

**RESIDENTIAL ECONOMIC ISSUES AND TRENDS FORUM**  
**November 17, 2020 | 12:30 – 1:15 PM Central**

**Impact of Pandemic on Residential Real Estate and  
Economic Outlook**

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Chief Economist and Senior Vice President  
National Association of Realtors®

## Biden Presidency

Homebuyer tax credit ... \$15,000 at closing

1031 exchange ... land sales to developable lots

Fannie/Freddie's Role

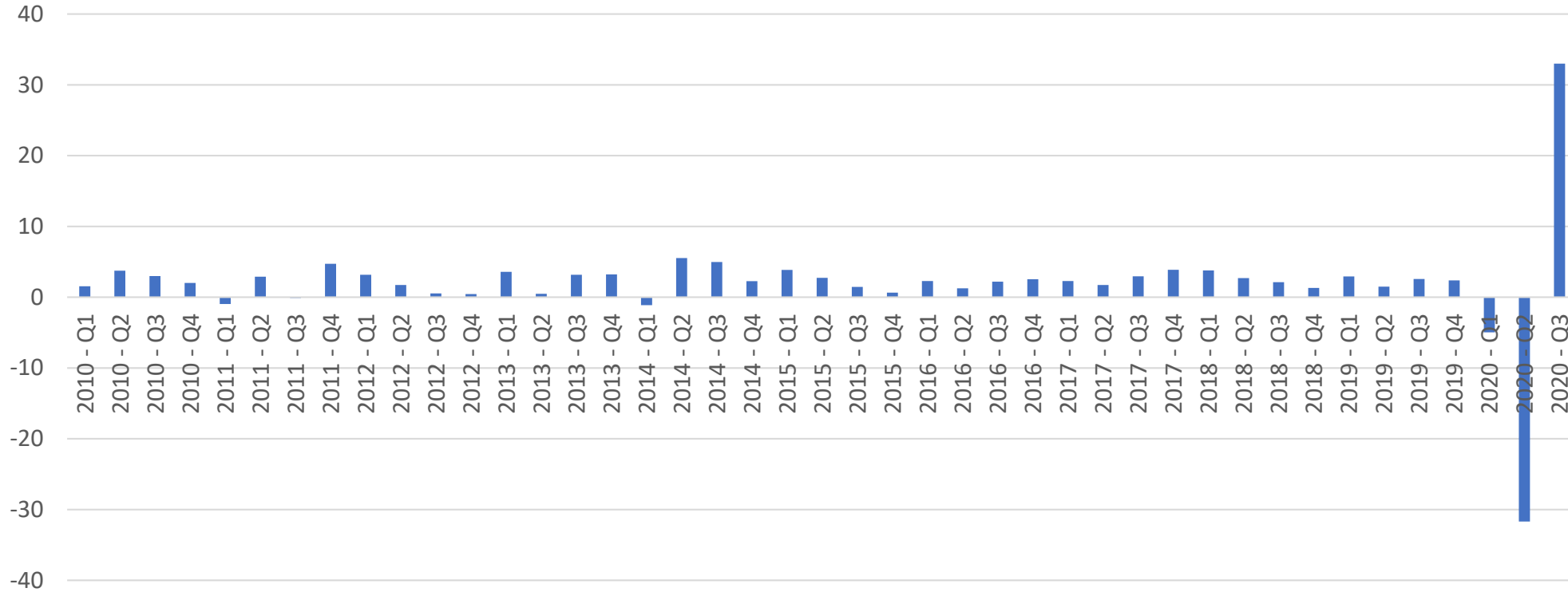
Looser Monetary Policy

Bigger Fiscal Policy ... extend mortgage forbearance?

Temporary Lockdown to contain virus?

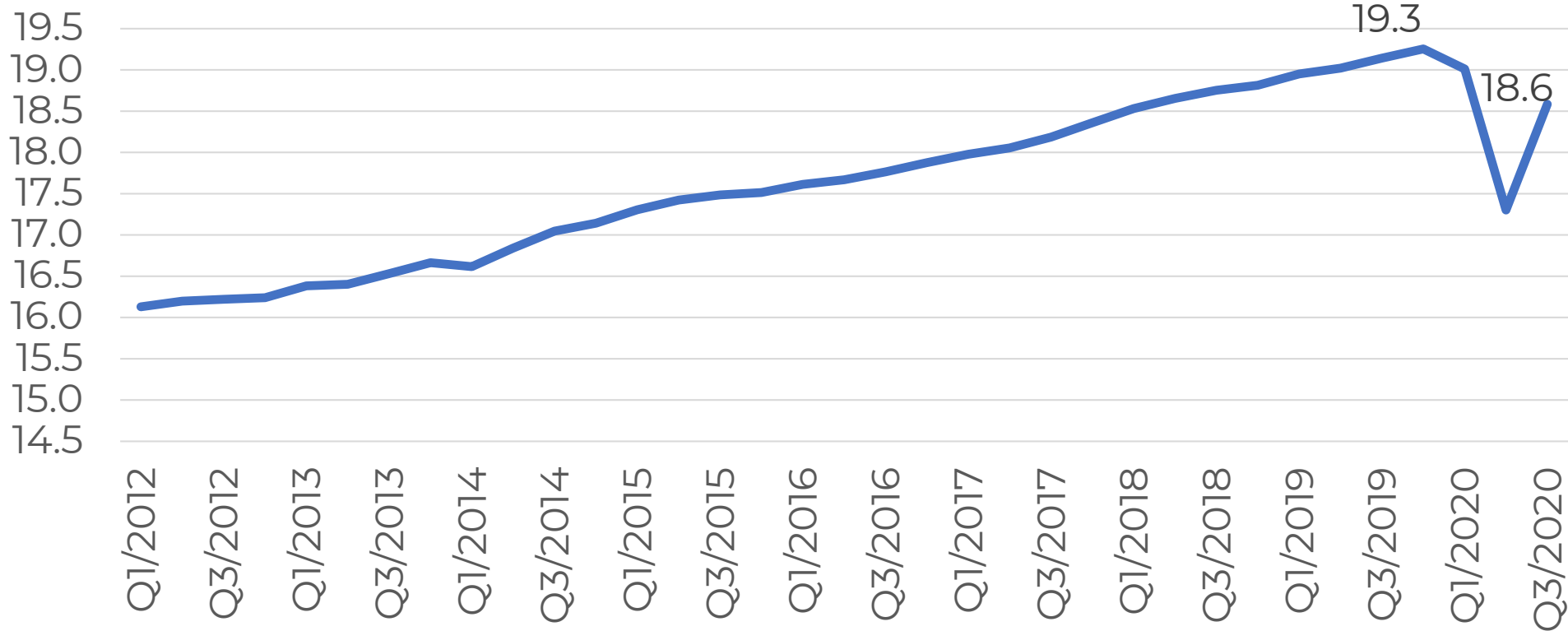
# Off-the-Chart Collapse and then Off-the-Chart Recovery

GDP Growth Rate (annualized)



# GDP still short of a prior peak

Gross Domestic Product (SAAR, in Trillion 2012 Dollars)

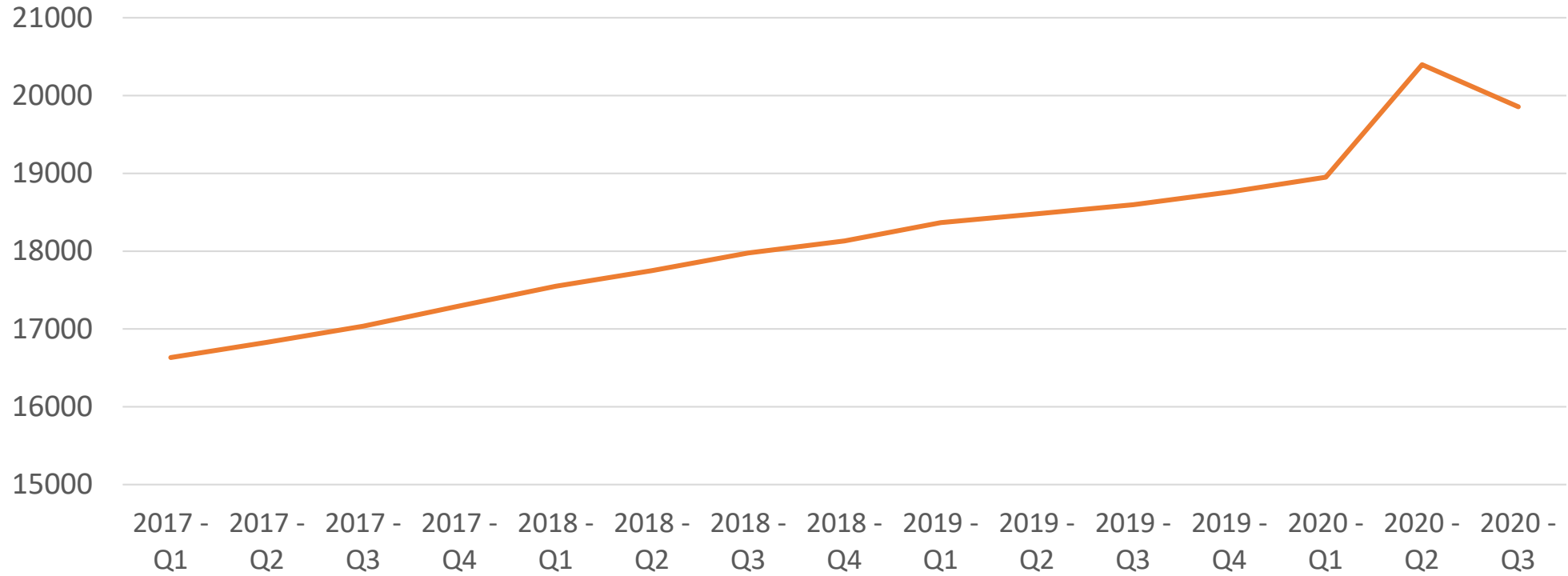


## GDP Declines in Other Countries

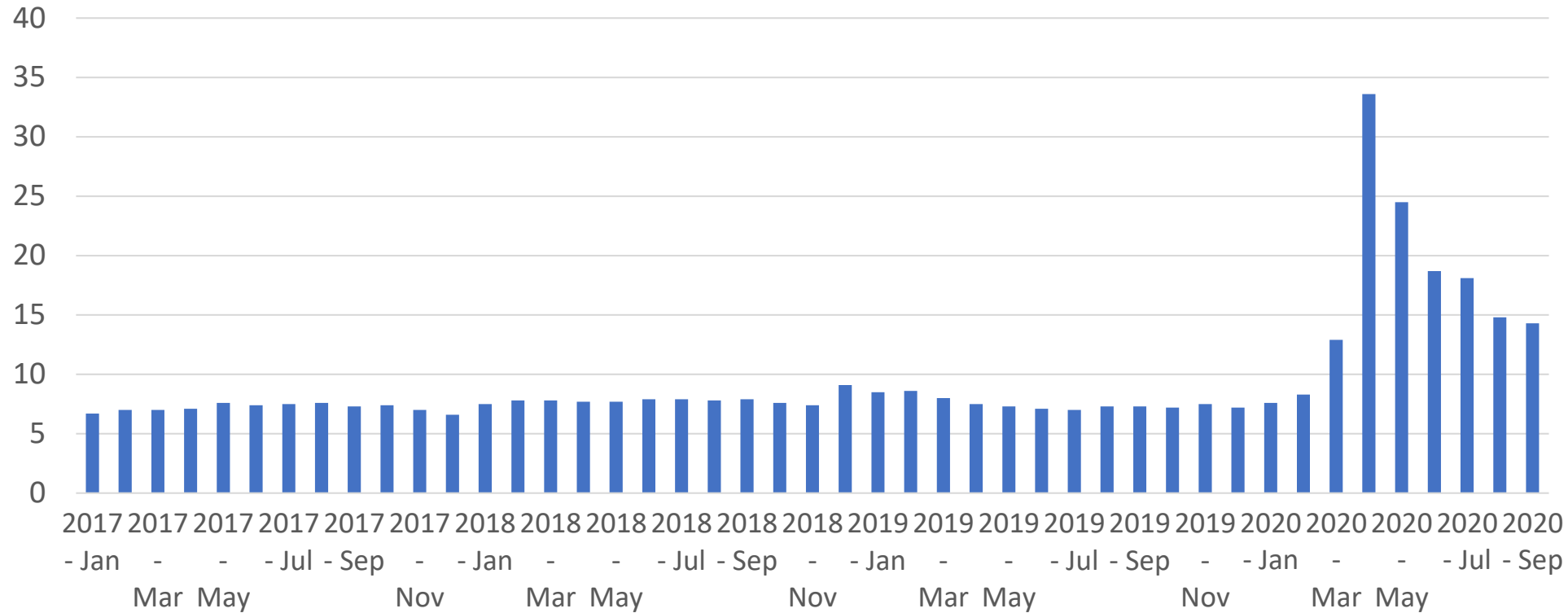
Country/Region	2020 Likely
United States	-5%
China	+2%
Japan	-6%
Britain	-10%
Canada	-6%
Euro Area	-8%
Sweden	-4%
South Korea	-1%

Source: The Economist, November

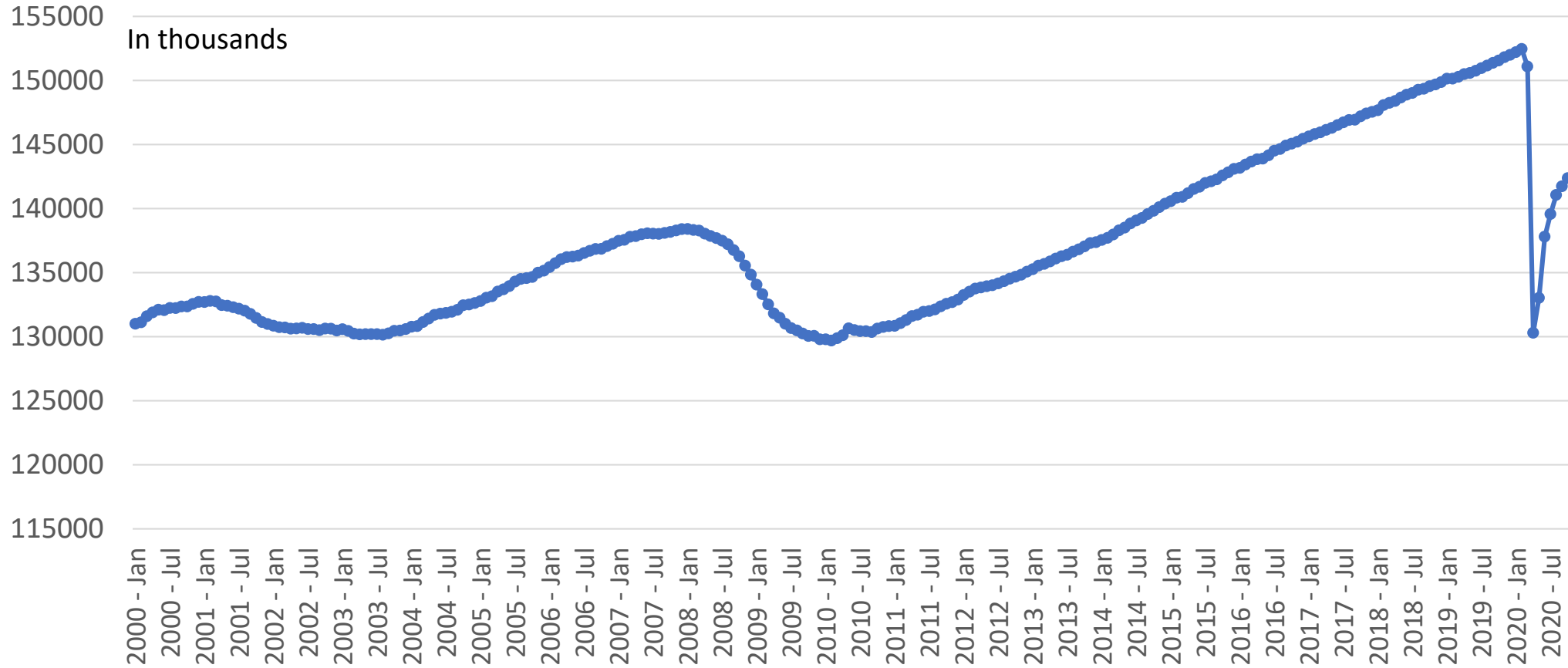
# GDP is Lower but Income boosted from stimulus checks (\$ billion)



# Savings Rate still elevated ... ready to pump up the economy after vaccine

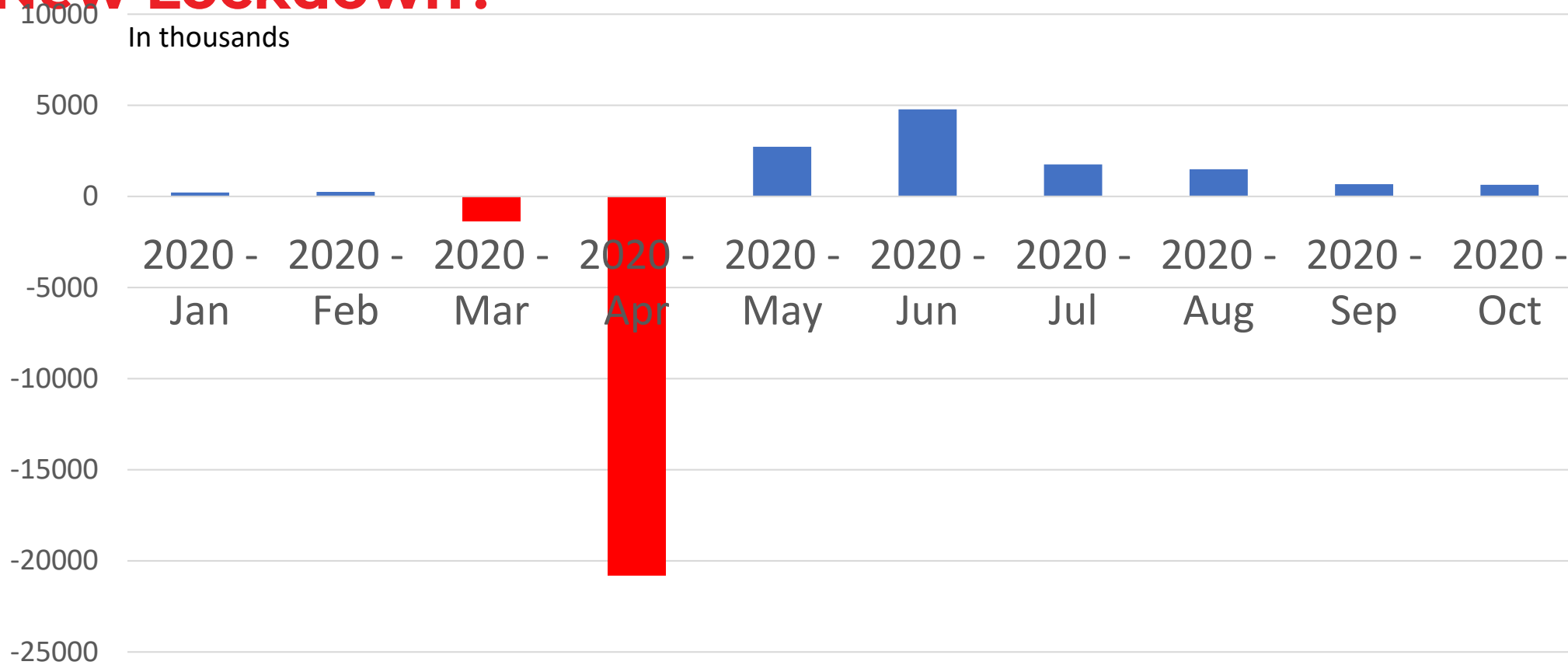


# Jobs Recovery need another 10 million to get us to prior peak



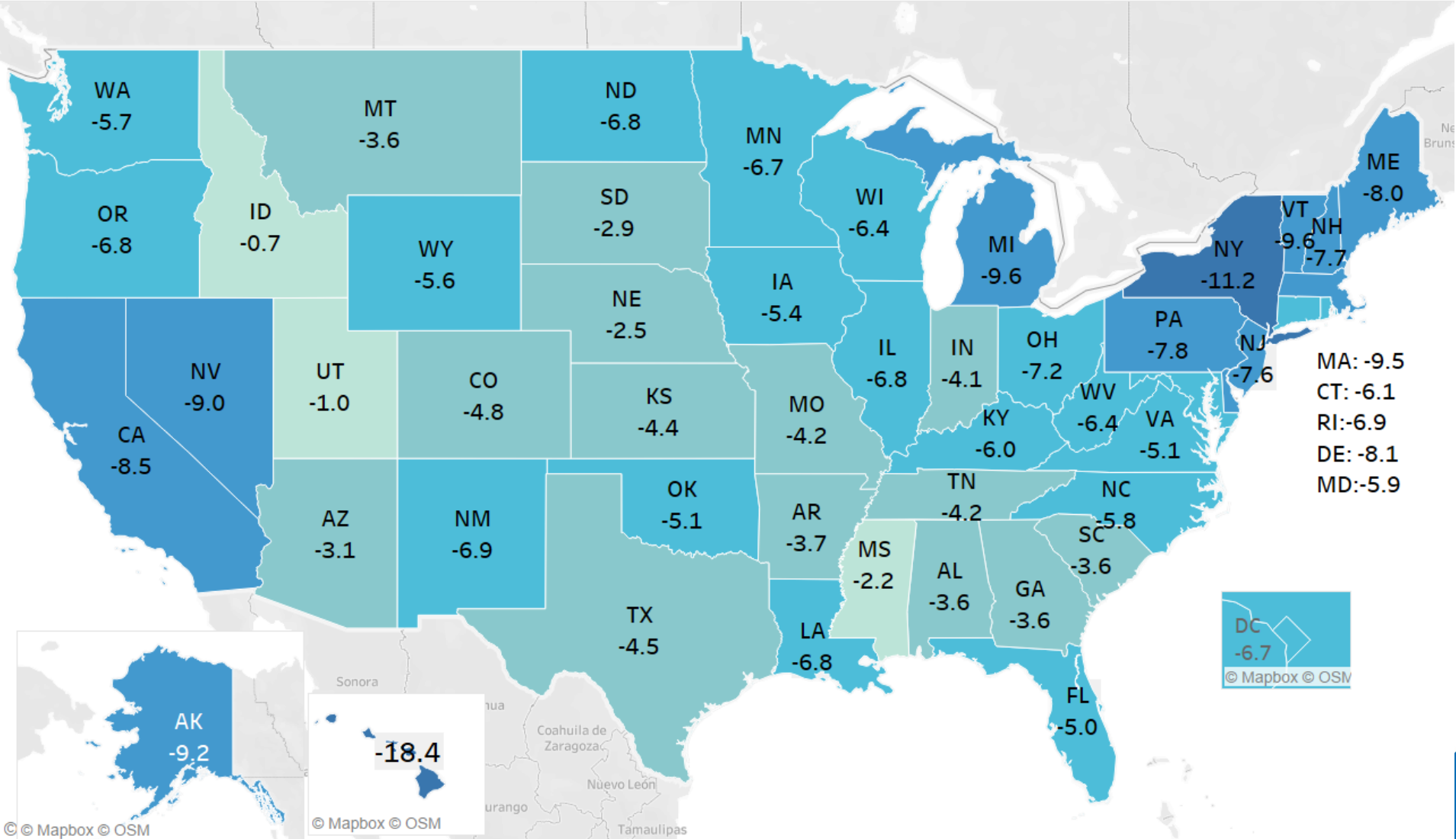


# Zoom-in to 2020 ... Job Gains losing Momentum? What if New Lockdown?



# All States with Fewer Jobs ... U.S. average decline of 6.4%

Year-over-year Percent Change in Nonfarm Payroll Employment in September 2020



# Pandemic Impact on Women's Job

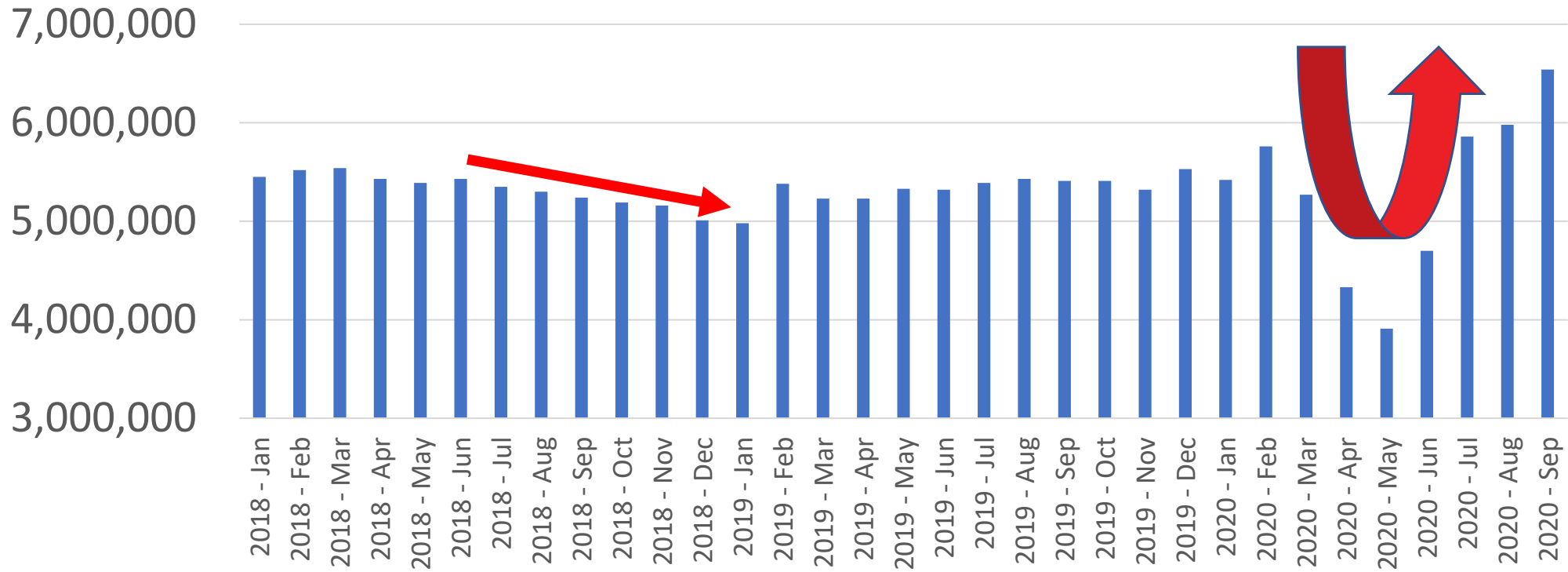
	Unemployment Rate February 2020	Unemployment Rate October 2020	Employment Oct. / Feb.
Men	3.3%	6.7%	94.8%
Women	3.1%	6.5%	93.7%

# Consumer Price Inflation at only 1.2%

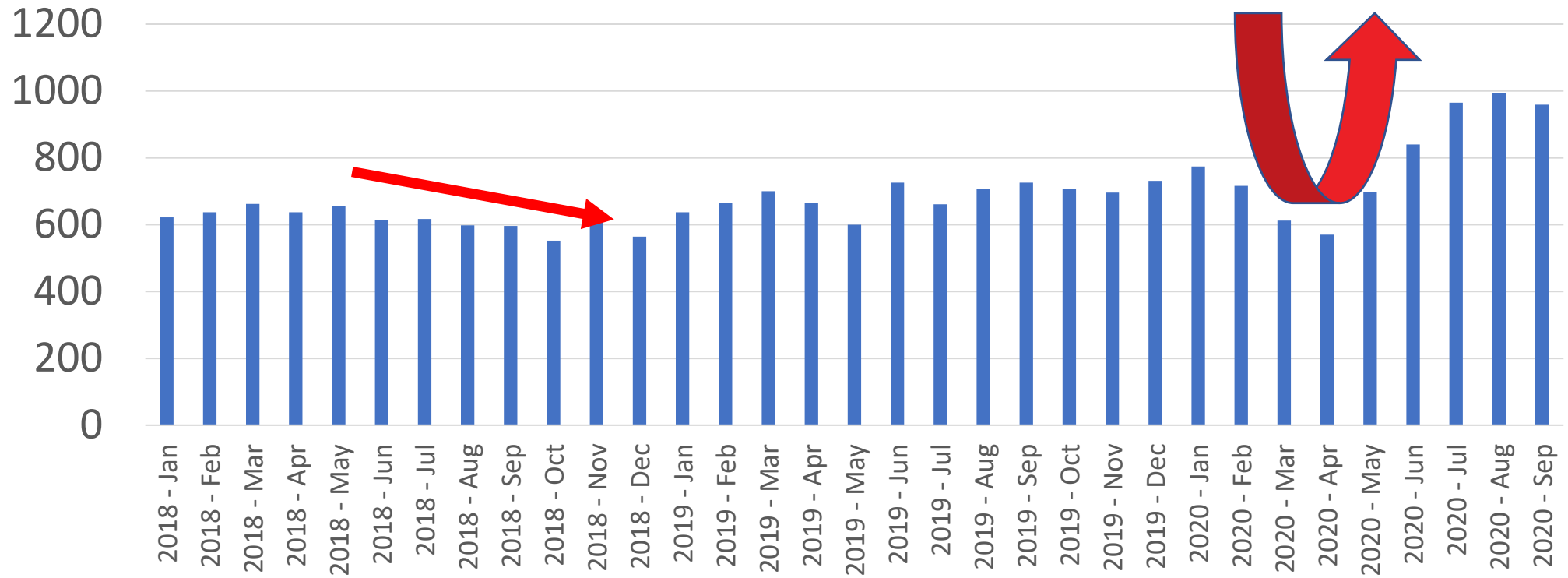
Items	% Change From one year ago to October
Used Car (New Car)	+11% (+1%)
Food Price	+3.9%
Pet Service	+3.8%
Cable Service	+3.8%
College Tuition	+0.6%
Clothes	-6%
Car Insurance	-7%
Lodging Away from Home	-16%
Gasoline	-18%
Airfare	-20%

# Remarkable Housing Market

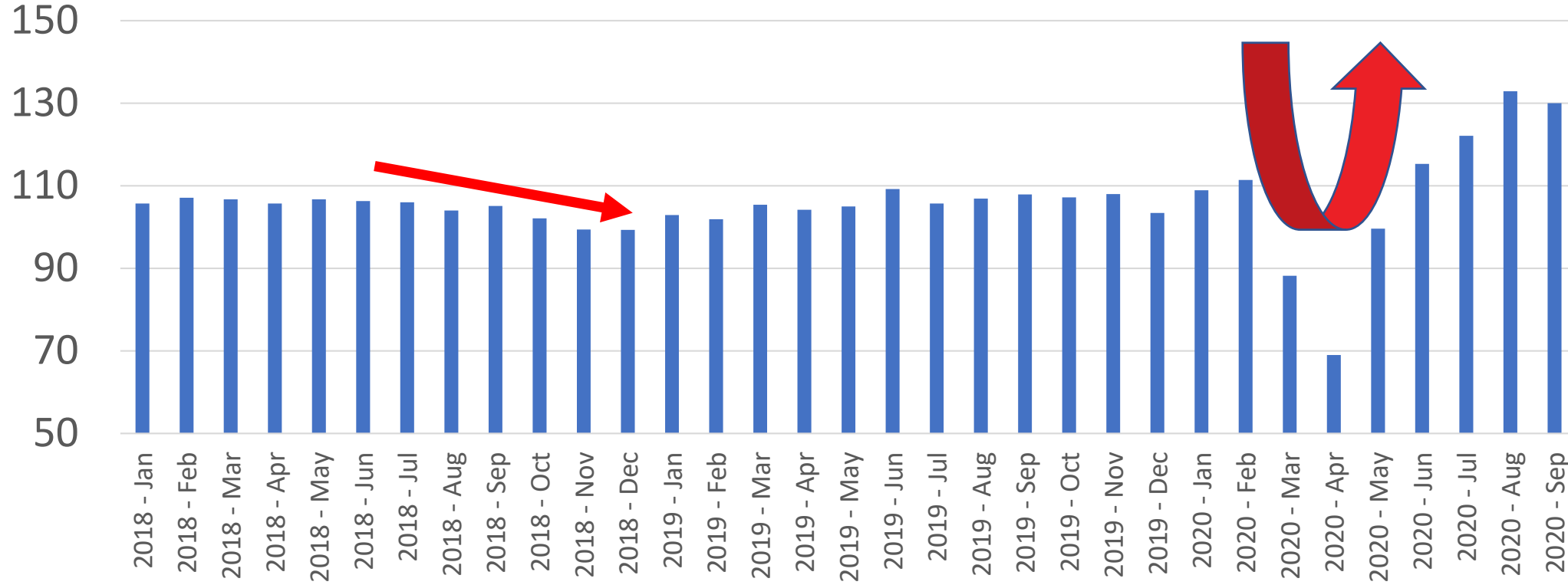
# Existing Home Sales



# New Home Sales

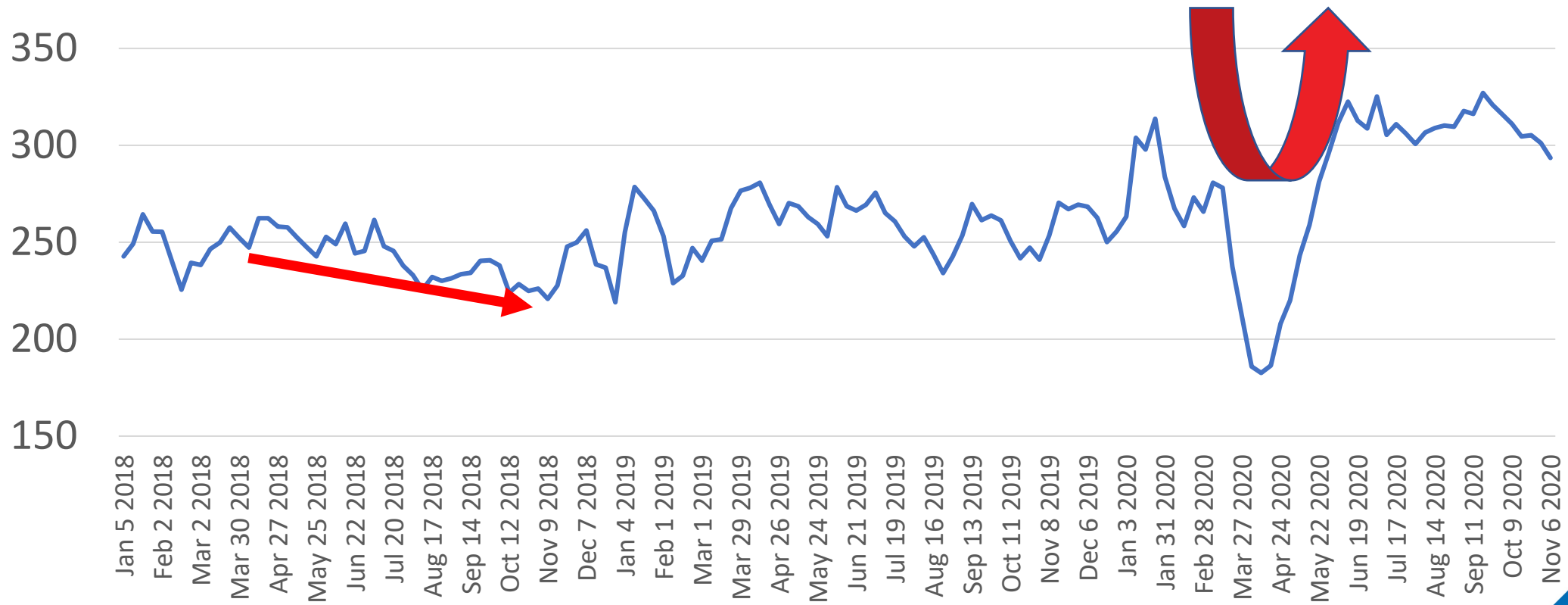


# Pending Contract ... Breaking Out Higher

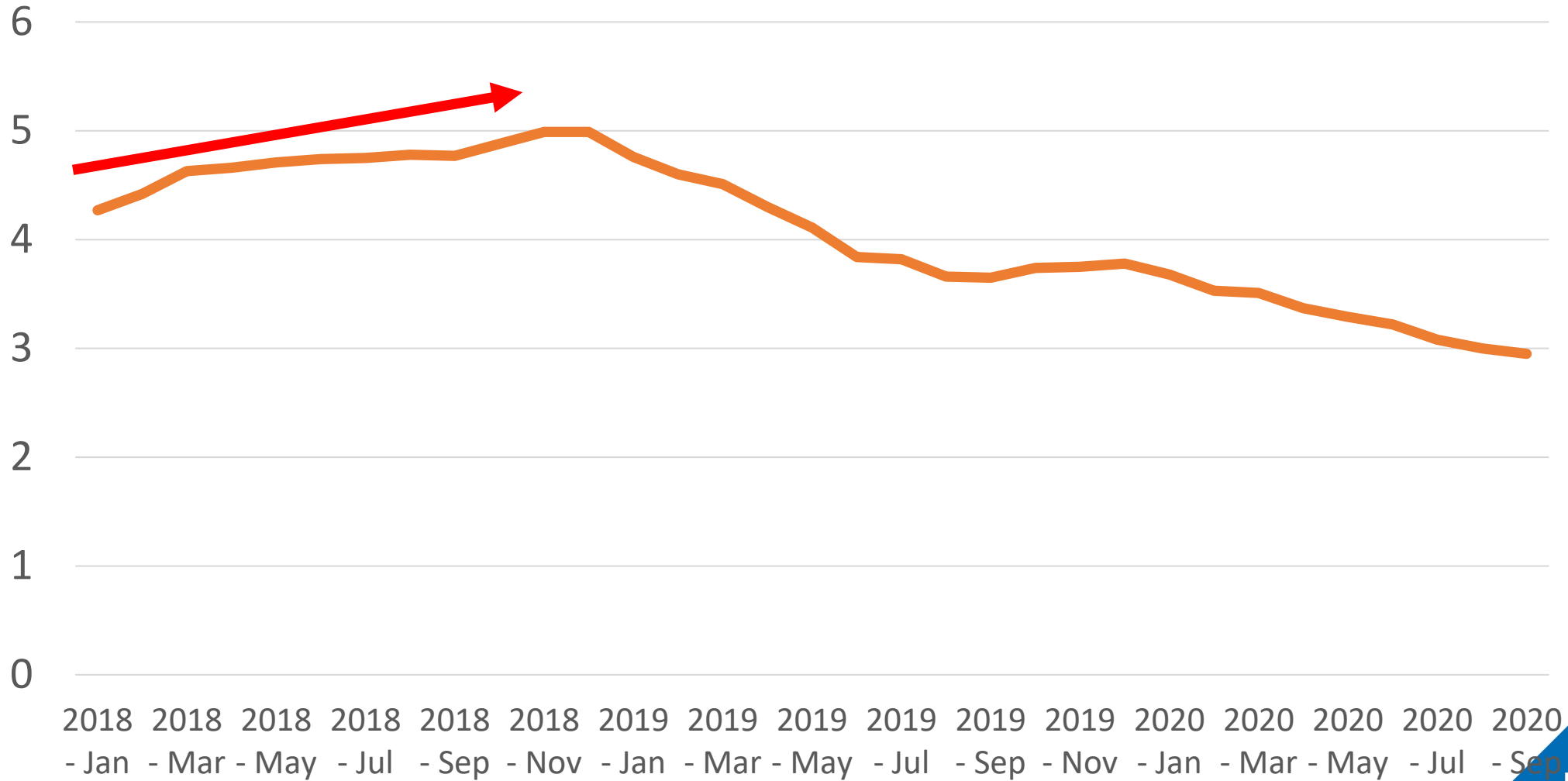




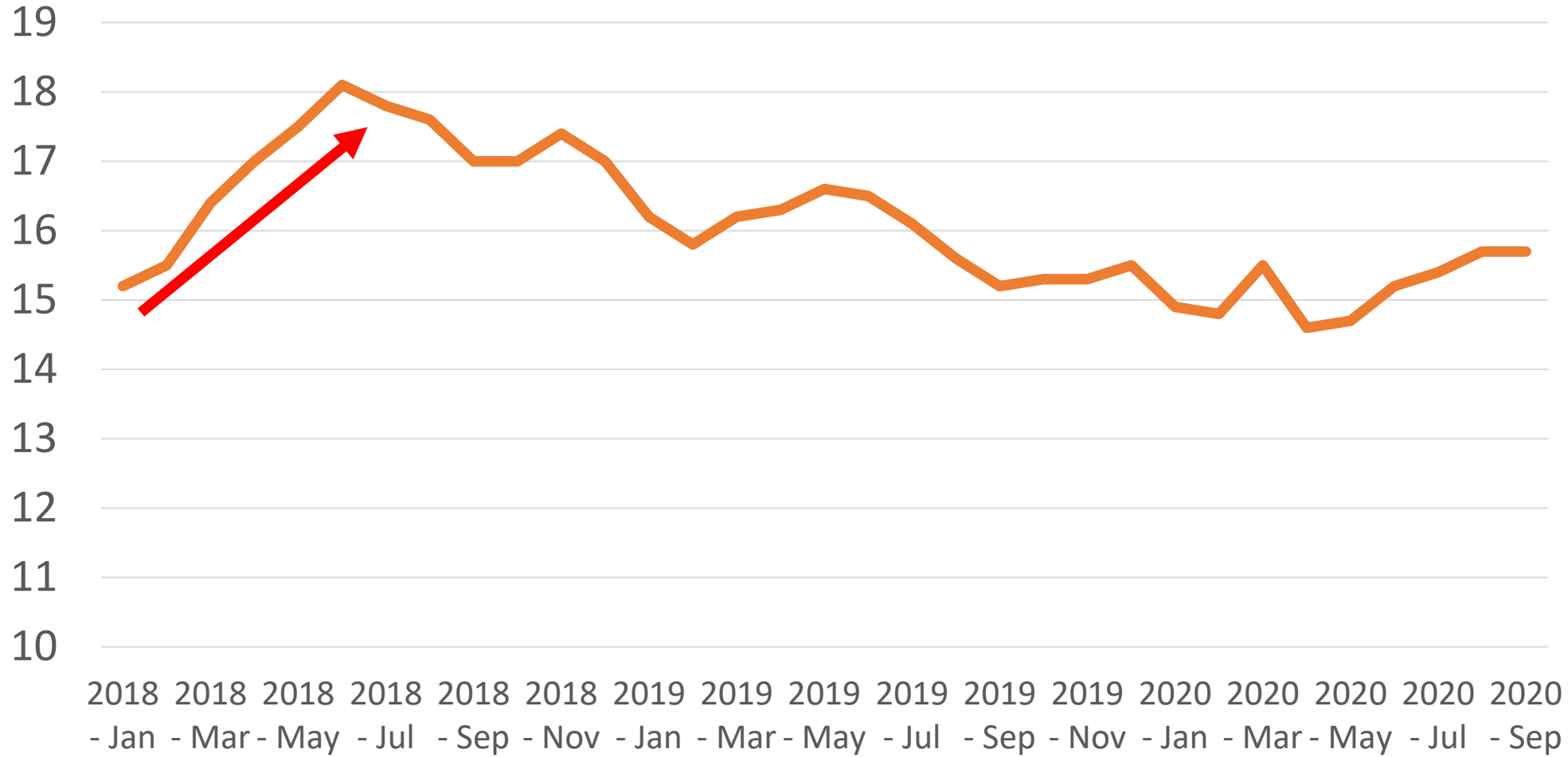
# Mortgage Application to Buy a Home



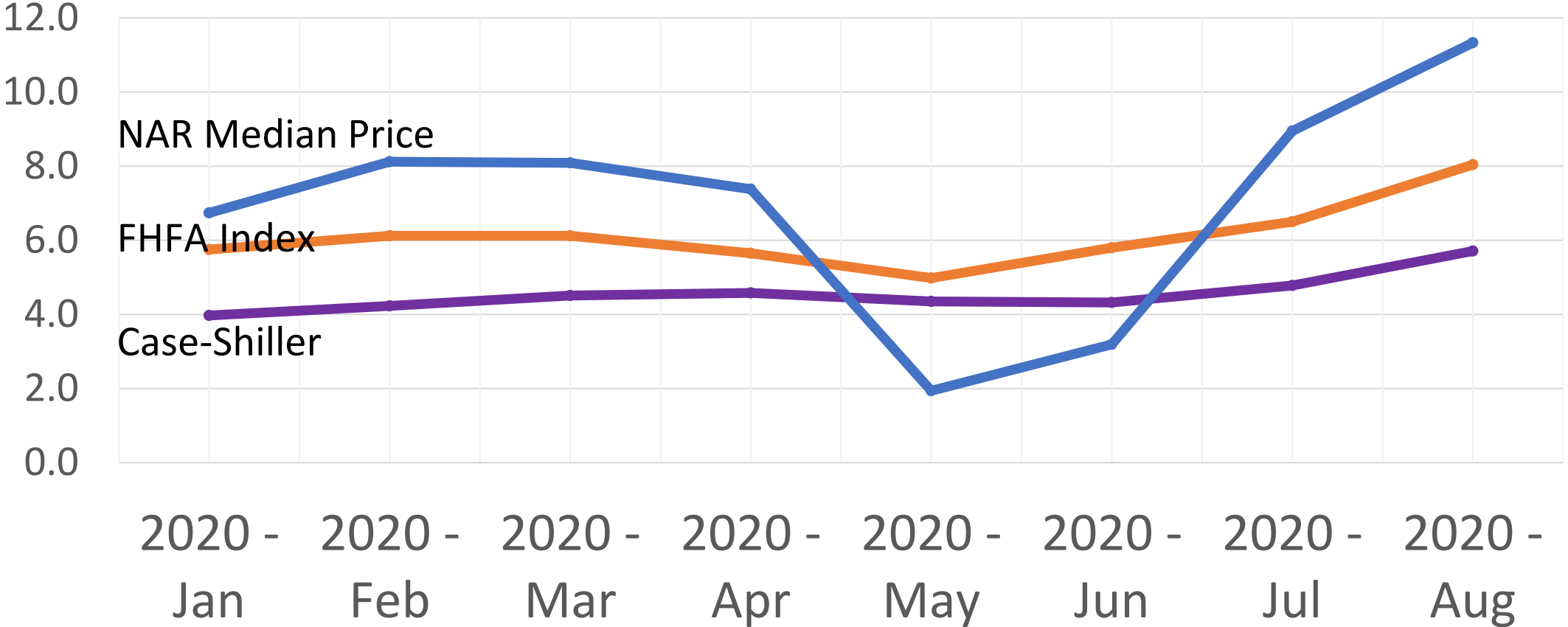
# 30-Year Mortgage Rates



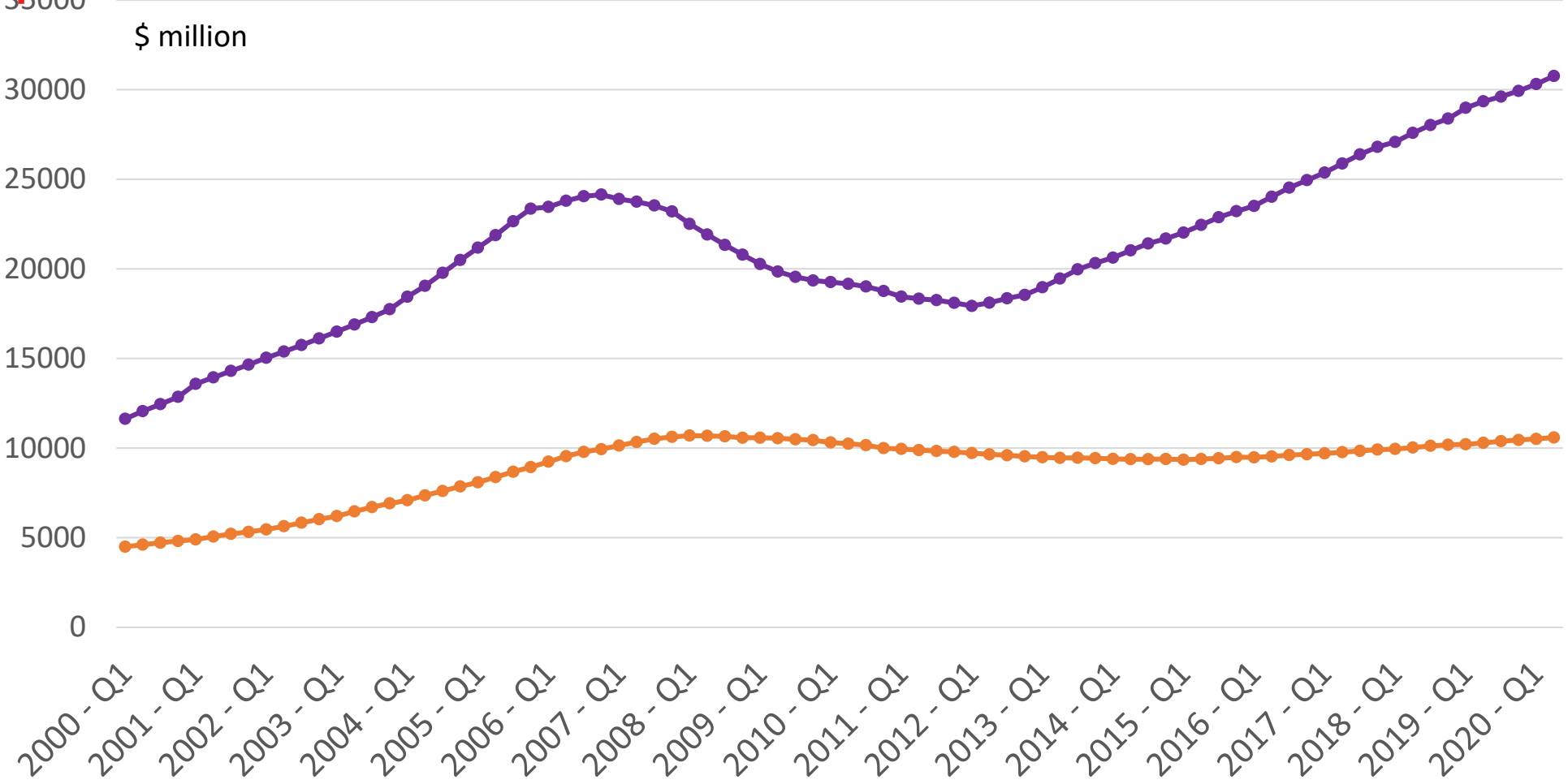
# % of Income for Mortgage Payment ... Steady for Now



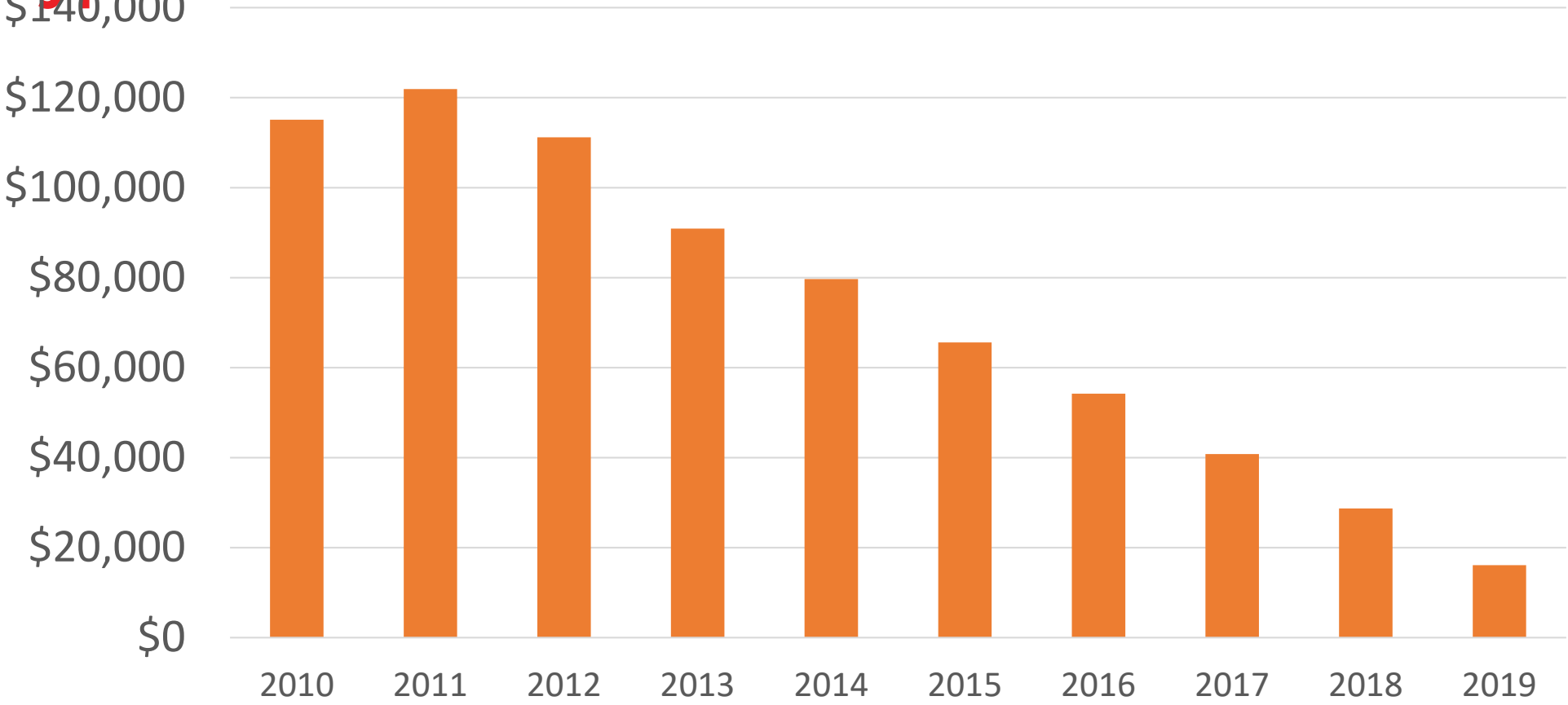
# Home Price Appreciation



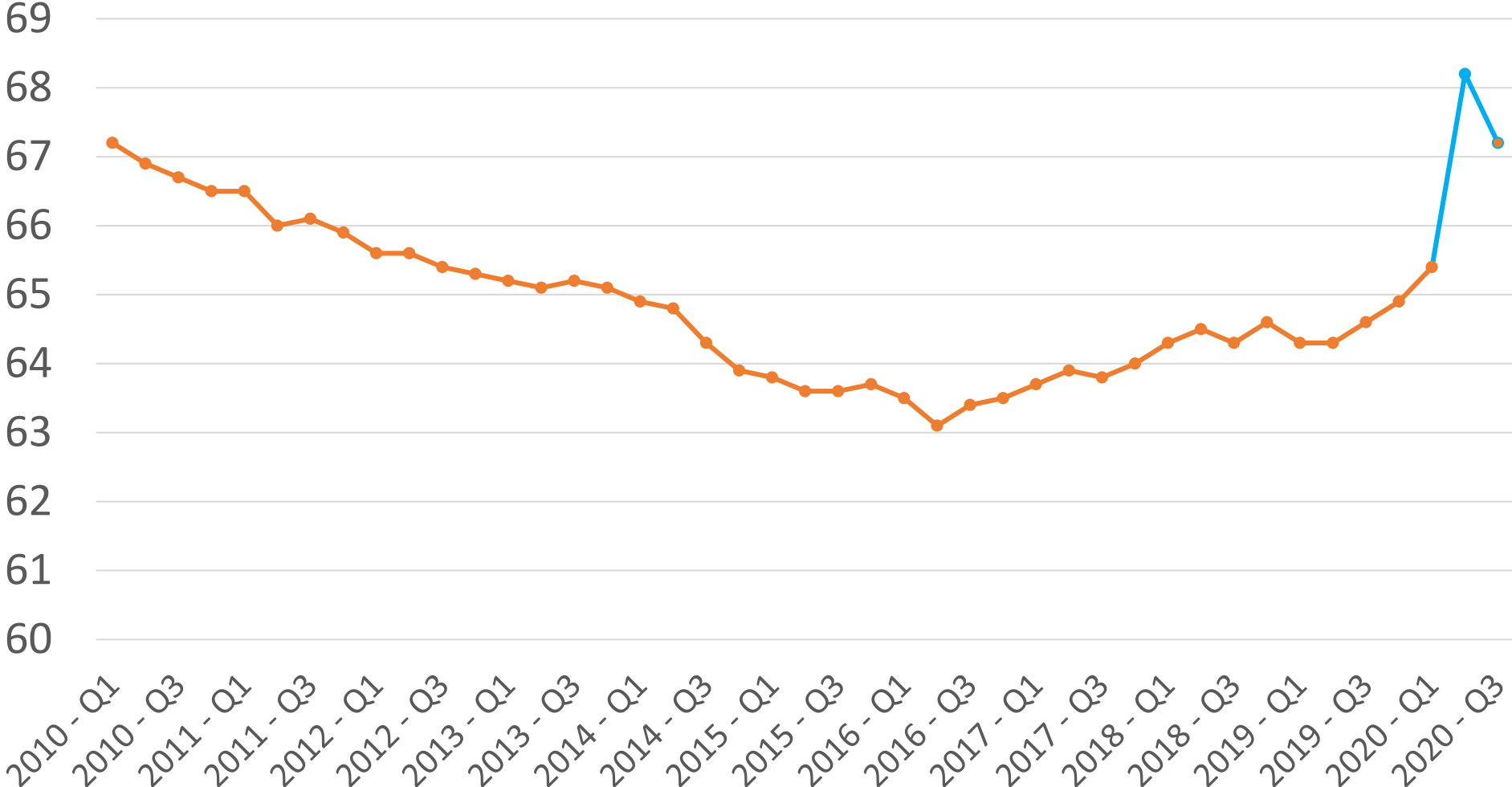
# Housing Asset Valuation minus Mortgage Outstanding = **\$20.2 trillion**



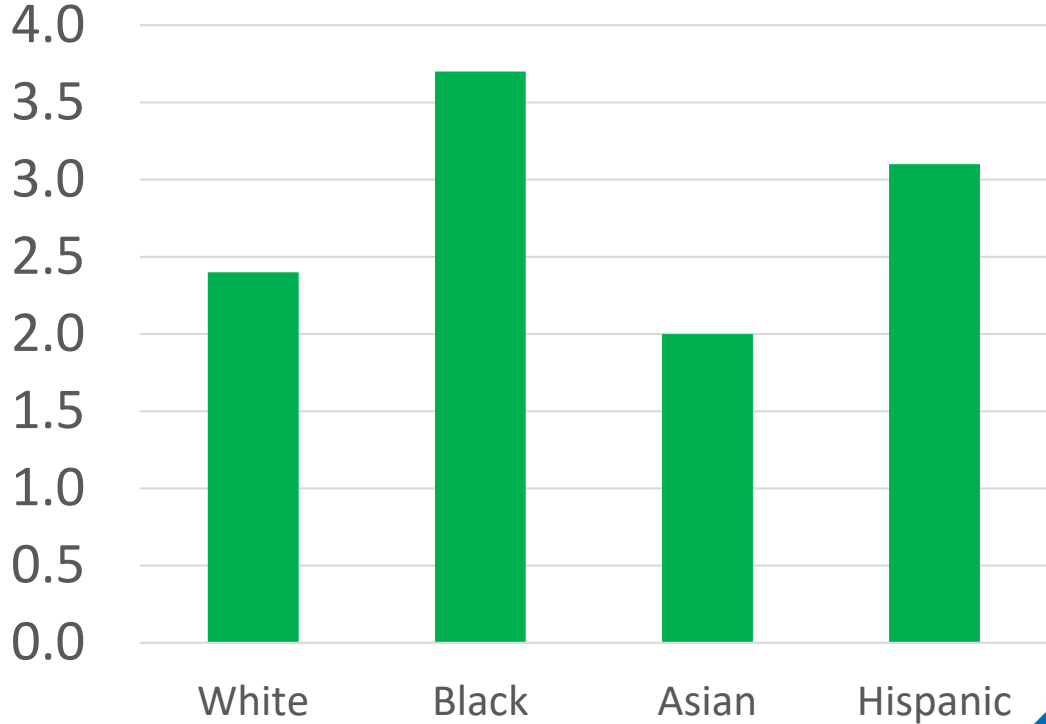
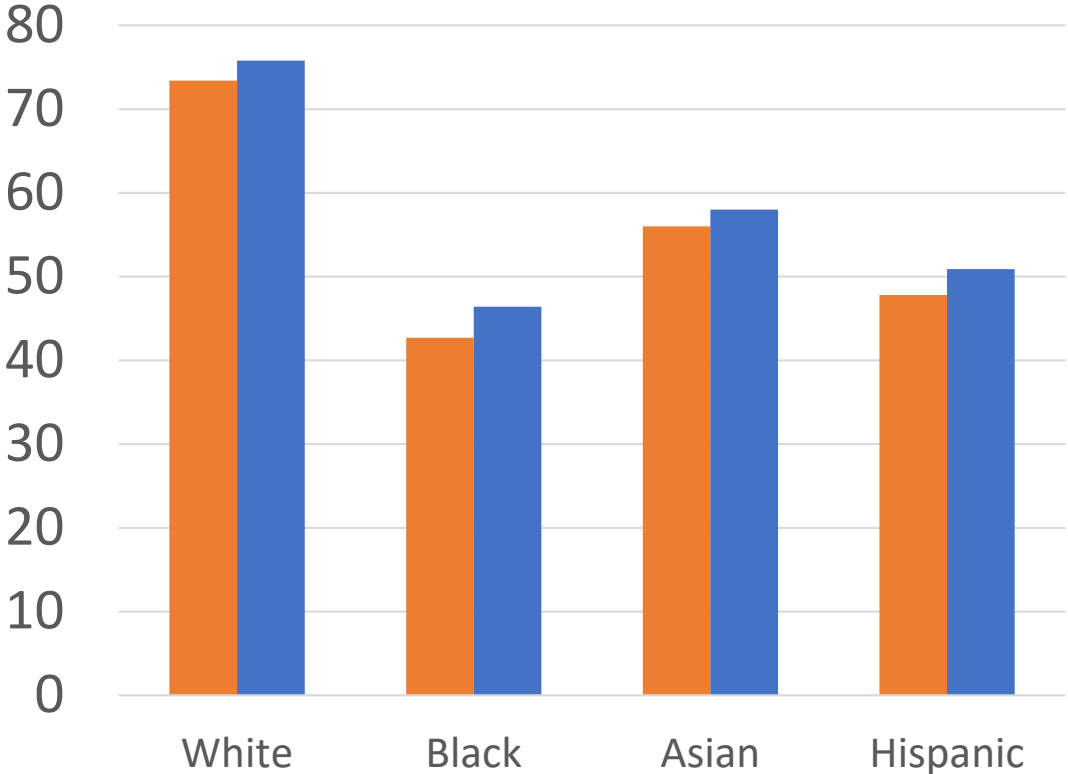
# Cumulative Equity Gain from Purchased Year to 2020 on Typical Home



# Homeownership Rate (Polling Error during Pandemic?)



# Homeownership Rate ... 2019 Q3 and 2020 Q3 ... Gain

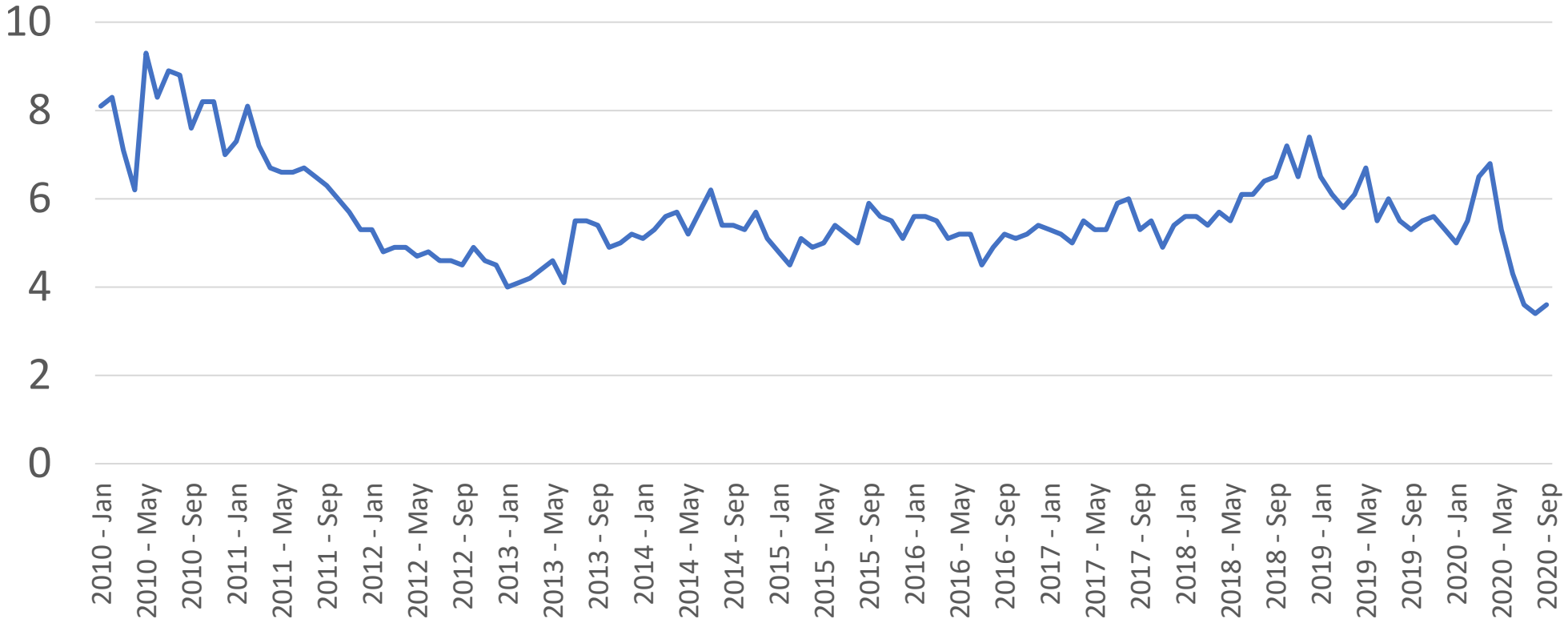




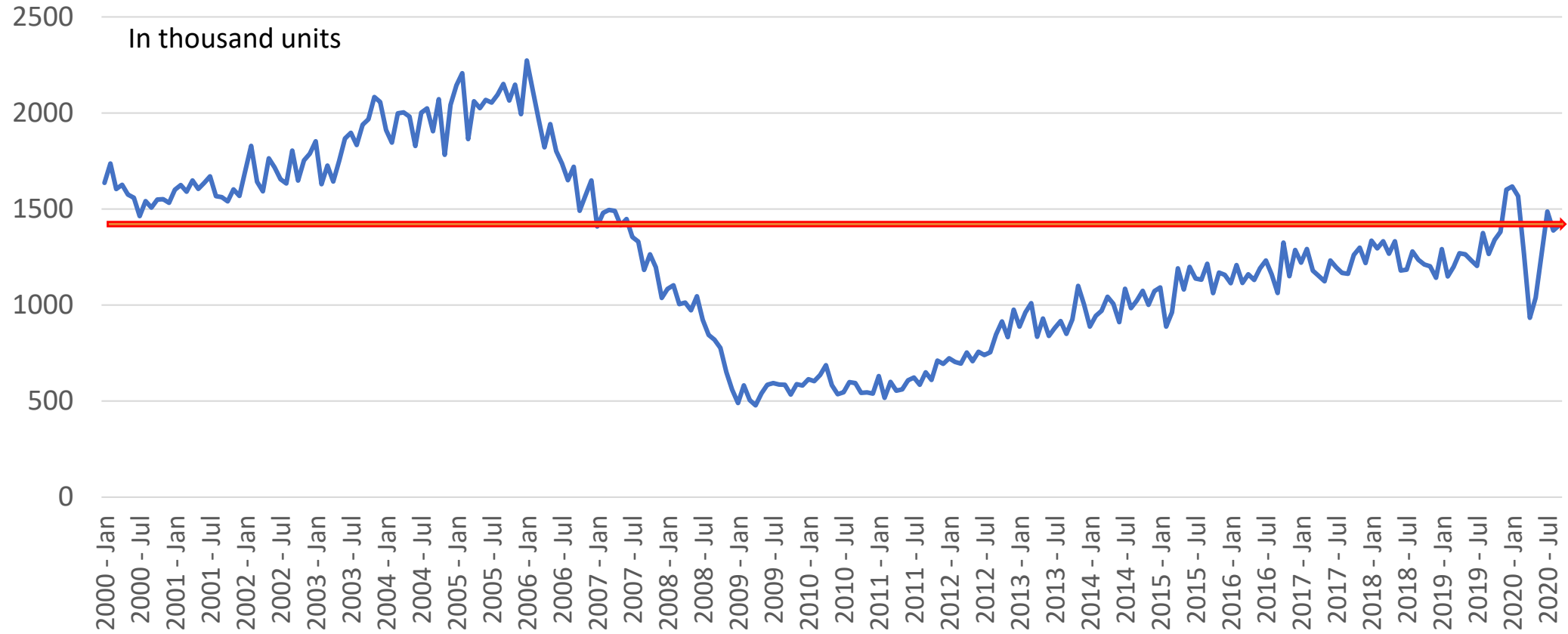
# Months Supply of Existing Home Inventory



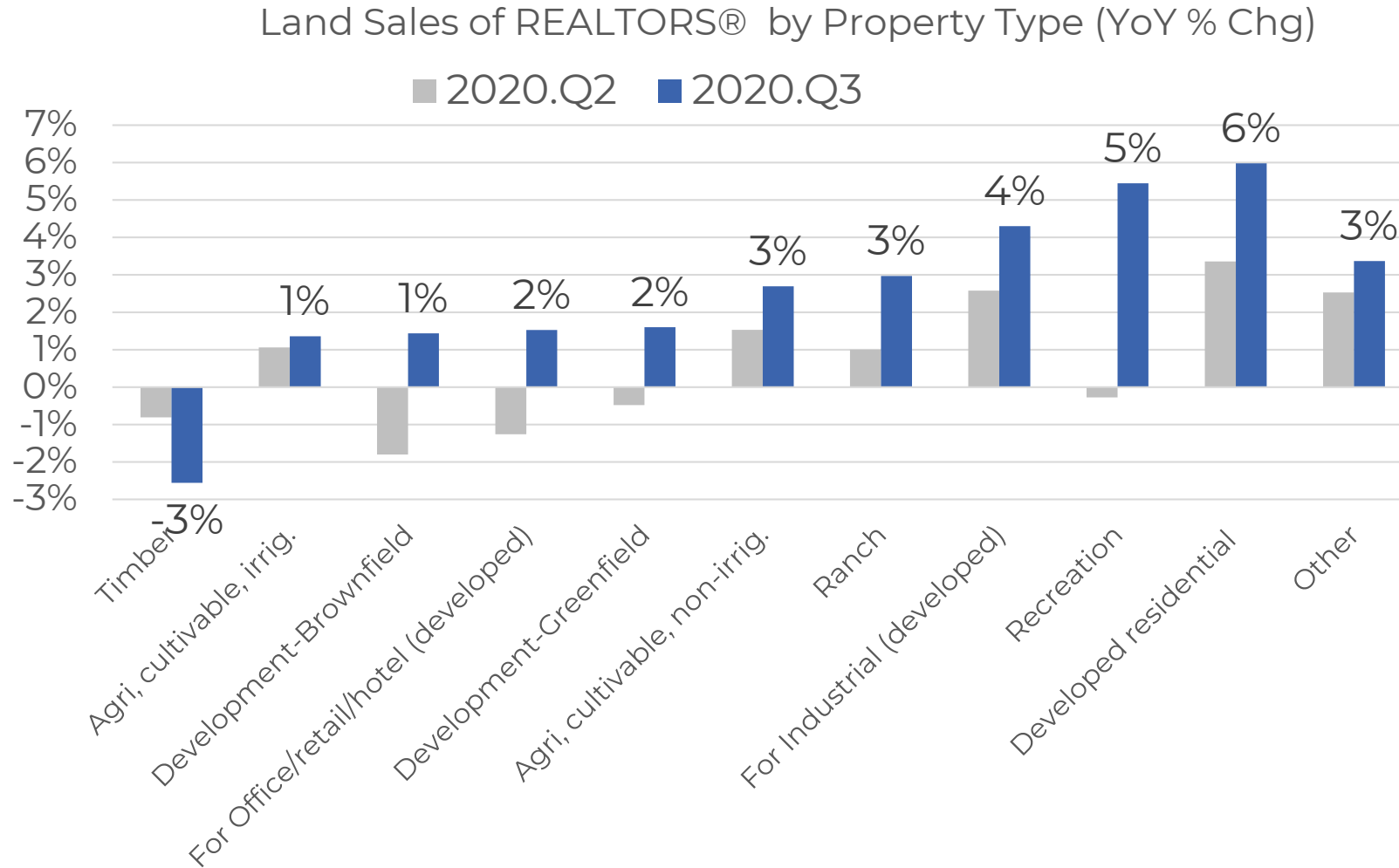
# Months Supply of Newly Constructed Home Inventory



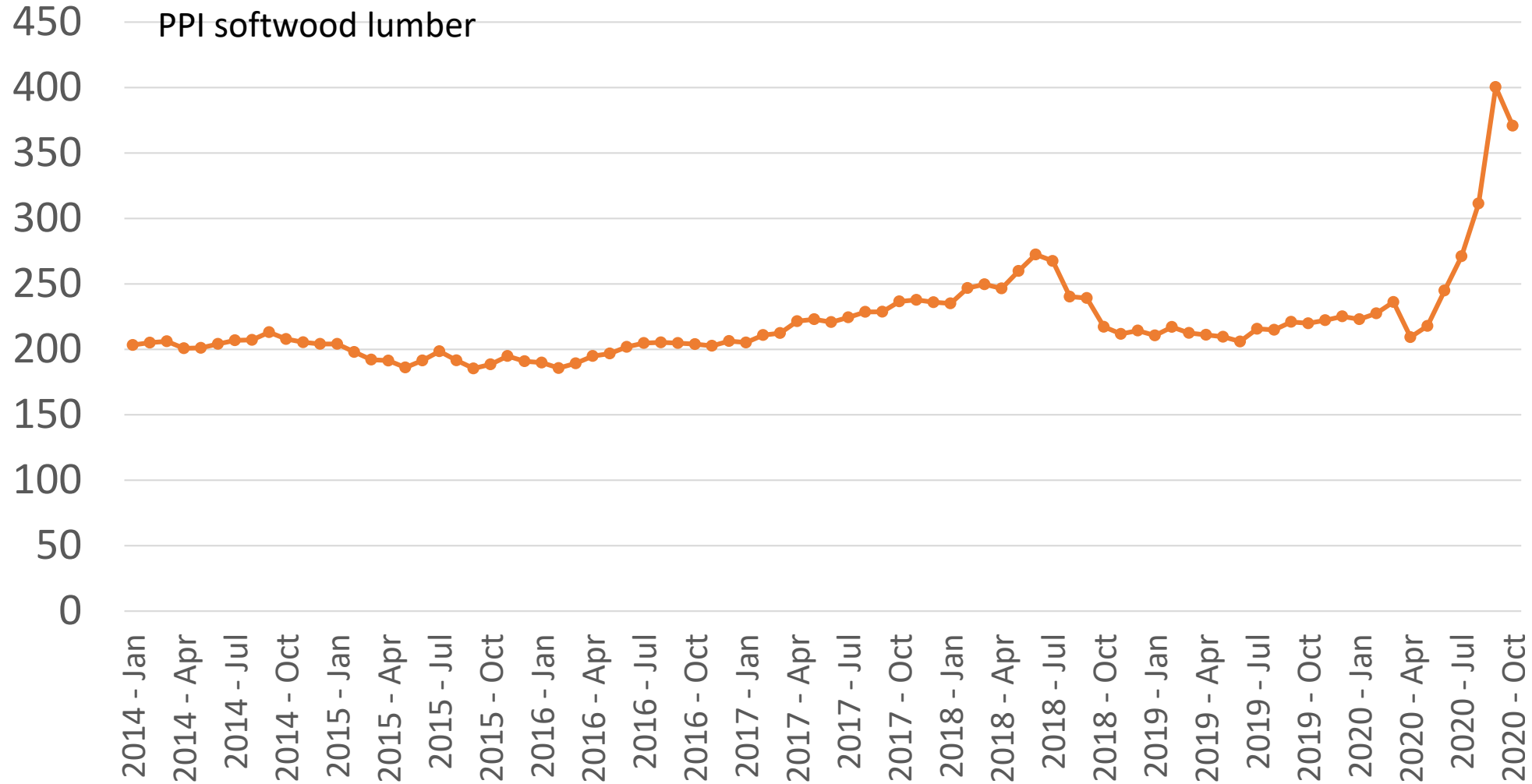
# Housing Starts ... Need a Huge Ramp Up



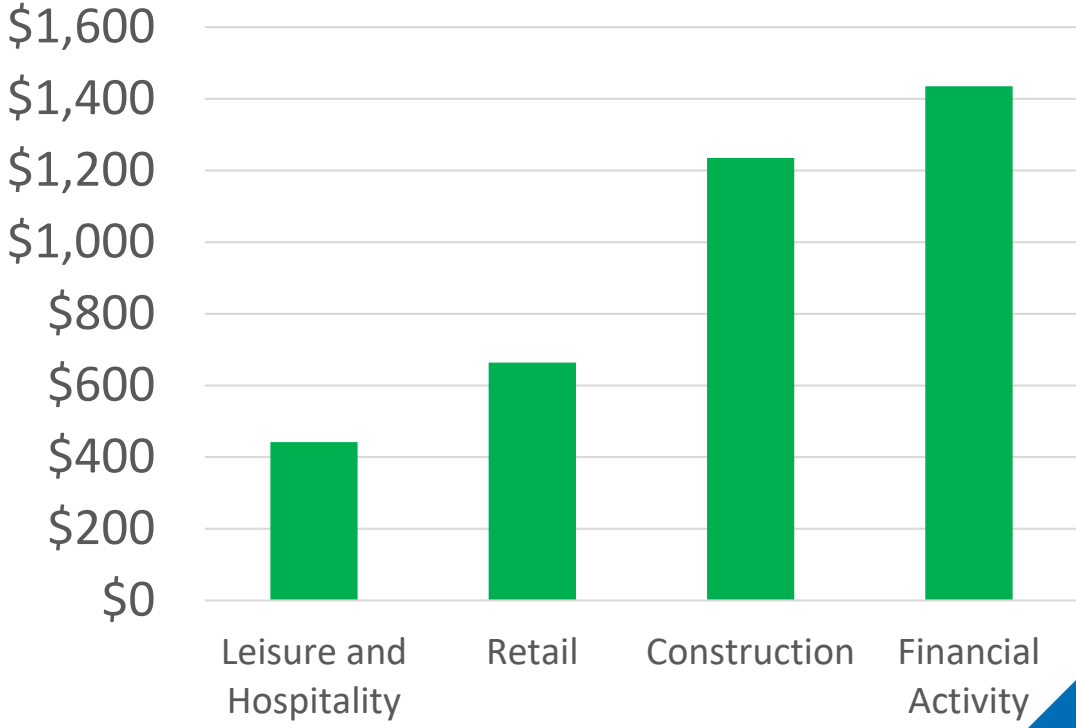
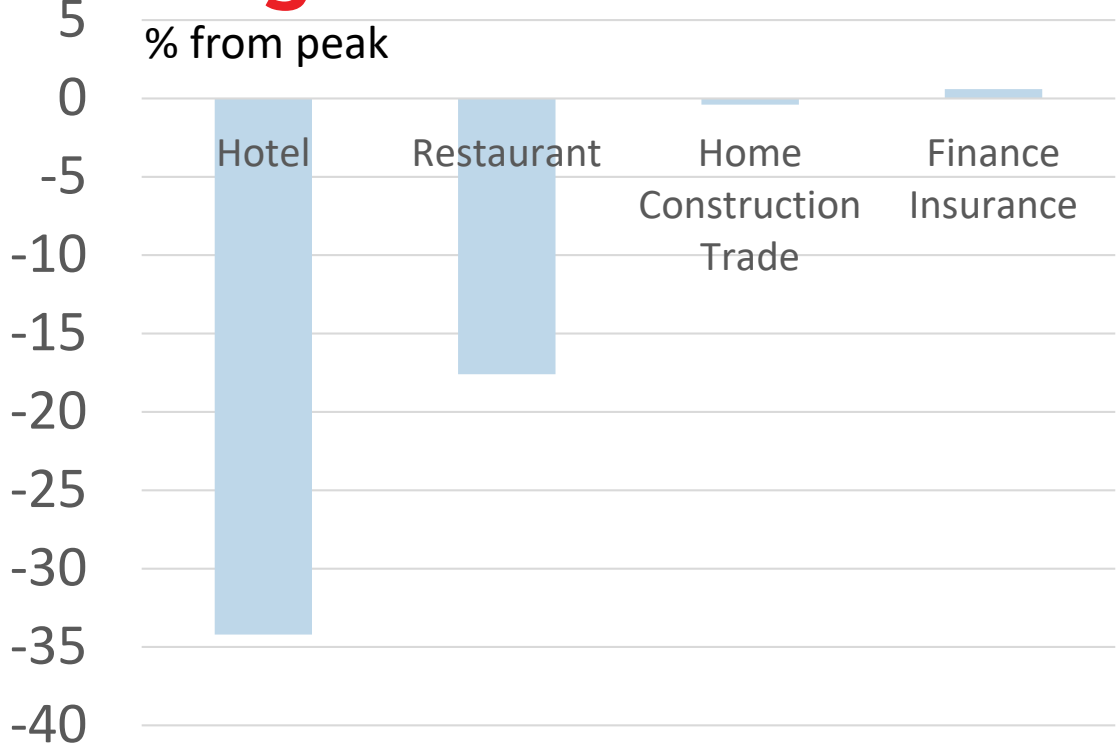
# But Strong Demand for Land ... Recreational and Residential



# Price of Softwood Lumber



# Job Losses occurring in Low Wage Industries ... Weekly Earnings

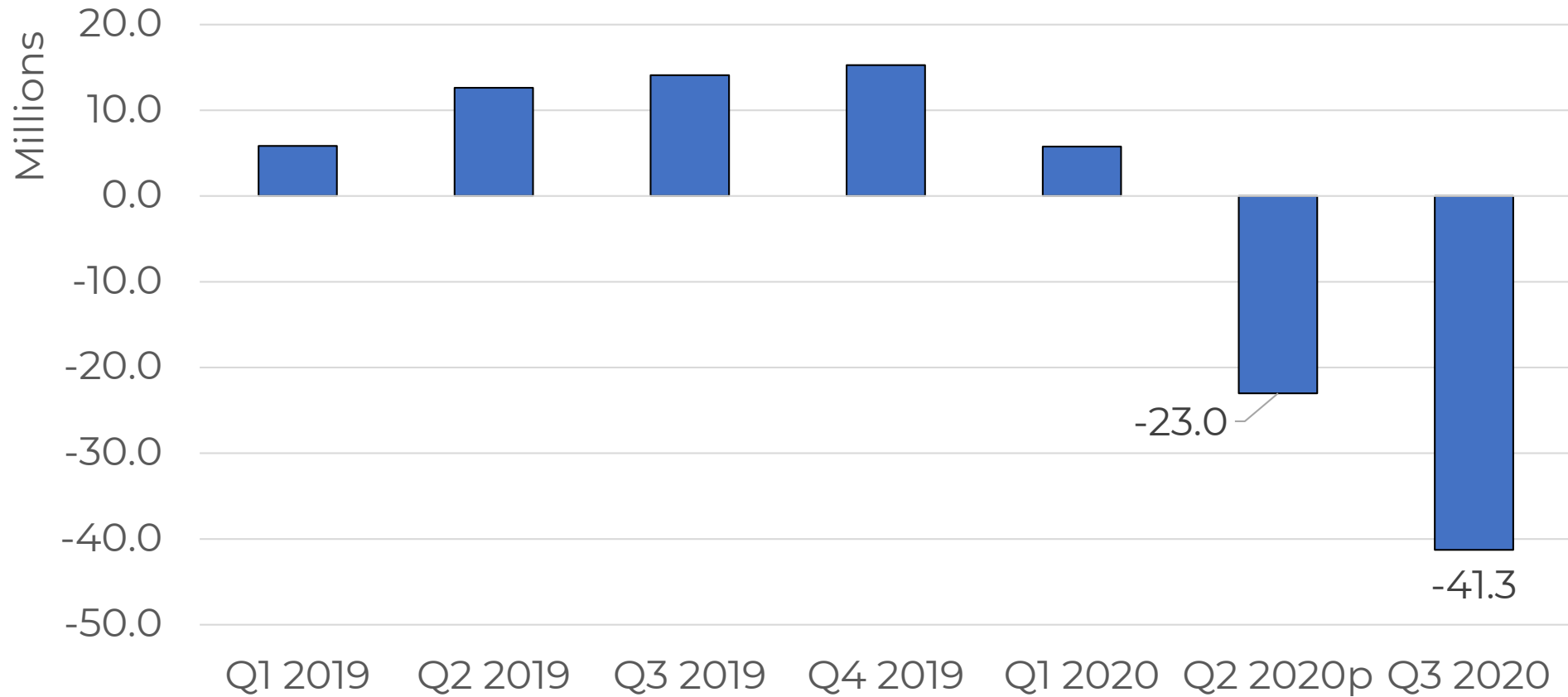


# Work-From-Home and Change in Location Preference?

# Office Occupancy Falls (-74 million square feet in Q2 and Q3)

## Net Absorption of Office Space

■ United States

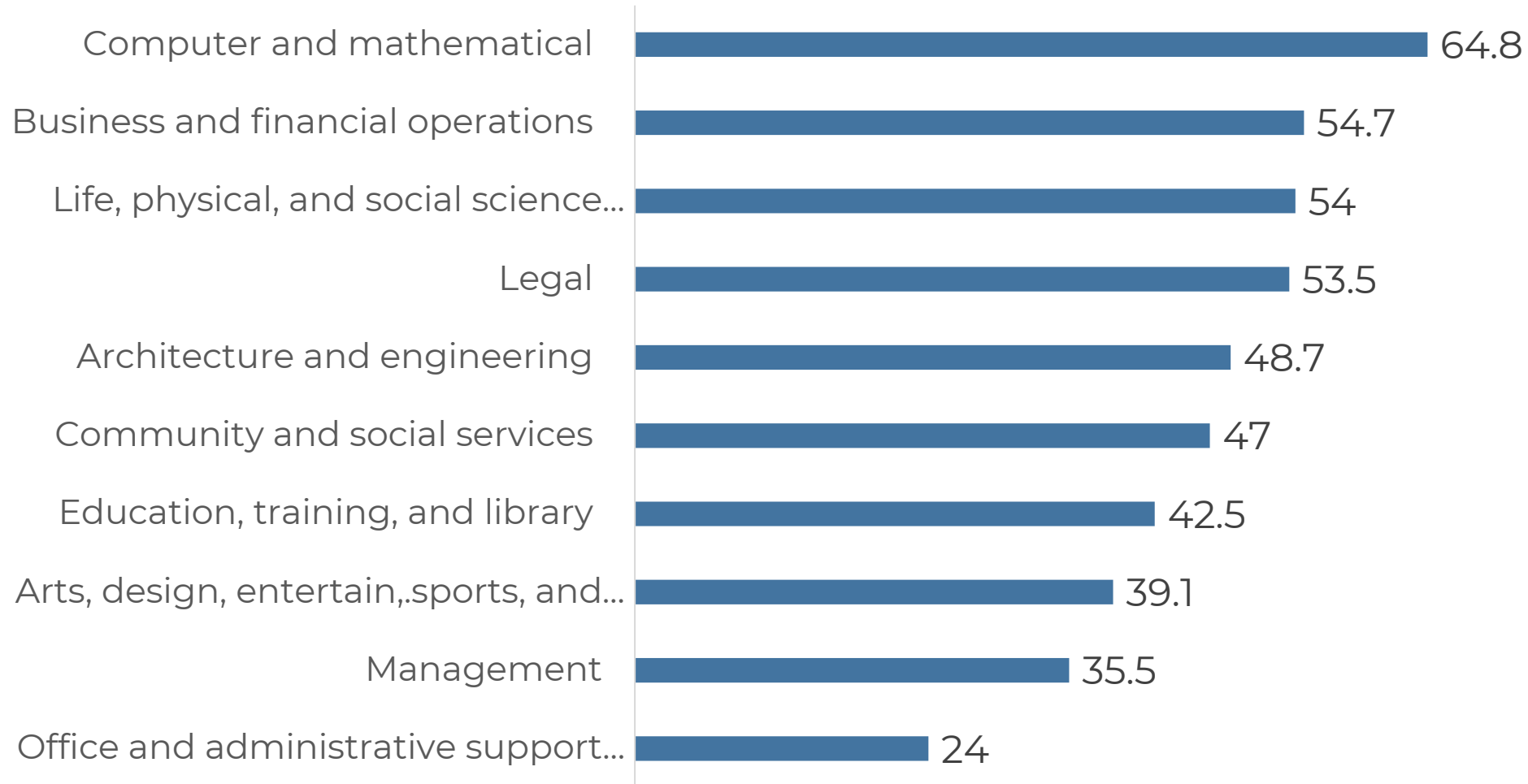


Source: Cushman and Wakefield



# Half of Office-using Workers Still Working from Home

Percent of Workers Who Teleworked



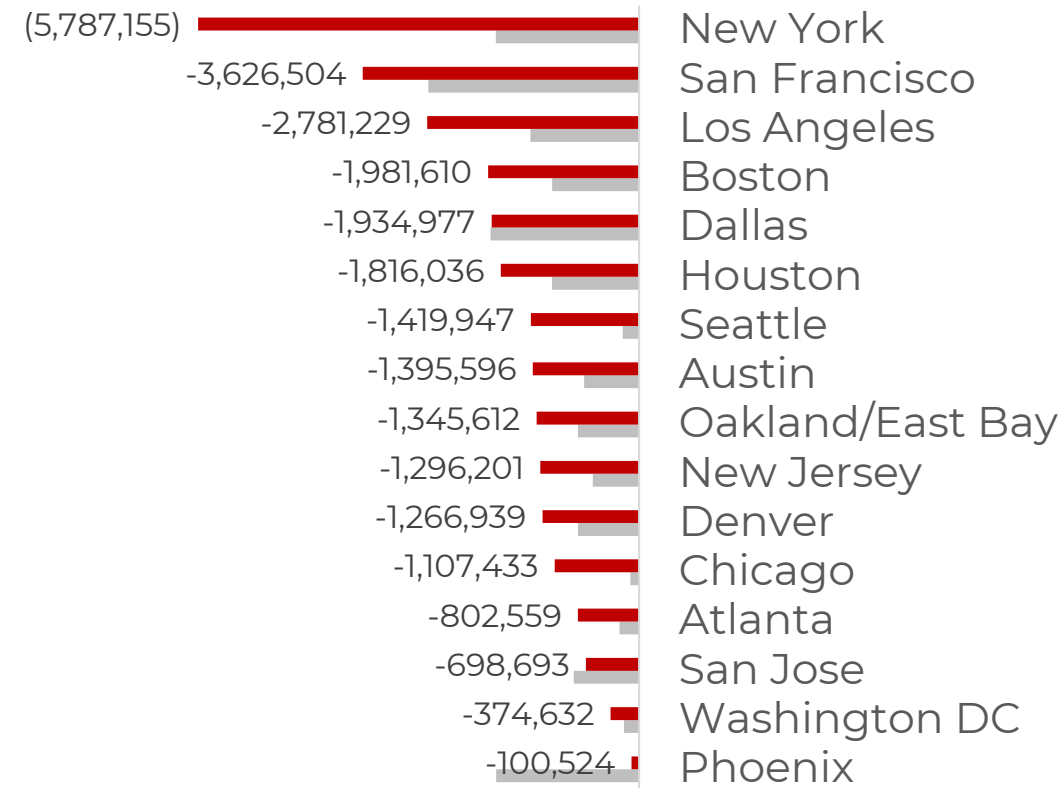
Source: BLS Covid-19 Supplement

# Office Occupancy Losers and Gainers

## Losers

Net Absorption of Office Space in 2020 Q2 and Q3

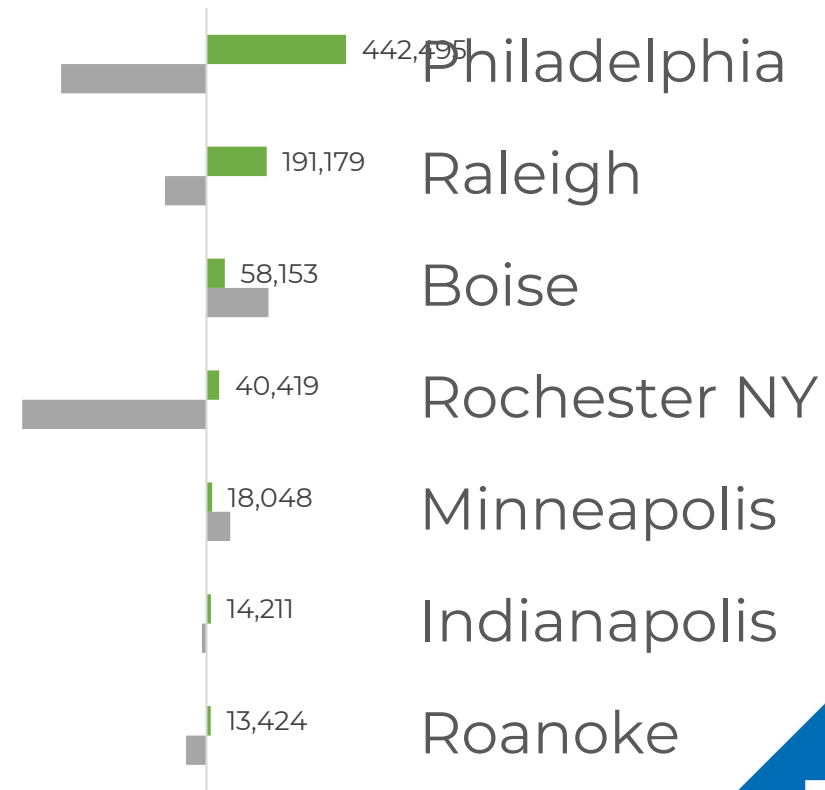
■ 2020 Q3 ■ 2020 Q2



## Gainers/Holding On

Net Absorption of Office Space in 2020 Q2 and Q3

■ 2020 Q3 ■ 2020 Q2



Source: Cushman and Wakefield

# LinkedIn Change of Job Profile

## 2020's Migration Trends: Smaller cities gain ground

With the onset of COVID-19, many cities' ratios of population inflows to outflows have changed markedly from April to August 2020 compared to last year.

### Biggest gains in net arrivals

1.	Jacksonville	+ 10.7%
2.	Salt Lake City	+ 9.6%
3.	Sacramento	+ 7.6%
4.	Milwaukee	+ 4.5%
5.	Kansas City, MO	+ 3.9%

### Steepest decline in net arrivals

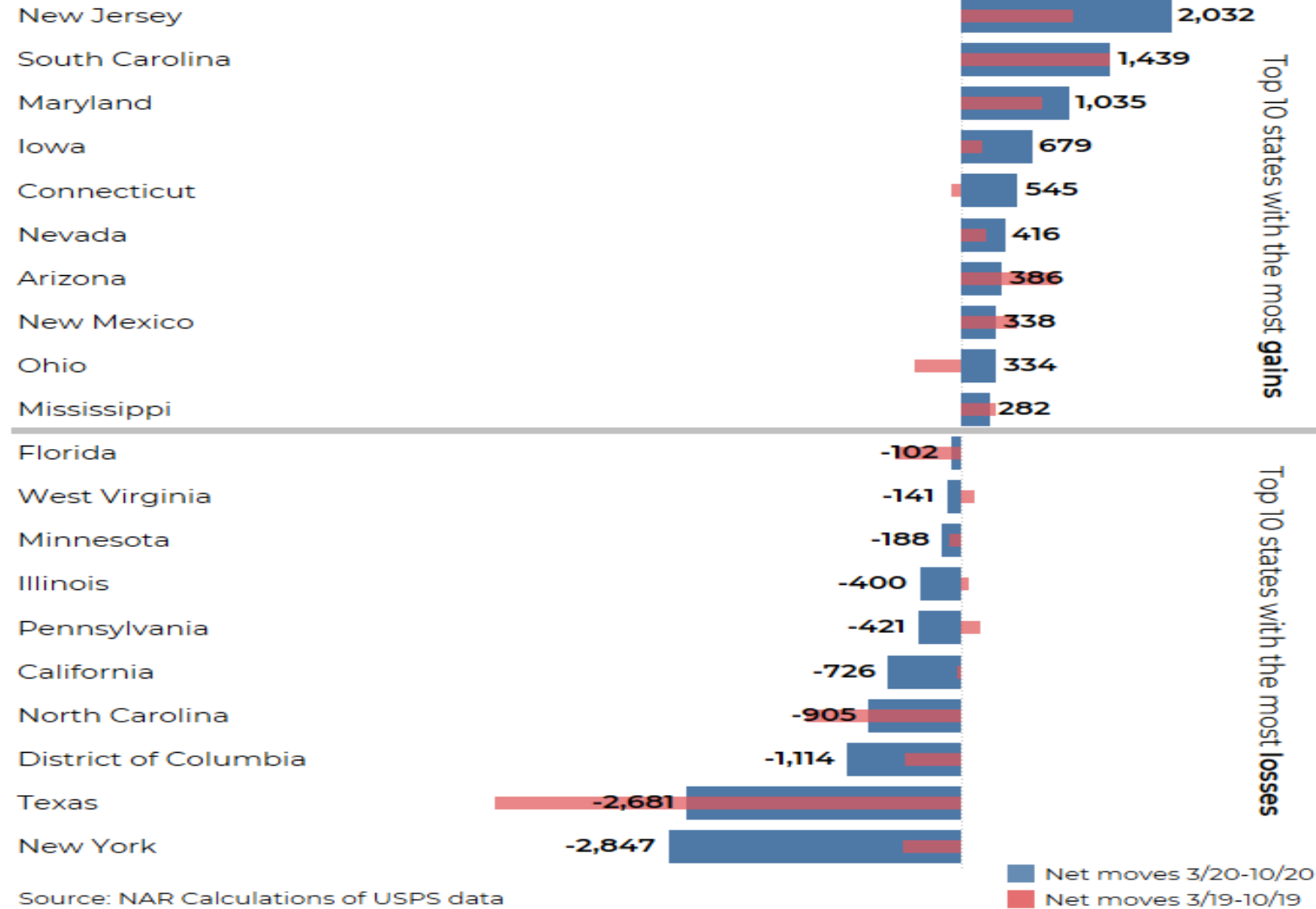
1.	New York City	- 23.4%
2.	San Francisco Bay Area	- 21.1%
3.	Seattle	- 10.6%
4.	Boston	- 9.9%
5.	Portland, OR	- 9.67%

Source: LinkedIn Economic Graph Research

LinkedIn News

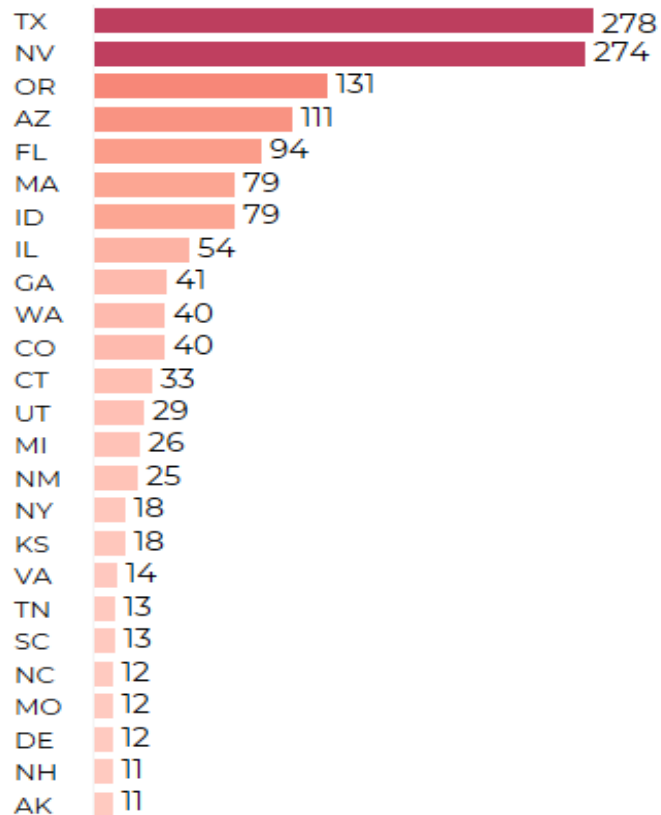
# USPS ... Dynamics of Change of Address (March to October)

## States with the most people moving in and out

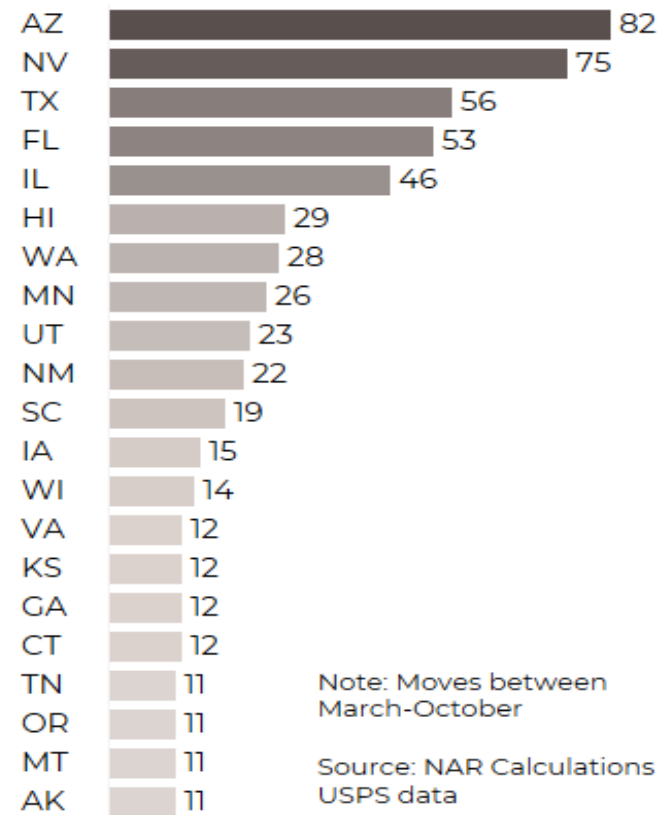


# California to Where?

## Most of Californians moved to Texas and Nevada in 2020



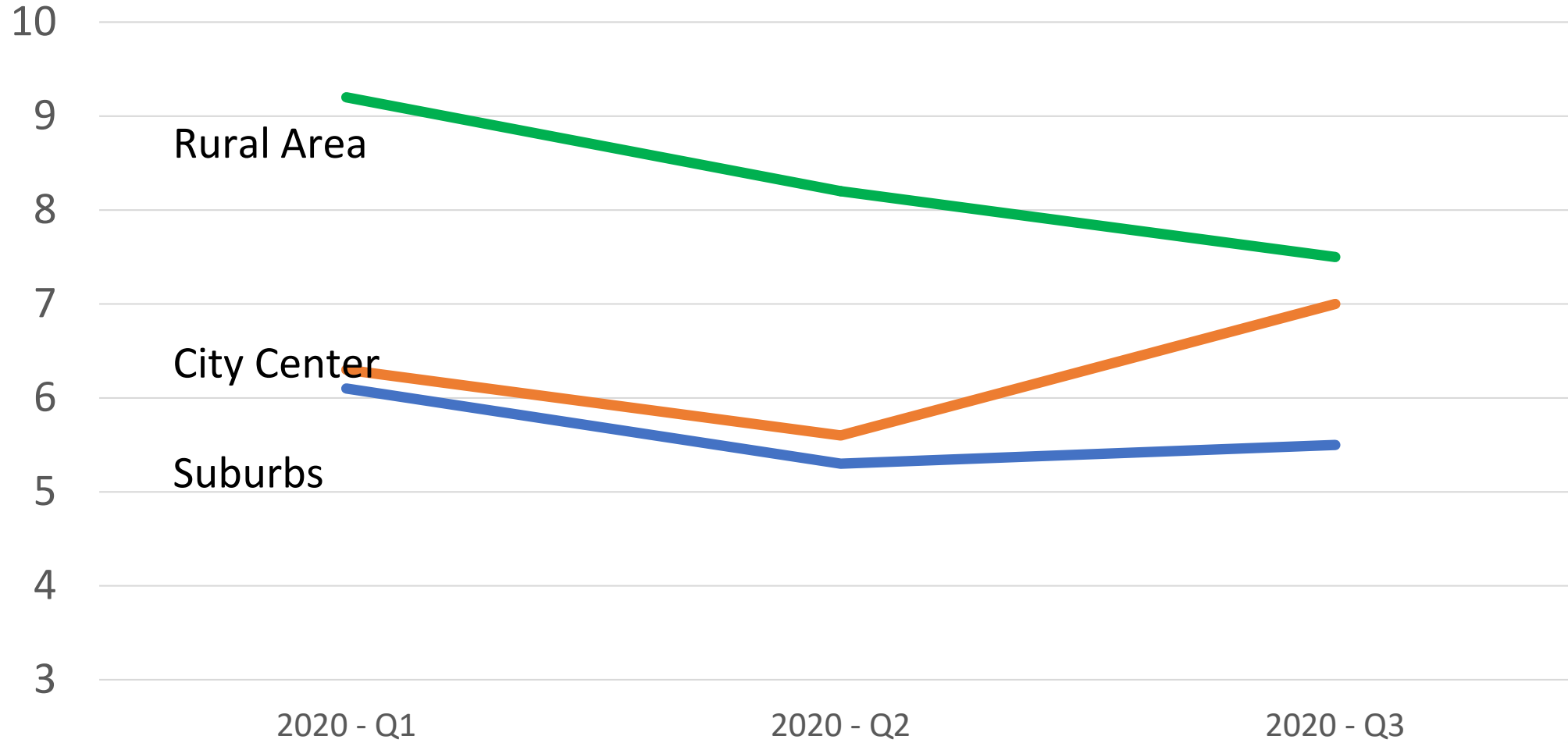
## Most of Californians moved to Arizona and Nevada in 2019



Note: Moves between March-October

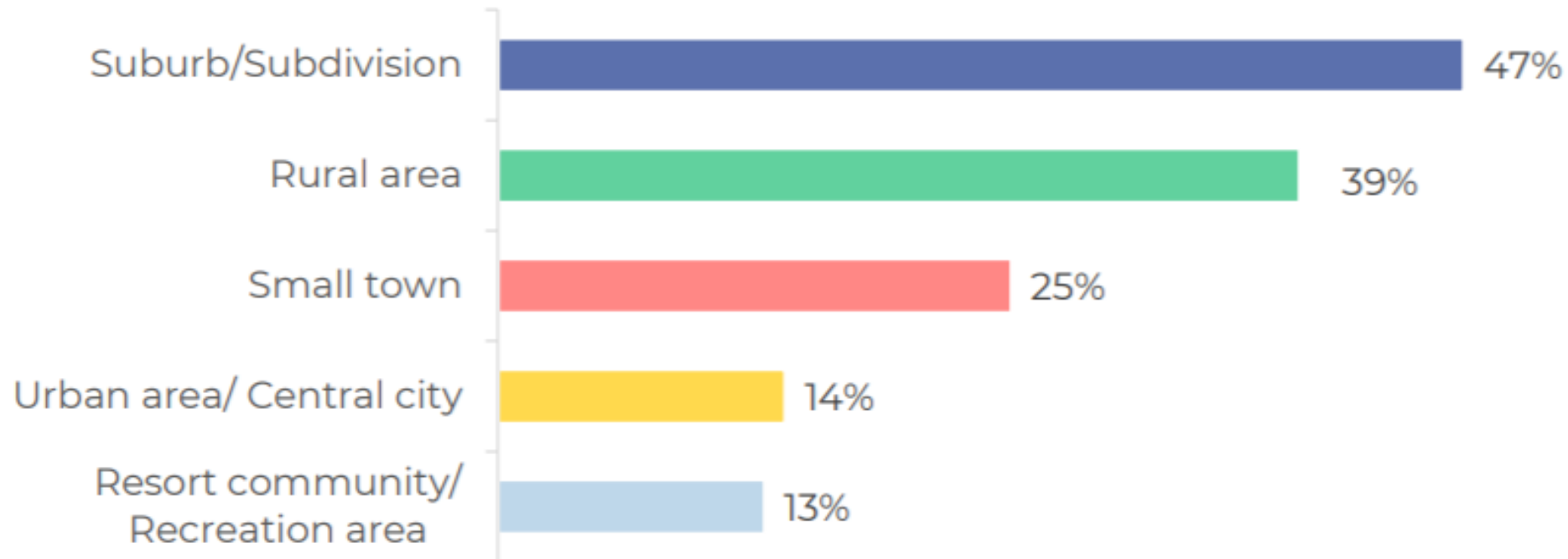
Source: NAR Calculations of USPS data

# Rental Vacancy Rates



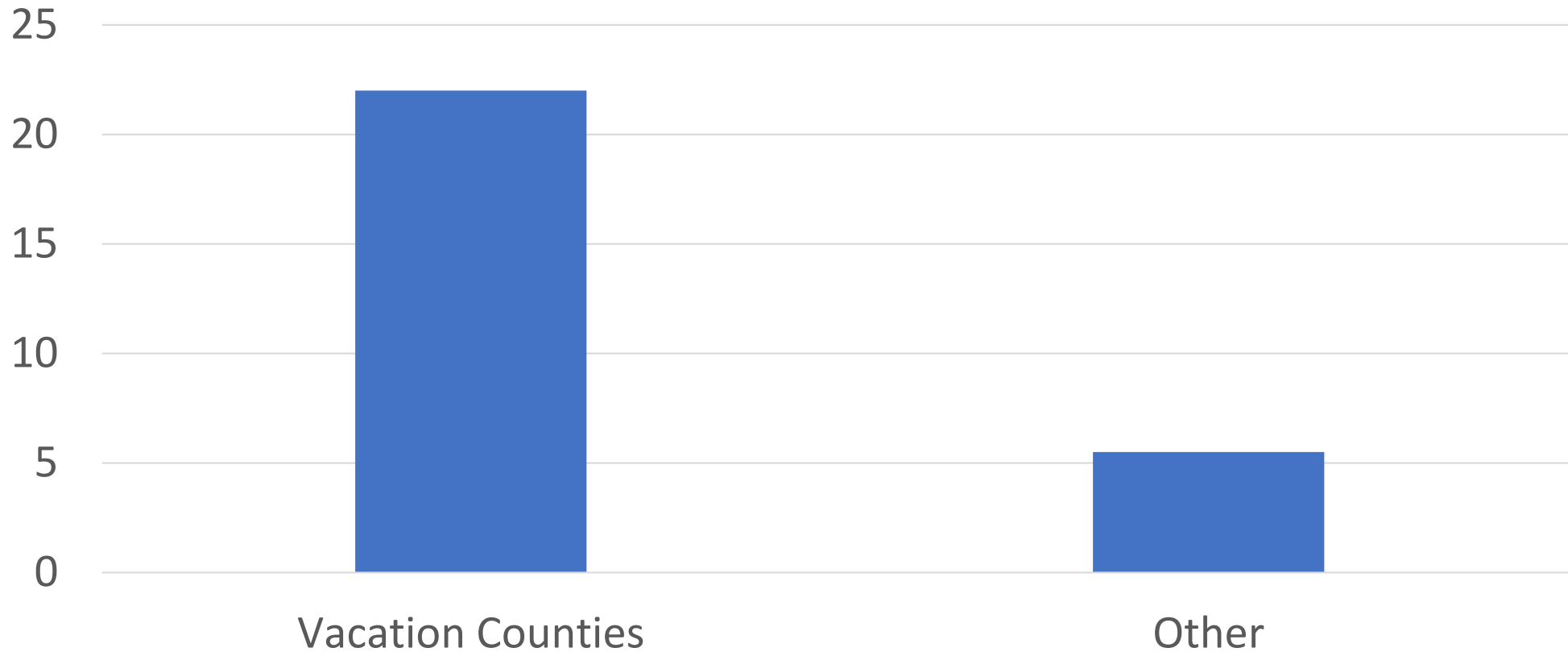
# REALTOR® Survey about their Clients Residential Choice

**WHICH BEST DESCRIBES THE LOCATIONS OF THE HOMES IN WHICH THESE CLIENTS ARE NOW INTERESTED IN PURCHASING? (CHECK ALL THAT APPLY)**



17

# Home Sales in Vacation Counties much Stronger

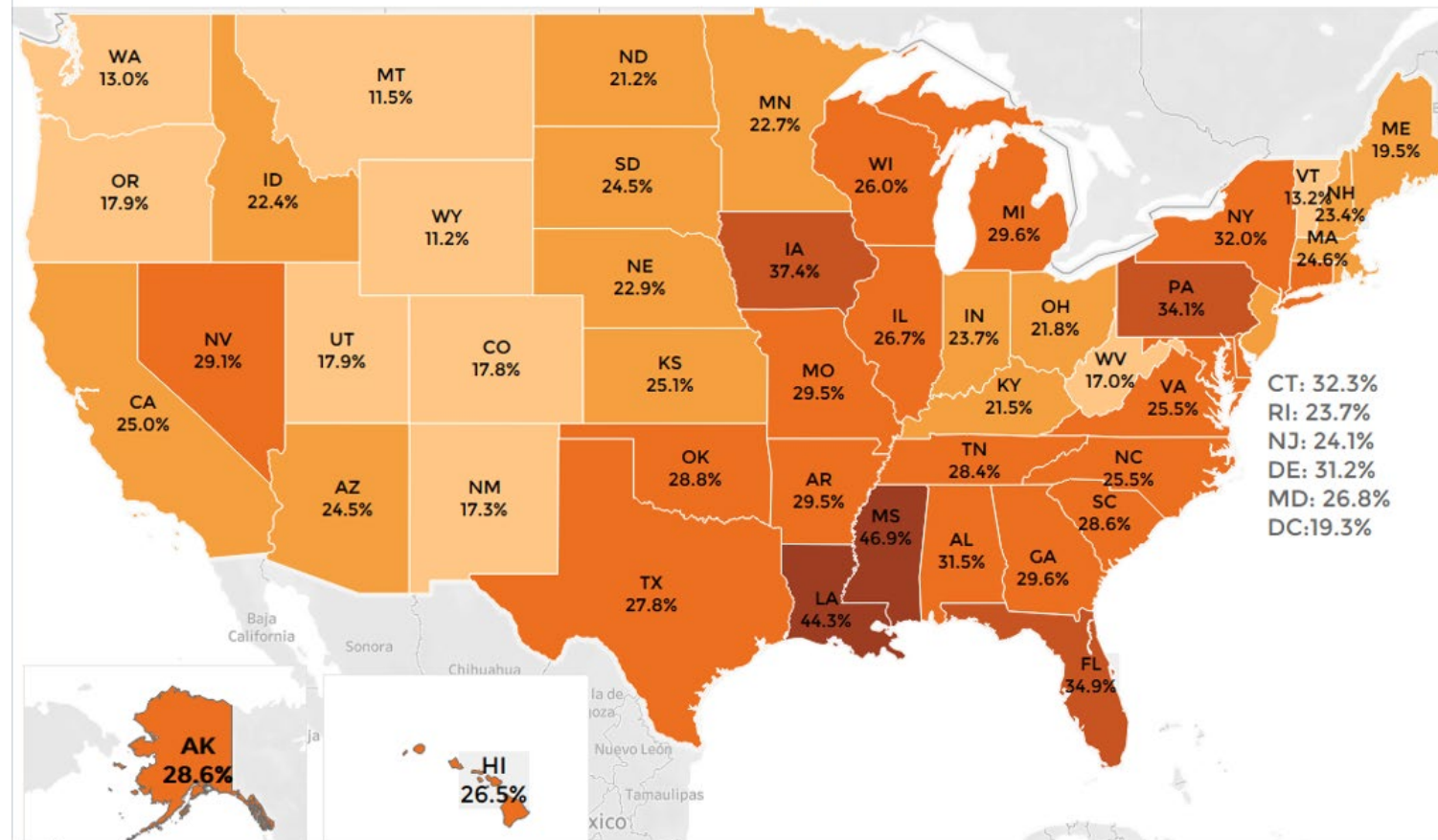




# Confidence about Paying Rent ... Troubling according to Census Survey

27% of Renters (14.7 Million) Have No or Little Confidence They Can Pay Rent, Rent Is/Will Be Deferred

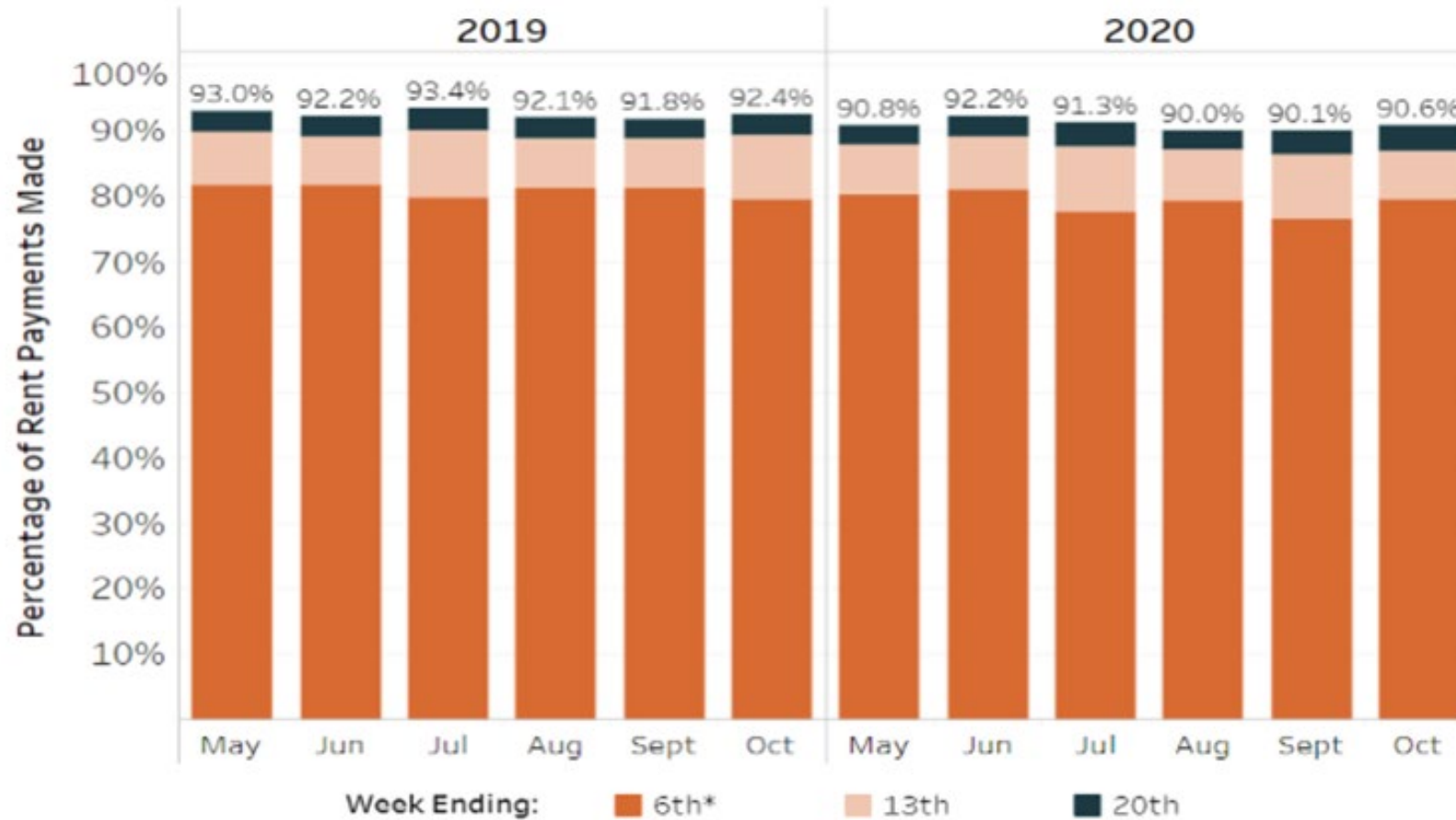
Source: US Census Bureau Household Pulse Survey Week of October 12



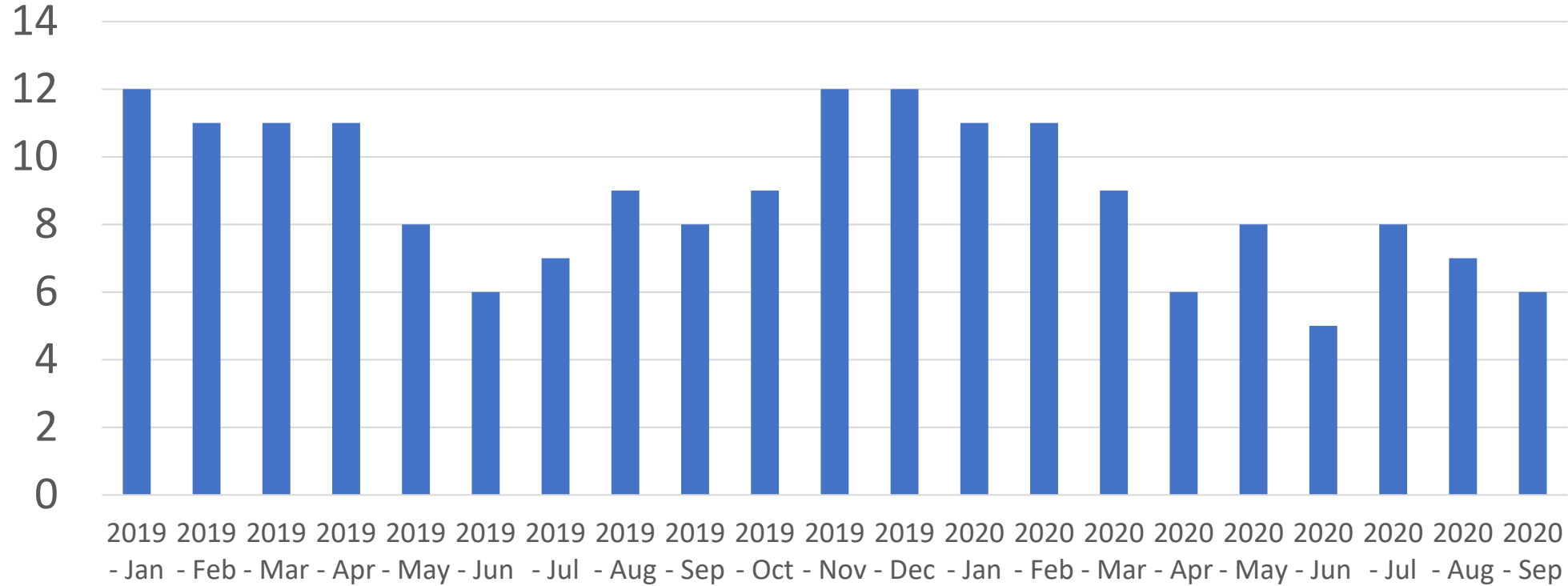
# Actually Paying Rent ... Not Troubling according to NMHC

## Rent Payment Tracker: Weekly Results

\*\*Data collected from between 11.1 - 11.5 million apartment units each month



# Real Estate Investors' Market Share of Home Sales ... Stepping Back



# Economic Forecast

	2019	2020 Forecast	2021 Forecast
GDP Growth	2.3%	-5%	+4%
Job Gains	+2.2 million	- 7 million	+ 3 million
10-Year Treasury	2.1%	0.9%	1.0%
Consumer Price Inflation	1.8%	1.0%	1.6%

# Housing Market Forecast

	2019	2020 Forecast	2021 Forecast
Mortgage Rates	3.9%	3.0%	3.1%
New Home Sales	+11%	+20%	+23%
Existing Home Sales	0%	3%	9%
Home Price	4.9%	6%	3%

**PREVIEW**

**2020 Economic & Real Estate  
Summit:  
*Post-Election Outlook***

***December 10, 2020***



# Keynote Speaker

Jared Bernstein

- Senior Fellow at the Center on Budget and Policy Priorities
- Was Chief Economist & Economic Advisor to Vice President Biden
- Likely Appointment at National Economic Council

# Economic Outlook Panel



**Dr. David Berson**

Senior Vice President and  
Chief Economist,  
Nationwide Mutual



**Dana Peterson**

Chief Economist,  
The Conference Board



**Dr. Nela  
Richardson**

Principal, Investment Strategist,  
Edward Jones



# Commercial Real Estate Panel



## Dr. Timothy Savage

New York University Schack Institute of Real Estate  
Distinguished Fellow, NAIOP Research Foundation



## Jeanette Rice

Head of Multifamily Research,  
CBRE



## Dr. Igor Popov

Chief Economist,  
Apartment List

# Residential Real Estate Panel



**John Burns**

Chief Executive Officer,  
John Burns Real Estate Consulting



**Danielle Hale**

Chief Economist,  
realtor.com



**Ali Wolf**

Chief Economist,  
Meyers Research

# Demographics Panel



**Dr. Rodney Harrell**

Vice President, Family, Home & Community  
AARP



**Dr. Richard Fry**

Senior Researcher,  
Pew Research Center



**Dr. Jessica Lautz**

Vice President, Demographics &  
Behavioral Insights  
National Association of Realtors®

## Most Biden States versus Most Trump States

State	Biden	Trump
D.C.* (non-state)	93%	5%
Vermont	66%	31%
Massachusetts	66%	33%
West Virginia	30%	69%
Wyoming	27%	70%



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THANK YOU!



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