

Real Estate Trends and Outlook

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NATIONAL ASSOCIATION OF REALTORS®**

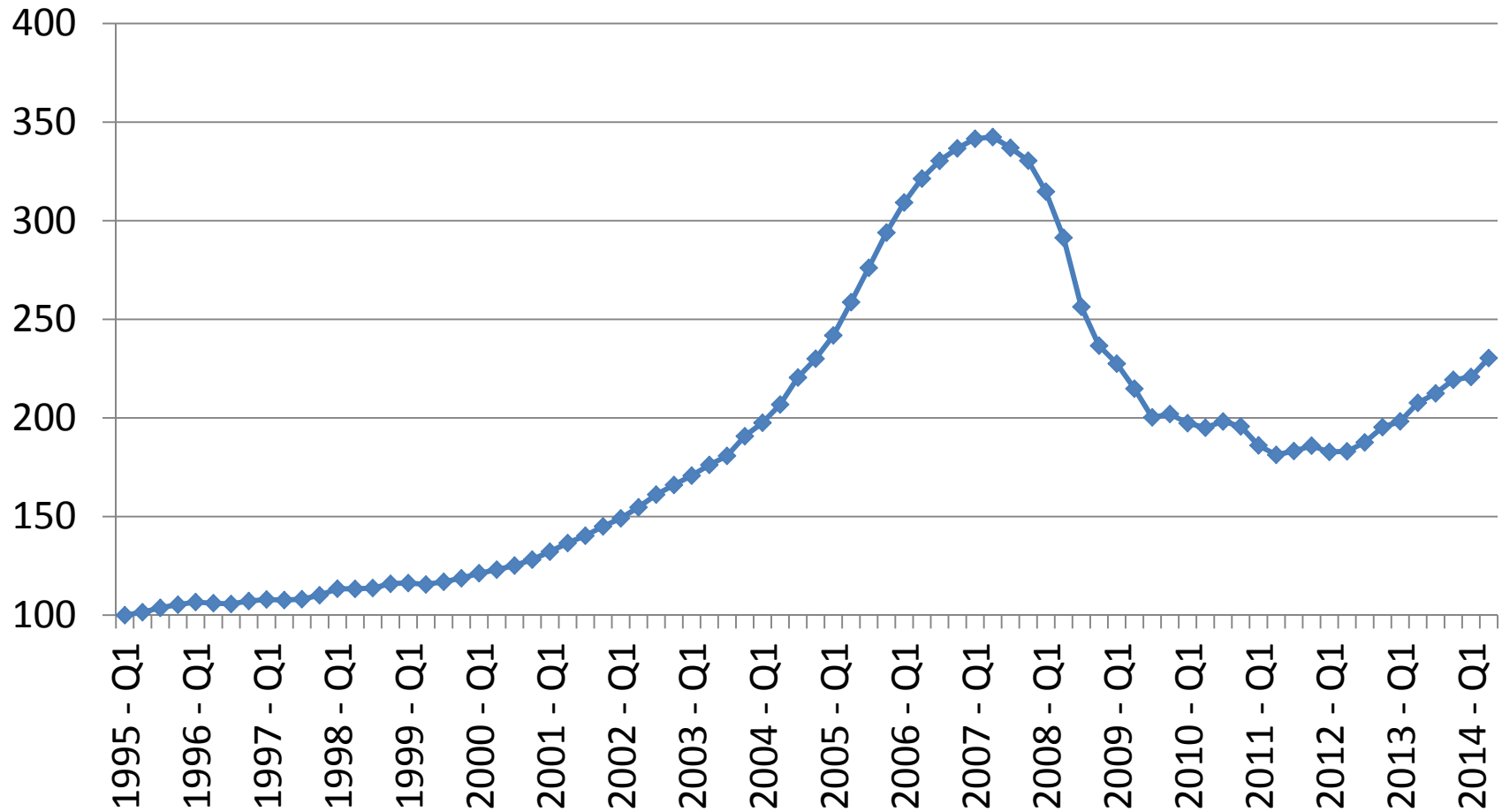
Presentation at Miami International Real Estate Congress

Coral Gables, FL

November 4, 2014

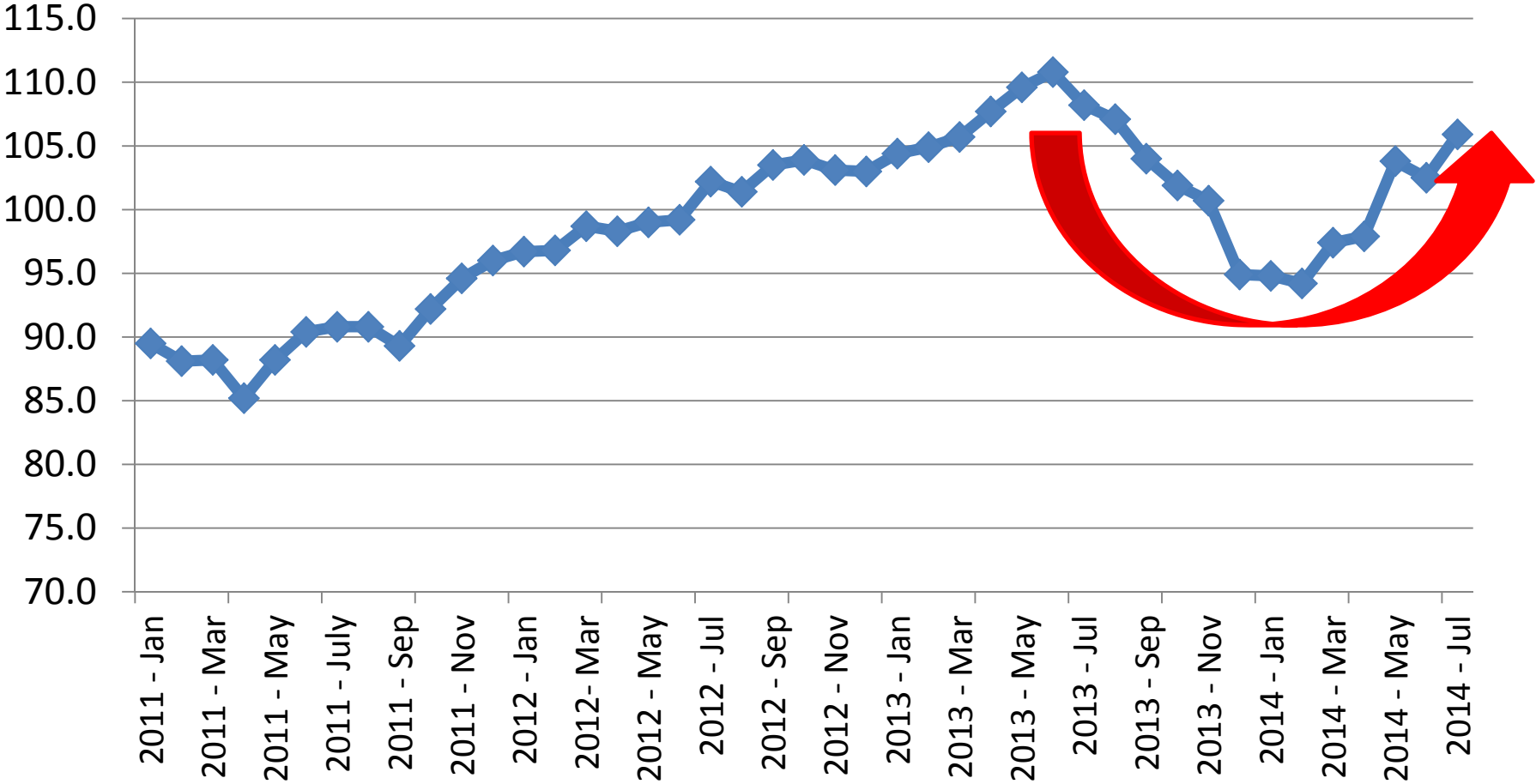
Solid Home Price Rebound

11% growth in Repeat Price Index in Miami MSA



National Pending Sales Index ... Making Upward U-Turn

(Seasonally Adjusted)



Source: NAR

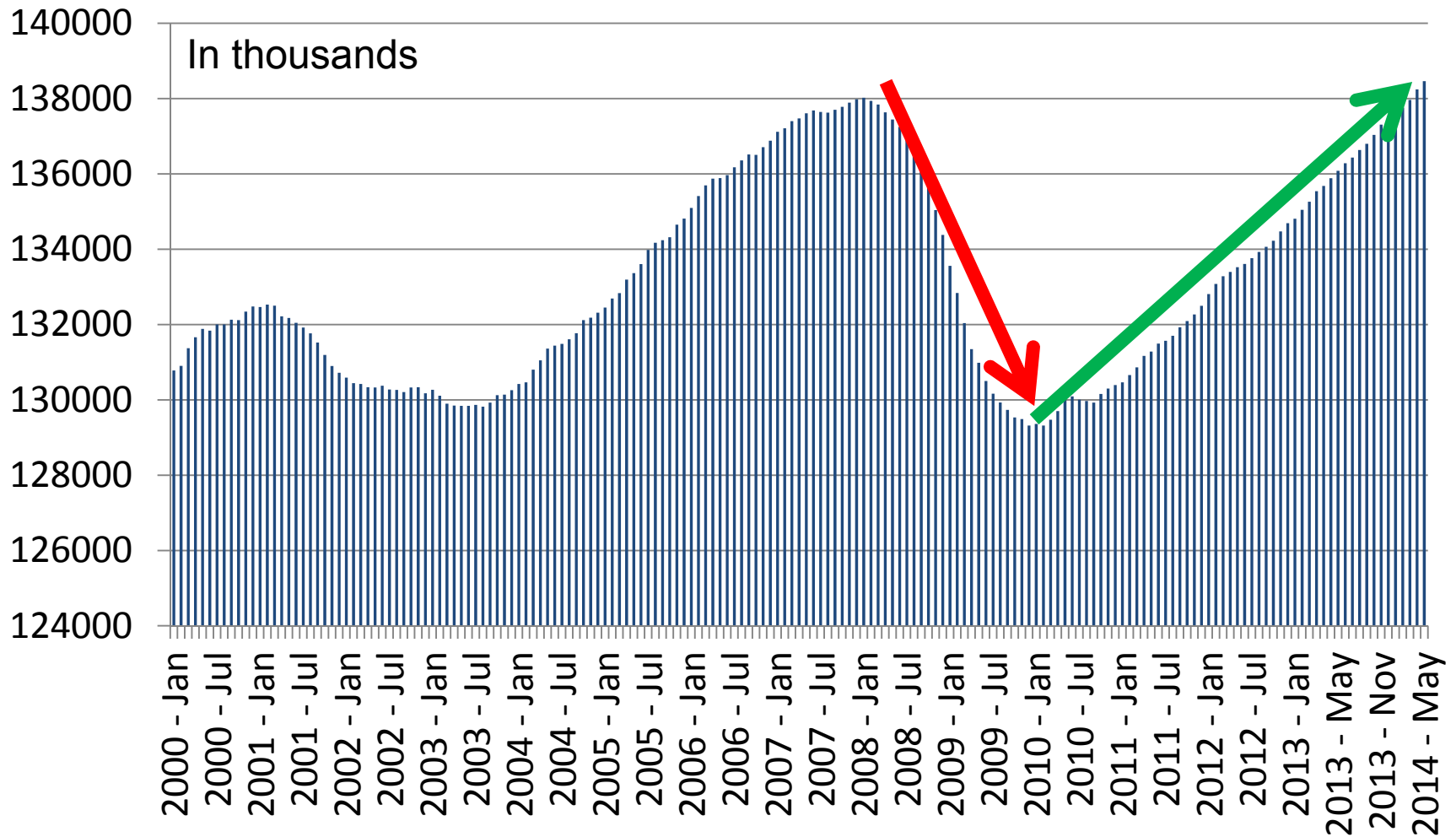
Multiyear Recovery Likely

- ➔• More Jobs
- Manageable Mortgage Rates
- Population Pent-Up Demand
- More Inventory
- Record High Household Wealth

Plus ... International Buyers Love Miami

Job Creations

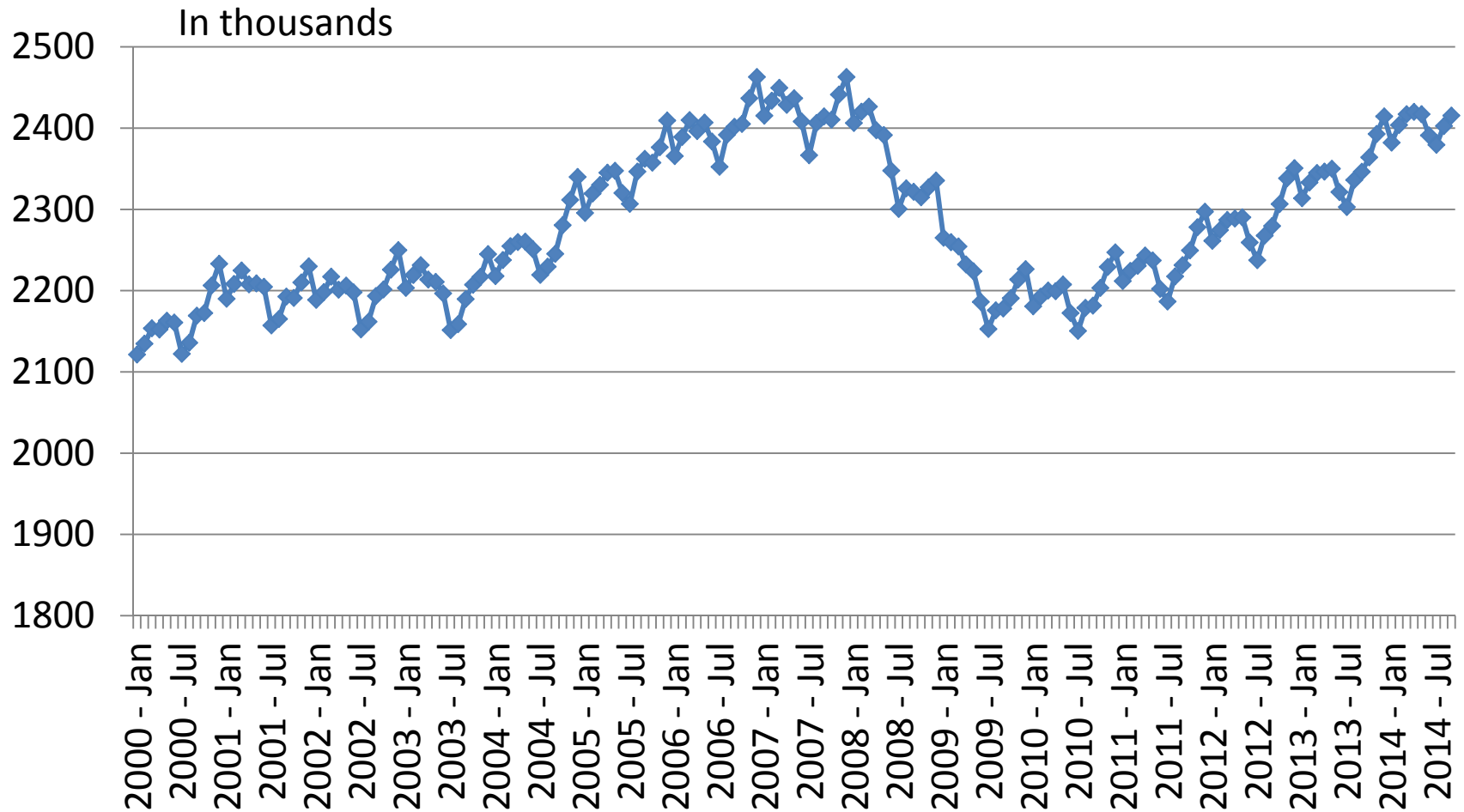
(8 million lost ... 10 million gained)



Job Market Comparisons by State

Fast Growing States	1-year Growth Rate	Slow Moving States	1-year Growth Rate
North Dakota	4.5	Michigan	0.7
Nevada	3.7	Alabama	0.6
Texas	3.4	Wyoming	0.6
→ Florida	2.9	South Dakota	0.3
Utah	2.9	Virginia	0.3
Colorado	2.8	New Jersey	0.1
Oregon	2.7	Illinois	0.0
Delaware	2.6	Alaska	0.0
West Virginia	2.5	New Mexico	-0.1
California	2.2	Vermont	-0.2

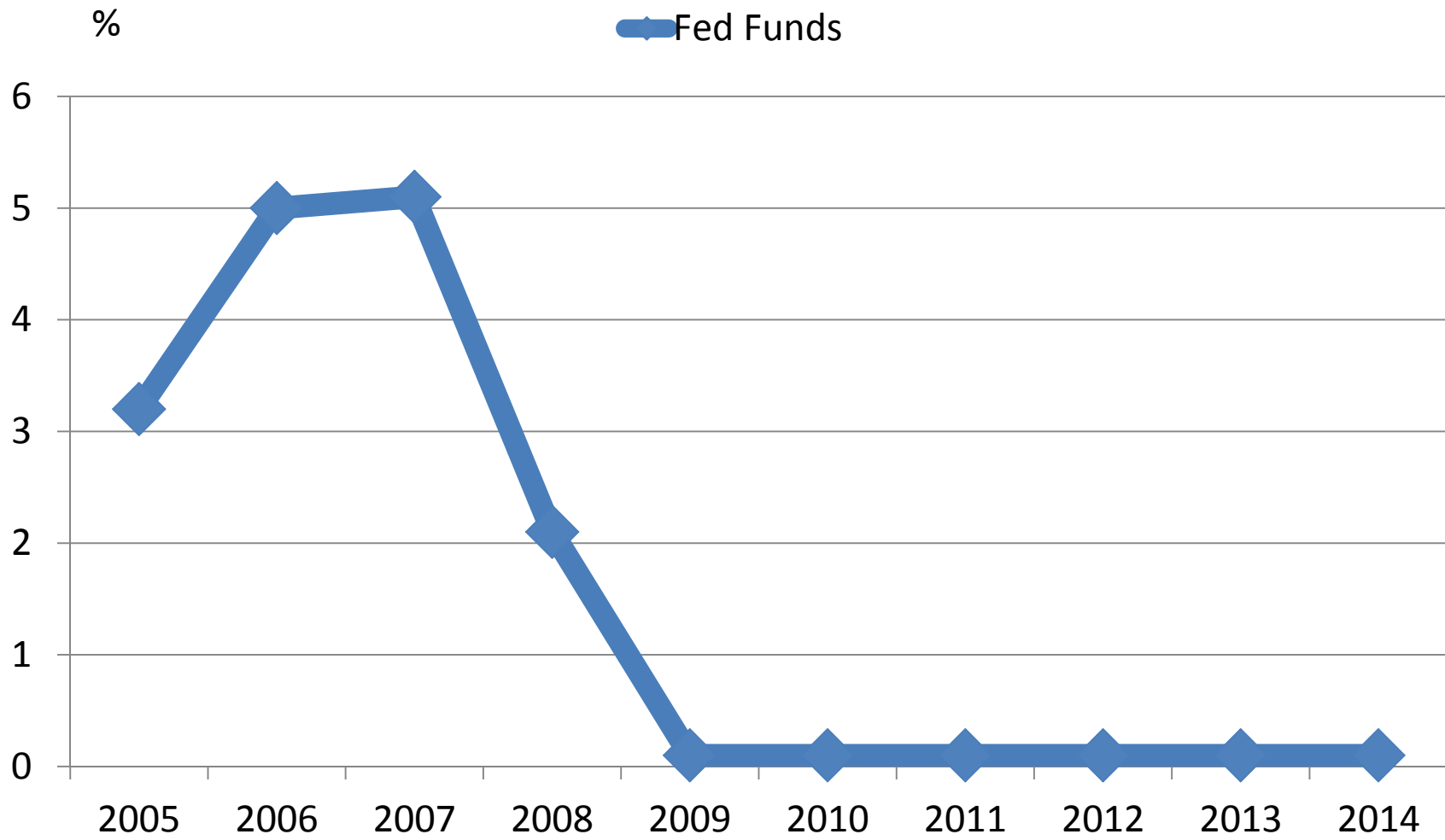
Jobs in Miami – Ft. Lauderdale



Multiyear Recovery Likely

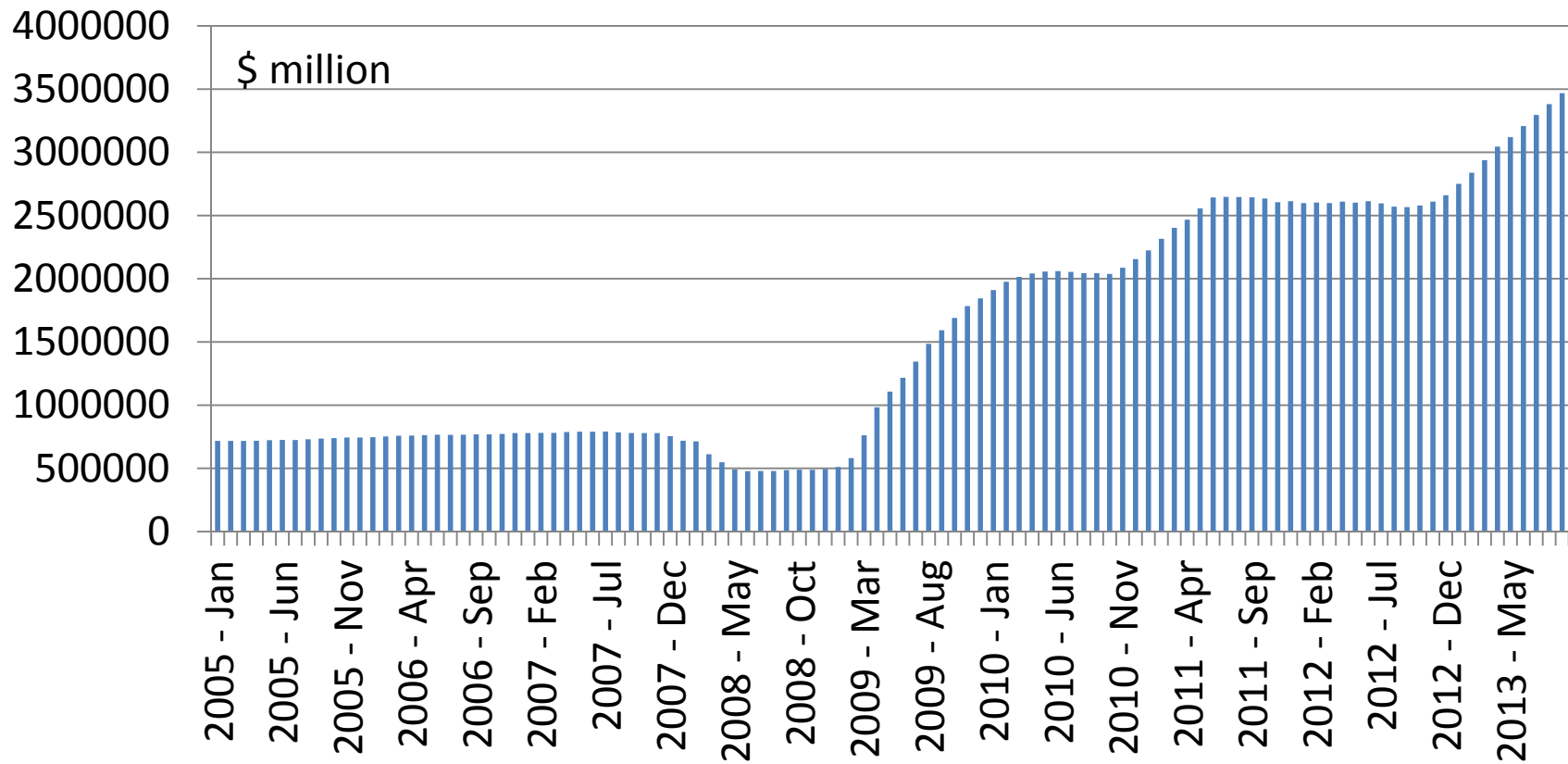
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Monetary Policy by Federal Reserve (zero rate policy for 6 years!)

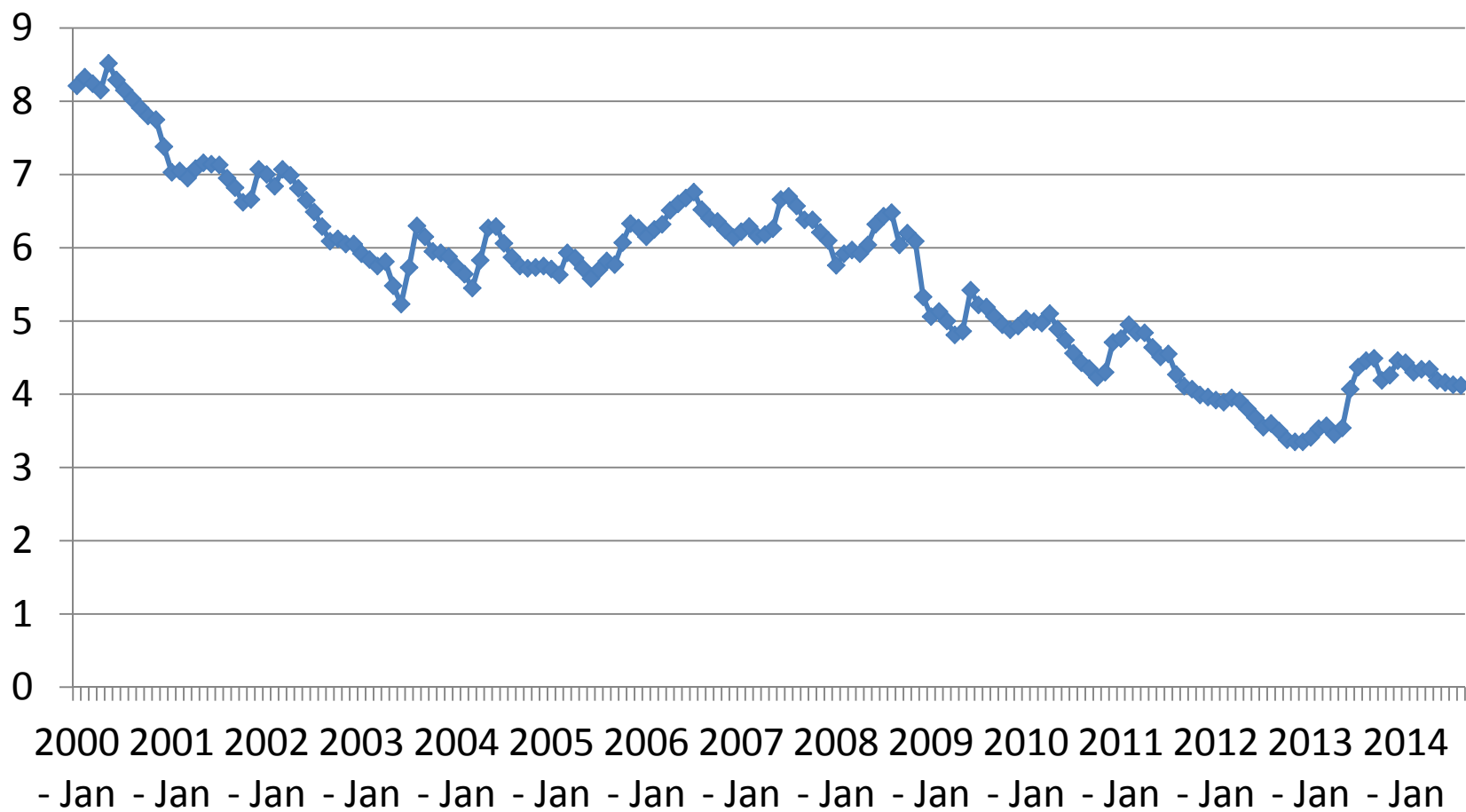


Federal Reserve Balance Sheet from Quantitative Easing

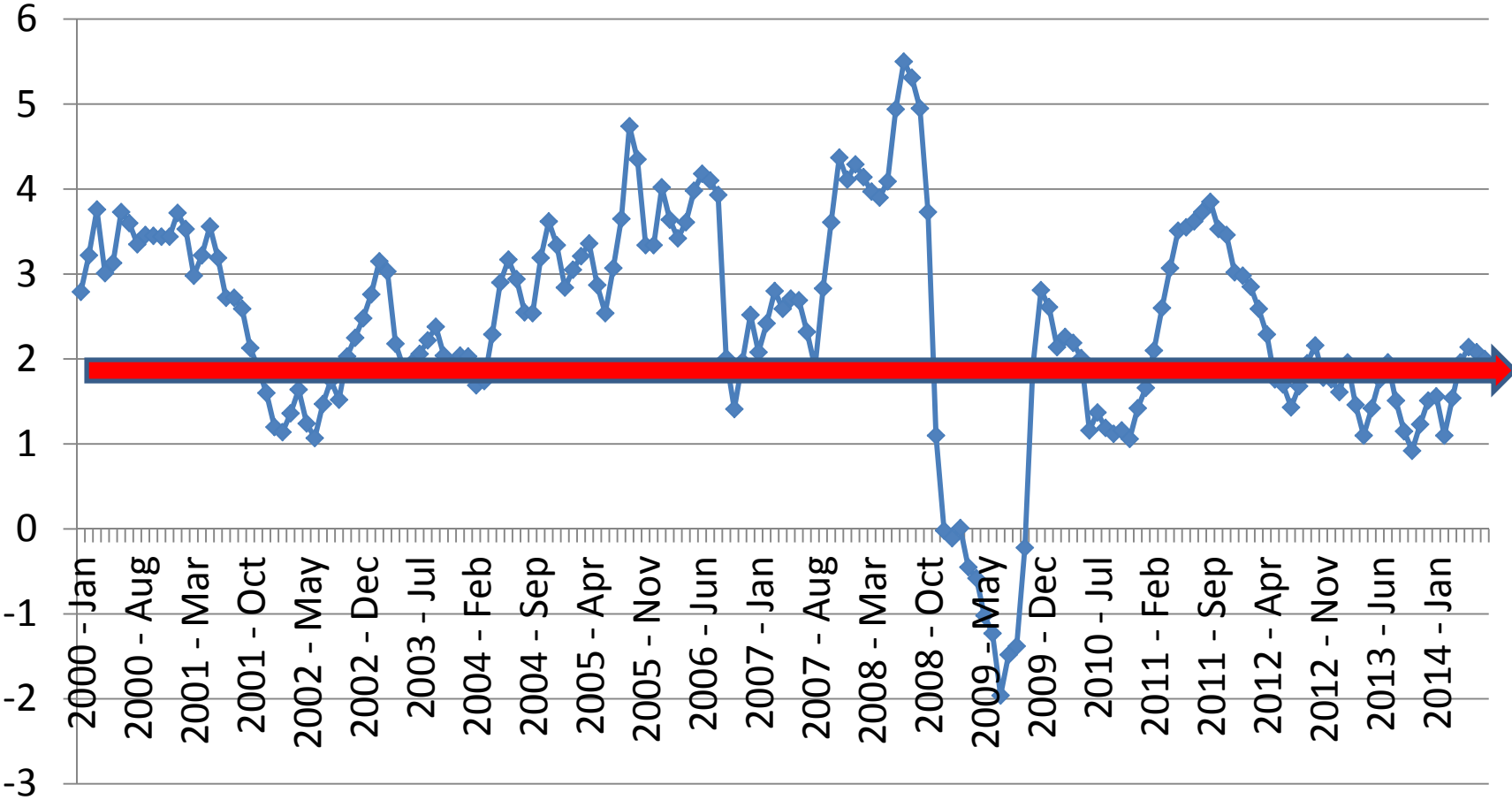
Total Asset Purchase



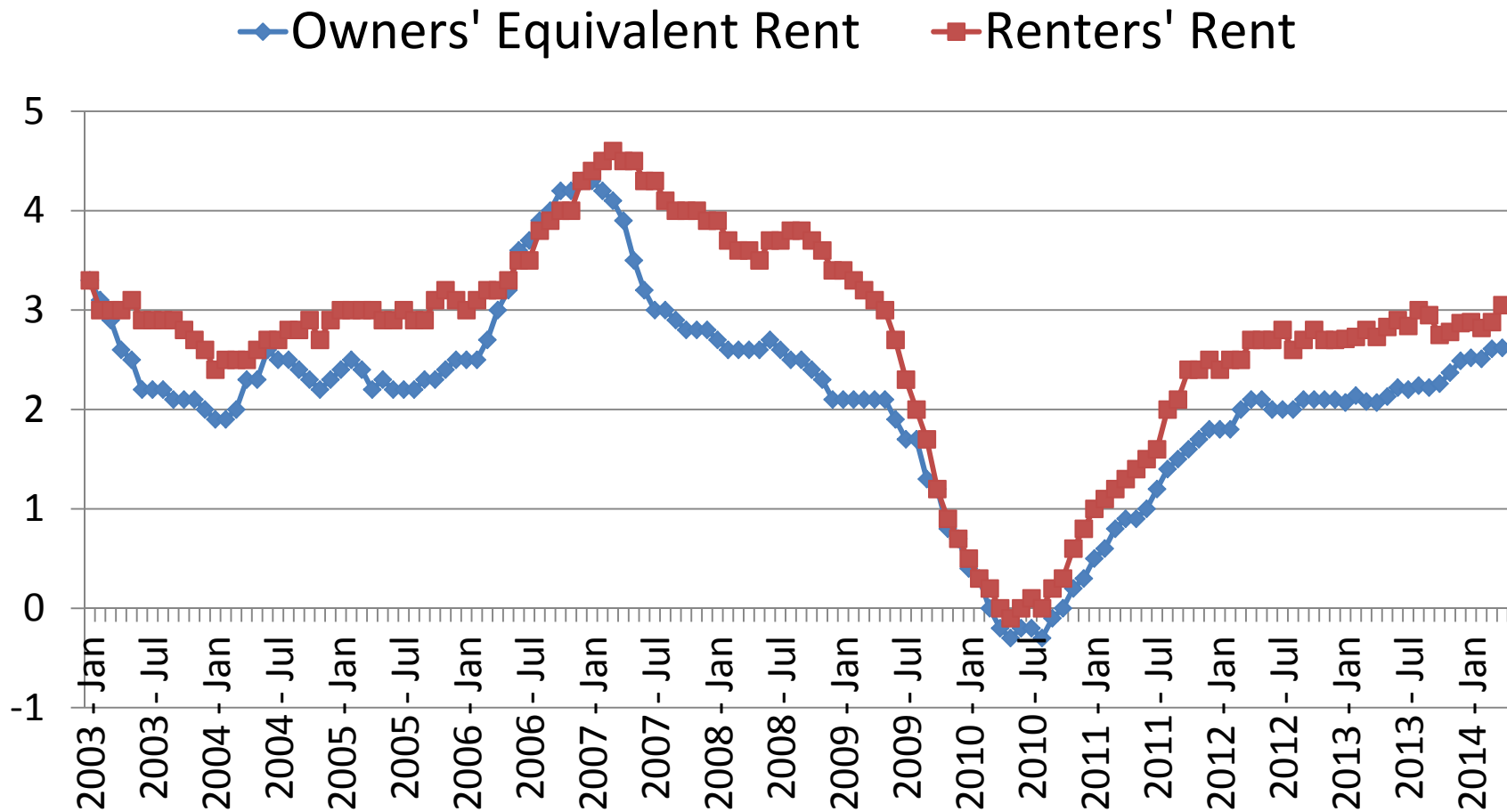
30-year Mortgage Rates



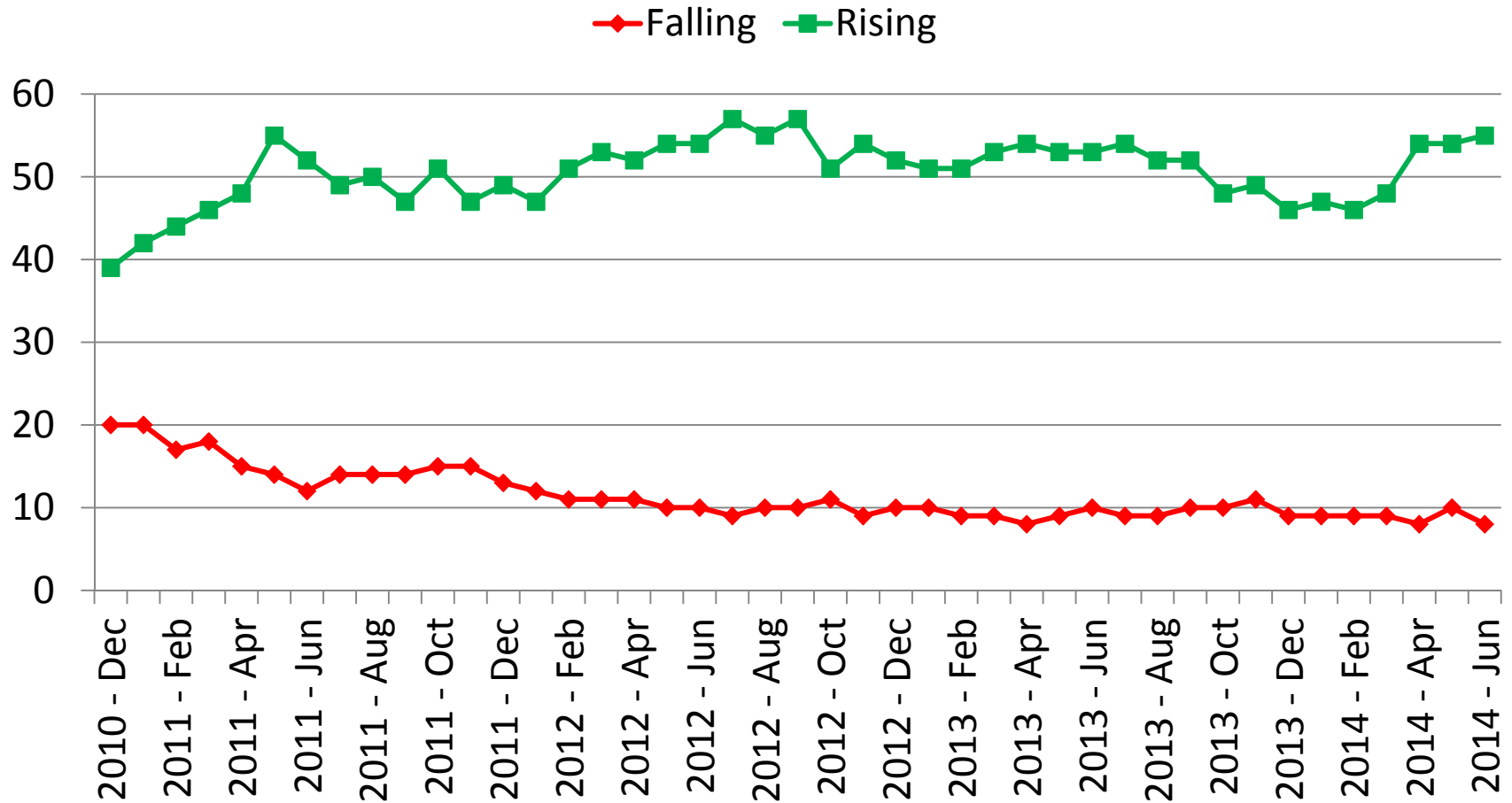
Non-worrisome CPI Inflation - Yet



Rising Renters' and Homeowners' Rent Growth (Above 2% and On the Way to 3%)



REALTOR[®] Rent Survey – Shows Rent Pressure



Monetary Policy

- Tapering Ends by the year end 2014
- Fed Funds Rate ... hike in 2015 Q1
- Earlier Move to Tighten because of Inflation Pressure
- Long-term Steady State Rate (2016 onwards) .. 10 year Treasury at 5.0%
- Mortgage Rates reaching 6.5% by 2016

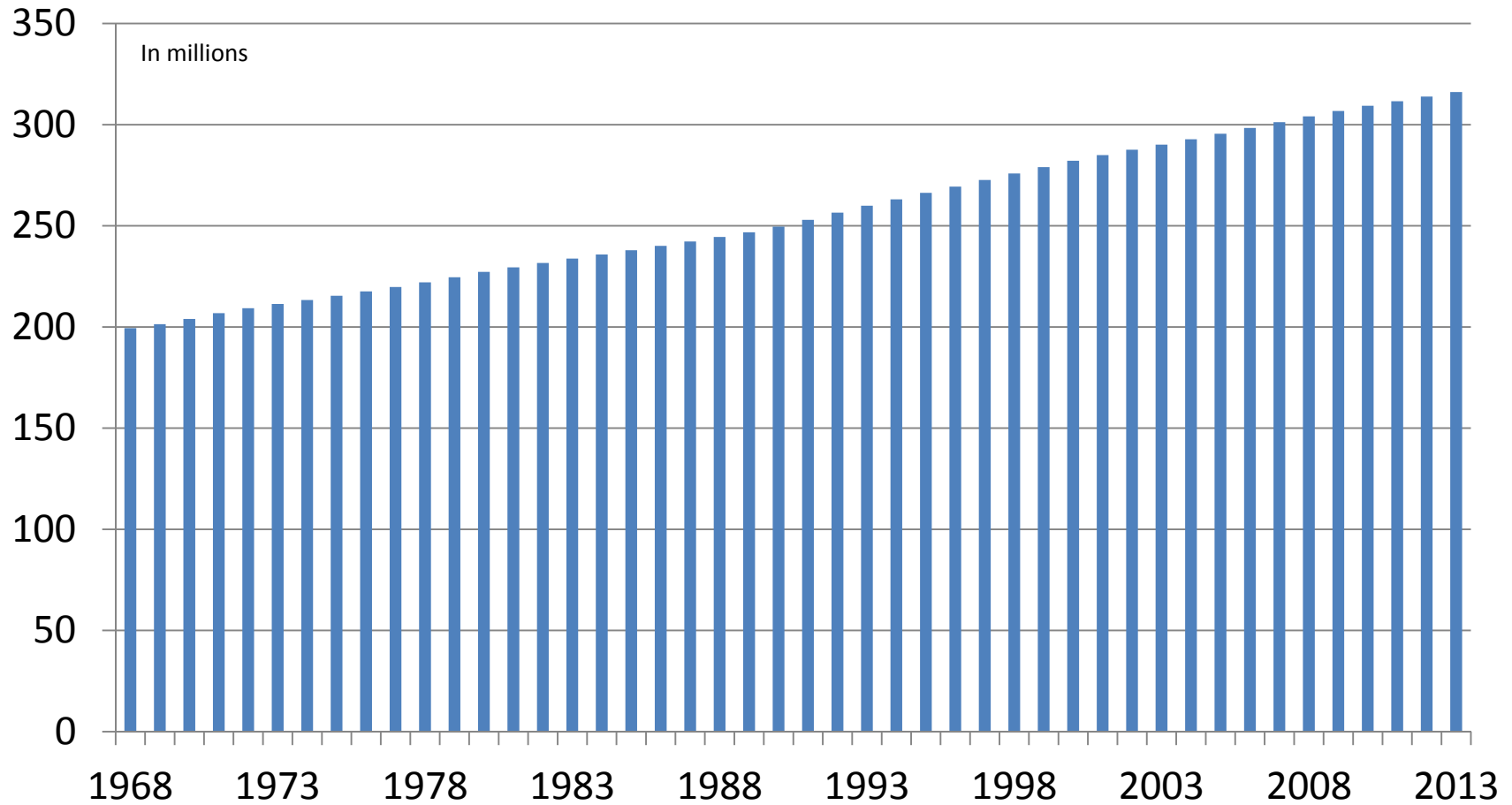
Erratic Credit Availability

- FICO New Method 😊
- Mel Watt – New overseer of Fannie/Freddie 😊
- Consumer Financial Protection Bureau's
 - Lawsuits ... Bleeding Big Banks
 - Other 2000-page shuffling of Dodd-Frank ... Squeezing Small Banks
 - Qualified Mortgages ... or else
 - 3% Maximum Cap on Affiliated Business ... Consumers worst off?
- FHA Hawk Program 😊
- Ridiculous FHA premiums
- Historic low mortgage default rates on recent vintages (2010-2014) 😊

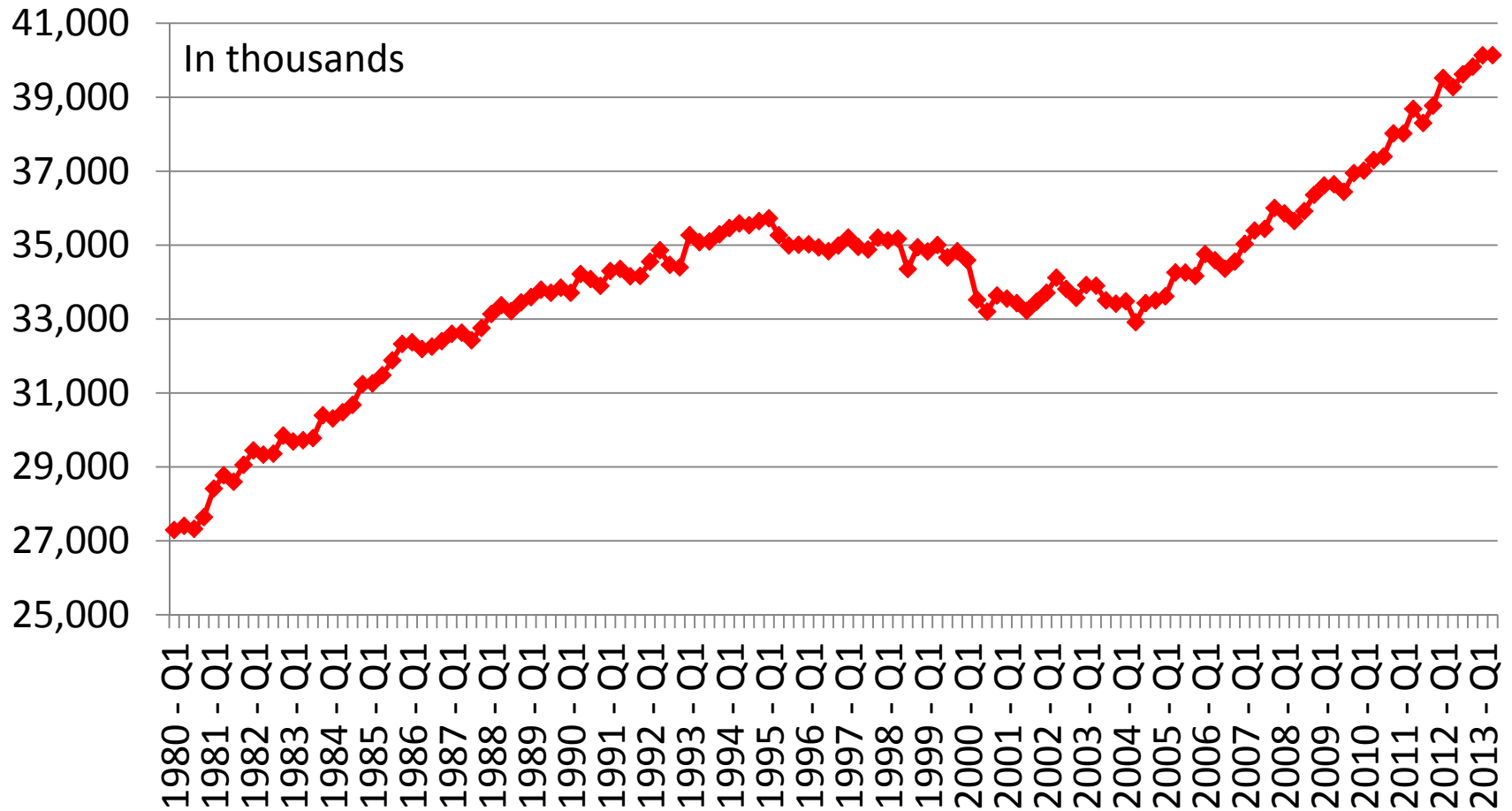
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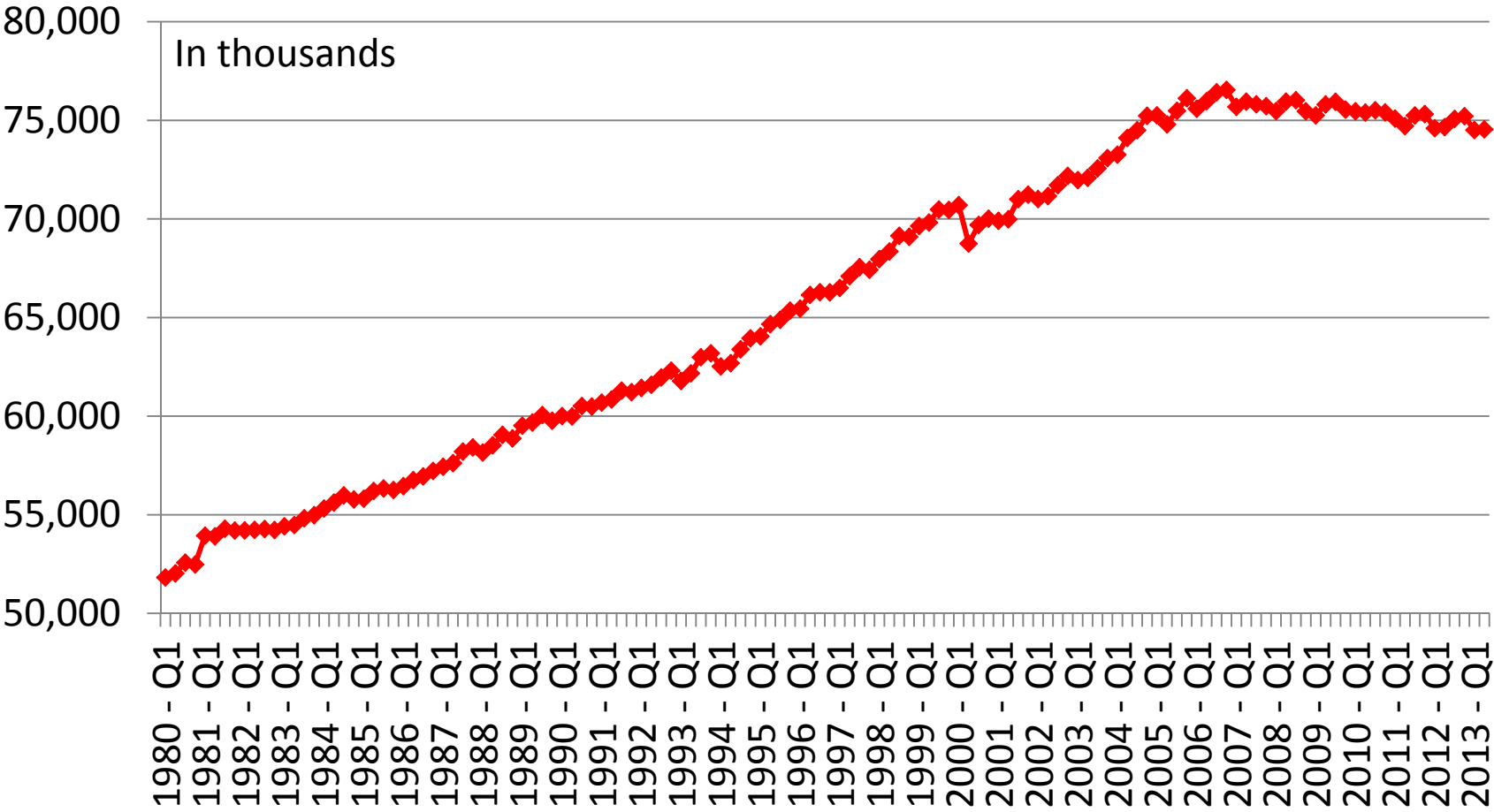
U.S. Population



Renter Households



Homeowner Households has not Grown since 2006 ... but Primed to Grow



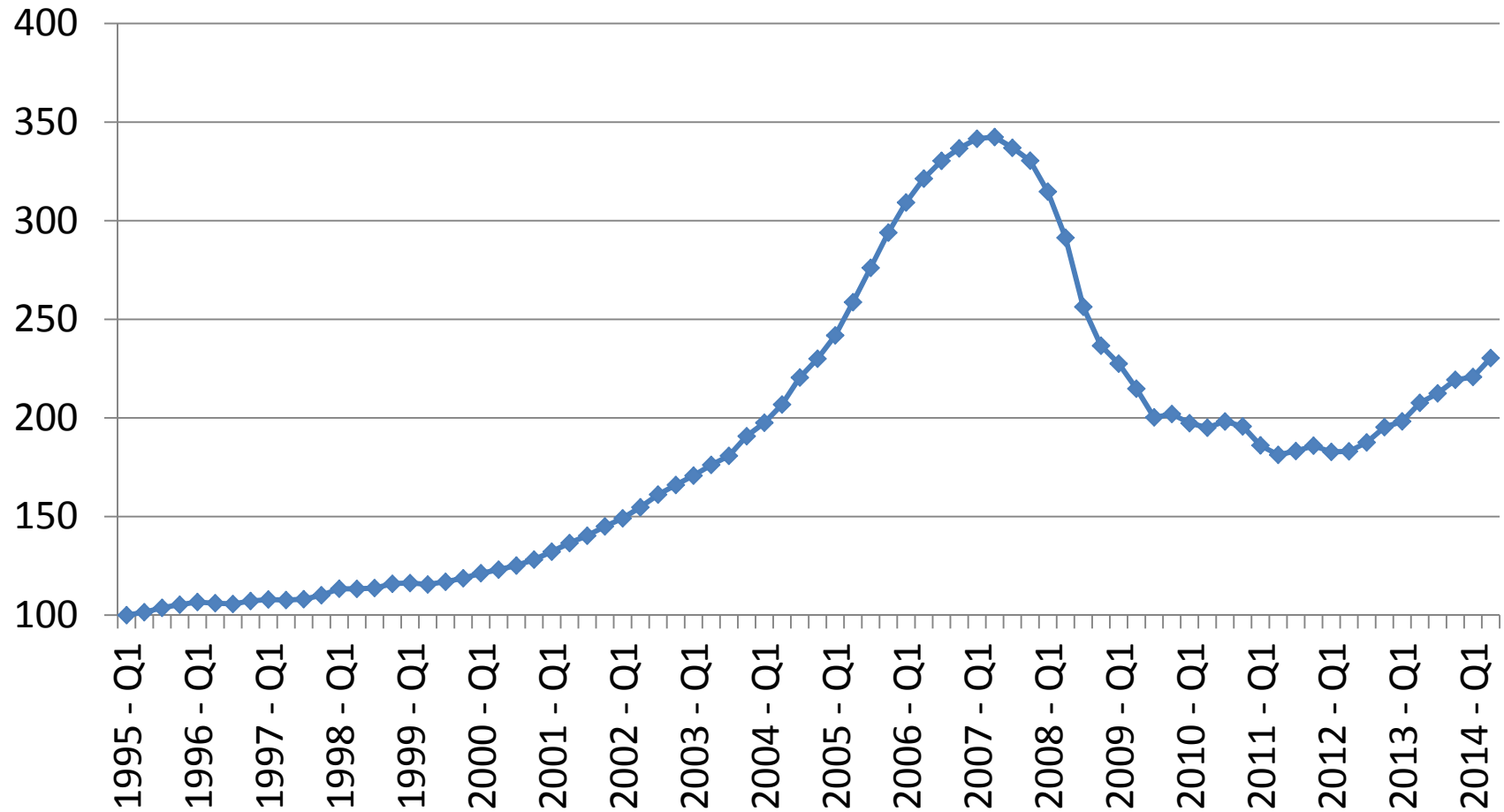
Pent Up Demand

	2000	2013
Existing Home Sales	5.2 m	5.1 m
New Home Sales	880 K	430 K
Mortgage Rates	8.0%	4.0%
Payroll Jobs	132.0 m	136.4 m
Population	282 m	316 m

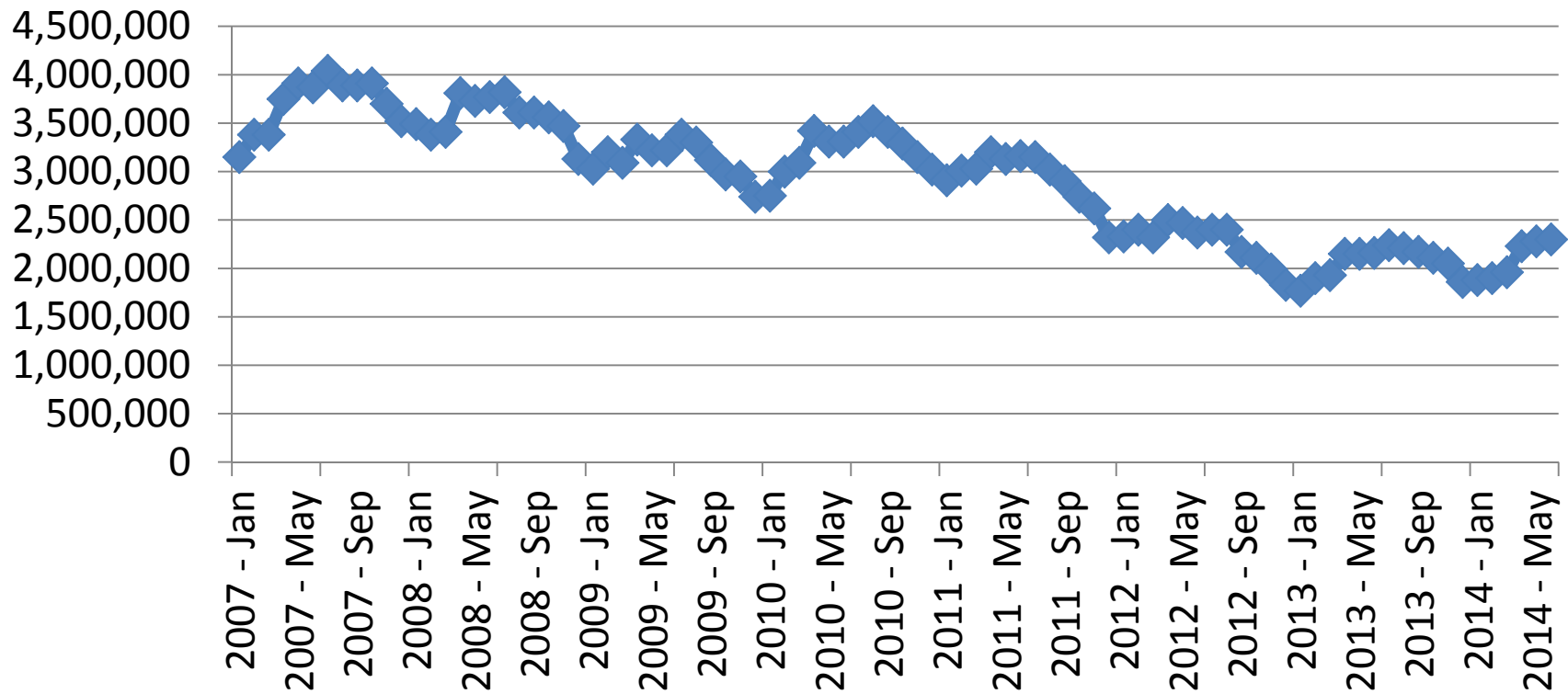
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Repeat Price Index in Miami MSA



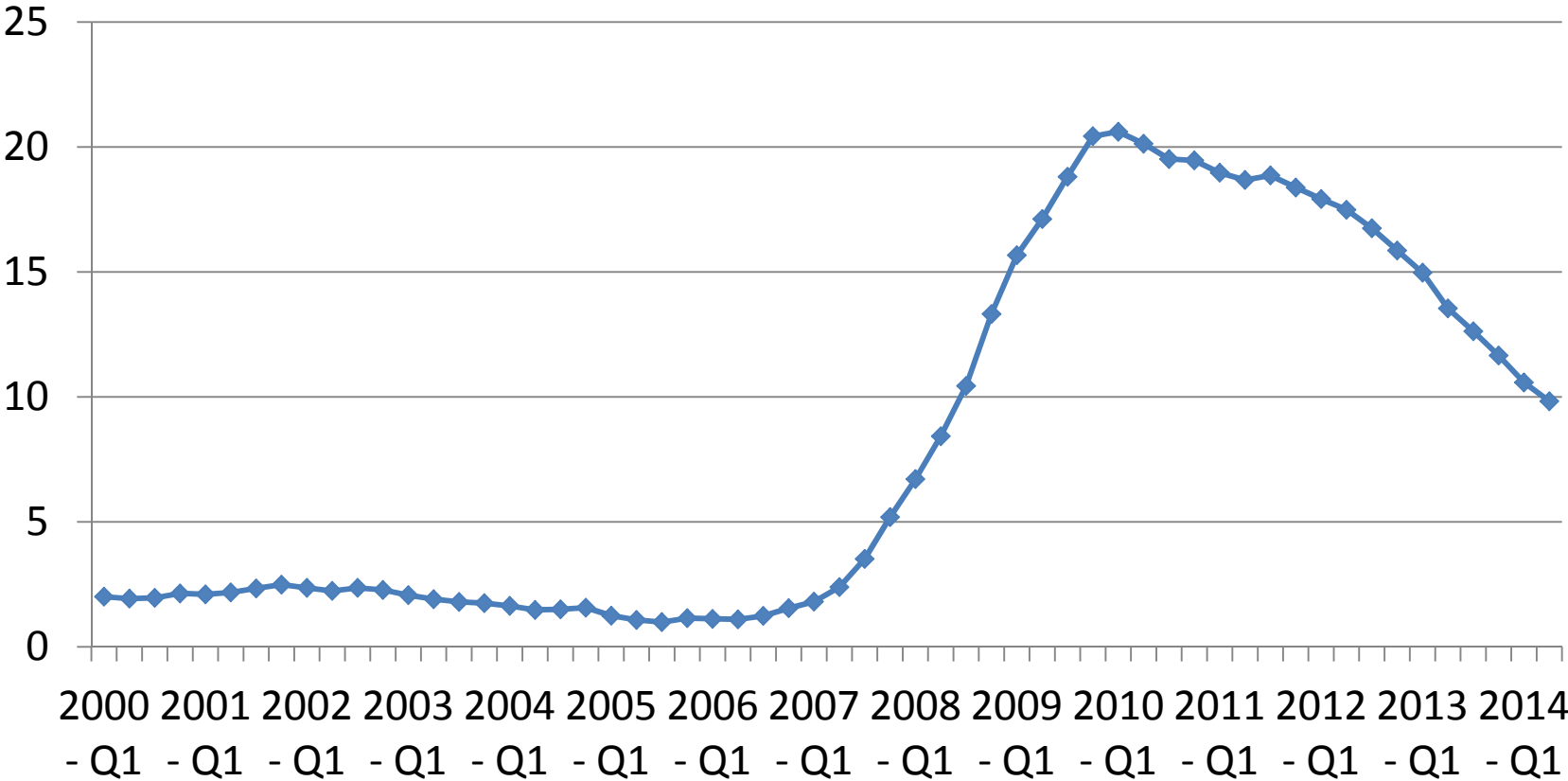
Inventory of Homes for Sale



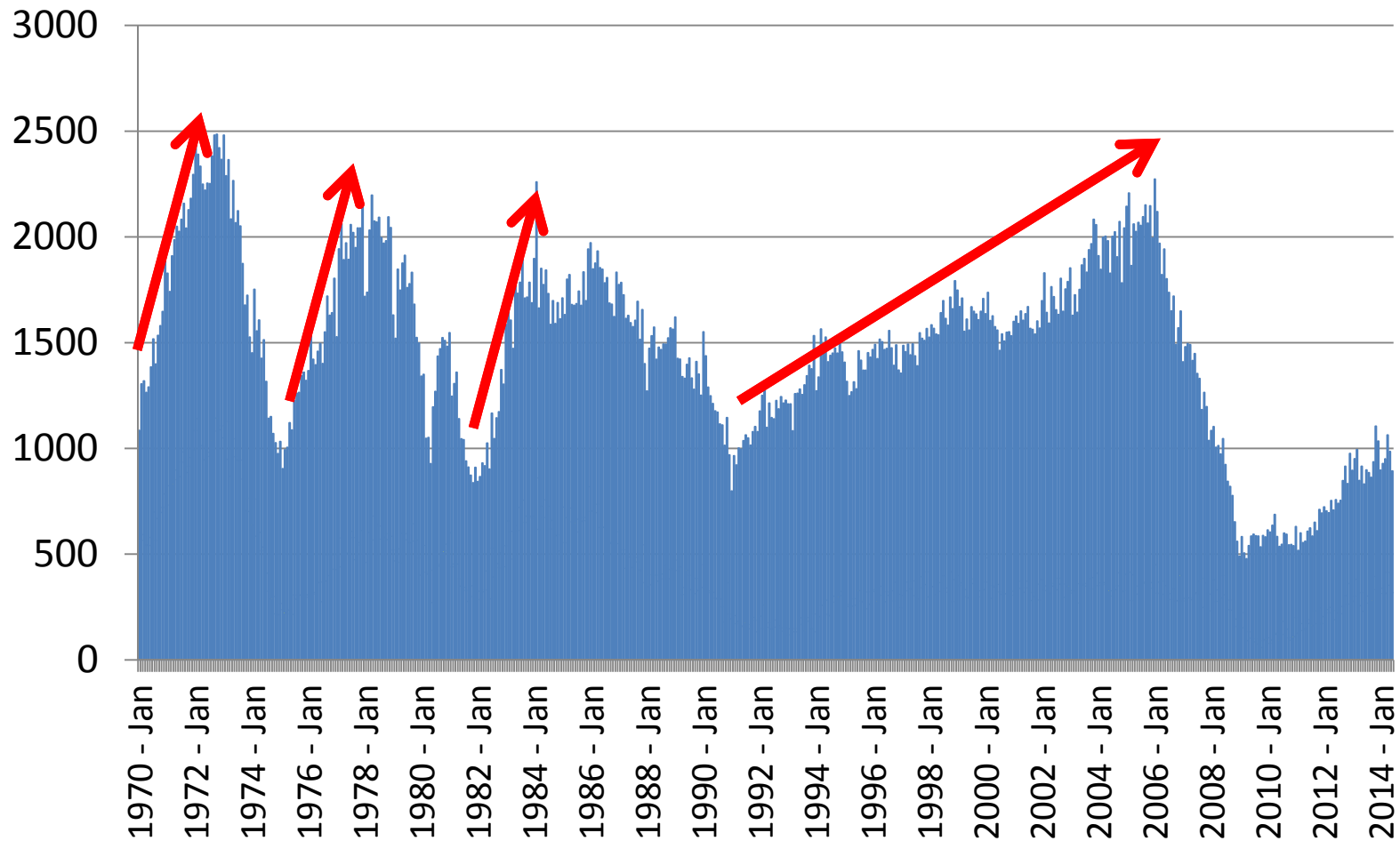
Maryland inventory up 18% in July

Shadow Inventory in Florida

% of mortgages in foreclosure process or seriously delinquent

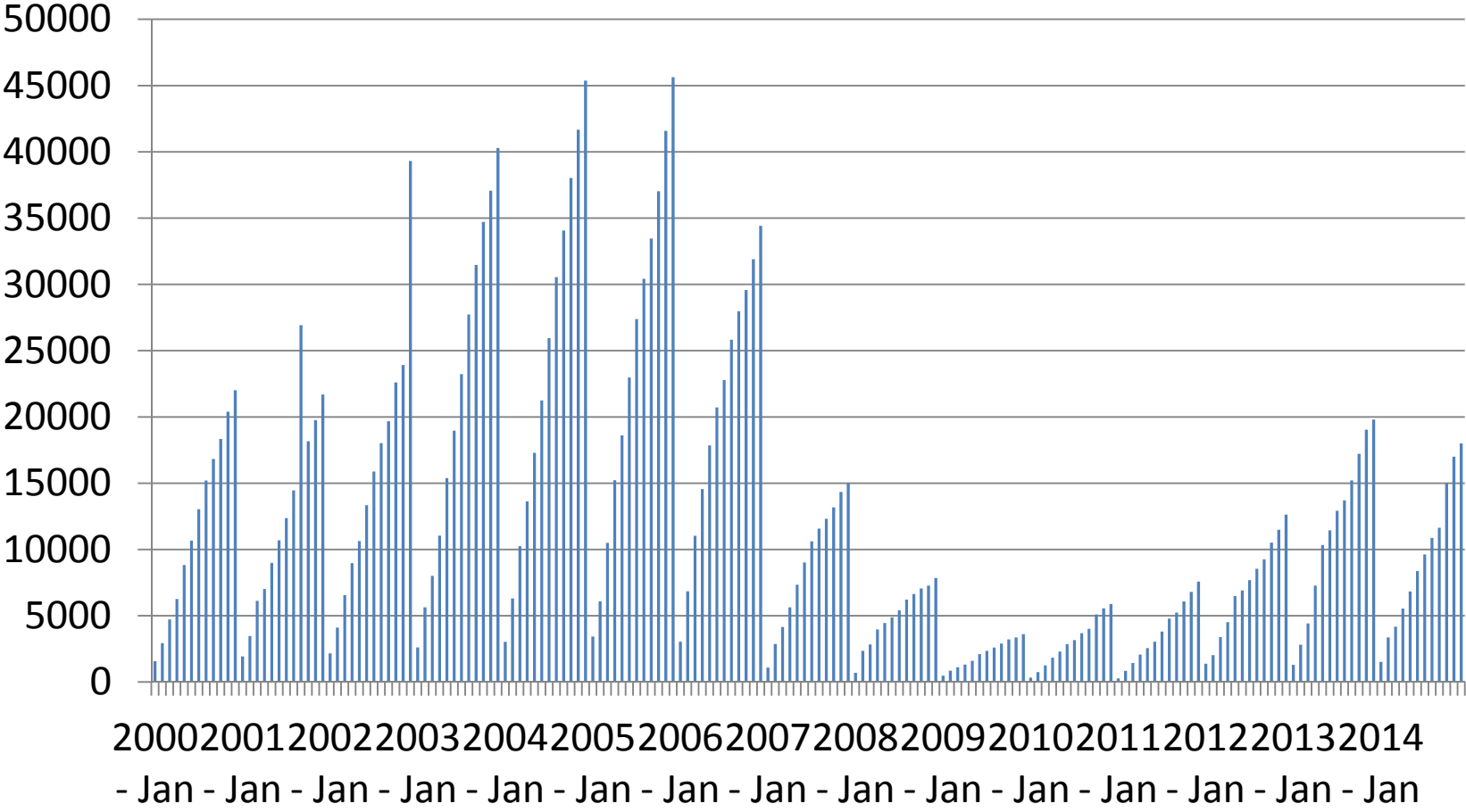


Housing Starts Rising ... Too Slowly



Miami-Ft. Lauderdale Housing Permits

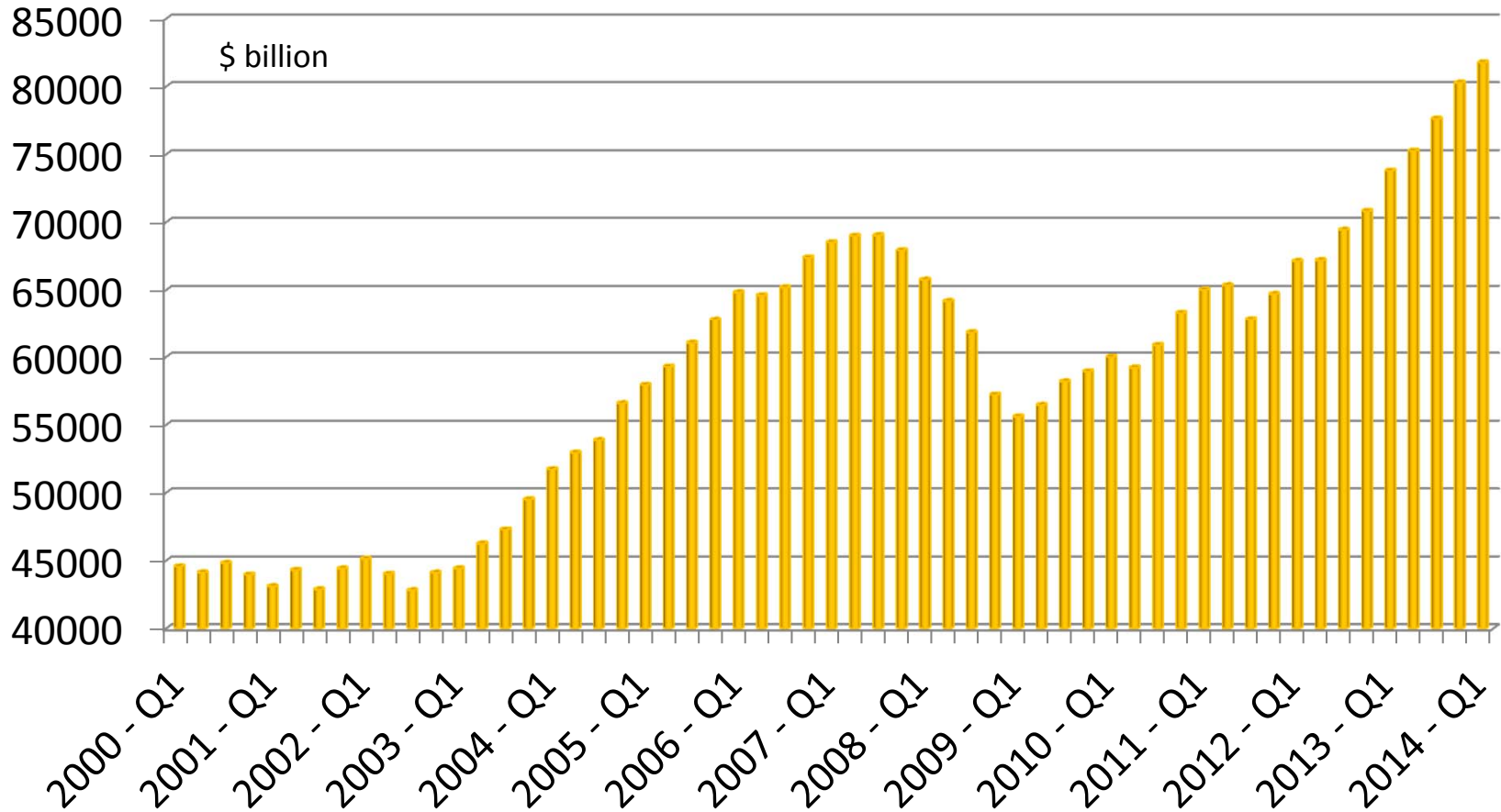
(year-to-date)



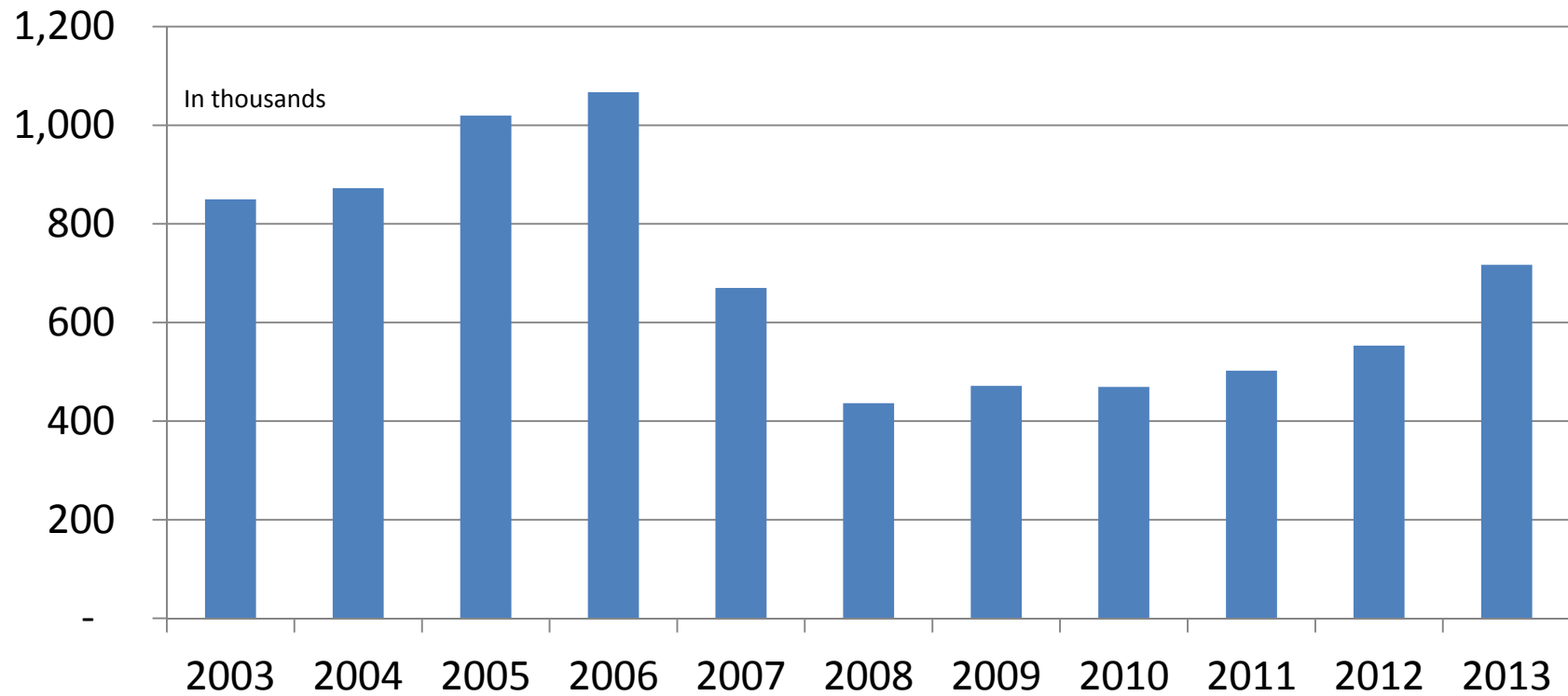
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Household Net Worth at All-Time High



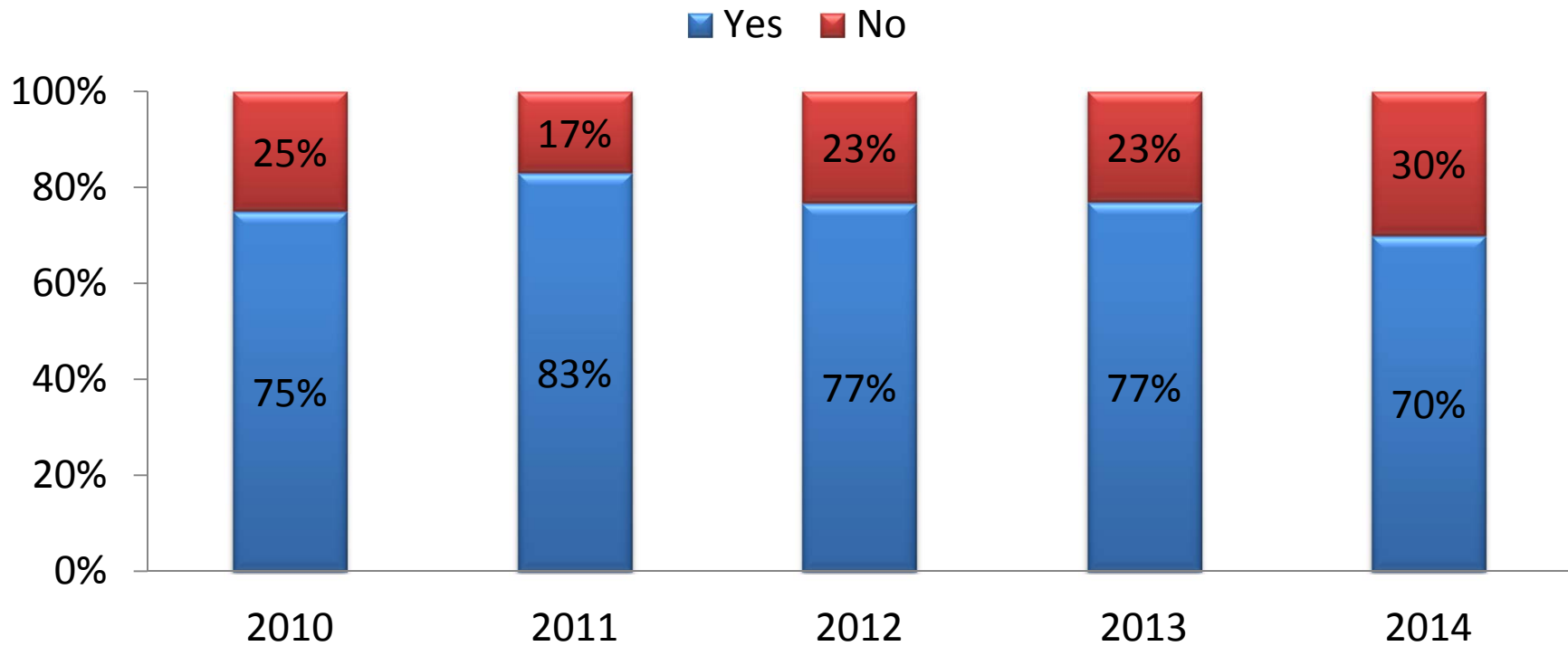
Vacation Home Sales



Special International Factor in Miami

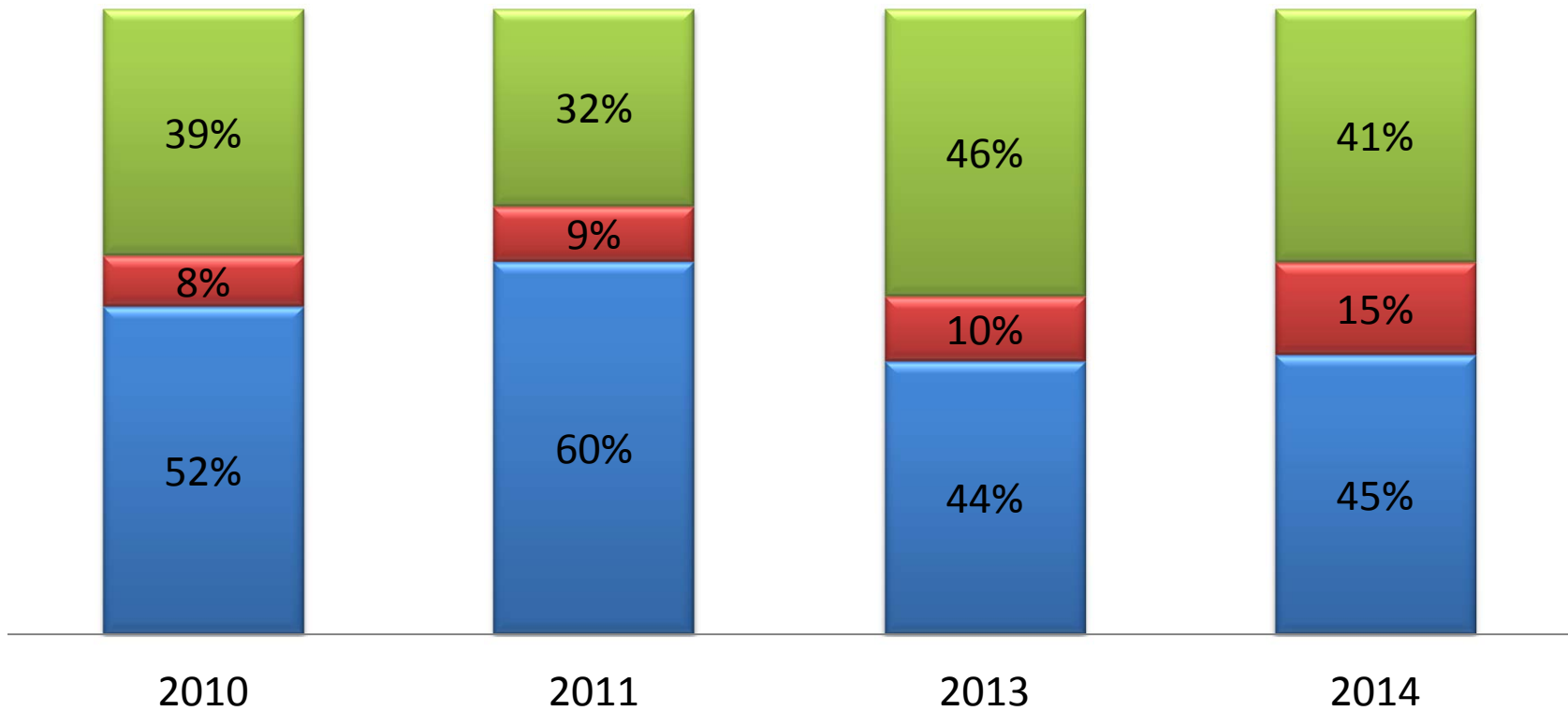
70 Percent of Miami-Dade-Broward REALTORS® Worked with an International Client in the Past 12 Months

Percent of Miami-Broward REALTORS® Who Worked With an International Customer in the Past 12 Months



REALTORS® Reported Rising Share Working with Recent Immigrants/Temporary Visa Holders

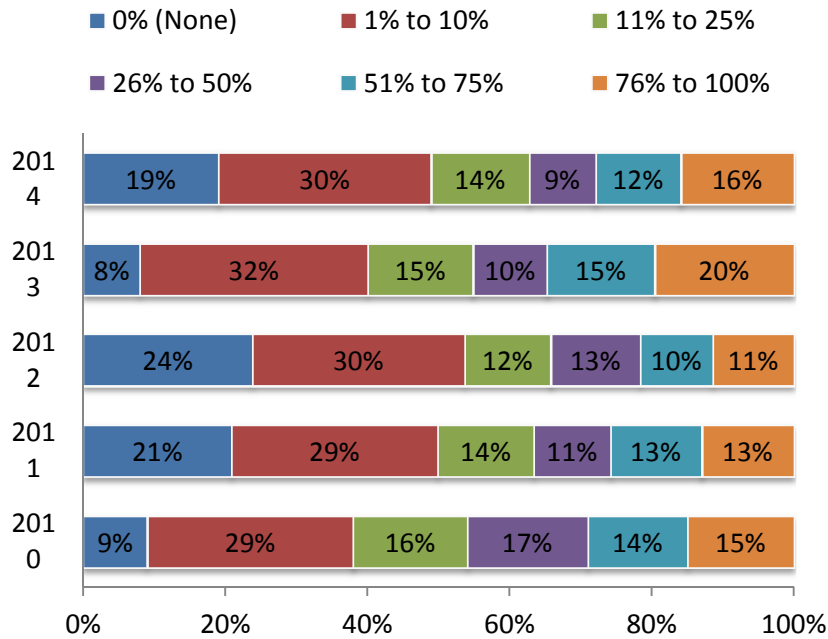
- Both Types
- Recent immigrants/temporary visa holders
- Reside in Another Country



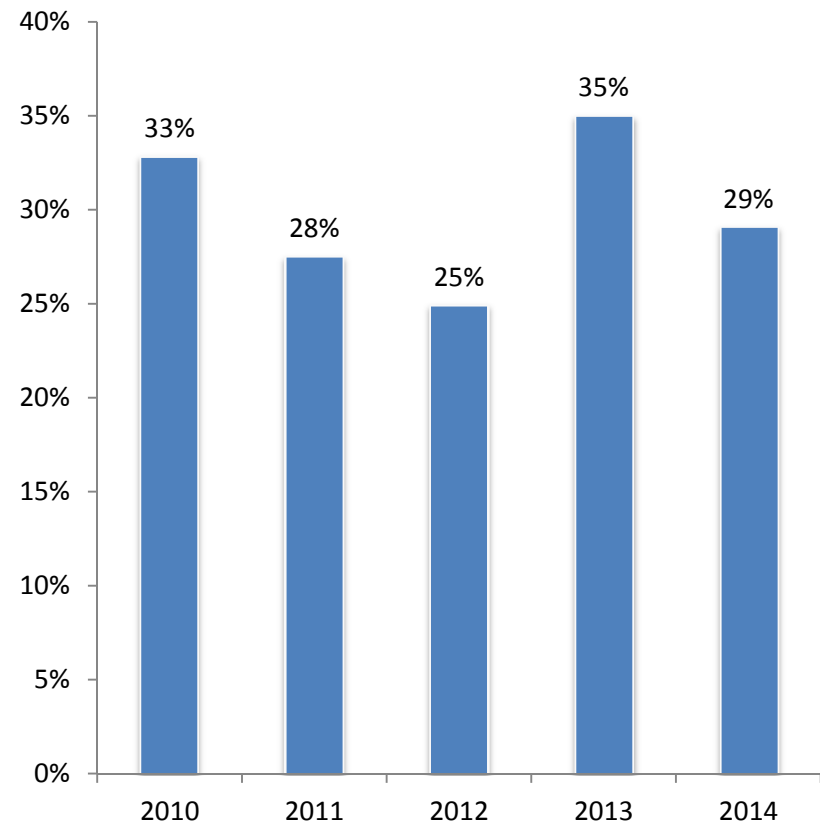
This question was not asked in the 2012 Survey.

International Sales Accounted for Close to 30 Percent of Total Sales by REALTORS®

International Sales, As Percent of Miami-Dade-Broward REALTORS® Sales in Past 12 Months
(Percent Distribution)

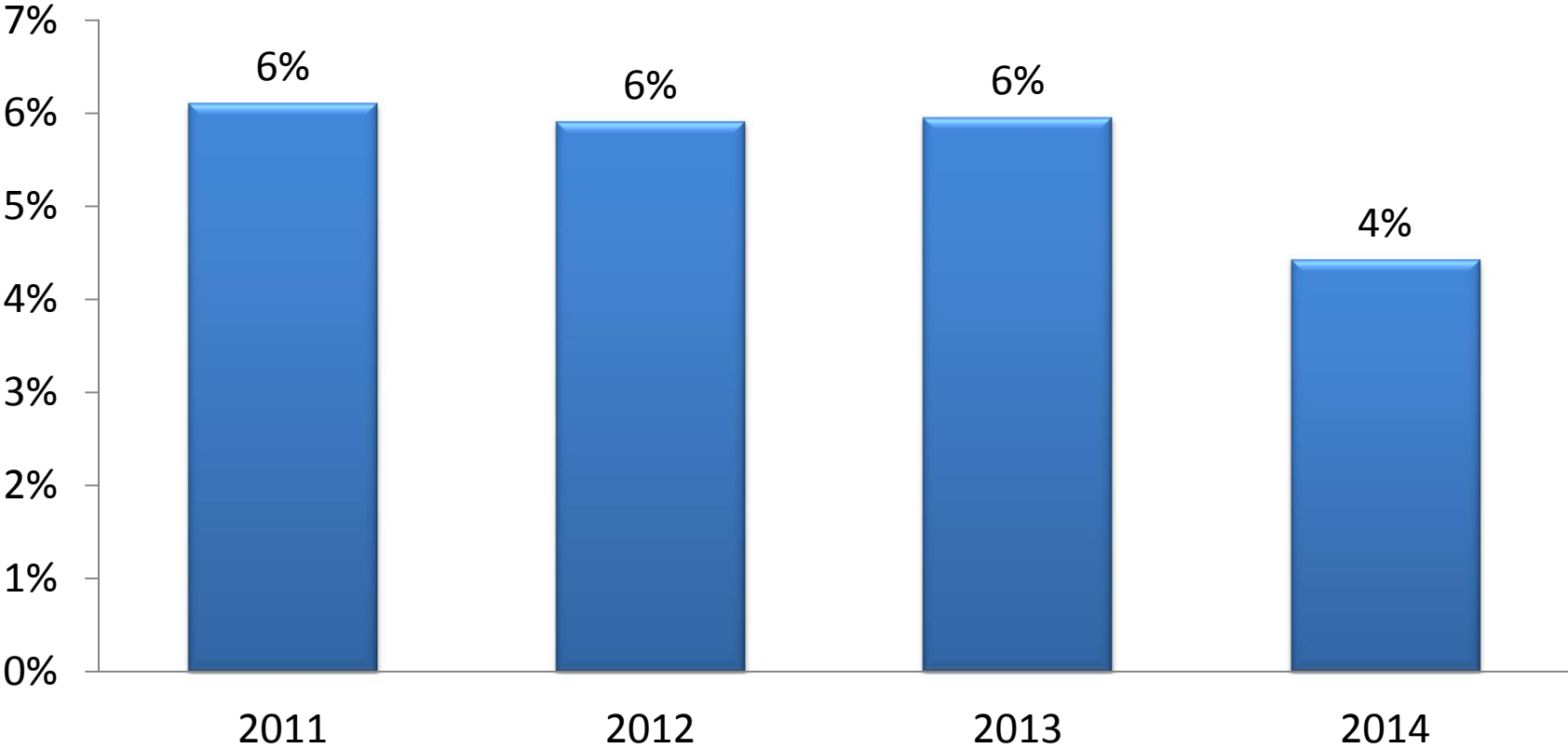


International Sales, As Percent of Miami-Dade-Broward REALTORS® Sales in Past 12 Months

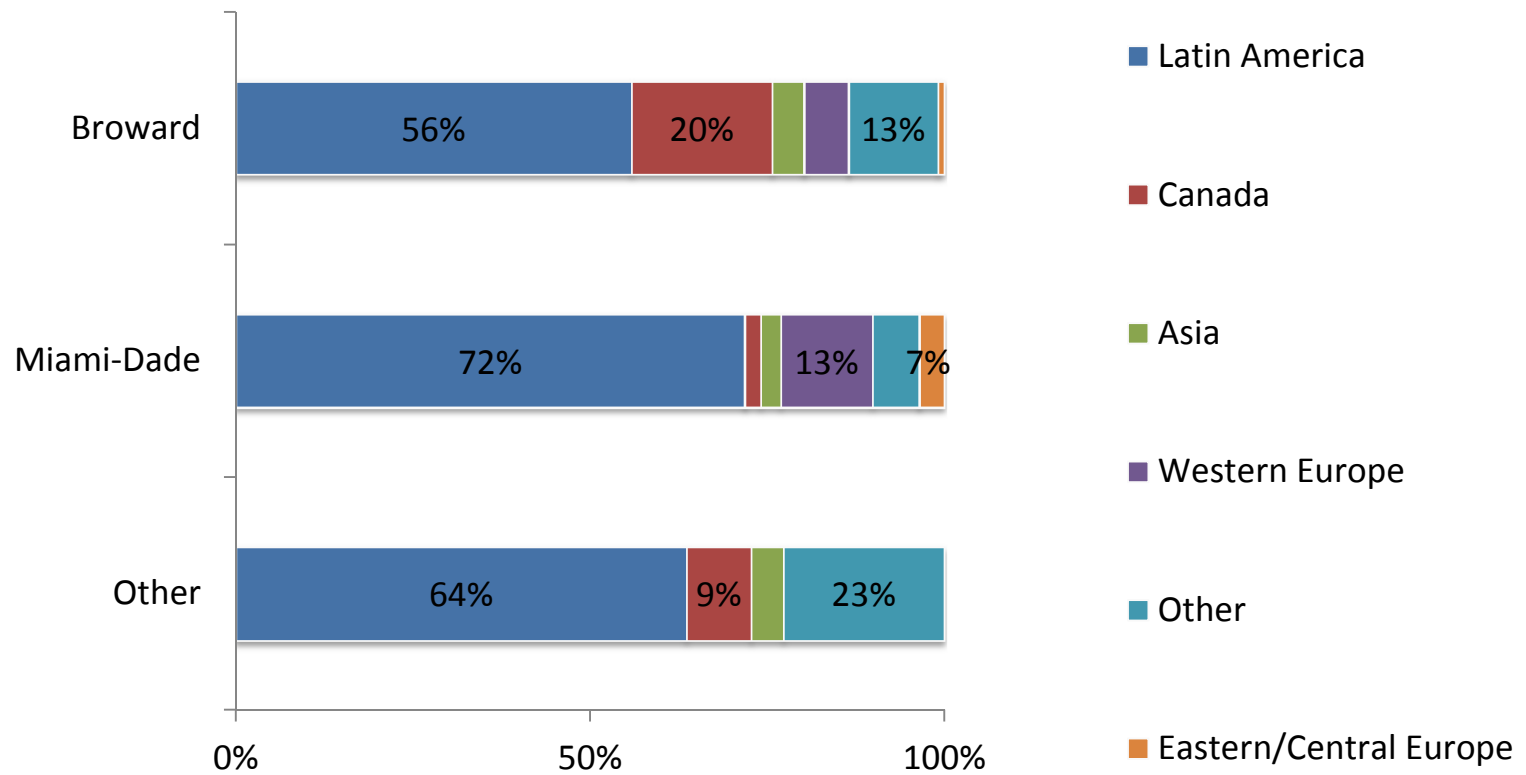


Commercial Sales Accounted for a Small Share of International Sales

Commercial Sales, As Percent of International Sales of Miami-Dade-Broward REALTORS®
in Past 12 Months

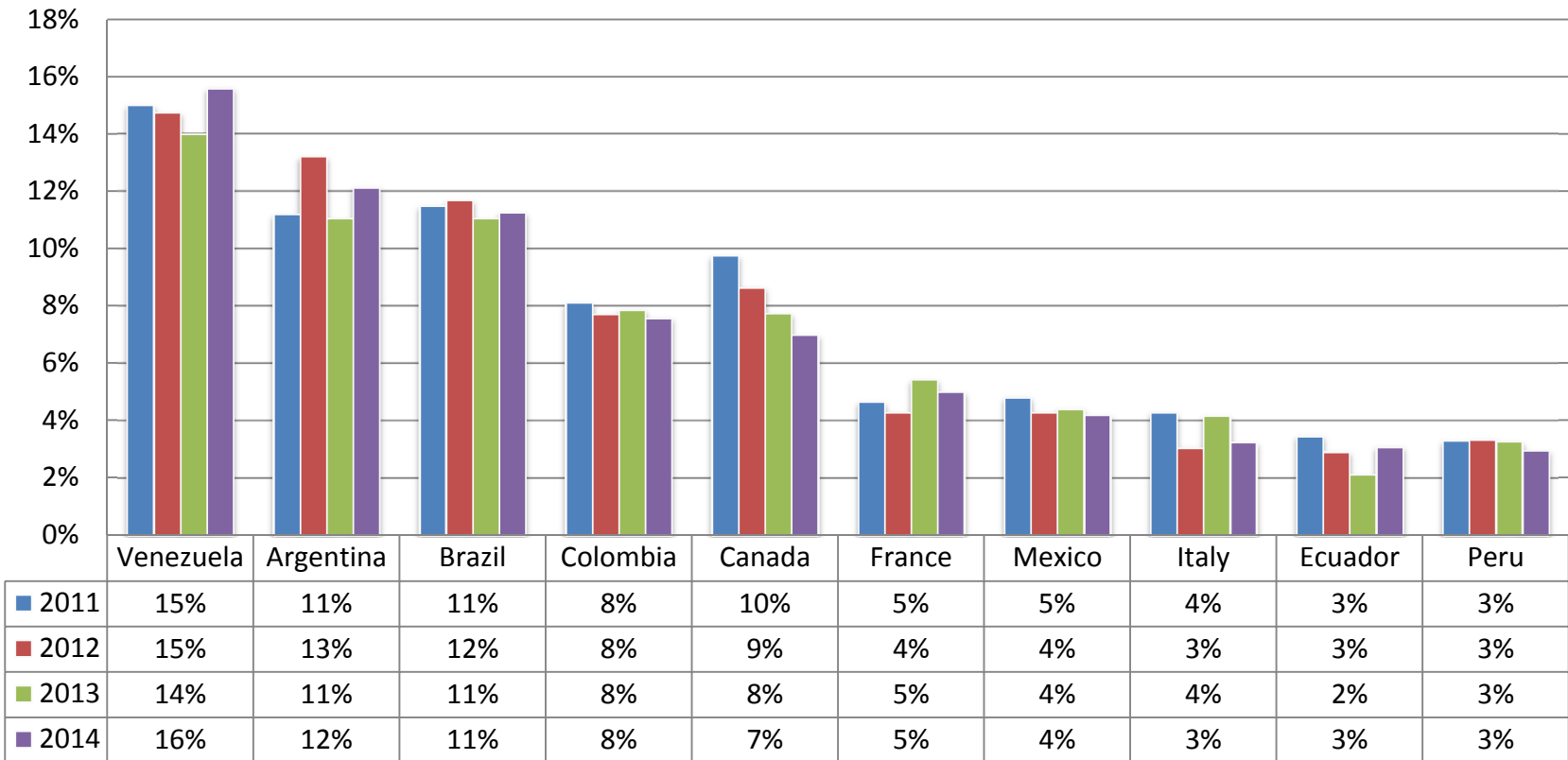


Origin of Typical International Customer—2014 Survey



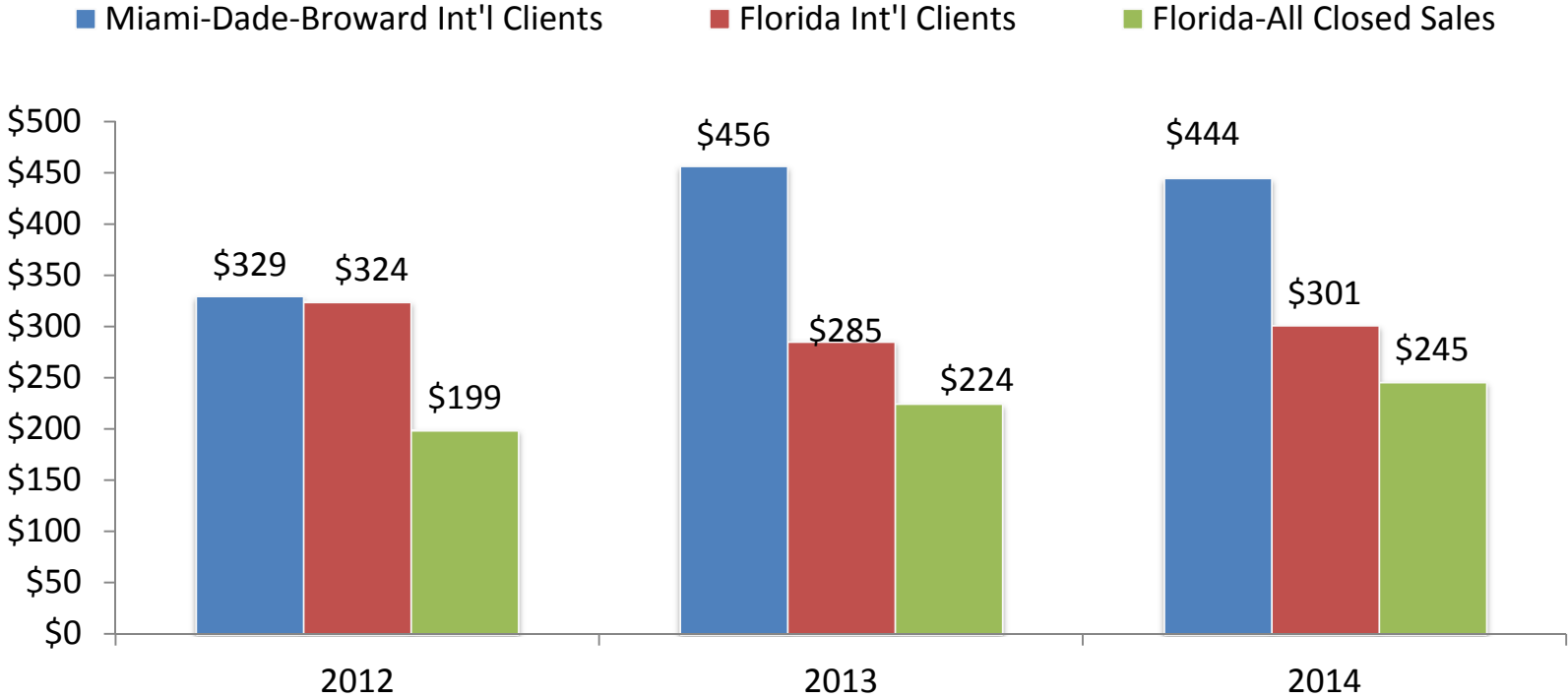
Top Tier Countries of International Buyers in Miami-Dade-Broward

Top Tier: Countries of Origin of International Clients of Miami-Dade-Broward REALTORS®

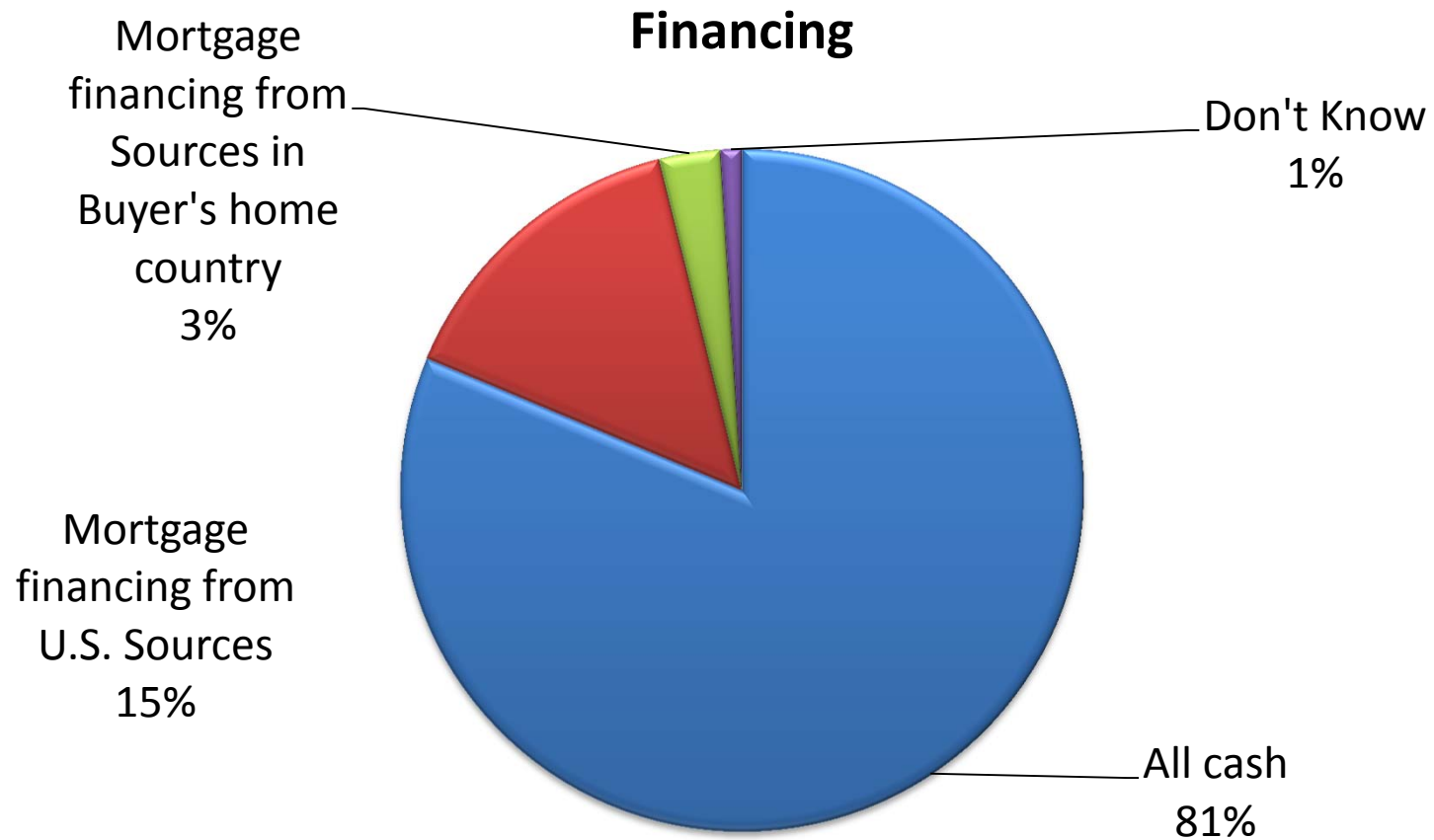


International Buyers Purchasing in Miami-Dade-Broward: Upscale

Mean Purchase Price: International Customers and All Buyers Purchasing in Florida

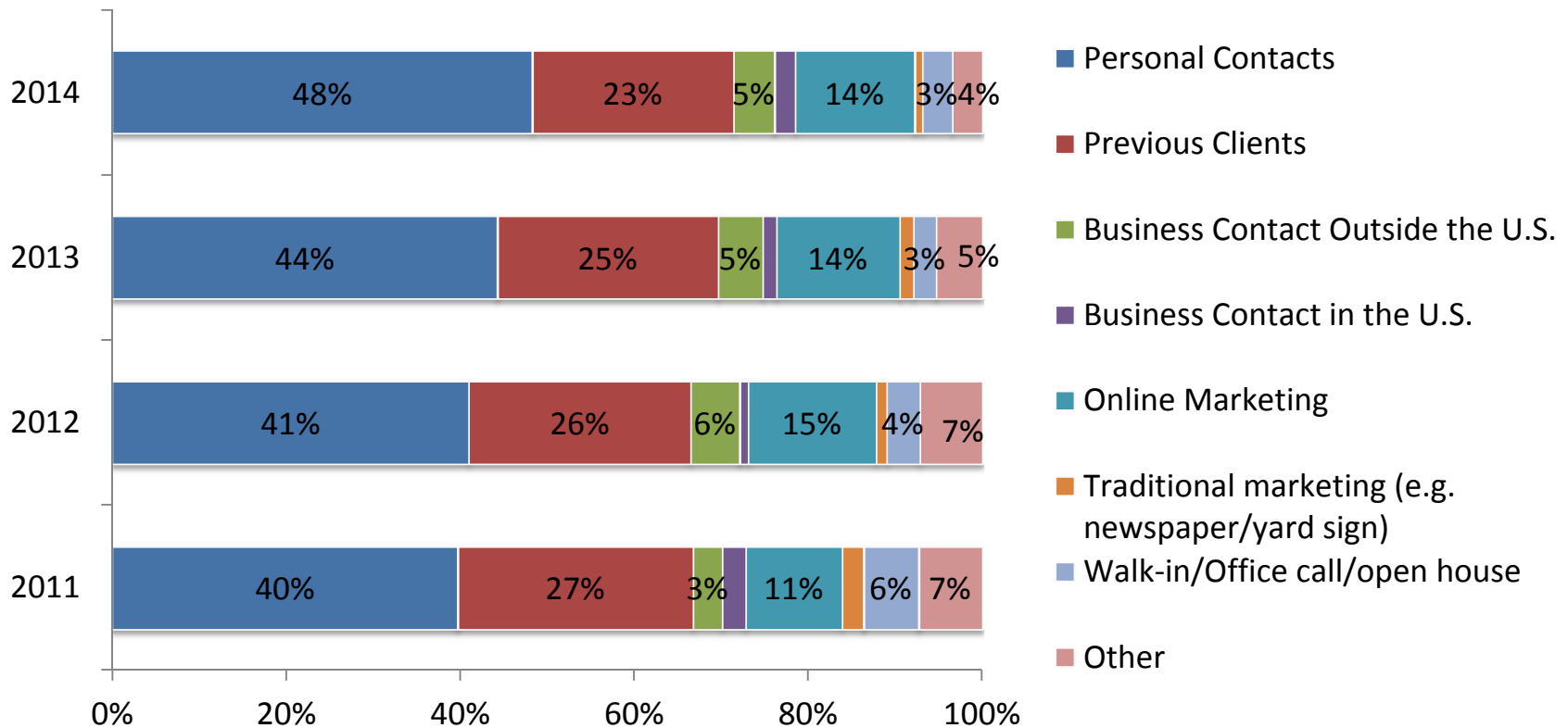


81 Percent of International Buyers in Miami-Dade-Broward Paid All-Cash



Personal Contacts, Previous Clients , and On-line Presence Reported as Important in Obtaining International Customers

How Miami-Dade-Broward REALTORS® Get International Customers



**"Other" includes responses such as Broker leads and a combination of lead sources.

Economic Forecast

	2013	2014 forecast	2015 forecast
GDP Growth	1.9%	1.9%	2.7%
Job Growth	1.7%	1.7%	1.8%
CPI Inflation	1.4%	2.5%	3.5%
Consumer Confidence	73	82	86
10-year Treasury	2.5%	2.8%	3.6%

National Housing Forecast

	2013	2014 forecast	2015 forecast
Housing Starts	925,000	1.1 million	1.4 million
New Home Sales	430,000	Near 500,000	Near 700,000
Existing Home Sales	5.1 million	4.9 million	5.3 million
Median Price Growth	+ 11.5%	+ 5% to 6%	+ 3% to 5%
30-year Rate	4.0%	4.4%	5.4%

Miami Forecast?

- Outperform Nation
 - Still in Recovery Mode (far from past price peak)
 - International Exposure
 - Wealth Exposure ... among baby boomers
 - Retirees ... marching South