2019 FALL **HOUSING REPORT**

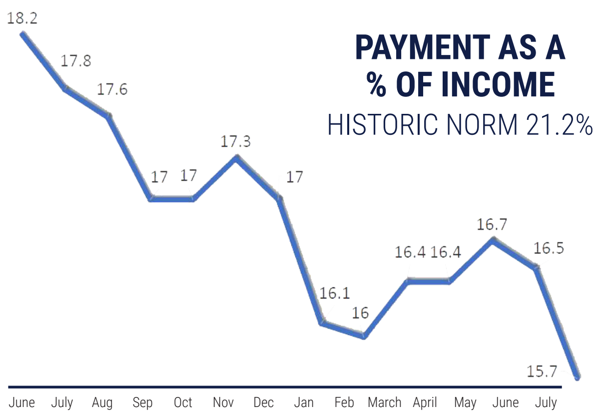
MARKET FACTS

There are **three major themes** in our current Central Valley Real Estate market:

1. Homeowners are winning big with their equity gains.
2. After increases in housing inventory in 2018, since the 2nd quarter of 2019, our inventory has been trending lower.
3. Low interest rates continue to lower borrower payments and increase homeownership affordability.

* **Bonus advice:** consult with your trusted Real Estate advisor to understand the opportunities in each of these themes.

- According to the National Association of Realtors, the "historic norm" of a homeowner's payment as a percentage of their income is 21.2%; recent rate reductions, however, have driven this percentage down to 15.5%.



Source: National Association of Realtors

MORTGAGE RATE PROJECTIONS

QUARTER	FREDDIE MAC	FANNIE MAE	MBA	NAR	AVERAGE OF ALL FOUR
2019 4Q	3.7	3.5	3.8	3.5	3.62%
2020 1Q	3.7	3.4	3.8	3.5	3.60%
2020 2Q	3.7	3.4	3.8	3.6	3.62%
2020 3Q	3.8	3.4	3.9	-	3.70%

BY THE NUMBERS, AS OF NOVEMBER

- Inventory is DOWN -10.5% year-over-year (YOY)
- However, inventory is up 7.6% from 2 years ago
- -12% fewer homes came on the market in October YOY
- Sales are up 1.6% YOY (market demand)
- Median sales price is up 4.5% from Q3 2018
- Current median sales price is $278,000
- As of 11/1/19, cumulative days on market is holding at 46
- Interest rates are back to the lows we saw in **November 2016** (approx. 3.6%)

GOOD NEWS FOR SELLERS

1. Home equity has been growing since 2011
2. 53% of homeowners have 50% or higher equity positions
3. Months' supply of inventory is at 2.6 months
4. Less competition during the winter months
5. Our listings are selling for 98% of their final list price
6. Consider refinancing any Real Estate you own - **harvest your equity, explore your option(s)**, and make the move you've been putting off

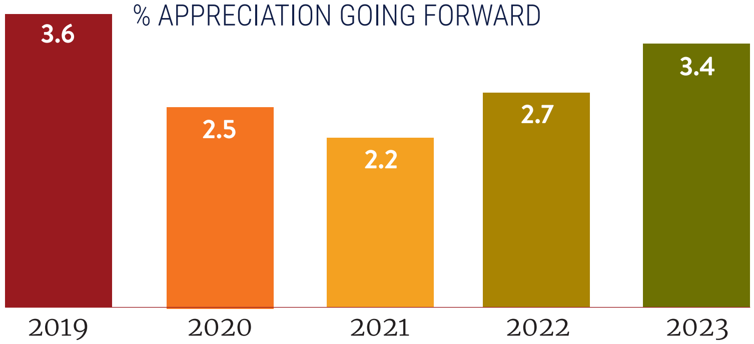
YOU LIVE IN THE PAYMENT, NOT THE PRICE

BUYER'S PURCHASING POWER
(a 1% increase in rate can lower your purchasing power 10%)

RATE					
5.25	$2,208	$2,154	$2,098	$2,044	$1,988
5.00	$2,148	$2,094	$2,040	$1,986	$1,932
4.75	$2,086	$2,034	$1,982	$1,930	$1,878
4.50	$2,026	$1,976	$1,926	$1,874	$1,824
4.25	$1,968	$1,919	$1,869	$1,820	$1,771
4.00	$1,910	$1,862	$1,814	$1,766	$1,719
3.75	$1,852	$1,806	$1,760	$1,714	$1,667
	$400,000	**$390,000 -2.5%**	**$380,000 -5%**	**$370,000 -7.5%**	**$360,000 -10%**

GOOD NEWS FOR BUYERS

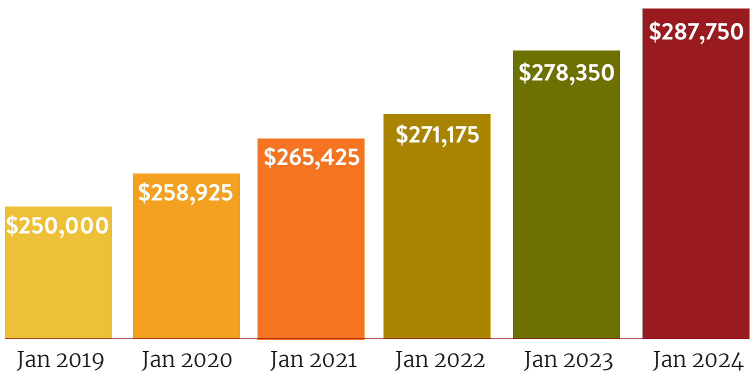
PROJECTED MEAN HOME PRICE
% APPRECIATION GOING FORWARD



Source: Home Price Expectation Survey 2019 3Q

- Experts predict (nationally) a cumulative mean home price appreciation of 14.4% between 2019 and 2023. On a $250,000 home, this equals $37,750 in equity appreciation. And remember, when you add the principal balance that you are paying down each month, you could be adding another $20,000 in equity after 5 years. ($37,750 + $20,000 = $57,750)!

$37,750 POTENTIAL GROWTH IN FAMILY WEALTH OVER THE NEXT FIVE YEARS BASED SOLELY ON INCREASED HOME EQUITY



PRICE APPRECIATION PROJECTED BY **THE HOME PRICE EXPECTATION SURVEY 2019 Q3**

- "Borrower equity rose to an all-time high in the first half of 2019 and has more than doubled since the housing recovery standard in 2011." ***- Frank Nothaft, CoreLogic***
- "Households must consume housing costs whether they own or rent. Homeowners, however, pay debt service to pay down their principal while households that rent pay down the principal of a landlord plus a rate of return. Owning often does end up making more financial sense than renting."

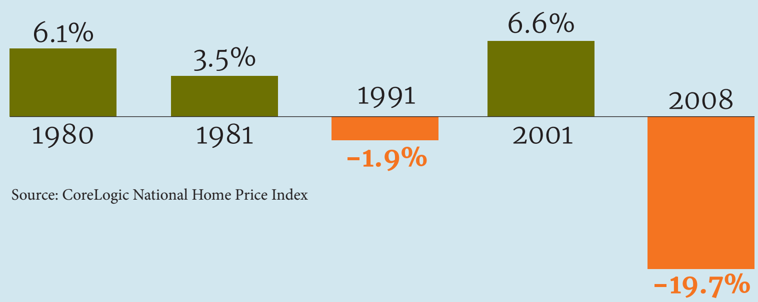
  - Joint Center for Housing Studies, Harvard University

NEWS HEADLINES VS THE MARKET

- The news is meant to grab our attention; it's sensationalized and distracting.
- Don't confuse the headlines for the reality of our market.
- "The most likely triggers for the next recession are trade policy, a stock market correction, or geopolitical crisis. Housing demand will decrease, but a housing slowdown is not expected to cause the recession."

  - July 25, 2019, Pulsenomics
- Historically, the fact is, **a recession does not equal home price devaluation.** Know the facts!

DURING LAST 5 RECESSIONS HOME PRICE CHANGE



Source: CoreLogic National Home Price Index

- We still have PTSD from the 2008 market crash caused by no lending standards for anybody.
- Since 2009, normal lending standards have been followed. The mortgage markert is healthy.
- Homeowners now have skin in the game and huge equity gains.

MORE GOOD NEWS

- "New household formation is expected to grow as more millennials enter their prime home-buying years, and baby boomers are living longer and more independently than ever. For more than a decade, home building has not kept up with the demand for shelter, creating a housing supply deficit that will prove difficult to reduce significantly."

  - Odeta Kushi, Deputy Chief Economist, First American
- "26% of millennials expressed an interest in buying a home in the next 12 months." ***- CoreLogic***
- "The drop in mortgage rates continues to stimulate the real estate market and the economy. Home purchase demand is up 5% from a year ago and has noticeably strengthened since the early summer months ... The benefit of lower mortgage rates is not only shoring up home sales, but also providing support to homeowner balance sheets via higher monthly cash flow and steadily rising home equity." ***- Freddie Mac***
- "As a potential buyer or seller, the best thing you can do is work with a trusted advisor who can help you keep a close eye on how the market is changing. Relying on current expert advice is more important than ever when it comes to making a confident and informed decision for you and your family." ***- KCM Consulting***

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