

ROSS REALTY GROUP

KELLERWILLIAMS
Luxury
INTERNATIONAL

HOUSING UPDATE



JANUARY 2021

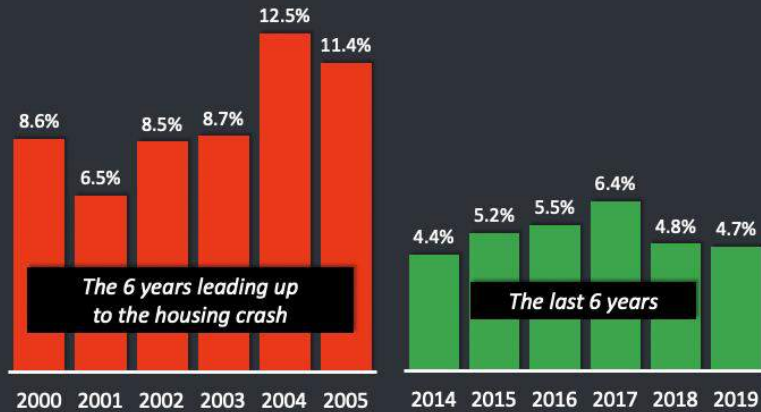




“Market data has always been a powerful tool for real estate, but 2020 marked a new high point for how data was leveraged to encourage informed decisions and to help real estate professionals reinforce their status as market experts...”

ShowingTime
*Positive Takeaways
from 2020*

Annual Home Price Appreciation



Black Knight

Months Inventory of Homes for Sale



NAR

Total Home Equity Cashed Out

by Refinance in Billions

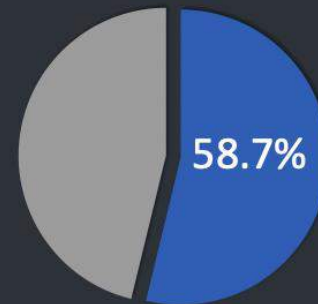
Then...

| Year | Dollars |
|--------------|---------------|
| 2005 | \$263B |
| 2006 | \$321B |
| 2007 | \$240B |
| Total | \$824B |

Now...

| Year | Dollars |
|--------------|---------------|
| 2017 | \$71B |
| 2018 | \$87B |
| 2019 | \$89B |
| Total | \$247B |

Freddie Mac



of all homes in America have at least 60% equity

Americans are sitting on tremendous equity

42.1%

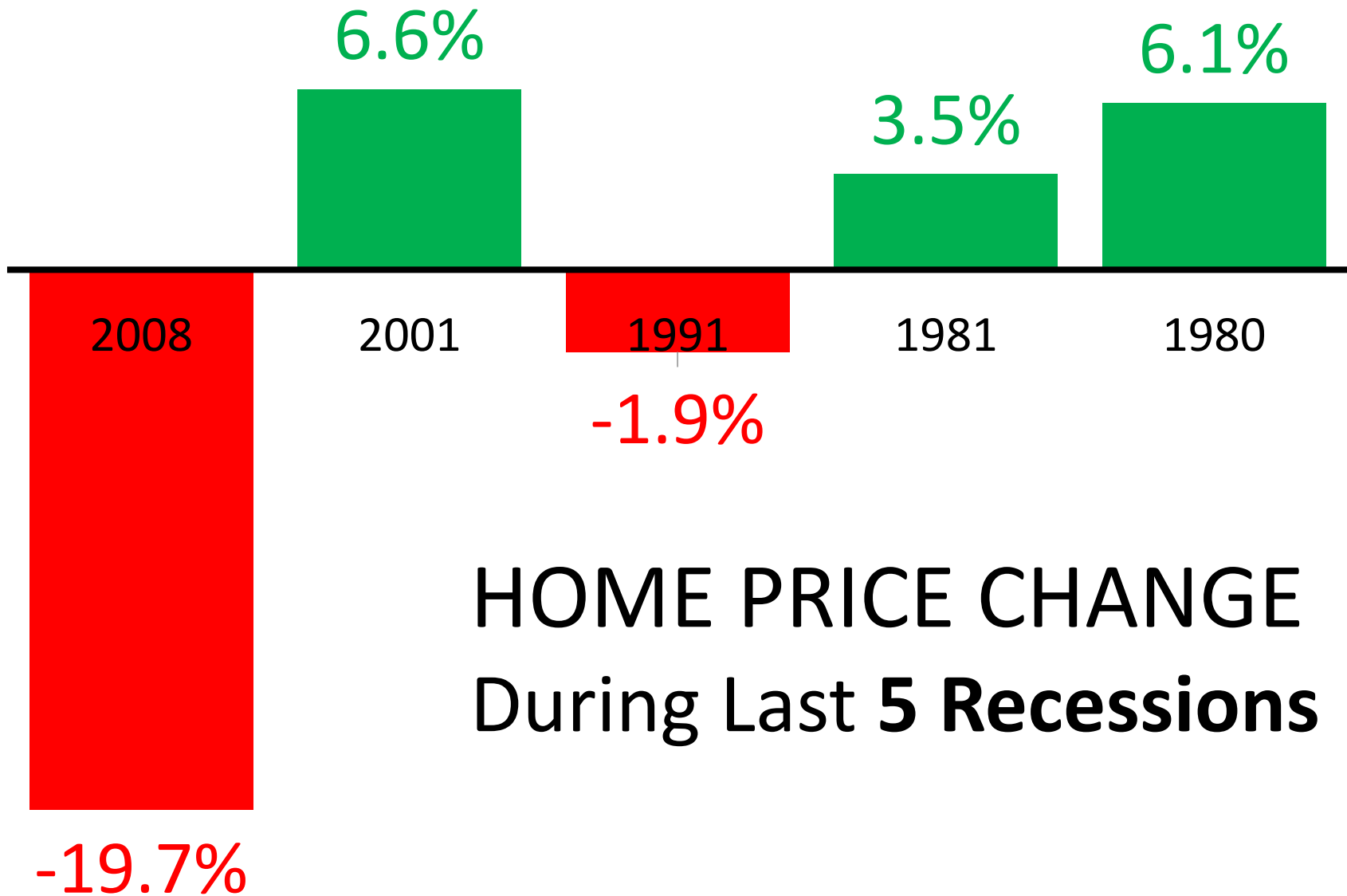
of all homes are owned 'free and clear'

\$177,000

the average equity of the mortgaged homes

John Burns Consulting

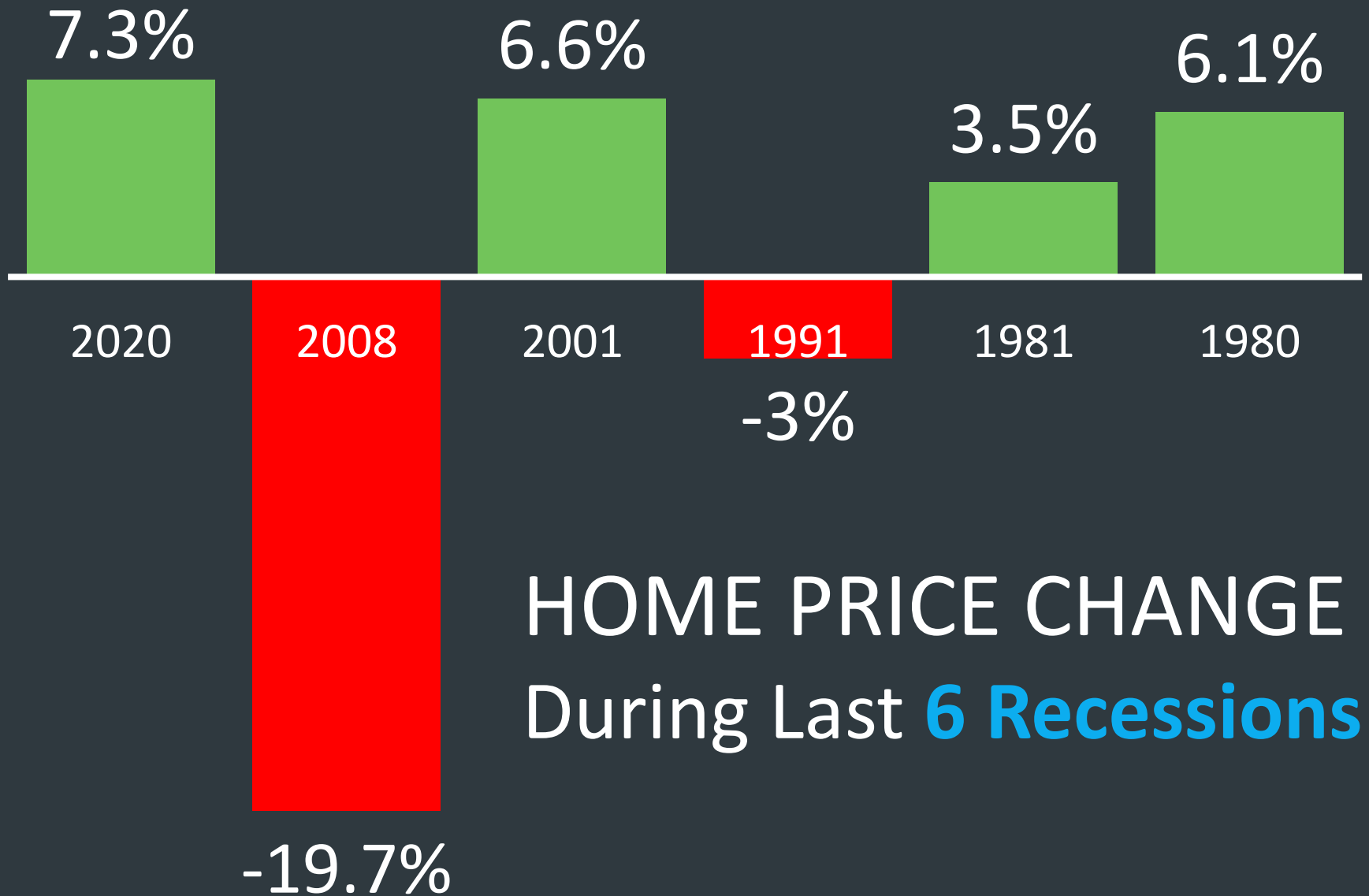
CoreLogic



HOME PRICE CHANGE During Last 5 Recessions

March 2020

CoreLogic National Home Price Index



HOME PRICE CHANGE During Last **6 Recessions**



THE GROWTH OF HOME EQUITY

ROSS REALTY GROUP | [YupSOLD.com](https://www.YupSOLD.com)

“Over the past year, strong home price growth has created a record level of home equity for homeowners. The average family with a home mortgage loan had \$194,000 in home equity in the third quarter. This provides an important buffer to protect families if they experience financial difficulties and is one reason for the generational-low in foreclosure rates.”

Frank Nothaft

Chief Economist at CoreLogic



American Home Equity Skyrockets

\$17,000

average gain in equity
of mortgaged homes

\$194,000

current average equity
of mortgaged homes

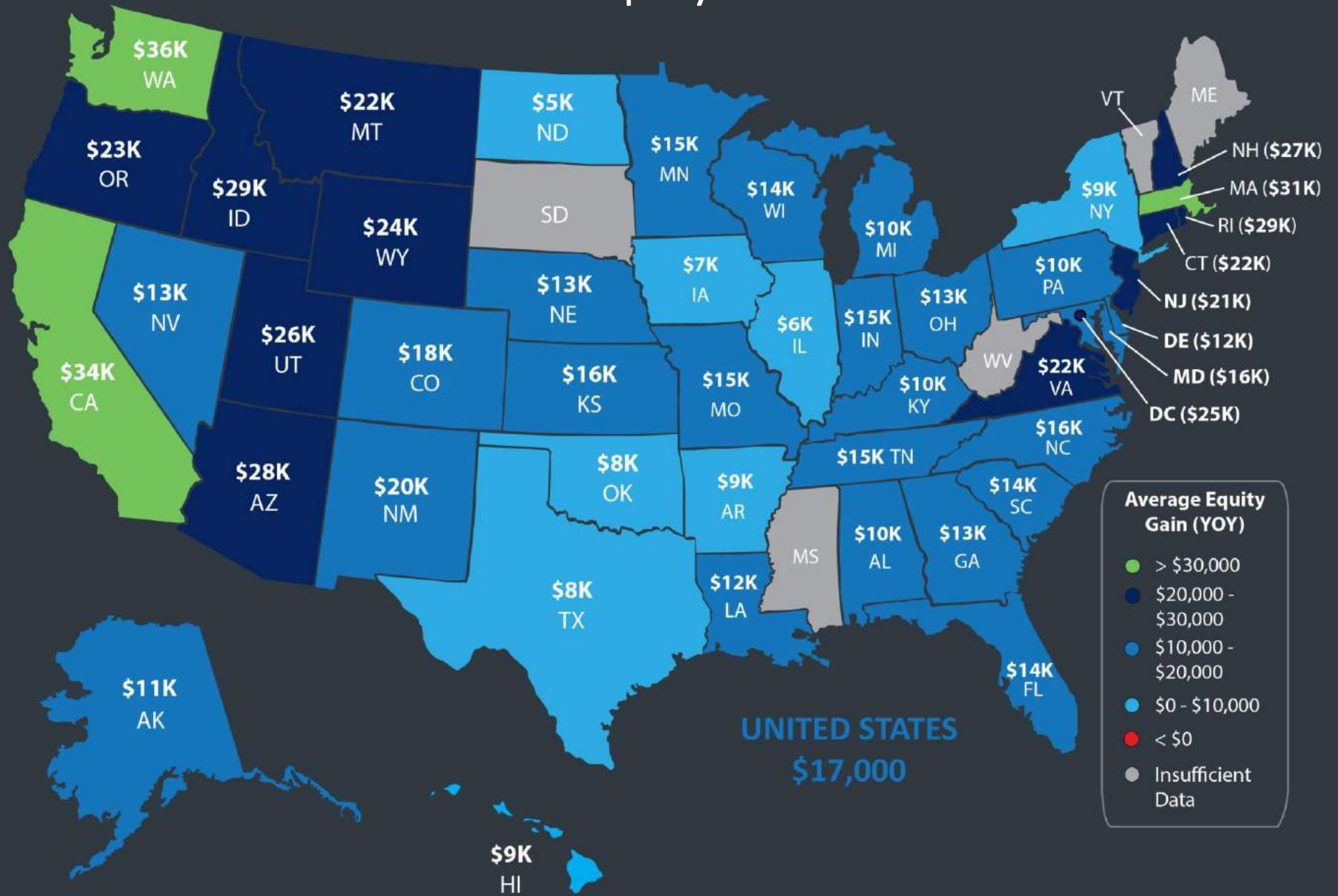
38.2%

of all homes are owned
'free and clear'

10.8%

increase in equity
totaling over \$1 trillion

YOY Equity Gains



“The housing market has remained a strong pillar in an otherwise tumultuous economic year. A sharp rise in demand, spurred by record-low interest rates, continues to bolster homeowner equity. And with many people now spending more time than ever before at home, some homeowners have tapped into their strengthening equity to fund renovations.”

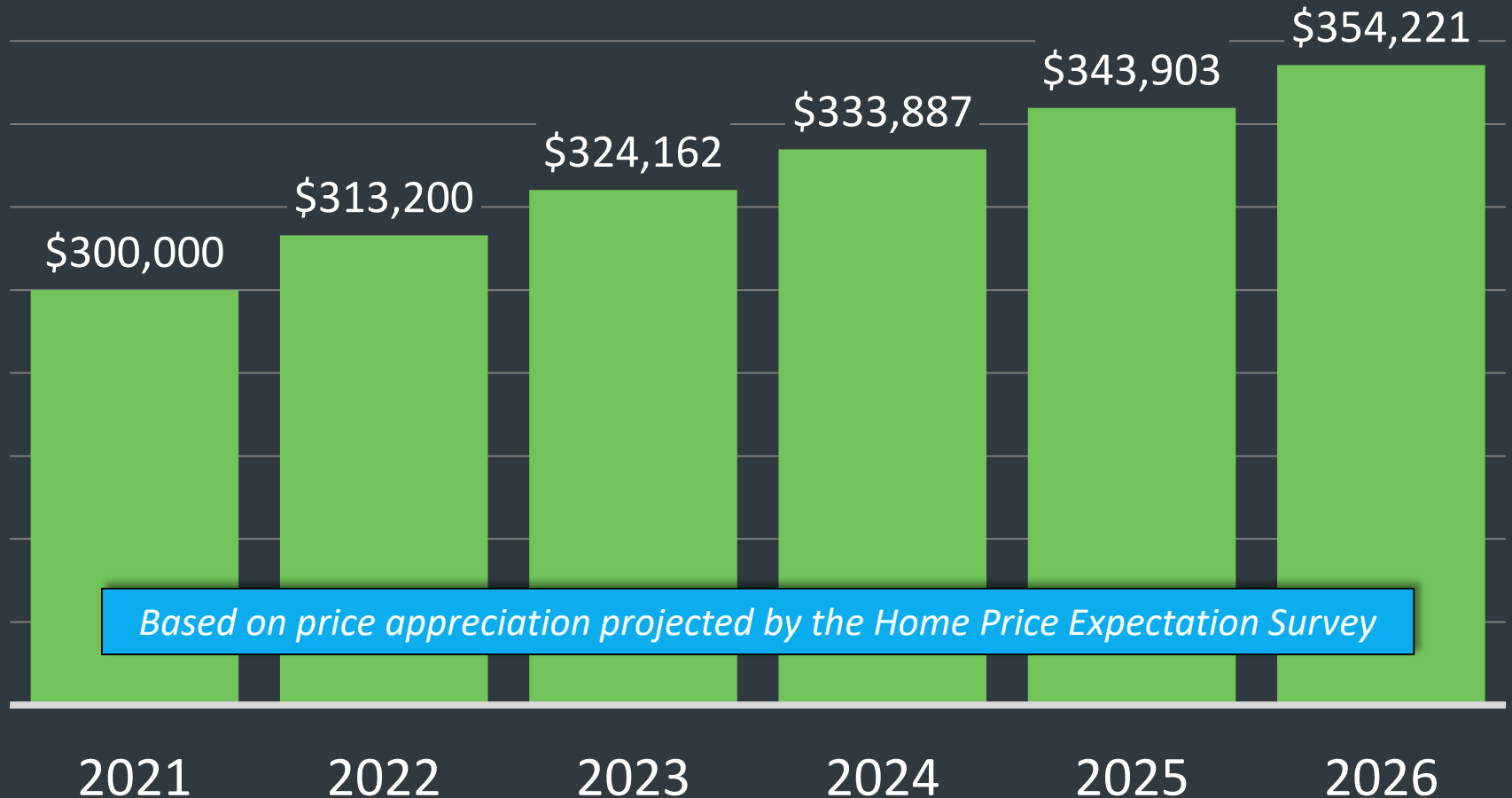
Frank Martell

President and CEO of CoreLogic



\$54,221

potential growth in household wealth over the next five years based solely on increased home equity if you purchase a \$300K home in January 2021



Based on price appreciation projected by the Home Price Expectation Survey

2021

2022

2023

2024

2025

2026



WHATS AHEAD IN 2021...

ROSS REALTY GROUP | [YupSOLD.com](https://www.YupSOLD.com)

“The surge in the work-from-home population has **rewritten the playbook for many homebuying and rental decisions**, from when and where to relocate, to what people are looking for in their next residence...”

David Mele

President at Homes.com

ROSS REALTY GROUP | YupSOLD.com



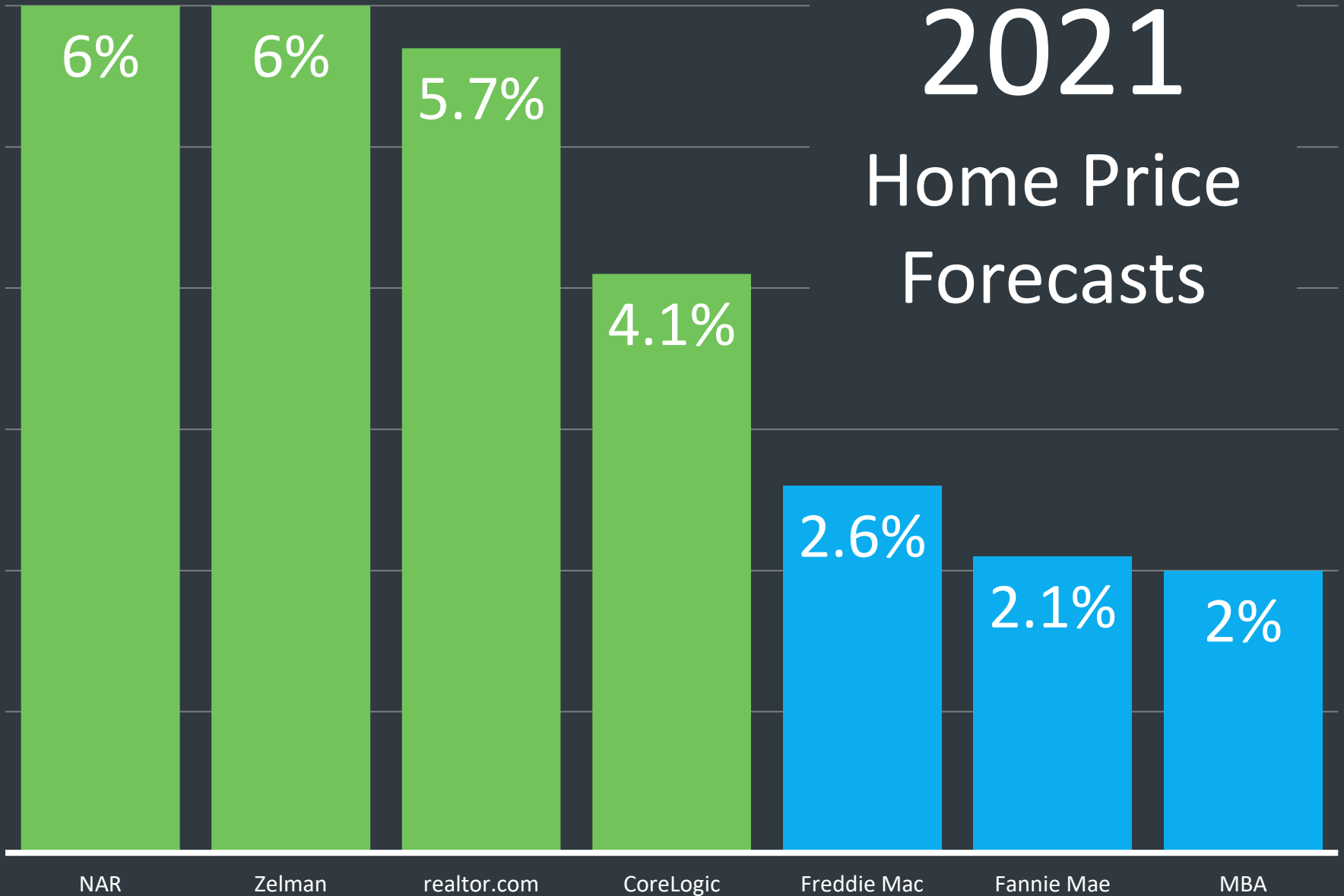
“Despite the best intentions of home builders to provide more housing supply, the big short in housing supply will continue into 2021 and likely keep house price appreciation flying high.”

Mark Fleming

Chief Economist at First American



2021 Home Price Forecasts



“The bright spot for buyers is that more homes are likely to become available in the last six months of 2021. That should give folks more options to choose from and take away some of their urgency. With a larger selection, buyers may not be forced to make a decision in mere hours and will have more time to make up their minds...”

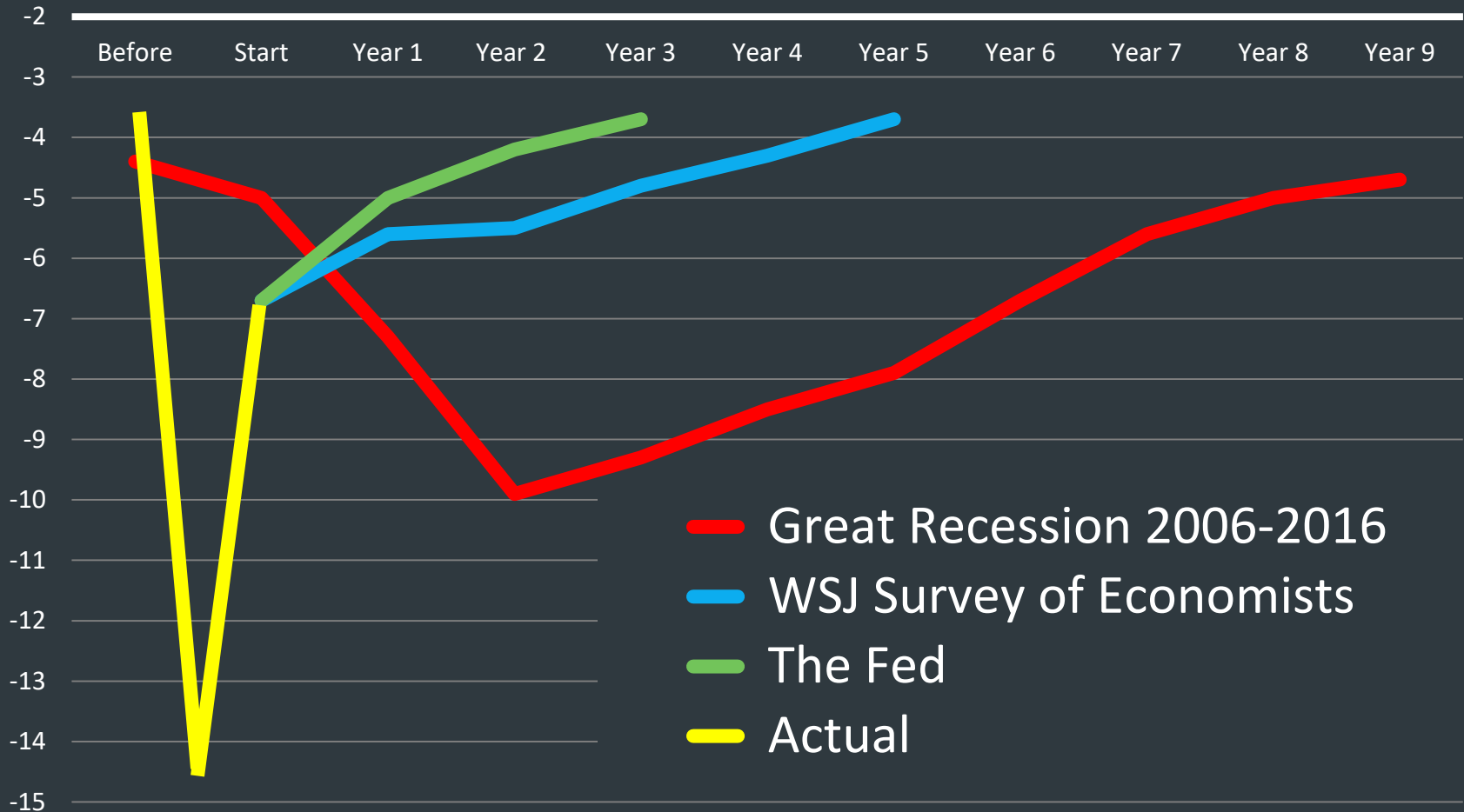
realtor.com



THE
ECONOMY



More Depth, Less Length

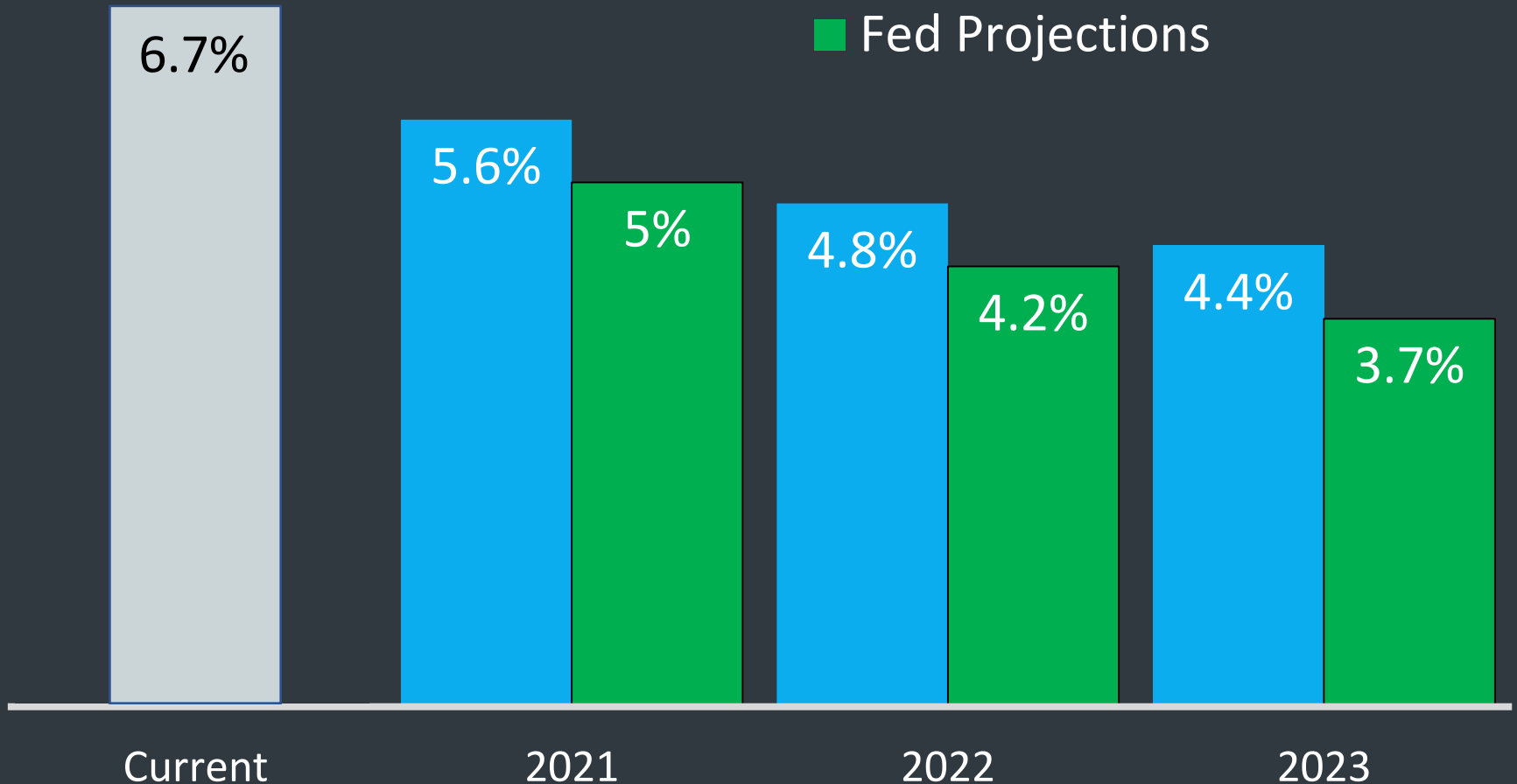


Years for unemployment rate to return to near pre-crisis level

Unemployment Projections

■ WSJ Economists Survey

■ Fed Projections



BLS, Fed, & WSJ Survey of Economists Projections

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“Renters are disproportionately hurt by the crisis...

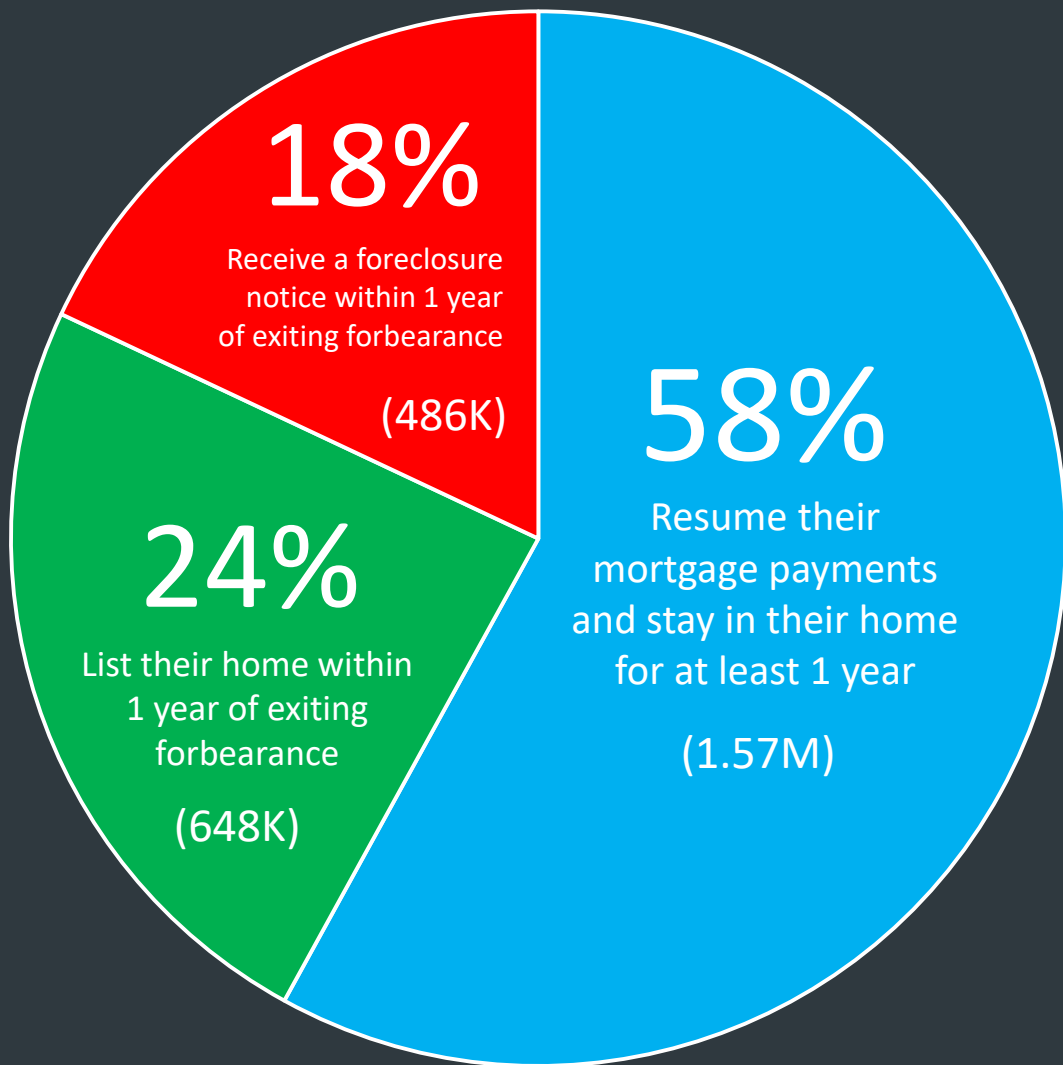
A greater share of renters lost their jobs. That meant losing savings that could have been used for a down payment, and falling behind on bills, which will hurt their credit and make it even more difficult for them to be future homeowners.”

Jung Hyun Choi

Research Associate with the Housing Finance
Policy Center at the Urban Institute



For each of the following possible post-forbearance outcomes, what percentage of these 2.7 million homeowners do you estimate will...



“Treasury rates have really been moving up since the election, but mortgage rates have kept going down...

We’re going to start to see mortgage rates drift up with Treasury rates, as opposed to moving in the opposite direction.”

Michael Fratantoni
Chief Economist at MBA



| Date | Mortgage | Interest Rate | P&I* |
|--|-------------|---------------|--------------------|
| Today | \$300,000 | 2.7% | \$1,216.79 |
| 2021 4Q | \$317,100** | 3.4%** | \$1,406 |
| Difference in Monthly Payment | | | \$189.21 |
| The difference in the life of the loan (30 Yrs.) | | | \$68,115.60 |

**Principal and Interest Payment*

*** 2021 Mortgage Rate and Home Price increase of 5.7% forecasted by realtor.com*



“I do believe that the American dream of homeownership is very strong. It's very much alive from all of the survey data that I've seen. **If you're not a homeowner, you want to be one in the future, whether that's a short-term or a long-term goal.**”

Jessica Lautz

VP of Demographics and Behavioral Insights at NAR



Resources

| Slide | Slide Title | Link |
|-------|-------------------------------------|--|
| 2 | ShowingTime Quote | https://www.showingtime.com/blog/positive-takeaways-from-2020/?utm_source=feedotter&utm_medium=email&utm_campaign=blog_digest&utm_content=httpswwwshowingtimecomblogpositivetakeawaysfrom2020 |
| 4-5 | Price Change During Recessions | https://www.corelogic.com/blog/2019/03/housing-recessions-and-recoveries.aspx https://www.corelogic.com/news/gaining-momentum-annual-u.s.-home-prices-appreciated-7.3-in-october-corelogic-reports.aspx |
| 7 | Nothaft Quote | https://www.corelogic.com/insights-download/homeowner-equity-report.aspx |
| 8 | American Home Equity Skyrockets | https://www.corelogic.com/insights-download/homeowner-equity-report.aspx https://data.census.gov/cedsci/all?q=mortgage |
| 9-10 | YOY Equity Gains Map, Martell Quote | https://www.corelogic.com/insights-download/homeowner-equity-report.aspx |
| 11 | Potential Growth in Wealth | https://pulsenomics.com/surveys/#home-price-expectations |
| 13 | Mele Quote | https://atlantaagentmagazine.com/2020/12/10/remote-workers-could-continue-to-drive-the-post-pandemic-market/ |
| 14 | Fleming Quote | https://blog.firstam.com/economics/why-the-big-short-in-housing-supply-will-remain-in-2021 |

Resources

| Slide | Slide Title | Link |
|-------|-------------------------------|--|
| 15 | 2021 Home Price Forecasts | https://www.corelogic.com/insights-download/home-price-index.aspx nar.realtor www.mba.org www.freddiemac.com www.fanniemae.com https://news.move.com/2020-12-02-Realtor-com-R-2021-Housing-Forecast-Sellers-Will-Get-Top-Dollar-As-Buyers-Struggle-with-Affordability http://zillow.mediaroom.com/2020-12-18-Home-Value-Growth-Breaks-Records-as-Rents-Stabilize https://www.nar.realtor/newsroom/top-economic-and-housing-experts-predict-post-pandemic-rebound-with-continued-job-growth-stable https://www.redfin.com/news/housing-market-predictions-2021/ |
| 16 | realtor.com Quote | https://www.realtor.com/news/trends/housing-market-2021-forecast/ |
| 18 | More Depth, Less Length | www.thebalance.com/unemployment-rate-by-year-3305506 www.wsj.com (subscription required) https://www.bls.gov/news.release/pdf/empsit.pdf |
| 19 | Unemployment Projections | https://www.thebalance.com/unemployment-rate-by-year-3305506 https://www.wsj.com/graphics/econsurvey/ https://www.bls.gov/news.release/pdf/empsit.pdf https://twitter.com/Neil_Irwin/status/1339284909580574720 |
| 20 | Choi Quote | https://time.com/5917894/evictions-housing-market-covid/ |
| 21 | Post-Forbearance Outcomes | https://pulsenomics.com/surveys/#home-price-expectations |
| 22 | Fratantoni Quote | https://www.bankrate.com/mortgages/why-rates-are-still-falling-despite-improving-economy/ |
| 23 | Difference in Monthly Payment | http://www.freddiemac.com/fmac-resources/research/pdf/202010-Forecast-03.pdf https://news.move.com/2020-12-02-Realtor-com-R-2021-Housing-Forecast-Sellers-Will-Get-Top-Dollar-As-Buyers-Struggle-with-Affordability https://www.mortgagecalculator.net/ |
| 24 | Lautz Quote | https://dsnews.com/news/12-10-2020/the-american-dream-of-homeownership-is-very-much-alive |