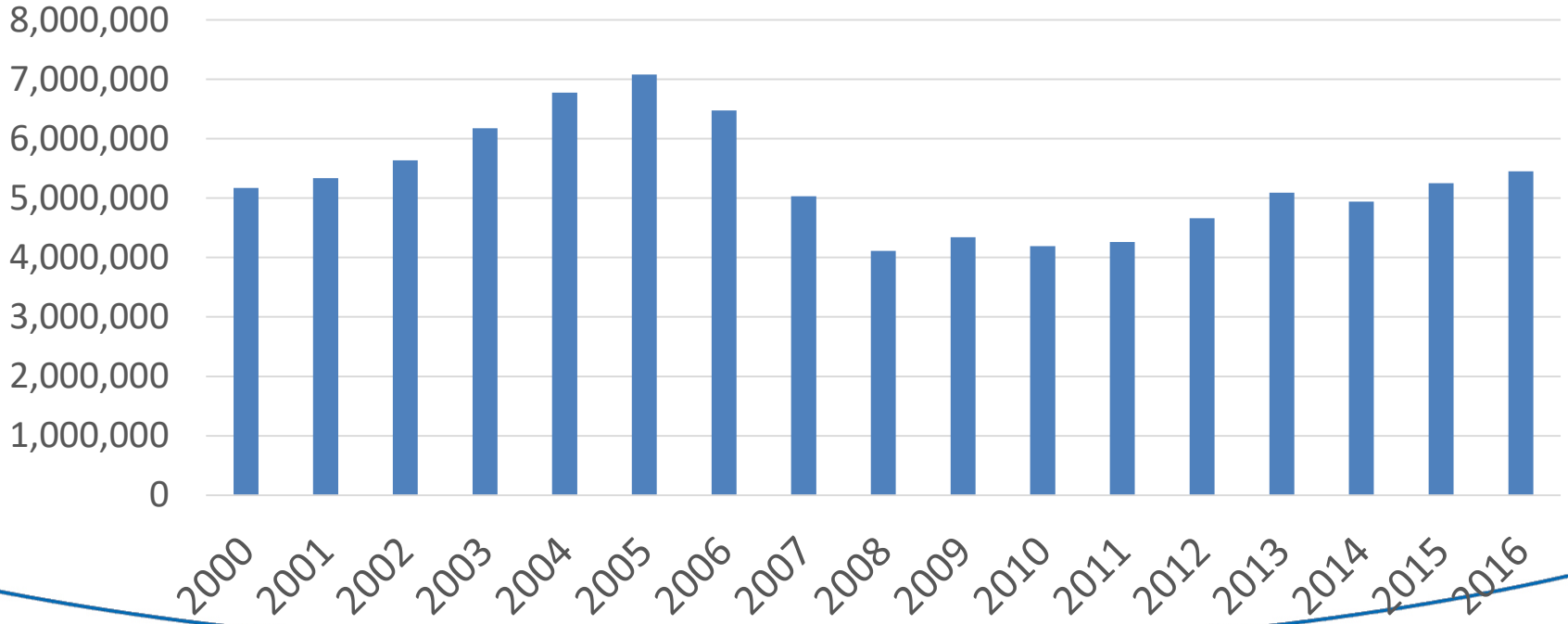


Economic and Real Estate Outlook

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

Presentation at Iowa Association of REALTORS®
September 14, 2017

Existing Home Sales



Existing Home Sales – Mostly Rising in Recent Years

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



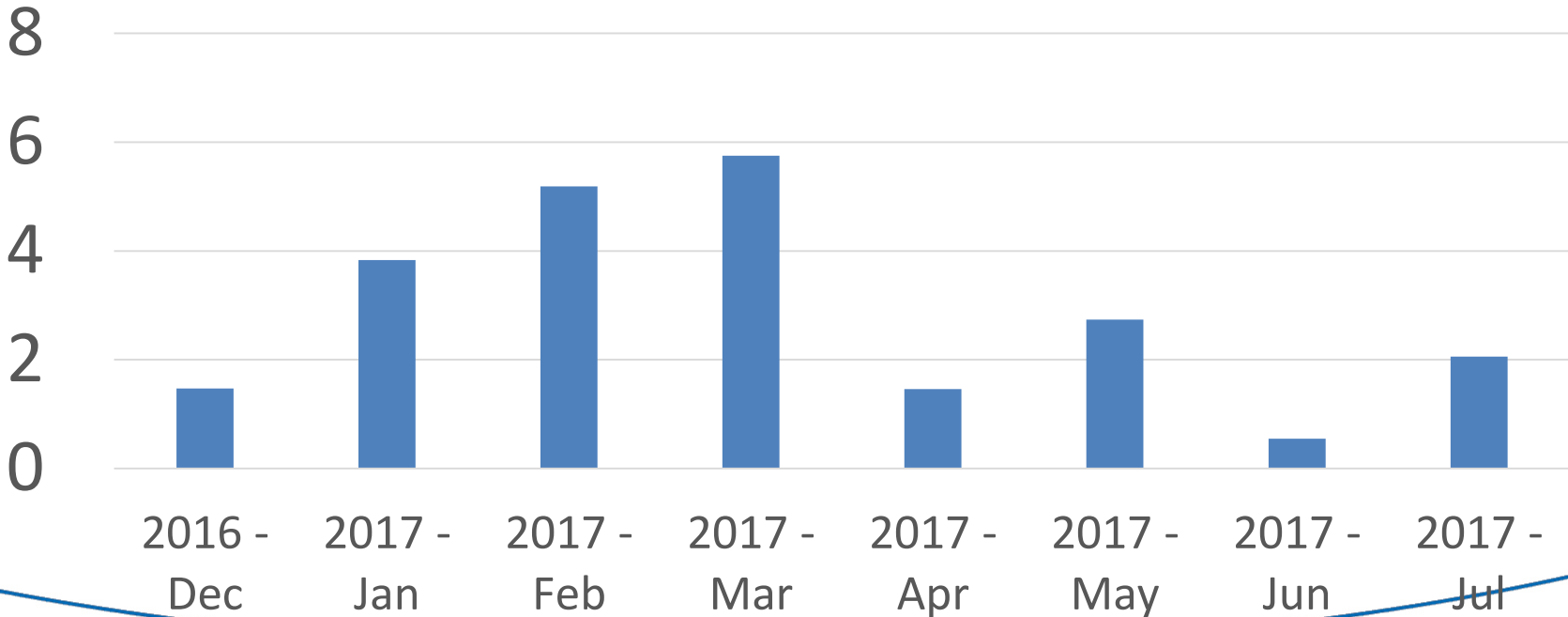
Mortgage Rates

30-year Fixed Rate

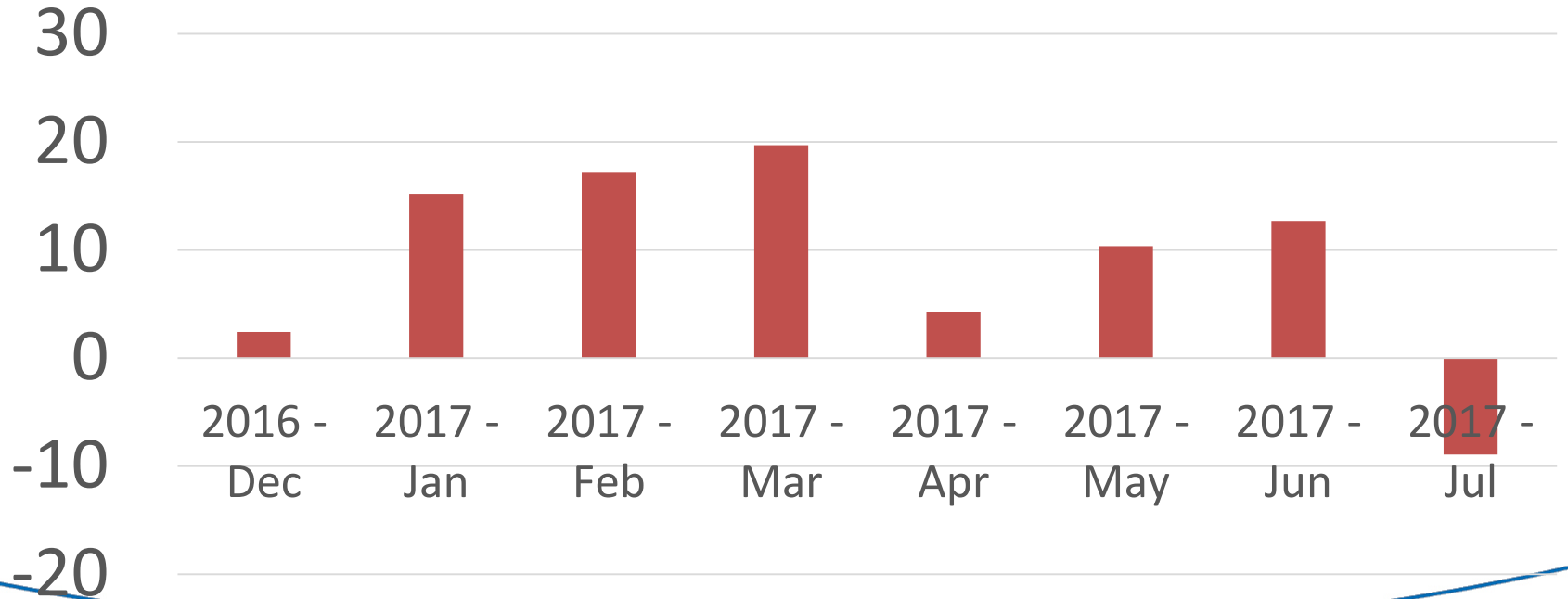


Existing Home Sales Rising After Election

(% change from one year ago)



New Home Sales Rising – After Election

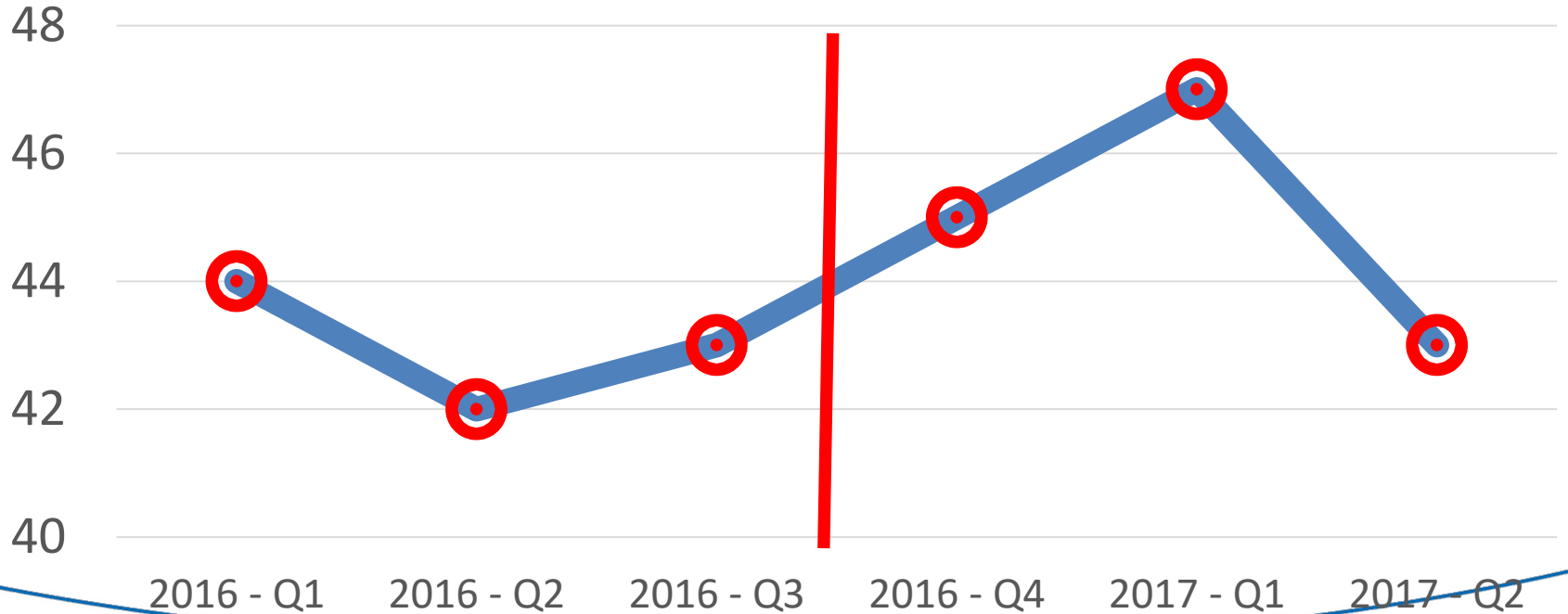


Iowa Housing Stats

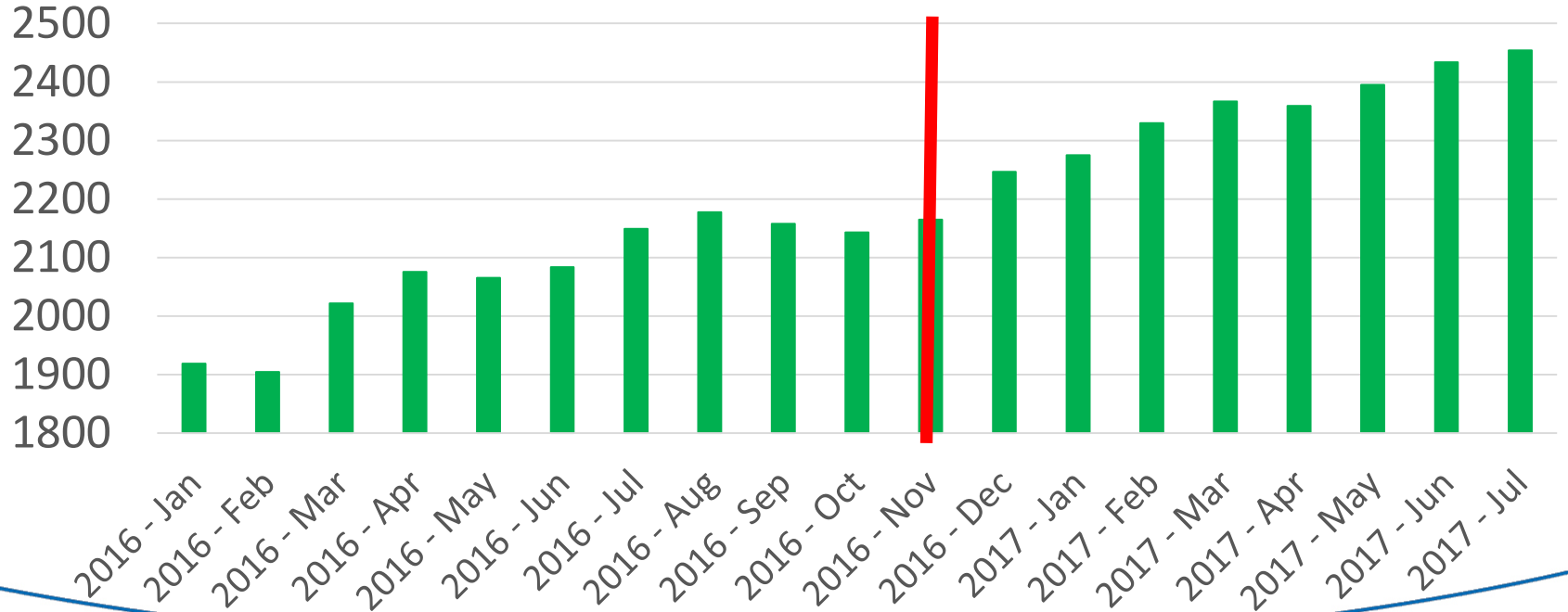
- Unit Sales Up 3.5% year-to-date
- Median Price ... Up 5.8% year-to-date
- Days on Market ... 72 Days (vs 75 Days)

NAR HOME Survey of Consumers

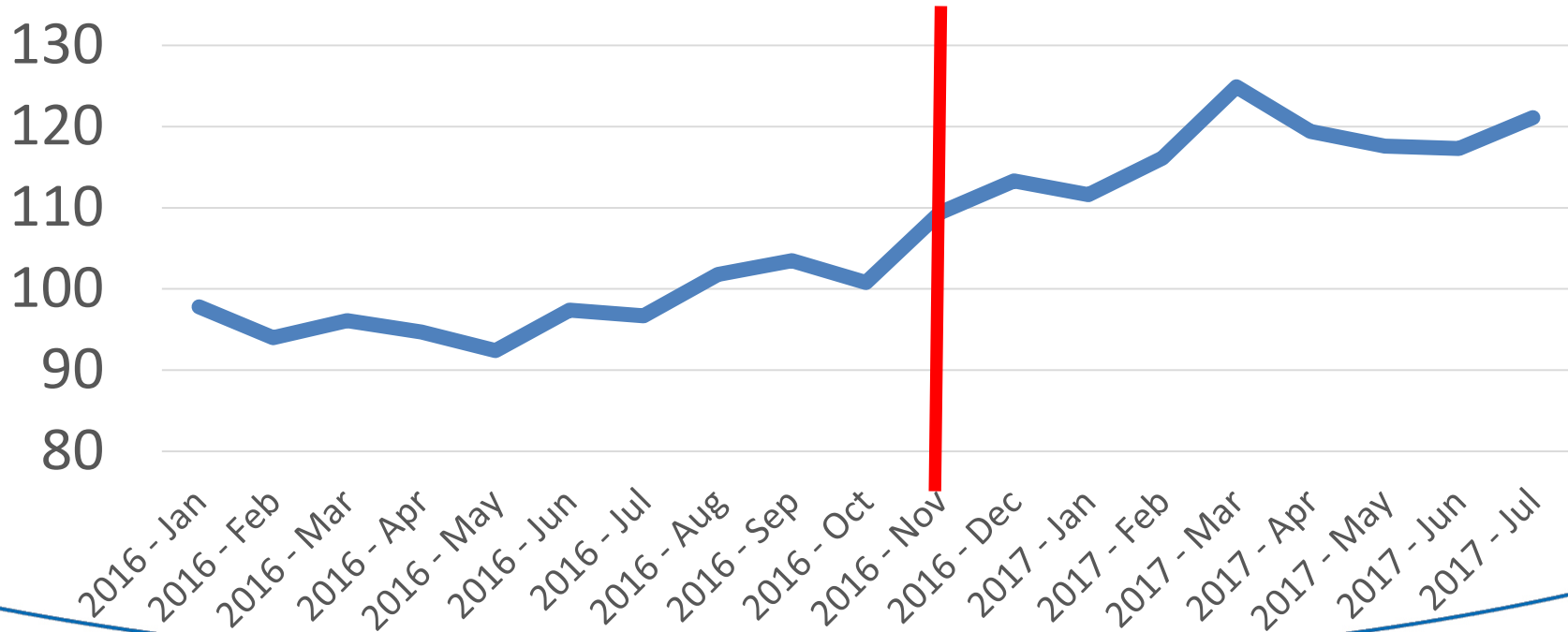
% Strongly indicating Good Time to Buy



Stock Market: S&P 500 Index

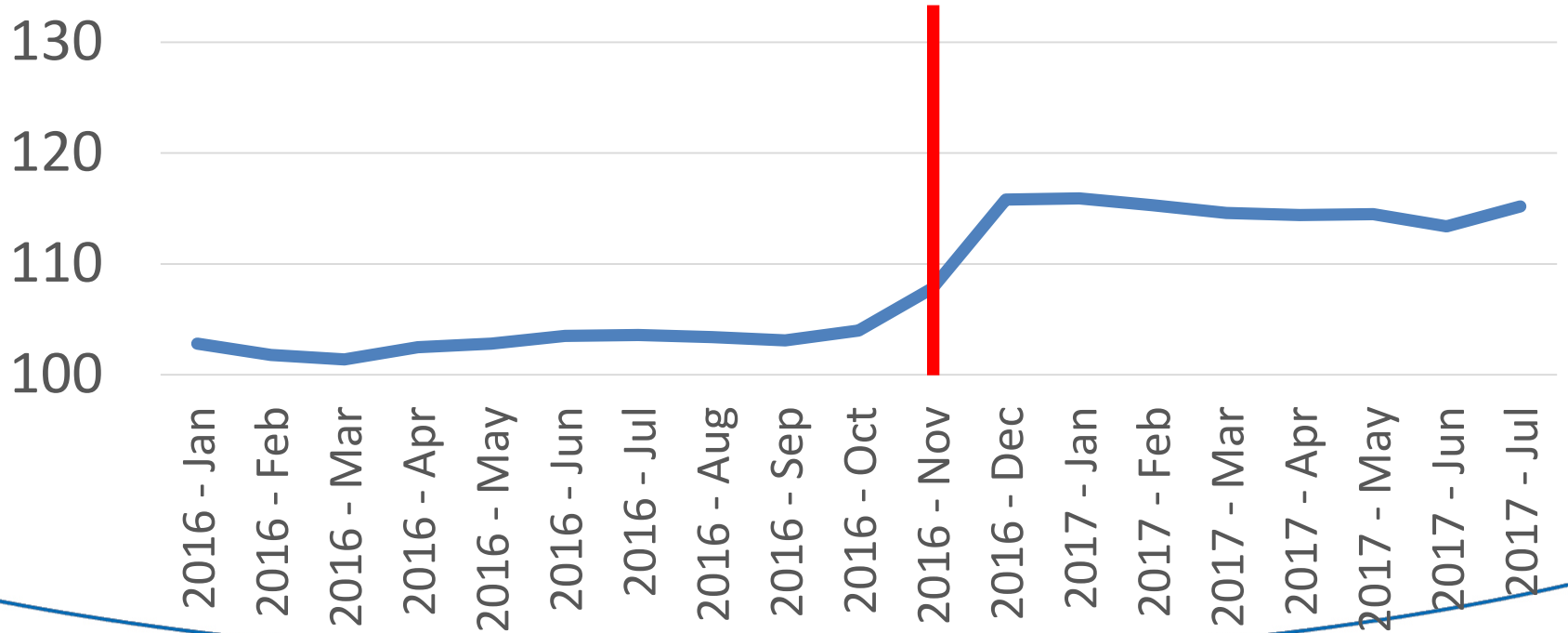


Animal Spirit Revival of Consumers? Consumer Confidence Index

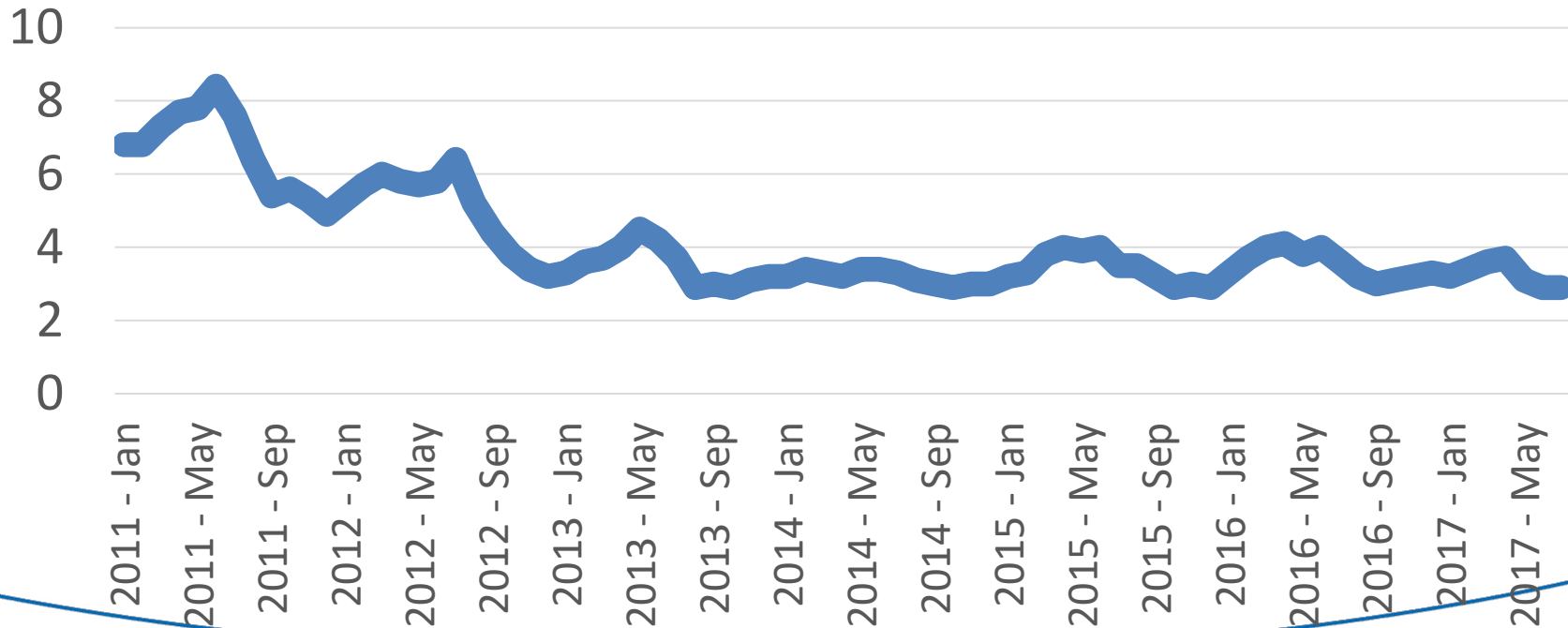


Animal Spirit Revival of Businesses?

Small Business Optimism Index

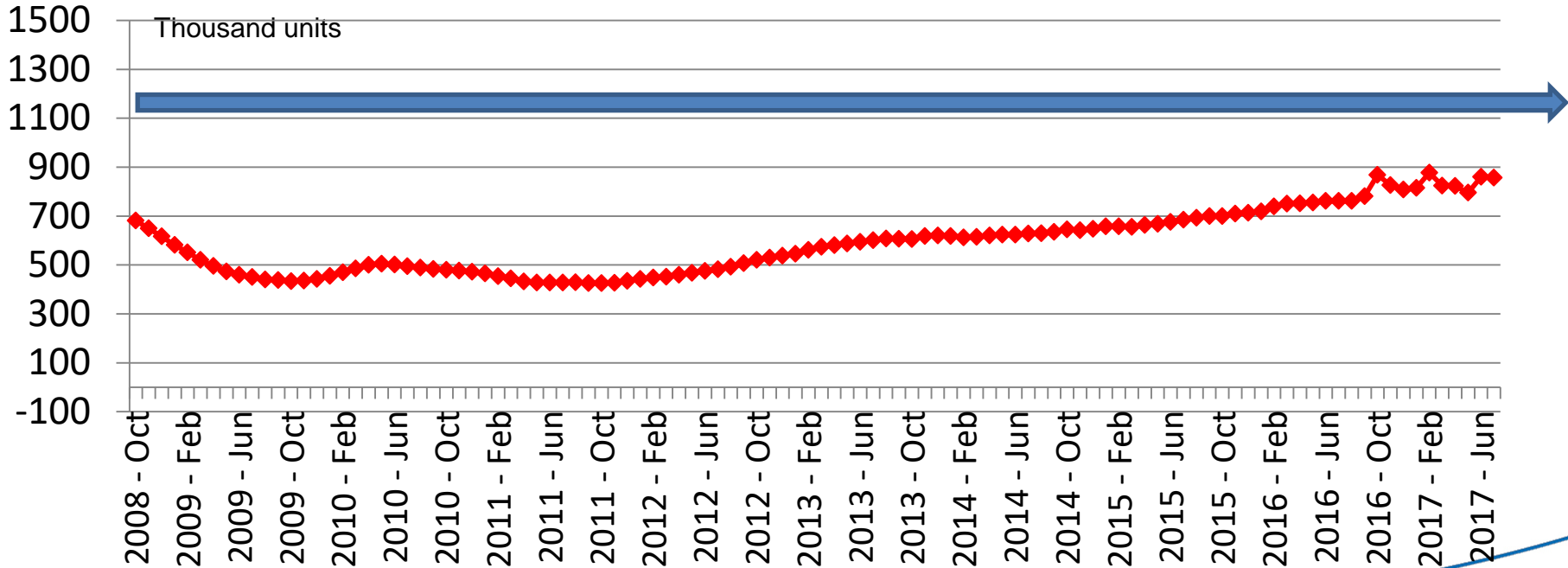


Months to Sell a Newly Built Home



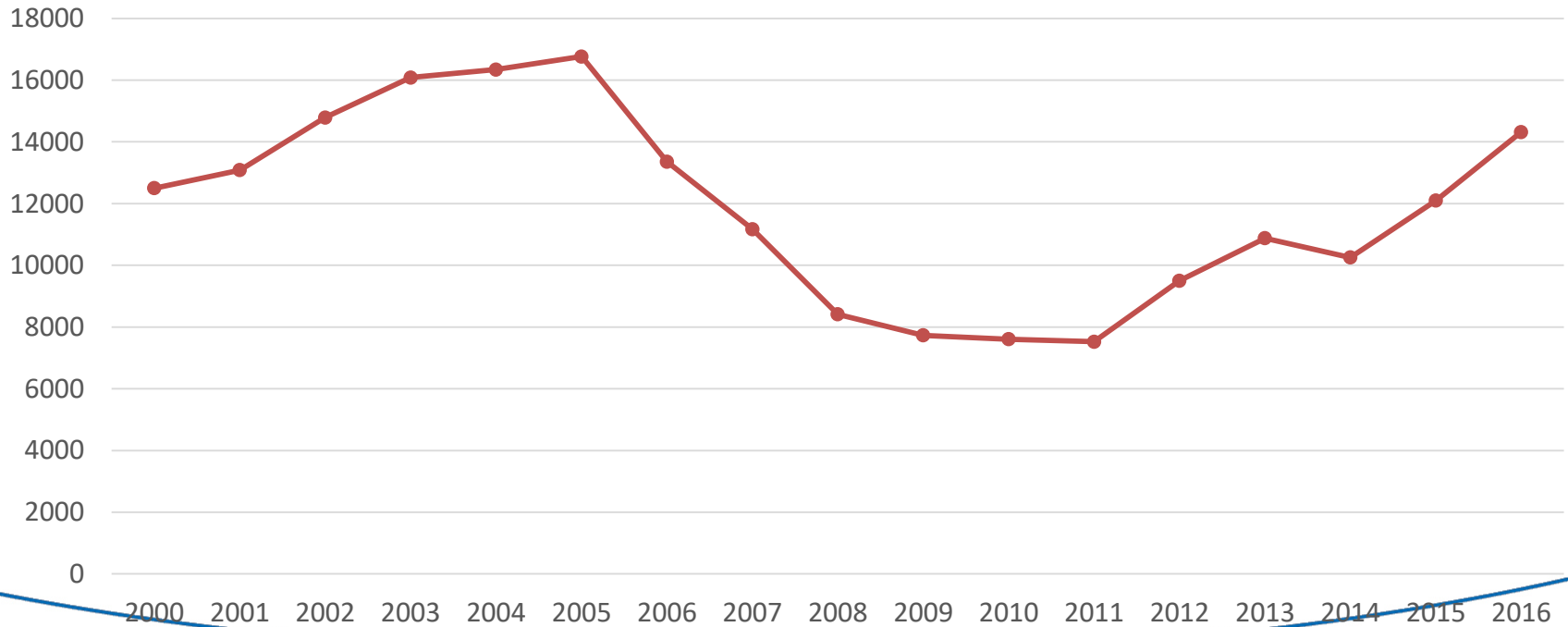
Single-family Housing Starts

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



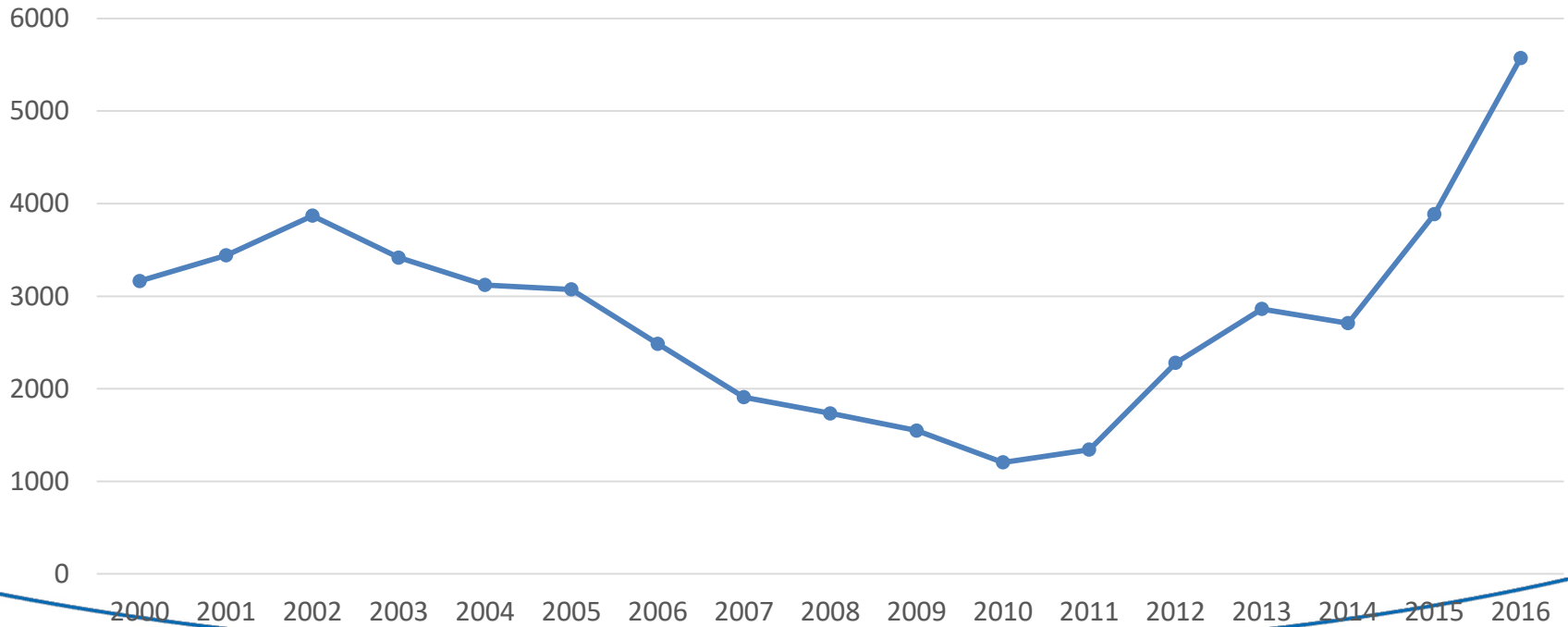
Iowa Housing Permits

Single-Family Housing Permits

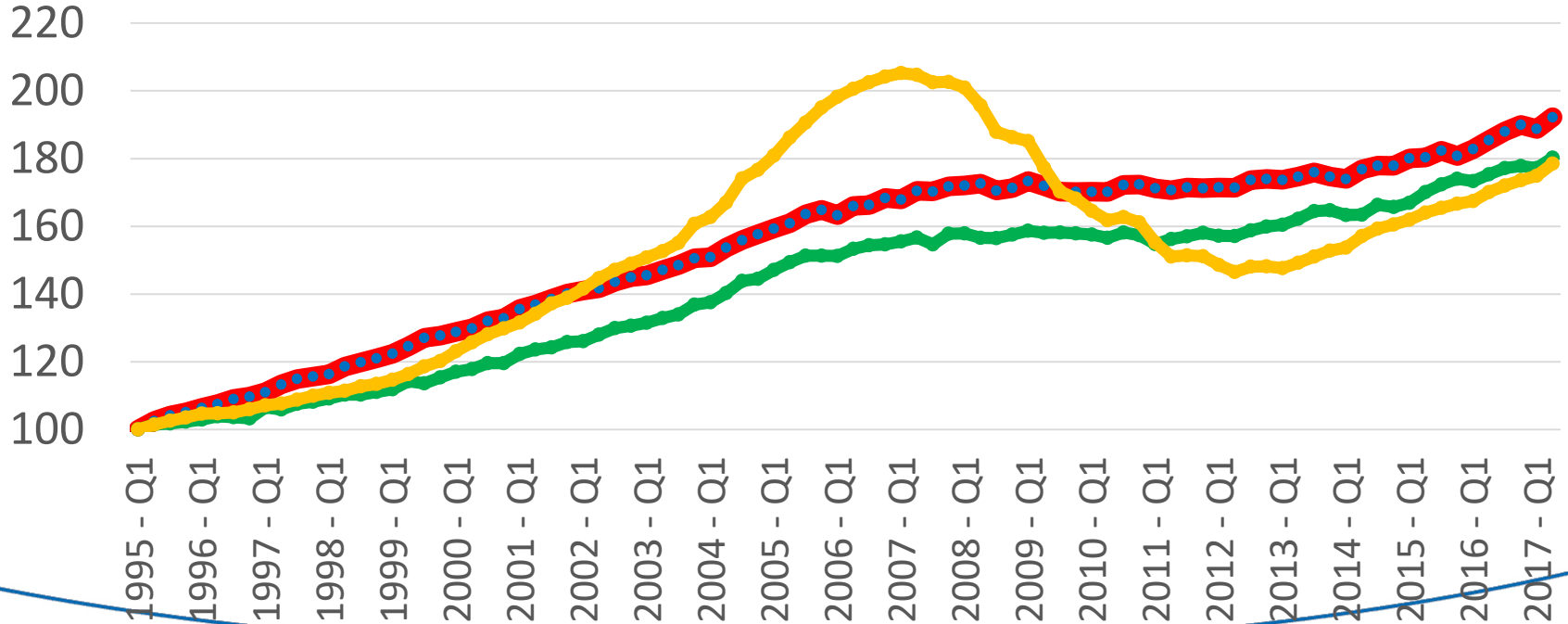


Iowa Housing Permits

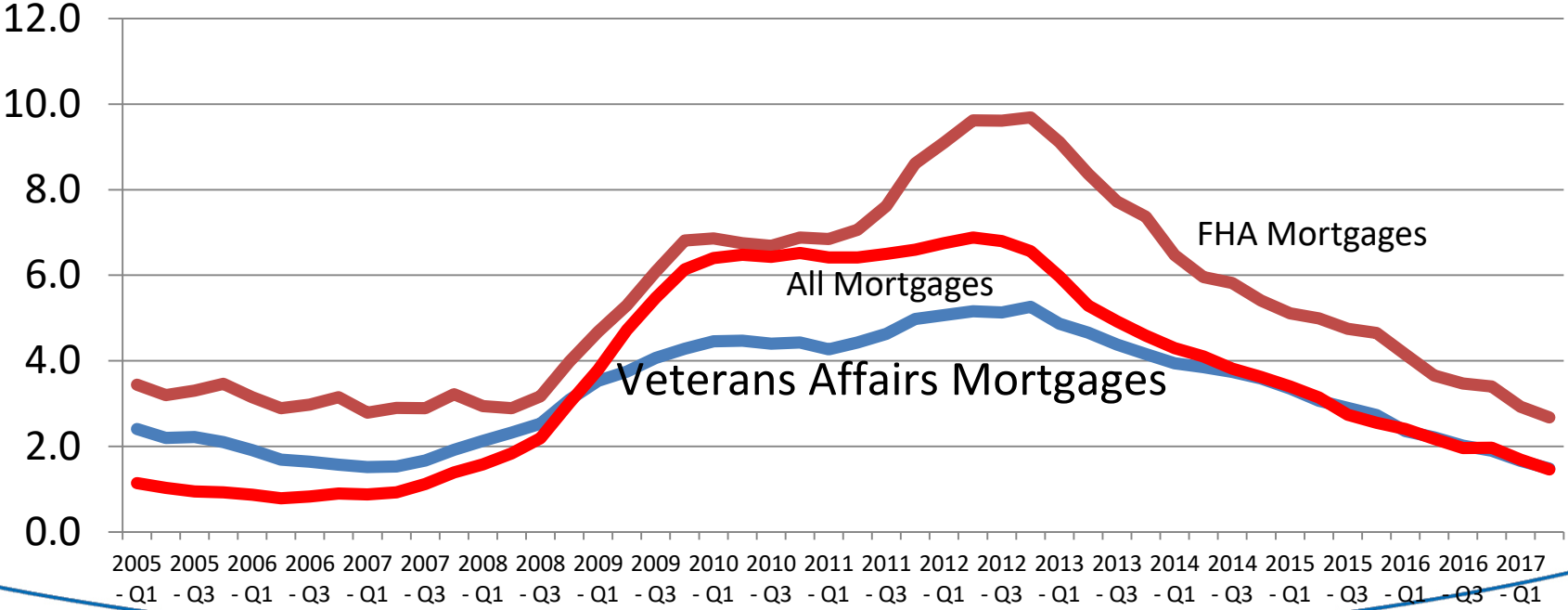
Multifamily Housing Permits



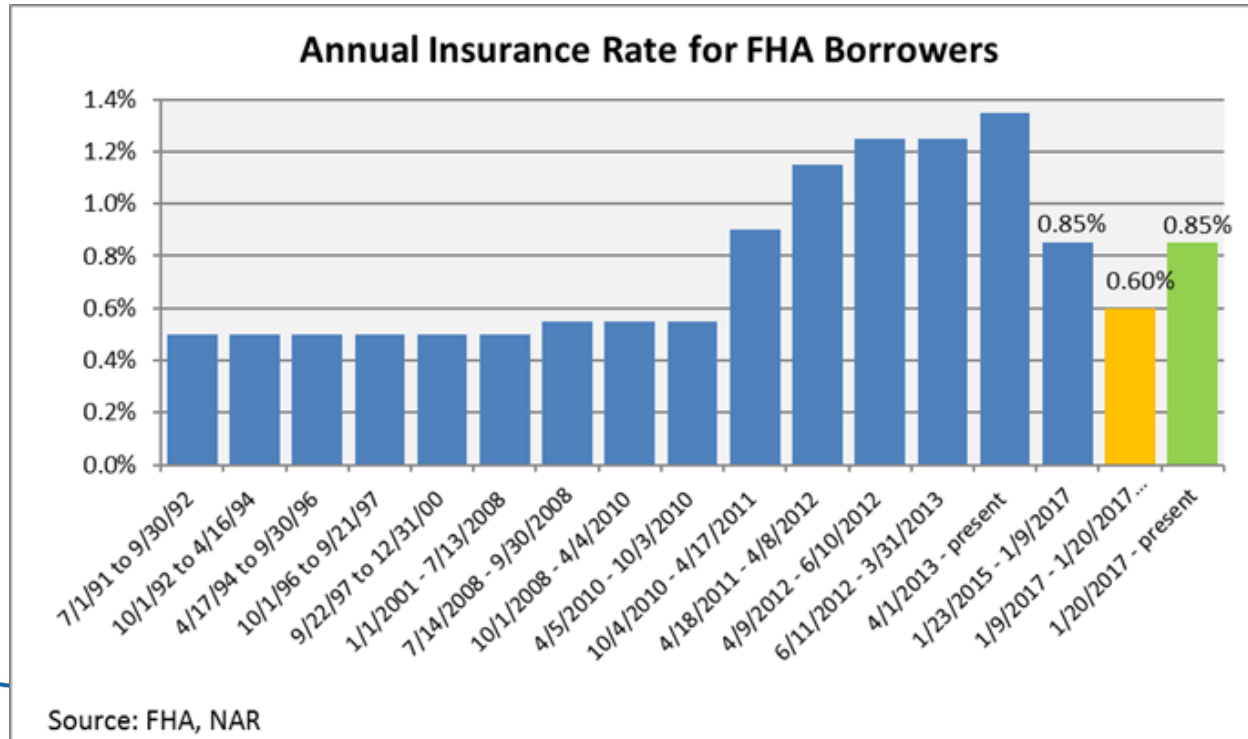
Home Price Index (Constant Quality) Des Moines and Iowa City



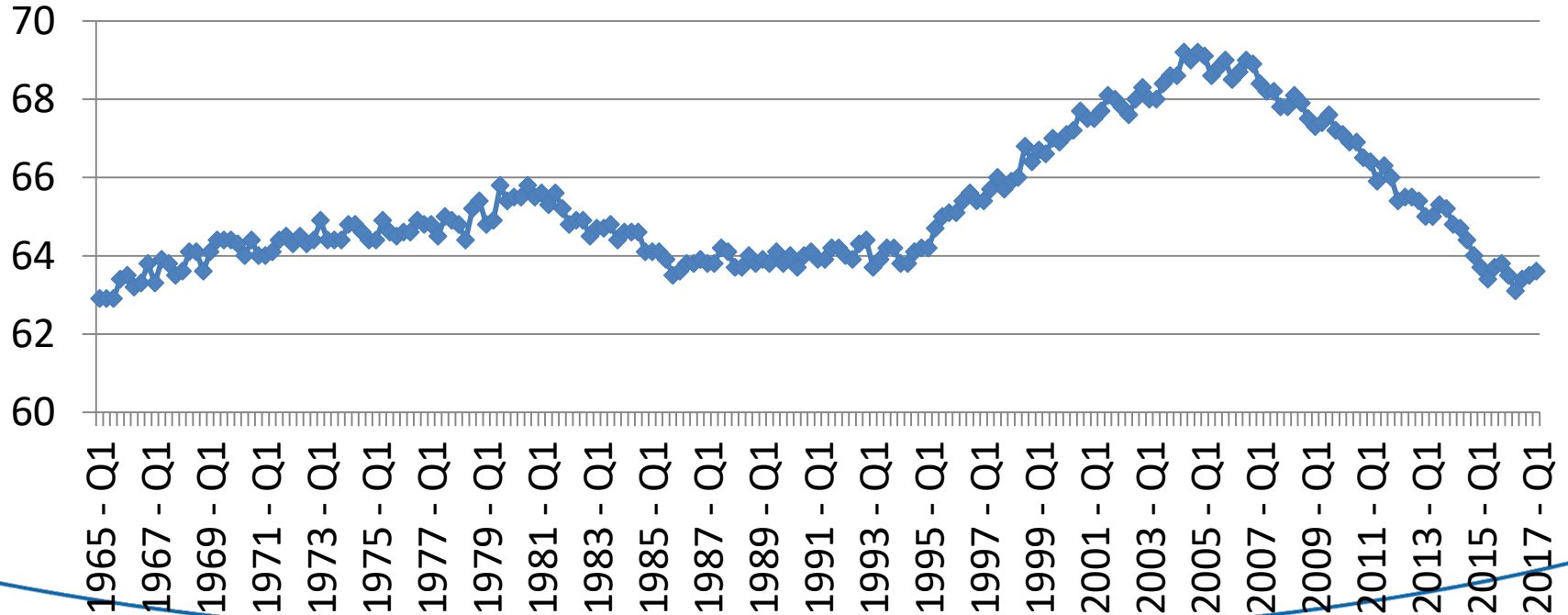
Borrowers Not Defaulting (Serious Delinquency Rate)



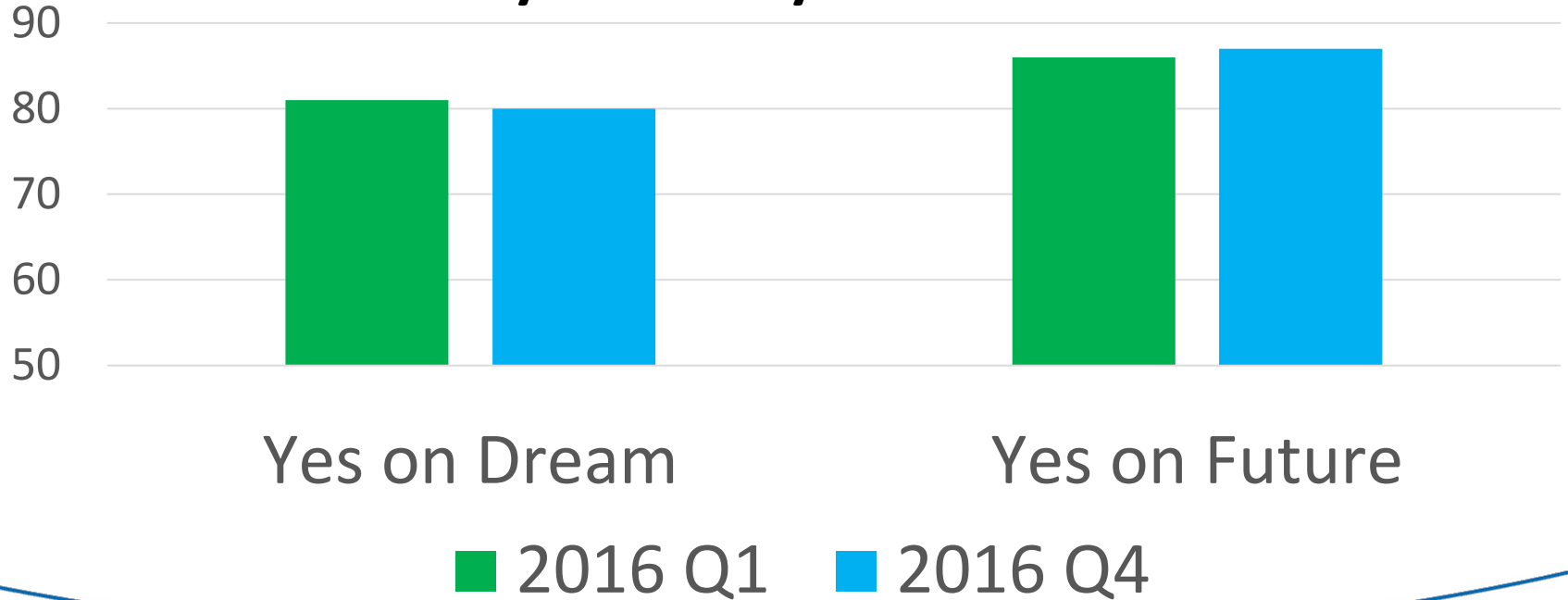
FHA Insurance Premium - High



Homeownership Rate Still Near 50-year Lows

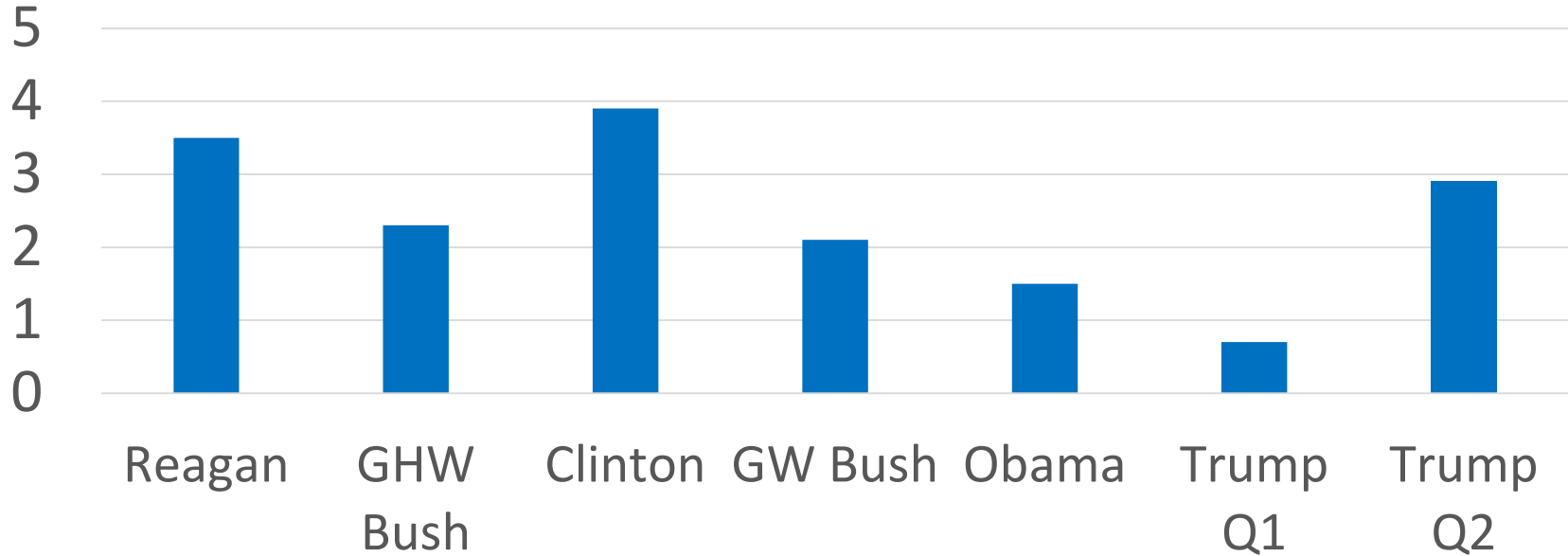


Is Owning still American Dream? Will you Buy in Future?



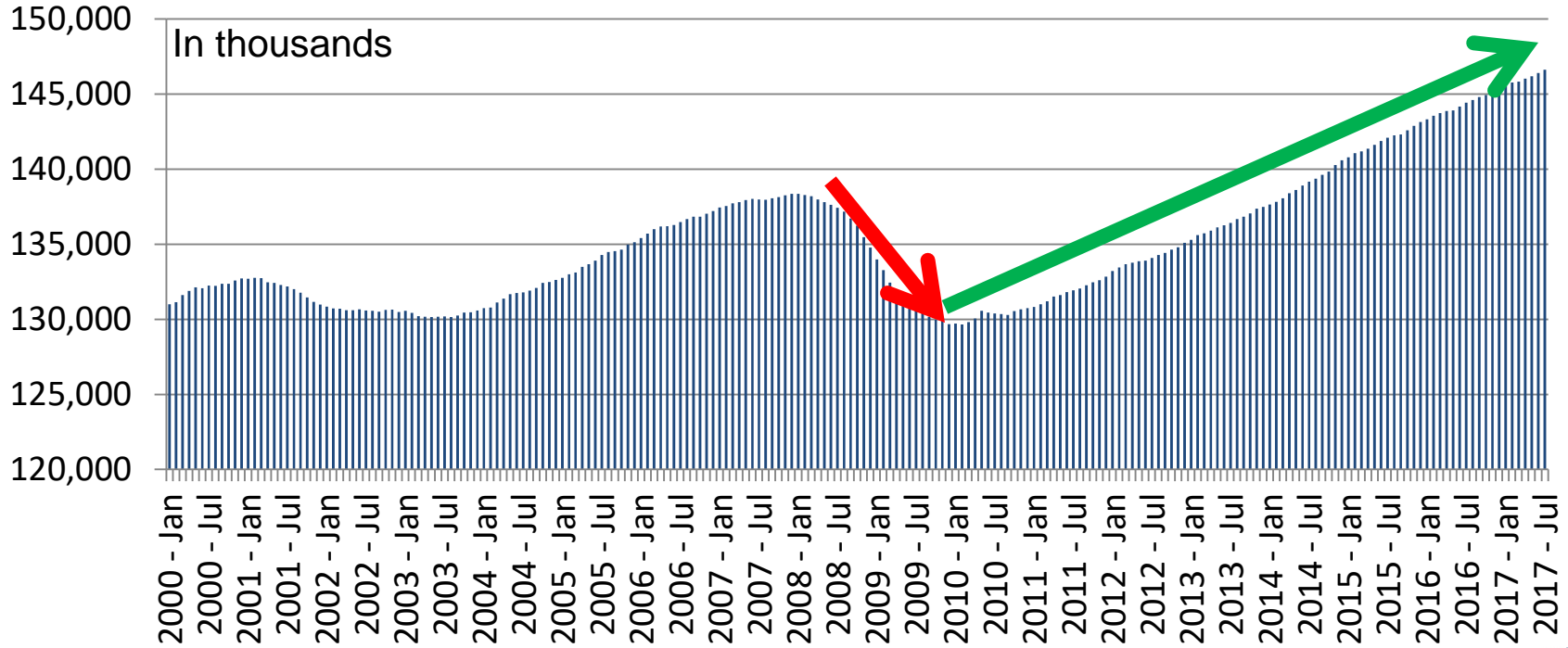
Economy?

GDP Growth Rates



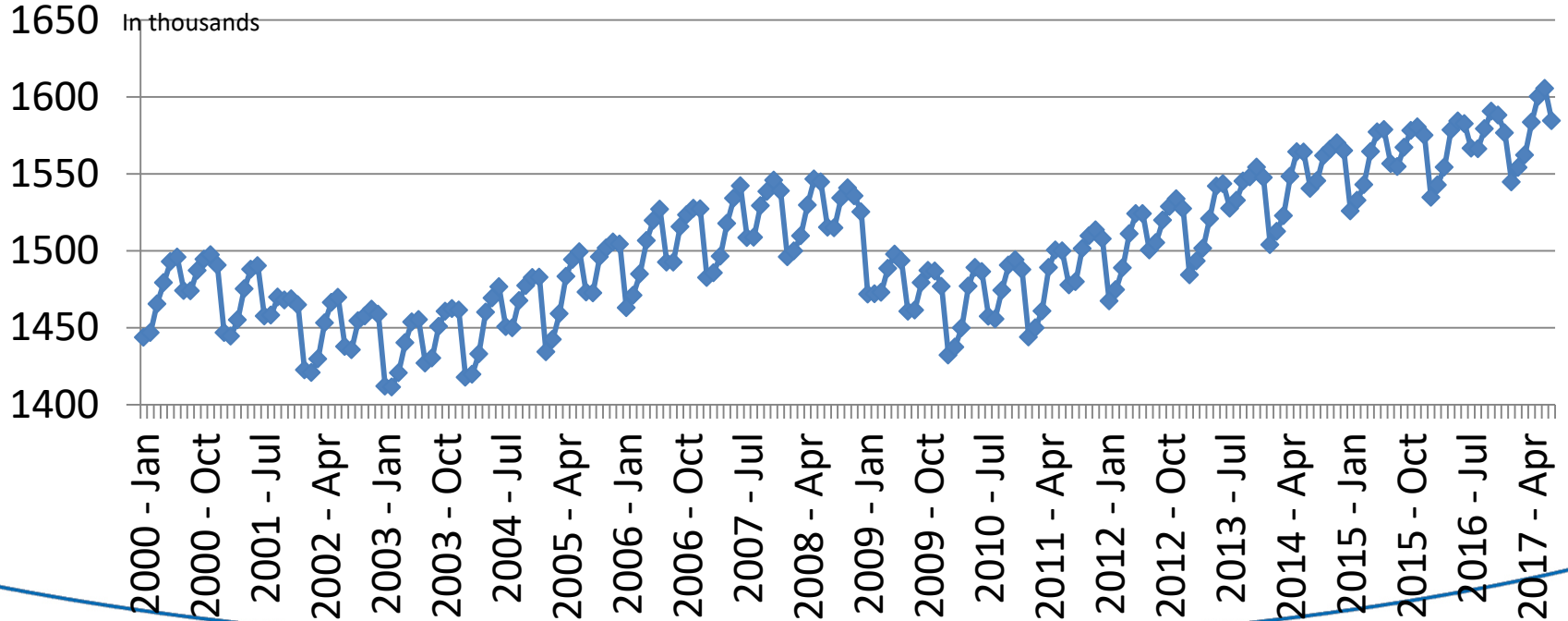
Jobs

(8 million lost ... 16 million gained)



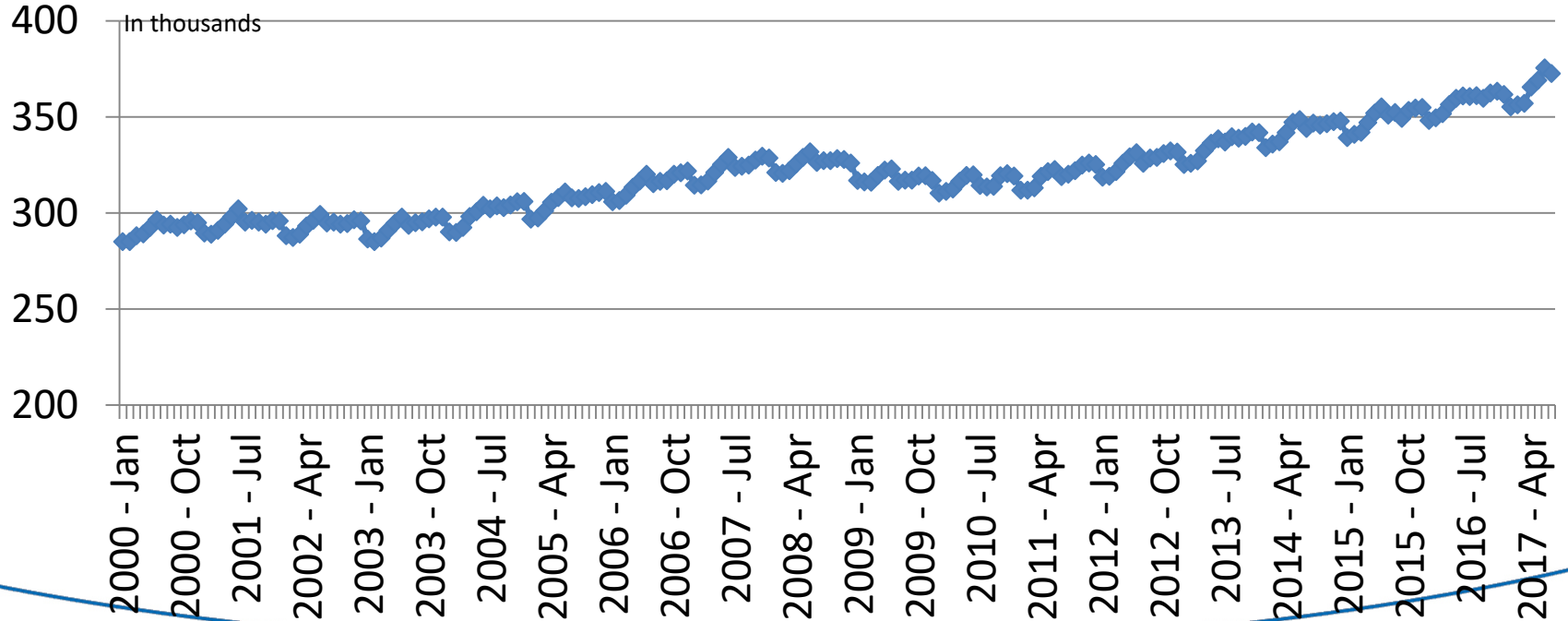
Total Jobs in Iowa

(10% growth vs 11% nationwide from 2000)



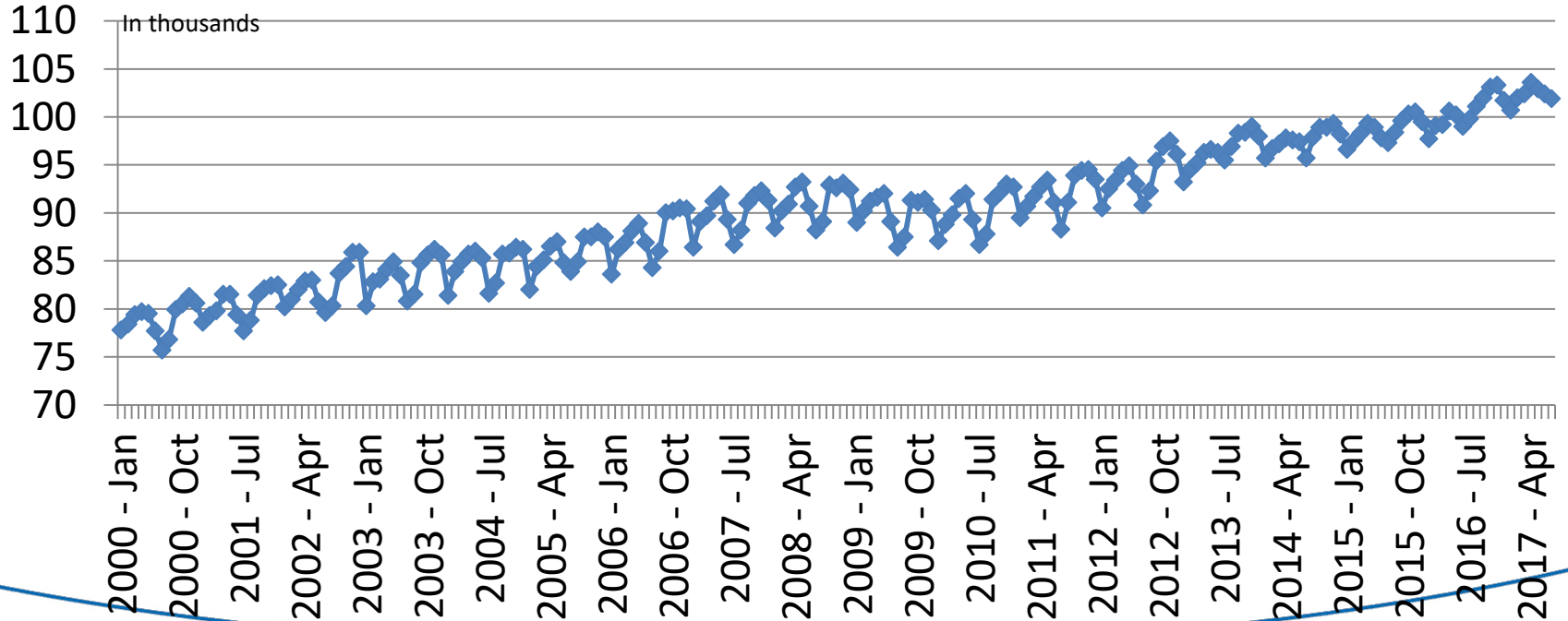
Total Jobs in Des Moines

(27% growth vs 11% nationwide from 2000)



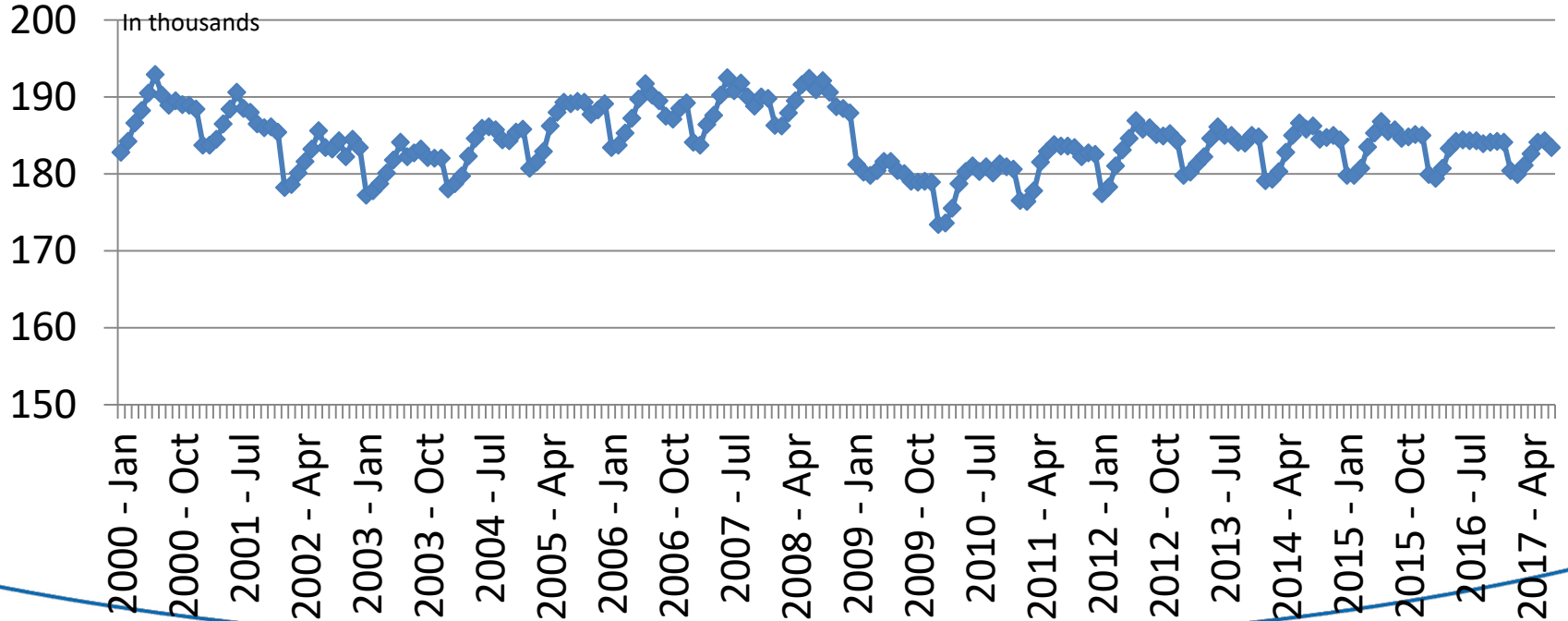
Total Jobs in Iowa City

(35% growth vs 11% nationwide from 2000)

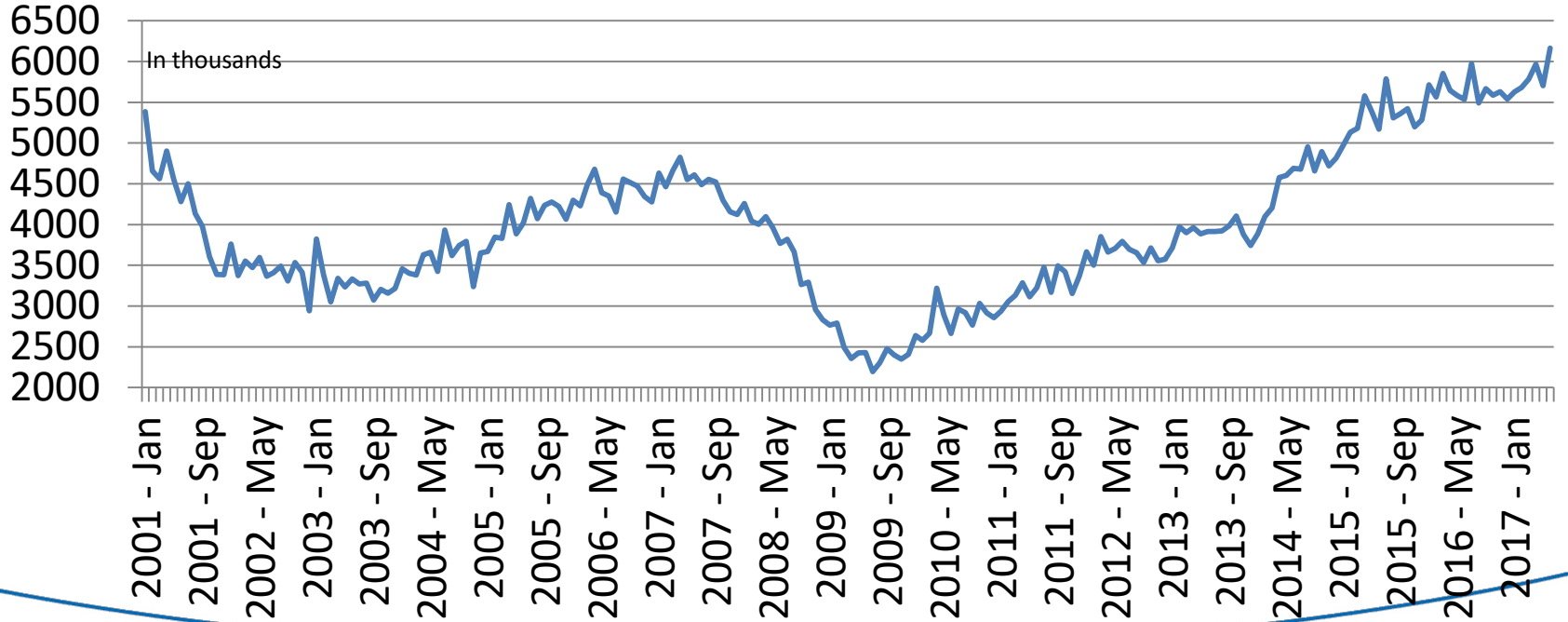


Total Jobs in Quad City

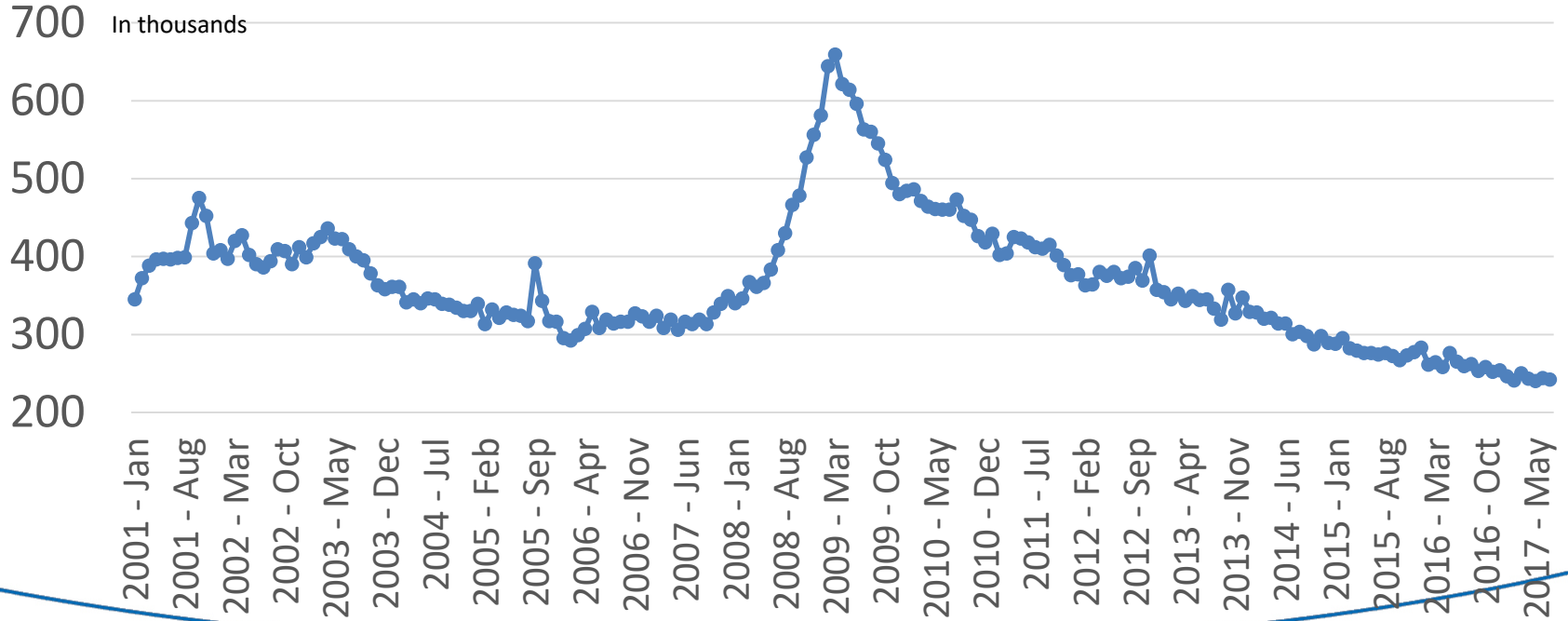
(0% growth vs 11% nationwide from 2000)



Total Job Openings



Weekly Initial Unemployment Insurance Filings

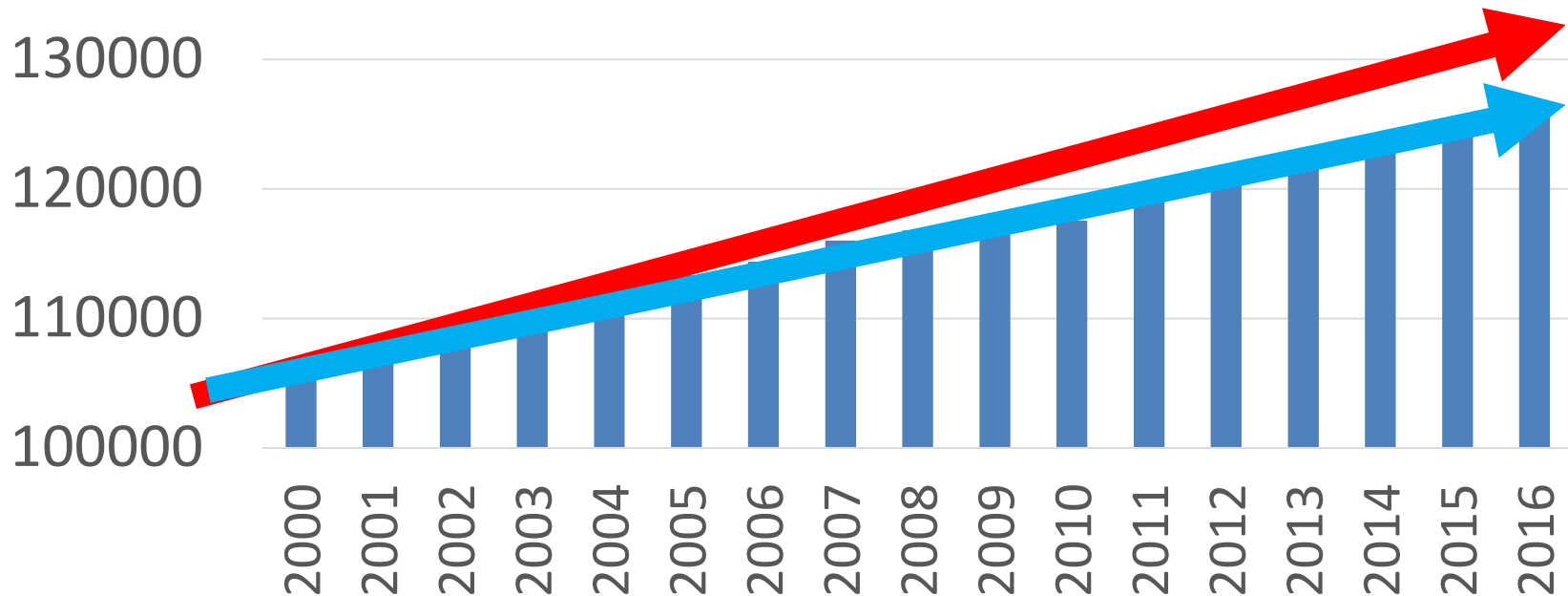


Economic Forecast

	2015	2016	2017 Forecast	2018 Forecast
GDP Growth	2.6%	1.6%	2.2%	2.4%
Job Growth	+2.6 million	+2.0 million	+2.1 million	+2.4 million
CPI Inflation	0.3%	1.3%	2.3%	2.2%

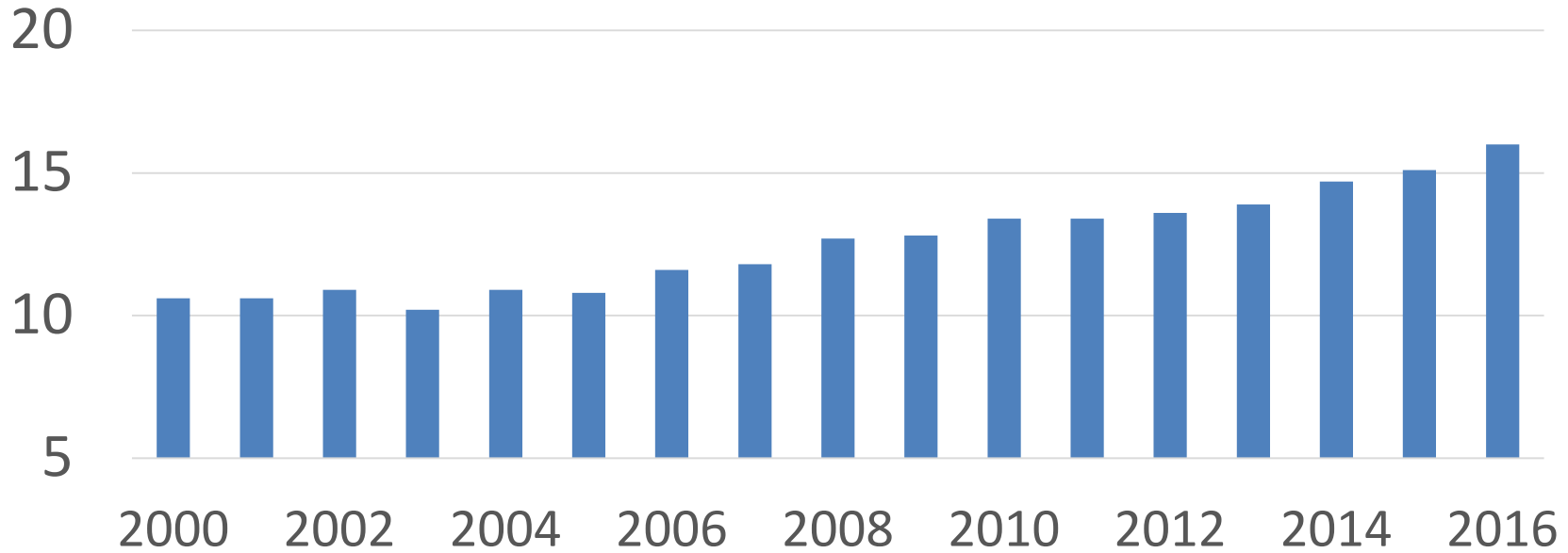
Actual versus projected Households

KC Federal Reserve estimate of 6.9 million missing households



Young Adults Living with Parents

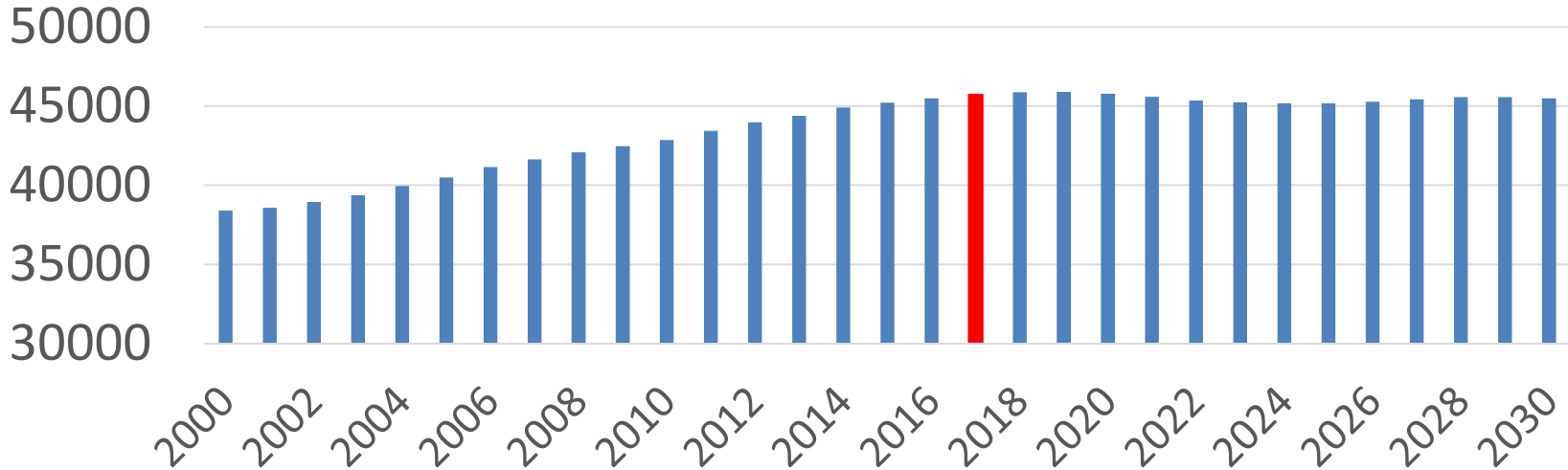
% of those aged 25 to 34



Softening Rental Demand

Investors slowly sell single-family rental homes?

Population in their 20s (in thousands)



Housing Forecast

	2015	2016	2017 Forecast	2018 Forecast
New Home Sales	500,000	560,000	620,000	670,000
Existing Home Sales	5.3 million	5.4 million	5.6 million	5.8 million
Median Price Growth	+ 6.8%	+5.1%	+5.0%	+3.5%
30-year Rate	3.9%	3.6%	4.3%	5.0%

Trump Presidency

- Dodd-Frank?
- Fannie/Freddie and Mortgage Availability?
- Tax Simplification? and Mortgage Interest Deduction and 1031 exchange?
- International Trade? ... Viewing as Zero-Sum Game?
- EPA, land use, development fees?