

Economic & Real Estate Outlook

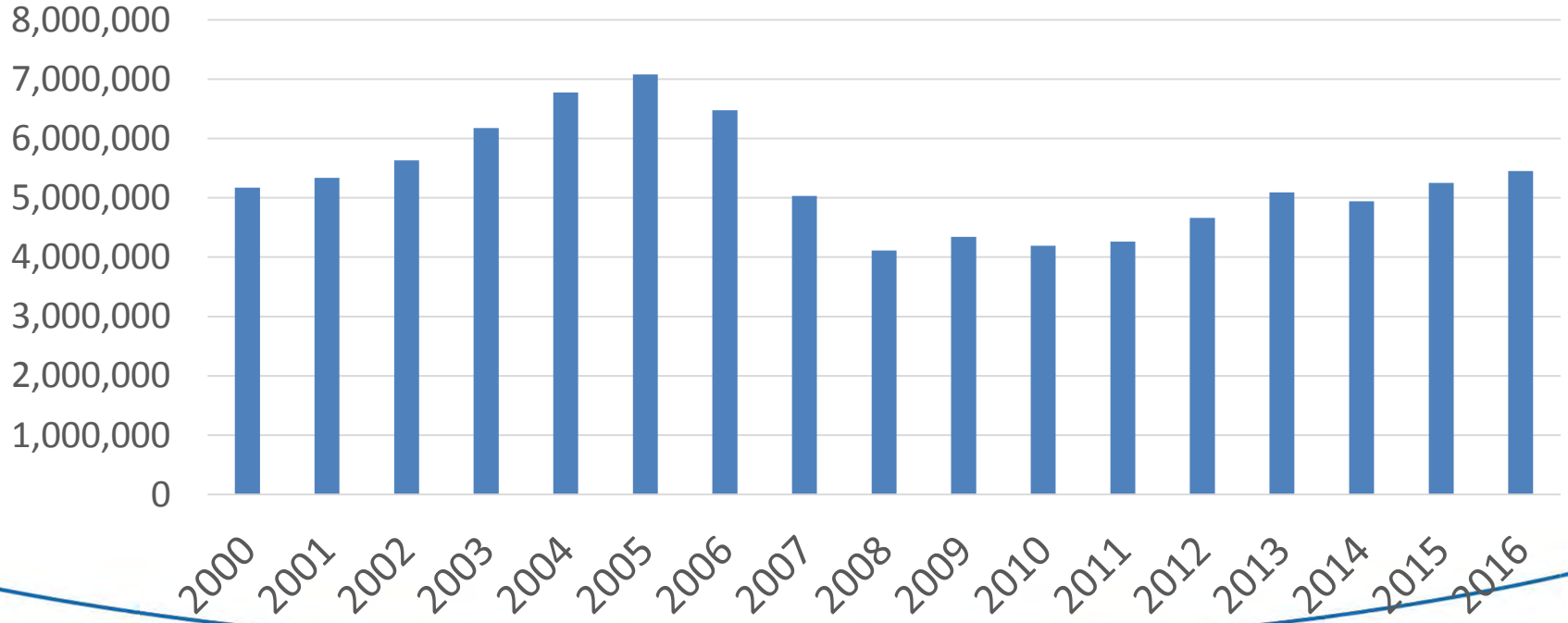
By Lawrence Yun, Ph.D.

Chief Economist, National Association of REALTORS®

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

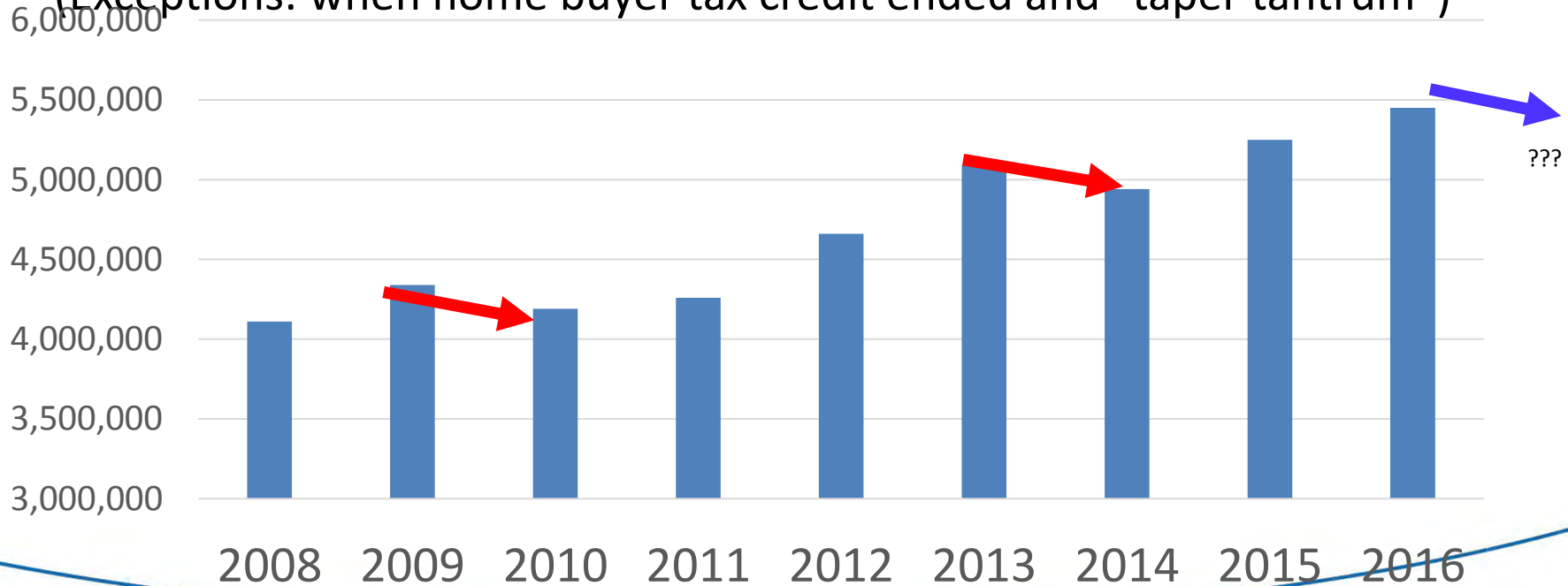
October 19, 2017

Existing Home Sales



Existing Home Sales – Mostly Rising in Recent Years

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



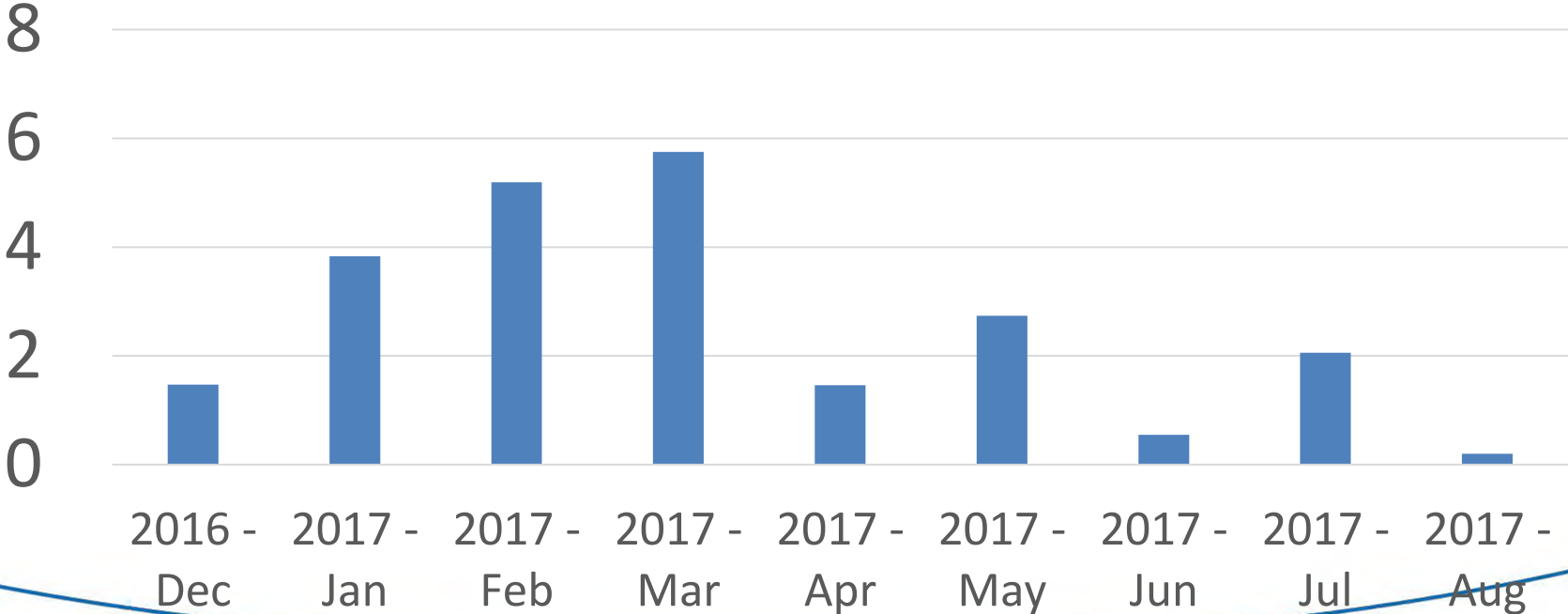
Mortgage Rates

30-year Fixed Rate

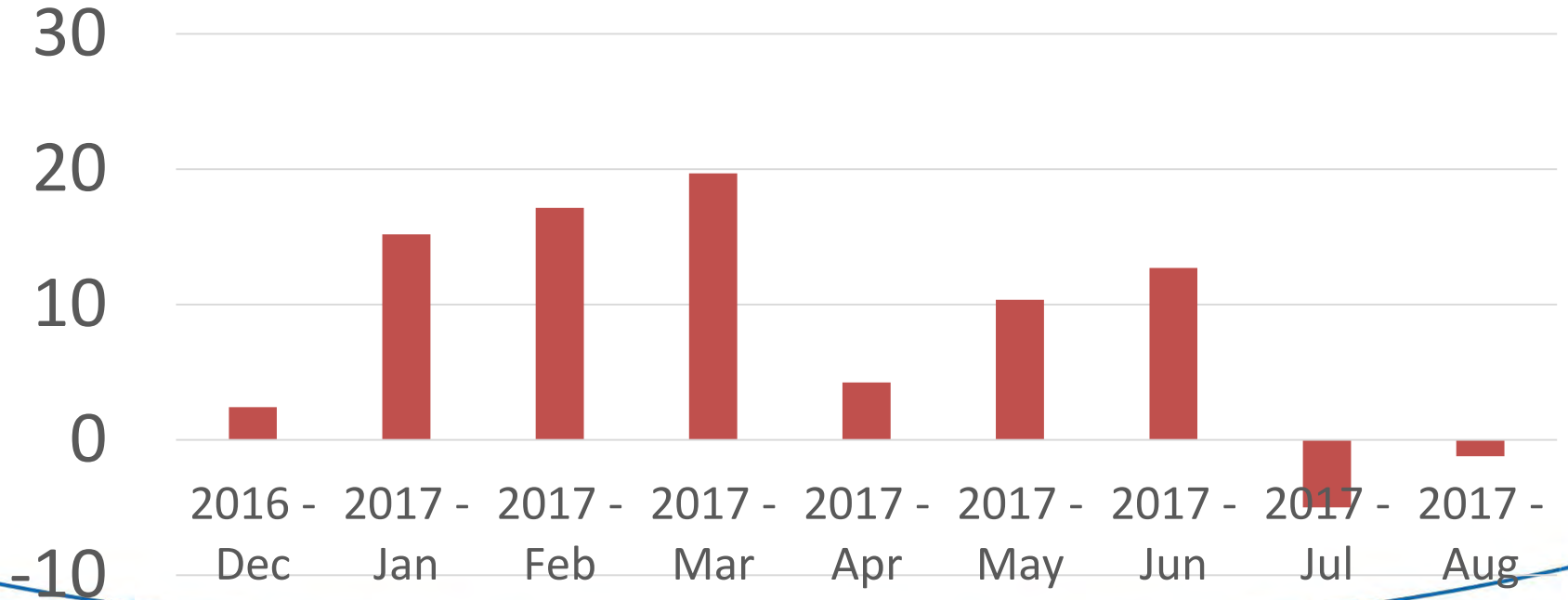


Existing Home Sales Rising After Election

(% change from one year ago)

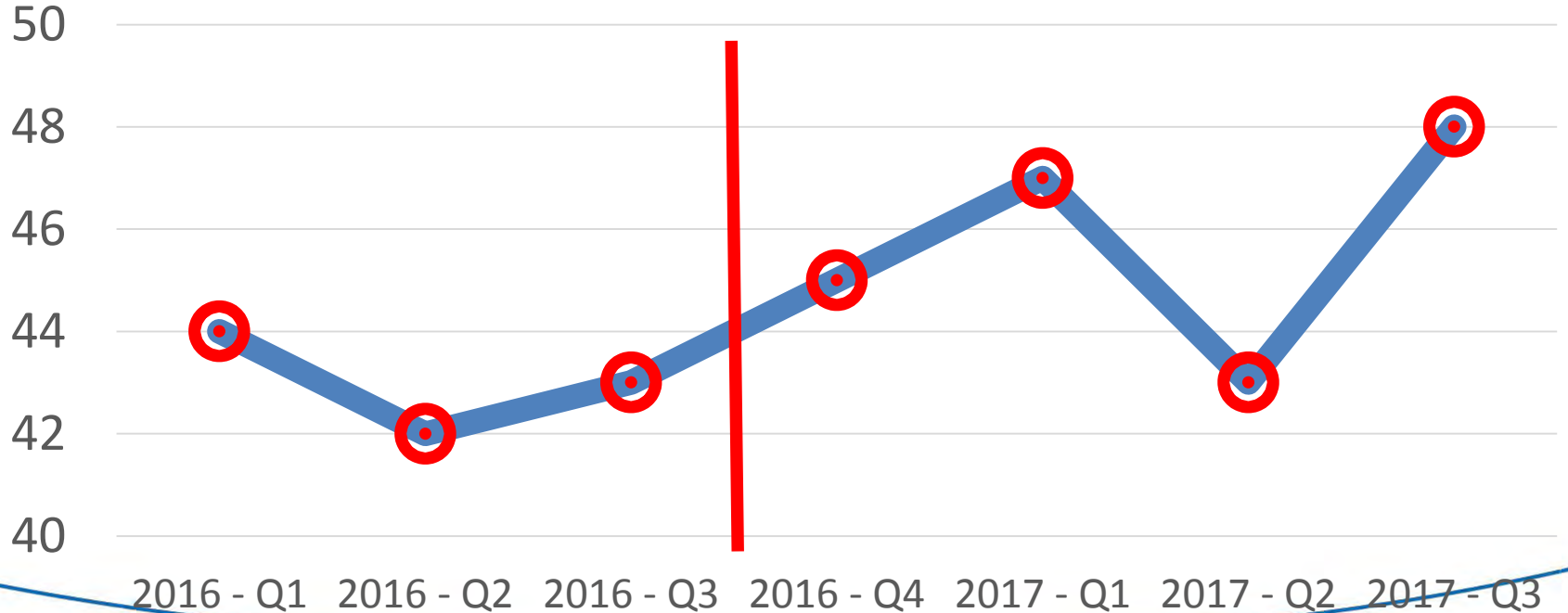


New Home Sales Rising – After Election

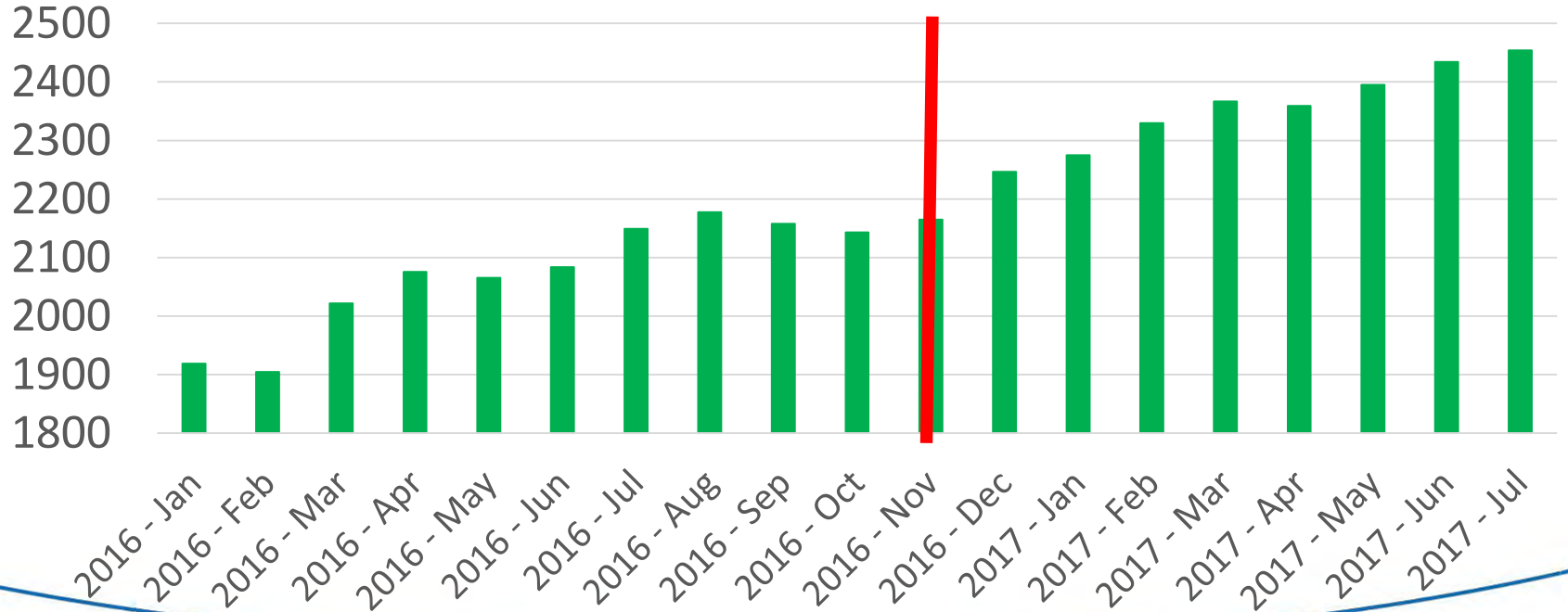


NAR HOME Survey of Consumers

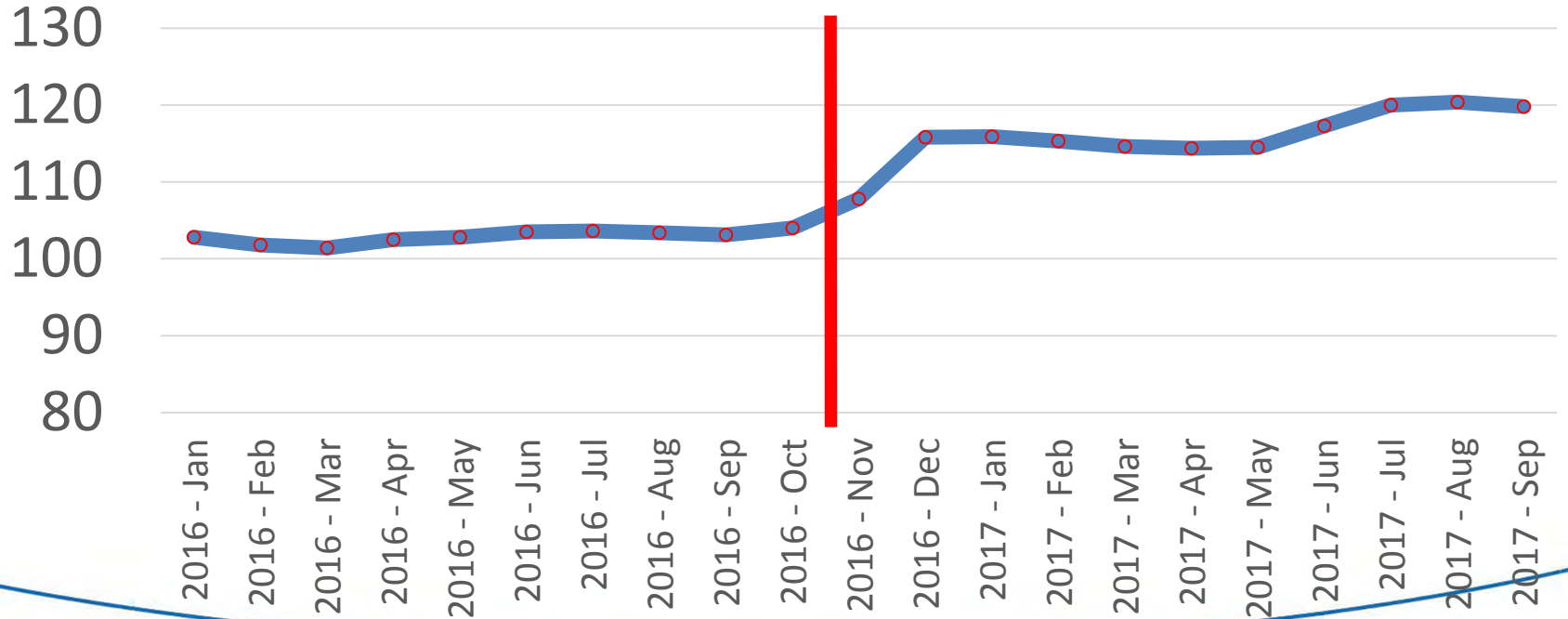
% Strongly indicating Good Time to Buy



Stock Market: S&P 500 Index

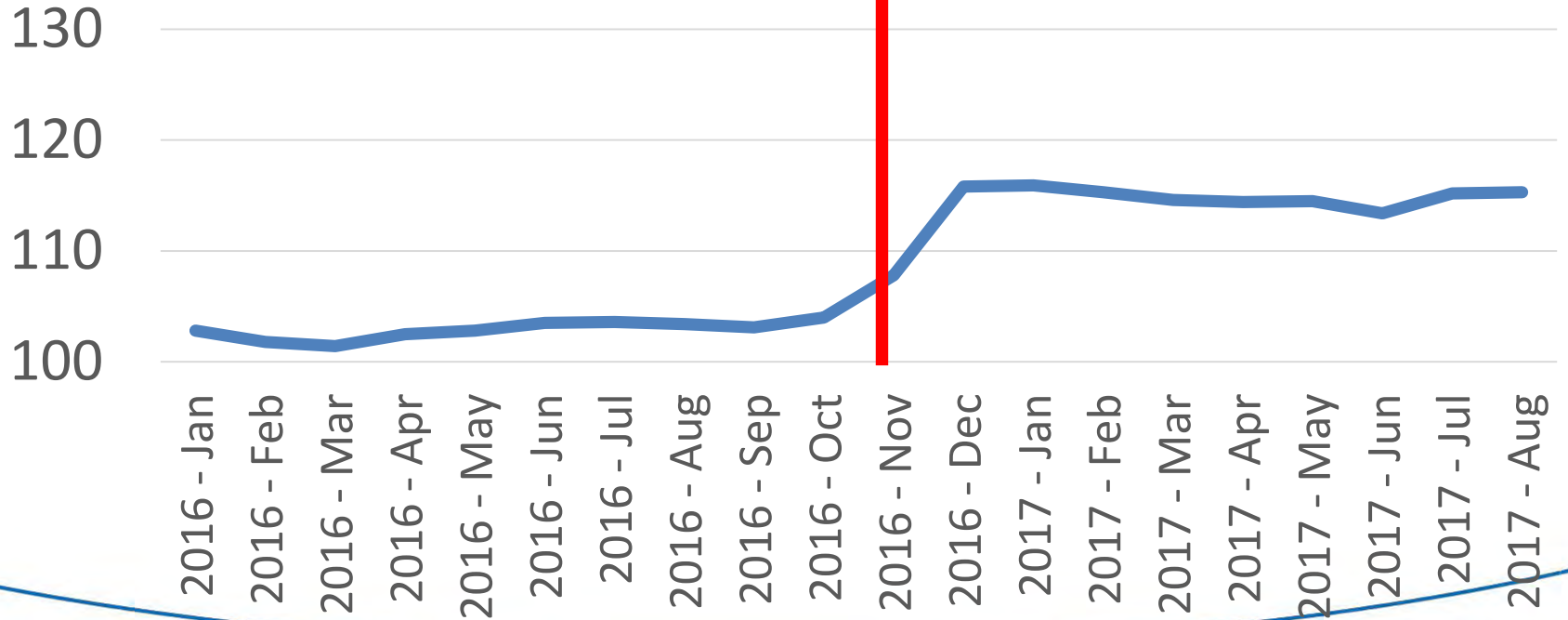


Animal Spirit Revival of Consumers? Consumer Confidence Index



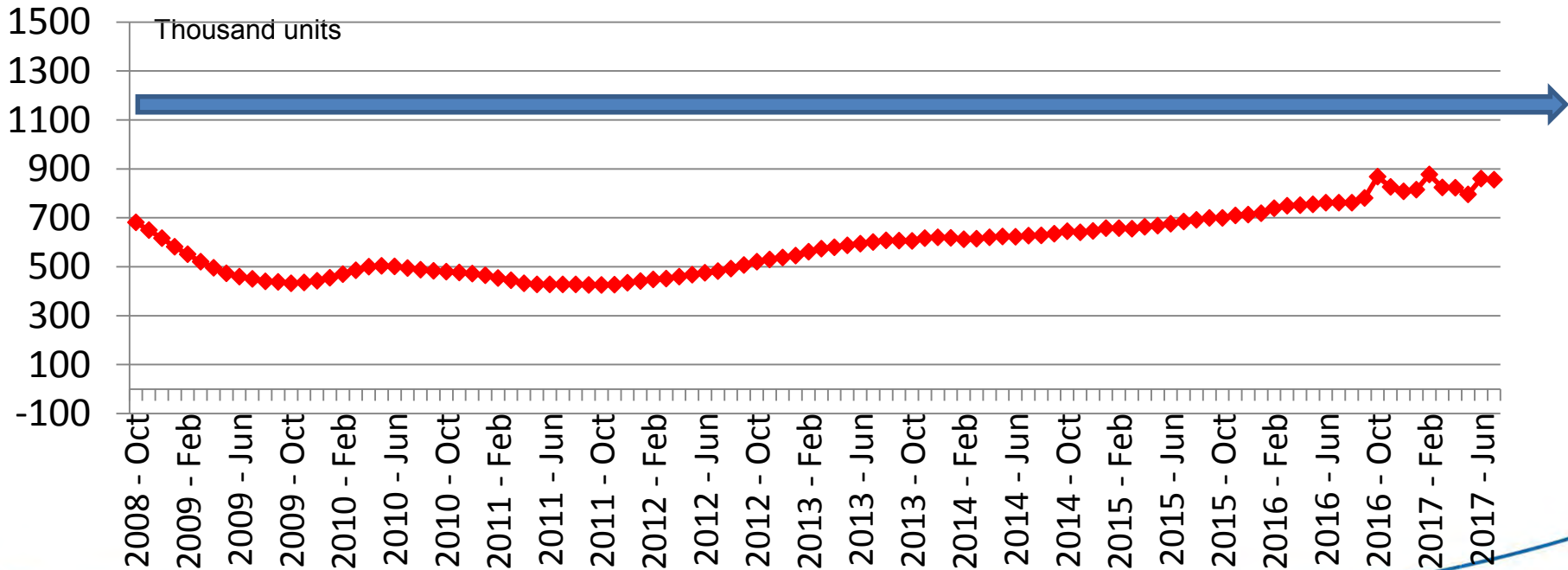
Animal Spirit Revival of Businesses?

Small Business Optimism Index

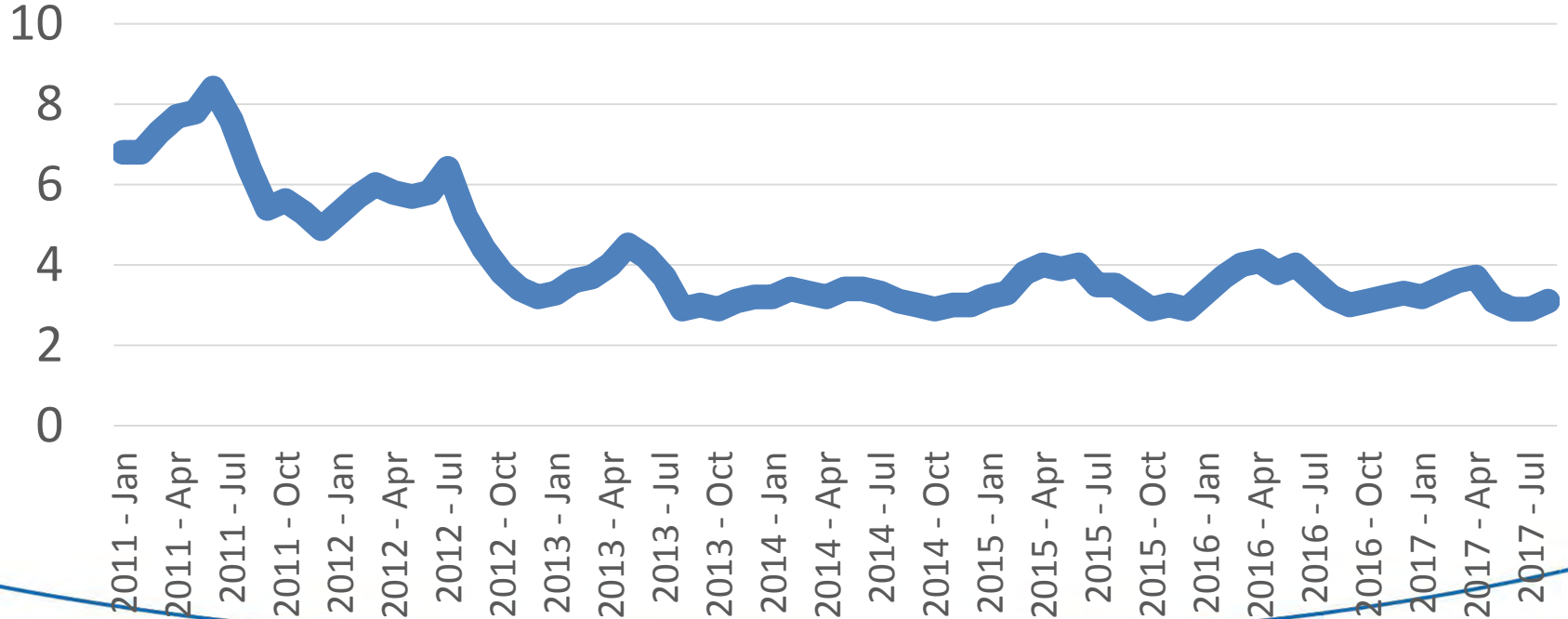


Single-family Housing Starts

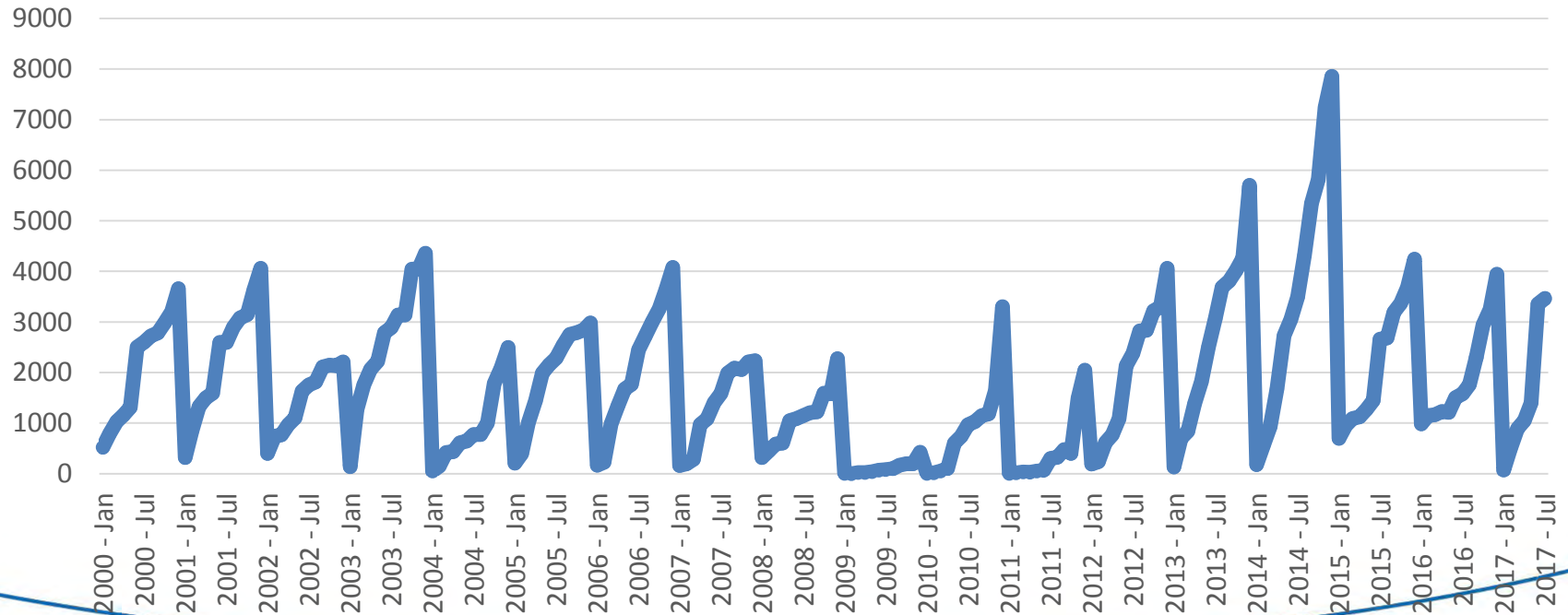
(Shortage of *Lots, Labor, Lending, Lumber*)



Months to Sell a Newly Built Home

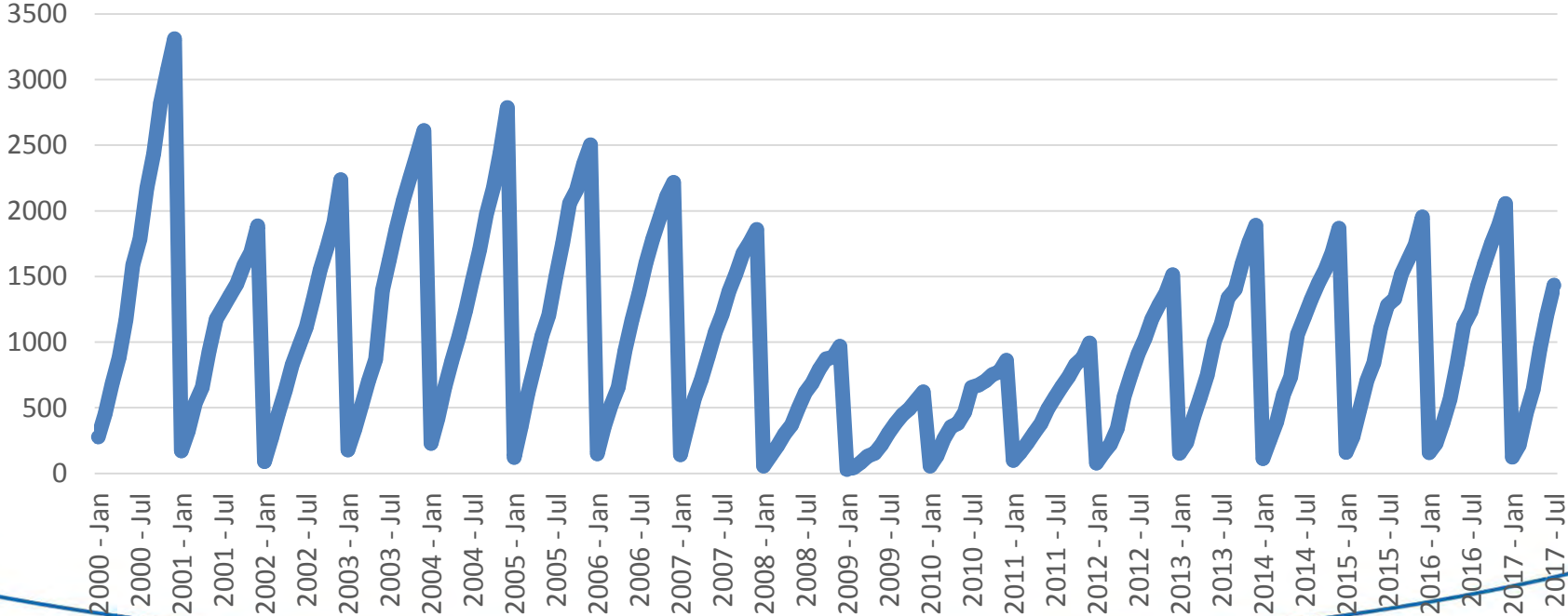


San Jose – Sunnyvale – Santa Clara Area Metro Multifamily Permits (year-to-date)



San Jose – Sunnyvale – Santa Clara Area Metro

Single-family Housing Permits: year-to-date



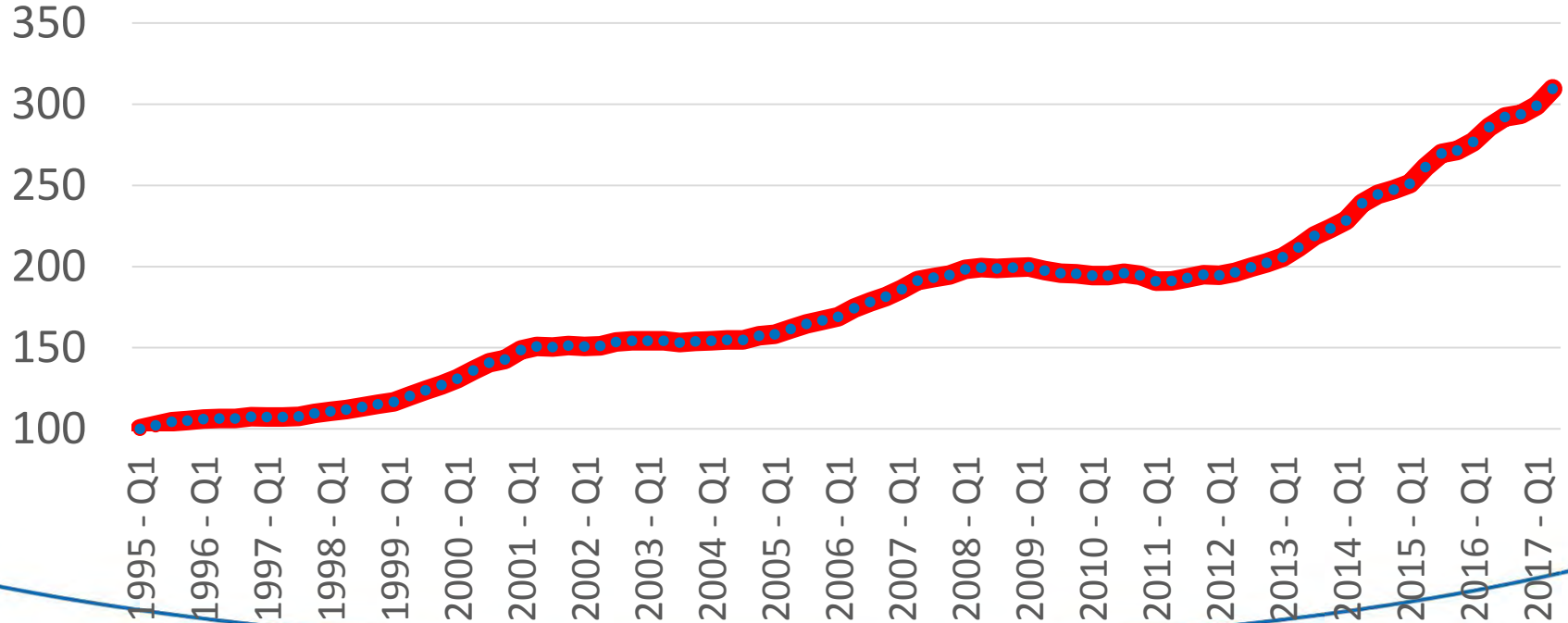
Santa Clara County Housing Statistics

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

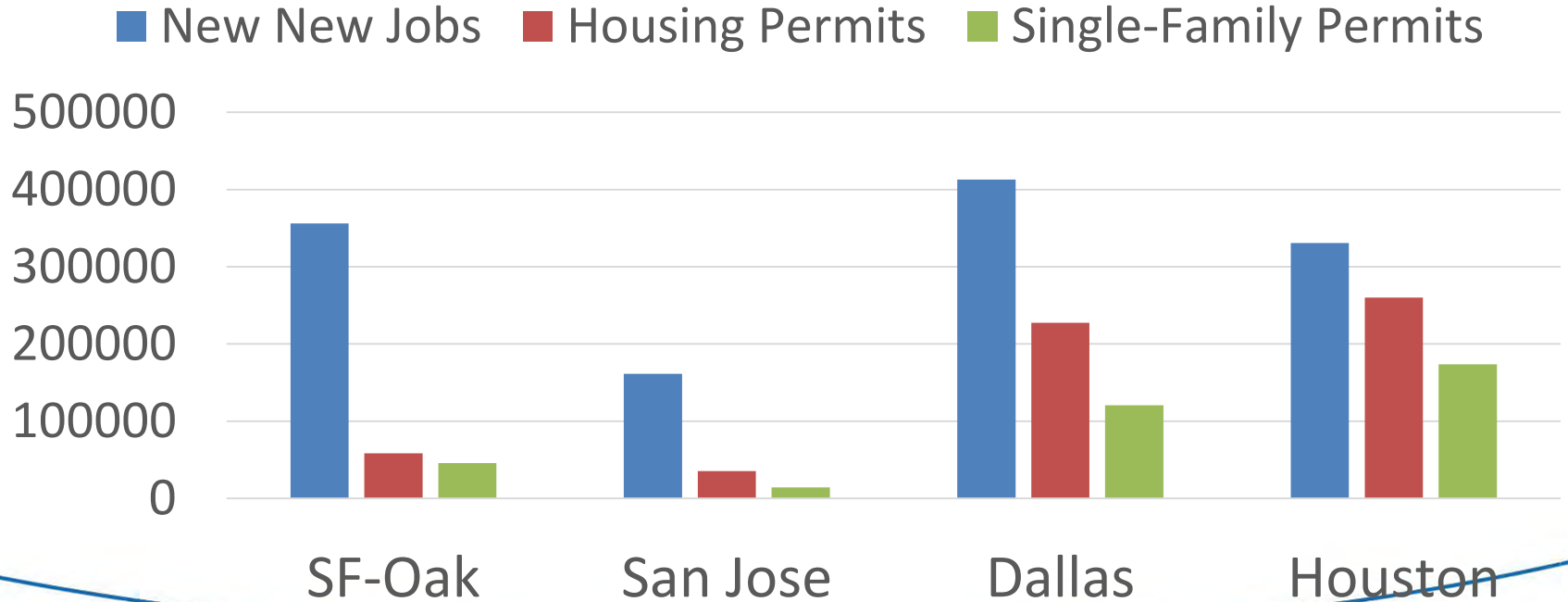
San Mateo County Housing Statistics

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

Home Price Index (Constant Quality) Austin

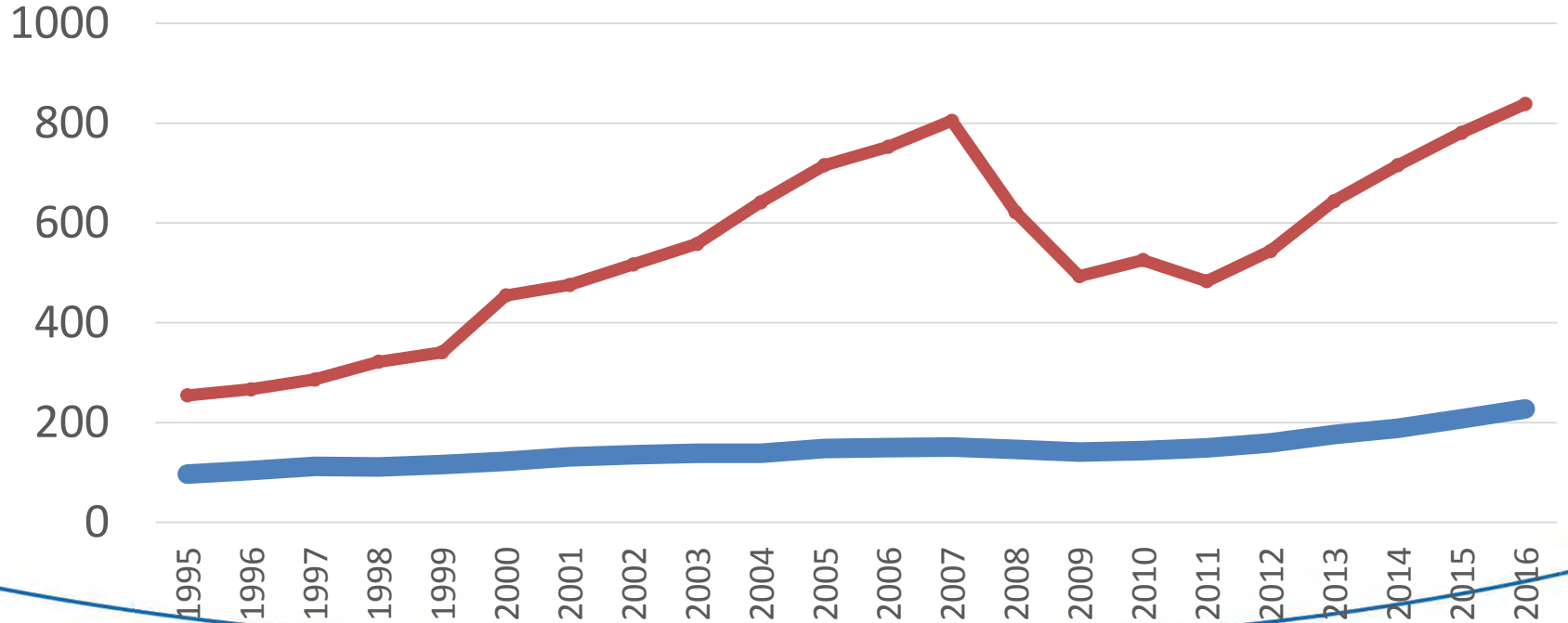


Job Creation and Housing Construction Cumulative over Recent 5 years



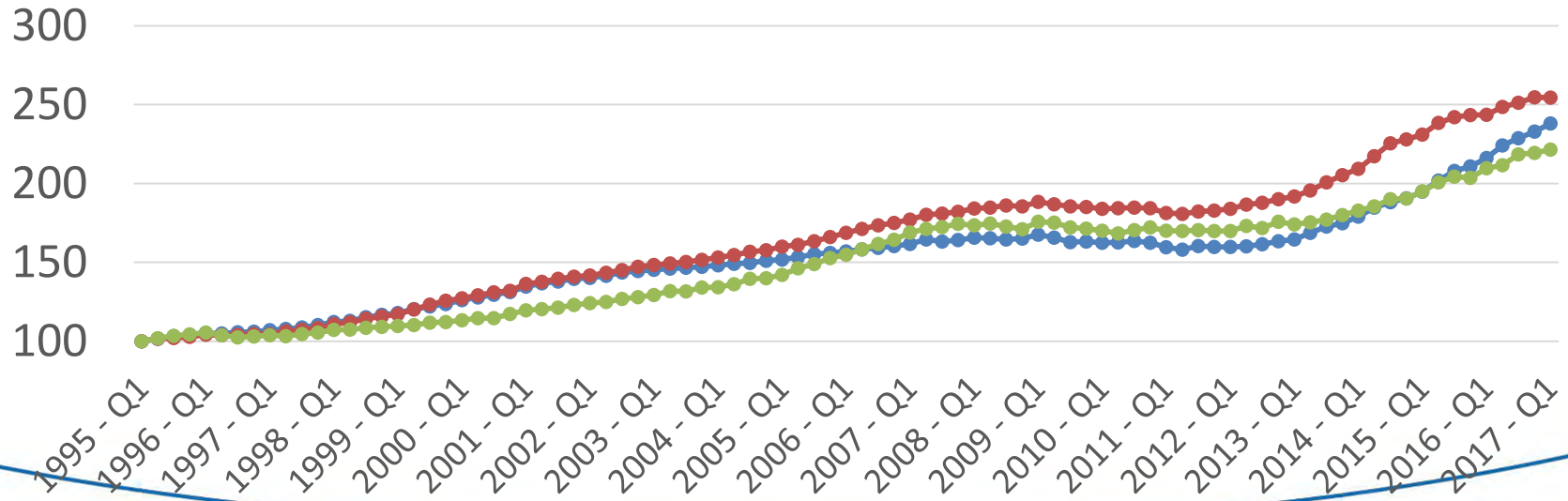
Median Home Price

San Francisco vs. Dallas



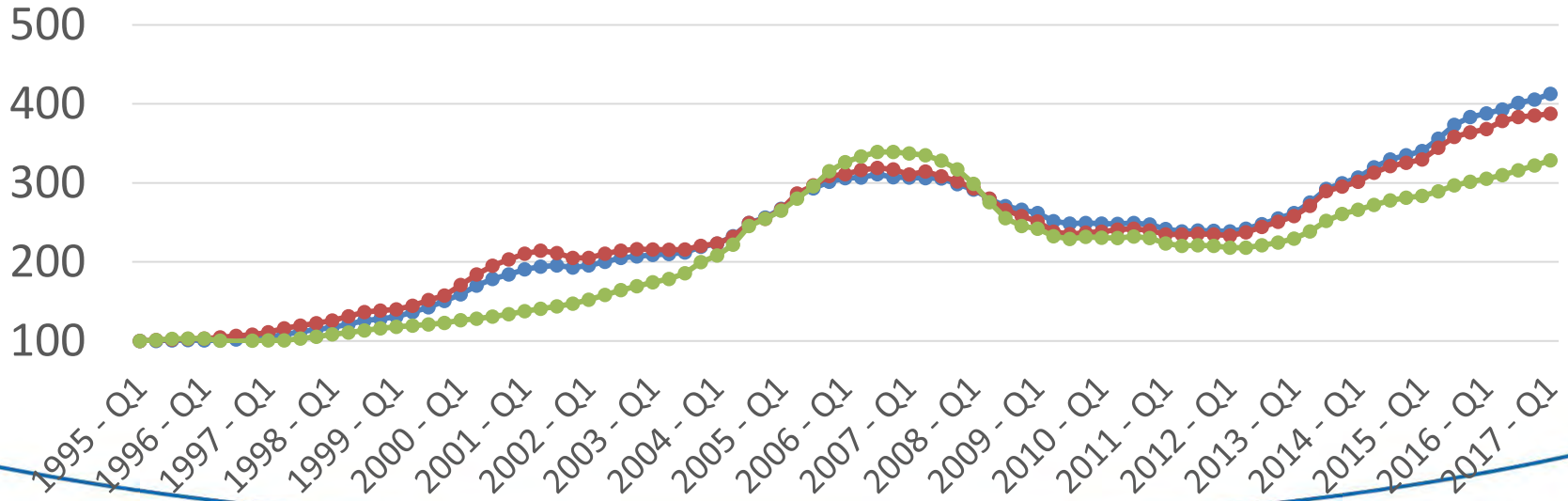
Texas Markets: Home Price Index (Doubling in Price in 20 years)

—● Dallas —● Houston —● San Antonio



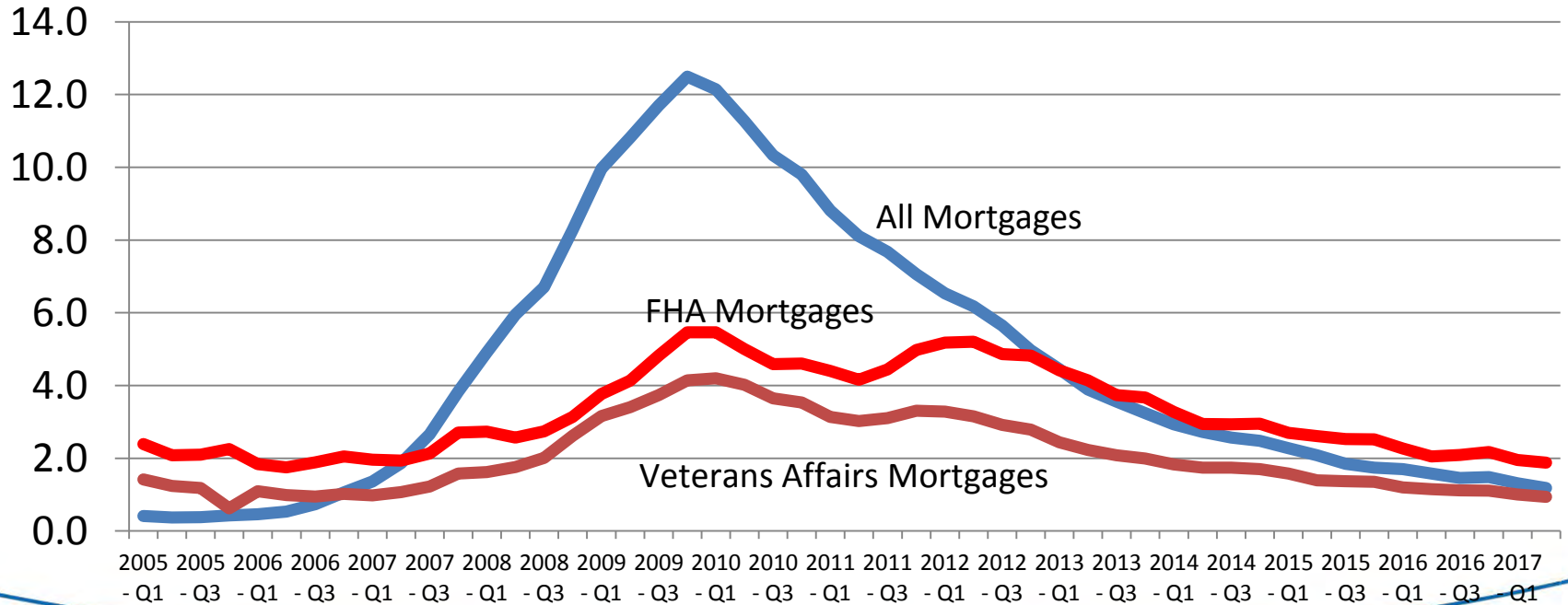
CA Markets: Home Price Index (Quadrupling in Price in 20 years)

— SF-Oak — SJ — LA

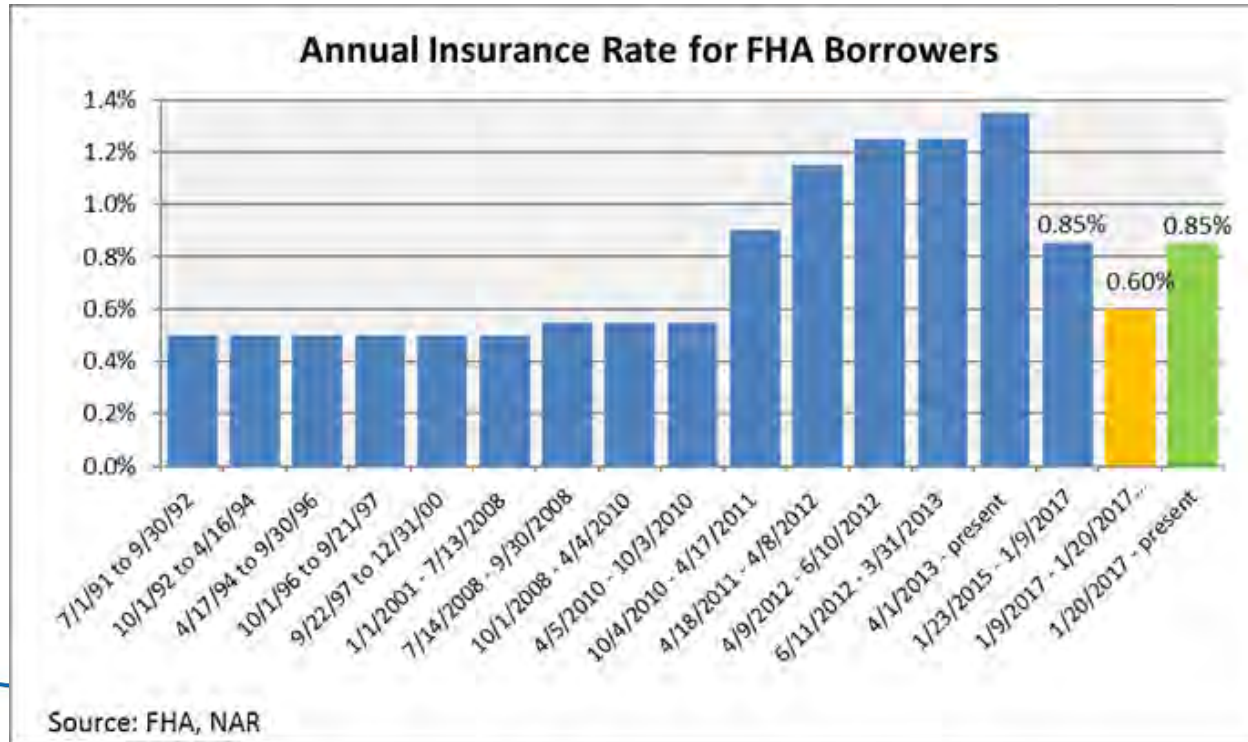


Fewer Borrowers Defaulting in California

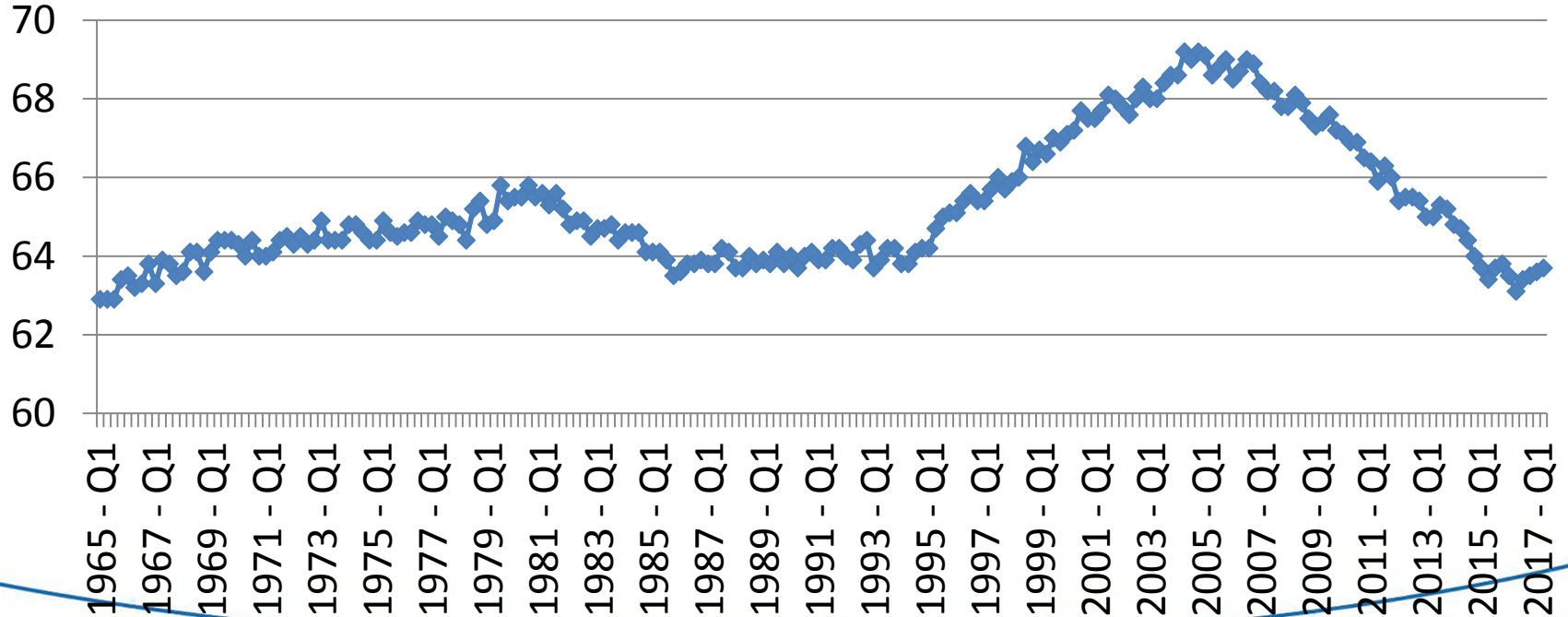
(Serious Delinquency Rate)



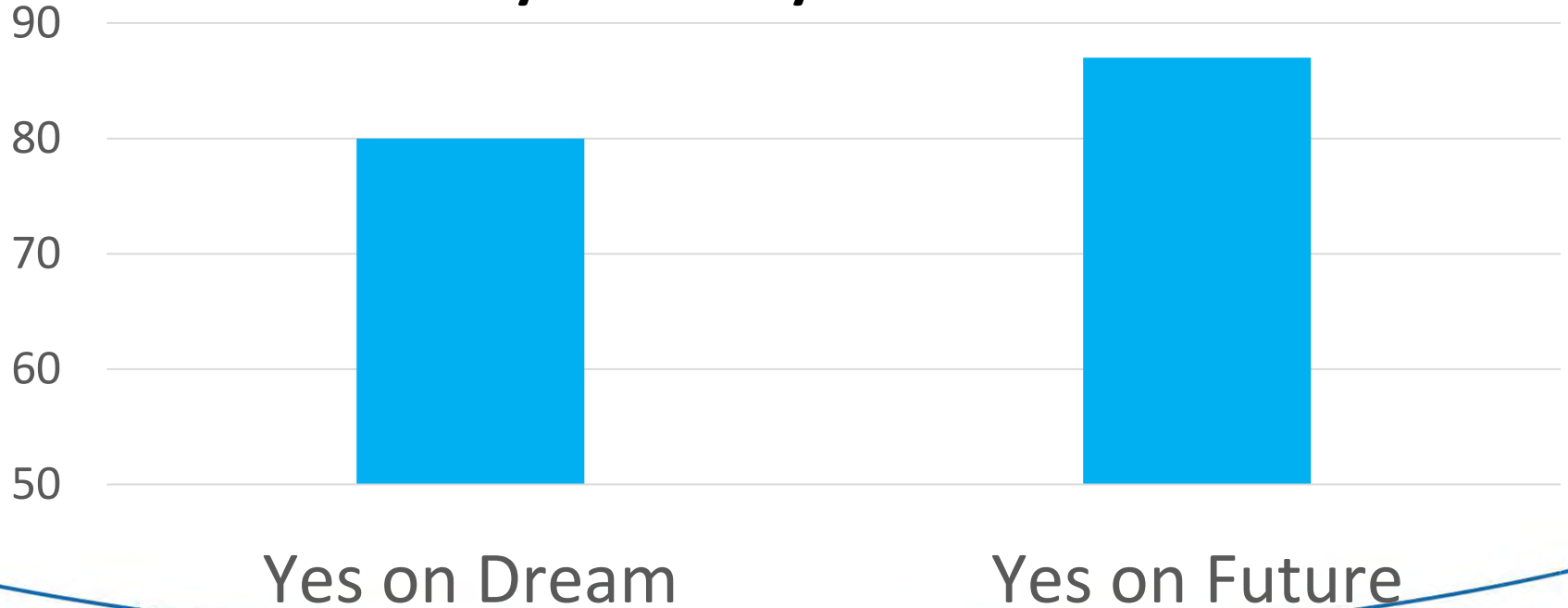
FHA Insurance Premium - High



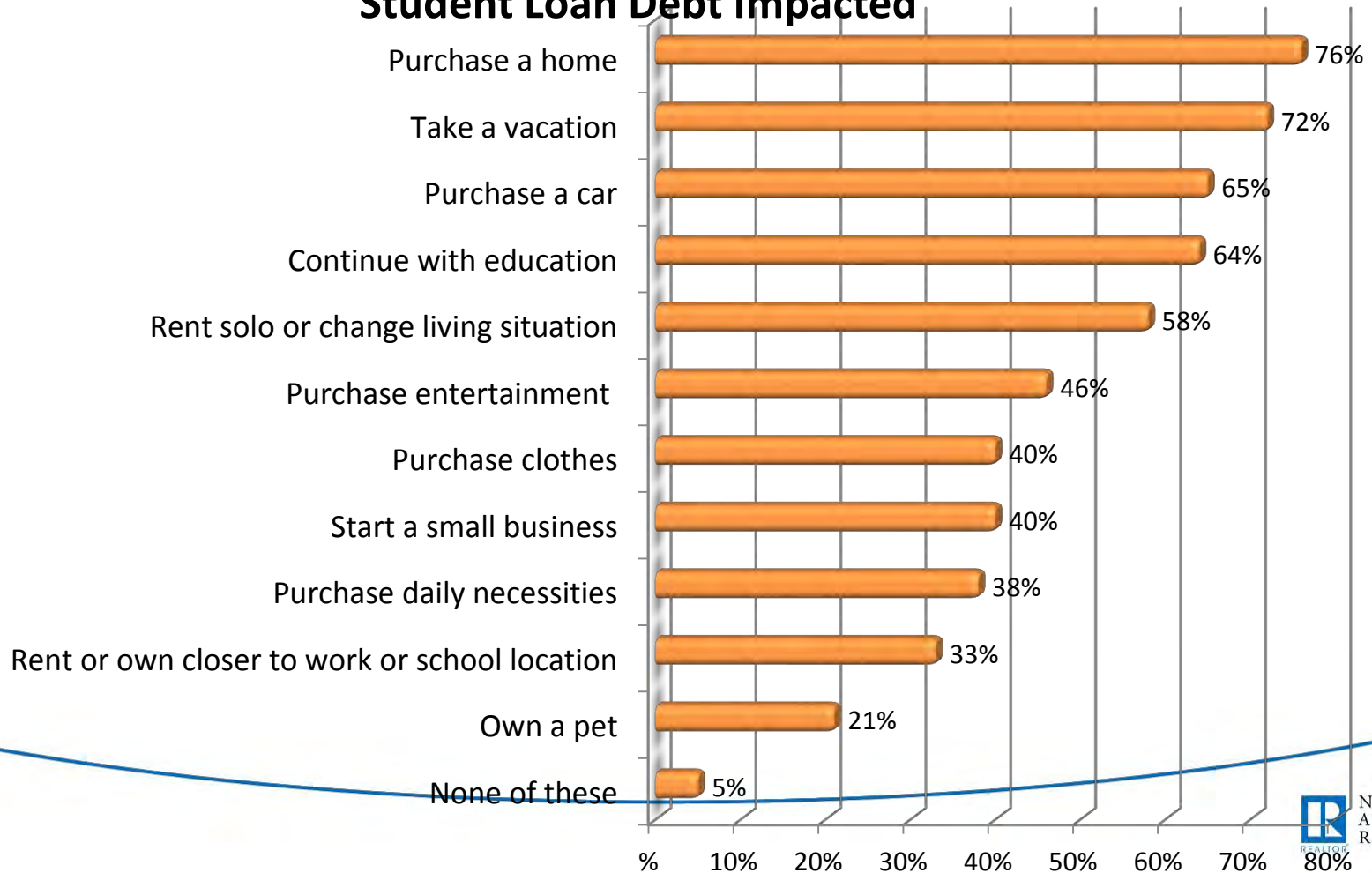
Homeownership Rate Still Near 50-year Lows



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

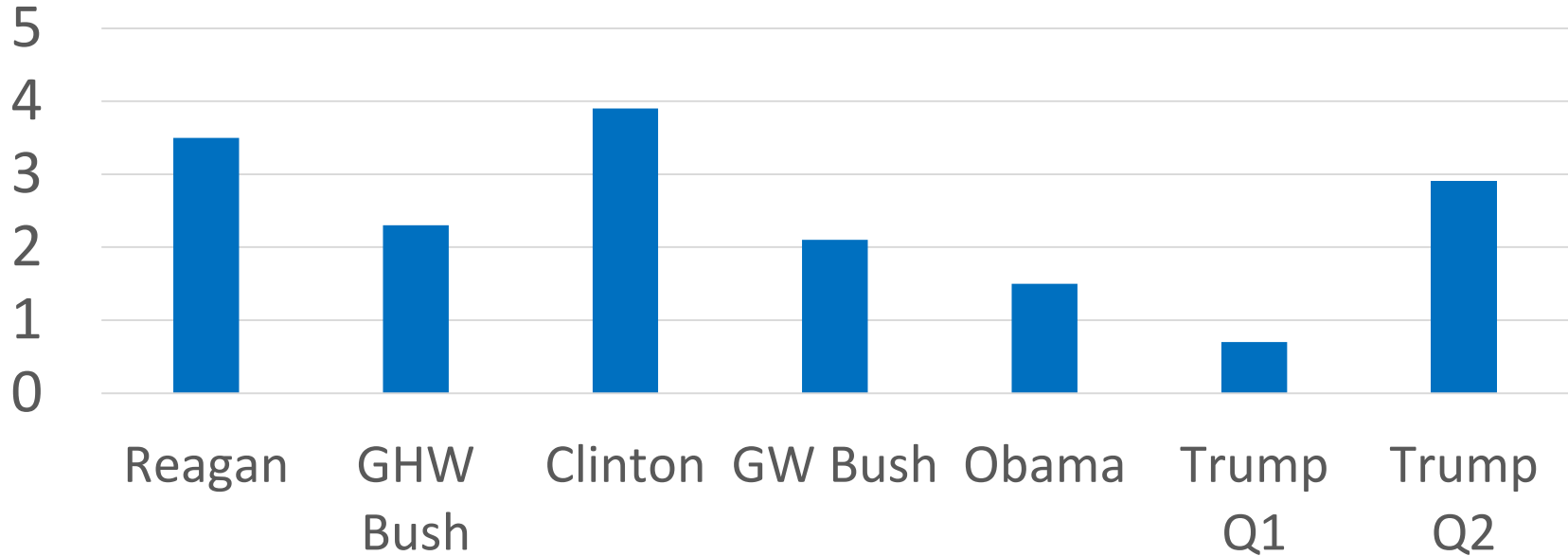


Student Loan Debt Impacted



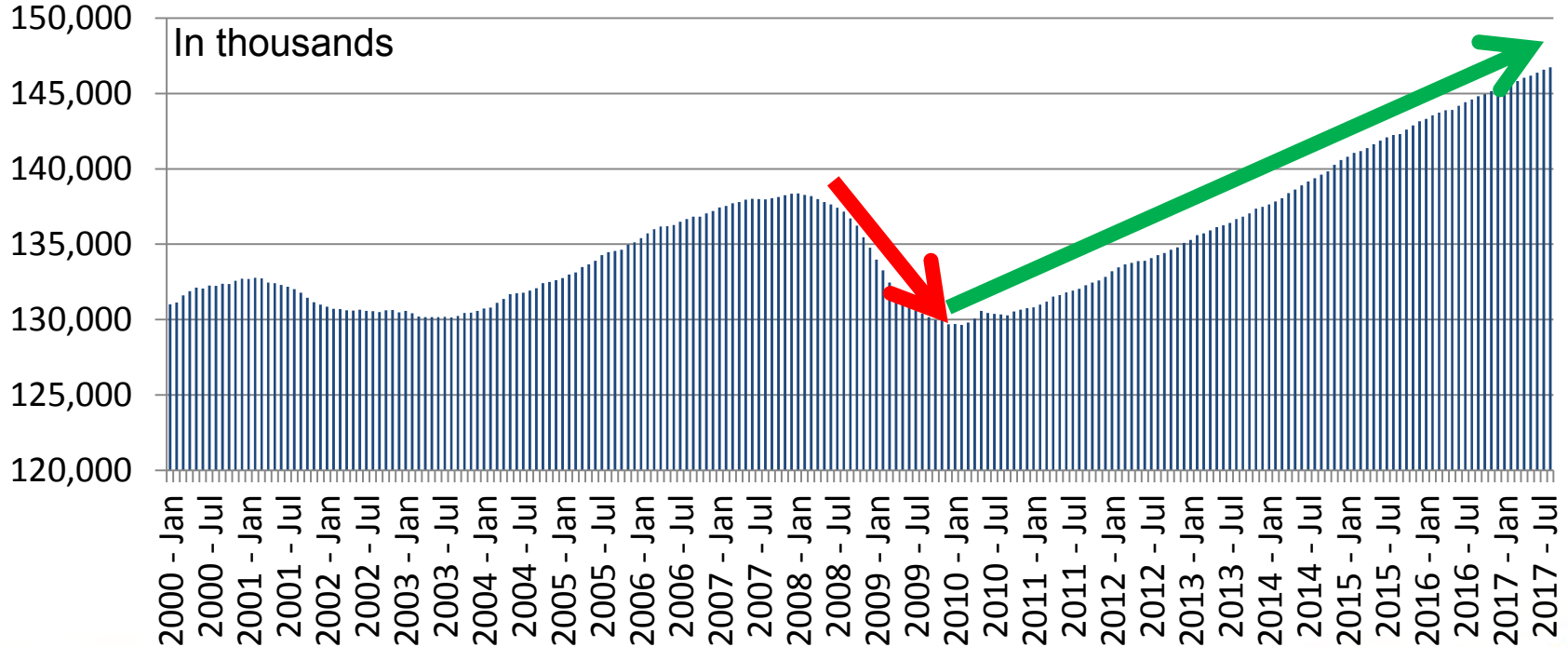
Economy?

GDP Growth Rates

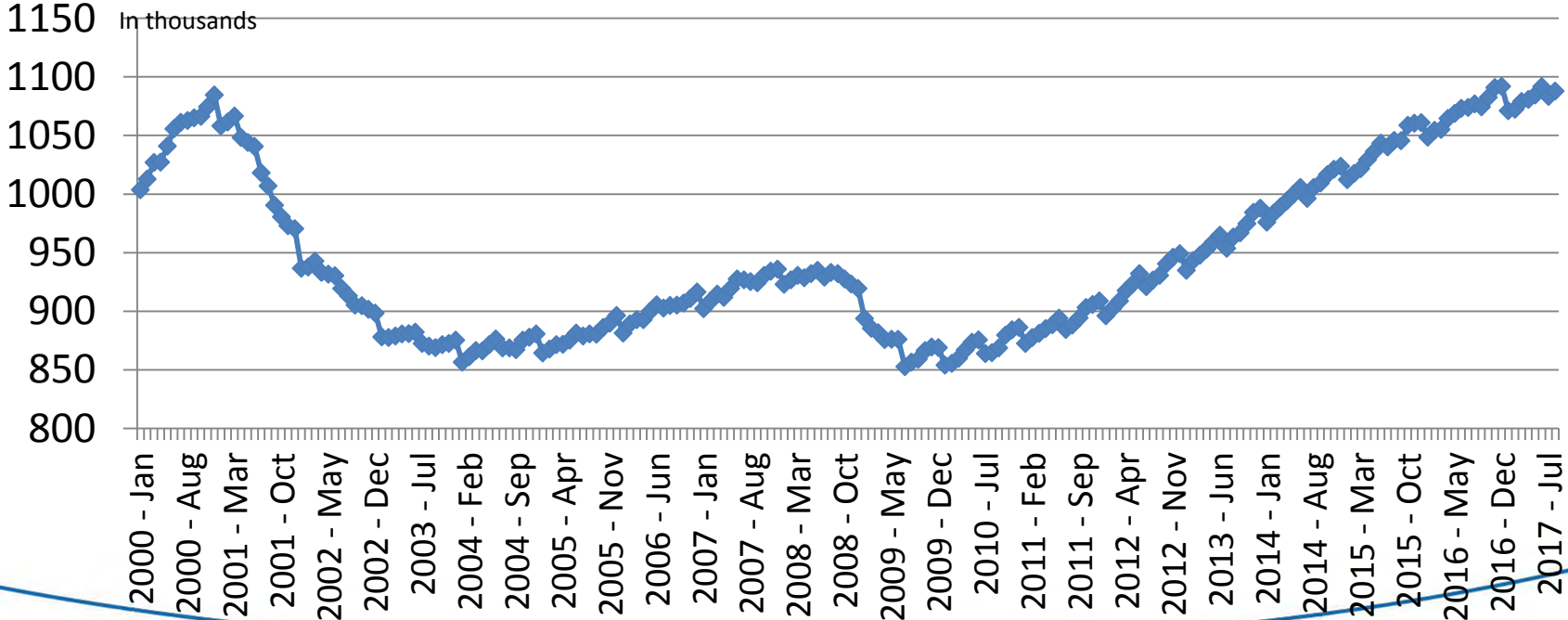


Jobs

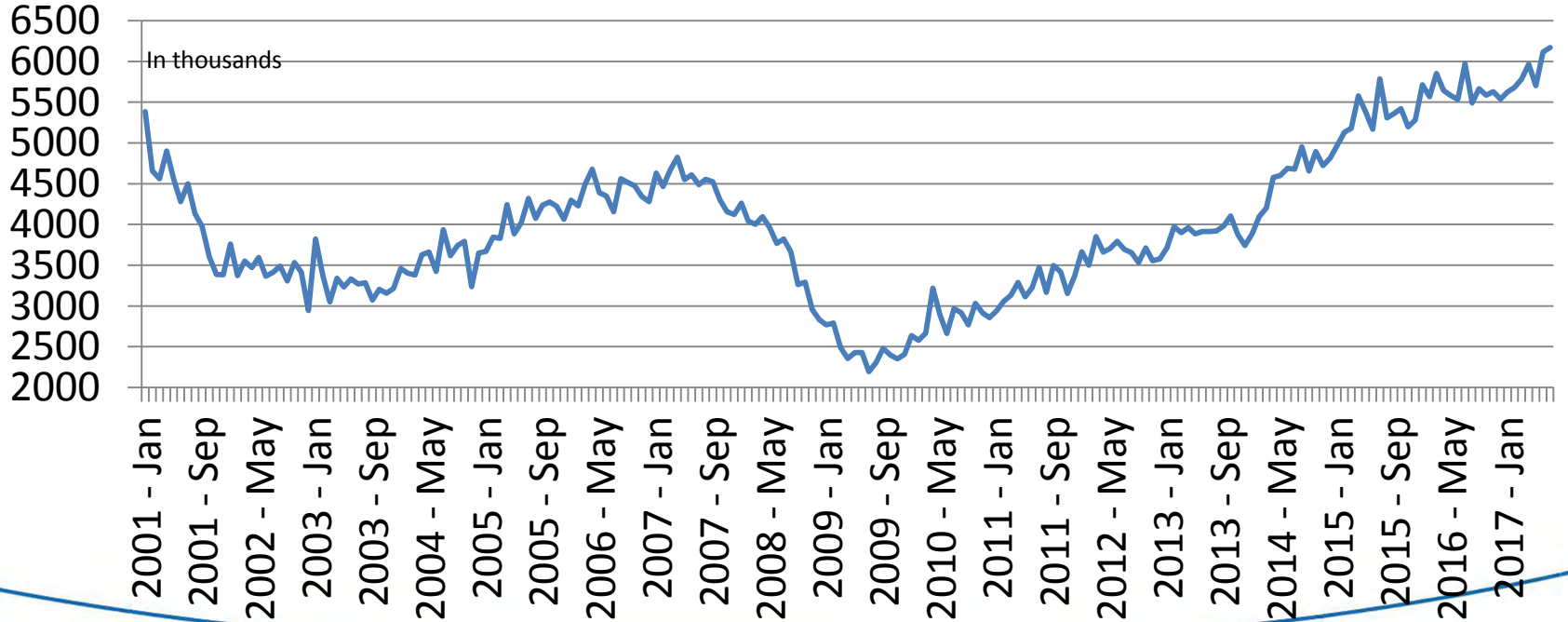
(8 million lost ... 16 million gained)



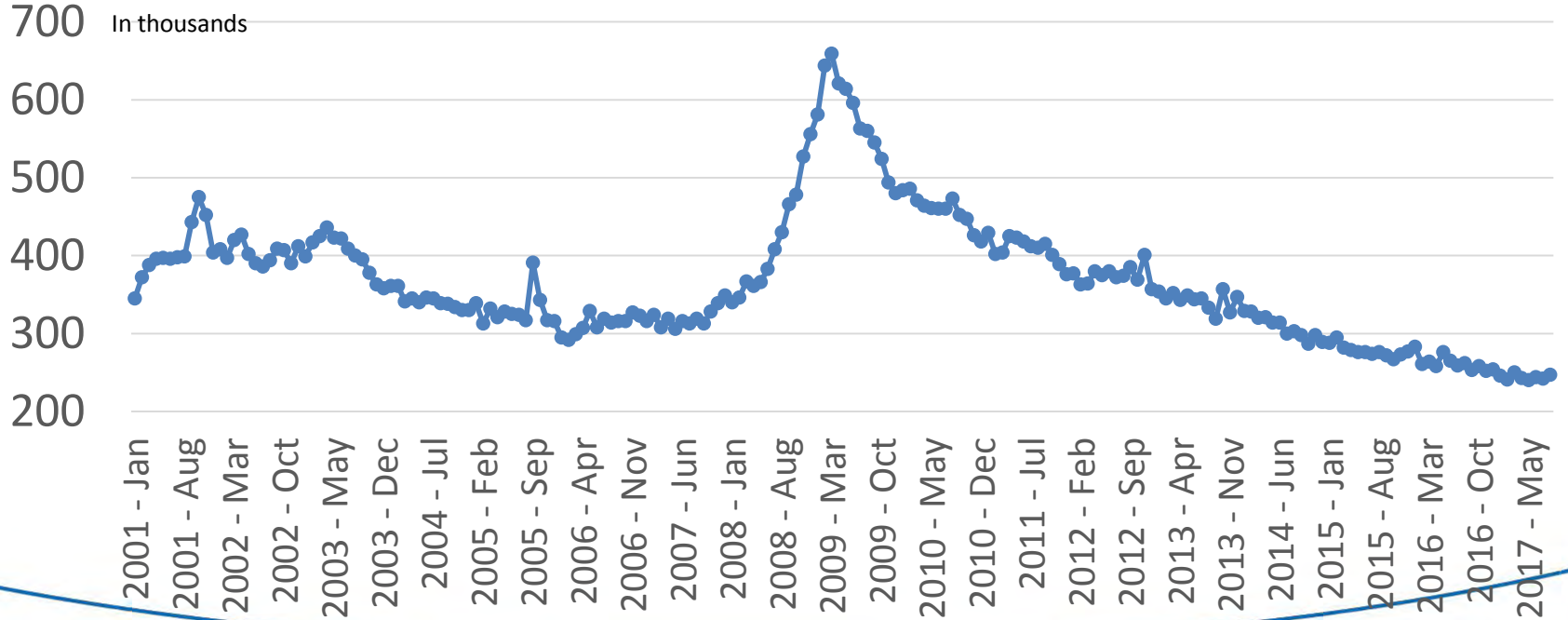
Total Jobs in San Jose Metro



Total Job Openings

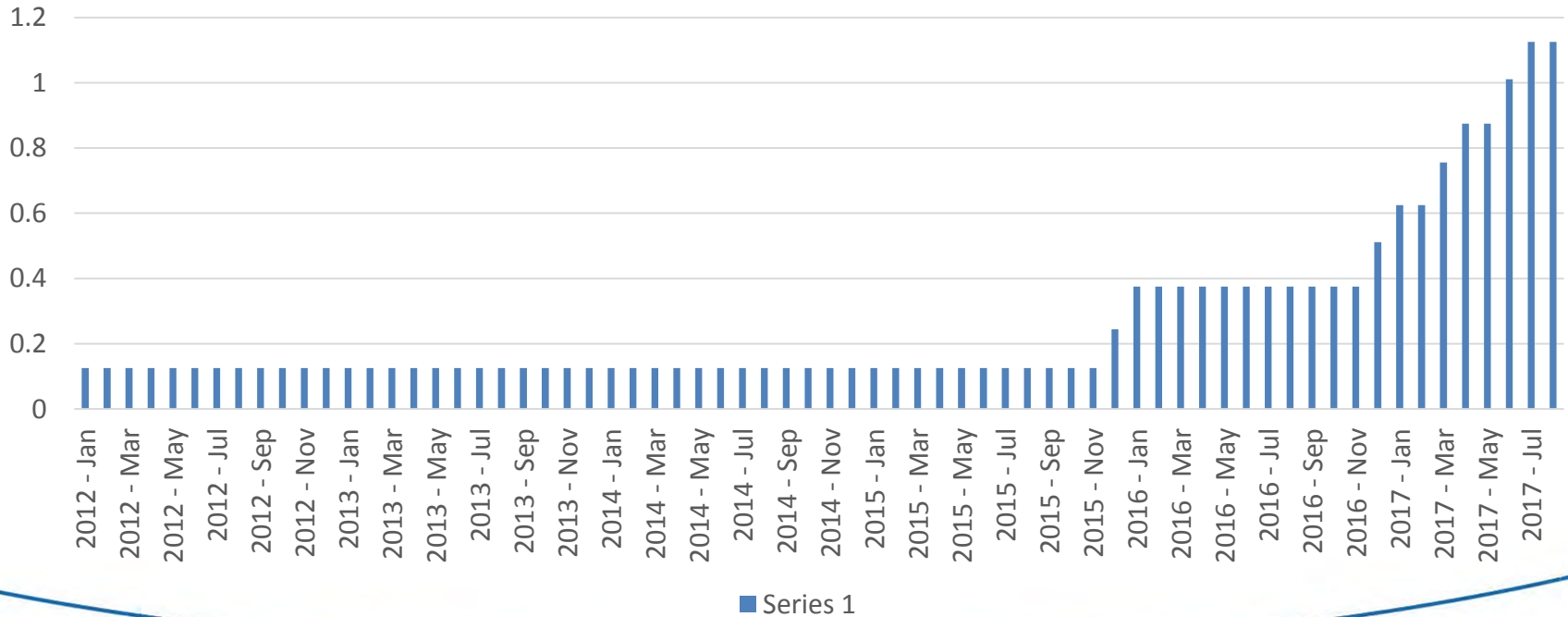


Weekly Initial Unemployment Insurance Filings



Monetary Policy

Fed Funds Rate

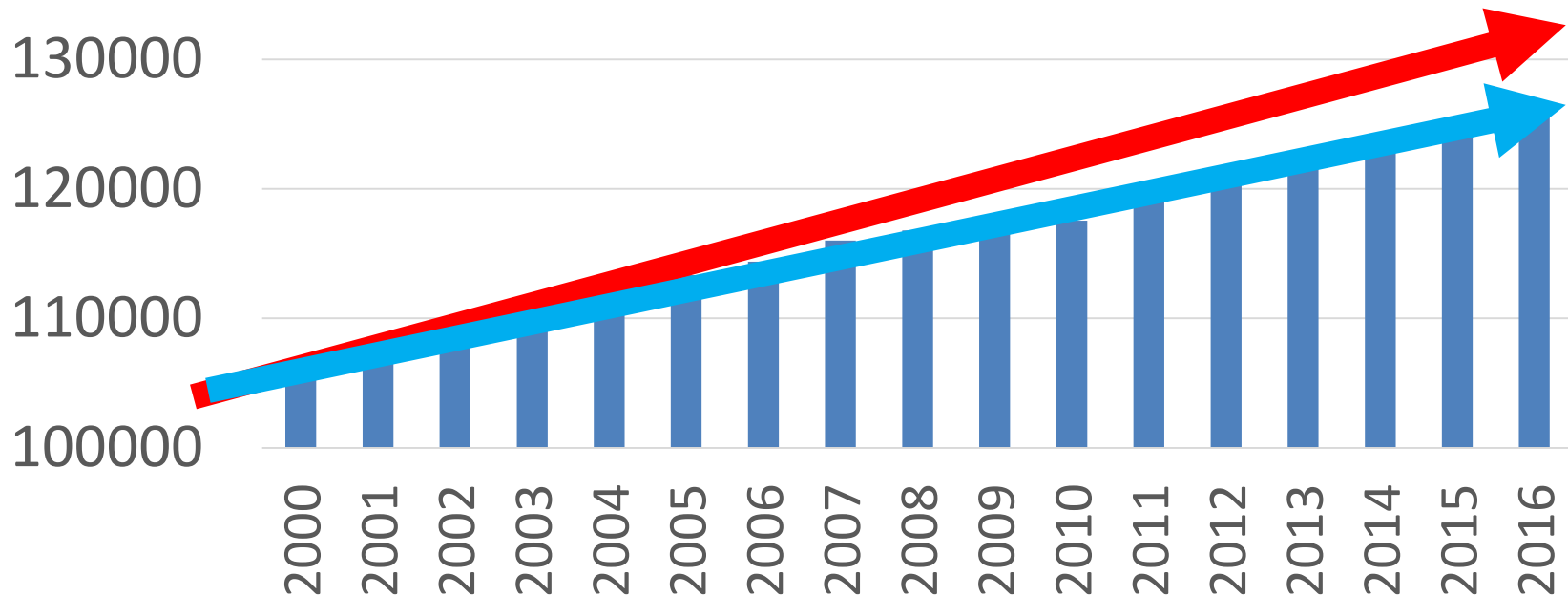


Economic Forecast

	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%

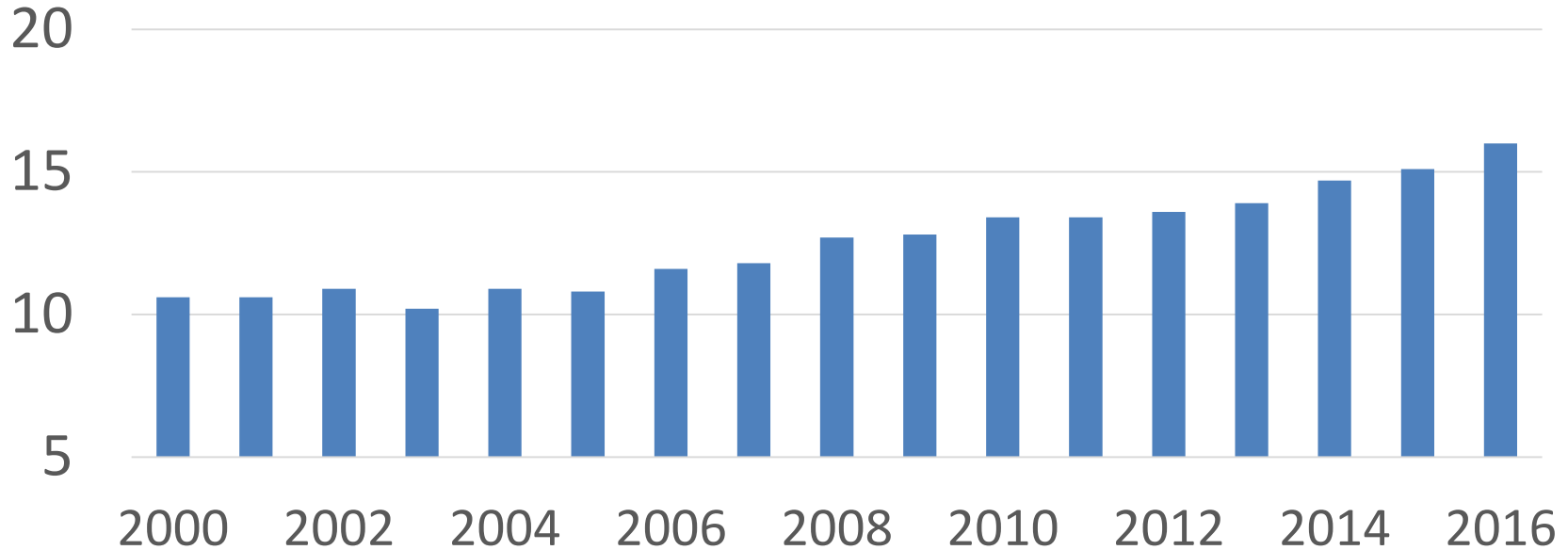
Actual versus projected Households

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?