

# THE OUTLOOK FOR HOUSING

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Chief Economist

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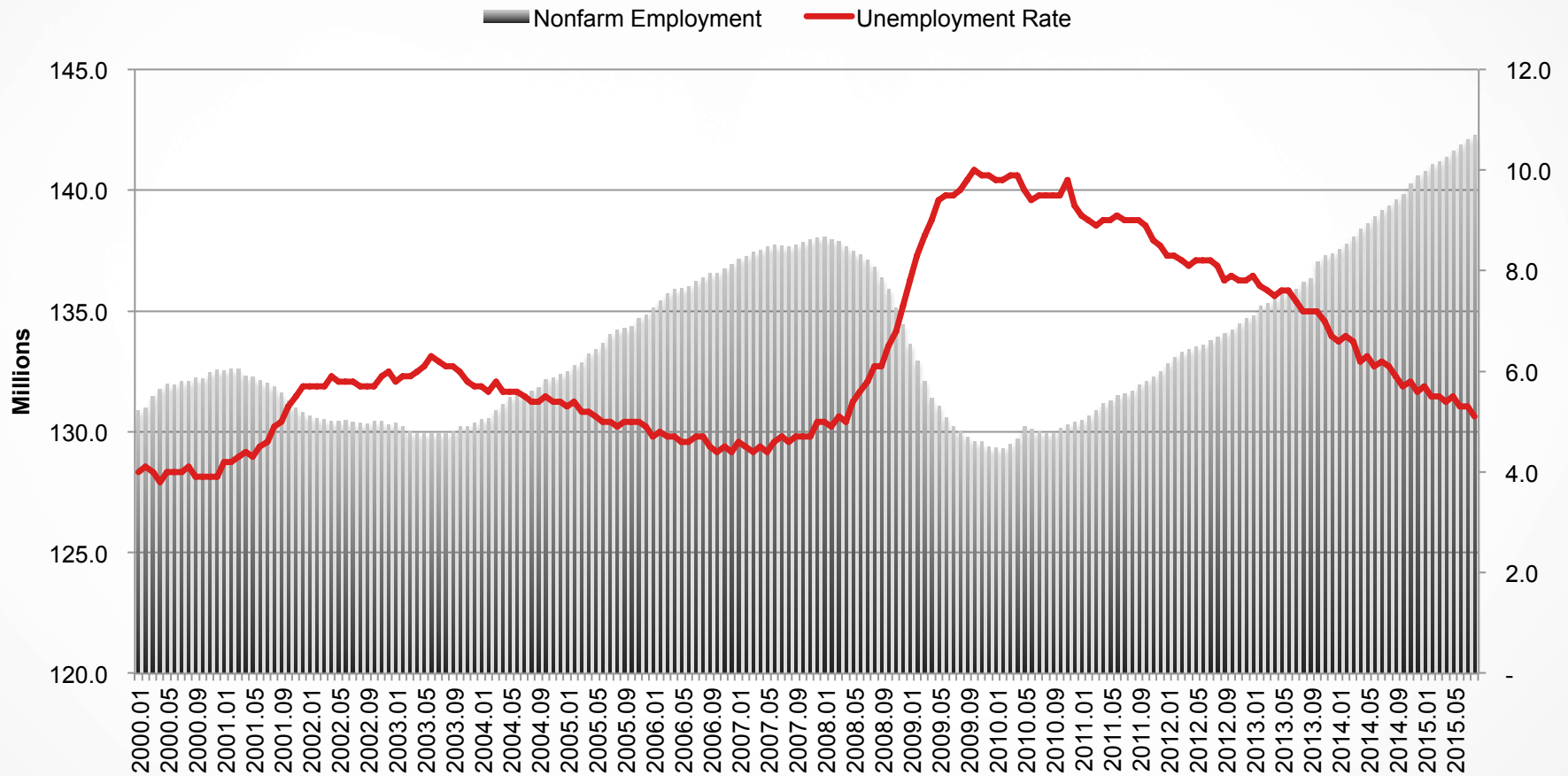
realtor.com<sup>®</sup>

# NATIONAL CONTEXT

# JOB EXPANSION CONTINUES

173,000 jobs created in August, 2.919 million jobs in last 12 mos.

## Employment and Unemployment

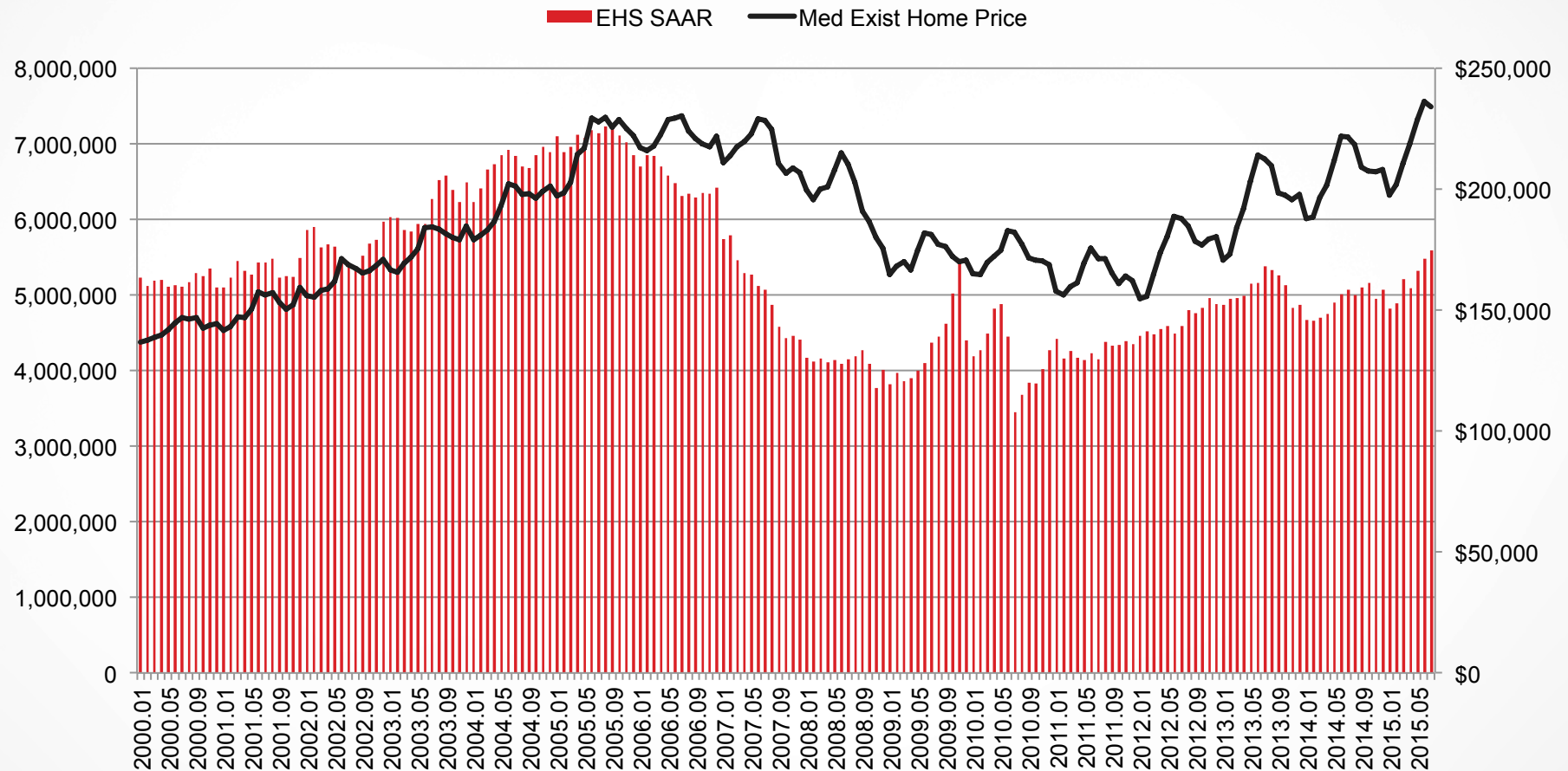


Source: Bureau of Labor Statistics

# REAL ESTATE RECOVERY

Sales up 10% over '14 in July; new high for median \$ in June

## Existing Home Sales and Prices

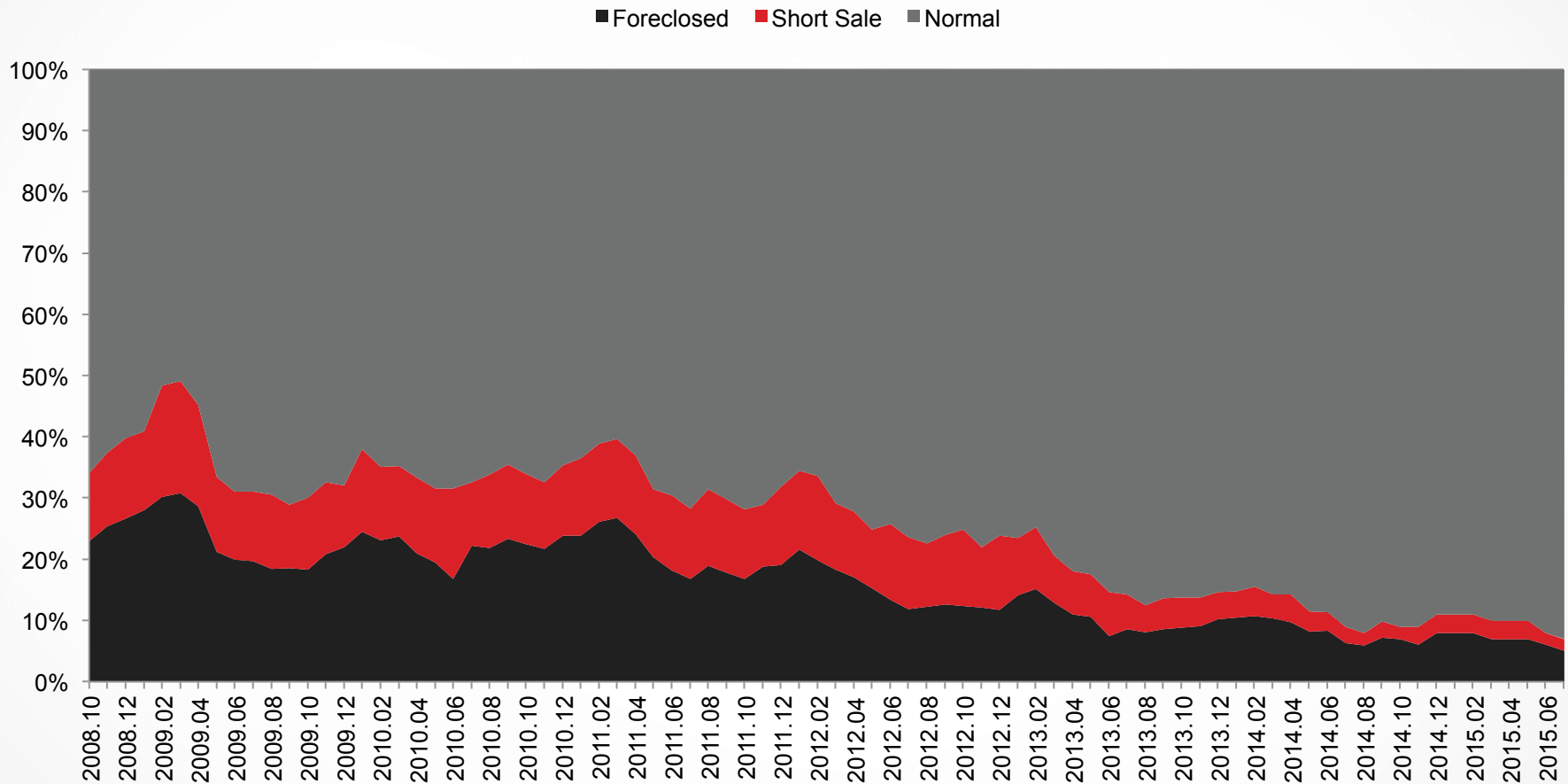


Source: National Association of REALTORS® Existing Home Sales Report

# COMPOSITION BACK TO NORMAL

Distress activity down substantially

## Composition of Sales by Type

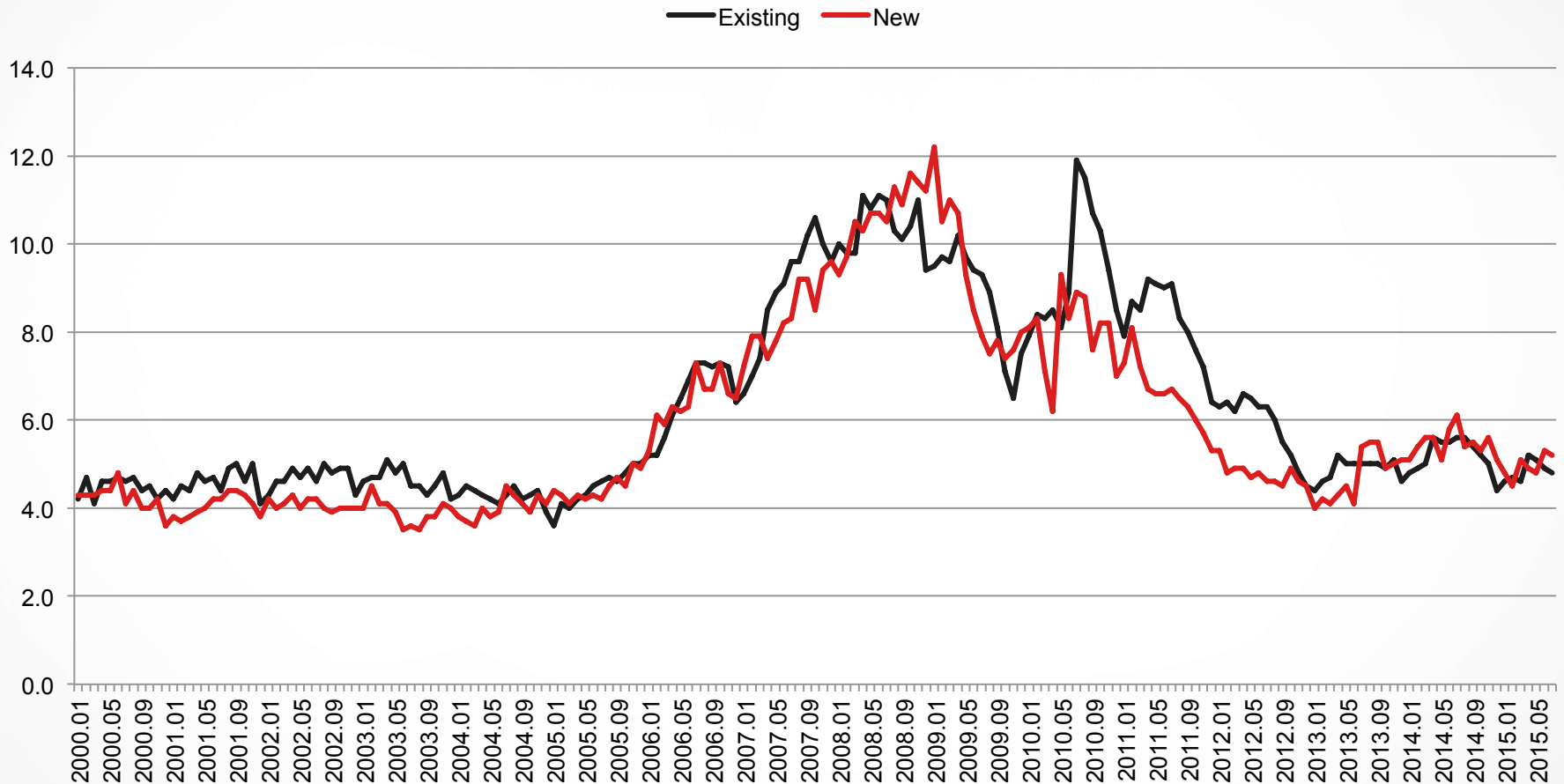


Source: National Association of REALTORS® Monthly Realtor Confidence Survey

# INVENTORY HAS BEEN A CONSTRAINT

Demand continues to exceed supply

## Months' Supply of Homes for Sale

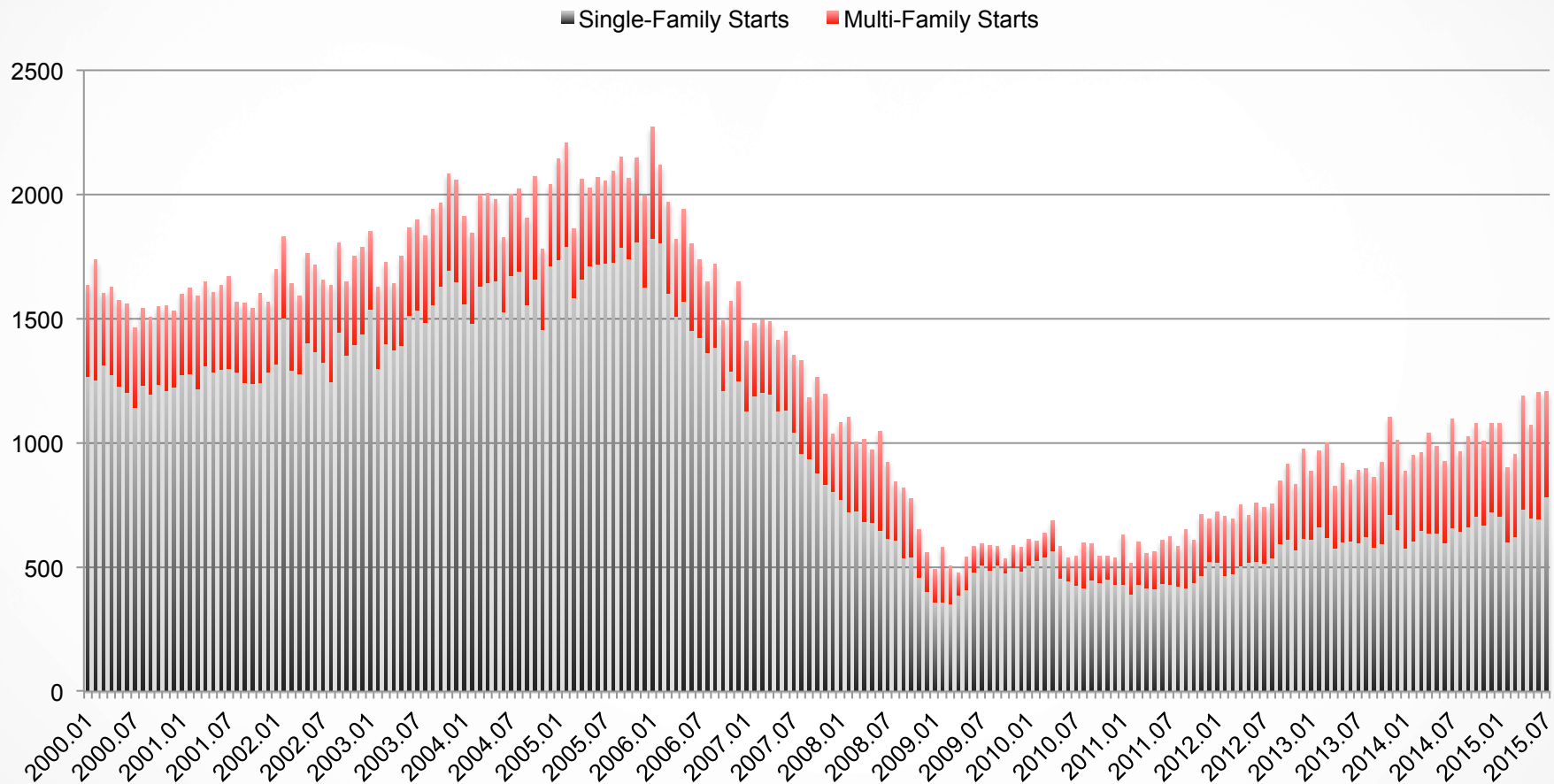


Source: National Association of REALTORS®, Commerce Department

# NEW CONSTRUCTION FINALLY UP

Highest level of activity since 2006; SF up 19% over last year

## Residential Construction

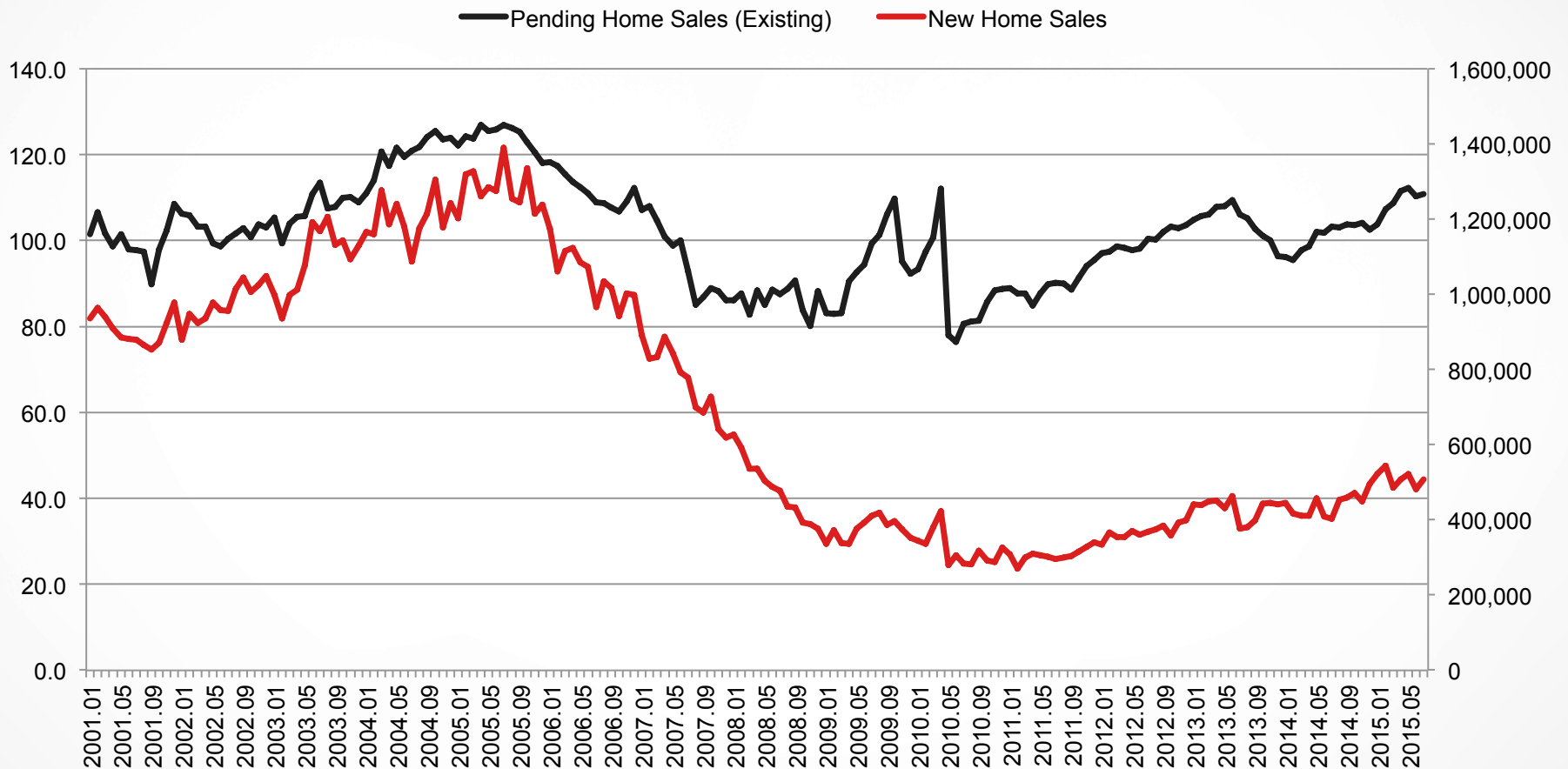


Source: Commerce Department

# SALES NOW BEST IN 9 YEARS

Pending sales up 7% and new sales up 26% in July over last year

## Home Sales (New Contracts) SAAR



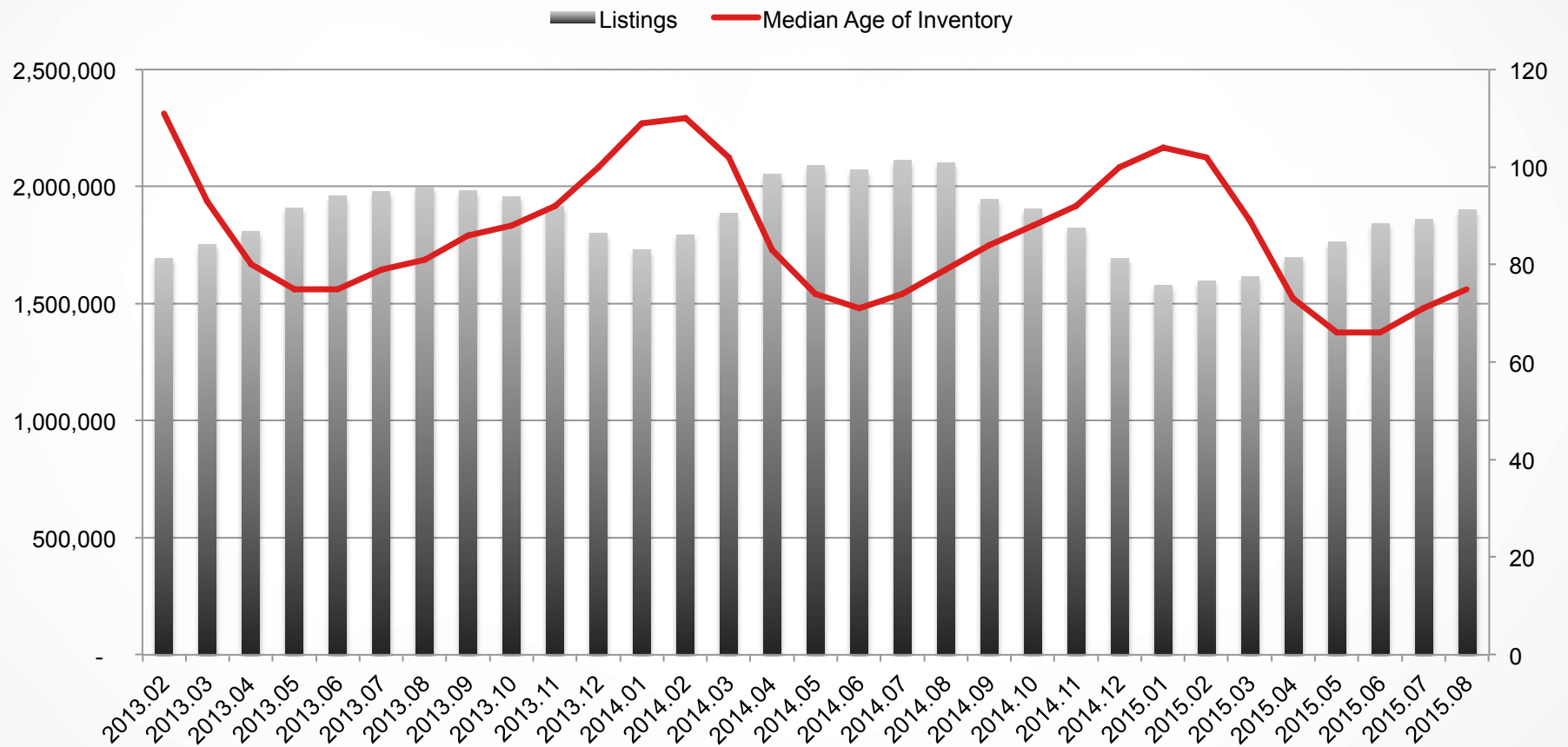
Source: National Association of REALTORS®, Commerce Department



# INVENTORY GRADUALLY INCREASING

Age of inventory increasing as we move into slower time of year

## Listings and Median Age of Inventory

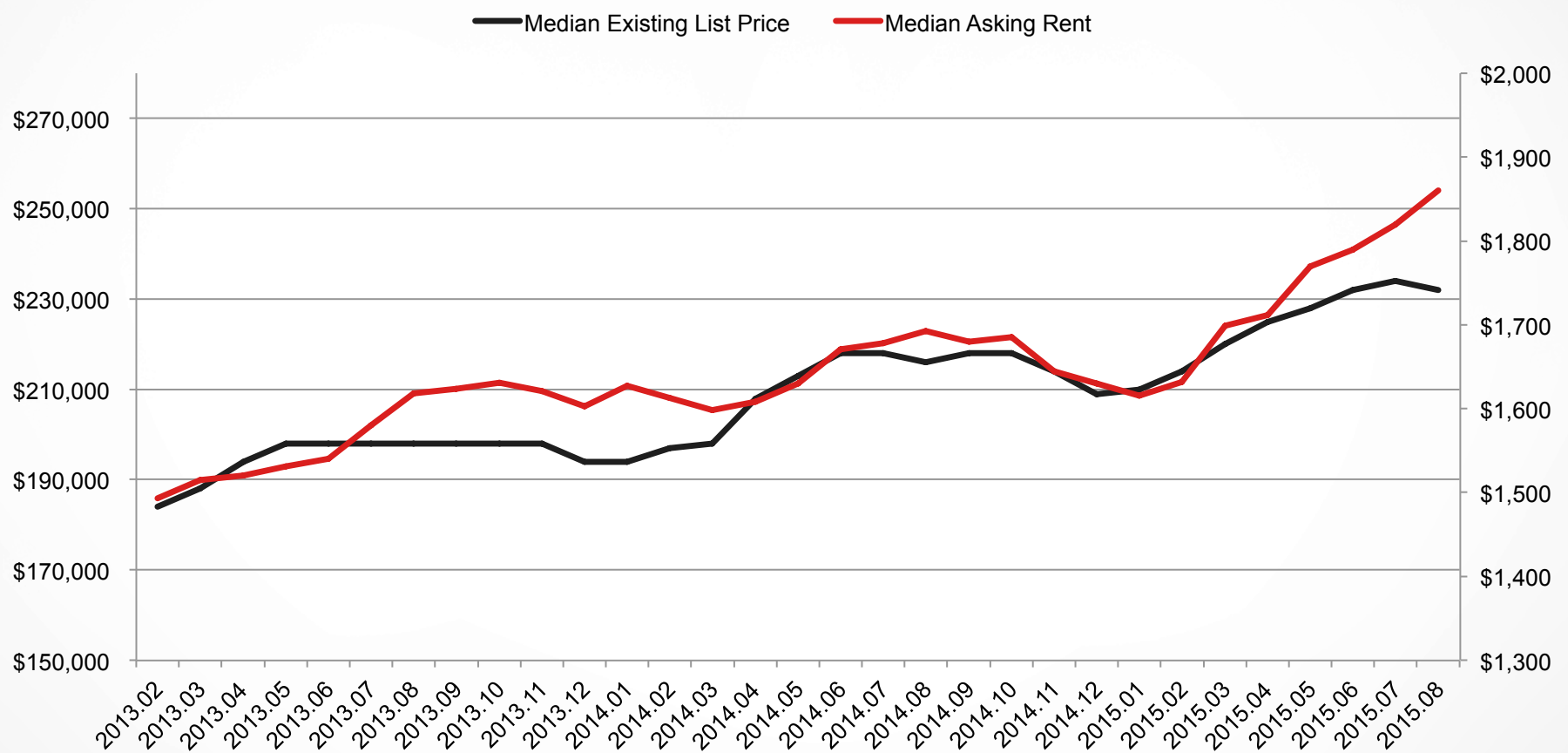


Source: Realtor.com®

# ASKING PRICES AND RENTS UP

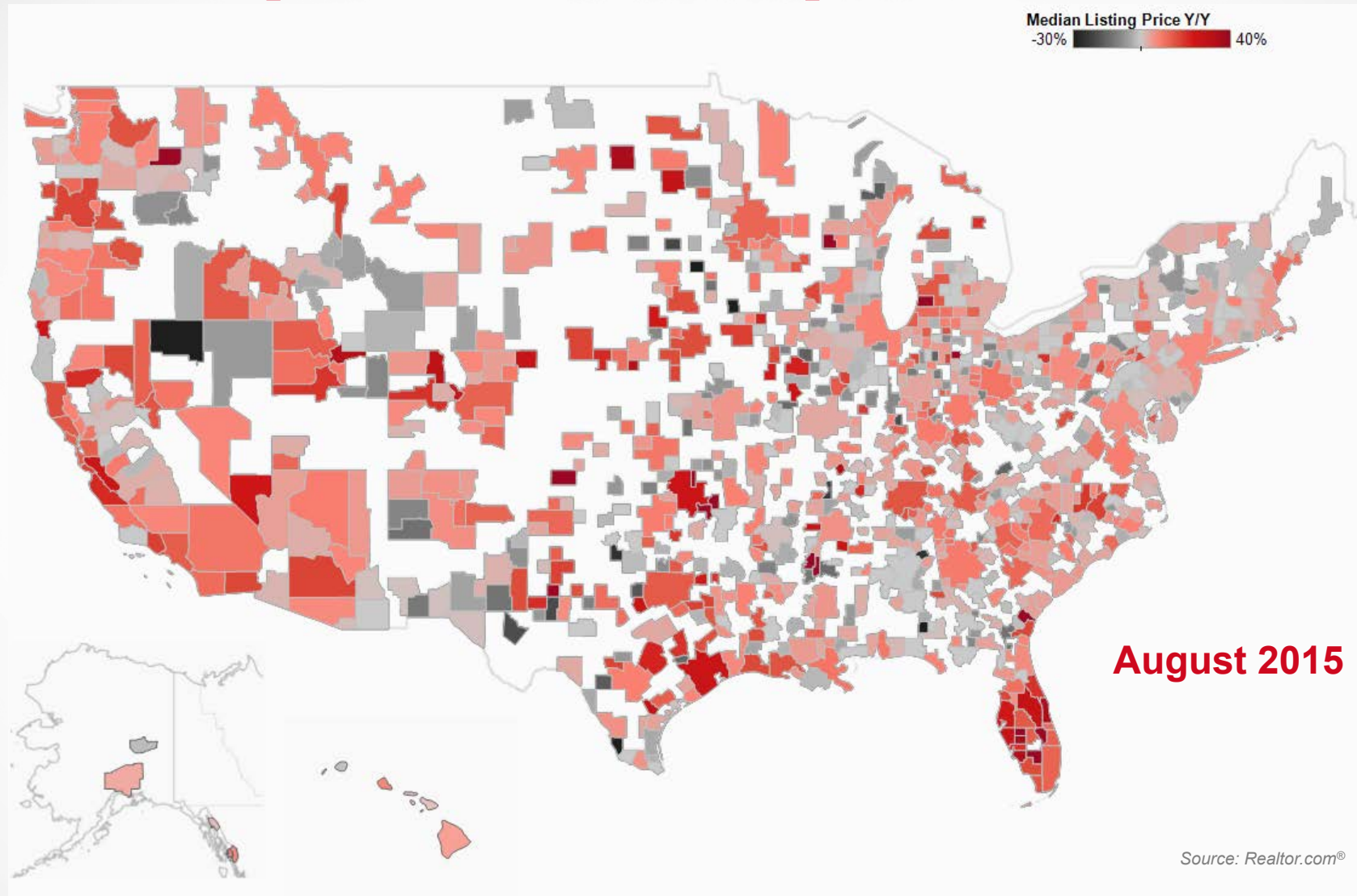
Rents now growing more quickly than home prices

## National Home Price and Rent Trends



# LISTING PRICES GREW 7% Y/Y IN AUG

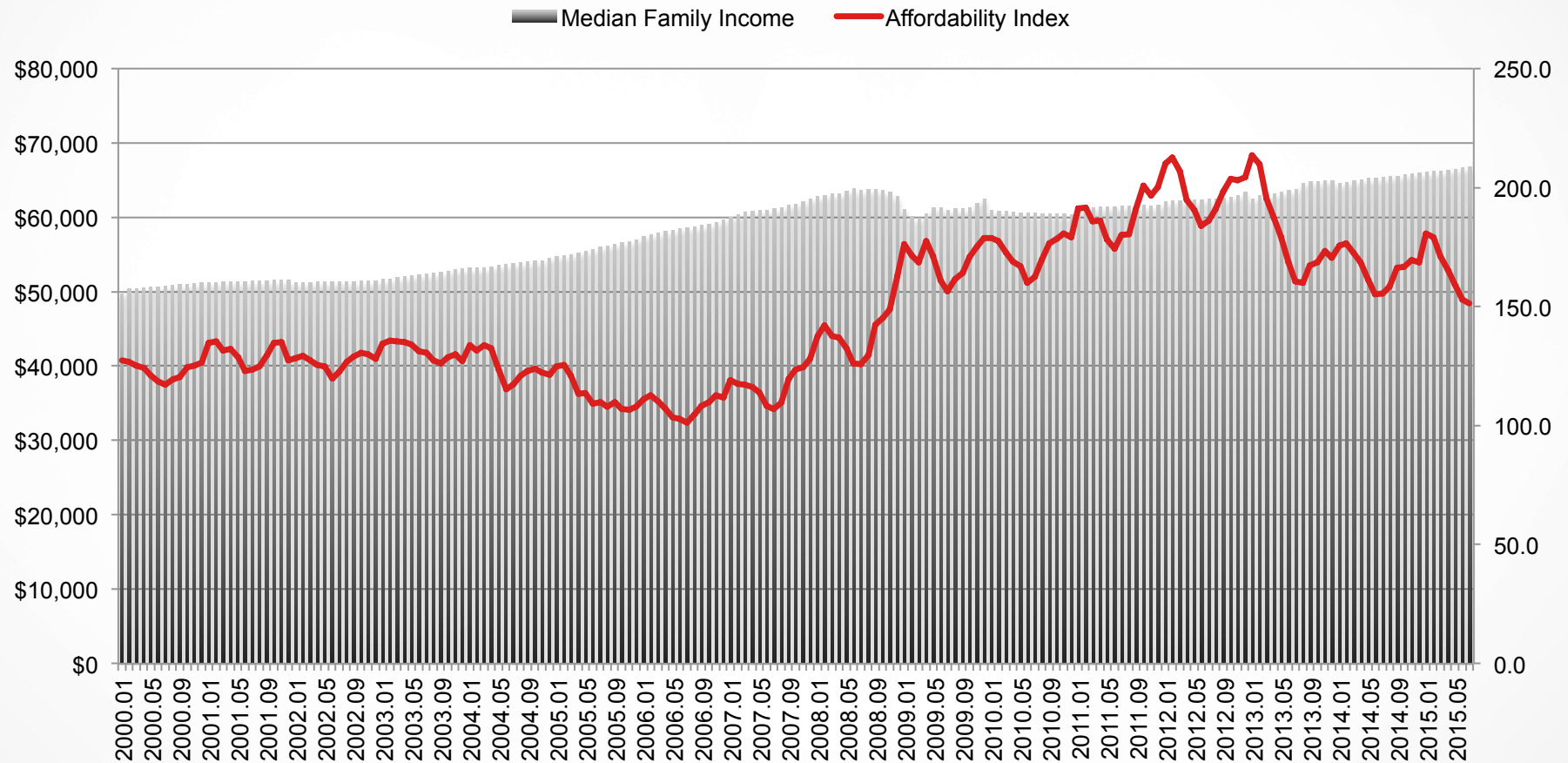
Median list price increases are widespread



# NEARING THE END OF AN ERA

Low rates have enabled purchasing power but now weakening

## Income and Affordability



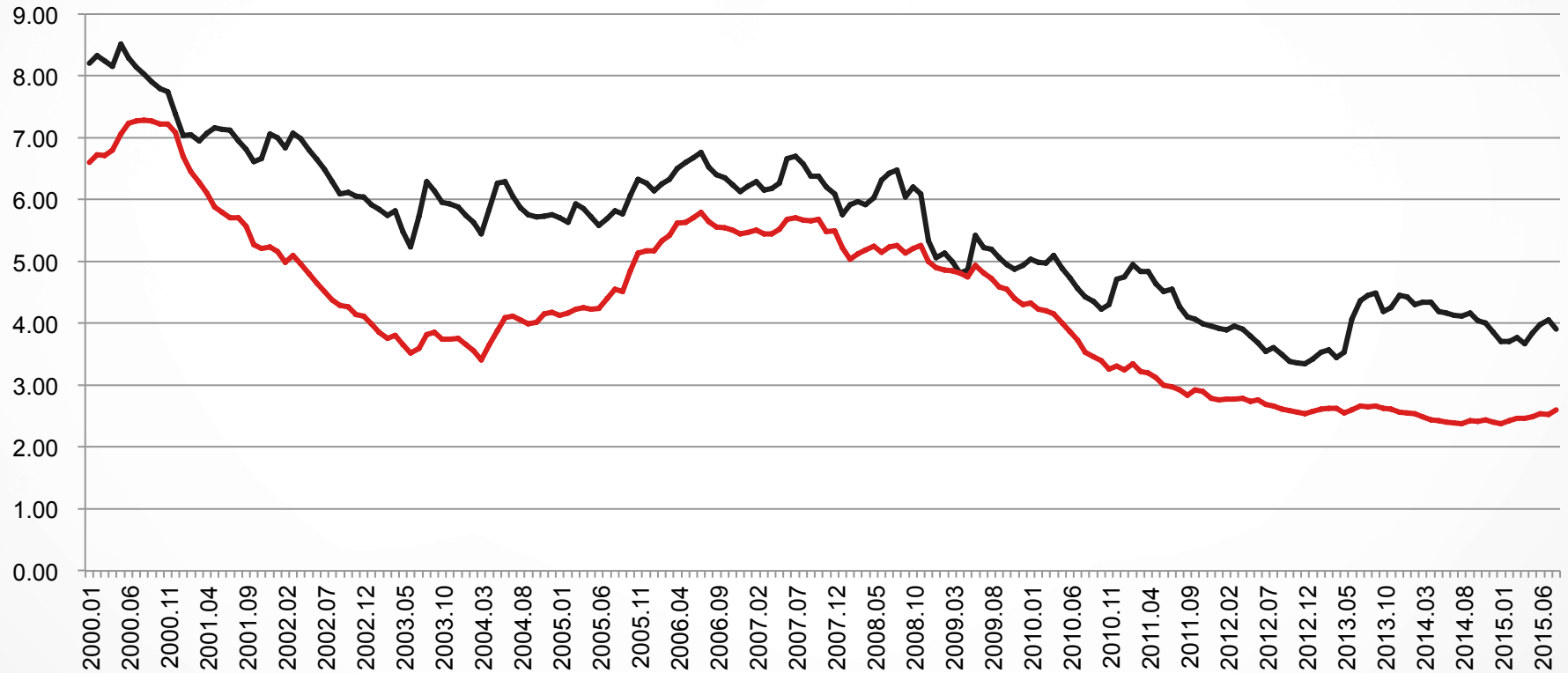
Source: Commerce Department and National Association of REALTORS®

# INCREDIBLE RATES REMAIN

China and the stock market gave buyers another reprieve

## Published Mortgage Rates

— 30 yr Fixed — 1 Yr Adj



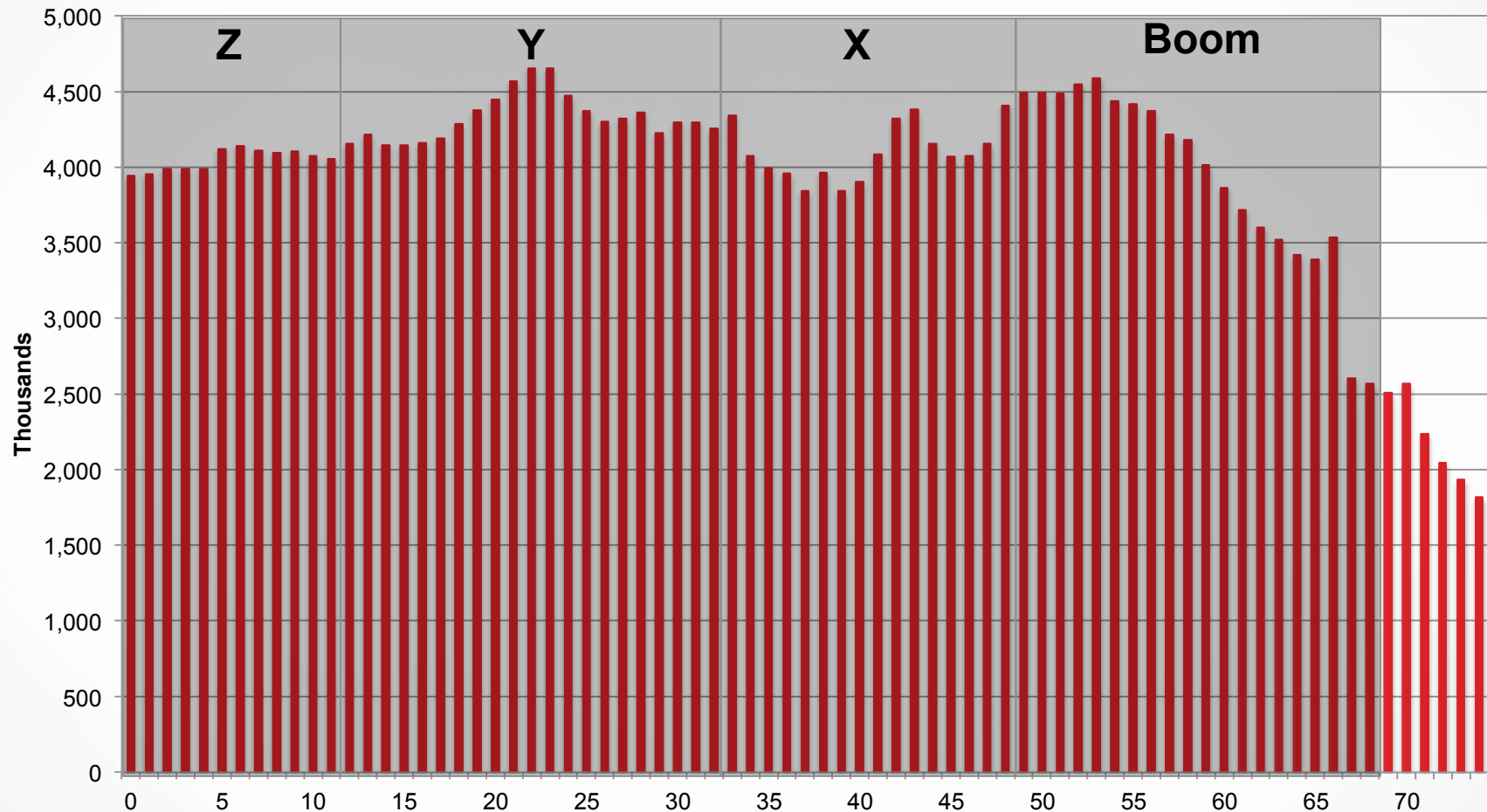
Source: Freddie Mac

# DEMAND DRIVERS

# DEMOGRAPHICS SET THE TABLE

When viewed by age, importance of Millennials becomes clearer

Current US Population By Age, 0-74



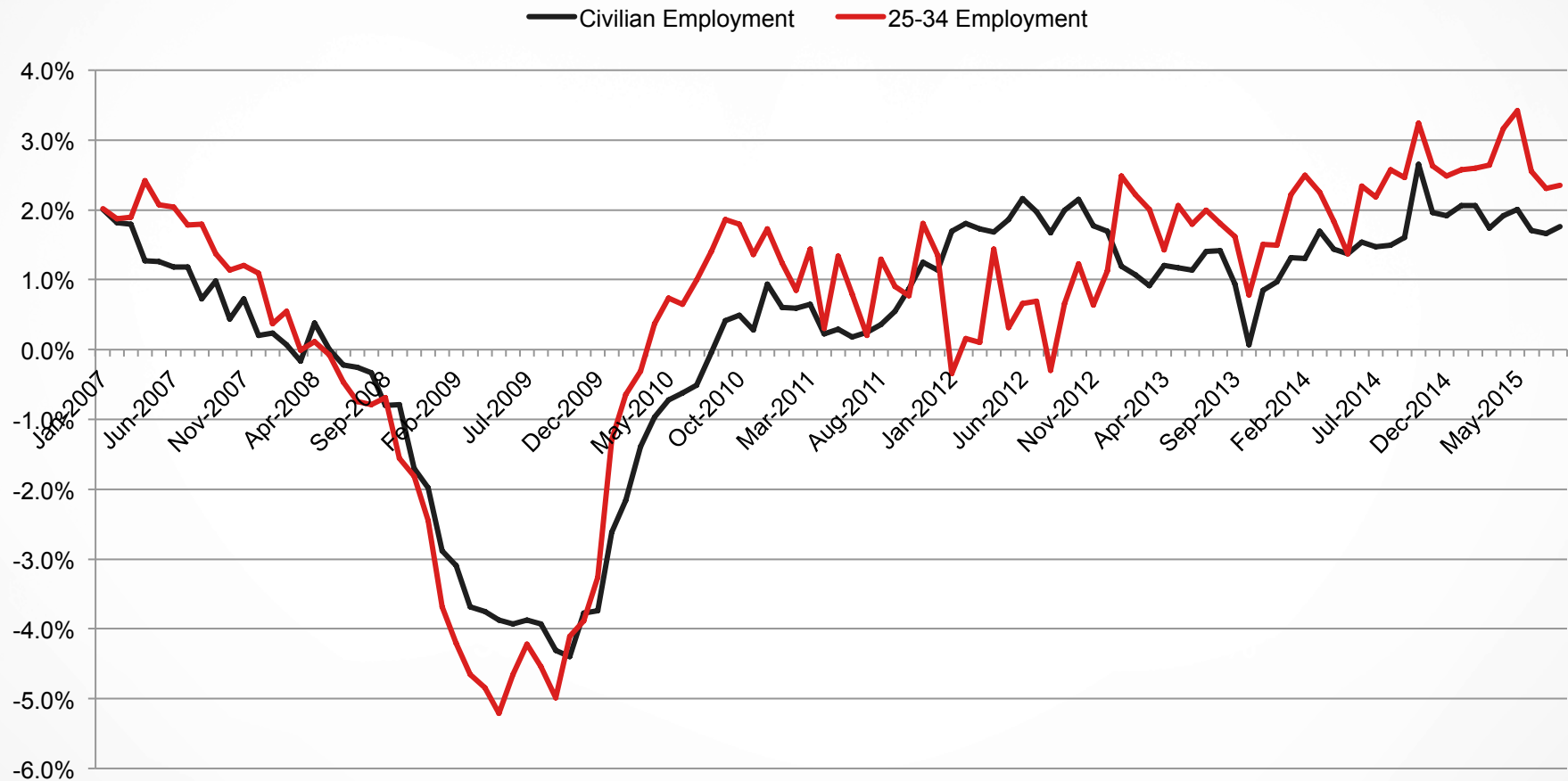
Source: Realtor.com® Analysis of US Census Bureau Population Estimates



# EMPLOYMENT BEGETS OPPORTUNITY

752,000 jobs created in last 12 months for 25-34 year olds

## Year-Over-Year Gains in Civilian Employment



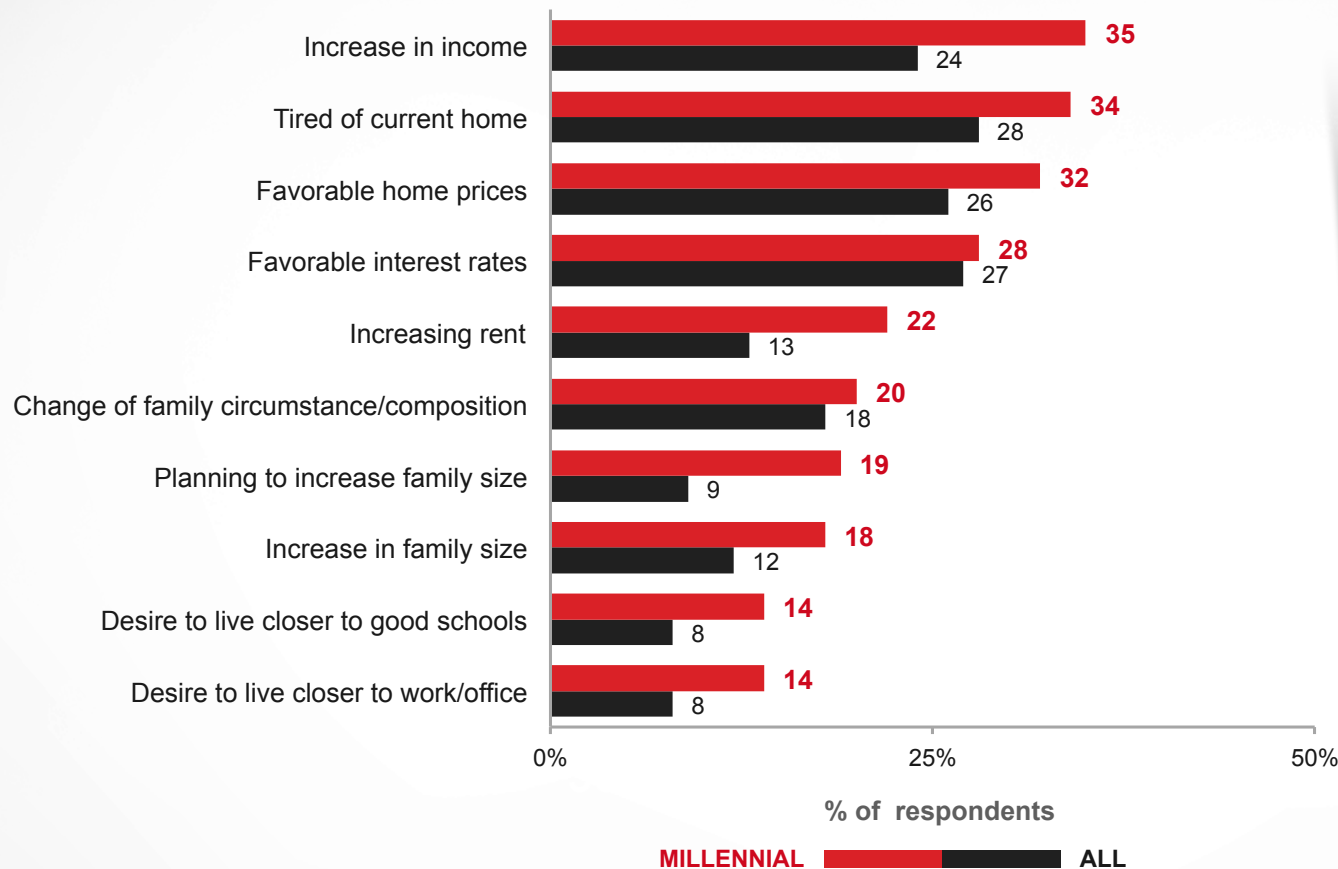
Source: Bureau of Labor Statistics, Realtor.com® Analysis



# LIFE DRIVES HOUSING DEMAND

Today's Millennial home shoppers are propelled by success

## Top 10 millennial triggers



**69% of Millennial shoppers indicate some form of change in family size\* as a trigger**

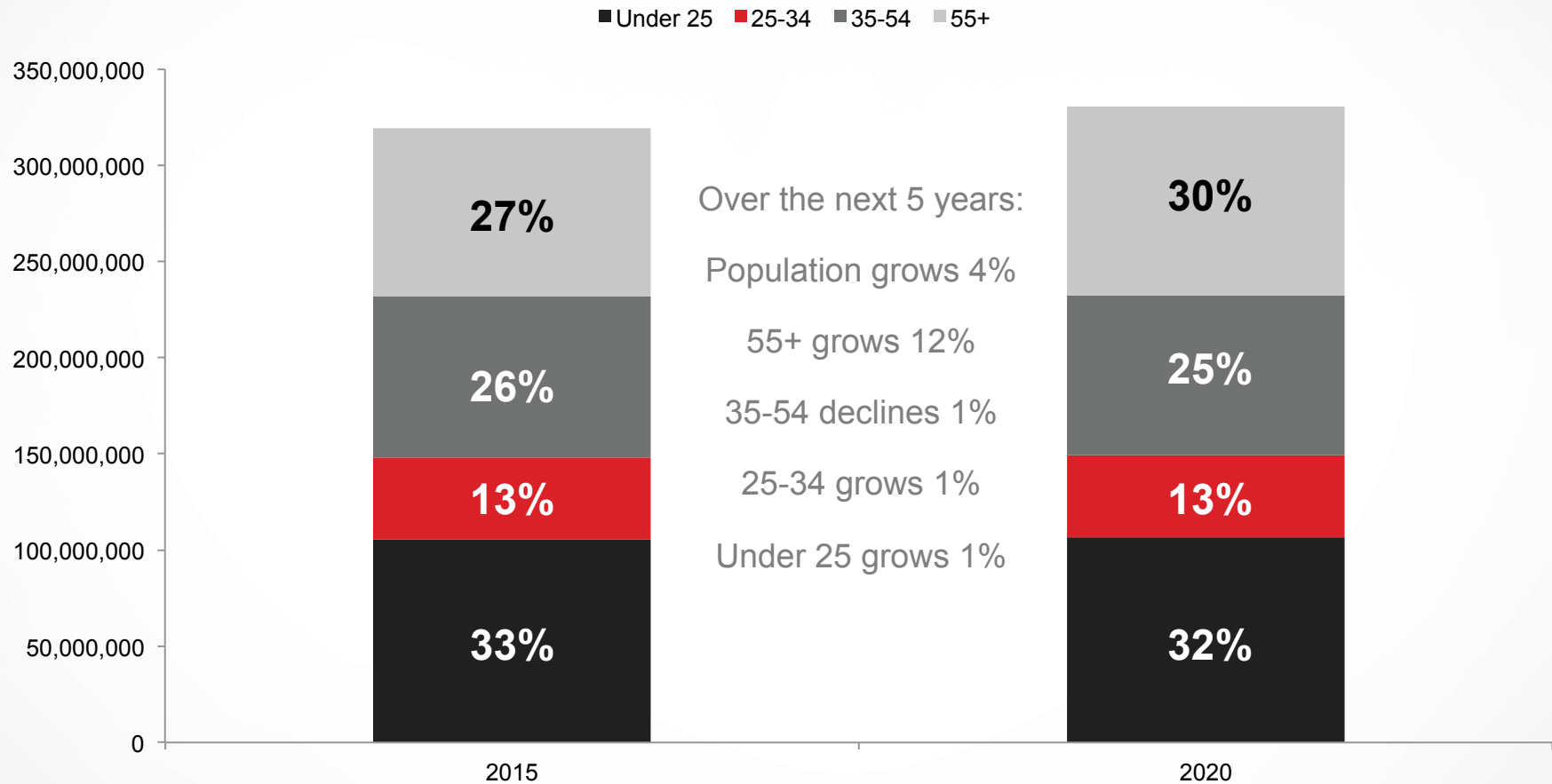
*\*Change in Family Size includes: Change of family circumstances/composition, Increase in family size, Decrease in family size, Planning to increase family size, Upcoming decrease in family size, Older parent moving into my home, Getting married/moving in with partner.*

Source: BDX Home Shopper Insights Panel, Summer 2015

# BOOMERS KEEP DISTURBING

Boomer wave is causing a major population shift

## Population by Age (United States)



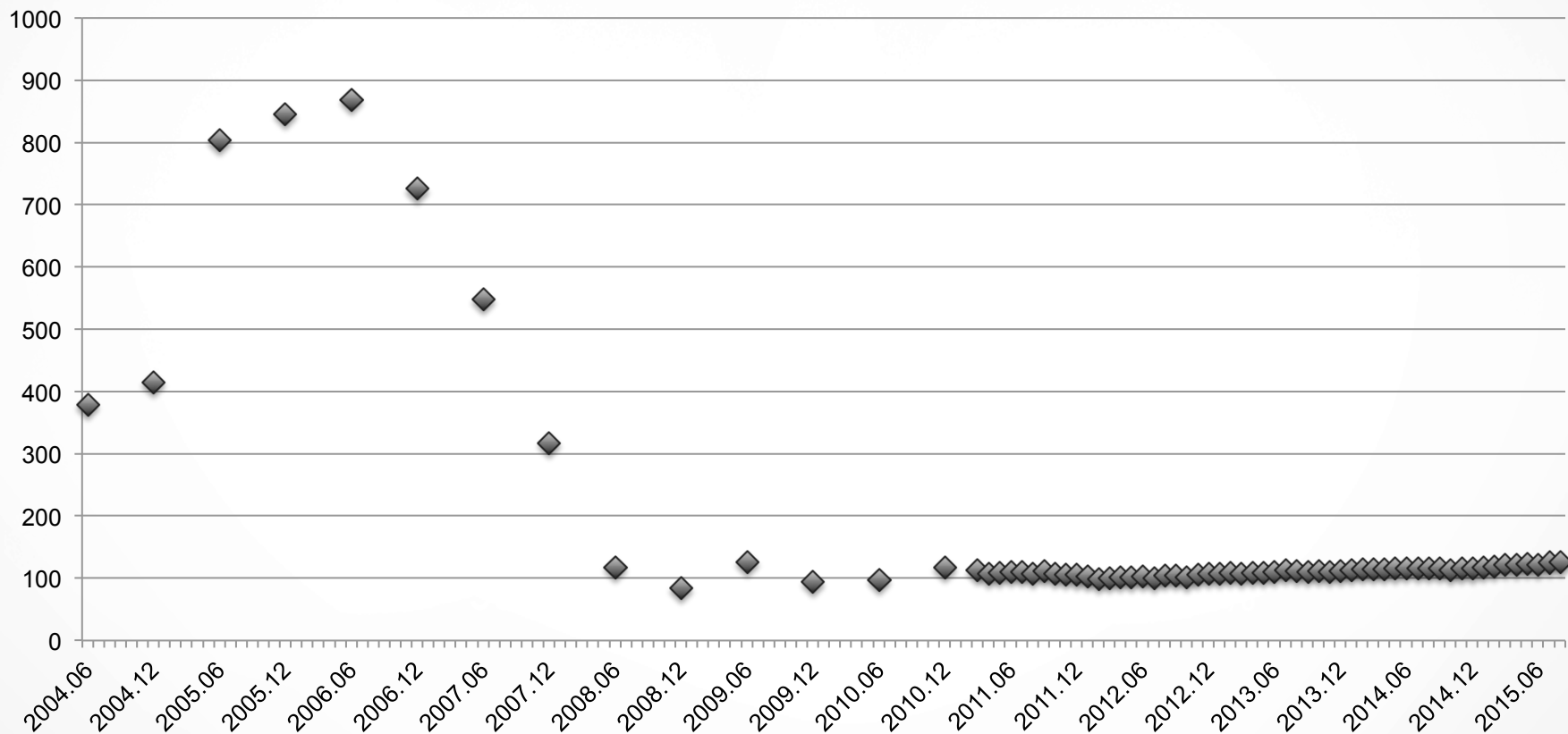
Source: Nielsen Demographics Pop-Facts 2015

**WE COULD DO  
MORE**

# CREDIT ACCESS SLOWLY IMPROVING

Mortgage access up 8.6% year-over-year in August

**Mortgage Credit Availability Index**  
Mar-2012=100

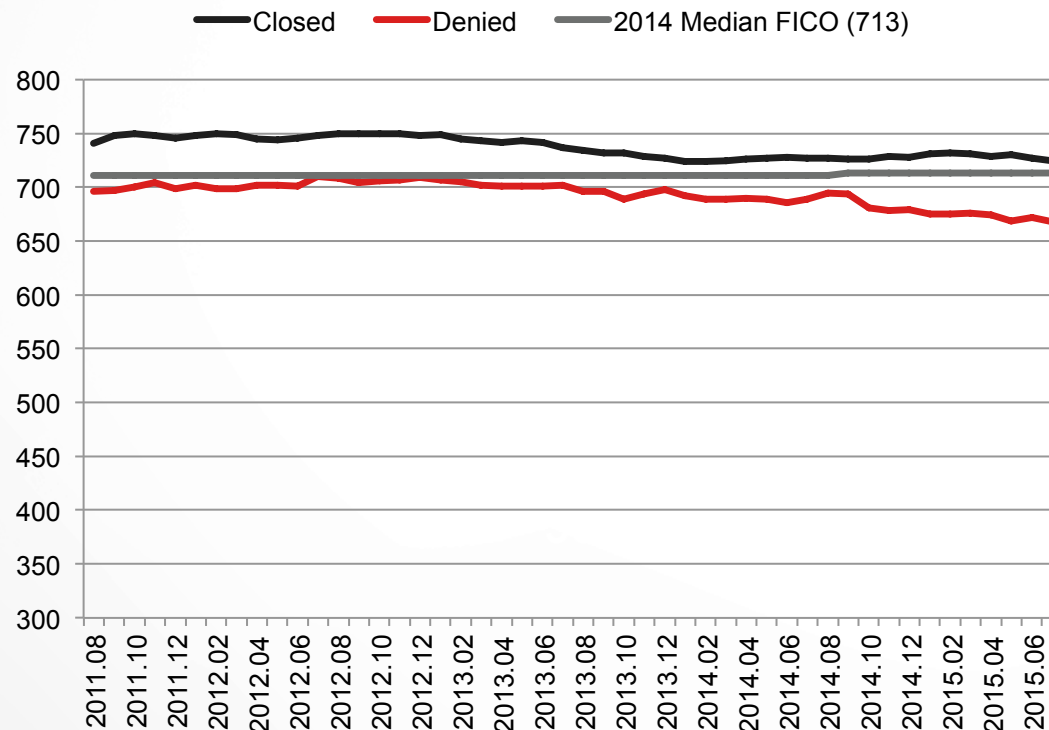


Source: Mortgage Bankers Association, Haver Analytics

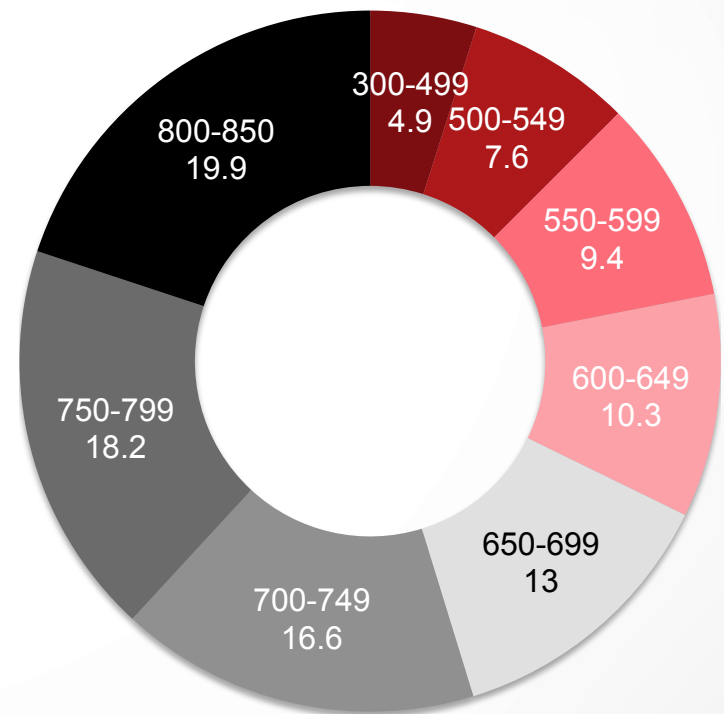
# BUT CREDIT STILL A PROBLEM

In July the average FICO score on a closed mortgage loan was 725; the average denied score was 668

## Average FICO Score by Closed and Denied Applications



## FICO Population Distribution (Apr 2015)

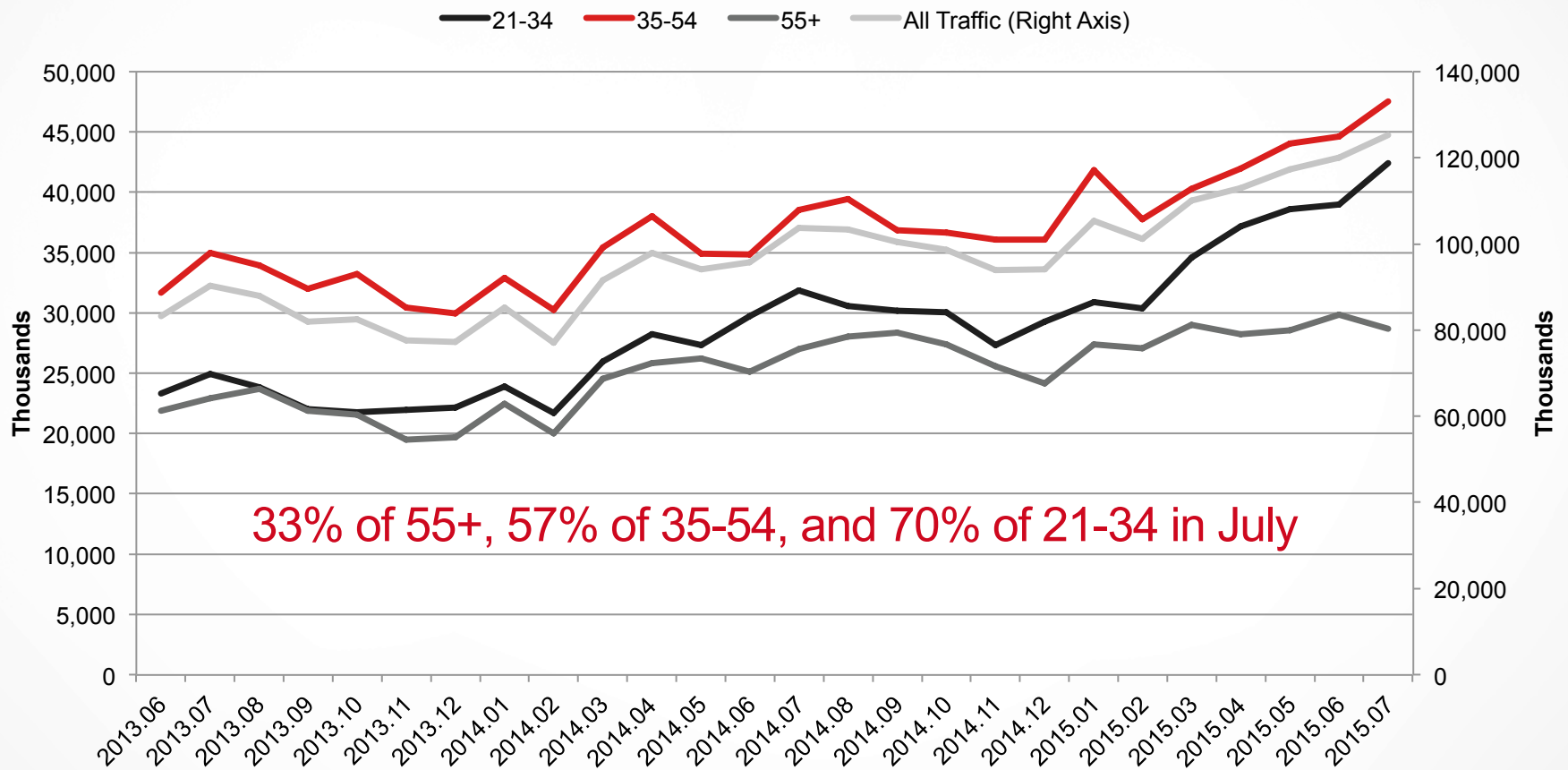


Source: Ellie Mae and Fair Isaac Corporation

# DEMAND IN 2015 IS STRONG

Traffic up 21% over July 2014; 21-34 year olds up 33%

## Real Estate Web Unique Visitors by Age

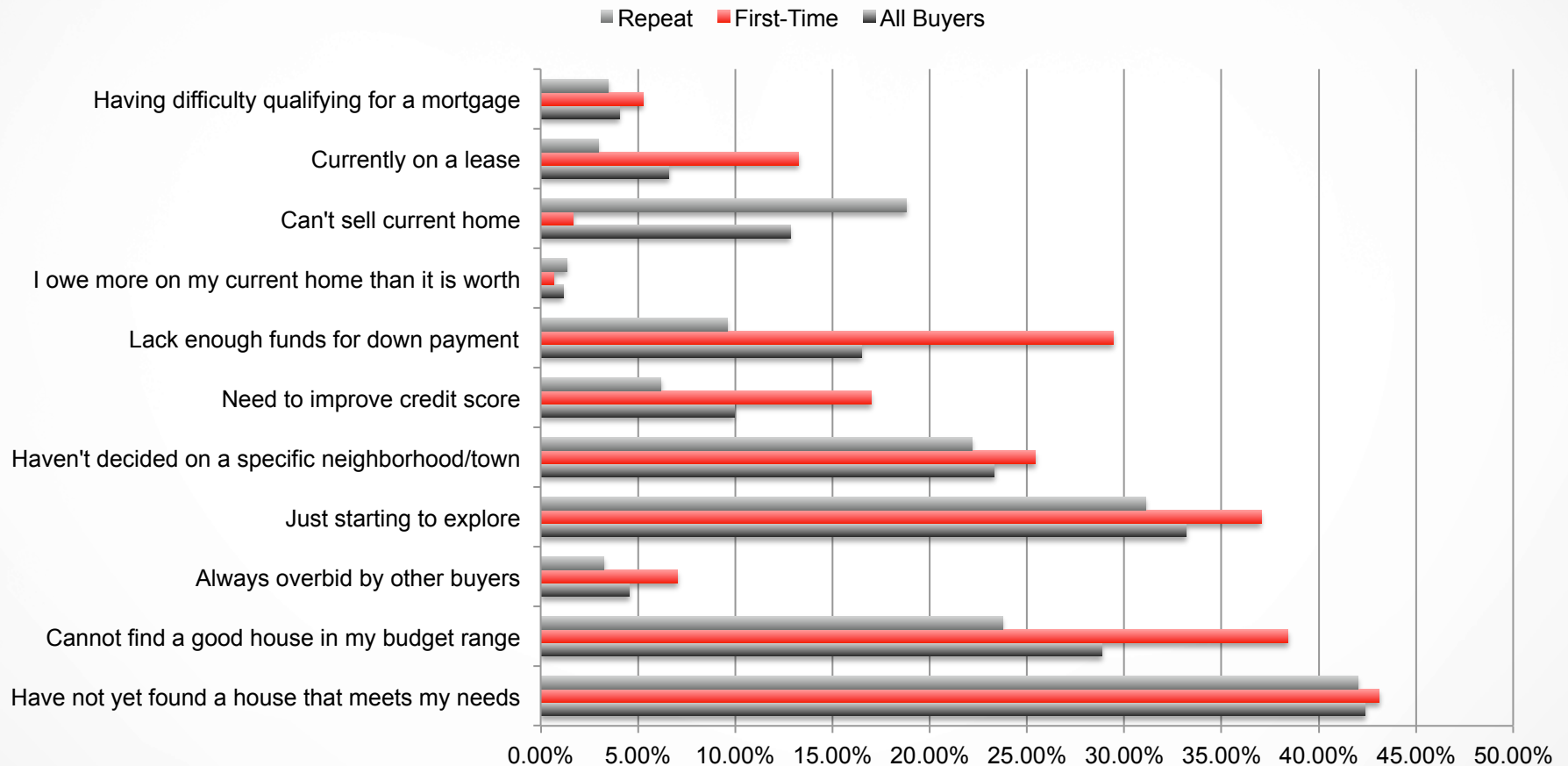


Source: Realtor.com® Analysis of comScore Media Metrix® Real Estate Category Unique Visitor Data

# IMPEDIMENTS TO PURCHASE

Biggest issues for first-timers are time, supply, and down payment

## What's Getting in the Way of Making a Home Purchase?



Source: Realtor.com Survey of Buyer Traffic, August 2015

**THERE IS NO  
SUCH THING AS A  
US HOUSING  
MARKET**



# EVEN MORTGAGE RATES VARY

## 30-Year-Fixed In Various States

Aug 2014 - Aug 2015

US Rate (September 6, 2015)

ThirtyYear0Pts

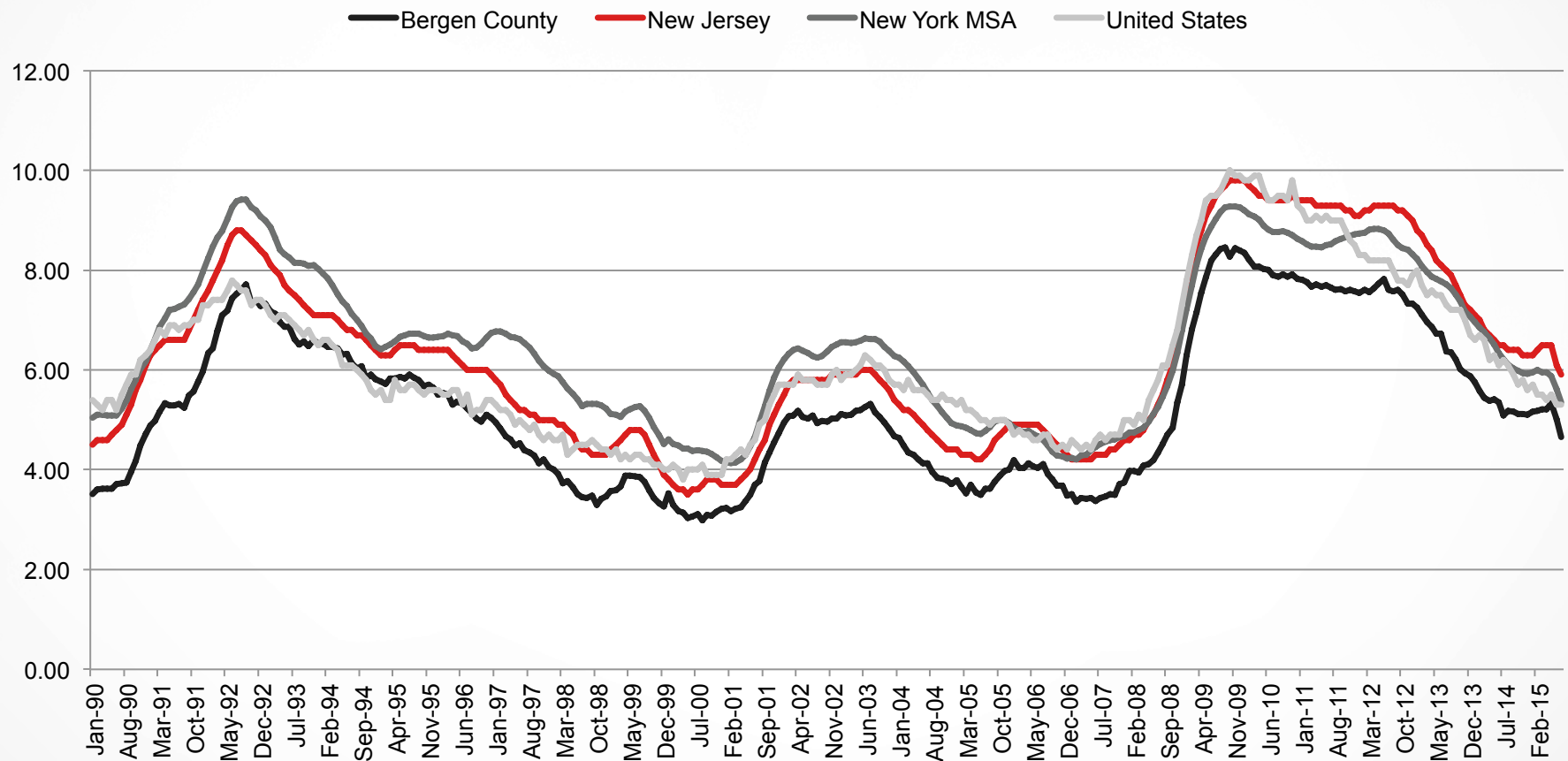
3.87



# BERGEN COUNTY IS STRONG

Unemployment rate down and better than region, state, and US

## Unemployment Rate



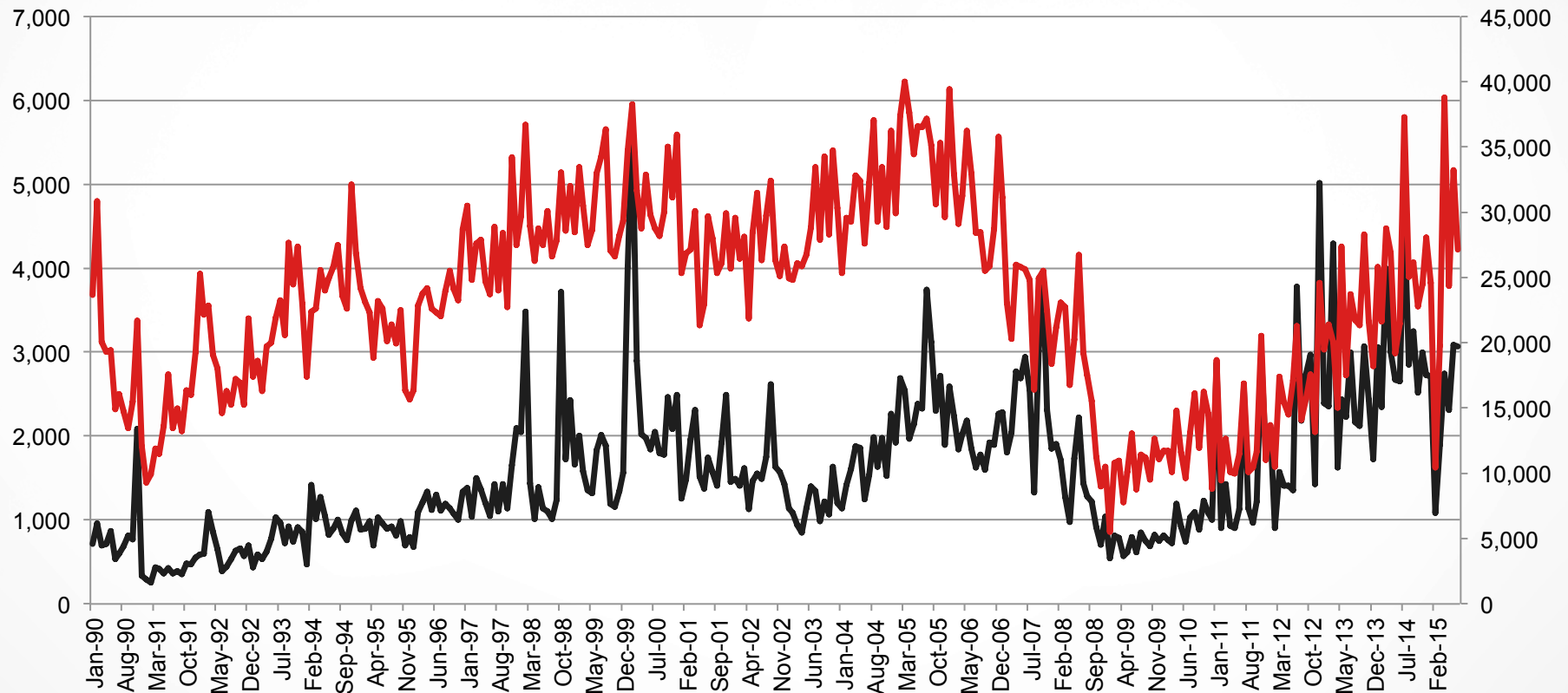
Source: BLS, Moody's Analytics

# NEW CONSTRUCTION PICKING UP

Brutal winter, but overall trend for state and county is up

## Starts (SAAR)

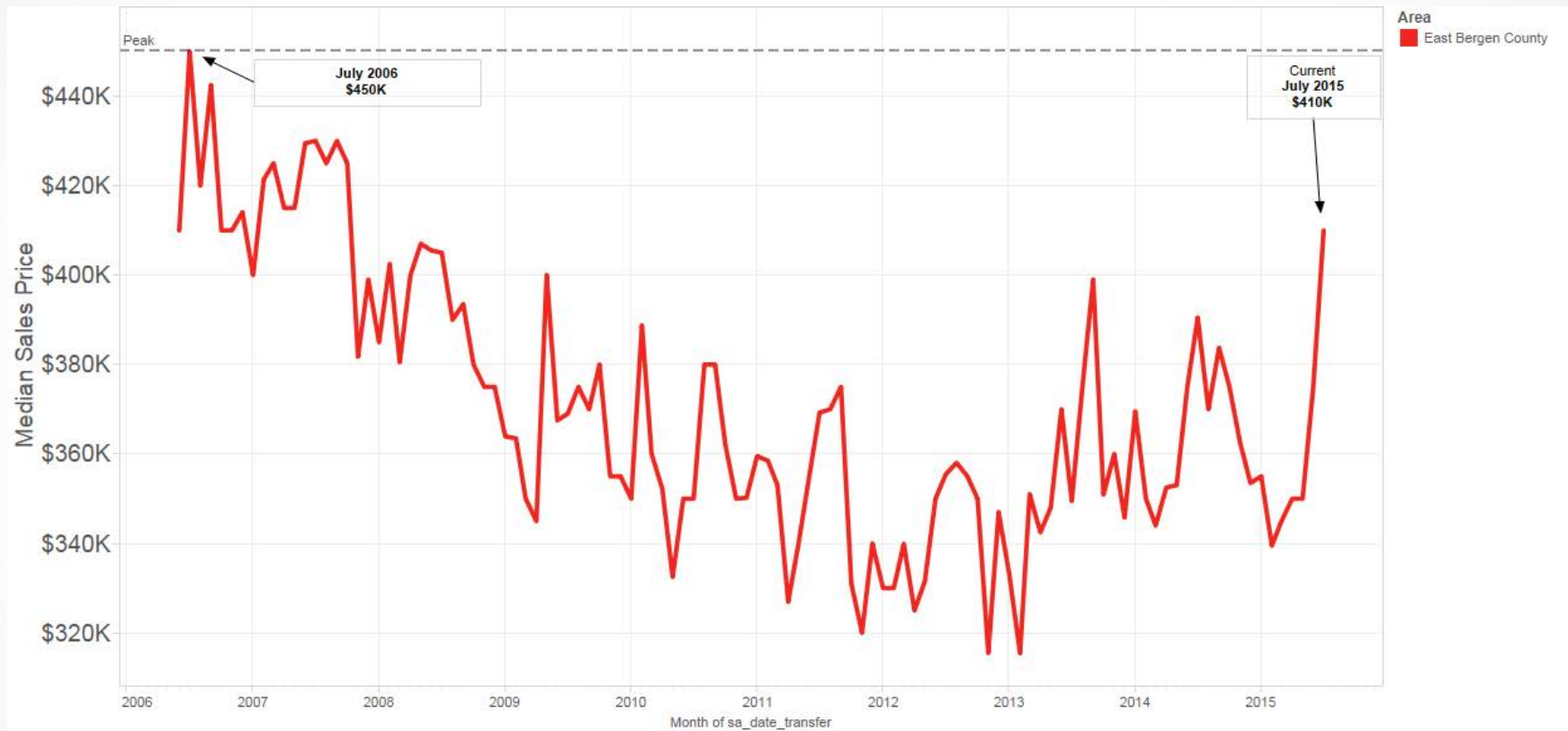
— Bergen County — New Jersey



Source: Commerce Department, Moody's Analytics

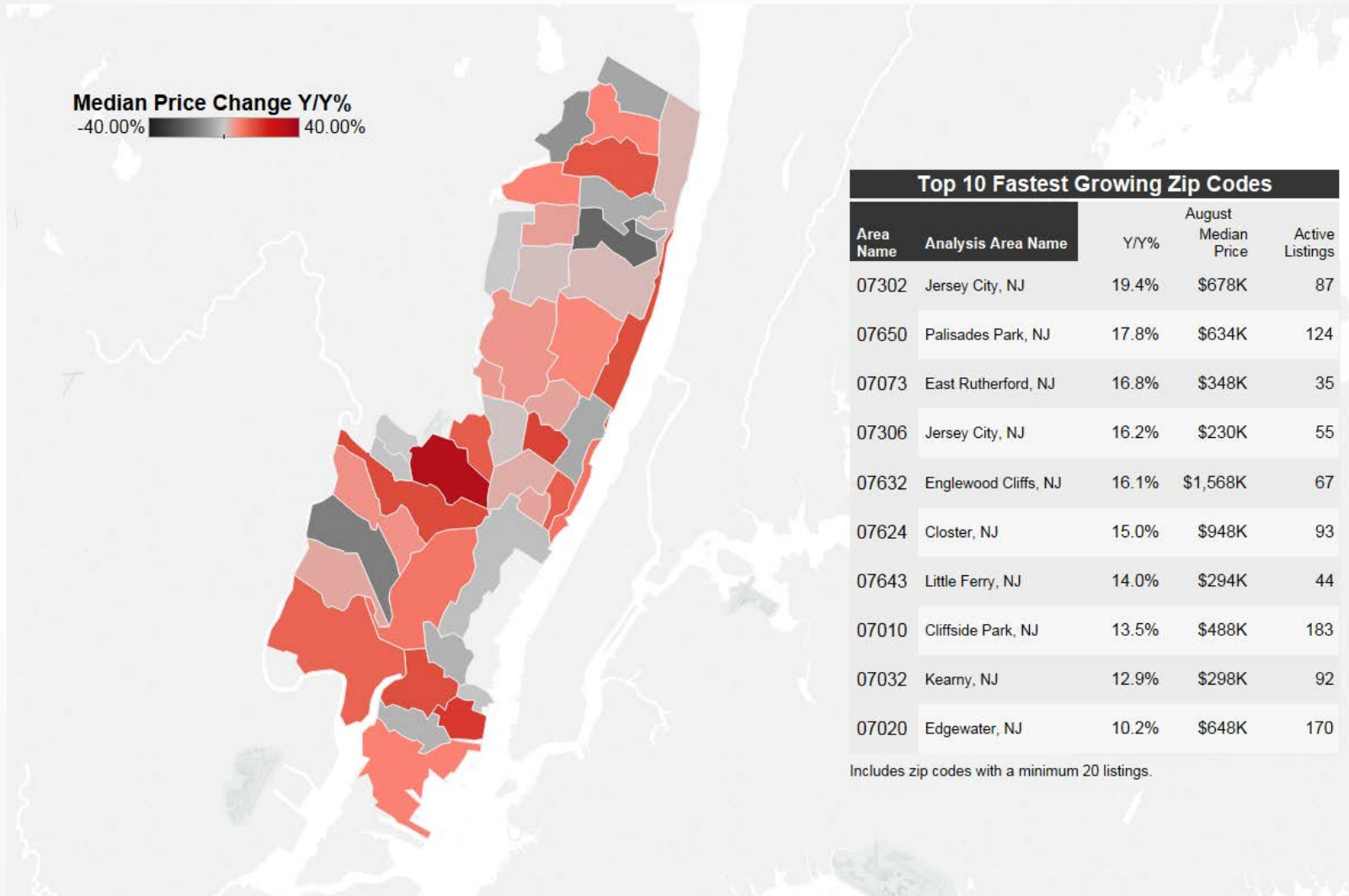
# PRICES NOT RECOVERED

East Bergen county prices remain 12% beneath the peak



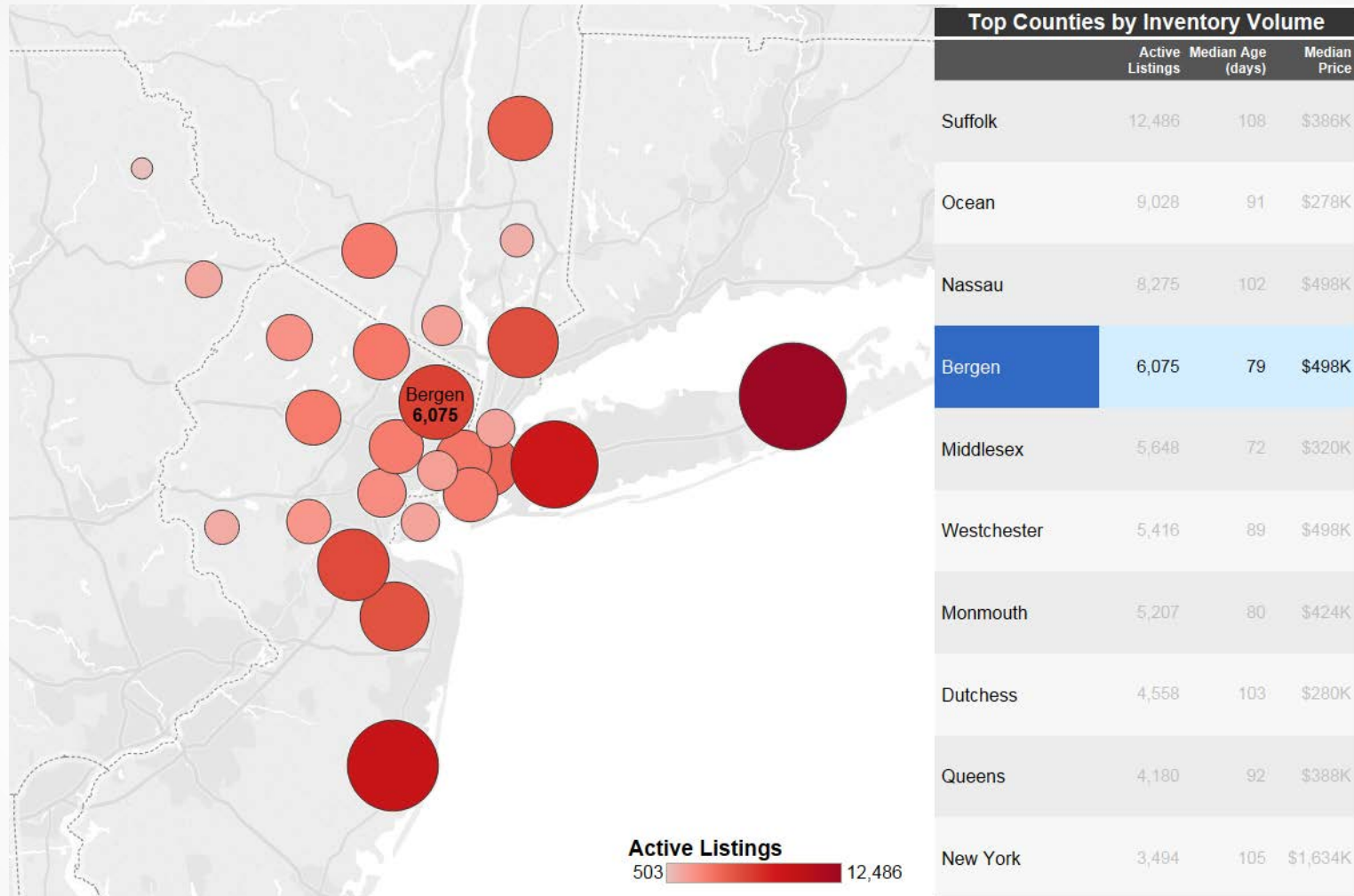
# EBC UP 4% BUT BIG VARIATION

Half of zips seeing 5+% appreciation year-over-year (Aug 2015)



# ACTIVE INVENTORY

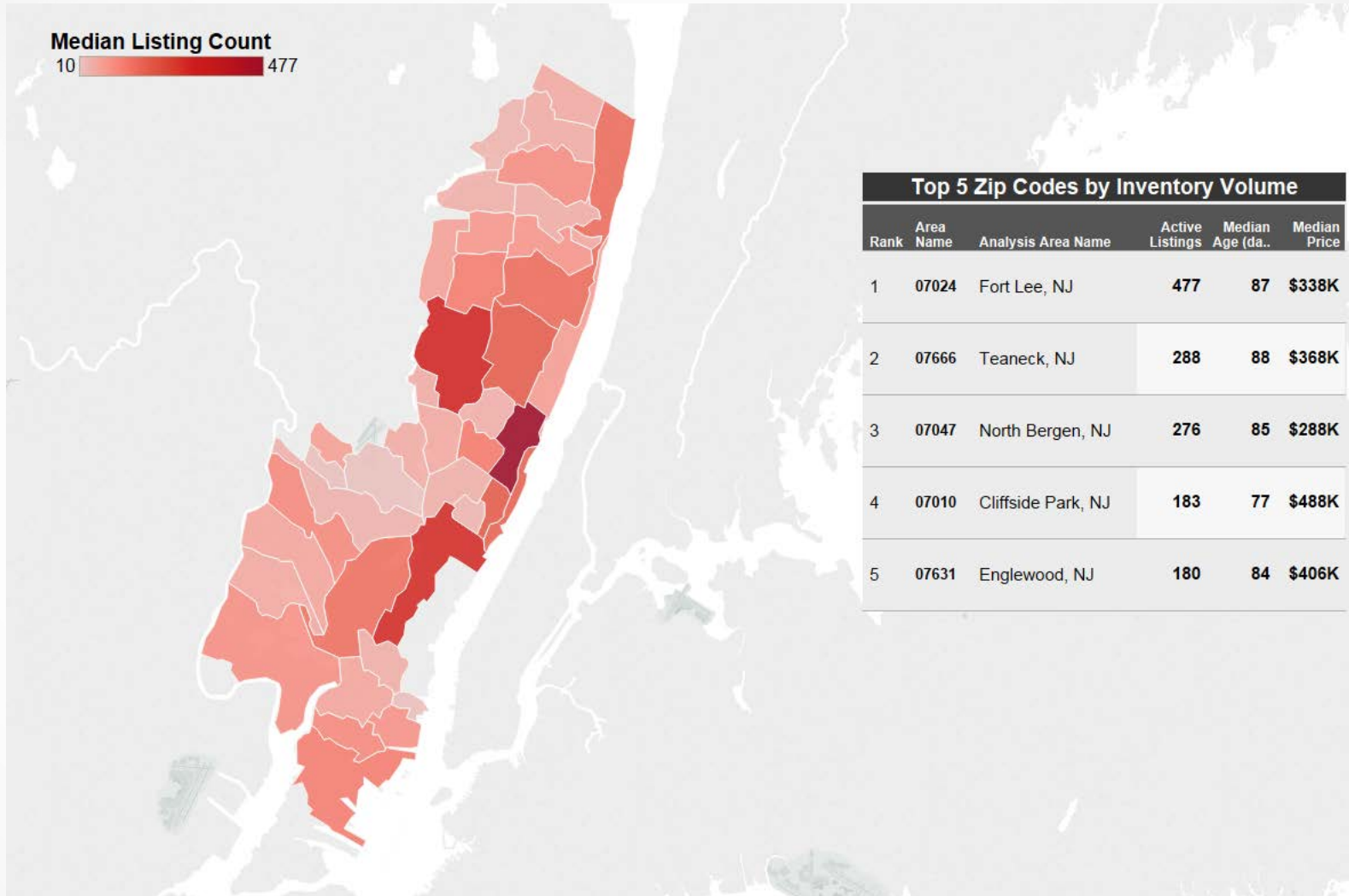
Bergen County Is 4<sup>th</sup> Largest In NY MSA (Aug 2015)





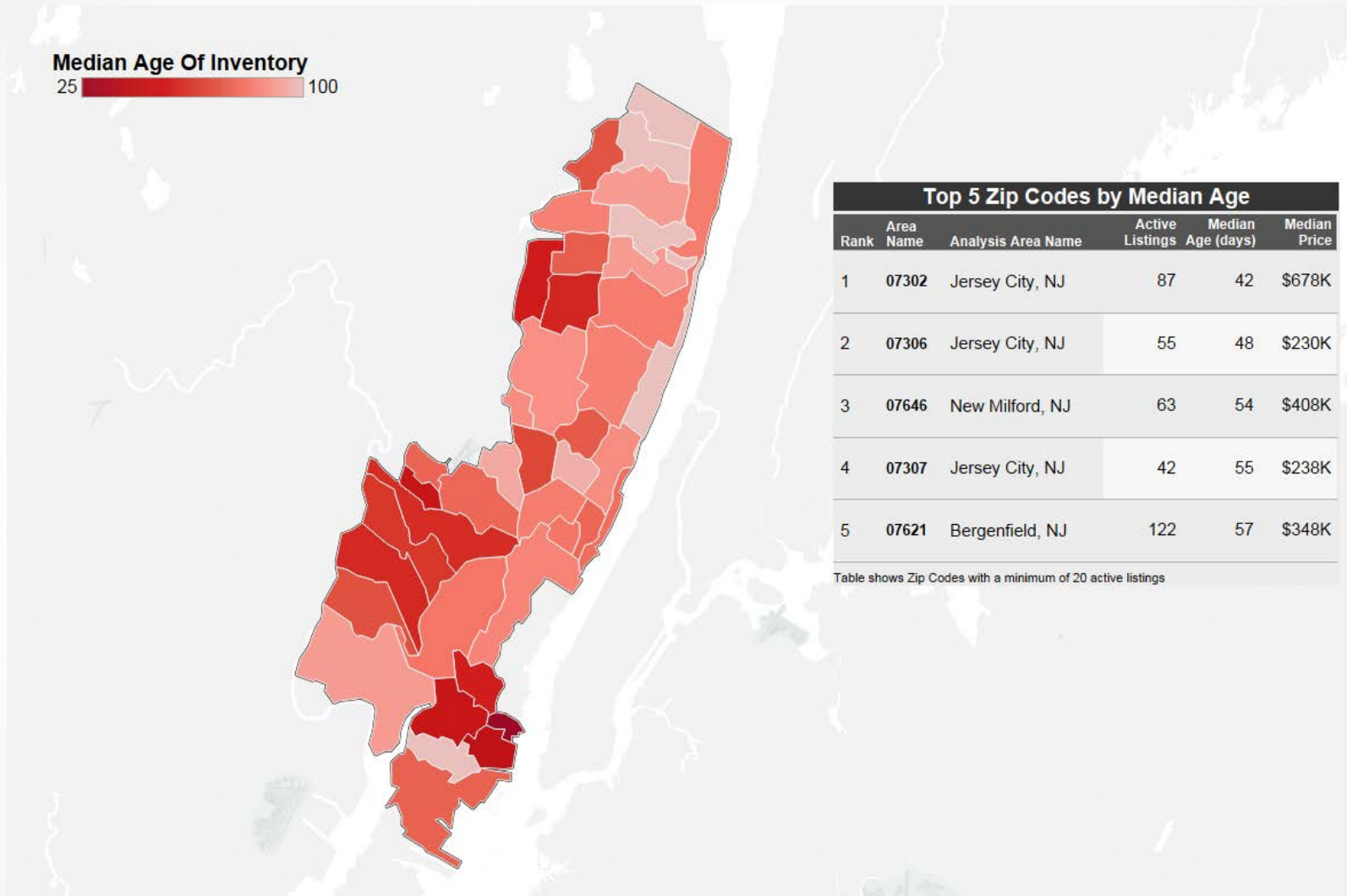
# FOCUS ON EAST BERGEN COUNTY

## Volume of Single Family and Condo/Townhome Listings



# EBC MEDIAN AGE IN AUGUST 79 DAYS

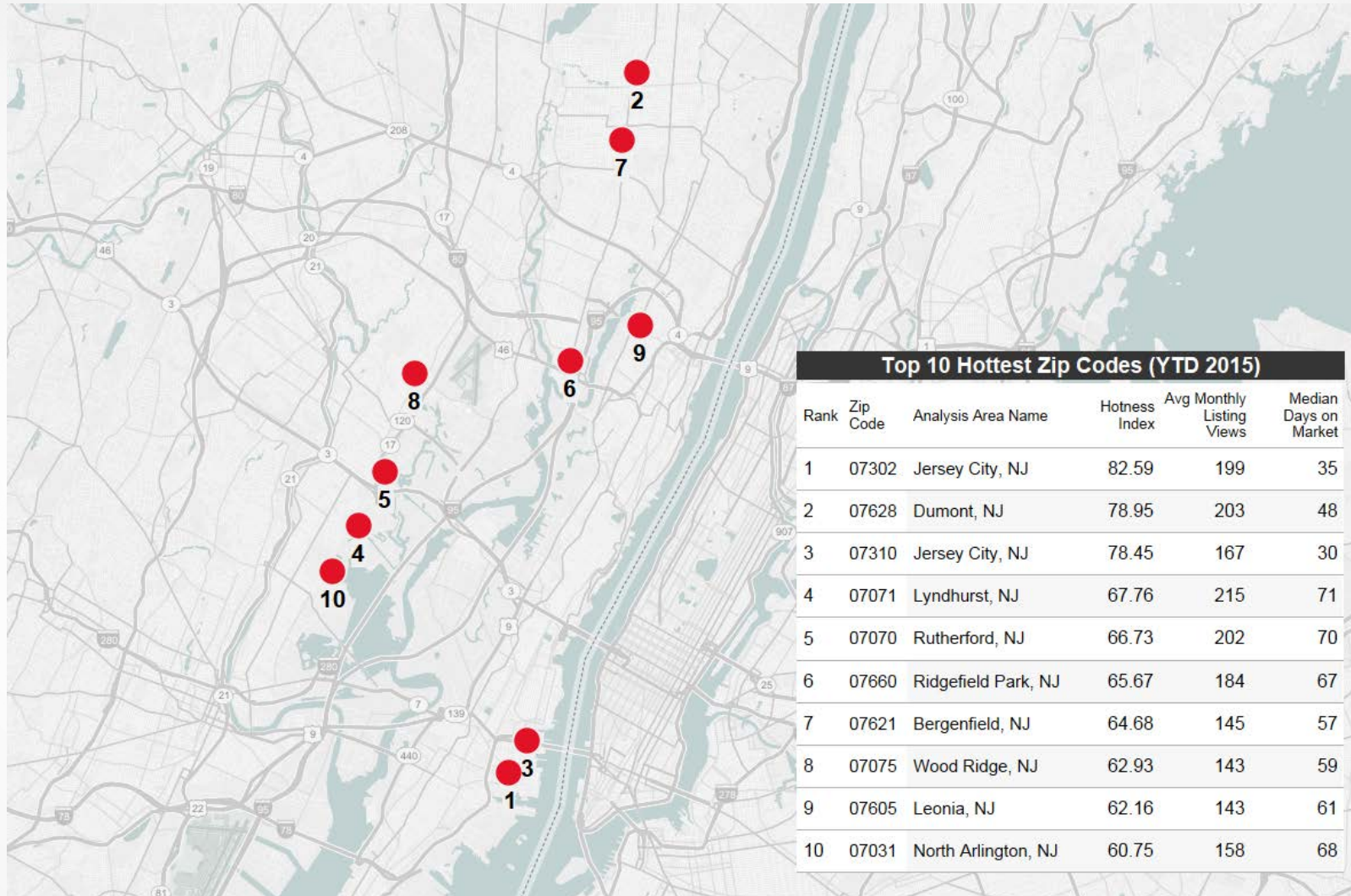
Three of the five fastest-moving zips are in Jersey City (Aug 2015)





# HOTTEST ZIPS SO FAR IN 2015

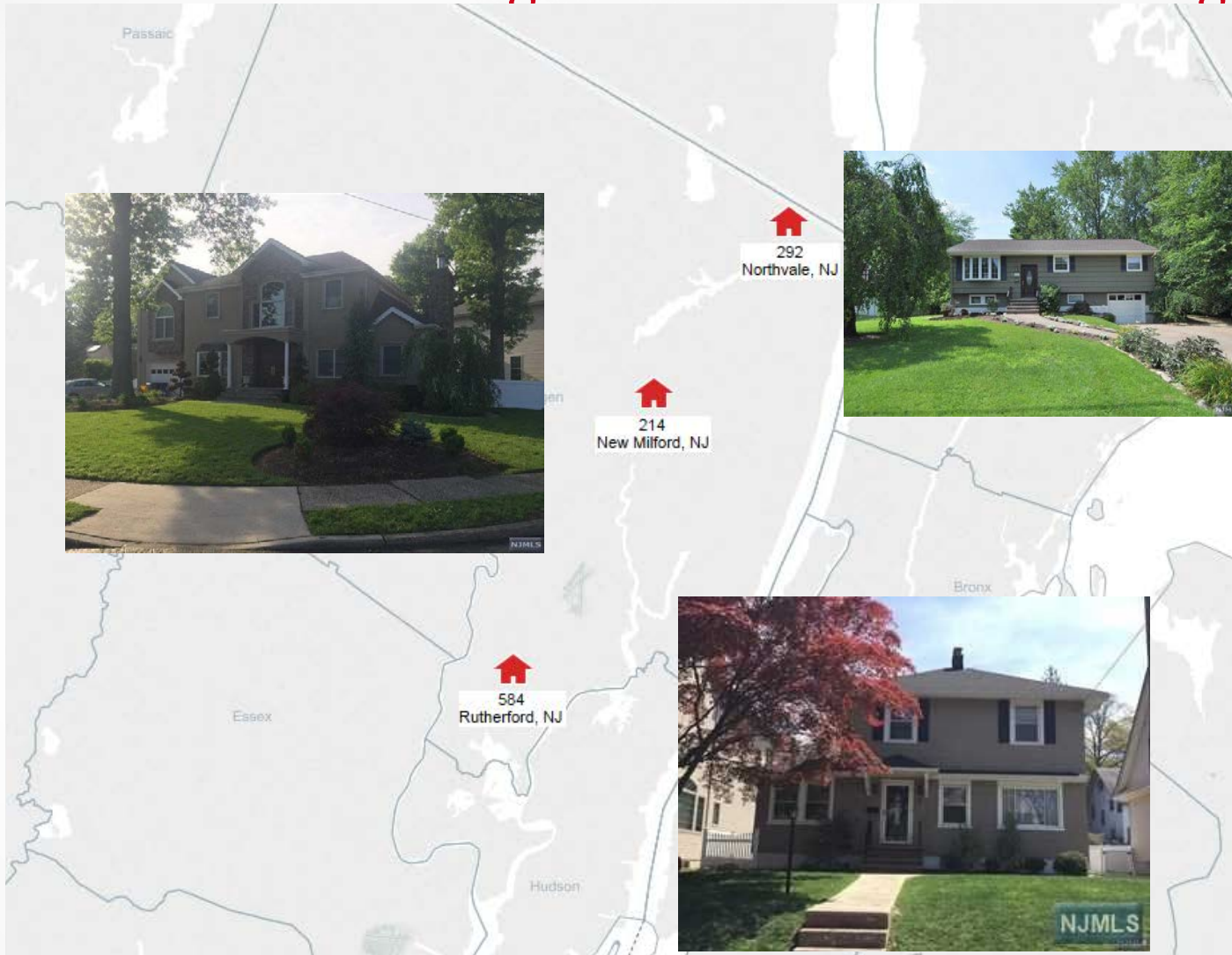
Based on Supply and Demand



Source: Realtor.com

# HOTTEST HOMES LAST 90 DAYS

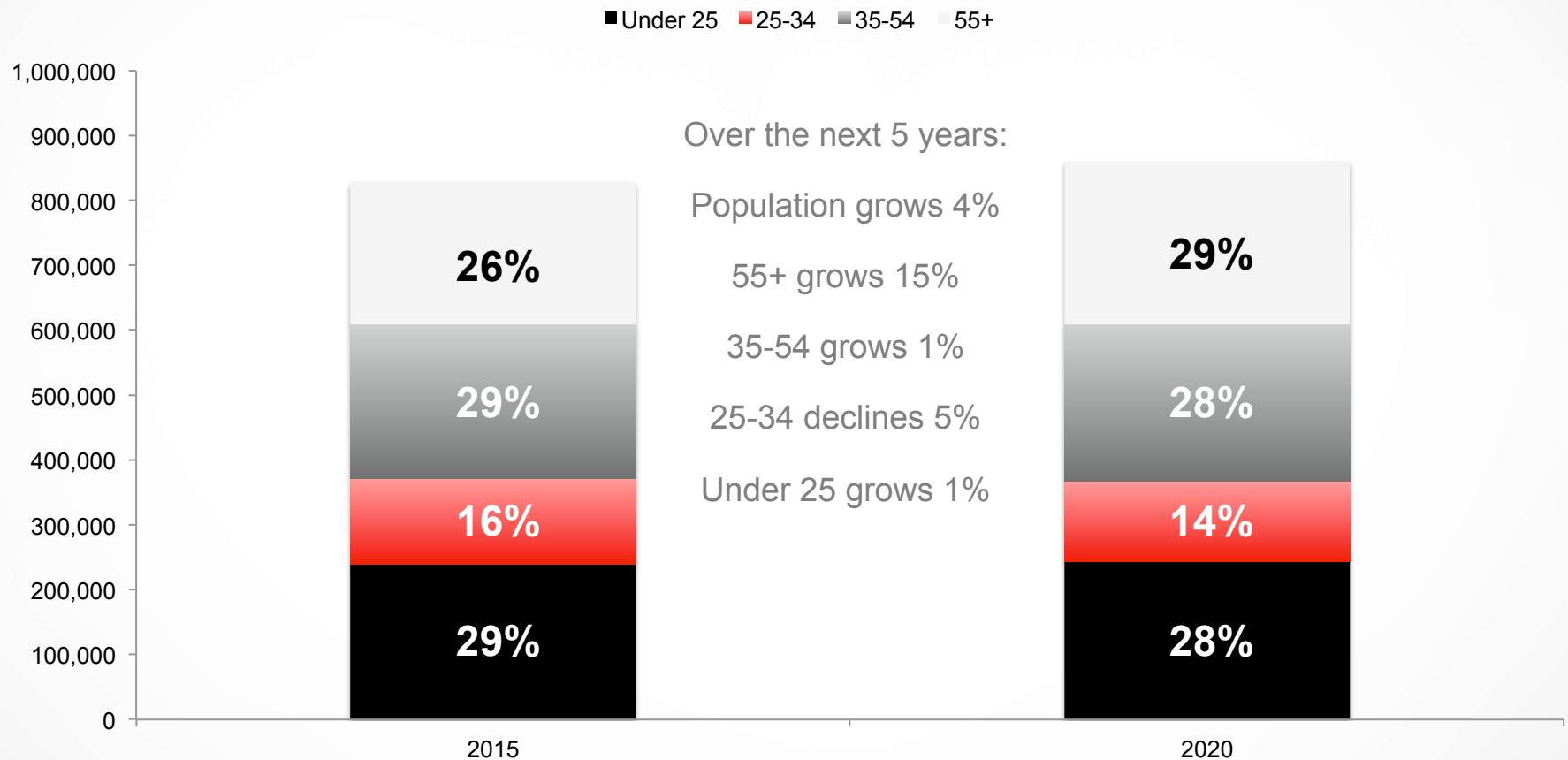
3 of the 200 Hottest Listings in NY MSA are in East Bergen County



# BIG OLDER SHIFT IN EBC TOO

Over 55 increases while other ages are flat or declining

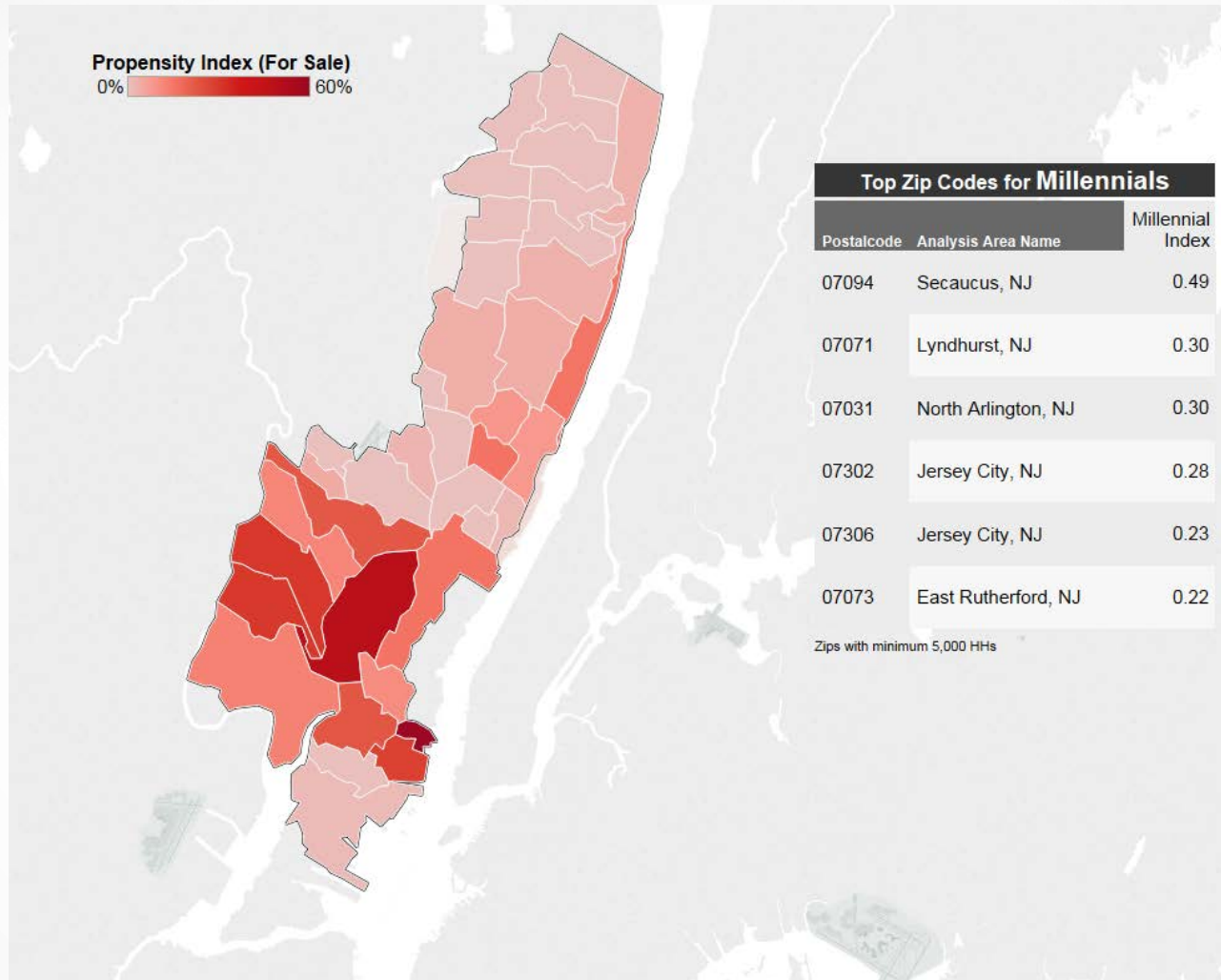
## Population by Age (East Bergen County)



Source: Nielsen Demographics Pop-Facts 2015

# MILLENNIAL PROPENSITY

25-34 Interest Relative to Other Age Groups (April 2015)

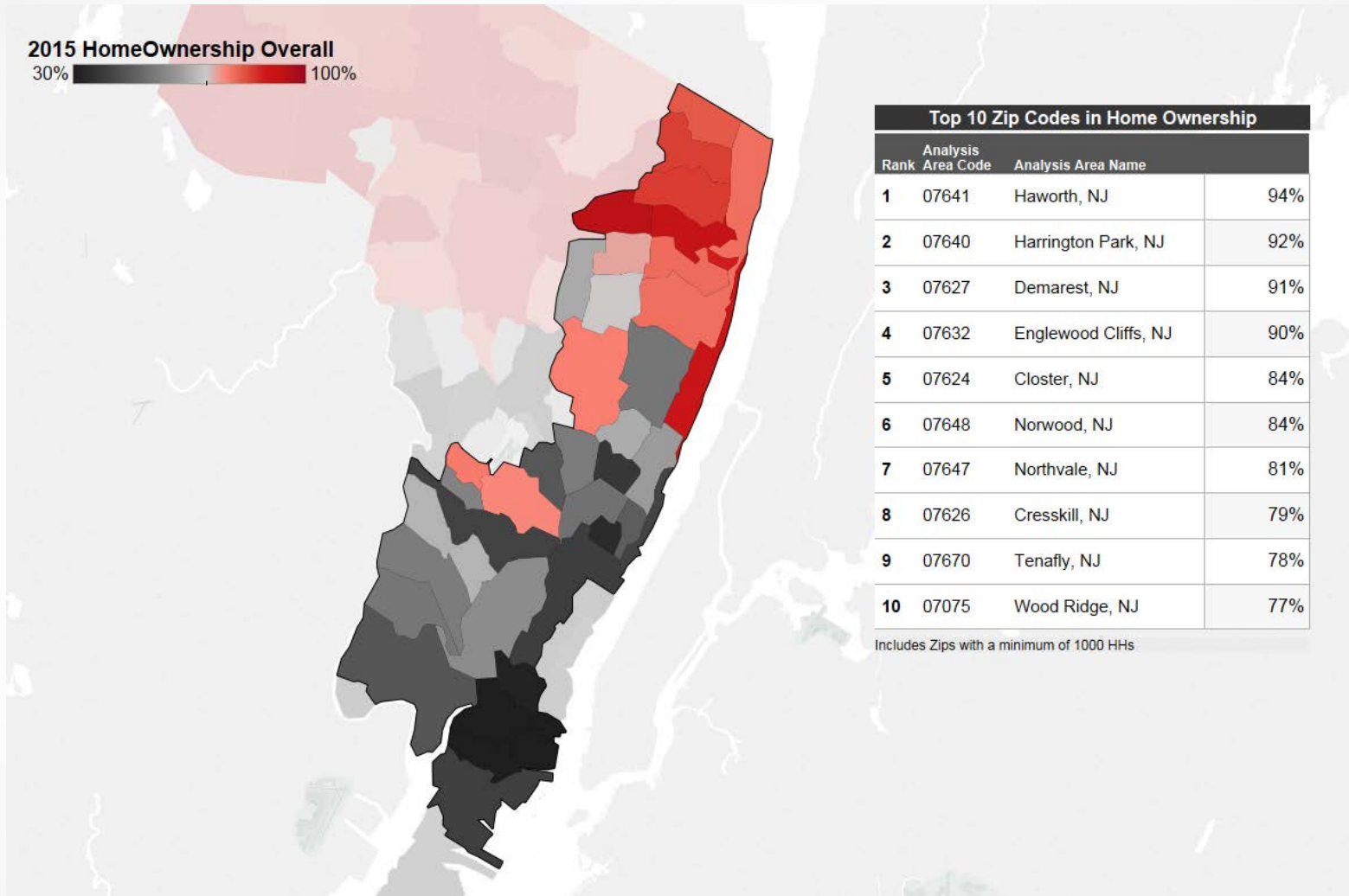


Source: Realtor.com



# HOMEOWNERSHIP IS STRONG

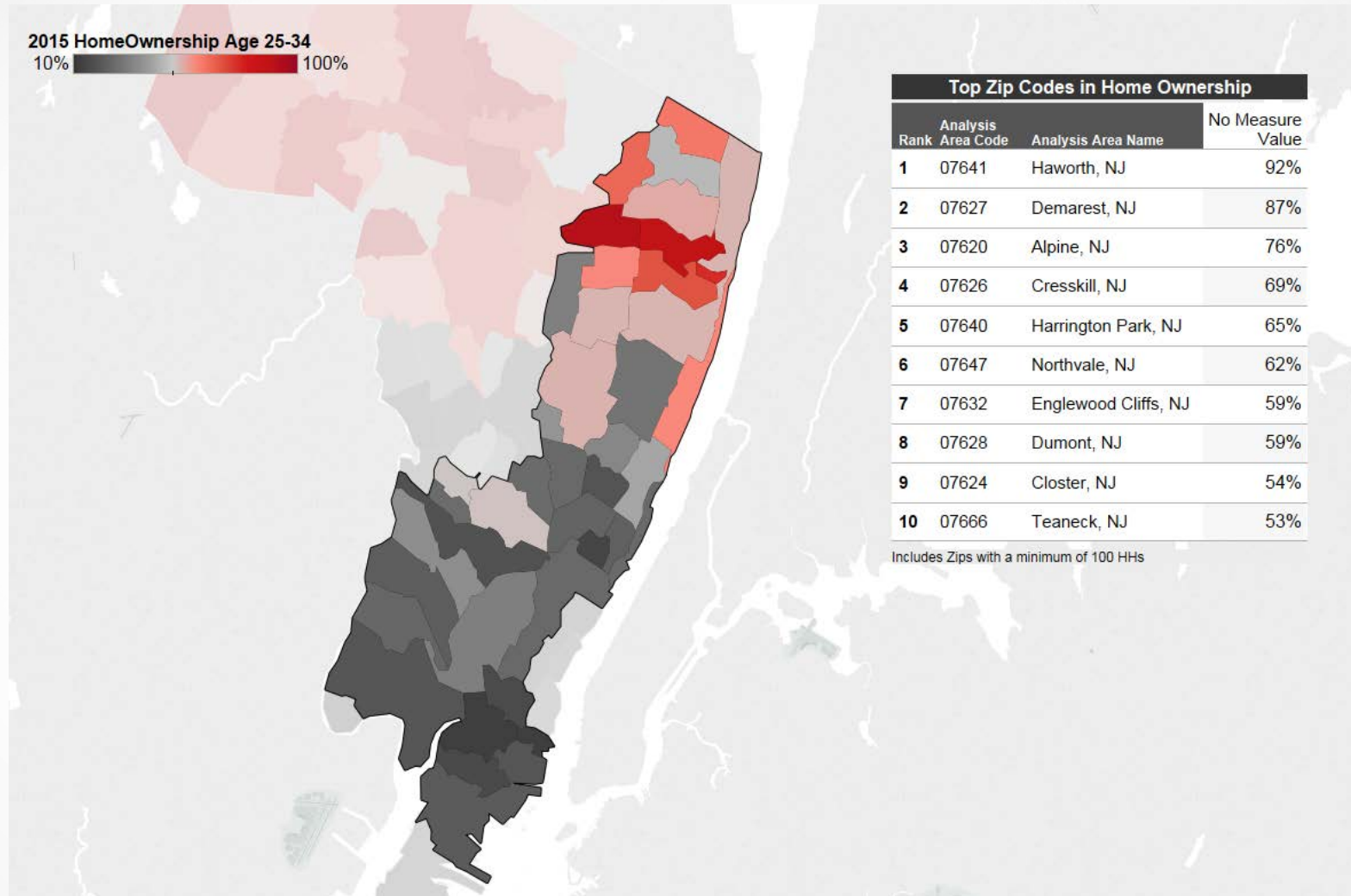
Overall rate in East Bergen County is high (71%)



Source: Nielsen Demographics Pop-Facts 2015

# MILLENNIAL OWNERSHIP IS AVERAGE

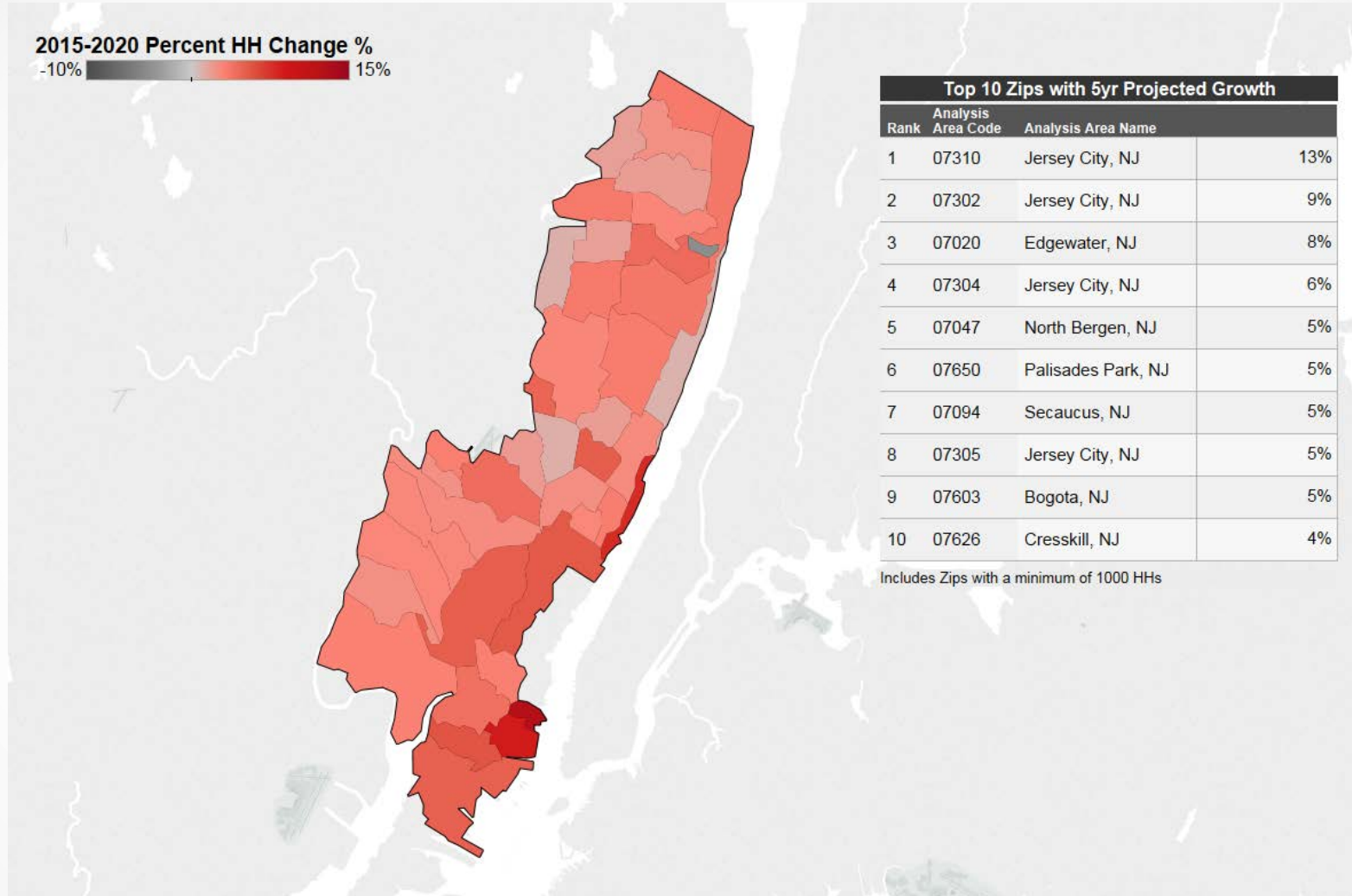
25-34 ownership rate in East Bergen County is 40%



Source: Nielsen Demographics Pop-Facts 2015

# FORECASTED GROWTH IS STRONG

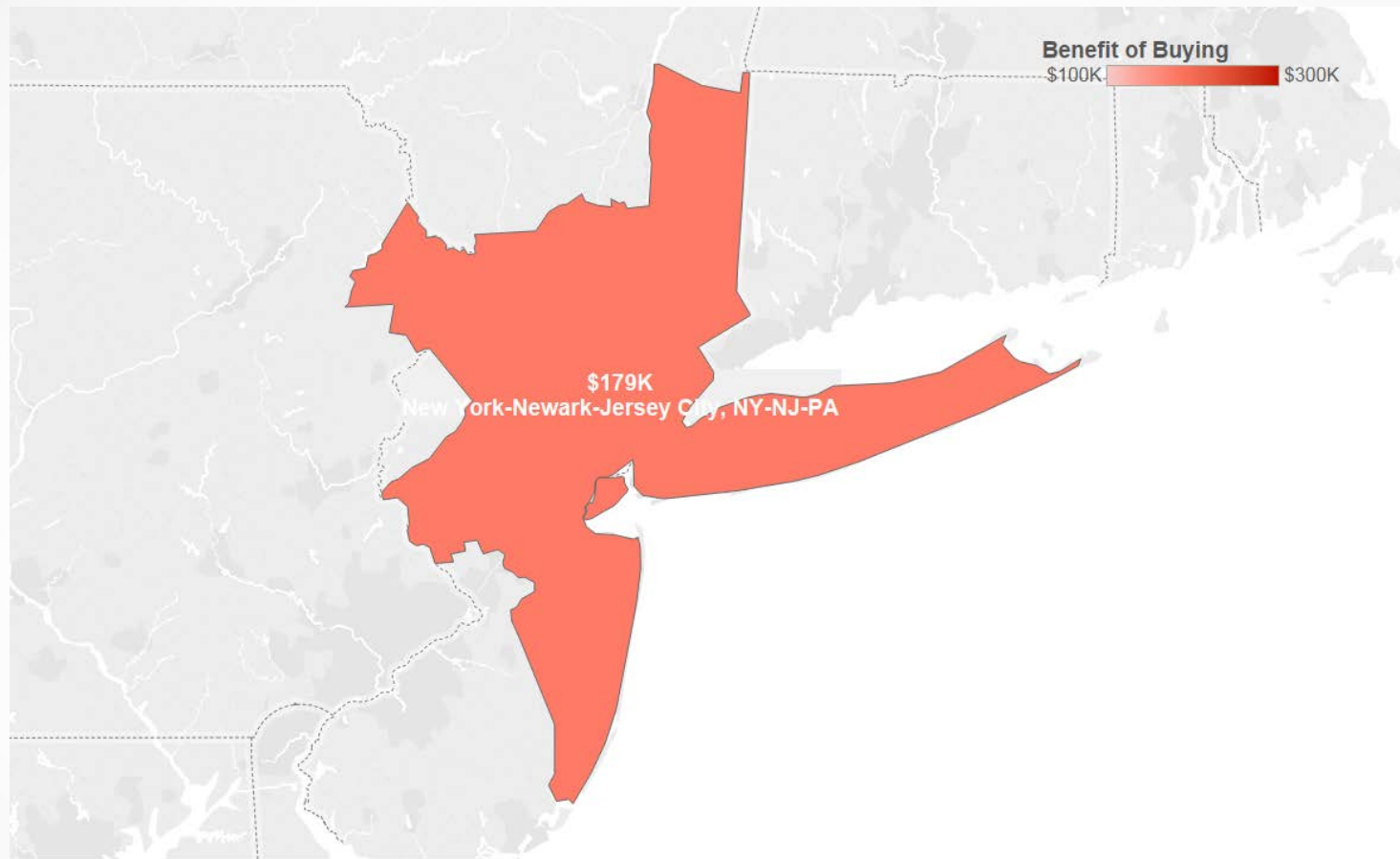
80% of zips in East Bergen County should see 2%+ growth



Source: Nielsen Demographics Pop-Facts 2014

# BENEFIT OF BUYING OVER 30 YEARS

Savings in NY Metro are just below the national average



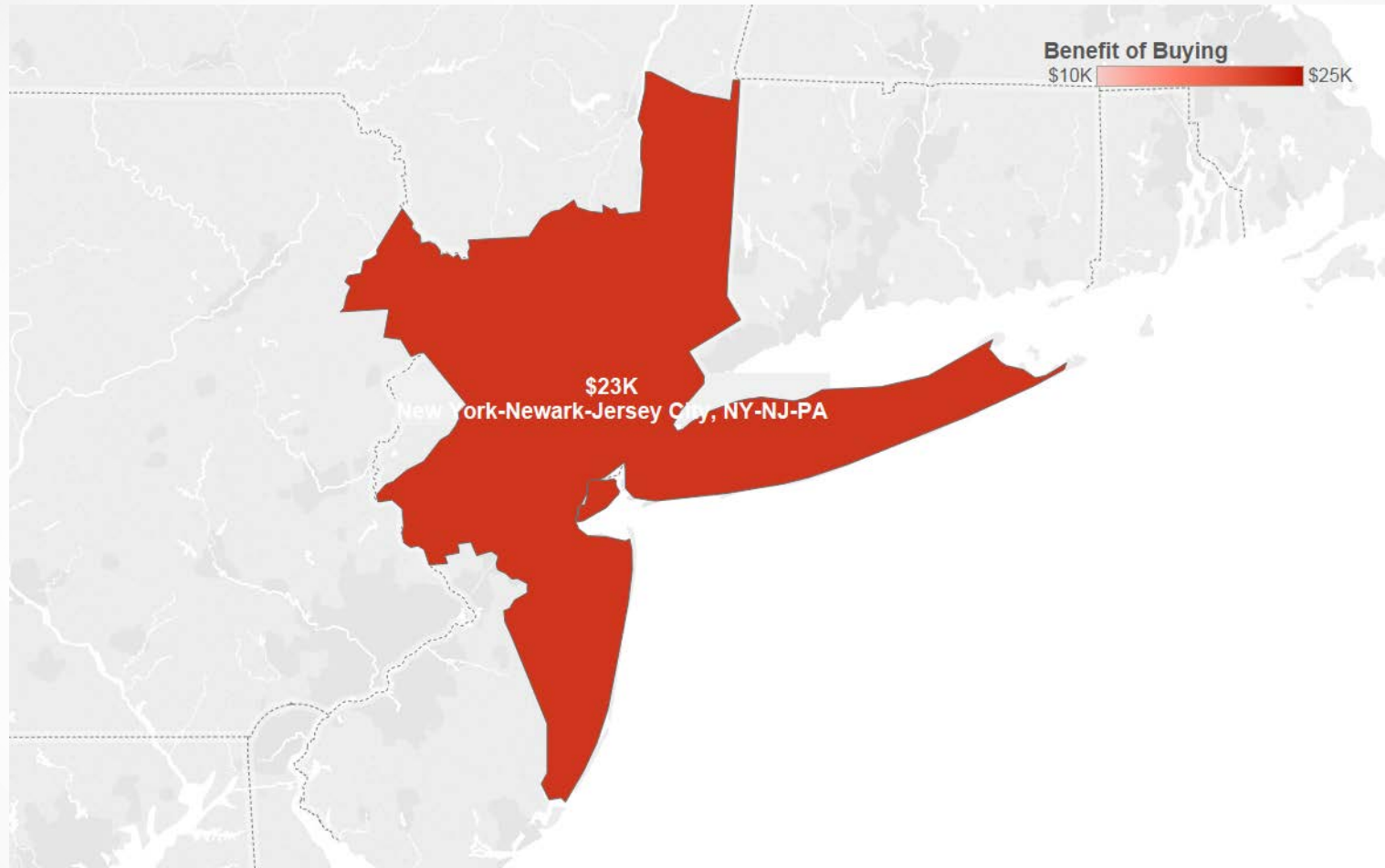
United States \$218,000

Source: Realtor.com® Opportunity Cost Report Aug 2015.



# OPPORTUNITY COST OF DELAYING

Savings in NY Metro much higher than national average



United States **\$18,672**

Source: Realtor.com® Opportunity Cost Report Spring 2015.

# REALTOR.COM® YEAR END FORECAST

## Key economic and housing metrics

- GDP grows 1.9%, slightly weaker than last year
- Payroll growth of 2.77 million jobs or 231,000 per month
- 1.3 million household formations
- Home prices appreciate 6.3% (median existing home price)
- Existing home sales grow 7% to 5.25 million
- New home sales grow 14% to 500,000
- Housing starts increase 8% to 1.08 million
- 30-year fixed rate ends year at 4.22%
- Affordability declines 2%

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THANK  
YOU