

The Real Estate Recovery: Regional Dynamics

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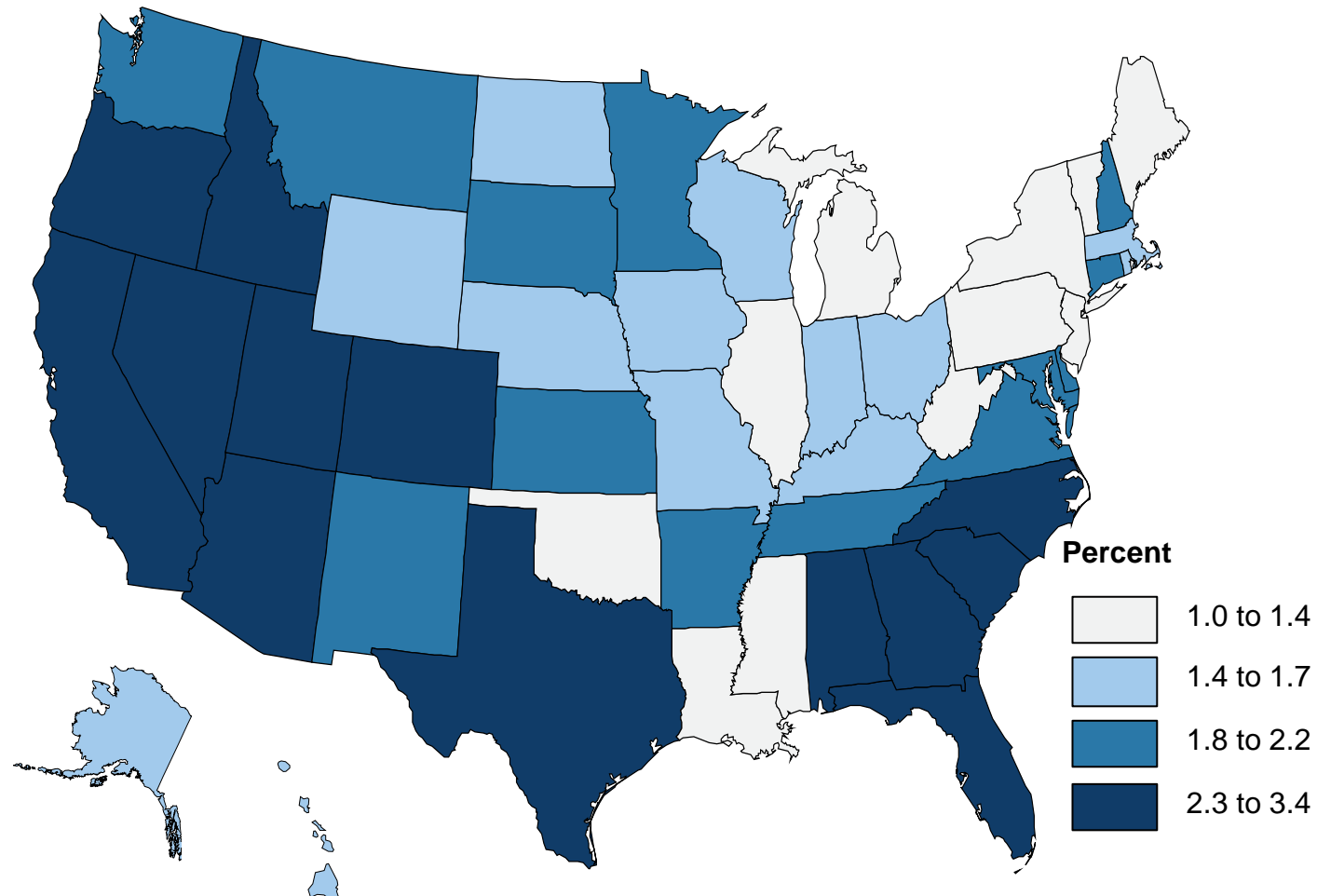
The US economic expansion will continue

- Real GDP growth is projected to pick up to 3.0% this year, led by a broadly based acceleration in consumer spending.
- Consumer spending will be supported by gains in employment, real disposable income, and household wealth.
- Homebuilding will rise as household formation recovers as labor markets improve and credit standards ease.
- Real capital spending will increase about 5% annually in 2015–17 as more businesses need to expand capacity.
- Net exports will restrain US economic growth through 2017, largely due to the dollar's appreciation.
- Interest rates will rise through mid-2017.
- Core inflation will stay mild.

Bottom line for regions

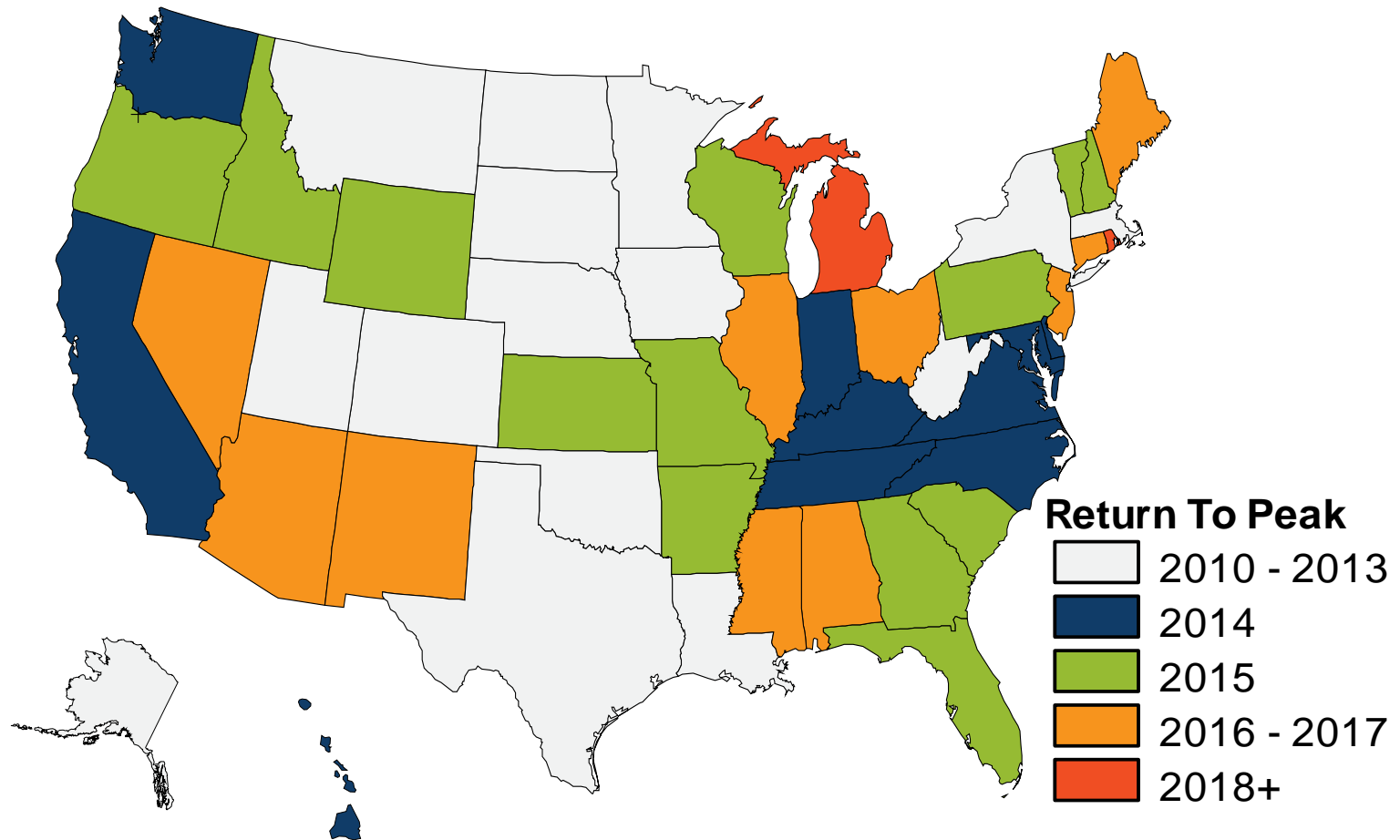
- The Sunbelt will perform better than average as housing markets recover
- Strong manufacturing gains will bring improvement in relative performance to the Midwest
- Slow population growth and weaker financial and real estate markets will hamper the Northeast
- Energy and natural resources, especially unconventional oil and gas will propel the central and mountain regions

Projected job growth 2015



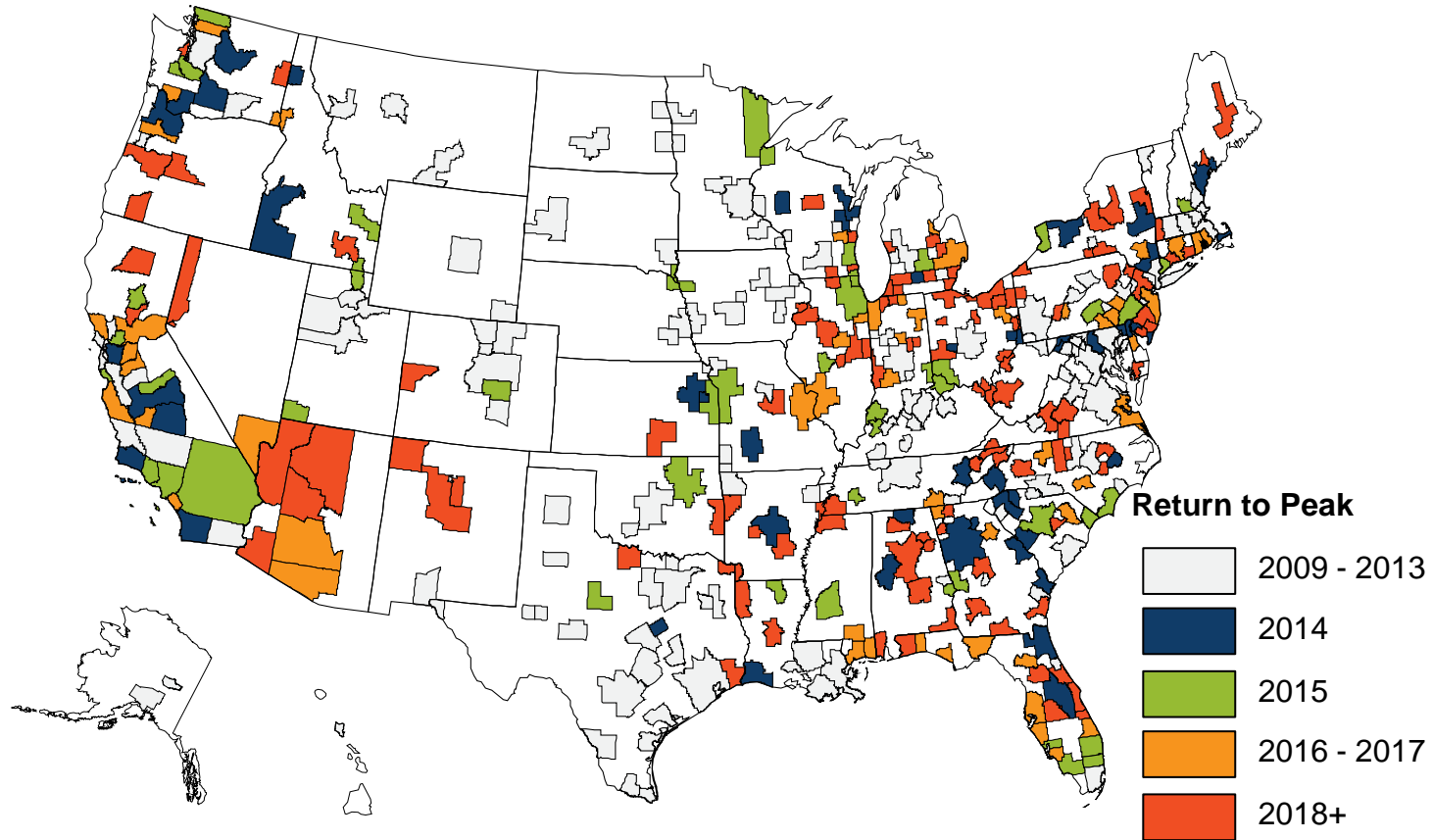
The long road to recovery

Year of Return to Peak Employment

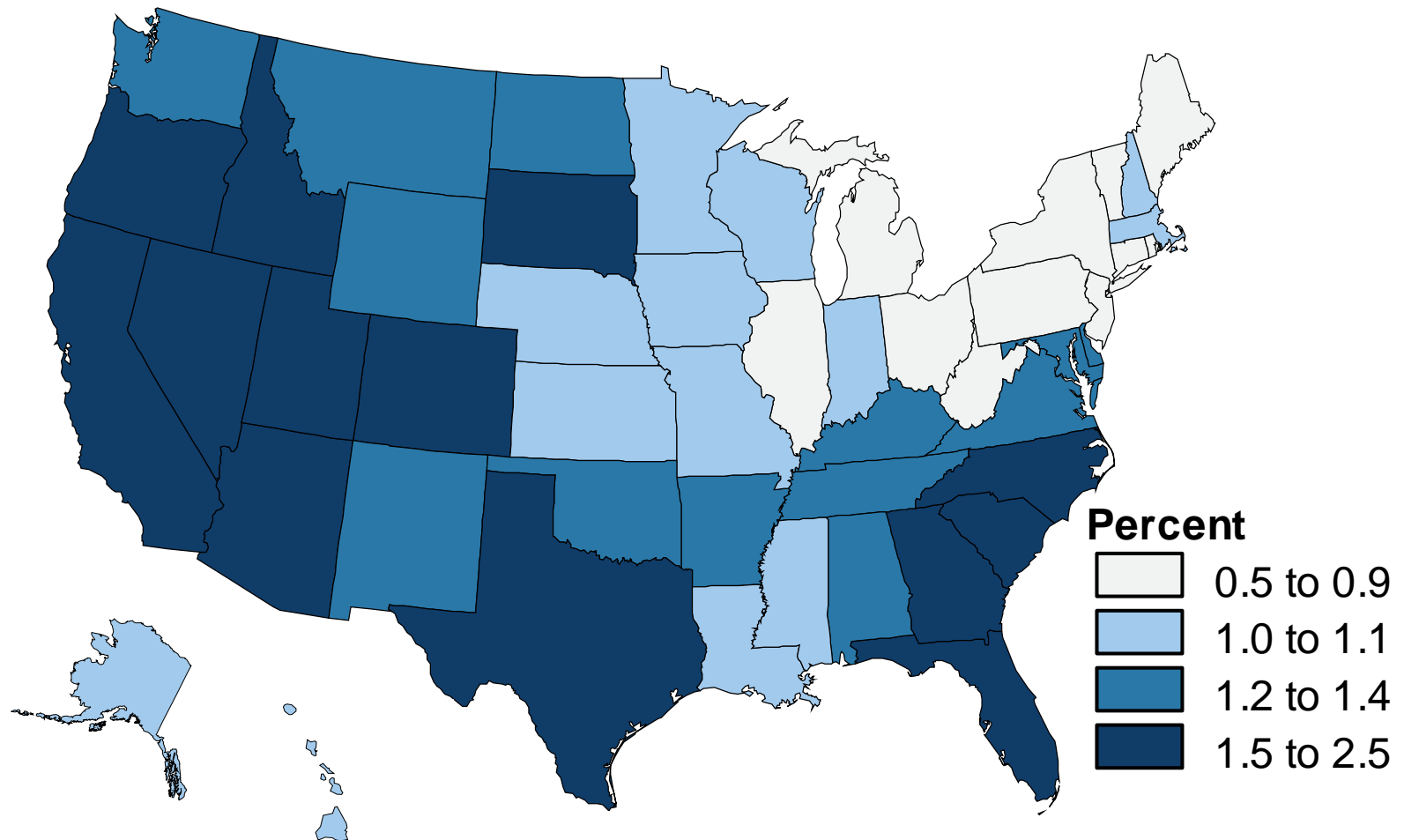


The long road to recovery

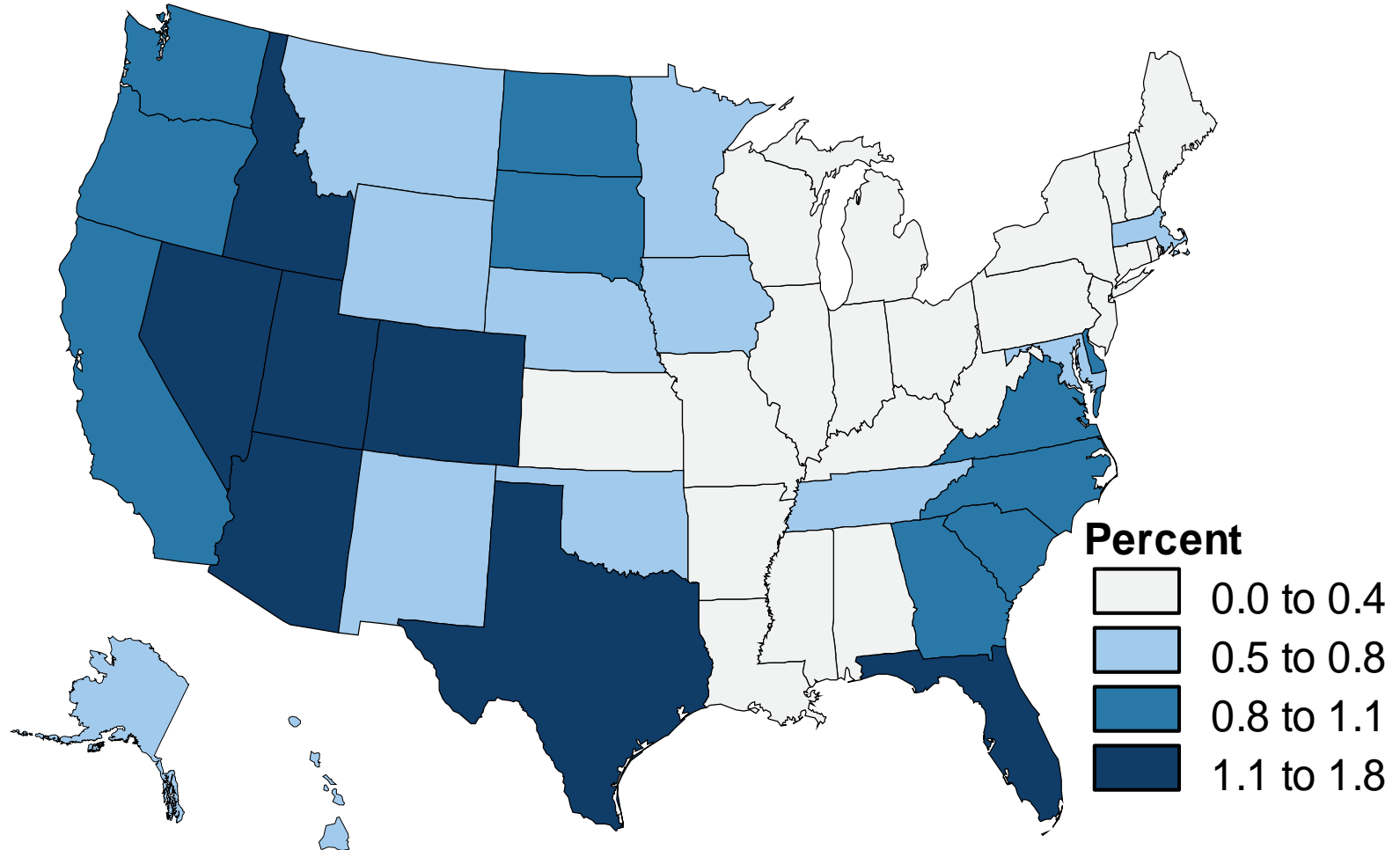
Year of Return to Peak Employment



Job growth 2015 - 2019



Population growth 2014- 2019

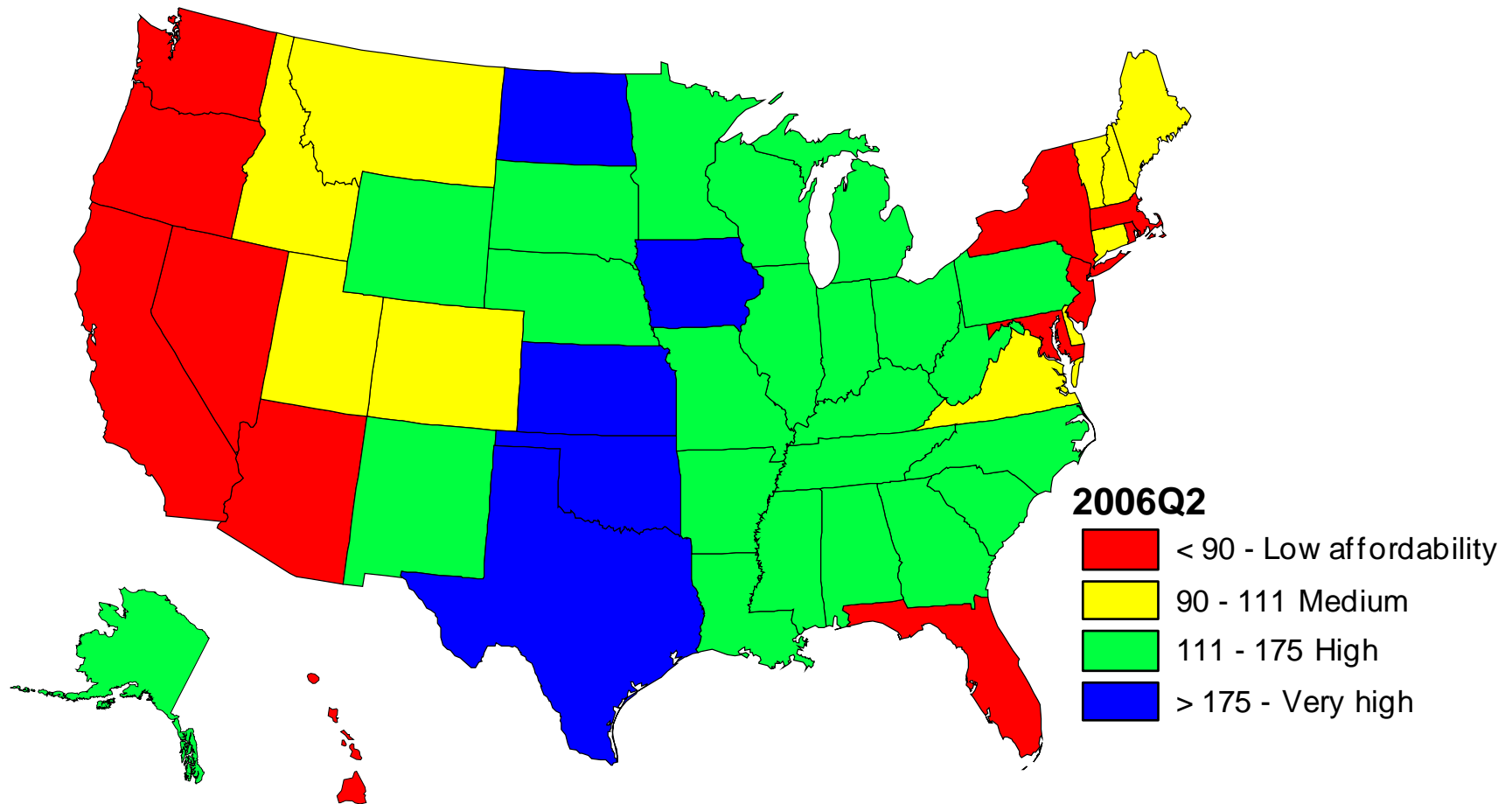


The housing market revival

- Demand is rising thanks to:
 - Steady job growth supporting household formation
 - High affordability
 - Low interest rates
- Contrasting pace of recovery across regions due to:
 - Economic fundamentals
 - Varying degrees of distressed housing
 - Broad range of foreclosure proceedings and durations
 - Different degrees of investor influence

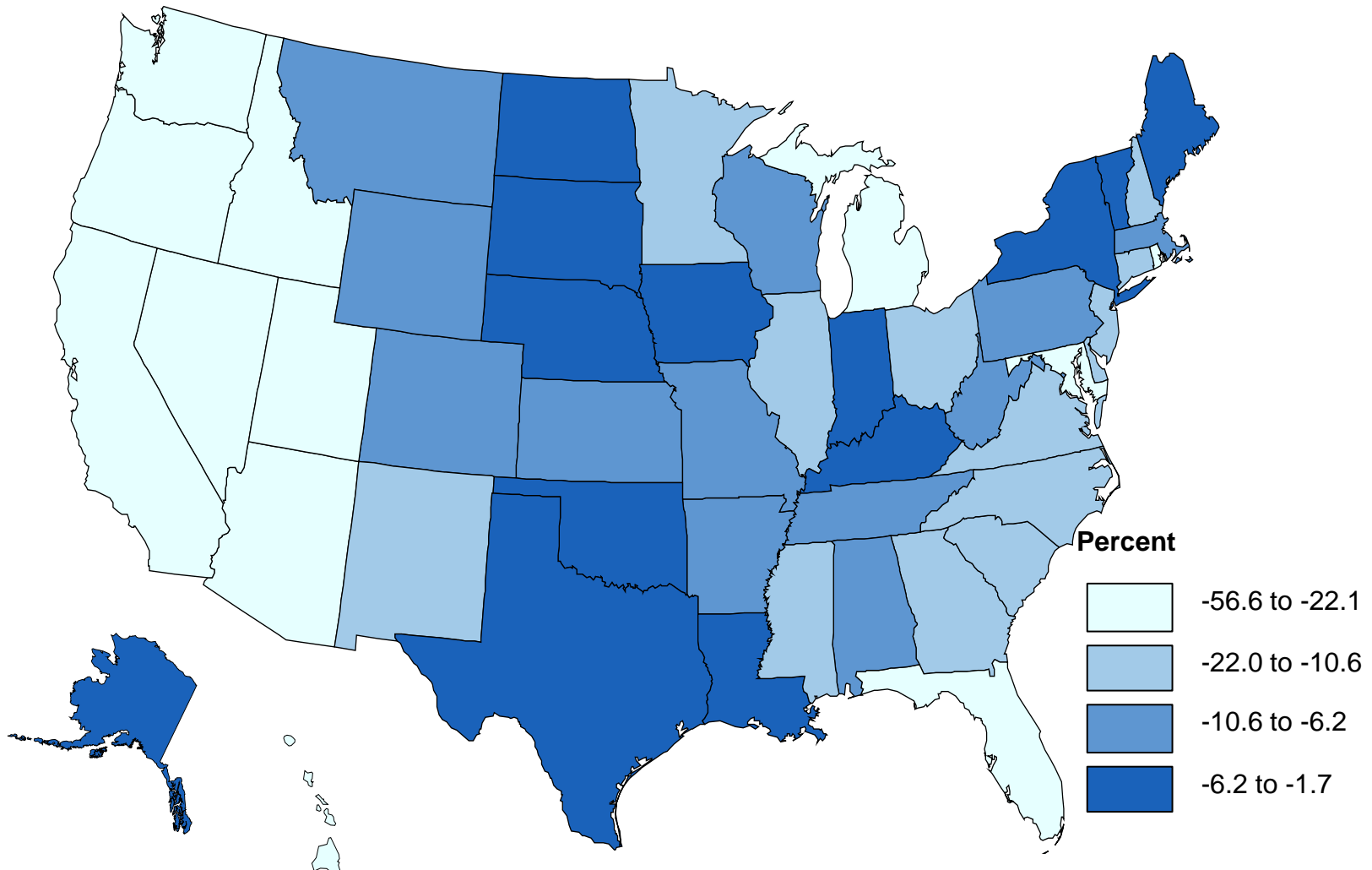
Affordability then

Housing Affordability Index, 2006

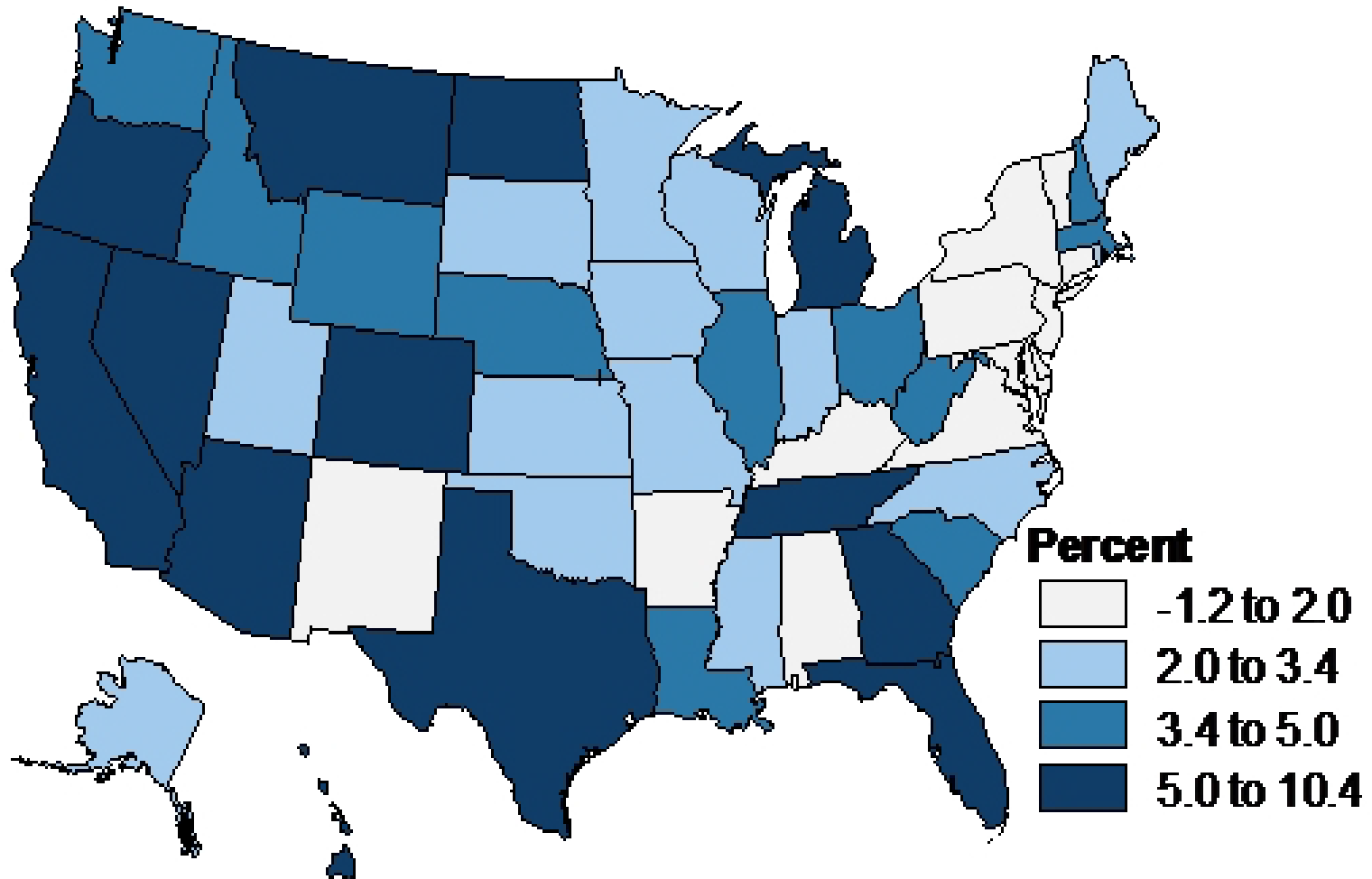


* A value of 100 indicates that a household earning the median income can afford a median-priced single-family home.

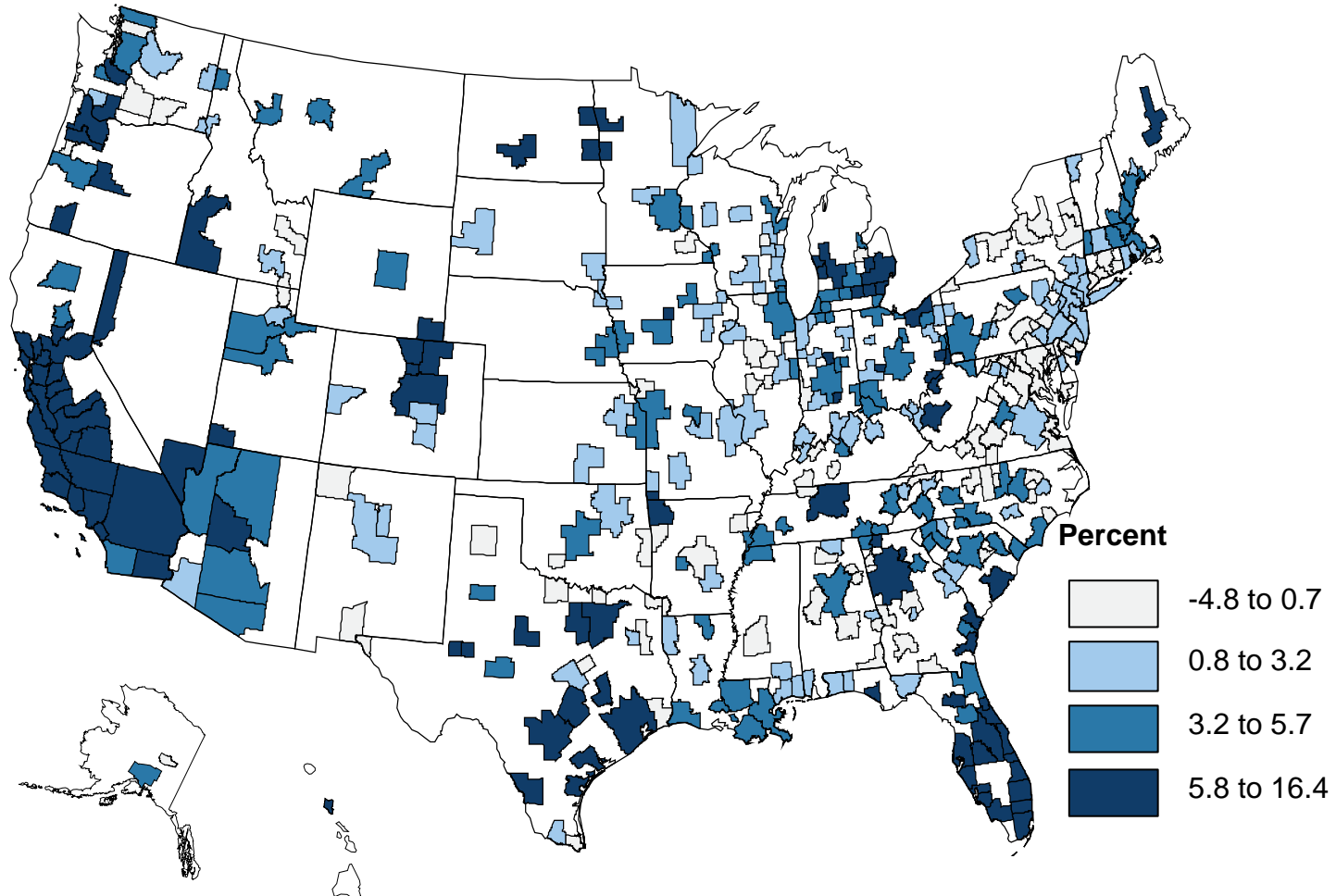
Median home price peak to trough



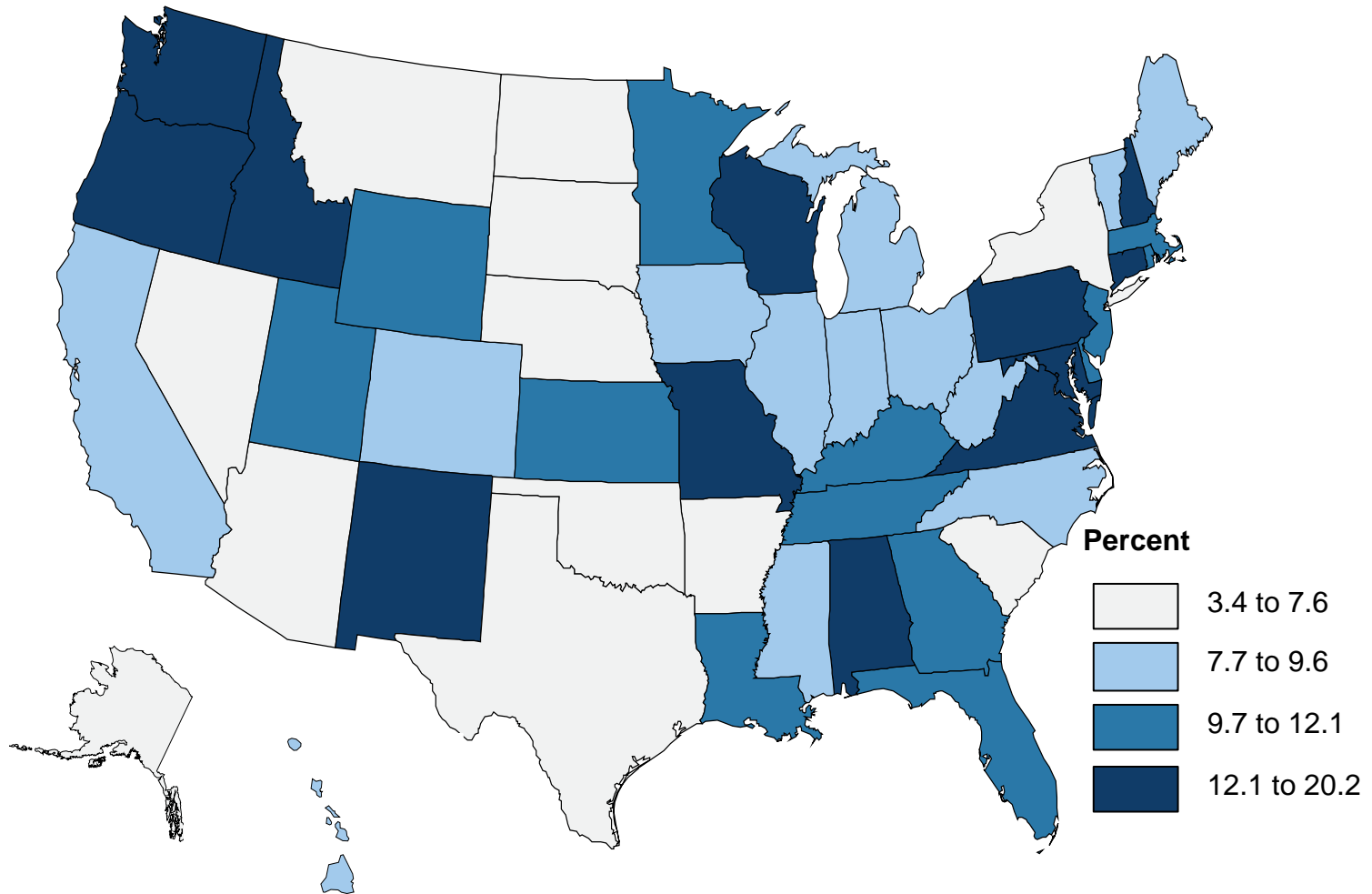
Median home price 2014q3 y/y growth (FHFA)



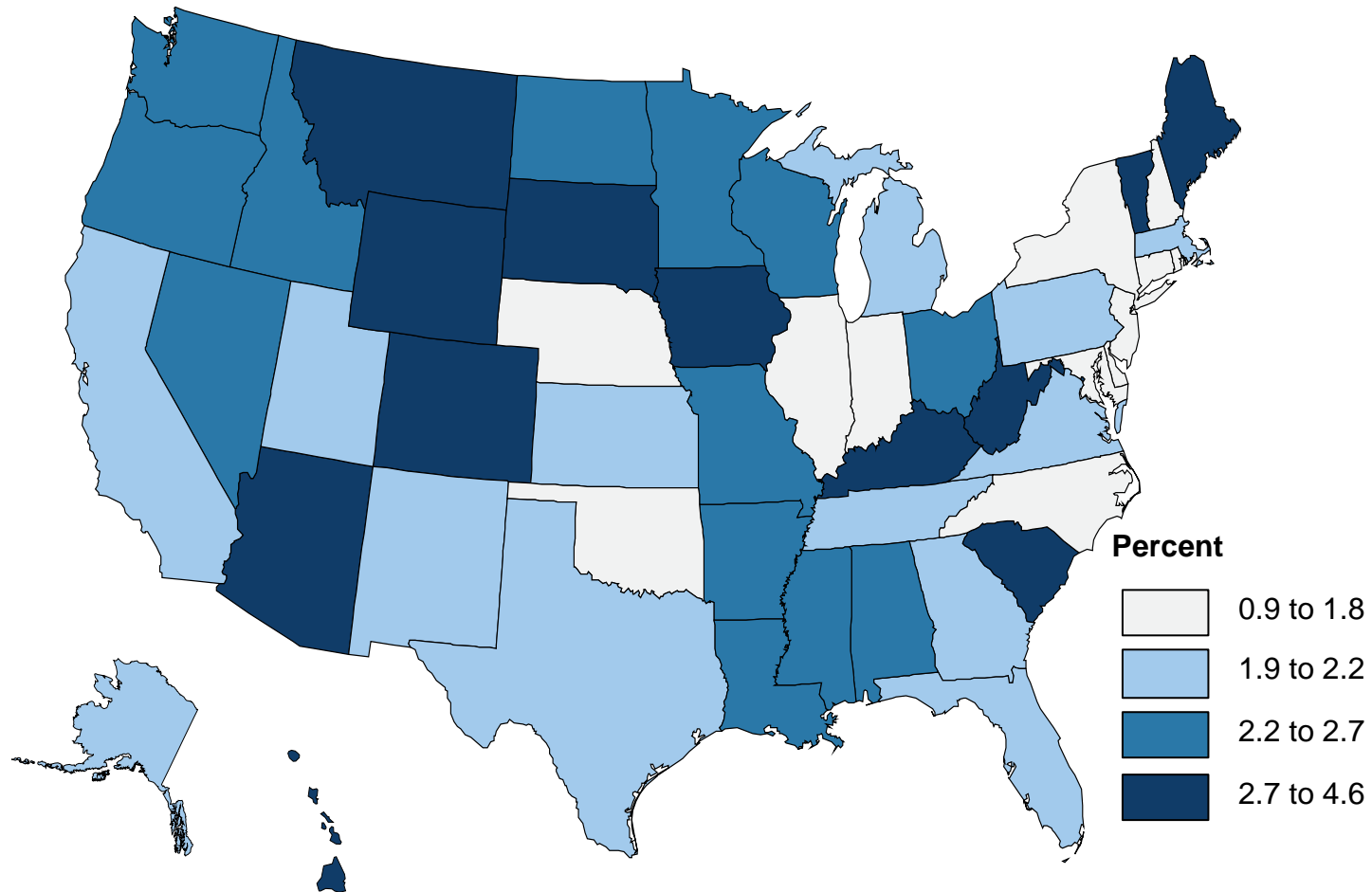
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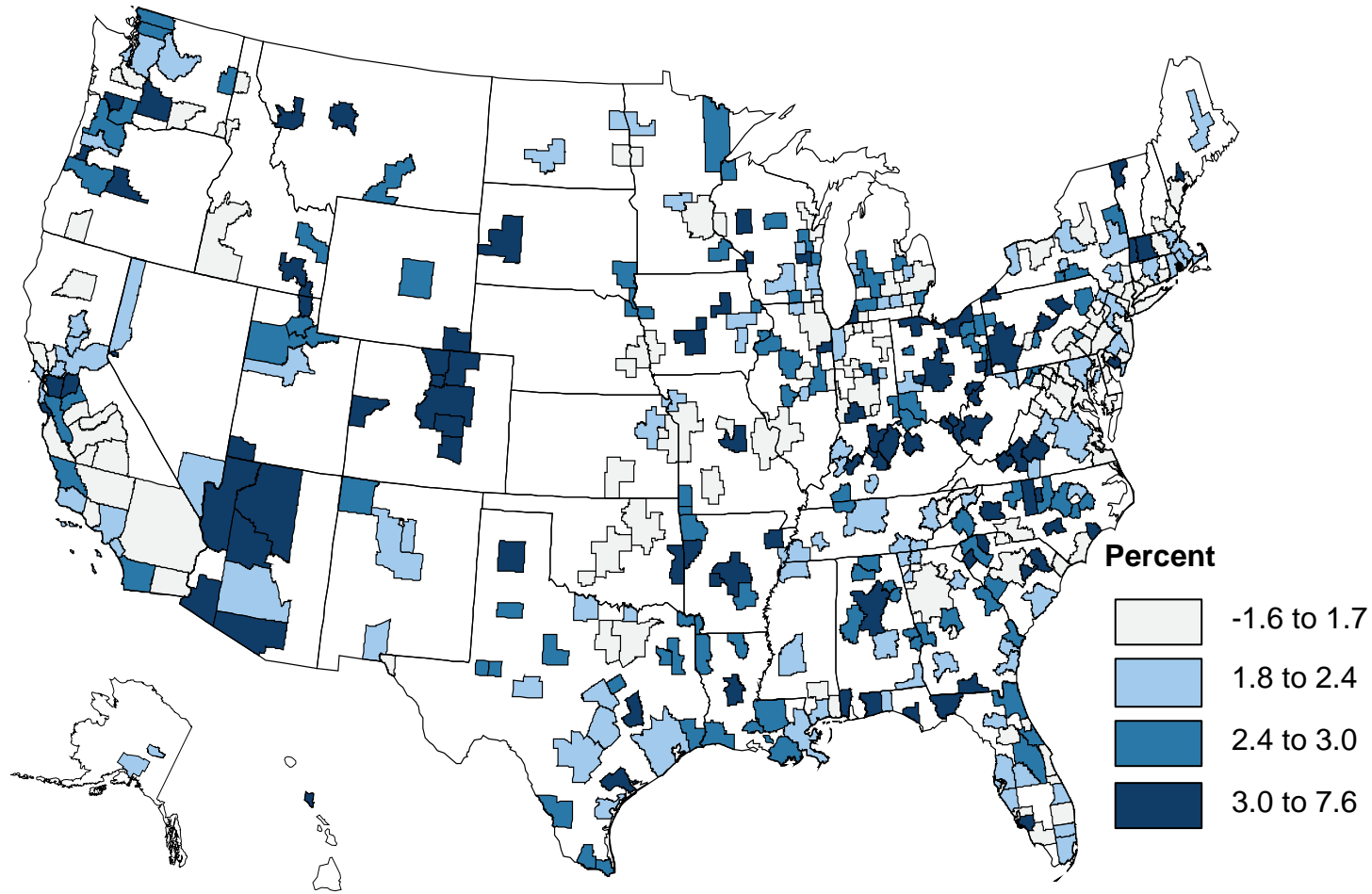
Homes Sales forecast 2015 growth



Median home price forecast 2014-2019 (car)



Median home price forecast 2014-2019 (car)

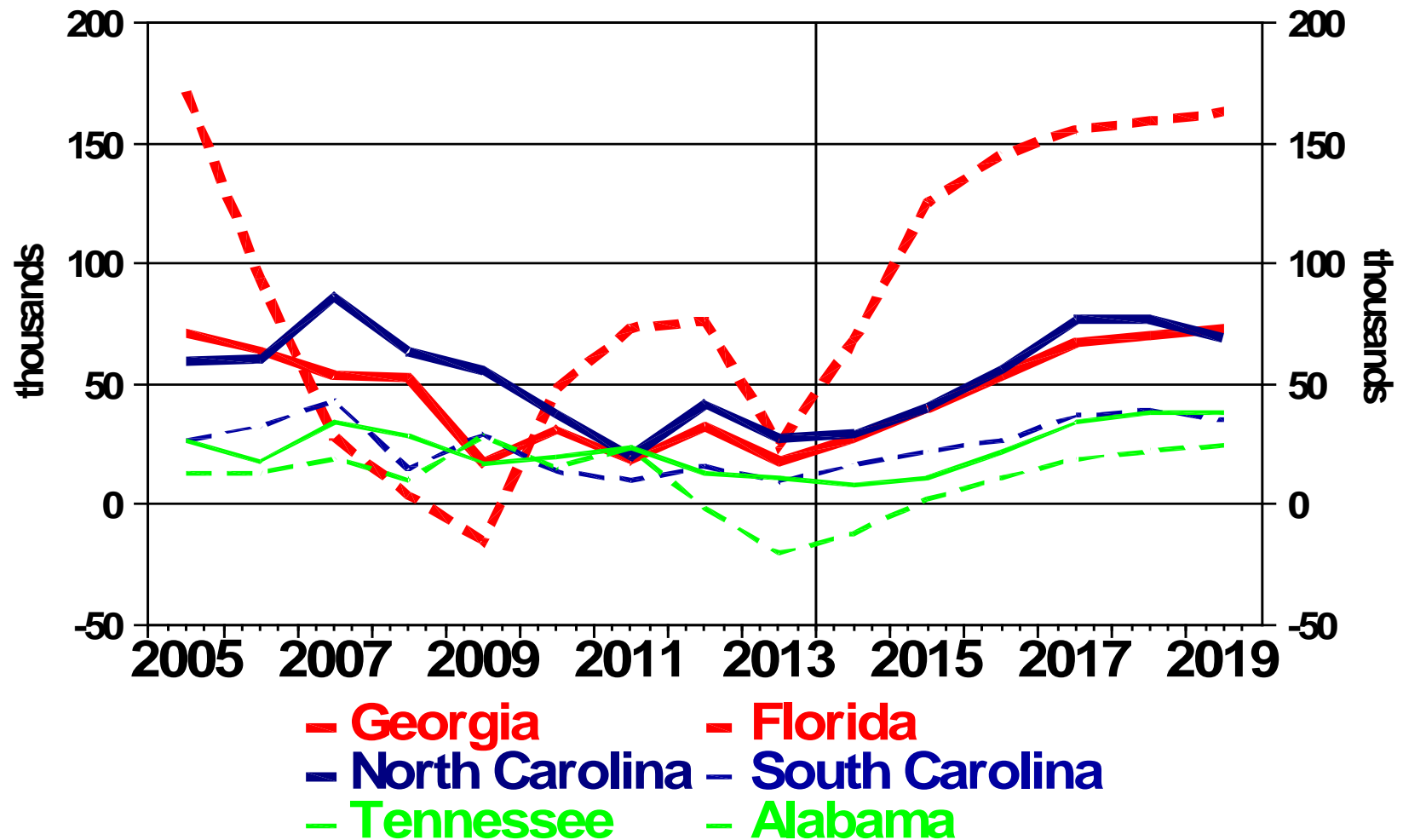




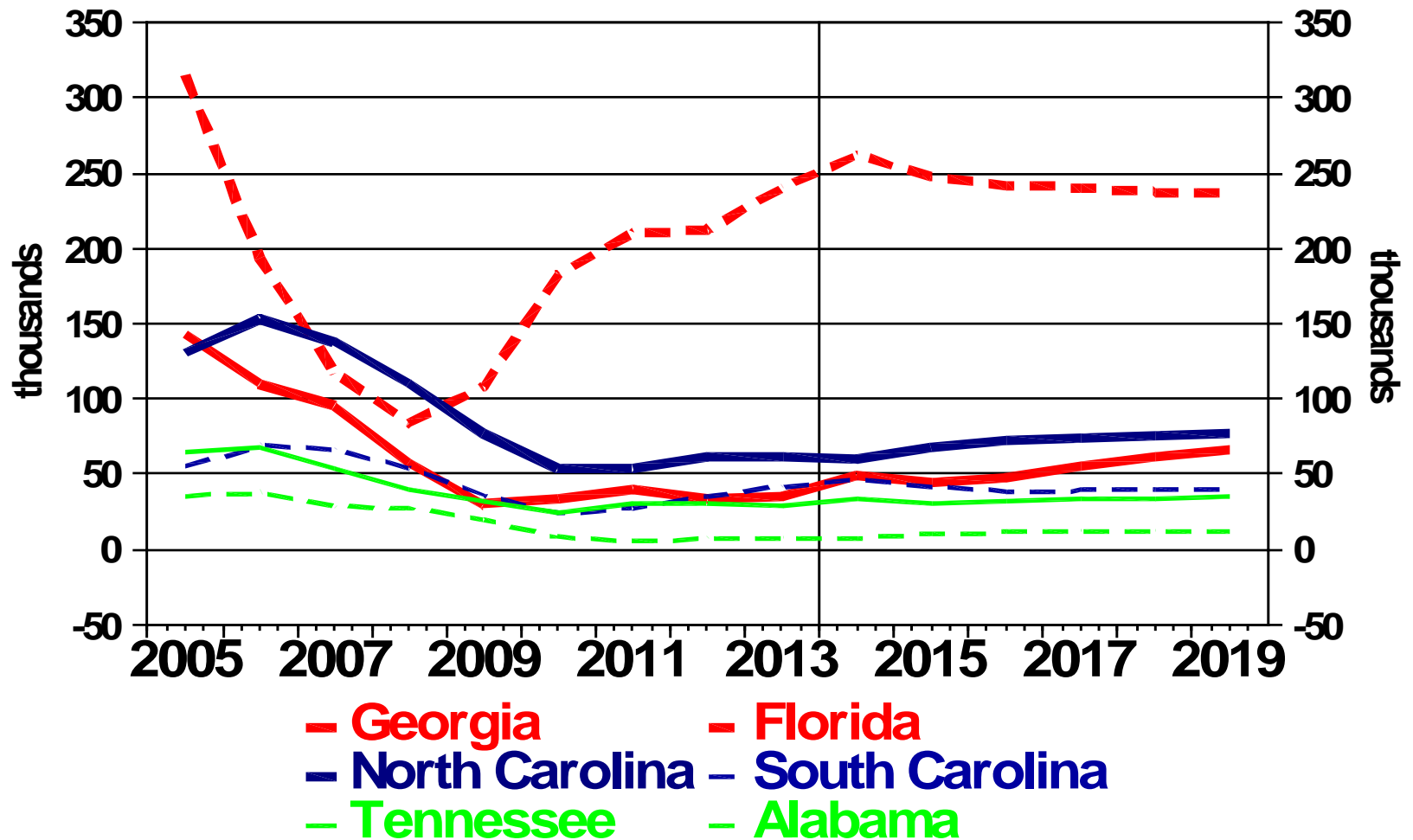
Regional Real Estate Markets : 2014

	Subprime Share	Foreclosure Pct	Homeowner Vacancy Rate
Georgia	8.7	1.5	2.2
US	8.9	2.4	1.9
Florida	14.2	6.1	2.8
North Carolina	7.1	1.4	3.0
South Carolina	8.9	2.3	3.0
Tennessee	9.7	1.3	1.9
Alabama	7.3	1.5	3.1

Household Formation



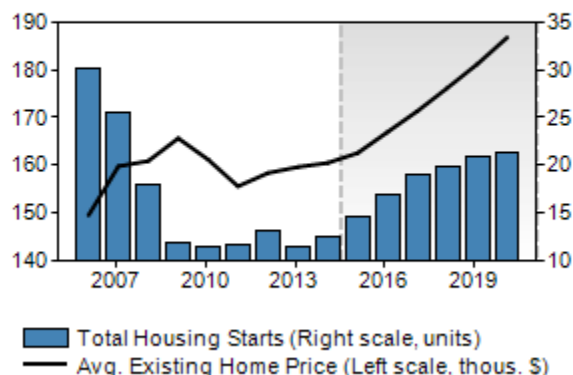
Net Migration



Forecast : Home Prices v Housing Starts

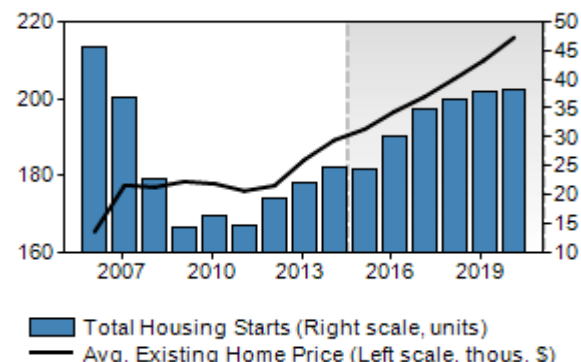
Alabama

Home Prices vs. Housing Starts
(Thousands)



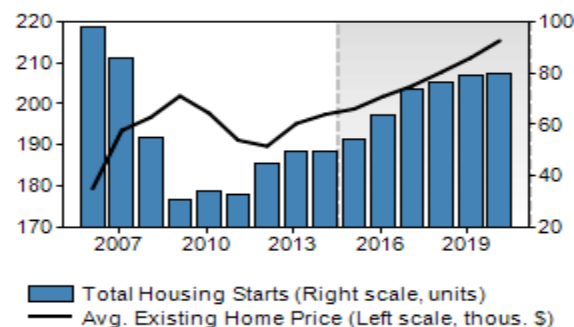
Tennessee

Home Prices vs. Housing Starts
(Thousands)



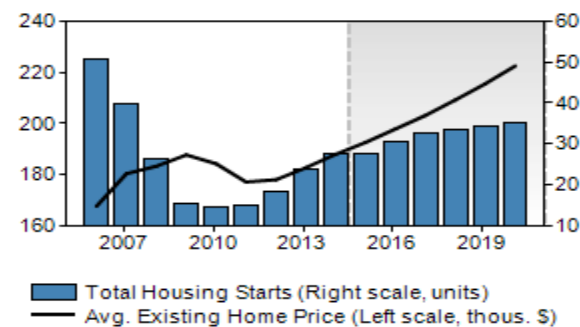
North Carolina

Home Prices vs. Housing Starts
(Thousands)



South Carolina

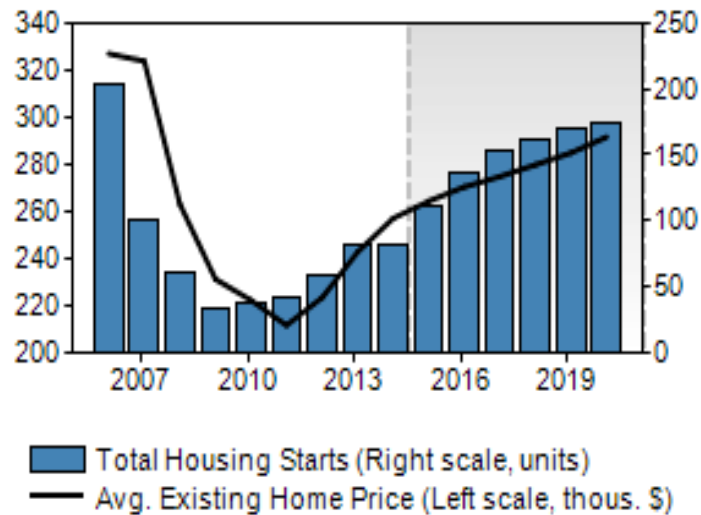
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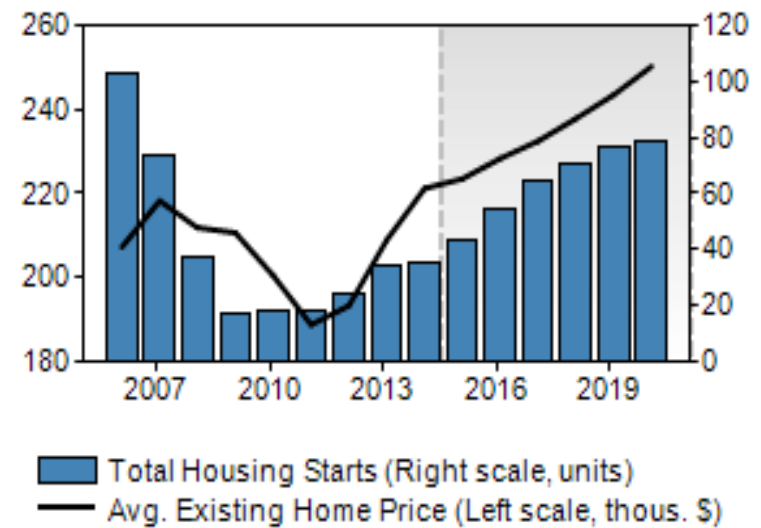
Florida

Home Prices vs. Housing Starts
(Thousands)



Georgia

Home Prices vs. Housing Starts
(Thousands)



Thank you!

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