

A professional business meeting taking place around a conference table. Several individuals in business attire are engaged in discussion, with papers and a laptop visible on the table. The scene is overlaid with a semi-transparent blue filter.

BIA Regional Housing Forecast 2023

November 2, 2023

 **JOHN BURNS**
RESEARCH & CONSULTING

WHO WE ARE

John Burns Real Estate Consulting, LLC provides independent research and consulting services related to the US housing industry. John Burns founded the company in 2001 because he saw a need for better analysis of the housing market. The company has grown into a highly passionate team of research analysts and consultants in offices across the country. We work together to provide the most trusted source of US housing analysis.



Research Subscriptions

An ongoing, retainer-based relationship, in which we provide clients with our published research, client services, and exclusive events. Clients find immense value in our research and services for:


- Superior insight on housing and remodeling trends
- Regional intelligence
- Internal reporting and business planning
- Investor relations support



Custom Market Consulting

A contracted engagement, in which we help clients with a specific strategic decision or question.

- Demand forecasting
- Market analysis
- Growth strategy
- Voice of customer analysis

An aerial photograph of a residential neighborhood. The houses are arranged in a grid-like pattern with a central green space. A road runs along the top and right sides of the image. The houses have grey roofs and are surrounded by green lawns. The overall scene is a typical suburban development.

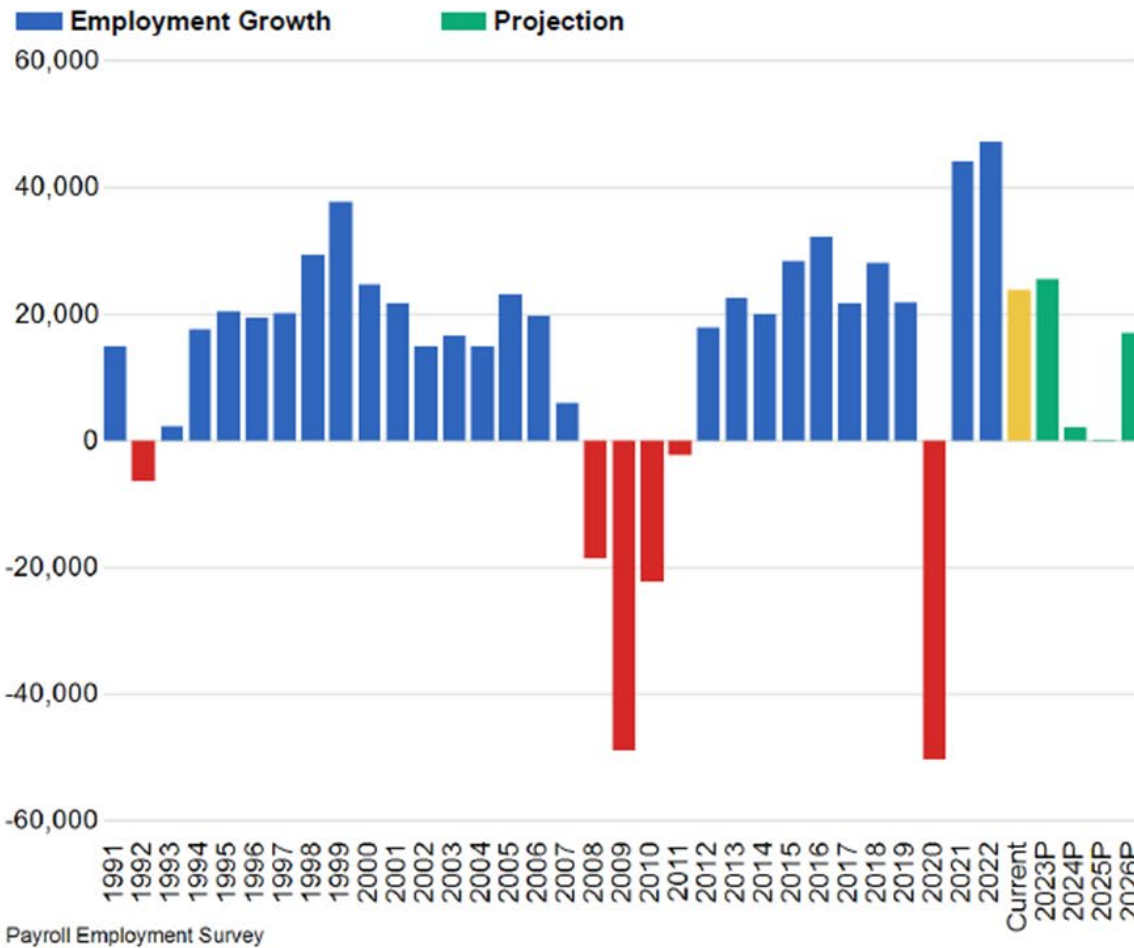
Regional – Employment Fundamentals

Annual Job Growth and Forecast

Sacramento, CA
October 2023

C+	Current	YOY %	1-Yr. Ago %	Avg. Since 1991*	Peak* (1999)
	YOY Growth	YOY %	1-Yr. Ago %	Avg. Since 1991*	Peak* (1999) Growth
	23,800	2.2% ↑	4.2% ↑	2.1%	37,700

EMPLOYMENT GROWTH*



Current growth is a non-seasonally adjusted comparison between the current month and the same month a year ago. Annual and forecasted values are averages of the 12 months in the calendar year.

Date	Payroll Survey			Labor Force		
	Employment	YOY Chg	YOY %	Employment	YOY Chg	YOY %
2003	858,200	16,600	2.0%	926,200	15,400	1.7%
2004	873,200	15,000	1.8%	943,200	17,000	1.8%
2005	896,400	23,200	2.7%	962,900	19,700	2.1%
2006	916,000	19,600	2.2%	976,600	13,700	1.4%
2007	922,000	6,000	0.7%	982,900	6,300	0.6%
2008	903,400	-18,600	-2.0%	971,300	-11,600	-1.2%
2009	854,500	-48,900	-5.4%	937,000	-34,300	-3.5%
2010	832,300	-22,200	-2.6%	917,700	-19,300	-2.1%
2011	830,000	-2,300	-0.3%	918,000	300	0.0%
2012	847,900	17,900	2.2%	936,100	18,100	2.0%
2013	870,500	22,600	2.7%	951,300	15,200	1.6%
2014	890,500	20,000	2.3%	967,400	16,100	1.7%
2015	918,800	28,300	3.2%	990,900	23,500	2.4%
2016	951,000	32,200	3.5%	1,012,000	21,100	2.1%
2017	972,700	21,700	2.3%	1,024,700	12,700	1.3%
2018	1,000,800	28,100	2.9%	1,047,200	22,500	2.2%
2019	1,022,600	21,800	2.2%	1,061,100	13,900	1.3%
2020	972,300	-50,300	-4.9%	998,500	-62,600	-5.9%
2021	1,016,400	44,100	4.5%	1,036,700	38,200	3.8%
2022	1,063,700	47,300	4.7%	1,082,500	45,800	4.4%
2023P	1,089,200	25,500	2.4%			
2024P	1,091,400	2,200	0.2%			
2025P	1,091,600	200	0.0%			
2026P	1,108,700	17,100	1.6%			

* Historical average growth rate and peak value based on annual values. Peak as of prior cycle.

Employment by Income Group (approximate)

Sacramento, CA
October 2023

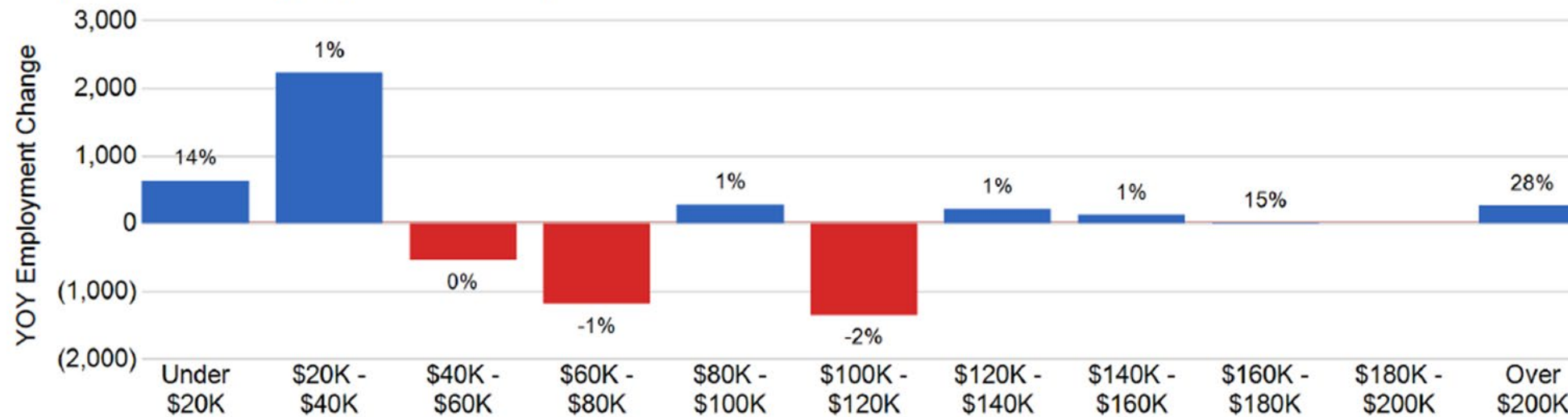
Employment Total by Income Group

(Grouping by Annual Average Income)

Current Median Income: \$95,400. Data in chart represents 67% of total non-government employment.



Employment Change by Income Group YOY



Data only includes private sector employment - non-government
JBREC estimates based on the most recent data available from the BLS (Data Date: Mar-23)

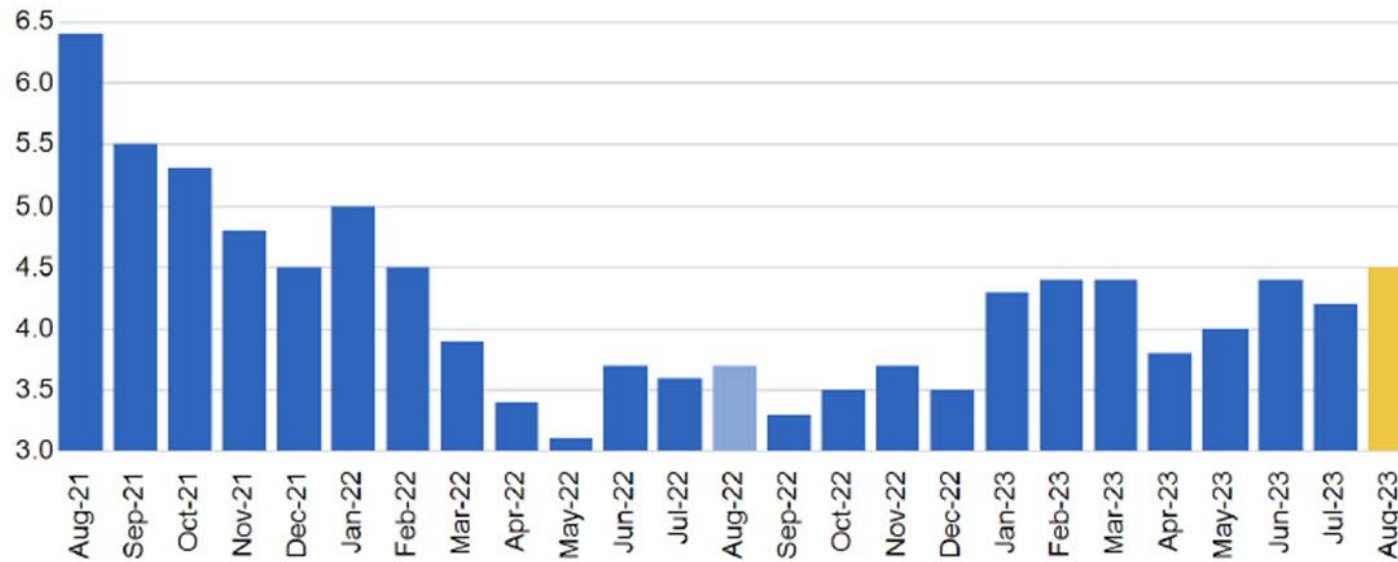
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Unemployment Rate

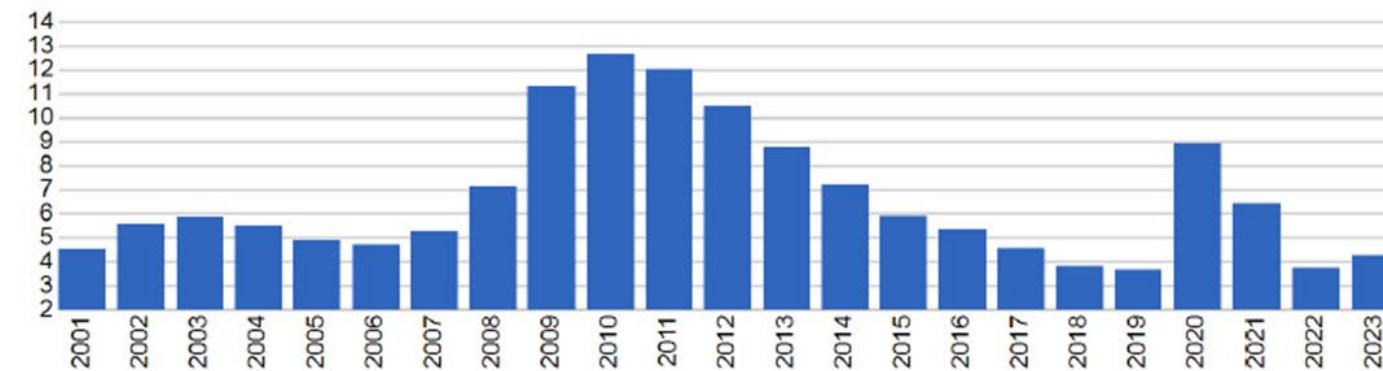
Sacramento, CA
October 2023

A+	Current	YOY Change	Avg. Since 1990*	Peak* (2020)
	4.5	0.8 ↑	6.5	14.6

MONTHLY UNEMPLOYMENT RATE



ANNUAL AVERAGE UNEMPLOYMENT RATE



* Historical average rate and peak based on monthly values.

Unemployment Rate		
Date	Rate	YOY Chg
Aug-21	6.4	-3.0
Sep-21	5.5	-3.5
Oct-21	5.3	-2.6
Nov-21	4.8	-3.0
Dec-21	4.5	-3.3
Jan-22	5.0	-2.9
Feb-22	4.5	-3.2
Mar-22	3.9	-3.5
Apr-22	3.4	-3.7
May-22	3.1	-3.4
Jun-22	3.7	-3.5
Jul-22	3.6	-3.2
Aug-22	3.7	-2.7
Sep-22	3.3	-2.2
Oct-22	3.5	-1.8
Nov-22	3.7	-1.1
Dec-22	3.5	-1.0
Jan-23	4.3	-0.7
Feb-23	4.4	-0.1
Mar-23	4.4	0.5
Apr-23	3.8	0.4
May-23	4.0	0.9
Jun-23	4.4	0.7
Jul-23	4.2	0.6
Aug-23	4.5	0.8

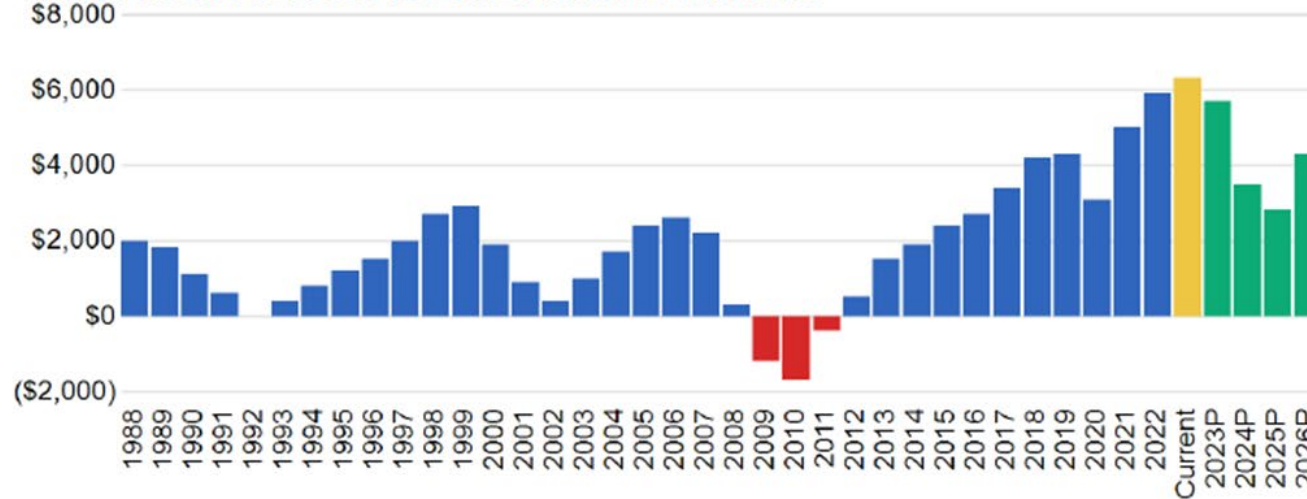
Income Growth

Sacramento, CA
October 2023

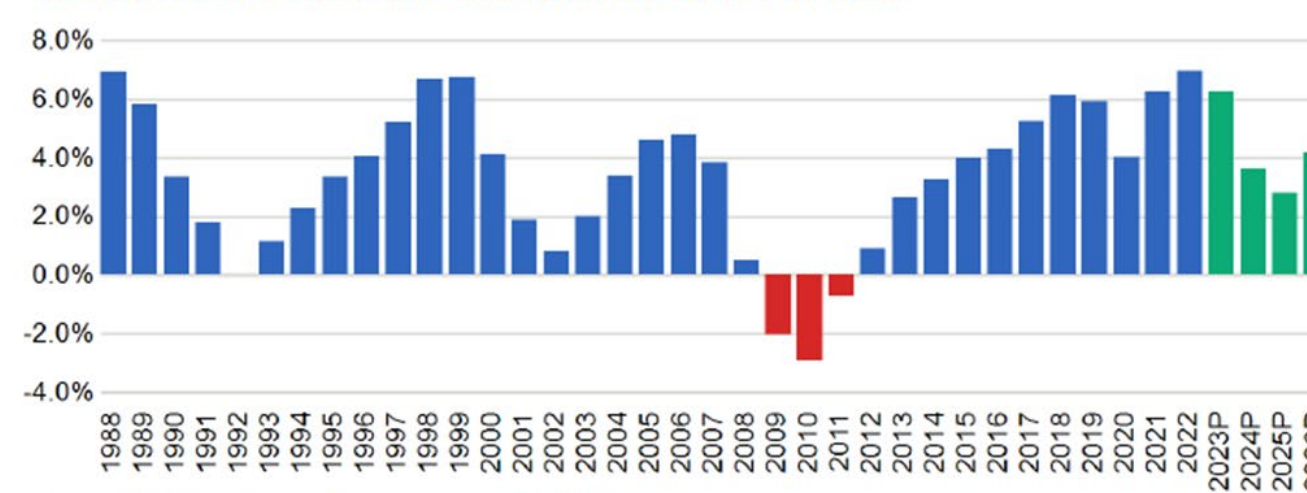
B+

YOY %	1-Yr. Ago %	Avg. Since 1981*	Peak* (1984) Growth
7.1% ↑	6.1% ↑	3.9%	8.4%

MEDIAN HOUSEHOLD INCOME ANNUAL GROWTH



MEDIAN HOUSEHOLD INCOME ANNUAL GROWTH RATE



Source: JBREC smoothing of Moody's Analytics with JBREC forecasts

Median Household Income

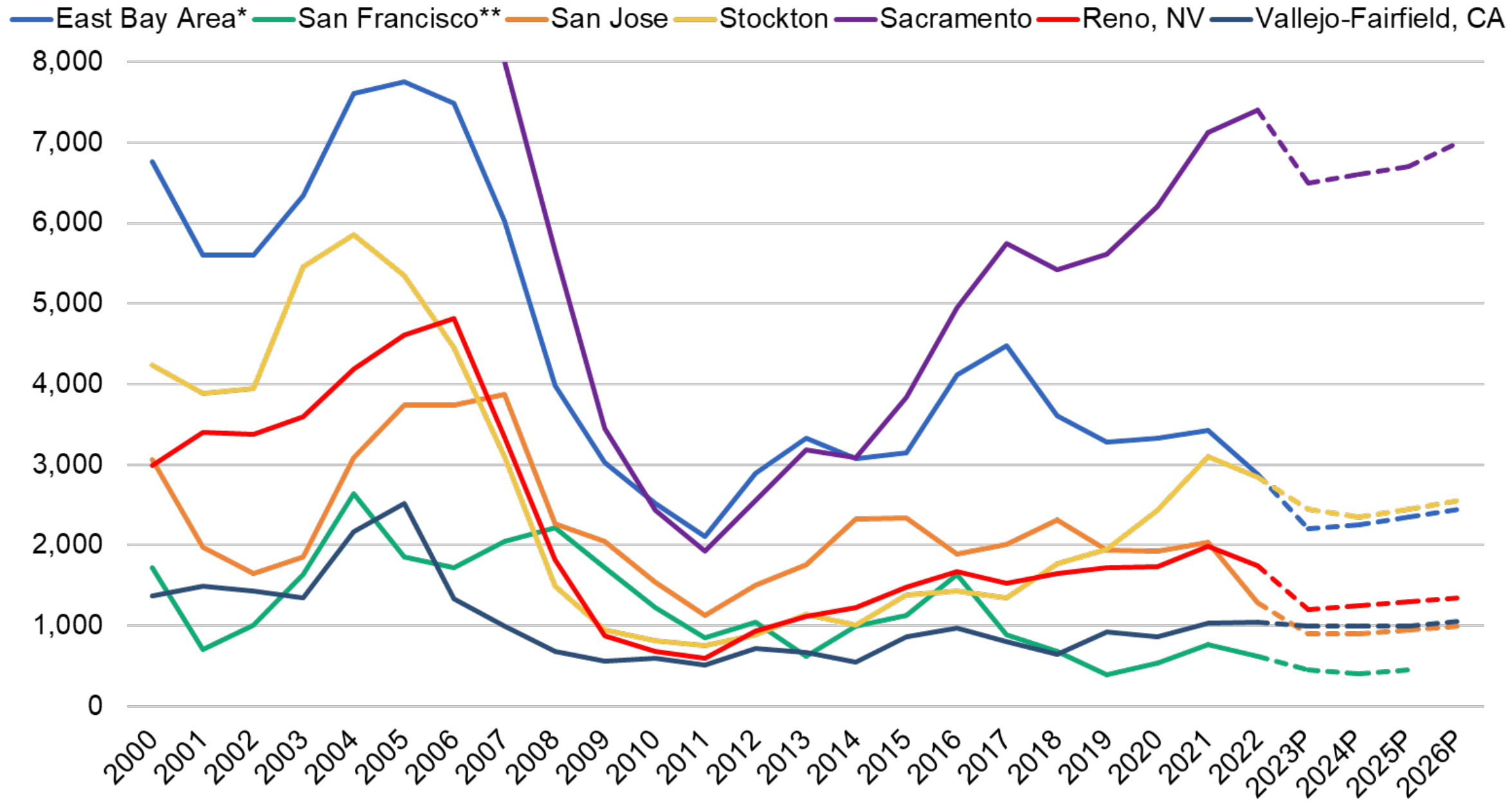
	Income	YOY Growth	YOY % Growth
2002	\$49,100	\$400	0.8%
2003	\$50,100	\$1,000	2.0%
2004	\$51,800	\$1,700	3.4%
2005	\$54,200	\$2,400	4.6%
2006	\$56,800	\$2,600	4.8%
2007	\$59,000	\$2,200	3.9%
2008	\$59,300	\$300	0.5%
2009	\$58,100	(\$1,200)	-2.0%
2010	\$56,400	(\$1,700)	-2.9%
2011	\$56,000	(\$400)	-0.7%
2012	\$56,500	\$500	0.9%
2013	\$58,000	\$1,500	2.7%
2014	\$59,900	\$1,900	3.3%
2015	\$62,300	\$2,400	4.0%
2016	\$65,000	\$2,700	4.3%
2017	\$68,400	\$3,400	5.2%
2018	\$72,600	\$4,200	6.1%
2019	\$76,900	\$4,300	5.9%
2020	\$80,000	\$3,100	4.0%
2021	\$85,000	\$5,000	6.3%
2022	\$90,900	\$5,900	6.9%
Current	\$95,400	\$6,300	7.1%
2023P	\$96,600	\$5,700	6.3%
2024P	\$100,100	\$3,500	3.6%
2025P	\$102,900	\$2,800	2.8%
2026P	\$107,200	\$4,300	4.2%

* Historical average growth rate based on annual averages.



Regional Markets – Prices and Sales

New Home Sales by MSA



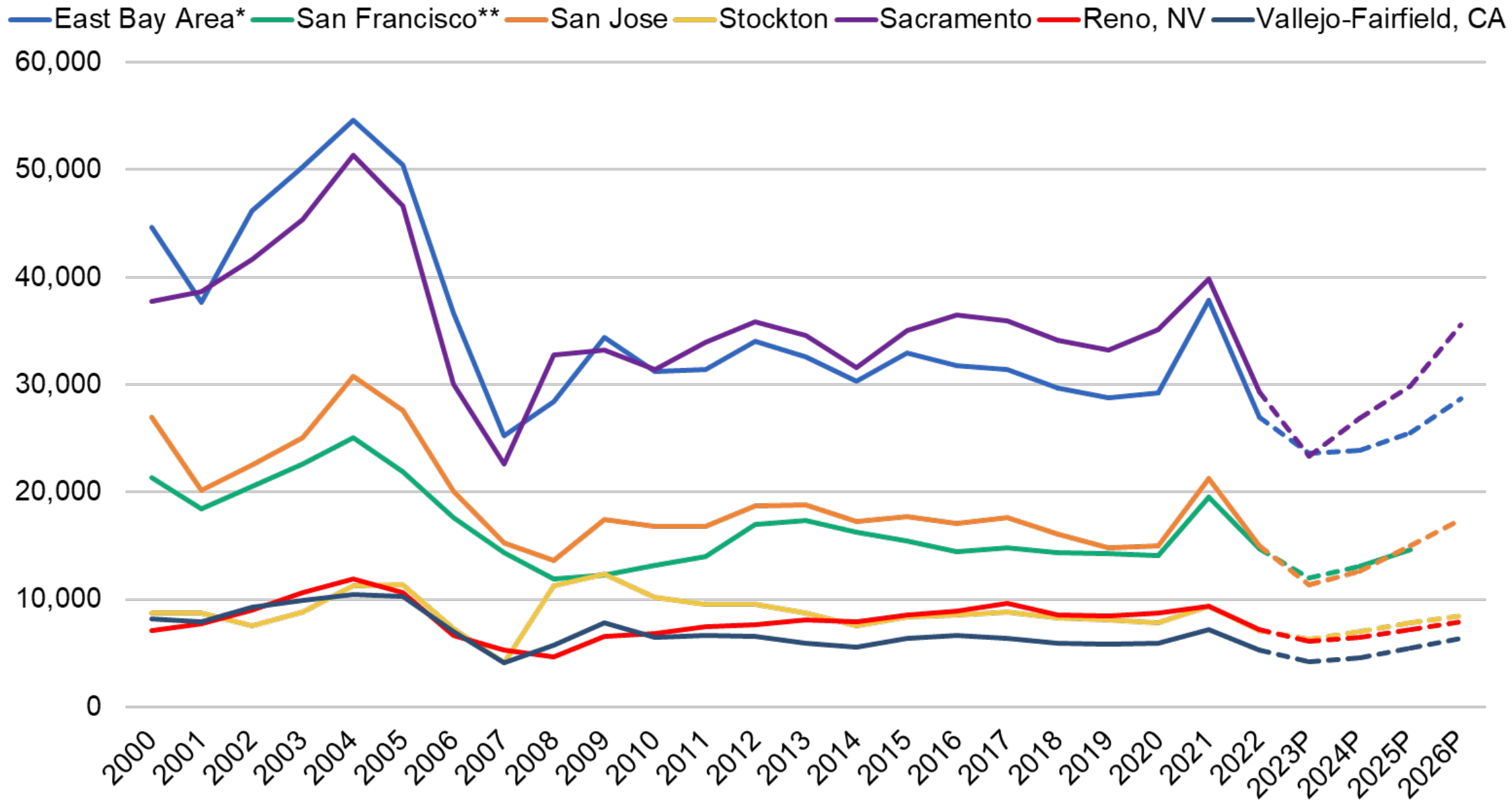
Sac MSA New Home Sales		
2017	5,749	16.1%
2018	5,423	-5.7%
2019	5,612	3.5%
2020	6,208	10.6%
2021	7,121	14.7%
2022	7,402	3.9%
2023P	6,500	-12.2%
2024P	6,600	1.5%
2025P	6,700	1.5%
2026P	7,000	4.5%

*Metro division, ** Combination of metro divisions

1) BHVI. Peak values from 2000–2008

Sources: Corelogic; John Burns Research and Consulting, LLC for forecasts (Data: Aug-23, Pub: Oct-23)

Existing Home Sales by MSA



Sac MSA Existing Home Sales

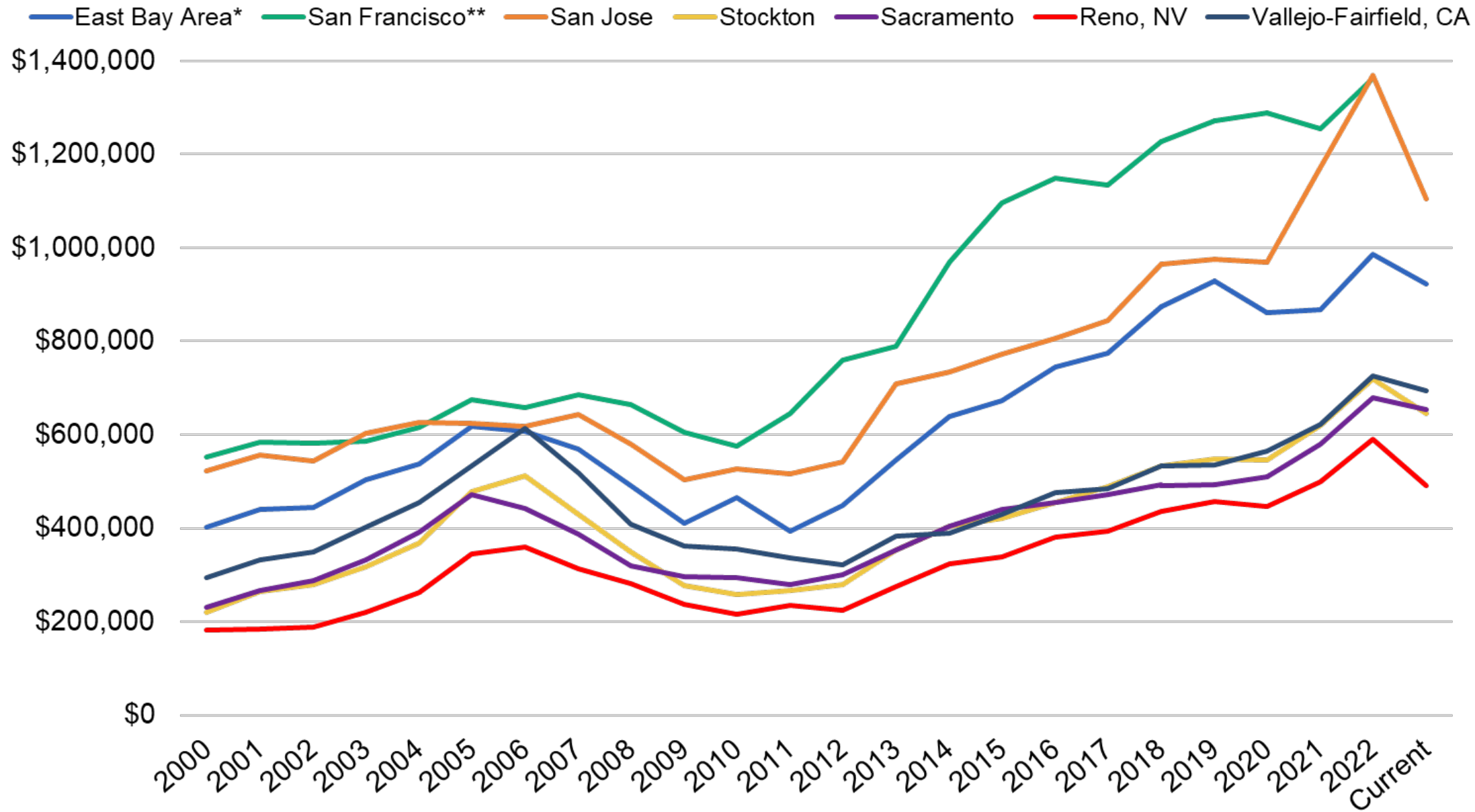
2017	35,954	-1.4%
2018	34,150	-5.0%
2019	33,257	-2.6%
2020	35,127	5.6%
2021	39,842	13.4%
2022	29,319	-26.4%
2023P	23,300	-20.5%
2024P	26,900	15.5%
2025P	29,900	11.2%
2026P	35,600	19.1%

*Metro division, ** Combination of metro divisions

1) BHVI. Peak values from 2000–2008

Sources: Corelogic; John Burns Research and Consulting, LLC for forecasts (Data: Aug-23, Pub: Oct-23)

New Home Median Price by MSA



Sacramento MSA New Home Price Change		
2015	\$439,400	8.6%
2016	\$454,500	3.4%
2017	\$471,000	3.6%
2018	\$493,600	4.8%
2019	\$493,700	0.0%
2020	\$511,000	3.5%
2021	\$580,400	13.6%
2022	\$679,400	17.1%

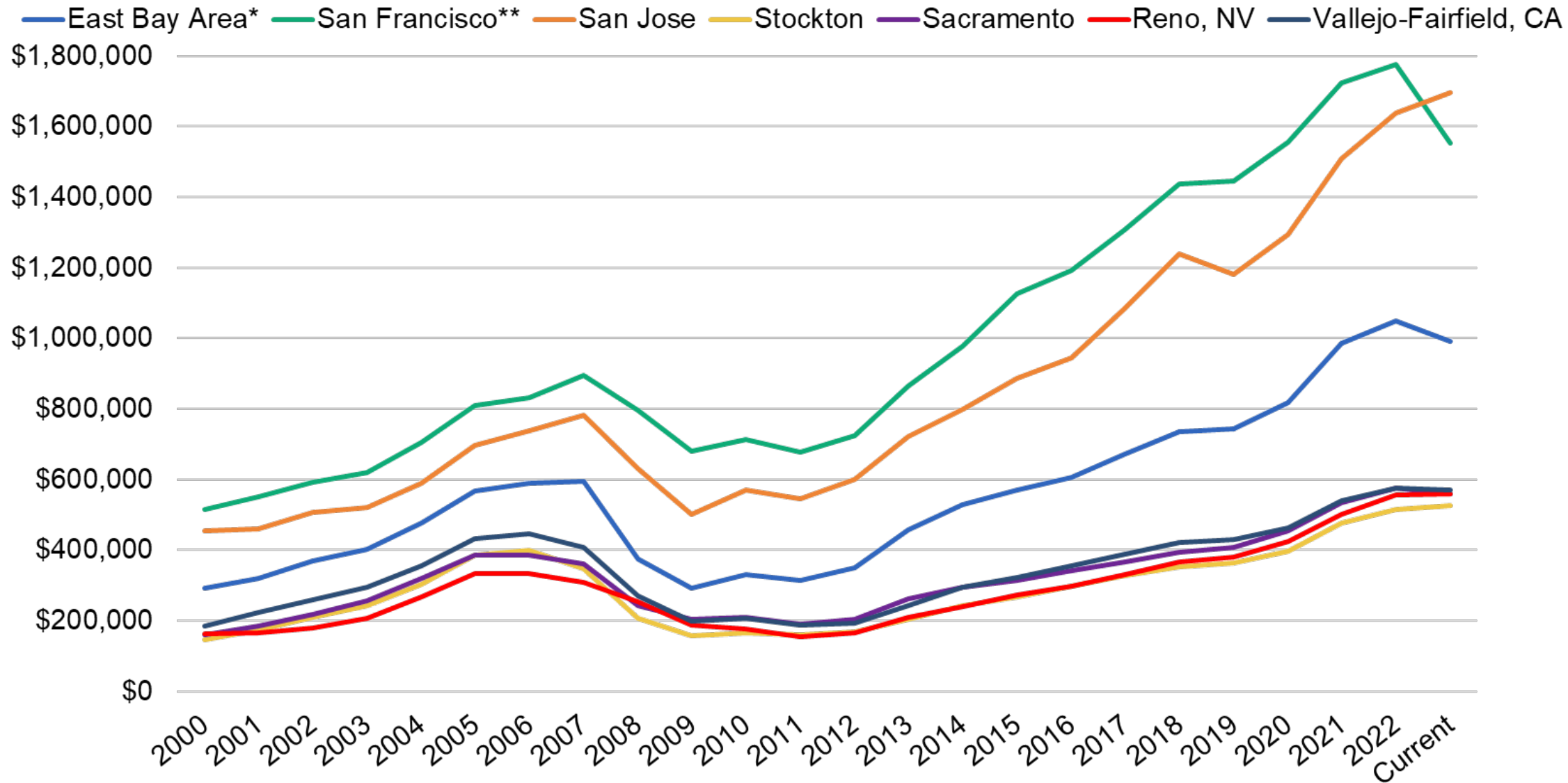
Aug-22	\$703,400	20.5%
Sep-22	\$692,400	15.4%
Oct-22	\$704,600	12.5%
Nov-22	\$644,500	1.5%
Dec-22	\$676,900	6.8%
Jan-23	\$618,600	-4.7%
Feb-23	\$606,600	-8.8%
Mar-23	\$622,300	-7.1%
Apr-23	\$613,100	-9.7%
May-23	\$630,900	-7.0%
Jun-23	\$660,200	-3.4%
Jul-23	\$641,100	-8.2%
Aug-23	\$654,700	-6.9%

*Metro division, ** Combination of metro divisions

1) BHVI. Peak values from 2000–2008

Sources: Corelogic; John Burns Research and Consulting, LLC for forecasts (Data: Aug-23, Pub: Oct-23)

Existing Home Median Price by MSA

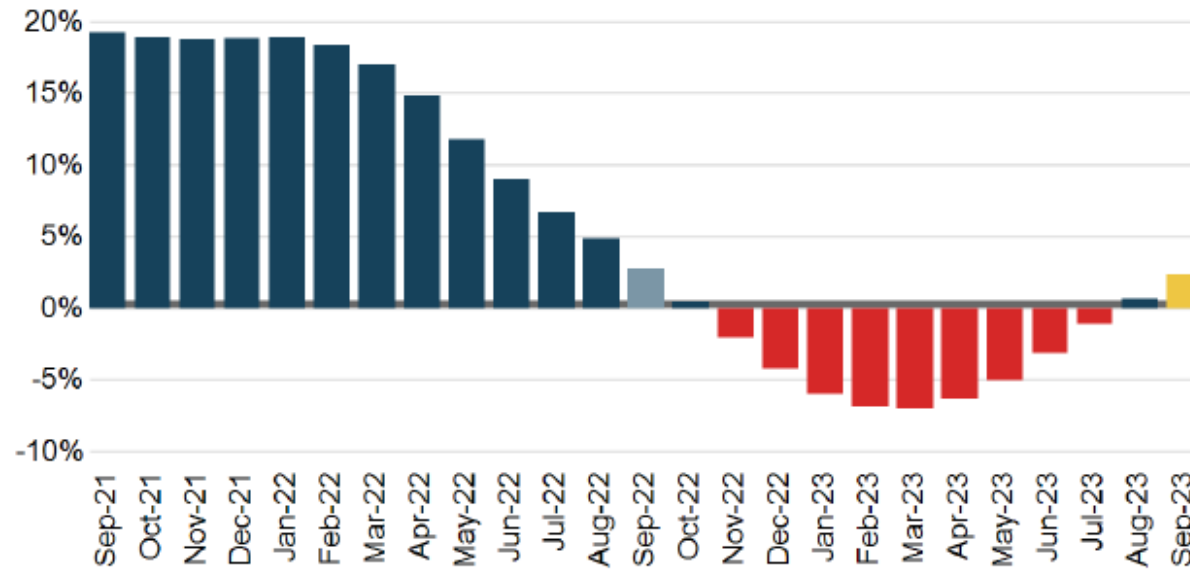


Sacramento MSA Existing Home Price Change		
2015	\$313,500	6.3%
2016	\$340,700	8.7%
2017	\$367,200	7.8%
2018	\$394,800	7.5%
2019	\$408,300	3.4%
2020	\$455,300	11.5%
2021	\$535,200	17.5%
2022	\$574,400	7.3%

Aug-22	\$562,600	2.1%
Sep-22	\$551,100	0.5%
Oct-22	\$553,200	2.0%
Nov-22	\$536,500	-3.0%
Dec-22	\$507,400	-6.9%
Jan-23	\$518,000	-5.4%
Feb-23	\$525,900	-7.0%
Mar-23	\$533,900	-10.0%
Apr-23	\$553,500	-7.4%
May-23	\$567,800	-8.6%
Jun-23	\$577,400	-3.9%
Jul-23	\$573,800	-1.8%
Aug-23	\$558,100	-0.8%

*Metro division, ** Combination of metro divisions
 1) BHVI. Peak values from 2000–2008
 Sources: Corelogic; John Burns Research and Consulting, LLC for forecasts (Data: Aug-23, Pub: Oct-23)

Burns Home Value Index - BHVI

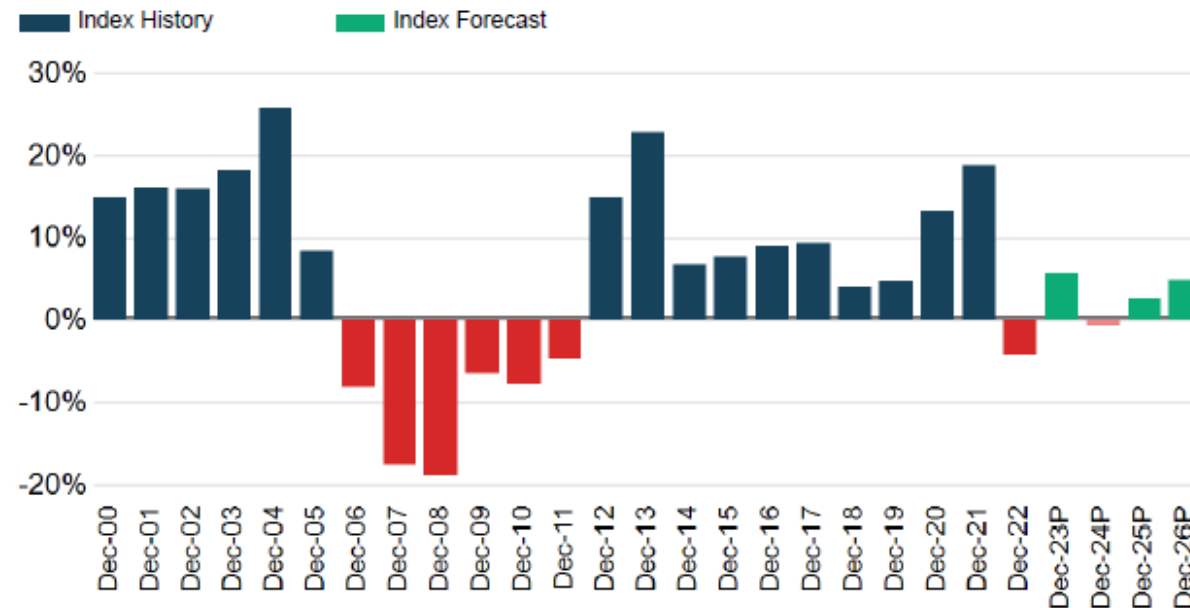


AVG. SINCE 1982*
4.9%

NOW
2.3%

Monthly Data			Year End Values		
Date	Value	YOY %	Date	Value	YOY %
Nov-21	261.2	18.8%	Dec-05	185.0	8.4%
Dec-21	265.4	18.8%	Dec-06	170.0	-8.1%
Jan-22	270.1	18.9%	Dec-07	140.0	-17.6%
Feb-22	274.0	18.4%	Dec-08	113.6	-18.9%
Mar-22	276.3	17.0%	Dec-09	106.3	-6.4%
Apr-22	276.5	14.8%	Dec-10	98.1	-7.7%
May-22	274.1	11.8%	Dec-11	93.5	-4.7%
Jun-22	270.4	9.0%	Dec-12	107.5	14.9%
Jul-22	266.8	6.7%	Dec-13	132.0	22.8%
Aug-22	263.9	4.9%	Dec-14	140.9	6.8%
Sep-22	261.2	2.8%	Dec-15	151.7	7.6%
Oct-22	258.3	0.4%	Dec-16	165.4	9.0%
Nov-22	255.9	-2.1%	Dec-17	180.7	9.3%
Dec-22	254.3	-4.2%	Dec-18	188.2	4.1%
Jan-23	253.9	-6.0%	Dec-19	197.2	4.8%
Feb-23	255.2	-6.9%	Dec-20	223.4	13.3%
Mar-23	256.8	-7.0%	Dec-21	265.4	18.8%
Apr-23	258.9	-6.4%	Dec-22	254.3	-4.2%
May-23	260.3	-5.0%	Dec-23P	269.1	5.8%
Jun-23	261.9	-3.1%	Dec-24P	267.3	-0.7%
Jul-23	263.8	-1.1%	Dec-25P	274.1	2.6%
Aug-23	265.6	0.7%	Dec-26P	287.3	4.8%
Sep-23	267.2	2.3%			

Burns Home Value Index™ December Growth % (2000 to 2026)



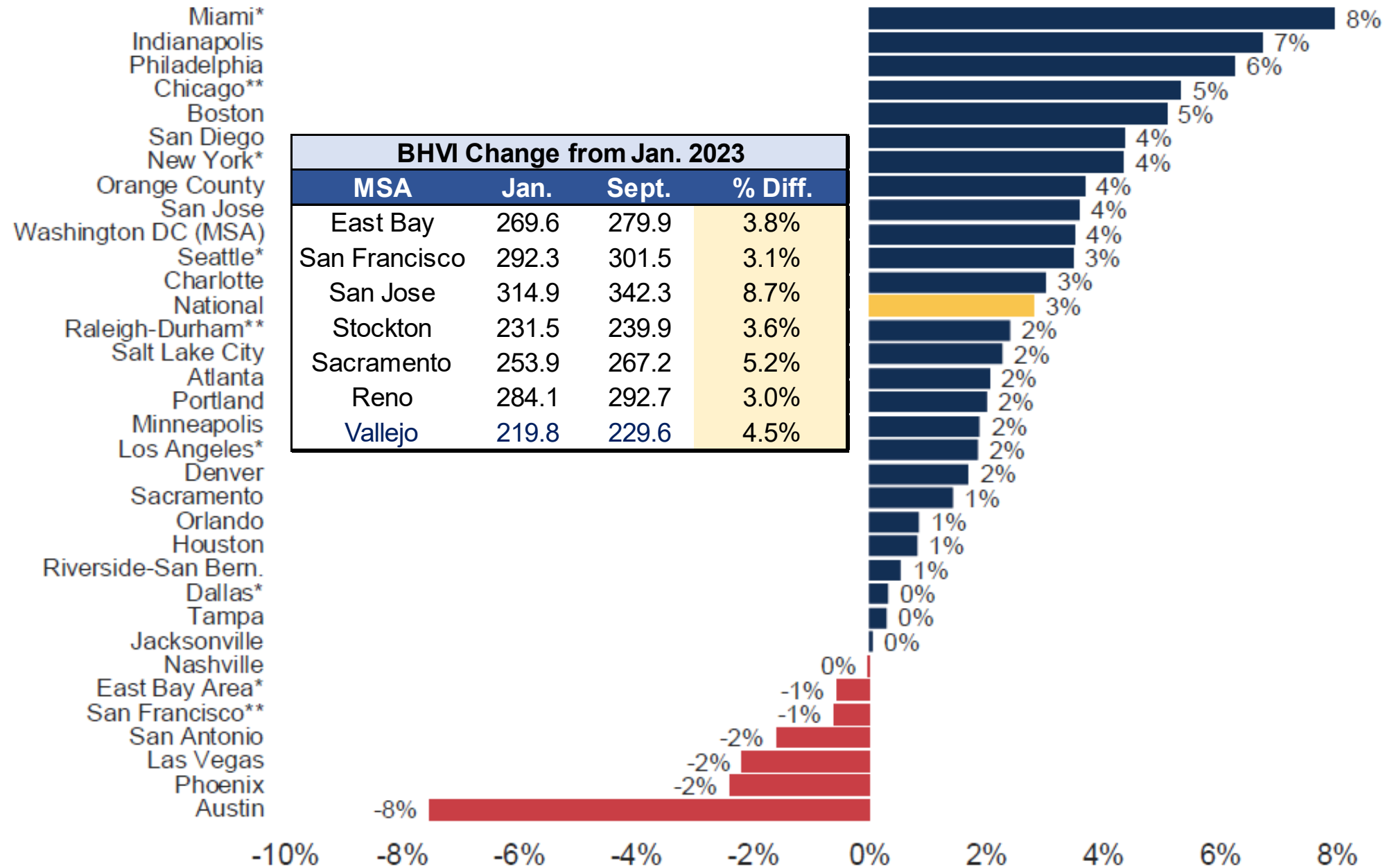
Source: John Burns Research and Consulting, LLC (Data: Sep 23, Pub: Oct 23)

BHVI indexed to 100 in January 2002

* Historical average growth rate based on annual averages.

Price Change in All Top Markets: BHVI

YOY % Change (August 2023)



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Burns Affordability Index

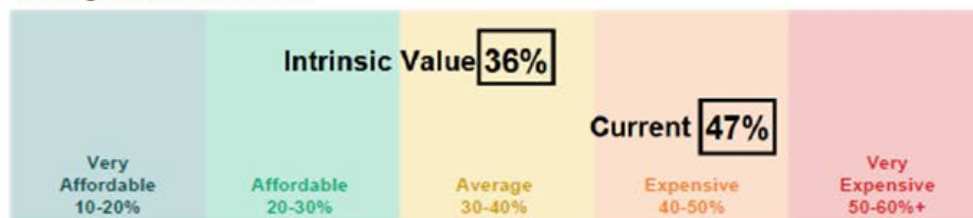
Sacramento, CA
October 2023

Our Burns Affordability Index shows that the Housing Cost to Income Ratio for Sacramento is currently 47%, which is **Expensive** compared to other US markets. However, the current value is higher than Sacramento's intrinsic value of 36%, which we believe is the correct future ratio to use and is 3% higher than the market's historical norm of 33%. See our Burns Under/Overpriced Market Index page for detail on how much the market is under/overpriced.

Burns Affordability Index (Housing Cost to Income Ratio)

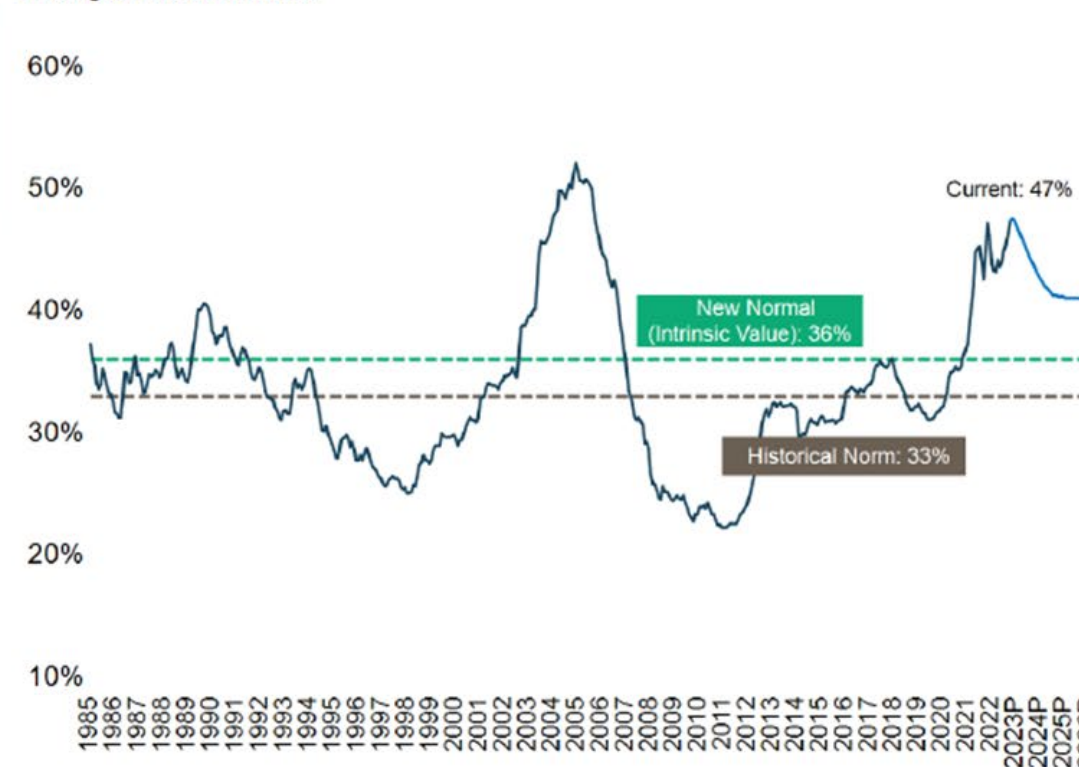
Burns Affordability Index

Housing Cost to Income Ratio

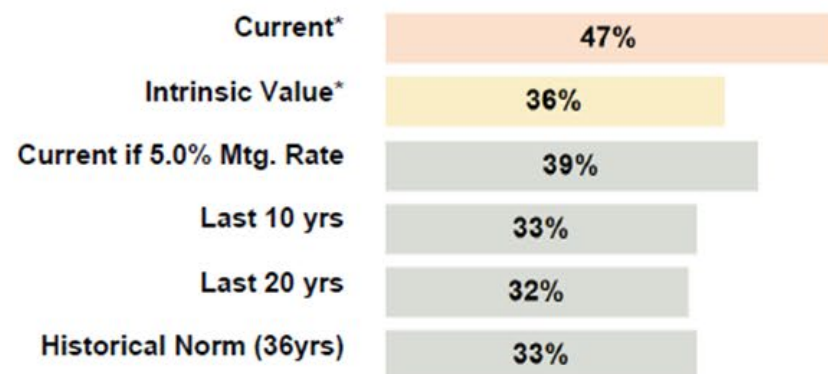


Burns Affordability Index

Housing Cost to Income Ratio



Housing Cost to Income Ratios used in the Analysis



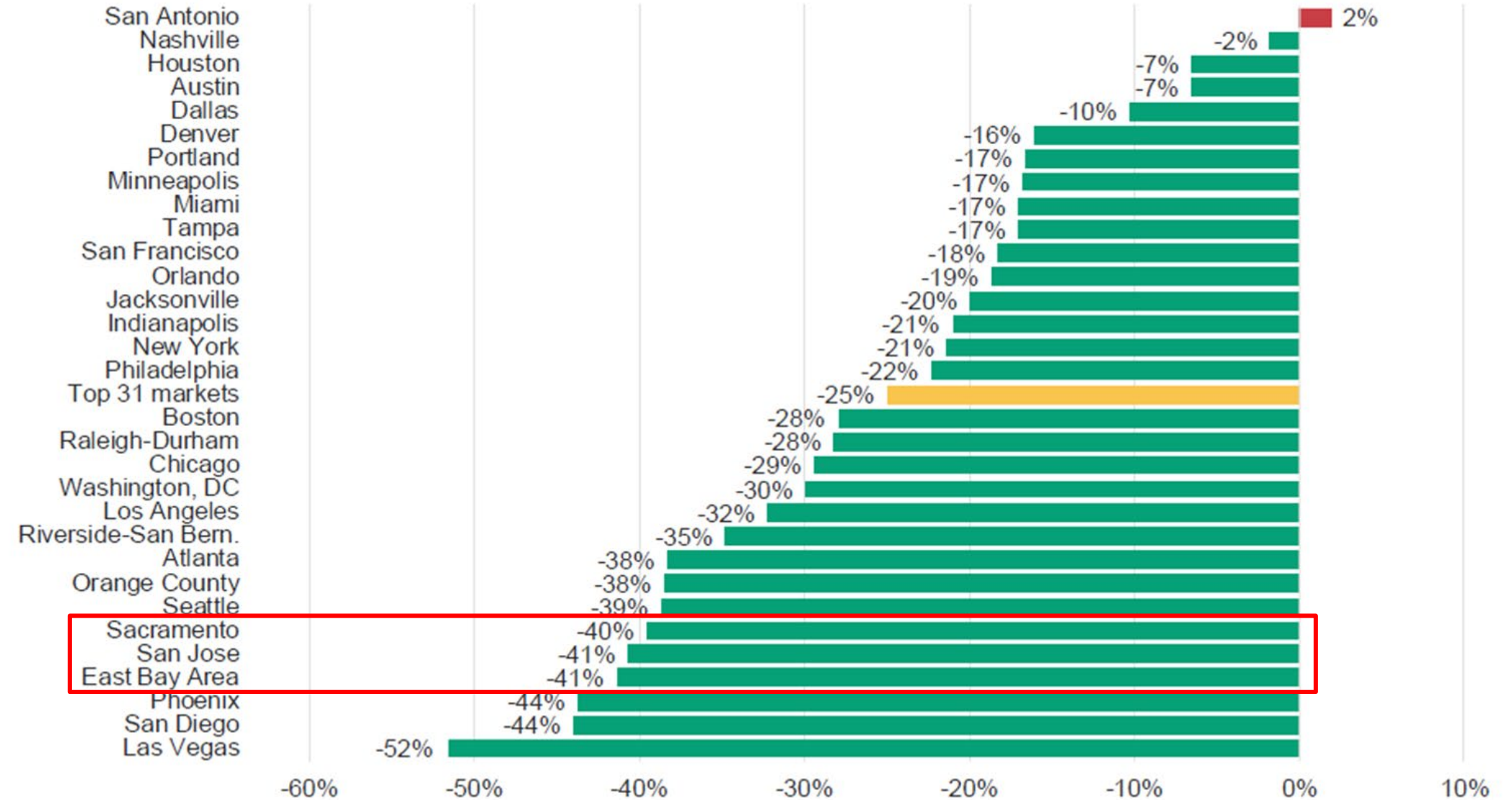
We calculate the housing cost to income ratio (HC/I ratio) by dividing the market's median monthly housing costs by 125% of the median income. Housing cost assumes the purchase of a home equal to the market's median-priced existing home with a 10% down payment and a 30-year, fixed-rate mortgage. Payment includes PITI (principal, interest, taxes and insurance) plus mortgage insurance.

*To determine the intrinsic HC/I value, we look at the long-term trend of the market's HC/I ratio, with an emphasis on recent history and our forecasts. This intrinsic adjuster (the spread between the intrinsic HC/I value and the historical median HC/I ratio) is representative of fundamental shifts in several markets we feel are now permanently more/less expensive due to increased/decreased demand or limited supply.

Total Listings – National

Total listings are down 25% YOY on average across top markets. The Northern California markets of Sacramento, San Jose, and the East Bay Area are down roughly 40%.

Inventory (Total Listings) YOY% change



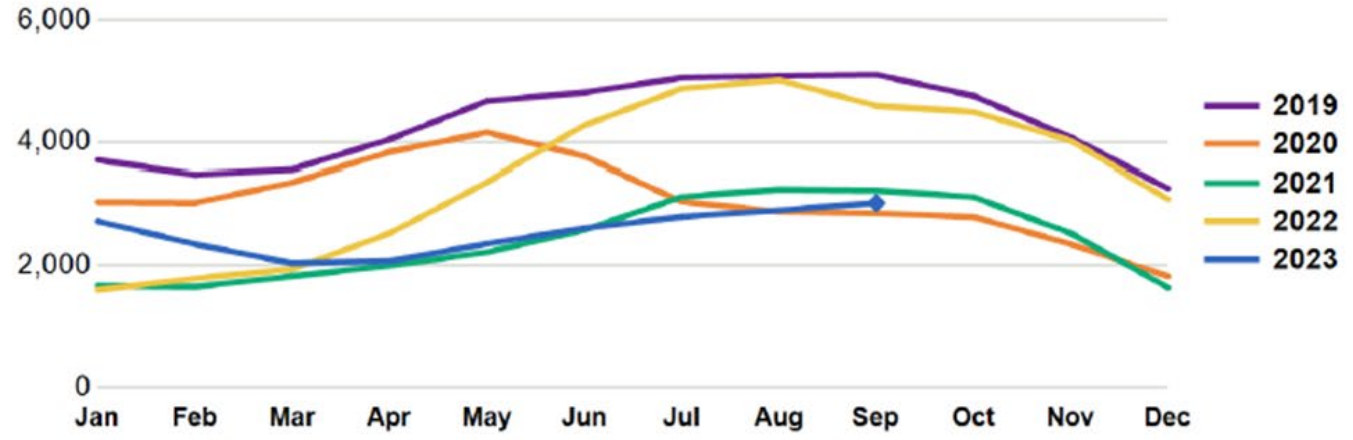
Note: Charlotte and Salt Lake City are not included due to insufficient data.

Source: Data provided by Redfin, a national real estate brokerage, collected by John Burns Research and Consulting, LLC (Data: Week ending 09/03/2023, Pub: Sep-23)

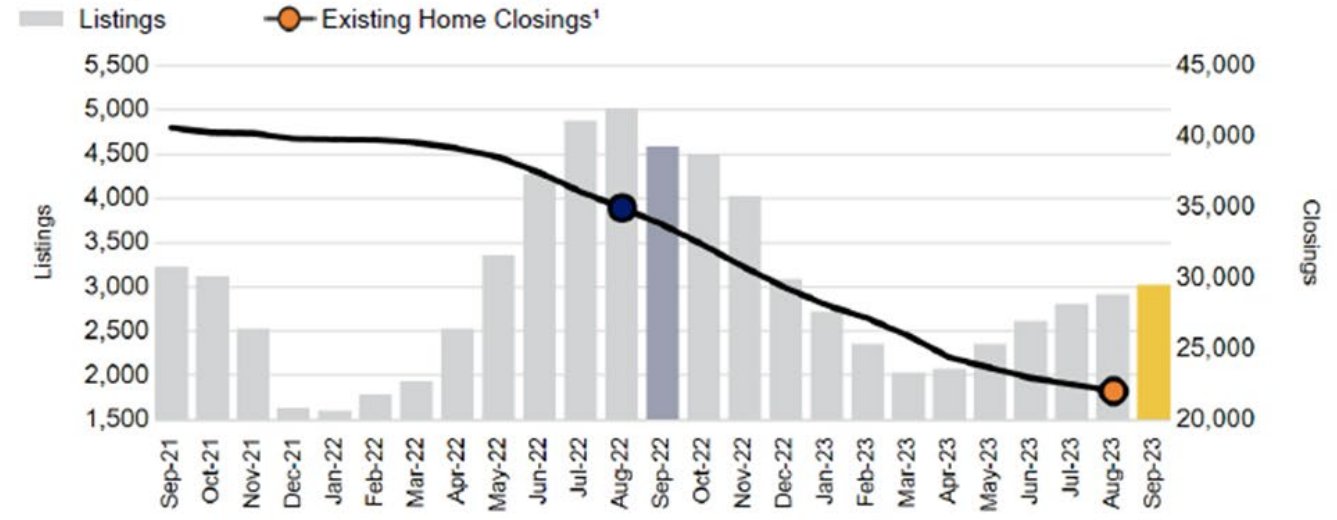
Listings - Resale

n/a	Current	YOY %	1-Yr. Ago %	Avg. Since 2004*	Peak (2007)
	3,024	-34.1% ↓	42.3% ↑	6,133	16,351

TOTAL LISTINGS BY MONTH



Existing Home Listings / Closings



* Existing home closings data typically lags a month behind the listing data.
 * Historical average and peak are based on monthly values.

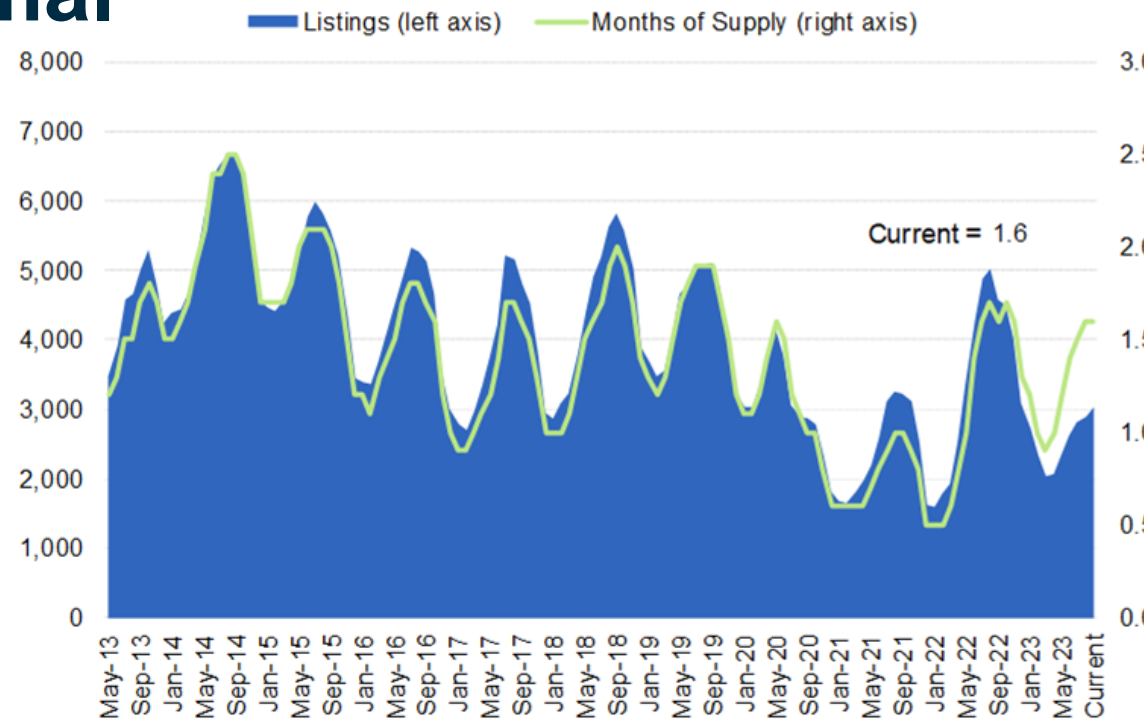
Date	Listings	YOY Growth %	Est. Mos. of Supply	TTM Existing Home Sale Closings
Aug-21	3,243	12.5%	1.0	40,849
Sep-21	3,226	13.0%	1.0	40,608
Oct-21	3,122	11.7%	0.9	40,277
Nov-21	2,527	7.6%	0.8	40,221
Dec-21	1,635	-10.2%	0.5	39,842
Jan-22	1,600	-4.1%	0.5	39,793
Feb-22	1,786	8.2%	0.5	39,757
Mar-22	1,936	6.2%	0.6	39,569
Apr-22	2,528	26.7%	0.8	39,151
May-22	3,361	51.6%	1.0	38,531
Jun-22	4,270	65.4%	1.4	37,436
Jul-22	4,871	55.9%	1.6	36,079
Aug-22	5,010	54.5%	1.7	34,965
Sep-22	4,590	42.3%	1.6	33,772
Oct-22	4,491	43.9%	1.7	32,328
Nov-22	4,018	59.0%	1.6	30,752
Dec-22	3,083	88.6%	1.3	29,319
Jan-23	2,724	70.3%	1.2	28,109
Feb-23	2,348	31.5%	1.0	27,175
Mar-23	2,034	5.1%	0.9	25,926
Apr-23	2,072	-18.0%	1.0	24,411
May-23	2,355	-29.9%	1.2	23,680
Jun-23	2,610	-38.9%	1.4	22,963
Jul-23	2,799	-42.5%	1.5	22,518
Aug-23	2,905	-42.0%	1.6	22,039
Sep-23	3,024	-34.1%	1.6	n/a

Months of Supply – Sacramento MSA

What is the new normal MOS?

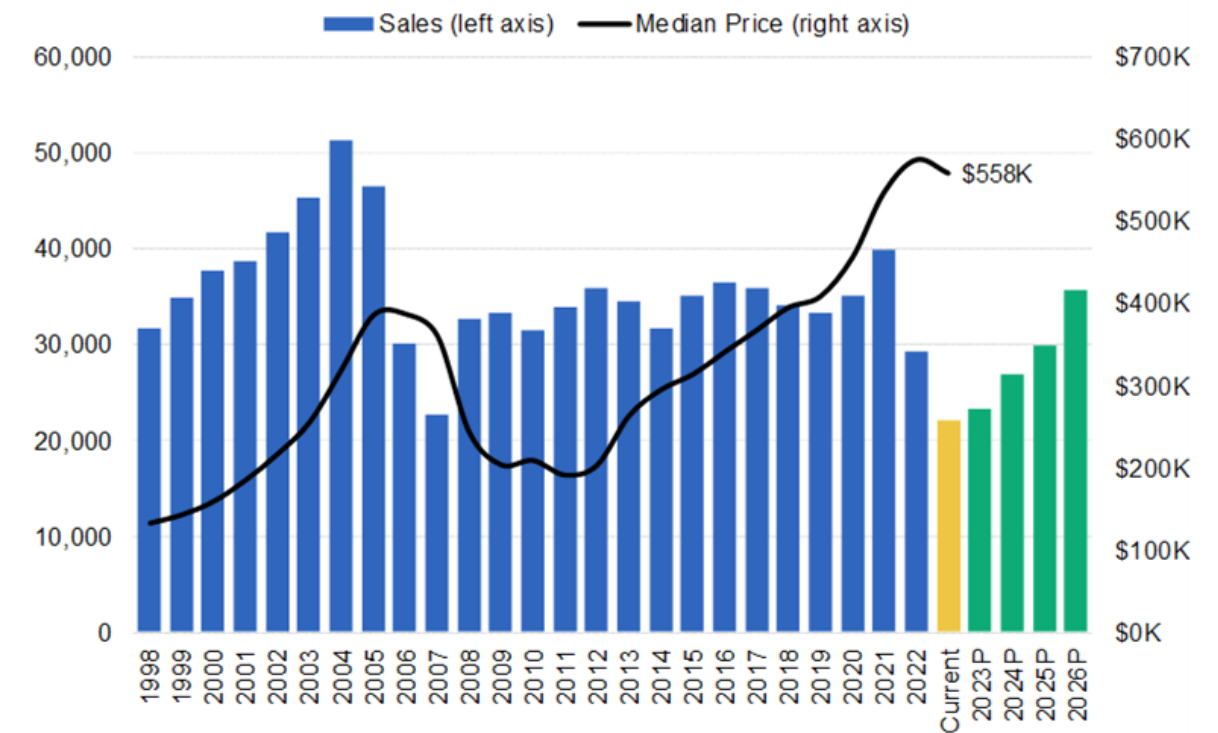
Resale Listings Months of Supply

Current	Year-Ago	Current	Year-Ago
3,024	4,590	1.6	1.6



Resale Volume & Price

2023P	2024P	2025P	2026P
23,300	26,900	29,900	35,600
-20.5%	15.5%	11.2%	19.1%



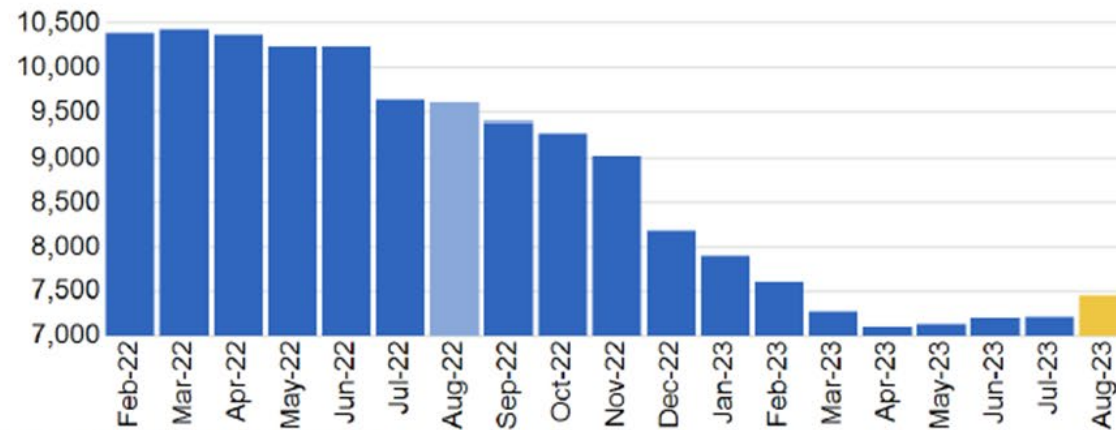
Sources: John Burns Research and Consulting, LLC MOS Estimate; TrendGraphix (Data as of September 2023, projections as of October 2023)

Sources: Public Records; John Burns Research and Consulting, LLC (Data as of August 2023, projections as of October 2023)

Single-Family Permits

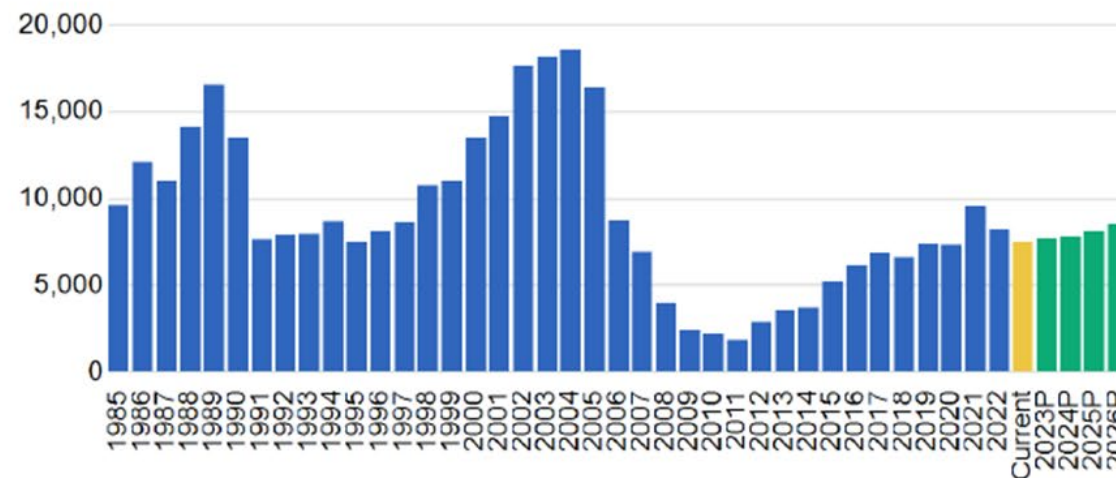
B+	Current	YOY %	1-Yr. Ago %	Avg. Since 1980*	Peak* (2004)
	7,446	-22.4% ↓	-1.7% ↓	8,921	18,523

MONTHLY 12-MONTH ROLLING SINGLE-FAMILY PERMITS



Source: CIRB, 2023 on JBREC estimates.

SINGLE-FAMILY PERMITS (12 Months)



Monthly Data - TTM

Date	Units	YOY %
Aug-21	9,768	41.3%
Sep-21	9,592	33.8%
Oct-21	9,548	33.2%
Nov-21	9,661	37.3%
Dec-21	9,552	30.3%
Jan-22	10,187	39.9%
Feb-22	10,385	36.7%
Mar-22	10,423	30.7%
Apr-22	10,361	21.5%
May-22	10,227	11.3%
Jun-22	10,234	6.2%
Jul-22	9,628	0.0%
Aug-22	9,599	-1.7%
Sep-22	9,393	-2.1%
Oct-22	9,276	-2.8%
Nov-22	9,021	-6.6%
Dec-22	8,170	-14.5%
Jan-23	7,894	-22.5%
Feb-23	7,599	-26.8%
Mar-23	7,271	-30.2%
Apr-23	7,094	-31.5%
May-23	7,125	-30.3%
Jun-23	7,189	-29.8%
Jul-23	7,206	-25.2%
Aug-23	7,446	-22.4%

Annual Data

Date	Units	YOY %
1999	10,964	2.2%
2000	13,468	22.8%
2001	14,719	9.3%
2002	17,614	19.7%
2003	18,165	3.1%
2004	18,523	2.0%
2005	16,380	-11.6%
2006	8,714	-46.8%
2007	6,924	-20.5%
2008	3,952	-42.9%
2009	2,415	-38.9%
2010	2,166	-10.3%
2011	1,873	-13.5%
2012	2,848	52.1%
2013	3,539	24.3%
2014	3,694	4.4%
2015	5,175	40.1%
2016	6,135	18.6%
2017	6,858	11.8%
2018	6,565	-4.3%
2019	7,372	12.3%
2020	7,328	-0.6%
2021	9,552	30.3%
2022	8,170	-14.5%
2023P	7,700	-5.8%
2024P	7,800	1.3%
2025P	8,100	3.8%
2026P	8,500	4.9%

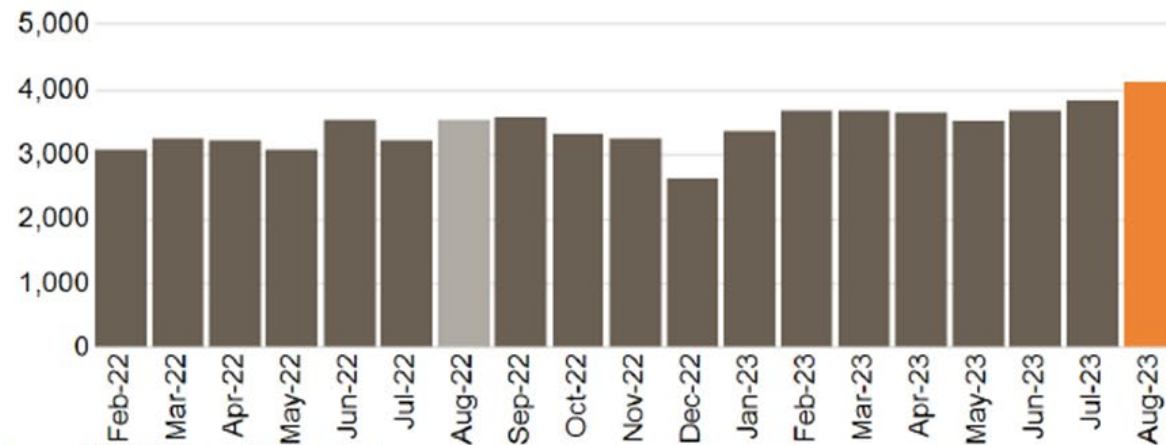
* Historical average and peak based on annual values.

Historically low permits are considered an 'A' because supply levels are low, which is a positive characteristic for a market.

Multifamily Permits

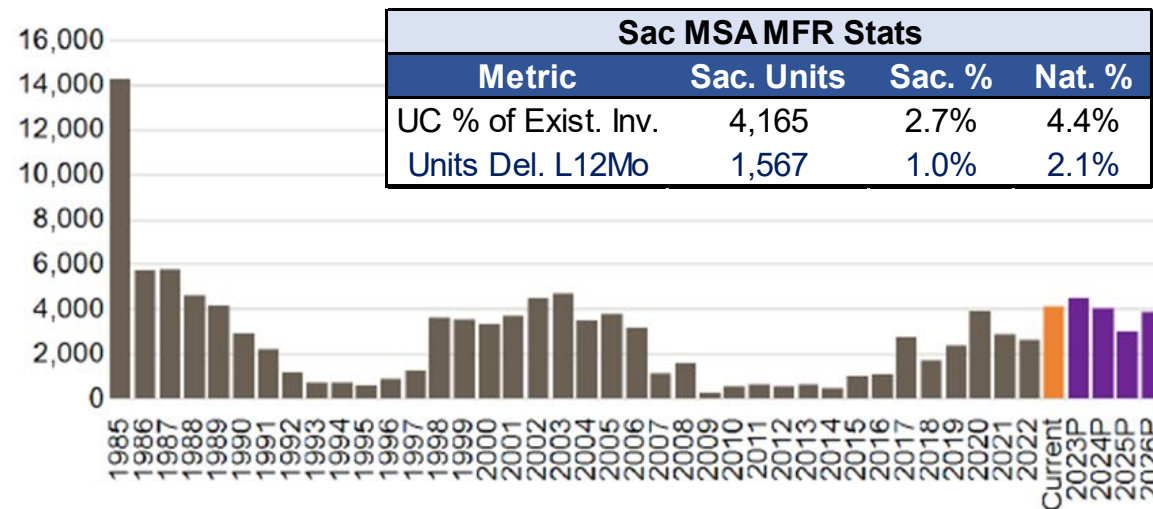
B-	Current	YOY %	1-Yr. Ago %	Avg. Since 1980*	Peak* (1985)
	4,122	17.0% ↑	30.0% ↑	2,737	14,253

MONTHLY 12-MONTH ROLLING MULTIFAMILY PERMITS



Source: CIRB, 2023 on JBREC estimates.

MULTIFAMILY PERMITS (12 Months)



Monthly Data - TTM

Date	Units	YOY %
Aug-21	2,709	-24.3%
Sep-21	2,685	-30.8%
Oct-21	2,918	-19.6%
Nov-21	2,931	-19.3%
Dec-21	2,870	-26.7%
Jan-22	2,969	-21.4%
Feb-22	3,079	-5.8%
Mar-22	3,247	0.9%
Apr-22	3,222	-12.7%
May-22	3,075	1.4%
Jun-22	3,531	30.9%
Jul-22	3,215	22.6%
Aug-22	3,522	30.0%
Sep-22	3,572	33.0%
Oct-22	3,305	13.3%
Nov-22	3,247	10.8%
Dec-22	2,630	-8.4%
Jan-23	3,365	13.3%
Feb-23	3,680	19.5%
Mar-23	3,691	13.7%
Apr-23	3,646	13.2%
May-23	3,512	14.2%
Jun-23	3,692	4.6%
Jul-23	3,838	19.4%
Aug-23	4,122	17.0%

Annual Data

Date	Units	YOY %
1999	3,511	-2.6%
2000	3,325	-5.3%
2001	3,715	11.7%
2002	4,485	20.7%
2003	4,667	4.1%
2004	3,476	-25.5%
2005	3,802	9.4%
2006	3,163	-16.8%
2007	1,126	-64.4%
2008	1,559	38.5%
2009	295	-81.1%
2010	536	81.7%
2011	618	15.3%
2012	560	-9.4%
2013	650	16.1%
2014	465	-28.5%
2015	1,009	117.0%
2016	1,069	5.9%
2017	2,709	153.4%
2018	1,686	-37.8%
2019	2,389	41.7%
2020	3,918	64.0%
2021	2,870	-26.7%
2022	2,630	-8.4%
2023P	4,500	71.1%
2024P	4,000	-11.1%
2025P	3,000	-25.0%
2026P	3,900	30.0%

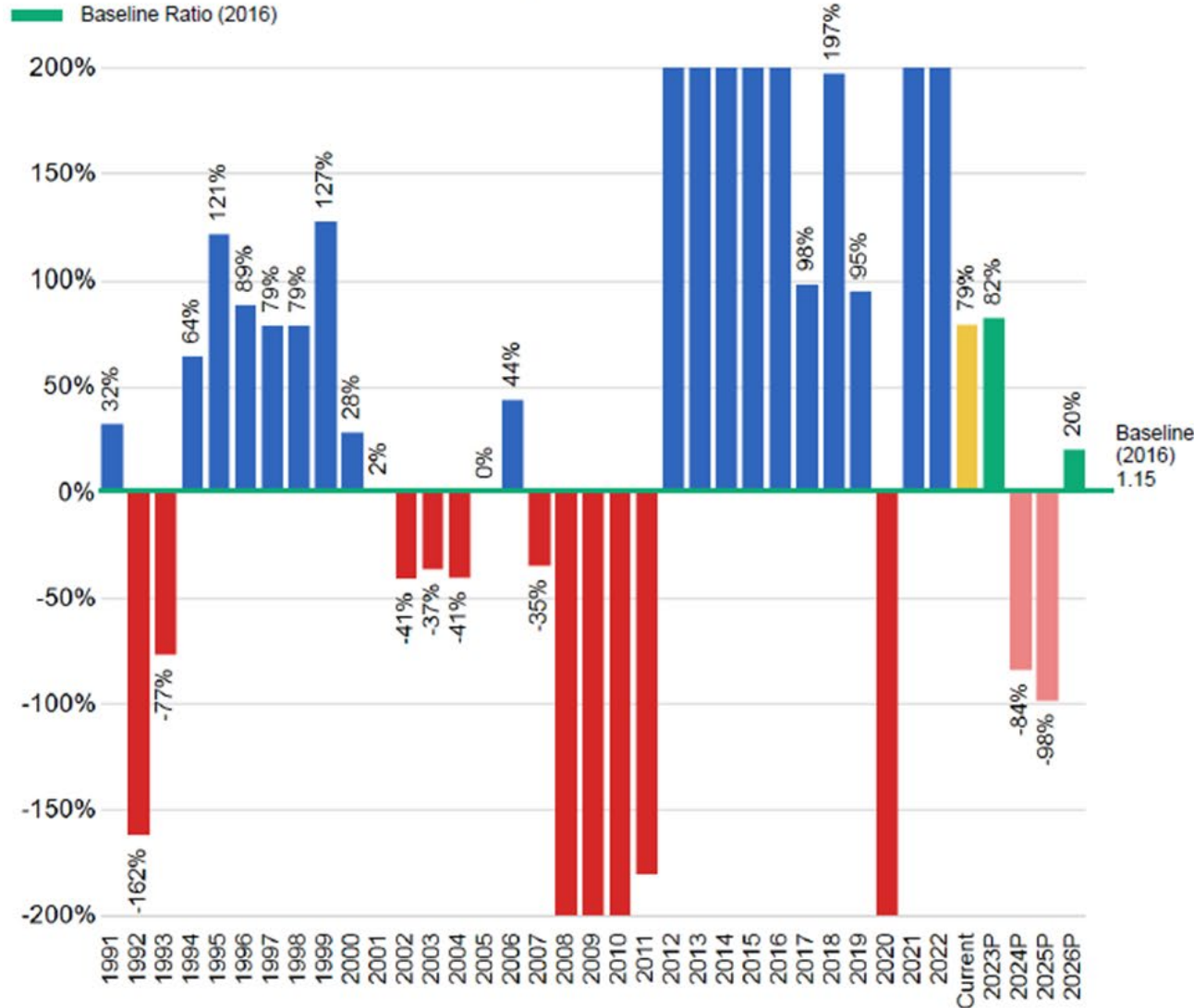
* Historical average and peak based on annual values.

Historically low permits are considered an 'A' because supply levels are low, which is a positive characteristic for a market.

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Excess Demand / Supply

Current employment growth / total building permits (e/p) ratio of 2.06 is **79% above** the 1.15 baseline 2016 ratio for the total employment to total household ratio. A positive percentage means current demand for more housing units exceeds current supply.



Note: Chart scale cropped at 200% / -200% to better illustrate the variations between years

	Payroll Employment Growth	Total Building Permits	Emp / Permits Ratio (E/P)	Excess Demand / (Supply)
2004	15,000	21,999	0.68	-41%
2005	23,200	20,182	1.15	0%
2006	19,600	11,877	1.65	44%
2007	6,000	8,050	0.75	-35%
2008	(18,600)	5,511	(3.38)	-394%
2009	(48,900)	2,710	(18.04)	-1674%
2010	(22,200)	2,702	(8.22)	-817%
2011	(2,300)	2,491	(0.92)	-181%
2012	17,900	3,408	5.25	358%
2013	22,600	4,189	5.40	371%
2014	20,000	4,159	4.81	320%
2015	28,300	6,184	4.58	299%
2016	32,200	7,204	4.47	290%
2017	21,700	9,567	2.27	98%
2018	28,100	8,251	3.41	197%
2019	21,800	9,761	2.23	95%
2020	(50,300)	11,246	(4.47)	-490%
2021	44,100	12,422	3.55	210%
2022	47,300	10,800	4.38	282%
Current	23,800	11,568	2.06	79%
2023P	25,500	12,200	2.09	82%
2024P	2,200	11,800	0.19	-84%
2025P	200	11,100	0.02	-98%
2026P	17,100	12,400	1.38	20%

These ratios show whether or not more housing is needed to meet the demand from economic and demographic growth. Affordability and other factors can also help determine whether prices will rise or fall.

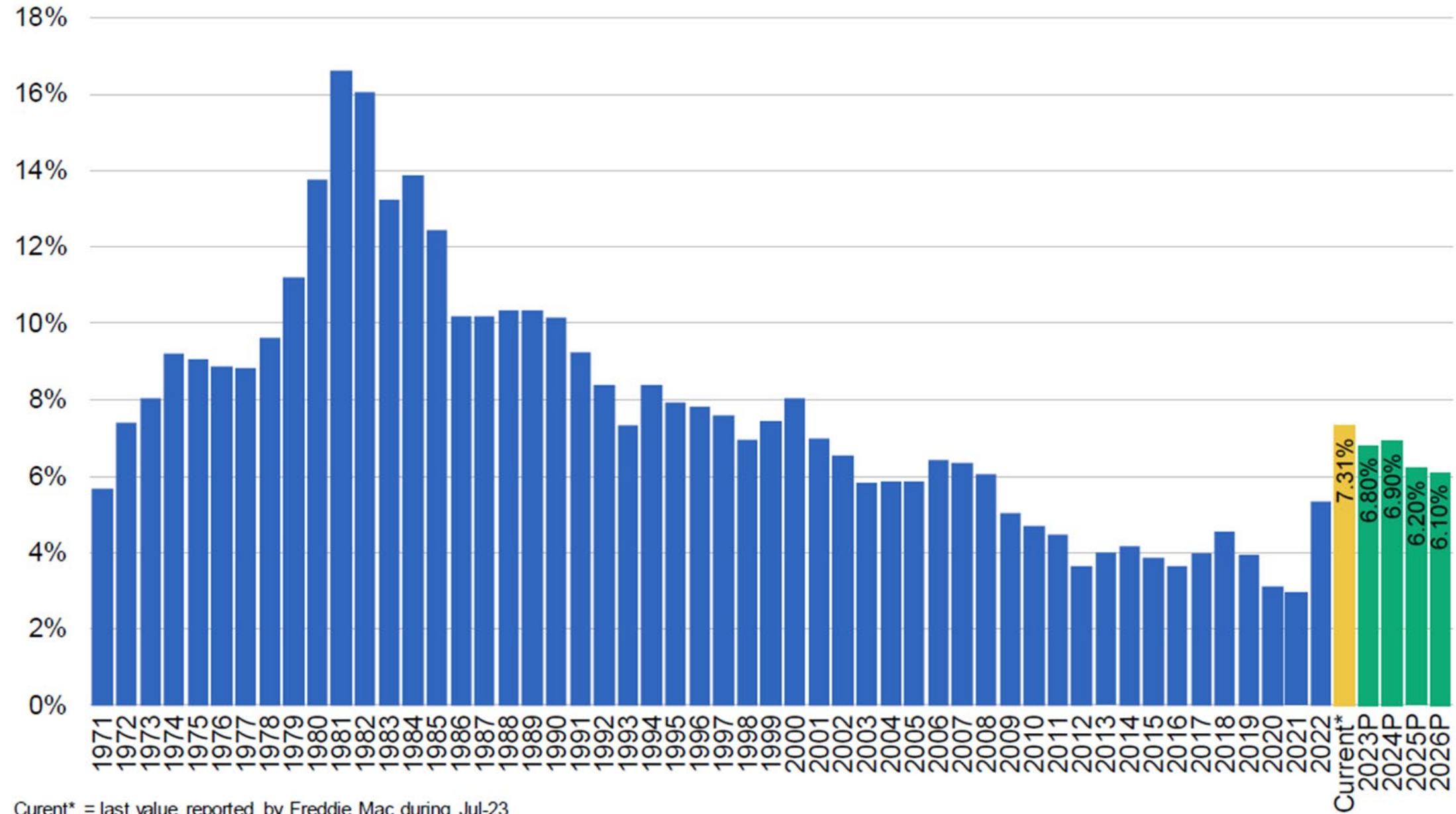


Look Ahead

Mortgage Rates

The bond market expects mortgage rates will average 6.9% in 2024.

Annual Average 30-Year Fixed Mortgage Rates

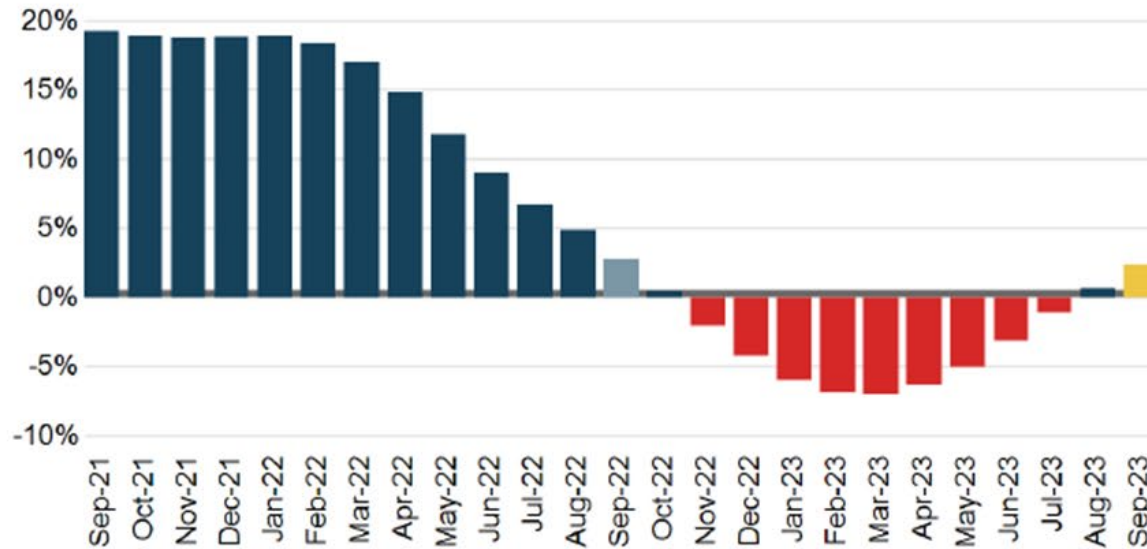


Current* = last value reported by Freddie Mac during Jul-23

Sources: Freddie Mac; John Burns Research and Consulting, LLC forecasts (Data: Sep-23, Pub: Oct-23)

Burns Home Value Index - BHVI

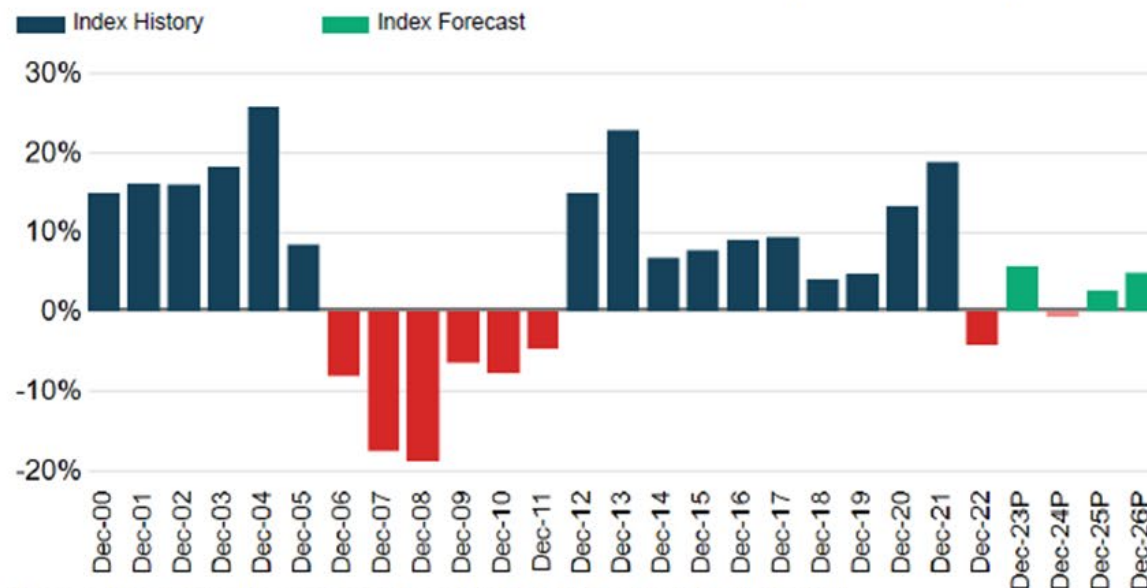
Burns Home Value Index™ YOY Growth %



AVG. SINCE 1982*
4.9%

NOW
2.3%

Burns Home Value Index™ December Growth % (2000 to 2026)



Monthly Data			Year End Values		
Date	Value	YOY %	Date	Value	YOY %
Nov-21	261.2	18.8%	Dec-05	185.0	8.4%
Dec-21	265.4	18.8%	Dec-06	170.0	-8.1%
Jan-22	270.1	18.9%	Dec-07	140.0	-17.6%
Feb-22	274.0	18.4%	Dec-08	113.6	-18.9%
Mar-22	276.3	17.0%	Dec-09	106.3	-6.4%
Apr-22	276.5	14.8%	Dec-10	98.1	-7.7%
May-22	274.1	11.8%	Dec-11	93.5	-4.7%
Jun-22	270.4	9.0%	Dec-12	107.5	14.9%
Jul-22	266.8	6.7%	Dec-13	132.0	22.8%
Aug-22	263.9	4.9%	Dec-14	140.9	6.8%
Sep-22	261.2	2.8%	Dec-15	151.7	7.6%
Oct-22	258.3	0.4%	Dec-16	165.4	9.0%
Nov-22	255.9	-2.1%	Dec-17	180.7	9.3%
Dec-22	254.3	-4.2%	Dec-18	188.2	4.1%
Jan-23	253.9	-6.0%	Dec-19	197.2	4.8%
Feb-23	255.2	-6.9%	Dec-20	223.4	13.3%
Mar-23	256.8	-7.0%	Dec-21	265.4	18.8%
Apr-23	258.9	-6.4%	Dec-22	254.3	-4.2%
May-23	260.3	-5.0%	Dec-23P	269.1	5.8%
Jun-23	261.9	-3.1%	Dec-24P	267.3	-0.7%
Jul-23	263.8	-1.1%	Dec-25P	274.1	2.6%
Aug-23	265.6	0.7%	Dec-26P	287.3	4.8%
Sep-23	267.2	2.3%			

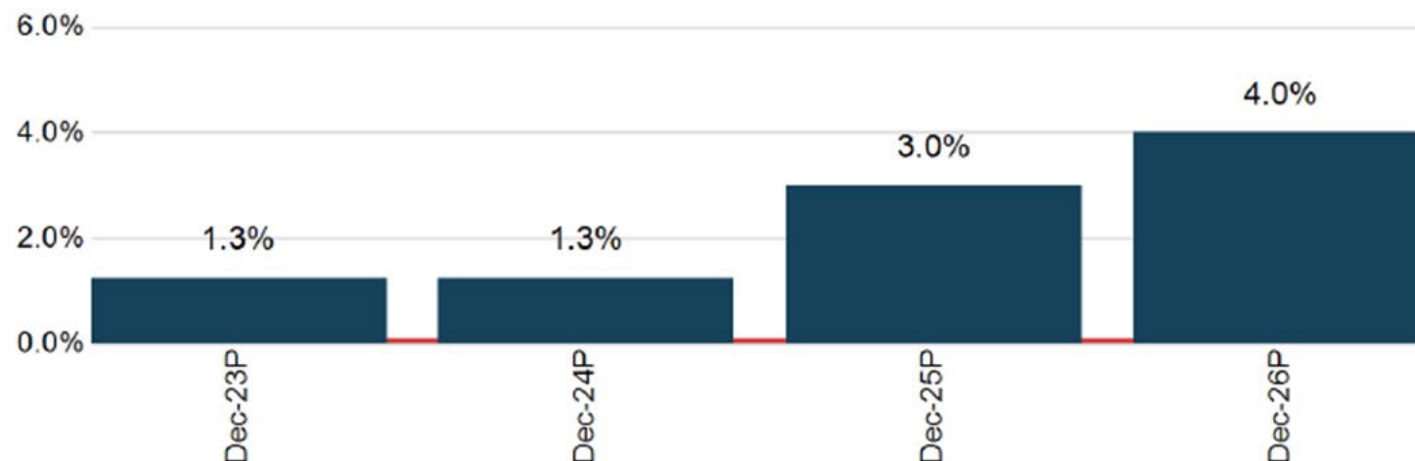
BHVI indexed to 100 in January 2002

Source: John Burns Research and Consulting, LLC (Data: Sep 23, Pub: Oct 23)

* Historical average growth rate based on annual averages.

New Home Price Change Forecast

NEW HOME PRICE CHANGE FORECAST (YOY)*



Year End Values

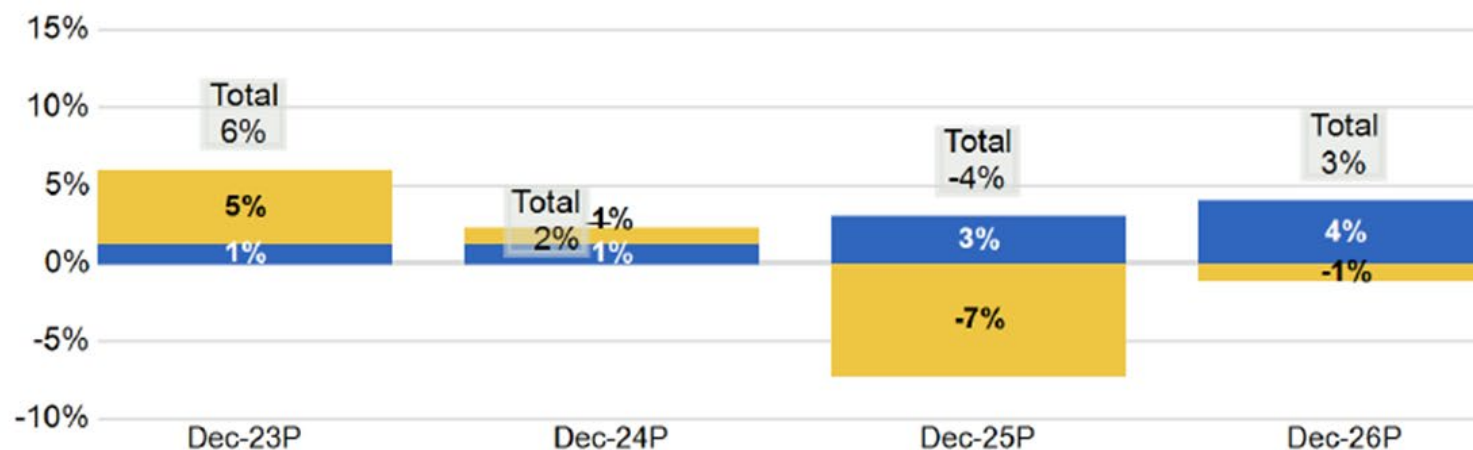
Date	YOY %
Dec-23P	1.3%
Dec-24P	1.3%
Dec-25P	3.0%
Dec-26P	4.0%

* Our new home price change forecast is a "net of incentives" price forecast. Historical new home prices are closing prices that include upgrades, etc. As a side note, our forecasted price change for new home projects depends heavily on local submarket conditions.

YEAR-OVER-YEAR PAYMENT CHANGE

Based on New Home Price Change Forecasts **

Change Attributed to Price Change Attributed to Interest Rate Total Change



Change % Attributed to:

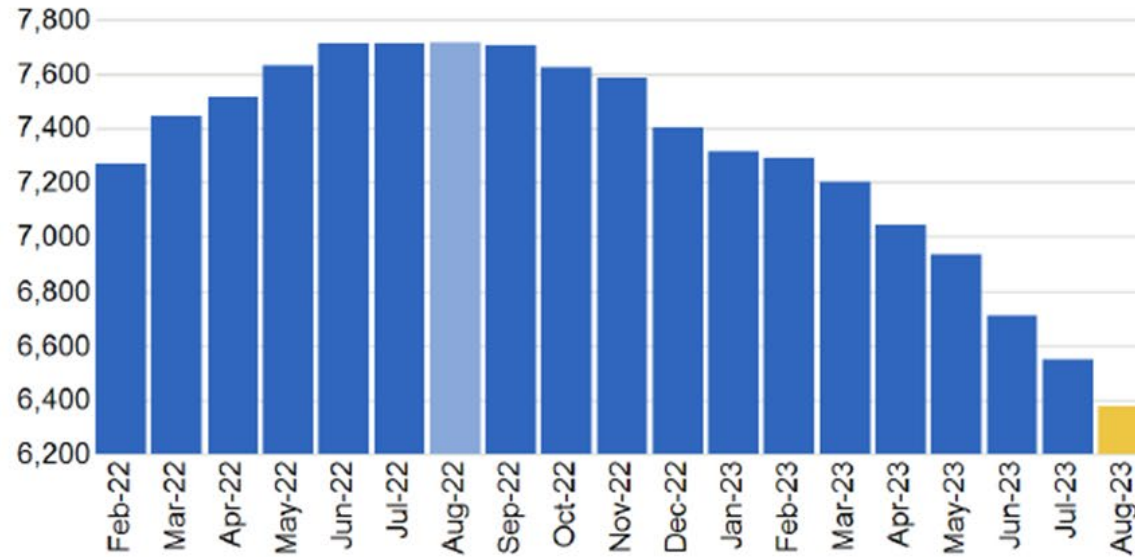
Year	Price	Interest Rate	Total Change
Dec-23P	1.3%	4.7%	6.0%
Dec-24P	1.3%	1.0%	2.3%
Dec-25P	3.0%	-7.2%	-4.2%
Dec-26P	4.0%	-1.1%	2.9%

** Principal and interest payment only, based on JBREC net of incentive new home change rates and forecasted annual average mortgage rates.

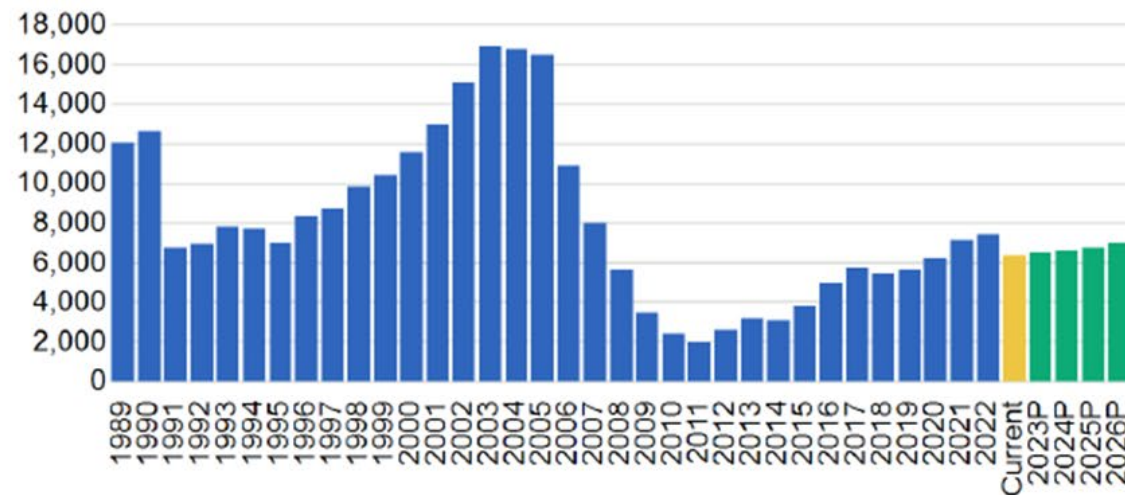
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New Home Sales Closings Volume

MONTHLY 12-MONTH ROLLING NEW HOME SALE CLOSINGS



ANNUAL NEW HOME SALE CLOSINGS

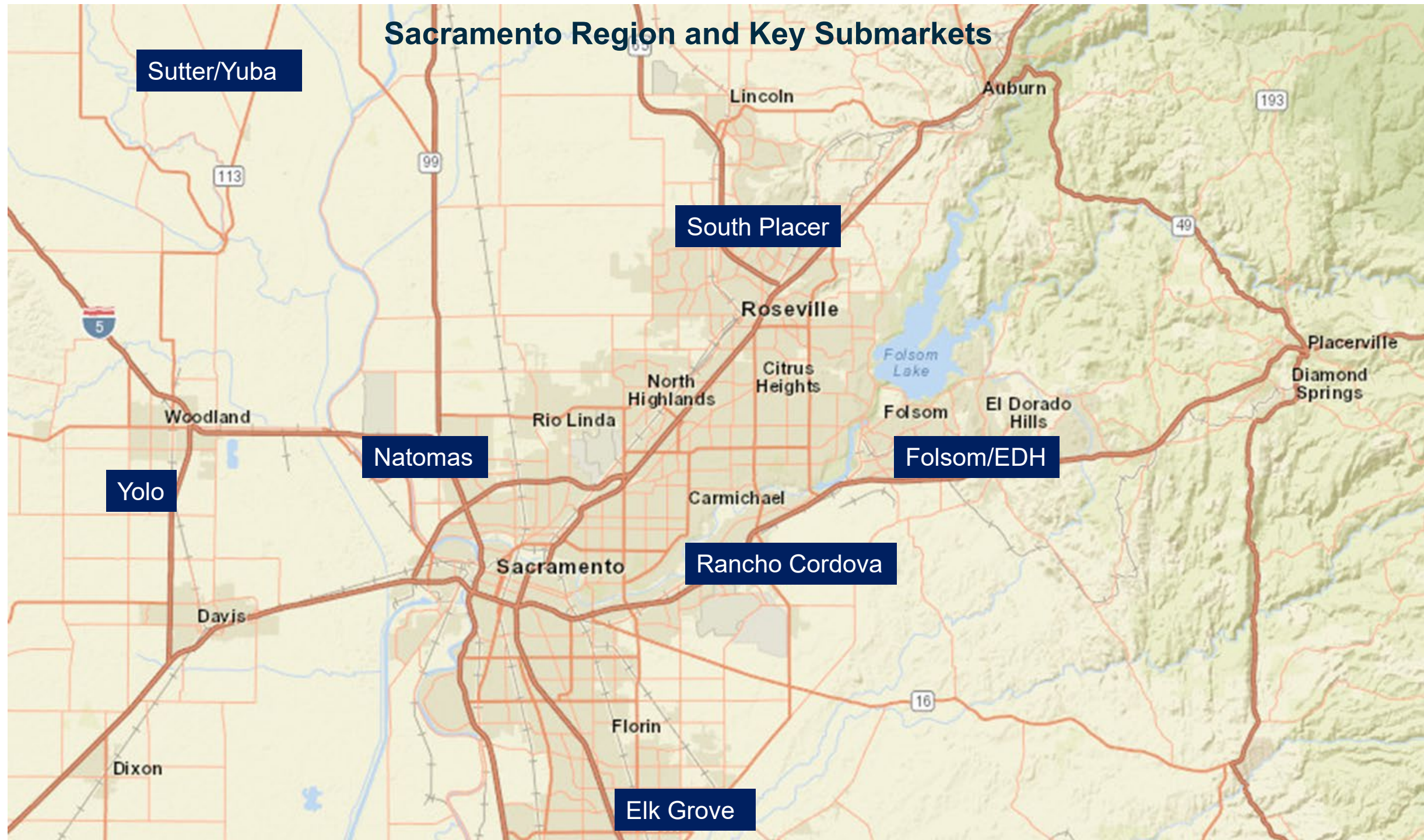


Monthly Data - TTM			Annual Data		
Date	Sales	YOY %	Date	Sales	YOY %
Aug-21	6,725	11.4%	2003	16,907	12.3%
Sep-21	6,781	10.2%	2004	16,785	-0.7%
Oct-21	6,876	11.8%	2005	16,436	-2.1%
Nov-21	6,928	12.0%	2006	10,863	-33.9%
Dec-21	7,121	14.7%	2007	8,012	-26.2%
Jan-22	7,251	17.0%	2008	5,652	-29.5%
Feb-22	7,268	15.6%	2009	3,449	-39.0%
Mar-22	7,443	16.4%	2010	2,436	-29.4%
Apr-22	7,516	14.9%	2011	1,927	-20.9%
May-22	7,634	15.1%	2012	2,557	32.7%
Jun-22	7,714	15.7%	2013	3,184	24.5%
Jul-22	7,713	15.4%	2014	3,083	-3.2%
Aug-22	7,718	14.8%	2015	3,835	24.4%
Sep-22	7,707	13.7%	2016	4,951	29.1%
Oct-22	7,626	10.9%	2017	5,749	16.1%
Nov-22	7,590	9.6%	2018	5,423	-5.7%
Dec-22	7,402	3.9%	2019	5,612	3.5%
Jan-23	7,315	0.9%	2020	6,208	10.6%
Feb-23	7,294	0.4%	2021	7,121	14.7%
Mar-23	7,202	-3.2%	2022	7,402	3.9%
Apr-23	7,042	-6.3%	2023P	6,500	-12.2%
May-23	6,936	-9.1%	2024P	6,600	1.5%
Jun-23	6,716	-12.9%	2025P	6,700	1.5%
Jul-23	6,550	-15.1%	2026P	7,000	4.5%
Aug-23	6,378	-17.4%			

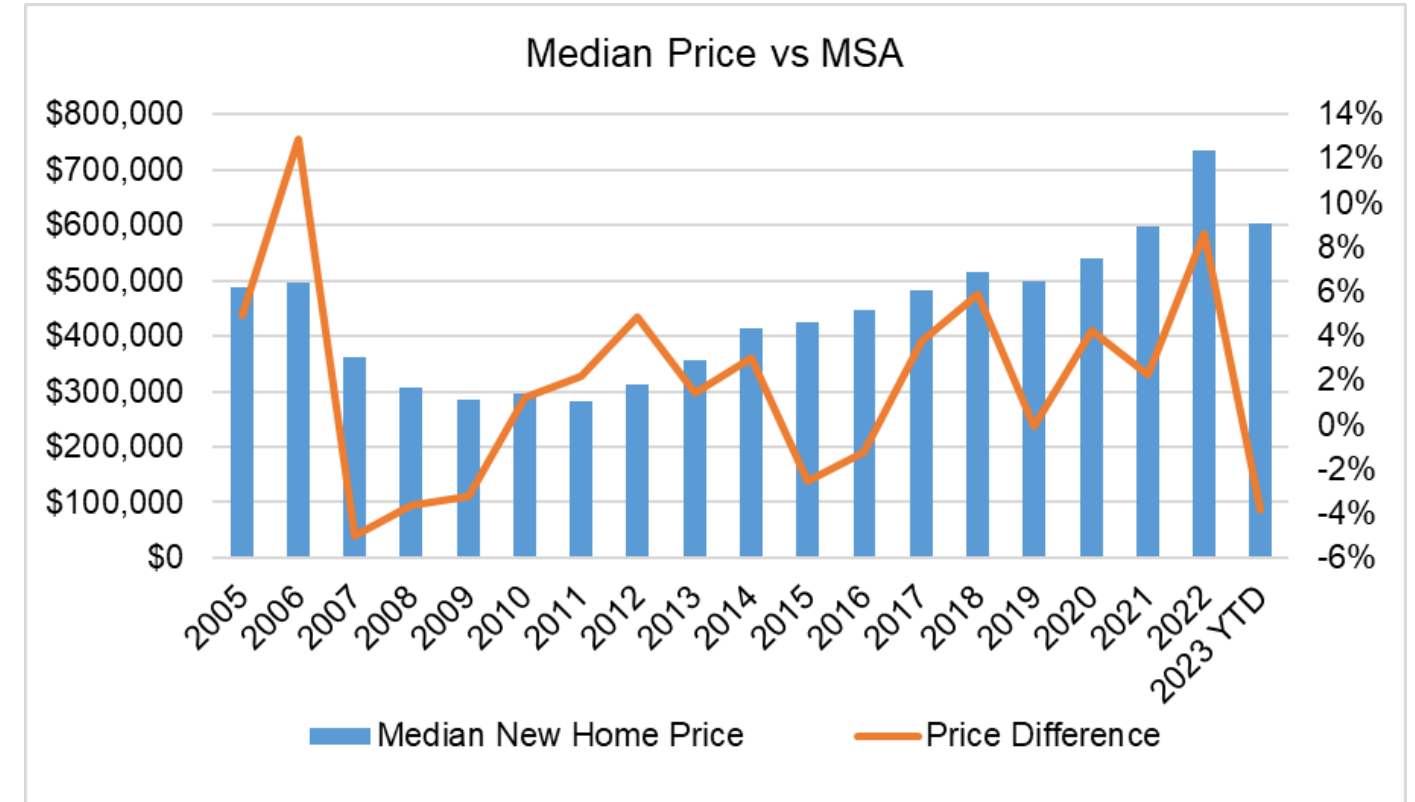
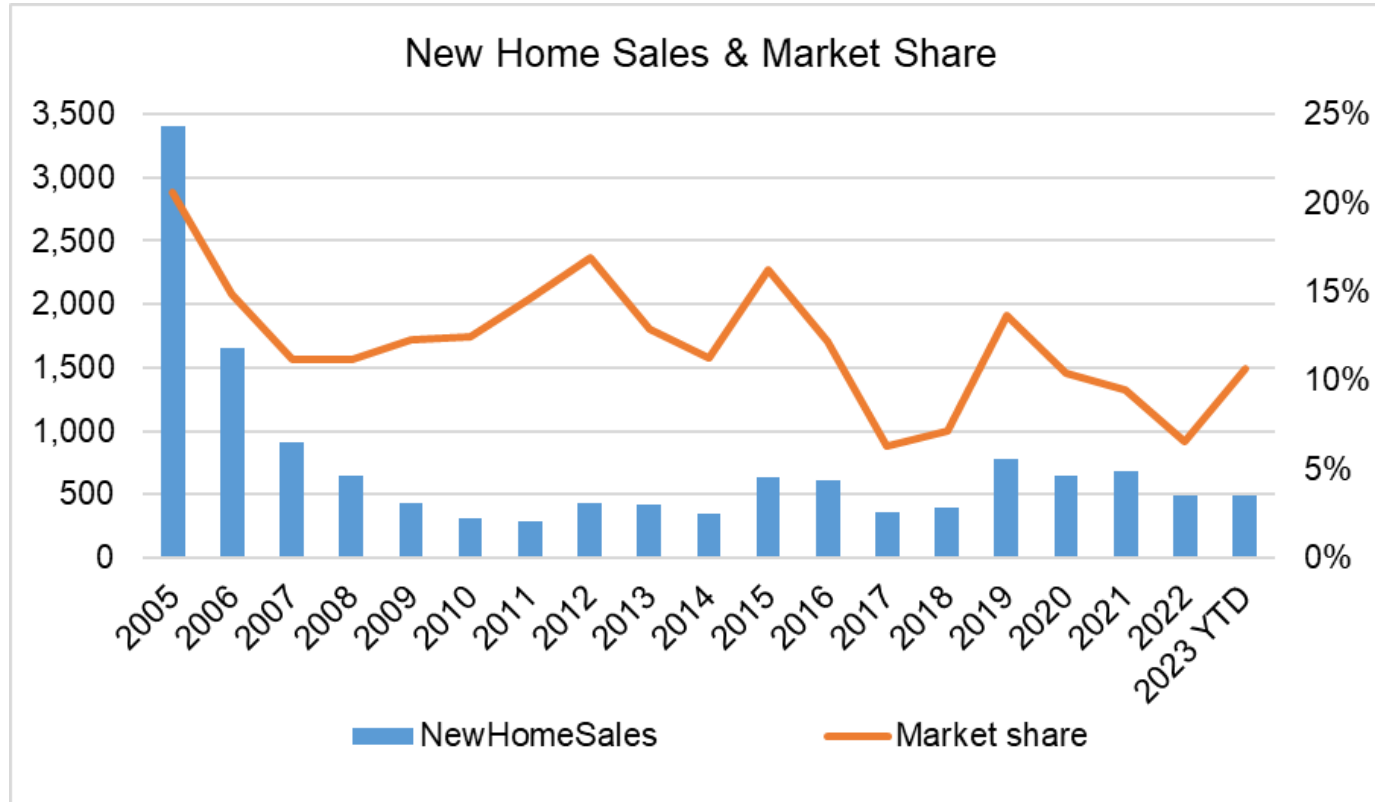
* Source: JBREC Analysis of Public Records

An aerial photograph of a residential neighborhood with rows of houses and green lawns. A semi-transparent dark green rectangular box is centered over the image, containing the text "State of the Submarkets" in white. The text is in a clean, sans-serif font.

State of the Submarkets

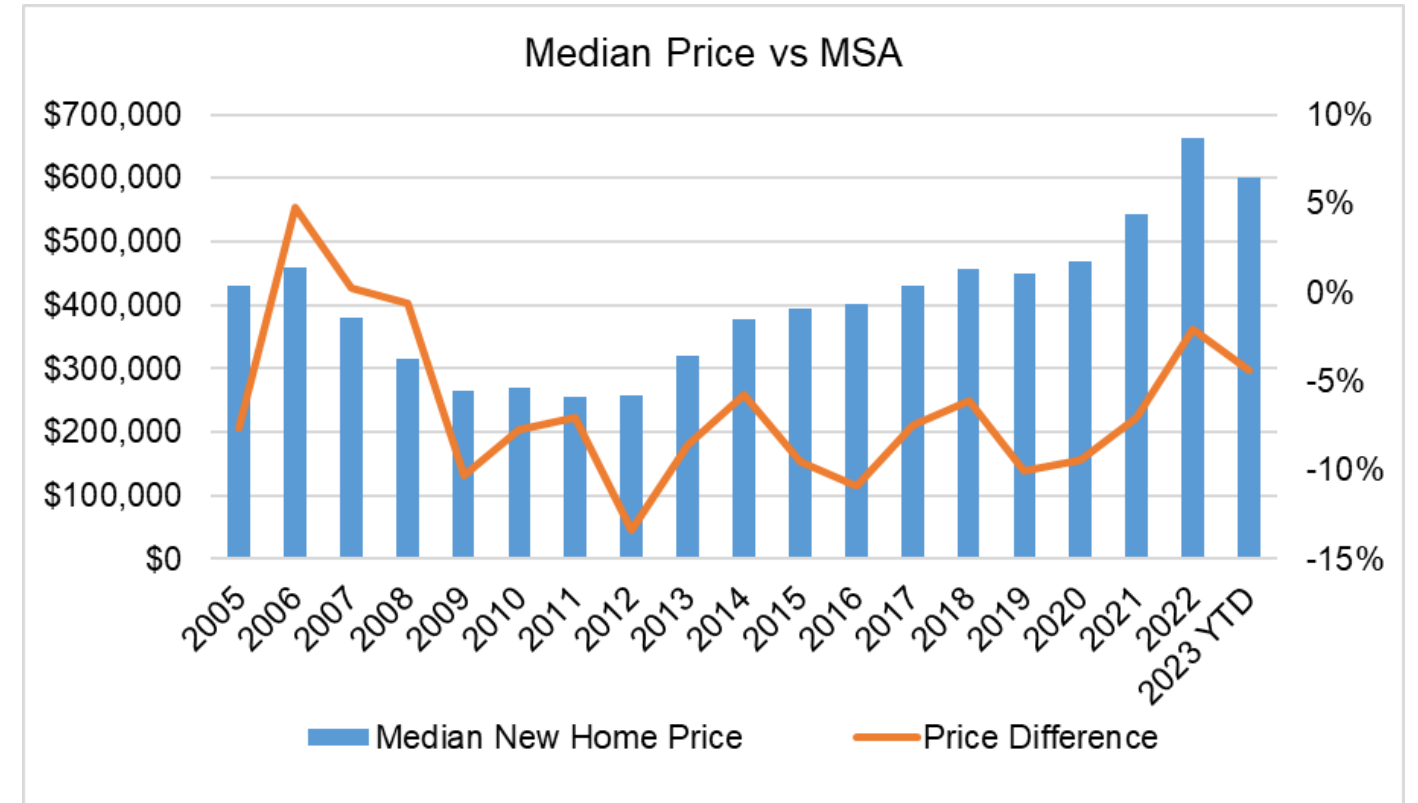
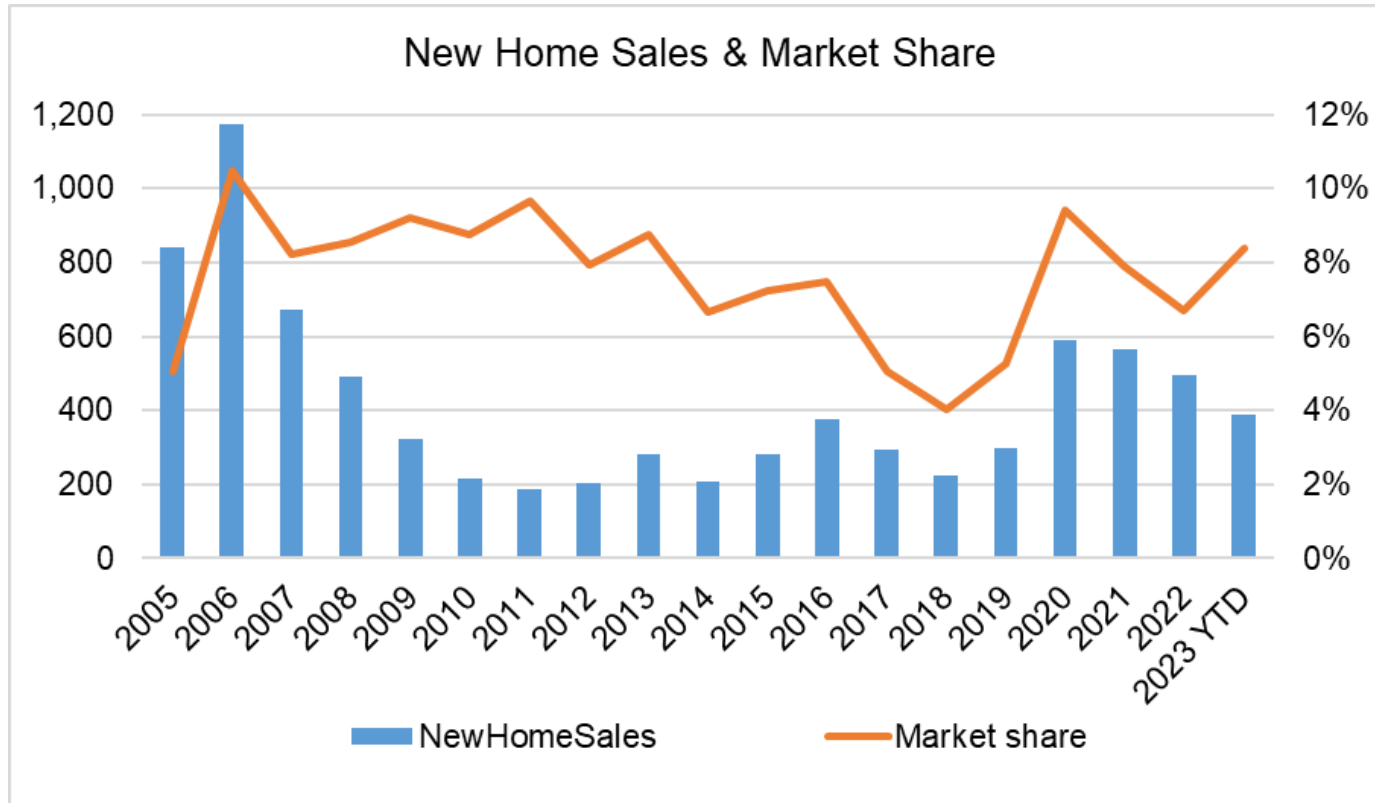


Elk Grove



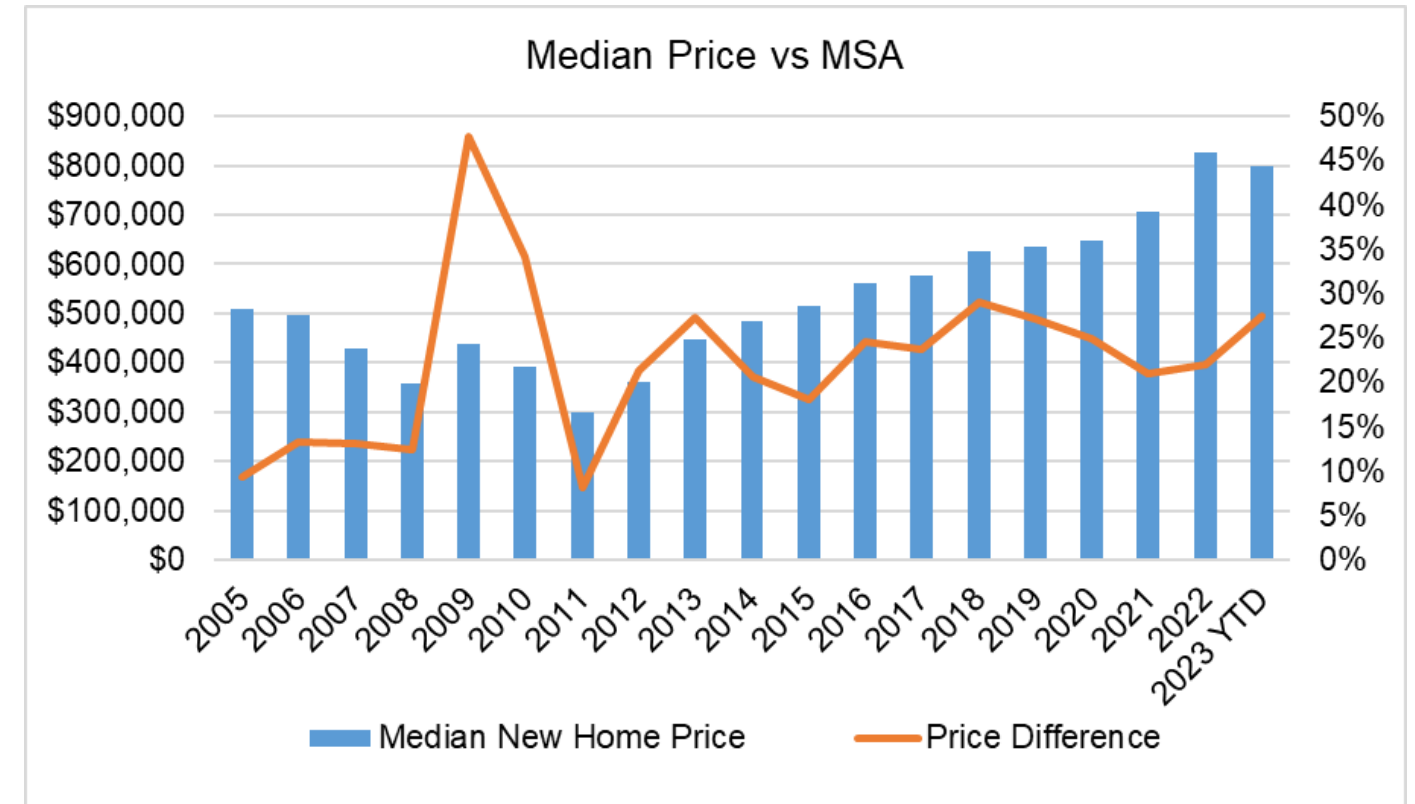
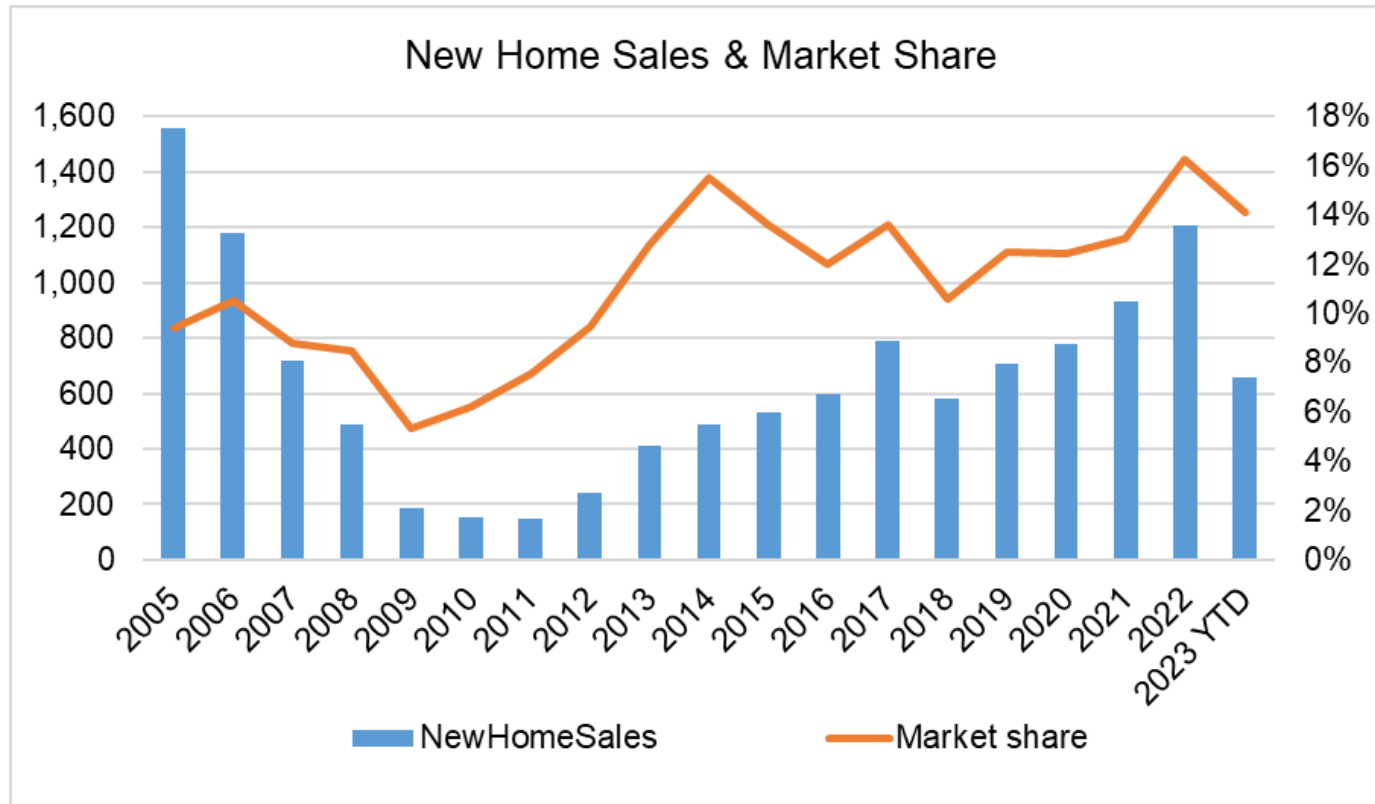
Elk Grove			
Metric	Low	High	Avg.
Sales	6.3%	20.6%	12.2%
Price	-5.0%	12.9%	1.9%

Rancho Cordova



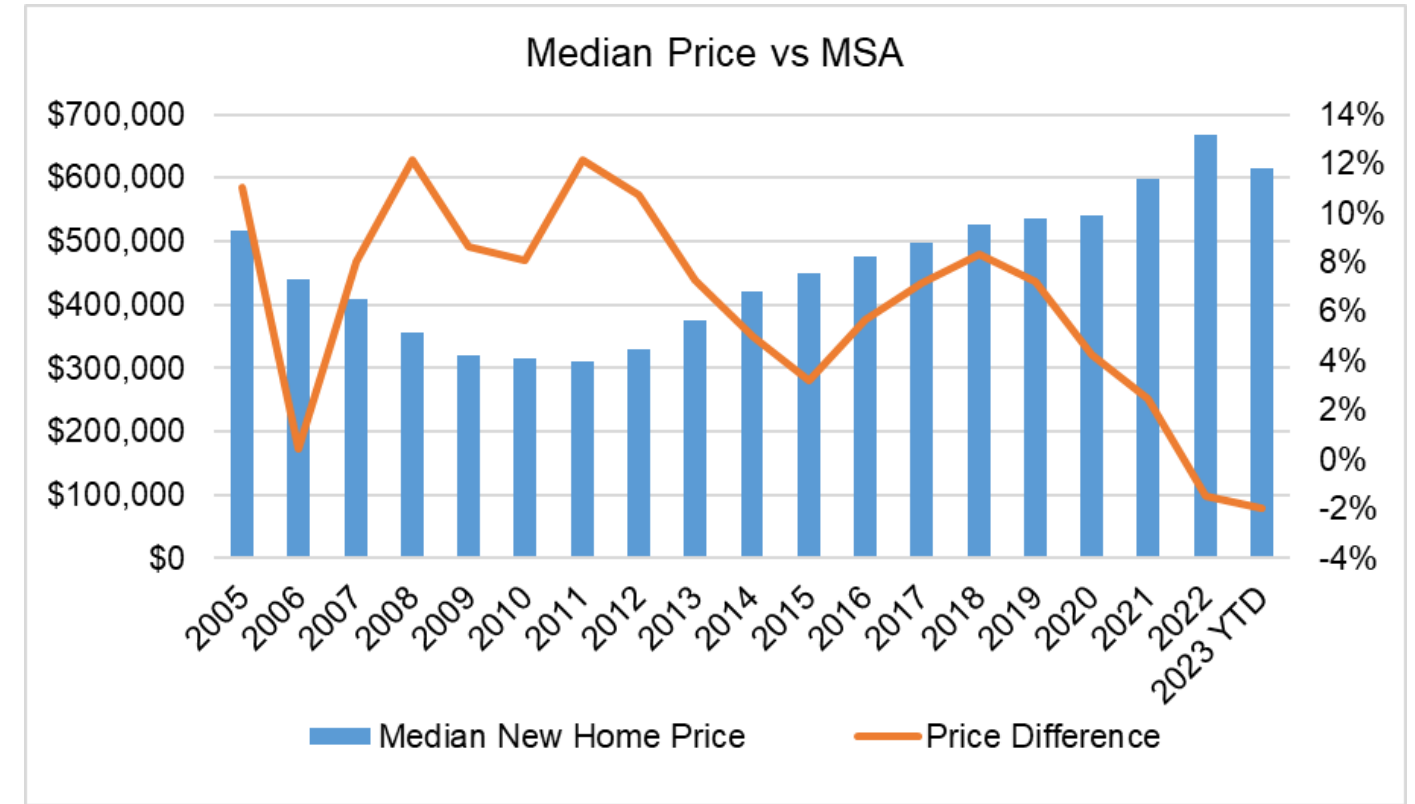
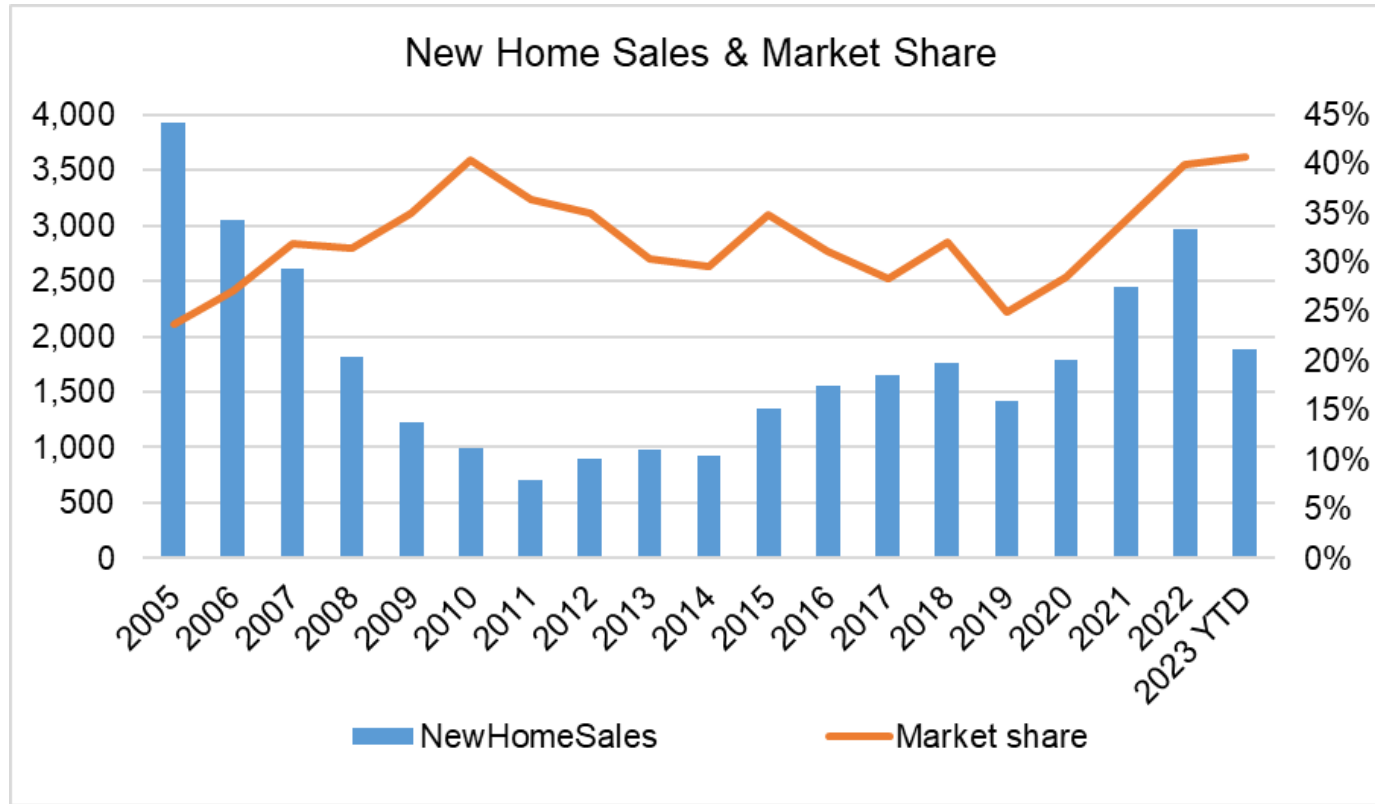
Rancho Cordova			
Metric	Low	High	Avg.
Sales	4.0%	10.5%	7.6%
Price	-13.4%	4.8%	-6.5%

Folsom / El Dorado Hills



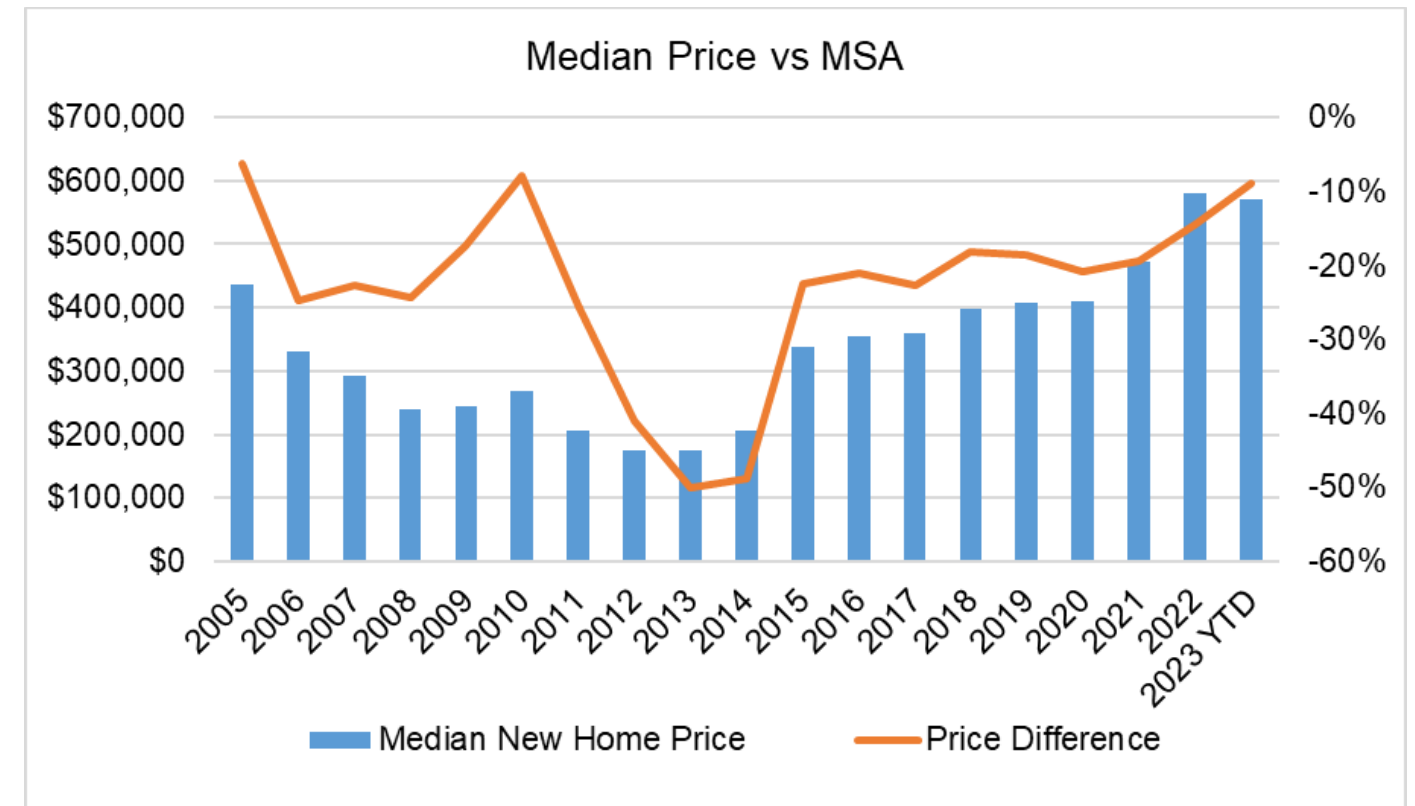
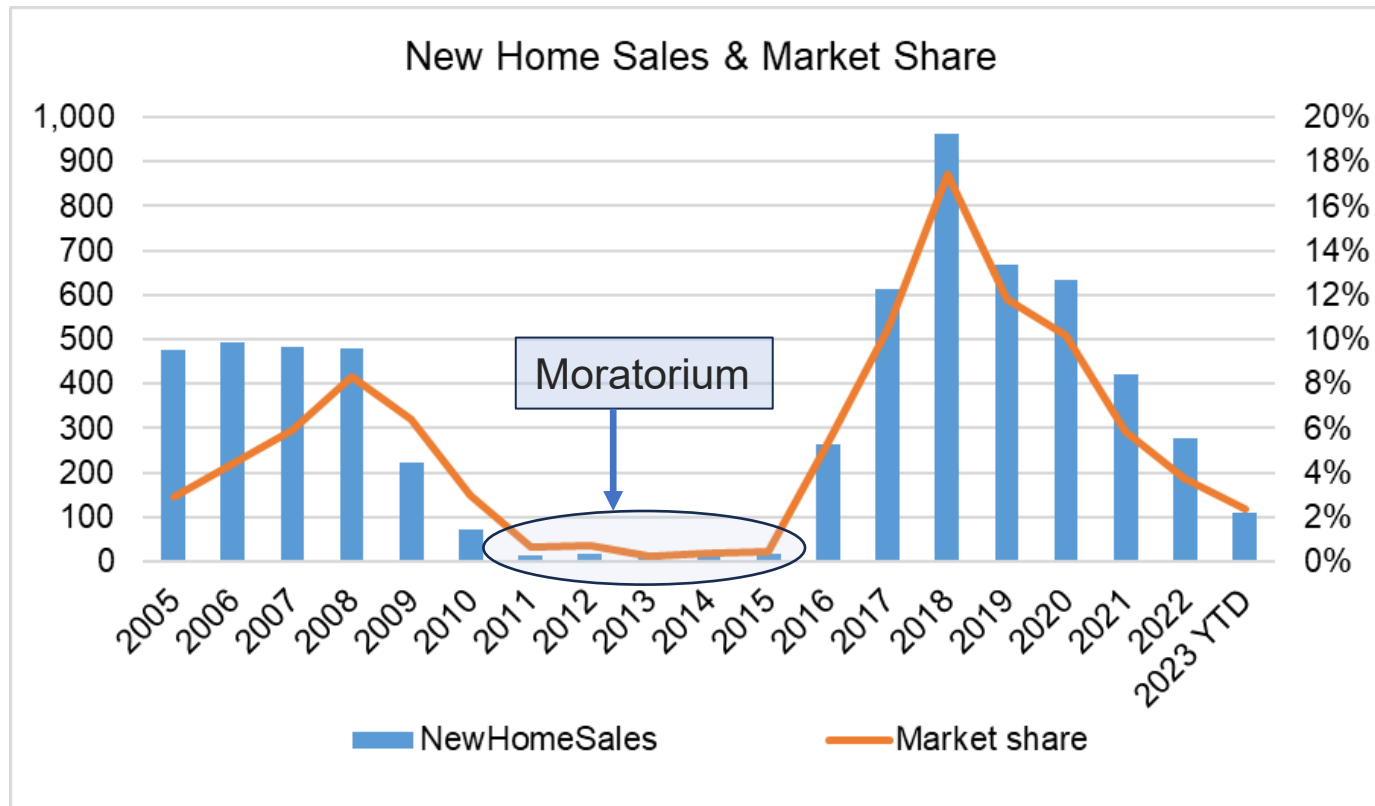
Folsom/EDH			
Metric	Low	High	Avg.
Sales	5.4%	16.2%	11.2%
Price	8.2%	47.7%	22.4%

South Placer County



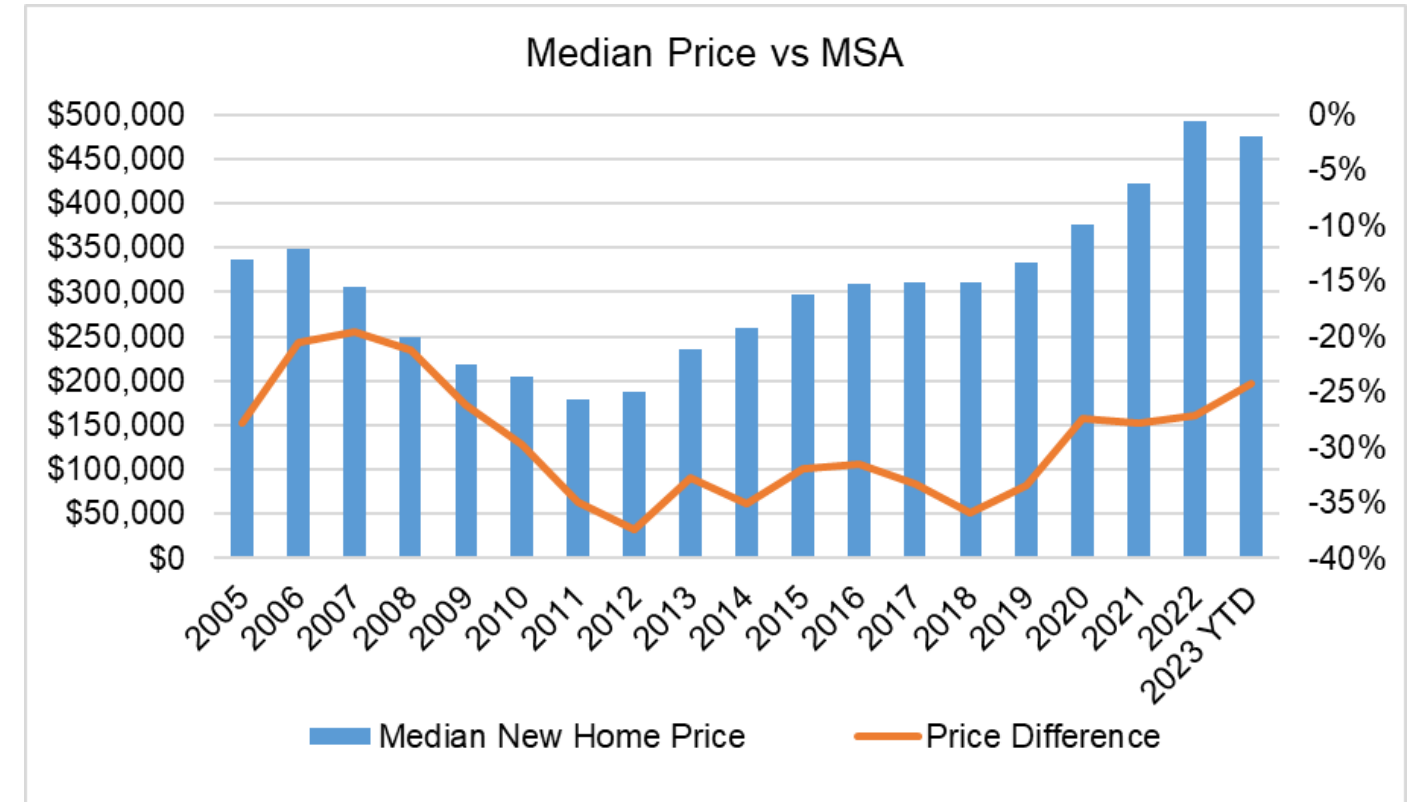
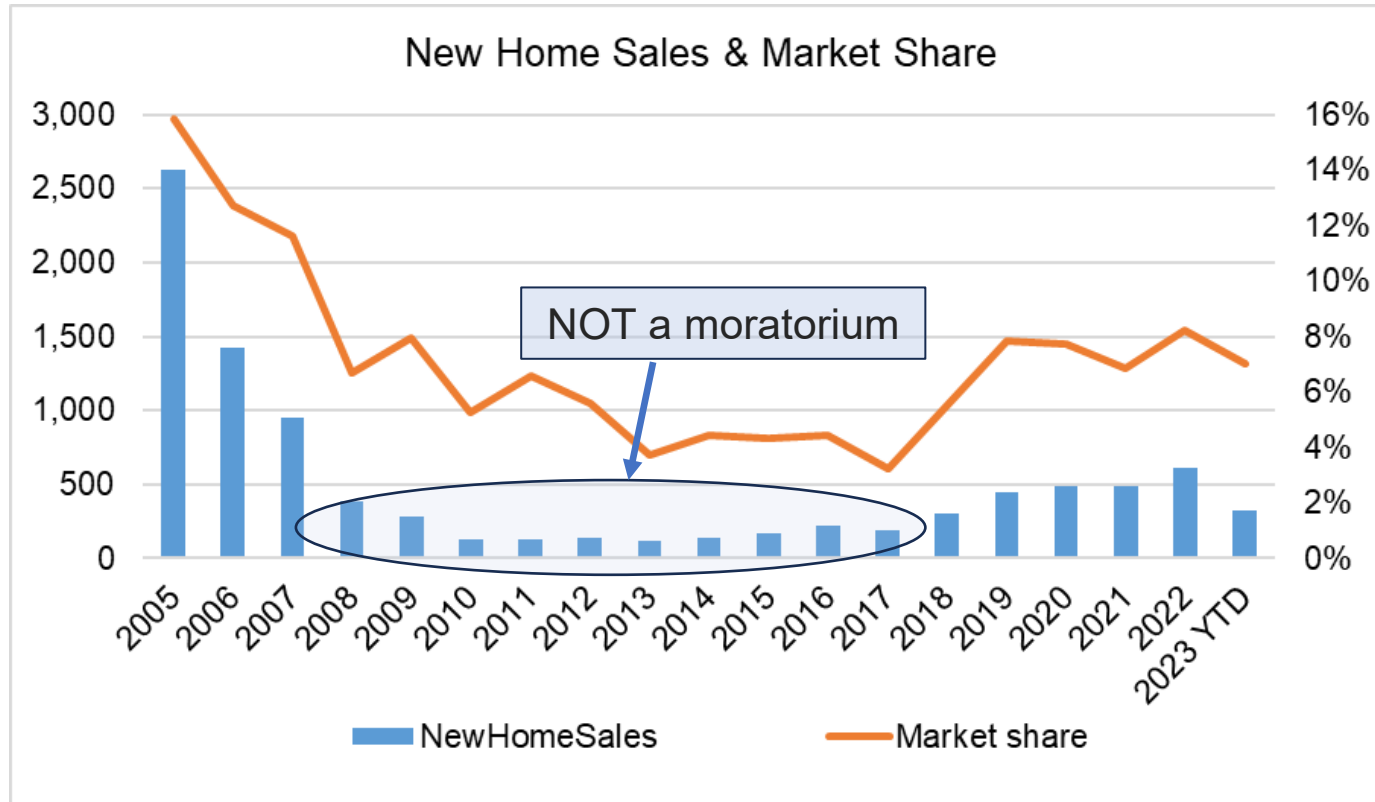
South Placer Co.			
Metric	Low	High	Avg.
Sales	23.7%	40.6%	32.4%
Price	-2.0%	12.2%	6.2%

Natomas



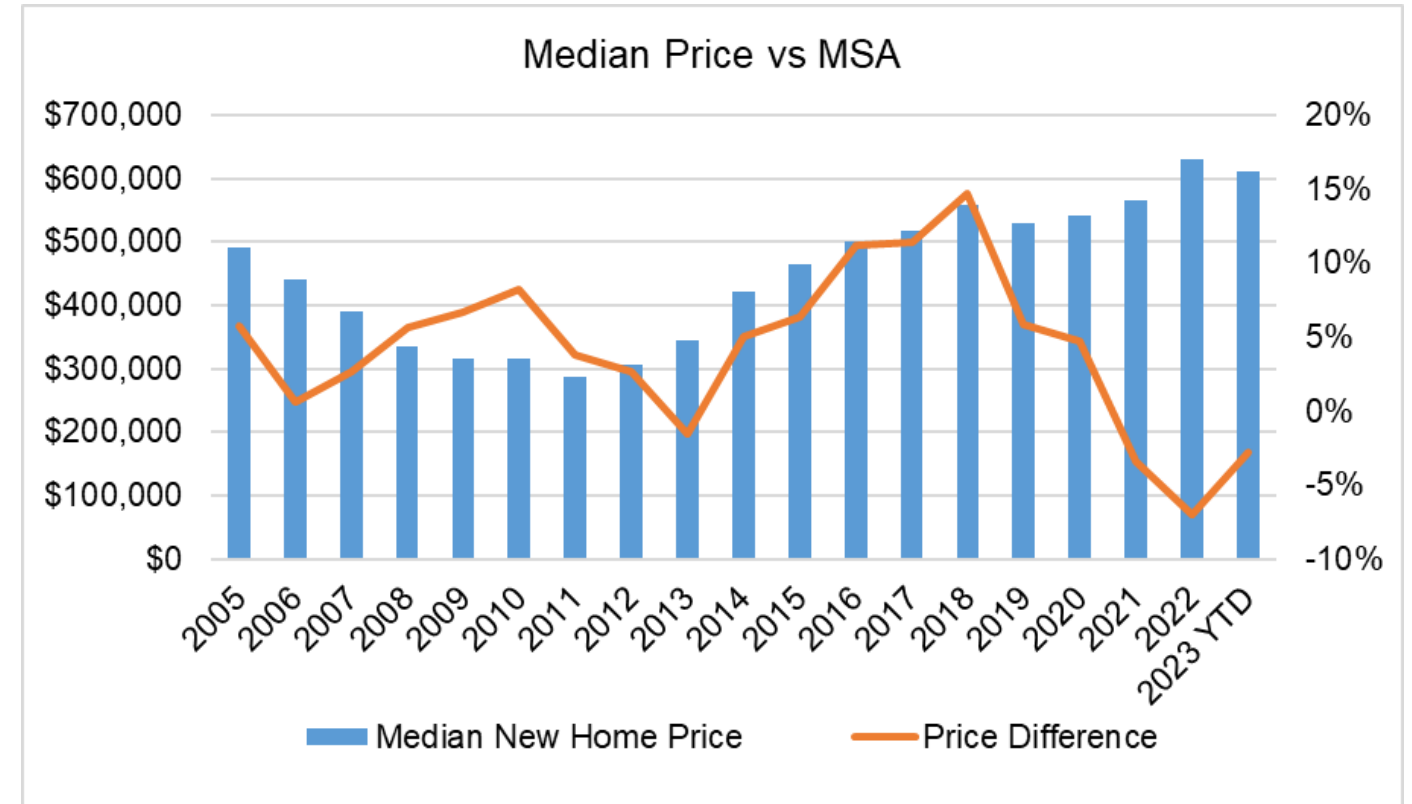
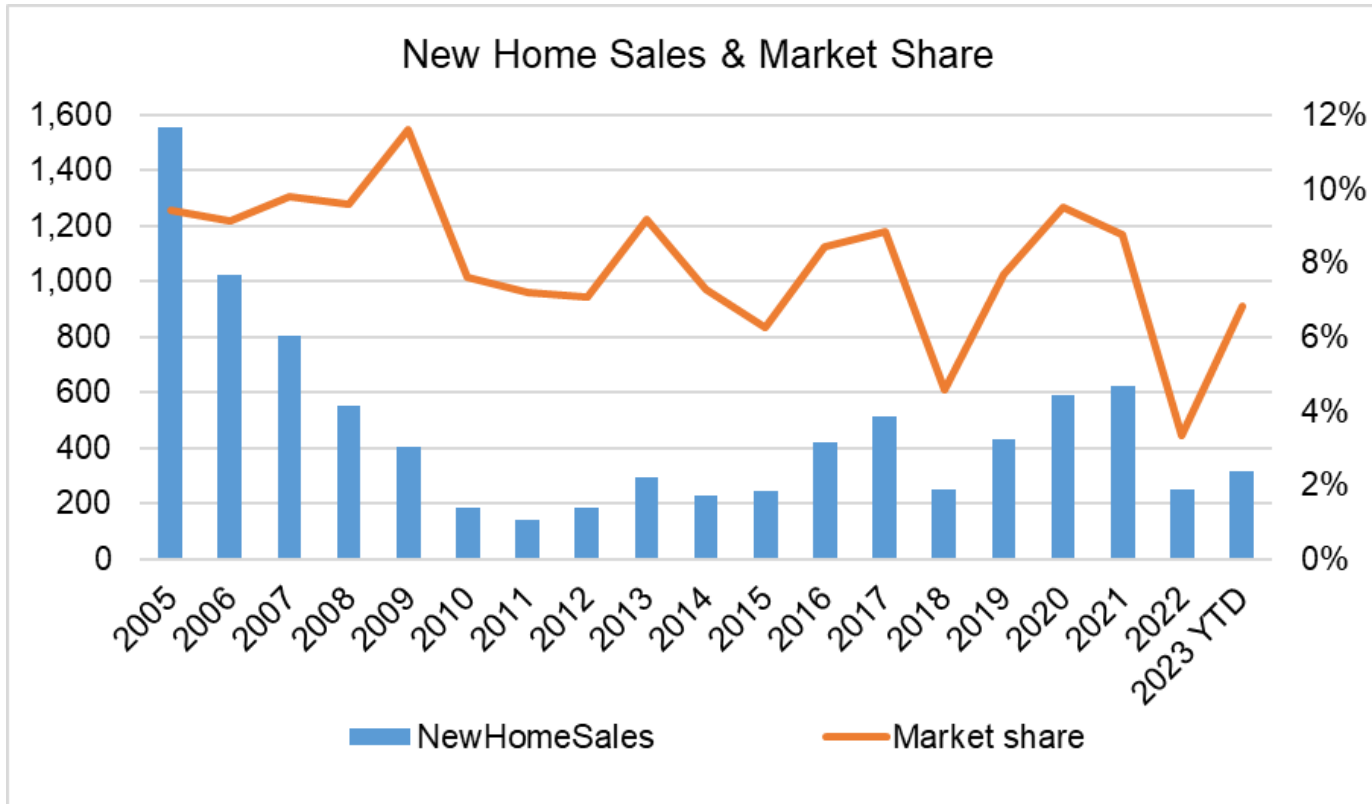
Natomas			
Metric	Low	High	Avg.
Sales	0.2%	17.5%	5.3%
Price	-50.1%	-6.3%	-22.9%

Sutter/Yuba



Sutter/Yuba			
Metric	Low	High	Avg.
Sales	3.2%	15.8%	7.1%
Price	-37.4%	-19.6%	-29.4%

Yolo County



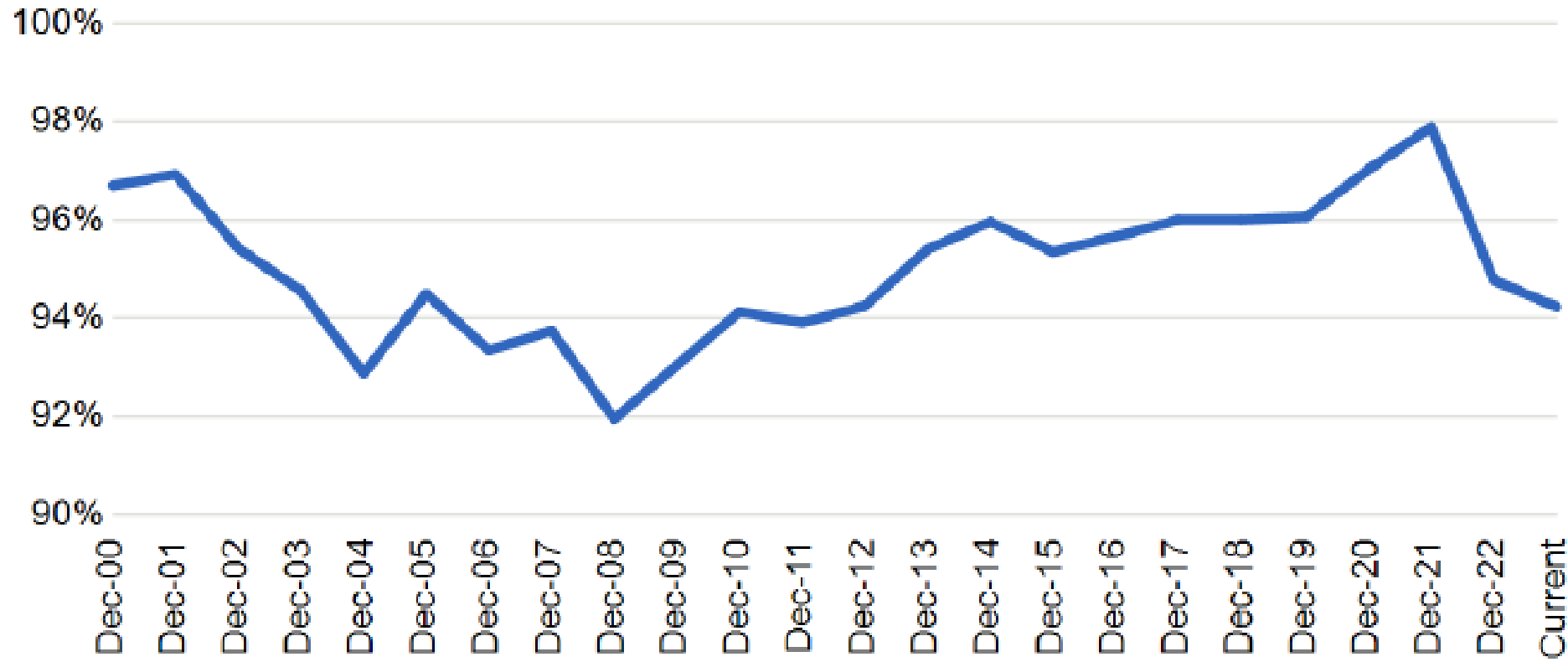
Yolo Co.			
Metric	Low	High	Avg.
Sales	3.3%	11.6%	8.0%
Price	-7.0%	14.7%	4.2%

An aerial photograph of a residential neighborhood with rows of houses and green lawns. A semi-transparent dark green rectangular box is centered over the image, containing the text "Rental Market" in white. The background image shows a street on the left and a road curving on the right, with many houses in between.

Rental Market

Apartment Occupancy

OCCUPANCY RATE

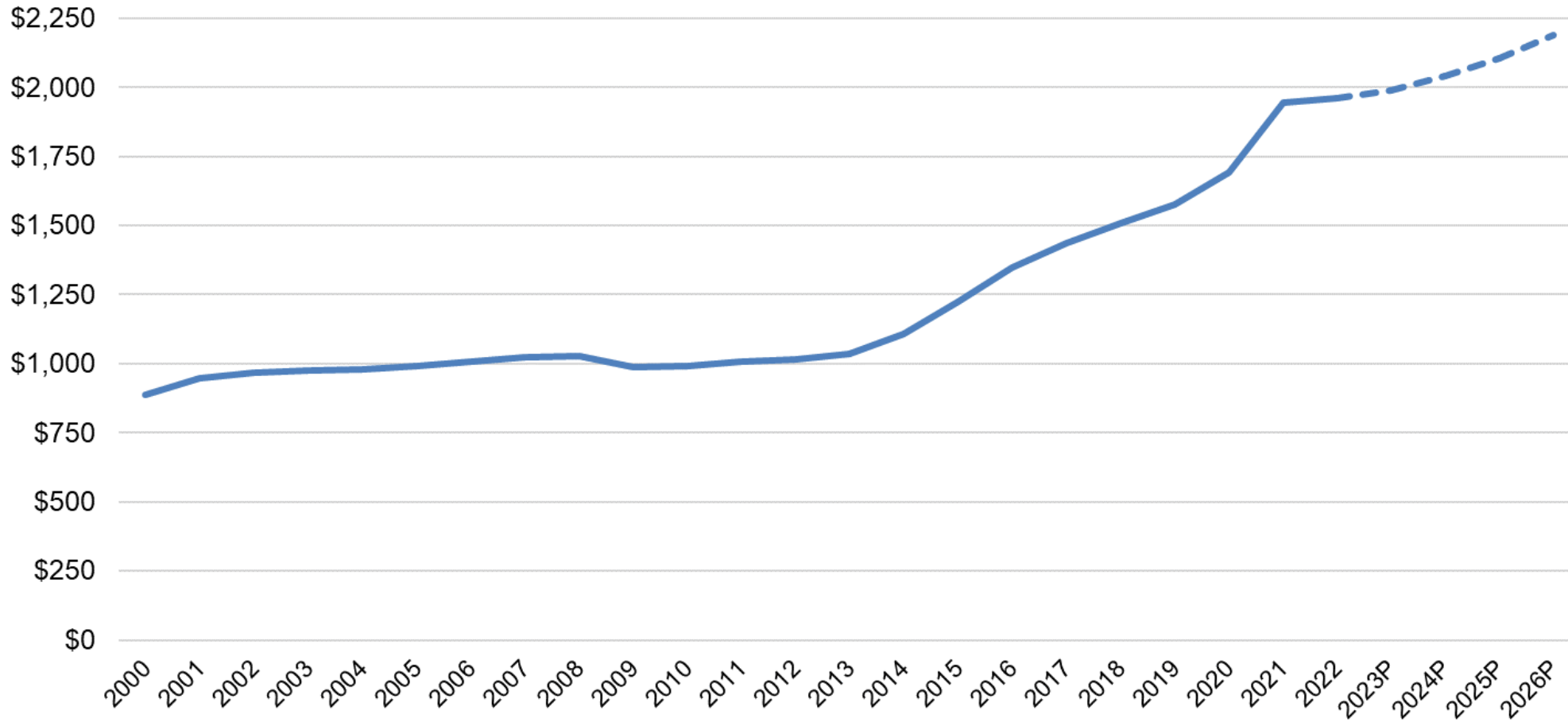


Source: RealPage, Inc.

Monthly Data	
Date	Value
Aug-21	97.8%
Sep-21	98.0%
Oct-21	98.0%
Nov-21	97.9%
Dec-21	97.9%
Jan-22	97.9%
Feb-22	97.8%
Mar-22	97.3%
Apr-22	97.0%
May-22	96.6%
Jun-22	96.1%
Jul-22	95.9%
Aug-22	95.7%
Sep-22	95.4%
Oct-22	95.3%
Nov-22	94.9%
Dec-22	94.8%
Jan-23	94.5%
Feb-23	94.6%
Mar-23	94.4%
Apr-23	94.3%
May-23	94.3%
Jun-23	94.0%
Jul-23	94.0%
Aug-23	94.2%

Apartment Rents

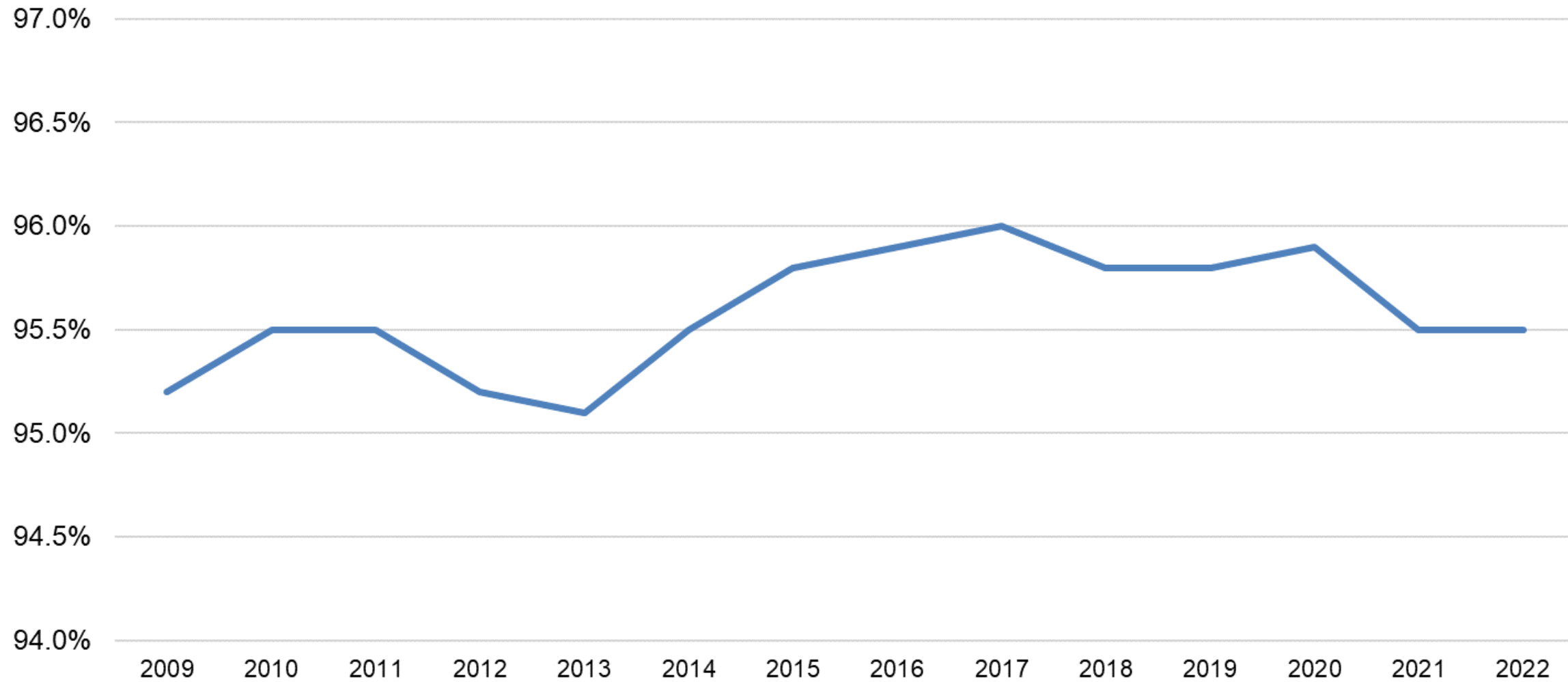
Sacramento MSA Apartment Rent



	Rental Costs		Own Premium
	Apartment Rent	Apt. Rent YOY %	Housing Costs minus Apt. Rent
2007	\$1,023	1.7%	\$989
2008	\$1,027	0.4%	\$544
2009	\$989	-3.7%	\$460
2010	\$992	0.3%	\$390
2011	\$1,006	1.4%	\$290
2012	\$1,014	0.8%	\$400
2013	\$1,035	2.1%	\$817
2014	\$1,109	7.2%	\$772
2015	\$1,225	10.5%	\$694
2016	\$1,347	10.0%	\$768
2017	\$1,437	6.7%	\$815
2018	\$1,509	5.0%	\$959
2019	\$1,577	4.5%	\$825
2020	\$1,693	7.4%	\$786
2021	\$1,946	14.9%	\$1,072
2022	\$1,961	0.8%	\$1,794
Current	\$1,982	-1.8%	\$2,148
2023P	\$1,990	1.5%	\$2,108
2024P	\$2,040	2.5%	\$2,075
2025P	\$2,105	3.2%	\$1,908
2026P	\$2,189	4.0%	\$1,985

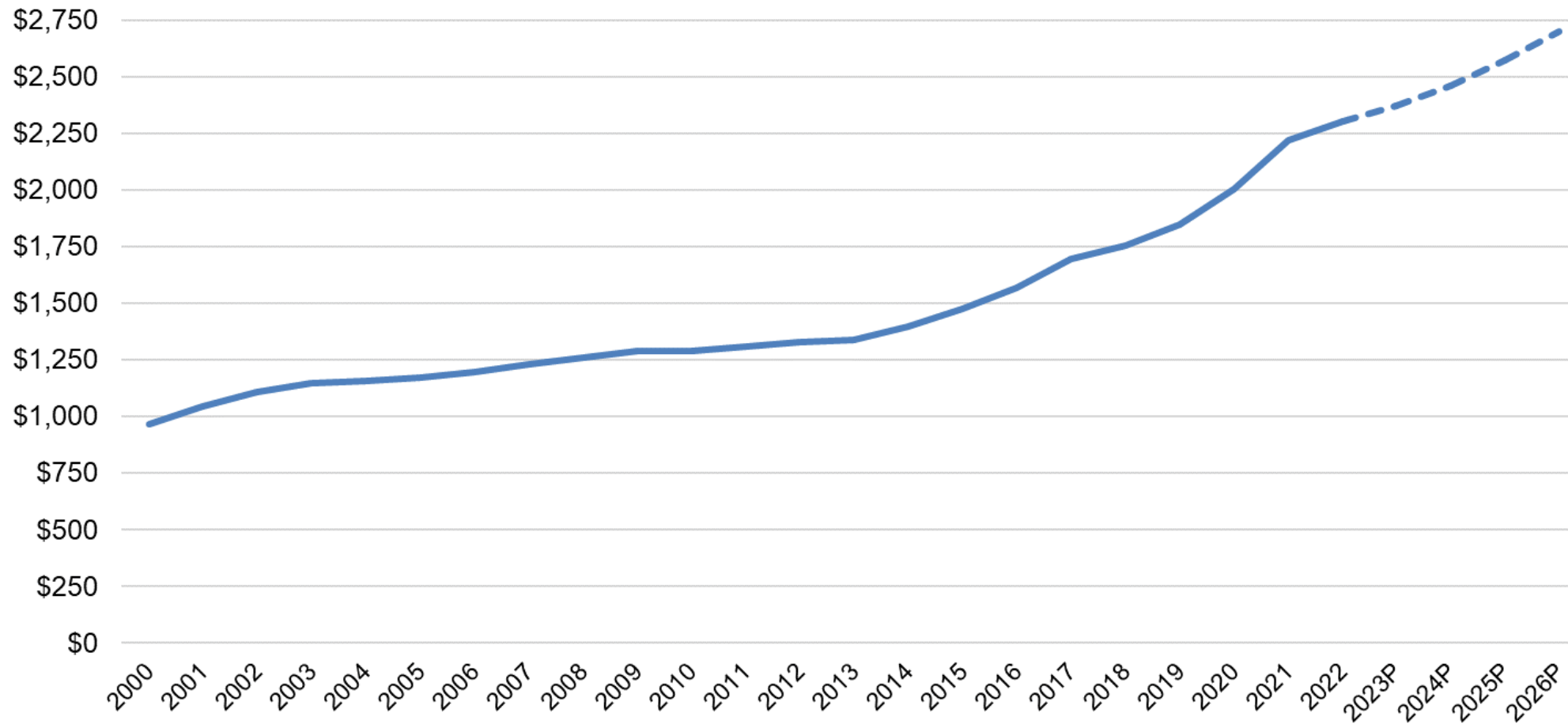
SFR Occupancy

Sacramento Single-Family Home Occupancy



SFR Rents

Sacramento Single-Family Home Rent



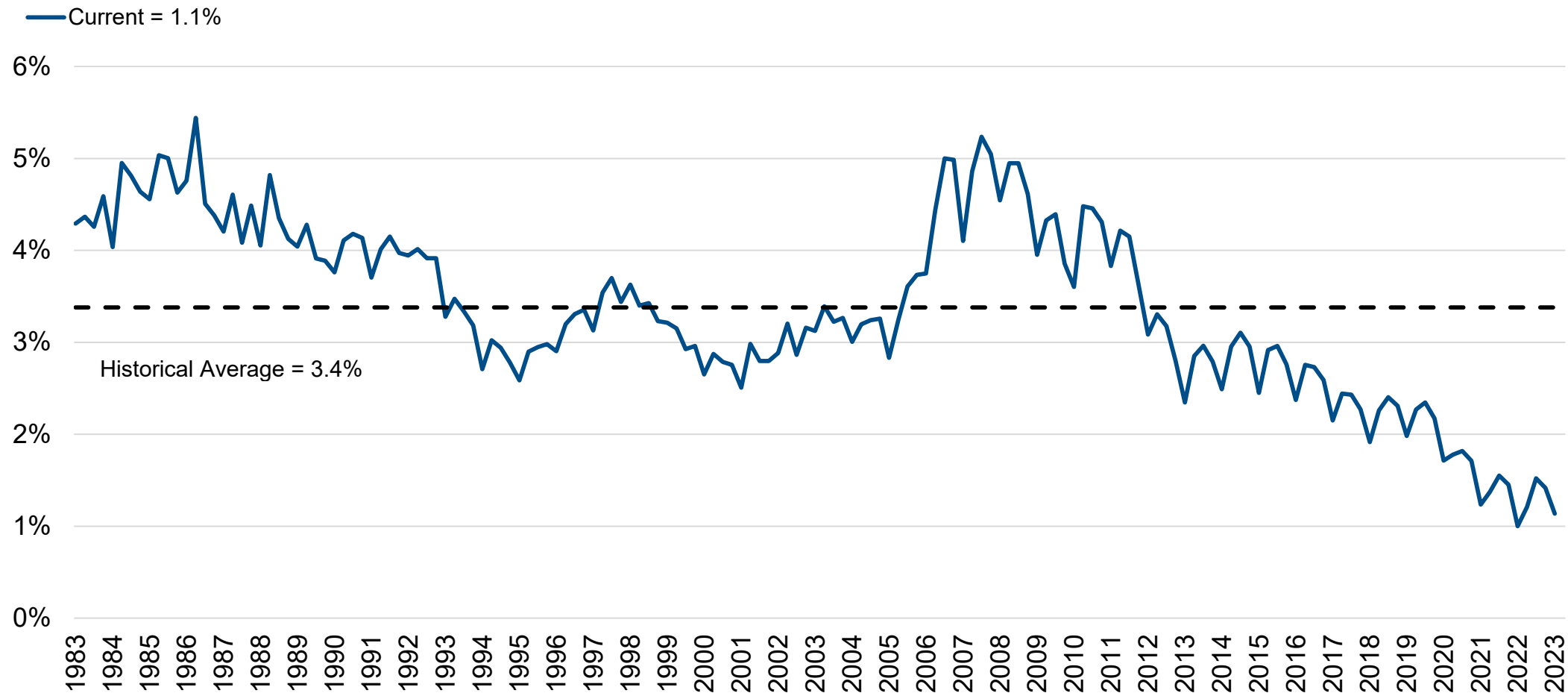
	Rental Costs		Own Premium
	S.F. Rent, Entry-Level Home	S.F. Rent YOY %	Housing Costs minus S.F. Rent
2007	\$1,294	2.7%	\$718
2008	\$1,328	2.6%	\$243
2009	\$1,357	2.2%	\$92
2010	\$1,358	0.1%	\$24
2011	\$1,375	1.3%	(\$79)
2012	\$1,395	1.5%	\$19
2013	\$1,406	0.8%	\$446
2014	\$1,472	4.7%	\$409
2015	\$1,554	5.6%	\$365
2016	\$1,648	6.0%	\$467
2017	\$1,781	8.1%	\$471
2018	\$1,847	3.7%	\$621
2019	\$1,945	5.3%	\$457
2020	\$2,106	8.3%	\$373
2021	\$2,336	10.9%	\$682
2022	\$2,423	3.7%	\$1,332
Current	\$2,475	2.1%	\$1,655
2023P	\$2,496	3.0%	\$1,602
2024P	\$2,588	3.7%	\$1,527
2025P	\$2,705	4.5%	\$1,308
2026P	\$2,840	5.0%	\$1,334



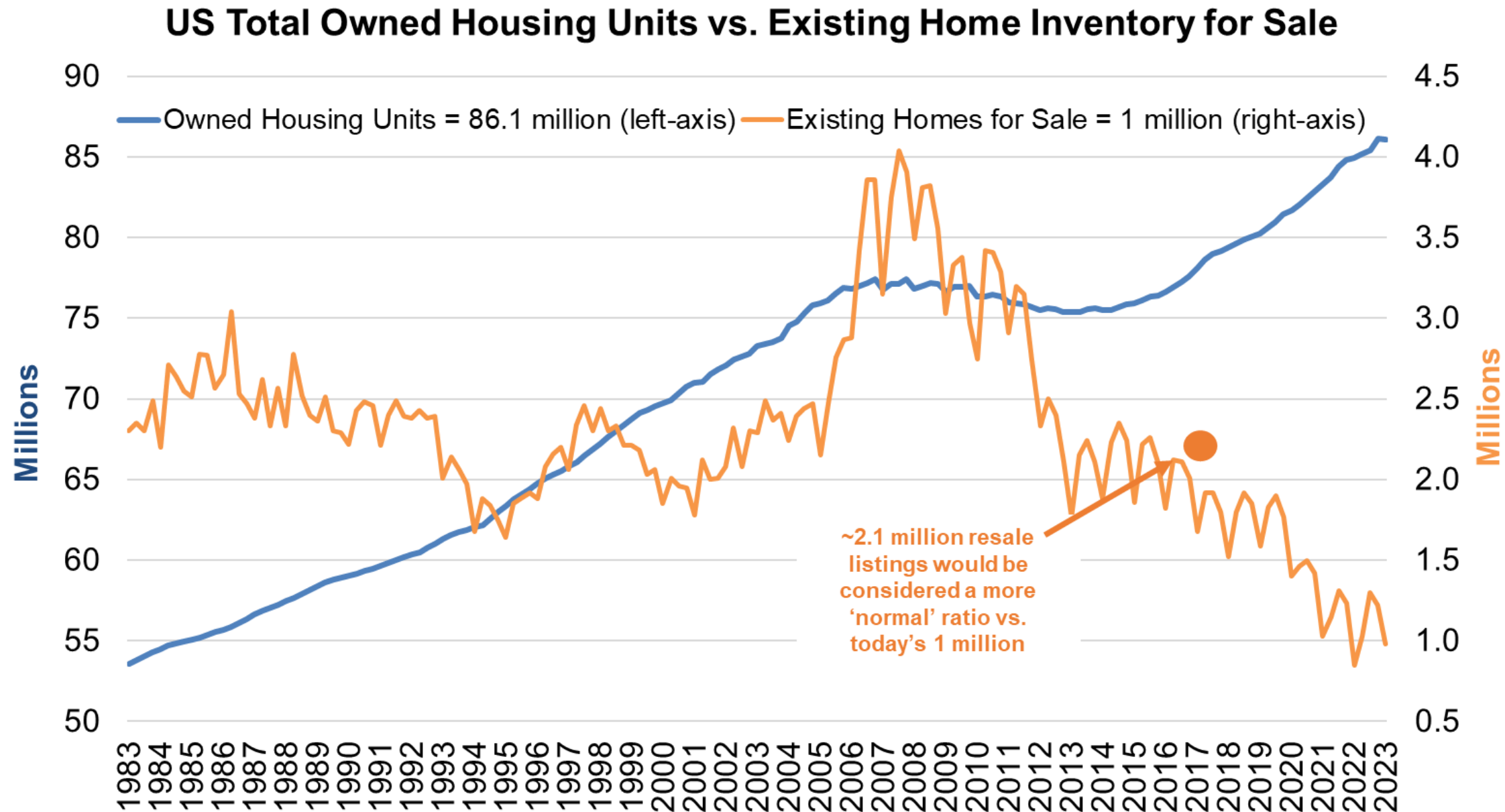
National Resale Supply Outlook

Just 1% of today's 86.1 million owner-occupied homes are up for sale compared to 3% historically

US Existing Home Inventory for Sale to Owner-Occupied Housing Units Ratio



Bringing the ratio of homes for sale to owner-occupied housing units back to 'normal' requires roughly doubling of resale supply



Largest brokerage in country expecting ‘flood of inventory’ IF market mortgage rates approach 5% to 5.5%

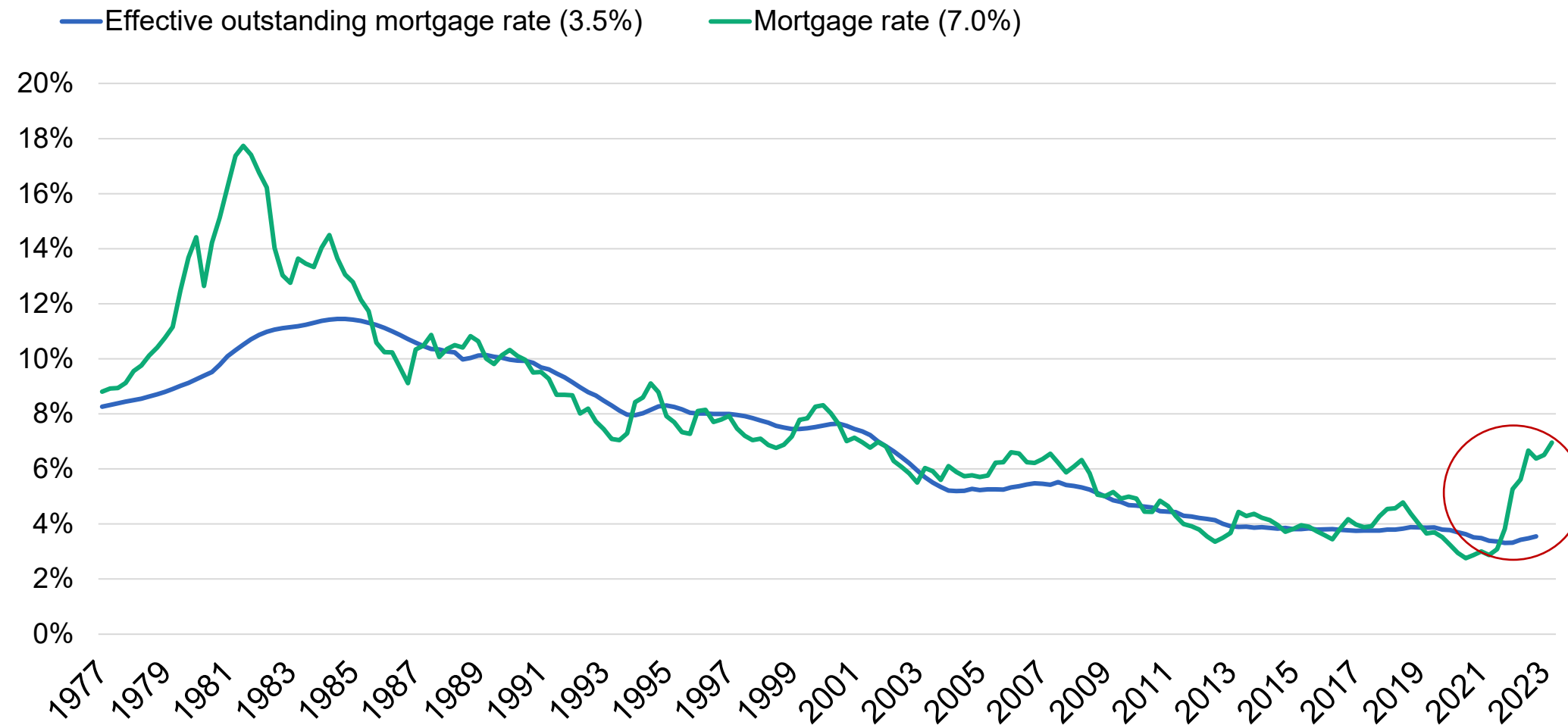
Robert Reffkin – CEO Compass
CNBC interview June 27th, 2023

- “We **need to have an unlock of inventory**, it’s probably **going to happen when mortgage rates get to 5% - 5.5%** in a sustainable level.”
- “At that point, I would expect there to be a **flood of inventory** in the market and it’ll feel like the **pandemic craze all over again**.”



Gap between average owner's existing mortgage rate (3.5%) and current market rates (7%) at 40-year high explains reluctance for many to transact

Mortgage Rates vs. Effective Outstanding Mortgage Rates



An aerial photograph of a residential neighborhood with rows of houses and green lawns. A semi-transparent dark green rectangular box is centered over the image, containing the text "Where to Now" in white. The background image shows a street on the left and a road curving on the right, with many houses in between.

Where to Now

Quick Recap

- Economy solid, expected to slow but not tank
- Regional new home volumes solid, pricing resilient (but strain)
- Existing home sales and listings way down
- Rental market slowed with heightened inventory, SFR typically steady
- Submarkets shift but maintain approximate norms
- Flattish to modestly higher pricing going forward
- New home volumes holding serve, resale volume will need some time

What's Happening with Buyer Segments?

SEGMENT

- Entry-Level
- 1st Move-Up
- 2nd MU/Executive
- Retiree
- Biggest risk? 1st MU. Not a ton of equity, handcuffed, income still on rise, not cash buyer.
- Best target? The rest.

PROS

- No mortgage rate; relos, new HHs, changing life stage, high rents, build equity
- Some equity, better incomes, life stage change
- Lots of equity, higher incomes
- Equity or cash.

CONS

- Lower income, no equity, down pay, mo pay sensitive, hit by high rates, credit
- Golden handcuffs, still price and mo pay sensitive
- Golden handcuffs, static life stage, can wait
- Golden handcuffs again, age in place alternative, slow decision, easily spooked

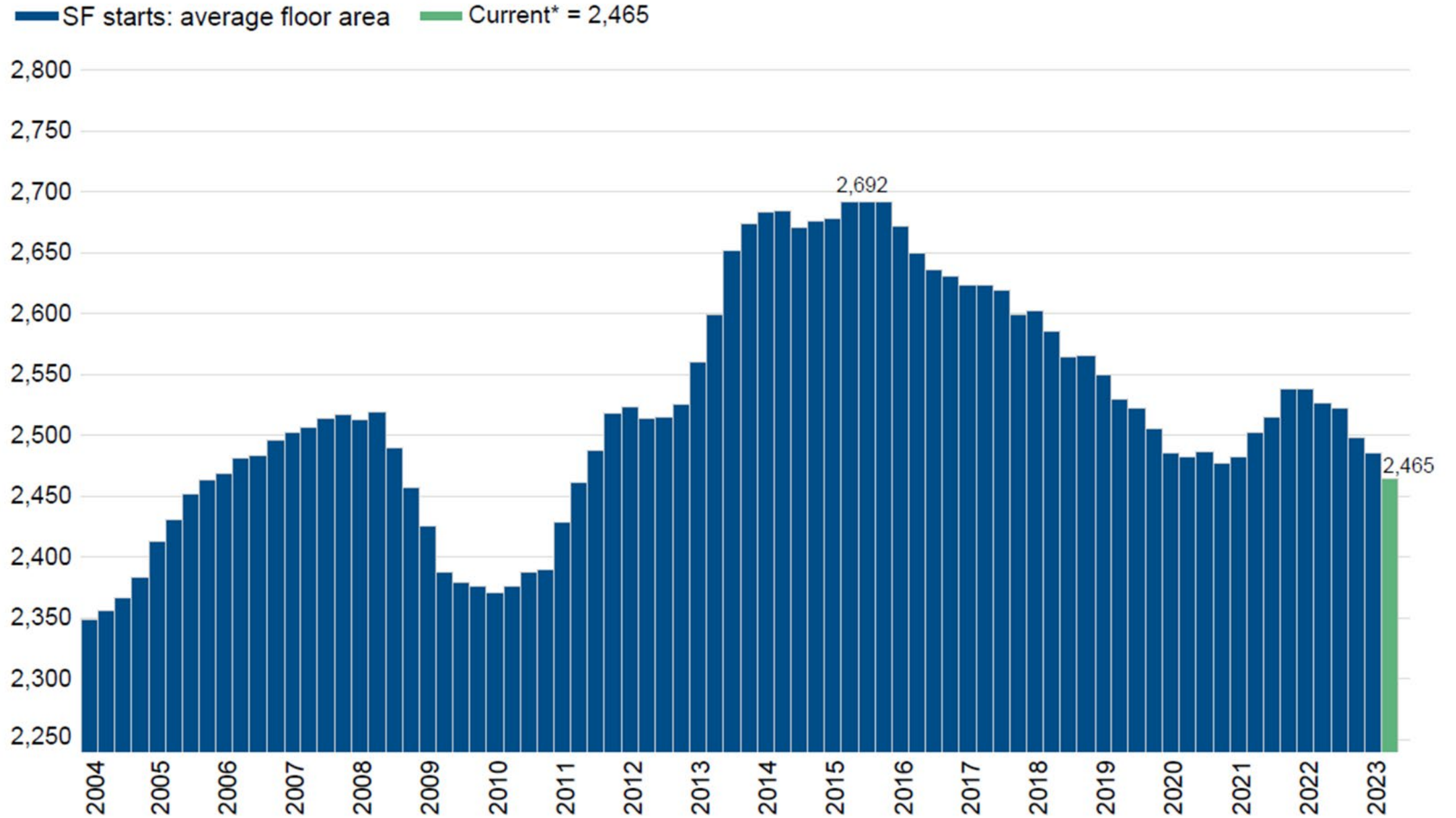
Lessons and Expectations

- Stick with the buydowns, and full-term
- Shift to ARMs or temporary buydowns if possible (if)
- Hit motivated movers – relos, life stage change, family change, new HHs / renters
- Infill (resale competition even more advantageous)
- Hit the entry-level
- Higher densities, smaller homes (2 stories)

Size of New Single-Family Homes

The average size of new single-family homes is falling again after rising steadily in 2021.

Size of New Single-Family Homes



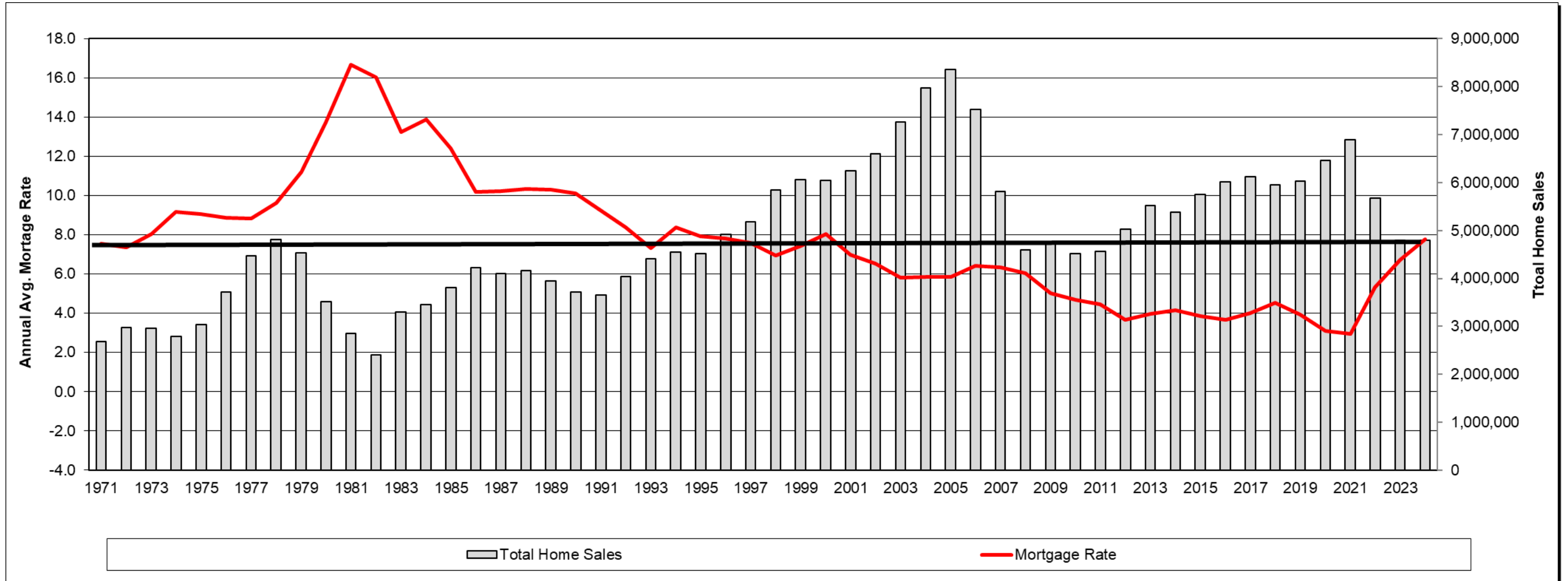
*Current is a rolling 4 quarter average
 Source: Census Bureau (Data: 2Q23, Pub: Oct-23)

Lessons and Expectations

- Reach out to resale buyers who may not realize they have a new home option
- Be mindful of local prices even if offering something different
- Check pulse of supply locally and regionally
- Every recent sale at 5.75% is a new anchor point
- We will still sell homes even with elevated rates

Sales and Mortgage Rates

Sales are dampened with long-term high rates, but there is still a sizeable market



Housing in Trouble – but *which* housing market?

The housing market was already painful, ugly and anxious. Now the 8% mortgage rate is back

**The US Needs More Housing.
Americans Don't Want to Build
It.**

**The US Needs More Housing.
Americans Don't Want to Build
It.**


More new supply would help stem the rise in home prices and rents, but builders can't find enough workers for the record amount of residential construction that has been announced.

New homes have an answer

New home sales soared last month as buyers swarmed the market before mortgage rates could rise even more

LENNAR
Las Vegas

3.375% (5.647% APR) Rate in Year 1!
throughout the Las Vegas Valley



Take Advantage of Lennar Mortgage's 2/1 Buydown Program

3.375% in Year 1	4.375% in Year 2	5.375% for the balance of the term*
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HOMES
2022 BUILDER OF THE YEAR



WOW & NOW
NEW HOME SALES EVENT

Rates As Low As **4.99%** (8.018% APR)*
No Mello-Roos for **TWO YEARS****
No Cost Refinance for **THREE YEARS*****

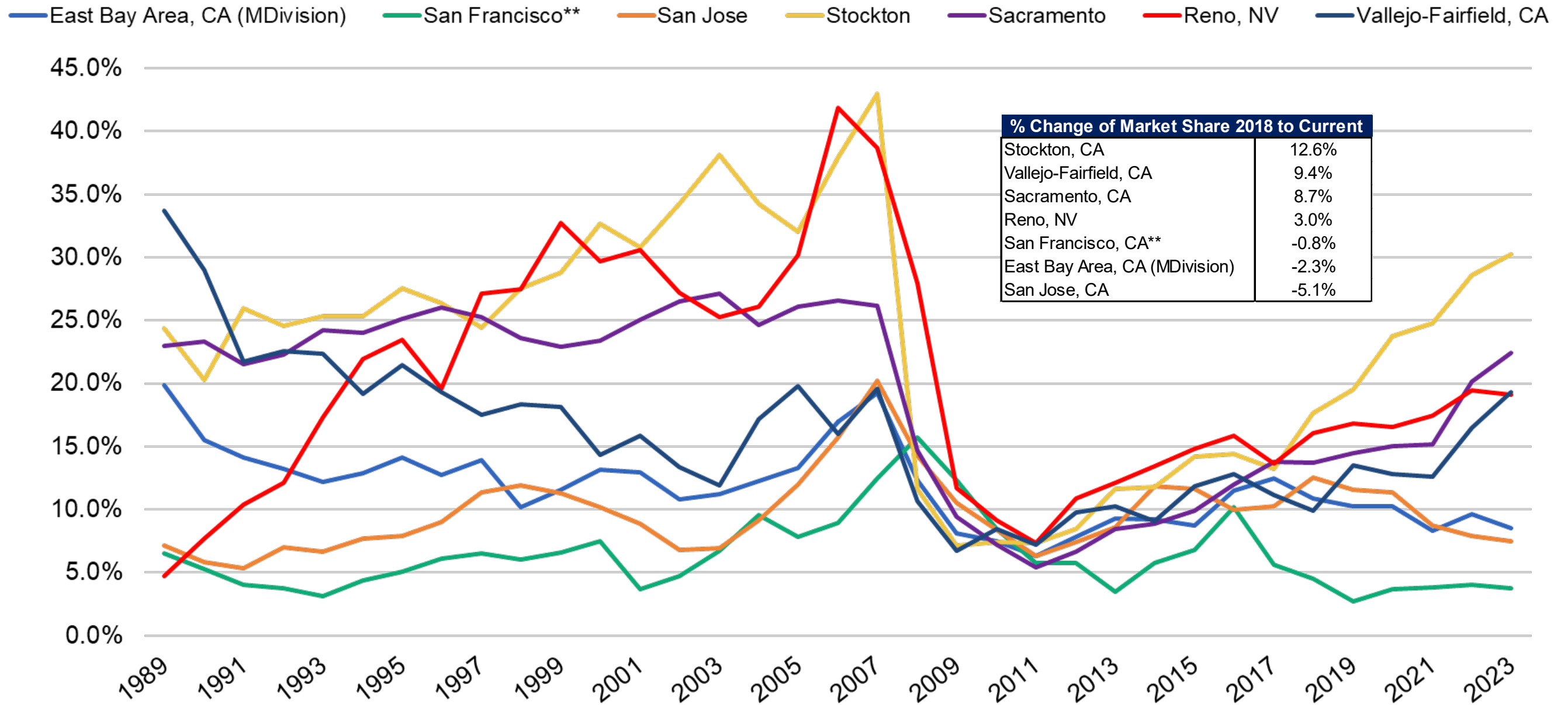
It's here. Exactly what you've been waiting for. A sign that NOW is your time to buy a new Alameda Marina home. We've done all the legwork to bring you new High Performance Homes at Island View and Waterside at Alameda Marina with great pricing and the best financing around.*

For a limited time only.

THE DETAILS

-  Find your new home and call or schedule a tour
-  Get pre-approved with Landsea Mortgage powered by NFM Lending
-  Secure a rate as low as **4.99%** (8.018% APR)*
-  No Mello-Roos** and no cost refinance***

New Home Market Share



*Metro division, ** Combination of metro divisions

1) BHVI. Peak values from 2000–2008

Sources: Corelogic; John Burns Research and Consulting, LLC for forecasts (Data: Aug-23, Pub: Oct-23)

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How did we get to this strange place?

- Fundamental demand drivers solid to strong
- But the market has shrunk
- Demand is down
- Mortgage rates the problem and the key
- Resale supply historically low levels
- Leaves new home sector in a relatively good place – but we are seeing signs of strain

Where are we going?

- Forecasting is hard and uncertain



Where are we going?



Where are we going?



Where are we going?



Where are we going? – The Happy Scenario

- Mortgage rates top 8% or higher and stay there for a good long while
- Economy goes into recession
- Then fundamental demand drops
- Sales and prices drop
- Mortgage rates, however, follow the Fed and head downward
- This frees up resale supply and adds to market woes – temporarily – then leads to the beginning of a new cycle
- We have a painful 2 years or so but the economy recovers, demand grows and prices move backup, in part thanks to new lower rates

Where are we going? – The Very Happy Scenario

- The Fed timidly reduces rates next year as the economy slows modestly
- Fundamental demand is maintained
- Resale supply very gradually frees up
- The new home sector maintains outsized market share that only slowly erodes
- Pent-up demand from all those who would have moved earlier further augments sales
- The economy recovers quickly, but not at a level that spooks Jerome and his pals

Where are we going? – The Likeliest Scenario

- The economy remains decent but slows 2024 into 2025
- Mortgage rates stay comparatively high, but not double digits so no repeat of the 1980s
- Prices are flattish near-term (maybe even slightly negative during the worst of the economic slowdown) then modestly rise
- Resale supply gradually returns (it already is)
- New home market share shrinks gradually
- Sales solid, but builders still subsidize price
- Limited resale supply and decent demand means opportunity – for those who have homes to sell and money to incentivize
- So keep your foot on the pedal, but your expectations tempered

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