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U.S. Housing Market – The Good, the Bad, the Ugly

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2019 Appraisal Institute President

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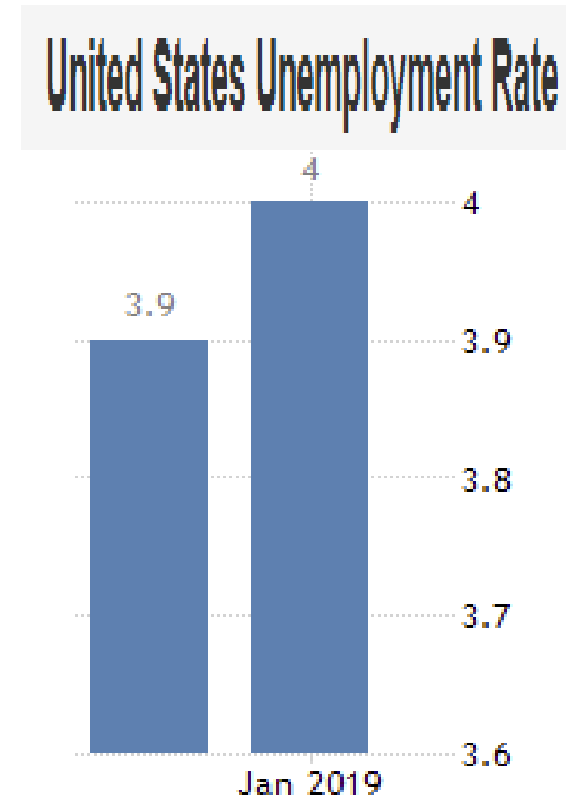
Highlights

- Economic conditions
- Housing market conditions
- Role of appraisers

Economic Conditions

Economic Outlook

- Economic growth to moderate
- Recession risk
- Unemployment and default
- Steady activity in Fed districts
- Energy sector status



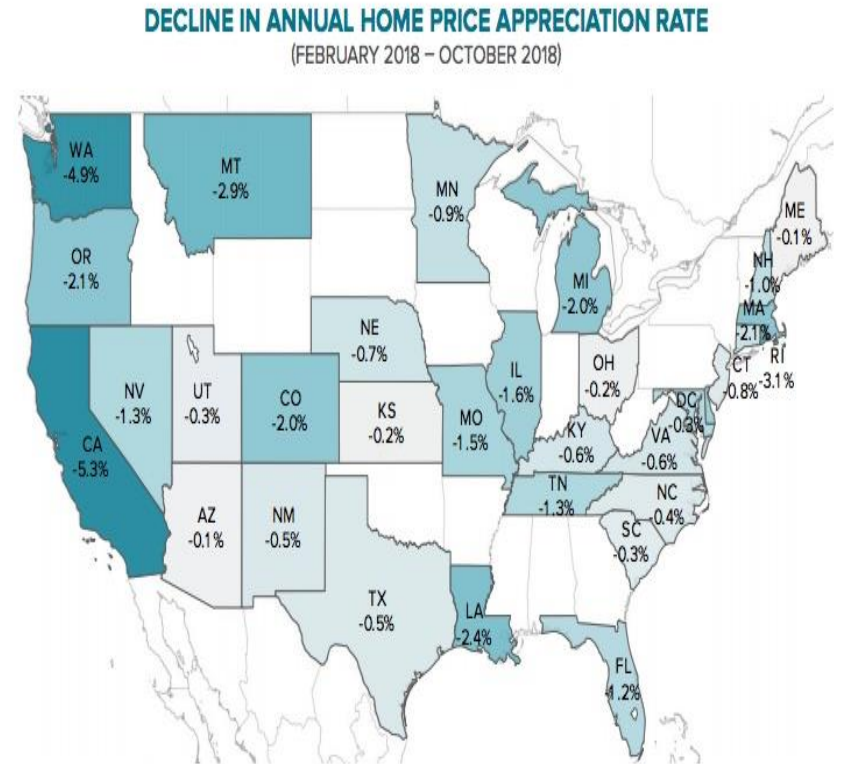
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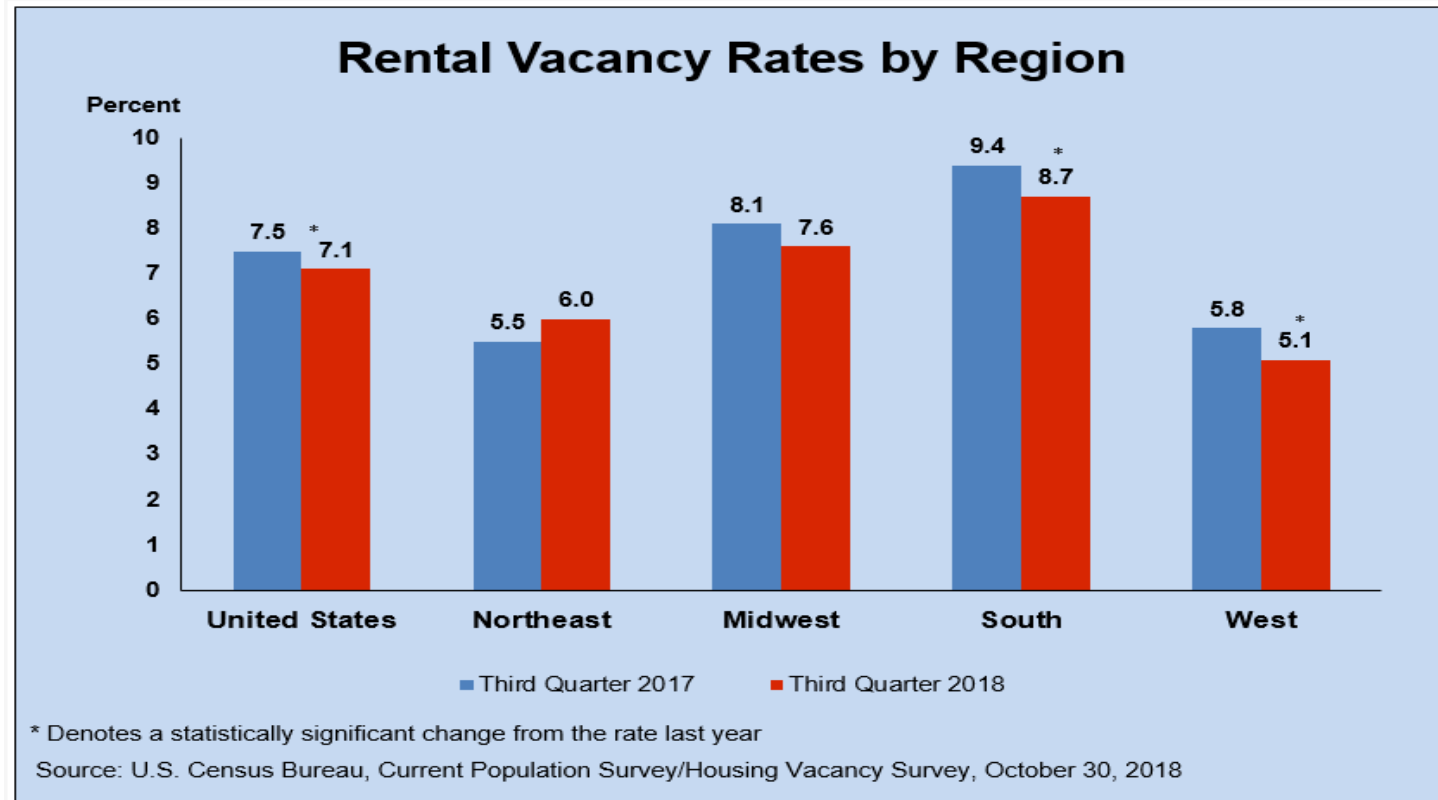
Housing Market Conditions

Housing Market Outlook

- GDP growth
- Housing to stabilize
- Purchases and refinances
- Slowing home price growth



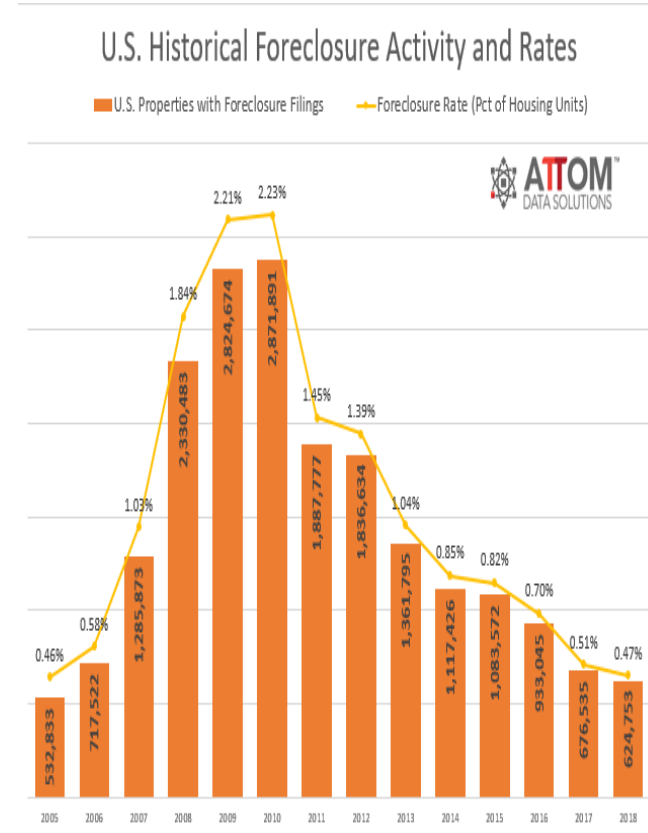
Rental Vacancies



- Trulia 2019 Housing Outlook
 - Tight inventory
 - Construction industry headwinds
 - Worsening affordability

2019 Housing Market Outlook

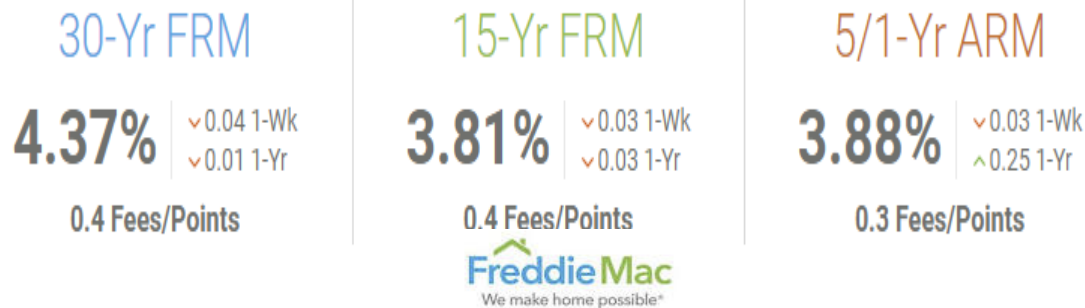
- Trulia 2019 Housing Outlook
 - More impact from natural disasters
 - Millennial buyers on the rise
- Residential foreclosure activity down



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Housing Market Issues

- Mortgage rates drop
- Lack of affordable housing
- Fewer home sales
- Modest inventory gains



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Housing Market's Financial Impact

- New home sales
- Aggressive price cuts
- Seller profits jump

Market Summary	December 2018	Month-Over-Month	Year-Over-Year
Median sale price	\$289,800	-1.6%	1.2%
Homes sold	205,300	-6.9%	-10.9%
New listings	150,300	-32.3%	-4.1%
All Homes for sale	669,600	-11.0%	4.8%
Median days on market	50	5	0
Months of supply	3.3	-0.1	0.5
Sold above list	17.80%	-1.4%	-3.2%
Median Off-Market Redfin Estimate	\$282,700	-3.9%	6.5%
Average Sale-to-list	97.7%	-0.2%	-0.3%

REDFIN

Role of Appraisers

Appraisers in Different Market Conditions

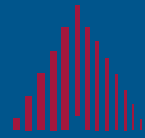
- Role of appraisers remains the same
- Don't set market
- Work for lenders
- Collateral risk
- Lender and consumer exposure

Value of Appraisers

- Independent experts
- Unbiased source of information
- Who to hire for difficult assignments

Appraiser Challenges

- Regulatory structure
- Impact on consumers
- Congressional testimony



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