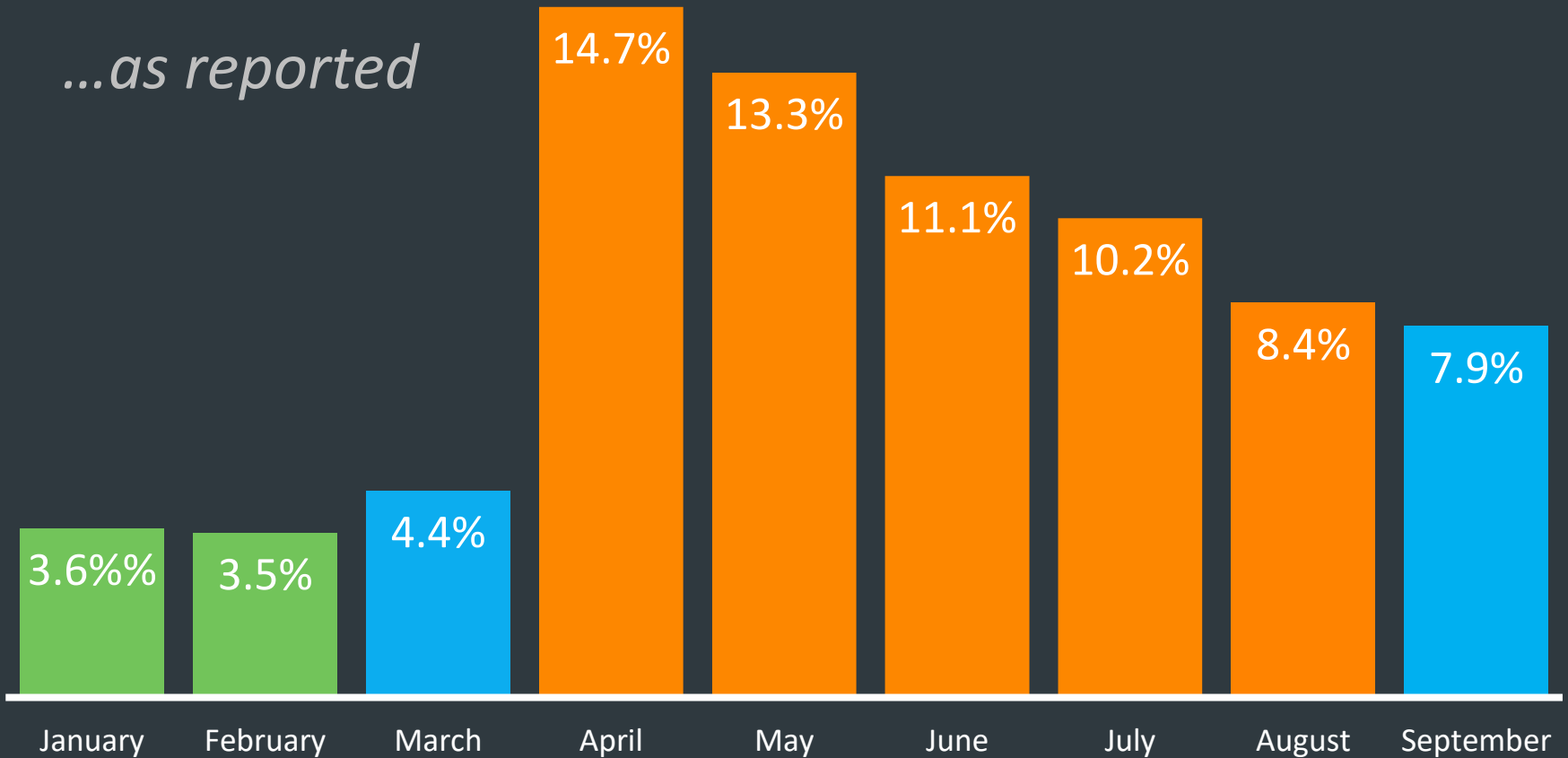
Unemployment Comparison

Recession	# of Months Unemployment Greater Than or Equal to 9%
Great Depression	108 Months
Great Recession	30 Months
1980's Oil Recession	19 Months
2020 Recession	**4 Months**

The # of mortgages in active forbearance is decreasing.

in millions

Date	Value
5/29	4.76
6/5	4.73
6/12	4.66
6/19	4.6
6/26	4.68
7/3	4.58
7/10	4.14
7/17	4.12
7/24	4.12
7/31	4.1
8/7	4
8/14	3.93
8/21	3.93
8/28	3.93
9/4	3.8
9/11	3.72
9/18	3.69
9/25	3.59
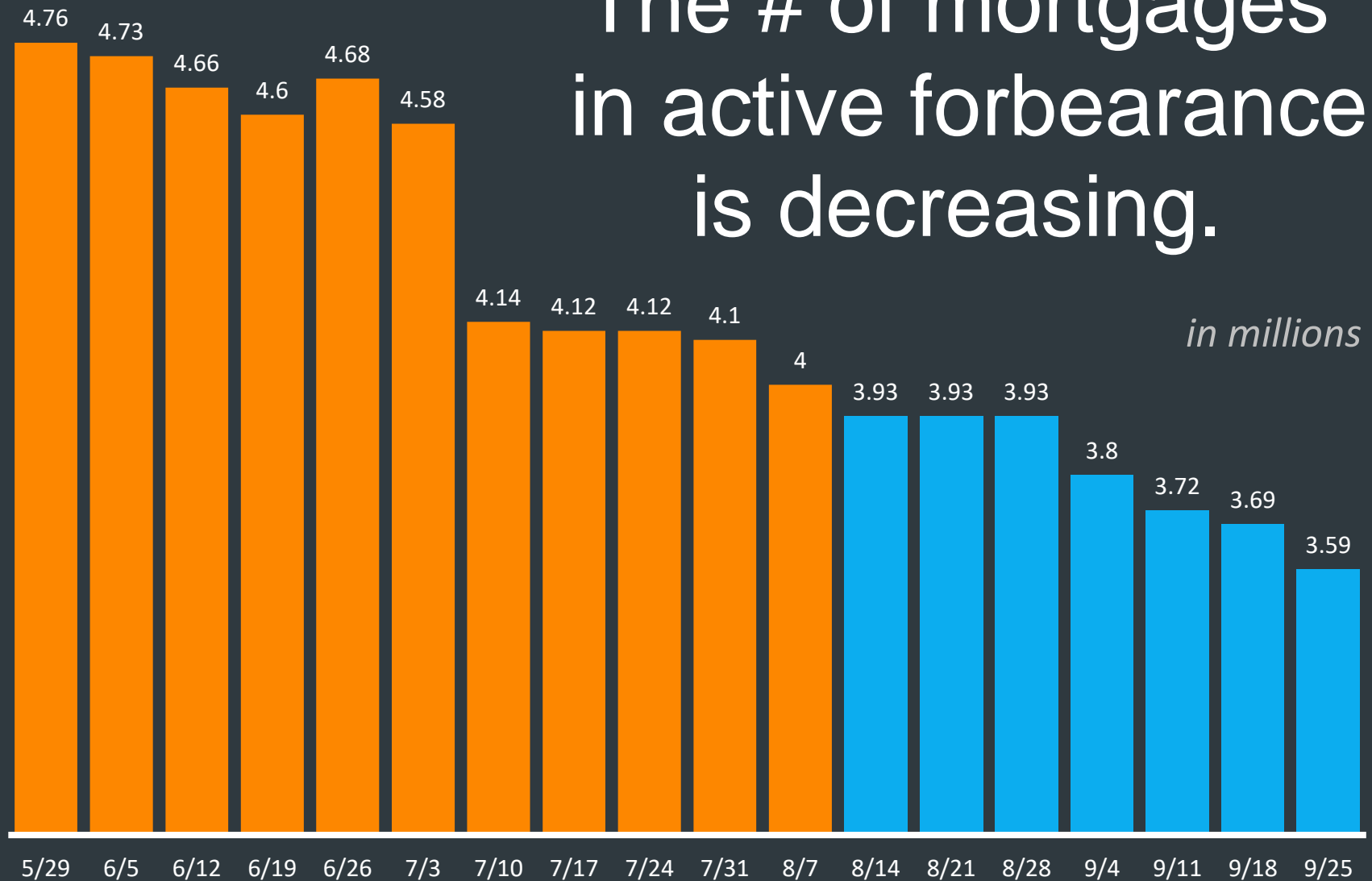
INVENTORY EQUITY EXPERTS

Months Inventory of Homes for Sale

ROSS REALTY GROUP | YupSOLD.com

NAR

Percentage of Homeowner Equity 2020
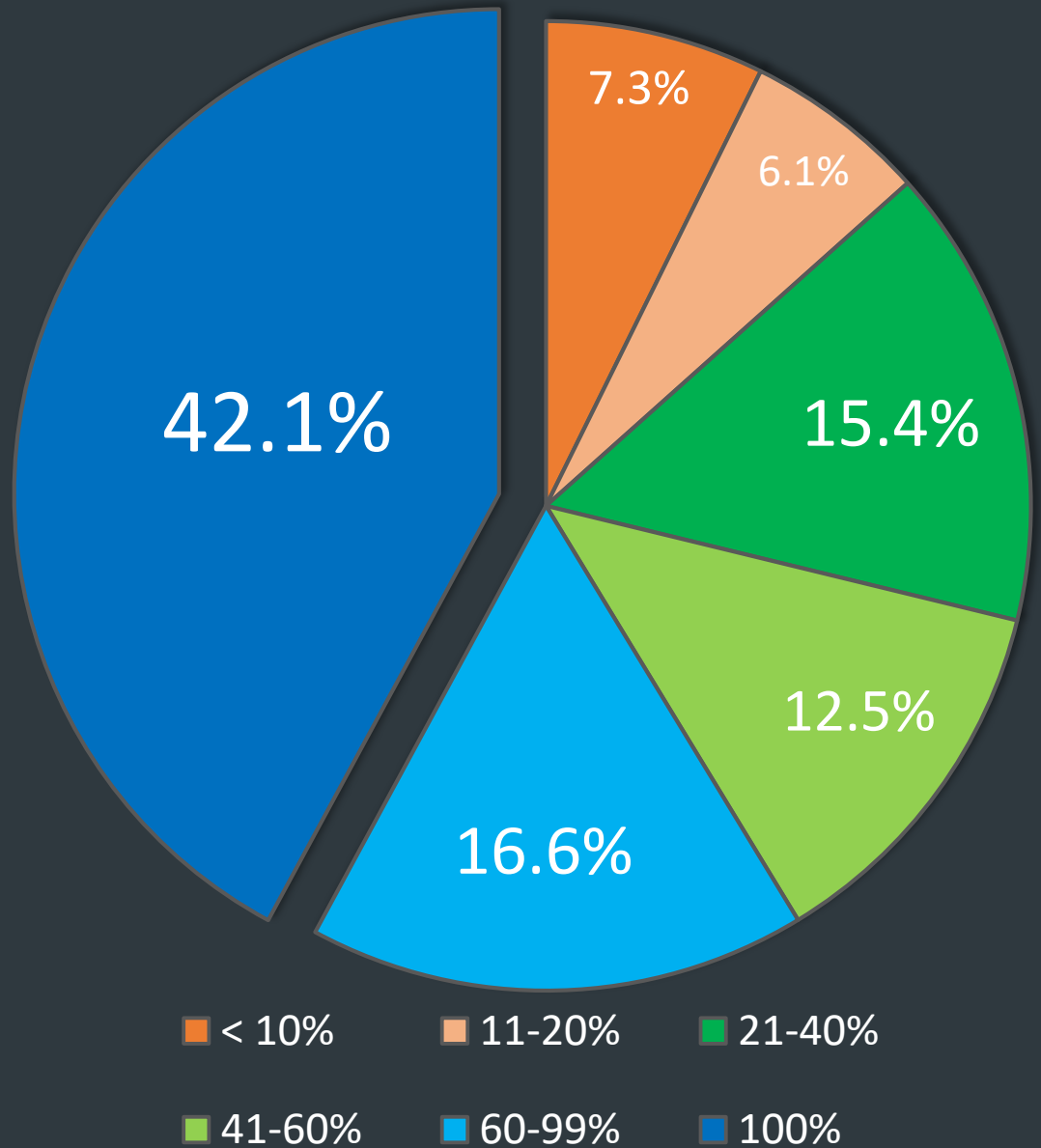
Projections on Future Home Prices

Some project for the current year (*)
Others over the next 12 months (**)

Zelman**	Fannie Mae*	NAR*	Zillow**	MBA*	Reuters' Poll**	Freddie Mac*	CoreLogic**	Haus**
5.9%	4.4%	4.3%	3.6%	3.4%	3%	2.3%	0.6%	-1.1%
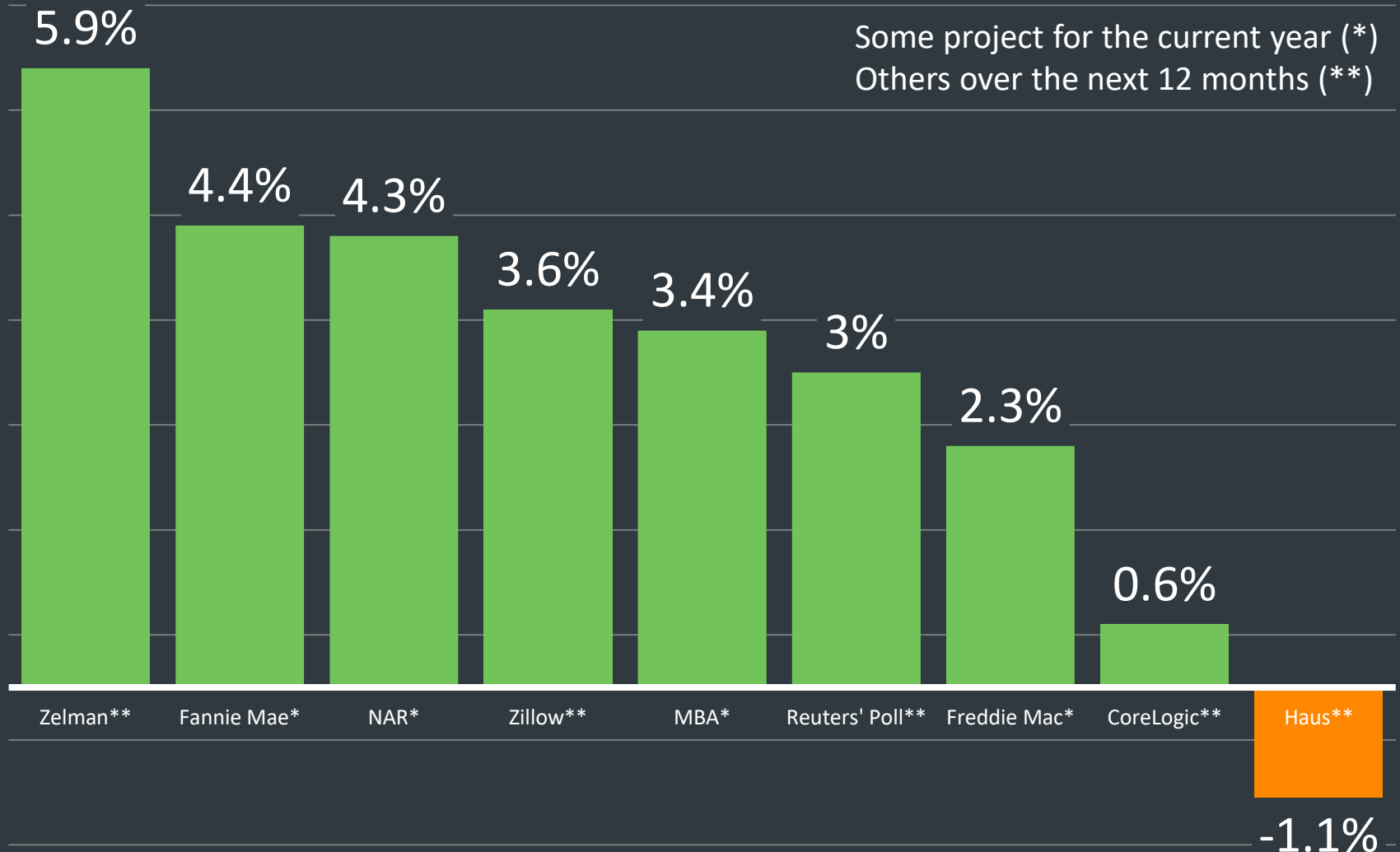
"This is very different from the increase in delinquencies following the housing bubble. Lending standards have been fairly solid over the last decade, and most of these homeowners have equity in their homes - and they will be able to restructure their loans once (if) they are employed."
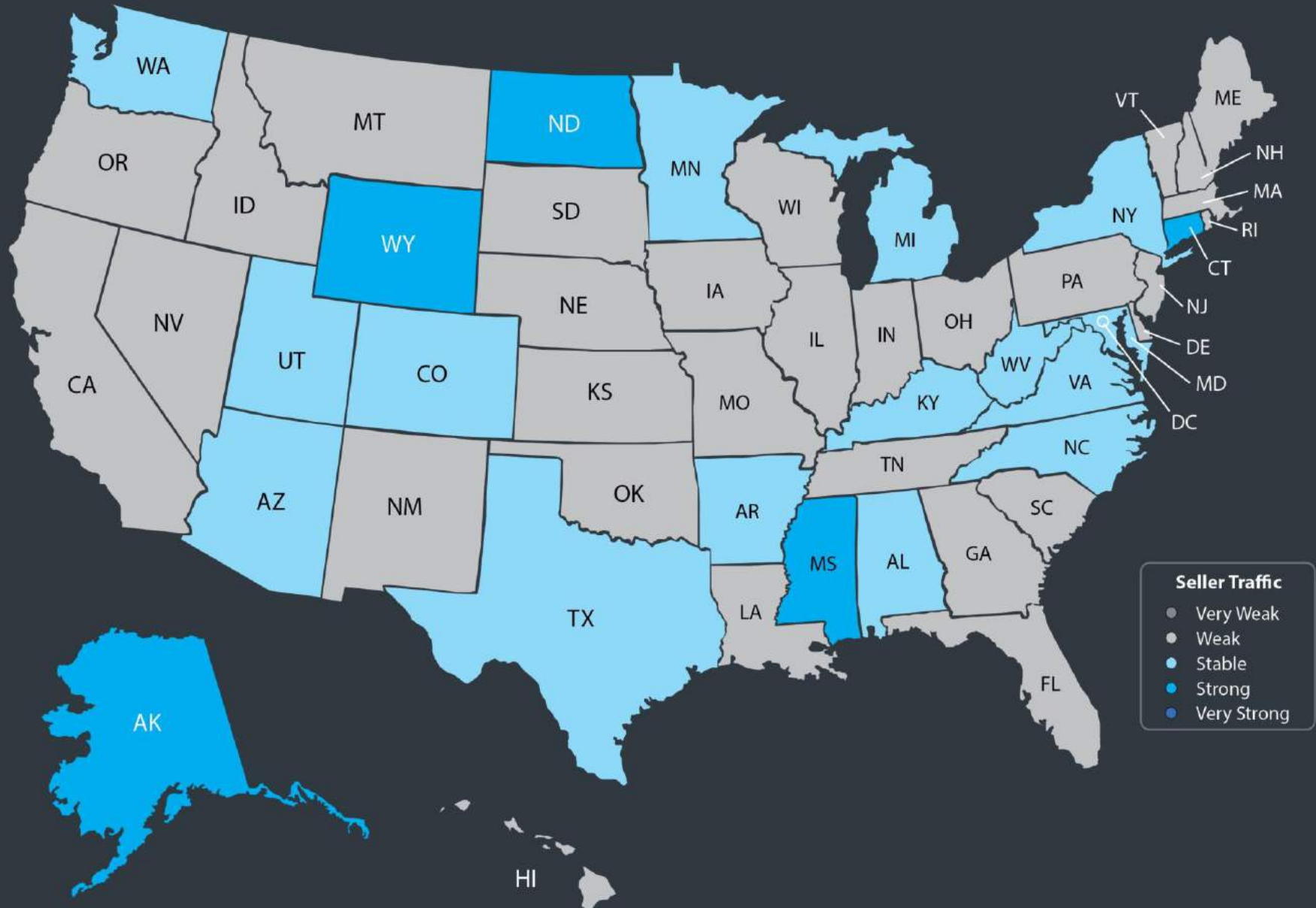
Bill McBride

Calculated Risk

The One Obstacle…

"Since the beginning of the COVID pandemic in March, nearly 400,000 fewer homes have been listed compared to last year, leaving a gaping hole in the U.S. housing inventory...

As a result, home prices are accelerating at double last year's pace."

realtor.com

Seller Traffic Index

Seller Traffic
- Very Weak
- Weak
- Stable
- Strong
- Very Strong

ROSS REALTY GROUP | YupSOLD.com

NAR

Year-Over-Year Change in Listings

Total Listings — New Listings

| | Early March | 5/30 | 6/6 | 6/13 | 6/20 | 6/27 | 7/4 | 7/11 | 7/18 | 7/25 | 8/1 | 8/8 | 8/15 | 8/22 | 8/29 | 9/5 | 9/12 | 9/19 |
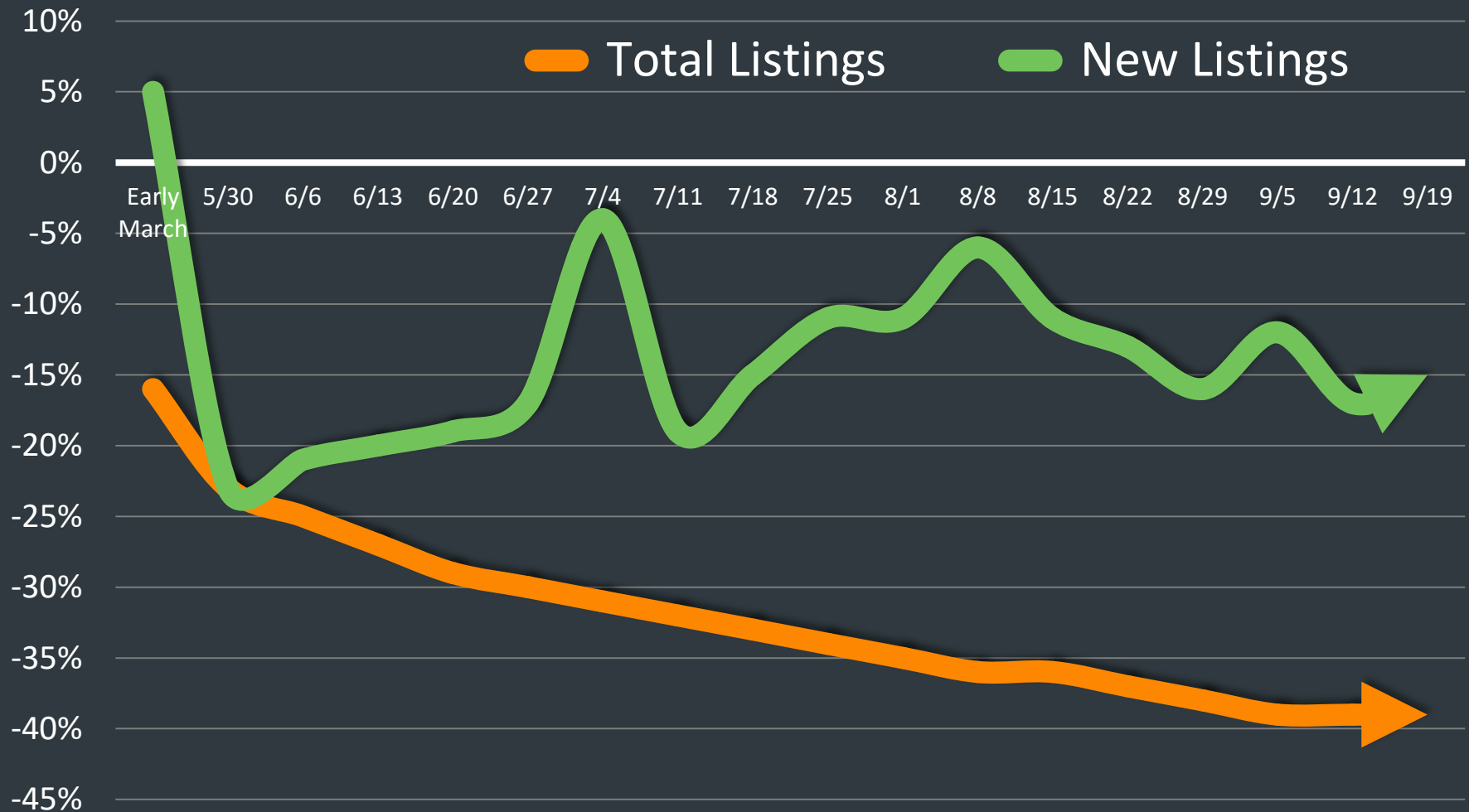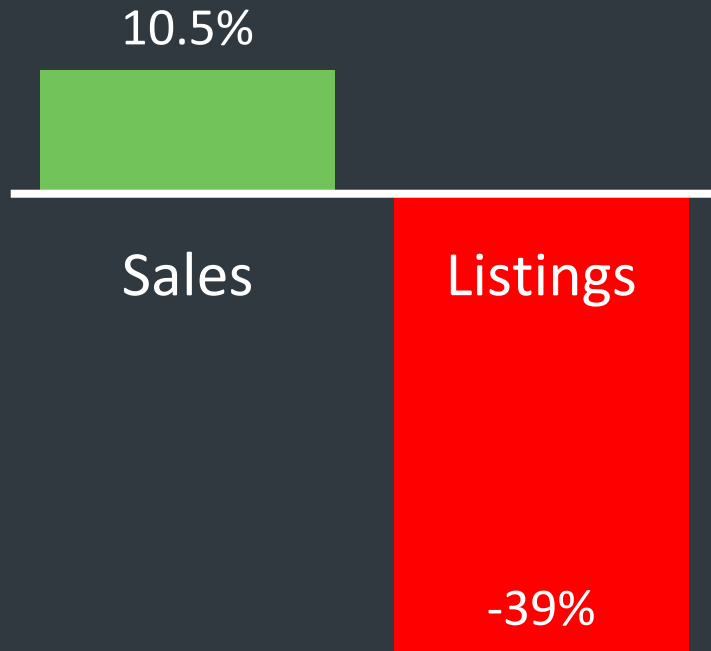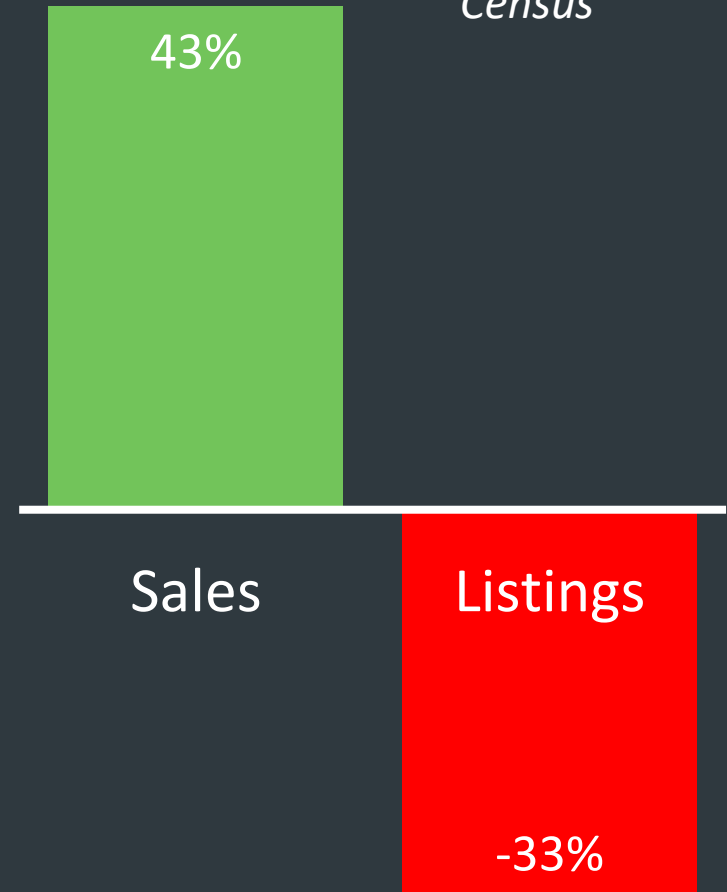
Suburban Areas Outperforming Urban Areas during Recovery

Category	Suburban Properties	Urban Properties
Price Acceleration	3.2%	2.3%
Properties Selling	11.4% faster	8% faster
# of Online Shoppers	+53.9%	+50.7%
# of Homes for Sale	-41.3%	-34.3%

"Builders we spoke with in the active adult space told us standing inventory numbers are low, and some are tripling the number of standing inventory homes they produce to satisfy demand. Some are also simplifying what they offer in their homes, a process that streamlines housing production and keeps new home prices more attainable."
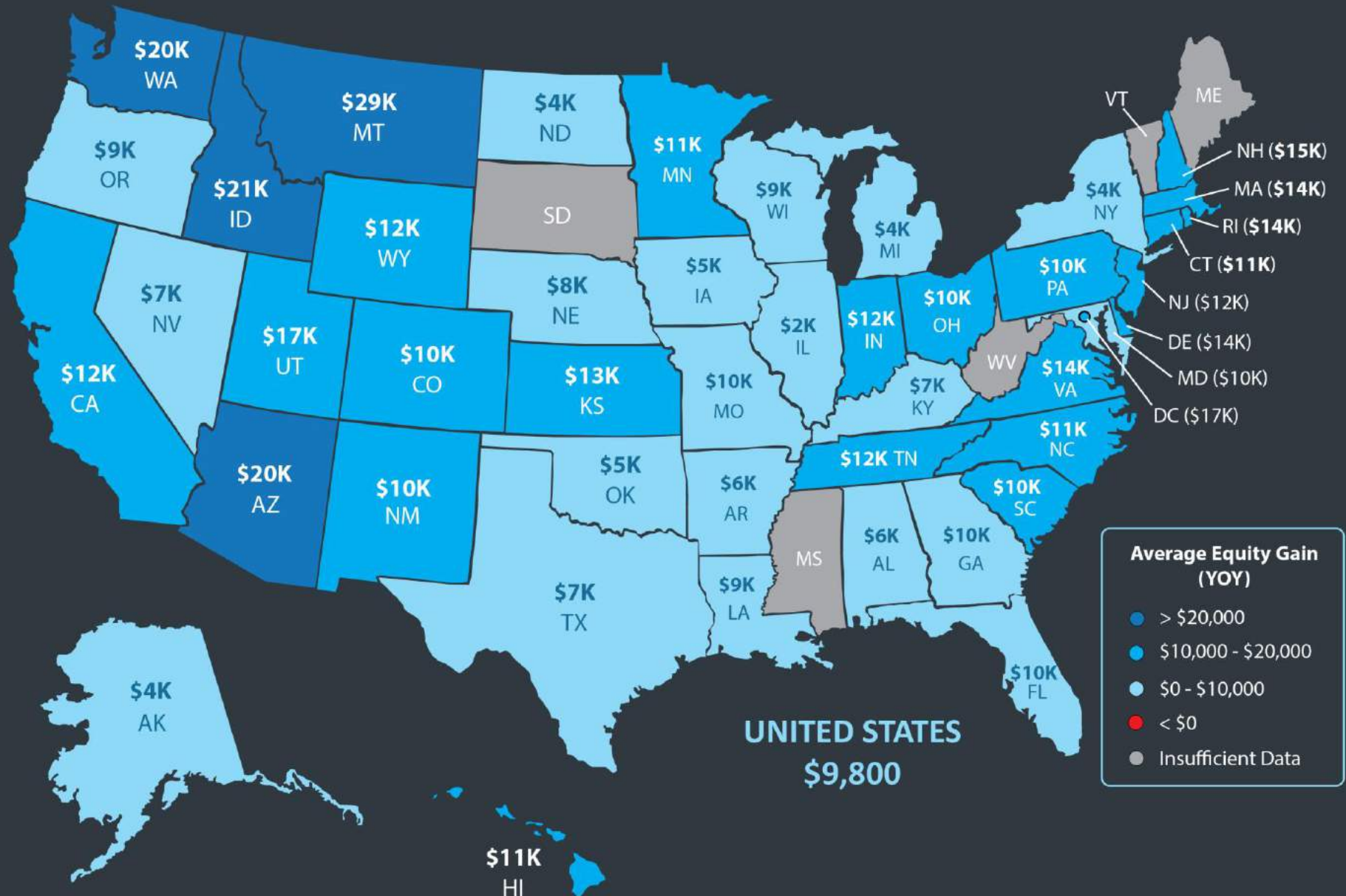
John Burns Consulting

"As homeowners gain equity in their homes, they are more likely to consider using that equity to purchase a larger or more attractive home – the wealth effect of rising equity. In today's housing market, fast rising demand against the limited supply of homes for sale has resulted in continued house price appreciation."

Mark Fleming
Chief Economist at First American

Q2 2020 YOY Homeowner Equity Gain

$20K WA
$29K MT
$4K ND
$11K MN
ME
VT
NH ($15K)
MA ($14K)
RI ($14K)
$9K OR
$21K ID
$9K WI
$4K NY
$4K MI
CT ($11K)
$12K WY
SD
$5K IA
$10K PA
NJ ($12K)
$7K NV
$17K UT
$10K CO
$8K NE
$2K IL
$12K IN
$10K OH
WV
$14K VA
DE ($14K)
MD ($10K)
DC ($17K)
$12K CA
$13K KS
$10K MO
$7K KY
$11K NC
$20K AZ
$10K NM
$5K OK
$6K AR
$12K TN
$10K SC
MS
$6K AL
$10K GA
$4K AK
$7K TX
$9K LA
$10K FL

UNITED STATES
$9,800

Average Equity Gain (YOY)
- ⬤ > $20,000
- ⬤ $10,000 - $20,000
- ⬤ $0 - $10,000
- ⬤ < $0
- ⬤ Insufficient Data

$11K HI

CoreLogic

Mortgage Rates
Freddie Mac
30-Year Fixed Rate

- **Actual**
- **Projected**

2019

2018

2017

2016

2020

2021

	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4
Rate	3.7	3.6	3.5	3.8	4.2	4.0	3.9	3.9	4.3	4.5	4.6	4.8	4.4	4	3.7	3.7	3.5	3.4	3.3	3.3	3.2	3.2	3.2	3.2

Freddie Mac

Resources

Slide	Slide Title	Link
2, 23	Fleming Quote	https://blog.firstam.com/economics/housing-market-potential-reaches-highest-level-since-2007
3	Housing Market Recovery Index	https://news.move.com/2020-09-24-Realtor-com-R-Weekly-Housing-Report-Nearly-400-000-Fewer-Homes-Have-Been-Listed-Since-the-Start-of-the-Pandemic
4	YOY Change in Key Metrics	www.showingtime.com/blog/august-2020-showing-index-results/ www.mba.org www.nar.realtor https://www.nahb.org/
6, 7	Consumer Spending	https://www.tracktherecovery.org/ https://opportunityinsights.org/
8	Unemployment Rate	https://www.bls.gov/news.release/pdf/empsit.pdf
9	Unemployment Comparison	www.thebalance.com/unemployment-rate-by-year-3305506 https://data.bls.gov/timeseries/LNS14000000?years_option=all_years
10	Active Forbearances	https://www.blackknightinc.com/blog-posts/forbearances-down-24-from-peak/
12	Months Inventory of Homes for Sale	nar.realtor https://www.nar.realtor/topics/existing-home-sales https://www.nar.realtor/newsroom/existing-home-sales-jump-6-5-in-february
13	Percentage of Homeowner Equity	https://www.realestateconsulting.com

Resources

Slide	Slide Title	Link
14	Future Home Prices	https://www.reuters.com/article/us-usa-property-poll/u-s-housing-set-to-ride-out-the-pandemics-economic-storm-reuters-poll-idUSKBN23T00R http://www.freddiemac.com/fmac-resources/research/pdf/202004-Forecast.pdf https://www.fanniemae.com/resources/file/research/emma/pdf/Housing_Forecast_071420.pdf https://www.nar.realtor/sites/default/files/documents/forecast-Q2-2020-us-economic-outlook-06-29-2020.pdf https://www.mba.org/news-research-and-resources/research-and-economics/forecasts-and-commentary www.zelmanassociates.com (subscription required) https://www.corelogic.com/insights-download/home-price-index.aspx https://www.zillow.com/research/zillow-weekly-market-report-27151/
15	McBride Quote	https://www.calculatedriskblog.com/2020/09/freddie-mac-mortgage-serious.html
17	realtor.com Quote	https://news.move.com/2020-09-24-Realtor-com-R-Weekly-Housing-Report-Nearly-400-000-Fewer-Homes-Have-Been-Listed-Since-the-Start-of-the-Pandemic
18	Seller Traffic Index Map	https://www.nar.realtor/research-and-statistics/research-reports/realtors-confidence-index
19	YOY Change in Listings	https://news.move.com/2020-09-24-Realtor-com-R-Weekly-Housing-Report-Nearly-400-000-Fewer-Homes-Have-Been-Listed-Since-the-Start-of-the-Pandemic
20	Existing Homes vs. New Homes	https://www.nar.realtor/newsroom/existing-home-sales-hit-highest-level-since-december-2006 https://twitter.com/dietz_econ
21	Suburban vs. Urban Areas	https://news.move.com/2020-09-25-Realtor-com-R-Deurbanization-Report-The-Grass-is-Greener-in-the-Suburbs
22	John Burns Consulting Quote	https://www.realestateconsulting.com/the-light-active-adult-buyer-is-back/
24	YOY Equity Gain Map	https://www.corelogic.com/insights-download/homeowner-equity-report.aspx