

# Economic & Real Estate Outlook

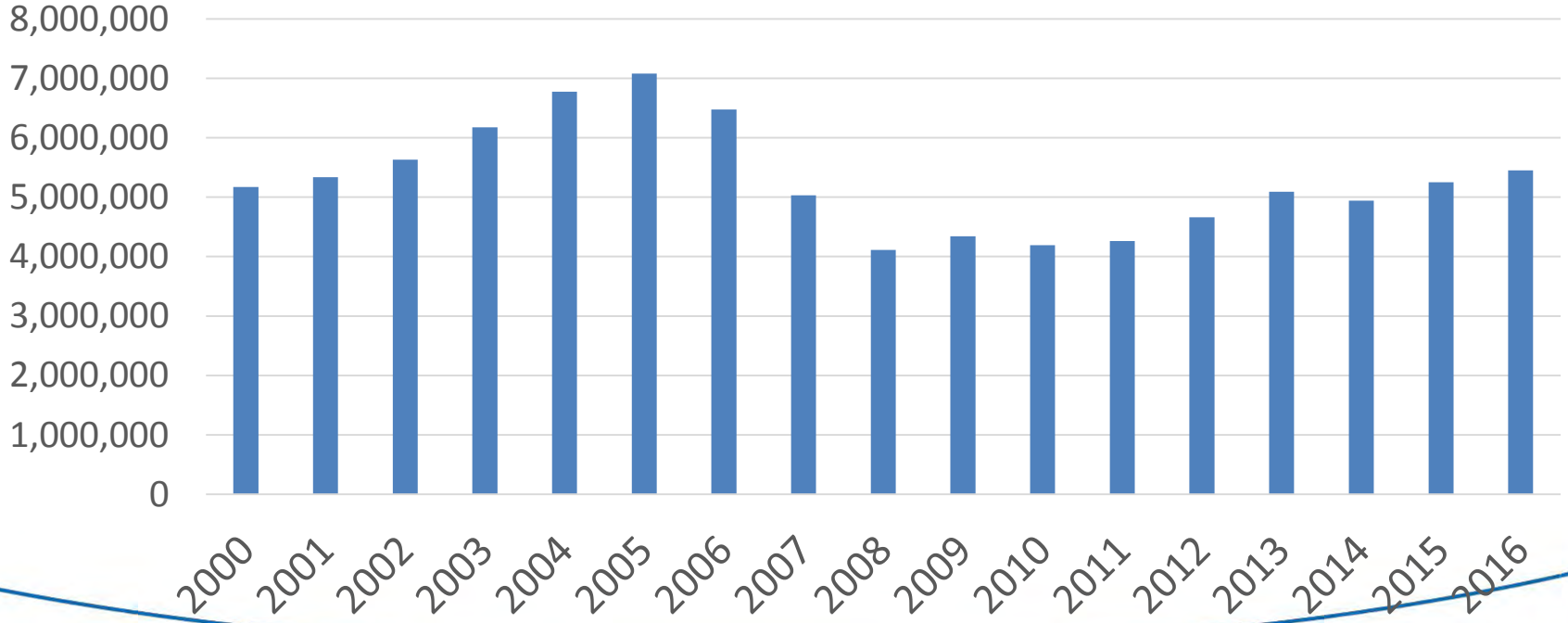
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Presentation at Santa Clara Association of REALTORS®  
and Silicon Valley Association of REALTORS®

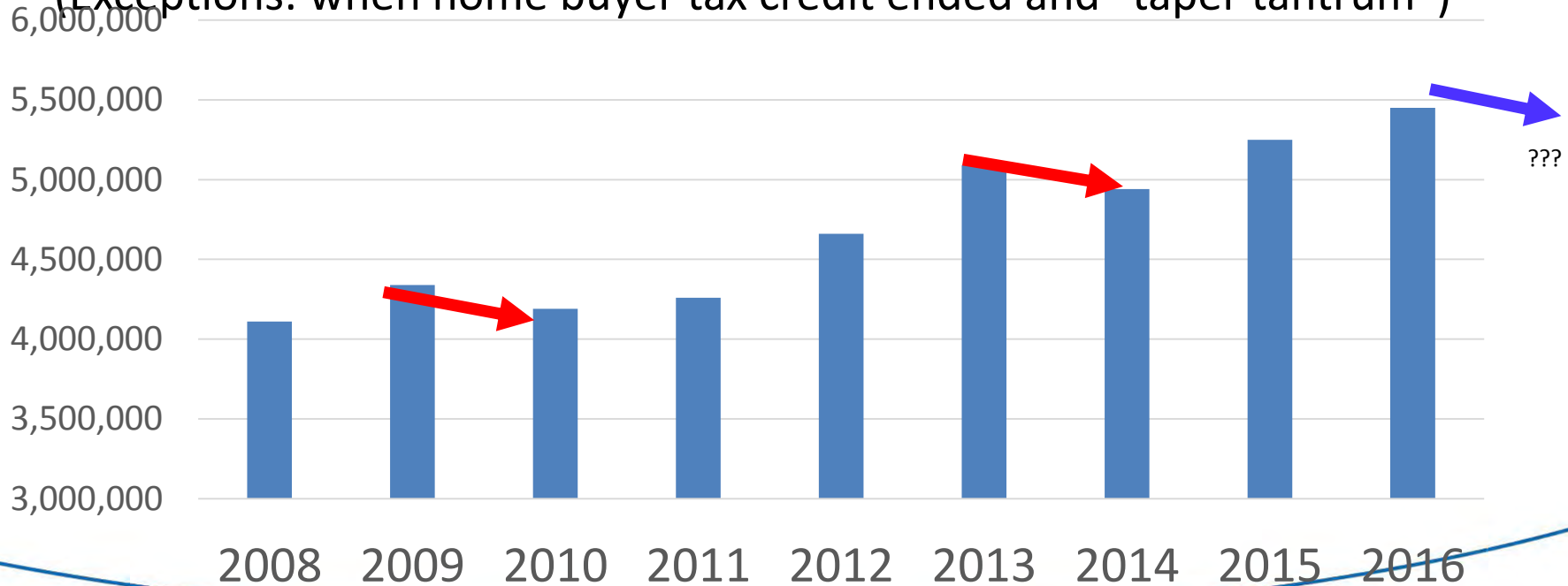
October 19, 2017

# Existing Home Sales



# Existing Home Sales – Mostly Rising in Recent Years

(Exceptions: when home buyer tax credit ended and “taper tantrum”)



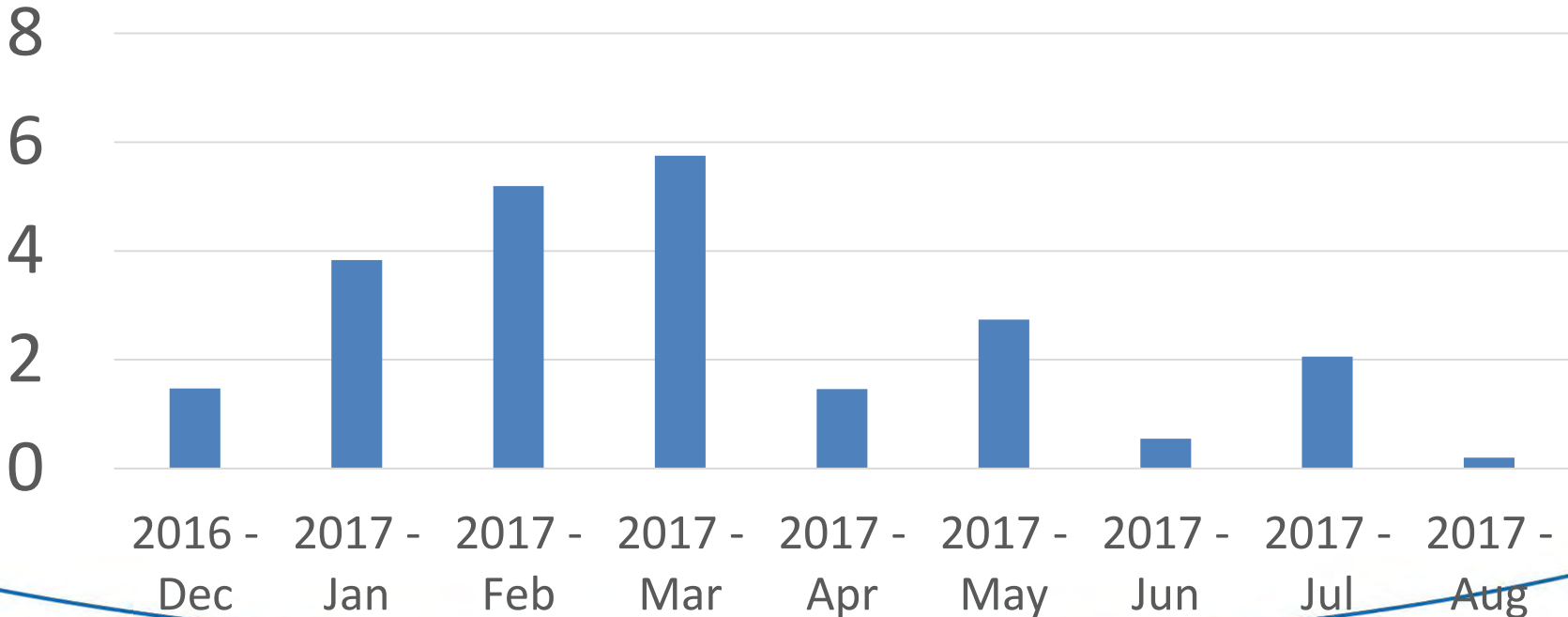
# Mortgage Rates

## 30-year Fixed Rate

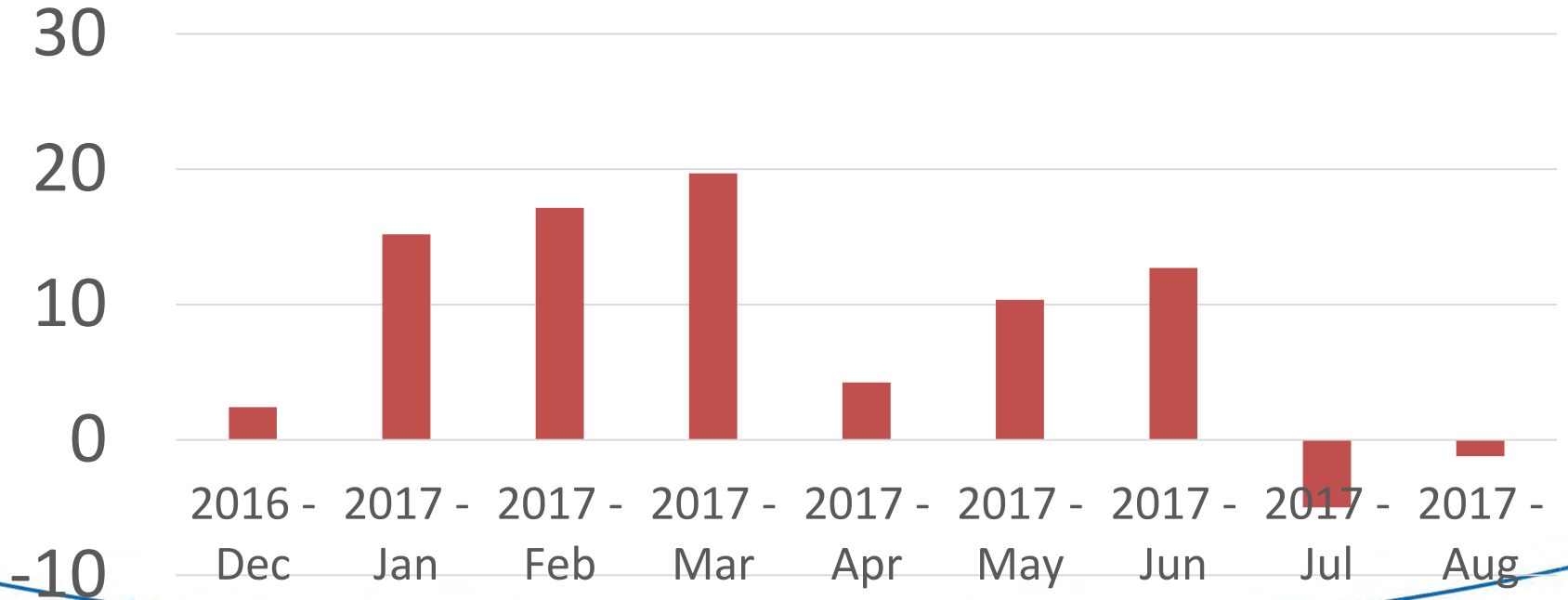


# Existing Home Sales Rising After Election

(% change from one year ago)

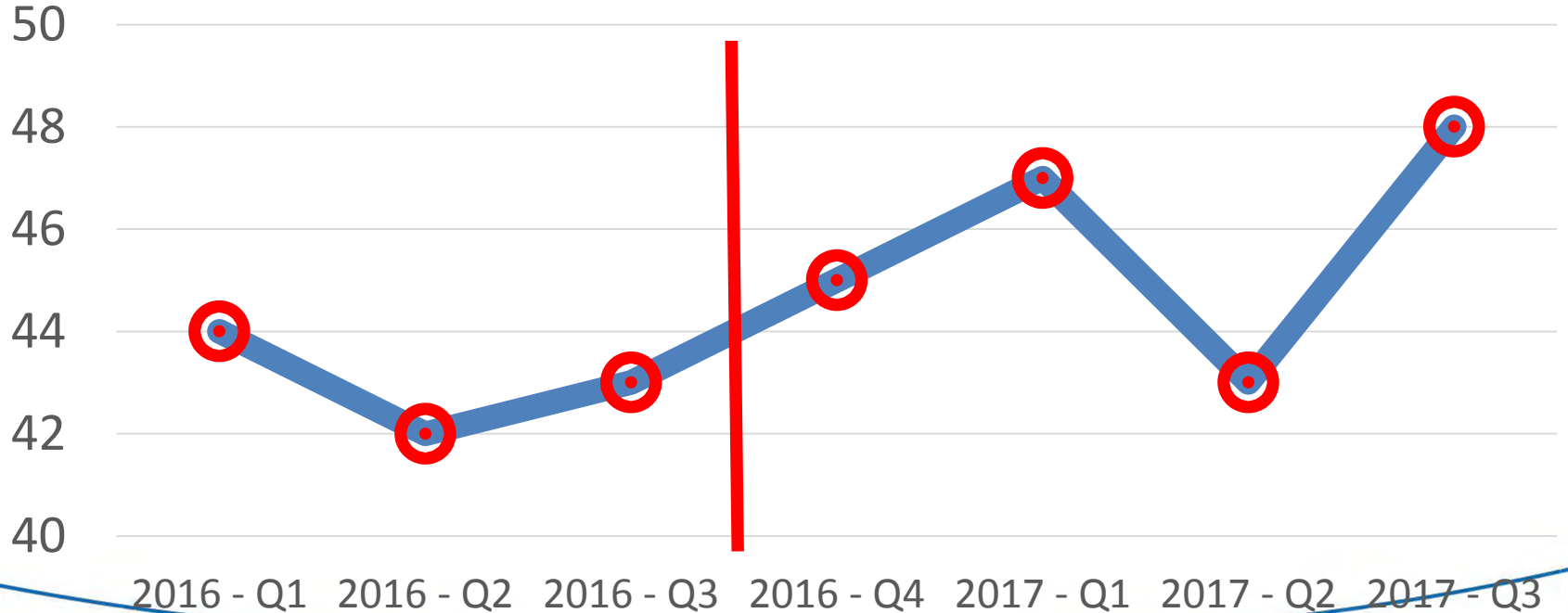


# New Home Sales Rising – After Election

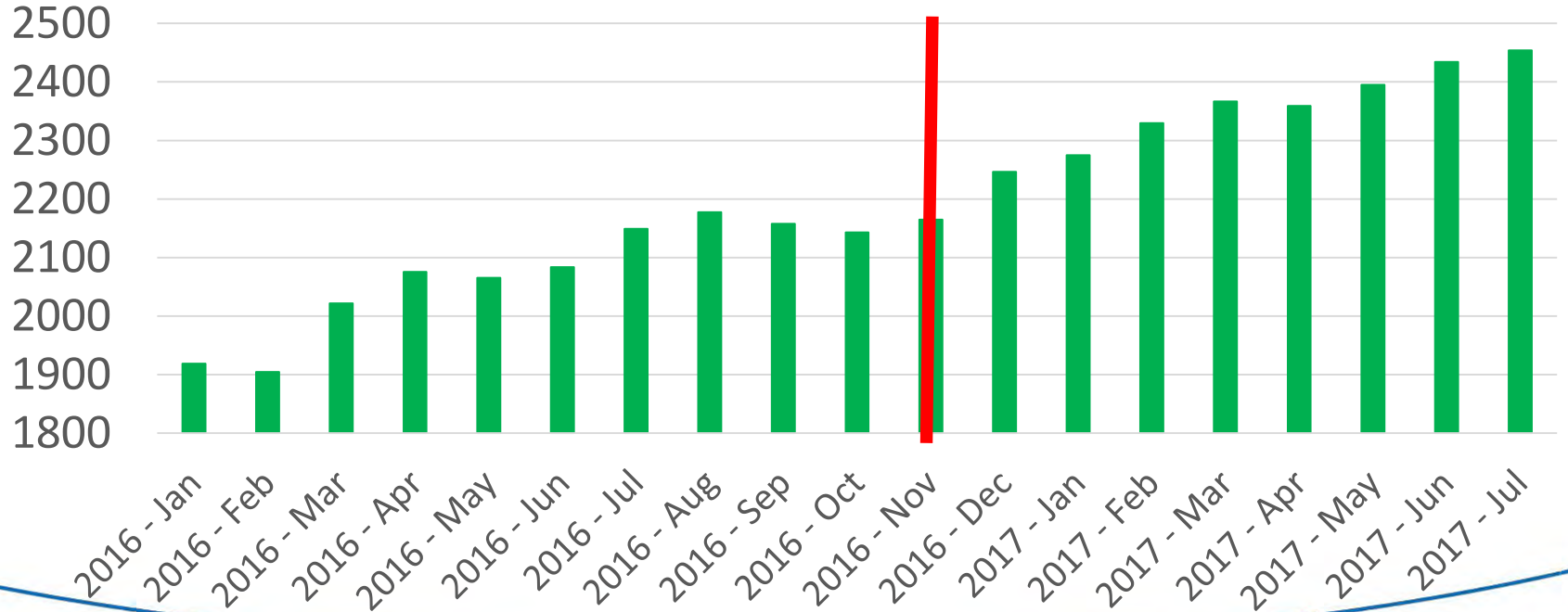


# NAR HOME Survey of Consumers

% Strongly indicating Good Time to Buy

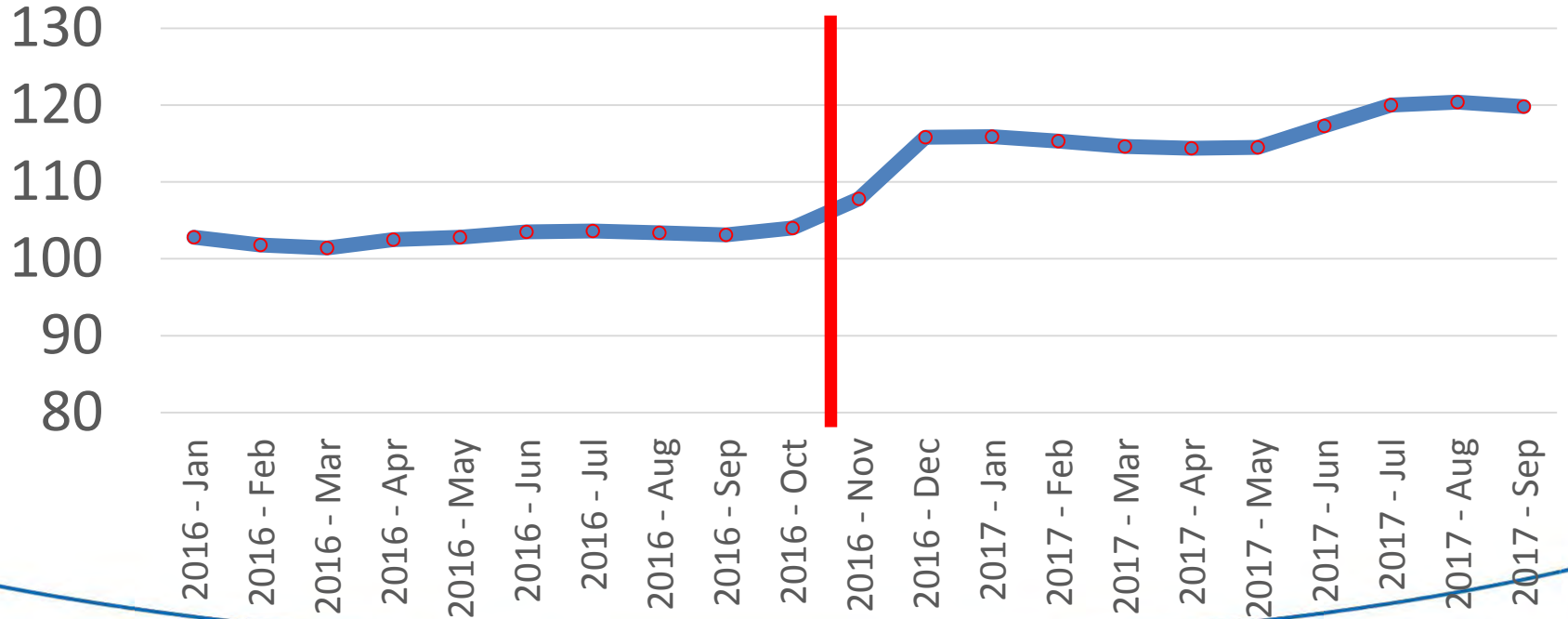


# Stock Market: S&P 500 Index



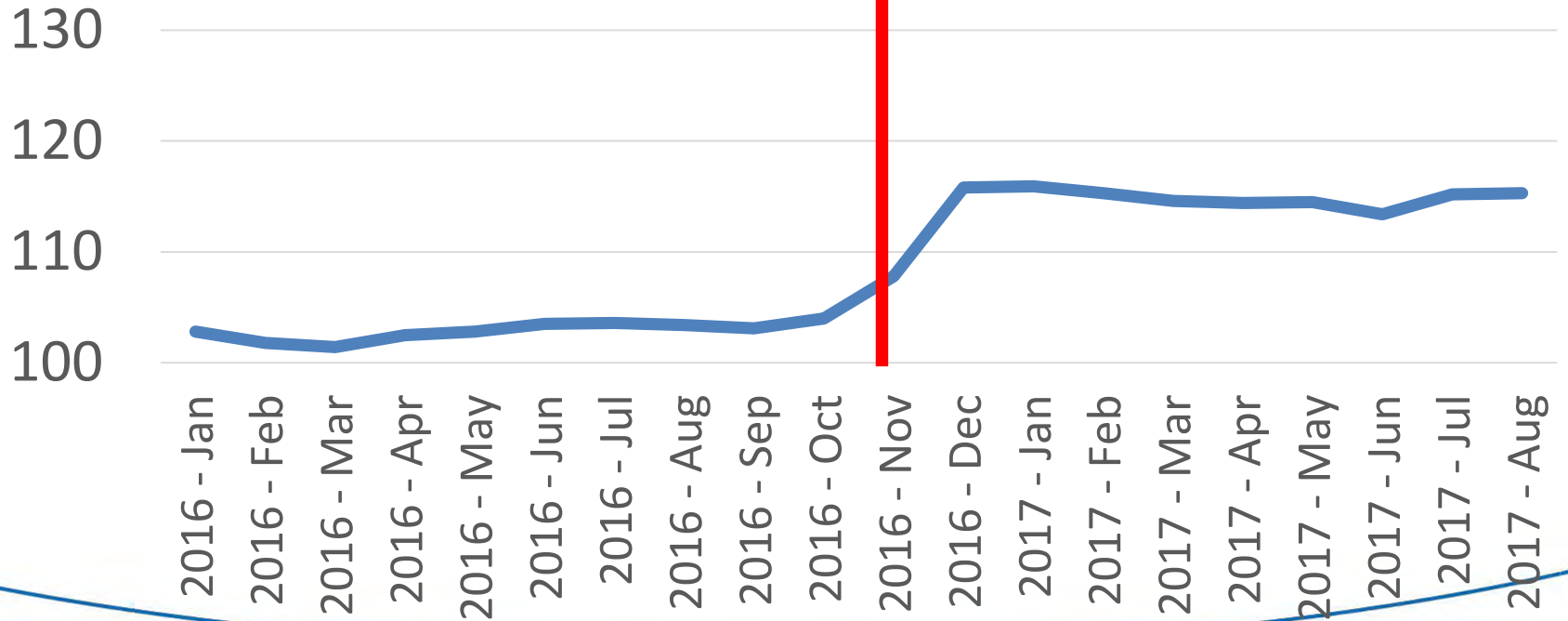


# Animal Spirit Revival of Consumers? Consumer Confidence Index



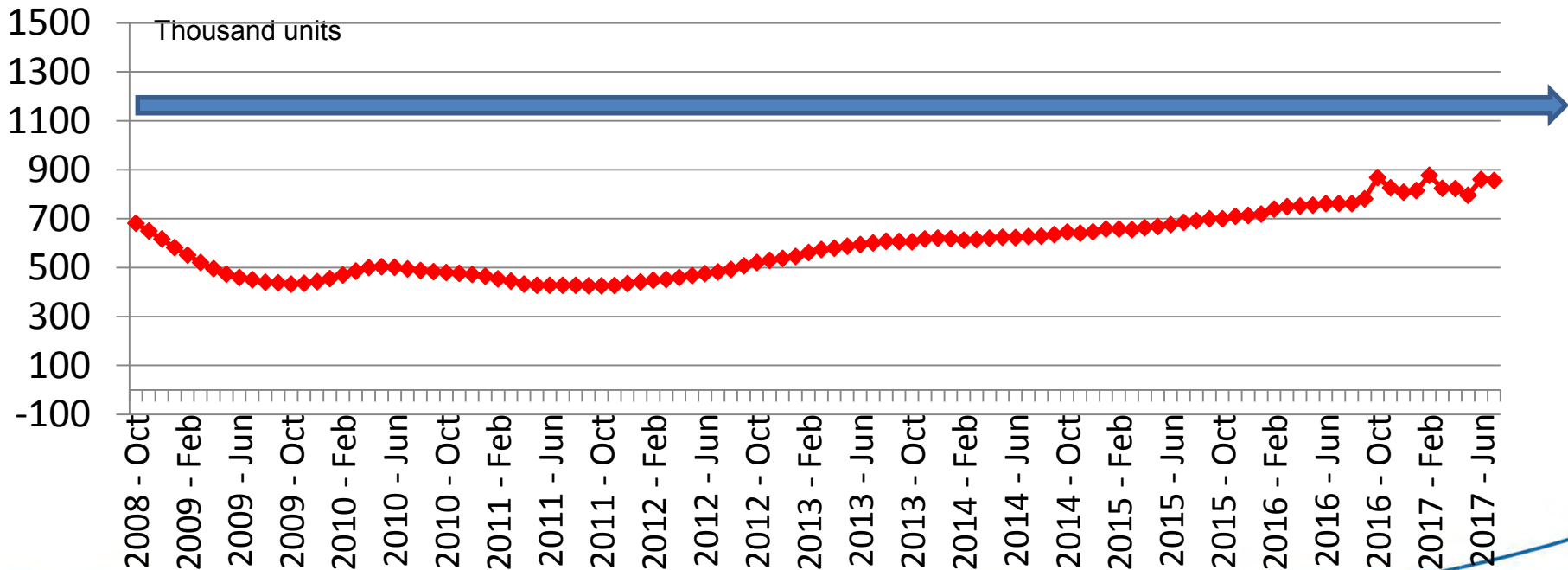
# Animal Spirit Revival of Businesses?

## Small Business Optimism Index

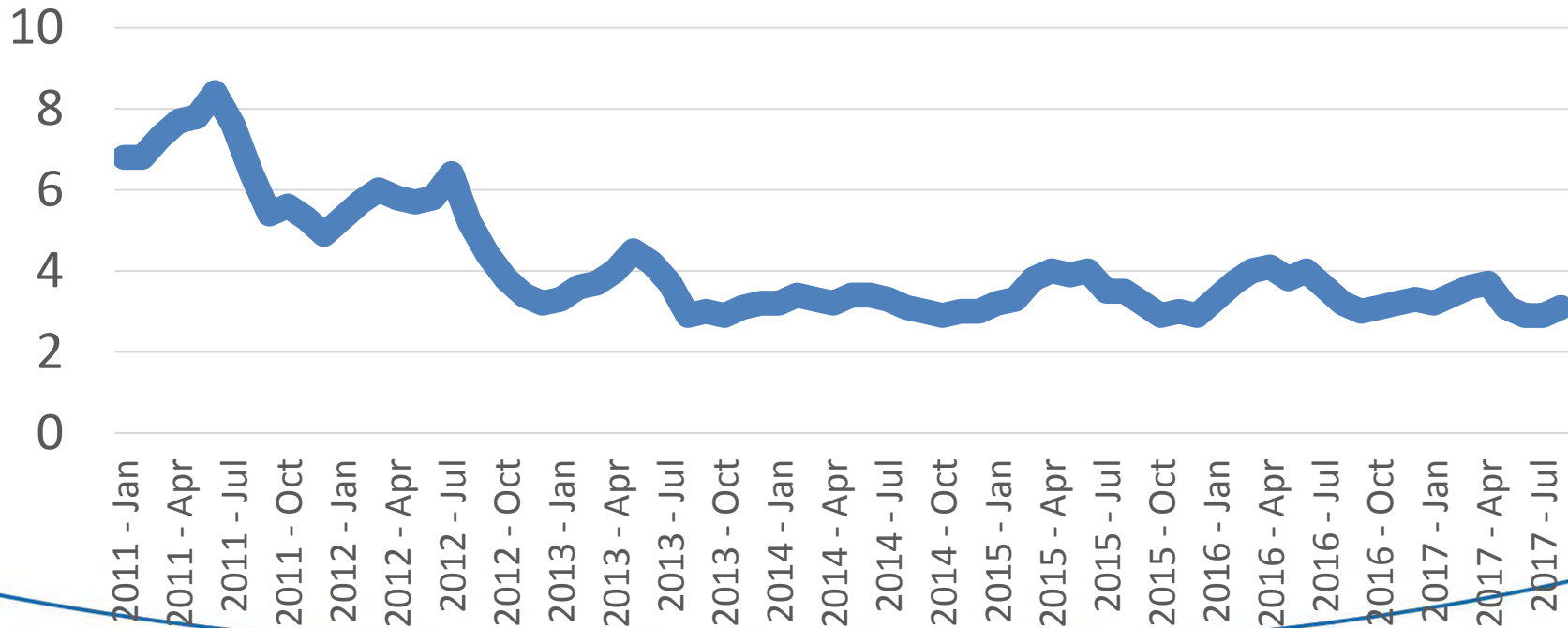


# Single-family Housing Starts

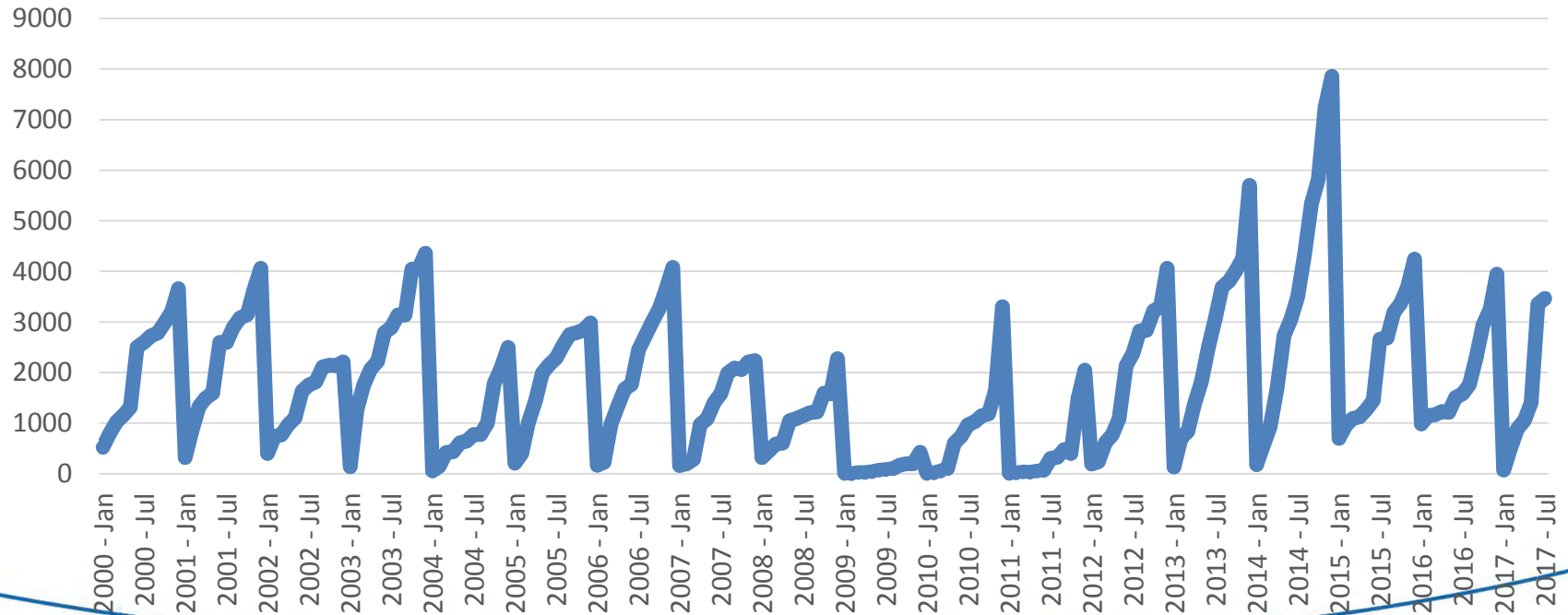
(Shortage of *Lots, Labor, Lending, Lumber*)



# Months to Sell a Newly Built Home

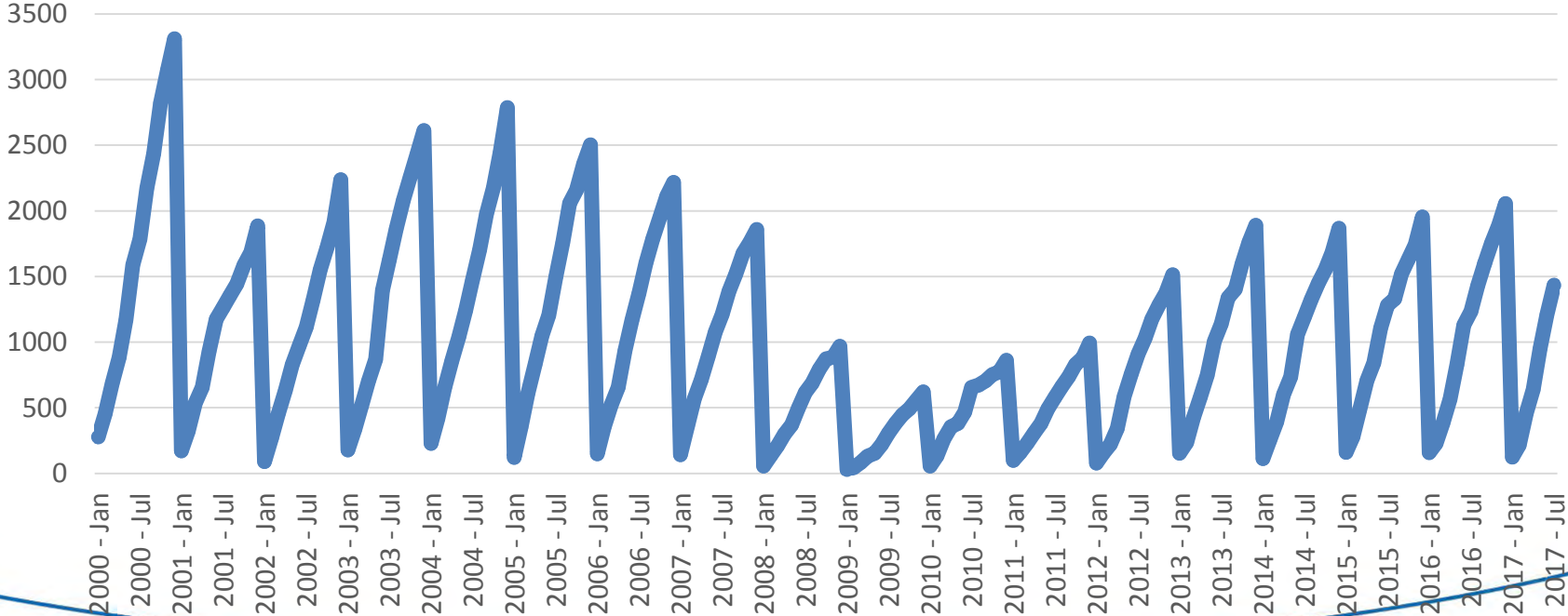


# San Jose – Sunnyvale – Santa Clara Area Metro Multifamily Permits (year-to-date)



# San Jose – Sunnyvale – Santa Clara Area Metro

## Single-family Housing Permits: year-to-date



# Santa Clara County Housing Statistics

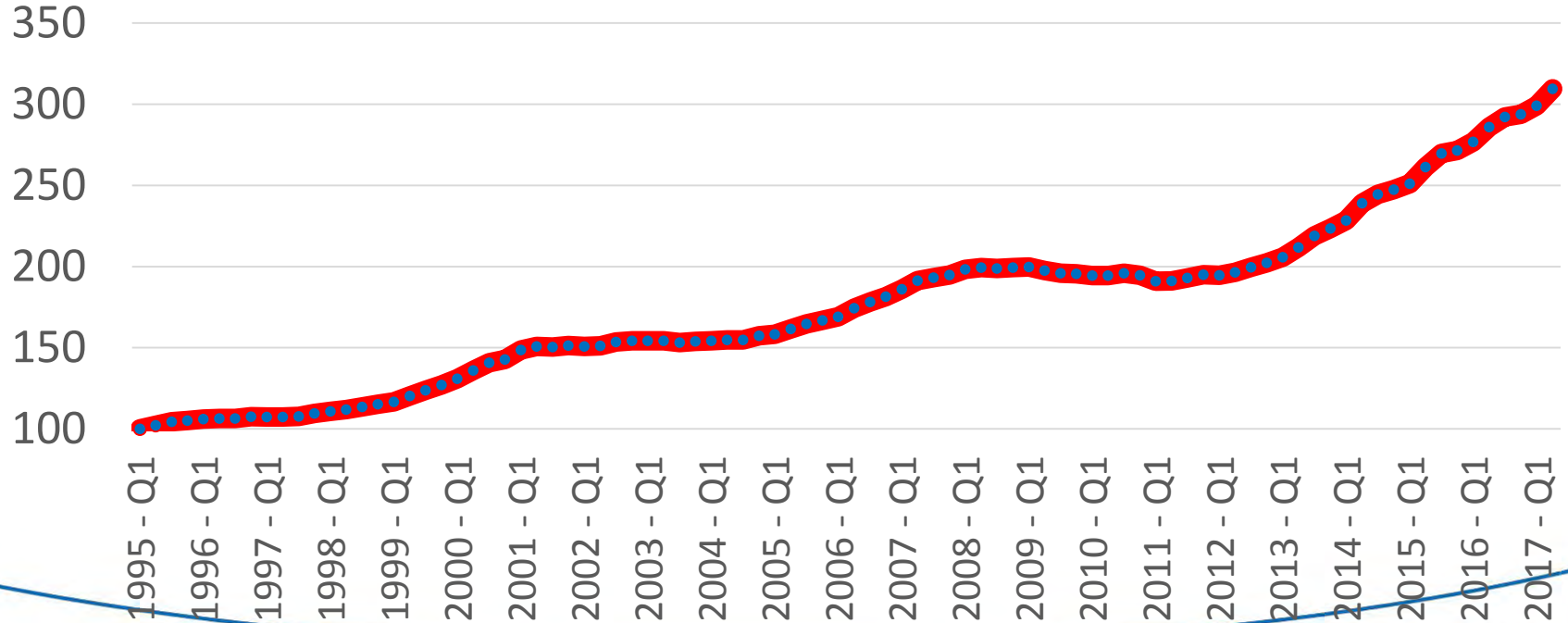
- Home Sales ... up 12% in August
- Median Price ... up 18%
- Inventory ... 2.4 months supply

# San Mateo County Housing Statistics

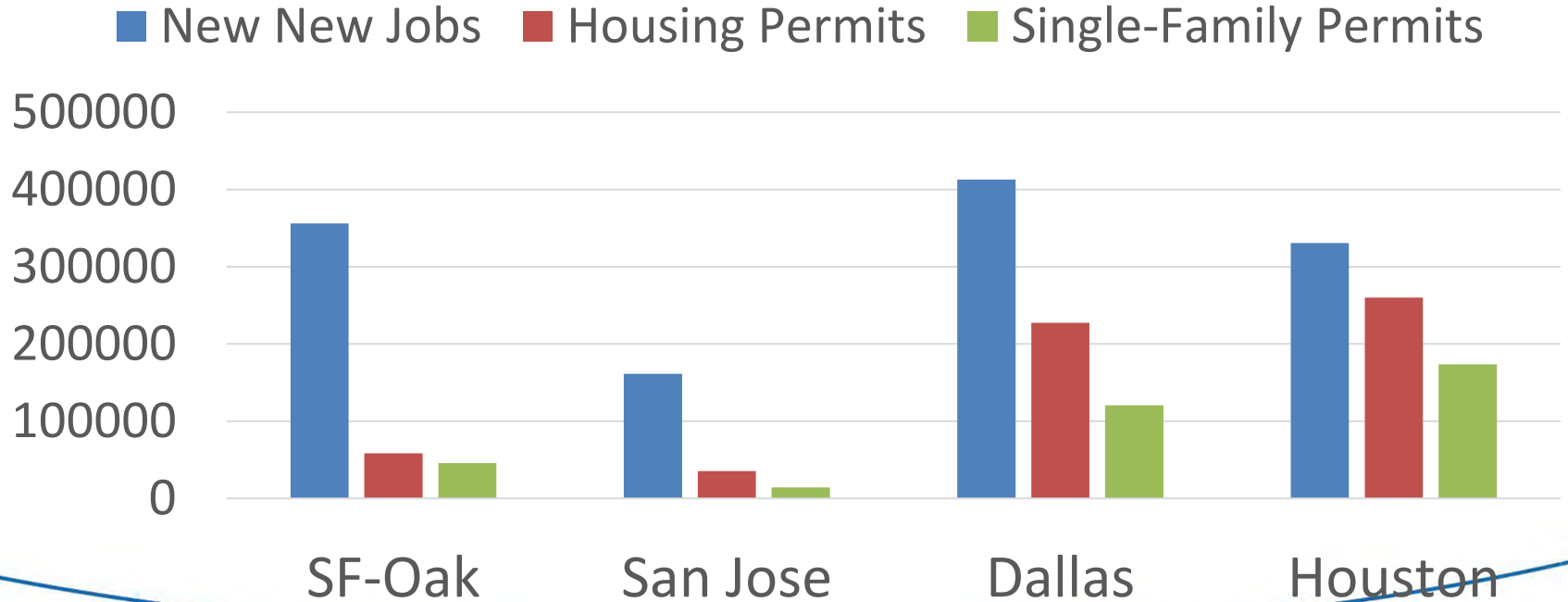
- Home Sales ... down 7% in August
- Median Price ... up 10%
- Inventory ... 2.0 months supply



# Home Price Index (Constant Quality) Austin

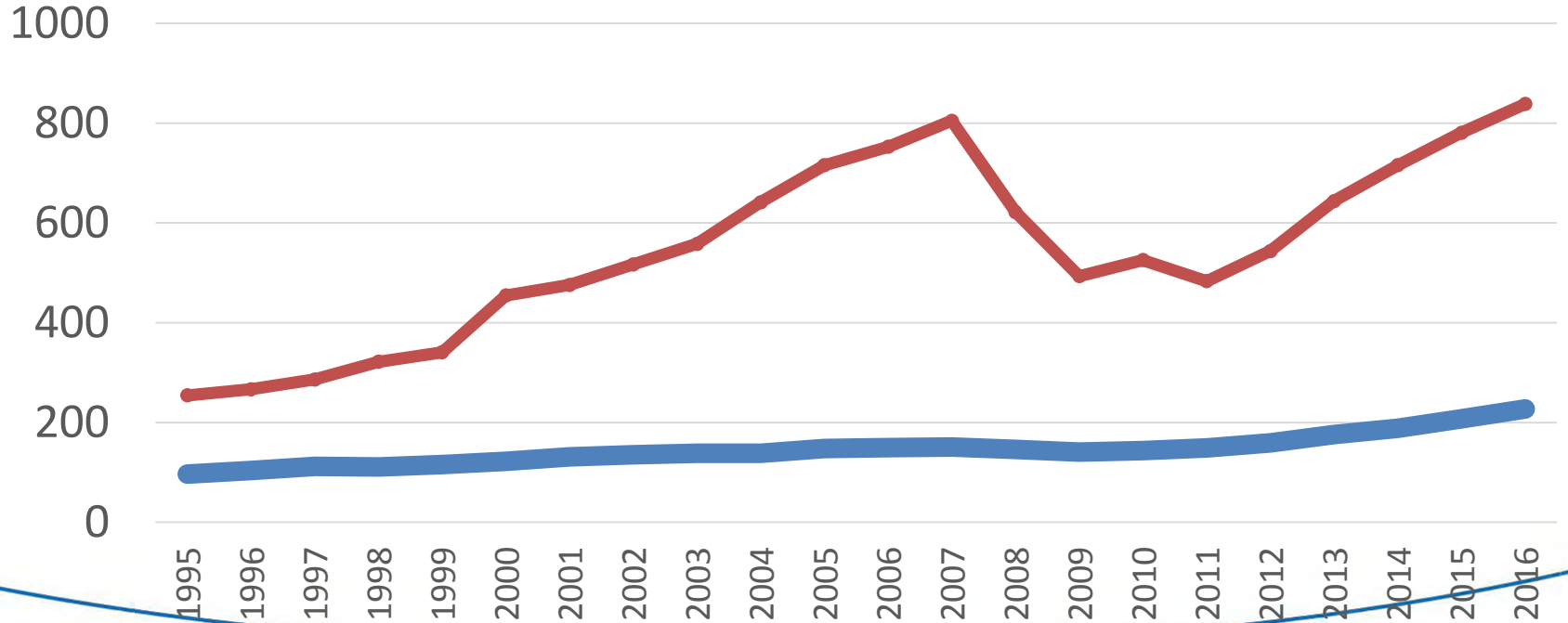


# Job Creation and Housing Construction Cumulative over Recent 5 years



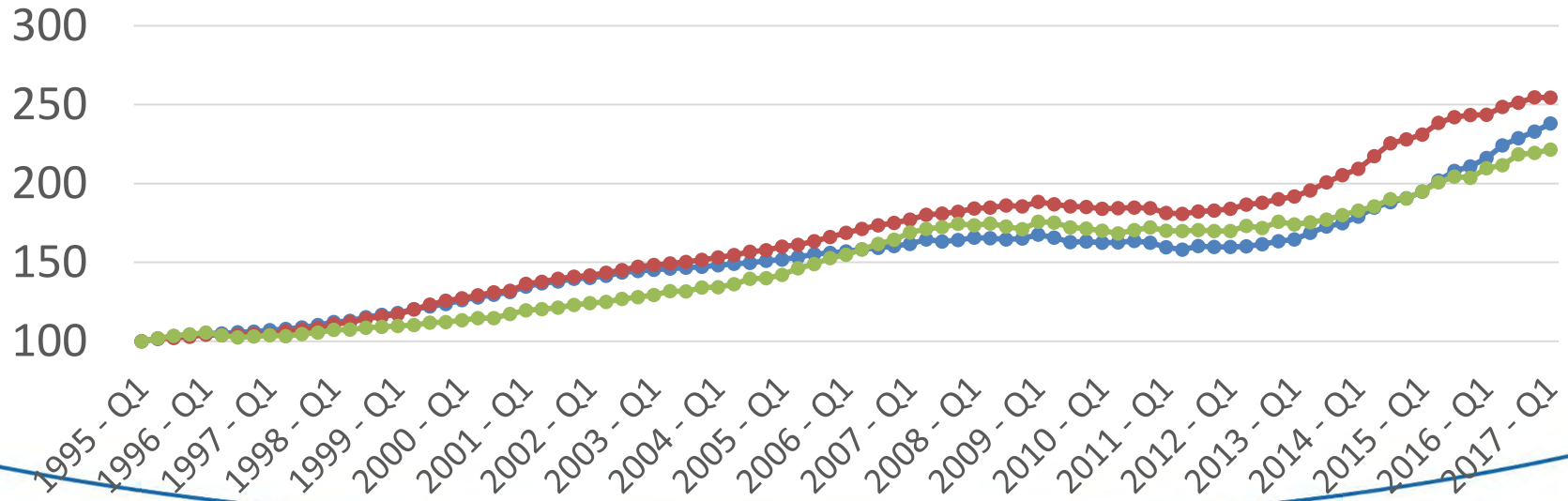
# Median Home Price

San Francisco vs. Dallas



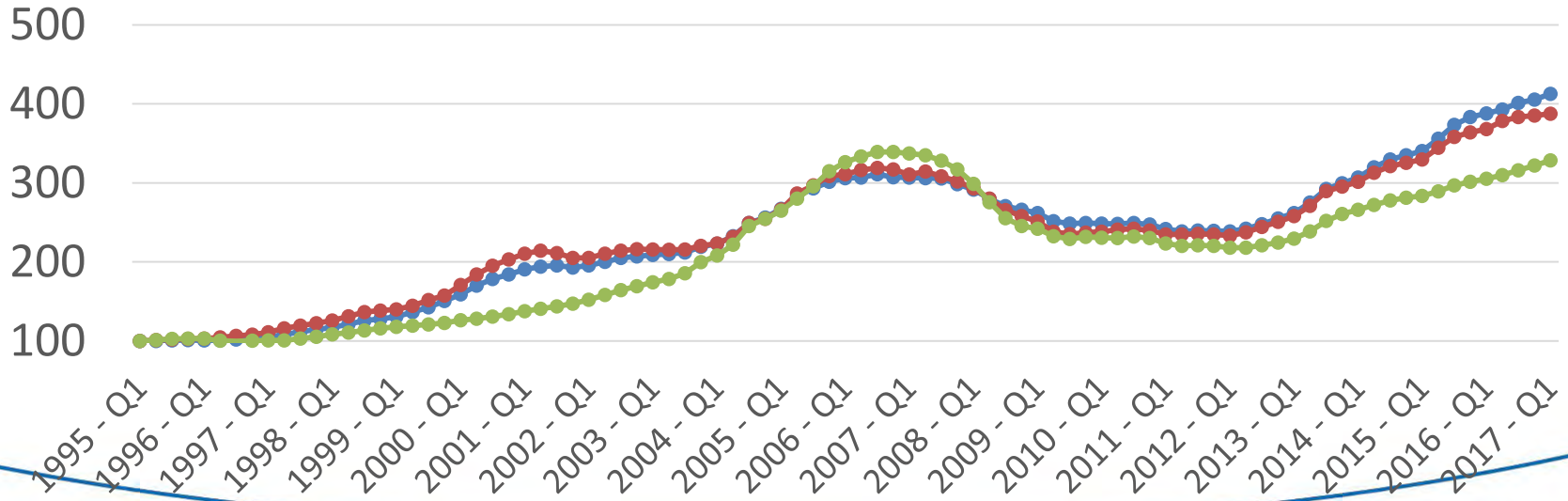
# Texas Markets: Home Price Index (Doubling in Price in 20 years)

—● Dallas —● Houston —● San Antonio



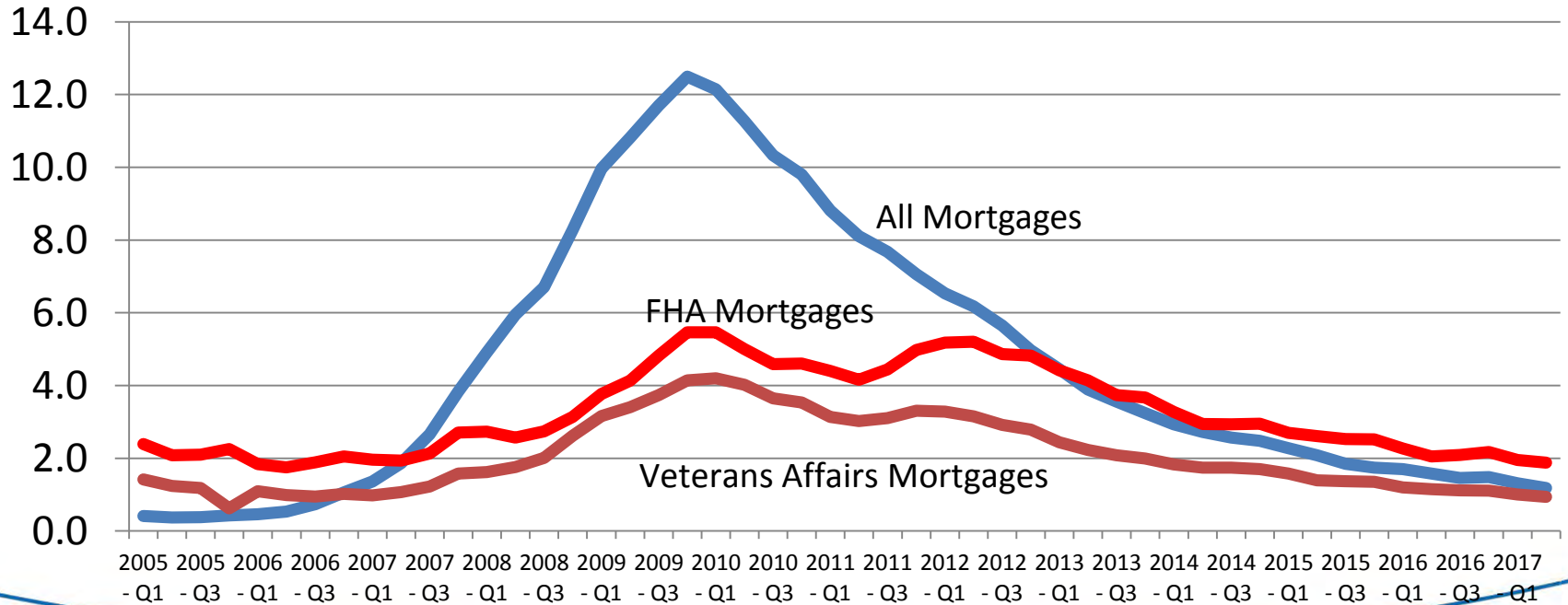
# CA Markets: Home Price Index (Quadrupling in Price in 20 years)

— SF-Oak — SJ — LA

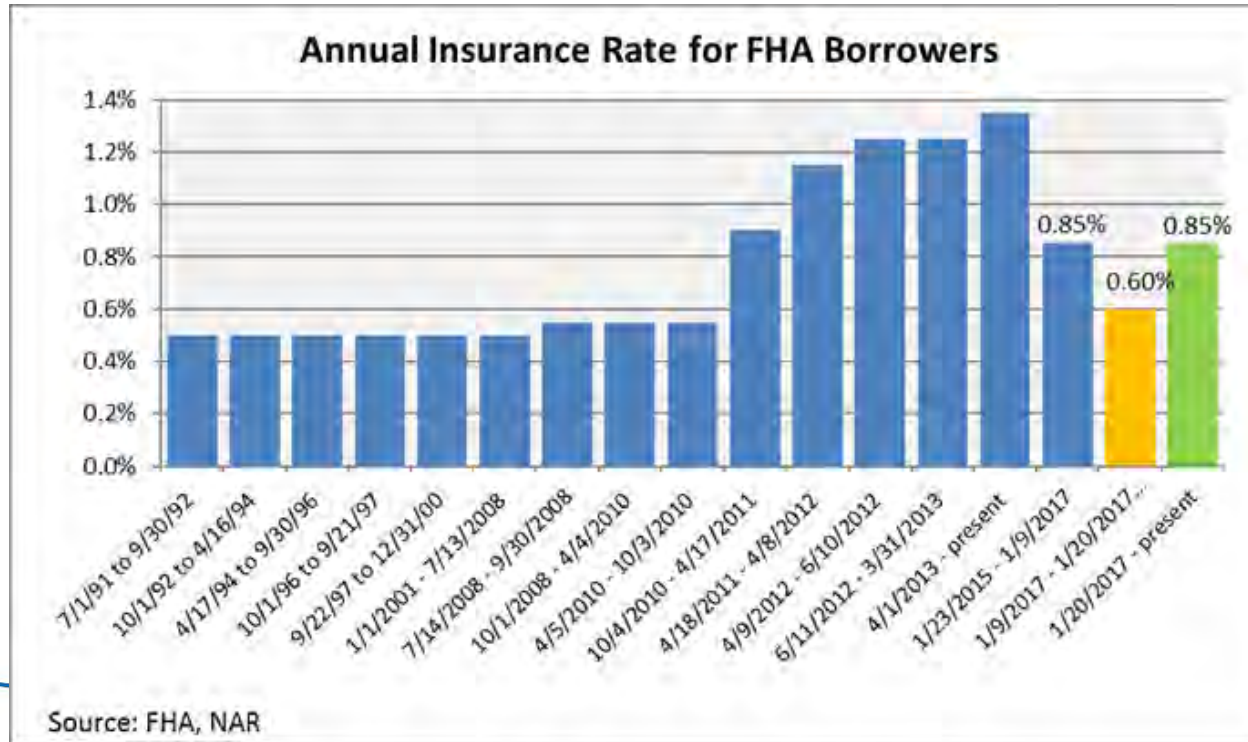


# Fewer Borrowers Defaulting in California

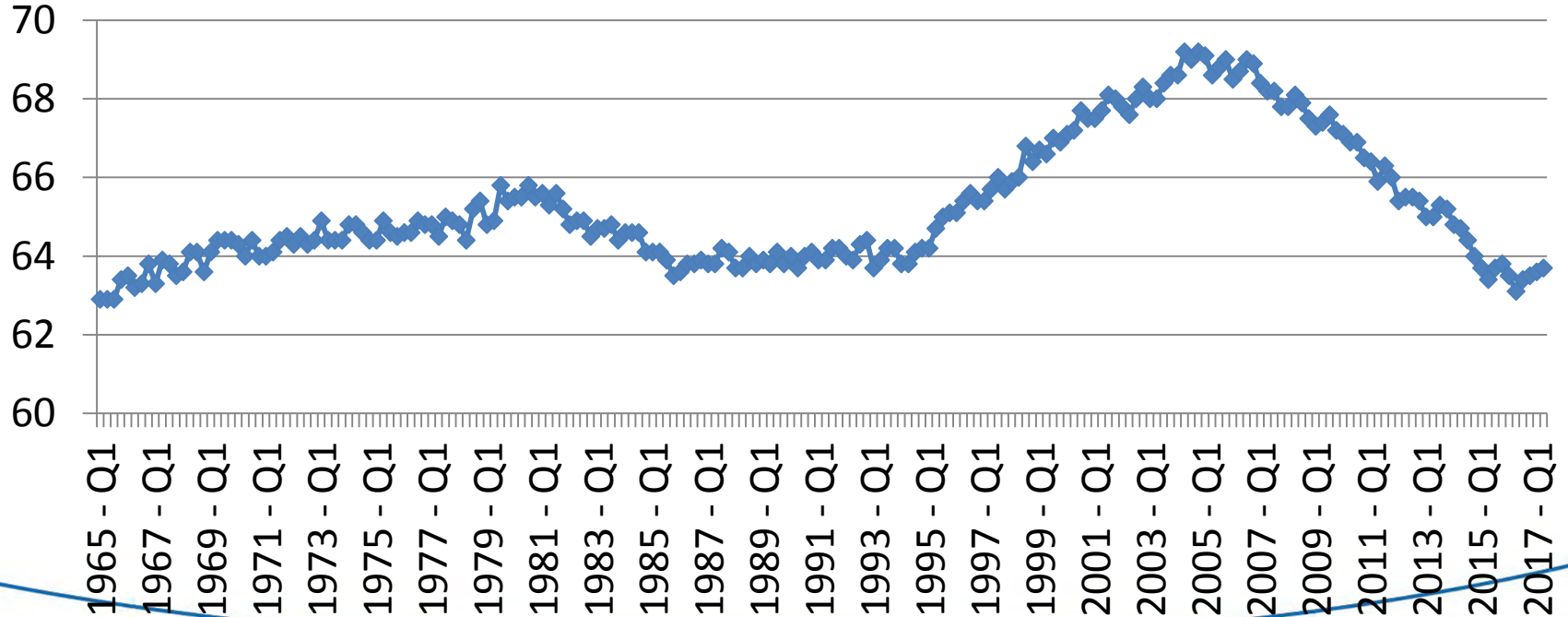
(Serious Delinquency Rate)



# FHA Insurance Premium - High

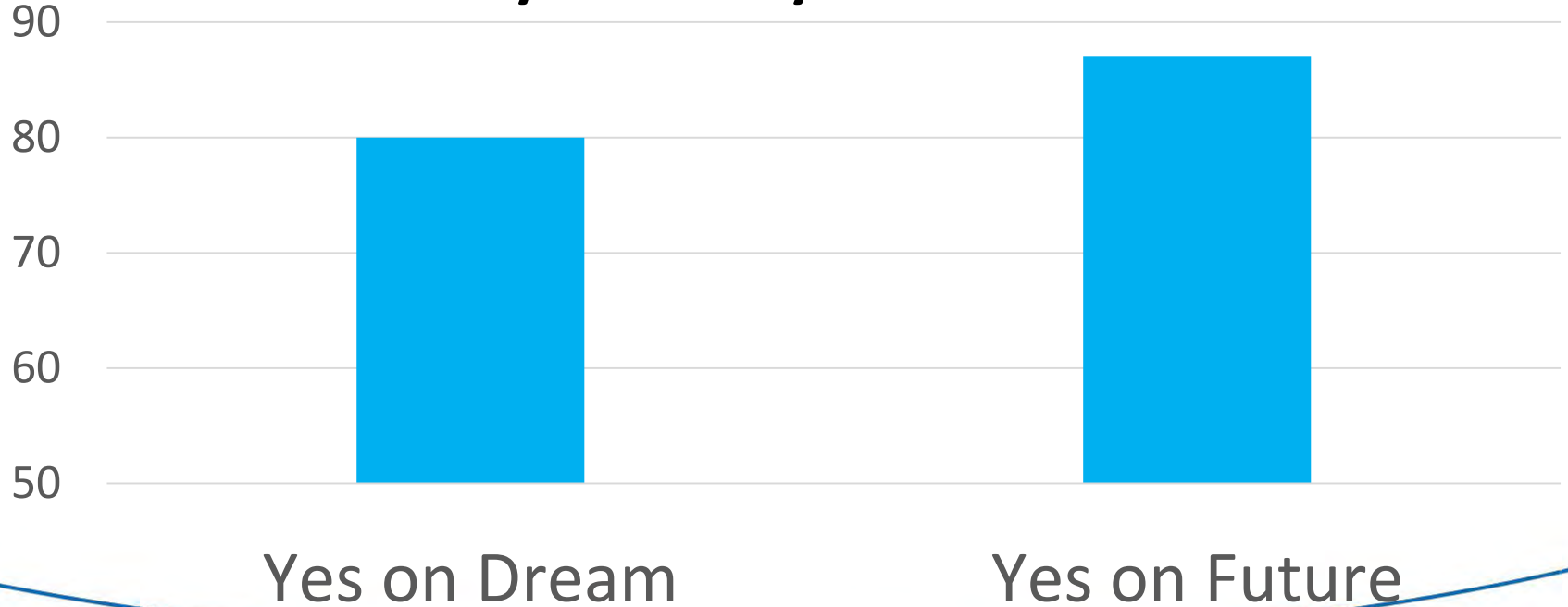


# Homeownership Rate Still Near 50-year Lows

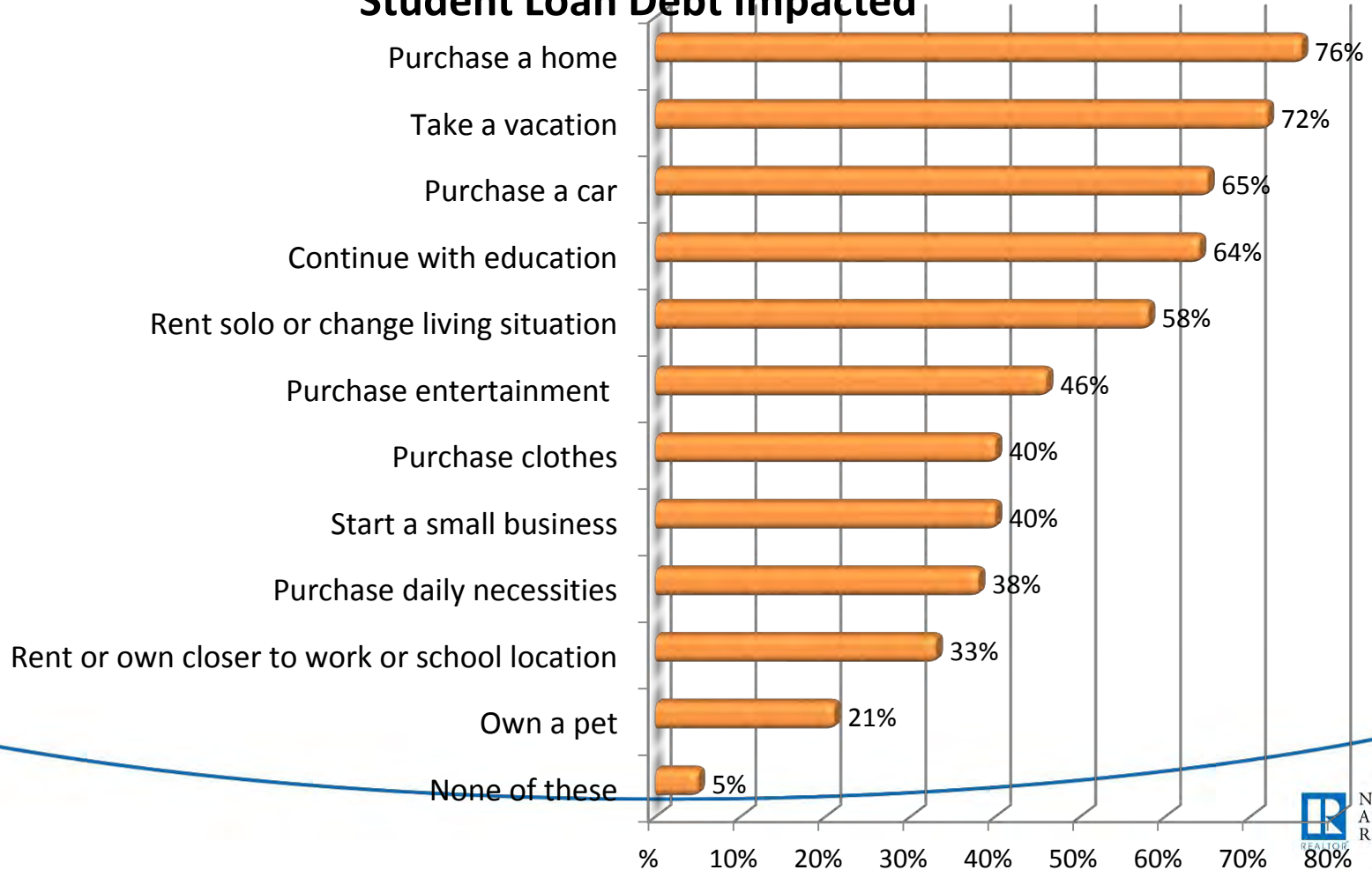




# Is Owning still American Dream? Will you Buy in Future?

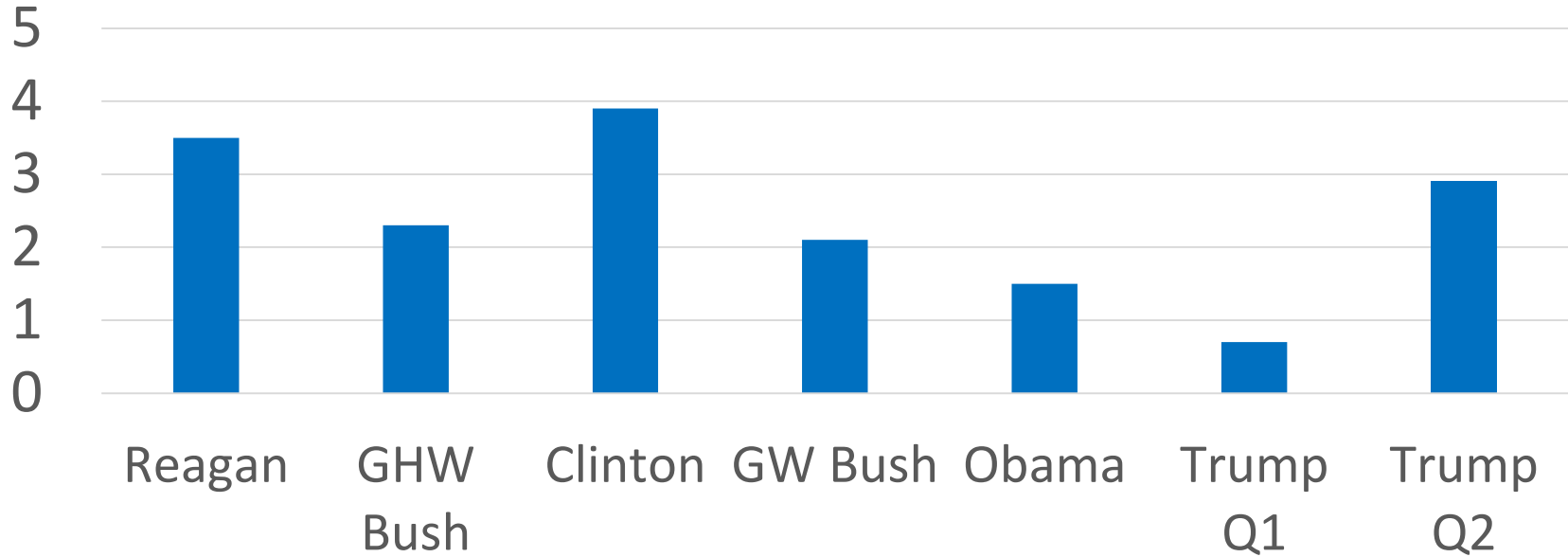


# Student Loan Debt Impacted



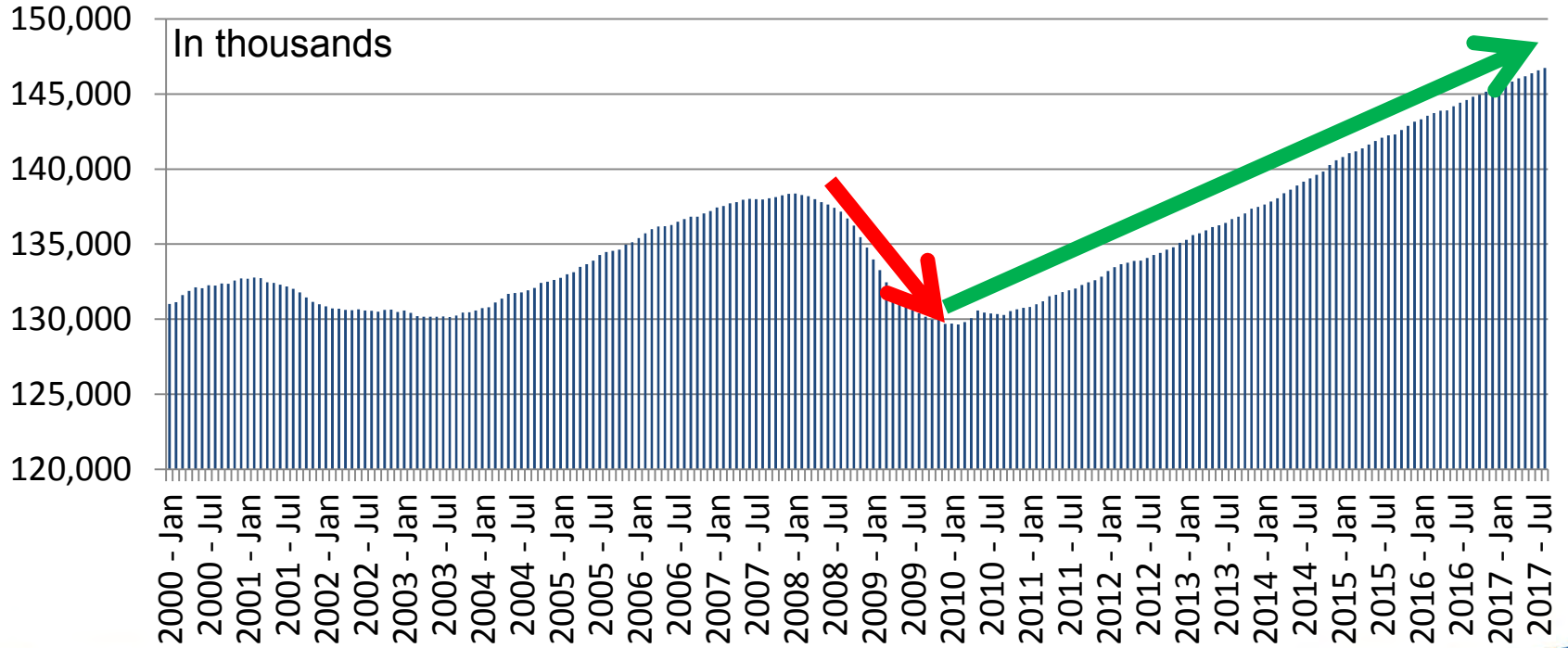
# Economy?

# GDP Growth Rates

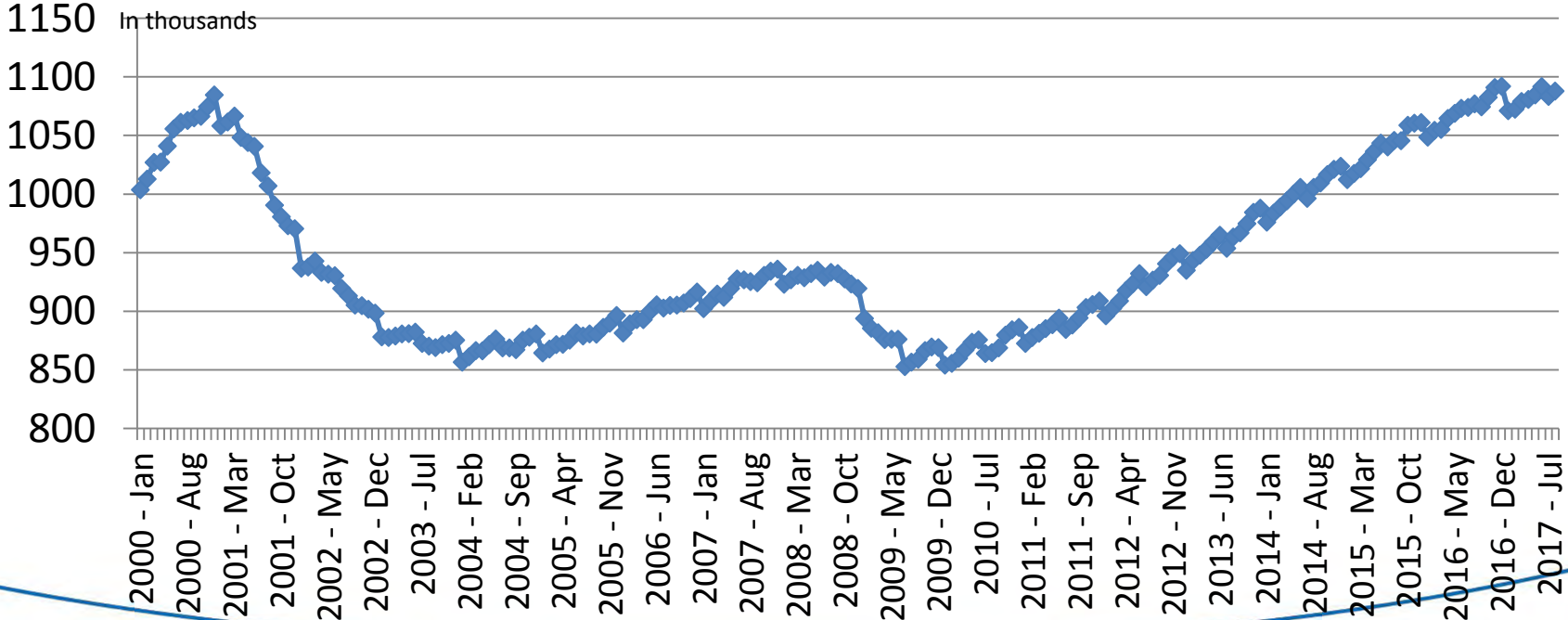


# Jobs

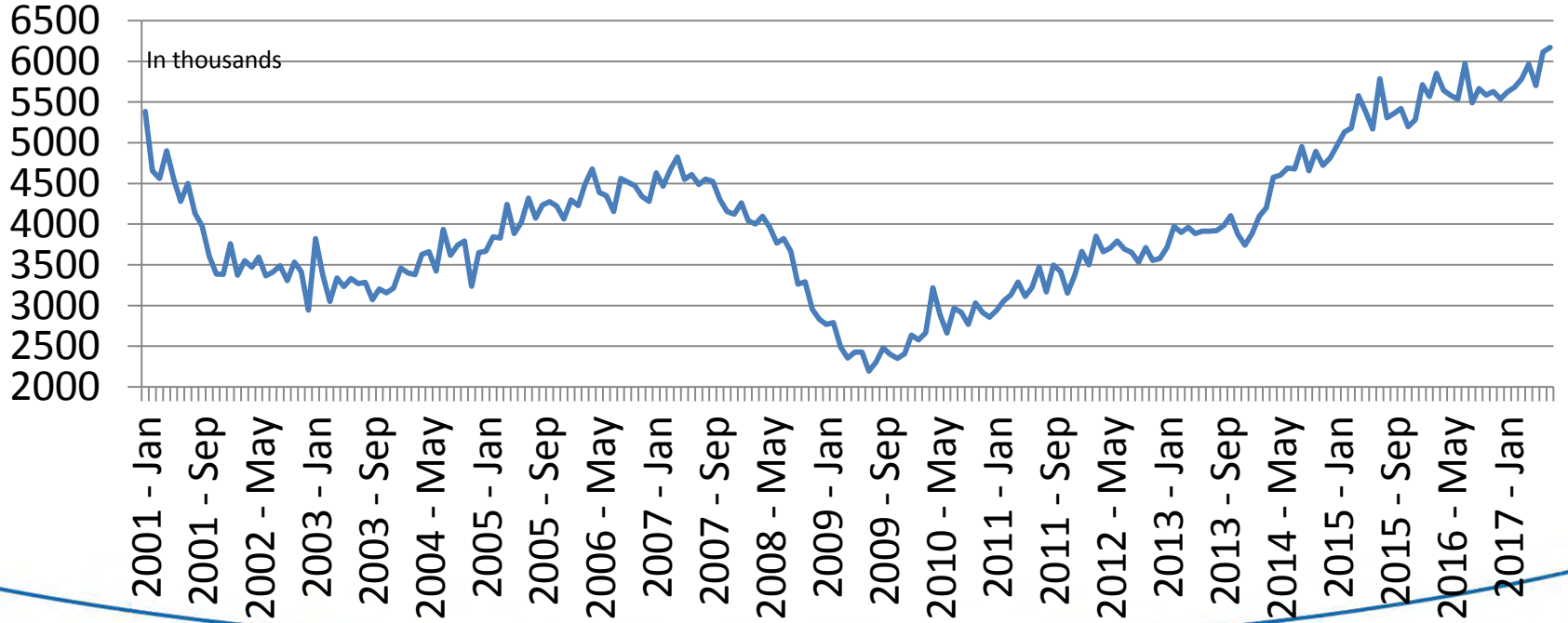
(8 million lost ... 16 million gained)



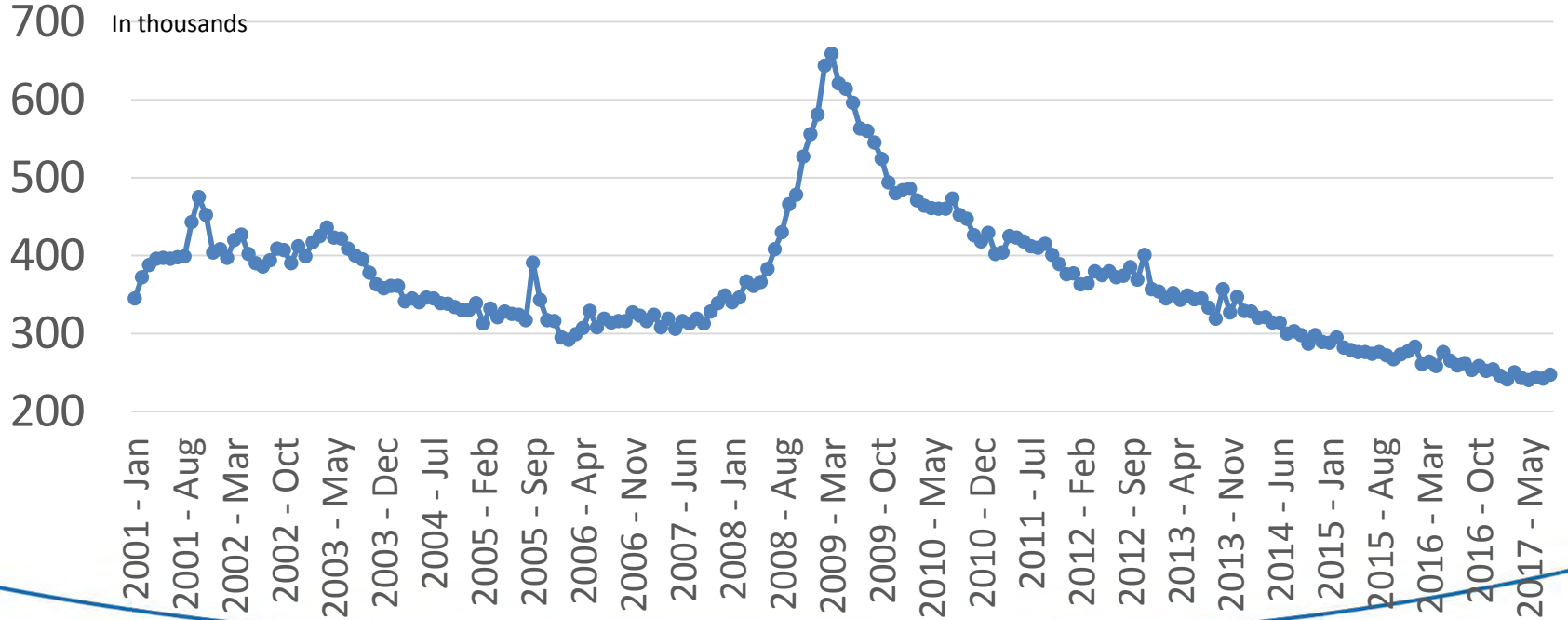
# Total Jobs in San Jose Metro



# Total Job Openings



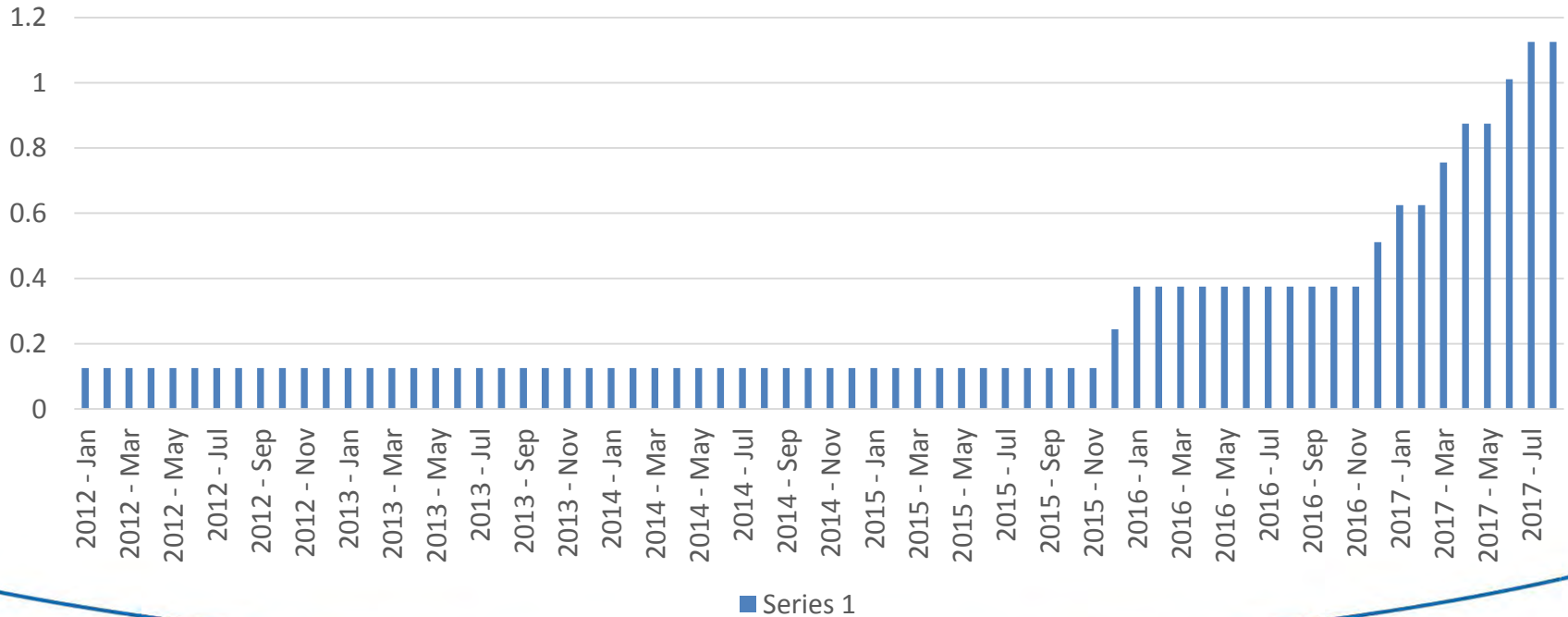
# Weekly Initial Unemployment Insurance Filings





# Monetary Policy

## Fed Funds Rate

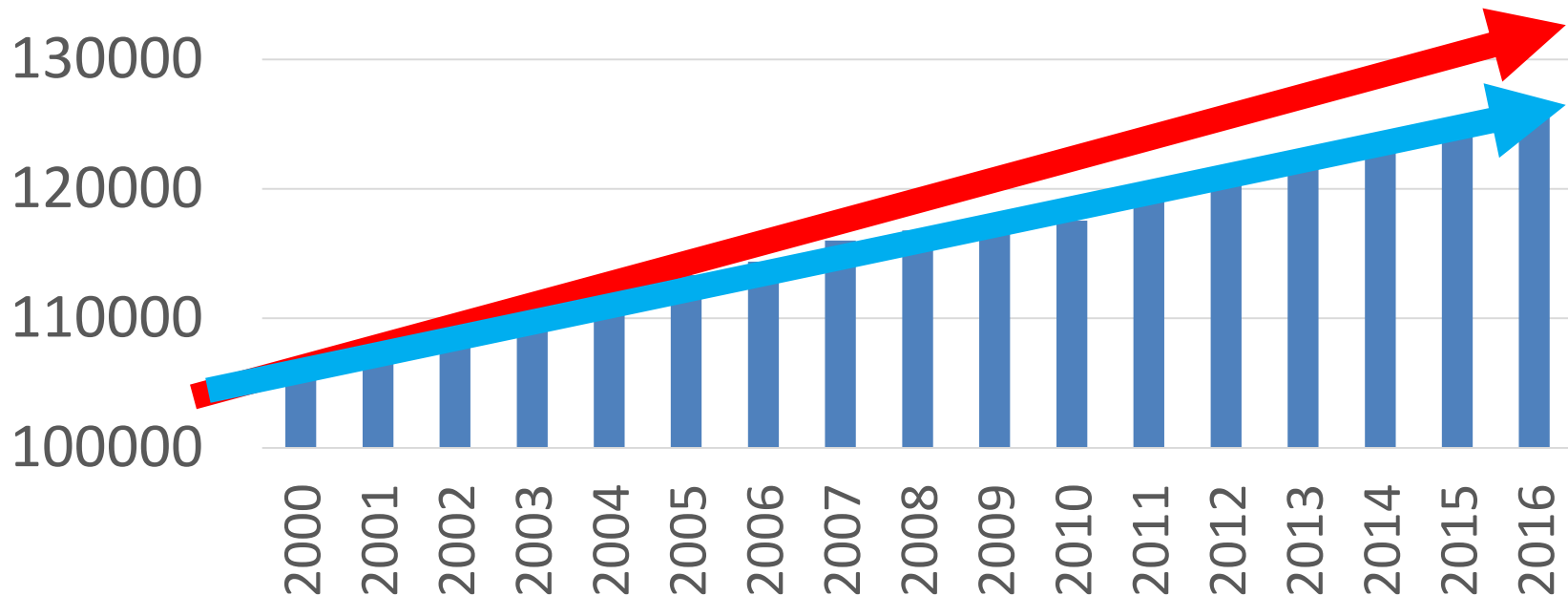


# Economic Forecast

	2015	2016	2017 Forecast	2018 Forecast
GDP Growth	2.9%	1.5%	1.7%	2.7%
Job Growth	+2.6 million	+2.0 million	+1.8 million	+2.4 million
CPI Inflation	0.3%	1.3%	2.0%	2.5%

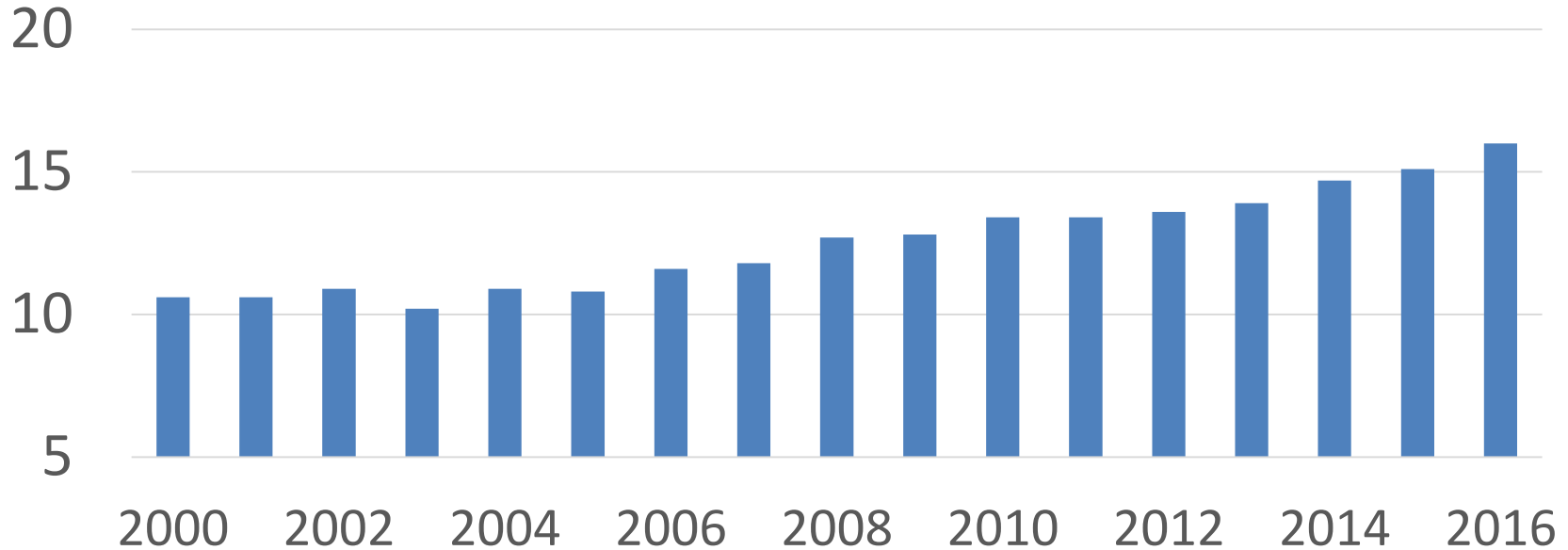
# Actual versus projected Households

KC Federal Reserve estimate of 6.9 million missing households



# Young Adults Living with Parents

% of those aged 25 to 34



# National Housing Forecast

	2015	2016	2017 Forecast	2018 Forecast
New Home Sales	500,000	560,000	600,000	700,000
Existing Home Sales	5.3 million	5.4 million	Fewer	5.8 million
Median Price Growth	+ 6.8%	+5.1%	+5.7%	+4.6%
30-year Rate	3.9%	3.6%	4.0%	4.5%

# Trump Presidency

- Flood Insurance Availability? Extended ... Thank You for Responding
- Dodd-Frank?
- Fannie/Freddie and Mortgage Availability?
- Tax Simplification?
  - Mortgage Interest Deduction
  - Property Tax Deduction
  - 1031 exchange?