

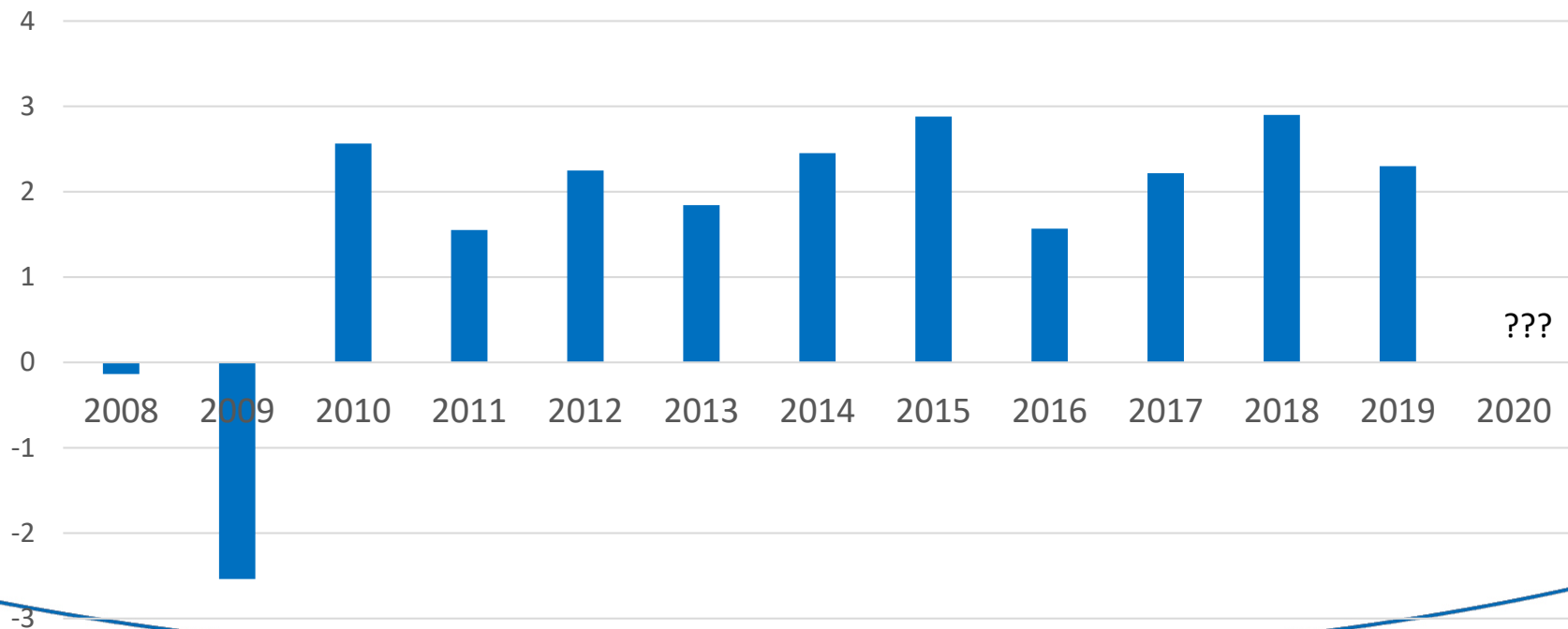
# Economic & Real Estate Market Outlook

By Lawrence Yun, Ph.D.  
Chief Economist, National Association of REALTORS®

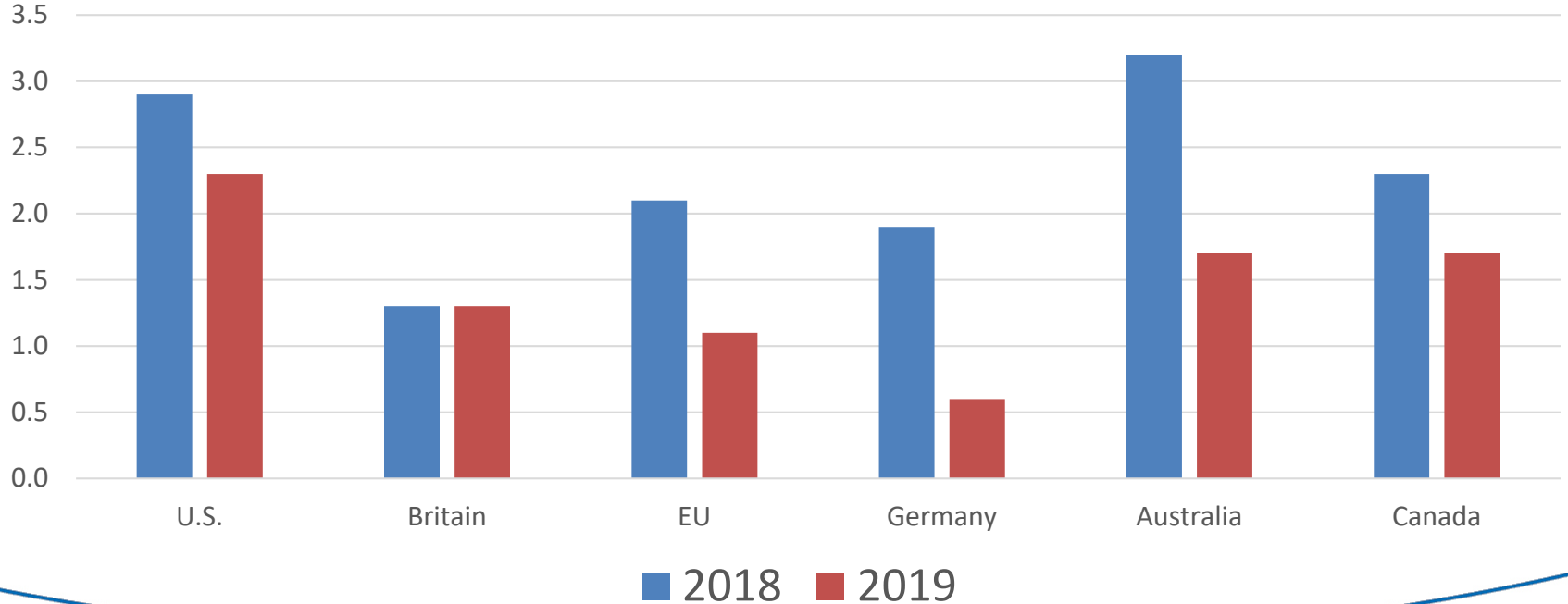
Virtual Presentation at Wisconsin Residential Real Estate Summit

March 23, 2020

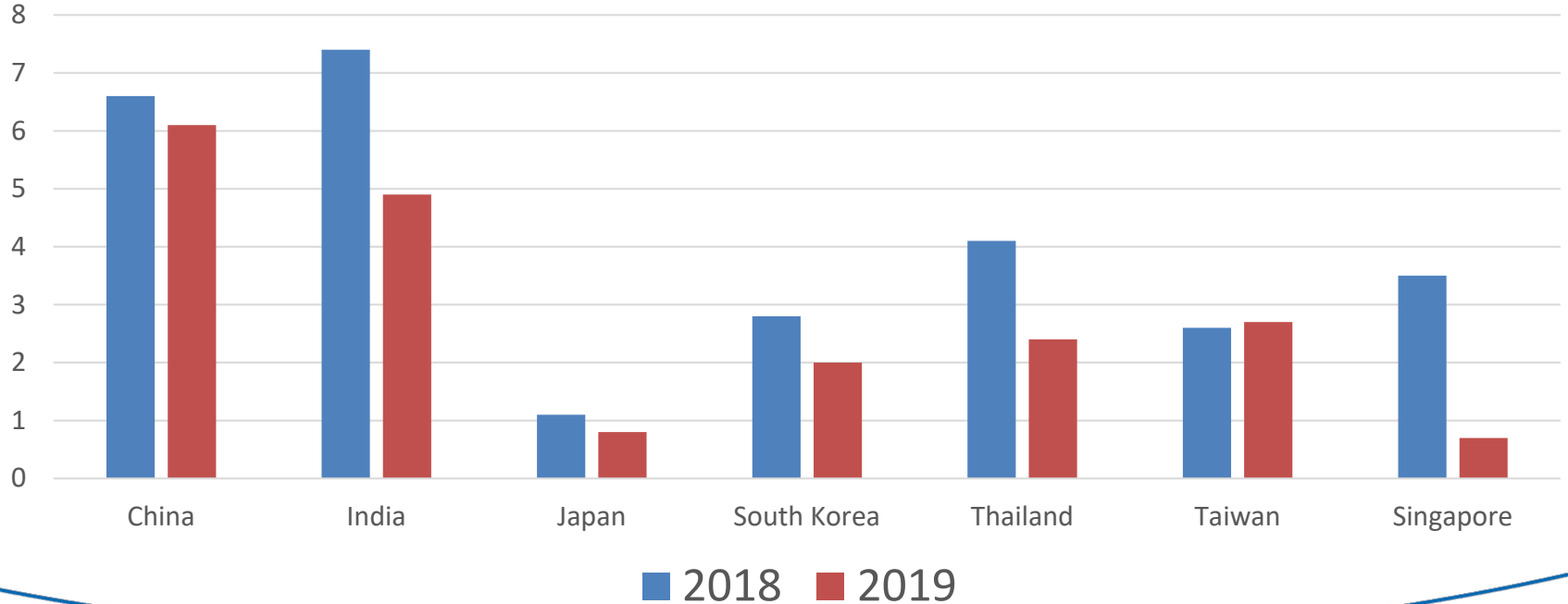
# Annual GDP Growth Rate of 2.9% in 2018 but Slowing in 2019 and 2020



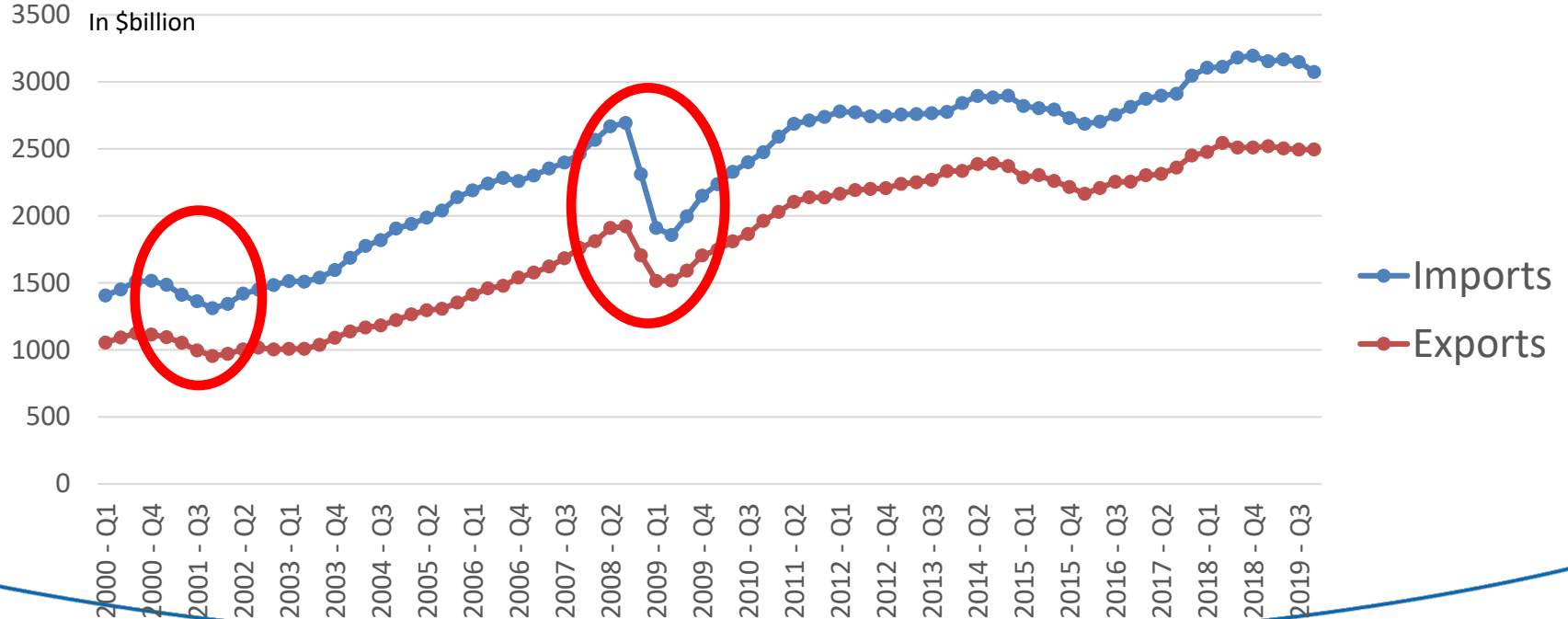
# Slower Global Economic Growth



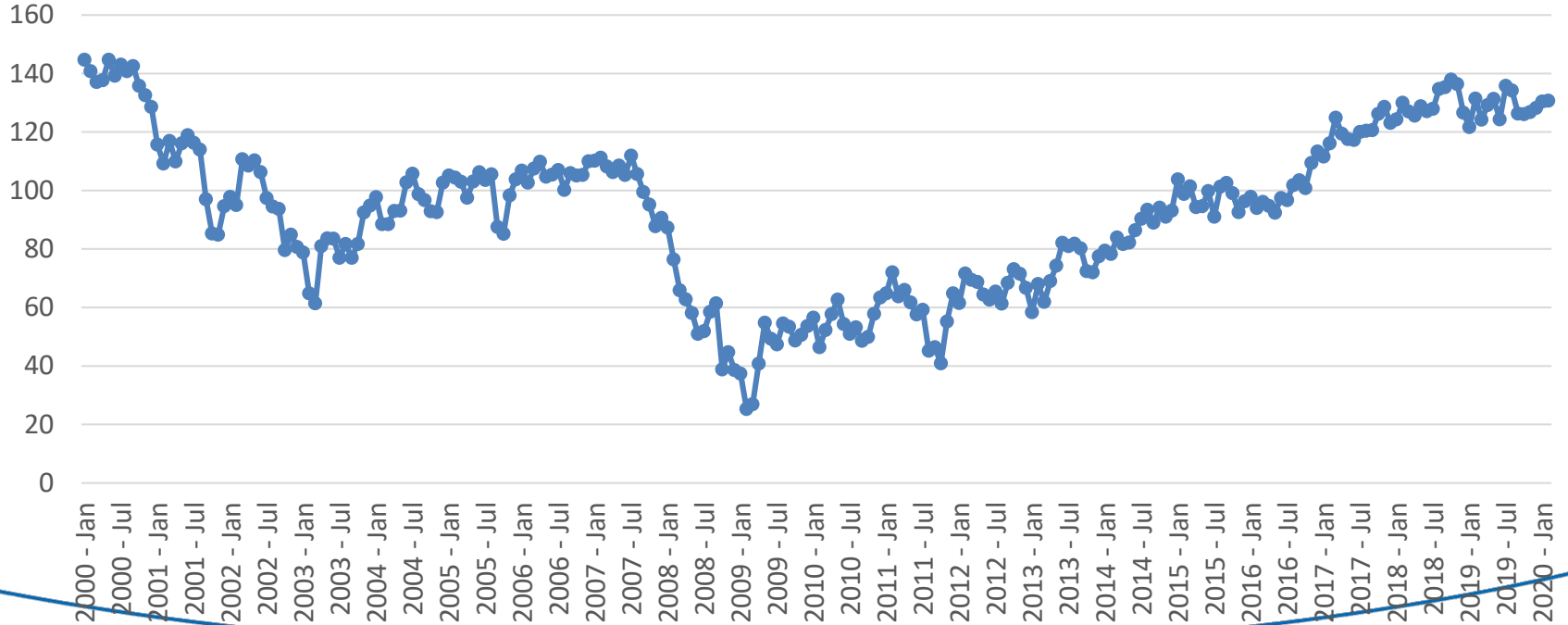
# Economic Growth in Asia



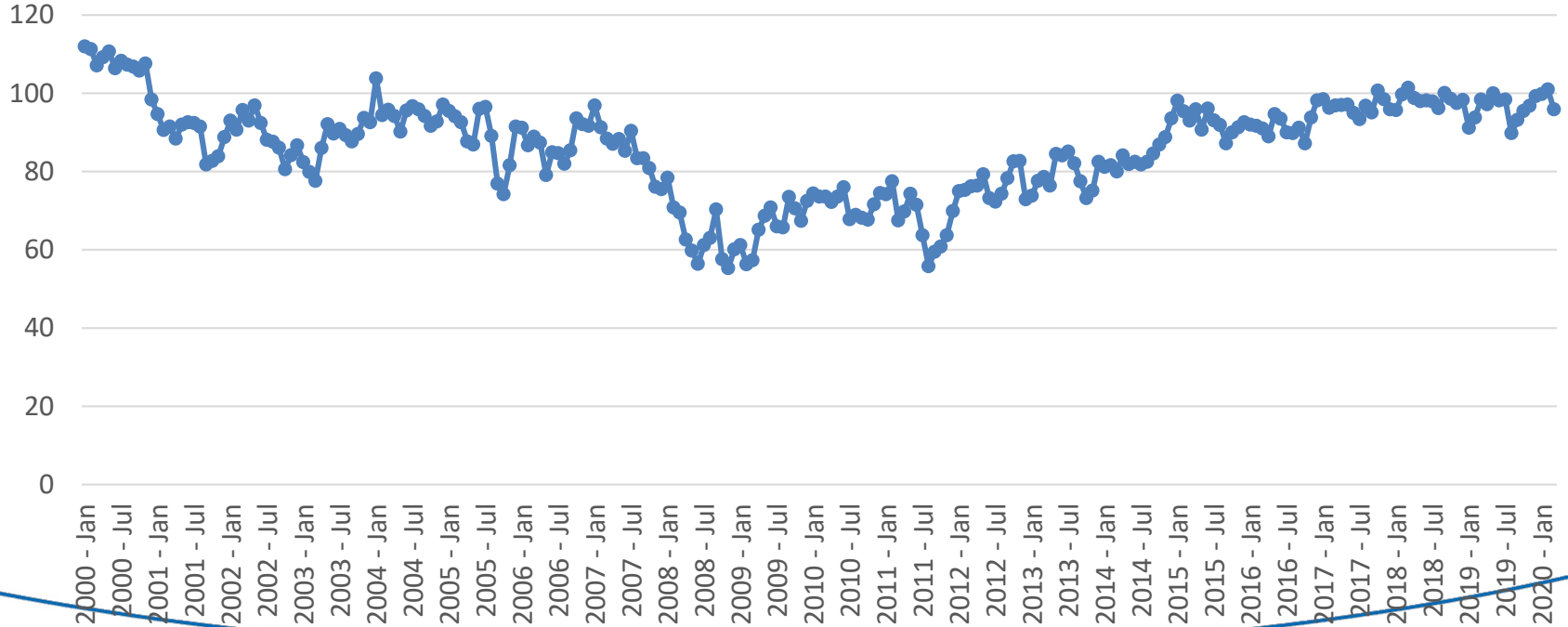
# U.S. International Trade



# Consumer Confidence Remains High to February

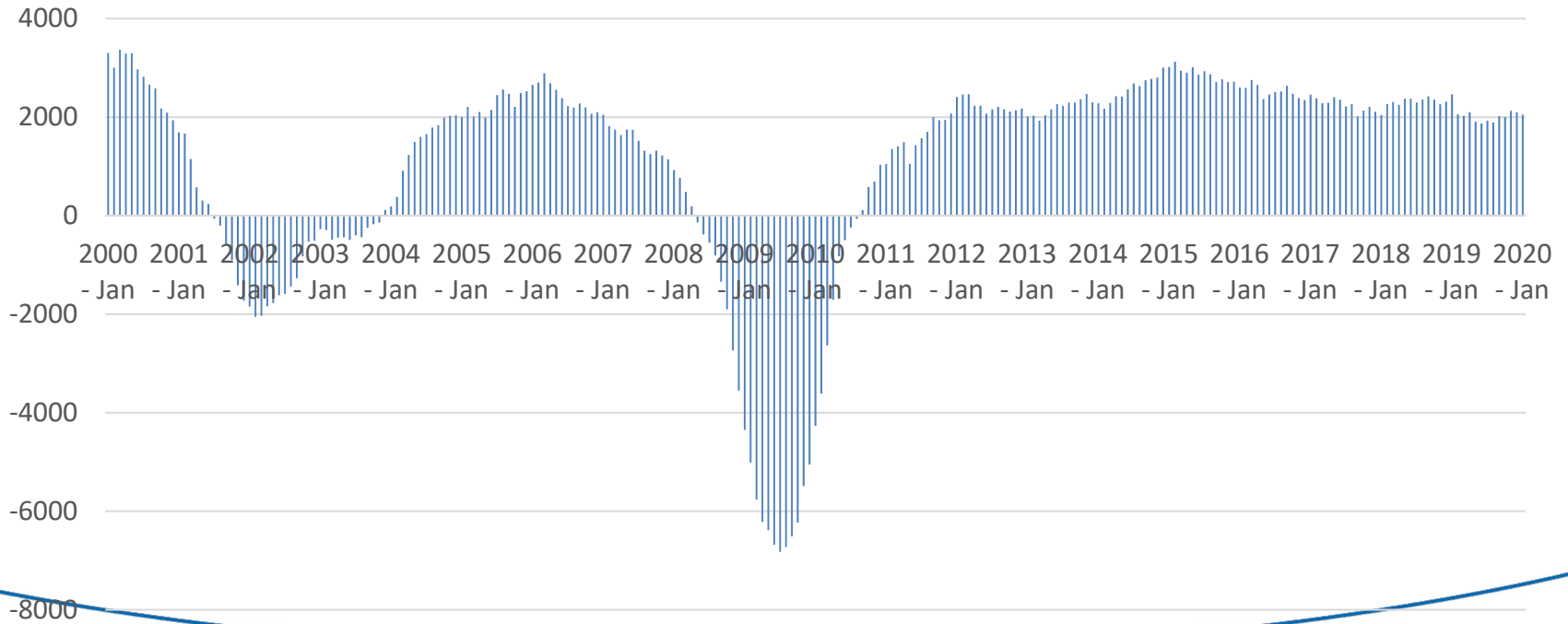


# Consumer Sentiment Remains High to mid-March (University of Michigan)



# Job Creations ... for a long time

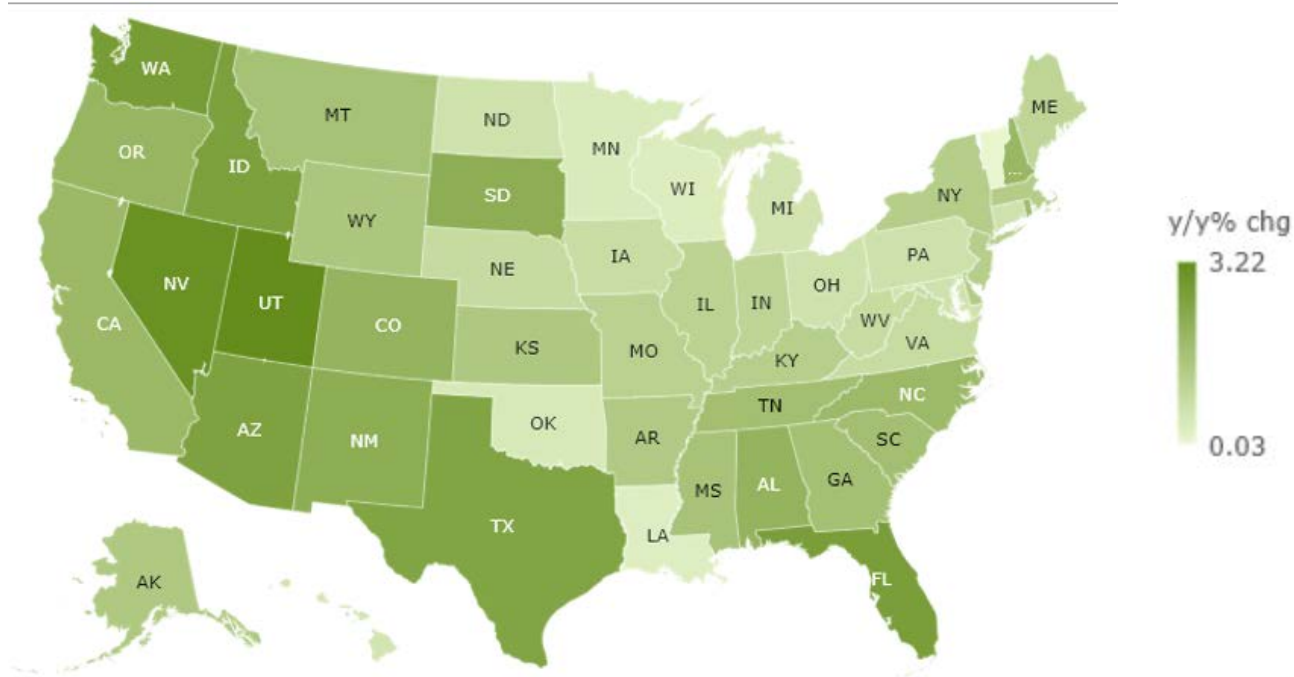
(12 month net total in thousands)





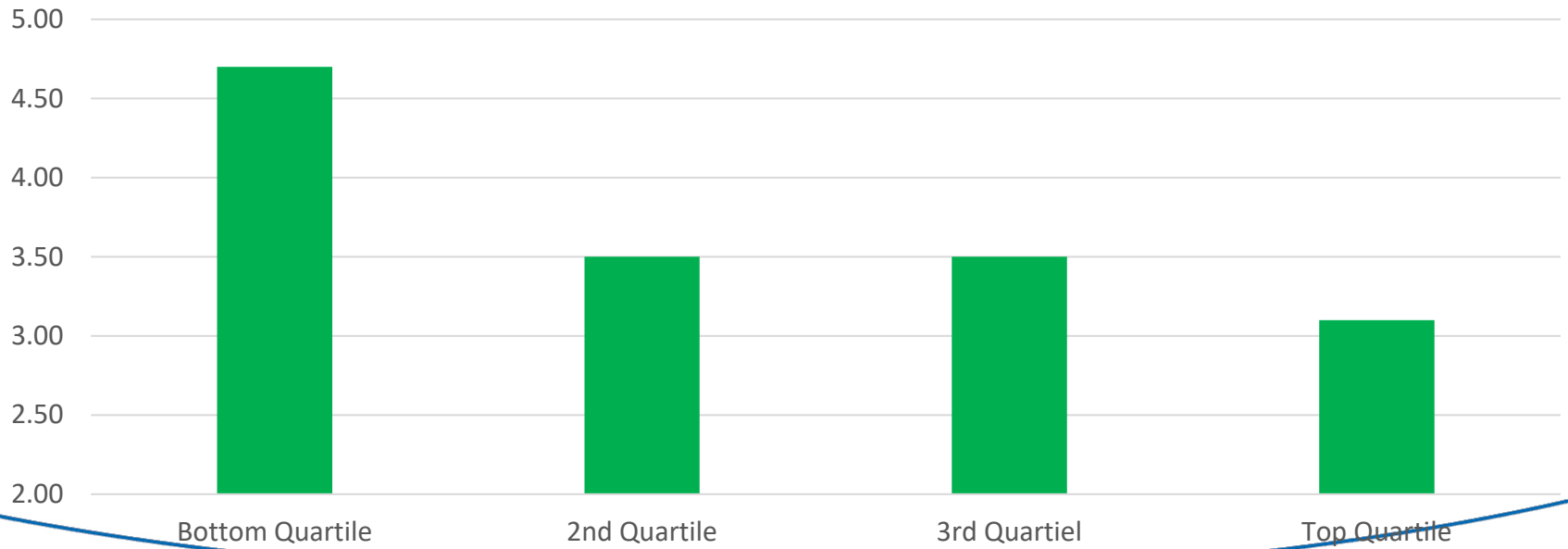
# State Variations in Job Growth Rate

(2019 Q3, BLS payroll employment)



# Faster Wage Growth at the Bottom

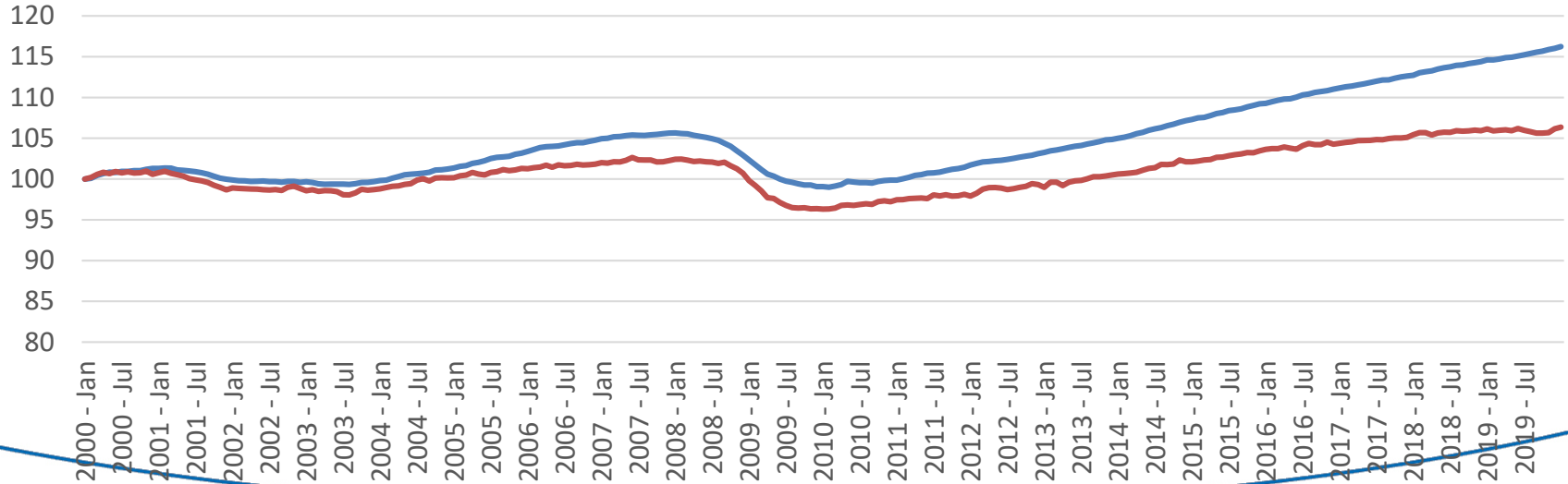
One-year wage growth by Quartile



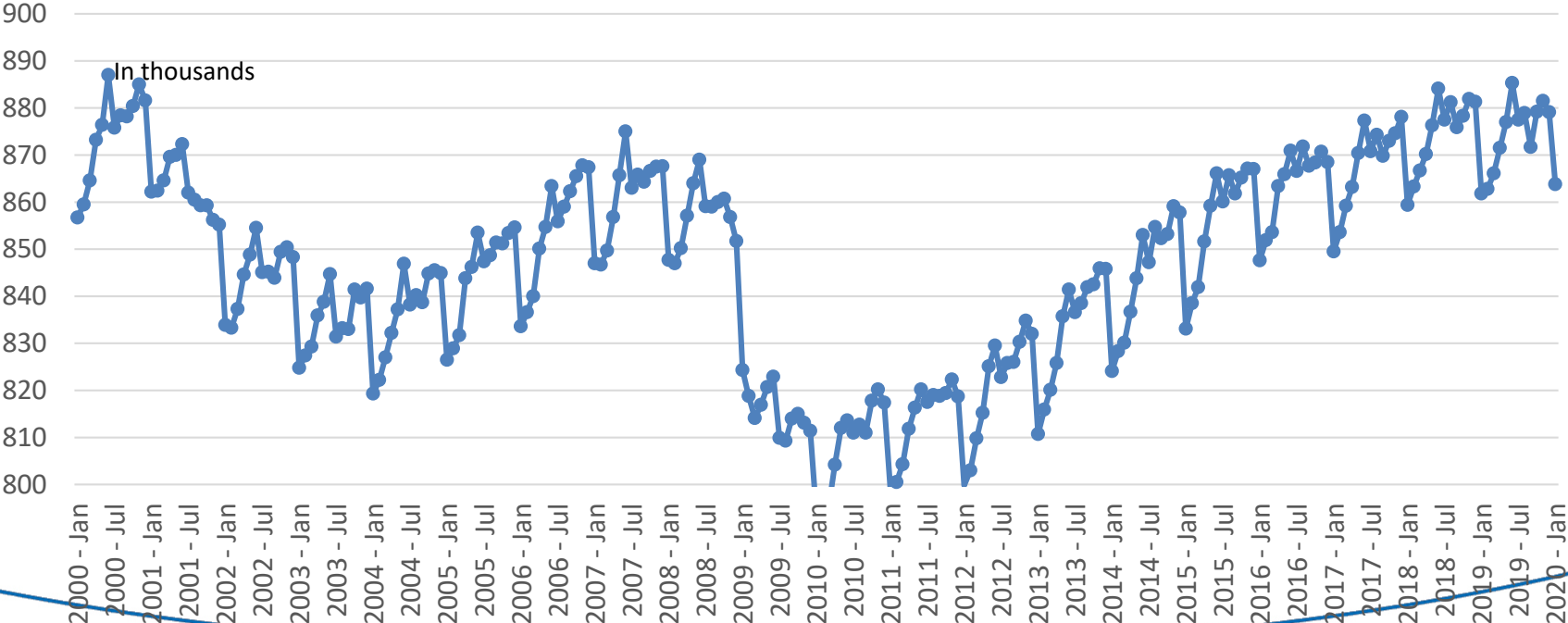
# 6% vs. 16%

## Job Growth from 2000 to 2019

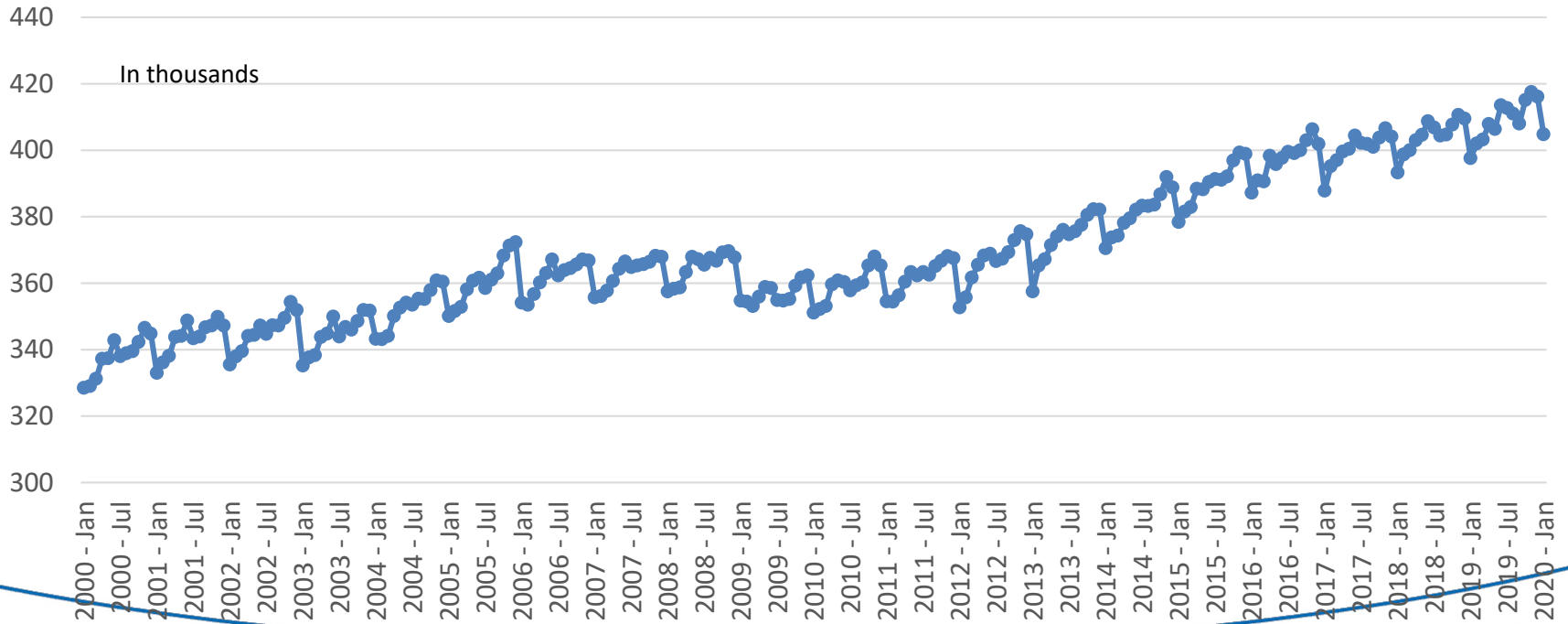
— Wisconsin — National



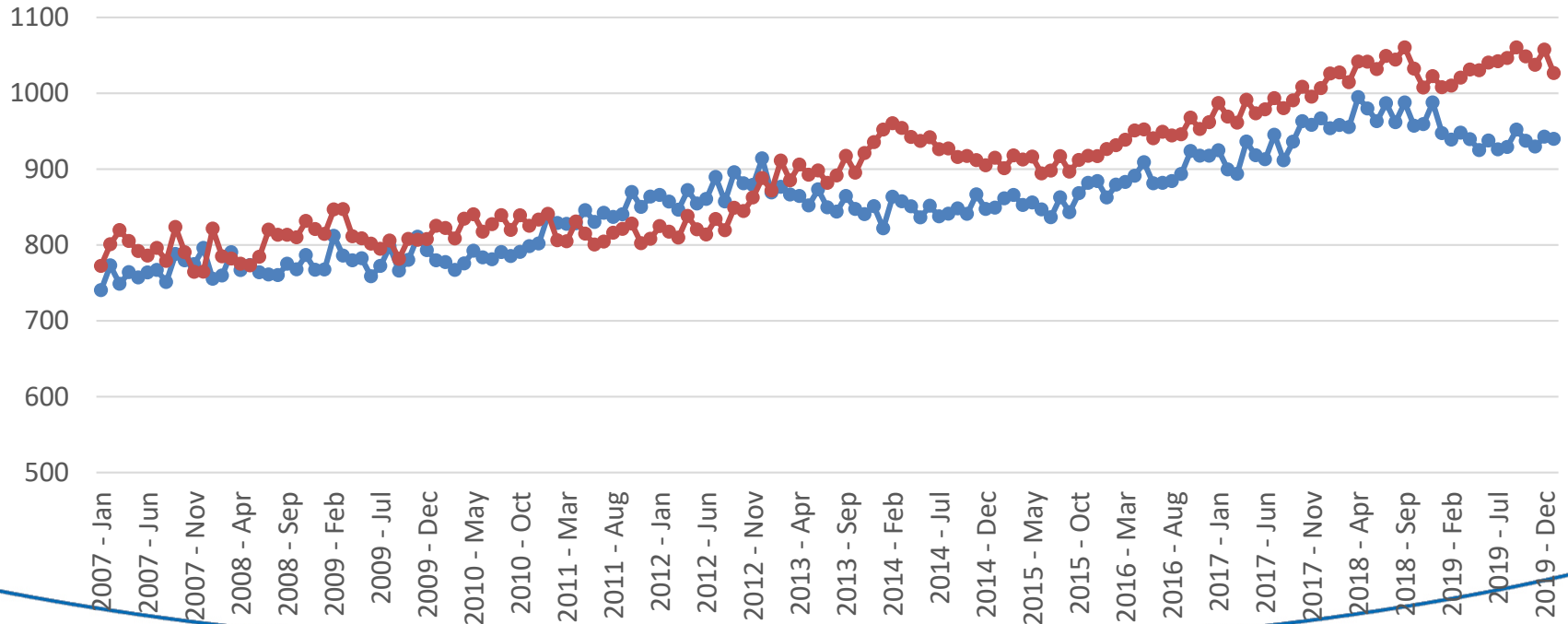
# Total Jobs in Milwaukee Metro



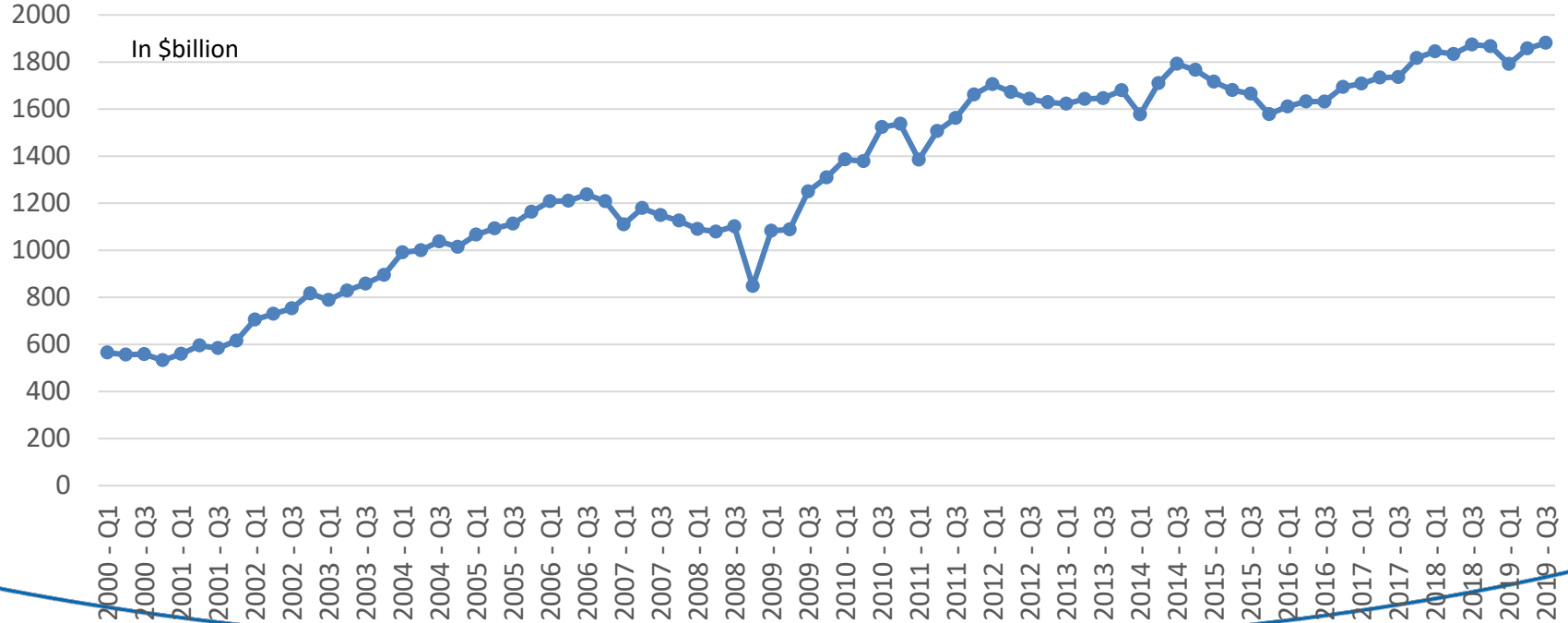
# Total Jobs in Madison Metro



# Average Weekly Earnings in Milwaukee and Madison



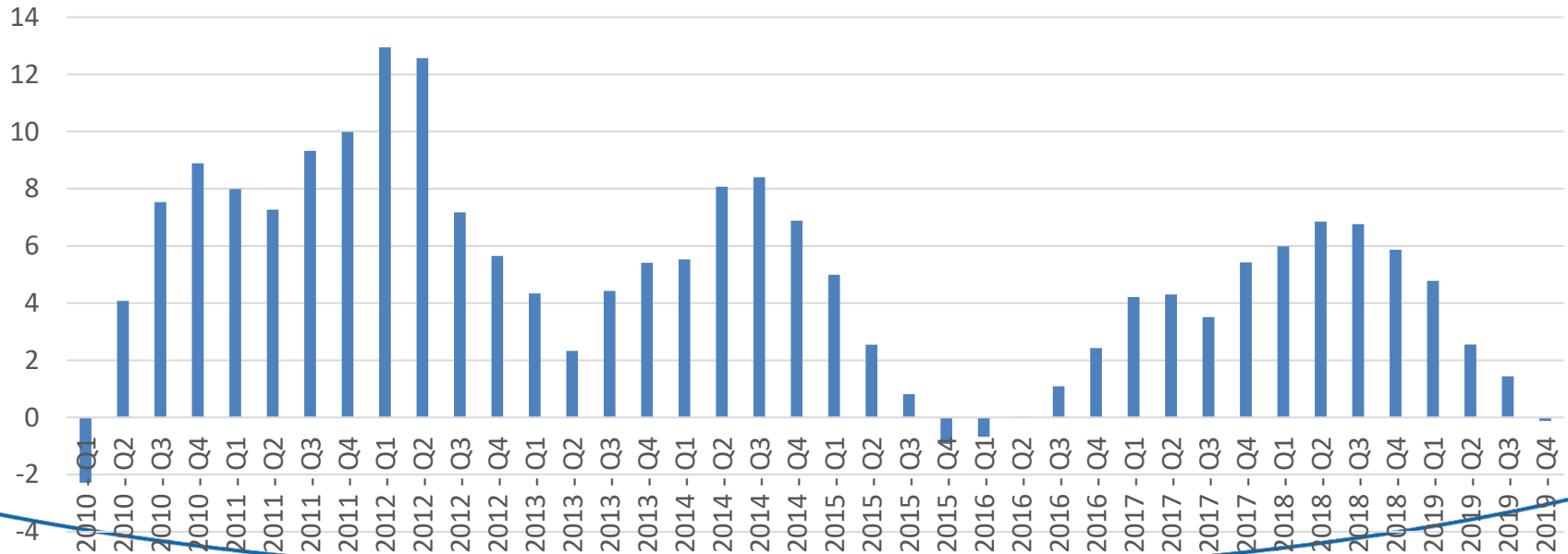
# After-Tax Corporate Profits



# Business Investment in U.S.

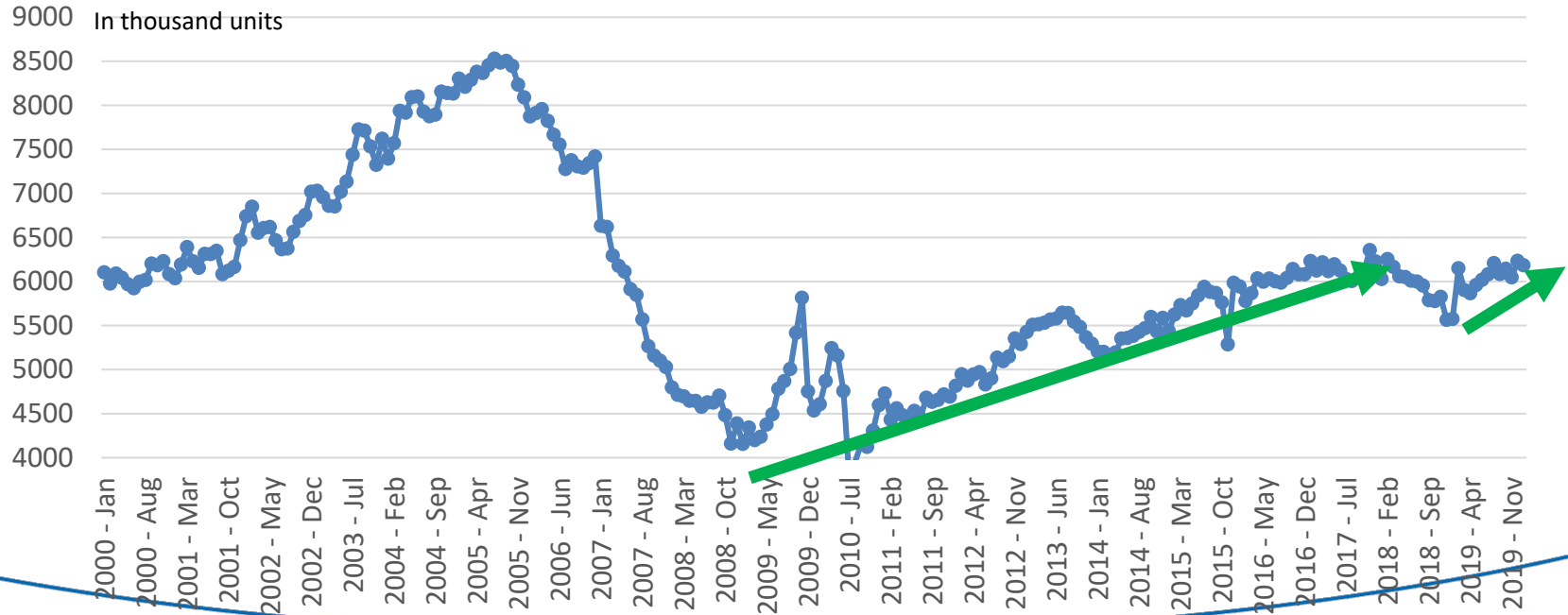
(non-residential fixed investment)

% change from one year ago

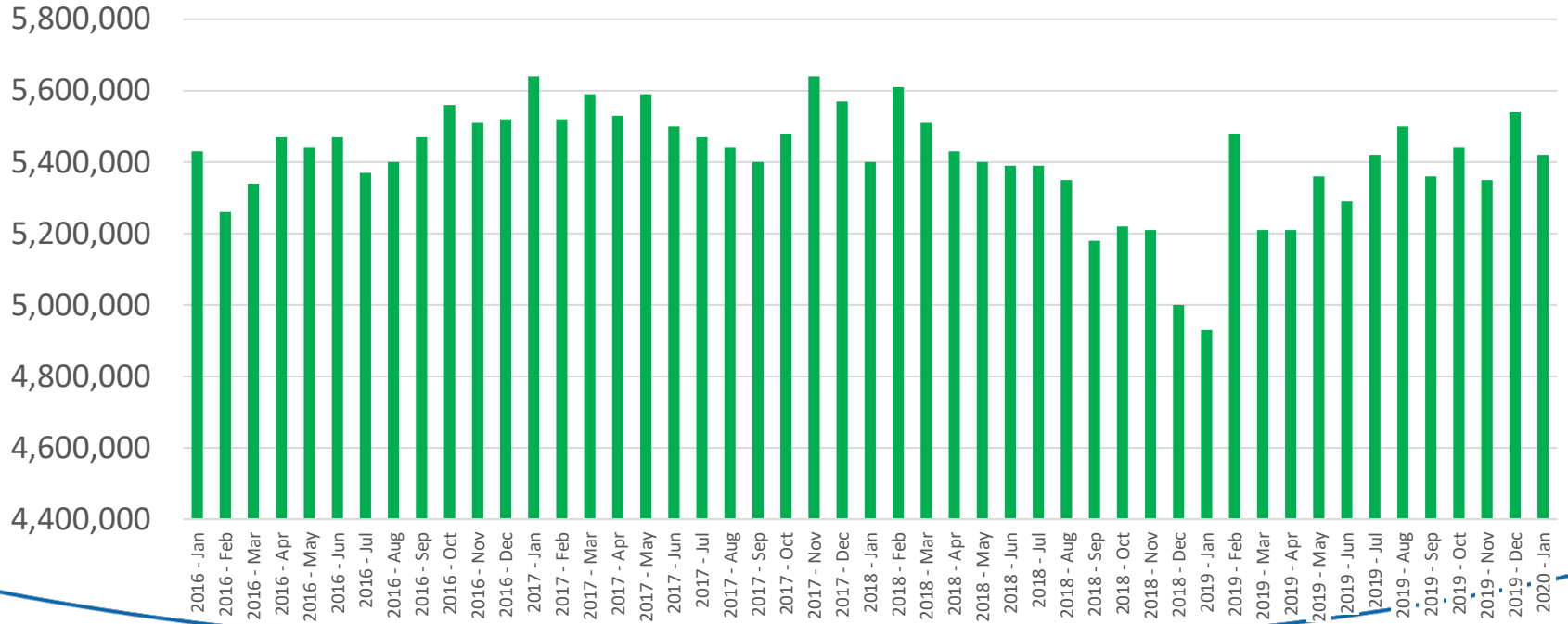




# Existing and New Home Sales Combined



# Recent National Existing Home Sales (Not Yet Breaking Higher)



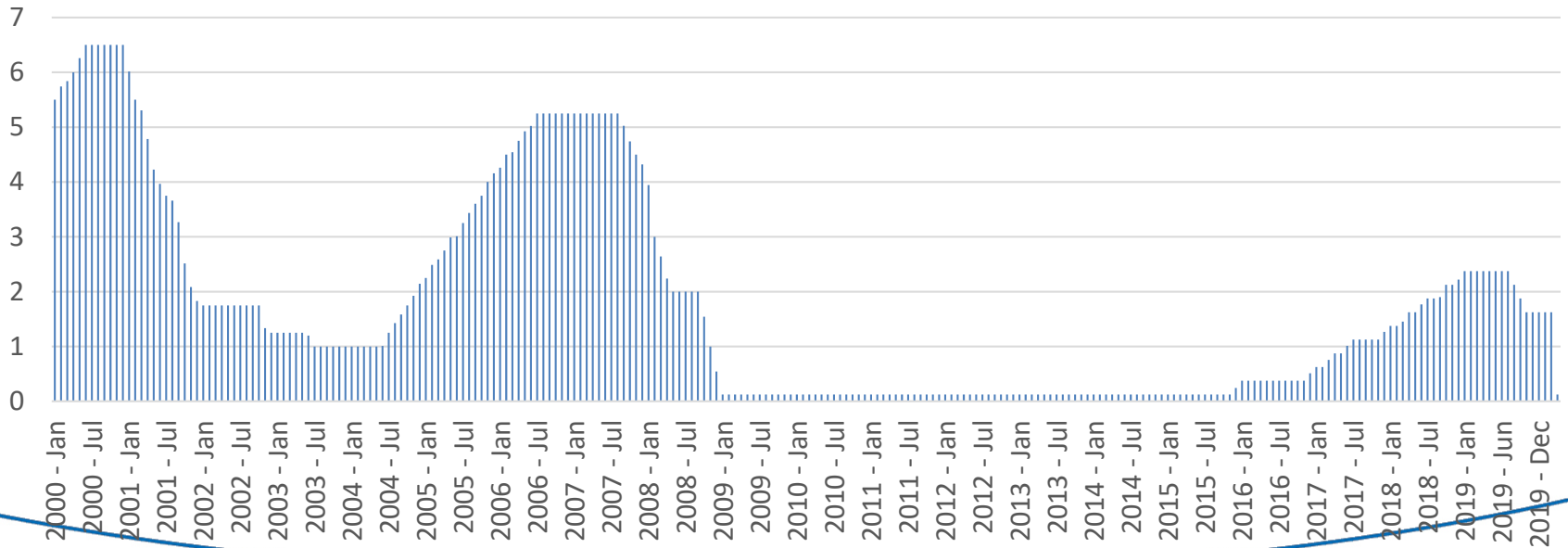
# Inventory of Homes for Sale



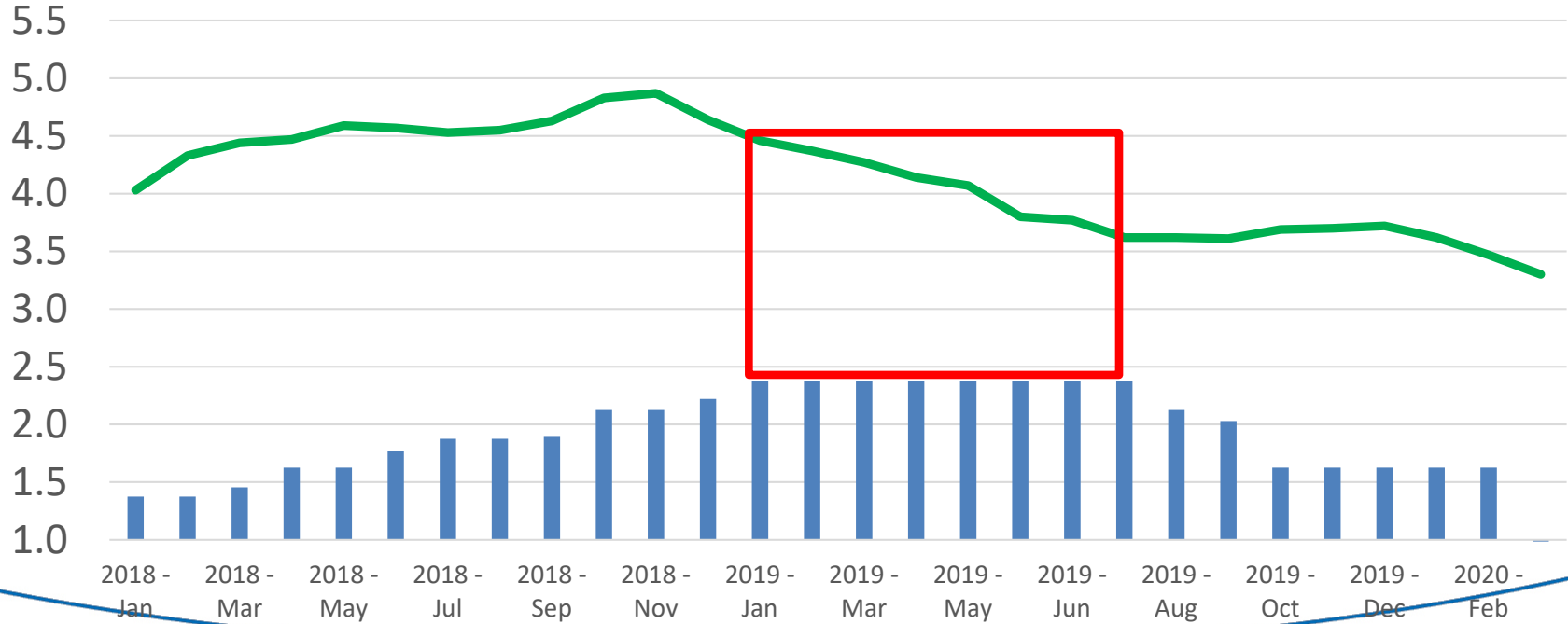
# Federal Reserve Monetary Policy

## All-Accomodative

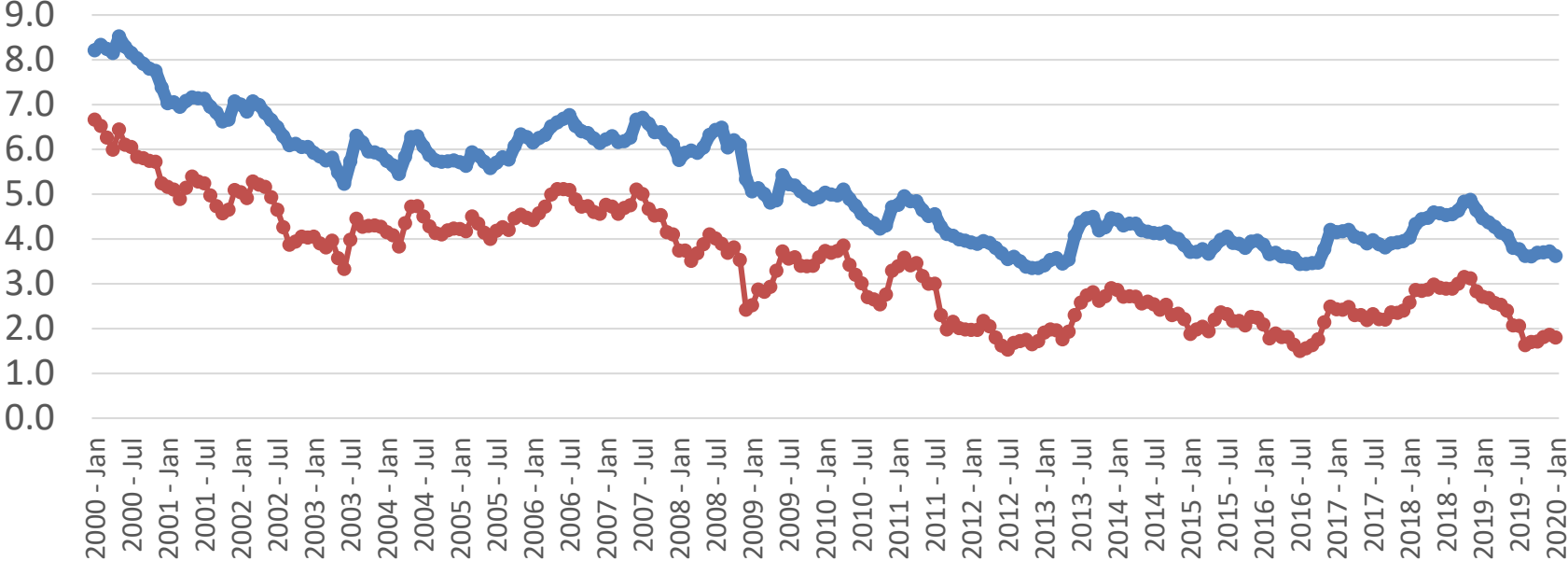
Fed Funds Rate



# Fed Funds Rate and 30-year Mortgage Rate



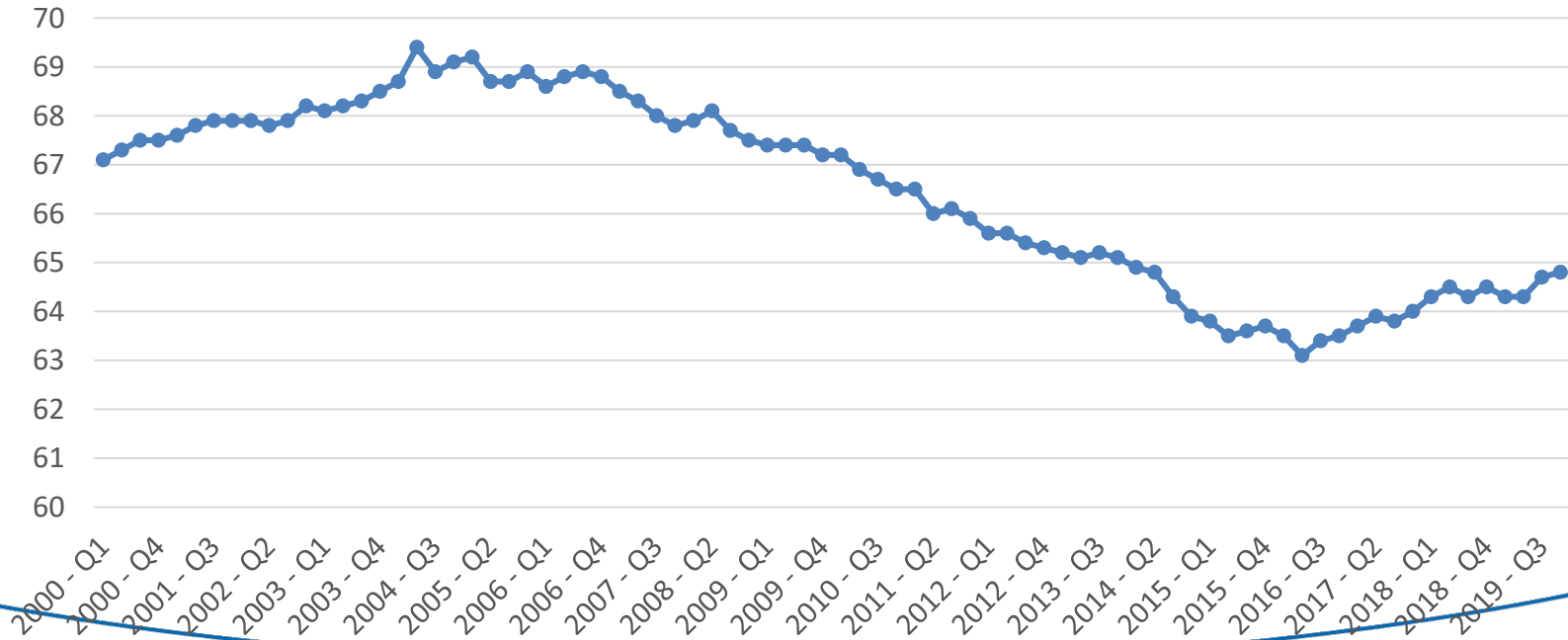
# Mortgage Rates tied to 10-year Treasury





# Homeownership Rate Slow Recovery

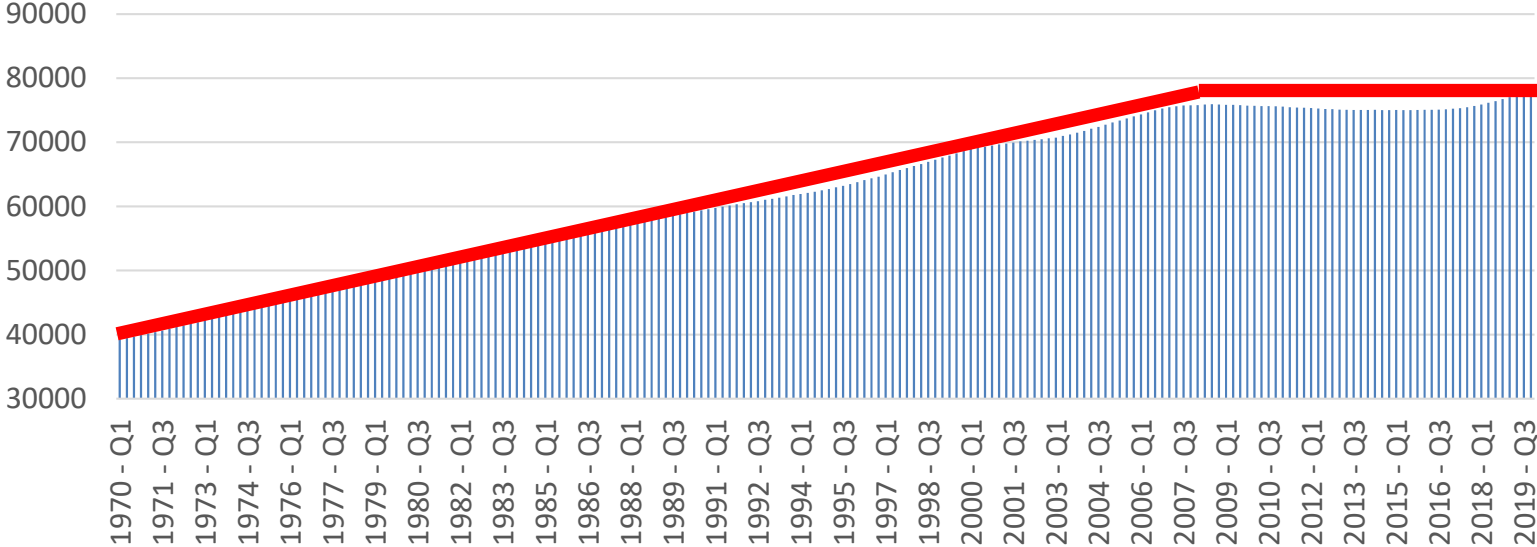
## 70% to 63% to 65%





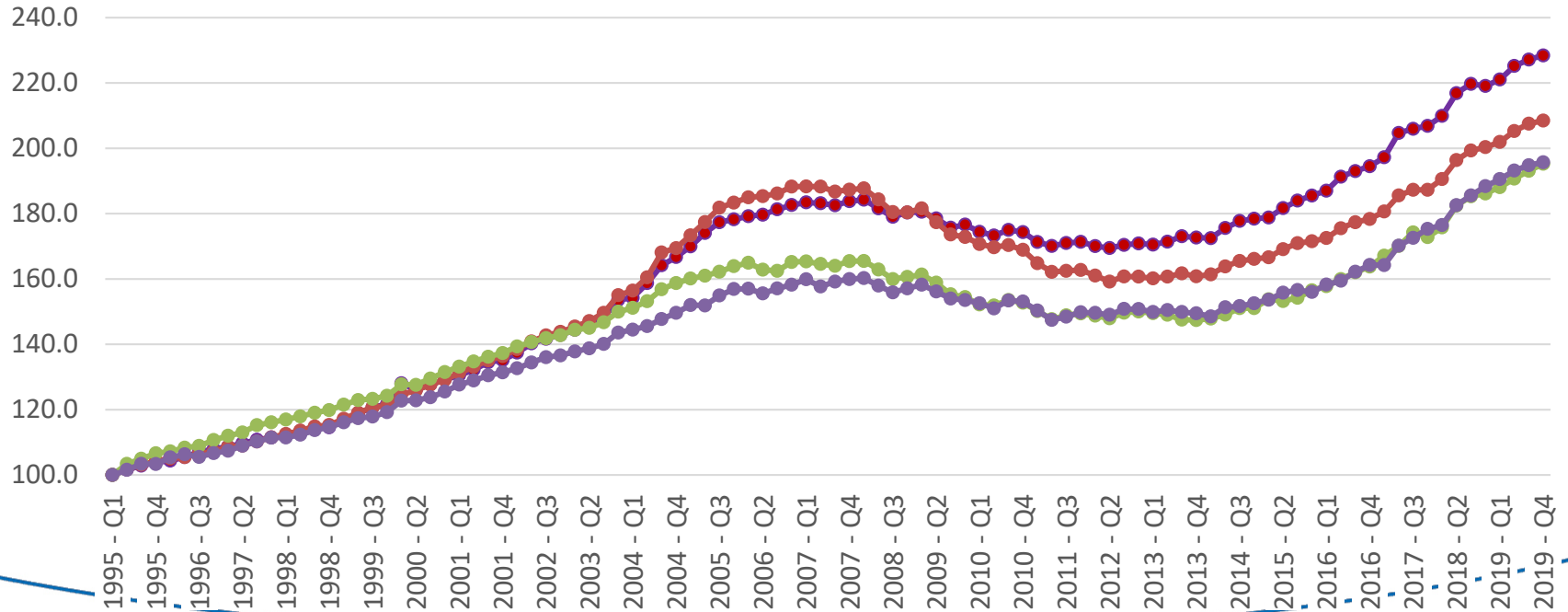
# Homeowners

In thousands

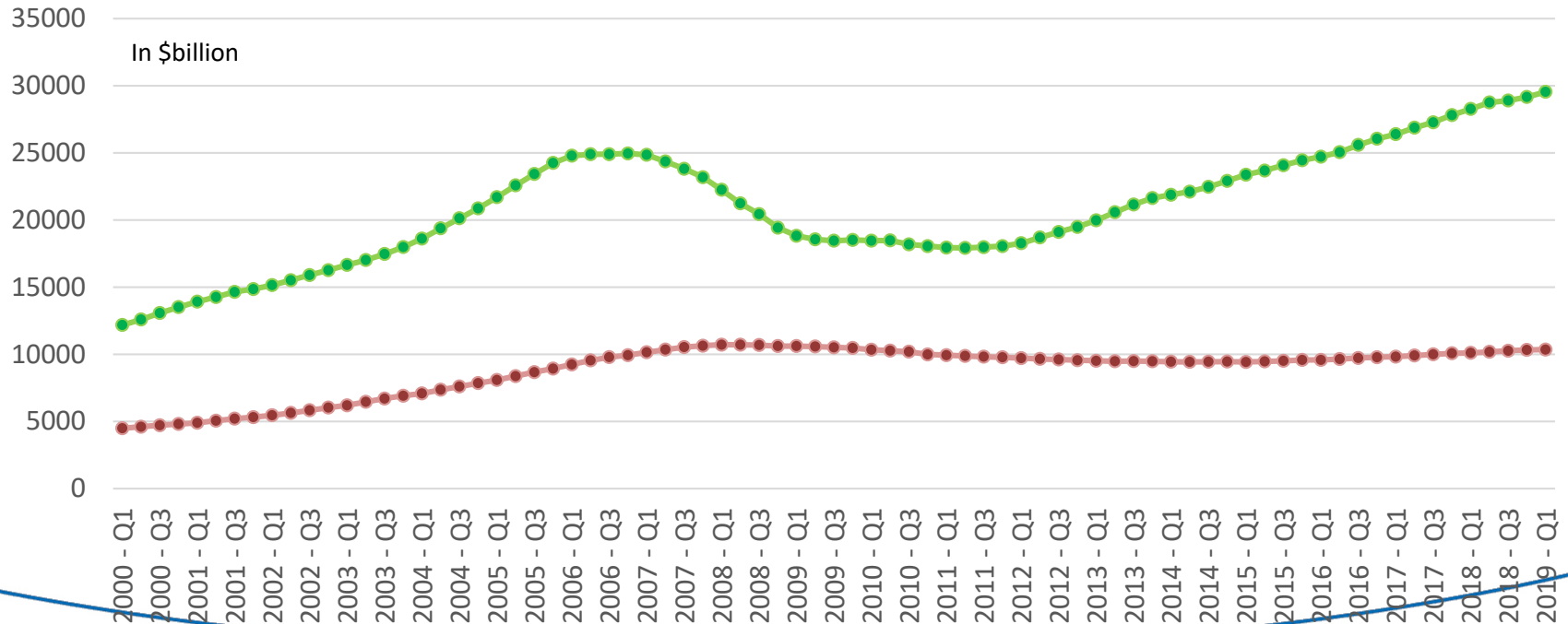


# Home Price Index – Madison Tops

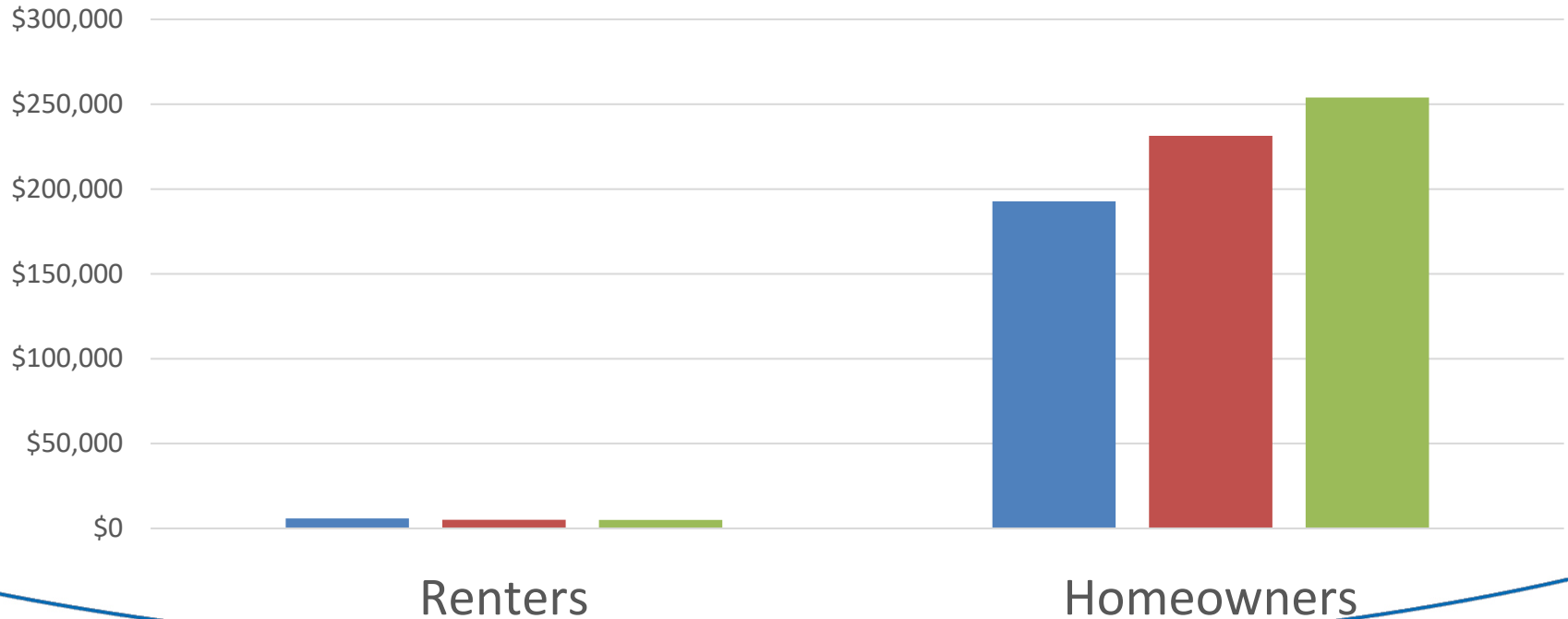
Madison, Milwaukee, Green Bay, Appleton



# Rising Home Price means Rising Real Estate Wealth (Total Asset – Outstanding Mortgage)

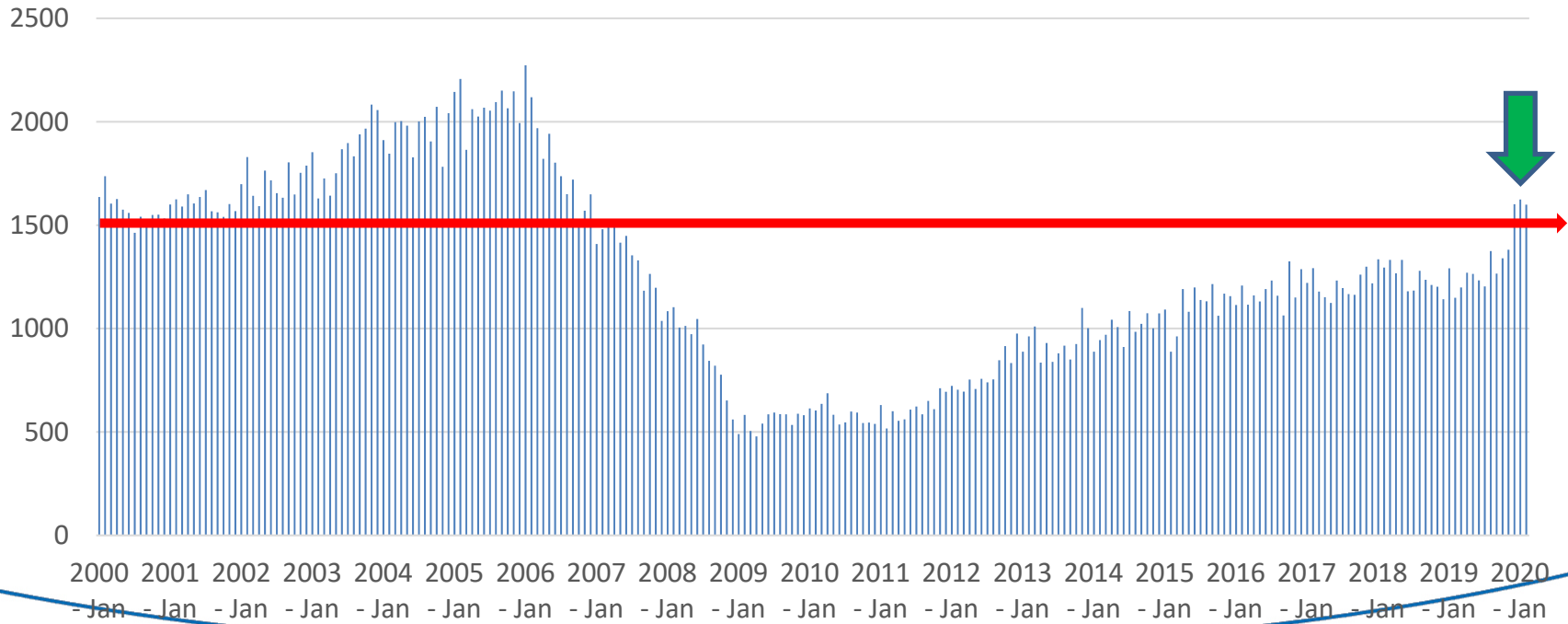


# Wealth: From 2000 to 2016 to 2018



# Housing Starts Back to Normal?

Above 1.5 million for 3 straight months



# 2000 versus 2019 comparison

	2000	2019	Comment
Housing Affordability	122	146	Better
30-year mortgage rate	8.1%	4.0%	Better
Population	282 million	329 million	Better
Population (16 yrs old and over)	218 million	263 million	Better
Households	103 million	122 million	Better
Jobs	132 million	152 million	Better
Total Home Sales (New + Existing)	6.1 million	5.9 million	Worse

# Prior Economic Forecast: No Recession If No Major Trade War

	2016	2017	2018	2019 Forecast	2020 Forecast
GDP Growth	1.5%	2.2%	2.9%	2.0%	1.6%
Job Growth	+2.5 million	+2.2 million	+2.4 million	+2.2 million	+1.5 million
CPI Inflation	1.3%	2.1%	2.4%	2.0%	1.7%

# Housing Forecast: Moderate Growth

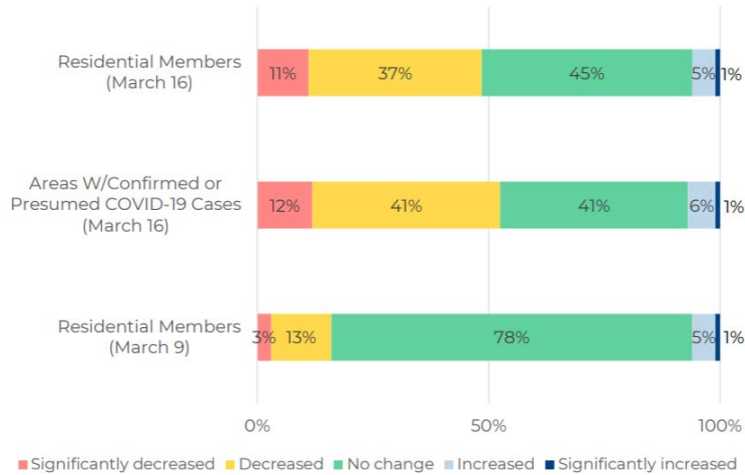
	2016	2017	2018	2019 Forecast	2020 Forecast
New Home Sales	560,000	613,000	617,000	670,000 (+9%)	750,000 (+11%)
Existing Home Sales	5.4 million	5.5 million	5.3 million	5.4 million (1%)	5.6 million (+4%)
Median Price Growth	+5.1%	+5.7%	+4.9%	+4.3%	+3.6%
30-year Rate	3.6%	4.0%	4.5%	4.0%	3.8%



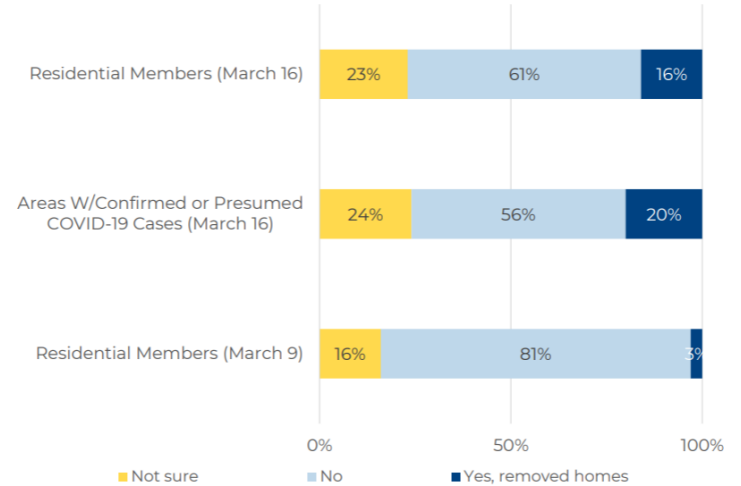
# Coronavirus Impact

# Realtors<sup>®</sup> Survey

**HOW HAS CORONAVIRUS (COVID-19) AFFECTED HOME BUYER INTEREST IN YOUR MARKET?**

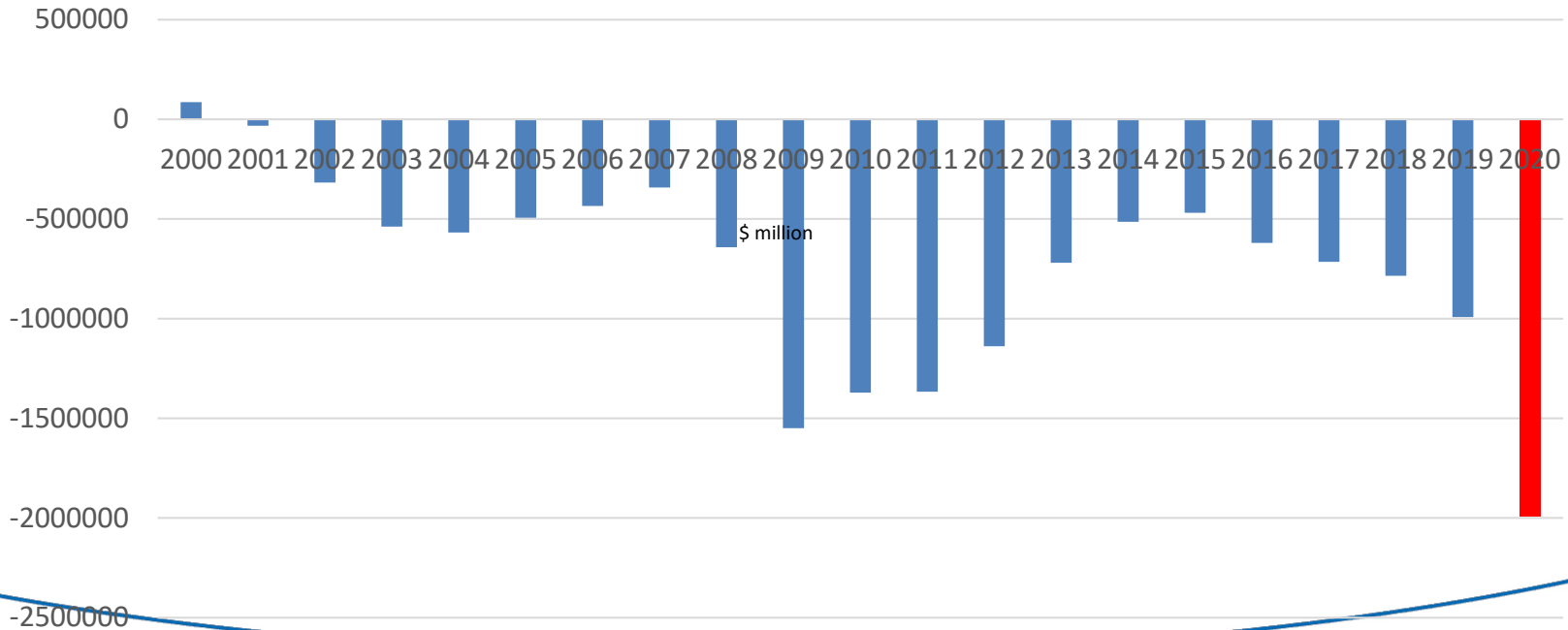


**HAVE YOU SEEN ANY SELLERS REMOVE THEIR HOME FROM THE MARKET COMPLETELY DUE TO CORONAVIRUS (COVID-19)?**



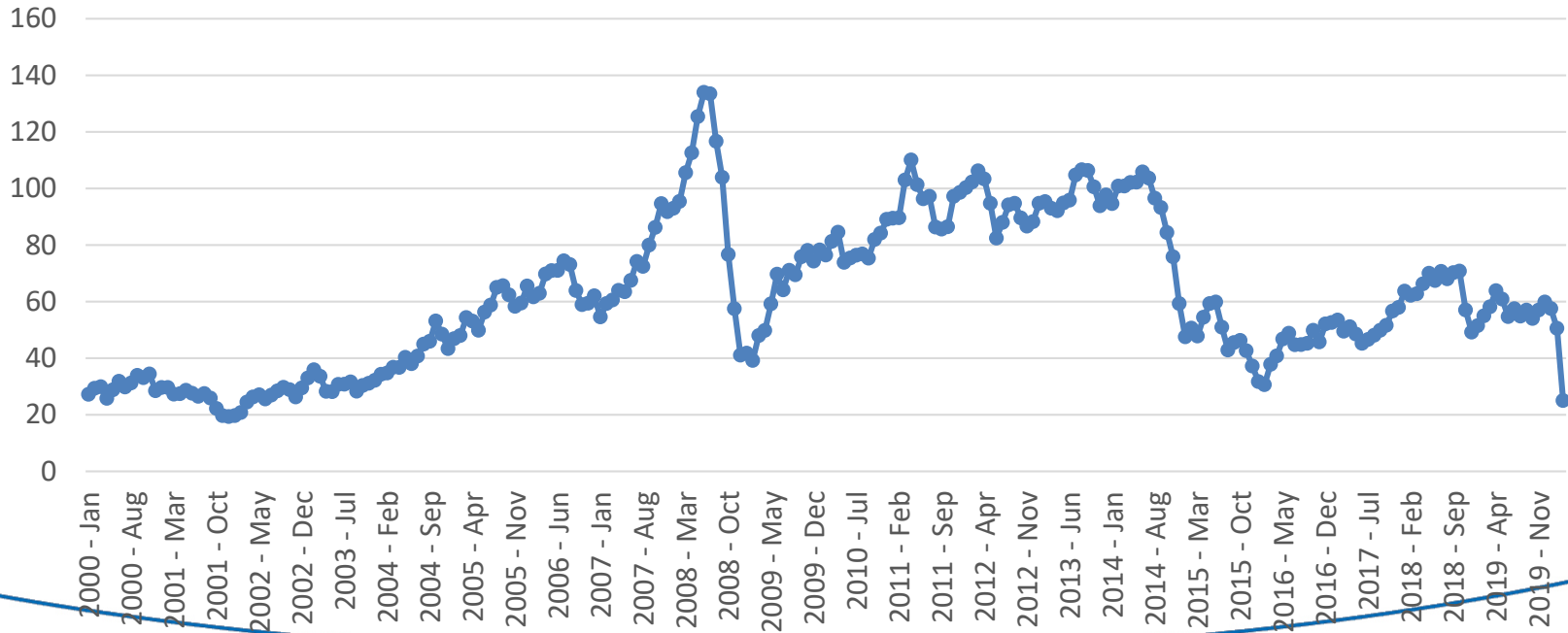
# Federal Deficit

(one-year measure of overspending)

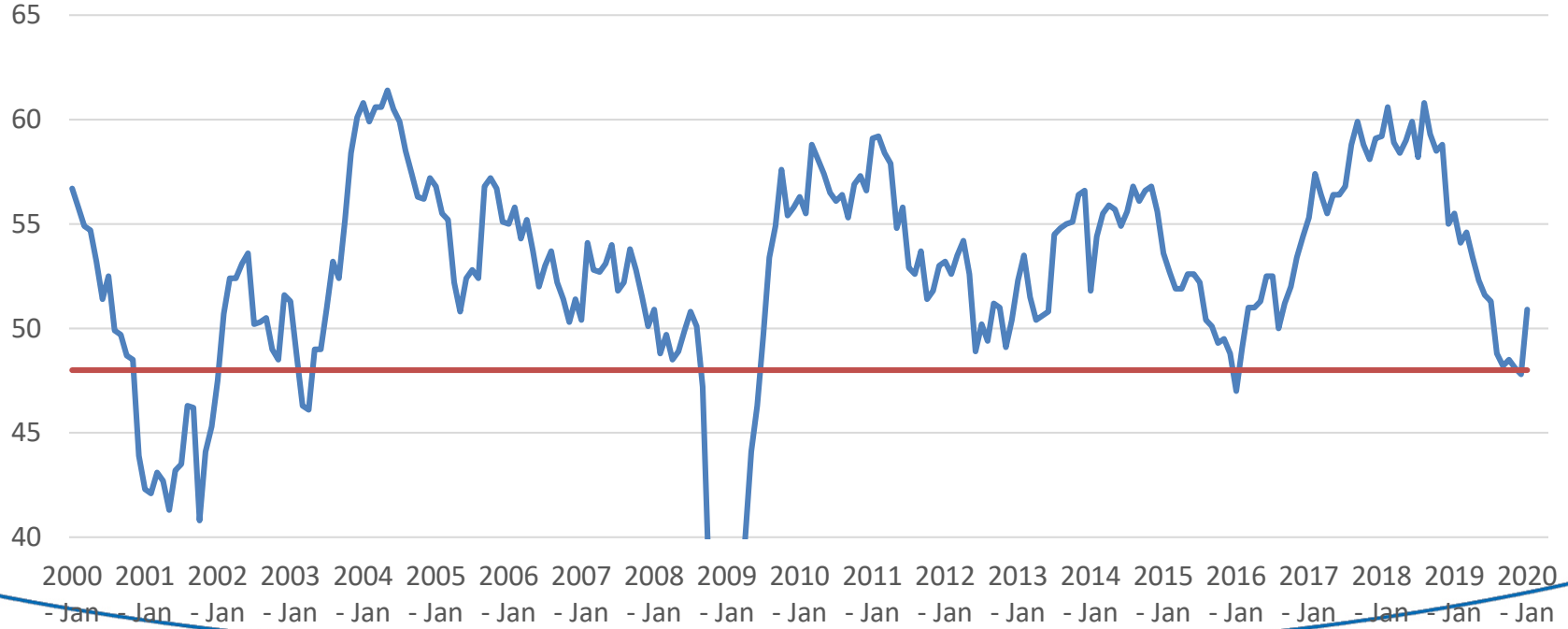


# Oil Price

(West Texas Intermediate)



# ISM Manufacturing Index



# Economic Forecast: Highly Uncertain Maybe Recession ... Maybe Not

	2019	2020 Forecast
GDP Growth	2.3%	-1% to 1%
Job Gains	2.2 million	Net Zero?
Home Prices	4.8%	2% to 4%

Thank You !