



TENNESSEE
REALTORS®

2020 TENNESSEE BROKER SUMMIT



Housing Trends & Opportunities

during the pandemic

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September 16, 2020

2020 Tennessee Broker Summit

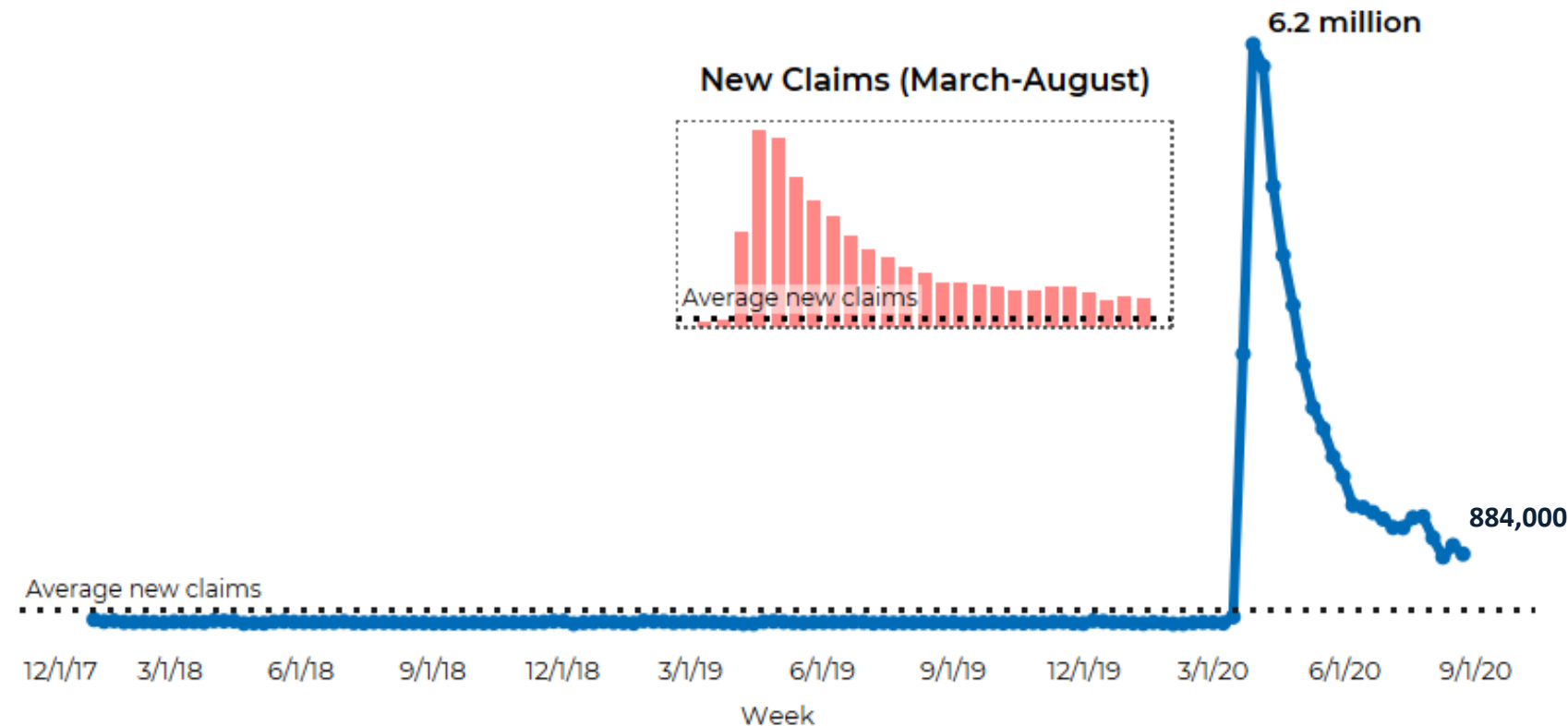


Agenda

- Economic update
national and local economic conditions
- Housing Trends
national and local housing trends
- Opportunities during the pandemic
- 2020 Housing Outlook

Layoffs hovering into the lowest levels since the beginning of pandemic

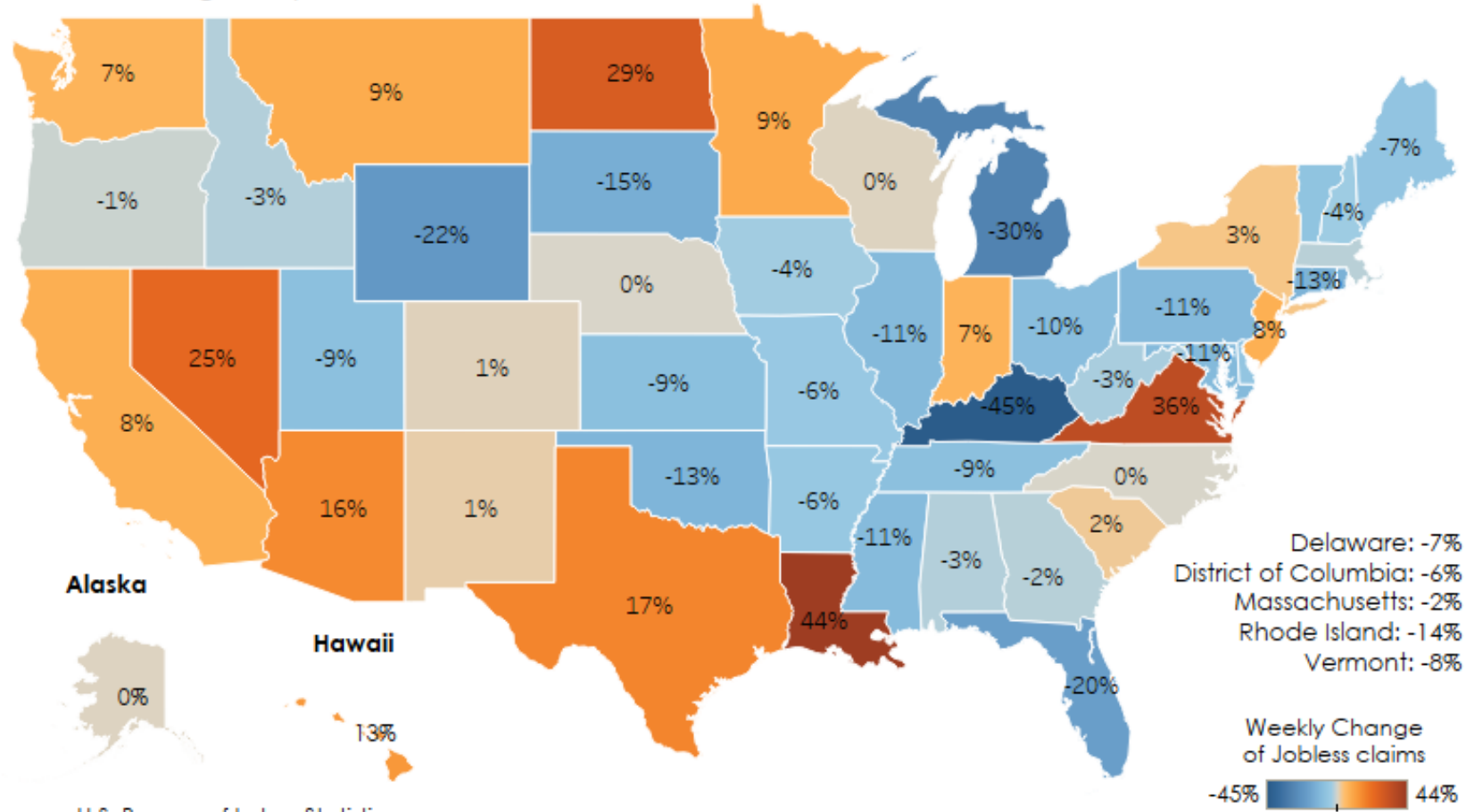
Latest release: week ending September 5



- Nearly 60 million new unemployment claims were applied since Mid-March.
- However, 13 million people applied to receive unemployment benefits

Weekly Change of Jobless Claims

Week ending in September 5



Source: U.S. Bureau of Labor Statistics

Blog

<https://www.nar.realtor/blogs/economists-outlook/new-claims-for-state-unemployment-benefits-increased-last-week>



- Largest drop in jobless claims: Kentucky (-45%), Michigan (-30%) and Wyoming (-22%)
- Highest weekly increase of jobless claims: Louisiana (44%), Virginia (36%) and North Dakota (29%)
- Layoffs in Tennessee dropped 9% compared to the previous week

Layoffs in Tennessee

week ending September 5

New unemployment claims

compared to previous week

1,170
fewer claims



-9%

11,706
new claims in
the week ending
September 5

Total unemployment claims

compared to previous week

15,061
fewer claims



-8%

820,900
new claims since
mid-March

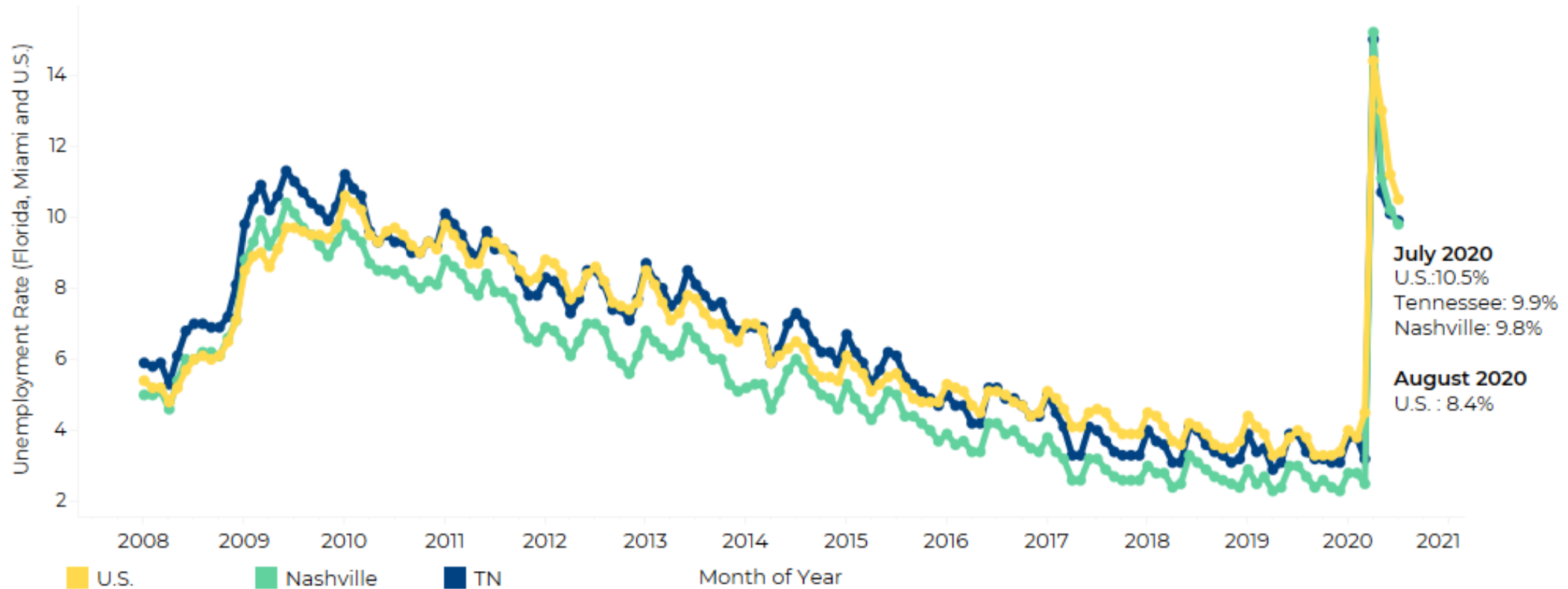
184,347
total claims in
the week ending
August 29

Blog

<https://www.nar.realtor/blogs/economists-outlook/new-claims-for-state-unemployment-benefits-increased-last-week>



Unemployment rate is lower in both Tennessee and Nashville

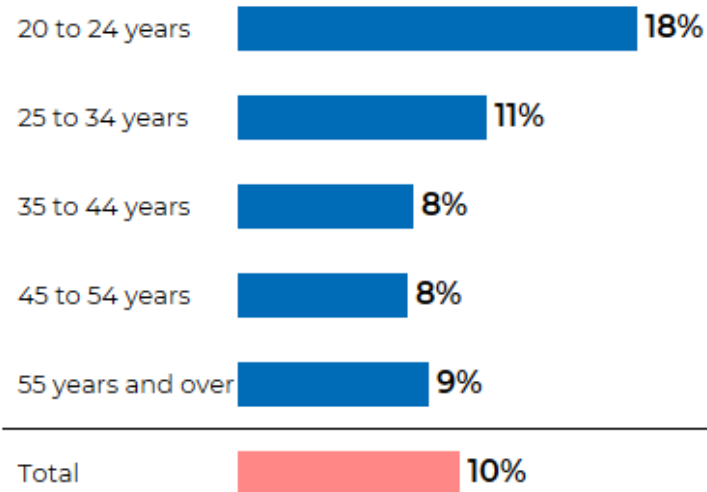


Unemployment rates by Demographics

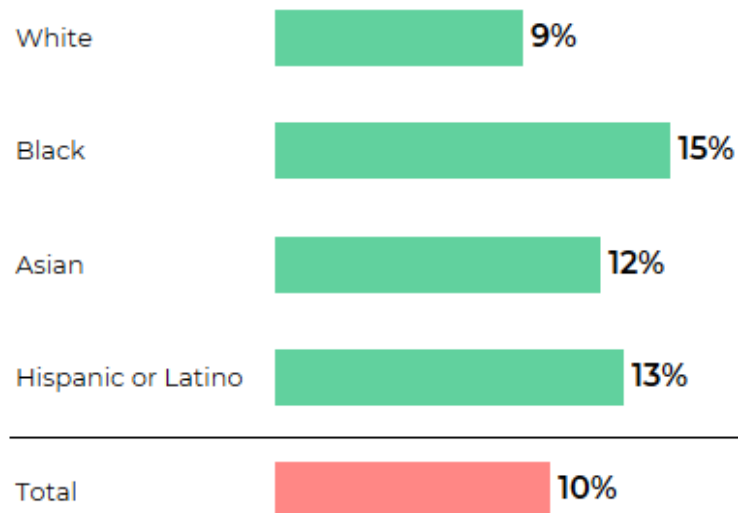
Higher unemployment rate for:

Young, African Americans, less than a high school diploma

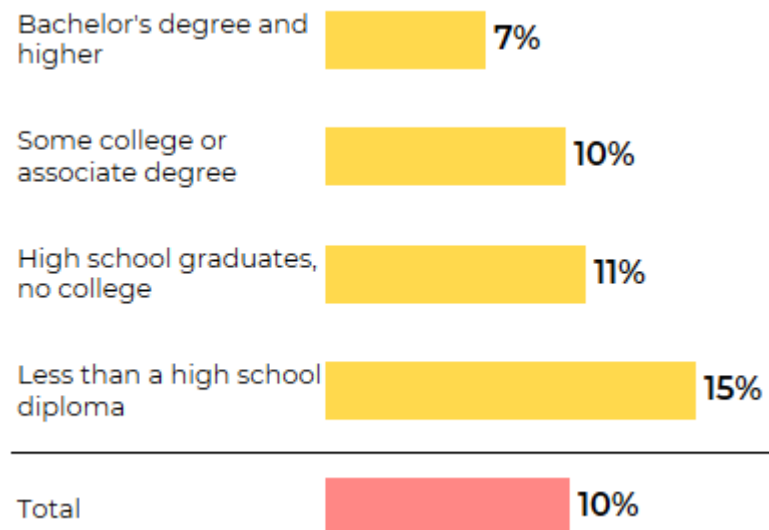
1. age



2. Race/Ethnicity

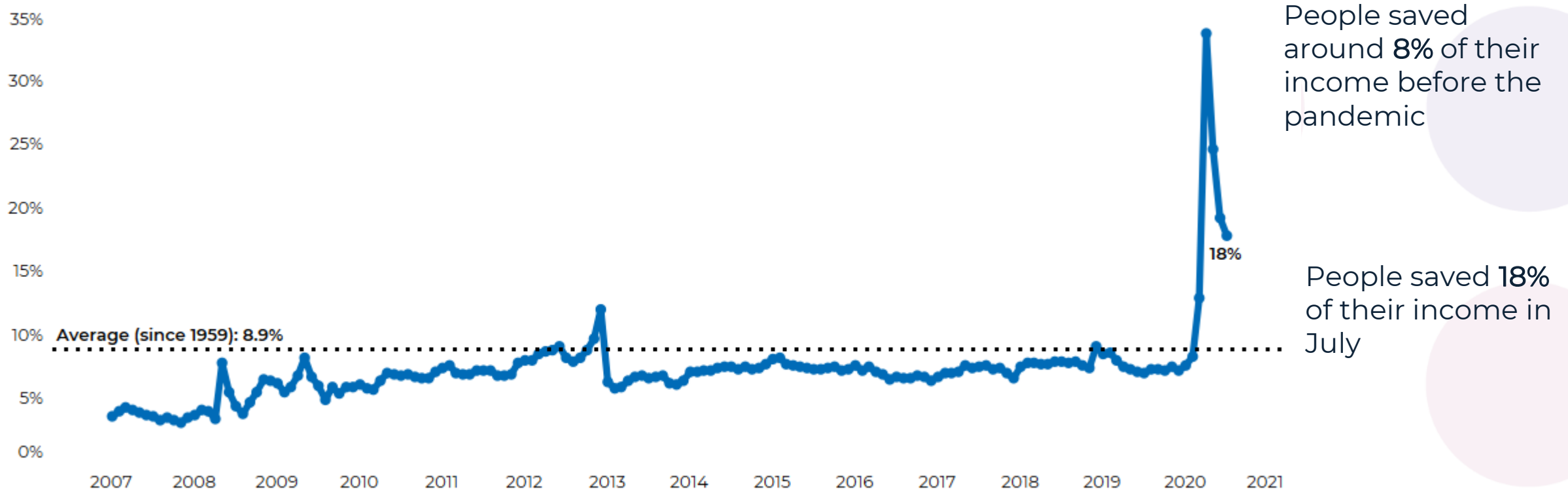


3. Education Attainment



Source: U.S. Bureau of Labor Statistics

People are saving more during the pandemic

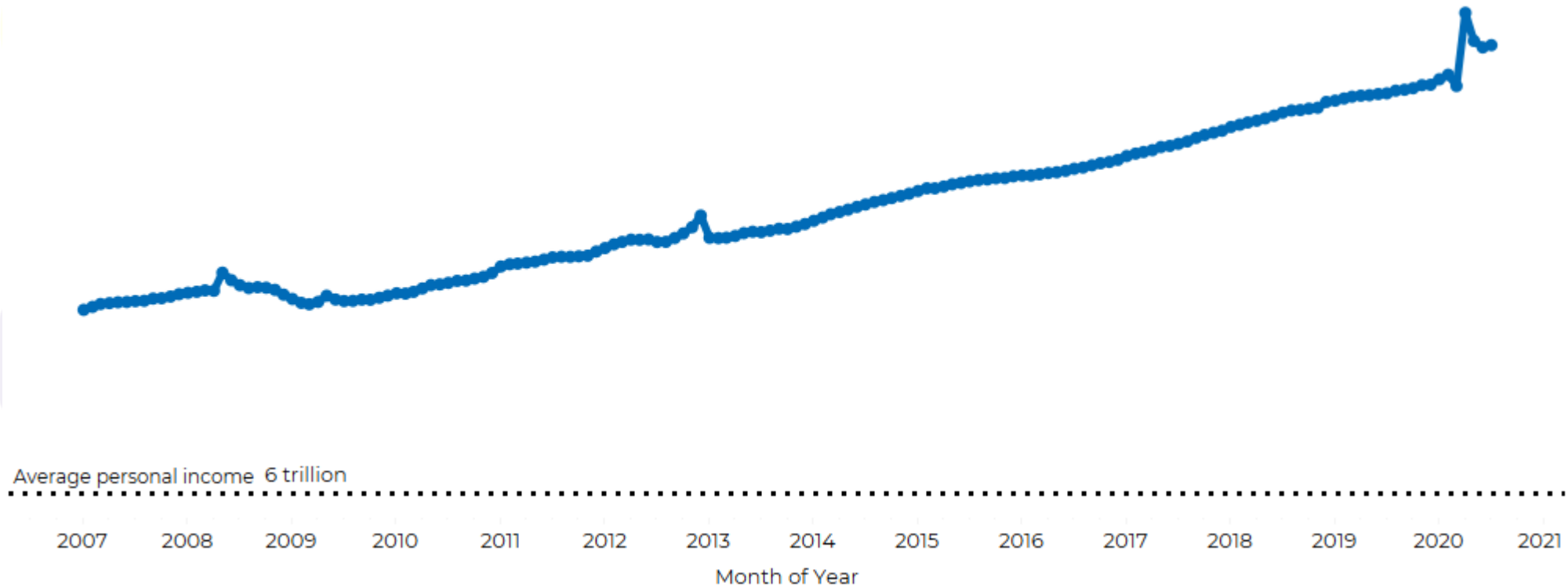


Personal income higher during the pandemic

Total personal income actually grew during the lockdown from the massive stimulus package.

Personal income was nearly 17 trillion before the pandemic

Personal income increased to 20 trillion in July



Mortgage Payment status for owners

9% of mortgage holders caught up on mortgage payments

85% of the owners have high or moderate confidence in their ability to make next month's payment. The level of confidence is lower for Hispanics and GenXers.

Characteristics of mortgage holders who caught up on their payment

18-24 years old

less than \$50K income

children under 18 in the house

Asians

never married

Fewer owners deferred their mortgage payment in Tennessee

9% vs 9%

Tennessee

U.S.

Caught up on their payment

1% vs 2%

Tennessee

U.S.

Payment is/will deferred

83% vs 85%

Tennessee

U.S.

Have a **high or moderate** confidence in their ability to make next month's payment

Mobility of people during the pandemic



Google produces the **COVID-19 Community Mobility Reports**

Each Community Mobility Report dataset is presented by location and highlights the percent change in visits to places like grocery stores and parks within a geographic area.

This data:

comes from users who have opted-in to Location History for their Google Account

shows how visitors to (or time spent in) categorized places change compared to the baseline days. A baseline day represents a normal value for that day of the week. The baseline day is the median value from the 5-week period Jan 3 – Feb 6, 2020.



Mobility of people during the pandemic

by place

September 8, 2020



Google

Retail & recreation

-12%

compared to baseline



Mobility trends for places like restaurants, cafes, shopping centers, theme parks, museums, libraries, and movie theaters.

Grocery & pharmacy

-1%

compared to baseline



Mobility trends for places like grocery markets, food warehouses, farmers markets, specialty food shops, drug stores, and pharmacies.

Parks

+52%

compared to baseline



Mobility trends for places like national parks, public beaches, marinas, dog parks, plazas, and public gardens.

Mobility of people during the pandemic

by place

September 8, 2020



Google

Transit stations

-31%

compared to baseline



Mobility trends for places like public transport hubs such as subway, bus, and train stations.

Workplaces

-38%

compared to baseline



Mobility trends for places of work.

Residential

+9%

compared to baseline



Mobility trends for places of residence.

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Residents of Tennessee are more mobile than the typical American; faster recovery in the local economy is expected

September 8, 2020

residential

+5%

(+9% nationwide)

workplaces

-31%

(-38% nationwide)

transit stations

-11%

(-31% nationwide)

retail & recreation

-2%

(-12% nationwide)

grocery & pharmacy

+4%

(-1% nationwide)

parks

+133%

(+52% nationwide)



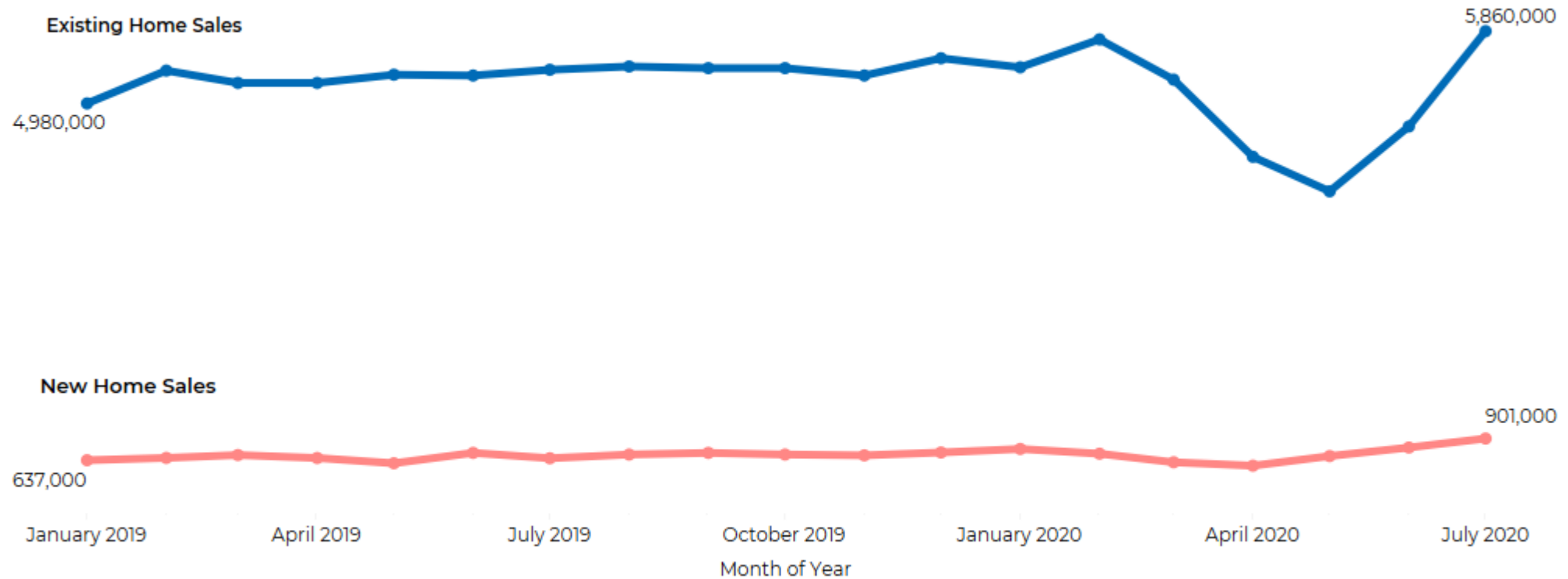
Housing Trends

during the pandemic

national housing market conditions



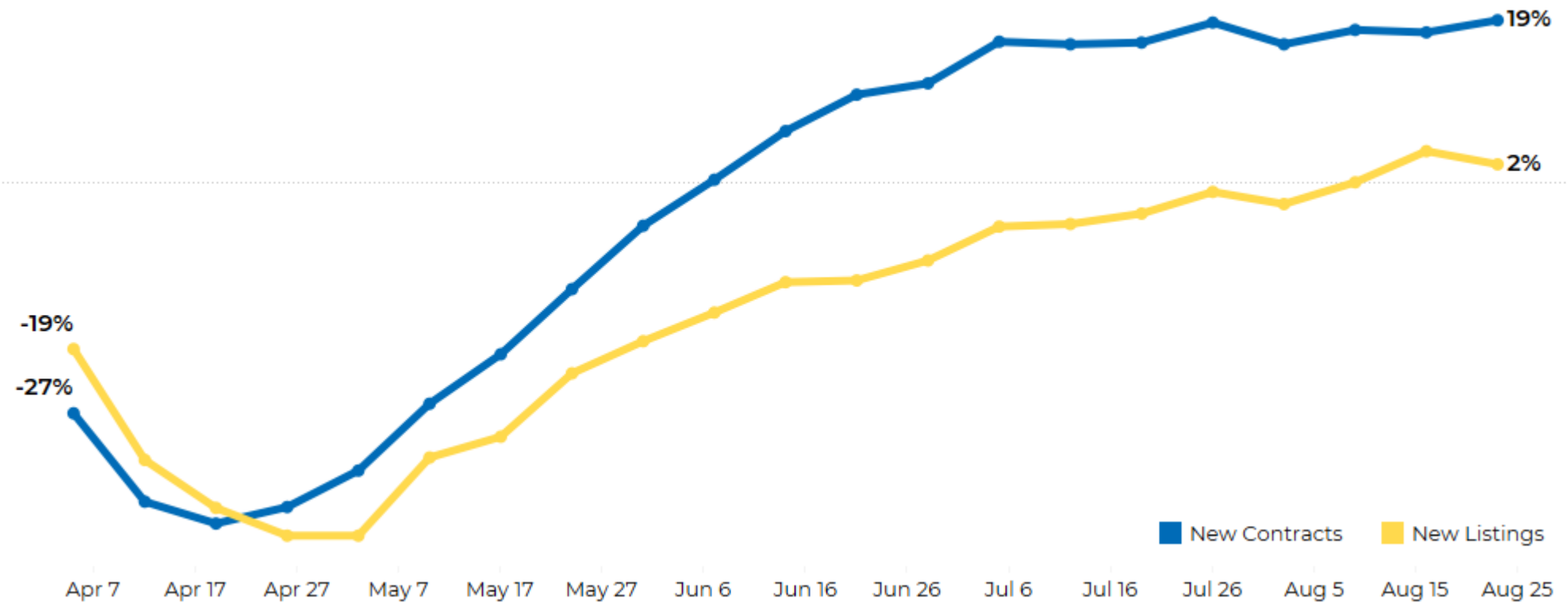
V-shaped recovery; Existing and New Home Sales Surpassed pre-pandemic levels in July



Source: National Association of REALTORS®



New contracts rose 19% while new listings 2% in the last week of August

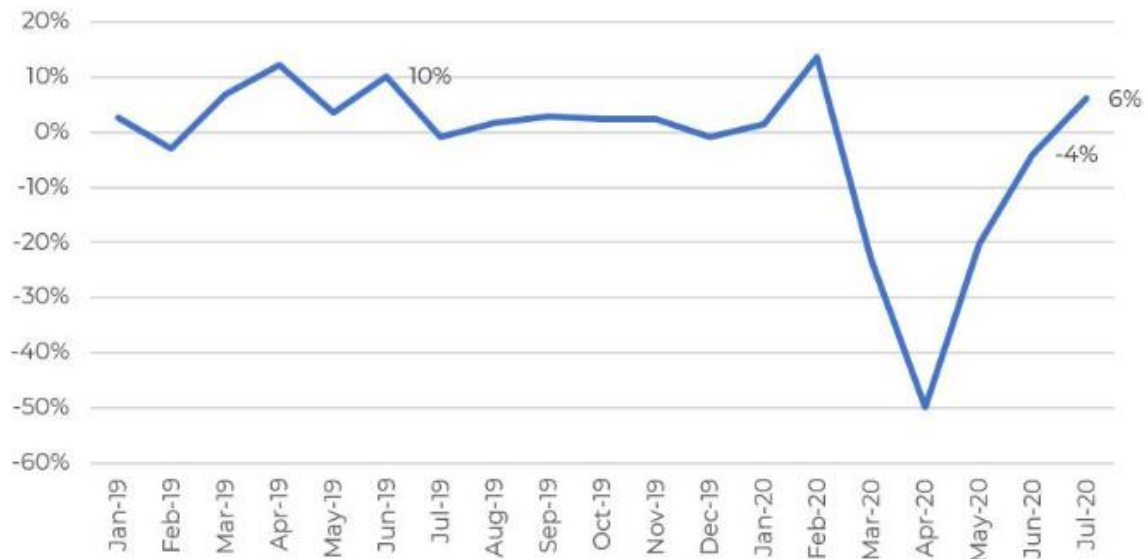


Source: National Association of REALTORS®

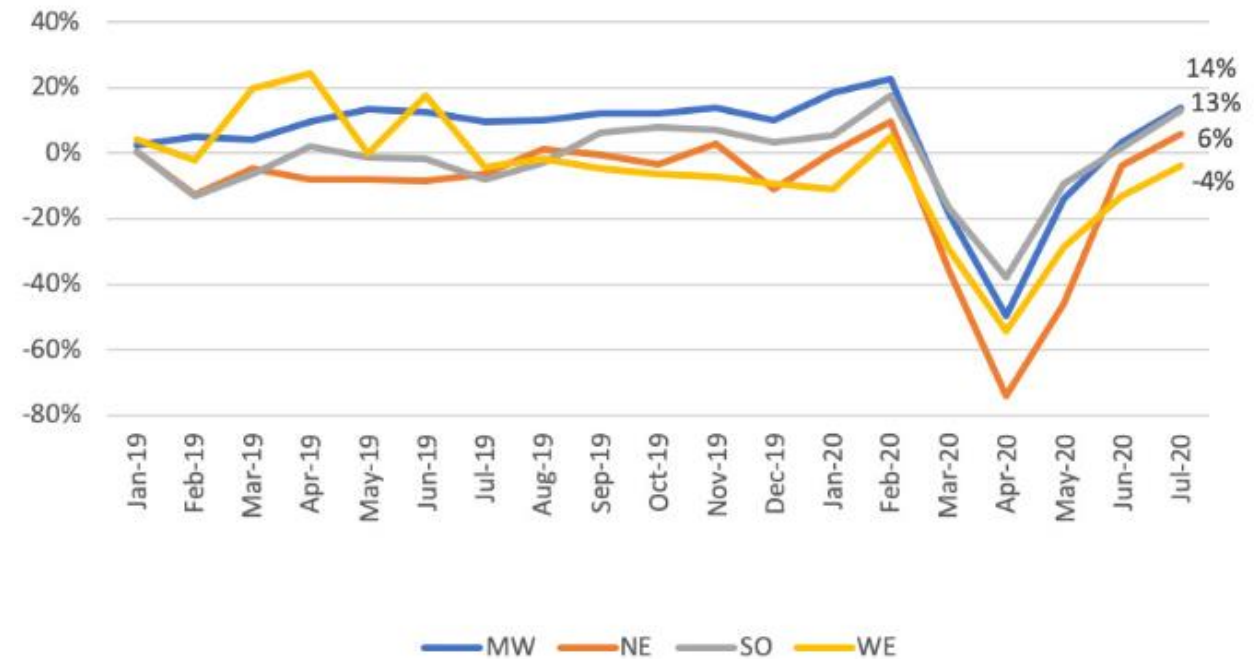


Home Showings picked up in July

Percent Change in Sentrilock® Showings in July 2020 from One Year Ago



Percent Change in Sentrilock® Showings in July 2020 from One Year Ago by Region



Source: National Association of REALTORS®



Public interest for open houses is lower but it's trending upwards

Interest over time



Source: Google Trends

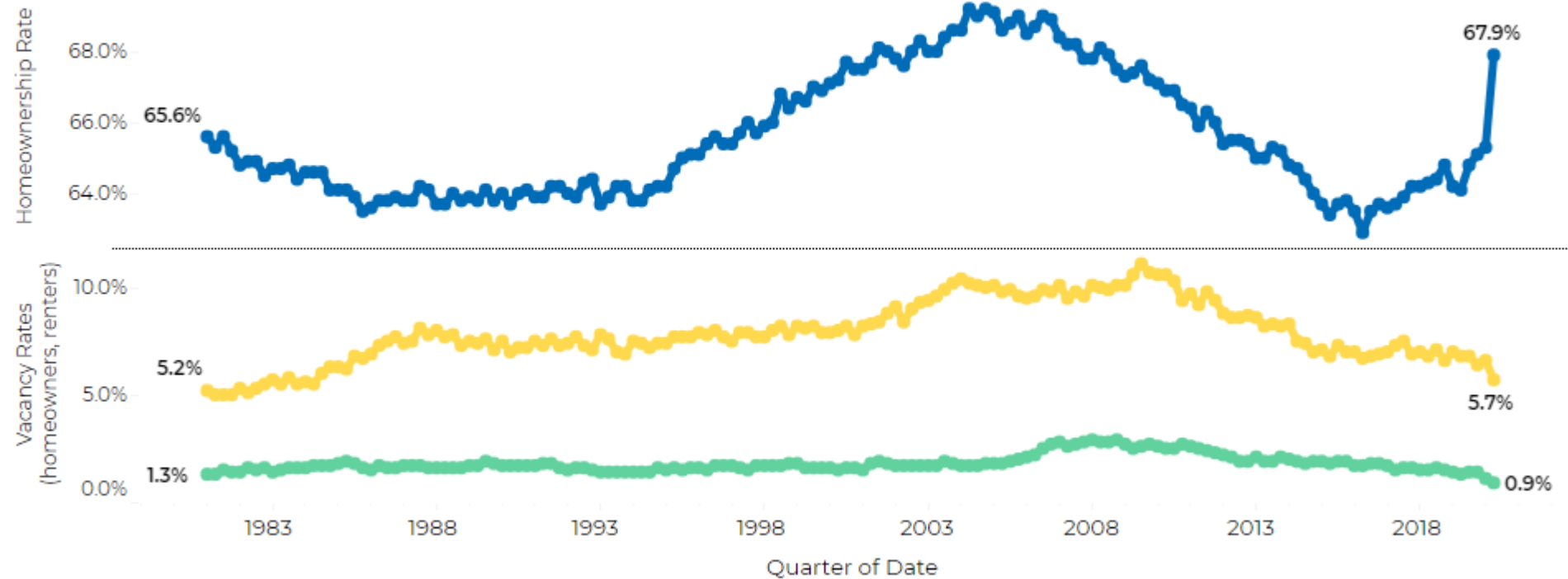
Public interest in open houses has decreased last week by 38% compared to a year ago. However, on a weekly basis, more and more people are looking for open houses

Interest remains strong in Connecticut, Montana and North Dakota



Homeownership Rate increased significantly during the pandemic

Homeownership and Vacancy Rates for Homeowners and Renters (Q2 2020)



Source: U.S. Census Bureau

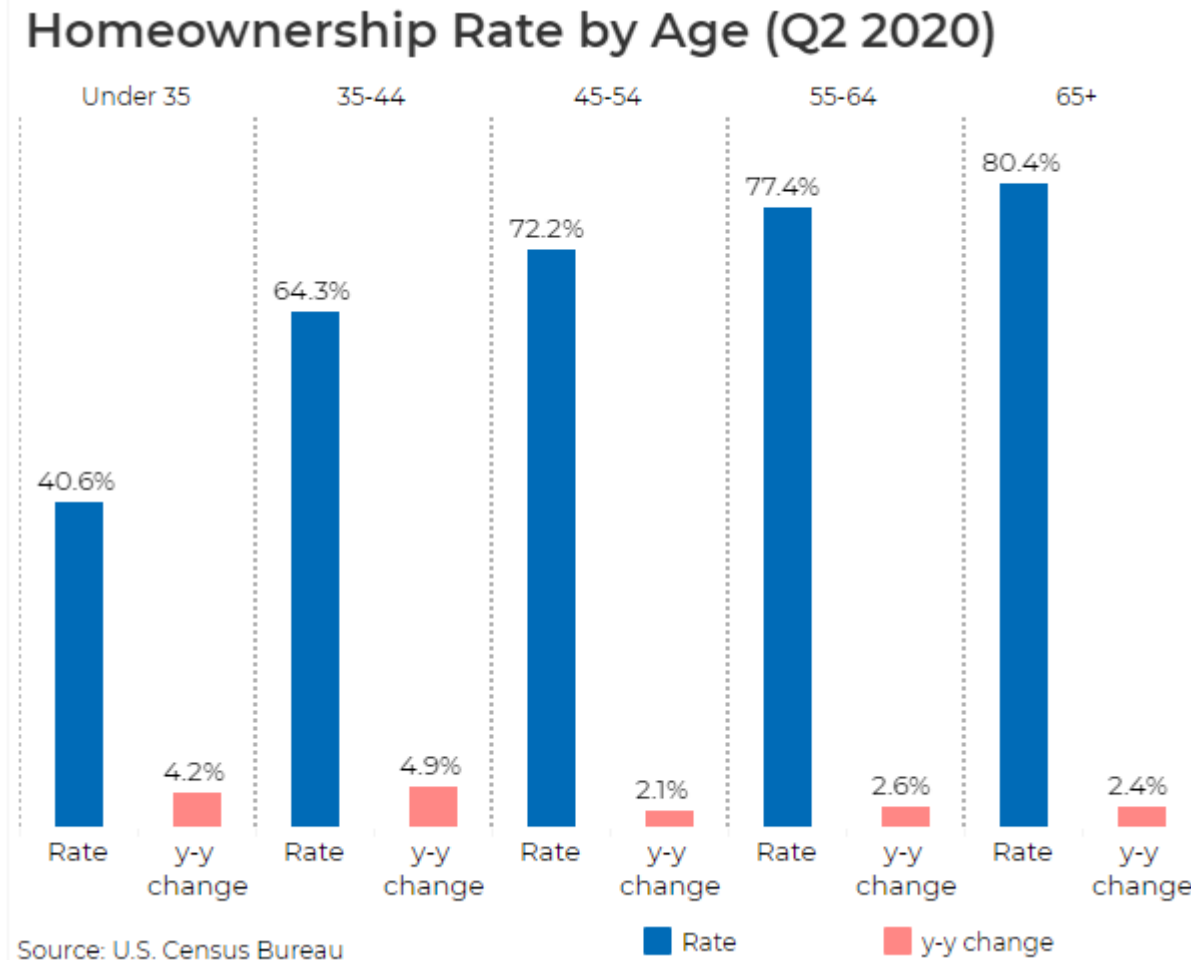
Homeownership rate

Vacancy rate-homeowners

Vacancy rate-renters

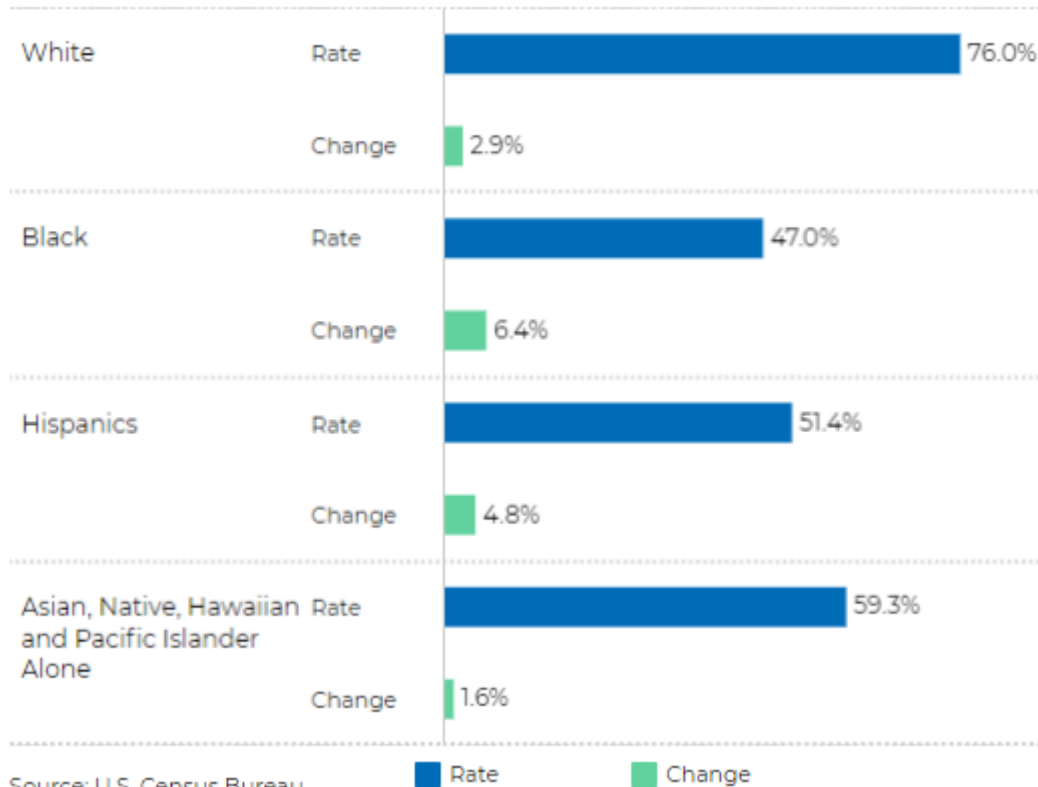


Homeownership Rate increased more among Millennials and GenXers



Black households experienced the highest gains in homeownership rates among any other race

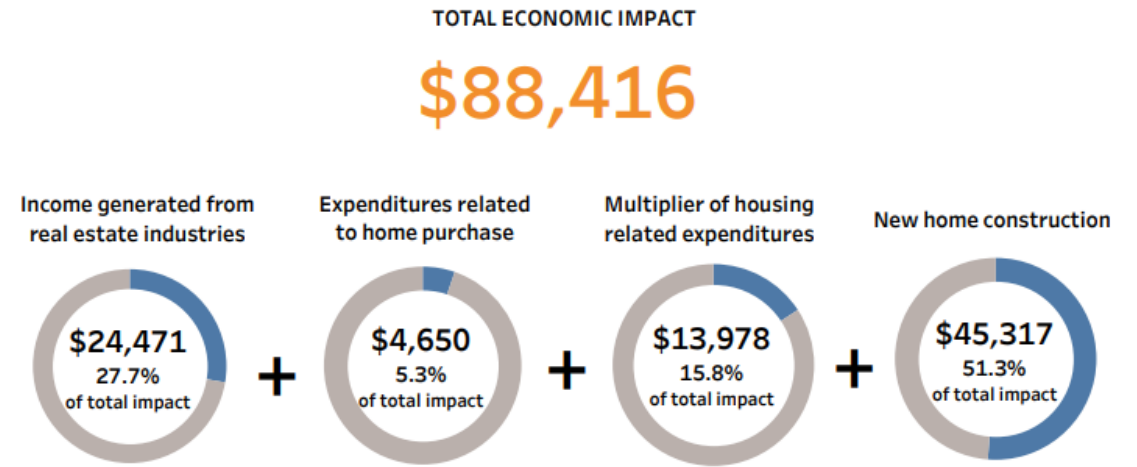
Homeownership Rate by Race (Q2 2020)



Homeownership and our economy

Impact on GDP

- ✓ Real estate industry accounted for: \$3.8 trillion or 18% of the GDP in 2019
- ✓ With each home sale, there are expenditures related to lawn care, home remodeling, new furniture, mortgage origination, moving, and an inducement to build new homes.
- ✓ Income generated from every home sale: \$88,500



Reports for each state:

<https://www.nar.realtor/reports/state-by-state-economic-impact-of-real-estate-activity>

THE ECONOMIC IMPACT OF A TYPICAL HOME SALE

in Tennessee

The real estate industry accounted for **\$57.2 billion** or **15.0%** of the gross state product in 2019.

TOTAL ECONOMIC IMPACT

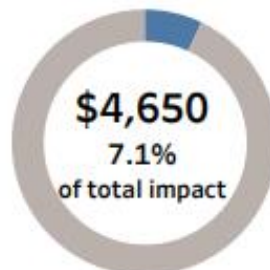
\$65,896

Income generated from
real estate industries



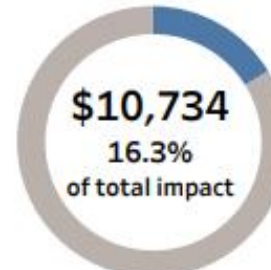
+

Expenditures related
to home purchase



+

Multiplier of housing
related expenditures



+

New home construction



Homeownership and Households

Wealth accumulation

The net worth of a homeowner is 45 times greater than that of a renter.

Net worth:

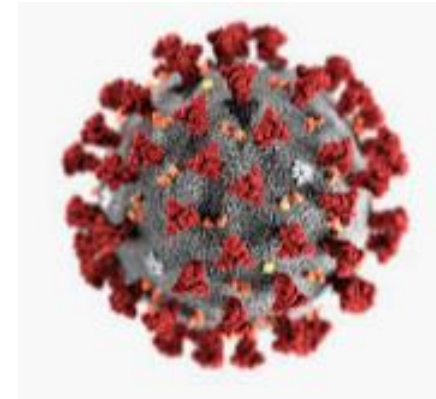
- ✓ A typical homeowner: \$231,400
- ✓ A typical renter: \$5,200



Housing market to help recover from COVID

- ✓ Strong connection between interest rates and homebuying activity

Recessions lead to a **decline in interest rates** that lowers borrowing costs for both homebuyers and builders, which makes homebuying more attractive and spurs homebuilding and the many related durable consumer goods industries that drive GDP growth.



Housing Trends

during the pandemic

in Tennessee



Home prices continue to rise while fewer homes available for sale in Tennessee

August statistics
in Tennessee



12%



Median price

August Statistics
in Nashville, TN



5%

46 days



-18%

Year-over-year



Median days
on the market

32 days



-14%

Year-over-year

-43%

Active listings (y-y)



-21%

New listings (y-y)



Listings



-33%

Active listings (y-y)



-17%

New listings (y-y)

Nashville, TN one of the most popular areas for Millennials; strong homebuying activity during the pandemic

29% of the
population in
Nashville are
Millennials

1980 **MILLENNIALS** 1998



in Nashville, TN
metro area

38% of the
homebuyers are
Millennials
(nationwide)

42% of the
Millennials work
remotely
(nationwide)

Nashville is more
affordable than
other large areas

36% of millennial
renters can afford
to buy the typical
home

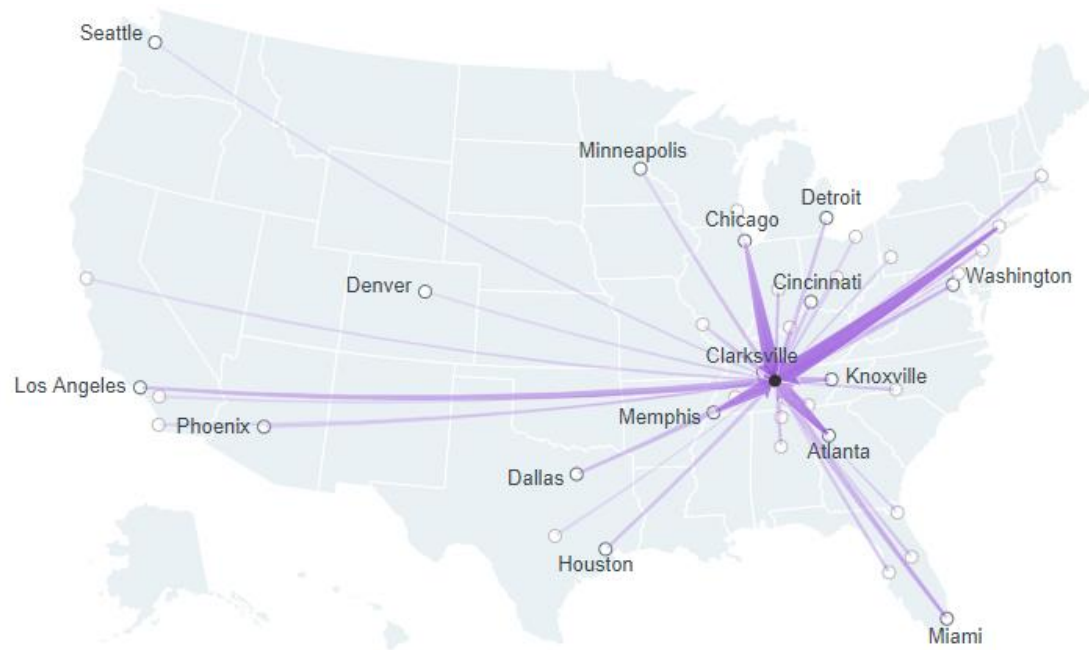
Williamson
County, TN **one
of the top work
from home
counties**



Migration patterns for renters during the pandemic

Migration flows for Nashville, TN metro area

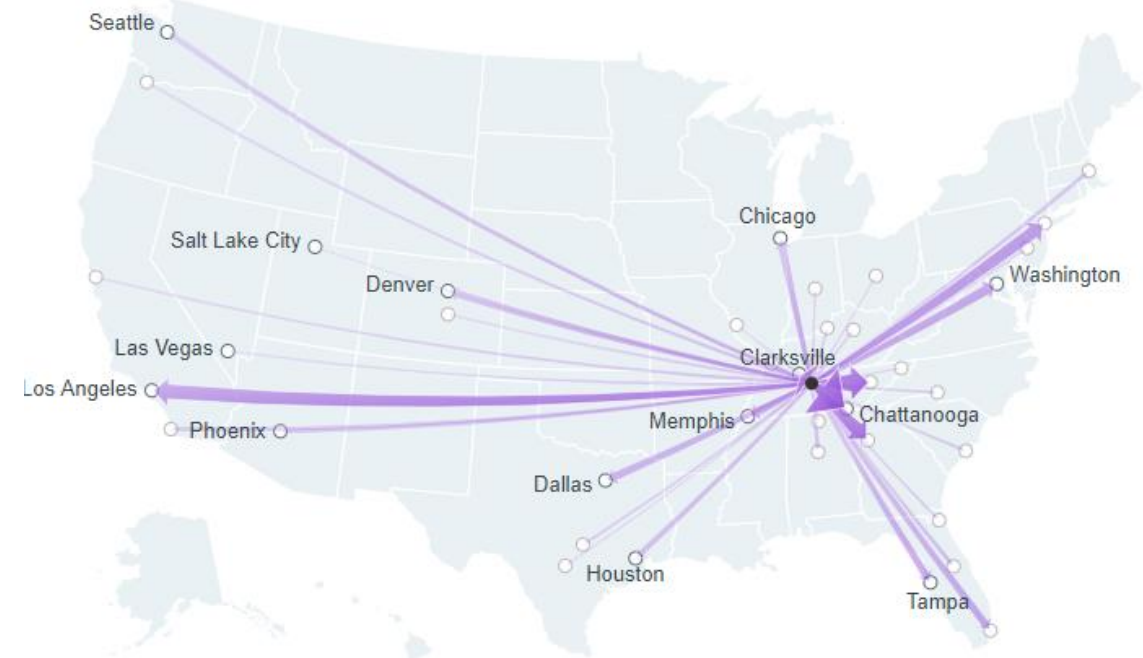
Moving in



Top 3

New York (4.3%),
Chicago (3.8%)
Atlanta (3.6%)

Moving out



Top 3

Chattanooga (5.9%),
Knoxville (5.4%)
Clarksville (4.9%)

Opportunities

during the pandemic



Mortgage rates reached a new record low last week at 2.86%



Source: Freddie Mac



How much does payment change from a drop of 100 basis points?



For a typical home:

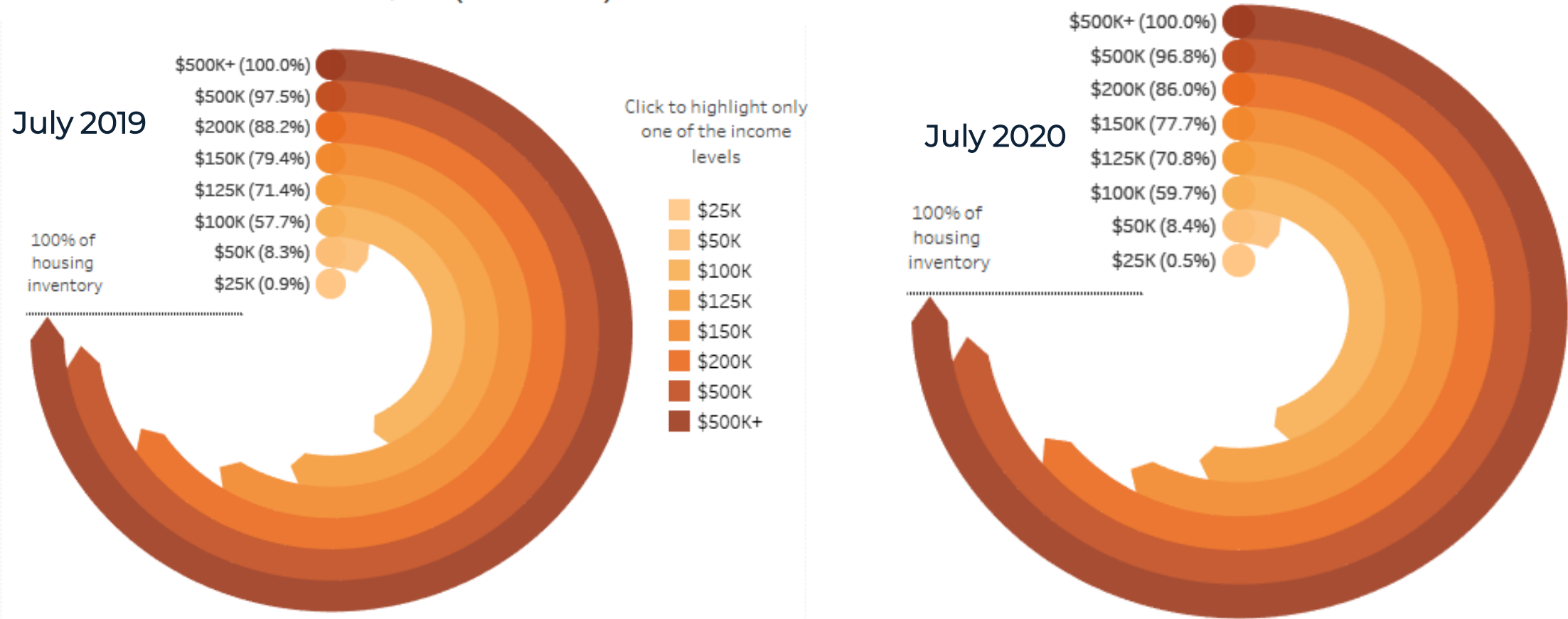
Median home price: **\$304,100**
Monthly payment (3% rate): \$1,150
Monthly payment (4% rate): \$1,310
Difference: \$160

For a typical home in Nashville metro area:

Median home price: **\$293,400**
Monthly payment (3% rate): \$1,110
Monthly payment (4% rate): \$1,260
Difference: \$150

Affordability rose 8% in Nashville in July compared to a year earlier; affordability decreased 1% statewide

Nashville-Davidson et al, TN (Score: 0.7)



Housing outlook

✓ **New home sales**
2020: 17.1%,
2021: 18.8%

✓ **Existing home sales**
2020: 1.1%,
2021: 8.5%

✓ **Home Prices**
2020: 4.7%,
2021: 4.1%

✓ **30-year fixed rate**
2020: 3.2%,
2021: 3.2%



Links

- ✓ Tracking Jobless Claims

<https://www.nar.realtor/blogs/economists-outlook/new-claims-for-state-unemployment-benefits-increased-last-week>

- ✓ Weekly Housing Market Monitor

<https://www.nar.realtor/research-and-statistics/research-reports/weekly-housing-market-monitor>

- ✓ REALTORS® Affordability Distribution Curve and Score

<https://www.nar.realtor/research-and-statistics/housing-statistics/realtors-affordability-distribution-curve-and-score>

- ✓ Economists' Outlook Blog

<https://www.nar.realtor/blogs/economists-outlook>

- ✓ Housing Statistics

<https://www.nar.realtor/research-and-statistics>

- ✓ Research Reports

<https://www.nar.realtor/research-and-statistics/research-reports>



THANK YOU

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