



US Economic and Residential Real Estate Update

April 24, 2019

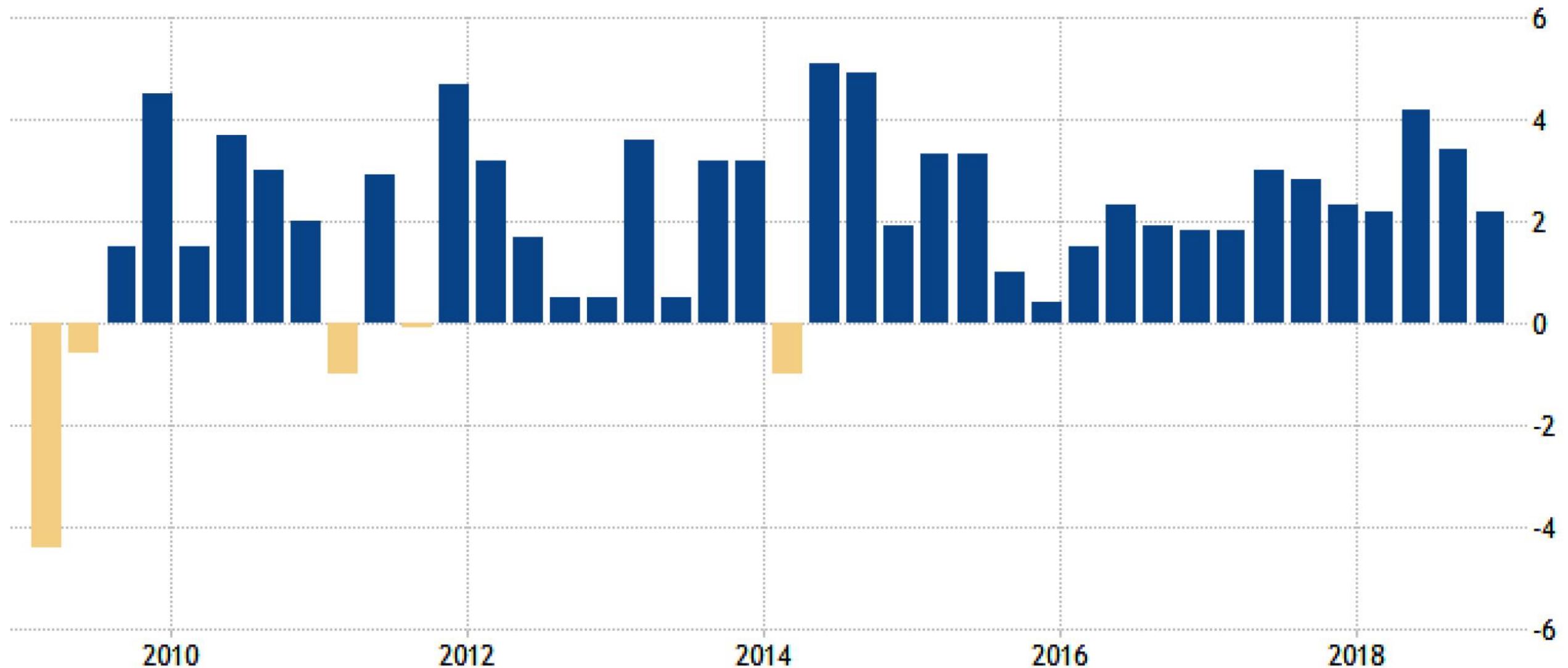
What We'll Cover Today

- The U.S. economy – still growing, but more slowly
- New and existing home sales – on track for a modest year
- Foreclosures – delinquencies and defaults near record lows
- Mortgage activity – rising and falling rates roil the market
- Questions and discussion



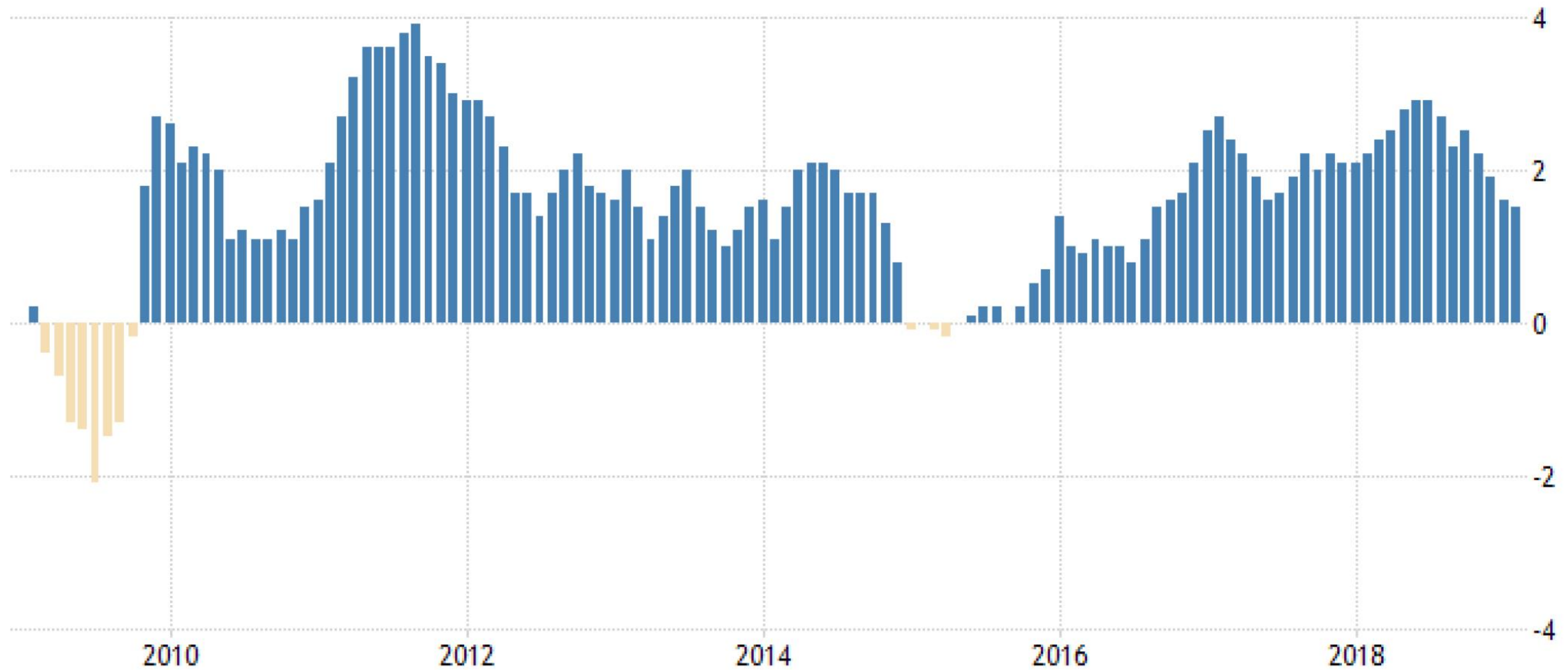
U.S Economic Overview

GDP Growth Slowing, But Still Relatively Strong



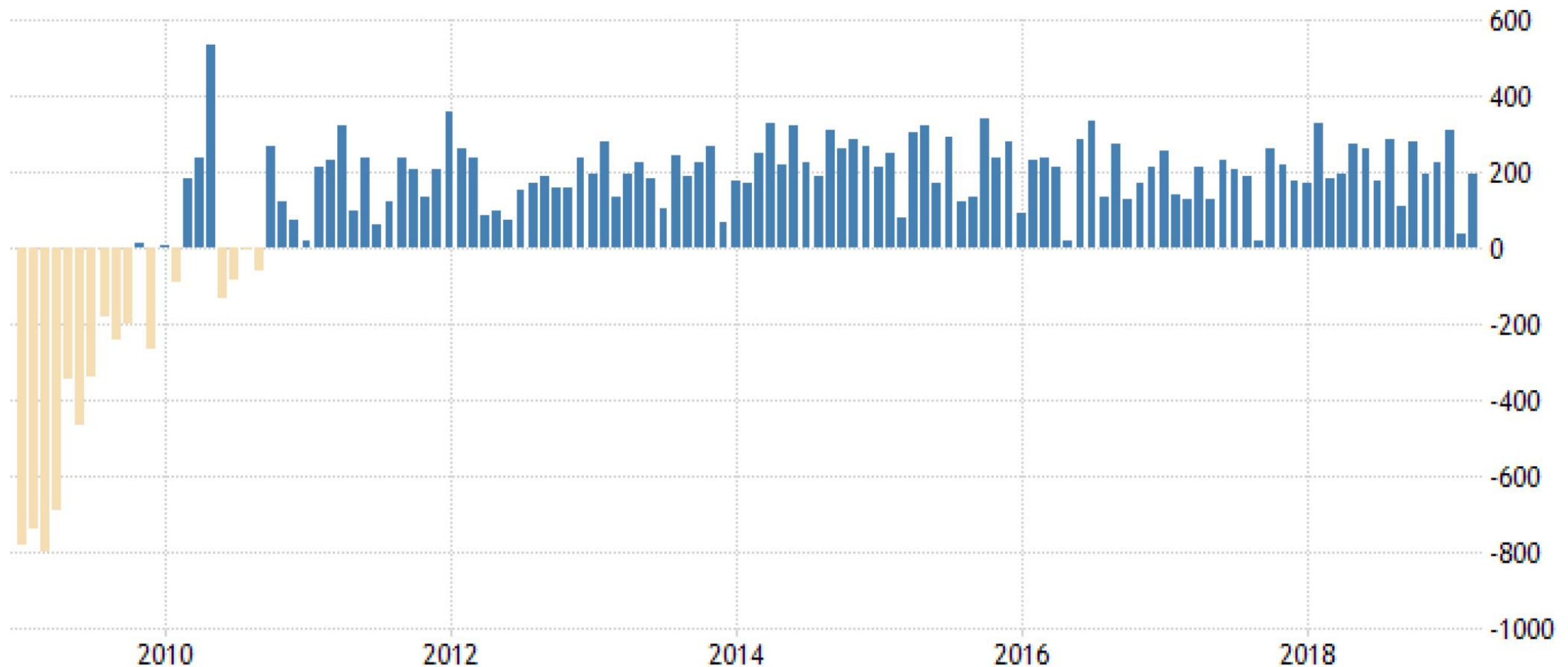
SOURCE: [TRADINGECONOMICS.COM](https://tradingeconomics.com) | U.S. BUREAU OF ECONOMIC ANALYSIS

Inflation Remains Under Control



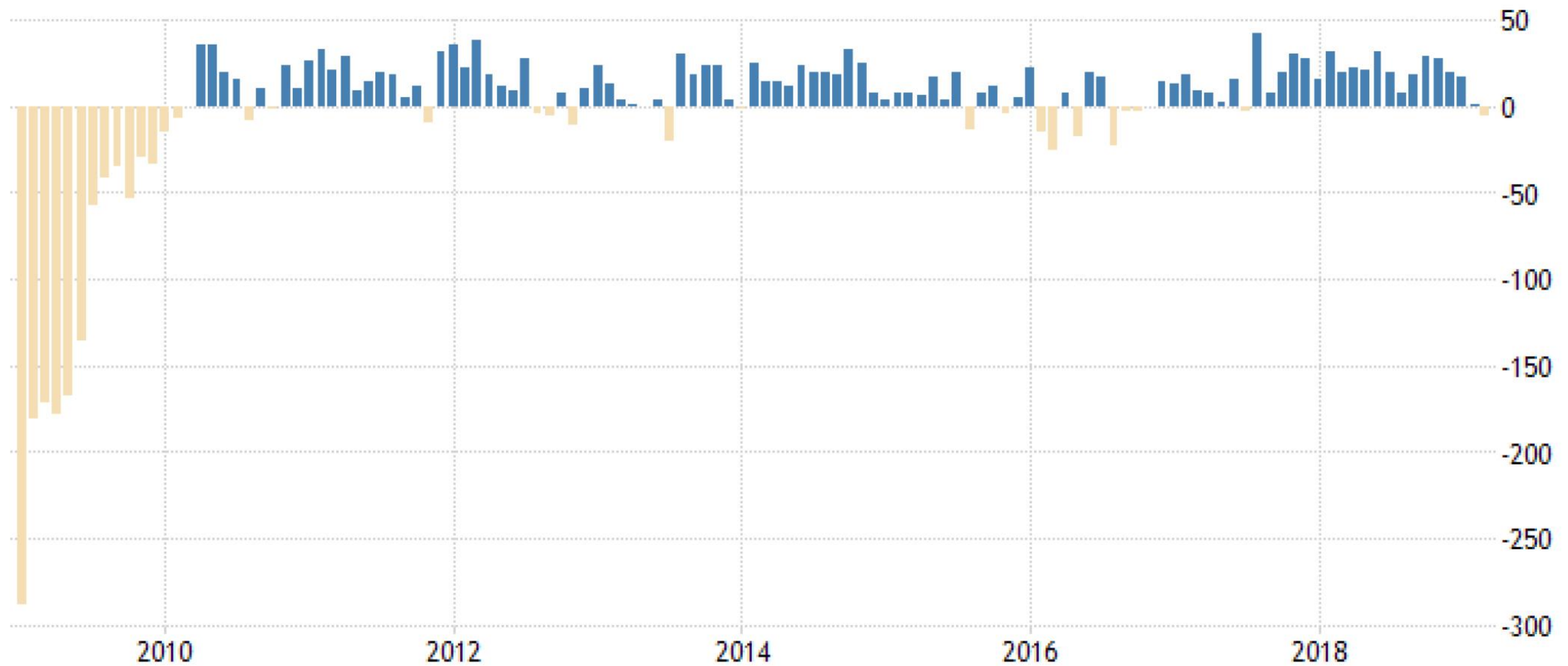
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Job Growth Recovers from February Weakness



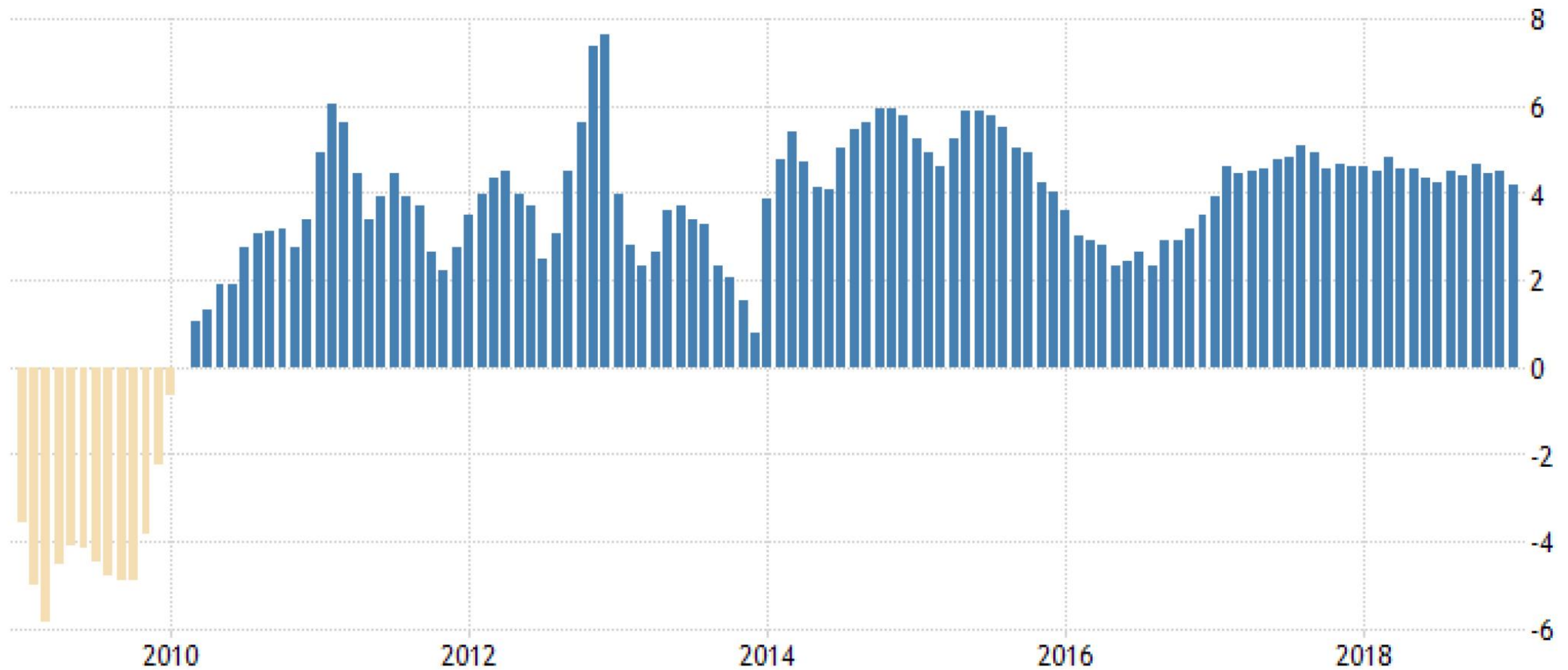
SOURCE: [TRADINGECONOMICS.COM](https://tradingeconomics.com) | U.S. BUREAU OF LABOR STATISTICS

But Manufacturing Jobs Show Signs of Trouble



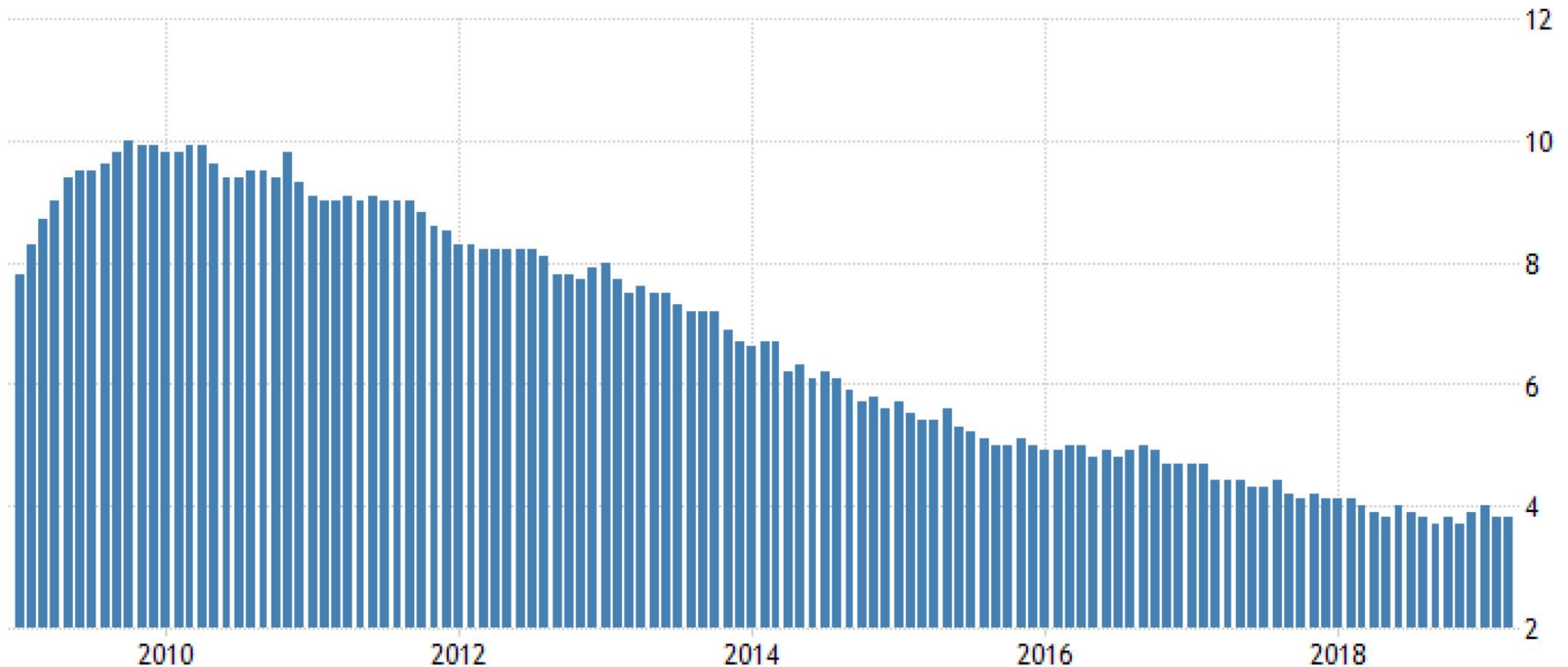
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Wage Growth Remains Steady



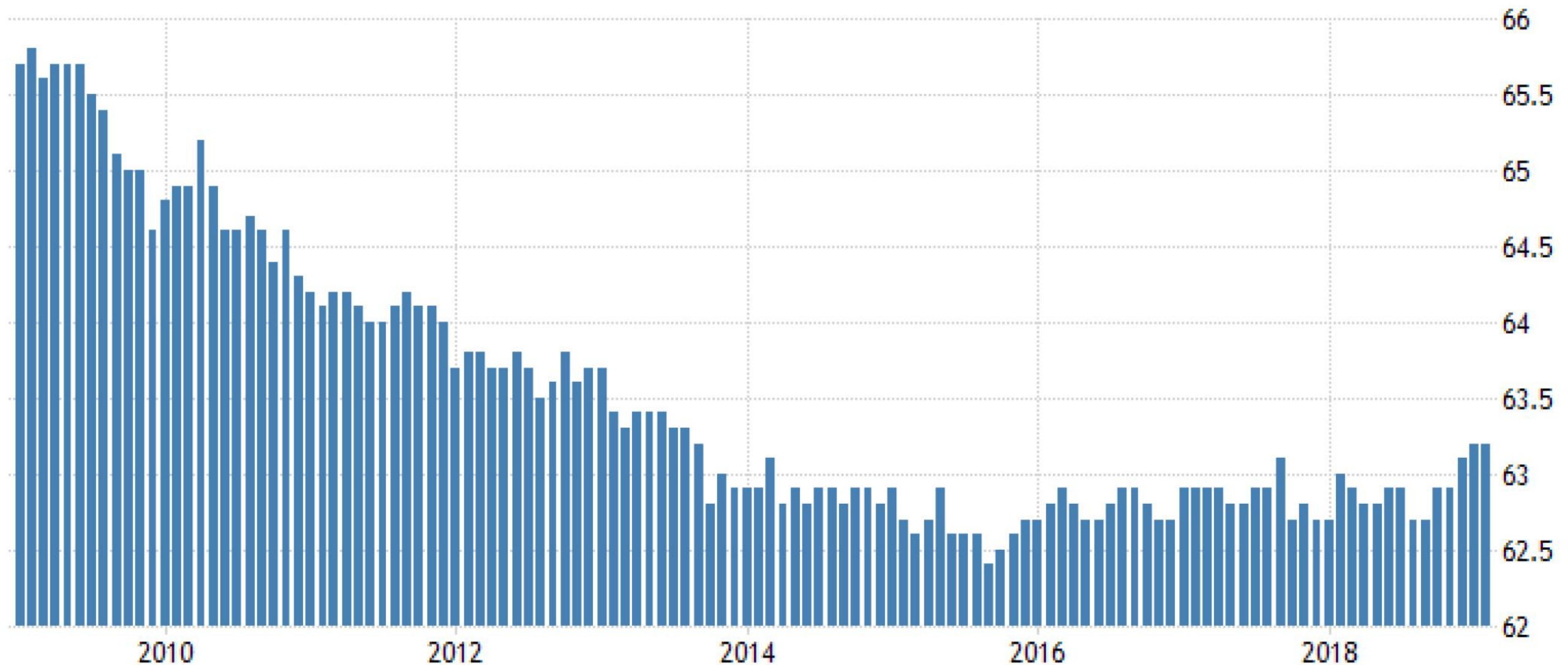
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Unemployment Rate Still Near 40-Year Low



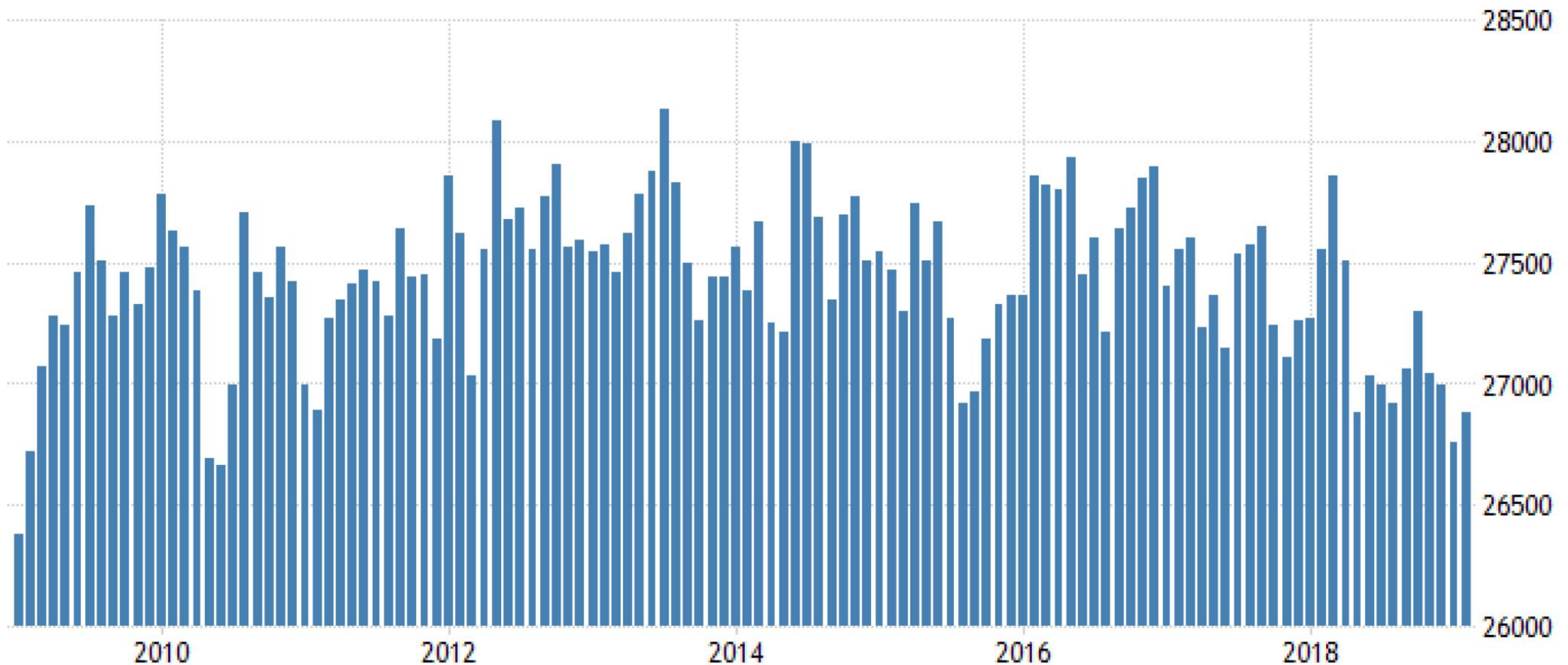
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As Labor Force Participation Rate Recovers



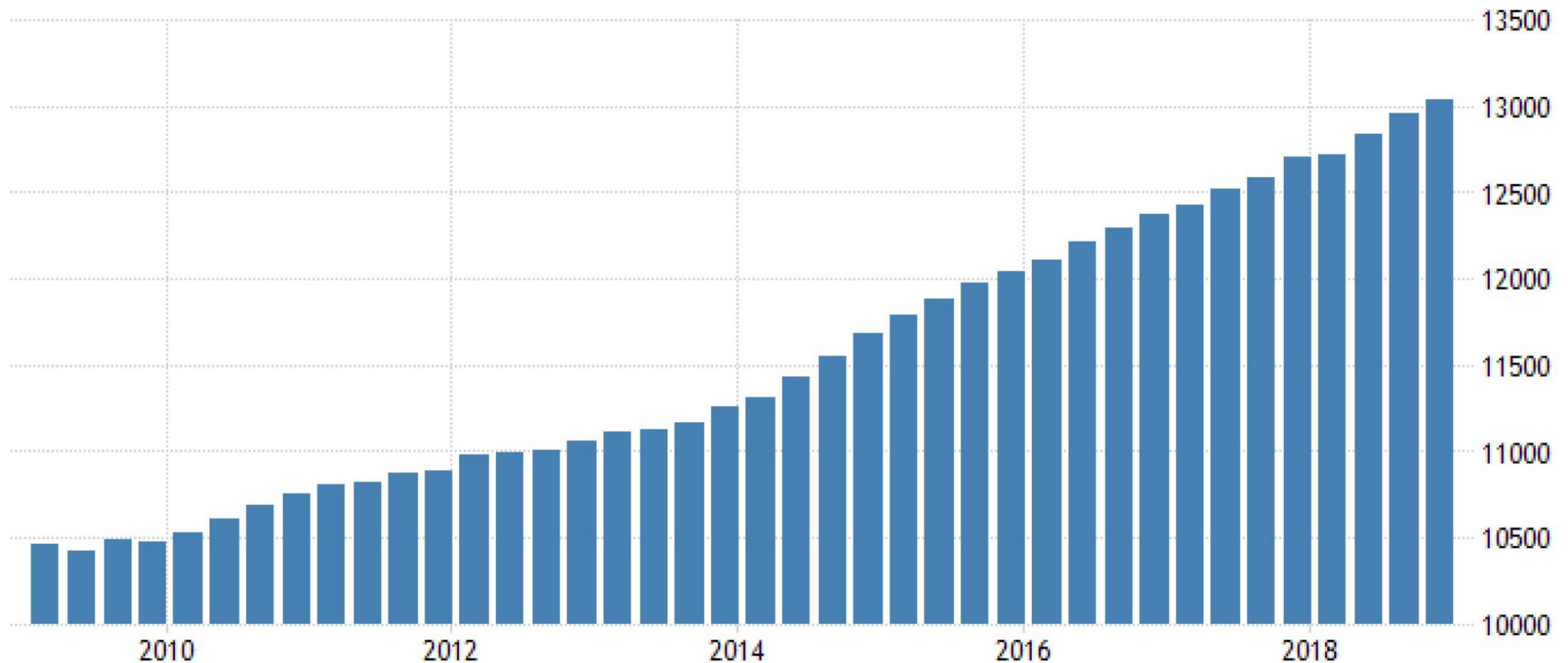
SOURCE: [TRADINGECONOMICS.COM](https://tradingeconomics.com) | U.S. BUREAU OF LABOR STATISTICS

And Part-Time Jobs Trend Lower



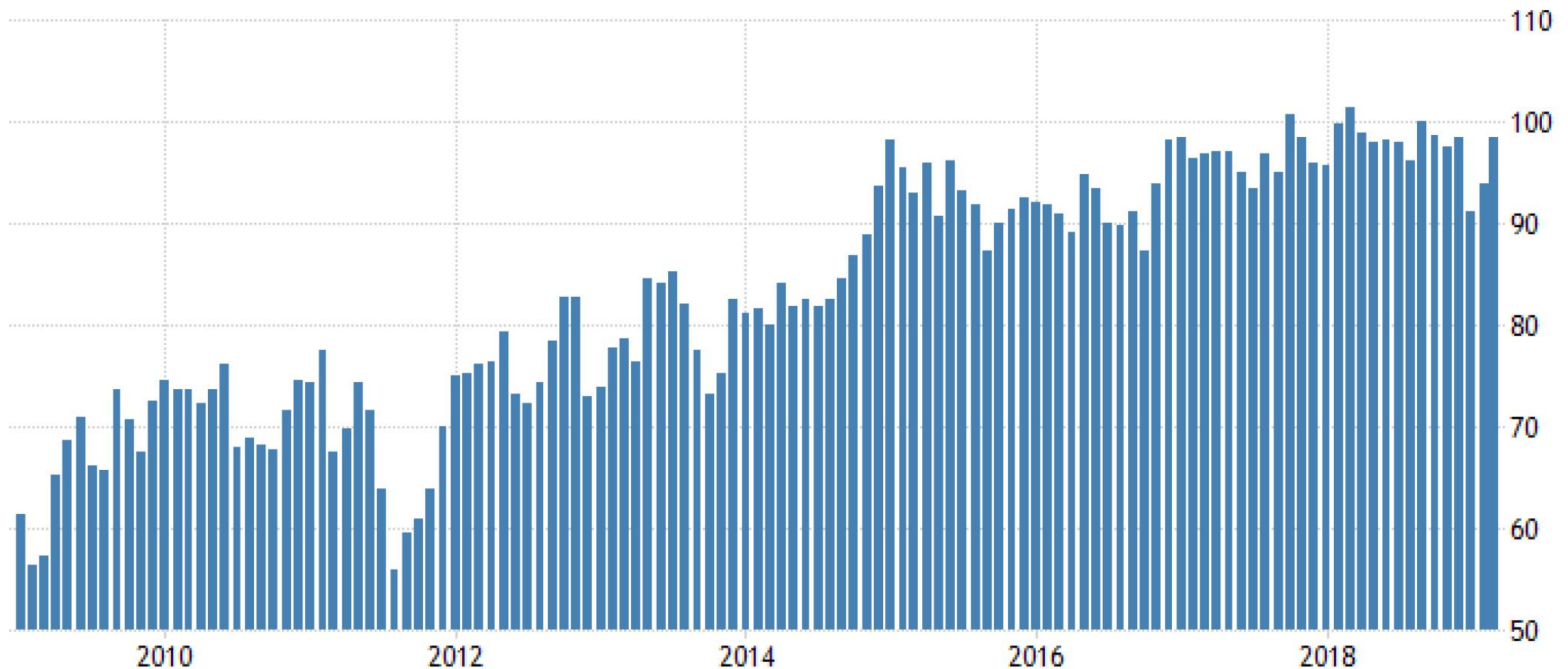
SOURCE: TRADINGECONOMICS.COM | U.S. BUREAU OF LABOR STATISTICS

Consumer Spending Continues to Grow



SOURCE: [TRADINGECONOMICS.COM](https://tradingeconomics.com) | U.S. BUREAU OF ECONOMIC ANALYSIS

As Consumer Confidence Remains Strong



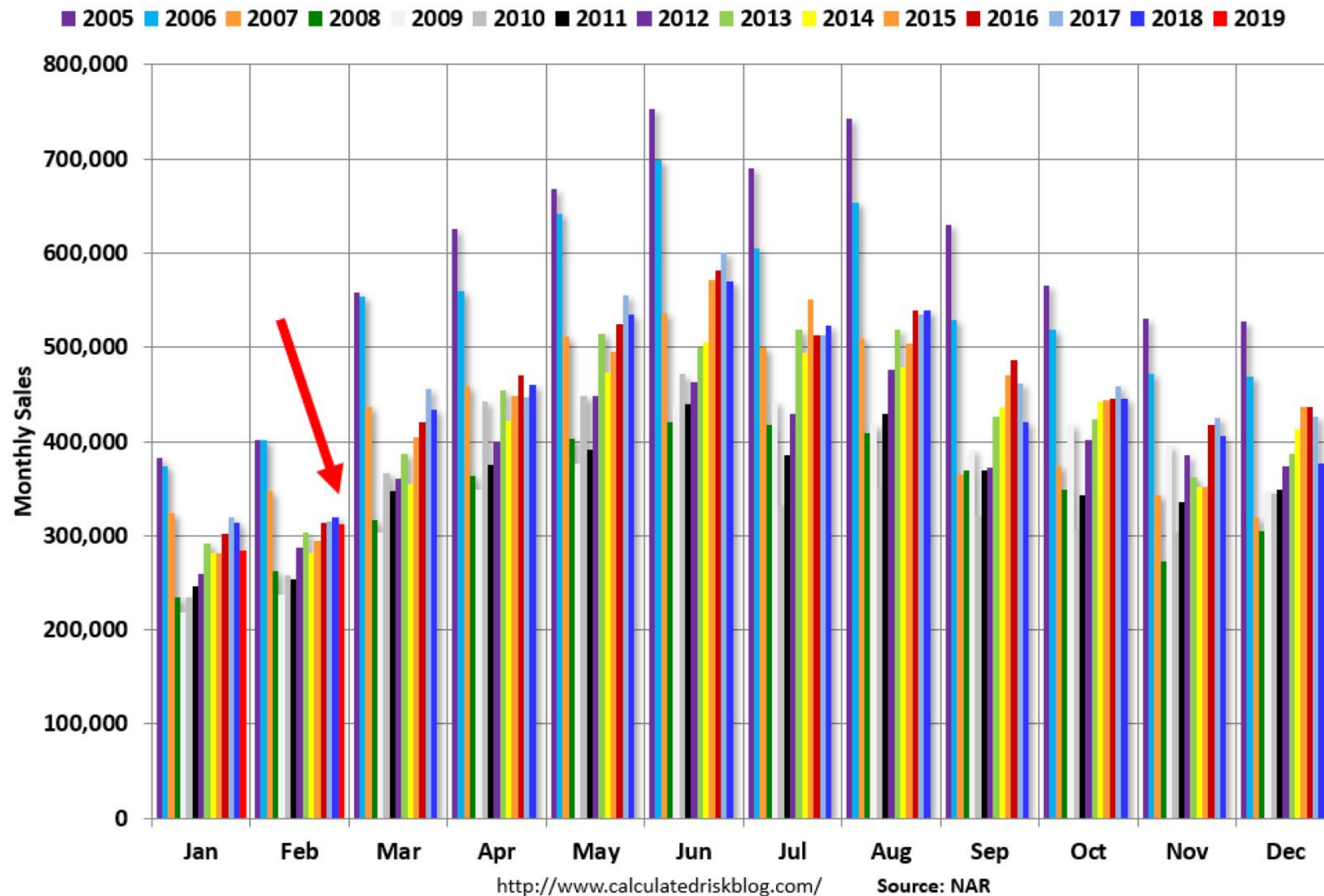
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New and Existing Home Sales

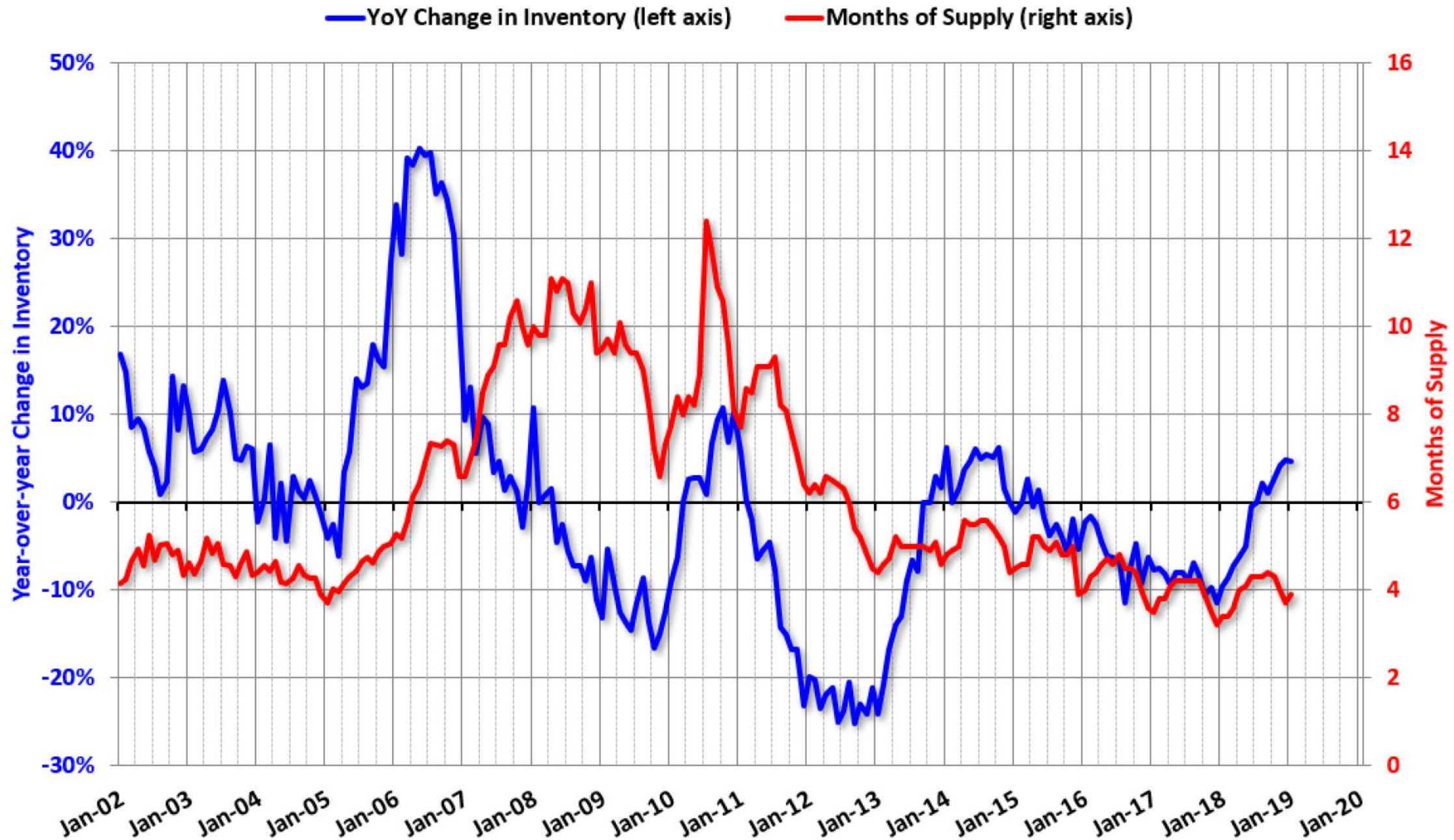
Existing Home Sales Rebounded After Dismal January

Existing Home Sales (NSA)



Low Inventory in Key Price Points an Ongoing Problem

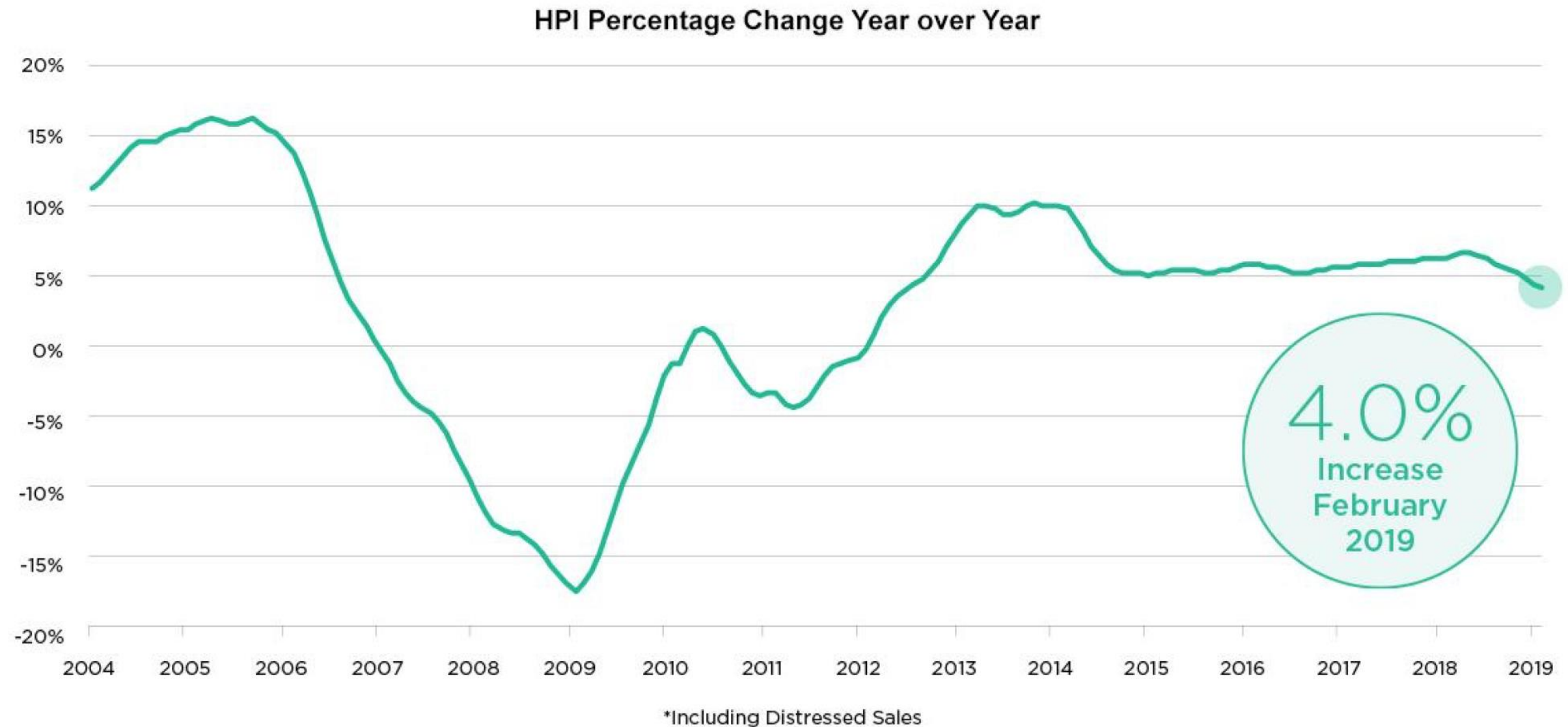
Existing Home Year-over-year Inventory



<http://www.calculatedriskblog.com/> Source: NAR

Home Prices Continue to Rise...but More Slowly

Figure 1: National Home Price Change

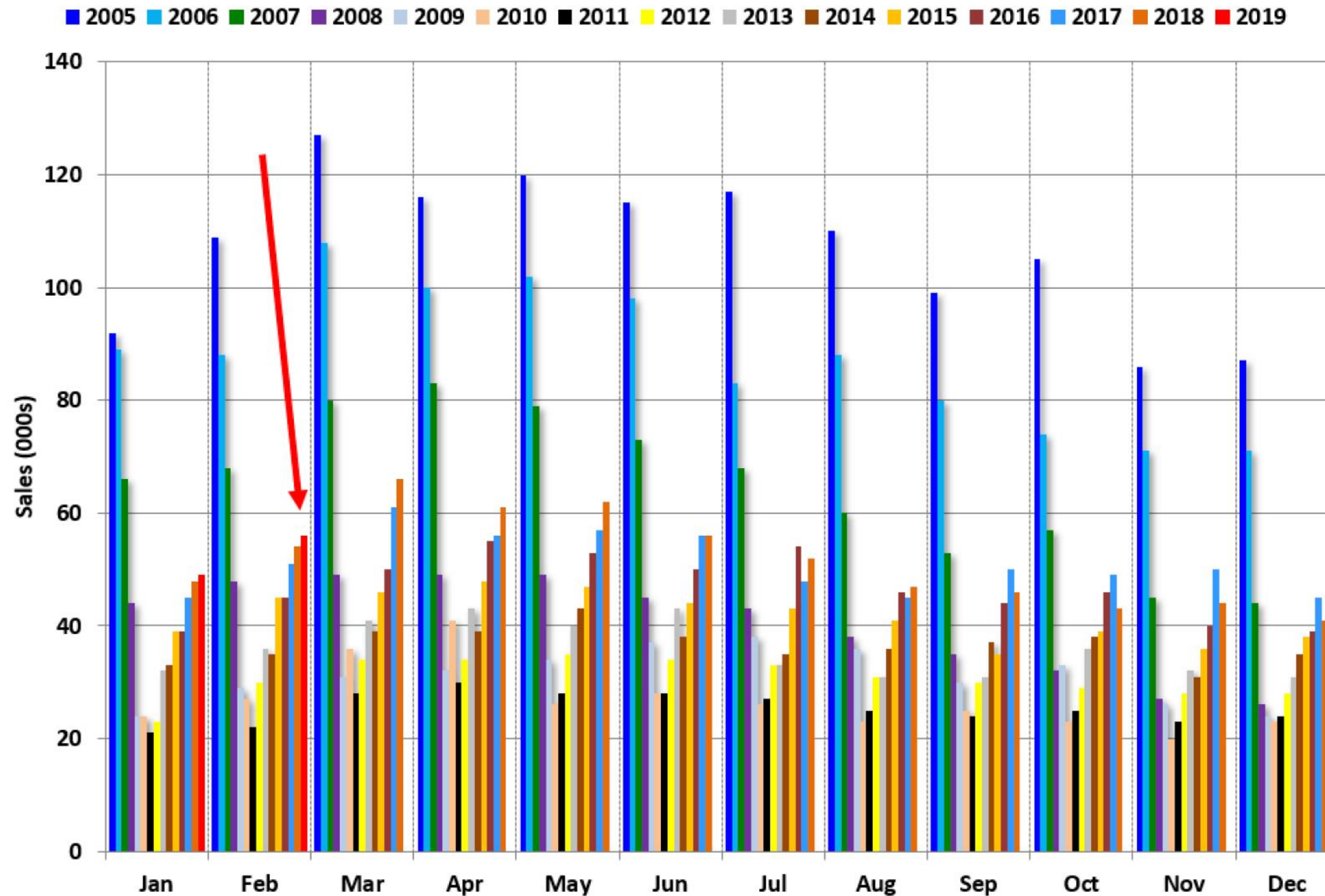


Source: CoreLogic February 2019

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New Home Sales Slightly Better

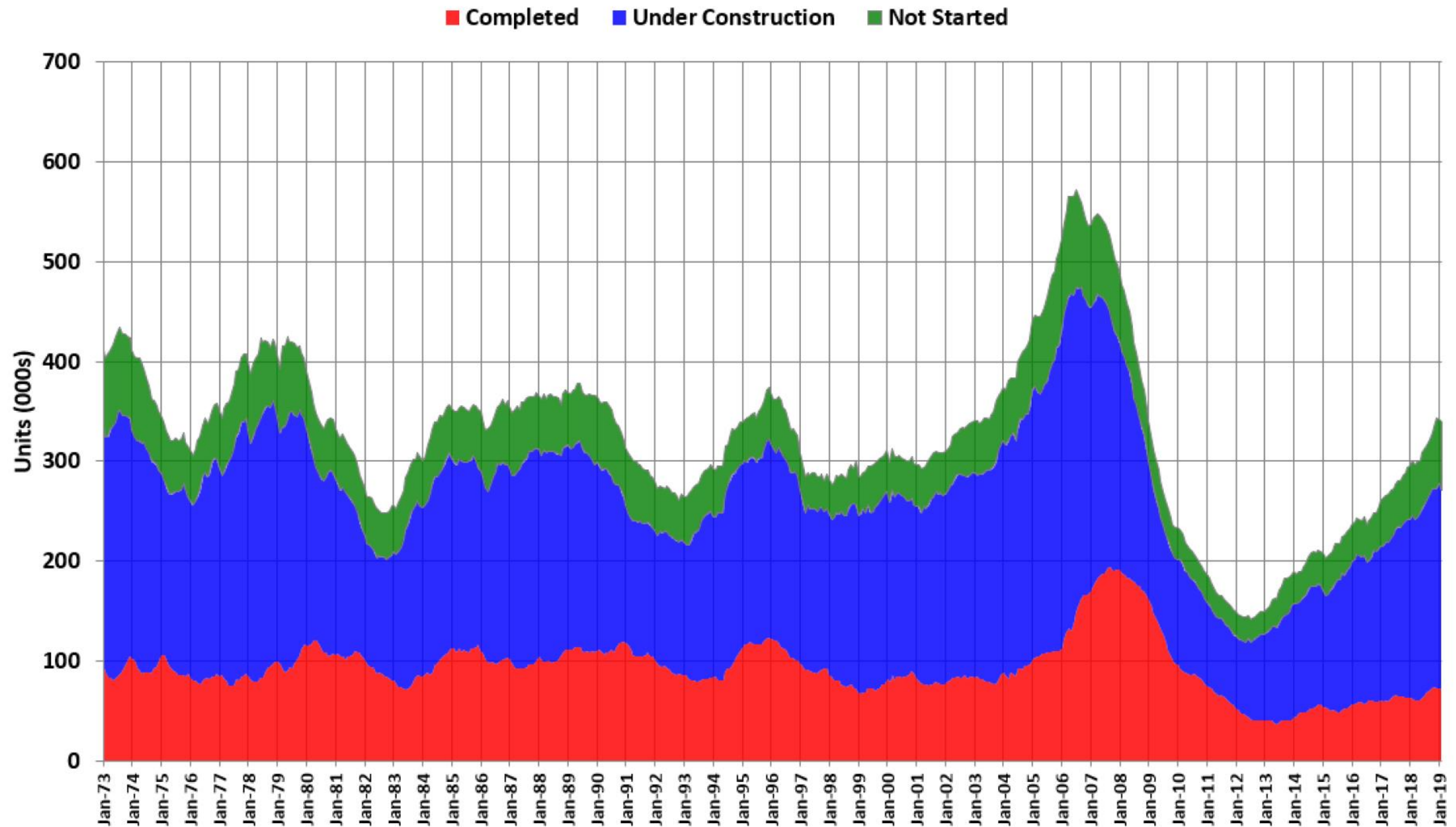
New Home Sales, Monthly, NSA



<http://www.calculatedriskblog.com/>

But Still Lagging Behind Historic Levels

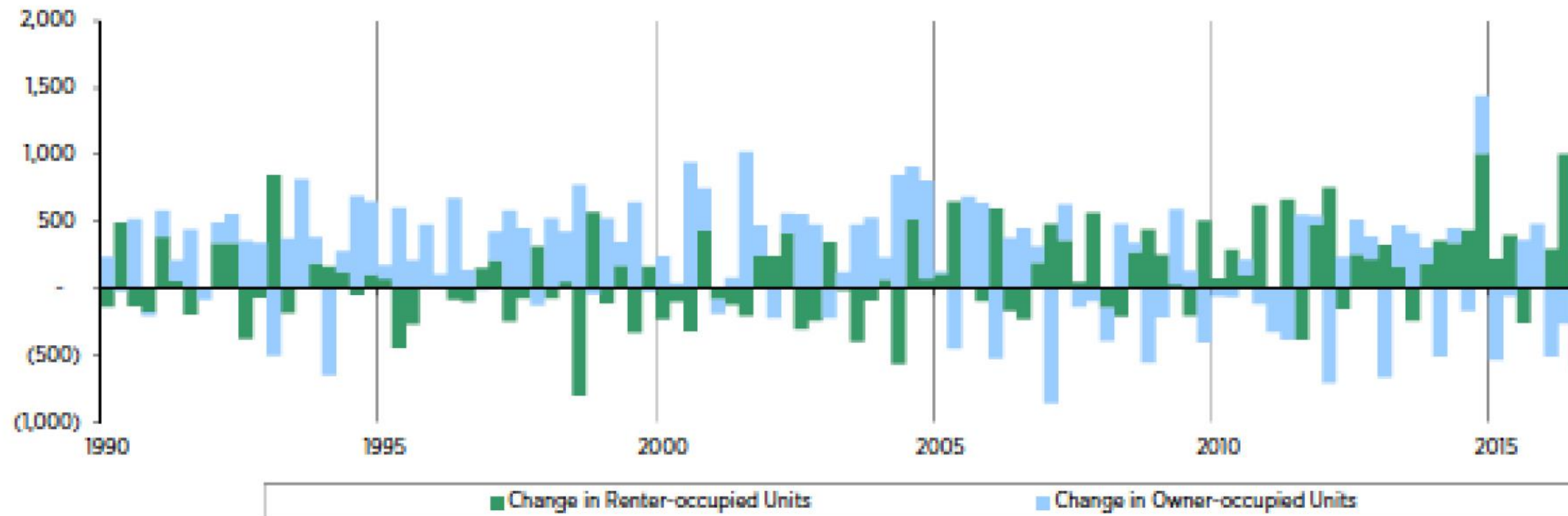
New Home Inventory



<http://www.calculatedriskblog.com/>

Trends Show Increased Movement to Owner-Occupants

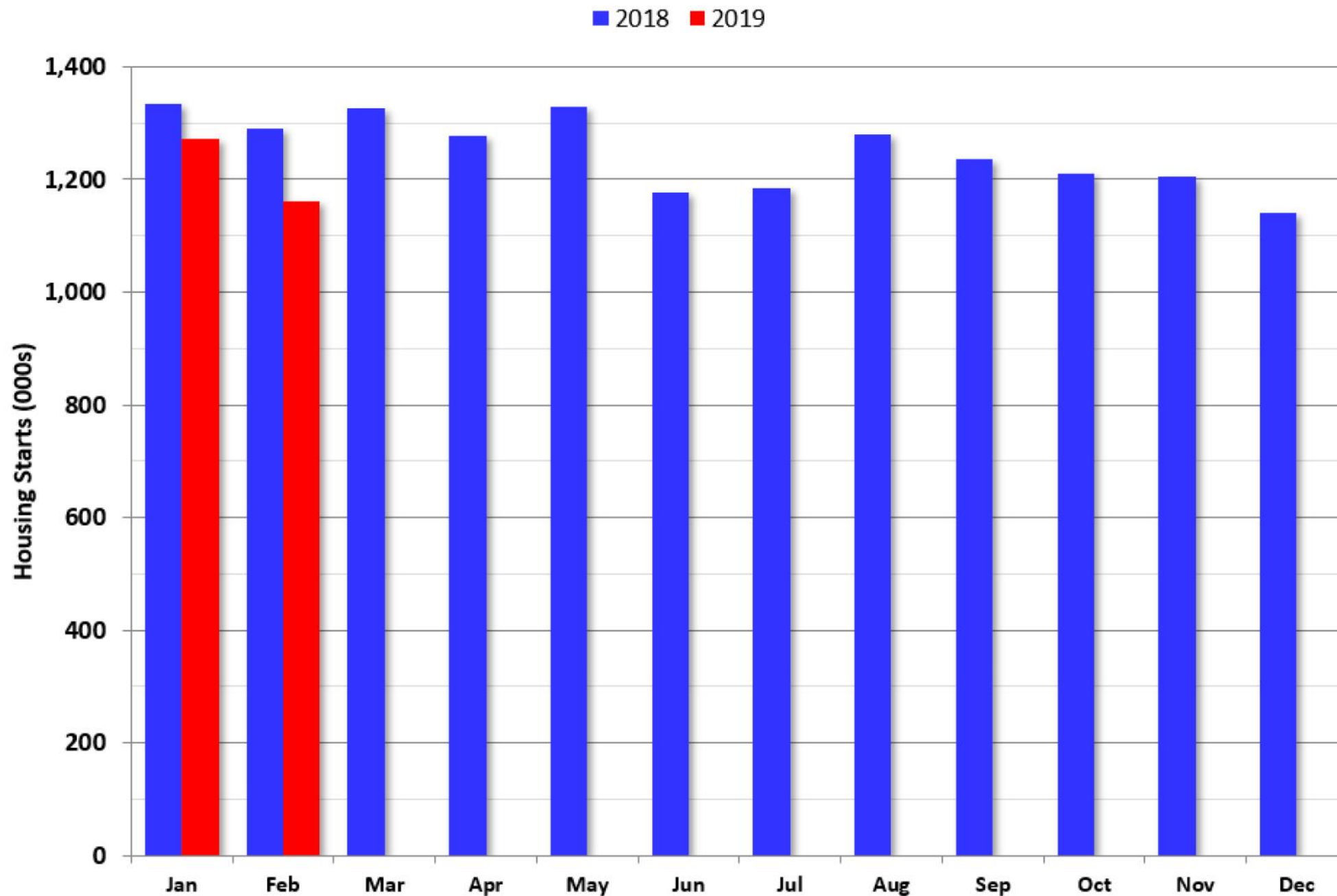
Quarter-over-quarter Change



Source: MBA, U.S. Census Bureau and Haver Analytics

But Housing Starts Trailing 2018 Numbers

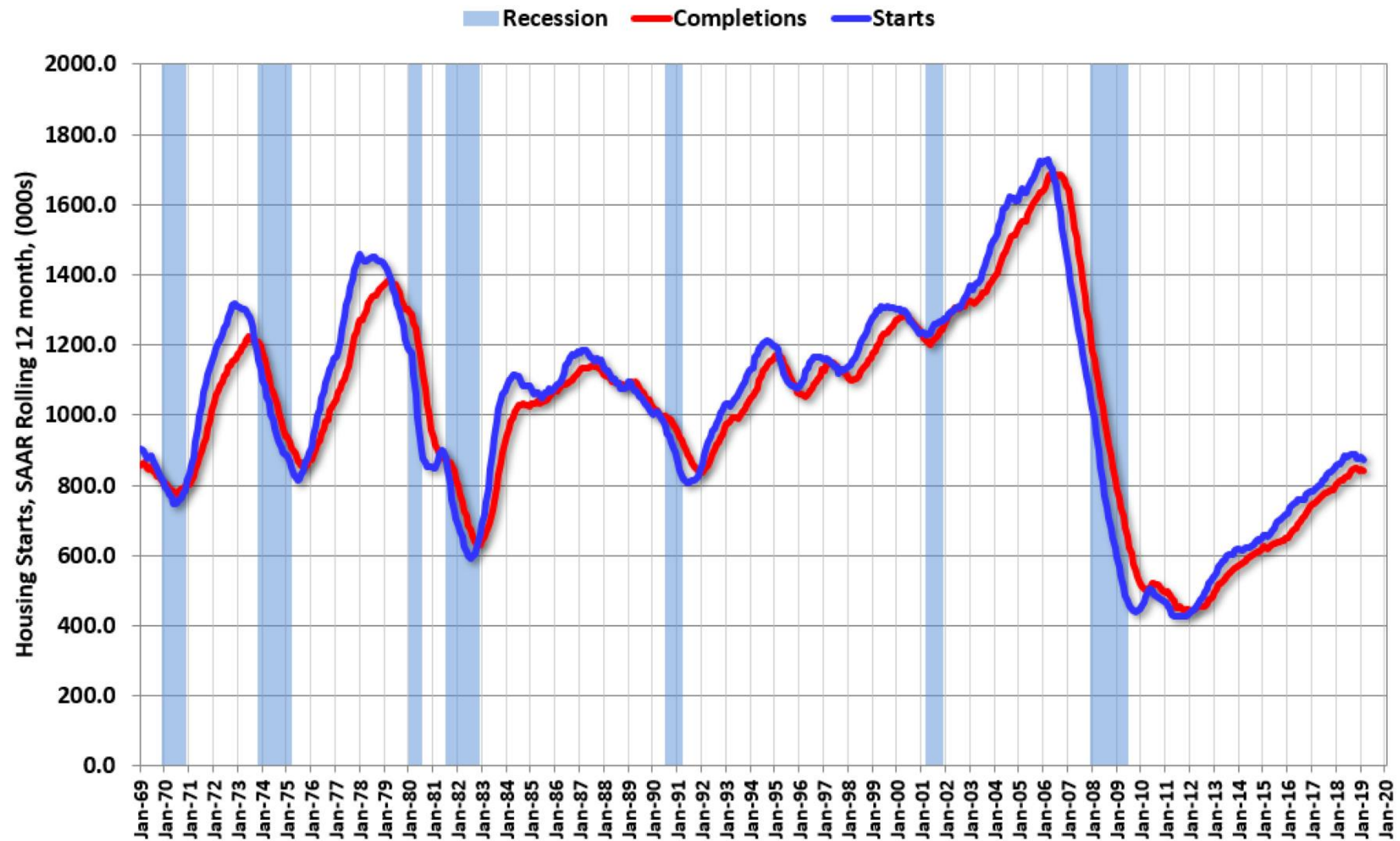
Housing Starts, 2018 and 2019, SAAR (000s)



<http://www.calculatedriskblog.com/>

Driven Mostly by Continuing Weakness in Single Family

Housing Starts and Completions, 1 Unit Structures, Rolling 12 months



<http://www.calculatedriskblog.com/>

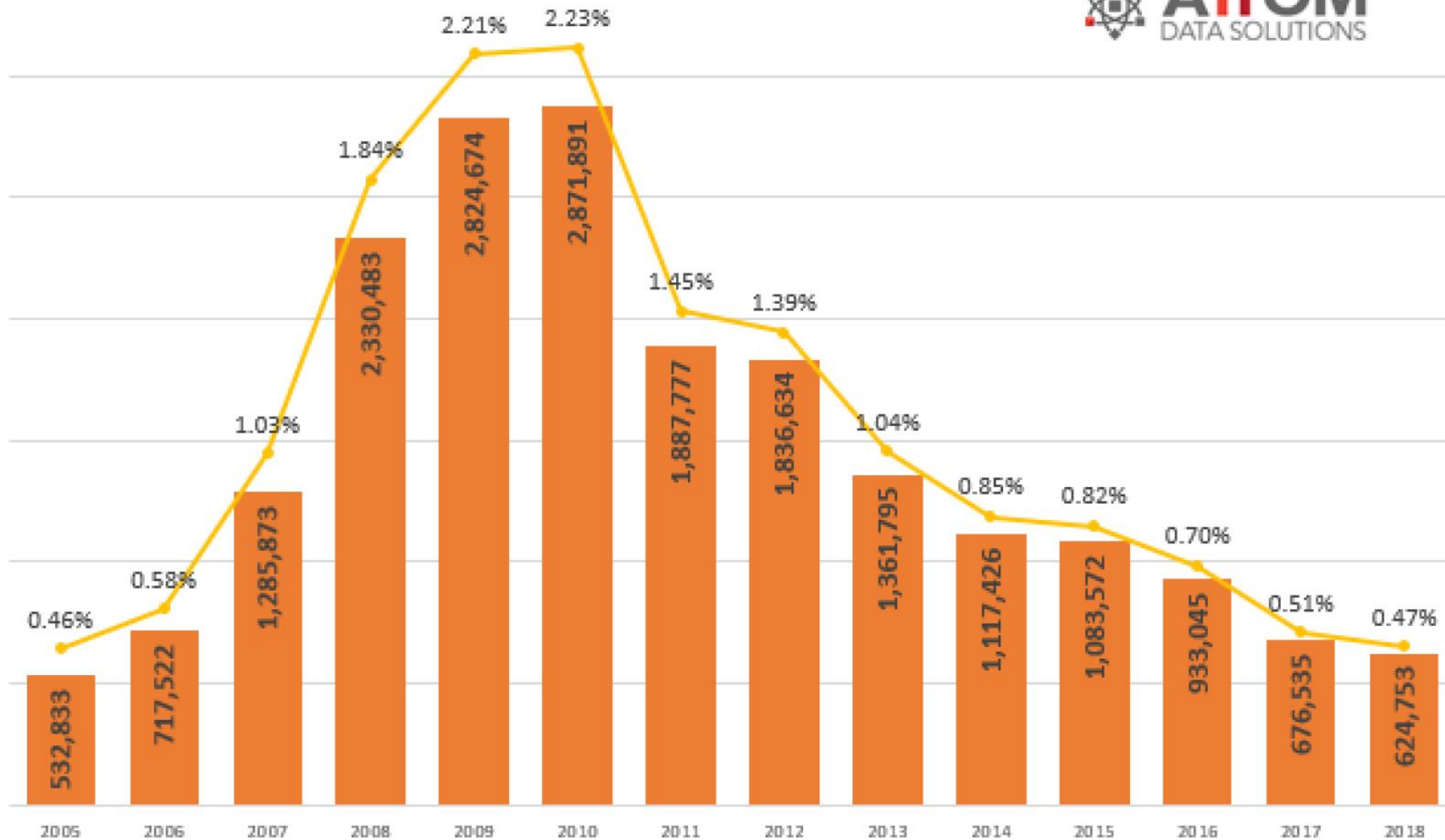


Foreclosures

2018 Foreclosure Activity at 13-Year Low

U.S. Historical Foreclosure Activity and Rates

U.S. Properties with Foreclosure Filings Foreclosure Rate (Pct of Housing Units)



And Delinquencies & Defaults Continue to Retreat

FEBRUARY 2019 DATA SUMMARY

| | Feb-19 | Monthly Change | YTD Change | Yearly Change |
|--|--------|----------------|------------|---------------|
| Delinquencies | 3.89% | 3.68% | 3.68% | -9.53% |
| Foreclosure | 0.51% | -0.35% | -0.35% | -21.28% |
| Foreclosure Starts | 40,400 | -19.52% | -19.52% | -13.49% |
| Seriously Delinquent (90+) or in Foreclosure | 1.47% | -0.42% | -0.42% | -26.57% |
| New Originations (data as of Jan-19) | 407K | -5.6% | -5.6% | -11.9% |

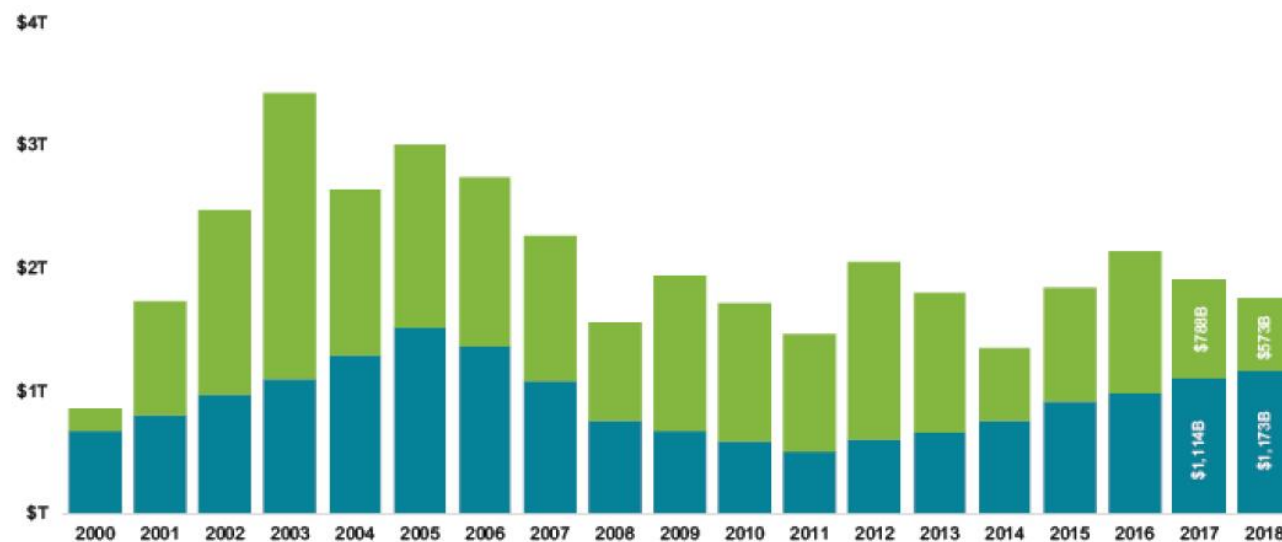


Mortgages: Return of the Refi?

Shrinking Refi Volume Has Challenged the Industry

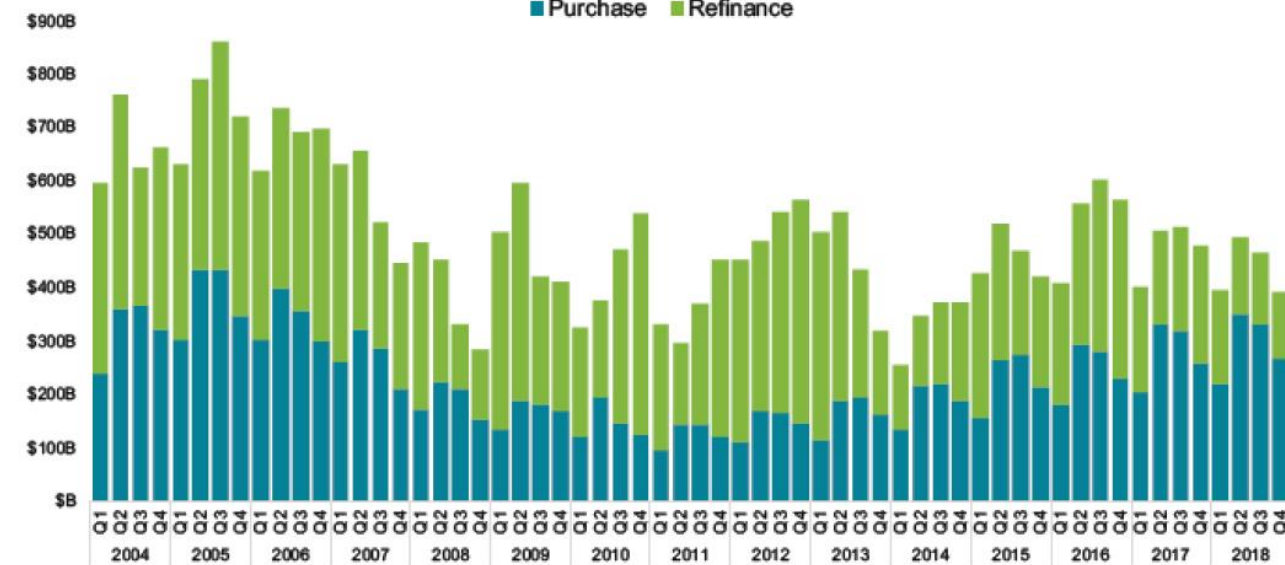
FIRST LIEN MORTGAGE ORIGINATIONS

■ Purchase ■ Refinance



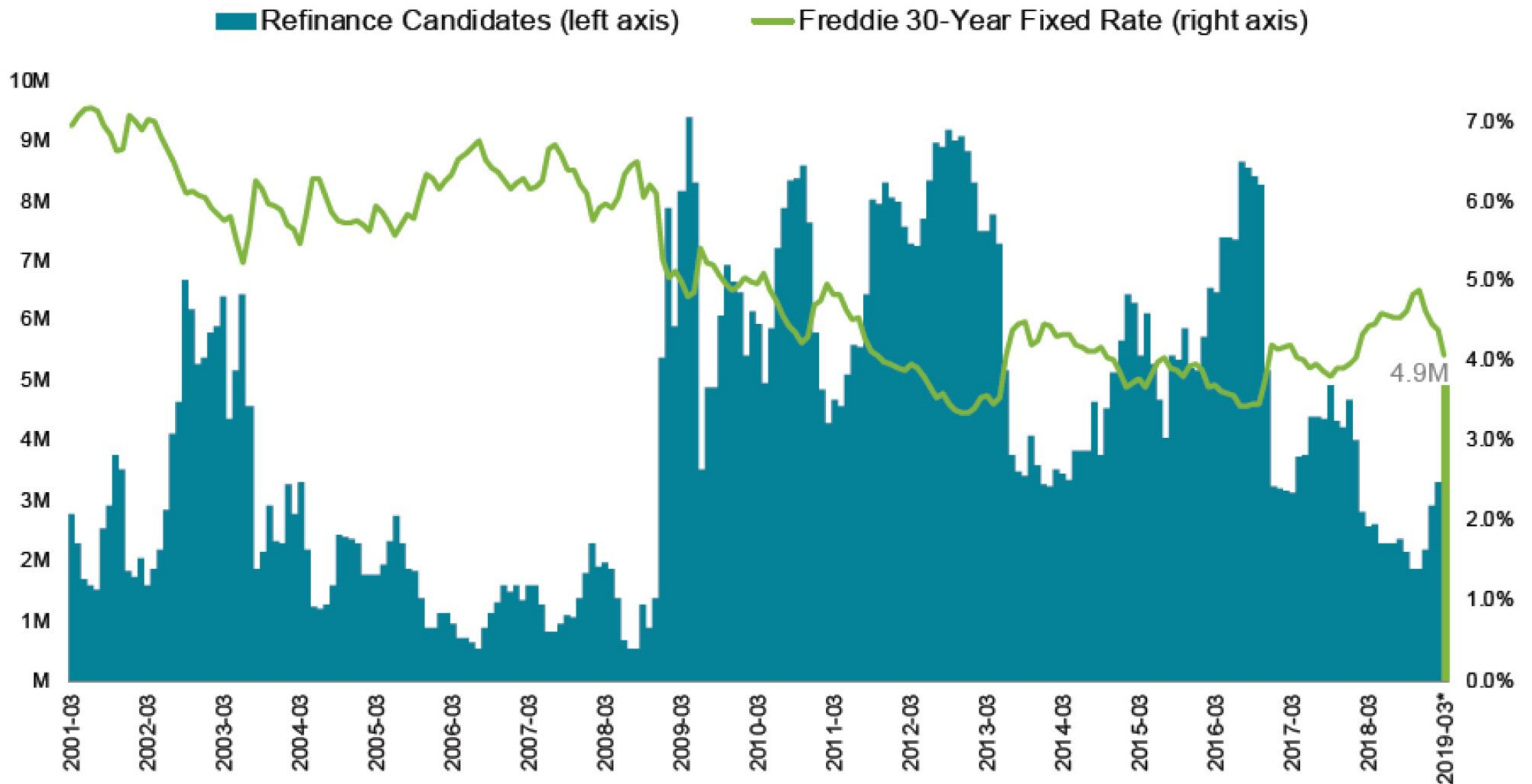
FIRST LIEN MORTGAGE ORIGINATIONS – BY QUARTER

■ Purchase ■ Refinance



But Lower Rates Open Up New Opportunities

REFINANCE CANDIDATES IN MILLIONS



*As of March 28, 2019.



Closing Thoughts

2019 Housing Outlook

- Existing home sales likely to lag behind 2018 numbers, or be flat at best
 - Affordability is an issue
 - Market correction a distinct possibility in higher priced markets
 - Tax reforms may be having an impact on high end sales
- Lack of inventory continues to be a big problem
 - Bifurcated market – too little supply at entry level, too much in the luxury category
- New home sales showing signs of life
- Foreclosures may reach historically low levels prior to the next recession
- Mortgage volume may rise and fall with volatile interest rates

Thank you!

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About the presenter



Rick Sharga
President & CEO
CJ Patrick Company

- Rick is the founder of CJ Patrick Company, a consulting firm that helps real estate, financial services, and technology companies develop a position of competitive advantage and use it to drive business strategy, marketing, and sales.
- An accomplished executive with over 25 years of experience in consumer and B2B marketing, Rick was formerly an Executive Vice President for Carrington Mortgage Holdings, responsible for PR, Social Media and Corporate Communications.
- Rick was previously the Chief Marketing Officer of Ten-X, the leading online real estate marketplace, where he started in July of 2013 as EVP of the company's Auction.com business unit. Prior to that, Rick spent eight years at RealtyTrac, where as SVP he was responsible for marketing, business development and data operations, and won the Stevie® Award for National Marketing Executive of the Year. Before RealtyTrac, Rick developed and executed sales and marketing programs for technology companies such as Fujitsu, JD Edwards, Toshiba, and Hitachi; start-ups like Tickets.com; and consumer brands including Pizza Hut, Acura and Cox Communications.
- One of the country's most frequently-quoted sources on real estate, mortgage and foreclosure trends, Rick has appeared regularly over the past 15 years on CNBC, the CBS Evening News, NBC Nightly News, CNN, ABC World News, FOX, Bloomberg and NPR.
- Rick is a member of the Corporate Board of Governors of the National Association of Hispanic Real Estate Professionals, the Advisory Council of the Asian Real Estate Association of America and the Board of the Technology Council of Southern California, and was included in the Inman News Inman 100, an annual list of the most influential leaders in real estate in both 2013 and 2014.