Economic & Housing Forecast

By Lawrence Yun, Ph.D.
Chief Economist, National Association of REALTORS®

Presentation at Coastal Carolina Association of REALTORS®
September 29, 2017
Existing Home Sales – Mostly Rising in Recent Years

(Exceptions: when home buyer tax credit ended and “taper tantrum”)
Existing Home Sales Rising After Election
(% change from one year ago)
New Home Sales Rising – After Election

-10 0 10 20 30

Coastal Carolina Area Housing Stats

• Unit Sales .... Up 9% year-to-date

• Median Price ... Up 4% year-to-date

• Inventory ... Down 7%
NAR HOME Survey of Consumers

% Strongly indicating Good Time to Buy

2016 - Q1  2016 - Q2  2016 - Q3  2016 - Q4  2017 - Q1  2017 - Q2  2017 - Q3
Stock Market: S&P 500 Index
Animal Spirit Revival of Consumers?

Consumer Confidence Index

2016 - Jan
2016 - Feb
2016 - Mar
2016 - Apr
2016 - May
2016 - Jun
2016 - Jul
2016 - Aug
2016 - Sep
2016 - Oct
2016 - Nov
2016 - Dec
2017 - Jan
2017 - Feb
2017 - Mar
2017 - Apr
2017 - May
2017 - Jun
2017 - Jul
2017 - Aug
2017 - Sep
Animal Spirit Revival of Businesses?
Small Business Optimism Index
Single-family Housing Starts
(Shortage of Lots, Labor, Lending, Lumber)
Myrtle Beach Metro Housing Permits up 17% year-to-date
Fewer Borrowers Defaulting in SC
(Serious Delinquency Rate)
FHA Insurance Premium - High

Annual Insurance Rate for FHA Borrowers

Source: FHA, NAR
Homeownership Rate
Still Near 50-year Lows
Is Owning still American Dream?
Will you Buy in Future?
Student Loan Debt Impacted

- Purchase a home: 76%
- Take a vacation: 72%
- Purchase a car: 65%
- Continue with education: 64%
- Rent solo or change living situation: 58%
- Purchase entertainment: 46%
- Purchase clothes: 40%
- Start a small business: 40%
- Purchase daily necessities: 38%
- Rent or own closer to work or school location: 33%
- Own a pet: 21%
- None of these: 5%
Economy?
GDP Growth Rates

- Reagan
- GHW Bush
- Clinton
- GW Bush
- Obama
- Trump Q1
- Trump Q2

GDP Growth Rates: Q1 and Q2
Jobs
(8 million lost ... 16 million gained)
Total Jobs in Myrtle Beach Metro
(27% growth vs 11% nationwide from 2000)
Total Jobs in Seattle-Tacoma
(21% growth vs 11% nationwide from 2000)
Total Job Openings

In thousands

Weekly Initial Unemployment Insurance Filings

In thousands
### Economic Forecast

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017 Forecast</th>
<th>2018 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP Growth</td>
<td>2.9%</td>
<td>1.5%</td>
<td>1.7%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Job Growth</td>
<td>+2.6 million</td>
<td>+2.0 million</td>
<td>+1.8 million</td>
<td>+2.4 million</td>
</tr>
<tr>
<td>CPI Inflation</td>
<td>0.3%</td>
<td>1.3%</td>
<td>2.0%</td>
<td>2.5%</td>
</tr>
</tbody>
</table>
Actual versus projected Households
KC Federal Reserve estimate of 6.9 million missing households
Young Adults Living with Parents

% of those aged 25 to 34
## Housing Forecast

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017 Forecast</th>
<th>2018 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New Home Sales</strong></td>
<td>500,000</td>
<td>560,000</td>
<td>600,000</td>
<td>700,000</td>
</tr>
<tr>
<td><strong>Existing Home Sales</strong></td>
<td>5.3 million</td>
<td>5.4 million</td>
<td>Fewer</td>
<td>5.8 million</td>
</tr>
<tr>
<td><strong>Median Price Growth</strong></td>
<td>+ 6.8%</td>
<td>+5.1%</td>
<td>+5.7%</td>
<td>+4.6%</td>
</tr>
<tr>
<td><strong>30-year Rate</strong></td>
<td>3.9%</td>
<td>3.6%</td>
<td>4.0%</td>
<td>4.5%</td>
</tr>
</tbody>
</table>
Trump Presidency

- Flood Insurance Availability? Extended ... Thank You for Responding

- Dodd-Frank?

- Fannie/Freddie and Mortgage Availability?

- Tax Simplification? and Mortgage Interest Deduction and 1031 exchange?

- EPA, land use, development fees?