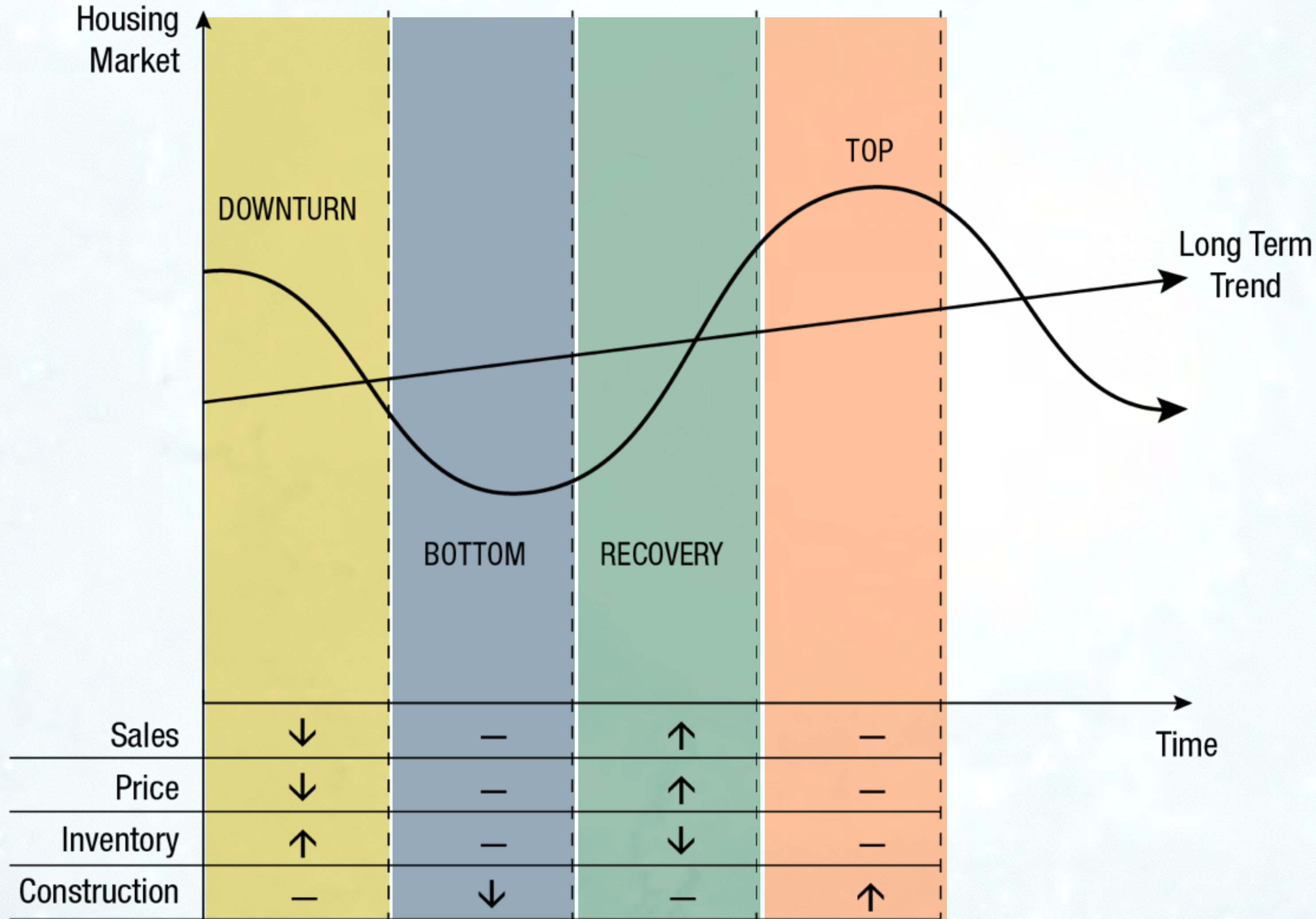


# Market Update

Gary Keller and Jay Papasan

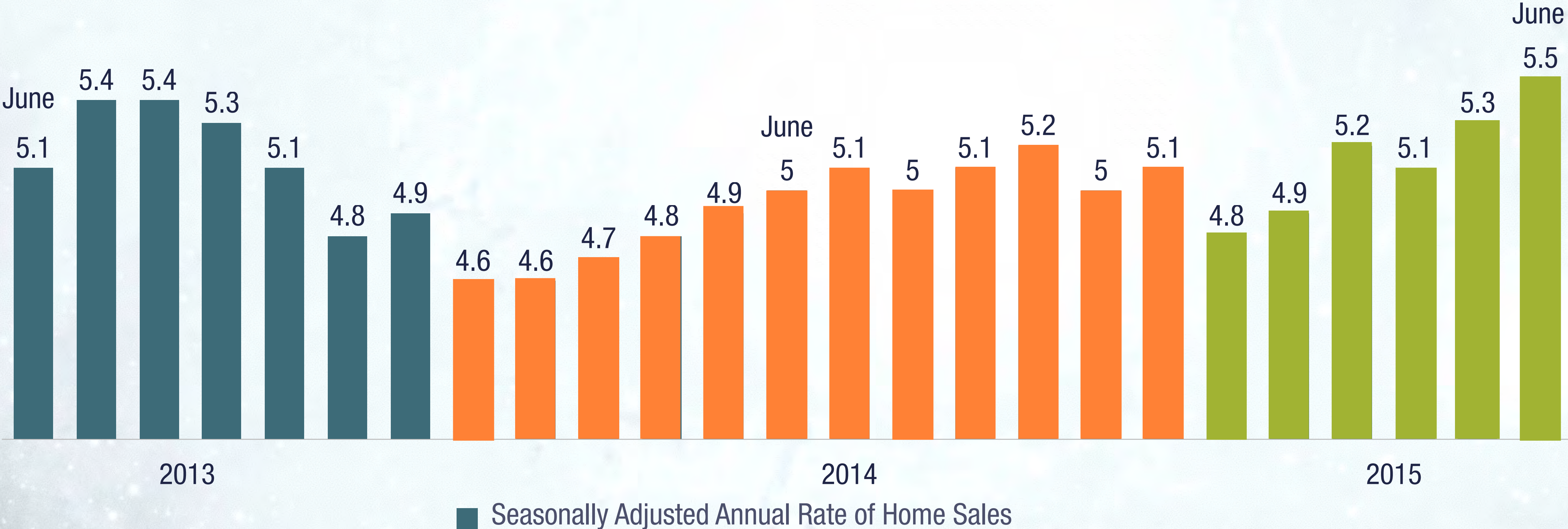
# The U.S. Housing Market

# Housing Market Cycles



# Home Sales - Monthly

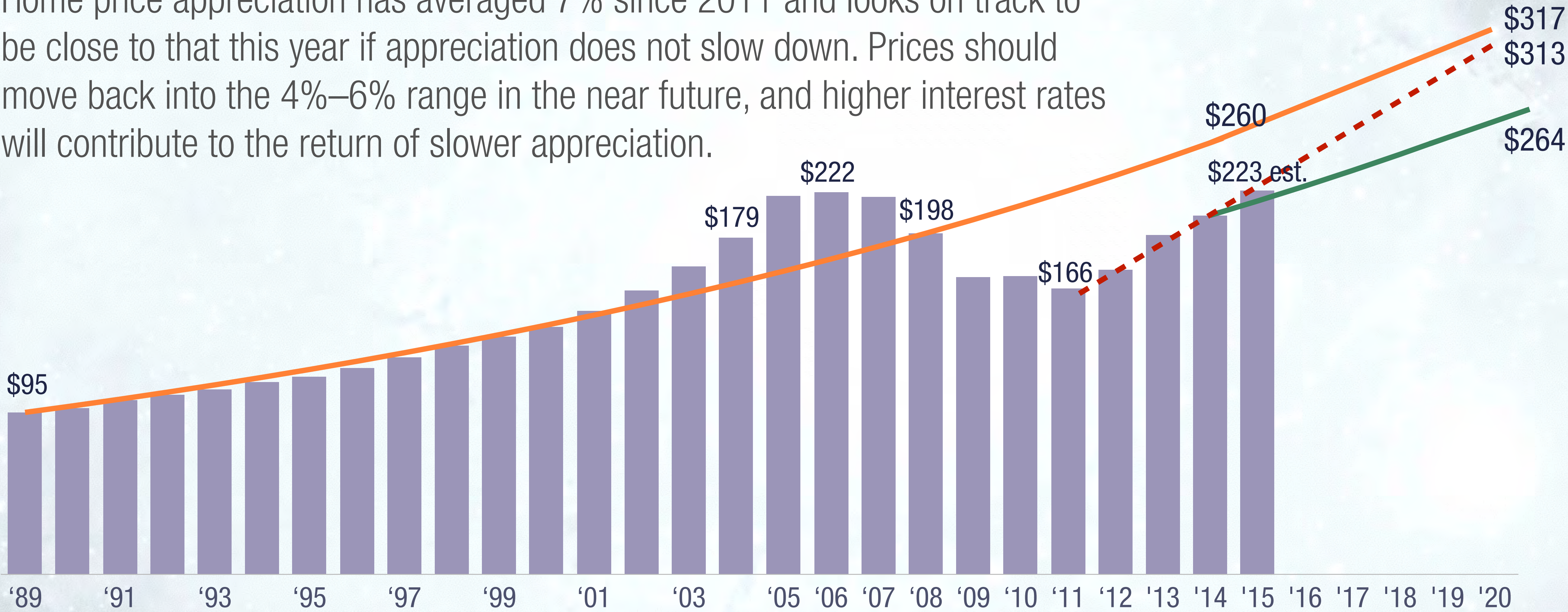
Home sales have been strong this summer after starting slow early in the year. We are on pace to have the strongest year for existing home sales since the recession.



Source: NAR

# Home Price - Annual

Home price appreciation has averaged 7% since 2011 and looks on track to be close to that this year if appreciation does not slow down. Prices should move back into the 4%–6% range in the near future, and higher interest rates will contribute to the return of slower appreciation.



Source: NAR

# Months Supply of Inventory

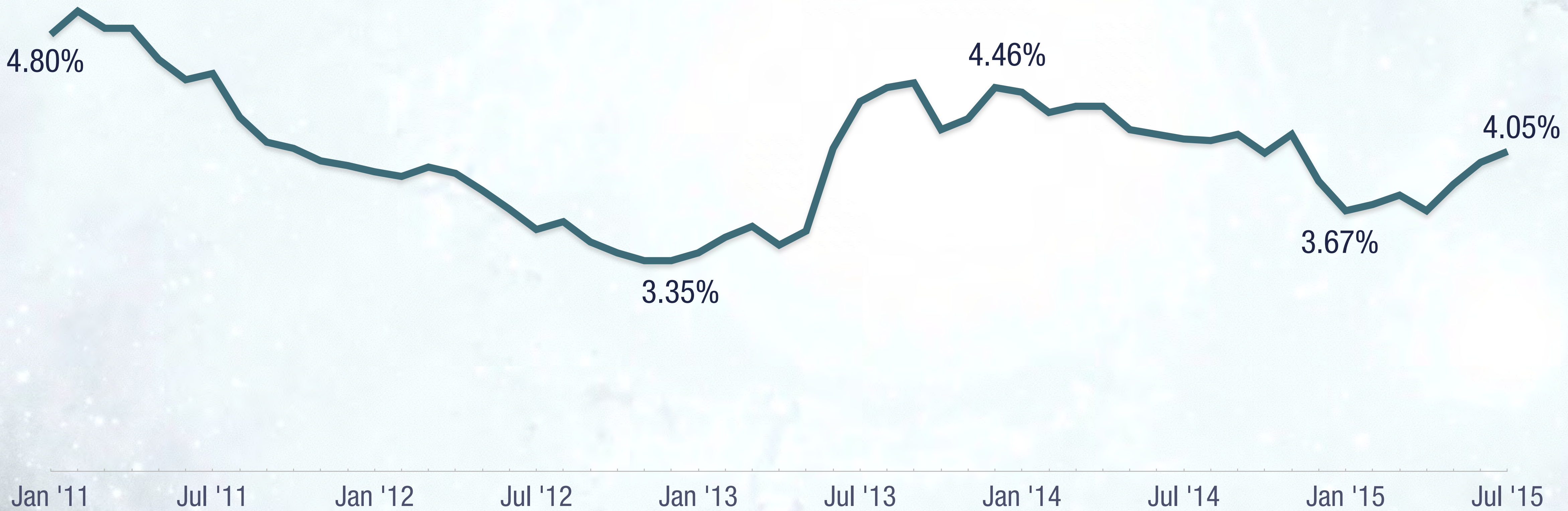
This year we have seen movement back toward a seller's market, spurred by people trying to take advantage of low rates before they increase.



Source: NAR

# Mortgage Rates - Monthly

Mortgage rates have been slowly rising since the beginning of the year as the Federal Reserve debates when to adjust their rates.



Source: Freddie Mac

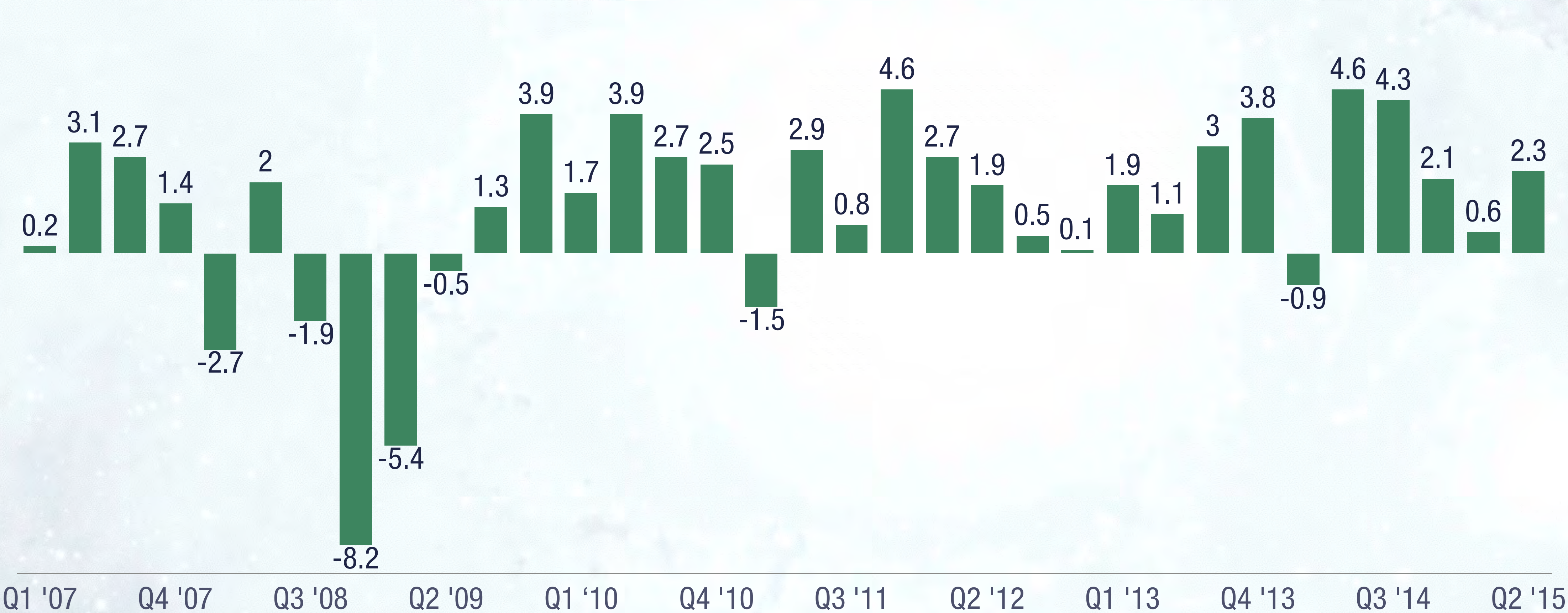
— Monthly Mortgage Rate

# U.S. Economy



# GDP - Quarterly

The economy got off to another slow start this year, but has begun to pick up again.

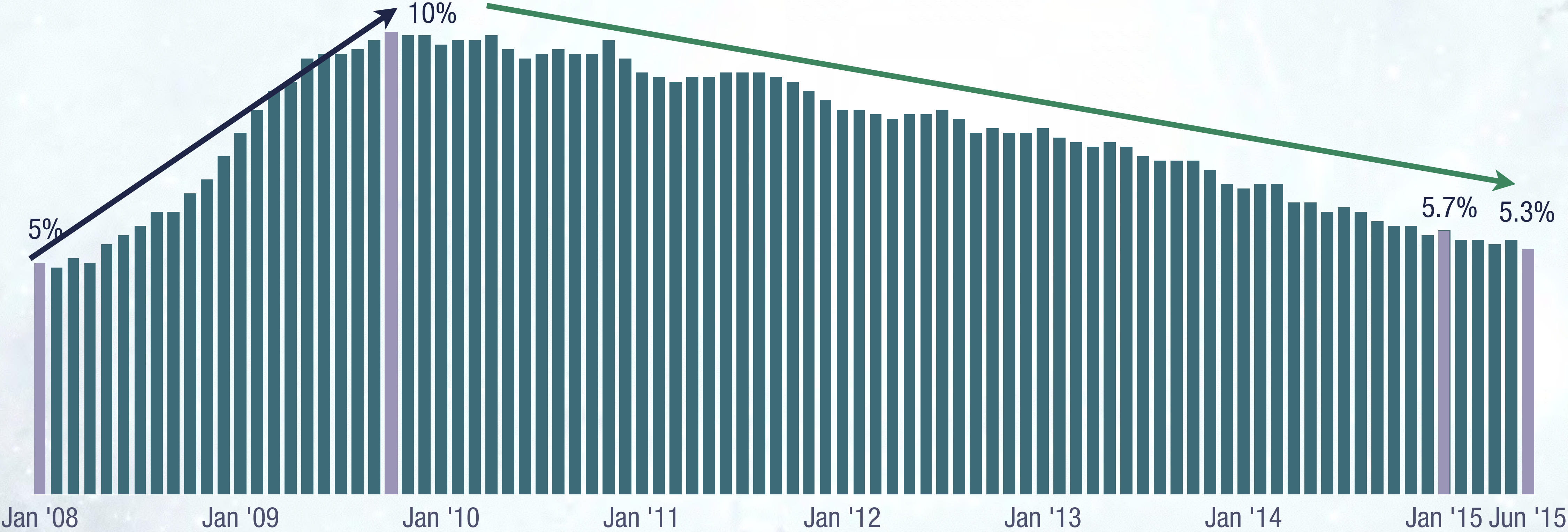


Source: BEA

■ Real GDP Growth Rate, Quarterly, Seasonally Adjusted (Percentage)

# Unemployment - Monthly

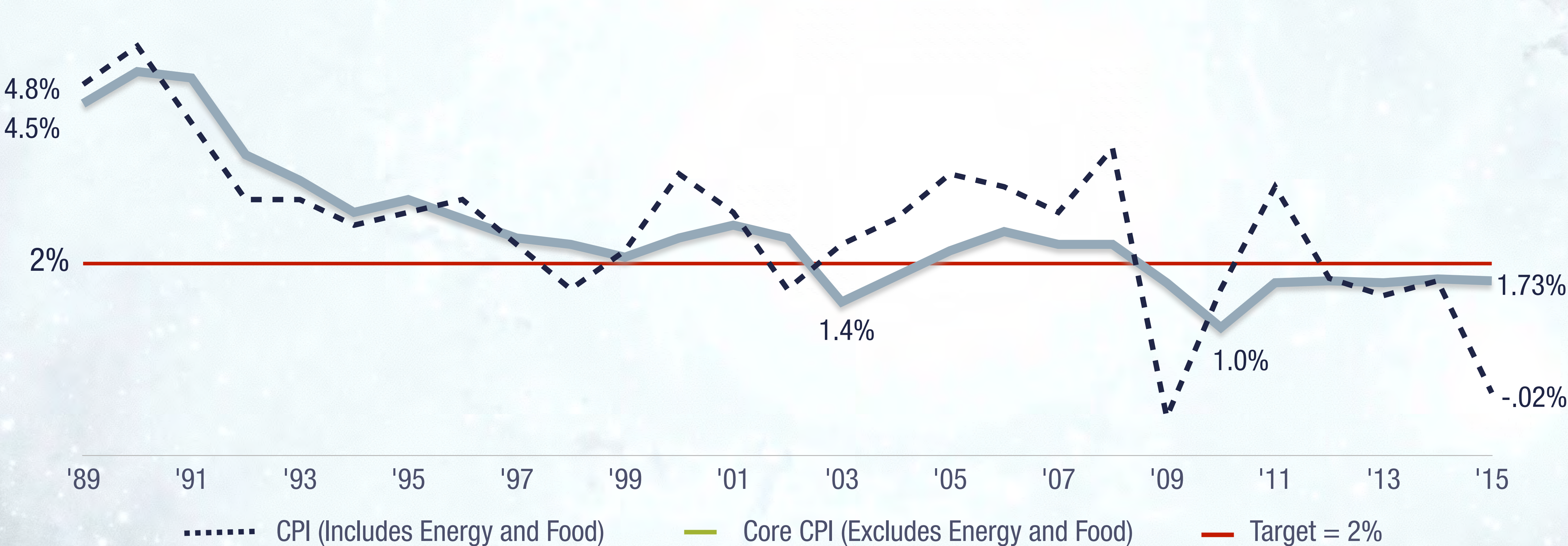
Unemployment has moved back into the range of what can be considered normal.



Source: BLS

# Inflation

Inflation remains below the target rate and will be watched closely as the Federal Reserve considers rate increases.

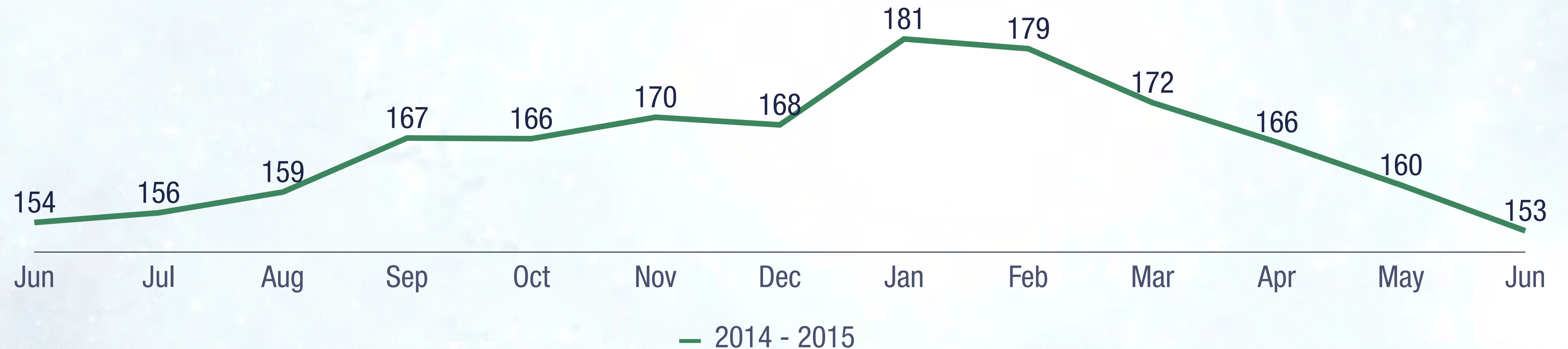


Source: BEA

# Special Topics

# Affordability - NAR Affordability Index

Affordability has been declining since January as prices continue to outpace wage growth.



Source: NAR

**Affordability Definition:** A value of 100 means that a family earning the median income has exactly enough income to qualify for a mortgage on a median-priced home. An index above 100 signifies that a family earning the median income has more than enough income.

# New Home Construction

Based on inventories, we still need to see more construction.

