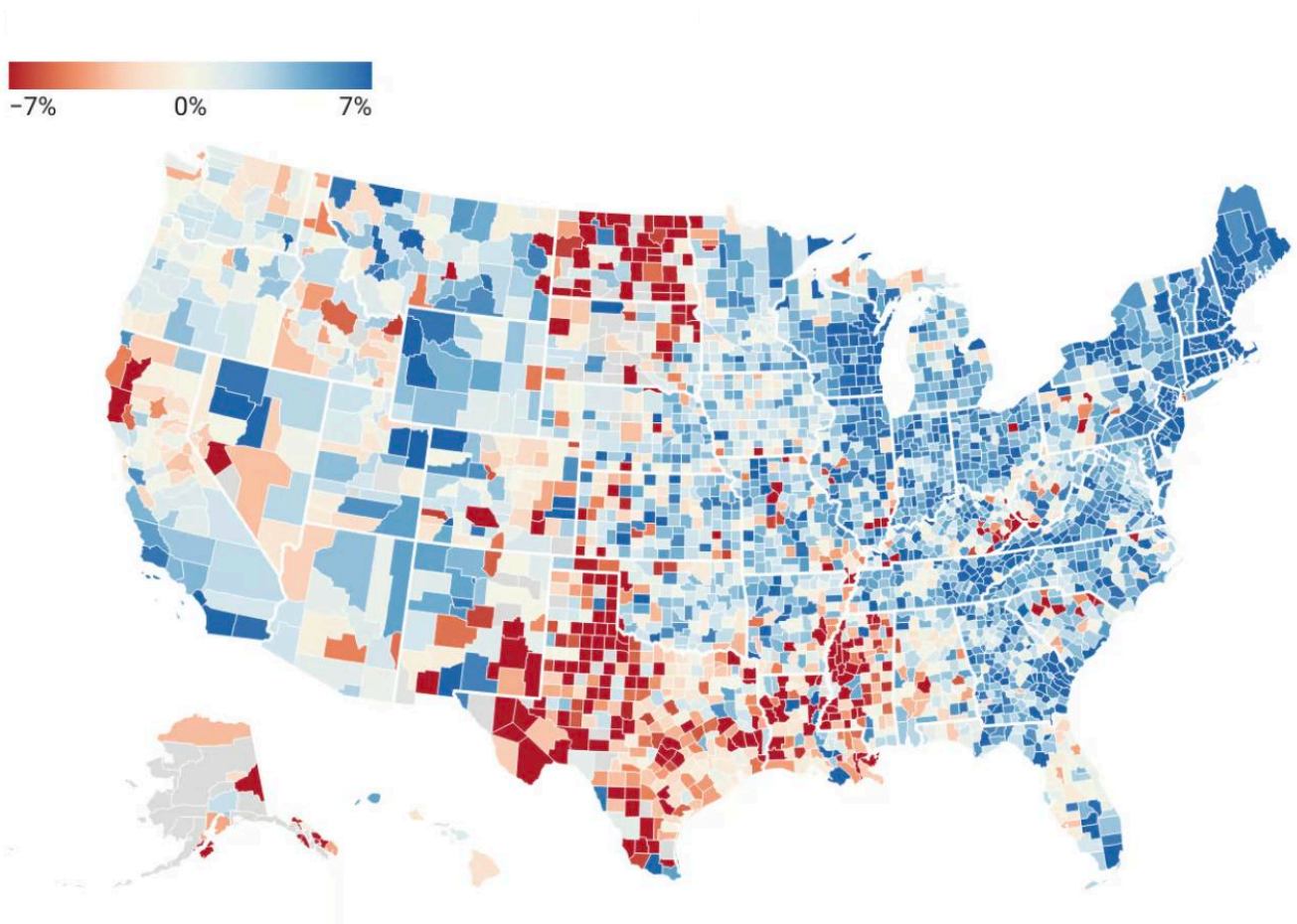


Home Prices in 2023

Following the interest rate correction in the second half of 2022, U.S. home prices stabilized and began a modest ascent in early 2023. Despite lingering affordability challenges at levels not witnessed in four decades, the national single-family housing market found support in the lack of resale inventory and a shortage of distressed properties. According to the Zillow Home Value Index, U.S. home prices increased by +3.2% in the calendar year 2023, just below the historical average.

The Northeast and Midwest, experienced the highest home price growth last year. Meanwhile, specific areas in Texas, Louisiana, and Mississippi continued to contend with correction-mode conditions throughout 2023.

Shift in local home prices between December 2022 and December 2023



Source: Zillow Home Value Index (ZHVI), without seasonal adjustments



Generally speaking, housing markets where inventory (i.e. active listings) has returned to pre-pandemic levels have experienced weaker home price growth over the past year. Conversely, housing markets where inventory remains far below pre-pandemic levels have, generally speaking, experienced stronger home price growth over the past year.

And in many areas where pricing experienced an elevated level of growth in 2023, such as San Diego, inventory remains exceptionally tight. Conversely, certain pockets of Texas and Louisiana still grapple with elevated inventory. Notably, inventory is showing a notable increase in some Florida housing markets, hinting at a potential softening in house price growth in those regions soon.

In many areas where pricing witnessed elevated growth in 2023, like San Diego, inventory remains exceptionally tight. Conversely, specific pockets of Texas and Louisiana continue to grapple with elevated inventory. Notably, there has been a recent increase in inventory in certain Florida housing markets that exceeds normal seasonality, hinting at a potential softening in house price growth in parts of Florida.

Home price shifts in America's 40 largest metro area housing markets

Pulled from the Lance Lambert House Price Tracker

Metro housing market	MoM	YoY	Shift since 2022 peak	Down from peak	Since March 2020
United States	-0.6%	3.2%	-0.8%	-1.4%	39.8%
New York, NY	0.2%	5.1%	2.2%	0.0%	26.5%
Los Angeles, CA	-0.4%	6.3%	-1.5%	-1.5%	33.8%
Chicago, IL	-0.7%	5.9%	1.6%	-1.4%	29.2%
Dallas, TX	-0.7%	-0.5%	-6.0%	-6.0%	41.6%
Houston, TX	-0.6%	-0.4%	-4.0%	-4.0%	34.3%
Washington, DC	-0.3%	3.6%	-1.4%	-1.4%	24.0%
Philadelphia, PA	-0.4%	6.8%	4.1%	-0.7%	37.2%
Miami, FL	0.1%	6.7%	6.4%	0.0%	57.2%
Atlanta, GA	-0.4%	3.3%	-1.0%	-1.0%	50.8%
Boston, MA	-0.5%	7.5%	1.7%	-0.9%	34.1%
Phoenix, AZ	-0.5%	1.4%	-8.9%	-8.9%	47.7%
San Francisco, CA	-1.0%	0.6%	-12.9%	-12.9%	16.1%
Riverside, CA	0.0%	4.0%	-2.0%	-2.0%	45.6%
Detroit, MI	-1.0%	5.2%	-0.0%	-1.9%	32.9%



Seattle, WA	-0.5%	1.9%	-10.0%	-10.0%	33.4%
Minneapolis, MN	-1.1%	1.4%	-4.8%	-4.8%	22.1%
San Diego, CA	-0.2%	8.4%	-0.9%	-0.9%	45.9%
Tampa, FL	-0.3%	2.2%	-2.1%	-2.1%	58.9%
Denver, CO	-0.6%	0.7%	-8.5%	-8.5%	29.3%
Baltimore, MD	-0.6%	4.0%	0.7%	-1.8%	25.8%
St. Louis, MO	-0.7%	5.3%	1.4%	-2.1%	33.7%
Orlando, FL	-0.3%	3.0%	0.3%	-0.6%	50.7%
Charlotte, NC	-0.5%	2.9%	-1.8%	-1.8%	52.8%
San Antonio, TX	-1.0%	-3.3%	-7.0%	-7.0%	32.0%
Portland, OR	-0.7%	1.0%	-7.6%	-7.6%	26.7%
Sacramento, CA	-0.6%	1.2%	-8.7%	-8.7%	28.3%
Pittsburgh, PA	-1.0%	4.3%	-1.1%	-2.4%	26.4%
Cincinnati, OH	-0.7%	5.3%	1.8%	-2.1%	39.5%
Austin, TX	-1.0%	-7.2%	-20.1%	-20.1%	37.8%
Las Vegas, NV	0.1%	1.5%	-7.2%	-7.2%	37.9%
Kansas City, MO	-0.8%	4.8%	0.7%	-2.4%	38.3%
Columbus, OH	-0.8%	5.3%	1.3%	-1.8%	41.6%
Indianapolis, IN	-0.8%	2.0%	-1.3%	-2.2%	43.7%
Cleveland, OH	-0.8%	6.2%	2.4%	-1.7%	38.3%
San Jose, CA	-0.4%	6.5%	-9.4%	-9.4%	26.1%
Nashville, TN	-0.6%	0.3%	-4.9%	-4.9%	43.9%
Virginia Beach, VA	-0.3%	5.6%	4.0%	-1.0%	34.6%
Providence, RI	-0.4%	7.9%	3.8%	-0.5%	43.8%
Jacksonville, FL	-0.5%	-0.5%	-3.7%	-3.7%	49.2%

Source: Zillow Home Value Index (ZHVI) through Dec'23, with seasonal adjustments

Inventory Tracker

The following chart shows the Inventory levels (Active Listings) for the last 8 years, in each one of the Markets we cover:

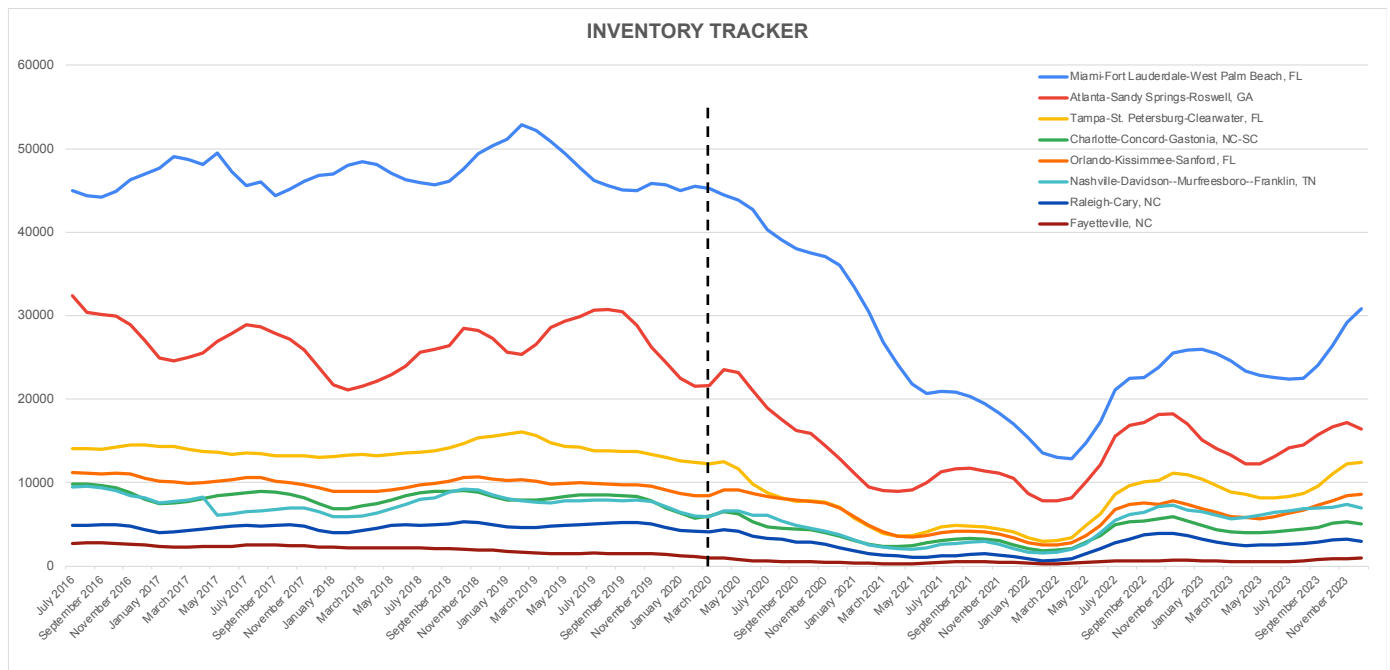
Miami / Ft. Lauderdale, FL
Nashville, TN
Fayetteville, NC

Orlando, FL
Atlanta, GA
Charlotte, NC

Tampa / St. Pete, FL
Raleigh, NC



The variation between the Inventory Level in Mar'20 and Dec'23 should give us an indicator of what could happen in the future with Home Prices.



The chart above shows different scenarios for our metro areas, from highest inventory level than the pre-pandemic era (Nashville, Tampa and Orlando), to much lower levels (Miami and Raleigh, etc.).

<u>Metro Areas</u>	<u>Inventory Variation %</u>
Nashville, TN	+18.20%
Orlando, FL	+1.56%
Tampa / St. Pete, FL	+1.03%
Fayetteville, NC	-2.64%
Charlotte, NC	-16.11%
Atlanta, GA	-23.92%
Raleigh, NC	-26.80%
Miami / Ft. Lauderdale, FL	-31.88%



Prices – What to expect for 2024

The interest rate drop observed in the last couple of months (from a peak of 8.03% in Nov'23 to a current average of ~6.60% in Jan'24) is boosting Buyer's demand. We are seeing a higher-than-normal traffic in all our Homes for Sale, and it is slowly converting into sales.

We are expecting a *price stabilization at the current levels* in the areas where the Inventory is higher than the pre-pandemic levels (Nashville, Orlando and Tampa), and a *potential price increase* where the inventory is still low (North Carolinas, Atlanta and Miami).

We will try to direct our purchase power towards these areas that would most probably have a better performance from the supply perspective.

As always, we will be monitoring Labor data, Pending Sales, Median Sales Prices, Closed Sales and some other metrics to anticipate any effect. If you need further information or if you want to give us your POV, please don't hesitate to email us at ir@equity305.com
