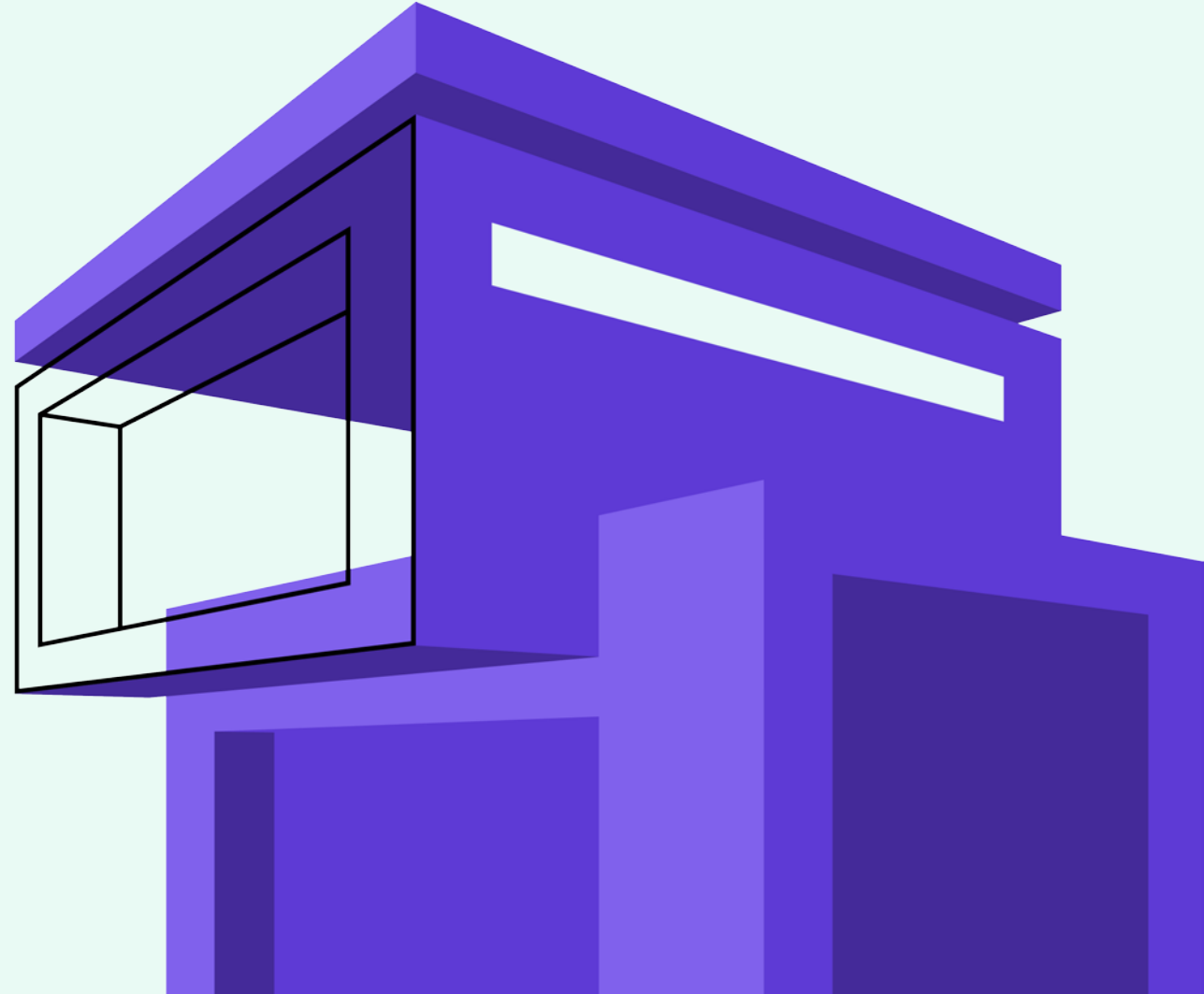


National & Local Housing Market Update Southwest Florida

KRISTINE SMALE

SENIOR VICE PRESIDENT, ADVISORY

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Our teams cover the entire spectrum of real estate to help you grow your business and realize your goals

- 60 advisors
- 500 researchers
- 50 technologies
- Award winning Builder editorial team



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Advisory Manager

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SHANA PETERS



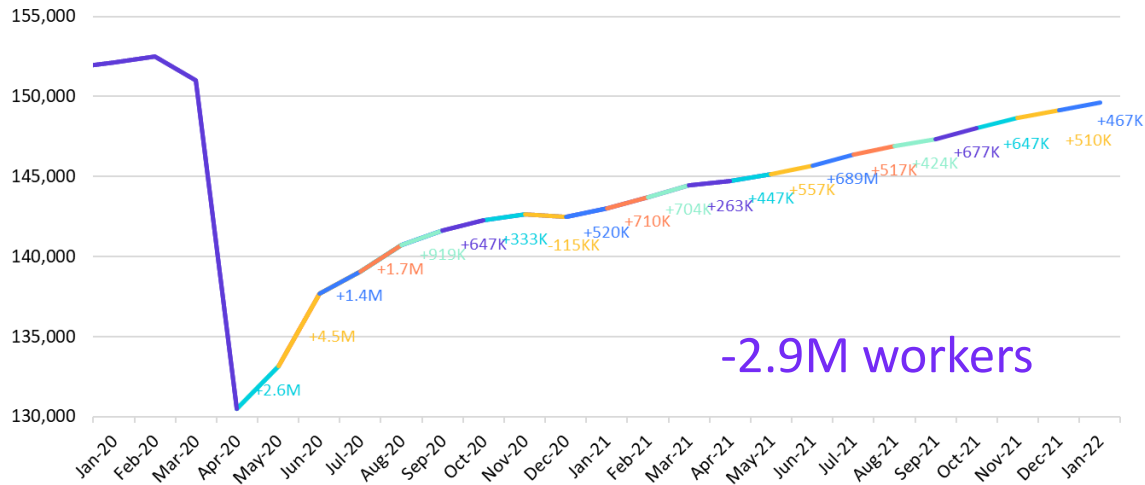
**Regional Account
Manager**

speters@zondahome.com

National Economic Update

Are those still out of the labor market coming back?

Total Nonfarm Payrolls (Thousands Of Persons)

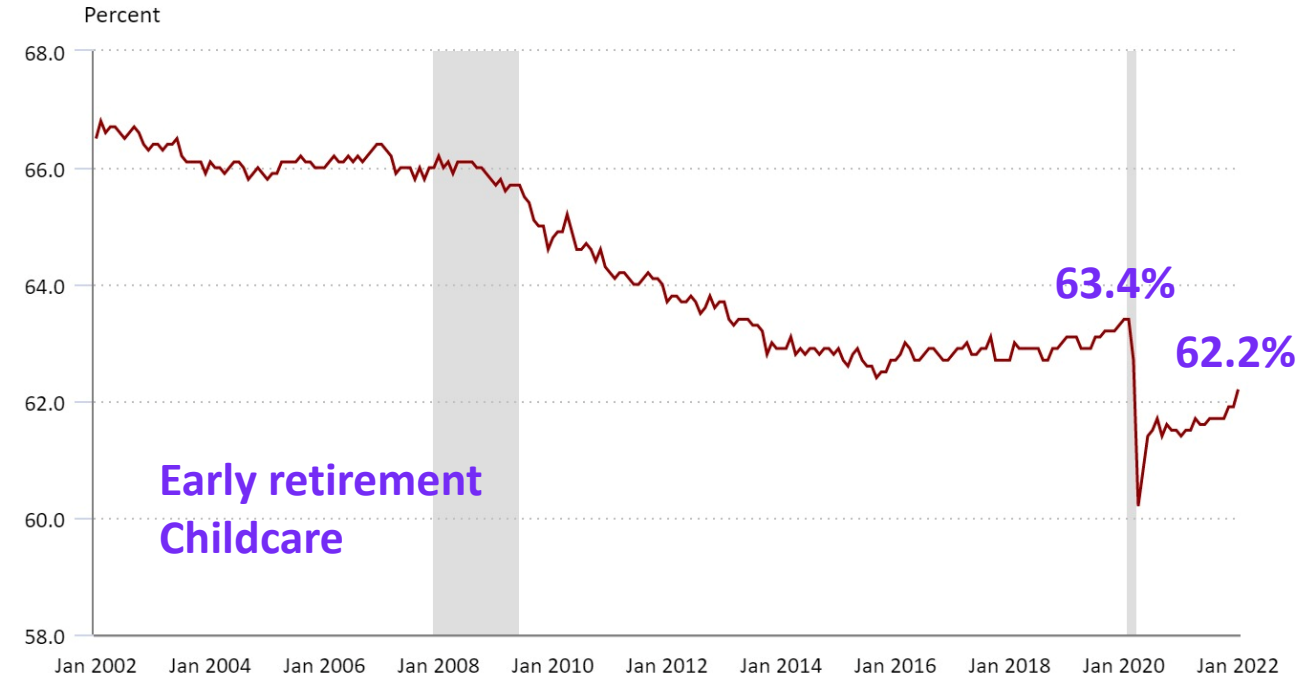


Source: Bureau of Labor Statistics; Zonda

Civilian labor force participation rate, seasonally adjusted

Click and drag within the chart to zoom in on time periods

- Total
- Men, 20 years and older
- Women, 20 years and older
- 16 to 19 years old
- White
- Black or African American
- Asian
- Hispanic or Latino



Hover over chart to view data.

Note: Shaded area represents recession, as determined by the National Bureau of Economic Research.

Persons whose ethnicity is identified as Hispanic or Latino may be of any race.

Source: U.S. Bureau of Labor Statistics.



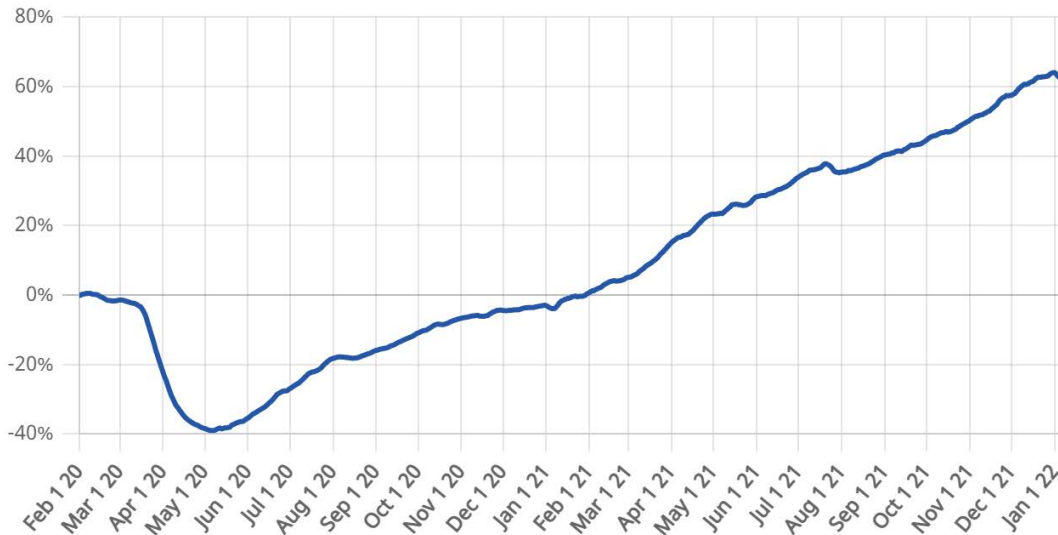
Labor shortage has only gotten worse with Omicron

Total Job Postings on Indeed by Country

% change in job postings since Feb 1, 2020, seasonally adjusted, to Jan 7, 2022

Select Australia, Canada, France, Germany, United Kingdom, and/or United States below:

United States x



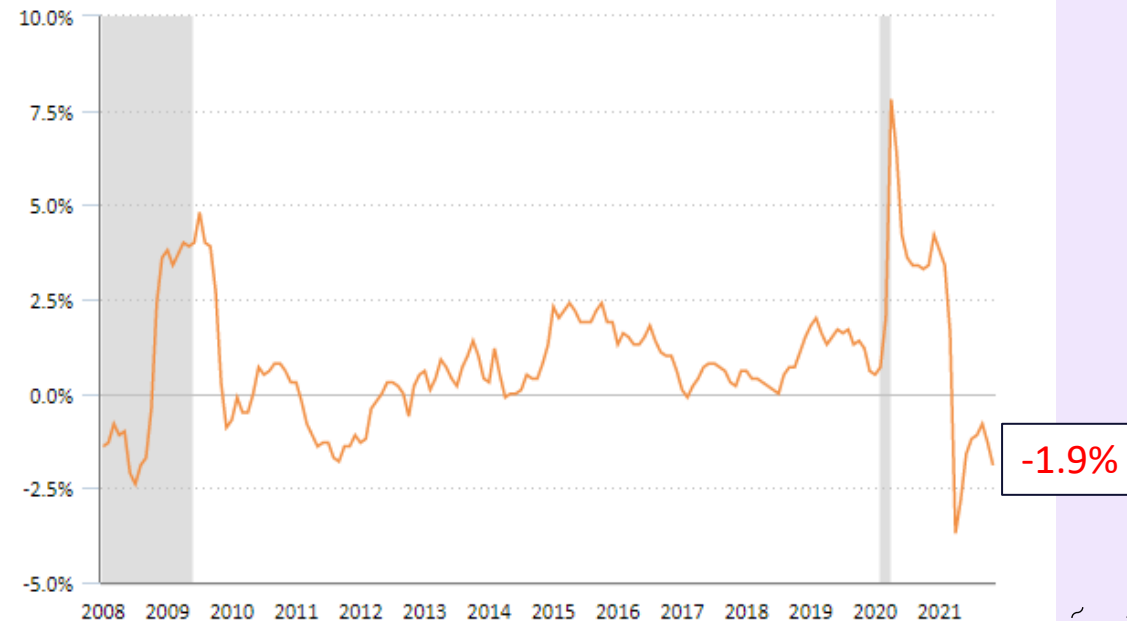
Source: Indeed



- Wages up 4-7% depending on source
- Wage increases are typically permanent until a recession
- ‘Real’ wages are flat to negative

12-month percent change in average weekly hours and real average earnings, private sector employees, January 2008–November 2021

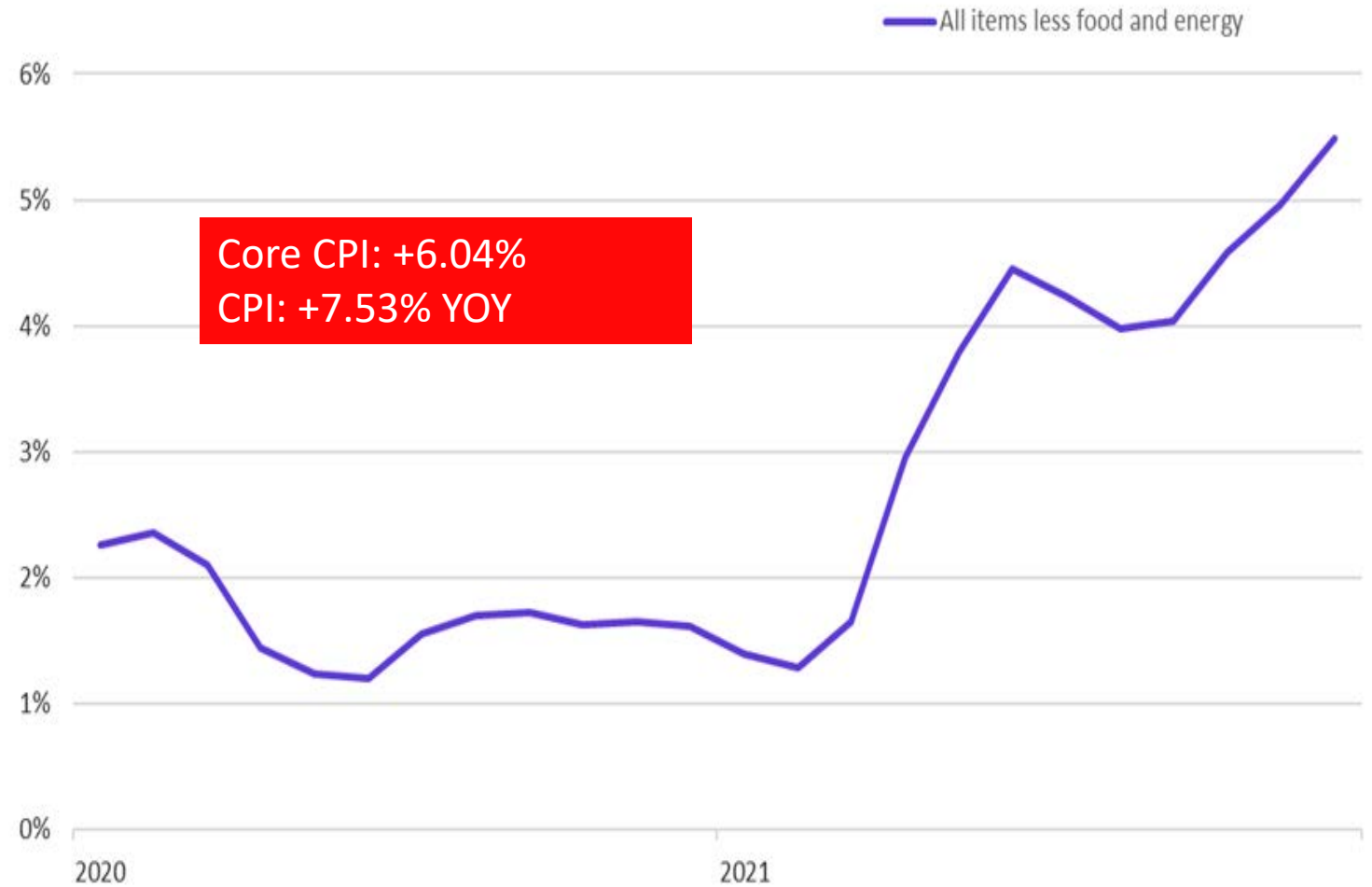
- Average weekly hours, all employees
- Average hourly earnings, all employees
- ... Average weekly earnings, all employees
- Average weekly hours, production and nonsupervisory employees
- Average hourly earnings, production and nonsupervisory employees
- ... Average weekly earnings, production and nonsupervisory employees



Click legend items to change data display. Hover over chart to view data.
 Shaded areas represent recessions as determined by the National Bureau of Economic Research.
 Source: U.S. Bureau of Labor Statistics.

Inflation is the Biggest Risk to the Economy

Core CPI YOY

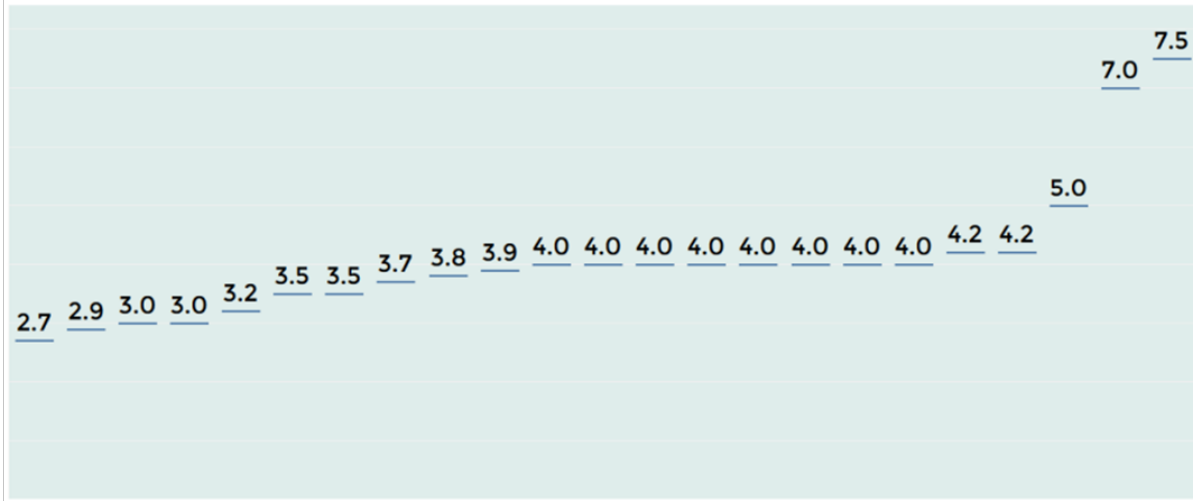


Core CPI: +6.04%
CPI: +7.53% YOY

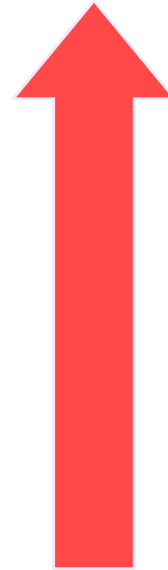
Source: BEA; Zonda

How Bad Will it Get?

What is your inflation rate forecast for next year?
Median: 4%

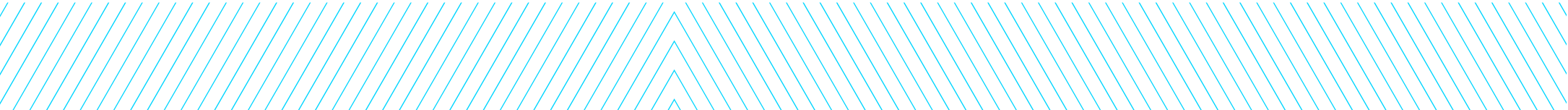
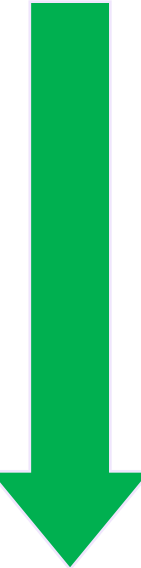


Source: NAR 2021 Real Estate Forecast Survey



Continued labor shortages
Wage-price spiral
Supply chain woes
Strong demand
Fed cautious on rate hikes

Fed raises rates 4-5 times
More even demand for goods / services
Easing supply chain
Larger labor pool



Mortgage Rates

Mortgage rate trends (APR)



Mortgage Applications Decrease in Latest MBA Weekly Survey

Feb 9, 2022

CONTACT

Adam DeSanctis
adesanctis@mba.org
(202) 557-2727

WASHINGTON, D.C. (February 9, 2022) - Mortgage applications decreased 8.1 percent from one week earlier, according to data from the Mortgage Bankers Association's (MBA) Weekly Mortgage Applications Survey for the week ending February 4, 2022.

The Market Composite Index, a measure of mortgage loan application volume, decreased 8.1 percent on a seasonally adjusted basis from one week earlier. On an unadjusted basis, the Index decreased 6 percent compared with the previous week. The Refinance Index decreased 7 percent from the previous week and was 52 percent lower than the same week one year ago. The seasonally adjusted Purchase Index decreased 10 percent from one week earlier. The unadjusted Purchase Index decreased 3 percent compared with the previous week and was 12 percent lower than the same week one year ago.

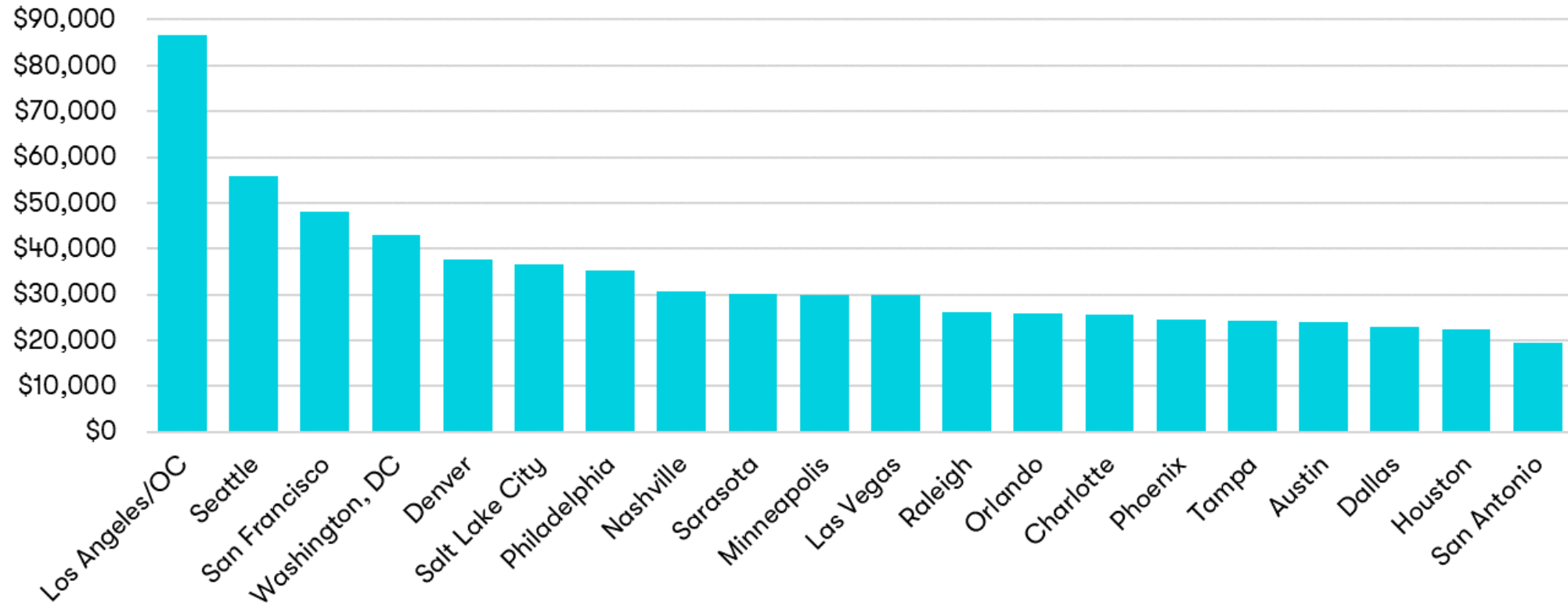
Share This Page



Purchasing Power Declines

Reduction in Purchase Price Buying Power by Market (Rate Change 3.0% to 3.5%)

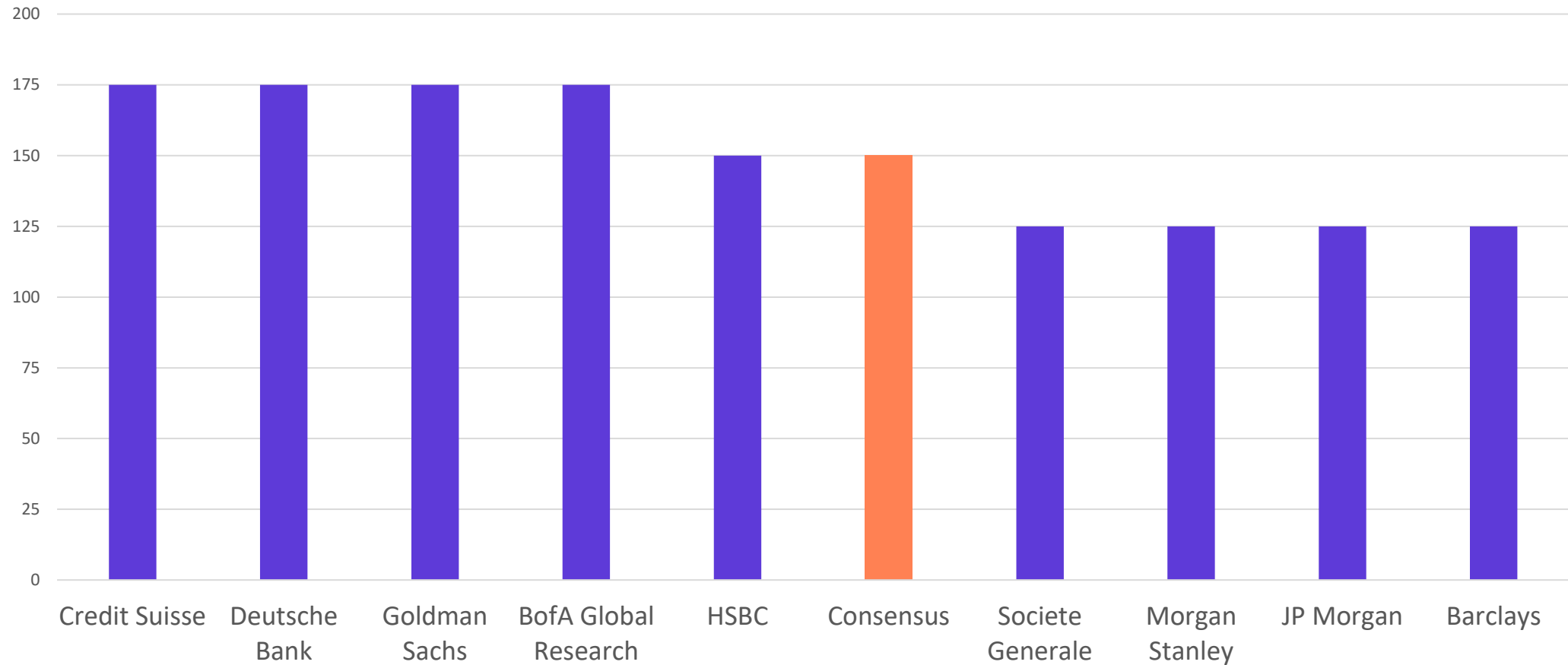
■ 3.50%



Source: Public Record Data; Zonda *Baseline assumes 3.0% rate and 20% down on sfd new homes

Not A Matter of IF but HOW MUCH

Forecast Fed Funds Interest Rate BPS Change in 2022



Cost Increases / Volatility Continues

Producer Price Index: Lumber



Source: Bureau of Labor Statistics; Zonda *1982=100

Producer Price Index: Construction Materials



Source: Bureau of Labor Statistics; Zonda *1982=100

In Summary

Labor market: surprisingly tight

Inflation: highest in 40 years

Federal Reserve: accelerating policy timeline

Mortgage rates: continue to climb

Lumber prices: more than double since November

Supply chain: disrupting product availability

Covid: evolving

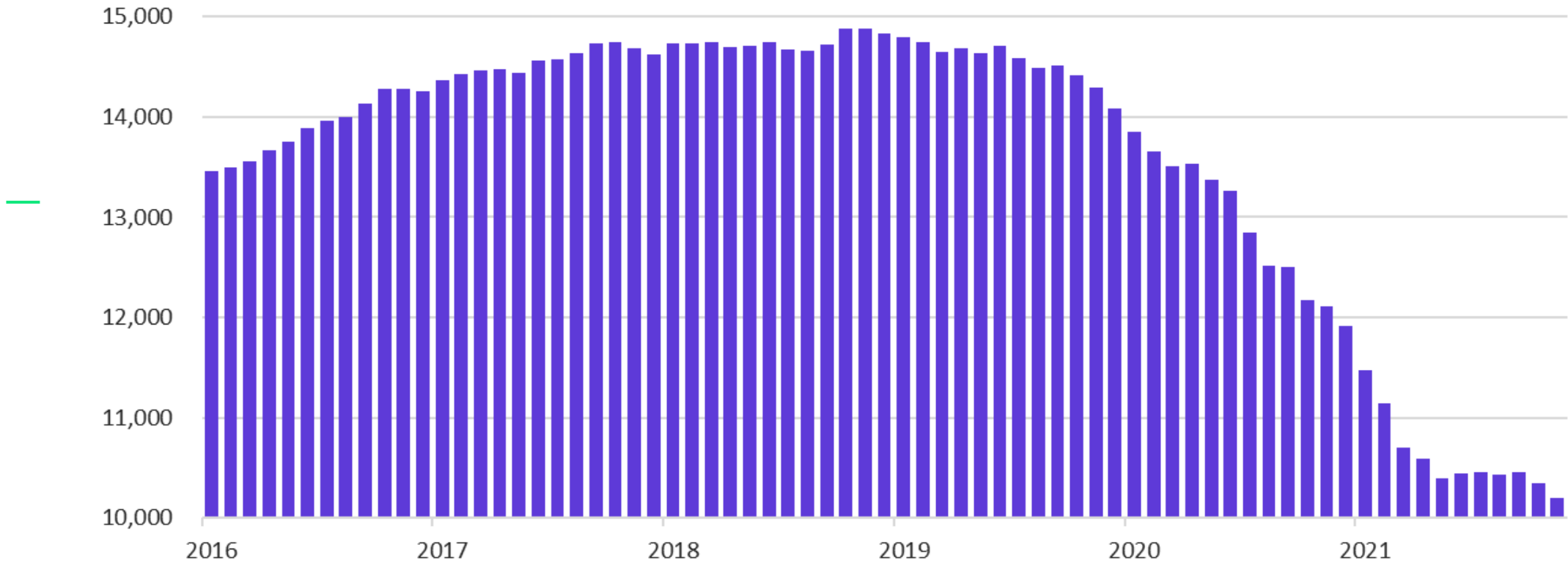
National Housing Market

Heard on the street

- Demand is generally holding up, lifted by mortgage rate urgency
- Builder backlog is intense
- Markets with strong migration are facing minimal sticker shock
- Time from start to completion still stretched
- Where is the resale inventory!?
- Persistent concerns over lead times, building costs, and labor availability

Project Counts Continue to Decline

United States New Home Community Count



Source: Zonda

Another year bucking seasonality

NATIONAL INDEX

157.3

PENDING HOME SALES

Year-over-year

-5.3%

Month-over-month

-4.0%



The rollercoaster in the housing market is not over yet. Both new and resale inventory remain down double-digits compared to last year, interest rates are on the rise, and the disruptions caused by the supply chain are running amok. Demand for housing is still strong but there are headwinds.




Ali Wolf -
Chief Economist

Most impacted markets

Sales in 6 of 25 select markets rose year-over-year, led by Los Angeles, Orlando, and San Antonio

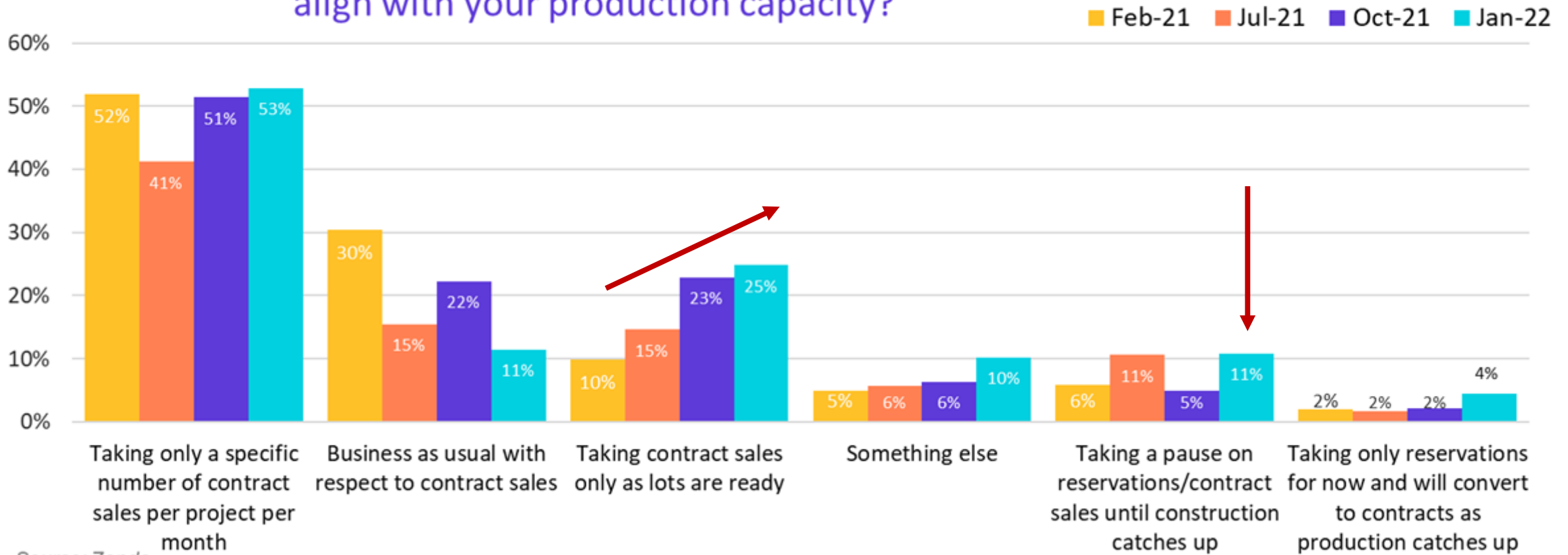
 Los Angeles, CA
YOY
+36.4%

 Orlando, FL
YOY
+23.8%

 San Antonio, TX
YOY
+19.0%

89% of Builders Limiting Sales

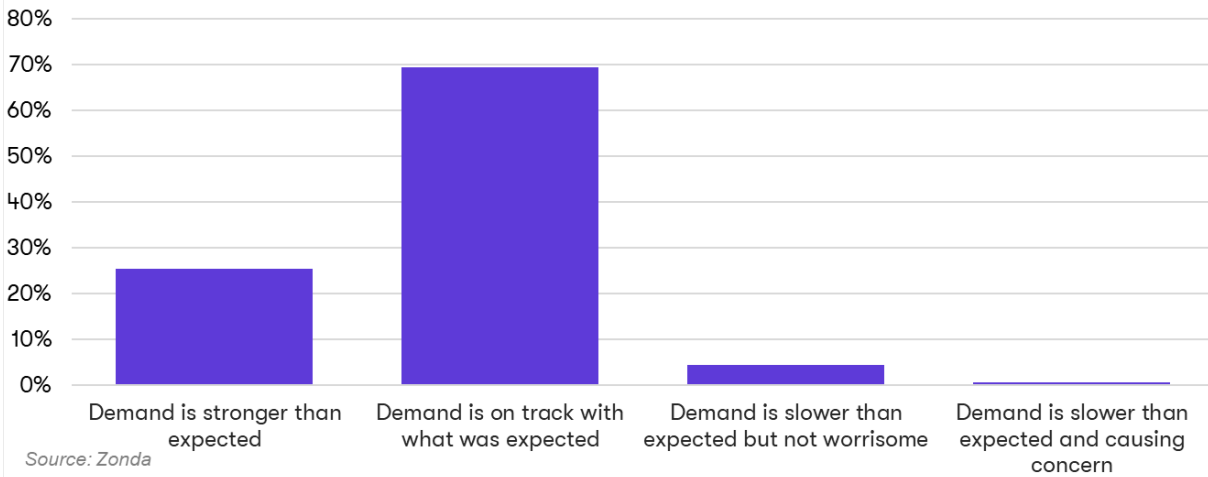
Are you making any adjustments to your sales strategy in order to better align with your production capacity?



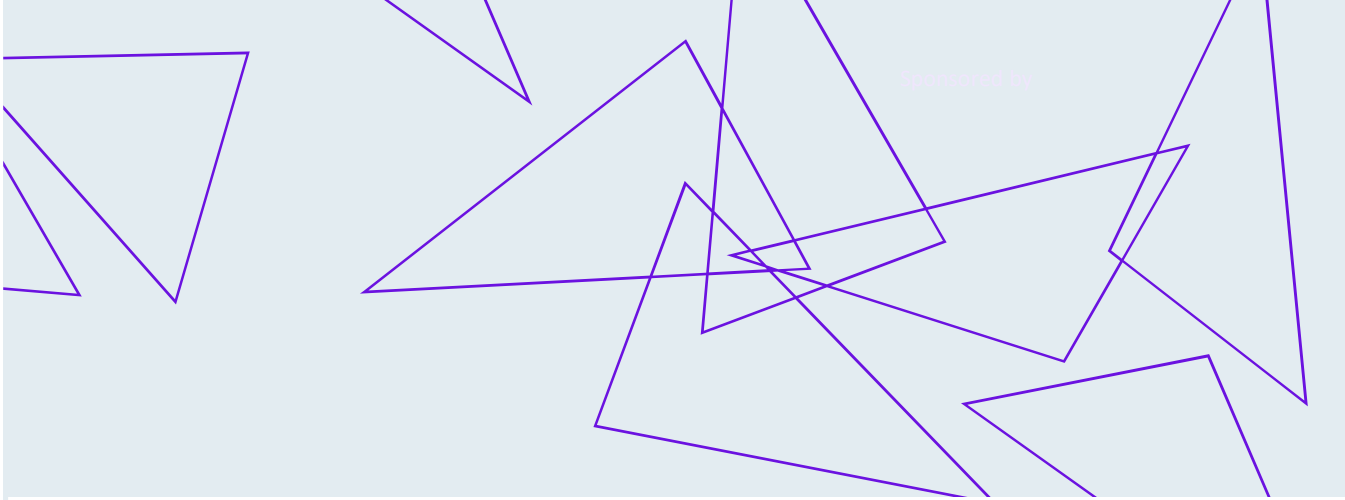
Source: Zonda

Urgency Prevails

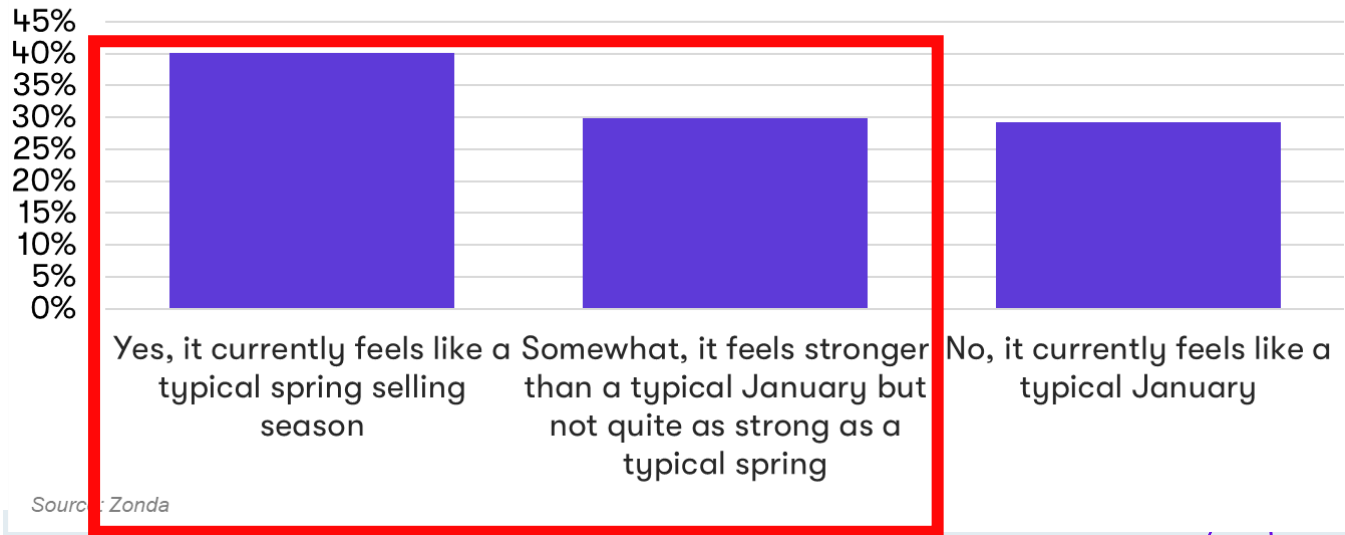
How is January shaping up so far for your local operation in comparison to your expectations?



Source: Zonda

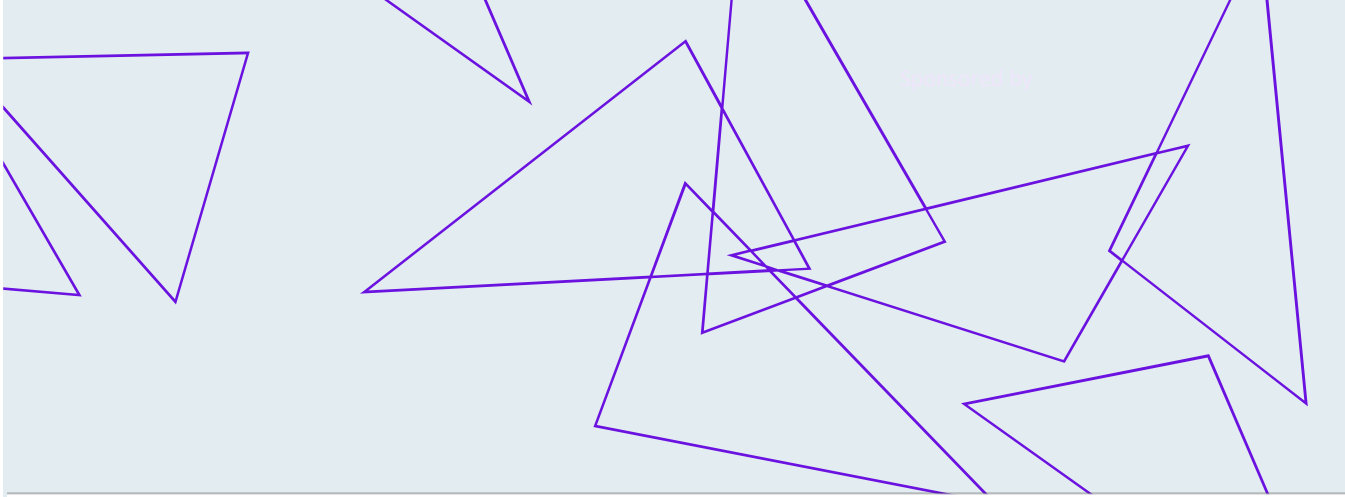


Has the typical "spring selling season" started earlier in 2022 in your market?

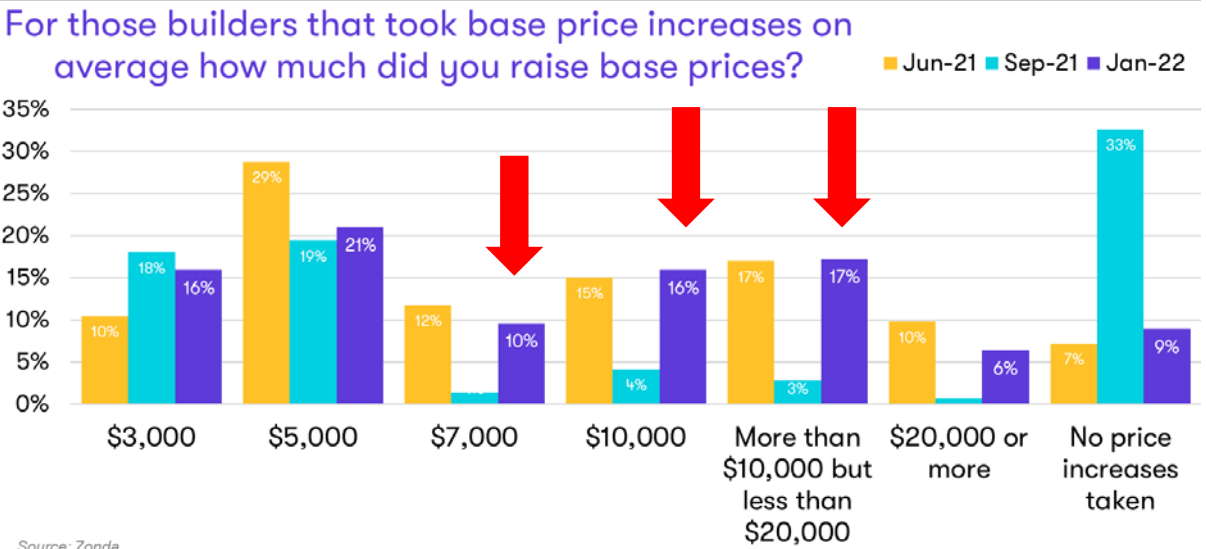
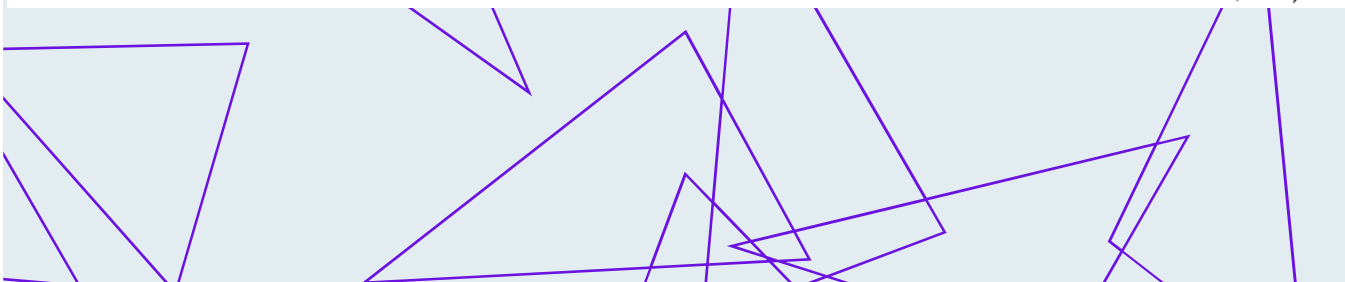
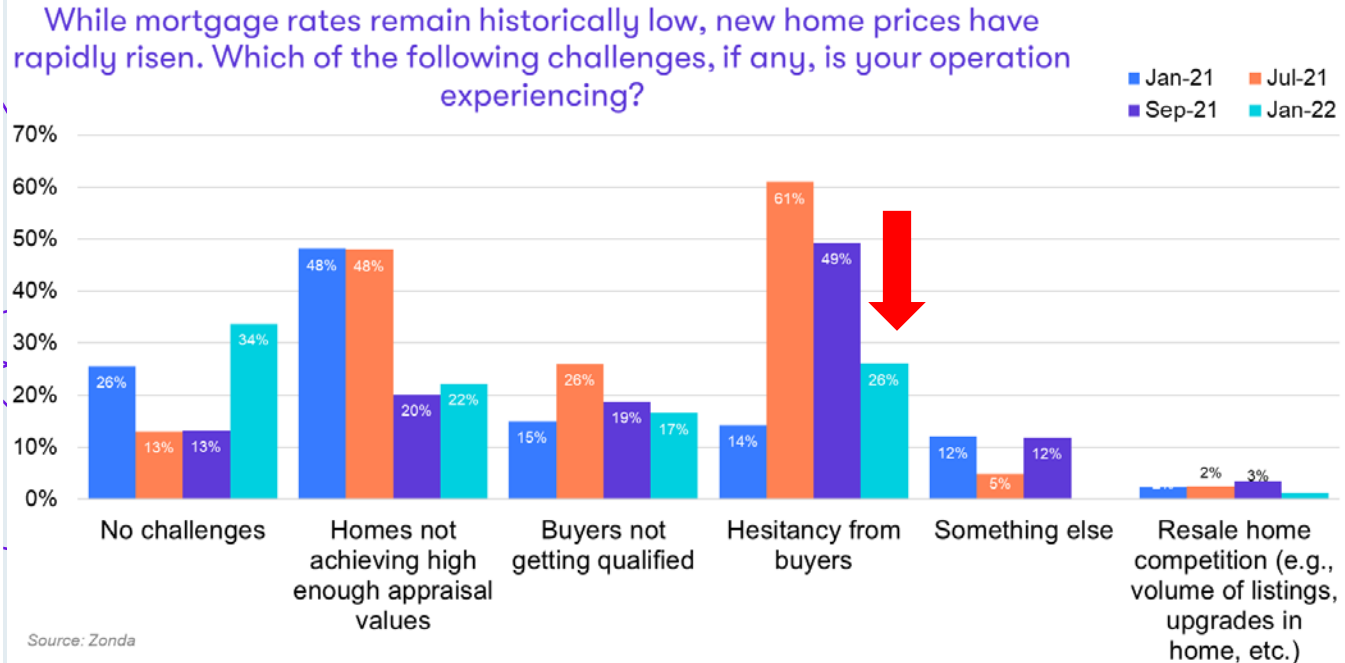


Source: Zonda

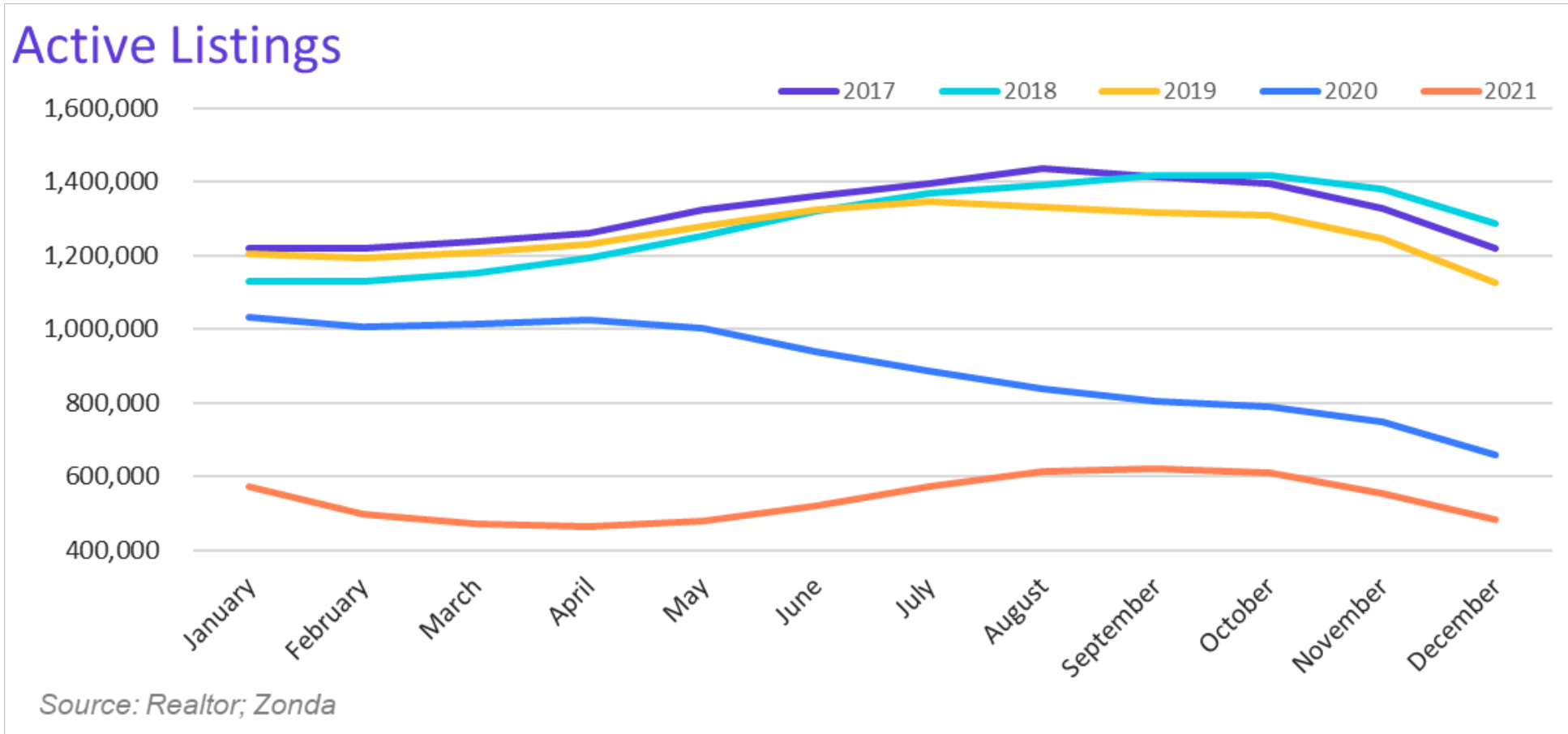
Market is shifting yet again



Sponsored by

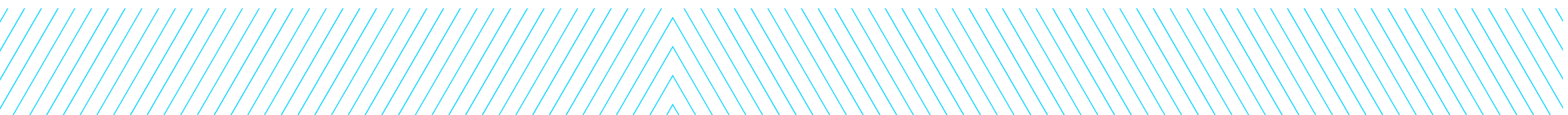


Entering the year in a familiar state



Southwest Florida is Changing

Live Where You Vacation

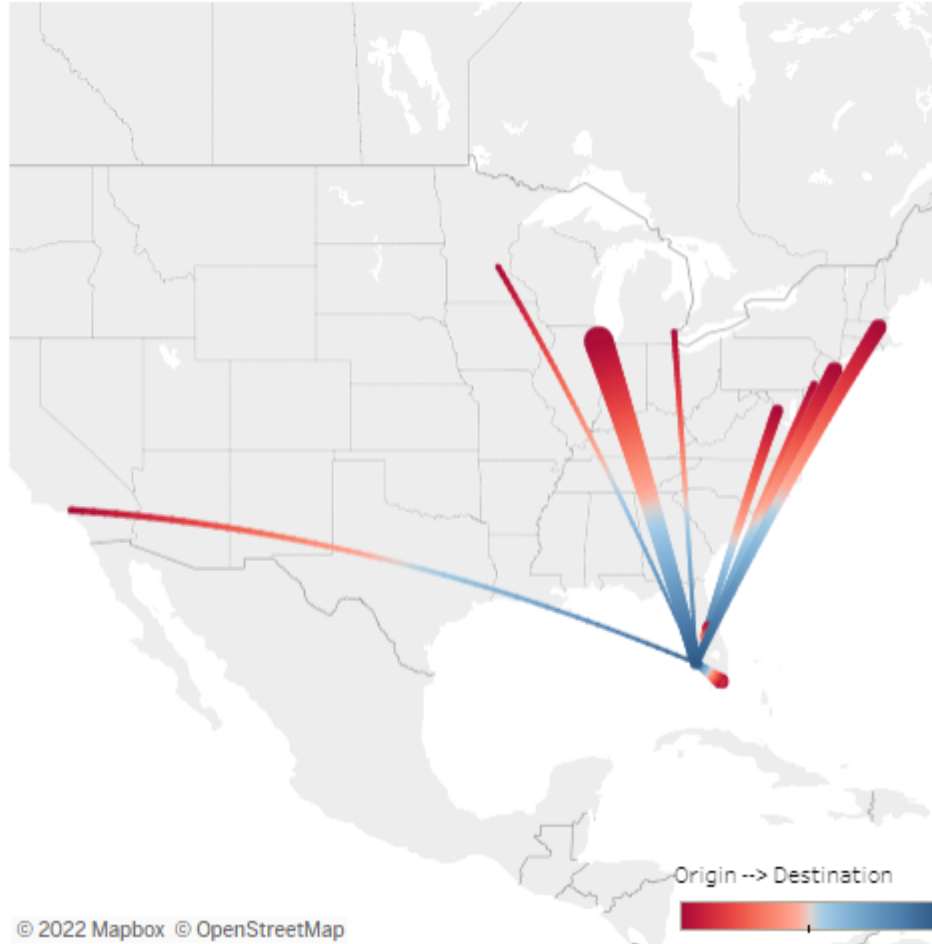
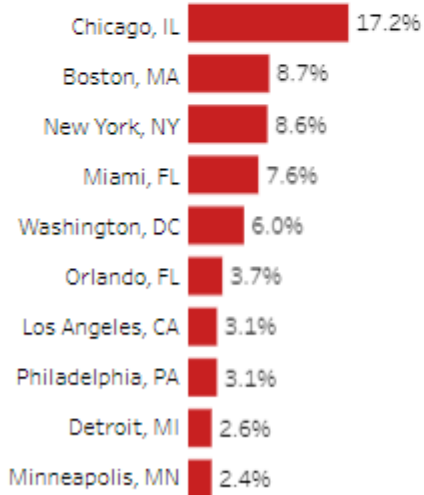


Migration on Overdrive

Percentage of Cape Coral, FL Redfin users searching from...



Origin as % of Destination Incomers
All



Source: Redfin user search data for Q4 2021 © 2022 Mapbox © OpenStreetMap

U-Haul Growth Index: Florida has 10 of Top 25 U.S. Growth Cities

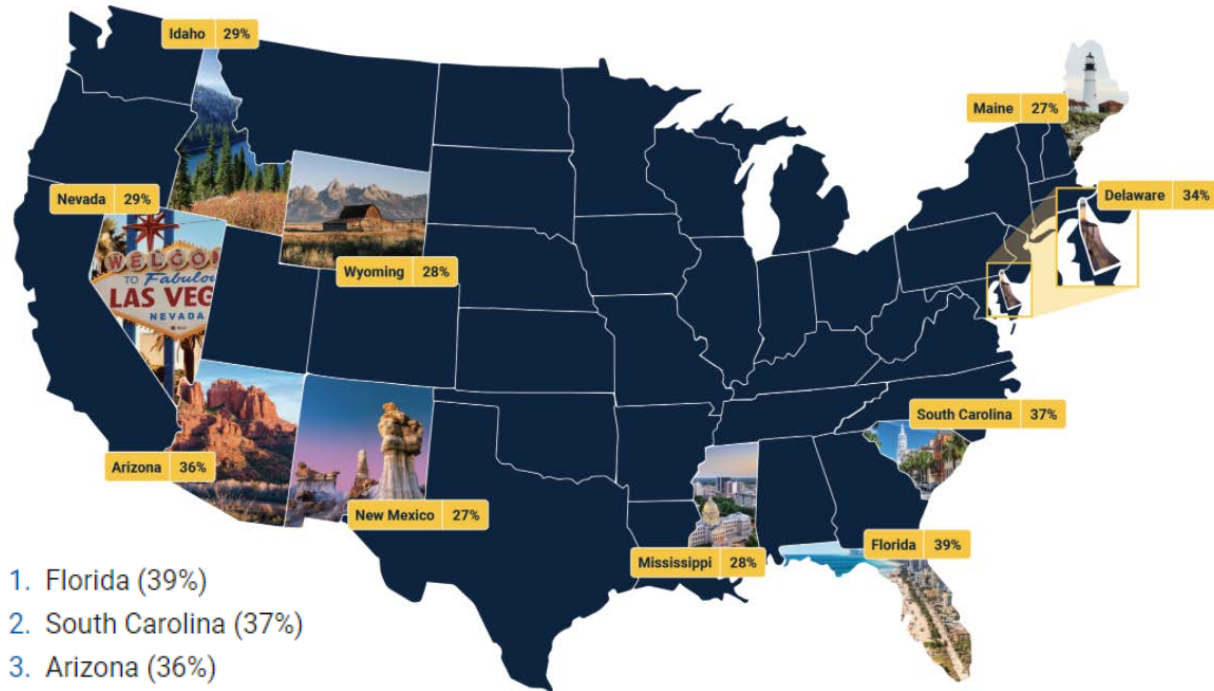
2021 U-HAUL TOP 25

U.S. GROWTH CITIES

1. Kissimmee-St. Cloud, FL (2)
2. Raleigh-Durham, NC
3. Palm Bay-Melbourne, FL (23)
4. North Port, FL (1)
5. Madison, WI (5)
6. Fort Myers-North Fort Myers, FL
7. College Station-Bryan, TX
8. Sacramento-Roseville, CA (11)
9. Clermont, FL
10. Sarasota-Bradenton, FL

Migration! Migration!

Top Inbound Retirement States



1. Florida (39%)
2. South Carolina (37%)
3. Arizona (36%)
4. Delaware (34%)
5. Idaho (29%)
6. Nevada (29%)
7. Wyoming (28%)
8. Mississippi (28%)
9. New Mexico (27%)
10. Maine (27%)

Flocking to Florida

As shown in our state-by-state data analysis, Florida saw a large uptick in migration compared to last year. Of the top 25 cities with the greatest net migration growth between 2020 and 2021, thirteen of them are located in Florida.

Top 5 locations moving to Florida

Coming from	2021 driver's license	5-year average change
Foreign country	76,442	-4%
New York	61,728	34%
New Jersey	32,083	33%
California	27,081	43%
Illinois	26,076	31%

Top 5 counties with most license swaps in 2021

- Miami-Dade, 48,266
- Hillsborough, 35,626
- Orange, 35,582
- Broward, 34,084
- Palm Beach, 33,859

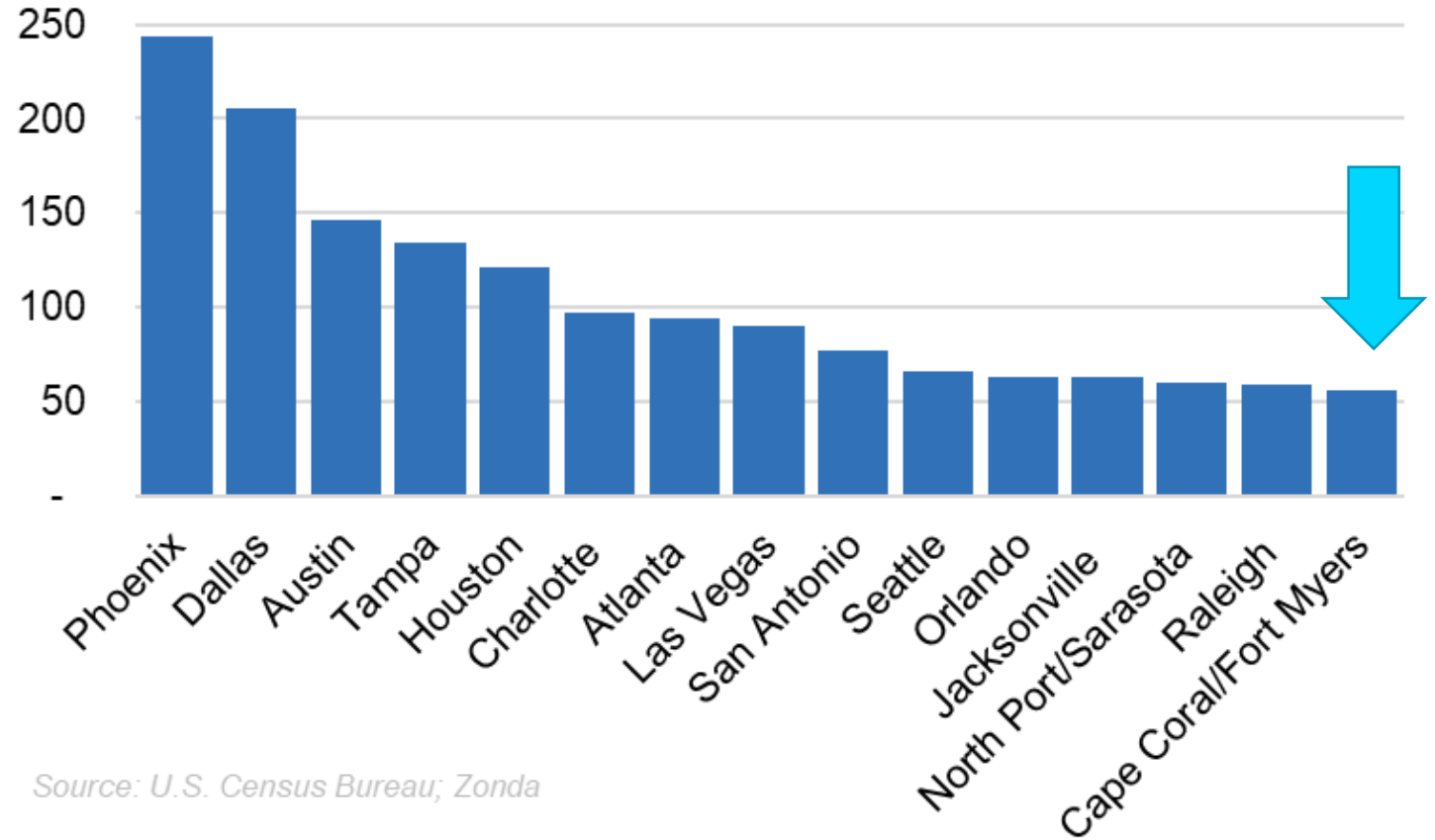
Kmiller@pbpost.com

Florida Biggest Migration Winner

Biggest % change regardless of population

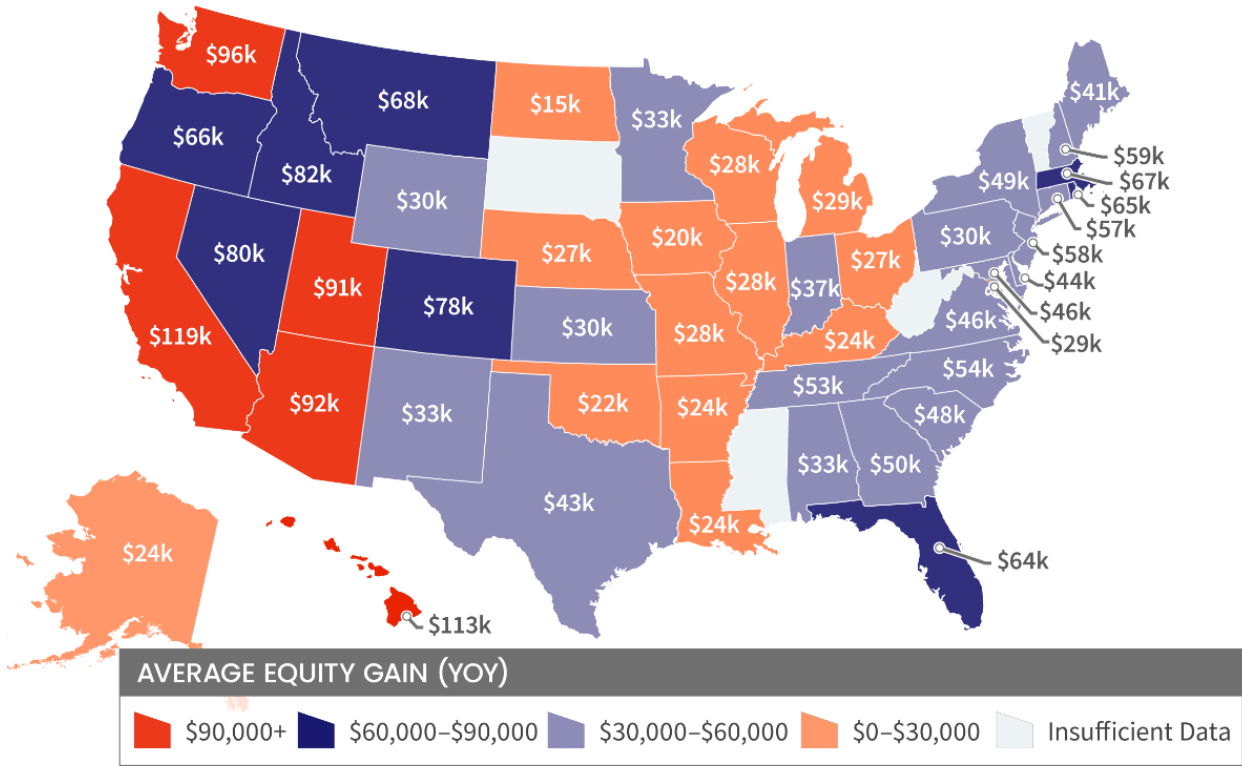
1. **The Villages**
2. Myrtle Beach
3. **Punta Gorda**
4. St. George, UT
5. Homosassa Springs, FL
6. Daphne, AL
7. **Cape Coral**
8. **Ocala**
9. **North Port/Sarasota**
10. Lake Havasu

Average Migration Per Day



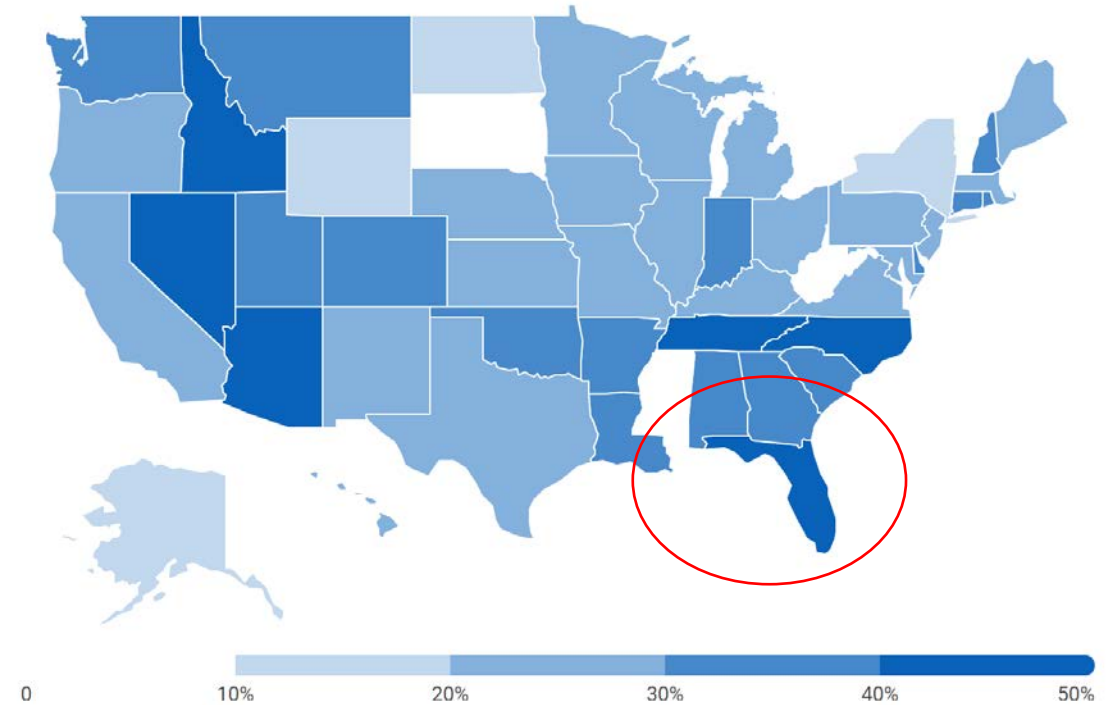
Source: U.S. Census Bureau; Zonda

Good news or bad news depending on your position



Source: Corelogic; Zonda

Equity Increase by State



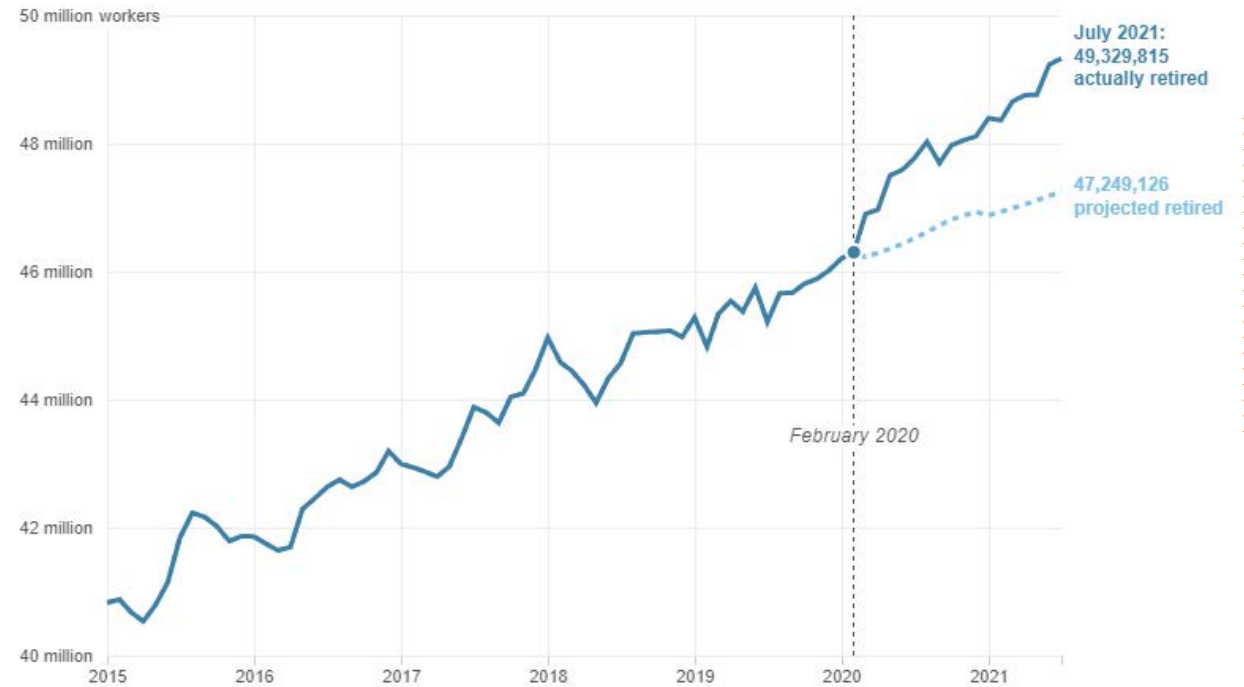
Source: Corelogic; Zonda

The 55+ Buyer is Strong



2 Million More Workers Than Expected Have Retired In The Pandemic

Based on pre-pandemic trends, more than 47 million workers age 55 or older were projected to be retired* as of this July. More than 49 million are actually retired.



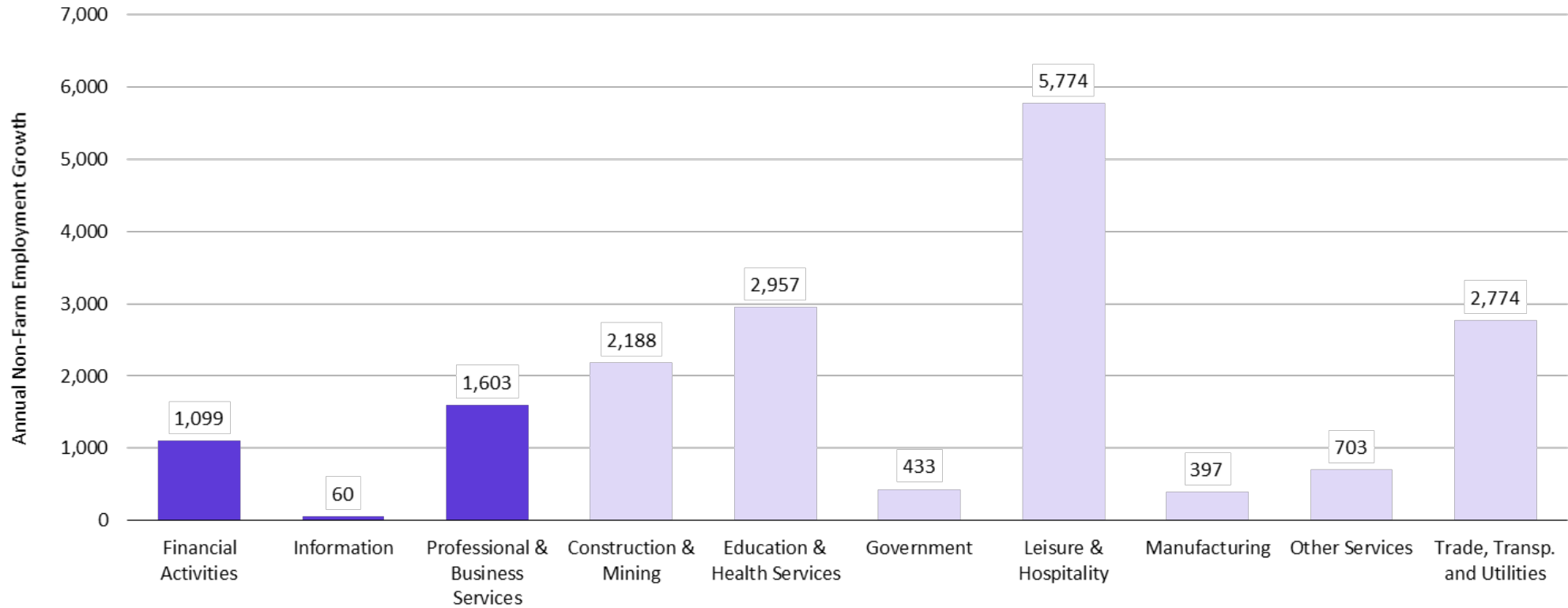
Notes:

* For each month after February 2020, the projected retired population is calculated using a corresponding projected retirement rate among people who are 55 or older. These rates are linearly estimated using actual ones from January 2015 to February 2020.

Source: Current Population Survey data from the U.S. Census Bureau and Bureau of Labor Statistics. Extracted from IPUMS-CPS, University of Minnesota.

Credit: Data analysis by Owen Davis/Schwartz Center for Economic Policy Analysis. Graphic by Duy Nguyen/NPR.

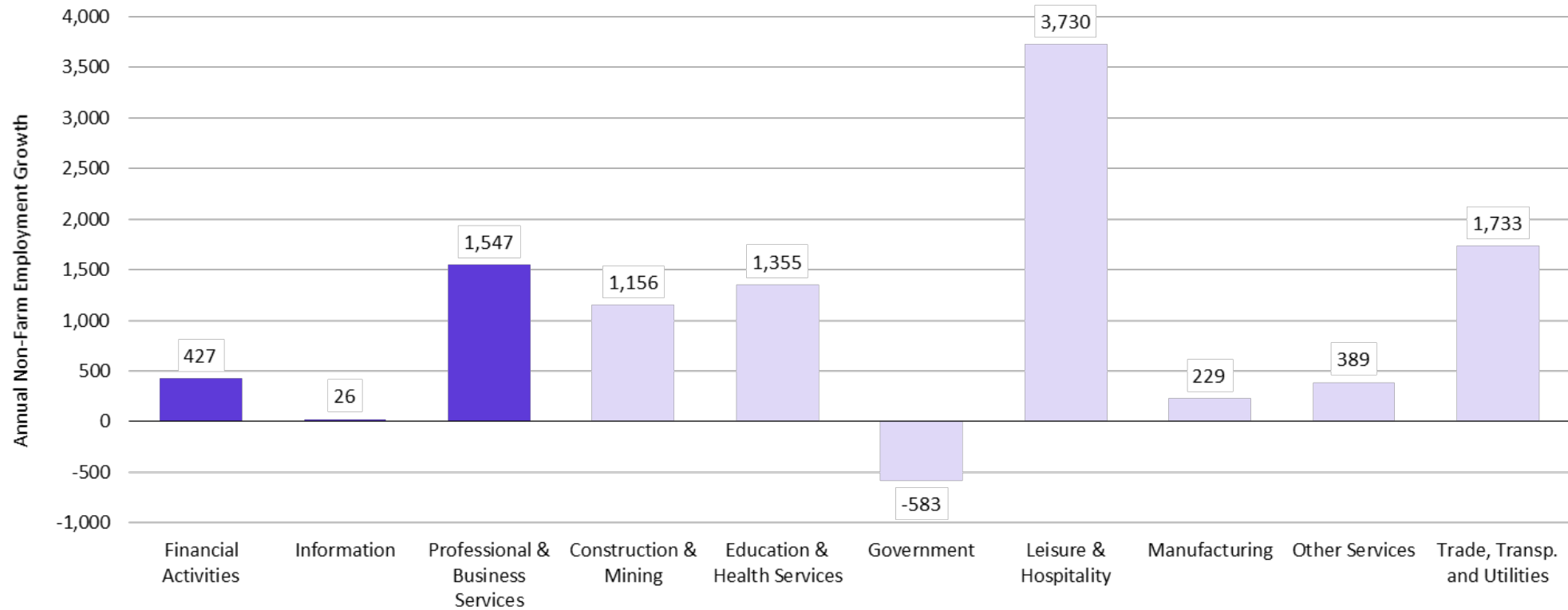
Fort Myers Job Market Recovered



Source: Moody's Analytics; U.S. Bureau of Labor Statistics (BLS)

Category	Financial Activities	Information	Professional & Business Services	Construction & Mining	Education & Health Services	Government	Leisure & Hospitality	Manufacturing	Other Services	Trade, Transp. and Utilities
Current Month (Jan-2022)	14,751	2,740	37,885	34,534	34,263	43,488	41,888	6,844	11,383	56,259
Current Month (Jan-2021)	13,652	2,680	36,282	32,346	31,306	43,054	36,114	6,447	10,680	53,484
12-Month Change	1,099	60	1,603	2,188	2,957	433	5,774	397	703	2,774

Similar Trends in Naples



Source: Moody's Analytics; U.S. Bureau of Labor Statistics (BLS)

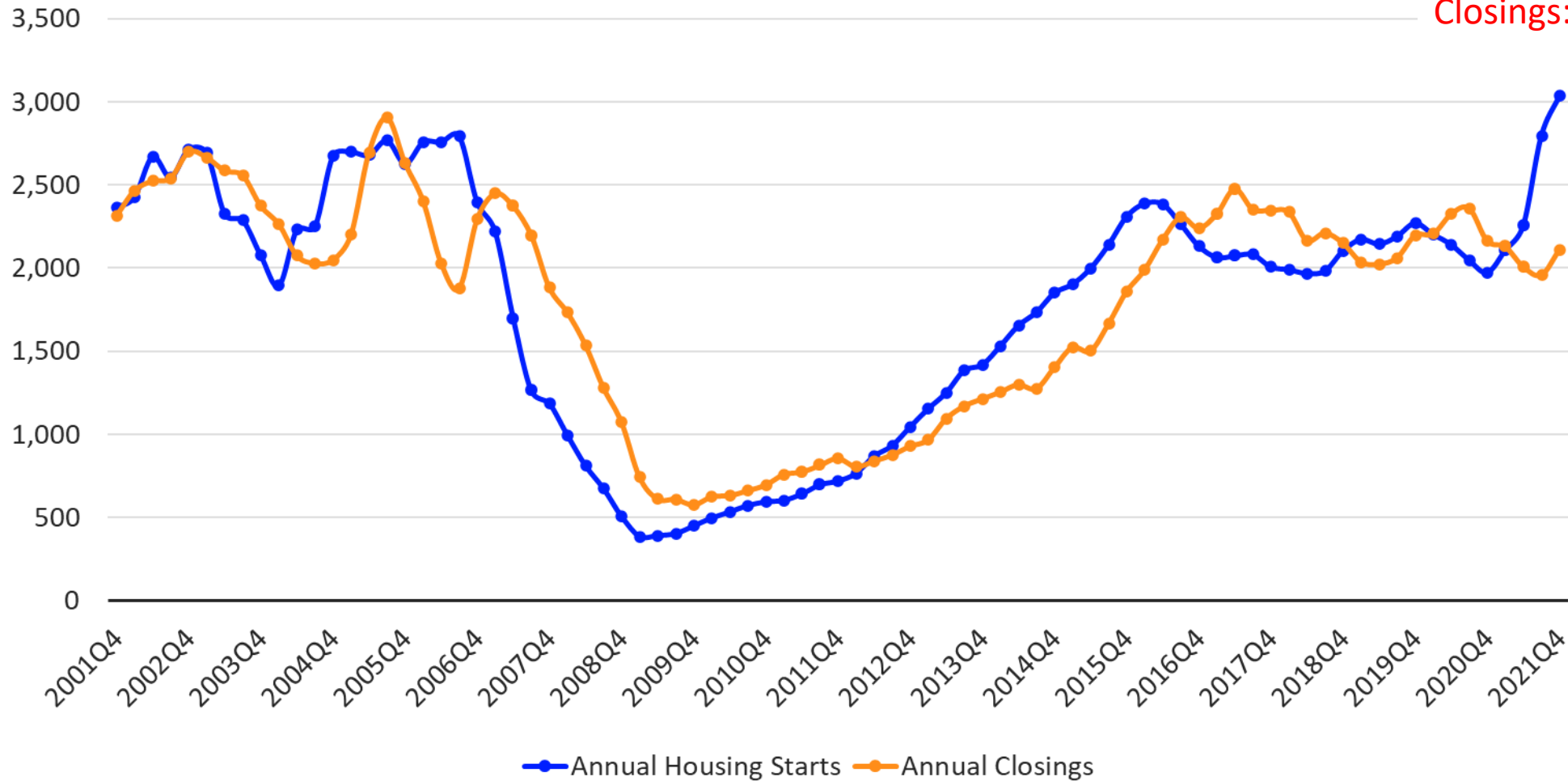
Category	Financial Activities	Information	Professional & Business Services	Construction & Mining	Education & Health Services	Government	Leisure & Hospitality	Manufacturing	Other Services	Trade, Transp. and Utilities
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12-Month Change	1,099	60	1,603	2,188	2,957	433	5,774	397	703	2,774

Southwest Florida Housing

Housing Starts – Naples

Collier (FL)

Starts: +54%
Closings: -2%

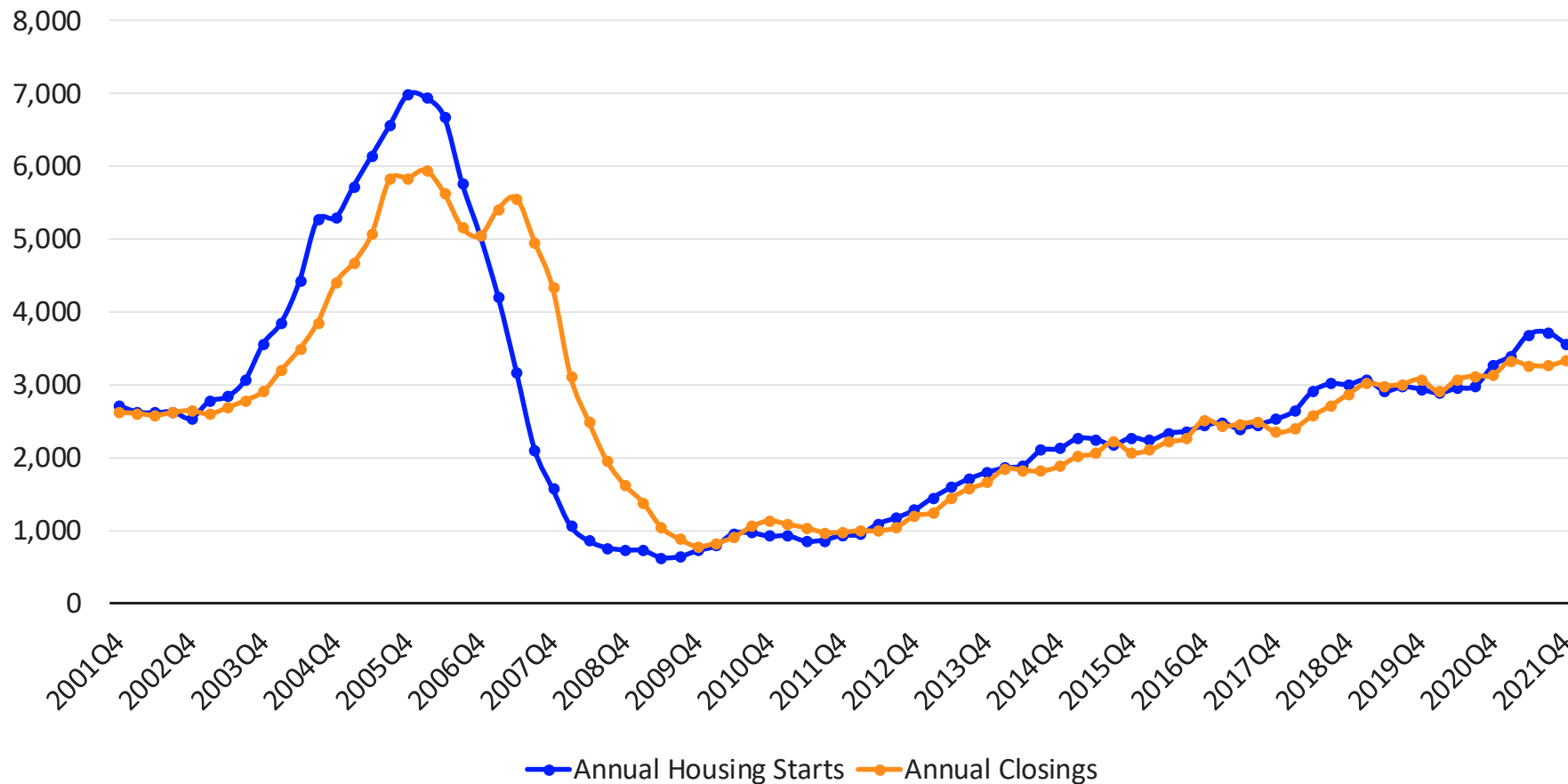


Housing Starts – Fort Myers

Annual Housing Starts vs Annual Closings

Lee (FL)

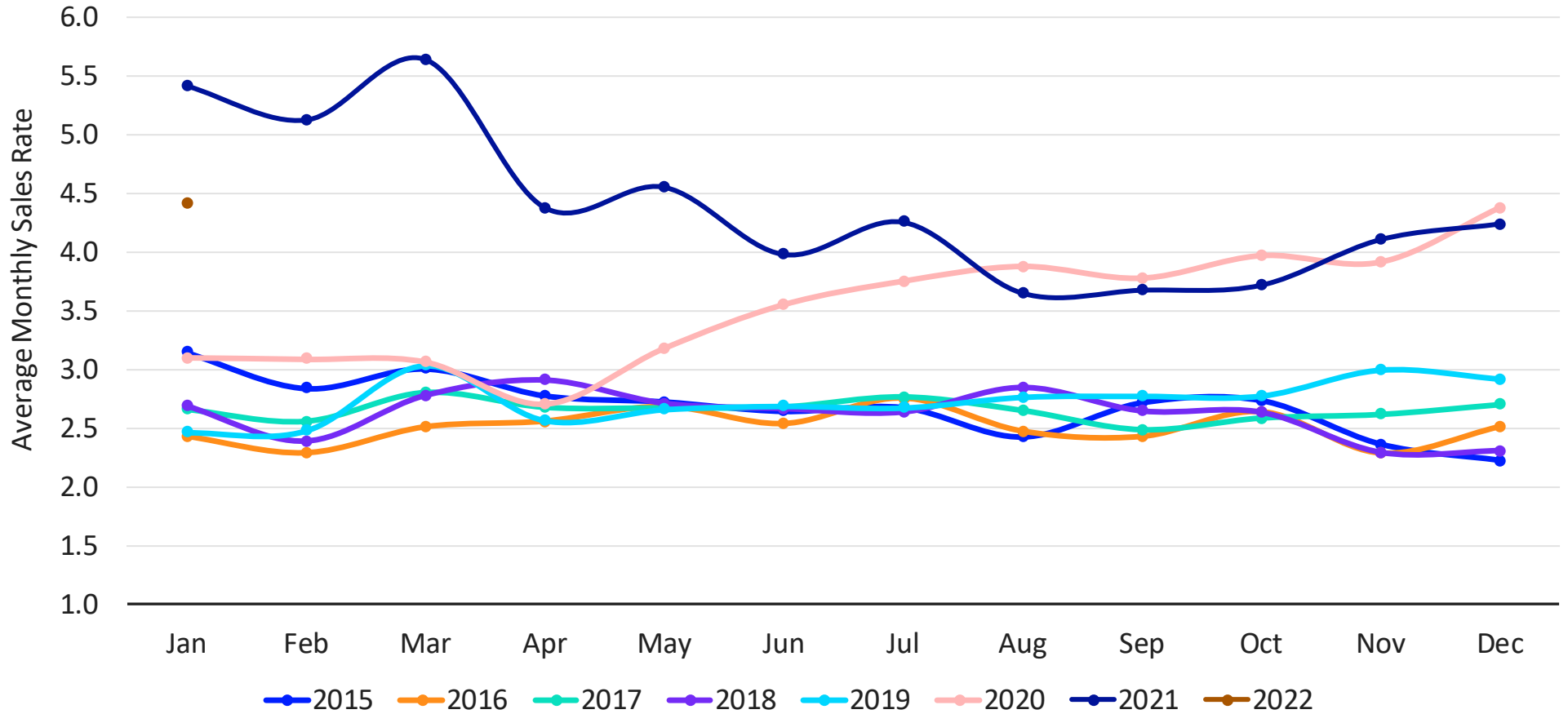
Starts: +9%
Closings: 6%



New Peaks, Despite Caps

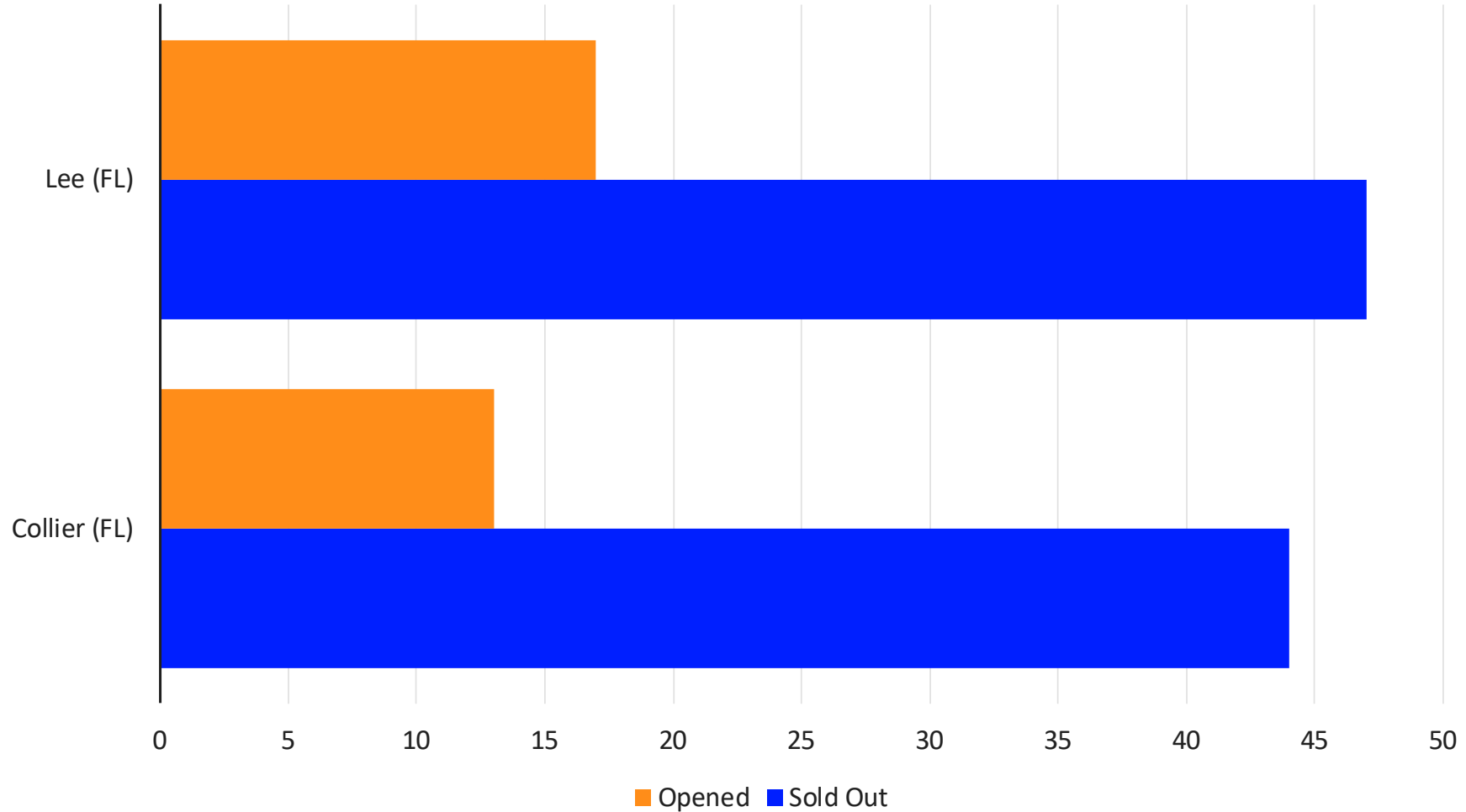
Average Monthly Sales Rate by Year

Naples-Ft. Myers Market



Not Replacing Them Quickly Enough

LTM Sold Out vs Opened Projects by County (Mar 2021 to Jan 2022)



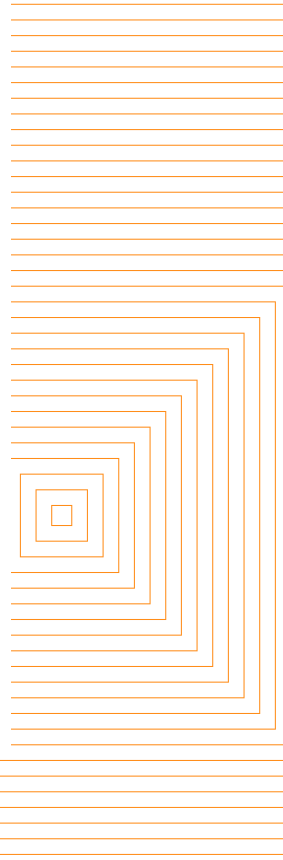
Top Builders in Southwest Florida

Rank	Builder	Annual Housing Starts	Share of Annual Housing Starts	Annual Closings	Share of Annual Closings	Finished Vacant Inventory	Finished Vacant Months of Supply	Vacant Developed Lot Inventory	VDL Months of Supply
1	Lennar	1,592	23.4%	1,378	25.1%	39	0.3	1,360	10.3
2	The Pulte Group	1,375	20.2%	1,117	20.4%	11	0.1	1,211	10.6
3	DR Horton	1,091	16.1%	1,089	19.9%	16	0.2	627	6.9
4	GL Homes	403	5.9%	299	5.5%	2	0.1	289	8.6
5	Taylor Morrison	321	4.7%	209	3.8%	18	1.0	121	4.5
6	CC Homes	320	4.7%	289	5.3%	1	0.0	98	3.7
7	Stock Development	263	3.9%	179	3.3%	7	0.5	46	2.1
8	Minto Builders	235	3.5%	111	2.0%	0	0.0	1	0.1
9	NEAL Communities of Southwest Florida	201	3.0%	144	2.6%	7	0.6	199	11.9
10	Toll Brothers	157	2.3%	129	2.4%	3	0.3	184	14.1

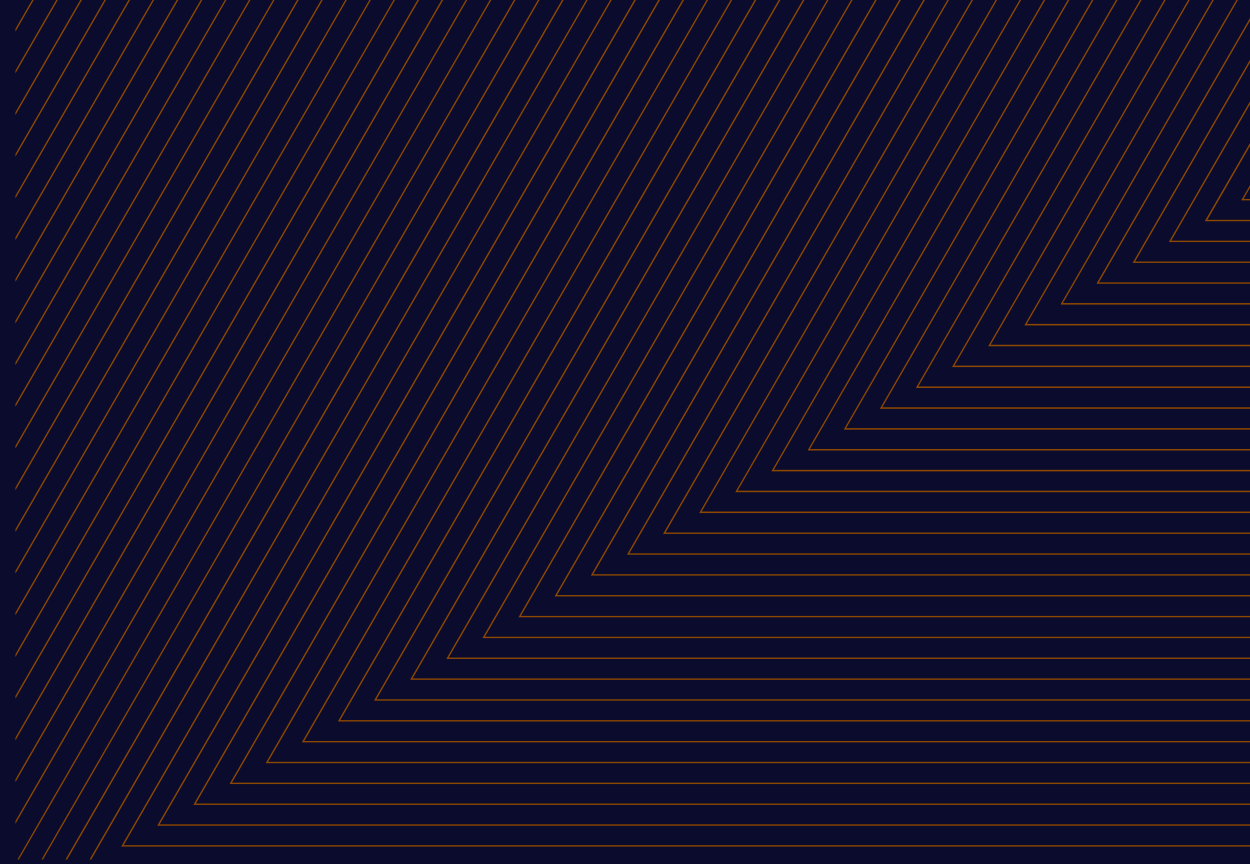


Resale Data is Astounding

	Collier	Lee
Median Sales Price Change YOY	29%	27.5 %
Median Sales Price	\$690,000	\$415,000
Active Listings	-57%	-74.9%
Days on Market	19	20

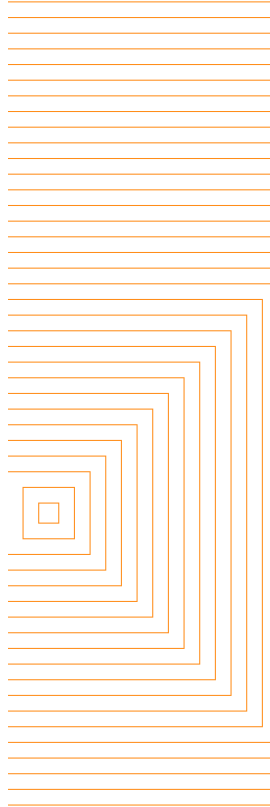
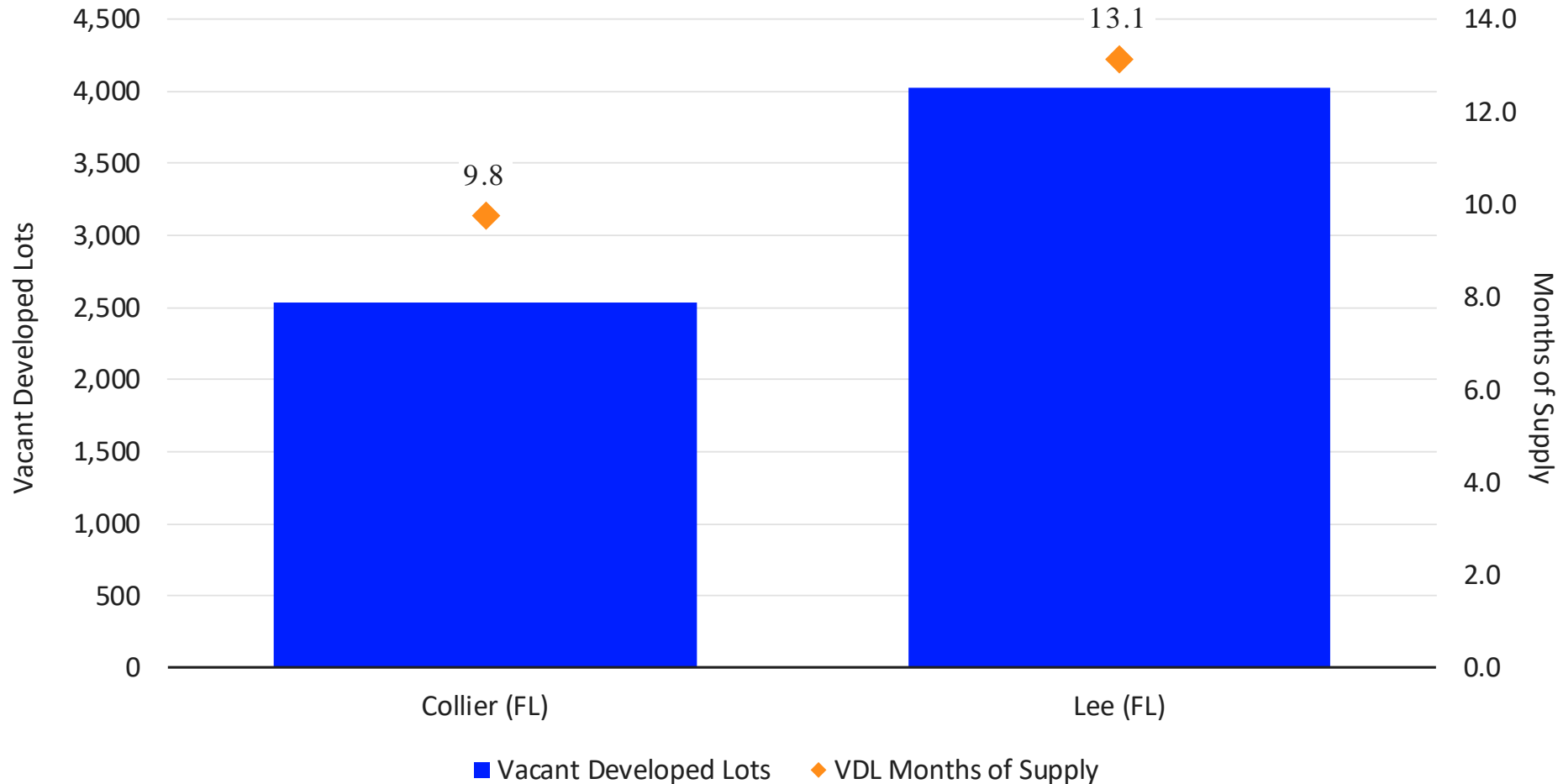


Land and Lots



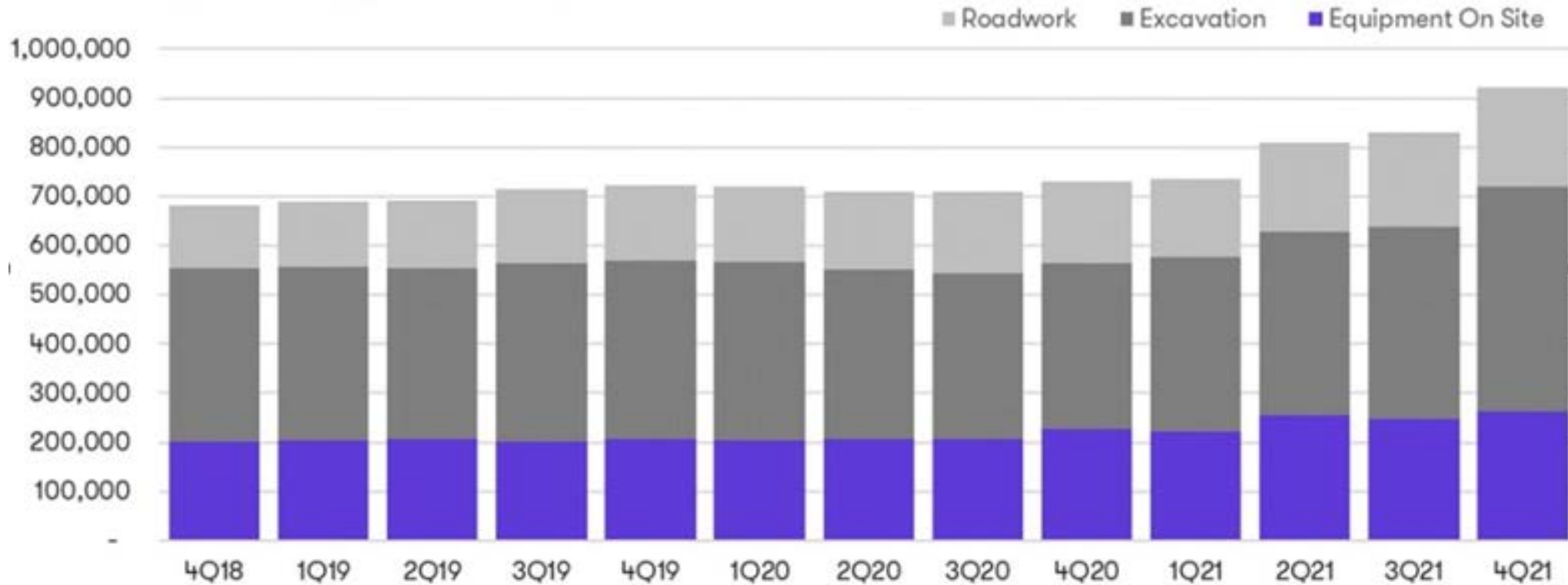
Extreme Shortage of VDL's Throughout SW Florida

Vacant Developed Lot Inventory by County



Nationally Tracking 26% More Lots Under Development

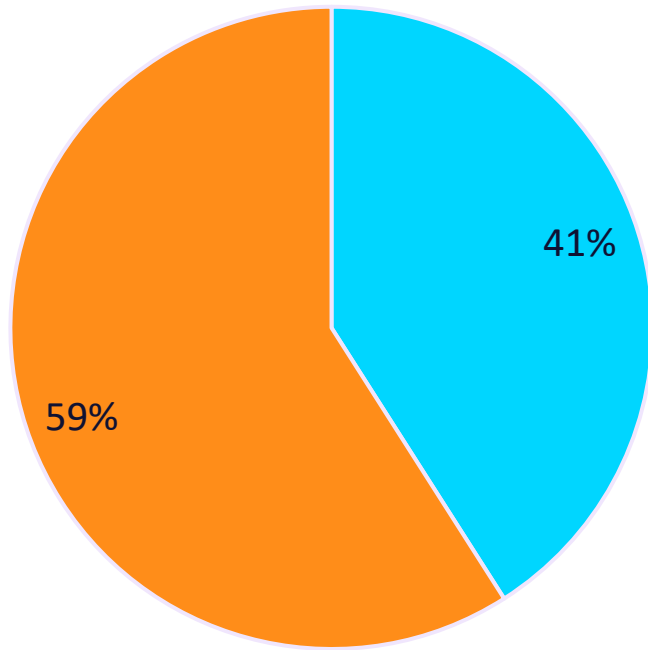
Total Upcoming Lots - United States



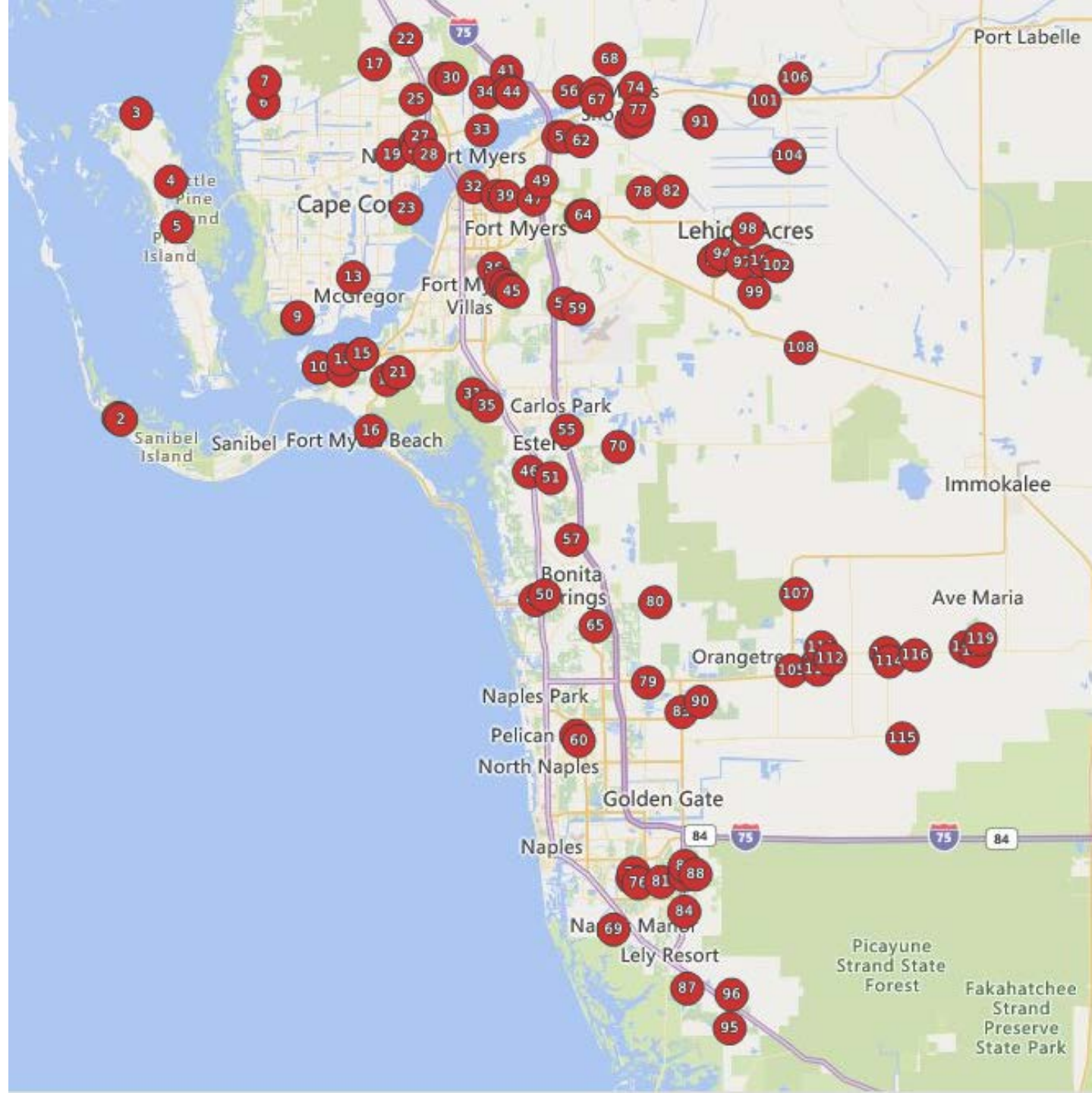
Source: Zonda

More Supply is Coming!

Future Supply

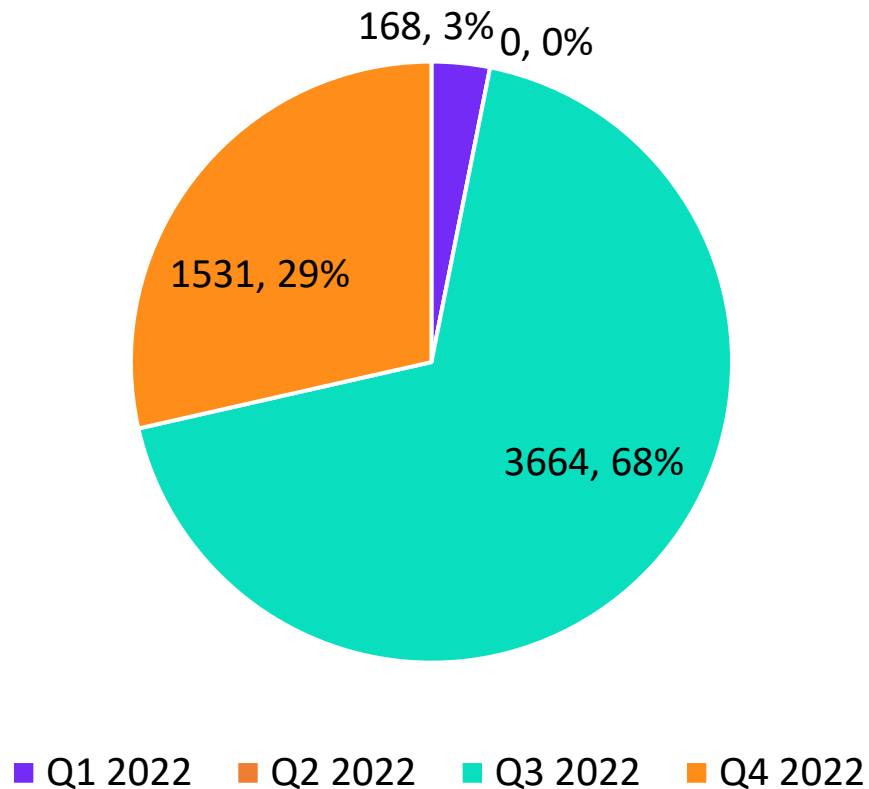


■ Collier ■ Lee



Virtually None Delivering in First Half 2022

Southwest Florida Lots Under Development,
Expected Completion

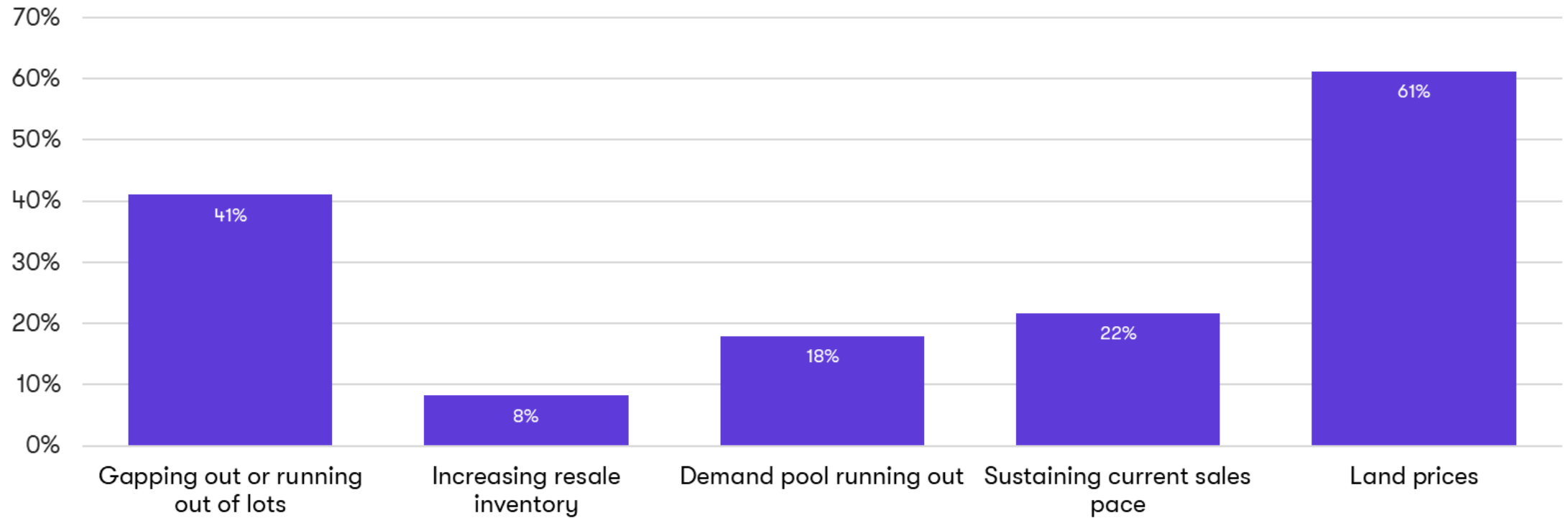


Streets In	Q1 2022
Streets Paved	Q2 2022
Excavation	Q3 2022
Stakes / Equipment	Q4 2022 Q1 2023

Final Thoughts & Forecasts

Worries for the year

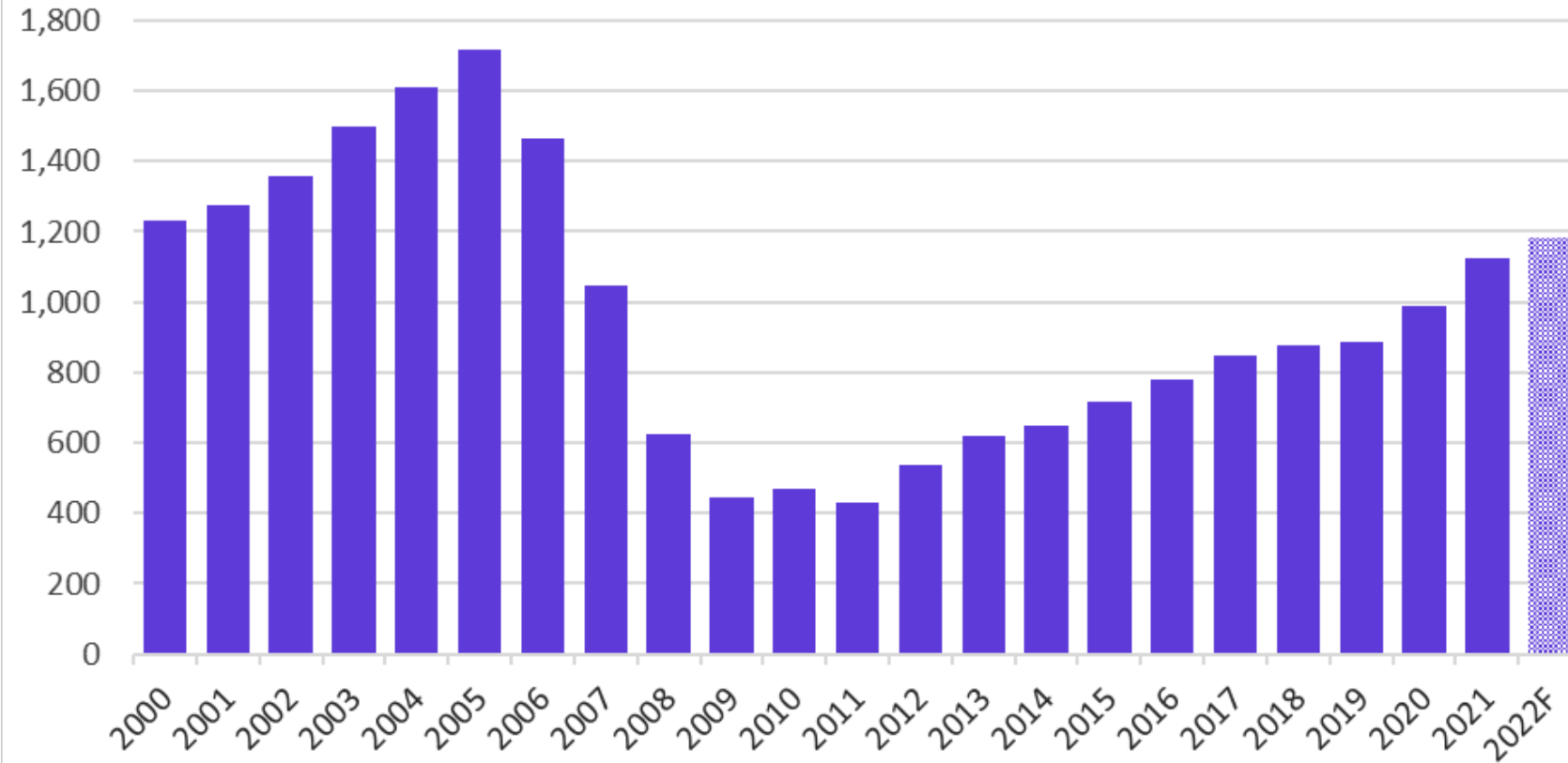
What are your BIGGEST worries as we wrap up 2021 and head into 2022?



Source: Zonda

Has housing peaked?

Single-Family Starts

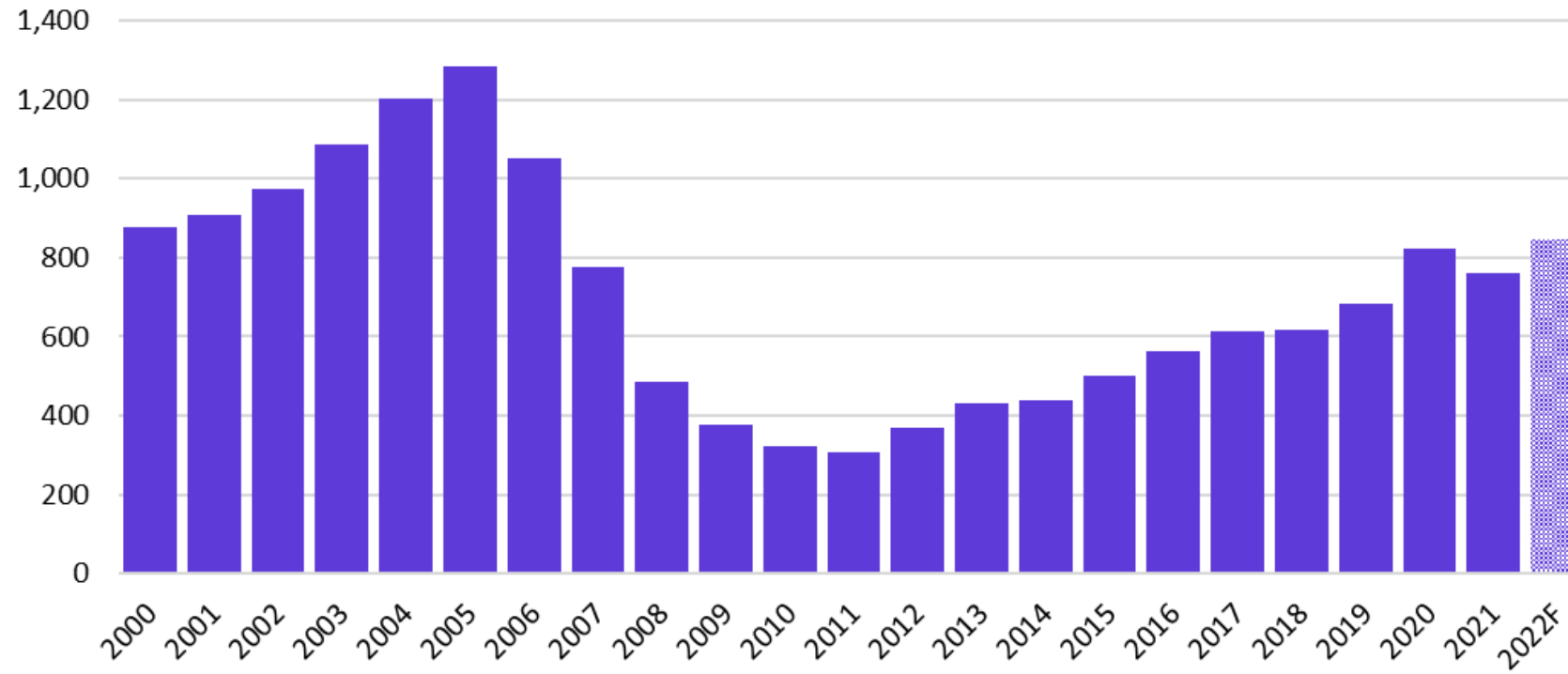


National:
+6.8% in 2022

Source: US Census Bureau; Zonda

Sales Dependent on Supply, Caps, Affordability

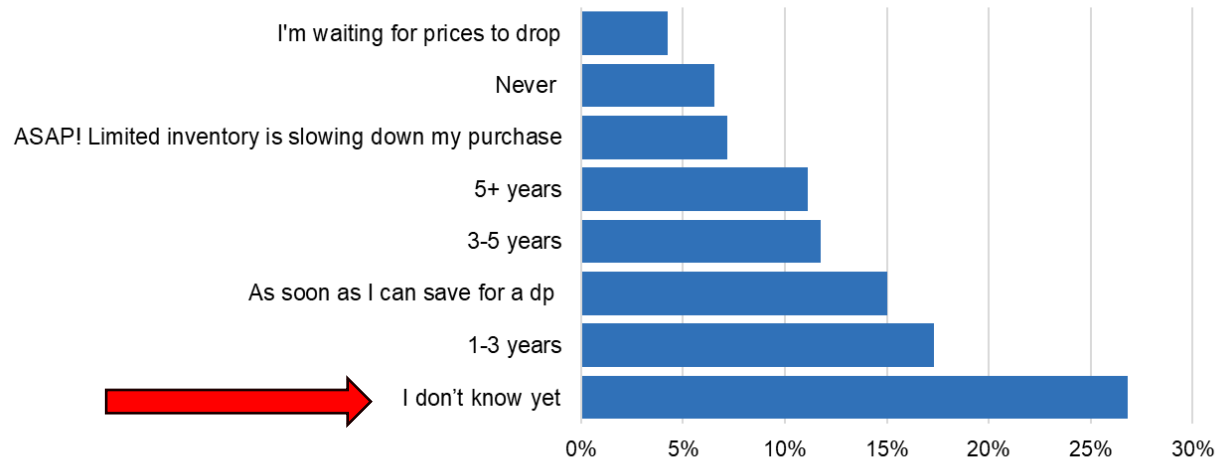
New Home Sales



National:
+10.9% in 2022

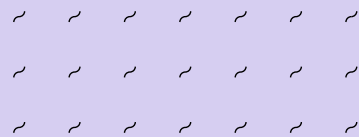
Demographics support future growth in the near-term IF we can get affordability in check

When are you planning on buying?



Source: Zonda Millennial Survey

- Supply chain challenges should free up over the next 12 months, but home builders will continue to fight labor and land shortages.
- Some parts of the country are permanently more expensive.
- How deep is the qualified buyer pool at today's price levels?
- How will rising rates affect buyer groups differently?



Southwest Florida Opportunities & Risks

Opportunities

- ✓ Strong in-migration from higher-priced housing markets (Miami, NY, CA, IL, D.C.)
- ✓ Tight resale supply pushes some to new construction
- ✓ Rapid price appreciation generates equity for move-up buyers
- ✓ Work from home and early retirement will continue to fuel growth

Risks

- ✓ Significant price appreciation over the last five years has priced out many first-time home buyers
- ✓ Tight VDL supply results in competition from builders and rising lot prices
- ✓ Susceptible to stock market fluctuations and broader economy
- ✓ Although diversifying, economy strongly tied to tourism and hospitality



Thank you!

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