



Real Estate Market Recap - December 2022

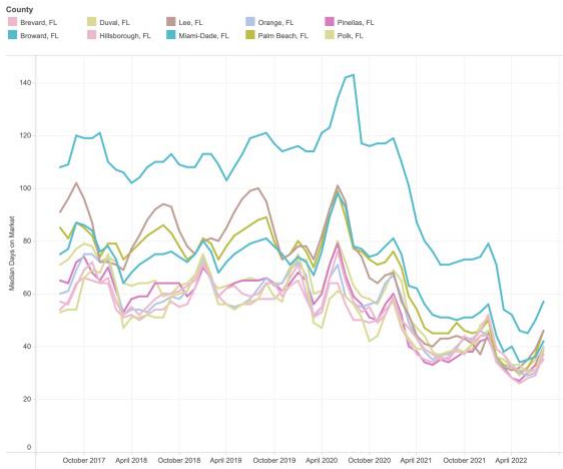
It's well known that the consecutive hikes in the interest rates by the FED have triggered a sudden stop on the **Demand**. Buyers cannot afford increasing home prices combined with high interest rates, so they've been basically priced as from Jun'22 onwards.

Consequently, **Inventory** (Homes for Sale) is starting to increase due to this lack of Buyers. But not as fast as everyone thought it would be. With this level of Interest Rate, Sellers are not motivated to sell either. So, these effects combined result in a few clear events so far:

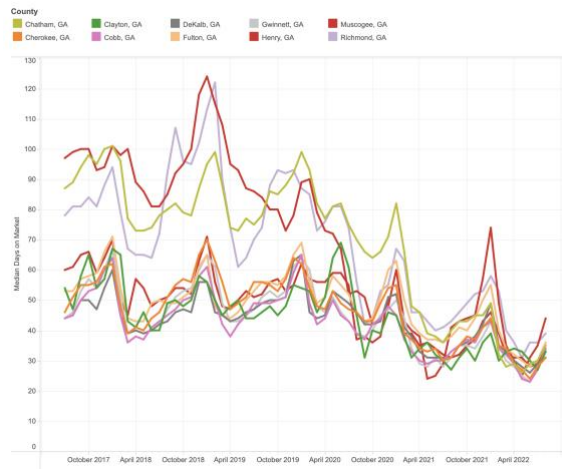
- Market freezes up. Transactions are down 25% to 35% (YoY).
- Days on Market are increasing to a 40 to 60 days level.
- Median Sale Prices are starting to drop between 0.75% and 1.00% per month level.

AVG DAYS ON MARKET - Per State & County

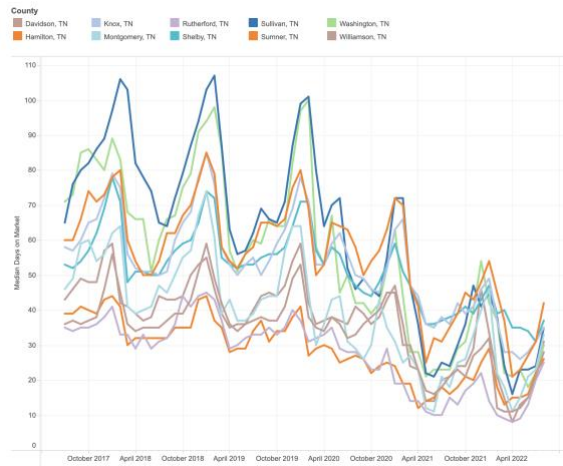
FLORIDA



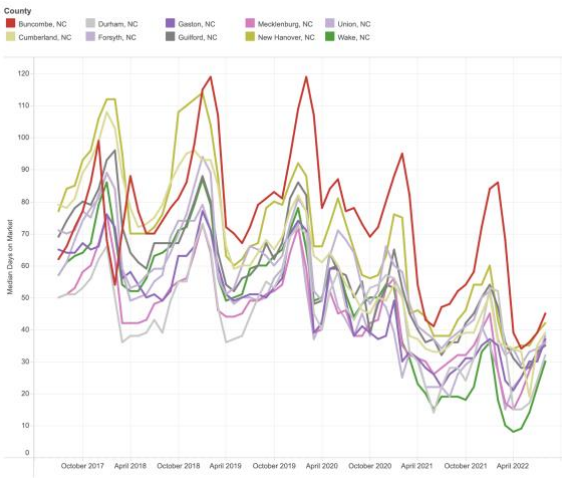
GEORGIA



TENNESSEE



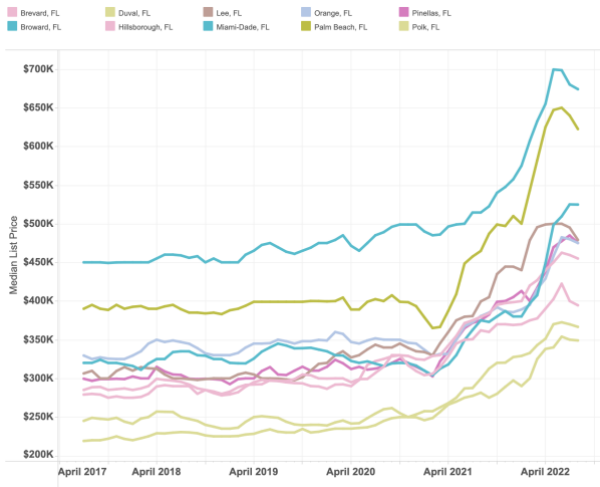
NORTH CAROLINA



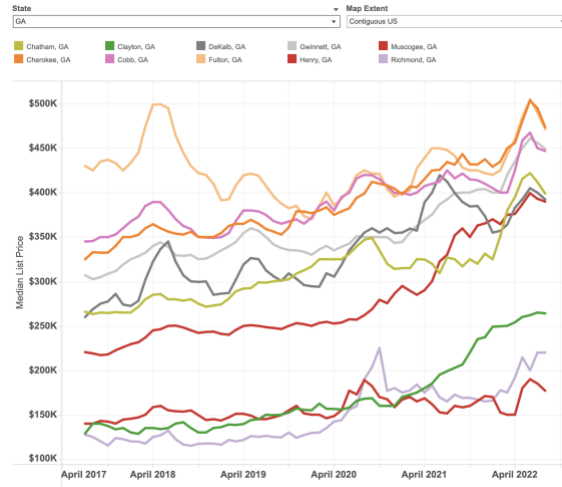


MEDIAN SALE PRICE – Per State & County

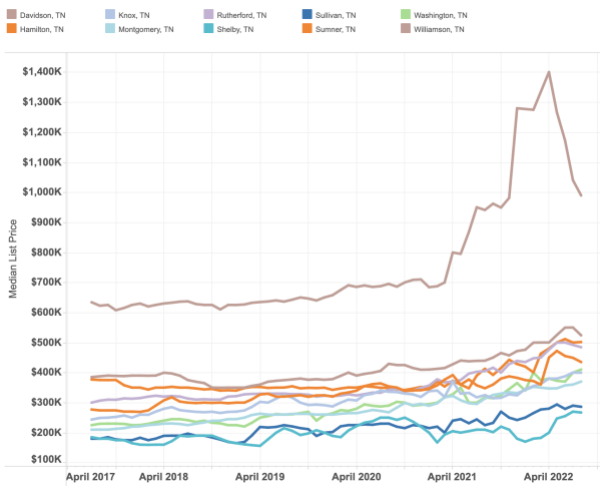
FLORIDA



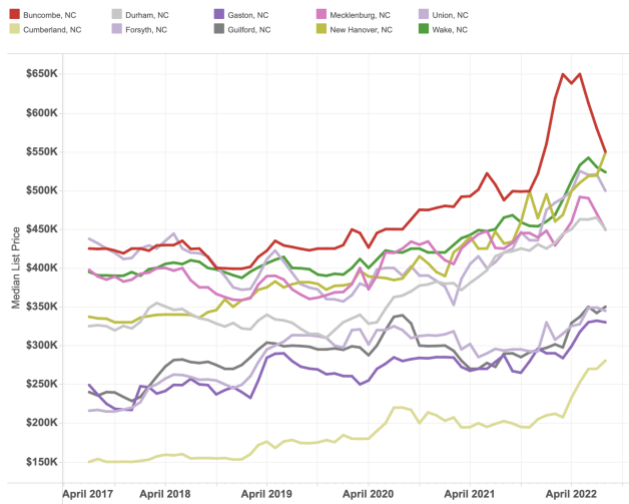
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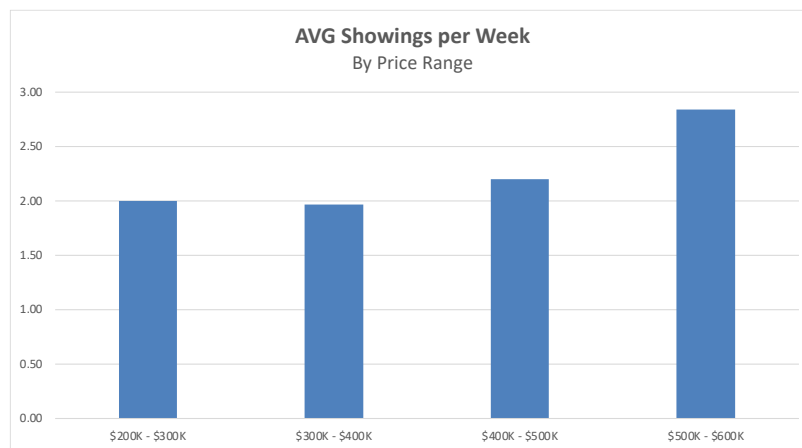


NORTH CAROLINA

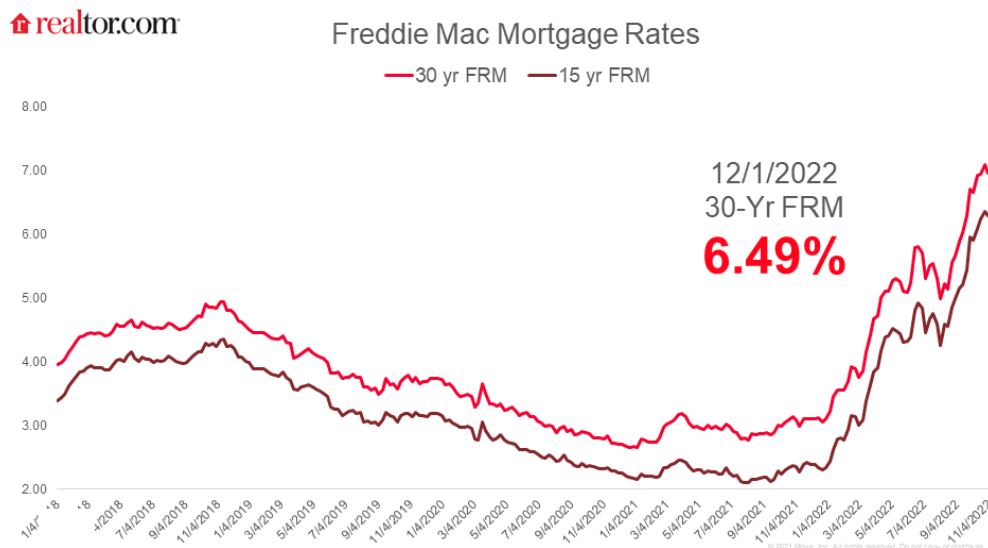


We are monitoring closely all these metrics and how they impact in our markets and our products: **SINGLE FAMILY HOMES** under **\$600K in Sale Price**, located in the **SOUTHEAST** region of the United States.

A particular effect that we noticed in the recent months, is that the current Interest Rates is heavily affecting the lower Price Range, rather than the upper segment. So, the number of Showings and Offers for the properties below \$400K are significantly lower than the ones for properties closer to \$600K.



In the last couple of weeks (late November and early December) we saw mortgage interest rates coming down a notch (from ~7.5% to ~6.5%). Our number of showings (Buyers visiting our properties listed for sale) and offers starting to show a tiny sign of reactivation. Of course, this does not represent enough momentum to call it a trend, but it is getting clear that our Buyers will react when they see changes in Mortgage Interest Rates.



We are foreseeing **LOW** levels of transactions and longer turn-arounds in our deals, as long as the mortgage interest rates stay above ~5%. As we get closer to this number, we expect the transactions to cautiously pick up, and consequently the Price to stabilize a few months after that event.