



GAHBA Builder/Developer/Lender Council

May 15th, 2024

John Hunt – ViaSearch/MarketNsight

jrhunt@marketsight.com

(770) 419-9891

MARKETWATCH

"HIGHER FOR LONGER" MAY BE
HERE TO STAY

THURSDAY | JUNE 13, 2024 | 10:00 A.M. EST

Can high interest rates ever solve housing's *real* long term problem - lack of supply?

Home prices are surging *again* due to lack of inventory across MarketNsight's footprint. How can we best adapt to the new norms for Housing supply and demand?

Join us as we confront these important topics and reveal our forecasts for the rest of 2024 and beyond!

Featuring:



JOHN HUNT
MarketNsight



DR. RAJEEV DHAWAN
Georgia State University
Economic Forecasting Center

Click Here to
Register
MarketWatch Via Zoom

www.MarketNsight.com | info@marketnsight.com | 770-419-9891



FORECASTING WITH
A PROVEN TRACK
RECORD

Sponsored by:

BankSouth
MORTGAGE

BERKSHIRE | GEORGIA
HATHAWAY | PROPERTIES
HOMESERVICES

NEW HOMES DIVISION
CONDOS • SINGLE FAMILY • TOWNHOMES

Right Choice
Brought to you by Jackson EMC

COMMUNITIES
Magazine
45 Years Experience • Since 1978

BLUE RIVER
DEVELOPMENT

denim
MARKETING 25 Years

CURRENTLY SERVING OVER 40 CITIES
THROUGHOUT THE SOUTHEAST WITH
MORE TO COME!

Alabama

Auburn
Birmingham
Huntsville
Montgomery
Orange Beach
Tuscaloosa

Florida

Emerald Coast
Gold Coast
Jacksonville
Orlando
Panama City
Space Coast
Tallahassee
Tampa

Georgia

Atlanta
Augusta
Brunswick
Columbus
Golden Isles
Macon
Savannah
Valdosta

Louisiana

Baton Rouge **NEW**
New Orleans

North Carolina

Asheville
Charlotte
Greensboro
Raleigh
Wilmington

South Carolina

Aiken
Beaufort
Charleston
Columbia
Florence **NEW**
Greenville
Myrtle Beach
Spartanburg
Sumter
Western Upstate

Tennessee

Chattanooga
Nashville

Virginia

Richmond

Texas

Dallas
Houston
Austin
San Antonio **NEW**



MarketNsight



**The National Media is ALWAYS 2 Months
Behind MarketNsight!!**

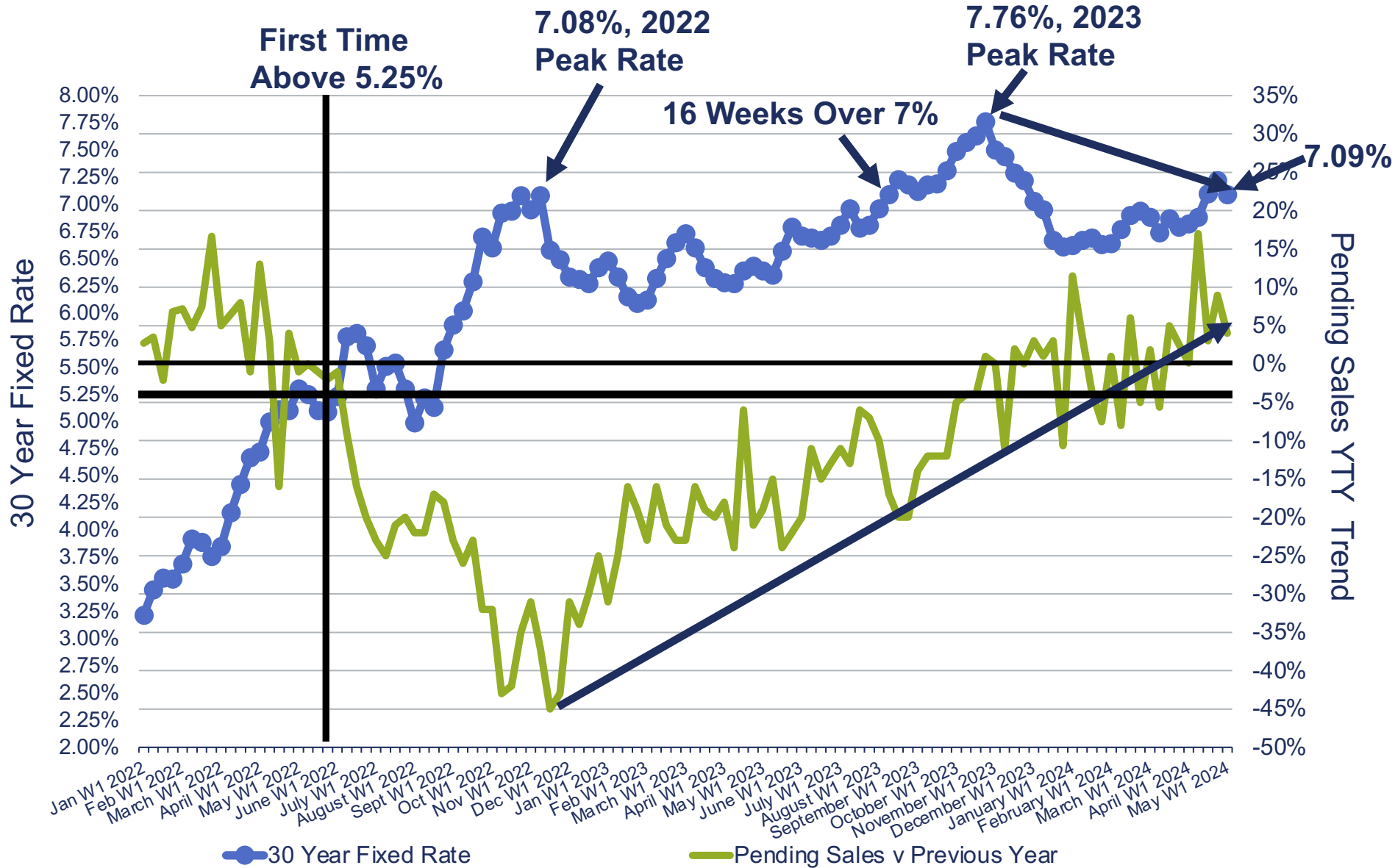
**In June 2022, We Reinstated Weekly
Market Updates as Rates Began Exploding**



**Want to See July National Headlines
Today???**

Weekly Pending Sales YTY % Change

January Week 1 2023 Through May 7th, 2024





Who The Heck Is Buying??

All Cash Buyers!!

Non-Discretionary Buyers!!

Job Report Projections vs. Reality

	Projected	Actual
January 2023	187,000	517,000
February 2023	225,000	311,000
March 2023	238,000	236,000
April 2023	180,000	253,000
May 2023	190,000	339,000
June 2023	240,000	209,000
July 2023	200,000	187,000
August 2023	170,000	187,000
September 2023	170,000	336,000
October 2023	170,000	150,000
November 2023	190,000	199,000
December 2023	170,000	216,000

3,140,000 Jobs Added in 2023!

Source: CNBC

Job Report Projections vs. Reality

	Projected	Actual
January 2024	185,000	353,000
February 2024	198,000	275,000
March 2024	200,000	303,000
April 2024	240,000	175,000

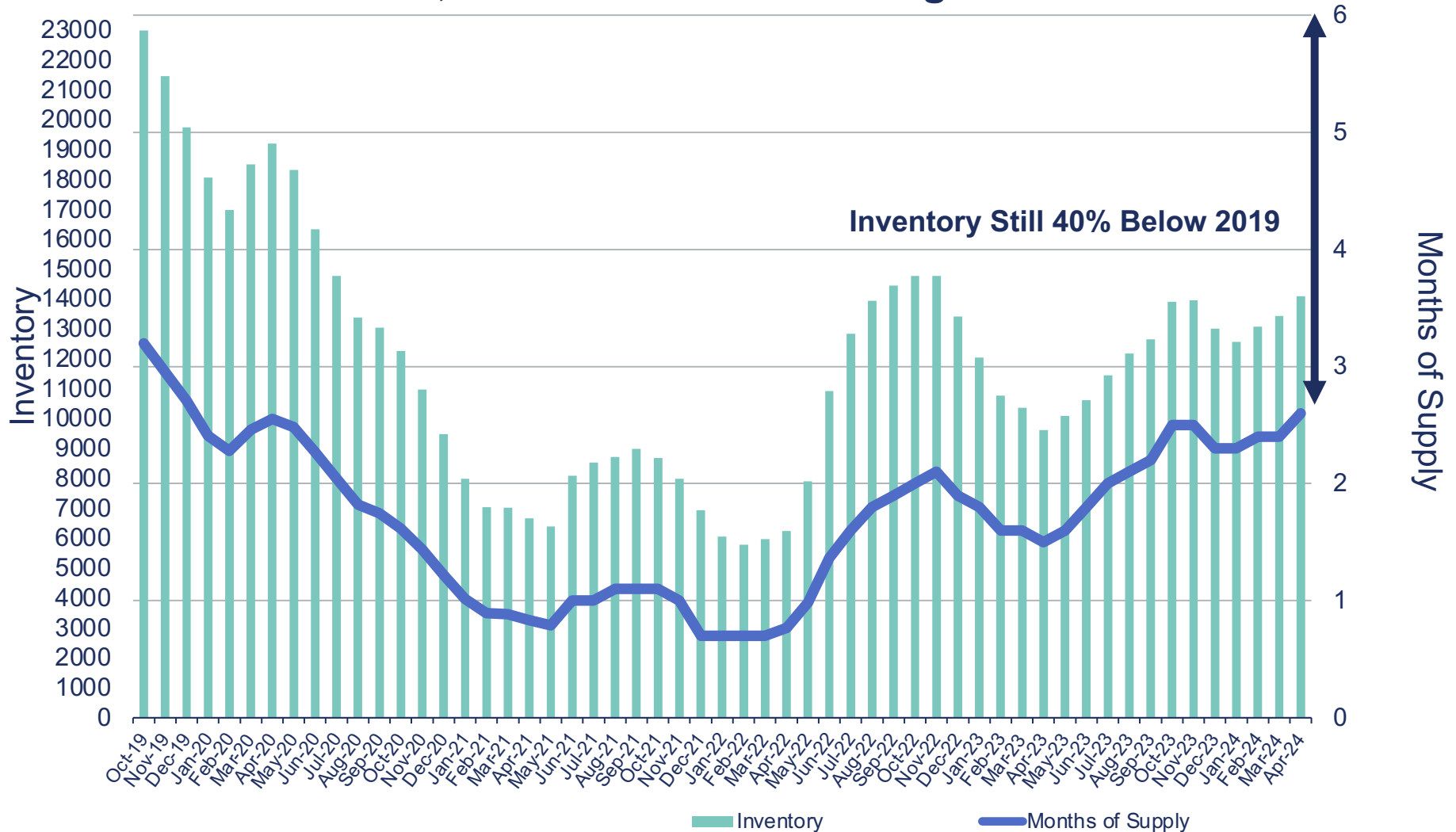
1,106,000 Jobs Added YTD in 2024!



What About Inventory??

Inventory and Months of Supply Trending

43,000 Unit Annual Housing Deficit



Housing inventory could grow 40% this year

But that doesn't mean home prices will fall significantly

March 11, 2024, 5:08 pm By Mike Simonsen

Last fall when people were still expecting mortgage rates to be falling this year, it was common to assume rates would be in the low 6s or 5s this year and people asked me if lower rates would bring a flood of inventory.



- Featured EV

Hosted By HousingV
Navigating the fut
of commission law

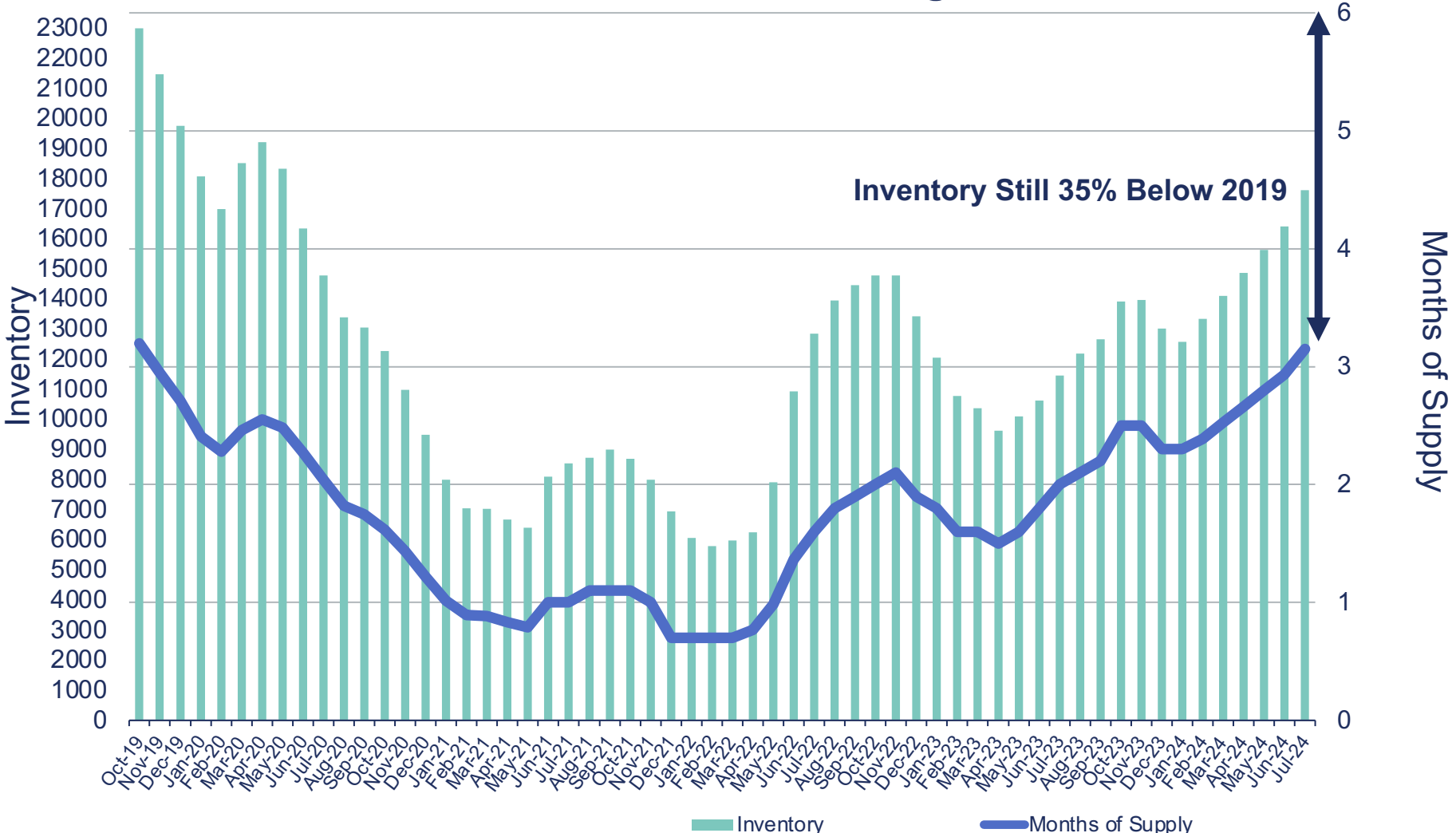
Hosted By Jaro
Rethinking our app
Quality

Hosted By HousingV
HousingWire: The C

- Featured W

Inventory and Months of Supply Trending With Assumed 40% Increase

38,000 Unit Annual Housing Deficit



US Existing Home Months' Supply

2.90 for Feb 2024



**The Last Time We Had More Than
6 MOS was August 2012!**

Source: Ycharts, Accessed 15 April 2024.

https://ycharts.com/indicators/us_existing_home_months_supply/chart/#?axisExtremes=&chartAnnotations=&calcs=&chartId=&chartType=interactive&correlations=&customGrowthAmount=&dataInLegend=value&dateSelection=range&displayDateRange=false&endDate=04%2F15%2F



What About Price??

YTY Change in Closed Price

■ YTY Change

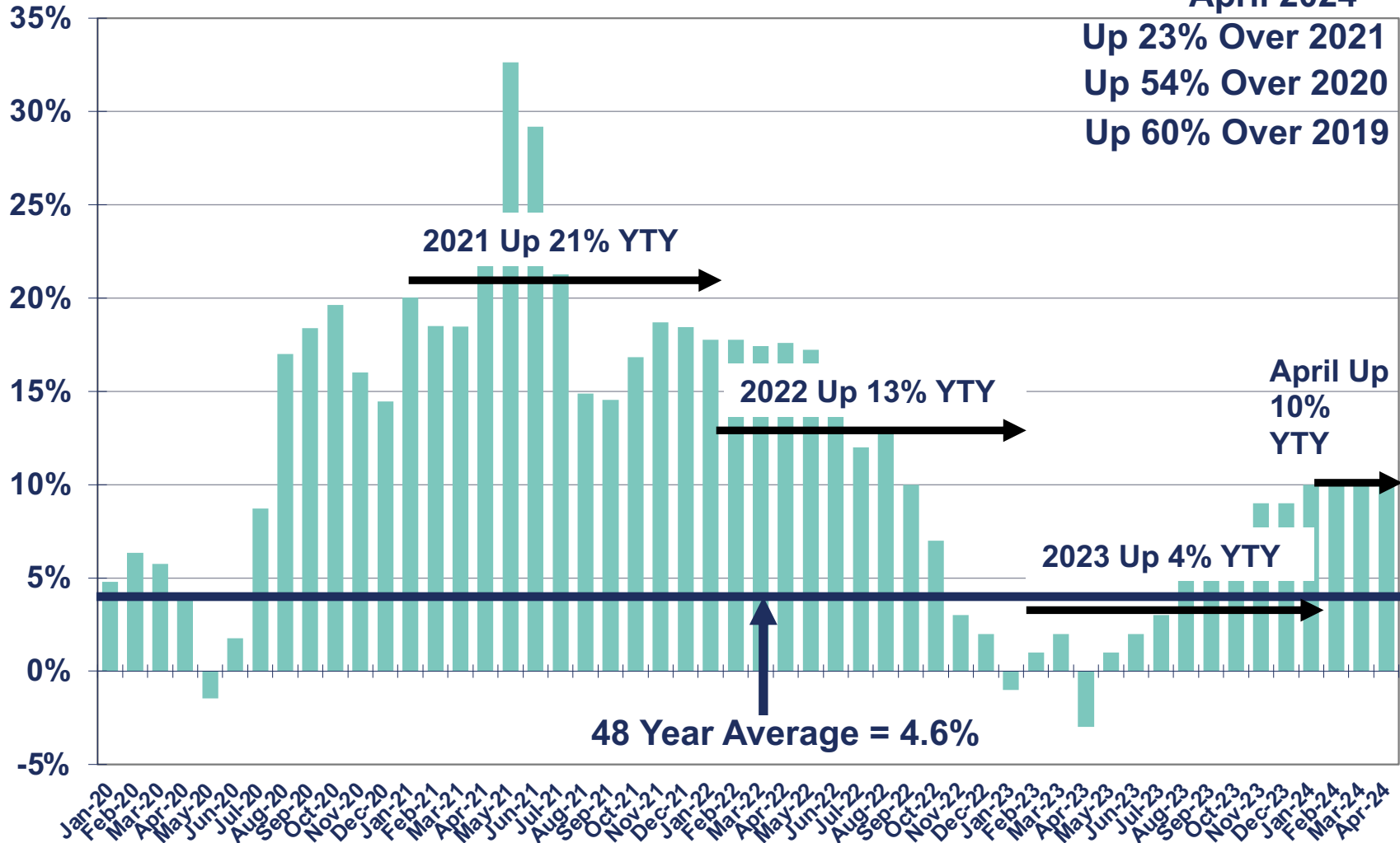
April 2024

Up 23% Over 2021

Up 54% Over 2020

Up 60% Over 2019

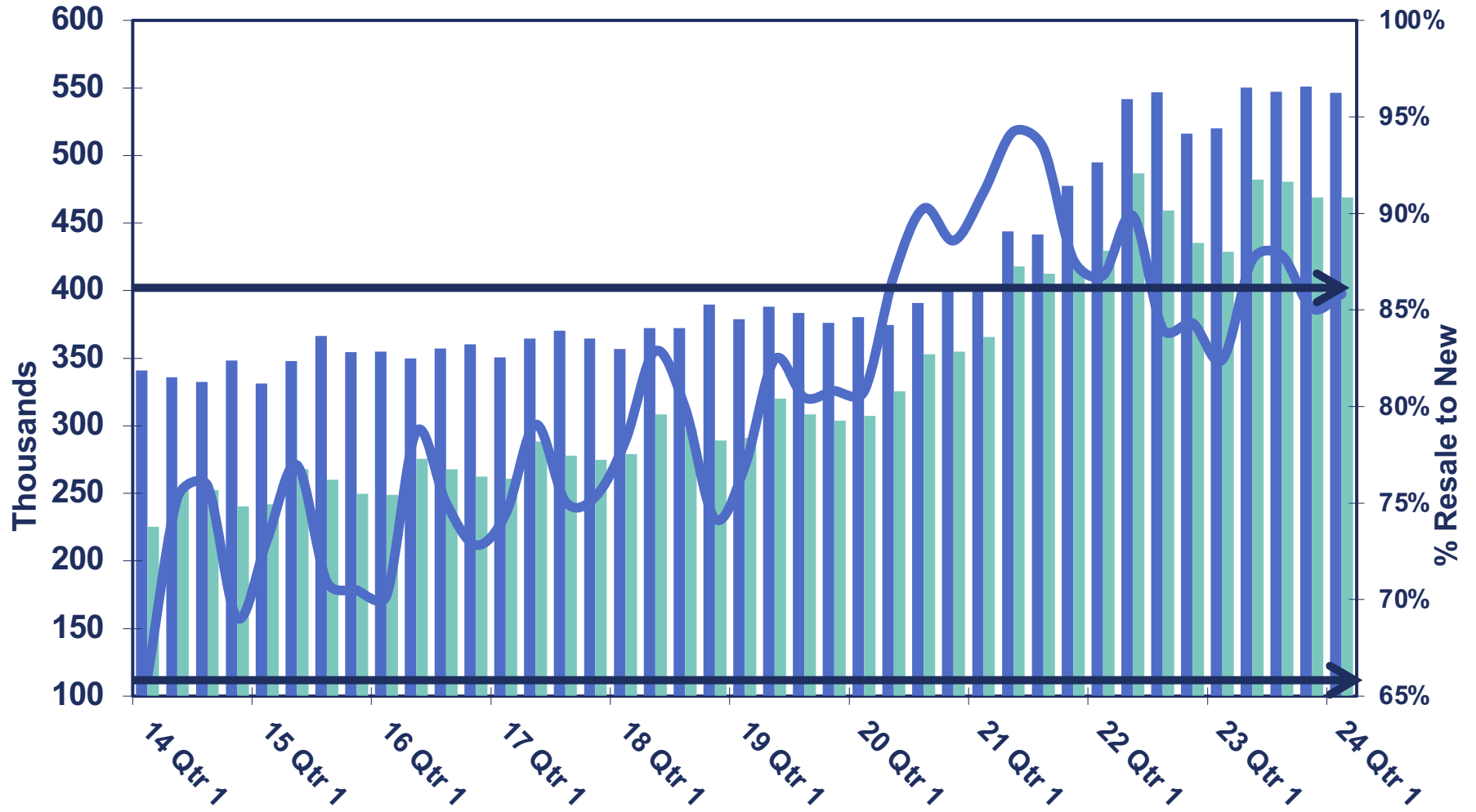
YTY Change



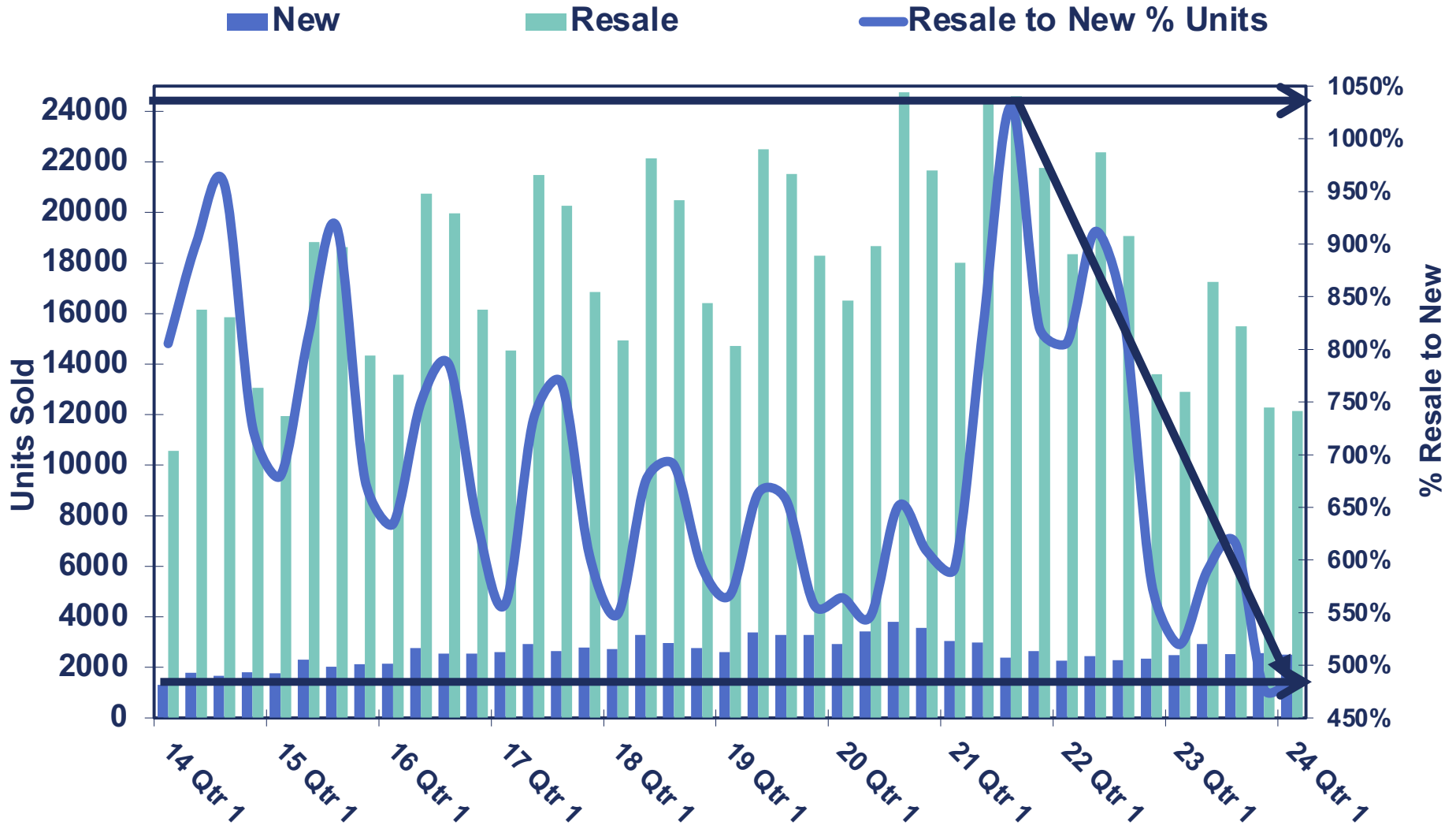
2024
Up
10%
YTY

Average Price – Atlanta MSA

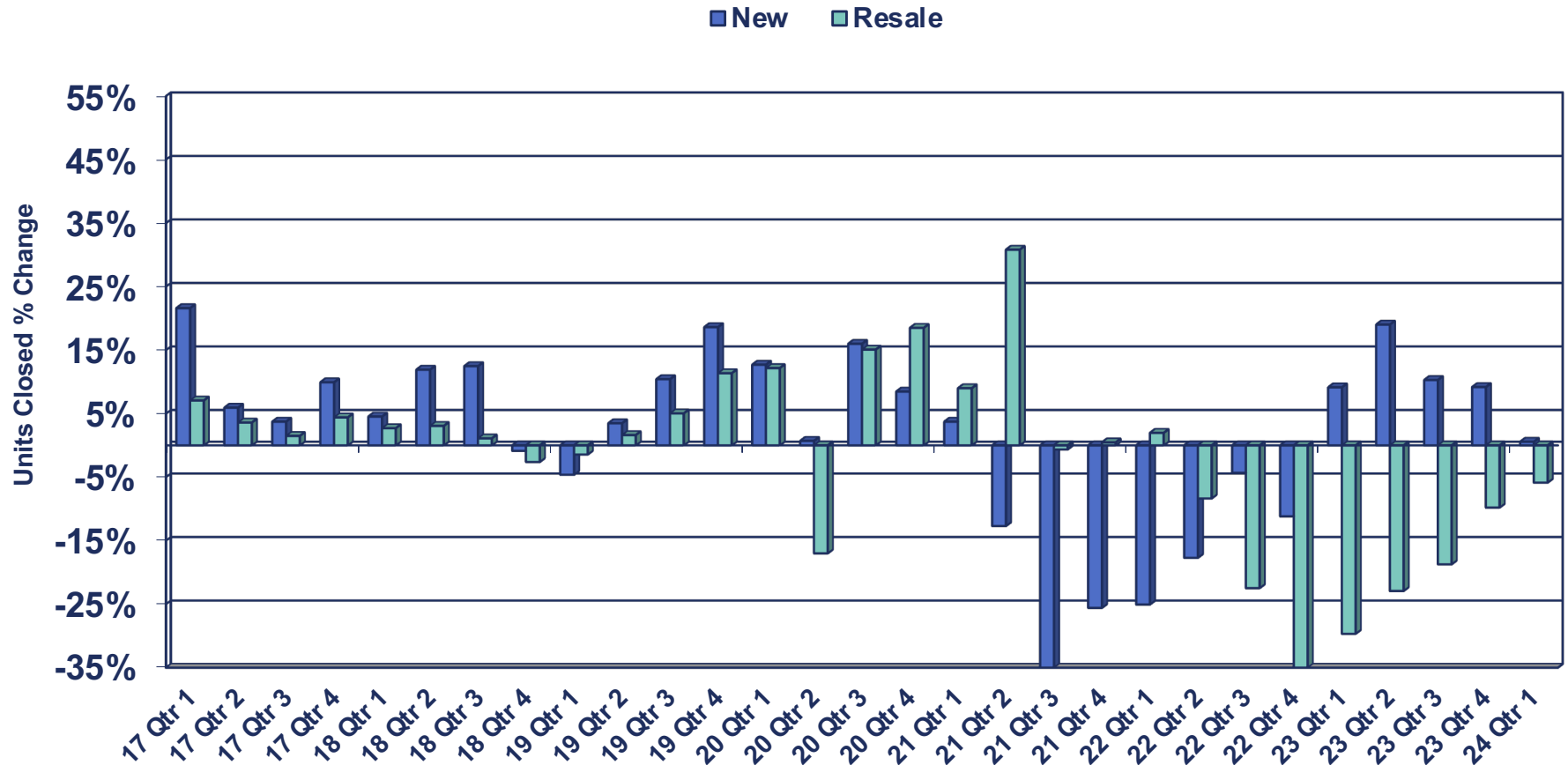
■ New
 ■ Resale
 — Resale to New % Price



Units Closed Total – Atlanta MSA



Total Units Closed Year to Year % Change Atlanta MSA



5 Qtr New Avg. +10%

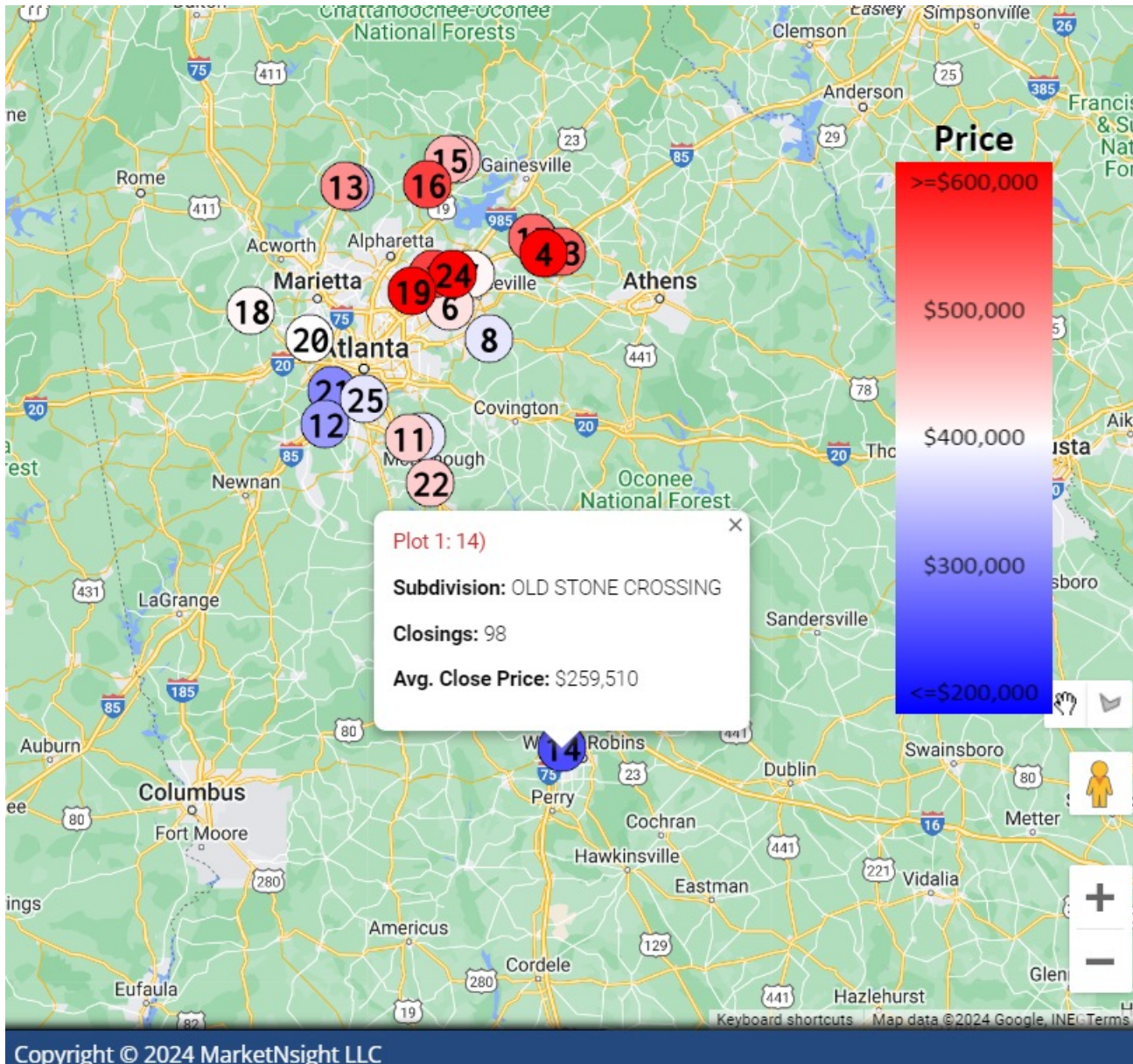
5 Qtr Resale Avg. -17%

Robert Dietz – NAHB Chief Economist

Entry-level buyers are driving much of the activity. Sales of homes in the \$200,000 to \$300,000 range increased more than 35% in October from a year earlier. Demand for starter homes is expected to fuel continued sales growth if builders can ramp up construction quickly enough. Builders face a number of challenges, such as high land costs, labor shortages and rising material prices.

"The markets that are going to grow are ones where builders can add that entry level product."

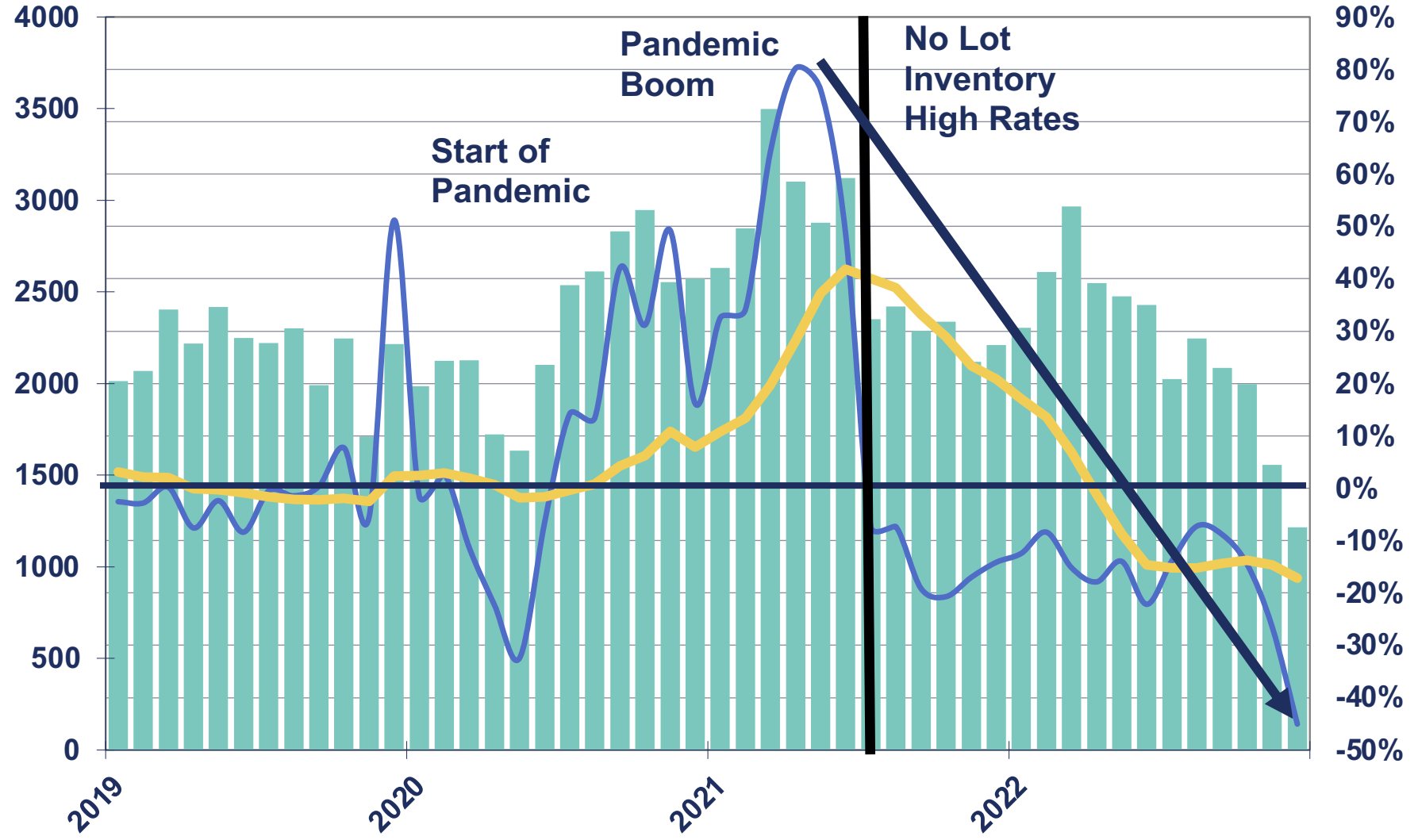
Expanded Metro Counties (46) Top 25 New Subs





Atlanta Permit Trend 1/2019 – 12/2022

■ Permits/Month
— Monthly Year-to-Year % Chg
— TTM Moving Avg Year-to-Year % Chg
— Year-to-Date Year-to-Year % Chg



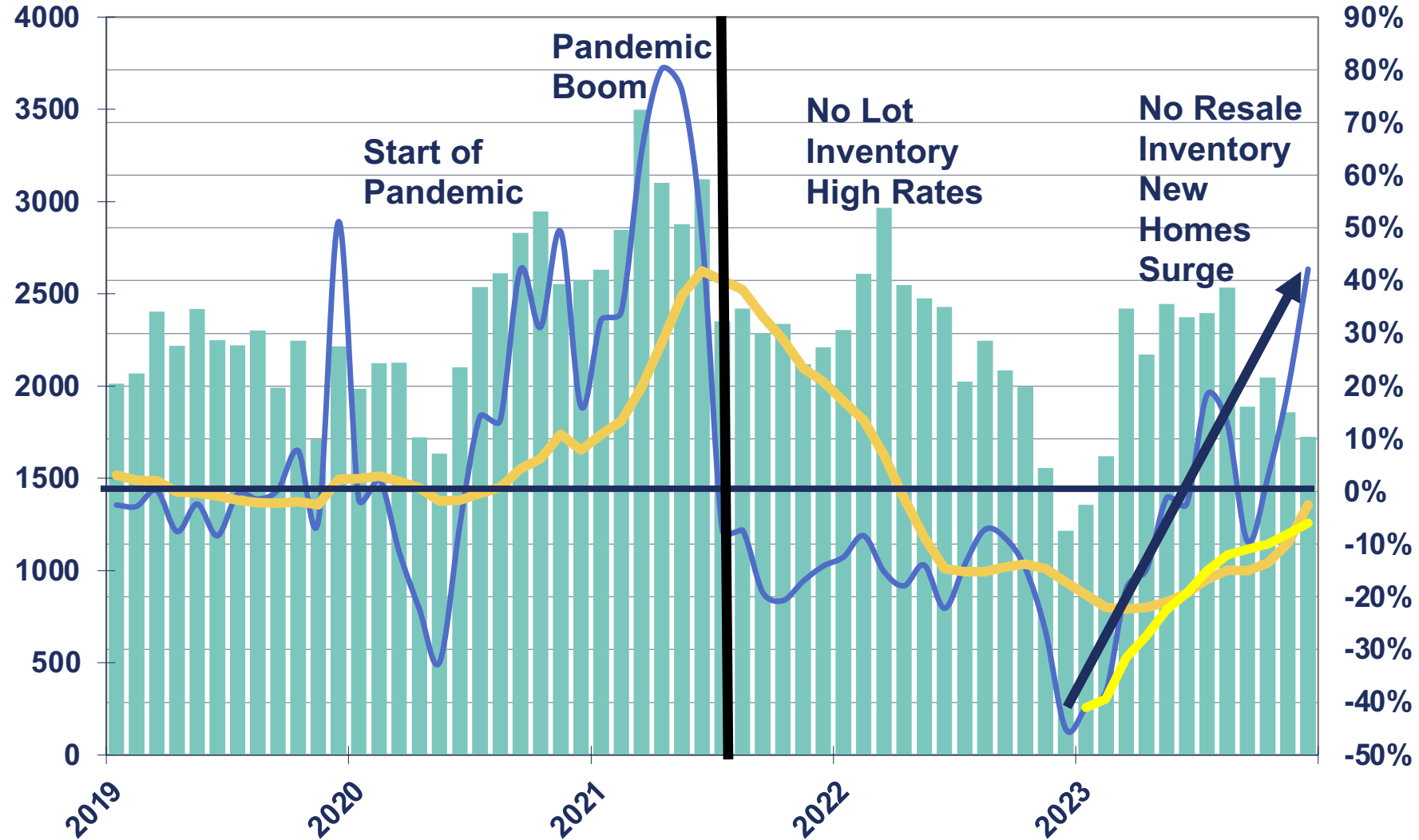
Atlanta Permit Trend 1/2019 – 12/2023

Permits/Month

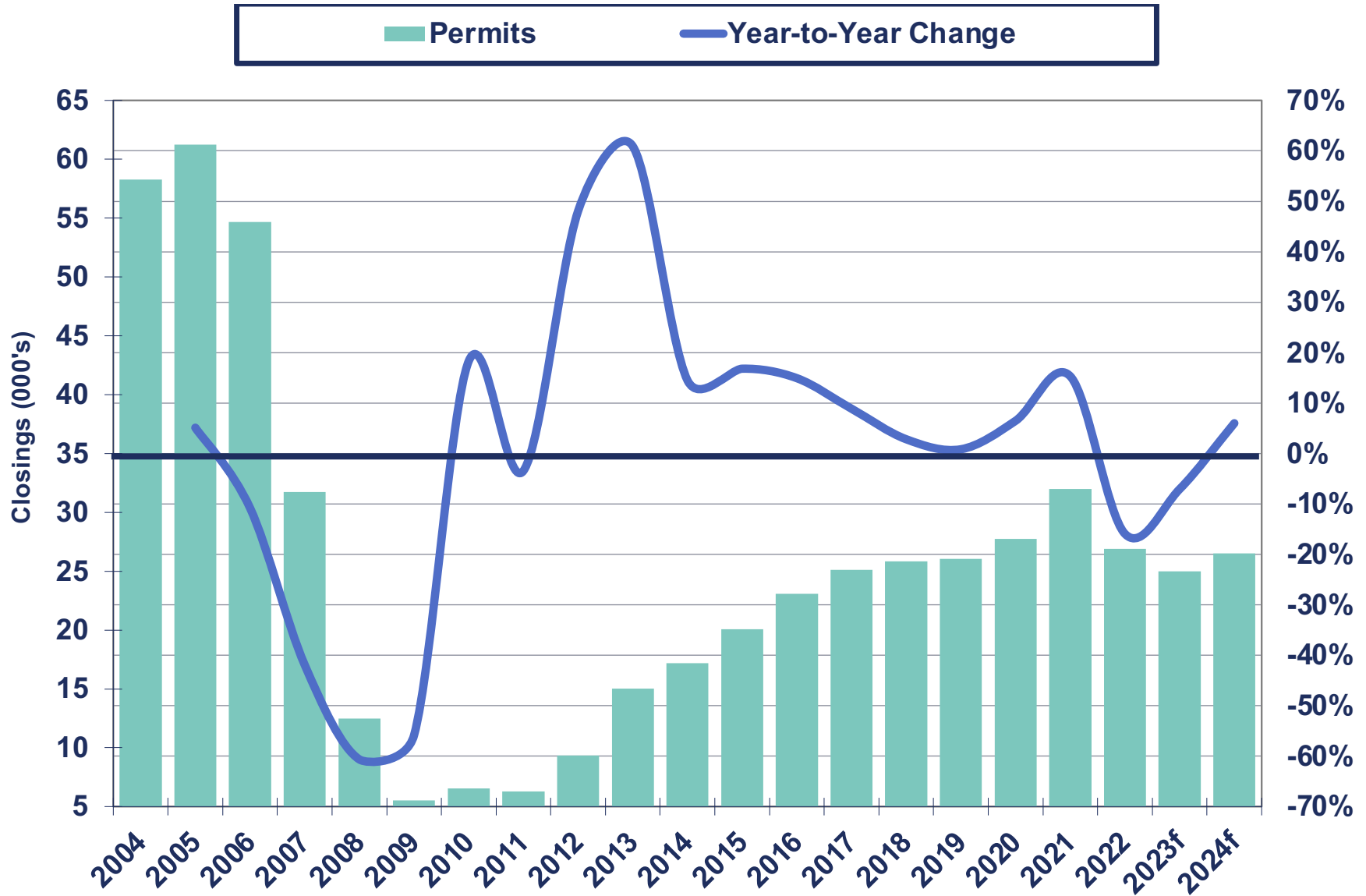
Monthly Year-to-Year % Chg

TTM Moving Avg Year-to-Year % Chg

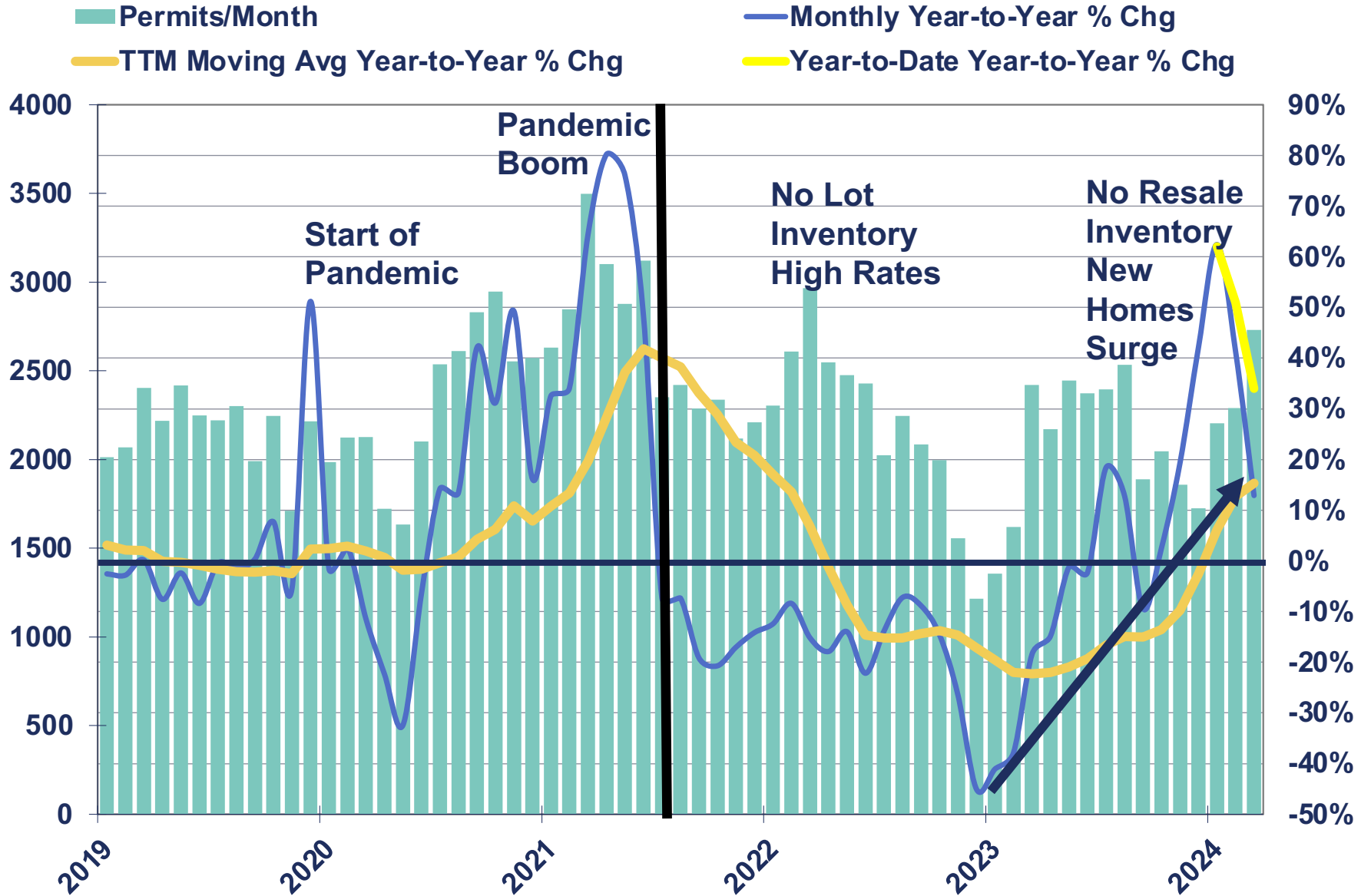
Year-to-Date Year-to-Year % Chg



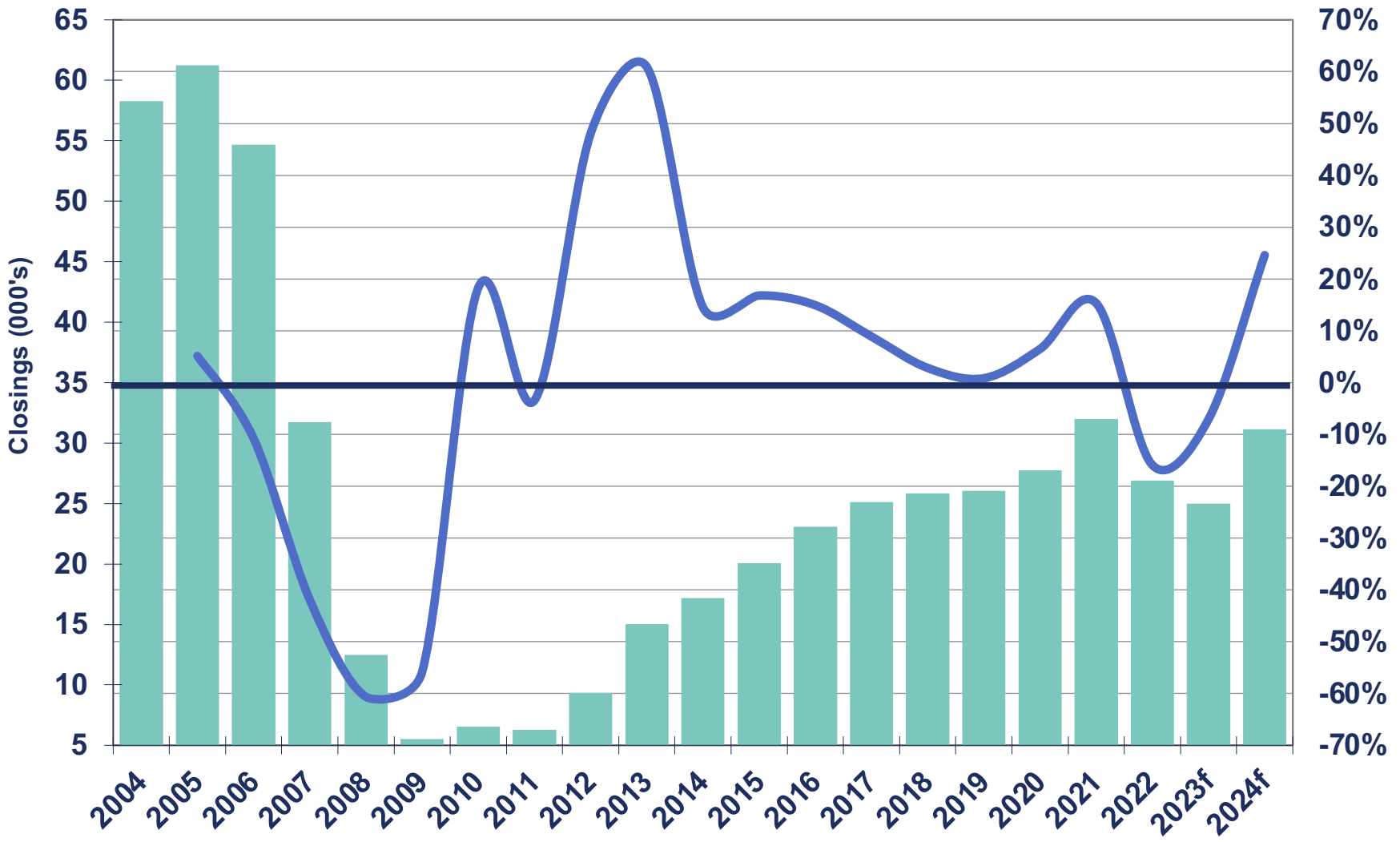
Atlanta Annual Permits Forecast 2024



Permit Trend 1/2019 – 3/2024



Atlanta Annual Permits Forecast 2024



What's Your Forecast???

Will US house prices soar or plunge? These 5 experts are divided.

MARKETS
INSIDER

Sep 30, 2023

1. **Jeremy Grantham** GMO's cofounder

Jeremy Grantham sounded the alarm on a "superbubble" spanning stocks, real estate, and commodities at the start of last year.

GMO's cofounder and long-term investment strategist warned in a recent interview that "real estate is a global bubble" and the cost of homes has soared to unsustainable highs in multiple countries.

"House prices will come down ... 30% would be a pretty good guess," he said.

2. **Barbara Corcoran** "Shark Tank" star and real-estate tycoon

"Shark Tank" star and real-estate tycoon Barbara Corcoran predicts house prices will surge once the Fed cuts rates and mortgages get cheaper.

She's pegged the potential pop at 15% to 20% in interviews, and recently argued the shortage of homes on the market will fuel further price growth.

"No inventory is like an insurance policy," Corcoran said. "If you don't have enough houses to go around, prices continue to go up. There's nothing that's going to make more houses available while interest rates remain high."



Will US house prices soar or plunge? These 5 experts are divided.

MARKETS
INSIDER

Sep 30, 2023

3. David Rosenberg Rosenberg Research president

David Rosenberg believes the US economy is barreling toward a recession that will hammer stocks, houses, and other assets.

The Rosenberg Research president and former chief North American economist at Merrill Lynch issued a grim forecast for the housing market in a recent interview. He said that house prices have only climbed recently because supply has dropped even more sharply than demand has.

"We've created a really sclerotic housing market," he said.

Rosenberg told Insider in February that house prices could plunge by as much as 25% from their peak last year.



Will US house prices soar or plunge? These 5 experts are divided.

MARKETS
INSIDER

Sep 30, 2023

4. Glenn Kelman Redfin CEO

The US housing market has been hit hard by rising interest rates, but it's unlikely to weaken much further, according to Redfin CEO Glenn Kelman.

"It's been a slow-building disaster," the real estate brokerage's chief said in a recent interview. "The housing market is just taking a beating because affordability is at a four-decade low."

"The only people who are moving are the ones who absolutely have to," Kelman noted. "I wouldn't call that a Goldilocks scenario, I would call that rock bottom. But that's where we are right now, and the only relief is that it can't go much lower."

5. Vincent Deluard StoneX Group

The frozen housing market will ultimately thaw as homeowners can't hold off selling forever. Home prices will drop when it does, Vincent Deluard says.

"Look at the real estate market, no one wants to sell," the director of global macro strategy at StoneX Group said in a recent RealVision interview.

"But eventually, people switch jobs, move cities, get divorced, die," he continued. "That will bring the prices down."

Nation's Largest Homebuilder Raises Sales Expectations With Strong Start to Spring

April 18, 2024

D.R. Horton anticipates selling as many as 91,000 single-family homes this year, [upping its guidance](#) from the prior quarter by an additional 1,000 homes. In turn, the builder, with a headquarters in Arlington, Texas, [expects its revenue to range from between \\$36.7 billion and \\$37.7 billion in fiscal 2024 ending Sept. 30](#), boosting its expectations by roughly half-a-billion dollars.

To keep pace, the builder [plans to continue offering incentives](#), such as mortgage interest rate buy downs, to lure potential buyers to embark on homeownership. The plan comes at a time when the average long-term mortgage rate surpassed 7% last week, the highest it's been in nearly five months, following a record pace of interest rate increases in the past year.

"Although inflation and mortgage interest rates remain elevated, our net sales orders increased 46% for the first quarter and 14% from the prior year quarter as the supply of both new and existing homes at affordable price points is still limited and the demographics supporting housing demand remain favorable," said D.R. Horton's President and CEO Paul Romanowski during an earnings call Thursday morning.

D.R. Horton seems to be building the kind of house that's gained traction with buyers in the market. The company builds smaller houses at lower price points to meet demand for more affordable housing, executives said in the earnings call. To get the prices low, the builder has been banking land with 617,000 home lots in its pipeline, with 23% of those being owned by D.R. Horton and 77% of those lots controlled through purchase contracts.

The bulk of D.R. Horton's single-family houses sell at a price point under \$400,000 at a time when the average cost of a U.S. house is more than \$500,000, the Federal Reserve Bank of St. Louis has said. That price point for a new house, even if it's smaller, is appealing to buyers.





GAHBA Builder/Developer/Lender Council

May 15th, 2024

John Hunt – ViaSearch/MarketNsight

jrhunt@marketsnsight.com

(770) 419-9891