

VISION 2022

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The Numbers That Drive U.S. Real Estate

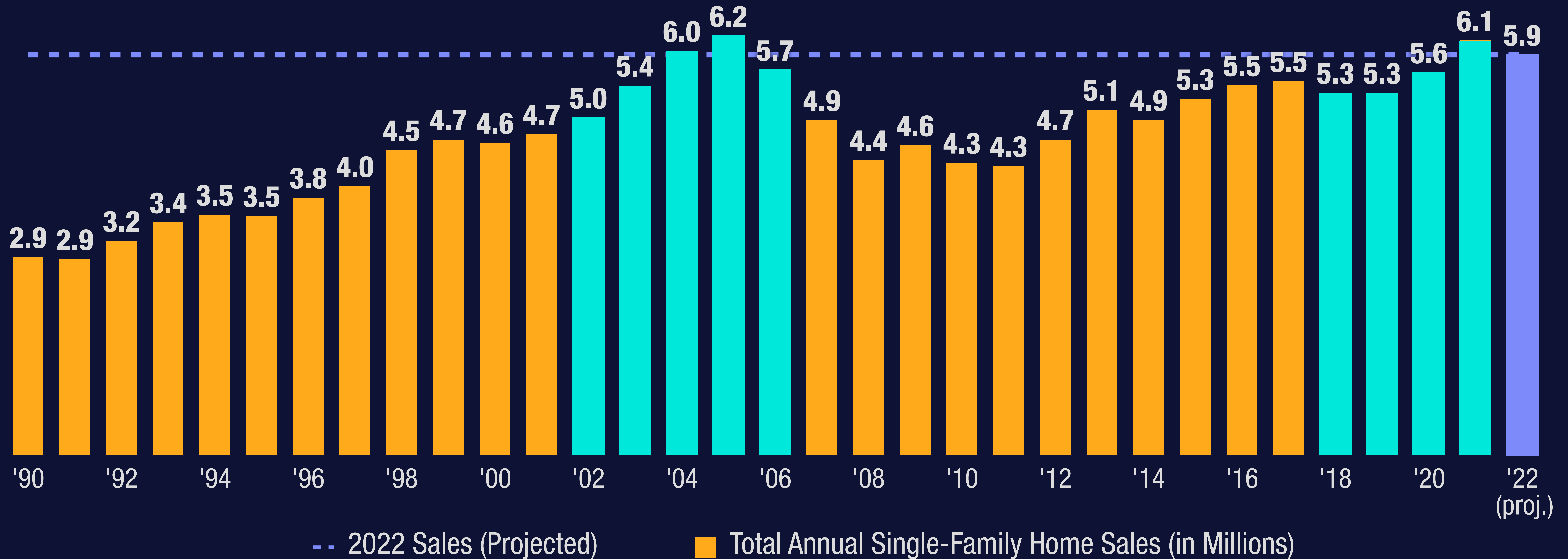


1. Home Sales
2. Home Prices
3. Months Supply of Inventory
4. Mortgage Rates
5. Affordability

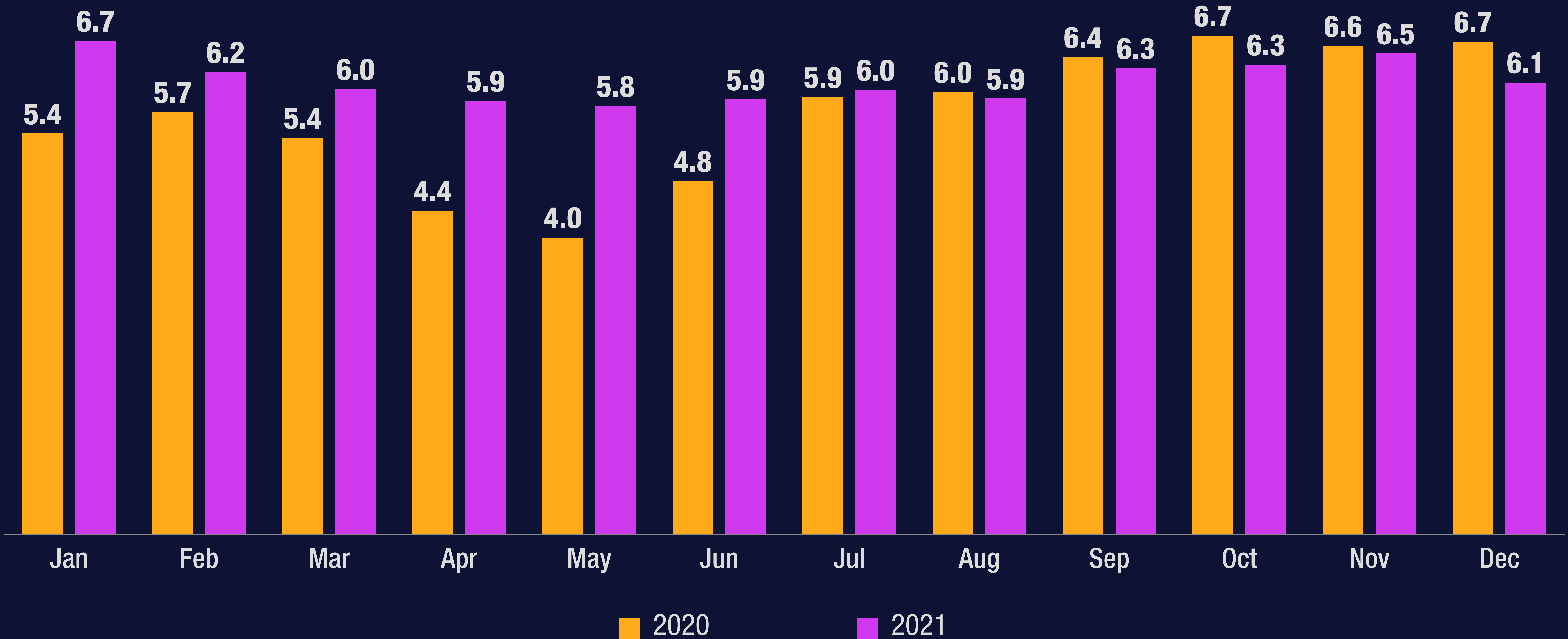
1. Home Sales - Annual

Total Sales
28.2M

Total Sales
28.2M



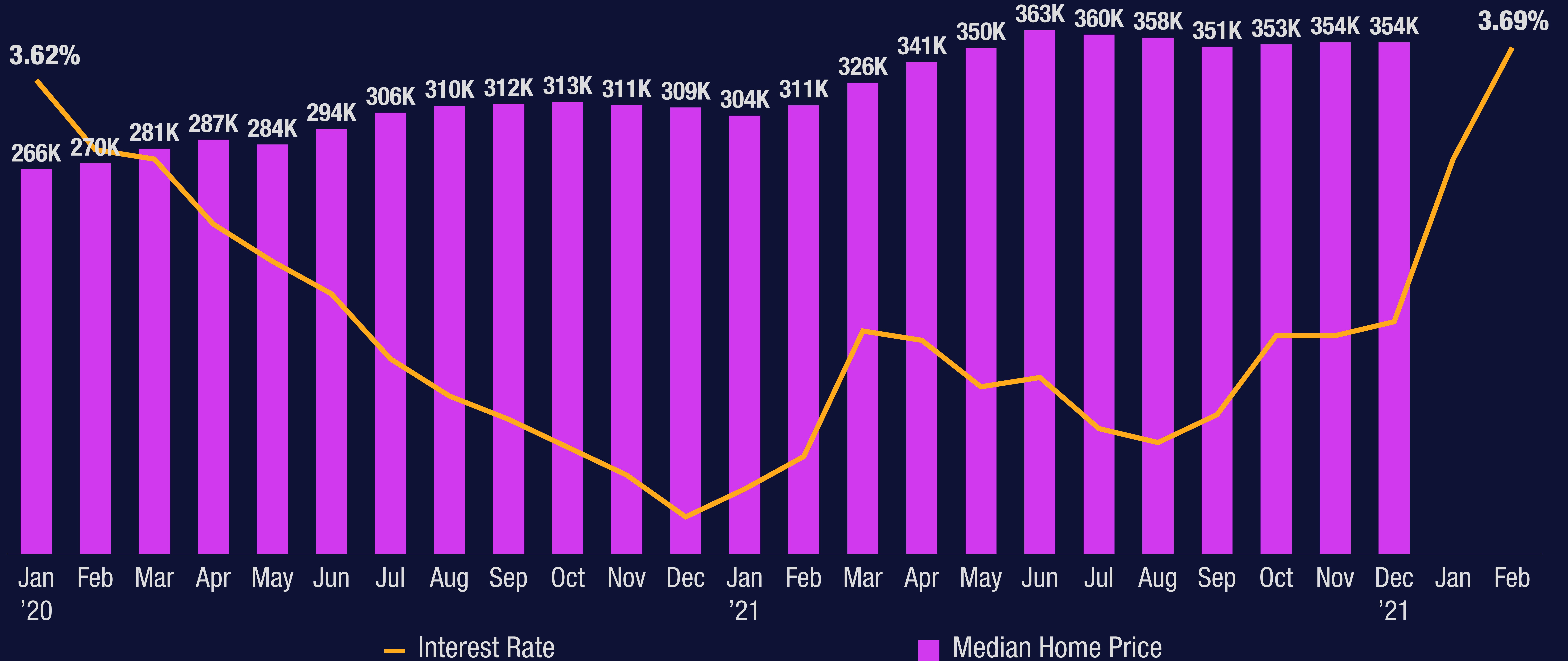
1. Home Sales - Monthly (Seasonally Adjusted)



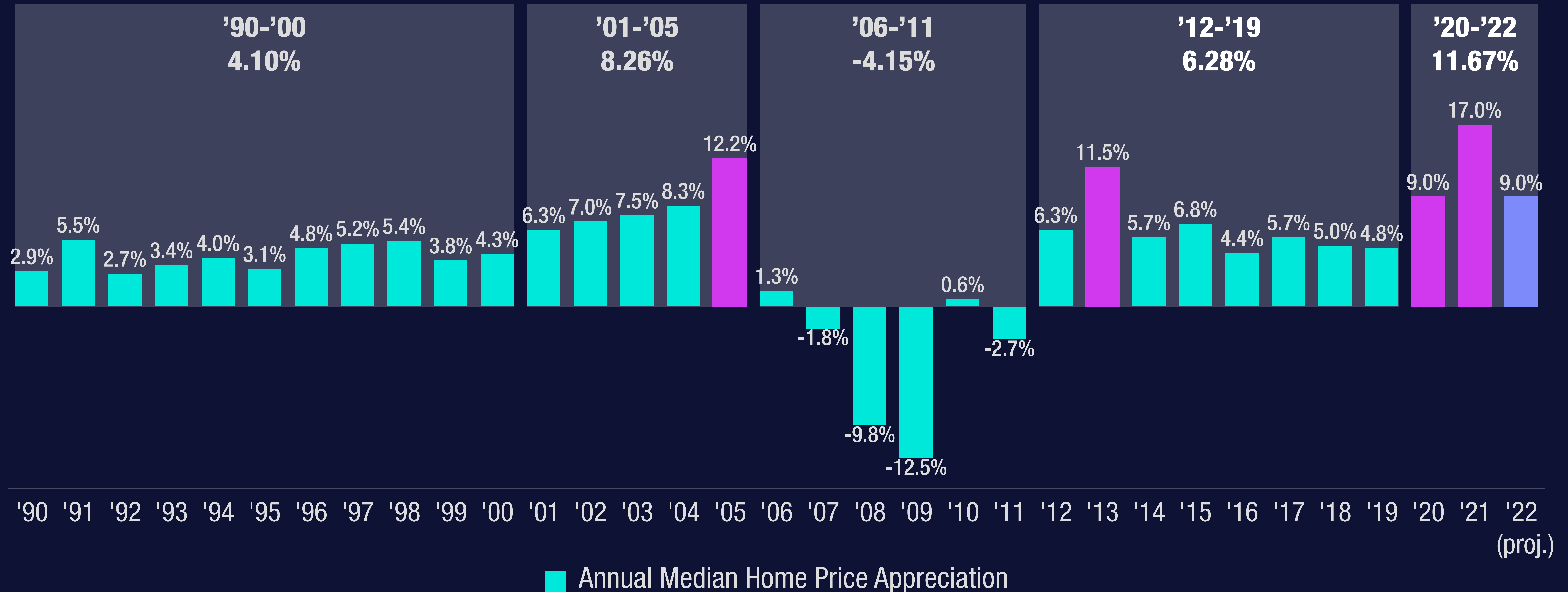
2. Home Prices - Annual



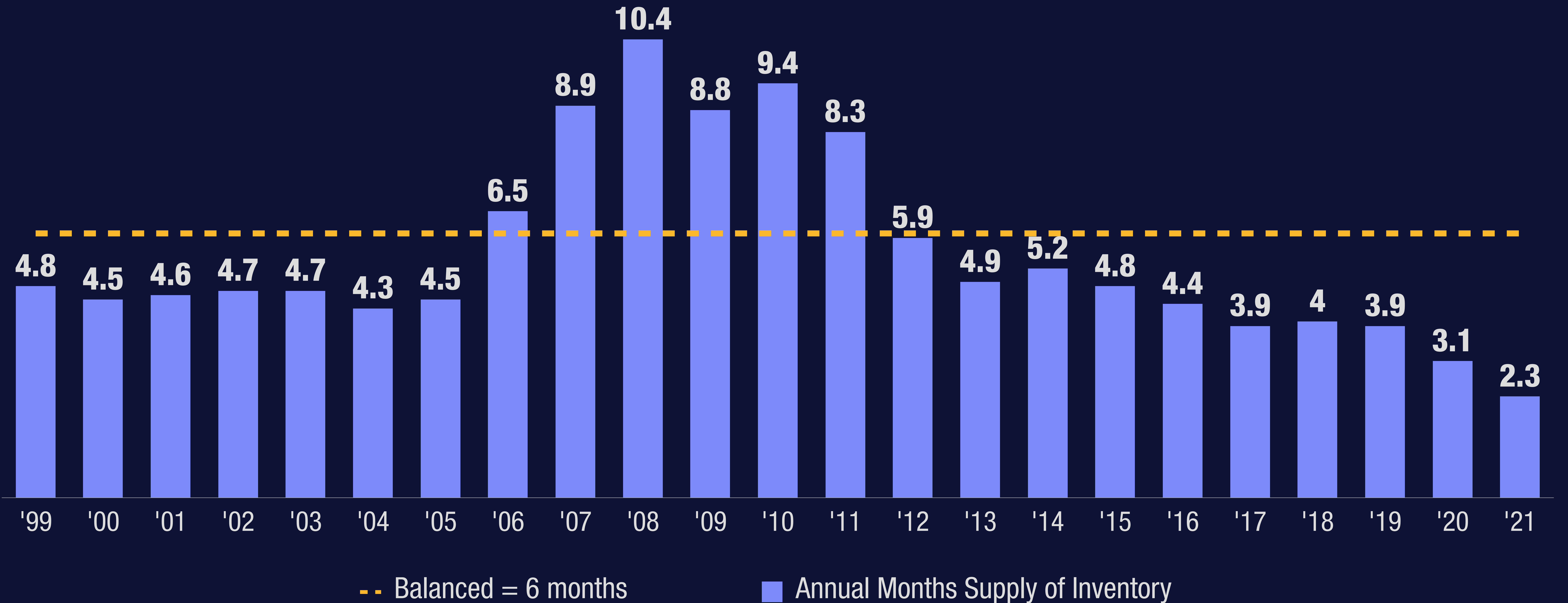
2. Home Prices - Monthly



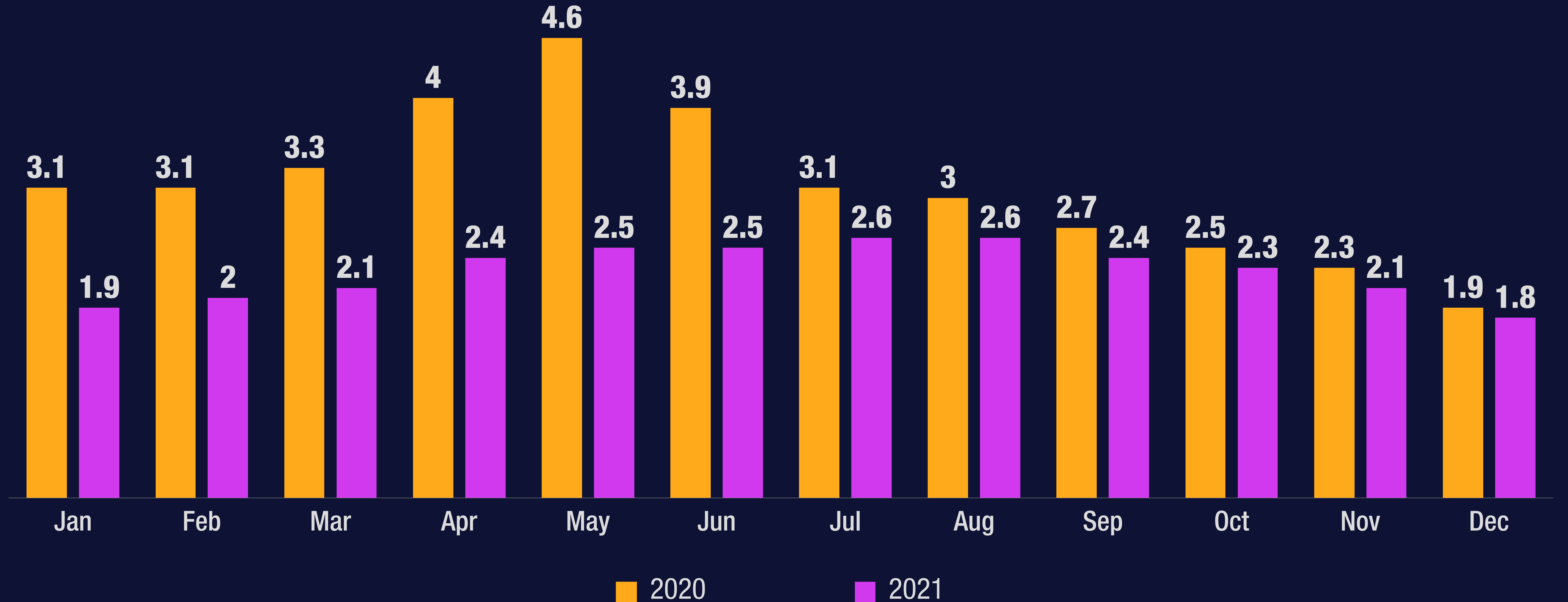
2. Home Prices - Annual Appreciation



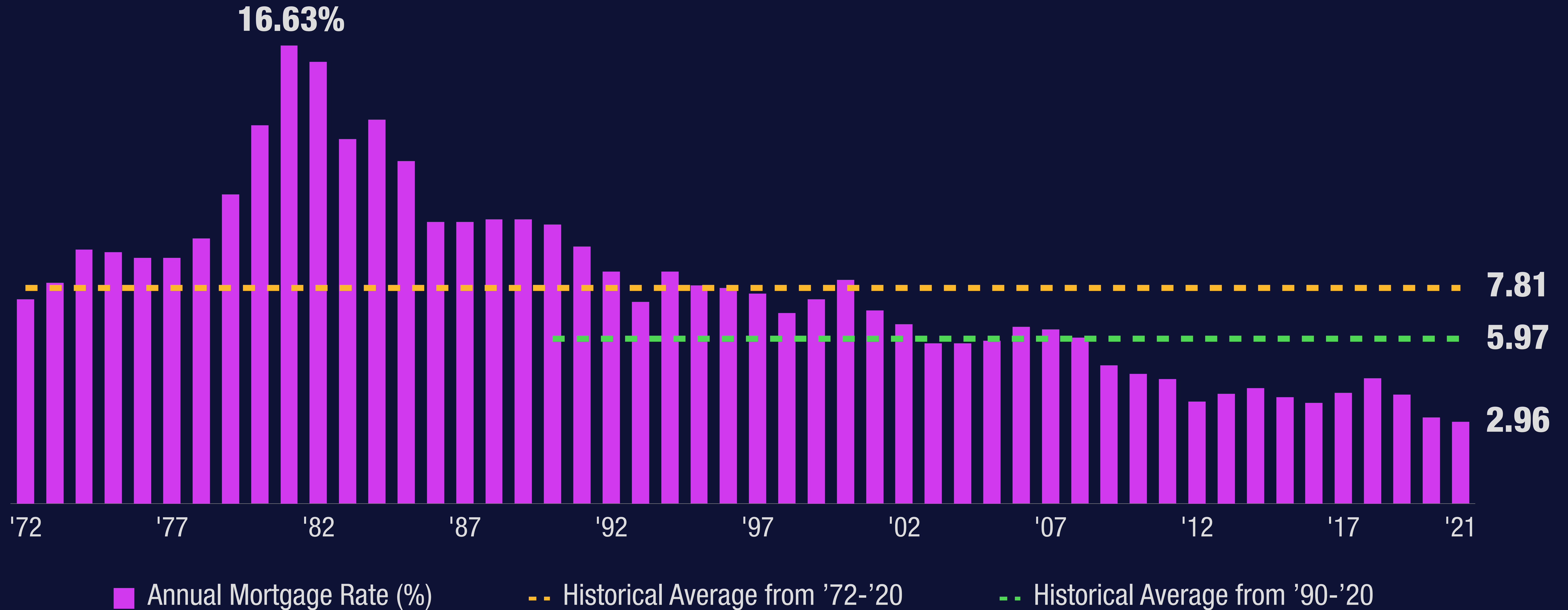
3. Inventory - Annual



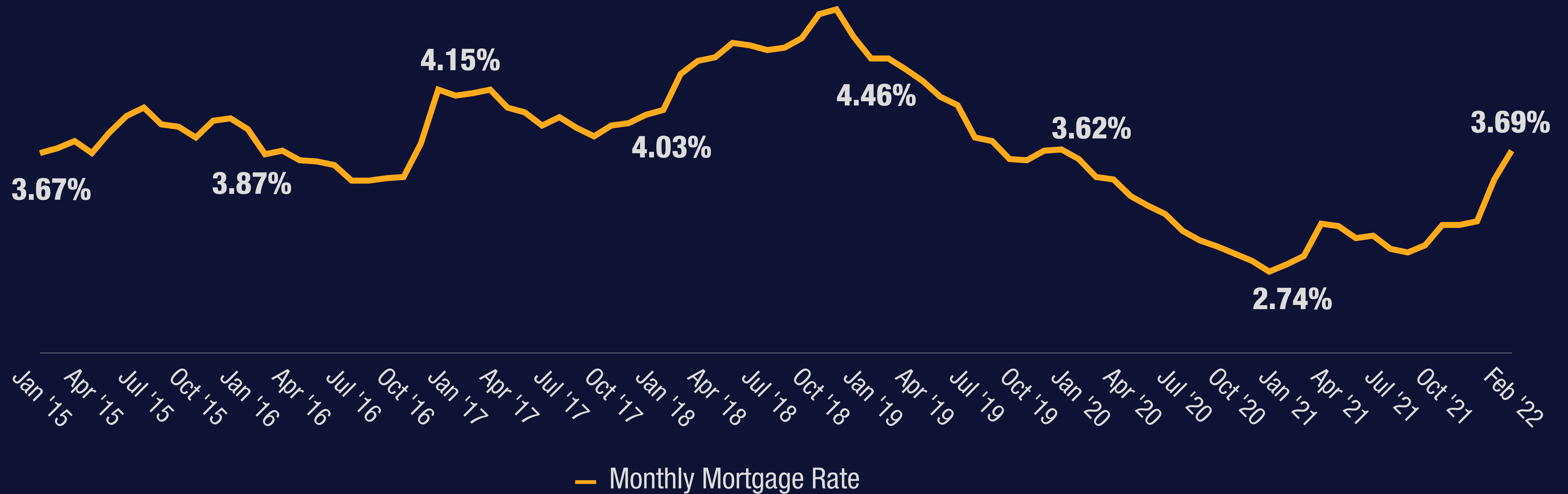
3. Inventory - Monthly



4. Mortgage Rates - Annual

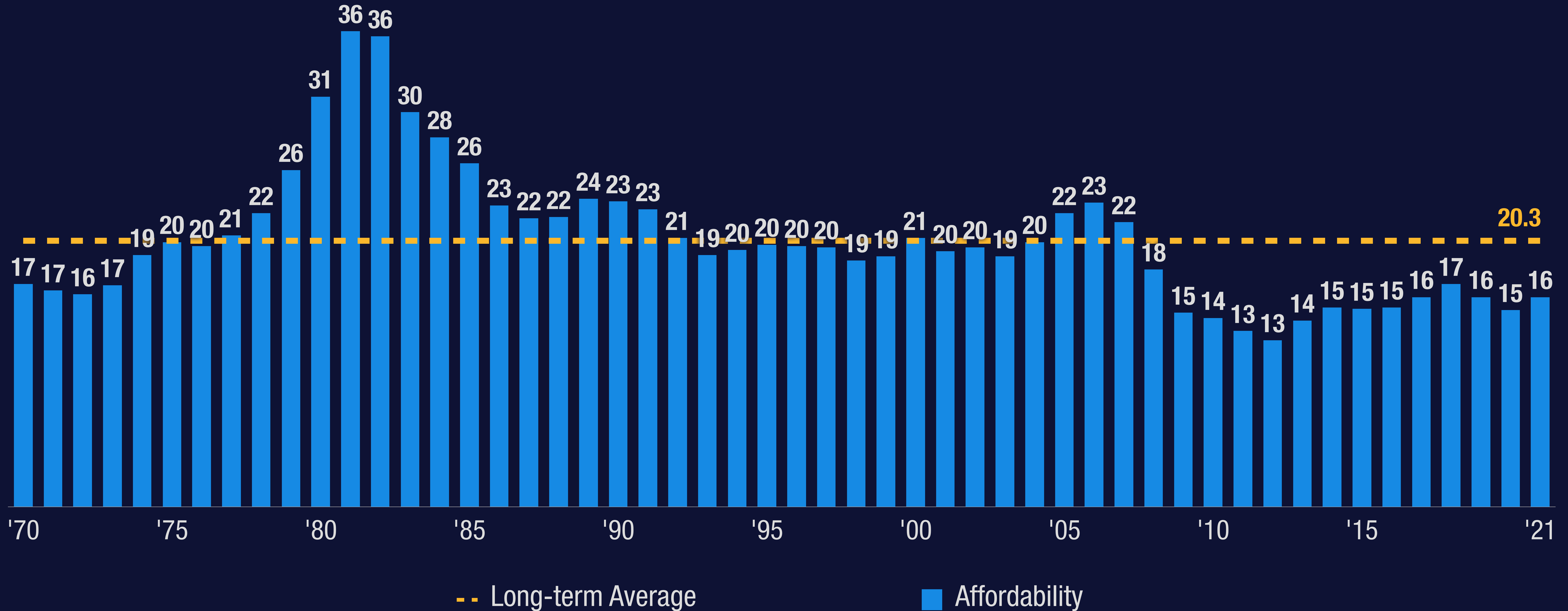


4. Mortgage Rates - Monthly



5. Affordability

Affordability got slightly worse in 2021 due to rising home prices and mortgage rates.





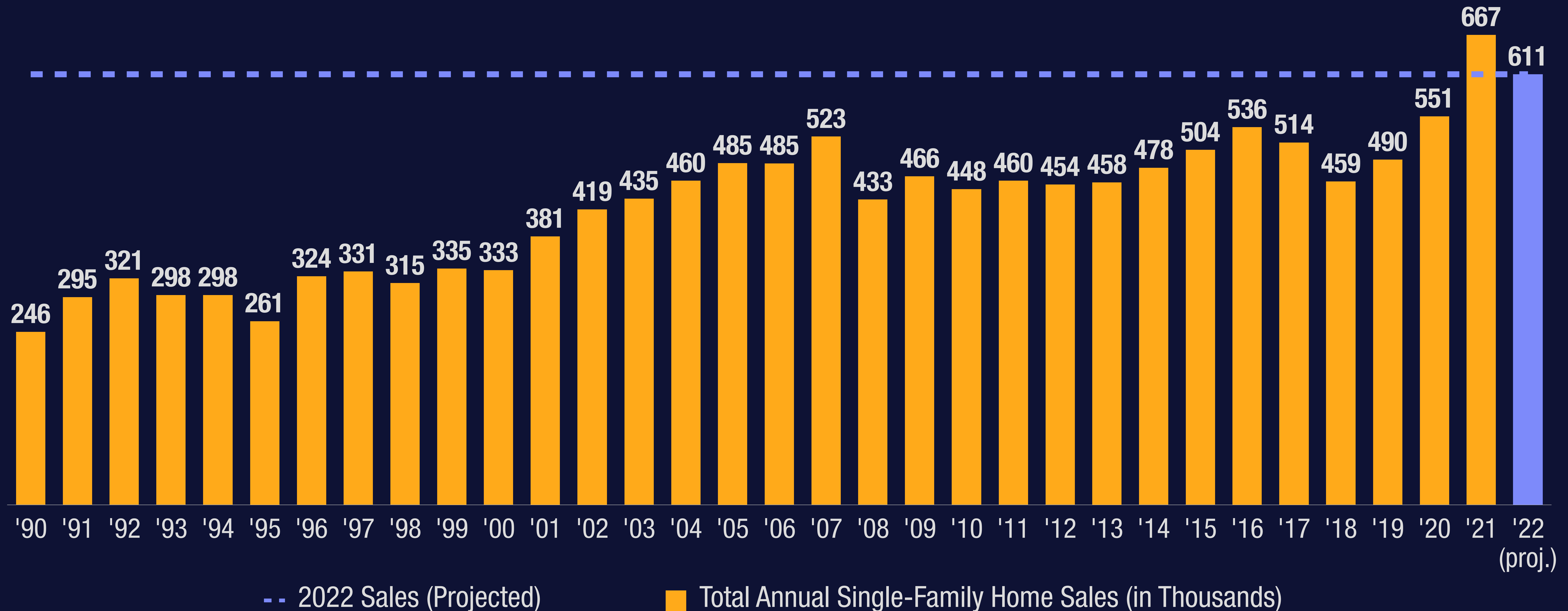
The Numbers That Drive Canadian Real Estate

1. Home Sales
2. Home Prices
3. Toronto/Vancouver
4. Months Supply of Inventory
5. Mortgage Rates
6. Affordability



1. Home Sales - Annual

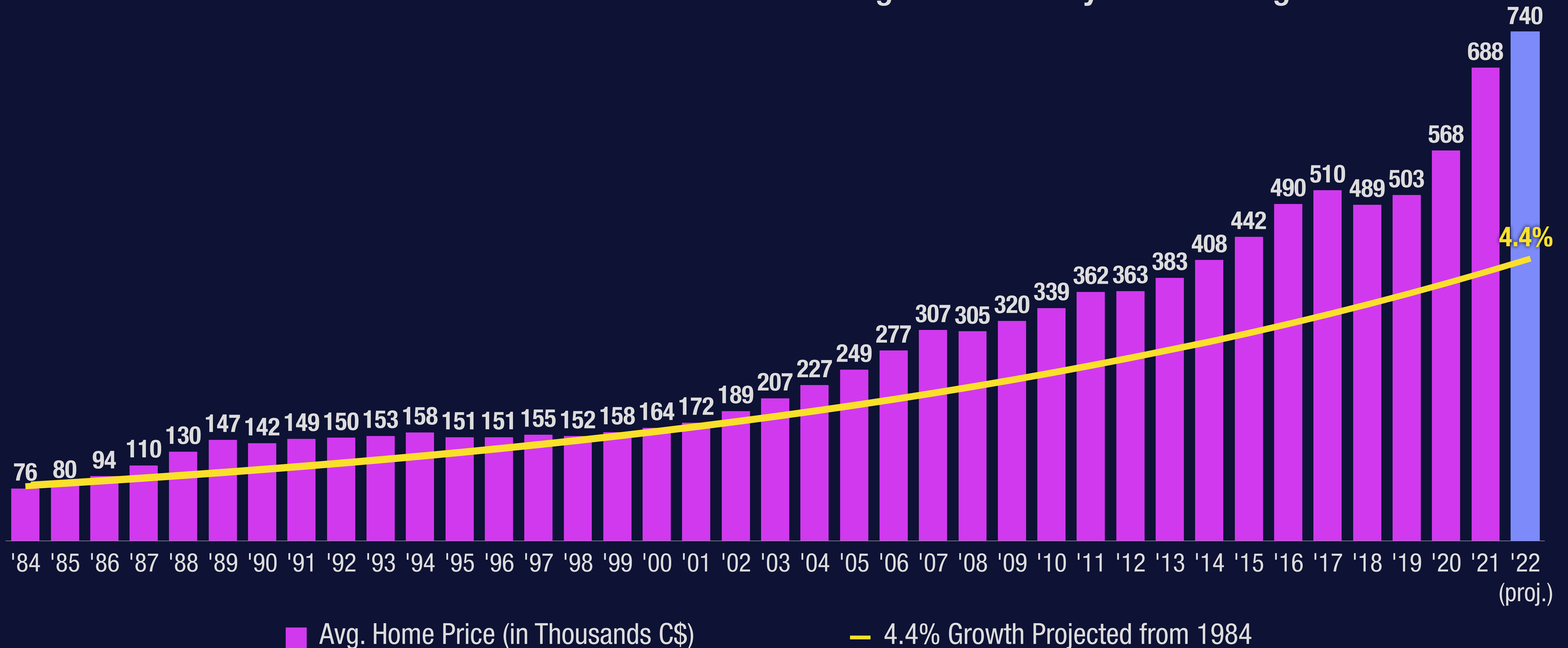
Canada saw record home sales in 2021.





2. Home Prices - Annual

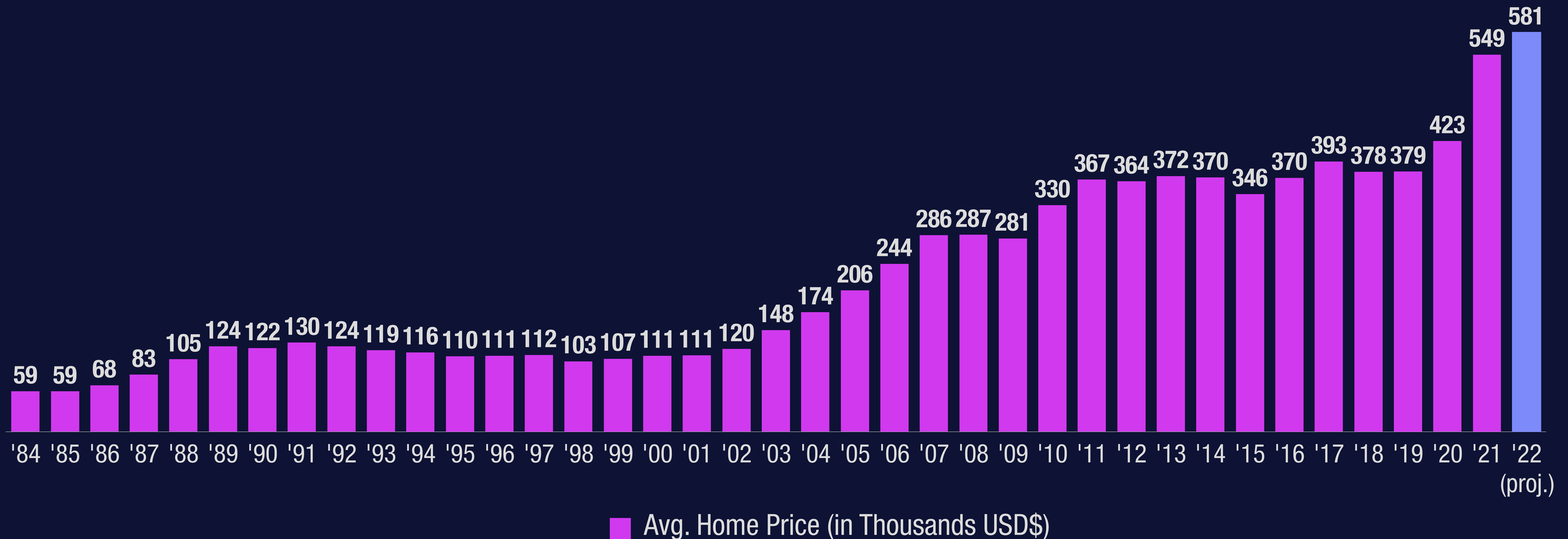
Prices increased more than 20% as demand remained strong and inventory remained tight.





2. Home Prices - Annual, in USD\$

Prices increased more than 20% as demand remained strong and inventory remained tight.





3. Toronto/Vancouver

The Greater Toronto Area (GTA) and the Greater Vancouver Area (GVA) have a huge effect on the nationwide average price.

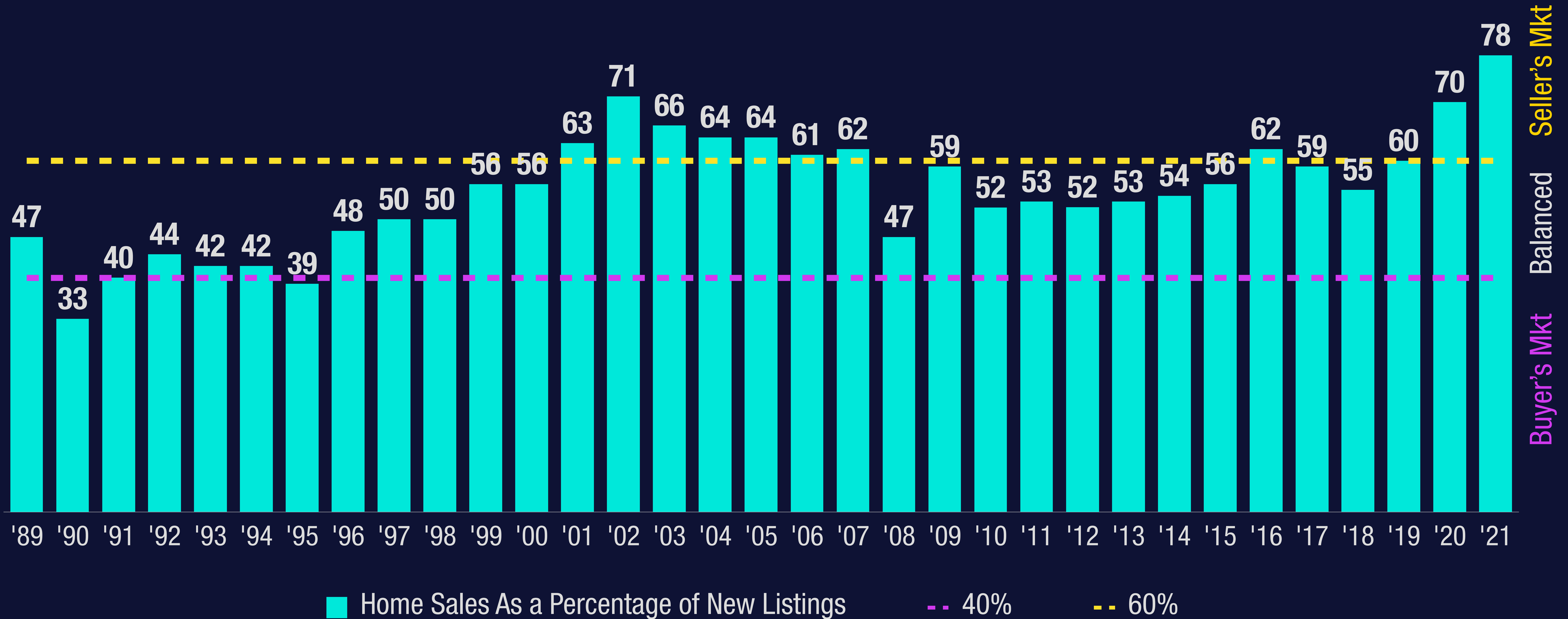
GVA+GTA % of Pop.	Average Price, Jan. '22	Average Price, Without GVA+GTA
24.2%	\$748,450	\$588,500





4. Inventory

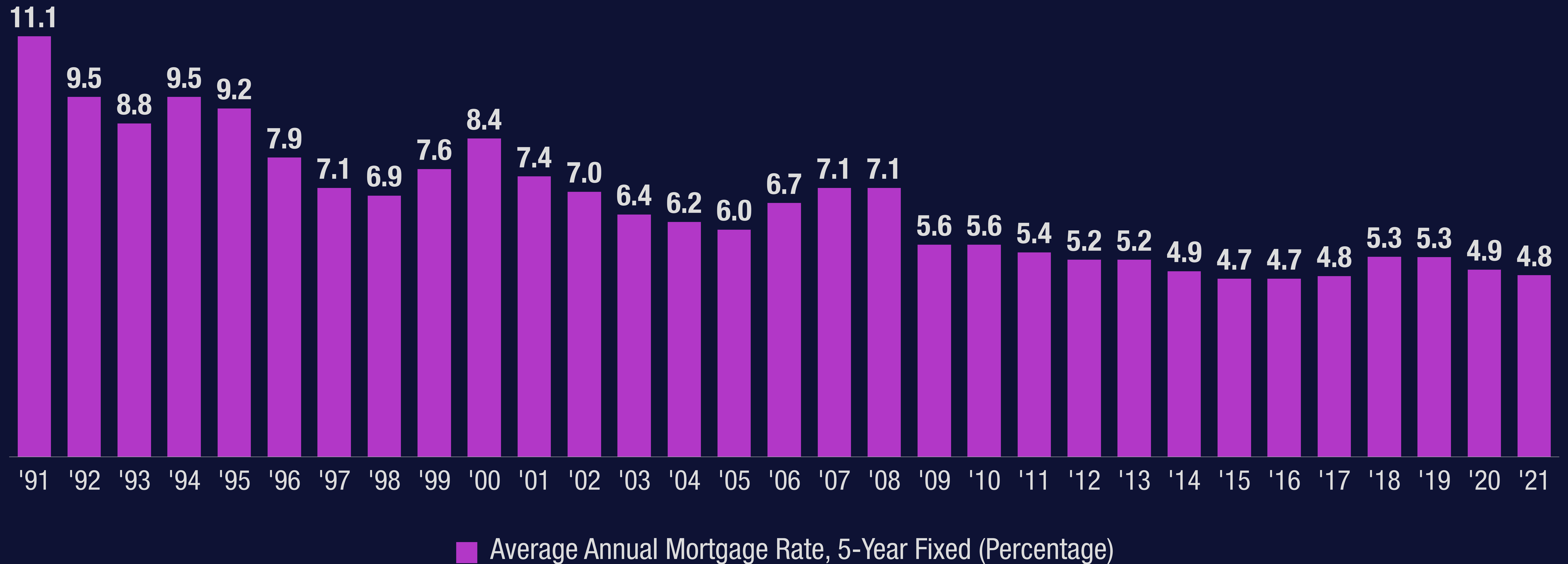
Inventory conditions in Canada have placed the country firmly in seller's market territory.








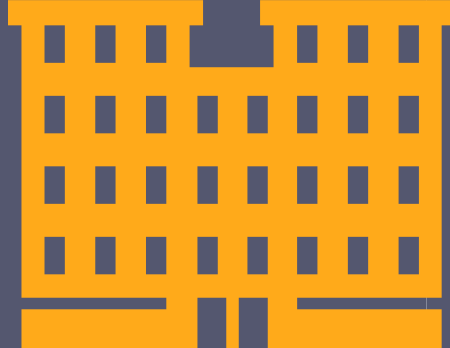


5. Mortgage Rates

Mortgage rates in Canada remain near historic lows, but inflationary pressure may cause them to rise in 2022.



6. Affordability



Property Type		Q3 2020	Q3 2021	% change	% change from average
Detached Bungalow		53.4%	52.1%	-1.3% 	9.0% 
Standard Condo		38.5%	33.8%	-4.7% 	0.9% 

An increase (+) in cost (%) represents deteriorated affordability (↓)

A decrease (-) in cost (%) represents improved affordability (↑)



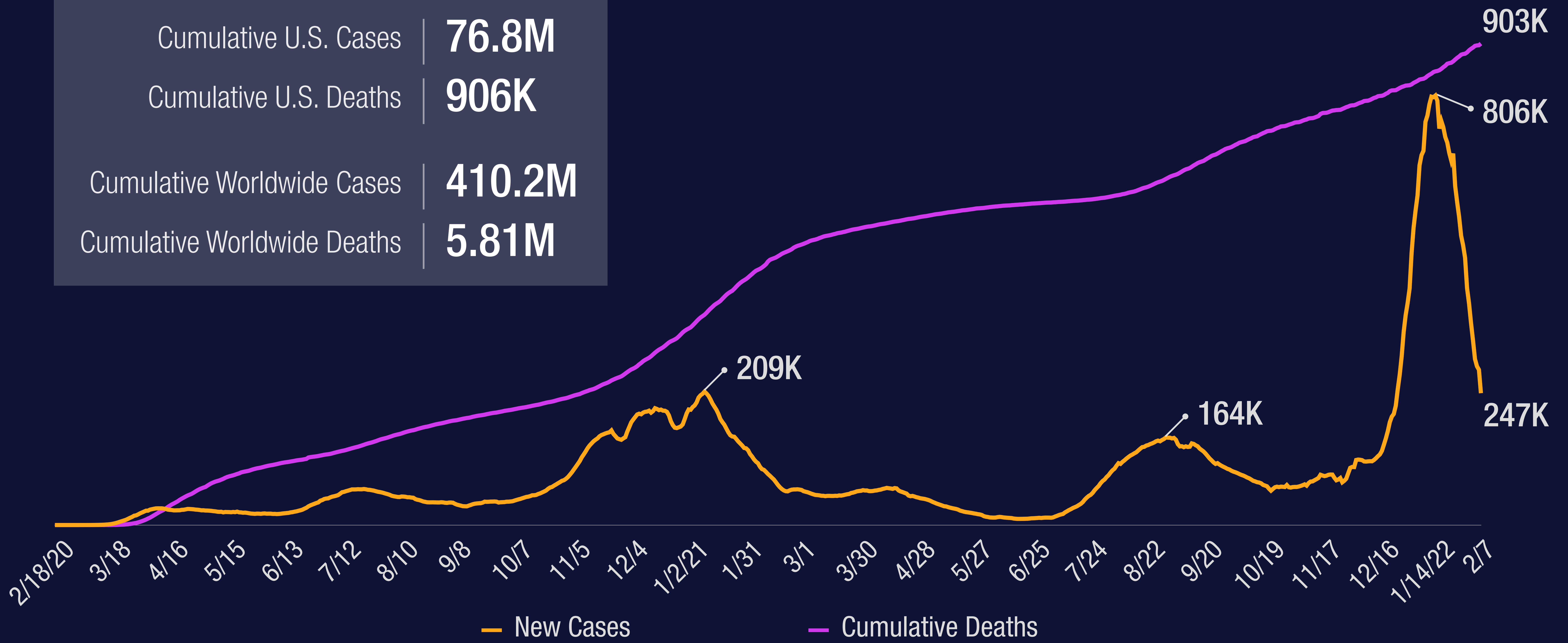
COVID-19

1. 7-Day Moving Average of U.S. Cases
2. Pandemic to Endemic



1. 7-Day Moving Average - U.S. Cases

Cumulative U.S. Cases	76.8M
Cumulative U.S. Deaths	906K
Cumulative Worldwide Cases	410.2M
Cumulative Worldwide Deaths	5.81M



2. Pandemic to Endemic

COVID-19 is expected to become an endemic virus like the seasonal flu.

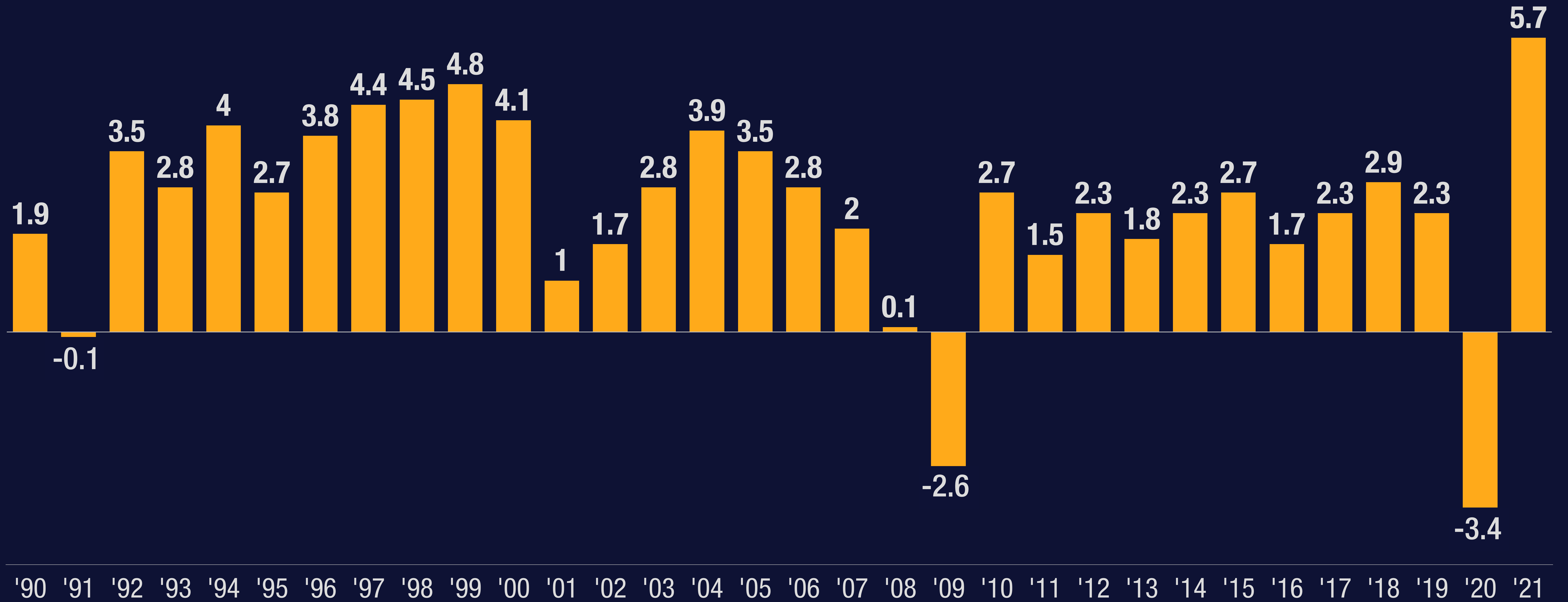
1. The key characteristics defining endemic are stability and predictability.
2. New variants are expected and severity will vary from one season to next, but level of disruption is much lower because of:
 - a. Widespread existing immunity through vaccines and prior infections.
 - b. Better treatment regimens for severe disease.
 - c. Health system adapted to handle expected impacts.
3. Timing of the transition is still uncertain and will vary by location.

The U.S. Economy

1. Gross Domestic Product
2. Unemployment
3. Real Wages
4. Income by Sector
5. Inflation



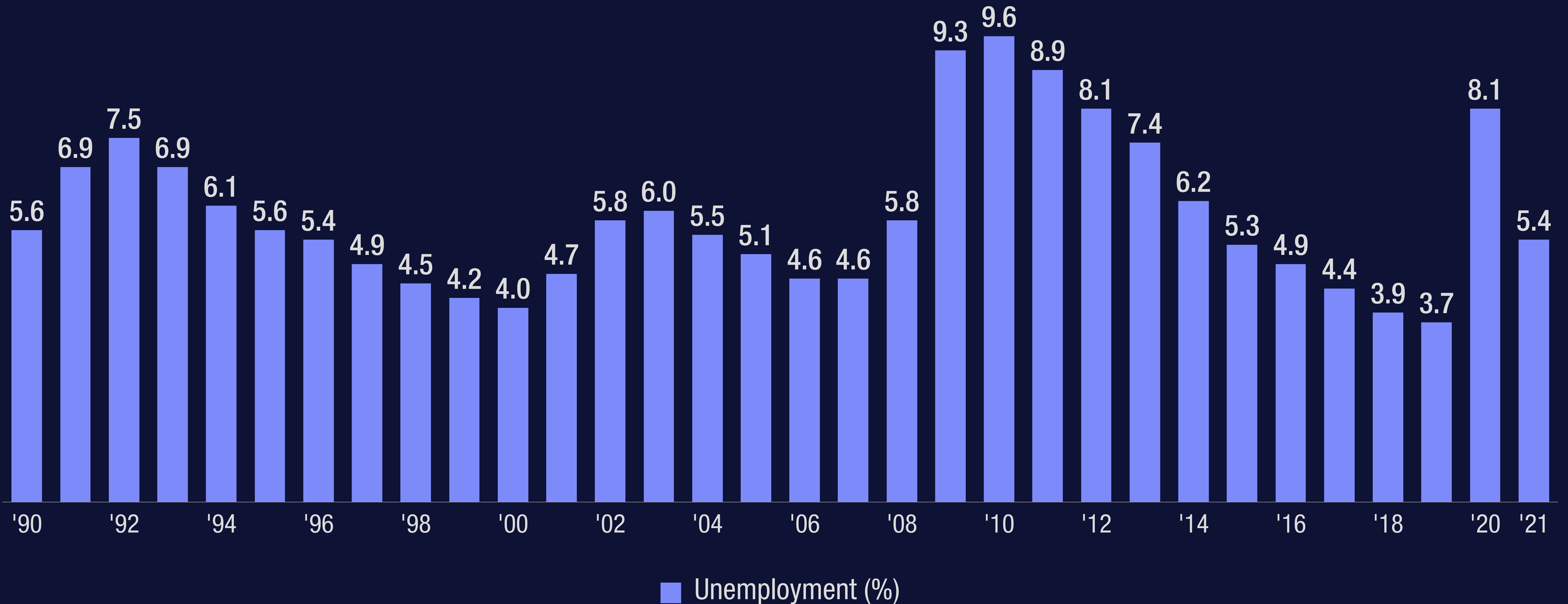
1. GDP - Annual



Real GDP Year-over-Year Change (Percentage)

2. Unemployment - Annual

Unemployment is back near pre-pandemic levels but millions are still missing from the labor force.



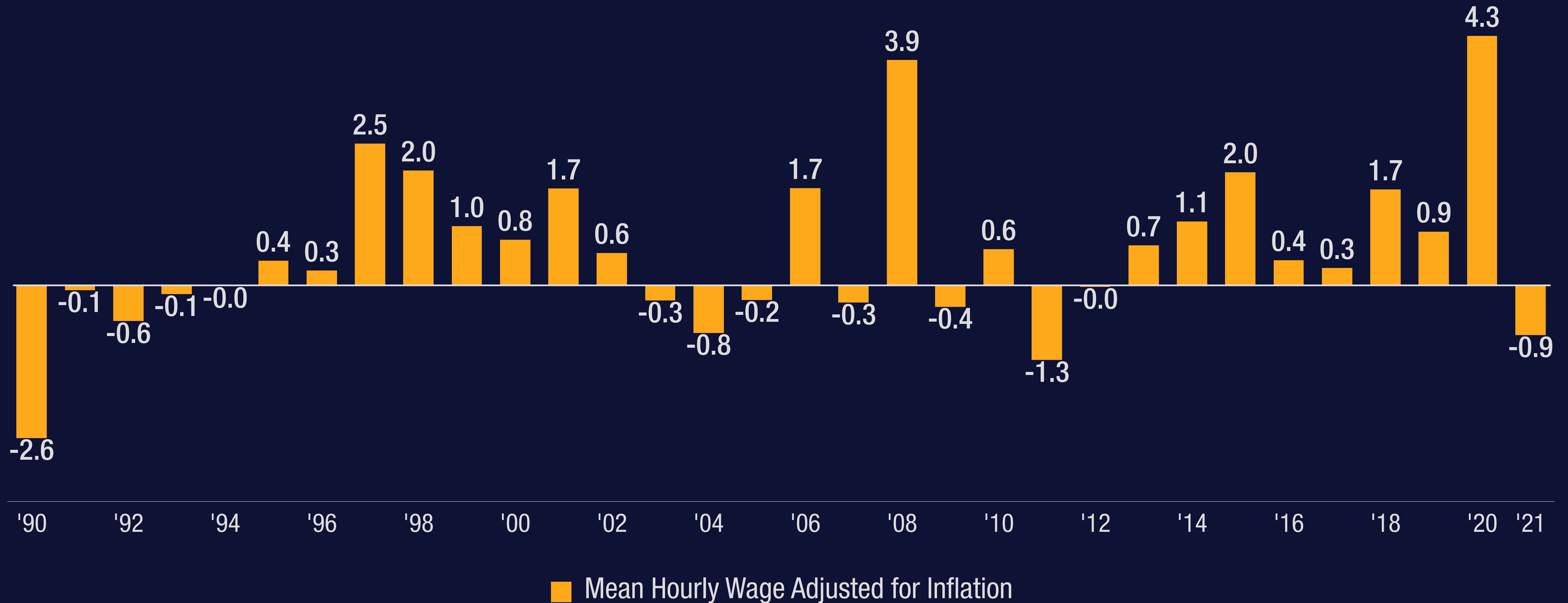
2. Unemployment - Monthly

Unemployment is back near pre-pandemic levels but millions are still missing from the labor force.

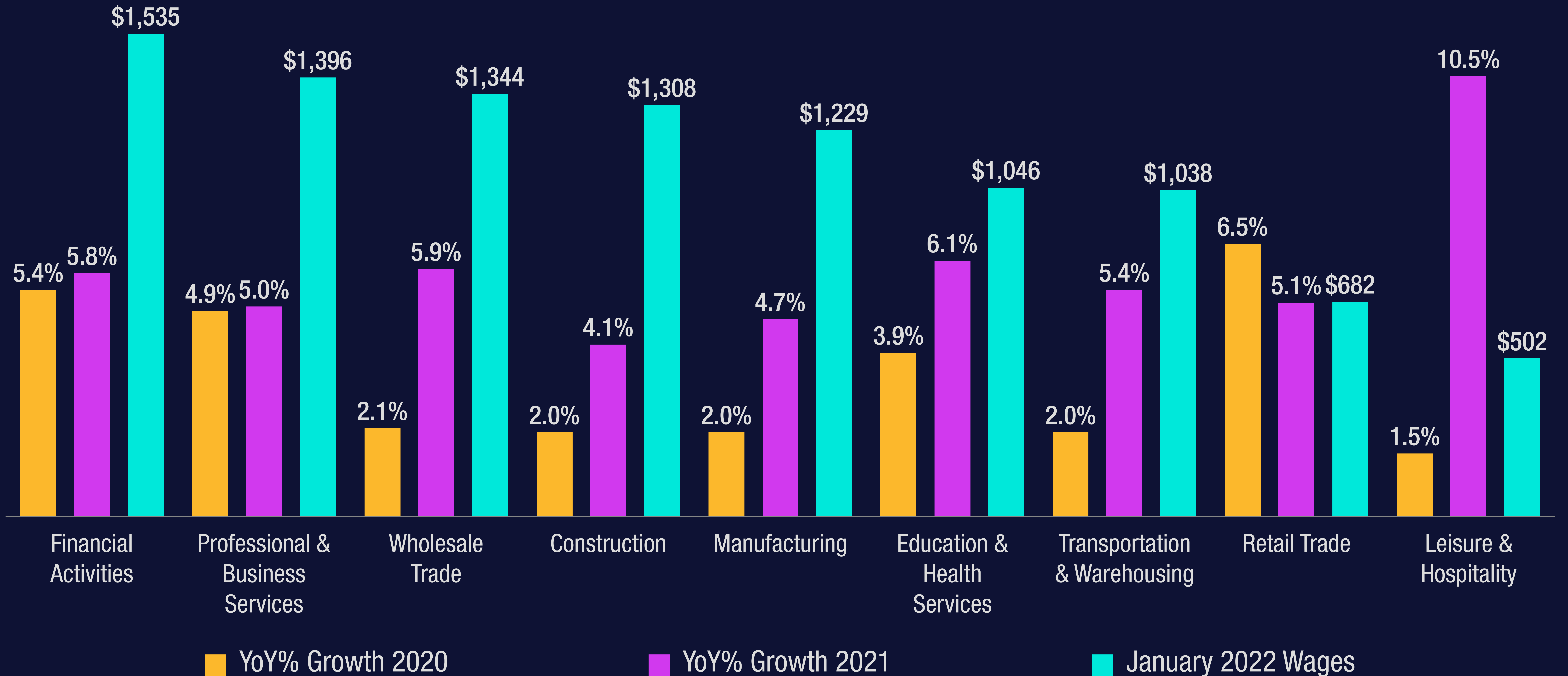


3. Real Wages

Real incomes appear to have taken a step back due to inflation in 2021 after setting strong gains last year.

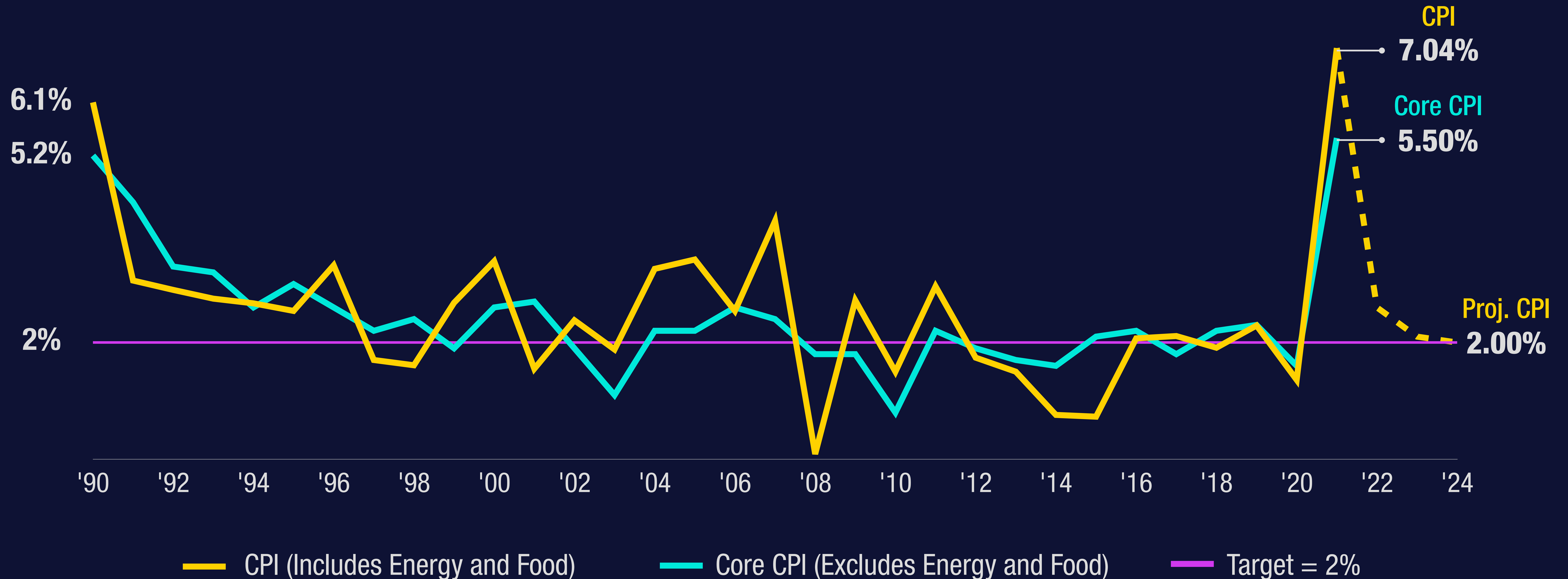


4. Income by Sector

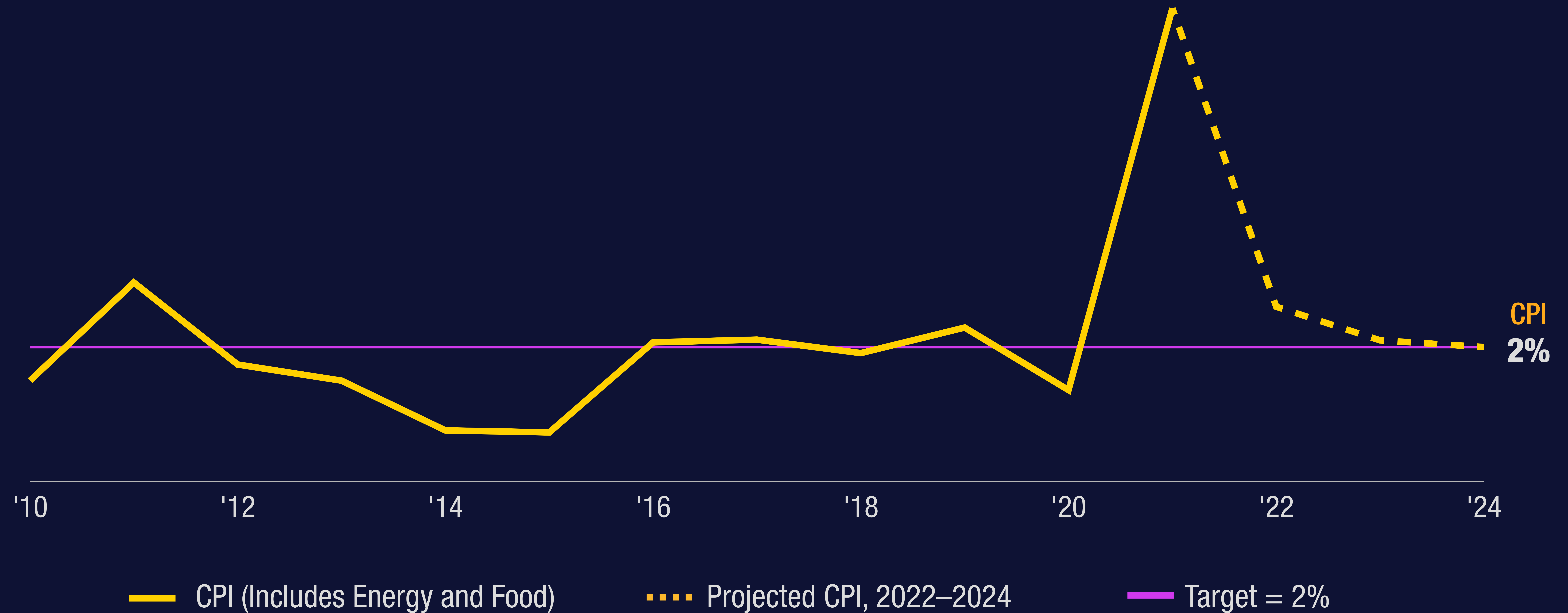


5. Inflation - Annual

Inflation is at a 40-year high as supply-chain issues create shortages and drive up prices.



5. Inflation - Annual with Forecasts



5. Inflation - Affordability in Perspective

CAR



GAS



HOUSE



WAGES



Price

Mortgage

	CAR	GAS	HOUSE Price	HOUSE Mortgage	WAGES
2021	\$46,404	\$3.51	\$346,900	\$1,455	\$25.90
1989	\$15,350	\$0.97	\$94,000	\$825	\$9.80
Adj. for Inflation	\$35,636	\$2.25	\$218,232	\$1,915	\$22.75
Real Change from 1989	30.22%	56.00%	58.96%	-24.02%	13.85%



The Canadian Economy

1. Gross Domestic Product
2. Unemployment
3. Inflation





1. Gross Domestic Product

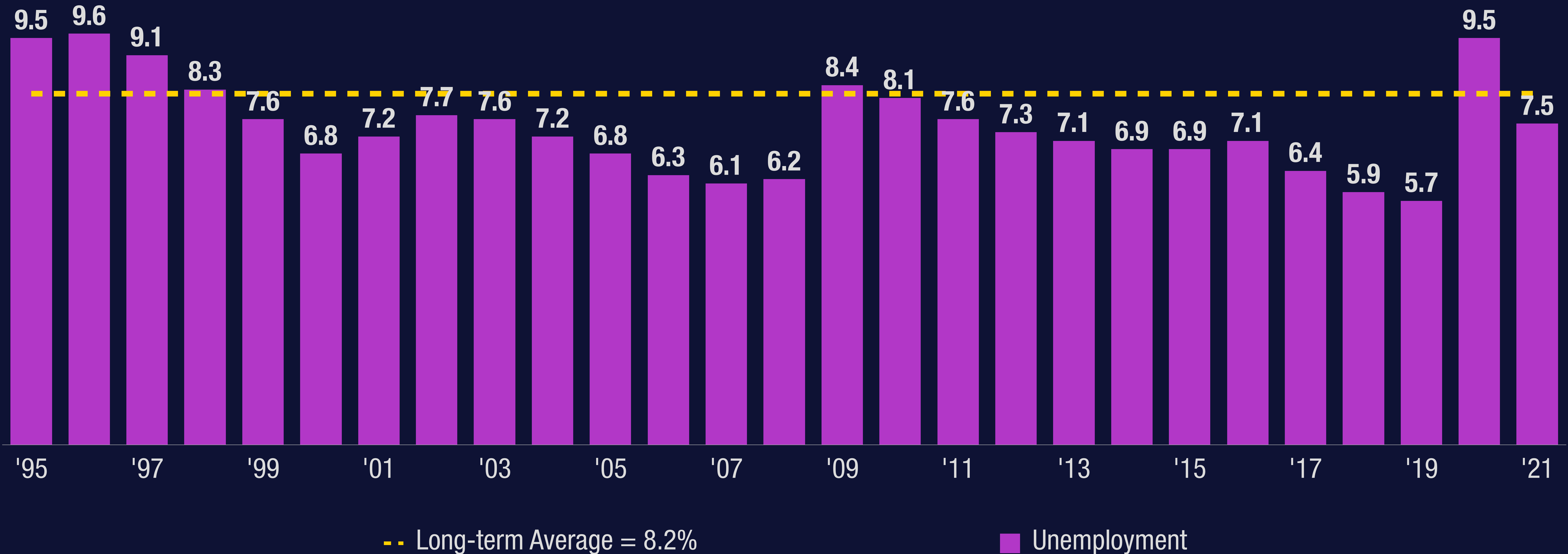
The Canadian economy is expected to grow again in 2021 after a decline in 2020.



2. Unemployment



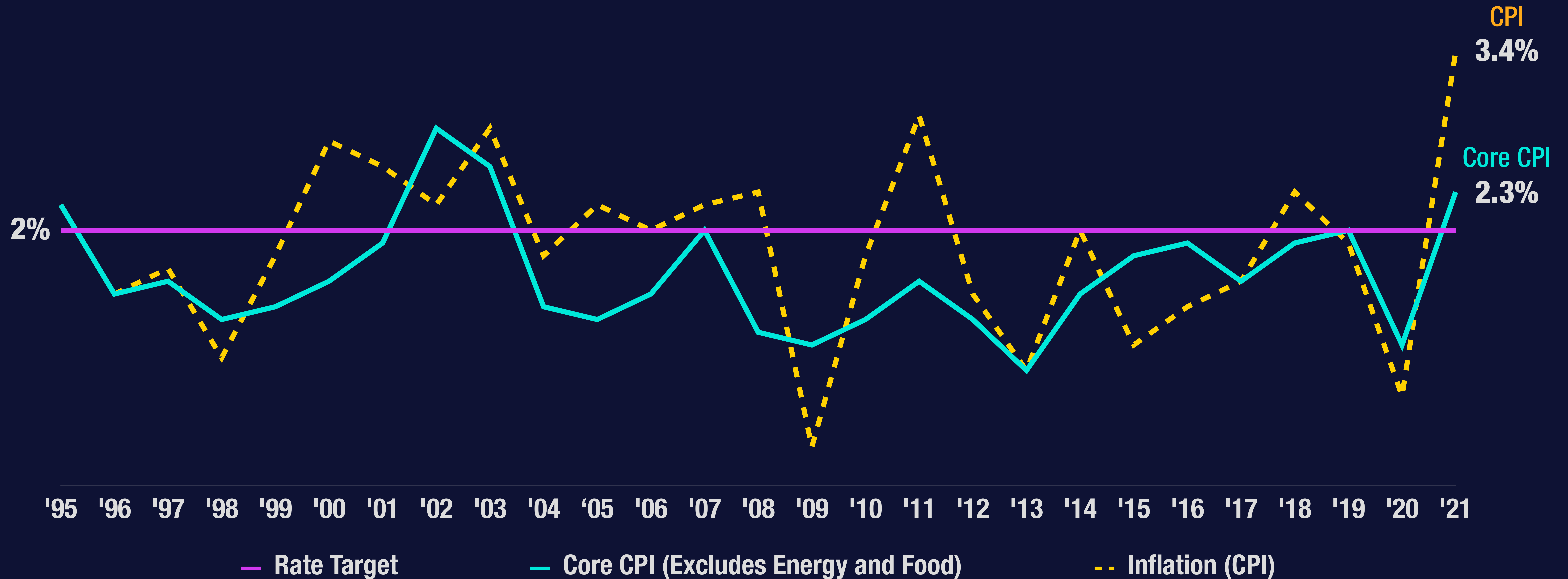
Unemployment is nearing pre-pandemic levels in Canada.



3. Inflation



Inflation has risen sharply in Canada, creating pressure on the central bank to lower rates.



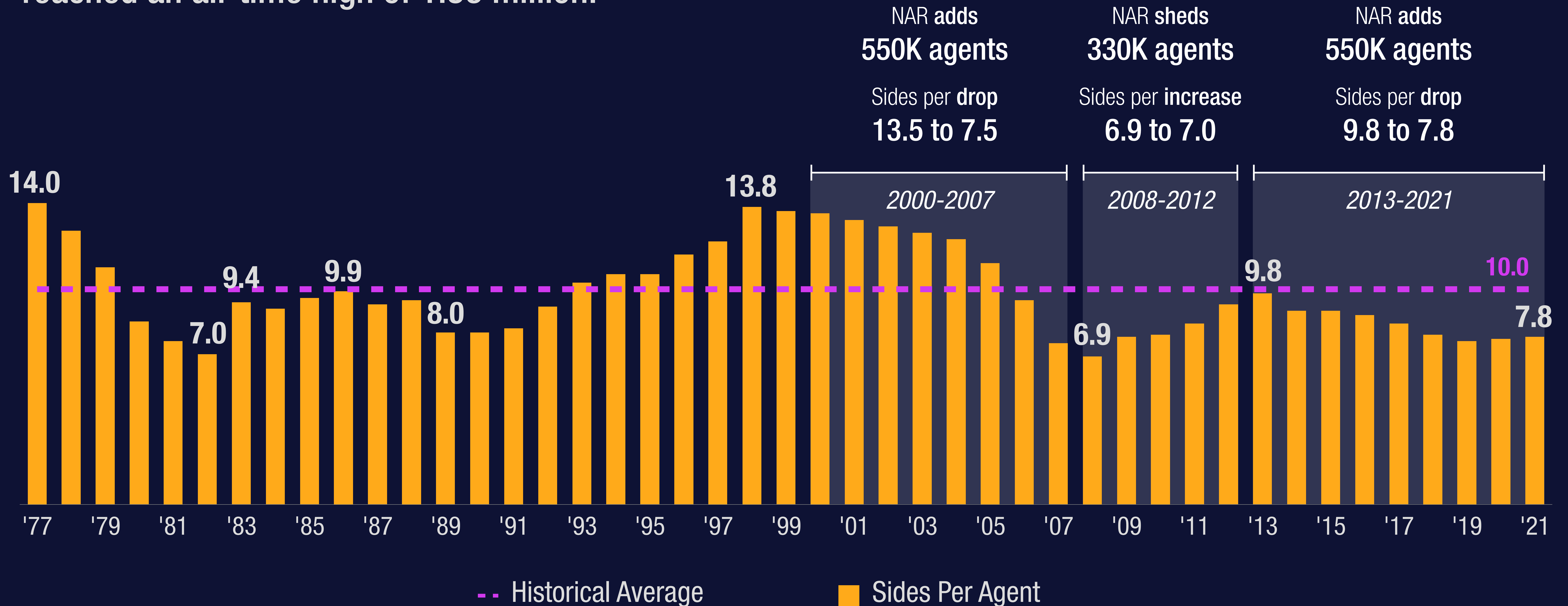
U.S. Events

1. Sides Per Agent
2. Distressed Sales
3. Underwater Homes
4. Mortgage Rates and Treasury Notes
5. Credit Conditions
6. New Home Starts
7. New Home Sales
8. Student Loan Debt
9. Economic Risks in 2022

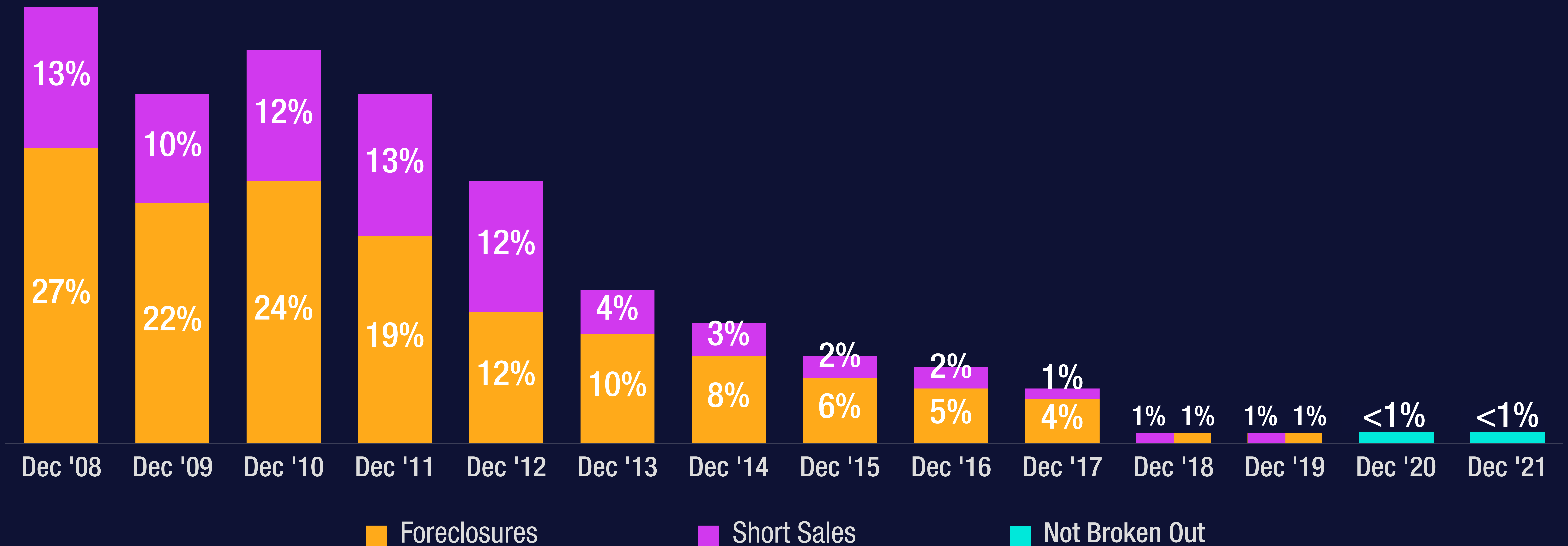


1. Sides Per Agent

Available sides per agent was flat in 2021 as home sales increased to 6.1 million and the NAR population reached an all-time high of 1.56 million.

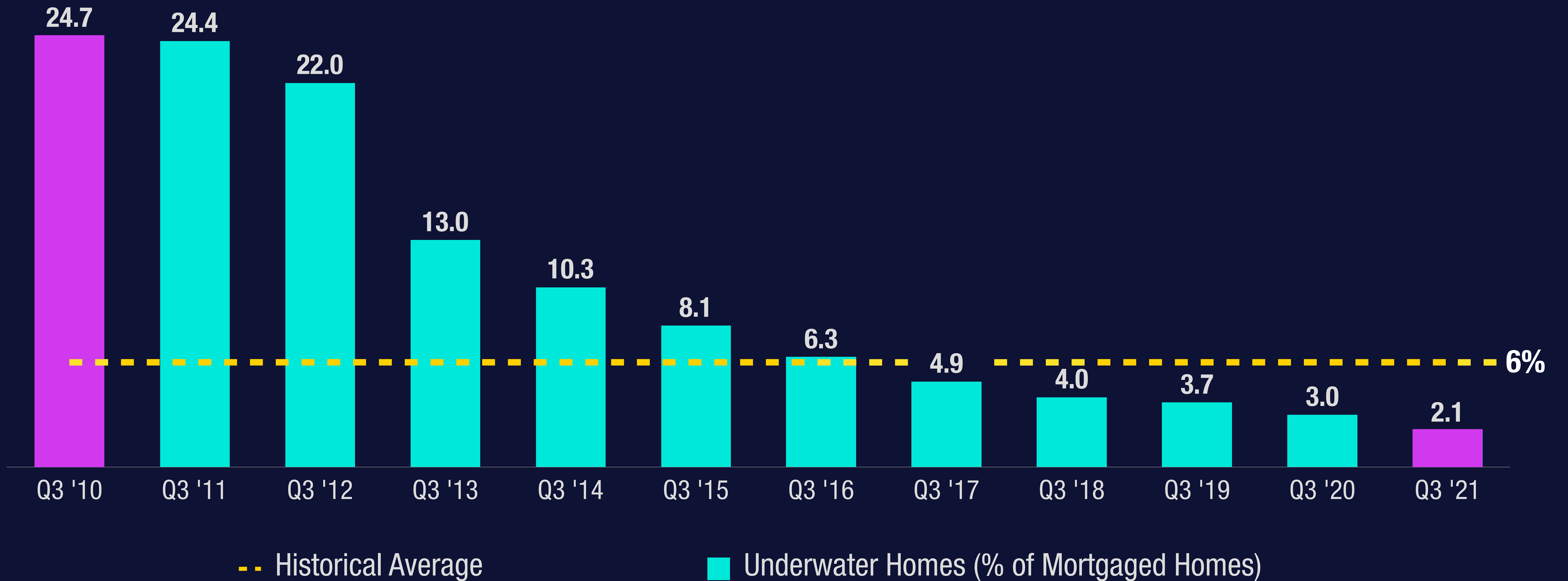


2. Distressed Sales

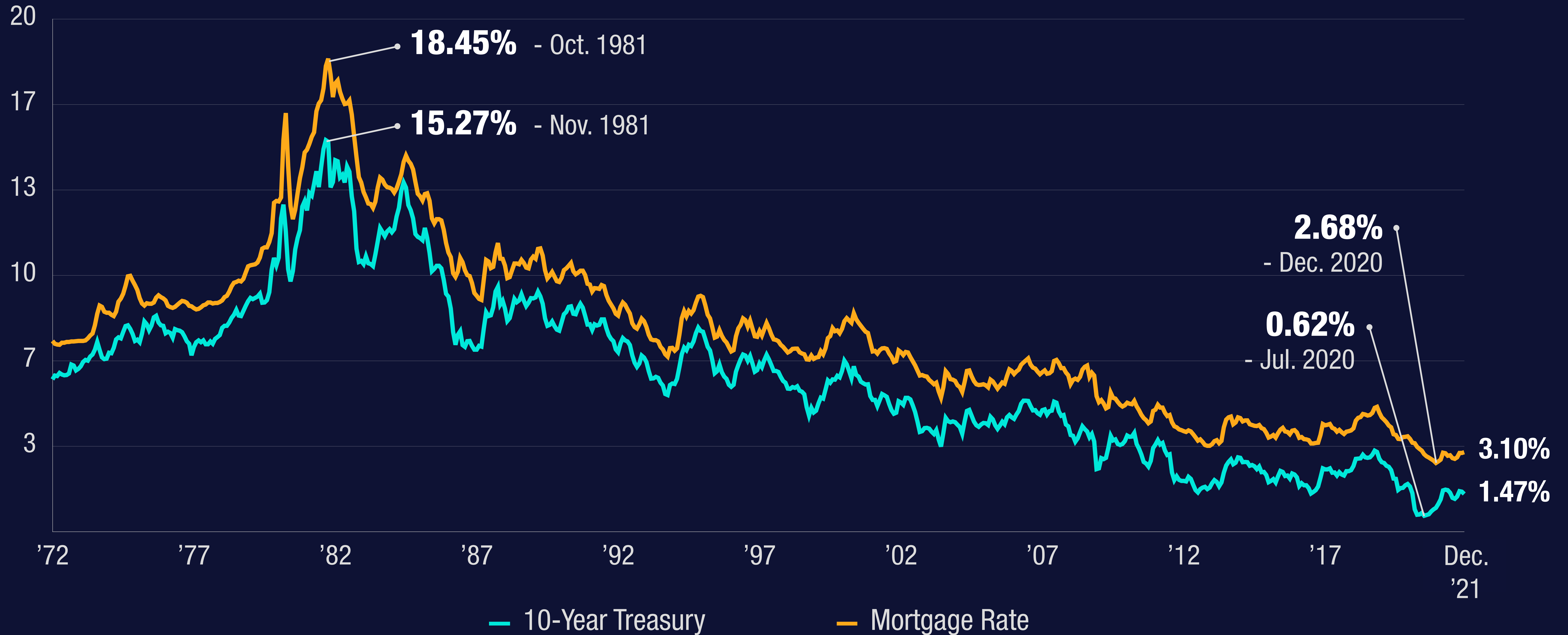


3. Underwater Homes

The portion of homes in negative equity continues to fall as home prices appreciate.

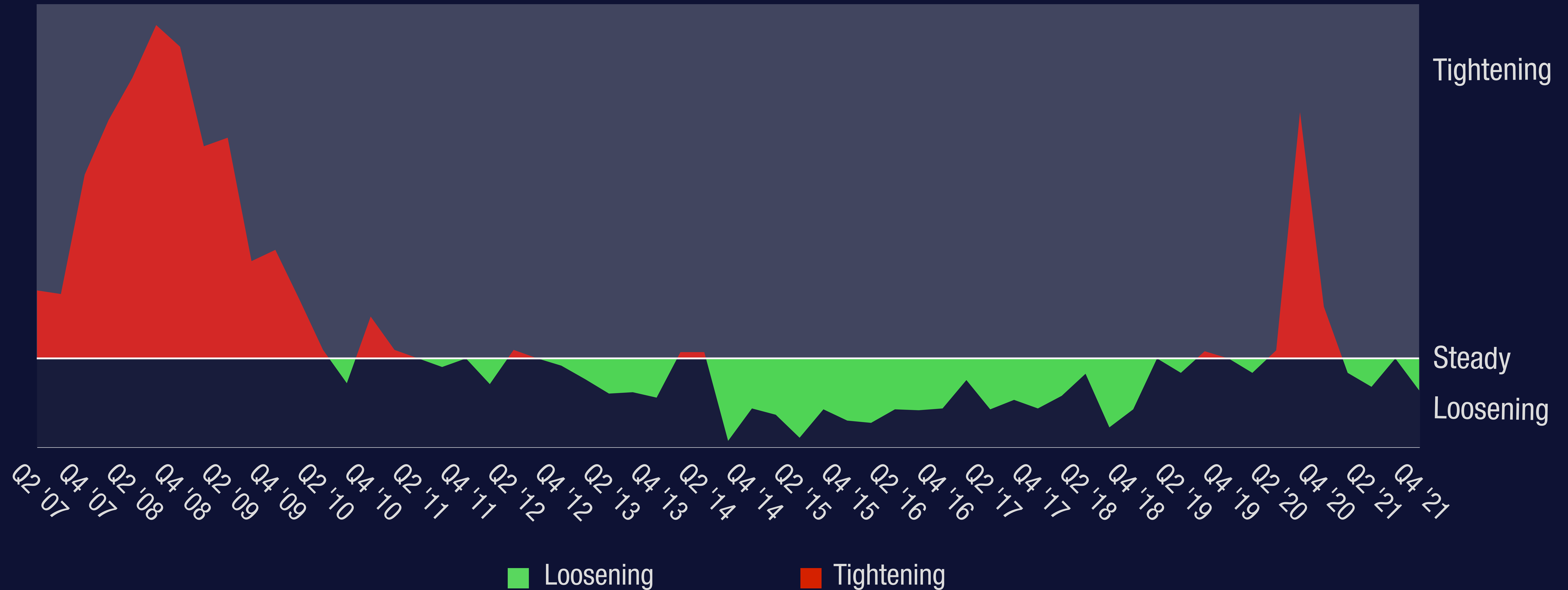


4. Mortgage Rates and Treasury Notes

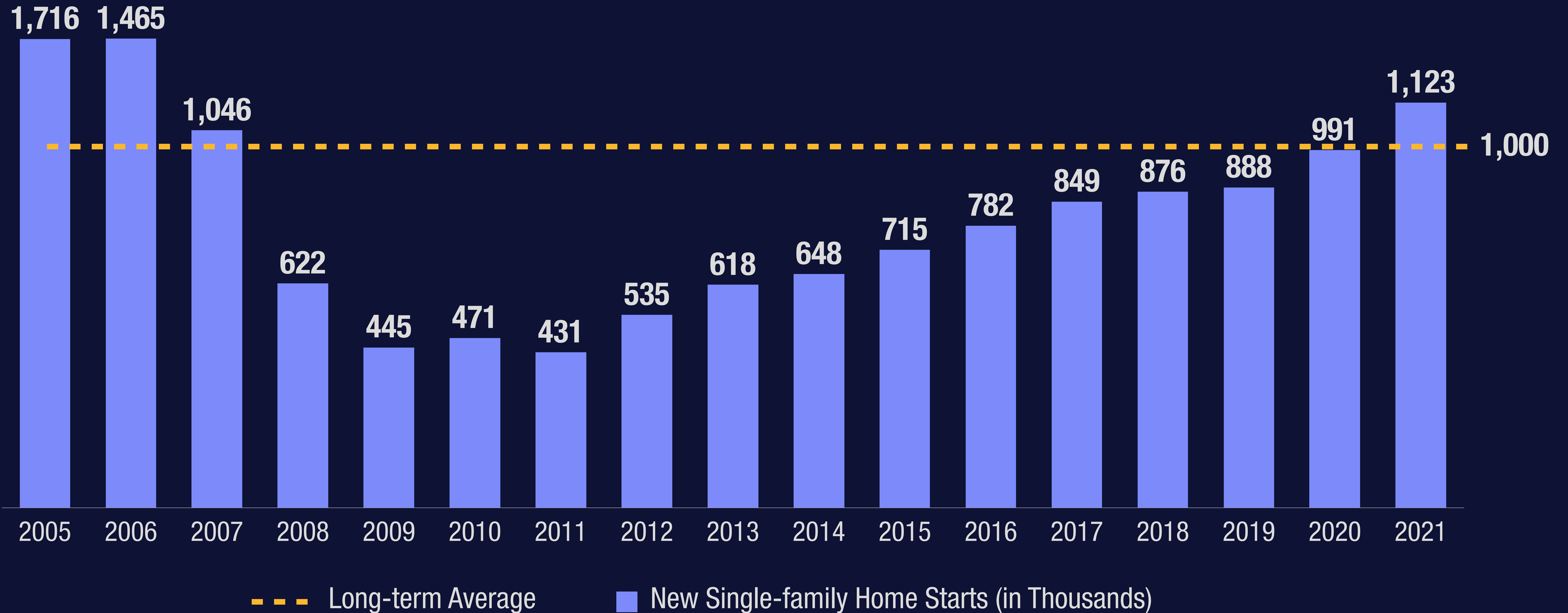


5. Credit Conditions

Credit conditions loosened in 2021, particularly for jumbo and non-QM loans.

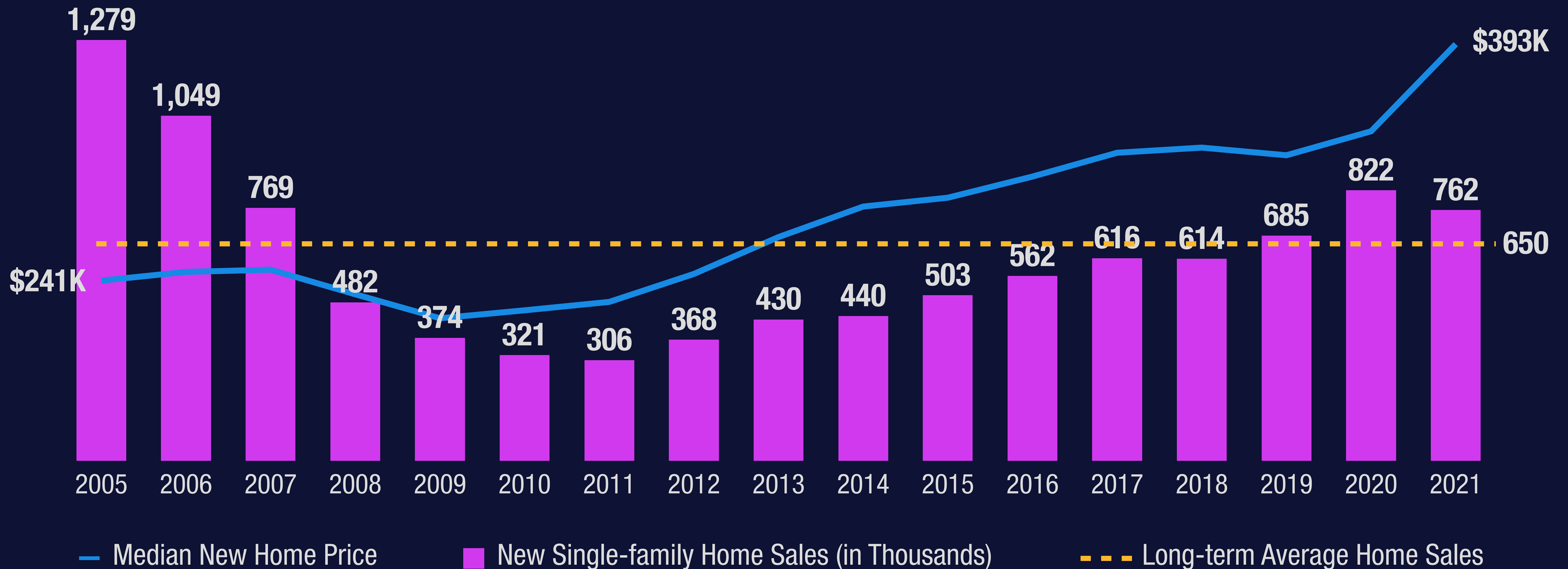


6. New Home Starts



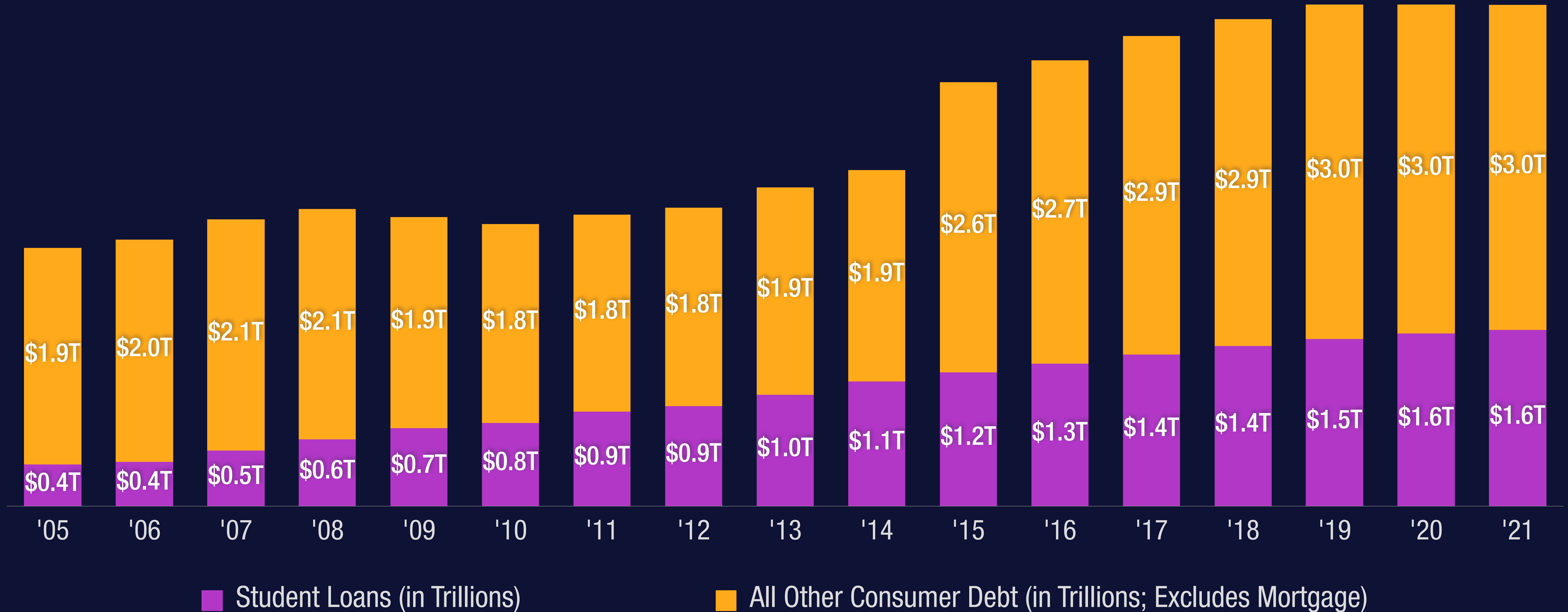
7. New Home Sales

New home sales have recovered since the Great Recession, but took a hit in 2021 as construction slowed due to supply-chain issues.



8. Student Loan Debt

Student loans are simply part of the conversation now for first-time buyers.



9. Economic Risks in 2022

1. Russian Invasion of Ukraine

- a. Global impact on energy markets
- b. Global impact on financial and equities markets

2. Federal Reserve Policy

- a. Fed is set to raise rates three times in 2022 but may get more aggressive based on data.
- b. It takes several months for Fed policy impacts to be realized; if Fed moves too quickly, it could cause growth to stall.



Luxury

- 1. The World's Wealthy**
- 2. Allocation of Financial Investments**



1. The World's Wealthy

Year	HNWI* in US (in Thousands)	HNWI in Canada (in Thousands)	Global HNWI (in Millions)	Wealth of Global HNWIs (in US\$ Trillions)
2008	2,460	231	8.6	\$32.8
2009	2,866	251	10	\$39.0
2010	3,104	282	10.9	\$42.7
2011	3,068	280	11	\$42.0
2012	3,436	298	12	\$46.2
2013	4,006	320	13.7	\$52.6
2014	4,351	331	14.6	\$56.4
2015	4,458	321	15.4	\$58.7
2016	4,795	357	16.6	\$63.5
2017	5,285	377	18.1	\$70.2
2018	5,322	362	18.0	\$68.1
2019	5,909	392	19.6	\$74.0
2020	6,575	403	20.8	\$79.6
'08-'20 Increase	167.3%	74.5%	141.9%	142.7%

*HNWI = High Net Worth Individuals

2. Allocation of Financial Investments

Year	Real Estate	Cash/ Deposits	Fixed Income	Stock Market	Alternative Investments
2008	18%	21%	29%	25%	7%
2009	18%	17%	31%	29%	6%
2010	19%	14%	29%	33%	5%
2012	20%	28%	16%	26%	10%
2013	19%	27%	16%	25%	14%
2014	18%	26%	17%	27%	13%
2015	18%	24%	18%	25%	16%
2016	18%	24%	18%	25%	16%
2017	14%	27%	18%	31%	10%
2018	17%	27%	16%	31%	9%
2019	16%	28%	18%	26%	13%
2020	15%	25%	17%	30%	13%
2021	15%	24%	18%	30%	14%



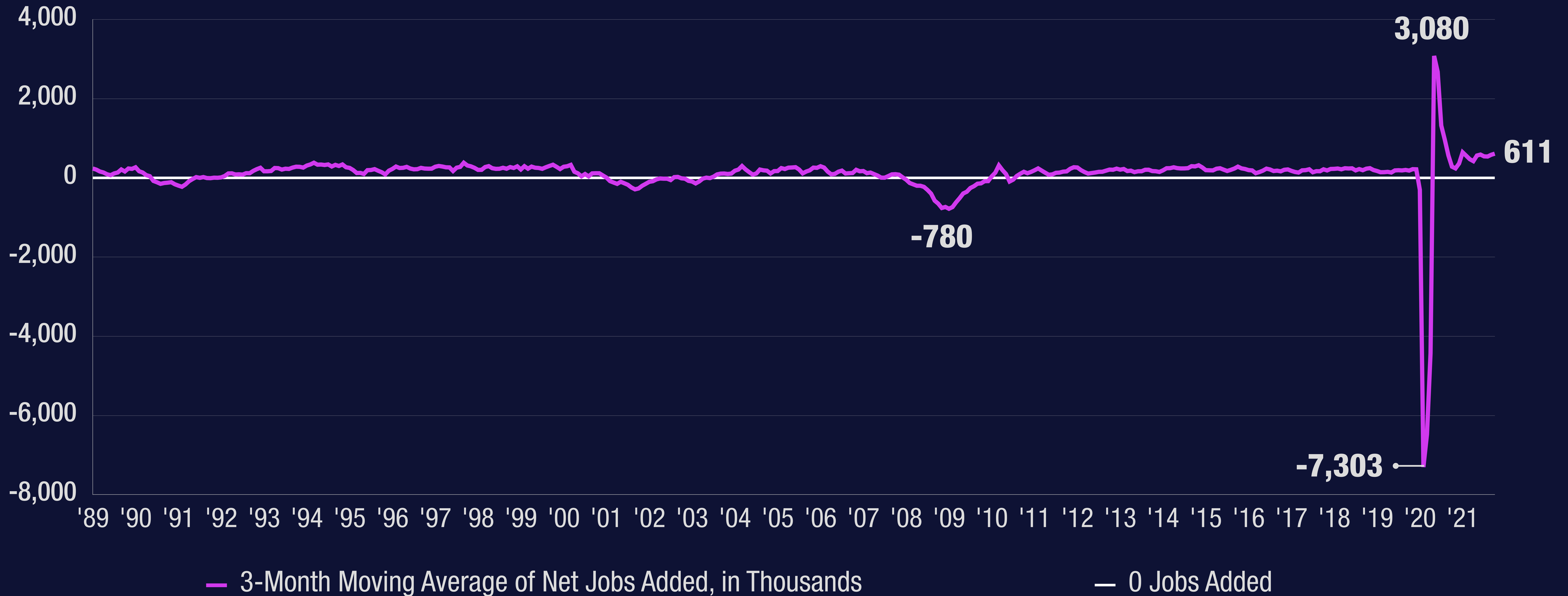
Commercial

1. Job Growth
2. Commercial Vacancy Rates
3. Loan Delinquency Rates

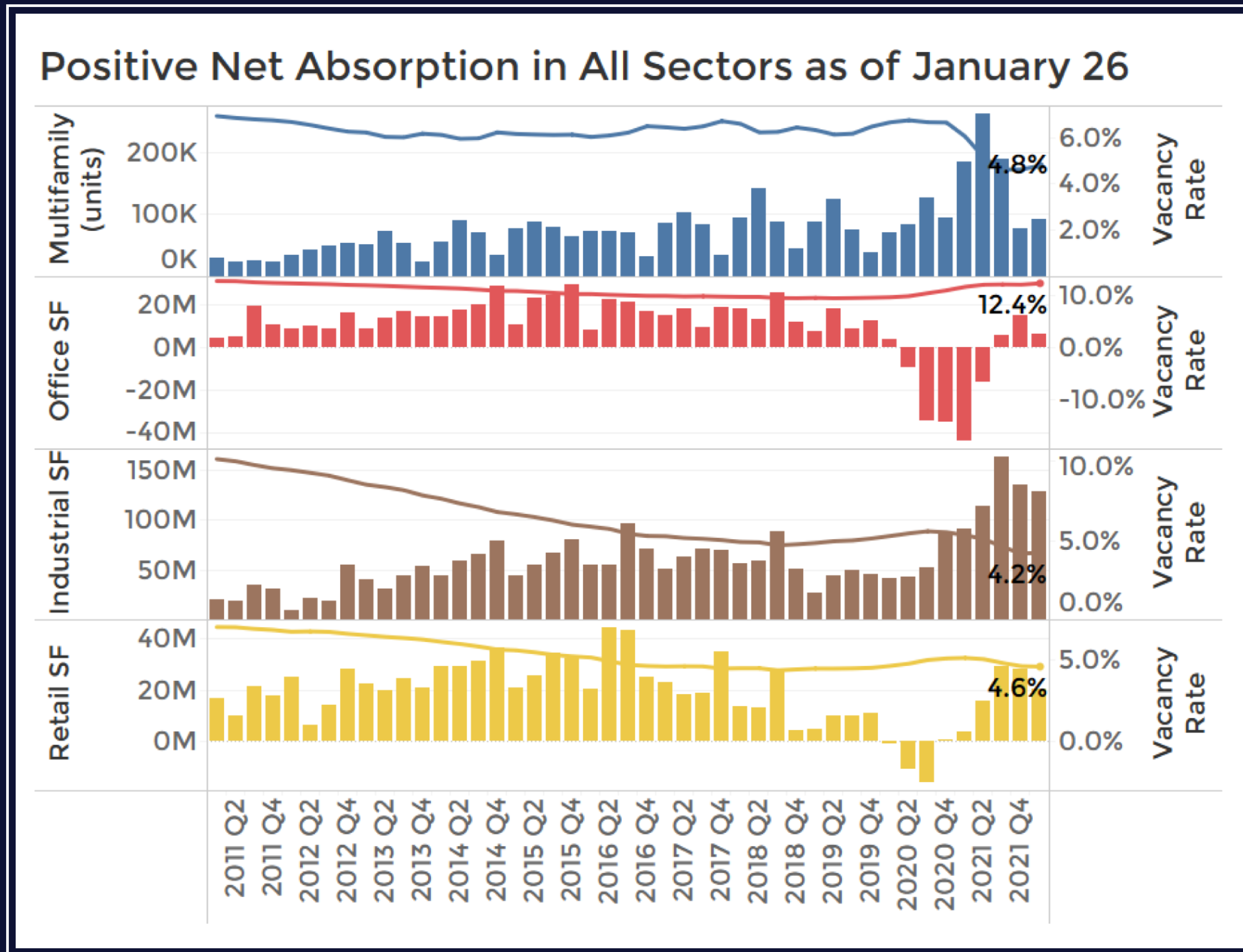


1. Job Growth

Businesses in the U.S. added a net 6.1M jobs in 2021 but employment is still below pre-pandemic levels.



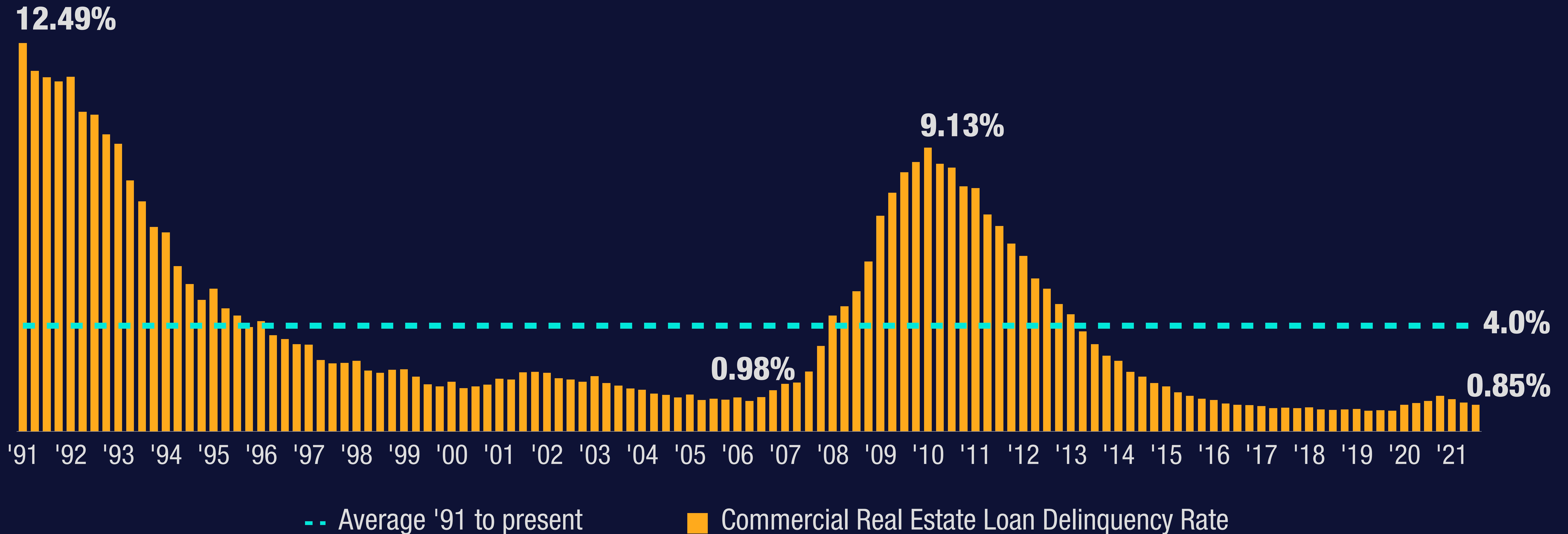
2. Commercial Vacancy Rates



1. Recovery in multifamily was driven by household formation, and rental demand should remain high as mortgage rates and home prices increase.
2. Remote working has deeply impacted office space and vacancies remain high.

3. Loan Delinquency Rates

Delinquency rates on commercial RE loans remain near zero.





Industry

1. Great Convergence
2. Industry Developments



1. Great Convergence



2. Industry Developments

1. Zillow shuttered Zillow Offers, purchases ShowingTime and announces Super App
2. Power Buyers help an estimated 15K consumers in a low inventory market
3. Commercial data giant CoStar jumps into residential with a series of acquisitions
4. Federal eviction moratorium expires and foreclosures remain low
5. Nonbank lenders gain market share and pivot to purchase as refi market wanes
6. Brad Inman sells Inman News



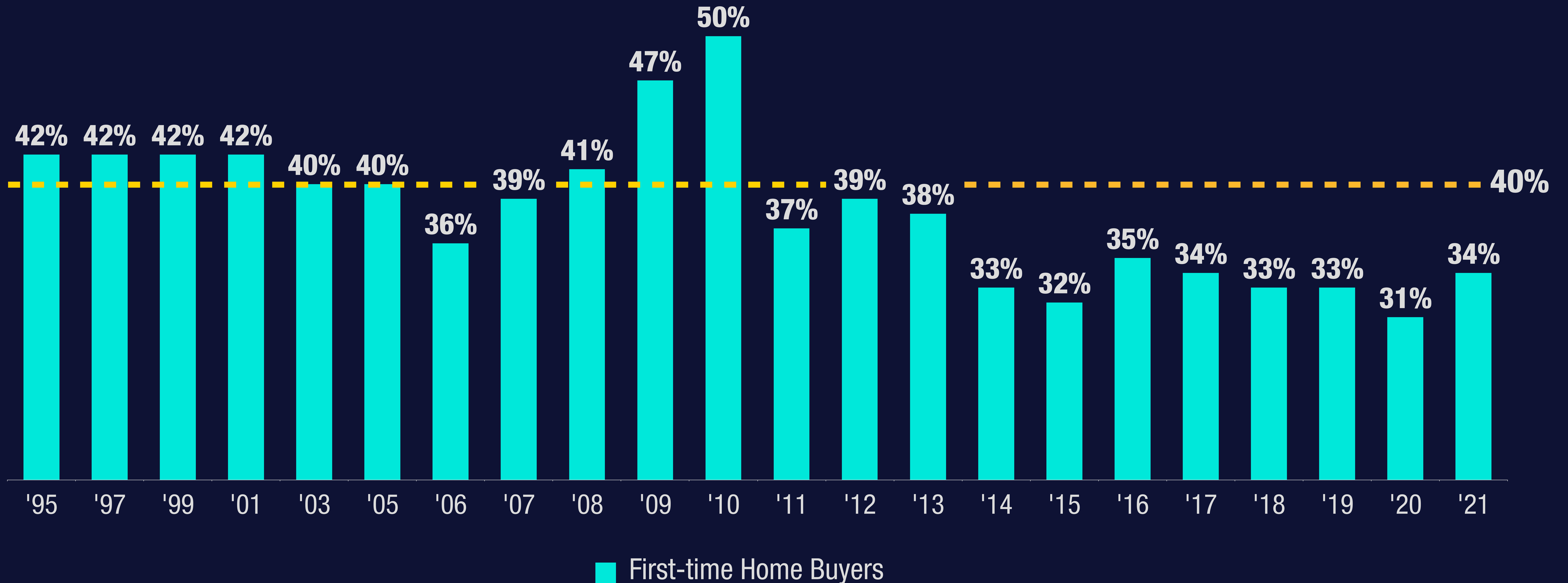
National Association of REALTORS®

2021 Profile of Home Buyers and Sellers



First-Time Home Buyers

The level of first-time home buyers remains well below the historic norm.



Primary Reason for Purchasing a Home

	2006	2010	2016	2017	2018	2019	2020	2021
Desire to own a home	32%	31%	31%	30%	29%	29%	27%	28%
Desire for a larger home	14	9	10	10	9	9	10	11
Desire to be closer to family/friends	*	5	7	8	8	9	9	10
Change in family situation	9	8	8	8	7	8	8	7
Desire for a home in a better area	8	5	6	7	7	7	6	7
Job-related relocation or move	12	7	8	8	8	7	6	5
Desire for a smaller home	5	3	6	5	5	6	6	5
Retirement	4	3	5	5	5	5	5	5
Establish a household	*	2	3	2	2	3	2	3
Desire to be closer to job/school/transit	7	3	3	4	3	3	3	2
Affordability	*	6	3	3	2	2	3	2
Financial security	*	1	2	2	2	2	2	2
Desire for a newly built or custom-built home	N/A	N/A	2	2	2	2	2	2

* Less than 1%

Tenure in Previous Home

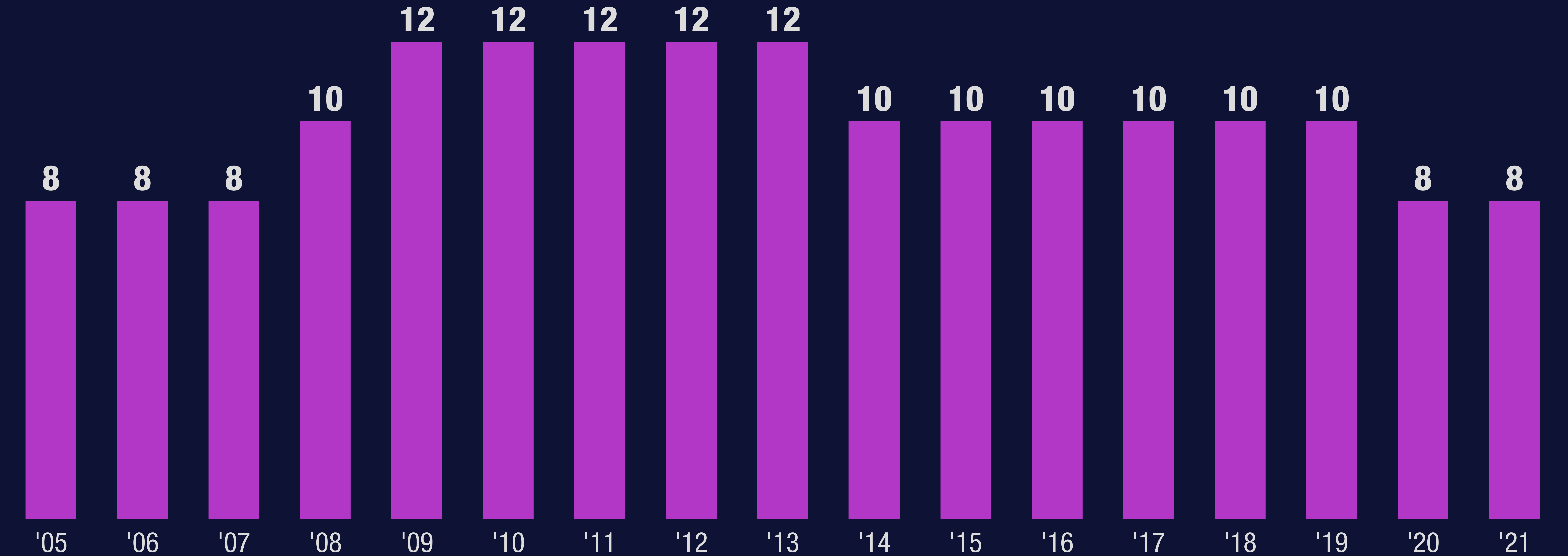
	2007	2010	2016	2017	2018	2019	2020	2021
1 year or less	6%	3%	3%	4%	9%	4%	4%	8%
2 to 3 years	23	8	10	10	15	13	11	16
4 to 5 years	17	16	11	12	12	14	14	14
6 to 7 years	13	18	12	10	8	11	12	10
8 to 10 years	13	17	15	14	12	10	11	9
11 to 15 years	12	17	21	21	17	16	16	15
16 to 20 years	7	8	11	11	11	12	13	11
21 years or more	10	13	16	17	16	19	20	18
Median	6	8	10	10	9	10	10	8

Buyer's Expected Tenure

Buyers expect to stay in their home longer than they actually do. Stay in touch so that even if your client's move is unexpected, you are top of mind.

	2006	2010	2016	2017	2018	2019	2020	2021
1 year or less	1%	1%	1%	1%	1%	1%	1%	2%
2 to 3 years	11	3	3	3	5	5	5	5
4 to 5 years	18	12	9	9	14	14	14	16
6 to 7 years	7	3	3	3	4	4	4	4
8 to 10 years	12	13	15	14	22	20	23	23
11 to 15 years	6	5	6	6	10	10	9	9
16 to 20 years	20	22	26	27	43	45	44	41
Don't Know	24	42	38	36	1	1	1	1
Median	8	10	12	15	15	15	15	2

Weeks in Home Search



First Step in Buying Process

	2007	2010	2016	2017	2018	2019	2020	2021
Looked online for properties for sale	32%	36%	44%	42%	44%	44%	43%	41%
Contacted a real estate agent	20	19	17	17	17	16	18	19
Looked online for information about the buying process	12	11	13	12	11	12	9	10
Contacted a bank or mortgage lender	7	8	7	8	7	7	7	9
Talked with a friend or relative about the buying process	9	7	6	6	6	6	7	7
Drove by homes/neighborhoods	1	7	6	6	6	5	6	5
Visited open houses	7	4	3	3	4	4	4	2
Contacted a builder/visited builder models	1	1	1	1	1	1	2	2
Contacted a home seller directly	2	1	1	1	1	1	2	1
Looked up neighborhood information	*	*	1	1	1	1	1	1
Attended a home buying seminar	1	2	1	1	1	1	1	1
Looked in newspapers, magazines, or home buying guides	5	2	1	1	1	1	1	*

* Less than 1%

Information Sources Buyers Use

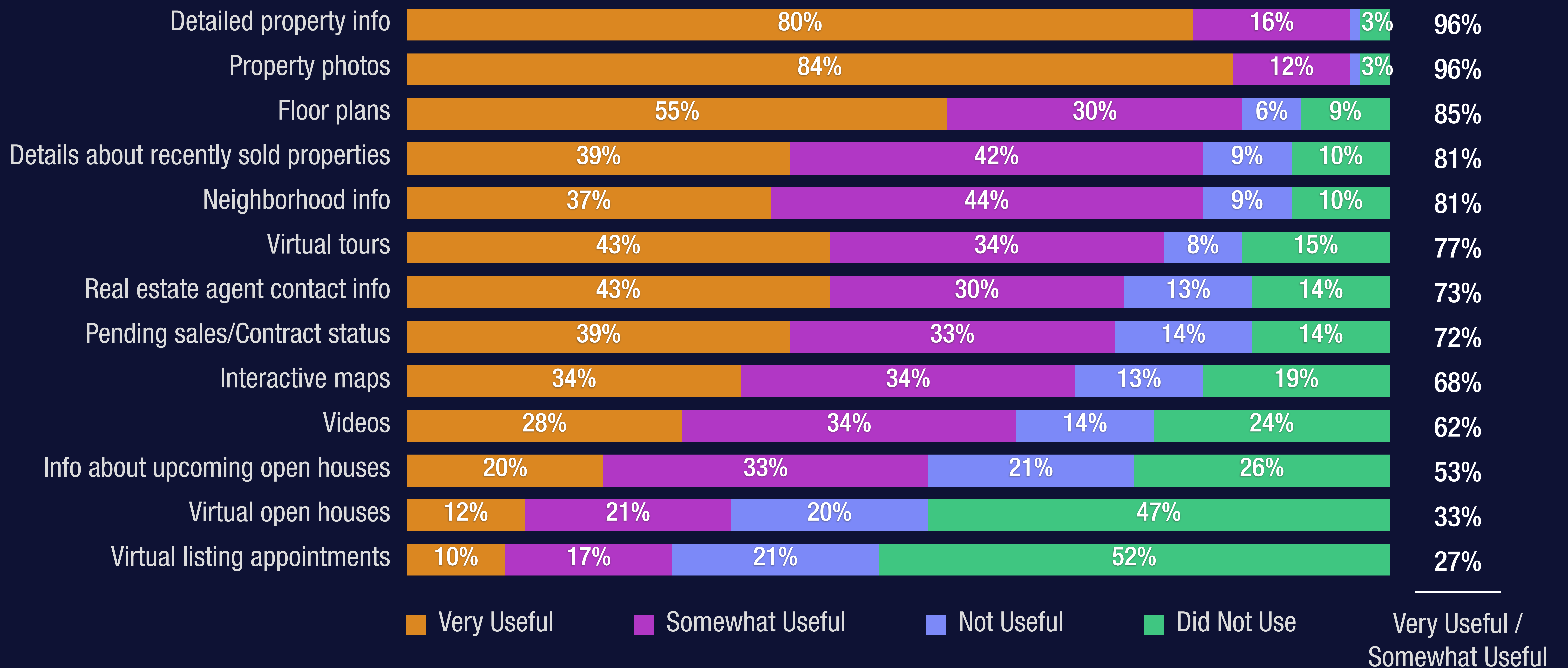
	2006	2010	2016	2017	2018	2019	2020	2021
Real estate agent	85%	88%	92%	89%	86%	87%	87%	87%
Mobile or tablet search device	N/A	N/A	72	74	73	73	76	74
Open house	47	45	50	52	53	51	53	41
Online video site	N/A	N/A	36	39	37	35	41	40
Yard sign	63	57	49	48	46	39	41	35
Home builder	26	16	14	19	18	15	18	19
Print newspaper advertisement	55	36	16	15	13	11	10	7
Home book or magazine	34	23	12	12	10	7	8	6
Billboard	9	5	4	5	5	4	4	4
Television	11	7	3	2	3	3	3	2
Relocation company	5	3	3	3	3	3	3	2

Where Buyers Found the Home They Purchased

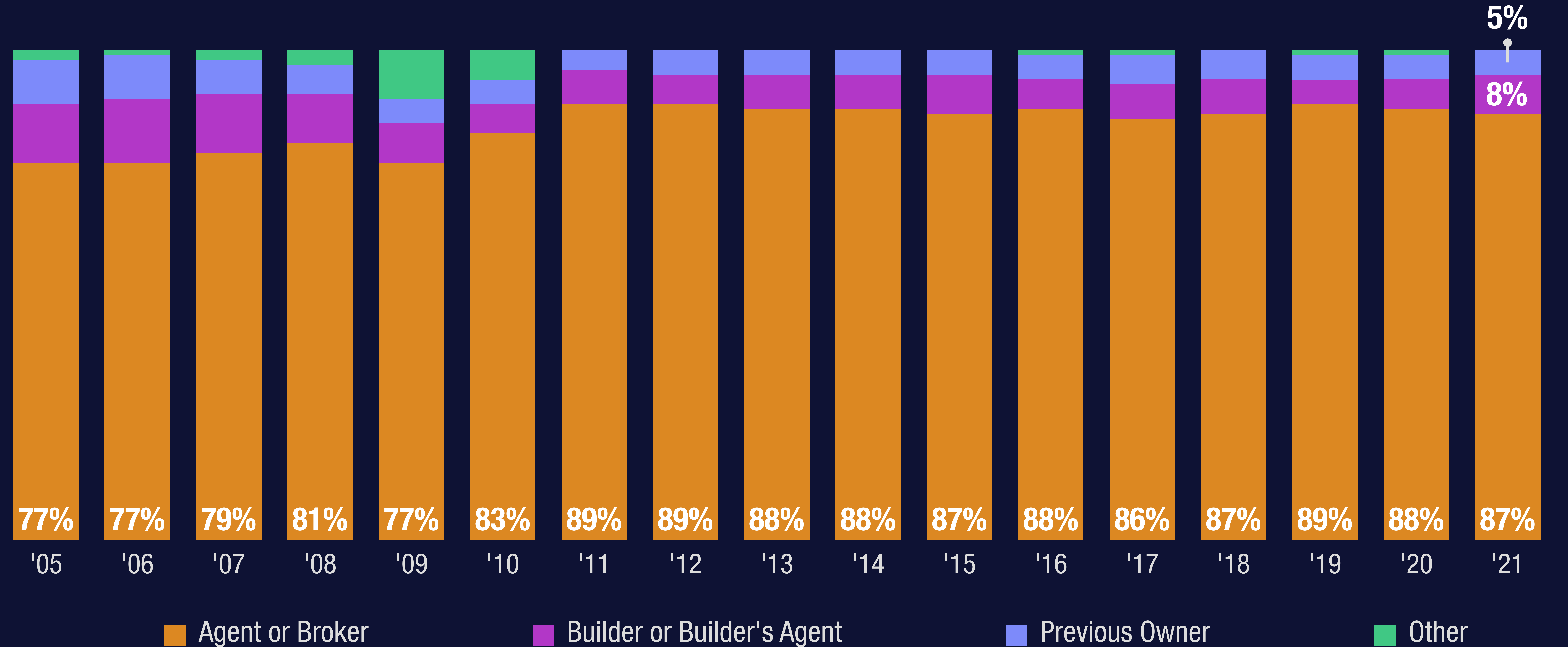
	2006	2010	2016	2017	2018	2019	2020	2021
Internet	24%	37%	44%	51%	49%	50%	52%	51%
Real estate agent	36	38	33	34	31	28	29	28
Friend, relative or neighbor	8	6	6	4	6	7	6	6
Home builder or their agent	8	4	6	2	6	5	4	5
Yard sign/Open house sign	15	11	9	8	7	7	6	7
Directly from sellers/Knew the sellers	3	2	2	1	2	3	3	3
Print newspaper advertisement	5	2	1	1	1	1	*	*
Home book or magazine	1	*	*	*	*	*	*	*
Other	*	*	*	*	*	*	*	*

* Less than 1%

Value of Website Features



Method of Home Purchase

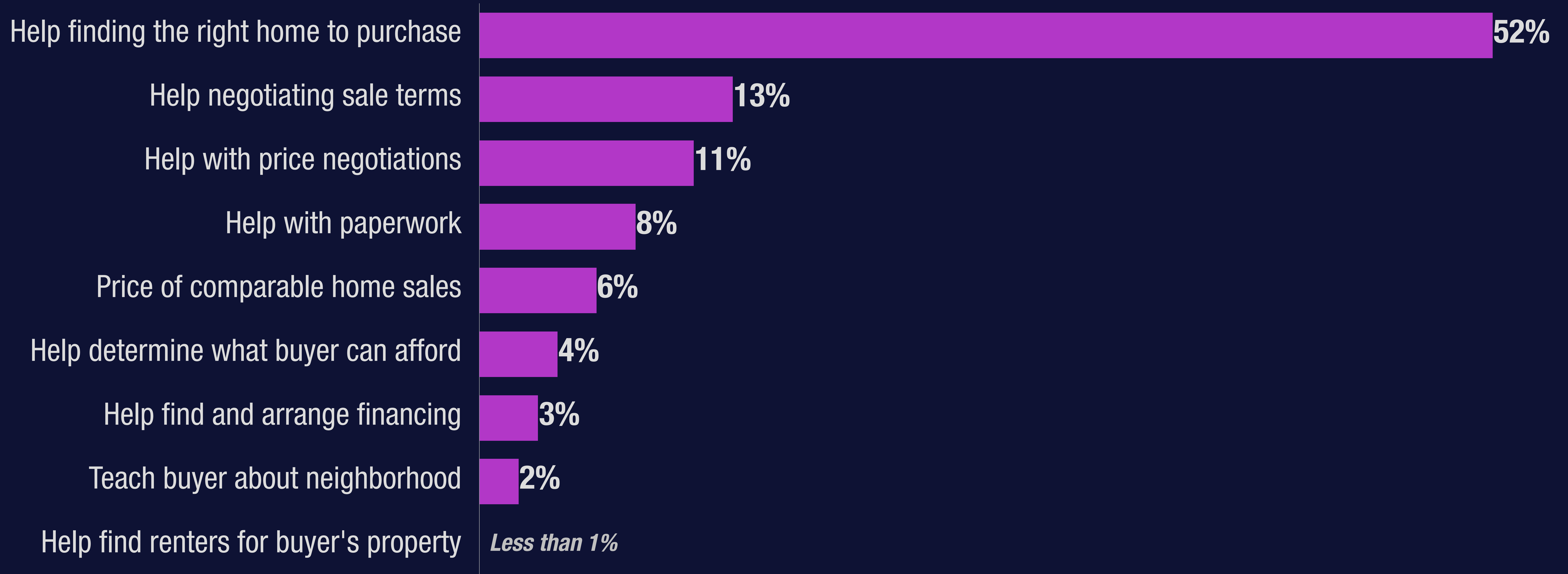


Buyer Representation Agreement

Buyer representation agreement is a crucial protocol to maintain transparency and to align expectations between buyers and agents.

	2006	2010	2016	2017	2018	2019	2020	2021
Yes, a written arrangement	44%	40%	42%	40%	40%	39%	40%	40%
Yes, an oral arrangement	20	17	16	17	16	19	17	17
No	26	29	29	28	31	28	28	27
Don't know	11	13	14	15	14	14	15	16

What Buyers Want from Their Agent



How Buyers Found Their Agent

	2006	2010	2016	2017	2018	2019	2020	2021
Referred by (or is) a friend, neighbor, or relative	40%	48%	42%	42%	41%	41%	40%	47%
Used agent previously to buy or sell a home	13	9	11	12	12	12	13	13
Inquired about specific property viewed online	N/A	N/A	N/A	N/A	7	7	7	7
Website	7	10	9	9	6	5	6	7
Referred by another real estate agent or broker	5	3	5	5	5	6	5	5
Saw contact information on for sale/open house sign	7	6	4	4	4	3	3	5
Visited an open house and met agent	7	7	6	6	5	5	6	4
Personal contact by agent (telephone, email, etc.)	3	3	3	4	3	4	4	3
Referred through employer or relocation company	4	3	3	2	2	2	2	2
Walked into or called office and agent was on duty	4	5	2	2	1	1	1	1
Mobile or tablet application	N/A	N/A	1	1	1	1	1	1
Other	7	7	11	11	11	11	10	6

* Less than 1%

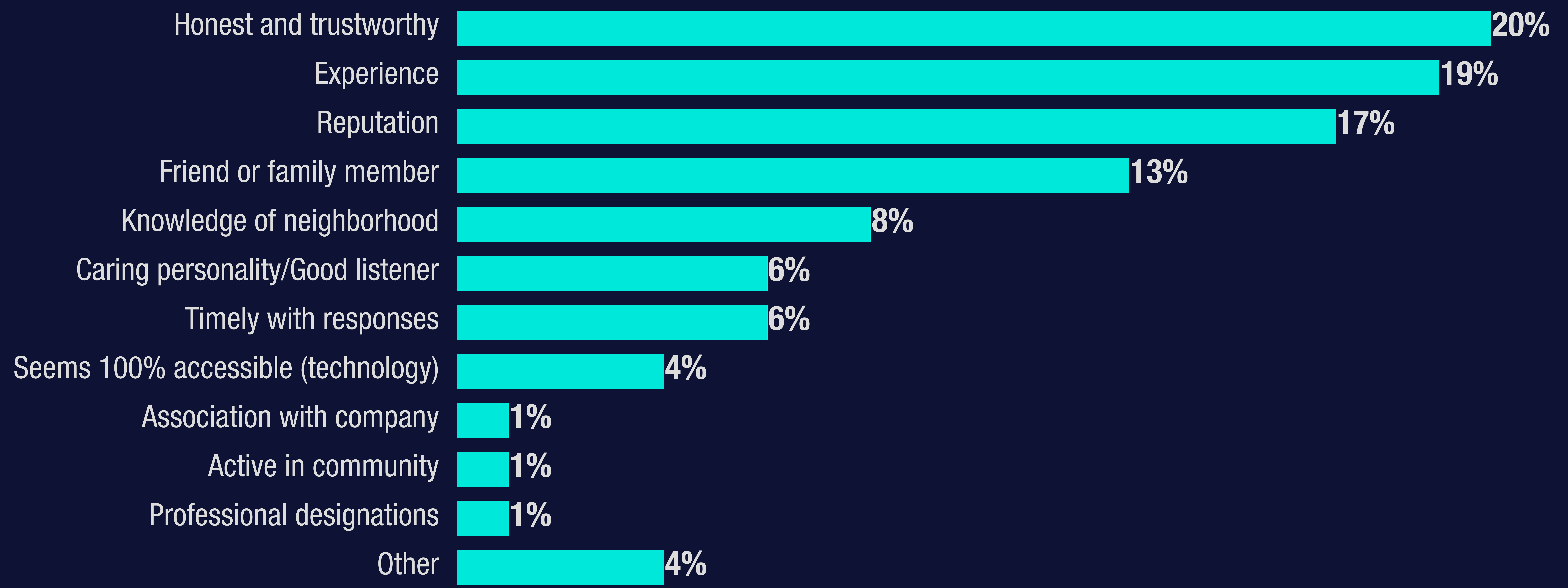
Buyer Interviews

Buyers overwhelmingly went with the first or second agent they met – you need to get there first!

	2006	2010	2016	2017	2018	2019	2020	2021
One	65%	64%	69%	70%	68%	75%	73%	73%
Two	20	21	19	17	20	15	16	16
Three	10	10	8	8	8	7	7	7
Four or more	5	6	4	6	5	3	4	4

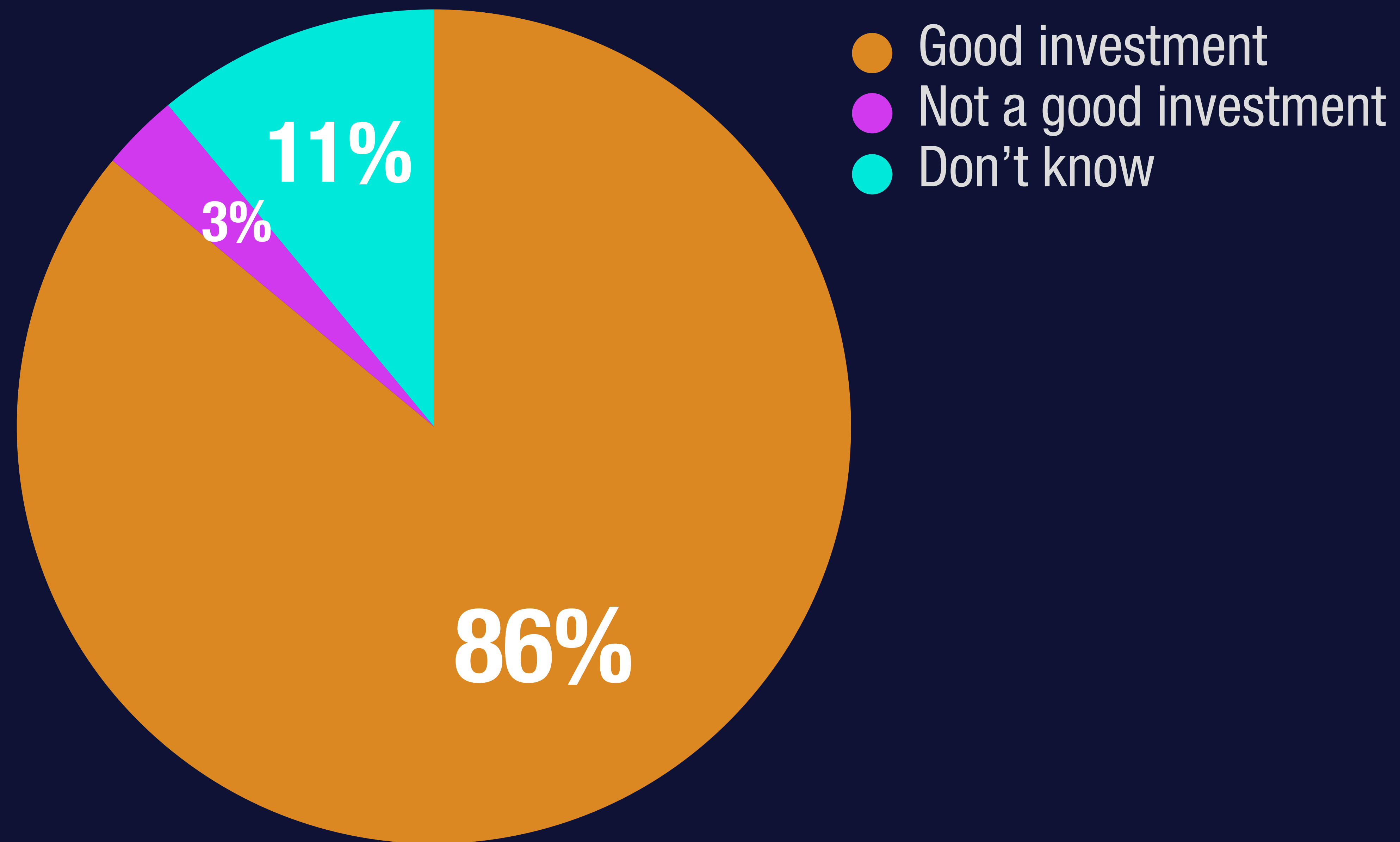
Most Important Factors for Buyers

An agent's honesty/trustworthiness, experience, and reputation matter the most to buyers.

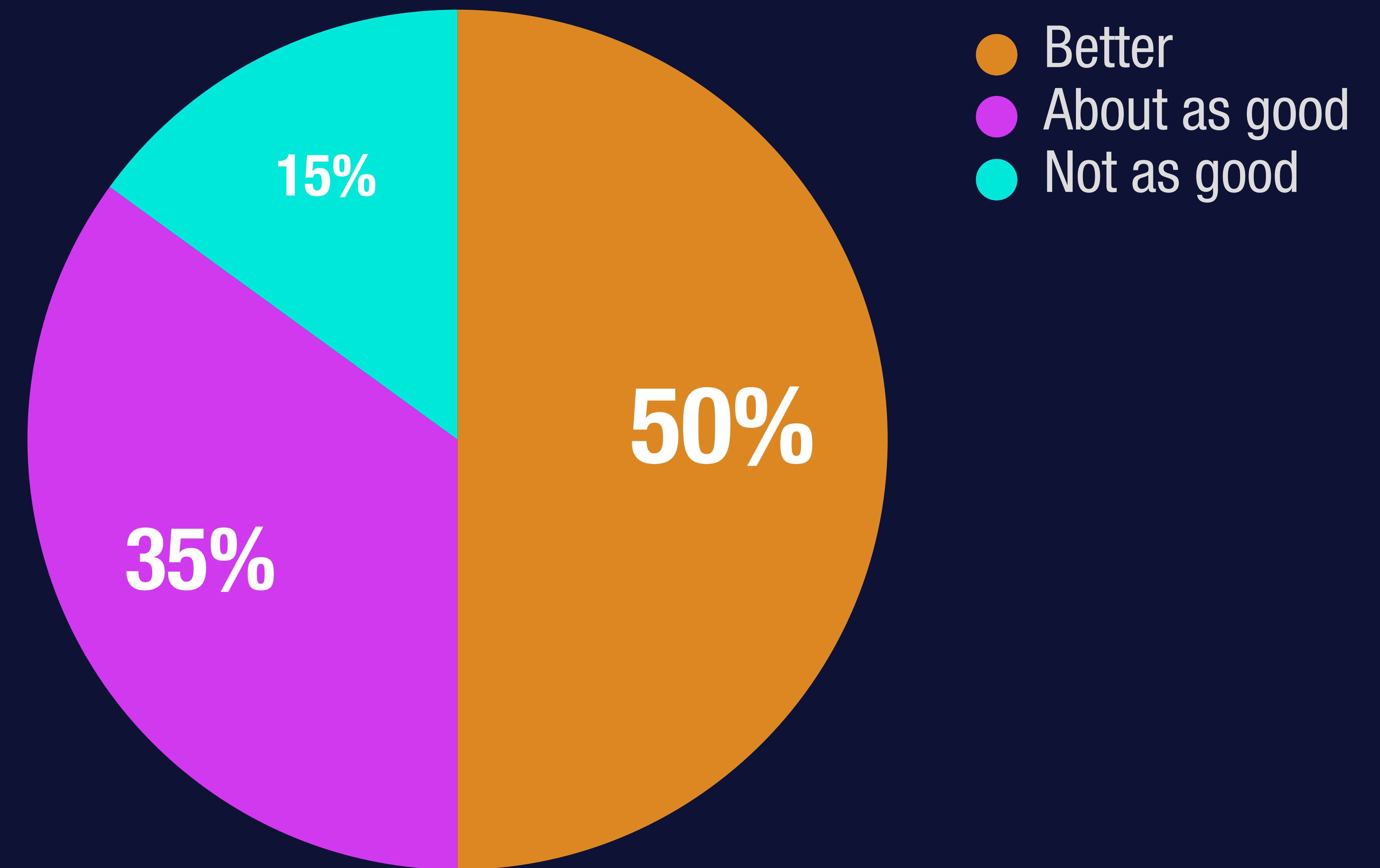


Home as a Financial Investment

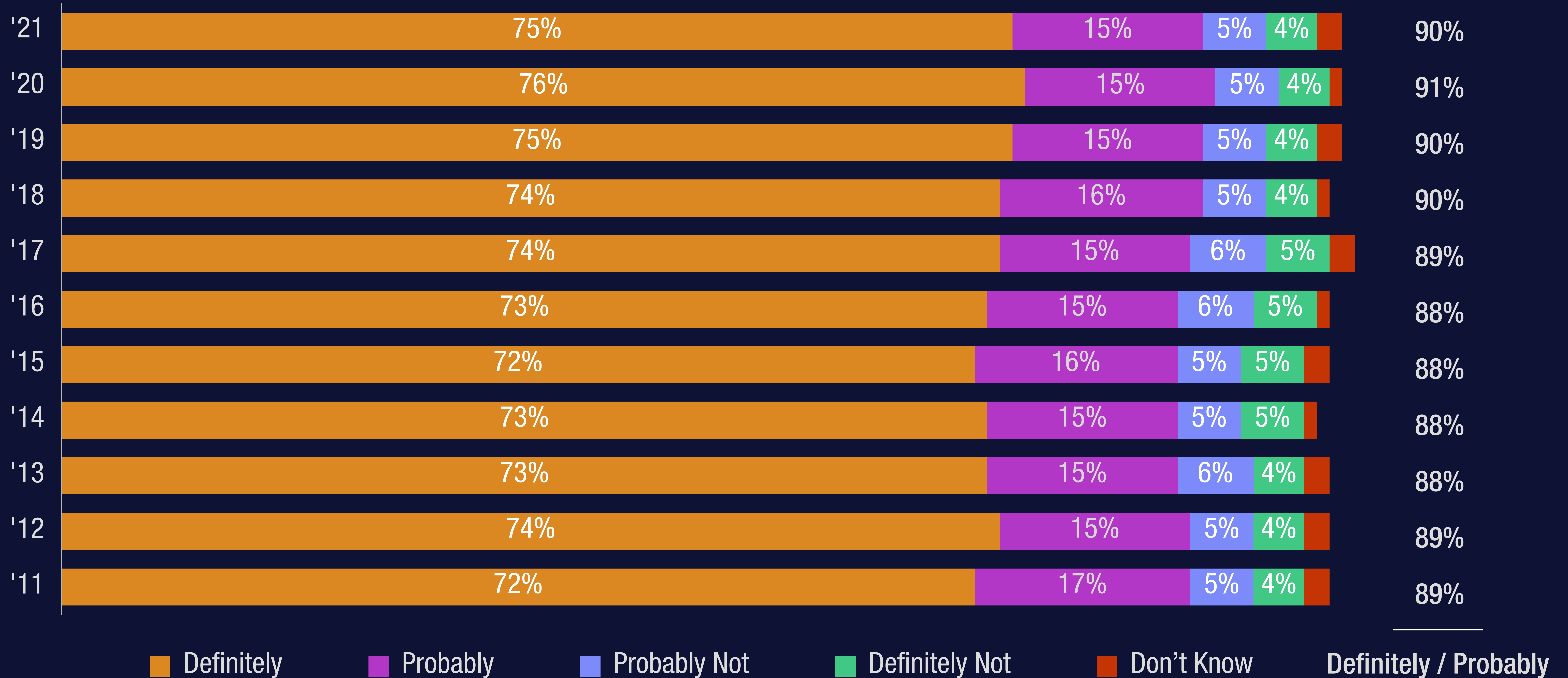
Is real estate a good financial investment?



Is real estate a better investment than stocks?

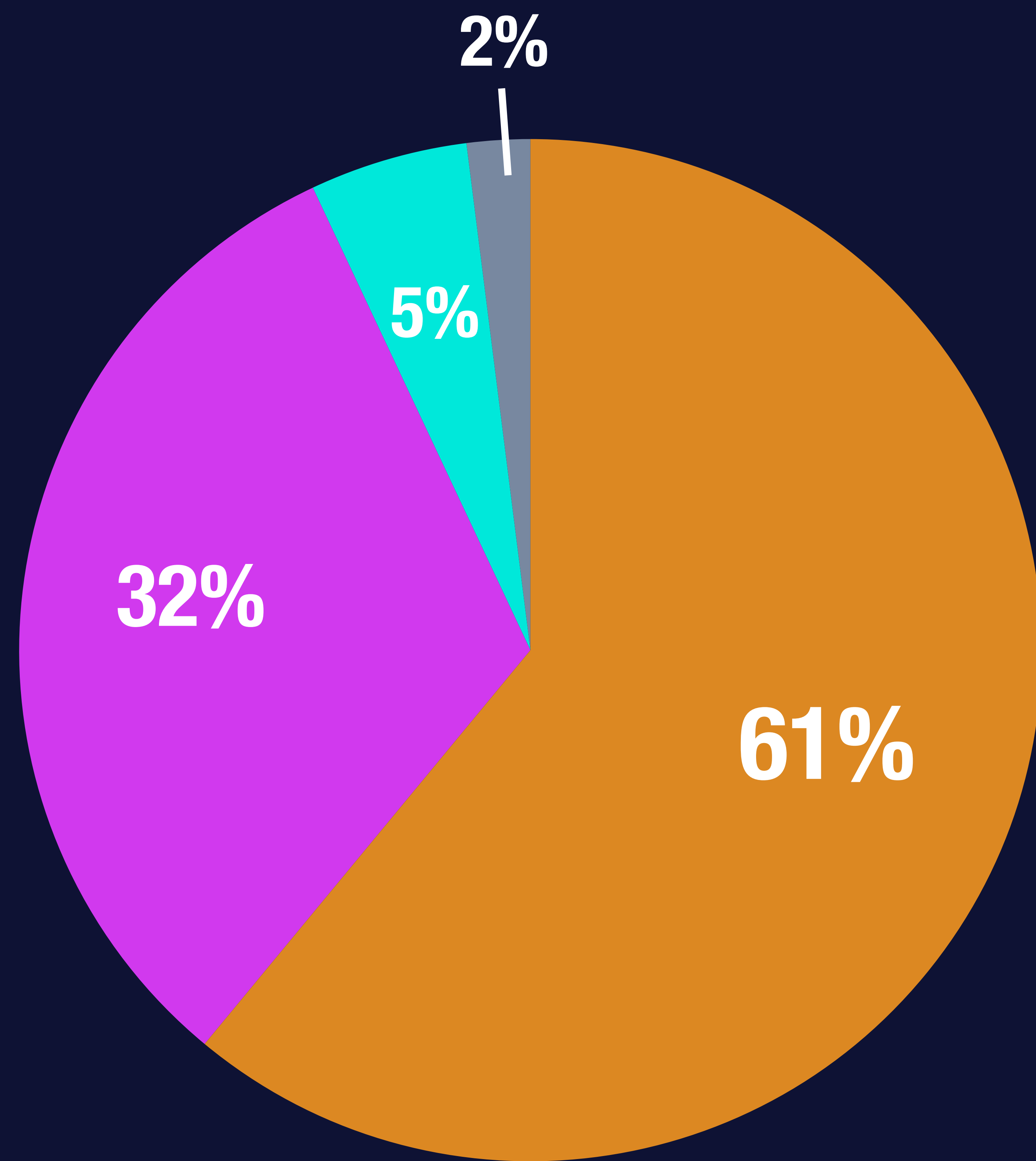


Buyer: Repeats and Referrals

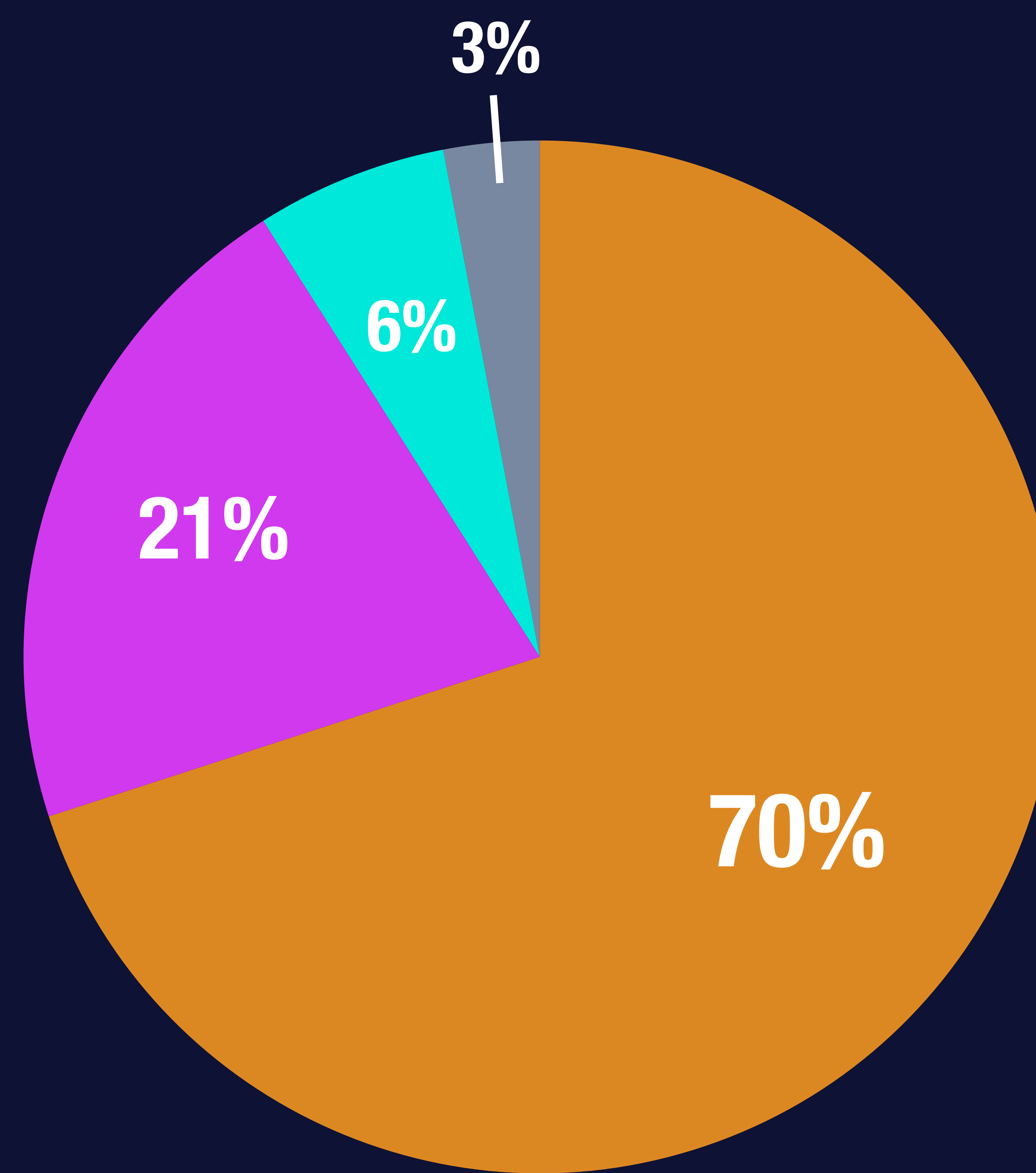


Buyer and Seller Satisfaction

Consumers continue to express satisfaction with the process of buying and selling a home.



Buyer Satisfaction



Seller Satisfaction

- Very satisfied
- Somewhat satisfied
- Somewhat dissatisfied
- Very dissatisfied

How Sellers Found Their Agent

	2006	2010	2016	2017	2018	2019	2020	2021
Referred by (or is) a friend, neighbor, or relative	44%	41%	39%	41%	39%	39%	41%	39%
Used agent previously to buy or sell a home	30	23	25	23	24	27	26	29
Personal contact by agent (telephone, email, etc.)	5	4	4	5	5	5	4	4
Referred by another real estate agent or broker	4	4	4	3	3	3	4	4
Website	2	4	4	5	4	4	5	3
Visited an open house and met agent	5	4	4	4	4	3	3	2
Saw contact information on for sale/open house sign	*	3	2	2	2	2	1	2
Referred through employer or relocation company	3	3	2	2	2	2	1	1
Direct mail (newsletter, flier, postcard, etc.)	3	2	2	2	2	1	1	1
Walked into or called office and agent was on duty	*	*	1	1	2	1	1	1
Other	2	6	10	10	12	10	11	15

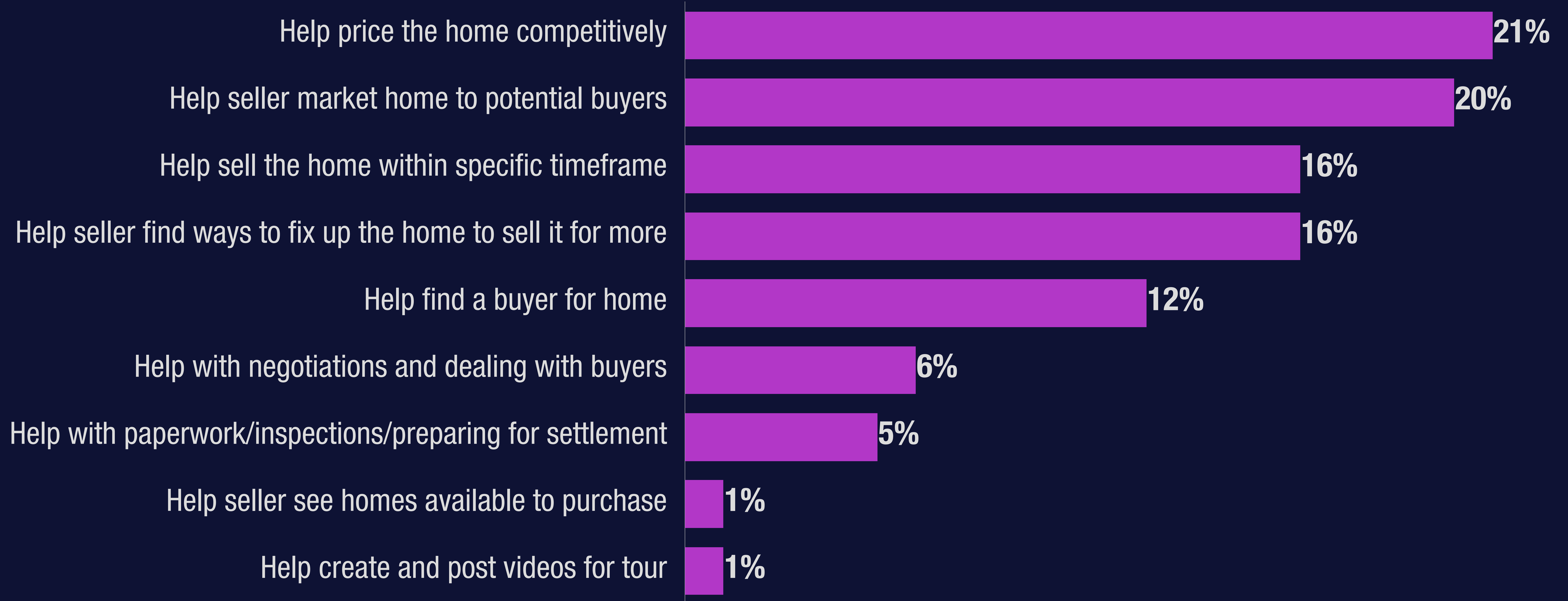
* Less than 1%

Seller Interviews

Number of agents sellers contacted before deciding with whom to sell.

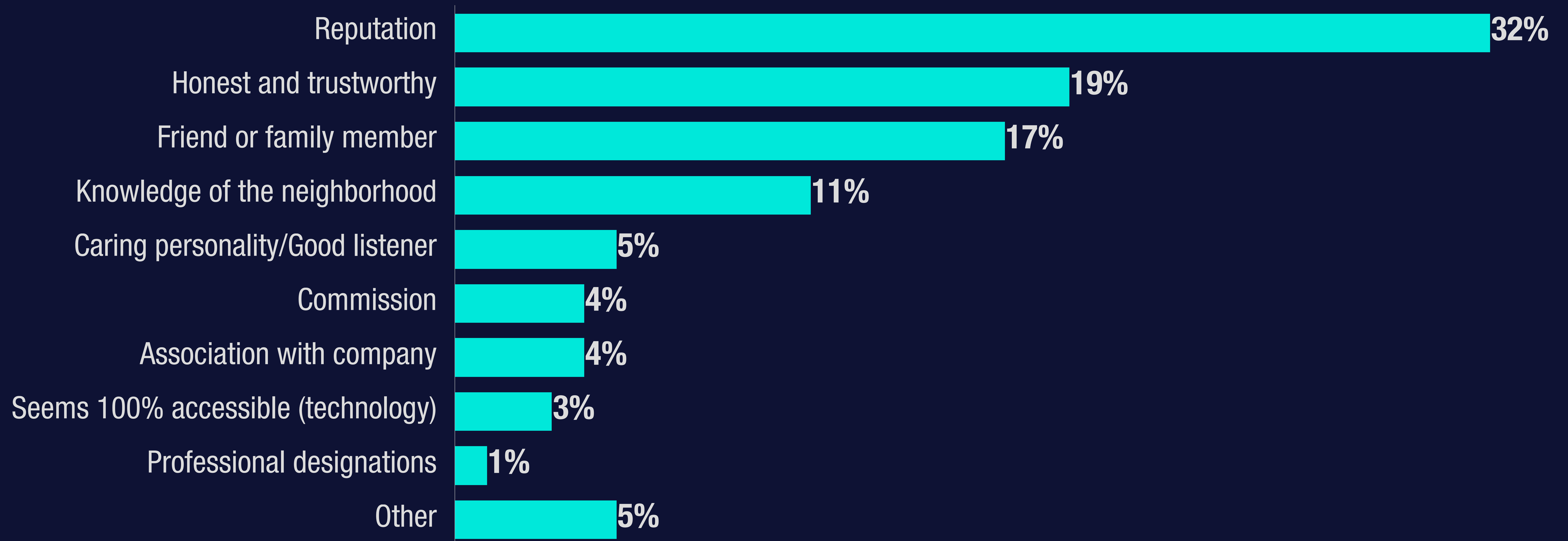
	2006	2010	2016	2017	2018	2019	2020	2021
One	69%	66%	72%	74%	75%	75%	77%	82%
Two	18	19	16	15	13	15	13	10
Three	9	10	8	7	8	8	7	5
Four or more	4	6	4	3	3	3	4	3

What Sellers Want from Their Agent



Most Important Factors for Sellers

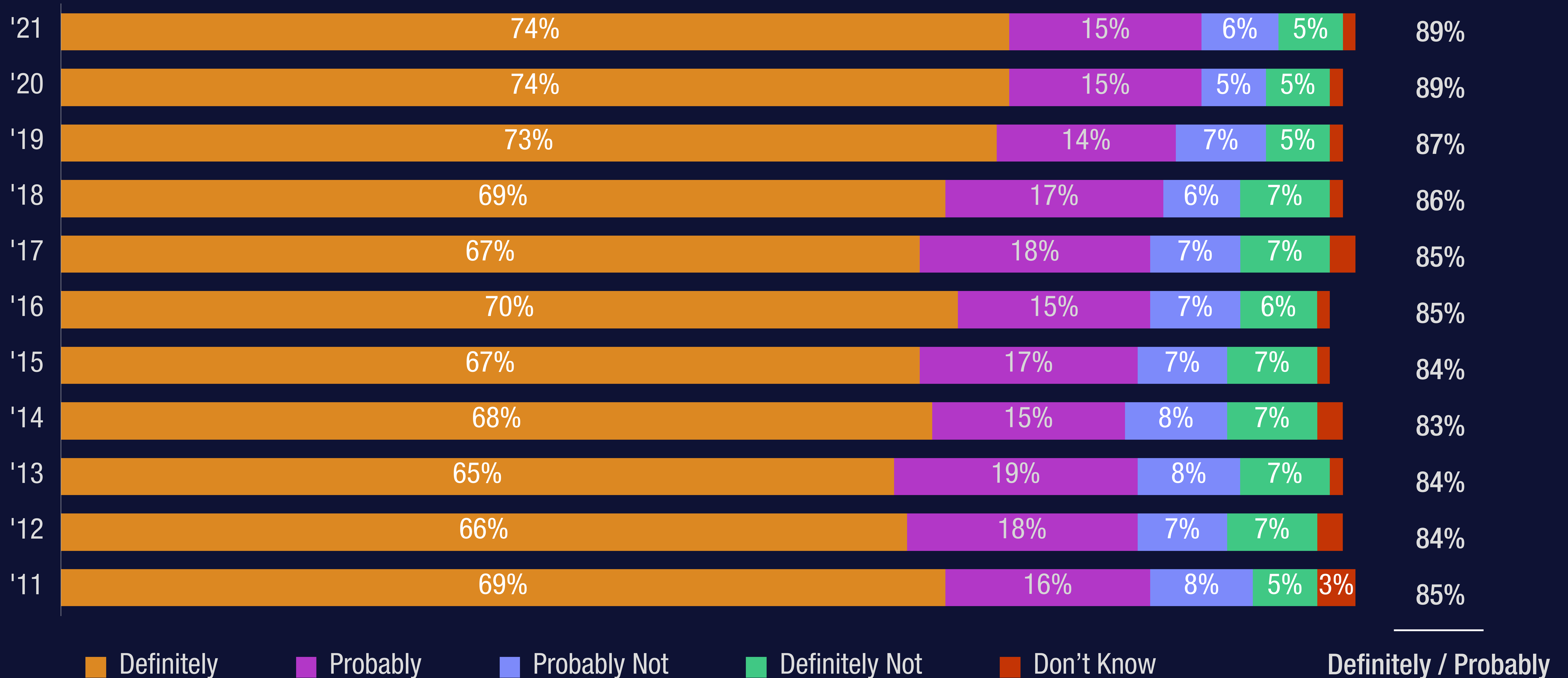
An agent's reputation, honesty/trustworthiness, and whether they're a friend or family member matter the most to sellers.



Compensation Negotiations

	2007	2010	2016	2017	2018	2019	2020	2021
Real estate agent initiated discussion of compensation	39%	44%	48%	48%	47%	46%	44%	47%
Client brought up the topic and the real estate agent was able and willing to negotiate their commission or fee	31	25	22	20	21	22	23	20
Client brought up the topic and the real estate agent was not willing or able to negotiate their commission or fee	9	9	6	8	6	5	5	5
Client did know commissions and fees could be negotiated but did not bring up the topic	9	10	11	10	11	10	13	13
Client did not know commissions and fees could be negotiated	13	11	14	15	15	18	15	15

Seller: Repeats and Referrals



Method Used to Sell Home

	2006	2010	2016	2017	2018	2019	2020	2021
Sold home using an agent or broker	84%	88%	89%	89%	91%	89%	89%	90%
For sale by owner (FSBO)	12	9	8	8	7	8	8	7
Sold home to a home-buying company	1	1	1	*	1	1	1	1
Sold through an iBuyer program	N/A	N/A	N/A	N/A	N/A	N/A	*	*
Other	3	3	2	2	1	2	2	2

* Less than 1%

Incentives Offered to Attract Buyers

	2010	2016	2017	2018	2019	2020	2021
None	56%	64%	63%	66%	66%	67%	74%
Home warranty policies	25	21	21	18	17	17	13
Assistance with closing costs	20	16	16	13	14	14	9
Credit toward remodeling or repairs	5	6	8	7	8	8	7
Other incentives (car, TV, etc.)	4	5	4	4	3	3	2
Other	5	3	4	4	4	4	3

