



GAHBA Builder/Developer/Lender Council

Welcome to Housing's New Normal

Higher for Longer.....

.....Longer

Maybe Not Much Longer???

August 21st, 2024

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(770) 419-9891

NEW CITIES



Austin
TX



Baton Rouge
LA



San Antonio
TX



Florence
SC



Knoxville
TN

CURRENTLY SERVING OVER 45 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 Orleans **NEW**

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
Knoxville **NEW**

Virginia

Richmond

Texas

Dallas
Houston **NEW**
Austin **NEW**
San Antonio

MarketNaight's Market Watch

June 13, 2024

With **Dr. Rajeev Dhawan** of the **Georgia State Economic Forecasting Center**
John Hunt of **MarketNaight**

Sponsored by:


Right Choice[™]

Brought to you by Jackson EMC

BankSouth
MORTGAGE

**BERKSHIRE
HATHAWAY**
HOMESERVICES

GEORGIA
PROPERTIES

NEW HOMES DIVISION
CONDOS • SINGLE FAMILY • TOWNHOMES

denim
MARKETING *25* Years


BLUE RIVER
DEVELOPMENT, LLC
BROKERAGE | DEVELOPMENT | CONSULTING

Atlanta's Only *Complete* New Home Directory
COMMUNITIES
Magazine online
46 Years Experience • Since 1978



**MarketWatch
Poll Results
June 2023 – June 2024**

Over 1,300 in Attendance

	Jun 2023	Dec 2023	Jun 2024
Are you still offering home shoppers rate-based incentives (buy downs, etc.)?			
Yes	67%	66%	65%
No	33%	34%	35%
If yes, what has been the effect on sales?			
None at all.	40%	38%	45%
Somewhat positive.	51%	53%	48%
Very positive.	9%	9%	8%
What is your interest rate target forecast for the end of 2024?			
Rates will stay in the high 7's and low 8's.		5%	
Rates will remain in the low 7's.		22%	
Rates will fall to the 6's.		54%	
Rates will fall into the 5's.		17%	
Rates will fall below the "Sensitivity Threshold" of 5.25.		2%	
What best describes your sales for January through May 2024 versus the same period in 2023?			
Up More Than 10%.			22%
Up Less Than 10%.			16%
Flat			40%
Down Less Than 10%			8%
Down More Than 10%			14%
What is your industry forecast for 2023?			
Flat year over year.	35%	38%	42%
Up year over year.	27%	39%	43%
Down year over year.	38%	23%	15%
What is your projection for your own business?			
Flat year over year.	29%	27%	33%
Up year over year.	41%	56%	51%
Down year over year.	29%	17%	16%

27% Rates at
54% 6.49%
19% Today

38% 78% Flat to
40% Positive
22%



What Is Up With All the Negative Headlines??

US house sellers are cutting prices for the first time in over a year

**Housing supply surges by up to 50% in
these metro areas — and many sellers
are being forced to slash their asking
prices**

**Pending home sales plunge to lowest
level in four years as buyers steer clear
of 7% mortgage rates**

**Home prices are falling at the fastest pace since
2022 as stubborn interest rates slash demand**

Homebuying sentiment hits survey low as affordability
concerns mount

US pending home sales suffer largest drop in three years

'DEPRESSED': Housing market showing 'just how bad things are,' economist says

U.S. Pending Home Sales Hit 4-Year Low in

April, Down 7.7 Percent

**For the first time since 2022, home
prices are falling amid sky-high
mortgage rates**

For the first time since 2022, home prices are falling amid sky-high mortgage rates

June 4, 2024

Home prices are plummeting at the fastest pace in more than a year, as demand for real estate sinks amid languishing sky-high mortgage rates, according to a recent report by Redfin.

The report found that a whopping 6.4% of sellers have cut prices in the month leading up to May 26, the highest percentage of price slashes since November 2022, when the 30-year fixed mortgage rate shot past 7% for the first time in more than two decades.

These cuts have been deep enough to drag down the average US home price, which had recently hit an all-time high.

Data from Redfin shows that the median home price in the US dropped by \$3,000 last week to \$416,623 — marking the first decline so far this year. Despite the dip, home prices are still up by about 4% year-over-year.

Experts are now warning that the previously red-hot housing market could cool off in the coming months, with record-high mortgage rates discouraging potential homebuyers.

NEW YORK POST

9 Southern Cities Where Home Prices are Plummeting



Jun 9, 2024

According to the National Association of Realtors (NAR), 93% of metro markets had home price gains in the first quarter of 2024. The national median sale price for single-family homes grew 5% from a year ago to \$389,400. But there were also declines in 15 of those markets and nine of those were in the South.



1. San Antonio, Texas

- Year-over-year price change: -4.6%
- Median home price in Q1 2024: \$305,800
- Median home price in Q1 2023: \$320,500
- Annual income needed with a 20% down payment: \$77,516

3. Panama City, Florida

- Year-over-year price change: -3.8%
- Median home price in Q1 2024: \$351,000
- Median home price in Q1 2023: \$365,000
- Annual income needed with a 20% down payment: \$88,974

4. Baton Rouge, Louisiana

- Year-over-year price change: -1.1%
- Median home price in Q1 2024: \$260,000
- Median home price in Q1 2023: \$262,900
- Annual income needed with a 20% down payment: \$65,907

Are you kidding me??
Down 1.1% YOY is “plummeting”??

9 Southern Cities Where Home Prices are Plummeting

Jun 9, 2024

6. Myrtle Beach, South Carolina

- Year-over-year price change **-0.6%**
- Median home price in Q1 2024: \$366,100
- Median home price in Q1 2023: \$368,400
- Annual income needed with a 20% down payment: \$92,802

7. Austin, Texas

- Year-over-year price change **-0.3%**
- Median home price in Q1 2024: \$466,700
- Median home price in Q1 2023: \$467,900
- Annual income needed with a 20% down payment: \$118,302



Cities across the country – including Austin – have enacted zoning and regulation reform.

Are prices “plummeting” – or are zoning reforms increasing supply and helping make housing more affordable in some markets?



Florida and Texas Are Getting Hammered in the Press!

Austin Homeowners 'Screwed' as Housing Market Sales Plunge

Newsweek

Jul 05, 2024

Austin homeowners hoping to sell their properties for as good a price as they would have fetched a few years ago are now "screwed," according to local realtor Jeremy Knight, as the city's market is flooded with new inventory and buyers become more selective.

The former pandemic boomtown of Austin, which had seen home prices skyrocket during the pandemic as an influx of out-of-state people boosted competition, saw some of the biggest price drops in the country during late summer 2022-spring 2023. While a historic shortage of homes has kept prices still relatively high, homeowners who used to benefit from bidding wars over their properties recently had to slash prices in an attempt to attract reluctant buyers.

The Austin-Round Rock-Georgetown metropolitan statistical areas (MSA) had 4.9 months of inventory in May, up from 1.5 a year earlier and the highest level since 2011, according to ABOR's report, after experiencing a 37.7 percent increase year-over-year in active listings. New home listings on the market were up 16.3 percent from May 2023.

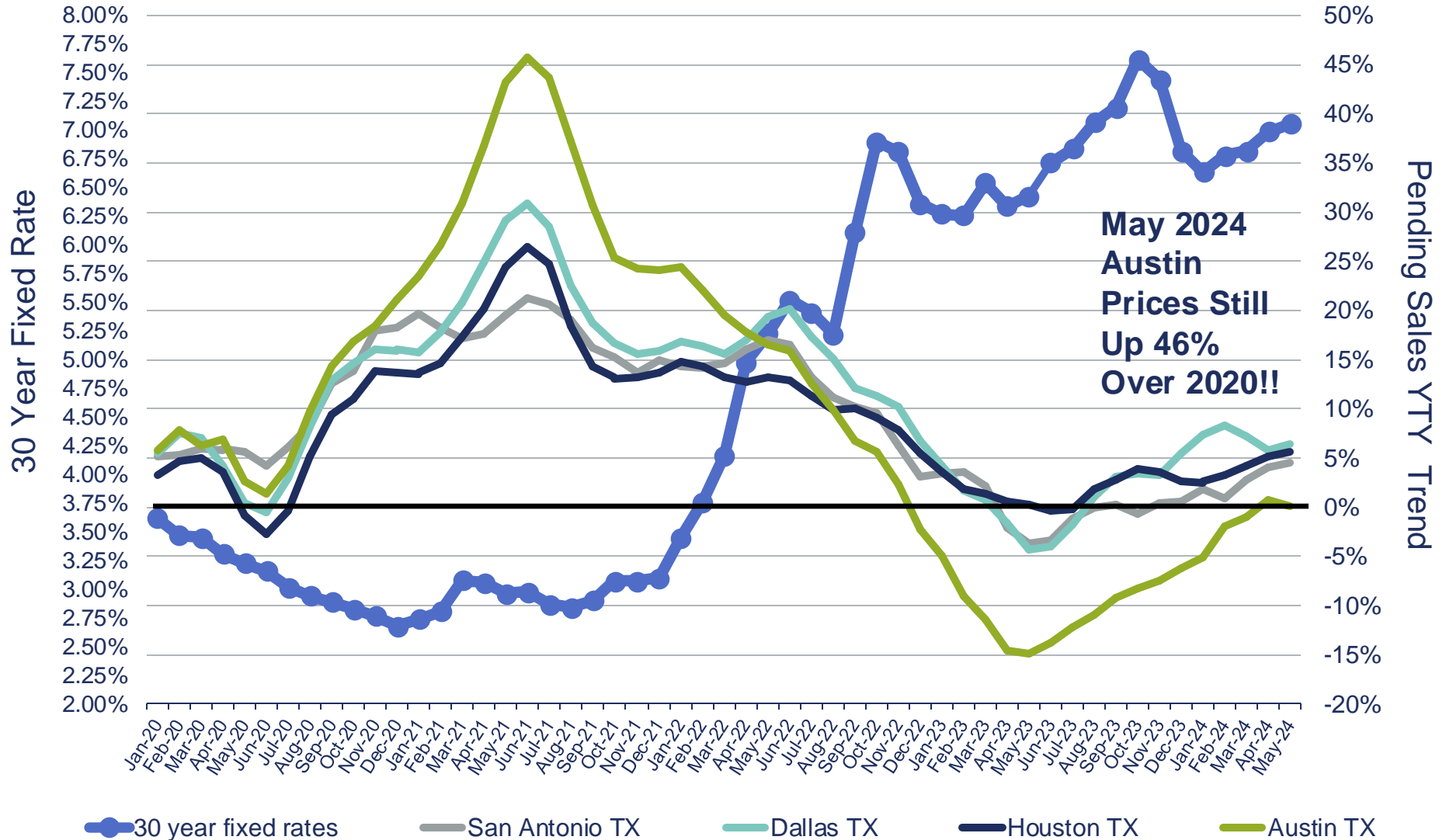
Despite the additional inventory, the median price for residential homes in Austin was up 11.6 percent, reaching \$608,438 in May, according to ABOR data.

Are we really demonizing
more inventory now?

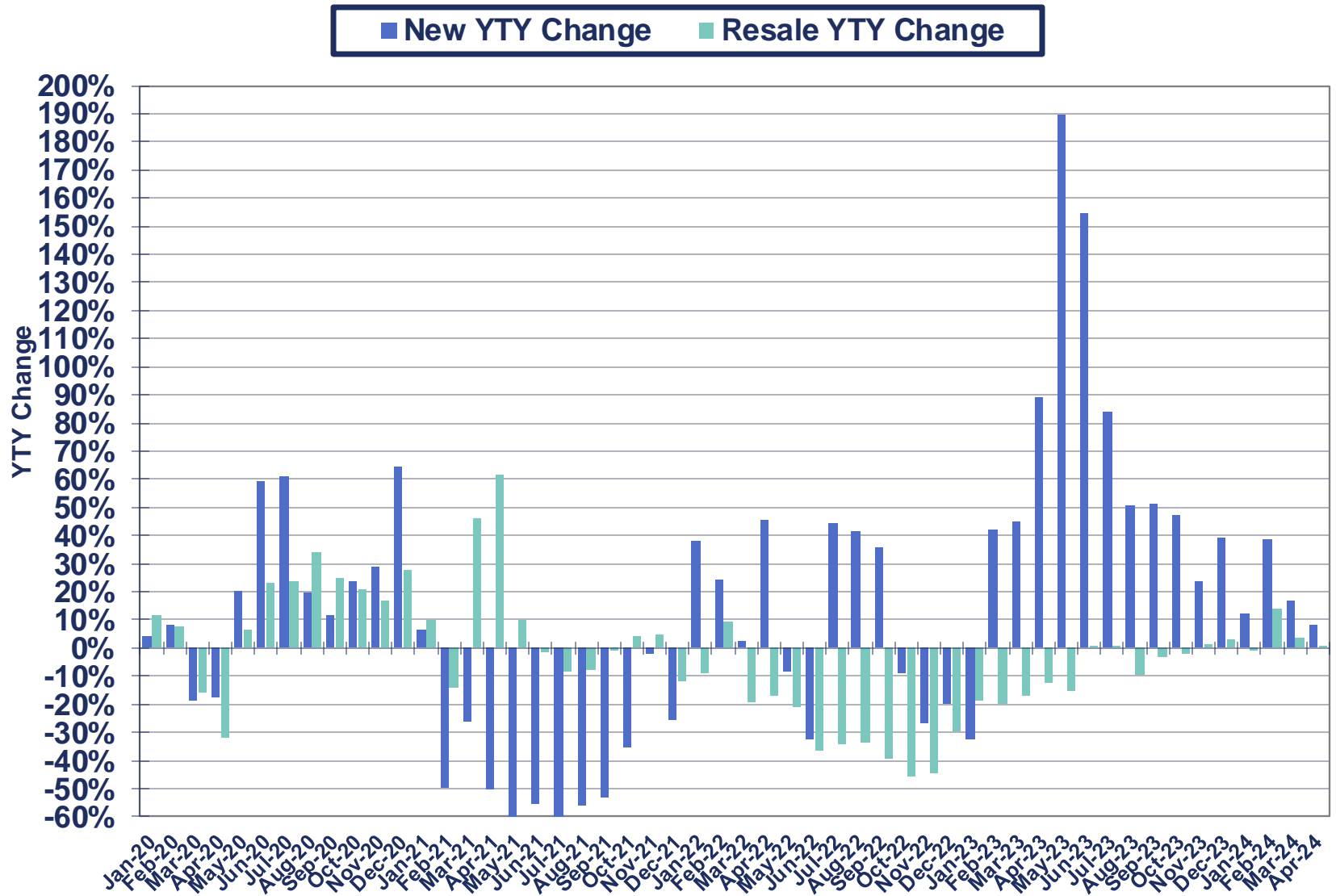


Texas Monthly Closed Price YTY % Change Quarterly Moving Average

January 2020 Through May 2024



YTY Change in Pending Sales - Austin





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

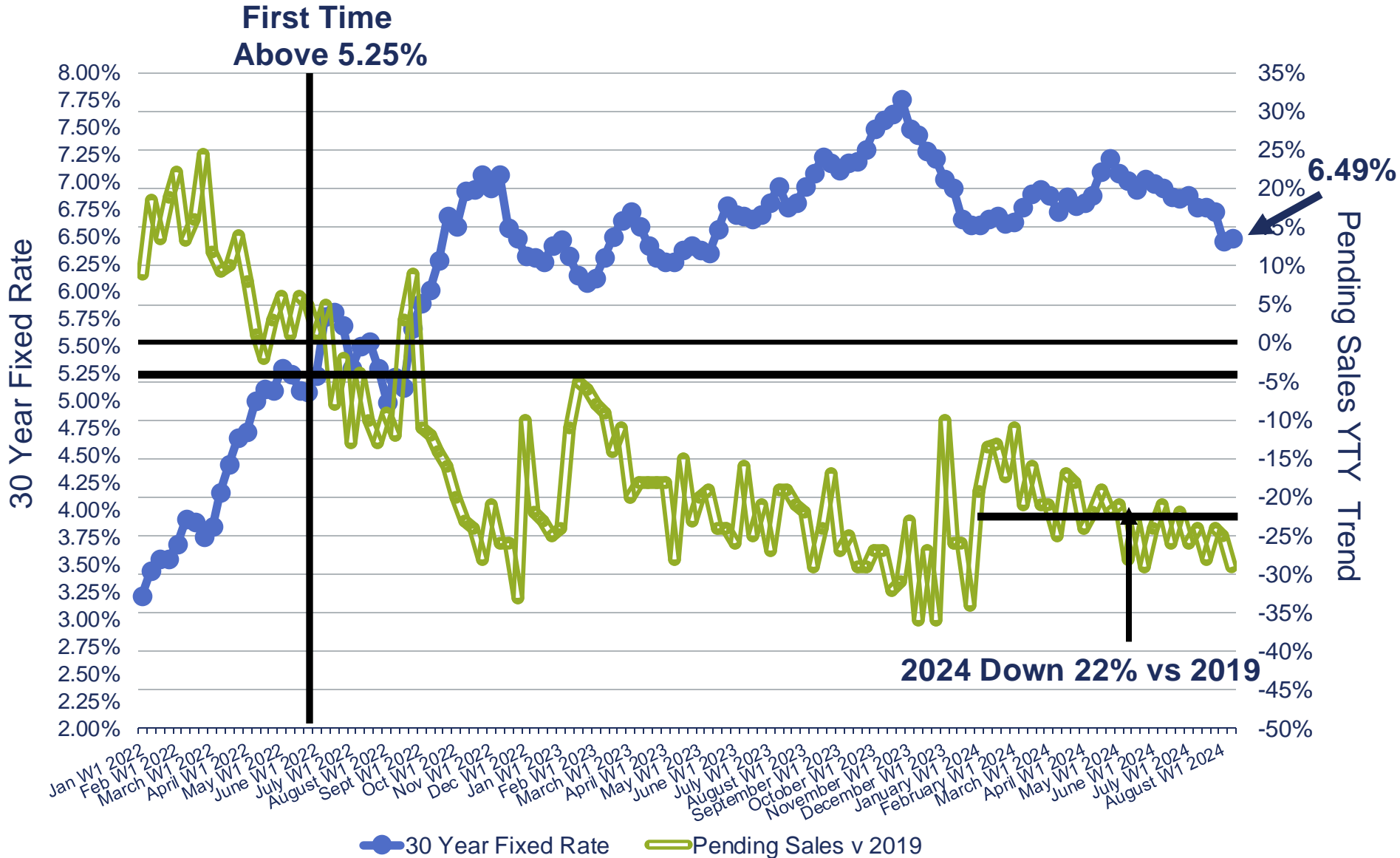
**In June 2022, We Reinstated Weekly
Market Updates as Rates Began Exploding**



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

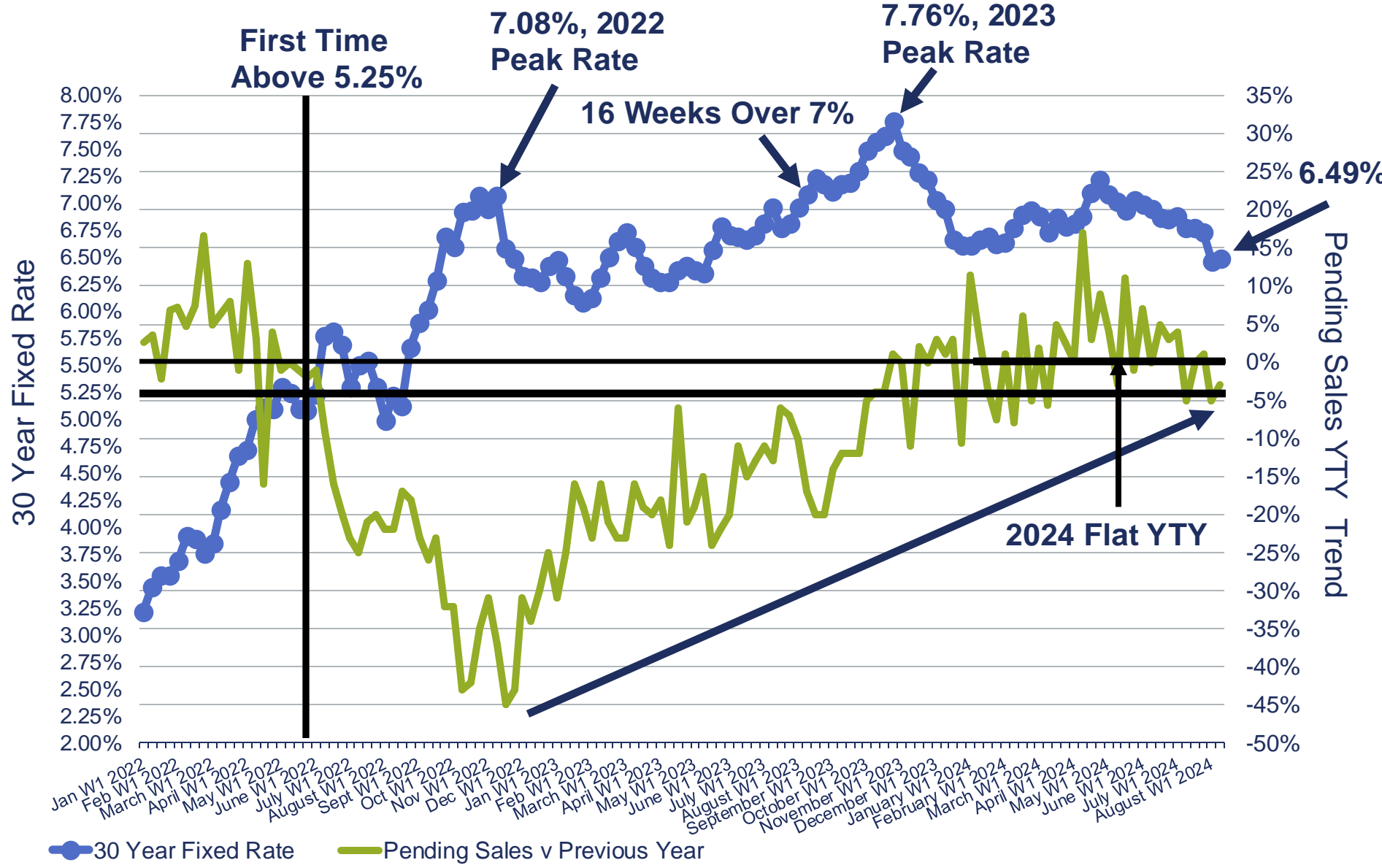
Weekly Pending Sales YTY % Change

January Week 1 2022 Through August 14th, 2024



Weekly Pending Sales YTY % Change

January Week 1 2022 Through August 14th, 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
May 2024	190,000	272,000
June 2024	200,000	206,000
July 2024	185,000	114,000

1,698,000 Jobs Added YTD in 2024!

OnTrack for 3,300,000!

Fact Checking Viral Quote

In April 1972, the interest rate for a mortgage was 7.29% and rising.

If you waited for interest rates to go below 8%, you wouldn't have purchased a home until August 1992.

You would have rented for 20 years waiting for rates to go down, meanwhile the value of real estate tripled.

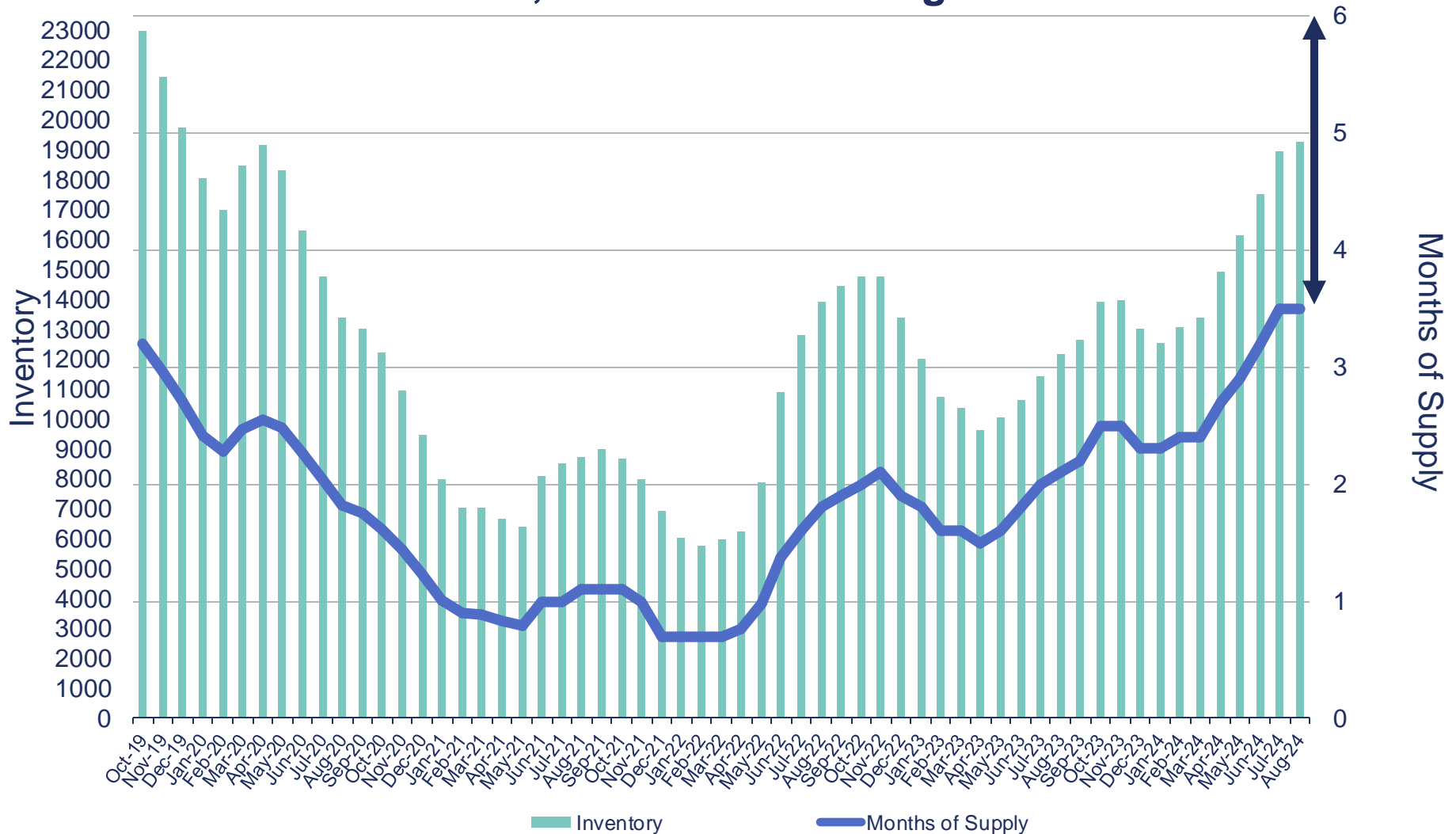
Don't wait to buy!!



What About Inventory??

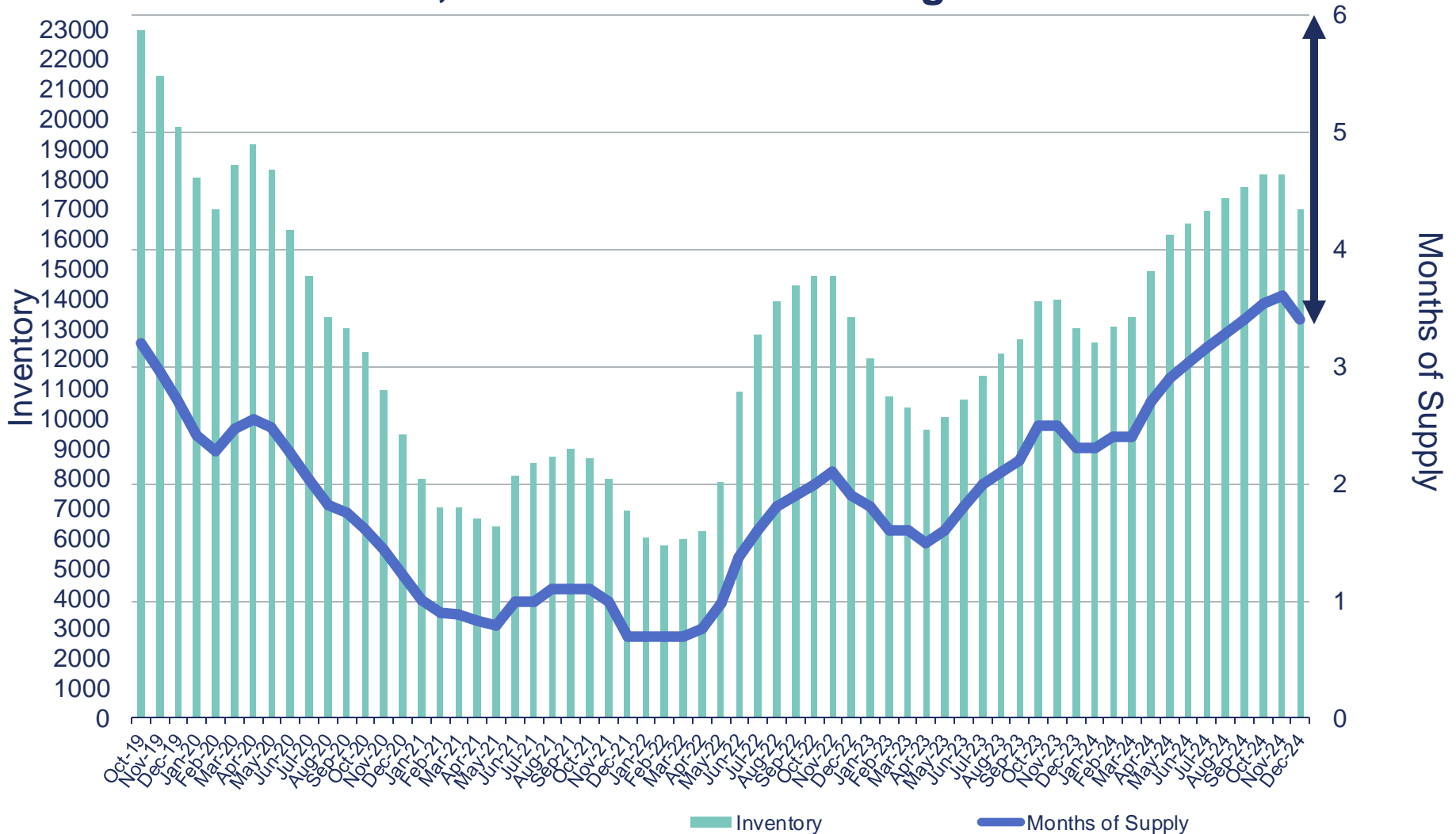
Inventory and Months of Supply Trending

34,000 Annual Housing Deficit



Inventory and Months of Supply Trending Forecast

31,000 Unit Annual Housing Deficit





What About Price??

YTY Change in Closed Price

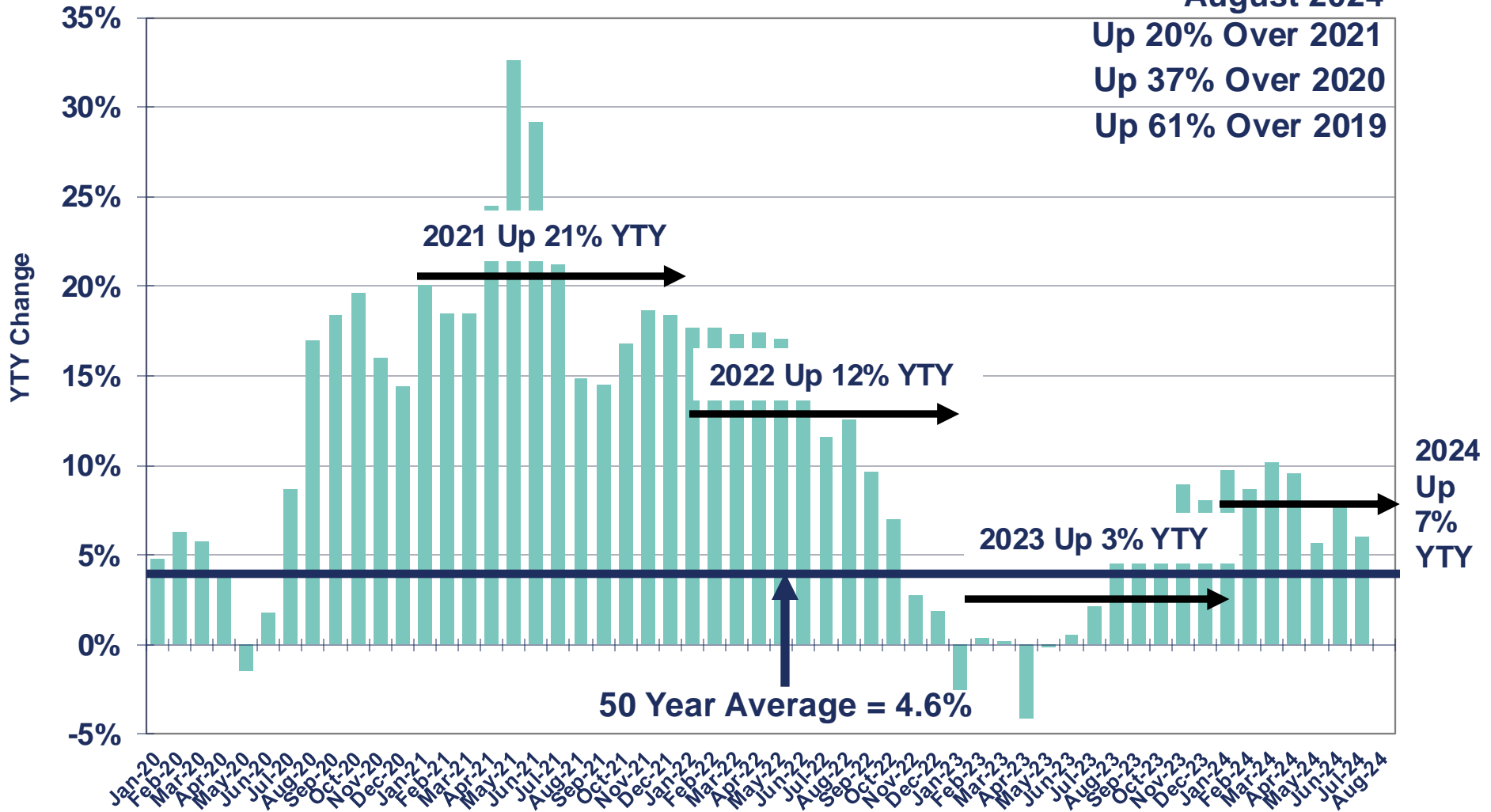
■ YTY Change

August 2024

Up 20% Over 2021

Up 37% Over 2020

Up 61% Over 2019



Jerome Powell's Fed is beginning to think its interest rate hikes 'may be having smaller effects than in the past'



FORTUNE
May 22, 2024

After several unexpectedly high inflation readings, Federal Reserve officials concluded at a meeting earlier this month that it would take longer than they previously thought for inflation to cool enough to justify reducing their key interest rate, now at a 23-year high.

High interest rates “may be having smaller effects than in the past,” the minutes said. Economists have noted that many American homeowners, for example, refinanced their mortgages during the pandemic and locked in very low mortgage rates. Most large companies also refinanced their debt at low rates, which has blunted the impact of the Fed’s 11 rate hikes in 2022 and 2023.

But at a news conference just after the meeting, Chair Jerome Powell said it was “unlikely” that the Fed would resume raising its benchmark rate — a remark that temporarily boosted financial markets.

On Tuesday, Christopher Waller, a key member of the Fed’s Board of Governors, said he would “need to see several more months of good inflation data before” he would support reducing rates. That suggests that the Fed wouldn’t likely consider rate cuts until September at the earliest.

Why house prices are surging once again

The rich world's foreign-born population is rising by about 4% year on year, its fastest on record. Official figures on which such calculations are based probably understate the scale of the shift, since illegal immigration has also surged, especially in America. This, in turn, is pushing up both house prices and rents, argues Mark Zandi of Moody's Analytics, a consultancy, since the new arrivals need somewhere to live.

The second factor concerns sacrifices. People across the rich world are dealing with higher mortgage costs by cutting back on other sorts of expenditures.

The most important factor relates to the economy. True, households are paying out more in interest, but there is also more coming in. Some benefit from higher interest income on their savings, which in the EU has risen by nearly ten times as much as interest payments have since 2020. Unlike in the housing crash of 2007-09, the labour market is also helping (and the banks have not imploded). Since 2021 average wages across the rich world have gone up by about 15%, while unemployment remains close to an all-time low. In every country for which we can find data, the increase in households' labour income in recent years dwarfs increases in interest costs. No one likes higher mortgage payments, but the vast majority of people can afford them.



Also In The News...

Sales of High-End Homes Surge

Even as total sales “changed little overall”:

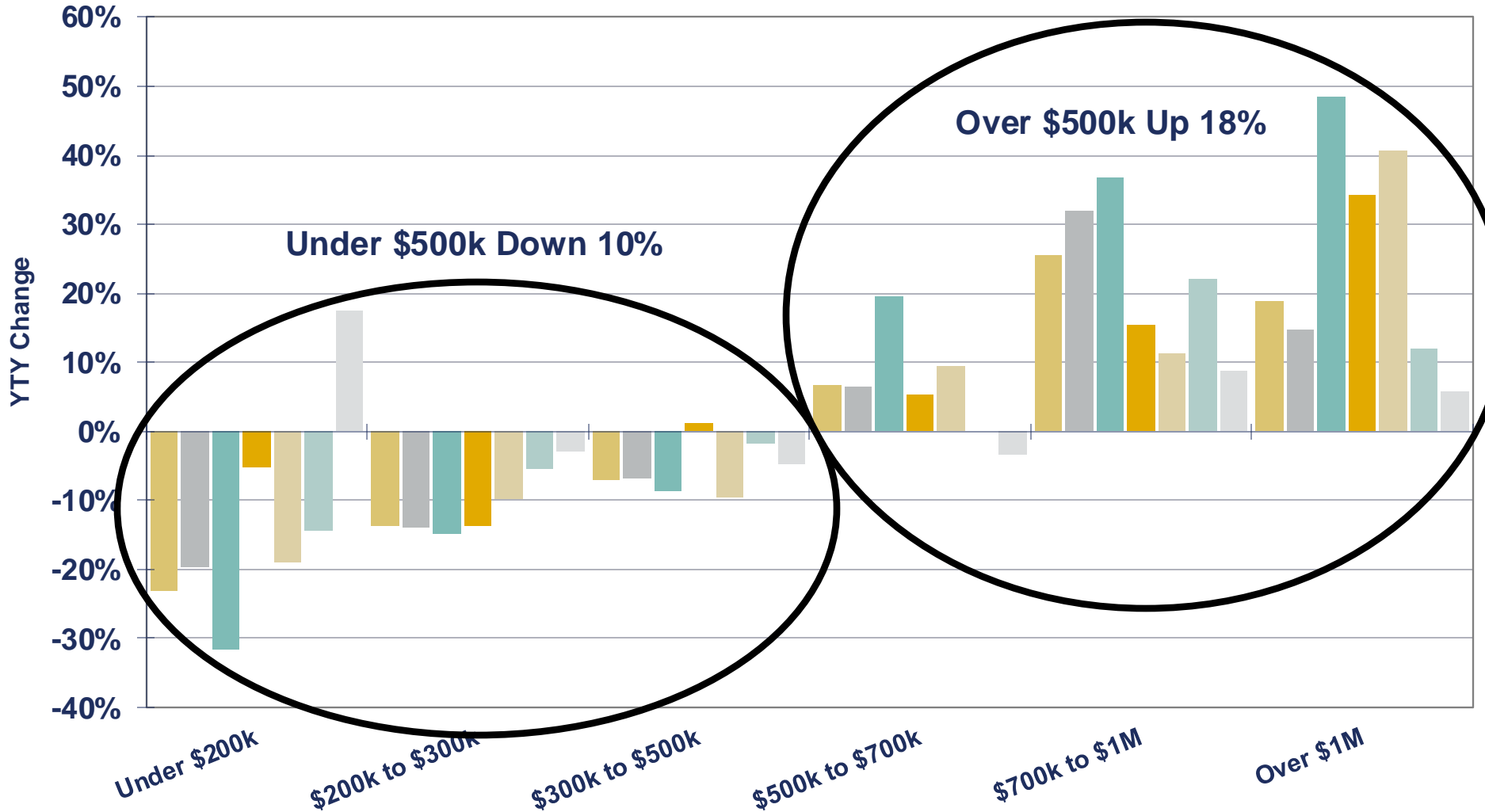
- Sales of homes of over \$1,000,000: +40% YoY
- Sales of homes of \$750,000 to \$1,000,000: +24% YoY
- Correspondingly fewer homes sold in the mid- and lower-range.

WOLF STREET

May 22, 2024

2024 Monthly Total Pending Sales YTY Change by Price

Jan-24 Feb-24 Mar-24 Apr-24 May-24 Jun-24 Jul-24



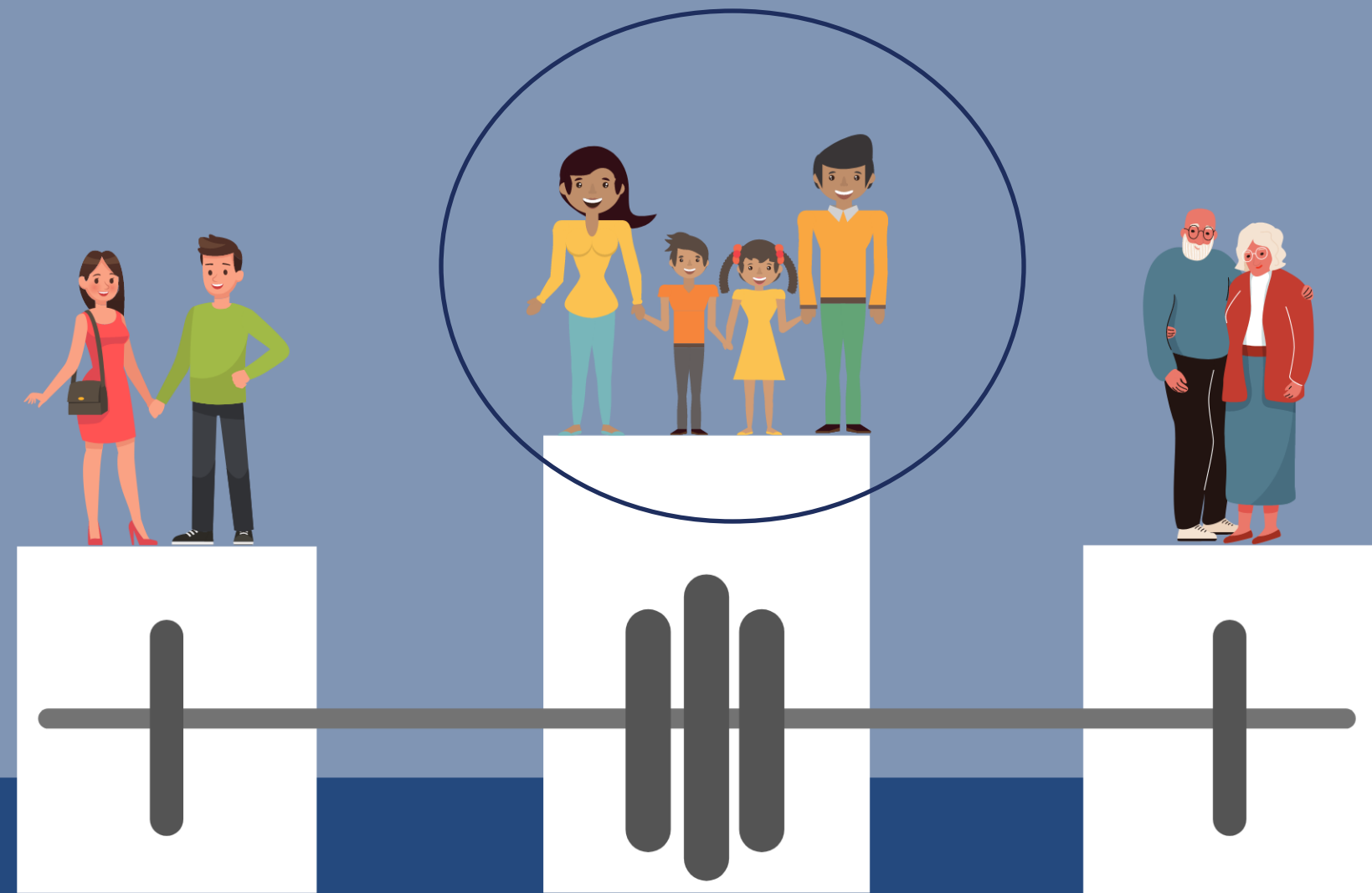
**How Do We Build in the
\$300's??**

Drive till You Qualify!!

Build Smaller Homes

**Our Current Zoning
is based on the
demographic make-
up of the world 20-30
years ago.**

HOUSING DEMAND 2000



First-Time Buyers
(Gen X)

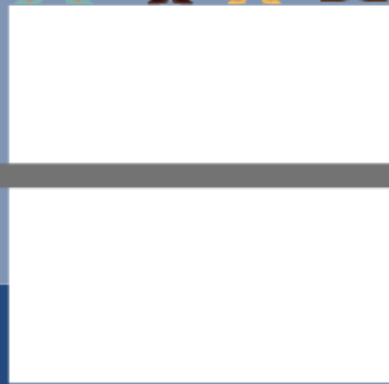
Move-Up Buyers
(Boomers)

Retiree Buyers

HOUSING DEMAND 2024



First-Time Buyers
(Millennials)



Move-Up Buyers
(Gen x)



Retiree Buyers
(Boomers)



- Disposable Income
- No Kids!!!
- Entertainment Oriented

The Location is
the Amenity!!



Age 55 Isn't What It Used To Be

2018



Tom Cruise in MI: Fallout – Age 55

Age 60 Isn't What It Used To Be

2022



Tom Cruise in *Top Gun: Maverick* – Age 60

**Are You Kidding
Me??????**

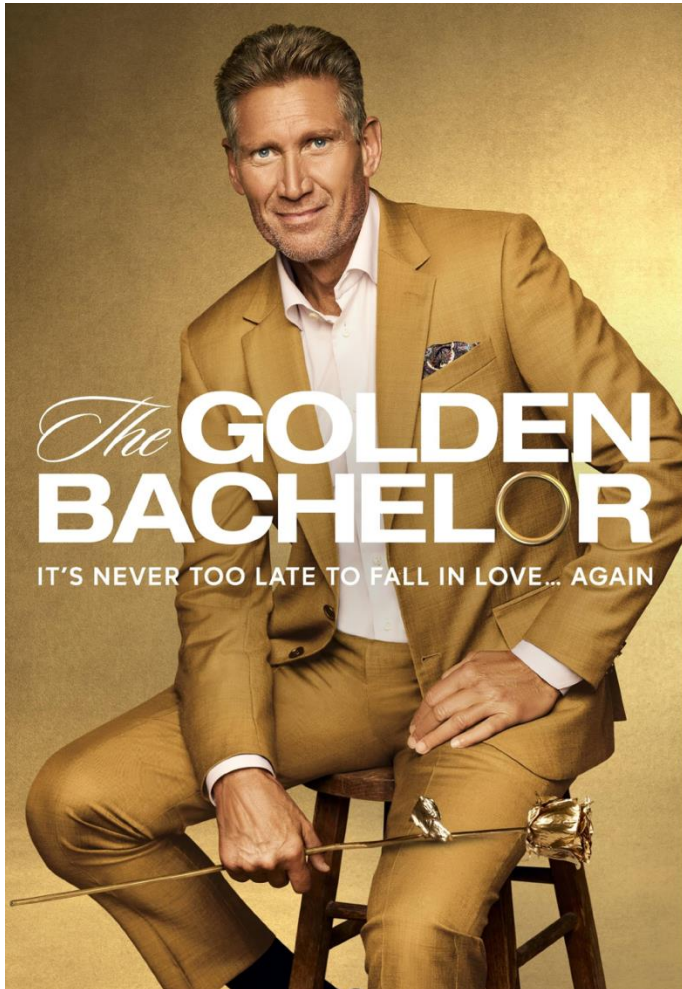
But Now.....

Tom Cruise.....

Is Old News!!!

72 Is The New 55!!!!

2023



1985



Wilford Brimley in
Cocoon – Age 50

What's More Dangerous??

**Jumping Off The Roof Of the Stade
de France??**

**Or Dating 20 People At The Same
Time??**

And Now They Live Happily Ever After!



Over the course of the fall season, the show averaged 4.83 million total viewers and a rating of .60 among the key demo, meaning the “The Golden Wedding” outdelivered the show’s fall average by 8% in Total Viewers 5% the demo. When the show premiered last September, the new addition quickly became the “Bachelor” franchise’s **biggest debut since 2021 with 4.4 million viewers.**

<https://variety.com/2024/tv/news/golden-bachelor-wedding-ratings-season-finale-1235864934/>

Golden Bachelor Bombshell! Gerry Turner and Theresa Nist Divorcing After 3 Months of Marriage

People

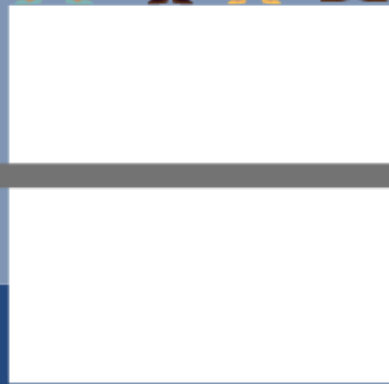


**ON APRIL 12, GERRY TURNER AND THERESA NIST
REVEALED ON GOOD MORNING AMERICA
THEY ARE DIVORCING.**

HOUSING DEMAND 2024



First-Time Buyers
(Millennials)



Move-Up Buyers
(Gen x)



Retiree Buyers
(Boomers)

**We have the two biggest consumer groups
in the country converging in the middle
in terms of square footage.**

Unfortunately, the middle.....

Is missing.

**We need more 1750, 1500, 1250, and 950 SF
Product**

The Market Wants it.....

Most Cities are Predisposed Against Density

We are witnessing an all-out War being waged on housing affordability in our country.

It is being waged not only by rising material costs, or rising rates, inflation or labor costs.

It is also being waged by restrictive and exclusionary zoning.

This is THE Defining Issue of Our Time

We Are Starting to Make Some Progress.....

In The Nations Heartland!!

And In Barrow County???

Atlanta Success Story!!

By the narrowest of margins with a 4 to 3 vote of the BOC, we did secure that rezone. They approved 249 single-family homes with square foot sizes from 1100 to 1350 ft.². This project will be in Barrow County and it's the first project in about 15 years to be approved here without the 2,000 SF min. Requirement.

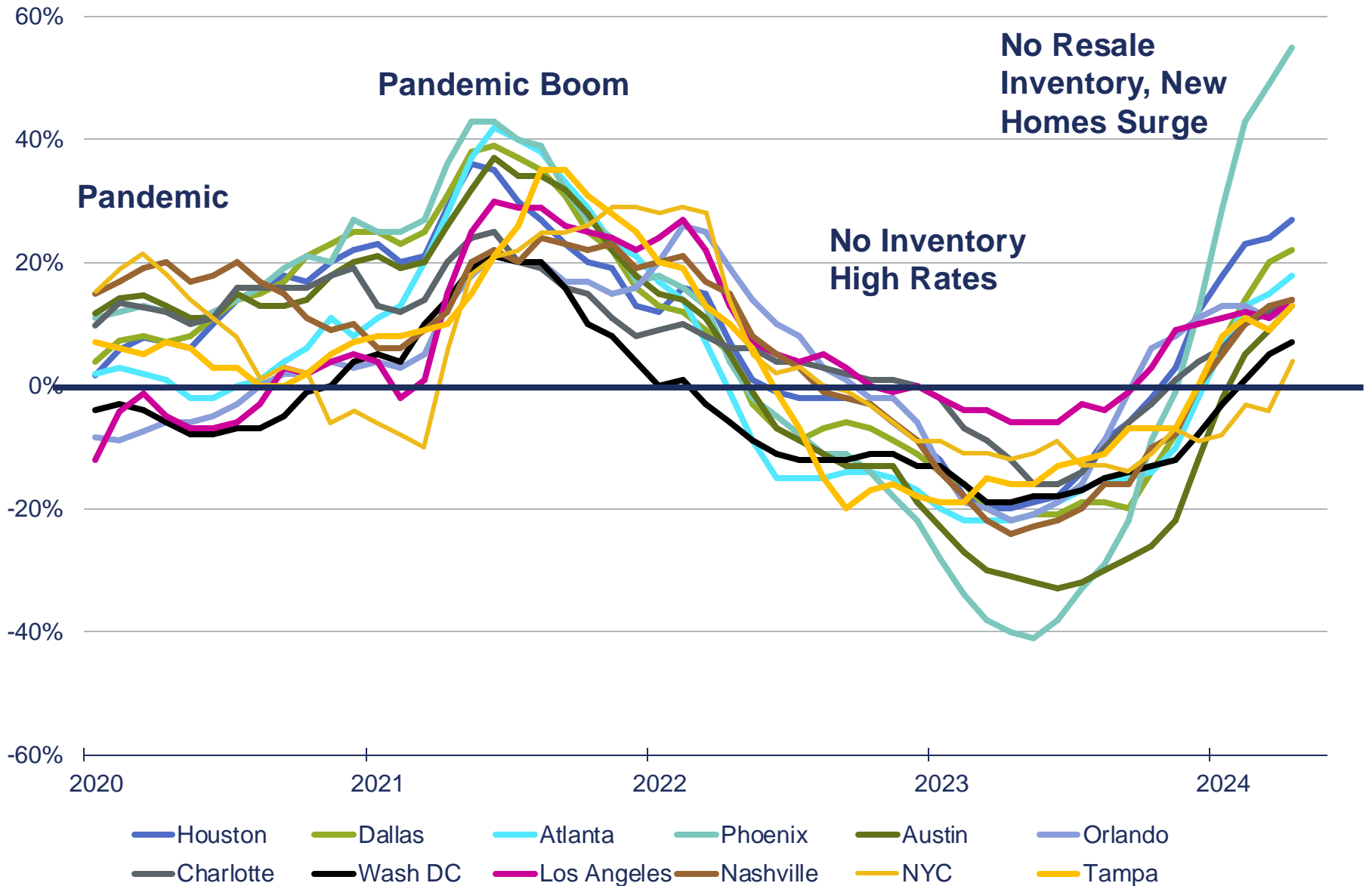
I really appreciate your assistance with the data you provided us and hopefully this will start a new trend here of smaller, more affordable homes. FYI- we plan to sell these homes from 319k to 349k.

And one more thing on a sidenote. The BOC asked us not to call them affordable homes. They want us to call them attainable homes or attainable housing. I thought that was pretty funny, but whatever it took to get it approved!

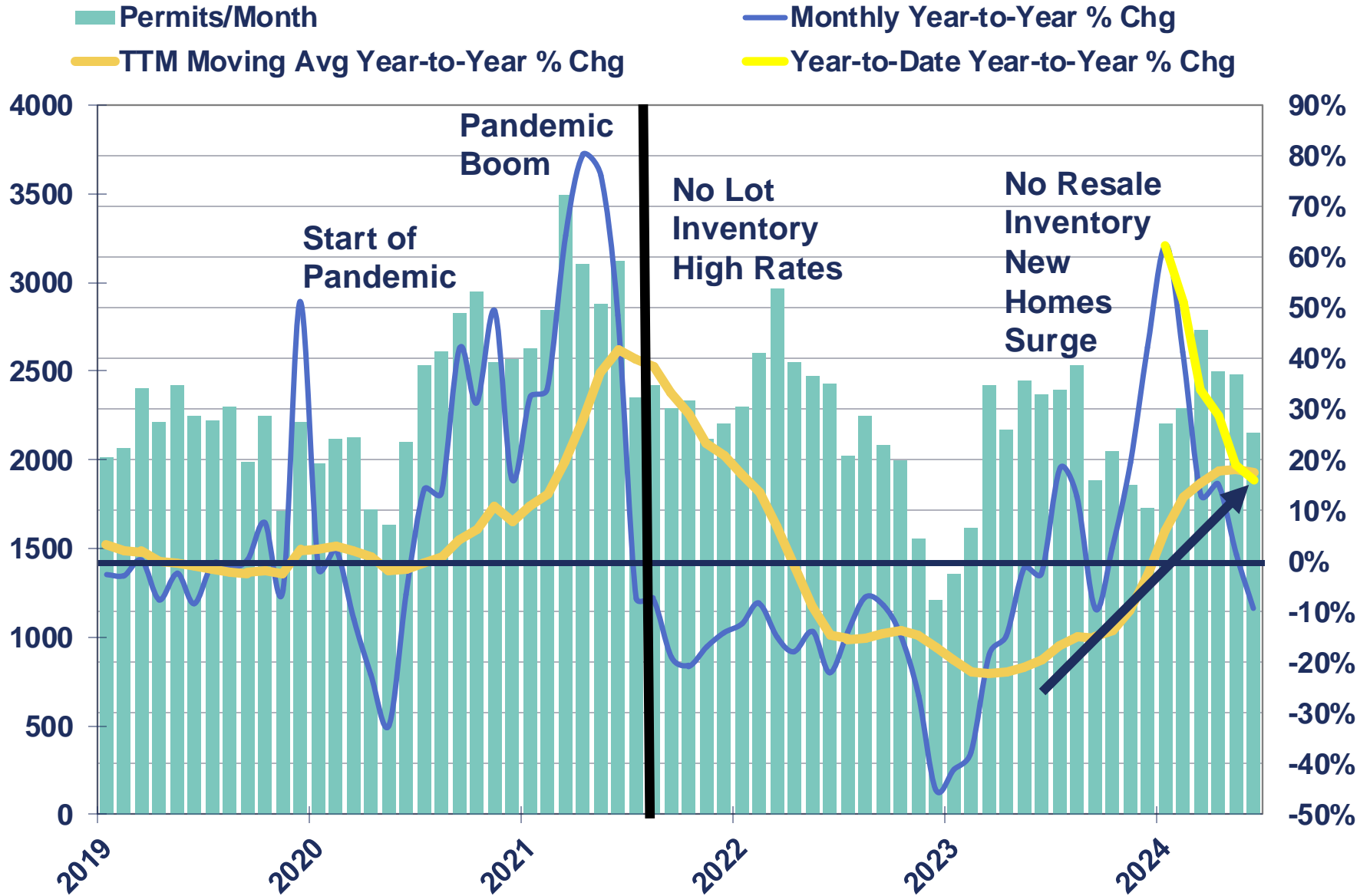
Go Get 'Em!!



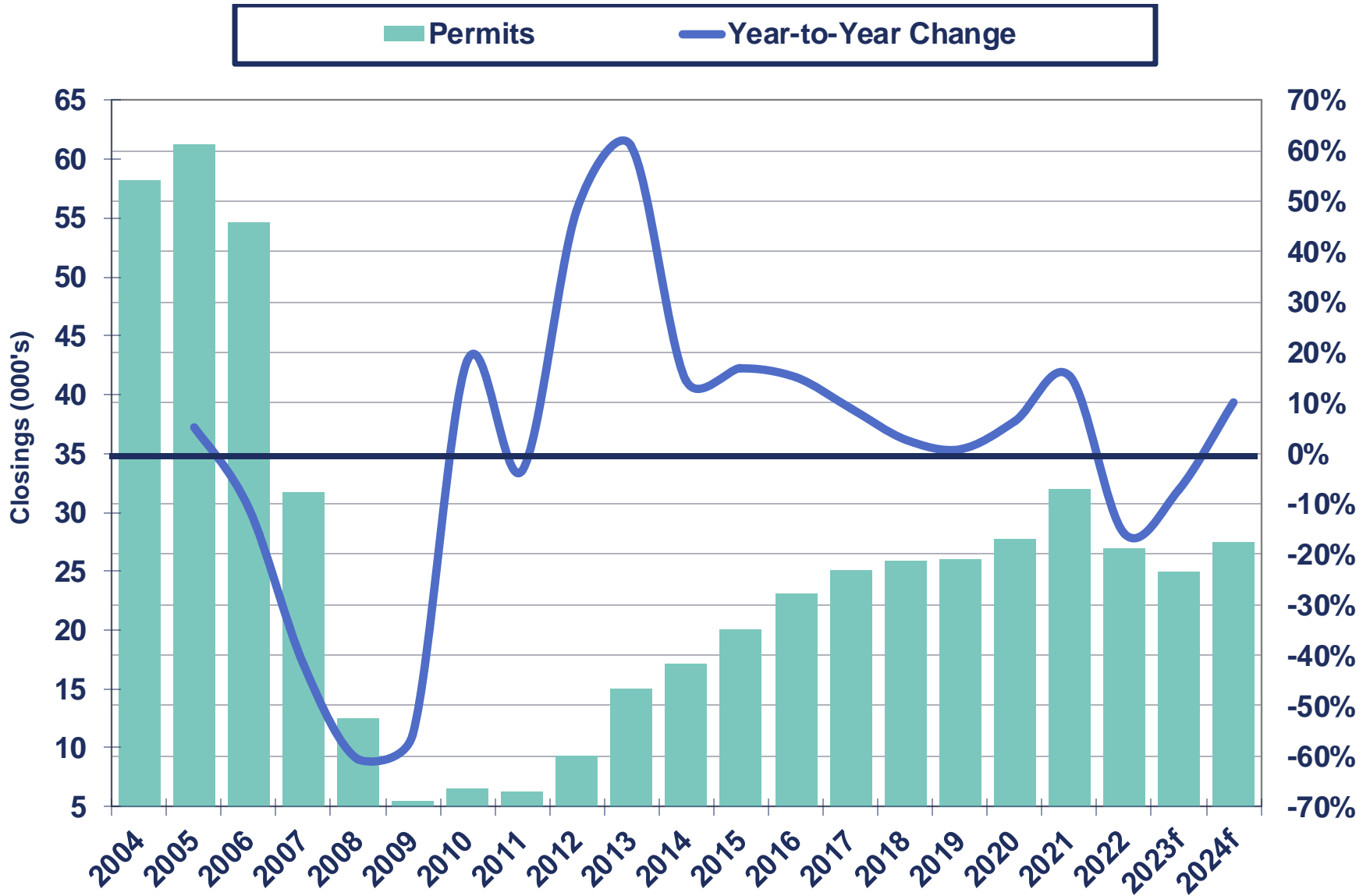
Top 10 Cities Permits 12 Month Moving Avg 2020 - 4/2024



Permit Trend 1/2019 – 6/2024



Atlanta Annual Permits Forecast 2024





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