

**BUBBLE
WATCH?
RESIDENTIAL
HOUSING
IN 2017**

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CFA SOCIETY OF ORLANDO
MARCH 29, 2017**

WHERE WE'VE BEEN

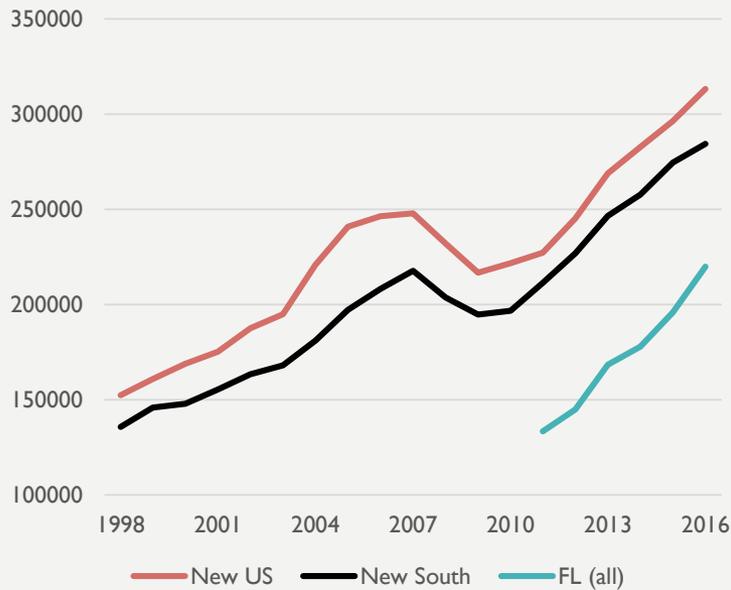
- 2005: Is the Sky Falling?
- 2012: Have We Hit Bottom?
- **2016: Bubble Watch**

WHAT WE'LL TALK ABOUT TODAY

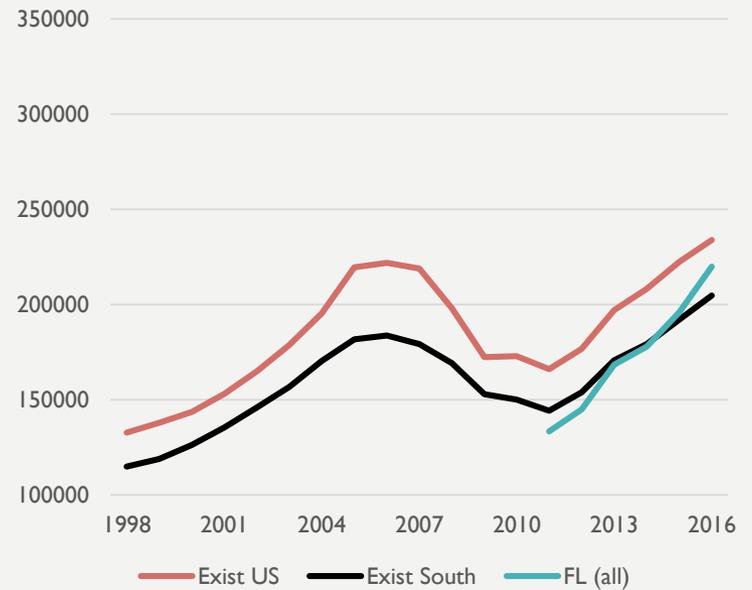
- Price
- Volume (Sales)
- Delinquency/Foreclosure
- Financing
- Supply
- Demand
- Wrap Up

MEDIAN HOME PRICES

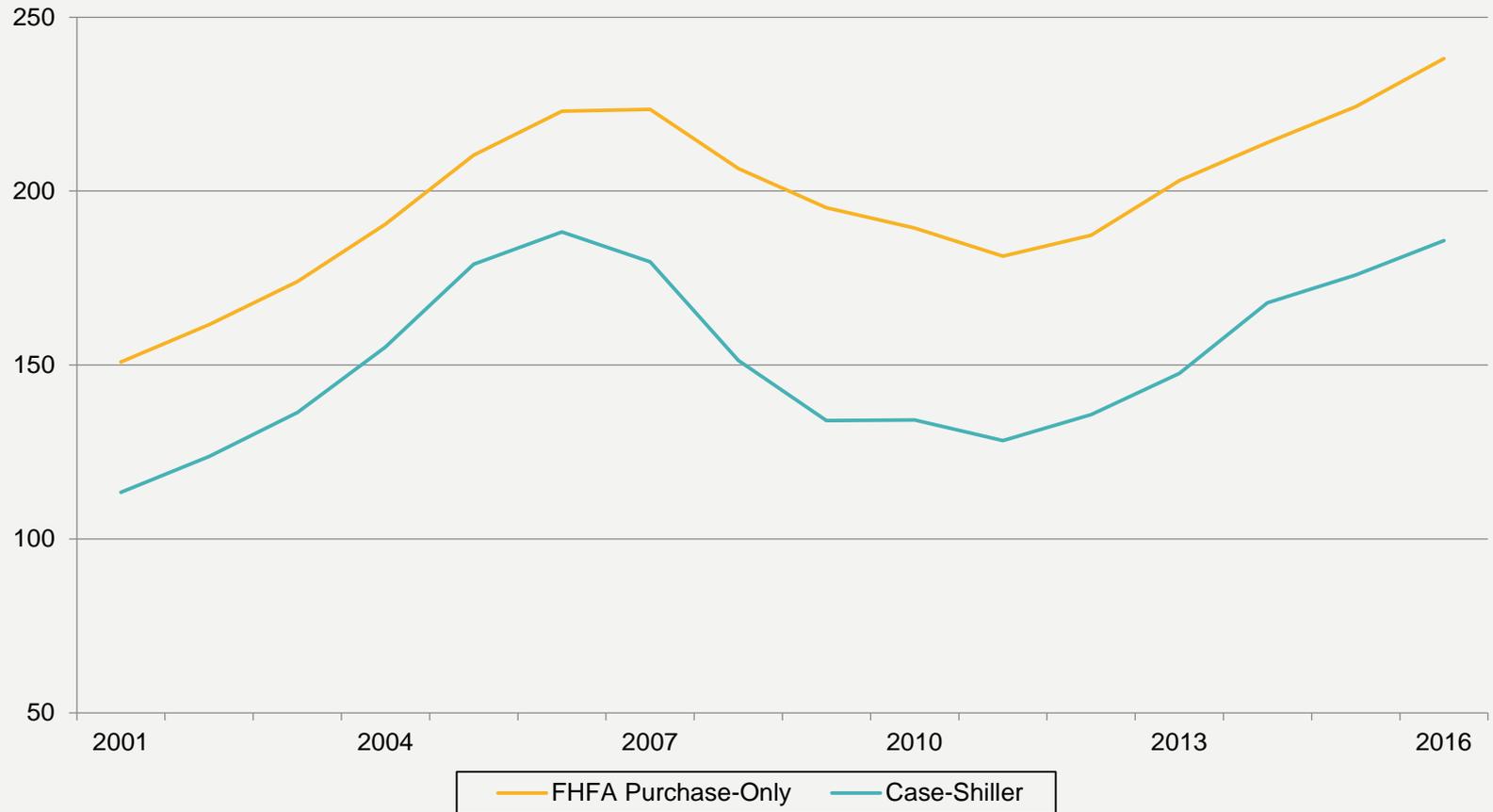
NEW HOMES



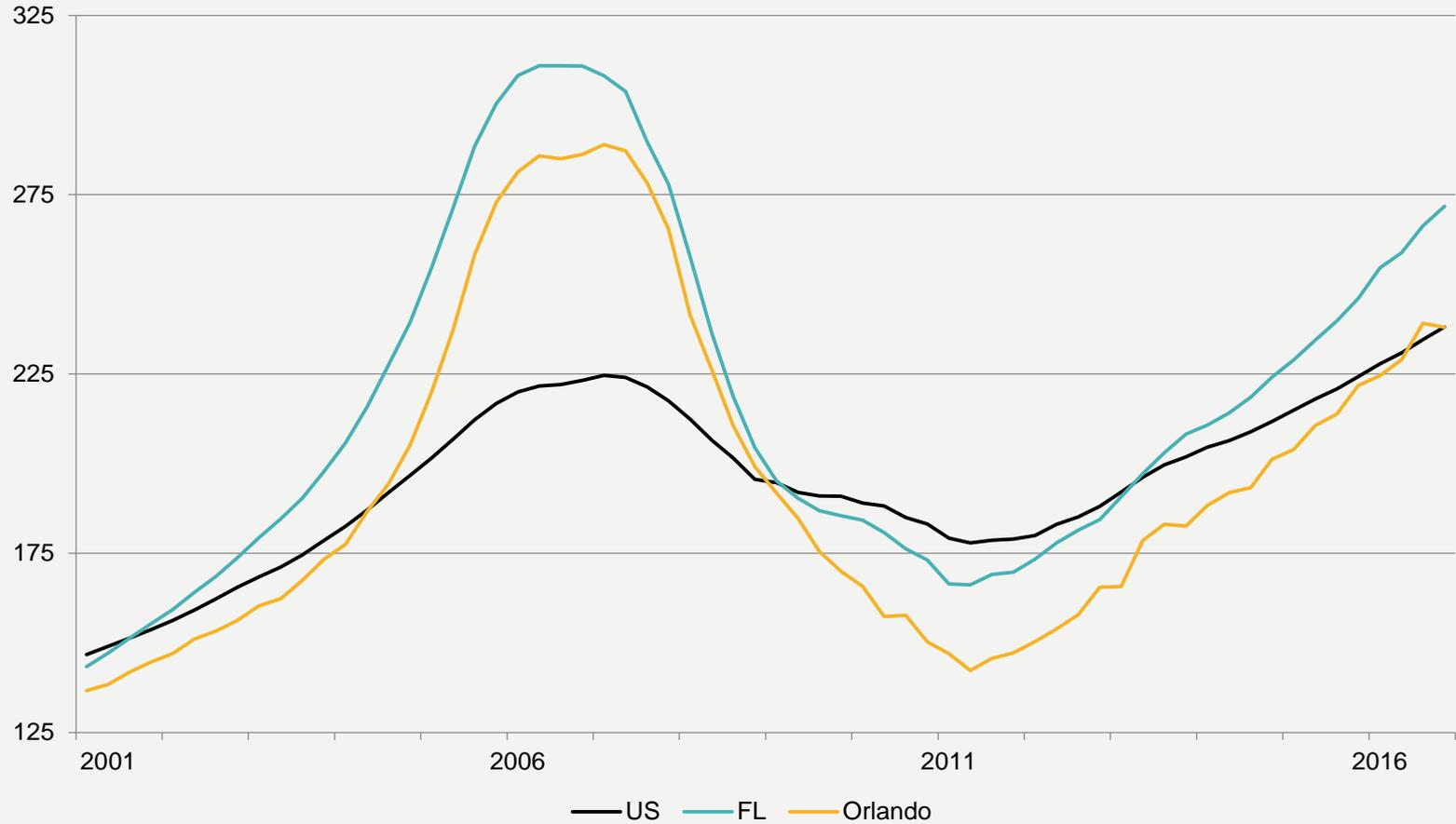
EXISTING HOMES



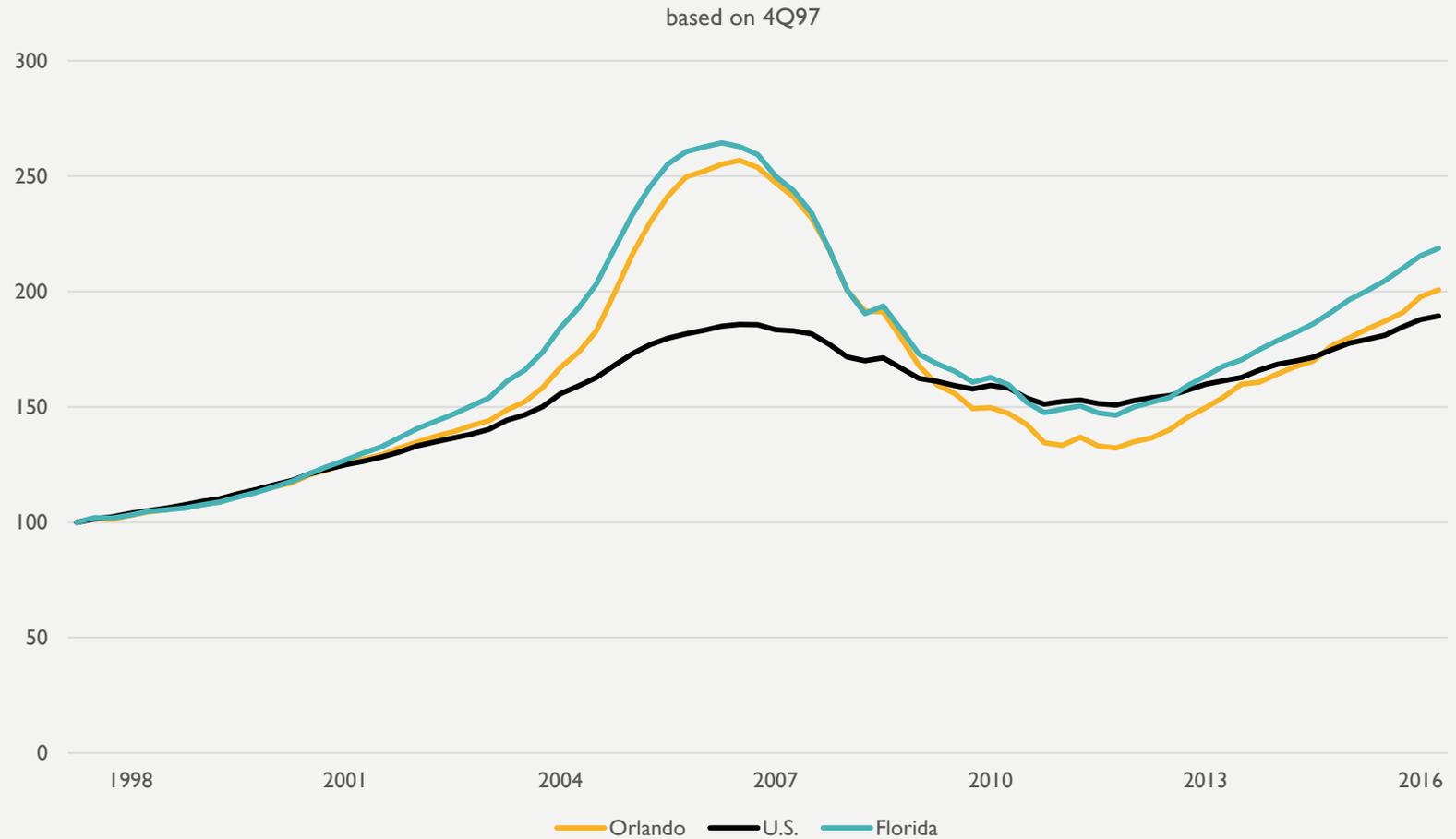
REPEAT SALES PRICE INDICES



FHFA REPEAT SALES



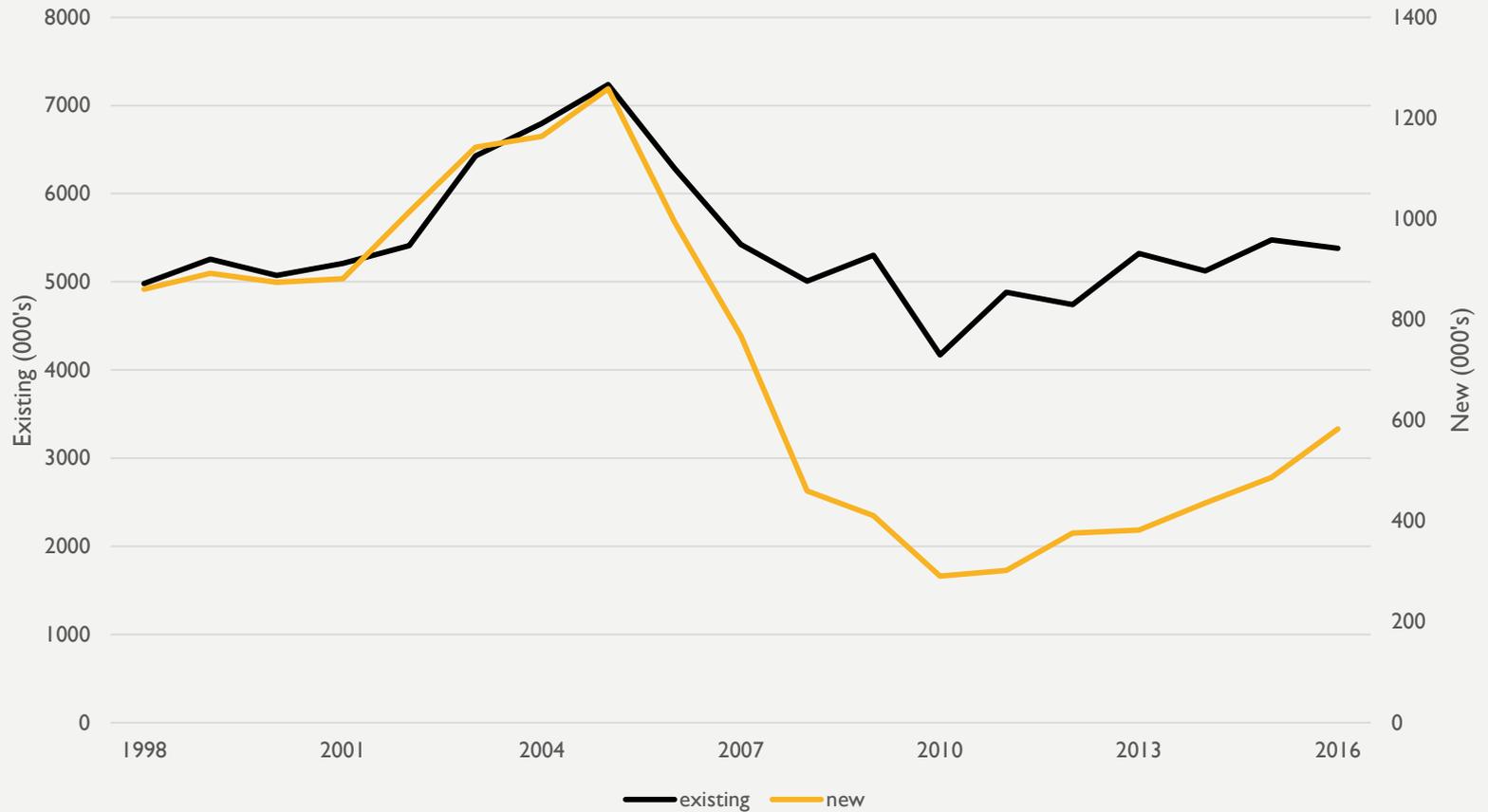
ALL TRANSACTIONS PRICES INDEX



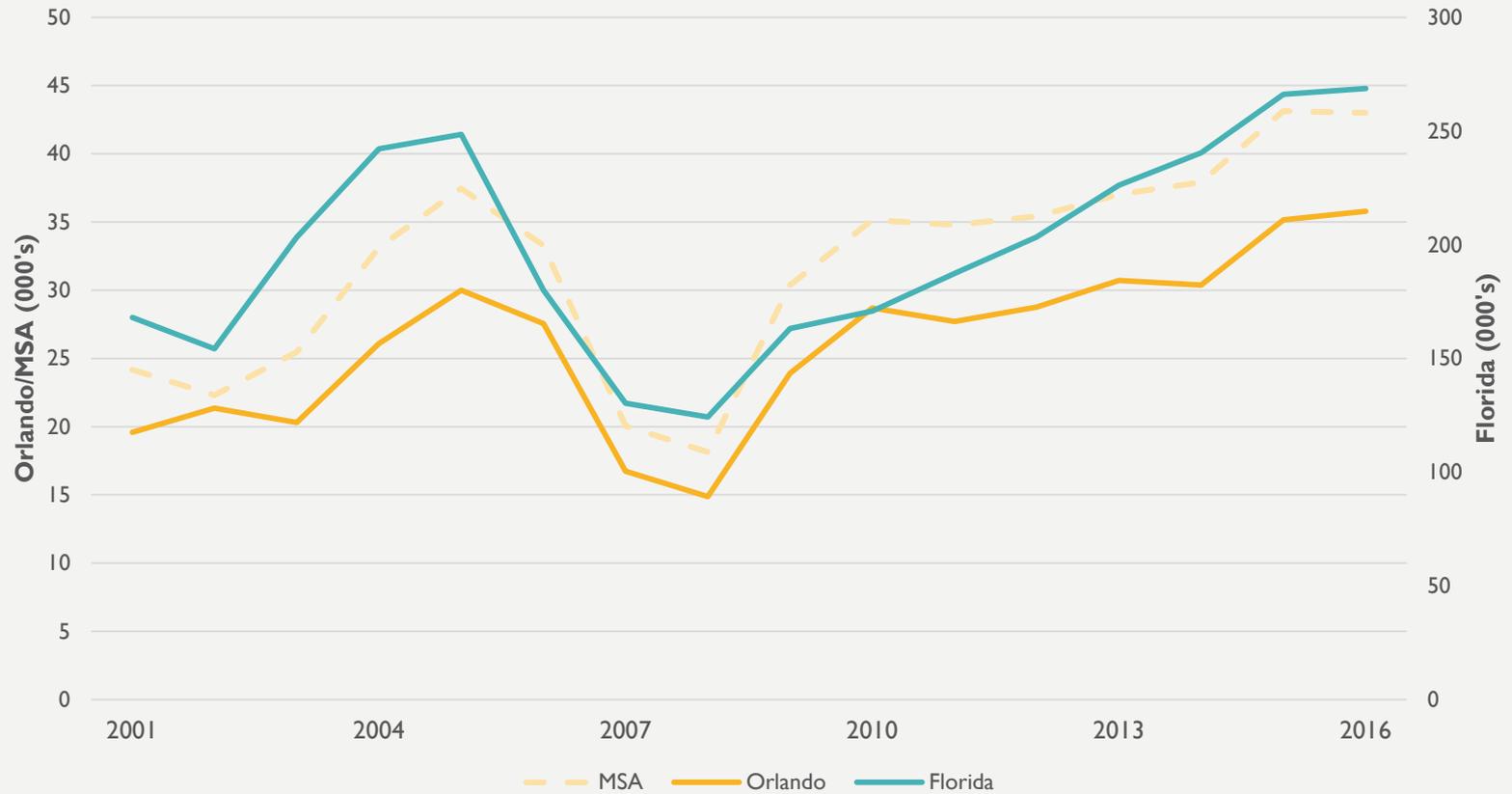
FLORIDA PRICE APPRECIATION

<u>MSA</u>	<u>1-year</u>	<u>5-year</u>	<u>10-year</u>
Cape Coral-Fort Myers	6.4%	67.6%	-19.7%
Fort Lauderdale area	9.0%	64.1%	-12.9%
Jacksonville	11.7%	39.9%	-11.9%
Miami area	10.8%	64.9%	-11.0%
Orlando area	7.4%	63.0%	-16.1%
Tampa-St. Pete	13.1%	62.3%	-8.0%
West Palm Beach area	9.0%	88.6%	-5.2%
FLORIDA	10.4%	60.2%	-12.5%

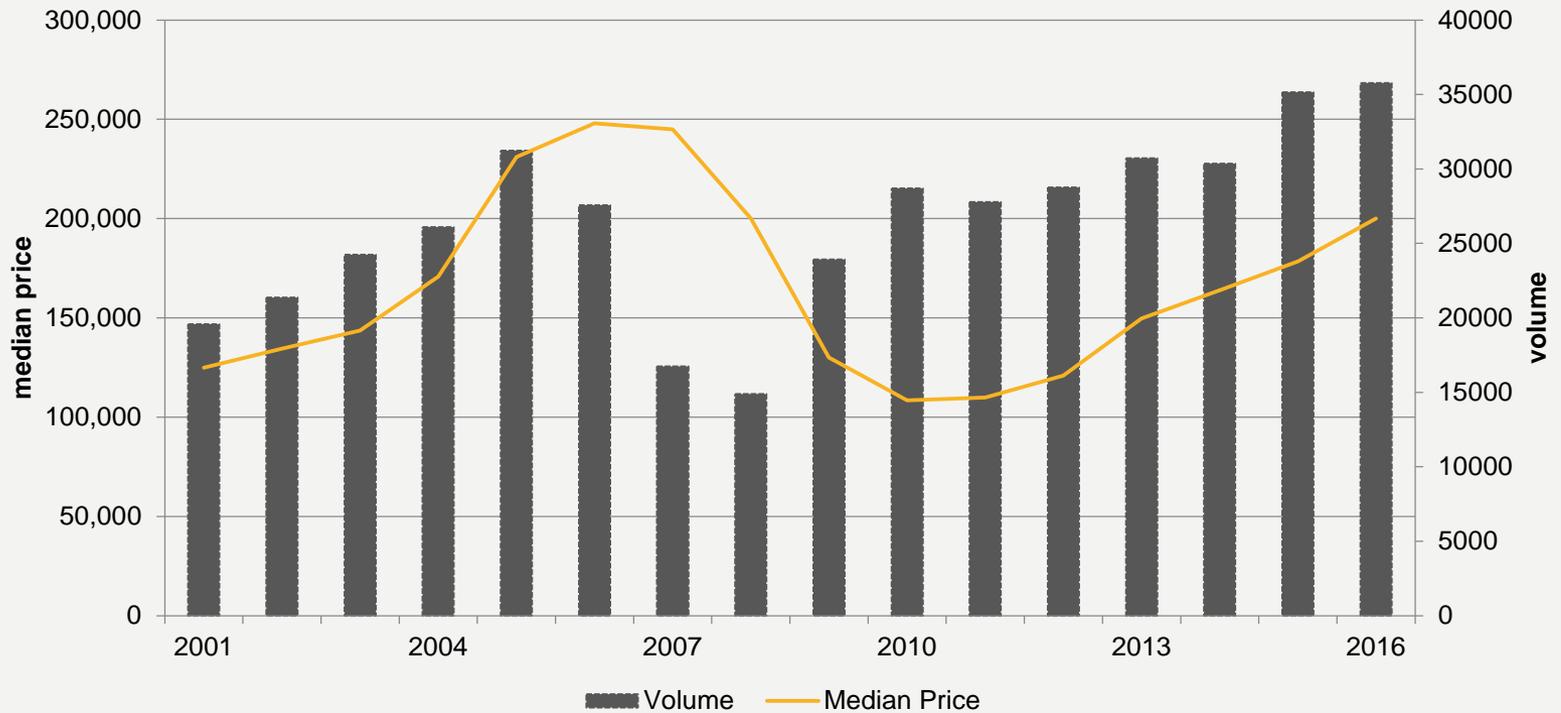
U.S. SALES VOLUME



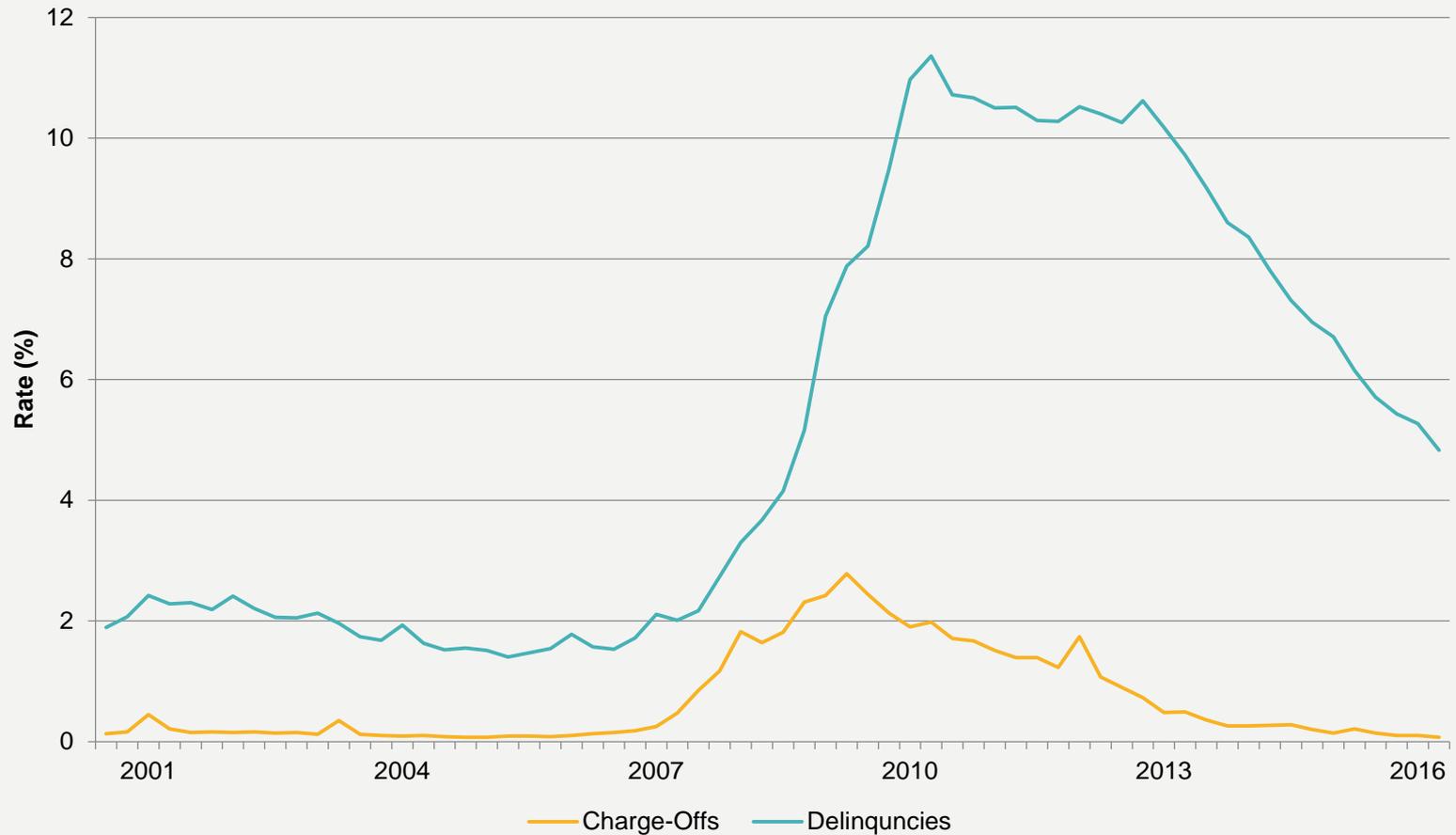
SALES VOLUME FL AND LOCAL



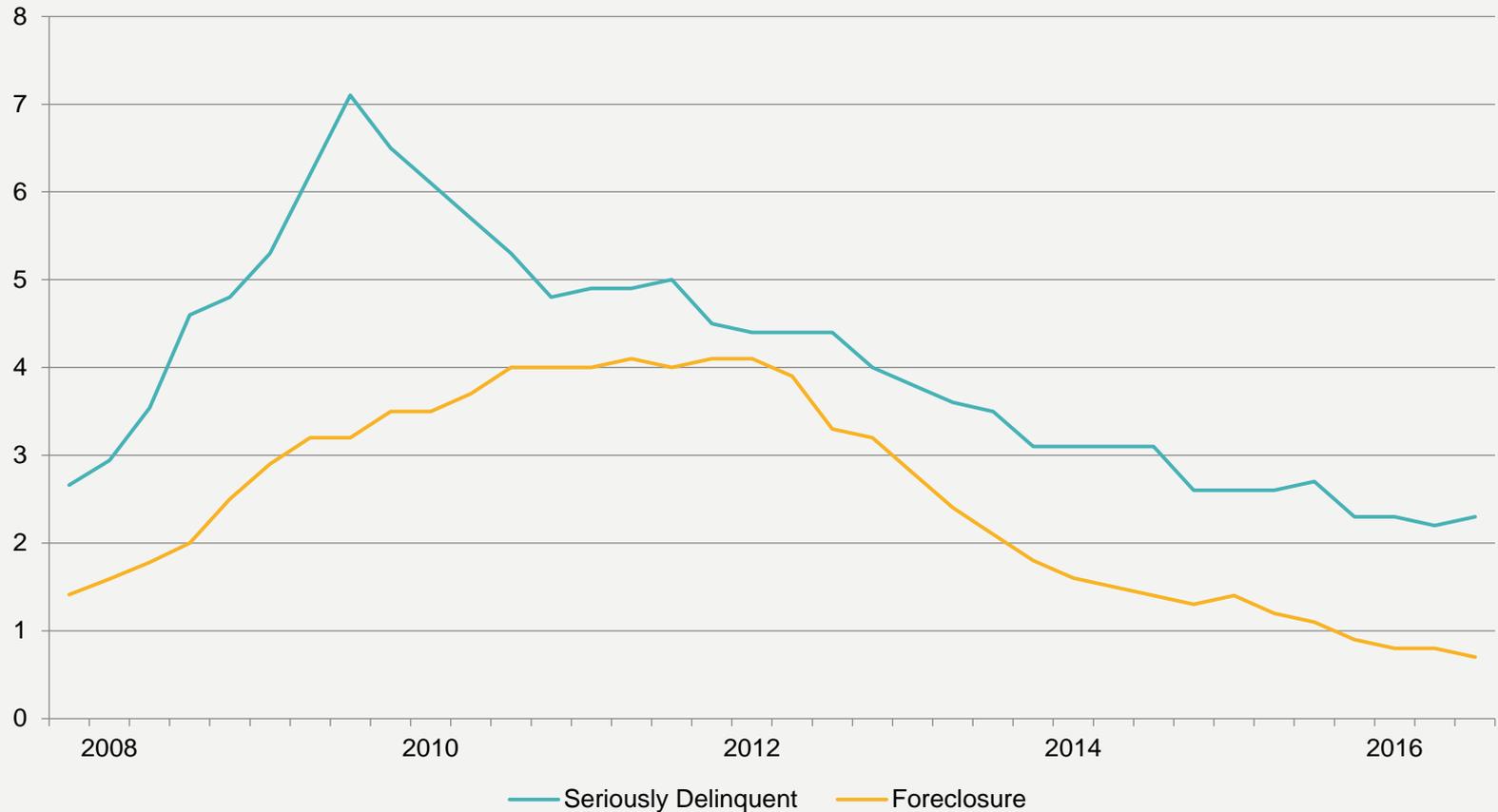
ORLANDO SALES AND PRICES



BANK PROBLEM LOANS



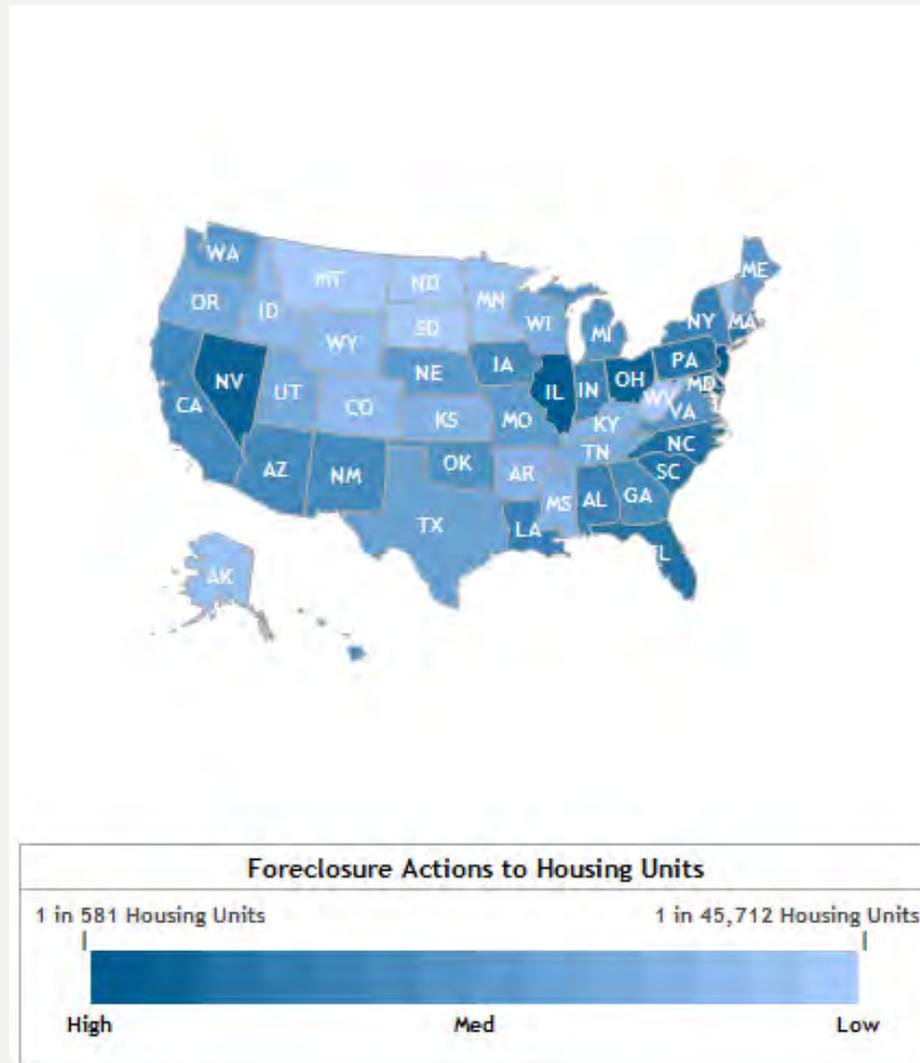
MORTGAGE DELINQUENCIES (OCC): U.S. BANKS (35% OF ALL MORTGAGES)



FLORIDA FORECLOSURES

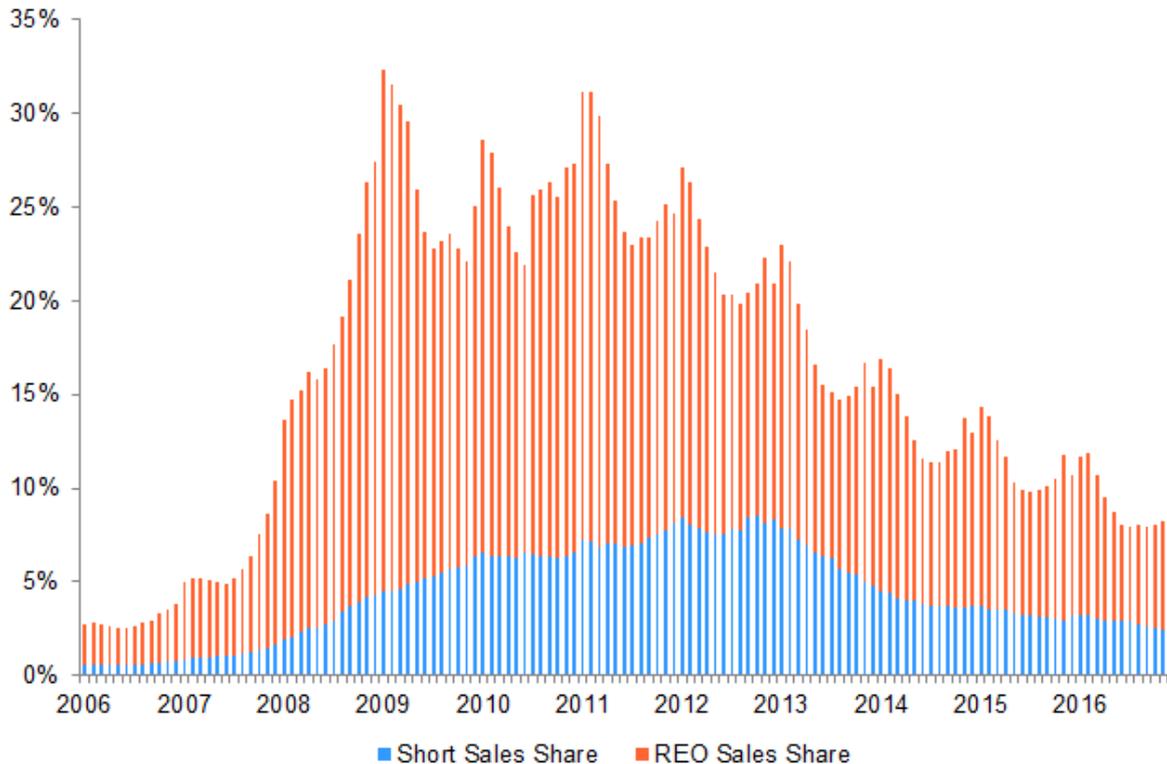
	U.S.	Florida	FL rank
Foreclosure Inventory	0.8%	1.4%	6th (tie)
1-year change	-29.5%	-41.1%	
Completed Foreclosures (12 mths)	384,161	44,732	1st
Serious Delinquency	2.6%	3.7%	5th

U.S. FORECLOSURE MAP



DISTRESSED SALES (U.S.)

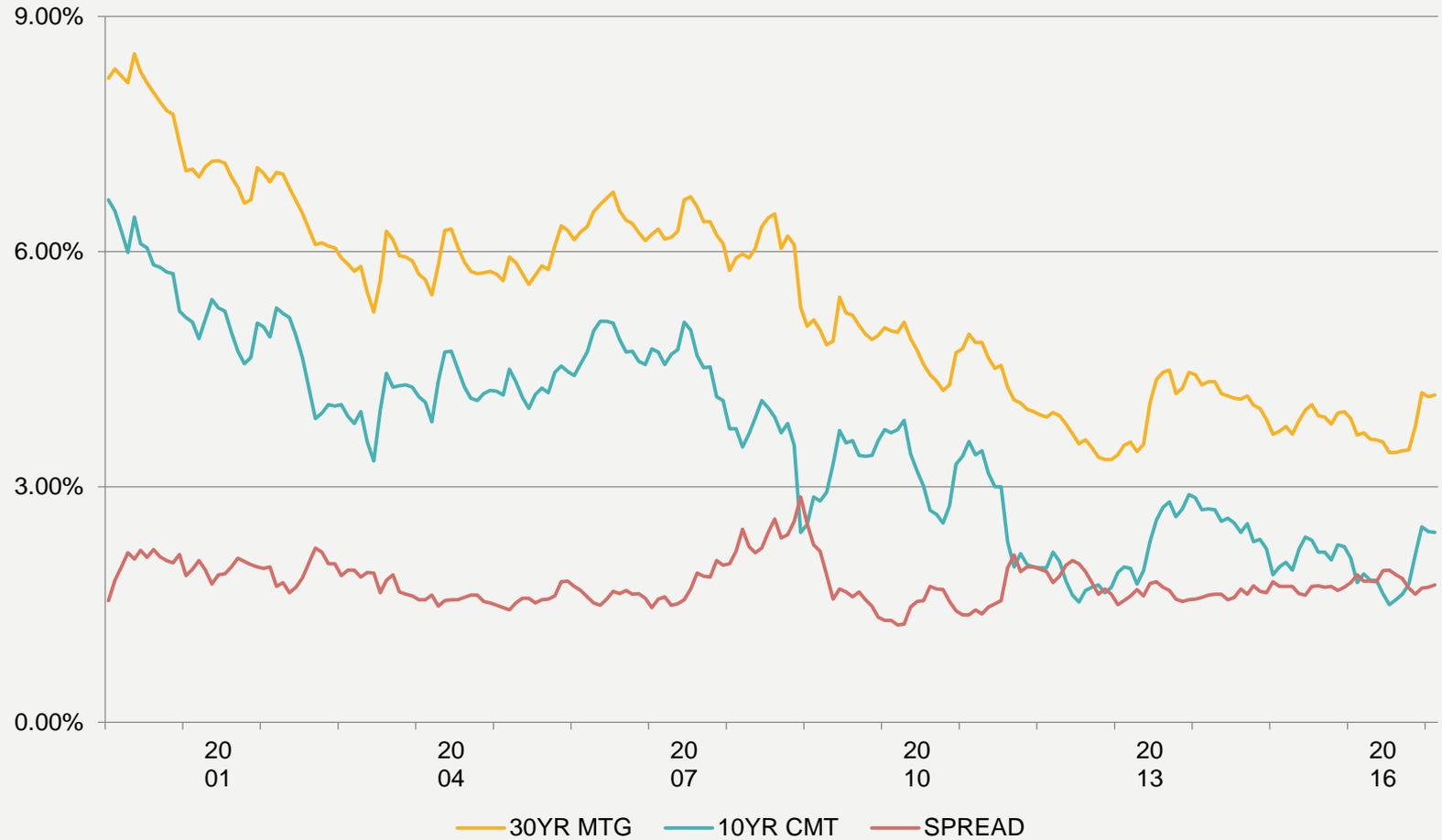
Figure 2: Distressed Sales as Percentage of Total Sales



Source: CoreLogic December 2016

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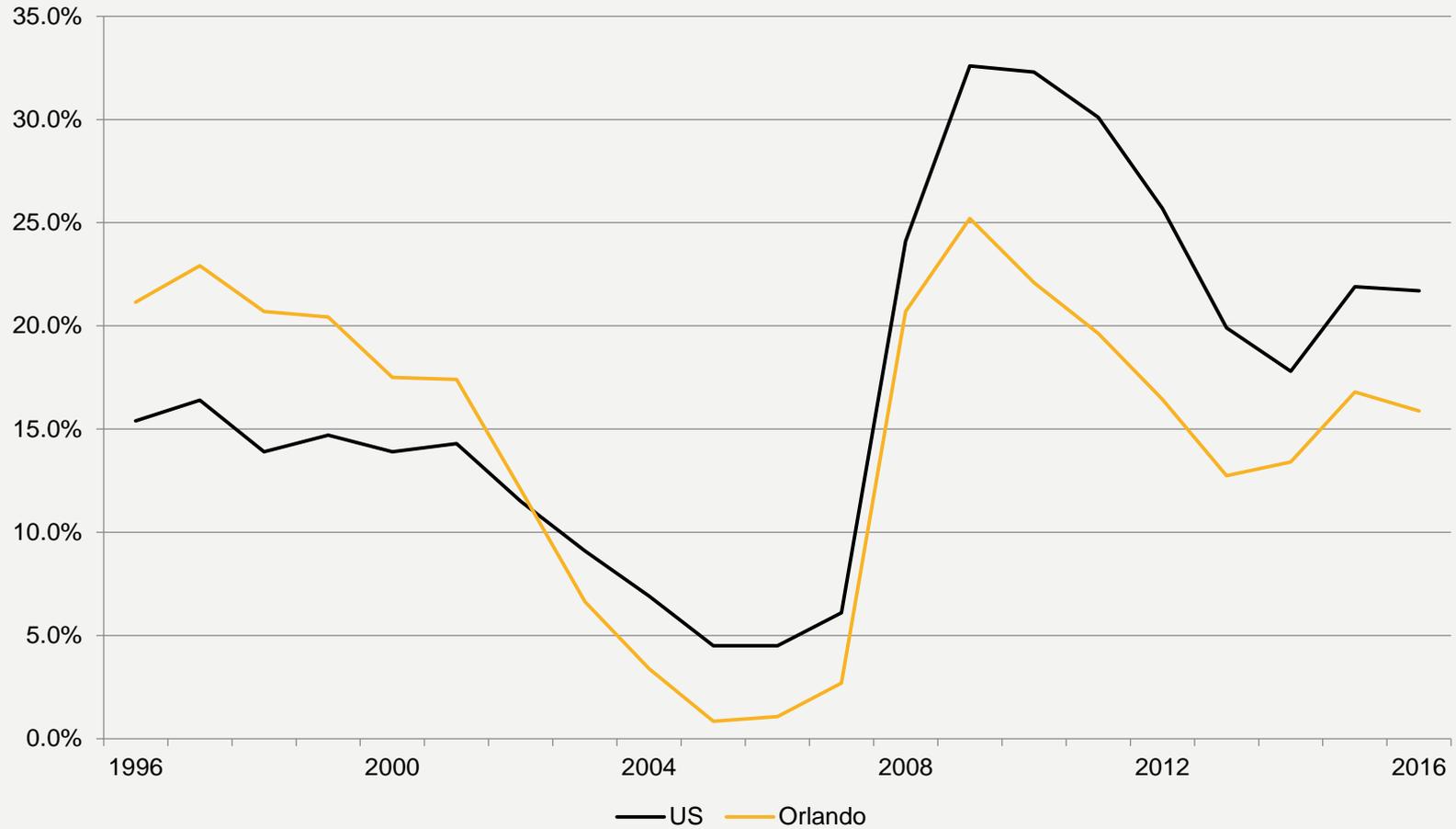
CONVENTIONAL MORTGAGE RATE



NET RESIDENTIAL MORTGAGE LENDING

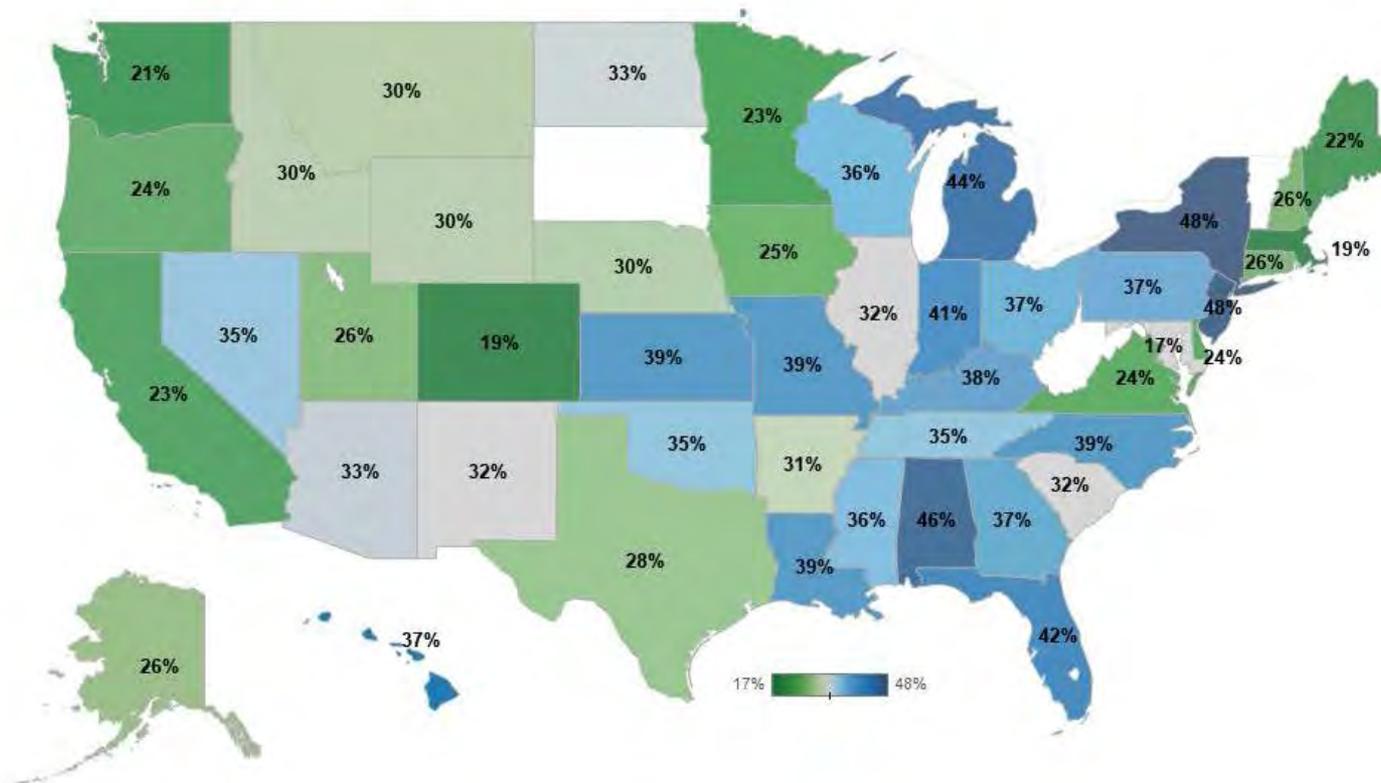
	<u>2004</u>	<u>2008</u>	<u>2012</u>	<u>2016</u>
Depository Institutions + Credit Unions	424.2	-151.2	16.6	117.6
GSE	3.5	8.8	-82.5	79.7
Agency/GSE Pools	49.9	492.2	105.0	115.8
ABS Issuers	398.3	-310.9	-106.7	-51.6
Finance Co + REITS	76.4	-143.7	-4.2	1.2
Other	18.2	-5.5	-3.8	3.8
Net borrowing	970.5	-110.3	-75.6	266.5

FHA SHARE OF FINANCINGS



CASH SALES MAP

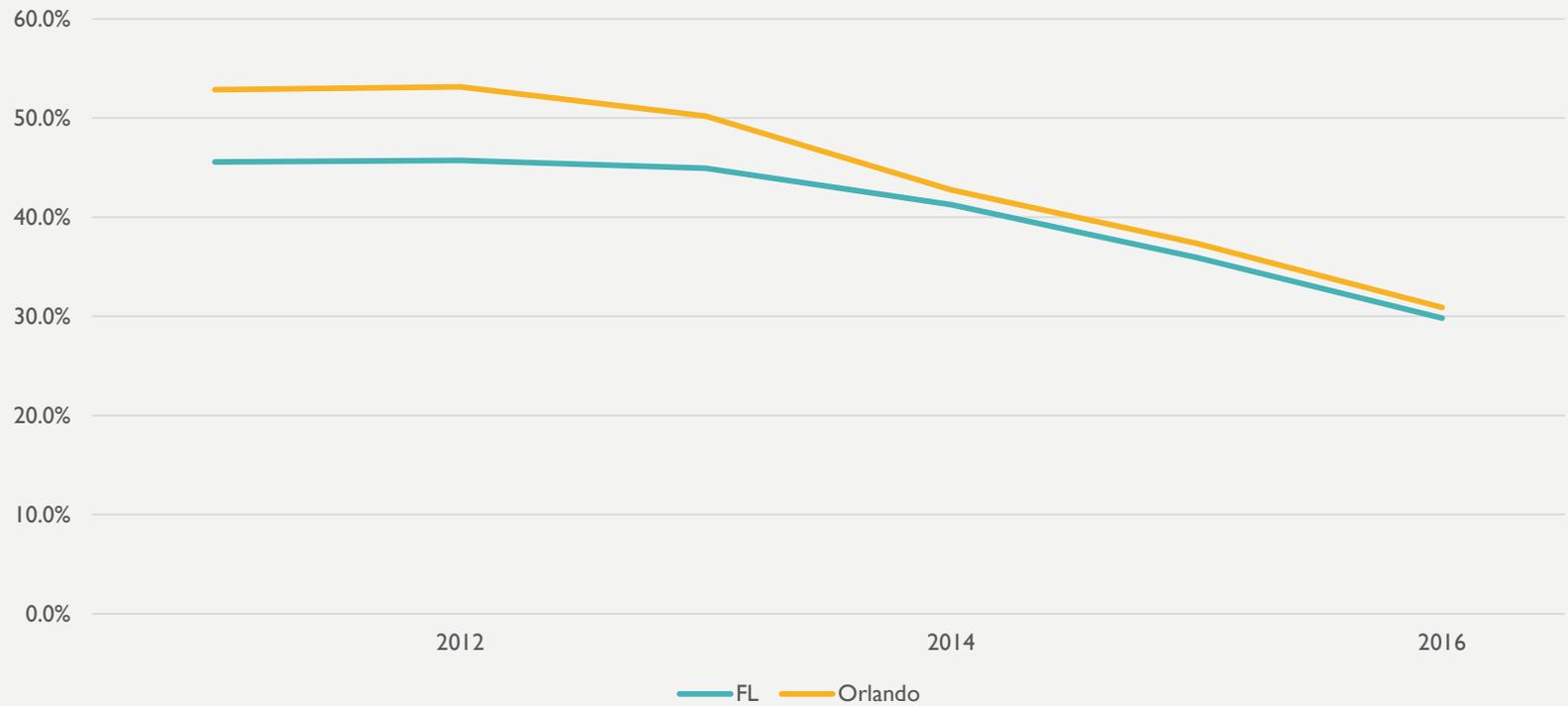
Figure 3: Cash Sales Share of Total Sales



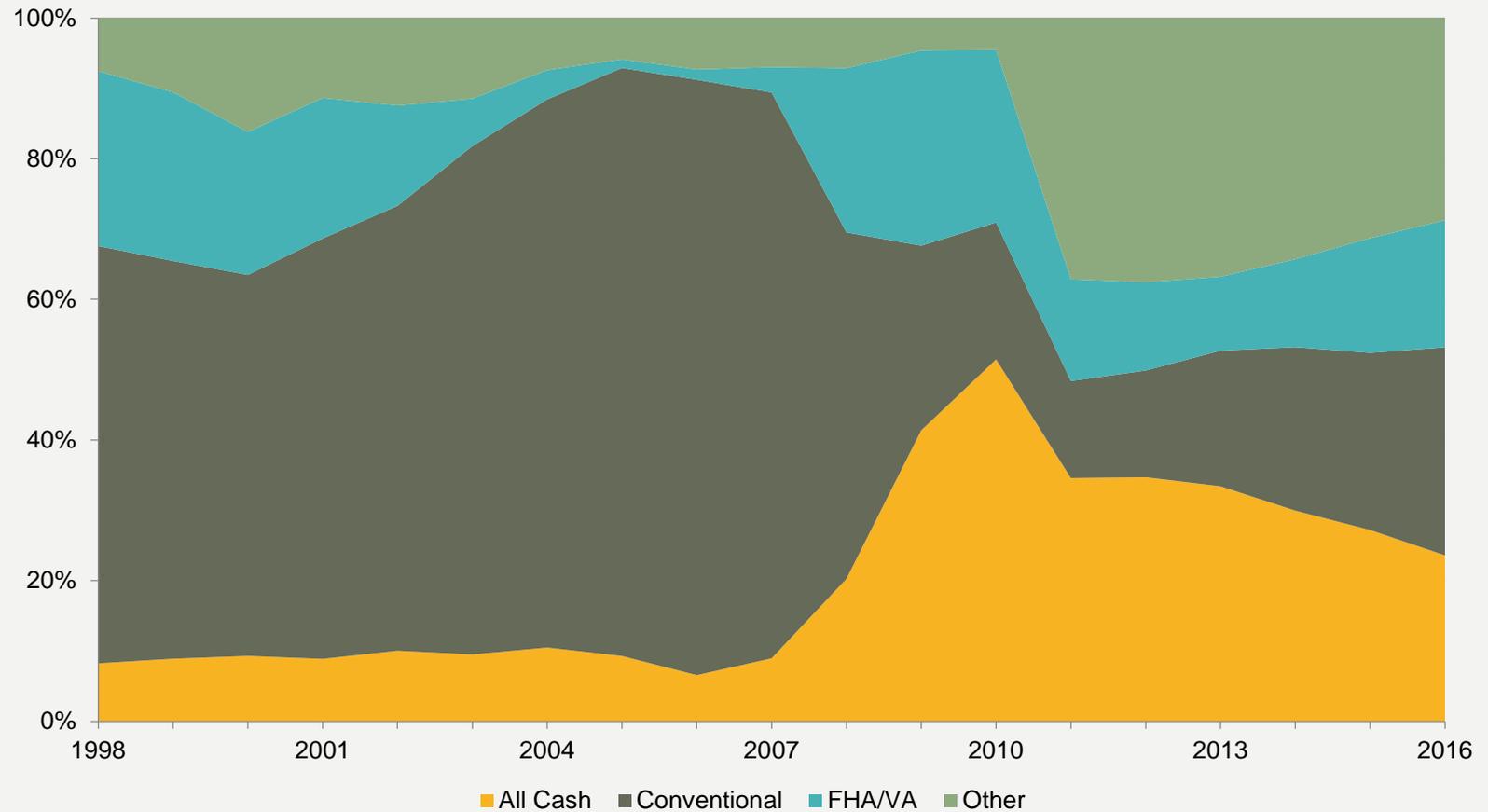
Source: CoreLogic December 2016

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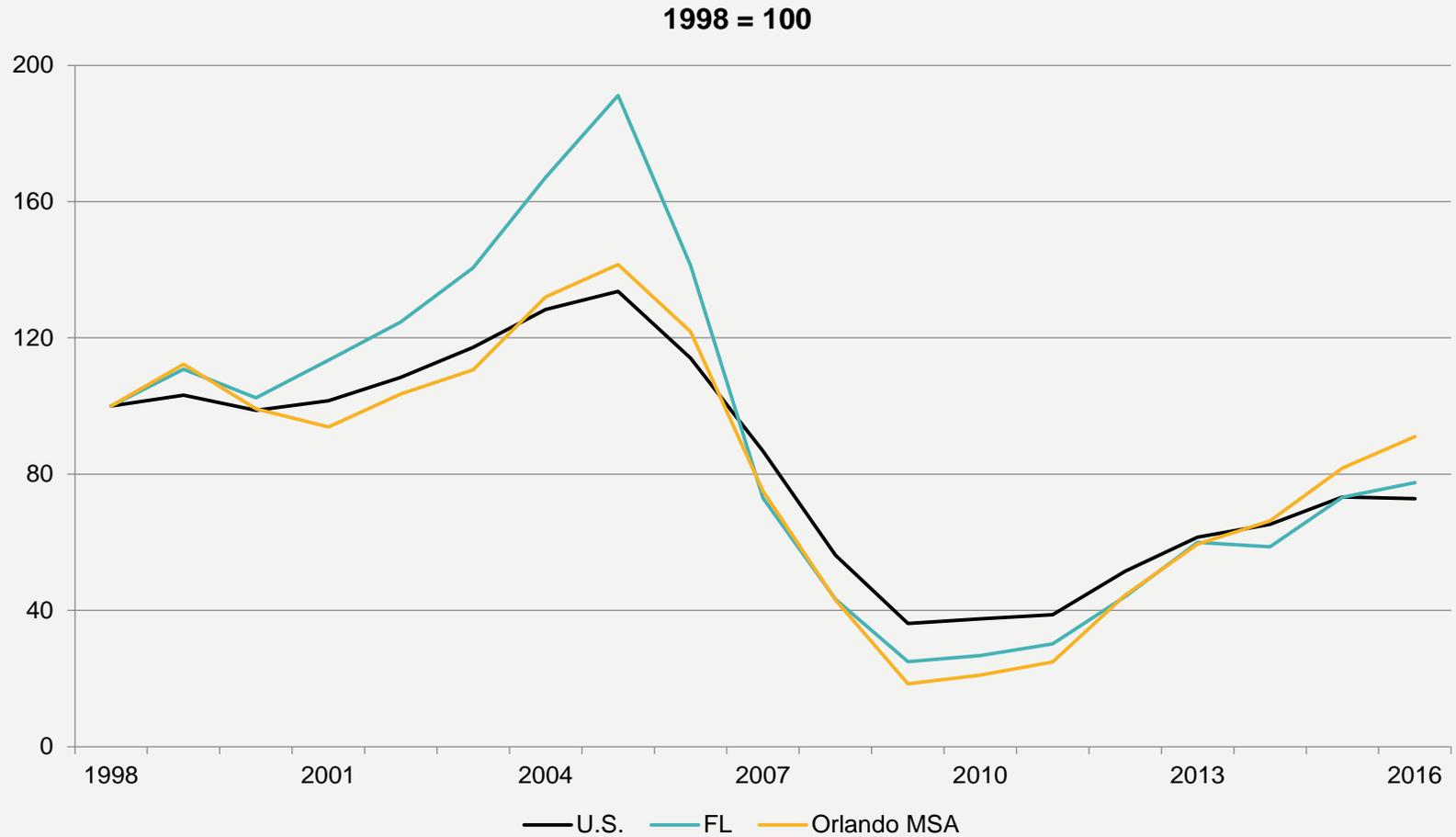
CASH SALES (FL & LOCAL)



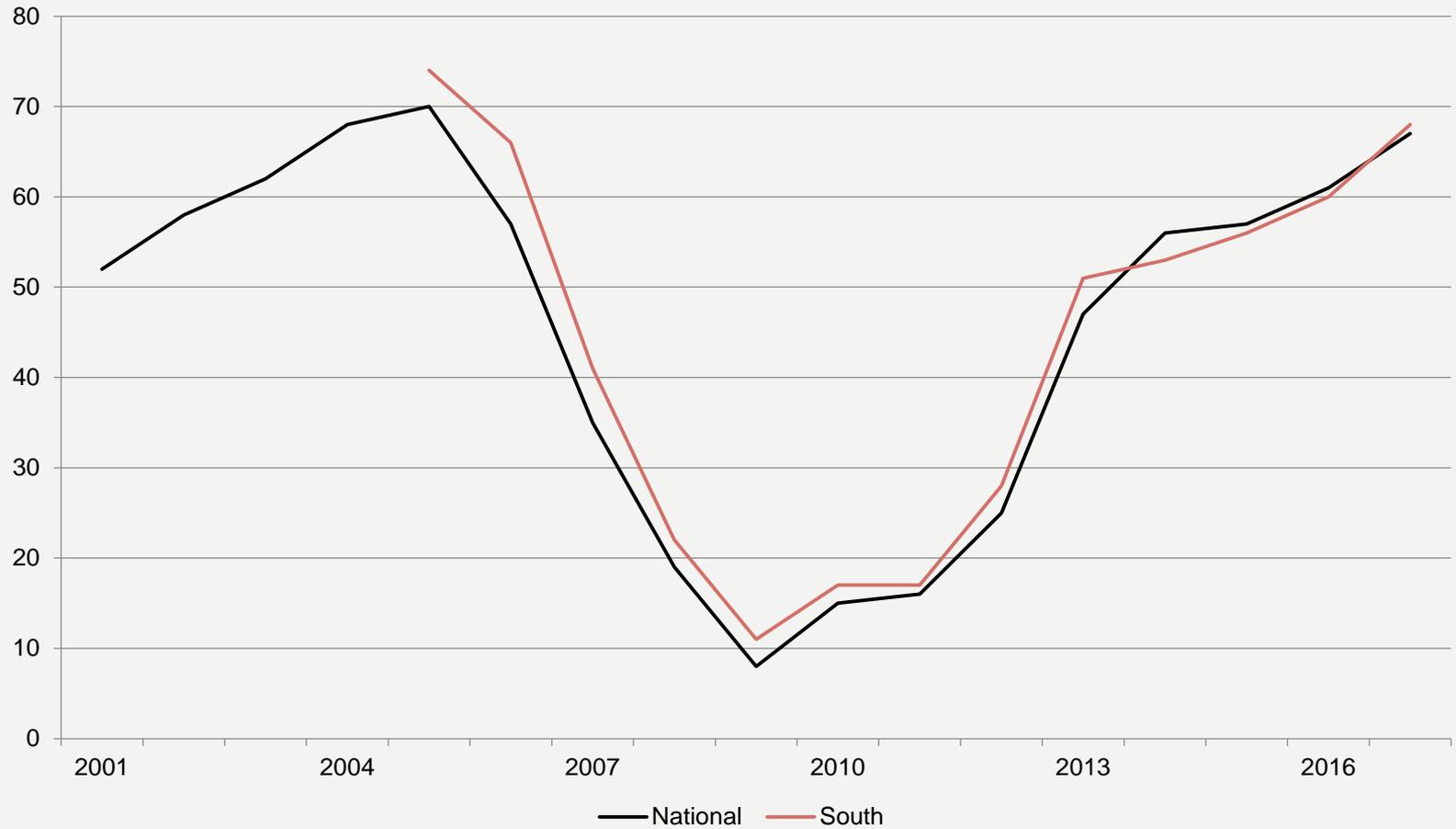
ORLANDO FINANCING SOURCES



PRIVATE CONSTRUCTION PERMITS



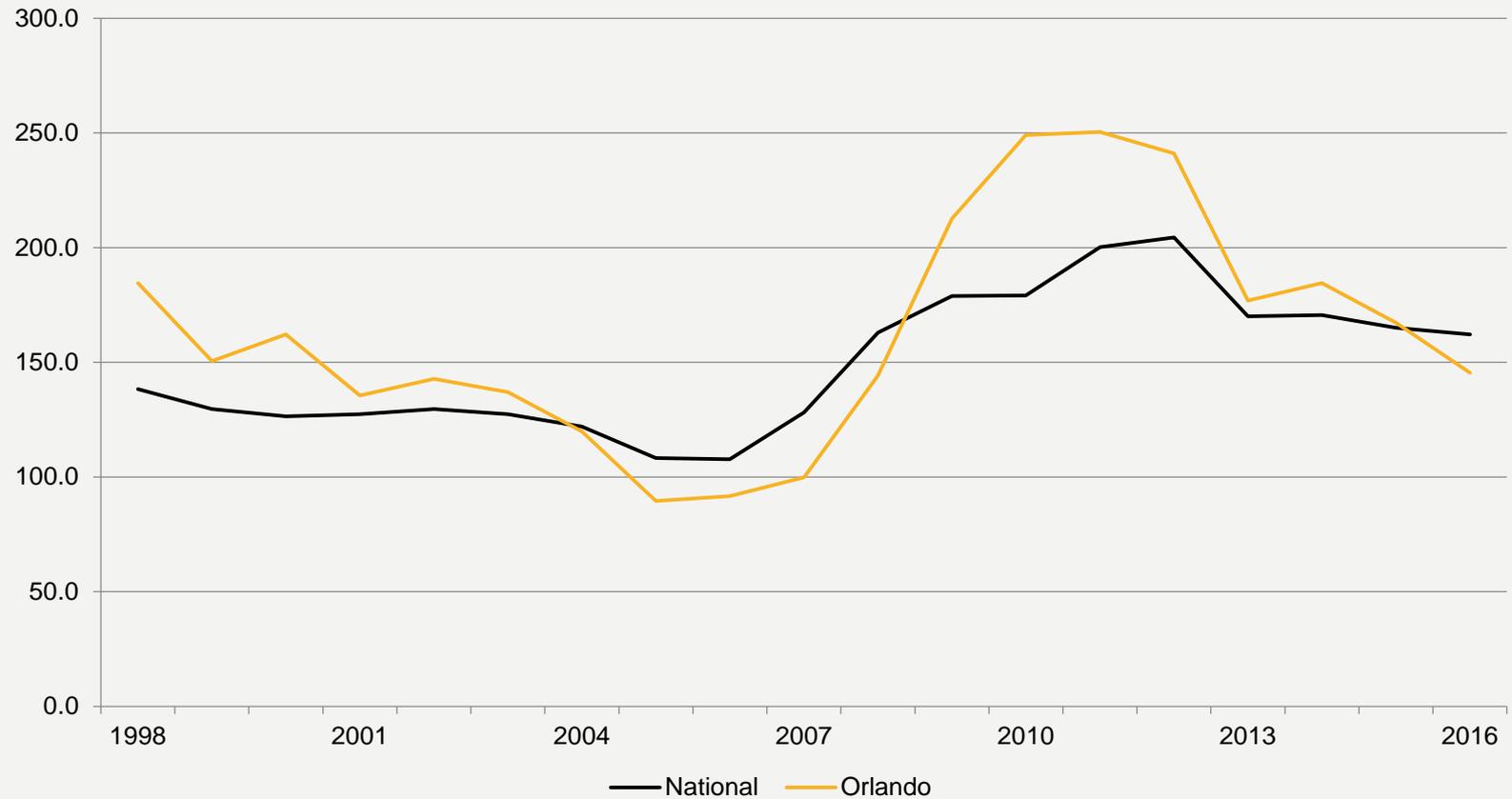
HOUSING MARKET INDEX



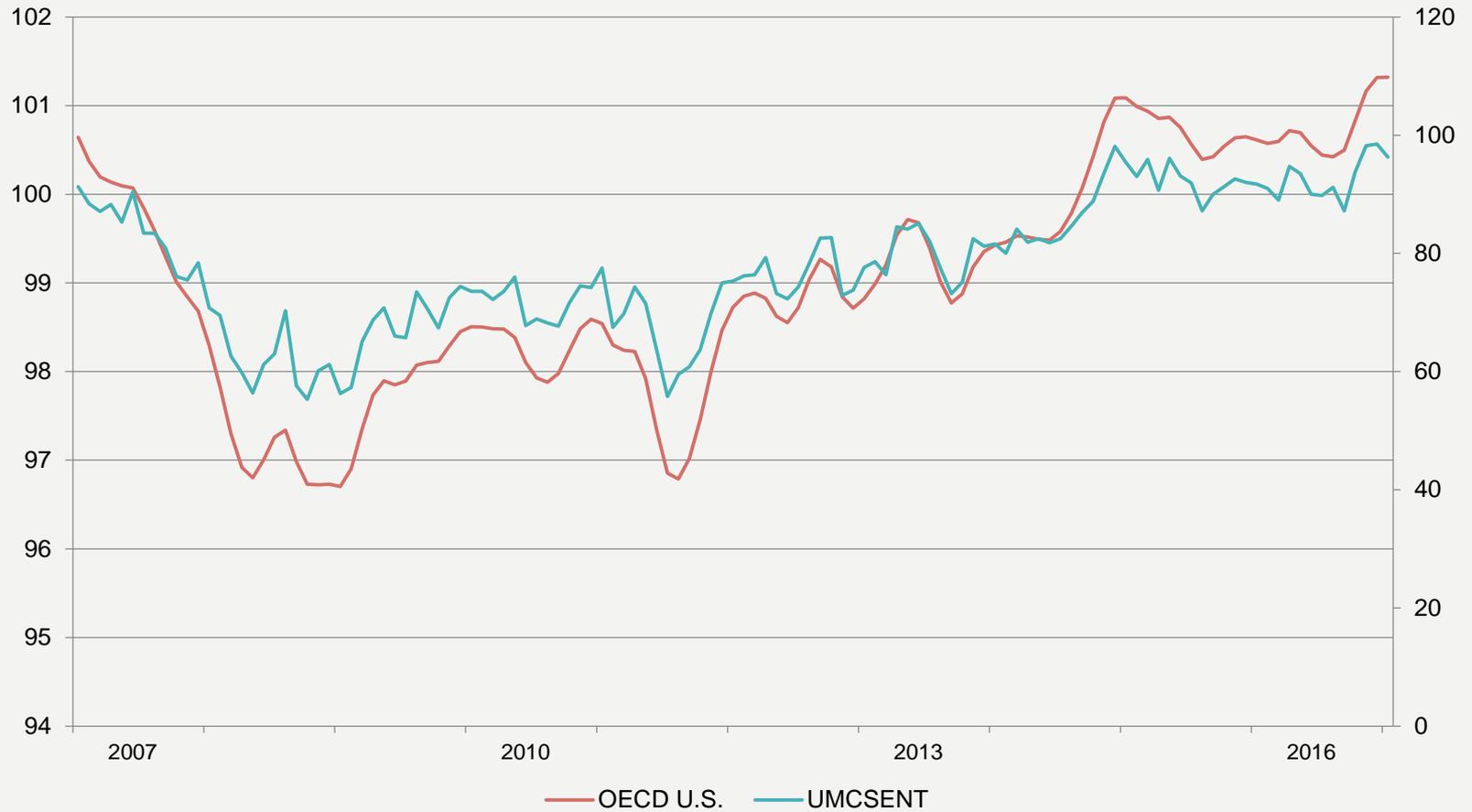
HOUSEHOLD WEALTH

Balance Sheet of Personal Sector		
(in \$trillions)		
	<u>2015</u>	<u>2016</u>
		-
Assets	101.9	107.9
Tangible	30.5	32.4
Household Real Estate	24.8	26.5
Financial	65.9	69.9
Deposits	10.0	12.7
Debt Securities	4.5	4.3
Corporate Equities	14.2	15.9
Mutual Fund Shares	6.5	6.9
Other (incl. Businesses)	4.9	5.2
Pension Entitlements	21.3	22.2
Liabilities	21.5	22.3
Home Mortgages	10.0	10.3
Consumer Credit	3.5	3.8
Net Worth	80.4	85.6

AFFORDABILITY INDEX (INCOME/COST)



CONSUMER CONFIDENCE

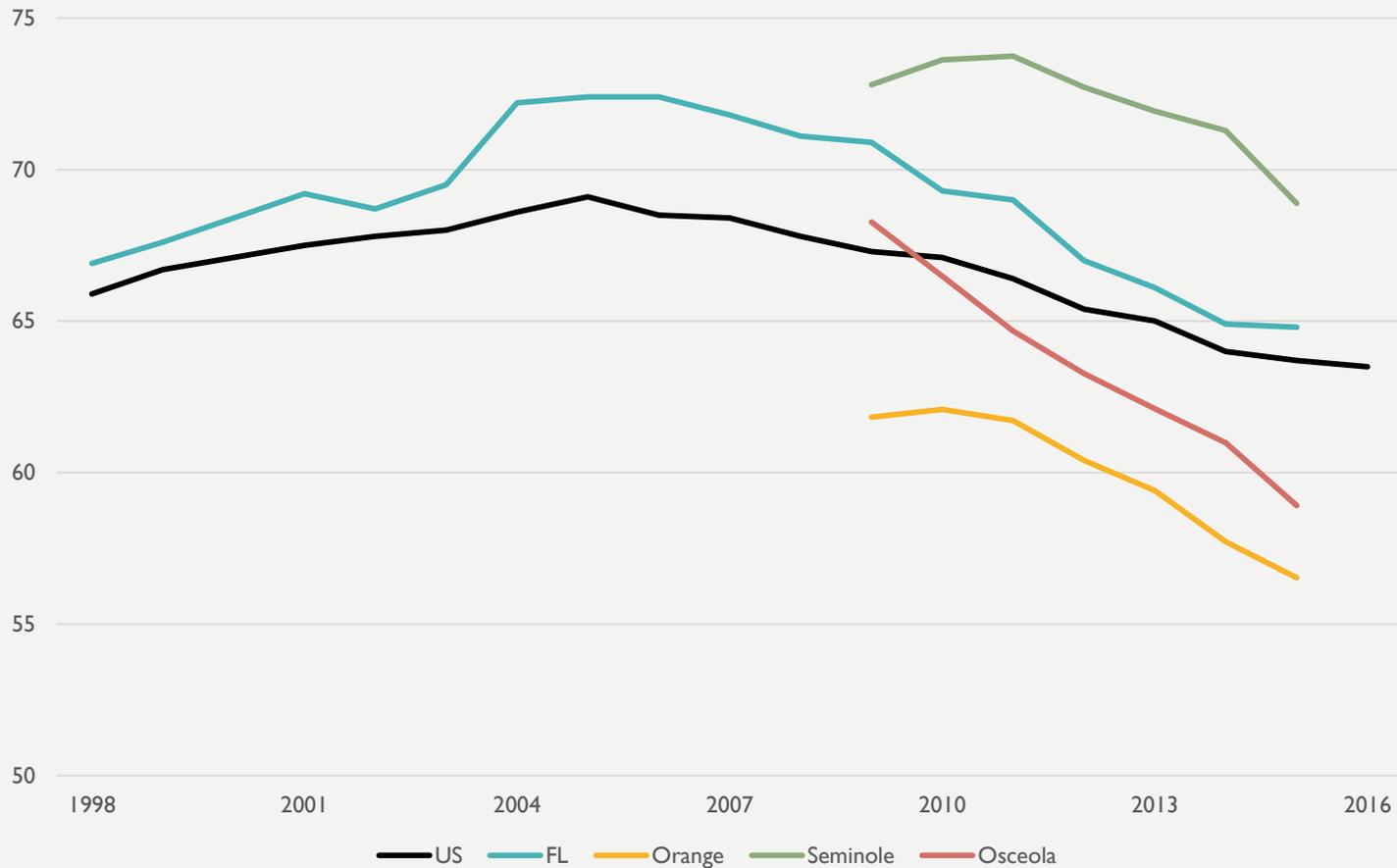


POPULATION

	<u>U.S.</u>	<u>Florida</u>
7/1/2016	323,127,513	20,612,439
7/1/2015	321,418,820	20,271,272
4/1/2010	308,758,105	18,804,592
15-16 growth	0.5%	1.7%
10-16 growth	0.7%	1.5%

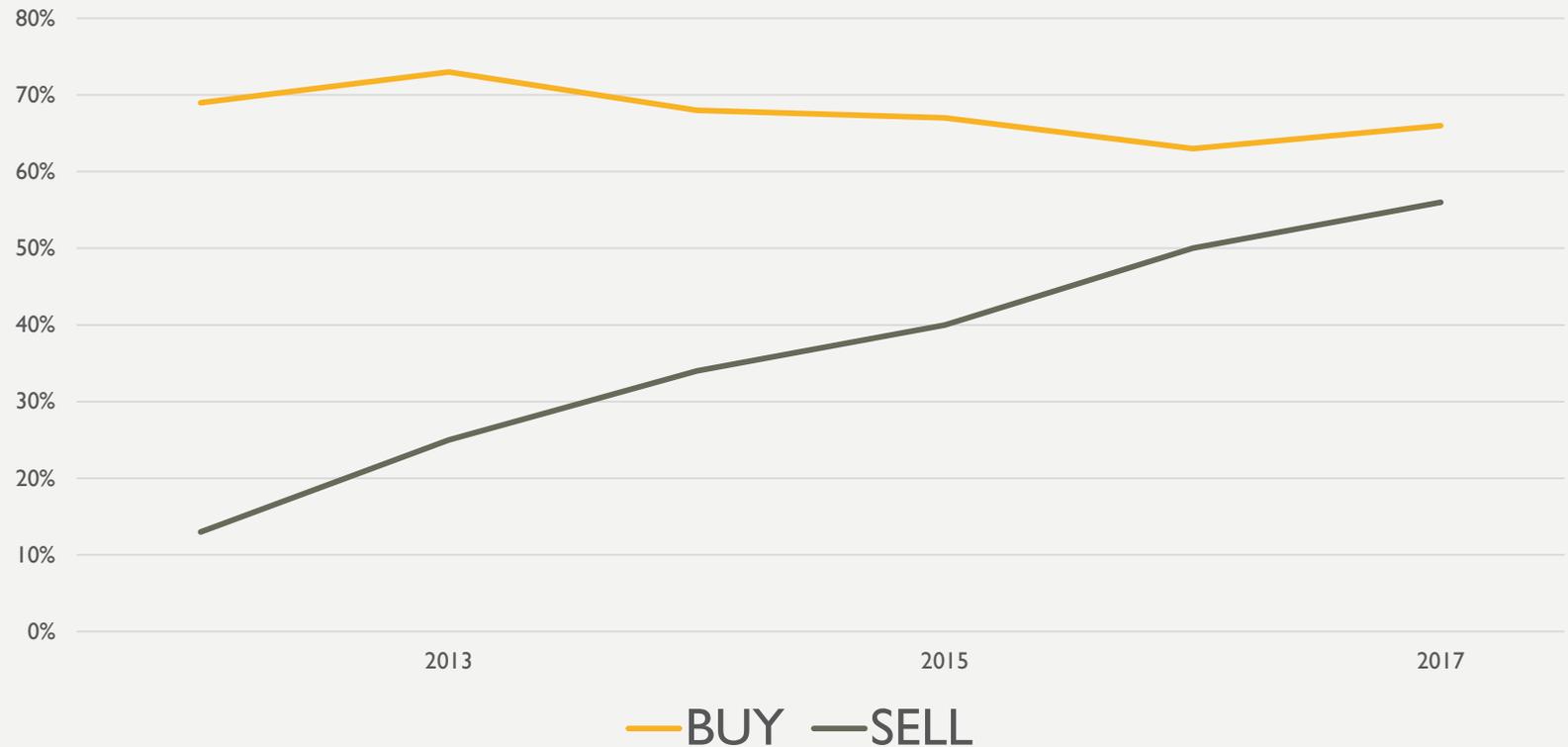
	<u>Orange</u>	<u>Seminole</u>	<u>Osceola</u>
7/1/2016	1,314,367	455,479	336,015
7/1/2015	1,288,126	449,144	323,993
4/1/2010	1,145,951	422,718	268,683
15-16 growth	2.0%	1.4%	3.7%
10-16 growth	2.2%	1.2%	3.6%

HOME OWNERSHIP RATE



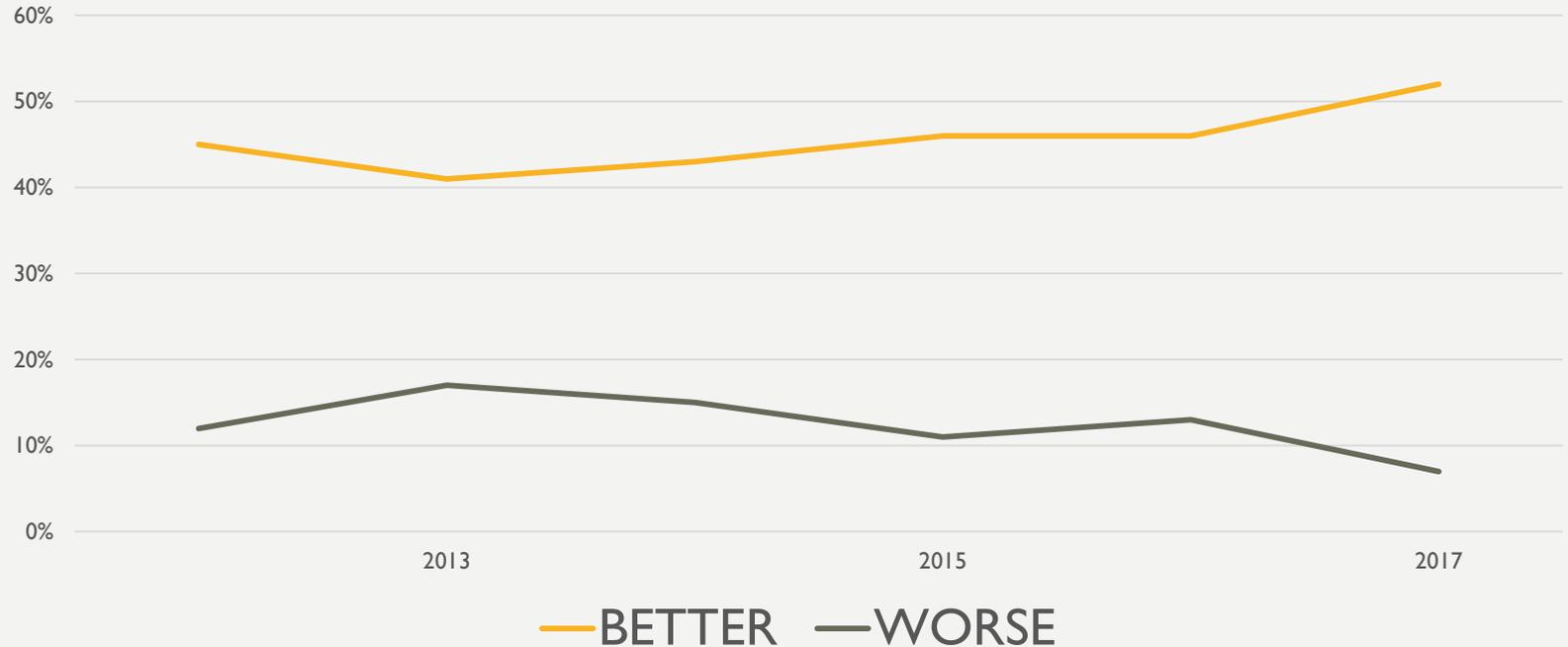
NATIONAL HOUSING SURVEY

It is a Good Time To:



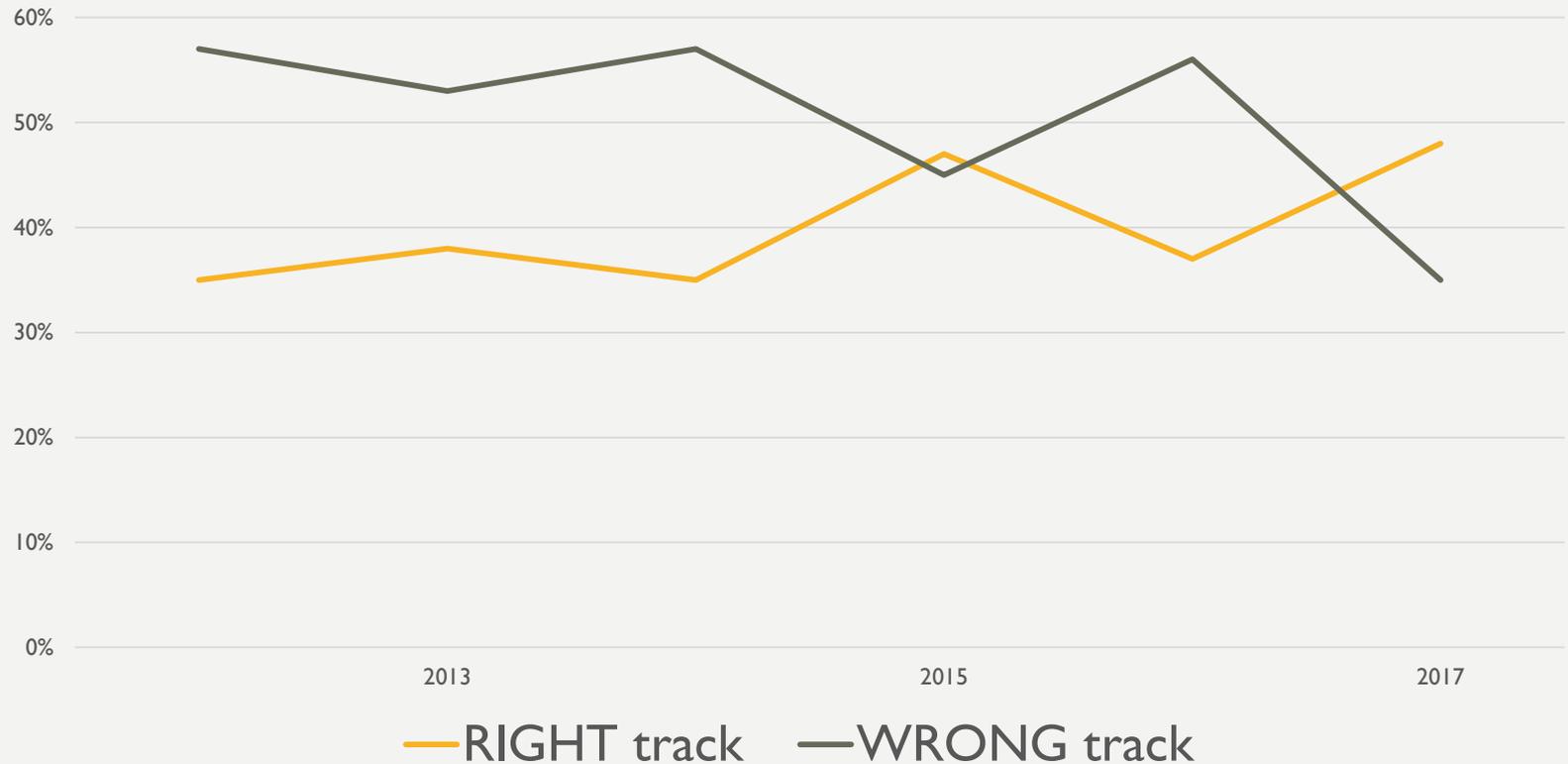
NATIONAL HOUSING SURVEY

Personal Financial Situation is Getting:



NATIONAL HOUSING SURVEY

The Economy is on the:



WRAP UP

- National
 - Housing remains affordable, although ownership rates are declining
 - Prices are climbing
 - Mortgage rates low, although increases are likely
 - Lending market is strong
 - Foreclosures & delinquencies are almost cleaned up
 - New housing volume flattening at lower than pre-bubble
 - Consumer confidence is improving (overall & housing)

WRAP UP

- Orlando & Florida
 - Volume stable above peak
 - Prices climbing but still below peak
 - Housing is affordable
 - Population growing strongly, but ownership rates declining
 - Cash sales continue to decline
 - Problem loans getting cleared out