



REAL ESTATE ANALYSIS
1Q 2023





Housing and Inflation

It's been almost 10 months since the housing demand started unwinding, and the inventories started to soared. We've seen Inventory climbed at astonishing rates in some of our preferred Metro areas (even +200%). But things had changed lately and the Market seems to be reacting and adapting.

| CITY | Home Value YoY % | Inventory YoY % |
|------------------|------------------|-----------------|
| Miami, FL | 11% | 88% |
| Tampa Bay, FL | 6% | 187% |
| Orlando, FL | 7% | 136% |
| Raleigh, NC | 3% | 273% |
| Charlotte, NC | 5% | 110% |
| Fayetteville, NC | 15% | 130% |
| Atlanta, GA | 4% | 70% |
| Nashville, TN | 4% | 253% |

Contrary to what many experts forecasted; Home Prices in our Metro areas in the South East of US didn't slip considerably. We are monitoring closely the Median Sale Prices, and the drop from the peak (June – July 2022) was measured between 1% and 5%, depending on the city. Nevertheless, we are still up an average of 5% year-over-year.

We've have been observing a slight adjustment in the AVG Mortgage Interest Rates that had some positive impact in the Buyer's purchase power.

| CHART: 52-WEEK AVERAGE MORTGAGE RATES | | | | | | | | |
|---------------------------------------|---------|----------|----------|----------|---------|---------------|---|-------|
| Average Rates | Current | Change | | | | 52 Week Range | | |
| | | 1 day | 1 week | 1 month | 1 year | Low | High | |
| 30 Yr. Fixed | 6.66% | -0.01% ↓ | +0.16% ↑ | -0.09% ↓ | +128% ↑ | 5.05% |  | 7.37% |
| 15 Yr. Fixed | 6.04% | -0.01% ↓ | +0.17% ↑ | -0.13% ↓ | +125% ↑ | 4.38% |  | 6.75% |
| 30 Yr. FHA | 6.25% | +0.00% = | +0.15% ↑ | +0.05% ↑ | +125% ↑ | 4.55% |  | 7.00% |
| 5/1 ARM | 6.82% | +0.02% ↑ | +0.07% ↑ | +0.32% ↑ | +257% ↑ | 4.19% |  | 6.95% |
| 30 Yr. VA | 6.25% | +0.01% ↑ | +0.16% ↑ | +0.00% = | +113% ↑ | 4.65% |  | 7.00% |

Source: http://www.mortgagenewsdaily.com/mortgage_rates/

This Interest Rate effect, combined with the overall Inflation that the regular consumer has been experiencing in their day-to-day lives (6% to 8% annual), and the mild Price Adjustments mentioned before, had a compensating effect on the Buyer's Purchasing Power.



| CITY | AVG Home Value / HH Income 2022 | AVG Home Value / HH Income 2023 |
|------------------|---------------------------------|---------------------------------|
| Miami, FL | 9.2x | 6.8x |
| Tampa Bay, FL | 7.5x | 5.7x |
| Orlando, FL | 8.0x | 5.6x |
| Raleigh, NC | 8.9x | 4.8x |
| Charlotte, NC | 7.1x | 4.9x |
| Fayetteville, NC | 4.7x | 3.5x |
| Atlanta, GA | 7.0x | 4.6x |
| Nashville, TN | 8.1x | 5.6x |

Median Sale Prices **down** 1% to 5%
Mortgage Interest Rates **down** ~10%
Consumer Inflation (CPI) **up** 6% to 8%

Conclusion

We still sustain that affordability is becoming a serious problem for the US Economy in the Long term, and a broad solution needs to be found to avoid finishing in a massive Renters Market. In the meantime, demand has gain back some momentum with these market updates, and we expect to go back to the same trend as before.