

ECONOMIC AND HOUSING TRENDS FOR 2016

Jonathan Smoke
Chief Economist

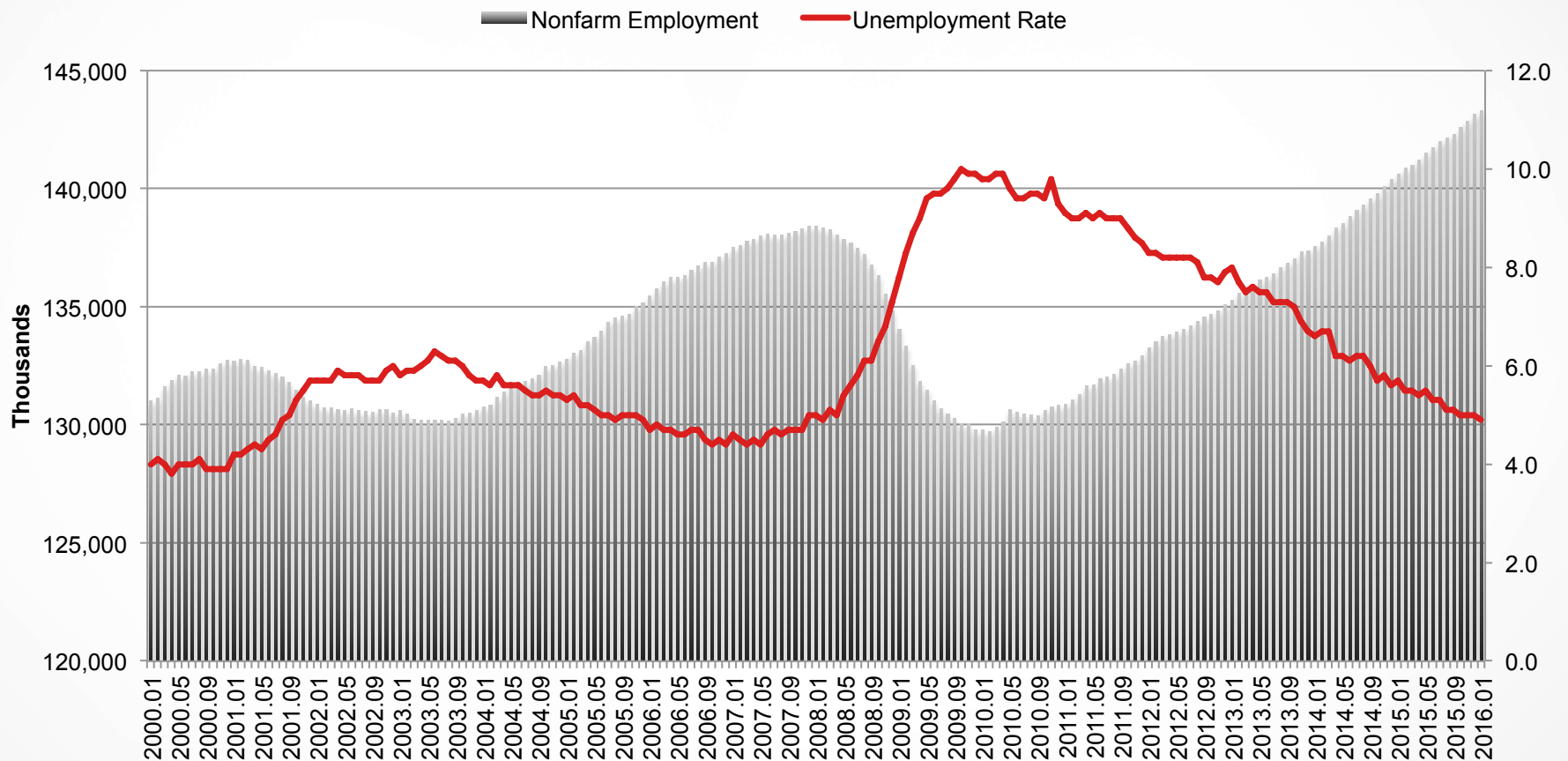
February 9, 2016

realtor.com®

JOB CREATION HAS BEEN STRONG

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

Employment and Unemployment

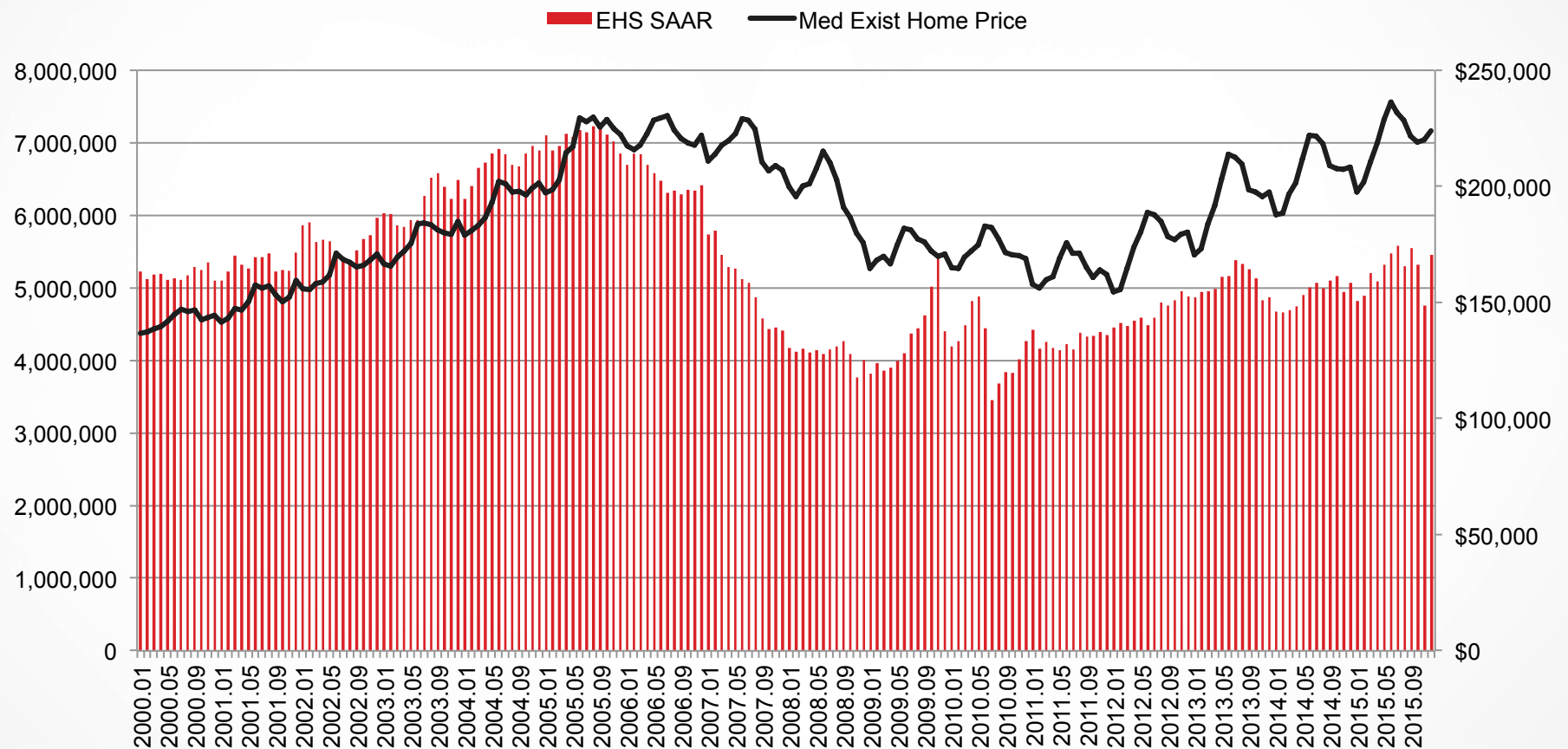


Source: Bureau of Labor Statistics

YEAR OF GROWTH IN REAL ESTATE

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

Existing Home Sales and Prices

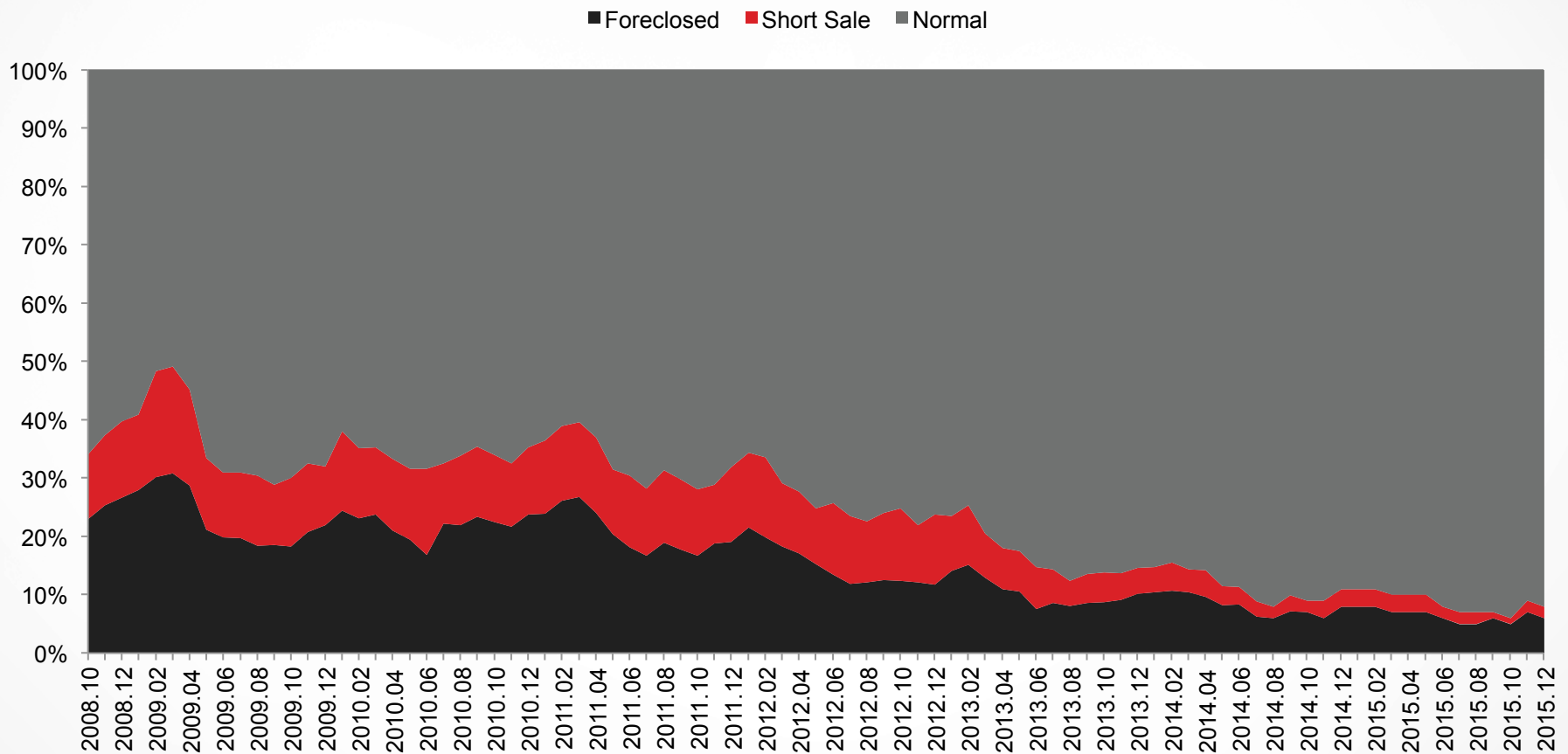


Source: National Association of REALTORS® Existing Home Sales Report

COMPOSITION CLOSE TO NORMAL

Distressed sales down 19% in 2015

Composition of Sales by Type

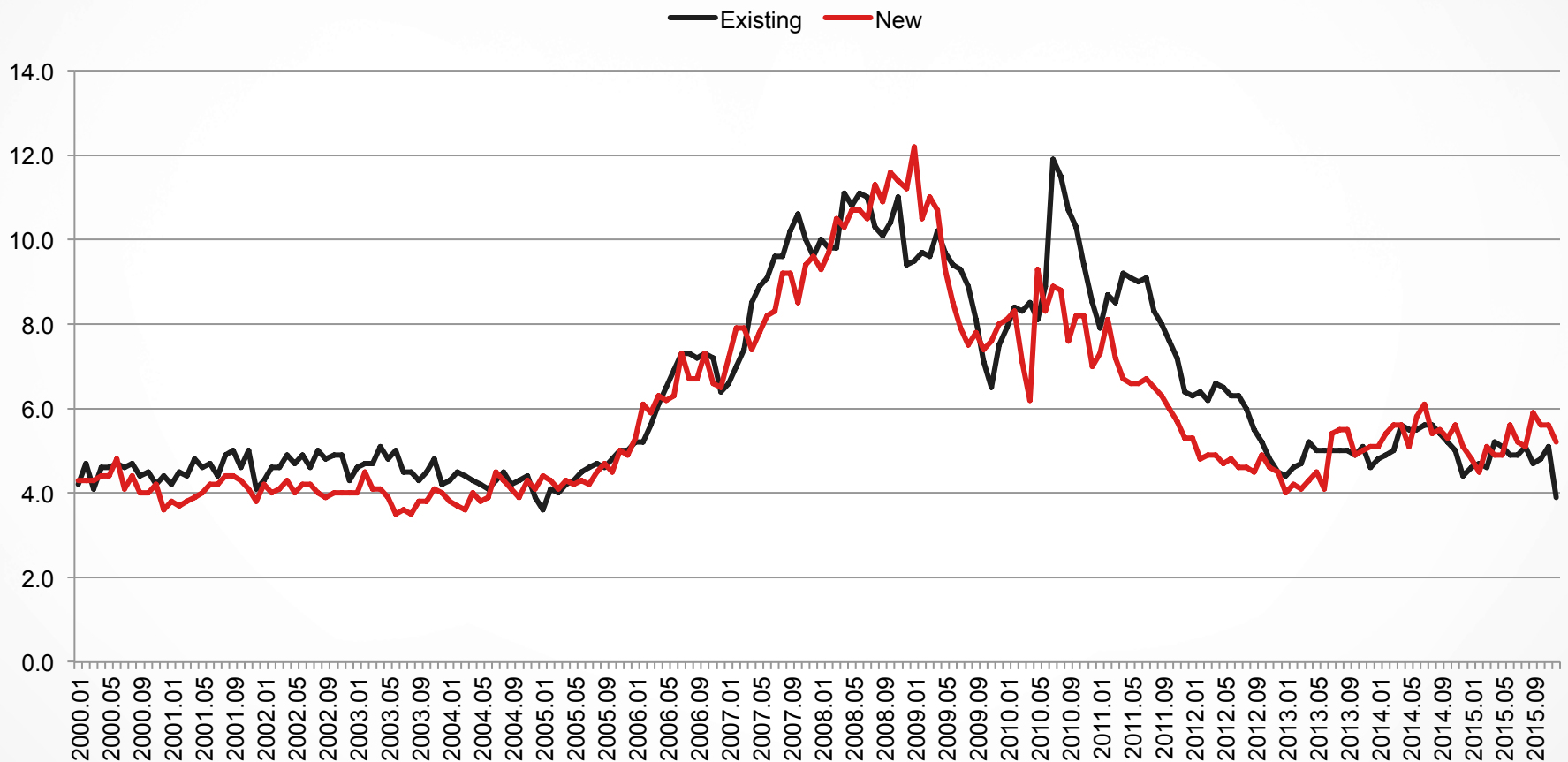


Source: National Association of REALTORS® Monthly Realtor Confidence Survey

INVENTORY HAS BEEN A CONSTRAINT

Demand continues to exceed supply

Months' Supply of Homes for Sale

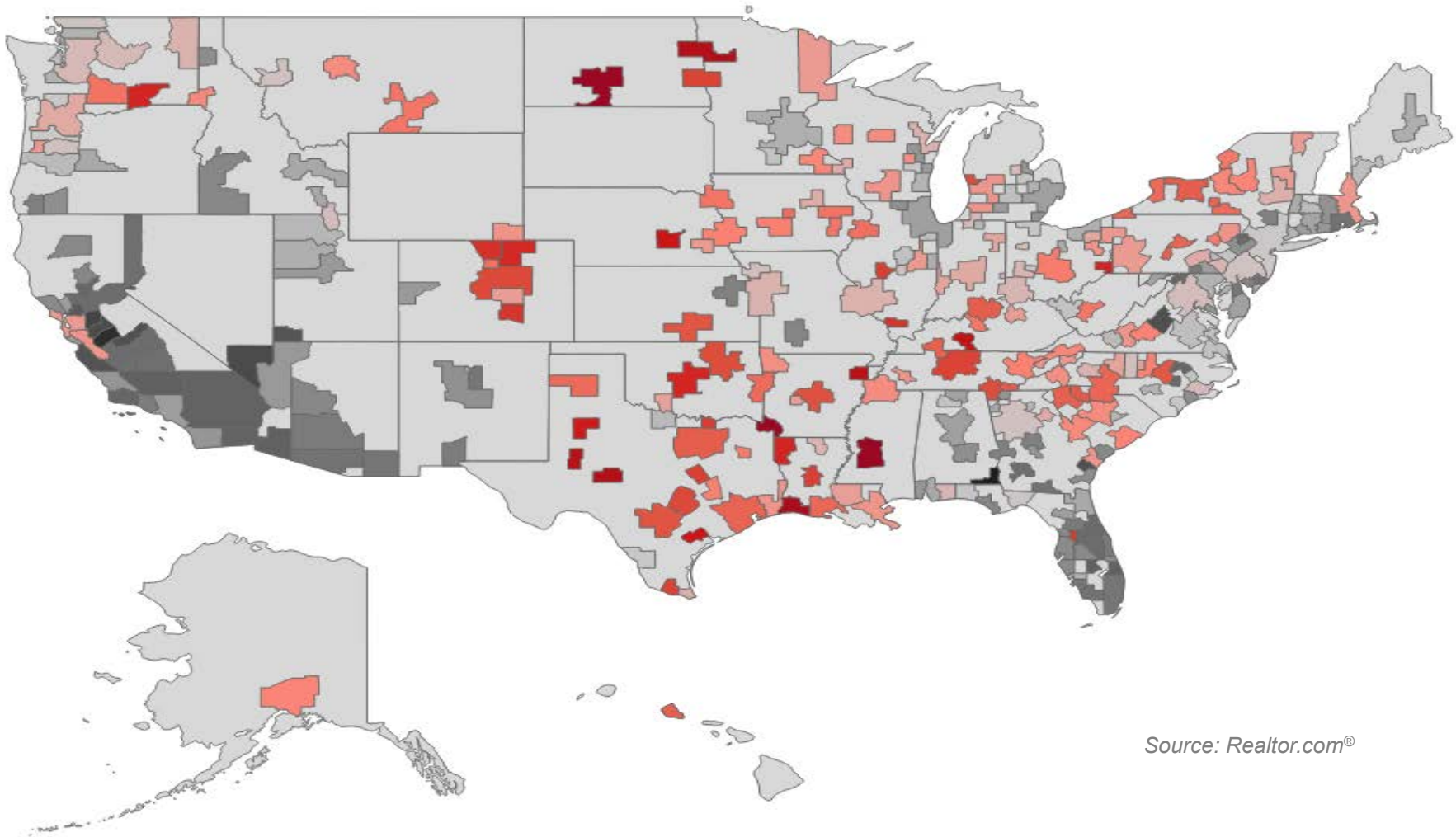


Source: National Association of REALTORS®, Commerce Department

HOME PRICE RECOVERY VARIES

Markets not recovered face the most existing inventory challenges

Recovery Index
60%  150%

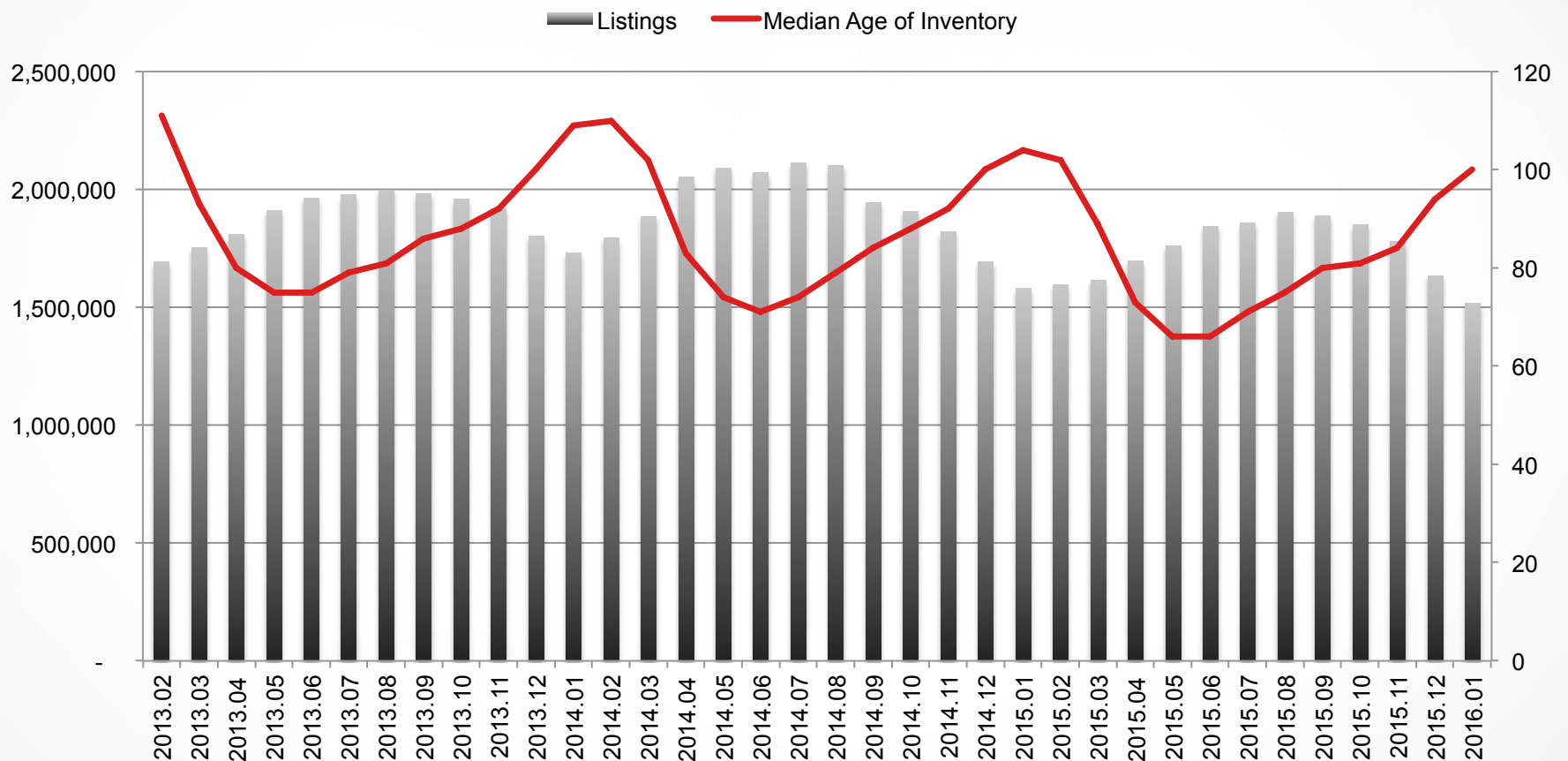


Source: Realtor.com®

INVENTORY TIGHTENED ALL YEAR

Inventory and median age also lower than last year in January

Listings and Median Age of Inventory

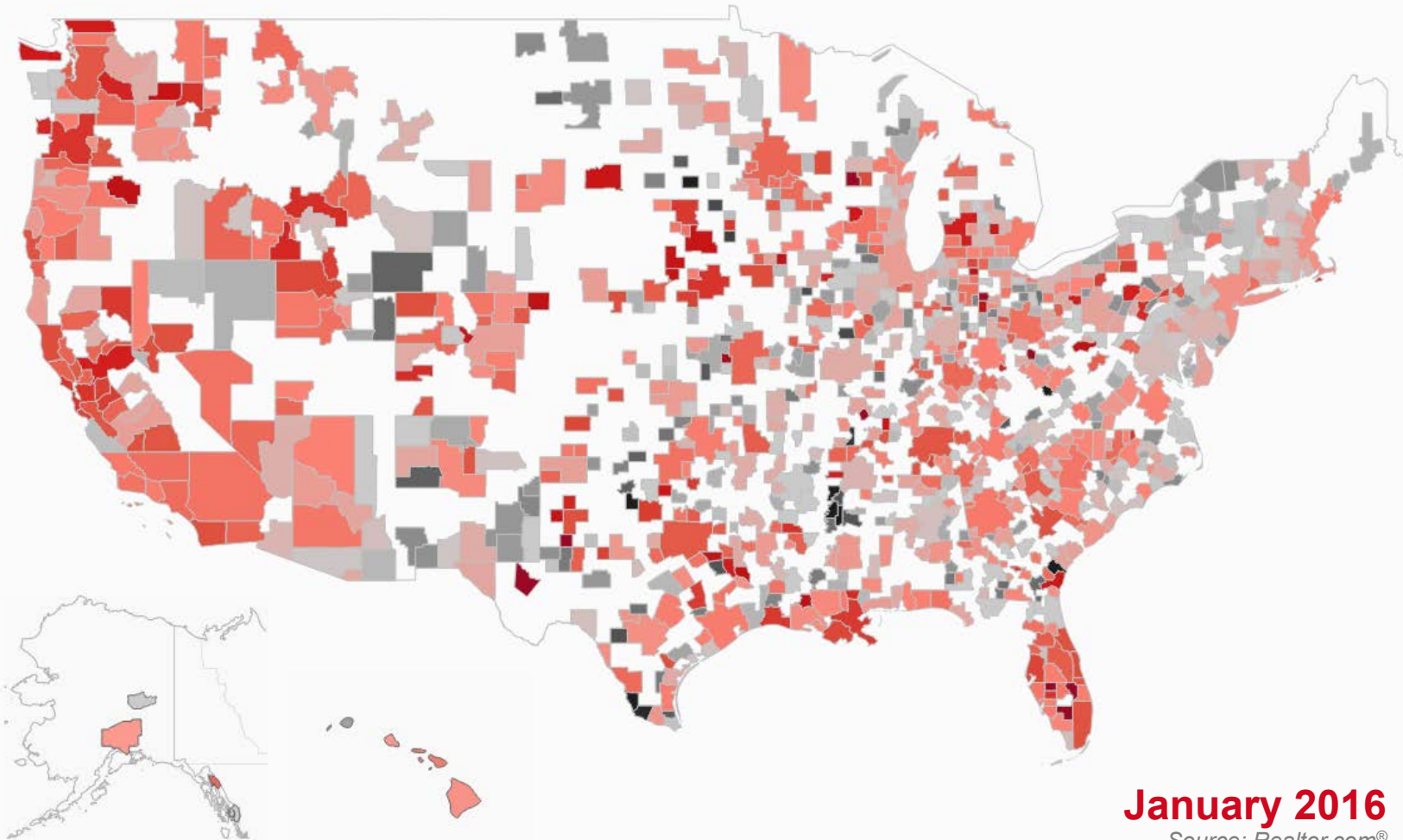


Source: Realtor.com®

LISTING PRICES GREW 9% Y/Y IN JAN

Median list price increases are widespread

Median Listing Price Y/Y
-30% 40%



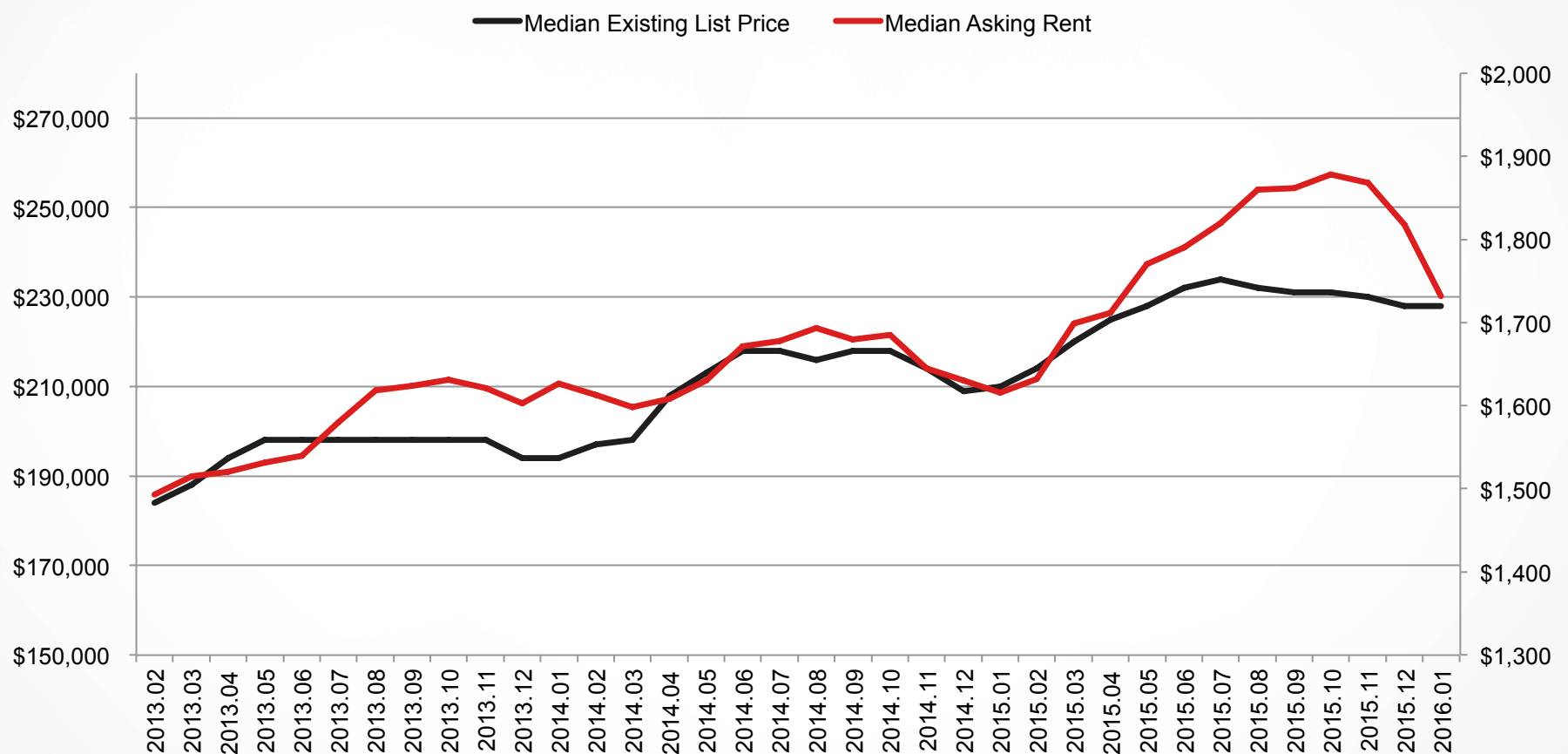
January 2016

Source: Realtor.com®

PRICES NOW OUTPACING RENTS

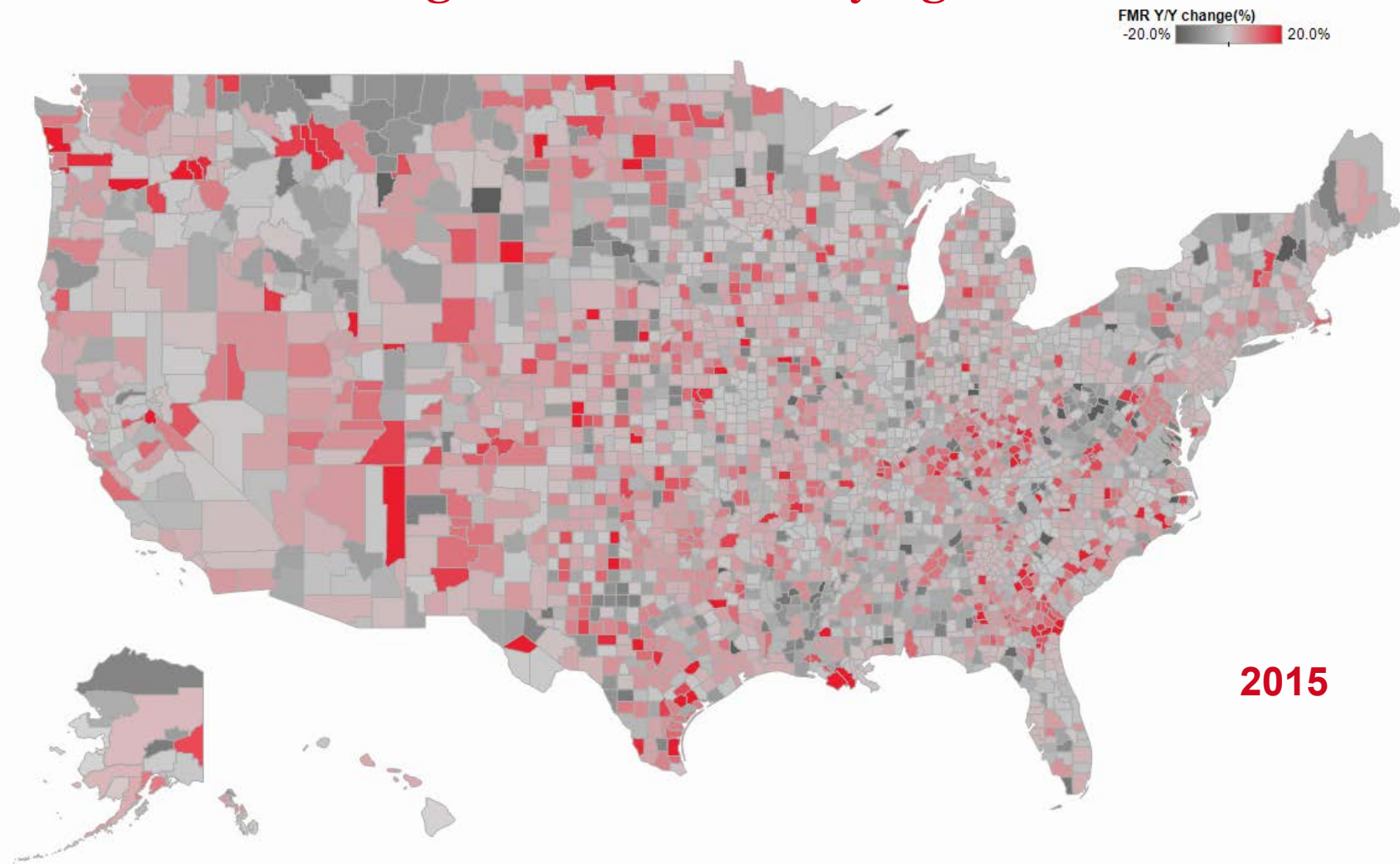
Asking rents up 7% y/y in January compared to list prices up 9%

National Home Price and Rent Trends



RENTS RISING Y/Y IN 68% OF COUNTIES

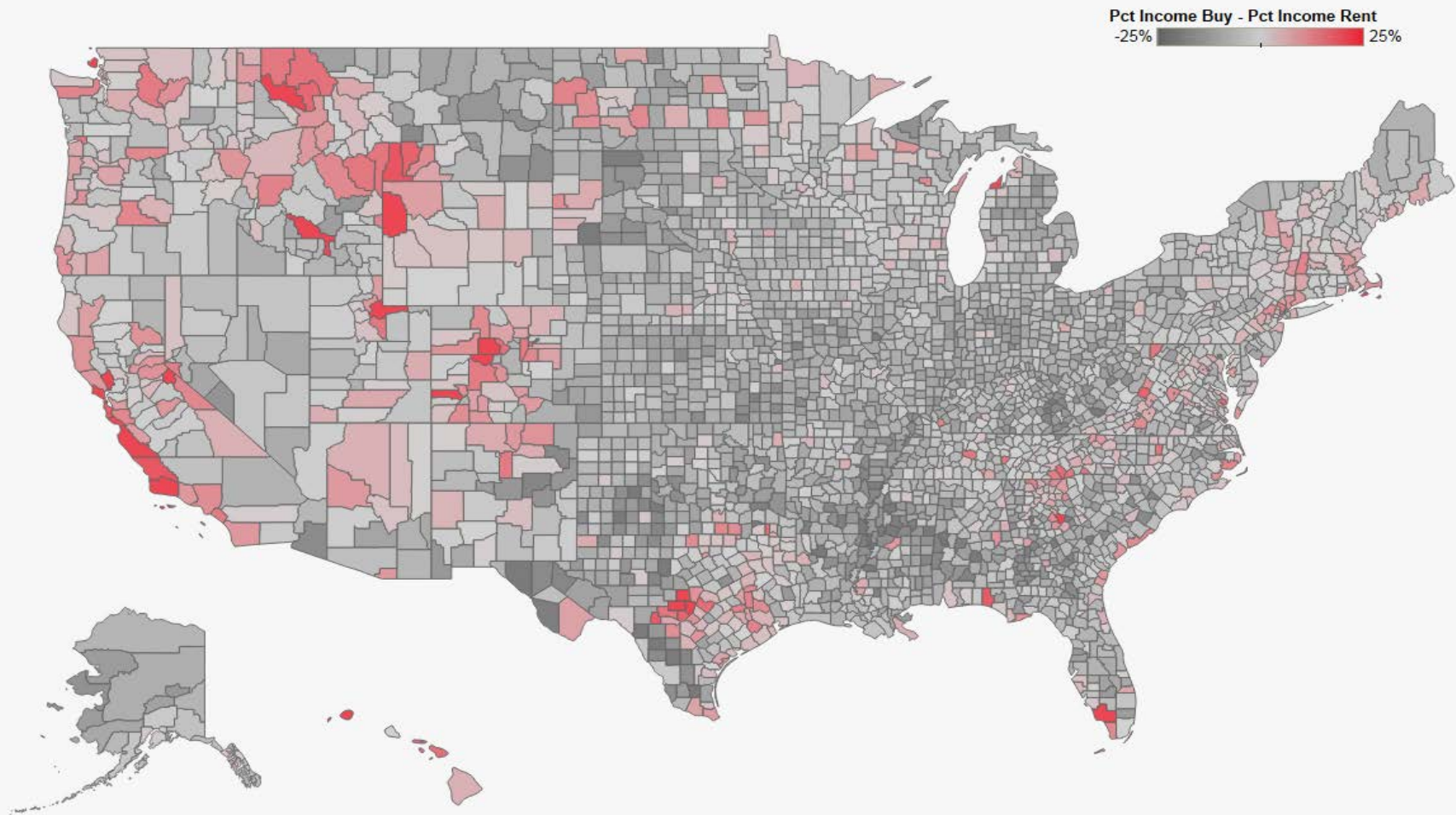
Rent increases adding to demand for buying



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

CHEAPER TO BUY IN 77% OF COUNTIES

Simple monthly cost analysis favors buying

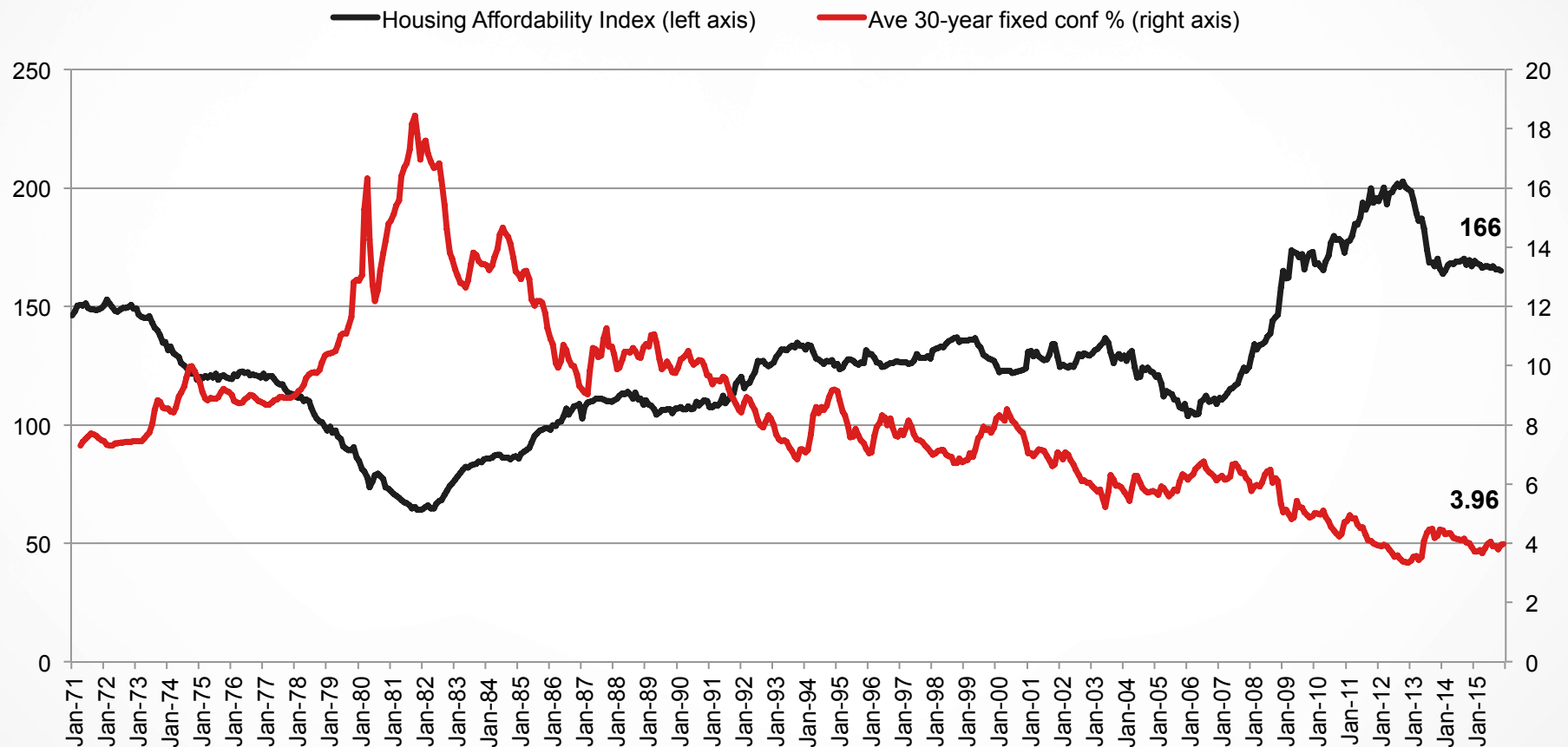


Source: Realtor.com® Analysis of HUD Fair Market Rents, Nielsen Pop-Facts Demographics and Realtor.com® Data

NEARING THE END OF THIS ERA

Low rates and prices enabled incredible affordability

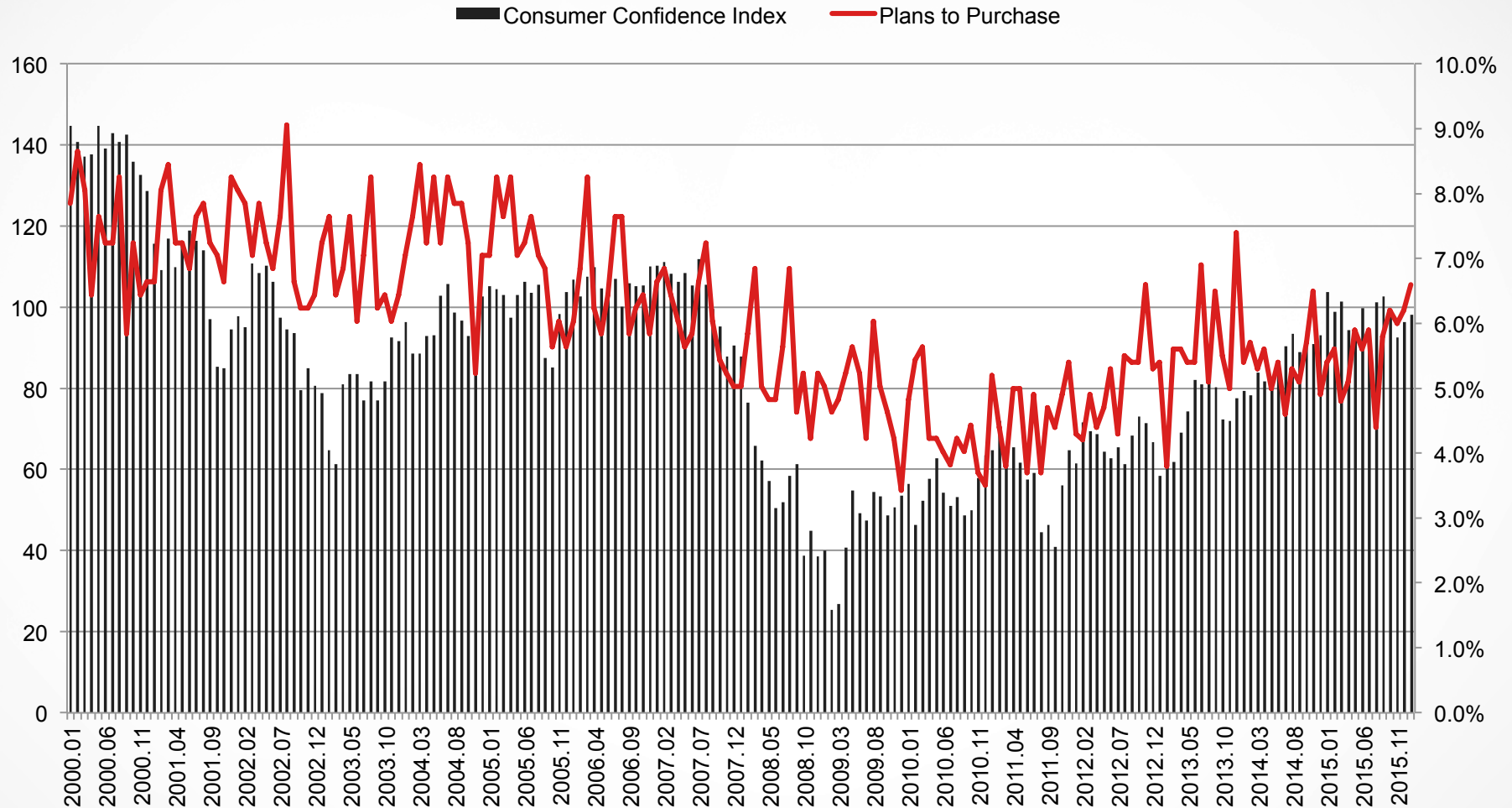
Affordability and Mortgage Rates



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

CONFIDENCE RECOVERING FROM FALL

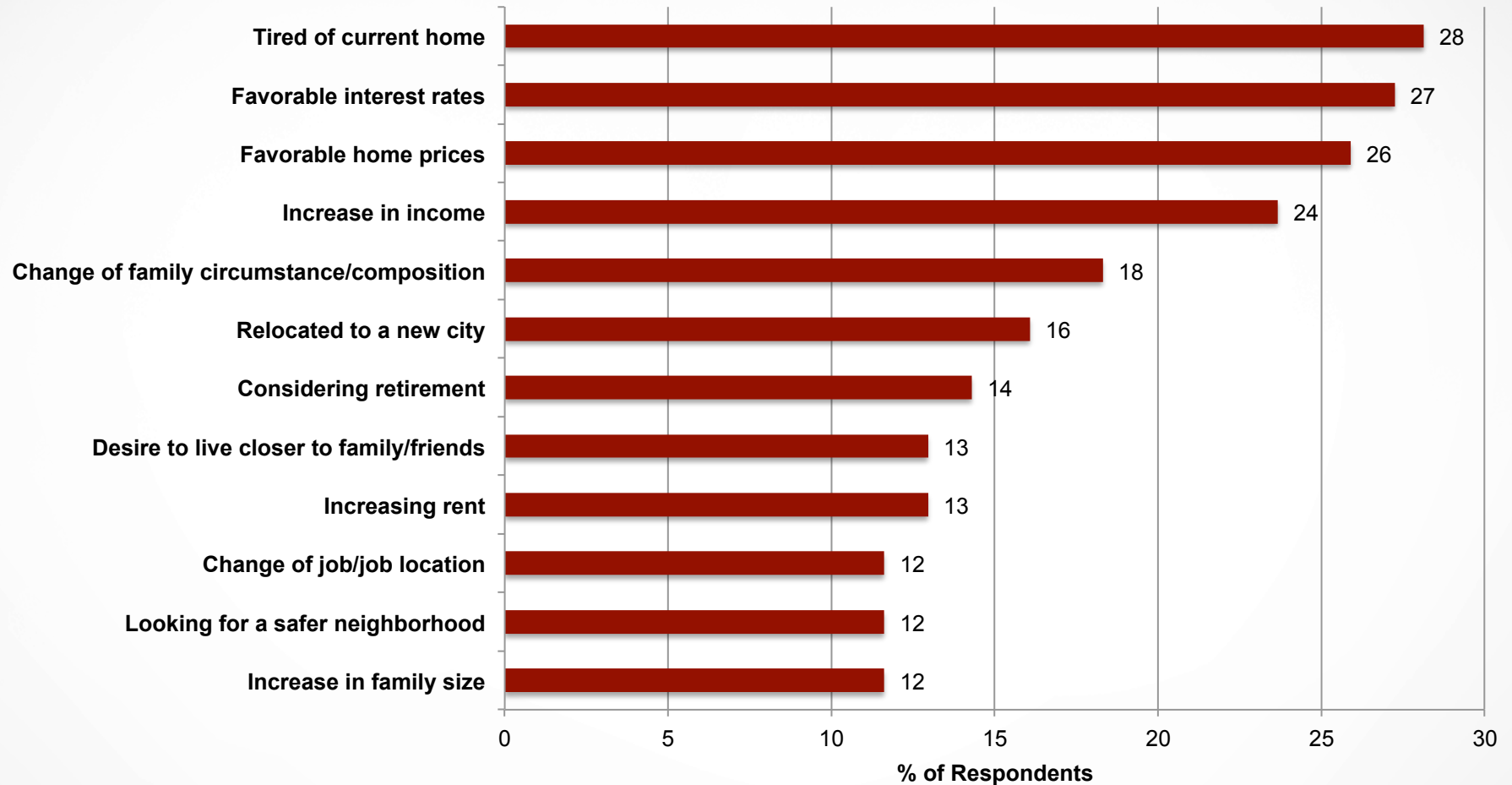
Plans to purchase a home up, pointing to strong spring



Source: The Conference Board, Moody's Analytics

REASONS FOR PURCHASE VARY

Clear patterns emerge from top 12 triggers for 2015 buyers

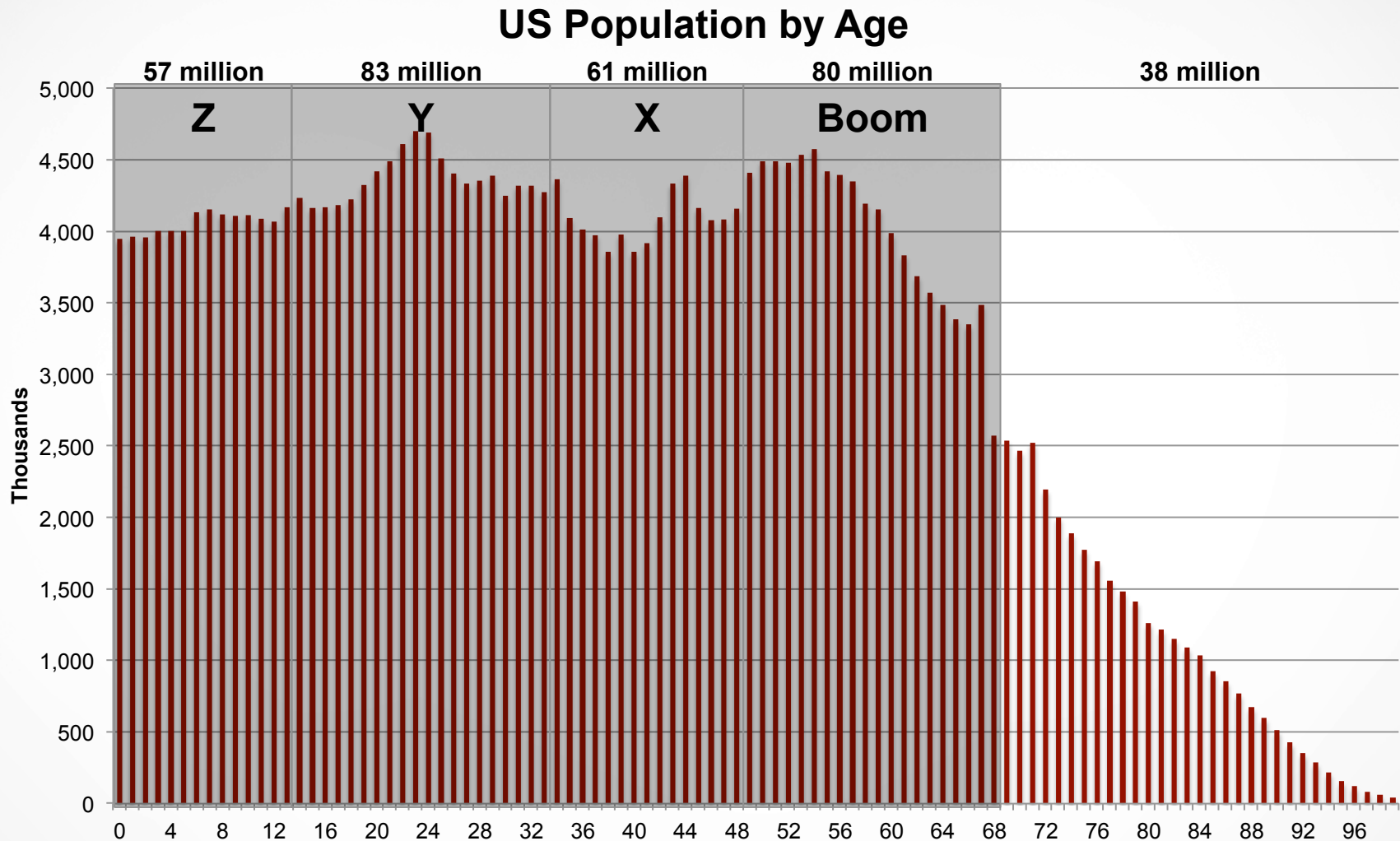


Source: BDX Home Shopper Insights Panel, Summer 2015

DEMAND DRIVERS

DEMOGRAPHICS SET THE TABLE

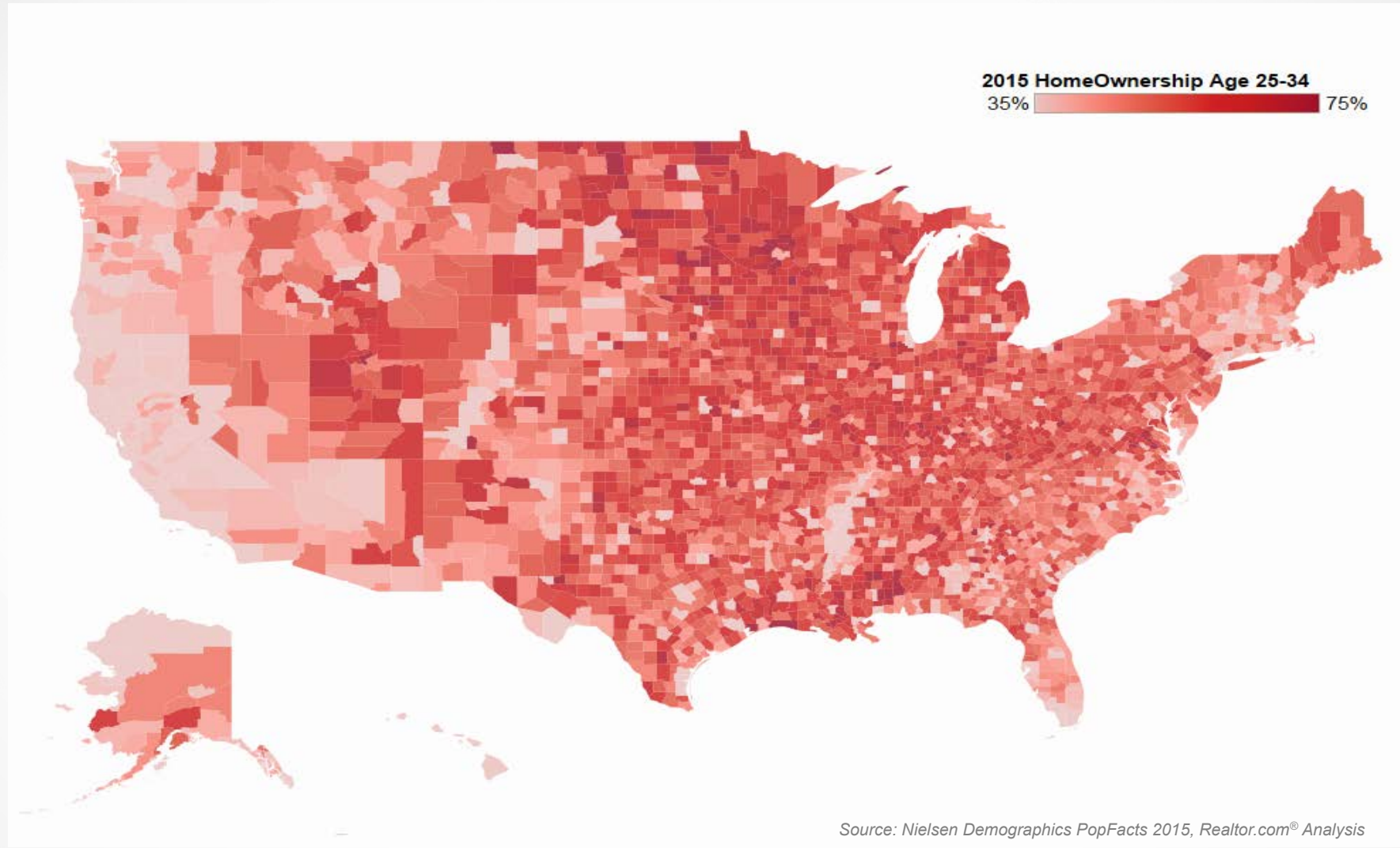
When viewed by age, importance of Millennials becomes clearer



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

MILLENNIAL OWNERSHIP VARIES

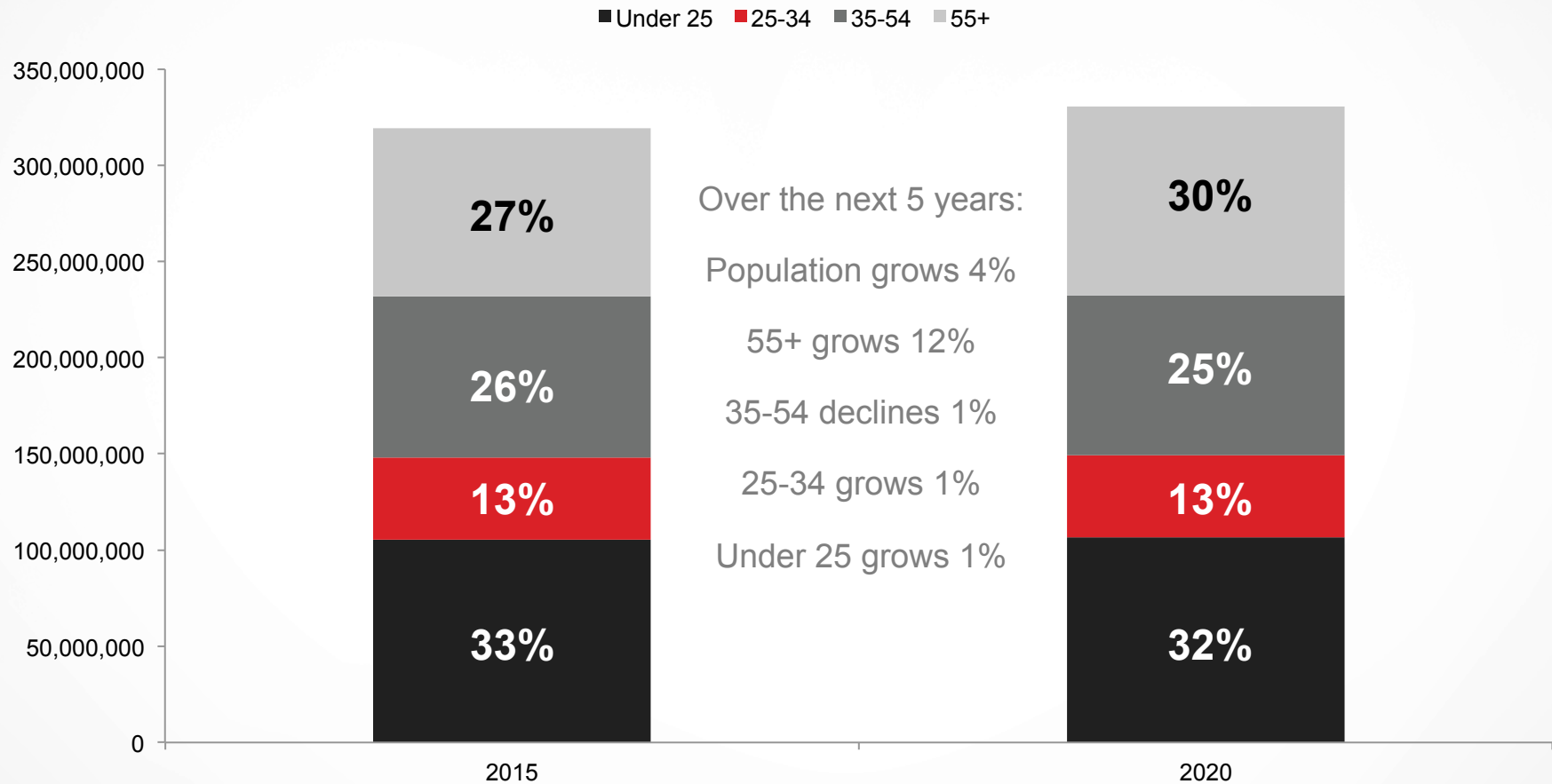
Strong correlation with affordable markets



BOOMERS KEEP DISTURBING

Boomer wave is causing a major population shift

Population by Age (United States)



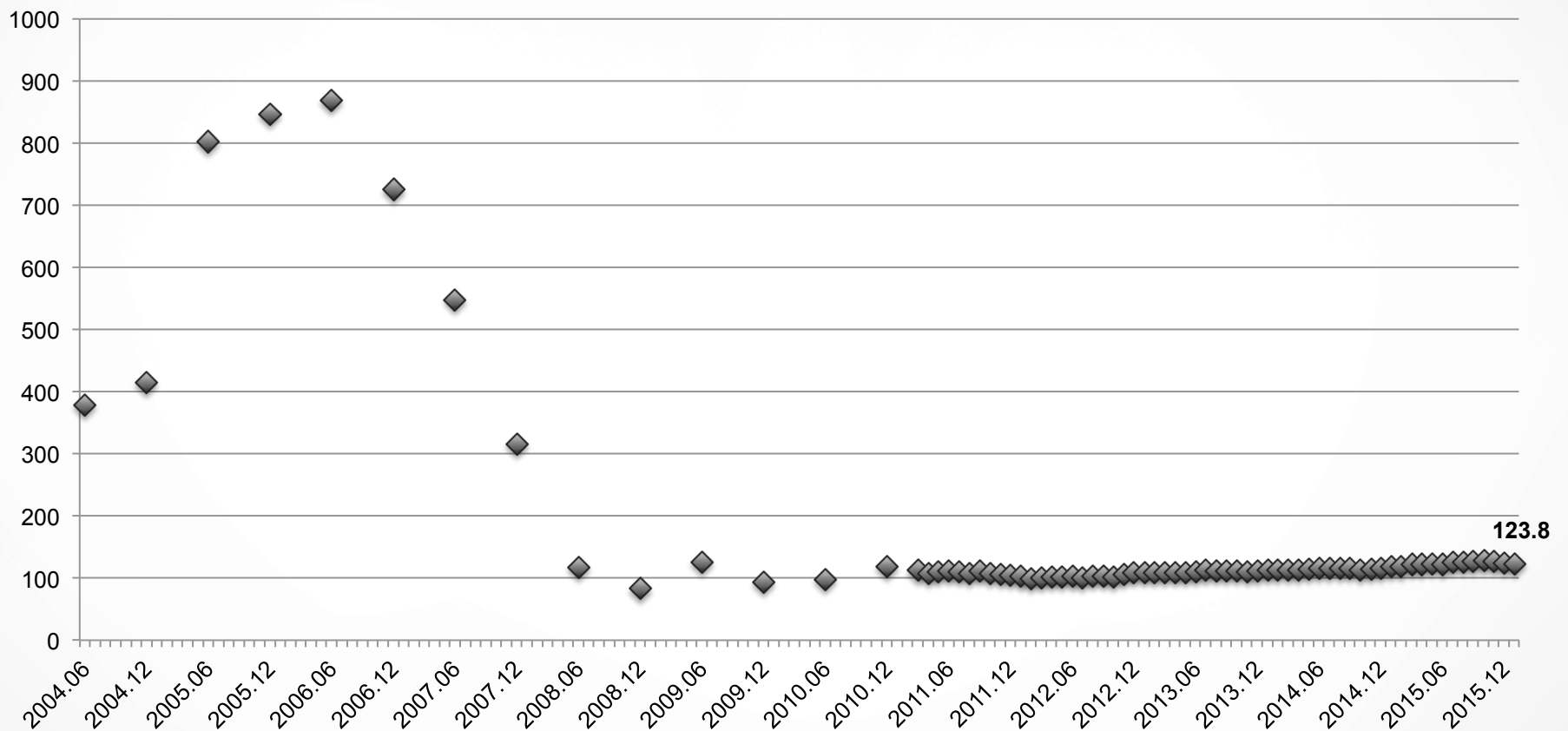
Source: Nielsen Demographics Pop-Facts 2015

**WE COULD DO
MORE**

CREDIT ACCESS REMAINS TIGHT

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

Mortgage Credit Availability Index
Mar-2012=100

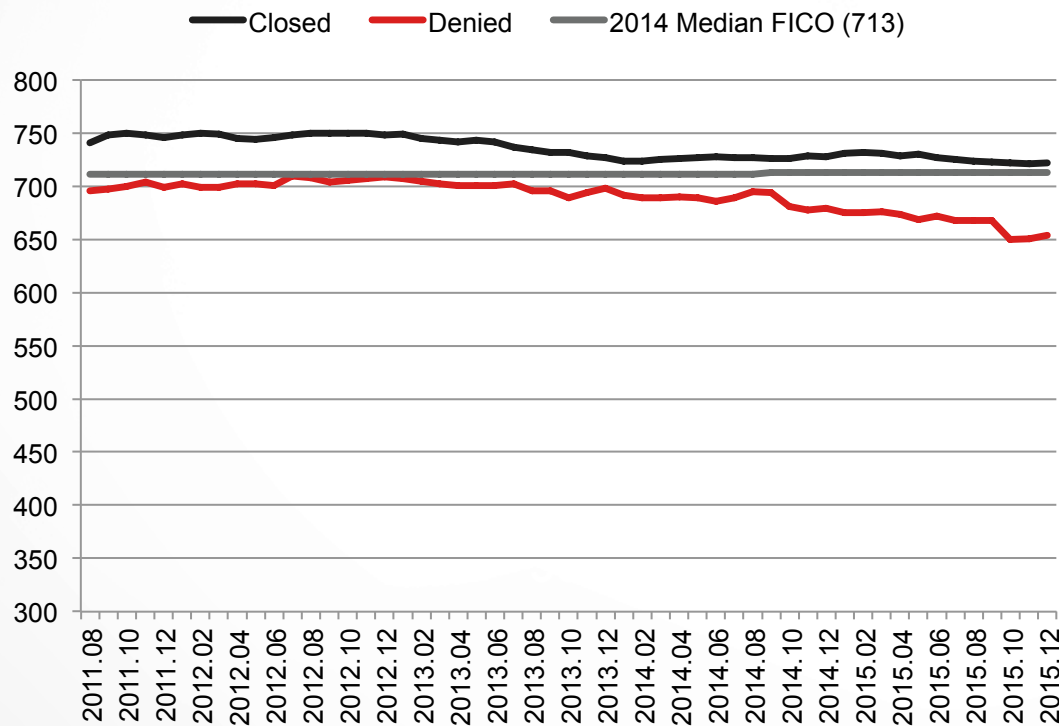


Source: Mortgage Bankers Association, Haver Analytics

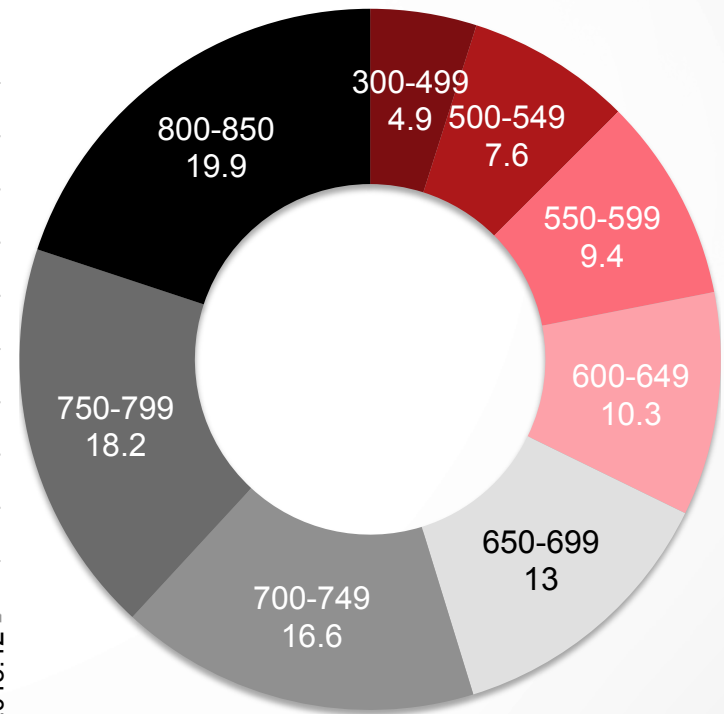
CREDIT METRICS SEE LITTLE CHANGE

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?

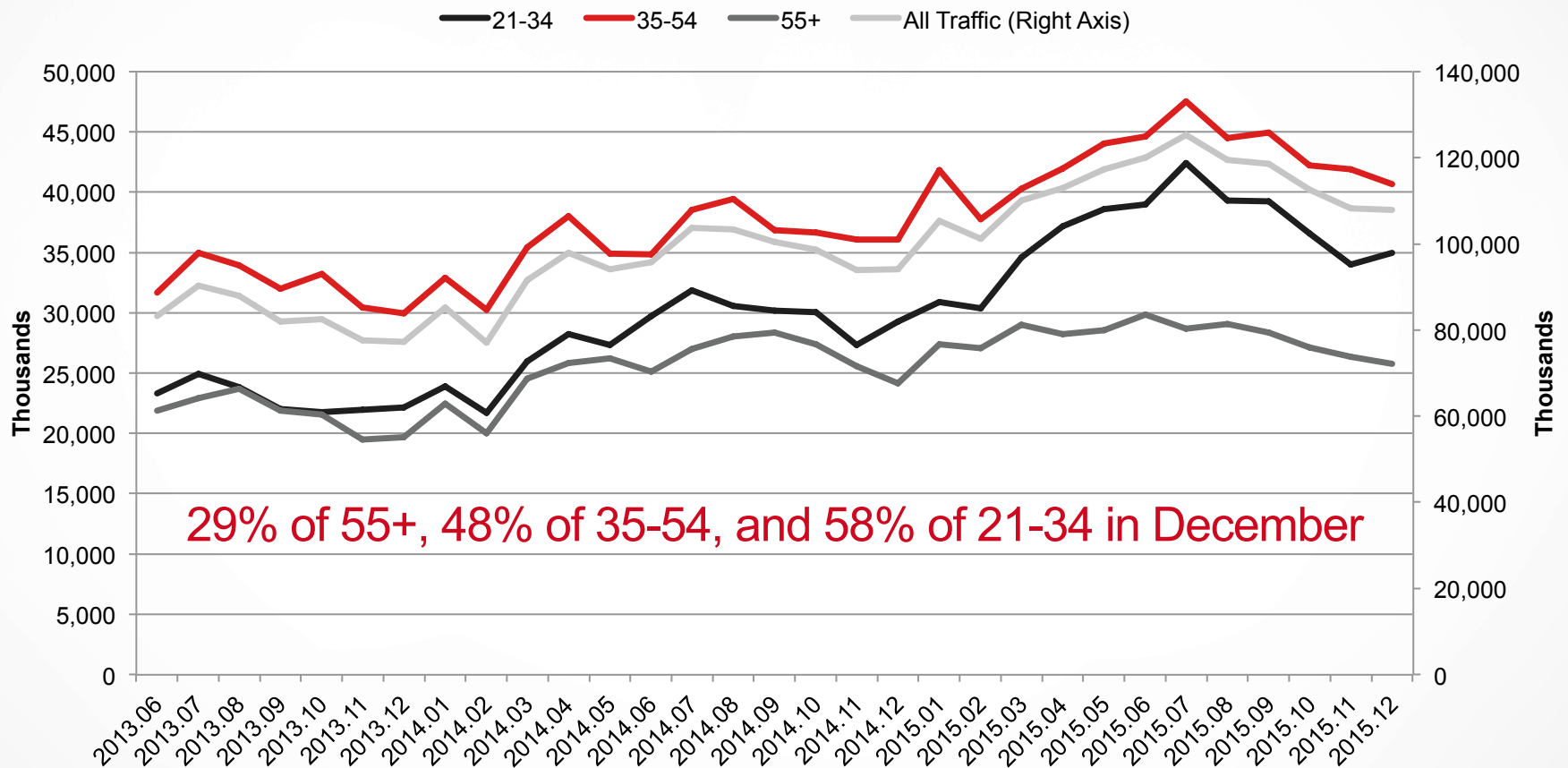


Source: Realtor.com Survey of Buyer Traffic, November-December 2015

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

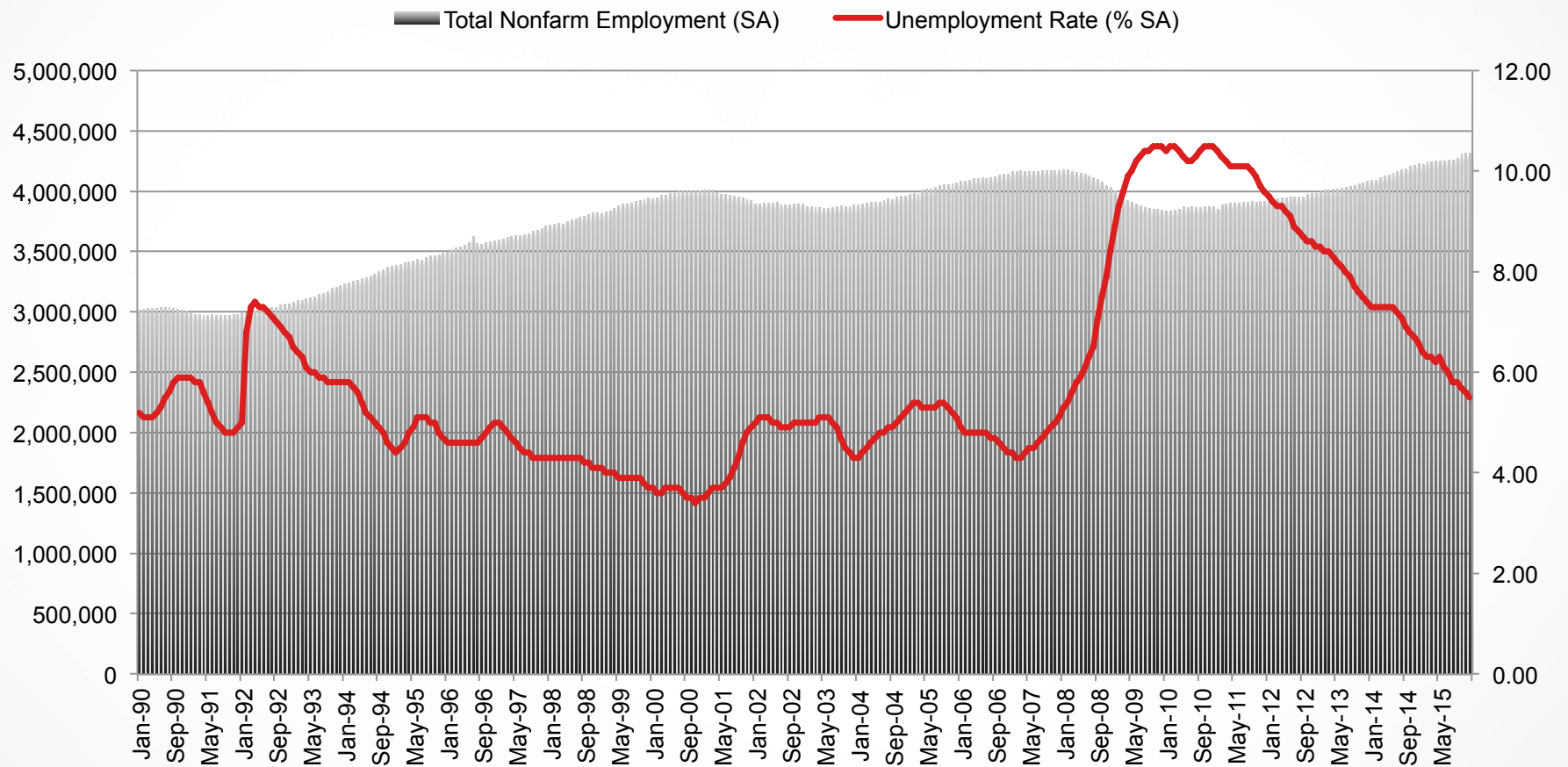
LOCATION

LOCATION

JOBS RECOVERED

Unemployment rate down to 5.5%

Employment and Unemployment Rate in Georgia

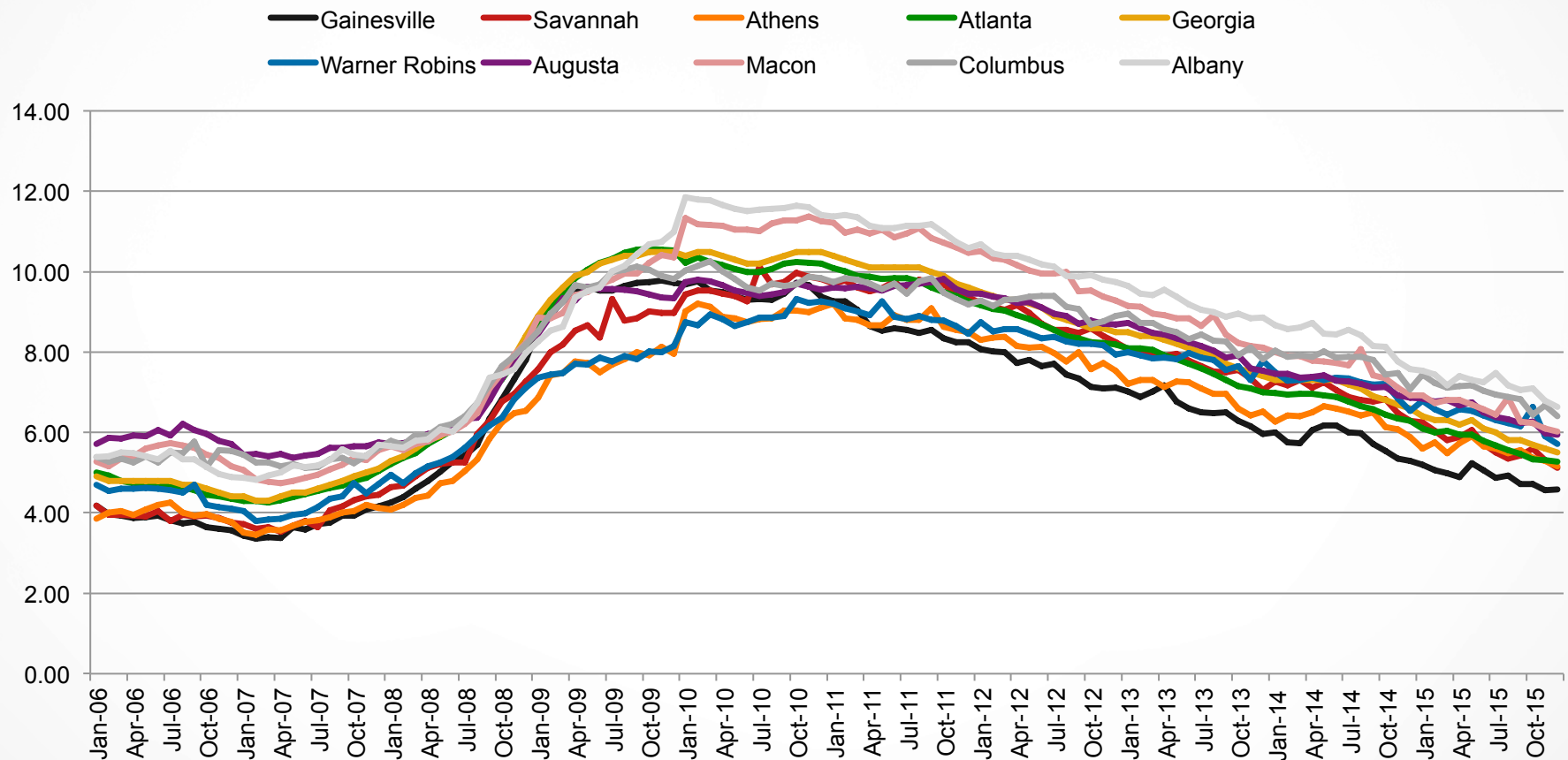


Source: BLS, Moody's Analytics

ALL MAJOR MARKETS IMPROVED

Unemployment rate as low as 4.6% in Gainesville

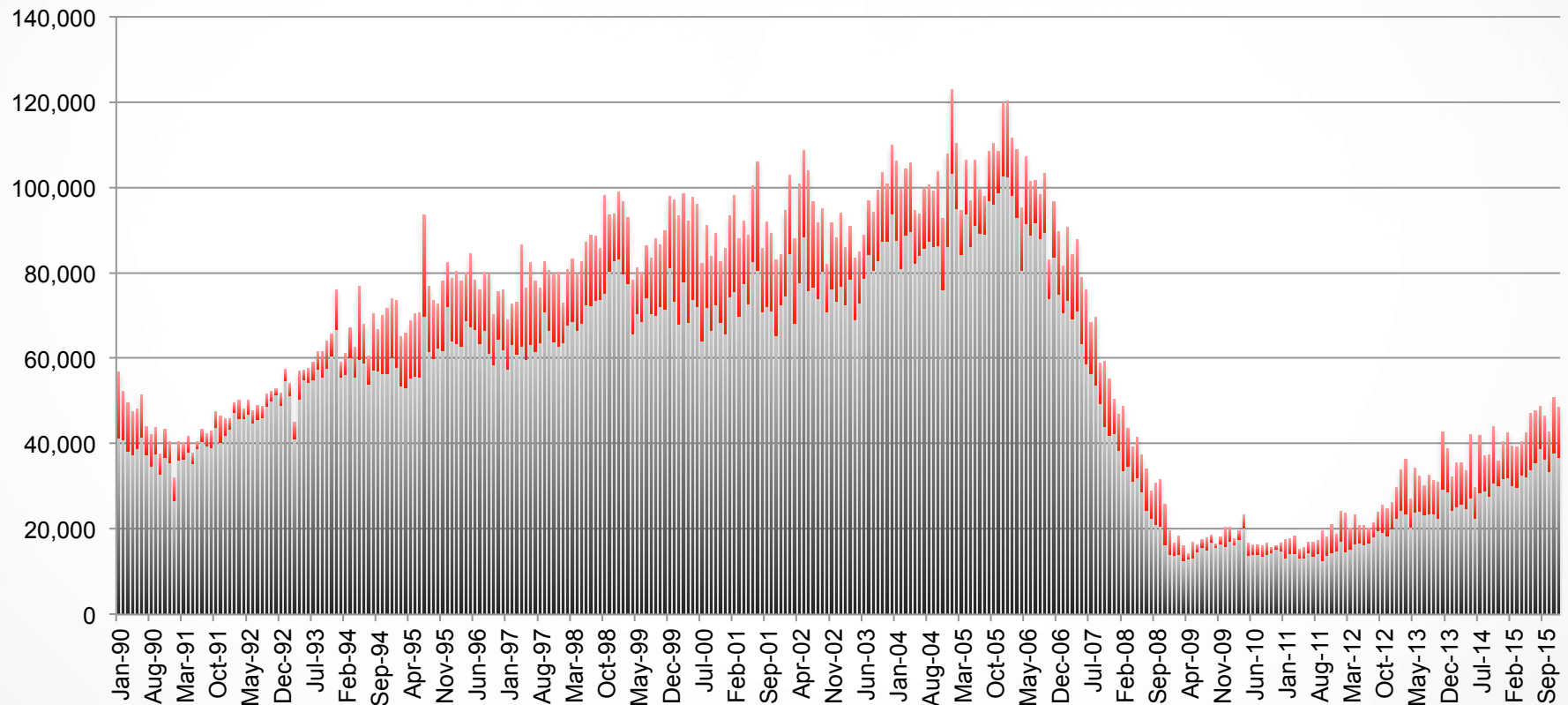
Unemployment Rate by Major Georgia MSAs



Source: BLS, Moody's Analytics

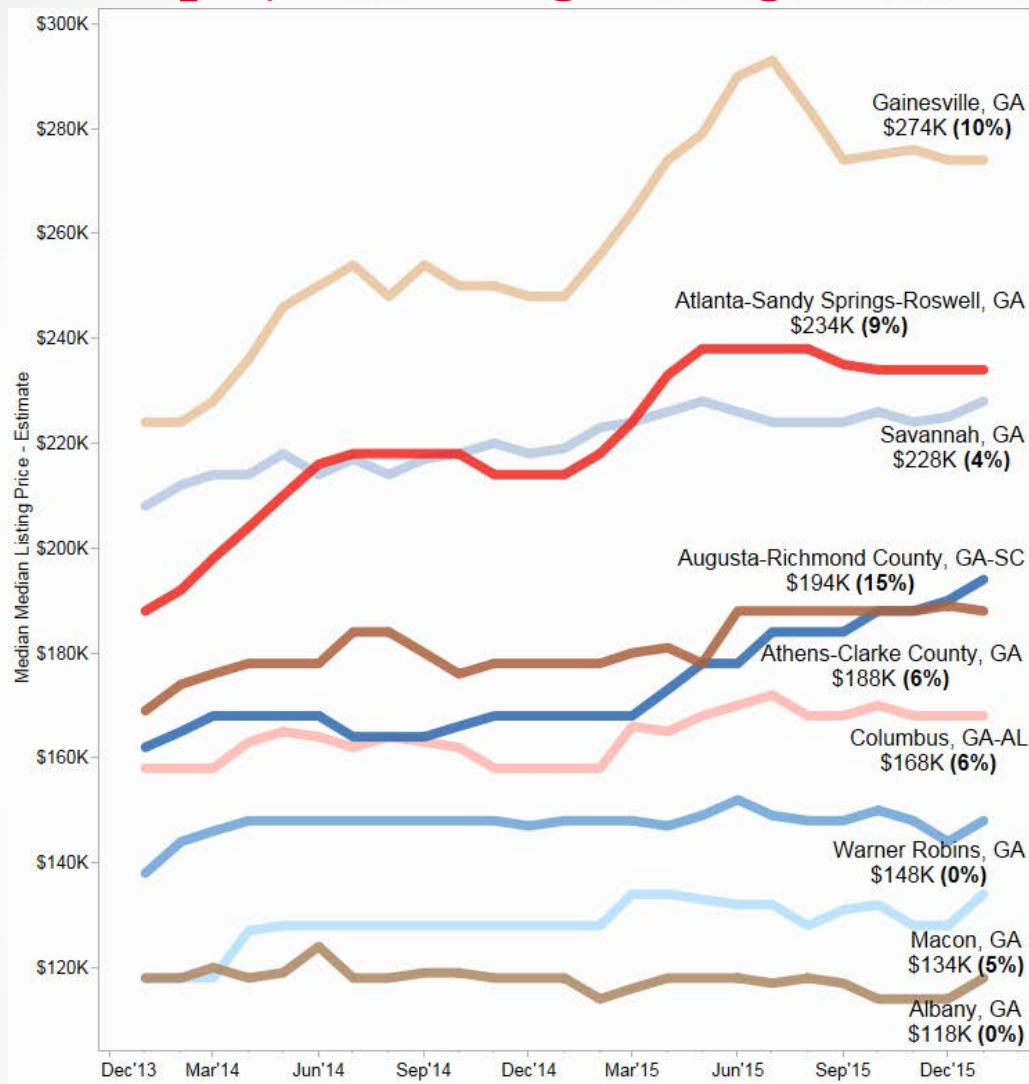
Starts remain off peak and below normal but moving up

■ Single-Family ■ Multi-Family



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%

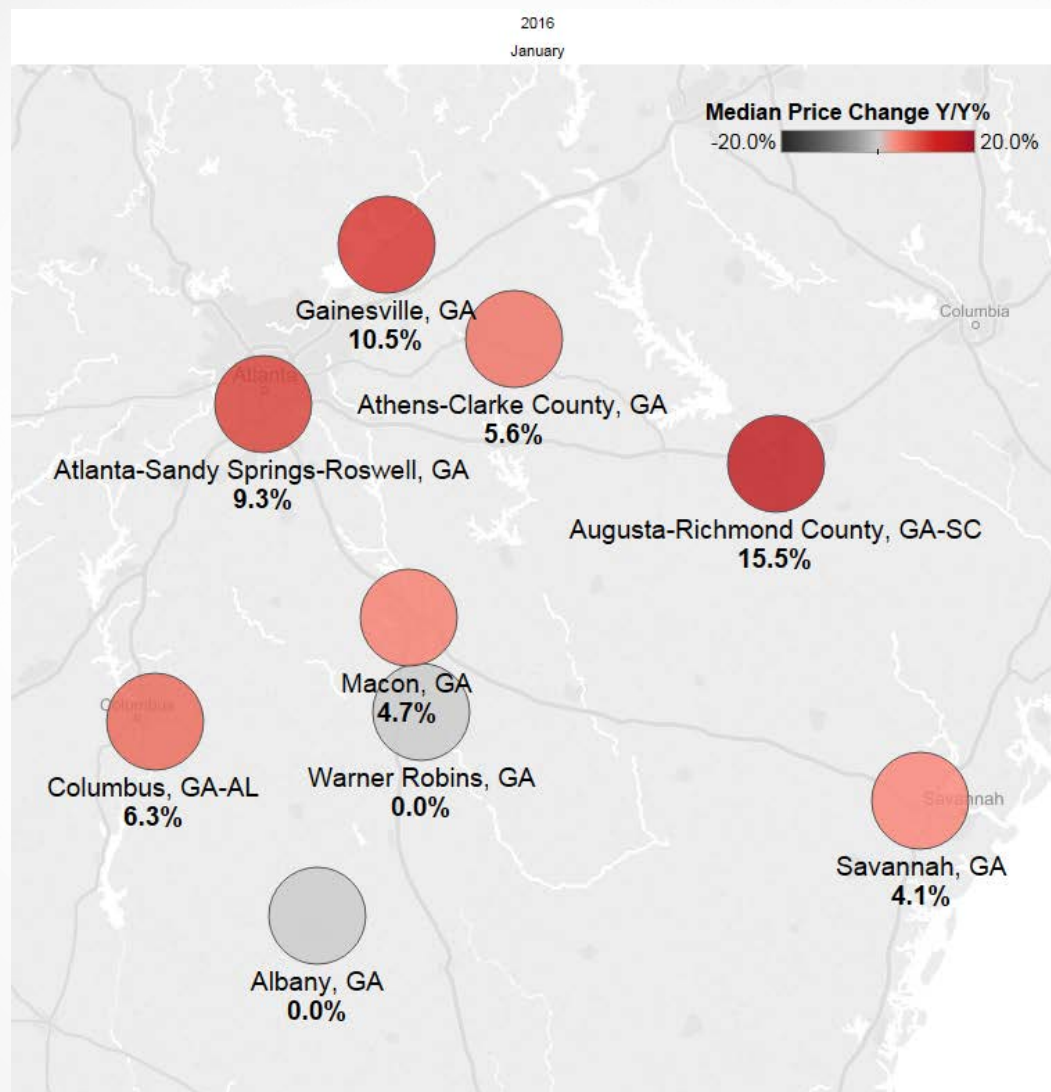
Area Name

- 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

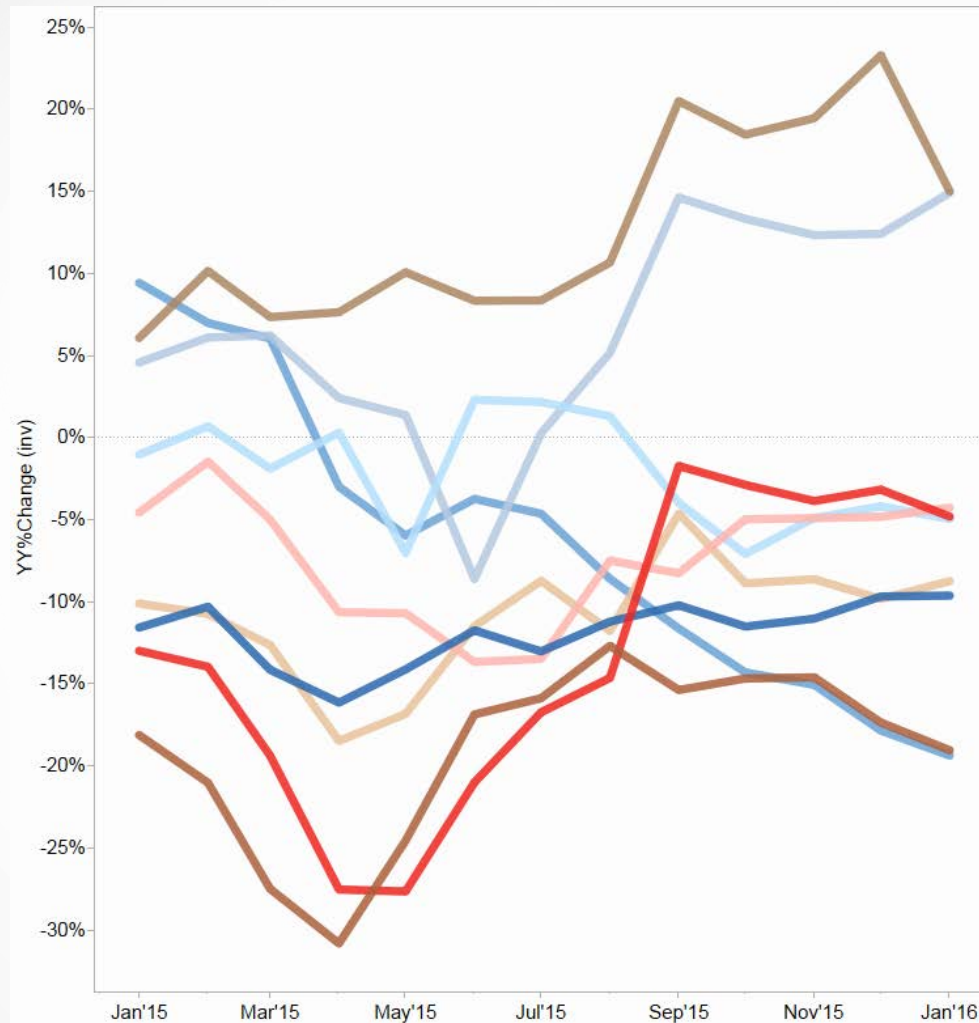
Y/Y appreciation strong in more than half of the state (Jan 2016)



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%

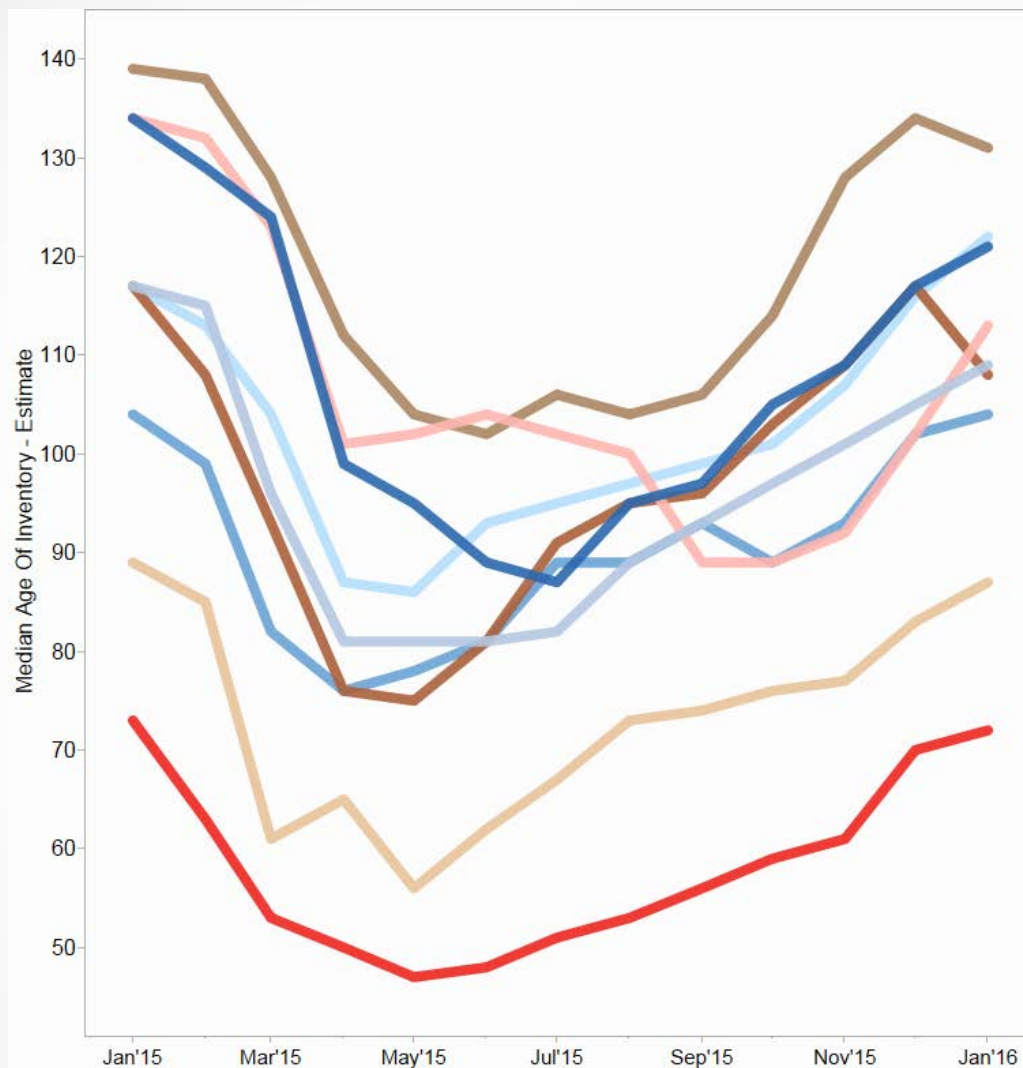
Area Name

- 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

AGE OF INVENTORY

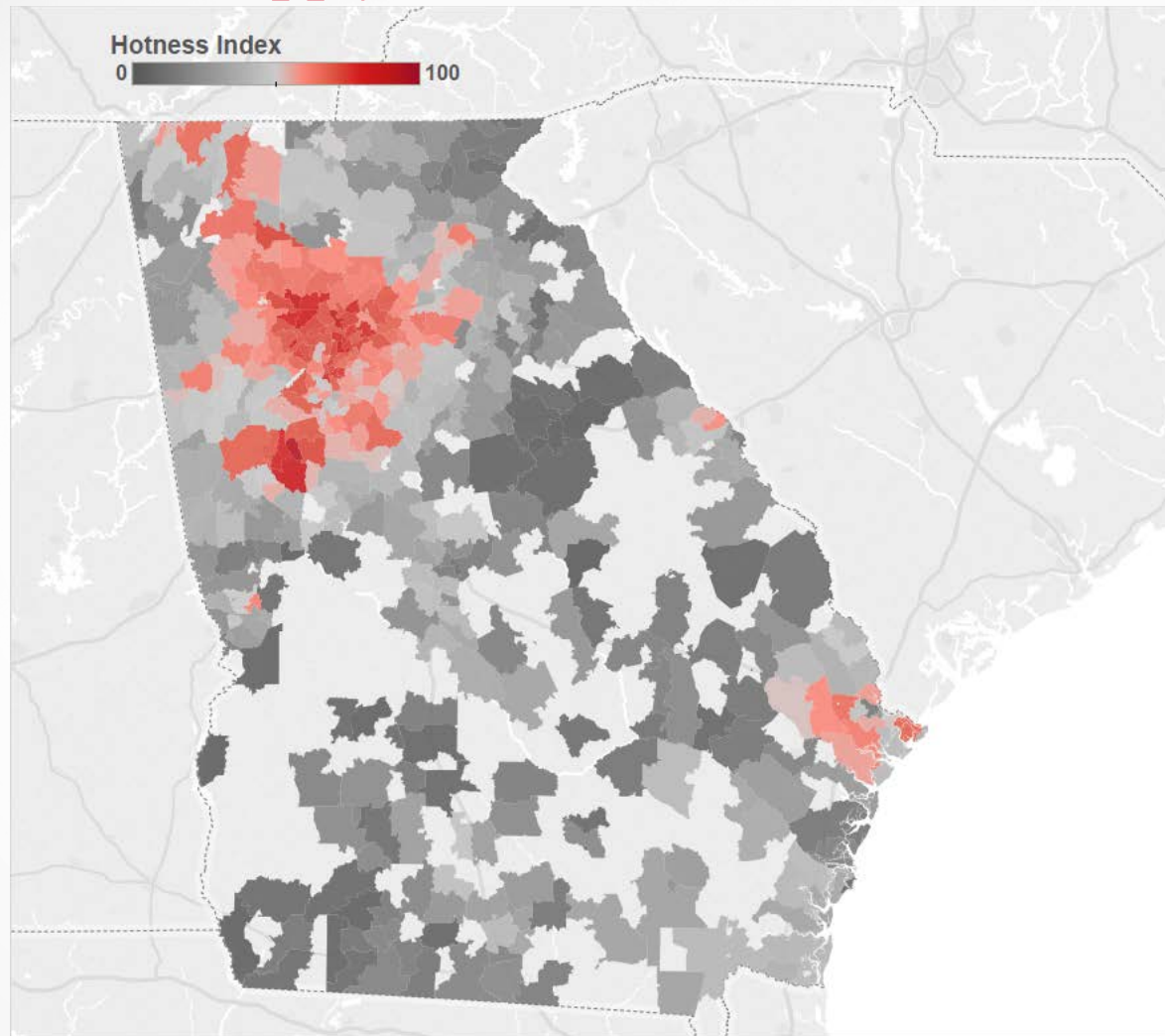
Inventory moving faster Y/Y in most metros (January 2016)



	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

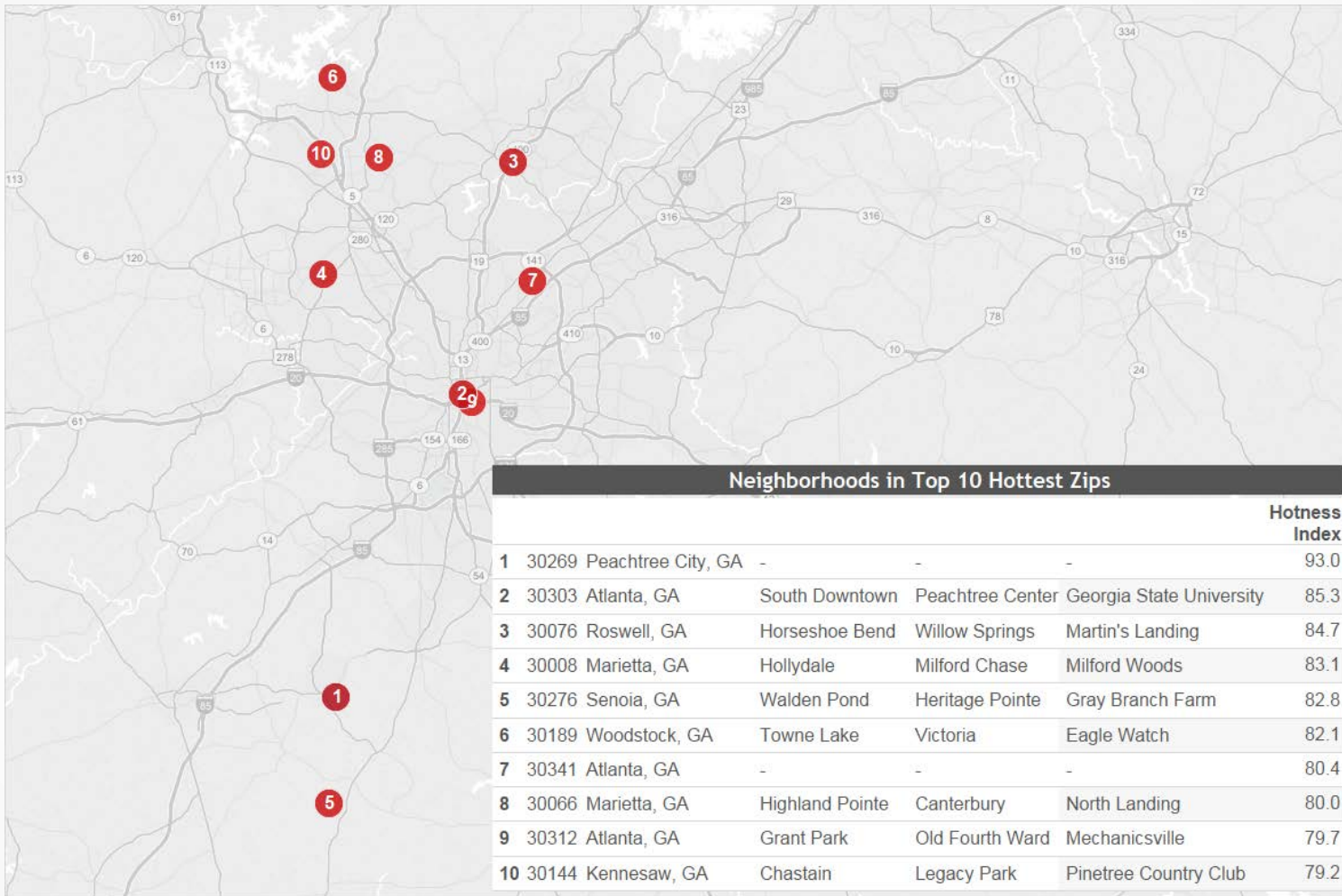


Top 10 Hottest Zips			
			Hotness Index
1	30269	Peachtree City, GA	93.0
2	30303	Atlanta, GA	85.3
3	30076	Roswell, GA	84.7
4	30008	Marietta, GA	83.1
5	30276	Senoia, GA	82.8
6	30189	Woodstock, GA	82.1
7	30341	Atlanta, GA	80.4
8	30066	Marietta, GA	80.0
9	30312	Atlanta, GA	79.7
10	30144	Kennesaw, GA	79.2

Source: Realtor.com

FOCUS ON ATLANTA METRO

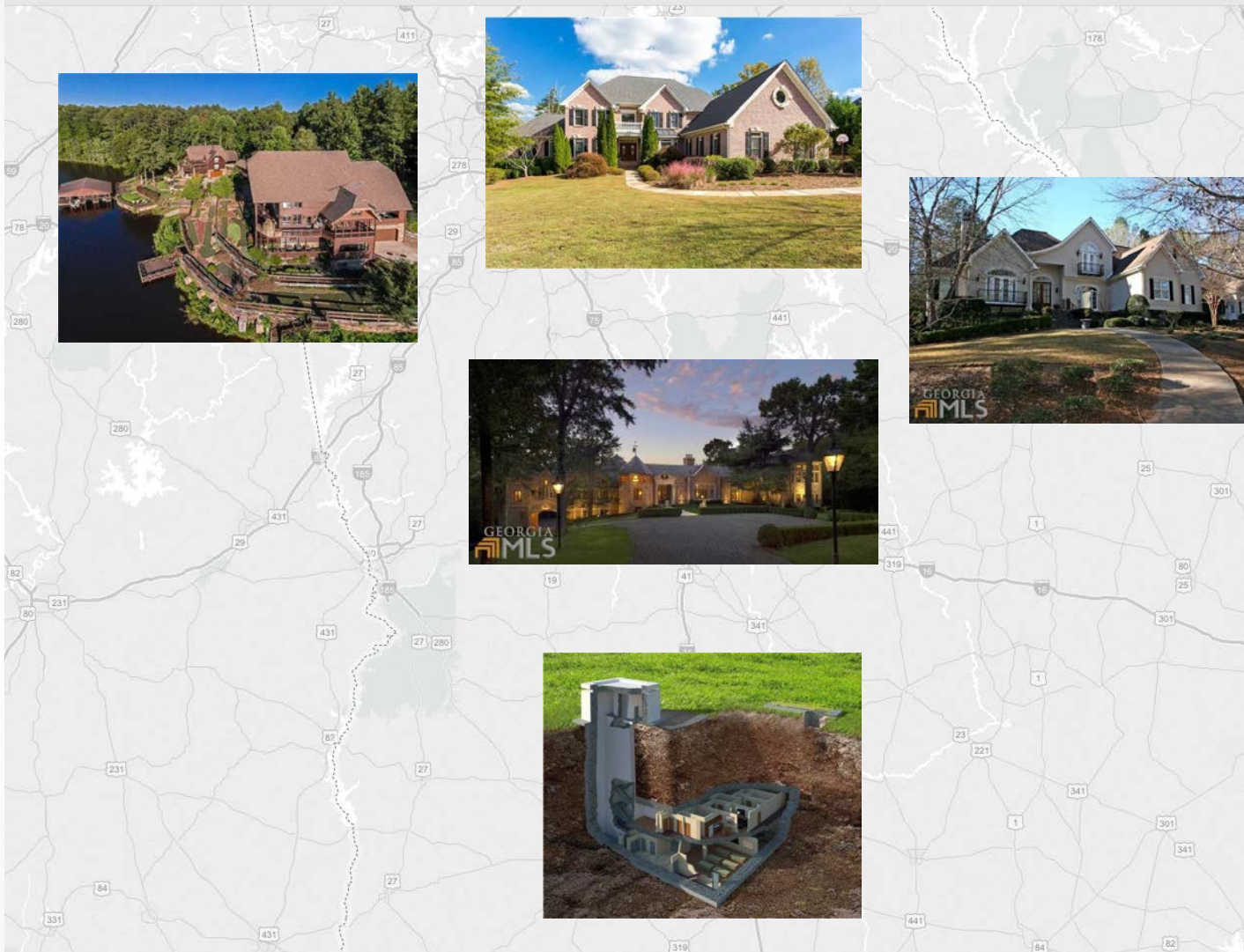
Top 10 zips and their neighborhoods



Source: Realtor.com

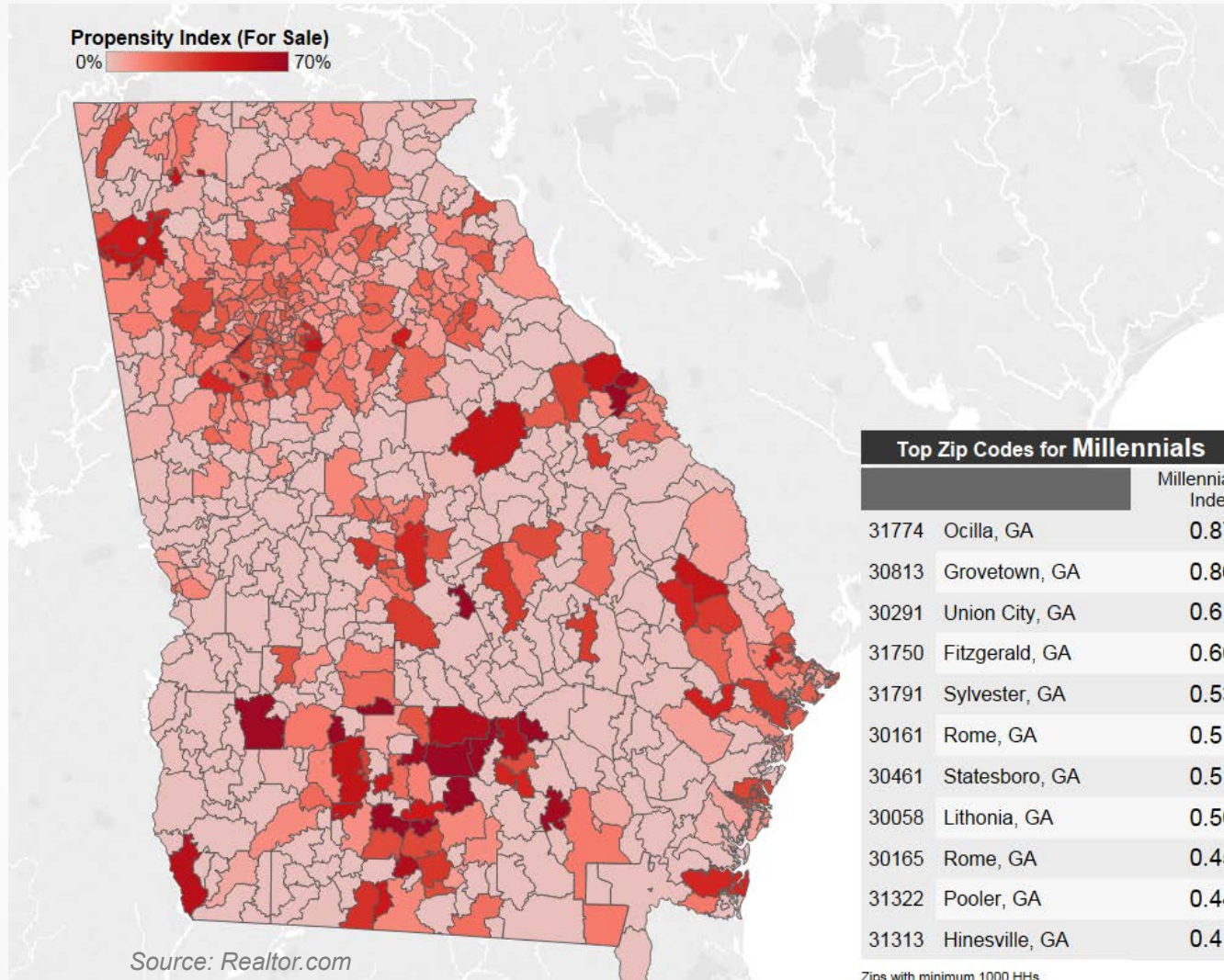
HOTTEST HOMES LAST 90 DAYS

Top listings get 50-450 times more views than average listings



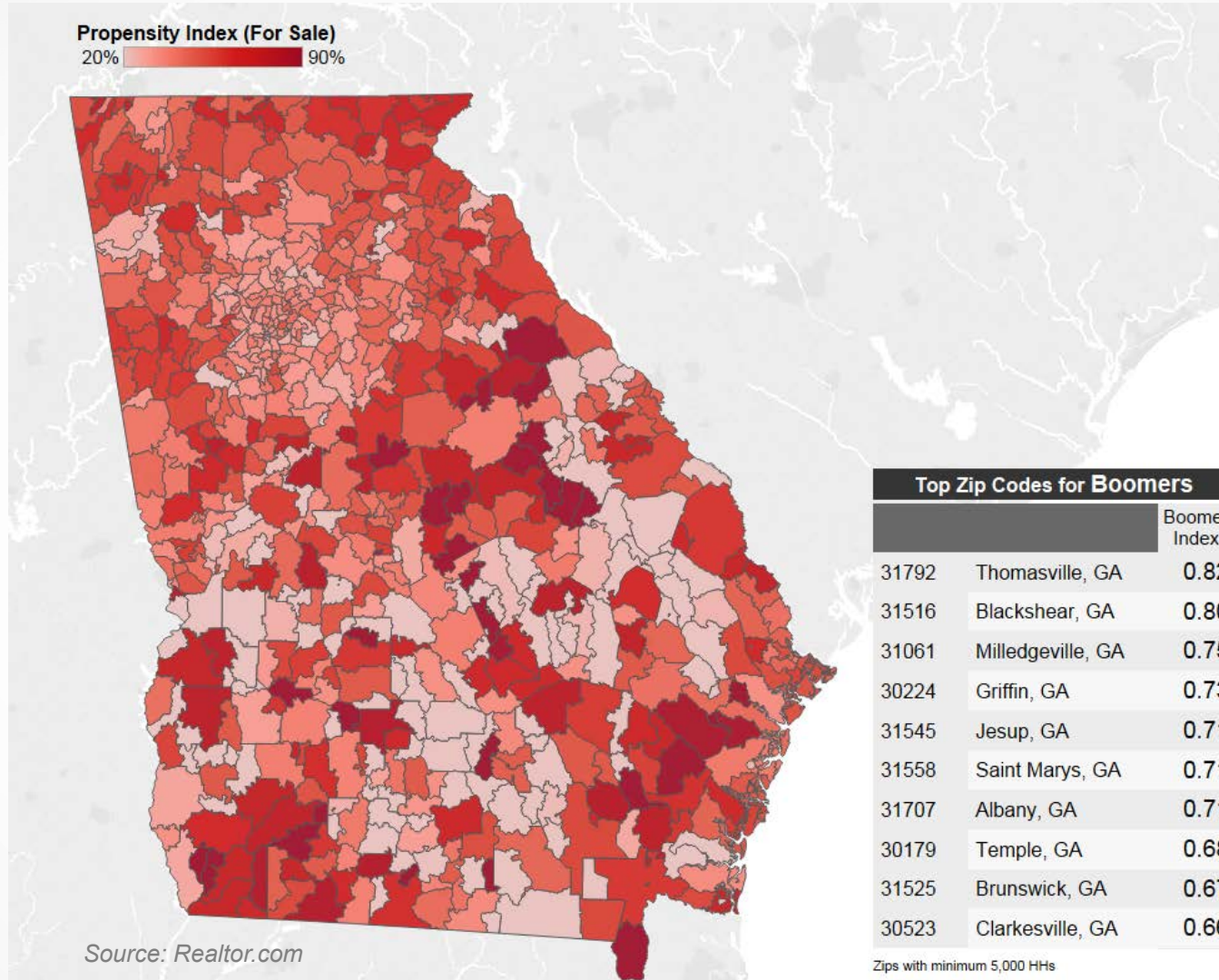
MILLENNIAL PROPENSITY

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



BOOMER PROPENSITY

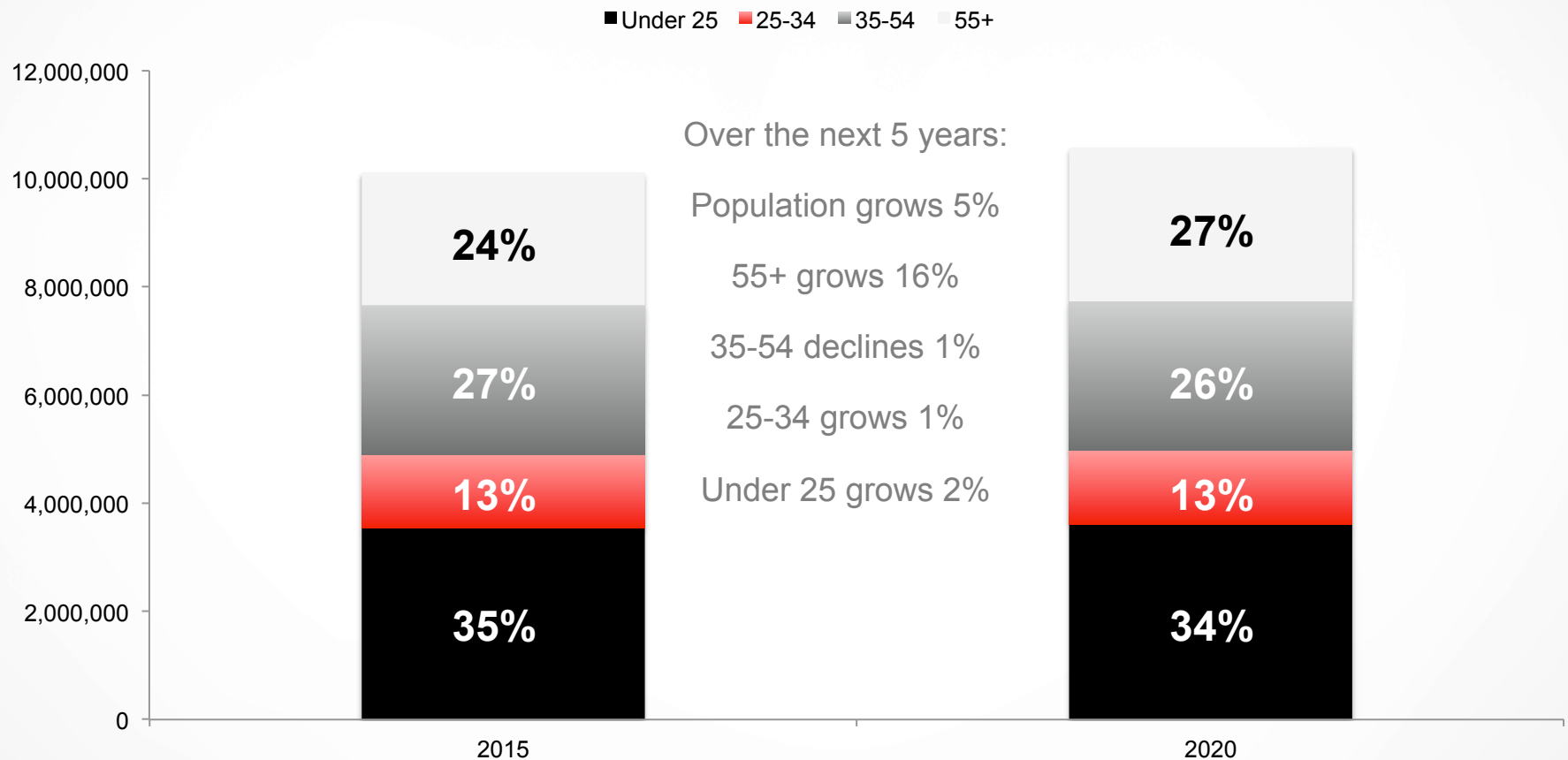
50-64 interest relative to other age groups (December 2015)



OLDER SHIFT IN GEORGIA TOO

Over 55 represents almost all of the growth

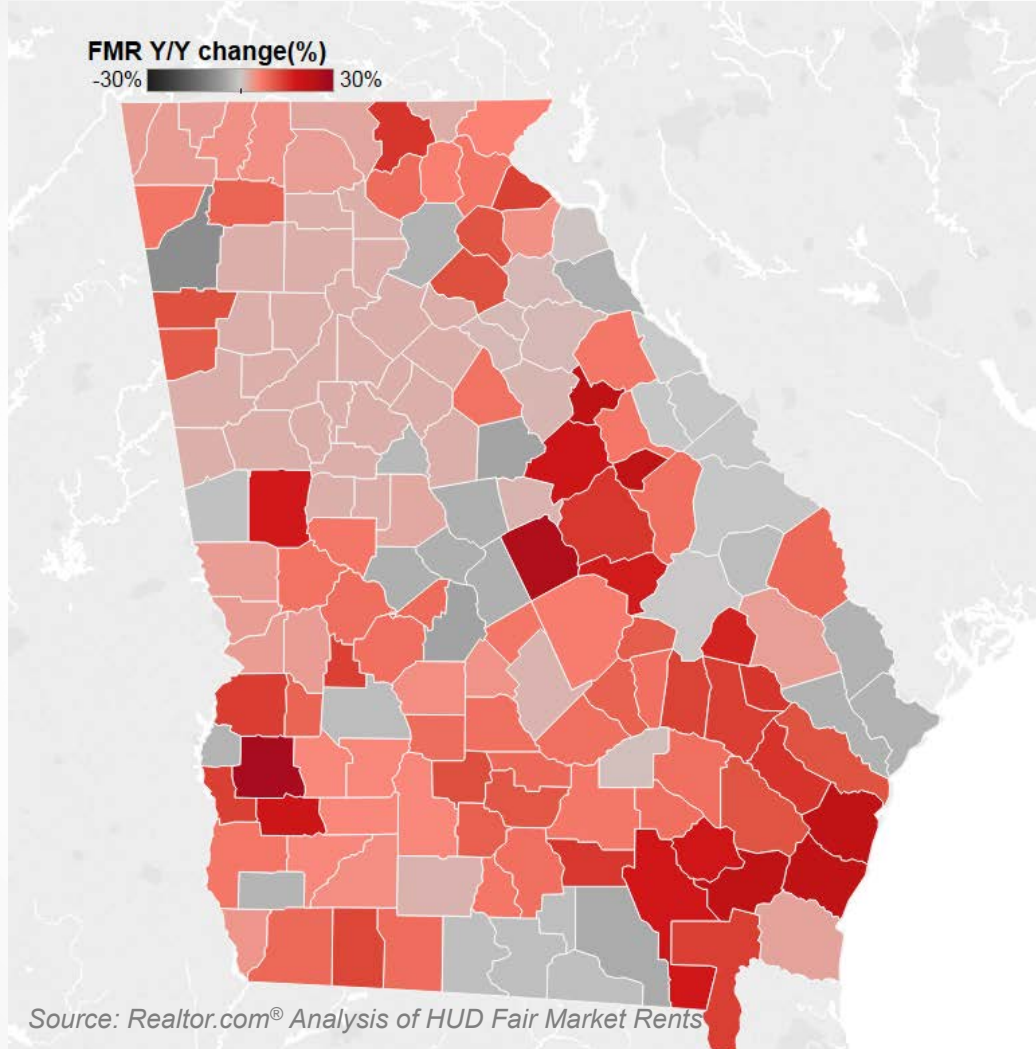
Population by Age (Georgia)



Source: Nielsen Demographics Pop-Facts 2015

RENT PRICES VARY

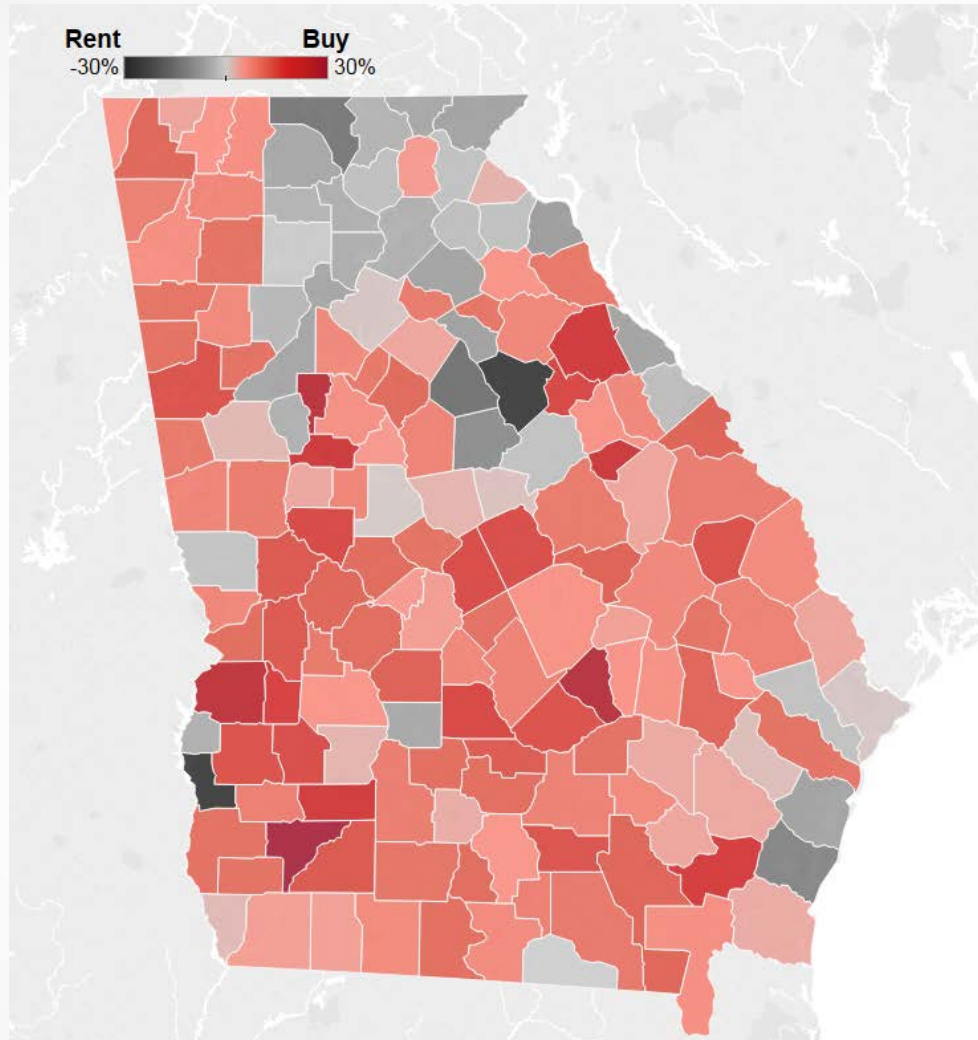
Rents up 10%+ year-over-year in 1 of 4 counties



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

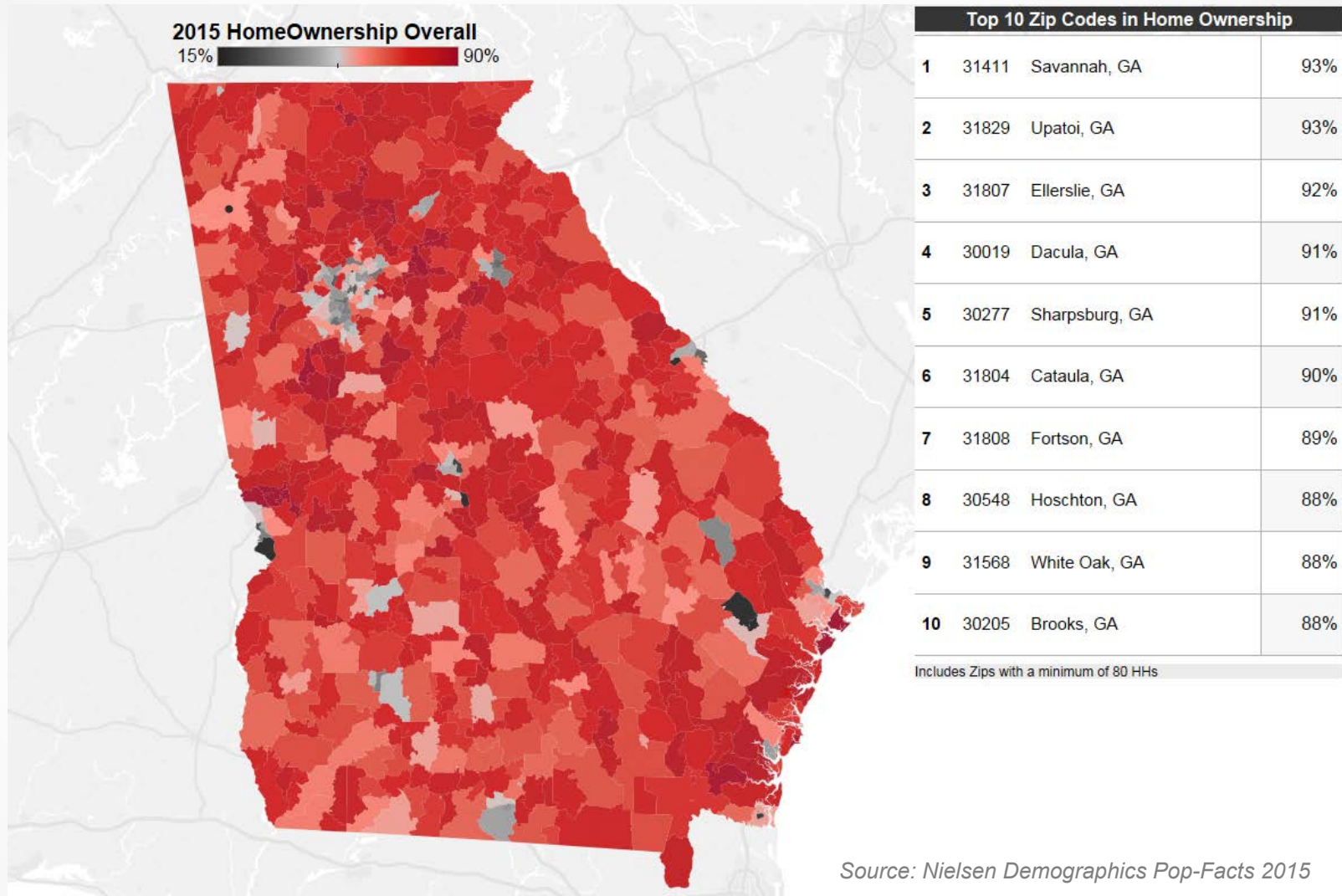


Buy vs Rent by County				
County	Rent vs Buy	Pct of Income to Rent	Pct of Income to Buy	Difference
Baker	BUY	42%	13%	30%
Wheeler	BUY	42%	15%	27%
Clayton	BUY	40%	14%	26%
Stewart	BUY	41%	16%	25%
Glascocock	BUY	29%	7%	21%
Glynn	RENT	29%	42%	-13%
Fannin	RENT	27%	43%	-16%
Morgan	RENT	24%	41%	-17%
Clay	RENT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

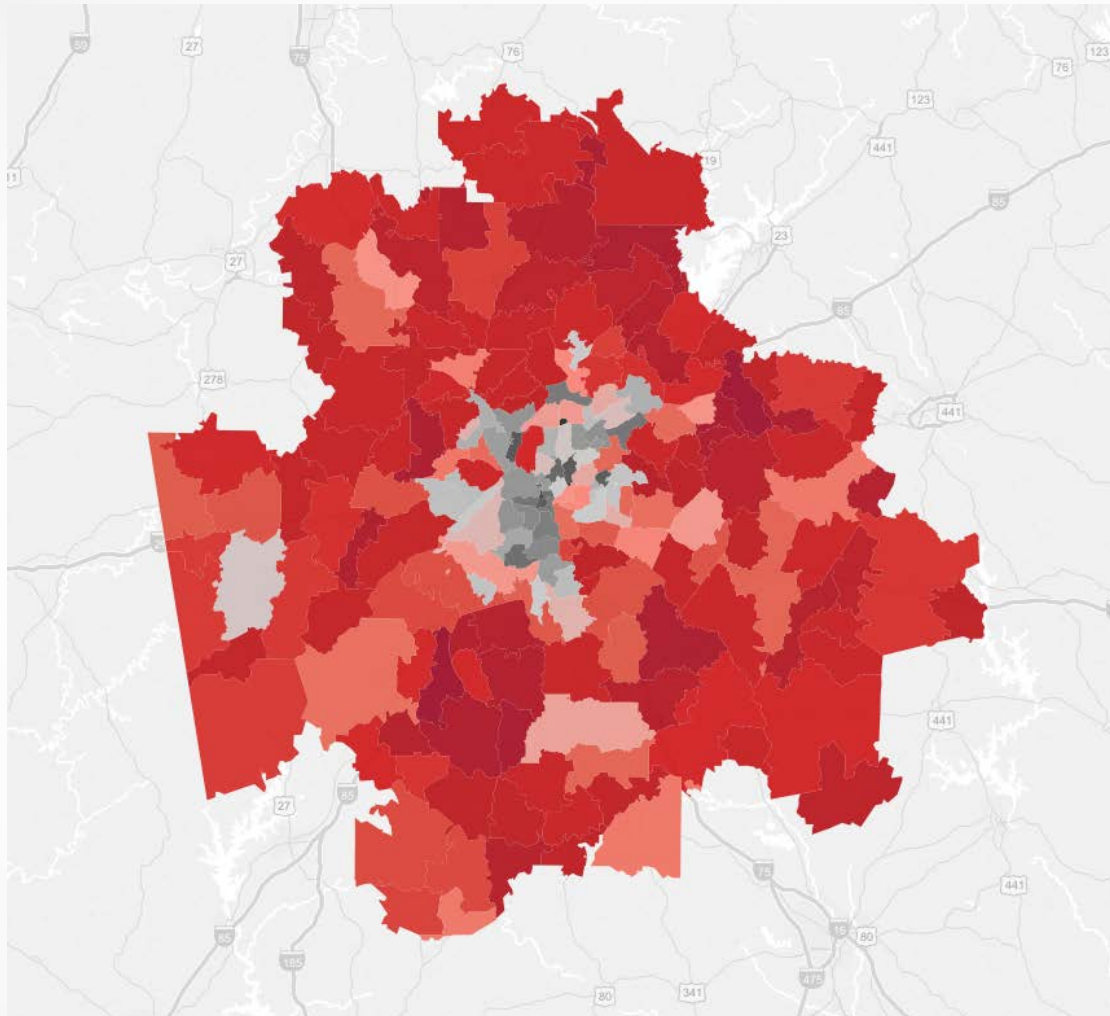
HOME OWNERSHIP VARIES GREATLY

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



FOCUS ON ATLANTA

Ownership rate in suburbs 60% higher than urban areas

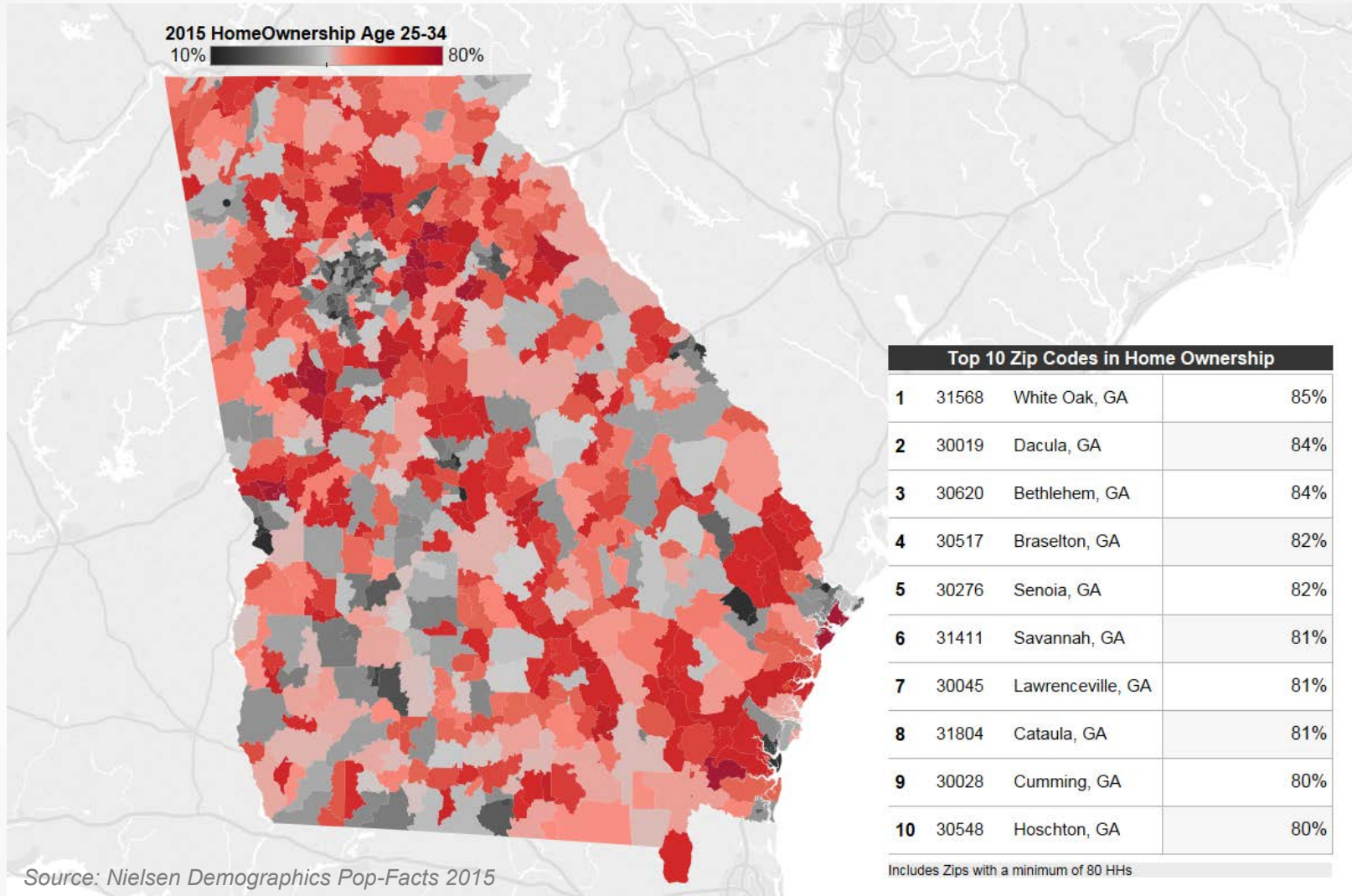


Top 10 Zip Codes in Home Ownership			
1	30019	Dacula, GA	91%
2	30277	Sharpsburg, GA	91%
3	30205	Brooks, GA	88%
4	30148	Marble Hill, GA	87%
5	30045	Lawrenceville, GA	87%
6	30127	Powder Springs, GA	87%
7	30252	McDonough, GA	87%
8	30028	Cumming, GA	87%
9	30620	Bethlehem, GA	87%
10	30017	Grayson, GA	87%

Source: Nielsen Demographics Pop-Facts 2015

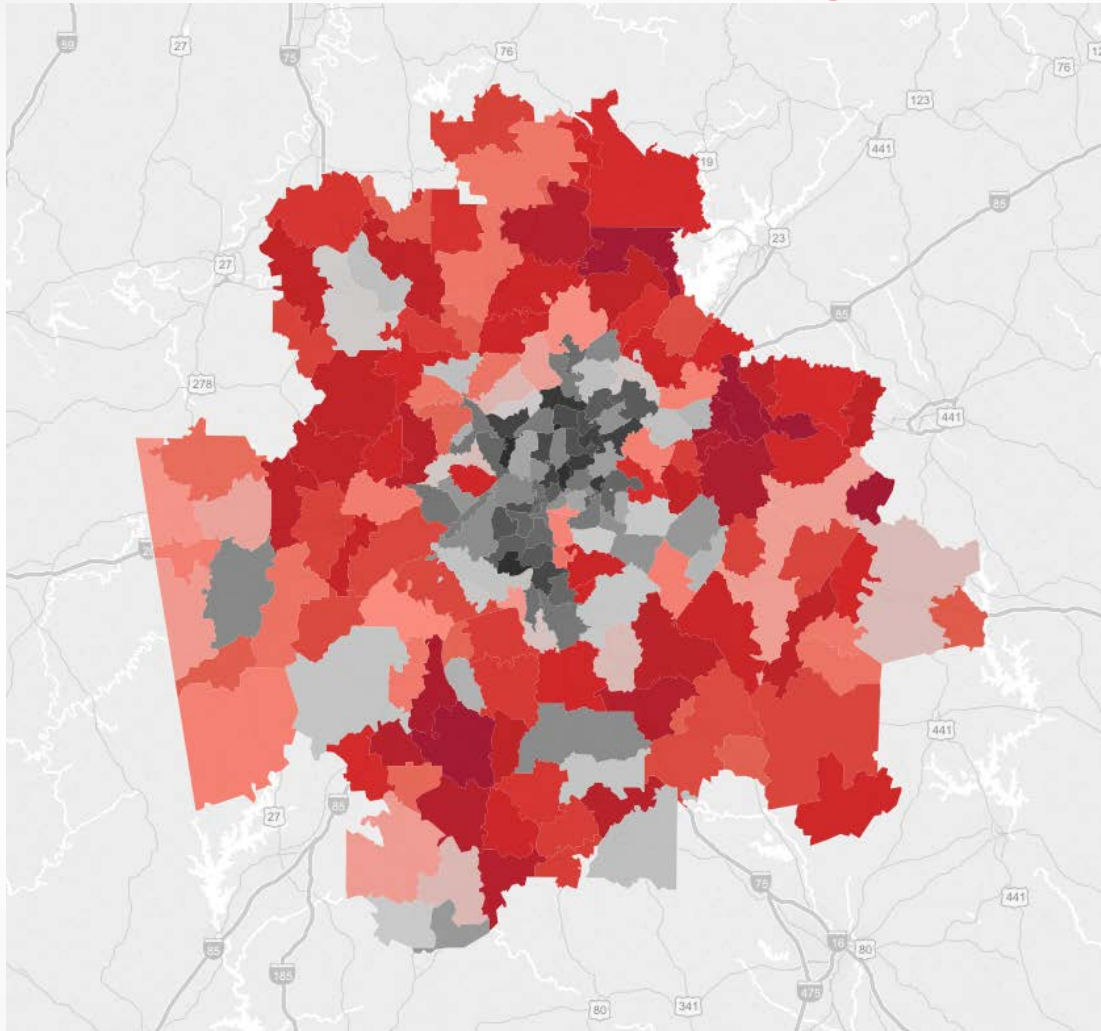
MILLENNIAL OWNERSHIP

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

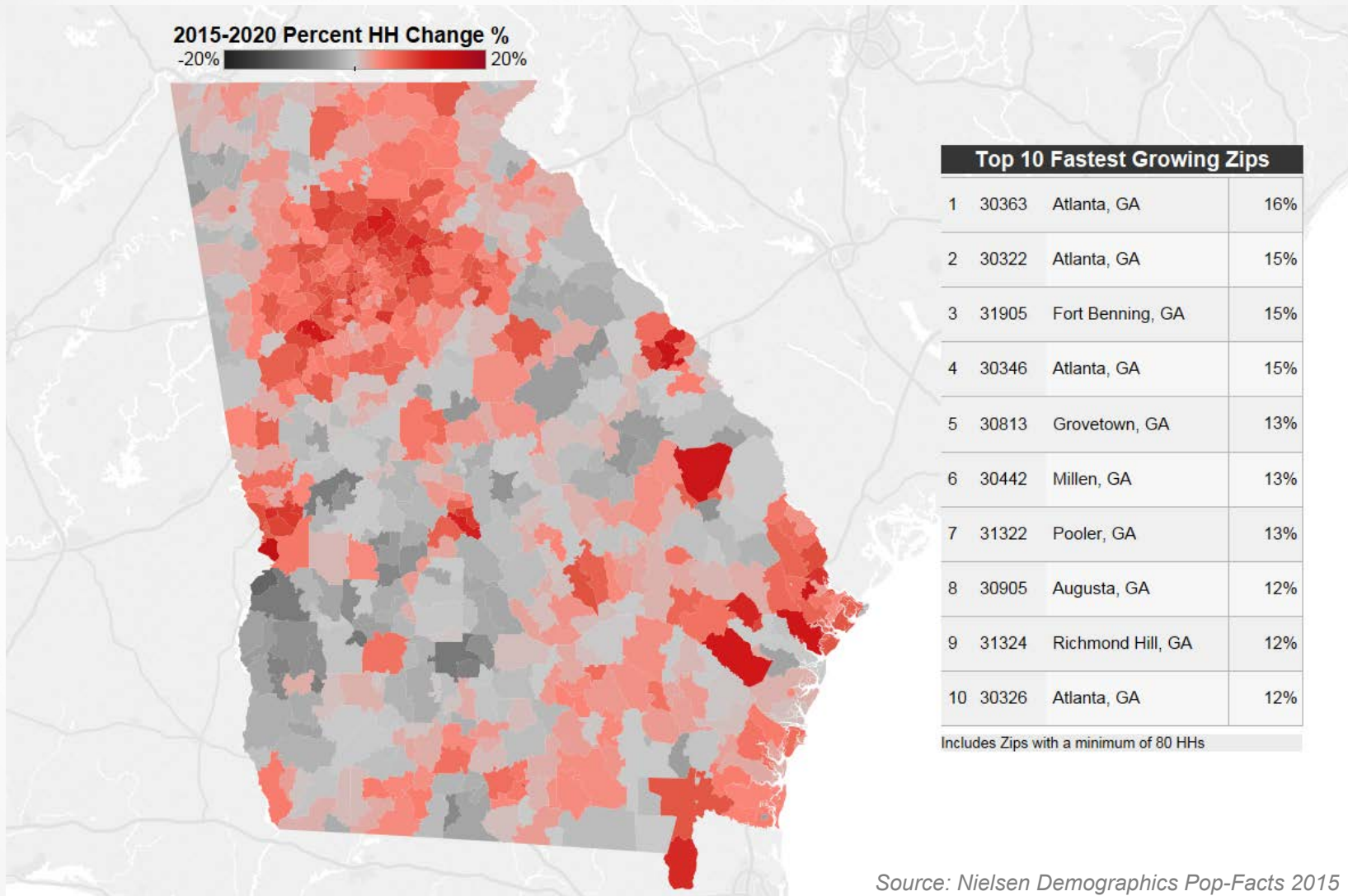


Top 10 Zip Codes in Home Ownership			
1	30019	Dacula, GA	84%
2	30620	Bethlehem, GA	84%
3	30276	Senoia, GA	82%
4	30045	Lawrenceville, GA	81%
5	30028	Cumming, GA	80%
6	30641	Good Hope, GA	79%
7	30277	Sharpsburg, GA	77%
8	30017	Grayson, GA	76%
9	30248	Locust Grove, GA	76%
10	30107	Ball Ground, GA	76%

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%

ENDING ON A POSITIVE NOTE

Courtesy of DJ Smokey Smoke

1. Location, location, location. Home is about that special refuge. Home is personal. But finding a home in the right neighborhood takes effort and turns out best with the help of an expert local REALTOR®.



Here by Alessia Cara

2. Rents are rising, it's cheaper to buy a home in 77% of the country, and real estate is viewed very positively, especially by young people—owning is cool again. Welcome to My House!



My House by Flo Rida

3. Planning to buy in 2016? Don't mess around. More than 85% of buyers who plan to purchase in 2016 are focused on the spring and summer.



Mess Around by Cage the Elephant

4. We all benefit from the occasional Smoke break.



Smoke Break by Carrie Underwood

Jonathan Smoke

Chief Economist
realtor.com®



jonathan.smoke@realtor.com



@SmokeonHousing



703.634.9193