

ECONOMIC AND HOUSING TRENDS FOR 2016

Jonathan Smoke
Chief Economist

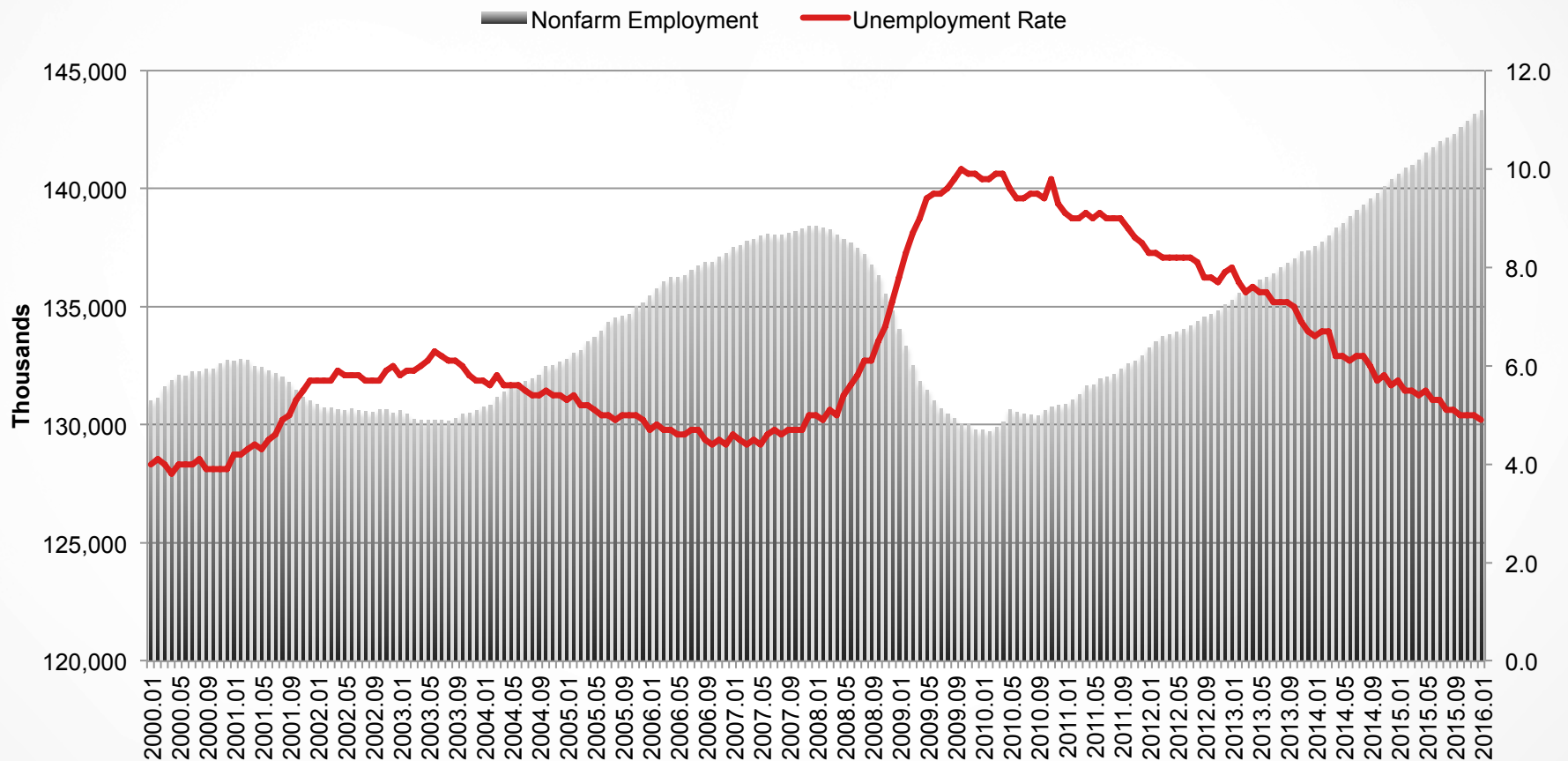
February 9, 2016

realtor.com®

JOB CREATION HAS BEEN STRONG

228,000 jobs created by month in 2015; 151,000 in January

Employment and Unemployment

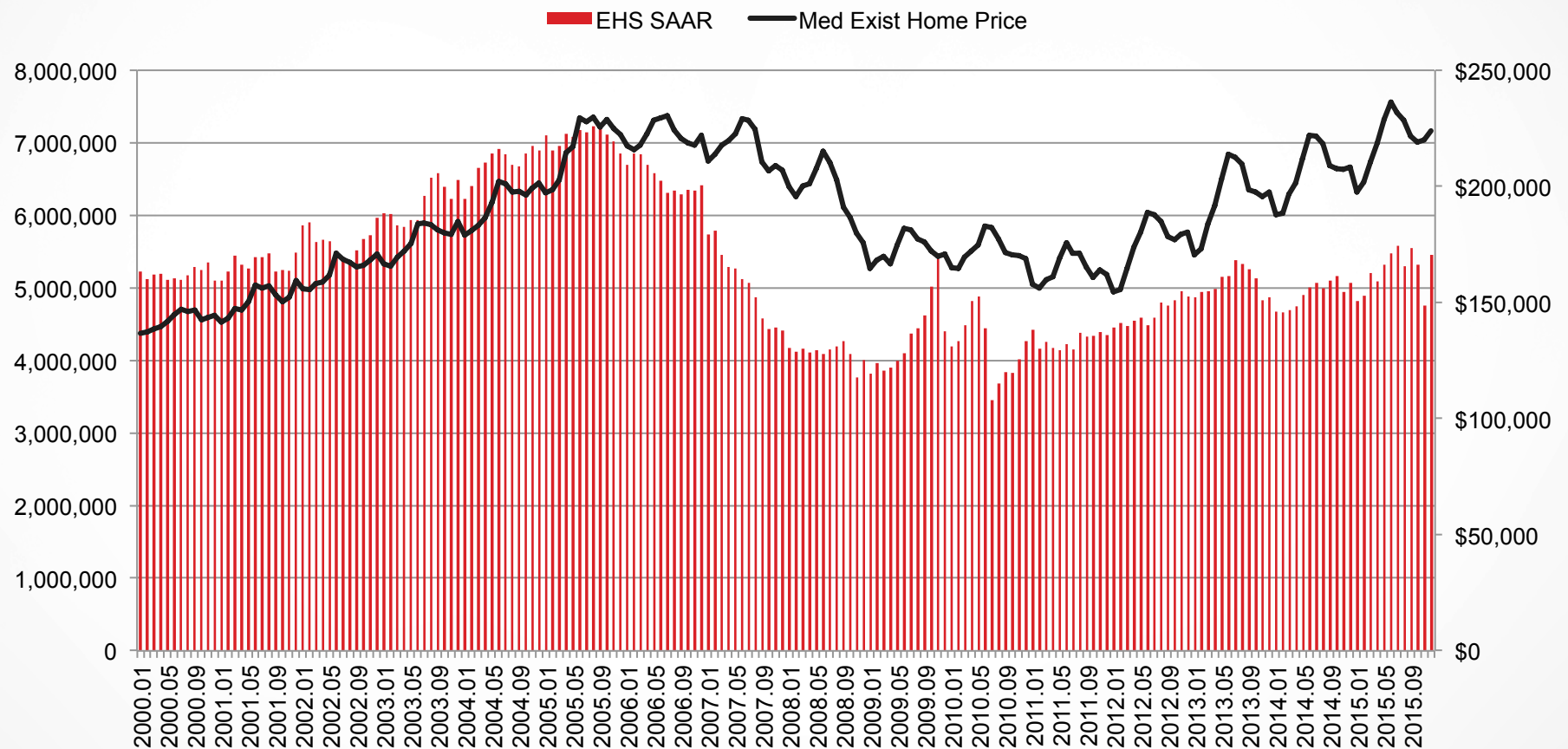


Source: Bureau of Labor Statistics

YEAR OF GROWTH IN REAL ESTATE

Sales up 6.5% over 2014; new high for median price in June

Existing Home Sales and Prices

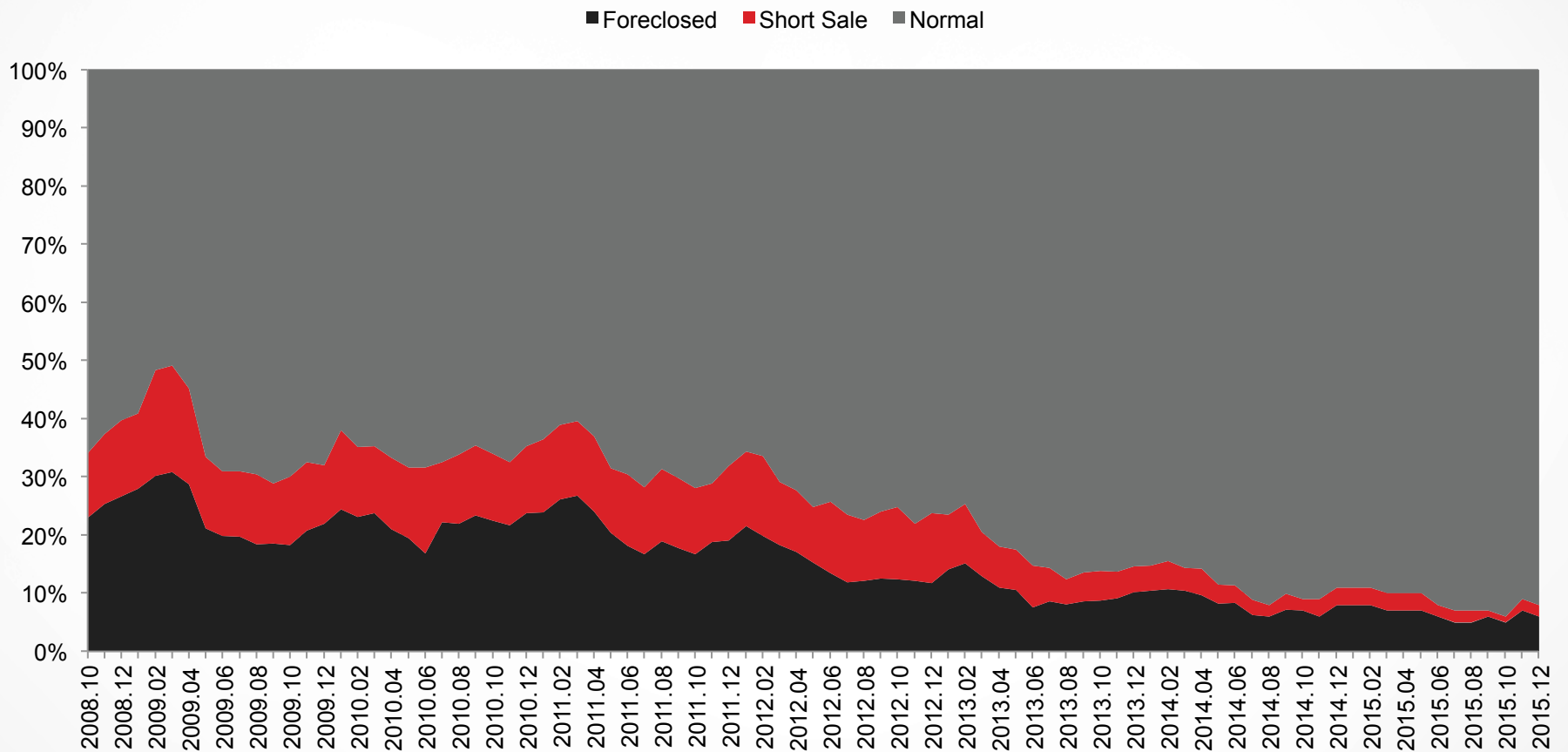


Source: National Association of REALTORS® Existing Home Sales Report

COMPOSITION CLOSE TO NORMAL

Distressed sales down 19% in 2015

Composition of Sales by Type

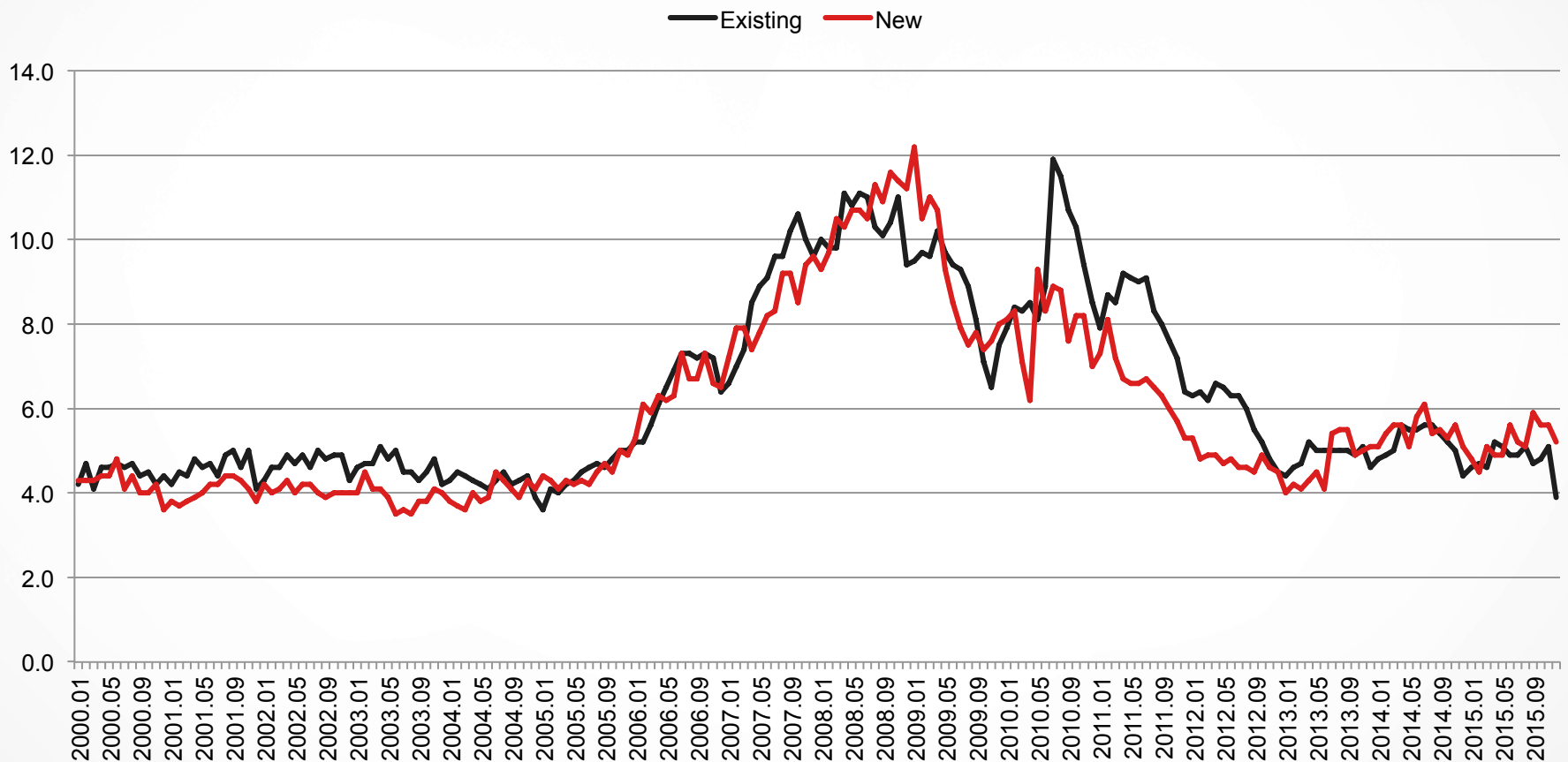


Source: National Association of REALTORS® Monthly Realtor Confidence Survey

INVENTORY HAS BEEN A CONSTRAINT

Demand continues to exceed supply

Months' Supply of Homes for Sale

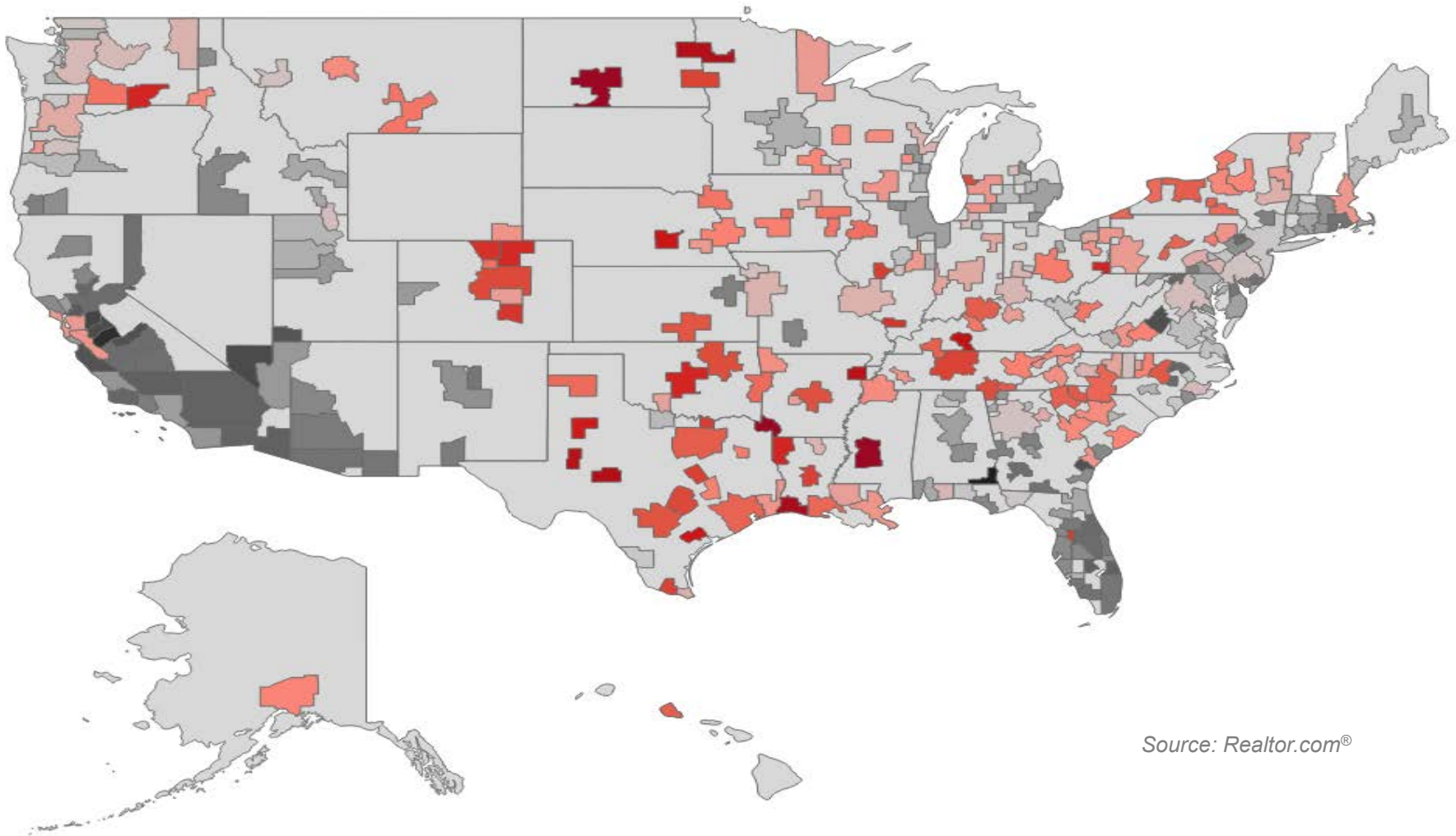


Source: National Association of REALTORS®, Commerce Department

HOME PRICE RECOVERY VARIES

Markets not recovered face the most existing inventory challenges

Recovery Index
60% 150%

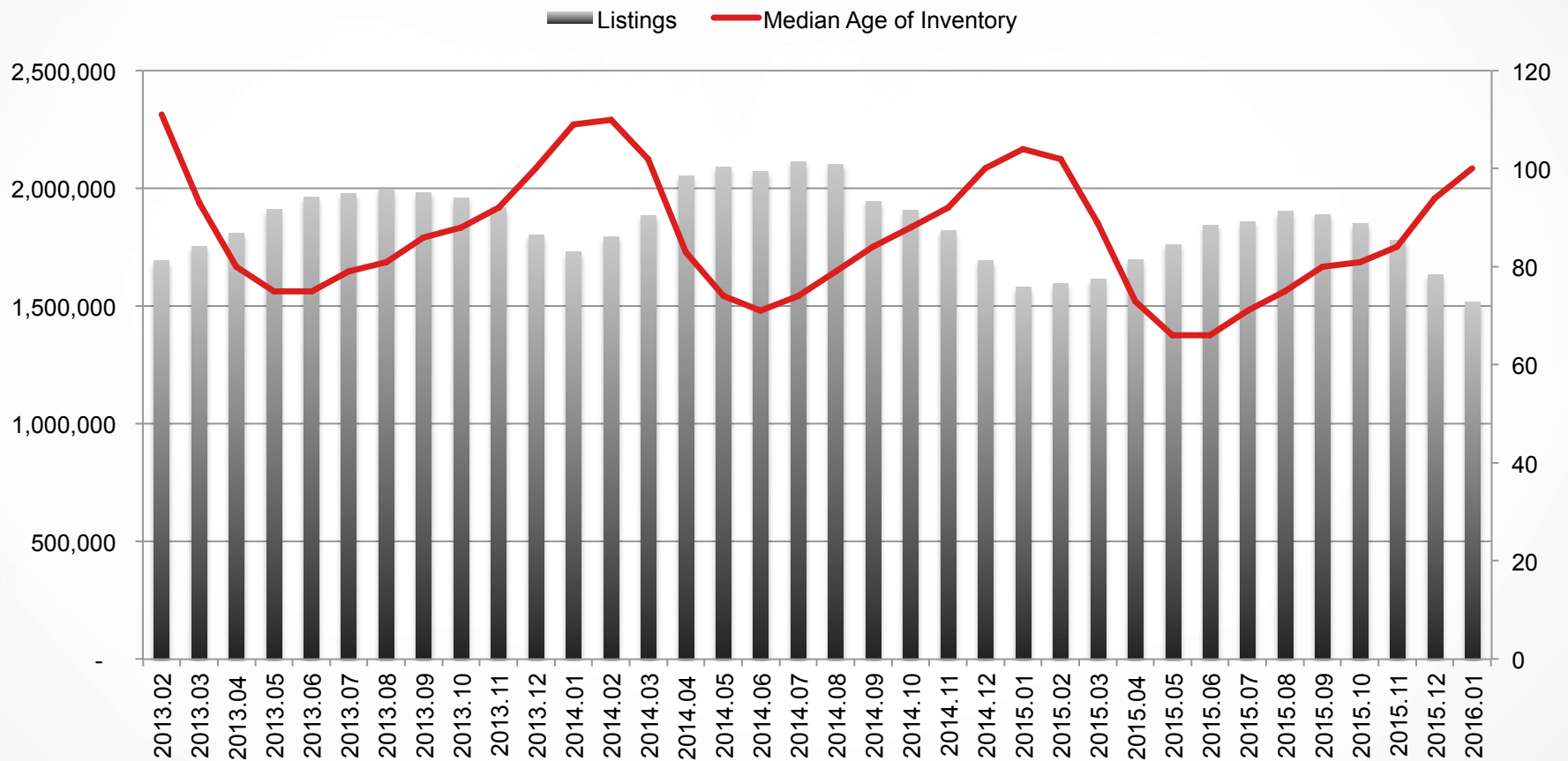


Source: Realtor.com®

INVENTORY TIGHTENED ALL YEAR

Inventory and median age also lower than last year in January

Listings and Median Age of Inventory

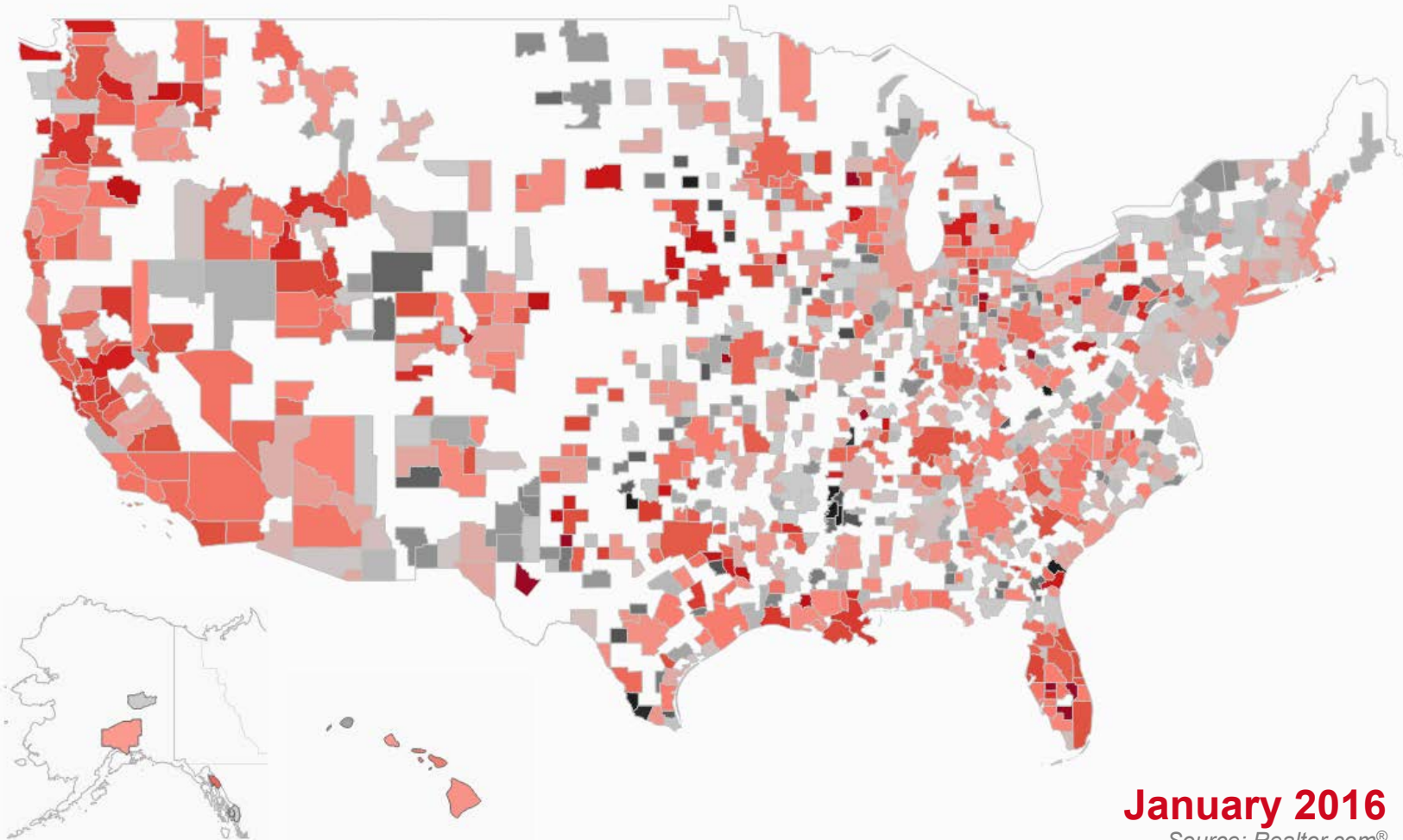


Source: Realtor.com®

LISTING PRICES GREW 9% Y/Y IN JAN

Median list price increases are widespread

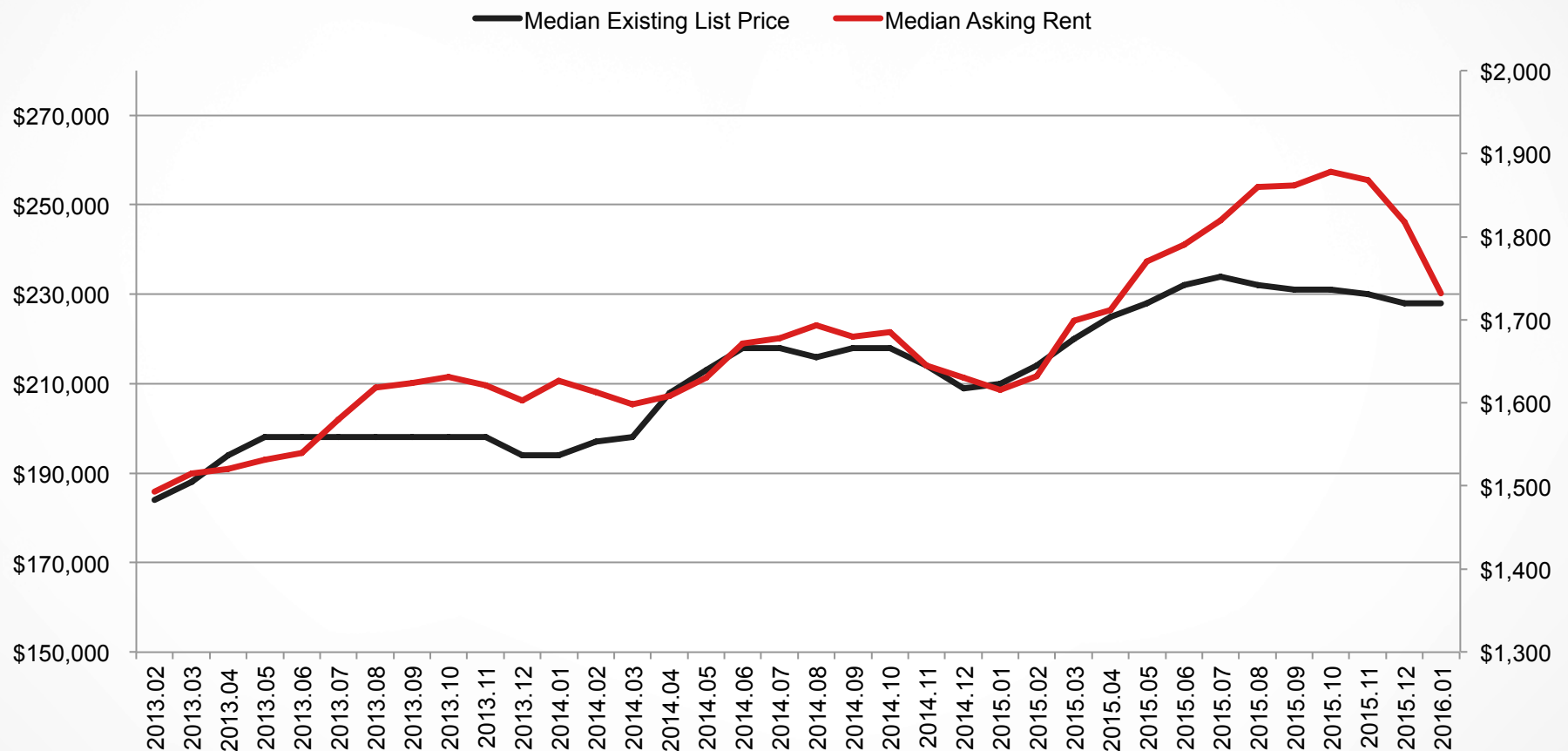
Median Listing Price Y/Y
-30% 40%



PRICES NOW OUTPACING RENTS

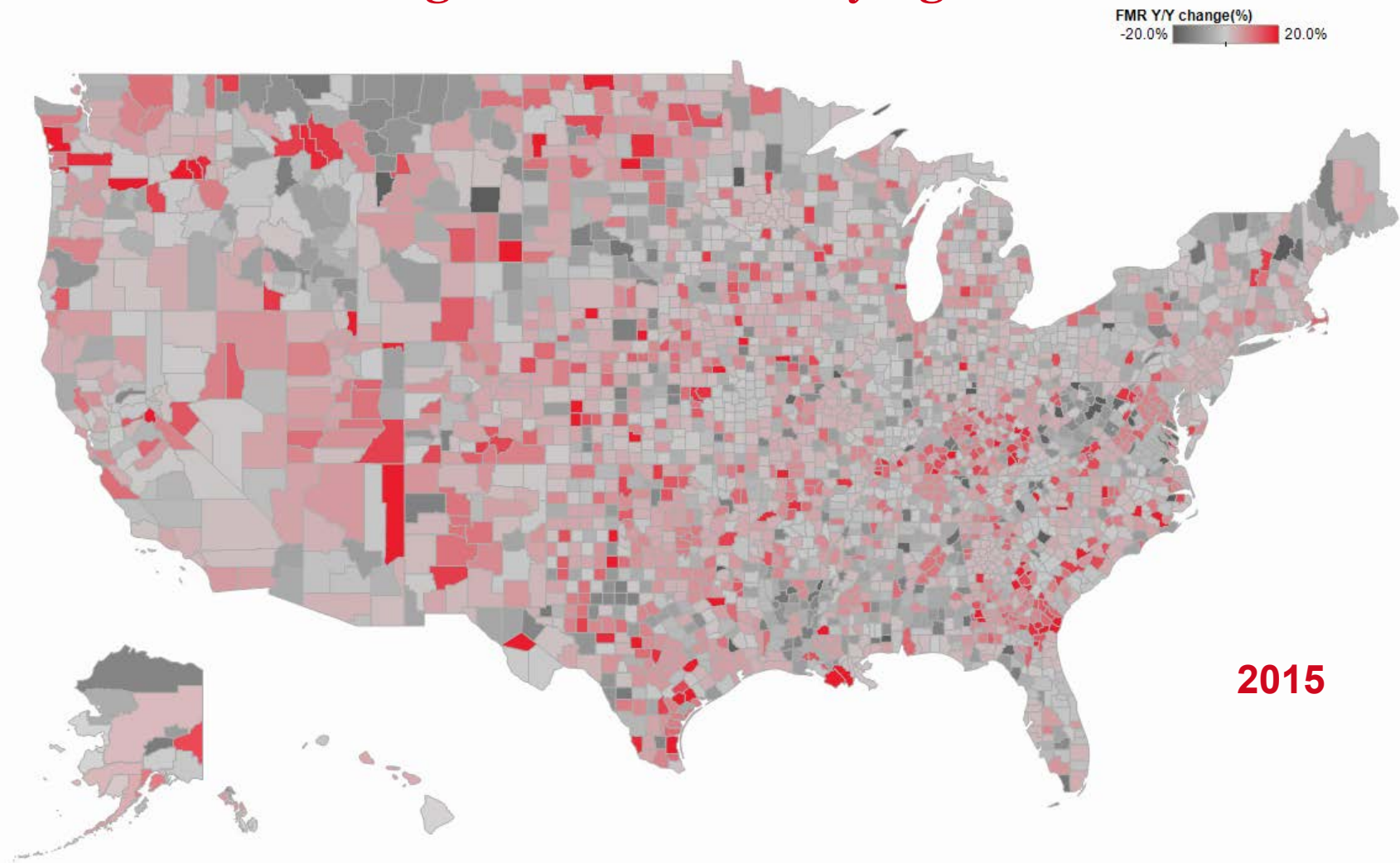
Asking rents up 7% y/y in January compared to list prices up 9%

National Home Price and Rent Trends



RENTS RISING Y/Y IN 68% OF COUNTIES

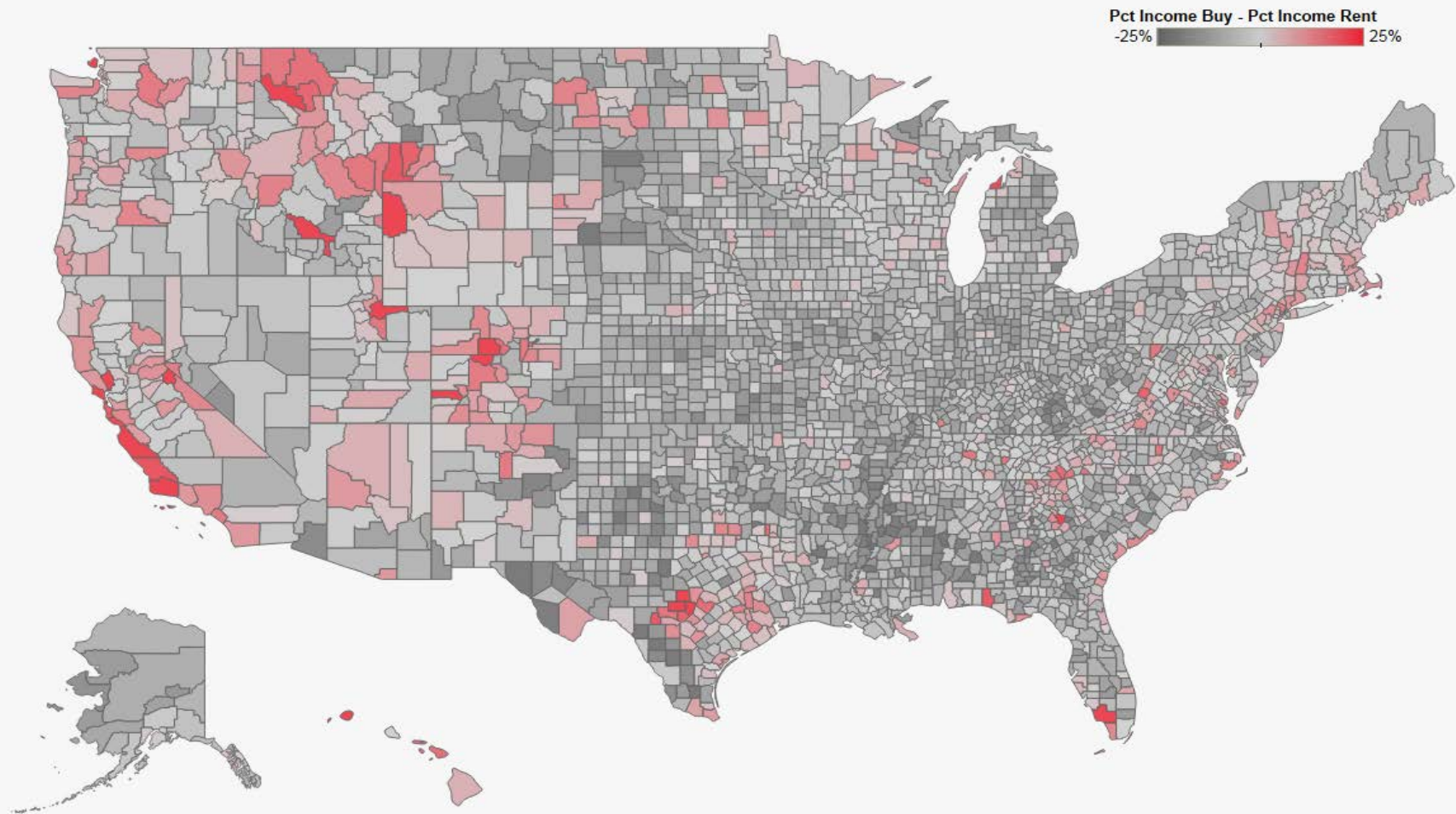
Rent increases adding to demand for buying



Source: Realtor.com® Analysis of HUD Fair Market Rents

CHEAPER TO BUY IN 77% OF COUNTIES

Simple monthly cost analysis favors buying

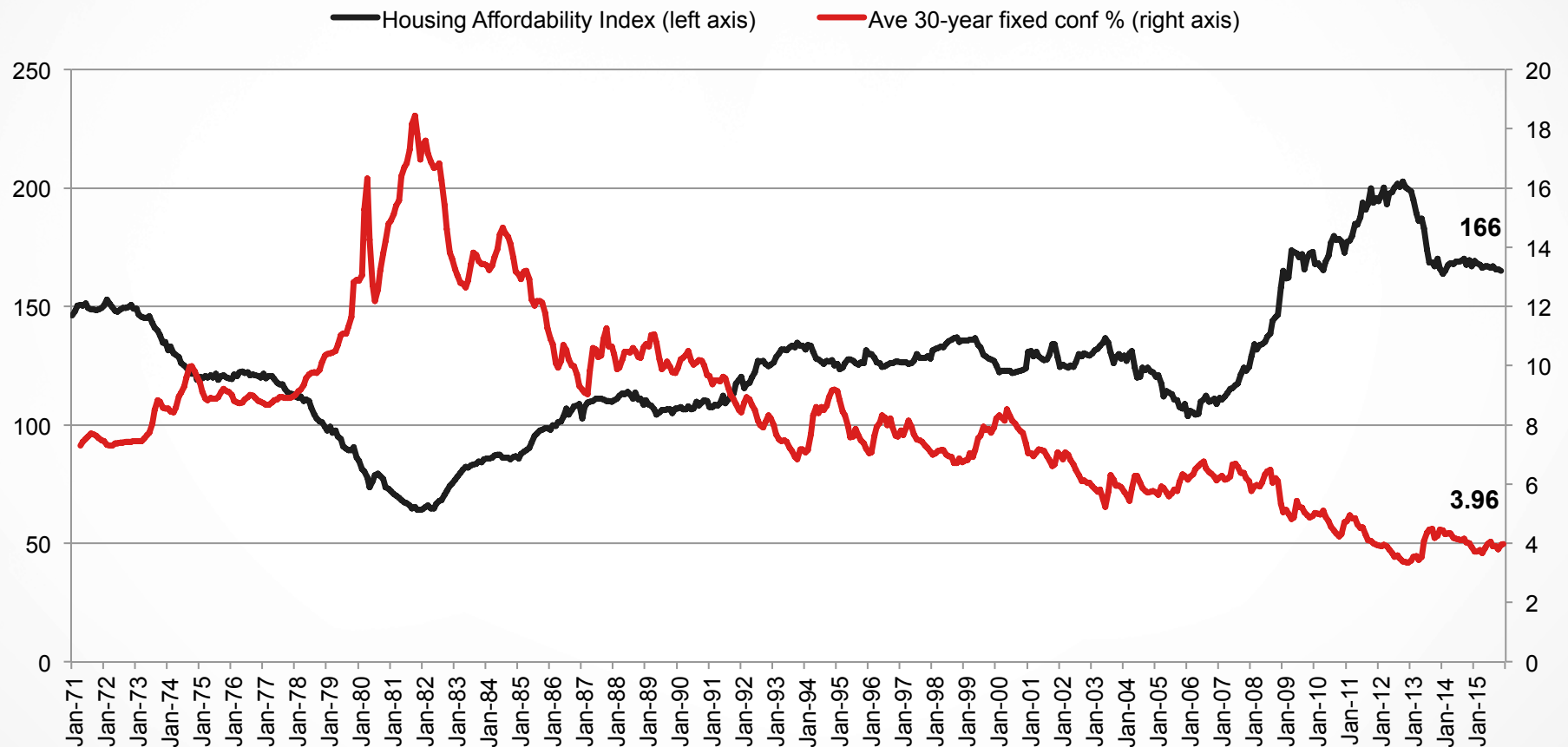


Source: Realtor.com® Analysis of HUD Fair Market Rents, Nielsen Pop-Facts Demographics and Realtor.com® Data

NEARING THE END OF THIS ERA

Low rates and prices enabled incredible affordability

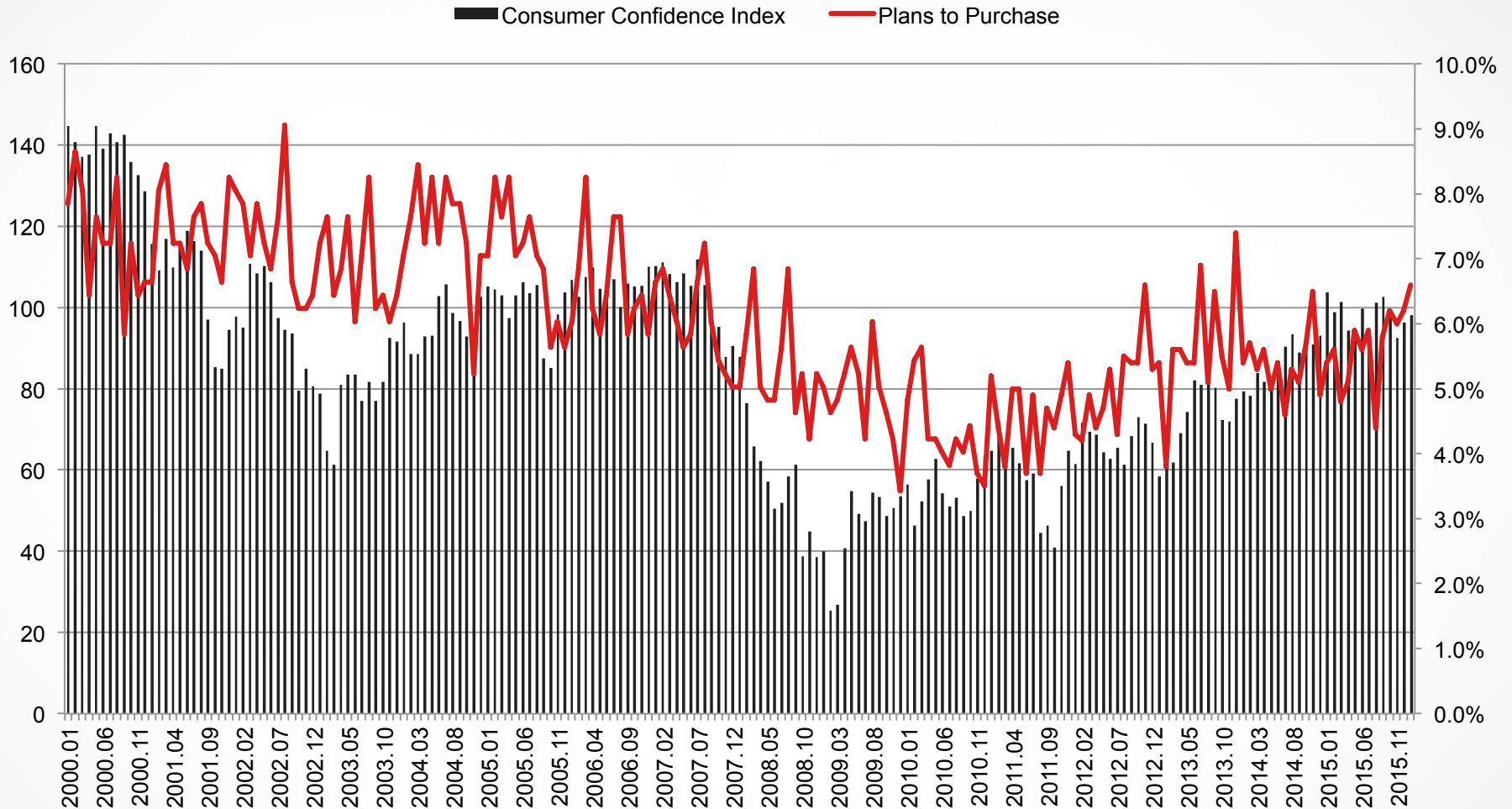
Affordability and Mortgage Rates



Source: Moody's Analytics, Freddie Mac, and National Association of REALTORS®

CONFIDENCE RECOVERING FROM FALL

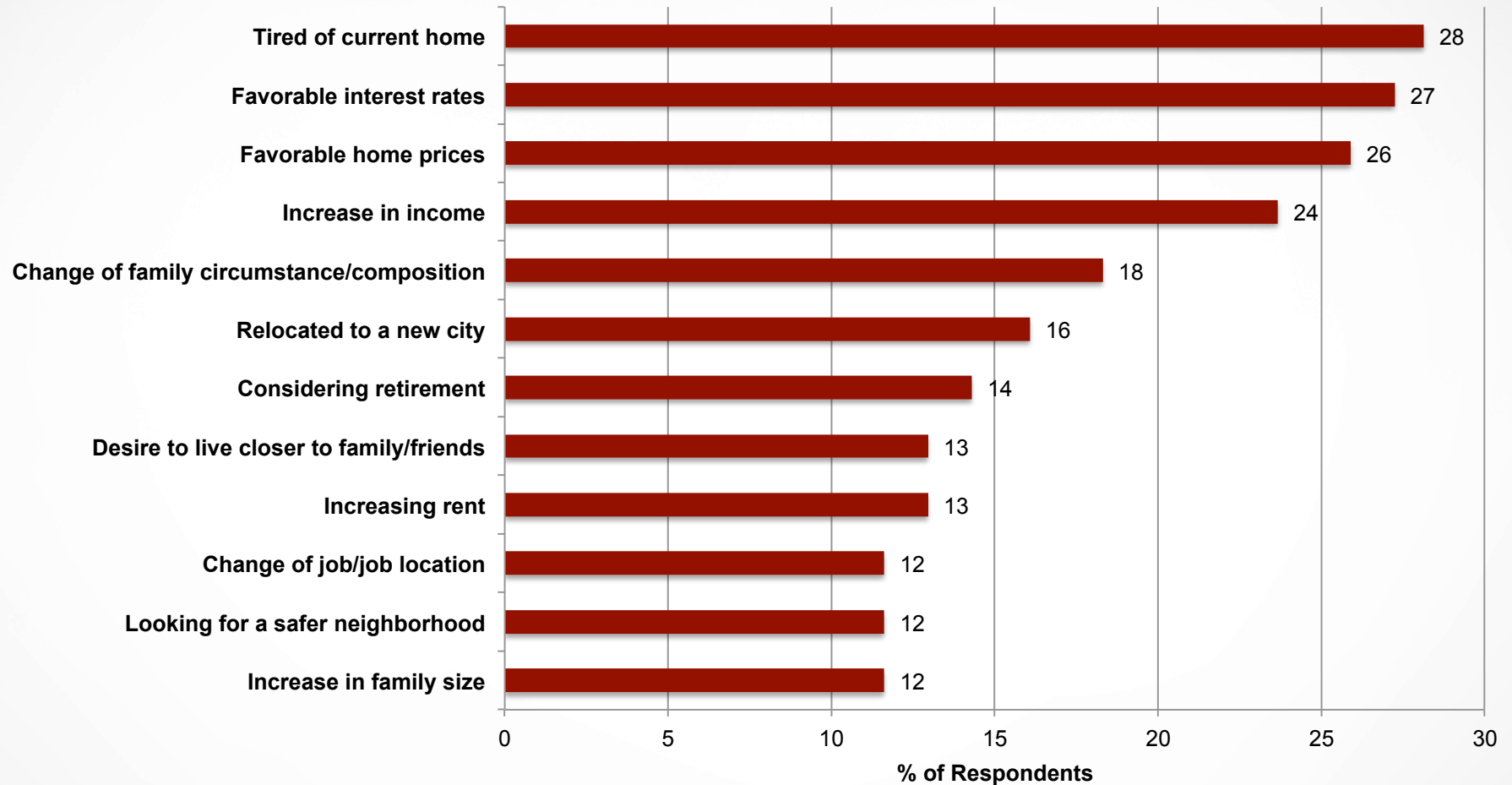
Plans to purchase a home up, pointing to strong spring



Source: The Conference Board, Moody's Analytics

REASONS FOR PURCHASE VARY

Clear patterns emerge from top 12 triggers for 2015 buyers

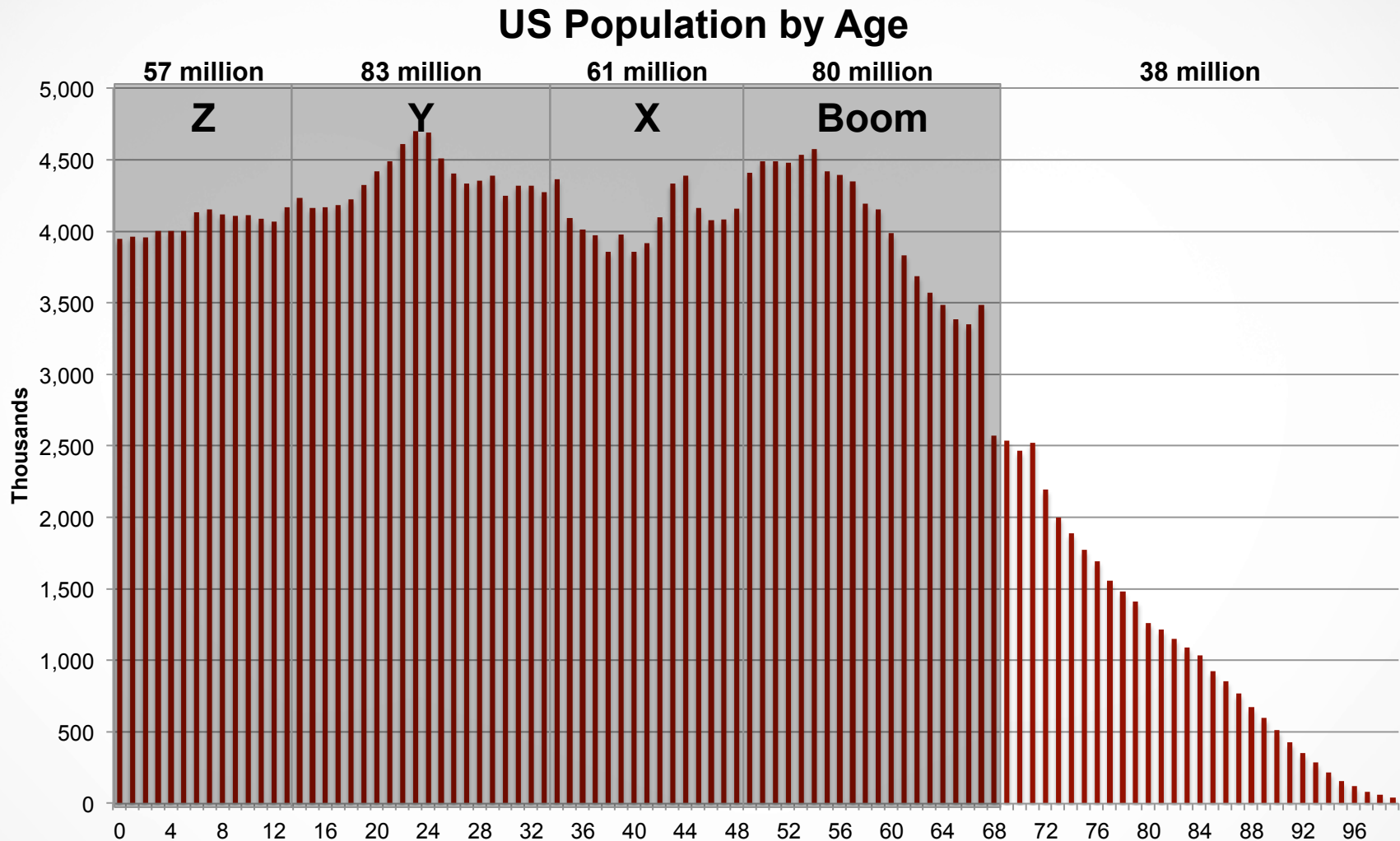


Source: BDX Home Shopper Insights Panel, Summer 2015

DEMAND DRIVERS

DEMOGRAPHICS SET THE TABLE

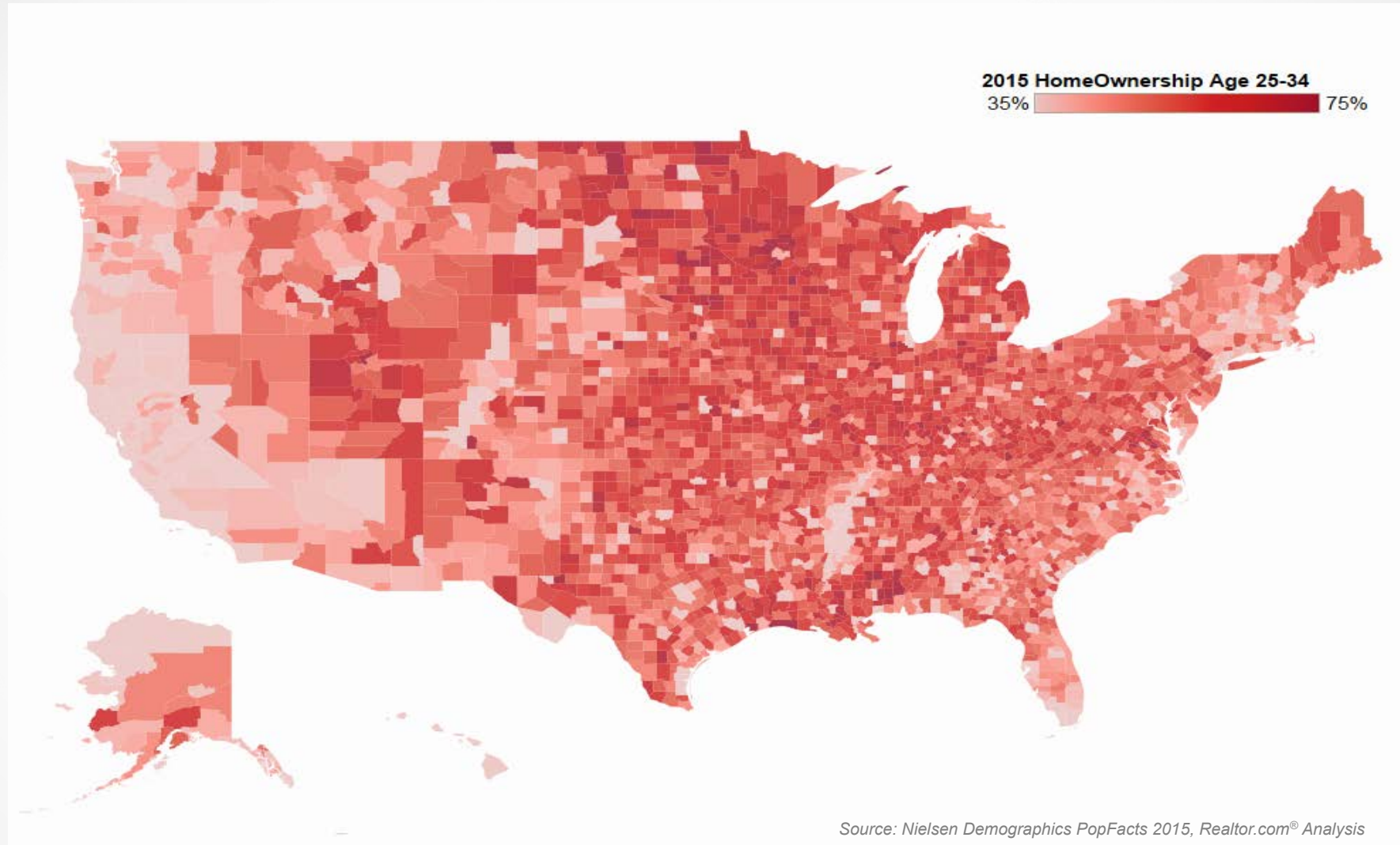
When viewed by age, importance of Millennials becomes clearer



Source: Realtor.com® Analysis of US Census Bureau Population Estimates (2014)

MILLENNIAL OWNERSHIP VARIES

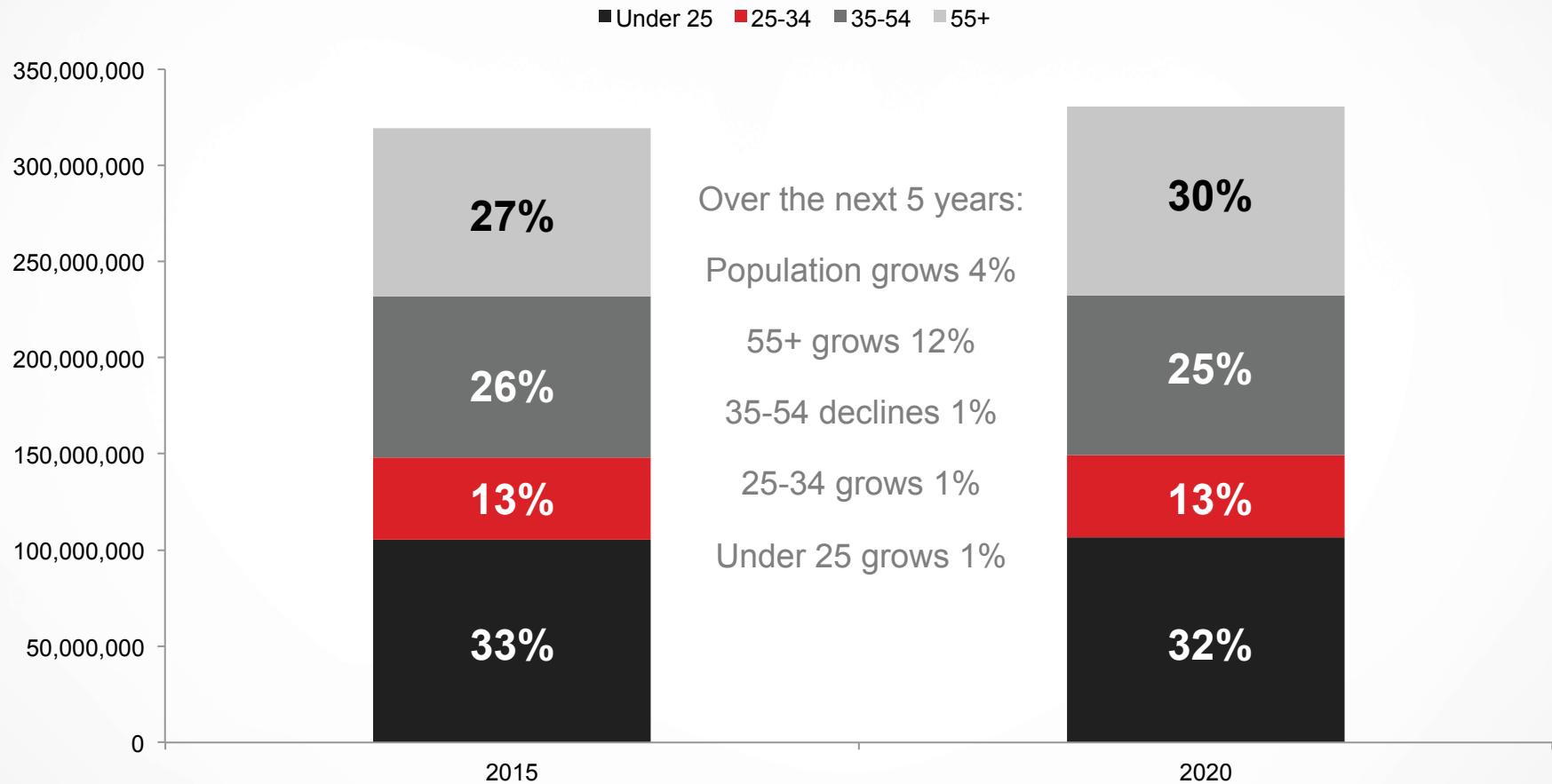
Strong correlation with affordable markets



BOOMERS KEEP DISTURBING

Boomer wave is causing a major population shift

Population by Age (United States)



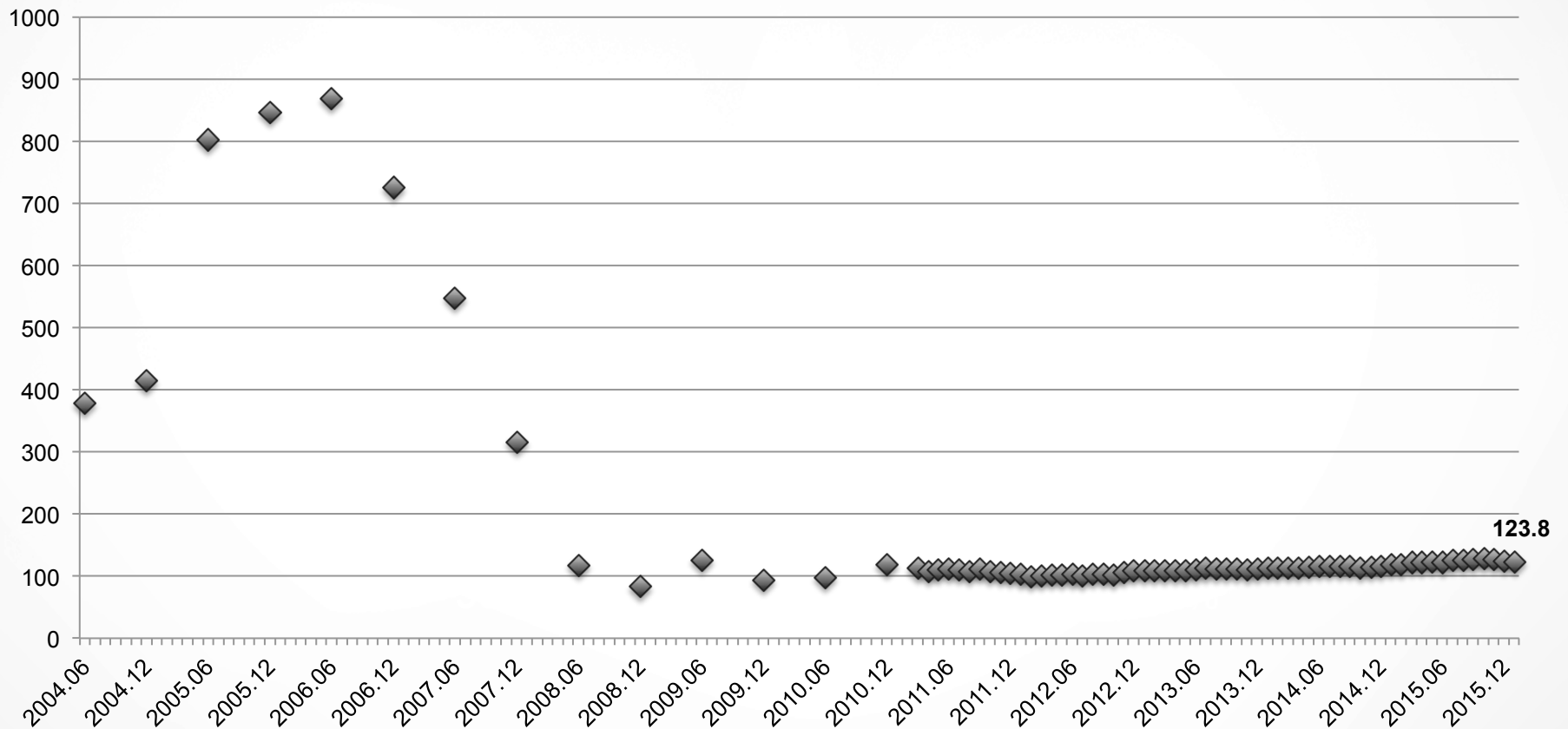
Source: Nielsen Demographics Pop-Facts 2015

**WE COULD DO
MORE**

CREDIT ACCESS REMAINS TIGHT

Mortgage access up 5% year-over-year in January

Mortgage Credit Availability Index
Mar-2012=100

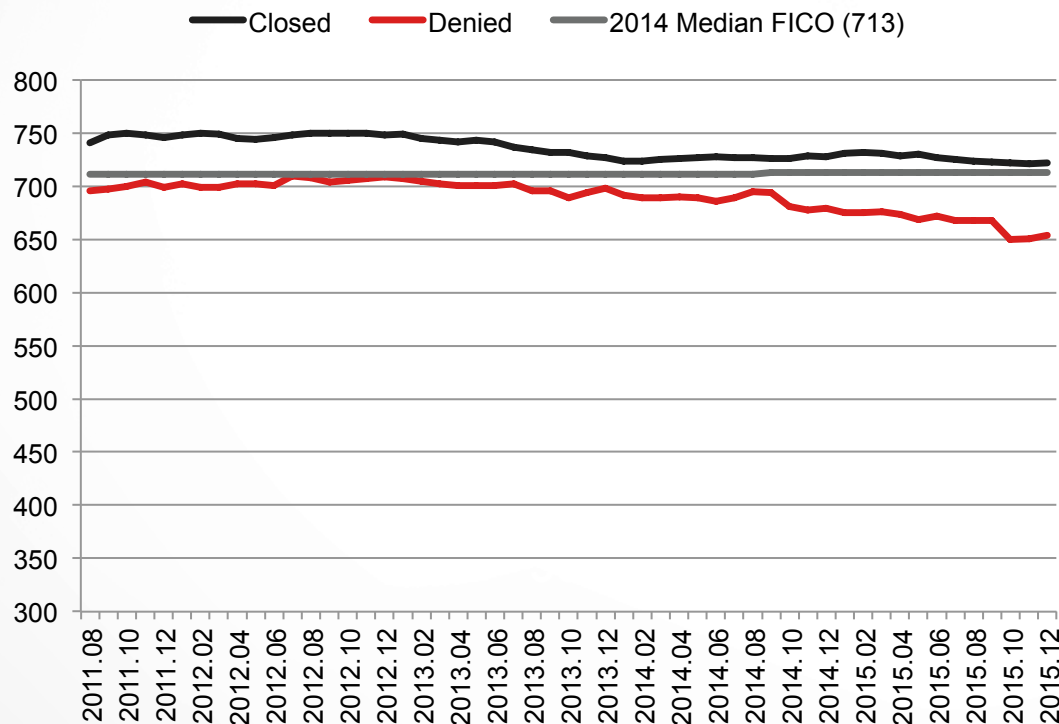


Source: Mortgage Bankers Association, Haver Analytics

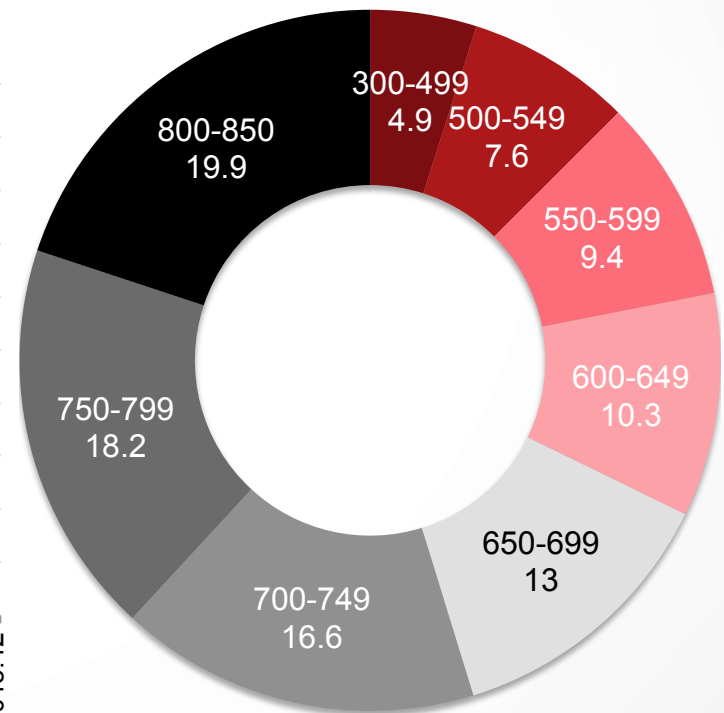
CREDIT METRICS SEE LITTLE CHANGE

In December the average FICO score on a closed mortgage loan was 722; the average denied score was 654

Average FICO Score by Closed and Denied Applications



FICO Population Distribution (Apr 2015)



Source: Ellie Mae and Fair Isaac Corporation

IMPEDIMENTS TO PURCHASE

Biggest issues for buyers are supply- and time-related

What's Getting in the Way of Making a Home Purchase?

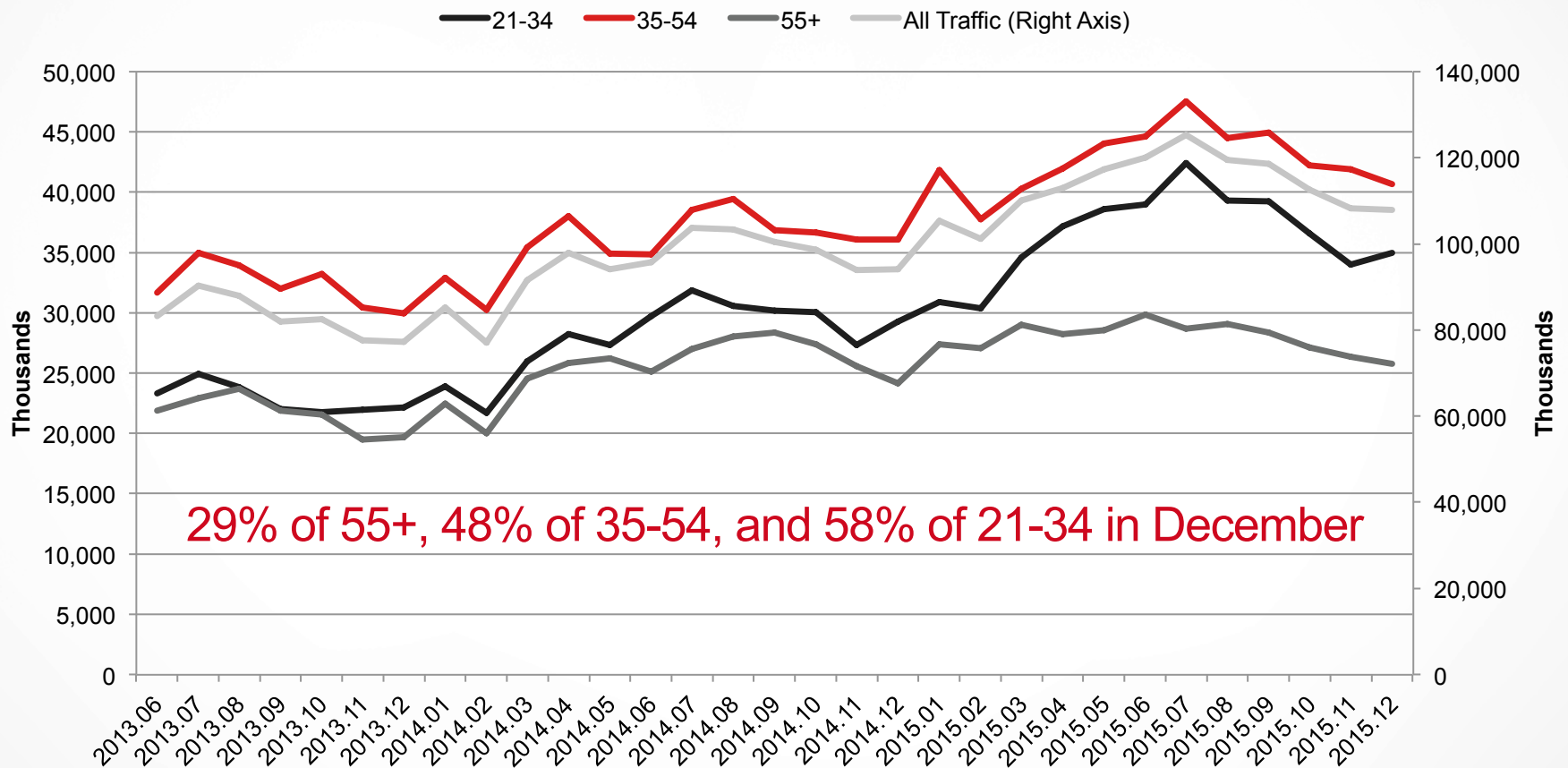


Source: Realtor.com Survey of Buyer Traffic, November-December 2015

DEMAND IN 2015 WAS STRONG

Traffic up 15% over December 2014; 21-34 year olds up 20%

Real Estate Web Unique Visitors by Age



Source: Realtor.com® Analysis of comScore Media Metrix® Real Estate Category Unique Visitor Data

LOCATION

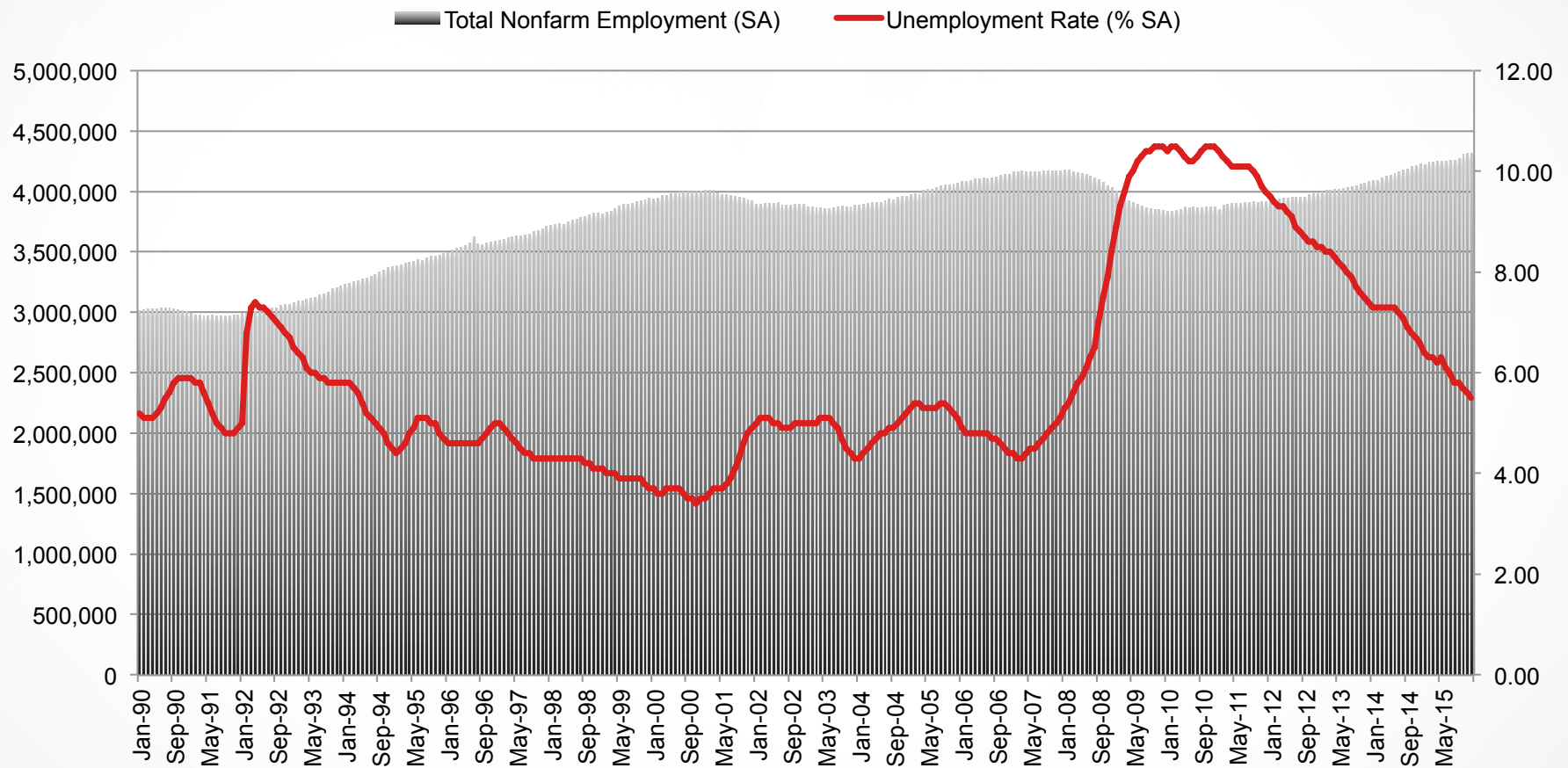
LOCATION

LOCATION

JOBS RECOVERED

Unemployment rate down to 5.5%

Employment and Unemployment Rate in Georgia

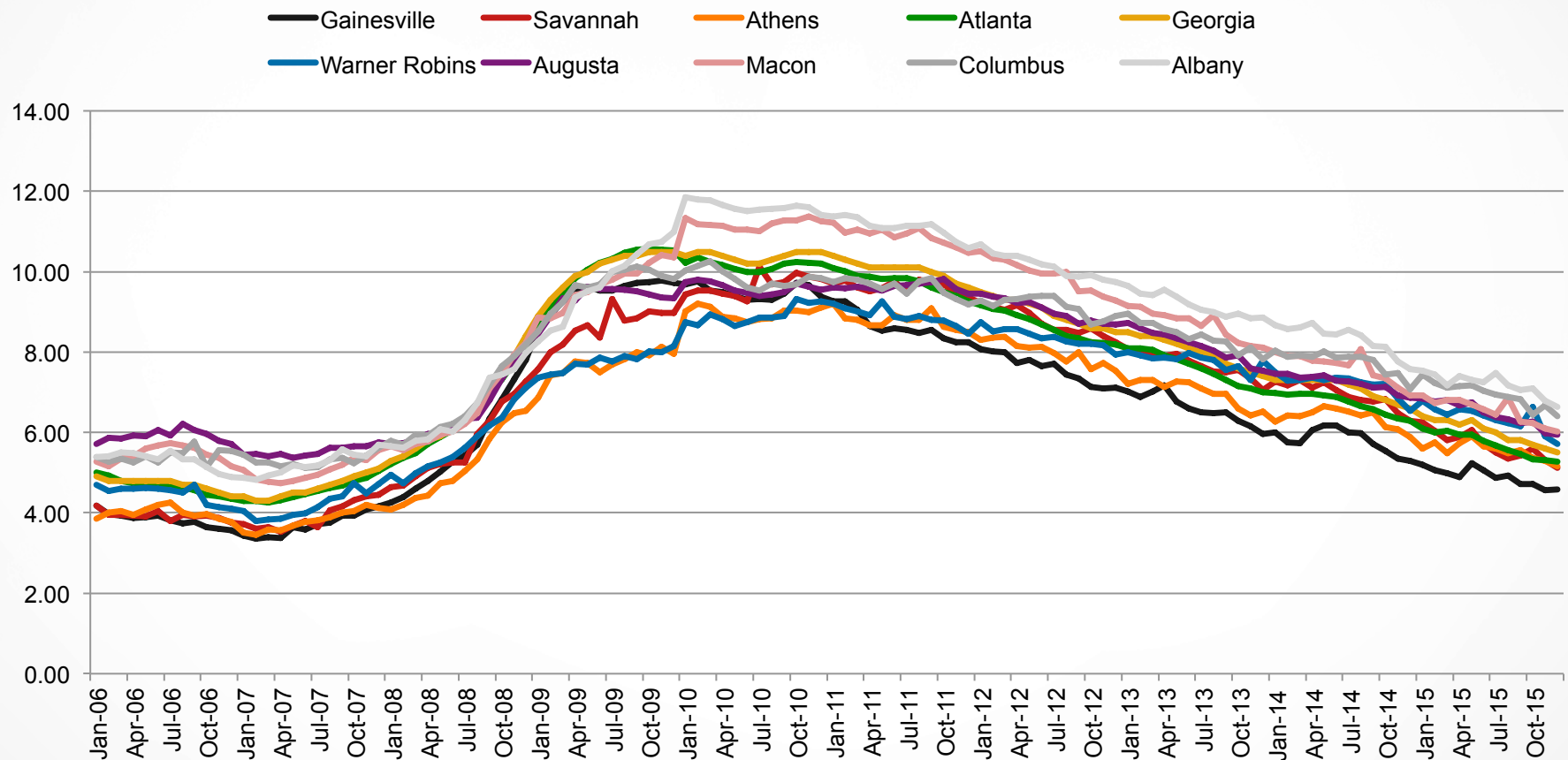


Source: BLS, Moody's Analytics

ALL MAJOR MARKETS IMPROVED

Unemployment rate as low as 4.6% in Gainesville

Unemployment Rate by Major Georgia MSAs

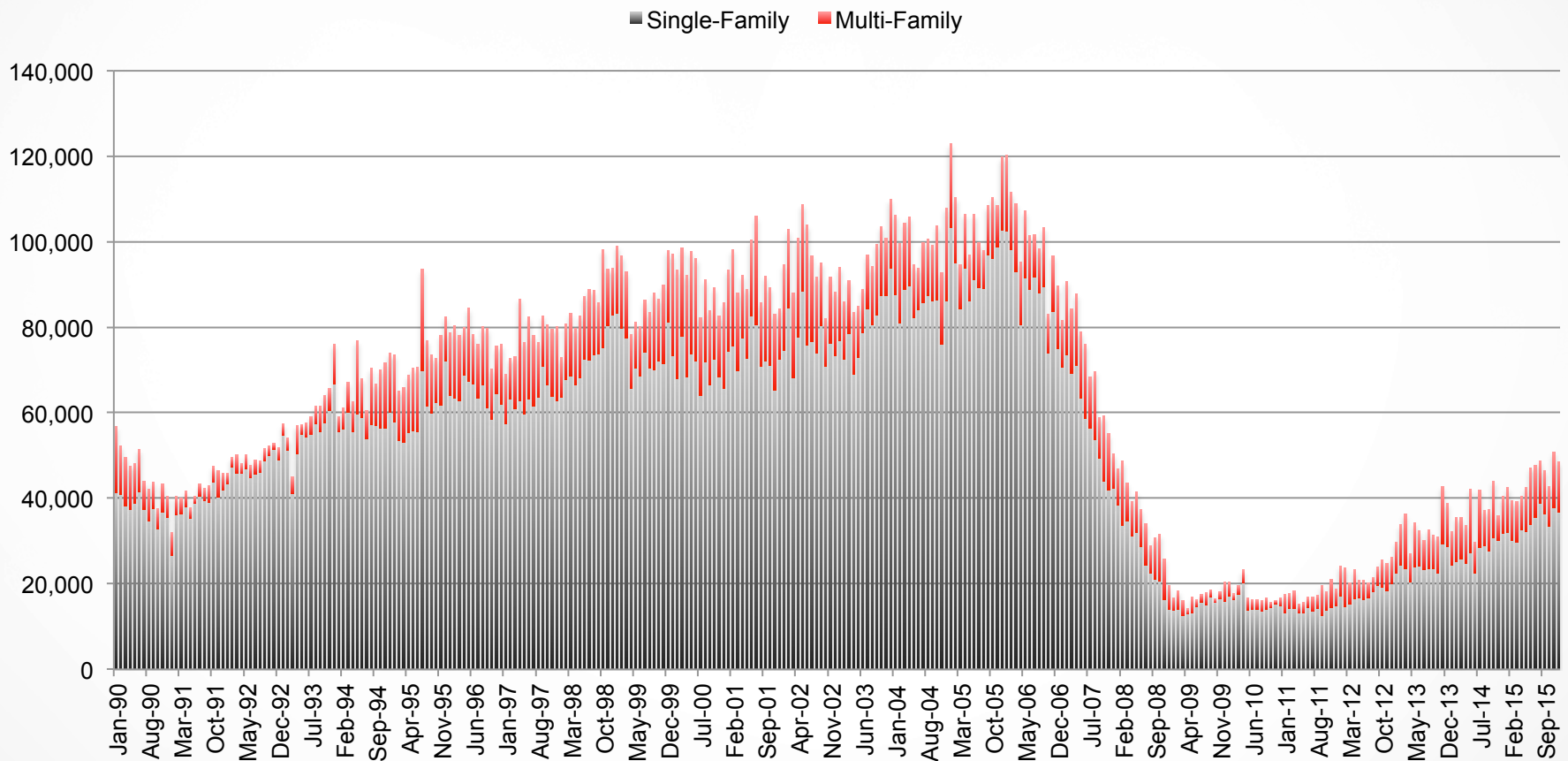


Source: BLS, Moody's Analytics

NEW CONSTRUCTION OFF LOWS

Starts remain off peak and below normal but moving up

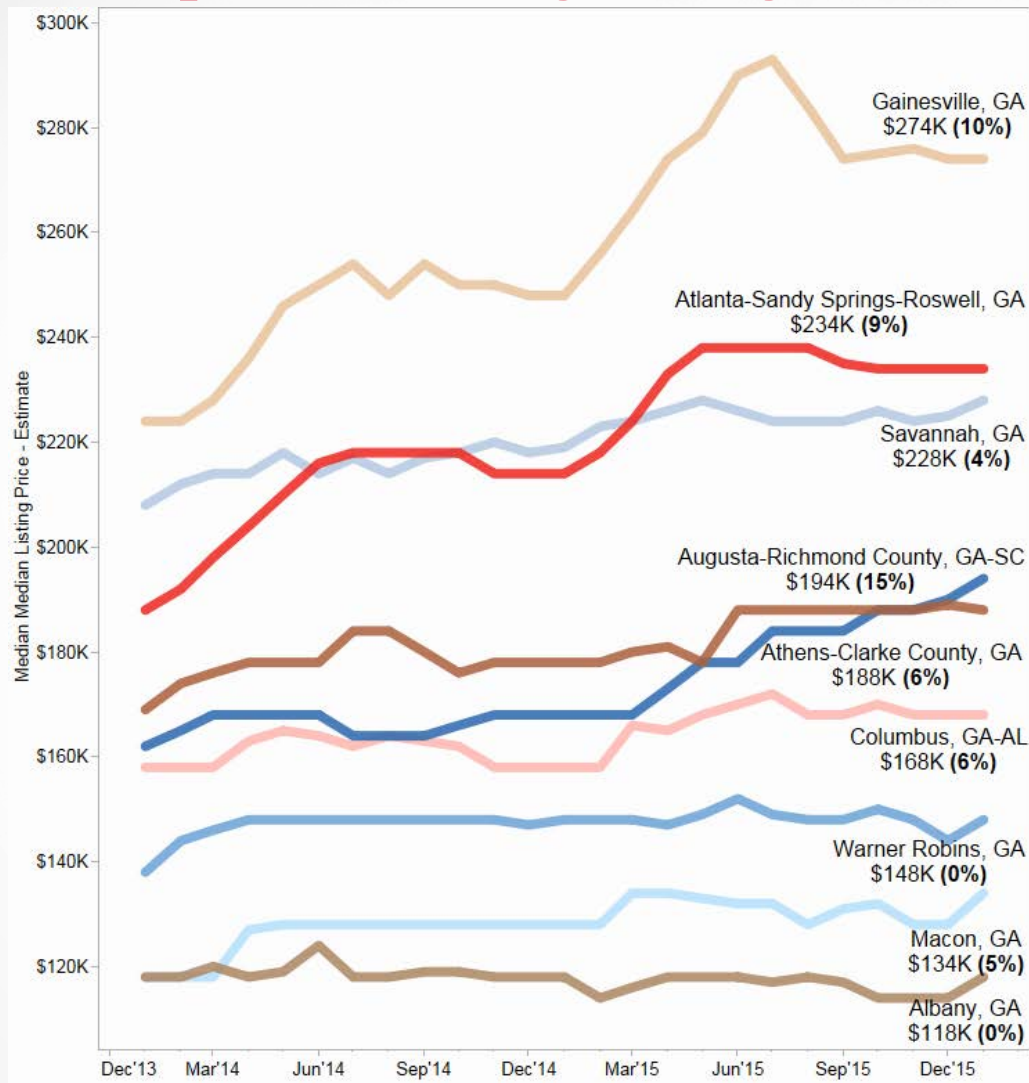
New Construction Starts in Georgia



Source: Commerce Department, Moody's Analytics

LIST PRICES KEEP MOMENTUM

Prices up Y/Y in Georgia's largest markets (January 2016)



	Median Price January 2016	%YY January 2016	%MM January 2016
Augusta-Richmond County, GA-SC	\$194K	15.5%	2.1%
Gainesville, GA	\$274K	10.5%	0.0%
Atlanta-Sandy Springs-Roswell, GA	\$234K	9.3%	0.0%
Columbus, GA-AL	\$168K	6.3%	0.0%
Athens-Clarke County, GA	\$188K	5.6%	-0.5%
Macon, GA	\$134K	4.7%	4.7%
Savannah, GA	\$228K	4.1%	1.3%
Warner Robins, GA	\$148K	0.0%	2.8%
Albany, GA	\$118K	0.0%	3.5%

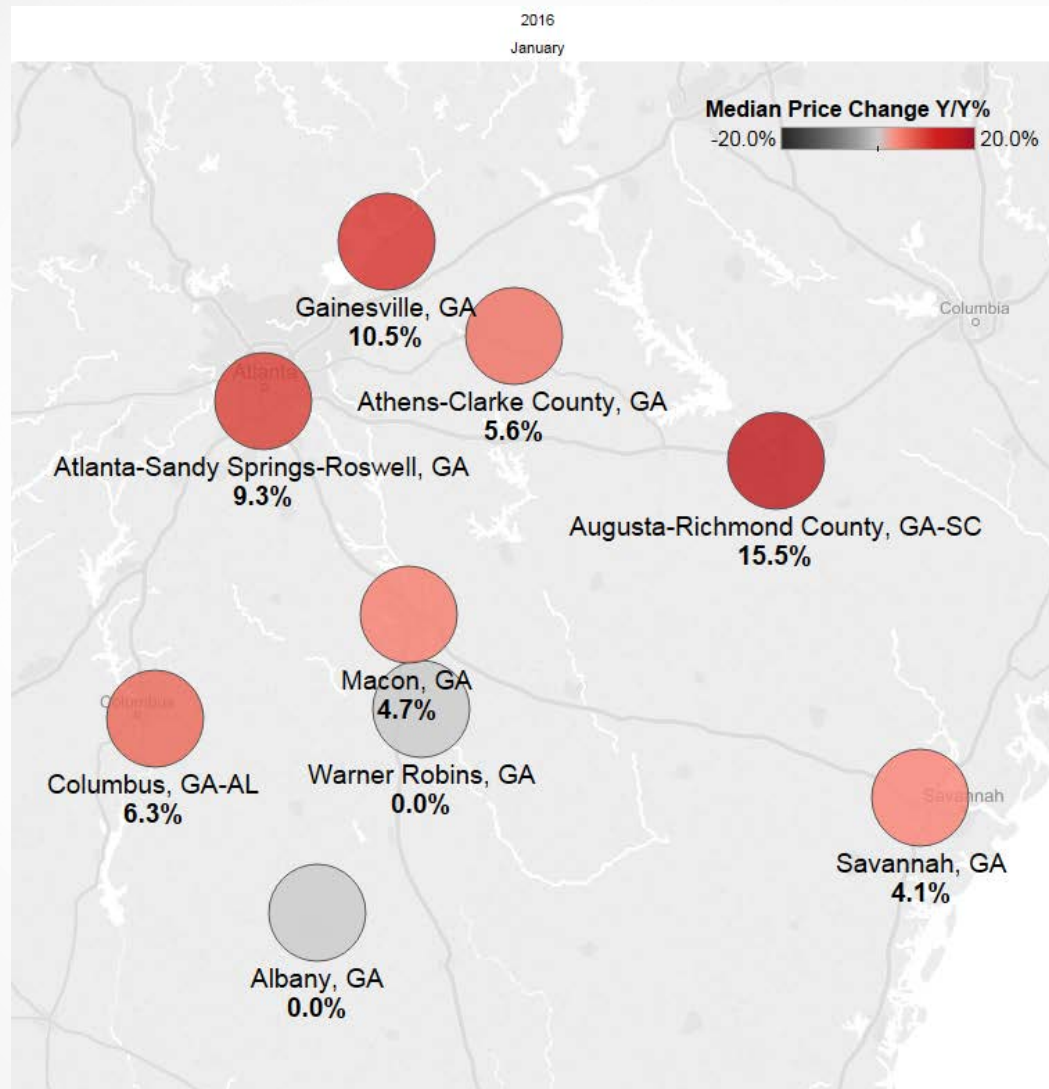
Area Name

- Albany, GA
- Athens-Clarke County, GA
- Atlanta-Sandy Springs-Roswell, GA
- Augusta-Richmond County, GA-SC
- Columbus, GA-AL
- Gainesville, GA
- Macon, GA
- Savannah, GA
- Warner Robins, GA

Source: Realtor.com

LIST PRICES BY METRO

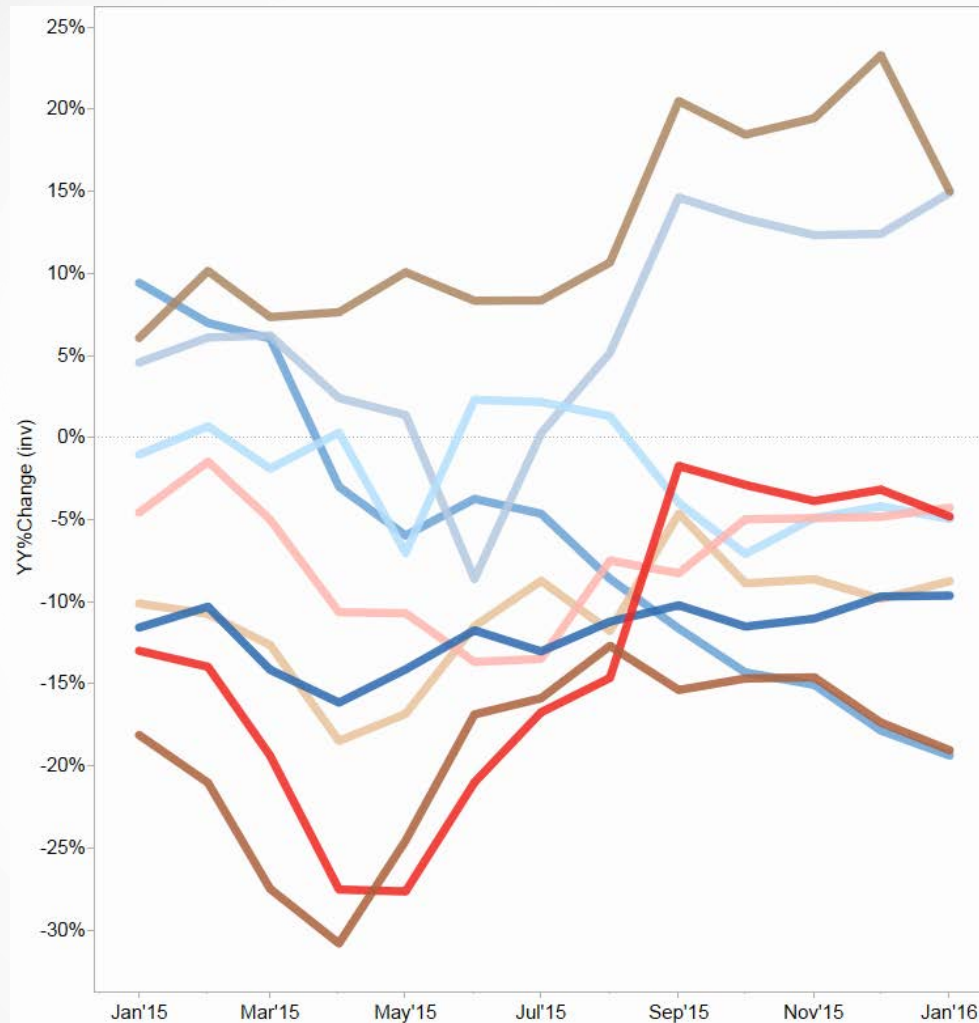
Y/Y appreciation strong in more than half of the state (Jan 2016)



Median List Prices			
	Y/Y %	2016 January Median Price	Active Listings
Augusta-Richmond County, GA-SC	15.5%	\$194K	3,548
Gainesville, GA	10.5%	\$274K	1,607
Atlanta-Sandy Springs-Roswell, GA	9.3%	\$234K	39,077
Columbus, GA-AL	6.3%	\$168K	2,041
Athens-Clarke County, GA	5.6%	\$188K	1,496
Macon, GA	4.7%	\$134K	1,533
Savannah, GA	4.1%	\$228K	3,761
Warner Robins, GA	0.0%	\$148K	1,423
Albany, GA	0.0%	\$118K	1,066

INVENTORY TIGHTENED

Active listings down Y/Y in most metros (January 2016)



	Active Listings	YY Change	MM Change
	January 2016	January 2016	January 2016
Albany, GA	1,066	15%	-13%
Savannah, GA	3,761	15%	-2%
Atlanta-Sandy Springs-Roswell, GA	39,077	-5%	-9%
Macon, GA	1,533	-5%	-4%
Columbus, GA-AL	2,041	-4%	-2%
Augusta-Richmond County, GA-SC	3,548	-10%	-6%
Gainesville, GA	1,607	-9%	-7%
Athens-Clarke County, GA	1,496	-19%	-8%
Warner Robins, GA	1,423	-19%	-7%

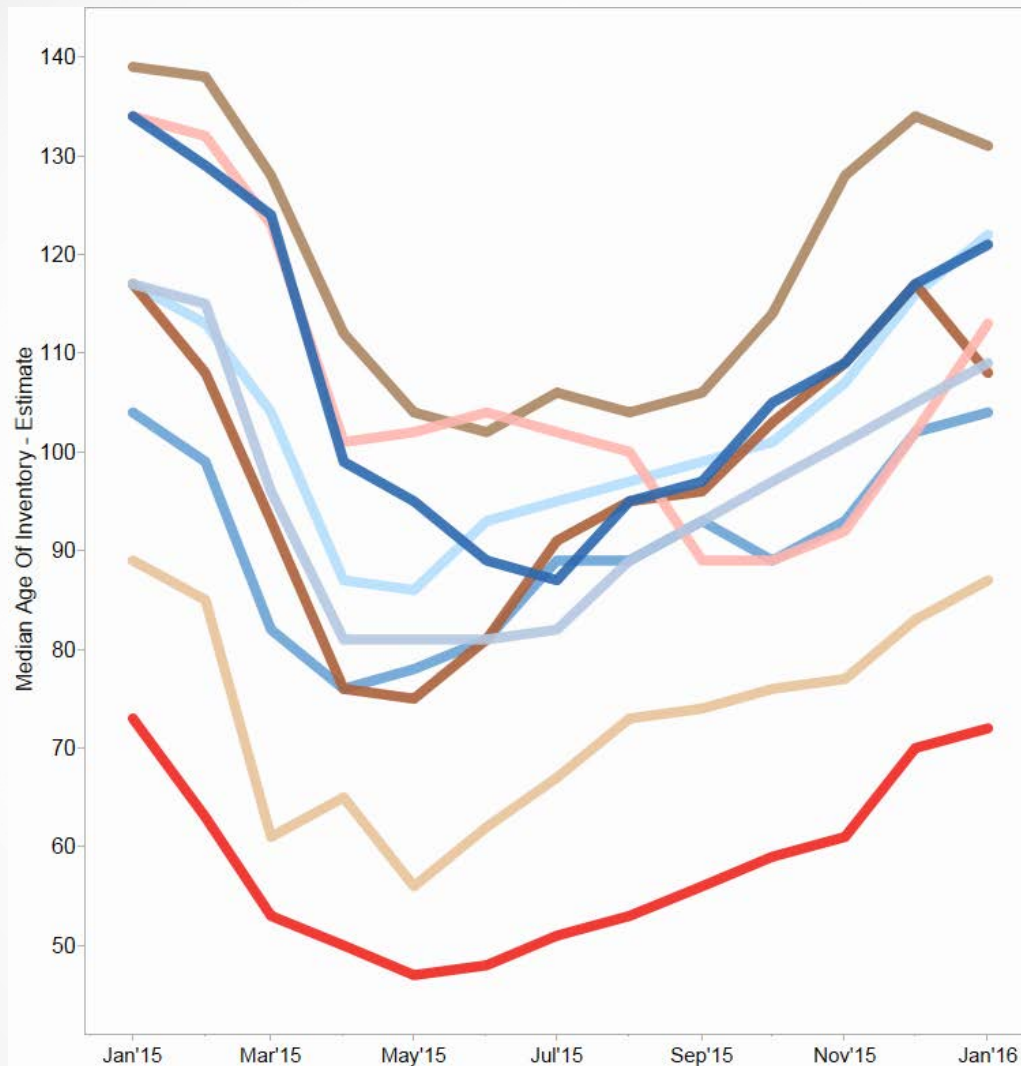
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- Warner Robins, GA

Source: Realtor.com

AGE OF INVENTORY

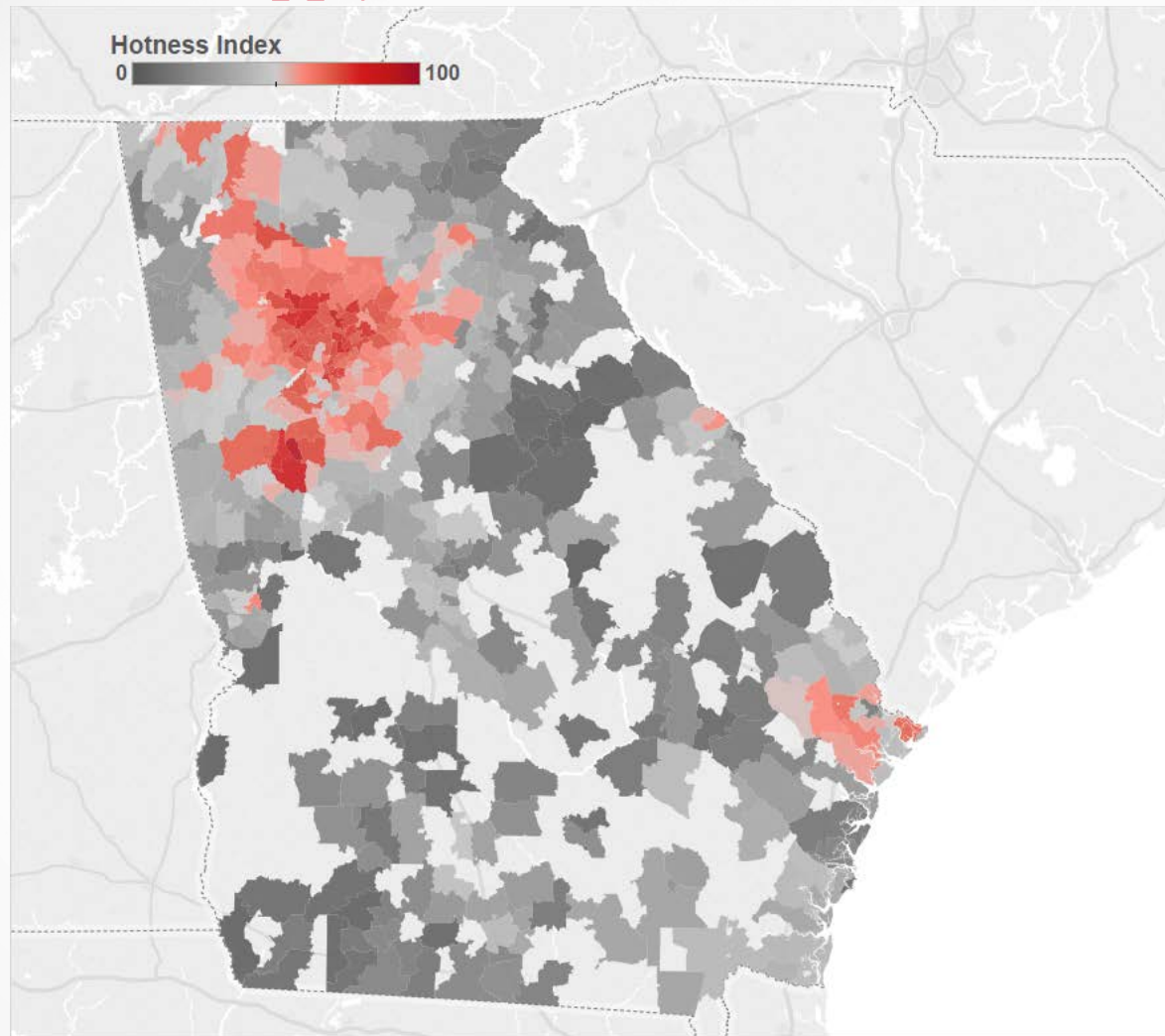
Inventory moving faster Y/Y in most metros (January 2016)



	Median Age (days) January 2016	%Y/Y Change January 2016	%M/M Change January 2016
Columbus, GA-AL	113	-15.7%	10.8%
Augusta-Richmond County, GA-SC	121	-9.7%	3.4%
Athens-Clarke County, GA	108	-7.7%	-7.7%
Savannah, GA	109	-6.8%	3.8%
Albany, GA	131	-5.8%	-2.2%
Gainesville, GA	87	-2.2%	4.8%
Atlanta-Sandy Springs-Roswell, GA	72	-1.4%	2.9%
Warner Robins, GA	104	0.0%	2.0%
Macon, GA	122	4.3%	5.2%

HOTTEST ZIPS Q4 2015

Based on supply and demand

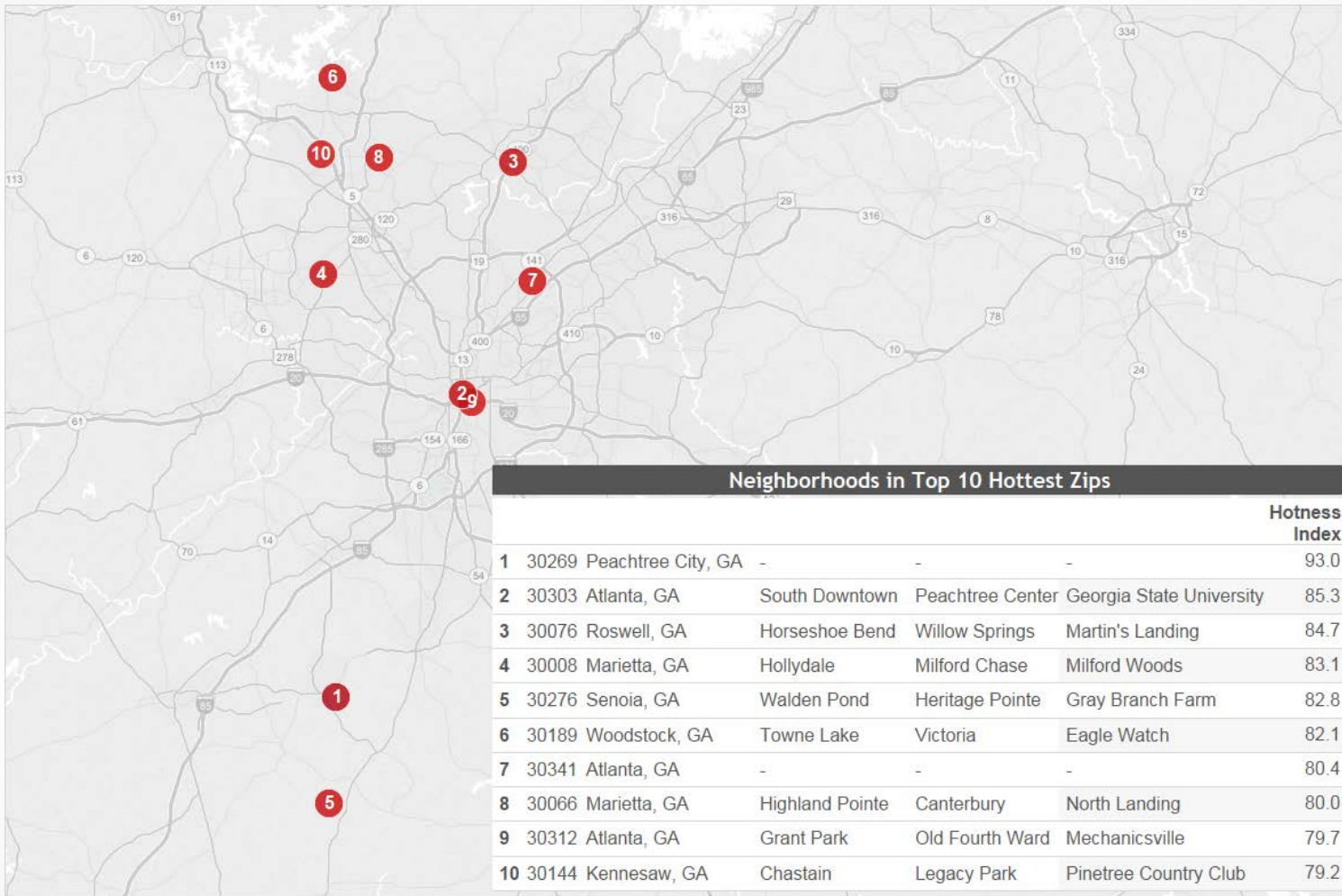


Top 10 Hottest Zips			
			Hotness Index
1	30269	Peachtree City, GA	93.0
2	30303	Atlanta, GA	85.3
3	30076	Roswell, GA	84.7
4	30008	Marietta, GA	83.1
5	30276	Senoia, GA	82.8
6	30189	Woodstock, GA	82.1
7	30341	Atlanta, GA	80.4
8	30066	Marietta, GA	80.0
9	30312	Atlanta, GA	79.7
10	30144	Kennesaw, GA	79.2

Source: Realtor.com

FOCUS ON ATLANTA METRO

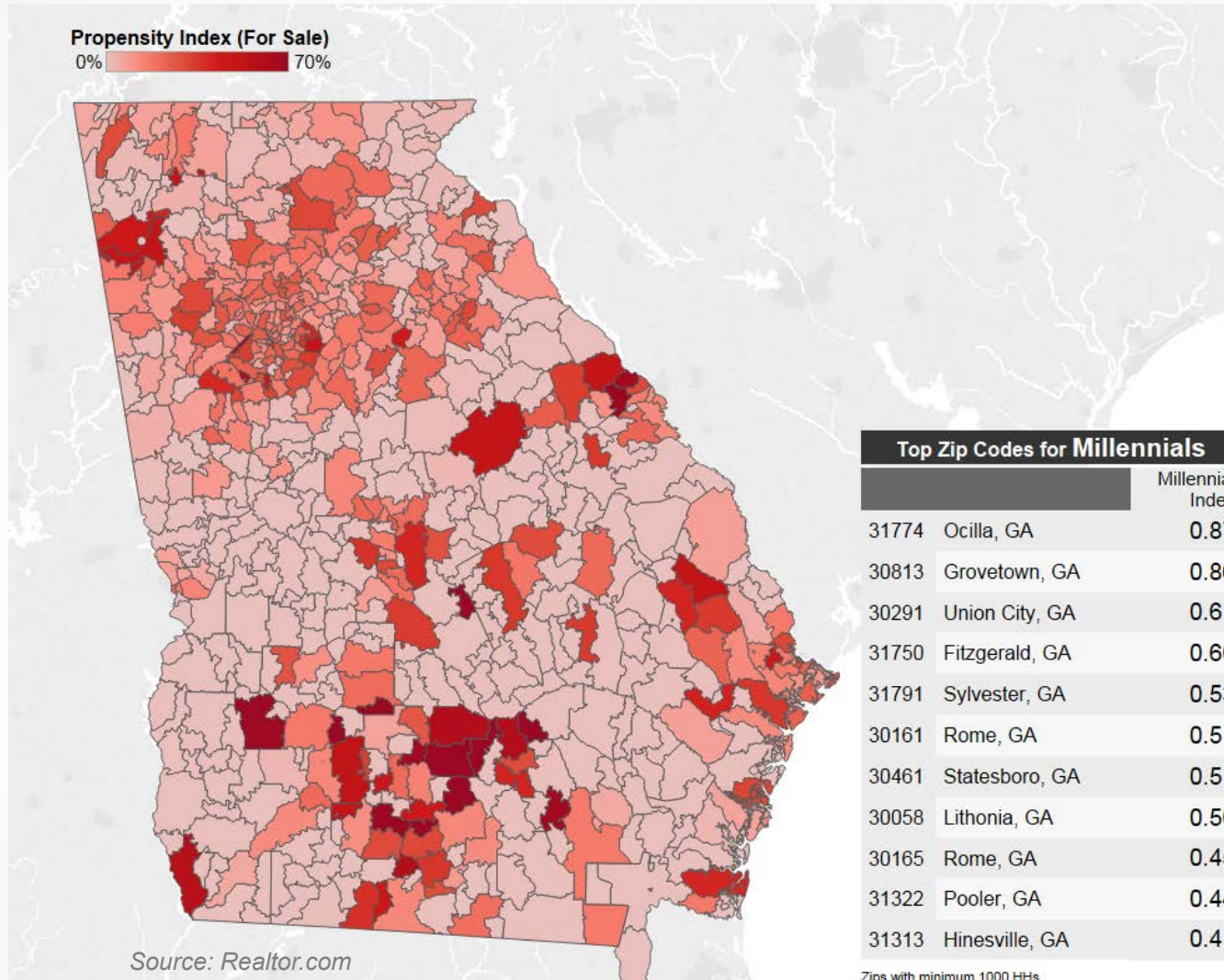
Top 10 zips and their neighborhoods



Source: Realtor.com

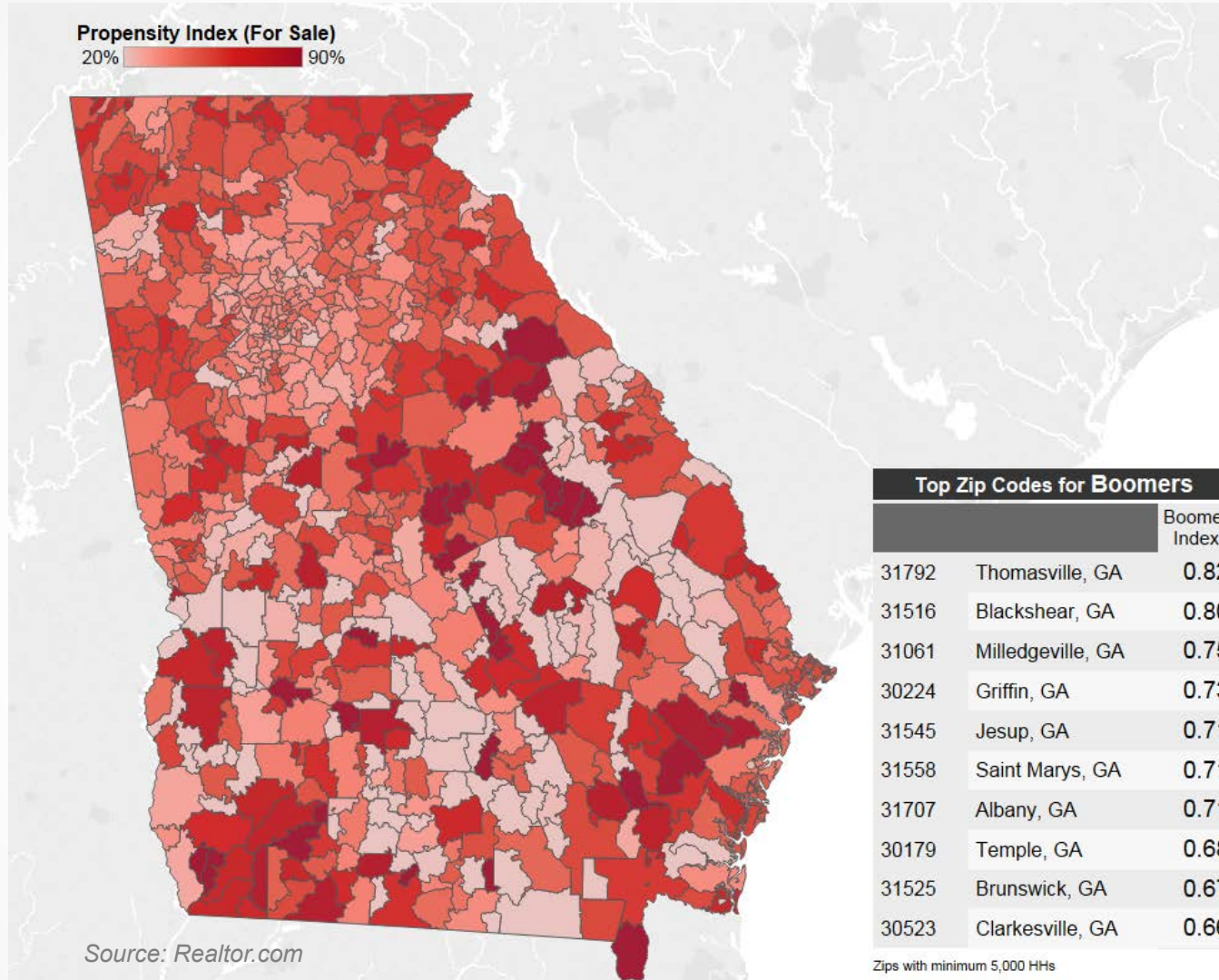
MILLENNIAL PROPENSITY

25-34 interest relative to other age groups (December 2015)



BOOMER PROPENSITY

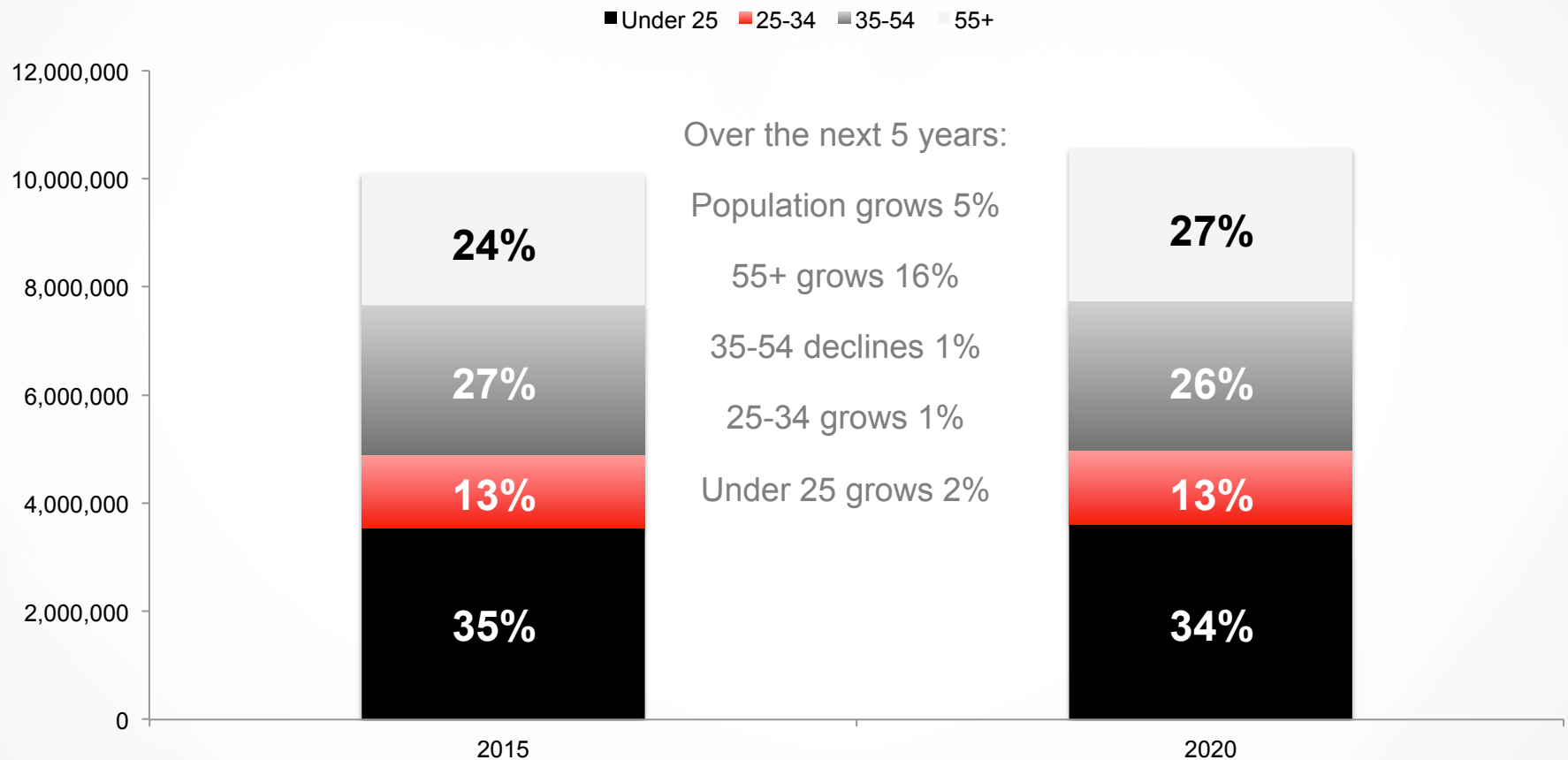
50-64 interest relative to other age groups (December 2015)



OLDER SHIFT IN GEORGIA TOO

Over 55 represents almost all of the growth

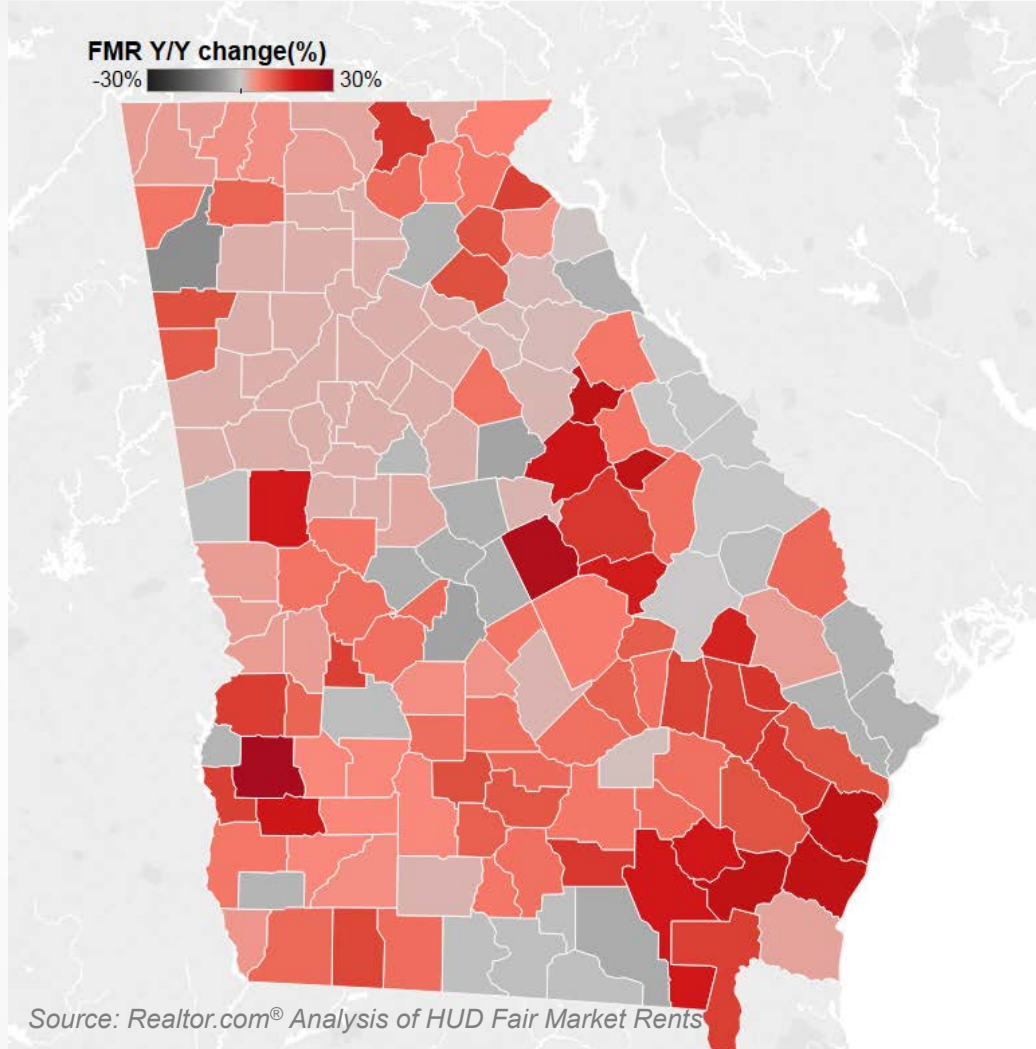
Population by Age (Georgia)



Source: Nielsen Demographics Pop-Facts 2015

RENT PRICES VARY

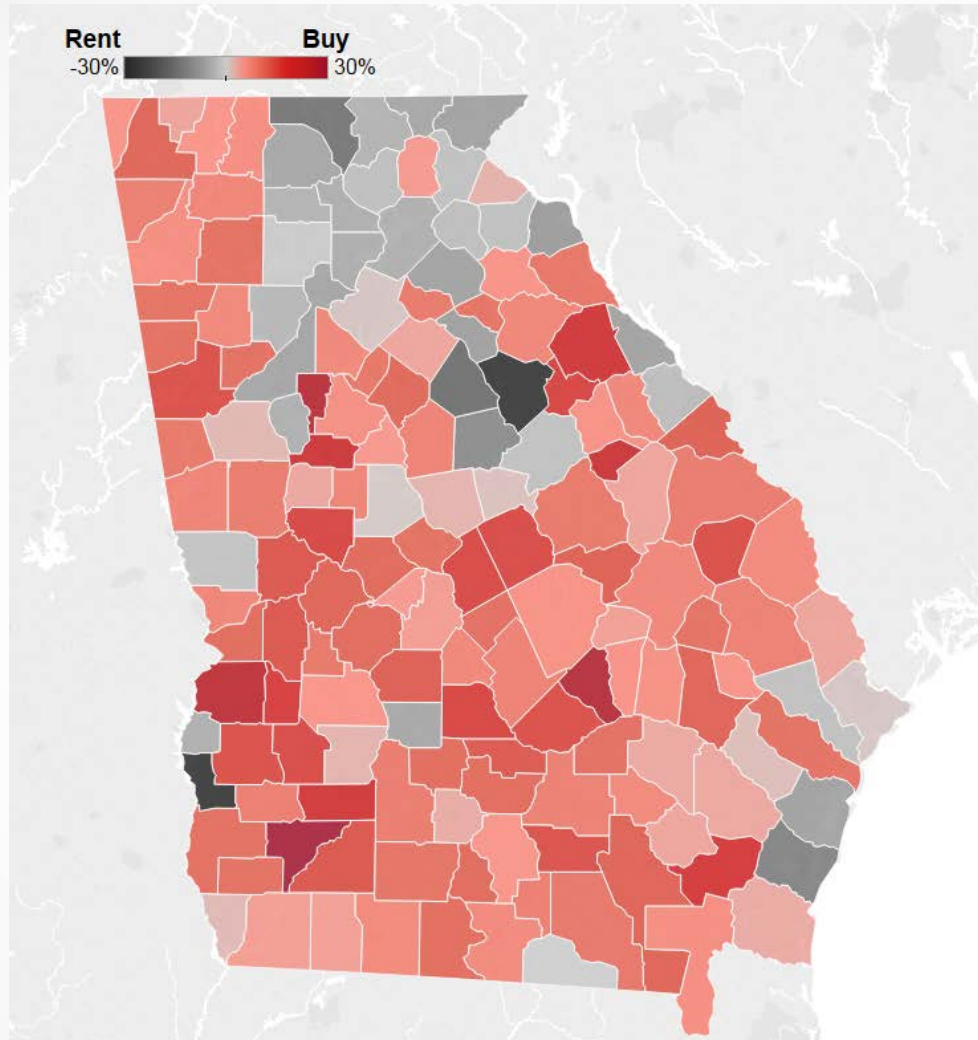
Rents up 10%+ year-over-year in 1 of 4 counties



Fastest Growing Counties FMR Y/Y			
County Name	FMR Y/Y change %	3Bed FMR 2015	3Bed FMR 2014
Randolph, GA	27.5%	987	774
Wilkinson, GA	26.0%	920	730
Taliaferro, GA	23.0%	1,004	816
Brantley, GA	22.7%	1,071	873
Glynn, GA	22.7%	1,071	873
McIntosh, GA	22.7%	1,071	873
Glascock, GA	22.5%	894	730
Hancock, GA	19.2%	870	730
Calhoun, GA	19.0%	869	730
Pierce, GA	18.2%	863	730

RENT VS BUY

Monthly costs favor buying in 3 of 4 counties

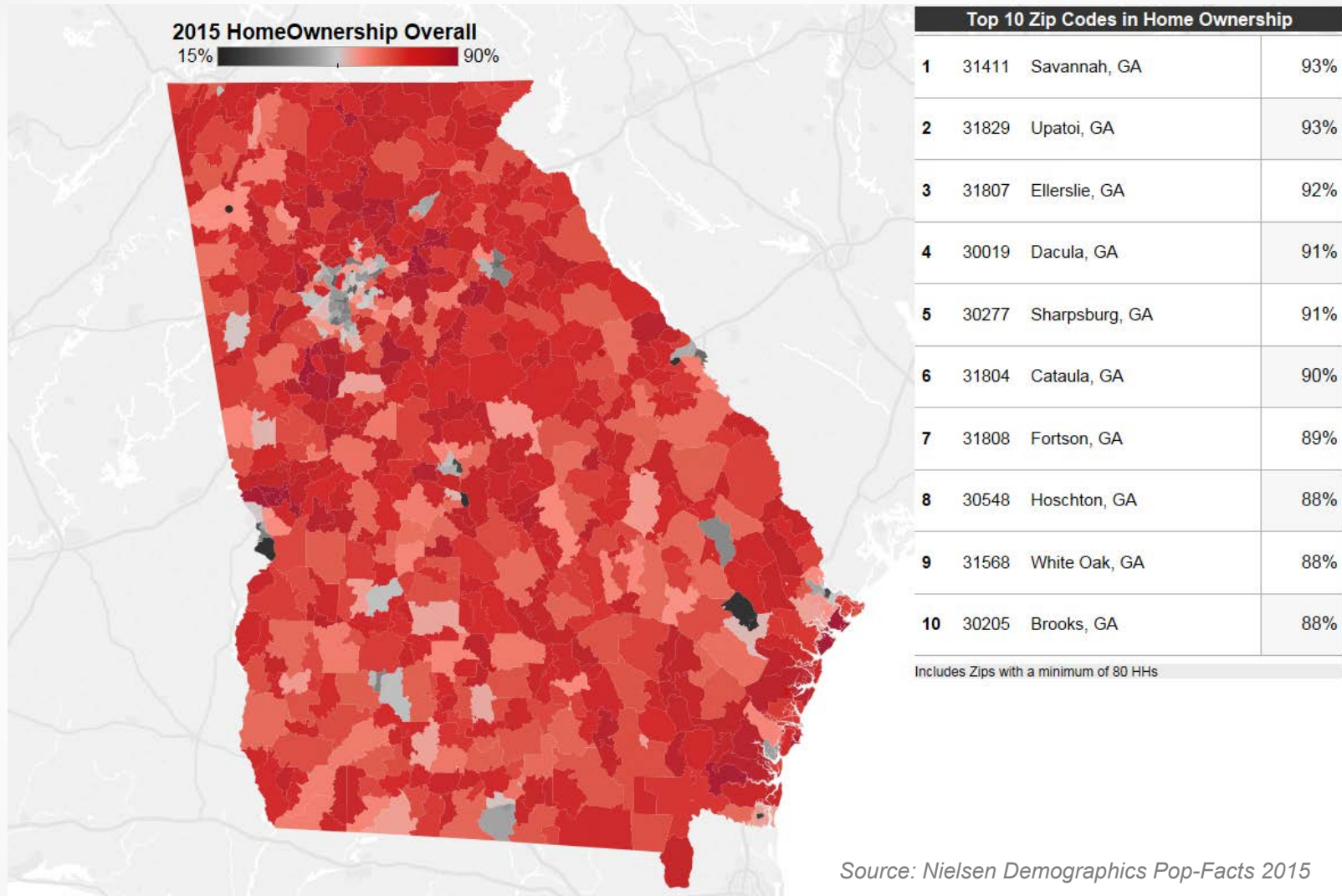


Buy vs Rent by County				
County	Rent vs Buy	Pct of Income to Rent	Pct of Income to Buy	Difference
Baker	BUY	42%	13%	30%
Wheeler	BUY	42%	15%	27%
Clayton	BUY	40%	14%	26%
Stewart	BUY	41%	16%	25%
Glascocock	BUY	29%	7%	21%
Glynn	RENT	29%	42%	-13%
Fannin	RENT	27%	43%	-16%
Morgan	RENT	24%	41%	-17%
Clay	RENT	45%	77%	-31%
Greene	RENT	25%	60%	-35%

Source: Realtor.com® Analysis of Nielsen Pop-Facts Demographics, HUD Fair Market Rents and Realtor.com Data

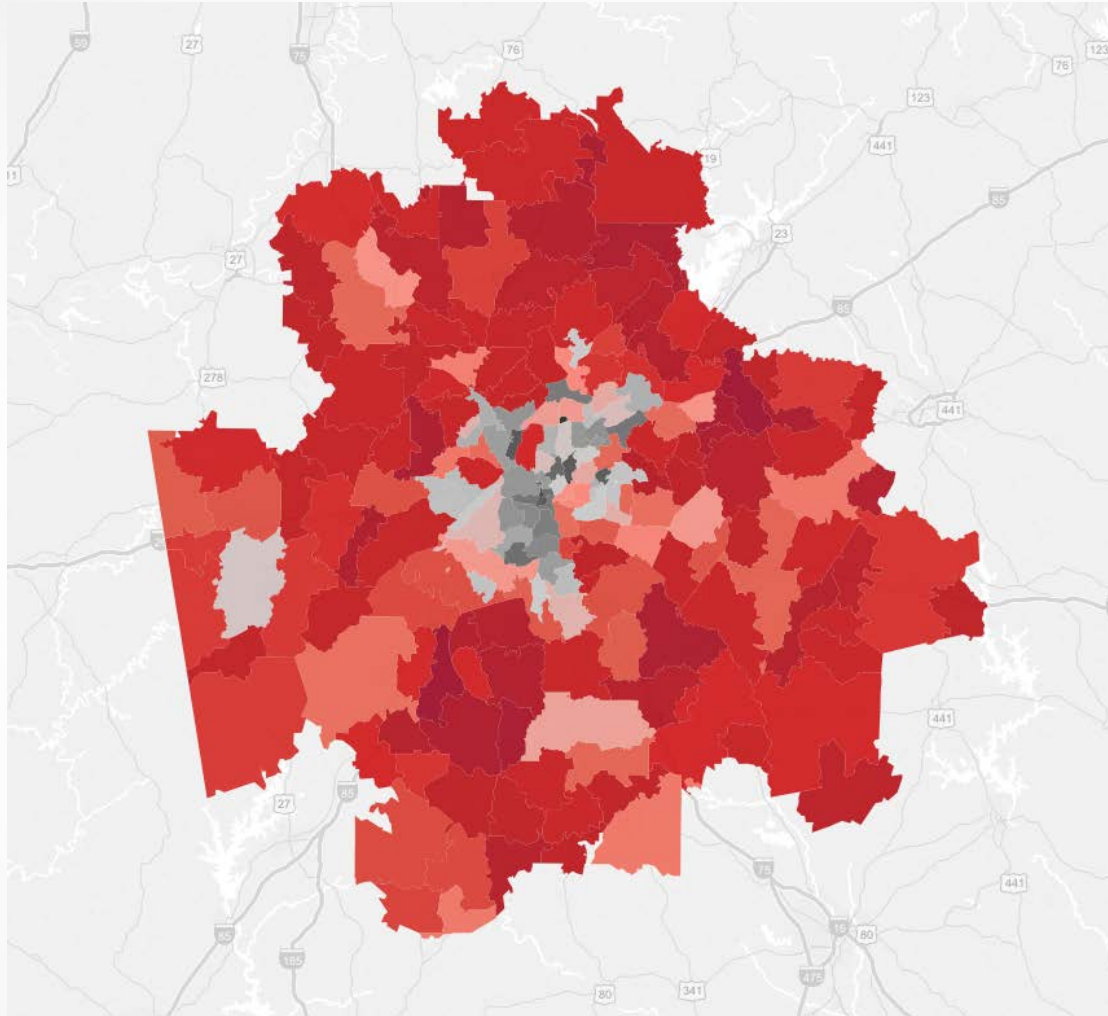
HOME OWNERSHIP VARIES GREATLY

Overall rate is 66% and reaches as high as 93%



FOCUS ON ATLANTA

Ownership rate in suburbs 60% higher than urban areas

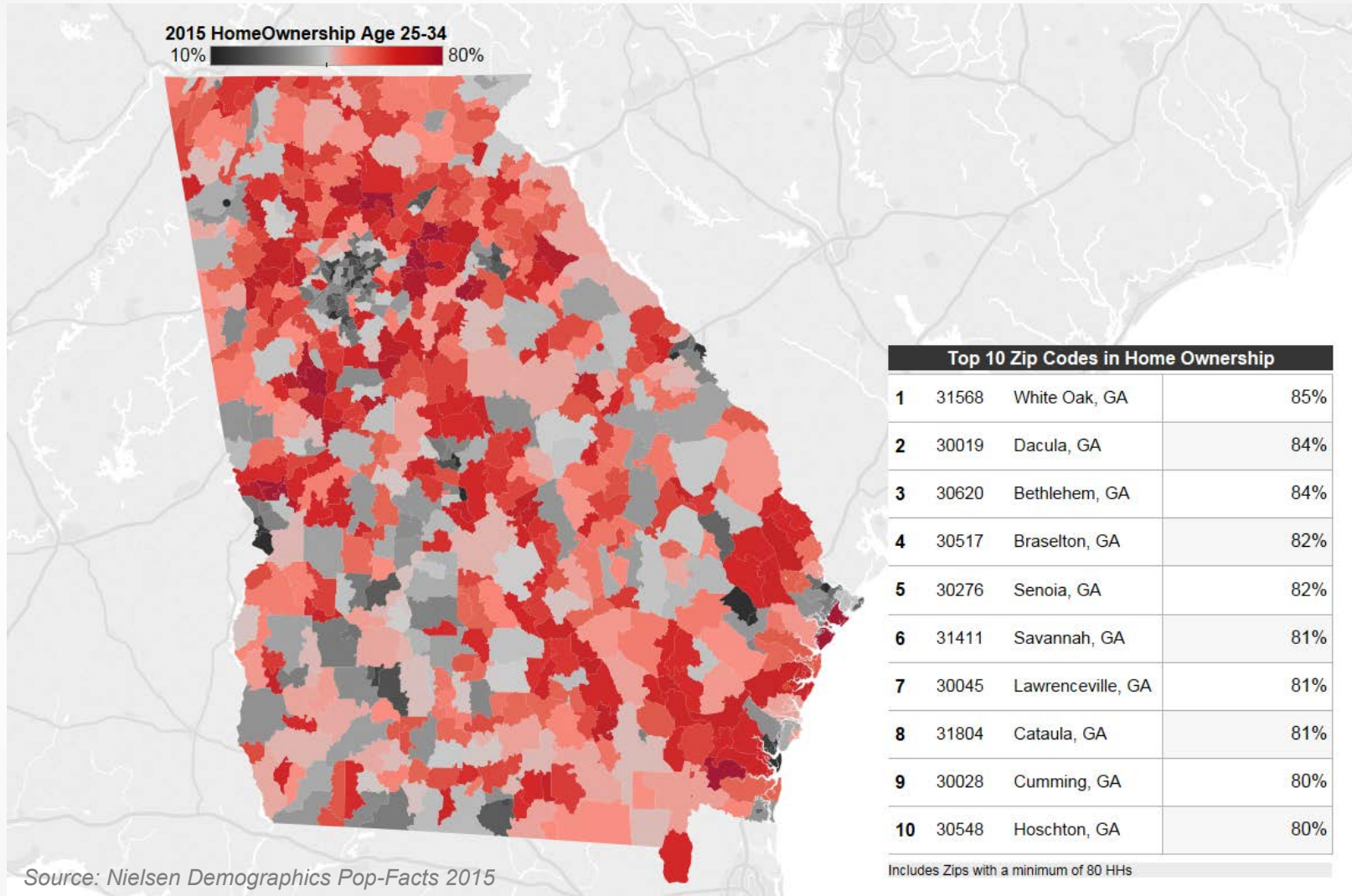


Top 10 Zip Codes in Home Ownership			
1	30019	Dacula, GA	91%
2	30277	Sharpsburg, GA	91%
3	30205	Brooks, GA	88%
4	30148	Marble Hill, GA	87%
5	30045	Lawrenceville, GA	87%
6	30127	Powder Springs, GA	87%
7	30252	McDonough, GA	87%
8	30028	Cumming, GA	87%
9	30620	Bethlehem, GA	87%
10	30017	Grayson, GA	87%

Source: Nielsen Demographics Pop-Facts 2015

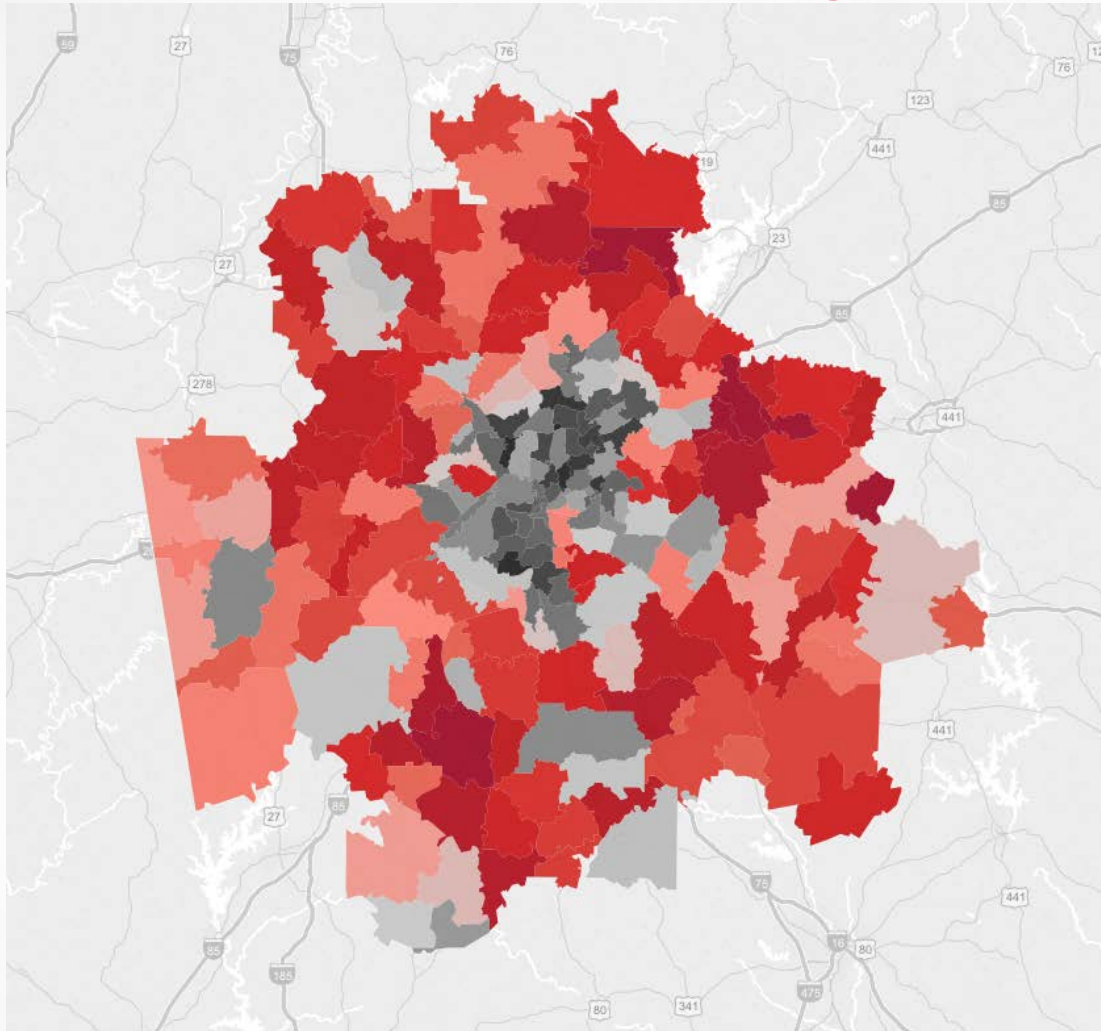
MILLENNIAL OWNERSHIP

25-34 ownership rate is 41% and ranges up to 85%



FOCUS ON ATLANTA

25-34 rate in suburbs also 60% higher than urban areas

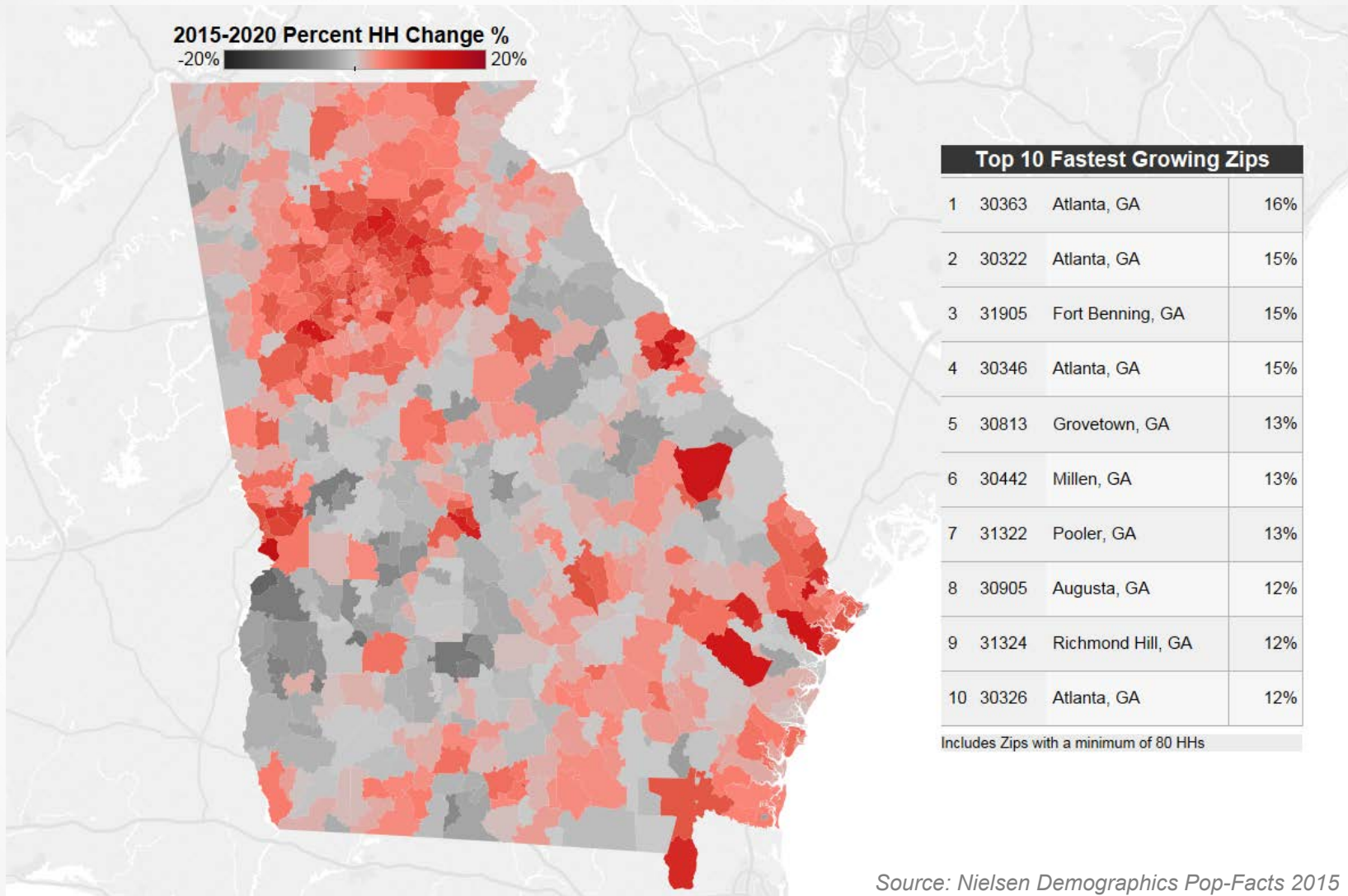


Top 10 Zip Codes in Home Ownership			
1	30019	Dacula, GA	84%
2	30620	Bethlehem, GA	84%
3	30276	Senoia, GA	82%
4	30045	Lawrenceville, GA	81%
5	30028	Cumming, GA	80%
6	30641	Good Hope, GA	79%
7	30277	Sharpsburg, GA	77%
8	30017	Grayson, GA	76%
9	30248	Locust Grove, GA	76%
10	30107	Ball Ground, GA	76%

Source: Nielsen Demographics Pop-Facts 2015

HOUSEHOLD GROWTH 2015-2020

Most zips expected to grow over the next five years



Source: Nielsen Demographics Pop-Facts 2015

2016 FORECAST

Key economic and housing metrics from NAR and realtor.com

- National Association of REALTORS® Macro Forecast:
 - GDP grows 1.4%
 - Nonfarm payroll employment grows 1.3%
 - Unemployment declines to 4.9%
- realtor.com® housing forecast:
 - Existing home prices appreciate 3%
 - Existing home sales grow 3% to 5.4 million
 - New home sales grow 16% to 580,000
 - Housing starts increase 12% to 1.23 million
 - 30-year fixed rate ends year at 4.65%