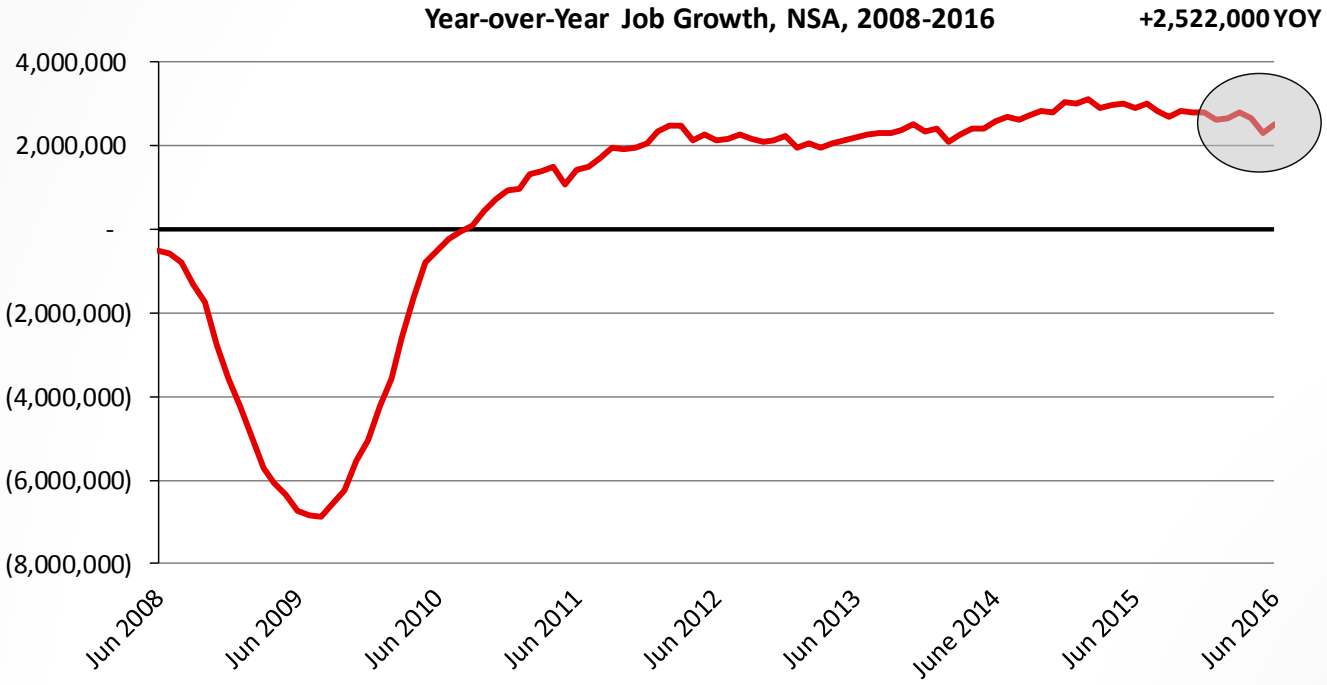
Housing Market Outlook

Year 2017 Continued Growth, Price Stability

Mark Boud
Chief Economist
Hanley Wood/Metrostudy

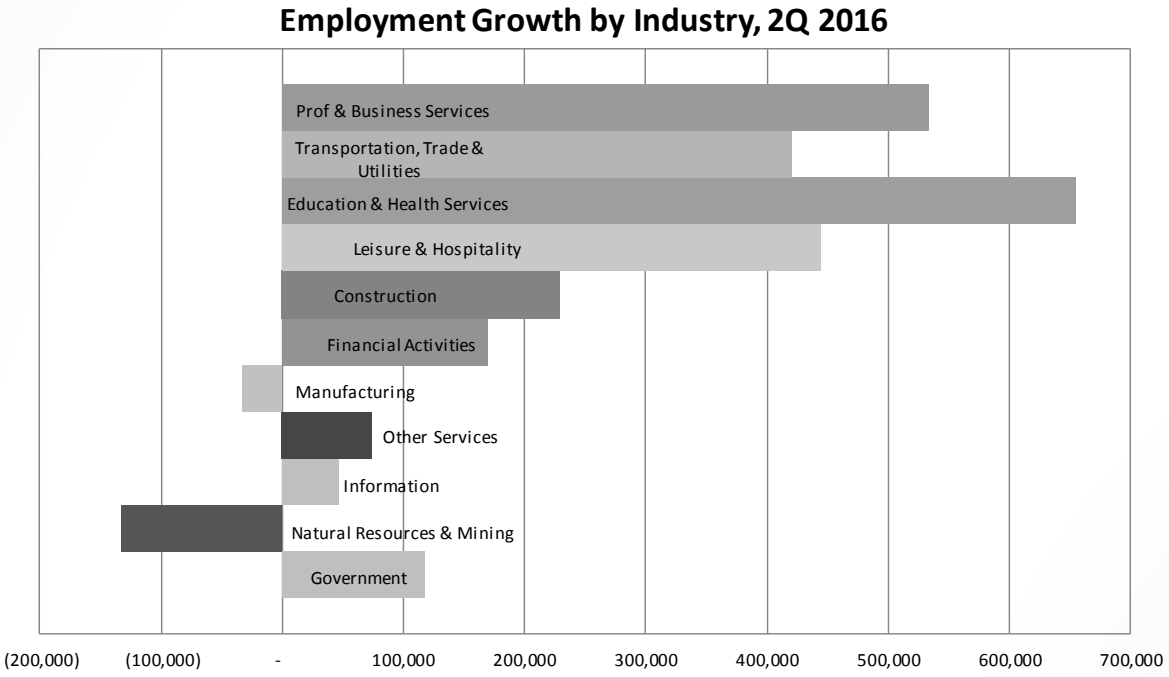
DATA.
DIGITAL.
DISRUPTION.

Strong but Slightly Slower Job Growth



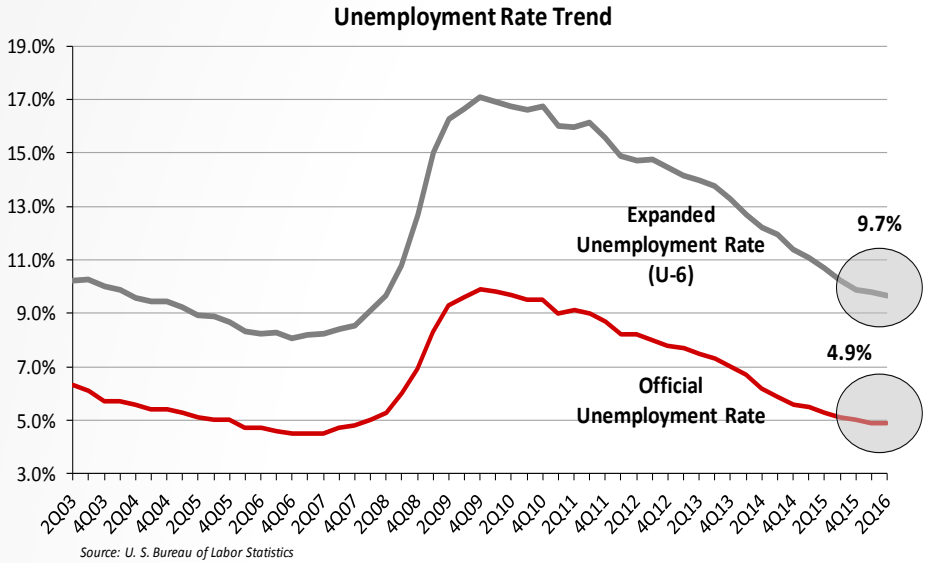
Source: U. S. Bureau of Labor Statistics

Business & Health Services Leading the Way

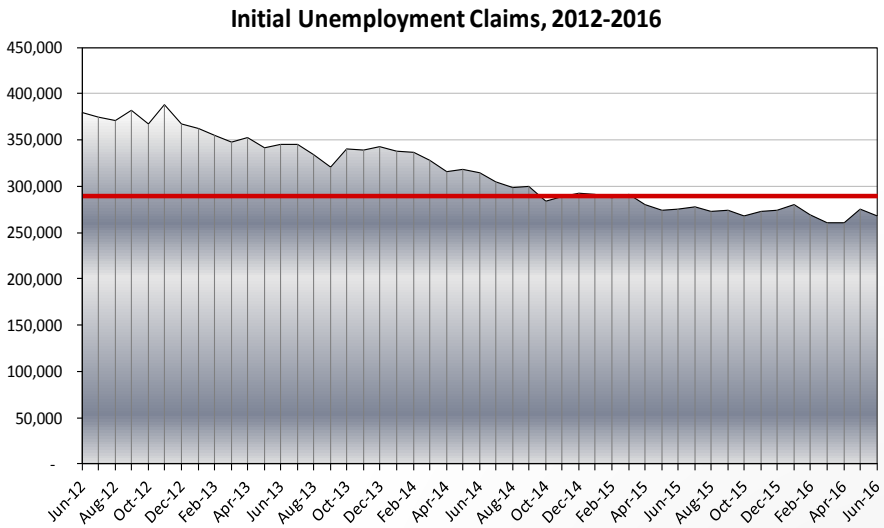


Source: U. S. Bureau of Labor Statistics

Unemployment Trends Continue Downward

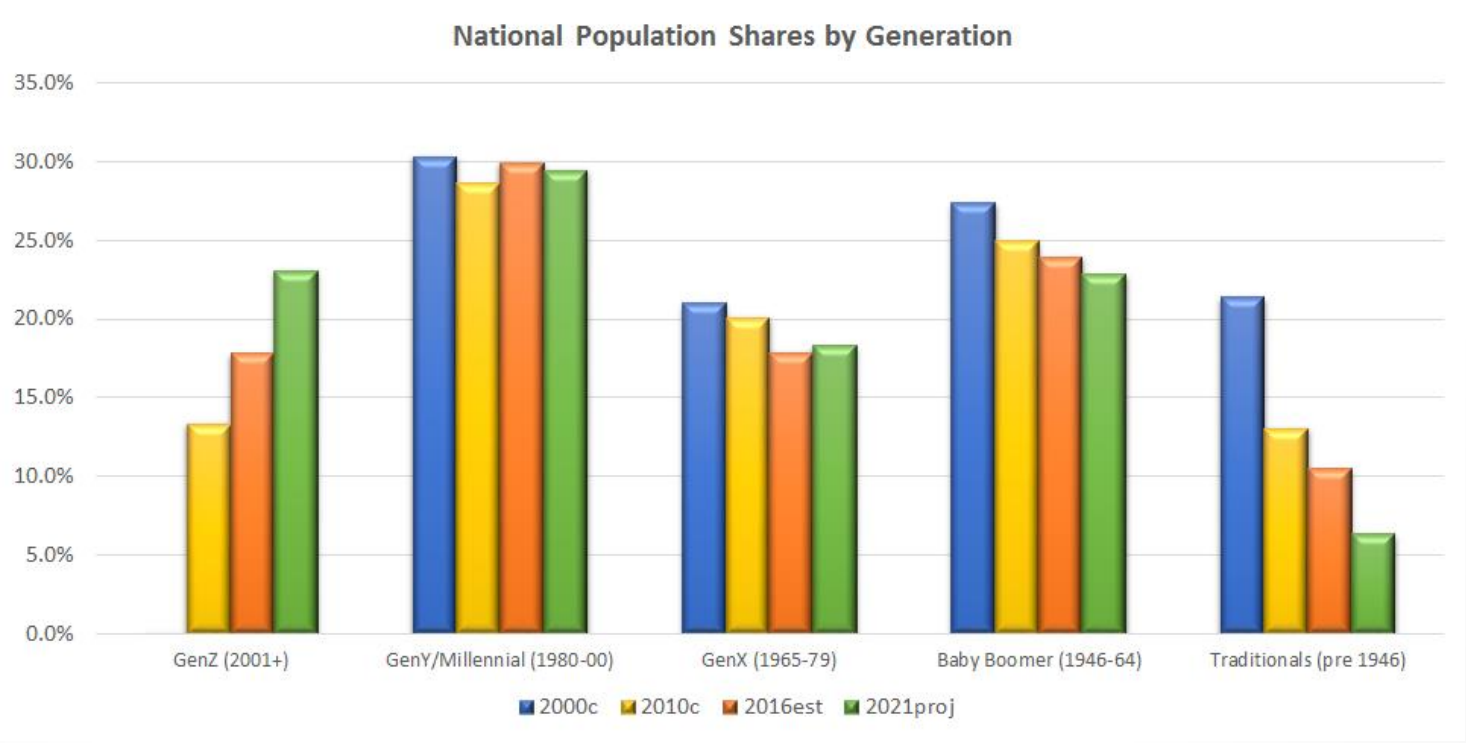


Source: U. S. Bureau of Labor Statistics

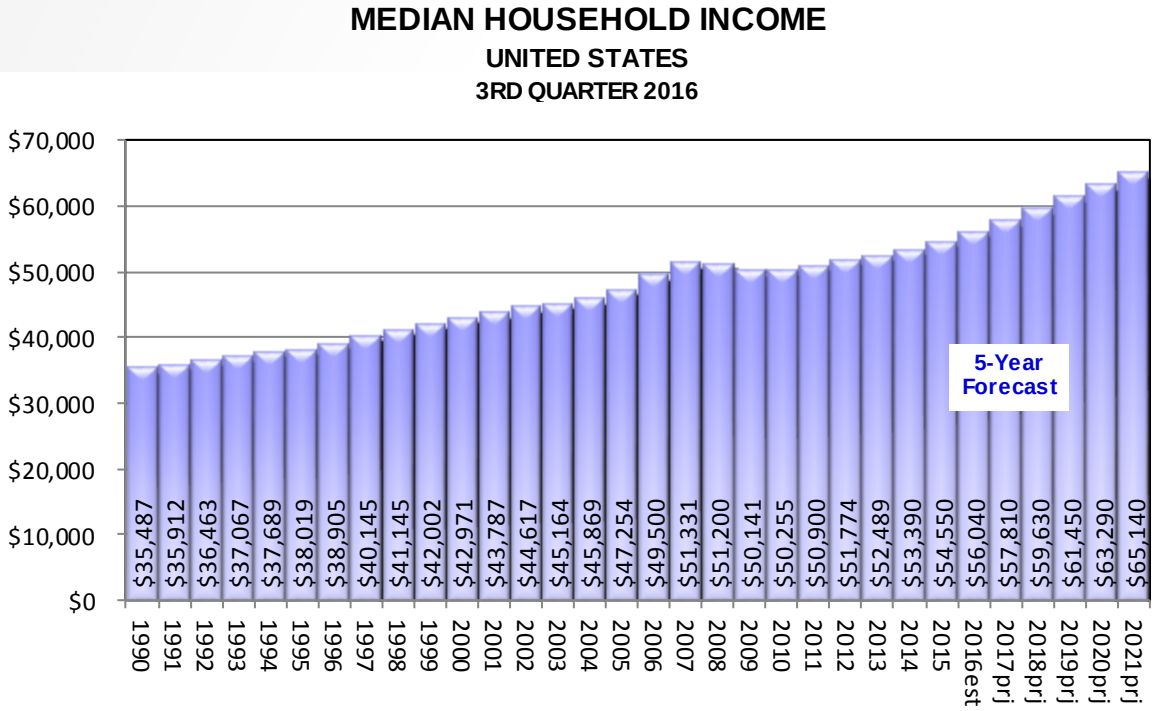


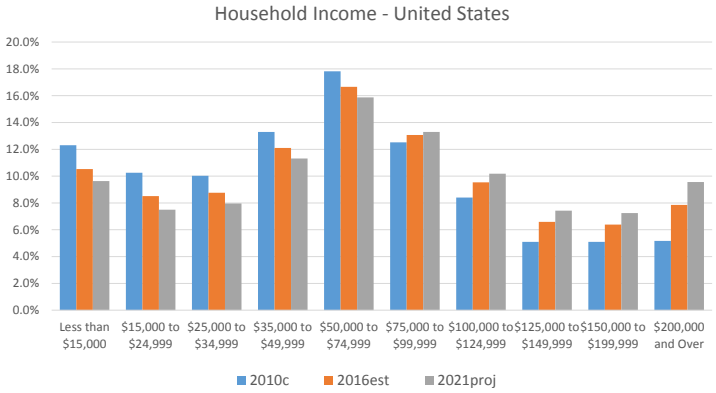
Source: U. S. Bureau of Labor Statistics

Population Growth by Generation

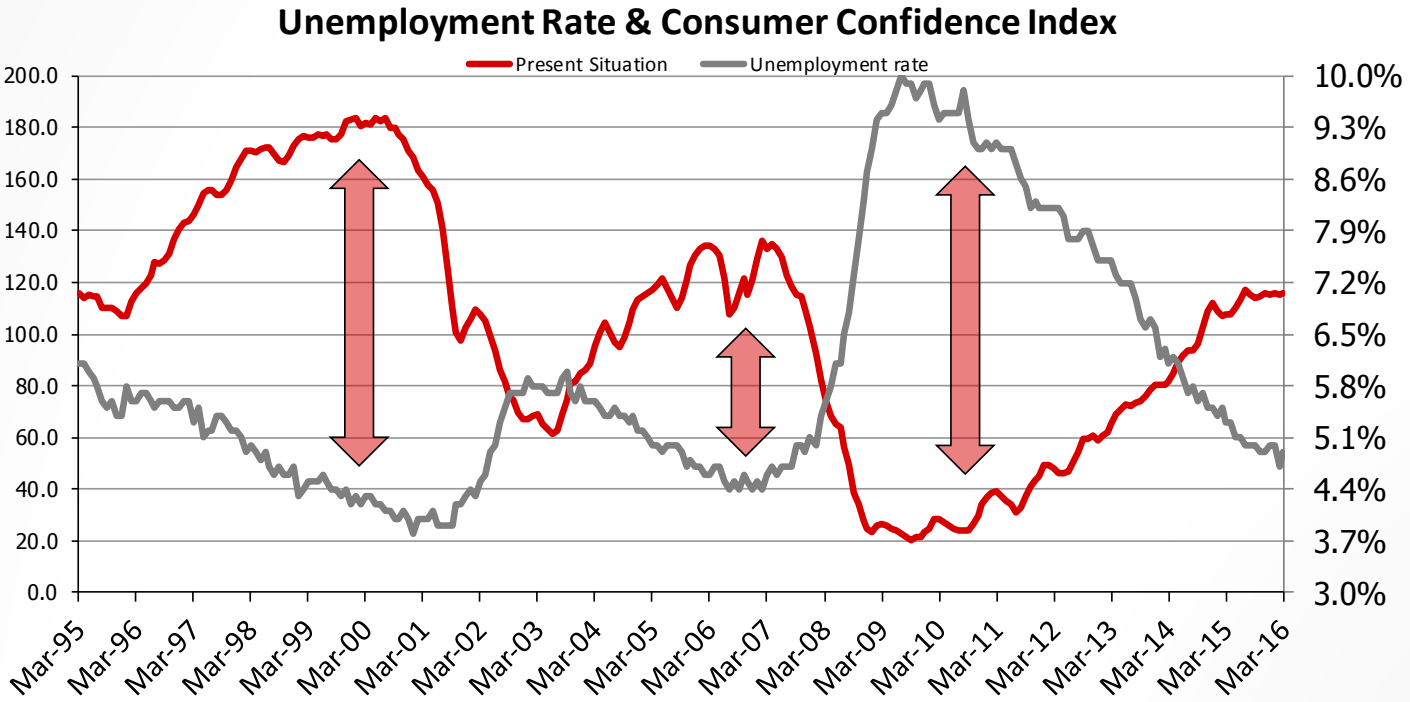


Household Incomes Continue to Rise



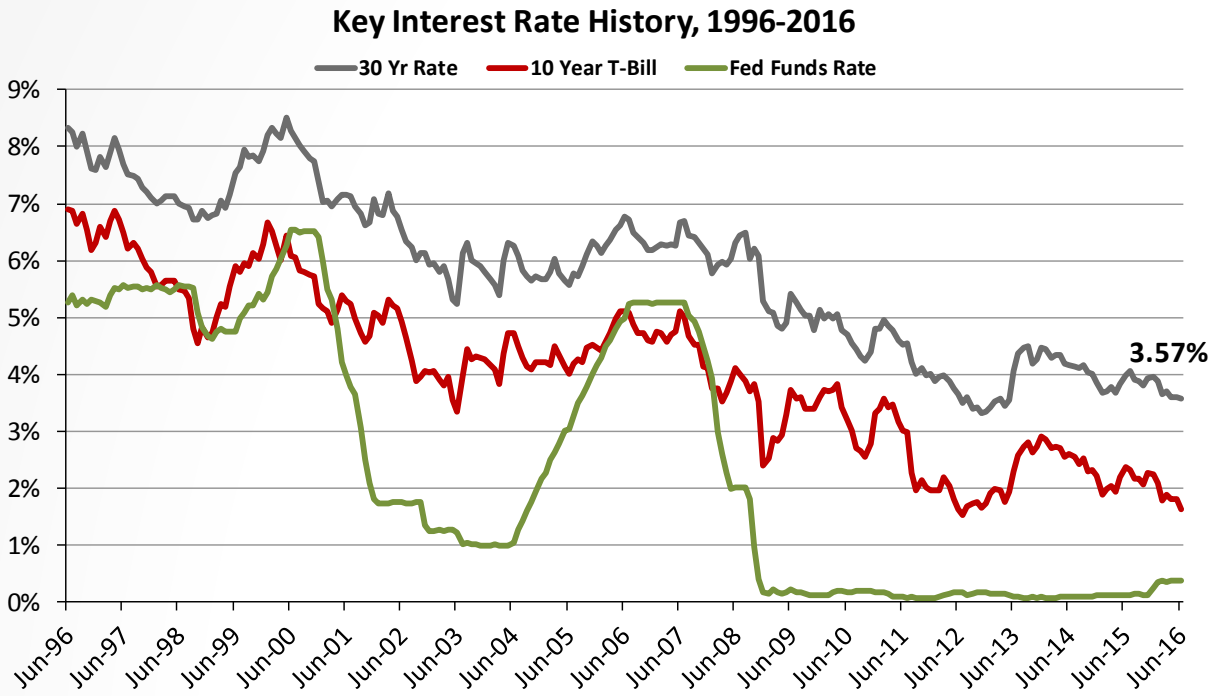


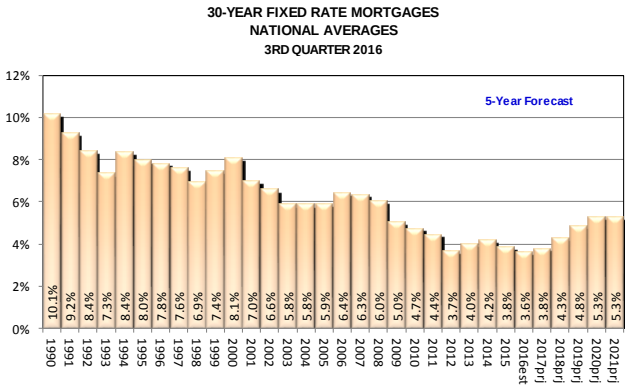
Confidence Will Grow as Unemployment Falls



Source: Conference Board, U.S. Bureau of Labor Statistics

Mortgage Rates Near All-Time Lows

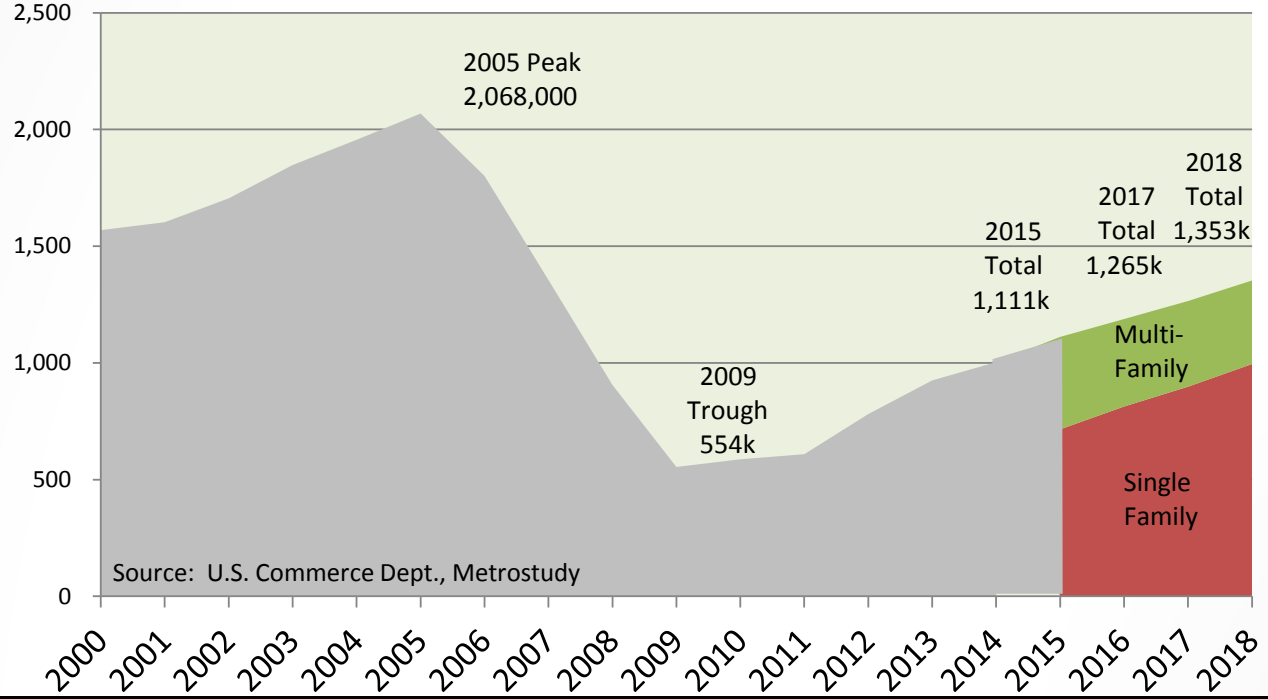




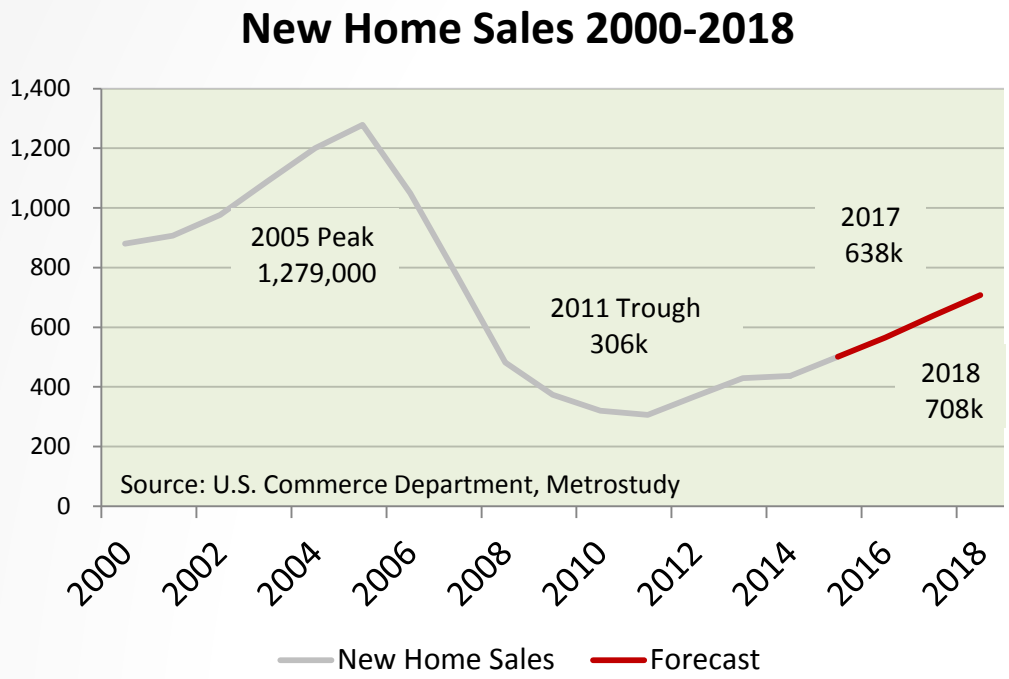
Source: Freddie Mac Primary Mortgage Market Survey®, Federal Reserve Bank of NY

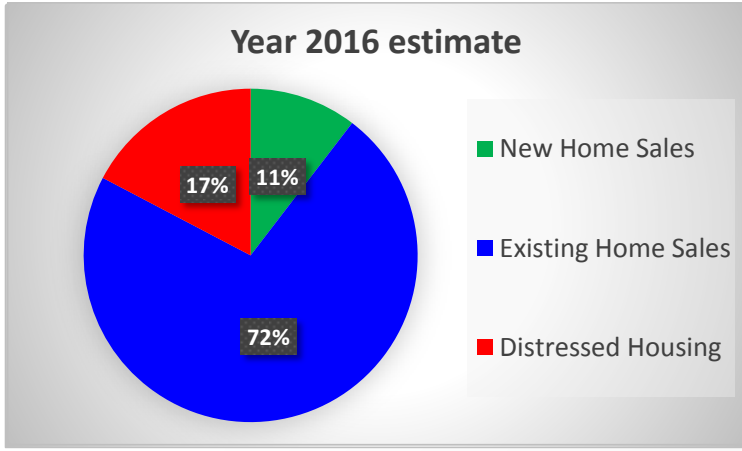
Housing Starts Rise But Remain Below Norm

Housing Starts 2000-2018 (in 000s)

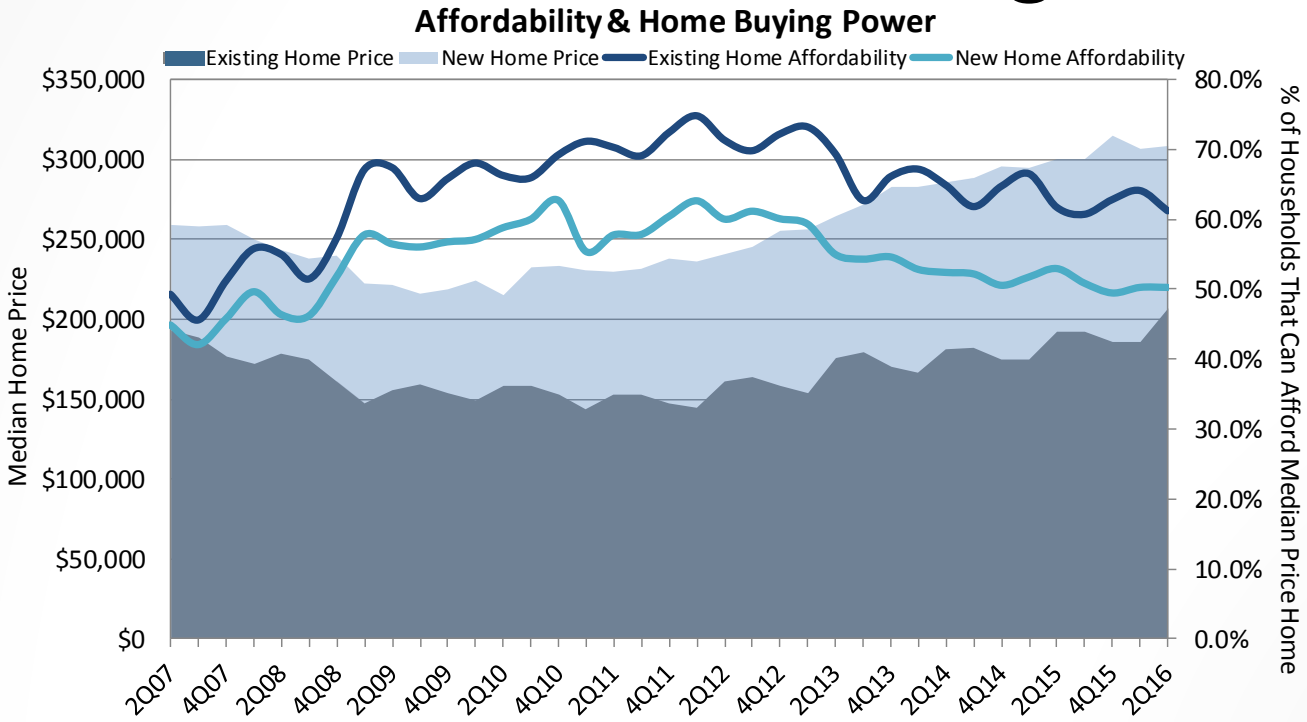


New Home Sales Rise but Remain Below Norm



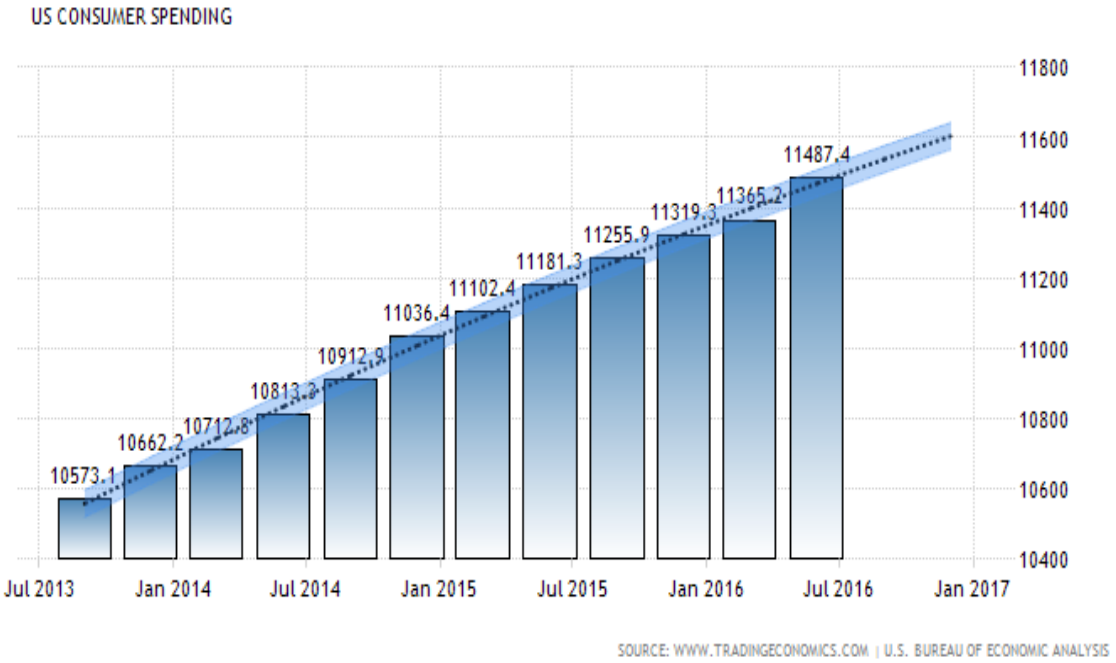


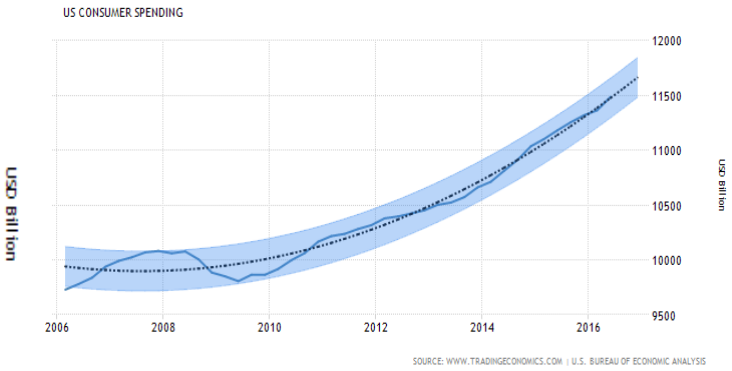
New Home Premium is High



Source: Freddie Mac Primary Mortgage Market Survey®, Metrostudy

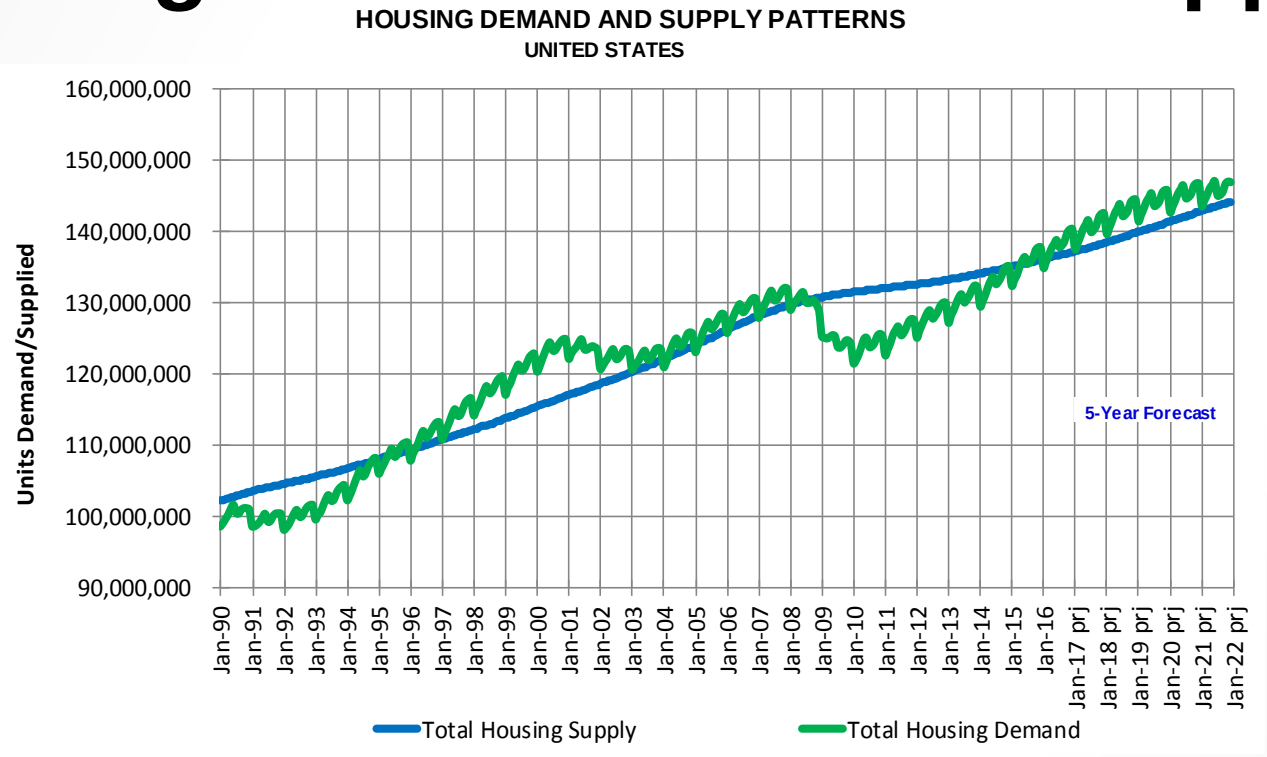
Consumer Spending is Rising



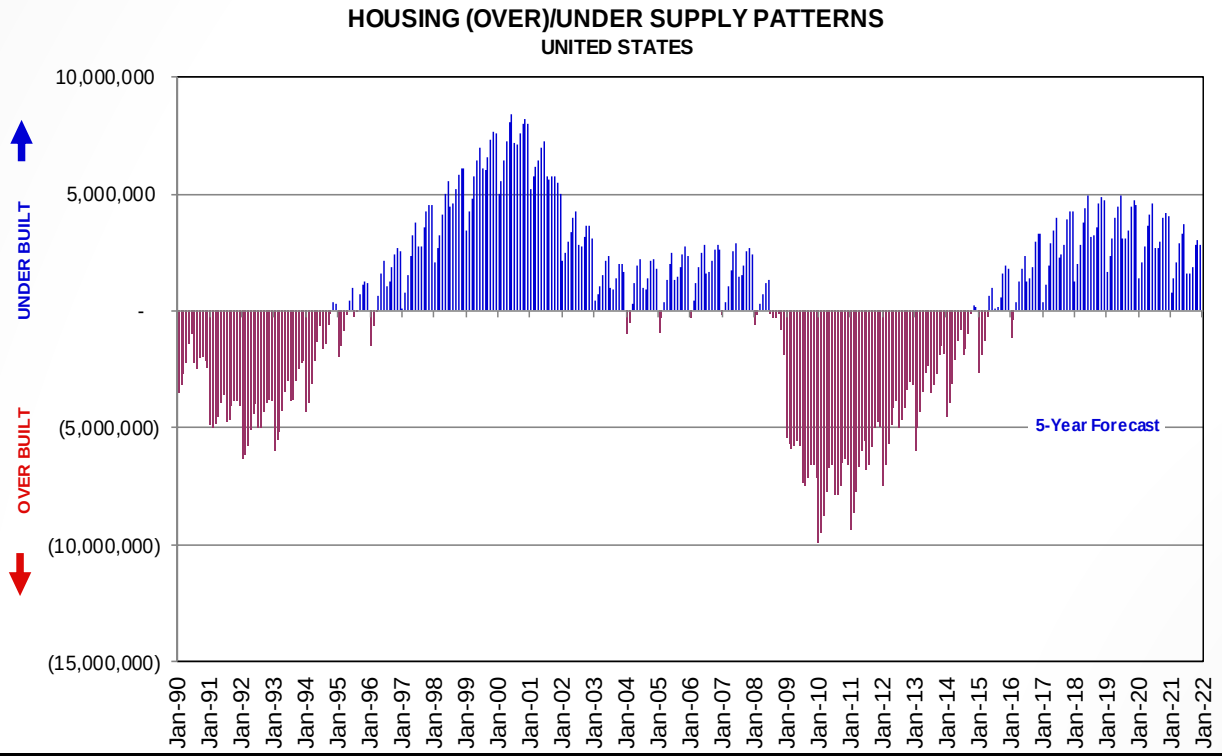


THE MODEL

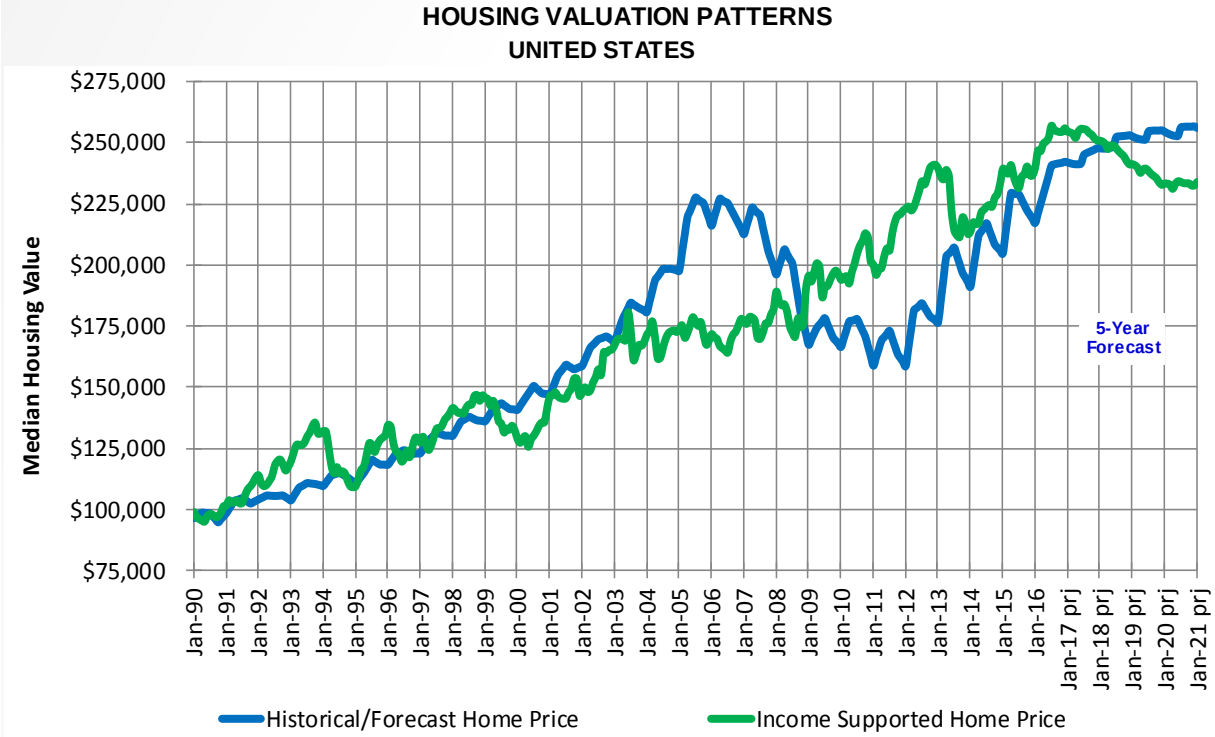
Housing Demand Exceeds Supply

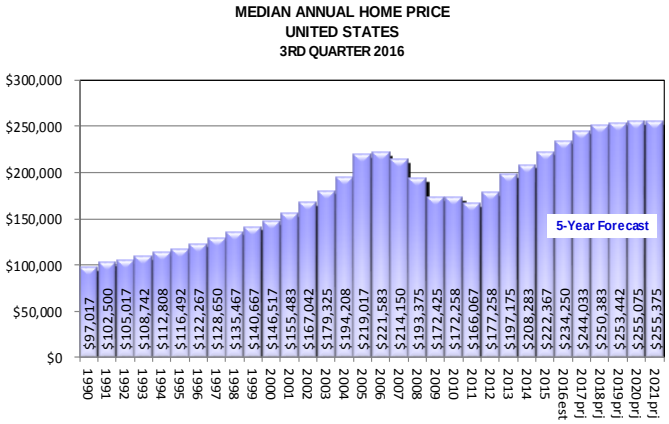


Demand Grows Faster Than Supply thru 2018



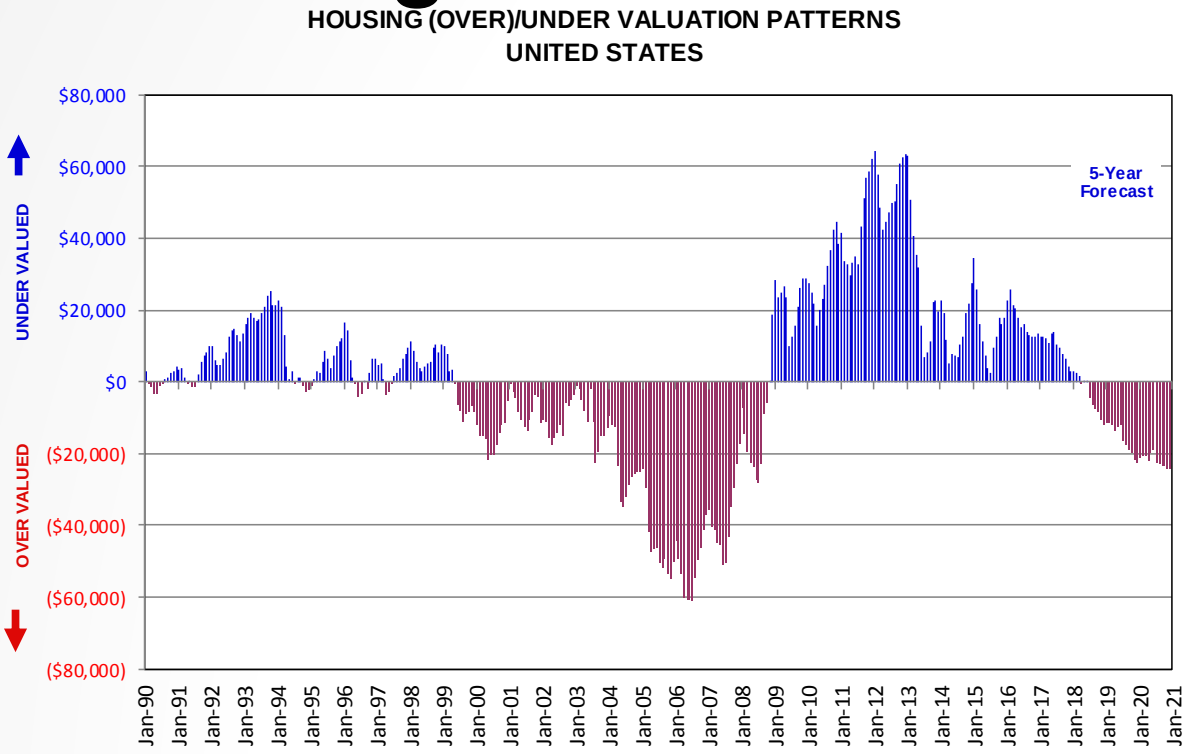
Prices Will Begin to Plateau

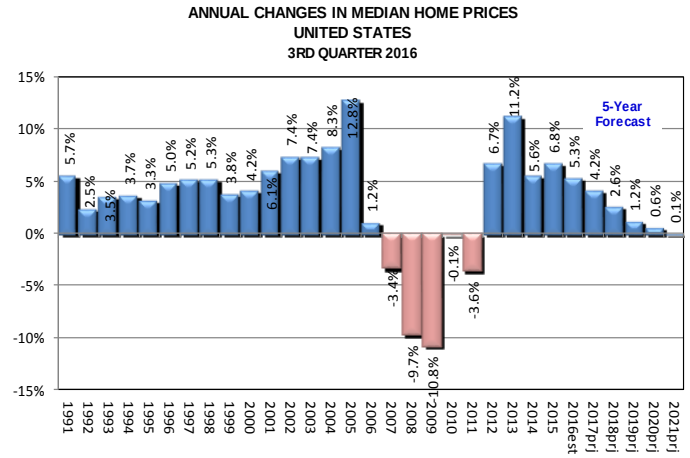




Source: NATIONAL Association of Realtors; RealtyTrac; various county recorders offices; Real Estate Economics

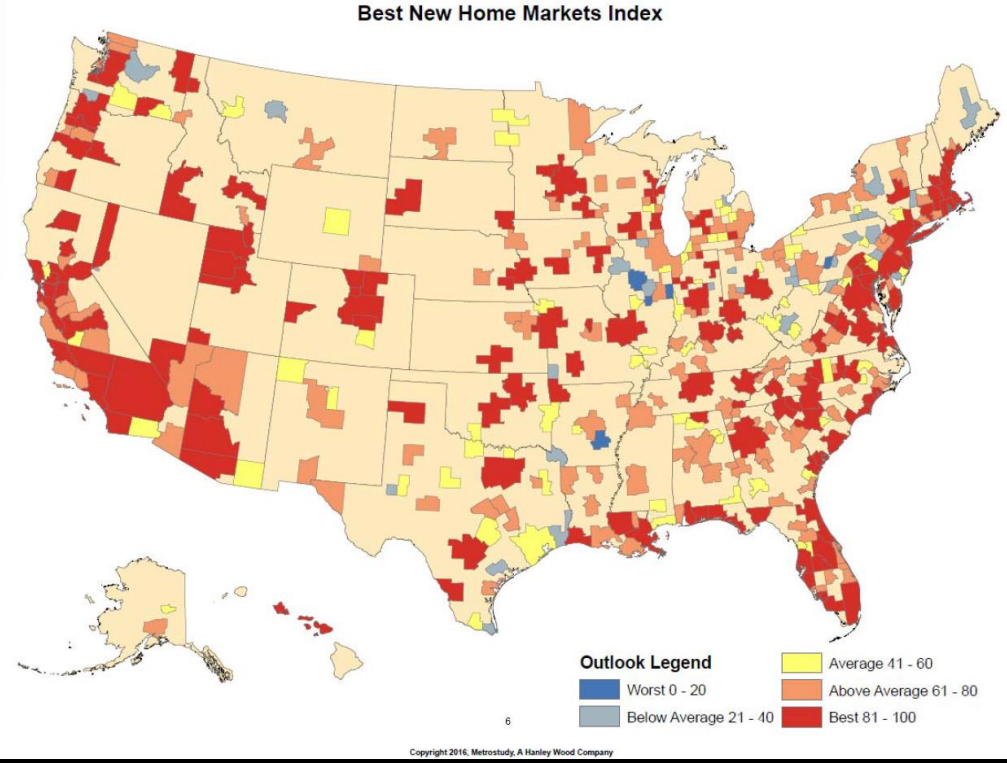
Heading Toward Over Valuation



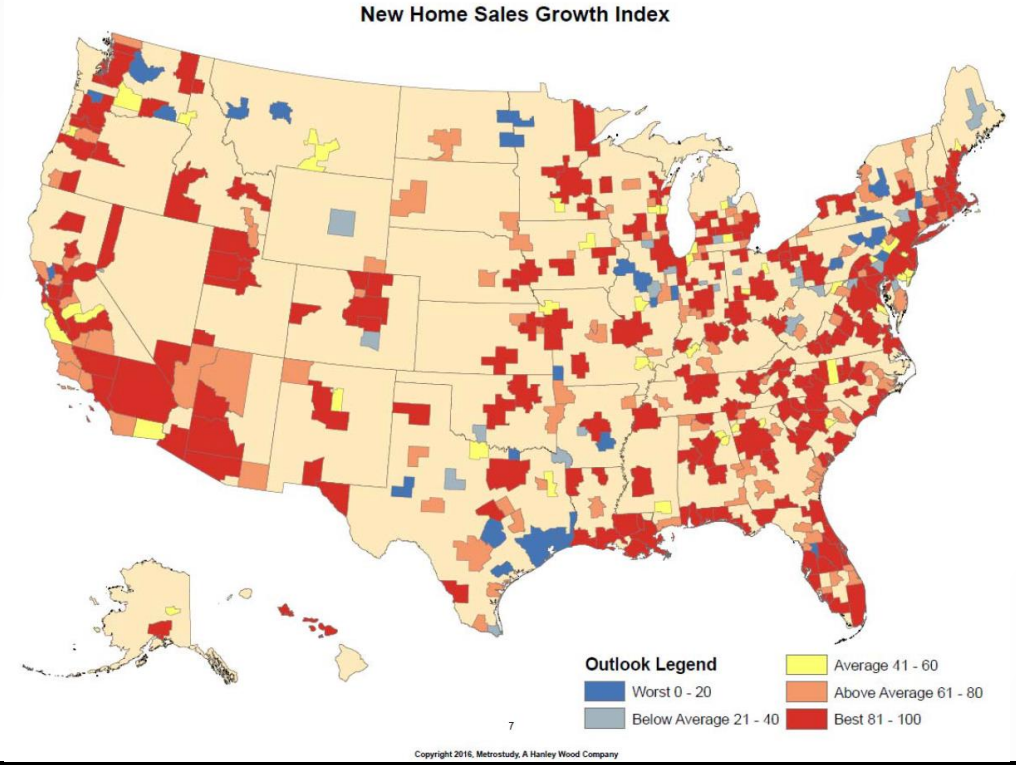


Source: NATIONAL Association of Realtors; RealtyTrac; various county recorders offices; Real Estate Economics

Best New Home Markets - 2016

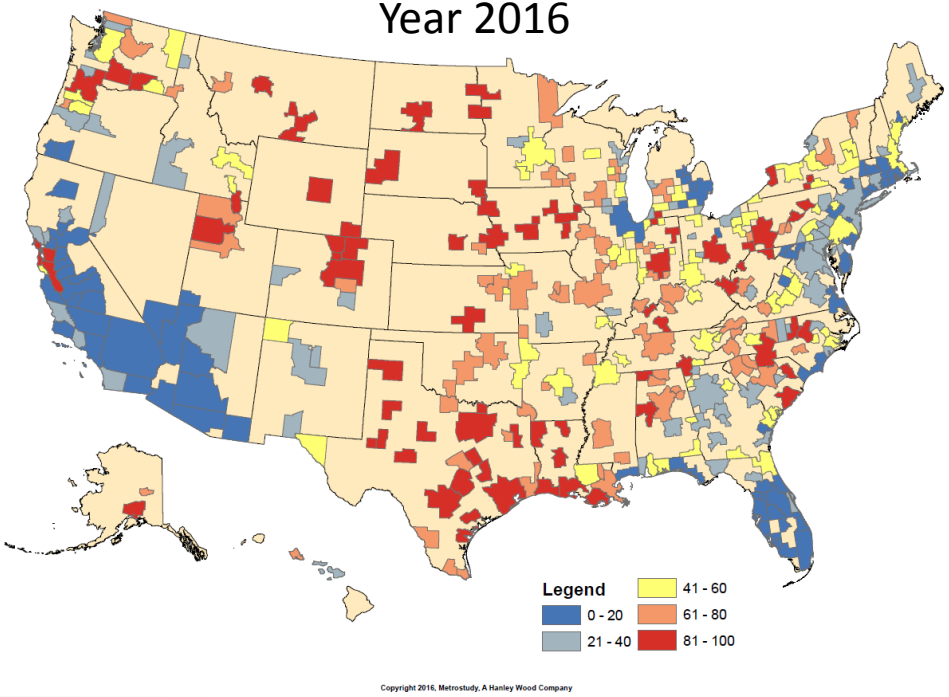


Best New Home Markets - 2017

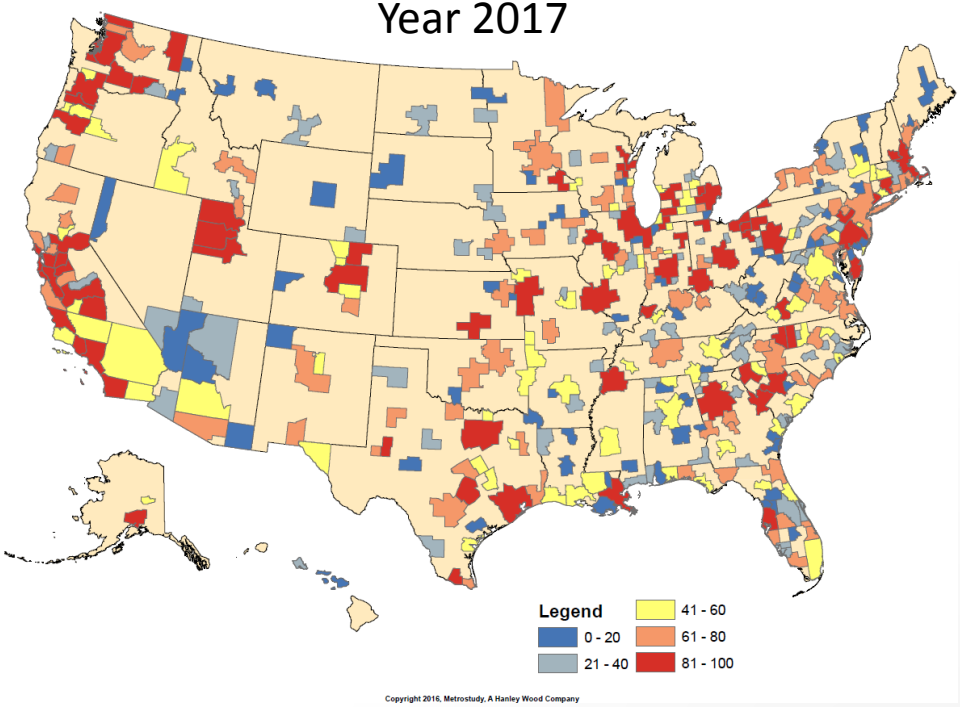


Remodeling Heats Up in 2017

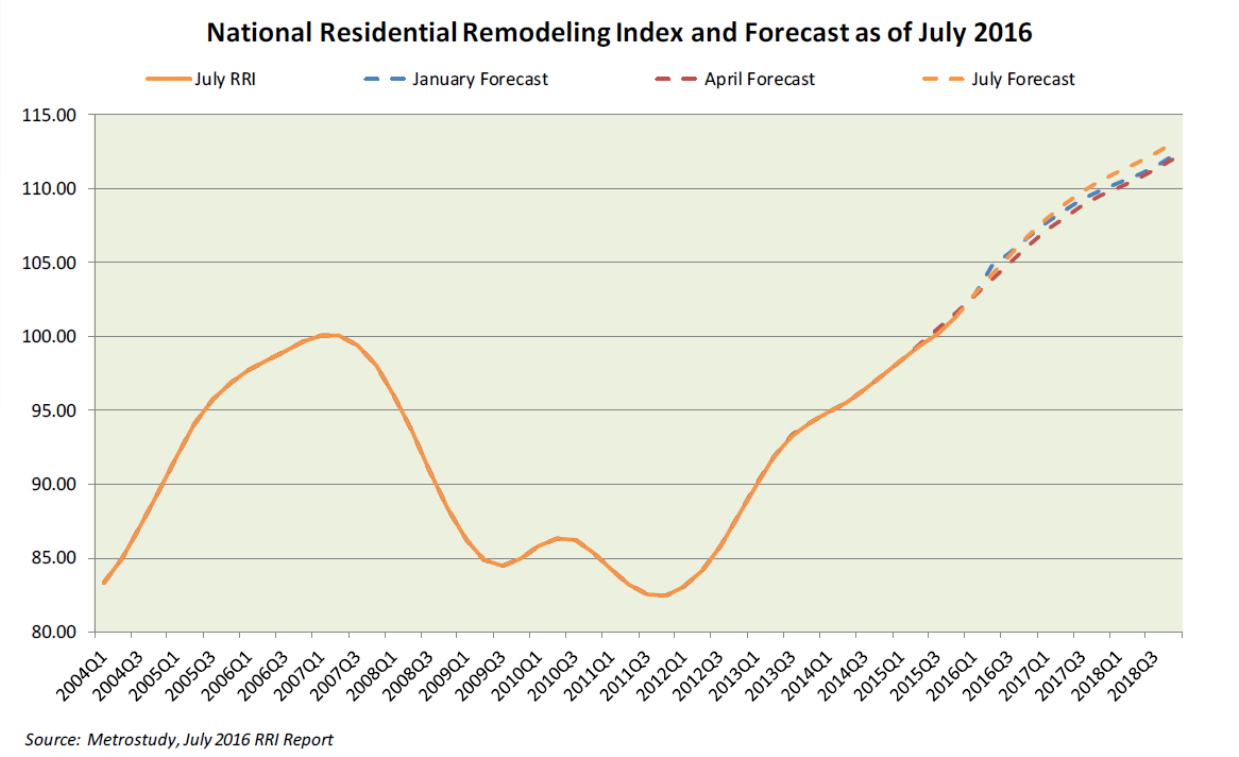
Year 2016



Year 2017



Remodeling Activity Rapidly Rising



Source: Metrostudy, July 2016 RRI Report

Key Takeaways for 2017

1. 2.8 million jobs will be created, 1.27 million starts, and 1.16 million closings (including multi-family).
2. Slightly slower job growth than Year 2016 (international demand slows, potential public policy challenges/tax increases).
3. Mortgage rates will begin to gradually rise (this time, we mean it).
4. By Year-end 2017, the US housing market will be under supplied by 2.8+ million homes, with the beginnings of potential over valuation.
5. Remodeling and Replacement activity will reach another new high in 2017, with a 4.2% increase (too few new homes being constructed).