

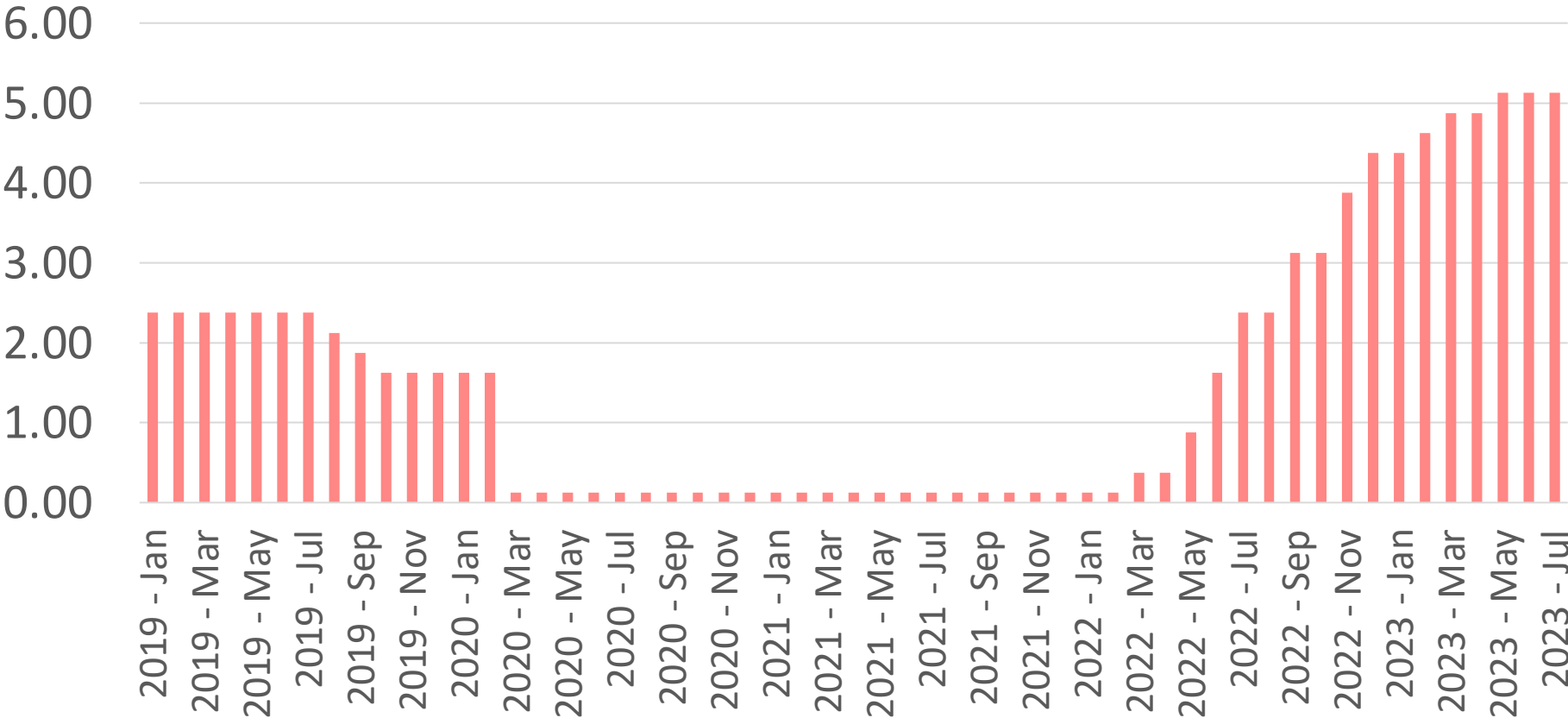
Real Estate Market Outlook

Lawrence Yun, Ph.D.

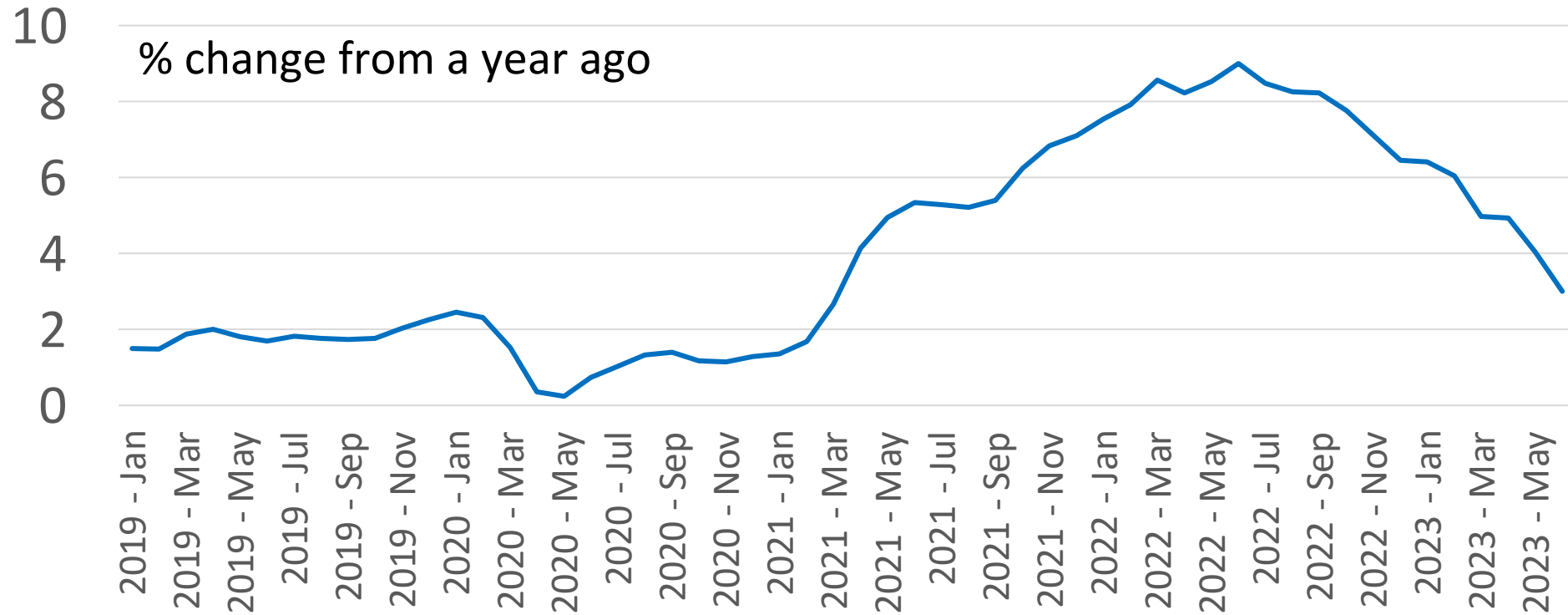
Chief Economist

National Association of REALTORS®

Federal Reserve Rate Hikes

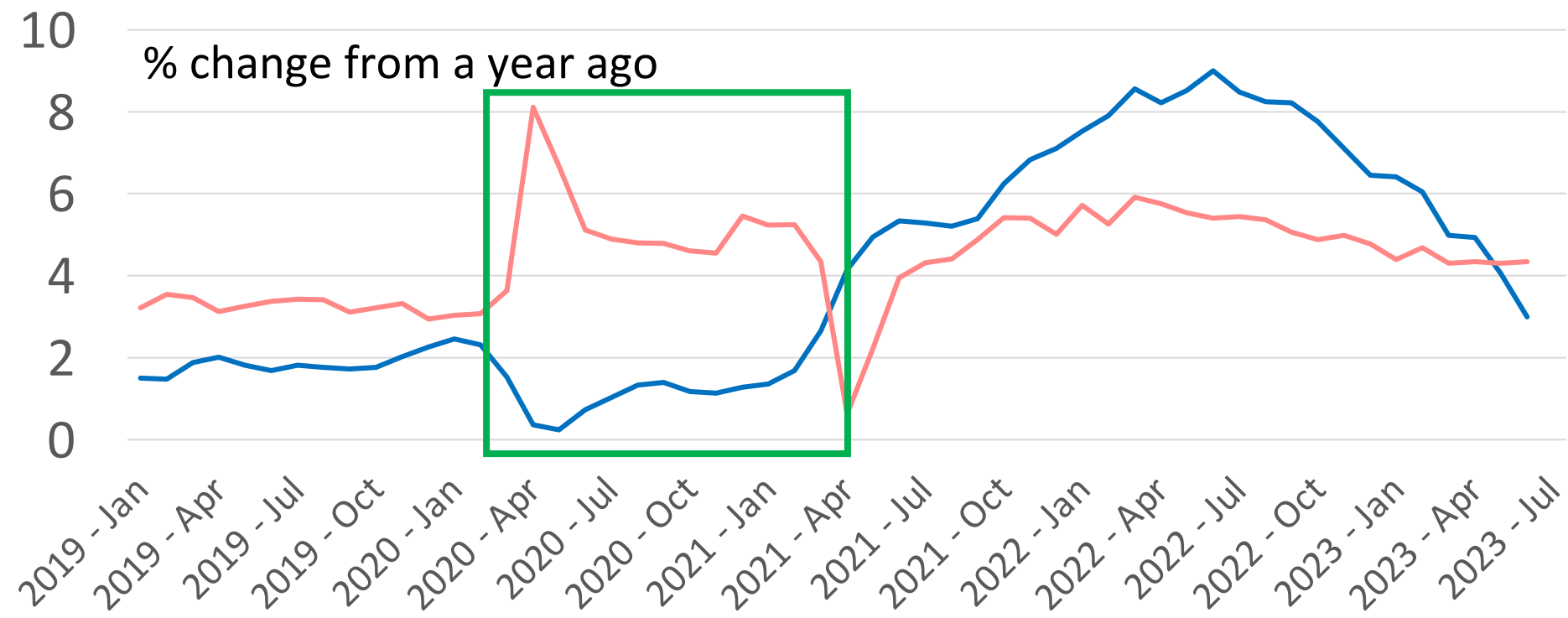


Inflation Steadily Calming Down ... With more deceleration underway as wage and rents moderate



Source: BLS

Wage Growth (red) now outpacing Inflation (blue)



Source: BLS

Price Growth by Key Items

Item	% change from a year ago
Car Insurance	16.9%
Rent	8.3%
Food	5.8%
Electricity	5.4%
New Car	4.1%
Clothes	3.1%
Medical Service	-1%
Airfare	-13%
Gasoline	-27%

Source: BLS

Rent of Primary Residence... Start of Deceleration



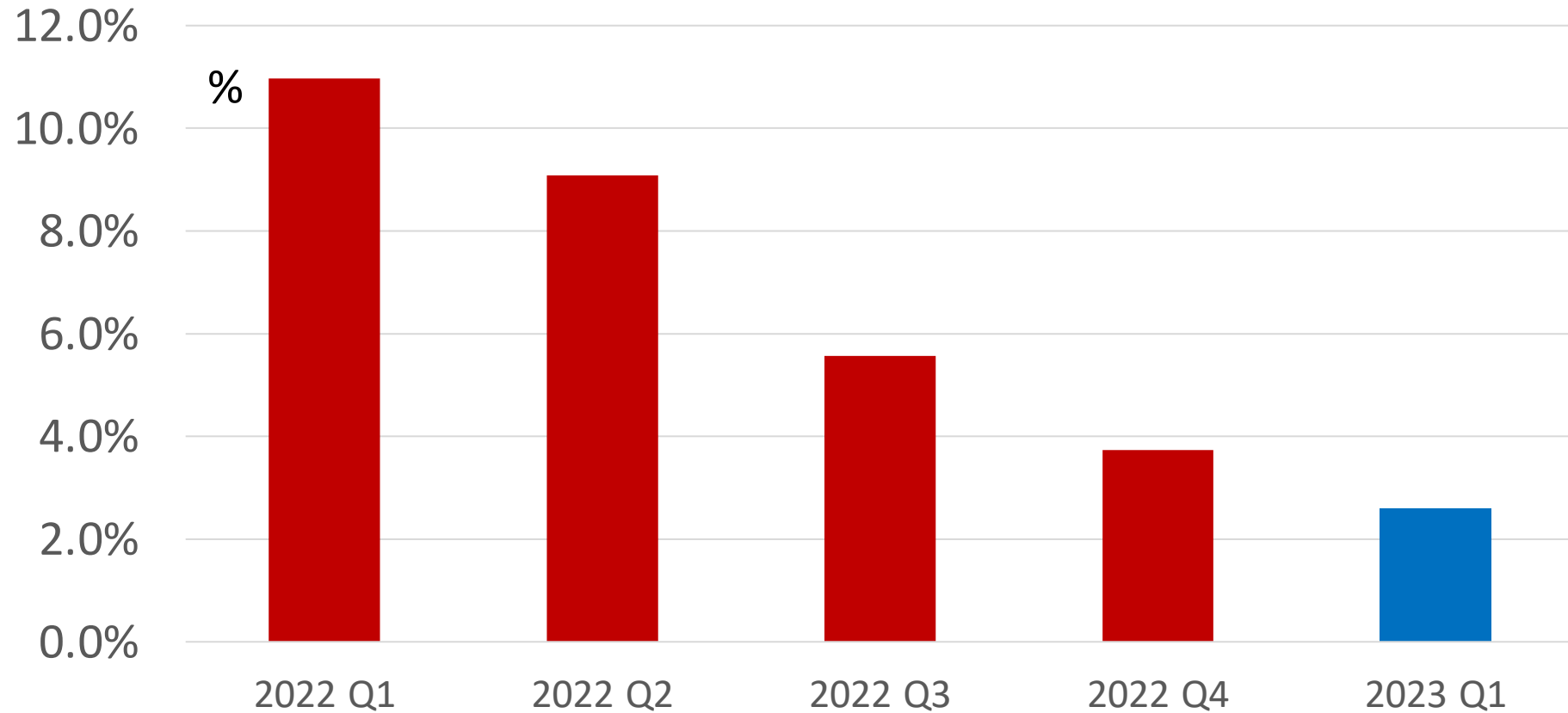
Source: BLS

Robust Apartment Construction of 40 year high... Why has Rent not calmed down?



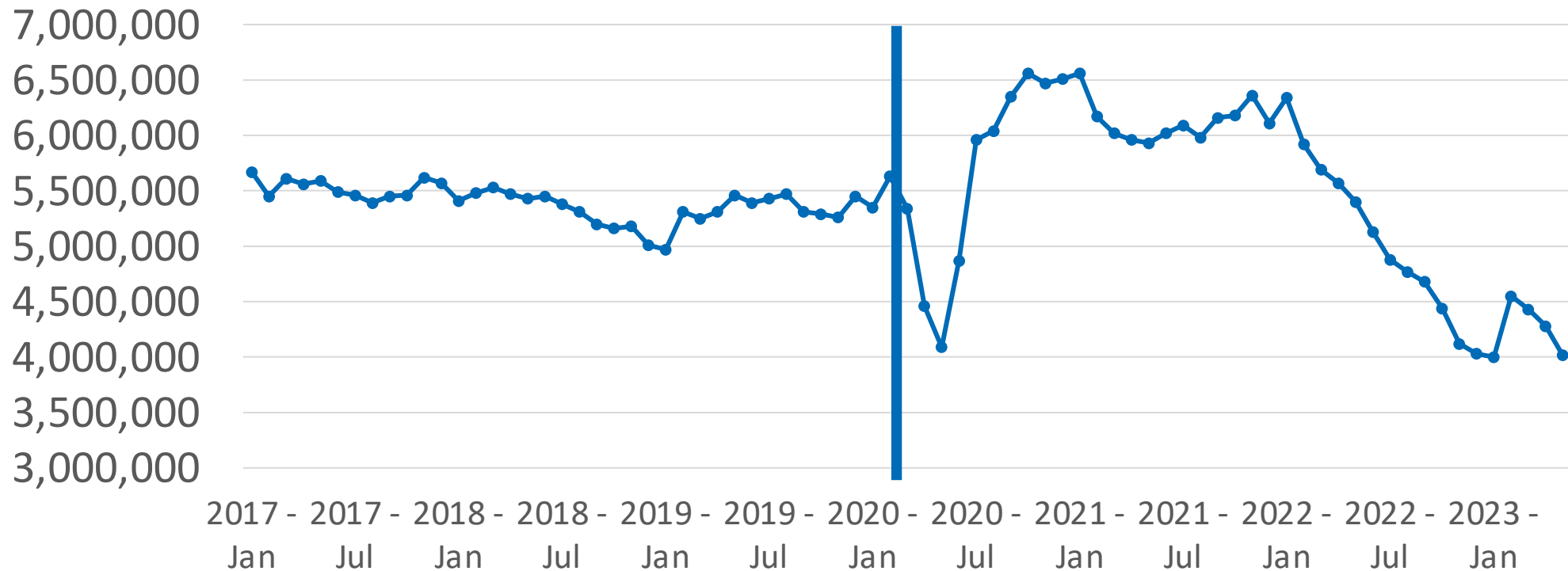
Source: Census/HUD

Apartment Rent Growth in Private Sector Data



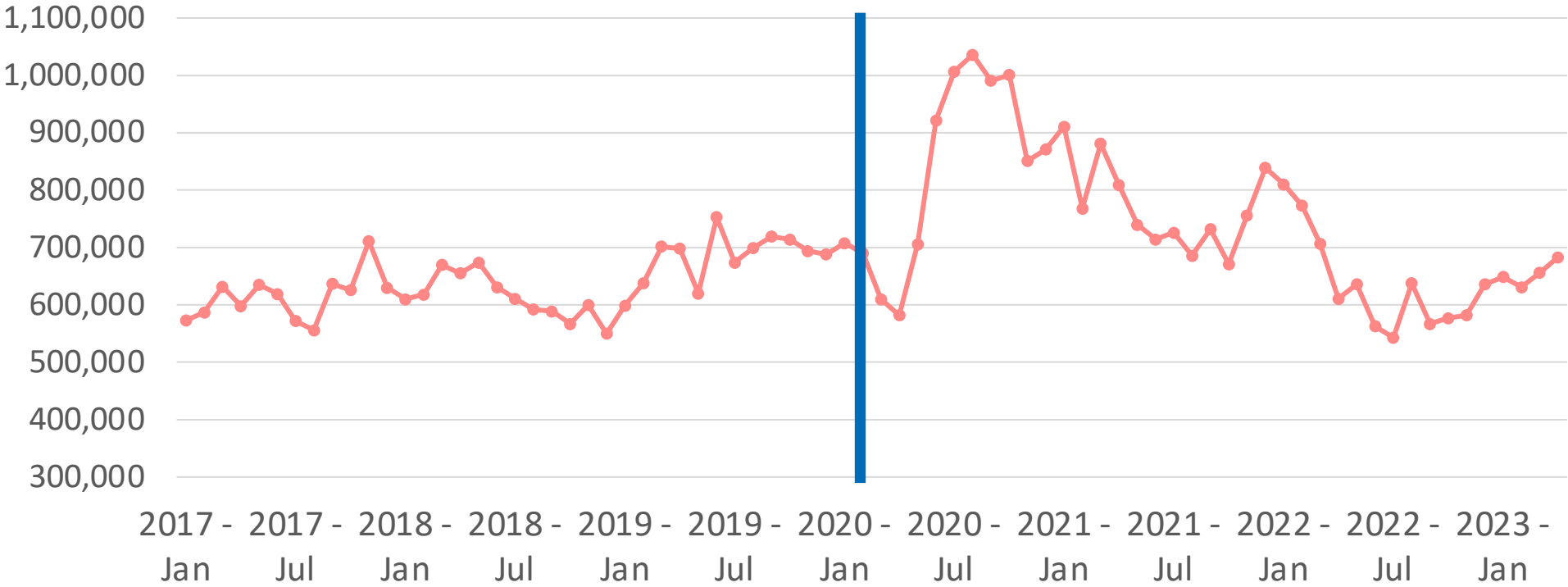
Source: CoStar

Weaker Home Sales ... Existing Home Sales below Pre-COVID... Down 23% year-to-date



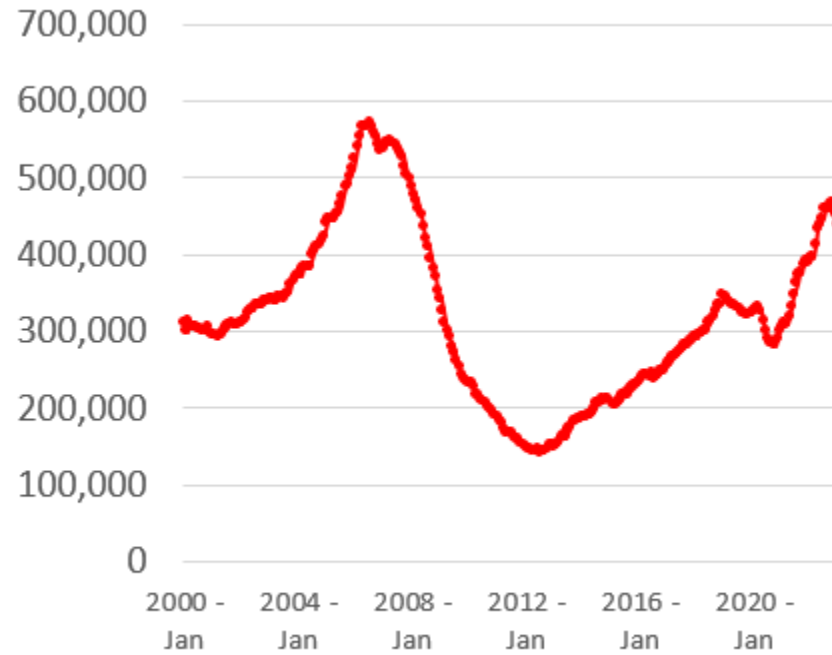
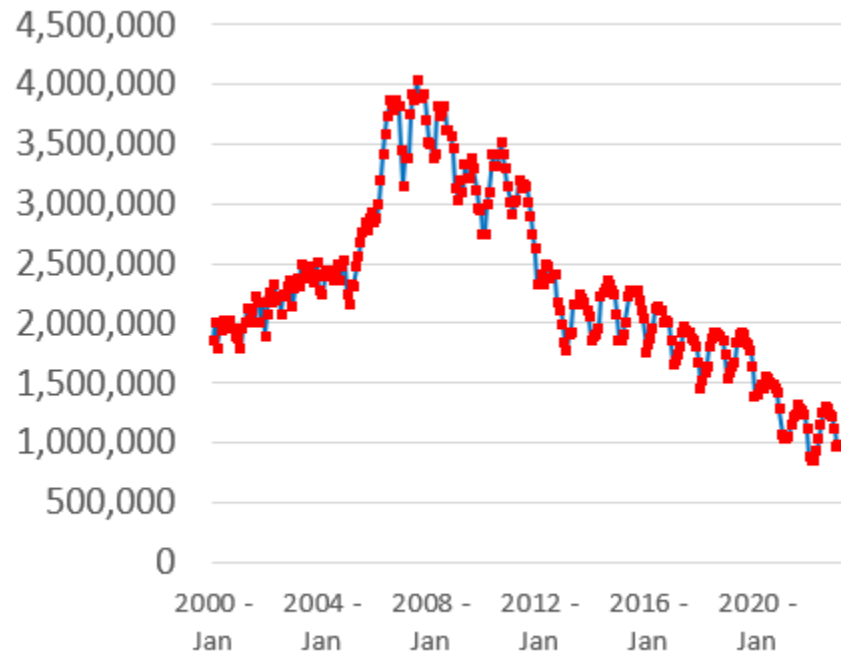
Source: BLS

Newly Constructed Home Sales.. Back to Pre-COVID



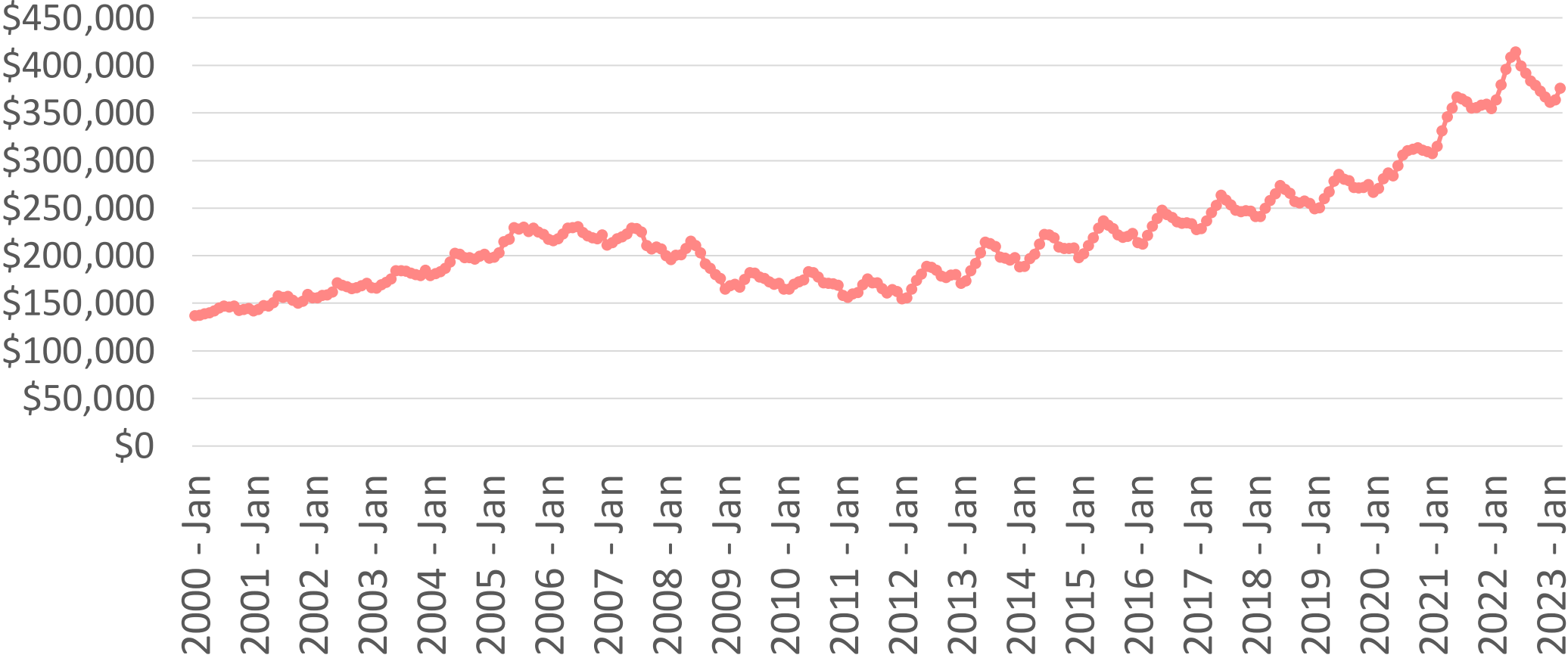
Source: HUD

Inventory of Existing Homes Low.. New Homes High



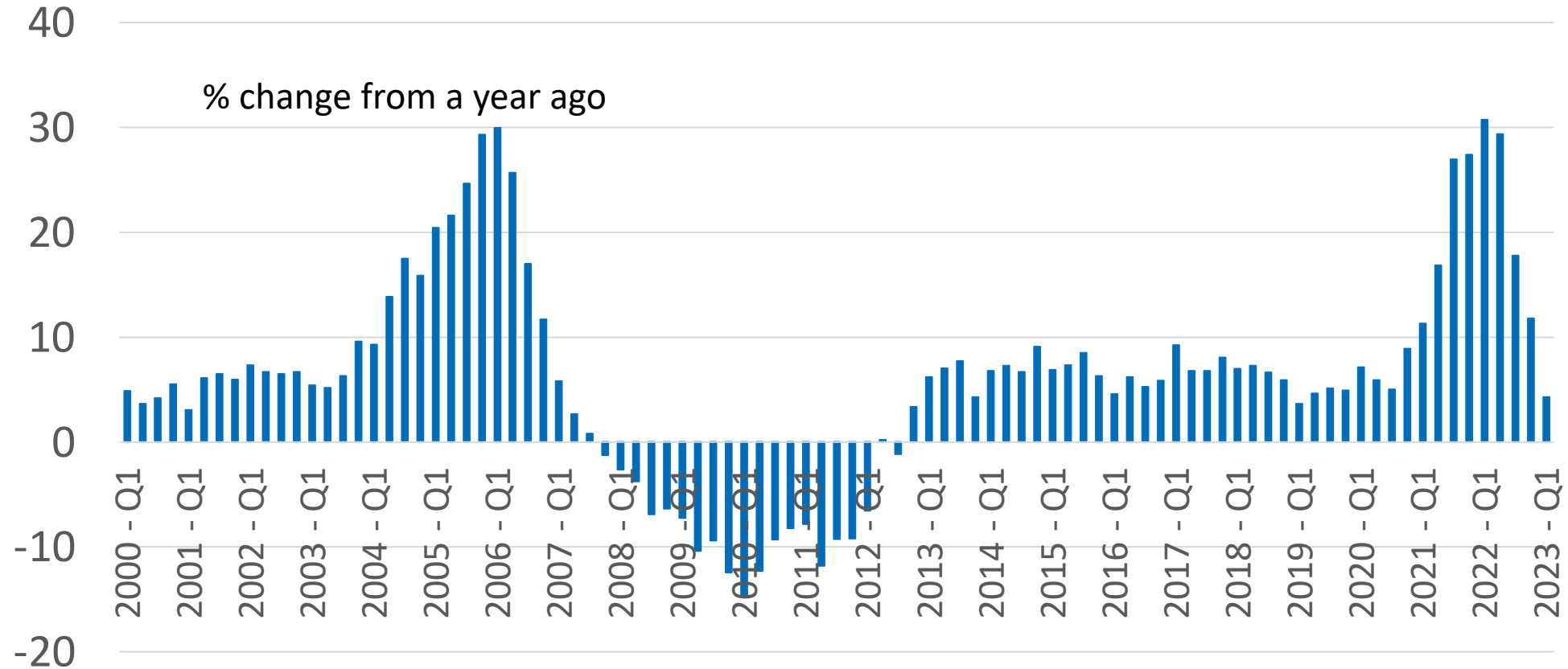
Source: NAR and HUD

National Median Home Price



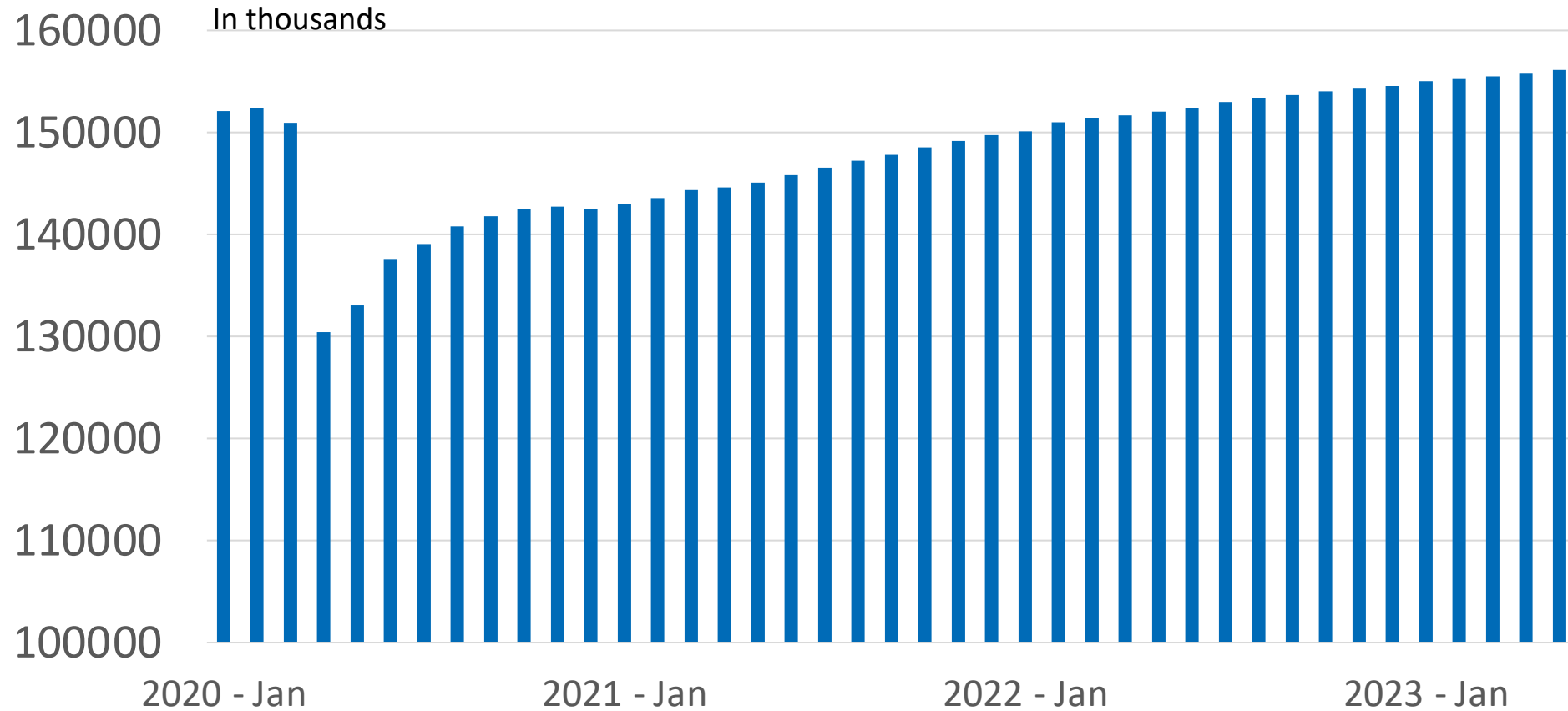
Source: NAR

Home Price Appreciation in Flagstaff



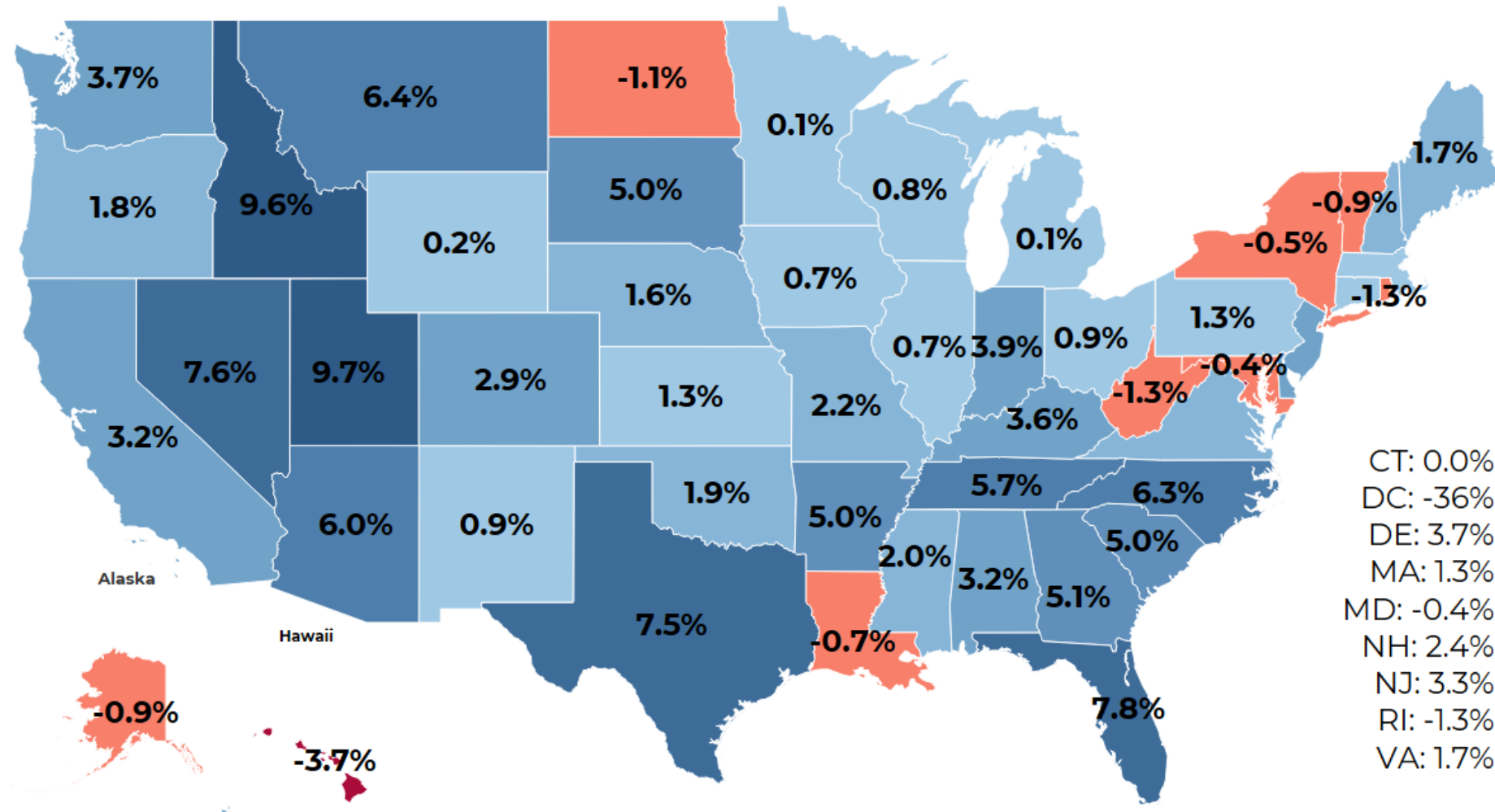
Source: FHFA

Total Payroll Jobs... 4 million more from pre-covid



Source: BLS

Job Gains Since Pre-Covid Record High Payroll Employment (% change from March 2020 to May 2023)



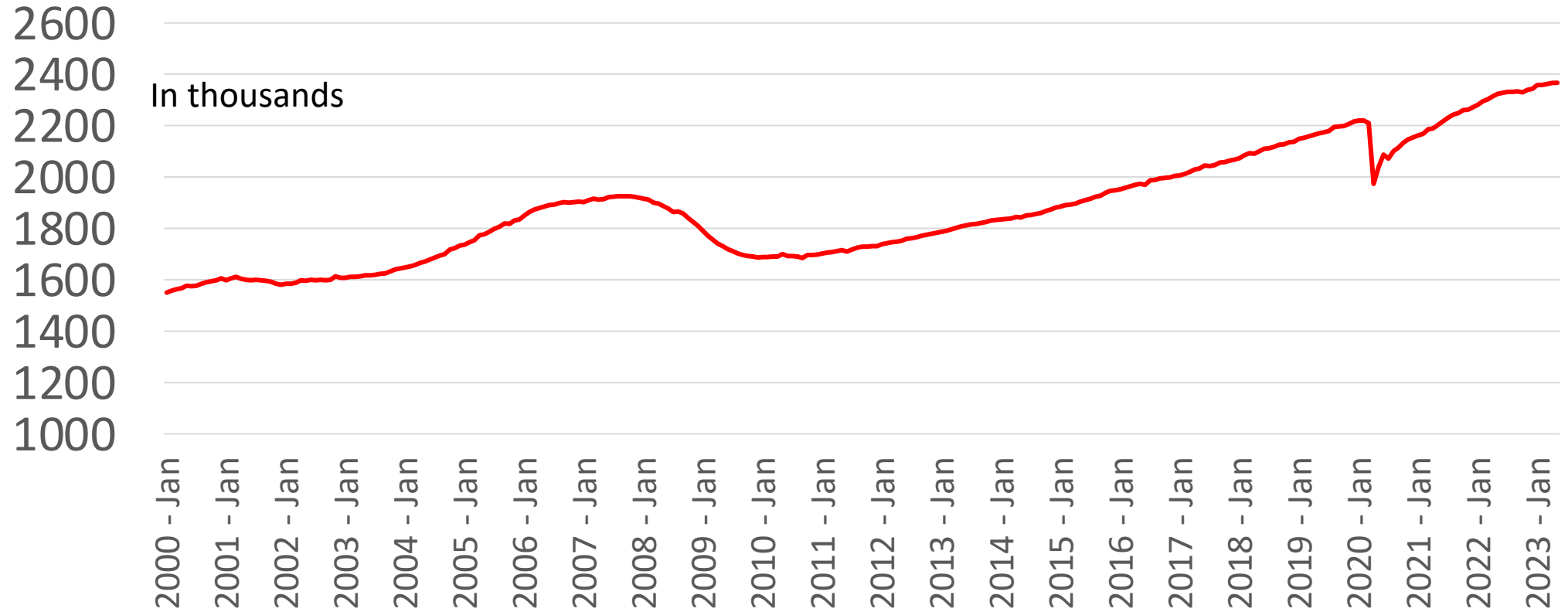
Source: NAR Analysis of BLS data

Payroll Jobs in Flagstaff Metro



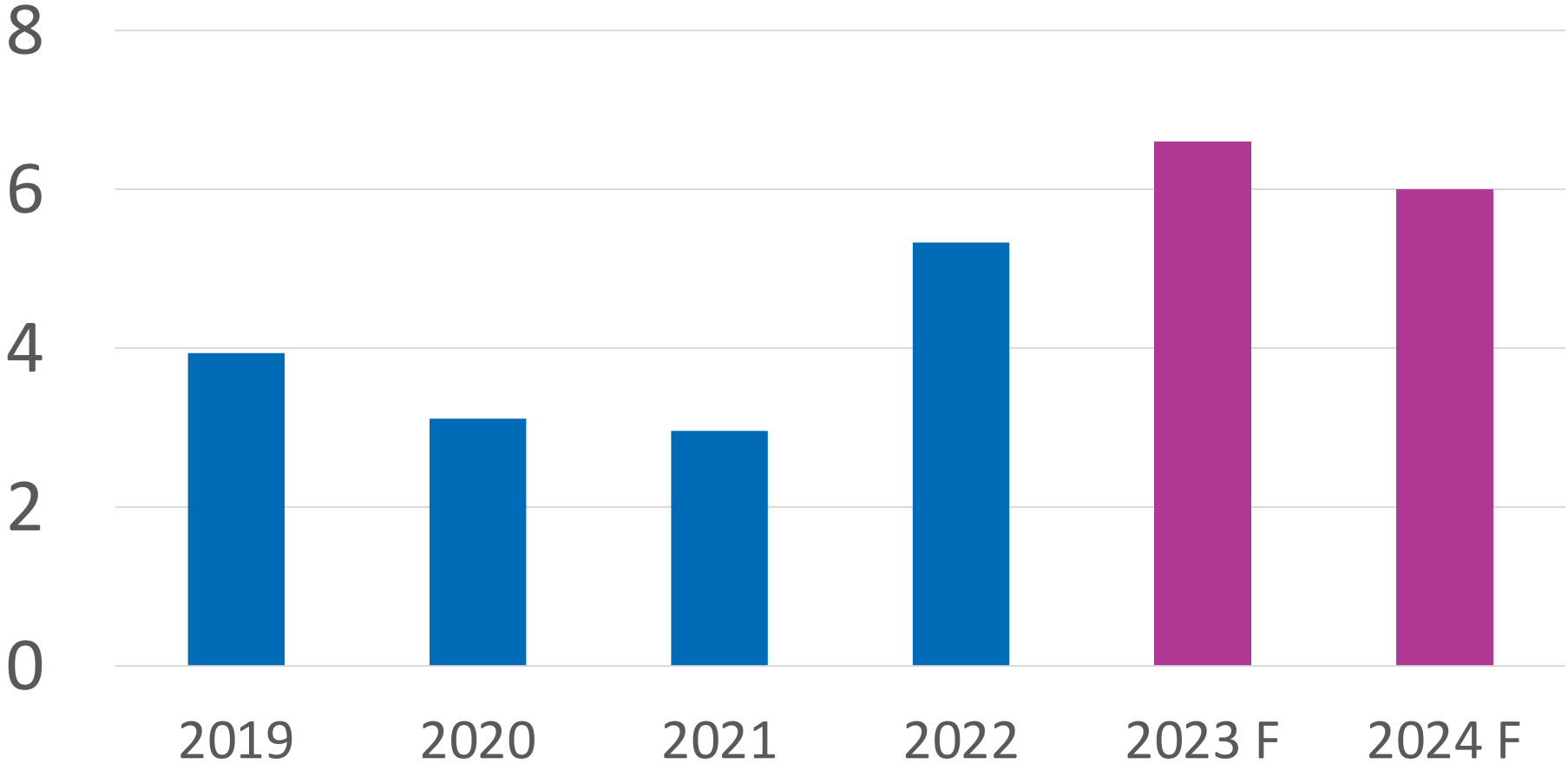
Source: BLS

Payroll Jobs in Phoenix Metro



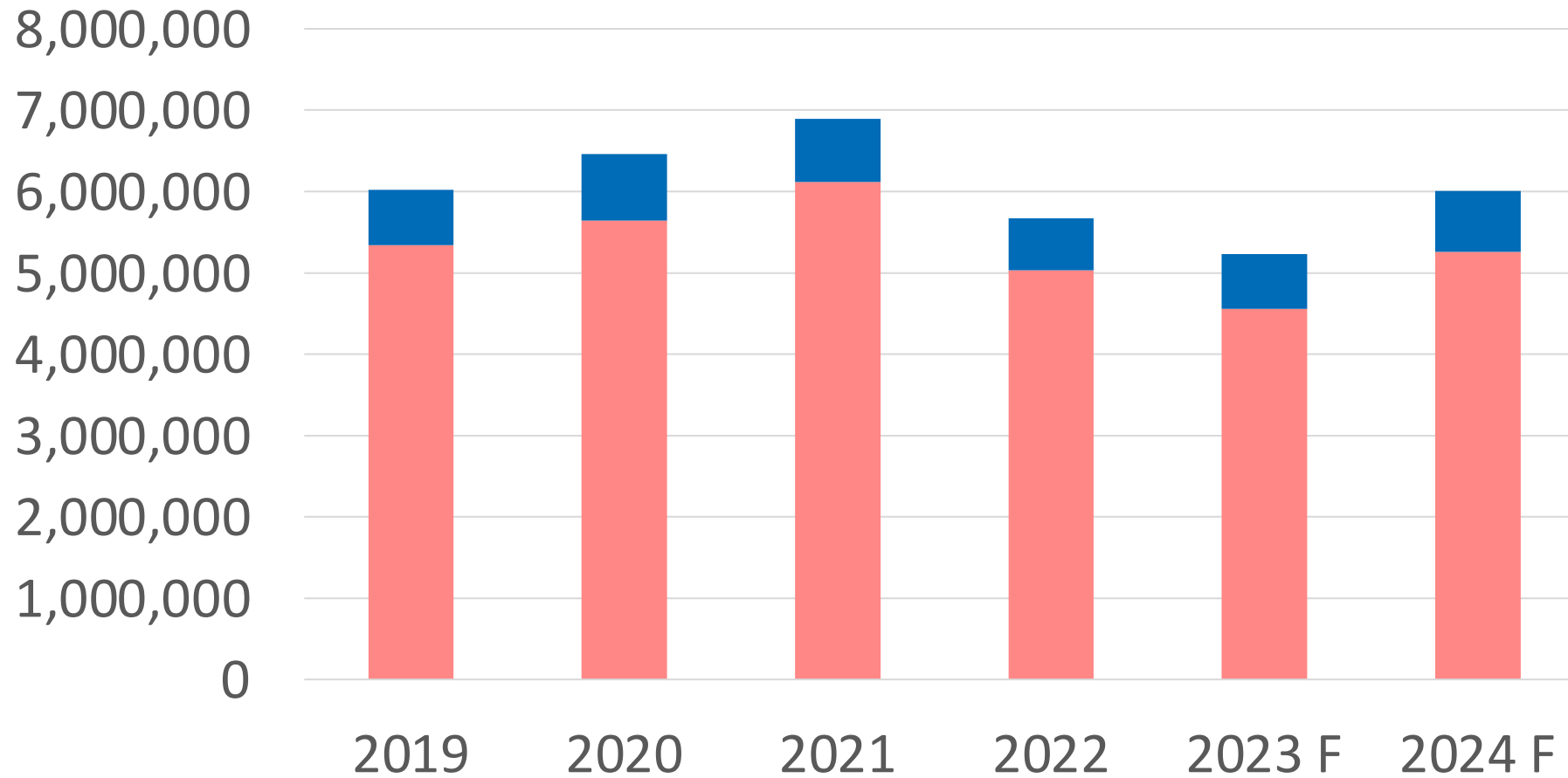
Source: BLS

Mortgage Rate Forecast



Source: Freddie Mac and NAR forecast

Total Home Sales: New and Existing Bottoming this year before upturn next year



Source: NAR forecast and HUD

Why Should Mortgage Rate Fall?

30-year Fixed Rate to be near 6% by the year end

- Rents will calm down... Holds down CPI... and make the Fed stop raising interest rate**
- Community banks are suffering from high interest rates**
- Spread with government bond with return to normal**

THANK YOU !