

# The Barclays Real Estate A.G.E.N.T.

(Analyzing, Gauging, & Exploring Neighborhood Trends)

## Homebuilding & Building Products

February 8, 2017

### U.S. Homebuilding & Building Products

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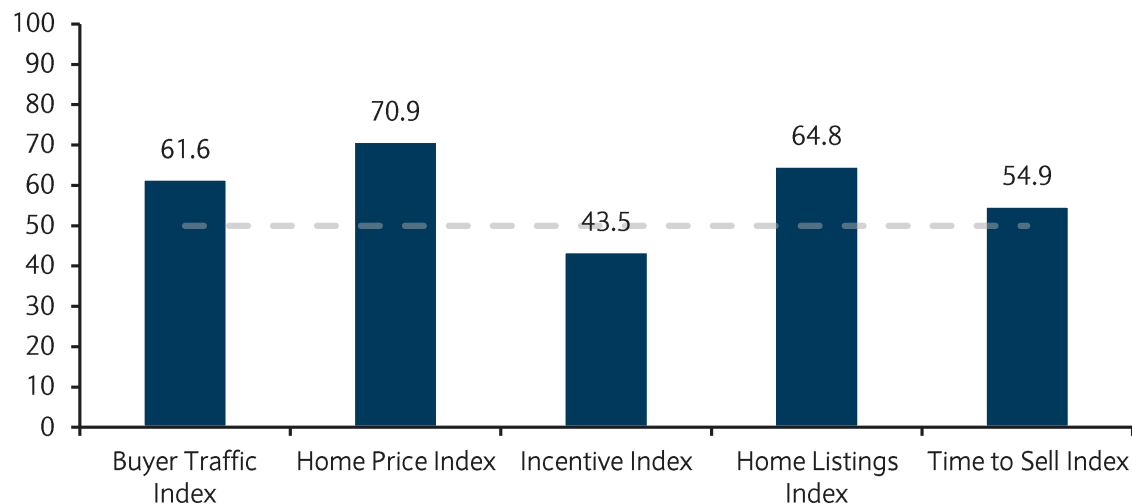
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Source: Barclays Research

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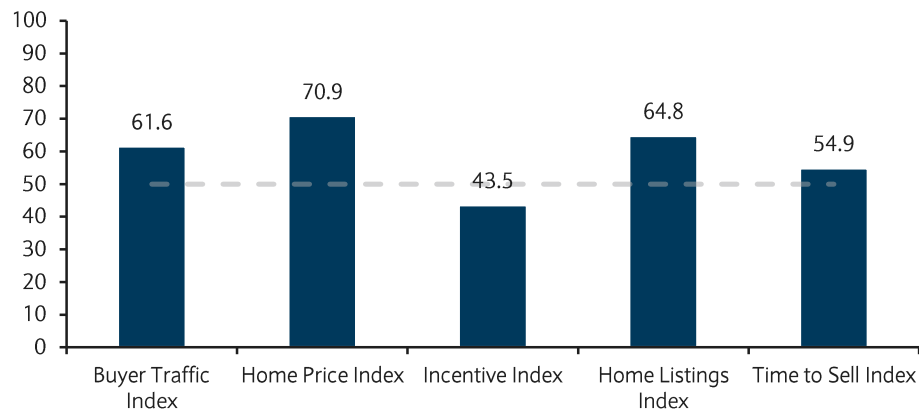
Investors should consider this report as only a single factor in making their investment decision.

PLEASE SEE ANALYST CERTIFICATIONS AND IMPORTANT DISCLOSURES BEGINNING ON PAGE 46.

# January Real Estate A.G.E.N.T. Survey

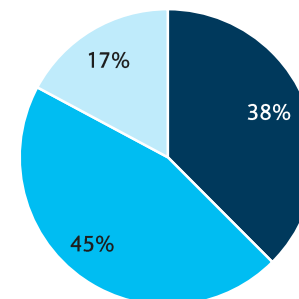
## Solid Start to '17; Rate-Driven Urgency, Scarce Inventory Lift Activity

**Traffic at Healthy Levels:** Our January Buyer Traffic Index came in at 62, above a neutral 50, indicating traffic levels were better than agents expected. This is a favorable reading on demand but we stress that it is still early with the selling season just kicking off this week. Agents broadly indicated rising mortgage rates and concerns about higher costs in the future drove urgency, though it remains unclear how long this will persist if rates rise further. At the same time, most pointed to a lack of inventory, leading to scarcity for the opportunities to lock in attractive financing. In many markets, agents noted improved buyer sentiment, particularly as they saw consumers more confident in the local economy and job security. On the other hand, some continue to warn that rising home prices are stretching affordability too much and have pushed some potential buyers out of the market. Agents also highlighted muted interest from foreign buyers in some markets, due to the stronger dollar. By price point, move up and entry level segments saw the highest % of agents noting net improvement, while luxury remains challenged (see pg. 2).



**Traffic in Most Markets Better than Expected:** In January, 29 of the 40 markets we survey saw better than expected traffic, 8 saw traffic in-line, and 3 pointed to lower than expected traffic. Houston traffic trends were solid, along with other Texas markets. Phoenix also came in well above average, as well as New York and Boston. Agents were pleased with the activity in Washington D.C. Florida was soft, led by poor trends in Miami and Fort Myers. California was dragged down by lower readings in Orange County and San Diego.

January Buyer Traffic Index of 61.6



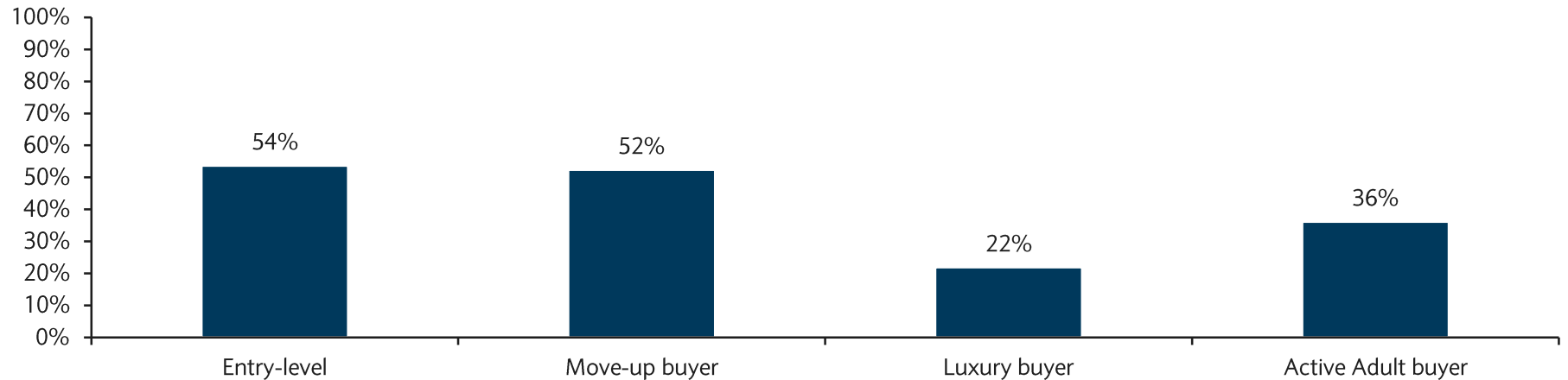
■ Better than expected   ■ In-line with expectations   ■ Worse than expected

**Prices Move Higher:** Our Home Price Index came in at 71 in January, indicating broad price appreciation. Tight supply clearly favored sellers this month, despite rising mortgage rates and buyer price sensitivity. Of the 40 markets we survey, 38 saw higher prices m/m in January, 1 market was flat and 1 market declined. Strongest readings were seen in Dallas, Columbus, Charlotte, Orange County, Tucson, and Raleigh. Houston was the only market we survey that experienced lower prices sequentially.

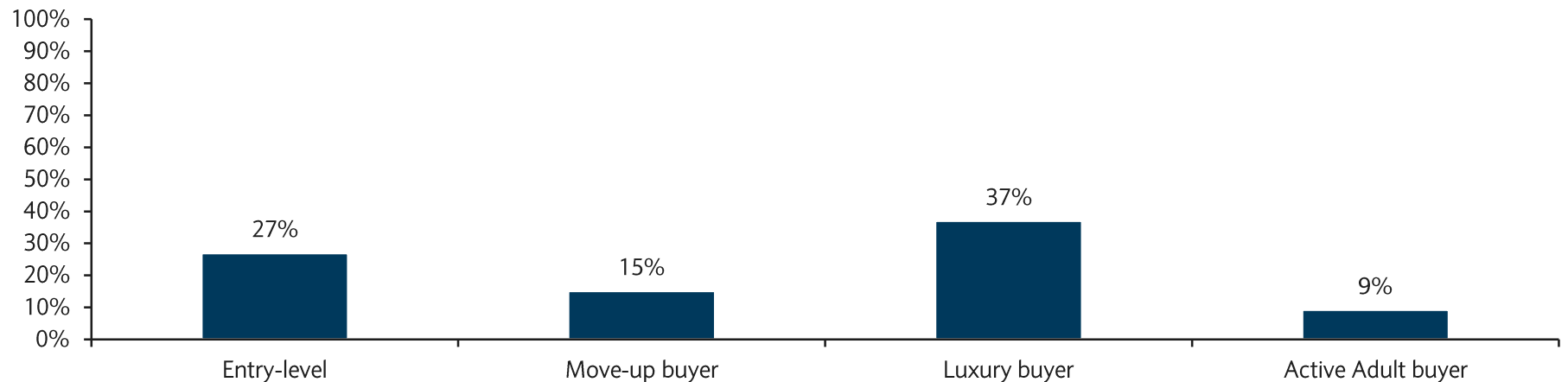
Source: Barclays Research

# Buyer Segment Trends: Encouraging Trends in the Move-Up and Entry-Level Segments; Challenges in Luxury

## % of Respondents Seeing Improving Trends by Buyer Segment



## % of Respondents Seeing Worsening Trends by Buyer Segment



Source: Barclays Research

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Source: Barclays Research

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# Atlanta, GA – Tight Supply and Rate Urgency Lift Traffic

(22,931 single-family building permits in 2016, 3<sup>rd</sup> largest market in the country)

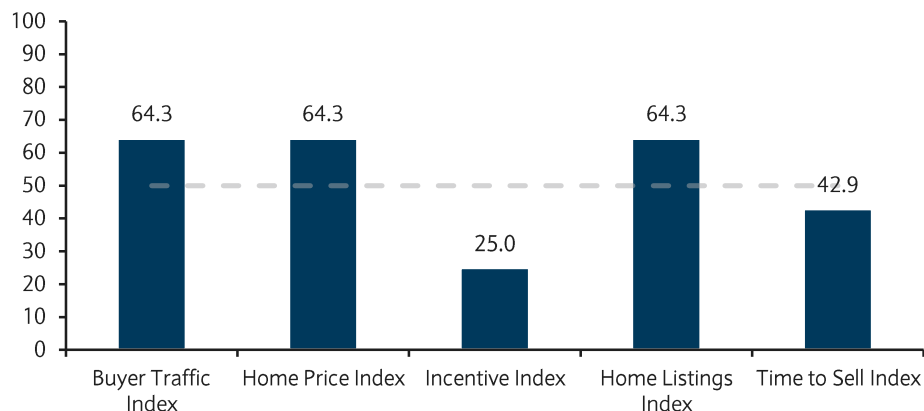
## Our Take:

- Buyer traffic trends were better than agents expected this month. Our Buyer Traffic Index came in at 64, above a neutral 50. Agents broadly commented on tight supply across the market. This issue was most notable at lower price points and pushed some buyers to look at lower quality listings. Others discussed better activity from buyers, as they were seen trying to beat further increases in mortgage rates.
- Agents indicated prices moved higher in January. Our Home Price Index came in at 64. Agents indicated that there were fewer home listings in January vs. the prior month. The time needed to sell a home was relatively stable sequentially.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	64.3	64.3	25.0	64.3	42.9



## Local Real Estate Agent Comments:

- “Getting a jump before rates increase.”
- “Supply shortages have increased traffic activity for all remaining listings in town, including marginal ones.”
- “Resale inventory of homes under 350K worse than ever.”
- “Buyer fatigue and uncertainty were issues.”
- “Pent up demand after we saw slow activity prior to the start of the new year.”

*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau

# Austin, TX – Solid Traffic Trends in a Tight Supply Market

(13,609 single-family building permits in 2016, 6<sup>th</sup> largest market in the country)

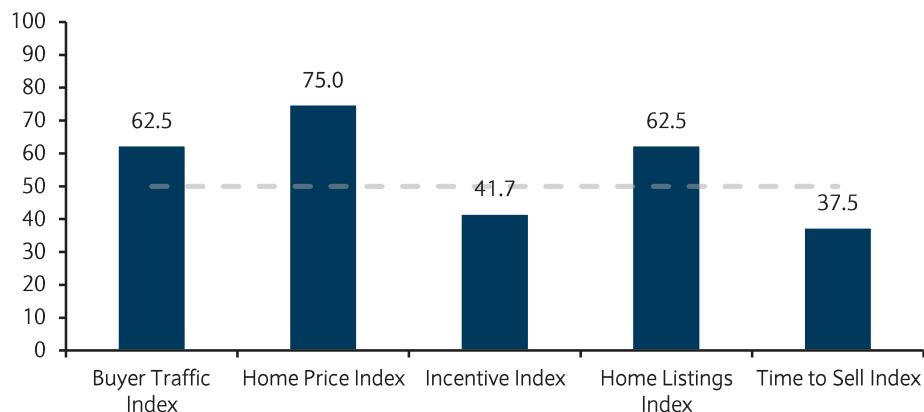
## Our Take:

- Agents in Austin indicated that buyer traffic trends were above expectations. Our Buyer Traffic Index came in at 63 this month. Broadly, agents noted that demand outpaced supply across the market. Rising interest rates seems to have helped activity, but at the same time many noted limited inventory across the market, which created a scarcity effect. Others were more balanced due to poor buyer sentiment and confidence.
- Home prices increased in Austin. Our Home Price Index came in at 75 in January, above a neutral 50. Agents indicated listings declined slightly this month vs. December and that the time needed to sell a home lengthened a bit.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	62.5	75.0	41.7	62.5	37.5



*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau

## Local Real Estate Agent Comments:

- “Rising interest rates.”
- “Post election, sales and traffic are up. Lack of inventory in 250-300k range for both first time buyers and downsizing buyers.”
- “Buyer are motivated to buy before rates increase further.”
- “Demand is still out pacing supply, especially within Austin's most desired locations.”
- “Higher demand in Austin, driving prices up.”
- “Lack of certainty about business in America.”
- “Low inventory.”

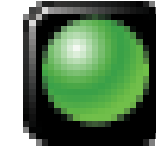
# Baltimore, MD – Rate Driven Urgency Unlocks Pent-Up Demand

(4,697 single-family building permits in 2016, 37<sup>th</sup> largest market in the country)

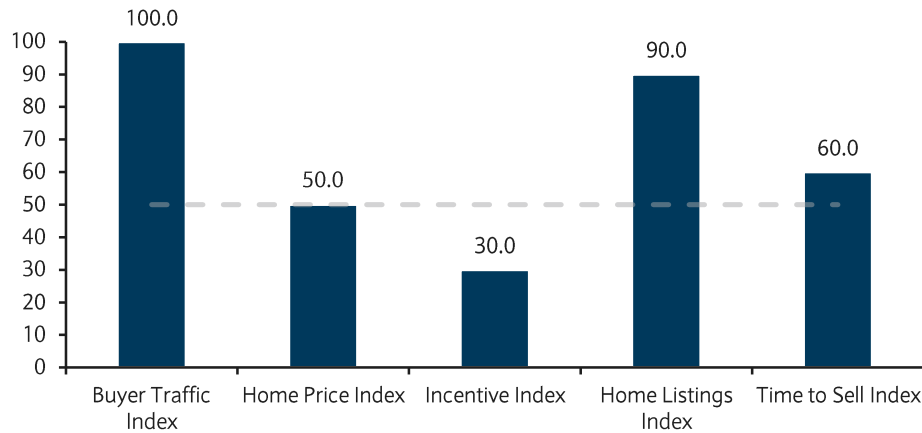
## Our Take:

- All agents that responded in January indicated buyer traffic trends were better than expected. Our Baltimore Buyer Traffic Index came in at 100 this month. Comments from agents highlighted some better urgency from buyers as rates moved higher. However, some noted that this was following a few months of muted activity, suggesting there was some pent up demand.
- Home prices were flat vs. December. Our Home Price Index came in at 50 this month. Nearly all agents indicated that listings were down vs. last month and that it took slightly less time to sell a home.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	100.0	50.0	30.0	90.0	60.0



## Local Real Estate Agent Comments:

- “Rising interest rates always get sellers and buyers off the fence.”
- “Much milder weather than normal.”
- “Mild weather, pent up demand, and rates trending up.”
- “Warmer temperatures and talk about interest rates rising.”

*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau

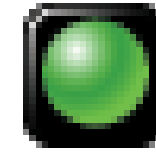
# Boston, MA – Agents’ Pleased with Traffic Trends

(5,268 single-family building permits in 2016, 31<sup>st</sup> largest market in the country)

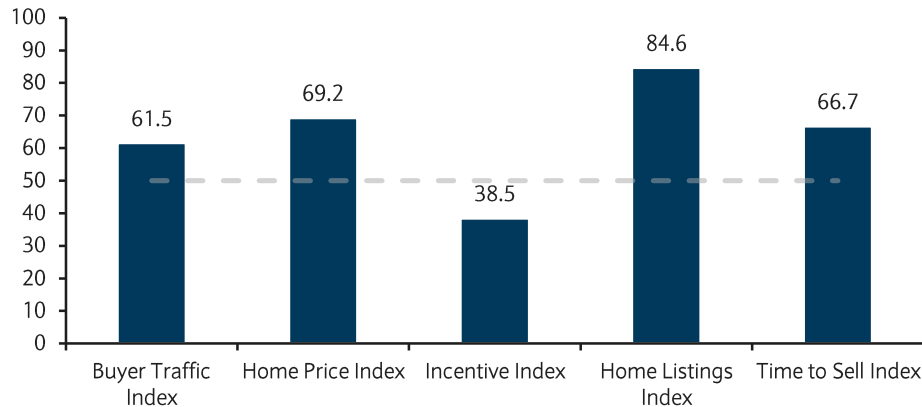
## Our Take:

- Traffic trends were better than agents expected for January. Our Buyer Traffic Index came in at 62 this month. Multiple agents highlighted low inventory levels across the market. At the same time, rising rates seemed to push more buyers off the fence, helping to lift traffic. Interestingly, some suggested that buyer sentiment and confidence had improved this month.
- Home prices increased in January. Our Home Price Index for Boston came in at 69 this month. Agents indicated that there were fewer listings offered this month vs. December and that it took less time to sell a home.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	61.5	69.2	38.5	84.6	66.7



## Local Real Estate Agent Comments:

- “Mild winter weather is driving higher than normal attendance at open houses.”
- “Lack of inventory.”
- “Better confidence in the market.”
- “Limited inventory.”
- “Good weather and rising mortgage rates.”
- “People wanting to buy before rates go up too much.”
- “Optimism in the economy is getting stronger.”
- “Rising interest rates.”
- “Very little inventory, some towns down more than 50%.”

*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau



# Charlotte, NC – Better Economic Outlook Lifts Buyer Activity

(12,989 single-family building permits in 2016, 7<sup>th</sup> largest market in the country)

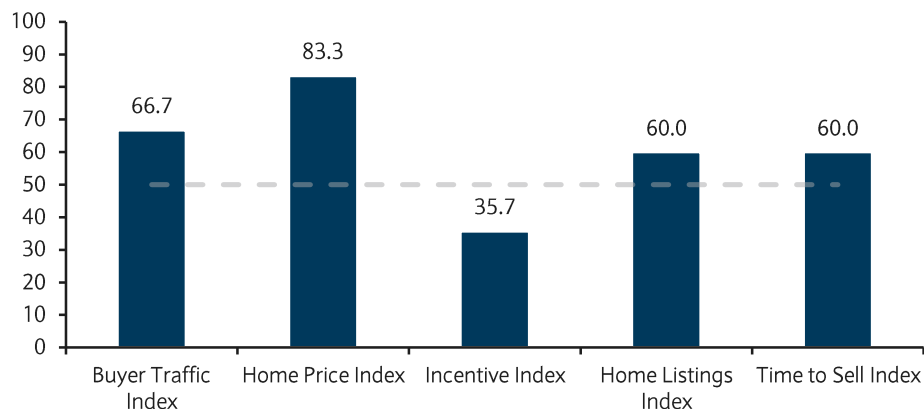
## Our Take:

- Agents indicated that buyer traffic trends were better than expected in January. Our Buyer Traffic Index came in at 67, above a neutral 50. A few agents attributed the solid activity to job growth and improved consumer confidence. Others pointed to better urgency as rates moved higher. Many noted that inventory levels remained tight but helped to lift traffic per listing.
- Home prices increased in January. Our Home Price Index came in at 83 this month. Agents indicated that both listings and the time to sell edged lower in January vs. December.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	66.7	83.3	35.7	60.0	60.0



*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau

## Local Real Estate Agent Comments:

- “Job growth and interest rates on the rise.”
- “Increased corporate development in area.”
- “Several factors including typical seasonal trends, rise in interest rates and cautious optimism .”
- “Many people moving from the north.”
- “Low interest rates.”
- “Limited inventory and interest rates.”
- “Limited inventory.”
- “News about increasing interest rates.”
- “Optimism in general and expecting rates are going to rise.”
- “Increased jobs help.”

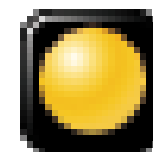
# Chicago, IL – Rising Rates Lift Traffic but Economic Concerns Curb Sentiment

(8,118 single-family building permits in 2016, 17<sup>th</sup> largest market in the country)

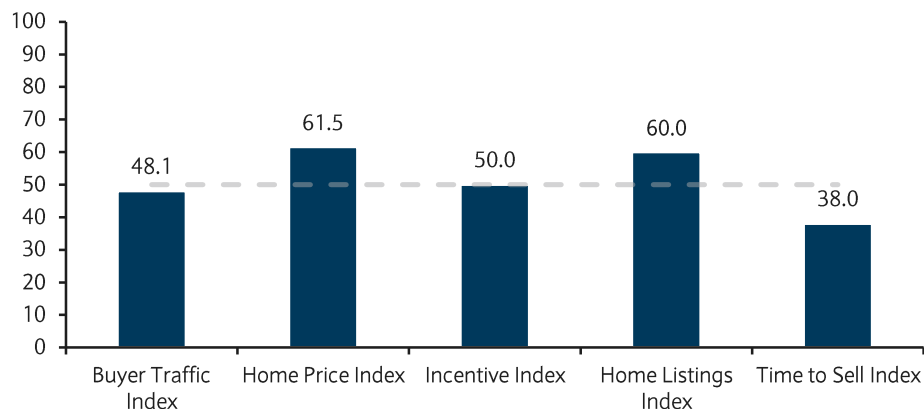
## Our Take:

- Traffic trends were in-line with agents' expectations in Chicago this month. Our Buyer Traffic Index came in at 48 in January, relatively consistent with a neutral 50. Agents noted that the threat of higher mortgage rates drove some buyer activity this month, especially following the soft trends in recent months. On the other hand, comments around the outlook for the local economy suggest lackluster consumer confidence is a challenge.
- Home prices rose in January. Our Home Price Index came in at 62 for January. Home listings edged slightly lower this month, while the time needed to sell lengthened a bit.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	48.1	61.5	50.0	60.0	38.0



*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau

## Local Real Estate Agent Comments:

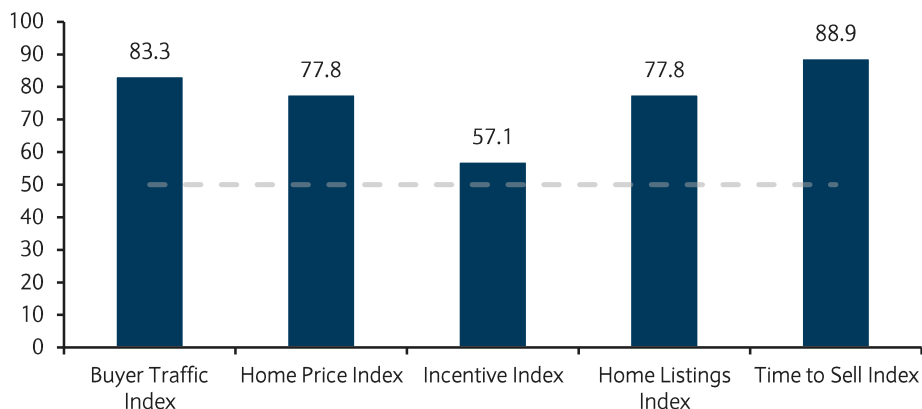
- “Threat of higher interest rates later this year.”
- “Pent up demand.”
- “People feel uncertain.”
- “Unstable economy.”
- “Renting is becoming more expensive vs. buying.”
- “Buyers out more because of interest rates rising.”
- “Lots of first-time home buyers wanting to enter the market before interest rates go up.”
- “We had an unusually quiet fall season with an unexpected surge almost immediately after the election.”
- “Harsher winter weather and low inventory.”

# Cincinnati, OH – Tight Inventory Lifts Traffic Per Listing

(3,932 single-family building permits in 2016, 46<sup>th</sup> largest market in the country)

## Our Take:

- Traffic trends in Cincinnati were better than agents' expectations in January. Our Buyer Traffic Index came in at 83, well above a neutral 50. The vast majority of agents discussed the tight inventory in the market, especially as most sellers haven't yet listed their homes for the spring. Others were encouraged by the local economy and additional buyers looking this month due to rising rates.
- Home prices increased sequentially in January. Our Home Price Index came in at 78 this month. Agents noted that listings and time needed to sell a home declined in January vs. the previous month.



*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	83.3	77.8	57.1	77.8	88.9

## Local Real Estate Agent Comments:

- “The buyers are out but the sellers are a little slower to come on the market.”
- “Buyer demand comes out earlier than sellers action of putting their property on the market. Those potential sellers do have a distinct competitive advantage over those who wait.”
- “Low inventory.”
- “Location and job market.”
- “Low inventory and small, but predictable rise in interest rates.”
- “Low inventory, but predictable rise in interest rates driving buyers.”
- “Low interest rates.”

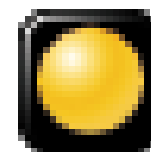
# Columbus, OH – Traffic In-line; Prices Move Higher

(4,040 single-family building permits in 2016, 43<sup>rd</sup> largest market in the country)

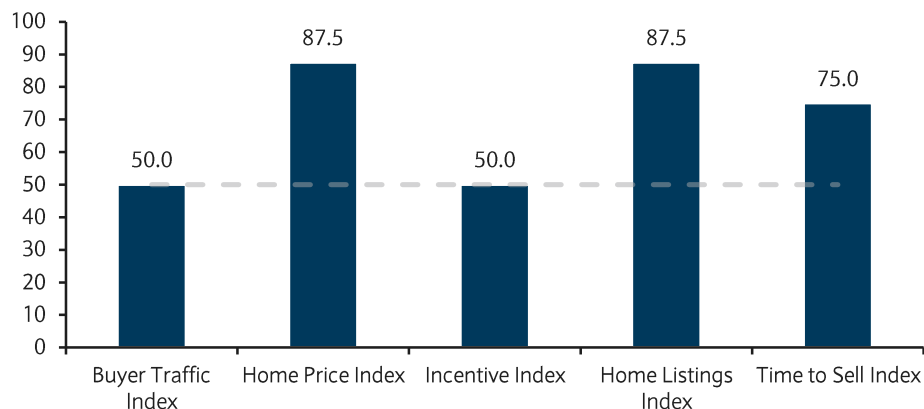
## Our Take:

- Traffic trends were consistent with agents' expectations in Columbus. Our Buyer Traffic Index came in at a neutral 50 this month. A few agents indicated that tight inventory levels helped lift traffic per listing but would prefer to see more selection across the market. Rising mortgage rates were seen lifting urgency this month too.
- Home prices increased in January. Our Home Price Index came in at 88 this month. Both listings and time needed to sell a home declined in January vs. December. This suggests prices could continue to trend higher near-term.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	50.0	87.5	50.0	87.5	75.0



## Local Real Estate Agent Comments:

- “Lack of inventory.”
- “Lending issues.”
- “Holiday season typically slows things down a bit, although there is still reasonable activity for this time of year.”
- “Low inventory.”
- “Rising mortgage rates.”

*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau

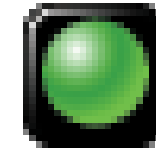
# Dallas, TX – Steady Flow of Corporate Relocations Drive Better than Expected Traffic

(29,846 single-family building permits in 2016, 2<sup>nd</sup> largest market in the country)

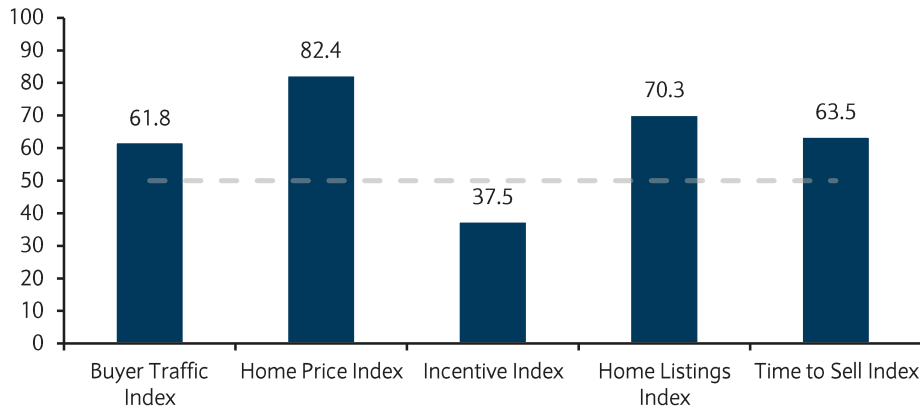
## Our Take:

- Traffic trends in Dallas were above agents' expectations. Our Buyer Traffic Index came in at 62 this month. Overwhelmingly, agents discussed how corporate relocations in the area are supporting demand. Other agents focused on the lack of inventory across the market and added urgency from the threat of higher mortgage rates.
- Home prices were higher in January. Our Home Price Index came in at 82 this month. Agents indicated that listings and the time needed to sell declined sequentially, which we think could support rising prices near-term.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	61.8	82.4	37.5	70.3	63.5



## Local Real Estate Agent Comments:

- “Threat of higher interest rates.”
- “Healthy amount of relocations.”
- “Solid job growth and housing demand.”
- “Very healthy economy. Lots of folks moving to north Texas.”
- “Continued influx of corporations relocating to the area.”
- “Low inventory.”
- “Shortage of available properties for sale. Especially in the entry level price point.”
- “Increasing rental rates.”
- “Scarcity of available properties.”

*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau

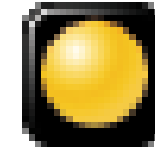
# Denver, CO – Economy Still Helpful, But Traffic Steady without Enough Inventory

(10,211 single-family building permits in 2016, 11<sup>th</sup> largest market in the country)

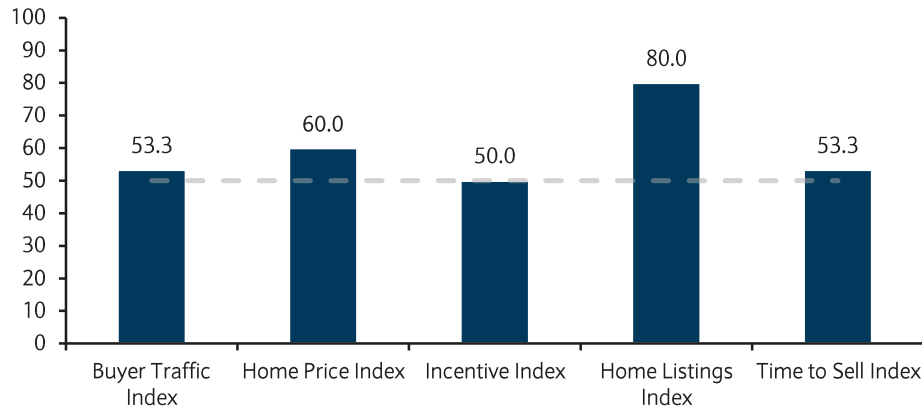
## Our Take:

- Traffic levels were generally in-line with agents' expectations in January. Our Buyer Traffic Index came in at 53 this month. Most agents discussed low inventory levels across the market, with many suggesting this was preventing a bigger increase in closings and keeping buyers on the sidelines. Still, most comments remained positive on the local economy and job growth.
- Home prices edged higher in January. Our Home Price Index came in at 60 this month. Most pointed to declining home listings vs. December, while the time needed to sell a home was essentially unchanged.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	53.3	60.0	50.0	80.0	53.3



## Local Real Estate Agent Comments:

- “Uncertainty about interest rates and the recent increase in rates.”
- “Continued good employment opportunities.”
- “No inventory of affordable homes.”
- “Disappointment in the lack of inventory.”
- “Low inventory in lower price range. This is hard on first time buyers.”
- “Continued in-migration.”
- “Second home demand was healthy.”
- “Concern of rising mortgage costs.”

*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau

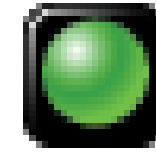
# Detroit, MI – Inventory Tight but Traffic Trends Still Solid

(5,728 single-family building permits in 2016, 26<sup>th</sup> largest market in the country)

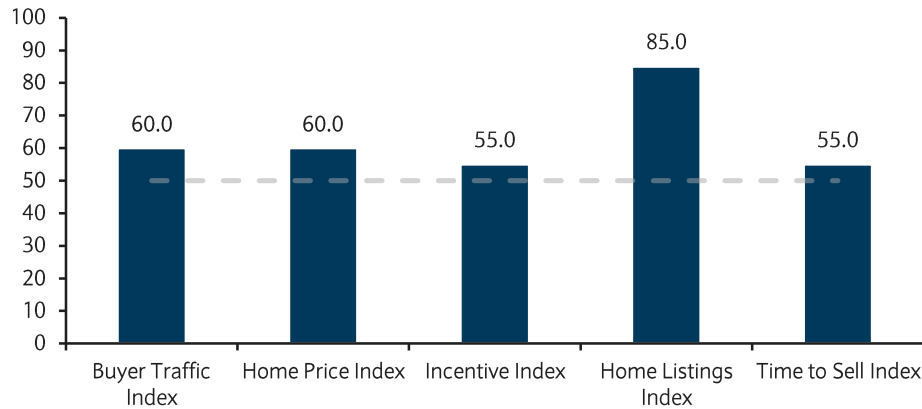
## Our Take:

- Traffic trends were a bit better than agents were looking for this month. Our Buyer Traffic Index came in at 60. A few agents highlighted that there wasn't enough inventory in the market. Others pointed to better trends due to rising mortgage rates. Also, some responses indicated that first time buyers were more active.
- Home prices also moved higher vs. December. Our Home Price Index came in at 60 this month. Agents indicated there were fewer listings on the market, which likely helped support prices this month. The time needed to sell a home was roughly unchanged vs. prior month.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	60.0	60.0	55.0	85.0	55.0



## Local Real Estate Agent Comments:

- “There has been an inventory shortage.”
- “Lack of inventory.”
- “Rising interest rates.”
- “Limited inventory.”
- “Weather is okay.”
- “Better than average weather conditions always help.”
- “First time home buyers freed up money.”
- “Kind of slow.”

*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau

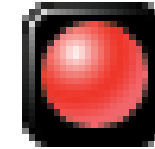
# Fort Myers, FL – Buyer Sentiment Remains a Challenge

(4,092 single-family building permits in 2016, 42<sup>nd</sup> largest market in the country)

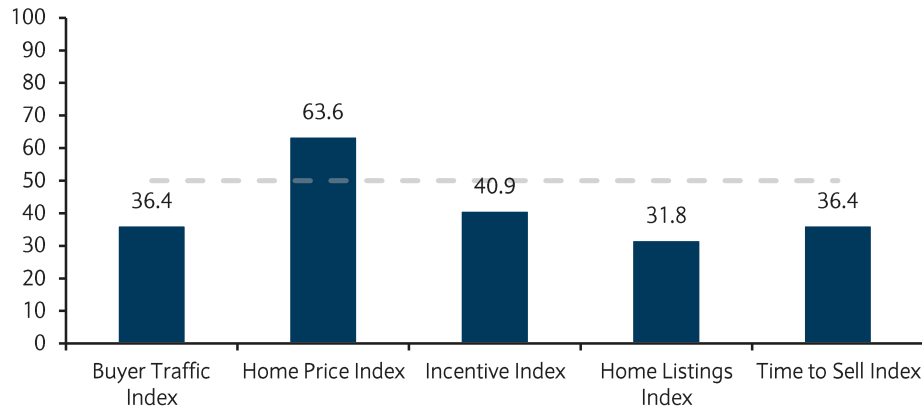
## Our Take:

- Buyer traffic conditions were worse than agents expected this month in Fort Myers. Our Buyer Traffic Index came in at 36, below a neutral 50. Comments from agents pointed to soft consumer sentiment across the market, highlighting uncertainty and many distractions. However, some were still optimistic that trends would improve as it gets closer to peak snow bird selling season.
- Despite the soft demand, home prices moved higher this month. Our Home Price Index came in at 64, above a neutral 50. We expect more choppy pricing trends near-term, following the soft readings in our listings and time to sell indexes this month.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	36.4	63.6	40.9	31.8	36.4



## Local Real Estate Agent Comments:

- “General buyer uncertainty.”
- “Lots of distractions.”
- “Southwest Florida is still a major retirement destination. Snowbirds are here.”
- “New construction buyers are active.”

*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau



# Houston, TX – Local Economy Firming Up, Lifting Traffic

(35,397 single-family building permits in 2016, 1<sup>st</sup> largest market in the country)

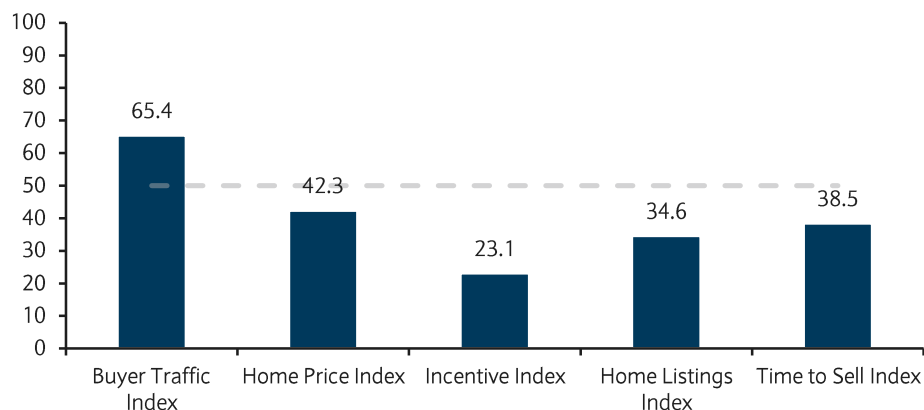
## Our Take:

- Traffic trends in Houston were better than agents expected. Our Buyer Traffic Index came in at 65 this month. Overwhelmingly, agents highlighted that buyers are feeling better about the local economy and job security, driven by improved outlook for the oil and gas industry. Some noted help from rising interest rates driving urgency.
- Home prices edged lower in January vs. the previous month. Our Home Price Index came in at 42 this month. Agents indicated more home listings relative to December, and that it was taking slightly longer to sell a home. Together this suggests pricing could remain choppy near-term.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	65.4	42.3	23.1	34.6	38.5



*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau

## Local Real Estate Agent Comments:

- “Buyers in our area are feeling better about the oil and gas industry and their jobs being secure.”
- “Many buyers are concerned about future rate hikes and are getting off the fence.”
- “Mild weather, fear of rise in interest rates.”
- “Relocation to the greater Houston area.”
- “Interest rates.”
- “Rate increase and consumers believe the economy will be improving.”
- “Weather and oil prices.”

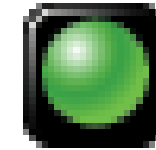
# Inland Empire, CA – Economic Optimism Lift Traffic

(7,930 single-family building permits in 2016, 18<sup>th</sup> largest market in the country)

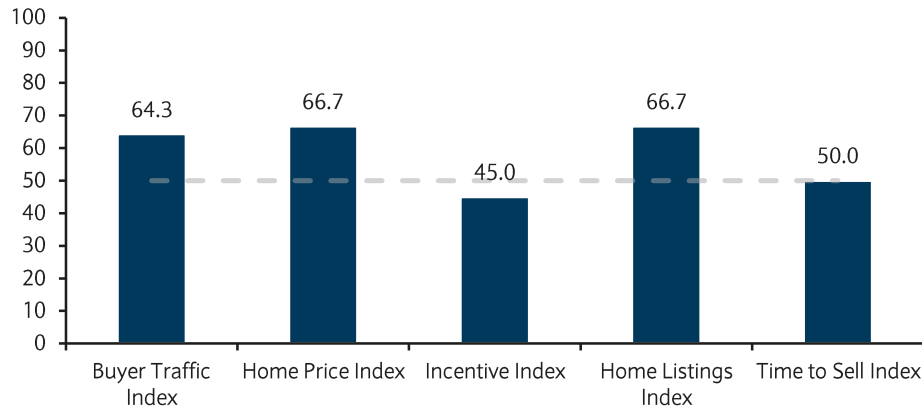
## Our Take:

- Agents pointed to healthy traffic trends across the market in January. Our Buyer Traffic Index came in at 64 this month. Most comments from agents pointed to better consumer confidence. Buyers seem more optimistic and feel better about the local economic activity. Agents also pointed to some urgency from buyers trying to complete a purchase before rates and prices move higher. Inventory seems particularly challenging at the entry-level price point.
- Home prices also moved higher this month. Our Home Price Index came in at 67 this month. Agents indicated that home listings declined vs. the prior month, while the time needed to sell was generally unchanged.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	64.3	66.7	45.0	66.7	50.0



## Local Real Estate Agent Comments:

- “Lack of inventory.”
- “Lots of optimism.”
- “Expected increase in interest rates in the future. Lack of inventory.”
- “Buying before rates go up.”
- “Income improvement expanding wallets.”
- “Good economic growth.”
- “Buyers fear rising interest rates as well as appreciating home prices.”
- “First time buyers are having a difficult time securing entry level homes.”

*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau

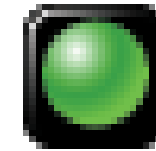
# Jacksonville, FL – Buyers More Confident in the Economy

(8,499 single-family building permits in 2016, 16<sup>th</sup> largest market in the country)

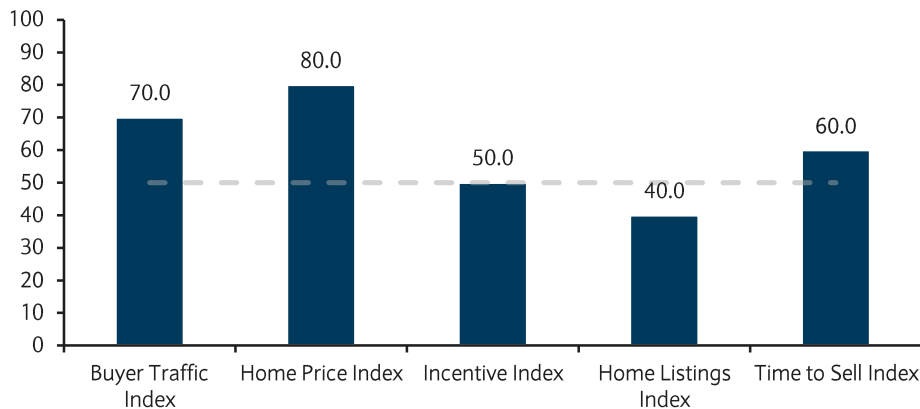
## Our Take:

- Buyer traffic trends were better than agents expected in Jacksonville. Our Buyer Traffic Index came in at 70 this month, above a neutral 50. Most agents discussed that buyers felt better about the local economy, and some noted help from corporate relocations in the area. A couple agents noted better trends for new homes in the market.
- Home prices increased in January. Our Home Price Index came in at 80 this month. Agents indicated that listings were down vs. December, which could suggest price trends may flatten out as more inventory comes onto the market. Time needed to sell a home was a bit shorter vs. December.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	70.0	80.0	50.0	40.0	60.0



## Local Real Estate Agent Comments:

- “Buyers are looking to sell at market levels and purchase a brand new home.”
- “Better confidence in the economy.”
- “Moving past election noise sure helps.”
- “Improved business outlook. Relocation of major employers.”
- “Affordability is similar compared to many similar geographic markets.”
- “Several new developments are appealing to buyers in the area.”

*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau

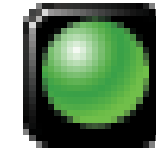
# Kansas City, MO – Rising Rates Aid Traffic Trends

(5,248 single-family building permits in 2016, 32<sup>nd</sup> largest market in the country)

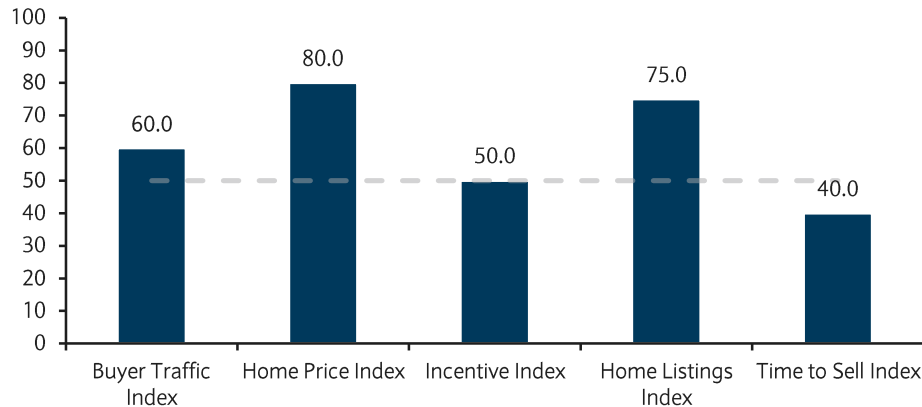
## Our Take:

- Traffic conditions in January were ahead of agents' expectations. Our Buyer Traffic Index came in at 60 this month. Many agent comments focused on the lack of inventory across the market, noting that there wasn't enough selection but that this supported traffic per listing. Also, some felt that rising mortgage rates drove some urgency.
- Home prices rose in January. Our Home Price Index came in at 80 this month. Agents indicated that listings declined vs. December and that it took slightly longer to sell a home vs. last month.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	60.0	80.0	50.0	75.0	40.0



## Local Real Estate Agent Comments:

- “Fear of rising interest rates.”
- “Lack of inventory and rising interest rates.”
- “Low inventory.”
- “Lack of inventory.”
- “Inventory and interest rates.”
- “People waiting to see if rates move higher.”
- “Very low inventory. Hardly any buyers. Interest rates have gone up.”

*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau

# Las Vegas, NV – Rising Rates Push Buyer Off the Fence

(8,805 single-family building permits in 2016, 15<sup>th</sup> largest market in the country)

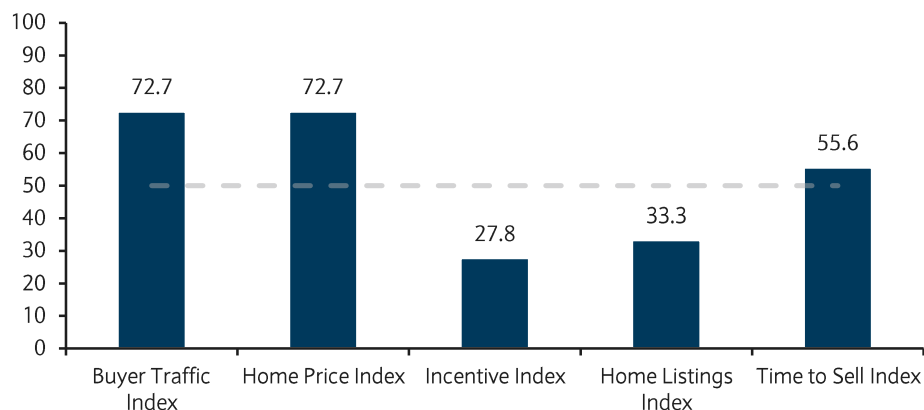
## Our Take:

- Traffic trends were better than agents expected in Las Vegas. Our Buyer Traffic Index came in at 73 this month, well above a neutral 50. Most agents discussed how rising mortgage rates drove urgency this month. Plenty of comments implied that buyers were fearful of higher payment costs later this year. Some felt the recent rise in the stock market also helped activity.
- Home prices rose this month. Our Home Price Index came in at 73 in January. Interestingly, agents indicated listings increased vs. December. We would expect price trends to flatten out if supply growth continues. Time needed to sell a home was roughly unchanged sequentially.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	72.7	72.7	27.8	33.3	55.6



## Local Real Estate Agent Comments:

- “Buyers trying to beat future home price increases.”
- “A shortage of inventory and continued strong demand.”
- “I believe that the recent increase in interest rates drove buyers. They are concerned that rates may move higher.”
- “Scared of increased interest rates.”
- “Demand bump following the stock market rise.”
- “Lack of inventory.”

*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau

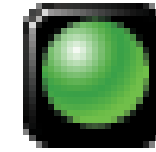
# Los Angeles, CA – Urgency Drives Better Traffic

(4,936 single-family building permits in 2016, 34<sup>th</sup> largest market in the country)

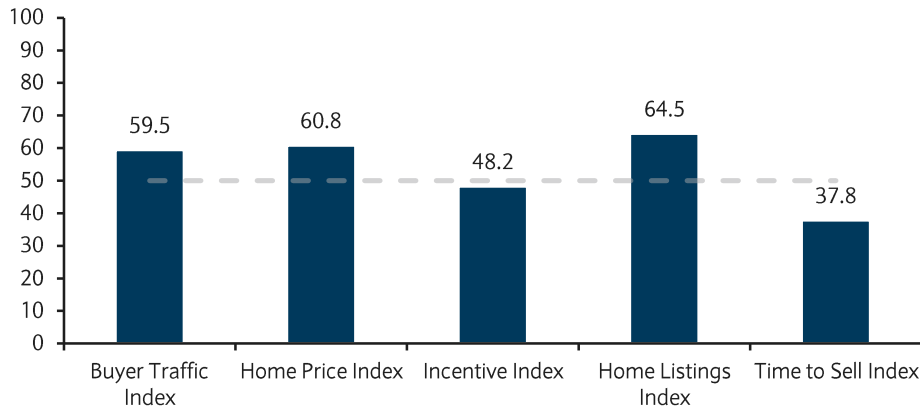
## Our Take:

- Buyer traffic trends came in a bit better than agents were expecting this month. Our Buyer Traffic Index came in at 60 in January. Broadly, agents discussed stronger traffic in the market as mortgage rates moved higher. Still, this happened at a time when inventory was tight across the market. Some highlighted that entry level buyers were being priced out of the market.
- Home prices moved higher. Our Home Price Index came in at 61 this month. Agents noted fewer listings vs. December which should drive prices higher. Agents indicated that it took slightly longer to sell a home this month.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	59.5	60.8	48.2	64.5	37.8



## Local Real Estate Agent Comments:

- “We expected a slowdown with the rise in interest rates but personally I have not experienced that.”
- “Buyers racing to close before the rates continue to rise.”
- “Lack of homes for sale make them want to get in now.”
- “Low inventory and good mortgage rates.”
- “Better buyer confidence.”
- “Low inventory and low interest rates.”
- “Nothing new to show nothing to sell.”
- “First time home buyers are being priced out of the market.”
- “Entry level buyers priced out of the market for the most part.”

*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau

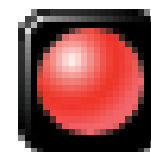
# Miami, FL – Traffic Disappoints on Weak Consumer Confidence

(6,688 single-family building permits in 2016, 22<sup>nd</sup> largest market in the country)

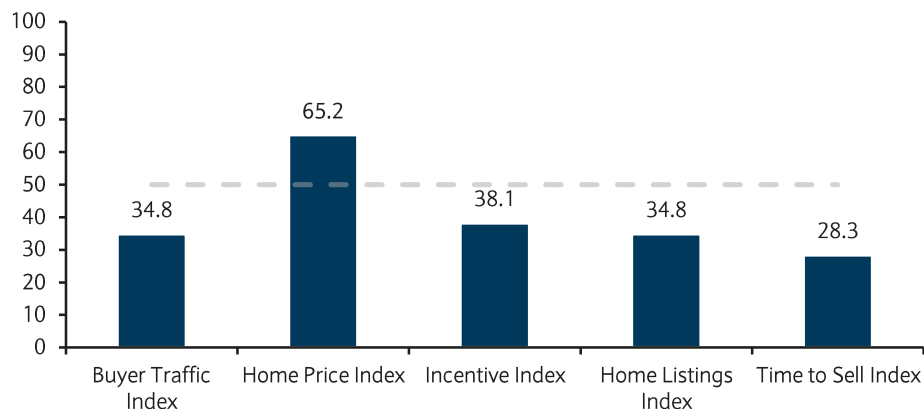
## Our Take:

- Traffic conditions were worse than expected in Miami. Our Buyer Traffic Index came in at 35 in January, below a neutral 50. Generally, agents discussed weak consumer confidence in the market. A couple of comments highlighted weaker foreign buyer demand as the dollar strengthened. Some noted the glut of inventory in the condo market, while single-family selection remains limited.
- Home prices moved higher this month despite weaker demand. Our Home Price Index came in at 65 in January. We think price trends may reverse given the weak trends we saw in our Listings and Time to Sell Indexes.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	34.8	65.2	38.1	34.8	28.3



*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau

## Local Real Estate Agent Comments:

- “Lack of quality inventory.”
- “Interest rates, sellers willing to negotiate.”
- “Uncertainty in market.”
- “Basic uncertainty.”
- “Canadian market decreased due to dollar value.”
- “Strong dollar. Uncertainty.”
- “High prices. Saturation in condo market.”
- “Lack of inventory.”

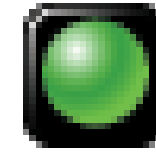
# Minneapolis, MN – Solid Traffic Trends; Prices Move Higher

(7,761 single-family building permits in 2016, 19<sup>th</sup> largest market in the country)

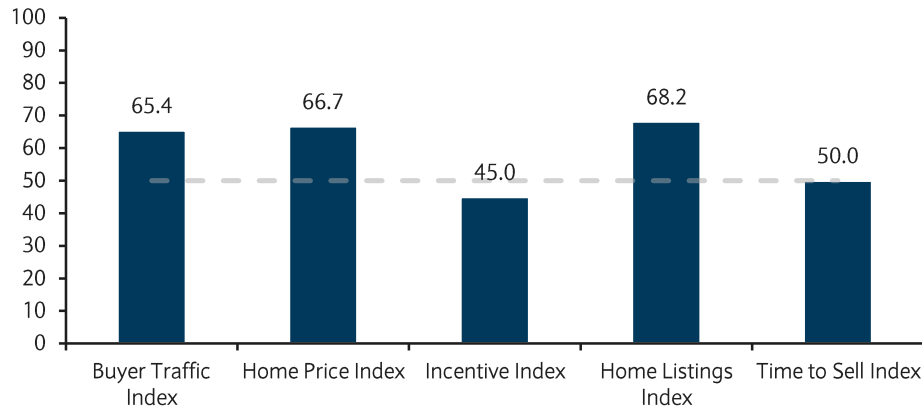
## Our Take:

- Traffic trends in January were better than agents' expectations. Our Buyer Traffic Index came in at 65 this month. Multiple comments from agents focused on the lack of inventory in the market, which drove better traffic per listing. Other attributed the solid demand trends to urgency as mortgage rates moved higher. Buyer confidence seemed to be a bit better in January too.
- Home prices moved higher this month. Our Home Price Index came in at 67. Agents indicated fewer listings this month, while the time needed to sell was unchanged vs. December.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	65.4	66.7	45.0	68.2	50.0



## Local Real Estate Agent Comments:

- “Extremely low inventory.”
- “Cold weather was a factor.”
- “Reservations about interest rates.”
- “Interest rate hike and low inventory.”
- “Continued low interest rates and better confidence.”
- “Lower inventory levels.”
- “Less inventory - interest rates hike a little.”
- “Lots of lookers not too many offers. Fence sitting. Low inventory.”

*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau



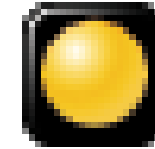
# Nashville, TN – Traffic In-line, Economic Uncertainty Curbs Rate Urgency

(12,014 single-family building permits in 2016, 9<sup>th</sup> largest market in the country)

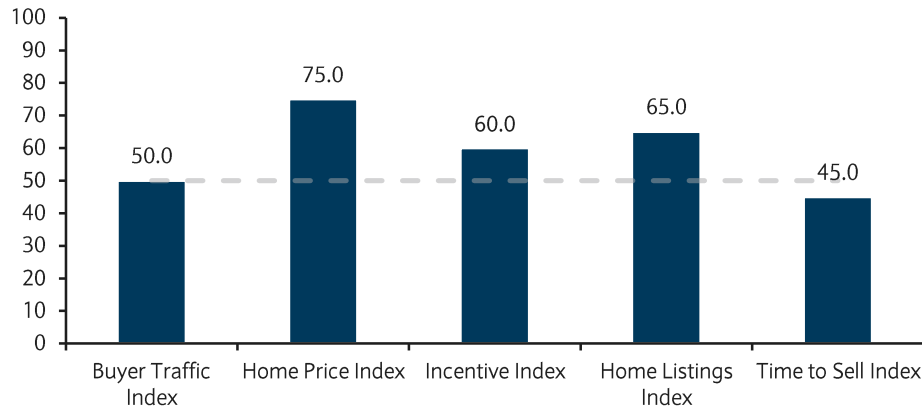
## Our Take:

- Traffic levels in Nashville were fairly consistent with what agents expected for January. Our Buyer Traffic Index came in at 50 this month. Agents highlighted that buyers were acting quickly due to the low inventory levels, especially given the additional urgency from rising mortgage rates. Others felt that buyers lack confidence in the economy.
- Home prices rose in January. Our Home Price Index came in at 75 this month. Agents indicated that listings were down vs. December, and that the time needed to sell a home was roughly unchanged.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	50.0	75.0	60.0	65.0	45.0



## Local Real Estate Agent Comments:

- “Continued lack of inventory so buyers are moving quickly.”
- “Low rates expected to go higher.”
- “Bad weather.”
- “Uncertainty in economy.”
- “Winter market is typically slower time of year so a 'lull' is expected with low traffic, calls and interest.”

*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

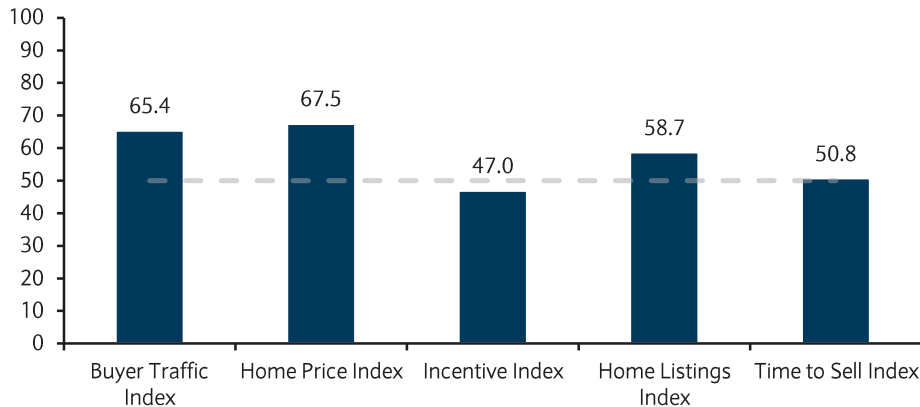
Source: Barclays Research, Census Bureau

# New York, NY – Economic Optimism Drives Traffic

(9,987 single-family building permits in 2016, 12<sup>th</sup> largest market in the country)

## Our Take:

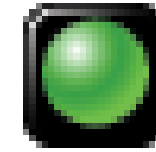
- Across the New York Metro, agents noted that traffic conditions were better than expected. Our Buyer Traffic Index came in at 65 this month. Broadly, comments pointed to improved consumer sentiment and economic optimism. Plenty of agents pointed to incremental interest from buyers trying to beat higher rates. At the same time, inventories remain low, forcing buyers to act quickly. Some pointed to better demand from first time buyers.
- Home prices moved higher in January. Our Home Price Index came in at 68. Agents noted slightly fewer listings vs. last month, while the time needed to sell a home was relatively unchanged.



*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	65.4	67.5	47.0	58.7	50.8

## Local Real Estate Agent Comments:

- “Most of them are first home buyers.”
- “Increased interest rates.”
- “Possible optimism.”
- “Lack of inventory.”
- “Buyers are concerned about interest rate hikes. Looking to purchase while rates are low.”
- “General feeling of economic hope.”
- “Expected economic growth and buyer's confidence.”
- “First time buyers are the only buyers.”
- “Rising interest rates and low inventory.”

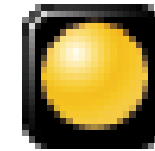
# Orange County, CA – Traffic In-Line as High Prices Curb Demand

(4,371 single-family building permits in 2016, 39<sup>th</sup> largest market in the country)

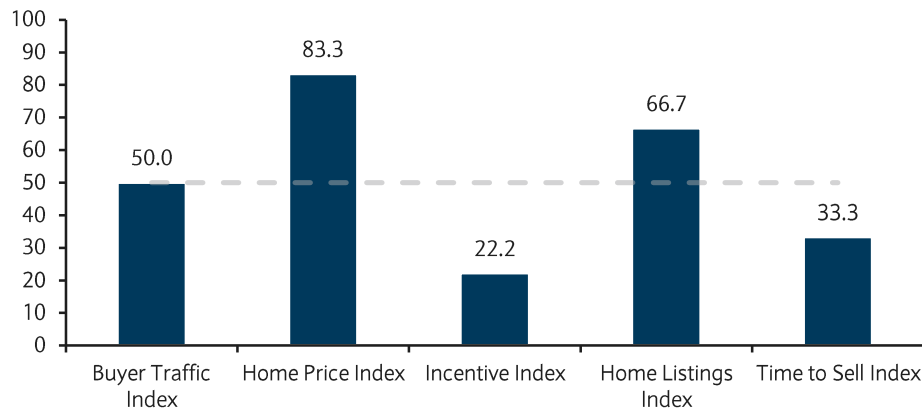
## Our Take:

- Traffic conditions were in-line with agents' seasonal expectations this month. Our Buyer Traffic Index came in at a neutral level of 50. Comments from agents were rather mixed. Many agents highlighted concerns that high prices were limiting demand, especially as mortgage rates moved higher. Those more optimistic felt that rising rates brought some buyers off of the sidelines.
- Home prices rose in January vs. last month. Our Home Price Index came in 83. Agents indicated fewer listings on the market, which likely supported prices this month. On the other hand, agents suggested that it took a bit longer to sell a home this month.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	50.0	83.3	22.2	66.7	33.3



## Local Real Estate Agent Comments:

- “Buying is very competitive but with prices still going up due to demand, coupled with higher borrowing costs, buying has slowed to a normal level.”
- “Interest rates increasing lead to more people buying.”
- “Rush to buy before the next rate increase.”
- “The rising interest rates helped.”
- “Shortage of inventory and abundance of Buyers in the market.”
- “Prices.”

*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau

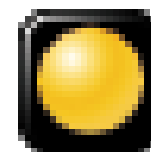
# Orlando, FL – Foreign Buyer Demand Fades; Traffic Just Shy of Expectations

(14,208 single-family building permits in 2016, 5<sup>th</sup> largest market in the country)

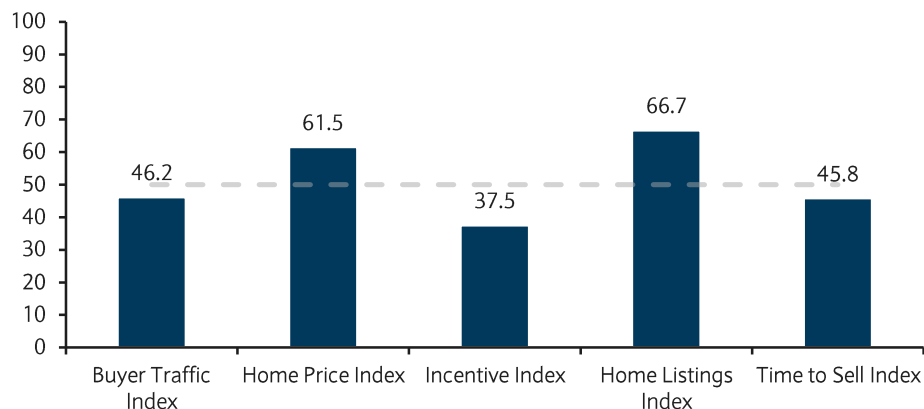
## Our Take:

- Traffic trends were just shy of agents' expectations in Orlando. Our Buyer Traffic Index came in at 46. Despite this, agents characterized conditions as a seller's market, with tight inventories driving higher prices. Interestingly, some comments suggested that the stronger dollar was hurting demand from international buyers. Others felt that rising interest rates helped fuel activity.
- Home prices increased modestly sequentially. Our Home Price Index came in at 62. Agents indicated fewer listings vs. December, while the time needed to sell a home was generally unchanged.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	46.2	61.5	37.5	66.7	45.8



*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau

## Local Real Estate Agent Comments:

- “Sellers market conditions with low listing inventory and rising prices.”
- “Stronger dollar hurt demand.”
- “Investment interest continues to be very strong.”
- “Rising rates has tamed the market.”
- “Interest rate momentum.”
- “Low inventory.”
- “Uncertainty.”

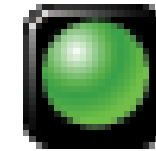
# Philadelphia, PA – Rising Rates Push Buyers Off the Fence

(6,820 single-family building permits in 2016, 21<sup>st</sup> largest market in the country)

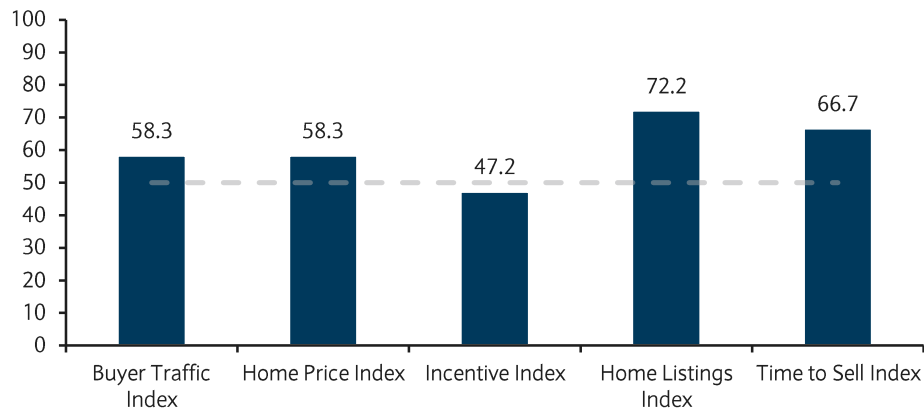
## Our Take:

- Traffic was slightly better than agents were expecting for January. Our Buyer Traffic Index came in at 58. Overwhelmingly, most pointed to urgency from rising rates and improved consumer confidence. However, this uptick in demand occurred while inventory levels were rather tight. Some commented that this helped lift demand for new construction homes.
- Home prices edged higher in January. Our Home Price Index came in at 58 this month. Agents indicated that there were fewer listings on the market vs. December. At the same time, it took less time to sell a home. Both of these should support price near-term.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	58.3	58.3	47.2	72.2	66.7



## Local Real Estate Agent Comments:

- “Buyers are concerned about mortgage rate increases and are getting off the fence.”
- “Business picked up after the election.”
- “The listings are the lowest we’ve seen in 12 years.”
- “Lack of inventory.”
- “Shift towards new construction.”
- “Improved buyer confidence.”
- “The uptick in interest rates after the election seem to have motivated buyers.”
- “Rising interest rates.”
- “Fear of upcoming additional increases in the mortgage interest rates.”

*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau

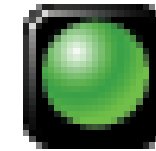
# Phoenix, AZ – Strong Traffic Trends; Prices Move Higher

(18,577 single-family building permits in 2016, 4<sup>th</sup> largest market in the country)

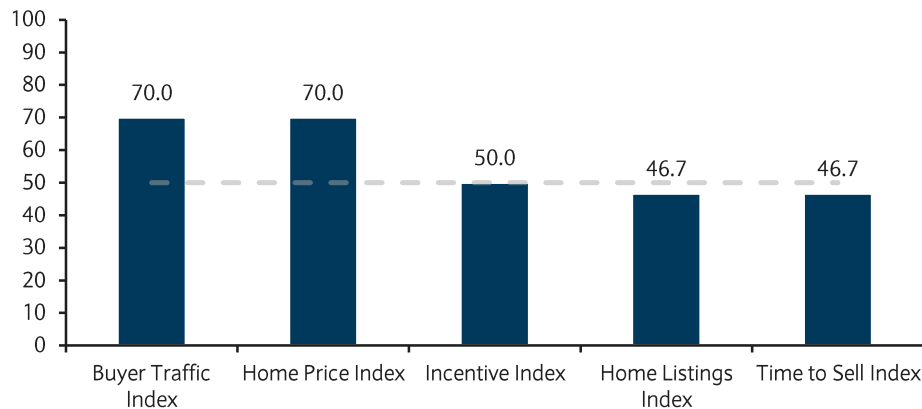
## Our Take:

- Traffic trends were better than agents expected this month. Our Buyer Traffic Index came in at 70 in January. Agents were fairly encouraged about the trends this month and pointed to some help due to buyers' expectations that rates will continue to increase. Some felt the inventory levels were thinning out, so we will see if these trends continue to hold. Some pointed to better trends from move up buyers.
- Home prices increased this month. Our Home Price Index came in at 70, above a neutral 50. Agents indicated that the listings and the time needed to sell were essentially unchanged vs. last month.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	70.0	70.0	50.0	46.7	46.7



## Local Real Estate Agent Comments:

- “Limited inventory.”
- “Rates are still low, and the prices in the AZ market are reasonable.”
- “Available product is thinning out.”
- “Raising interest rates.”
- “Strong trends from move up buyers.”
- “Rising interest rates, rising home prices, better economy.”
- “Buyers trying to beat expected higher interest rates.”
- “Stock market has been good as well.”

*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau

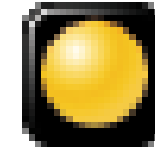
# Portland, OR – Traffic Trends Steady; Prices Move Higher

(7,344 single-family building permits in 2016, 20<sup>th</sup> largest market in the country)

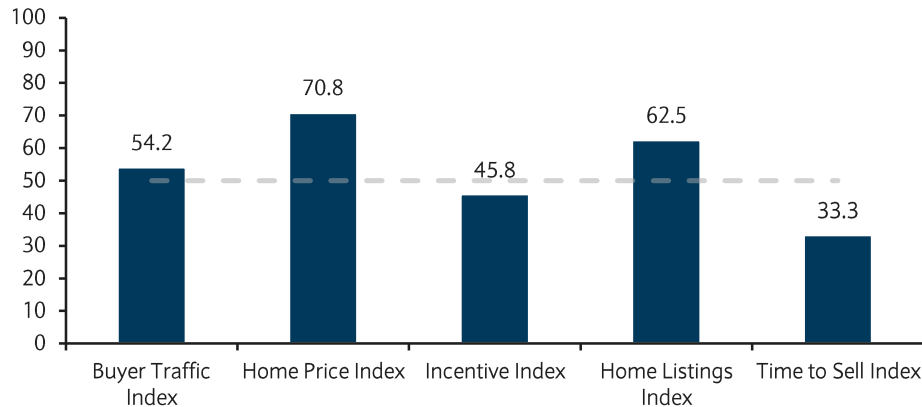
## Our Take:

- Traffic trends in Portland were slightly above agents' expectations in January. Our Buyer Traffic Index came in at 54 this month. Agents commented on the tight inventories in the market. Some pointed to better buyer interest given fears mortgage rates would continue to increase. On the other hand, others were more balanced due to general consumer uncertainty in the market.
- Home prices increased this month. Our Home Price Index came in at 71 in January. Agents indicated that listings contracted vs. December. On the other hand, our Time to Sell Index indicated that it took a bit longer to sell a home vs. last month.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	54.2	70.8	45.8	62.5	33.3



## Local Real Estate Agent Comments:

- “Lack of available inventory.”
- “Buyers trying to get in before interest rates go up more.”
- “It has slowed.”
- “Entry level has been strong.”
- “Very low inventory due to lower than normal supply and higher buyer interest.”
- “Terrible weather.”
- “Uncertainty.”

*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau

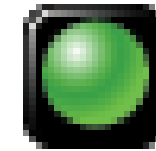
# Raleigh, NC – Strong Local Economy Drives Solid Buyer Traffic

(9,435 single-family building permits in 2016, 13<sup>th</sup> largest market in the country)

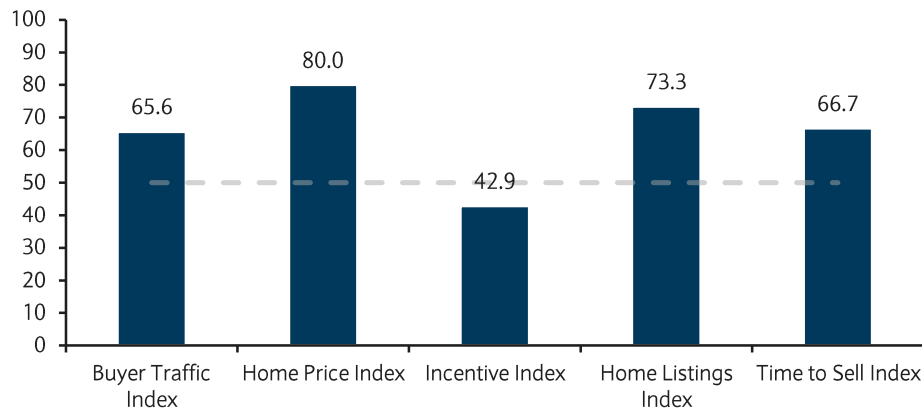
## Our Take:

- Traffic conditions were better than agents were expecting in January. Our Buyer Traffic Index came in at 66. Most agents attributed the solid activity to a strong local economy and job growth. At the same time, many commented on tight inventory across the market. This has driven prices higher and pushed some buyers to start looking farther from city center. High-end trends were seen especially favorable.
- Home prices increased again this month. Our Home Price Index came in at 80 in January. Agents indicated that there were fewer listings on the market in January vs. last month. Our Time to Sell Index points to it taking a shorter amount of time to sell a home this month.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	65.6	80.0	42.9	73.3	66.7



## Local Real Estate Agent Comments:

- “Lack of inventory in Raleigh is causing buyers to look in the outskirts.”
- “Some buyers got off the fence on thoughts that interest rates would go up in 2017.”
- “A strong local economy.”
- “Prices also moving higher due to tight inventory.”
- “Economic sustainability and growth by local employers.”
- “Buyers moving into the area.”
- “Limited product availability.”
- “Surge in the high-end market.”

*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau



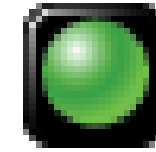
# Richmond, VA – Rising Mortgage Rates Drive Urgency

(3,955 single-family building permits in 2016, 45<sup>th</sup> largest market in the country)

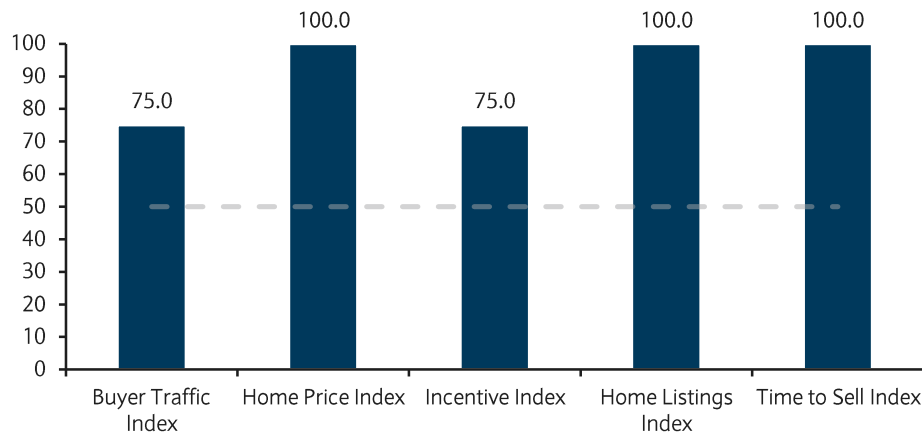
## Our Take:

- Traffic trends exceeded agents' expectations this month in Richmond. Our Buyer Traffic Index came in at 75, well above a neutral 50. Agents noted that rising mortgage rates and expectations for future increases lifted trends. Plus, buyer confidence has also improved. Additionally, low inventory levels have created strong traffic per listing.
- All of the agents who responded to our survey this month indicated that prices were higher vs. December. Our Home Price Index came in at 100. Agents also pointed to fewer listings in the market and that it was taking less time to sell a home.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	75.0	100.0	75.0	100.0	100.0



## Local Real Estate Agent Comments:

- “The rates slowly rising are getting a lot of buyers off the fence.”
- “Low inventory has created high demand.”
- “Market has improved.”
- “Better confidence in the housing market.”
- “Possibly fear of rising interest rates.”

*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau

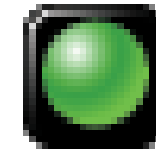
# Sacramento, CA – Lack of Inventory Having It's Impact on the Market

(6,148 single-family building permits in 2016, 24<sup>th</sup> largest market in the country)

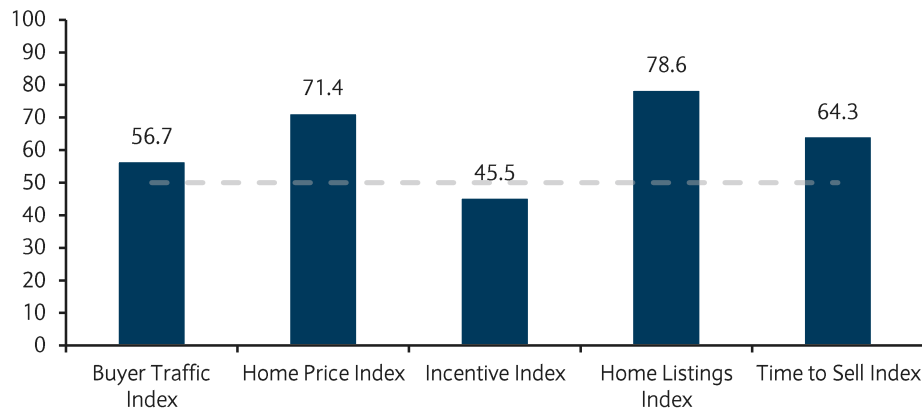
## Our Take:

- Traffic conditions were slightly better than what agents were anticipating this month in Sacramento. Our Buyer Traffic came in at 57. Agent comments were very focused on the lack of inventory in the market. Most discussed how this concentrated traffic per listing and provided some motivation to buyers trying to lock in attractive mortgage rates. While there was some mention of a lack of affordable homes, it seems that rising rents continue to drive activity.
- Home prices rose again in January. Our Home Price Index came in at 71. Agents indicated fewer listing across the market this month vs. December and that it took less time to sell a home. This suggests price growth can continue.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	56.7	71.4	45.5	78.6	64.3



## Local Real Estate Agent Comments:

- “Higher interest rates, lack of inventory.”
- “Low inventory and rising interest rates caused more buyers to look for a home.”
- “Lack of inventory.”
- “Fear of interest rate hikes and low inventory has kept buyer interest active.”
- “Interest rate increases and low inventory of homes for sale.”
- “Higher rental rates. Scarcity of affordable homes.”
- “Rising interest rates and prices.”
- “Low inventory levels concentrate buyers.”

*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau

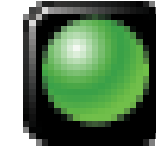
# San Antonio, TX – Job Growth Fuels Activity

(6,441 single-family building permits in 2016, 23<sup>rd</sup> largest market in the country)

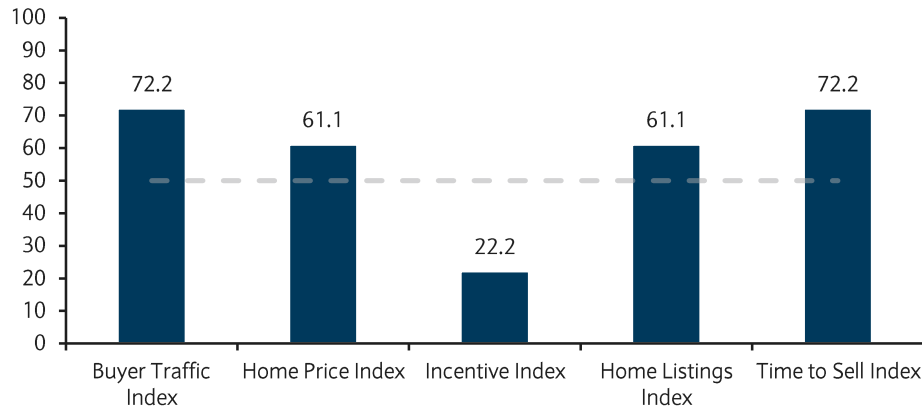
## Our Take:

- Traffic trends were better than agents were expecting this month in San Antonio. Our Buyer Traffic Index came in at 72 in January. Multiple agents suggested strong local economic conditions and job growth fueled strong activity this month. At the same time, inventory remains tight across the market. This has contributed to higher traffic per listing and higher home prices.
- Home prices rose vs. December. Our Home Price Index came in at 61. Agents indicated that listings declined vs. last month and that it took less time to sell a home.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	72.2	61.1	22.2	61.1	72.2



## Local Real Estate Agent Comments:

- “Lack of inventory.”
- “Excellent local economy. Too many buyers in relation to homes available.”
- “Typical drop off in inventory came at a poor time.”
- “Good jobs, business growth.”
- “Seeing relocations from the Houston area.”

*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau

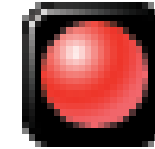
# San Diego, CA – Soft Traffic Levels Seen as Rising Prices and Rates Cause Problems

(2,341 single-family building permits in 2016, 67<sup>th</sup> largest market in the country)

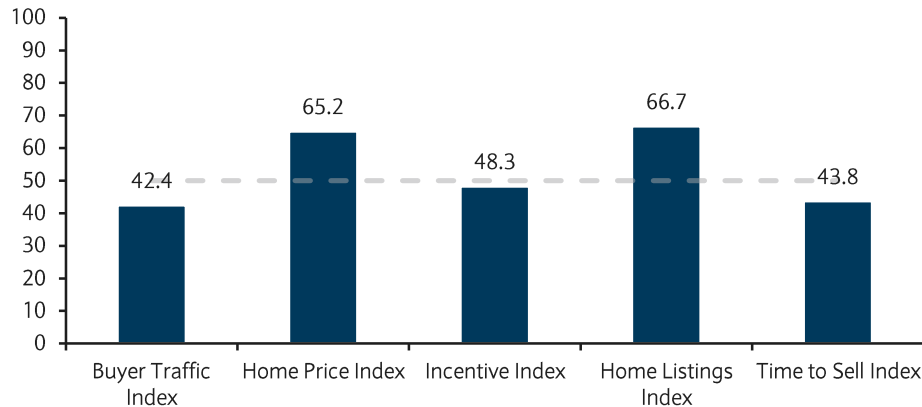
## Our Take:

- Traffic trends were worse than agents were expecting for this time of the year in San Diego. Our Buyer Traffic Index came in at 42, below a neutral 50. Agent comments varied but were rather negative. Many highlighted that price increases had pushed buyers out of the market, especially as rates rose. This was seen most problematic for first time home buyers. Others highlighted weak consumer confidence more broadly.
- Home prices moved higher this month despite softer traffic. Our Home Price Index came in at 65 this month. Agents pointed to fewer home listings this months vs. December. The time needed to sell a home was roughly unchanged.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	42.4	65.2	48.3	66.7	43.8



## Local Real Estate Agent Comments:

- “Price increases have scared some of the first time buyers out of the market.”
- “Uncertainty and general hesitancy with speculation that homes are too high.”
- “Increased interest rates, high rental rates, limited for sale inventory.”
- “The fear of missing out if rates get too high has increased current demand.”
- “Soft consumer confidence.”
- “Price increase combined with mortgage rate increases have created a horrible negative feedback loop.”

*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau

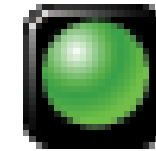
# San Francisco, CA – Rising Rates Support Activity but Limited Inventory Continues to Present Challenges

(4,927 single-family building permits in 2016, 35<sup>th</sup> largest market in the country)

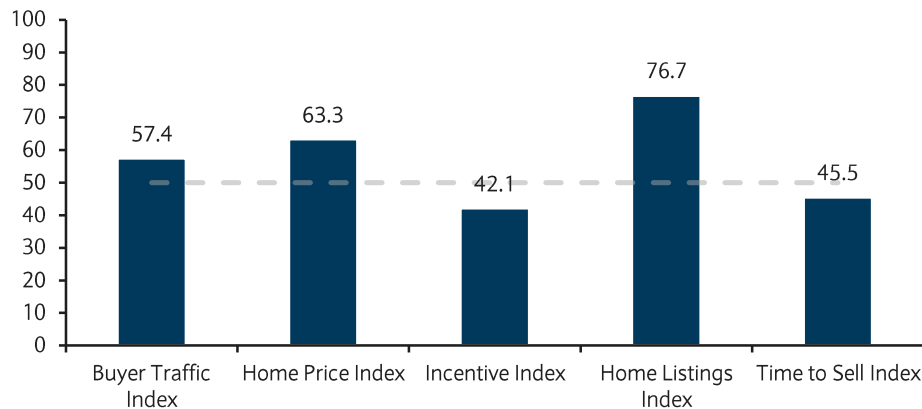
## Our Take:

- Traffic trends were slightly better than agents expected this month. Our Buyer Traffic Index came in at 57, above a neutral 50. Most comments discussed how rising mortgage rates and fears of further increases drove buyers this month. Others pointed to solid job and wage growth. However, San Francisco continues to face challenges from a lack of affordable inventory.
- Prices ticked higher in January. Our Home Price Index came in at 63. Agents noted that there were fewer listings this month vs. December and that the time needed to sell a home held fairly steady.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	57.4	63.3	42.1	76.7	45.5



## Local Real Estate Agent Comments:

- “Low inventory and many active buyers.”
- “Lack of supply. Job and wage growth.”
- “Low inventory, rising interest rates and steady pricing.”
- “Rates rising and low inventory with good job prospects.”
- “Pent-up demand.”
- “Still a shortage of inventory of good properties. Tick up in interest rates has motivated some buyers to move ahead of further increases.”
- “Lack of inventory and threat of rising interest rates.”
- “Record low inventory and higher interest rates.”

*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau

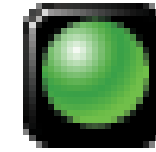
# Sarasota, FL – Solid Consumer Confidence Helps Traffic

(5,821 single-family building permits in 2016, 25<sup>th</sup> largest market in the country)

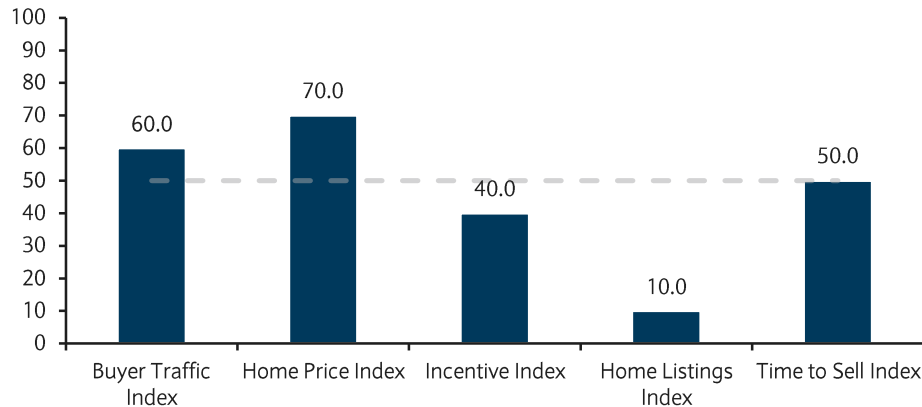
## Our Take:

- Traffic conditions were just ahead of what agents were expecting this month in Sarasota. Our Buyer Traffic Index came in at 60. Agents pointed to a lack of inventory on the market, which forced buyers to act quickly. Others attributed the solid trends to better consumer confidence and economic outlook. Some were optimistic that trends should improve further as we get closer to peak snow bird season.
- Home prices increased vs. the prior month. Our Home Price Index came in at 70. Agents indicated that more new listings came on to the market this month vs. December. Should this continue, we would expect price trends to flatten out.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	60.0	70.0	40.0	10.0	50.0



## Local Real Estate Agent Comments:

- “Lack of available inventory of existing homes.”
- “Brisk movement of new construction is balancing demand.”
- “Little early but snow bird season should help demand.”
- “Seeing increased consumer confidence.”
- “General good feeling about the economy.”

*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau

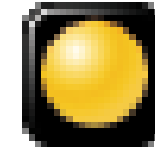
# Seattle, WA – Rising Costs Becoming a Challenge

(9,396 single-family building permits in 2016, 14<sup>th</sup> largest market in the country)

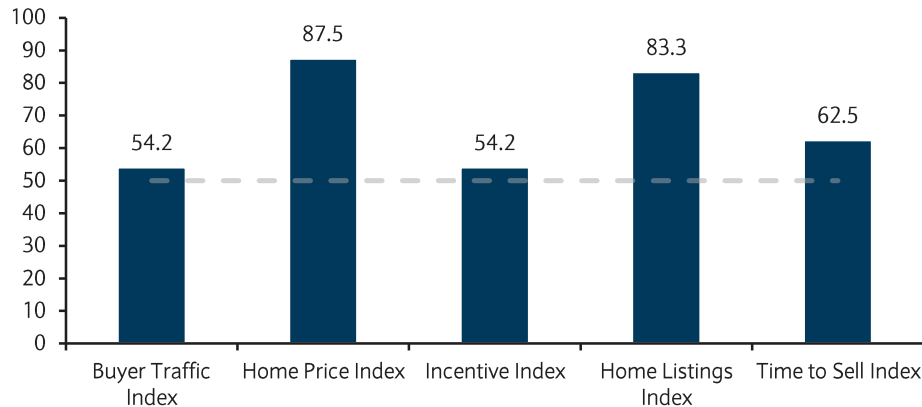
## Our Take:

- Traffic trends in Seattle were only slightly better than agents expected for January. Our Buyer Traffic Index came in at 54. Most agents discussed the limited inventory on the market, with some highlighting the significant attention new listings are getting in the market. However, some noted concerns with the rapid rate of rising home prices, especially as rising mortgage rates added complications.
- Home prices moved higher during January. Our Home Price Index came in at 88 this month. Agents noted fewer listings on the market this month and that it took less time to sell a home. These conditions are favorable for further pricing gains.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	54.2	87.5	54.2	83.3	62.5



## Local Real Estate Agent Comments:

- “Lack of inventory overall, new listings get a lot of attention immediately.”
- “Not enough inventory.”
- “Prices of homes going up on a monthly rate.”
- “Overall lack of inventory.”
- “Increase in mortgage rates was a challenge.”
- “Limited inventory.”

*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau

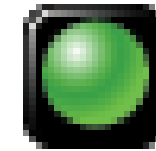
# Tampa, FL – Traffic Solid but Limited Supply Is Locking Entry Level Buyers Out of the Market

(10,683 single-family building permits in 2016, 10<sup>th</sup> largest market in the country)

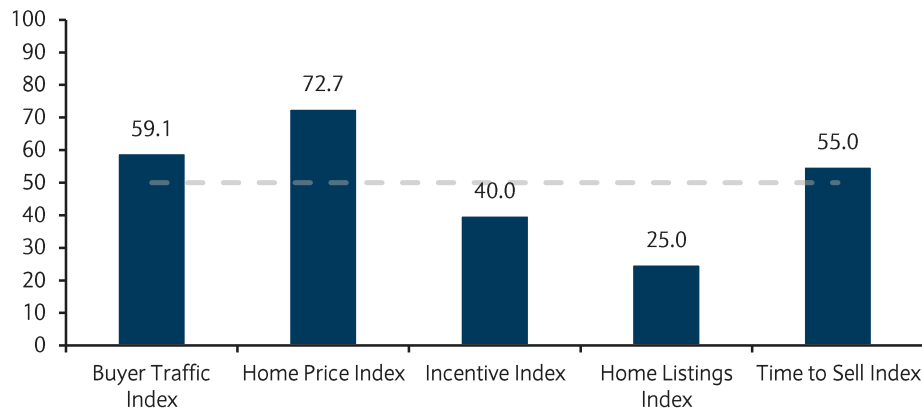
## Our Take:

- Traffic trends in Tampa were better than agents expected this month. Our Buyer Traffic Index came in at 59 in January. A few agents attributed the solid trends to urgency from rising rates. On the other hand though, most pointed to a lack of inventory across the market. This was seen as the biggest challenge for first-time home buyers. Some discussed greater competition among buyers given the tight supply.
- Home prices moved higher in January. Our Home Price Index came in at 73 this month. Agents indicated there was more supply on the market vs. December. At the same time, it seems that it took about the same amount of time to sell a home.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	59.1	72.7	40.0	25.0	55.0



## Local Real Estate Agent Comments:

- “Need more entry level homes on the market. Listing prices are out of reach for most incomes.”
- “Lack of inventory and interest rates.”
- “Inventory shortages for first time buyers.”
- “Buyers have to compete.”
- “Rising interest rates.”

*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau



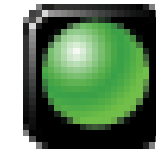
# Tucson, AZ – Buyers Feel Encouraged by the Economy, Driving Solid Traffic Trends

(2,164 single-family building permits in 2016, 72<sup>nd</sup> largest market in the country)

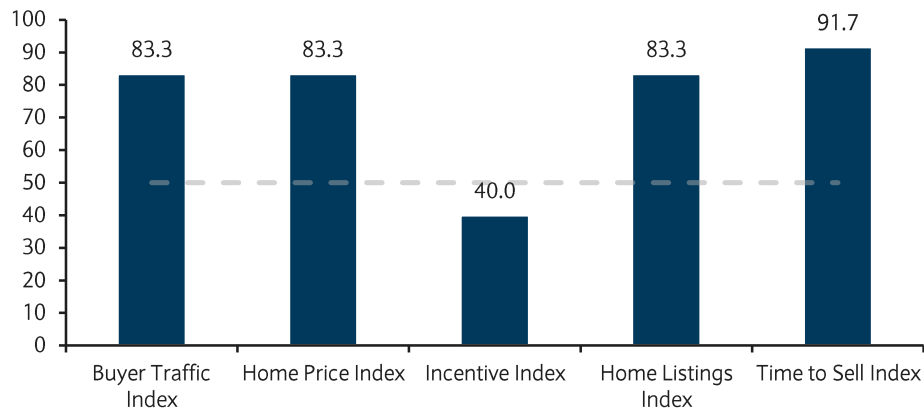
## Our Take:

- Agents indicated that traffic trends came in better than they were expecting in January. Our Buyer Traffic Index came in at 83. Comments pointed to improving economic fundamentals in the market, noting job and wage growth could be helpful. Some agents noted that rising rates drove some urgency, especially while coupled the limited inventory to create a scarcity effect.
- Home prices moved higher this month. Our Home Price Index came in at 83 in January. Agents indicated that there were fewer listings on the market vs. last month. Our Time to Sell Index indicates that listings moved quickly this month.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	83.3	83.3	40.0	83.3	91.7



## Local Real Estate Agent Comments:

- “First time buyers coming back.”
- “The outlook for further increases in mortgage rates.”
- “Lack of inventory along with rising rates = healthy activity.”
- “Improving economy.”
- “Improving local economy and people moving here.”

Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.

Source: Barclays Research, Census Bureau

# Virginia Beach, VA – Traffic Trends Solid; Prices Move Higher

(4,011 single-family building permits in 2016, 44<sup>th</sup> largest market in the country)

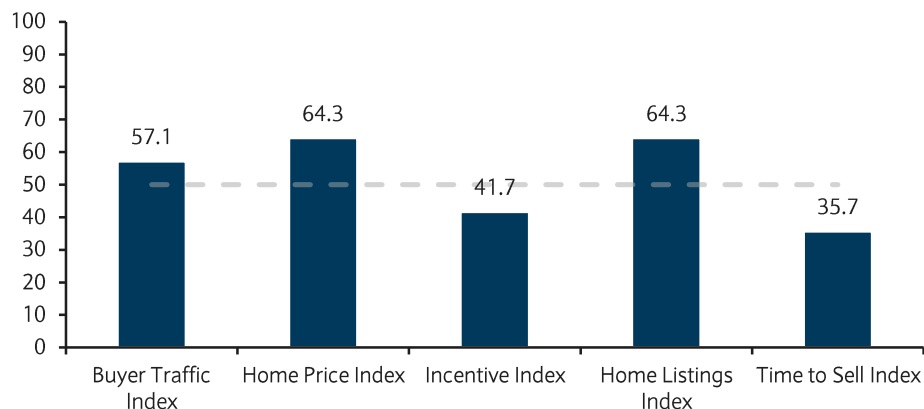
## Our Take:

- Traffic was a bit better than agents expected in January. Our Buyer Traffic Index for Virginia Beach came in at 57 this month. Agents attributed the solid traffic trends to improving economic conditions, particularly job growth. Others pointed to rising mortgage rates for bring buyers off the sidelines. Interestingly, some pointed to strong trends in the move-up segment of the market.
- Home prices moved a bit higher this month. Our Home Price Index came in at 64, above a neutral 50. Agents indicated that there were fewer listings on the market this month and that it took slightly longer to sell a home vs. December.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	57.1	64.3	41.7	64.3	35.7



## Local Real Estate Agent Comments:

- “The steady housing recovery continues.”
- “Lack of inventory.”
- “Rising interest rates.”
- “Overall confidence in the economy.”
- “Market is booming in the 2<sup>nd</sup> home market.”
- “Improving economy and low interest rates.”

*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau

# Washington, D.C. – Government Churn Lifts Traffic

(12,974 single-family building permits in 2016, 8<sup>th</sup> largest market in the country)

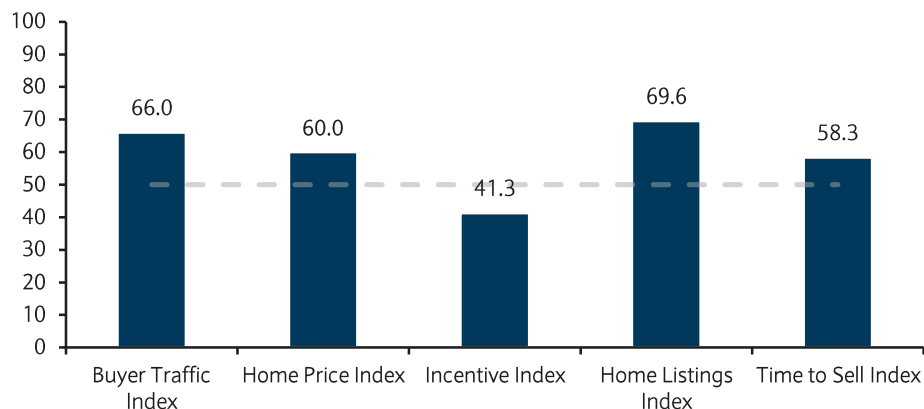
## Our Take:

- Traffic conditions in Washington D.C. were better than agents were anticipating in January. Our Buyer Traffic Index came in at 66, above a neutral 50. Multiple agents pointed to movement within the government sector as the reason for solid activity this month. Outside of that, concerns around future increases in mortgage rates were also frequently discussed. Comments pointed to improved outlook for local business conditions.
- Home prices moved slightly higher. Agents suggested that there were fewer home listings on the market and indicated that the time needed to sell a home declined a bit too.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	66.0	60.0	41.3	69.6	58.3



*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau

## Local Real Estate Agent Comments:

- “Lack of inventory.”
- “Low interest and a lot of movement within the government sector.”
- “Concern that interest rates will increase; rents are sky high.”
- “New administration arriving causes a higher volume of transactions.”
- “Good level of confidence in the economy and overall outlook for business.”
- “Low inventory. Pending higher interest rates.”

# Wilmington, NC – Traffic and Price Index at Strong Levels

(1,145 single-family building permits in 2016, 116<sup>th</sup> largest market in the country)

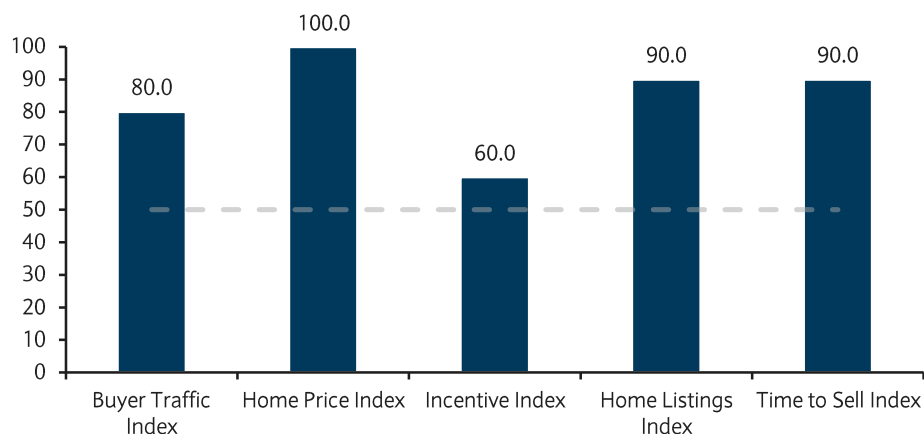
## Our Take:

- Traffic trends were better than agents anticipated in January. Our Buyer Traffic Index came in at 80 this month. Agents pointed to economic growth and improved consumer confidence. Despite the recent rise in mortgage rates, agents felt that rates were still at an attractive enough level to support activity. Agents still would like to see more inventory on the market though to see better conversion of traffic into closings.
- All of the agents who responded to our survey this month indicated home prices moved higher. Our Home Price Index came in at 100 this month. Both home listings and the time needed to sell a home contracted vs. December.

## Traffic Status:



Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-17	80.0	100.0	60.0	90.0	90.0



## Local Real Estate Agent Comments:

- “Low interest rates.”
- “Low inventory
- “Economic growth and optimism.”
- “Still low rates.”
- “Real demand for homes - mild weather - desirability of our area.”
- “Nice weather.”

*Note: Buyer Traffic : <50 – worse than expected; =50 in-line; >50 – better than expected. Home Price: <50 – decreased m/m; =50 flat m/m; >50 – increased m/m. Incentive, Listings, Time to Sell: <50 – increased m/m; =50 flat m/m; >50 – decreased m/m.*

Source: Barclays Research, Census Bureau

# Index Methodology

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We survey real estate agents, as we believe agents provide an accurate assessment of local housing market trends in both the new and existing home markets. We view trends in the existing home market as crucial to homebuilders as it represents over 90% of total sales, and trends in the existing home market often dictate trends in the new home market.

Each month, we survey agents about trends in buyer traffic levels, home prices, incentives, inventory levels, and the length of time needed to sell a home. In January, we received responses from 1,000 real estate agents across the country. We review responses and calculate a diffusion index for each of the questions, with a level above 50 indicating positive trends, a level below 50 indicating worsening trends, and a level of 50 indicating neutral trends.

**1) Are traffic levels in-line, better, or worse than your expectations for this time of year?** Traffic tends to be seasonal - generally more traffic in Spring and less in Fall/Winter, so we ask about traffic relative to expectations for this time of year rather than vs. last month. A Buyer Traffic Index above 50 means that traffic was better than agents' expectations, a Buyer Traffic Index of 50 means that traffic was in-line with expectations, and a Buyer Traffic Index below 50 means that traffic was worse than expectations.

**2) Have prices remained the same, increased, or decreased over the past 30 days?** A Home Price Index above 50 indicates that prices increased over the past 30 days, a Home Price Index of 50 indicates that prices were flat, and a Home Price Index below 50 indicates that prices decreased.

**3) Have incentives remained the same, increased, or decreased over the past 30 days?** An incentive index above 50 indicates that incentives decreased over the past 30 days, an incentive index of 50 indicates that incentives were unchanged, and an incentive index below 50 indicates that incentives increased.

**4) Do you see the same, more, or fewer listings as compared with 30 days ago?** An inventory (listings) index above 50 indicates that the inventory of homes for sale decreased over the past 30 days, an inventory index of 50 indicates that inventories were unchanged, and an inventory index below 50 indicates that inventories increased.

**5) Does it take the same, more, or less time to sell a house?** A time to sell index above 50 indicates that the time needed to sell a home decreased over the past 30 days, a time to sell index of 50 indicates that the time needed to sell a home was unchanged, and a time to sell index below 50 indicates that the time needed to sell a home increased.

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Source: Barclays Research

# January A.G.E.N.T. Survey Data

January, 2017	Buyer Traffic Index	Home Price Index	Incentive Index	Listings Index	Time to Sell Index
Atlanta, GA	64.3	64.3	25.0	64.3	42.9
Austin, TX	62.5	75.0	41.7	62.5	37.5
Baltimore, MD	100.0	50.0	30.0	90.0	60.0
Boston, MA	61.5	69.2	38.5	84.6	66.7
Charlotte, NC	66.7	83.3	35.7	60.0	60.0
Chicago, IL	48.1	61.5	50.0	60.0	38.0
Cincinnati, OH	83.3	77.8	57.1	77.8	88.9
Columbus, OH	50.0	87.5	50.0	87.5	75.0
Dallas, TX	61.8	82.4	37.5	70.3	63.5
Denver, CO	53.3	60.0	50.0	80.0	53.3
Detroit, MI	60.0	60.0	55.0	85.0	55.0
Fort Myers, FL	36.4	63.6	40.9	31.8	36.4
Houston, TX	65.4	42.3	23.1	34.6	38.5
Inland Empire, CA	64.3	66.7	45.0	66.7	50.0
Jacksonville, FL	70.0	80.0	50.0	40.0	60.0
Kansas City, MO	60.0	80.0	50.0	75.0	40.0
Las Vegas, NV	72.7	72.7	27.8	33.3	55.6
Los Angeles, CA	59.5	60.8	48.2	64.5	37.8
Miami, FL	34.8	65.2	38.1	34.8	28.3
Minneapolis, MN	65.4	66.7	45.0	68.2	50.0
Nashville, TN	50.0	75.0	60.0	65.0	45.0
New York, NY	65.4	67.5	47.0	58.7	50.8
Orange County, CA	50.0	83.3	22.2	66.7	33.3
Orlando, FL	46.2	61.5	37.5	66.7	45.8
Philadelphia, PA	58.3	58.3	47.2	72.2	66.7
Phoenix, AZ	70.0	70.0	50.0	46.7	46.7
Portland, OR	54.2	70.8	45.8	62.5	33.3
Raleigh, NC	65.6	80.0	42.9	73.3	66.7
Richmond, VA	75.0	100.0	75.0	100.0	100.0
Sacramento, CA	56.7	71.4	45.5	78.6	64.3
San Antonio, TX	72.2	61.1	22.2	61.1	72.2
San Diego, CA	42.4	65.2	48.3	66.7	43.8
San Francisco, CA	57.4	63.3	42.1	76.7	45.5
Sarasota, FL	60.0	70.0	40.0	10.0	50.0
Seattle, WA	54.2	87.5	54.2	83.3	62.5
Tampa, FL	59.1	72.7	40.0	25.0	55.0
Tucson, AZ	83.3	83.3	40.0	83.3	91.7
Virginia Beach, VA	57.1	64.3	41.7	64.3	35.7
Washington, D.C.	66.0	60.0	41.3	69.6	58.3
Wilmington, NC	80.0	100.0	60.0	90.0	90.0
Total Index Level	61.6	70.9	43.5	64.8	54.9

Source: Barclays Research

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