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HOUSING
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Update on Economic and Housing Market Trends

Apartment Strategies Update

Mark Obrinsky, SVP and Chief Economist, NMHC

September 18, 2017

Webinar Speakers



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Robert Kettler,
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Multifamily &
Student Housing,
Institutional
Property Advisors

Webinar Agenda

- Economic and Housing Market Overview
- Panel Discussion

Webinar Information

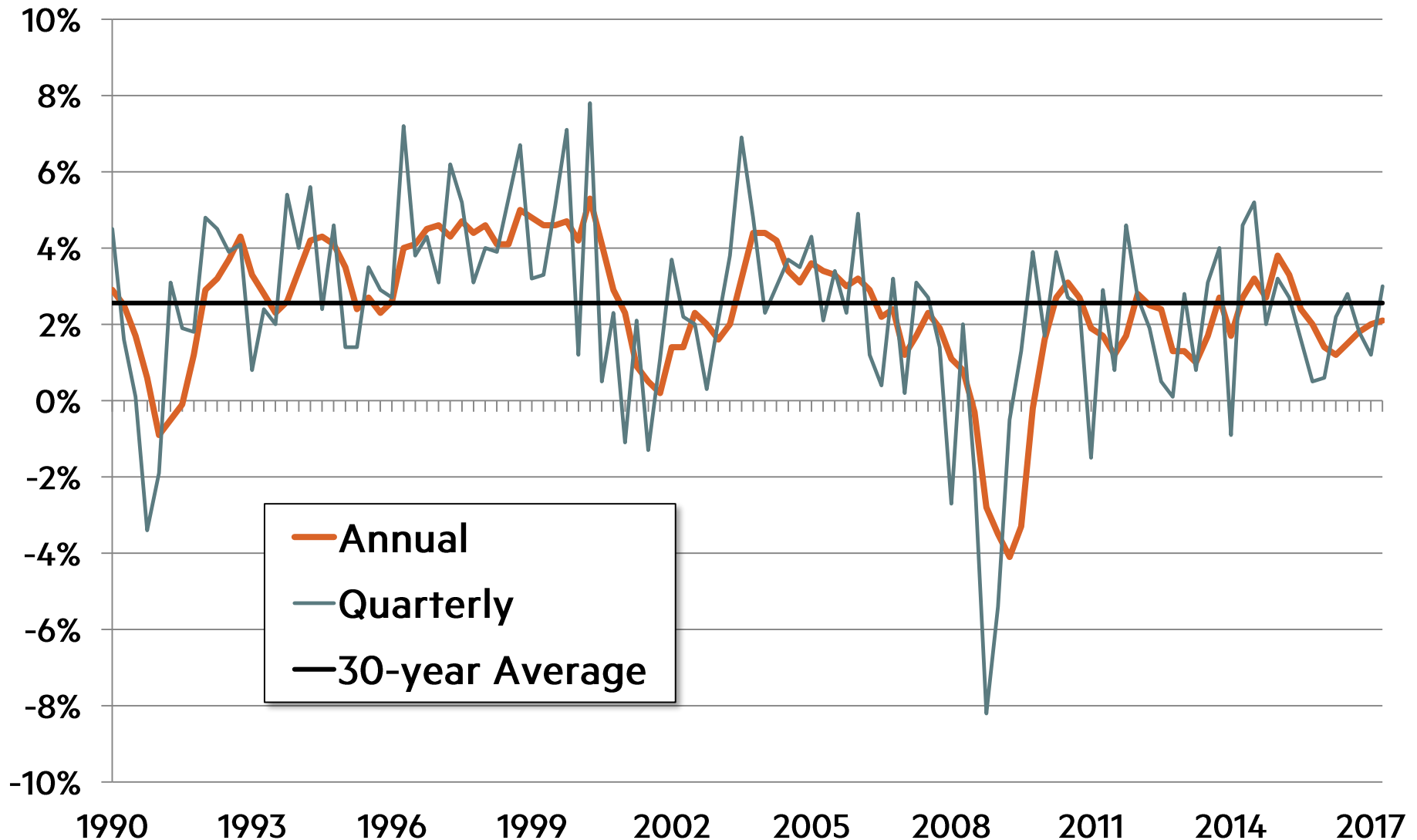
- To ensure good sound quality, all attendees will be muted during the webinar.
- To ask a question: type your question in to the Question or Chat Box on your control panel. The moderator will review and present your question to the presenter at the end of the presentation as time allows.
- Today's webinar is being recorded and will also be made available on the NMHC website.

Webinar Agenda

- Economic and Housing Market Overview
- Panel Discussion

Is This Economic Expansion Almost Over?

(GDP Growth)



Source: Bureau of Economic Analysis

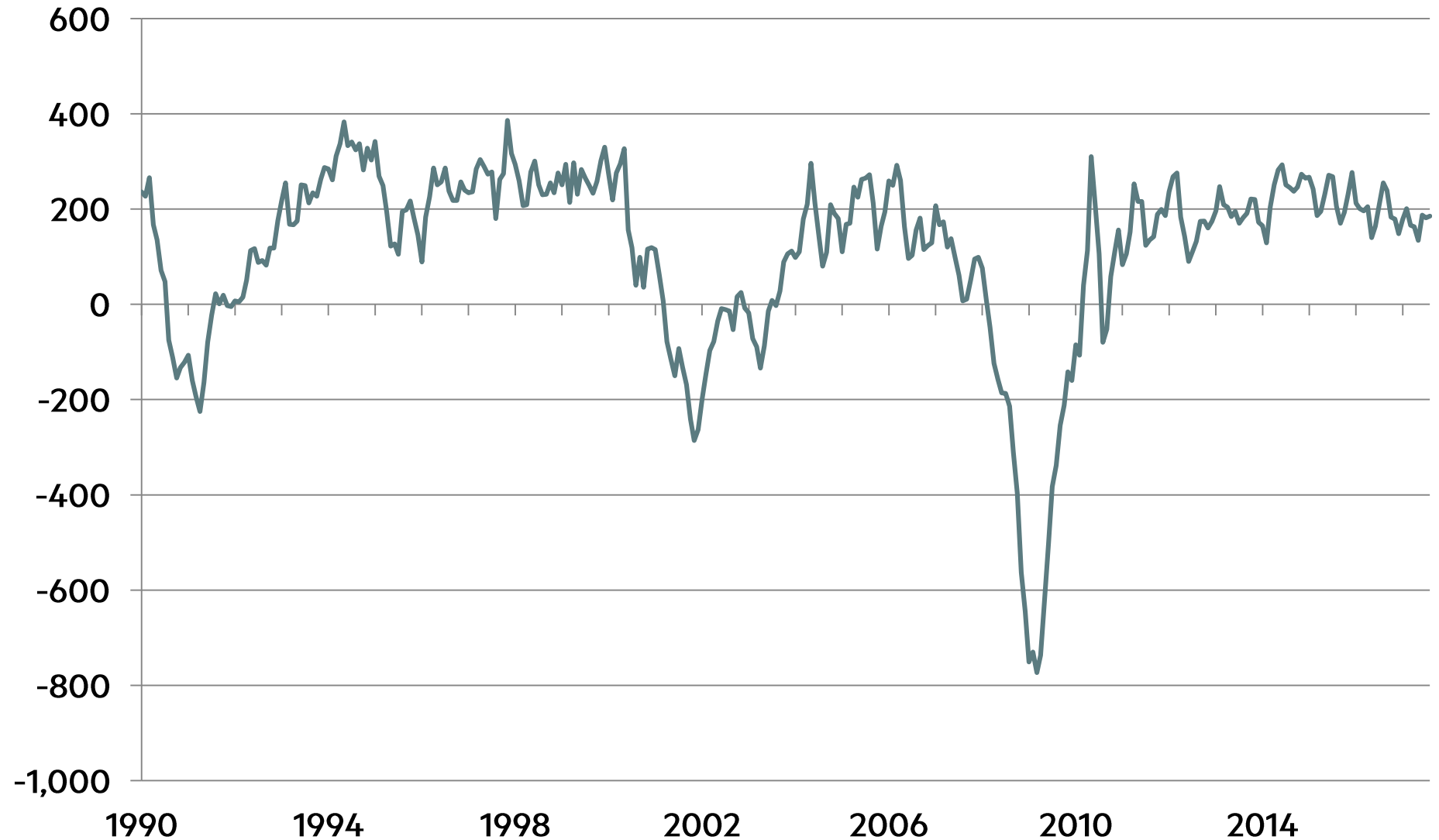
Tolstoy: “All happy families are alike; each unhappy family is unhappy in its own way.”

Tolstoy: “All happy families are alike; each unhappy family is unhappy in its own way.”

Obrinsky corollary: “Unhappy economies are like that too.”

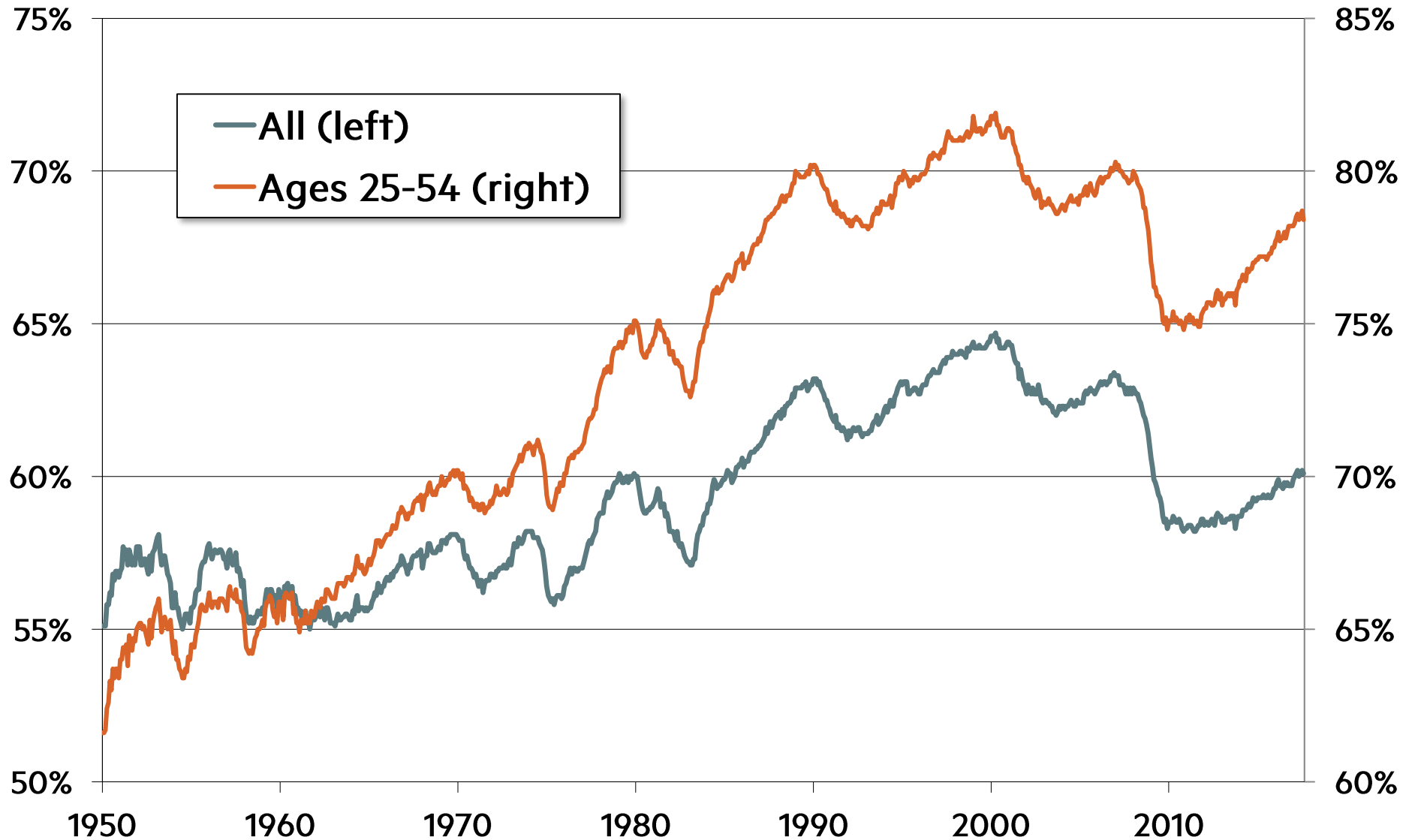
Nonfarm Payrolls Still Solid

(3-month average, 000s)



Source: Bureau of Labor Statistics

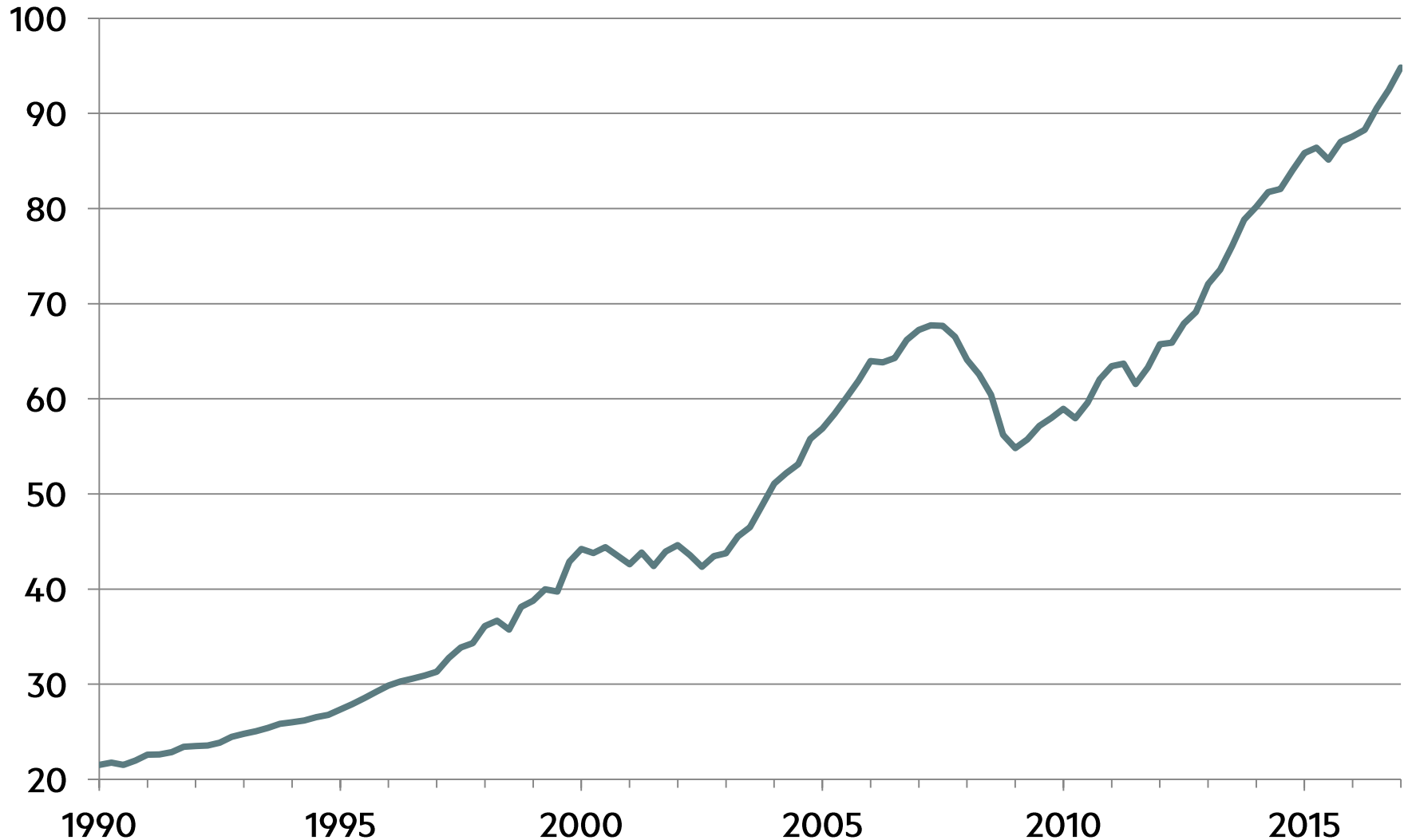
Employment-Pop Ratio: Still Rebounding



Source: Bureau of Labor Statistics

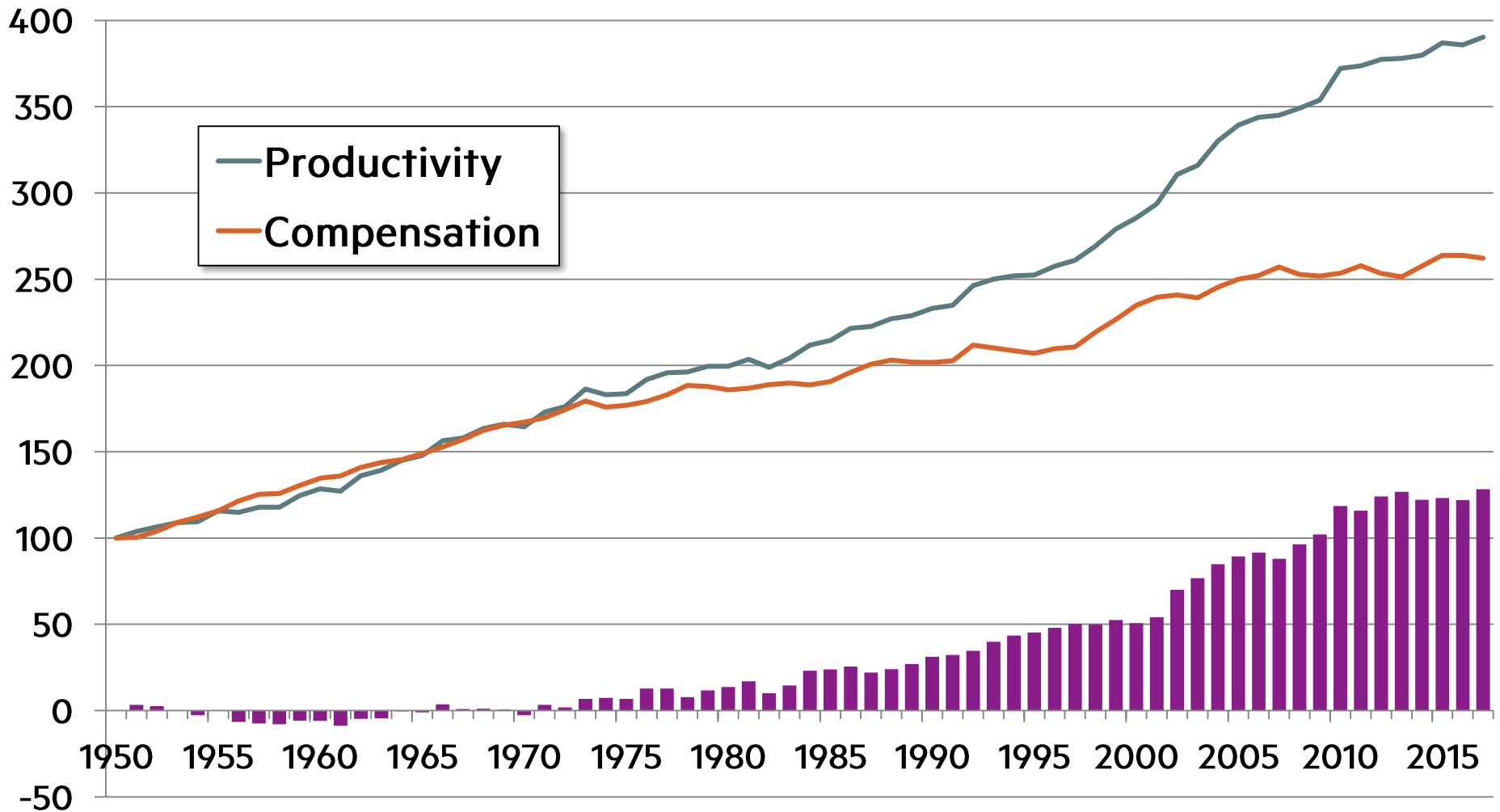
Total Household Net Worth Rising Steadily

(\$ Trillions)

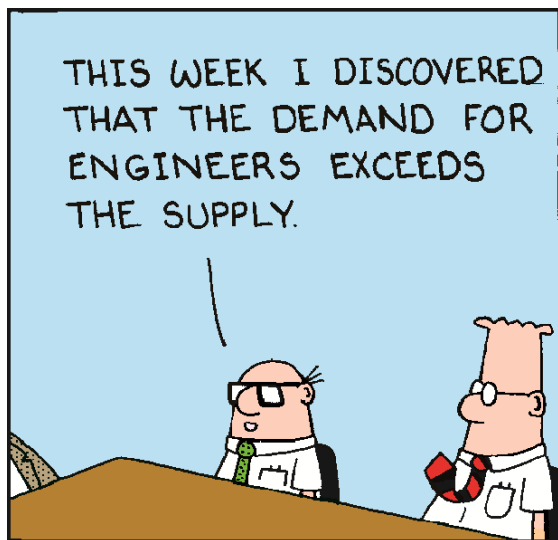


Source: Federal Reserve Board.

Productivity Decoupled From Compensation (1950 = 100)



Source: Bureau of Labor Statistics.



www.dilbert.com

S. Adams

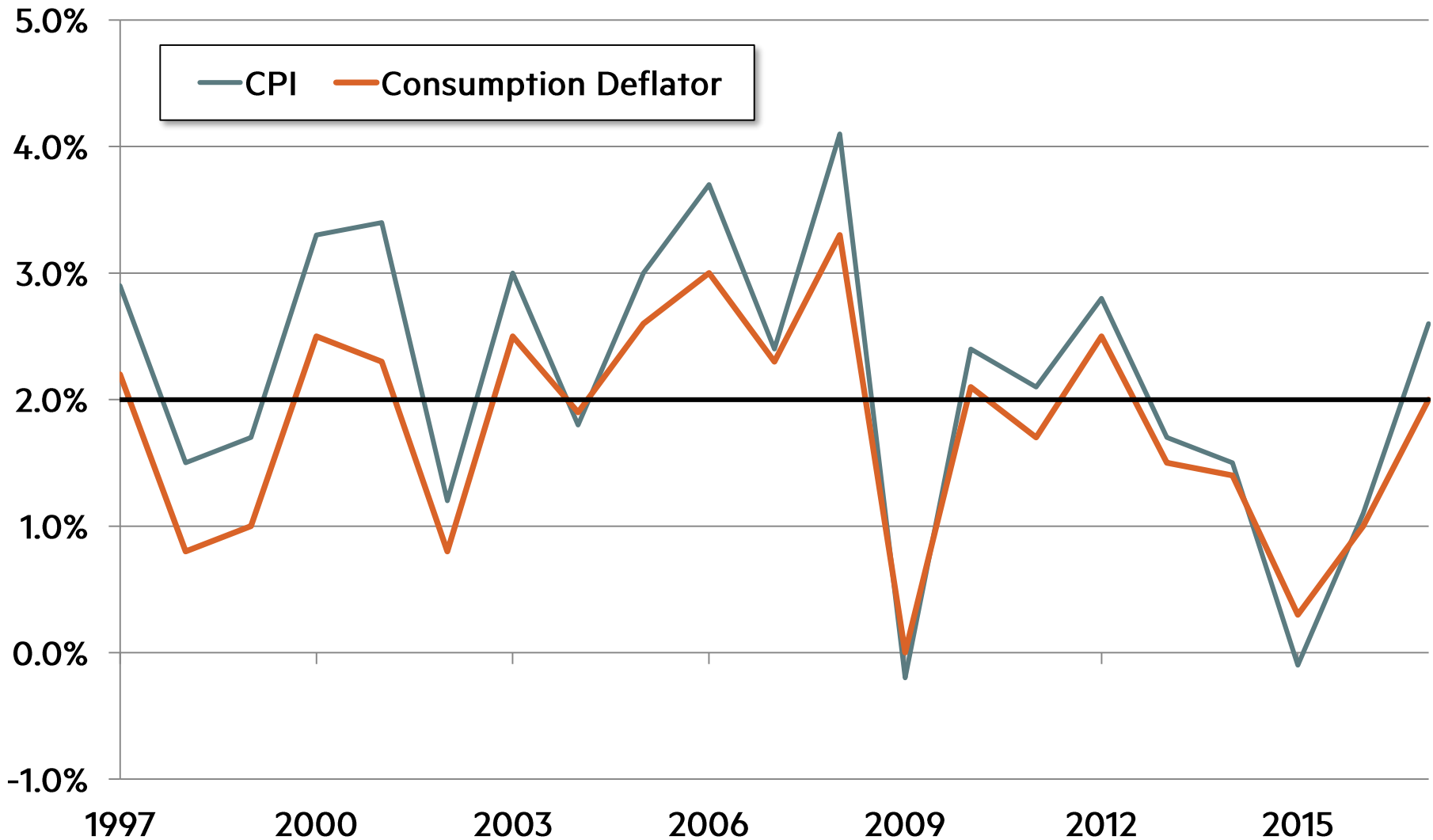


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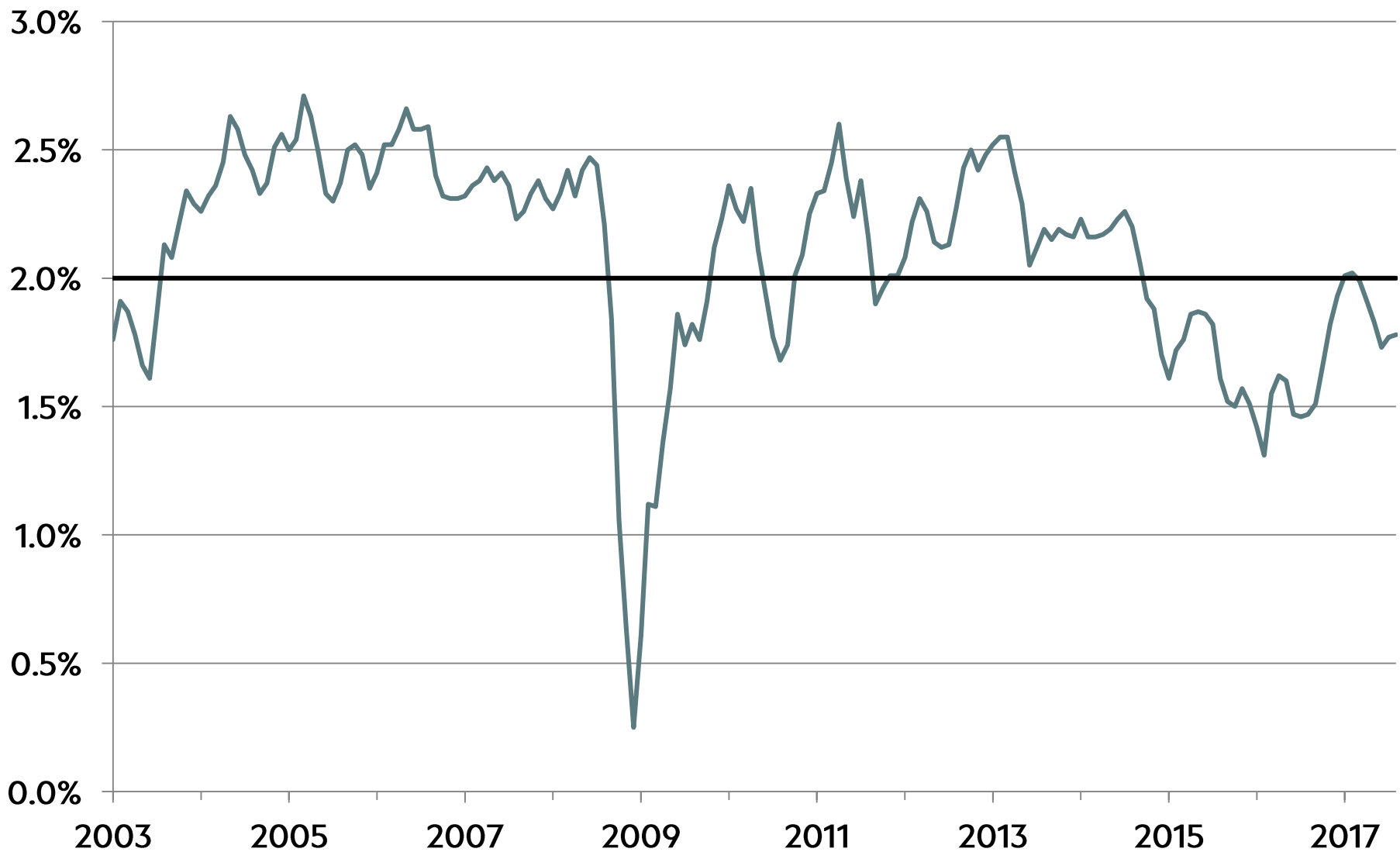
Inflation Remains Subdued

(year-over-year change in price indexes)



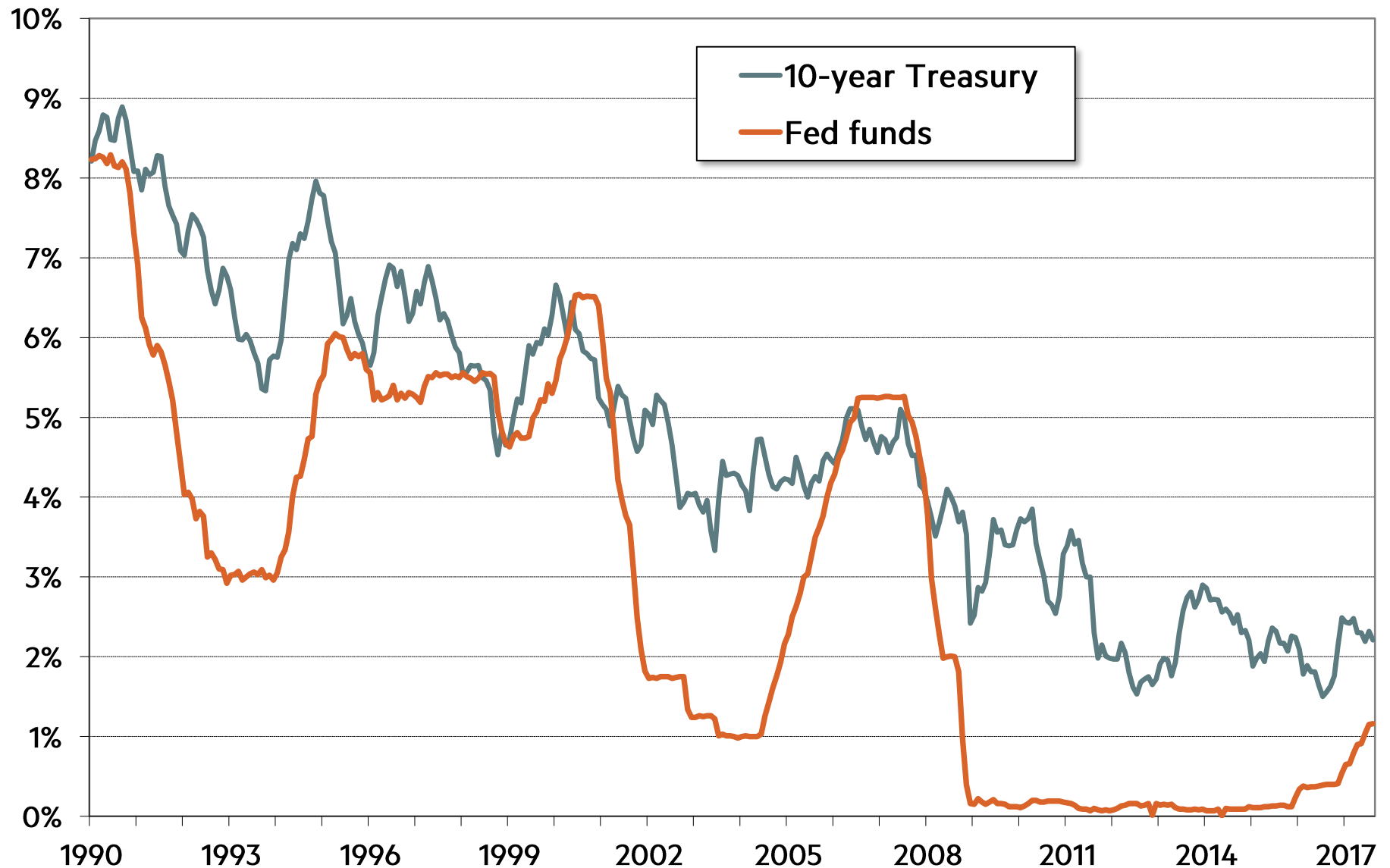
Source: Bureau of Labor Statistics

...So Are Inflation Expectations



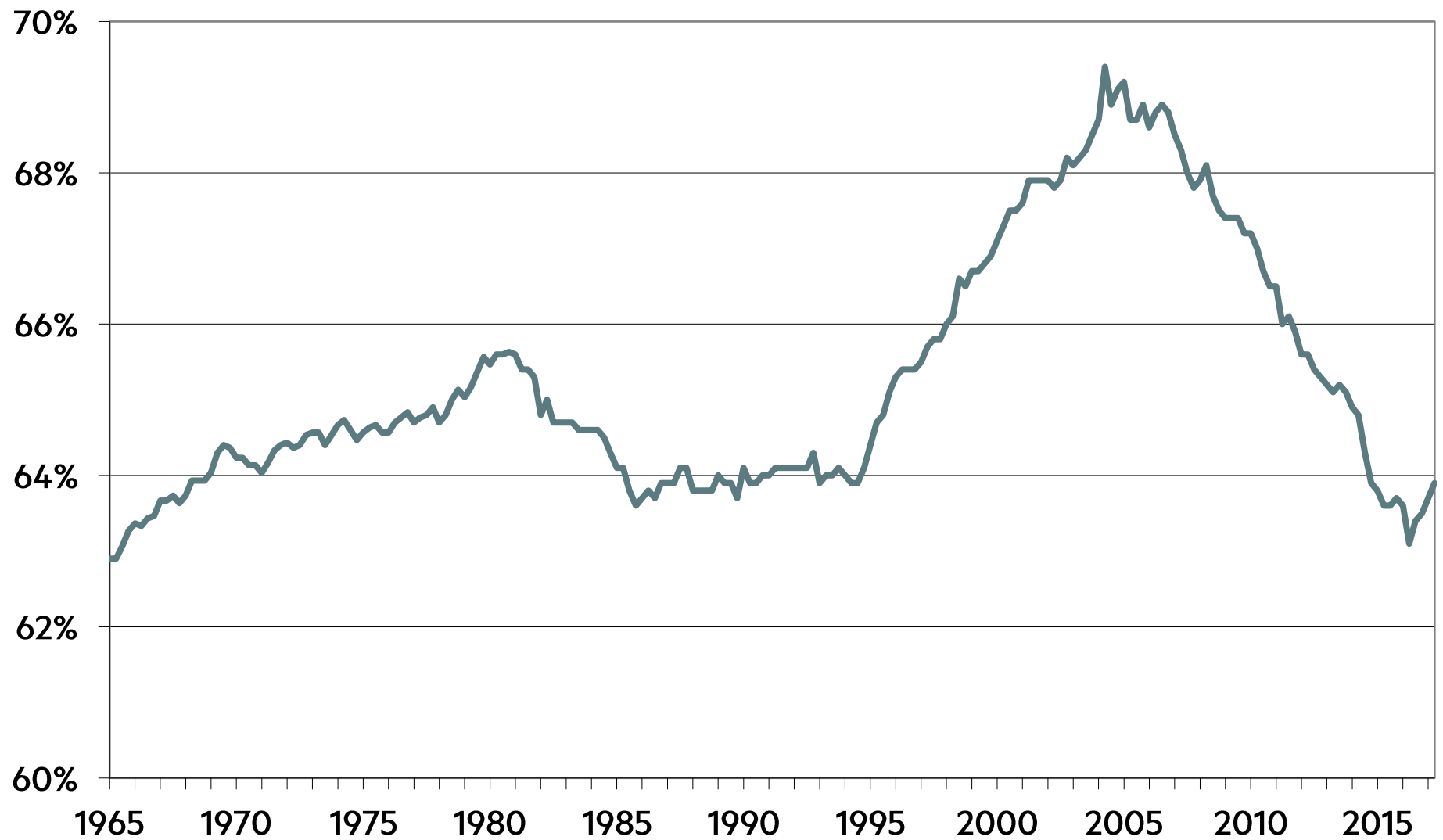
Source: Federal Reserve Bank of St. Louis.

Treasury Yields Still Low



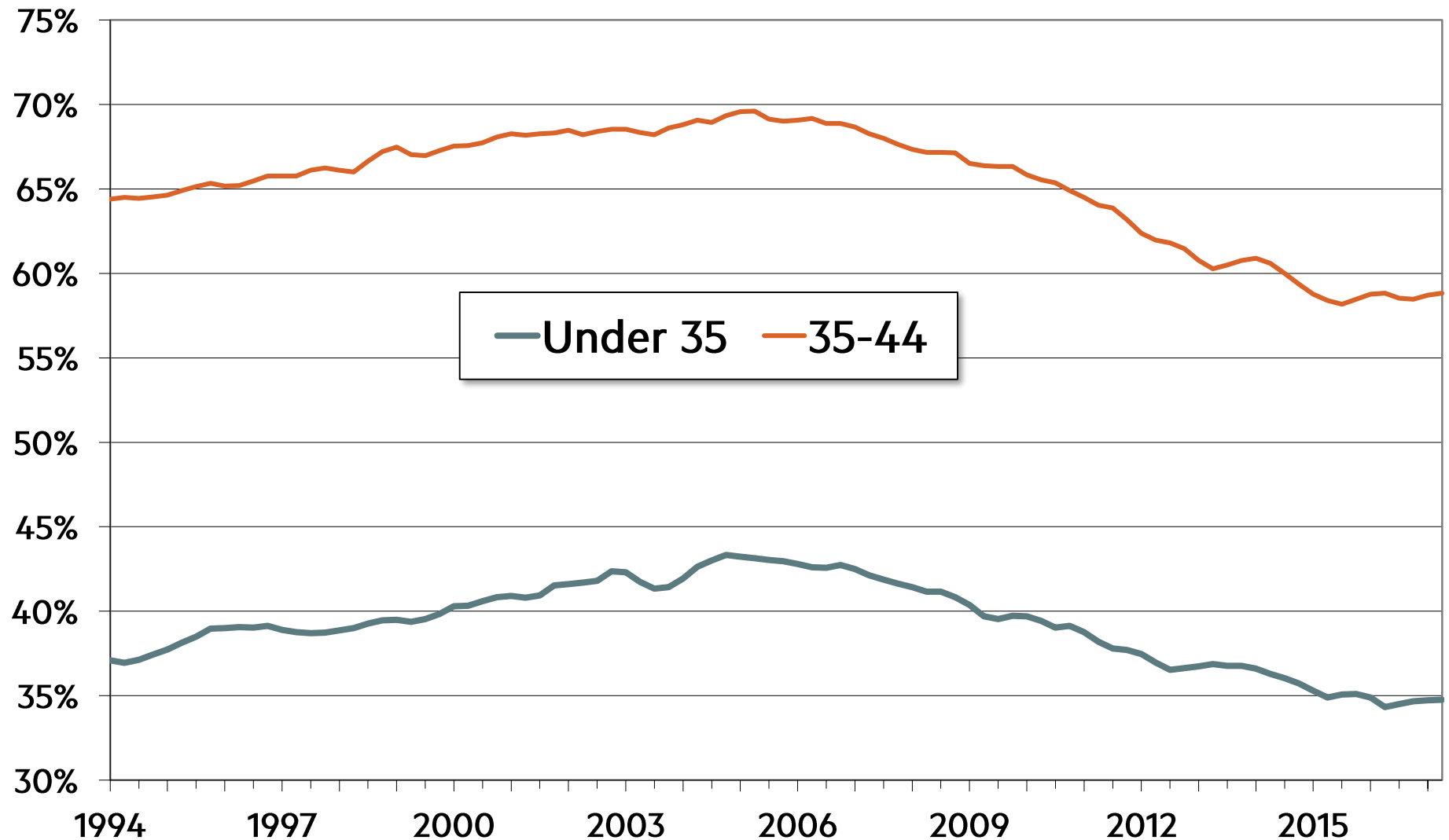
Source: Federal Reserve Board; NMHC.

Homeownership Rate Off Its Low



Source: Census Bureau, Housing Vacancy Survey.

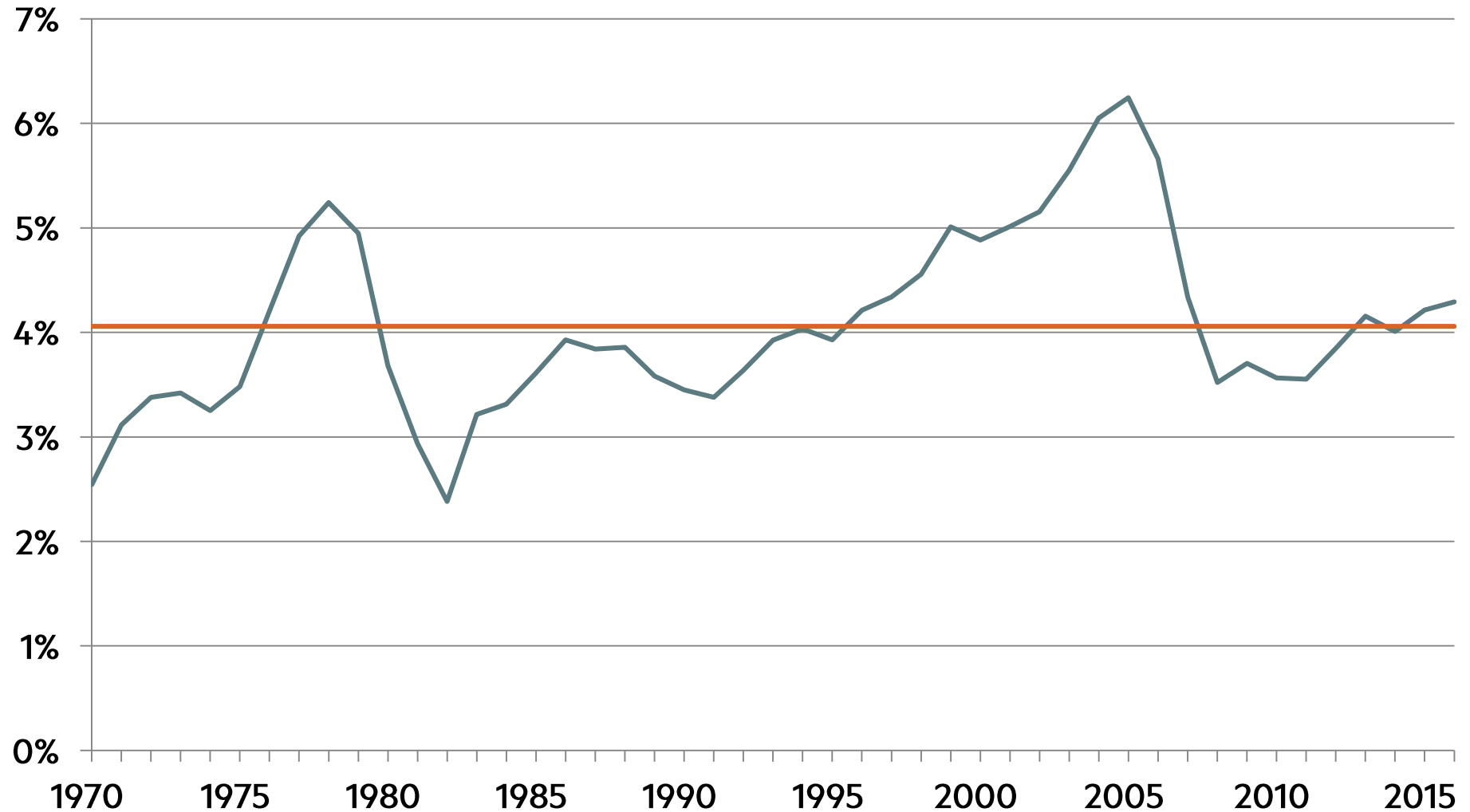
...Also for Younger Households



Source: Census Bureau, Housing Vacancy Survey.

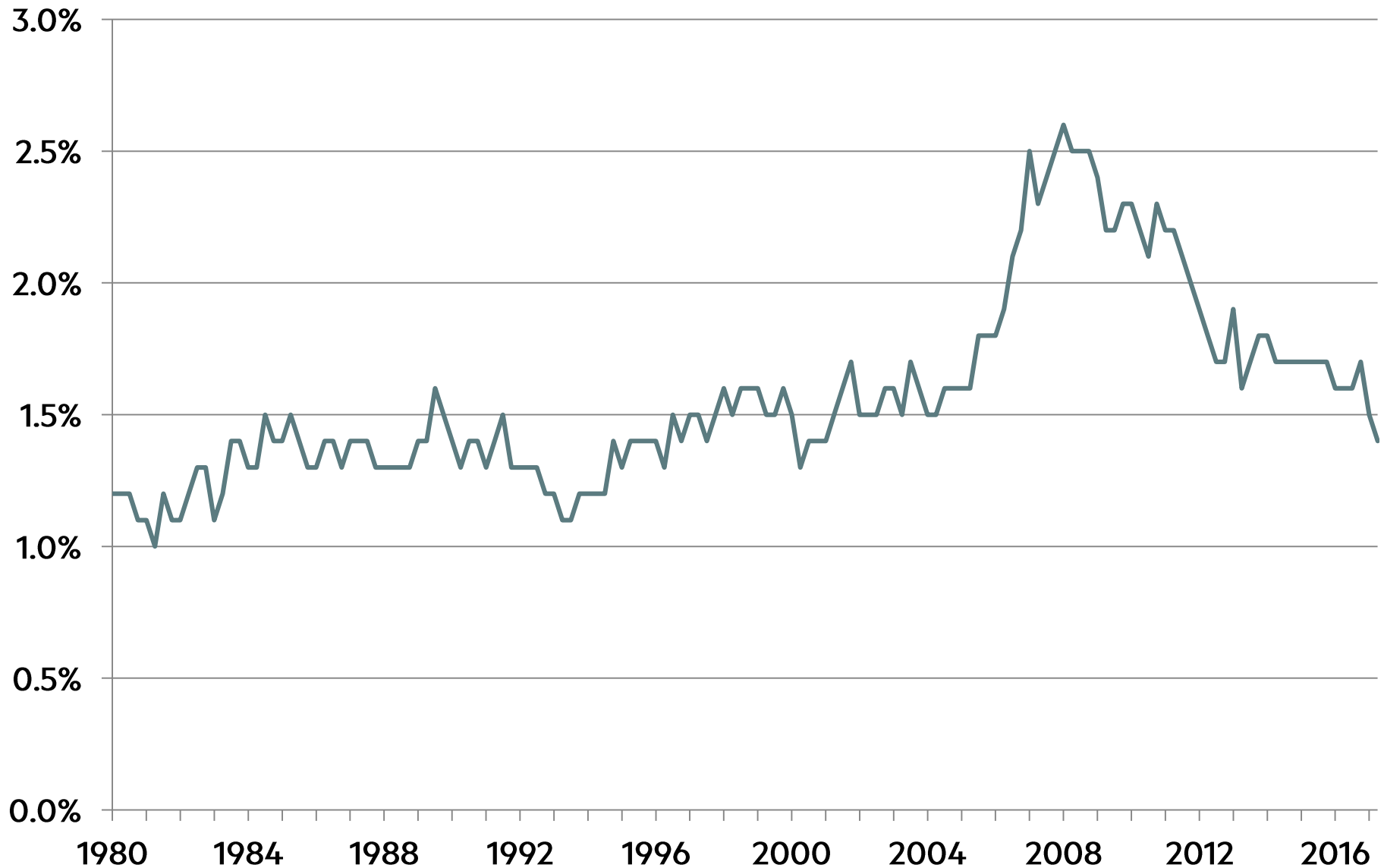
Existing Home Sales At Normal Level

(share of all households)



Source: National Association of Realtors; Census Bureau; NMHC.

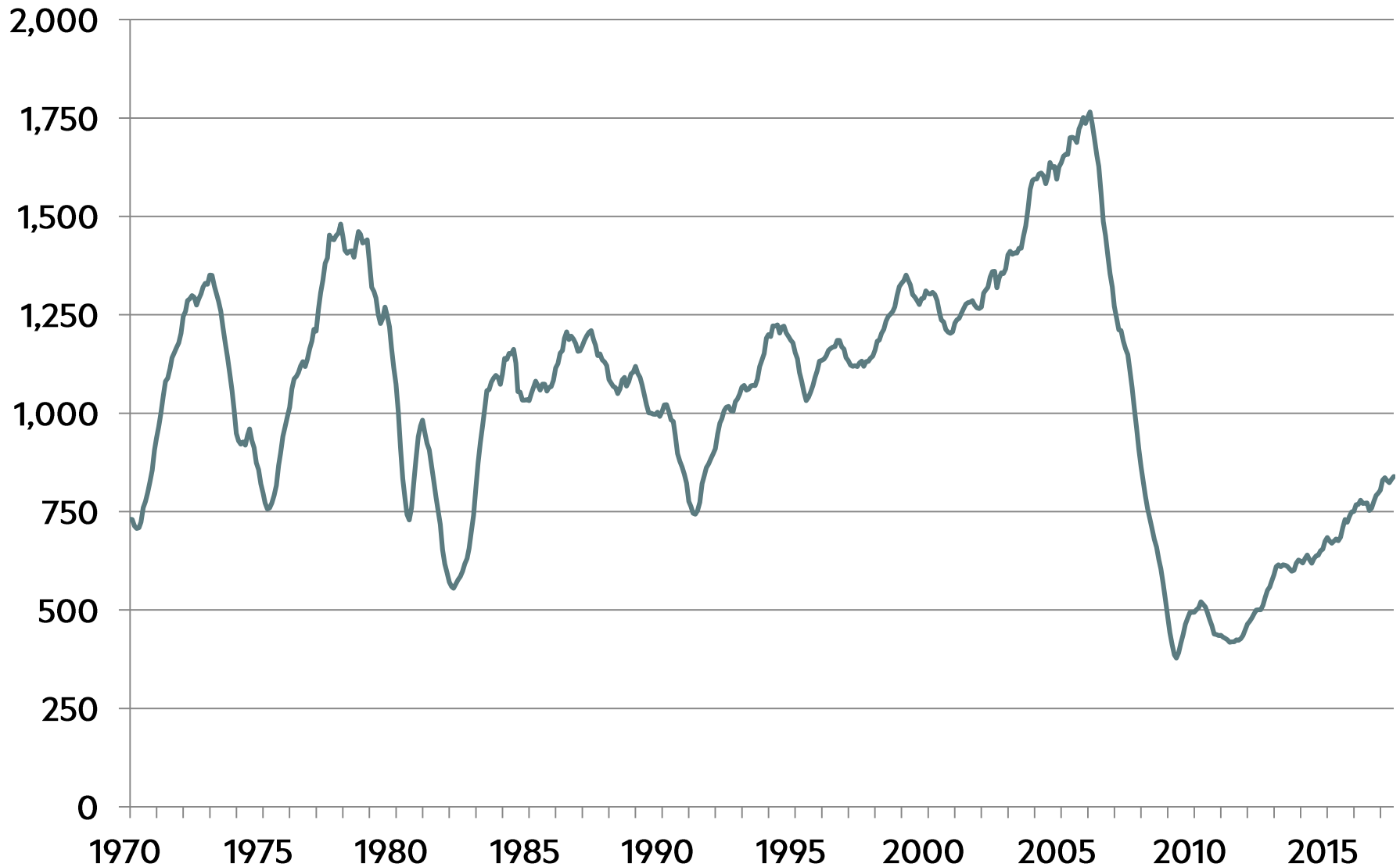
SF Homeowner Vacancy Rate Back to Normal



Source: Census Bureau, Housing Vacancy Survey.

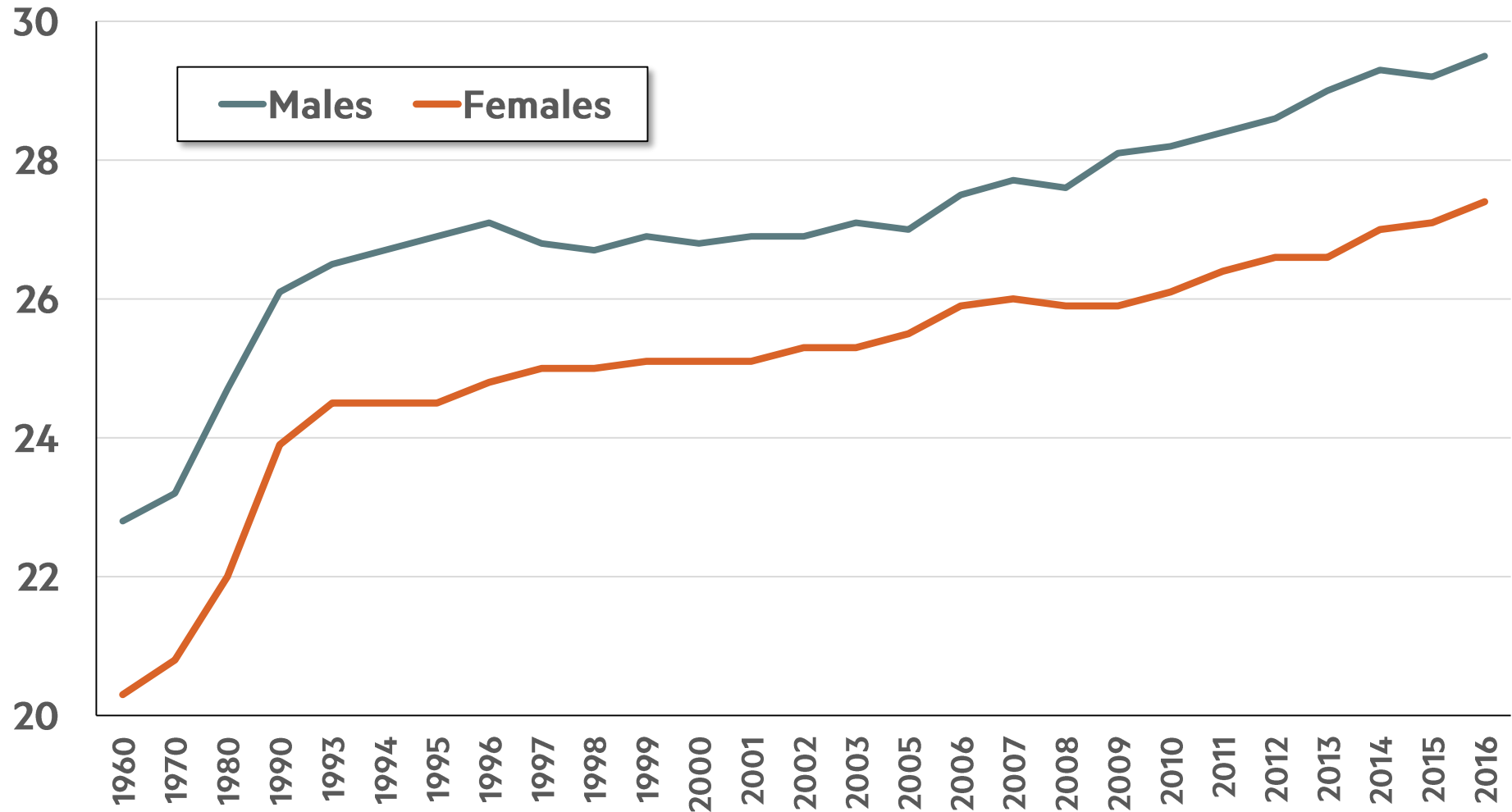
SF Starts Slowly Improving

(6-month moving average, thousands)



Source: Census Bureau.

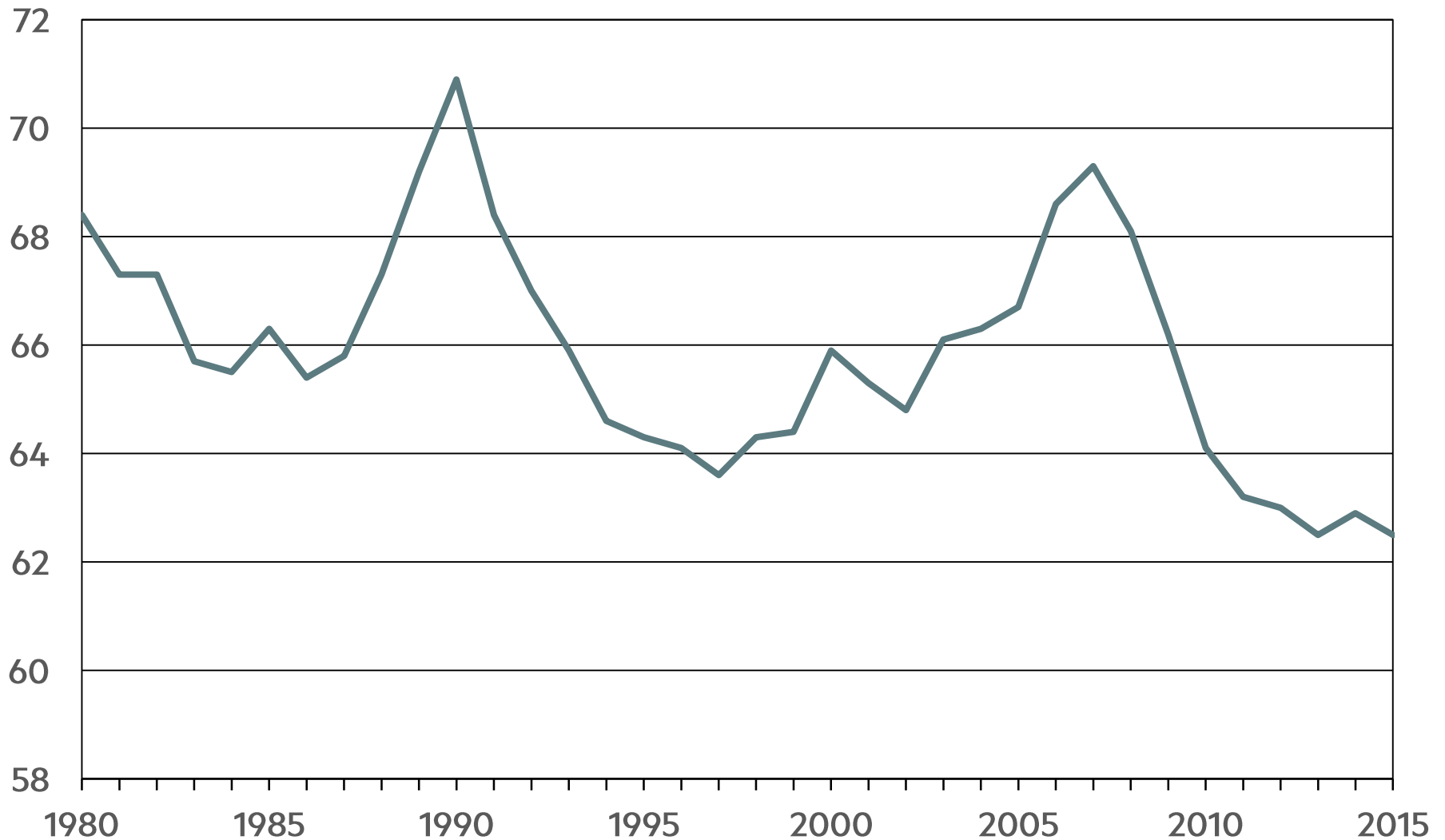
Median Age At First Marriage Still Rising



Source: Census Bureau.

Fertility Rate Declining

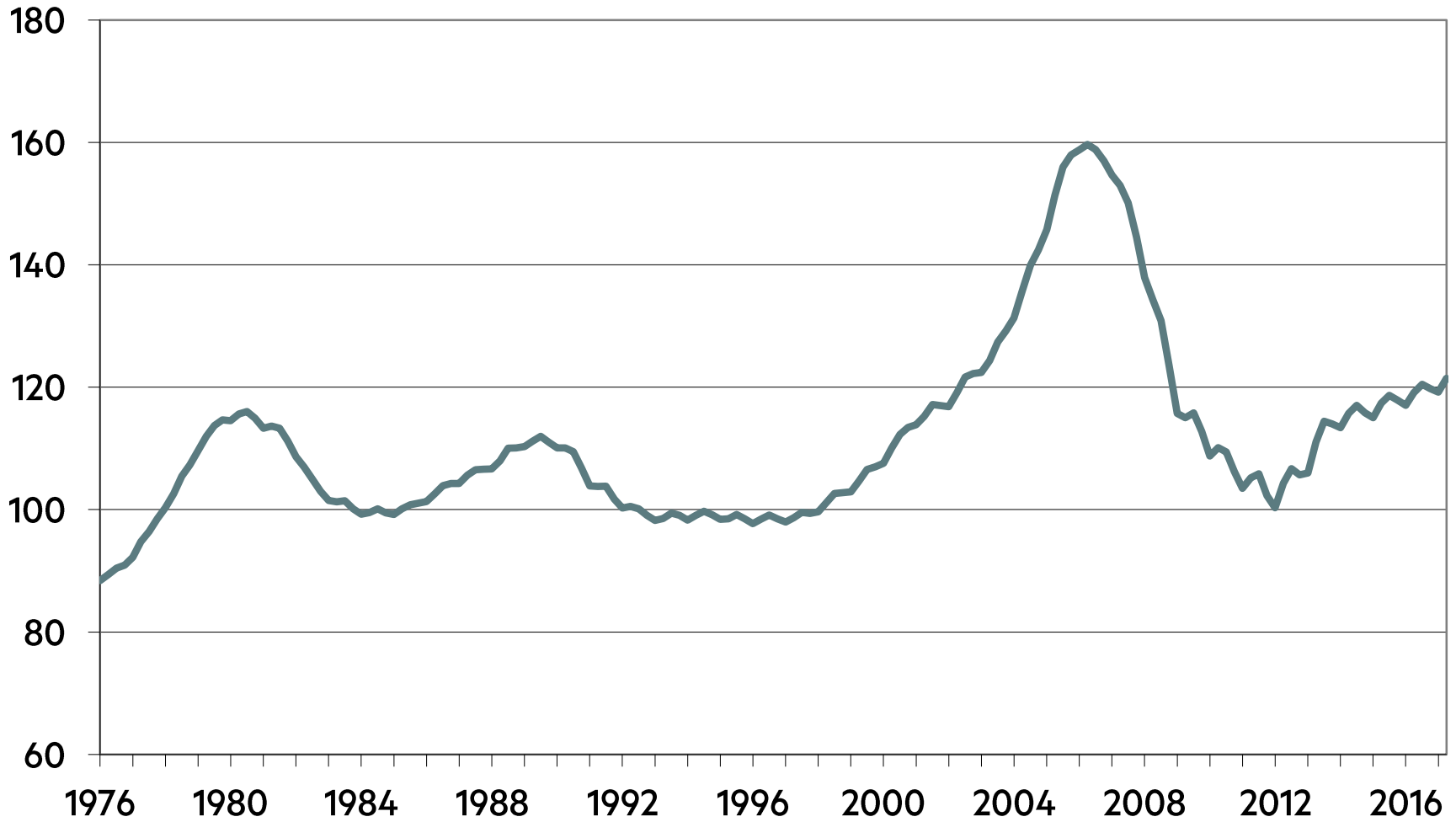
(Births per 1,000 women aged 15-44)



Source: National Center for Health Statistics.

House Price-to-Rent Ratio Rising Again

(CoreLogic Case Shiller HPI vs. CPI-rent, 1992=100)

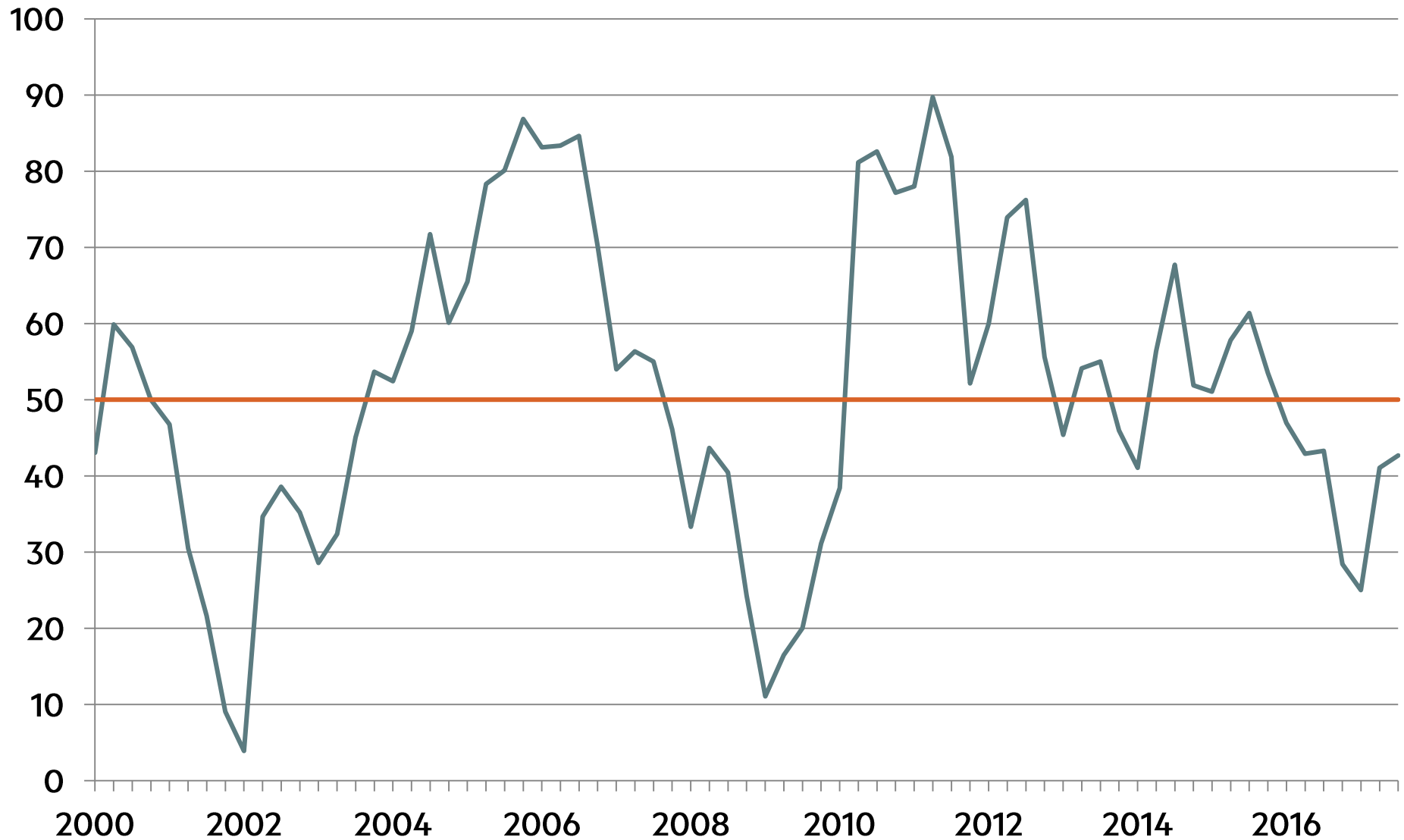


Source: CoreLogic, BLS, NMHC.

CoreLogic house price index (HPI) shows that over one-third of U.S. metro areas are currently overvalued.

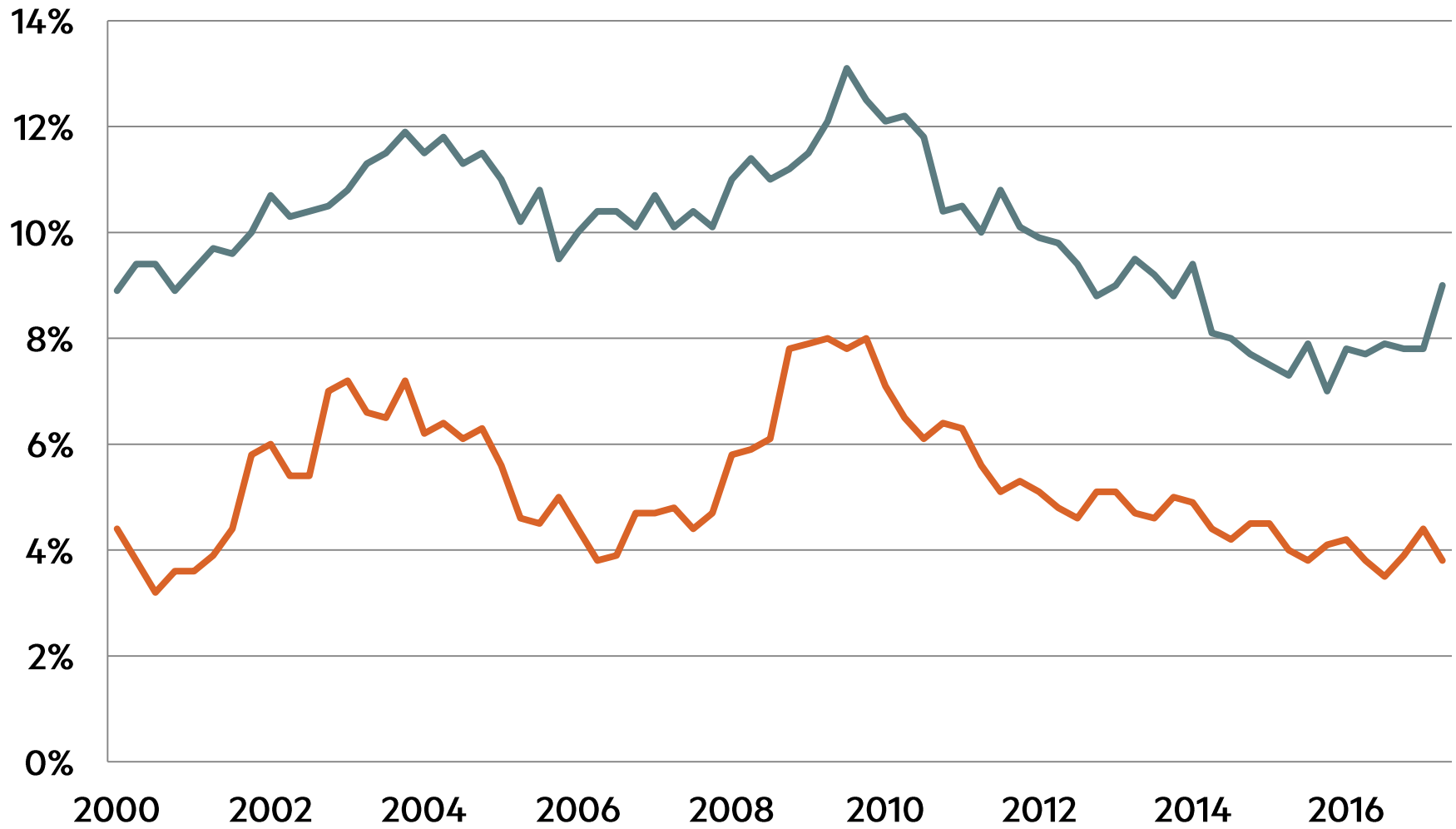
<http://tinyurl.com/yco3x49r>

Apartment Markets Softening...A Little



Source: NMHC.

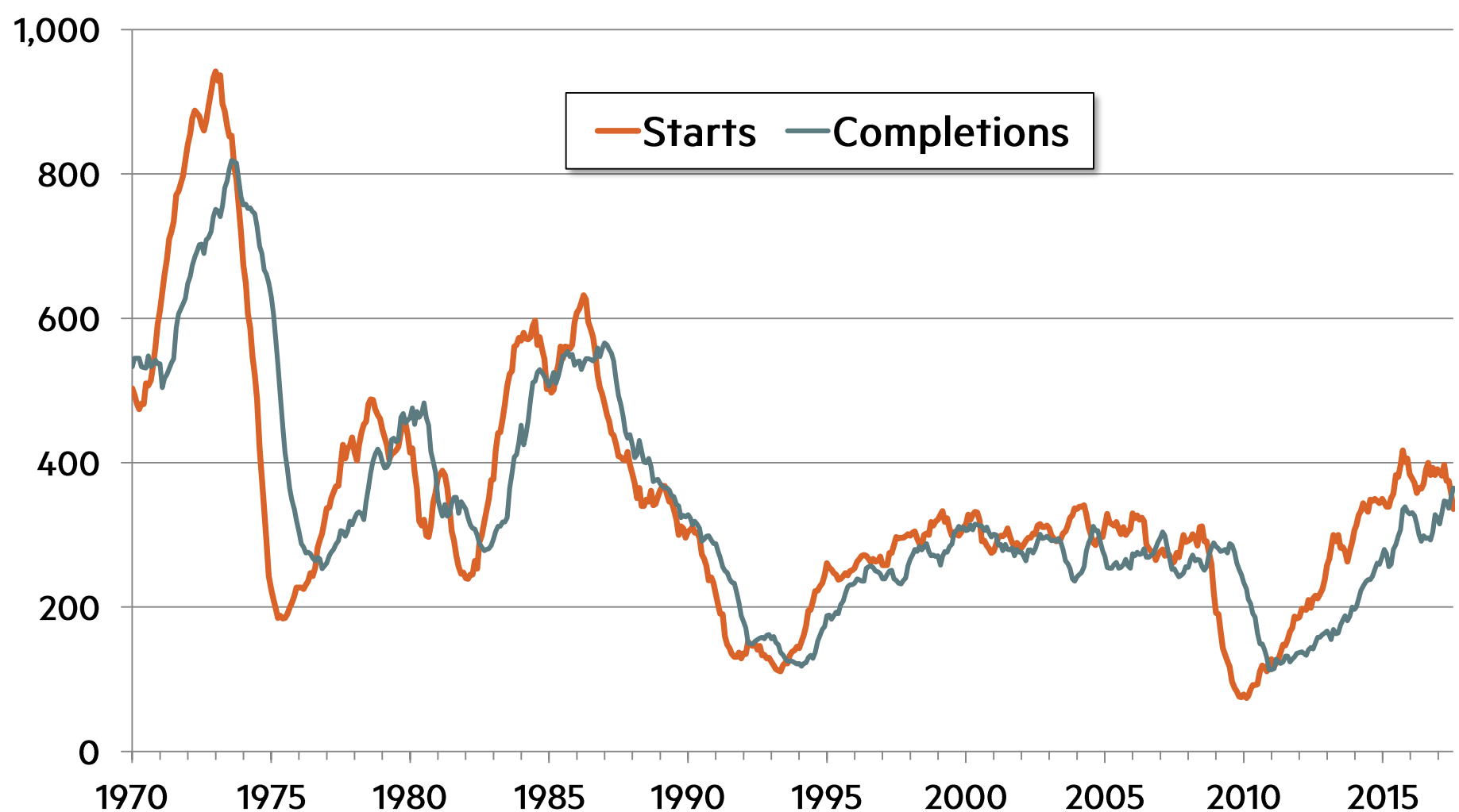
Vacancy Rate—Up or Down?



Source: Census Bureau; MPF Research.

Multifamily Production Strong: Too Much?

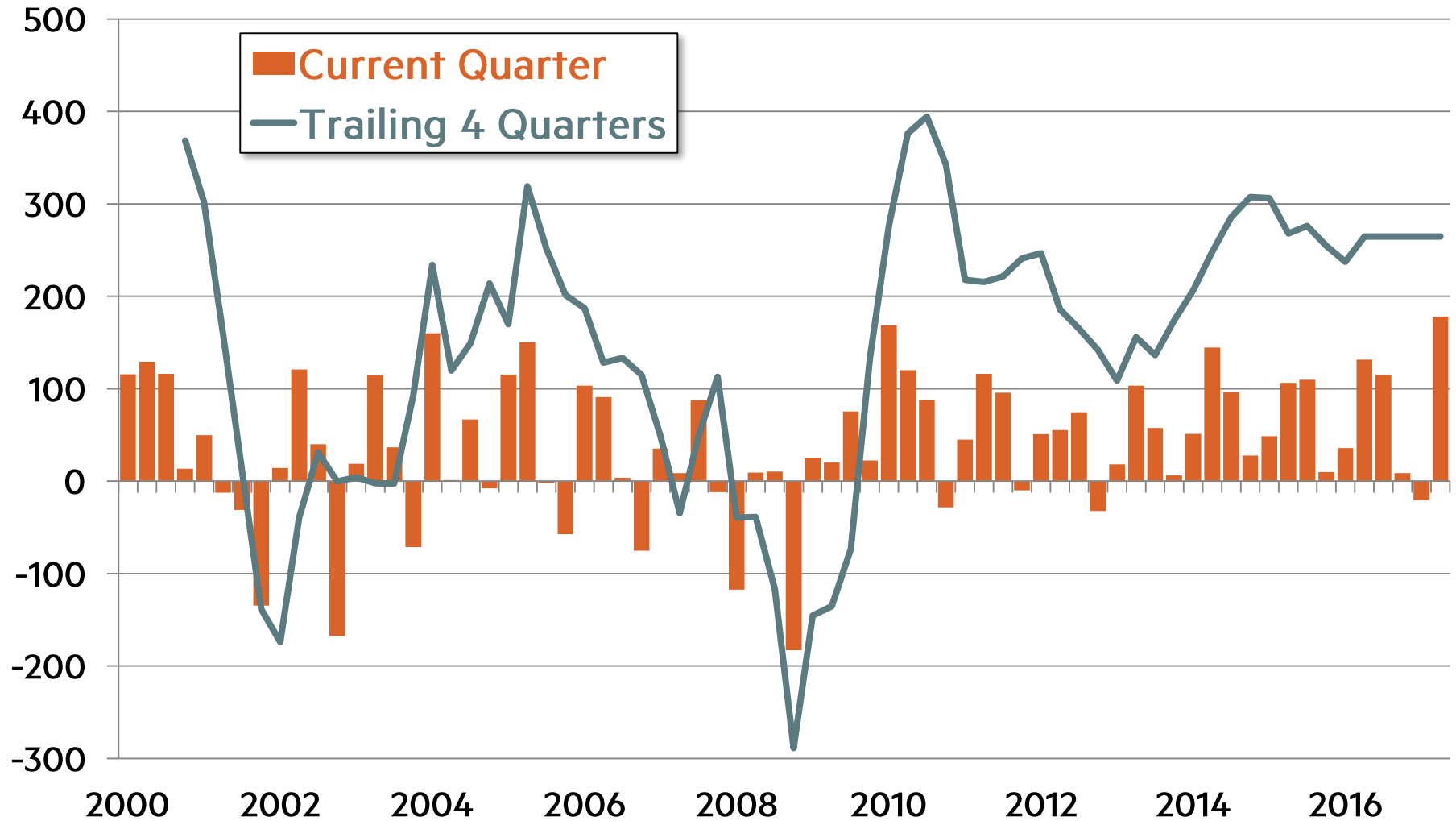
(6-month moving average, thousands)



Source: Census Bureau; NMHC.

Net Absorptions Surged in 2Q 2017

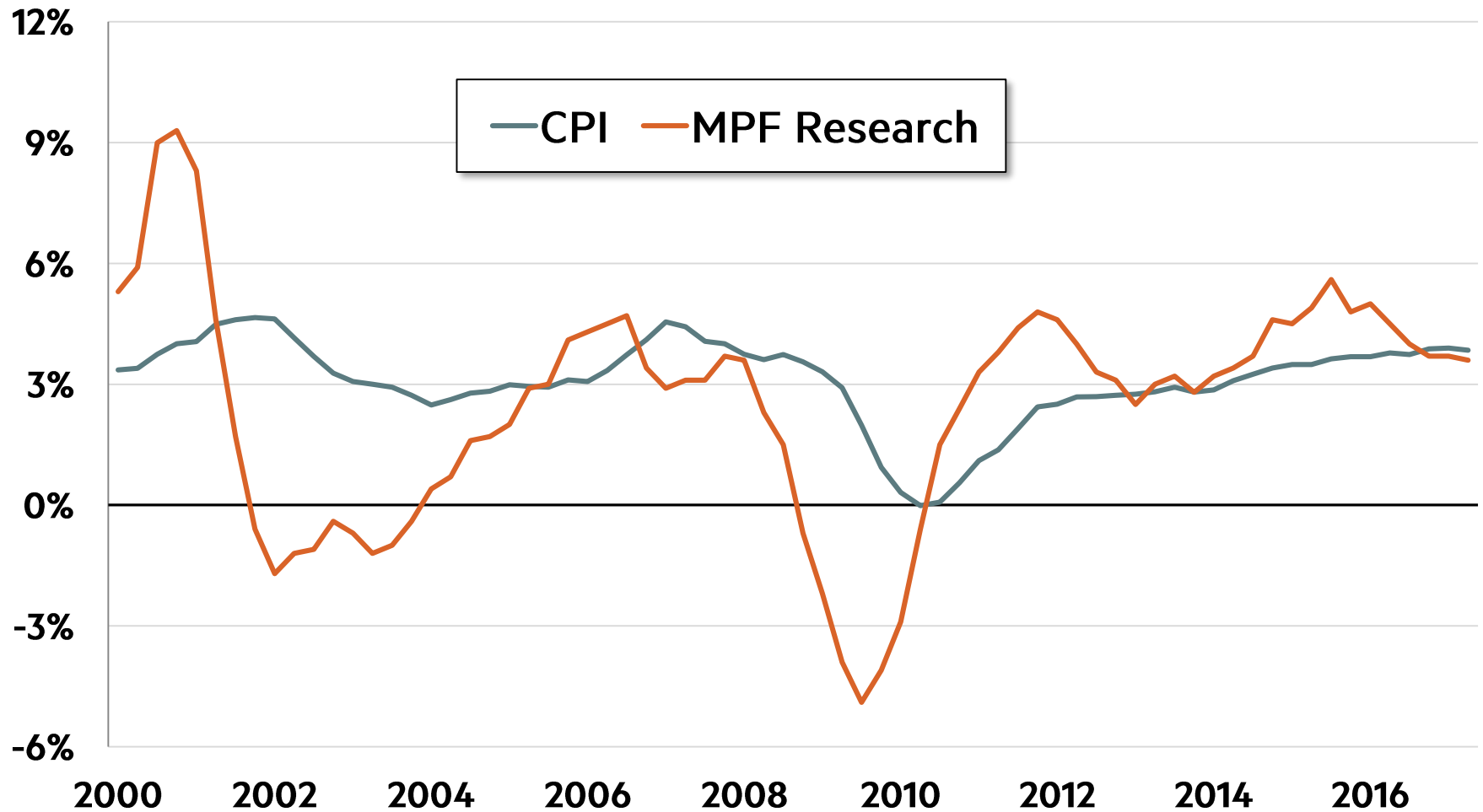
(thousands)



Source: MPF Research.

Rent Growth Has Eased, Still Above Average

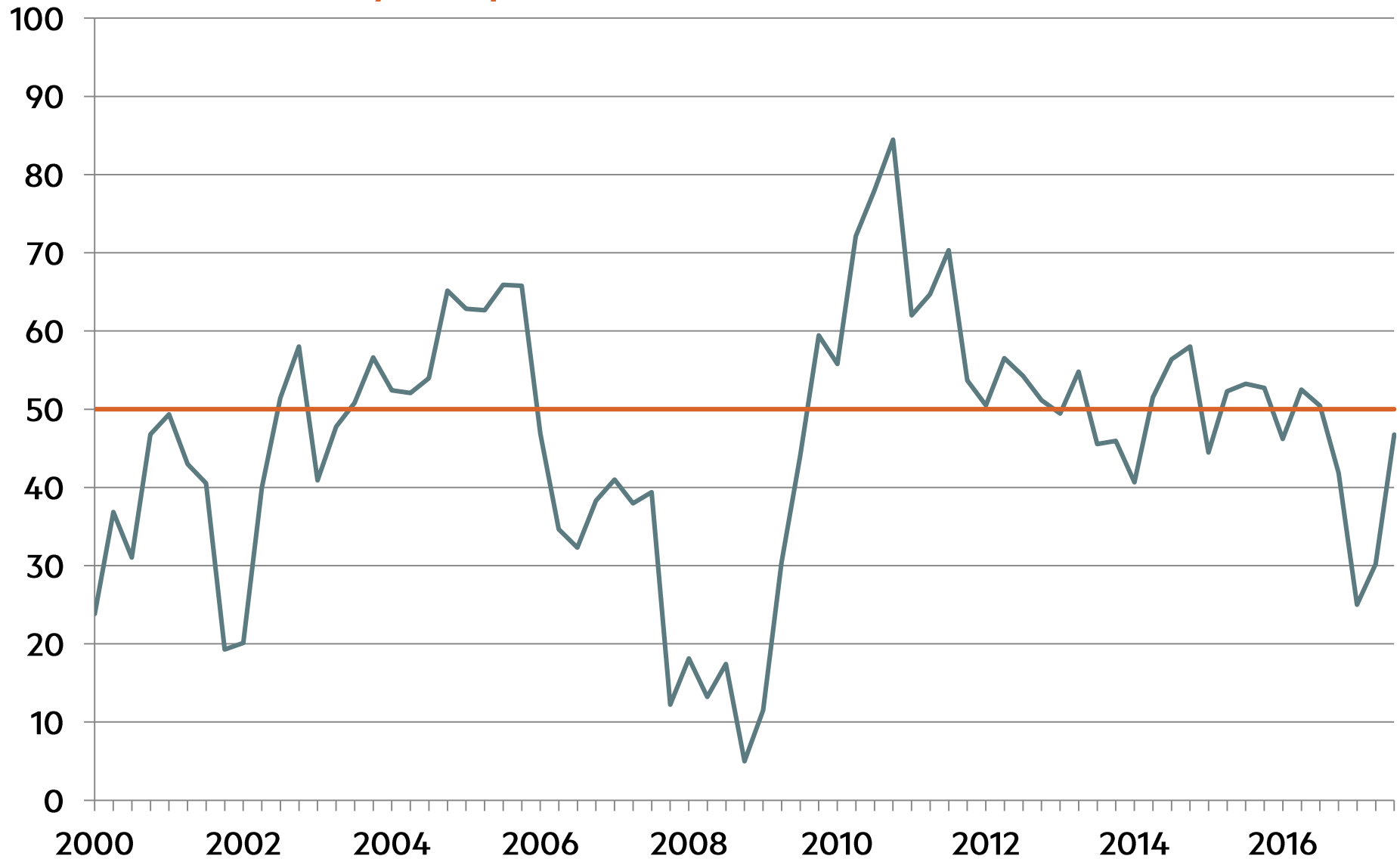
(year-over-year change in rent)



Source: Census Bureau; MPF Research.

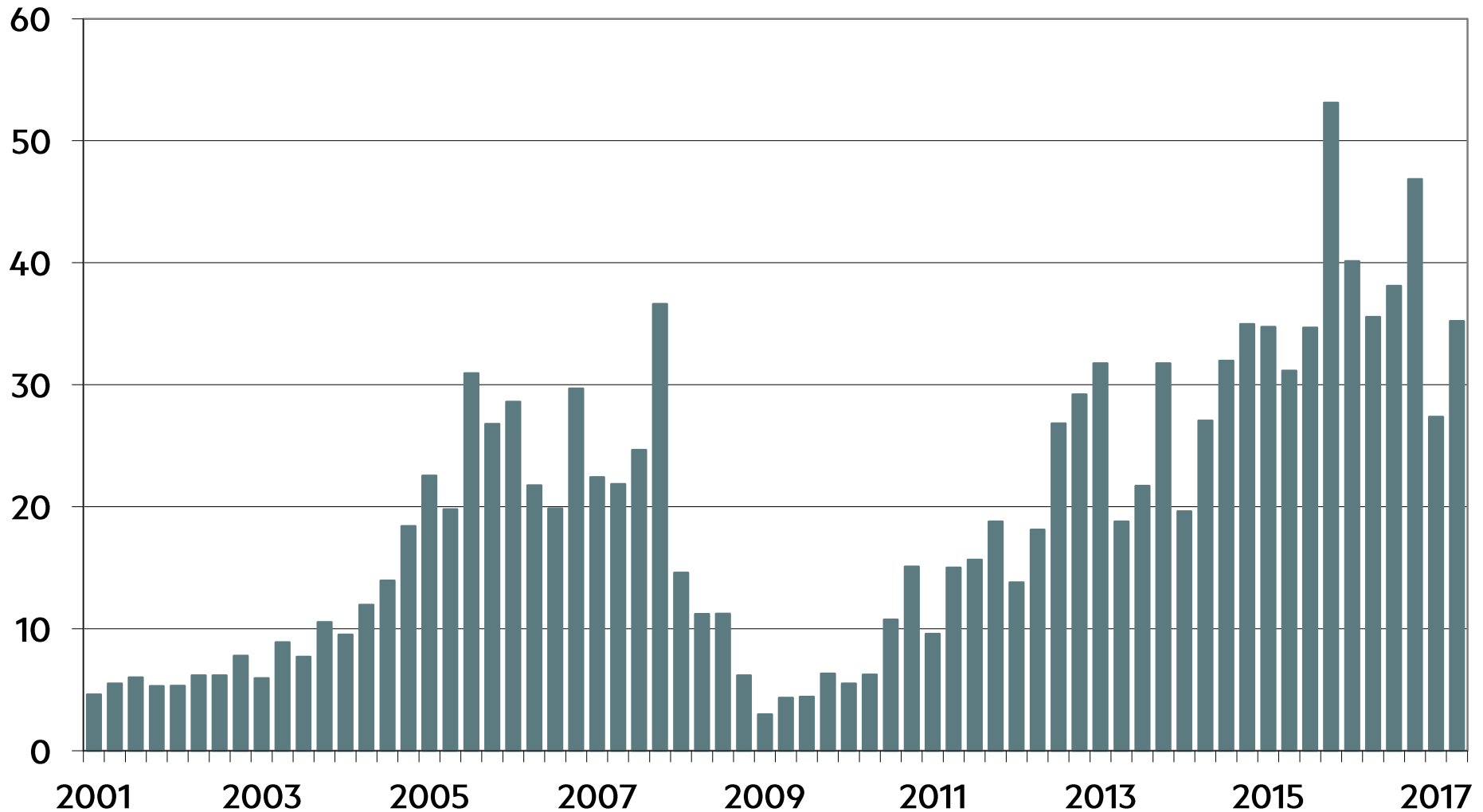
Property Sales Volume Has Moderated

(NMHC Survey of Apartment Market Conditions)



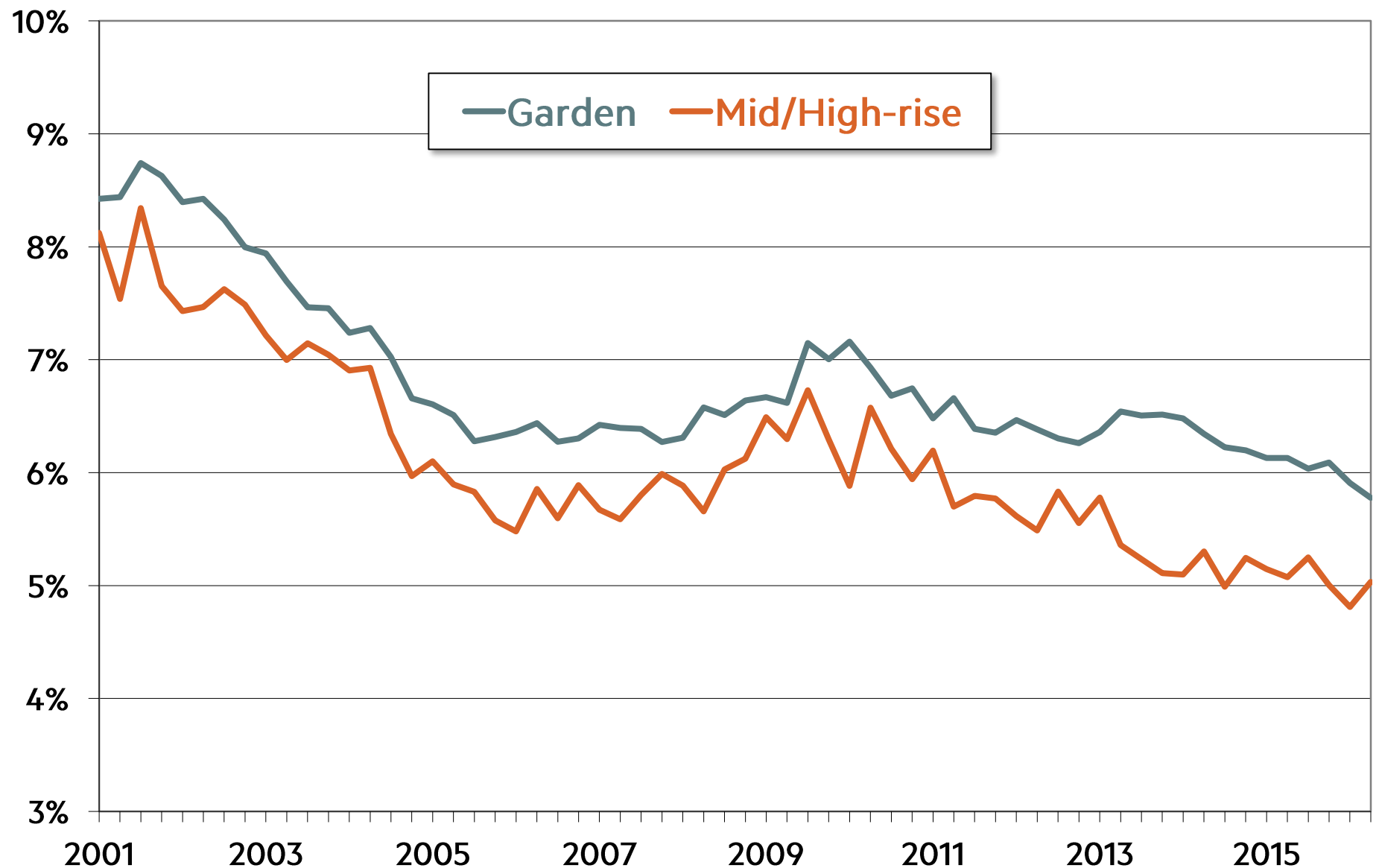
Source: NMHC.

Apartment Transactions Off Last Year's Record (\$ billions)



Source: Real Capital Analytics.

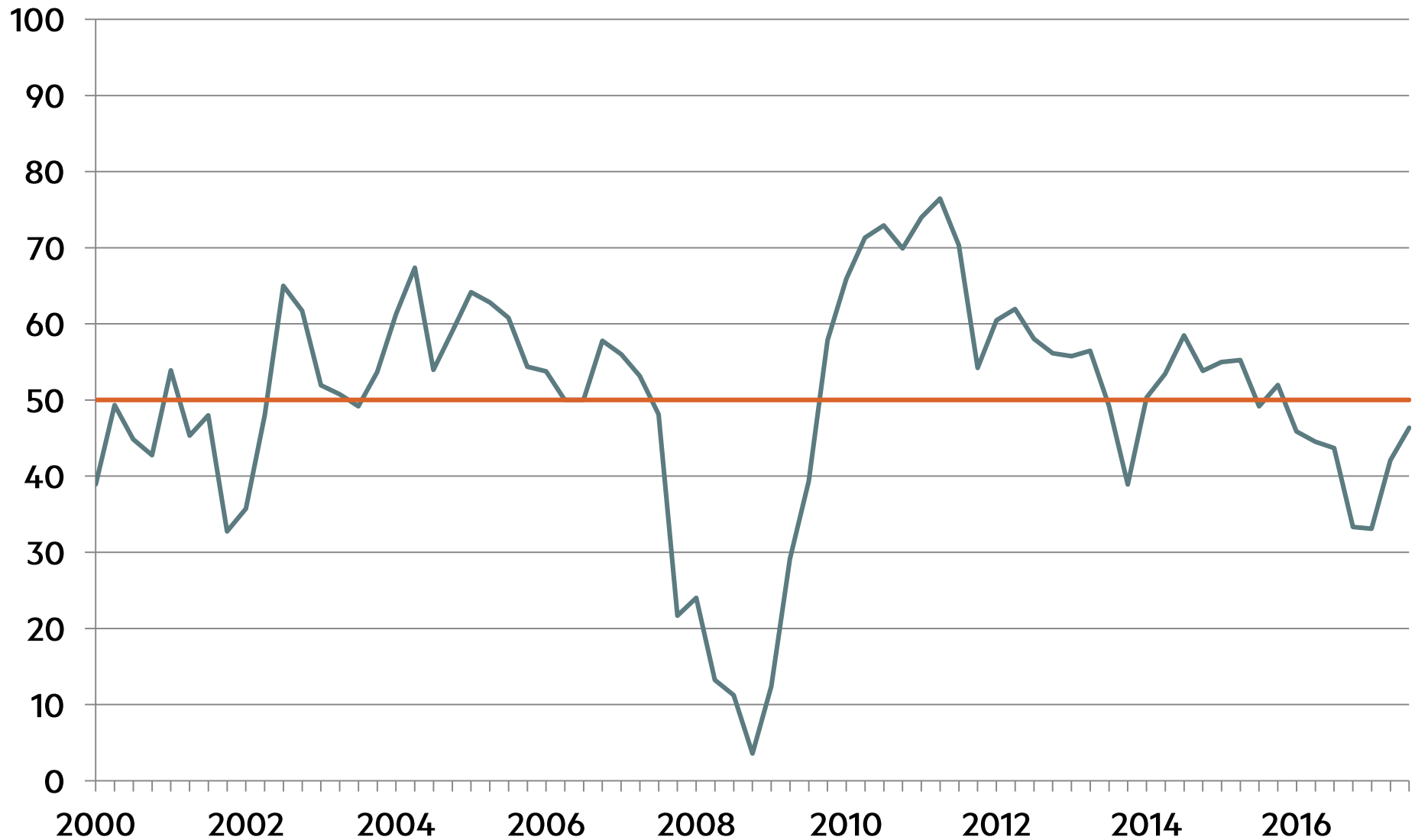
Cap Rates Still Edging Down



Source: Real Capital Analytics.

Equity Financing Has Pulled Back A Little

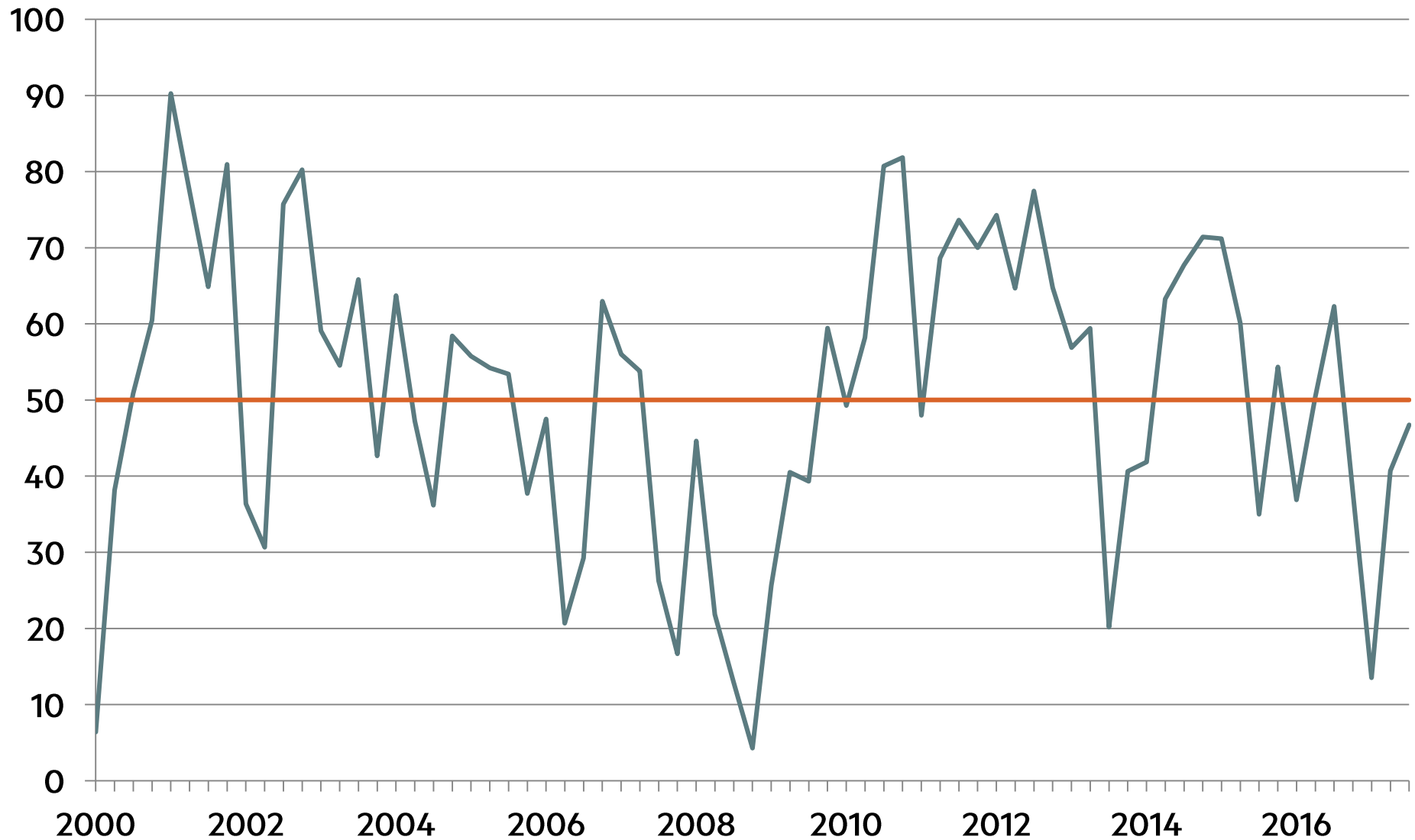
(NMHC Survey of Apartment Market Conditions)



Source: NMHC.

Debt Financing Has Worsened Somewhat

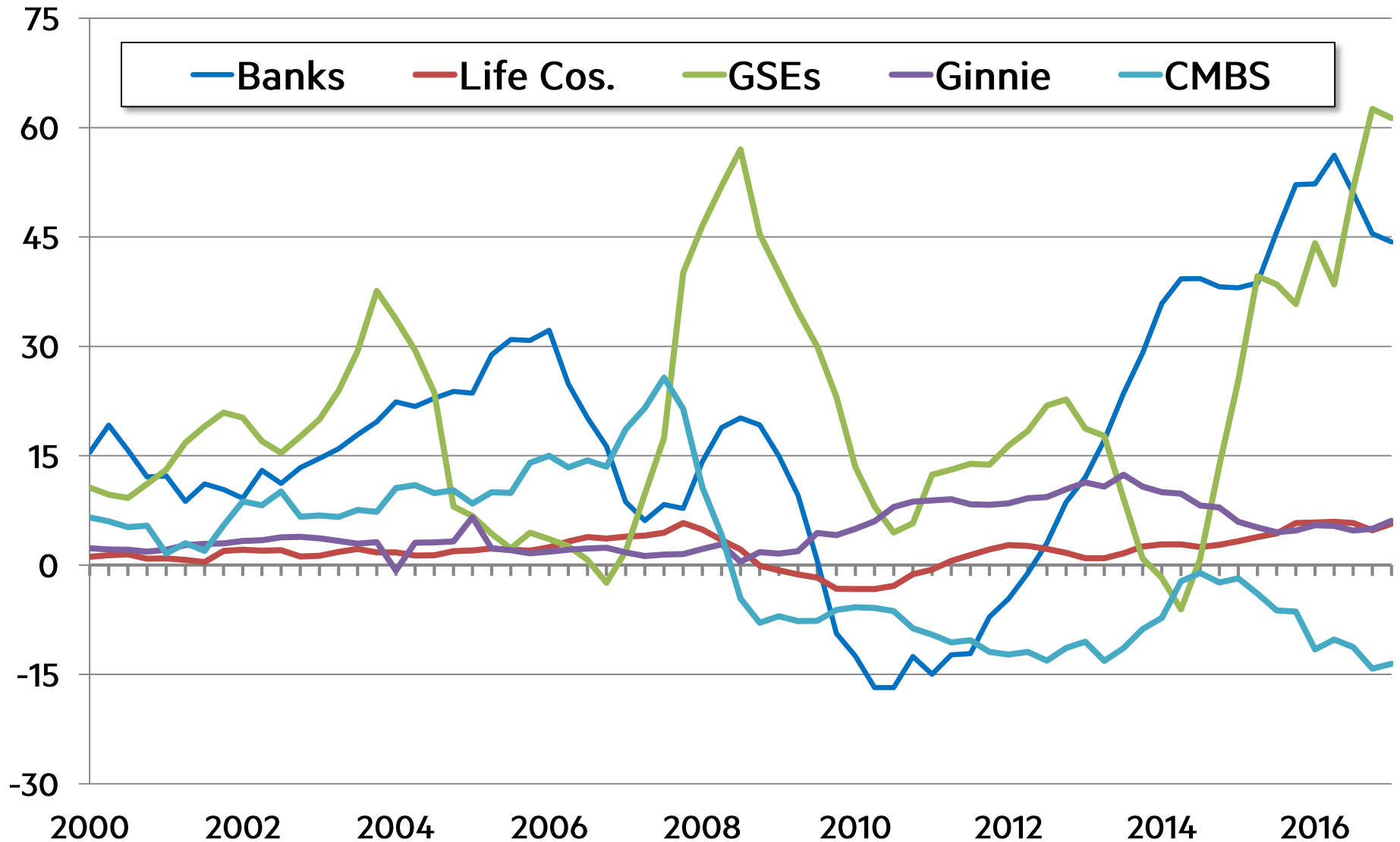
(NMHC Survey of Apartment Market Conditions)



Source: NMHC.

Banks and GSEs Remain Top MF Lenders

(Net credit extended vs. year-ago, \$ billions)



Source: Federal Reserve Board; NMHC.

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Panel



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NMHC Apartment Strategies Webinar

Thank you!

- www.nmhc.org/Research