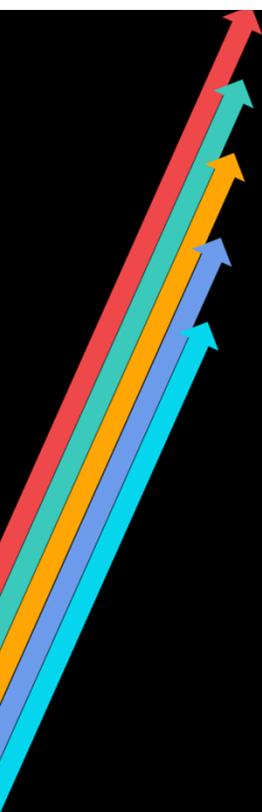




Housing in the U.S. The New Normal



GSU Forecasting Conference
May 23, 2018
Leslie Appleton-Young
Chief Economist & SVP



National Housing Market Trends

Sales Up: South and West, Flat: Northeast and Midwest

Region	2017	2016	YTY
U.S.	4,892,000	4,838,000	1.1%
Northeast	615,000	617,000	-0.3%
Midwest	1,222,000	1,222,000	0.0%
South	1,989,000	1,955,000	1.7%
West	1,066,000	1,044,000	2.1%

SERIES: Existing Single-Family Home Sales
SOURCE: NATIONAL ASSOCIATION OF REALTORS®

Home Prices: Solid Gains in All Regions

Region	2017	2016	YTY
U.S.	\$248,800	\$235,500	5.6%
Northeast	\$275,700	\$265,400	3.9%
Midwest	\$196,200	\$184,400	6.4%
South	\$222,700	\$209,200	6.5%
West	\$369,400	\$342,900	7.7%

SERIES: Existing Single-Family Home Sales
SOURCE: NATIONAL ASSOCIATION OF REALTORS®

MARCH HOUSING SNAPSHOT

EXISTING-HOME SALES

5.60 million
SALES

 (MoM)
1.1%

 (YoY)
-1.2%

**MEDIAN
SALES PRICE**

\$250,400

 (YoY)
5.8%

INVENTORY

3.6 months*
3.8 months in March 2017

*Six months of inventory is considered a balanced market that equally benefits buyers and sellers.

 NATIONAL
ASSOCIATION of
REALTORS*

Existing-Home Sales: March 2018

Total existing-home sales rose 1.1% to a seasonally adjusted annual rate of 5.60M in March from 5.54M in February. Despite last month's increase, sales are still 1.2% below a year ago.

National Homes

Sales rose to 5.60M (from 5.54M in February*)



Price: \$250,400

Single-Family Homes

Sales inched to 4.99M (from 4.96M in February*)



Price: \$252,100

Condos and Co-ops

Sales ticked up to 610,000 (from 580,000 in February*)

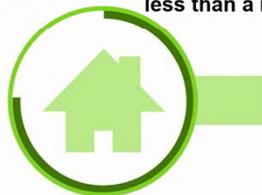


Price: \$236,100



EHS FACTS:

- First-time buyers were 30% of sales in March, which is up from 29% last month but down from 32% a year ago. NAR's 2017 Profile of Home Buyers and Sellers – released in late 2017 – revealed that the annual share of first-time buyers was 34%.
- All-cash sales were 20% of transactions in March, which is down from 24% in February and 23% a year ago.
- Properties typically stayed on the market for 30 days in March, which is down from 37 days in February and 34 days a year ago. 50% of homes sold in March were on the market for less than a month.



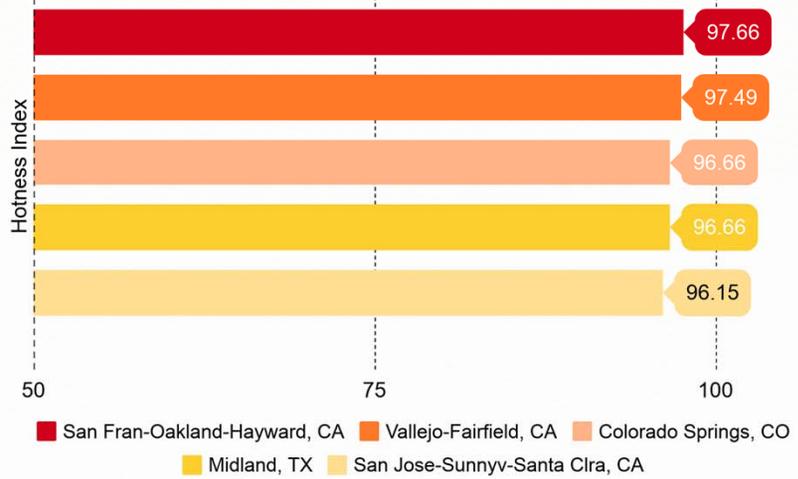
About EHS:

Each month, the Research team of the National Association of REALTORS® receives data on existing-home sales (single-family, condos and co-ops) from local associations/boards and multiple listing services (MLS) nationwide. NAR captures 30-40% of all existing-home sale transactions with its monthly survey. The data provide the total number of closed existing-home sales in each association/board/MLS and also total sales within a wide range of price categories.

*Seasonally adjusted figures. For more on how EHS is calculated, go to: nar.realtor/research-and-statistics/housing-statistics/existing-home-sales

Top 5 'Hottest' Markets

Via realtor.com's Market Hotness Index



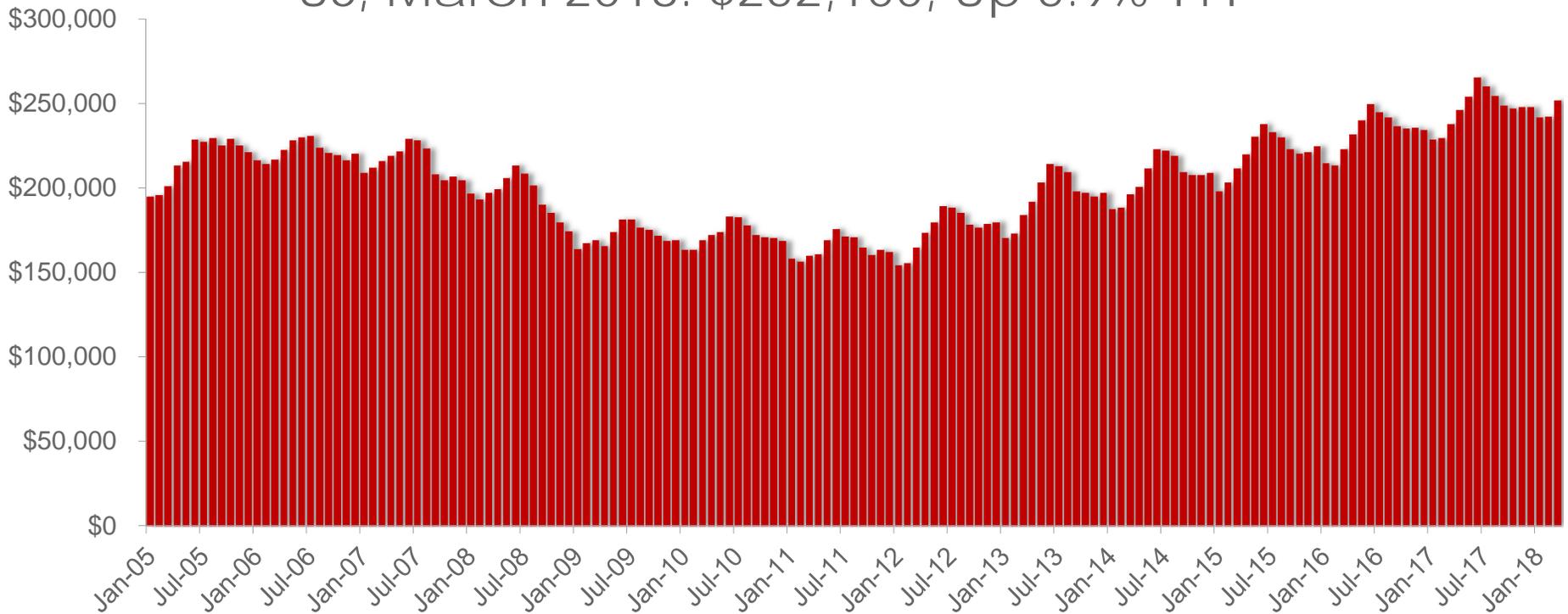
Slow Start for Single-Family Home Sales

Region	Mar-18	Feb-18	Mar-17	MTM	YTY
U.S.	4,990,000	4,960,000	5,040,000	0.6%	-1.0%
Northeast	570,000	540,000	630,000	5.6%	-9.5%
Midwest	1,200,000	1,140,000	1,220,000	5.3%	-1.6%
South	2,130,000	2,160,000	2,110,000	-1.4%	0.9%
West	1,090,000	1,120,000	1,080,000	-2.7%	0.9%

SERIES: Existing Single-Family Home Sales
SOURCE: NATIONAL ASSOCIATION OF REALTORS®

Median Price of Single Family Homes

US, March 2018: \$252,100, Up 5.9% YTY



SERIES: Existing Single Family Home Sales
SOURCE: NATIONAL ASSOCIATION OF REALTORS®

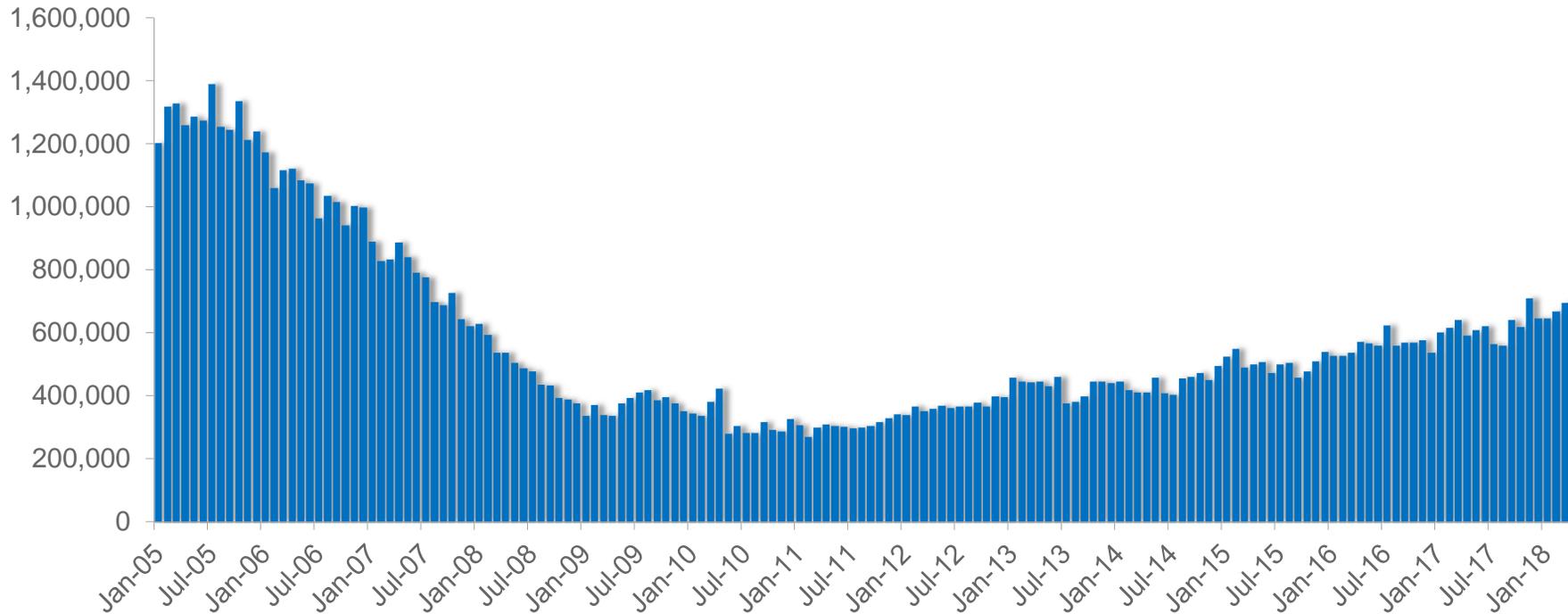
Regional Prices Continue to Climb

Region	Mar-18	Feb-18	Mar-17	MTM	YTY
U.S.	\$252,100	\$242,600	\$238,000	3.9%	5.9%
Northeast	\$270,600	\$263,700	\$263,000	2.6%	2.9%
Midwest	\$193,300	\$180,000	\$183,700	7.4%	5.2%
South	\$227,600	\$218,900	\$214,500	4.0%	6.1%
West	\$379,100	\$369,600	\$351,300	2.6%	7.9%

SERIES: Existing Single-Family Home Sales
SOURCE: NATIONAL ASSOCIATION OF REALTORS®

New Home Sales Trending Higher But...

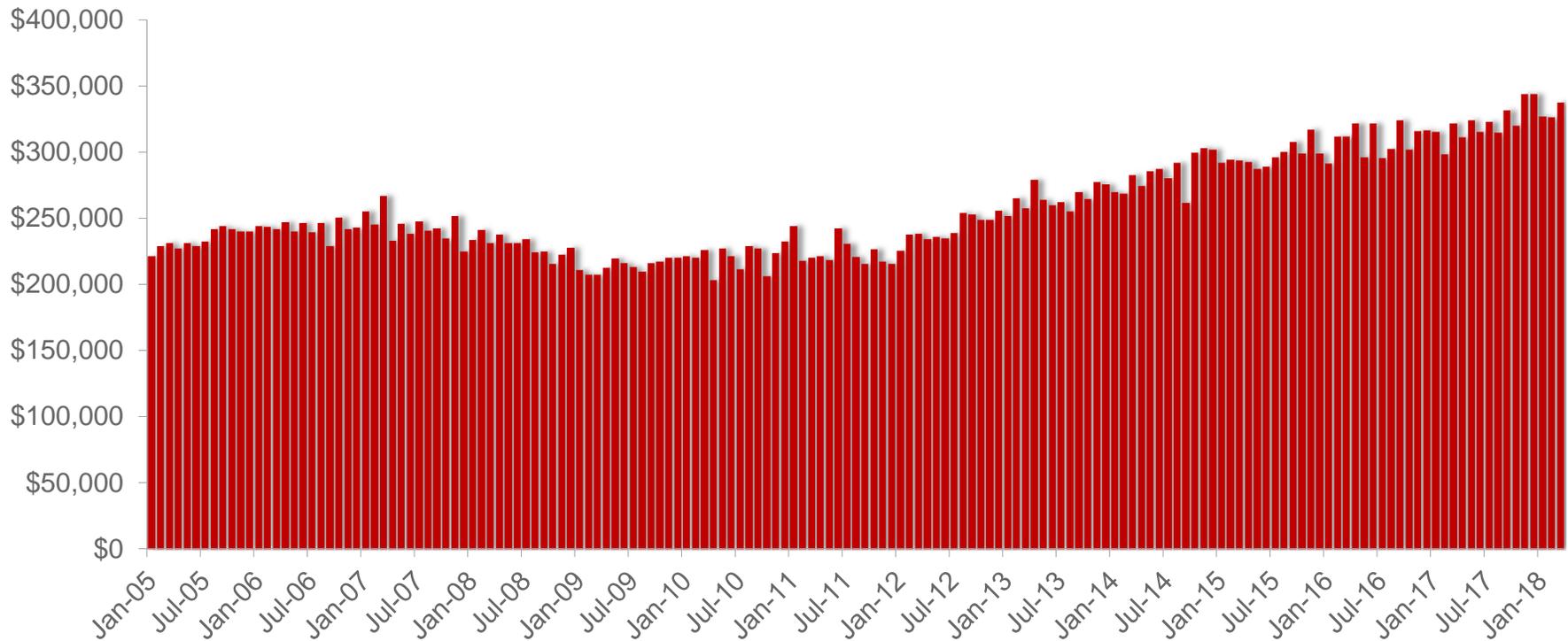
US, March 2018 Sales: 694,000 Units, +8.3% YTD, +8.8% YTY



SERIES: New Home Sales, Seasonally Adjusted Annualized Rate
SOURCE: US Census Bureau

Median Price of New Homes Trending Higher

US, March 2018: \$336,700, +4.8% YTY

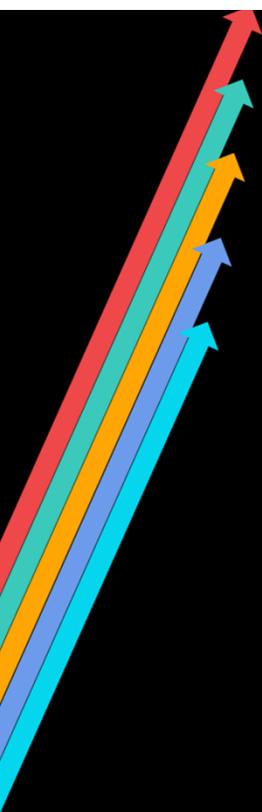


SERIES: New Home Sales, Seasonally Adjusted Annualized Rate
SOURCE: : US Census Bureau

U.S. Housing Forecast

	2015	2016	2017	2018 Forecast
New Home Sales	501,000	561,000	612,000	703,000
% Change	14.6%	12.0%	9.1%	14.9%
Existing Home Sales	5.2 million	5.4 million	5.5 million	5.6 million
% Change	6.3%	3.8%	1.1%	1.8%
Median Price	\$222,400	\$233,800	\$247,300	\$258,300
Median Price Growth	6.8%	5.1%	5.8%	4.4%
30-year Rate	3.9%	3.6%	4.0%	4.6%

SERIES: U.S. Housing Forecast
SOURCE: National ASSOCIATION OF REALTORS®



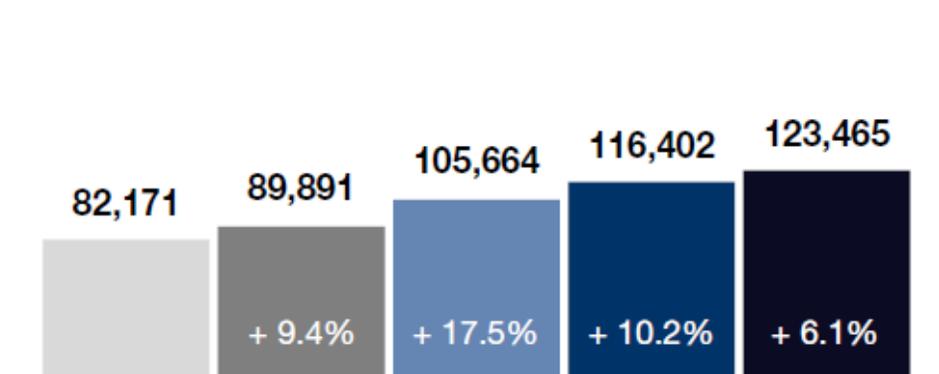
Regional Housing Market Trends



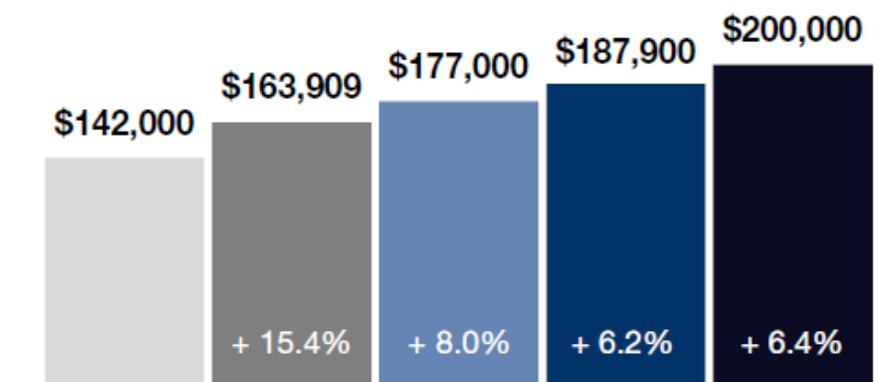
Georgia: Sales and Price Gains in 2017

Year-over-Year Growth in Closed Sales and Median Price

■ 2013 ■ 2014 ■ 2015 ■ 2016 ■ 2017



Closed Sales



Median Sales Price



Georgia's Housing Supply Down Since 2015

3.0

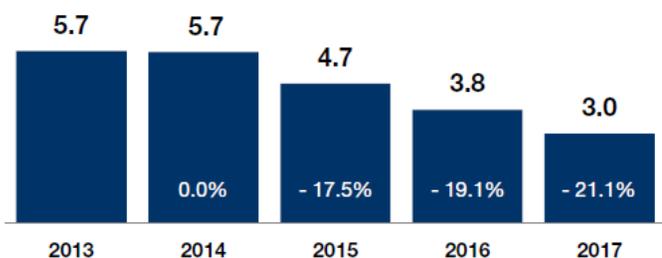
Months Supply in 2017

- 21.1%

Change from 2016

Months Supply of Inventory

At the end of each year



Top 5: Change in Months Supply of Inventory from 2016

30312 – Dwntr Atlanta, Grant Pk, Old Fourth Ward	30.8%
30339 – Vinings	21.7%
30033 – Decatur, North Decatur	15.4%
30306 – Virg-H'land, Mmgside/Lenox Pk, Poncey-H'land, Druid Hills	9.5%
30308 – Midtown	6.7%

31,292

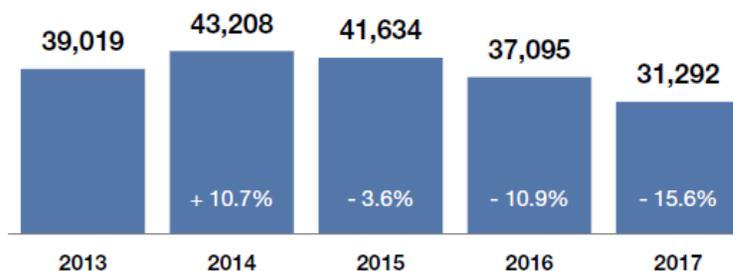
Homes for Sale in 2017

- 15.6%

Change from 2016

Inventory of Homes for Sale

At the end of each year.



Top 5: Change in Inventory of Homes for Sale from 2016

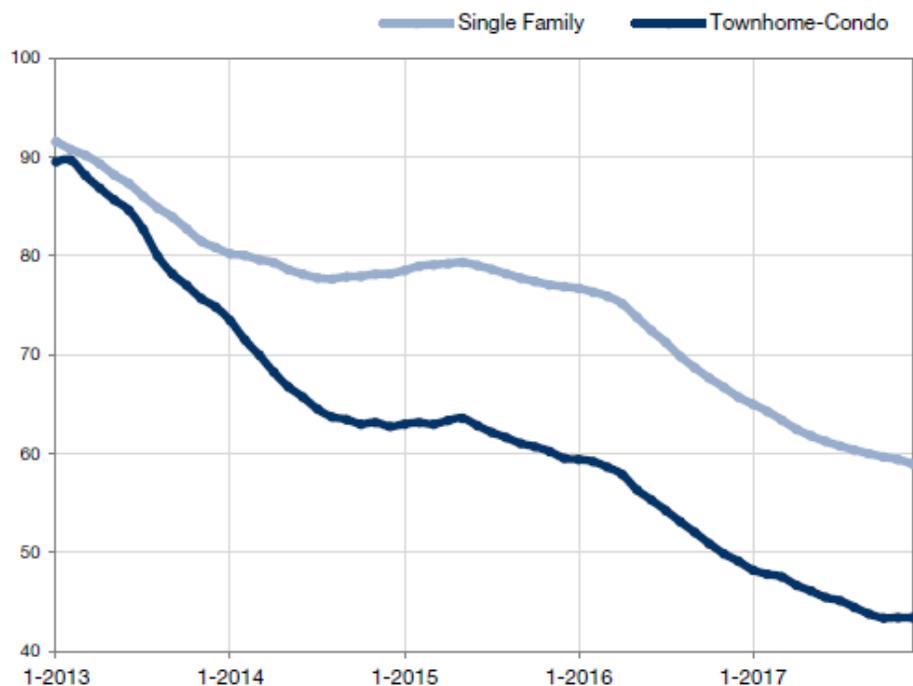
30339 – Vinings	46.9%
30312 – Dwntr Atlanta, Grant Pk, Old Fourth Ward	34.4%
30306 – Virg-H'land, Mmgside/Lenox Pk, Poncey-H'land, Druid Hills	21.3%
30033 – Decatur, North Decatur	12.5%
30316 – Cabbagetwn, E At Vllg, Ormewd Pk, S DeKalb	11.8%



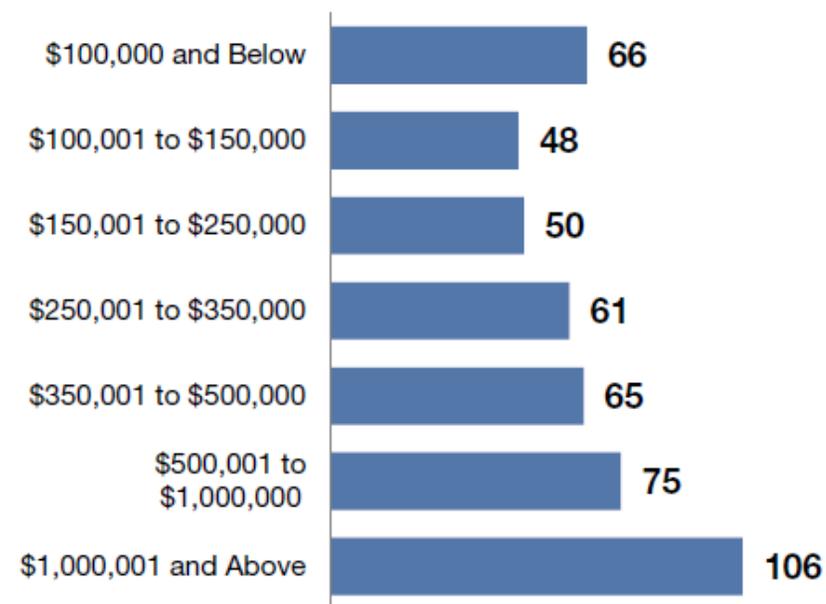
Properties Selling Faster

Days on Market Until Sale

This chart uses a rolling 12-month average for each data point.



Days on Market Until Sale by Price Range





Strong Demand in Regional Markets

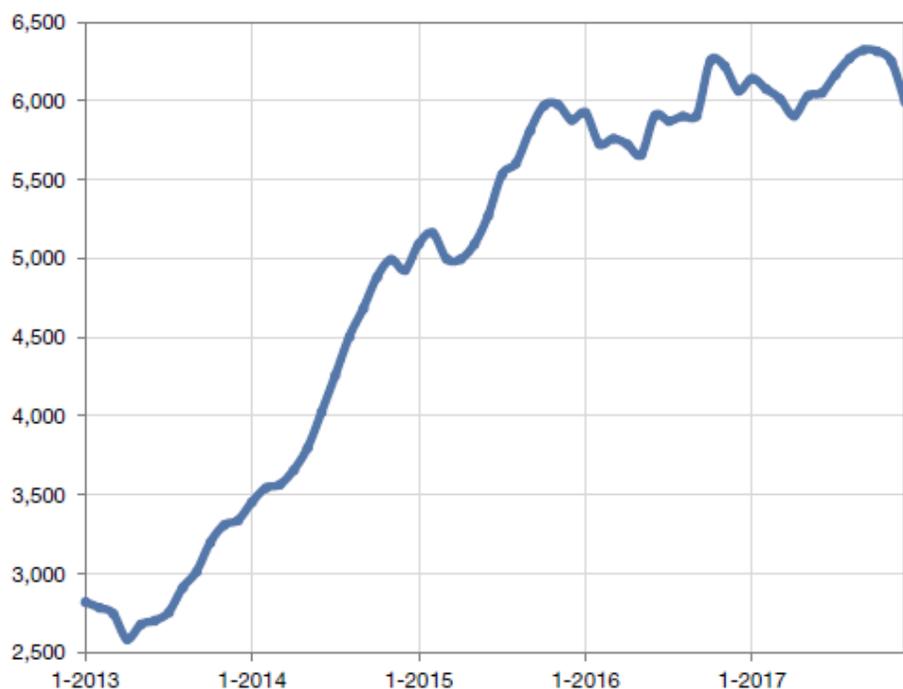
Region	Closed Sales	YTY% Chg.	Median Price	YTY% Chg.	Months of Supply of Inventory	Days on Market
Atlanta Metro Area – Greater 28 County Area	87,203	+4.9%	\$215,000	+7.6%	2.4	43
Savannah	4,117	+11.6%	\$204,990	+5.1%	4.8	96
Columbus	1,819	+6.0%	\$127,000	+1.6%	5.3	96
Macon	535	+16.8%	\$113,500	+5.1%	5.1	86
Augusta	1,773	+2.1%	\$116,000	+10.5%	3.4	114

SOURCE: Georgia Association of REALTORS®



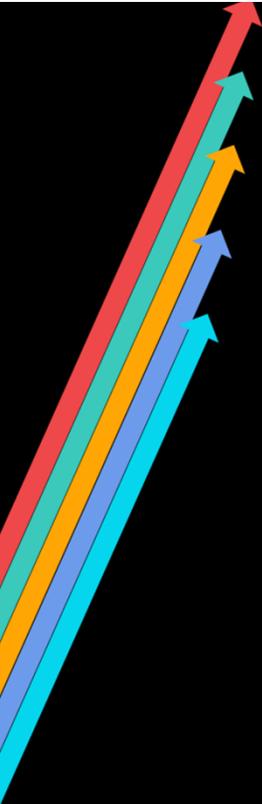
New Construction Up But Need More

New Construction Homes for Sale



Top 10 Areas: New Construction Market Share in 2017

Home Pk, NW Atl, Collr Hlls, Undrwd Hlls, Westside or Mdtwn W	17.2%
Mrngside/Lenox Pk, Piedmont Hts, Lenox, Lavista Pk	14.1%
City of Decatur, Winnona Park, Oakhurst	12.9%
Kirkwood, Edgewood, East Lake	12.8%
Emory University, Toco Hills, Briarcliff	12.0%
Avondale Estates	11.1%
Cndlr Pk, Drd Hlls, Edgwd, Emory U, Inmn Pk, Lk Clre, Little 5 Pnts	10.6%
Carver Homes, Grant Park, Peoplestown	10.3%
Cabbagetwn, E At Vllg, Ormewd Pk, S DeKalb	10.2%
Downtown Atlanta, Grant Park, Old Fourth Ward	9.1%

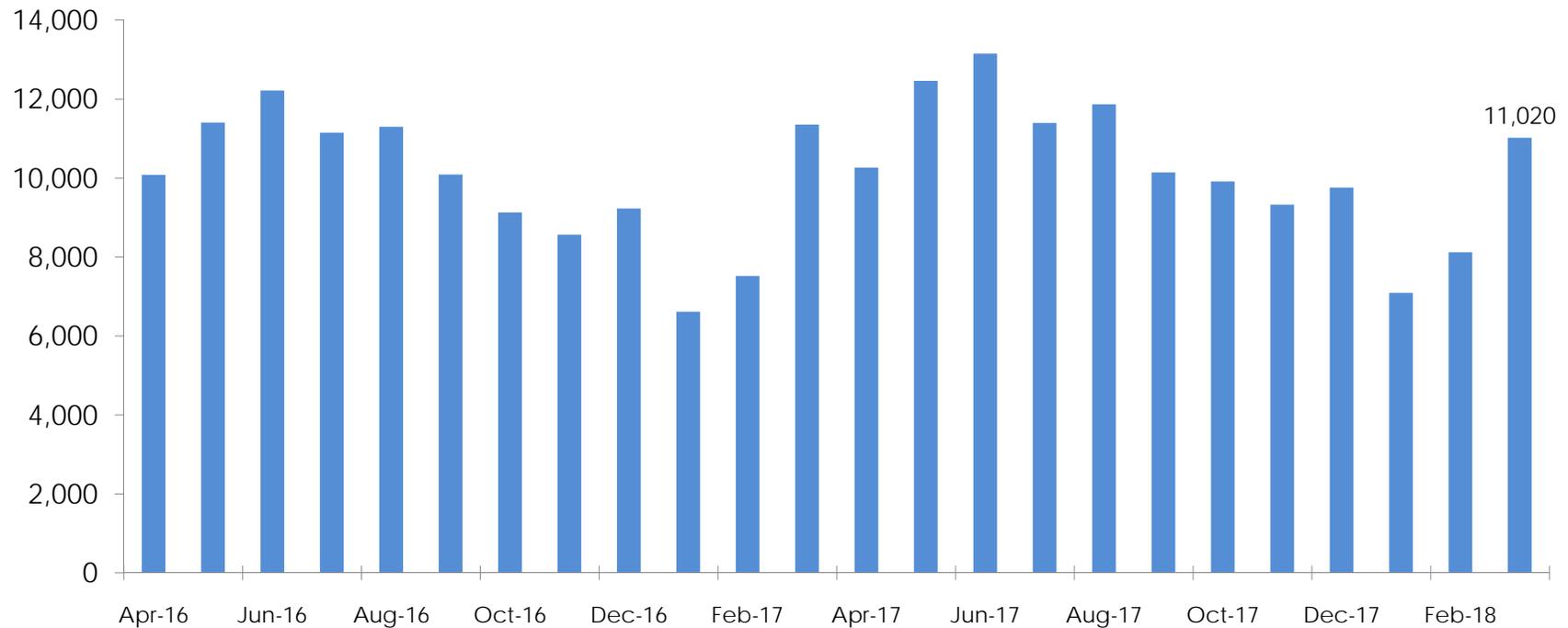


March 2018



Home Sales Increased Slightly in Q1

Georgia, Mar. 2018 Sales: 11,020 Units, +2.9% YTD, -3.0% YTY



SERIES: Georgia Home Sales
SOURCE: Georgia Association of REALTORS®



Median Price Up Sharply

Georgia, Mar. 2018 Median Price: \$215,000, +5.4% MTM, +10.3% YTY

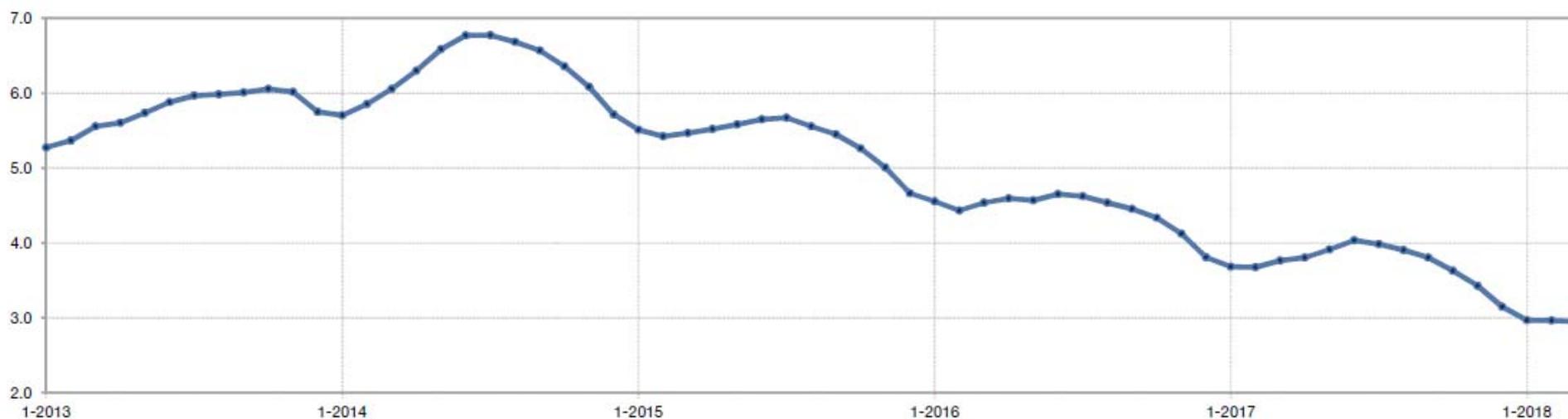


SERIES: Georgia Median Sales Price
SOURCE: Georgia Association of REALTORS®



Supply On 4 Year Downward Trend

Georgia, March 2017: 3.8 Months; March 2018: 2.9 Months

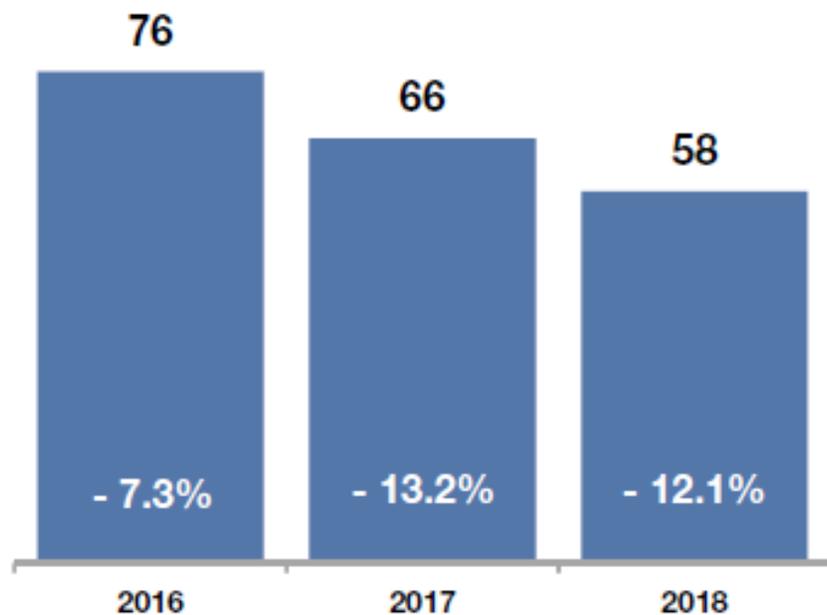


SERIES: Months of Supply of Existing Homes
SOURCE: Georgia Association of REALTORS®



For Sale Properties Moving Faster

March

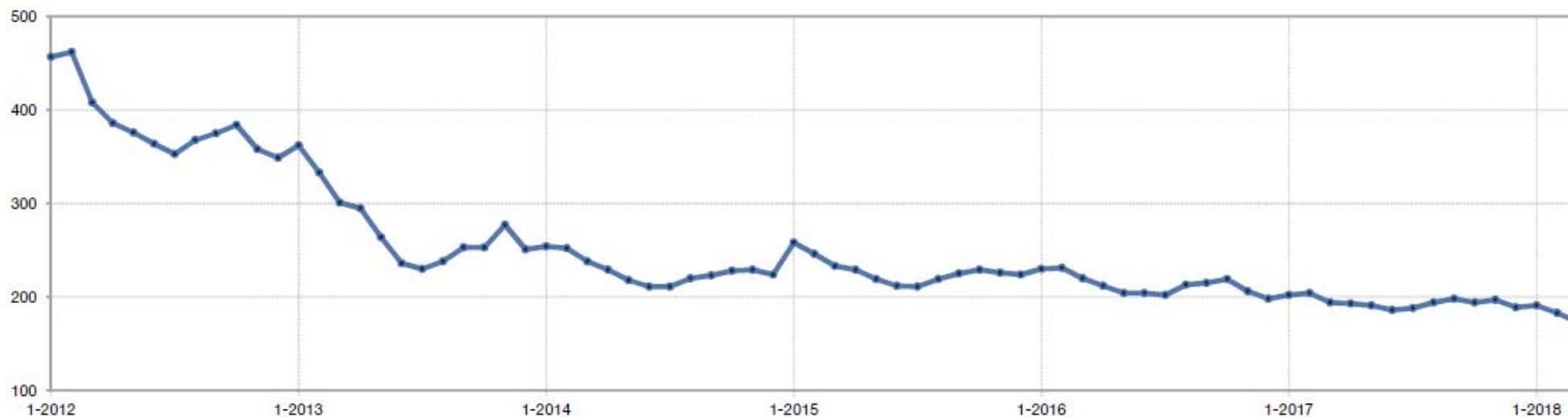


Days on Market	Prior Year	Percent Change
April 2017	70	-15.7%
May 2017	59	-10.2%
June 2017	58	-10.3%
July 2017	55	-9.1%
August 2017	55	-9.1%
September 2017	58	-8.6%
October 2017	59	-6.8%
November 2017	60	-5.0%
December 2017	65	-6.2%
January 2018	68	-7.4%
February 2018	72	-15.3%
March 2018	66	-12.1%
12-Month Avg*	62	-9.7%

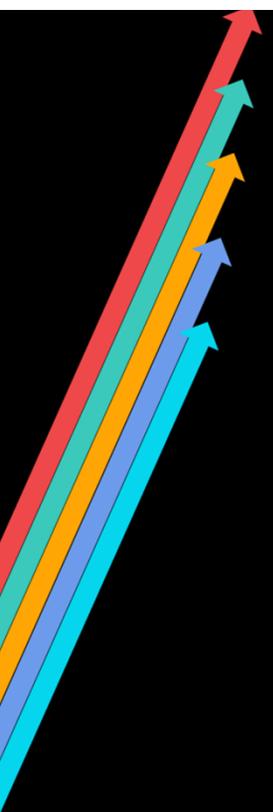


Affordability at Lowest Point in Six Years

Georgia, March 2017: 194; March 2018: 173



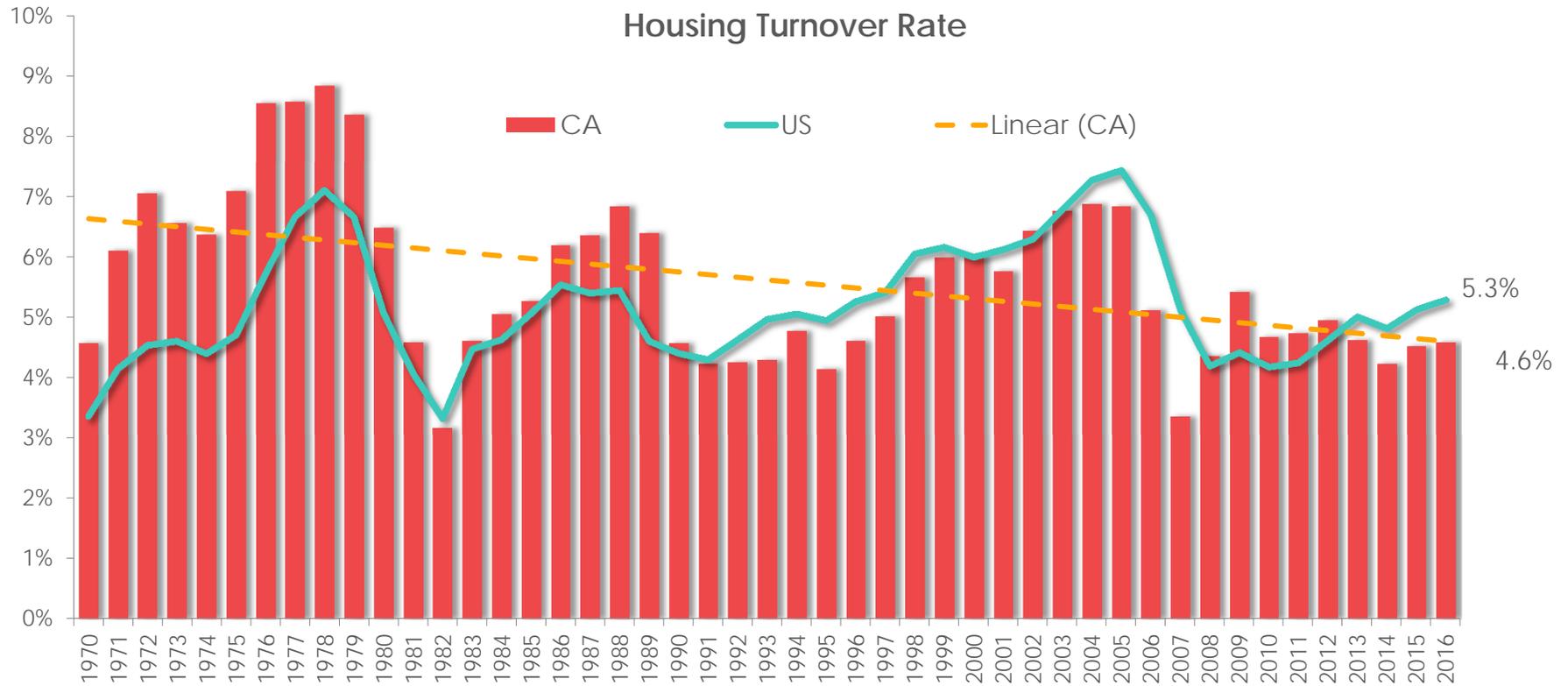
Note: This index measures housing affordability for the region. For example, an index of 120 means the median household income is 120% of what is necessary to qualify for the median-priced home under prevailing interest rates. A higher number means greater affordability.



Supply – Where is it?



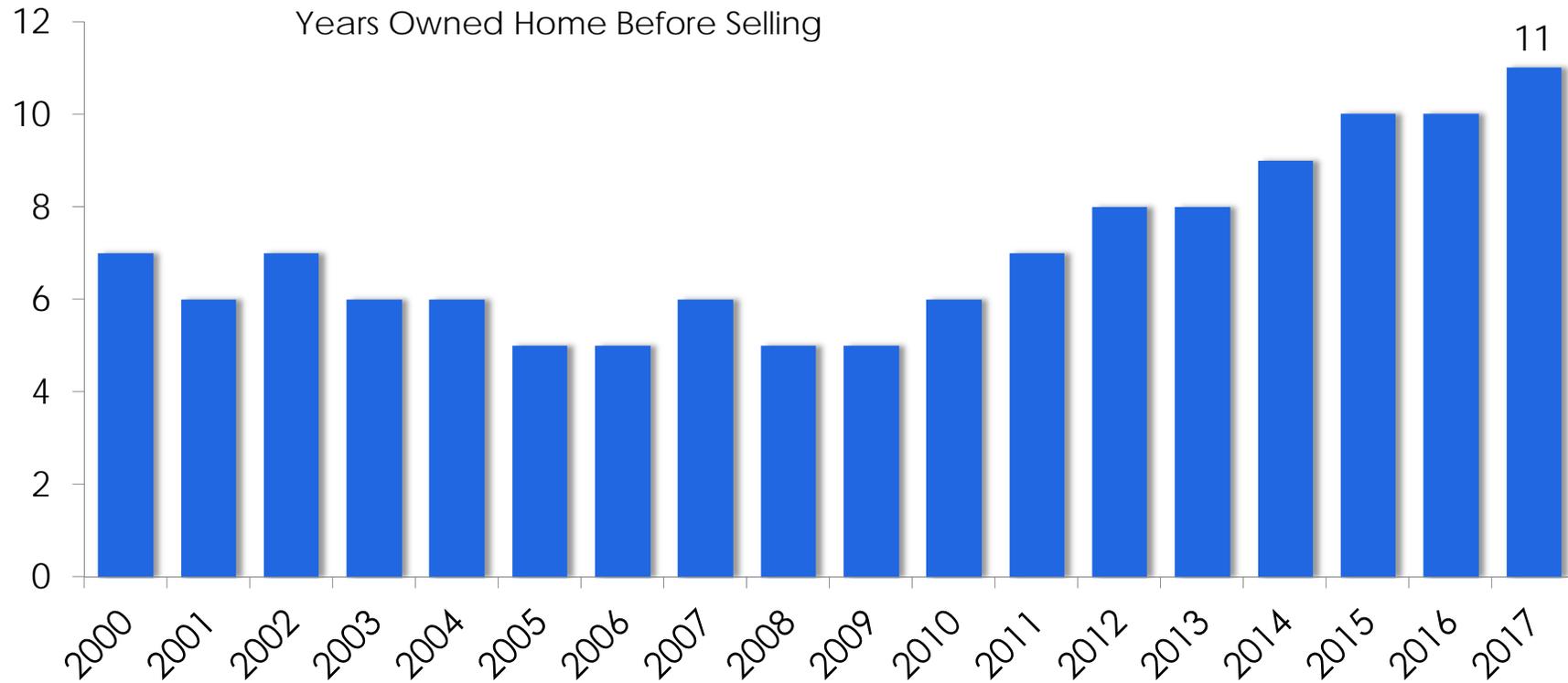
Housing Turnover Down Nationwide



SERIES: Percent of existing single-family homes being sold
SOURCE: Census Bureau, American Community Survey, Moody's Analytics, C.A.R.



Sellers Are Not Moving as Often as Before

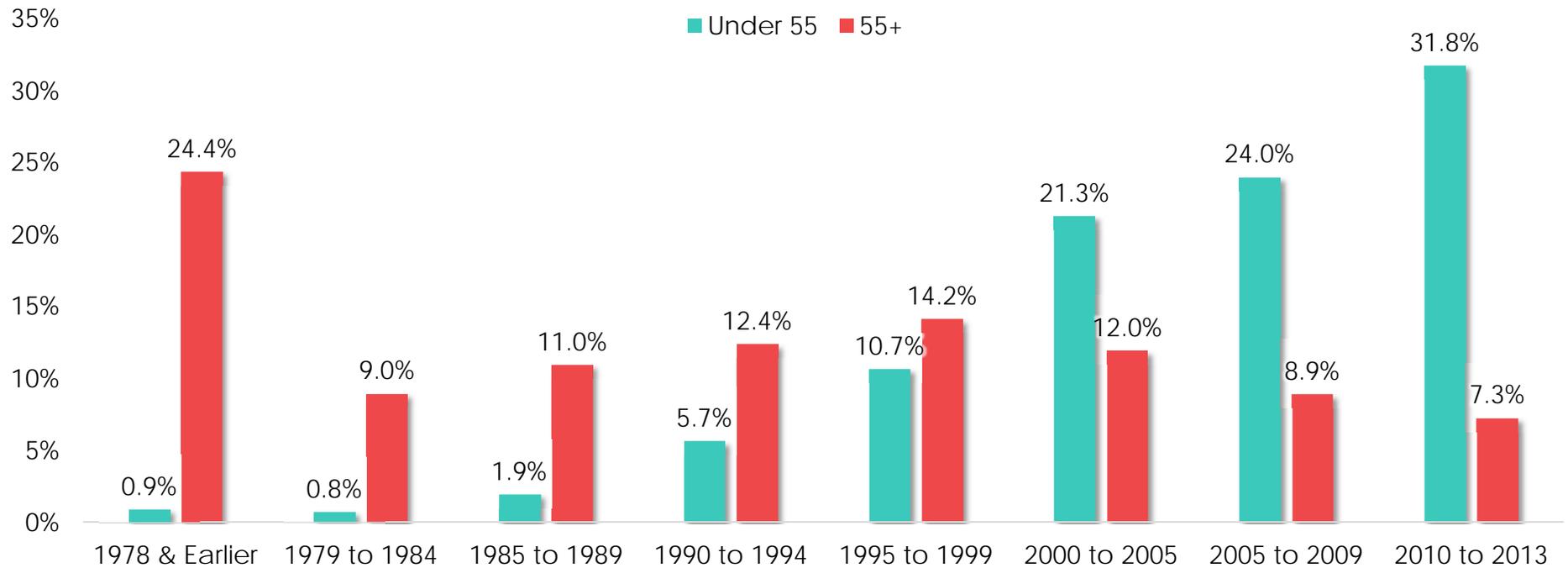


SERIES: 2017 Housing Market Survey
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



Older generations not moving as often

71% of Californian's aged 55+ haven't moved since 1999
California Homeowners by Length of Tenure, 2013



SERIES: Distribution of Home Ownership by Year Moved In
SOURCE: U.S. Census Bureau, 2013 American Housing Survey



Why Aren't Boomers Moving?

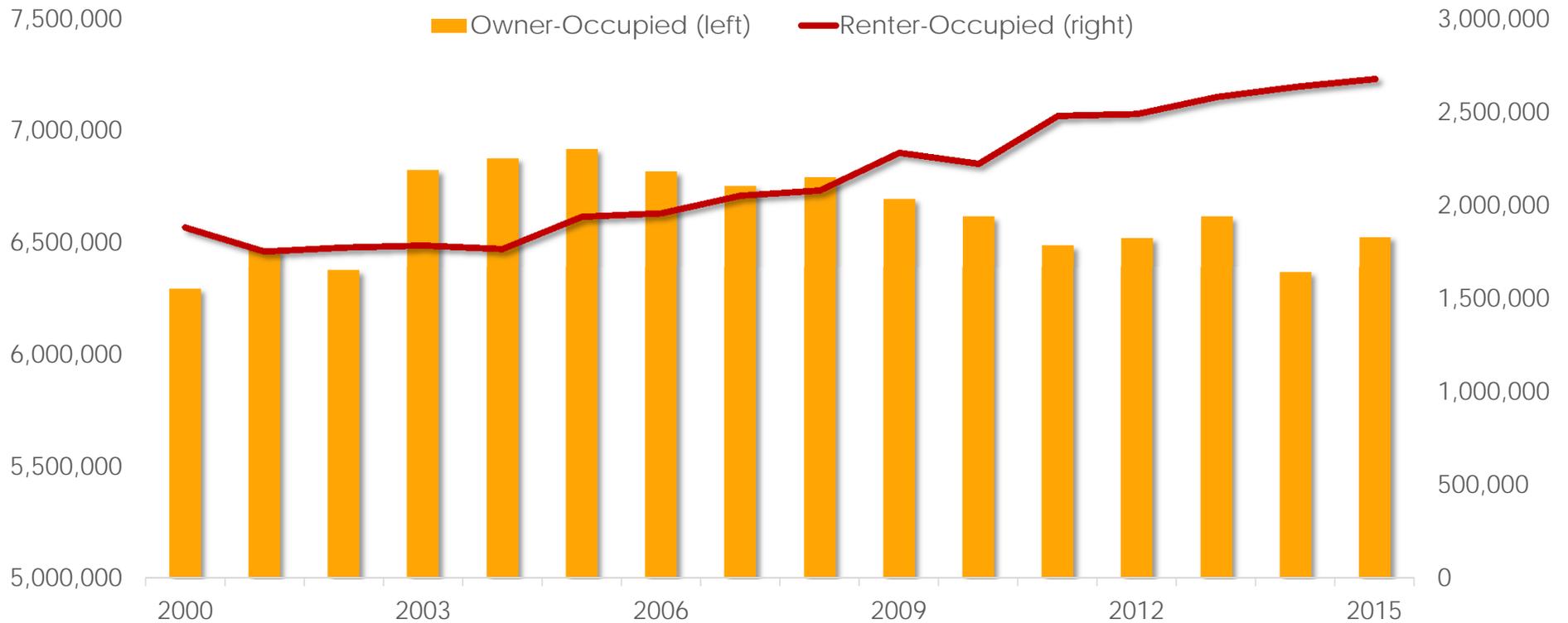
- Capital gains hit
- Low property taxes
- Low rate on current mortgage
- Demographic shift
- Working longer by choice or necessity
- Want kids to inherit home
- Where can I afford to go?

SERIES: Percent of existing single-family homes being sold

SOURCE: Census Bureau, American Community Survey, Moody's Analytics, C.A.R.

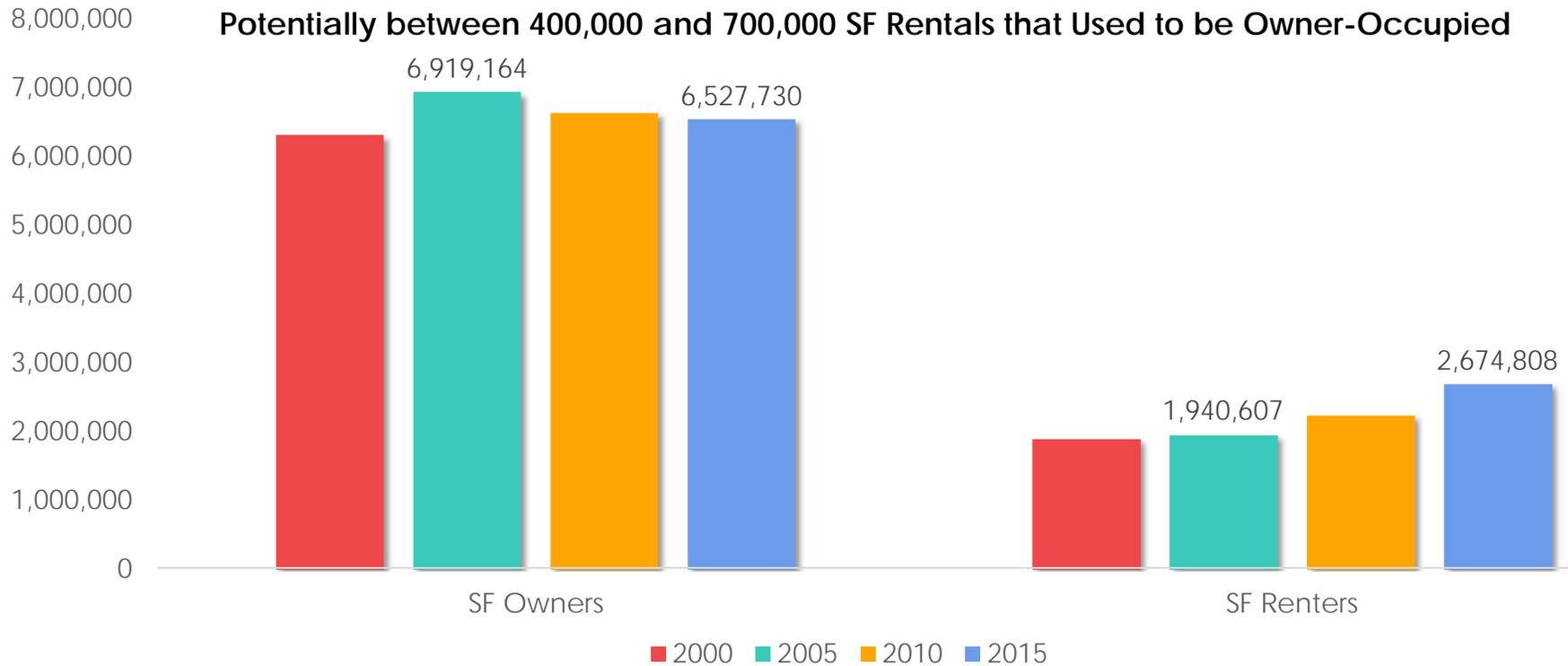
“ At some point a supply problem becomes a demand problem ”

California's Single-Family Housing Stock



SOURCE: U.S. Census Bureau, Annual Social and Economic Supplement (ASEC) to the Current Population Survey (CPS)
Downloaded from the National Bureau of Economic Research (NBER)

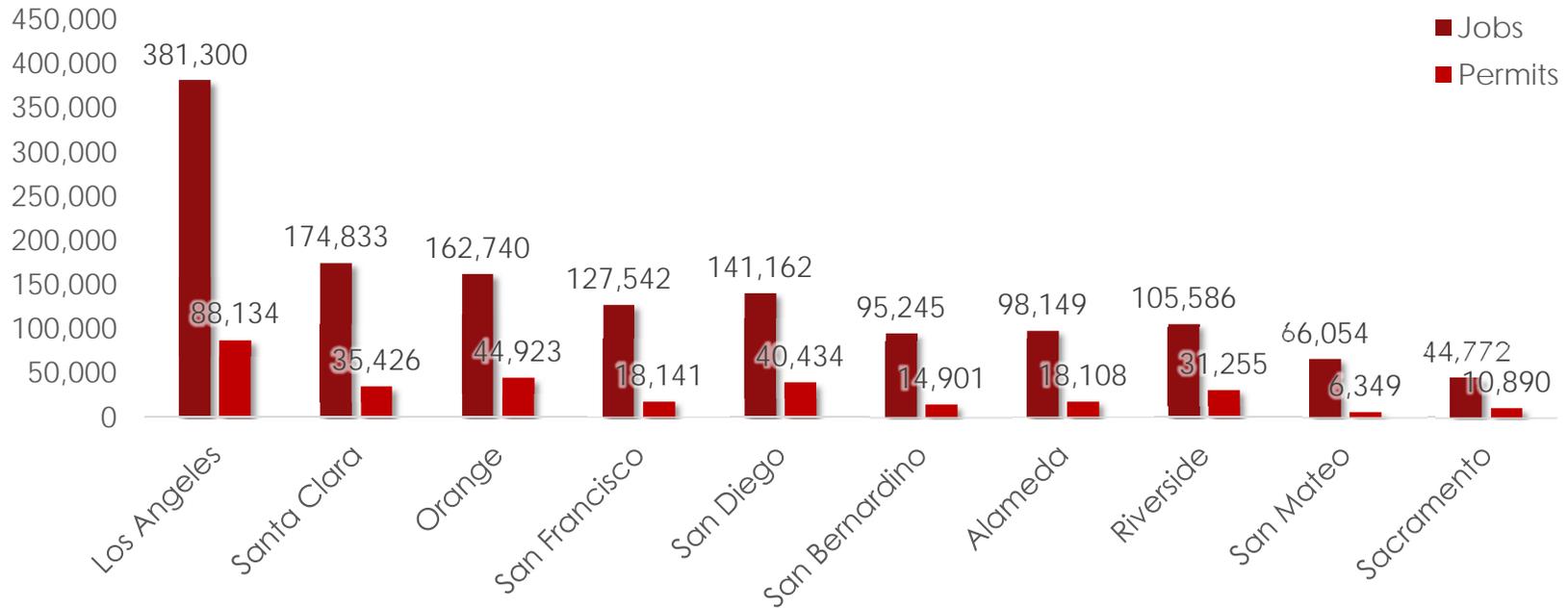
More Single Family Units Now Rentals



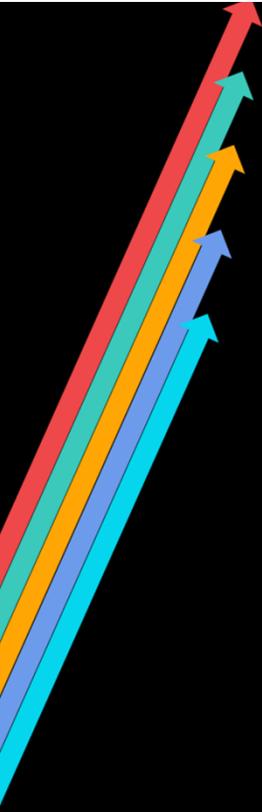
SOURCE: U.S. Census Bureau, Annual Social and Economic Supplement (ASEC) to the Current Population Survey (CPS)
Downloaded from the National Bureau of Economic Research (NBER)

Most Underbuilt Counties in California

New Jobs vs. New Permits (2010-2015)



SOURCE: California Employment Development Department, Construction Industry Research Board



Migration



Sellers Moving out of California: Highest since 2007

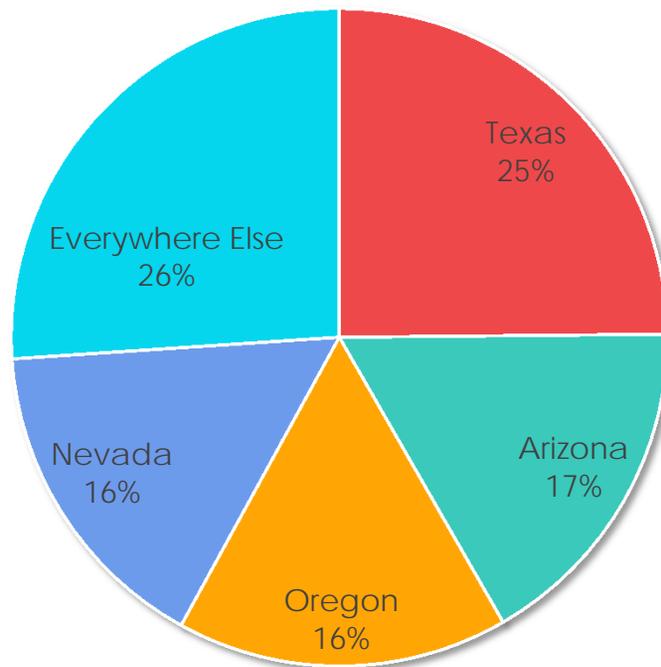
Location of Seller's New Home

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Within the same county	37%	45%	47%	42%	49%	49%	46%	44%	44%	40%	38%
In another county in California	24%	17%	21%	21%	19%	18%	20%	21%	20%	21%	20%
In another state	29%	27%	19%	20%	20%	22%	19%	22%	22%	25%	28%
Out of US	1%	1%	2%	1%	1%	1%	0%	1%	1%	1%	1%
Don't Know/Not sure	9%	10%	12%	16%	10%	10%	15%	13%	13%	13%	14%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

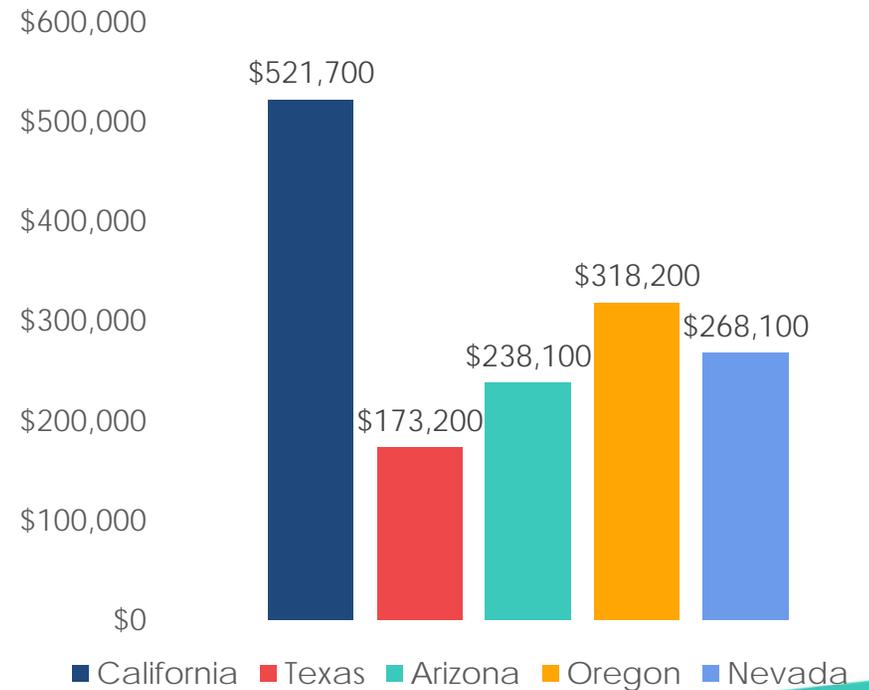


It's the cost of housing

Cumulative Net Domestic Migration (2005-2016)



October 2017 Median Home Price by State



SERIES: Net Domestic Migration in California
SOURCE: U.S. Census Bureau, American Community Survey



BEST-PERFORMING CITIES

WHERE AMERICA'S JOBS
ARE CREATED AND SUSTAINED

2017



Source: Milken Institute

Top Ten Best-Performing Large Cities

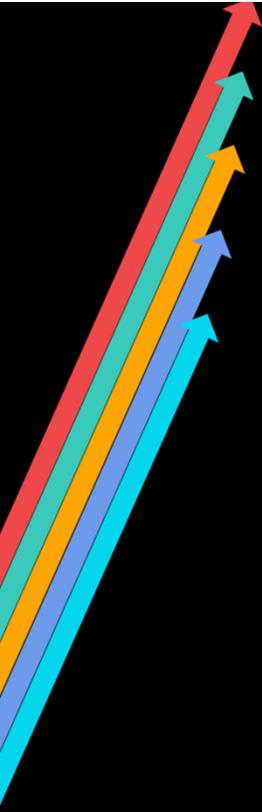
Metropolitan Statistical Area (MSA)/Metropolitan Division (MD)	2017 Rank	2016 Rank	Change
Provo-Orem, UT (MSA)	1	2	+1
Raleigh, NC (MSA)	2	6	+4
Dallas-Plano-Irving, TX (MD)	3	5	+2
San Francisco-Redwood City-South San Francisco, CA (MD)	4	4	Steady
Fort Collins, CO (MSA)	5	8	+3
North Port-Sarasota-Bradenton, FL (MSA)	6	26	+20
Orlando-Kissimmee-Sanford, FL (MSA)	7	9	+2
Nashville-Davidson-Murfreesboro-Franklin, TN (MSA)	8	7	-1
Austin-Round Rock, TX (MSA)	9	3	-6
Salt Lake City, UT (MSA)	10	11	+1

Source: Milken Institute.

Top Ten Best-Performing Small Cities

Metropolitan Statistical Area (MSA)/Metropolitan Division (MD)	2017 Rank	2016 Rank	Change
Bend-Redmond, OR (MSA)	1	1	Steady
St. George, UT (MSA)	2	4	+2
Gainesville, GA (MSA)	3	10	+7
San Rafael, CA (MD)	4	3	-1
Wenatchee, WA (MSA)	5	36	+31
Elkhart-Goshen, IN (MSA)	6	39	+33
Yuba City, CA (MSA)	7	45	+38
Bellingham, WA (MSA)	8	76	+68
Columbus, IN (MSA)	9	7	-2
Auburn-Opelika, AL (MSA)	10	6	-4

Source: Milken Institute.



Putting it all Together



Homeownership & the American Dream





The evolution of the American Dream

1860

It is all ours. the farm, the crops the animals. This is all we need. There is nothing better than this!

1960

A lovely family a new car and a beautiful house. there is nothing more a man needs

2010

This new apartment is great. The new TV we bought looks so good.

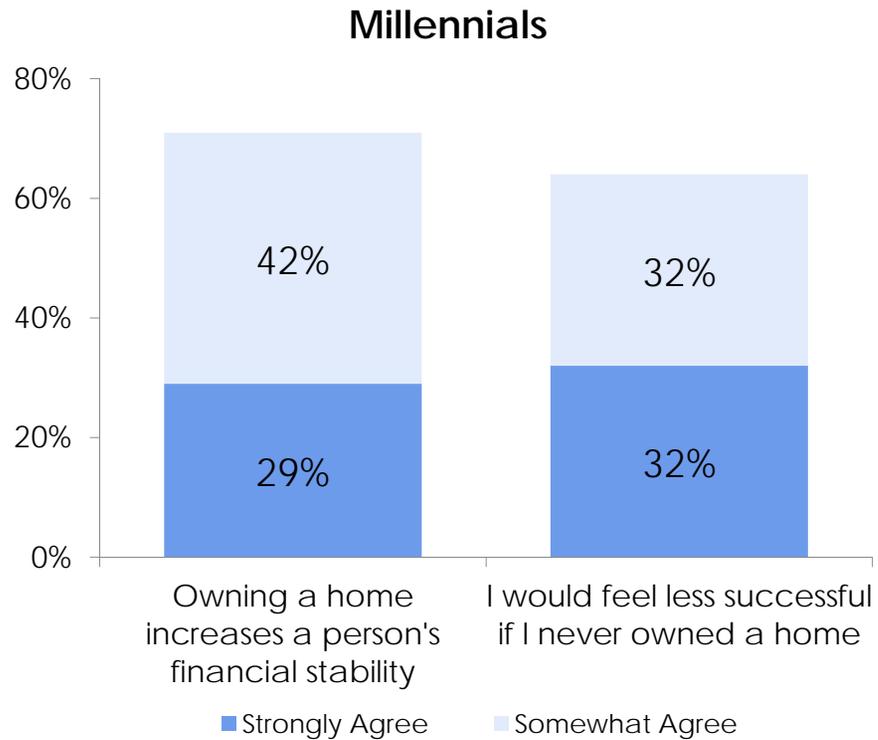
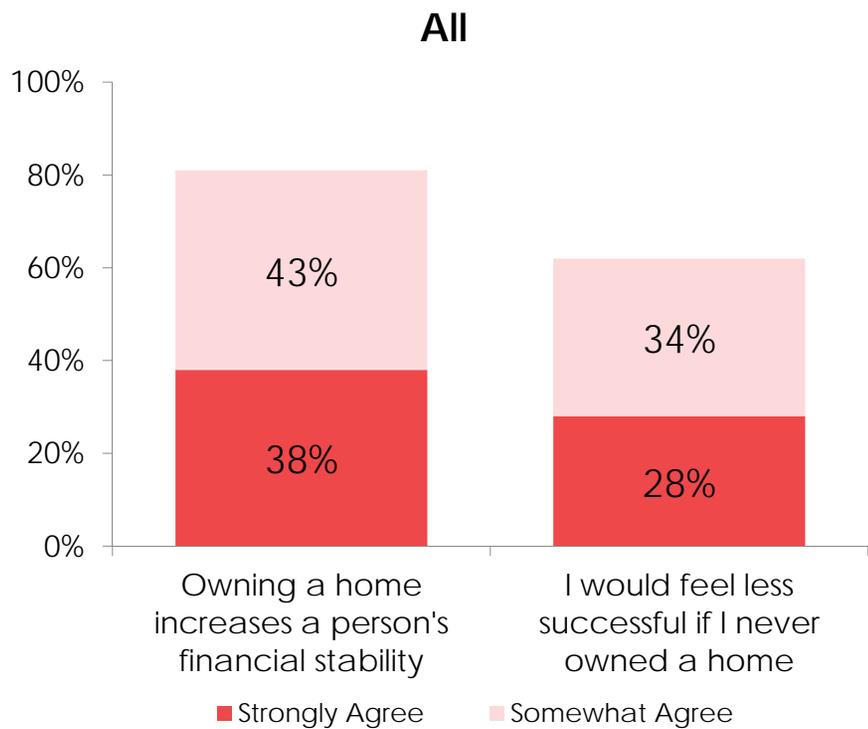
This new phone is nice. We've really made it

You Tube



Americans overall, and specifically Millennials, believe owning a home contributes to financial stability

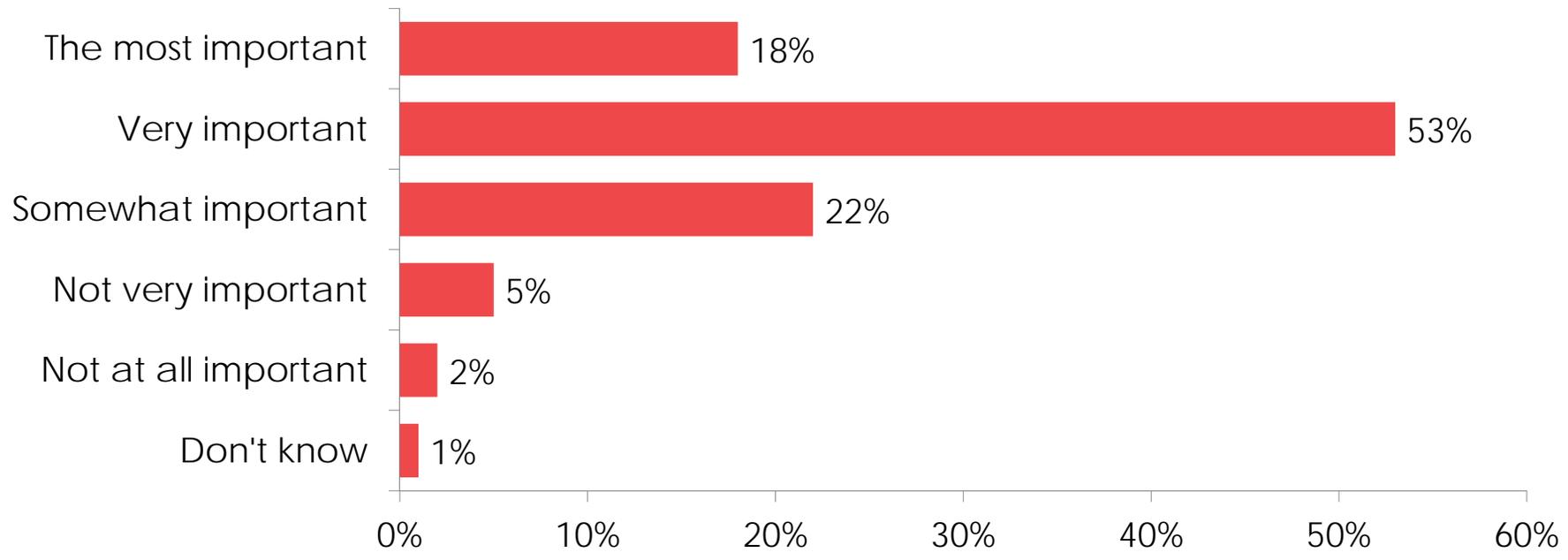
n=1000





Seven out of ten still believe owning a home is an important part of the American Dream

How Important a Part of the American Dream Is Owning a Home?



n=1000



How America views homeownership

% Agree	Gen. Pop.	Latino	African American
Base: All Respondents	(n=1,005)	(n=105)	(n=105)
Homeownership is an achievement to be proud of.	93%	86%	96%
Owing a home is a good way to acquire equity/more assets	91%	95%	86%
Homeownership is a dream come true.	86%	84%	90%
Owing a home is essential to building a family.	57%	60%	79%
Homeownership is a huge burden.	56%	63%	42%
Homeownership is not for me, I prefer renting.	27%	48%	22%

Q. Please indicate to what extent you agree or disagree with each of the above statements



Homeownership Matters: Macro Impact



Homeownership is good for the economy, spurring economic growth and job creation. With each home sale, there are expenditures related to lawn care, home remodeling, new furniture, mortgage origination, moving, and an inducement to build new homes.

In essence one new job is supported from every two home sales, according to NAR calculations.



Homeownership really matters because it provides more than just a roof and a shelter

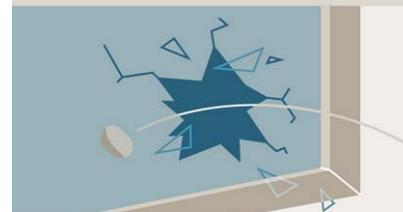
Homeownership enhances quality of life in a variety of ways:

- Homeownership leads to better health
- Homeownership results in higher educational achievement
- Homeownership lowers crime rates and improves safety

Spill-over Benefits of Homeownership

HEALTH

Homeowners and their children tend to be happier and healthier than nonowners. One reason may be the wealth-building effect of homeownership and the sense of control it brings.



CRIME

Research has confirmed homeowners have a lower instance of involvement in crime than nonowners.

EDUCATION

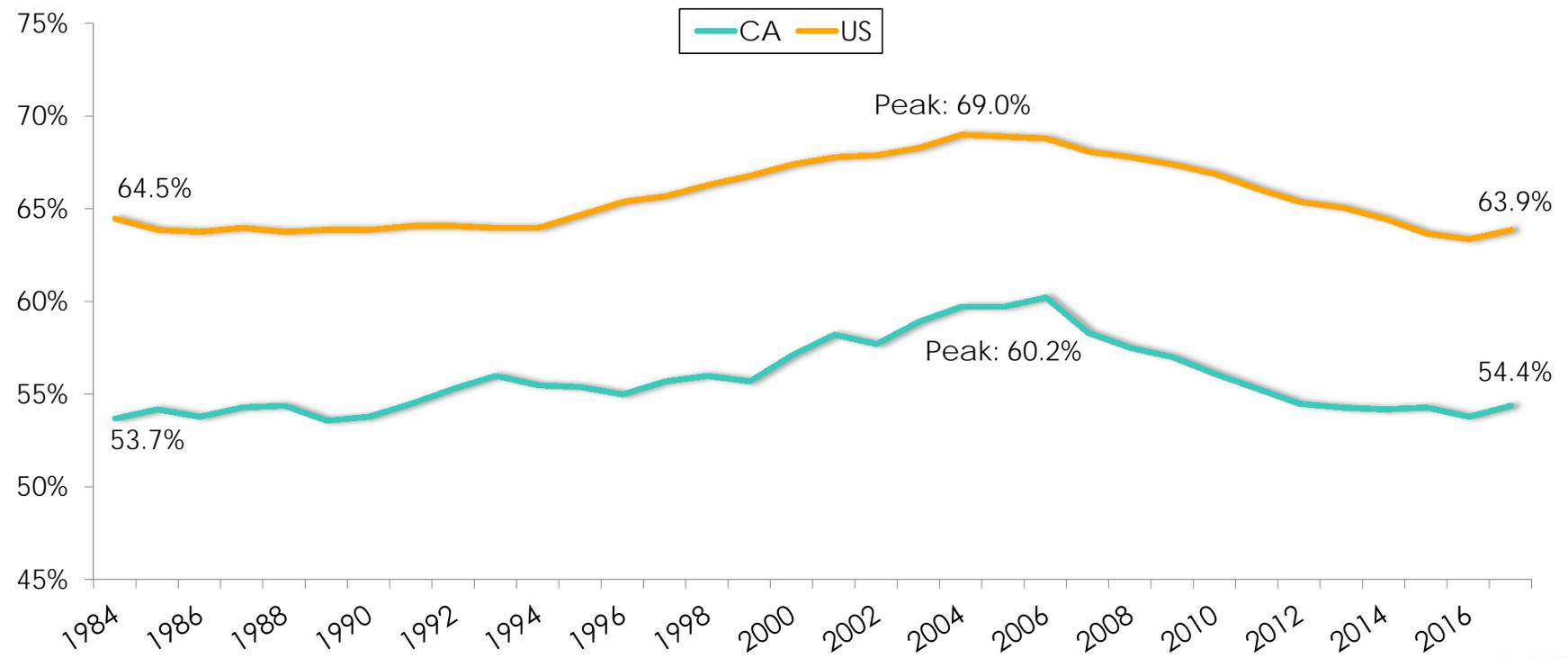
Homeowners tend to accrue more wealth and save more money – such financial practices are associated with lower rates of homeowners' children dropping out of school.





U.S. Homeownership Rate: 63.9%

California Vs. U.S. – 9.5% gap in 2017

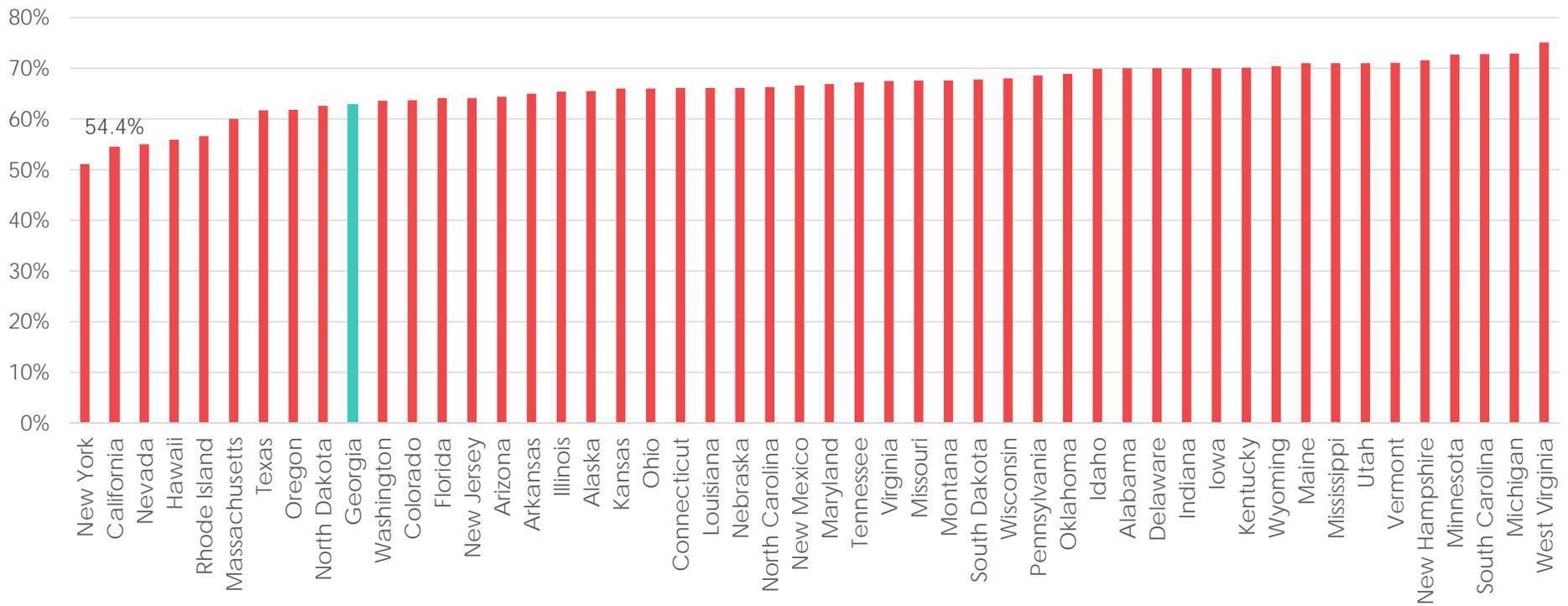


SERIES: Homeownership Rates
SOURCE: U.S. Census Bureau



Georgia Ranked 10th Lowest

Homeownership Rate

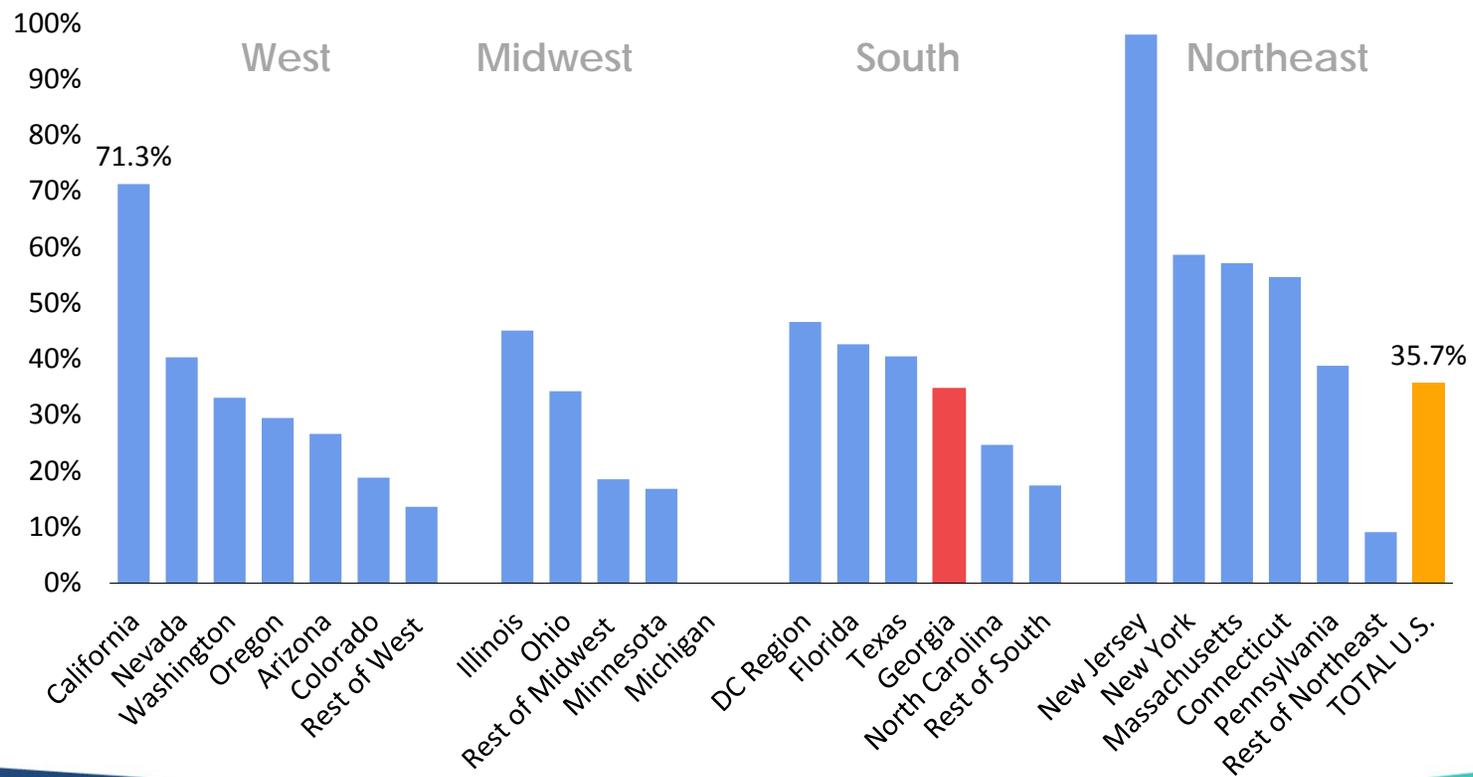


SERIES: Homeownership Rates
SOURCE: U.S. Census Bureau (Current Population Survey)



Immigrant share of growth in home owners

2010-2020



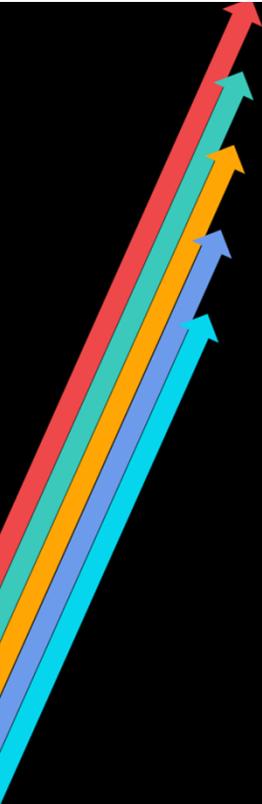
Source: Dowell Myers and John Pitkin, "Immigrant Contributions to the Housing Market..." RIHA, Mortgage Bankers Association, 2013



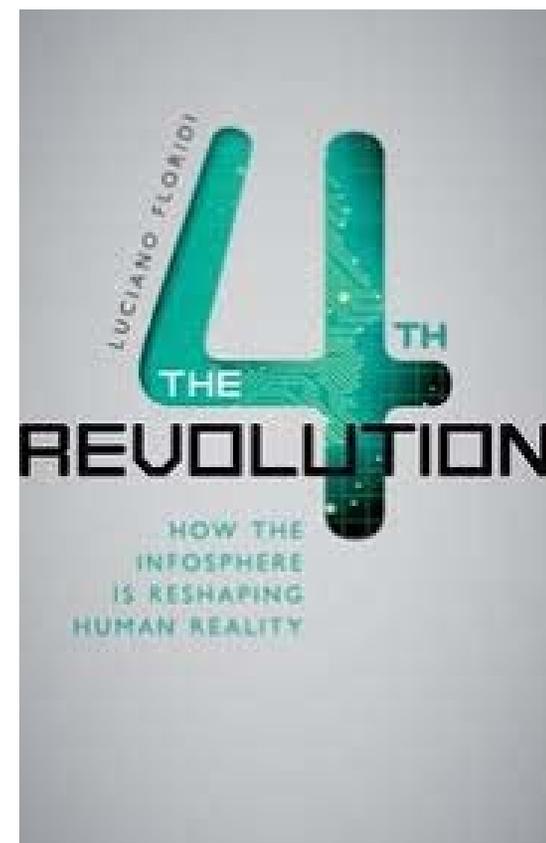
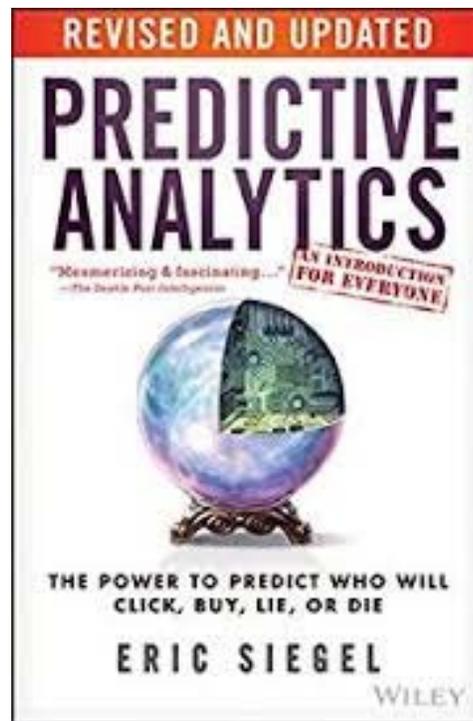
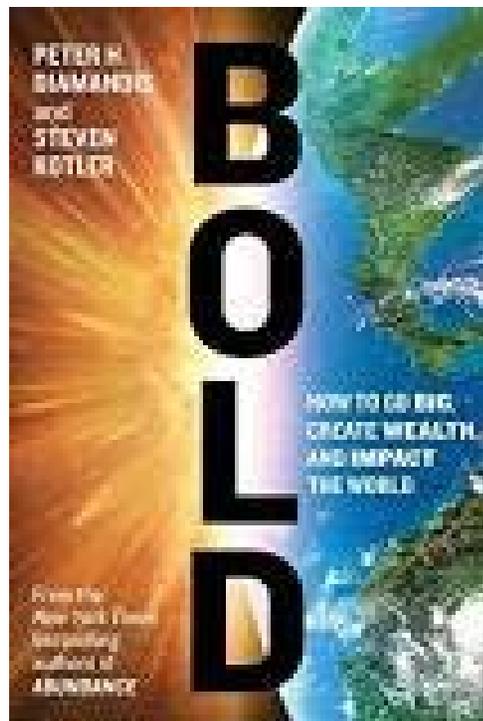
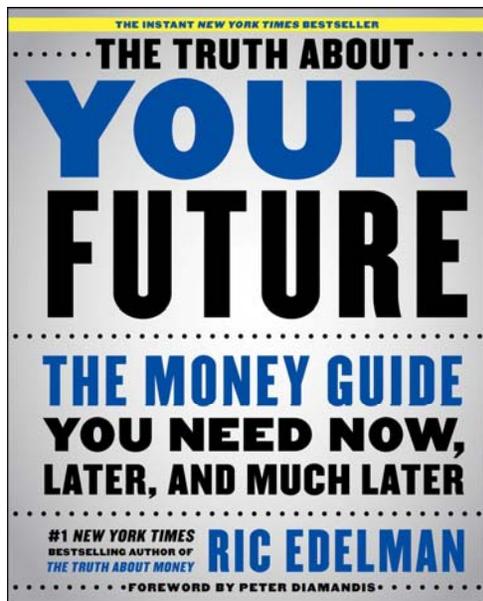
More immigrants in GA Attaining the American Dream

State	Growth in Foreign-Born Owner Households				Foreign-Born Homeownership Rate		
	2000-2010	Share of Total Growth in Owner Households	2010-2020 Projected	Share of Total Growth in Owner Households	2000	2010	2020
California	401,000	82.2%	398,000	71.3%	47.1%	48.7%	50.9%
Texas	397,000	41.0%	492,000	40.5%	52.5%	58.4%	63.6%
Florida	255,000	45.7%	342,000	42.6%	60.4%	60.5%	63.2%
DC-VA-MD-DE Region	173,000	46.5%	192,000	46.6%	52.6%	57.0%	61.0%
Georgia	111,000	34.1%	129,000	34.7%	47.9%	55.9%	61.6%
New York	103,000	65.1%	99,000	58.6%	37.1%	38.4%	39.7%
Illinois	98,000	56.0%	121,000	45.1%	56.5%	60.3%	63.4%
New Jersey	96,000	--*	100,000	97.9%	50.3%	52.5%	54.6%
North Carolina	81,000	24.8%	94,000	24.7%	43.5%	51.8%	57.6%
Arizona	76,000	27.3%	89,000	26.6%	56.0%	59.0%	62.8%
Rest of West Region ⁴	50,000	13.8%	59,000	13.6%	55.5%	55.5%	57.9%
United States	2,421,000	39.2%	2,837,000	35.7%	49.8%	52.4%	55.7%

Source: Dowell Myers and John Pitkin, "Immigrant Contributions to the Housing Market..." RIHA, Mortgage Bankers Association, 2013



In Closing...





Thank You

