

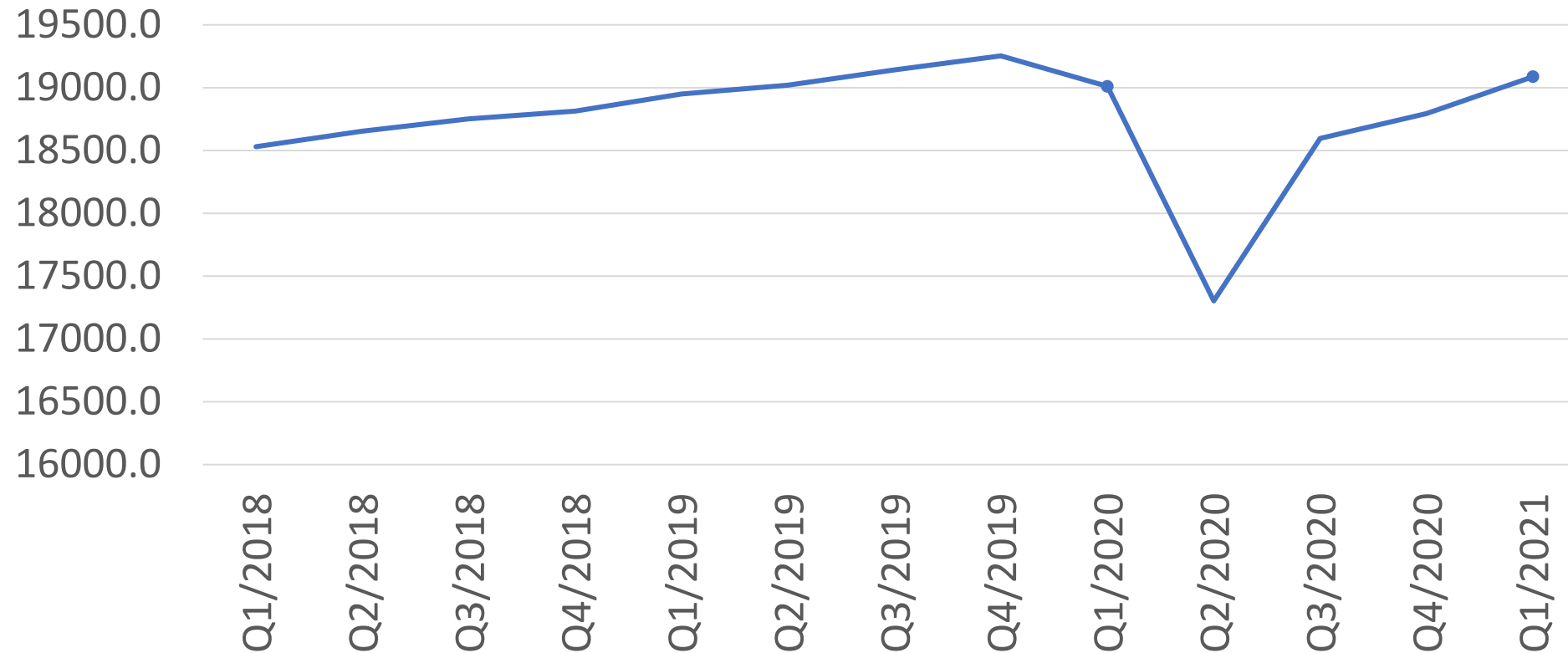


Economic and Housing Market Outlook

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NATIONAL ASSOCIATION OF REALTORS®

Economy ... swiftest decline ... then fast recovery ... Current at 99% of prior peak in 2021 Q1

Annualized GDP in \$2012 Billion Dollars

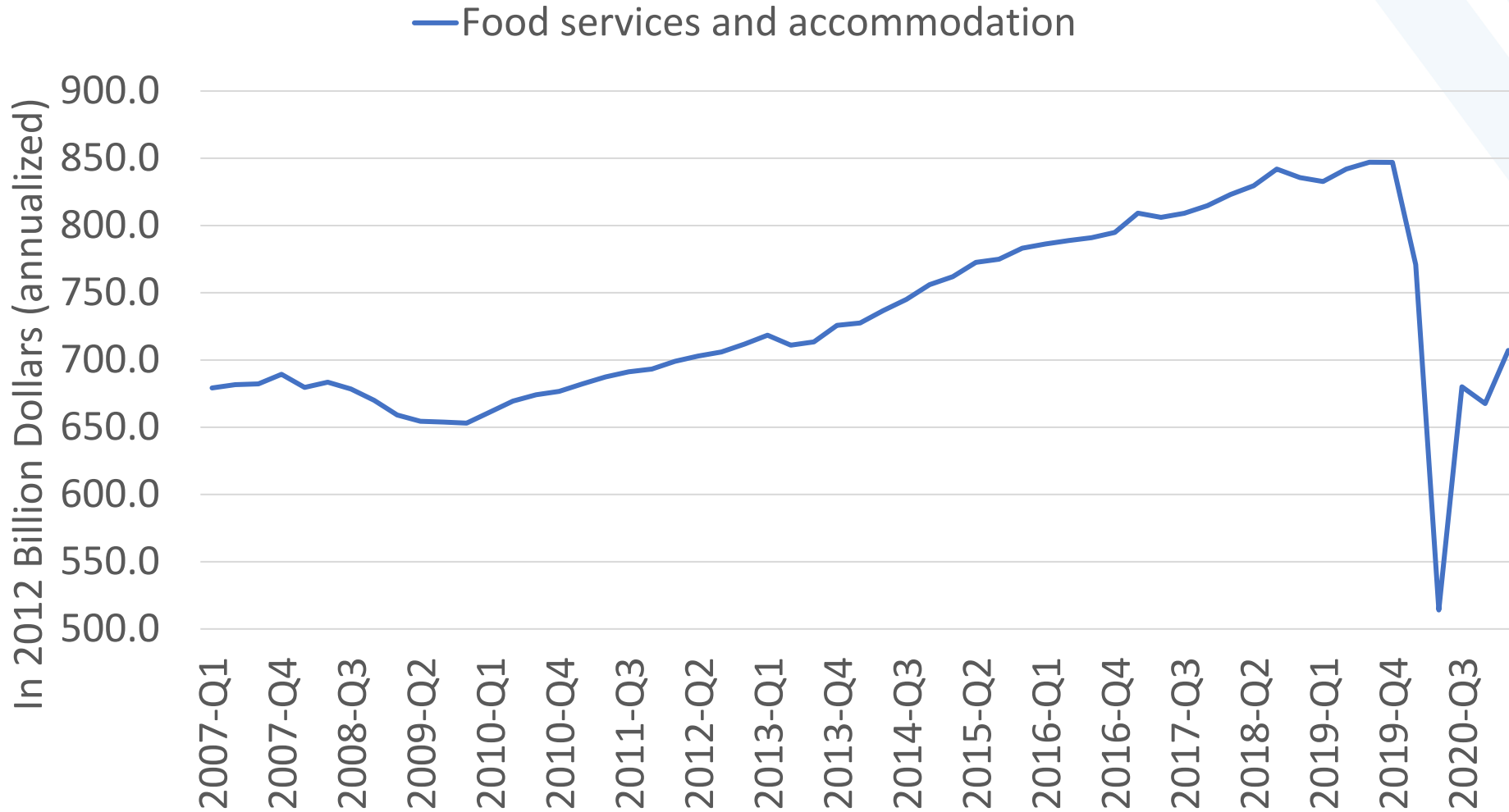


Source: BEA

Massive Savings ... turns to Spending ... GDP to be all-time high

	GDP (% change from a year ago)	Personal Income (% change from a year ago)	Savings (% change from a year ago)
2020 Q2	-9.0%	+10.7%	+302%
2021 Q1	+0.4%	+15.6%	+158%

Revenge Travel Spending at Restaurants and Lodging?



Source: BEA

Worldwide Comparisons of GDP Growth Rates

Country	2020 Q4 from a year ago	2021 Forecast
United States	-2.4	+5.5
Great Britain	-7.3	+5.1
Canada	-3.2	+4.8
Euro Area	-4.9	+4.1
Russia	-1.8	+2.7
Australia	-1.1	+3.1
Japan	-1.4	+2.7
Taiwan	+5.1	+4.5

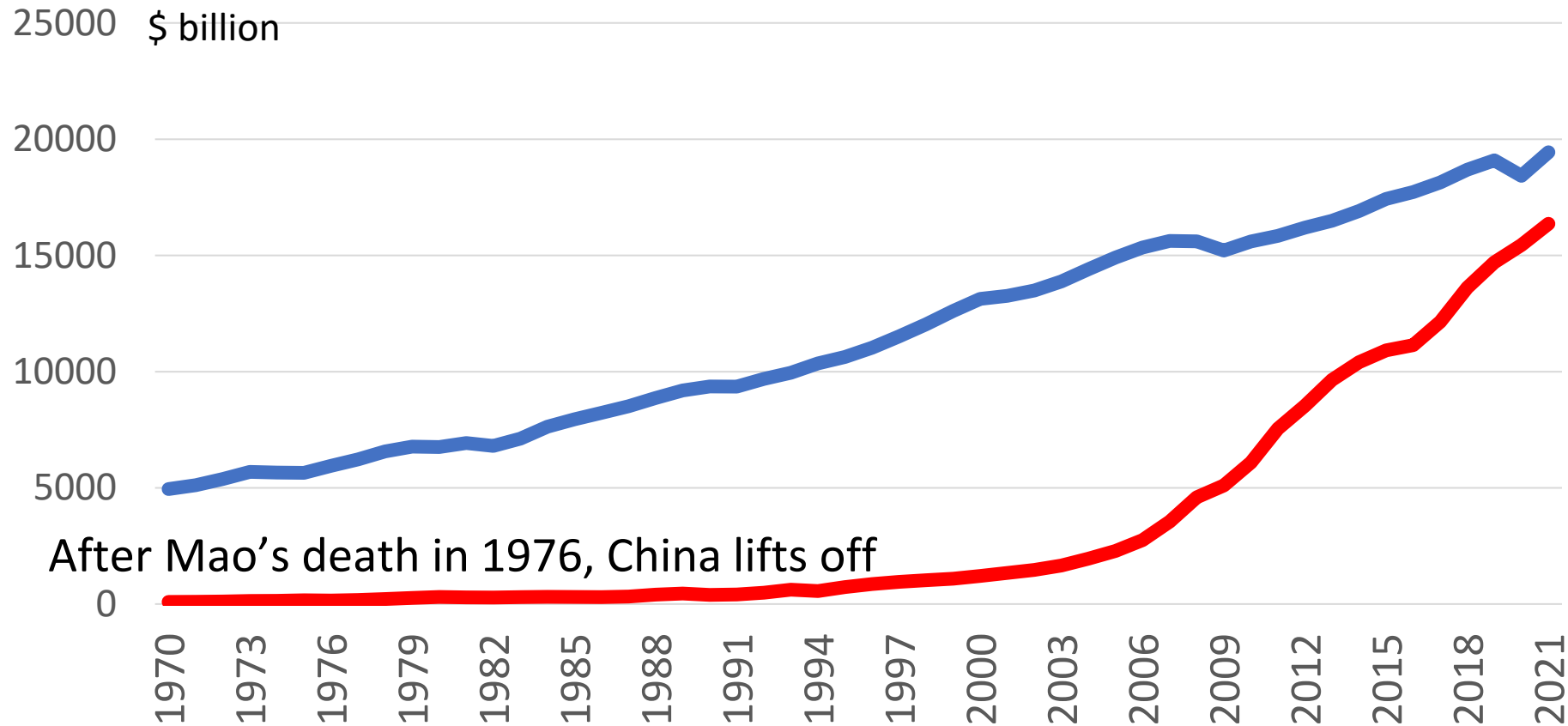
Source: The Economist Magazine

Global GDP Growth Rate

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Australia	-1.1	+3.1
India	0.4	???
Japan	-1.4	+2.7
Taiwan	+5.1	+4.5
China	+18.3	+8.5

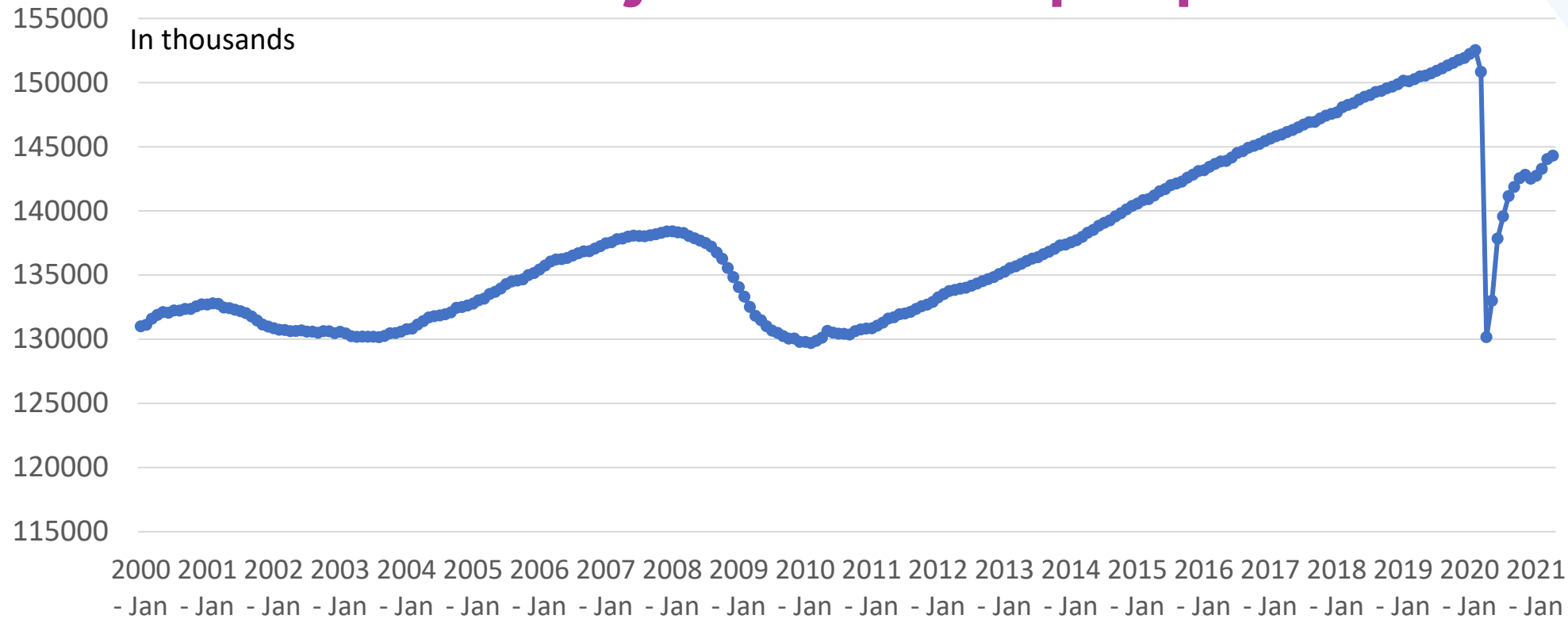
Source: The Economist Magazine

GDP Comparison U.S. versus China



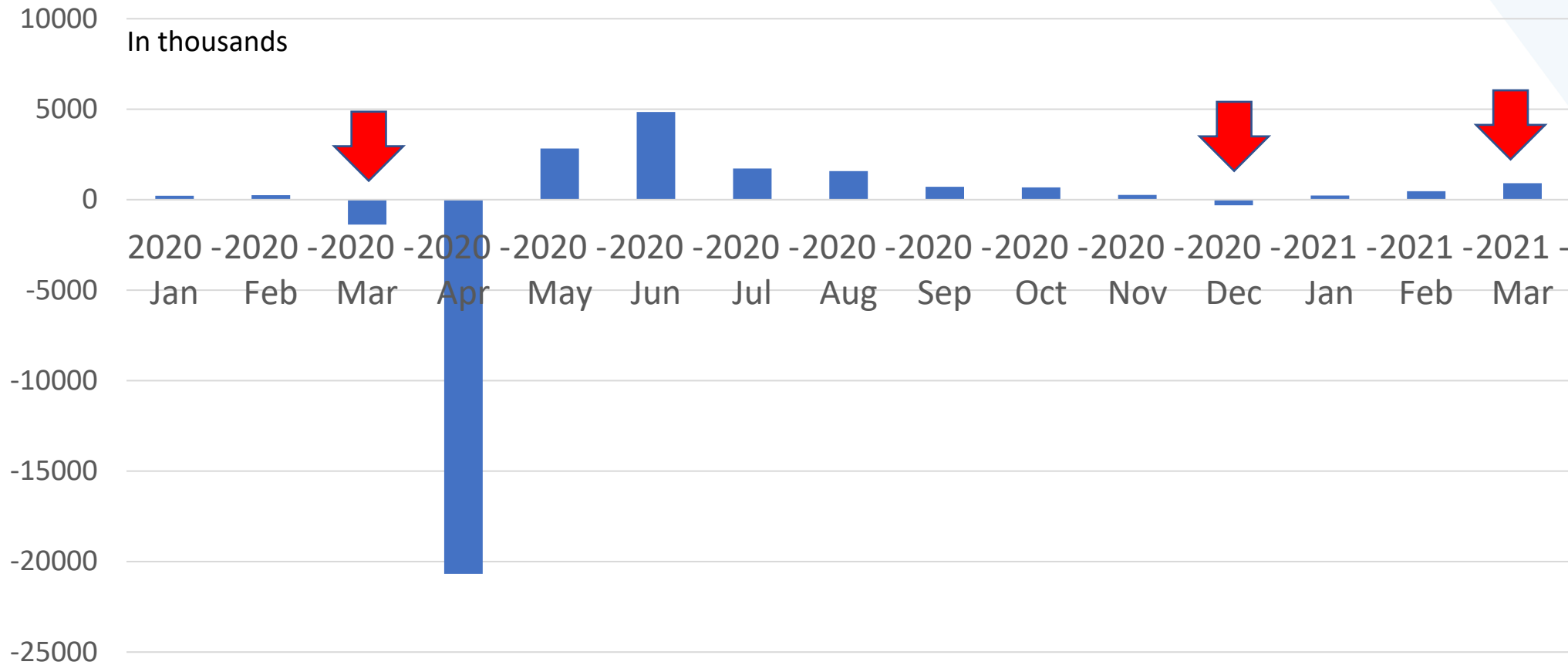
Source: U.S. Bureau of Economic Analysis and China National Bureau of Statistics

U.S. economy is fully back ... But not Jobs ... 95% of prior peak ... need 8 million more jobs to reach pre-pandemic levels



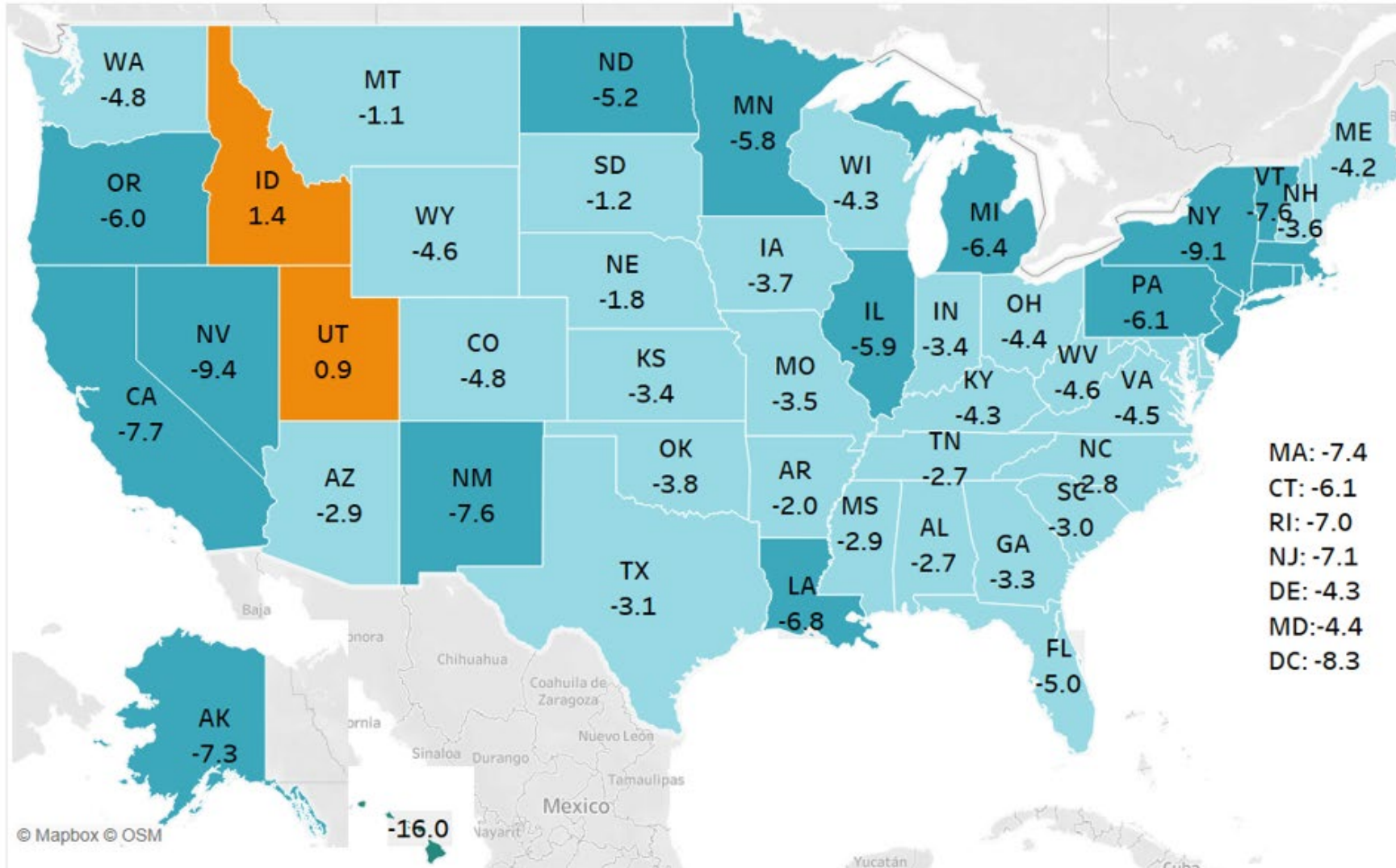
Source: BLS

Monthly Job Additions ... Stimulus Passage

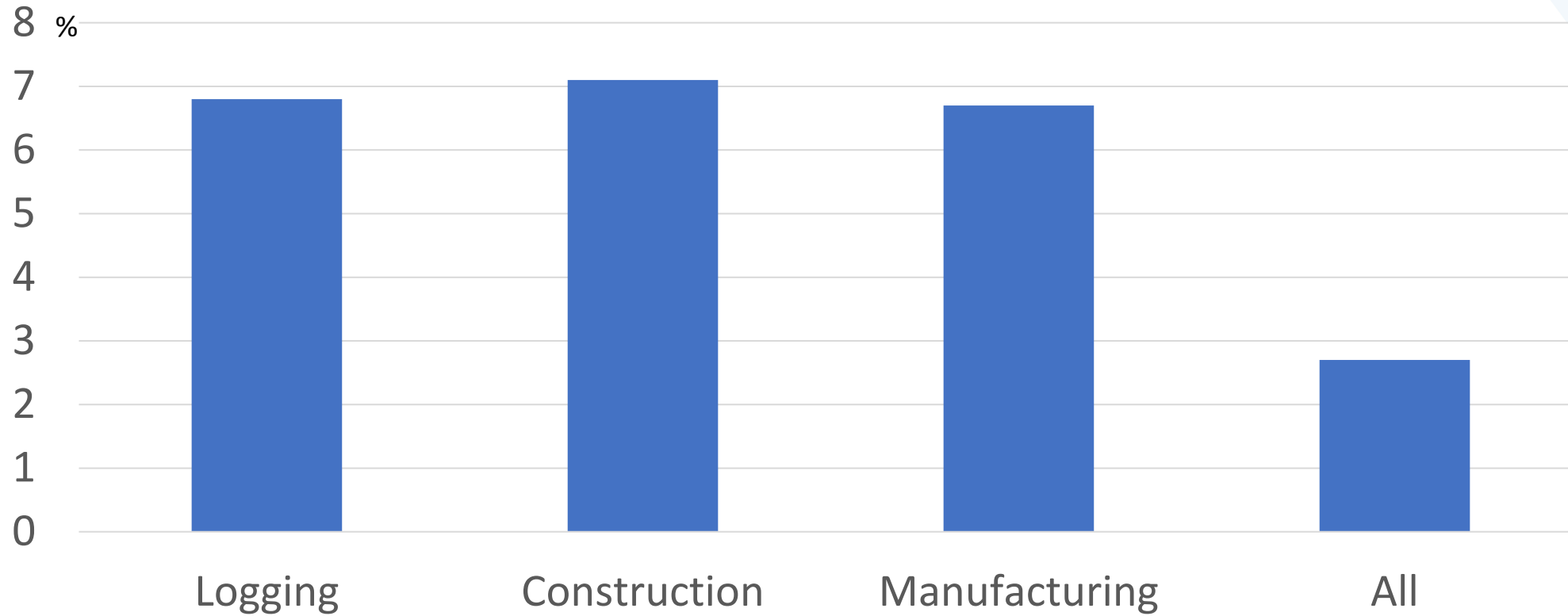


Source: BLS

Year-over-year Percent Change in Nonfarm Payroll Employment in March 2021

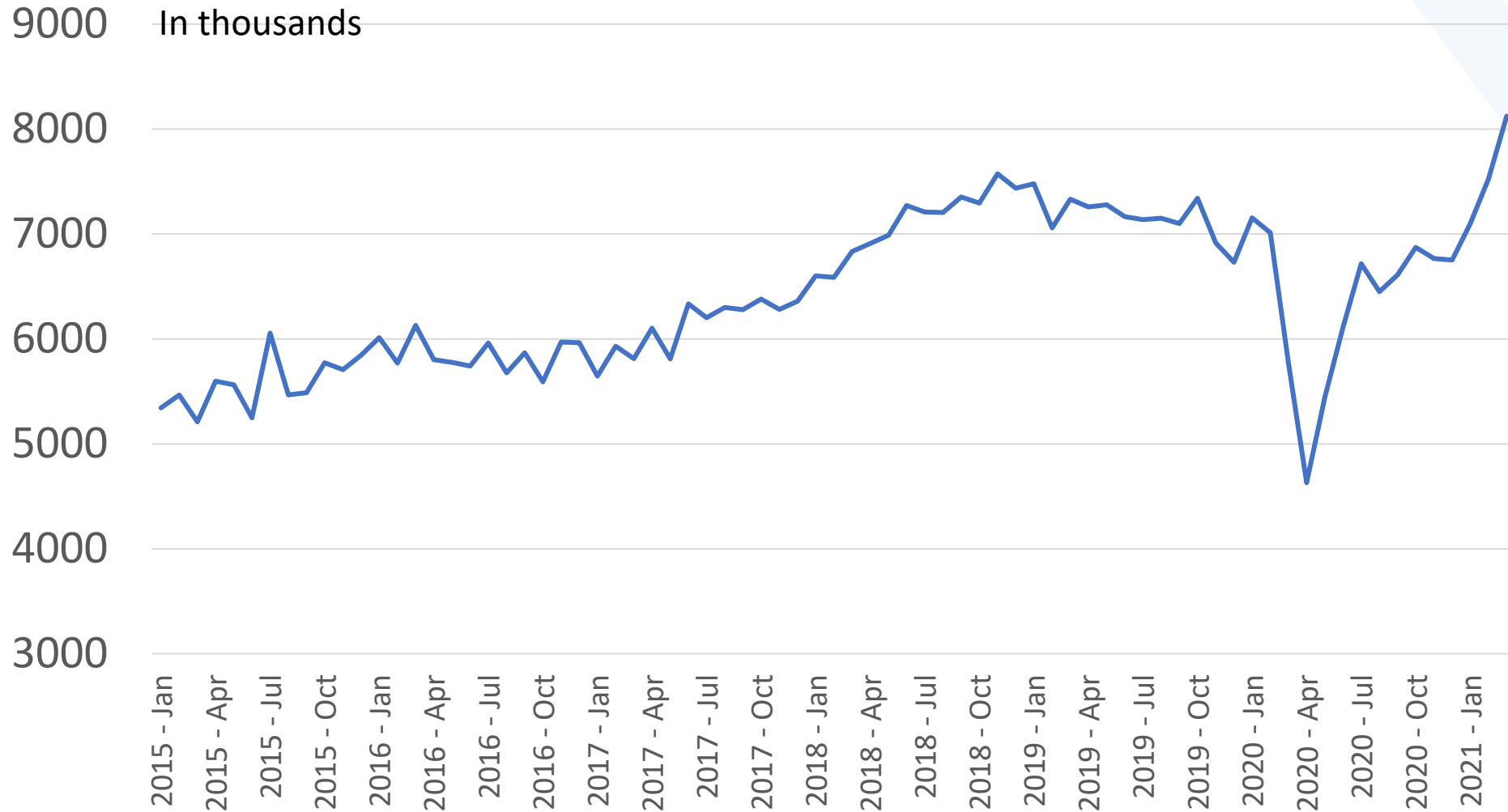


Weekly Earnings Growth Rate from a year ago



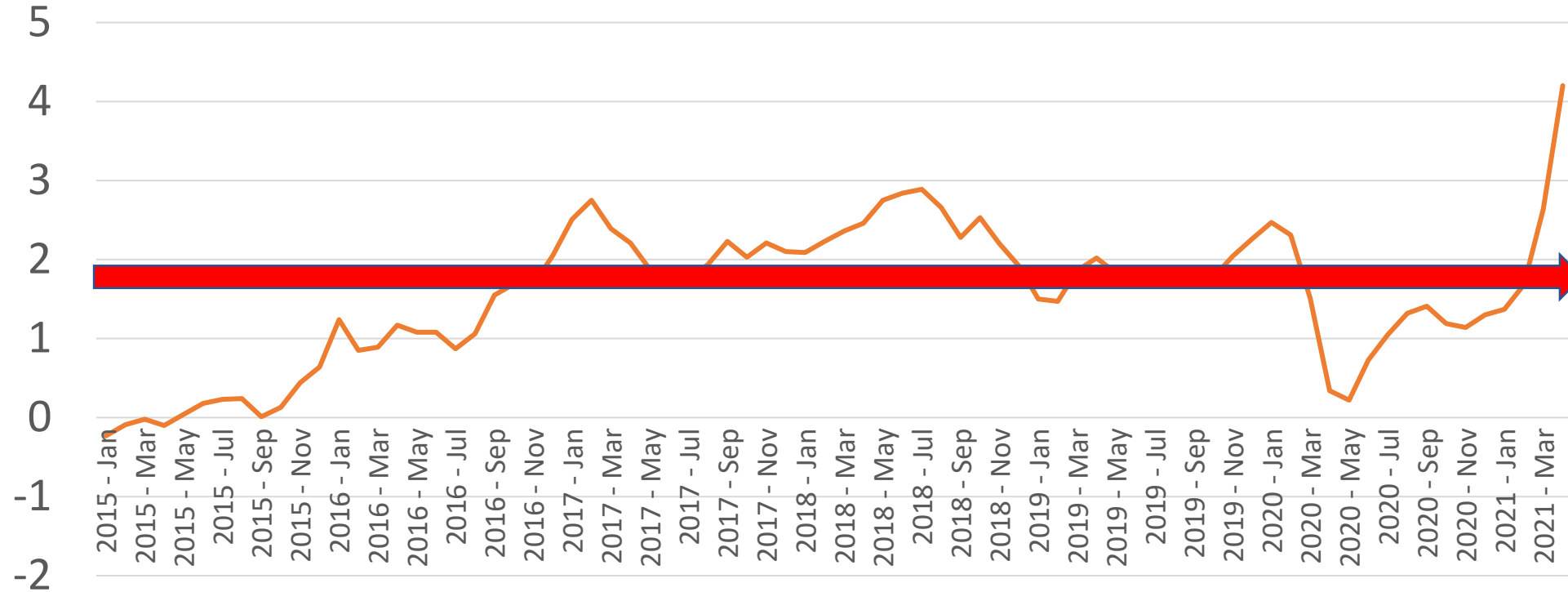
Source: BLS

Job Openings ... All-time High



Source: BLS

Consumer Price Inflation Crosses 2% ... who cares?

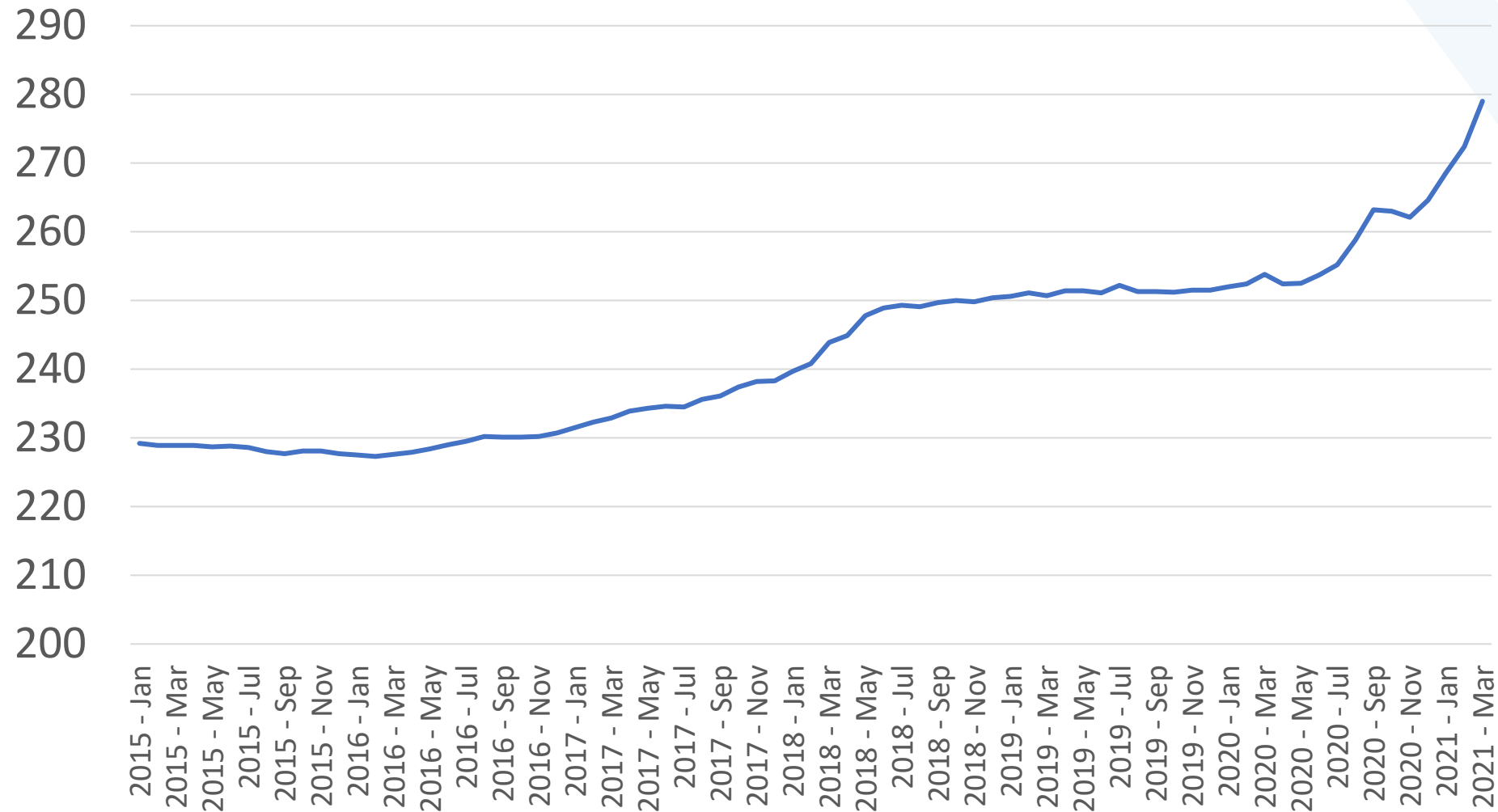


Source: BLS

Consumer Price Inflation ... Everything is more expensive?

Item	% change March 2020 to March 2021
Airline fare	-15%
Tickets for Sporting Events	-12%
Car Insurance	-2.5%
Clothes	-2.5%
College Tuition	0.3%
Renter's Rent	1.3%
New Cars/Trucks	1.5%
Nursing Home Service	3.3%
Moving and Storage	5.3%
Beef	7.1%
Appliance	7.9%
Used Cars/Trucks	9.4%
Gasoline	22.5%
Home Price	Not included

Pipeline Inflation Pressure ... Producer Prices on Construction Materials



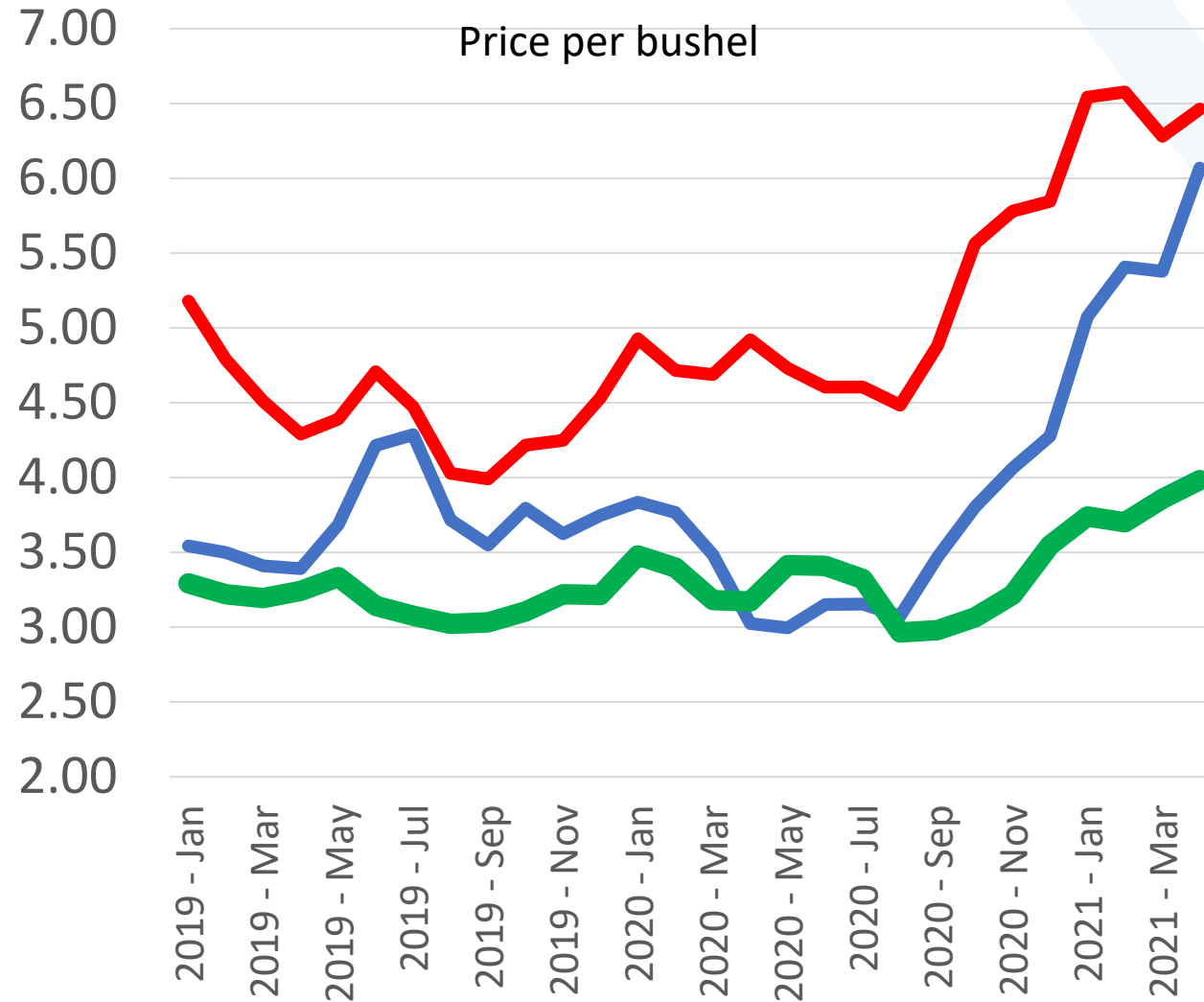
Source: BLS

Farm Grain Prices:

Kansas City
Wheat

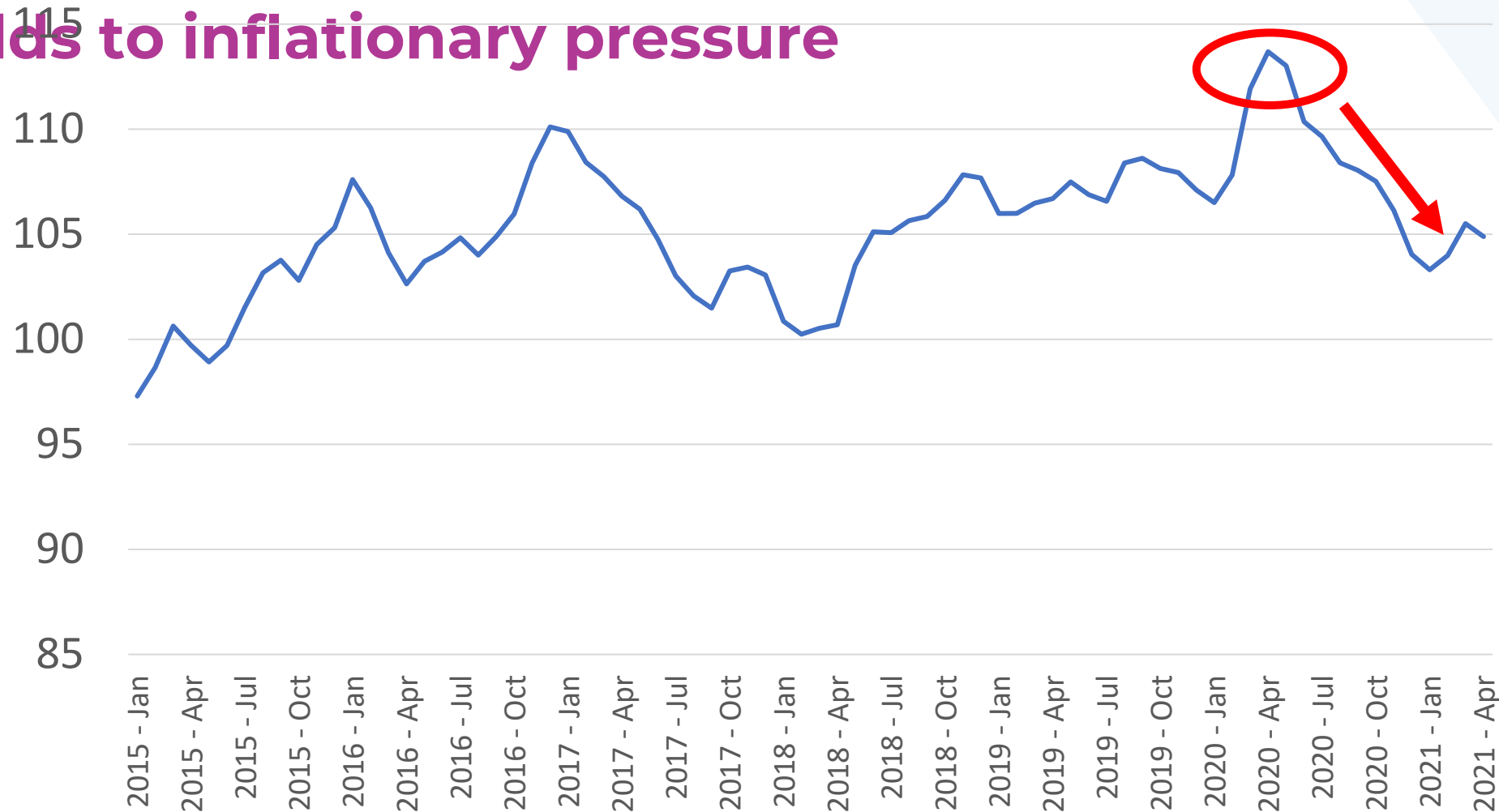
Central Illinois
Corn

Minneapolis
Oat



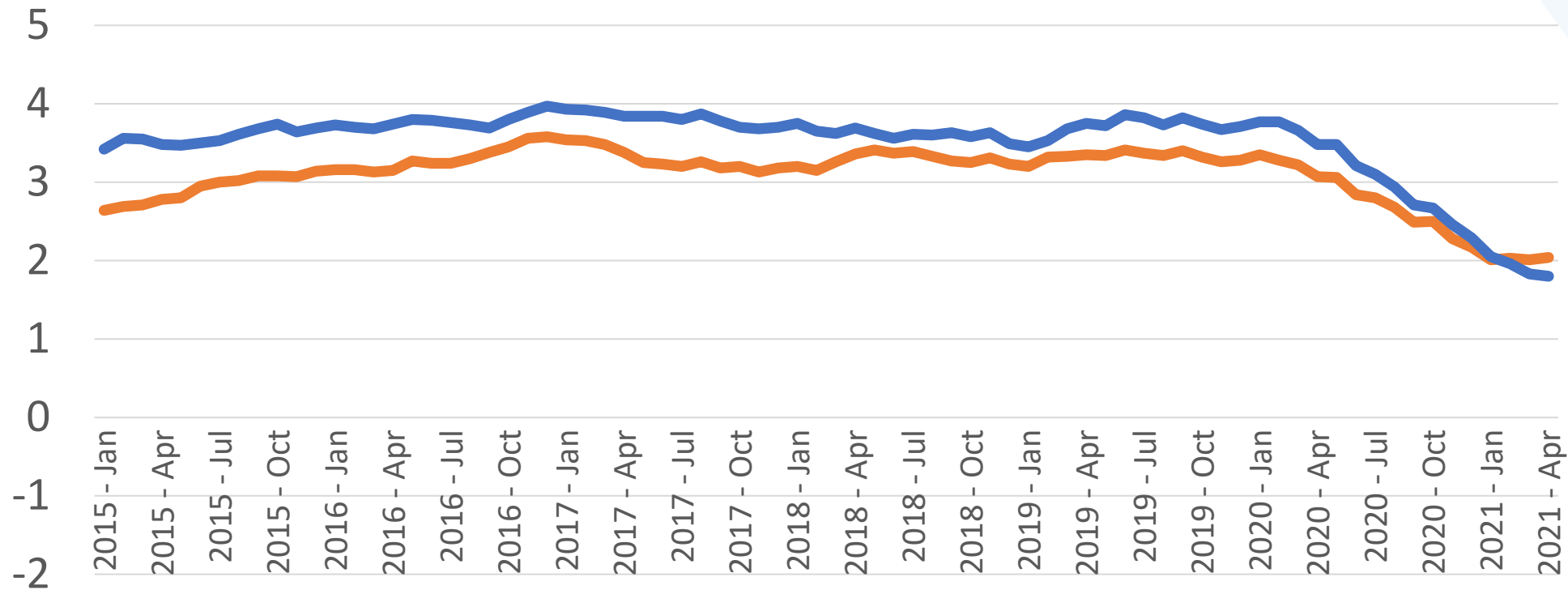
The Dollar .. The King of Currencies ?? .. Recent Weakening Dollar

... adds to inflationary pressure



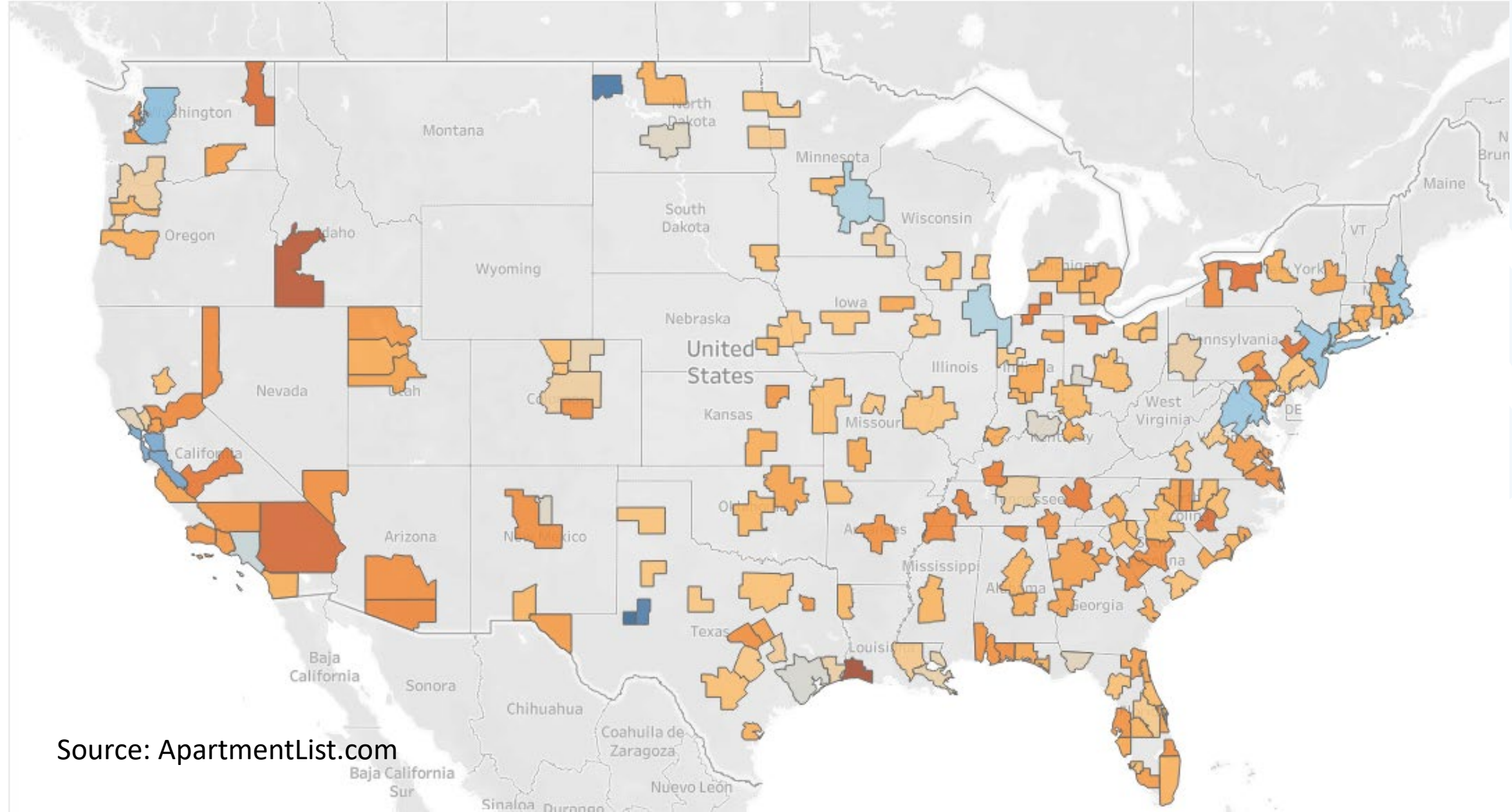
Source: Federal Reserve

Primary Rent (and owner's rent) had been decelerating ... but will soon pick up?



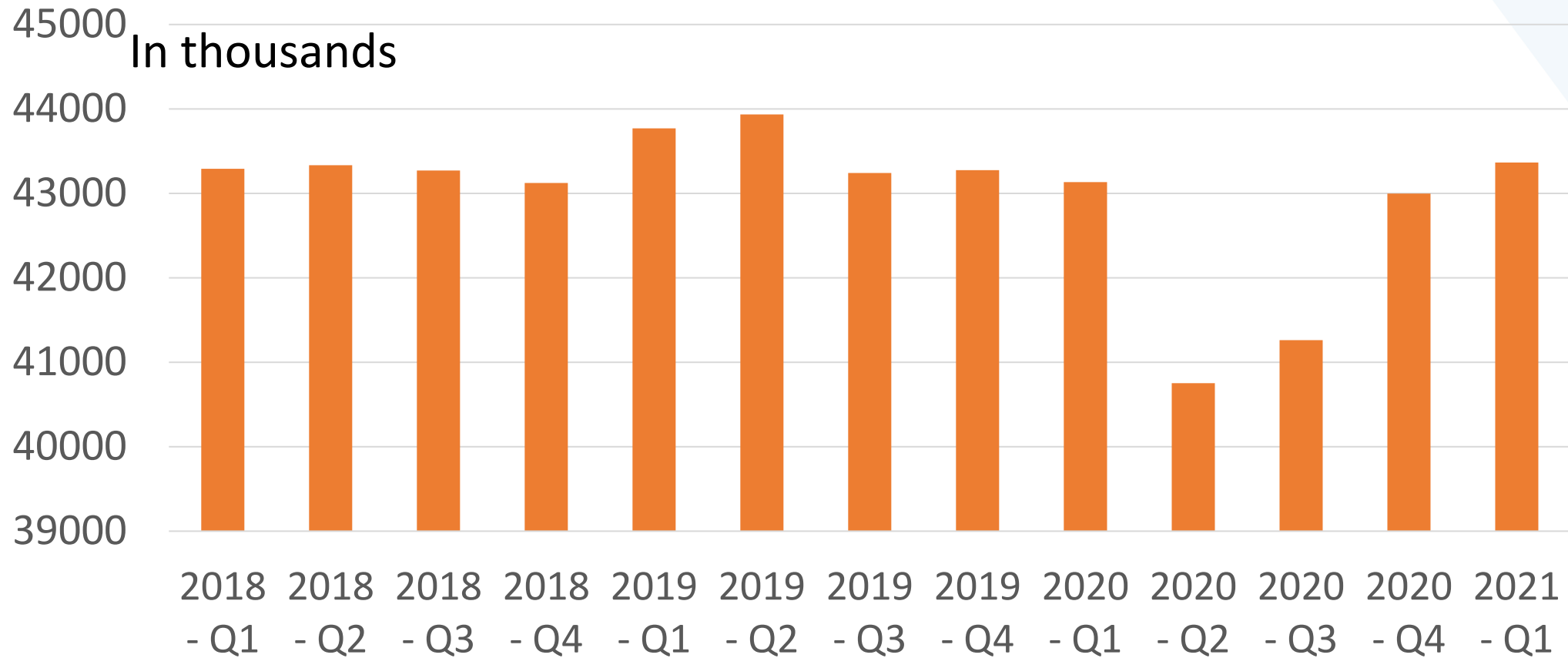
Source: BLS

Apartment rents have declined in gateway cities but have increased in 93% of metro areas as of April 2021



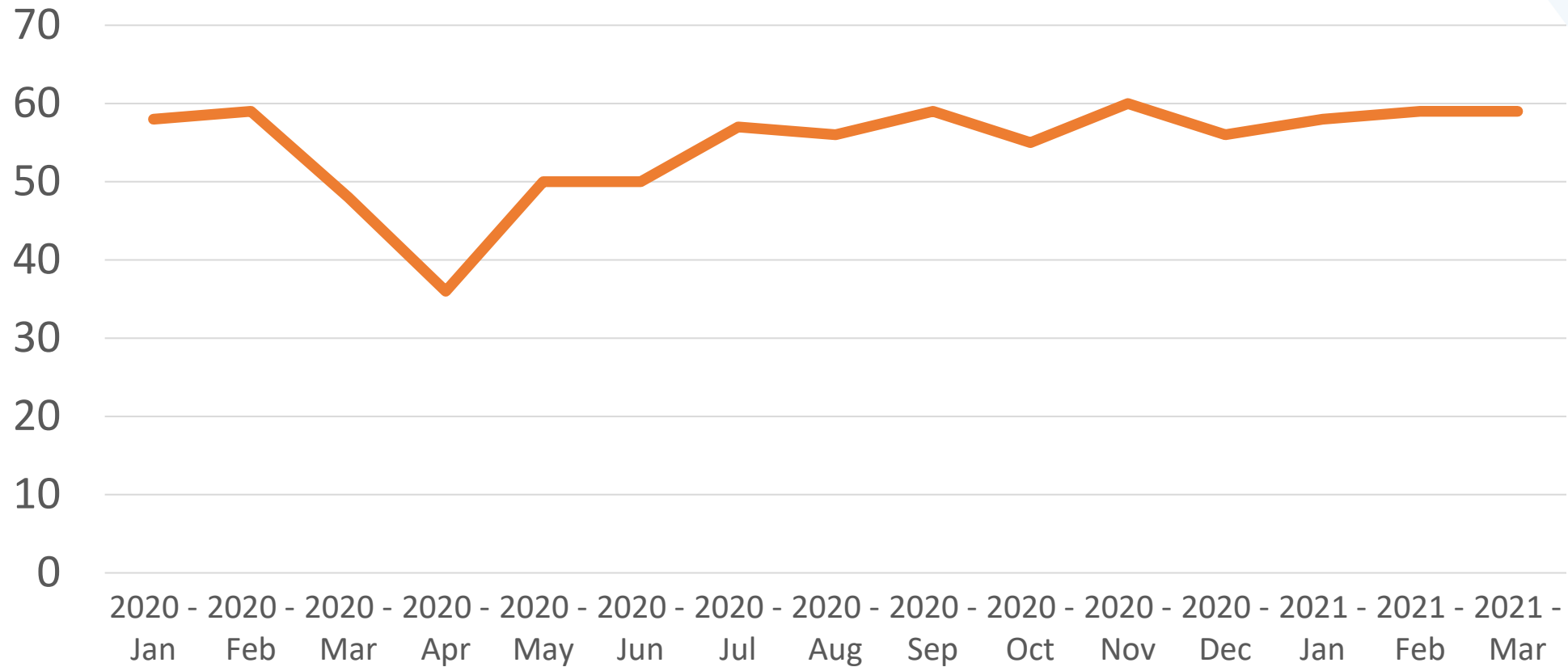
Source: ApartmentList.com

Rental Households ... collapsed ... now returning



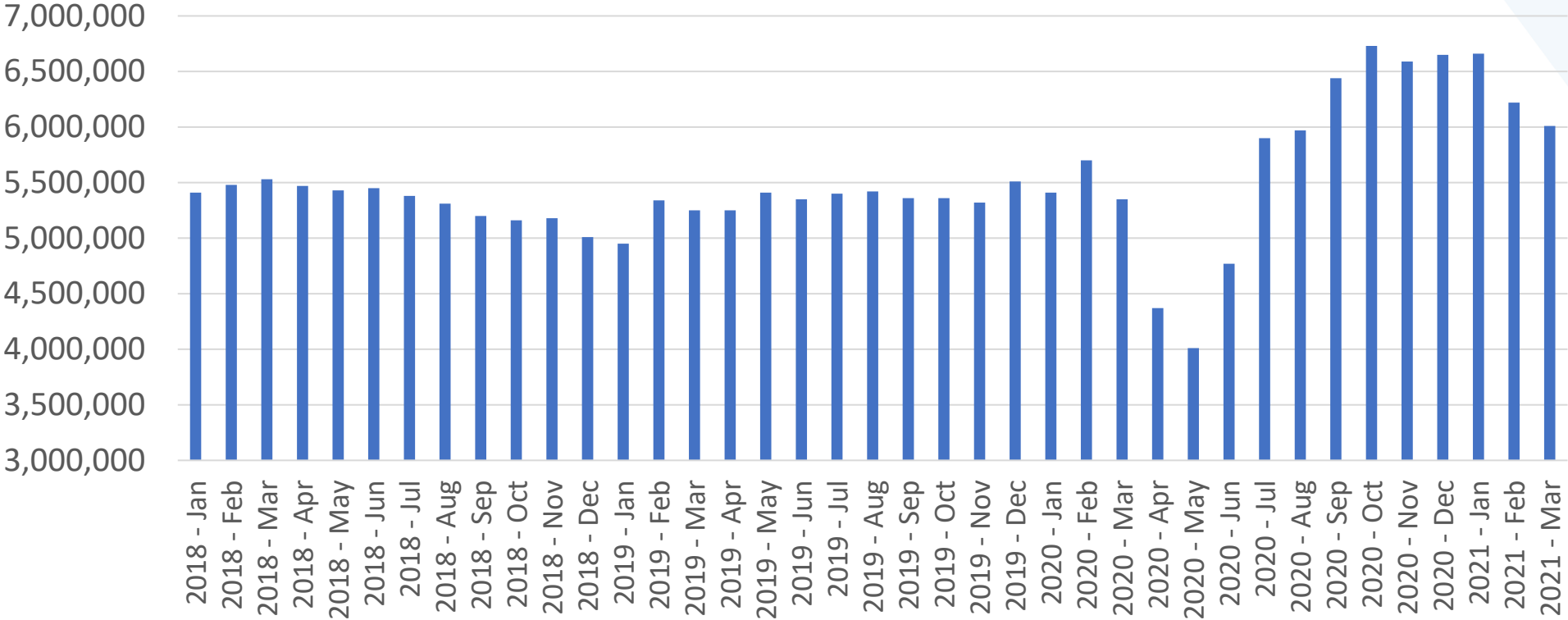
Source: Census

% of REALTORS® expecting Rent Strengthening in upcoming months



Source: NAR

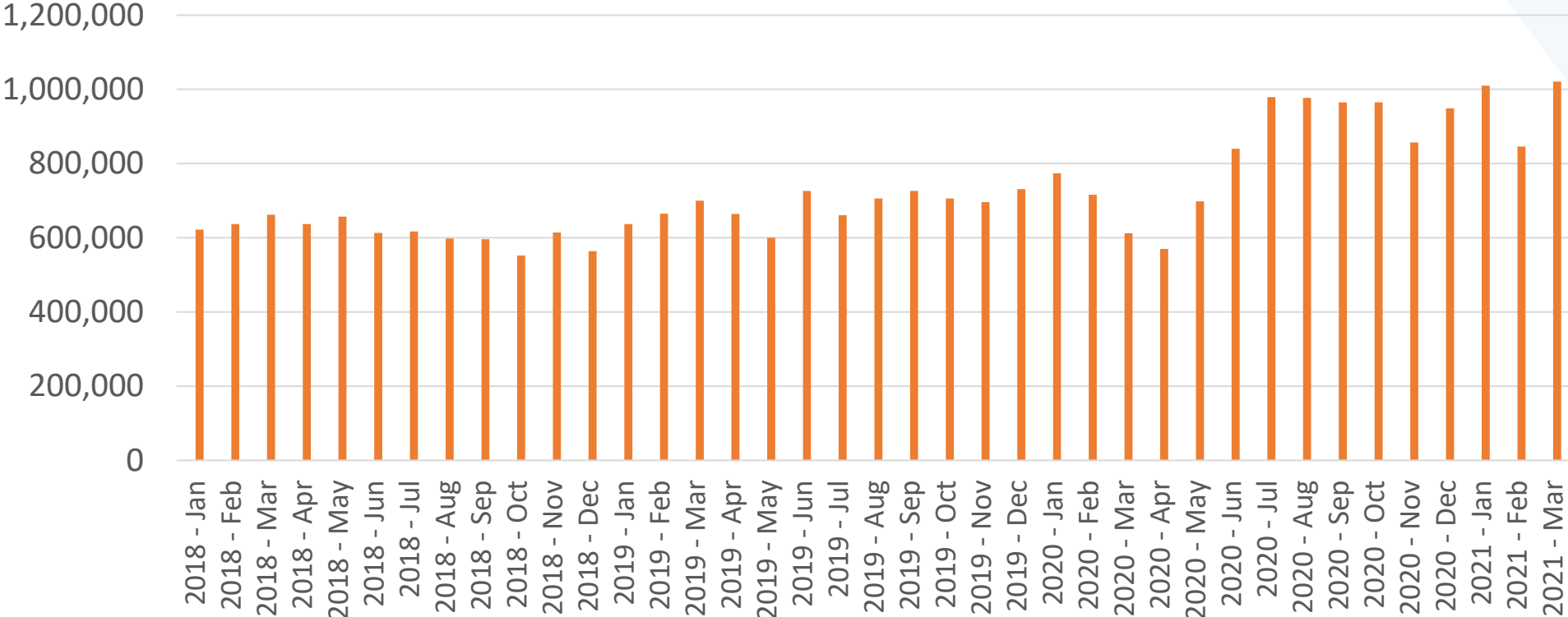
Existing Home Sales (seasonally adjusted annualized rate) ... Topping Out?



Source: NAR



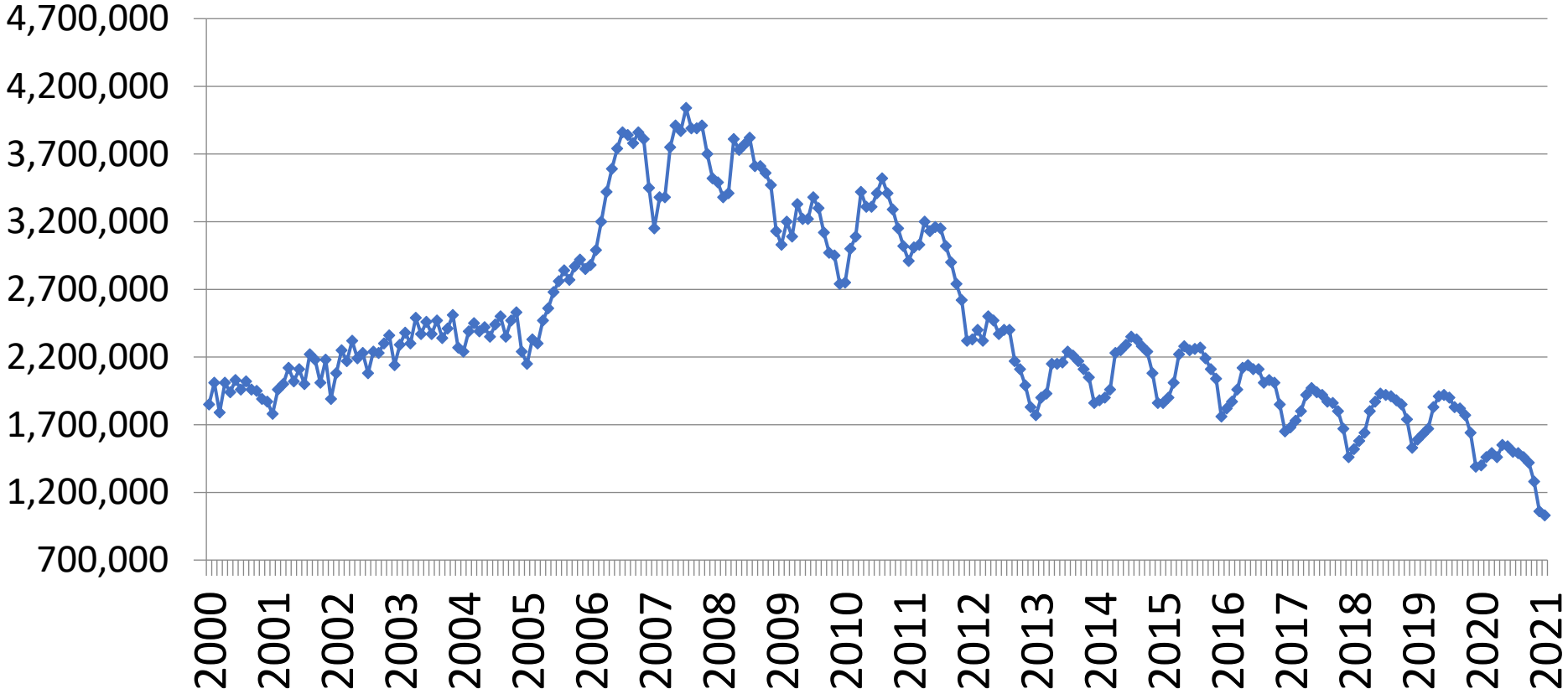
New Home Sales ... Holding On



Source: HUD/Census

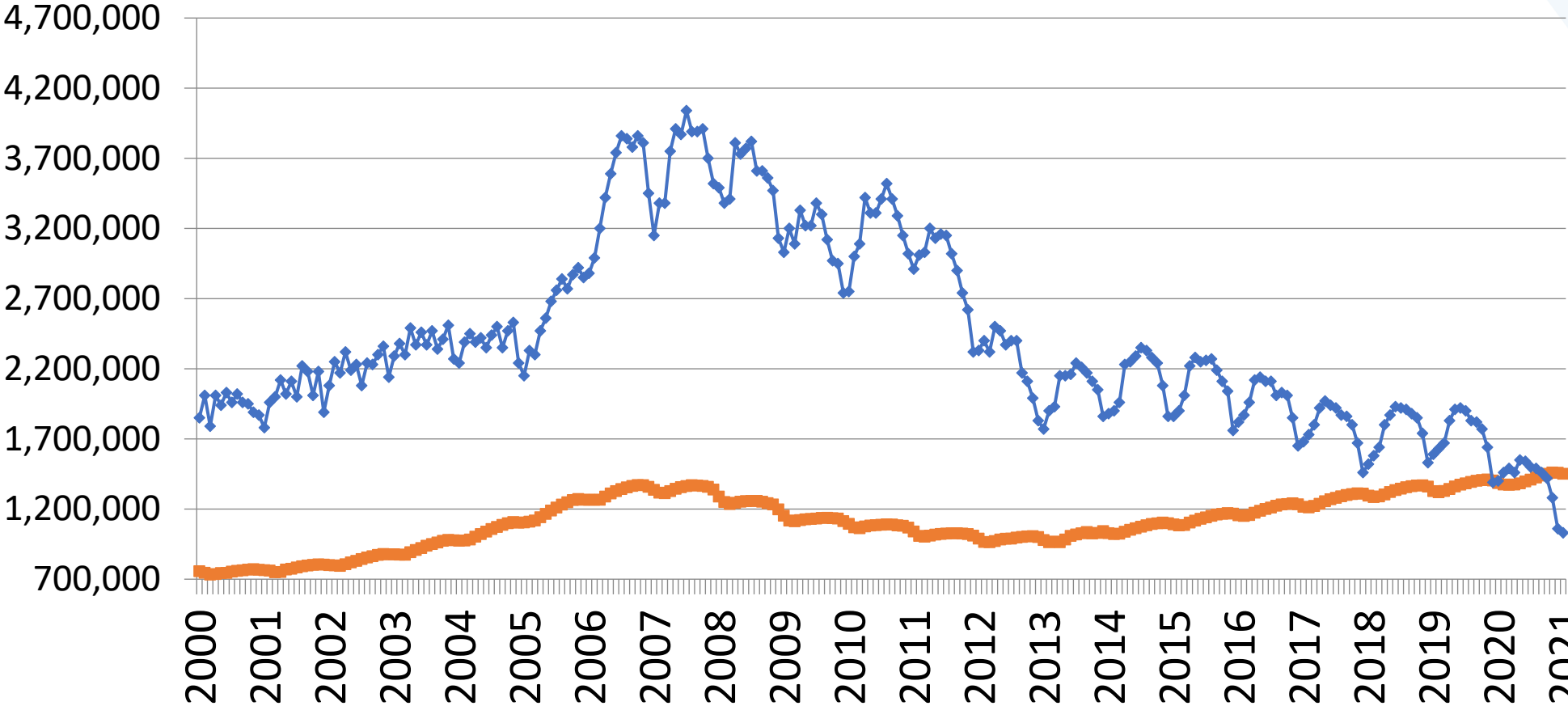


Record Low Inventory .. Multiple Offers .. Temptations to Discrimination?



Source: NAR

Record Low Inventory .. Record High Membership



Source: NAR

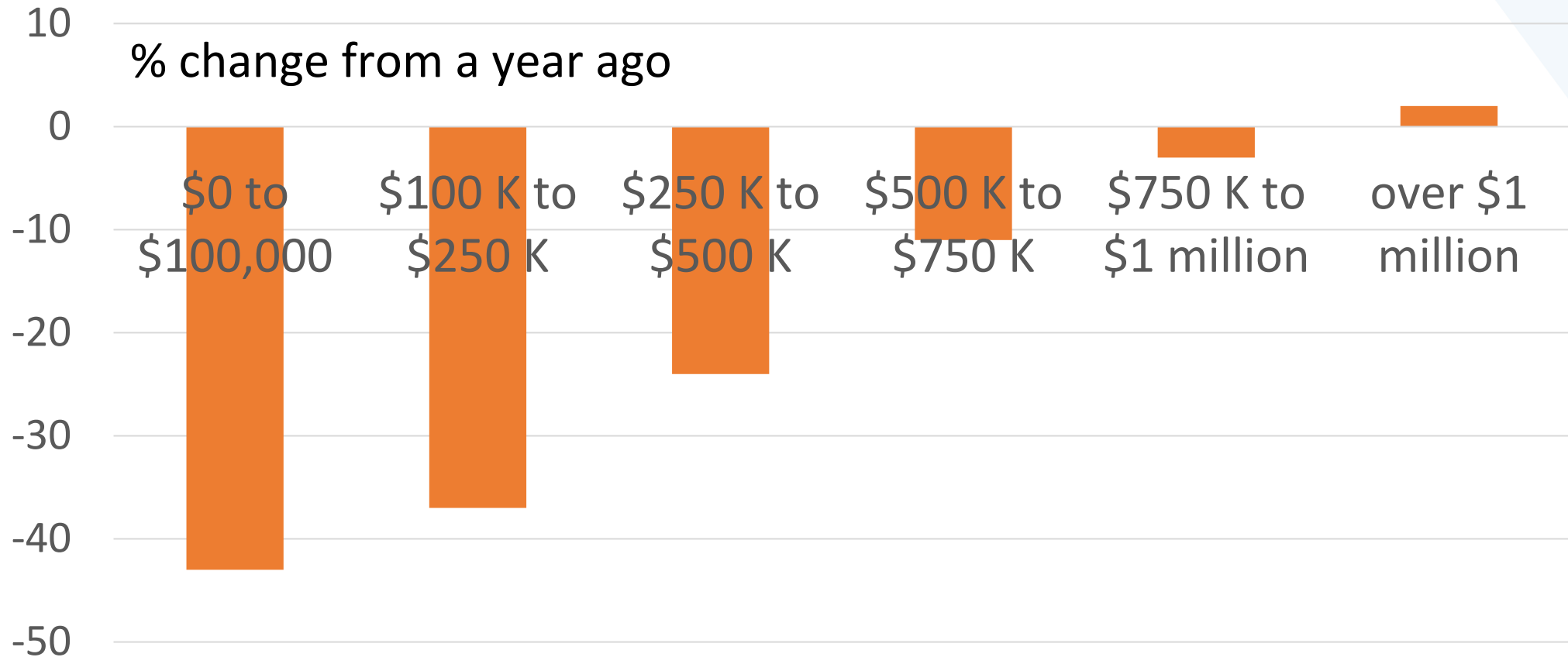


Inventory ... Existing-to-New Ratio ... Are homebuilders no longer friends?



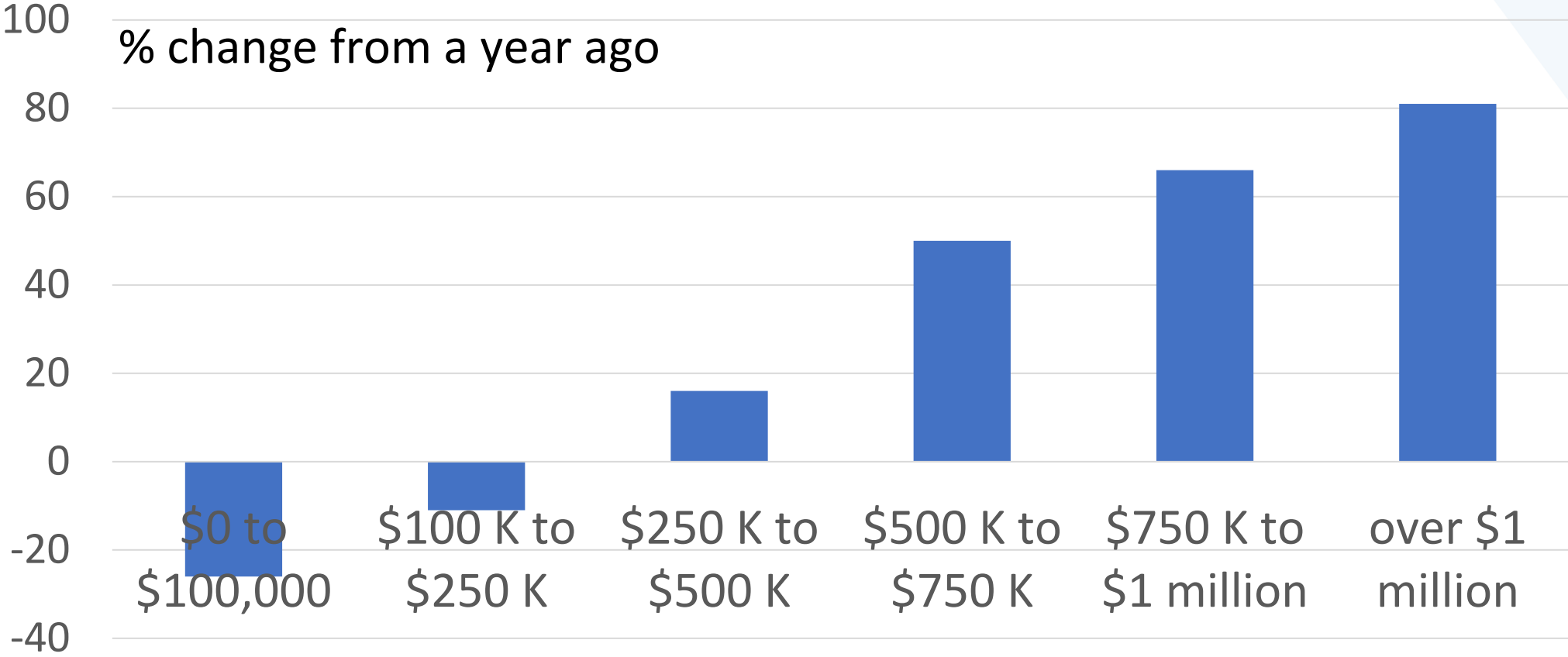
Source: NAR

Inventory by Price Buckets



Source: NAR

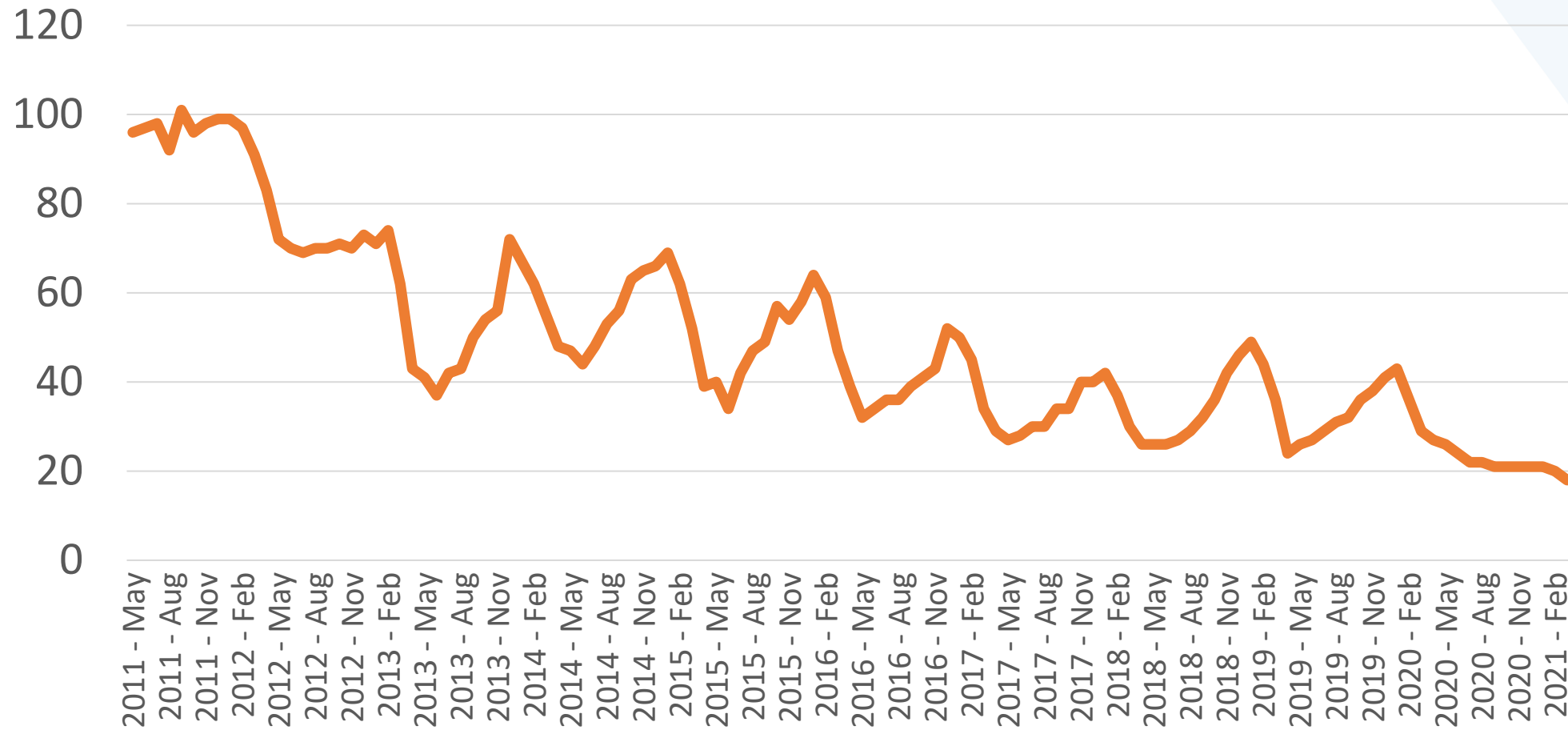
Home Sales by Price Buckets



Source: NAR

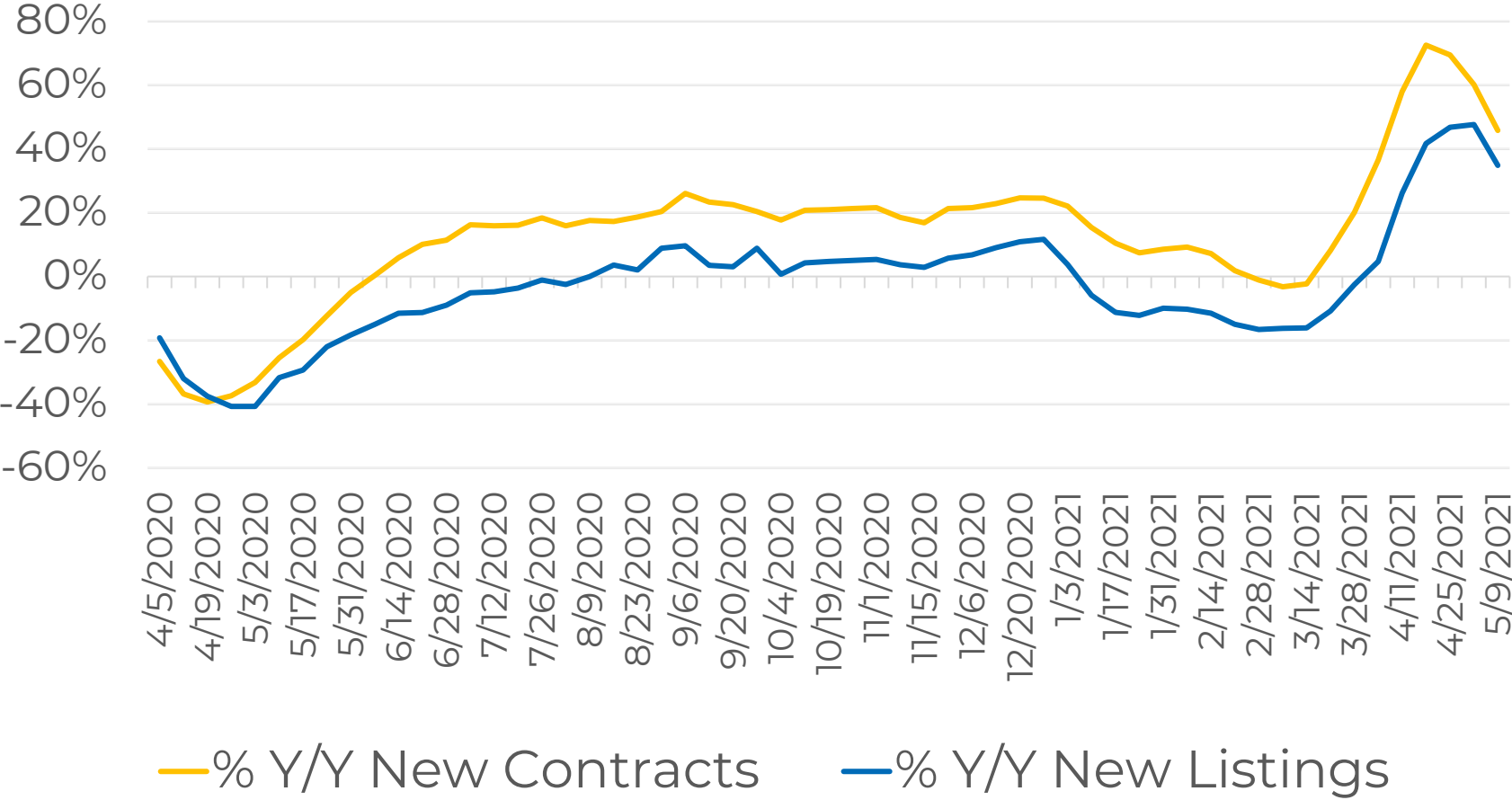


Median Days on Market till Ratified Contract

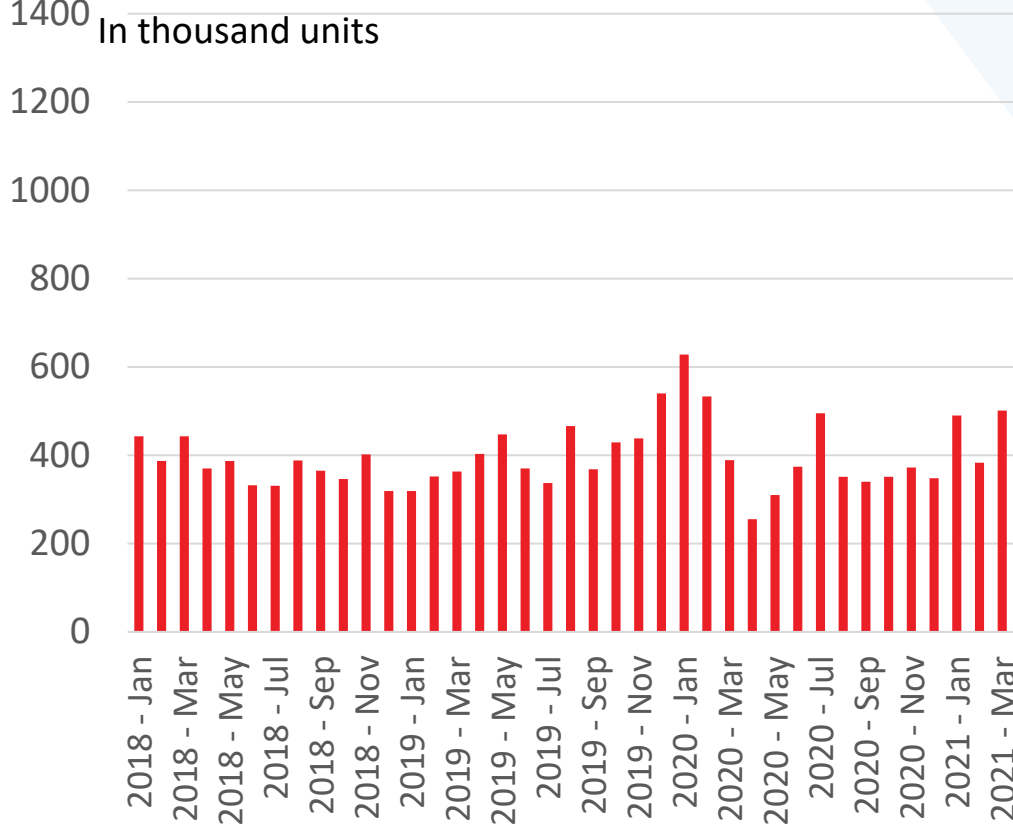
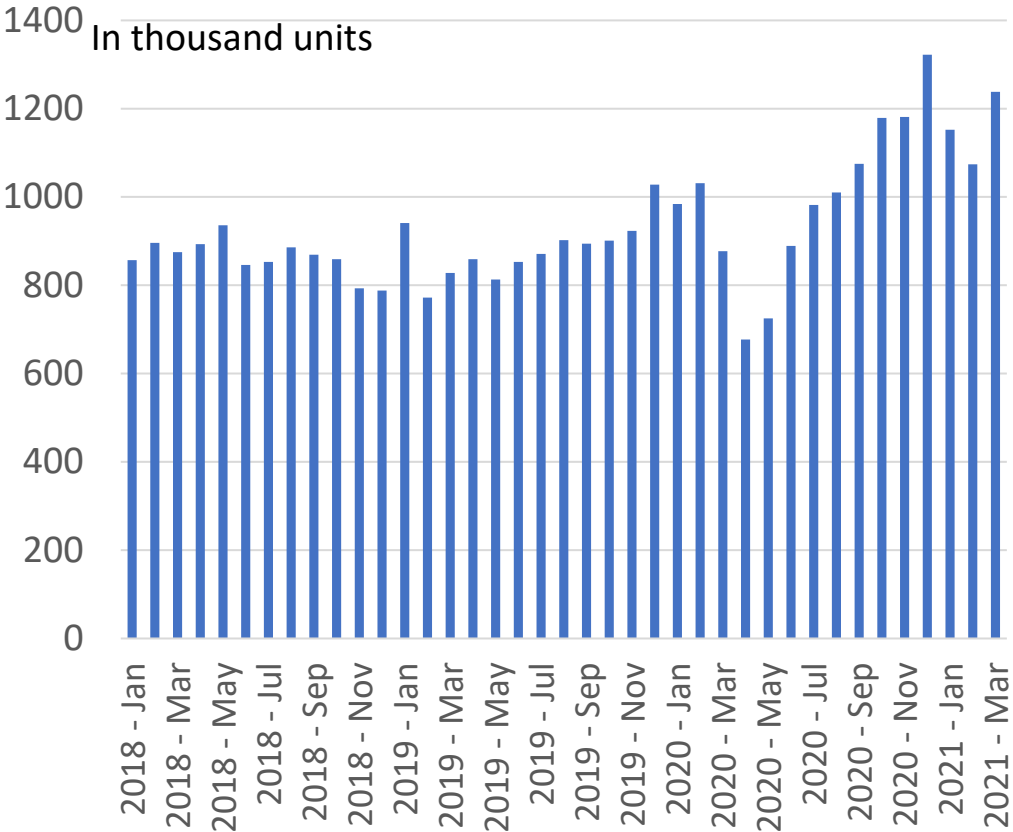


Source: NAR

Weekly Trends on New Contracts and New Listings (4-week moving average)



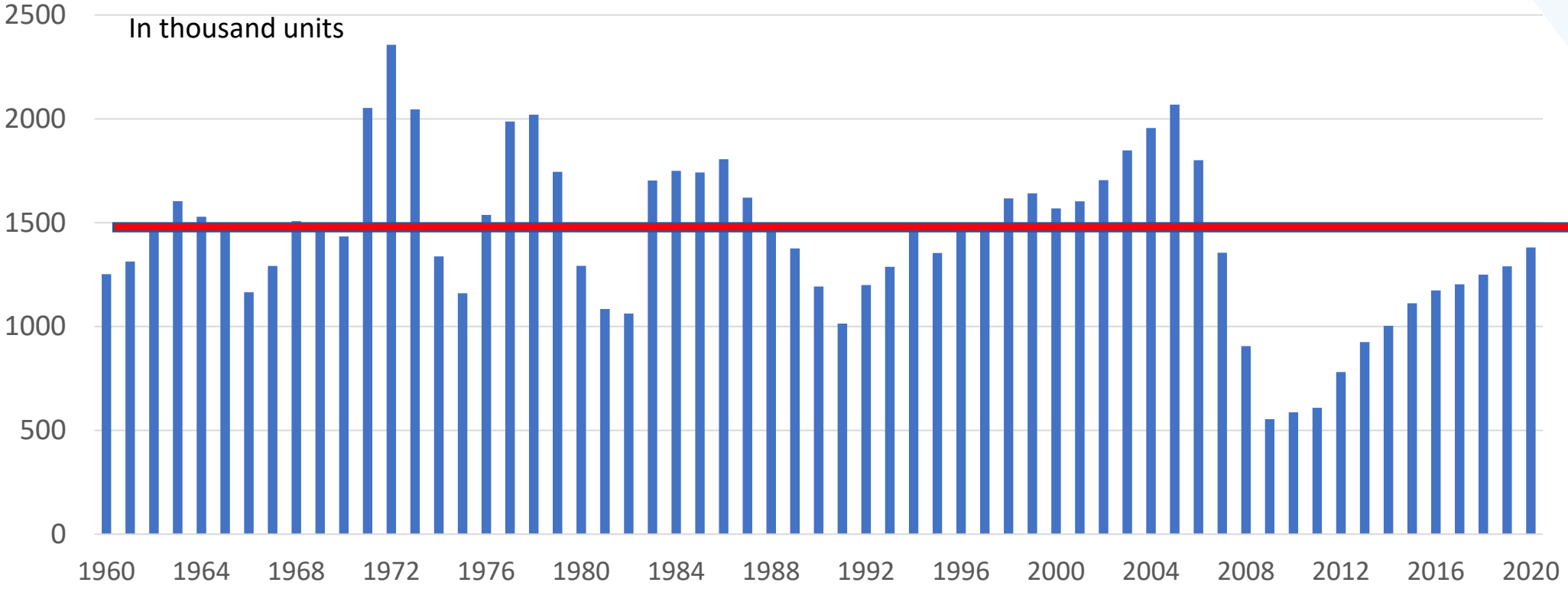
Housing Starts ... Single-family and Multifamily



Source: HUD/Census



Annual Housing Starts from 1960

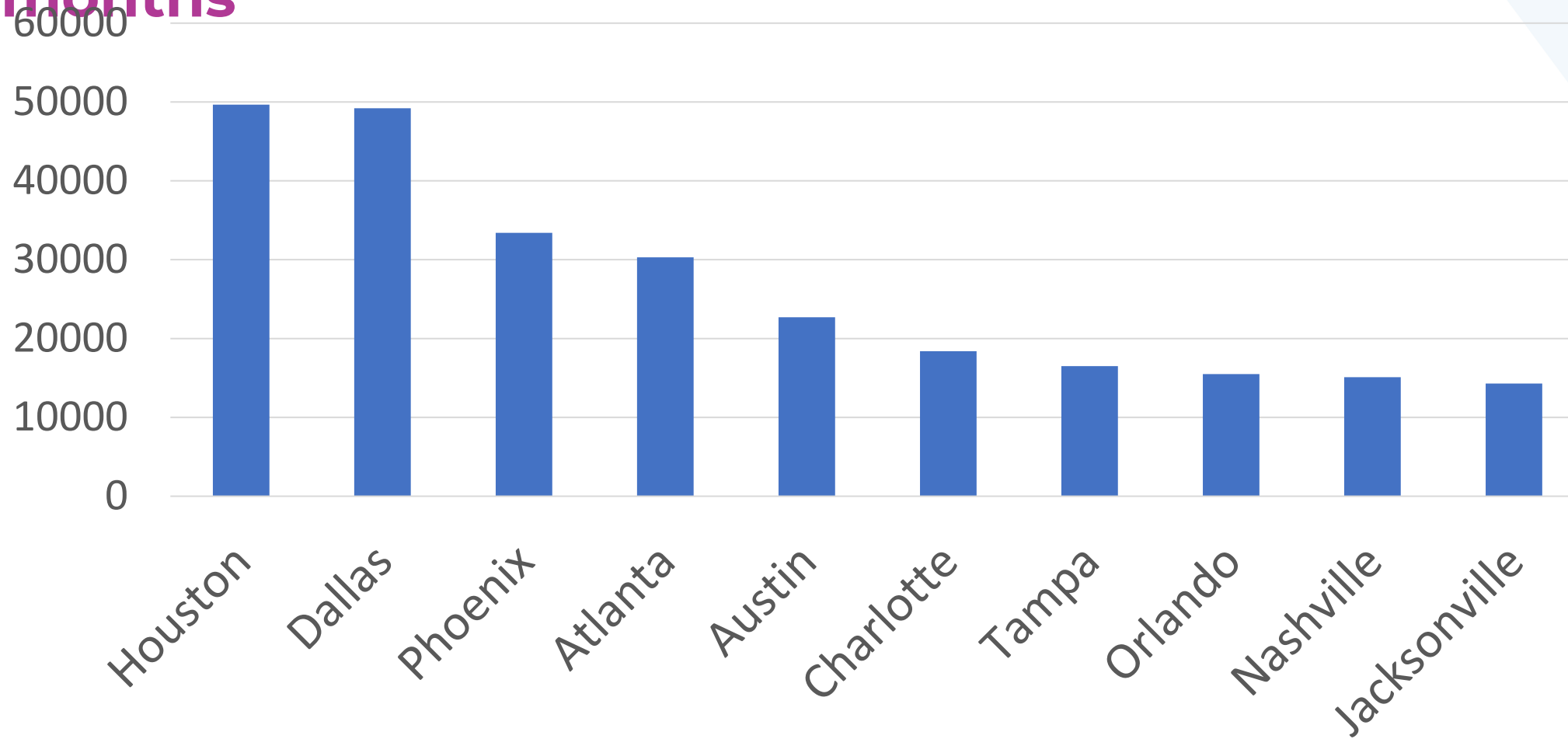


Source: NAR



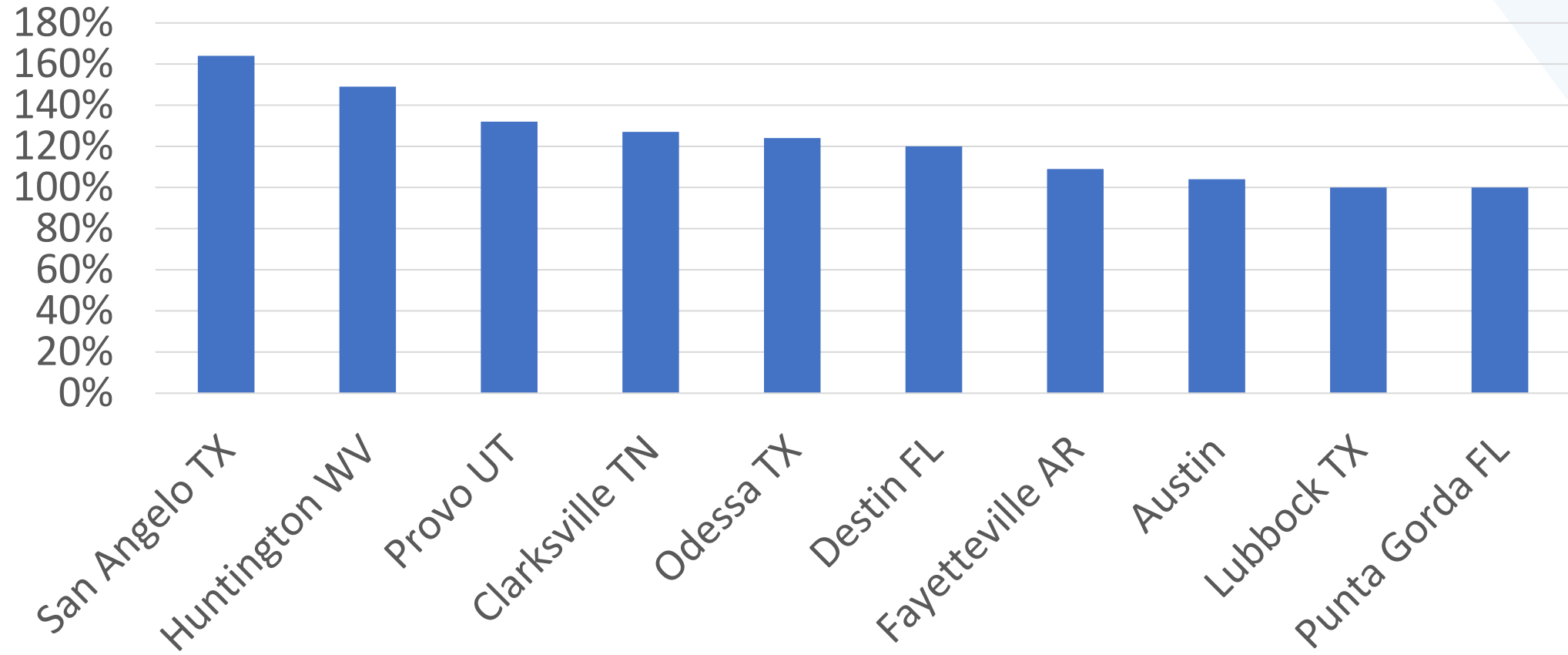
Future Inventory ... Where?

Most active single-family home construction in the past 12 months



Source: NAR analysis of HUD data

Biggest % gain in single-family home construction



Source: NAR analysis of HUD data



Less Hurried Decisions and Frenzy by year-end and 2022

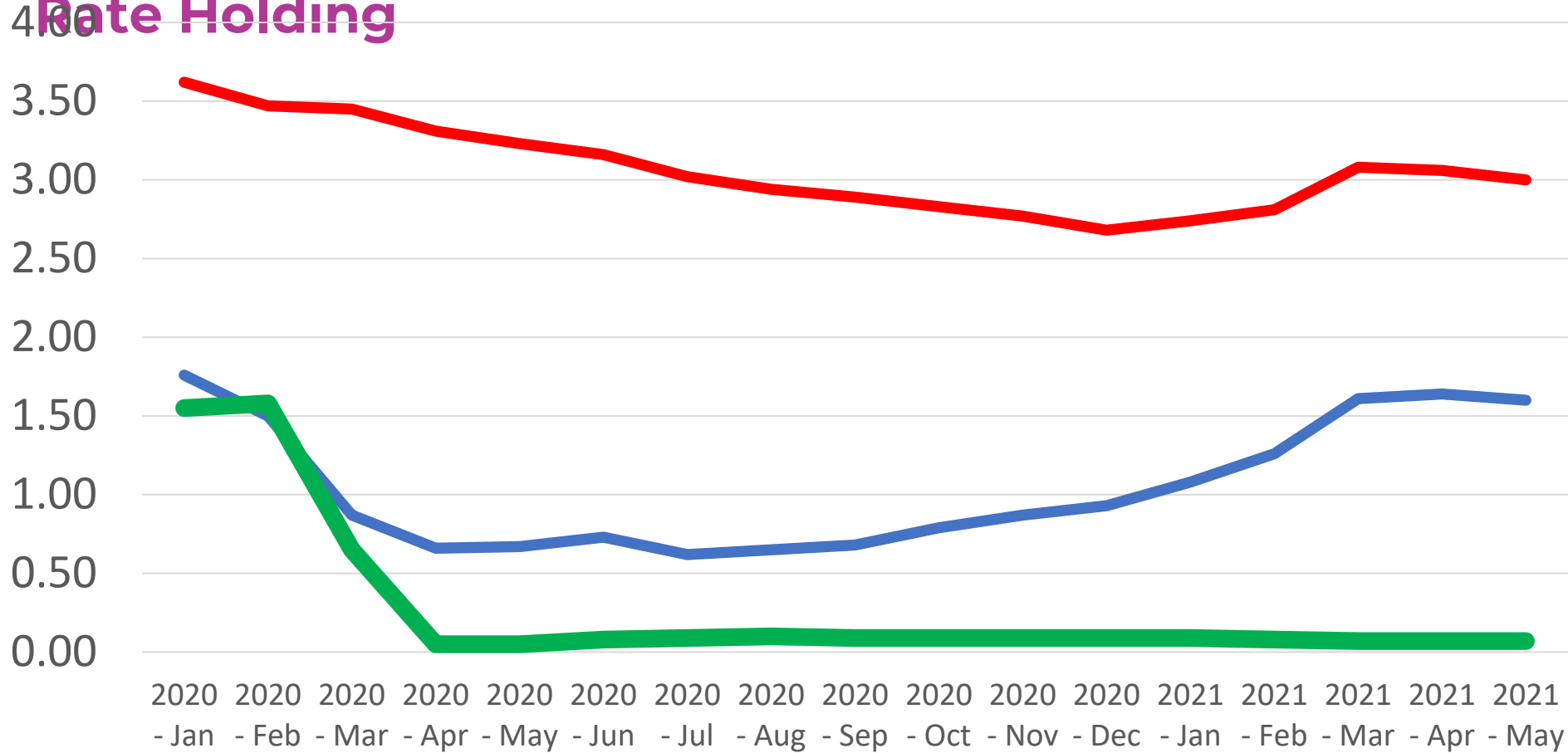
More Supply

- New Home Construction
- Winding Down of Mortgage Forbearance
- Vaccination

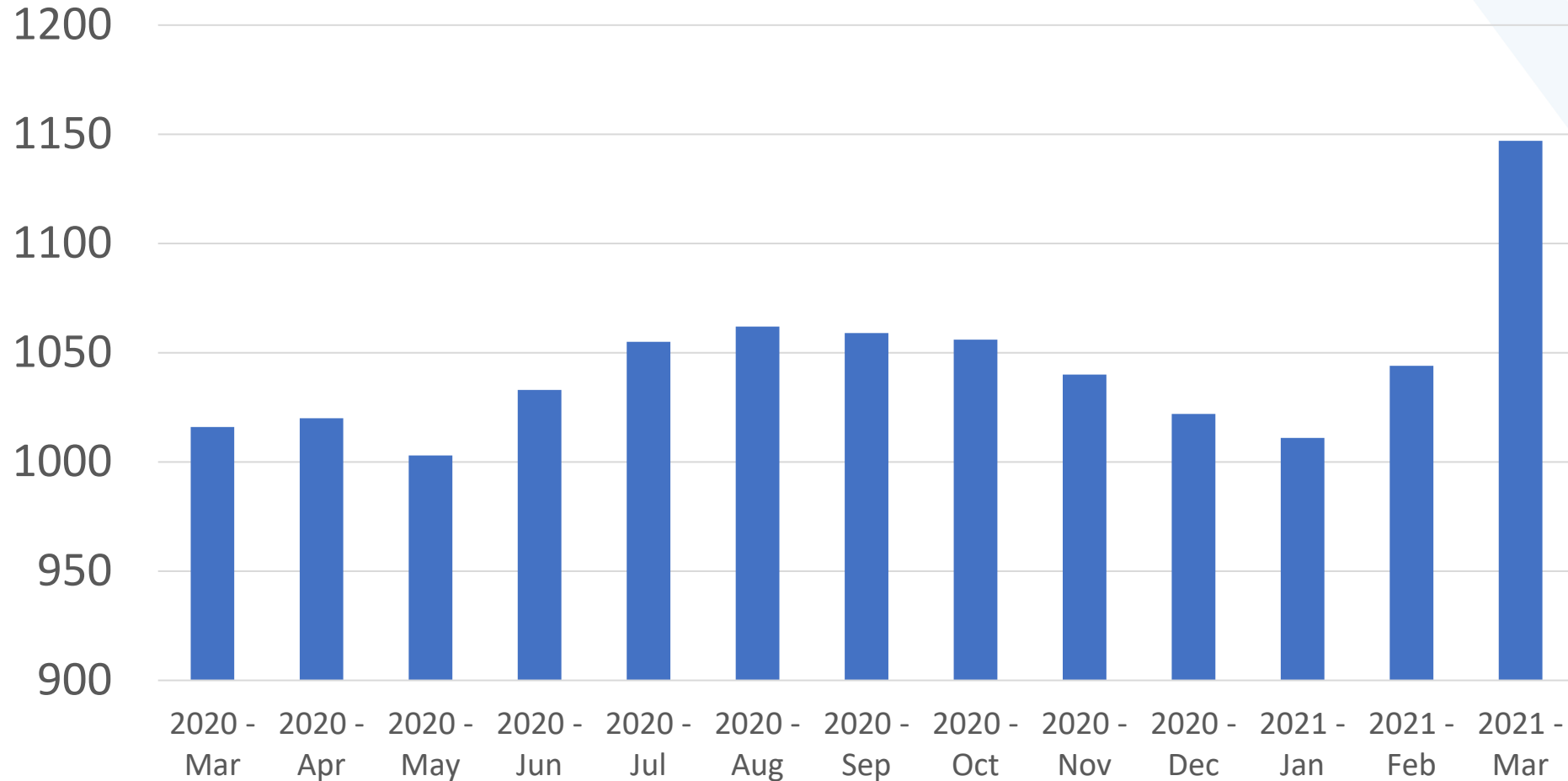
Less Demand

- Higher Home Prices
- Higher Mortgage Rate

Mortgage Rates Rising ... 10-year Treasury Rates Rising ... Fed Funds Rate Holding



Monthly Mortgage Payment ... at prevalent price and interest rate

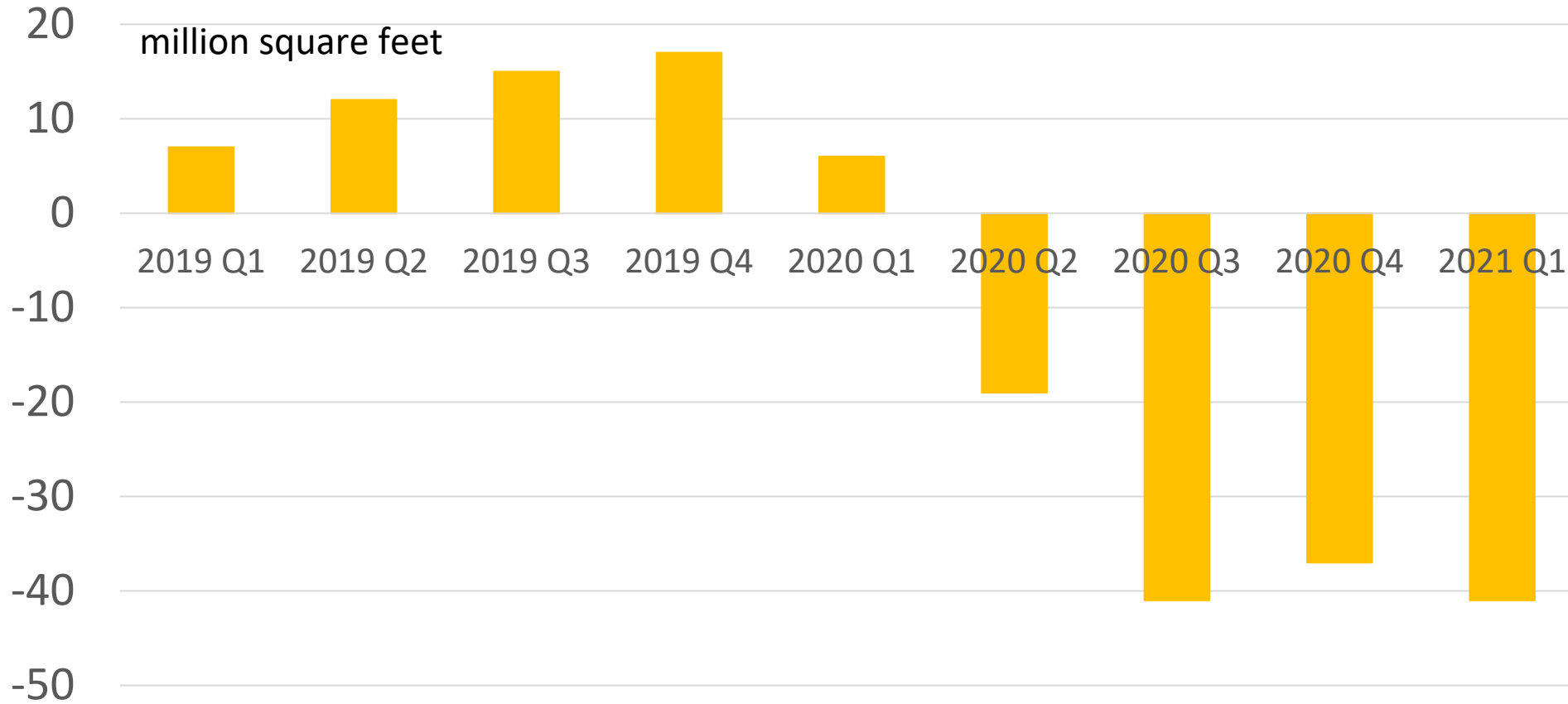


Source: BLS

Affordability Scenarios

	March 2020	March 2021	Scenario 1	Scenario 2	Scenario 3
Home Price	\$282,600	\$334,500	\$334,500	\$350,000	\$350,000
Mortgage Rate	3.5%	3.1%	3.5%	3.1%	3.5%
Monthly Mortgage Payment	\$1016	\$1147	\$1202	\$1196	\$1257

Office Absorption

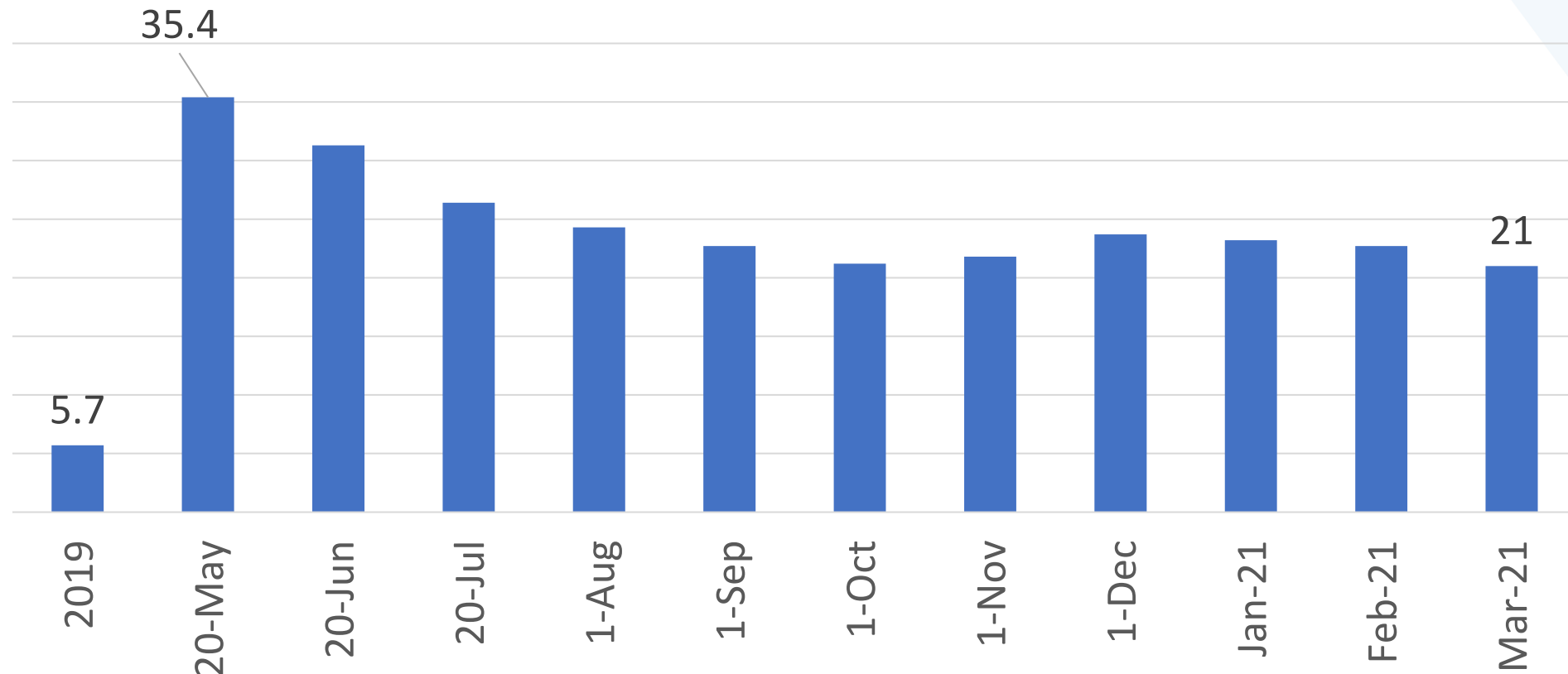


Source: Cushman-Wakefield

Workers are slowly returning to the office

Percent of Employed Who Teleworked

■ Workers 16 years old and over



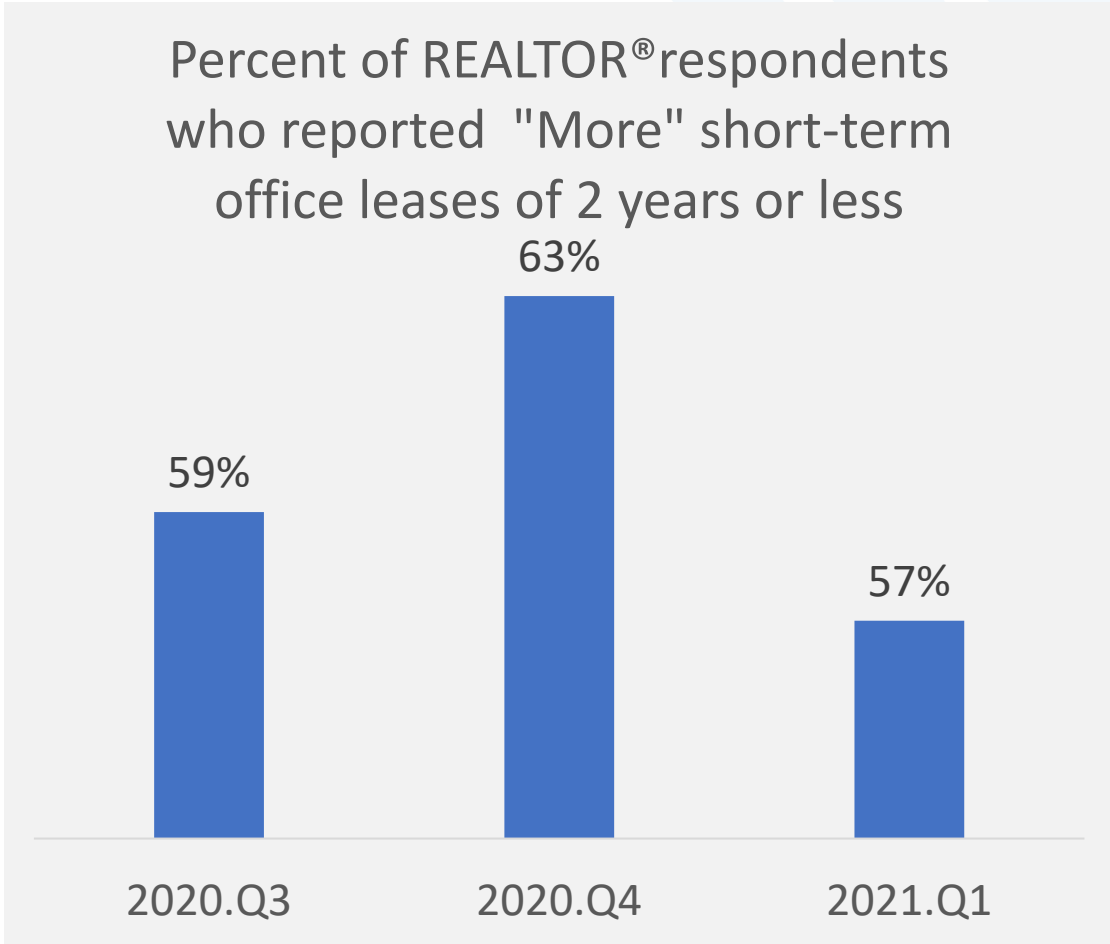
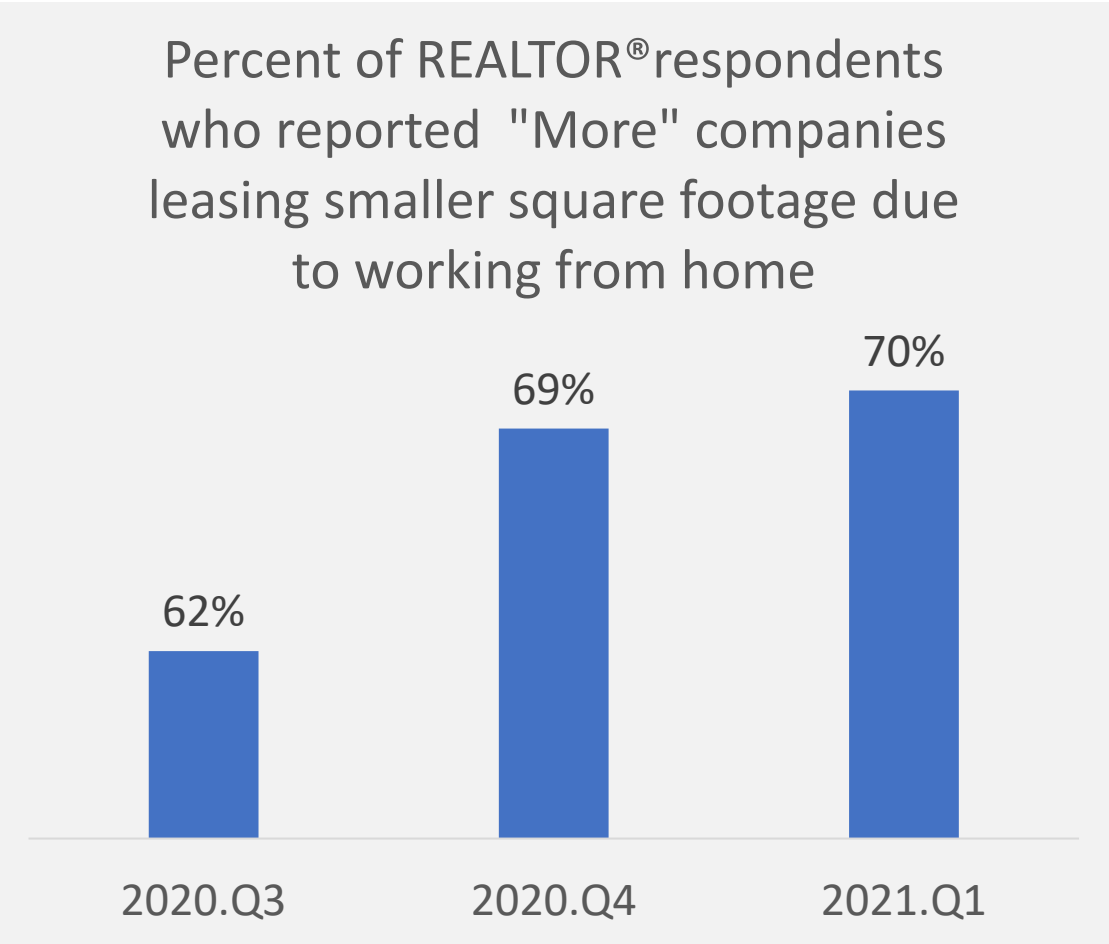
Source: US Census Bureau American Community Survey and Bureau of Labor Statistics Supplemental Survey

Kastle System Key Barometer ... Back to Office ... Dallas 40% ... SF and NY 15%

OCCUPANCY OVER TIME — MARCH 3, 2020 TO APRIL 21, 2021



More than half of NAR commercial members reported more companies leasing smaller offices and < 2 year lease terms



Source: NAR Commercial Real Estate Quarterly Market Survey conducted in collaboration with RLI, SIOR, CCIM, IREM, CRE



Economic Forecast

	2019	2020	2021 Forecast
GDP Growth	2.3%	-3.5%	+4.5%
Job Gains	+2 million	- 9 million	+ 4 million
10-Year Treasury	2.1%	0.9%	1.6%
Consumer Price Inflation	1.8%	1.3%	2.7%

Source: NAR

Housing Market Forecast

	2019	2020	2021 Forecast
Mortgage Rates	3.9%	3.0%	3.2%
New Home Sales	+11%	+19%	+20%
Existing Home Sales	0%	+6%	+10%
Home Price	+5%	+9%	+7%
Revenue	+5%	+15%	+17%

SOURCE: NAR

Pandemic ... Repurposing Properties ... Examples

Residence Inn by Marriott in Winston Salem, NC

88-room extended-stay hotel converted into resort-style living apartments (2-bedroom unit starting at \$900) in 2020 using private development financing

Days Inn in Branson, Missouri

423-room converted into affordable housing (1-bedroom rent at \$695) in 2020 using private development financing

Luna Lodge in Albuquerque, Mexico

28-room hotel on the National Register of Historic Places converted into a low-income housing (1-bedroom rent at \$535) in 2013 using Historic Tax Credit

Potential Sweeping Changes

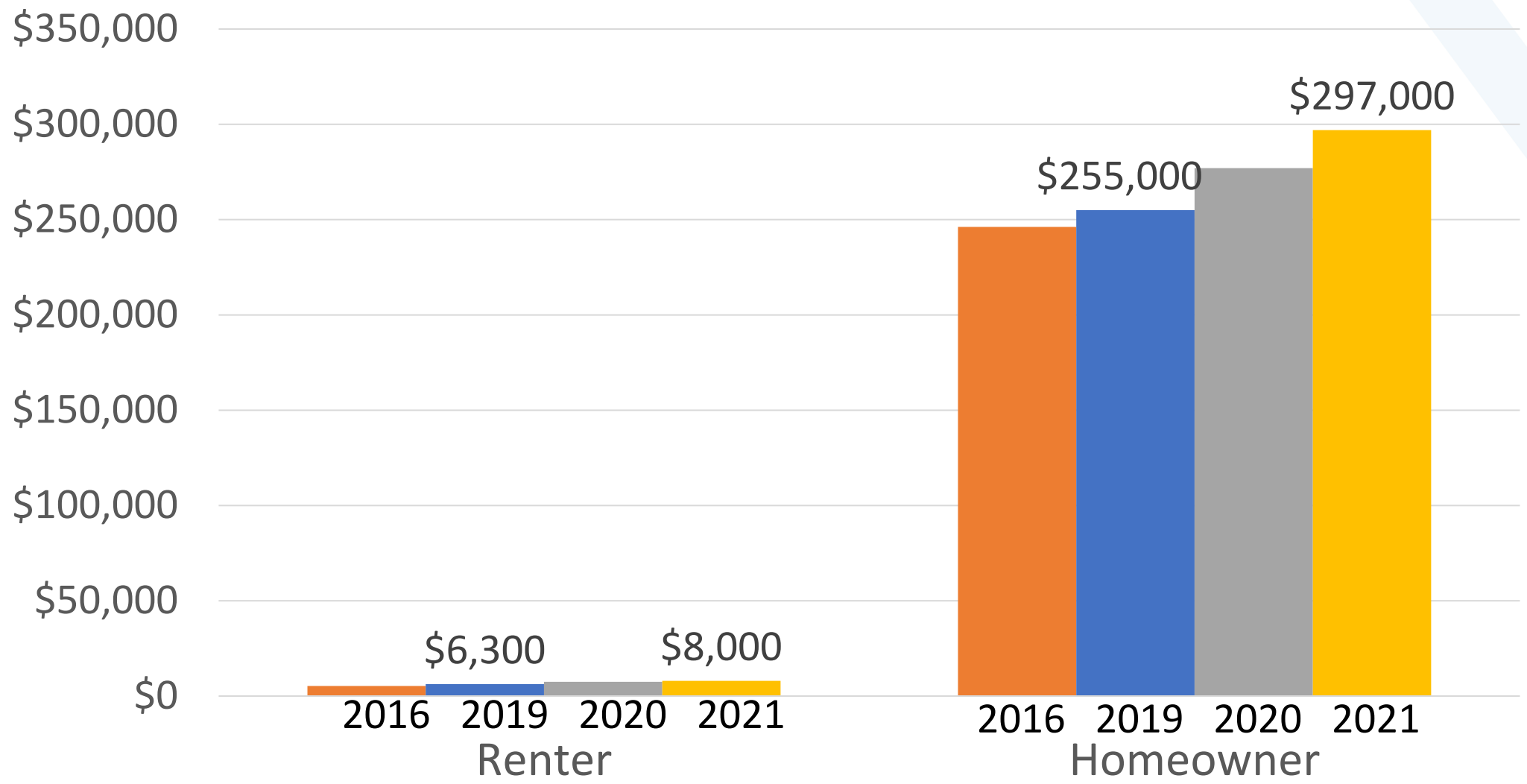
1918-19 Spanish Flu

- Roaring 20s ... Great Gatsby
- 1930s Fascism and Nationalism
- 1940s Deathliest War

2020 Coronavirus Aftermath

- Lockdown/Protest/Election
- Work-from-Home ... Suburbs?
- Wider School and Location Choices?
- Green and Tech and Repurposed Homes?
- Everyone has Dachas?
- U.S. and China Conflict?

Wealth Comparison



Source: Federal Reserve and NAR estimates



**Most Worthless and Most Useful
Activity**

Simultaneously

Which Activity?

Spelling Bee ???

Indian-Americans ... Highest Household Income at \$120,000



Sources: White House, SC Governor's Office, AP Photo of Spelling Bee Winners

THANK YOU



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