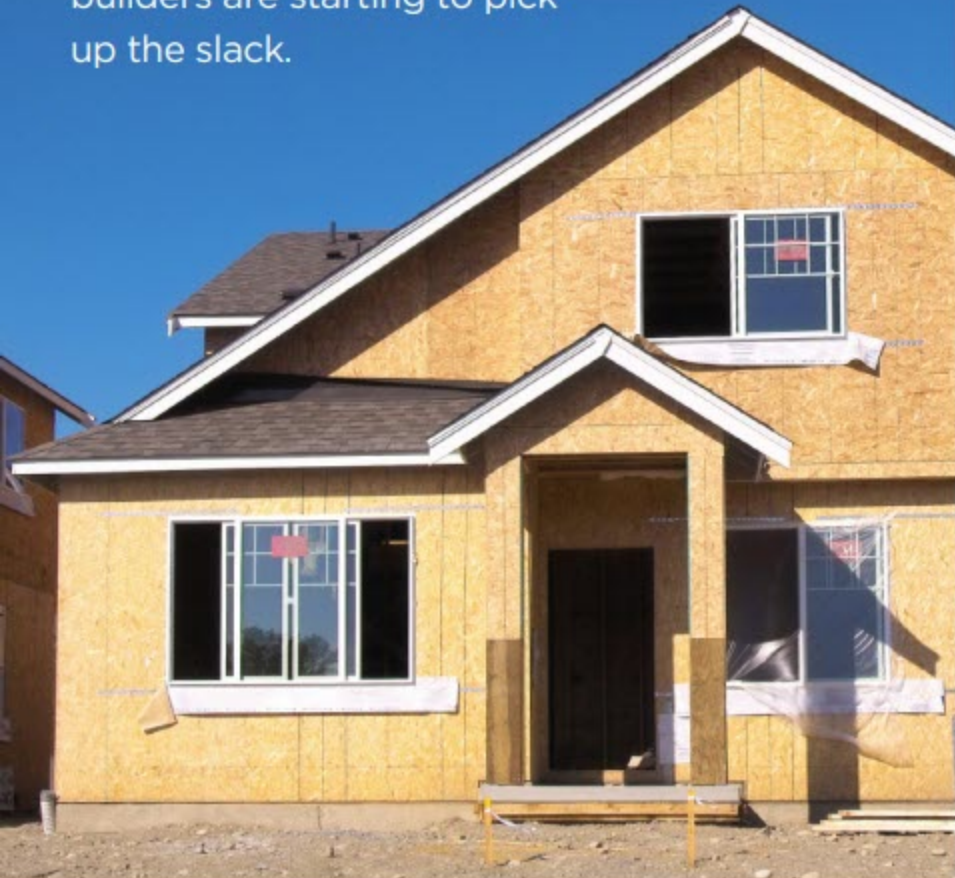


State of the Market

The pandemic did not halt home sales, but as restrictions begin to loosen, buyers are returning in full force. Increased demand has inventory extremely tight, but home builders are starting to pick up the slack.



Housing Inventory is Low

Late 2019

3.9 MONTHS Supply

April 2020

4 MONTHS Supply

April 2021

2.4 MONTHS Supply
(A near-record low)

Existing Home Sales:

5.85 MILLION
+ 20%
year-over-year

Median Sales Price:

\$341,600
+ 19.1%
year-over-year

New Home Construction on the Rise



New Homes Make Up:

26%

OF INVENTORY

Housing Starts

May 2021:

1.59 MILLION
+ 15%
year-over-year

Single Family Housing Starts
1.09 MILLION

In March 2021, housing starts rose at the highest level since 2006.

Rising lumber prices have added **\$35,872** to the average price of a new single-family home.

SOURCES: National Association of Home Builders, National Association of REALTORS®, Redfin

This Is Not a Bubble

The housing market is hot but leading economists say a crash is not imminent.

Causes of the Last Housing Bubble

(2007-2008)

- ✓ Low down payments
- ✓ Flexible mortgage rates
- ✓ Oversupply

Why 2021 is Different:

The current combination of low inventory and high buyer demand means the risk of overbuilding is minimal.

Existing Homes For Sale 2021:

1.16 MILLION*

*As of April 2021

Existing Homes For Sale July 2007:

4 MILLION



Down Payments Are Up

More money down means more equity at the start. Leading up to the market crash in 2008, down payments were low.

Typical Down Payment in 2021:

15.9%

Down Payment in 2007:

9%

In 2007, **45%** of first-time buyers financed **100%** of their home compared to only **17%** in 2020.

More Fixed-Rate Mortgages

Before the 2008 market crash, more buyers gambled with adjustable-rate

Buyers With Adjustable-Rate

2020:

4%

2007:

15%

Lending Restrictions Are Tight

It's harder to qualify for a mortgage you can't afford. Foreclosure filings were at a 15-year low in February 2020 before pandemic forbearance.

Foreclosure Filings:

March 2008:

234,685

February 2020:

48,004

April 2021:

11,810

SOURCES: Redfin, National Association of REALTORS®, Attom Data Solutions

Mortgage Stats

While mortgage rates are expected to increase slightly, they are still hovering at historic lows, making homeownership more accessible for many new buyers.



Live in the Payment, Not the Price

For a home that costs \$329,100 a 1% decrease in the mortgage rate takes \$165 off the monthly payment.

EXAMPLE:

30-Year Fixed Rate Mortgage

Home Price: \$329,100

- Down payment: 10%
- Mortgage rate at time of purchase (2008): 6%

Current
Average
Mortgage
Rate:

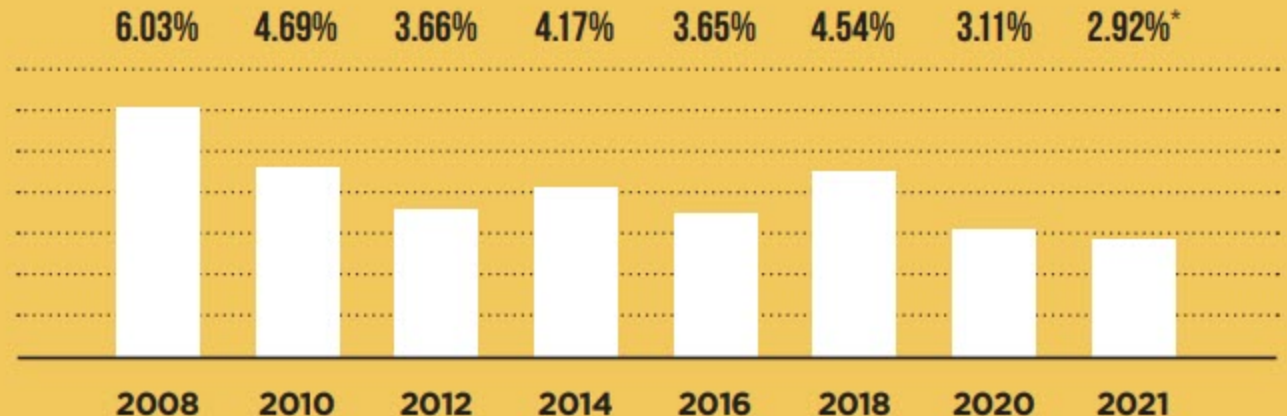
3%

Monthly
Mortgage
Savings When
Refinancing at
Current Rate:

\$525

Average Interest Rate on a 30-Year Fixed Mortgage

*As of April 2021



SOURCES: Freddie Mac, National Association of REALTORS®

What To Expect for Buyers

In this competitive marketplace, buyers will need to be flexible in order to secure their dream home. When a buyer knows what to expect, they are set up for a smooth, successful process.

The Buying Process is Taking Longer

2021:

96 DAYS

Homes
Toured: **14**

2020:

91 DAYS

Homes
Toured: **13**



Top Three Buyer Concessions

Buyers are making changes to sweeten the deal.

1

Higher Down Payments

About \$9,000 more per buyer

2

Paying Above Asking Price

34.4% of buyers are paying over asking, up from 21.2% in 2020

3

Waiving Contingencies



Competing With Cash

More non-first-time buyers are paying with cash.

April 2019:

26.3%

April 2021:

33.5%

First-Time Buyers

31%

of all buyers
in April 2021

36%

of all buyers
in April 2020



82%

of first-time buyers
are millennials

SOURCES: National Association of REALTORS®, Redfin

Cash buyers, rising home prices and a fast-paced market are challenging new buyers.

What To Expect for Sellers

This is a strong seller's market in all regions. When the home price is right, the process will be quick, so sellers should be prepared.

Anticipate Multiple Offers

Average number of offers a home received in 2021:

5

Average number of offers a home received in 2020:

3.4

Homes Sell Quickly

Average time on the market in 2021:

17 DAYS

Average time on the market in 2020:

27 DAYS

88% of recently sold homes spent less than a month on the market



What Buyers Want

- ✓ Improved outdoor areas
- ✓ Room for a home office
- ✓ Separation of space
- ✓ Area for a home gym

42%

of homes sold above asking price

Even in this hot market, an overpriced property will still take longer to sell.

22%

of all sellers reduce their asking price at least once.



SOURCES: National Association of REALTORS®, Realtor.com, Redfin

Homeownership: The Best Investment

The uncertainty of 2020 demonstrated the tremendous value of homeownership — and the value was reflected in dramatic equity gains.

Total National
Homeowner Equity
Increase in 2020:
\$1.5 TRILLION



Homeowners
increased their
equity by an
average of
\$26,300
per homeowner

Homeowners
equity
increase by
16.2%
year-over-year

Property values
often continue to
grow, even when
stock prices do not.

Home
prices
in 2021:
11.3%

Homes in
today's market
sell for an
average of
\$66,000
more than the
purchase price.

Typical
rent: \$1,200
per month



In most
markets,
owning a
home costs
the same —
or less than
— renting.

Nearly 70% of
metro areas have
a median home
price of less than
\$320,000
which is close to
the national median
home price.

SOURCES: National Association of REALTORS®, CoreLogic Homeowner Equity Report