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2018 Mid-Year Housing Market Briefing

Prepared for the Florida Credit Union Real Estate Network

July 19, 2018

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The Intelligence Imperative

The Nation's Largest Residential Housing Provider

WE'VE GOT YOU COVERED.

93%
of ALL residential transactions

890 / 2,483
CBSA's / Counties

70M+ for 115M+
transactions for properties



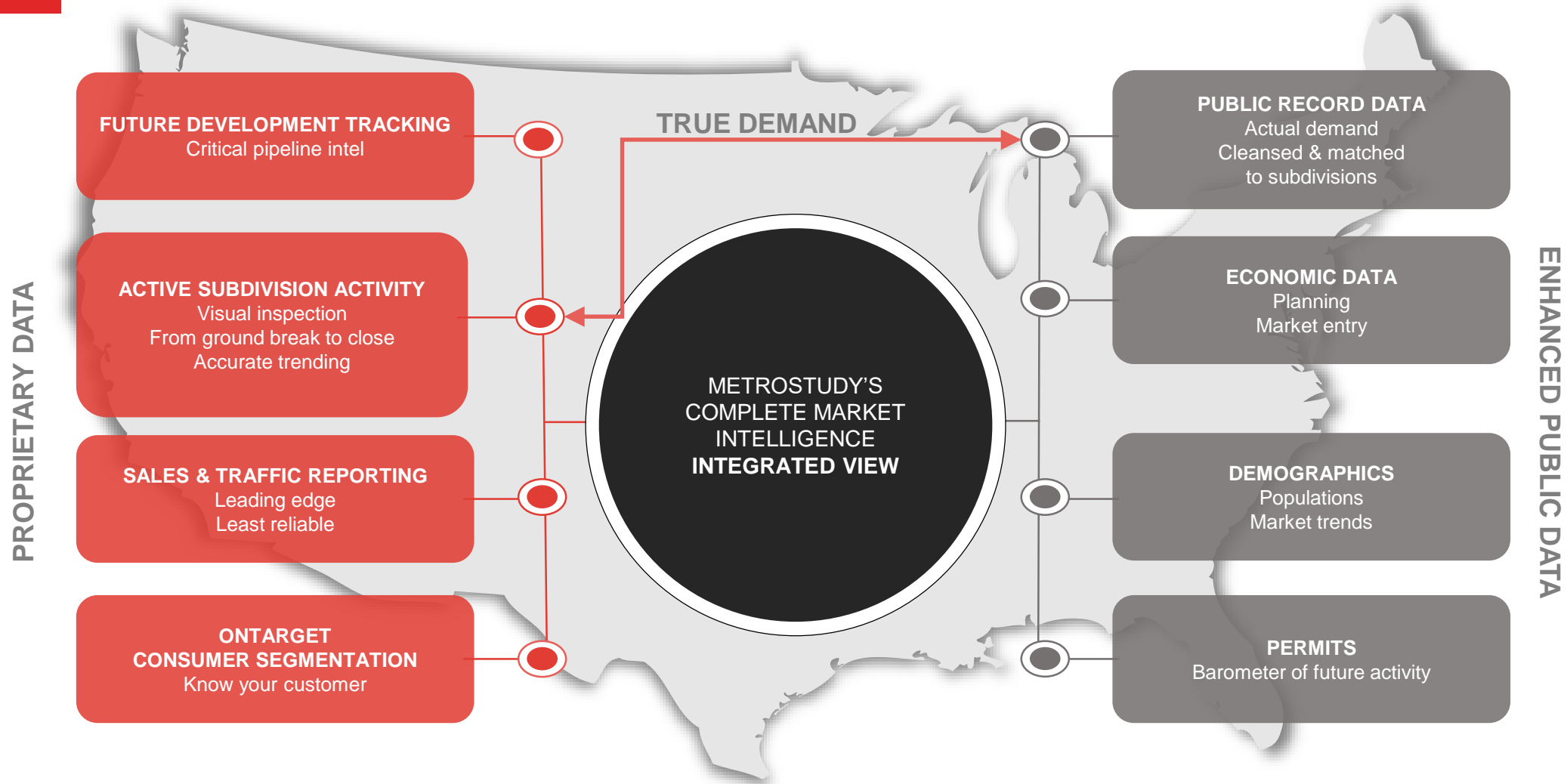
63,000
Subdivisions

35,000 / 28,000
Active / Future Subdivisions

17.4M+
Lots in our field survey

The Intelligence Imperative

Integrated Data Model

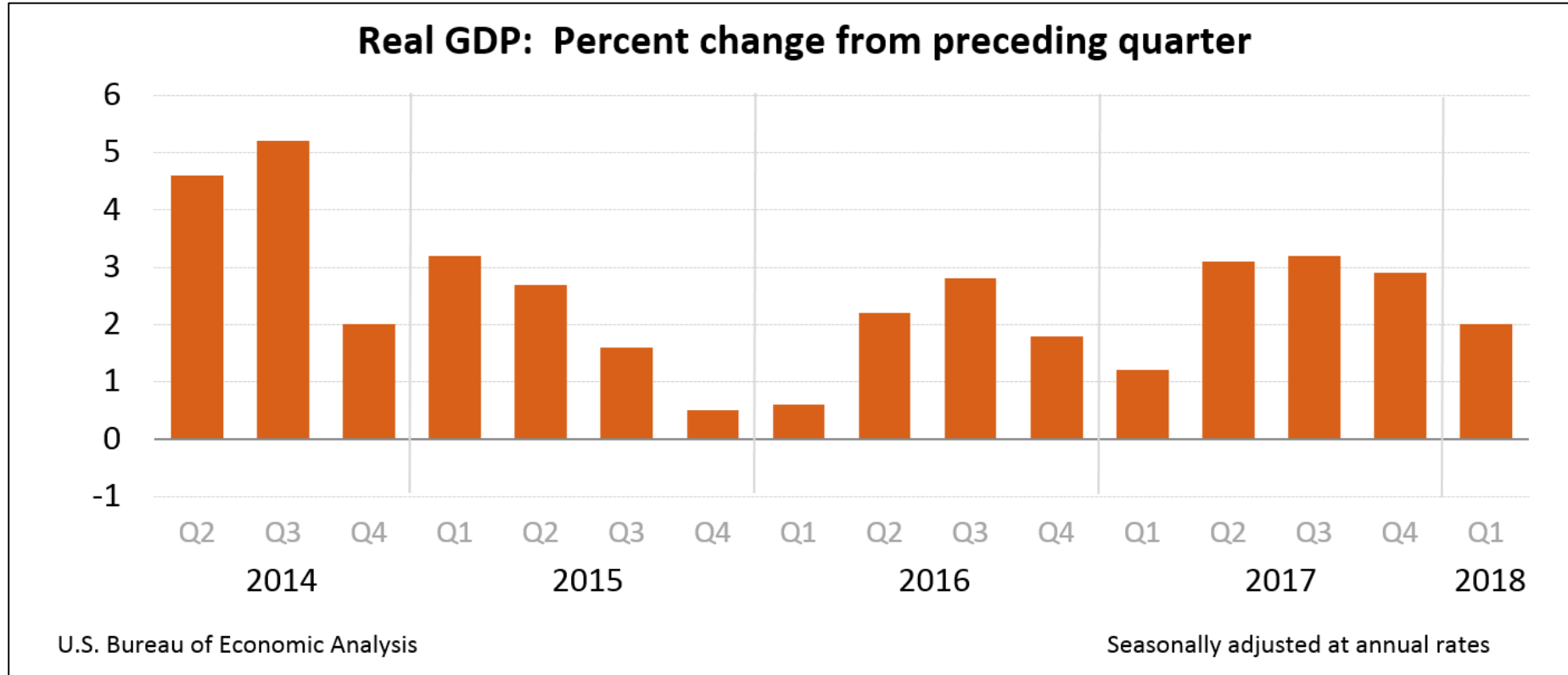


U.S. Economic Update

GDP, Employment, Households, Consumer Confidence

GDP Trends

1Q18: 2.0%: 2017: 2.3%

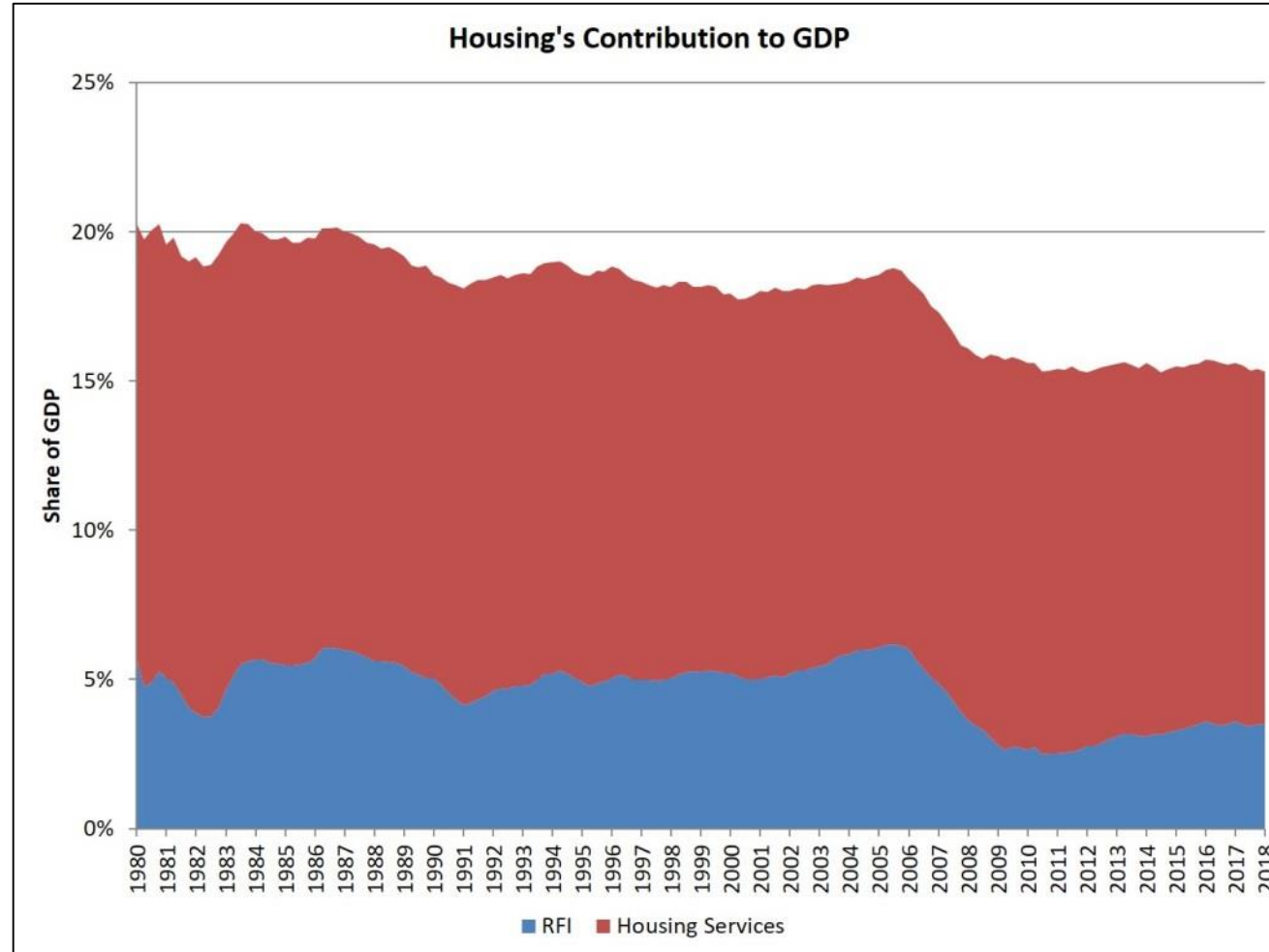


2Q18 forecast: 4.5%

Source: GDP Now

GDP: Housing Segment

Accounts for 15.3% of total (Historical avg 17-18%)



RFI: 3.5% - \$603B
Services: 11.8% - \$2.06T

Source: BEA

Job Growth

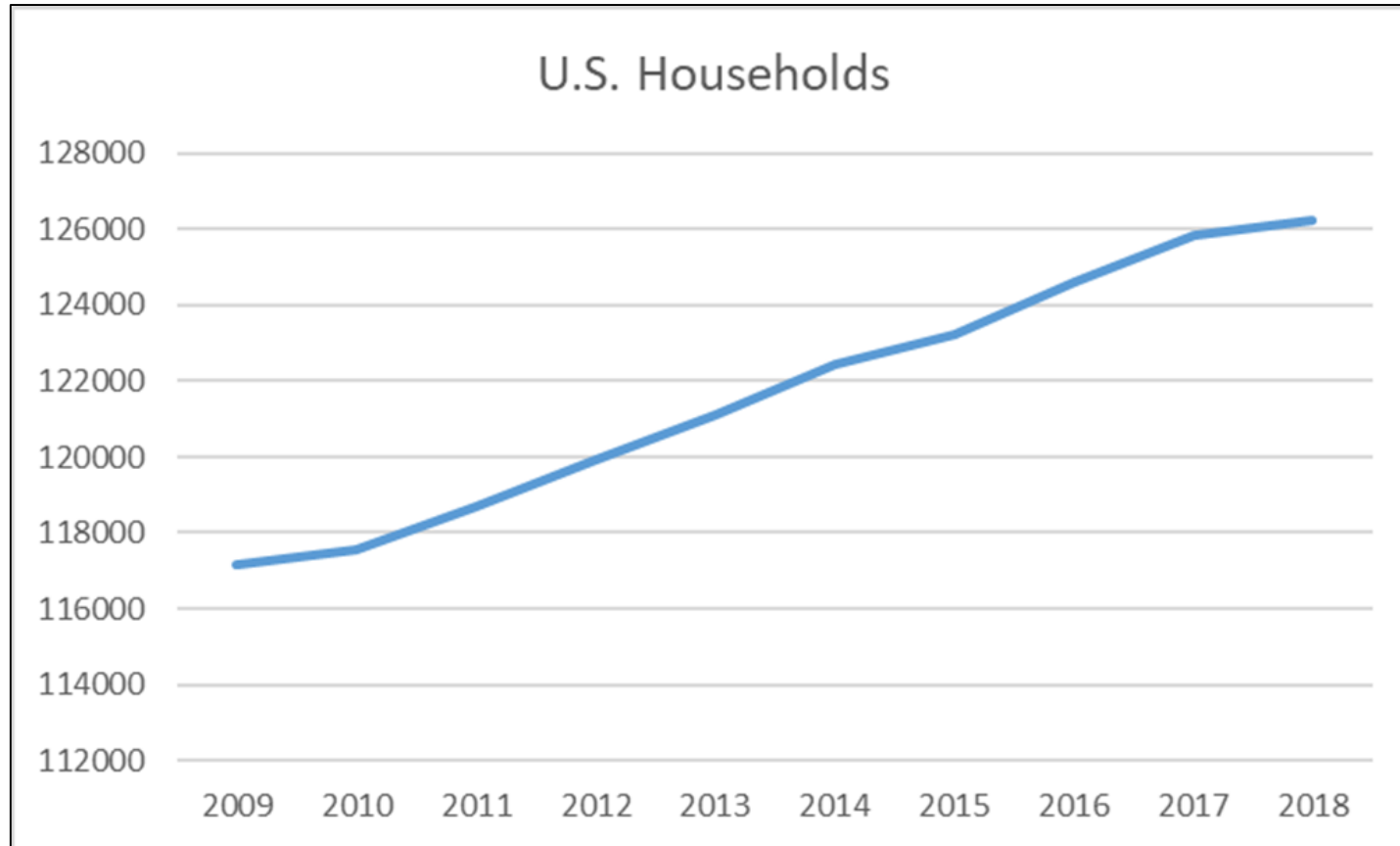
Down from peak, but remaining steady



April: 175,000
May: 244,000
June: 213,000
Unemployment Rate: 4.0%

U.S. Household Formation Trend

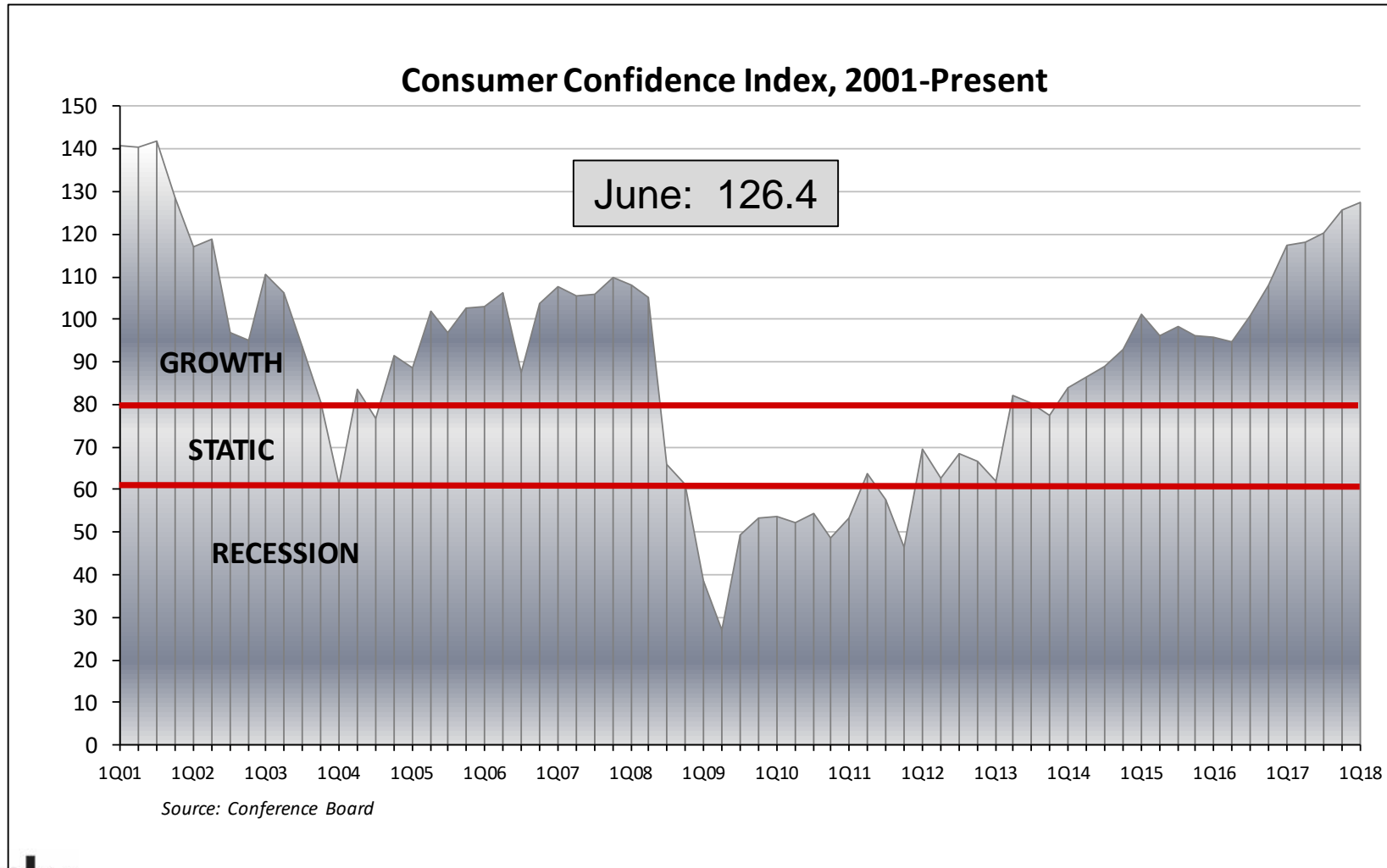
Critical to a healthy housing market – up 9M since 2009



Source: Census Bureau

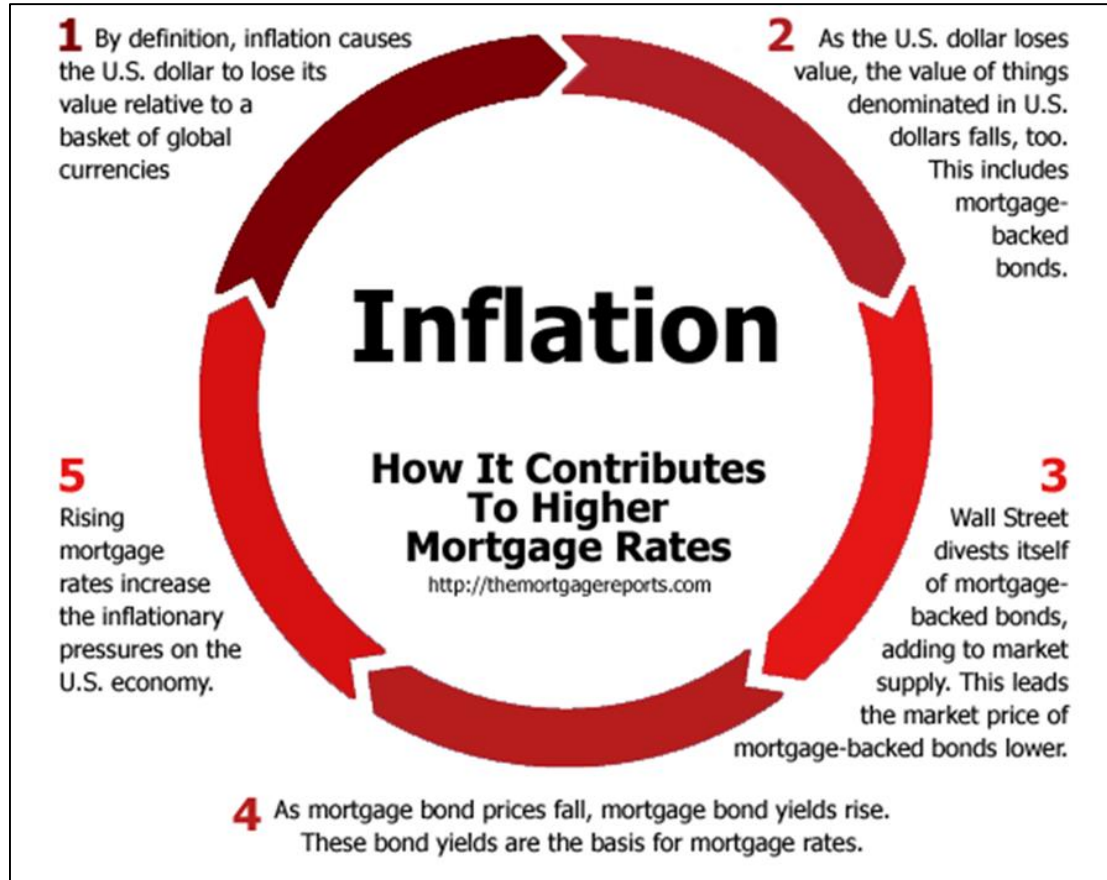
Consumer Confidence

Still on the rise...



Mortgage Rates

Will rise as inflation rises



Impact of Rising Rates on Purchasing Power

4% - \$300,000

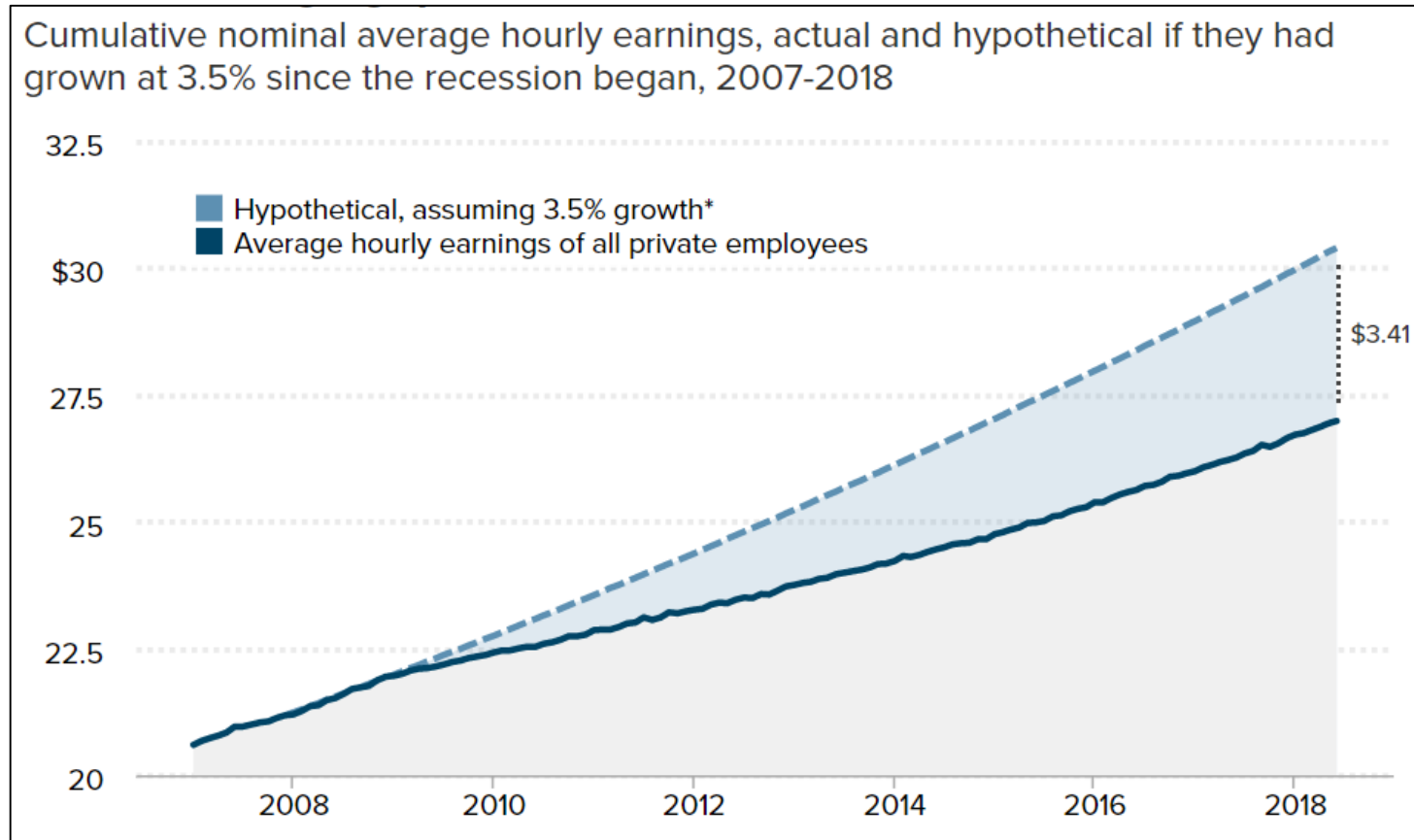
5% - \$270,000

6% - \$243,000

Source: Metrostudy

Will Wage Growth Mitigate Rising Interest Rates?

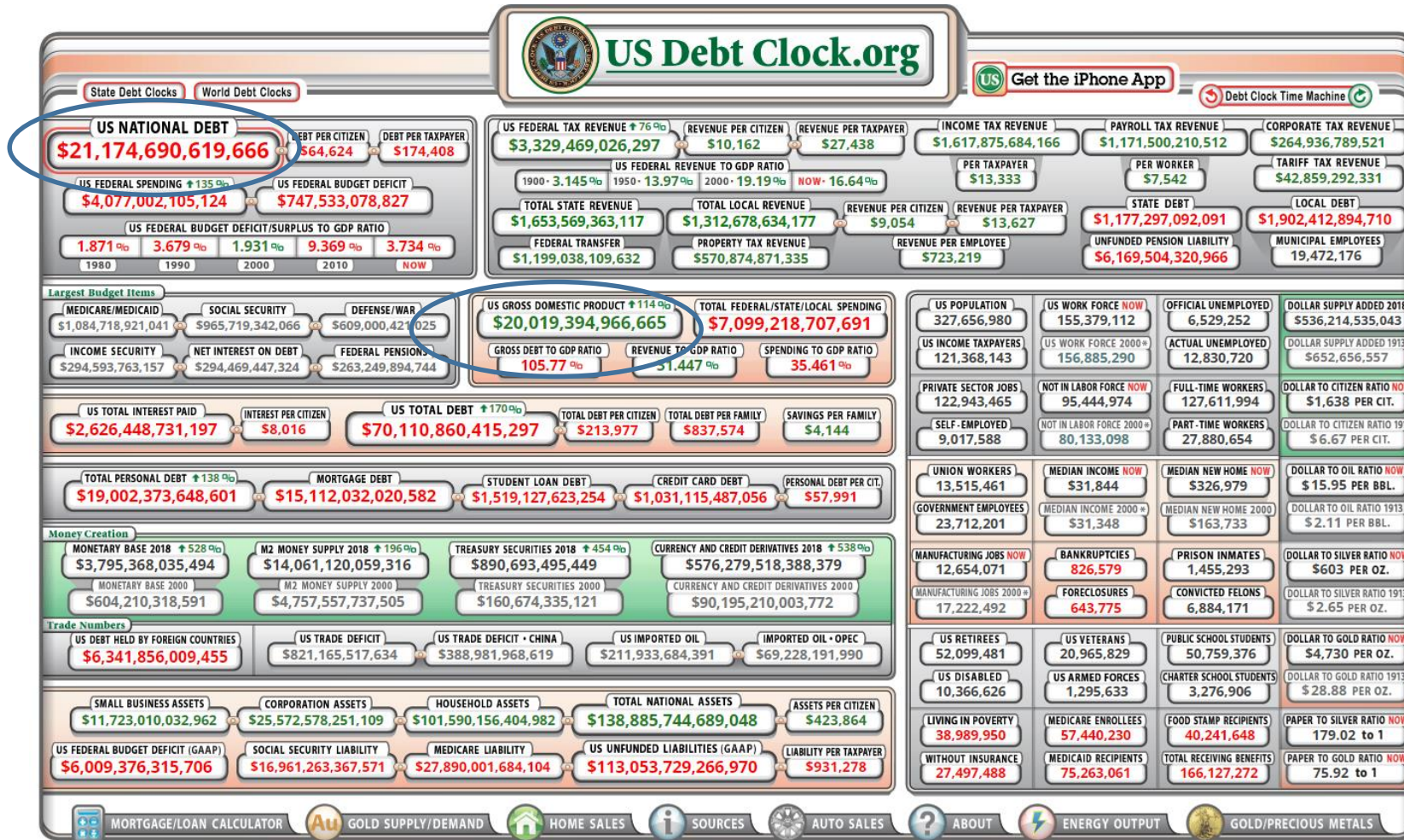
Will dampen effects if robust (Target: 3.5-4% annually)



Source: Economic Policy Institute, BLS

U.S. Debt Clock

Besides inflation, biggest threat to economy



Other Economic Threats

Several issues could derail the economy

- Trade Wars – Stagflation?
- Budget Deficits
- Stock Market Jitters
- Social Unrest
- Income Inequality
- Immigration
- Geopolitical Events

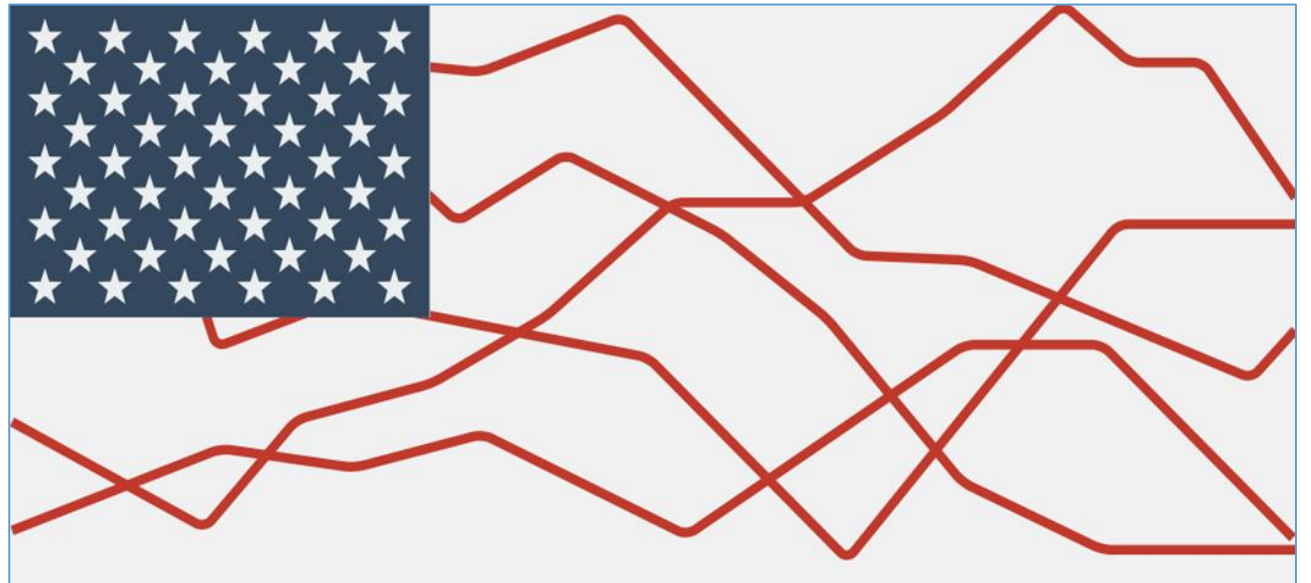


Image: University of Pennsylvania

U.S. Housing Update

Benefits, Supply, Demand, Forecast

The Correlation Between Home Ownership & Wealth

Homeowners control almost all of the private assets in the U.S.

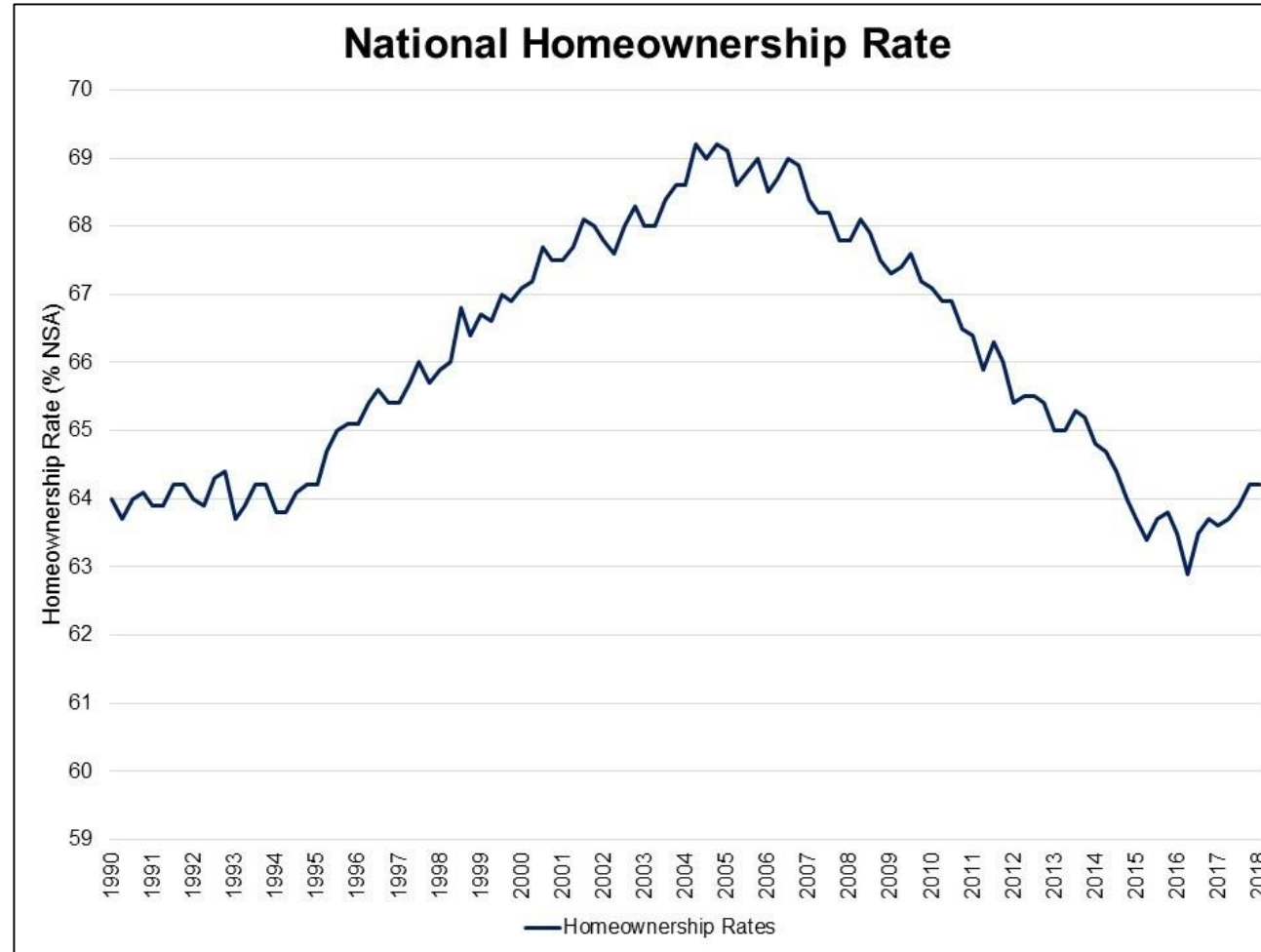
Table 1. The Distribution of Major Assets on Household Balance Sheets by Age and Homeownership, 2016
(\$, Trillions)

	All Households	Under 35	35 to 44	45 to 54	55 to 64	65 or Older
Primary Residence						
Home Owner	24.2	1.7	3.5	5.4	6.1	7.4
Not a Home Owner	0.0	0.0	0.0	0.0	0.0	0.0
Other Residential Real Estate						
Home Owner	5.6	0.1	0.4	1.0	1.8	2.2
Not a Home Owner	0.7	0.2	0.1	0.1	0.1	0.2
Vehicles and Other Non-Financial Assets						
Home Owner	6.2	0.3	0.5	1.4	1.6	2.5
Not a Home Owner	0.8	0.2	0.1	0.2	0.1	0.1
Business Interests						
Home Owner	18.7	0.1	1.5	4.4	6.9	5.7
Not a Home Owner	0.7	0.0	0.1	0.2	0.1	0.1
Stocks and Bonds						
Home Owner	6.4	0.0	0.2	1.0	2.1	3.1
Not a Home Owner	0.5	0.1	0.2	0.0	0.1	0.1
Retirement Accounts						
Home Owner	14.0	0.3	1.0	2.8	5.1	4.8
Not a Home Owner	1.0	0.1	0.2	0.1	0.3	0.3
Other Financial Assets						
Home Owner	18.8	0.3	0.8	3.0	6.2	8.4
Not a Home Owner	1.4	0.3	0.2	0.1	0.2	0.6

Source: Federal Reserve Board, Survey of Consumer Finances.

U.S. National Homeownership Rate Trend

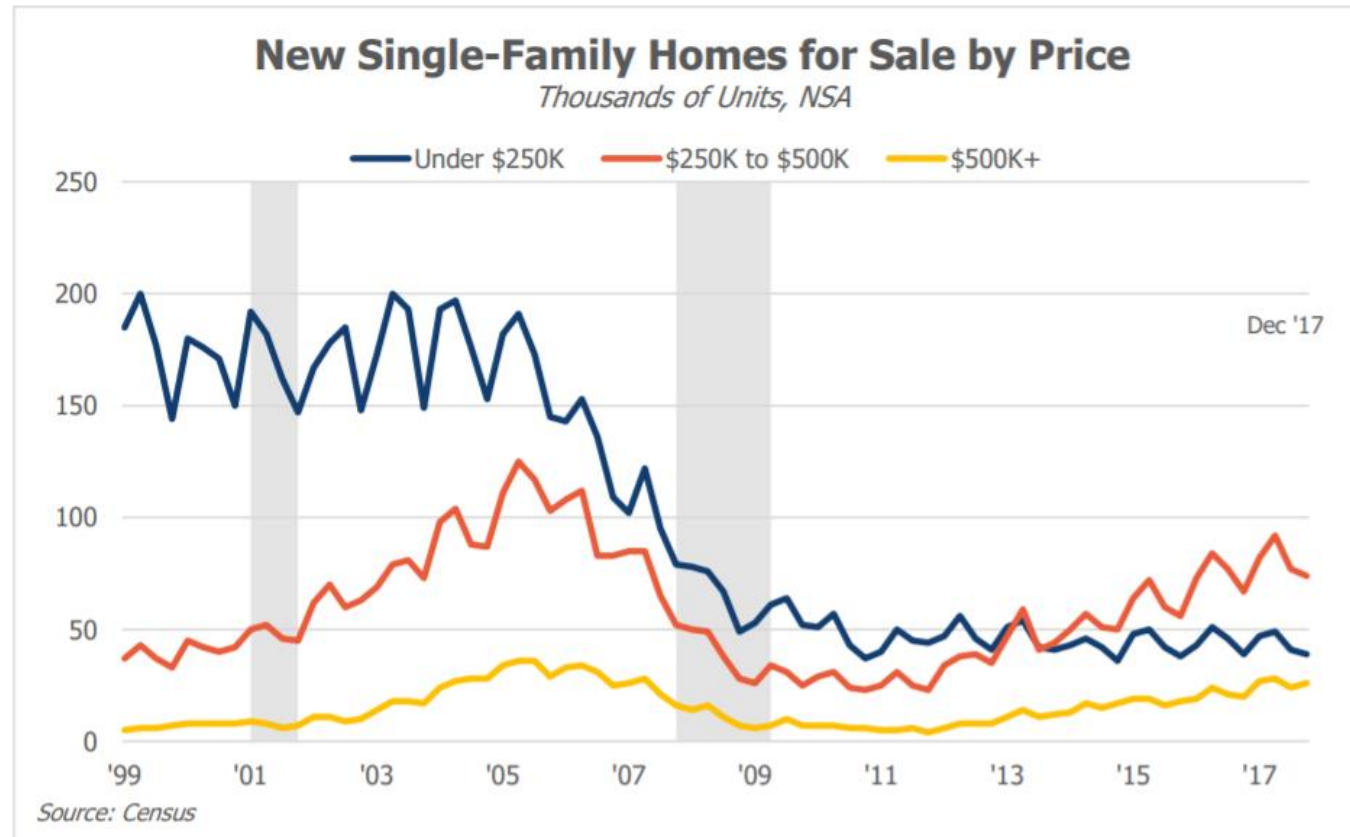
Climbing again after 13 years of declines



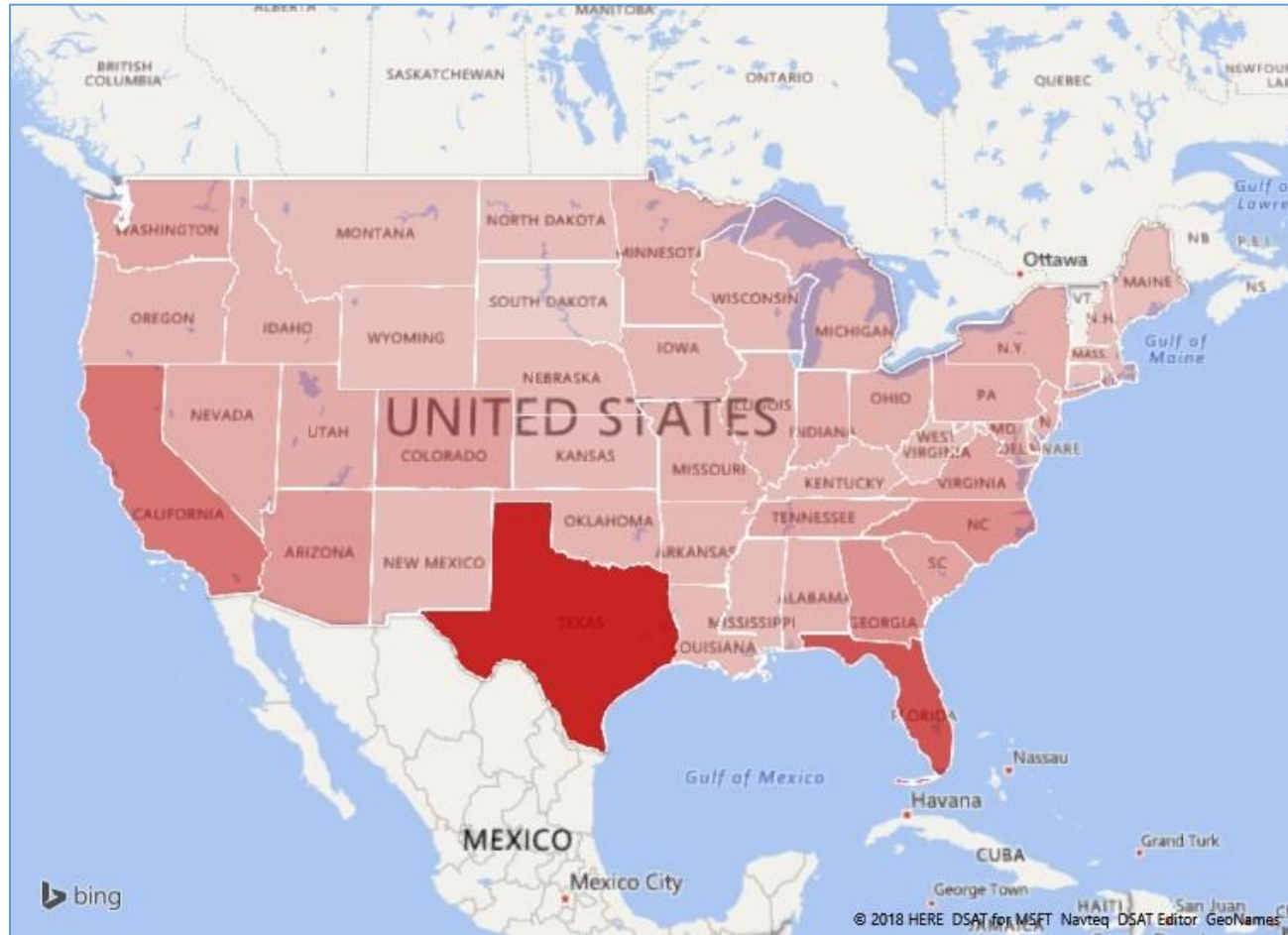
Source: Census Bureau

New Single Family Home Sales Trend by Price

Affordable housing only 25% of 1999's volume



2017 New Home Closings Heatmap

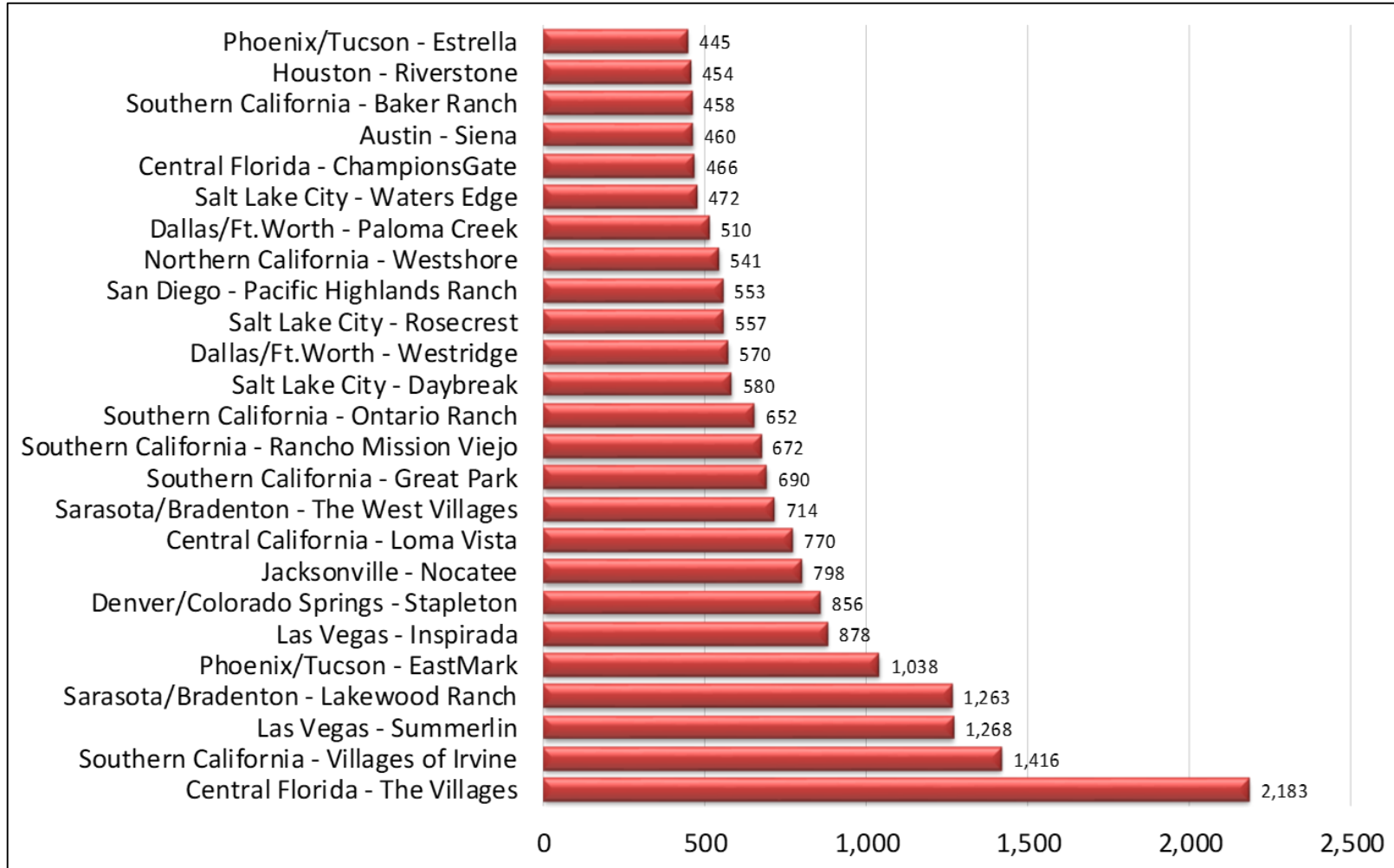


Texas	96,174
Florida	66,025
California	44,570
North Carolina	28,537
Georgia	27,160
Arizona	21,689
Colorado	17,781
South Carolina	15,875
Washington	14,133

Source: Metrostudy

National Housing Market

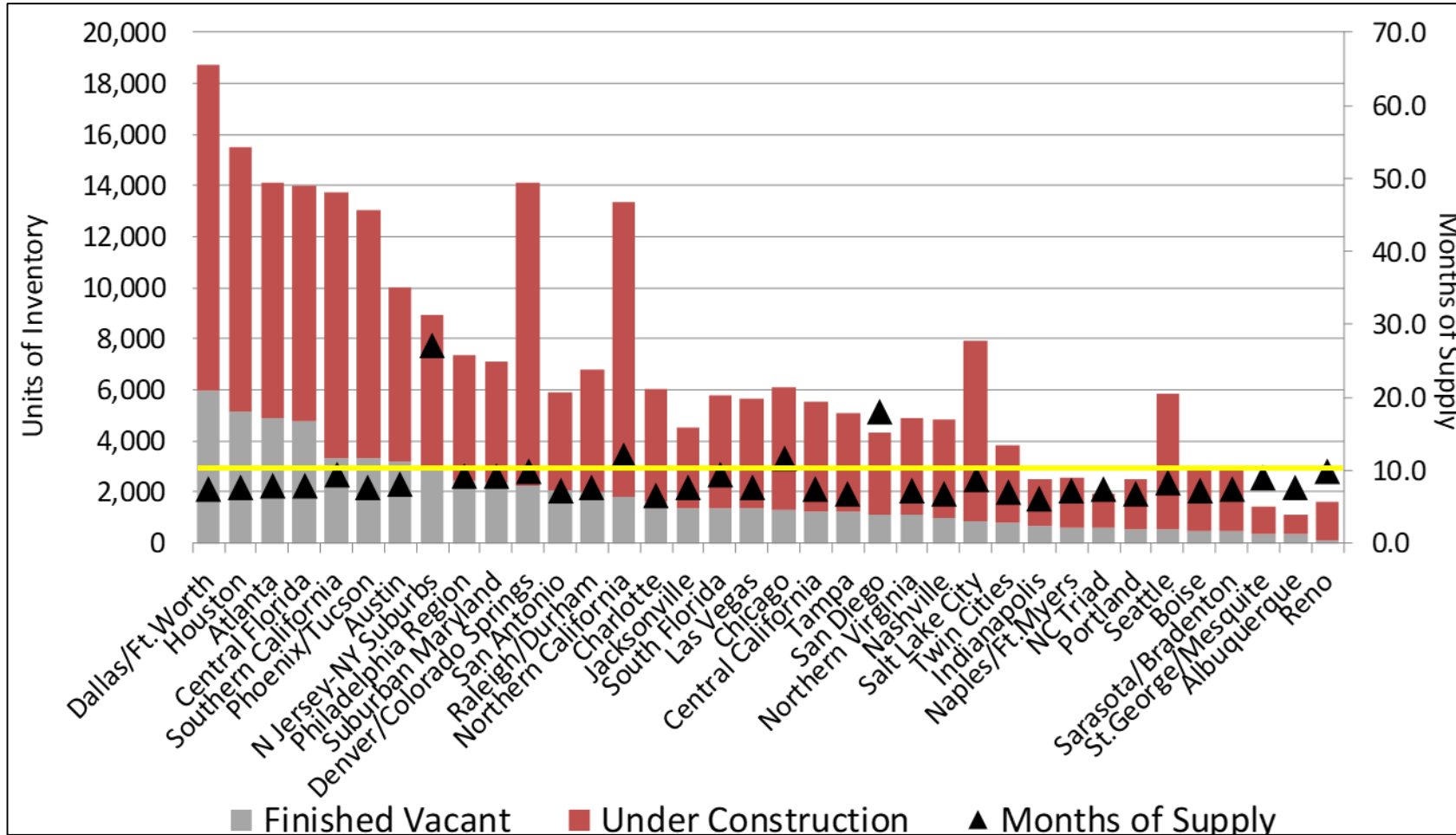
Top Master Planned Communities in the U.S. ranked by annual starts



Source: Metrostudy

National Housing Market

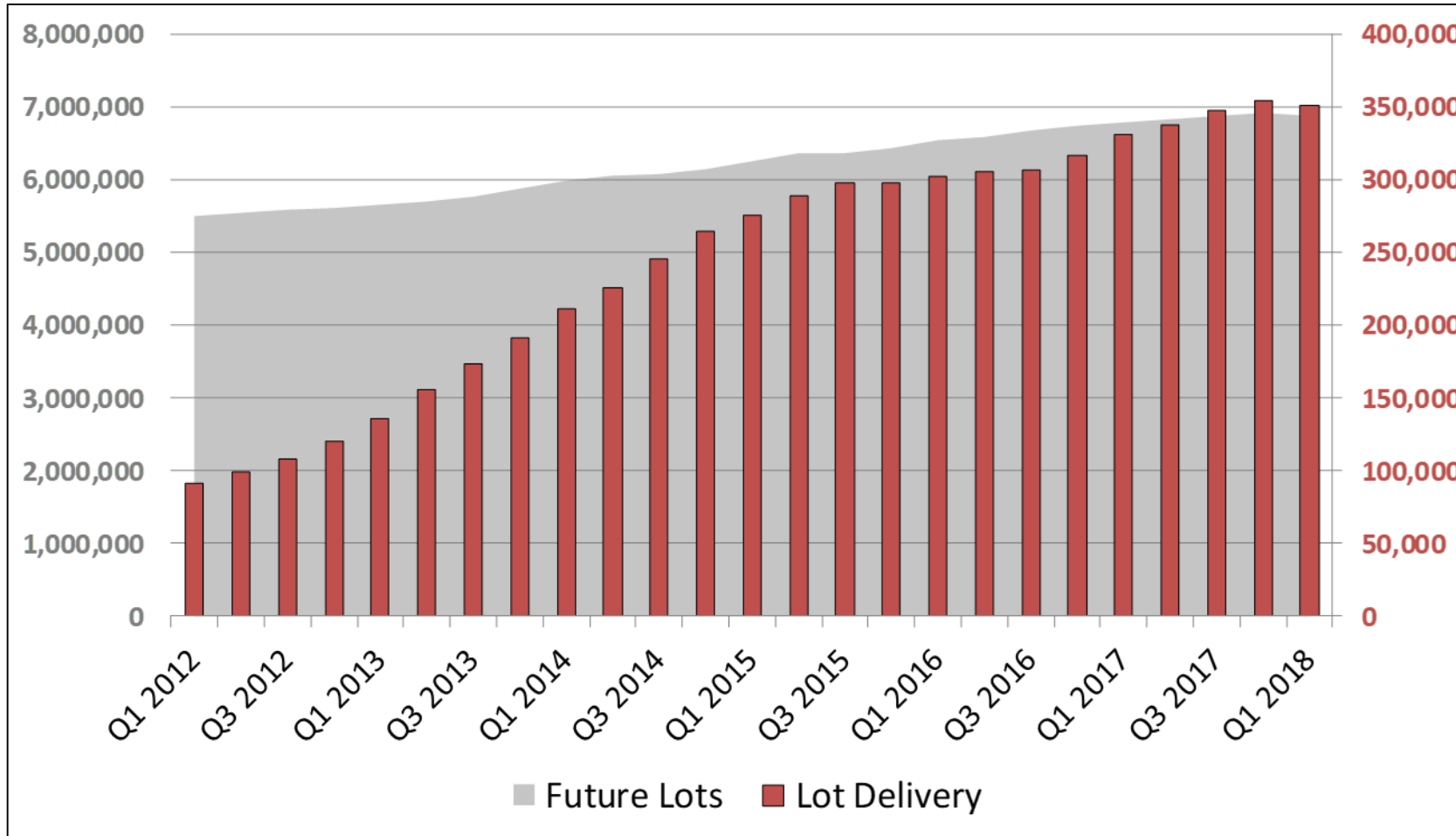
Housing Inventory – Under Construction & Finished, Vacant Homes



Source: Metrostudy

National Housing Market

Future Supply



Source: Metrostudy

Historical Housing Starts in the U.S.

50 year average – 1.44M units



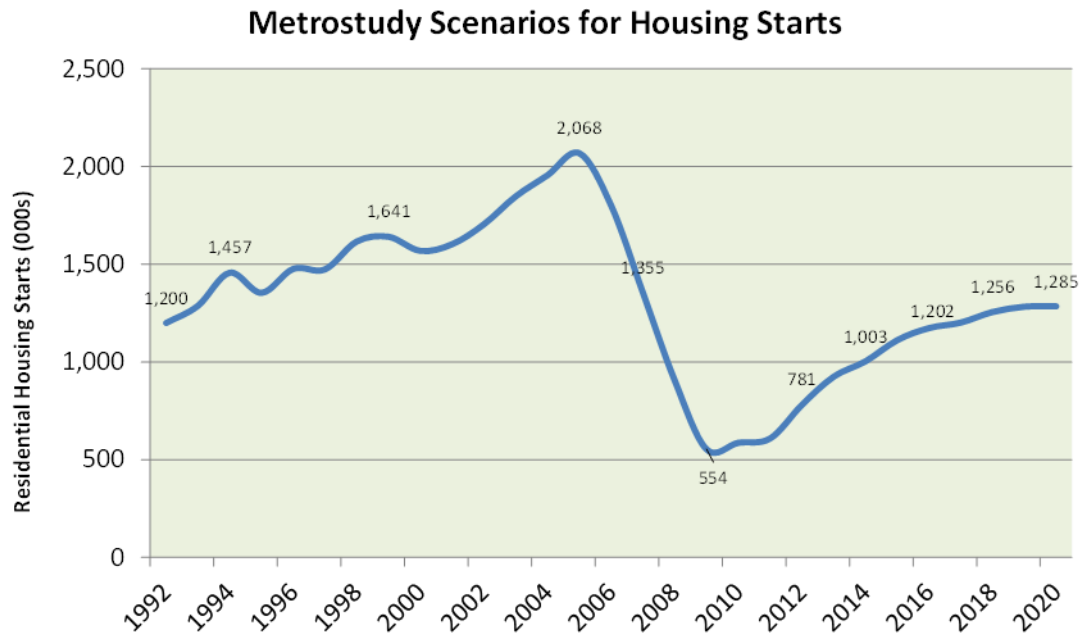
Our Local Data Is What Gives Us Special Insight

We are tracking 1 million active lots every quarter.

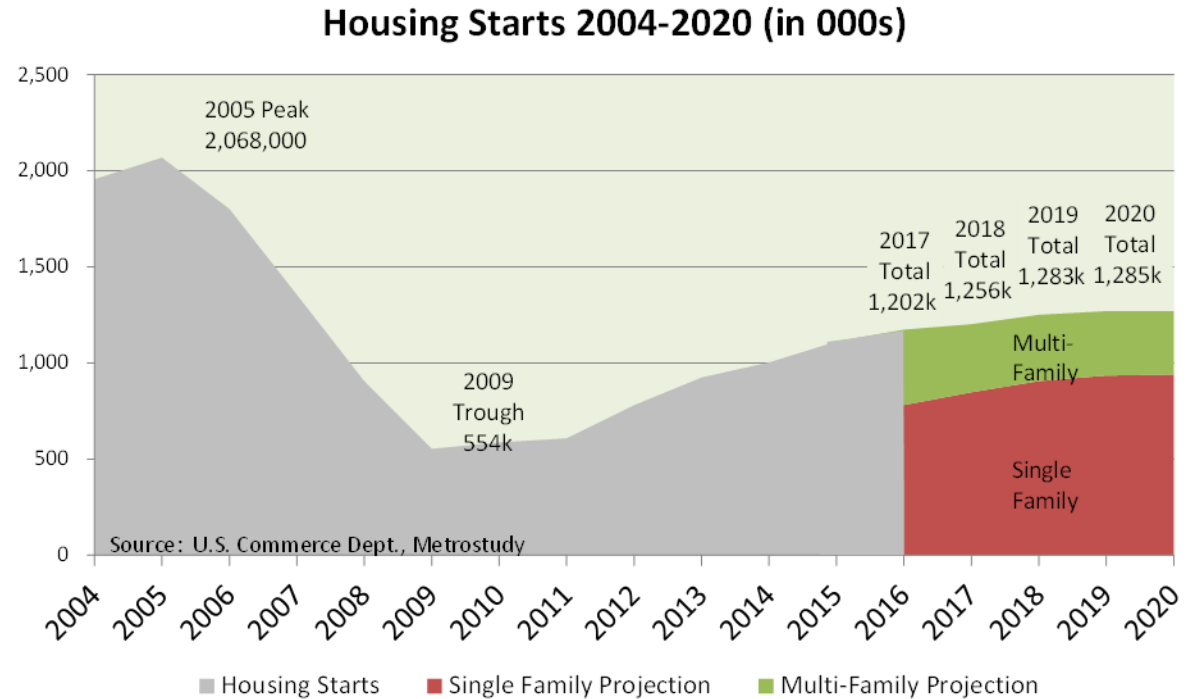
This gives us incredible perspective when it comes to making forecasts.

New Home Starts Forecast

Forecast remains under 50 year average



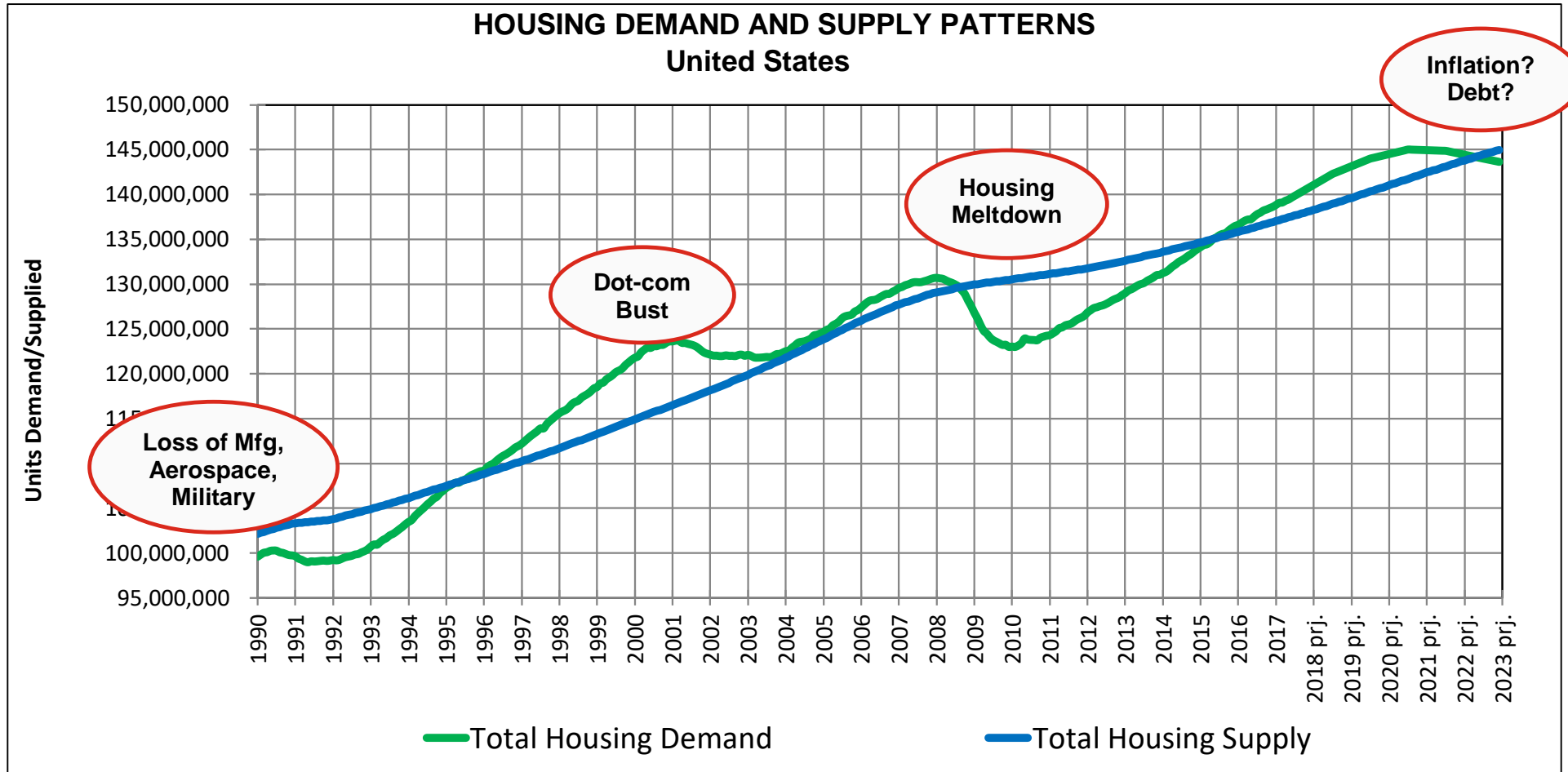
Source: U.S. Commerce Department, Metrostudy



Source: Metrostudy

Demand for Housing Well Ahead of Supply

Not likely to change in the near future



Key Takeaways

For 2018 and beyond...

- Tax reform hurts high priced Markets...but not as much as originally planned.
- The national housing market is significantly under supplied.
- The national housing market is heading toward over valuation, but housing values are nowhere near over valuation that prevailed in years 2005/06.
- The surge in the remodeling/renovation market will continue.
- Rising mortgage rates are just beginning, and inflationary pressures are slowly building.
- Rising rates may contribute to severe over valuation in many markets, despite only modest price appreciation during the next few years.
- Overall, we're in the bottom of the 6th inning of a challenging and rewarding housing market in an environment of under supply and increasing costs.

National Builder Perspective

Emerging Trends, Threats & Opportunities

What's on Builder's Minds These Days

A lot, it turns out

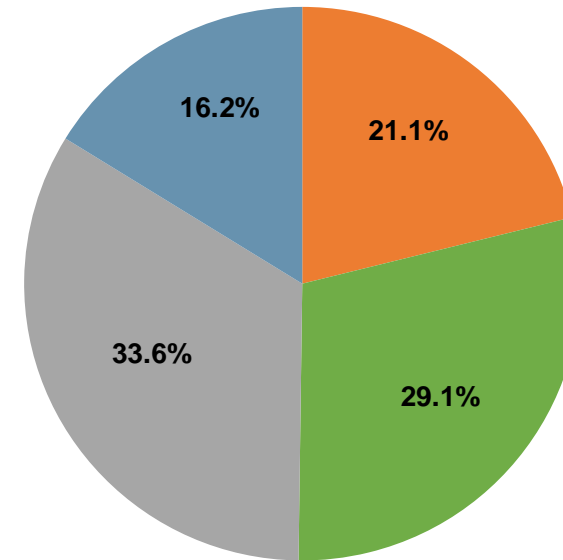
- Who's my buyer?
- What should I build?
- Land shortages & Cost
- Labor shortages & Cost
- Material Costs
- Over regulation
- Impact fees
- Pressure on bottom line
- Lack of pricing power
- BPMs and Contractors have greater leverage than before to dictate pricing, terms & conditions

U.S. Consumer Profile By Generation

Millennials – 84M Baby Boomers – 74M

Existing Household Distribution by Generations

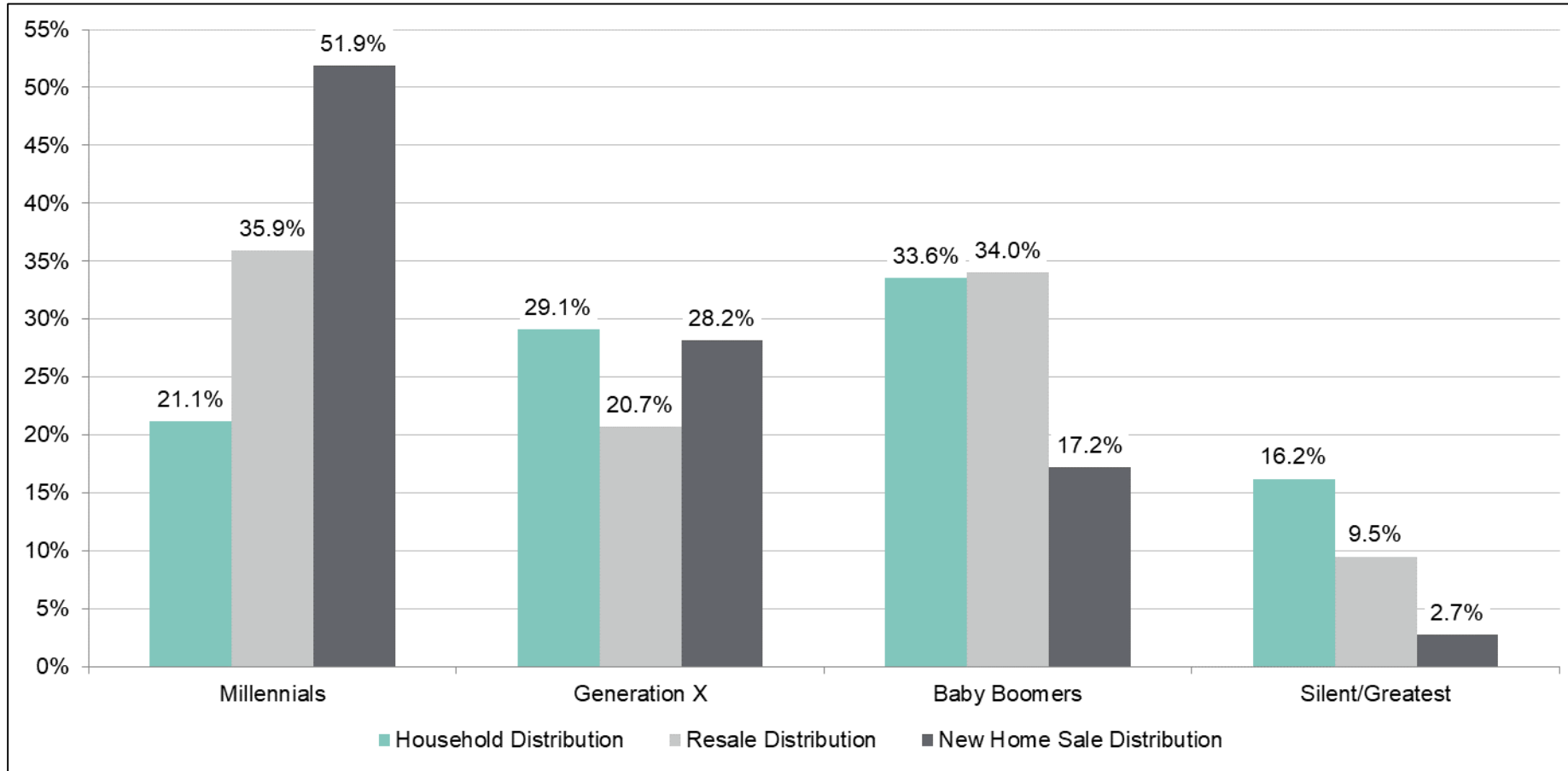
Generations	Households	Share
Millennials	26,069,798	21.1%
Generation X	35,847,060	29.1%
Baby Boomers	41,396,854	33.6%
Silent/Greatest	19,992,790	16.2%



Source: Neustar, Metrostudy

The Millennial Generation in 2017

Finally taking charge!



Source: Neustar, Metrostudy

The Millennial Generation

Notable Metro areas with high Millennial sales

Rank	CBSA	Millennials	Generation X	Baby Boomers	Silent/Greatest	Total	Millennials %
1	Provo-Orem, UT	2,087	516	237	37	2,877	72.5%
2	El Paso, TX	1,643	547	157	19	2,366	69.4%
3	Bakersfield, CA	1,091	285	195	17	1,588	68.7%
4	Salt Lake City, UT	1,884	596	268	42	2,790	67.5%
5	Fresno, CA	989	316	176	46	1,527	64.8%
6	Fayetteville-Springdale-Rogers, AR-MO	858	282	187	27	1,354	63.4%
7	Ogden-Clearfield, UT	724	280	149	11	1,164	62.2%
8	San Antonio-New Braunfels, TX	5,347	2,125	1,162	150	8,784	60.9%
9	Houston-The Woodlands-Sugar Land, TX	12,199	5,463	2,149	275	20,086	60.7%
10	Omaha-Council Bluffs, NE-IA	1,091	474	238	22	1,825	59.8%
11	Austin-Round Rock, TX	6,989	2,972	1,449	316	11,726	59.6%
12	Greeley, CO	1,205	457	321	46	2,029	59.4%
13	Dallas-Fort Worth-Arlington, TX	14,306	6,568	2,947	323	24,144	59.3%

Source: Neustar, Metrostudy

Millennial 2017 New Home Sales

Selected Florida CBSAs - +40% Millennial sales noted in red

CBSA	Unknown	Millennials	Generation X	Baby Boomers	Silent/Greatest	Total	Millennials %	Generation X %	Baby Boomers %	Silent/Greatest %	Total
Cape Coral-Fort Myers, FL	718	950	713	993	179	2,835	33.5%	25.1%	35.0%	6.3%	100.0%
Crestview-Fort Walton Beach-Destin, FL	513	431	172	174	19	796	54.1%	21.6%	21.9%	2.4%	100.0%
Deltona-Daytona Beach-Ormond Beach, FL	271	498	410	476	119	1,503	33.1%	27.3%	31.7%	7.9%	100.0%
Gainesville, FL	45	171	141	54	13	379	45.1%	37.2%	14.2%	3.4%	100.0%
Homosassa Springs, FL	19	12	17	27	18	74	16.2%	23.0%	36.5%	24.3%	100.0%
Jacksonville, FL	960	3,199	1,523	1,274	178	6,174	51.8%	24.7%	20.6%	2.9%	100.0%
Lakeland-Winter Haven, FL	560	1,197	566	558	108	2,429	49.3%	23.3%	23.0%	4.4%	100.0%
Miami-Fort Lauderdale-West Palm Beach, FL	4,810	2,768	1,939	692	139	5,538	50.0%	35.0%	12.5%	2.5%	100.0%
Naples-Immokalee-Marco Island, FL	843	660	527	729	109	2,025	32.6%	26.0%	36.0%	5.4%	100.0%
North Port-Sarasota-Bradenton, FL	1,113	1,001	968	1,501	389	3,859	25.9%	25.1%	38.9%	10.1%	100.0%
Orlando-Kissimmee-Sanford, FL	2,329	5,478	2,540	1,806	441	10,265	53.4%	24.7%	17.6%	4.3%	100.0%
Palm Bay-Melbourne-Titusville, FL	363	520	345	233	47	1,145	45.4%	30.1%	20.3%	4.1%	100.0%
Panama City, FL	59	165	83	70	14	332	49.7%	25.0%	21.1%	4.2%	100.0%
Pensacola-Ferry Pass-Brent, FL	302	745	343	260	43	1,391	53.6%	24.7%	18.7%	3.1%	100.0%
Port St. Lucie, FL	266	440	248	388	57	1,133	38.8%	21.9%	34.2%	5.0%	100.0%
Punta Gorda, FL	88	85	54	116	27	282	30.1%	19.1%	41.1%	9.6%	100.0%
Sebastian-Vero Beach, FL	98	133	87	217	91	528	25.2%	16.5%	41.1%	17.2%	100.0%
Sebring, FL	38	5	8	10	1	24	20.8%	33.3%	41.7%	4.2%	100.0%
Tampa-St. Petersburg-Clearwater, FL	1,206	4,031	2,102	1,436	316	7,885	51.1%	26.7%	18.2%	4.0%	100.0%
The Villages, FL	175	108	61	357	142	668	16.2%	9.1%	53.4%	21.3%	100.0%
Totals	14,776	22,597	12,847	11,371	2,450	49,265	n/a	n/a	n/a	n/a	
Total column and Percentages do not include Unknown											

Millennial Community Features

Pocket parks to play games



Image: Google

Millennial Community Features

Amphitheatre for concerts, plays, seasonal events

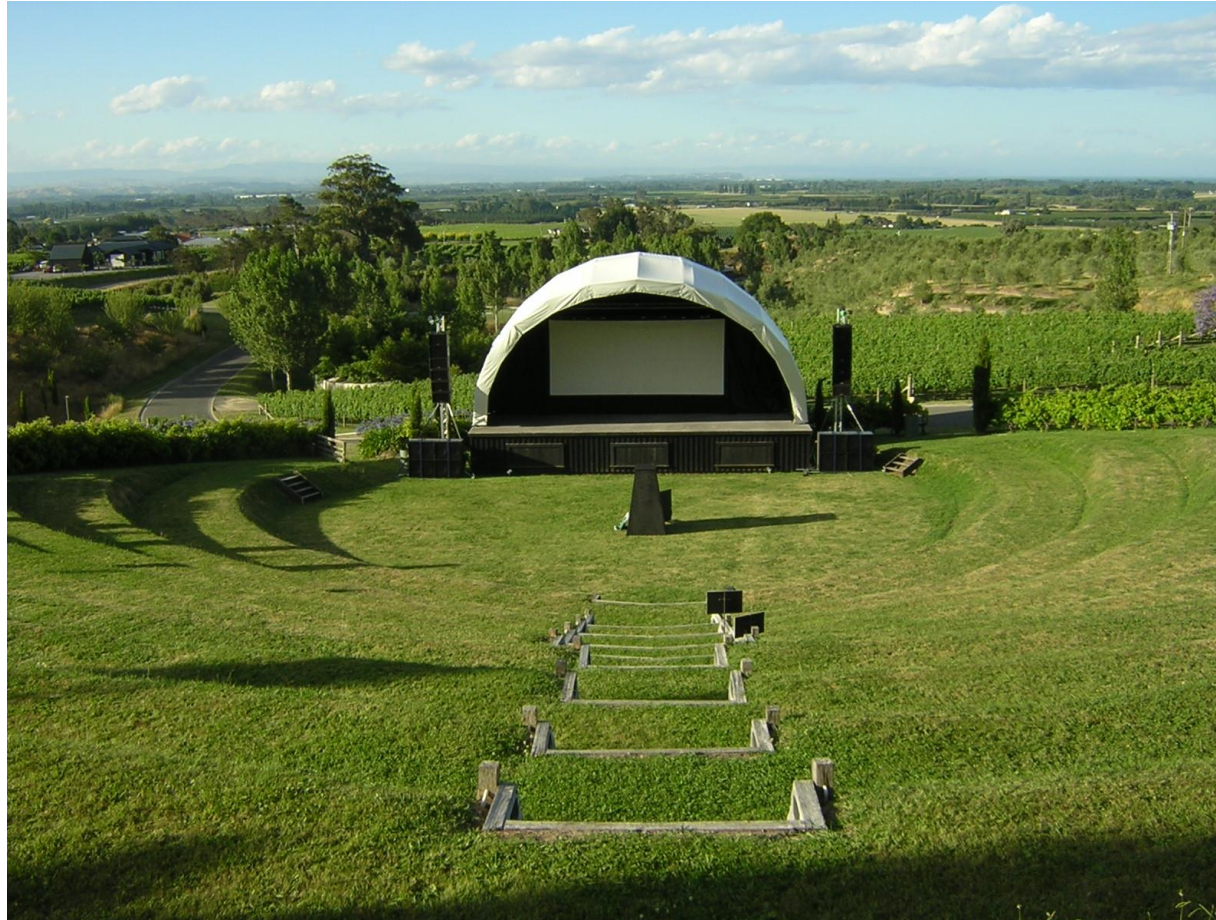


Image: Google

Millennial Community Features

The Agri-hood (Arden has one)



Image: Google

Millennial Community Features

Covered picnic pavilion – bbq cookoffs, parties, wine tasting events, farmer's market



Millennial Community Features

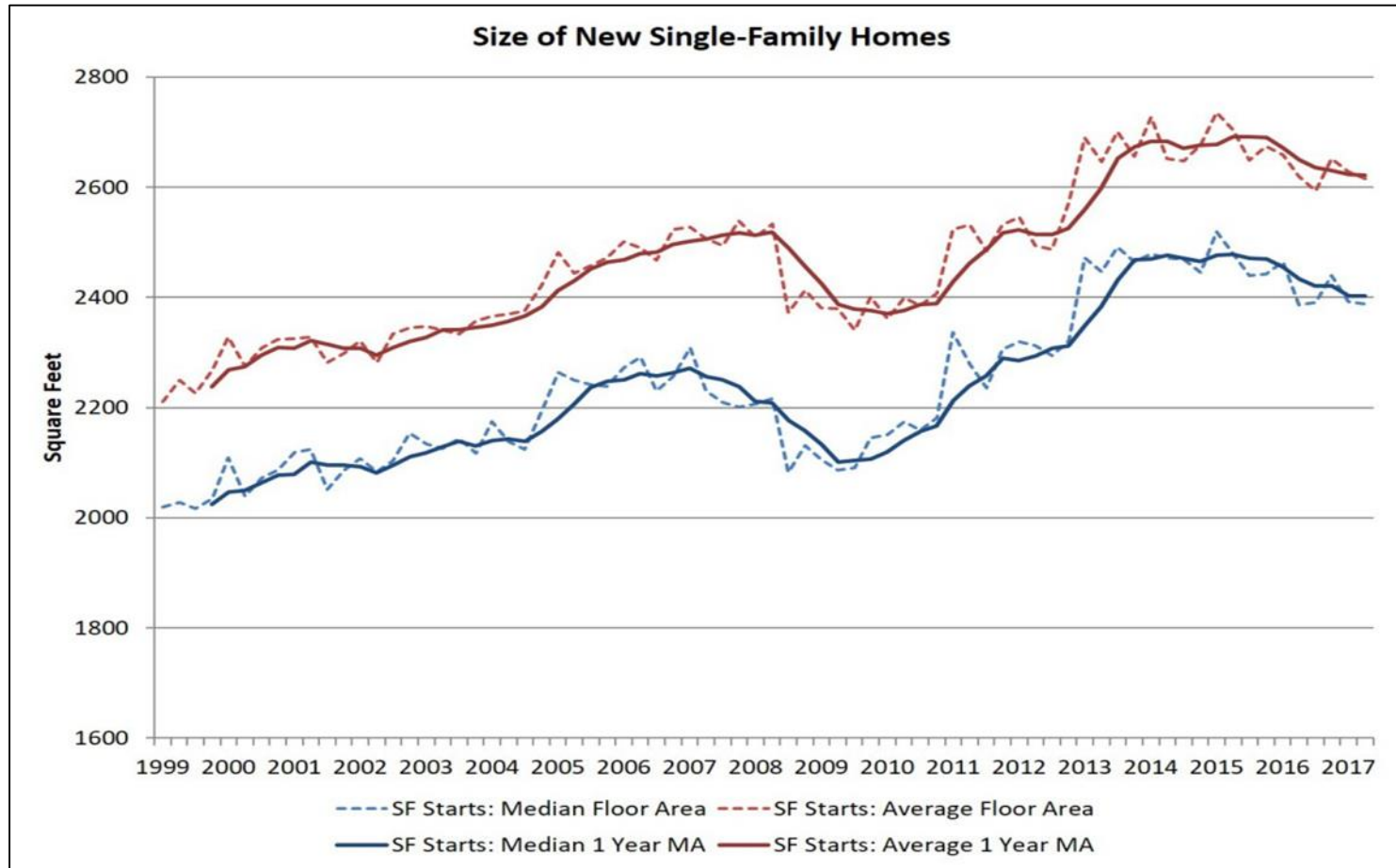
Food truck events



Image: Google

Product Design

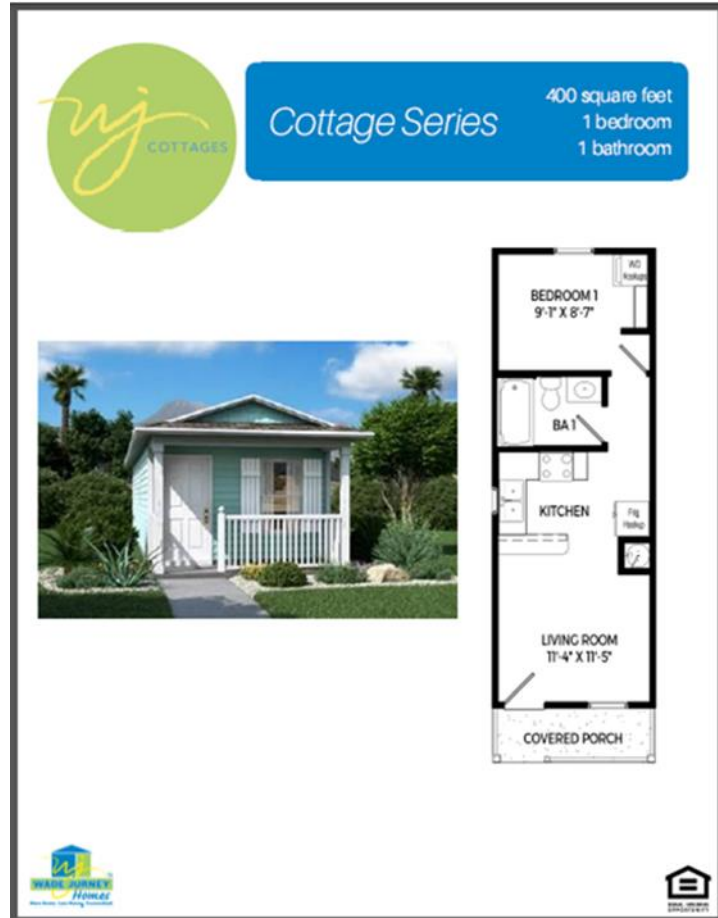
New Homes are getting smaller again



Source: NAHB

Product Design

Focus on Simplicity & Repeatability



- Reducing number of SKUs in base home
- Components that can be used in multiple product series
- Simplification of Design – corners cost
- Exterior reductions - porches
- Revision of standard specifications
- More upgrades
- Control of contractor pricing
- Not in the picture – bulk buying

Self Driving Cars & Housing

Do you really need a garage?

Automobile automation has potential to impact the design, density and location of new homes and master plans



Competition

Not what you might think



Source: Diawa House Group

But There's More...

Contemporary design craze sweeping the nation



Source: CalAtlantic/Lennar

Protecting The Bottom Line

Margins under attack



Source: Lennar Homes

Florida Housing Market

Supply, Demand, Trends

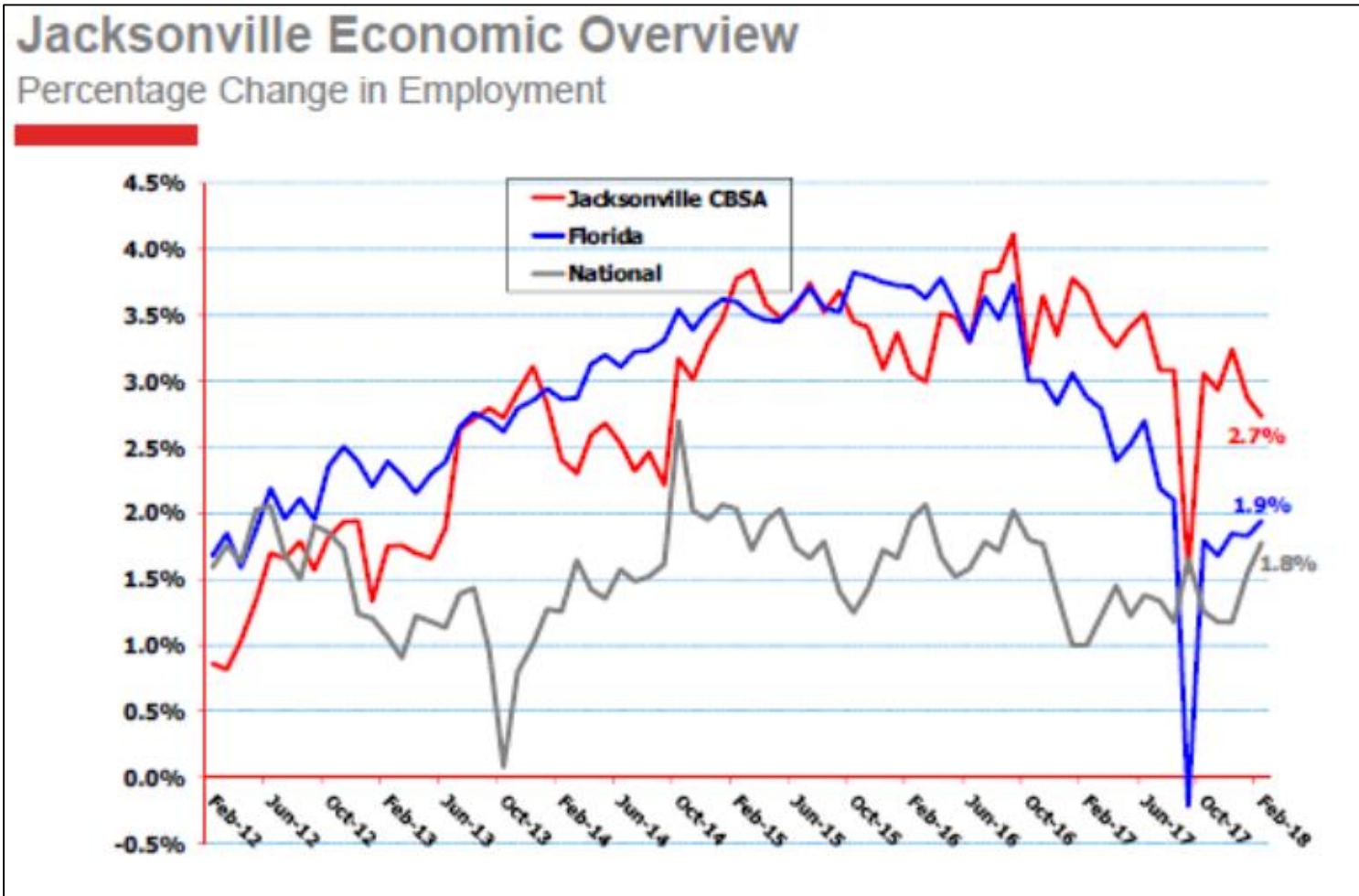


Jacksonville Housing Market

Supply, Demand, Trends

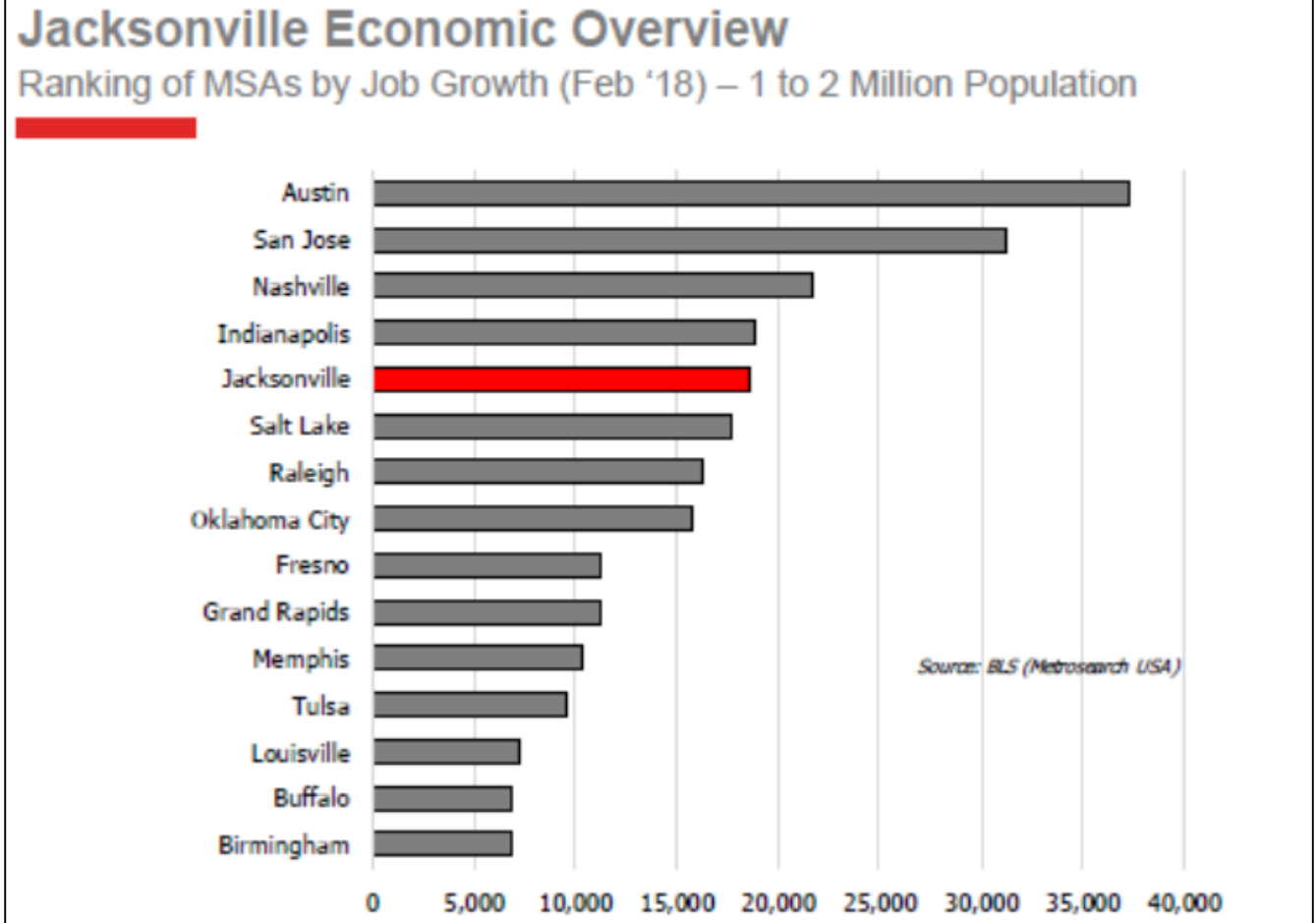
Jacksonville

Strong employment growth



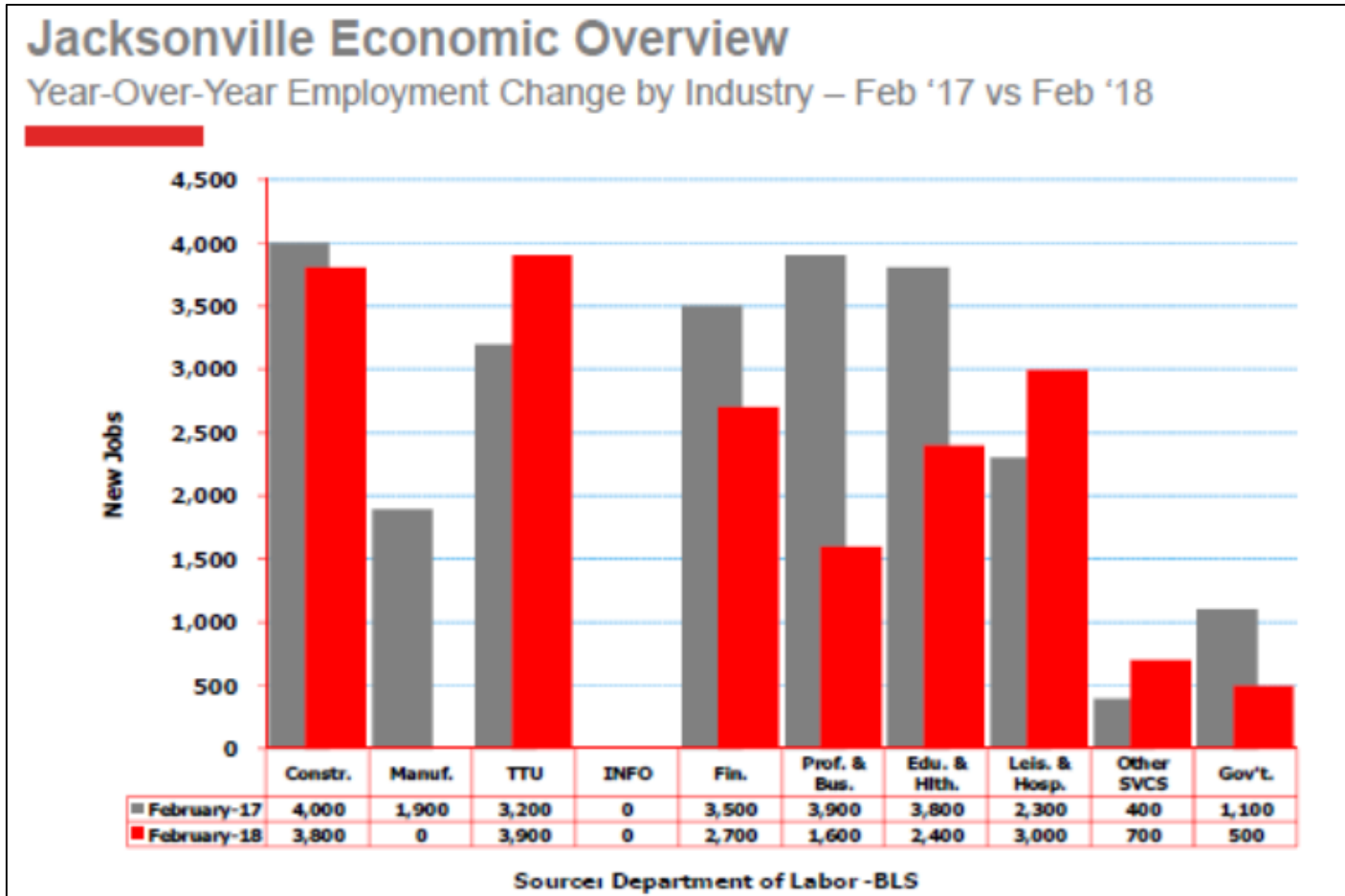
Jacksonville

A top job generator



Jacksonville

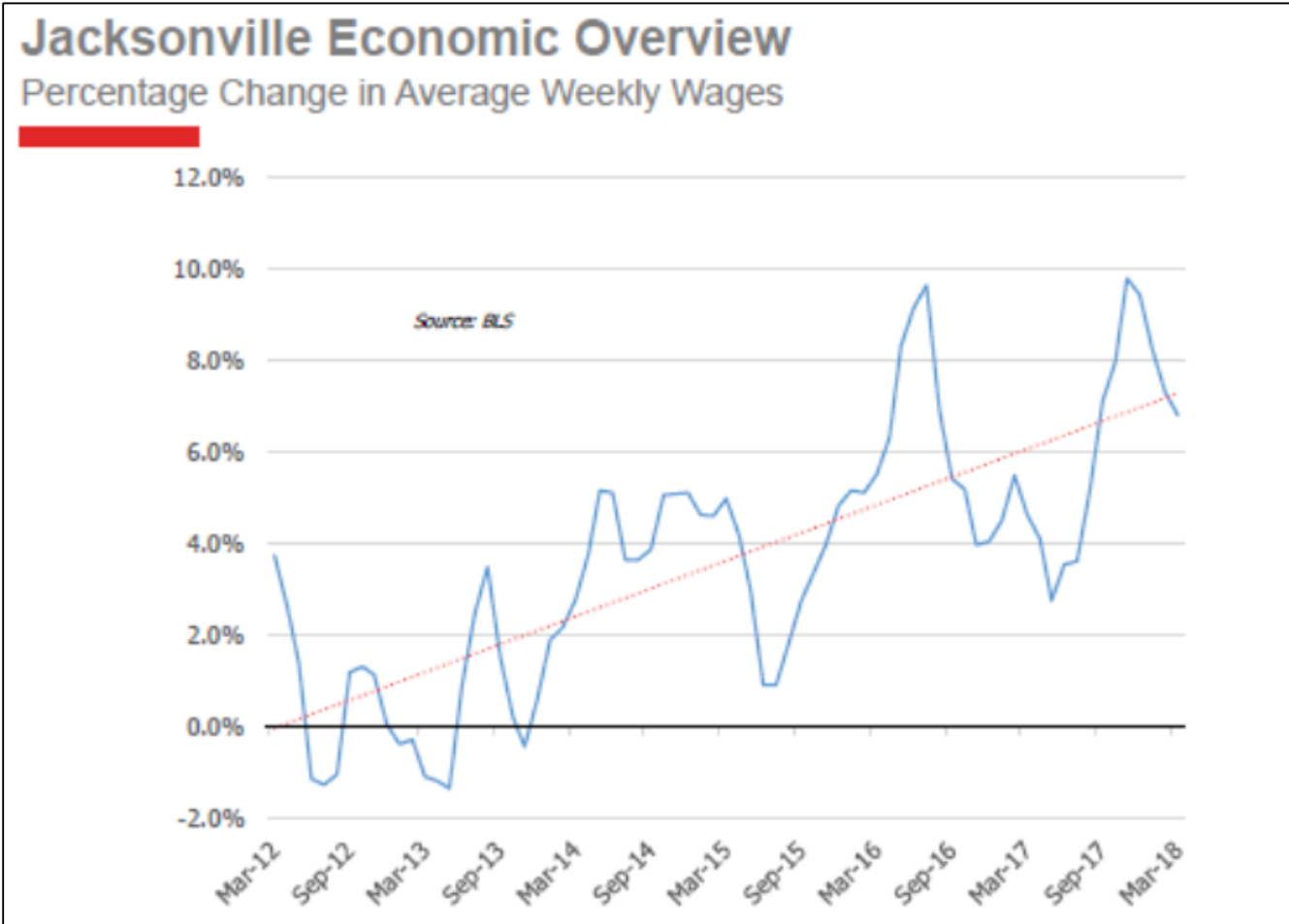
Job growth spread out over several key sectors



Source: BLS

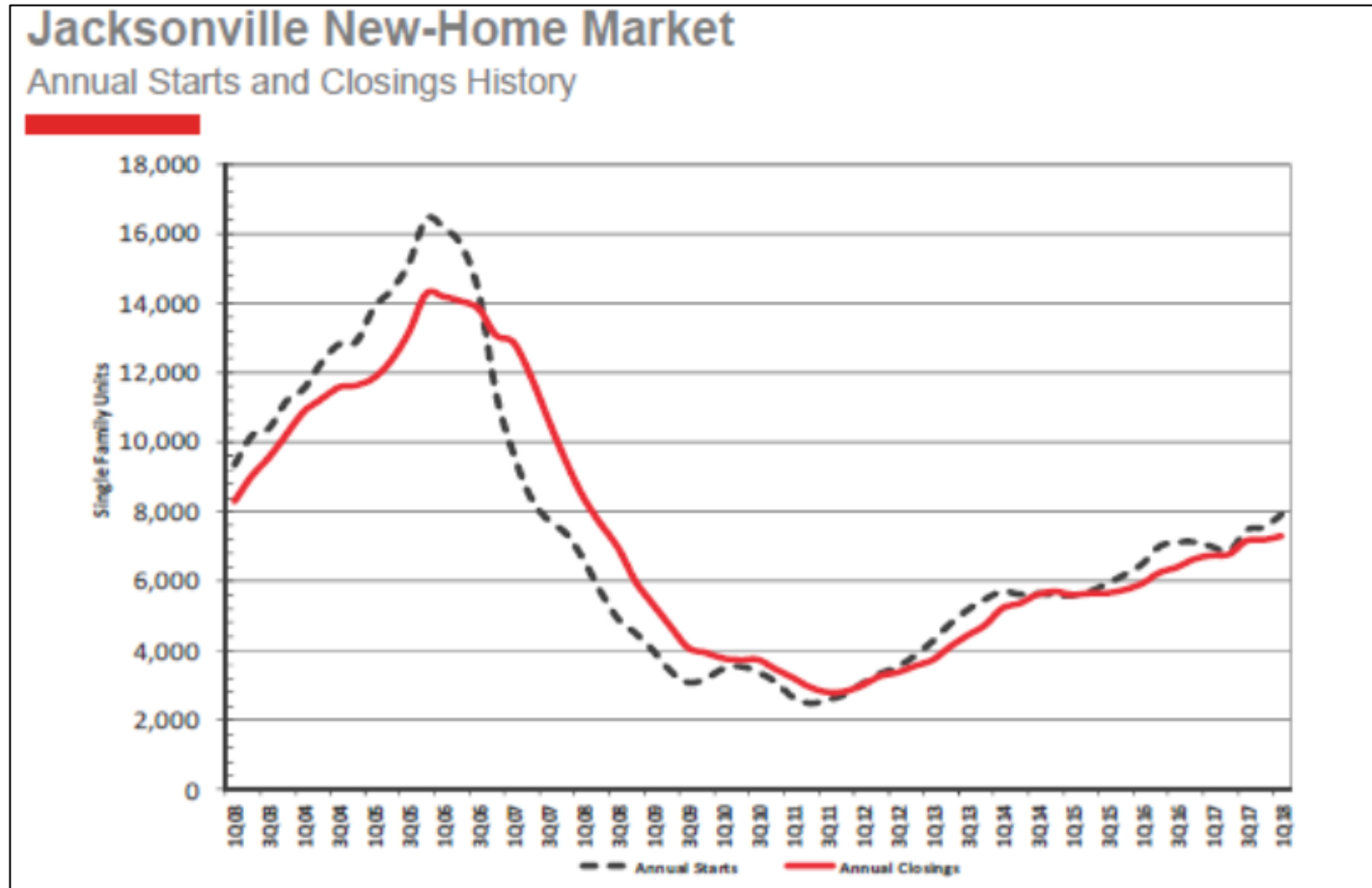
Jacksonville

Solid wage growth too



Jacksonville

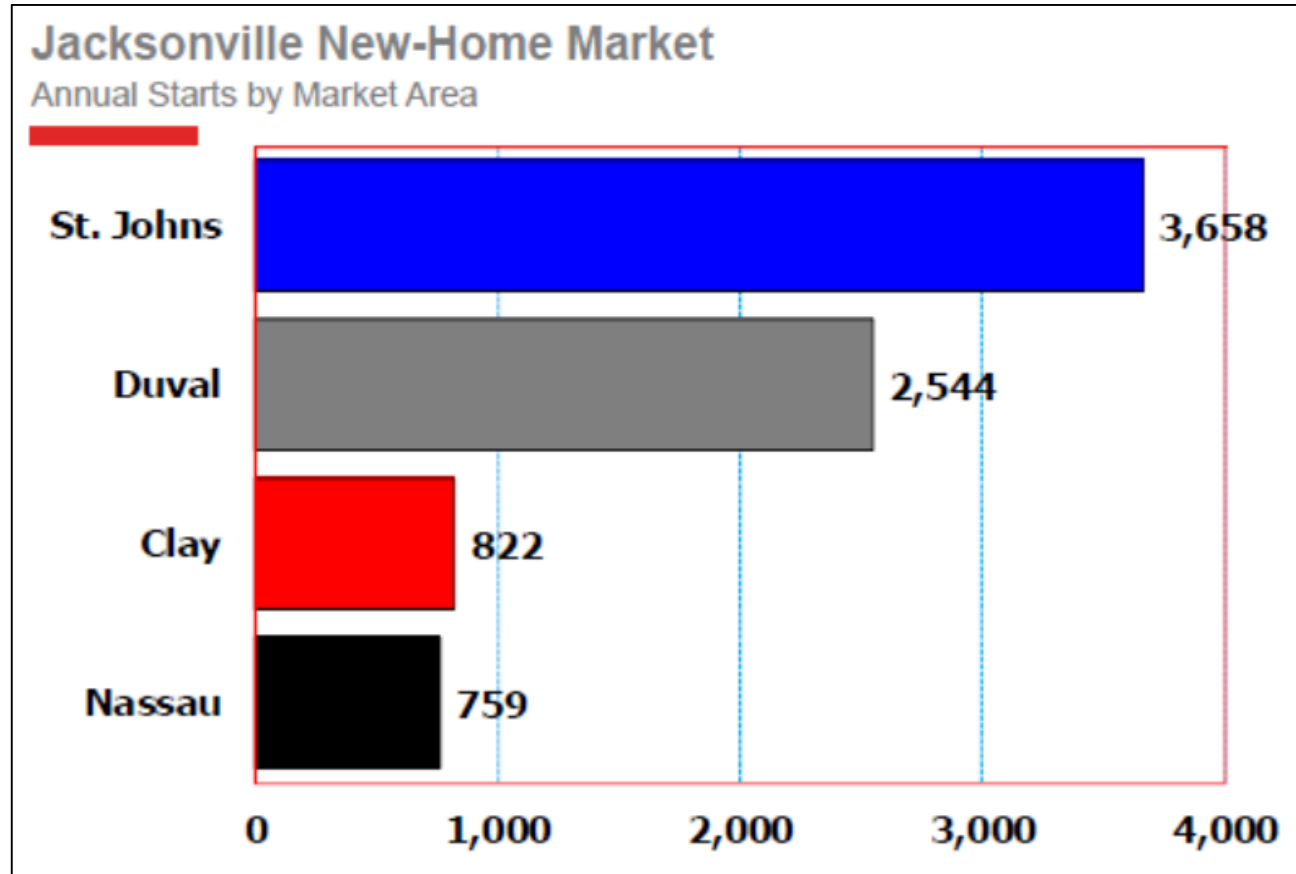
Starts rebound from 2011 lows



Source: Metrostudy

Jacksonville

St. Johns the hot spot



Source: Metrostudy

Jacksonville

Nocatee ranks eighth nationally

Jacksonville New-Home Market

Communities Ranked by Annual Starts

Rank	Subdivision	Ann Starts	Ann Cls	FV	U/C	VDL	Future
1	Nocatee	774	801	102	289	960	4363
2	Durbin Crossing	229	183	47	86	78	0
3	OakLeaf Plantation	213	229	44	48	180	4142
4	Bartram Park	209	214	37	83	71	528
5	RiverTown	201	161	15	66	247	3819
6	Villages of Westport	166	140	18	53	168	1212
7	Palencia	158	170	44	58	305	404
8	Longleaf	151	105	30	47	98	302
9	Shearwater	146	129	20	46	151	2236
10	Aberdeen	137	125	9	64	213	445
11	Twin Creeks	136	56	8	78	686	1999
12	Celestina	124	99	19	45	99	278
13	Bartram Creek	120	114	8	26	272	0
14	Heron Isles	109	81	7	48	25	0
15	Tamaya	103	91	4	35	111	1482
16	Patriot Ridge	102	86	8	38	12	0
17	Rolling Hills	98	80	24	9	6	435
18	Julington Lakes	94	110	12	15	114	230
19	Eagle Harbor	93	83	26	26	138	0
20	Arbor Mill	92	80	11	31	135	0

Jacksonville

Public builders dominate the top 10

Jacksonville New-Home Market

Builder Ranking

Rk	Builder	Ann Starts	Share
1	DR Horton	1,749	22.3%
2	Lennar	1,021	13.0%
3	Dream Finders Homes	734	9.4%
4	KB Home	526	6.7%
5	Mattamy Homes	512	6.5%
6	The Pulte Group	422	5.4%
7	Richmond American Homes-MDC	250	3.2%
8	David Weekley Homes	216	2.8%
9	Toll Brothers	207	2.6%
10	ICI Homes	193	2.5%
11	Providence Homes (FL)	171	2.2%
12	SEDA Construction	150	1.9%
13	Landon Homes LLC	146	1.9%
14	LGI Homes	142	1.8%
15	The Drees Company	140	1.8%
16	AV Homes Inc	118	1.5%
17	Master Craft Builder Group	82	1.0%
18	Advantage Home Builders Inc	79	1.0%
19	Adams Homes	77	1.0%
20	New Atlantic Builders Inc	69	0.9%
Top 20 Builders		7,004	89.3%
Total Market		7,846	-

Source: Metrostudy

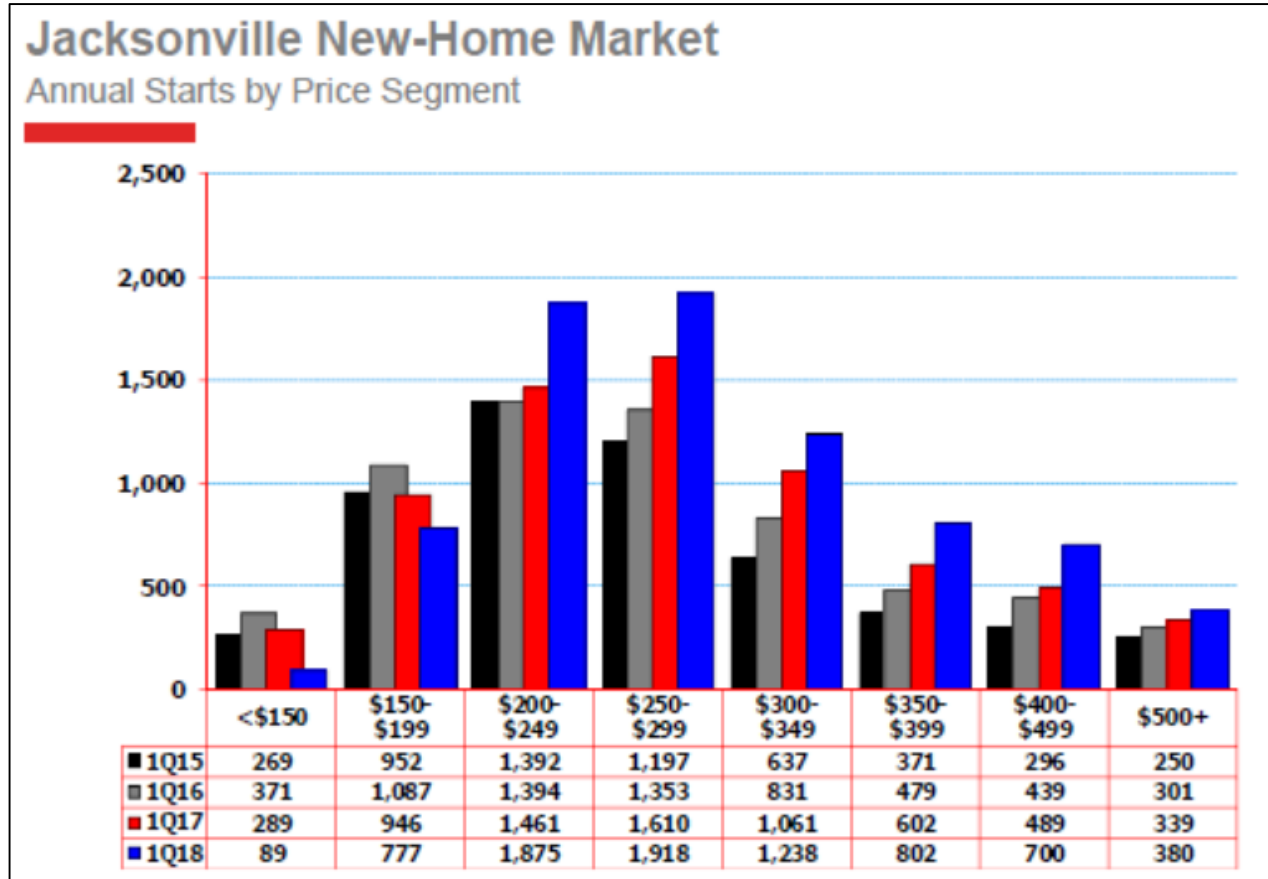
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Source: Metrostudy

Jacksonville

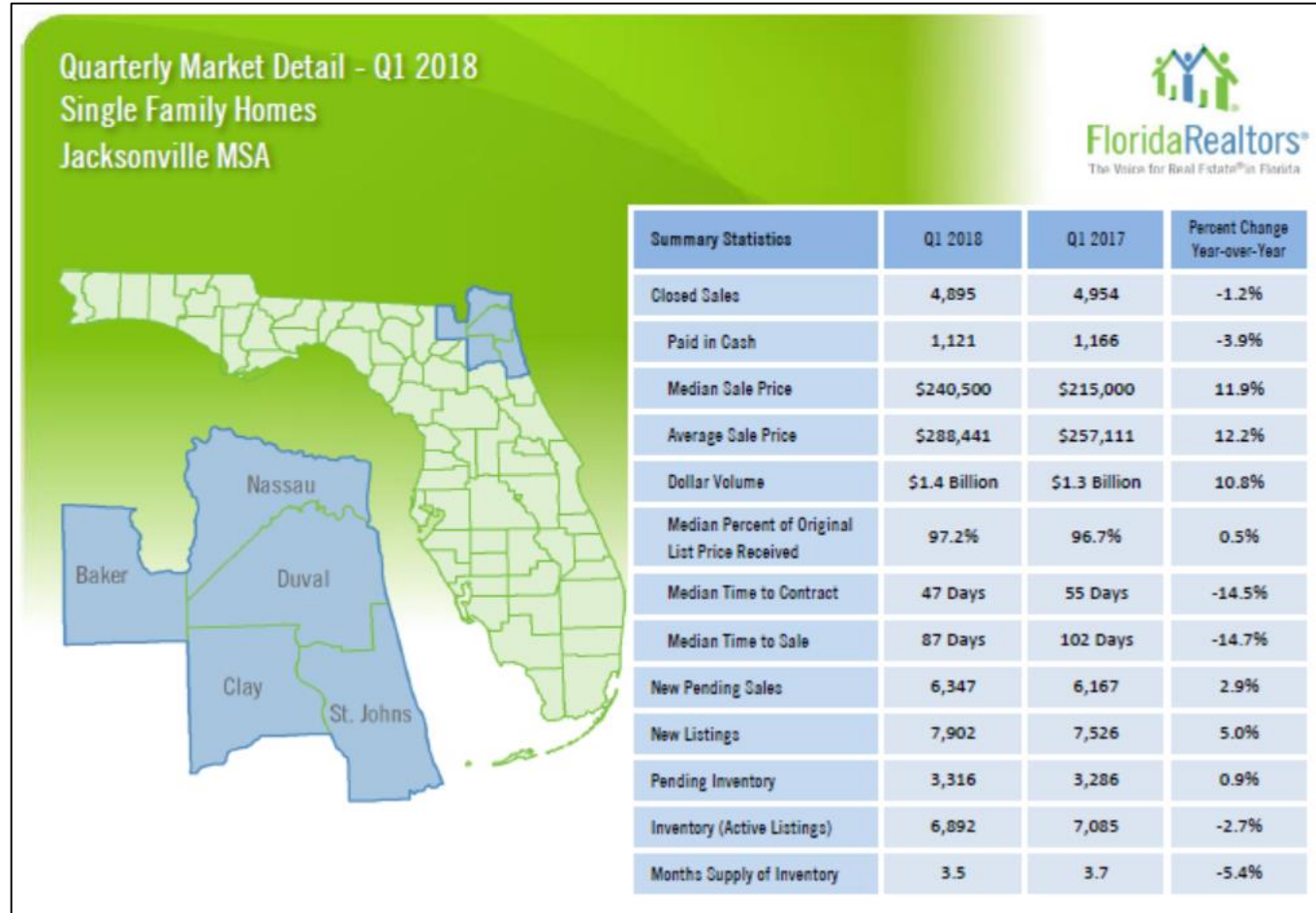
Sweet spot is \$200-300K



Source: Metrostudy

Jacksonville

MLS data indicates supply shortage, strong appreciation



Orlando Housing Market

Supply, Demand, Trends

Orlando

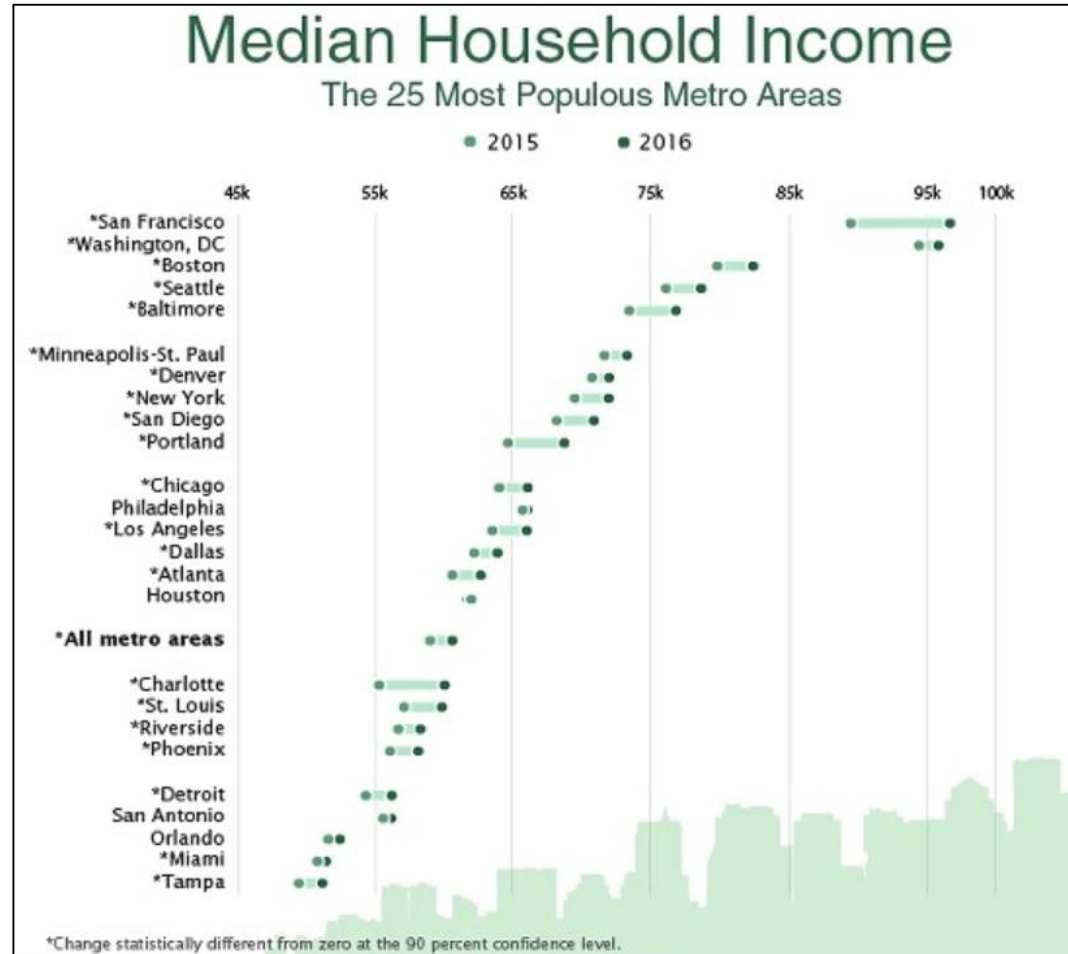
Population and HH growth twice that of the U.S, but median income lags.

- **Population and HH Growth: 1.5% (U.S. 0.7%)**
- **Median Age: 37 (U.S. 38)**
- **Median Income: \$52,385 (U.S. \$59,055)**

Source: Census Bureau

Orlando

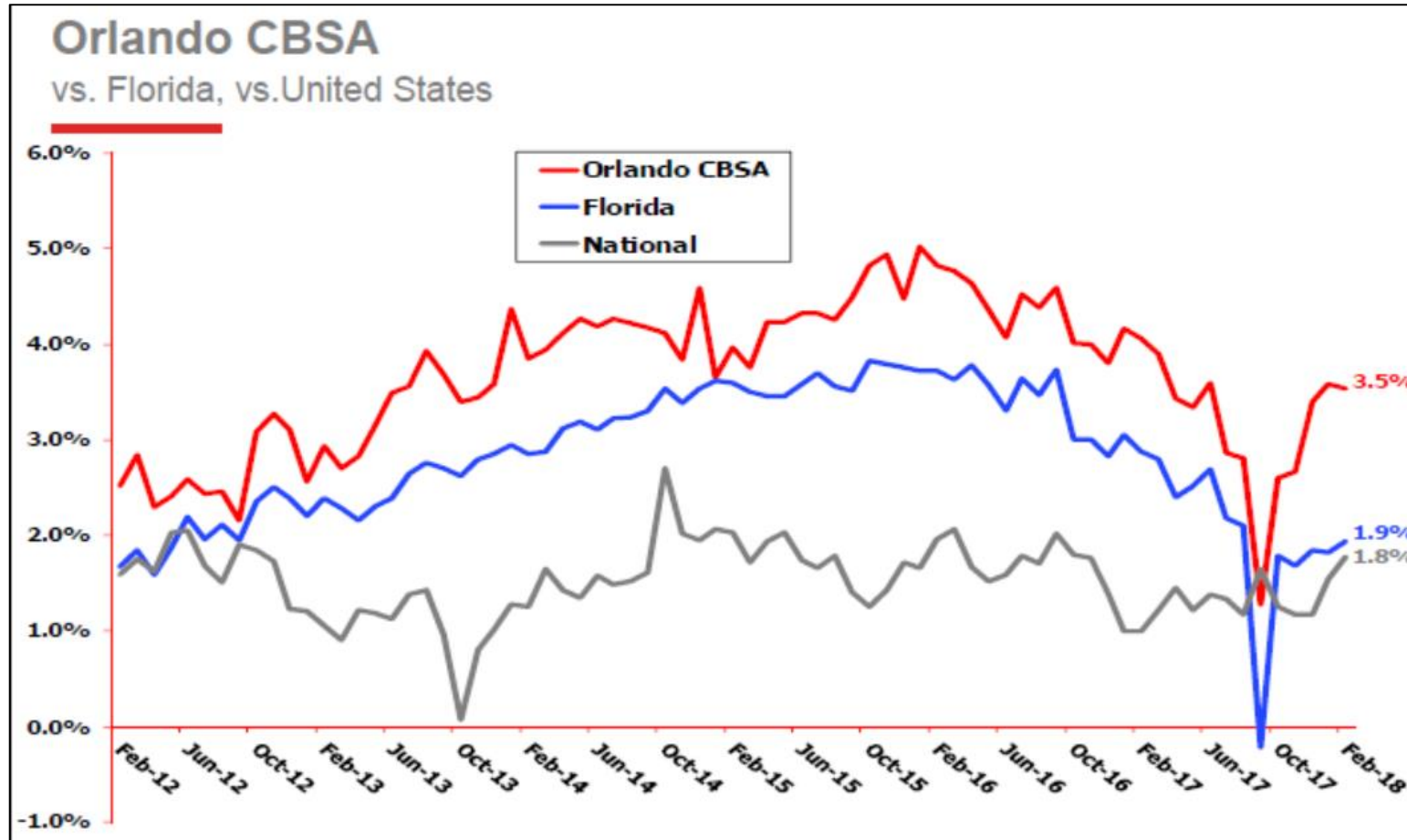
Florida cities rank at the bottom of median household income



Source: Census Bureau

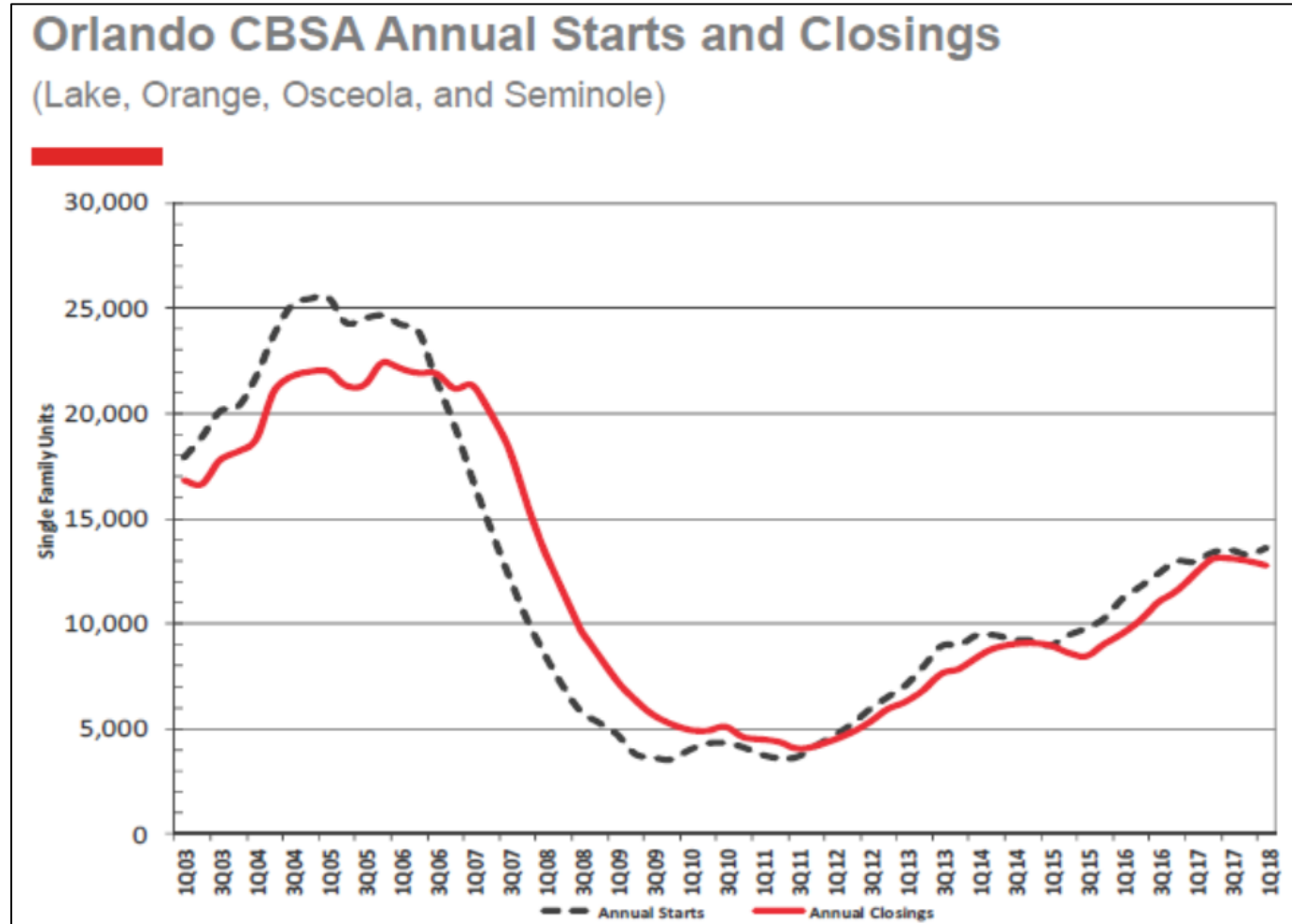
Orlando

Orlando job growth very strong – Top 3 in U.S. (Dallas, Seattle)



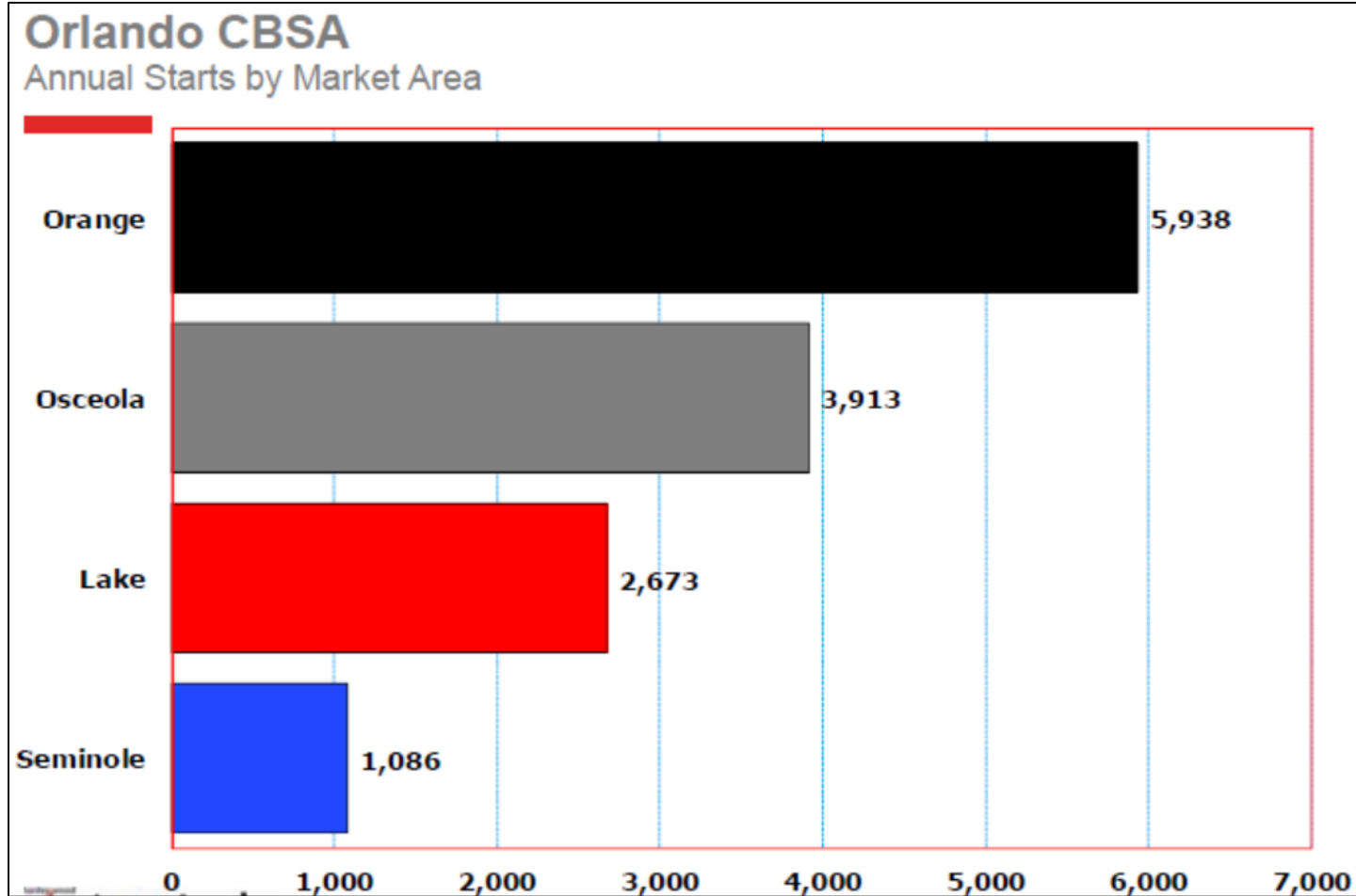
Orlando

Starts roughly 50% of peak observed in 2005



Orlando

Orange County #1



Source: Metrostudy

Orlando

Top Communities Ranked by Annual Starts

Community	ProductType	Annual Starts	Annual Closings
The Villages	Single Family	306	678
Reunion Resort & Club	Single Family	141	138
Chelsea Oaks	Single Family	136	99
Summerlake	Single Family	129	130
Waterview	Single Family	124	119
Storey Lake	Townhouse	122	92
Tapestry TH	Townhouse	118	74
Kindred	Single Family	115	87
Tapestry SF	Single Family	115	84
ChampionsGate	Single Family	97	100
Heritage Hills	Townhouse	94	76
Waterleigh	Single Family	91	20
ChampionsGate	Townhouse	90	83
Whaleys Creek	Single Family	90	70
Orchard Hills	Single Family	83	83
Estates at Cherry Lake	Single Family	79	36
Turtle Creek	Single Family	79	55
Sawgrass Bay	Single Family	77	41
Storey Park SF	Single Family	77	41
Eagle Creek	Townhouse	76	72

Source: Metrostudy

Orlando

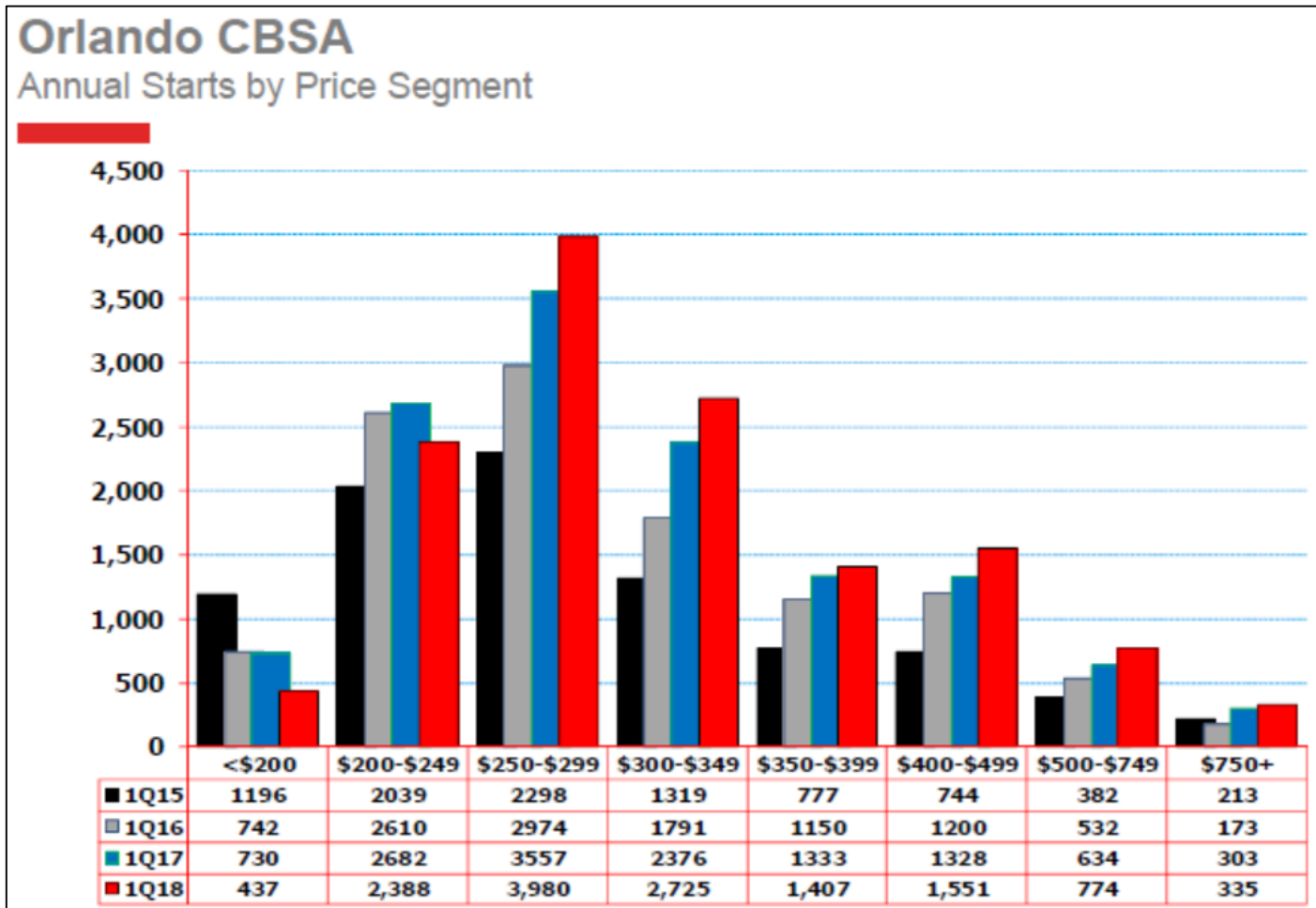
Top Builders in Orlando MSA (Annual Closings)

Rank	Builder	2Q17	3Q17	4Q17	1Q18	Annual
1	Lennar Homes	522	367	378	288	1555
2	CalAtlantic Homes	233	212	259	266	970
3	The Villages of Lake-	207	282	255	136	880
4	Meritage Homes	167	171	156	194	688
5	DR Horton	151	165	153	149	618
6	Taylor Morrison	139	143	114	181	577
7	Pulte Homes	167	141	138	126	572
8	Mattamy Homes	191	164	76	78	509
9	KB Home	148	75	131	123	477
10	M/I Homes	67	126	115	116	424
11	Royal Oak Homes	77	96	96	122	391
12	Ashton Woods Homes	119	109	85	74	387
13	Beazer Homes	87	100	86	59	332
14	Express Homes by DR H	80	81	58	80	299
15	Jones Homes USA	82	41	53	83	259
16	Park Square Homes	67	54	51	76	248
17	AV Homes	66	45	48	74	233
18	Encore Resorts & Home	104	17	67	35	223
19	K Hovnanian	30	48	61	84	223
20	David Weekley Homes	82	51	28	53	214

Source: Metrostudy

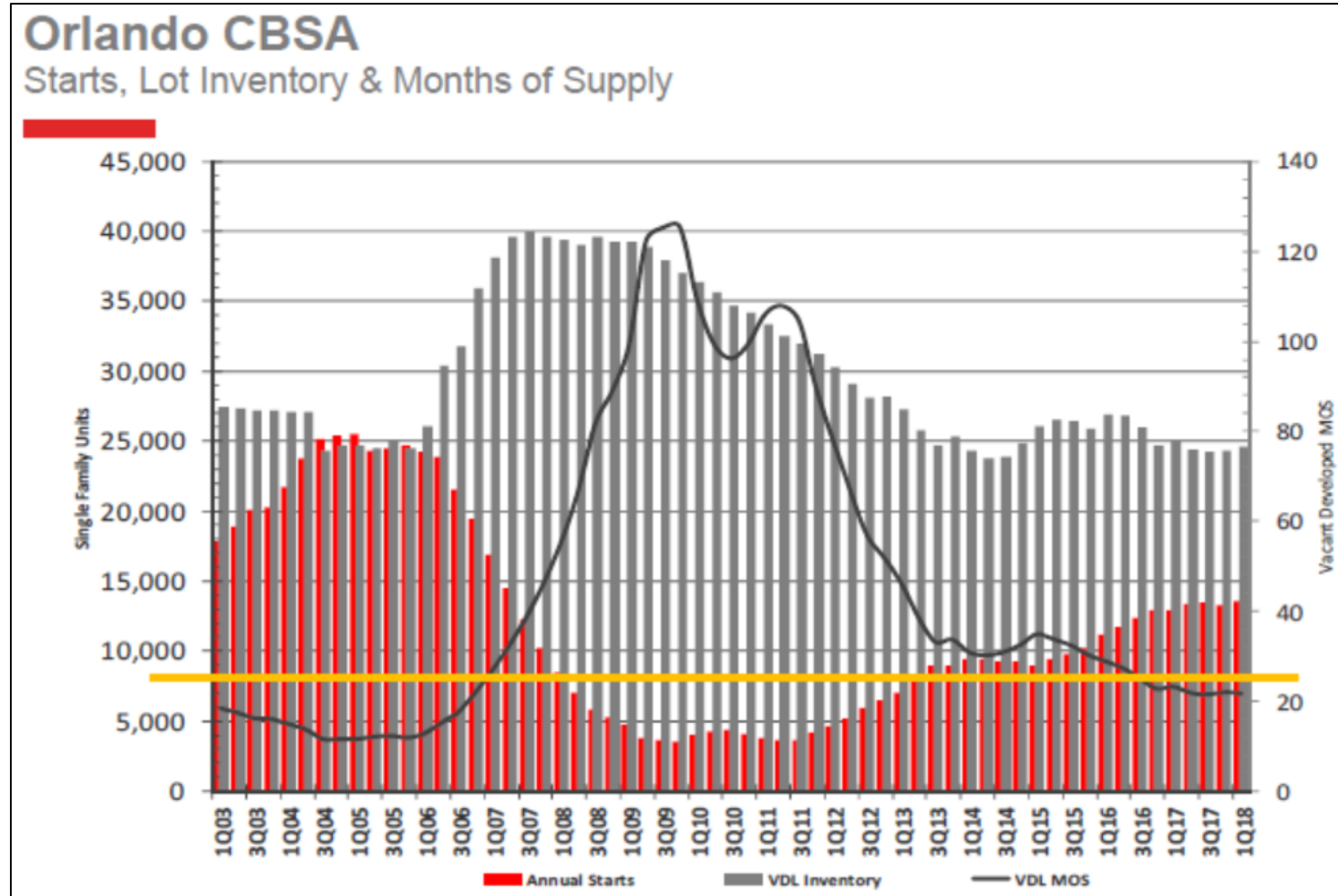
Orlando

\$250-350K is the key price range



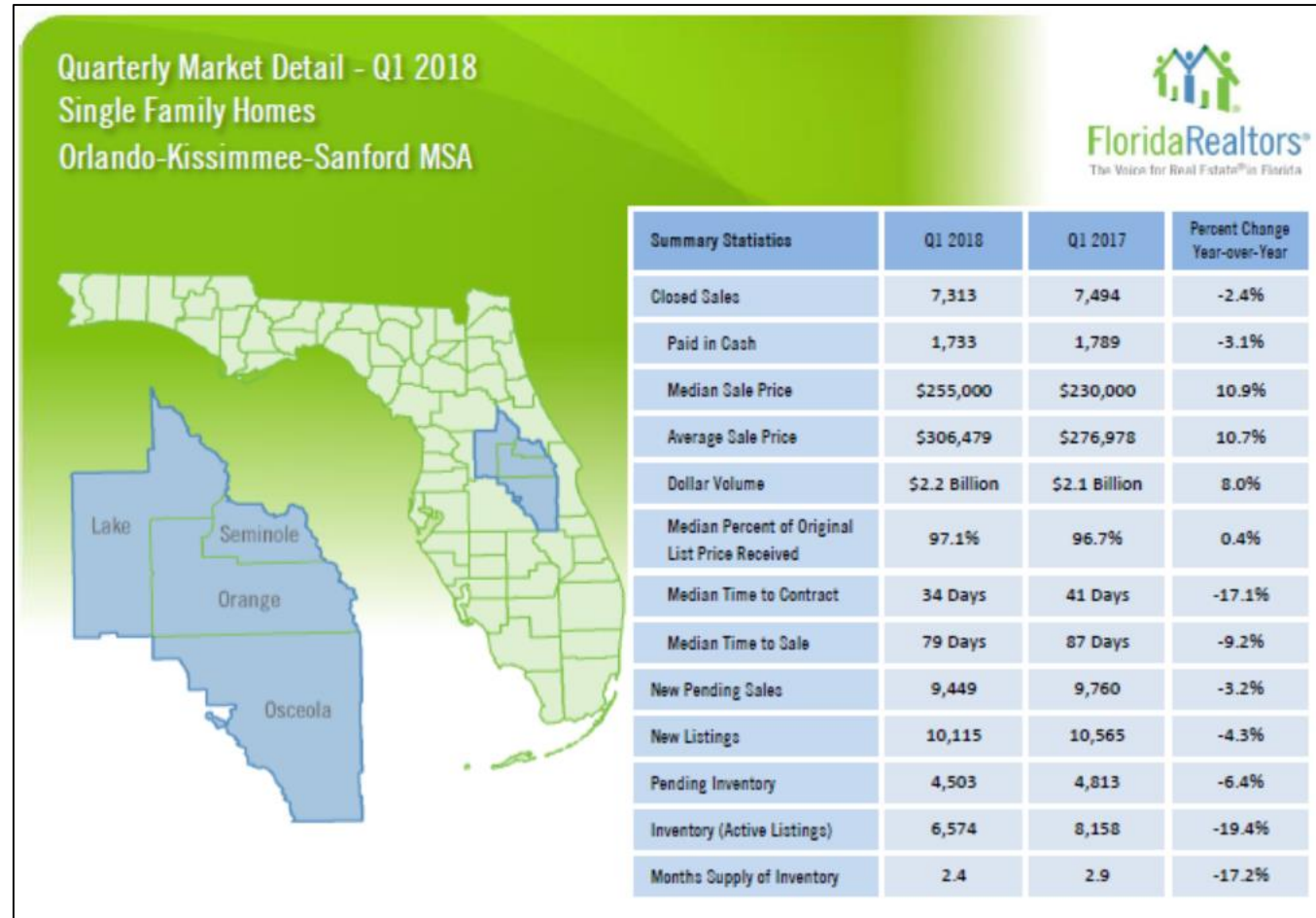
Orlando

Lot Supply slightly below equilibrium



Orlando

Lack of inventory hurts sales, strong appreciation – Puerto Rico effect?



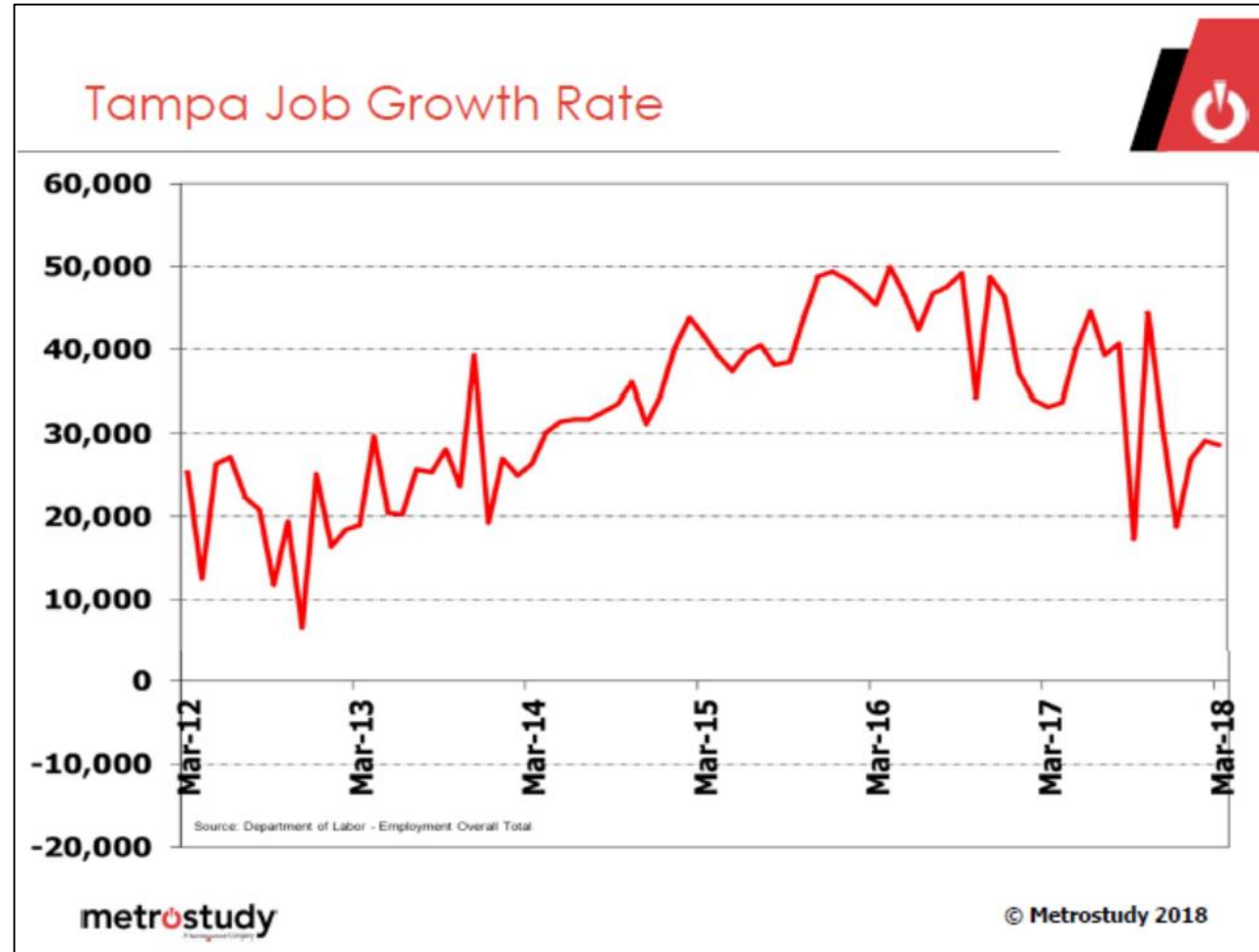


Tampa-Sarasota Housing Market

Supply, Demand, Trends

Tampa

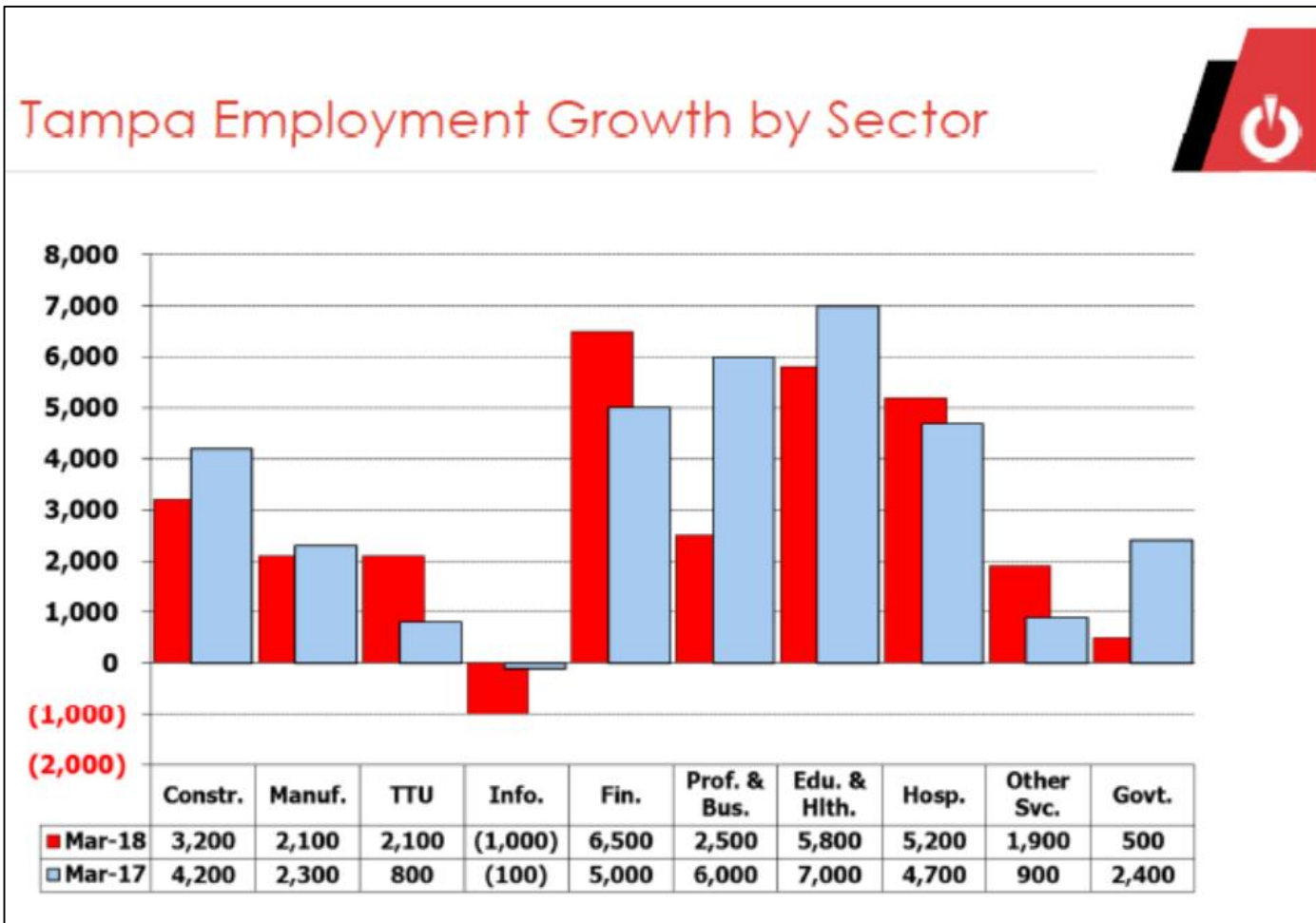
Homebuilding activity highly correlated with job growth in Tampa



Source: BLS

Tampa

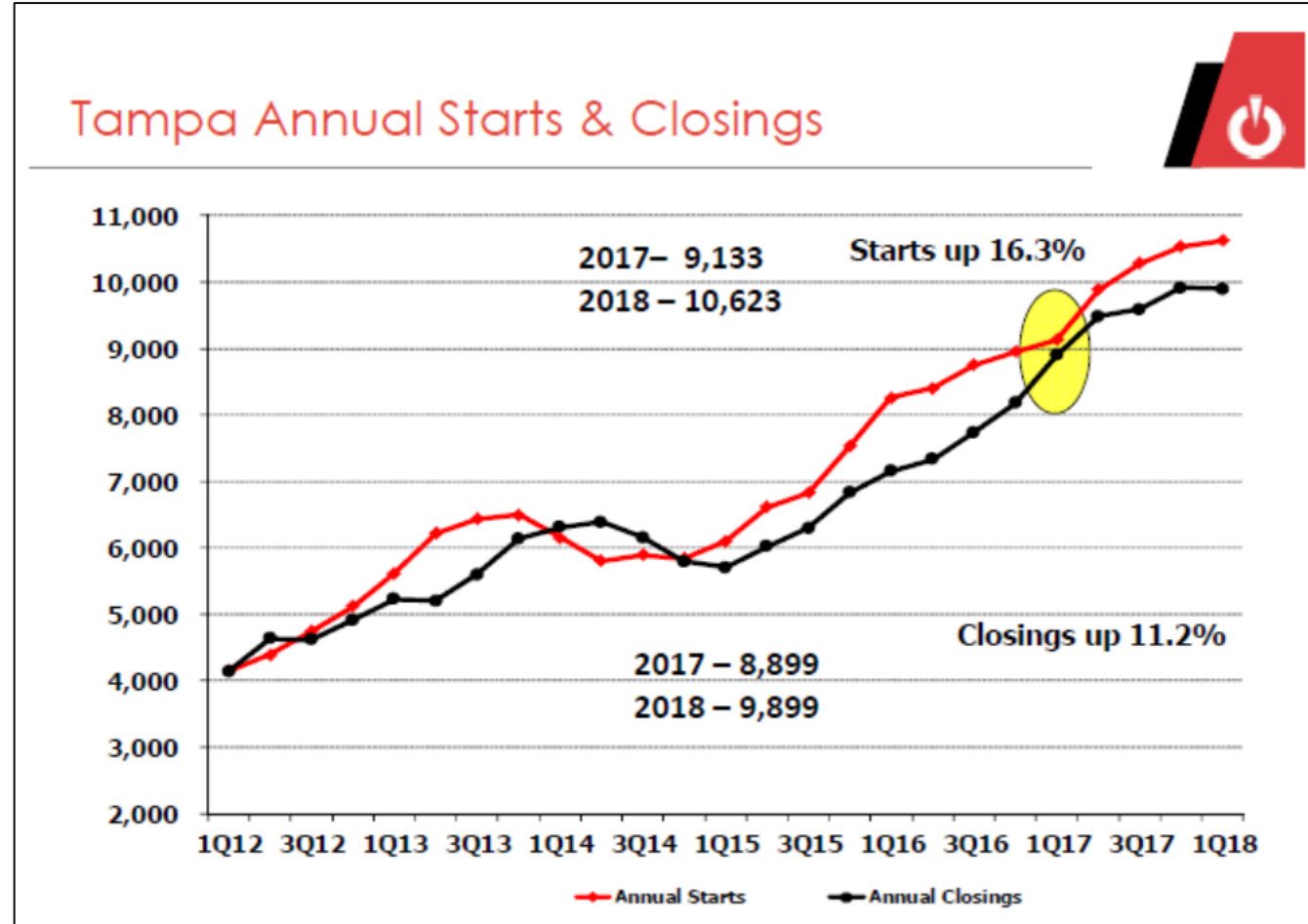
Most sectors showing solid employment growth



Source: BLS

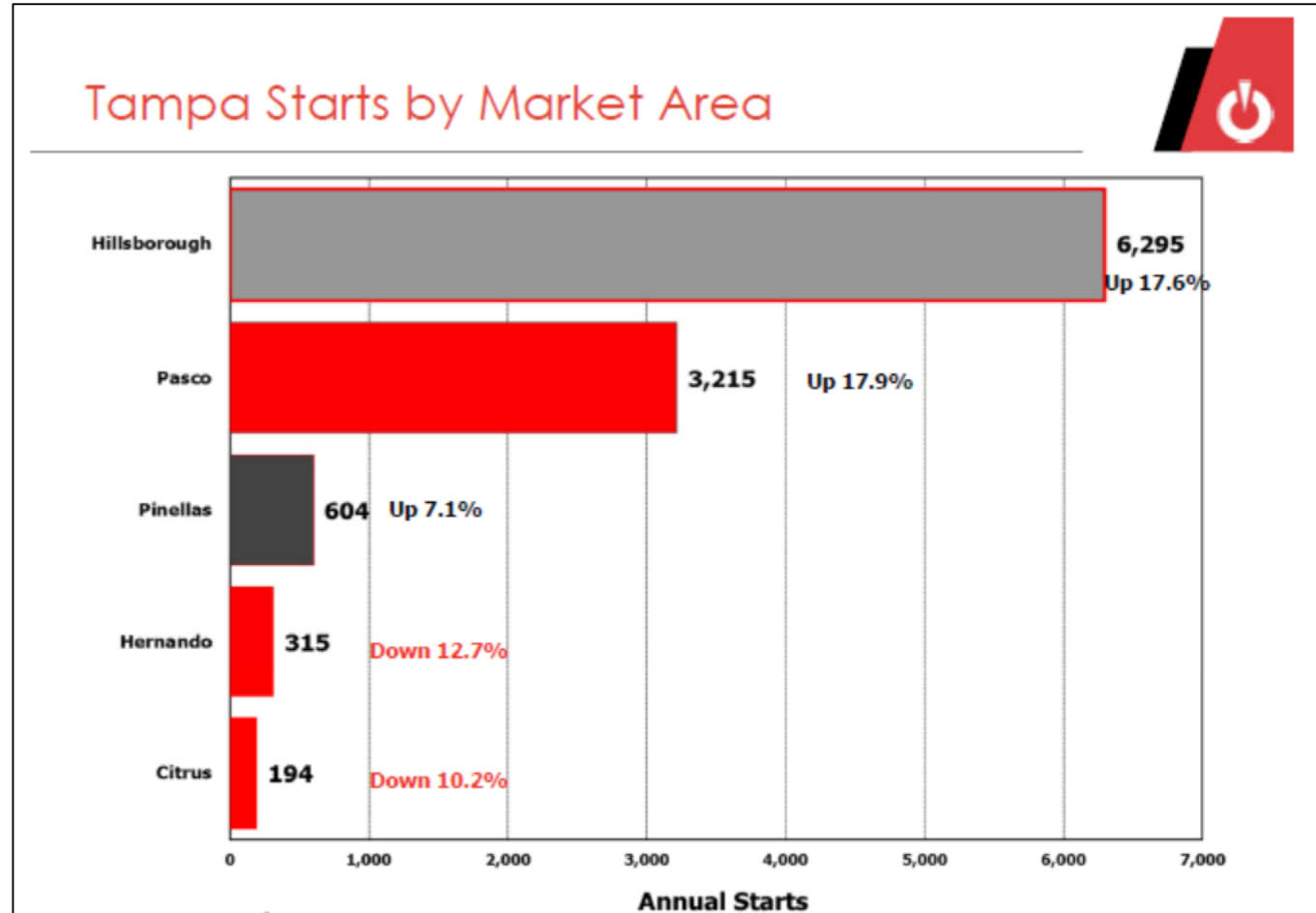
Tampa

Starts up a robust 16% y-o-y



Source: Metrostudy

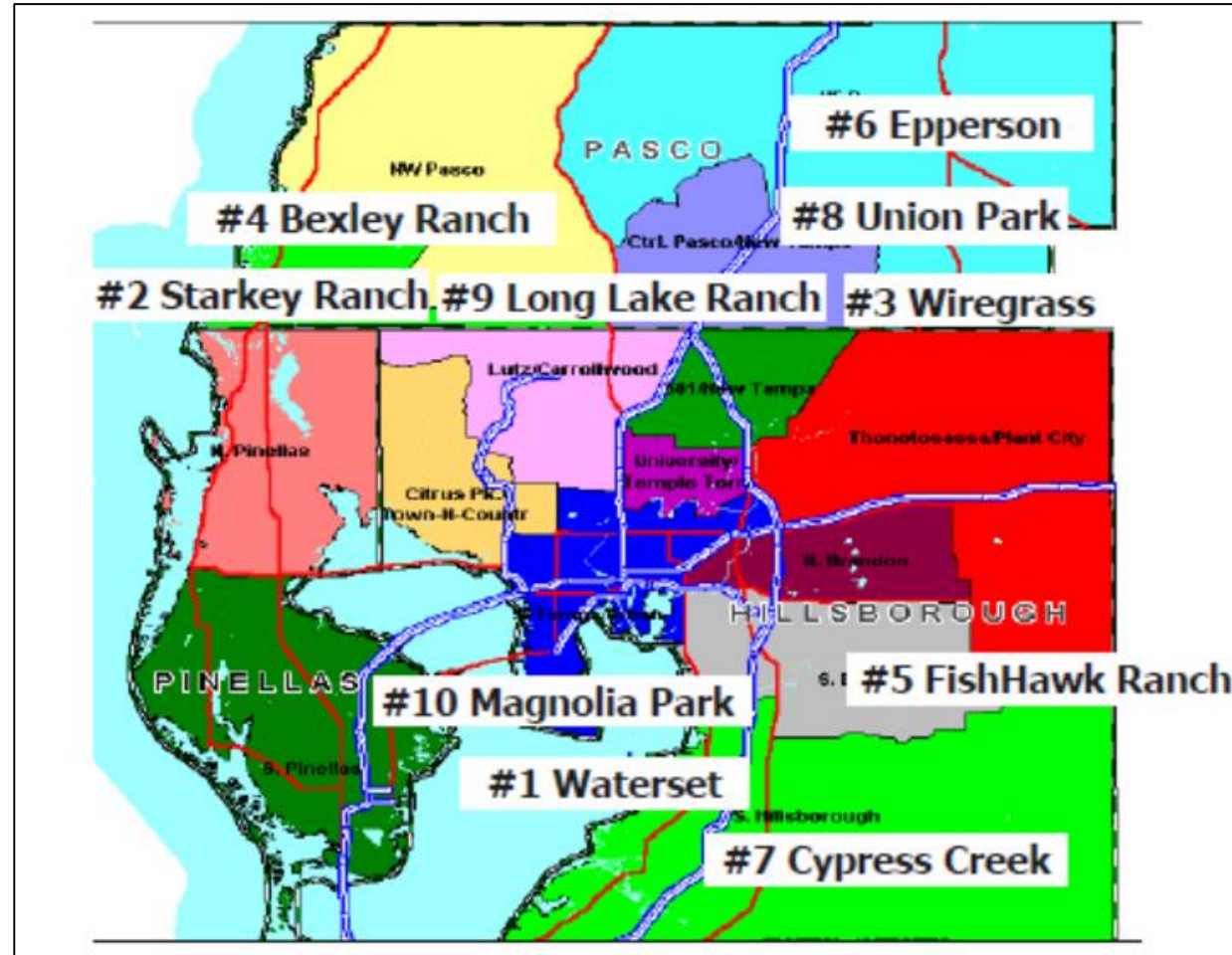
Tampa



Source: Metrostudy

Tampa

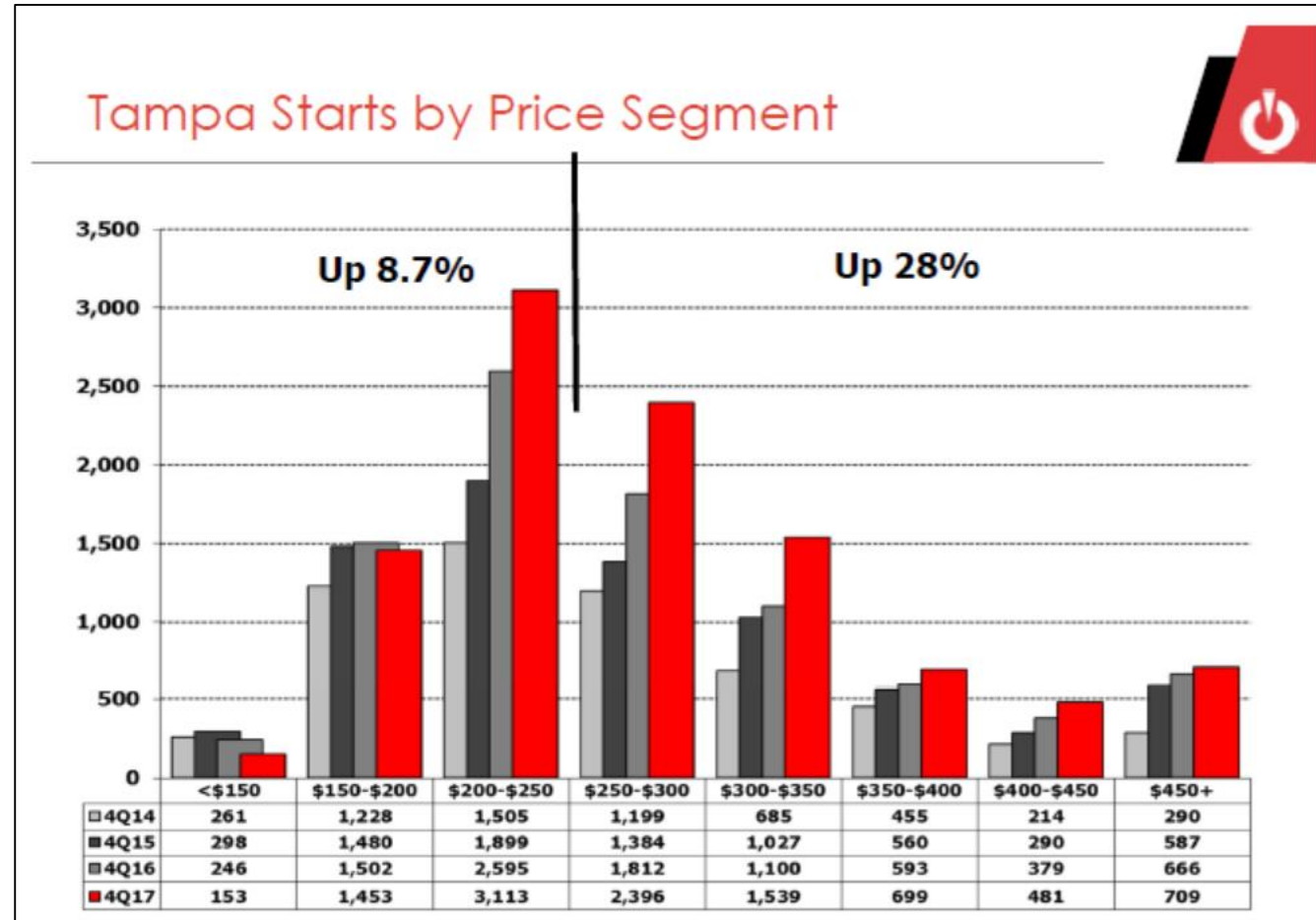
Activity shifting to Pasco



Source: Metrostudy

Tampa

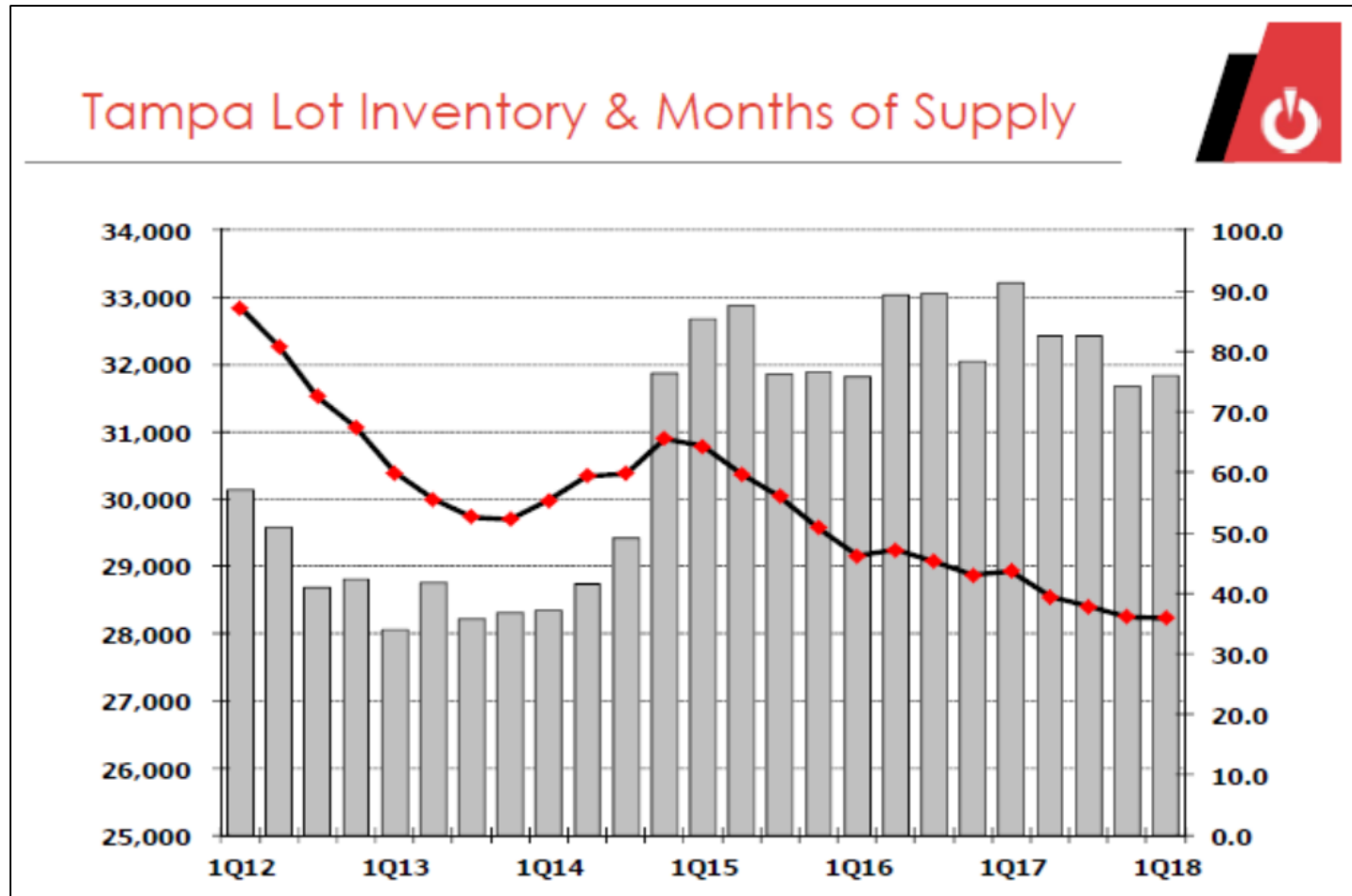
Less expensive homes harder to find



Source: Metrostudy

Tampa

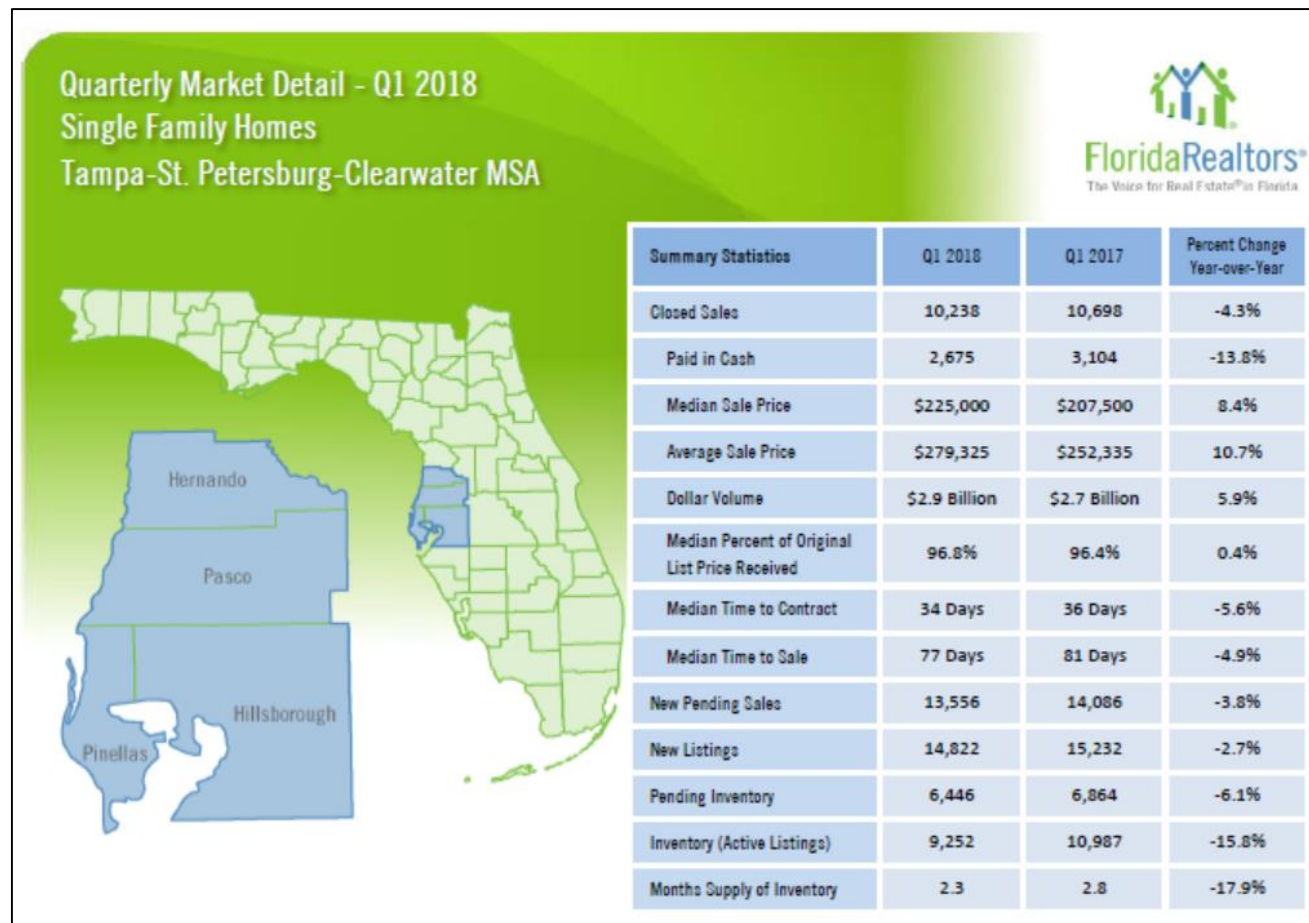
Lot inventory relatively stable



Source: Metrostudy

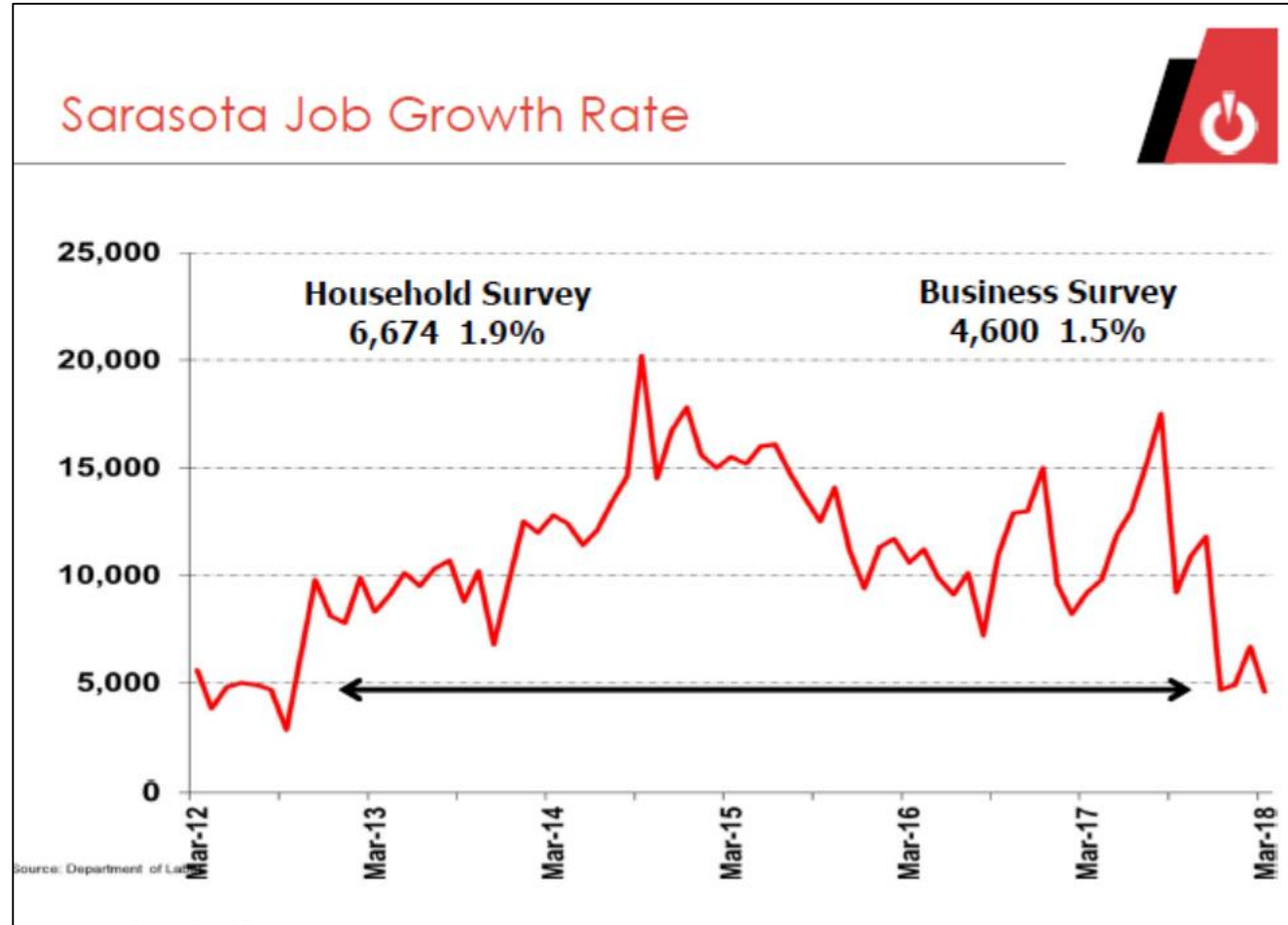
Tampa

Robust appreciation, inventory shortages apparent



Sarasota-Bradenton

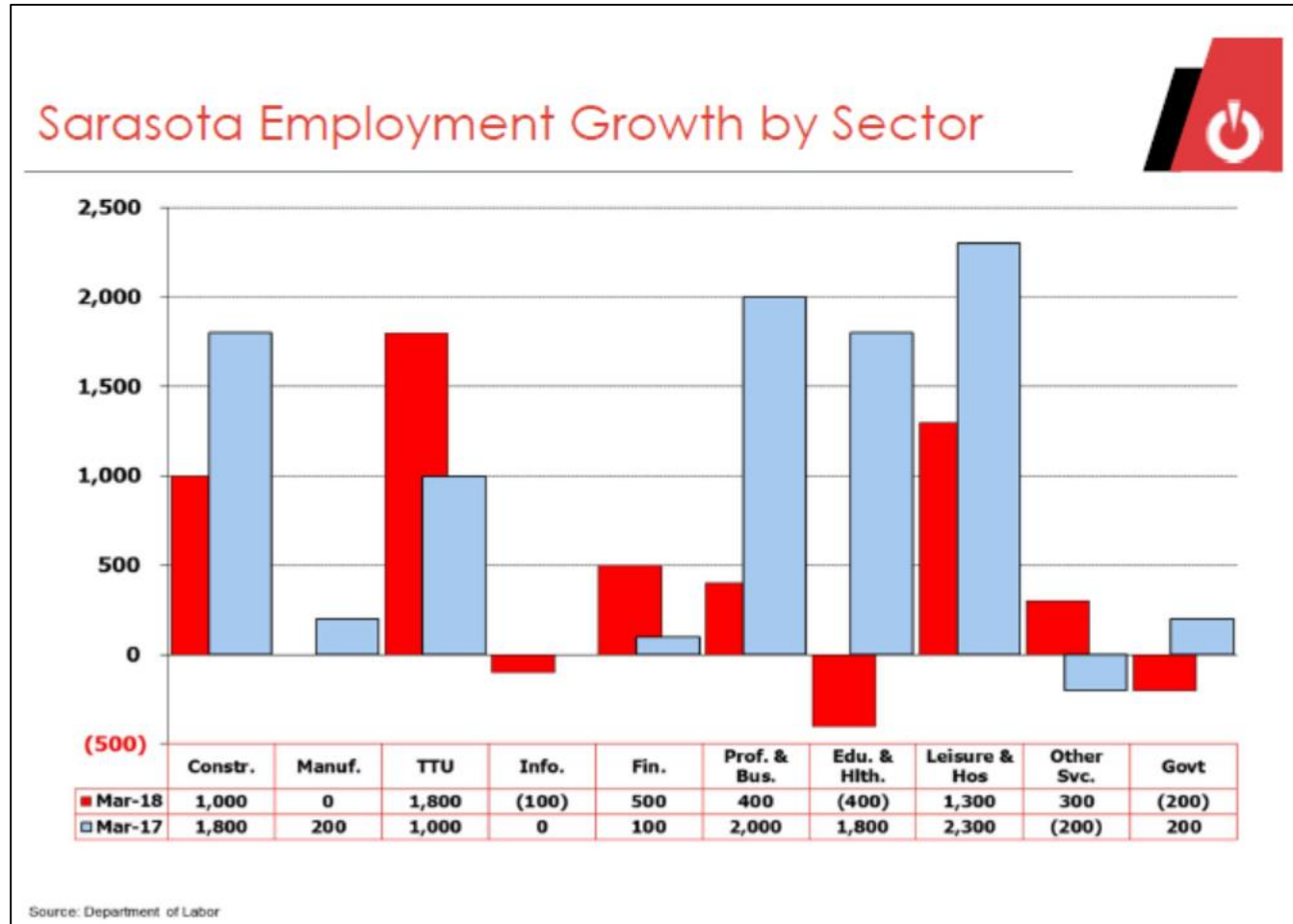
Job growth slows, but still positive



Source: BLS

Sarasota-Bradenton

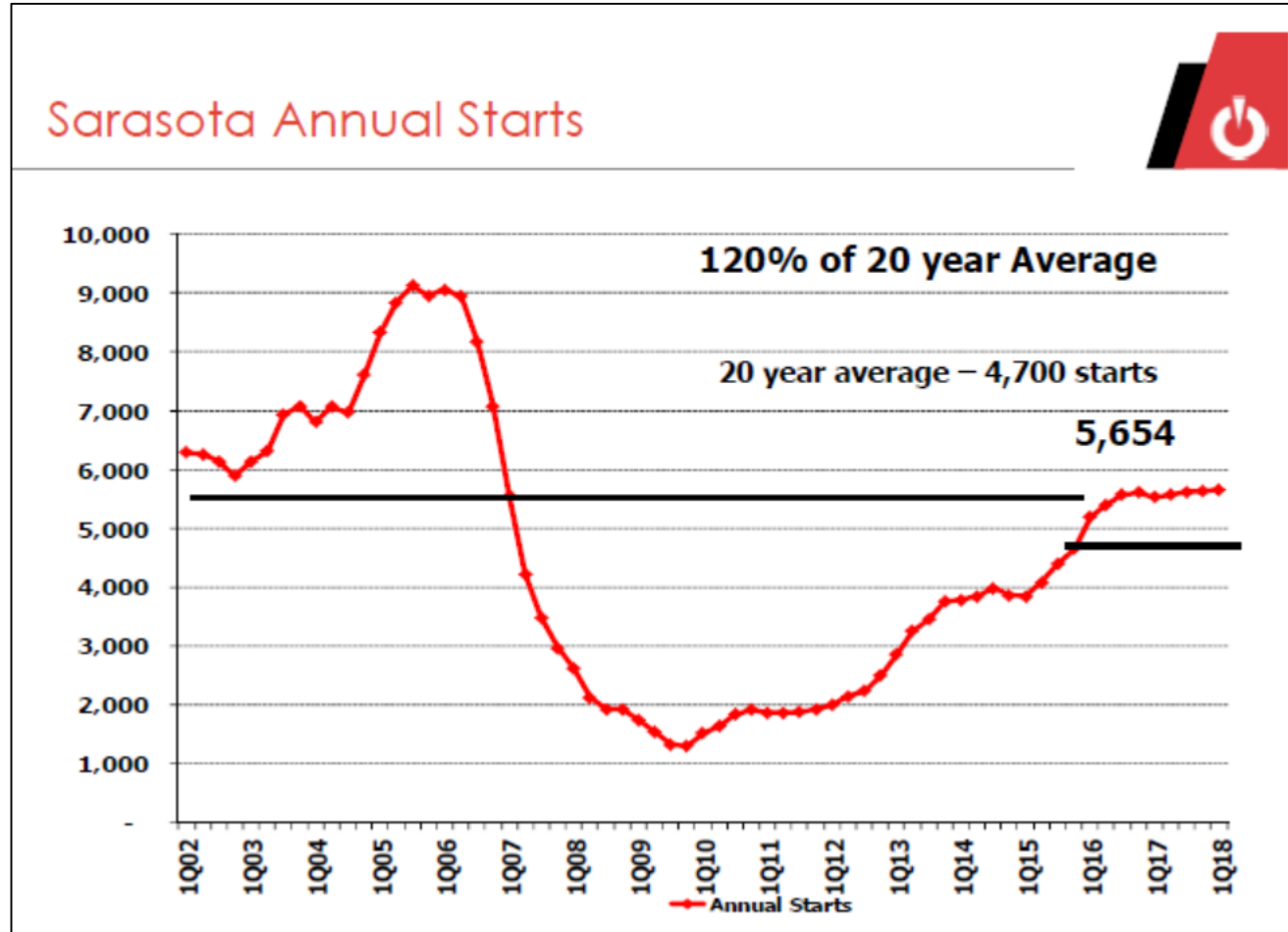
Construction, Trade, and Leisure/Hospitality lead the way



Source: BLS

Sarasota-Bradenton

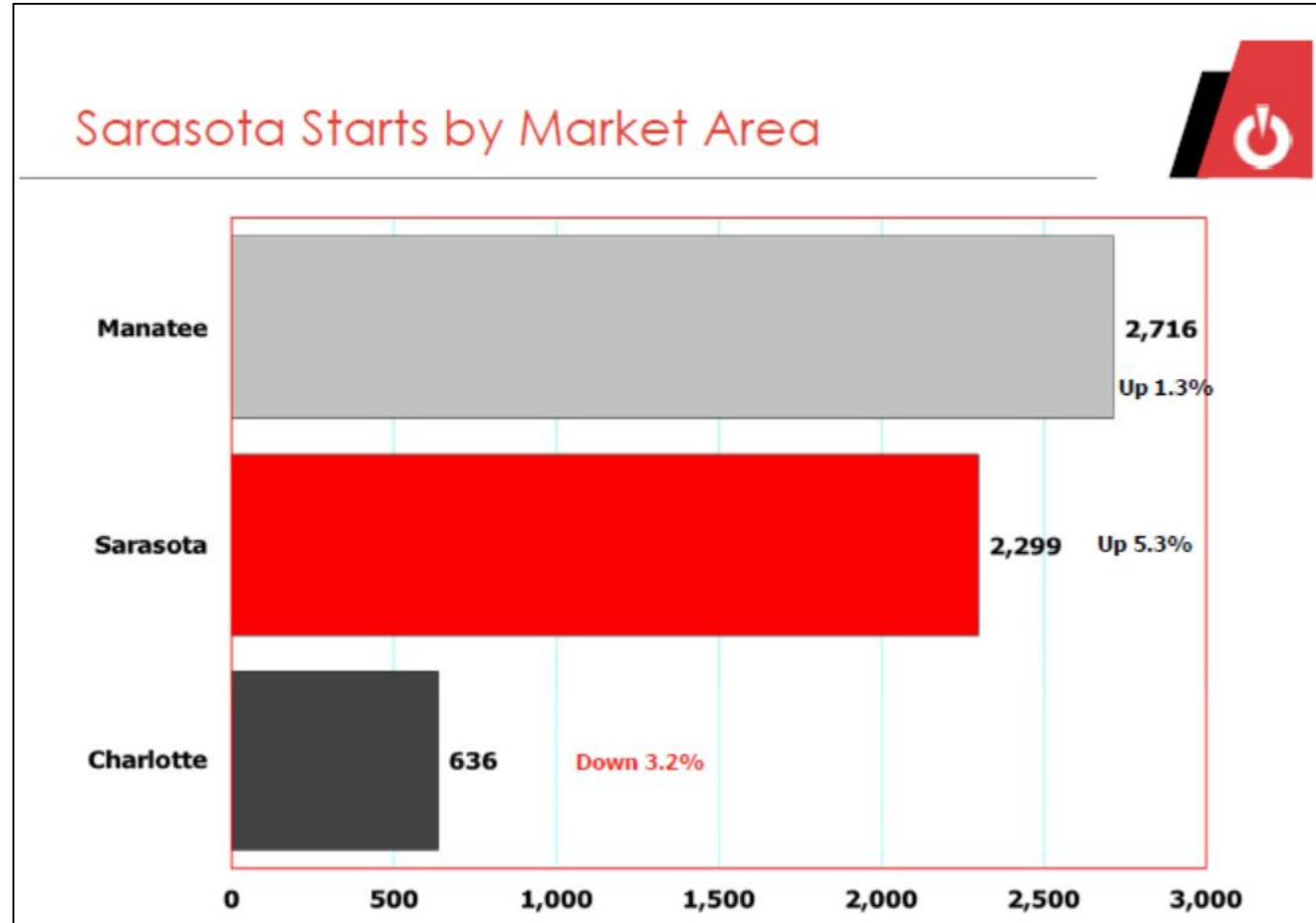
The only market well above the 20 year average



Source: Metrostudy

Sarasota-Bradenton

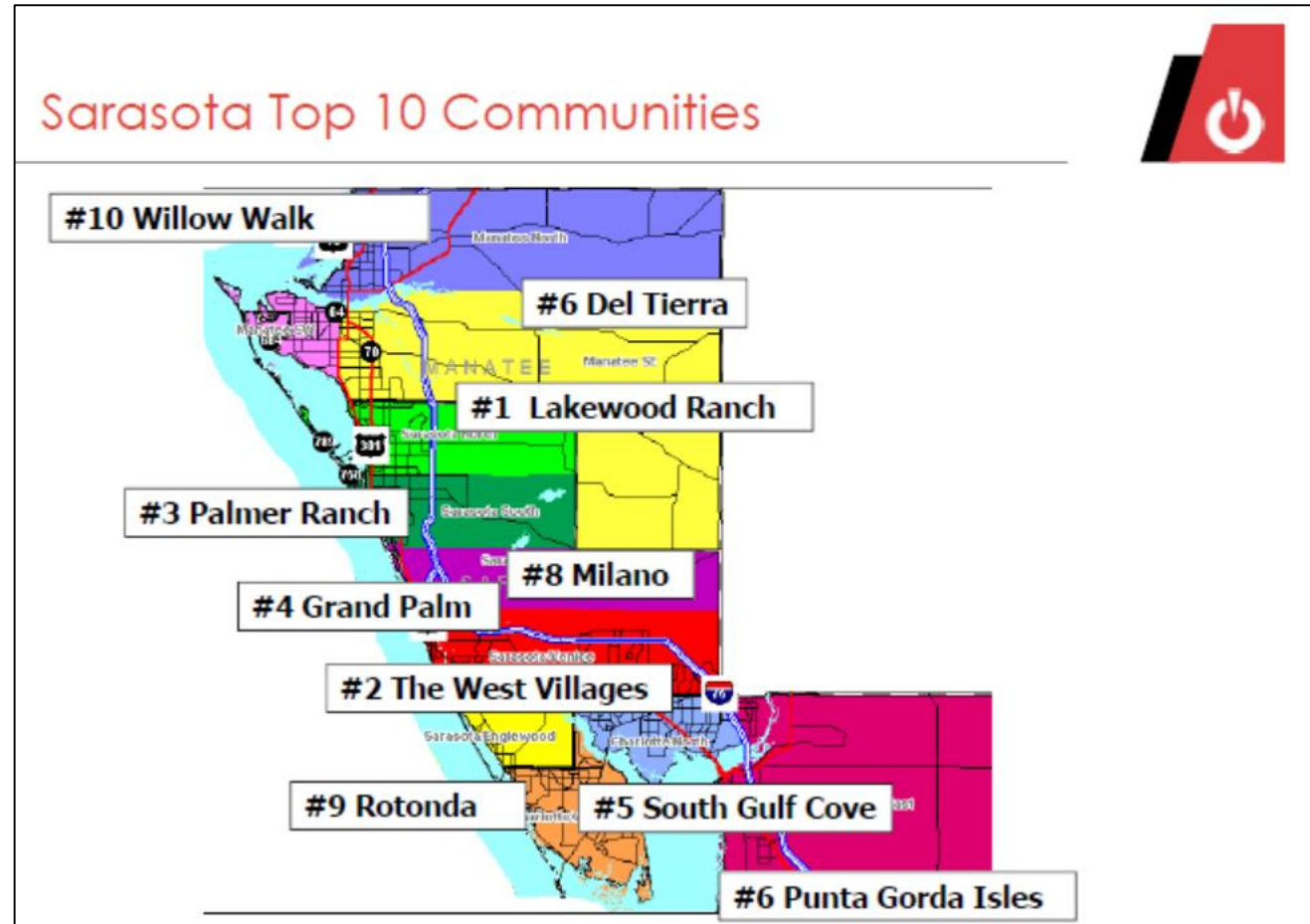
Manatee has the Lakewood Ranch effect



Source: Metrostudy

Sarasota-Bradenton

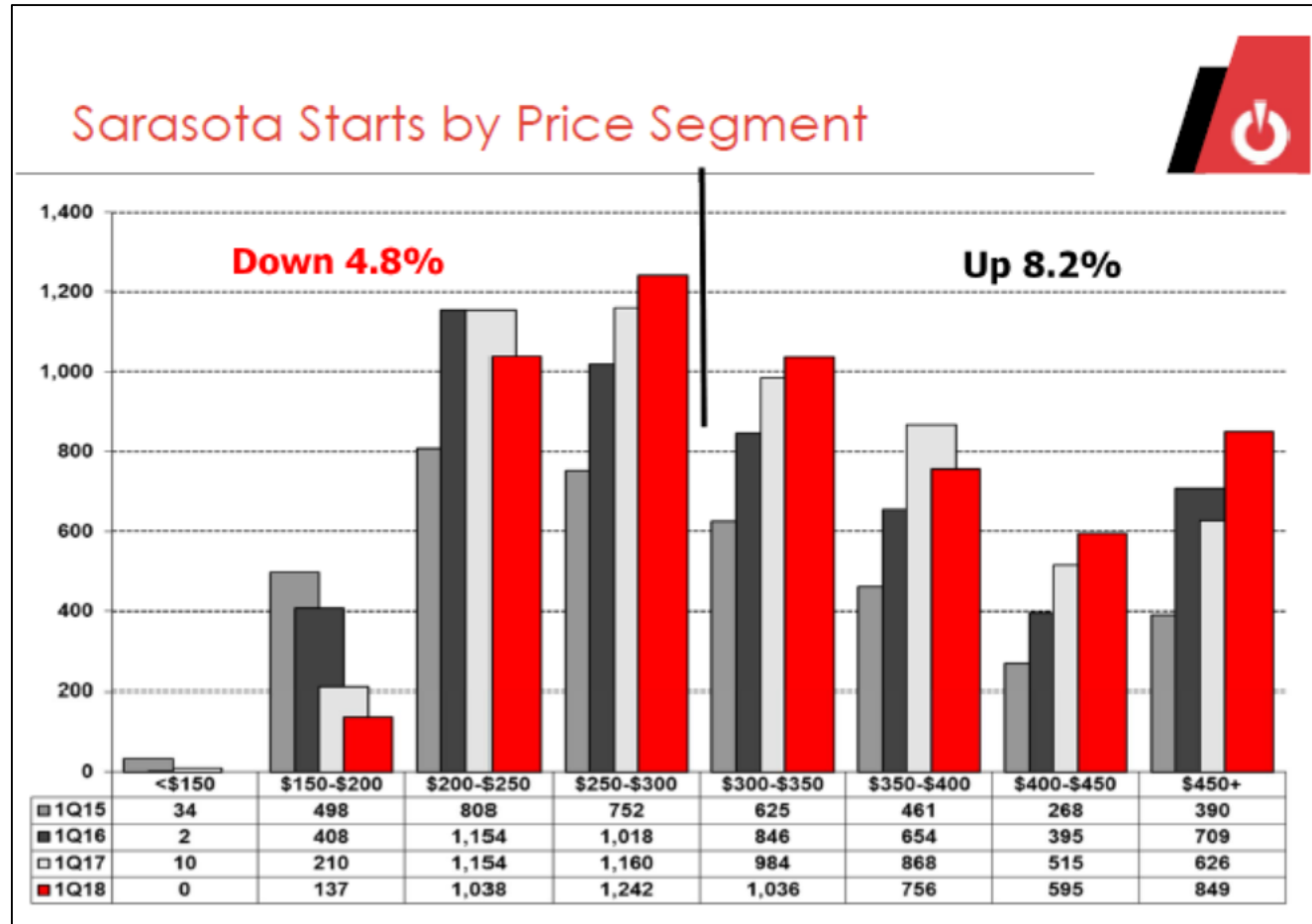
Lakewood Ranch and The West Villages are top communities nationally



Source: Metrostudy

Sarasota-Bradenton

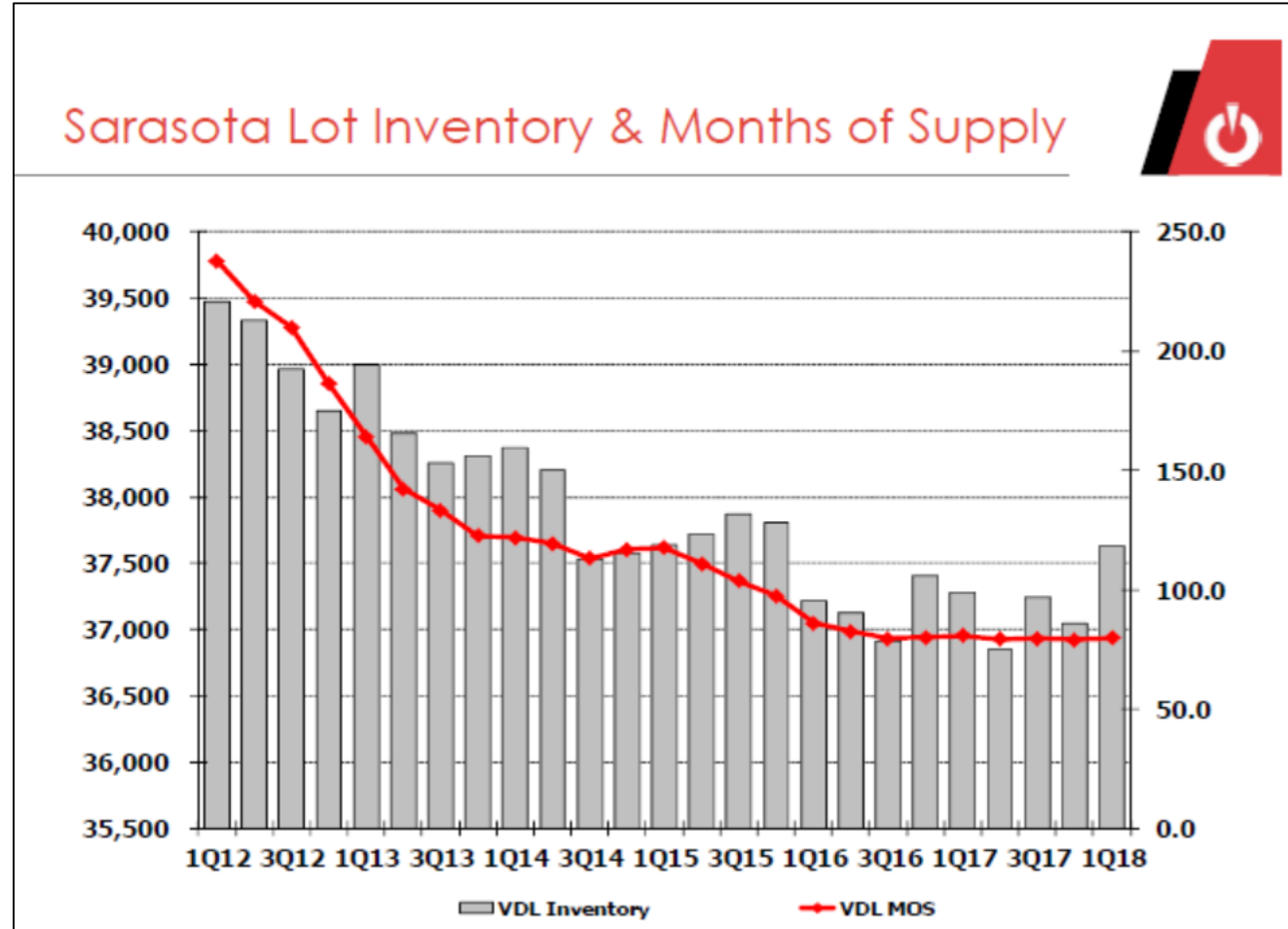
Growth is \$250K and up



Source: Metrostudy

Sarasota-Bradenton

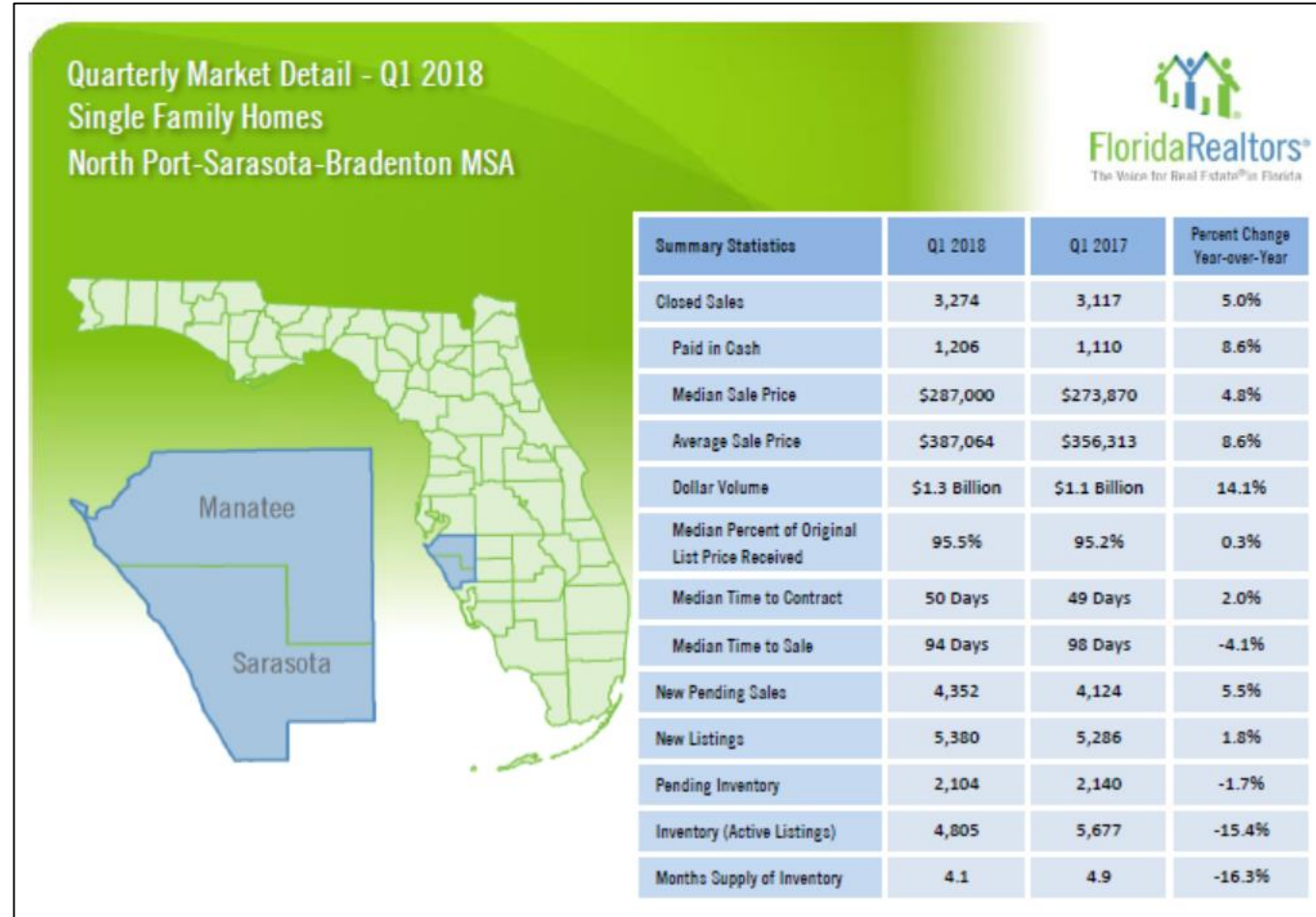
Lot supply stable, but deceptive



Source: Metrostudy

Sarasota-Bradenton

Above average appreciation, inventory down 15% y-o-y



Source: floridarealtors.org

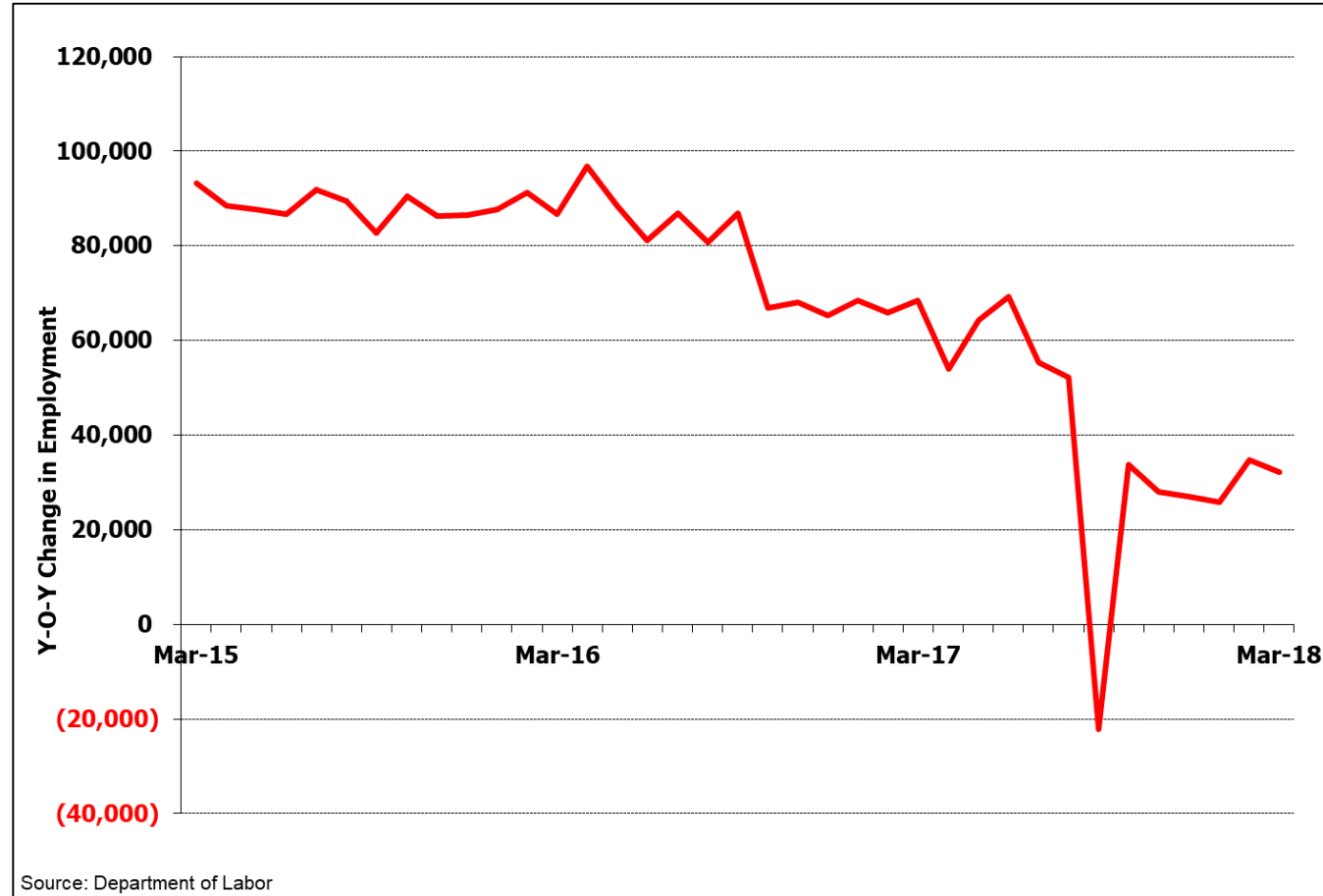


South Florida Housing Market

Supply, Demand, Trends

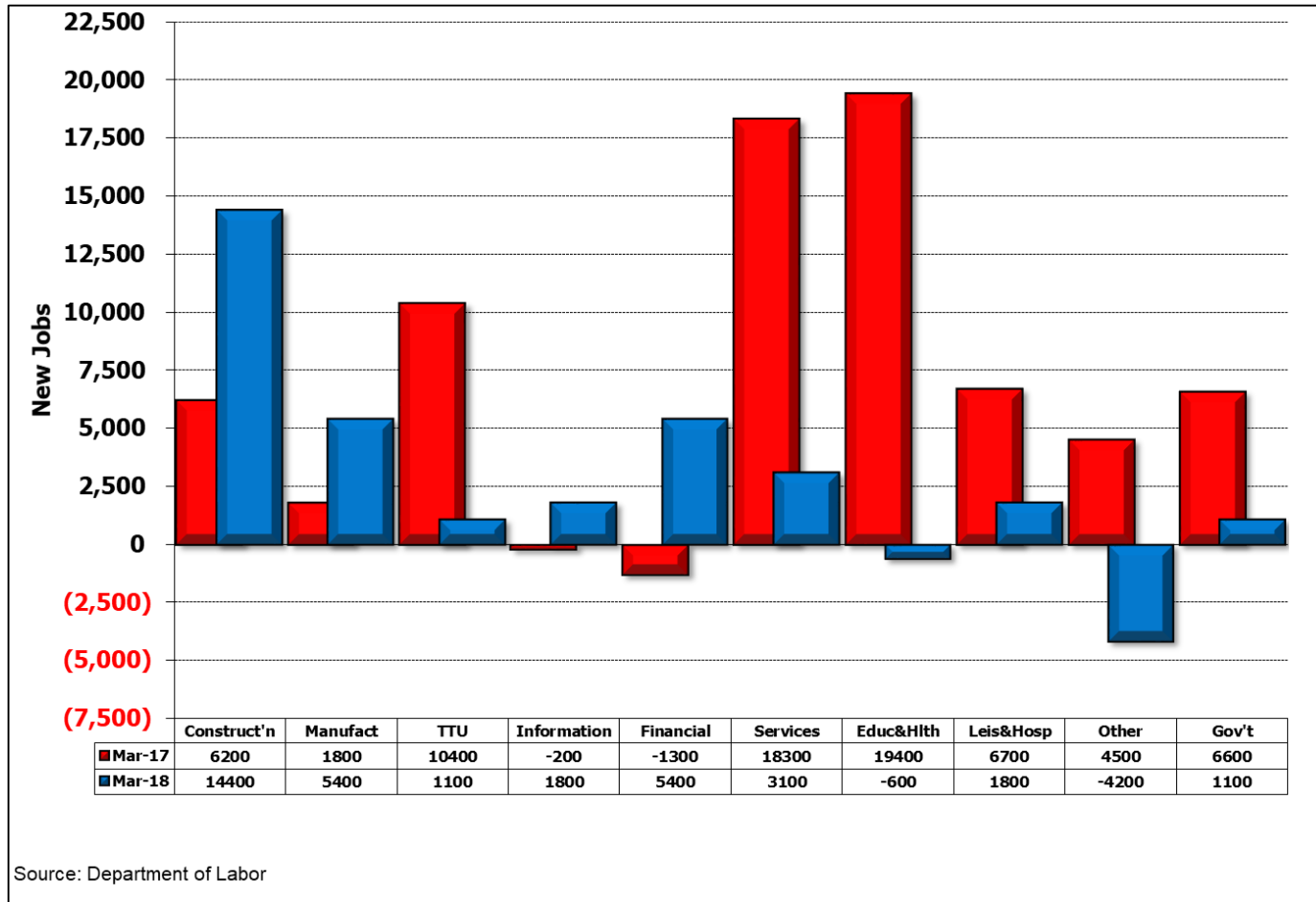
South Florida Employment Growth

Recovery after Irma, but well below peak in 2016



South Florida Employment Distribution

Solid growth in construction, manufacturing and financial sectors



Source: Department of Labor

South Florida Non-Seasonally Adjusted Unemployment Trend

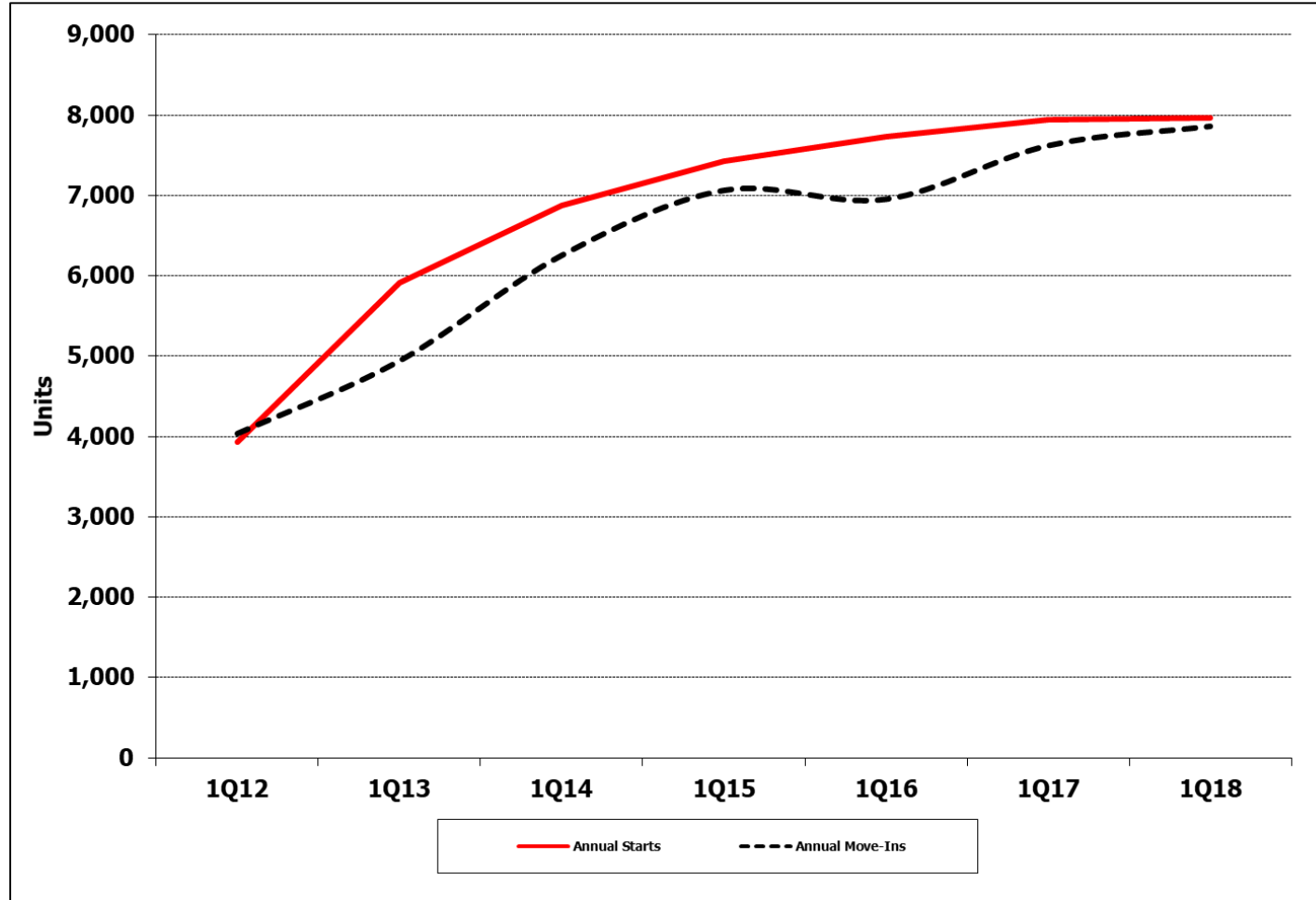
Declines everywhere except Miami-Dade



<u>MSA</u>	<u>Mar-18</u>	<u>Mar-17</u>
Sebastian - Vero Beach	4.3	4.8
Port St. Lucie - Martin	4.2	4.7
WPB - Boca - Delray	3.6	4.0
Ft. Laud - Pompano - Deerfield	3.5	3.9
Miami - Miami Beach - Kendall	5.0	5.0

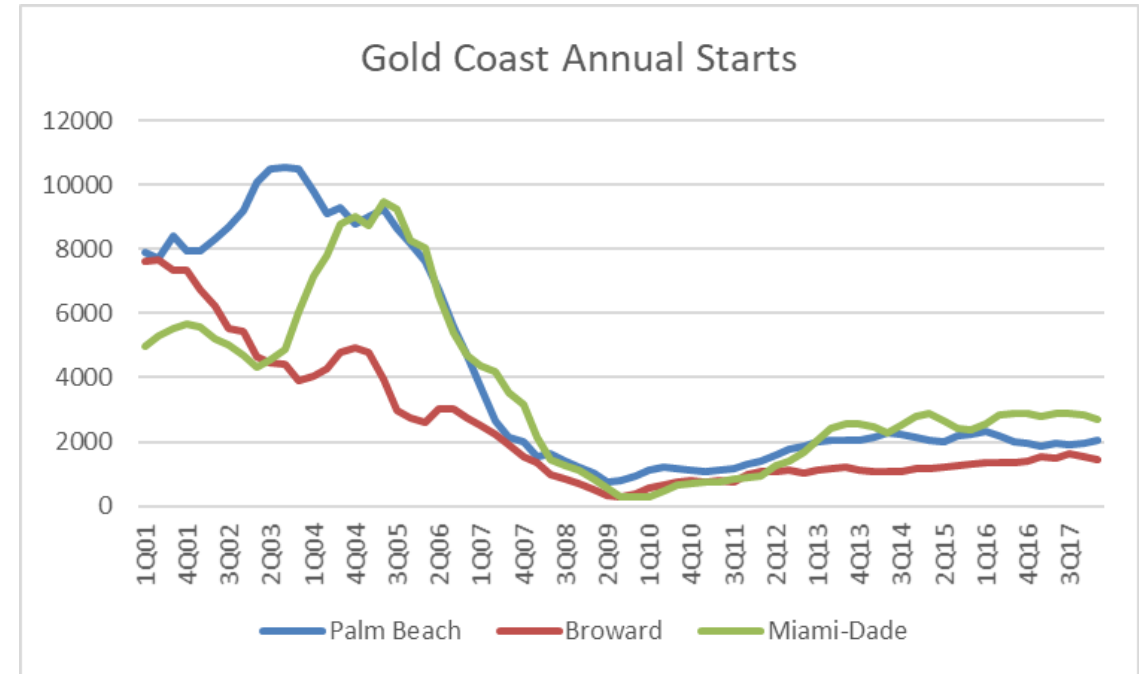
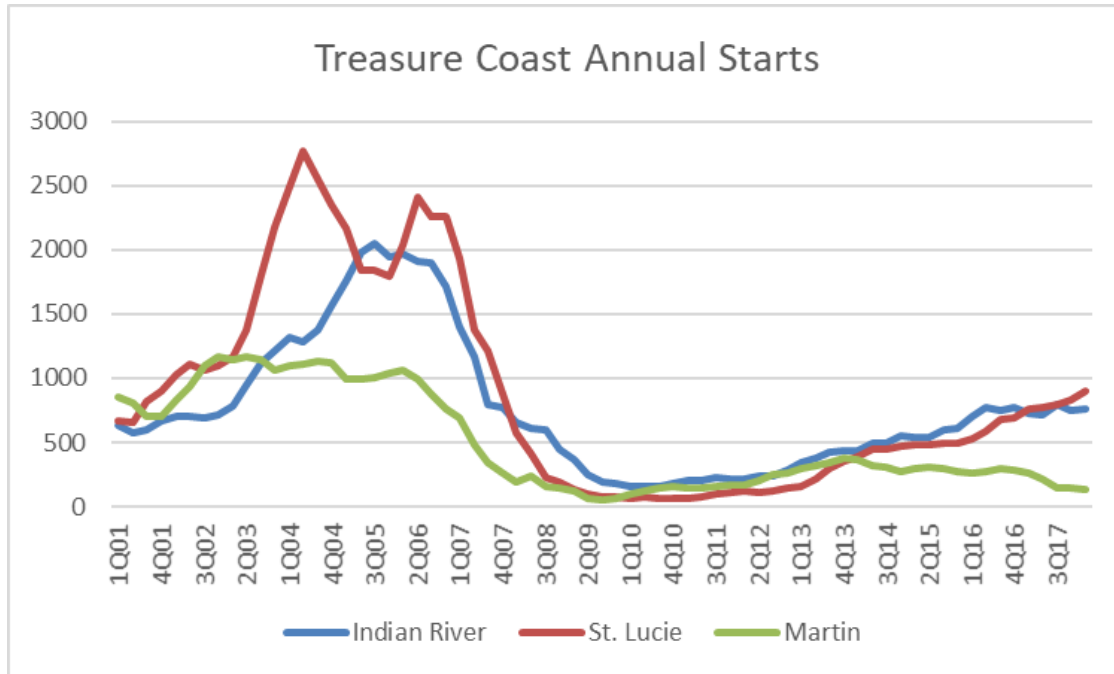
South Florida Single Family Annual Starts Trend

No starts growth in past 12 months



Treasure Coast & Gold Coast Starts Trend

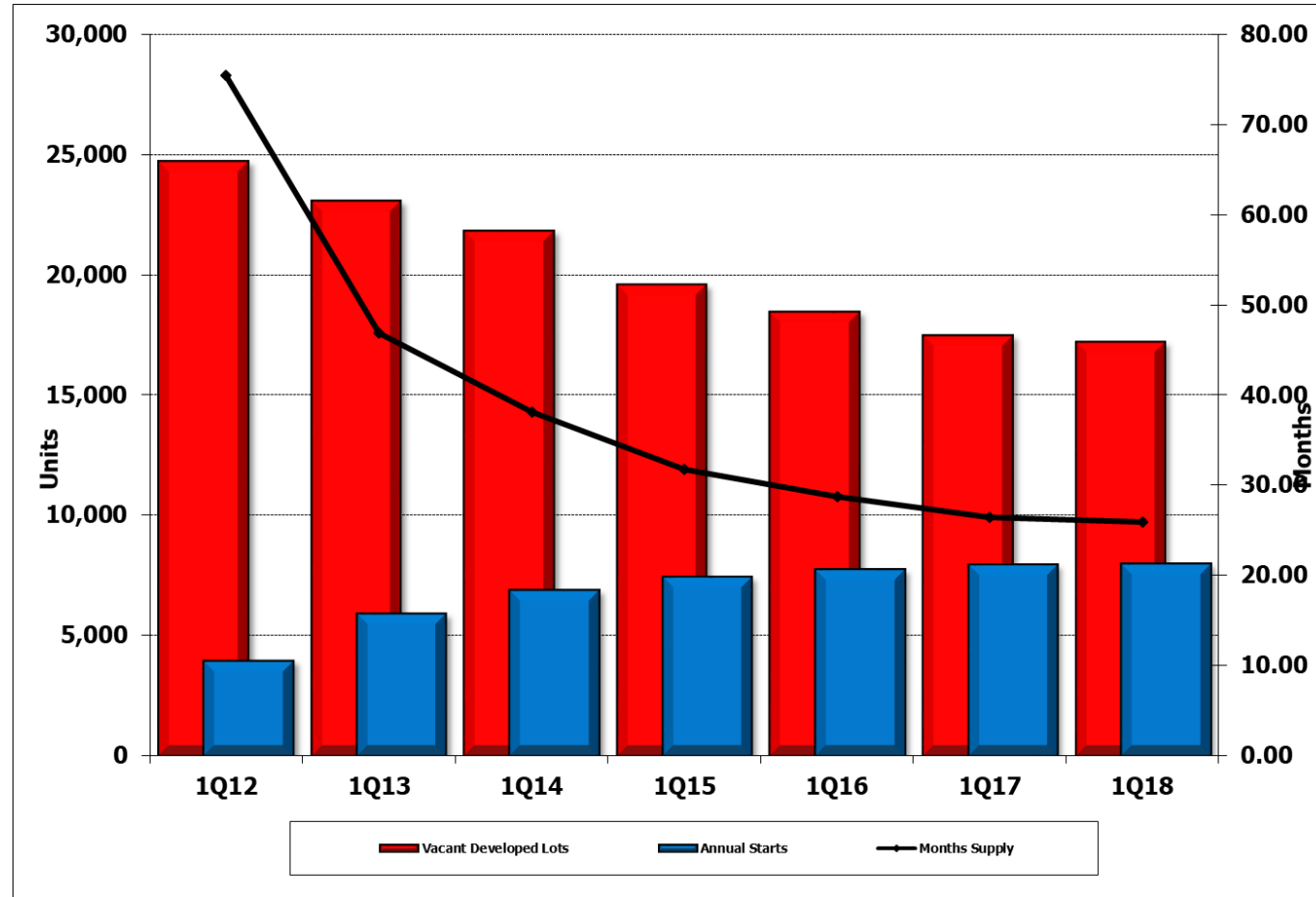
Only counties with starts growth – St. Lucie, Broward



Source: Metrostudy

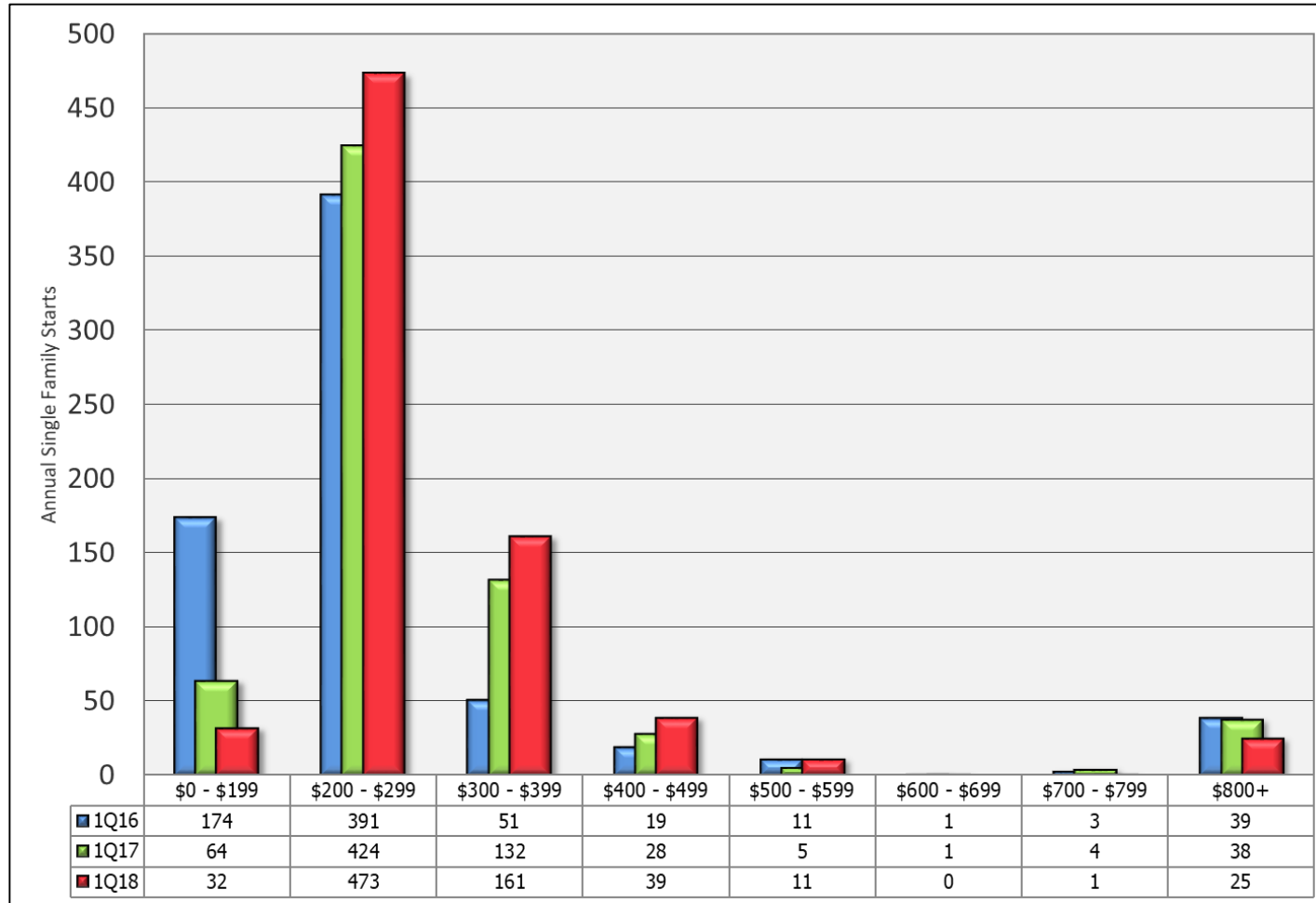
South Florida Vacant Developed Lots Trend

Supply continues to decline...but less so than previous years



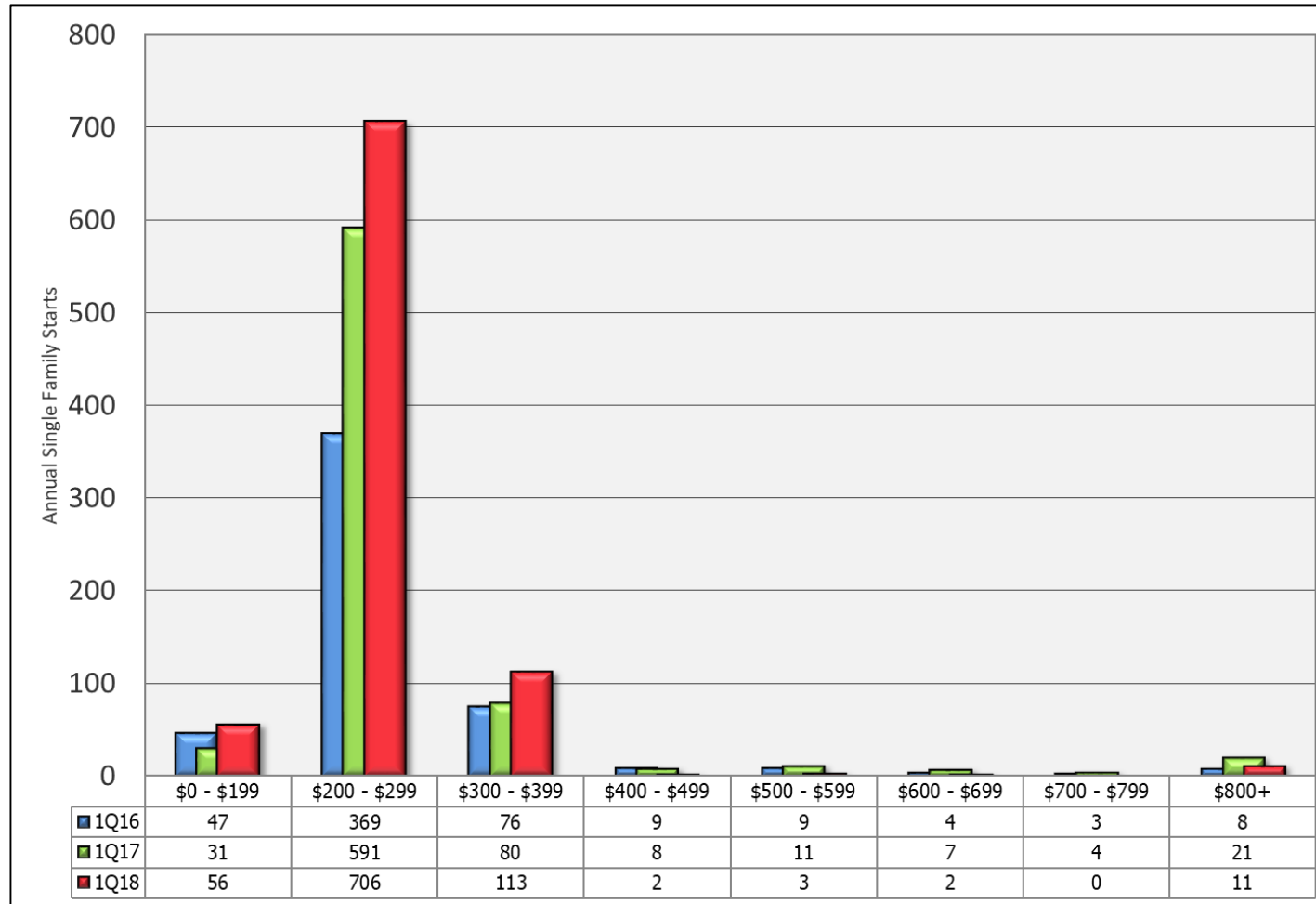
Indian River County Price Range Distribution (Annual Starts)

A Very Narrow Price Range



St. Lucie County Price Range Distribution (Annual Starts)

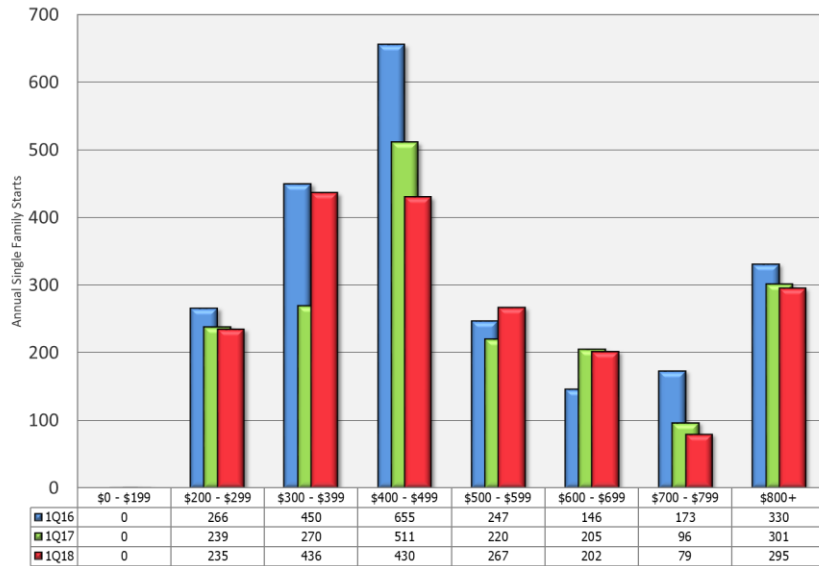
Also A Very Narrow Price Range; excludes scattered lots in Port St. Lucie



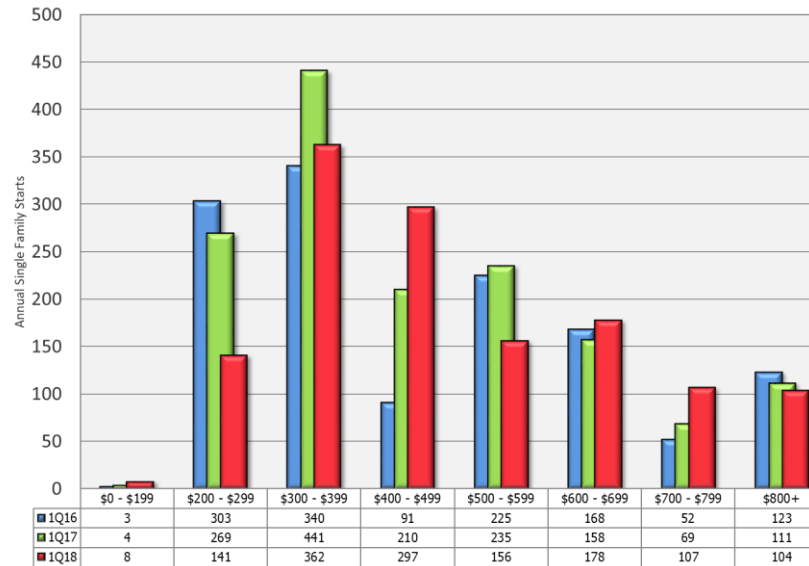
Gold Coast Price Distribution

Miami-Dade leads in “affordability”

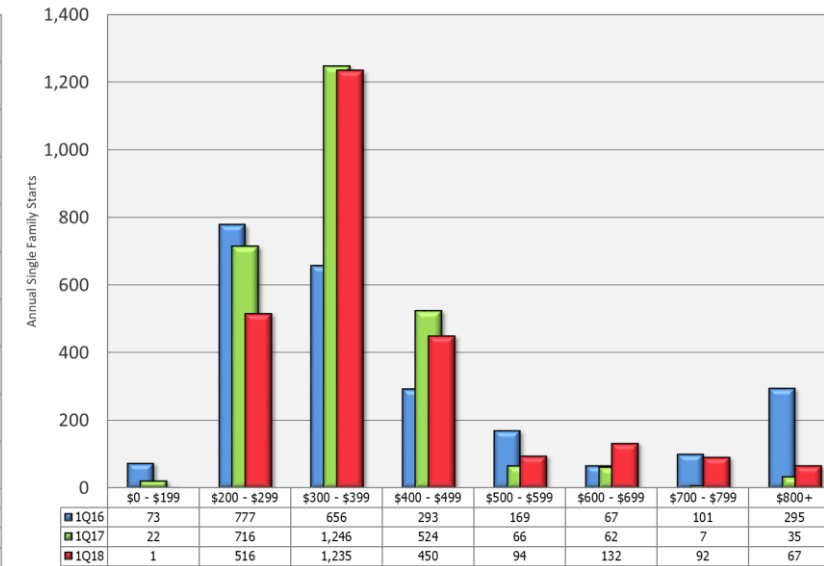
Palm Beach



Broward



Miami-Dade



Source: Metrostudy

South Florida Top Single Family Communities Ranked by Starts

Lennar dominates the Top 10

Ranking	Community	Location	Annual Starts	Annual Closings	Builder
1	Tradition	St. Lucie	302	315	Multi-blder
2	Artesa	Miami-Dade	252	381	Lennar
3	Satori	Miami-Dade	252	136	Lennar
4	Aqua Bella	Miami-Dade	243	136	Lennar
5	Valencia Bay	Palm Beach	225	192	GL Homes
6	Raintree	Broward	195	106	Lennar
7	MiraLago at Parkland	Broward	180	96	CC Homes/Lennar
8	Central Park	Miami-Dade	139	228	Lennar
9	PGA Village	St. Lucie	137	89	Kolter
10	Parkview at Hillcrest	Broward	137	37	Pulte

Source: Metrostudy

South Florida Builder Ranking by Brand (Closings)

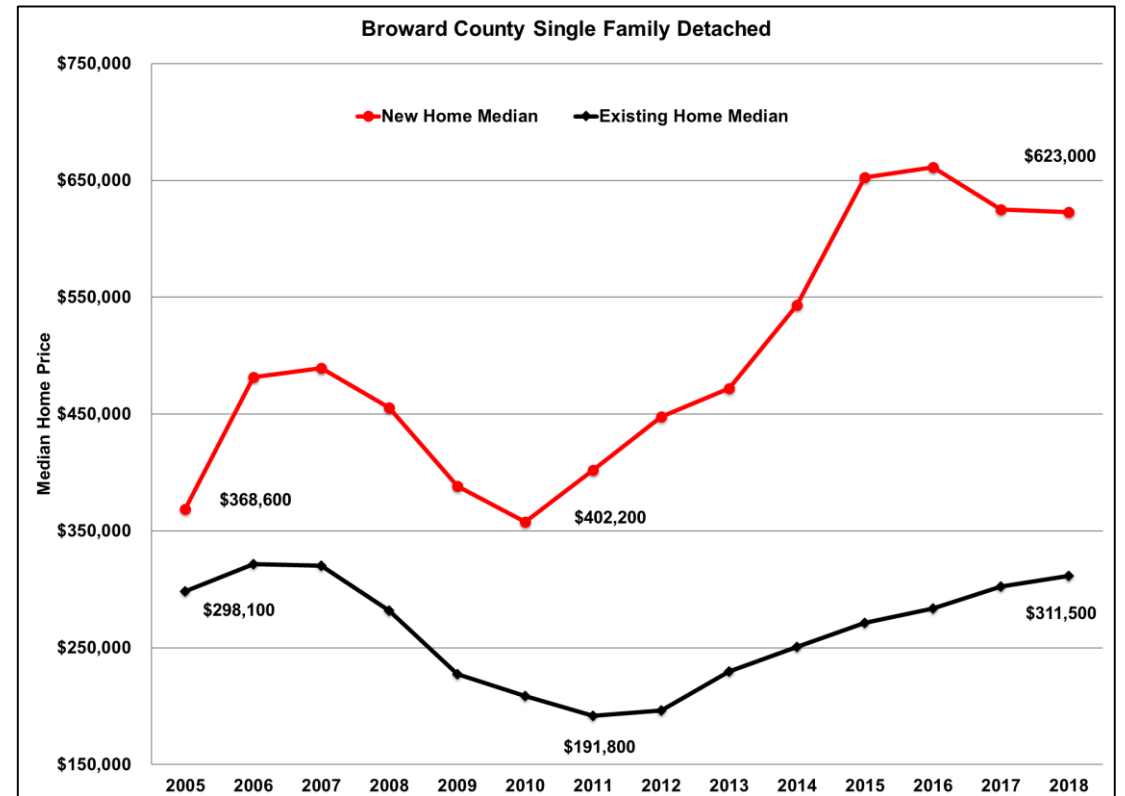
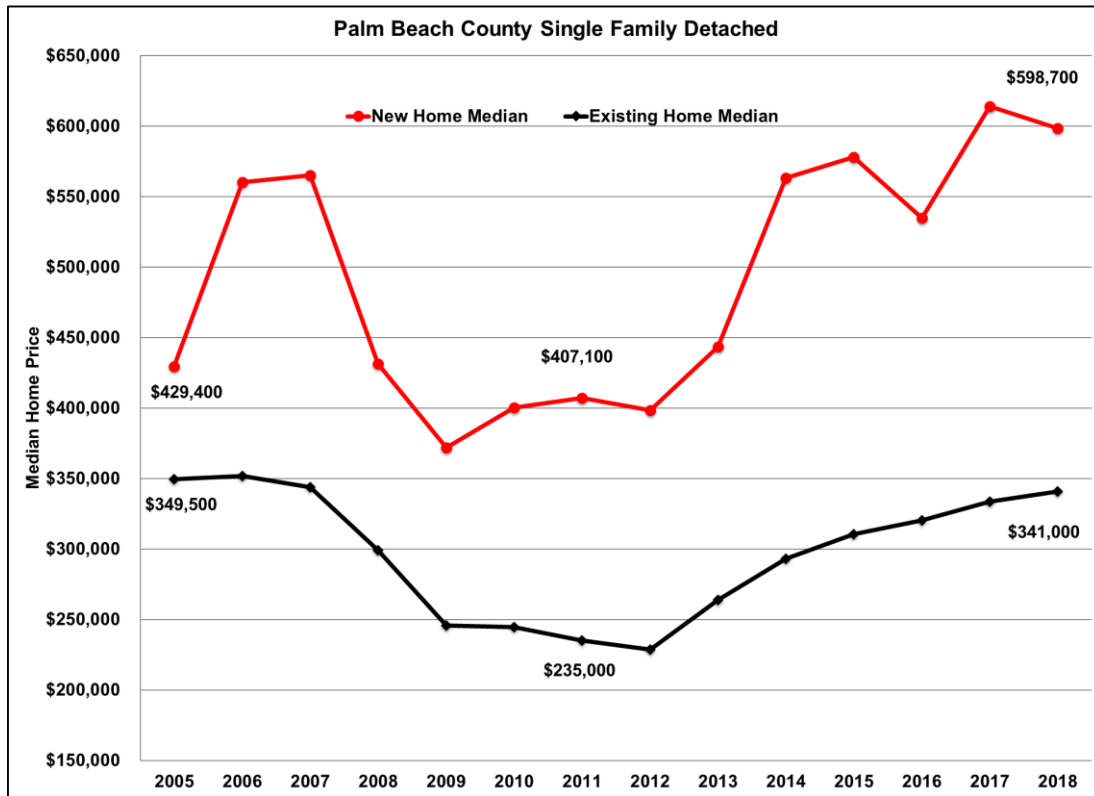
Lennar with big lead

Rank	Builder/Builder Brand	2Q17	3Q17	4Q17	1Q18	Annual
1	Lennar	467	602	613	497	2179
2	DR Horton Homes	186	231	196	193	806
3	GL Homes	204	107	106	126	543
4	CalAtlantic Homes	96	135	91	109	431
5	Divosta Homes	68	53	76	59	256
6	Kolter Homes	63	46	63	72	244
7	Express Homes by DR H	48	57	69	61	235
8	GHO Homes	65	70	43	42	220
9	K. Hovnanian Homes	46	63	76	32	217
10	Terra Group	73	38	64	22	197
11	CC Homes	118	56	10	7	191
12	Toll Brothers	41	31	42	31	145
13	AV Homes	26	28	46	41	141
14	13th Floor	46	21	36	23	126
15	Pulte	33	20	13	48	114
16	Minto Builders	19	16	42	25	102
17	Luxcom Builders	38	11	10	12	71
18	Kennedy Homes	9	30	14	15	68
19	Maronda Homes	17	14	16	18	65
20	Ryan Homes	6	3	16	40	65

Source: Metrostudy

Palm Beach and Broward counties New vs. Resale Price Trends

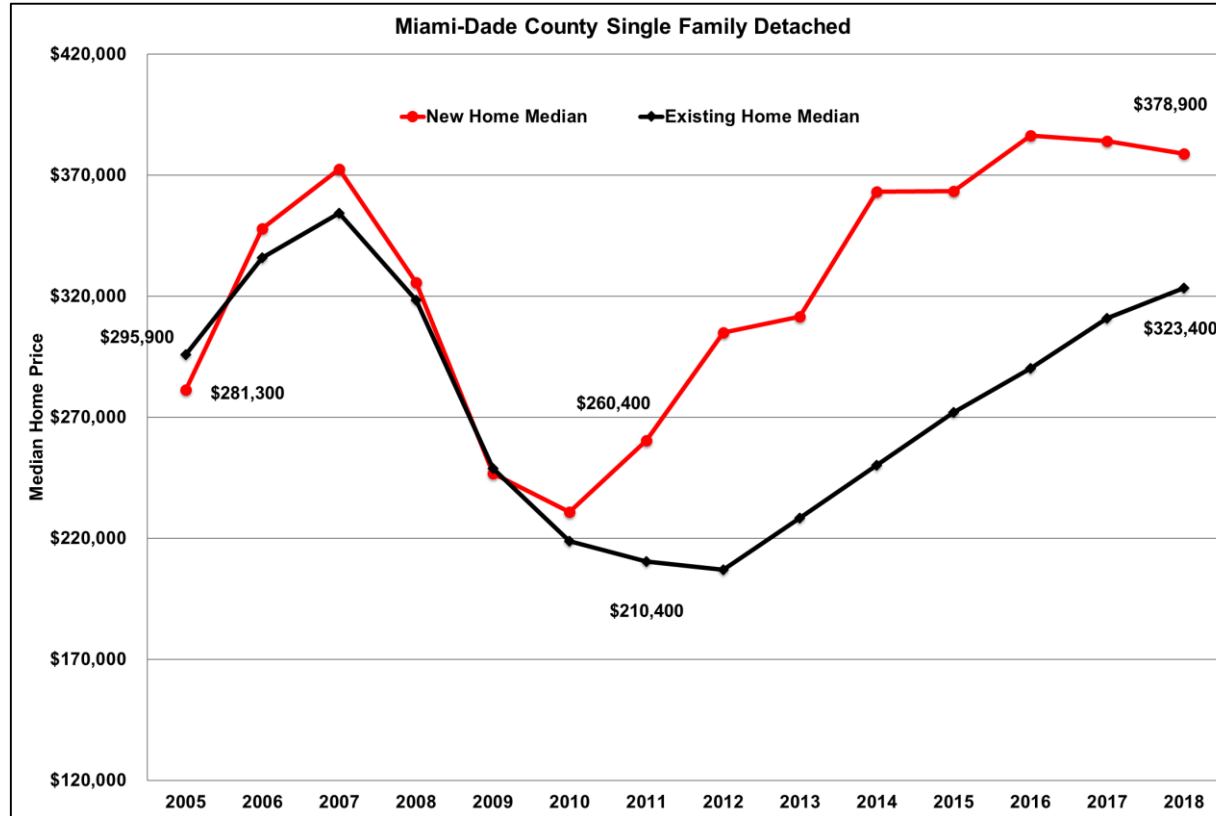
Huge price gap in Broward and Palm Beach between new and resale



Source: Metrostudy

Miami-Dade County New vs. Resale Price Trend

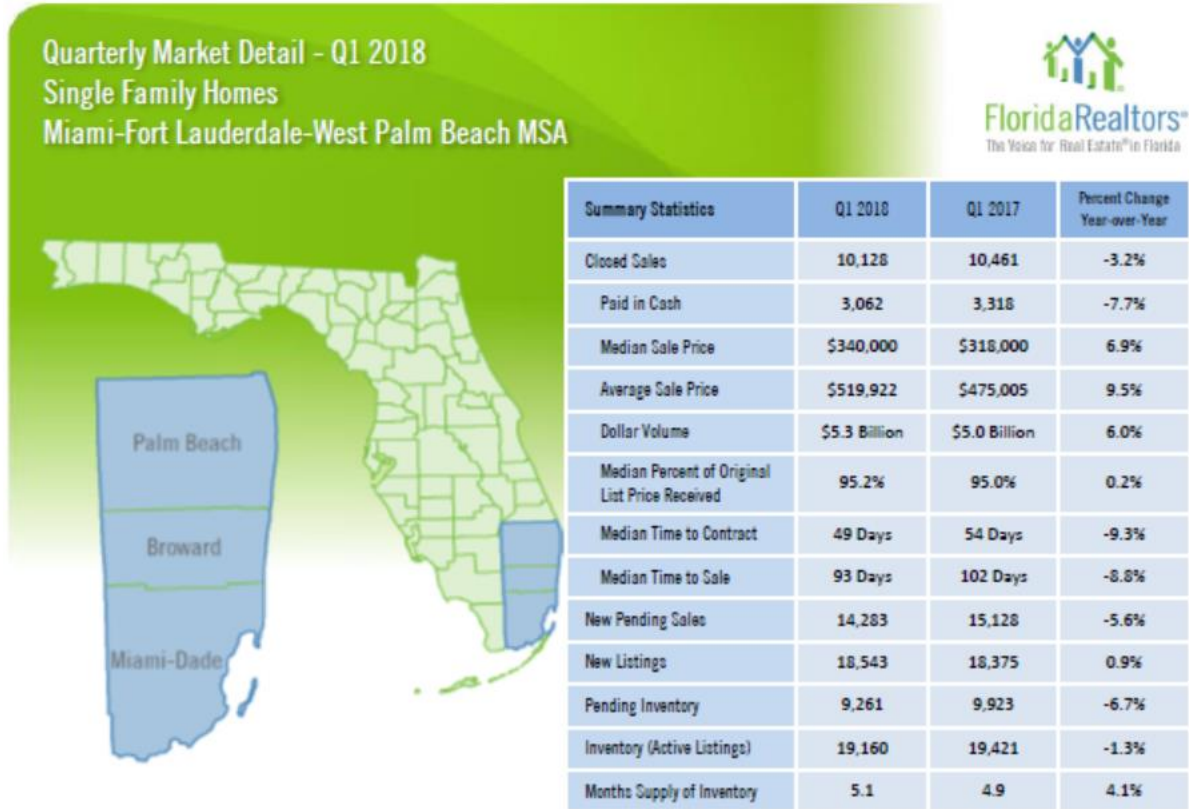
Miami-Dade closer to “normal” spread between new and resale



Source: Metrostudy

MLS Trends – Miami-Ft. Lauderdale-WPB MSA

Above average appreciation, slightly constrained inventory



Closed Sales

The number of sales transactions which closed during the quarter

Quarter	Closed Sales	Percent Change Year-over-Year
Year-to-Date	10,128	-3.2%
Q1 2018	10,128	-3.2%
Q4 2017	10,503	-4.2%
Q3 2017	11,001	-13.5%

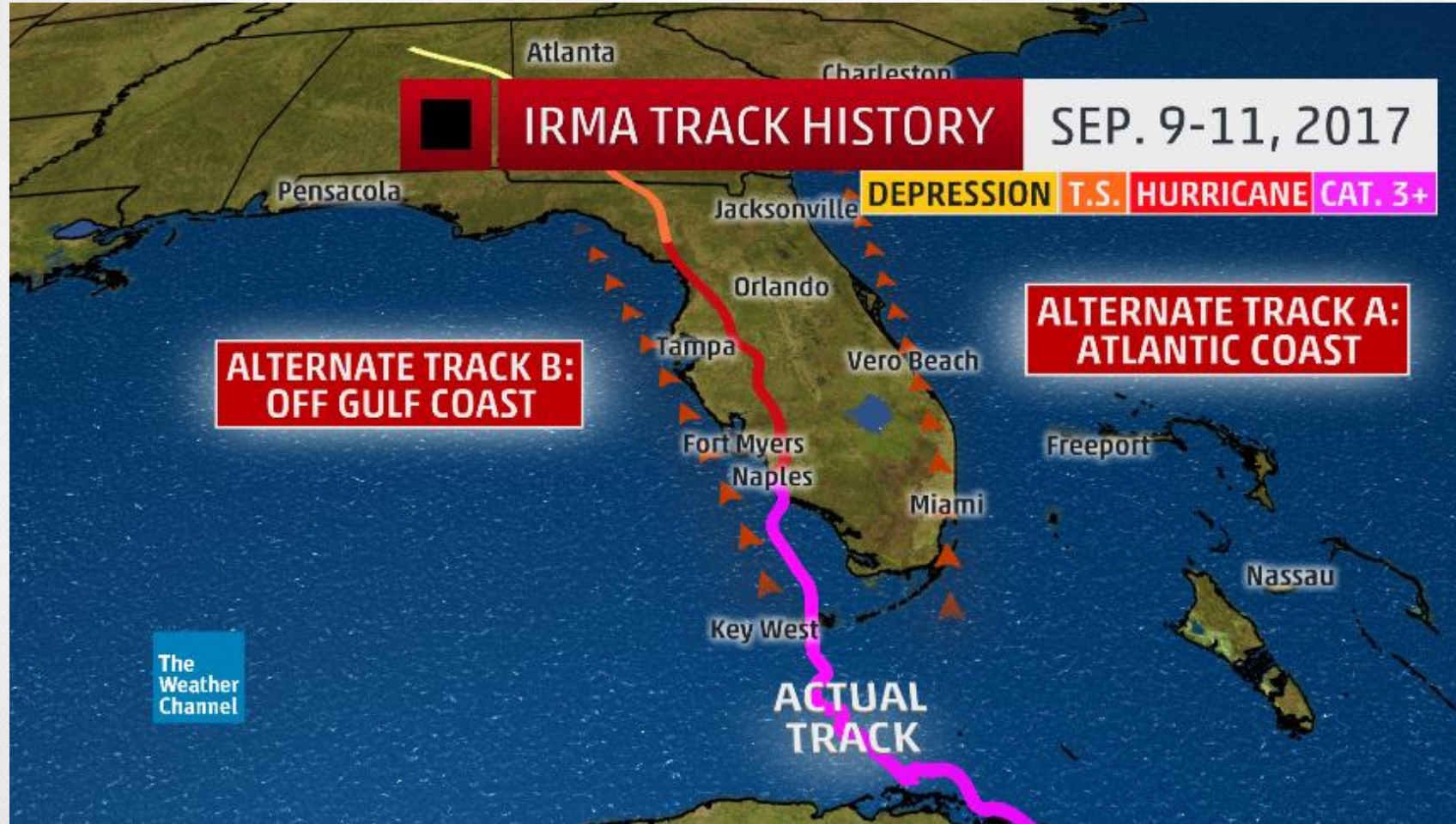
Southwest Florida Housing Market

Supply, Demand, Trends

Hurricane Irma



The Path of Hurricane Irma



Source: The Weather Channel



Irma's Wind Field and Insured Loss Estimate

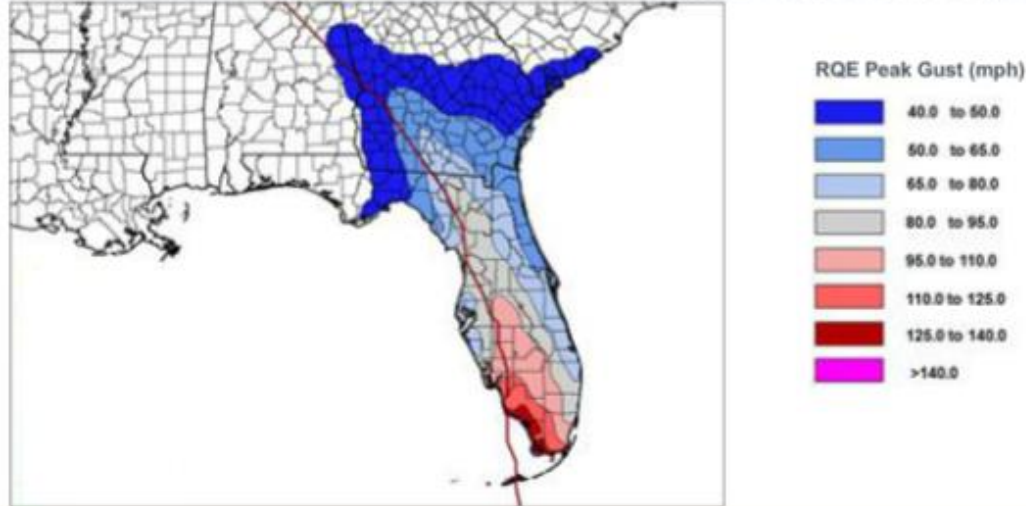


Hurricane Irma – U.S. Insured Losses

Modeled in RQE® based on NHC data as of Sep. 11, 2017

	Wind	Flood	Total
Residential	\$11 - \$15 B	\$5 - \$8 B	\$6 - \$23 B
Commercial	\$2.5 - \$4 B	\$4 - \$8 B	\$6.5 - \$12 B
Total	\$13.5 - \$19 B	\$9 - \$16 B	\$22.5 - \$35 B

Notes: Residential includes Commercial Residential; the bulk of Residential flood losses are covered by the NFIP, a government program.



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Source: CoreLogic





How Often Should We Expect Such An Event?

Planning for a foreseeable loss severity

- ♦ Modeled event return periods
 - Return period of a hurricane landfall of 130 mph sustained or greater:
 - in southwest Florida is ~ 43 years
 - in Florida is ~ 10 years
 - Return period of a hurricane landfall of 115 mph sustained or greater:
 - in southwest Florida is ~ 19 years
 - in Florida is ~ 5 years
- ♦ Modeled loss return periods
 - Return period of a loss of this severity or greater:
 - in Florida is ~ 15-19 years
 - along the US Gulf and Atlantic coast is ~ 8-11 years
- ♦ These return periods are consistent with observed historical activity

Category	Wind Speed (mph)	Damage at Landfall	Storm Surge (feet)
1	74-95	Minimal	4-5
2	96-110	Moderate	6-8
3	111-130	Extensive	9-12
4	131-155	Extreme	13-18
5	> 155	Catastrophic	19+

Source: CoreLogic

Florida Keys – Ground Zero



90% of homes damaged; 25% destroyed



175,000 homes
in Florida
subjected to
winds in excess
of 125mph
9M total = 2%

Source: Getty Images,
CoreLogic, US Census Bureau



Marco Island – Second landfall



Marco Island



Cape Marco – SW corner of Marco Island



**Built out 2001 -
2006**



Cape Marco built to Cat 5 standard



Storm veers east, reducing impact to Lee County



SR 78 between Alva and LaBelle



WIP Housing Inventory survey – little to no damage



- Lennar
- Minto Group
- D.R. Horton
- Neal Communities
- cchomes
- Luxcom Builders
- Kitson & Partners
- Toll Brothers
- NVR
- GL Homes



D.R. Horton Project, Lee County, FL
October 2017

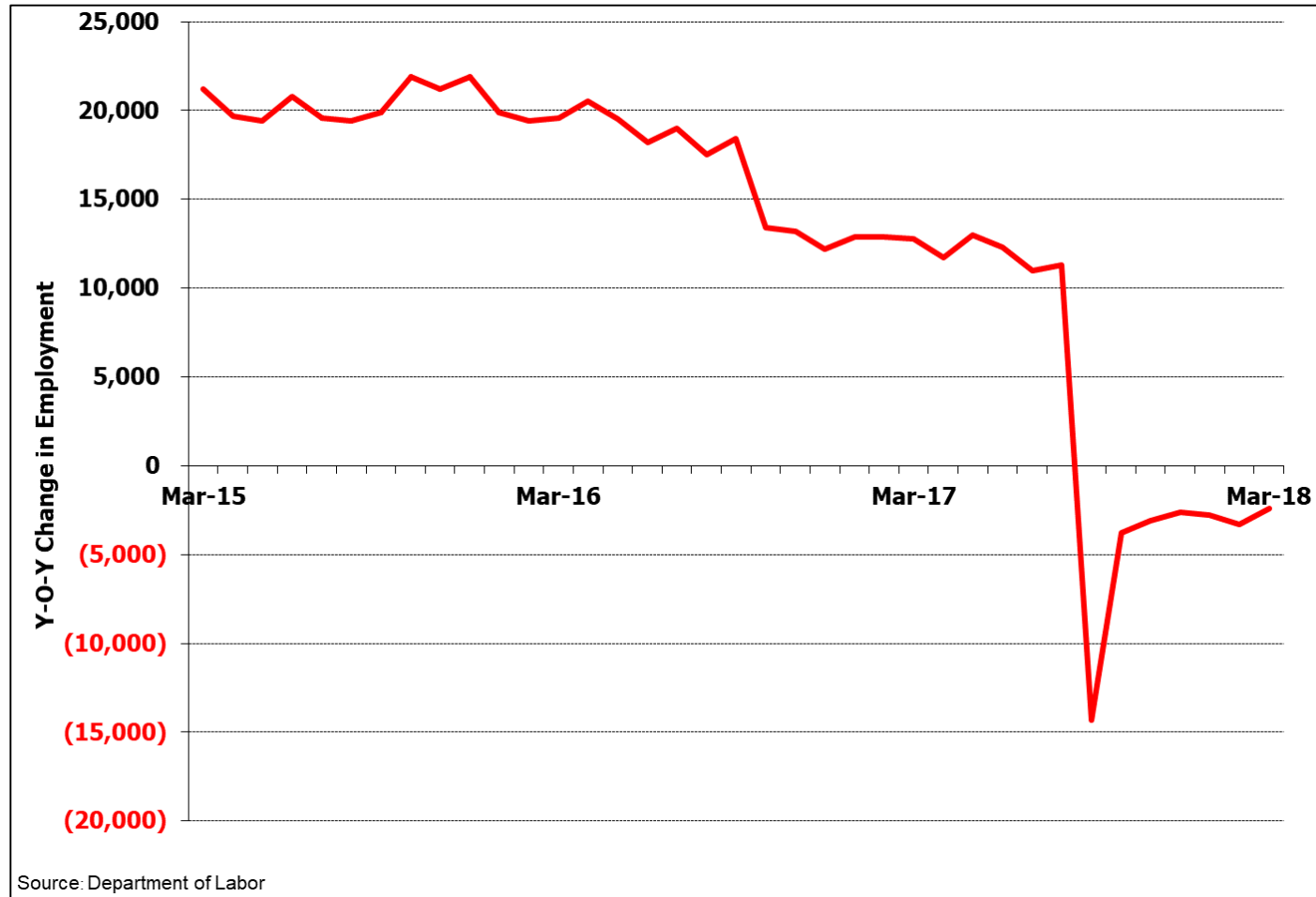
Post Hurricane Impacts to Builders



- September/Oct – loss of sales and closings due to power outages and labor disruption – several public builders made adjustments to near term forecasts
- Concern about building permit bottlenecks due to increase in remodel permits – increased cycle time
- Loss of labor to insurance claims business
- Material cost increases in aluminum, roofing products, landscaping, drywall; roofing material shortages
- Disruption to division level staff
- Negative impact to gross margins if no price protection

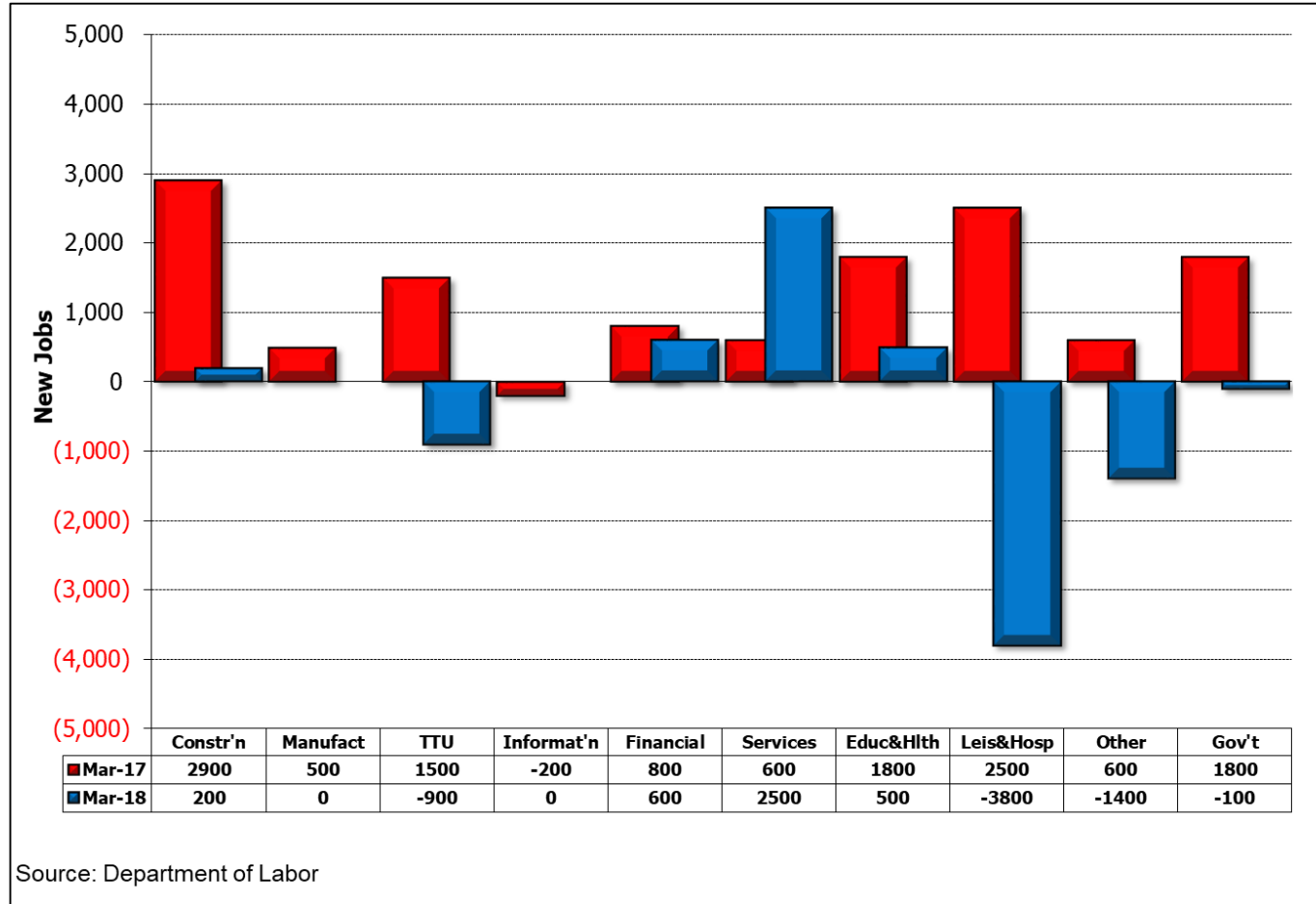
Southwest Florida Employment Growth

Recovery from Irma not complete



Southwest Florida Employment Distribution

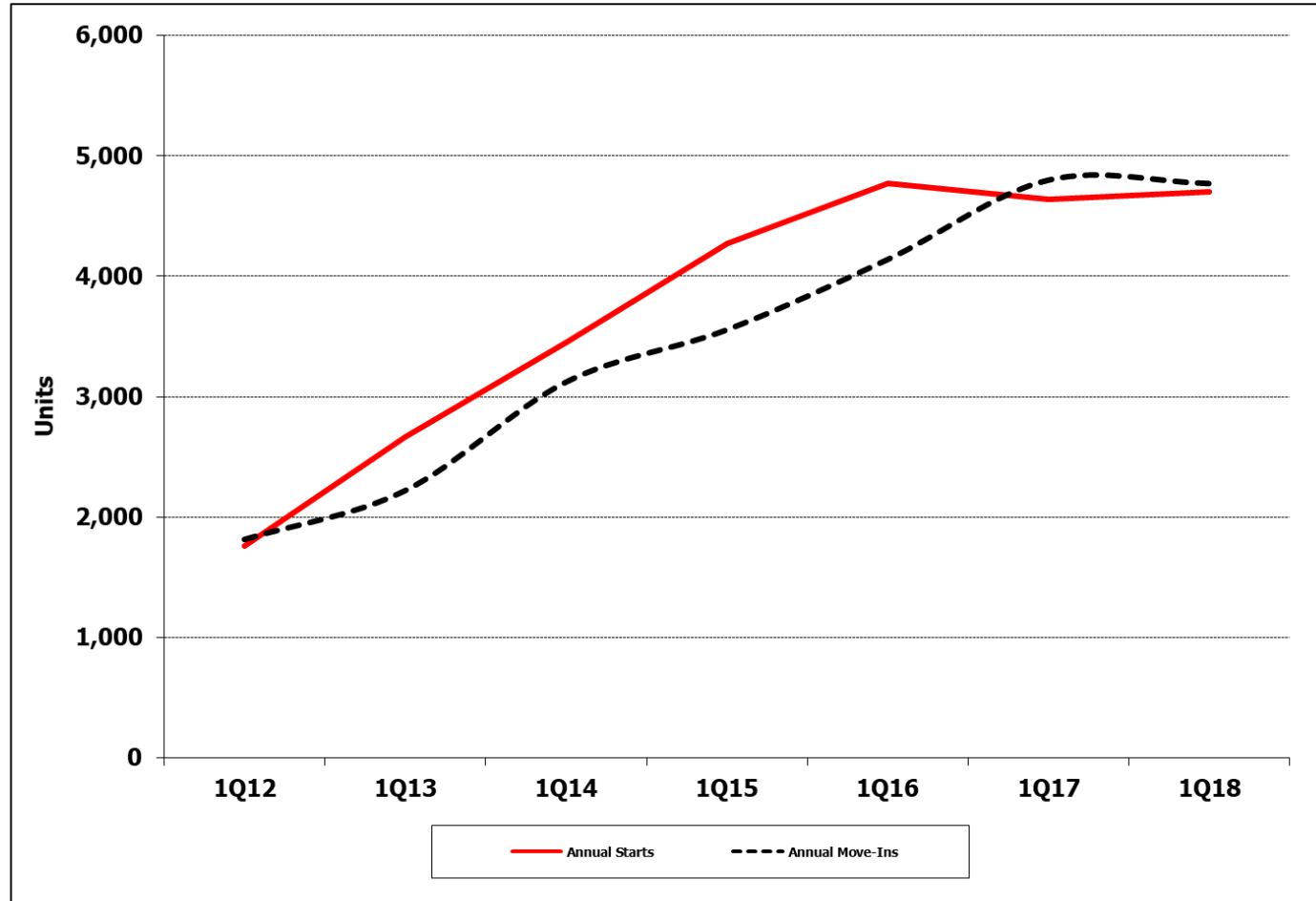
Naples leads state with 3,200 y-o-y job losses



Source: Department of Labor

Southwest Florida Single Family Annual Starts Trend

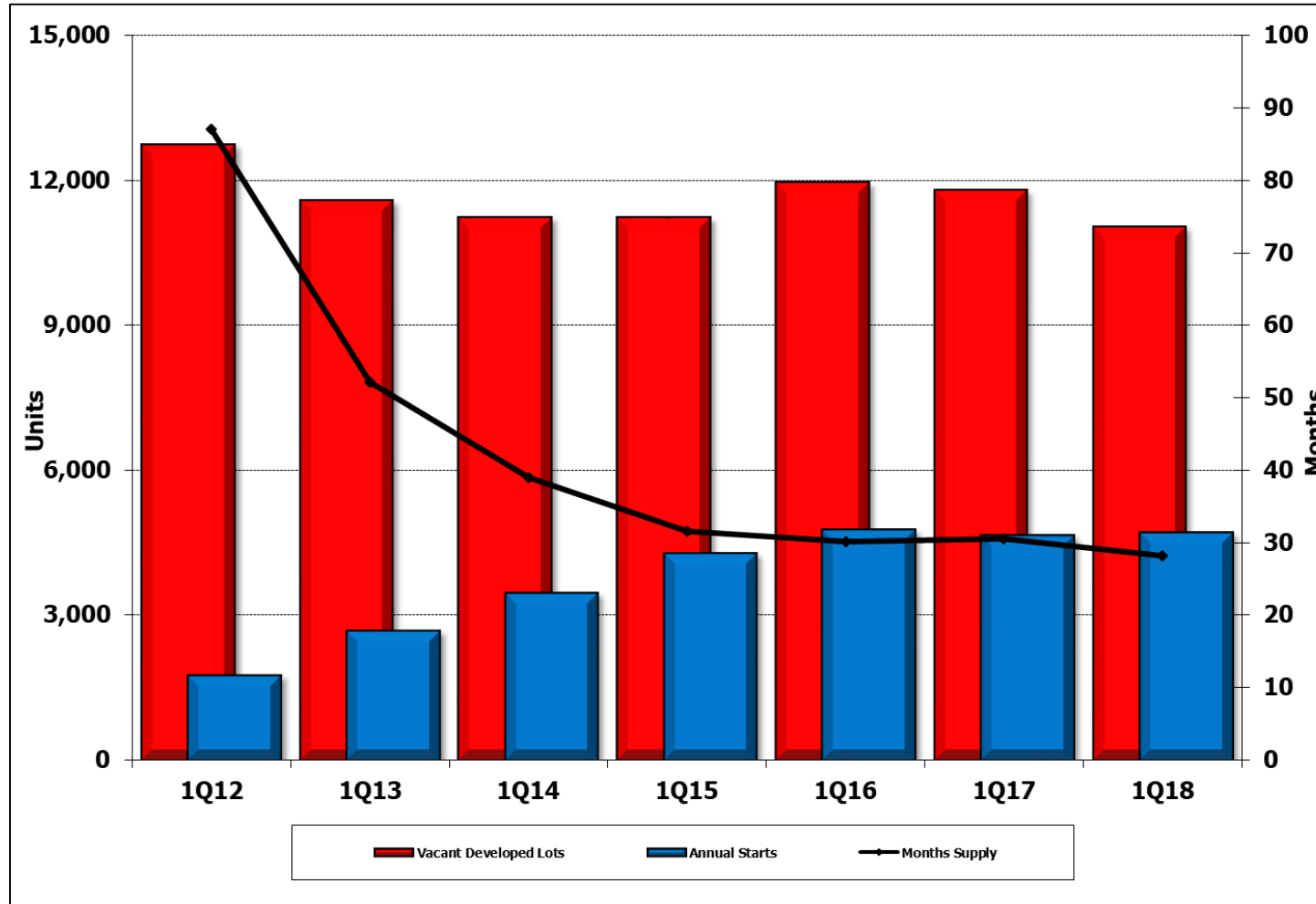
Flat since 2016



Source: Metrostudy

Southwest Florida Vacant Developed Lots Trend

Lot supply shrinking again...



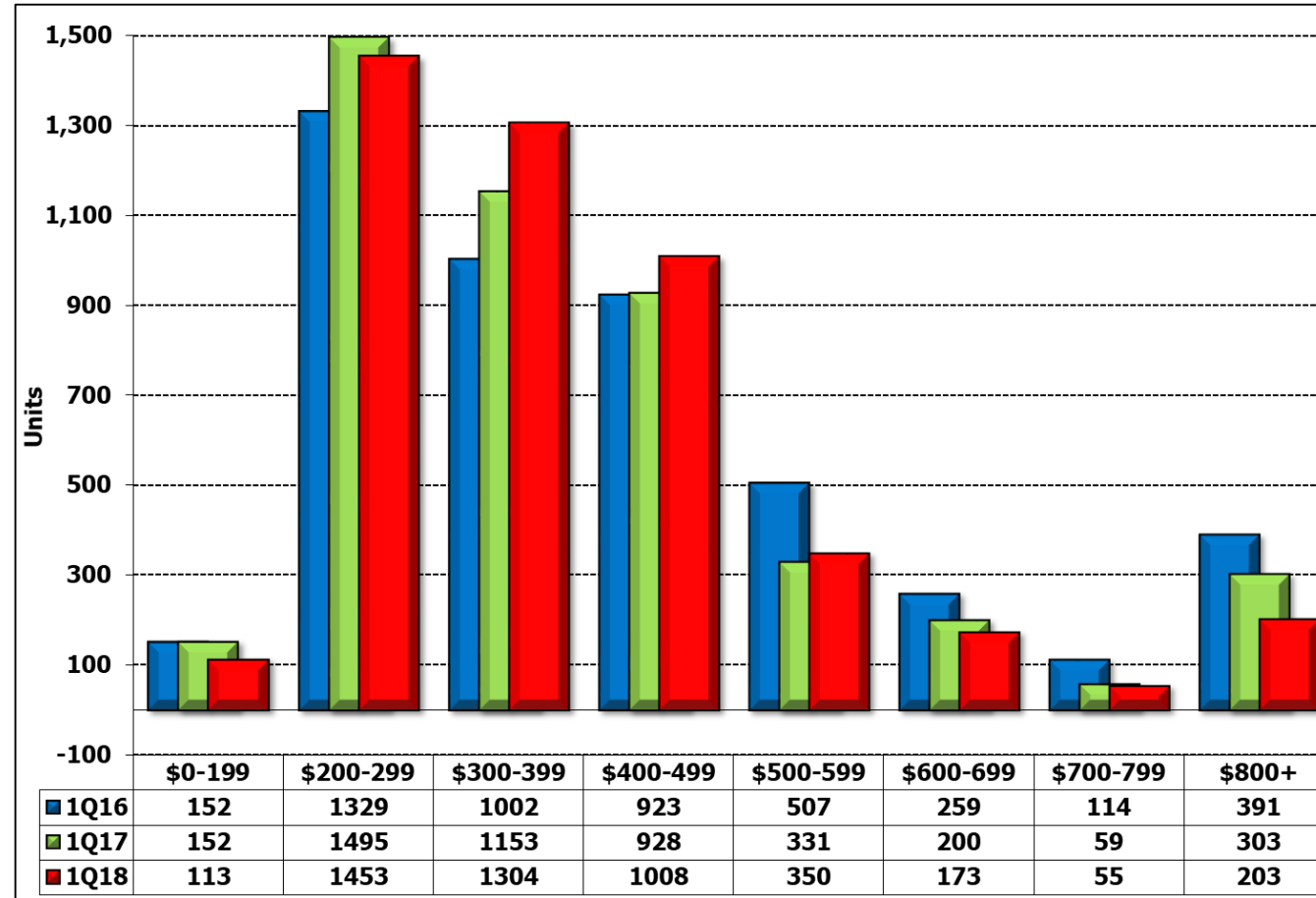
Southwest Florida Top Single Family Communities Ranked by Starts

Ave Maria holds on to the top spot again

Ranking	Community	Location	Annual Starts	Annual Closings	Builder
1	Ave Maria	Collier	297	338	Multi
2	Naples Reserve	Collier	194	123	Multi
3	Plantation	Lee	167	144	Pulte
4	River Hall	Lee	163	130	Multi
5	Marina Bay	Lee	156	141	GL Homes
6	StoneCreek	Collier	155	137	GL Homes
7	Bonita Bay	Lee	148	90	Lennar/Stock
8	Valencia Bonita	Lee	140	2	GL Homes
9	Entrada	Lee	137	127	DR Horton
10	Esplanade G & CC	Collier	135	153	Stock/Taylor Morrison

Southwest Florida Price Range Distribution

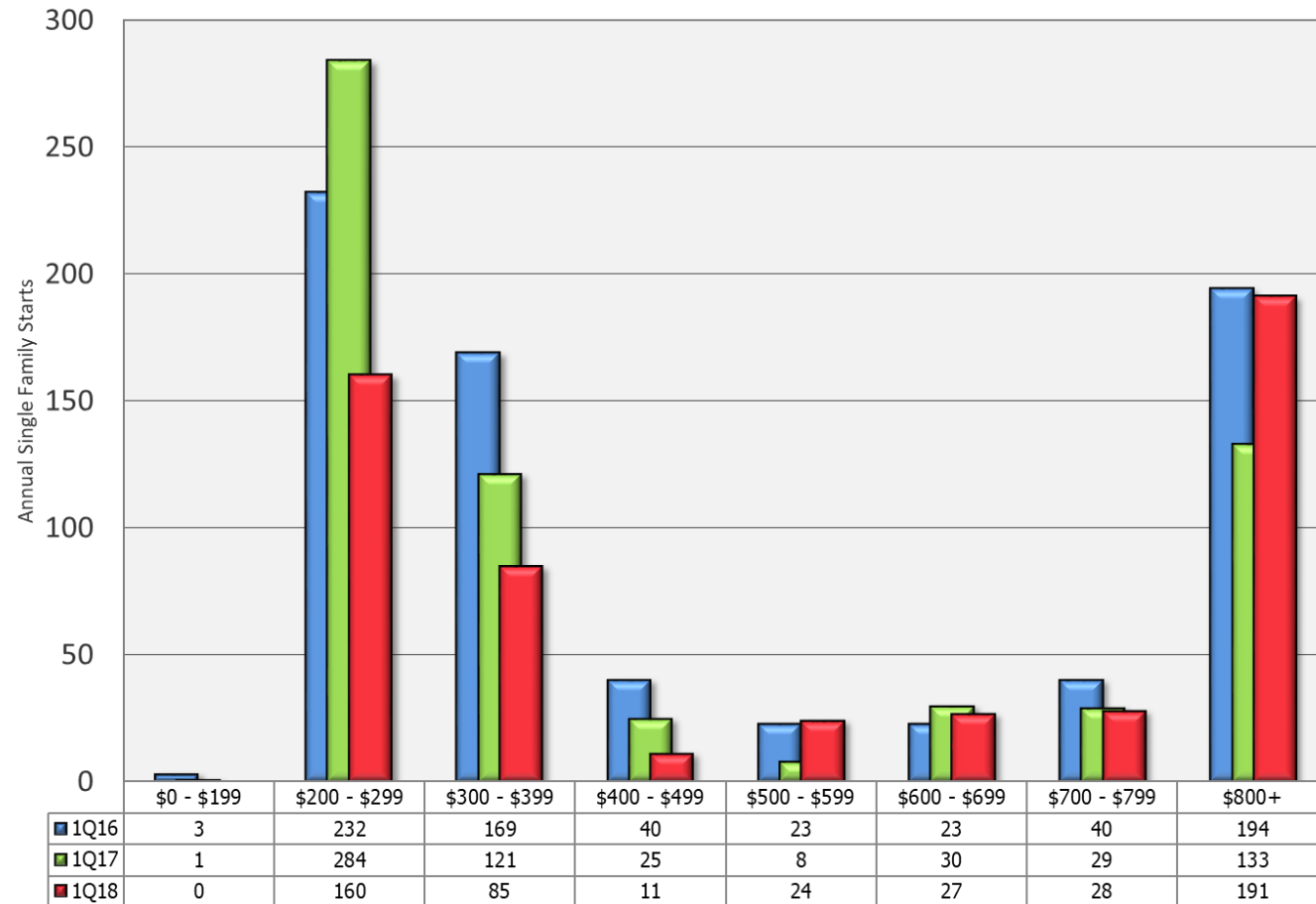
Lee considerably more affordable than Collier



Source: Metrostudy

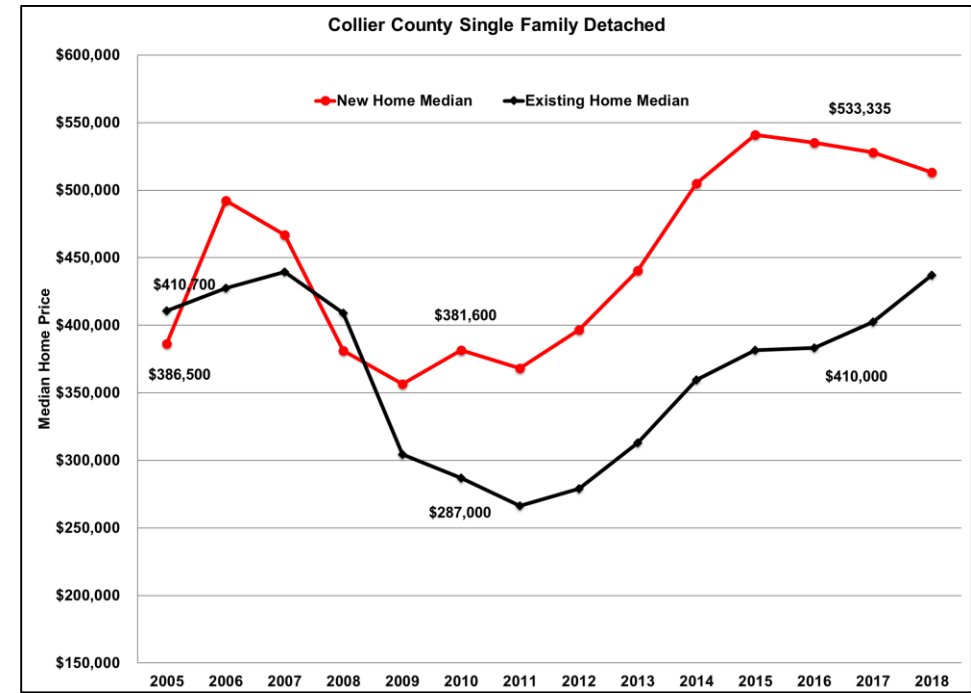
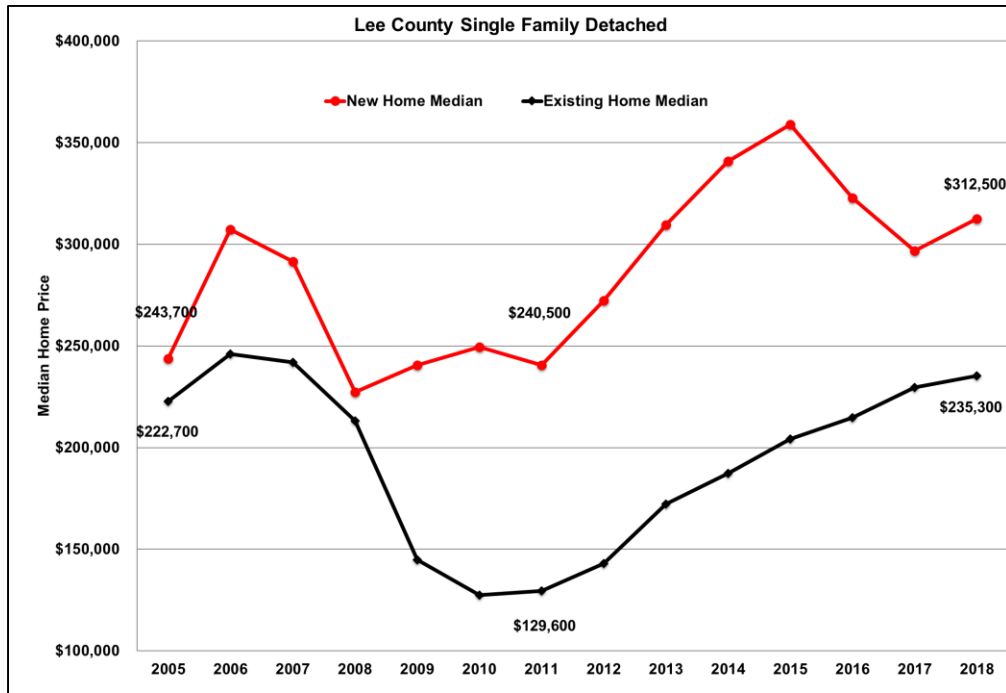
Collier County Condo Price Distribution (Annual Starts)

Coach, Carriage at the low end, towers at the high end



Lee and Collier New vs. Resale Price Trends

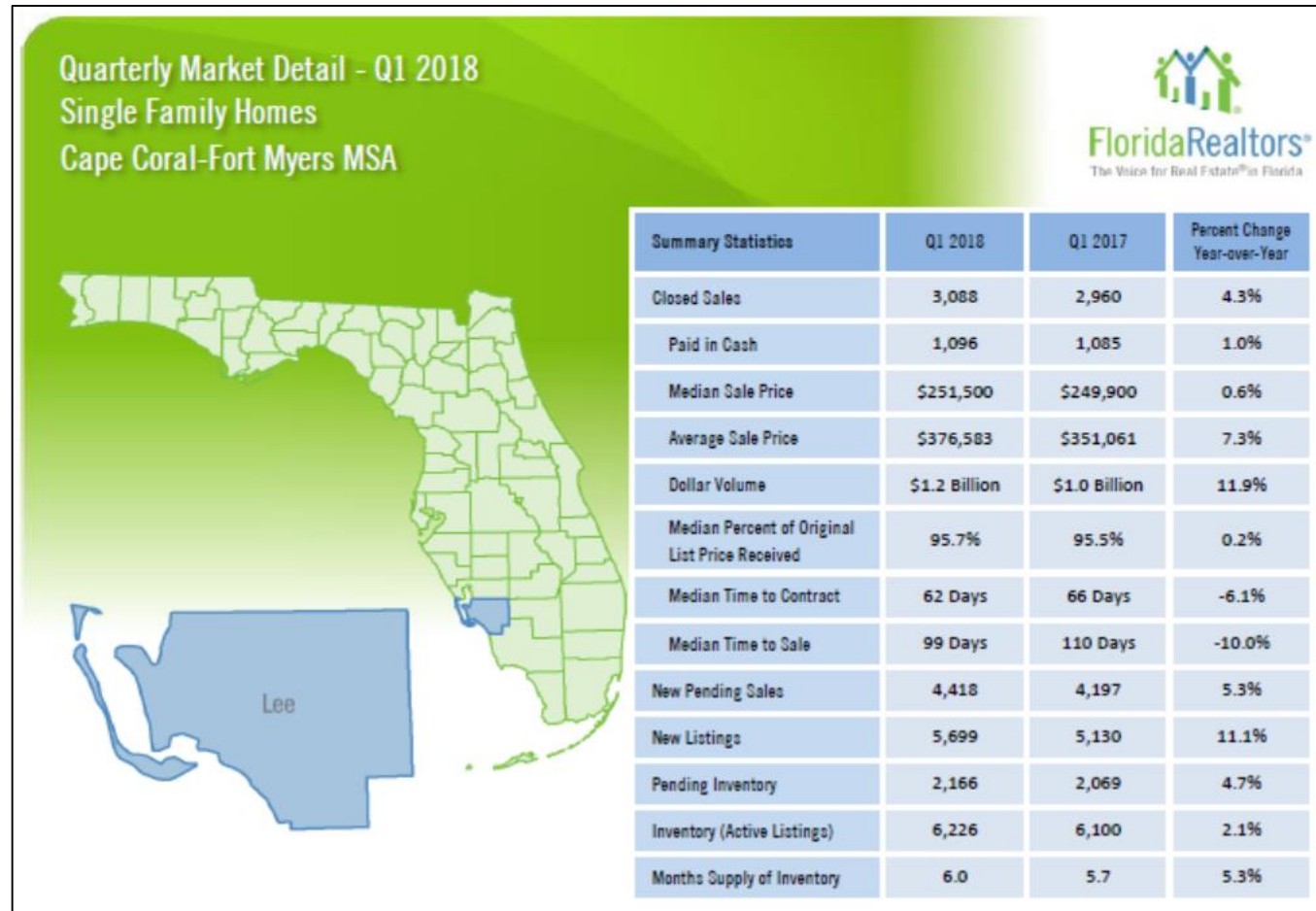
Collier narrows gap with rising resale prices



Source: Metrostudy

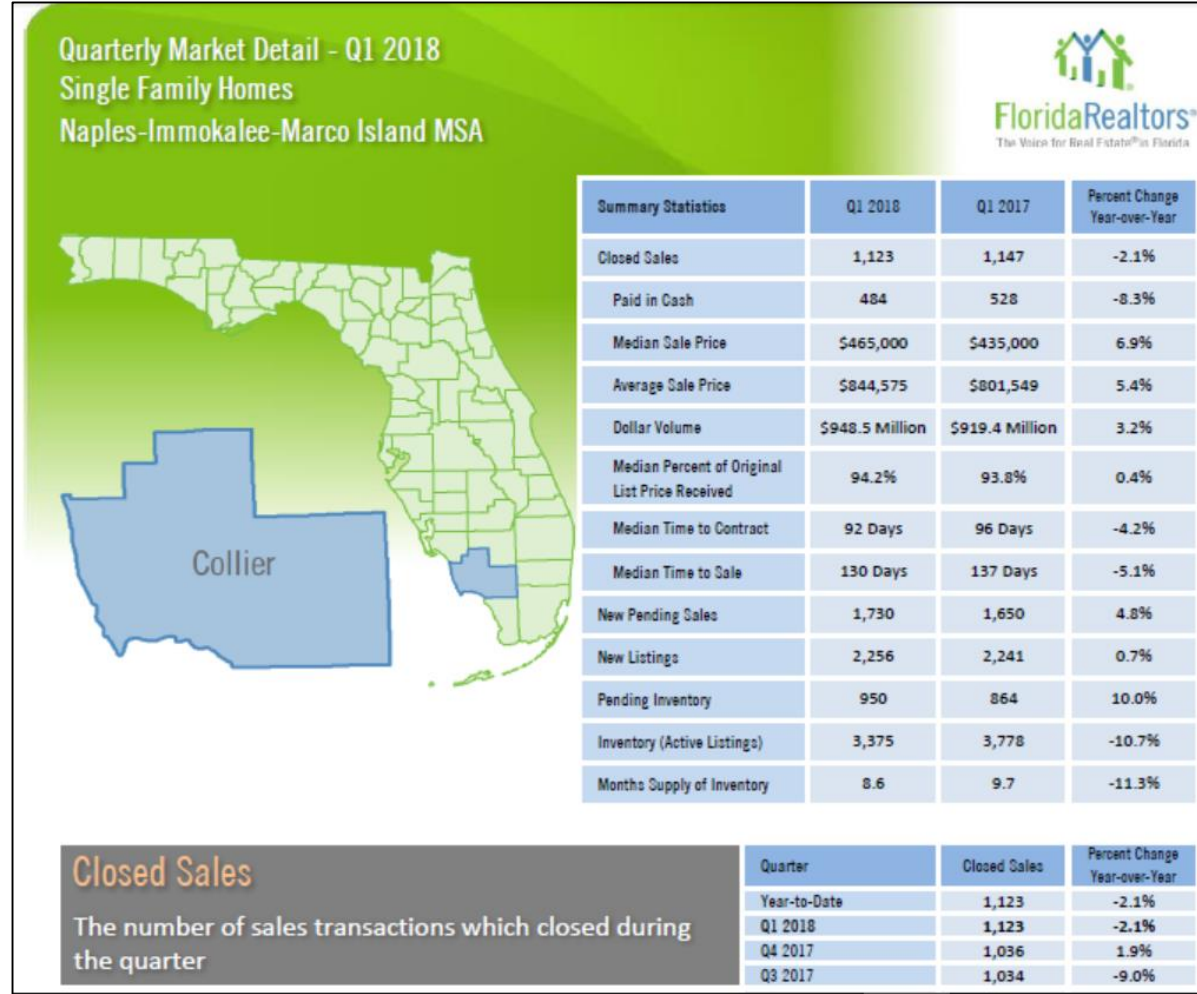
MLS Trends – Lee County

Low appreciation, supply at equilibrium



MLS Trends – Collier County

Irma dents supply, but market still has too much inventory esp. at higher price points





MortgagePro

Grow Your Share of the New Purchase Business

MortgagePro

Grow Your Share of New Purchase

MSA/County/Builder/Subdivision/Lender	☑ Closures Total	Builder Share vs County	First Mortgage Avg. by Lender
⊕ San Francisco-Oakland-Hayward, CA	3,467	10.79%	\$477,967
⊖ Sacramento--Roseville--Arden-Arcade, CA	2,201	9.23%	\$291,355
⊕ Sacramento	999	6.45%	\$252,815
⊖ Placer	915	9.82%	\$320,561
⊖ JMC HOMES	184	20.11%	\$345,182
⊖ CROCKER RANCH/LONGMEADOW	40	20.11%	\$256,454
VITEK MORTGAGE GROUP	22	20.11%	\$250,816
(CASH TRANSACTION)	8	20.11%	
Summit Funding	6	20.11%	\$316,766
FIRST TECHNOLOGY FEDERAL CREDIT UNION	1	20.11%	\$230,000
UKRAINIAN CREDIT UNION	1	20.11%	\$150,000
PLAZA LOANS	1	20.11%	\$276,950
RPM Mortgage	1	20.11%	\$314,193
⊕ LAKESIDE/EXECUTIVE SERIES	31	20.11%	\$277,753
⊕ CROCKER RANCH/MIRA BELLA	25	20.11%	\$302,181
⊕ CROCKER RANCH/THE VILLAGE	22	20.11%	\$318,821
⊕ CROCKER RANCH/CASA BELLA	17	20.11%	\$435,154

Delivered to your team each quarter, no forgotten logins

Every production builder in your market, and every lender they are working with

See not just the loans closed and by whom, but how many units are left to target

Uncover the future communities still working through approvals... years before they begin construction

Contact information to better target your builder leads, ready for upload to your CRM

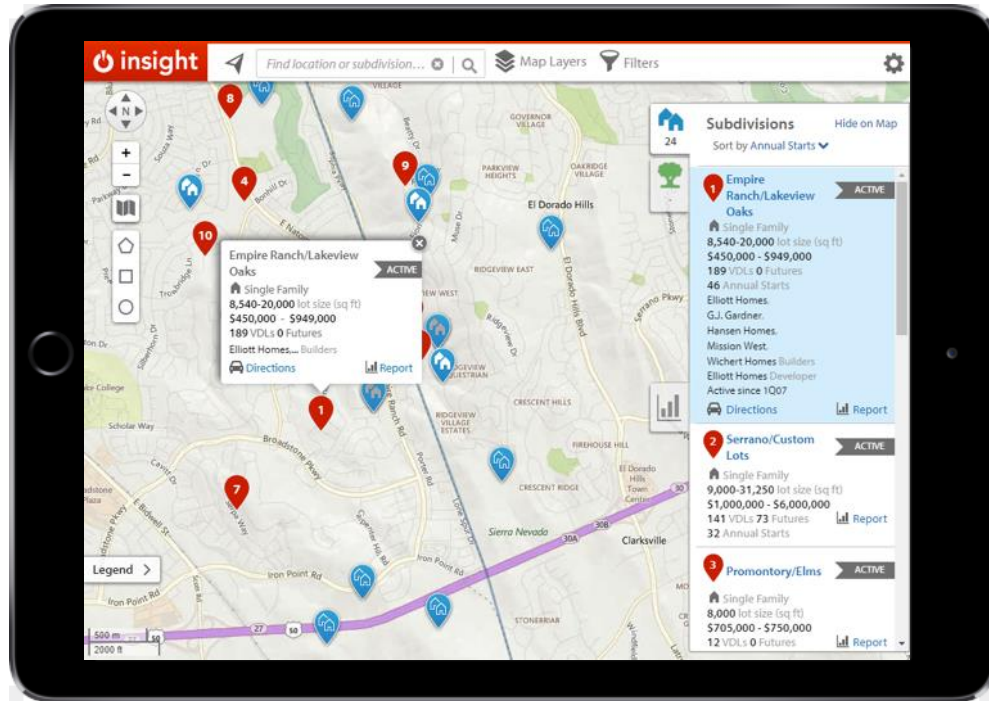
See subdivision level detail for advanced local targeting

[Inform]

BUILDER WORKBOOK

MortgagePro

Grow Your Share of New Purchase



Mobile tool optimized for both iPads and Android tablets

Review subdivisions and their activity as you find them

Draw custom shapes to define a specific area

Generate and share reports with a single click

Set filters to narrow your search

[Inform]

INSIGHT

MortgagePro

Grow Your Share of New Purchase

Lender Name	Closings
DHI MORTGAGE	23,802
WELLS FARGO HOME MORTGAGE	16,425
PULTE MORTGAGE	12,647
NVR MORTGAGE	11,059
EAGLE HOME MORTGAGE	10,972
LOANDEPOT	10,272
UNIVERSAL AMERICAN MORTGAGE...	7,317
CALATLANTIC MORTGAGE INC	6,687
CALIBER HOME LOANS	6,131
FAIRWAY INDEPENDENT MORTGAGE...	5,815
(CASH TRANSACTION)	92,151

Custom reports and analysis for in-depth research

Access to Metrostudy data sets and available fields

Mortgage related content such as loan type, mortgage amounts, and sale types (resale, reo, foreclosure, new)

Units remaining and current inventory levels for builders around the nation

Compare markets and review trends through time, updated each week

[Inform]

ANALYTICS

MortgagePro

Grow Your Share of New Purchase

Parcel #	County	Land Use	Lot SF	Fin SF	Owner	Site Address	Site City	Site Zip	Subdivision	Tran Type	Seller
071-2000...	Sacramento	Det Single Fa...	2,702		WOODSIDE 05...	219 COLNER ...	FOLSOM	95630	ISLAND PN	N	Wi
071-0910...	Sacramento	Det Single Fa...	74,488	3,251	WAGNER, JUS...	445 TROWBR ...	FOLSOM	95630	WILLOW CREEK E...	R	Wi
072-3270...	Sacramento	Ofh Unknown	9,107		ELLIOTT HOM...	657 SUNDAH...	FOLSOM	95630	EMPIRE RANCH V...	R	WI

Search individual property records to uncover needed details

Roll up data to custom areas

Useful for searching through LMI census tracts for your CRA needs

Look through weekly updated records for builder and lender relationships

[Inform]

PROPERTY ANALYSIS

Builder Workbook

Custom Date Ranges

Unparalleled Accuracy

Mobile Enabled

MortgagePro

Builder Capture

Flexible KPI's

Local Experts

Powerful Events

Supply and Demand

And Now You Know!
dcobb@Metrostudy.com