

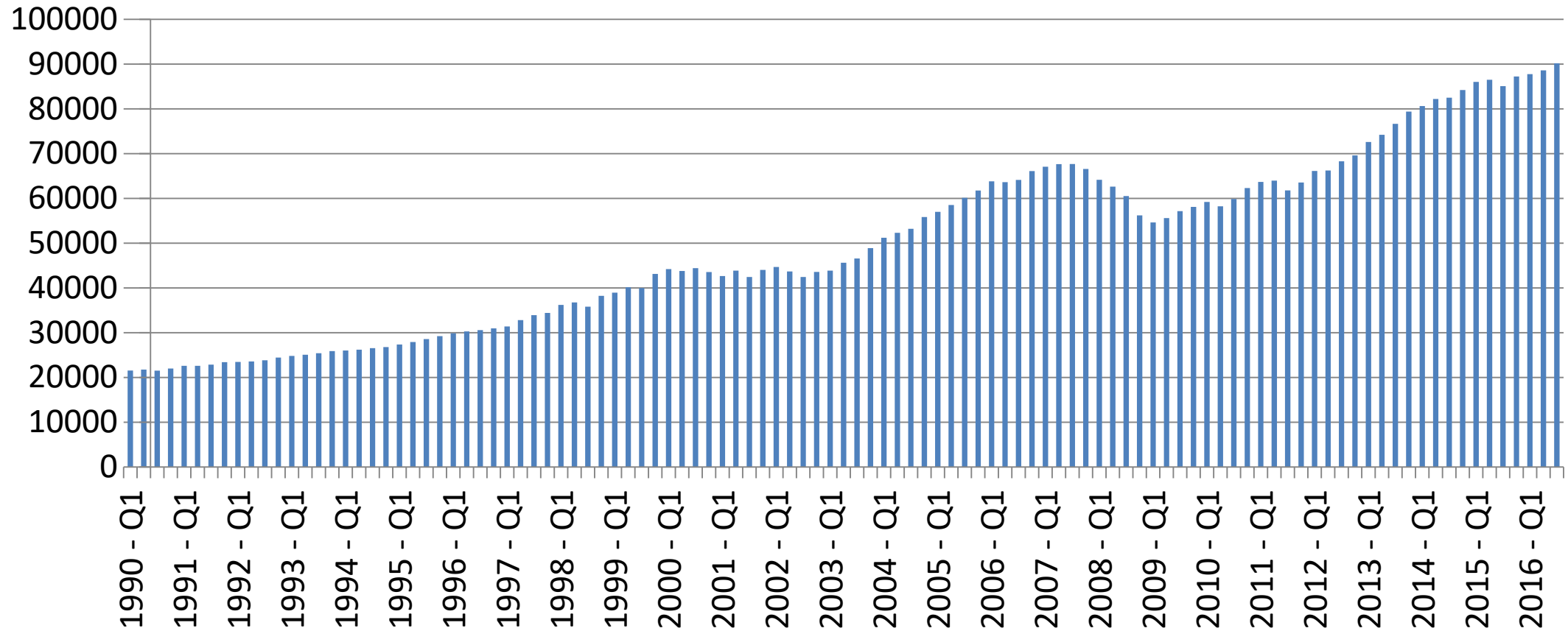
Economic and Real Estate Market Outlook

By Lawrence Yun, Ph.D.
Chief Economist, National Association of REALTORS®

Presentation at Park City Board of Realtors and
Salt Lake Board of REALTORS®

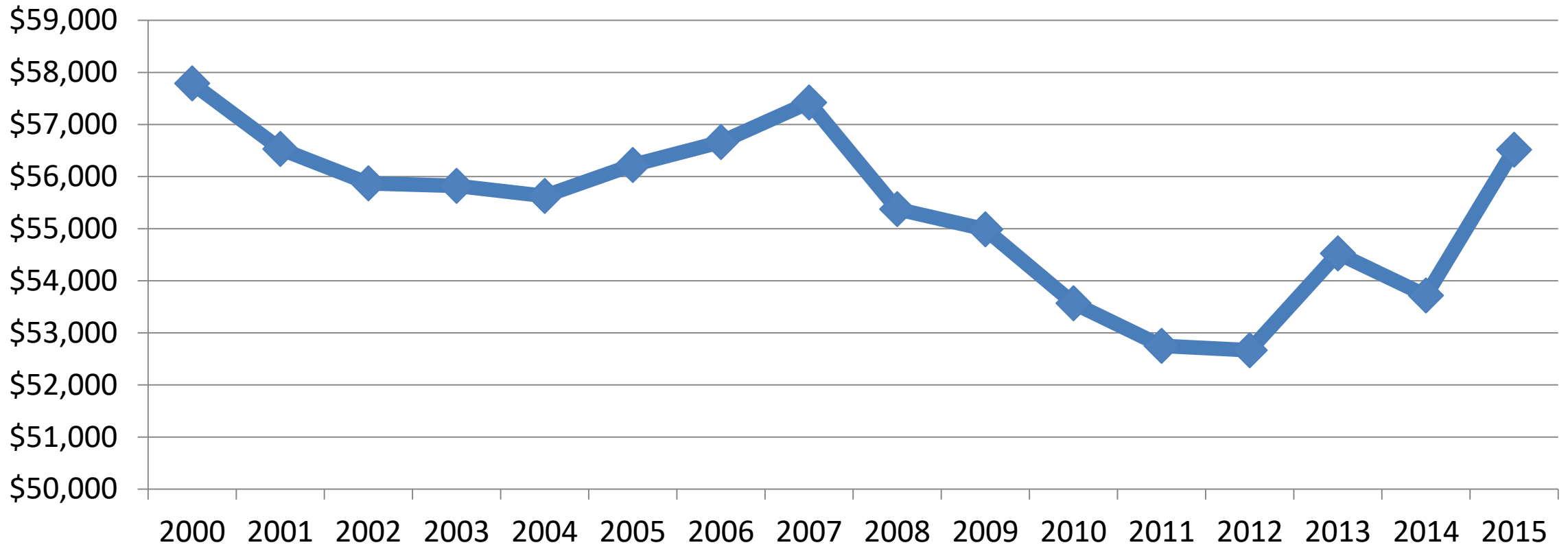
February 2017

Lifetime Wealth at All-Time High



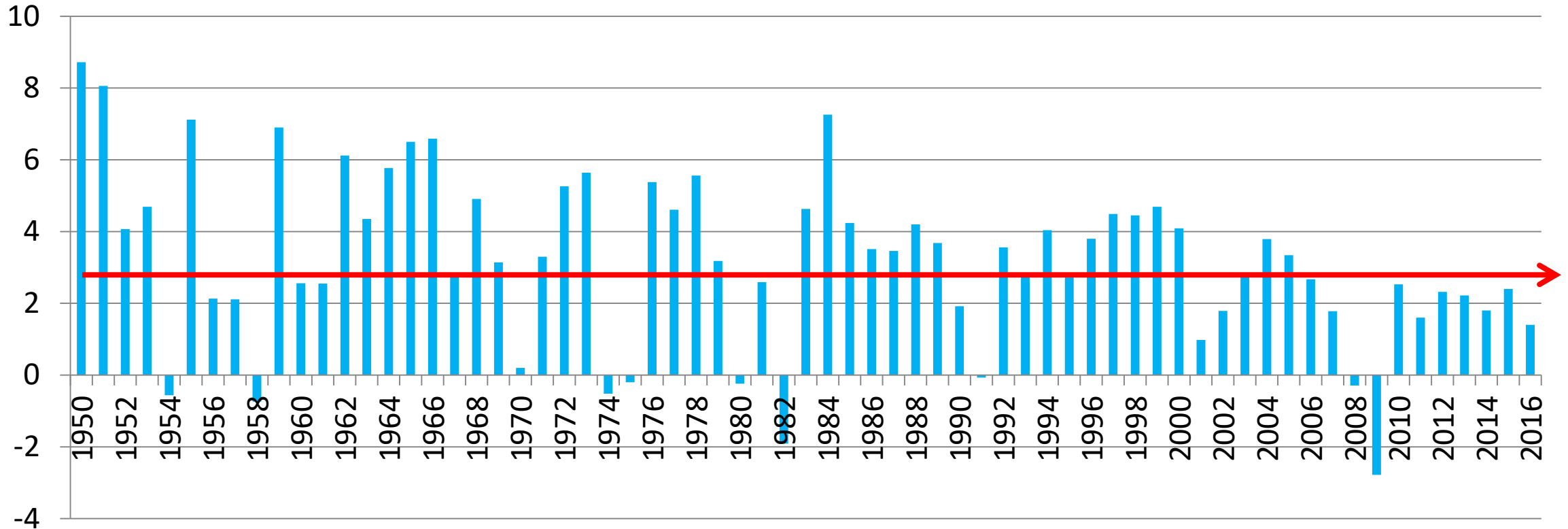
Median Household Income

(Inflation Adjusted)

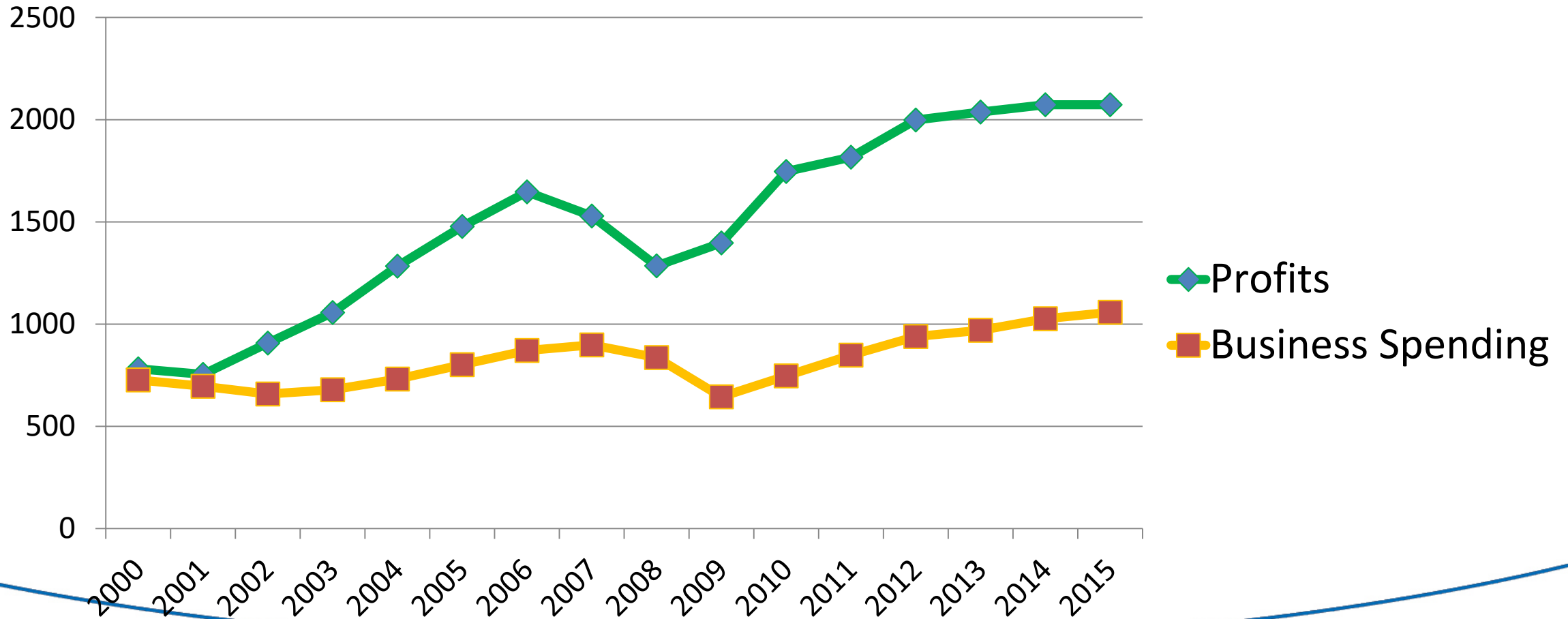


Annual GDP ...

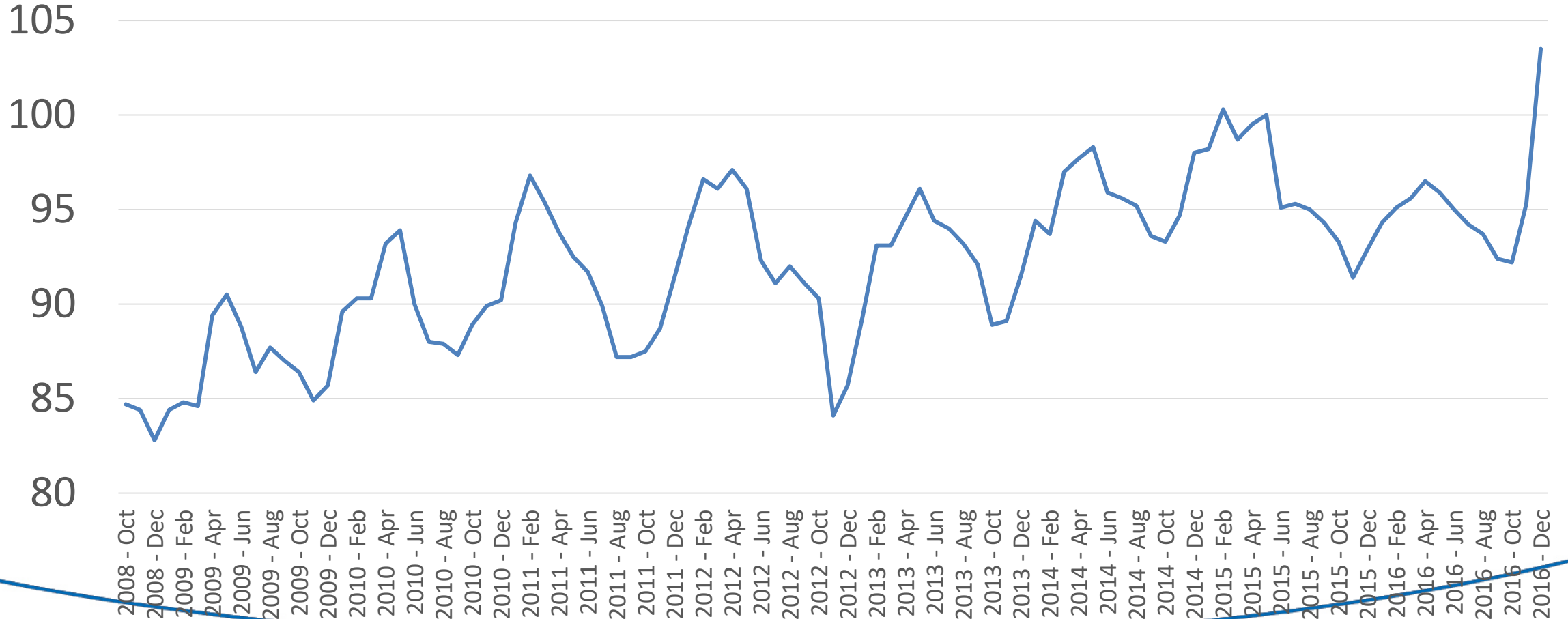
Below 3% for 11 straight years



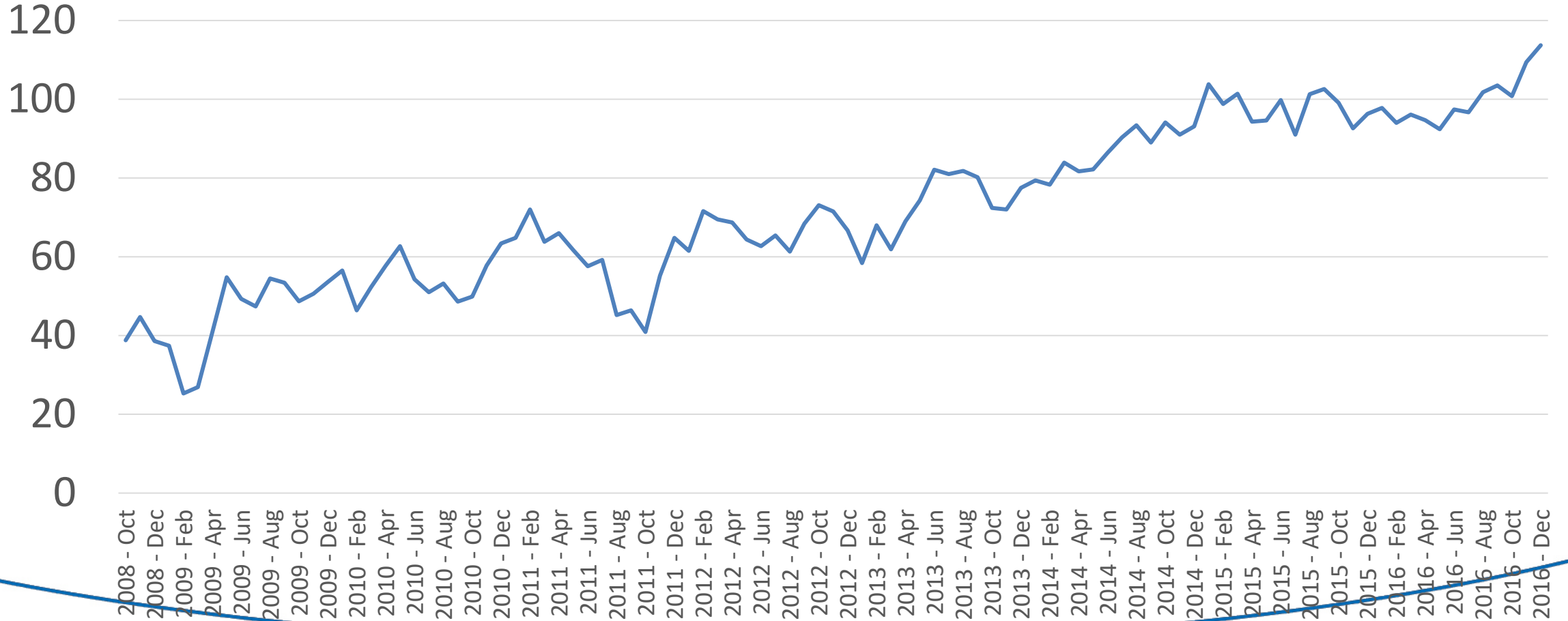
Sluggish Business Spending Despite High Profit



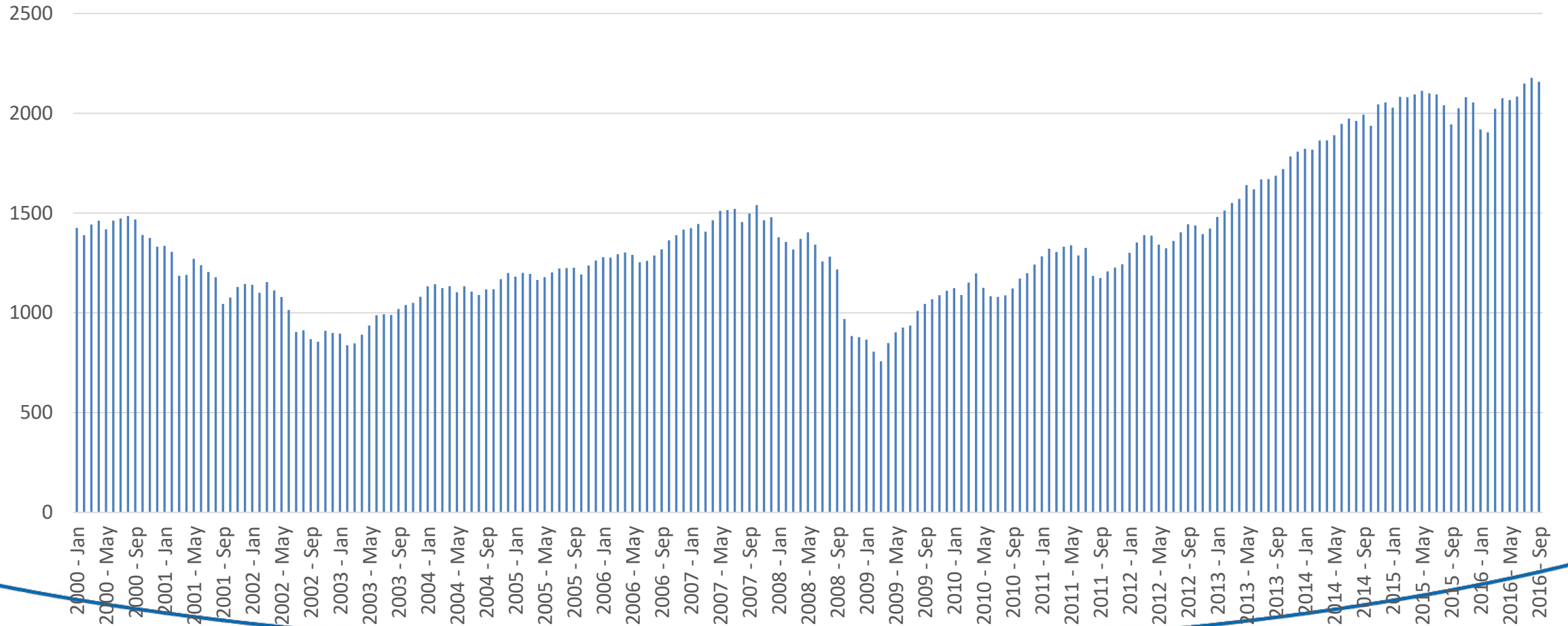
Animal Spirit Revival? Small Business Optimism



Animal Spirit Revival? Consumer Confidence

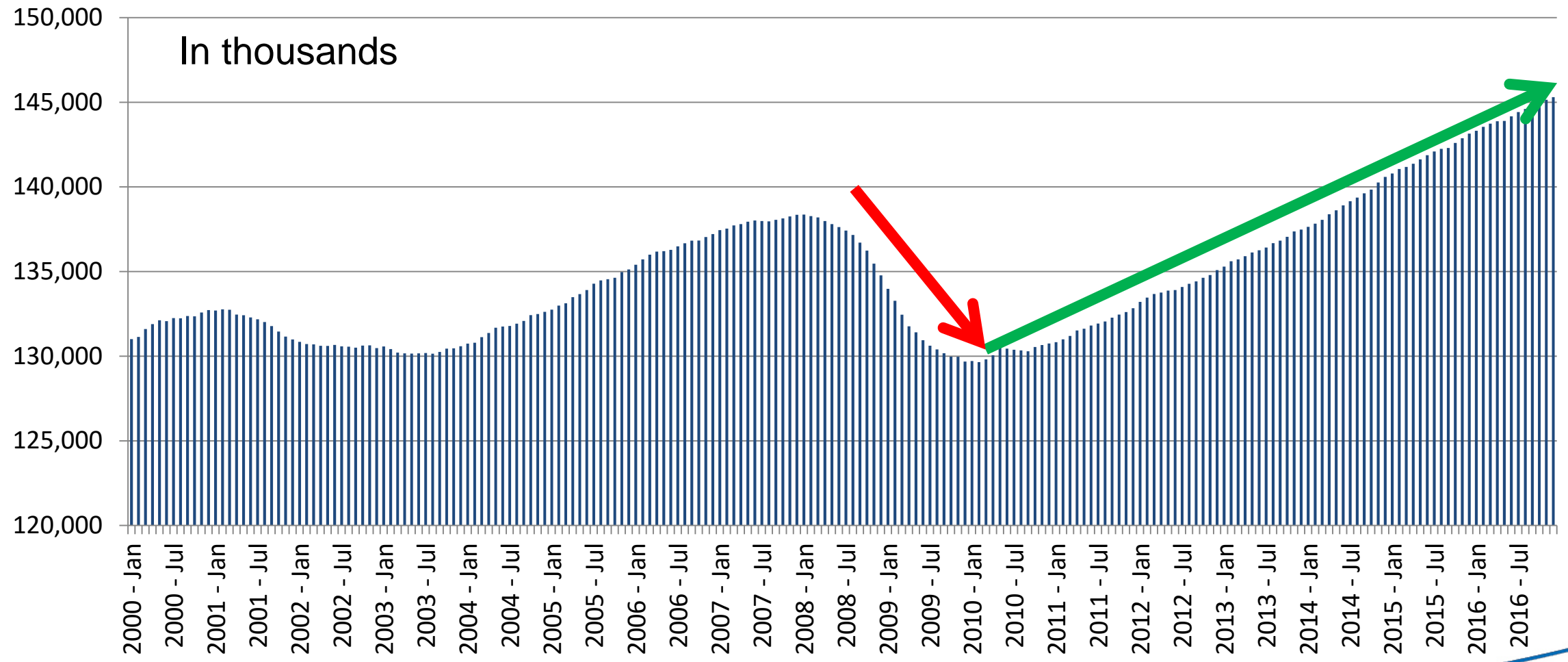


Stock Market: S&P 500 Index

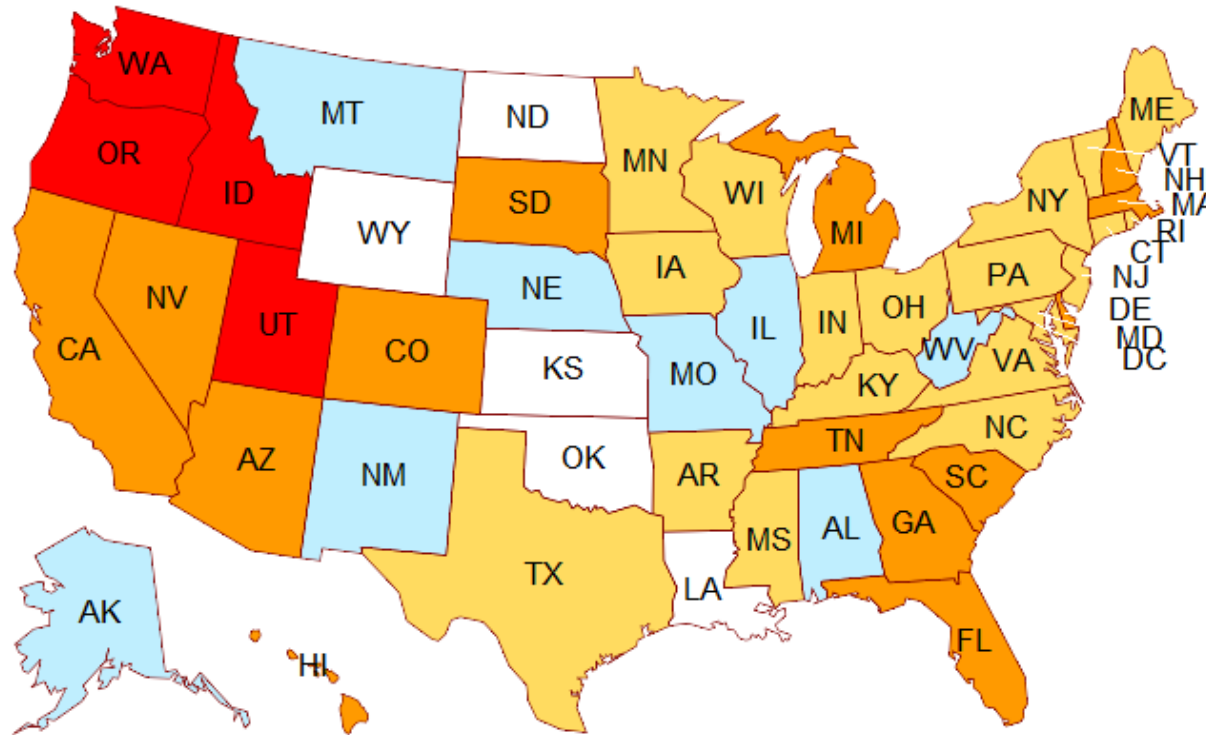


Jobs

(8 million lost ... 15 million gained)



Non-farm Employment Growth By State

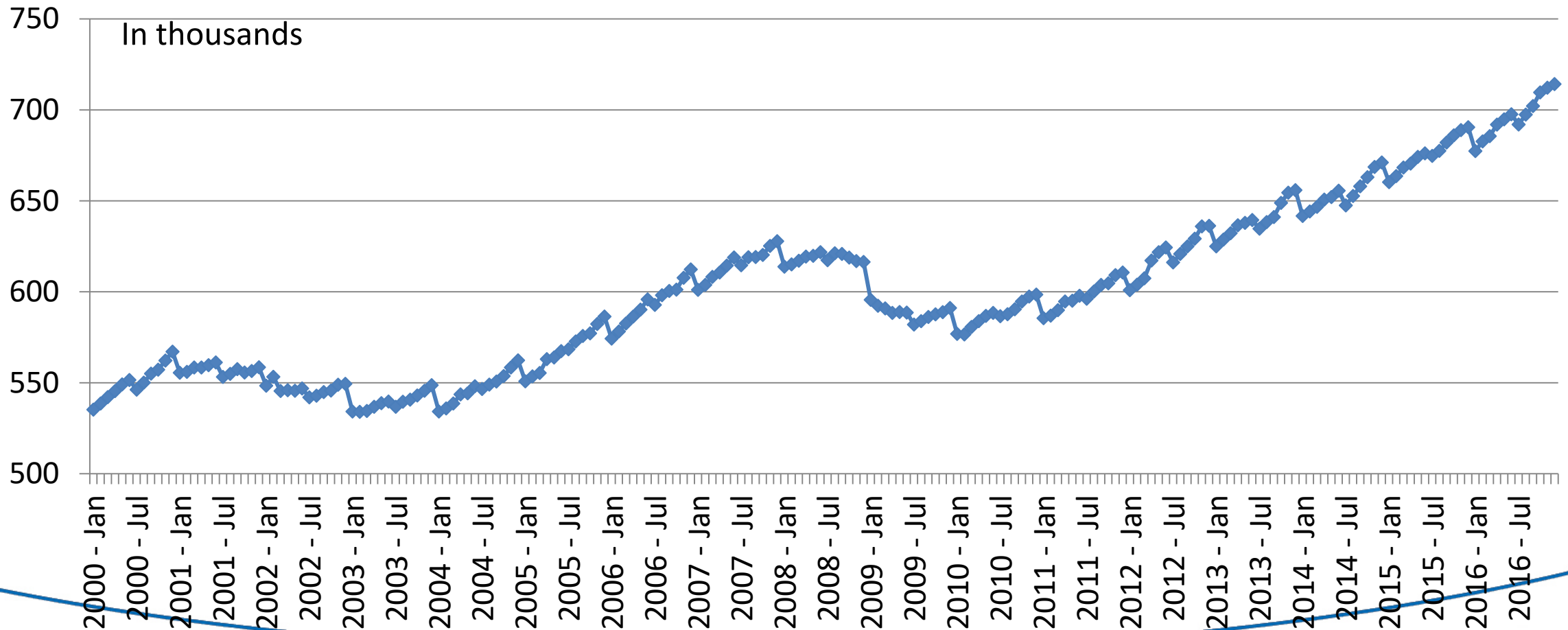


Change in Nonfarm Employment in August 2016 from One Year Ago

- Negative
- 0% to 1%
- 1%+ to 2%
- 2%+ to 3%
- 3%+ to 4%

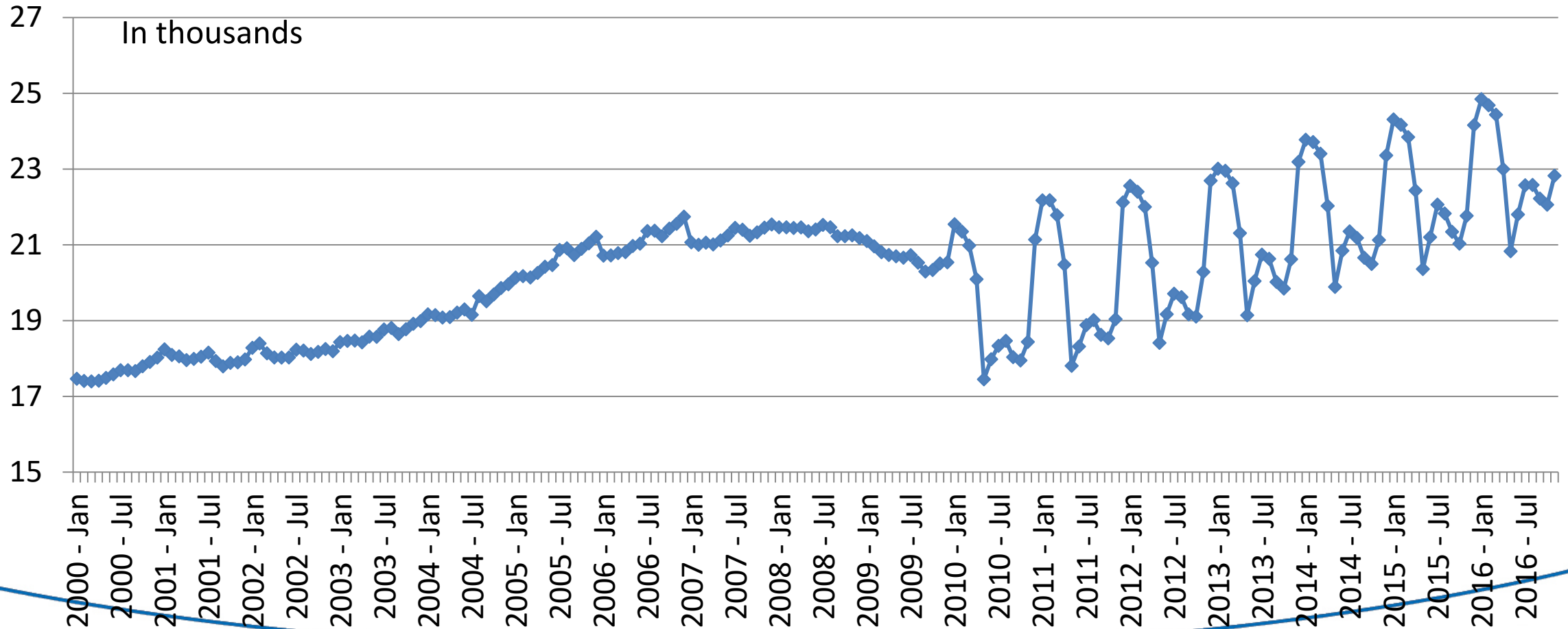
Total Jobs in Salt Lake City; including Park City

(33% growth vs 11% nationwide from 2000)



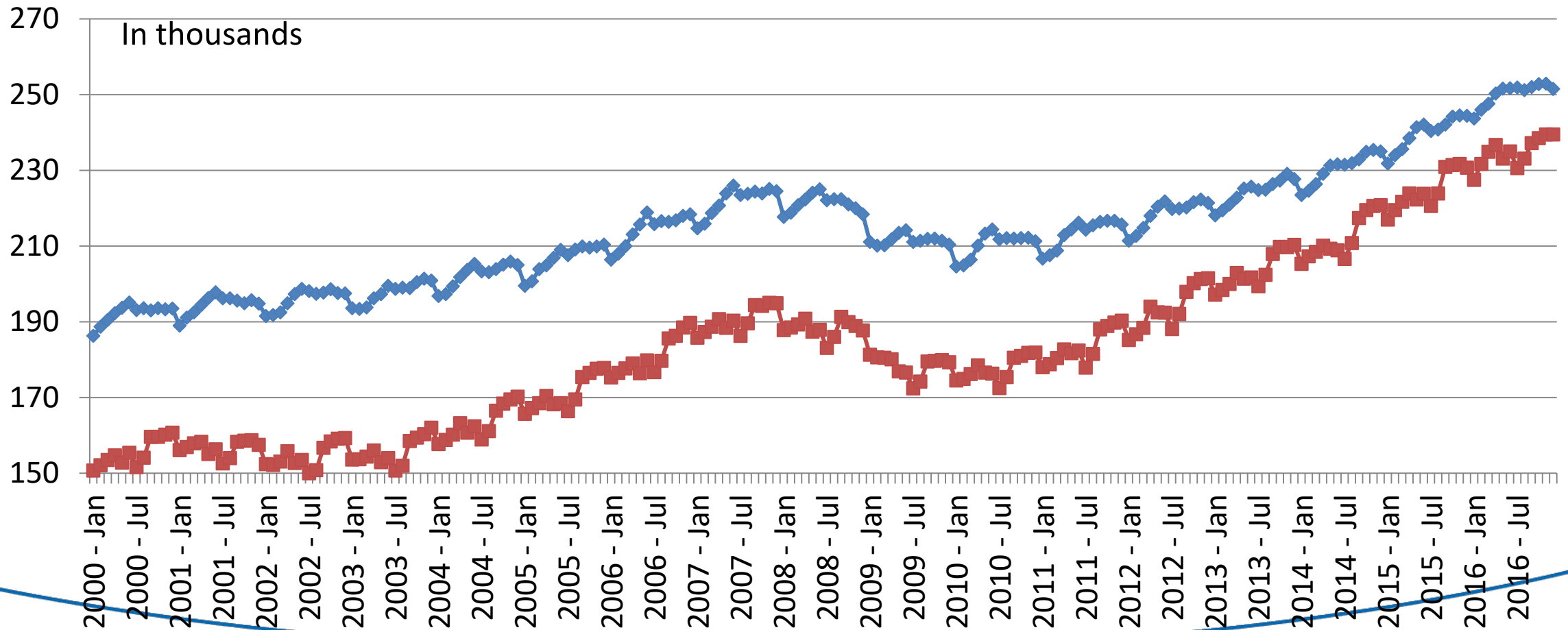
Jobs in Summit County

(30% growth)

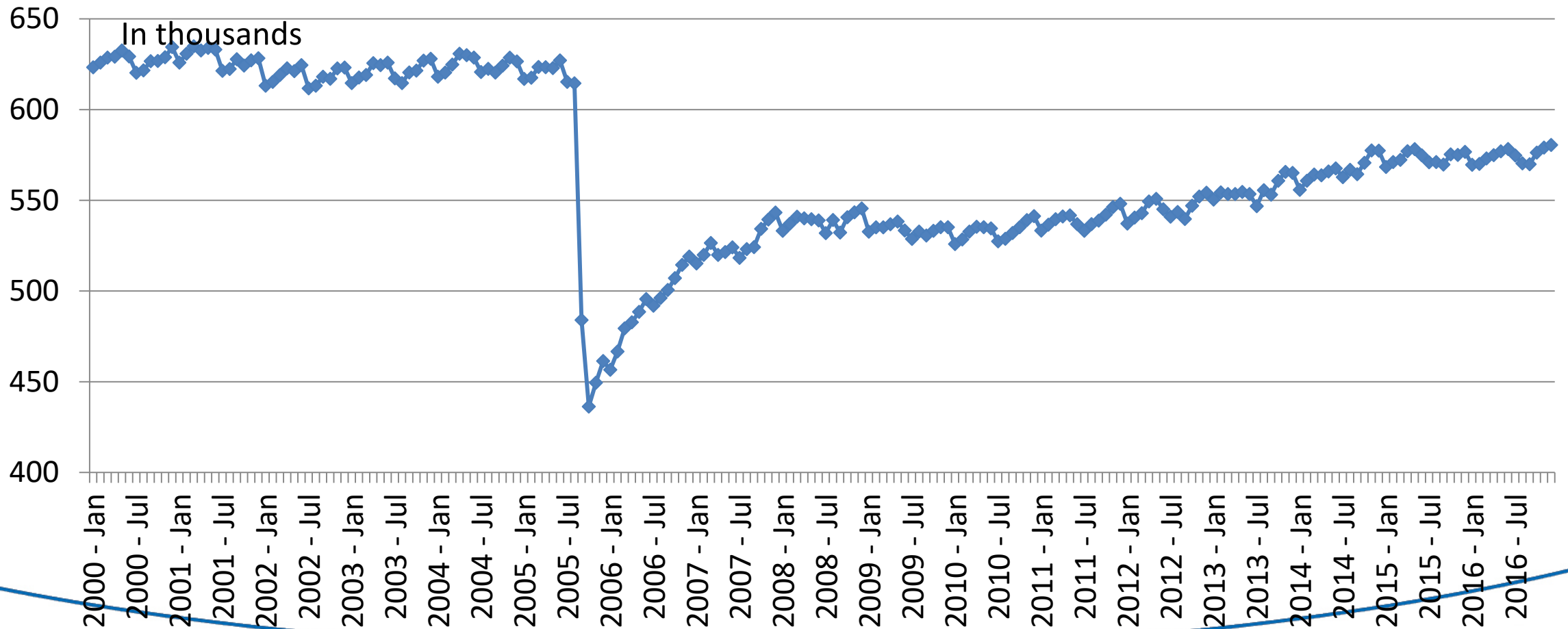


Total Jobs in Ogden and Provo

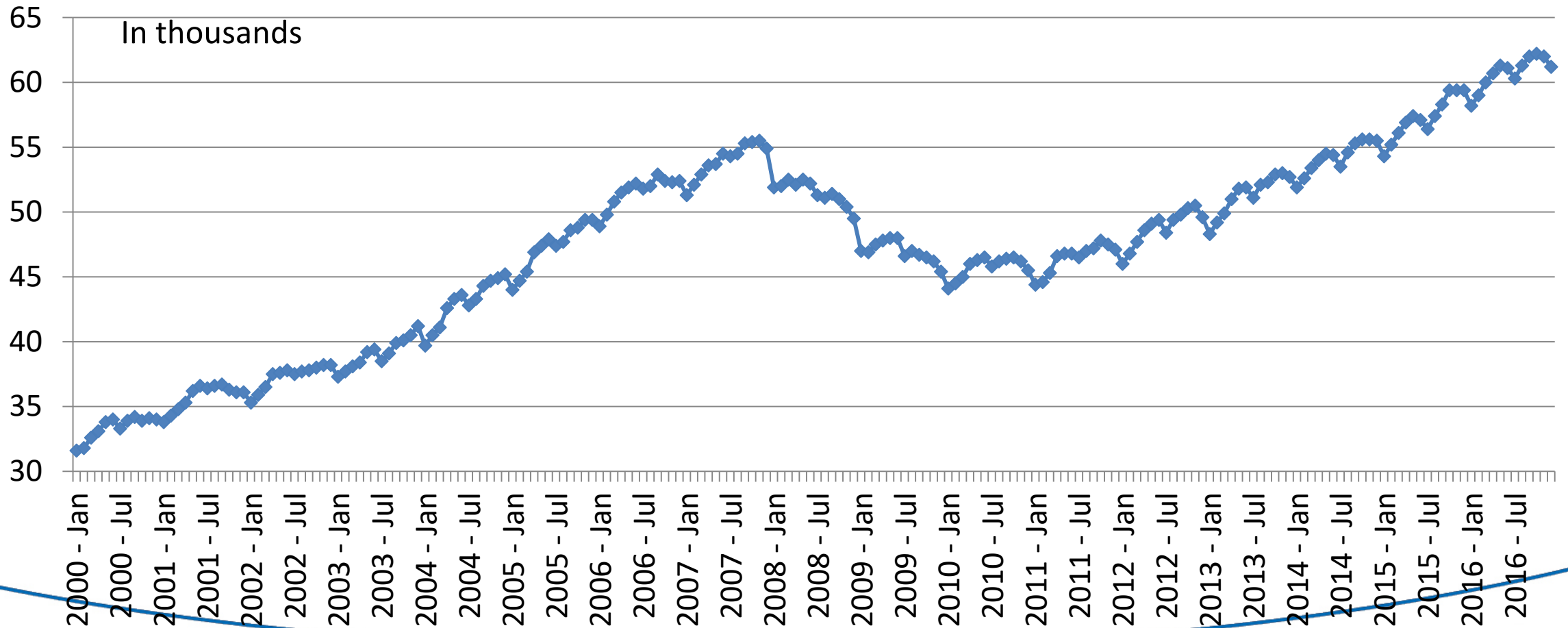
(35% growth and 59% growth)



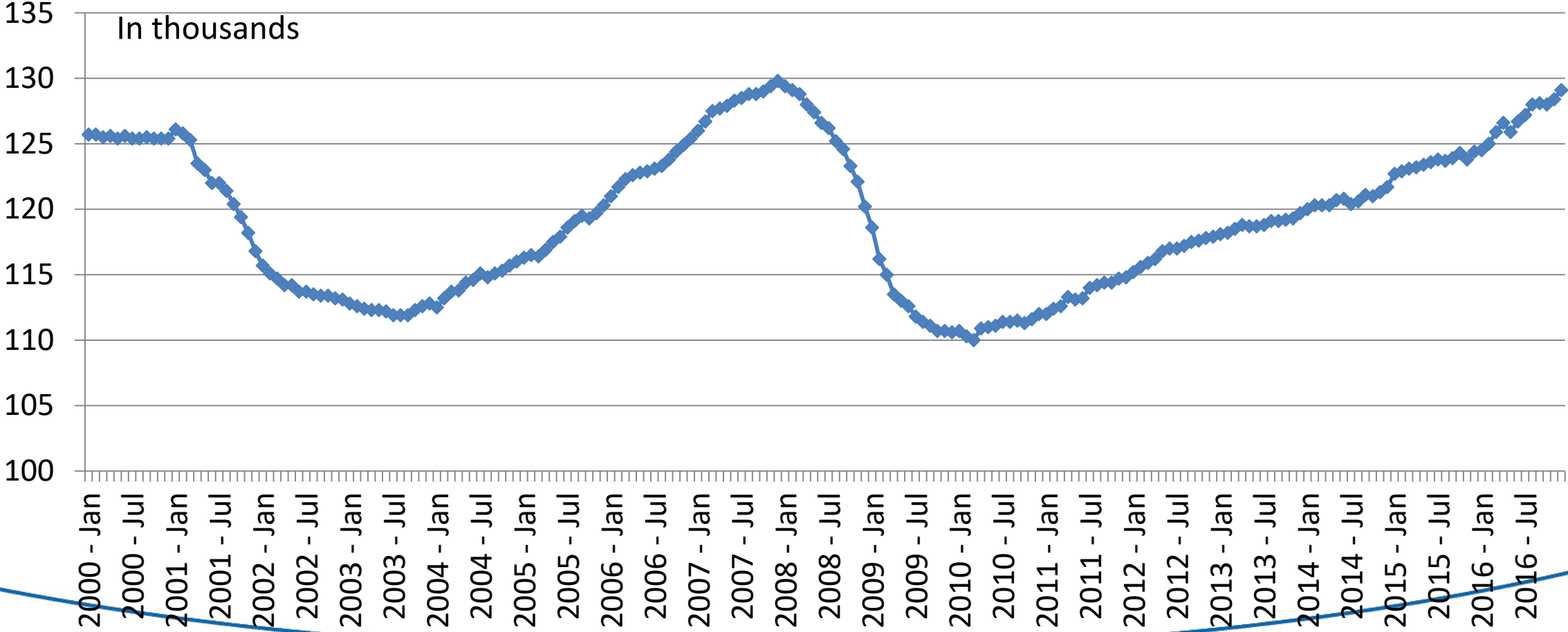
Total Jobs in New Orleans



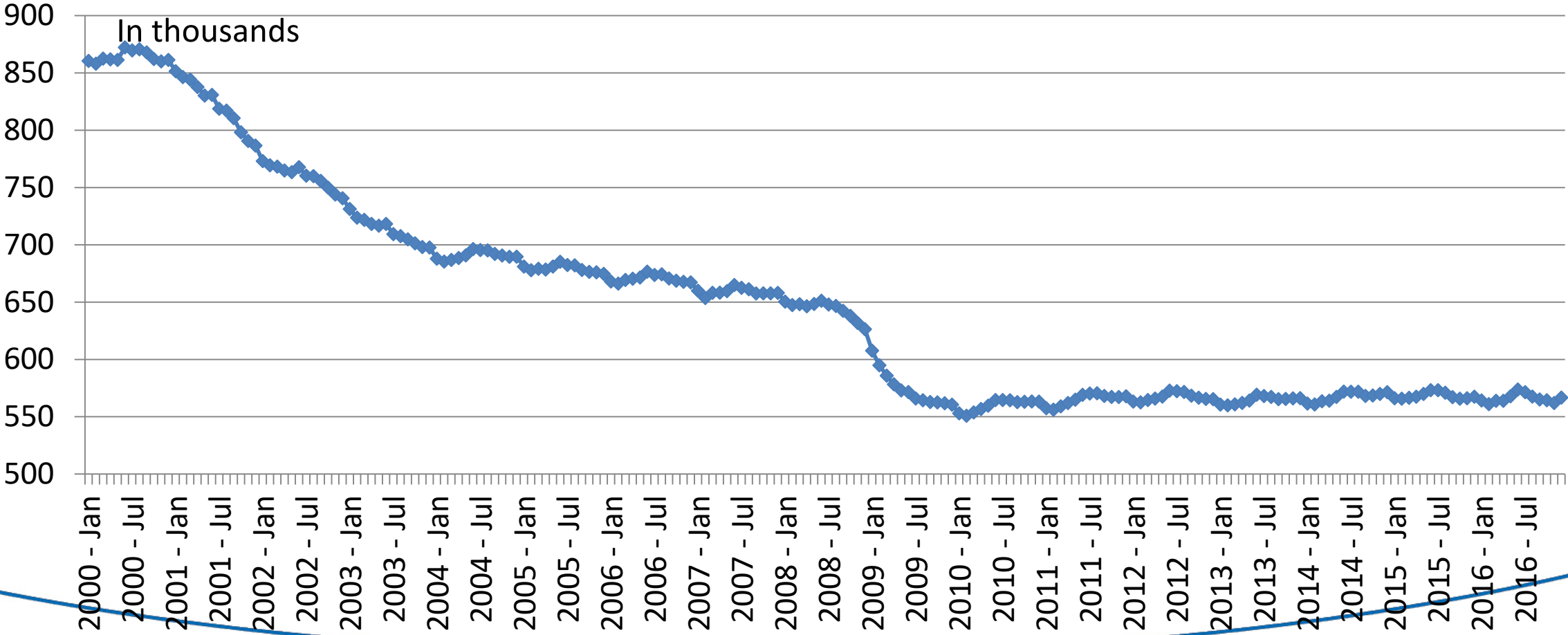
Jobs in St. George



Utah Manufacturing Jobs



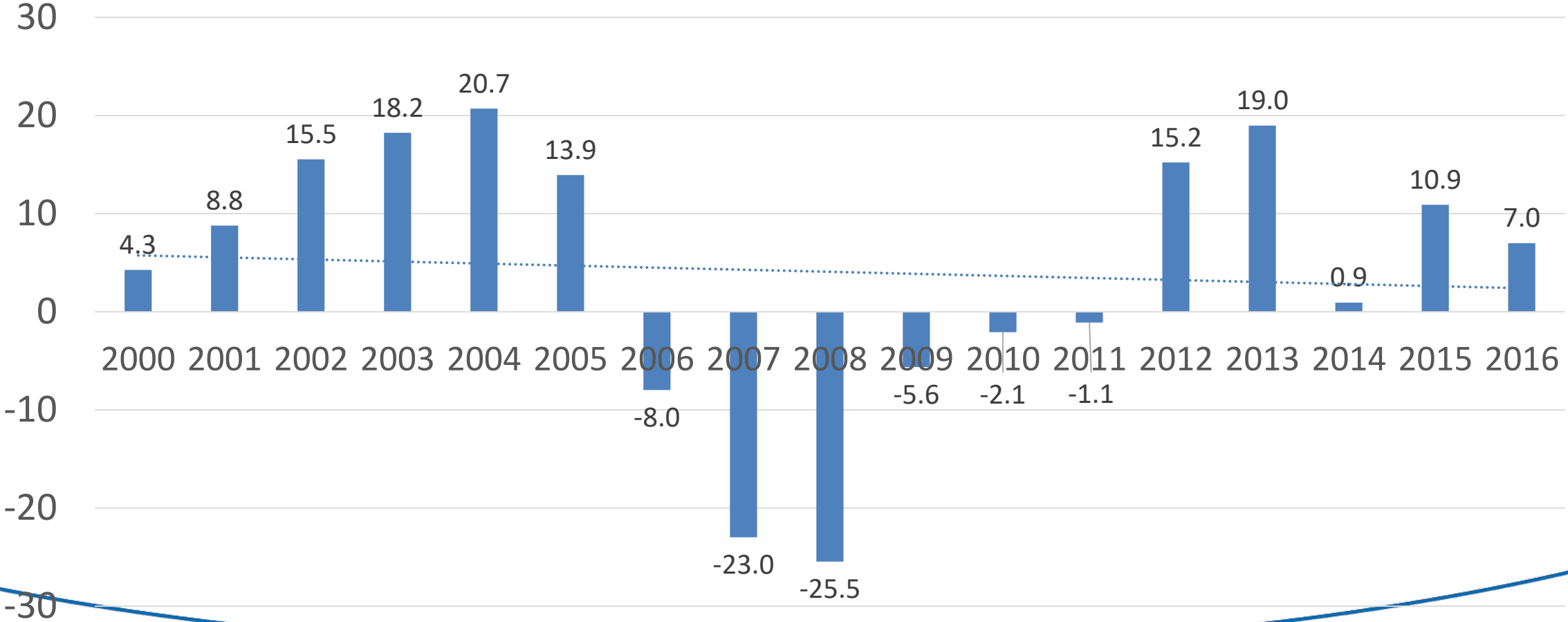
Pennsylvania Manufacturing Jobs



Housing Market Turning?

Dollar Volume Growth Rate

%

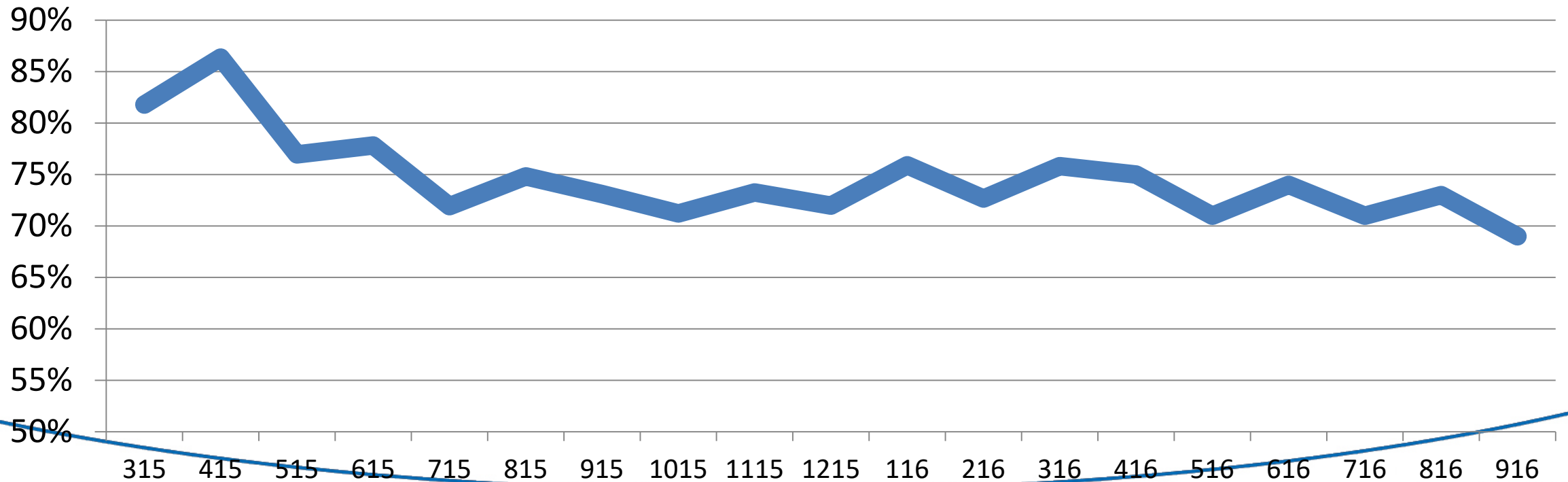


NAR HOME Survey

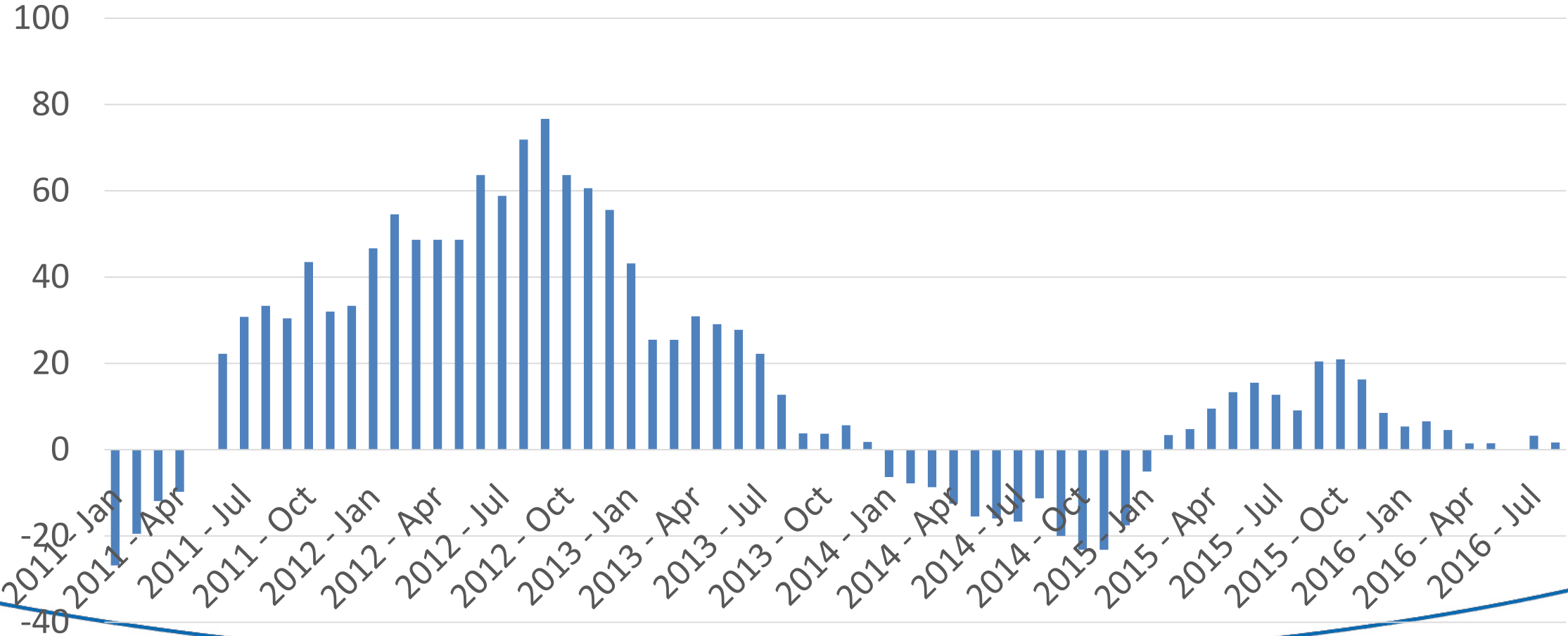
(March 2015 to September 2016)

Do you believe that now is a good time to BUY a home or not? ...

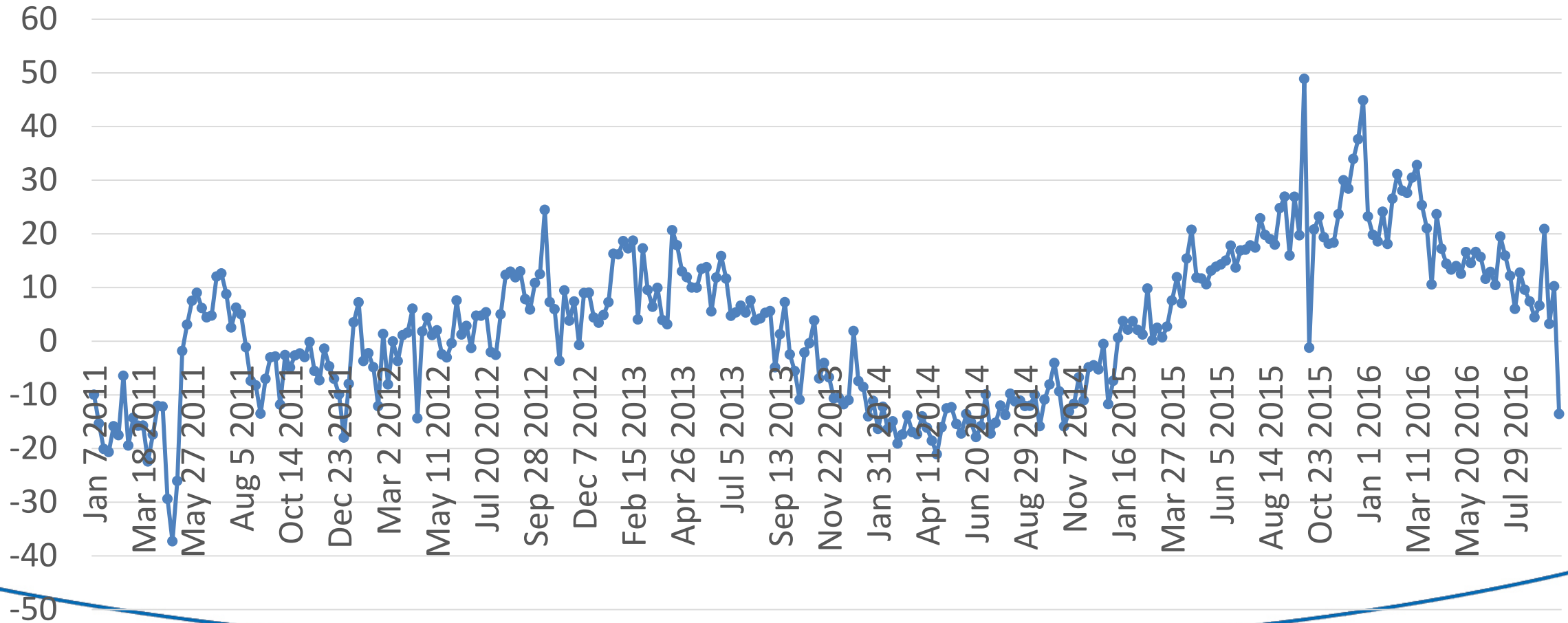
YES



REALTOR Buyer Traffic Index (% change from a year ago)

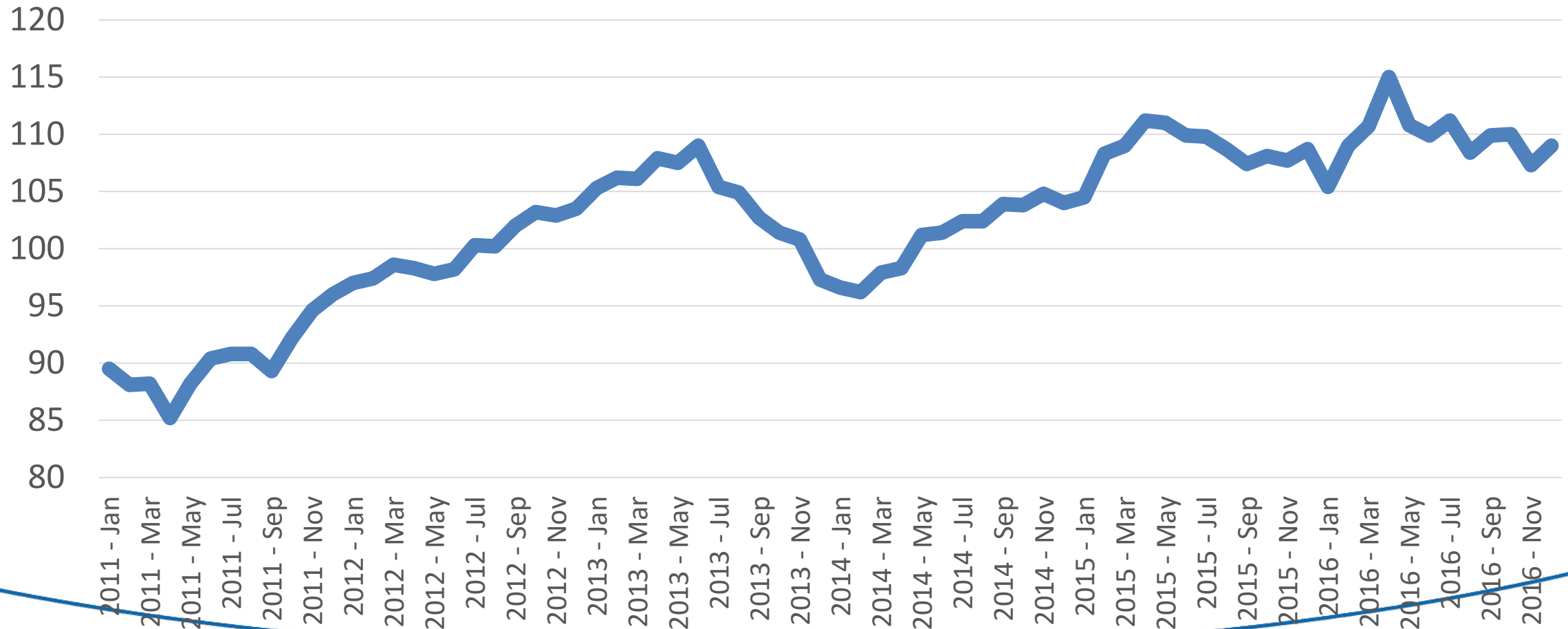


Mortgage Purchase Applications (% change from a year ago)



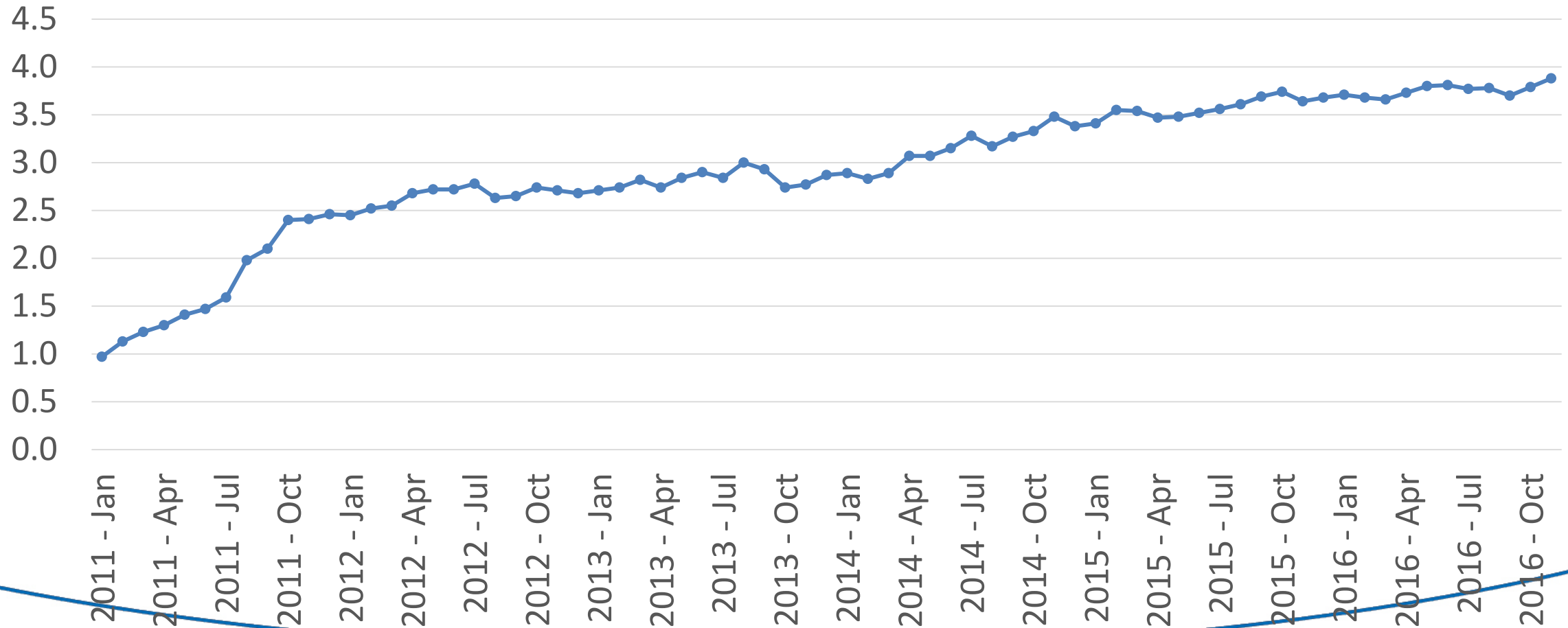
Pending Home Sales Index

(Seasonally Adjusted)



Rent Growth

(% change from a year ago)



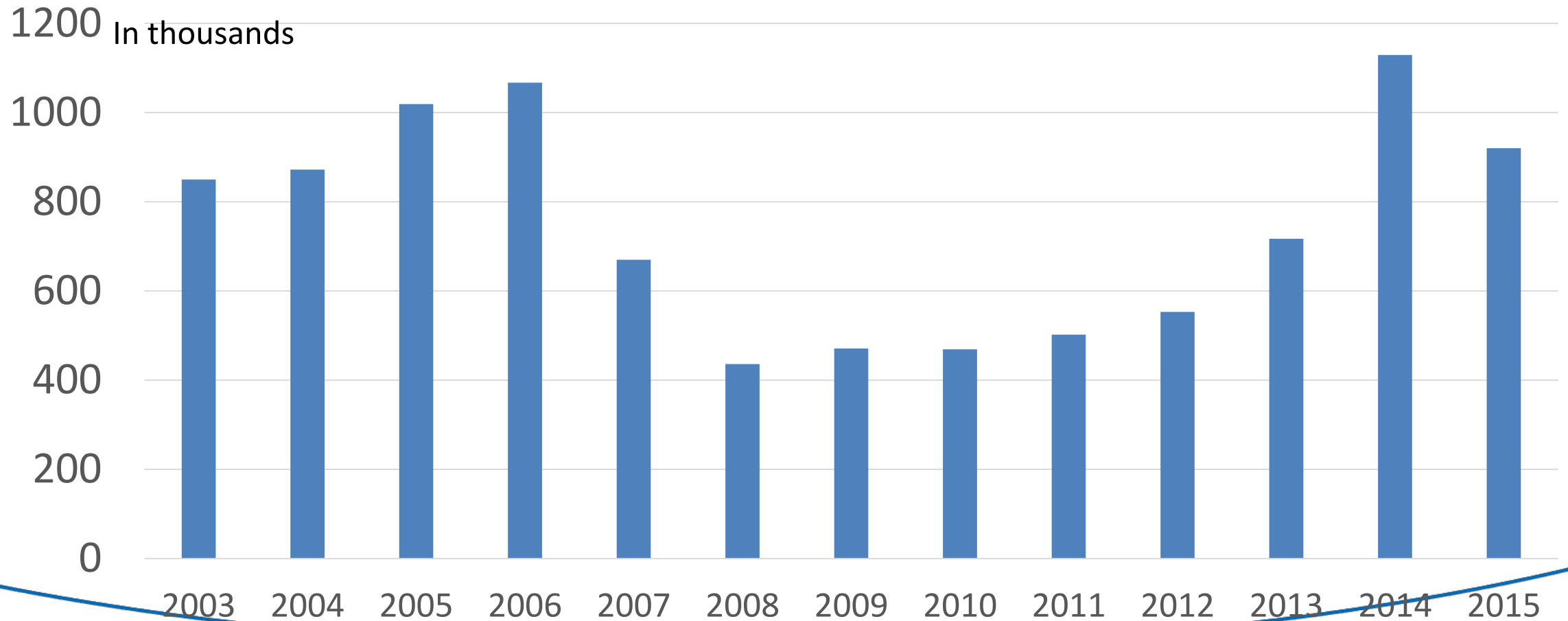
Park City Housing Data

- Unit Sales ... down 18% in 3rd quarter
- Median Price ... up 18% .. \$1.63 million
- Sales stronger in Wasatch County because of lower price

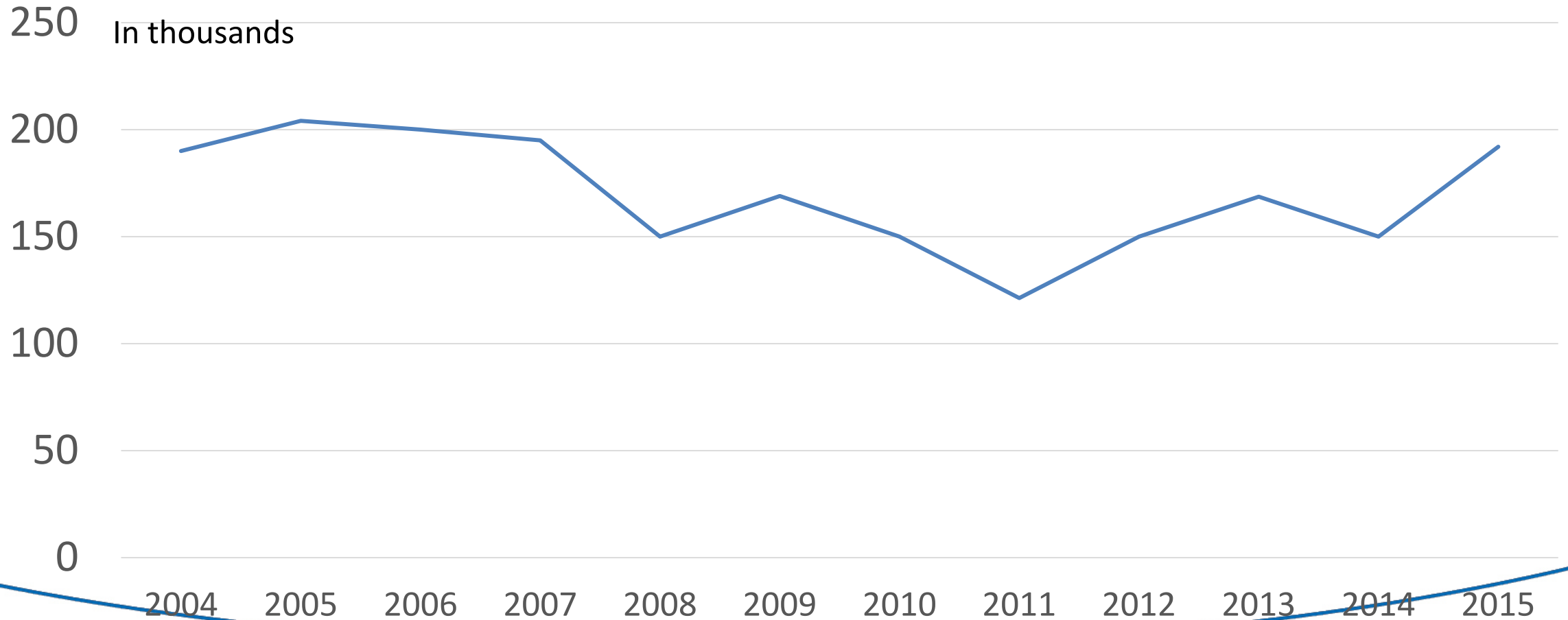
Salt Lake City Housing Data

- Unit Sales ... up 1.3% in 2016 ... best in decade
- Median Price ... up 8% .. \$290,000

Nationwide Vacation Home Sales

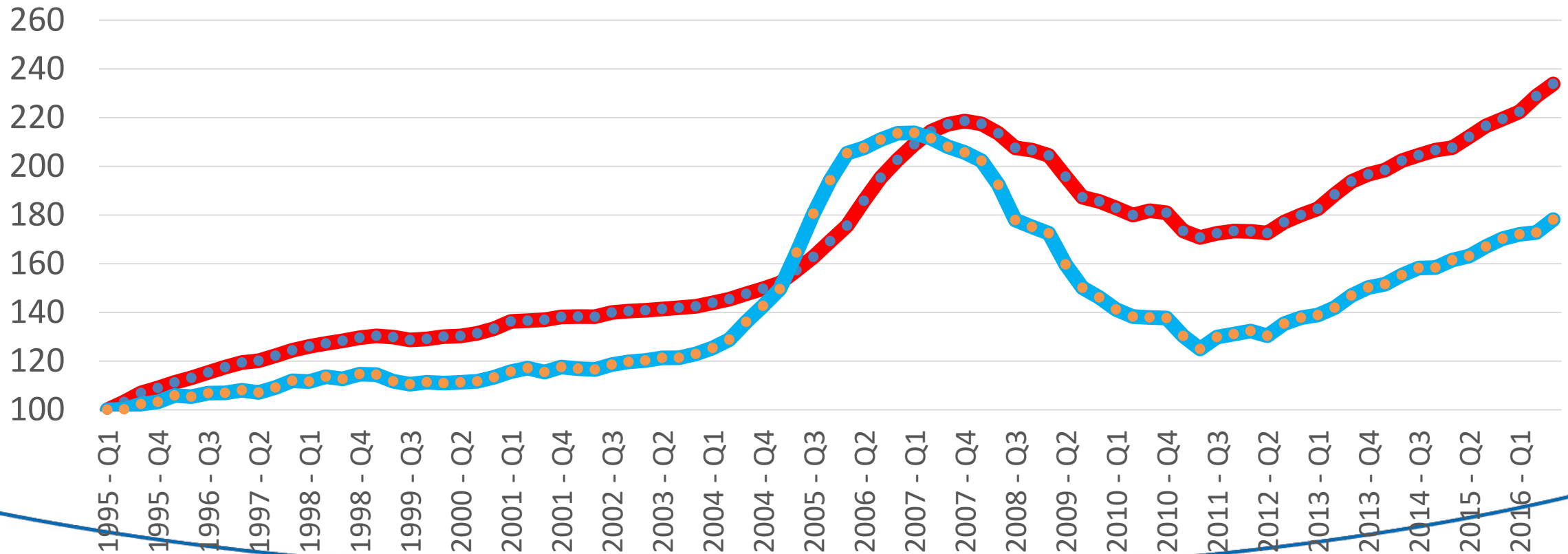


Median Vacation Home Price



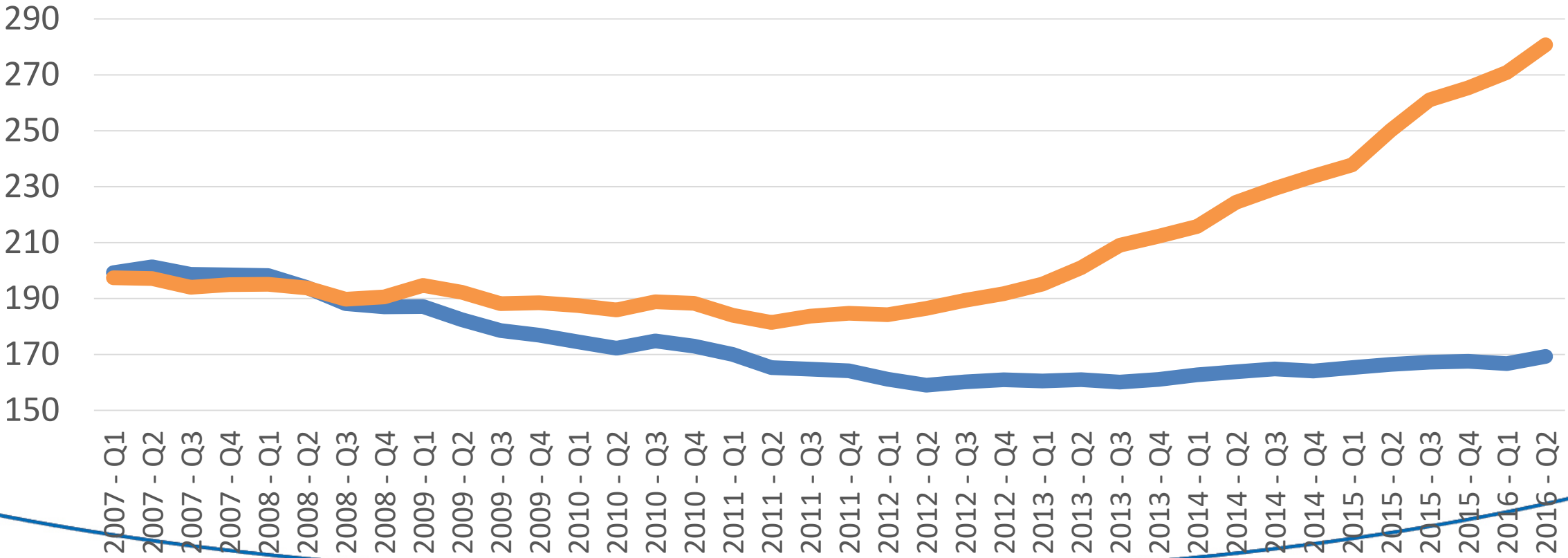
Constant Quality Home Price Index

SLC St. George



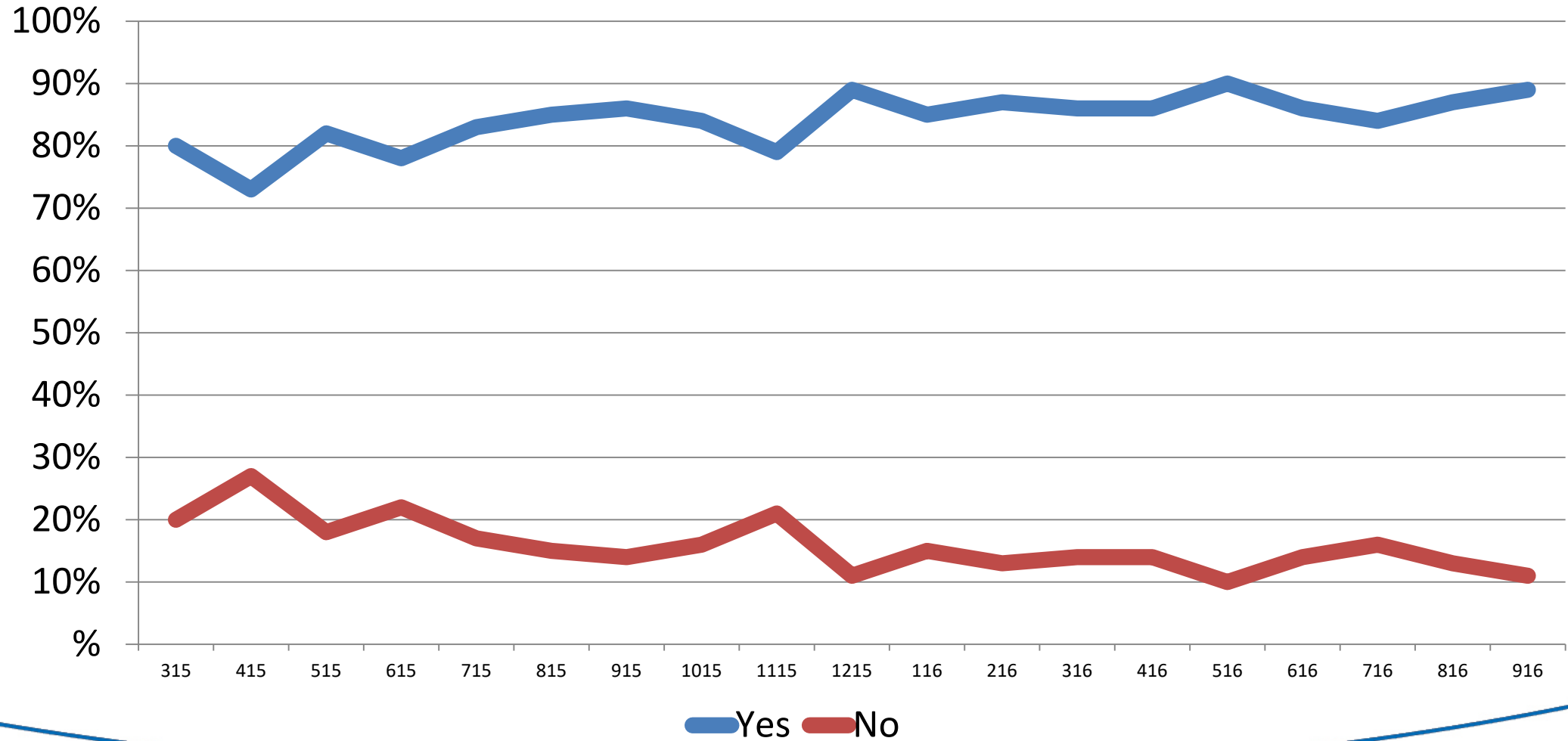
Home Price Index – CO and PA

— Allentown — Denver



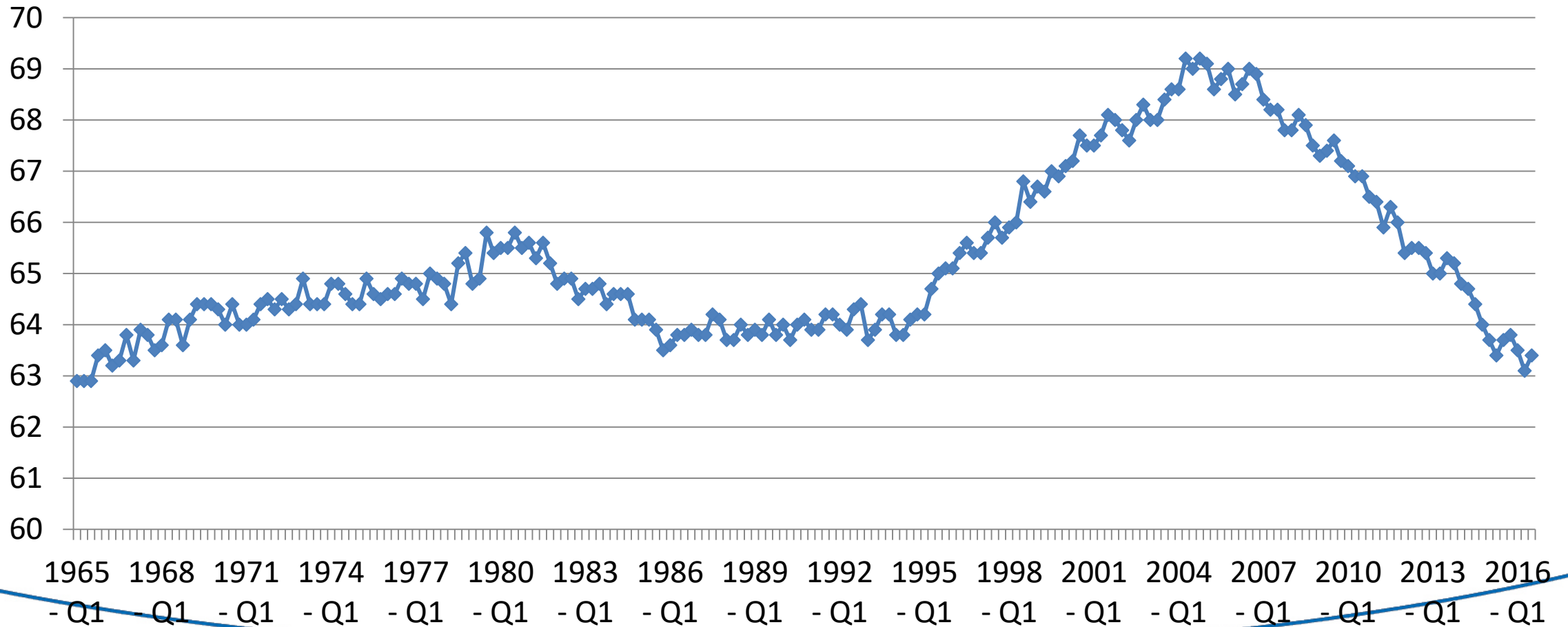
Market Turning?
Not Clear,
though weakening momentum

Do You Ever Want to Own a Home in Future?

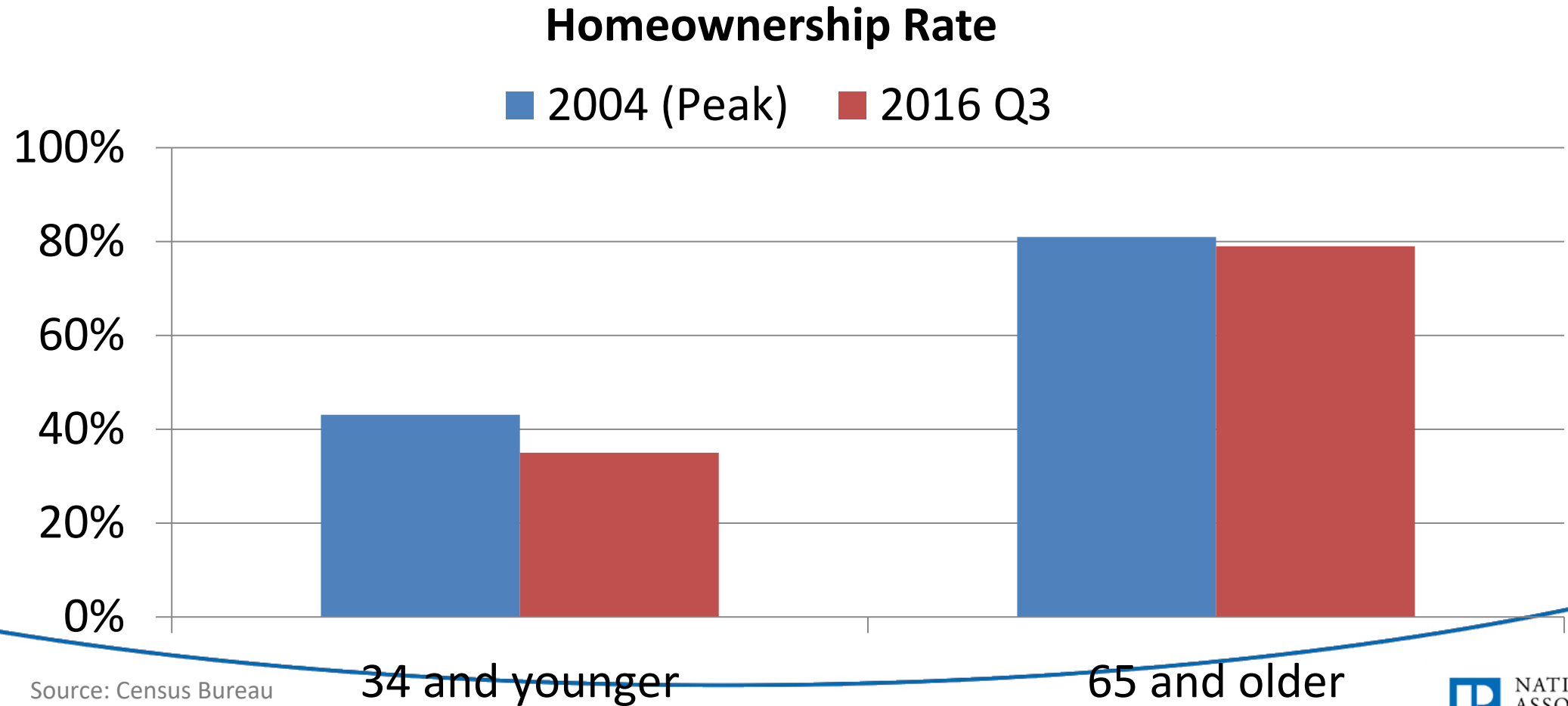


Homeownership Rate

~~At~~ **Near** 50-year low



Younger Households Less Likely to Own a Home



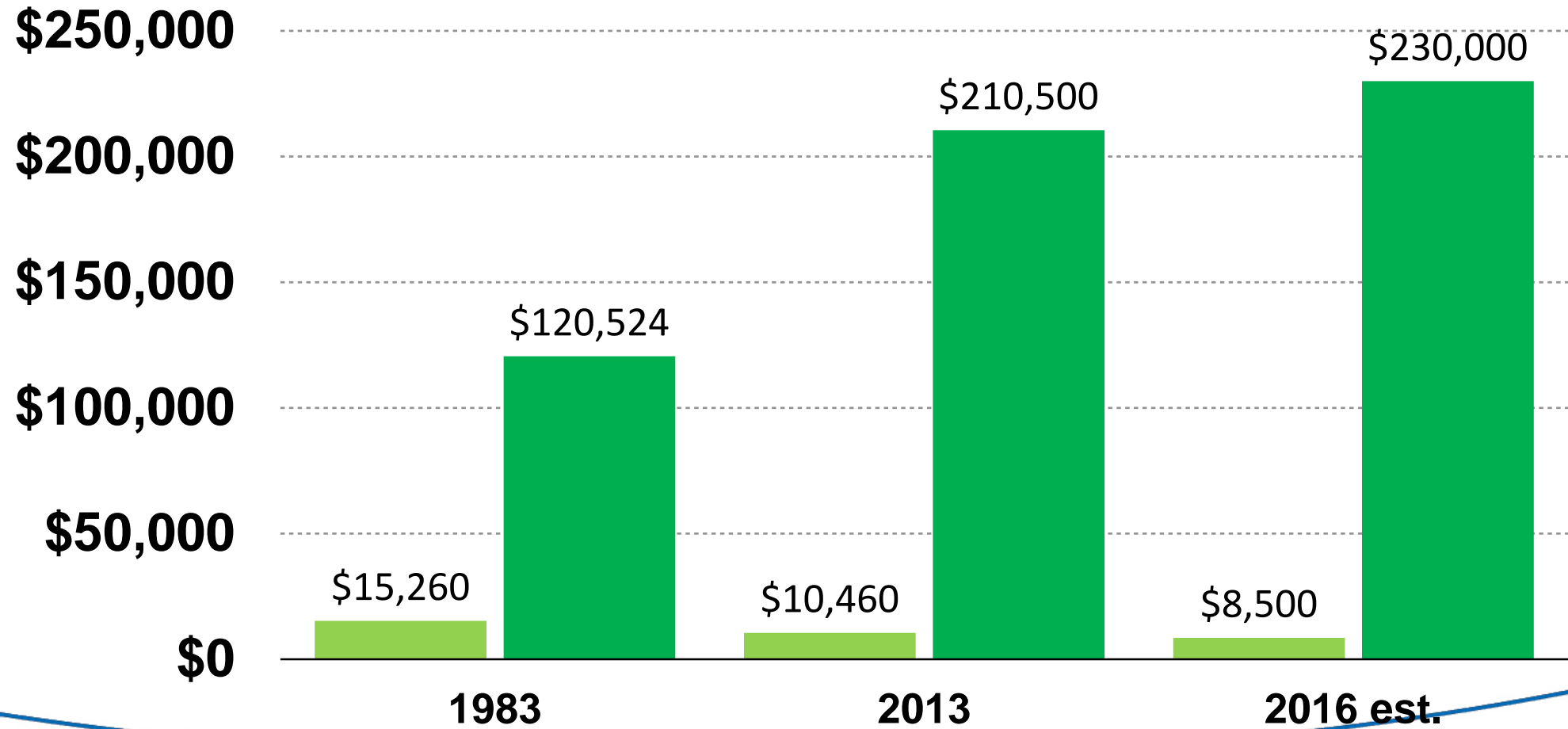
Source: Census Bureau

34 and younger

65 and older

Wealth Gap Between Young Adults (under-35) and Retiree (65+)

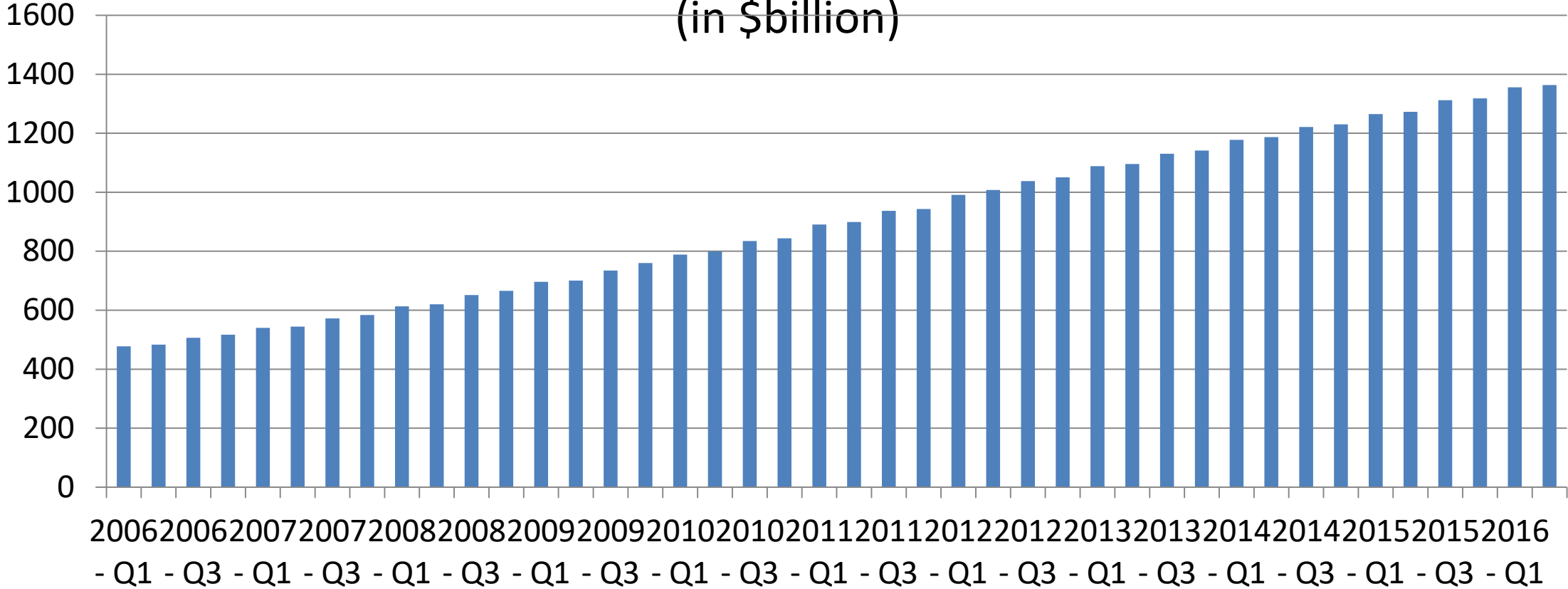
Median net worth of households headed by...



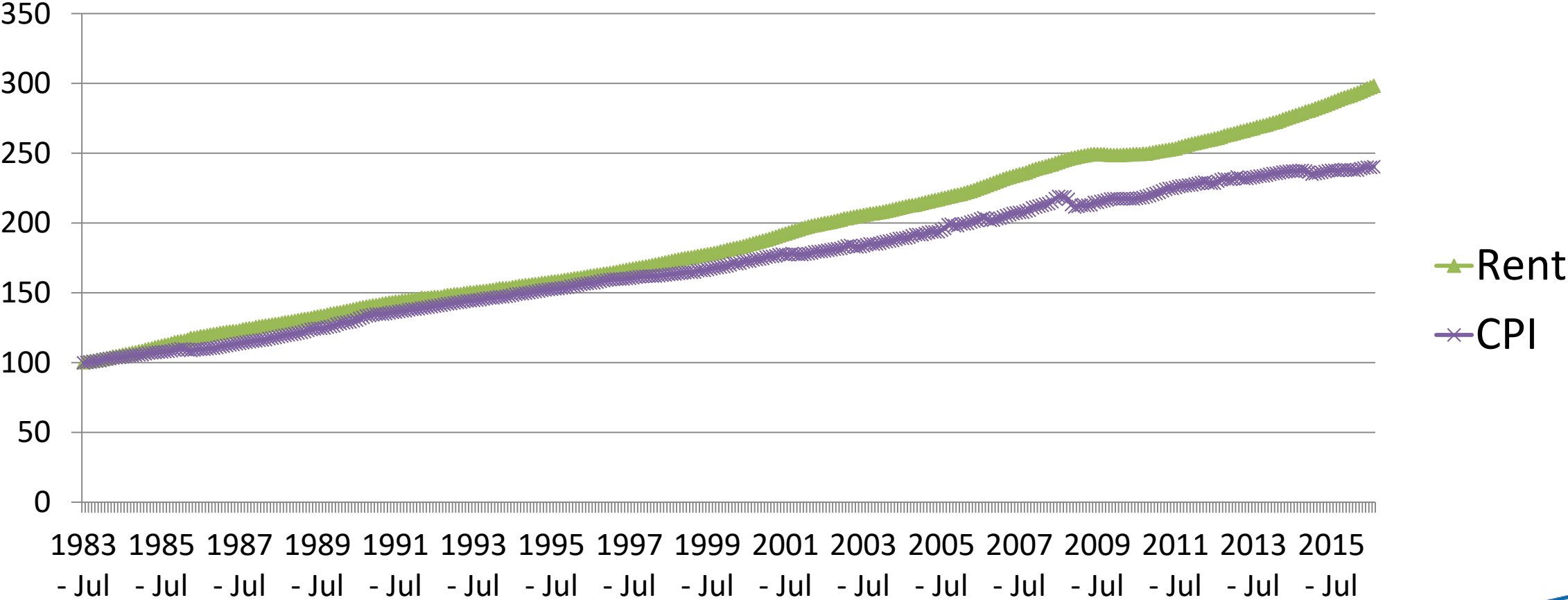
Student Loan ...

NAR-ASA Study implies 5 year Delay

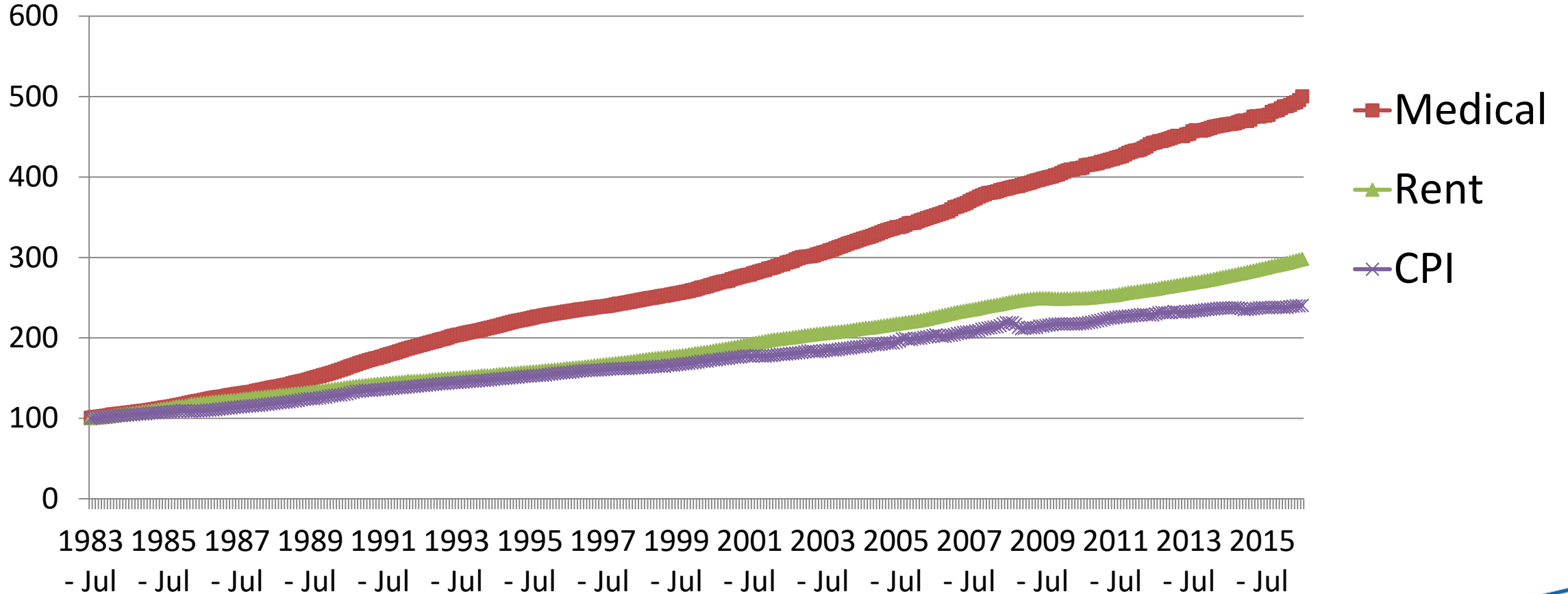
(in \$billion)



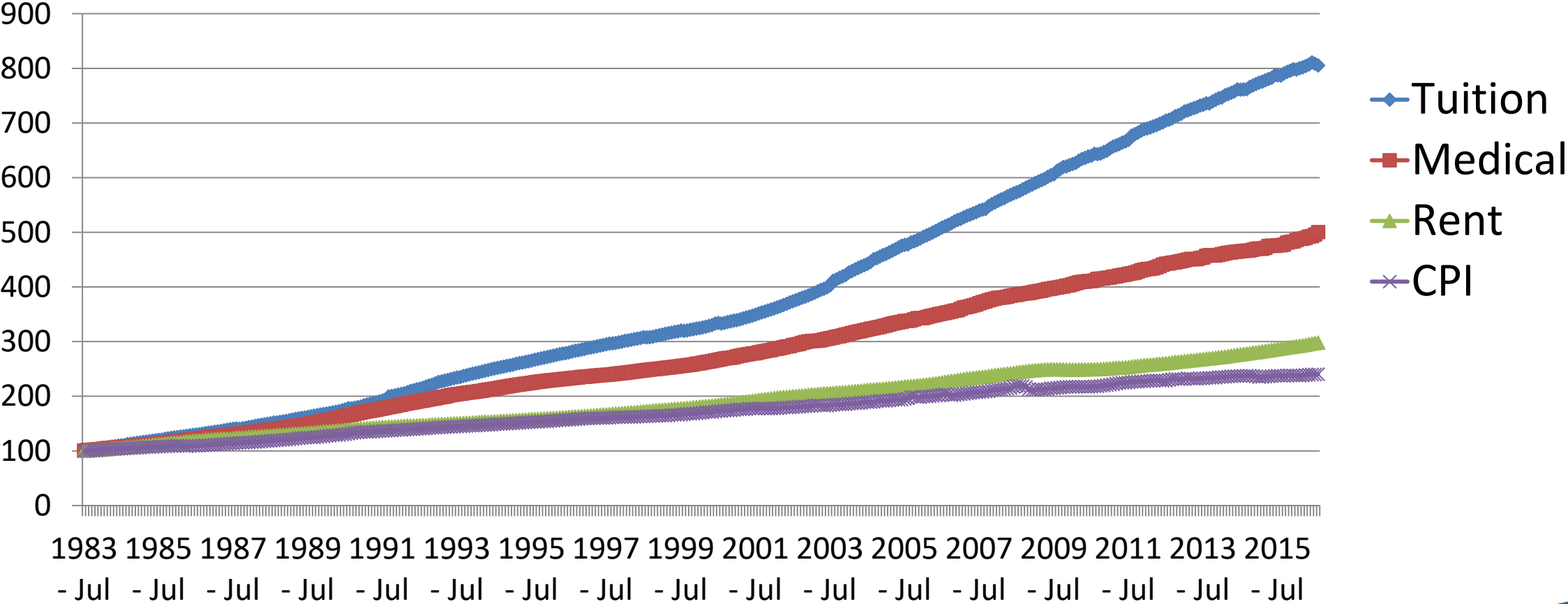
Consumer Price Index over the Long Haul (Rental Income > CPI by 25%)



Consumer Price Index over the Long Haul

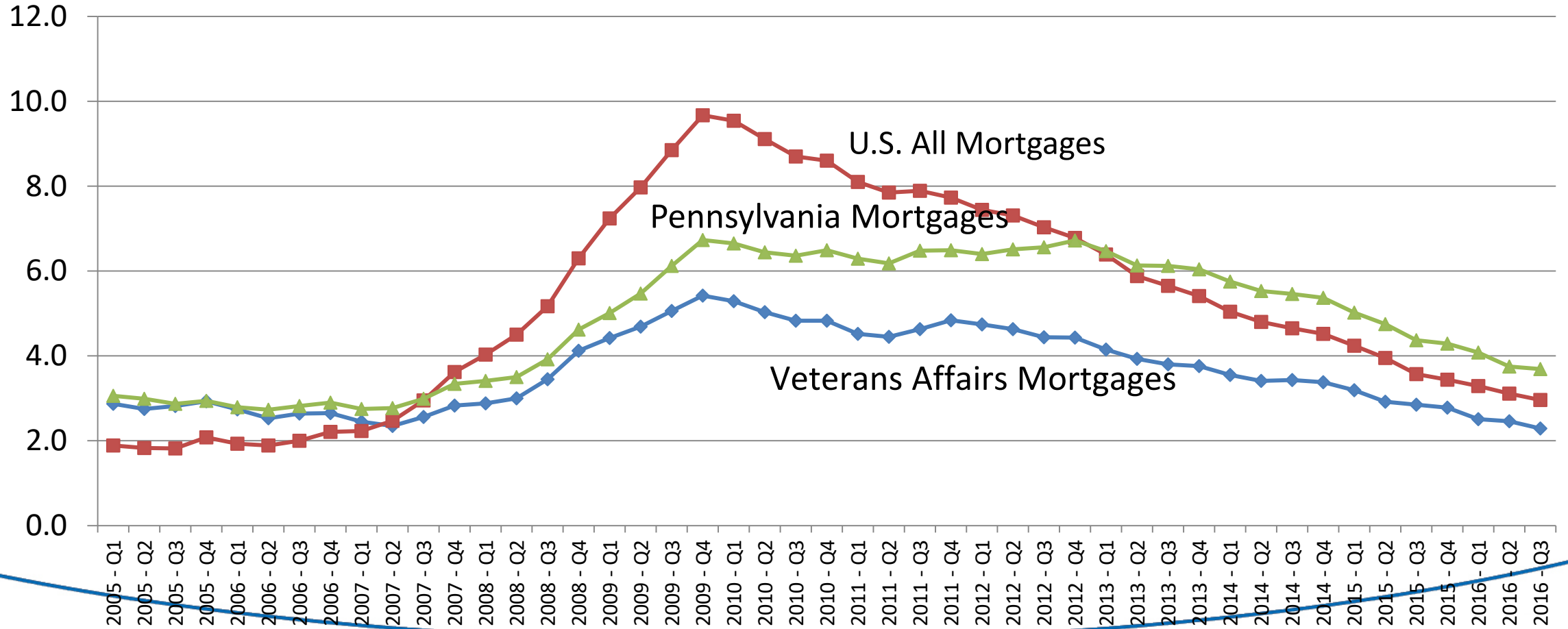


Consumer Price Index over the Long Haul



Borrowers Not Defaulting

(Serious Delinquency Rate)



Distressed Property Sales

(% of Total Sales)

■ Short Sale ■ Foreclosure

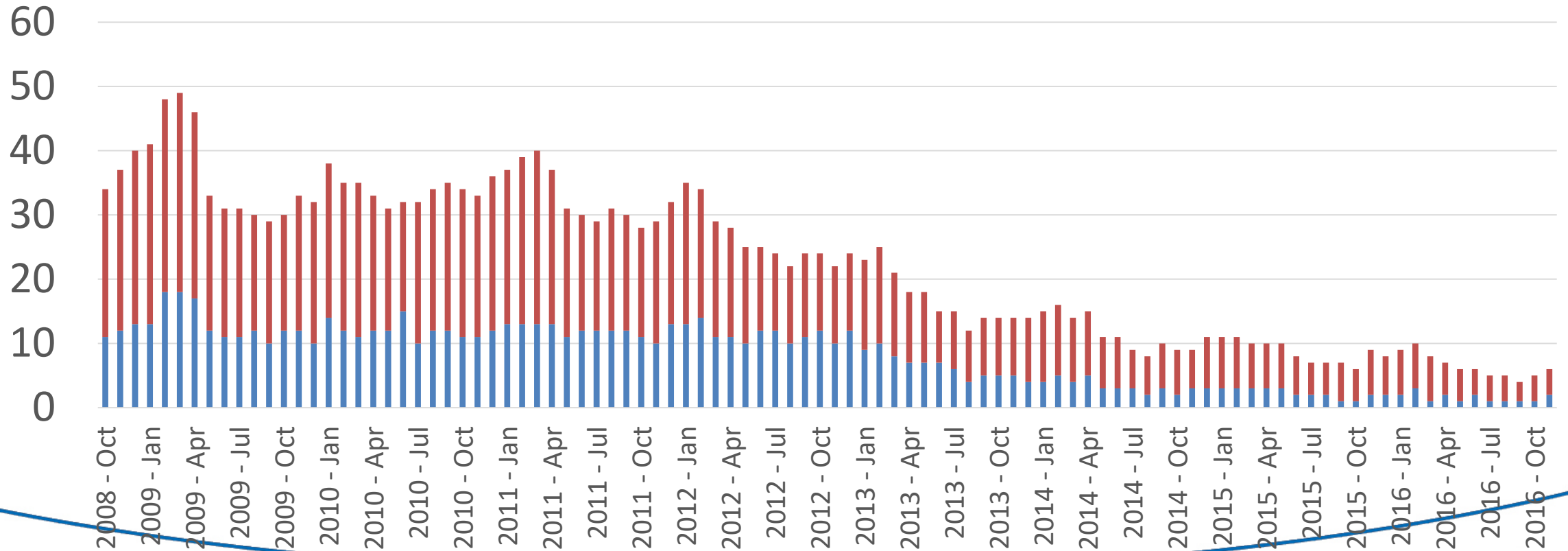
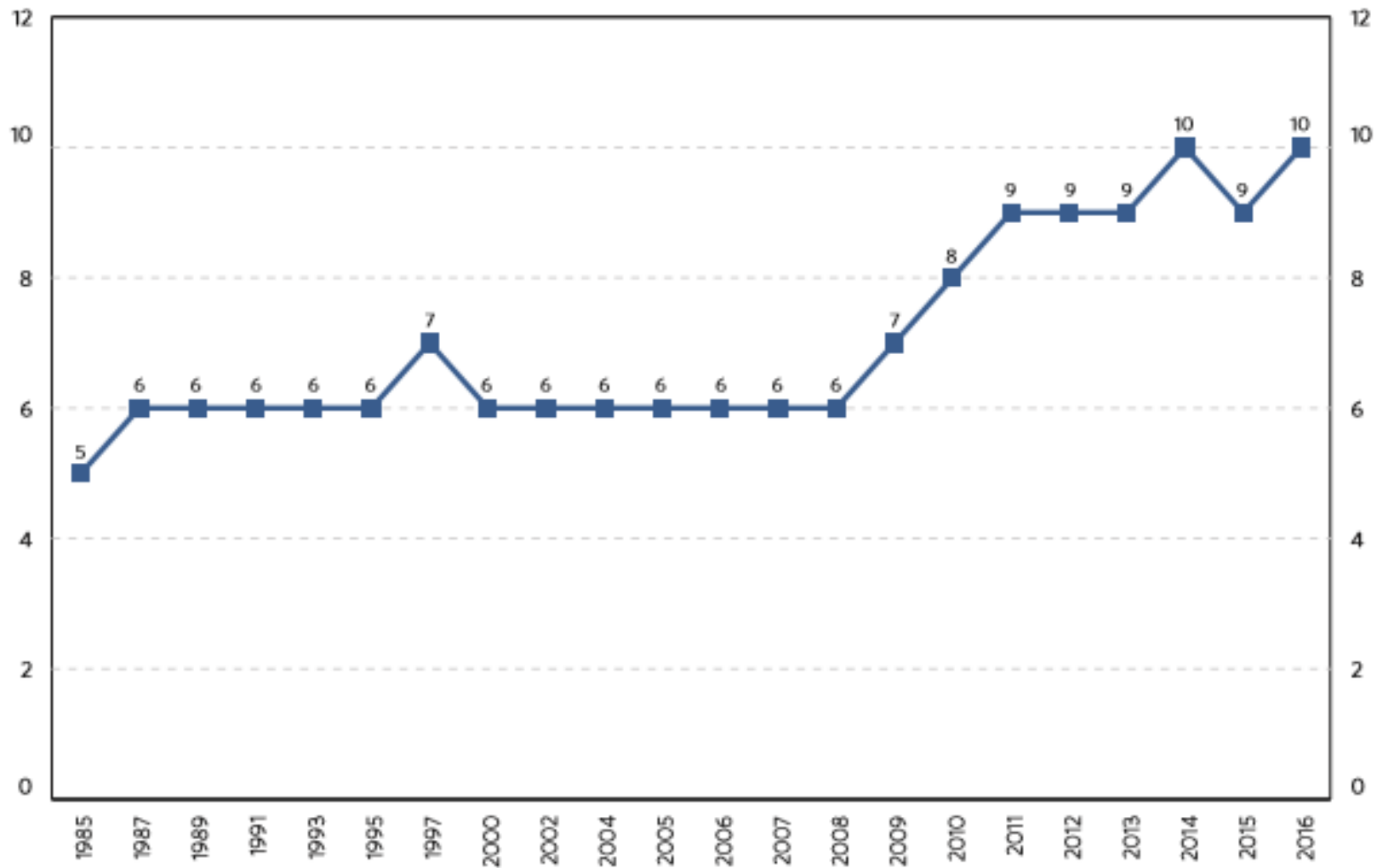


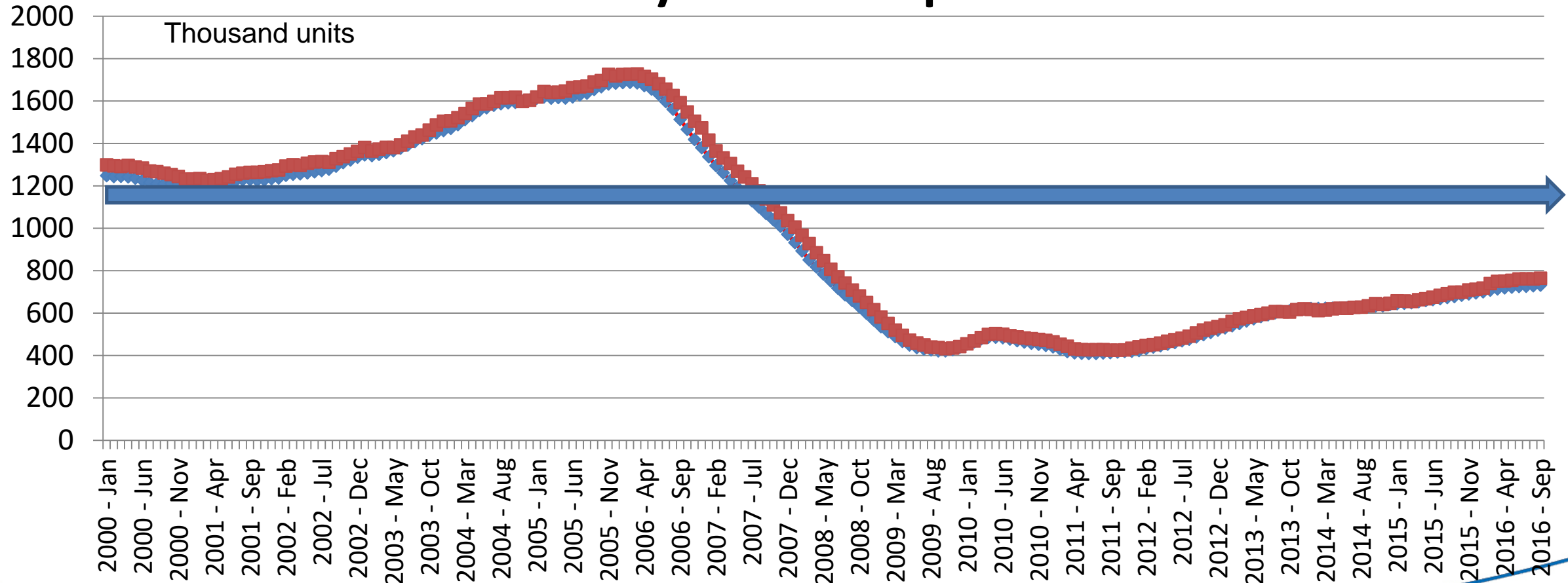
EXHIBIT 6-25

MEDIAN SELLER TENURE IN HOME, 1985-2016

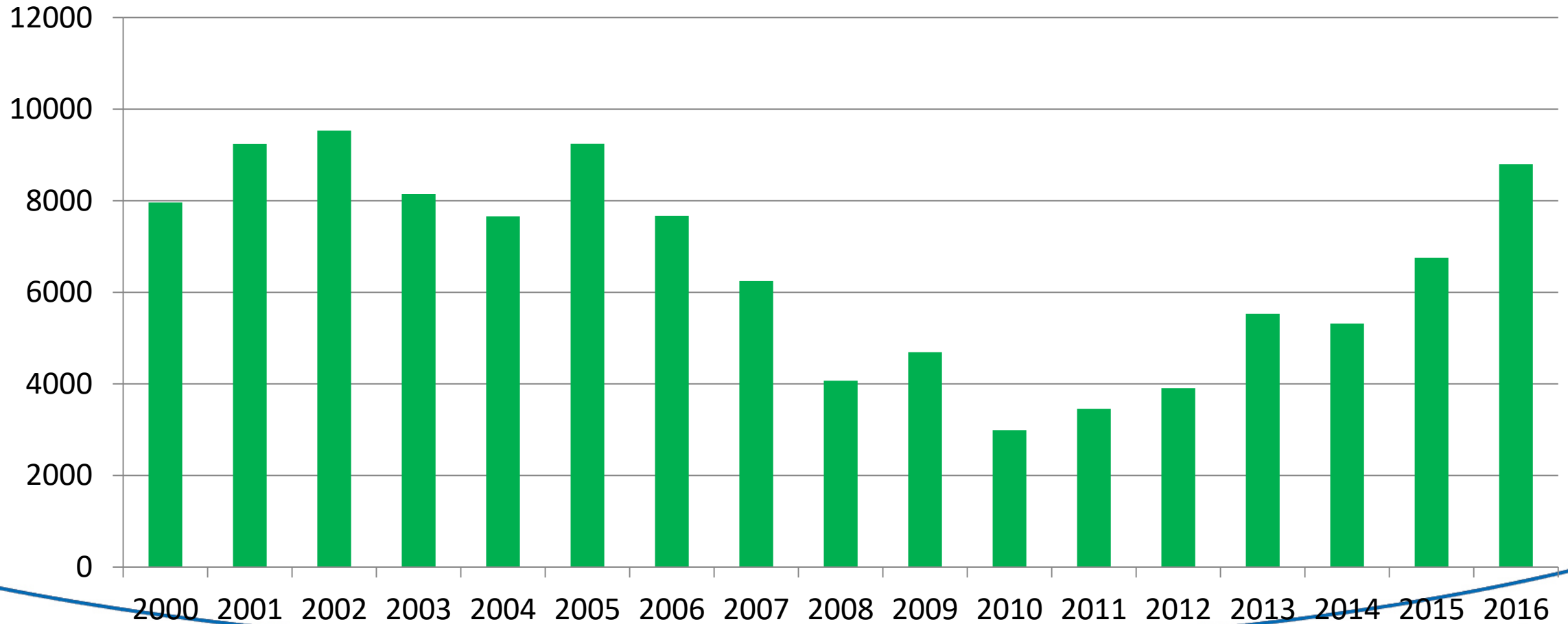
(Median Years)



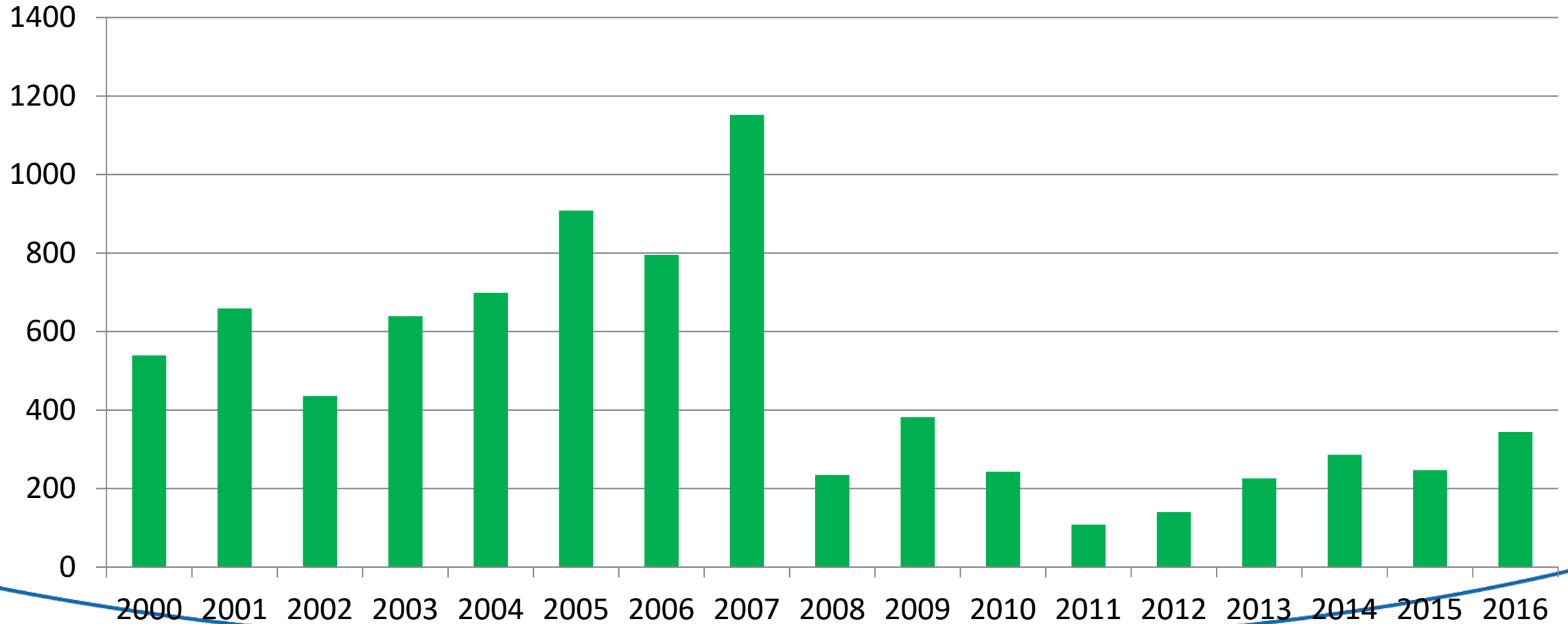
Single-family Housing Permits and Starts – Grossly Inadequate



Salt Lake City Housing Starts



Summit County Housing Starts



Forecast

Fed Rate Hike in December '15
in December '16
then again in '17?

Normal vs. Now

	2000 (Likely Normal)	2016
Existing Home Sales	5.2 million	5.3 million
New Home Sales	900,000	500,000
Population	282 million	324 million
Jobs	132 million	145 million
Total U.S. Household Wealth	\$44 trillion	\$85 trillion

Economic Forecast

	2015	2016 Likely	2017 Forecast	2018 Forecast
GDP Growth	2.6%	1.5%	2.1%	2.5%
Job Growth	+2.6 million	+2.0 million	+2.1 million	+2.4 million
CPI Inflation	0.3%	1.2%	2.5%	2.5%

Housing Forecast

	2015	2016 Likely	2017 Forecast	2018 Forecast
New Home Sales	500,000	570,000	620,000	700,000
Existing Home Sales	5.3 million	5.4 million	5.5 million	5.7 million
Median Price Growth	+ 6.8%	+5.3%	4.0%	3.2%
30-year Rate	3.9%	3.6%	4.4%	4.8%

Trump Presidency

- Dodd-Frank?
- Need Construction Workers ... Community College Training
- Fannie/Freddie and Mortgage Availability?
- Tax Simplification? and Mortgage Interest Deduction and 1031 exchange
- Natural Disaster and Flood Insurance?
- EPA, land use, development fees?