MGIC

# Market Trend Analysis

January 2017

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# MGIC Market Trend Analysis

The key to success in financial services today is to understand and react to the dominant forces in your markets. To help you in better understanding your market, MGIC continually researches and analyzes the current economic, real estate and employment conditions of select Core Based Statistical Areas (CBSAs). Then we take that information, as well as our observations on each market, and publish it in our Market Trend Analysis on a quarterly basis.

It is our intention that this information will be of assistance to you in making business decisions. Any questions on this material or requests for more information should be directed to your MGIC Account Manager or MGIC's corporate office.

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## DEFINITIONS

An overall picture of the economic health in each market area is obtained by analyzing major economic variables which are illustrated in the graphs on the following pages. These variables are defined as follows:

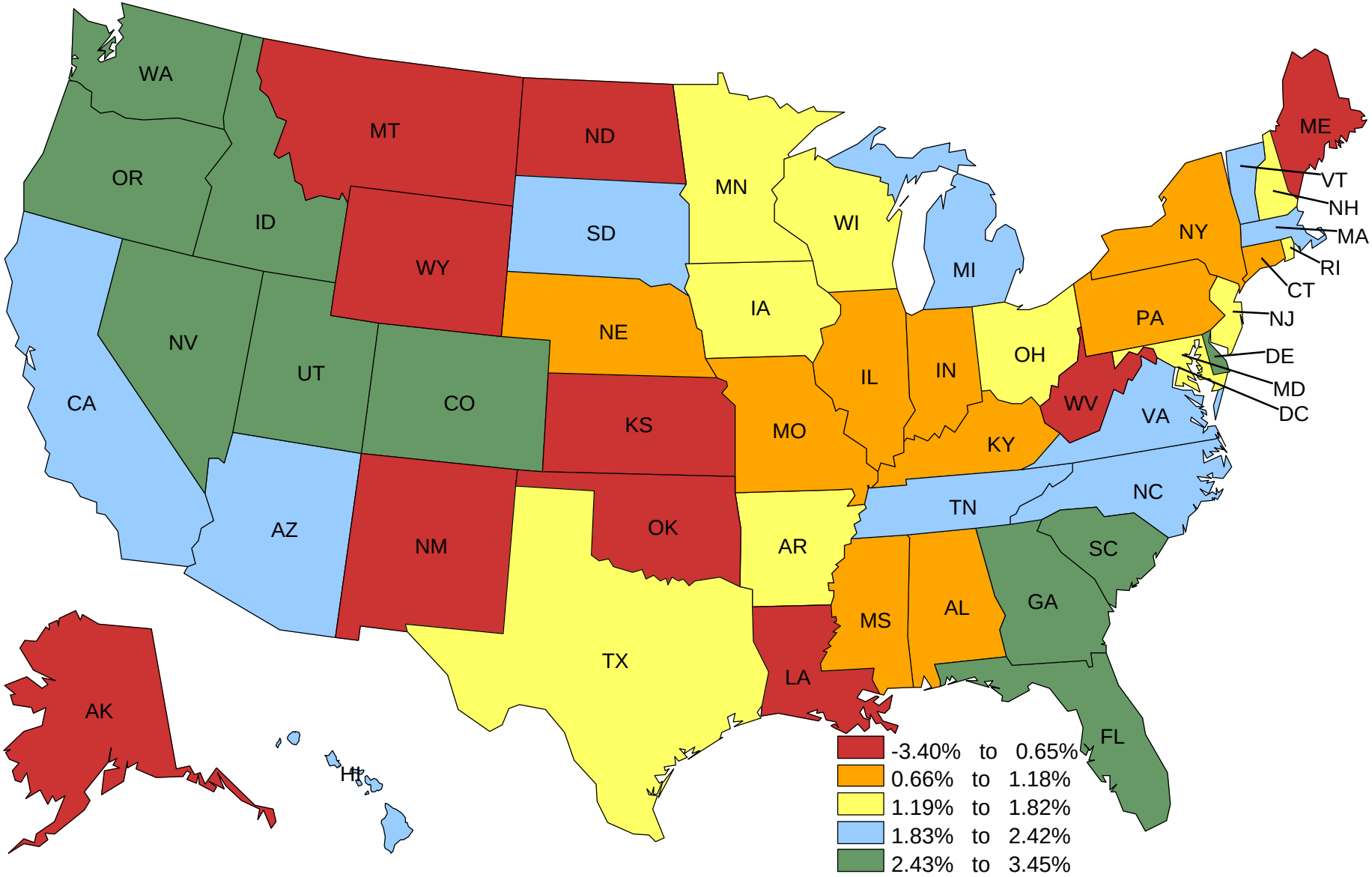
| | |
|---|---|
| **Unemployment:** | A comparison of the local unemployment rate to the national average. |
| **Employment:** | The bars represent the change in the number of jobs by quarter. The line plots the year-to-year percent change in the total number of people employed. |
| **Housing Affordability Index:** | Estimate of housing affordability based on the price of the median existing single-family home, median income, mortgage rates and assumptions concerning down payment, property taxes and insurance. |
| **Home Price Index:** | The year-to-year percent change in the FHFA/OFHEO Conventional and Conforming Home Price Index. Also, the National Association of Realtors Median Sales Price of an existing single-family home. |
| **Existing Home Sales:** | Quarterly estimate of annual existing single-family home sales. |
| **Single Family Permits:** | The bar plot shows the actual level of annualized housing permits. The line plots the year-to-year change in number of households. |
| **Income Trend:** | The bar plot shows the trend in median household income. The line plots the year-to-year change in median household income. |
| **Industry Employment Share:** | The percent of employment by various industries based on average annual employment. |
| **State and MSA Employment Maps:** | The percent change in state employment from the same period one year prior. |
| **State and MSA Home Prices Maps:** | The year-to-year percent change in home prices utilizing the FHFA/OFHEO House Price Index. |
| **State and MSA Home Sales Maps:** | The year-to-year percent change in the sale of existing single-family homes. |
| **State Delinquencies Maps:** | The percent of all loans 90 days past due. |
| **State Foreclosures Maps:** | The percent of loans in foreclosure at the end of the quarter. |

All data, except for home prices, single-family permits, households and the housing affordability index are seasonally adjusted, annual rate data. The data have been “smoothed” to reduce the volatility of quarterly data and to make trends more apparent.

# State Employment: Year-Over-Year % Change

## 2016Q3

U.S.= 1.73



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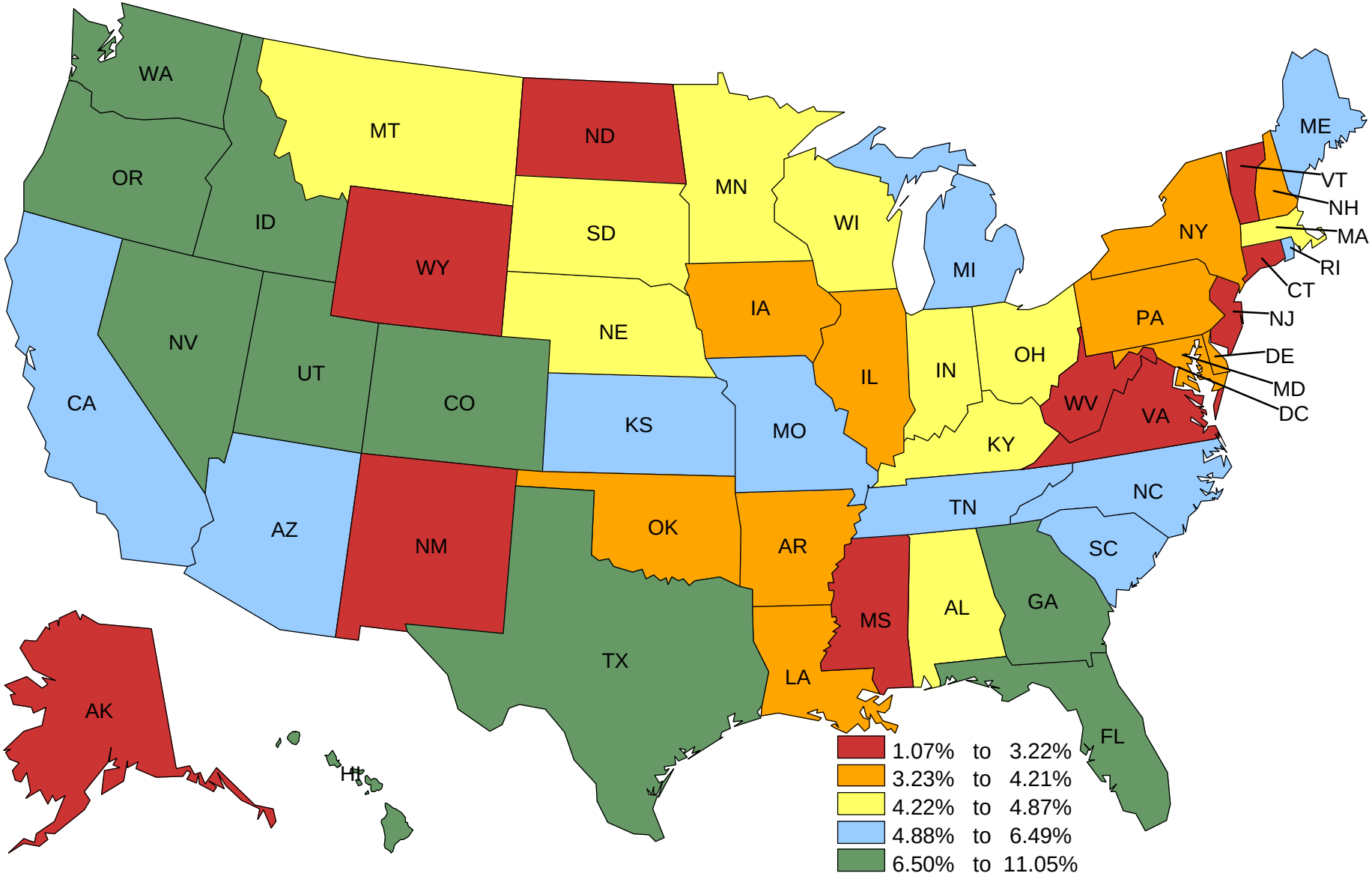
# State Home Prices: Year-Over-Year % Change

## 2016Q3

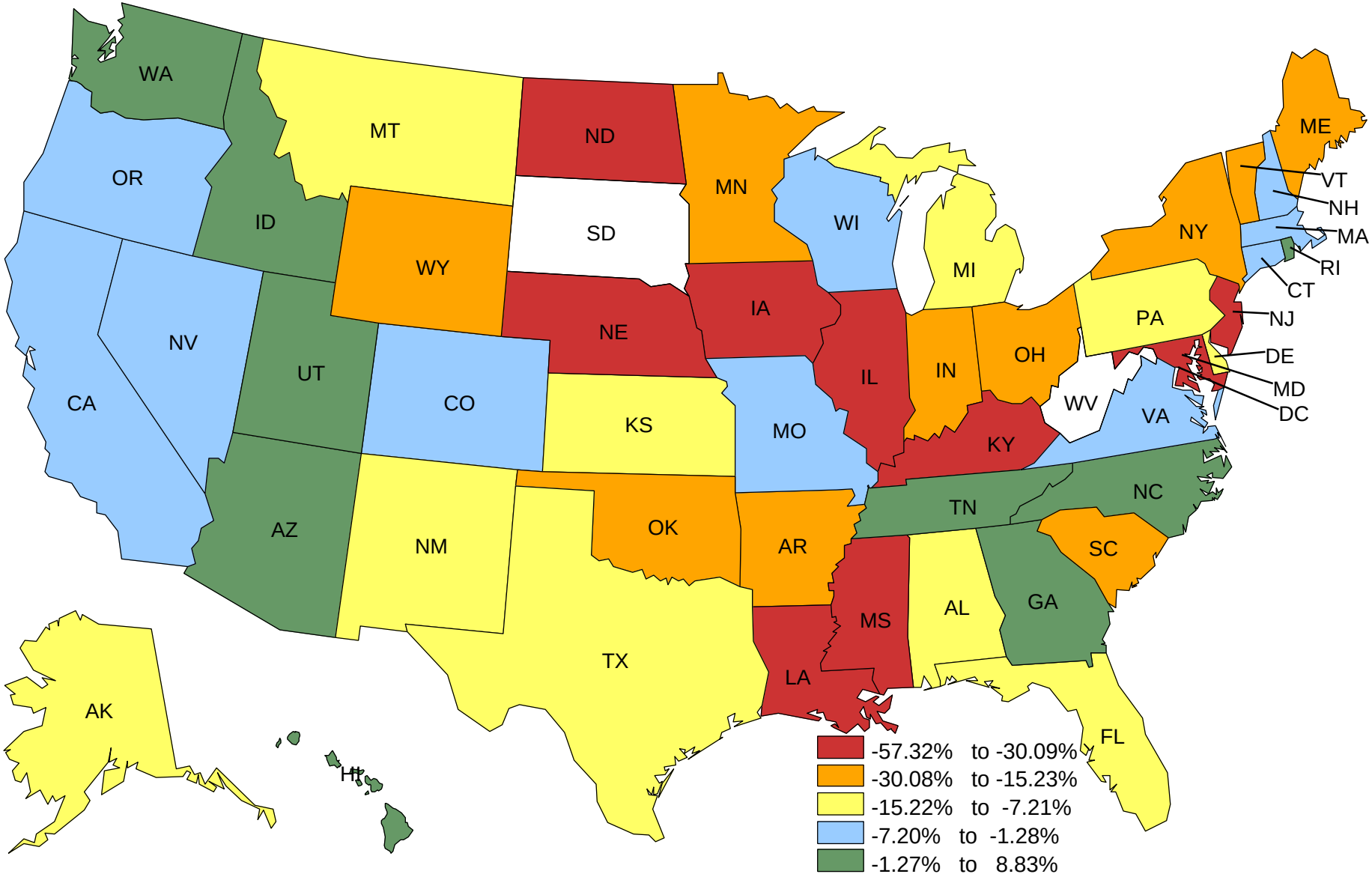
U.S.= 5.58



# State Home Sales: Year-Over-Year % Change

## 2016Q3

U.S.= -12.25



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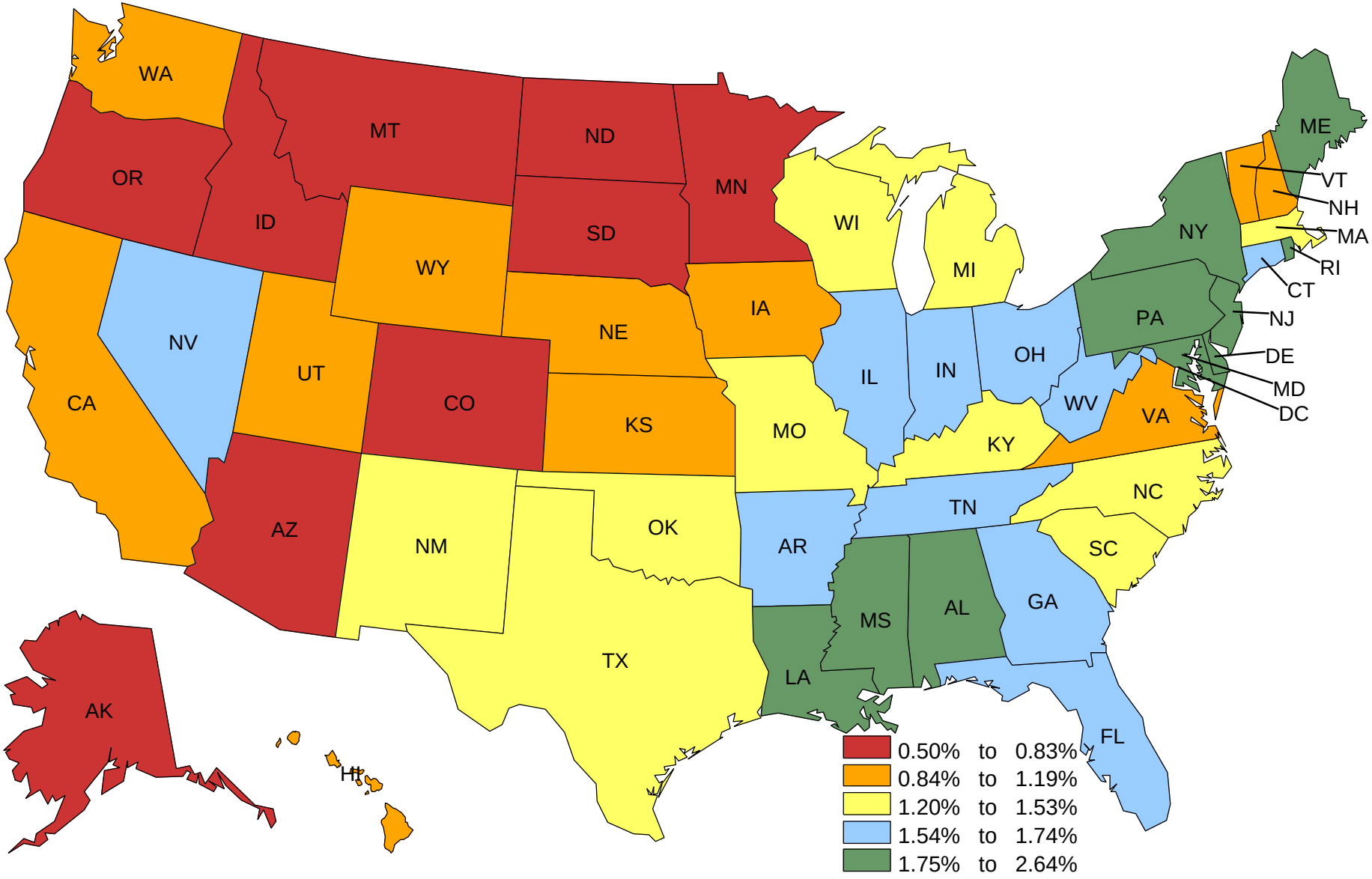
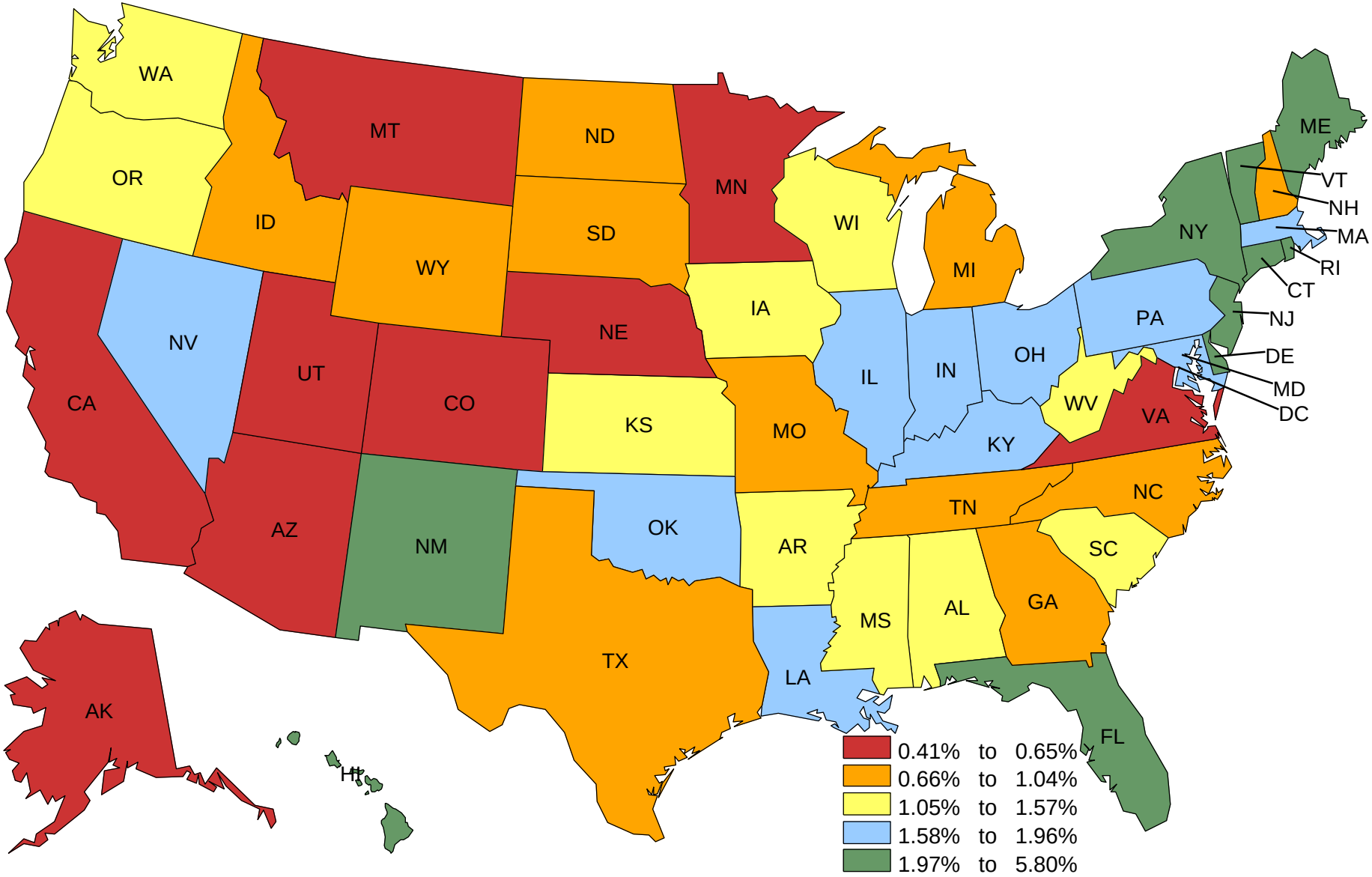
# State Delinquencies: % of Loans Past Due 90 Days
## 2016Q3
U.S.= 1.41



# State Foreclosures: % of Loans in Foreclosure at End of Quarter

## 2016Q3

U.S.= 1.55



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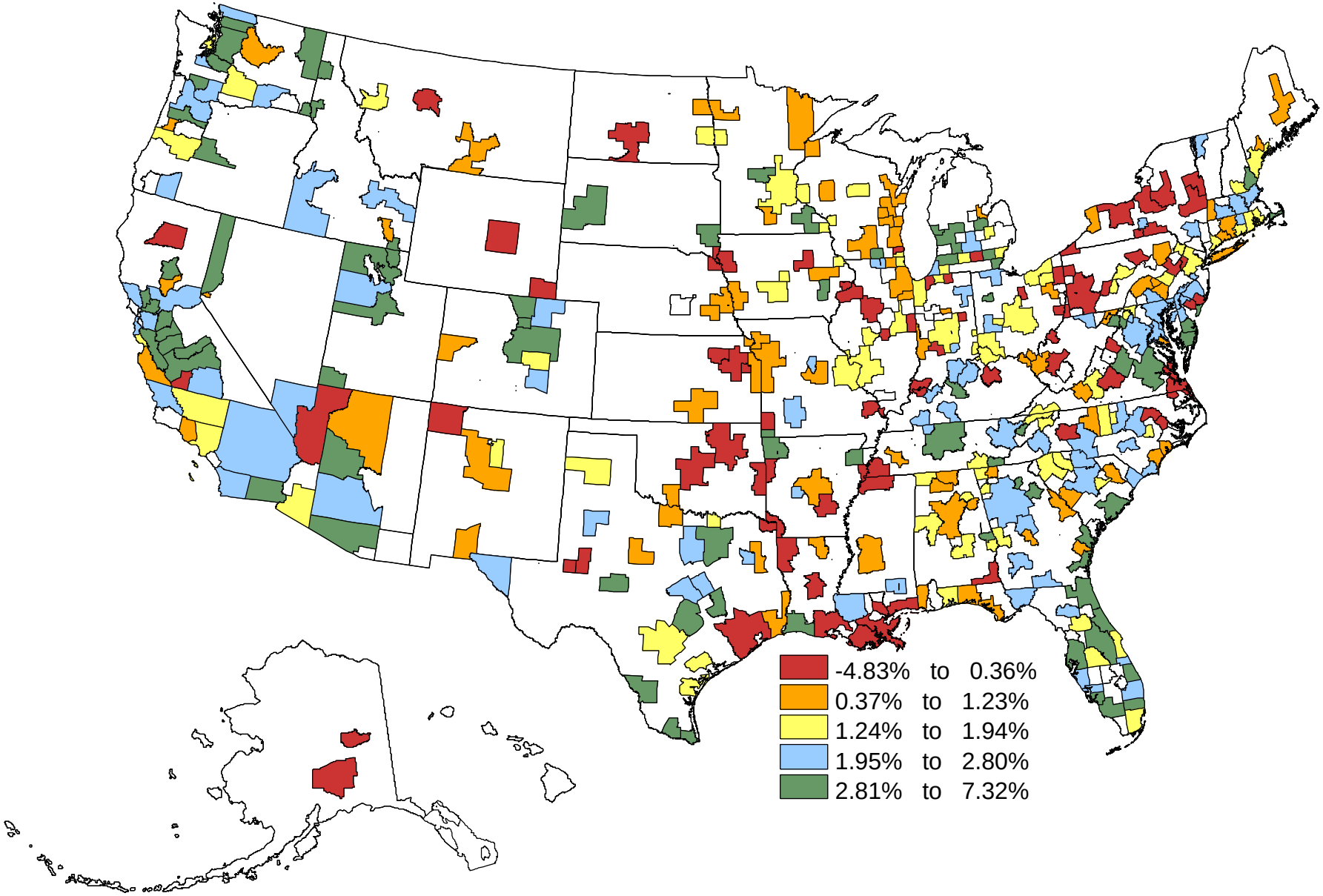
# MSA Employment: Year-Over-Year % Change

## 2016Q3

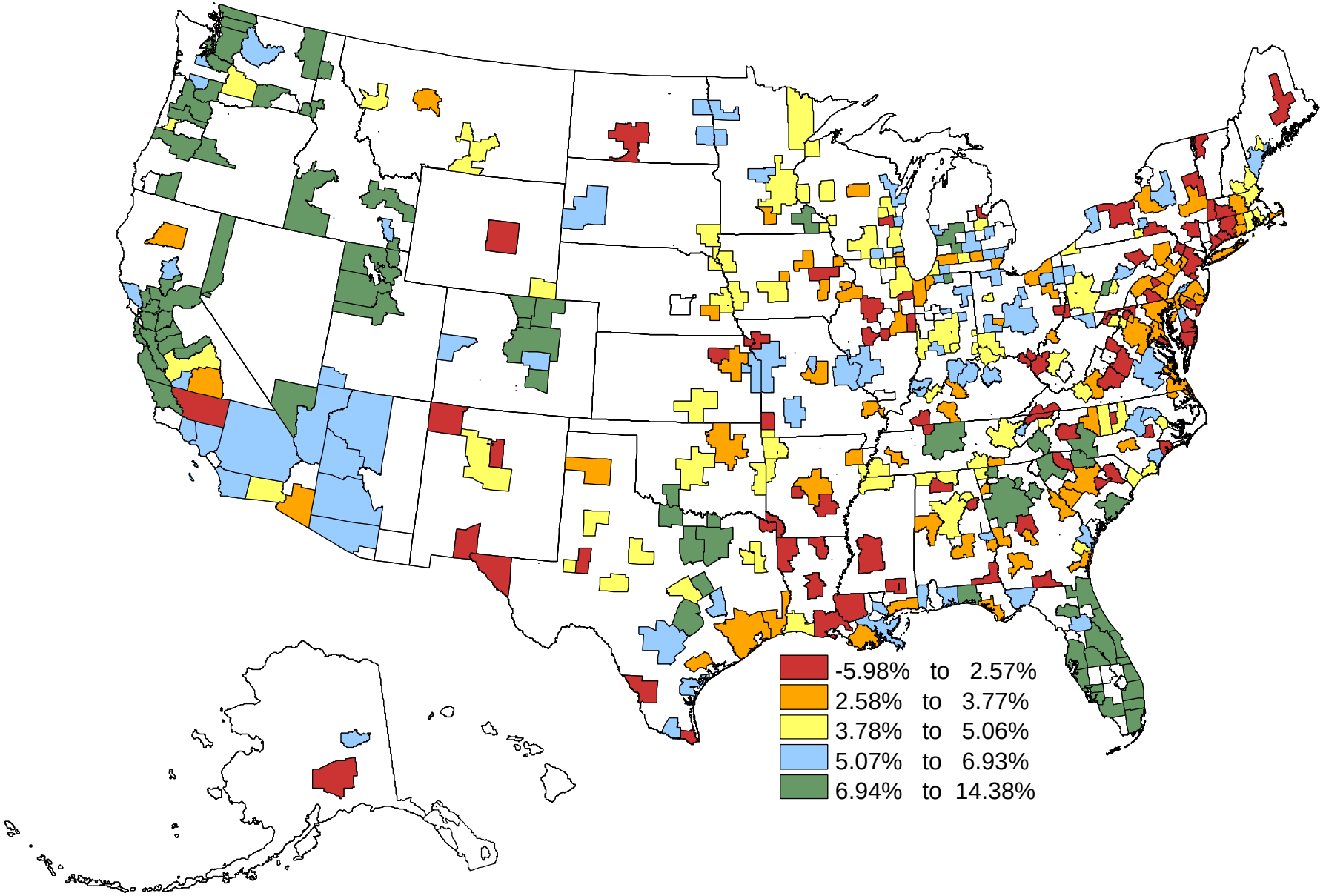
U.S.= 1.73



# MSA Home Prices: Year-Over-Year % Change

## 2016Q3

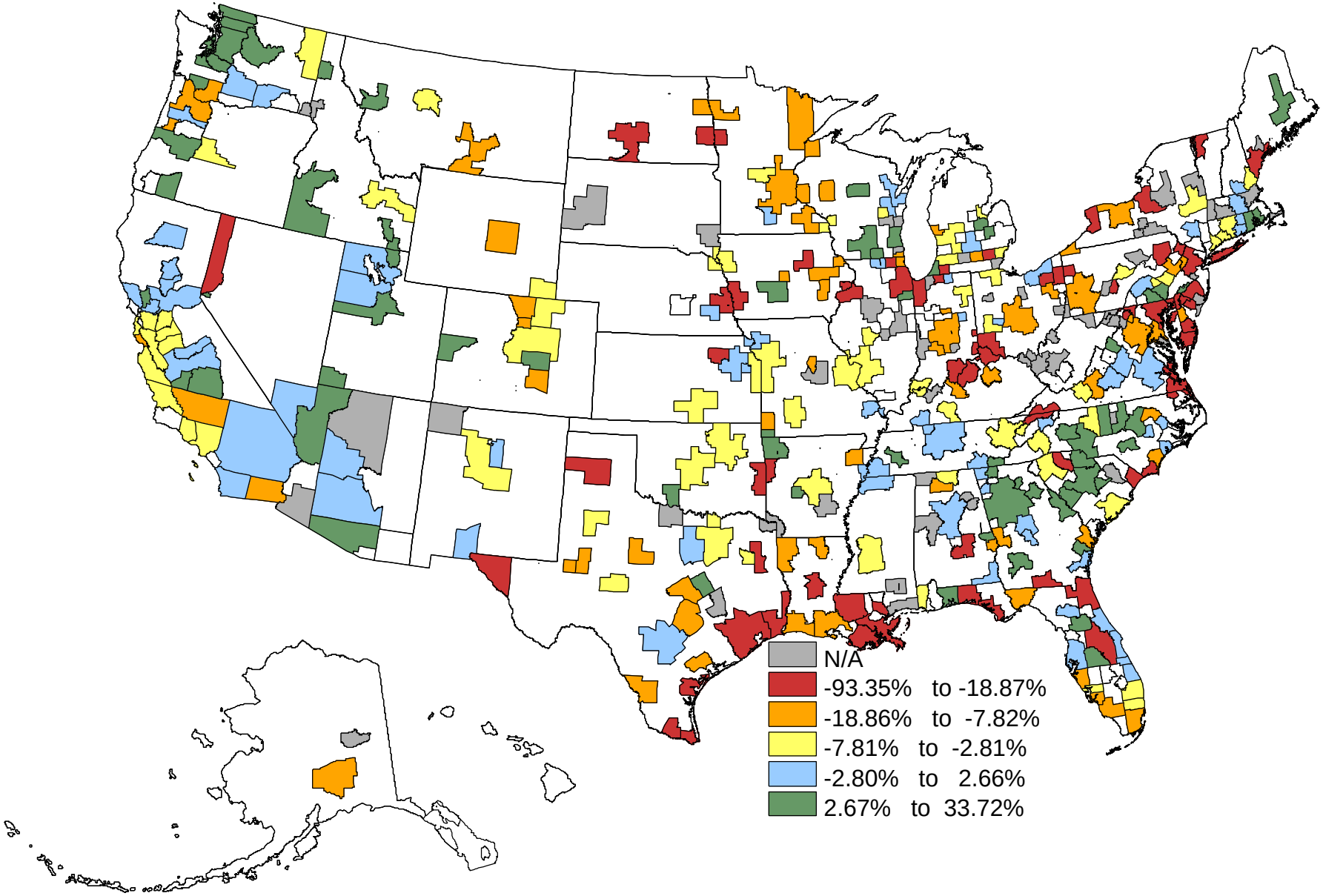
U.S.= 5.58



# MSA Home Sales: Year-Over-Year % Change

## 2016Q3

U.S.= -12.25



# The U.S. Economy Remains Healthy

The new administration will likely inherit a healthy U.S. economy. There were enough positive indicators for the Federal Reserve to raise the overnight interest rate by 25 basis points. Payrolls continue to expand at a steady rate as the unemployment rate remains under 5% and the economy approaches full employment. It is expected that economic policies will change under the new administration, leading to some uncertainties surrounding the U.S. economy. These include plans for additional spending on infrastructure, the military and veterans' benefits. There are also questions on anticipated changes to regulations on immigration and taxes. Some of this uncertainty may cause a spending pause by businesses and consumers, as well as creating a higher budget deficit. Even though some economists see a potential for a recession in the next 2 years, the risk remains low for the short-term.

As expected, the U.S. economy rebounded in the 3rd quarter, following 3 quarters of less than stellar growth. It was the best gain in nearly 2 years. According to the "third" estimate from the Bureau of Economic Analysis, the U.S. economy grew at a 3.5% annualized rate in Q3:2016, which was better than the initial estimate of 2.9% and second estimate of 3.2%. Despite slowing from the previous quarter, consumer spending led the way. This was accomplished without consumers reducing their savings rate. Improvement was also noted in exports and the investment in inventory. The 4th quarter GDP is currently tracking closer to 1.5%. Looking forward, more fiscal stimulus through additional spending on policies noted above, as well as plans to reduce taxes should support growth in 2017. The major downside risks could be the changes to trade and immigration.

**Following are some comparisons from the most recent GDP release.**

| | 16Q3 | 16Q2 | 15Q3 |
|---|---|---|---|
| Real GDP | 3.5% | 1.4% | 2.0% |
| Personal Consumption Expenditures | 2.0 | 2.9 | 1.8 |
| Fixed Residential Investment | (0.2) | (0.3) | 0.4 |
| Fixed Nonresidential Investment | 0.2 | 0.1 | 0.5 |
| Inventories | 0.5 | (1.2) | (0.6) |
| Net Exports | 0.9 | 0.2 | (0.5) |
| Government | 0.1 | (0.3) | 0.3 |

Similar to previous reports, the West continues to lead the other 3 regions in terms of economic growth. The primary economic driver is technology, which is helping to create more mid- and high-wage positions. California, Washington and Oregon are leading the region in job growth. Tourism is also improving, resulting in a record number of visitors to Las Vegas and Hawaii. The South continues to trail the West. Strong gains in financial services, professional/business services and tourism are offsetting the slowdown from energy. Improved demographic trends are having a positive impact on housing. The pace of economic growth in the Midwest is slow. While commodity prices appear to be stabilizing, there is concern over the growing supply of unsold autos. There continue to be reports about the lack of skilled labor. Payrolls in the Northeast are improving, led by gains in New York and Massachusetts. Gains in health care and education are leading the way. Part of the problem here is the aging population and poor demographic trends.

### Oil Glut to Disappear?

If OPEC sticks to their agreement, there is speculation that the global oil glut may disappear during the 1st half of 2017. A recent agreement among OPEC members and some non-members is to cut oil production by an estimated 1.2 million barrels per day. Just the announcement of an agreement has the price of oil rising to over $50 per barrel, with a forecast that it could reach $60 by the end of 2017. This comes at a time when the global demand for oil is increasing. Of course, with the rise in price comes the likelihood that U.S. shale producers will open some previous idle wells. Advances in technology made the drilling for shale oil more efficient the last few years, which means the breakeven cost is even lower. This also comes at a time when some producers have announced new shale oil finds. All of this brings hope to those states and markets that have suffered due to low oil prices. The number of oil rigs is currently on the increase.

### Steady Employment Growth

The U.S. is on pace to add nearly 2.2 million workers to payrolls in 2016. This is less than the 2.7 million added in 2015. As a percentage, it is just under 2% year-over-year. Year-to-date gains through the first 9 months were led by California, followed by Florida, Texas, New York, Washington and Georgia. These 6 states account for 53% of the national total. On the other end of the scale, Louisiana, Oklahoma, Wyoming, Kansas and New Mexico led those states with declining employment. In terms of comparison, California's year-to-date job growth fell 27% versus a year ago, while Texas and Washington both posted a 25% increase. On a market basis, the largest gains this year were reported in New York City, Dallas,

Washington D.C., Atlanta and Seattle. In general, those markets where the economy has close ties to energy or manufacturing have experienced the slowest growth. Looking forward, some of the gateway markets may be impacted by the stronger dollar and potential of rising tariffs. Overall, the U.S. is adding enough jobs each month to absorb new entrants into the workplace and this is likely to continue into 2017.

There are an estimated 5.5 million job openings as the number of layoffs is on the decline. Some employers continue to report a difficult time finding the skilled labor they require. This has frequently been reported in the construction industry. It may also be the trend in the energy industry as producers scramble to find the skilled labor needed while they look to ramp up production. All of this will likely contribute to improved wage growth, even as companies look for ways to control costs.

Year-to-date job gains in 2016 were led by professional/business and education/health care services. These 2 industries accounted for nearly 52% of the increase. In comparison to last year's employment gains, there was some slowing in construction, transportation and utilities and leisure/hospitality services. One of the biggest changes was in manufacturing, where employers are now cutting jobs. The stronger gains in government were primarily due to additional hiring on the local level. While the mining industry continues to shed jobs, the losses are less than a year ago.

**The monthly U.S. unemployment rate has been under 5% since November 2015.** The rate was 4.9% as of September 2016, even though the civilian labor force increased by almost 3 million over the past 12 months. New Hampshire and South Dakota continue to have the lowest jobless rate in the U.S., both under 3%. The highest rates were reported in Alaska, New Mexico, Louisiana and Nevada, all over 6%. As the economy slowly approaches full employment, the number of unemployed was estimated at nearly 7.8 million. Of this total, 2.6 million were unemployed for less than 5 weeks. The number of individuals unemployed "long-term" (27 weeks or more) is 2 million. These individuals account for 24.9% of the unemployed. During the year, the number of long-term unemployed fell by 135,000. Under the broadest measure (all persons that are marginally attached to the labor force plus those employed part-time due to economic reasons), the unemployment rate is now at 9.7%, versus 10.0% recorded a year ago.

Labor force participation was estimated at 62.9% at the end of September 2016, which represents a slight increase from a year ago. The participation rate for those between 25 and 54 years old is just over 81%. The number of workers employed part-time due to economic reasons is estimated at 5.9 million.

**The current economic forecast calls for employment growth between 1.1% and 1.4% in 2017, down slightly from the 1.7% to 1.8% in 2016.** As far as the unemployment rate, it should remain just under 5% in 2017. The early forecast for 2018 is for job growth and an unemployment rate that is similar to the 2017 estimate. The expectation is that full employment (where everyone who is willing to work at the going wage rate is able to find a job) will be reached in 2017.

### Housing – More Steady Growth

The housing industry remains a key economic driver. During the last few years, the housing market grew at a slow and steady rate. This trend should continue as the underlying fundamentals of the economy remain solid. This includes solid job growth, low unemployment, rising wages and growing household formations. It is the general consensus that the millennials and baby boomers are likely to dominate the housing market in 2017. The recent rise in the mortgage interest rates to just over 4% may be enough to create a challenge for some buyers; however, it may also result in a larger inventory of units.

Existing home sales are currently running about 5.5 to 5.6 million on an annual basis. This represents about a 3% increase, based on year-to-date activity, led by homes priced between $250,000 and $750,000. Some of the strongest activity remains in the South, followed by the West and Midwest. New home sales are up about 14%, based on year-to-date transactions, currently near 570,000 units for the year. Single-family starts continue to be led by activity in Houston, Dallas, Atlanta, Phoenix, Orlando and Austin. Homebuilder sentiment improved in the most recent report. Some slowing was noted in multi-family construction, which is not surprising based on the strong construction activity the last few years.

**There remains a lack of inventory in both new and existing homes.** The estimated supply of existing properties is under 5 months for both single-family homes and condos. The supply of new homes is only slightly higher at 5 months. This lack of inventory is also limiting the recovery of the housing market. The number of foreign buyers continues to decline, creating an oversupply of higher-priced units in some markets.

**The low inventory of both new and existing homes remains the primary contributor to rising home prices.** Property values continue to appreciate between 5% and 6% during the year. As of Q3:2016, some of the largest gains were recorded in Washington, Oregon, Colorado and Florida, all over 9%. On a market basis, Carson City (NV), Sebastian-Vero Beach (FL), Port St. Lucie (FL) and Seattle (WA) all had home price appreciation over 12% for the year. As home prices continue to appreciate, there is increased concern with the decline in housing affordability. There are still an estimated 3.2 million homeowners that are in a negative equity position and an additional 0.8 million homes in a near-negative equity position with less than 5% equity. States with the most homes with negative equity include Nevada, Florida, Arizona, Illinois and Rhode Island. Slightly lower appreciation rates are expected in 2017.

**First-time homebuyers now account for about 34% of the home purchases according to the National Association of Realtors, versus 30% in 2015.** It was reported that first-time homebuyers are devoting about 38% of their income to purchase a median-priced home, in the starter price segment. Also, about 14% of the first-time buyers are purchasing new homes. The overall homeownership rate is near 63%, down slightly from a year ago. The highest rates can be found in the Midwest and South, with the lowest being in the West.

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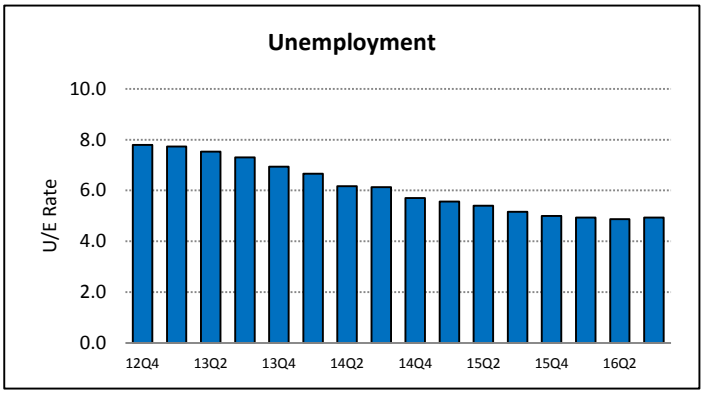
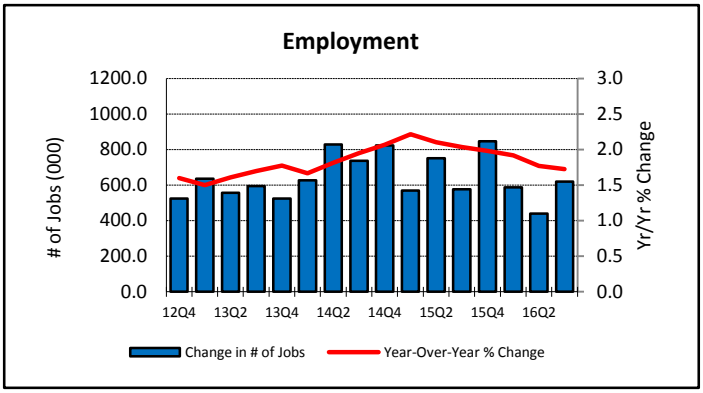
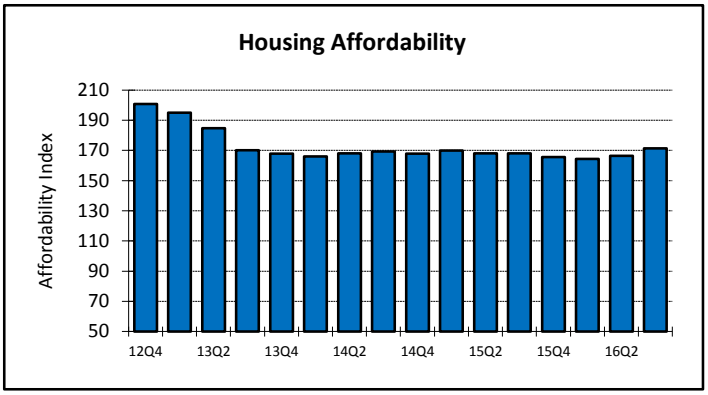
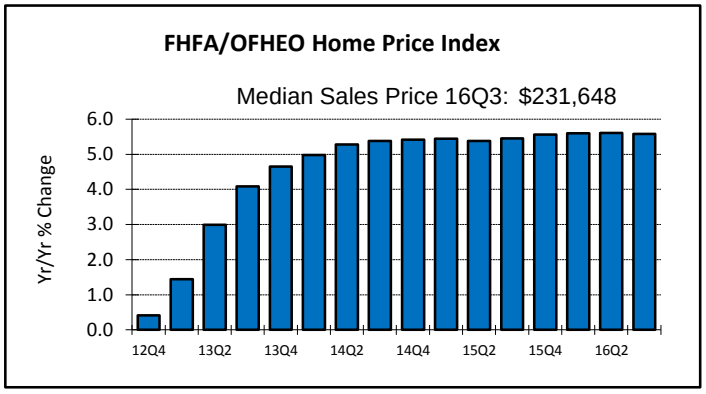
# National Overview

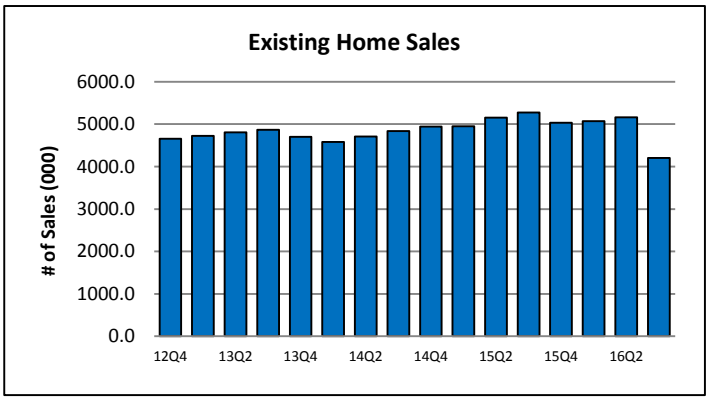
## Economic & Housing Indicators

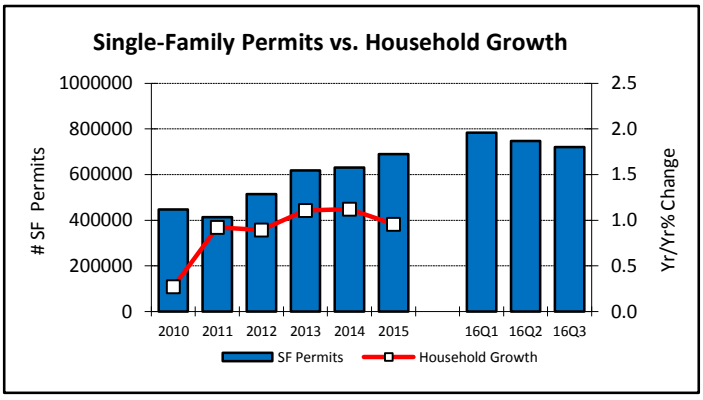


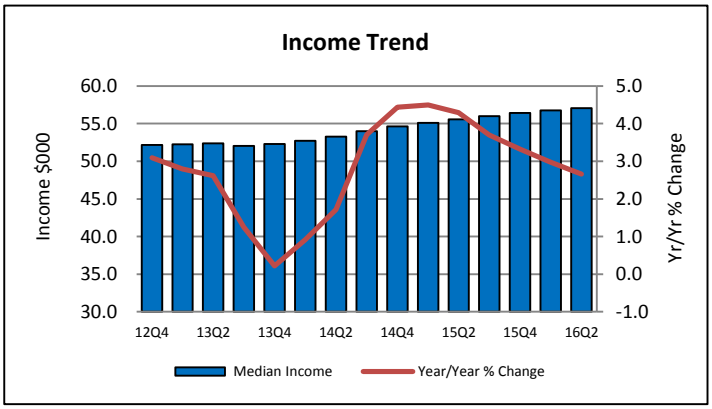



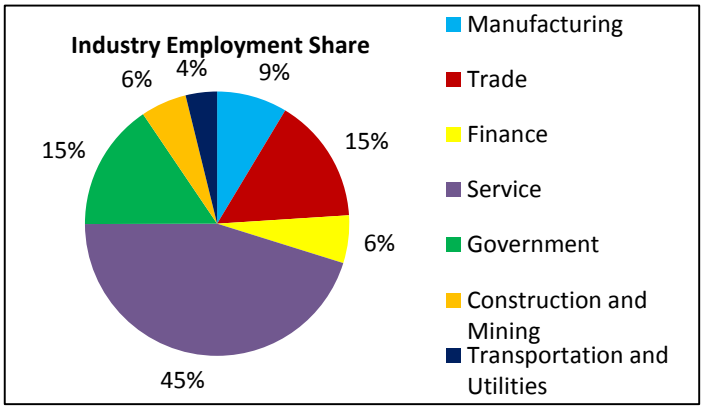

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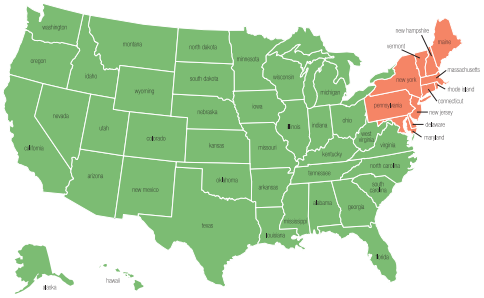
# The Northeast Continues to Lag in Economic Growth

The region remains a laggard to the rest of the country in terms of economic growth. Payrolls are increasing but mid-wage jobs are missing from the numbers. The public sector, a potentially strong source for this segment of the workforce, continues to be hindered by fiscal challenges. Construction experienced a slowdown as the foreclosure inventory has not disappeared and residential building permits fell in places such as New York City and Philadelphia. Growth in health care and education, two of the region's stalwarts, can expect to retreat and underperform the nation as a whole, but will remain critical to the Northeast's future performance. Current demographic trends, the continuing aging of the population and out-migration, combined with the area's high cost of living and doing business may hinder future growth.

**BALTIMORE (MD):** The metro area is one of the better performing markets in the Northeast and this trend is expected to continue into 2017. Year-to-date job growth is 3rd highest in the region, behind New York City and Washington D.C. Employment growth is led by federal government hiring, and it might not slow down as increased defense spending is anticipated. Baltimore, and its surrounding area, is home to Fort Meade, the National Security Agency and U.S. Cyber Command, which are all likely to benefit from federal budget increases. Income growth is likely to improve due to increased hiring, with many of the jobs being in high-wage industries. Baltimore's housing market is slowing due to an oversupply of foreclosed homes and home price appreciation of 3.3%.

**BRIDGEPORT (CT):** Year-over-year job growth is beating the state and regional averages, but still lags behind the national average. The issue is that most of the new jobs created are in lower-wage positions. Hiring in the construction industry slowed, as residential permits have declined. In addition, Sikorsky, the helicopter maker and one of the city's largest manufacturers, has experienced a decrease in demand and recently lost its maintenance contract for Marine One. Bridgeport's proximity to New York City may help offset some of the local issues, as that is where most of its residents commute for work.

**CAMBRIDGE (MA):** With Harvard and MIT, and their pool of talent in its backyard, the area's tech boom is likely to continue. The only hindrance could be the tight labor market. Year-to-date job gains are over twice the total from a year ago, as the jobless rate is at 3.4%. The boom allowed job growth to outpace the region and the nation.




Both Harvard and MIT remain cautious in their hiring as they are still feeling the effects of the recession on their endowments and the rising cost of education. Despite a 6% decline in home sales, the market remained tight with only a 2.5-month inventory.

**HARRISBURG (PA):** After 2 years of outperforming the state and region, economic growth in Harrisburg slowed. There are some concerns surrounding manufacturing and health care. In addition, a tightening state budget may result in layoffs in the public sector. Harrisburg's housing market remained stable and year-to-date home sales increased 9.6%, leaving the supply of units at 4.8 months. Over 60% of the recent transactions had a purchase price under $200,000. The demand for rentals has been strong for the past couple of years, leading to higher rents. This increase and a growing population could result in a stronger single-family market going forward.

**NEW YORK (NY):** The pace of housing growth slowed down as two primary drivers hit a rough patch. Building permits and home price appreciation slowed. Manhattan has seen the worst, as permits hit a 6-year low. The high-end home market continued to slow due to an oversupply of units and fewer foreign buyers. Commercial construction has also fallen as vacancy rates increased and landlords are more prone to give concessions to entice tenants to sign. A silver lining for the construction industry may be the major infrastructure projects getting started or currently underway at LaGuardia Airport and the Port Authority Bus Terminal. The financial industry hit a slump, hiring slowed and some banks started small-scale layoffs.

**ROCHESTER (NY):** Even with the loss of 1,500 manufacturing jobs, Rochester still managed to add nearly 6,000 workers to the payrolls during the first 9 months of the year. Looking forward, a major health care company announced plans for a large call center with the possibility of 2,000 new positions. Rochester's housing market was stable as home sales increased 7%, resulting in a 4.8-month supply of units. However, with stagnant income growth, a high foreclosure inventory, and one of the highest population out-migration rates in the region, housing may suffer in the near-term.

**WASHINGTON, D.C.:** With roughly 90% of private companies hiring, year-over-year job growth is at its highest since 2005. Over 62,000 workers were added during the first 9 months of the year, ranking it 3rd highest among the major markets nationally. The jobless rate remained below the national average at roughly 3.8%. The housing market is benefiting from this growth. Home price appreciation is between 3% and $5, with a median sales price near $370,000.

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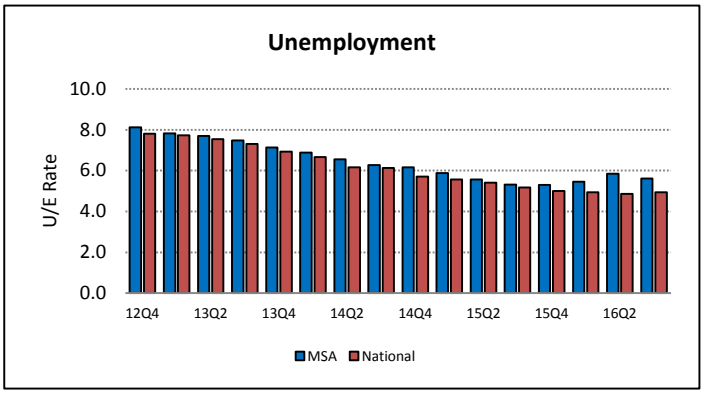
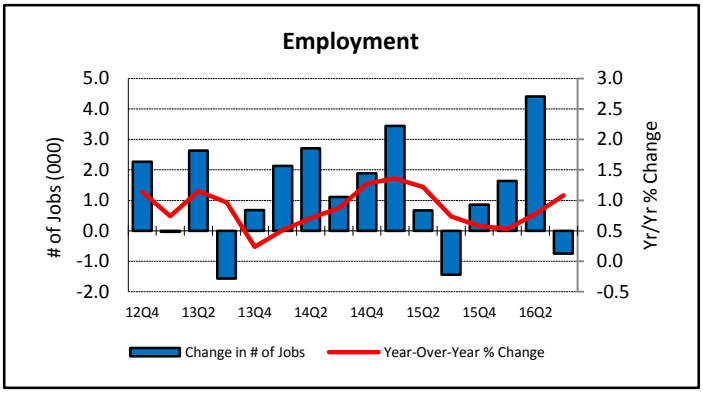
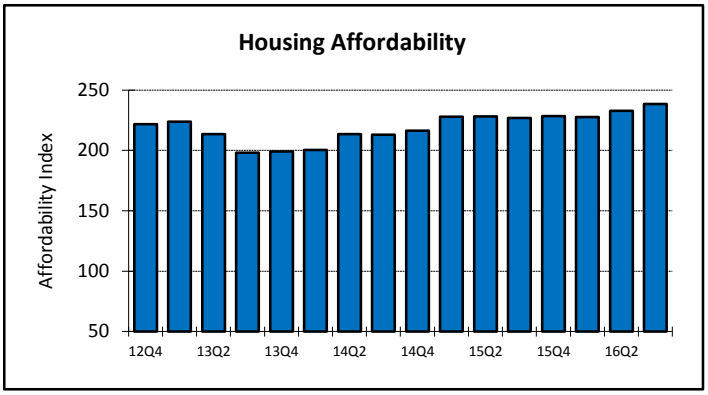
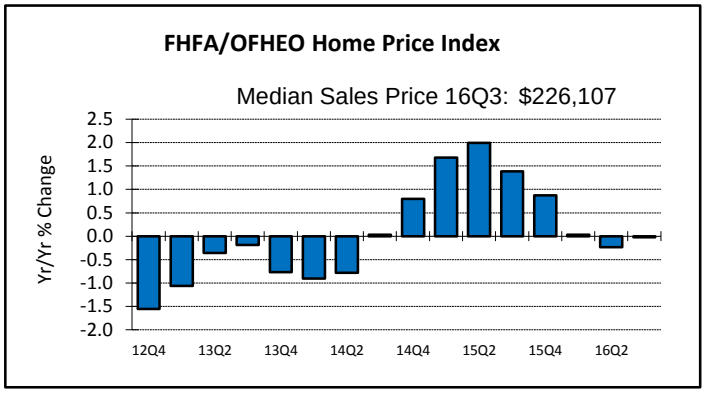
# Hartford, CT

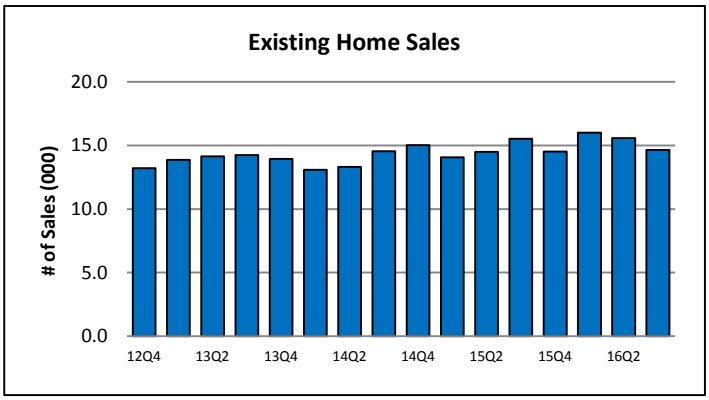
## Economic & Housing Indicators

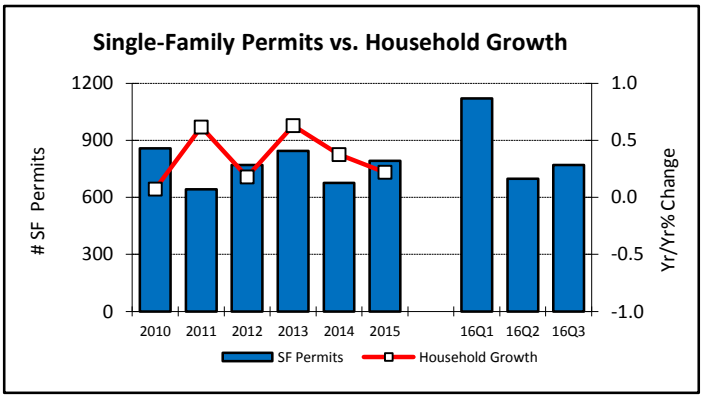


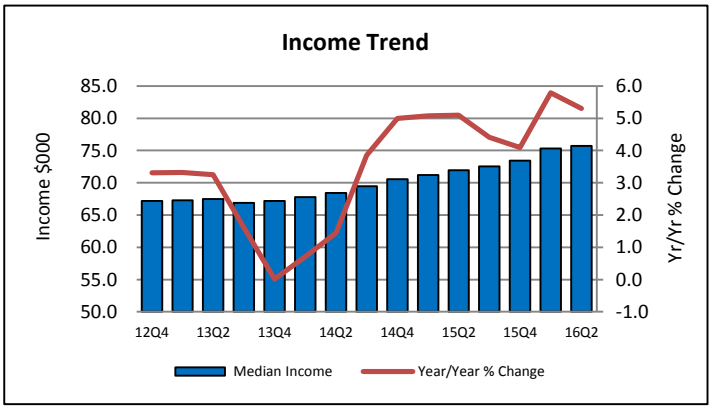



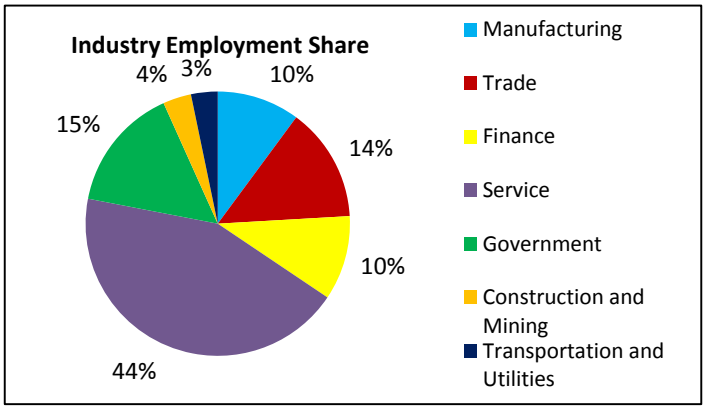

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# Washington, DC

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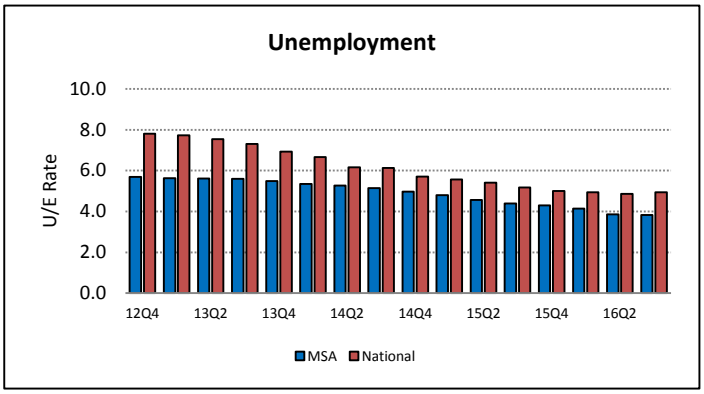
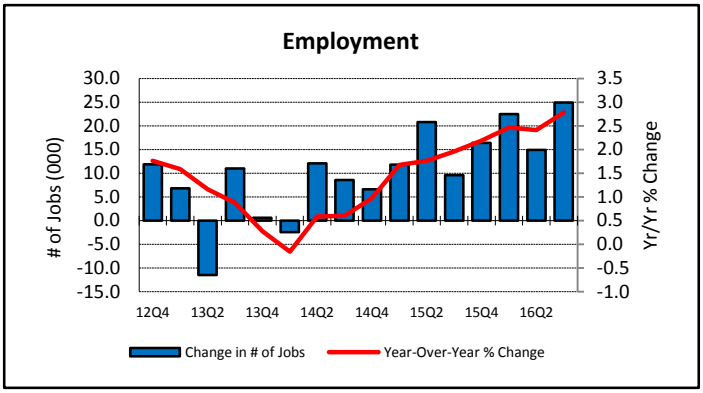
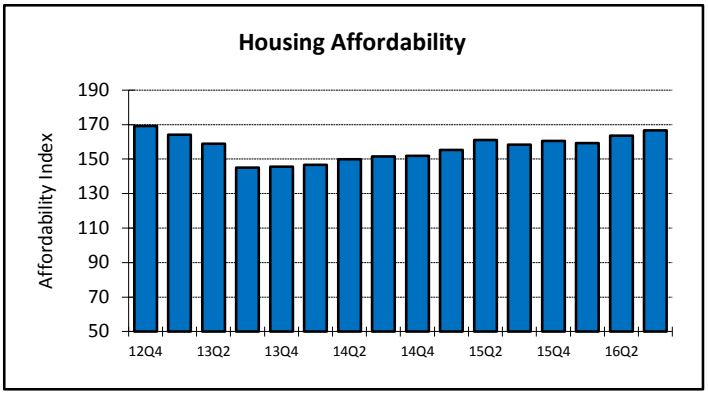
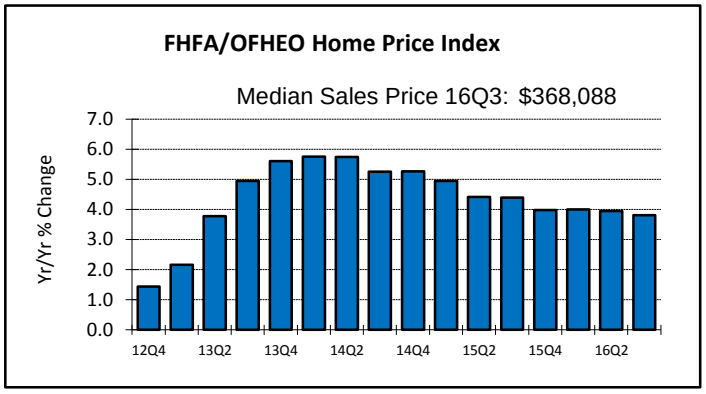
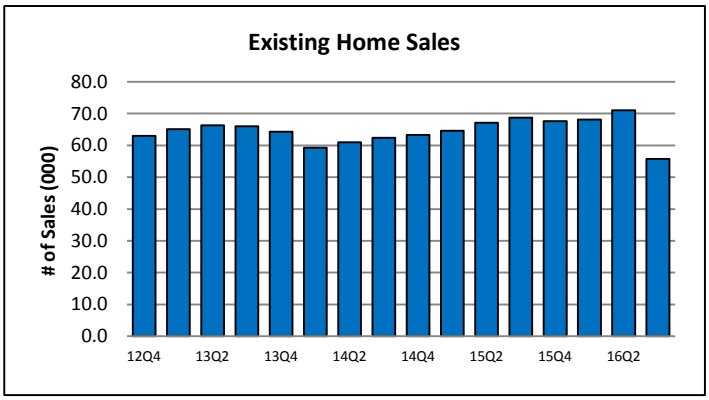
## Economic & Housing Indicators

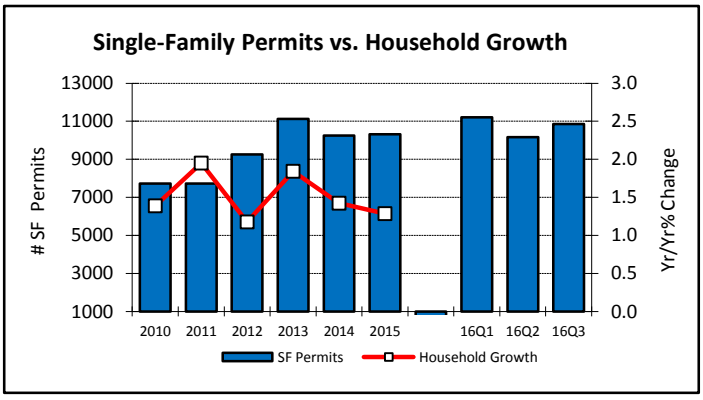


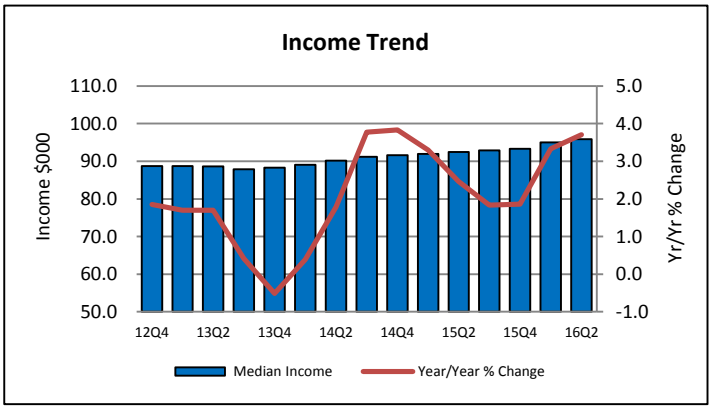



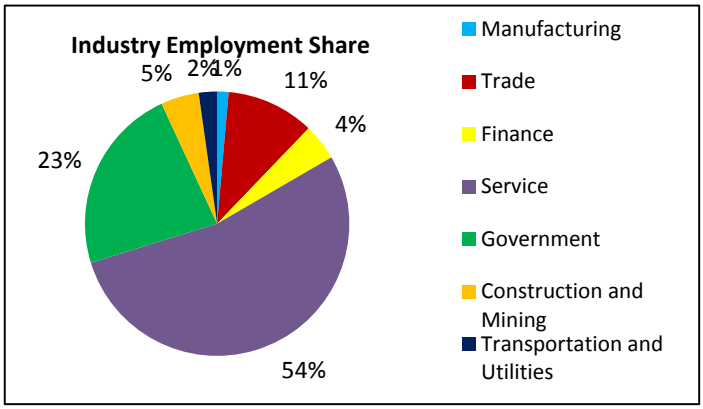

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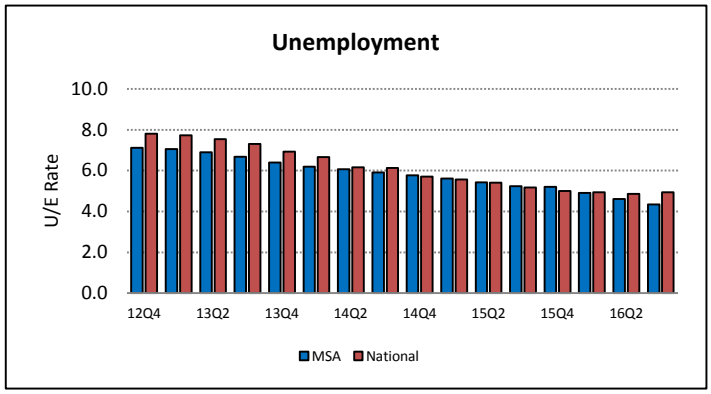
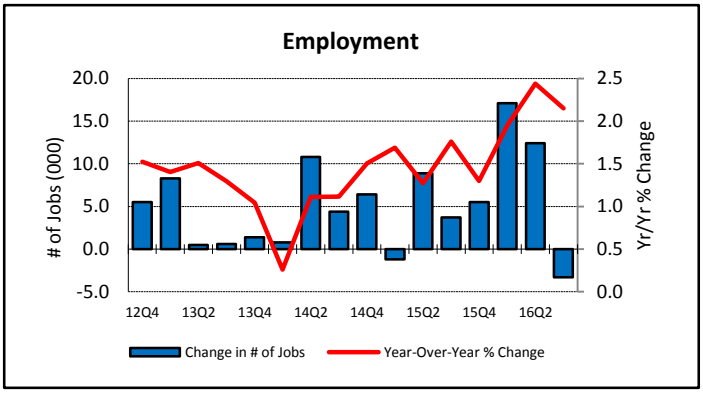
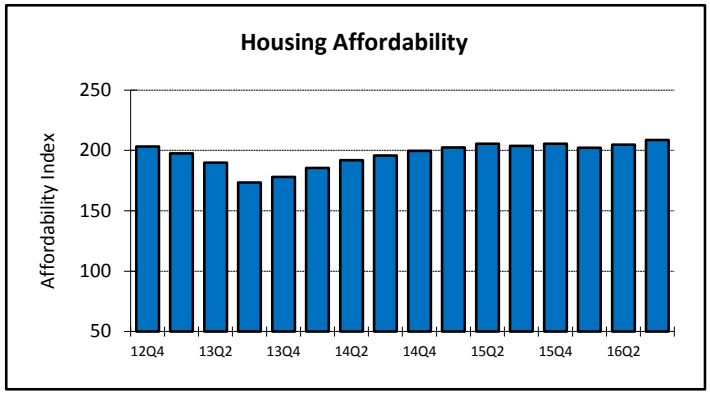
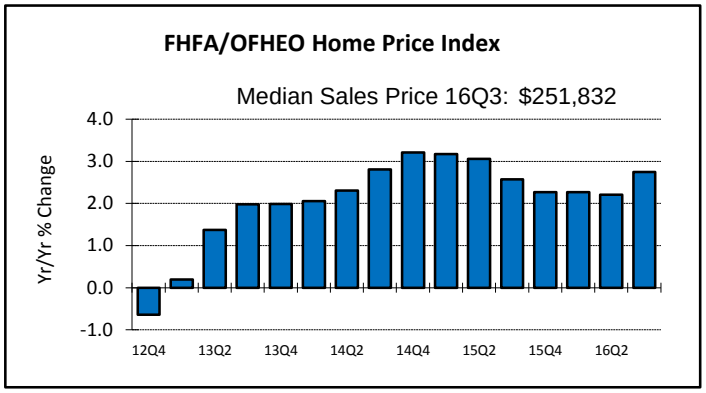
# Baltimore, MD

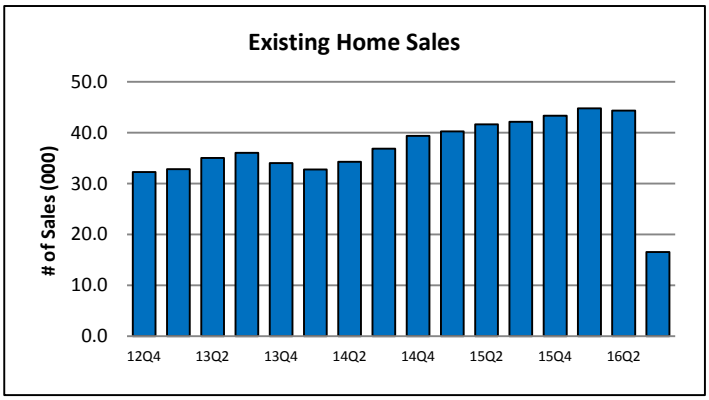
## Economic & Housing Indicators

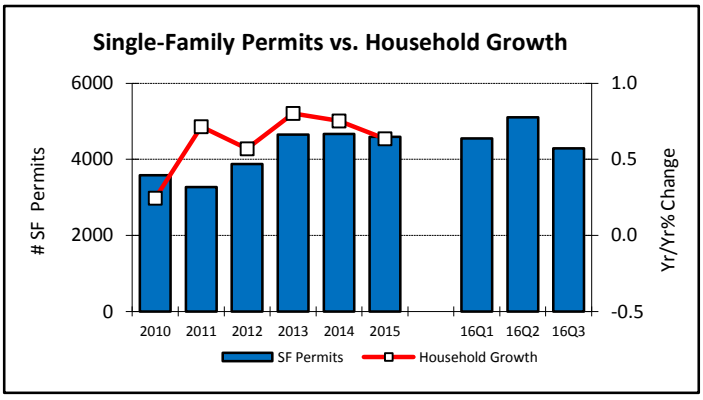


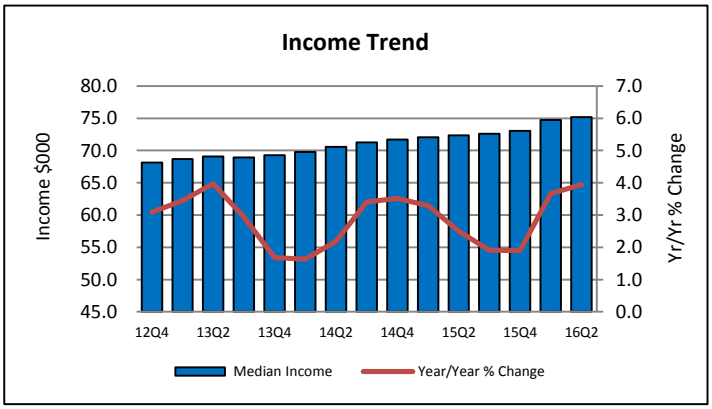



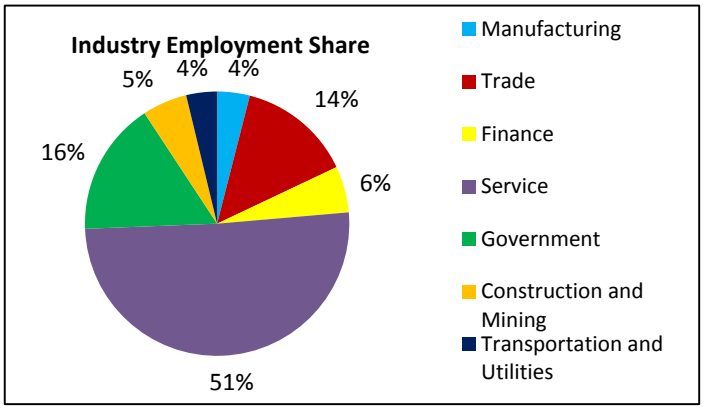

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# Boston, MA

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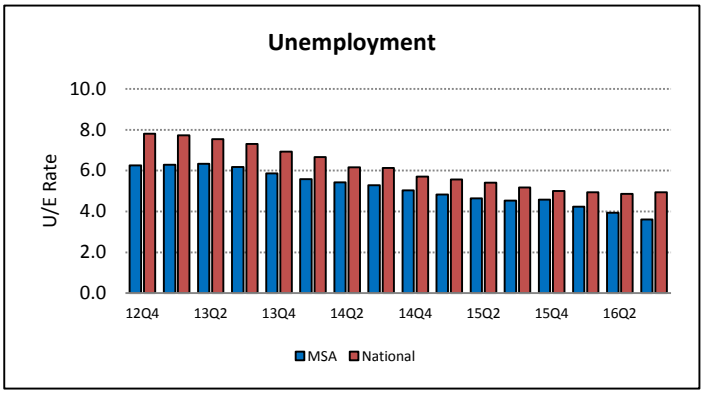
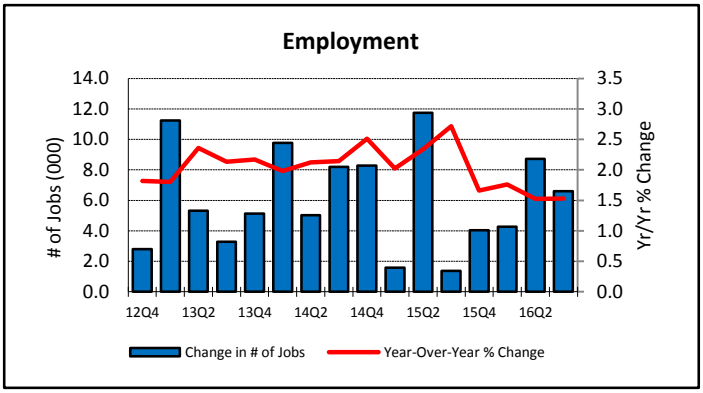
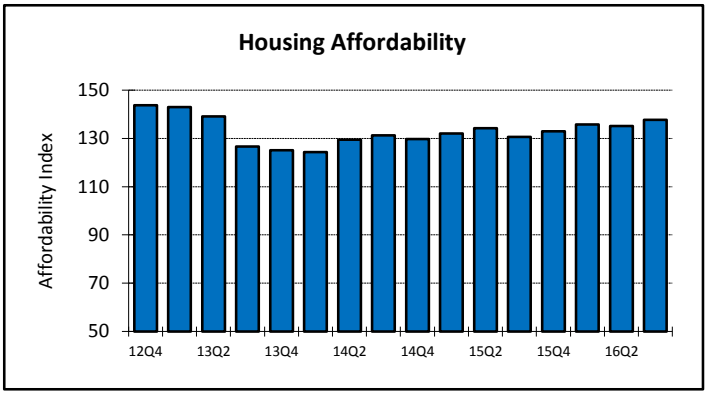
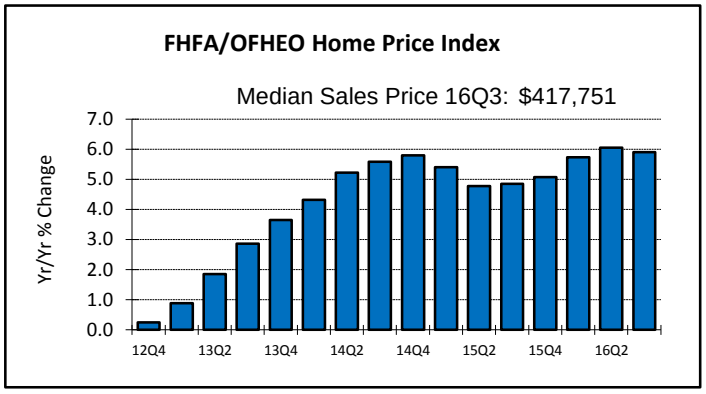
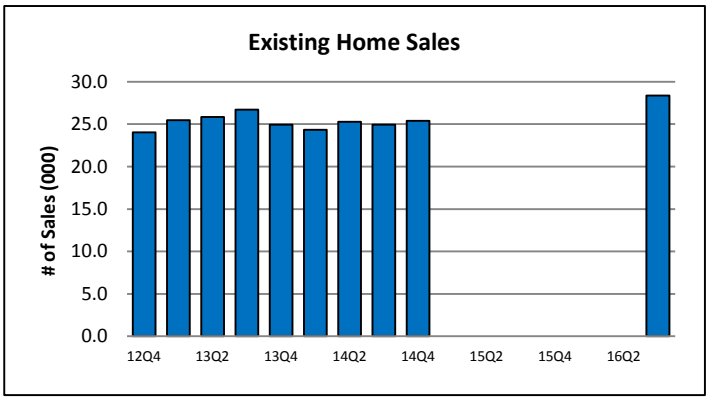
## Economic & Housing Indicators

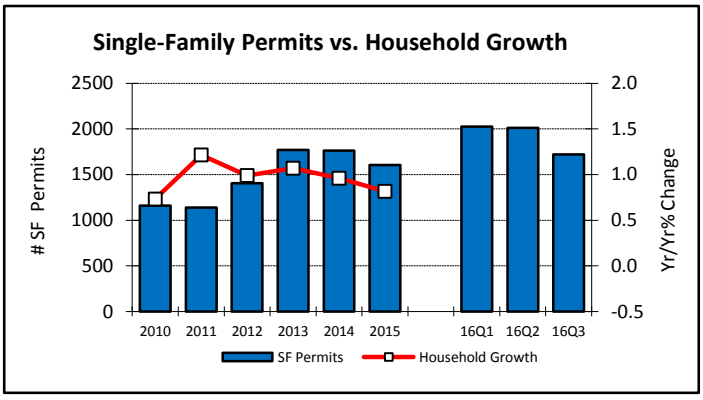


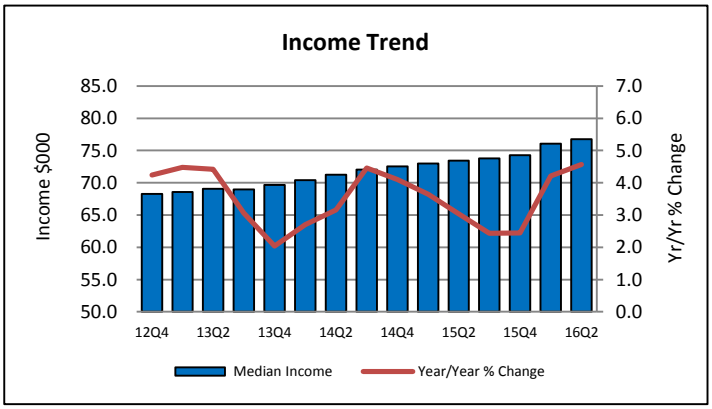



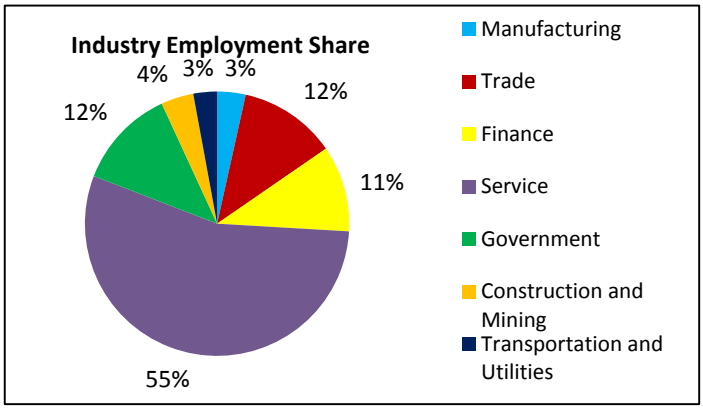

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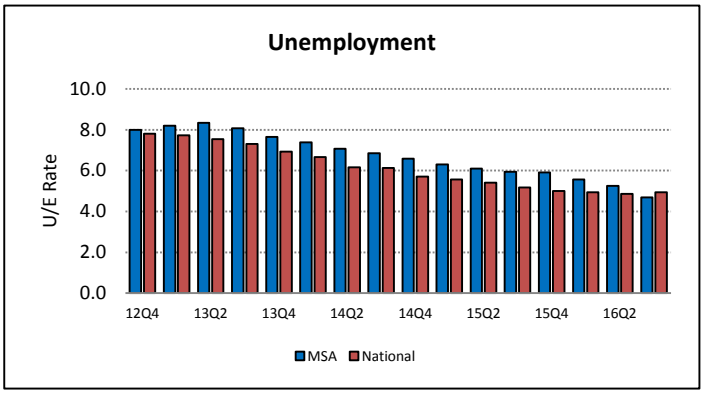
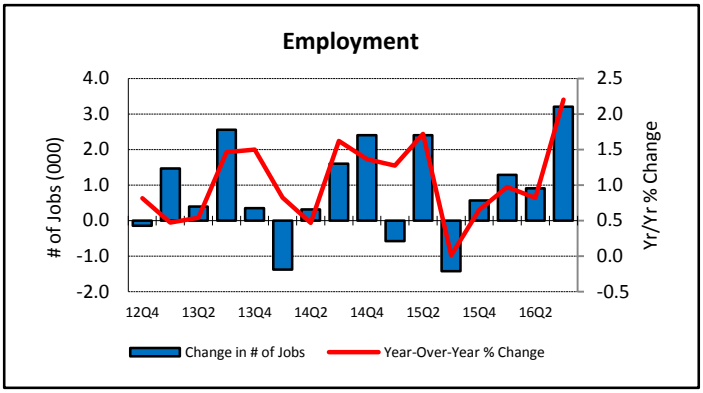
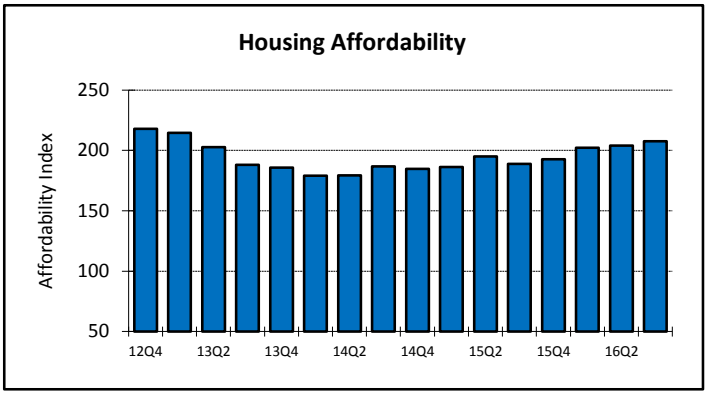
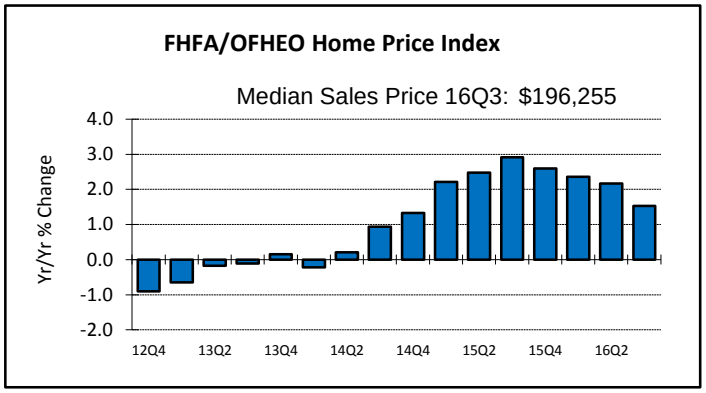
# Springfield, MA

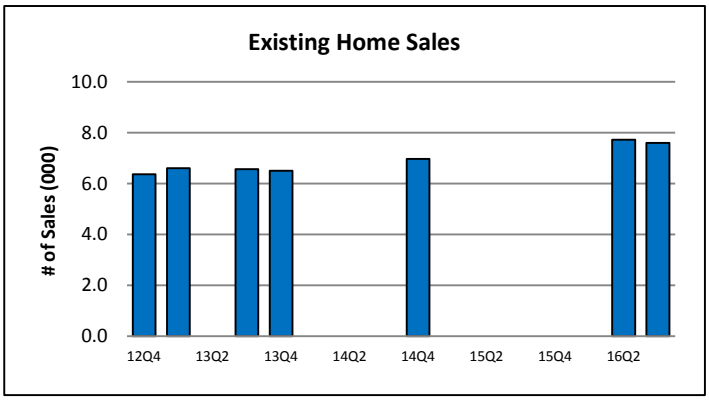
## Economic & Housing Indicators

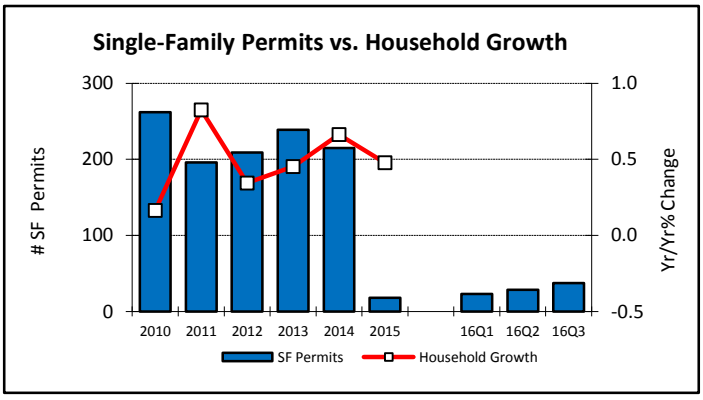


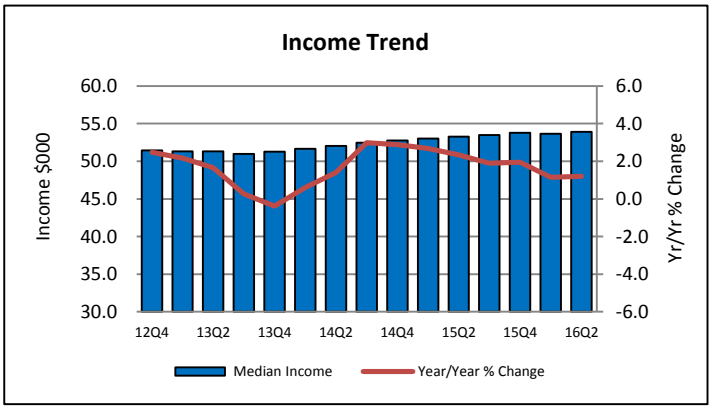



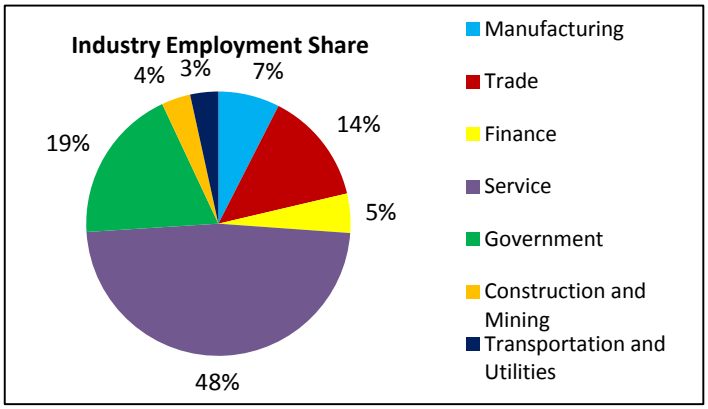

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# Newark, NJ

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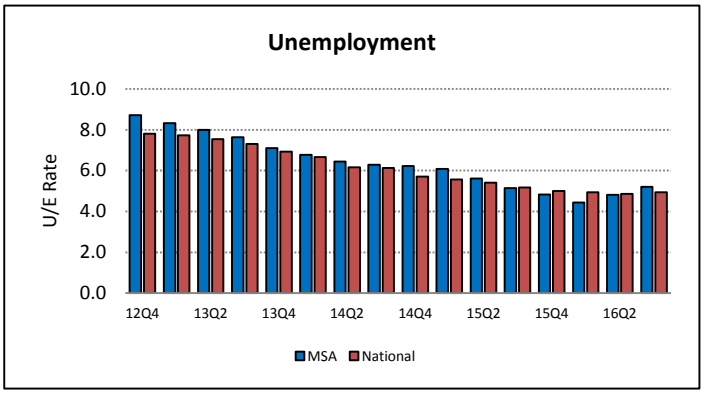
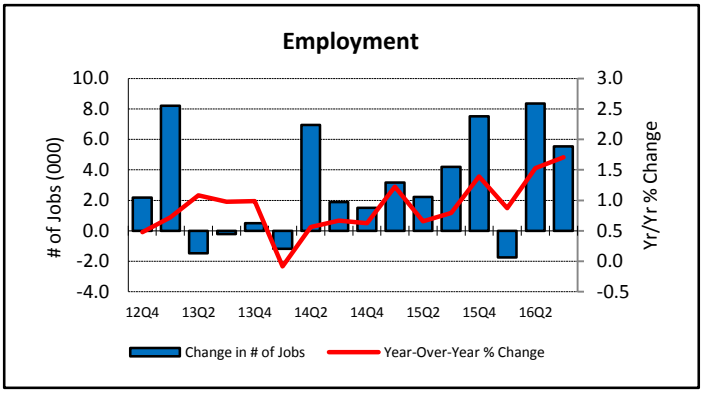
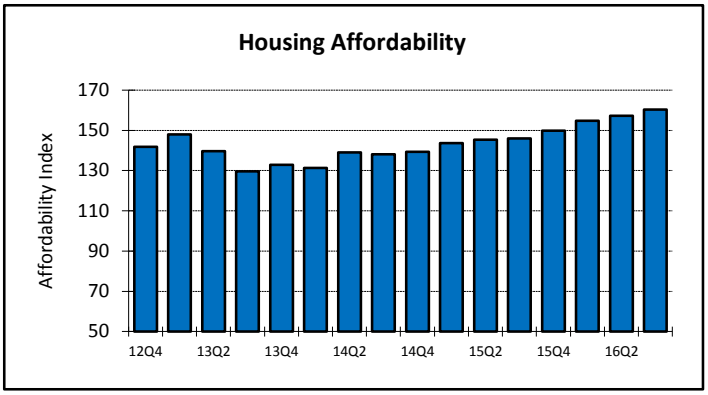
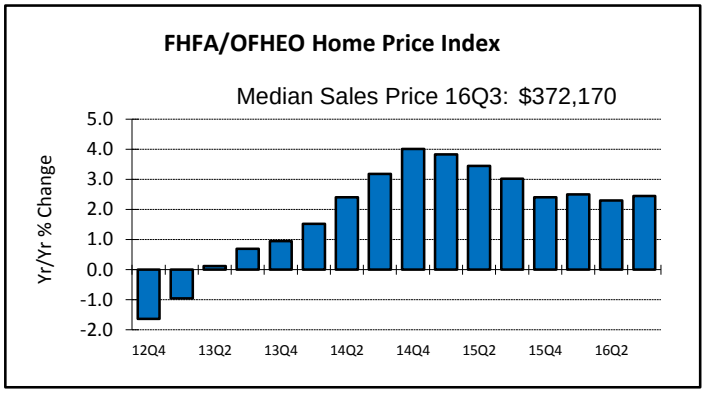
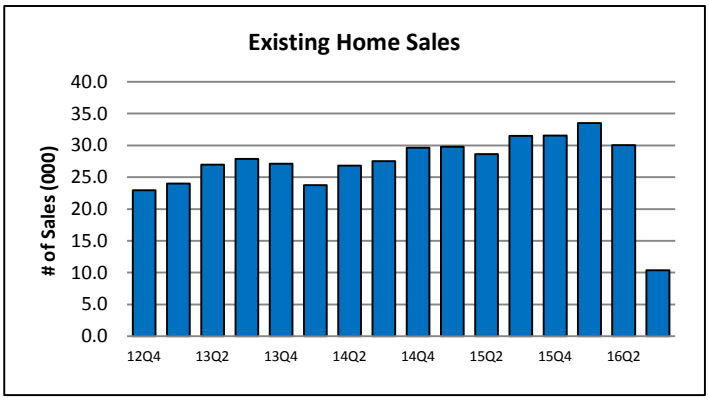
## Economic & Housing Indicators

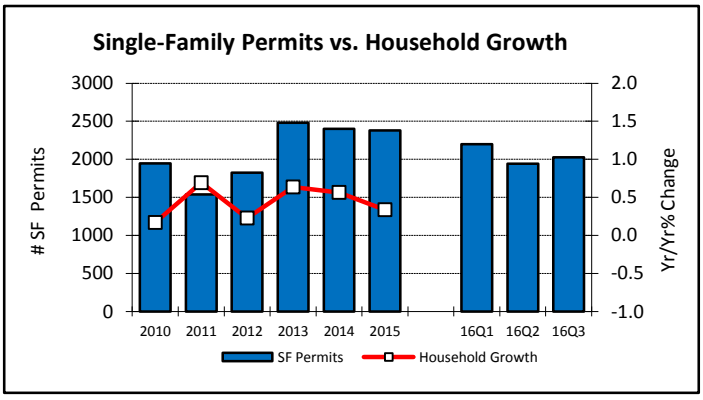


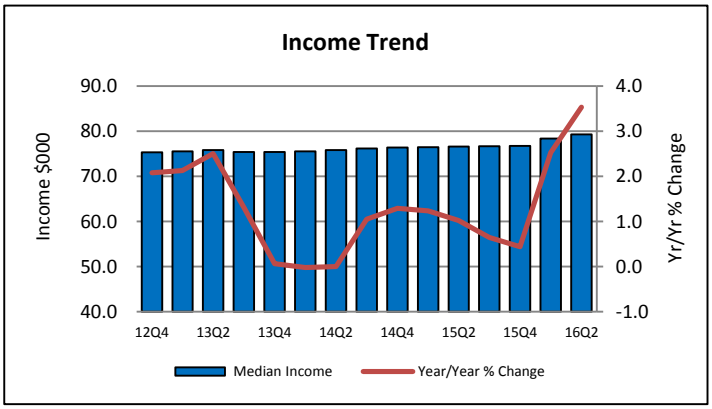



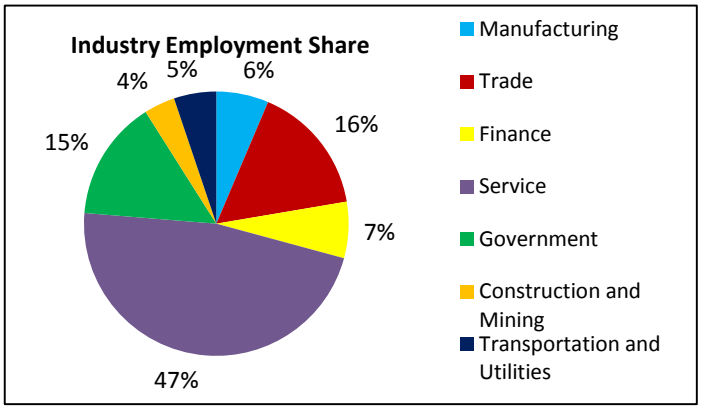

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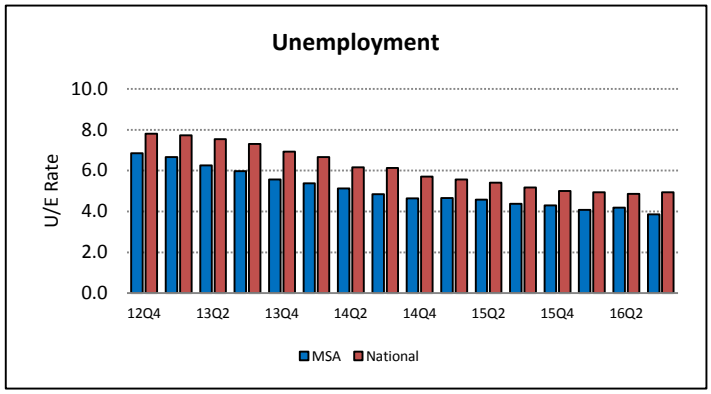
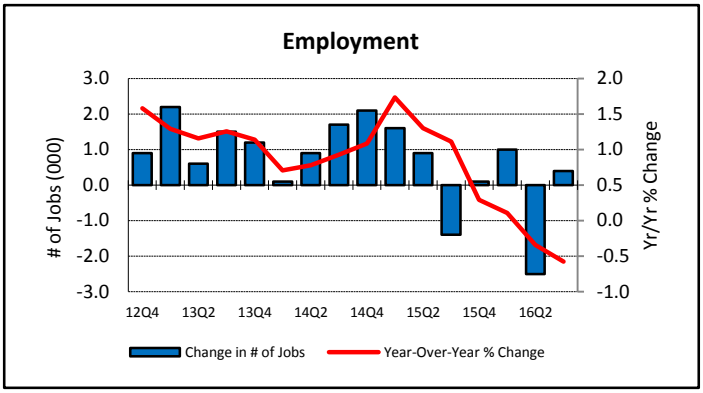
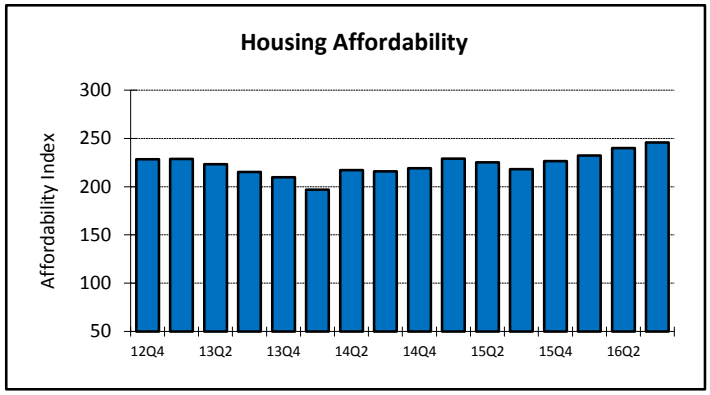
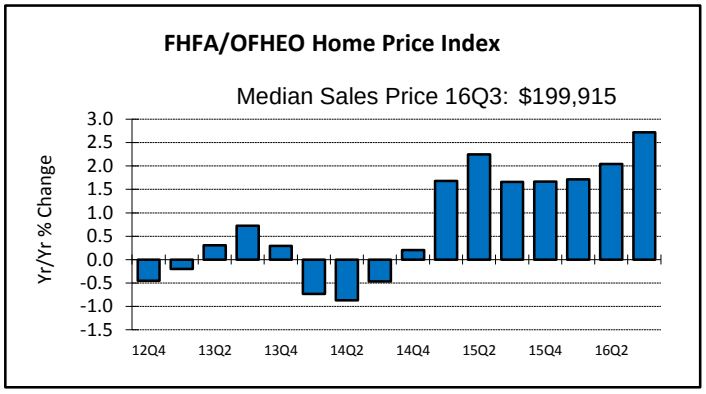
# Albany, NY

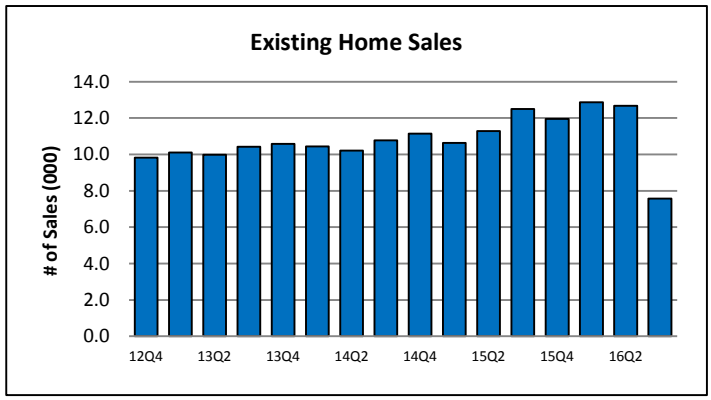
## Economic & Housing Indicators

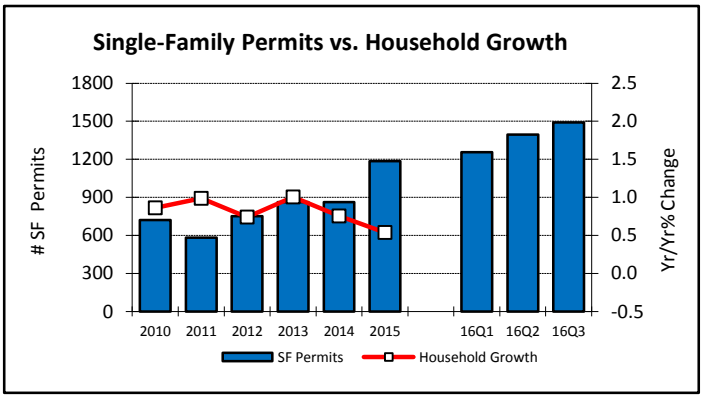


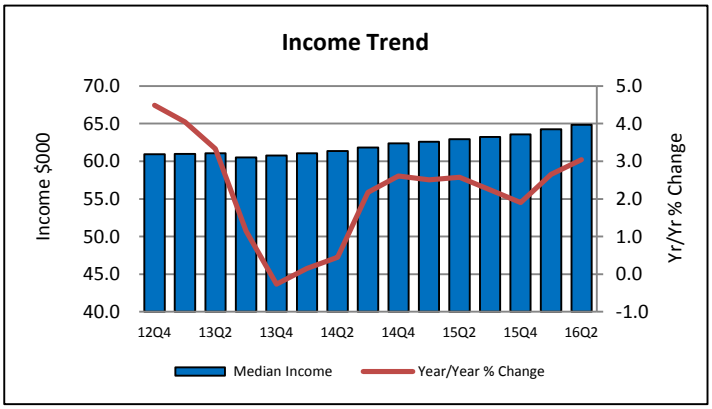



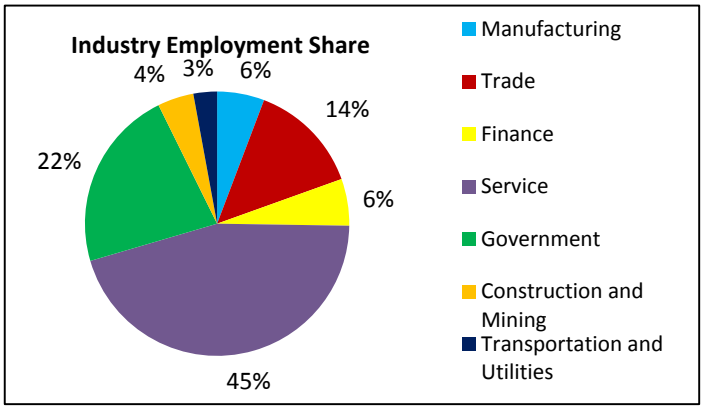

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# Buffalo, NY

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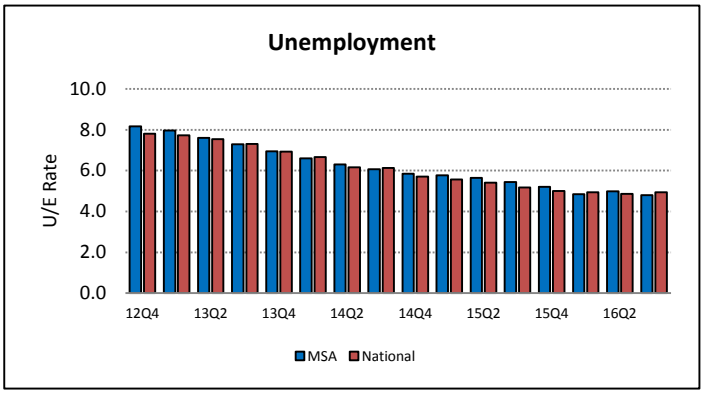
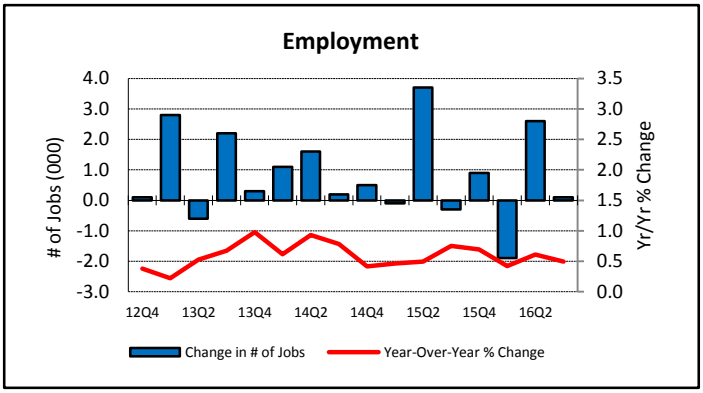
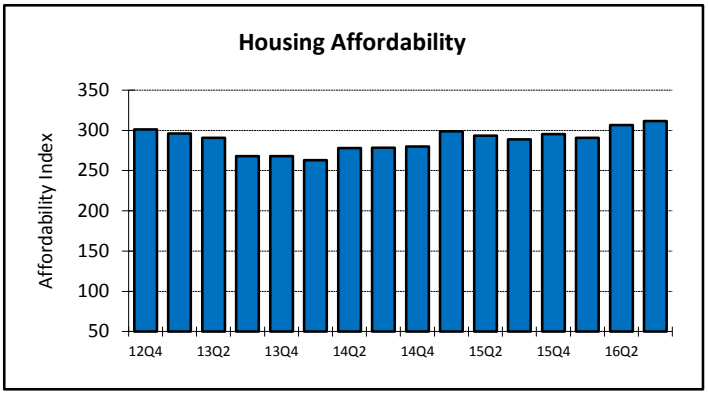
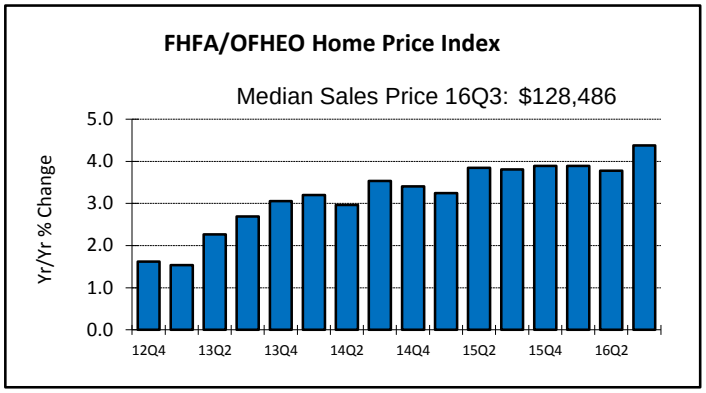
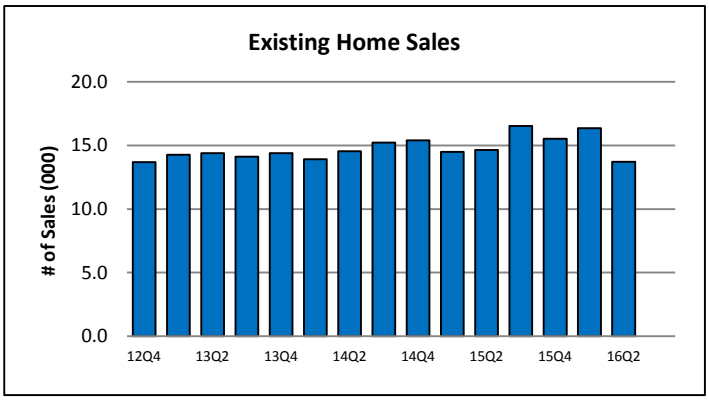
## Economic & Housing Indicators

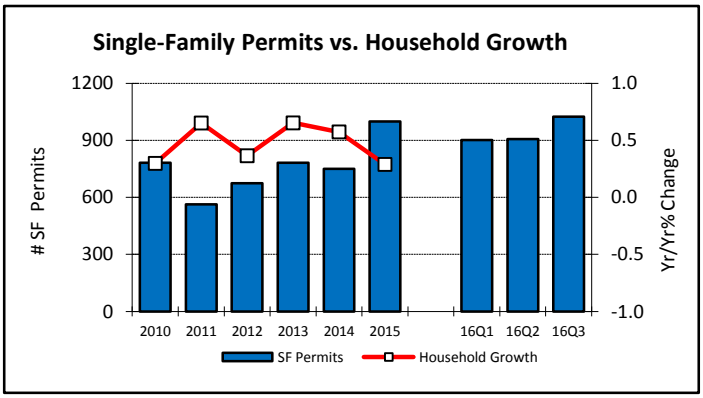


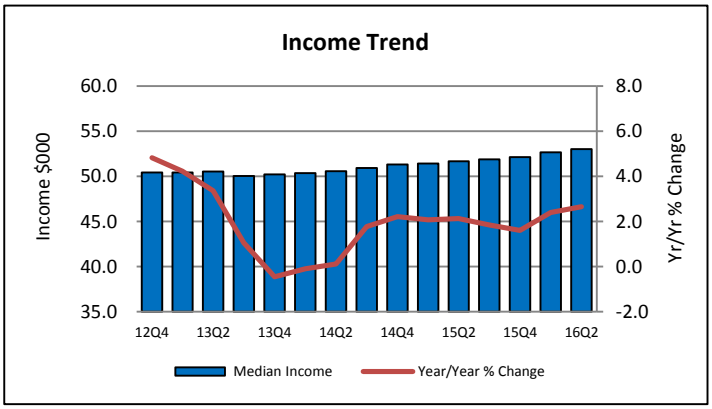



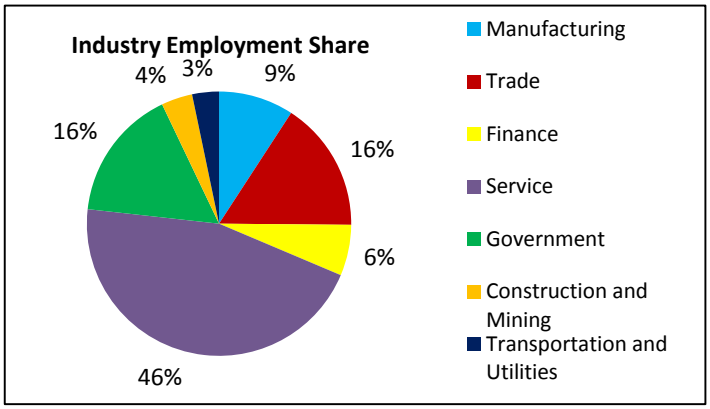

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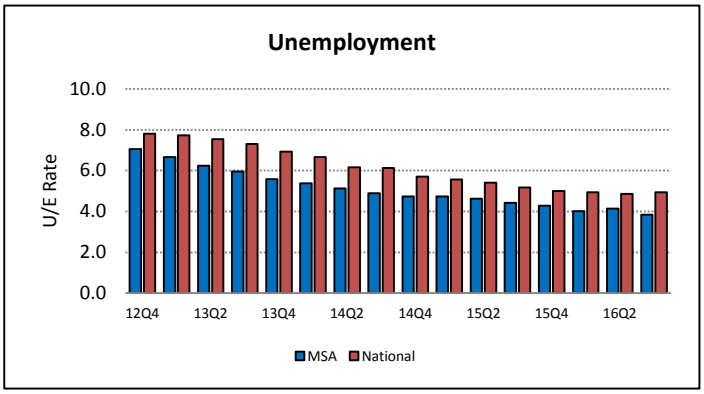
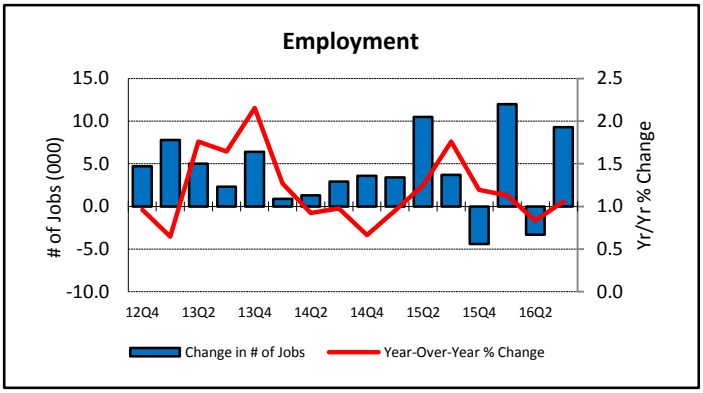
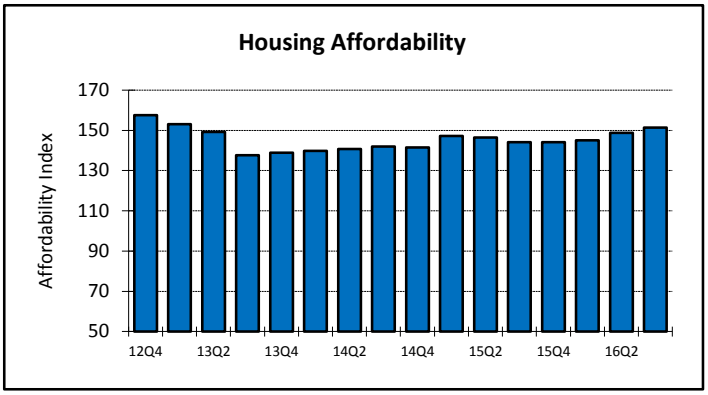
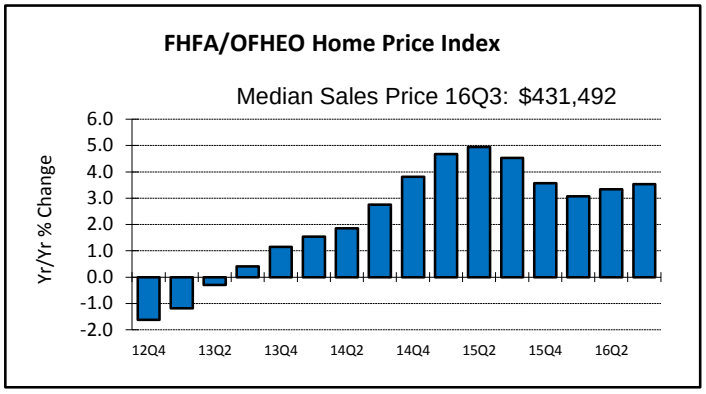
# Nassau-Suffolk, NY

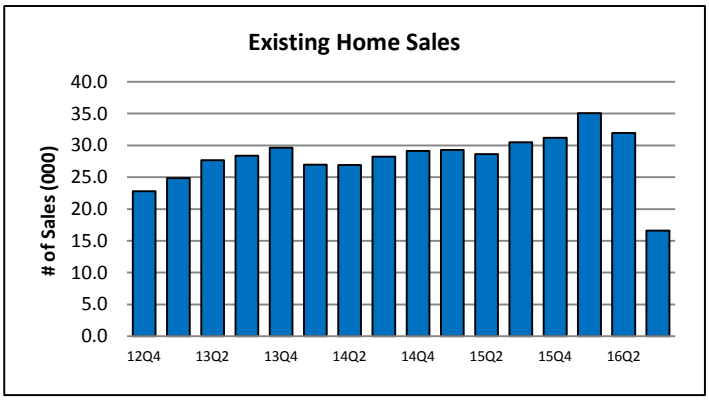
## Economic & Housing Indicators

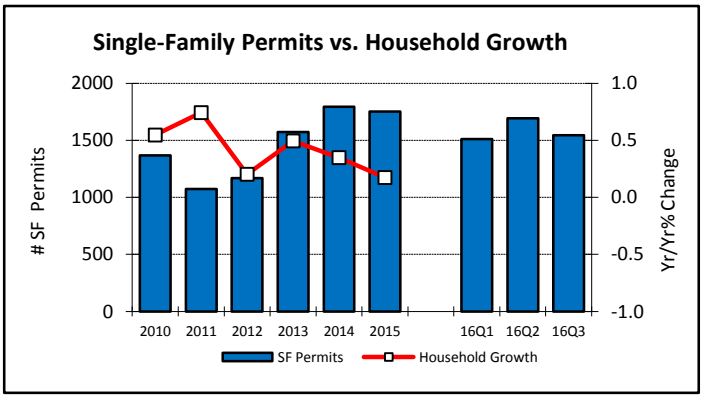


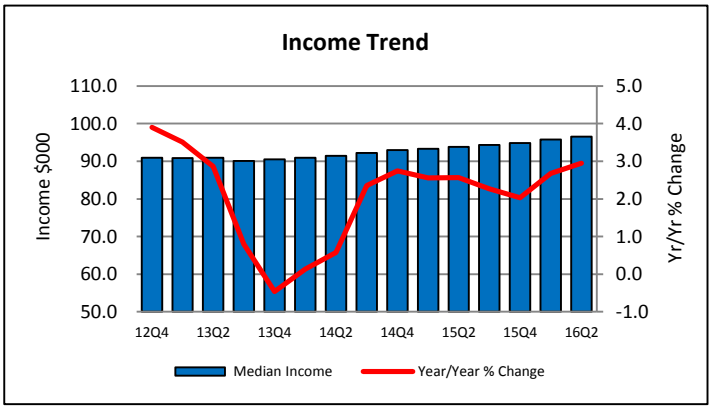



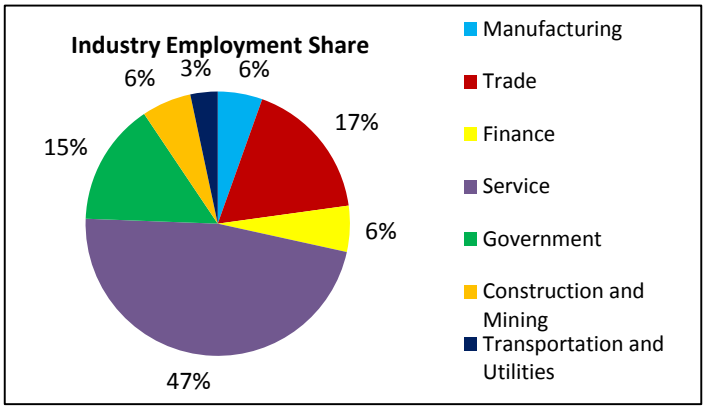

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# New York, NY

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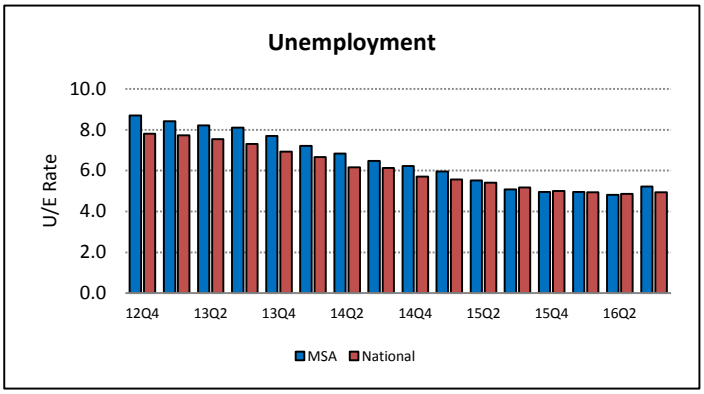
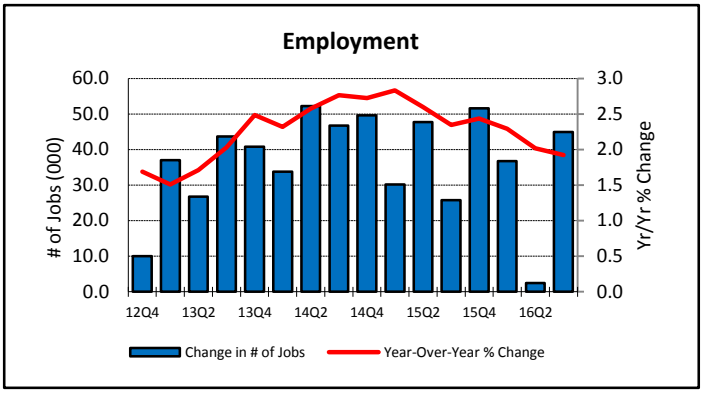
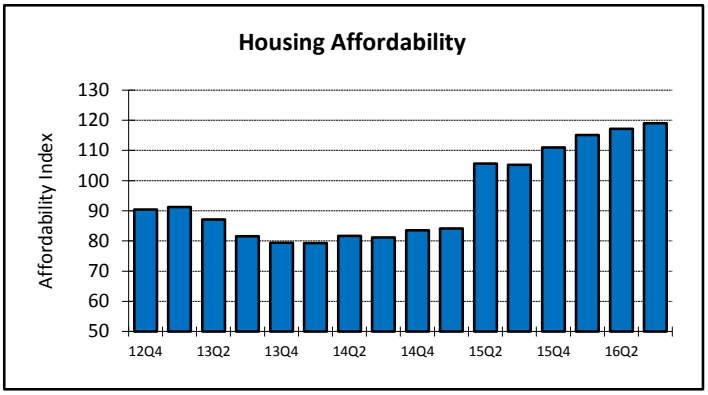
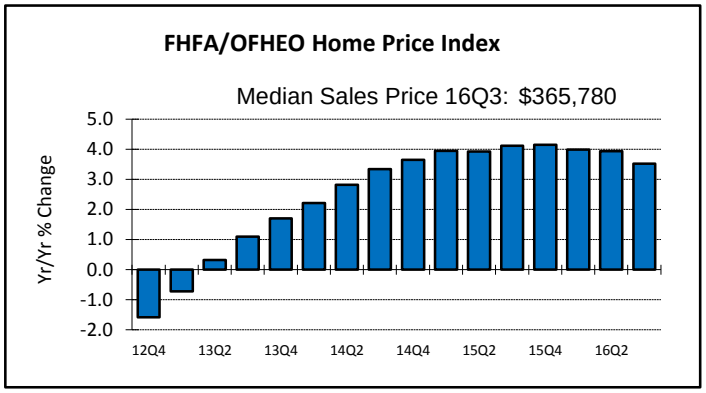
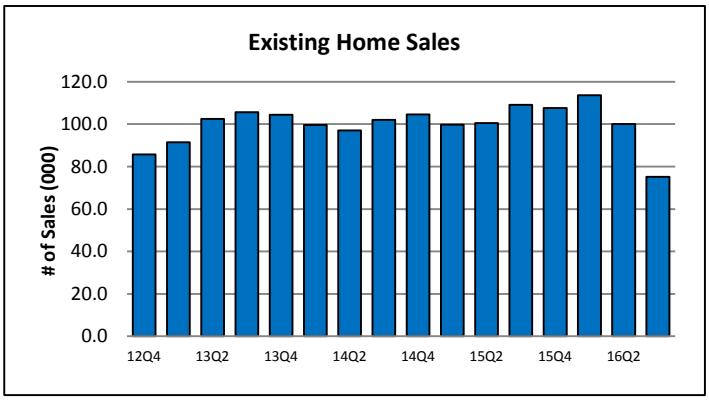
## Economic & Housing Indicators

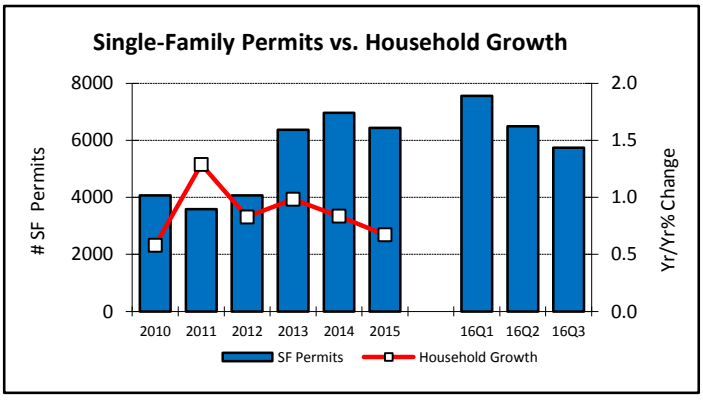


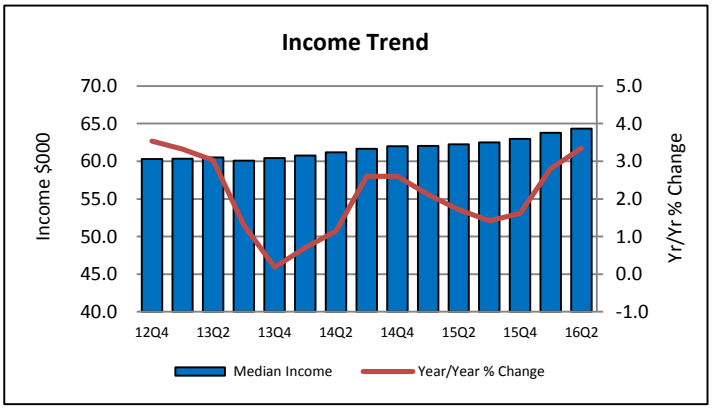



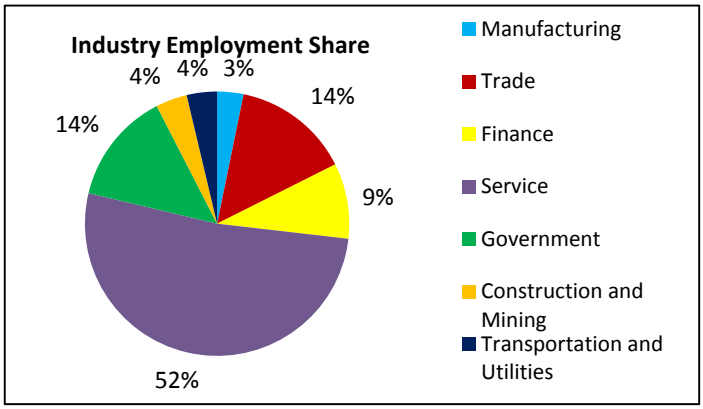

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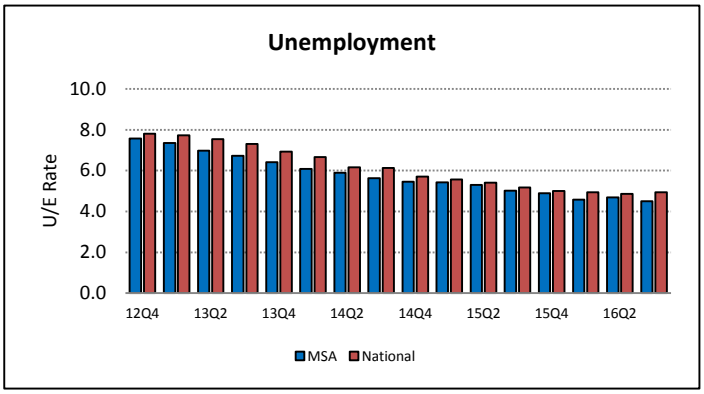
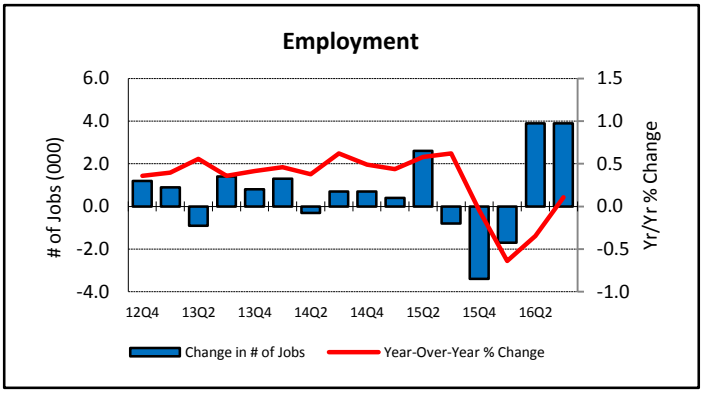
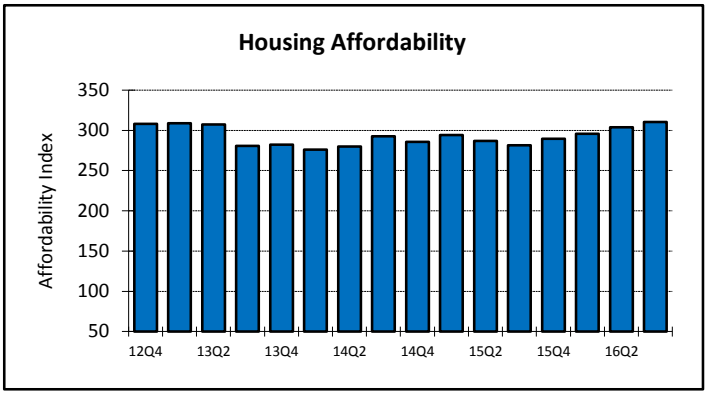
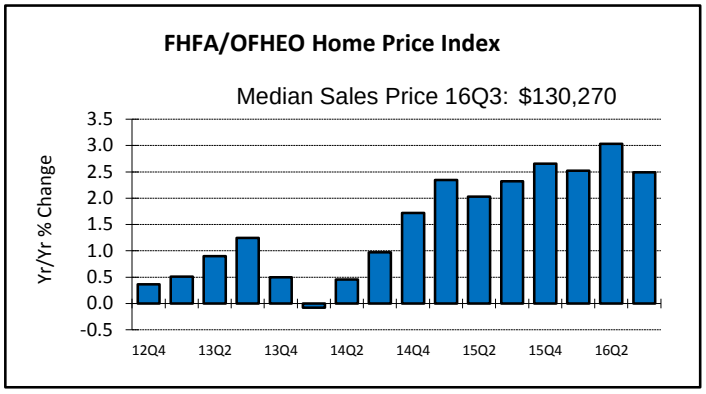
# Rochester, NY

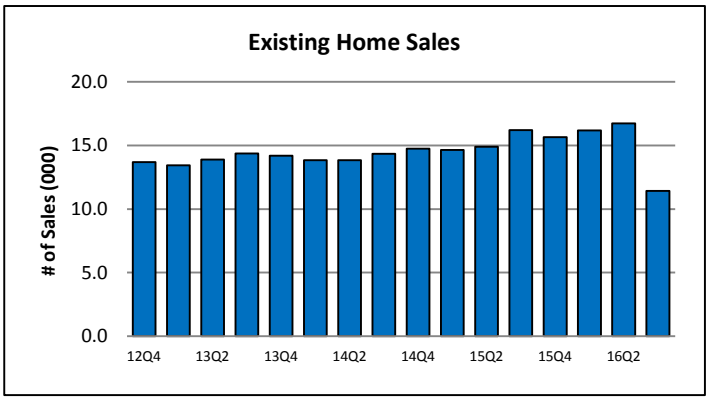
## Economic & Housing Indicators

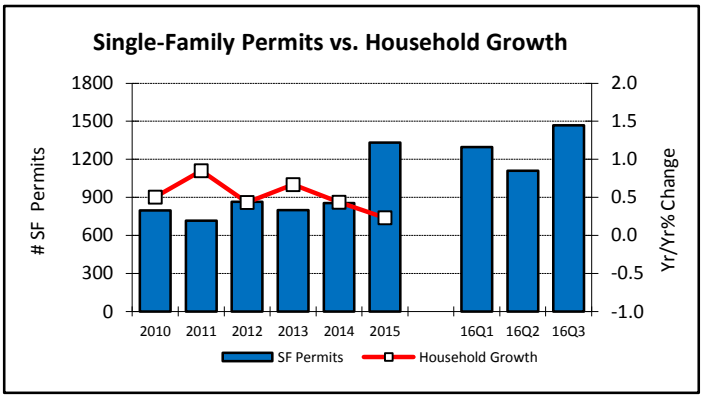


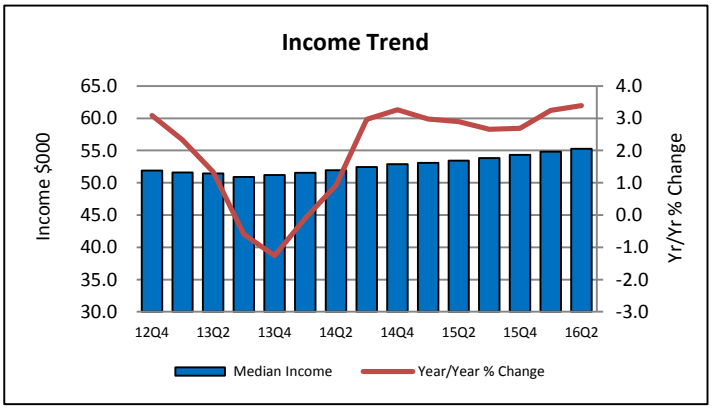



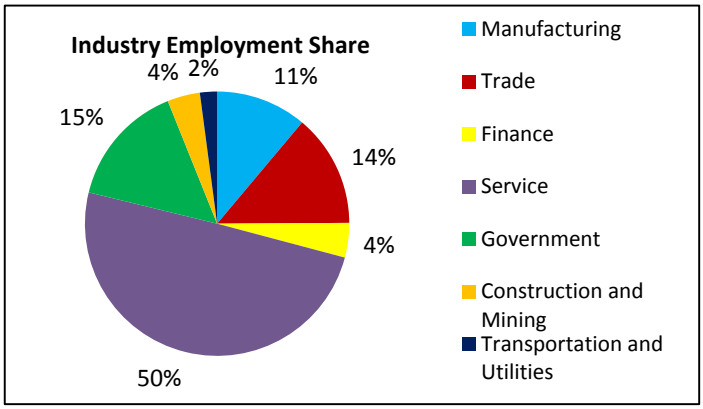

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# Syracuse, NY

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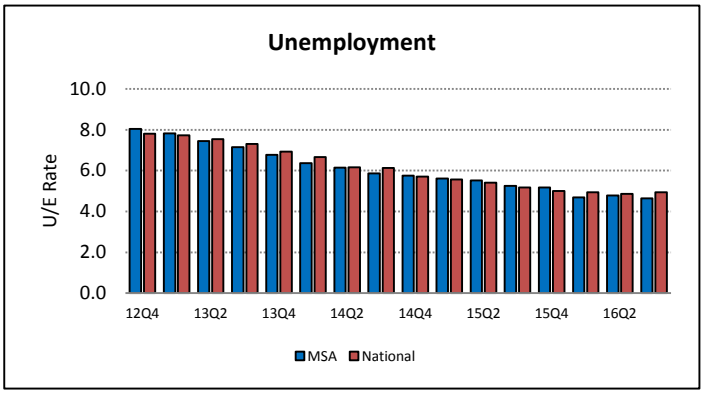
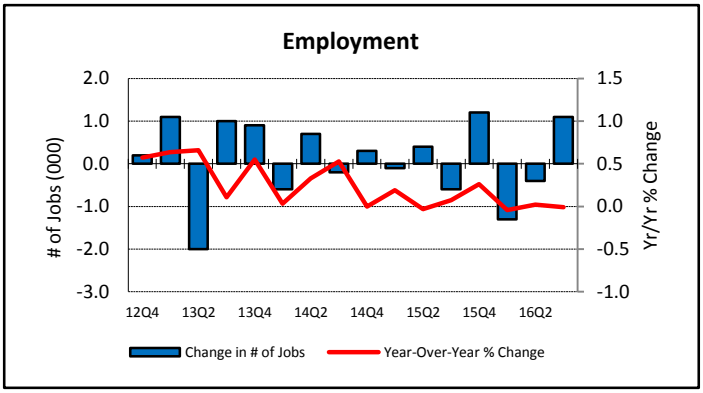
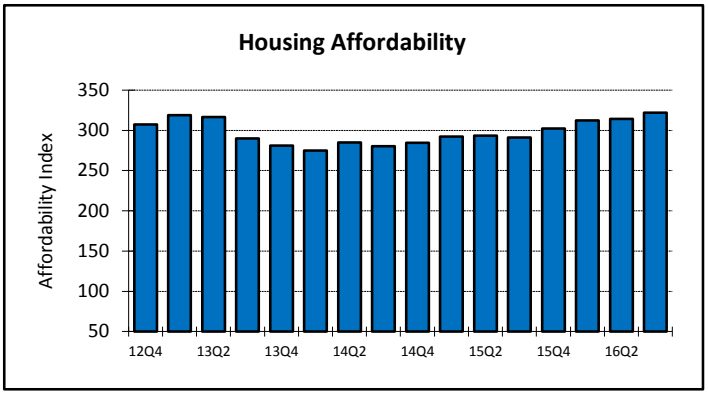
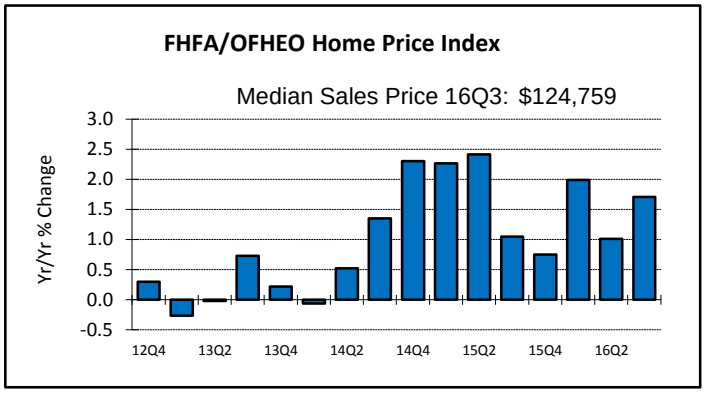
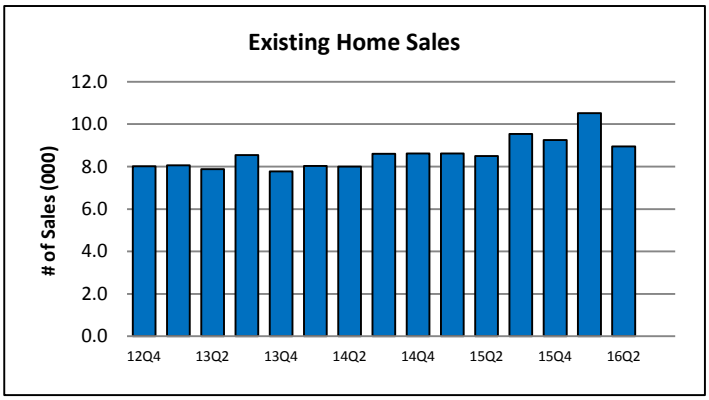
## Economic & Housing Indicators

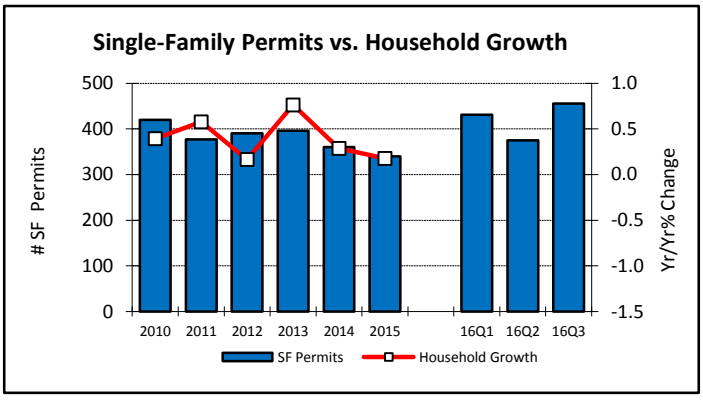


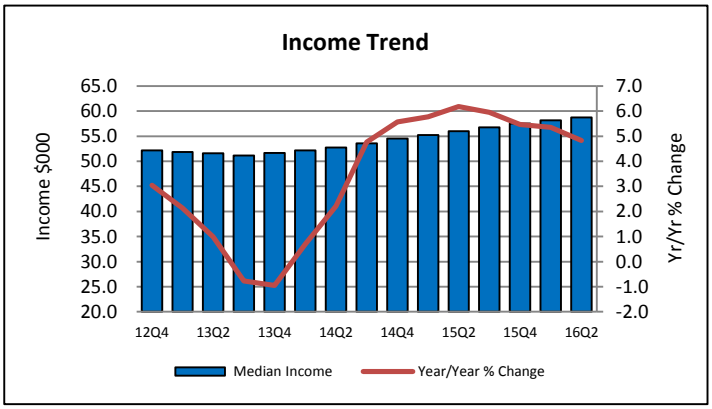



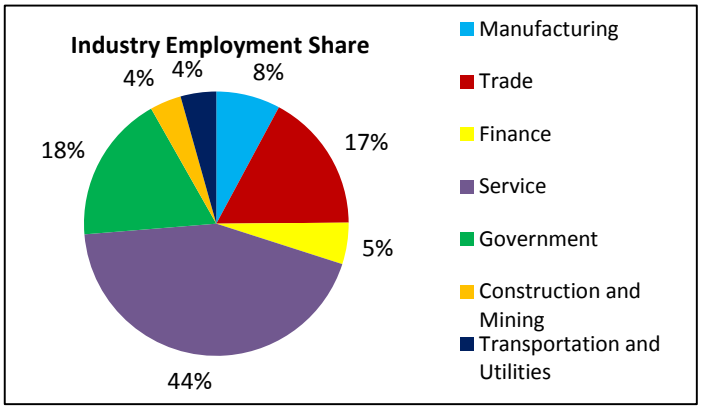

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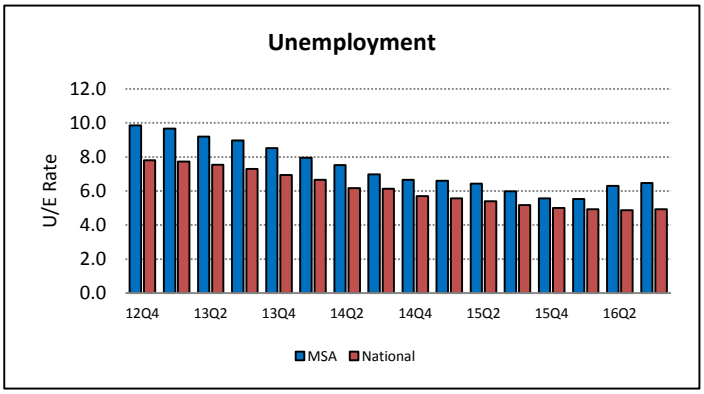
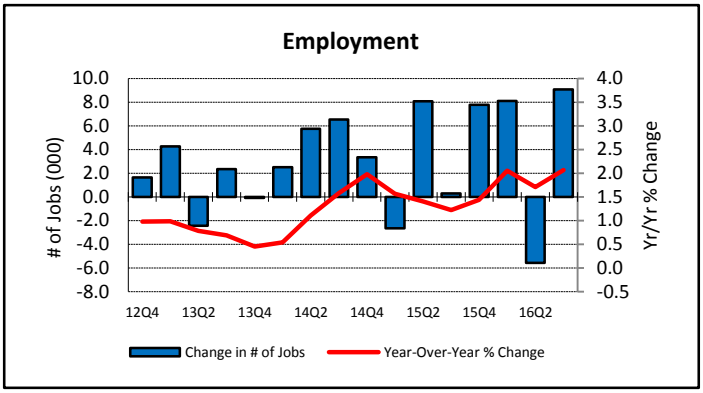
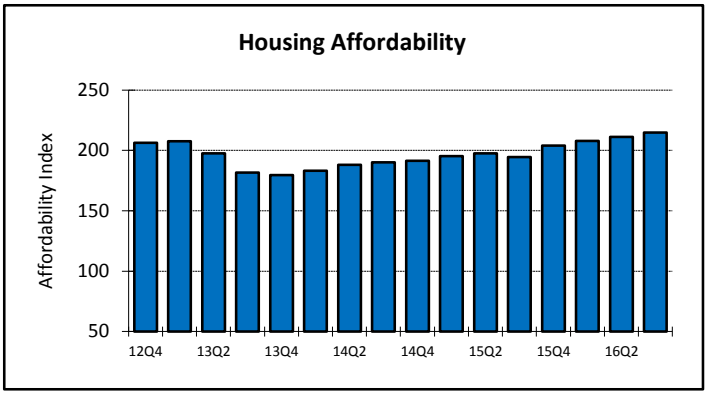
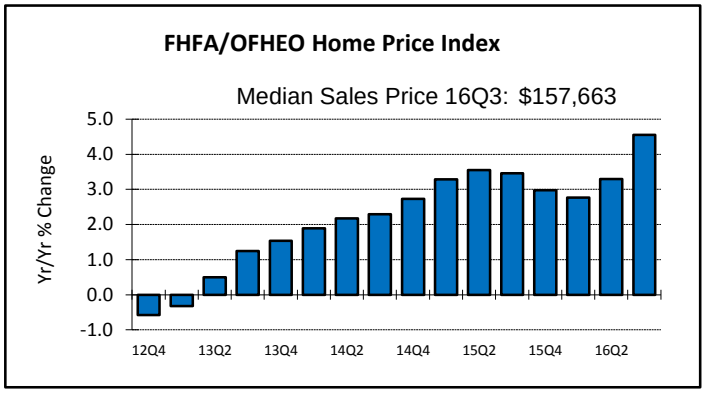
# Philadelphia, PA

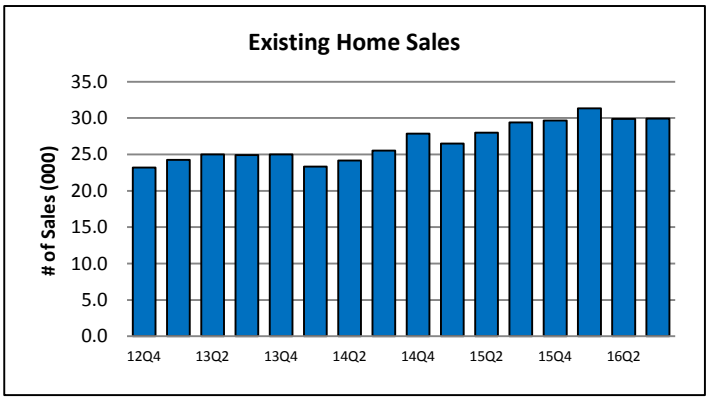
## Economic & Housing Indicators

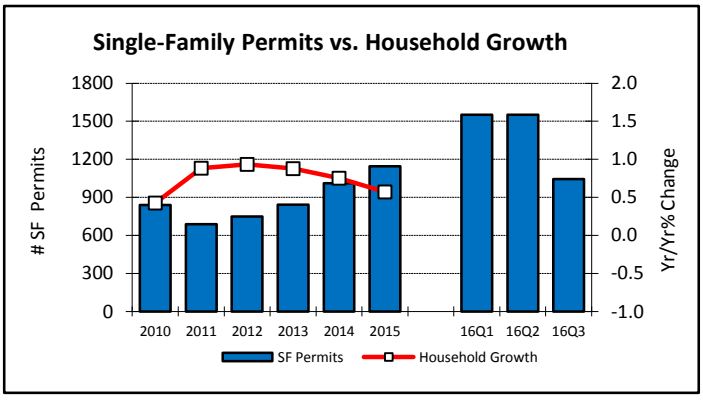


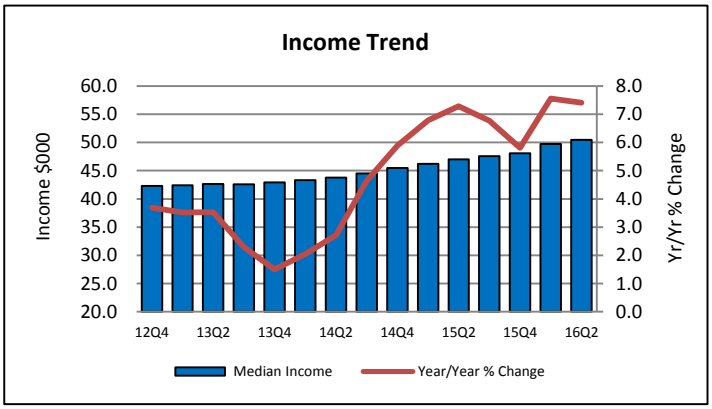



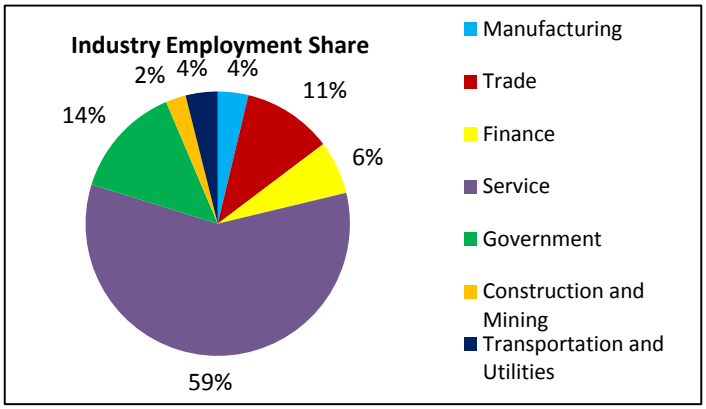

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# Pittsburgh, PA

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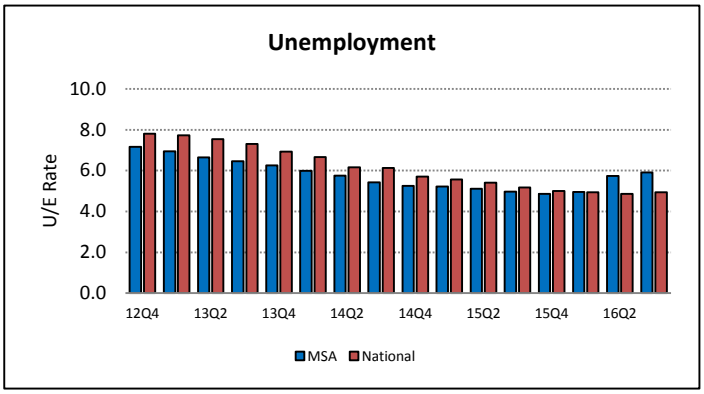
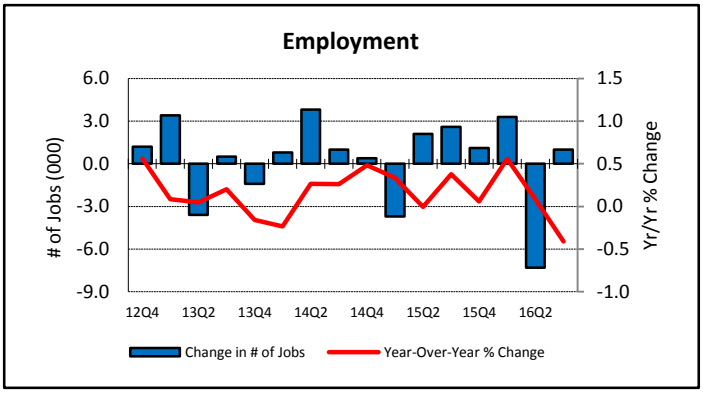
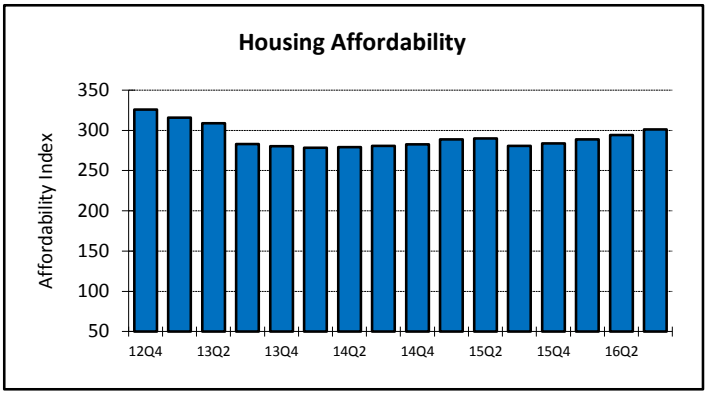
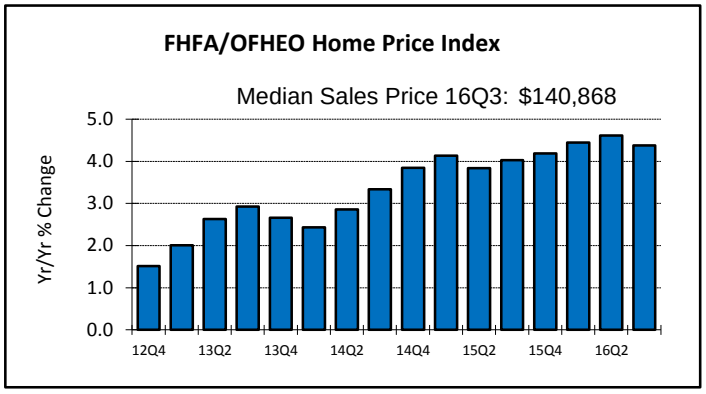
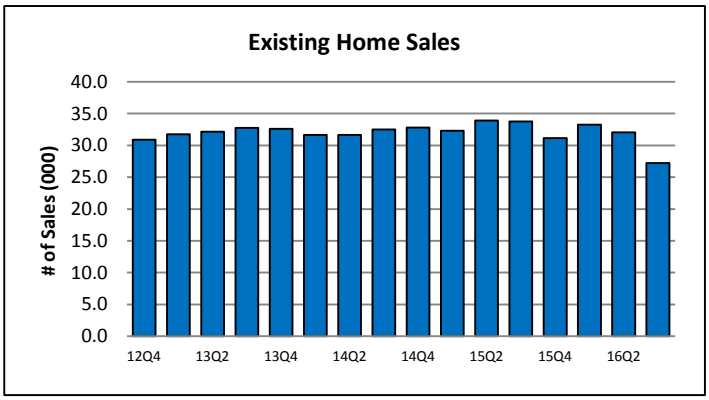
## Economic & Housing Indicators

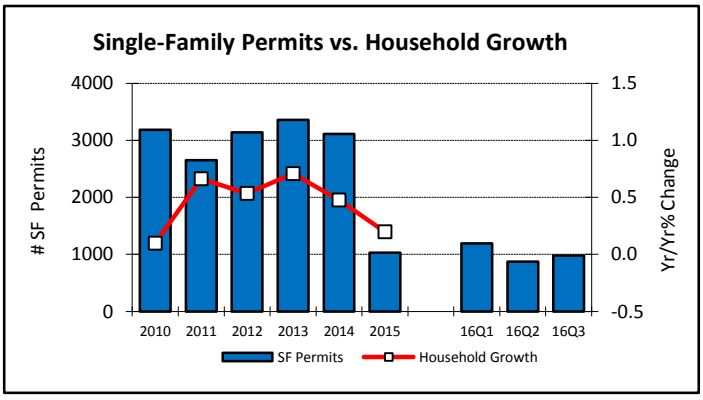


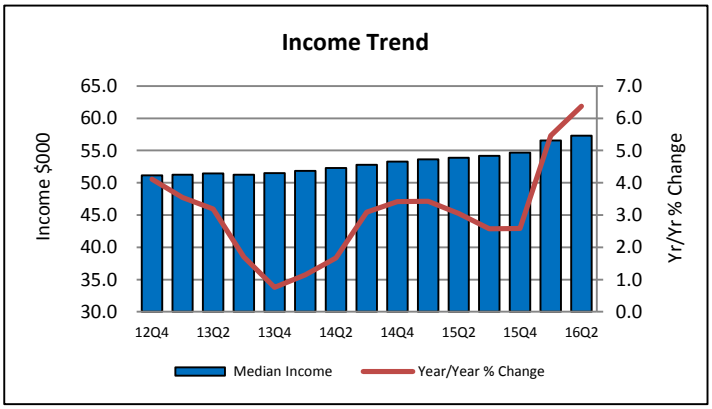



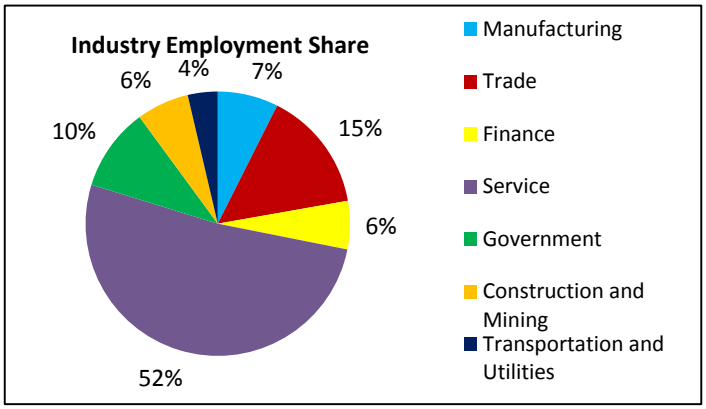

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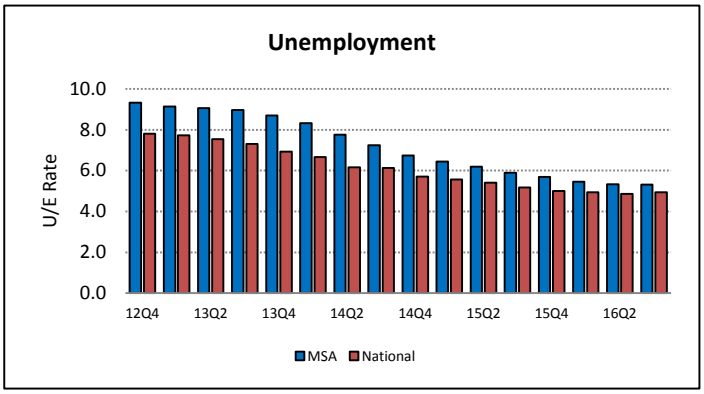
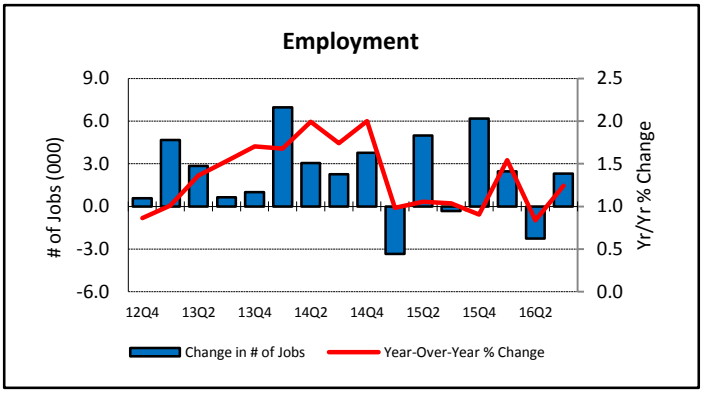
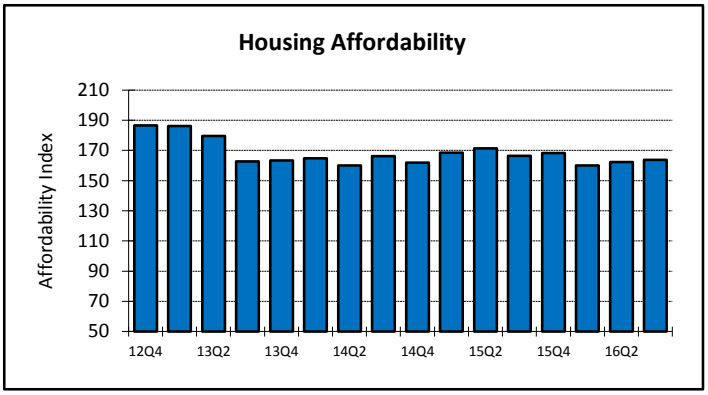
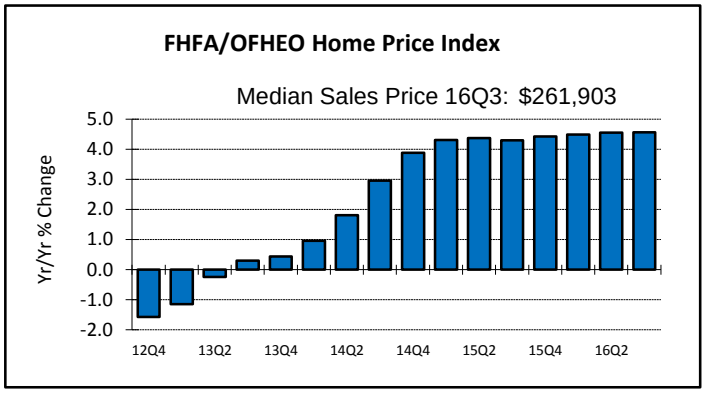
# Providence, RI

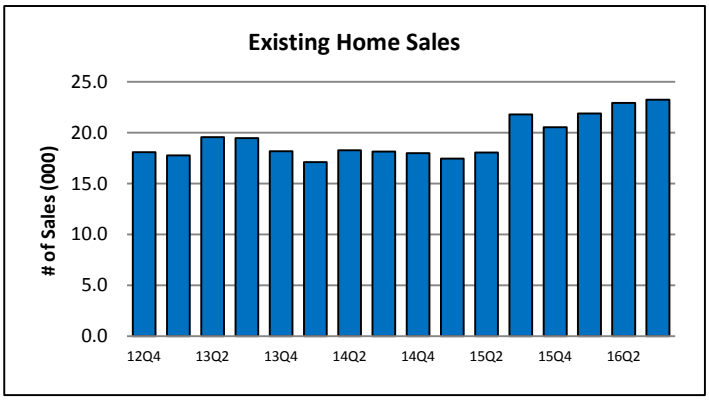
## Economic & Housing Indicators

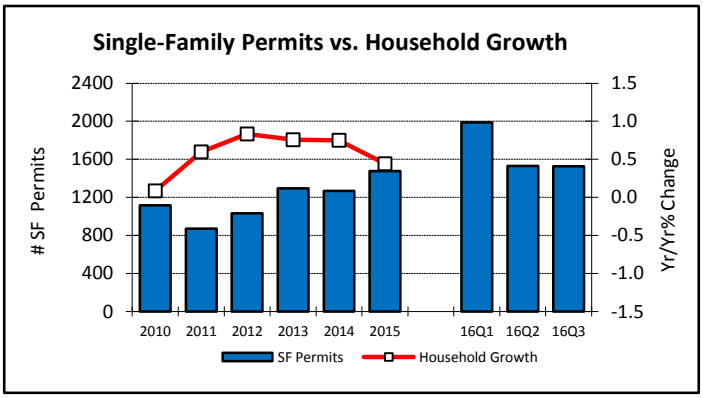


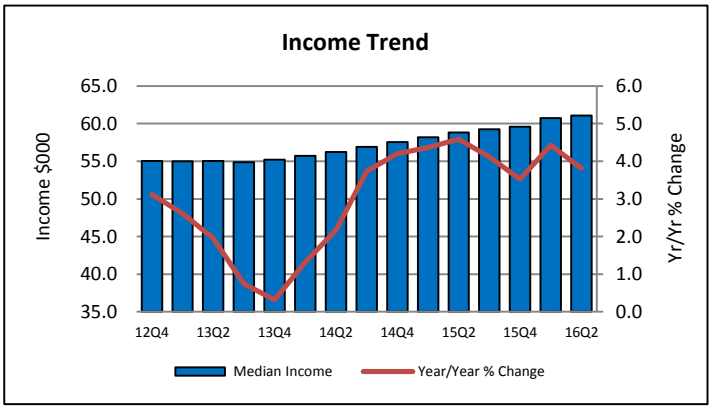



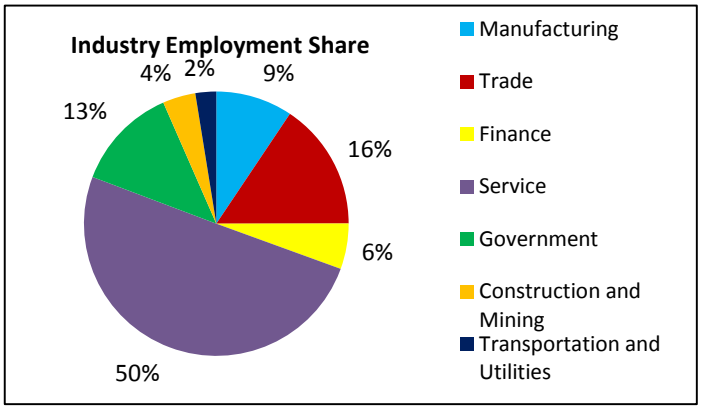

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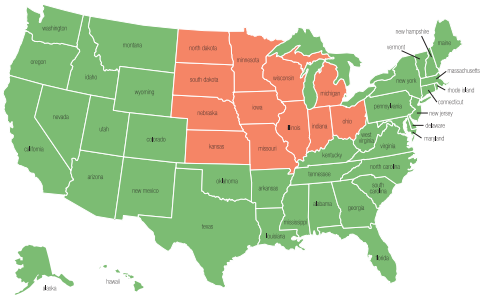
# A Slowdown in Manufacturing Is Affecting the Region

The Midwest housing market remained tight due to a limited supply of units. New construction in some markets is confounded by a lack of skilled workers. The Great Lakes sub-region has been led by vehicle manufacturing, most notably light trucks. The demand for these vehicles could be lessened if oil prices increase more than forecasted. Steel production in Ohio and Northwest Indiana has been stifled by global oversupply. Employment gains were led by Michigan, Missouri and Illinois. On a market basis it was St. Louis and Minneapolis. South Dakota, North Dakota and Nebraska have some of the lowest unemployment rates in the nation. Recent economic forecasts indicate that job growth may not expand until mid-2017.

**ILLINOIS:** Due to ongoing political gridlock, state lawmakers have not agreed on a budget for the next fiscal year. Illinois now has the lowest bond rating of any state and also pays the most when borrowing. These dire straits are felt statewide, as universities lose faculty and Chicago Public Schools remain underfunded. In terms of housing, negative equity is a concern as almost 12% of mortgaged homes in Illinois are underwater. Supply numbers are less than 5 months statewide and below 4 months in Chicago. Downstate Peoria is approaching recession as the woes of Caterpillar deeply impact the city due to the lack of a diversified economy.

**KANSAS:** The state is suffering from major budget issues, which result from the Governor's attempt to expand the economy by cutting income taxes. The resulting fiscal shortfall has ultimately caused funds intended for education, highways and Medicaid to be used to limit the deficit. The effects are felt throughout Kansas, but most notably in Topeka, the state capital. There has been an 8% reduction in government payrolls during this timeframe and, based on one economic report, the city is close to being in recession. The one bright spot in Kansas is Wichita where aerospace manufacturing is an economic driver.

**MICHIGAN:** Michigan has been an economic leader in the Midwest for the past 12 months, led by Detroit and Grand Rapids. After filing for bankruptcy in 2013, Detroit is in a recovery stage and industrial space is in demand. There is also a revival of development downtown; most notably, all sports teams are returning from the suburbs. In Lansing, General Motors will cut the third shift at its local plant affecting 800 workers. In Grand Rapids, there is




downtown commercial development, which spawned an interest in urban housing. With monthly rents ranging from $1,500 to $2,000, affordable options are needed in the downtown area. Statewide, housing prices are expected to rise slowly in 2017 due to tight supply.

**OHIO:** Existing home sales increased year-over-year throughout the Buckeye state, especially in Dayton where transactions were up nearly 10%. The supply of housing is below 5 months statewide due to a lack of inventory. While General Motors cut 1,200 workers in Youngstown and Ohio steel plants shed jobs, Cincinnati and Columbus remain economically healthy. Both cities have become centers of new development due to their educated workforces and low costs of business compared to other parts of the country. Payroll expansion in both cities is expected in 2017.

**SOUTH DAKOTA:** With the lowest unemployment rate in the nation, South Dakota maintained a healthy economy. Looking forward, a tight labor market will generate roughly half the number of new jobs in 2017 compared to 2016. While commodity prices have stabilized, continual record-setting yields may force farmers to sell crops for less than the production cost.

**WISCONSIN:** Housing starts statewide are below pre-recession levels but have been steadily rising since early 2014. In the Milwaukee area, permits increased 16% compared to the same time frame a year ago. Madison and Milwaukee are boasting a housing supply below 4 months, while nonmetropolitan areas have inventories closer to 10 months. A major Milwaukee employer looks to trim its workforce by cutting hundreds of jobs in 2017.

**DES MOINES (IA):** The Des Moines housing market is strong with year-to-date existing sales increasing over the prior year. Over 40% of these sales were priced between $100,000 and $200,000. The supply of homes on the market is below 3 months. Construction is expected to be the economic driver in 2017, while farm incomes and the financial sector become stagnant. Year-to-date job gains are on par with last year, as the jobless rate is just under 4%.

**ST. LOUIS (MO):** Nearly 33,300 jobs were created during the first 9 months of the year, almost a 60% jump from a year ago. Meanwhile, the jobless rate is up slightly to 5.1%. Aerospace manufacturing will get a boost when Boeing opens its new facility to build the 777X jetliners. Around 700 jobs are expected to be added in production, engineering and support. Conversely, Monsanto expects local workforce reductions after its takeover by Beyer. St. Louis will be receiving a $30 million grant from HUD to redevelop distressed neighborhoods.

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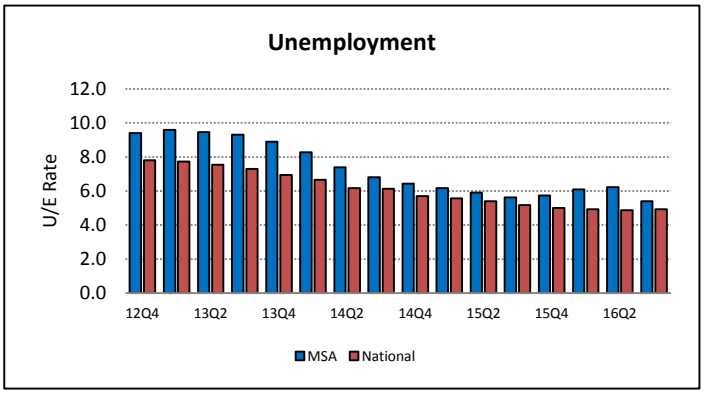
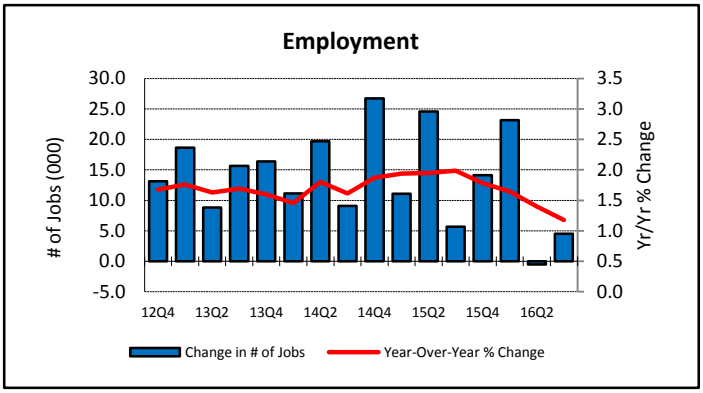
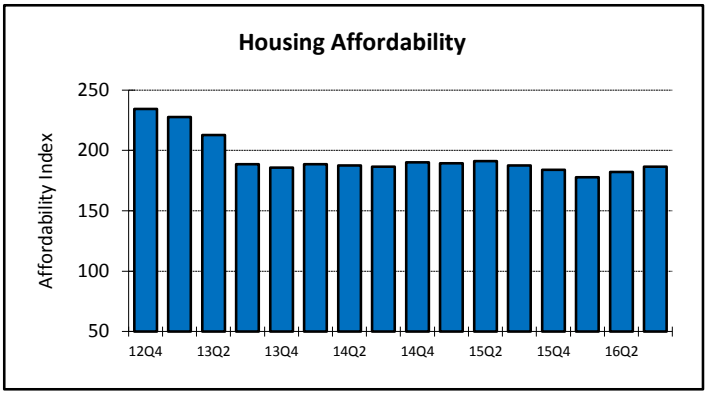
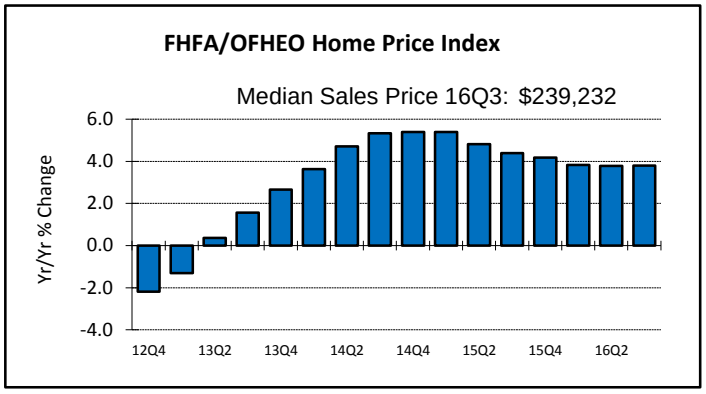
# Chicago, IL

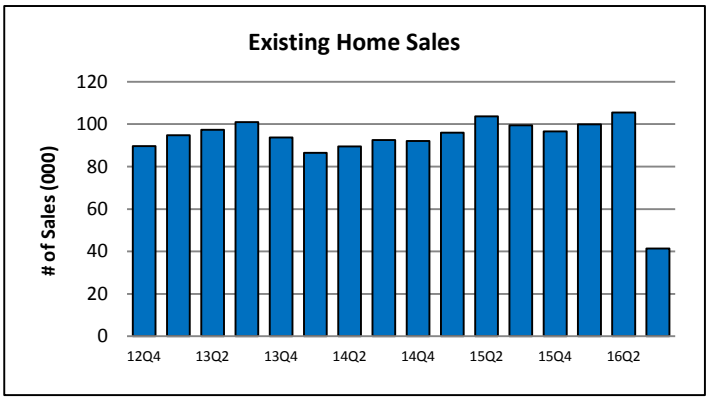
## Economic & Housing Indicators

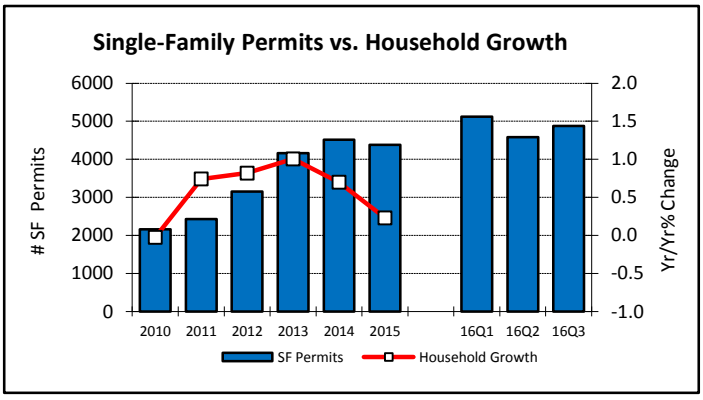


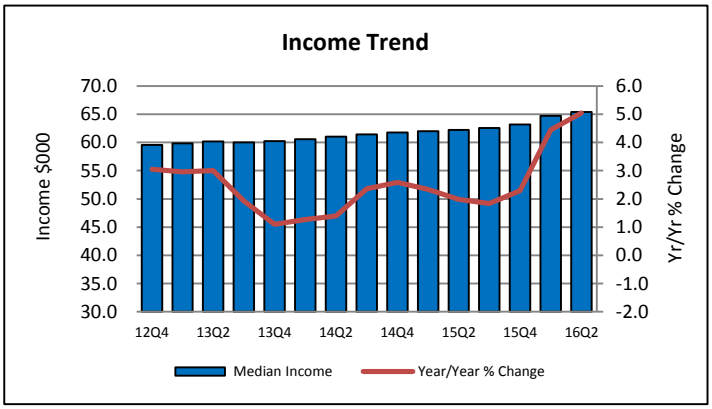



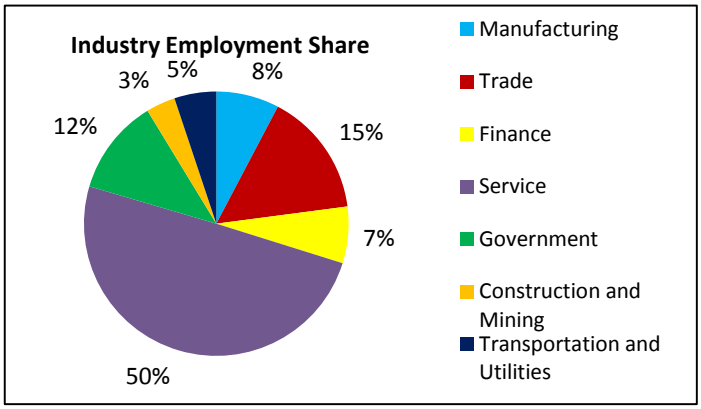

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# Indianapolis, IN

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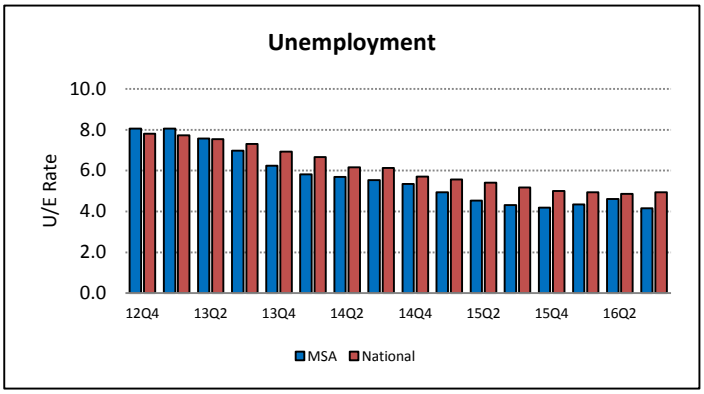
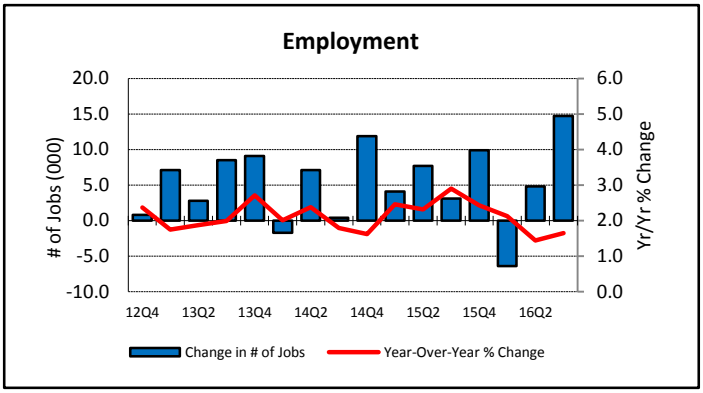
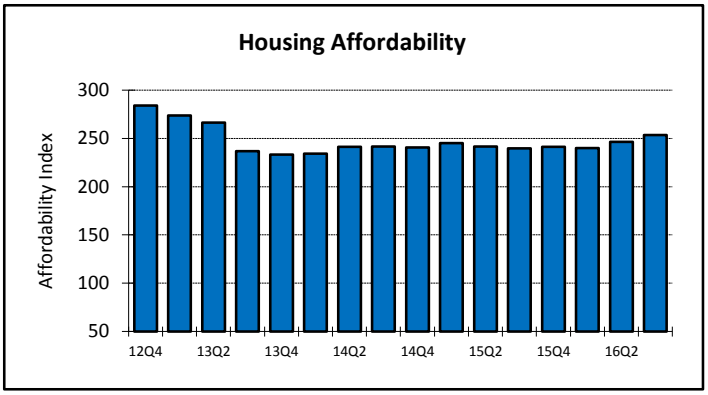
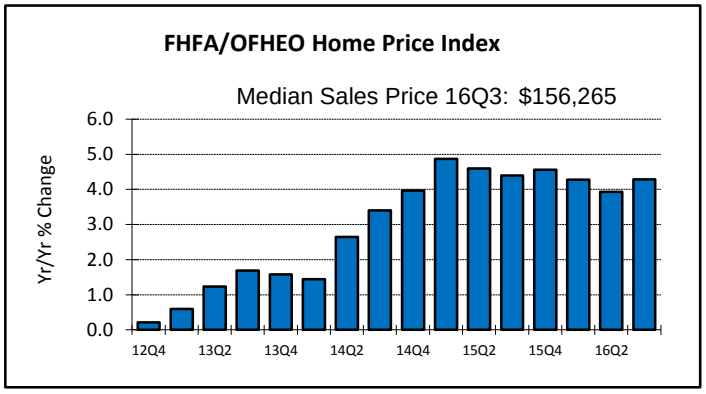
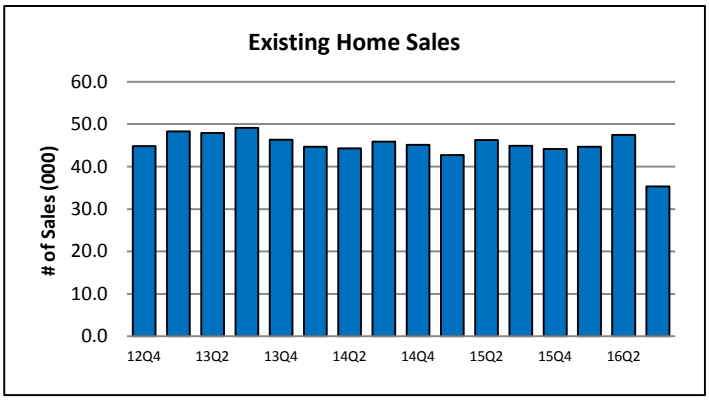
## Economic & Housing Indicators

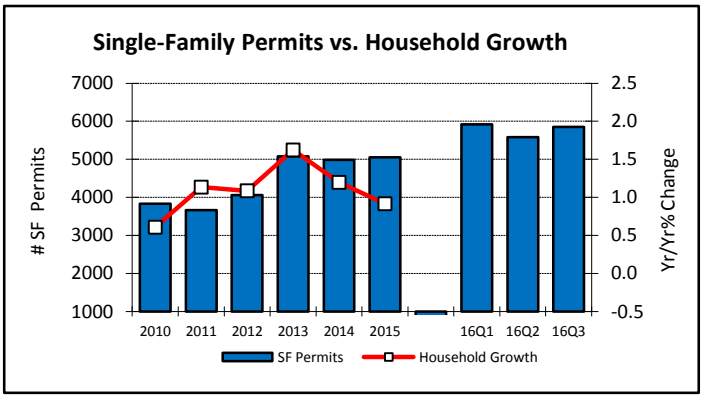


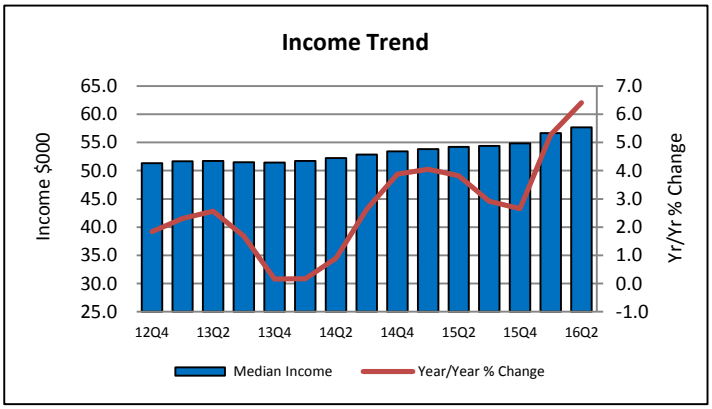



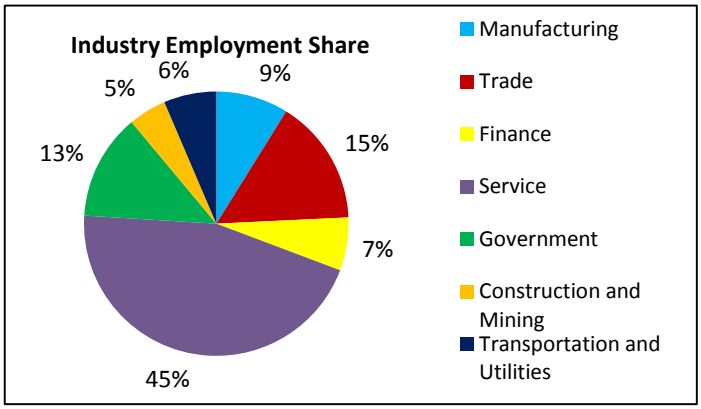

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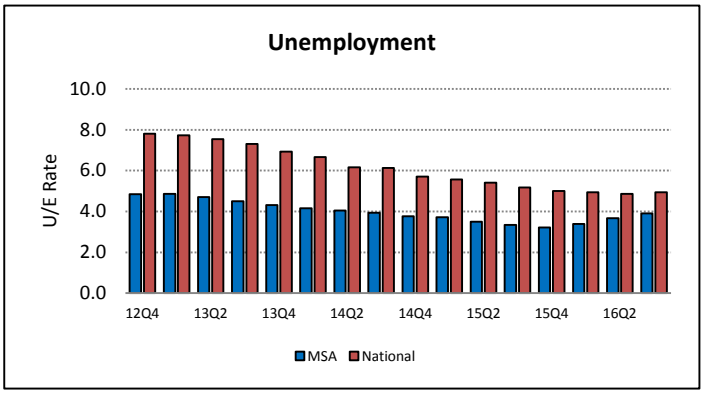
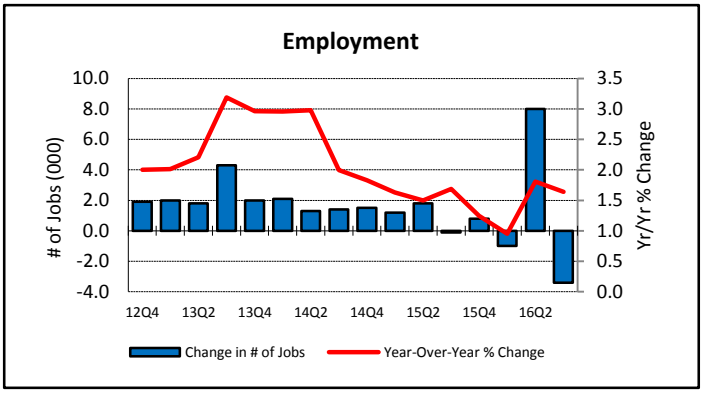
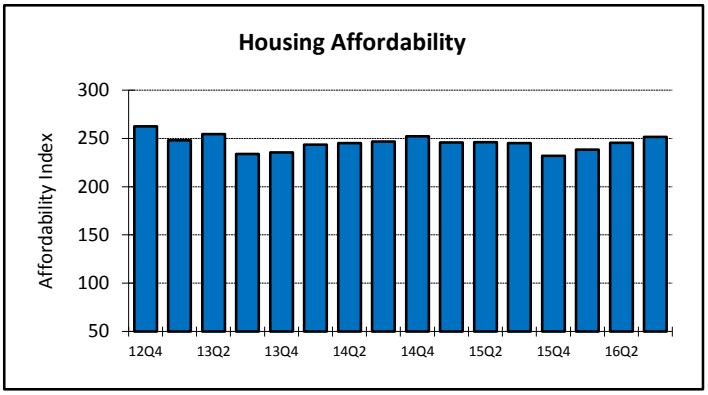
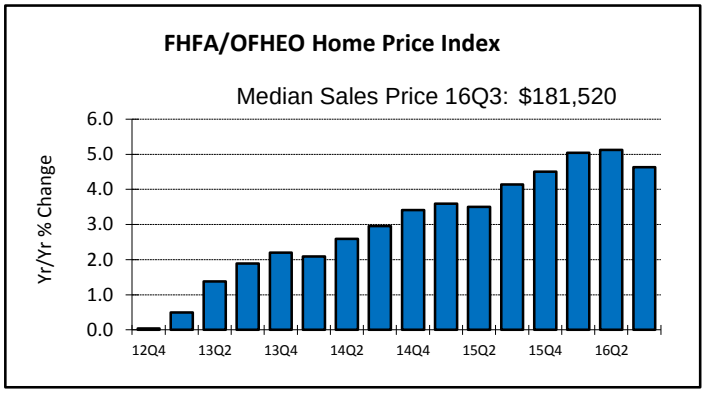
# Des Moines, IA

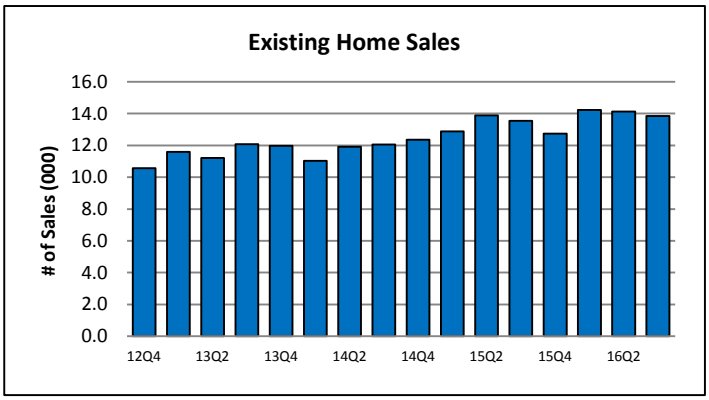
## Economic & Housing Indicators

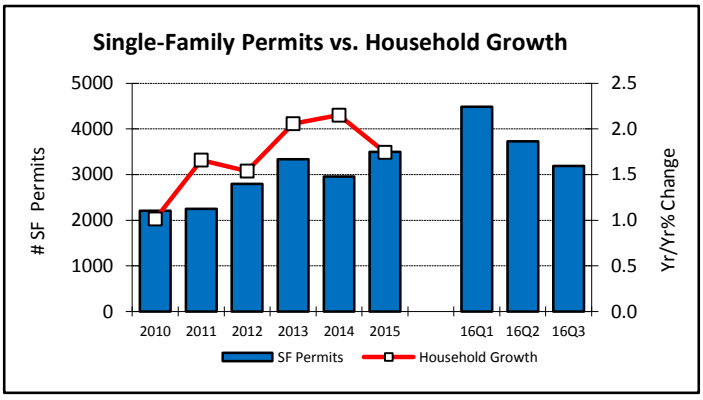


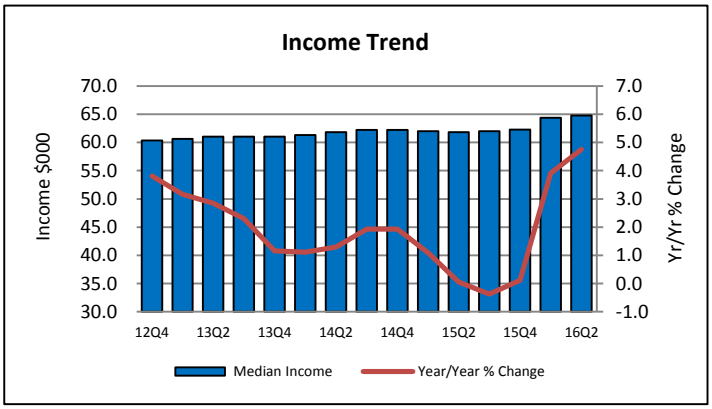



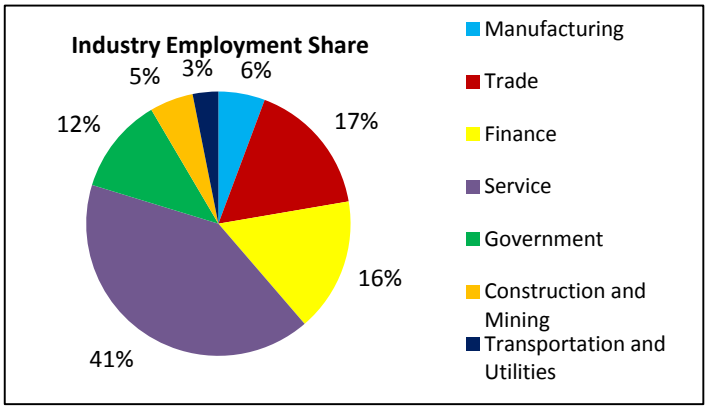

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# Kansas City, KS-MO

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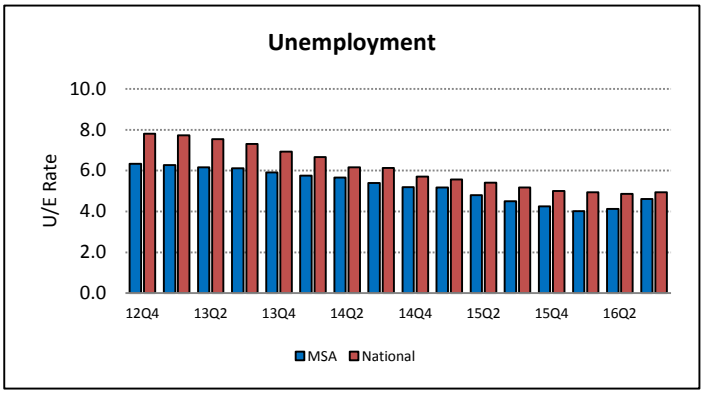
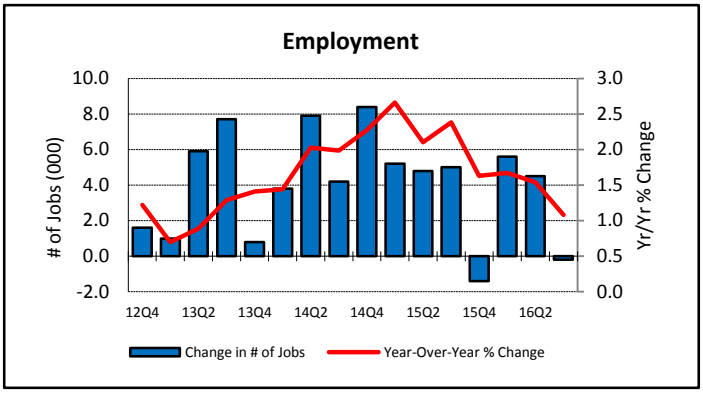
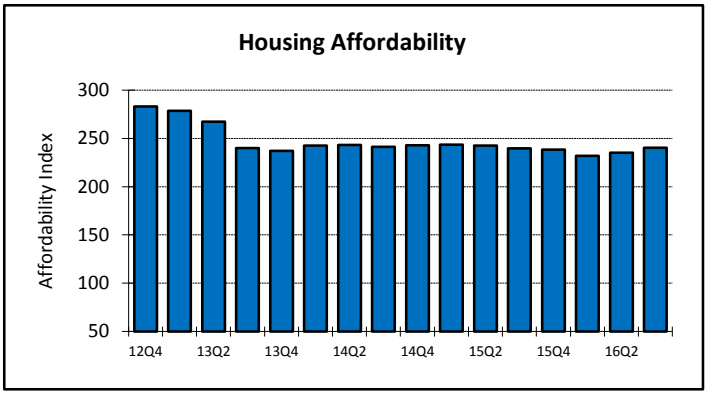
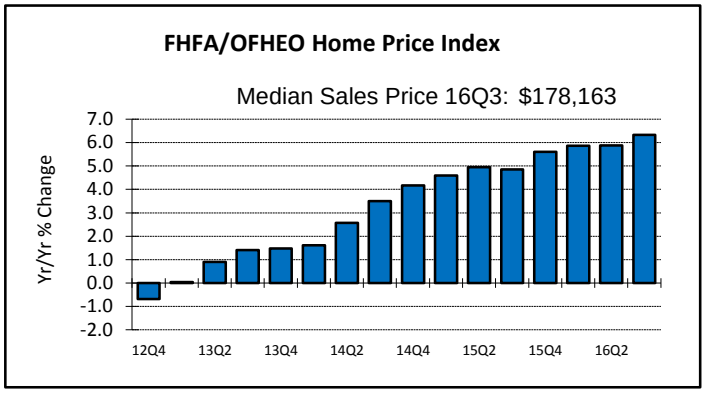
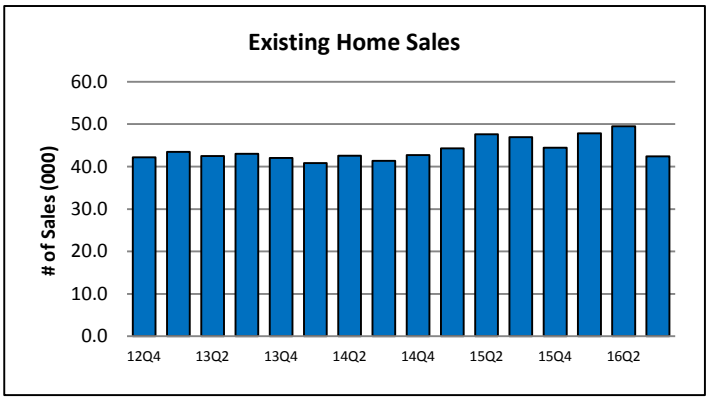
## Economic & Housing Indicators

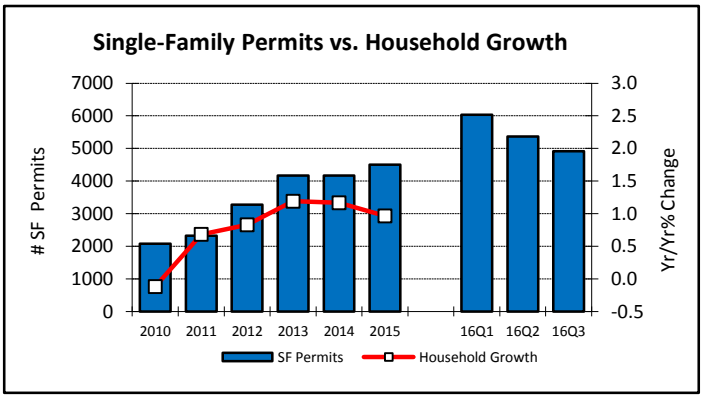


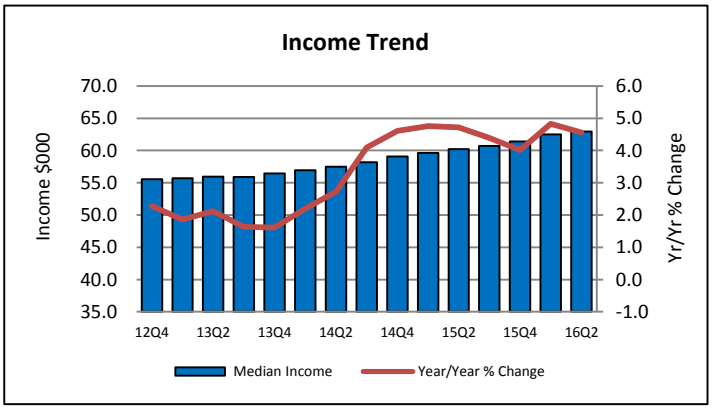



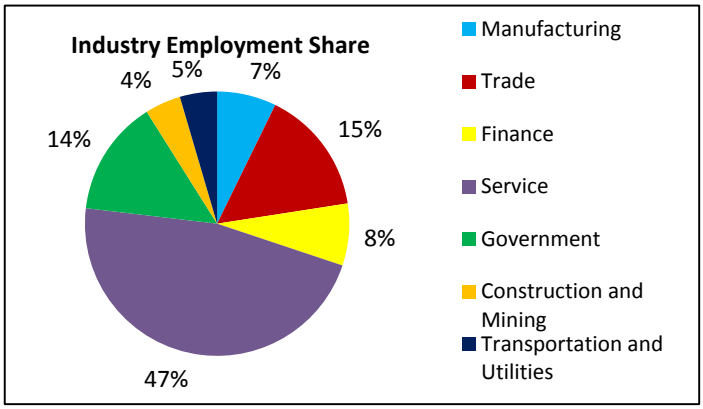

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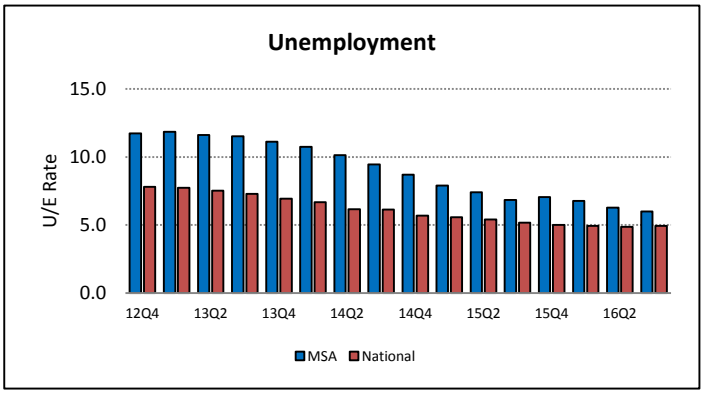
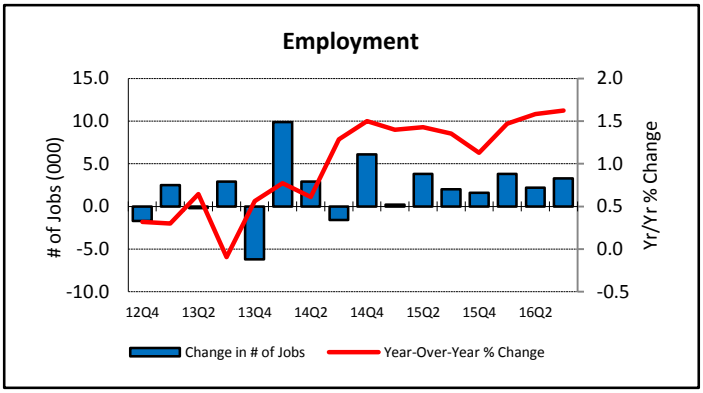
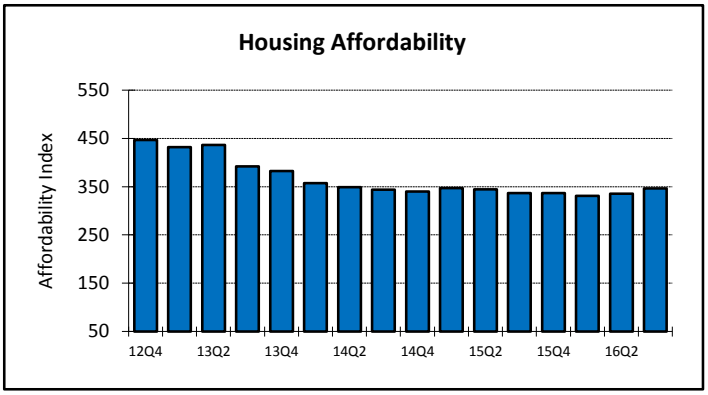
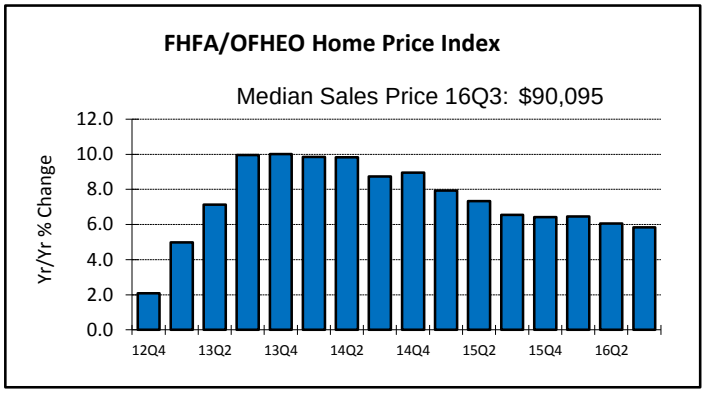
# Detroit, MI

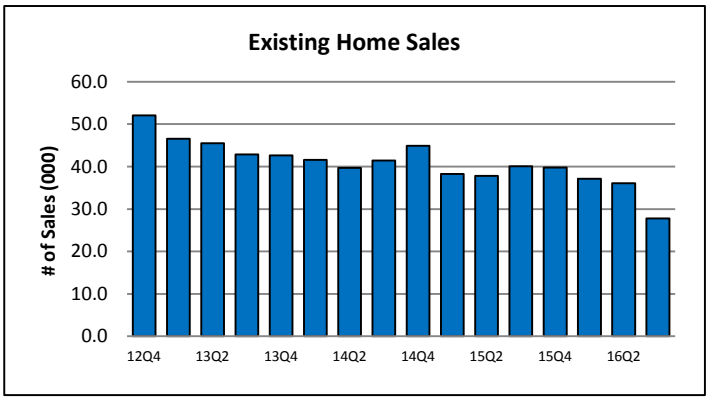
## Economic & Housing Indicators

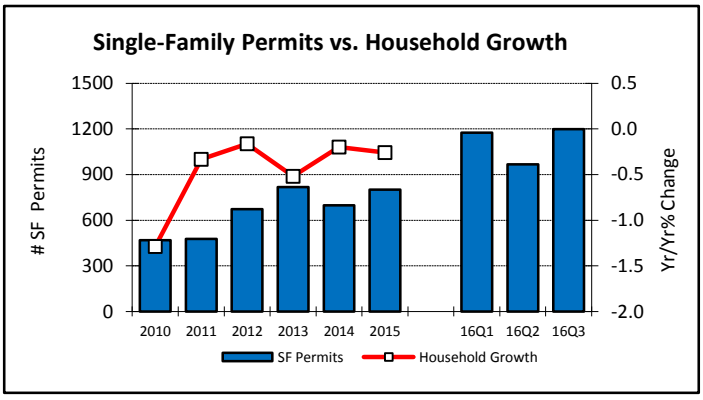


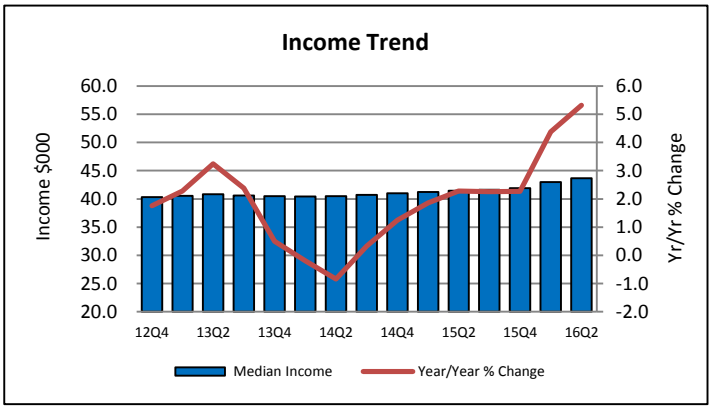



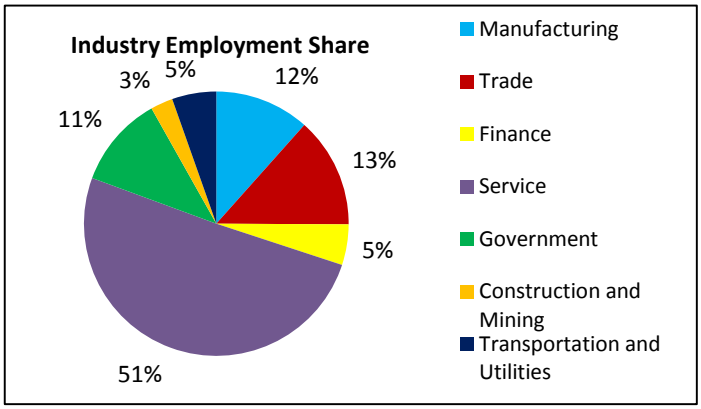

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# Grand Rapids, MI

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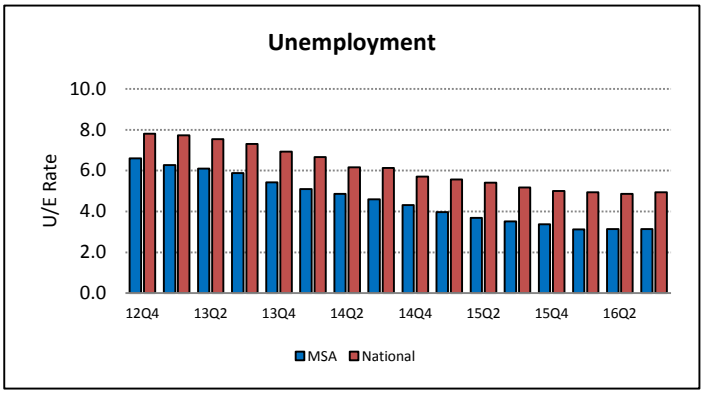
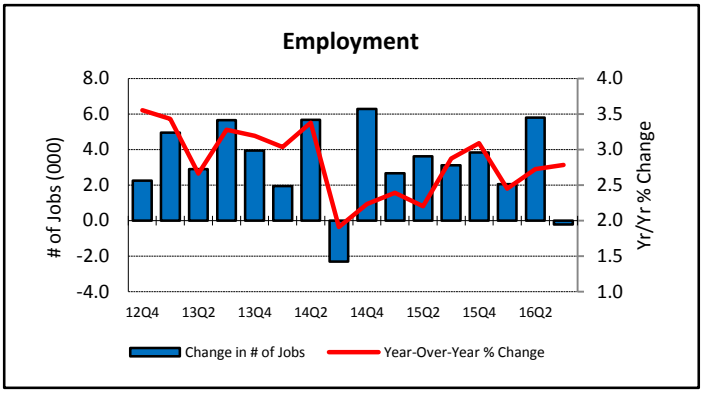
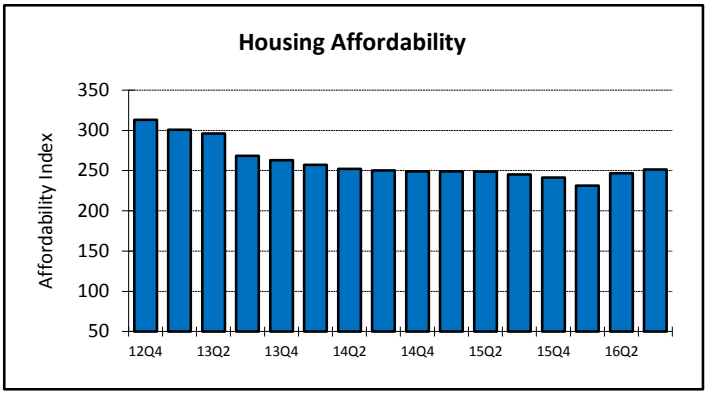
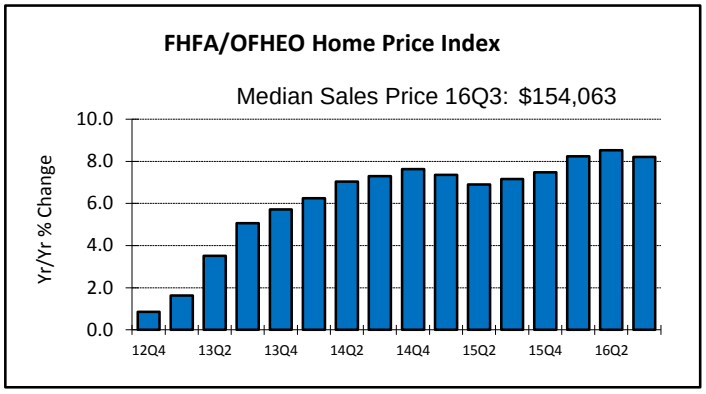
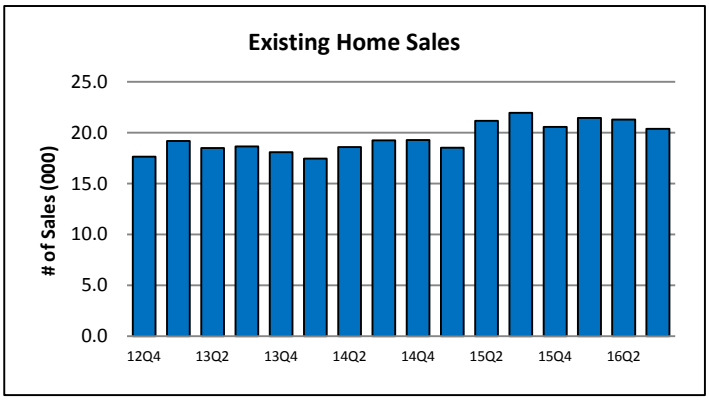
## Economic & Housing Indicators

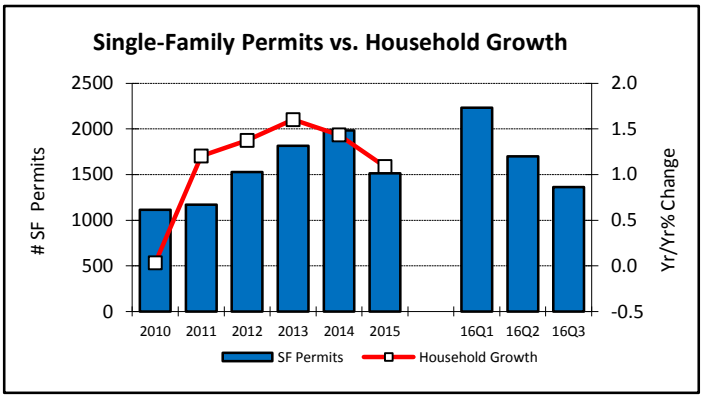


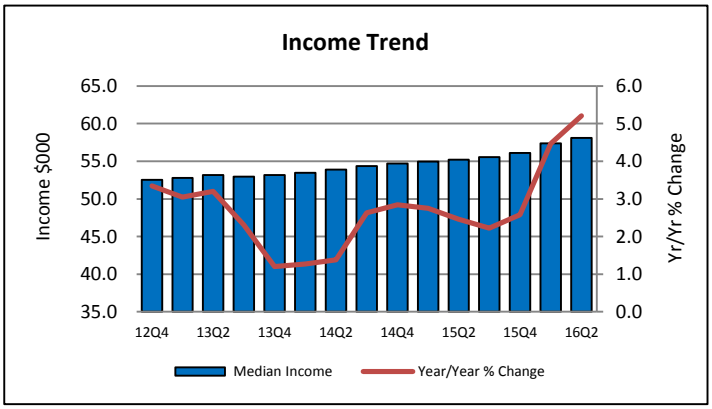



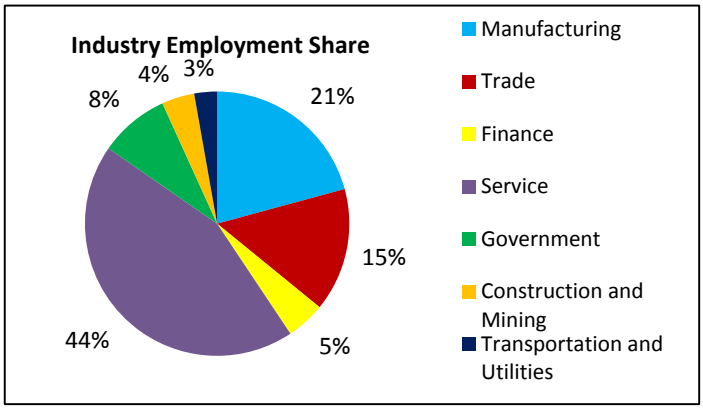

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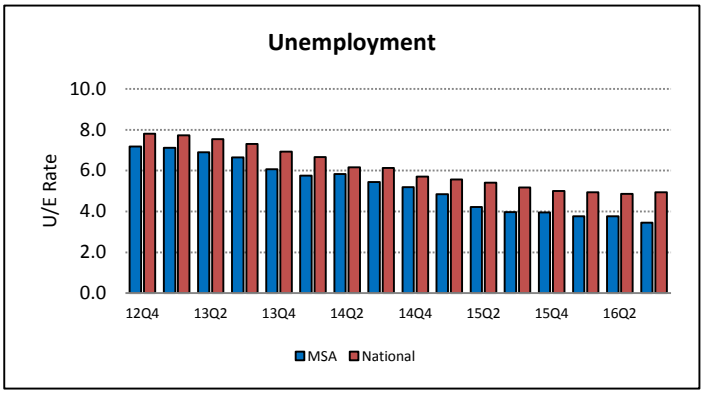
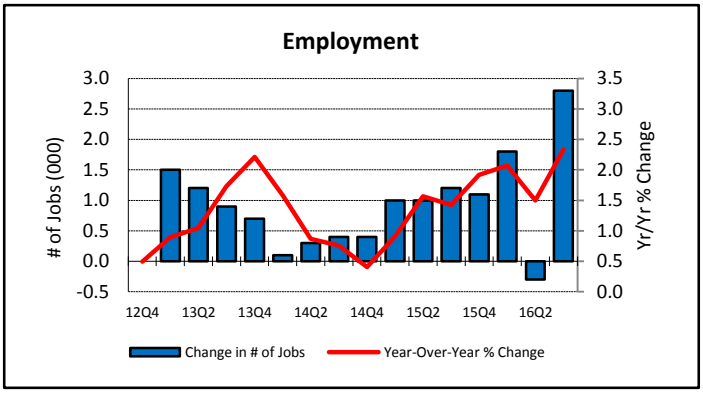
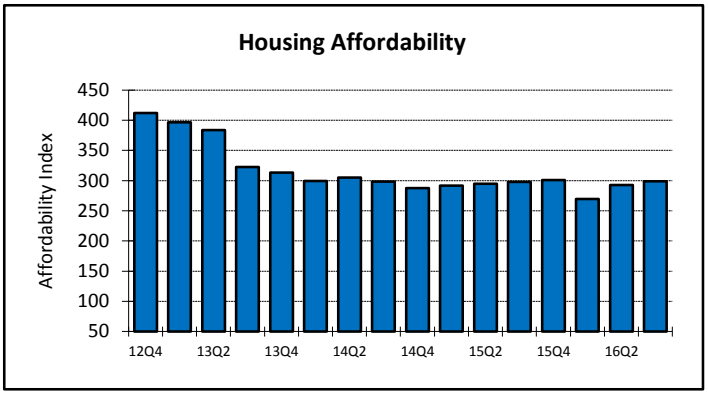
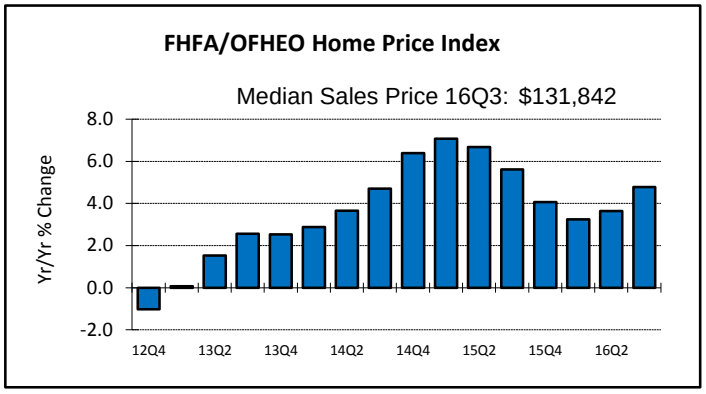
# Lansing, MI

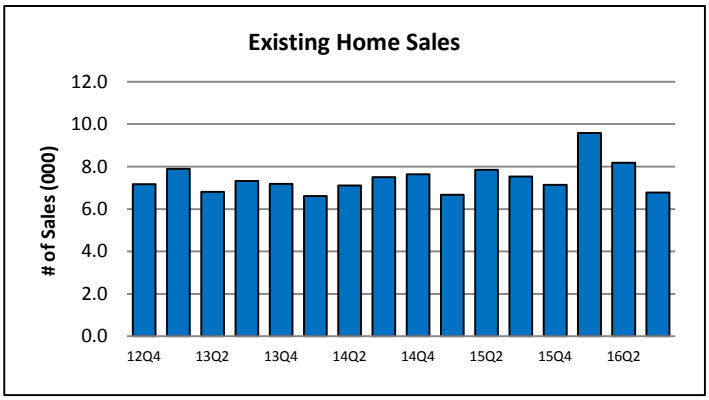
## Economic & Housing Indicators

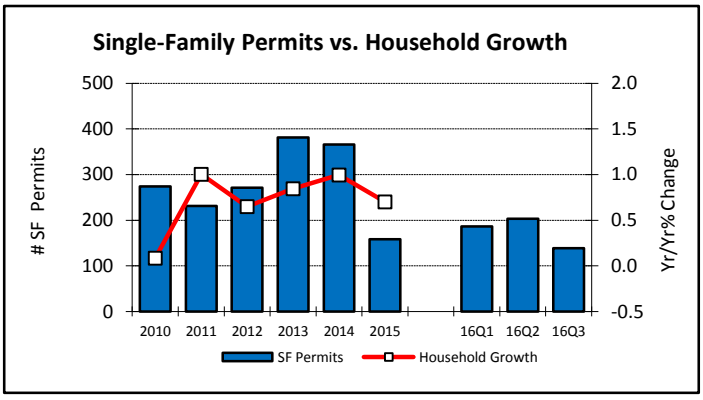


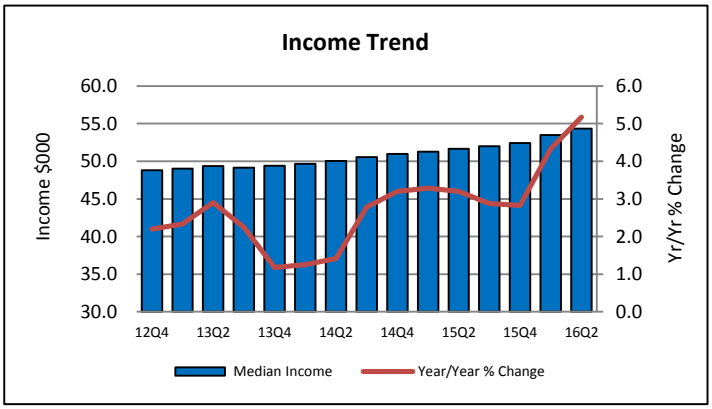



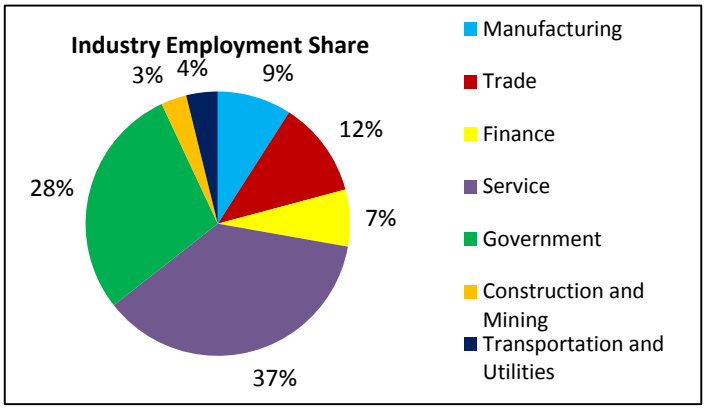

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# Minneapolis, MN

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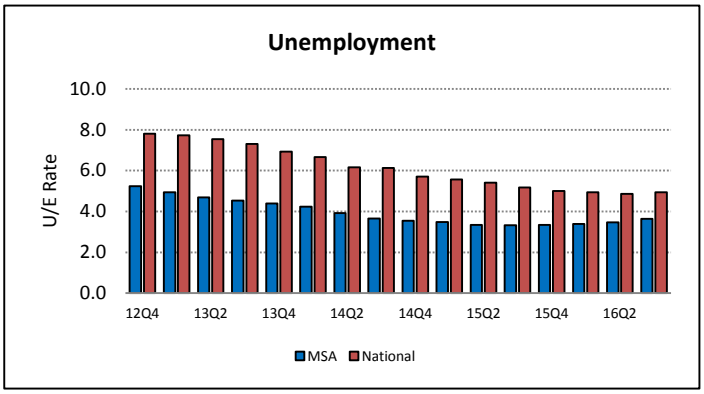
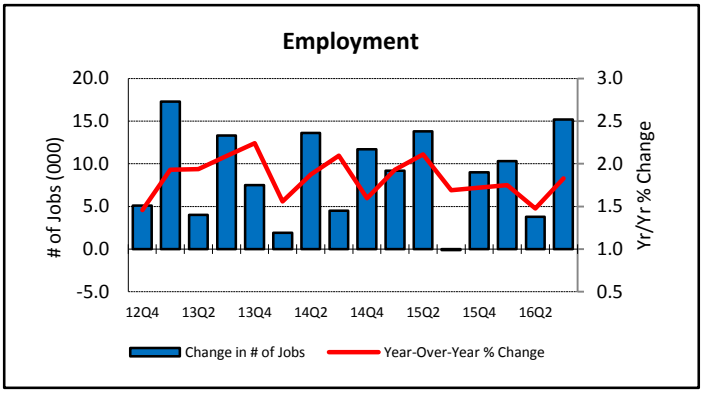
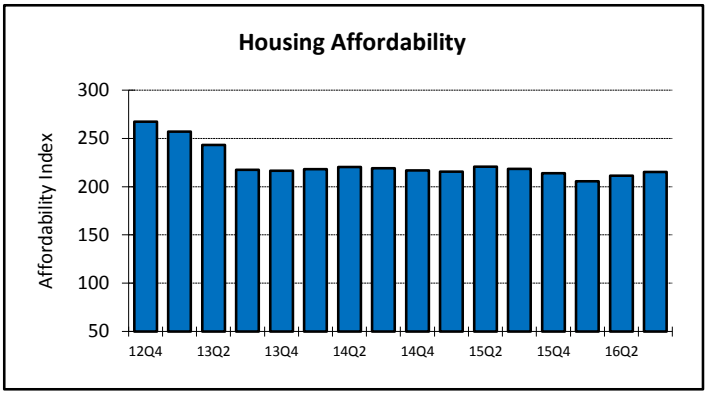
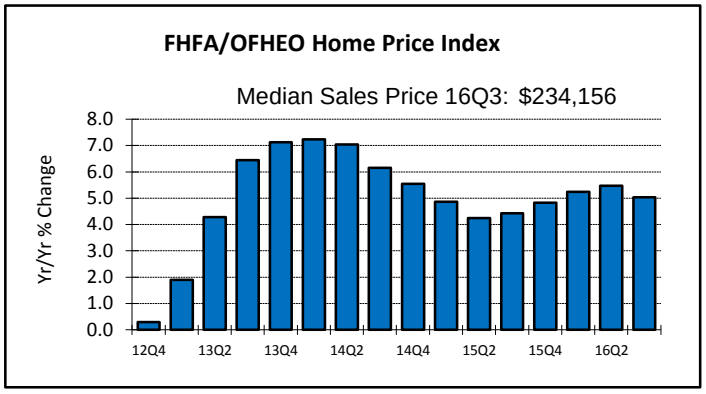
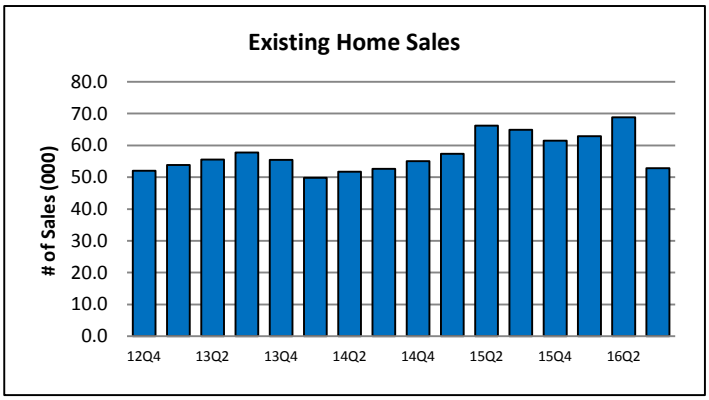
## Economic & Housing Indicators

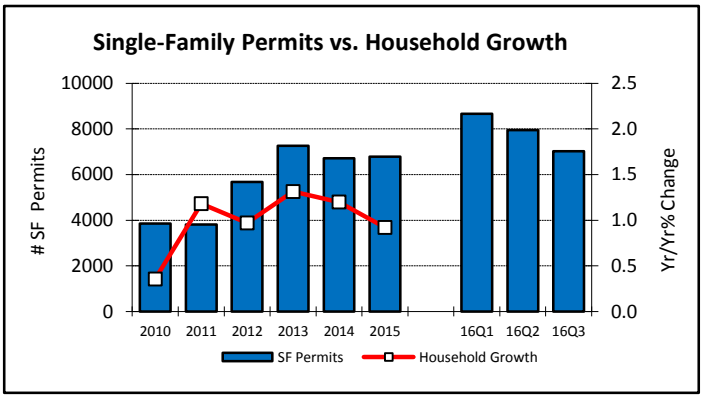


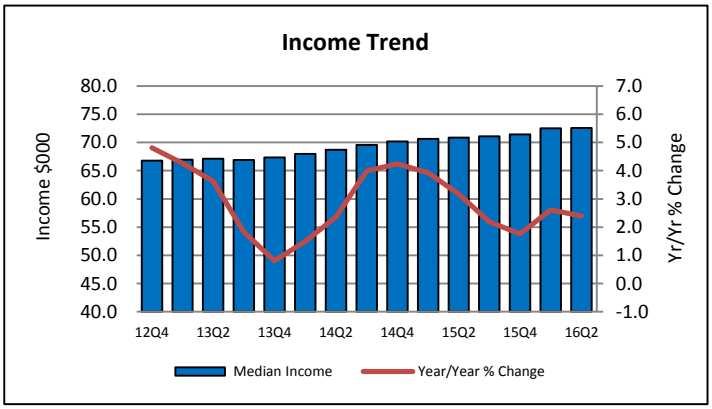



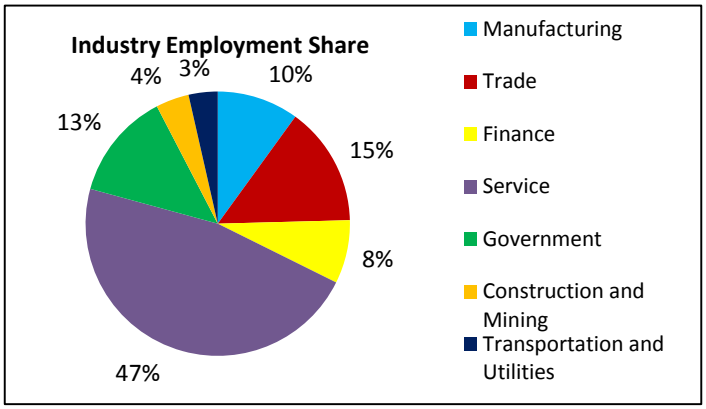

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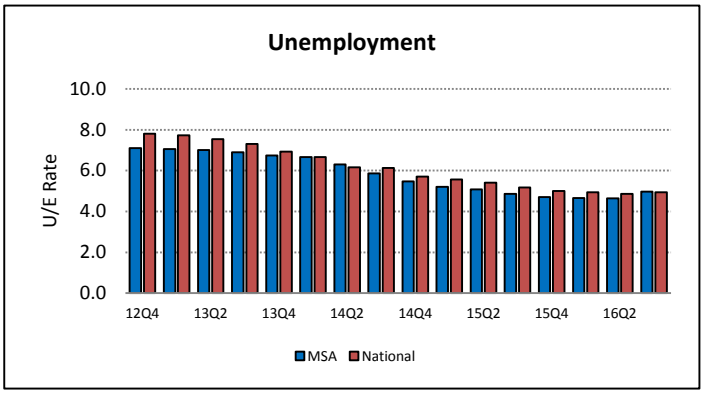
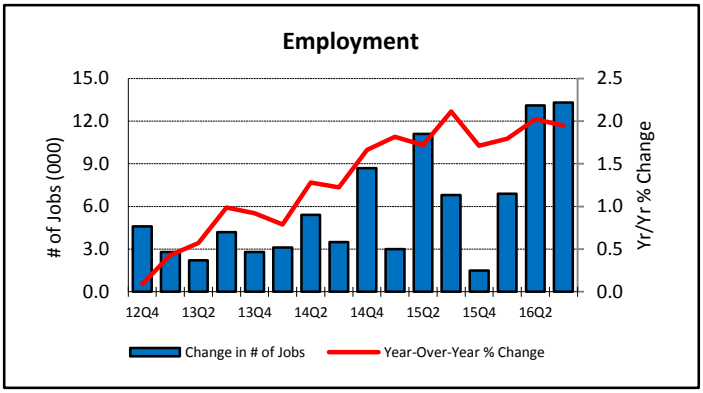
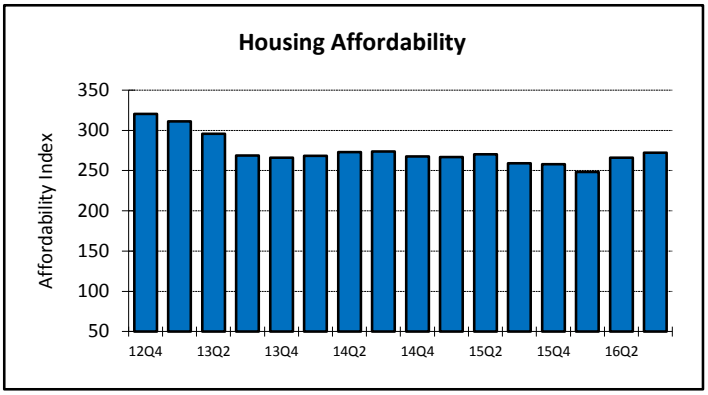
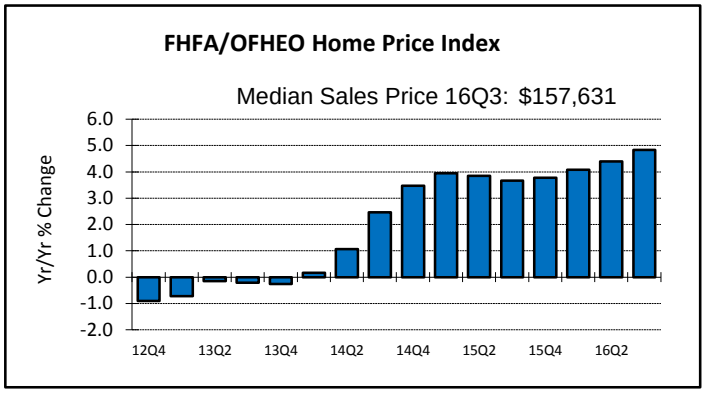
# St. Louis, MO

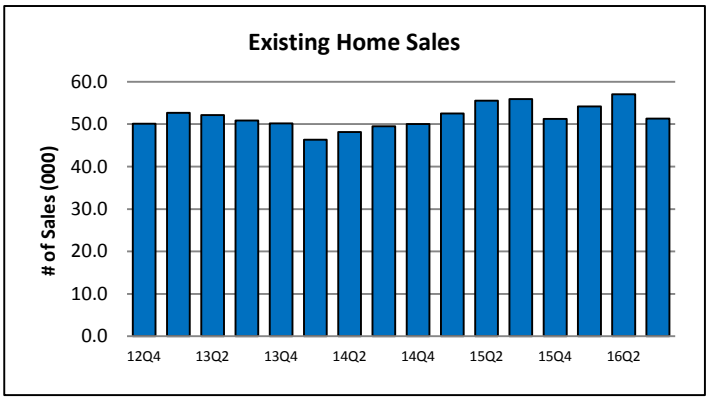
## Economic & Housing Indicators

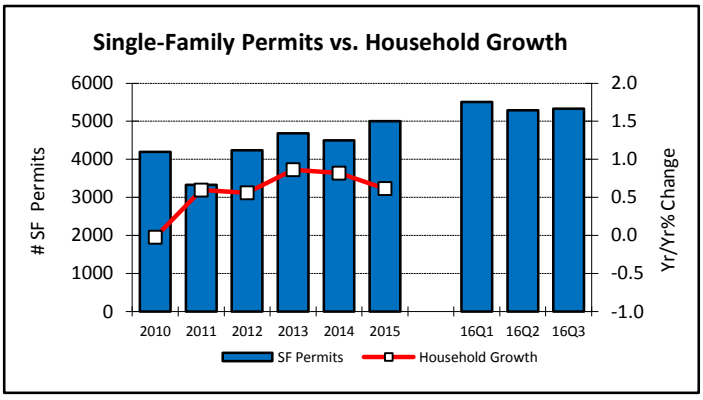


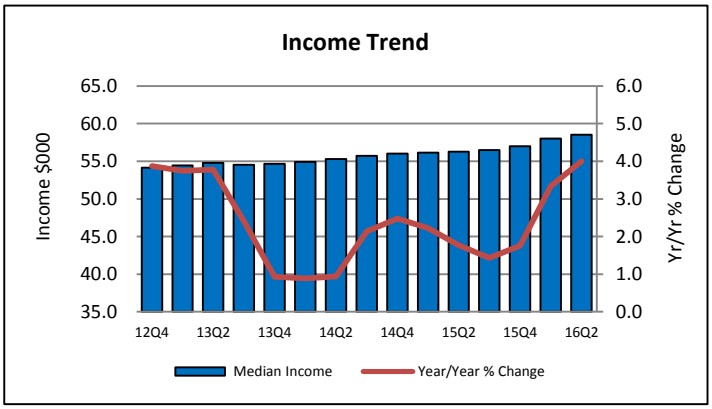



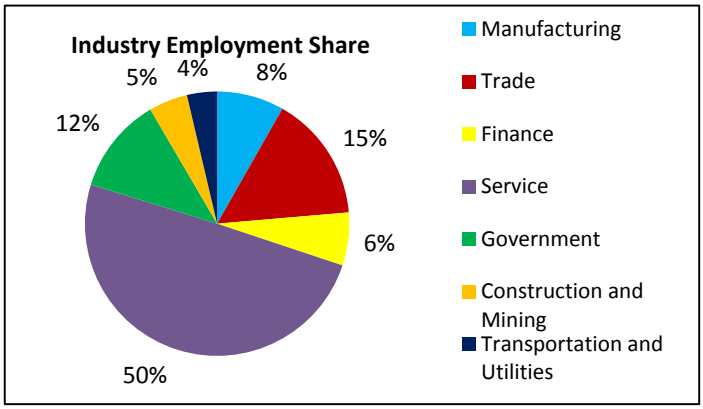

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# Omaha, NE

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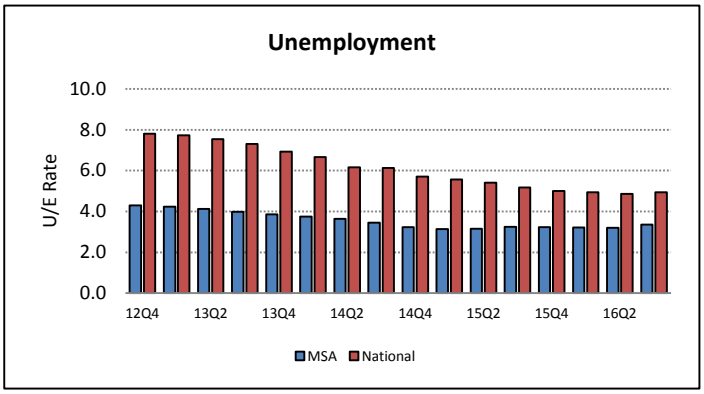
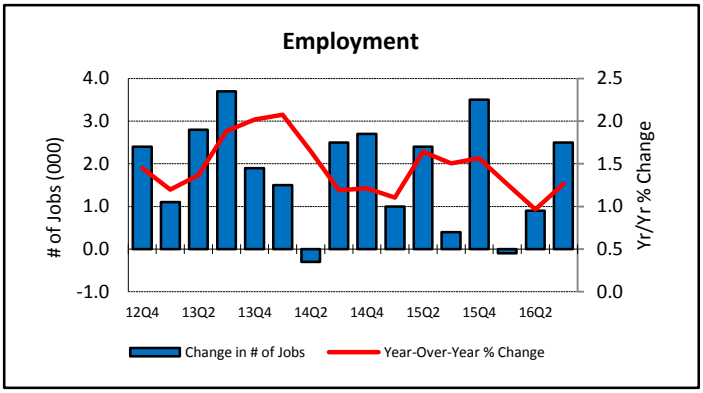
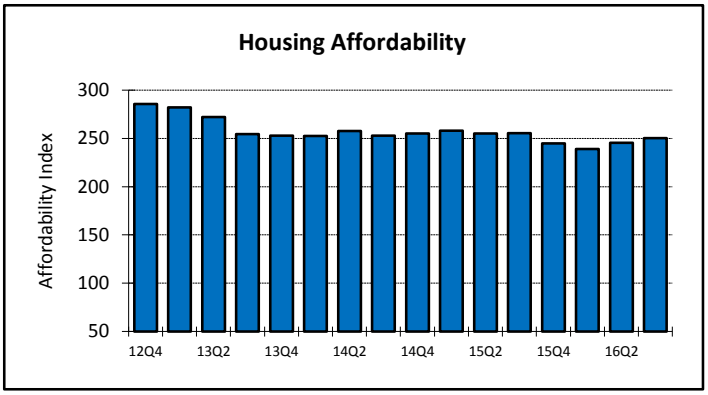
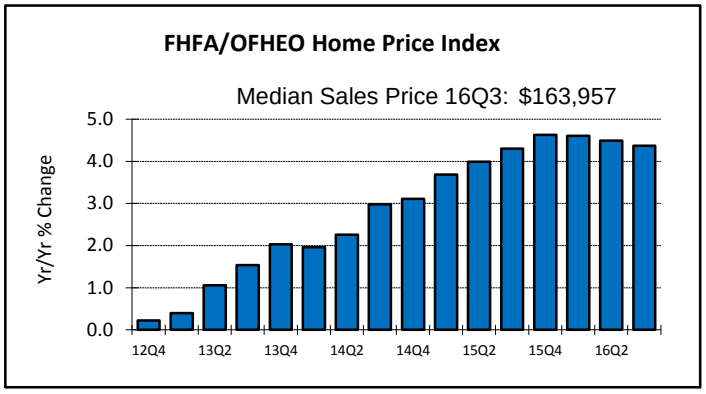
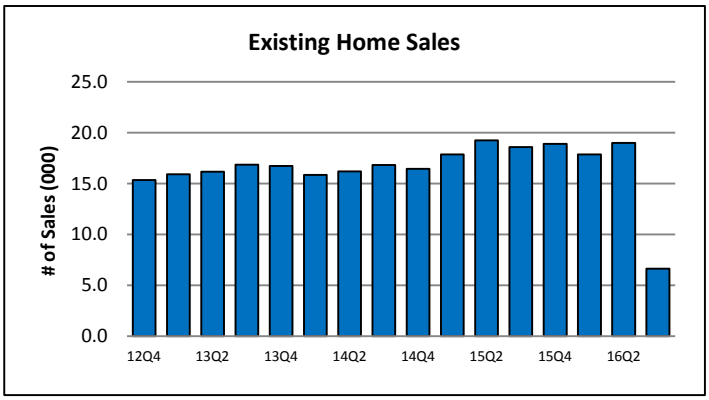
## Economic & Housing Indicators

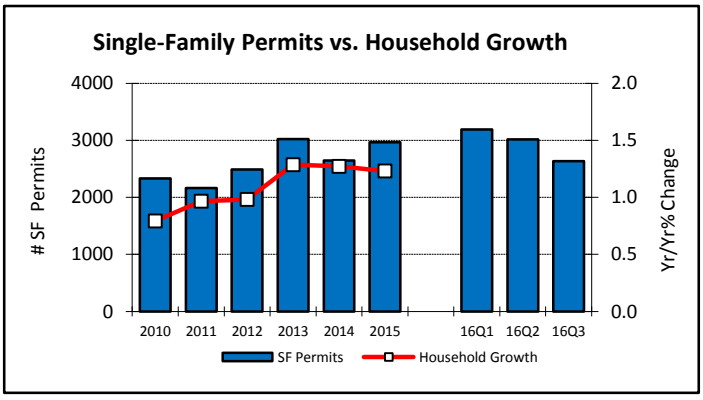


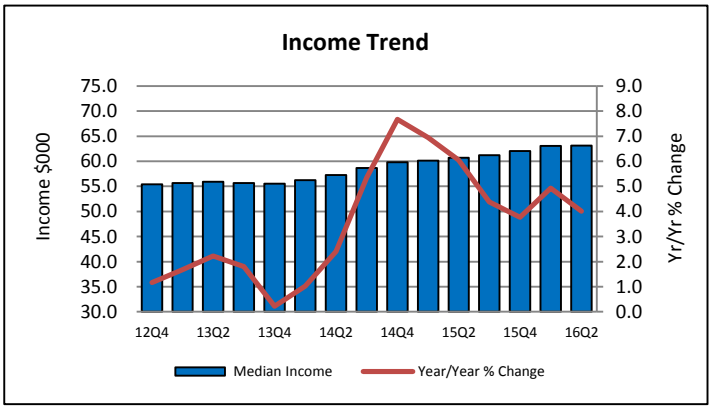



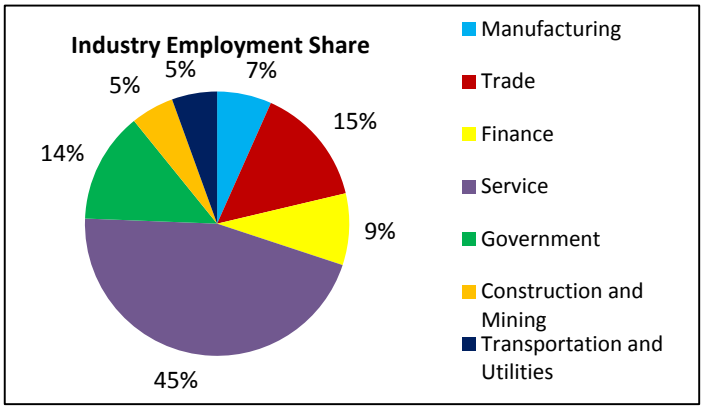

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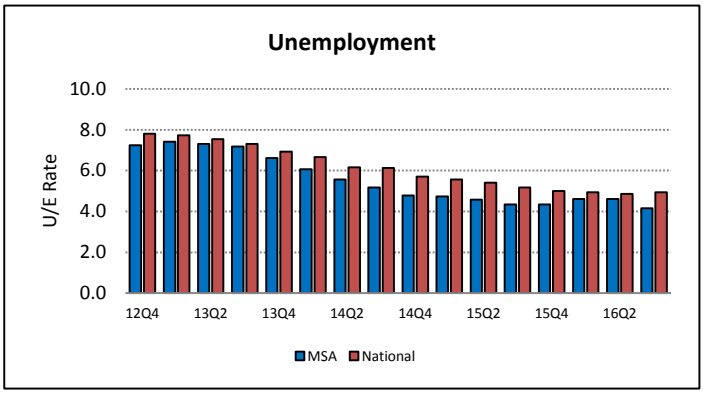
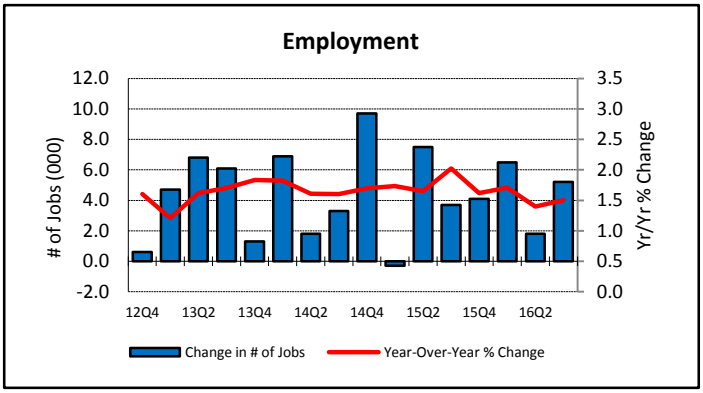
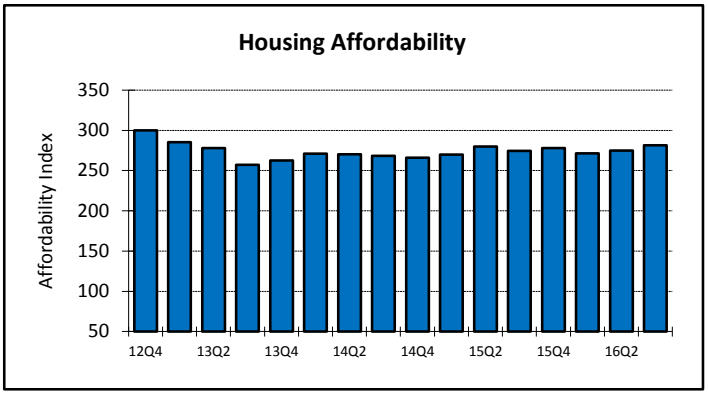
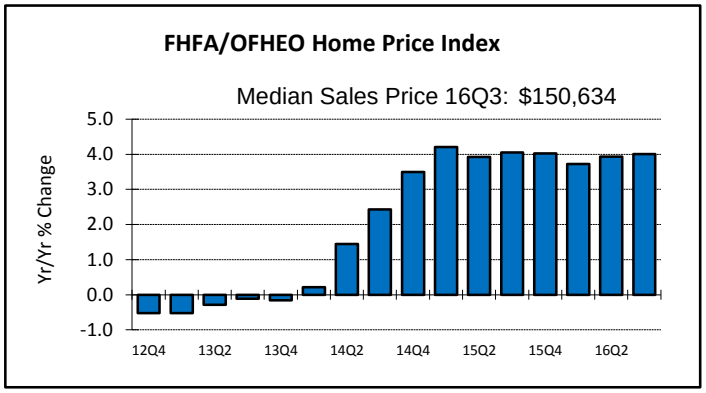
# Cincinnati, OH

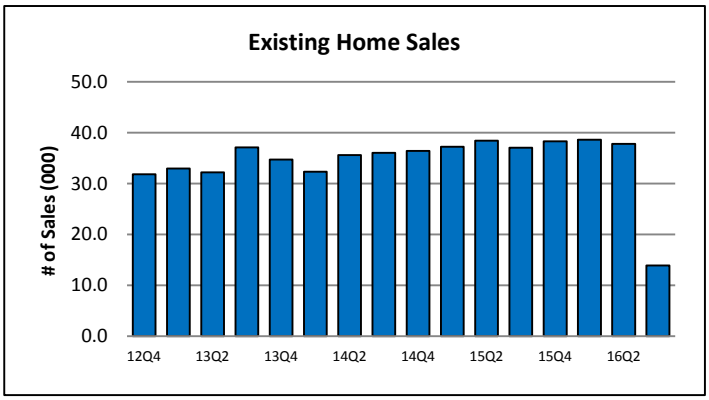
## Economic & Housing Indicators

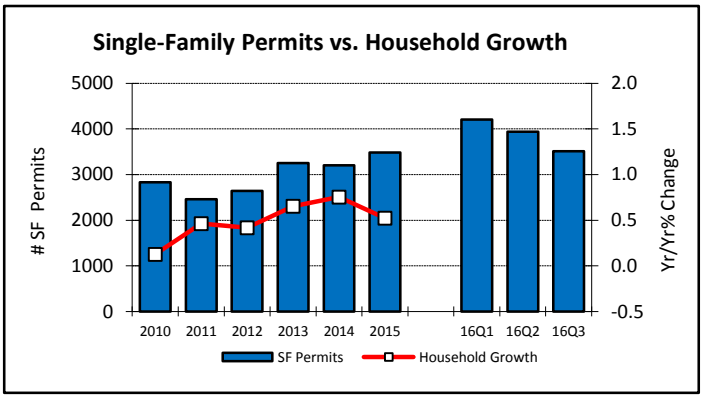


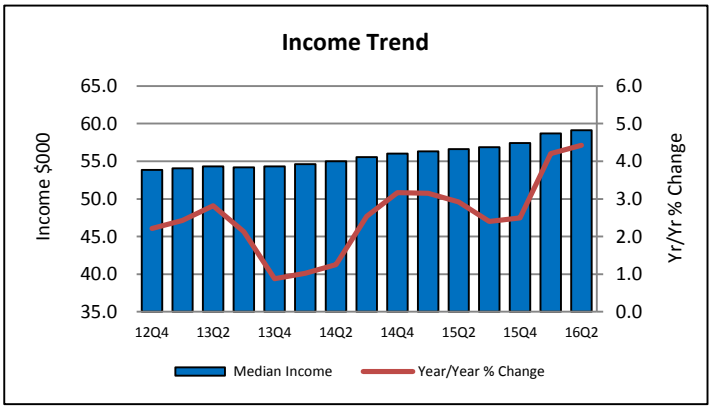



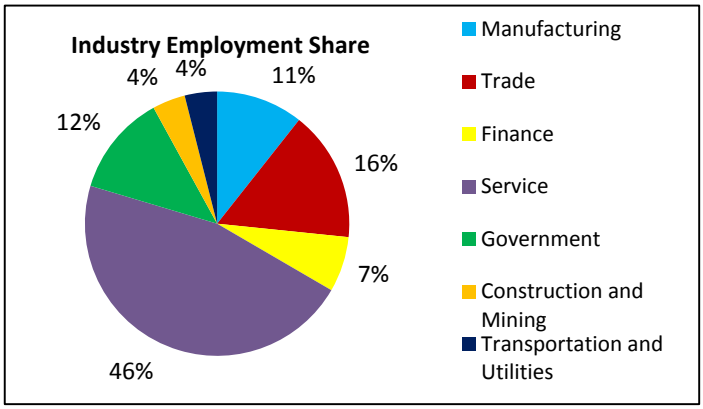

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# Cleveland, OH

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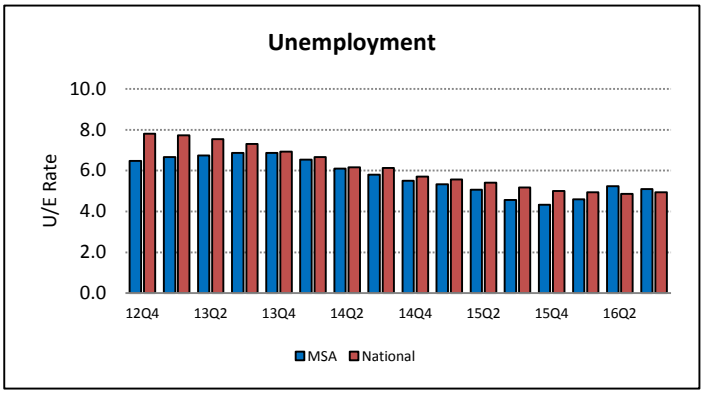
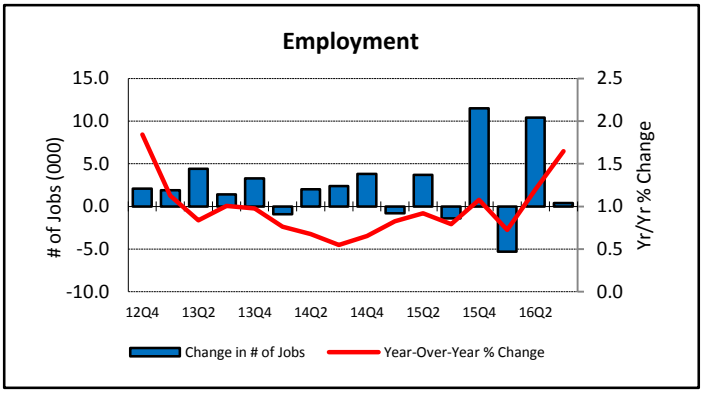
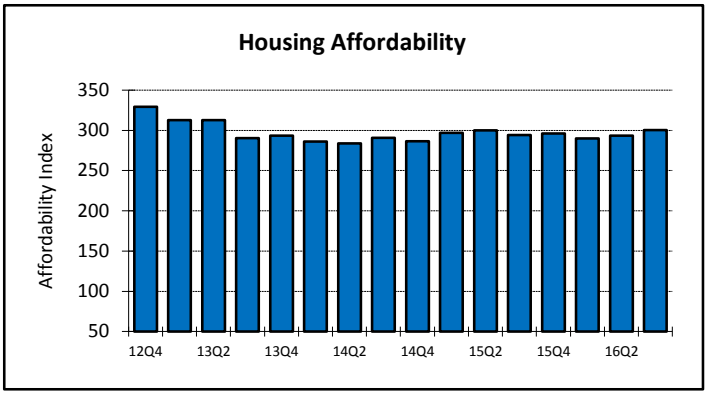
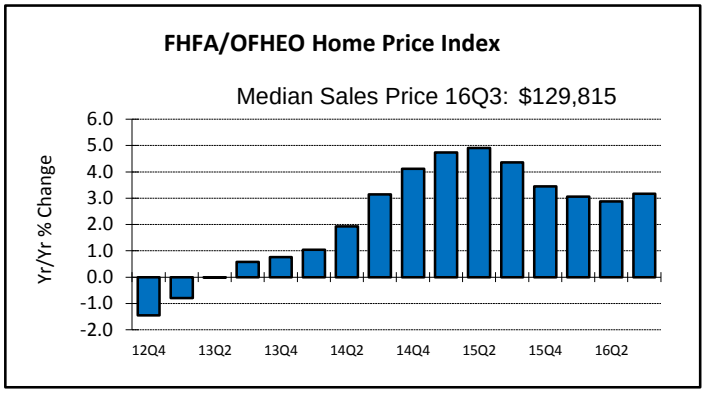
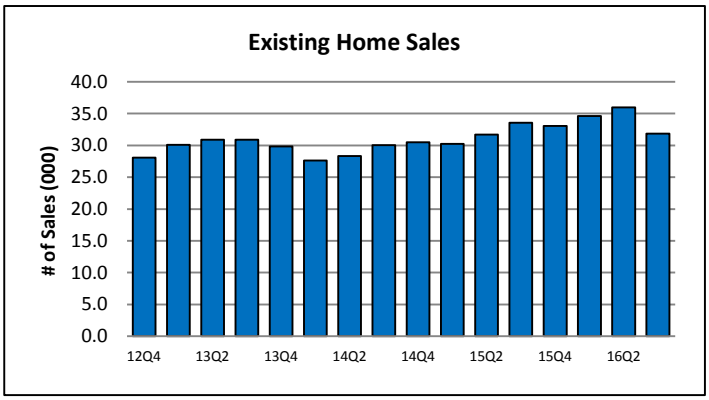
## Economic & Housing Indicators

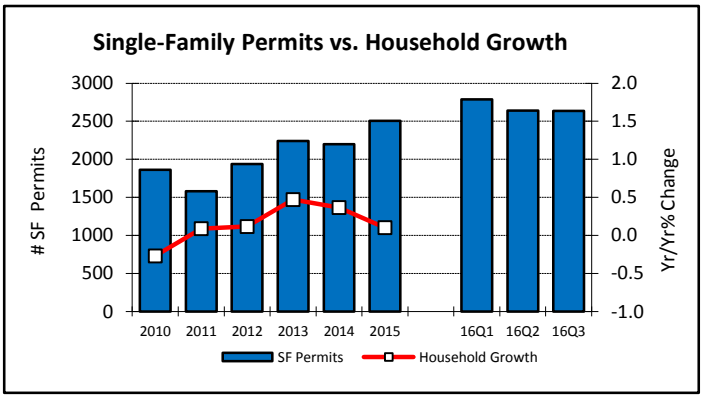


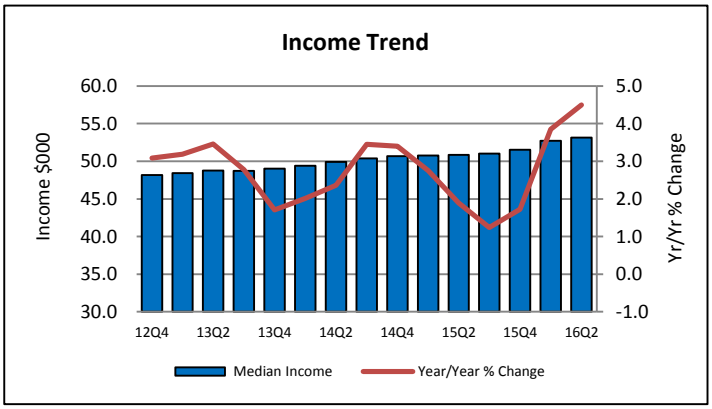



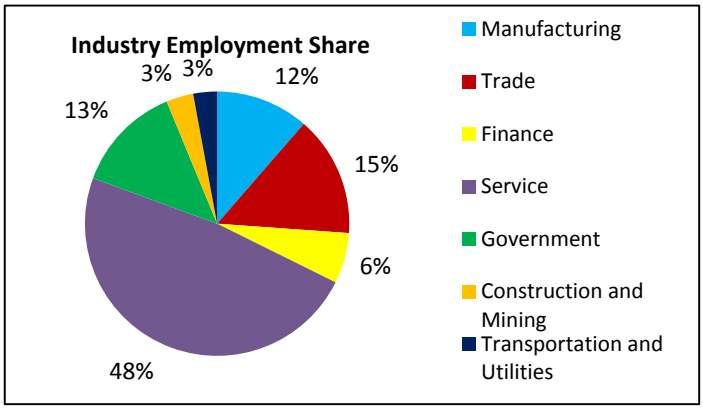

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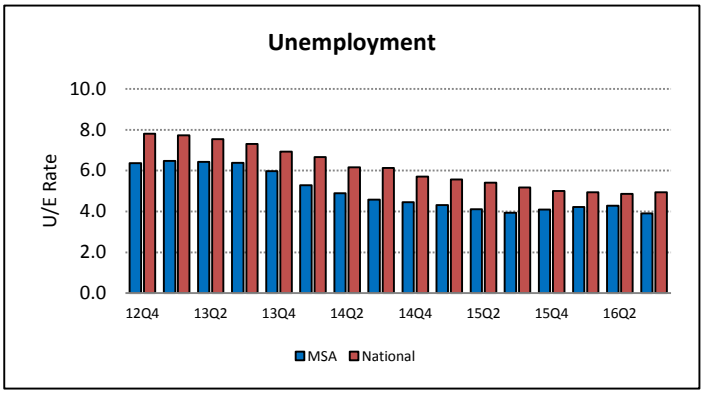
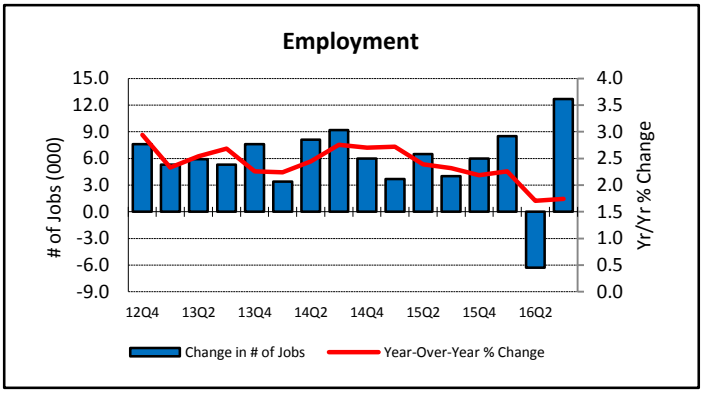
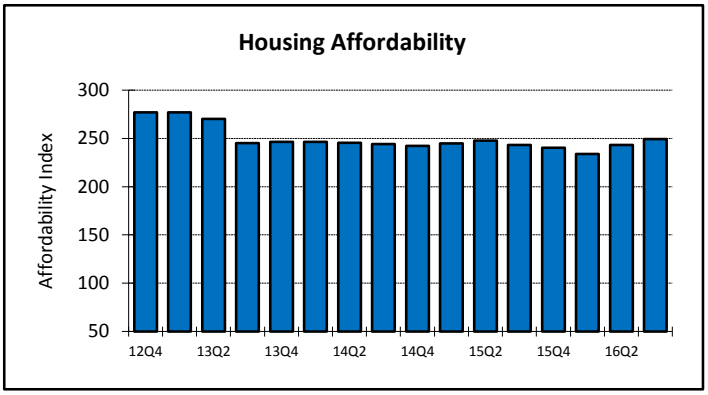
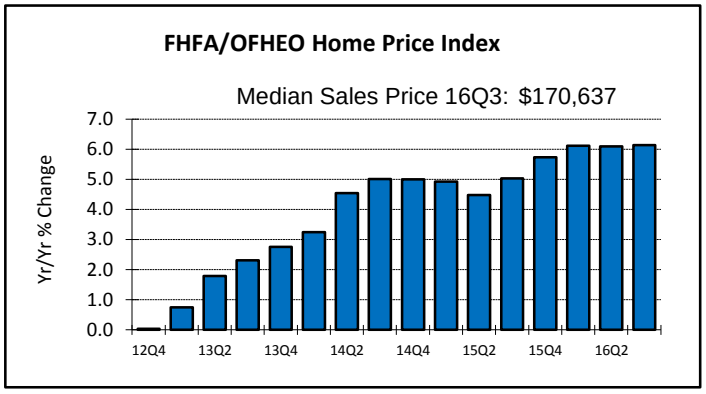
# Columbus, OH

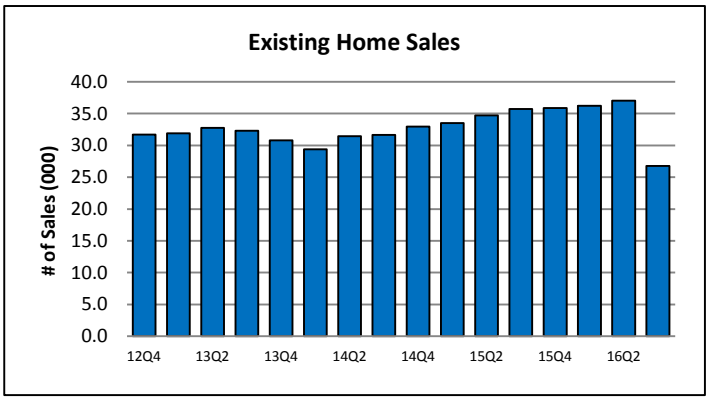
## Economic & Housing Indicators

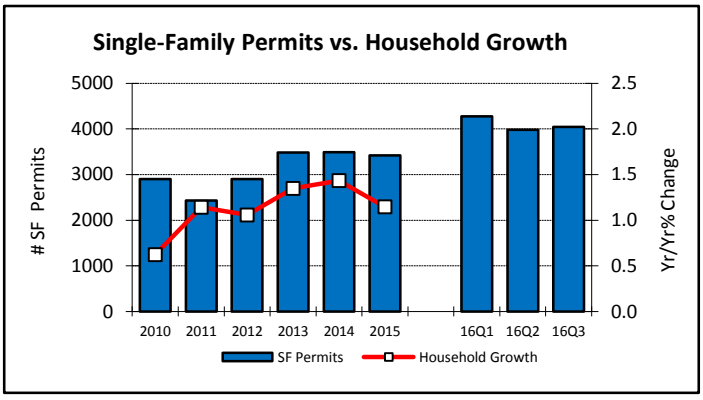


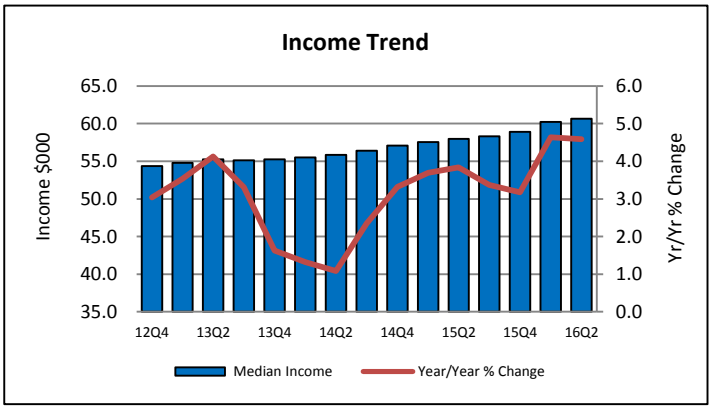



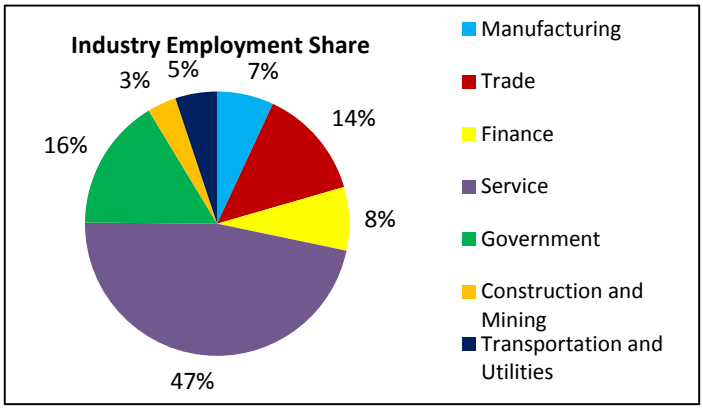

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# Dayton, OH

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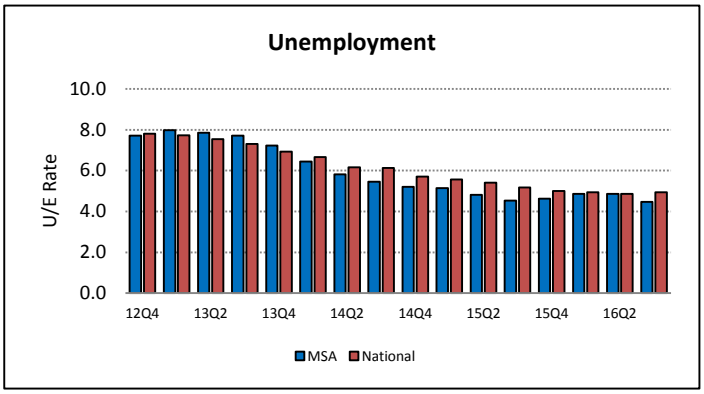
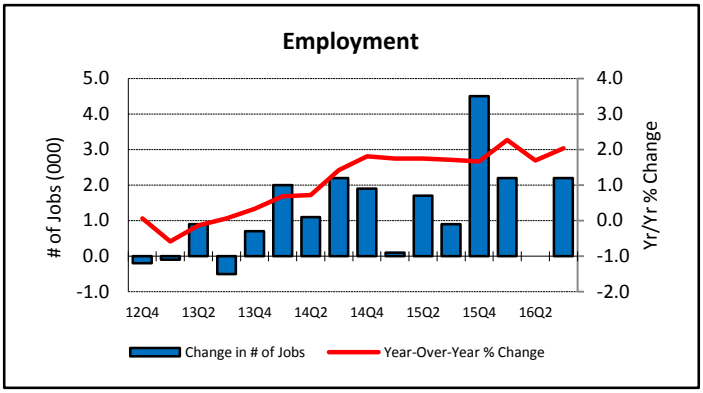
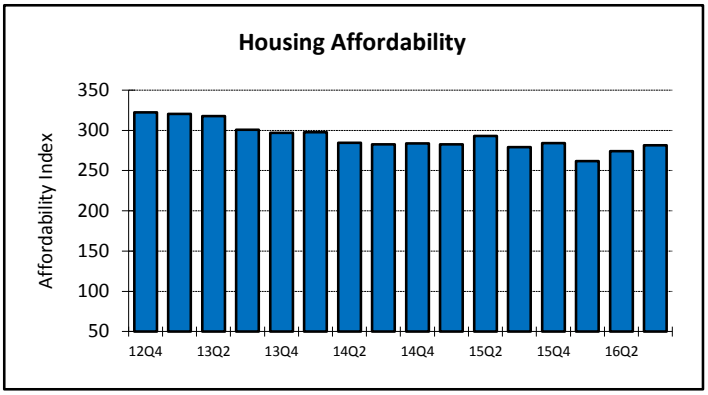
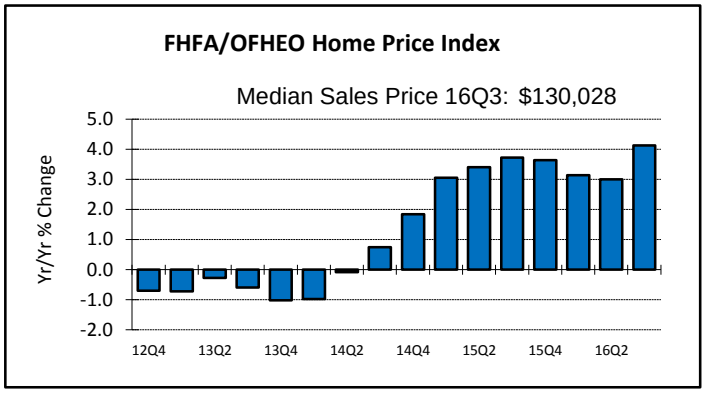
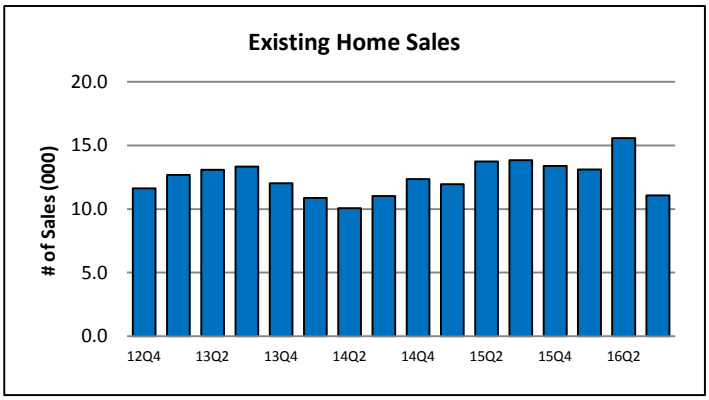
## Economic & Housing Indicators

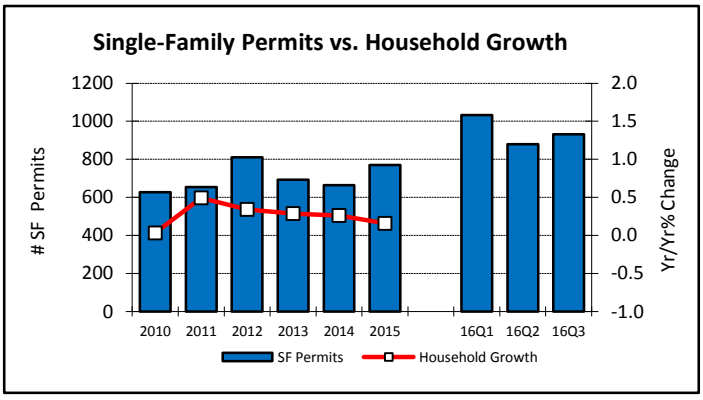


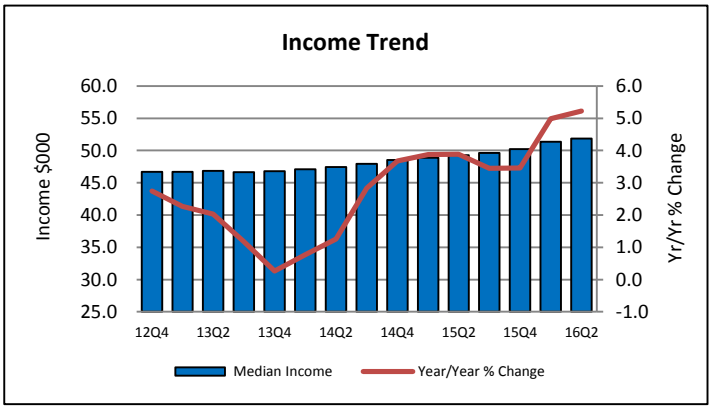



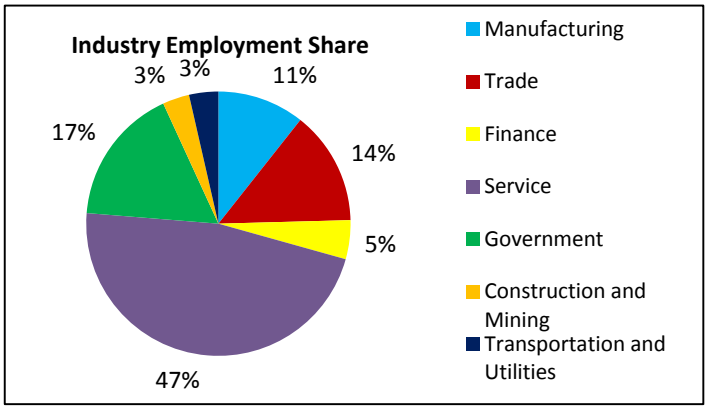

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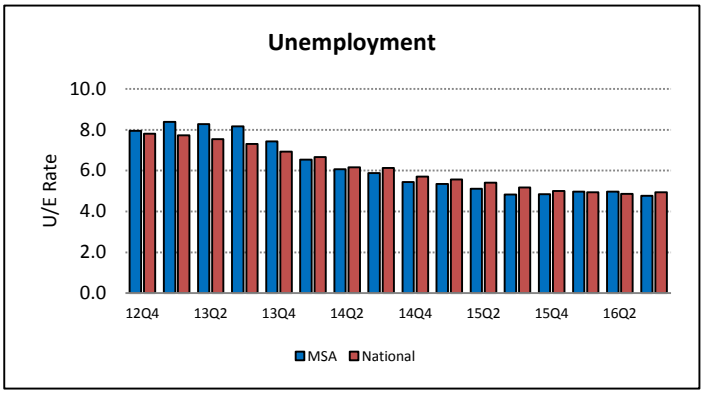
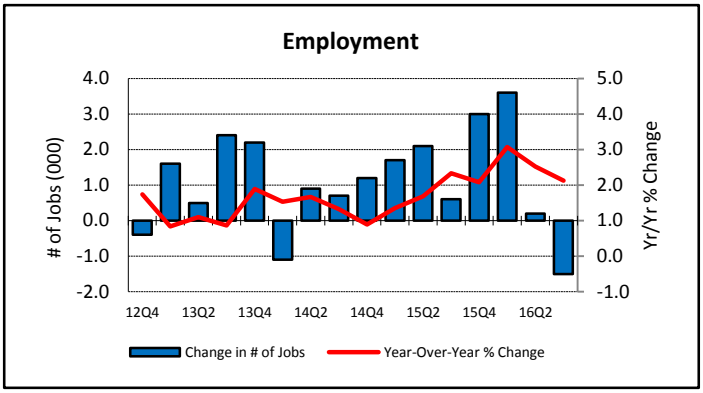
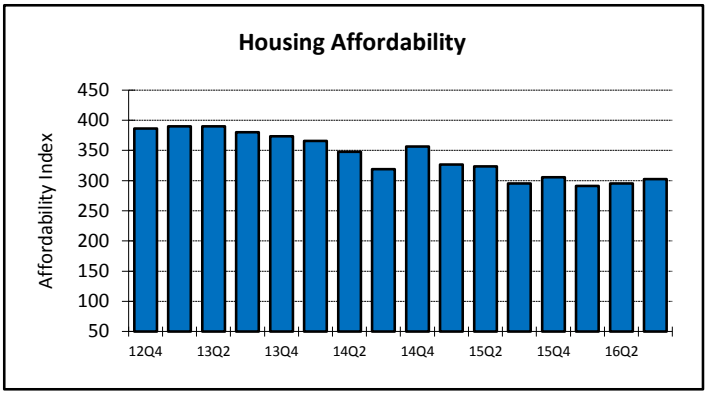
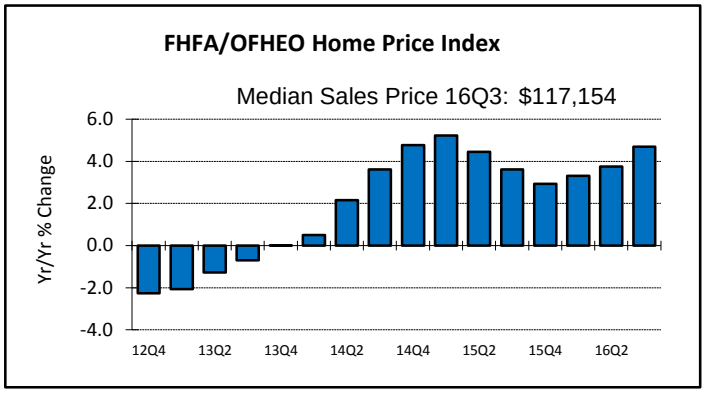
# Toledo, OH

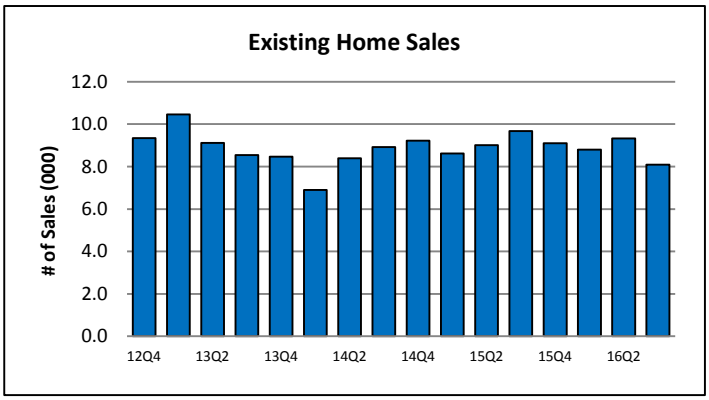
## Economic & Housing Indicators

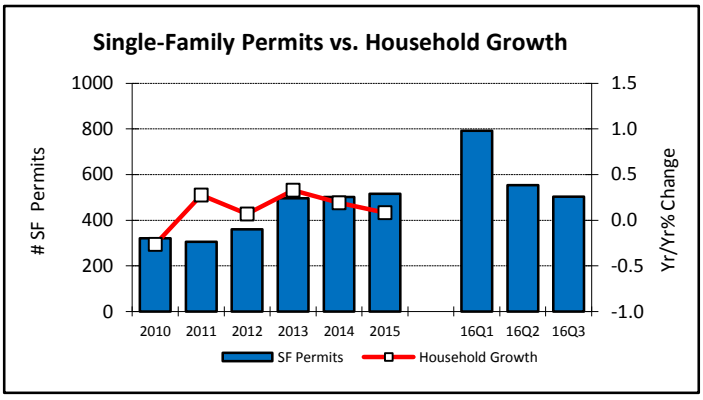


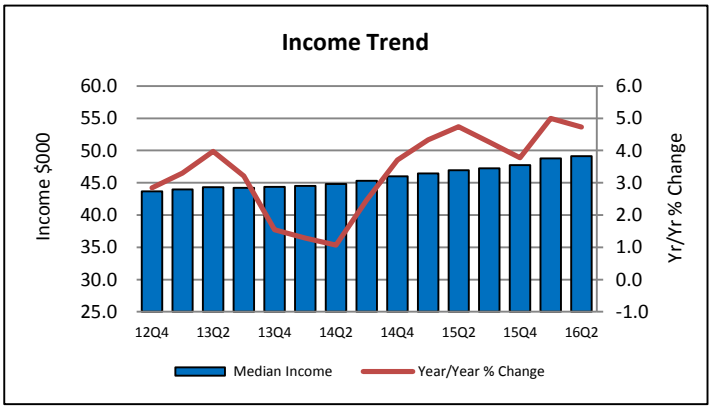



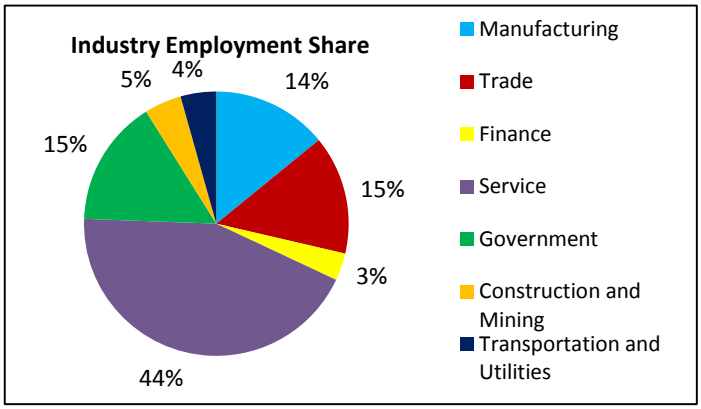

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# Milwaukee, WI

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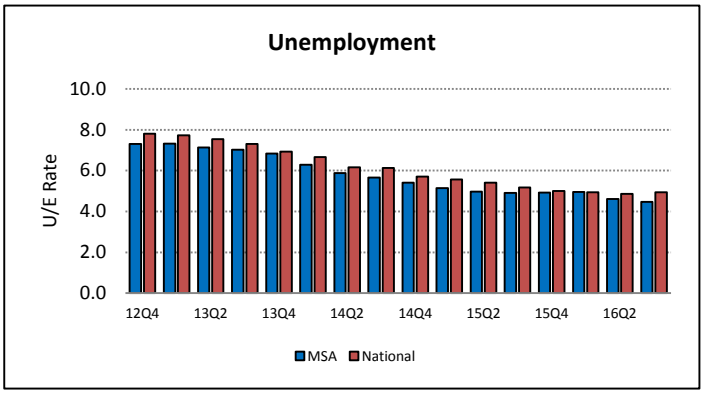
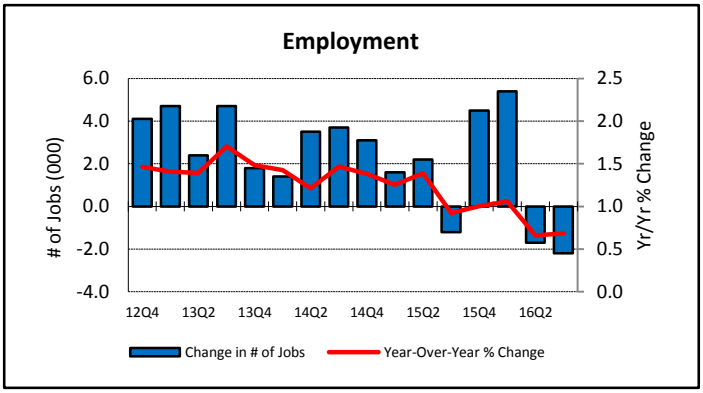
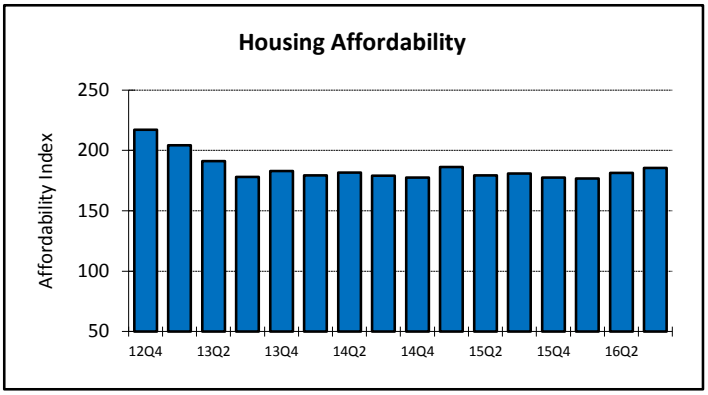
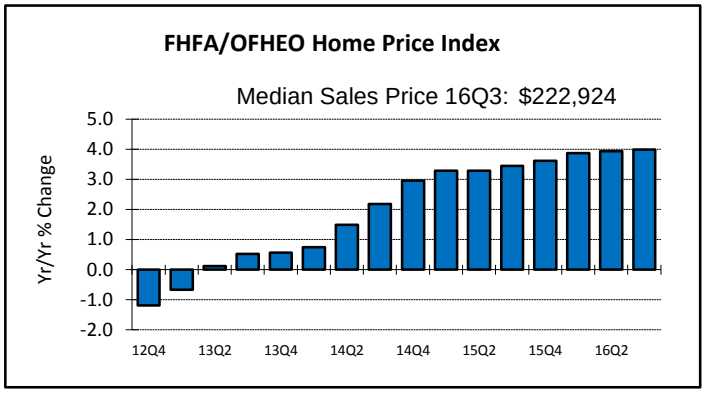
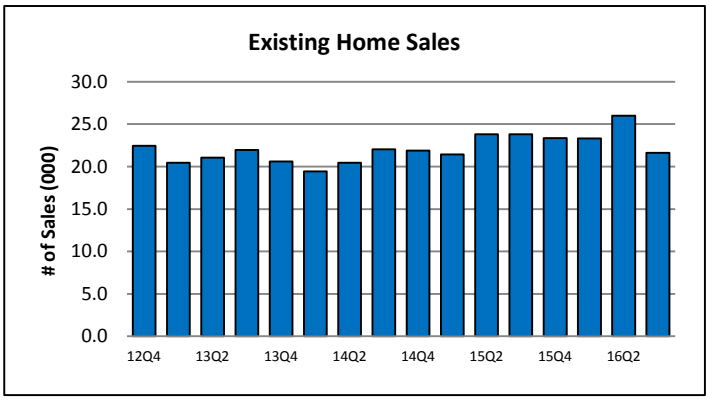
## Economic & Housing Indicators

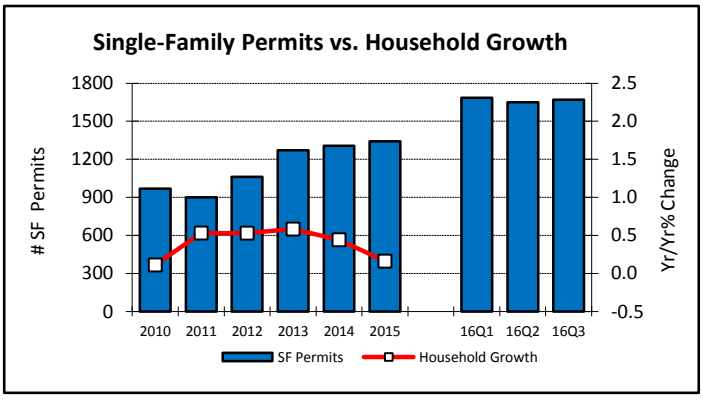


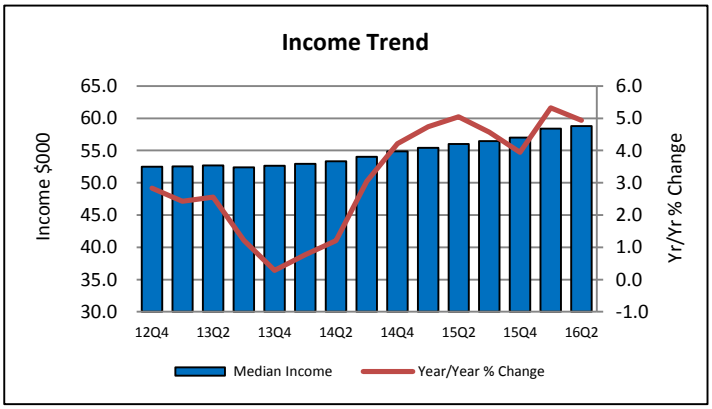



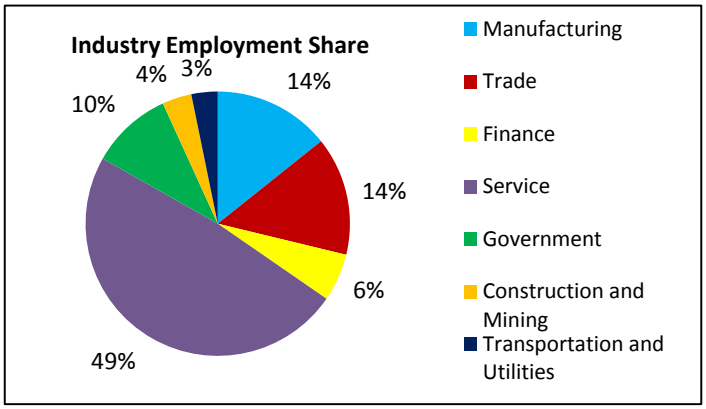

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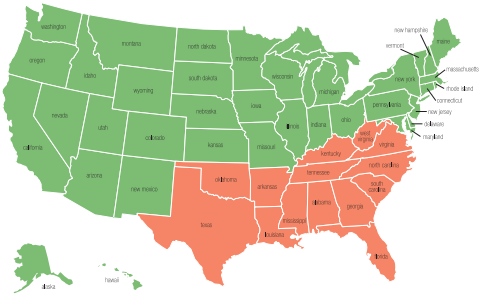
# The South Remains the Second Fastest Growing Region

The region remains an above average performer, even though the economy is growing at a slower pace than previous quarters. Job growth in the South has been led by Florida, Texas and Georgia, with Dallas and Atlanta the standouts on a market level. Ongoing weakness in the energy industry limited the economic gains the last few years. However, this may change if the reported OPEC agreement on production limits holds. This would likely help to stabilize, or even raise, oil prices, which would lead to more production. The states in the Southeast continue to lead the way with a strong contribution from tourism, professional and financial services. Motor vehicle and parts production are supporting the mid-section of the south, though an expected slowdown in sales is a risk to the industry. Strong demographic trends from both retirees and job seekers continue to support the housing market.

**ALABAMA:** Alabama's economy is growing at a slow rate. Approximately 10,000 workers were added to the payrolls during the first 9 months, down from the 13,900 added a year ago. Some of the strongest job gains have been in the manufacturing, retail trade and government sectors. Auto-related production is expected to continue to be a growth driver, as overseas sales should make up for a slowdown in domestic purchases. Alabama's housing market grew at a steady pace. Residential home sales during the 3rd quarter were up 3.7% during the year as the median price rose 6.2%. There is currently a 6-month supply of homes.

**KENTUCKY:** Even though the state's economic growth slowed during the year, it remains positive. The auto industry continues to support the manufacturing sector. Ford is planning another $600 million investment, as well as adding jobs, while GM will also be updating their plant. All of this bodes well for the parts suppliers, who are planning to expand operations. Transportation and warehousing are other contributors, as UPS is adding to their operations in Louisville. Kentucky is facing a budget deficit and it appears that education will feel the brunt of the funding cuts. During the first 3 quarters of the year, 8,000 jobs were added, which is half the total added a year earlier. The jobless rate stands at 4.9%. Year-to-date home sales increased 7%, as the average sales price rose 2.4%,

**OKLAHOMA:** With the energy industry accounting for about 3.3% of the state's total employment, Oklahoma continues to feel the impact from low energy prices. This is best reflected in the decline in exploration and drilling as the number of active rigs is just under 60, versus 210 in




2014. During the first 9 months of the year, the state lost 8,900 jobs, similar to the total recorded a year earlier. The jobless rate moved from 4.2% in January to 5.1% in September. Oklahoma experienced 528 earthquakes of magnitude 3.0 or higher this year. Some have speculated that this is highly correlated to gas and oil exploration using fracking. This may affect the recovery of the industry once oil prices begin to rise. The housing market slowed as year-to-date home sales fell 2.2%, while the average home price declined 1.1%. Over 40% of the transactions had a price between $75,000 and $175,000. The current inventory stands at 5.2 months.

**AUSTIN (TX):** This is one of the better performing markets nationally. Year-over-year employment growth is 3.3%, almost twice the national rate. The jobless rate has been under 4% since Q4:2014, and is currently 3.2%. Much of this success is due to gains in technology, which accounts for 9.7% of total employment. This resulted in stronger population growth. Housing remains a major contributor to the economy due to the surge in new households. There has been a strong increase in both new residential construction and existing home sales. Even though price appreciation slowed the last few quarters, there remains a major concern with affordability. With the inventory of properties under 3 months, it is expected that home prices will continue to rise.

**CHARLESTON (SC):** Charleston is at the center of economic growth in South Carolina. Most of this is due to gains in manufacturing and at the port. Nearly 10,000 jobs were added during the first 3 quarters, accounting for 28% of the state's total. The jobless rate has been under 5% since mid-2015. All of this contributed to strong population gains. Year-to-date home sales are up 10%, pushing the supply of units to 4.1 months. Even though home price appreciation slowed from the double-digit gains in 4 of the last 5 months, housing affordability is still a concern. The average sales price moved from $288,000 at the start of the year to $320,000.

**TAMPA (FL):** Tampa's economy continued to show improvement. Year-over-year employment increased 2.8% as 12,000 workers were added to the payrolls during the first 9 months. The jobless rate was near 4.5% over the last 6 months. With a financial service firm planning on adding 1,200 new jobs, HealthPlan Services expanding their headquarters and recent airport renovations, the outlook for the market remains positive. In addition, there is a planned $2 billion downtown redevelopment that will include commercial, retail and residential uses. Despite dealing with a high number of foreclosures, Tampa's housing market is improving. Year-to-date sales of single-family homes and condos were up 1.8% and 1.2%, respectively. Most of the single-family activity was between $150,000 and $250,000, while the $100,000 to $200,000 range dominated condo transactions. The current supply of property is at a low 3.2 months.

# Birmingham, AL

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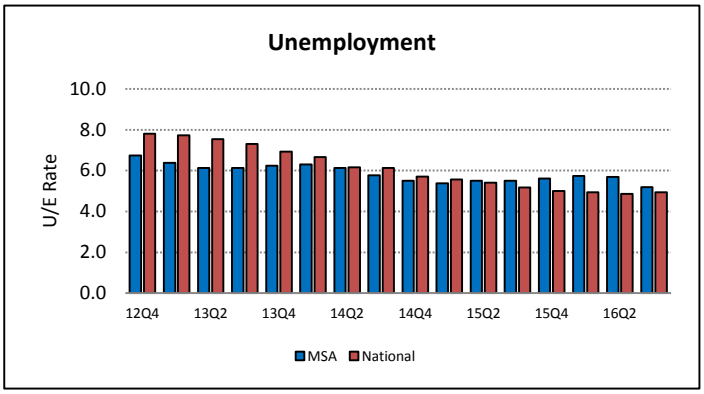
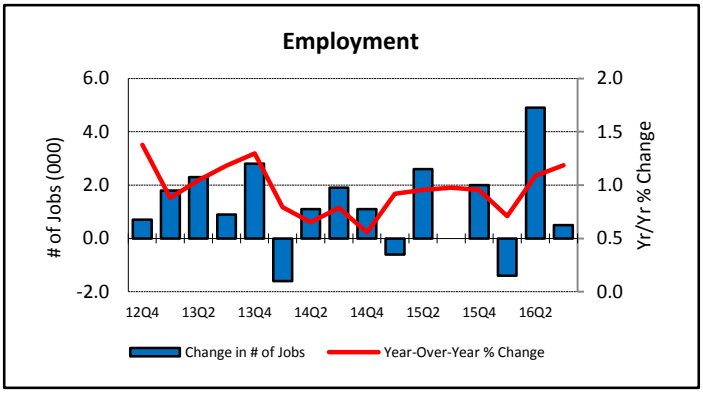
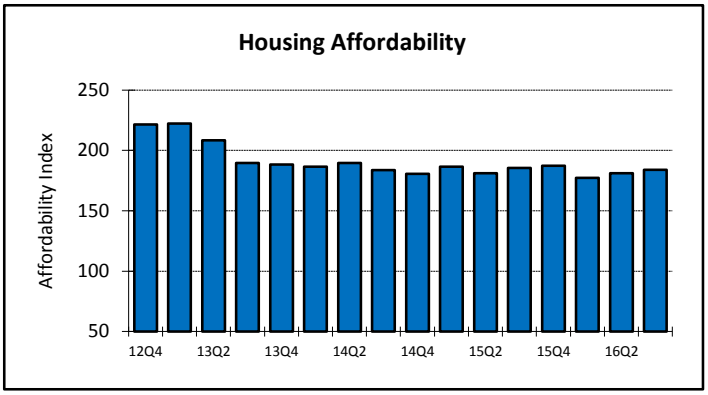
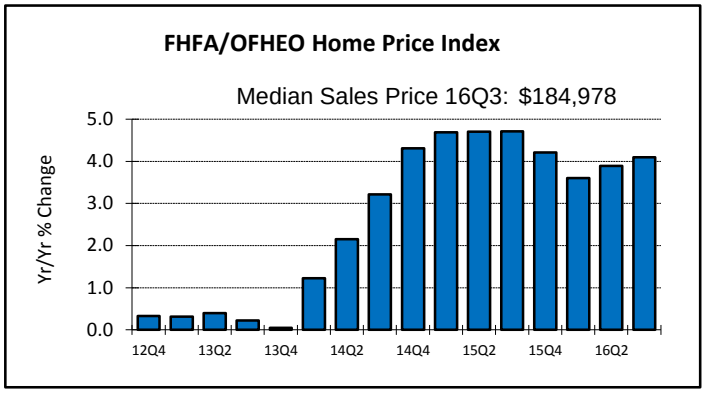
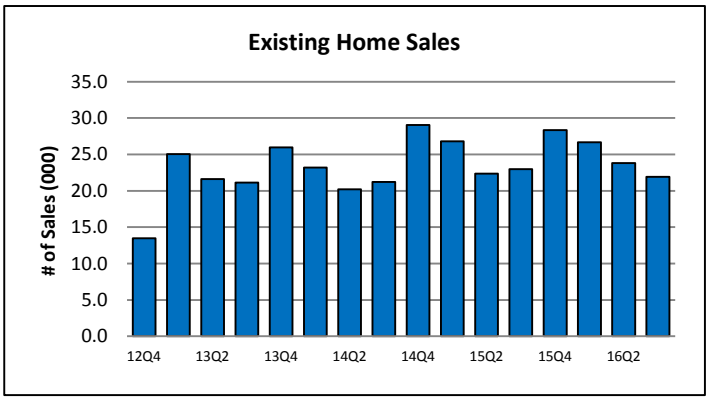
## Economic & Housing Indicators

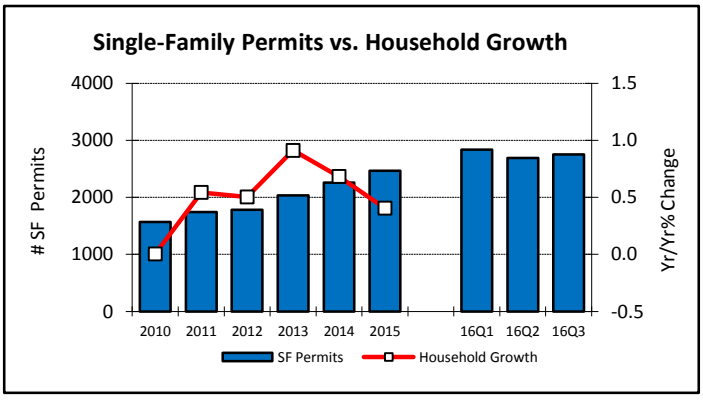


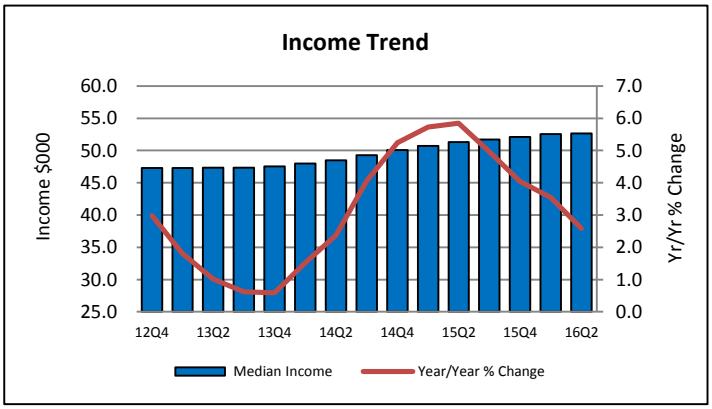



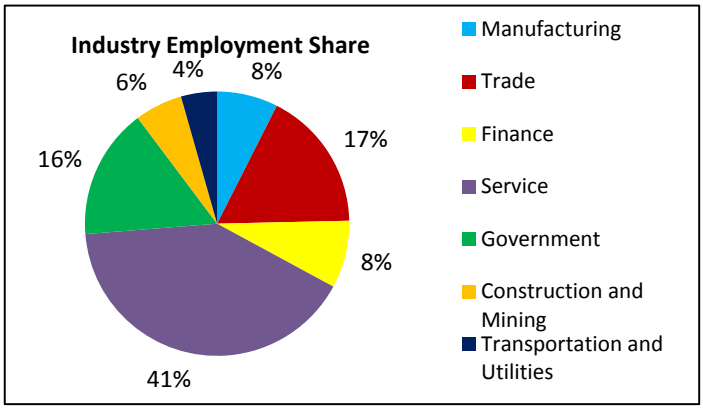

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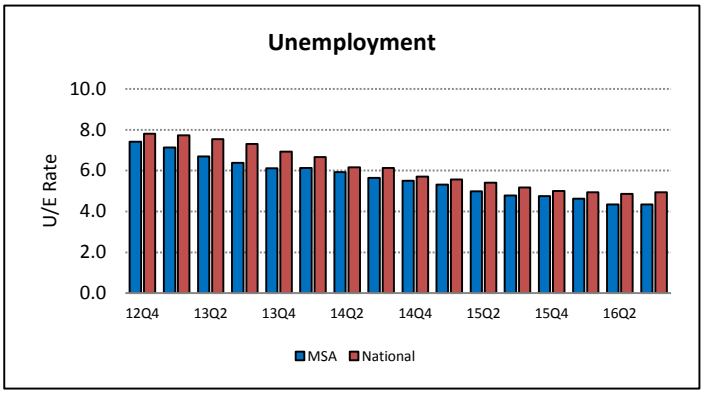
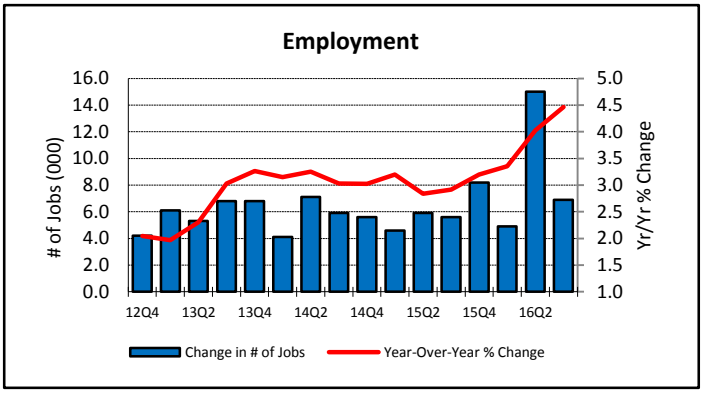
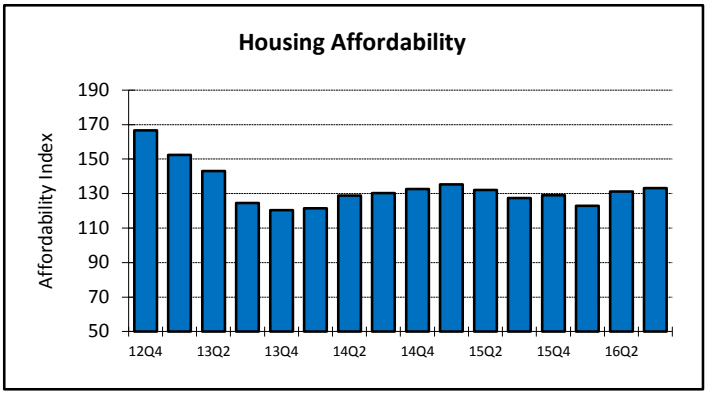
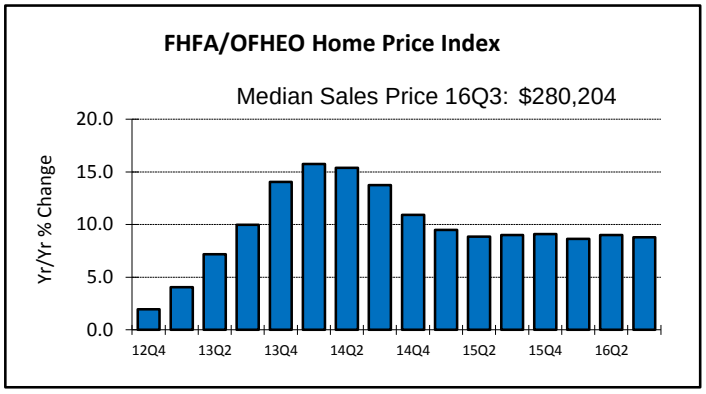
# Fort Lauderdale, FL

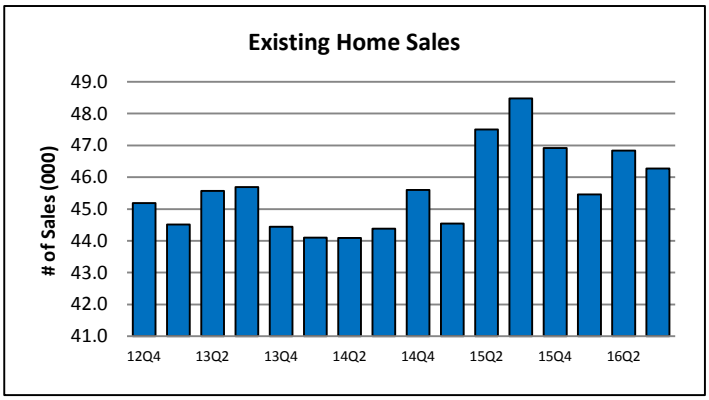
## Economic & Housing Indicators

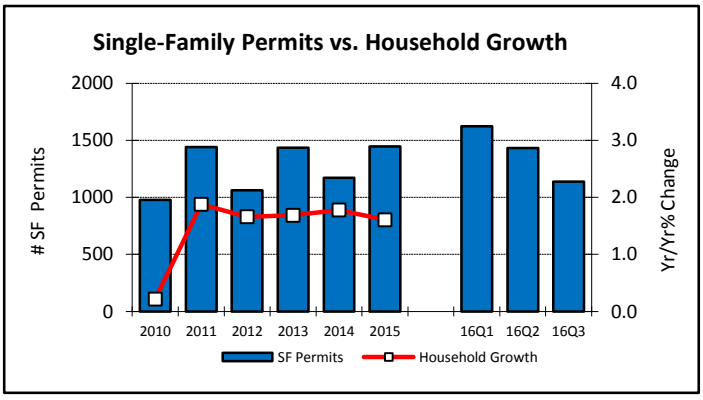


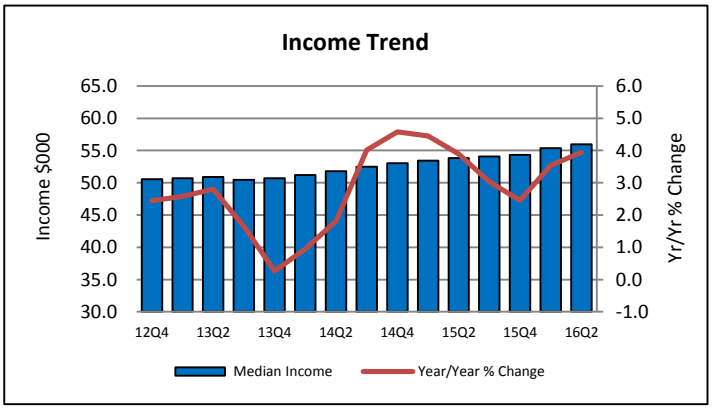



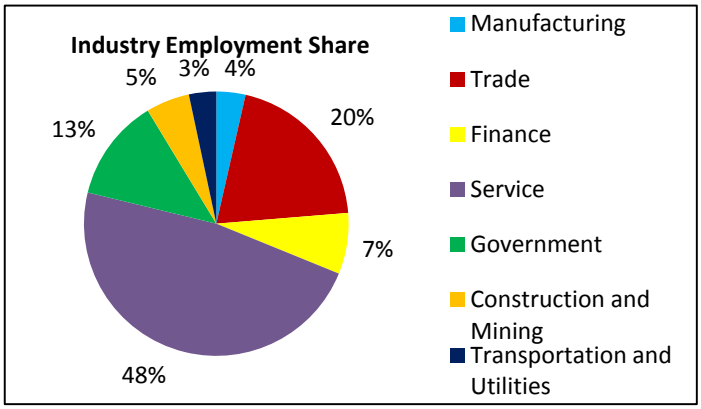

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# Jacksonville, FL

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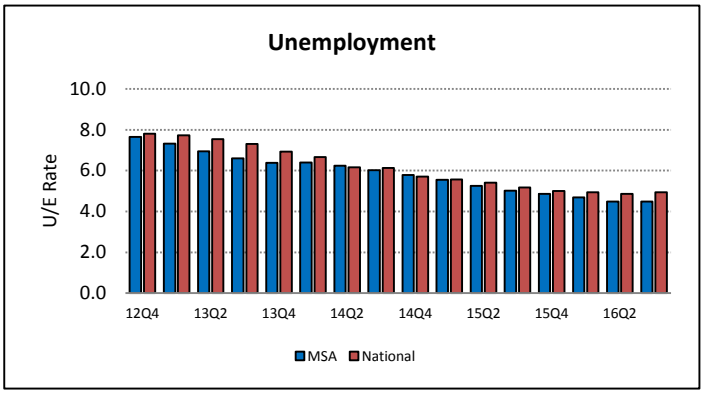
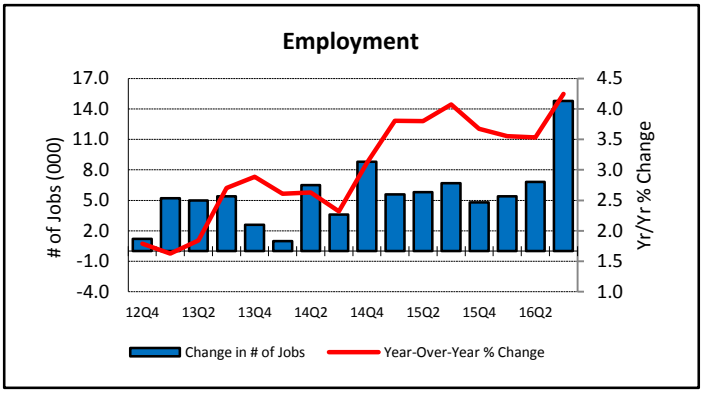
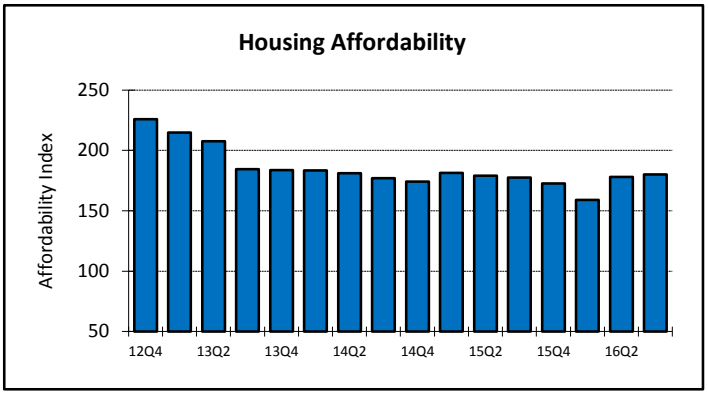
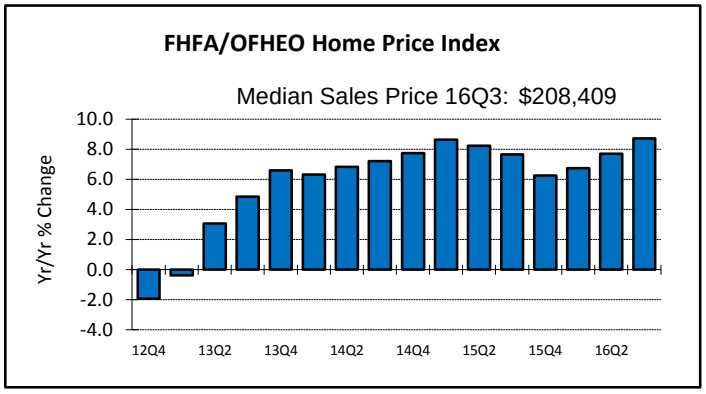
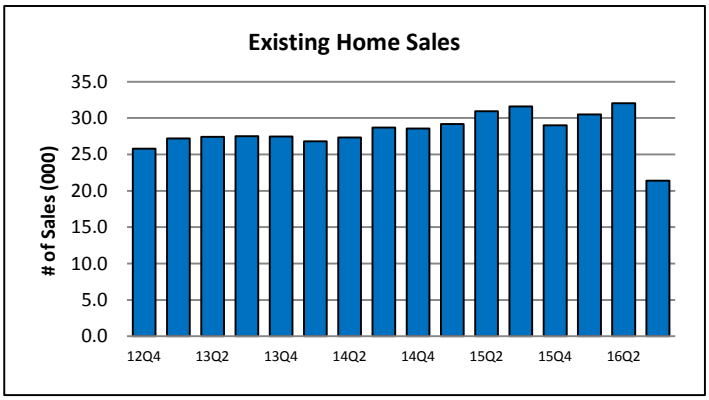
## Economic & Housing Indicators

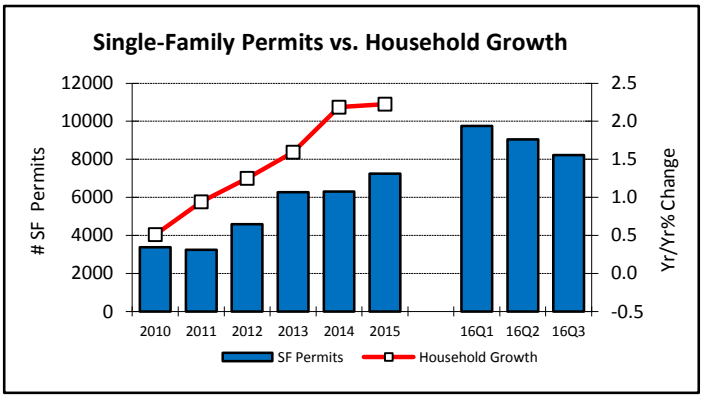


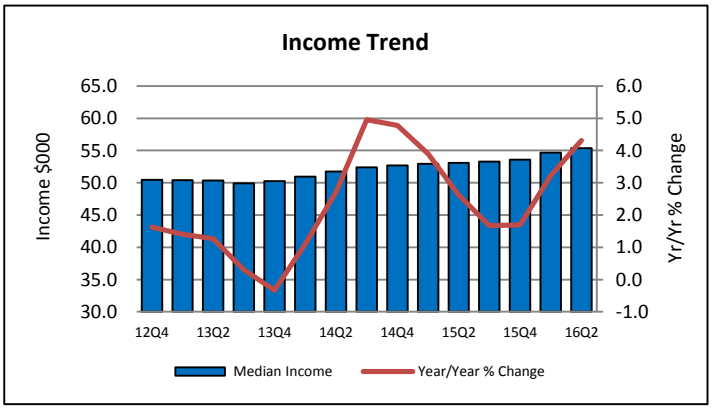



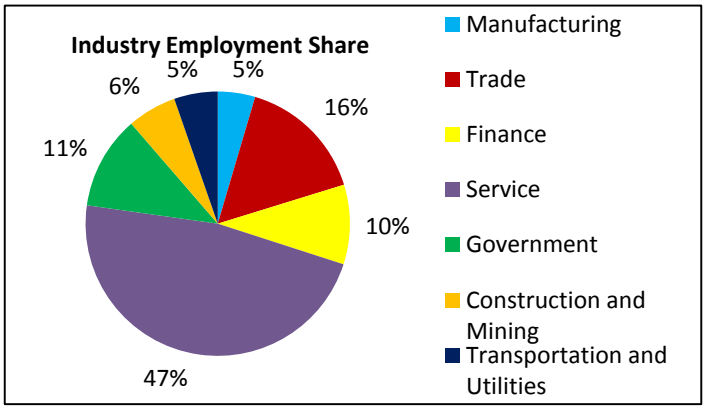

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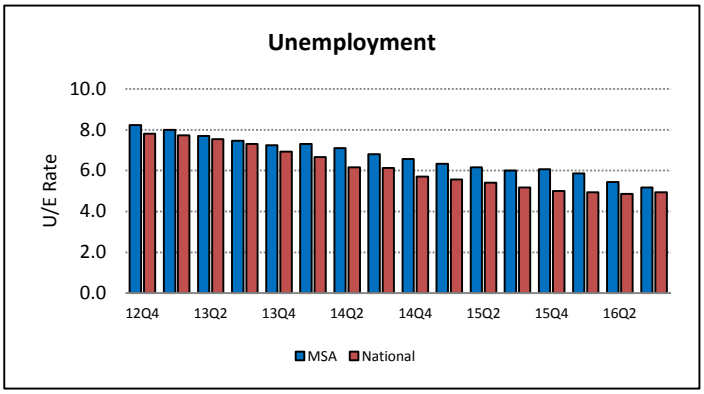
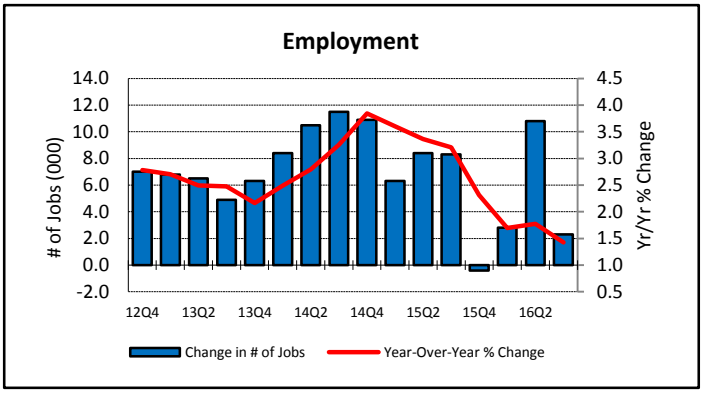
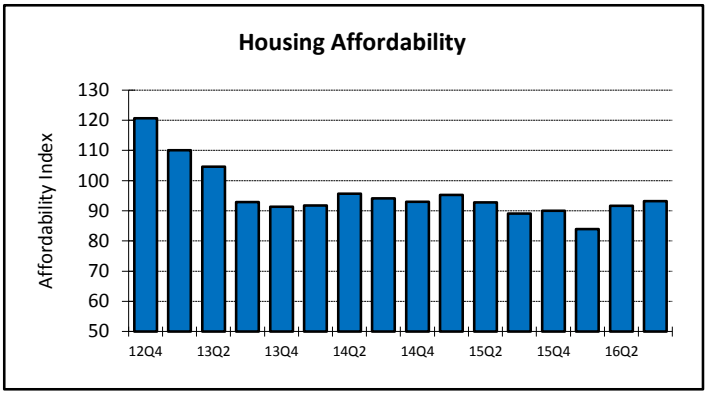
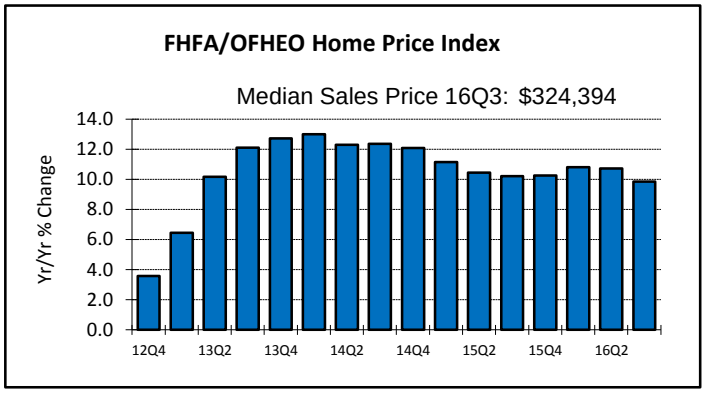
# Miami, FL

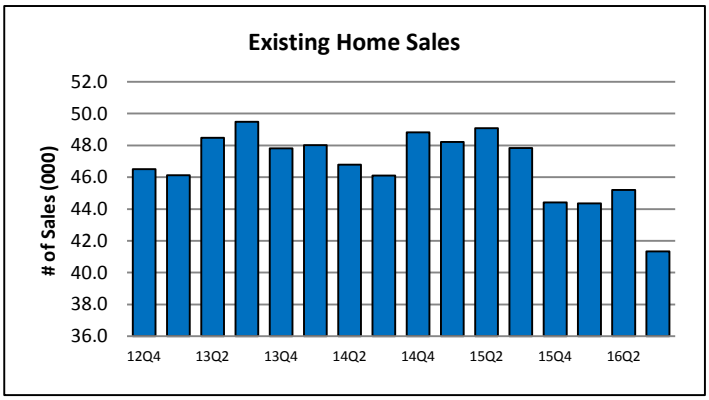
## Economic & Housing Indicators

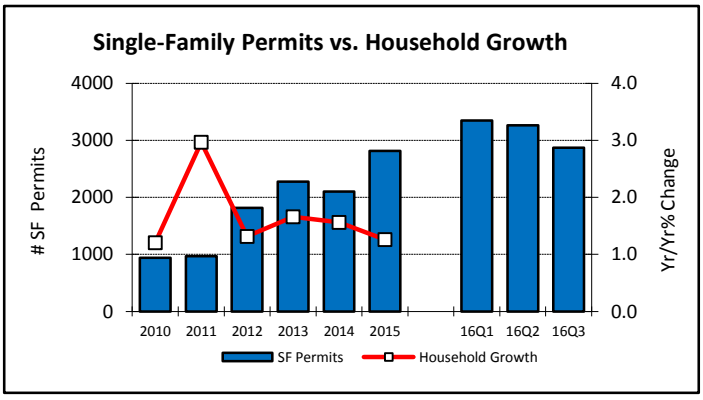


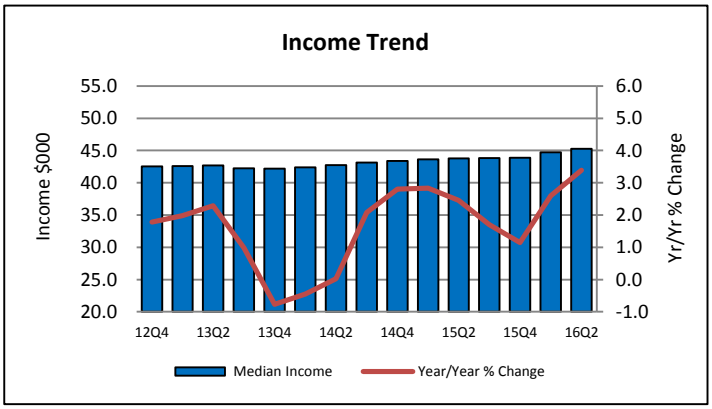



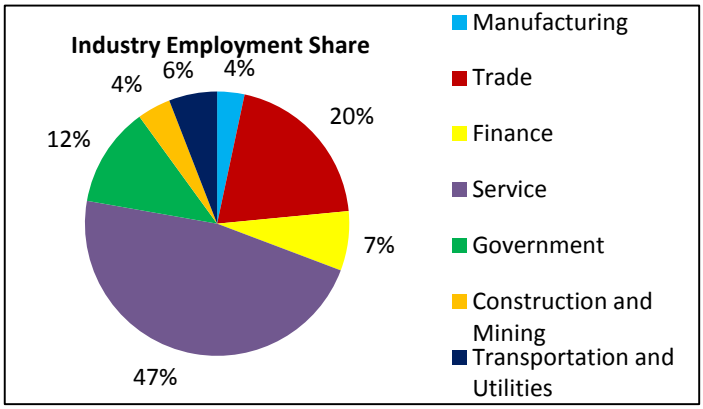

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# Orlando, FL

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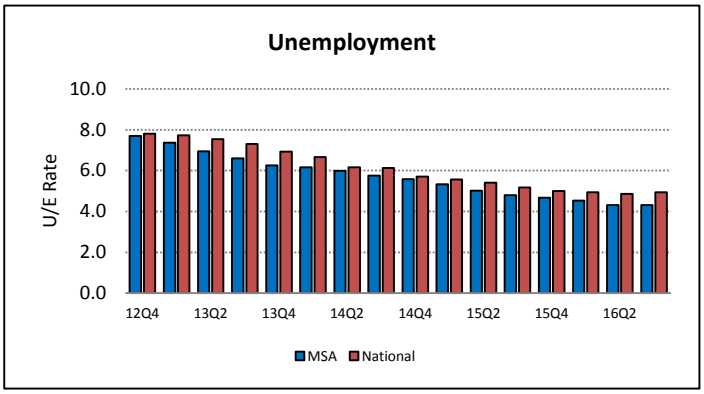
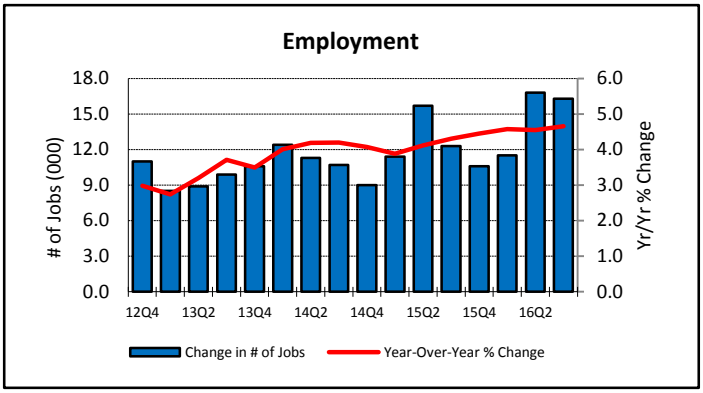
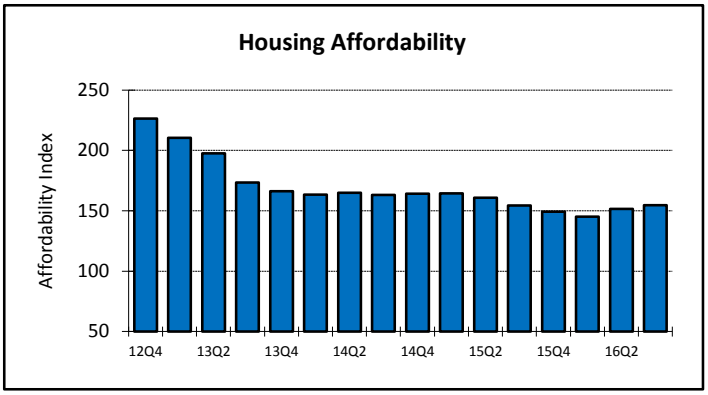
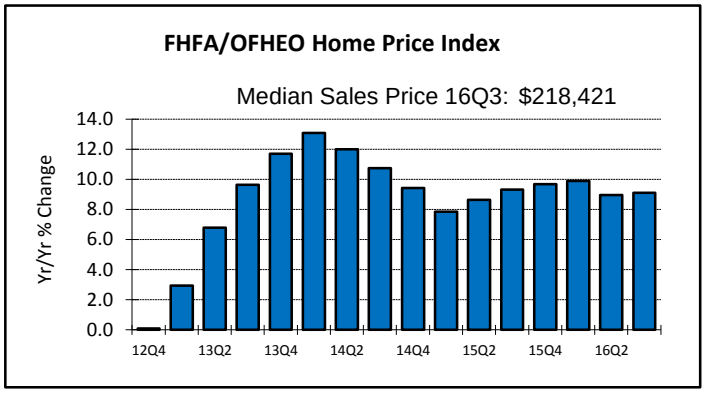
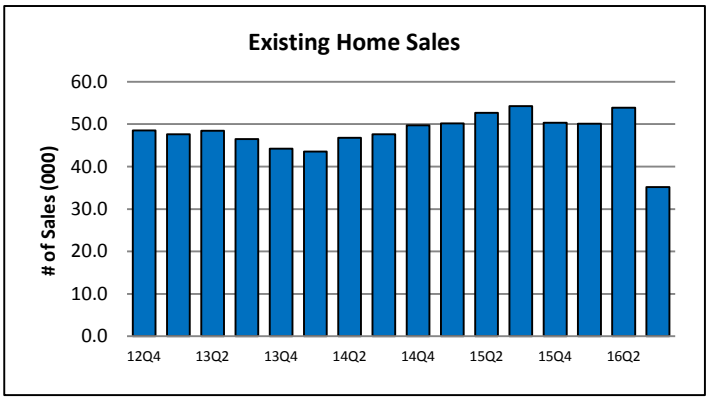
## Economic & Housing Indicators

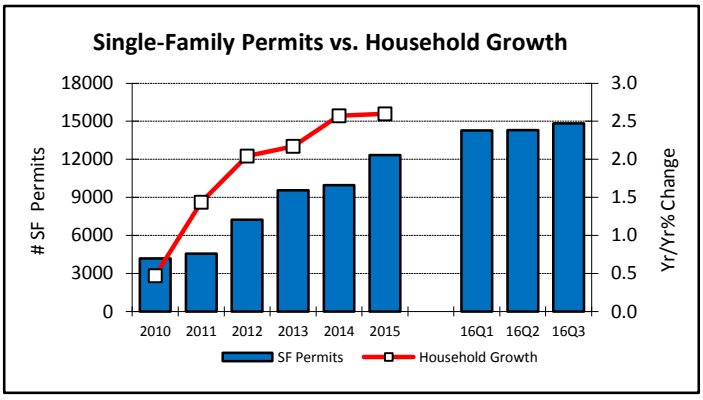


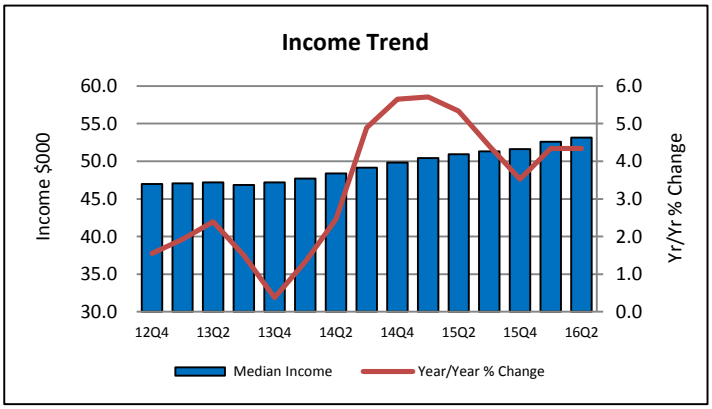



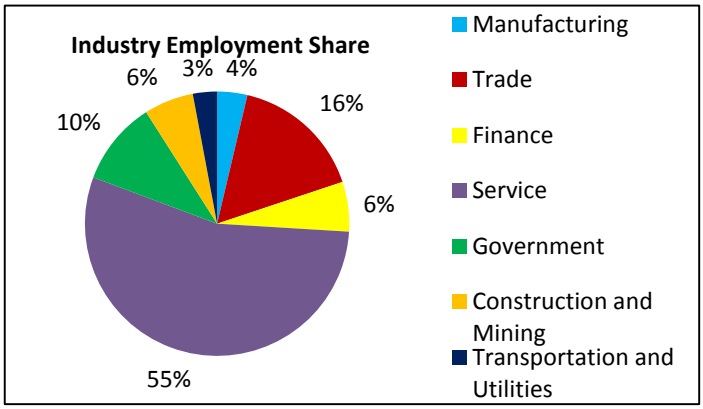

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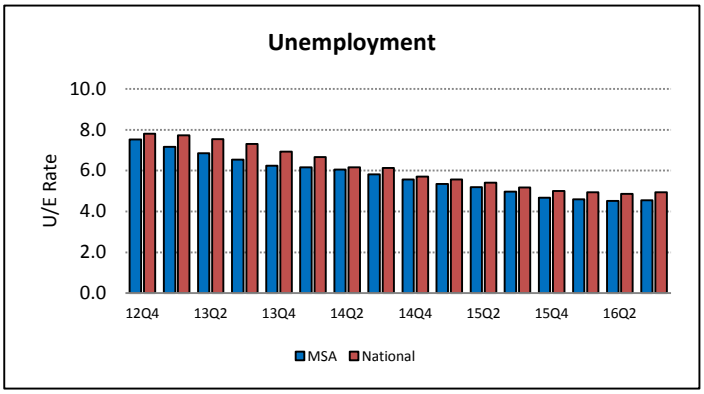
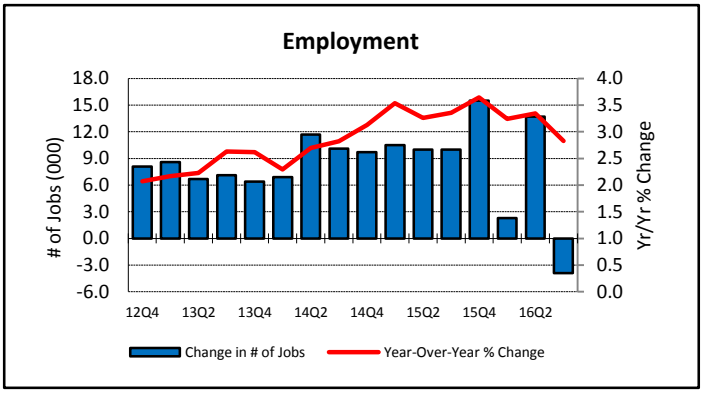
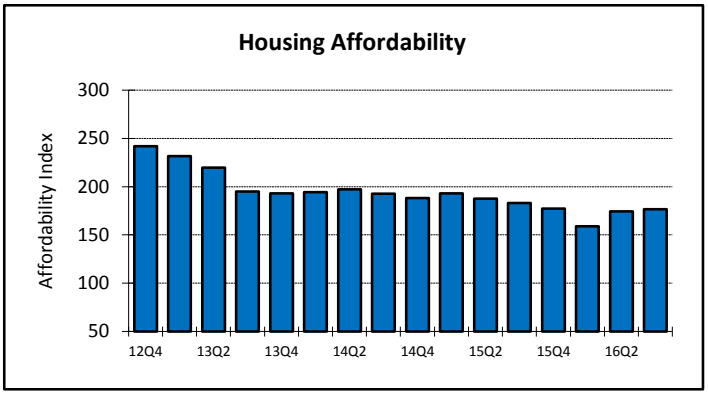
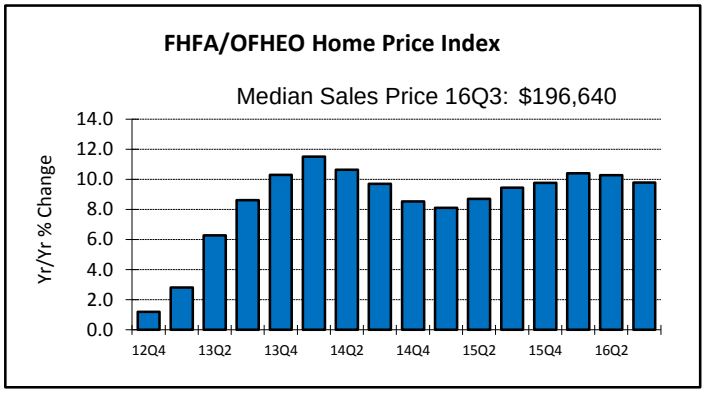
# Tampa, FL

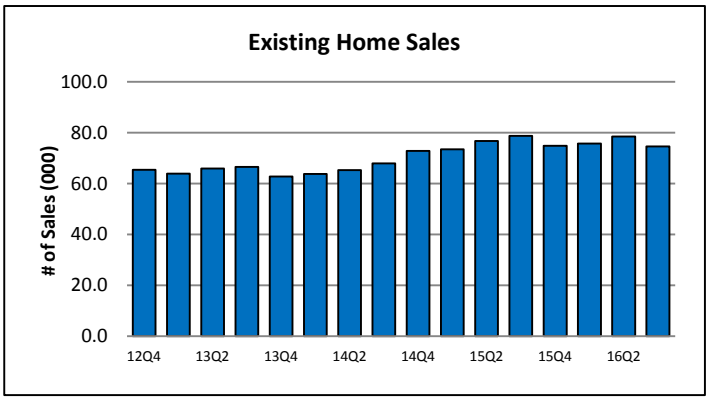
## Economic & Housing Indicators

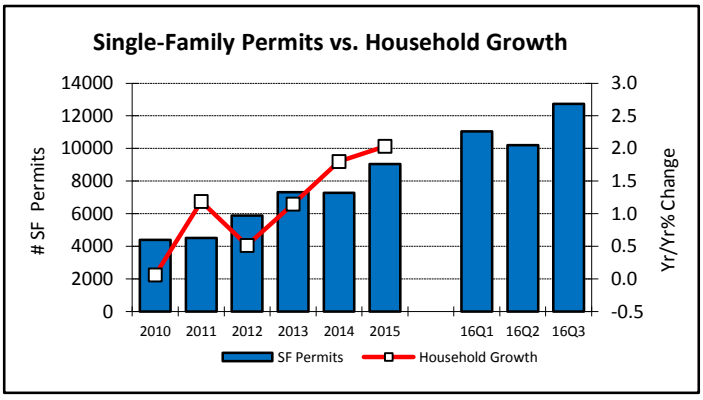


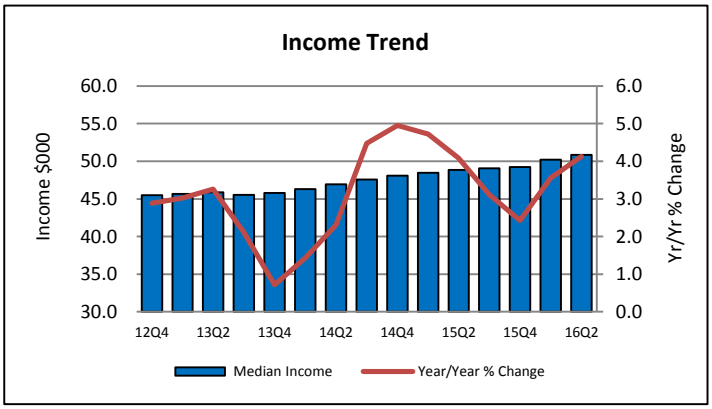



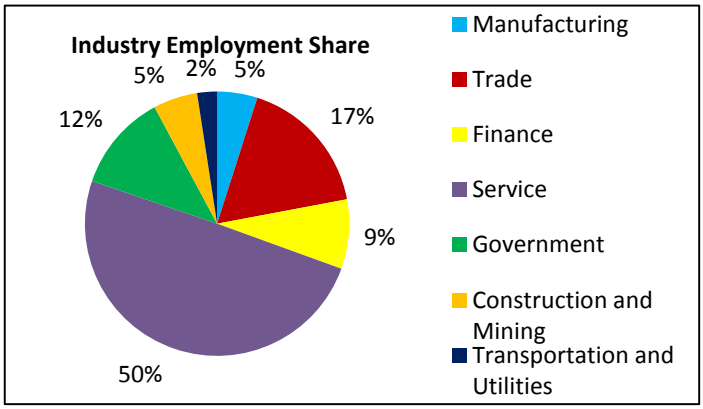

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# West Palm Beach, FL

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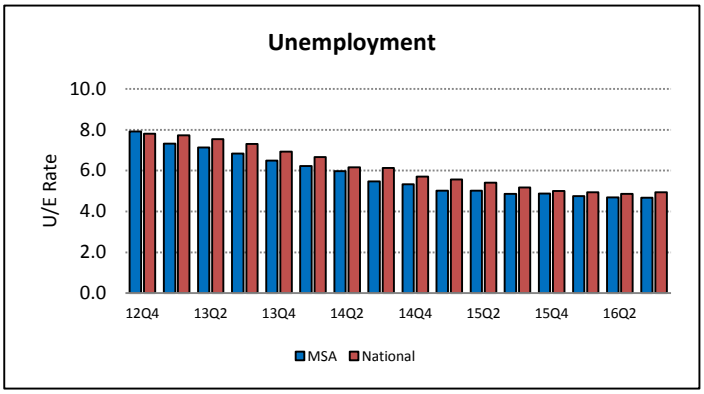
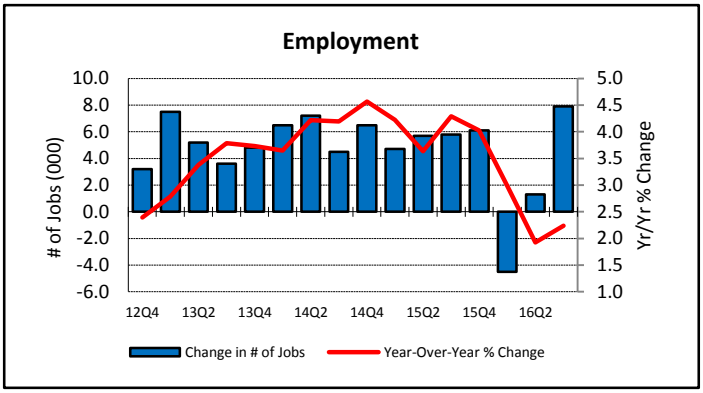
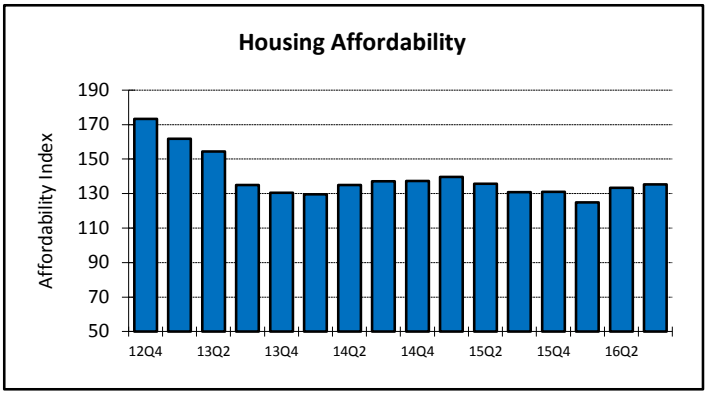
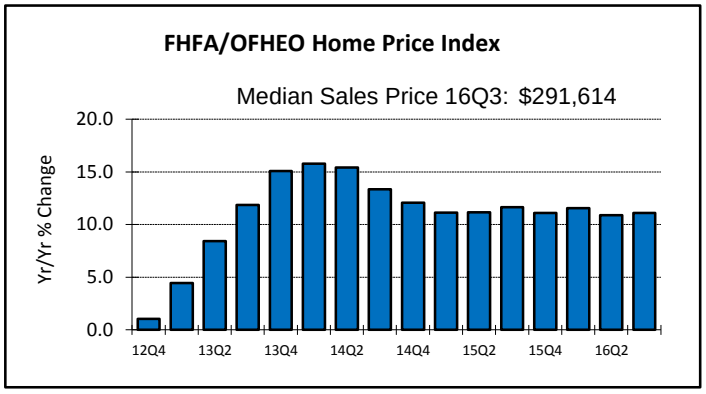
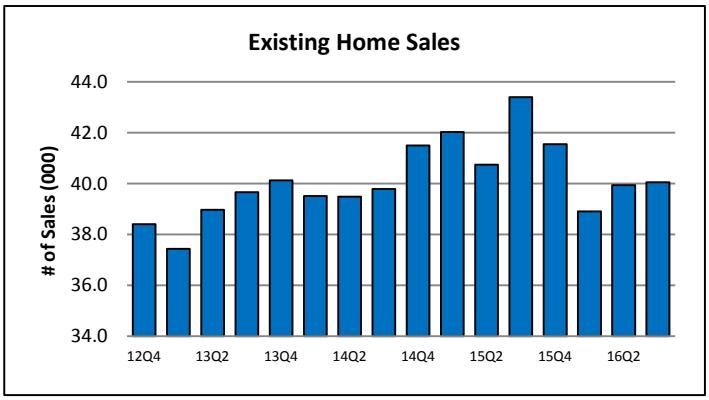
## Economic & Housing Indicators

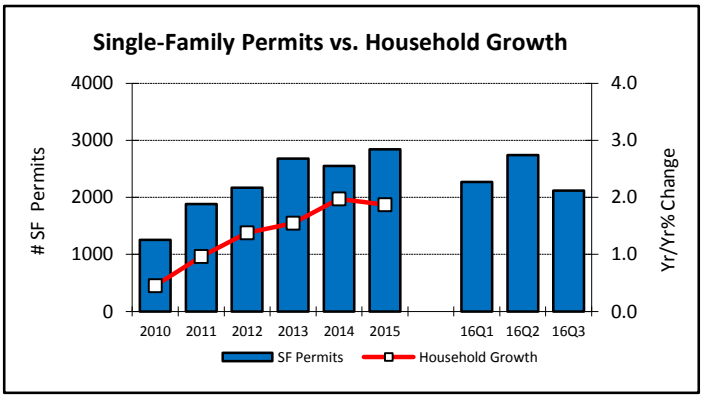


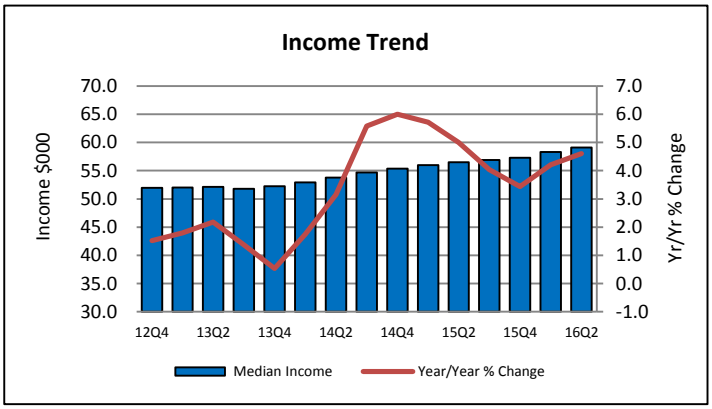



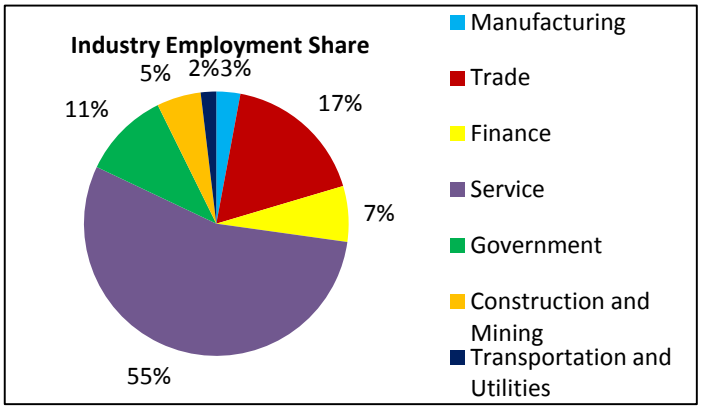

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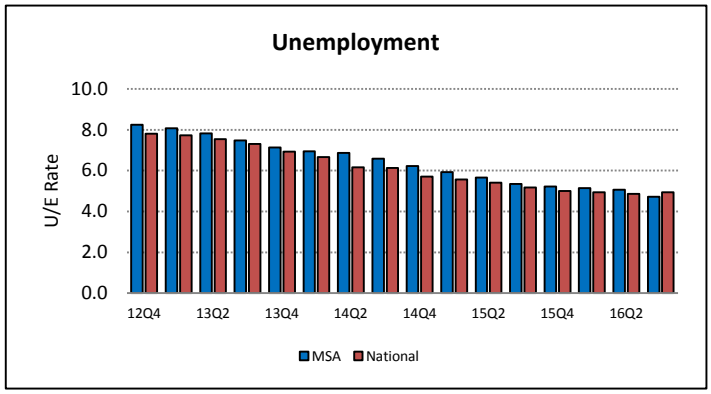
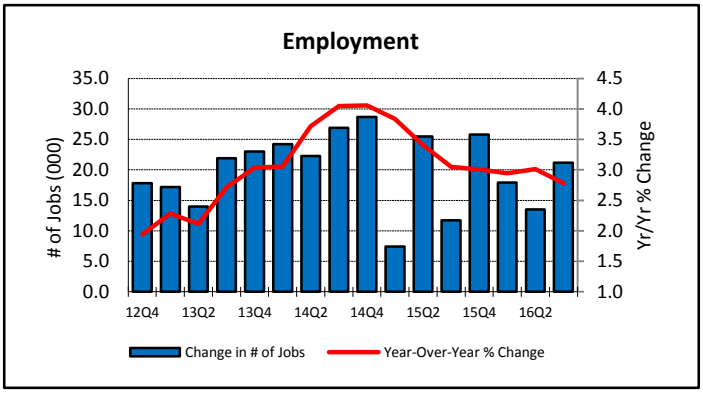
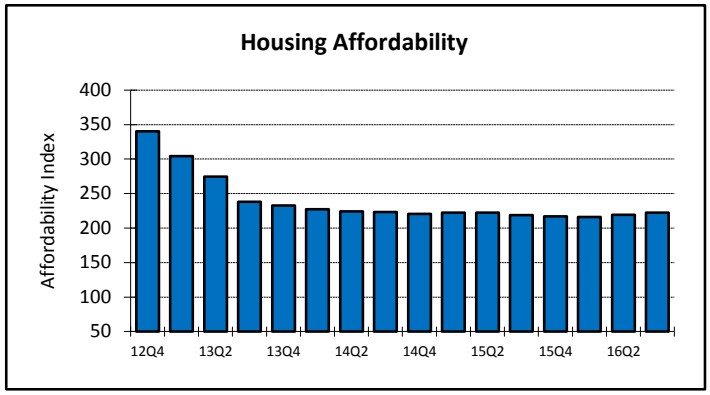
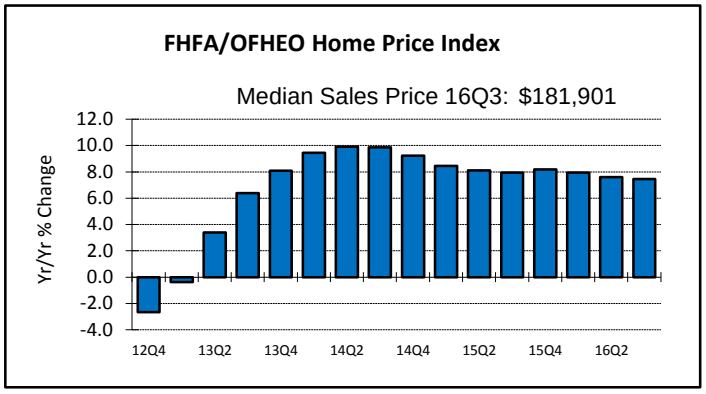
# Atlanta, GA

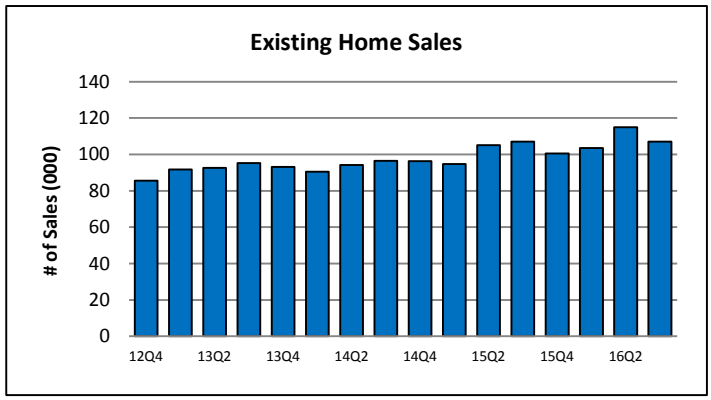
## Economic & Housing Indicators

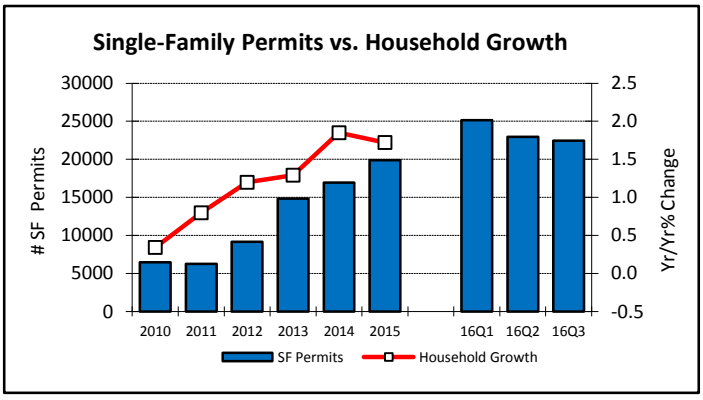


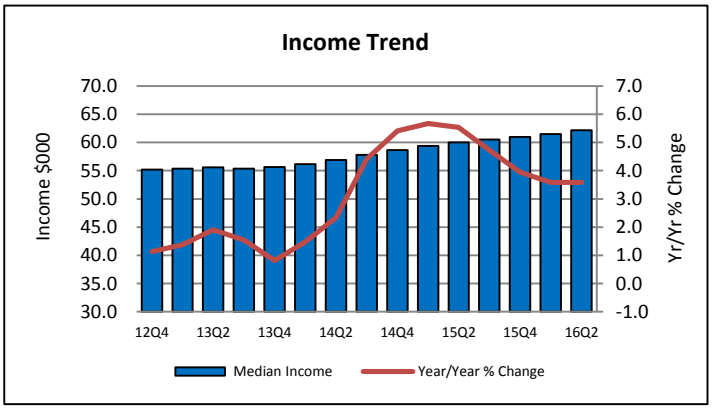



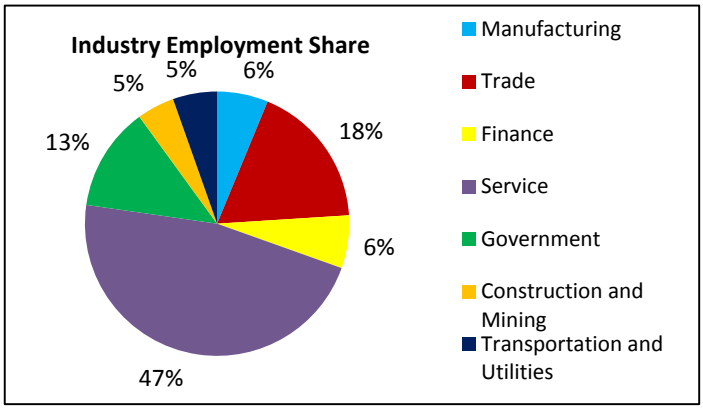

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# Louisville, KY

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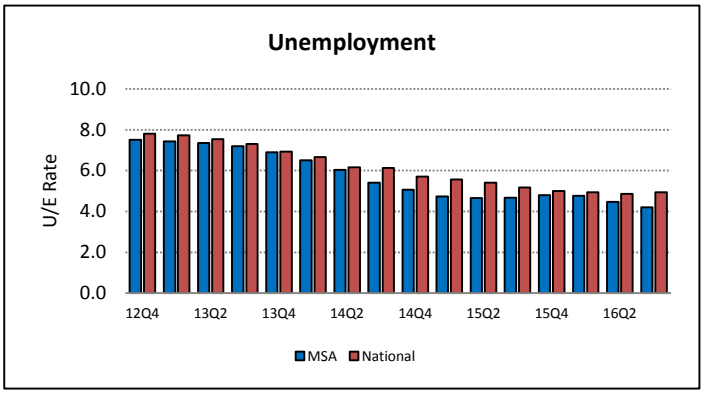
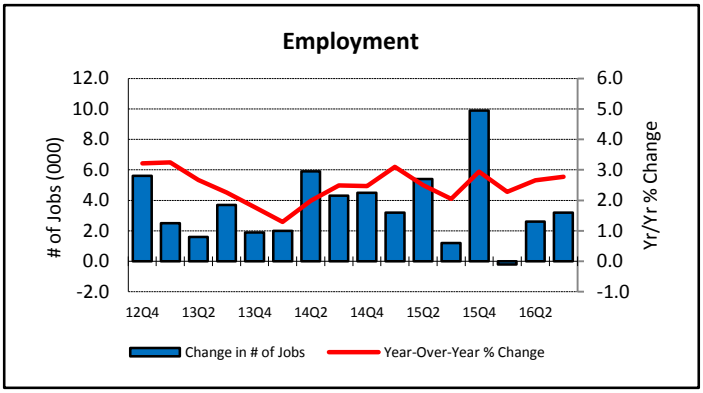
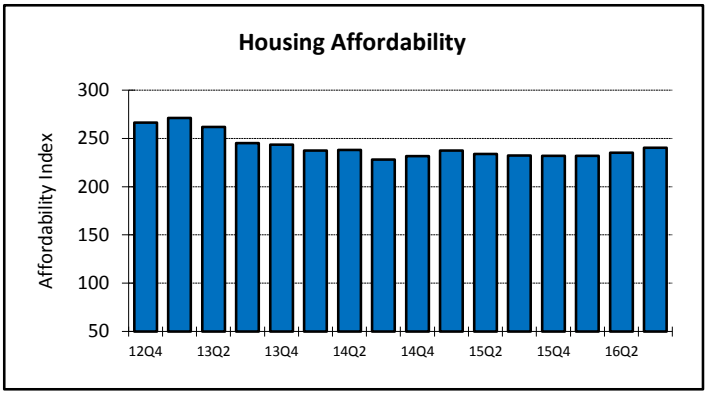
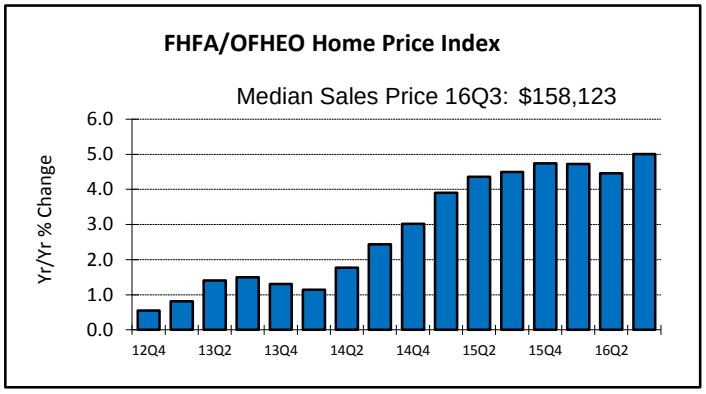
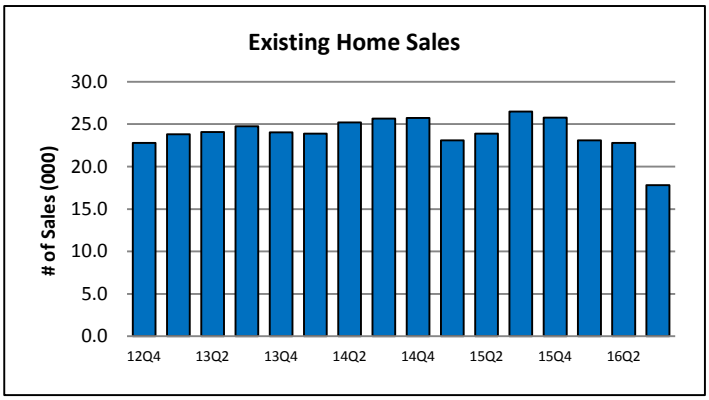
## Economic & Housing Indicators

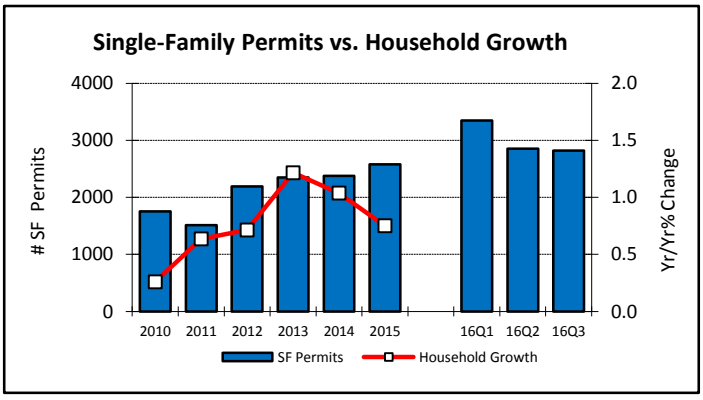


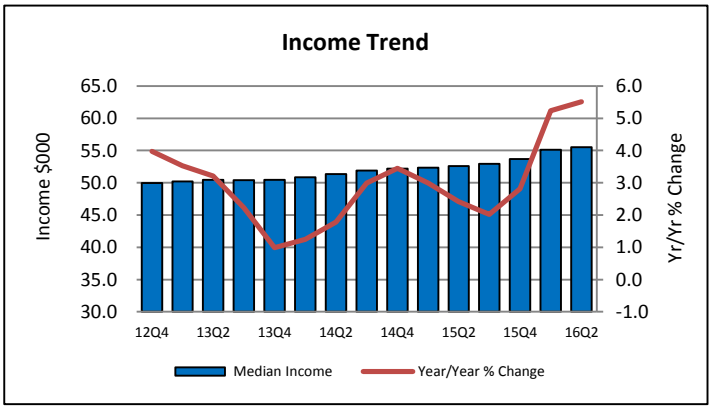



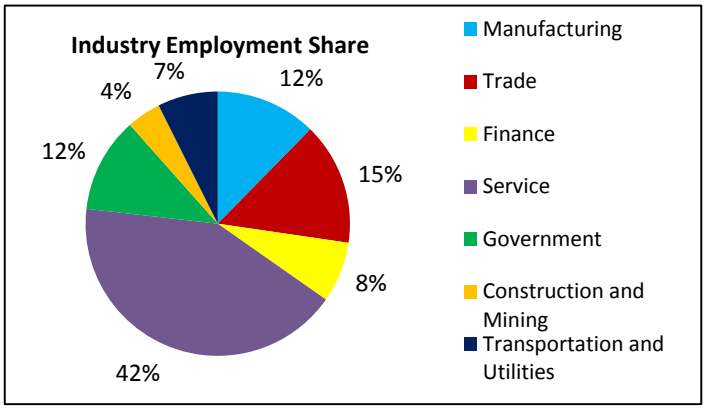

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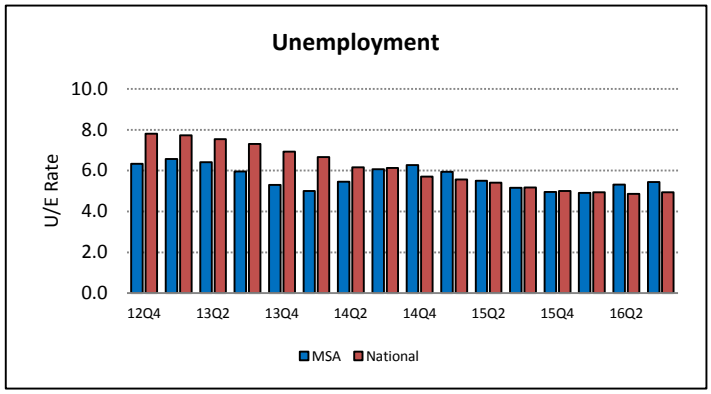
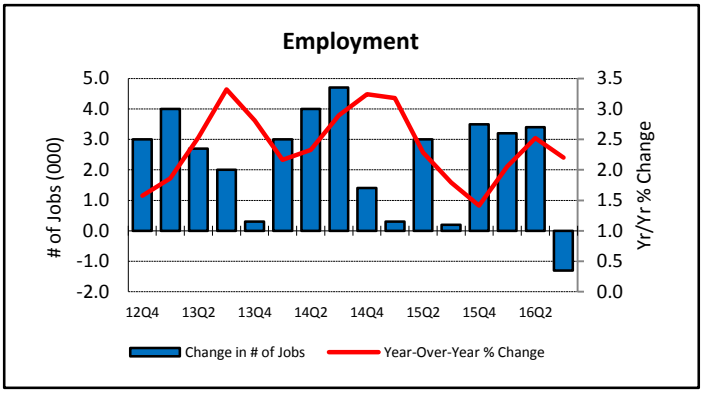
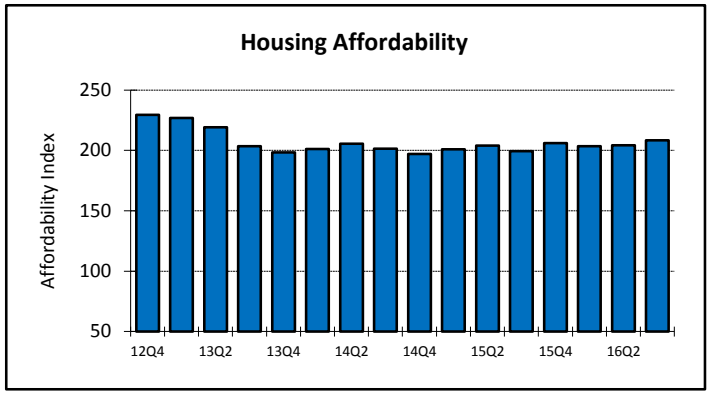
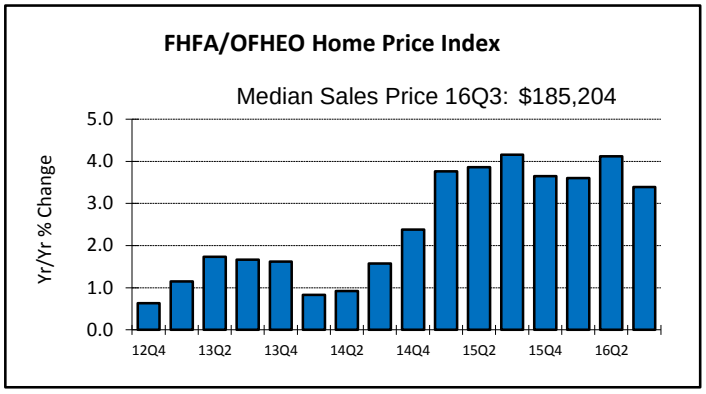
# Baton Rouge, LA

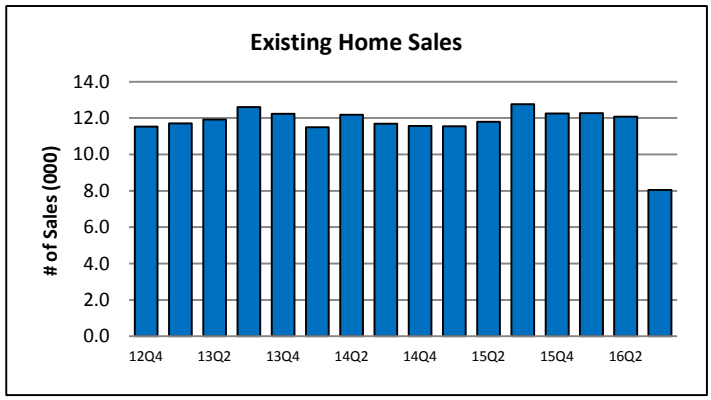
## Economic & Housing Indicators

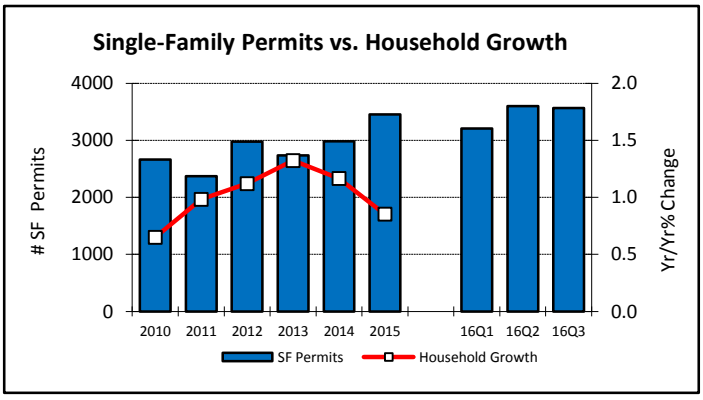


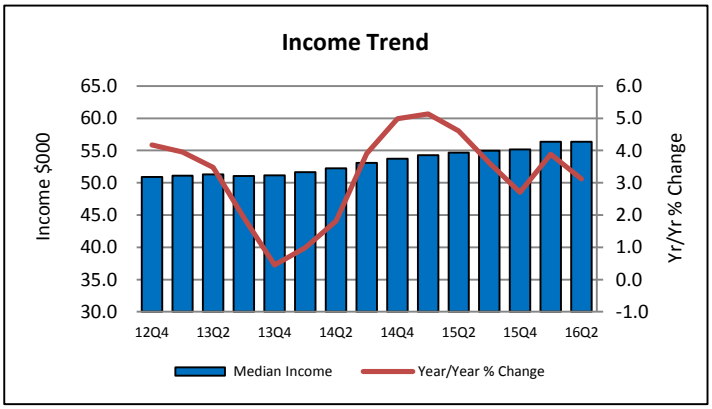



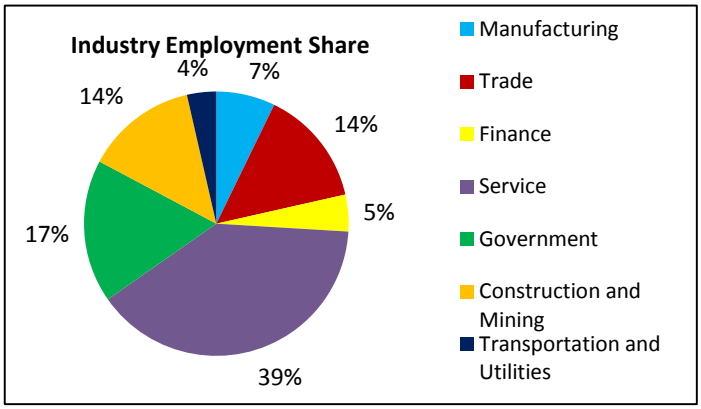

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# New Orleans, LA

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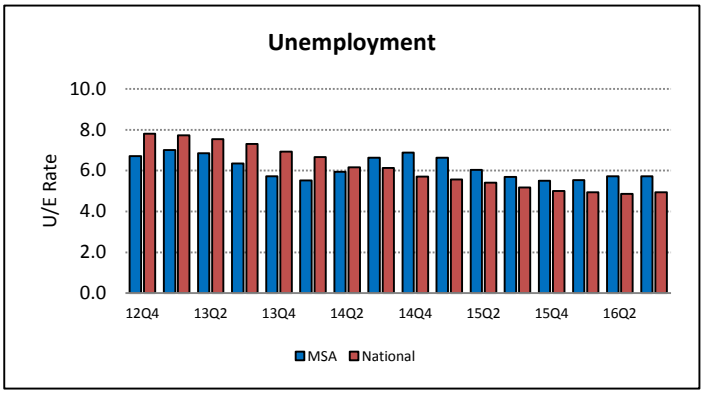
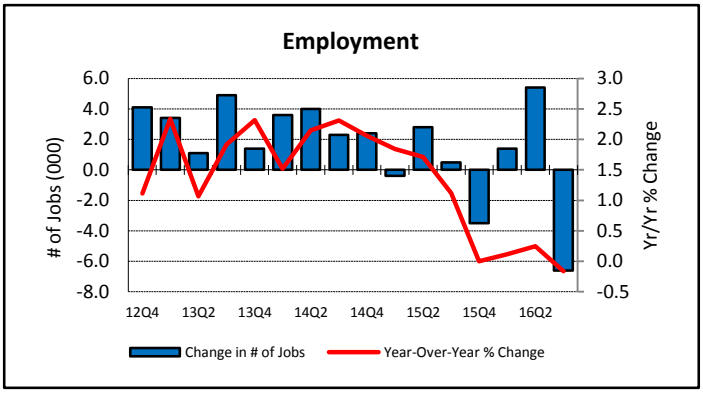
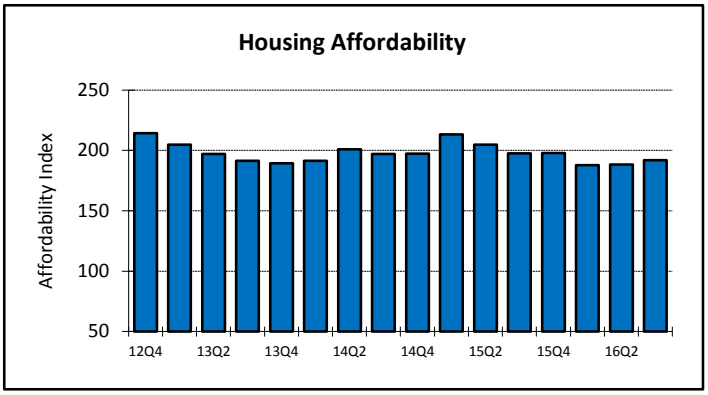
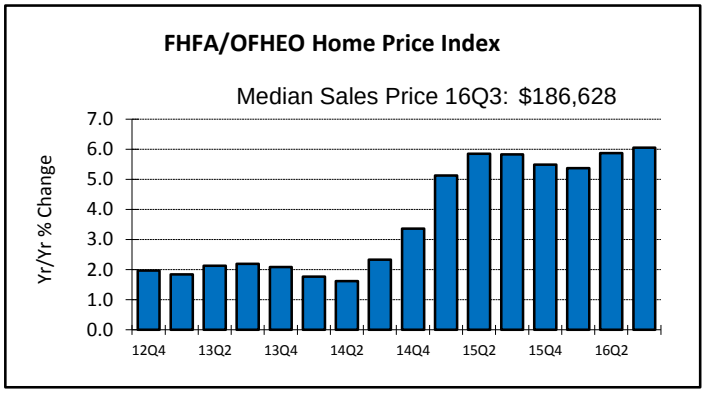
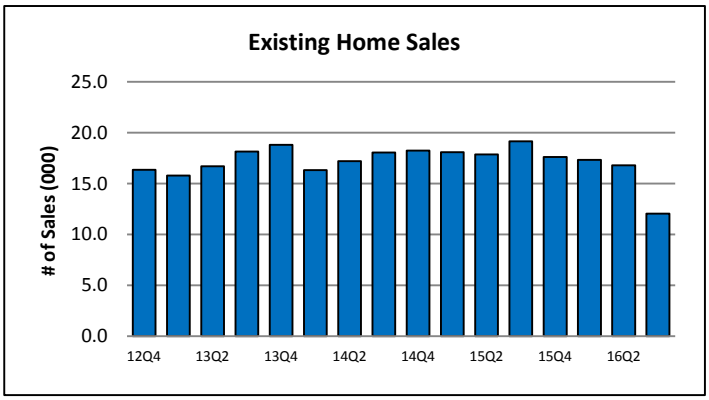
## Economic & Housing Indicators

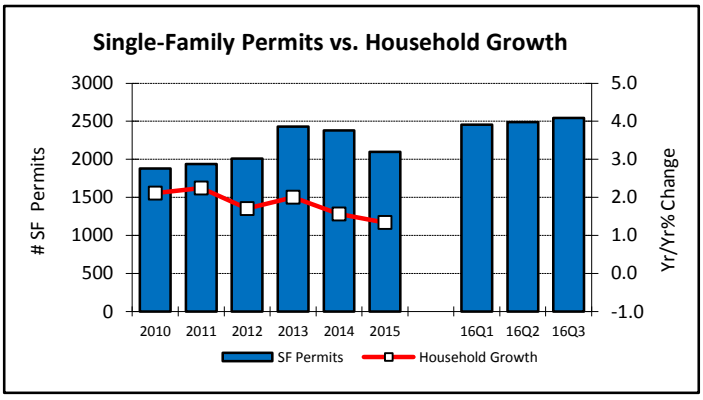


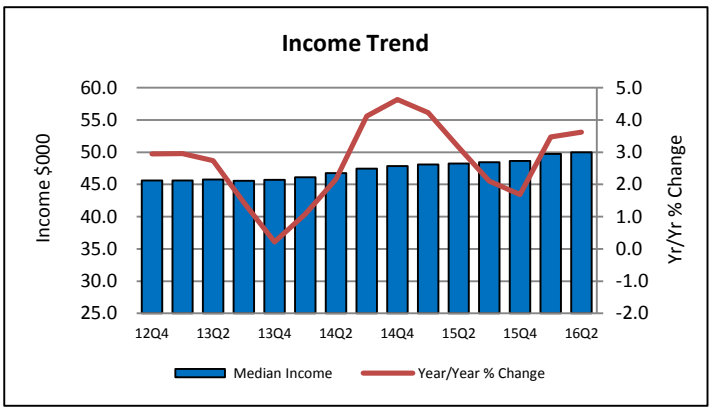



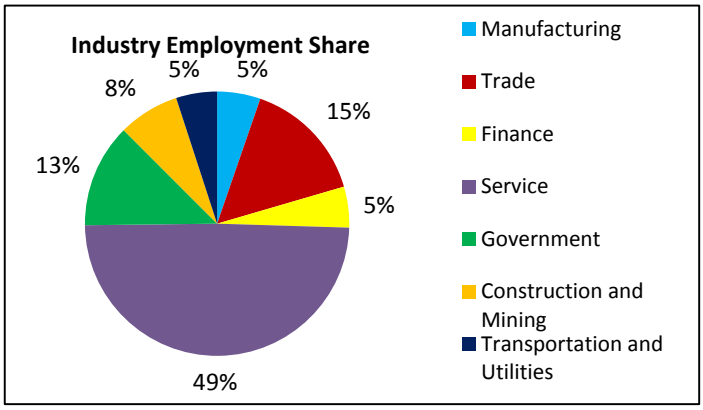

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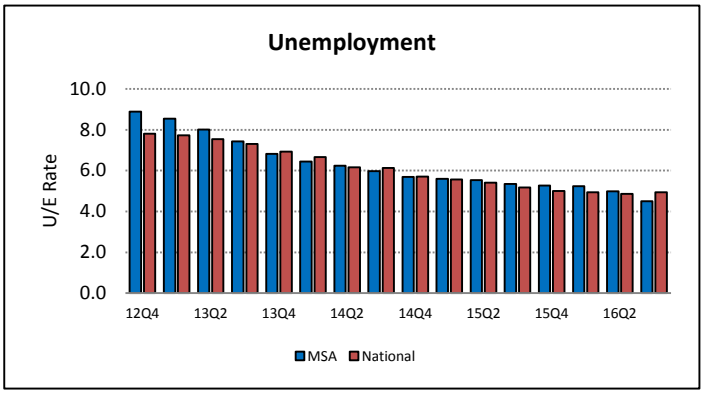
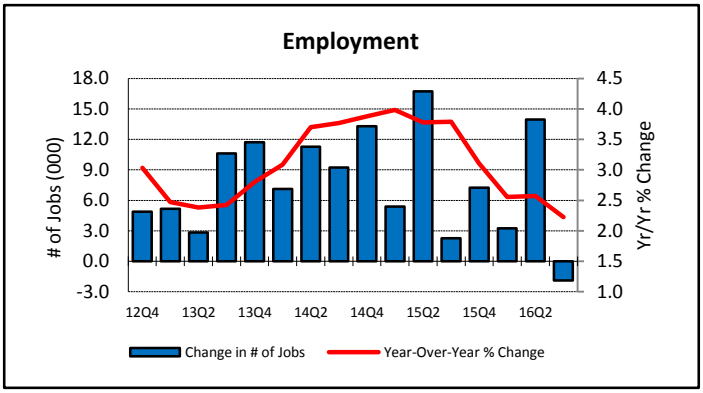
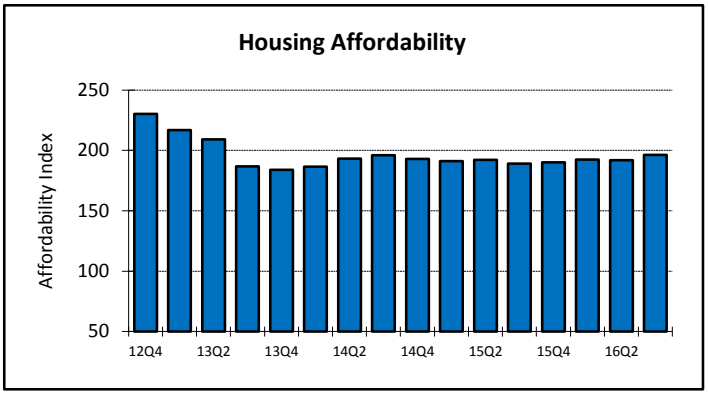
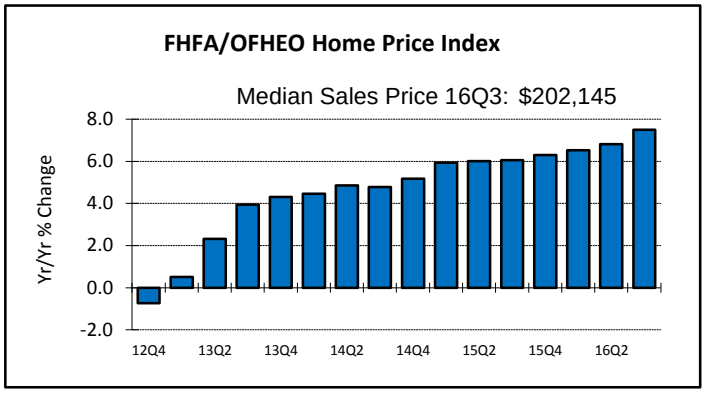
# Charlotte, NC

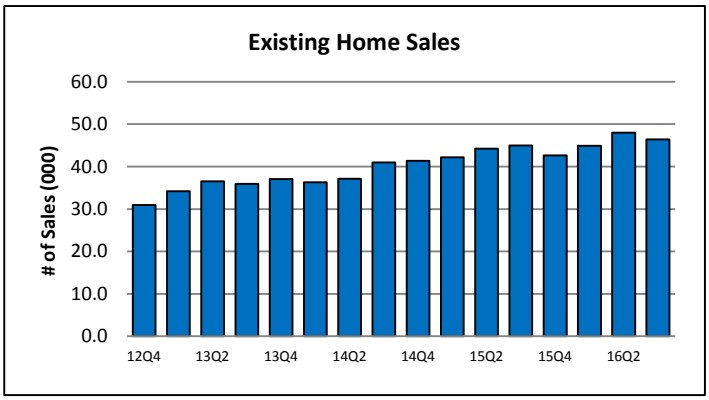
## Economic & Housing Indicators

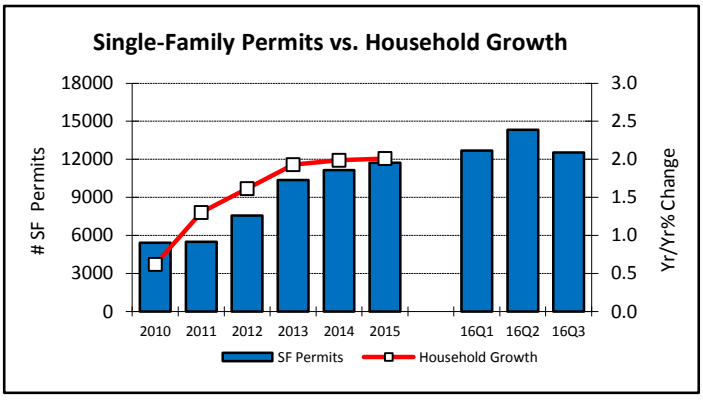


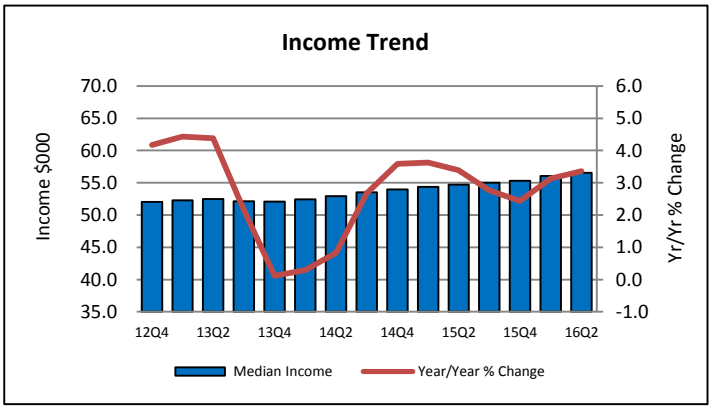



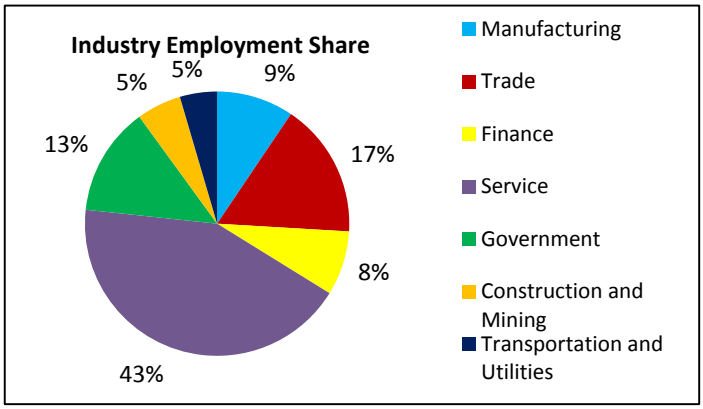

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# Greensboro, NC

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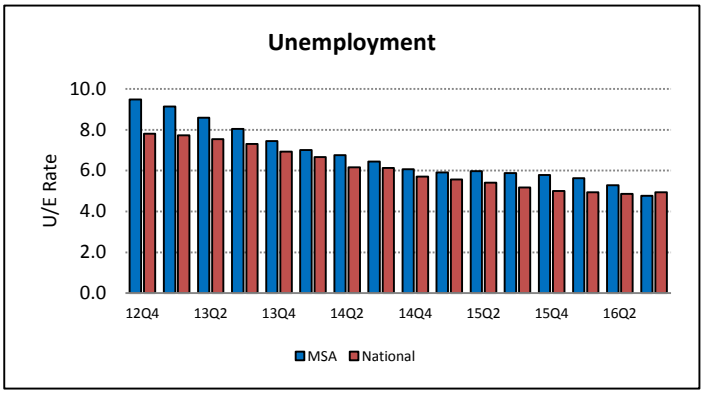
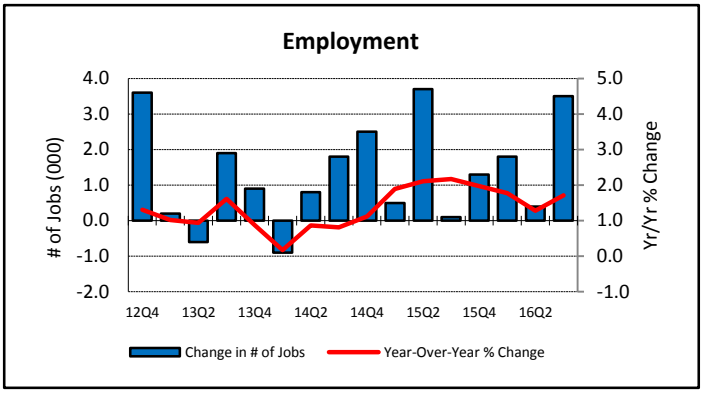
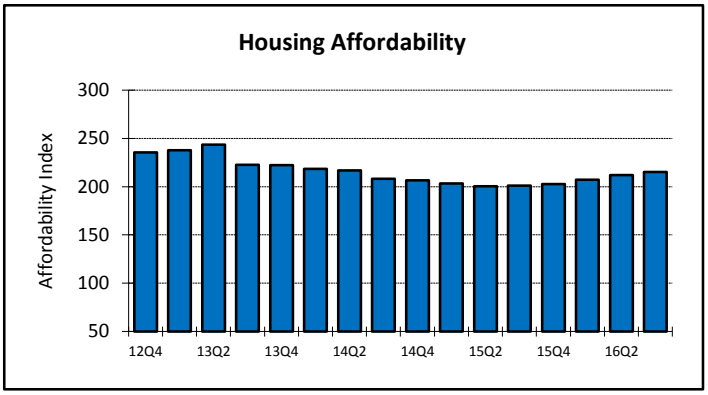
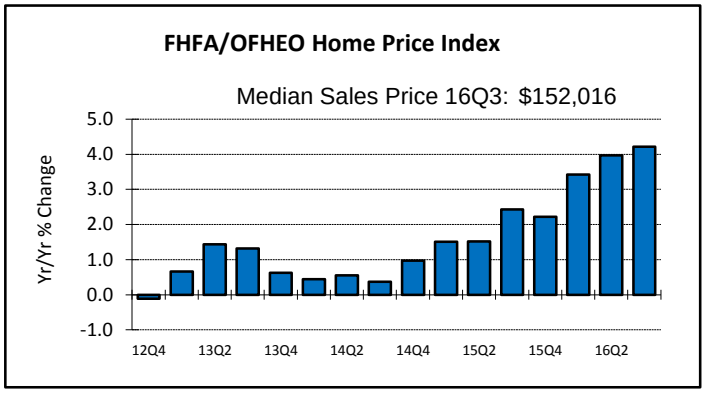
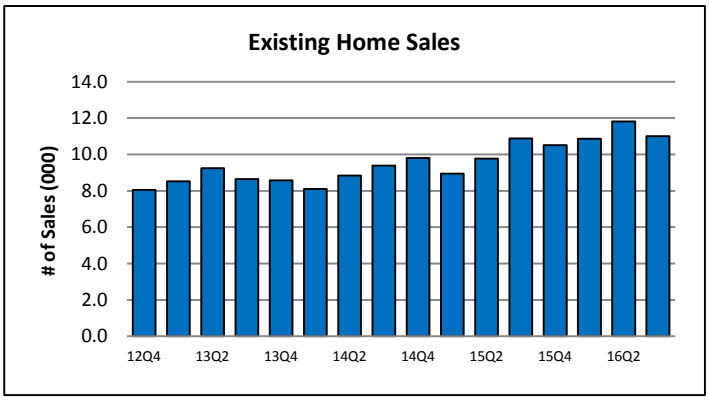
## Economic & Housing Indicators

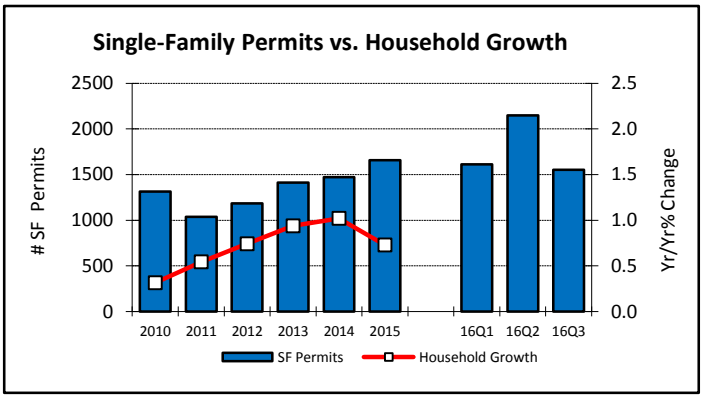


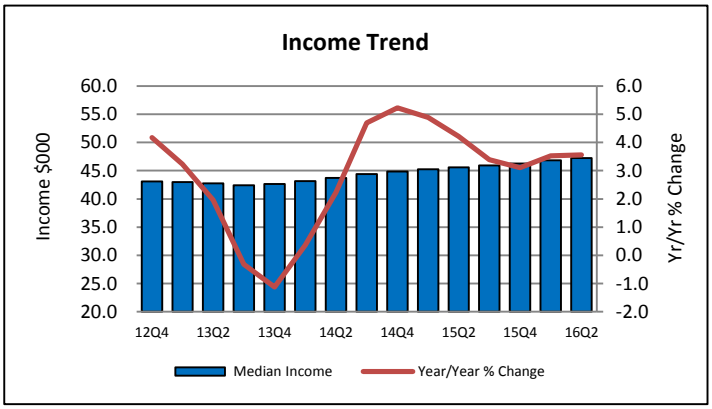



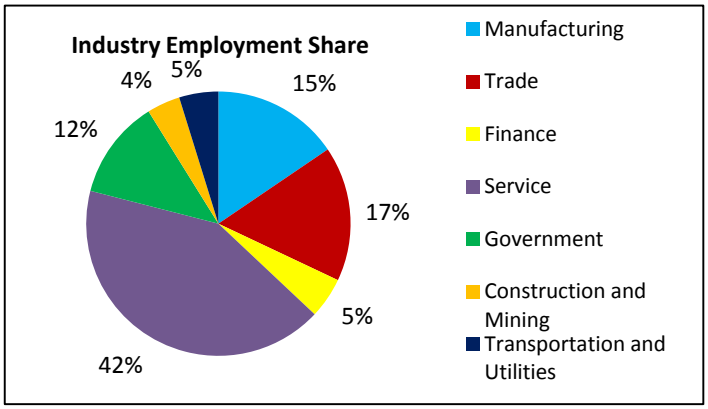

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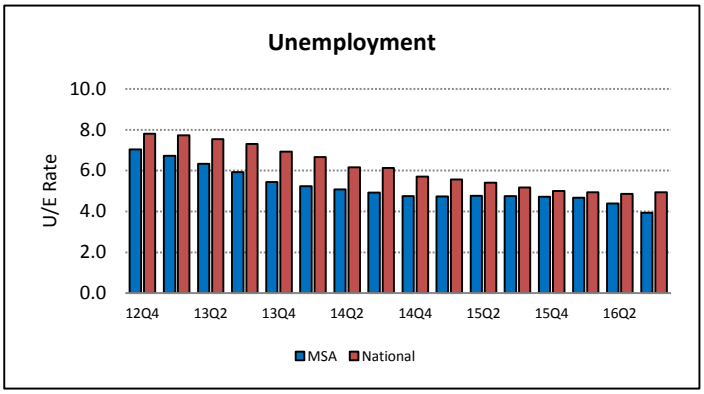
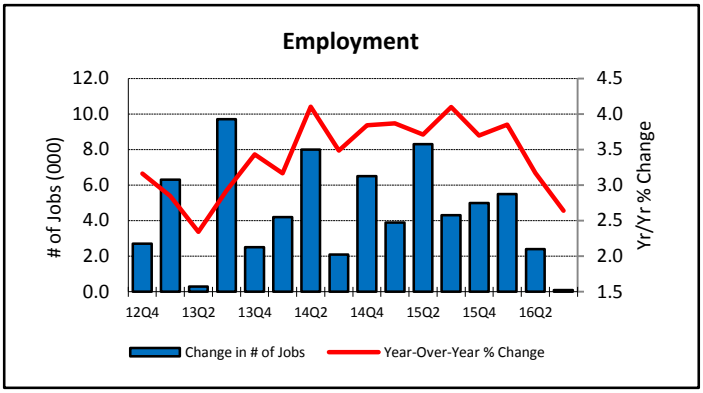
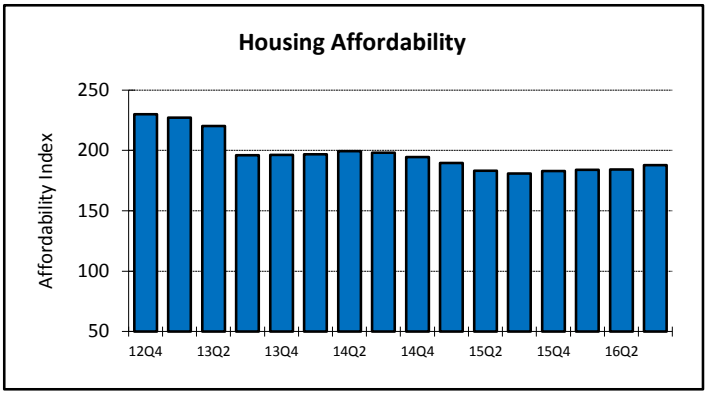
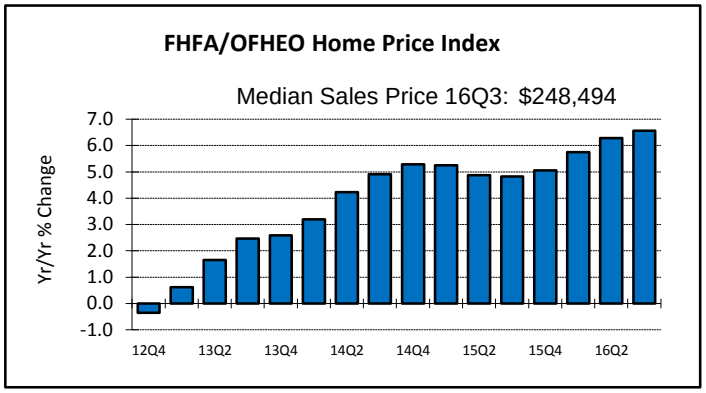
# Raleigh, NC

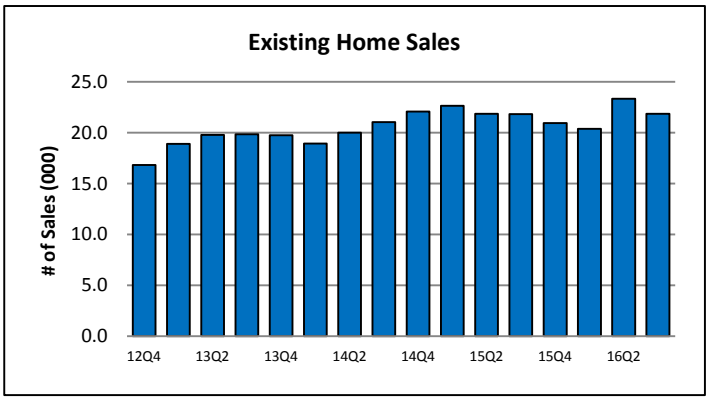
## Economic & Housing Indicators

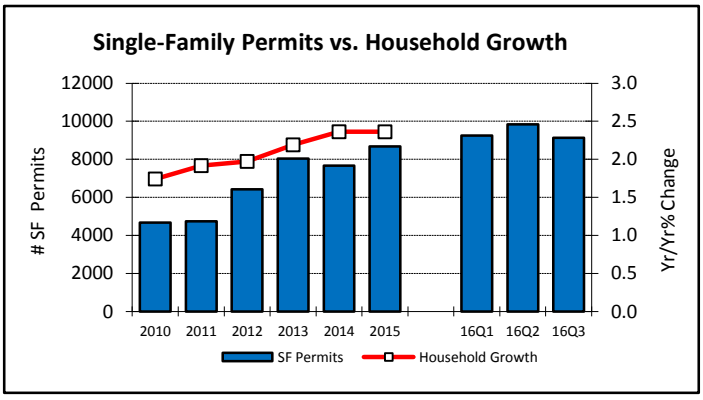


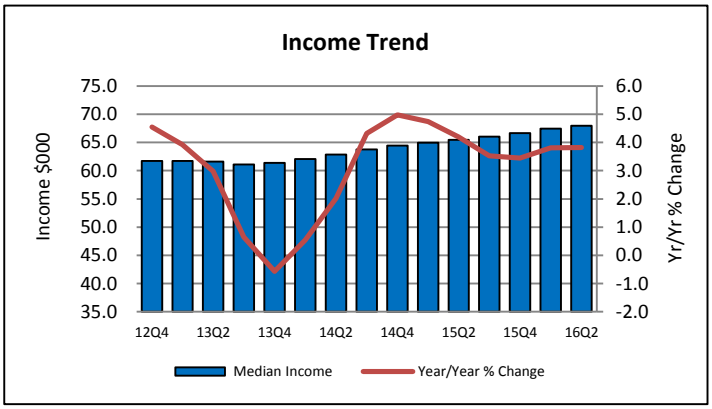



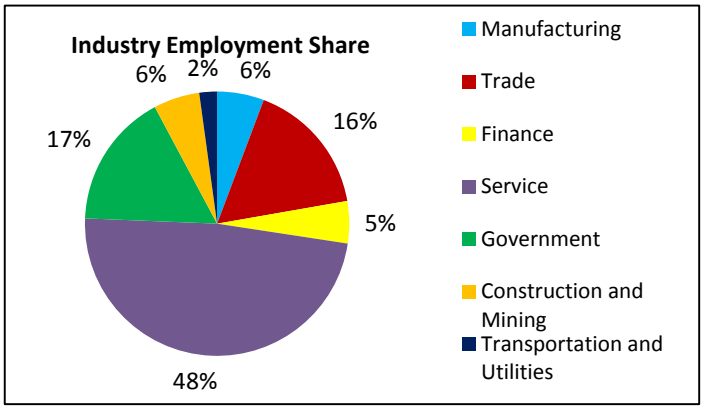

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# Oklahoma City, OK

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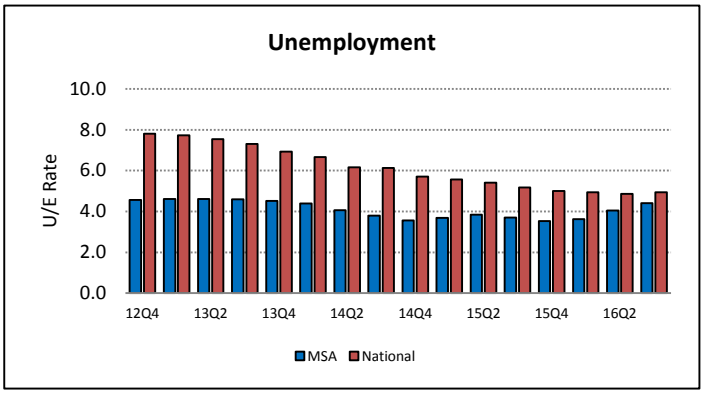
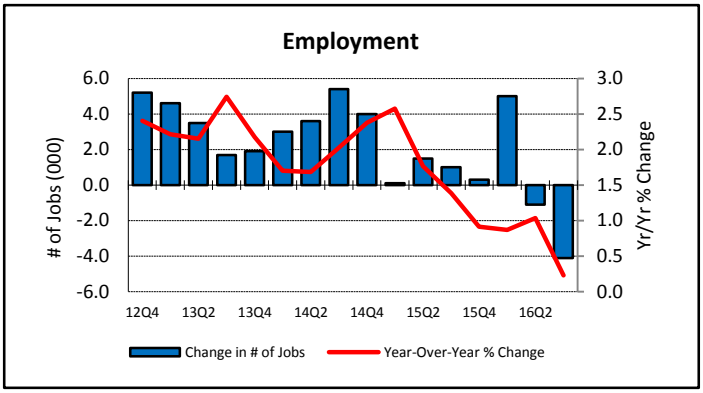
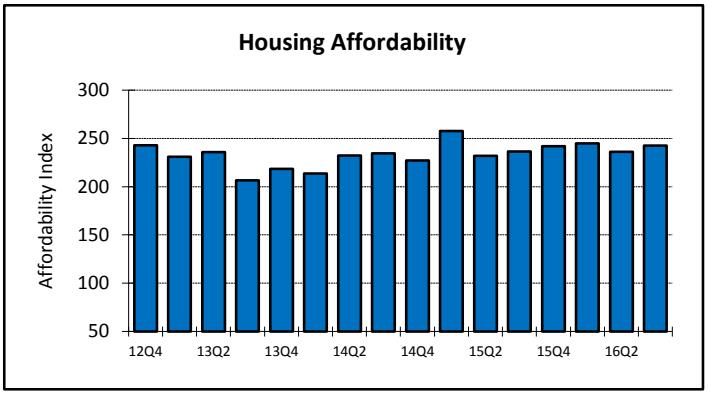
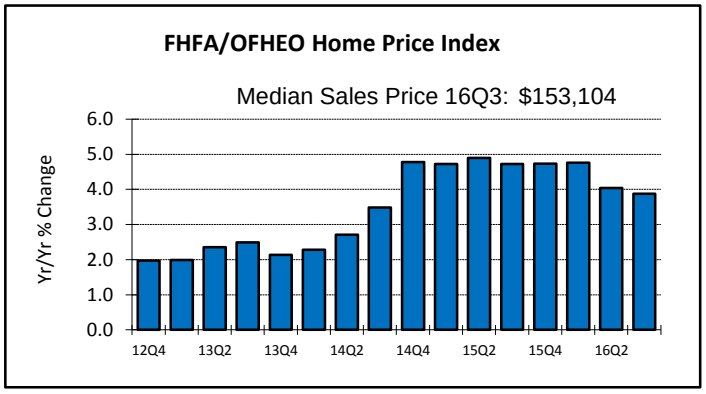
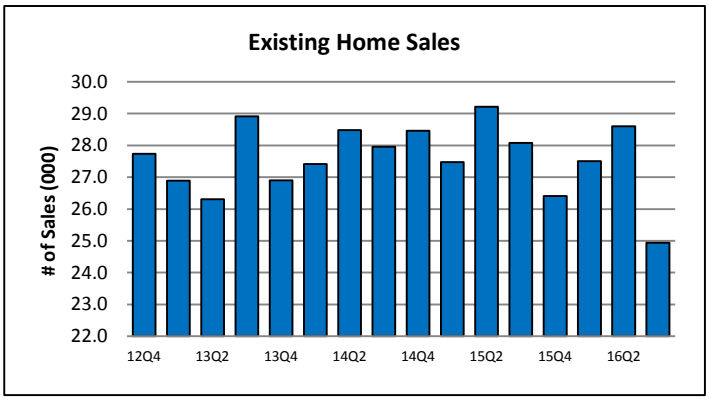
## Economic & Housing Indicators

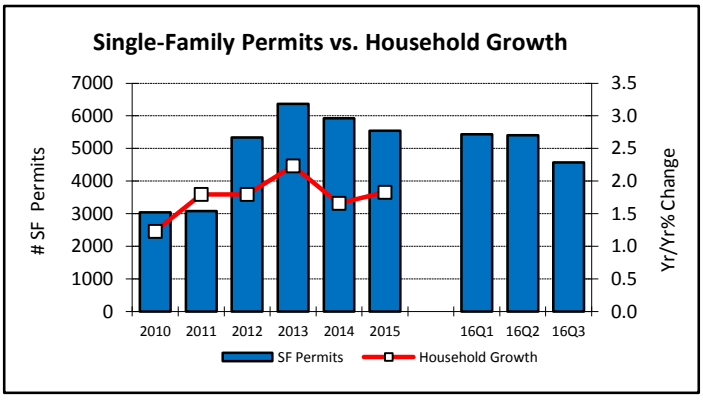


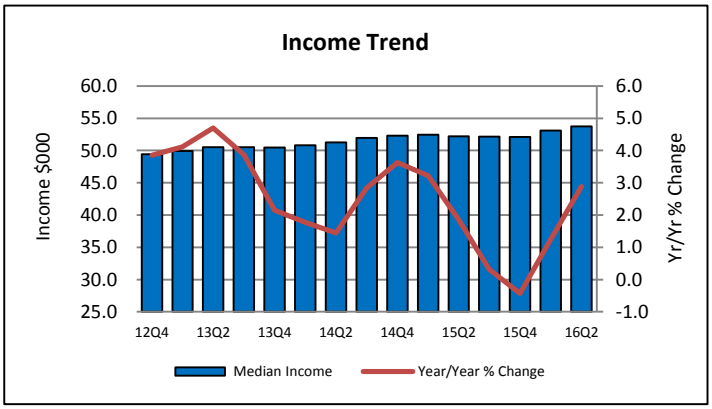



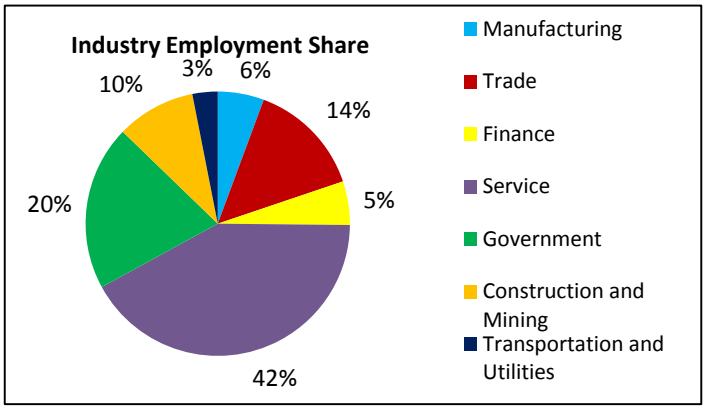

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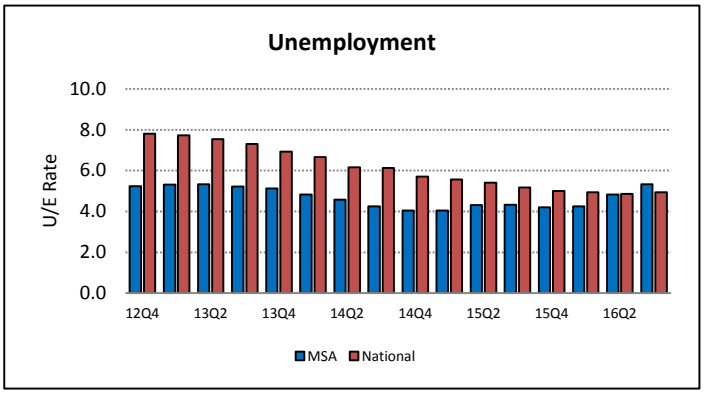
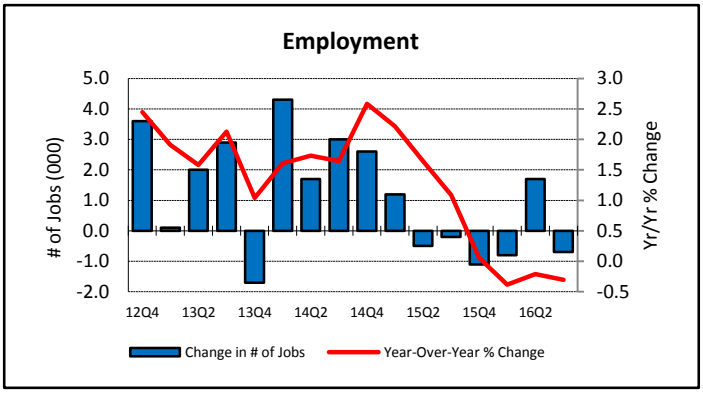
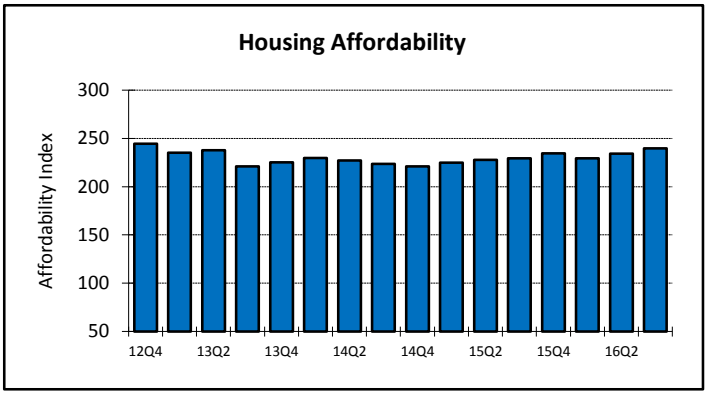
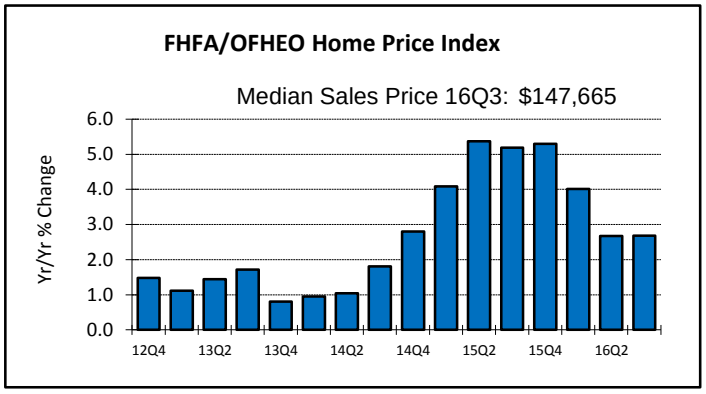
# Tulsa, OK

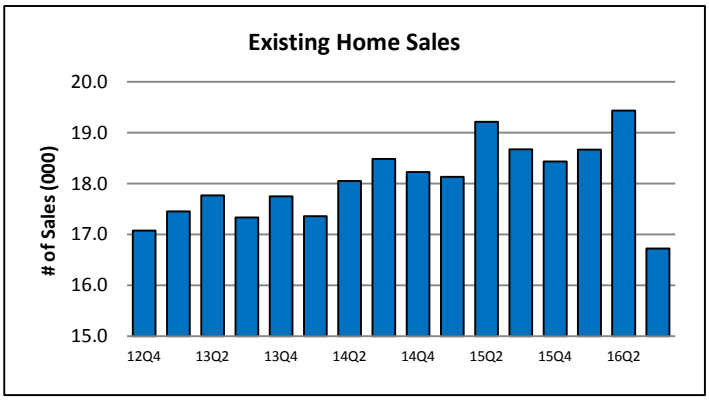
## Economic & Housing Indicators

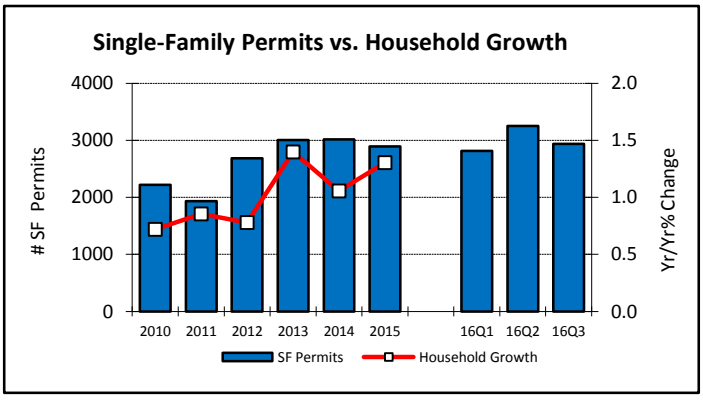


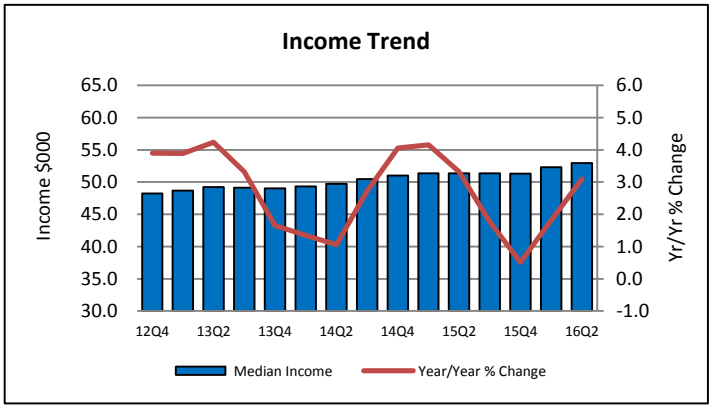



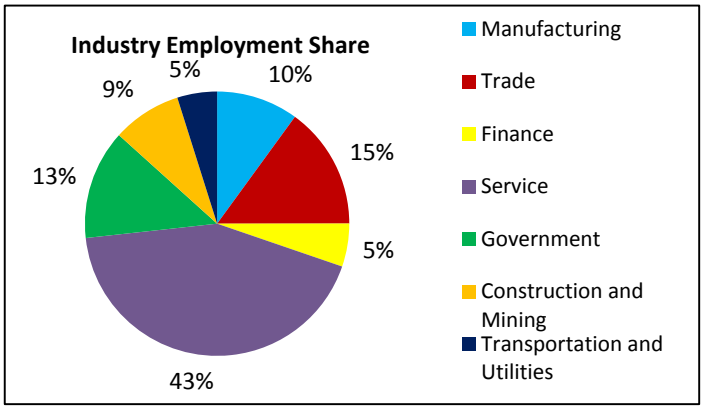

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# Charleston, SC

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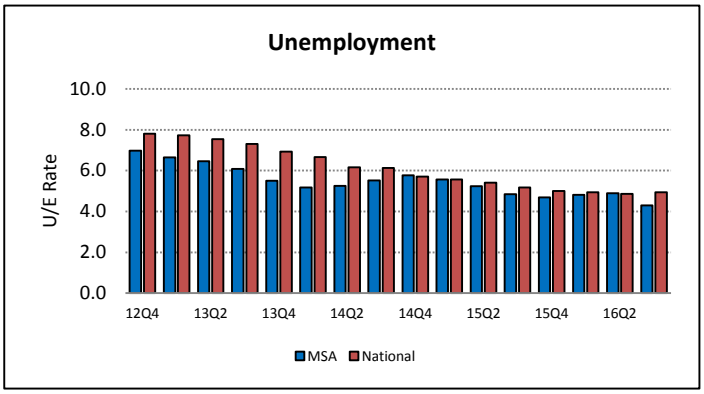
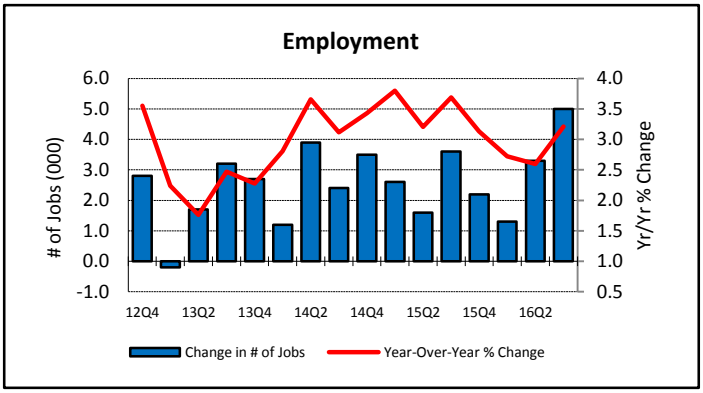
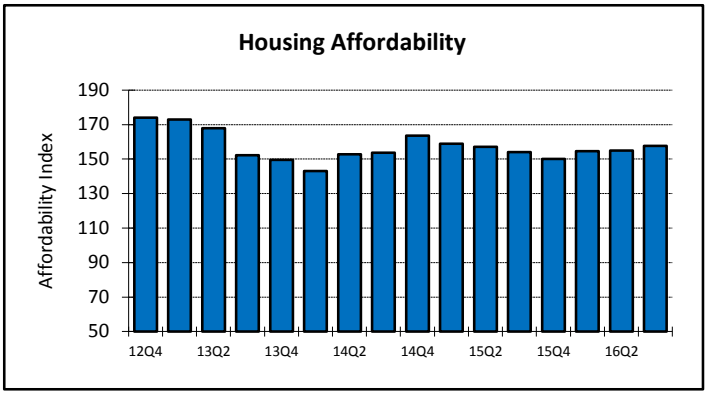
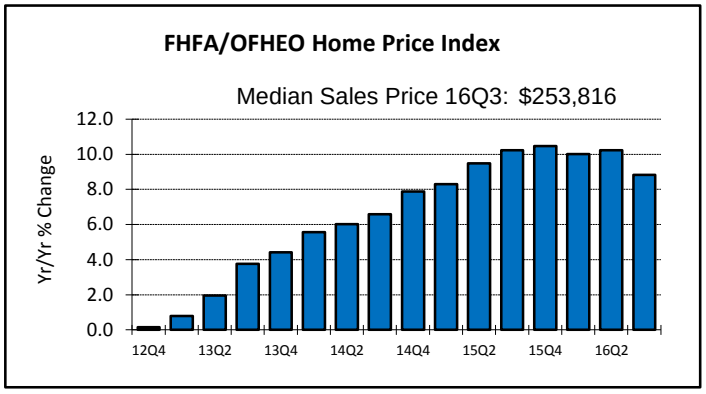
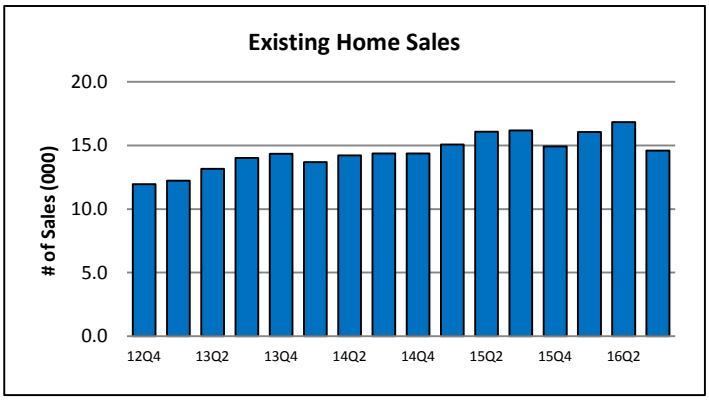
## Economic & Housing Indicators

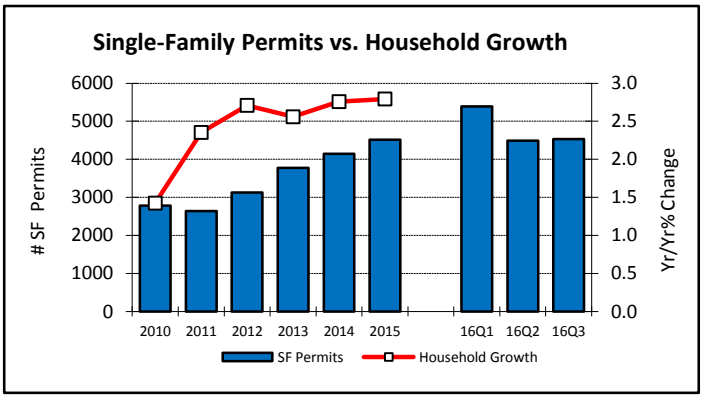


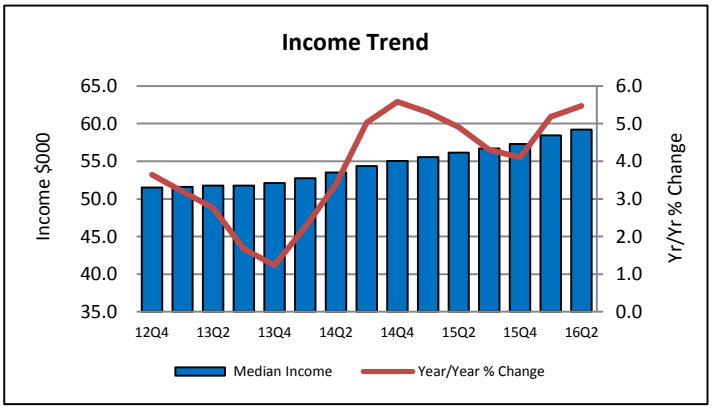



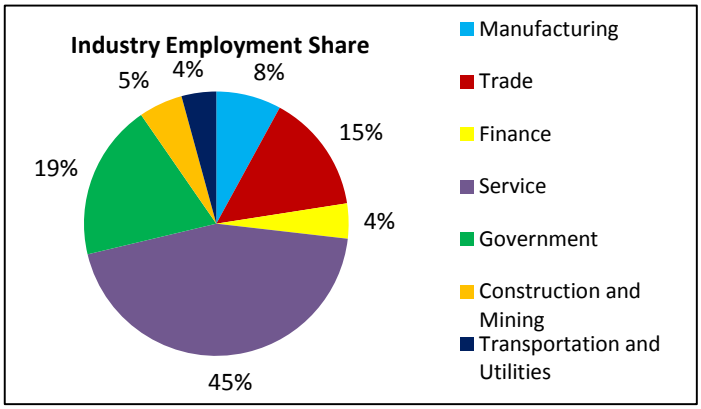

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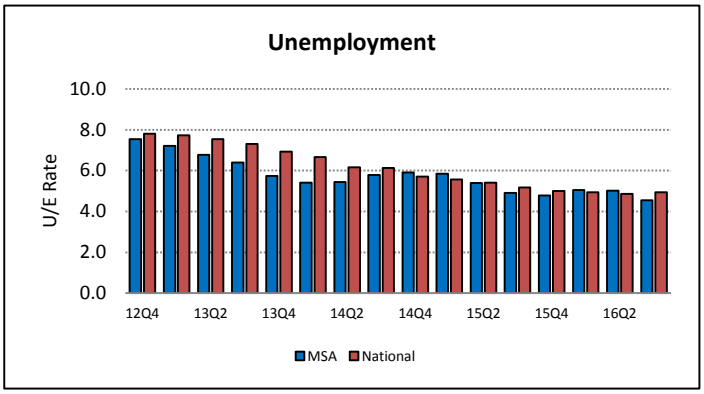
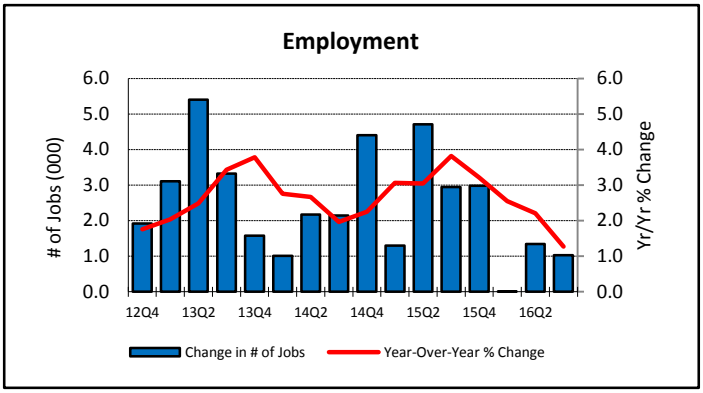
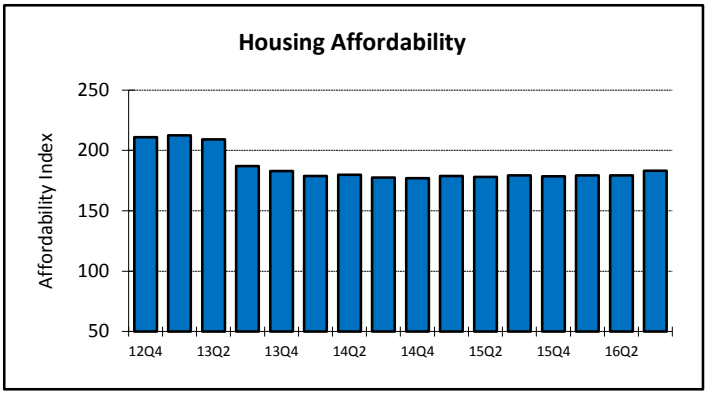
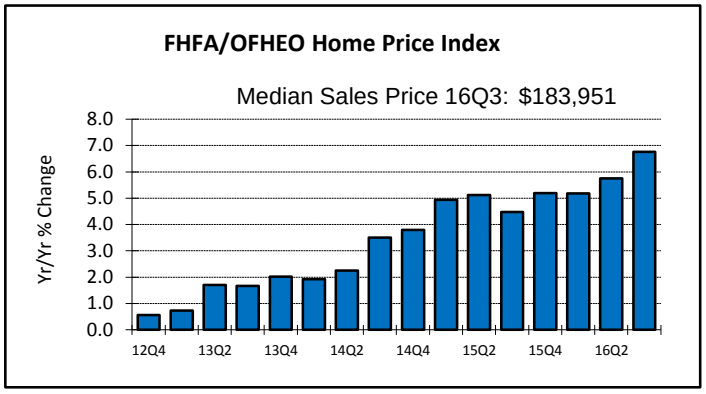
# Greenville, SC

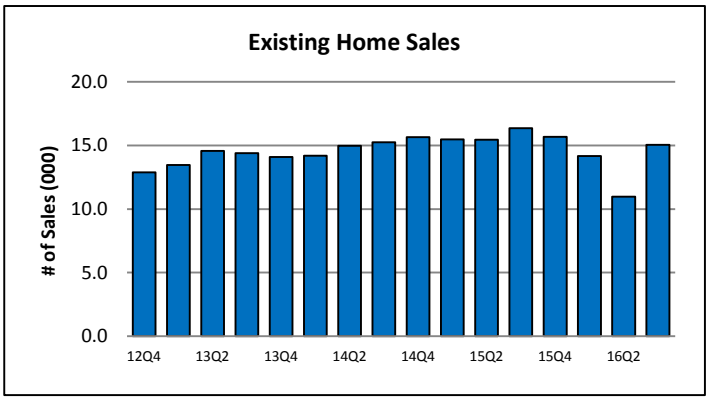
## Economic & Housing Indicators

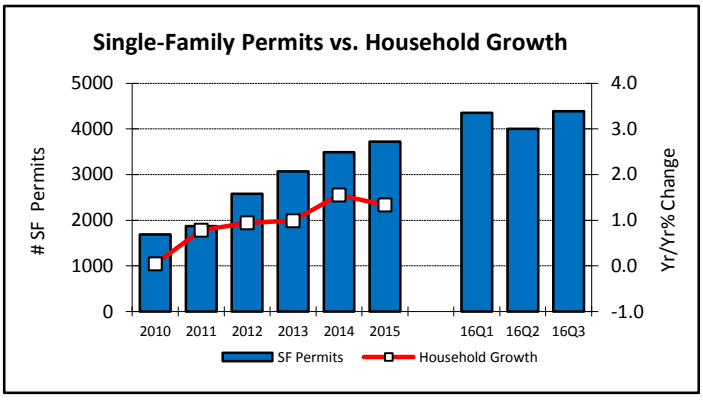


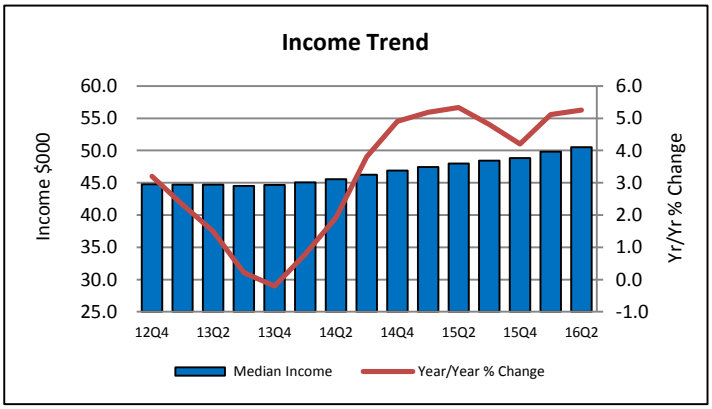



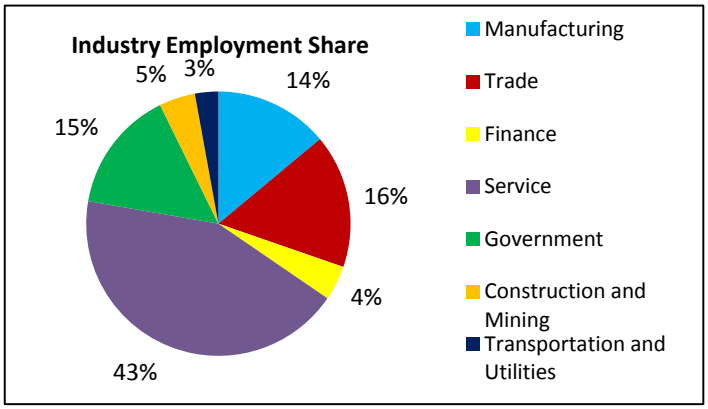

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# Memphis, TN

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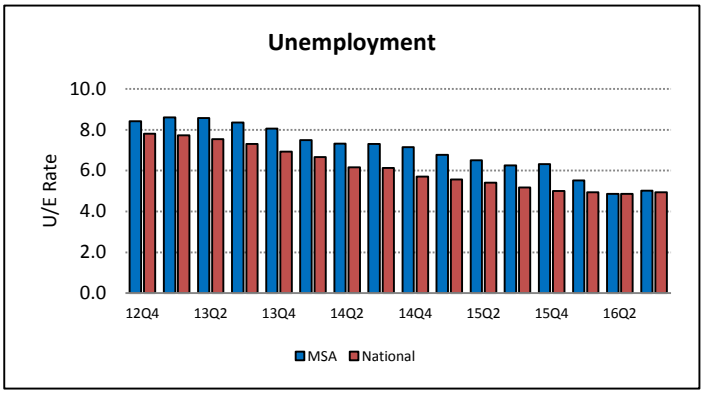
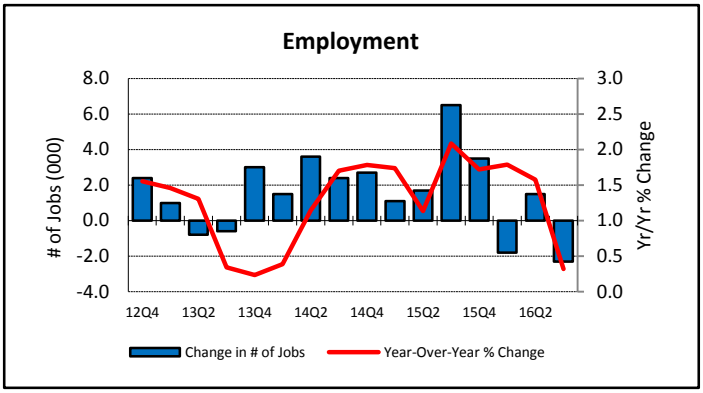
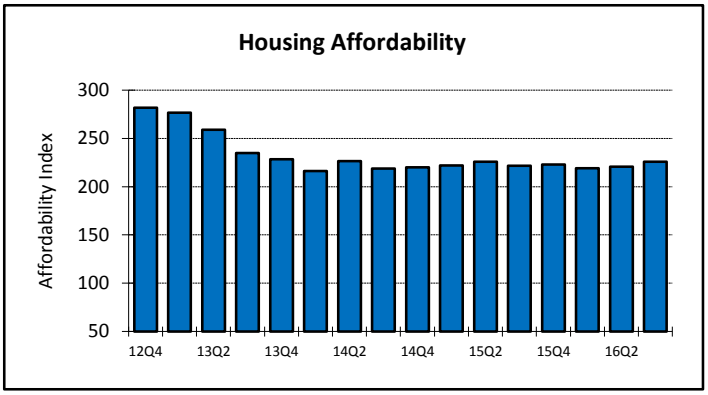
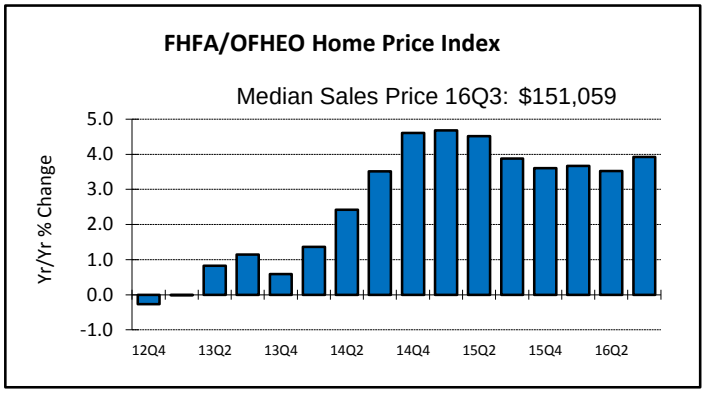
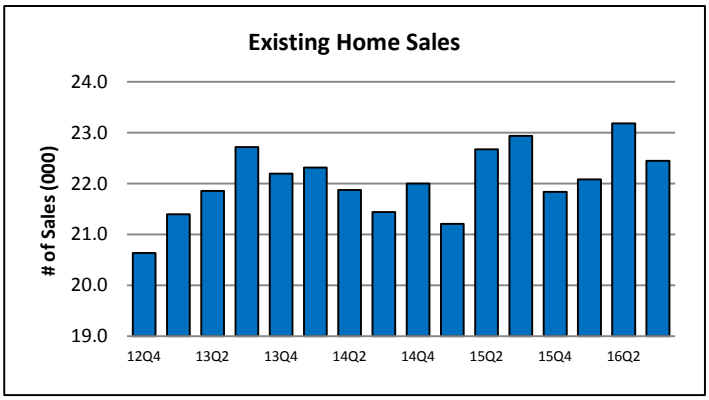
## Economic & Housing Indicators

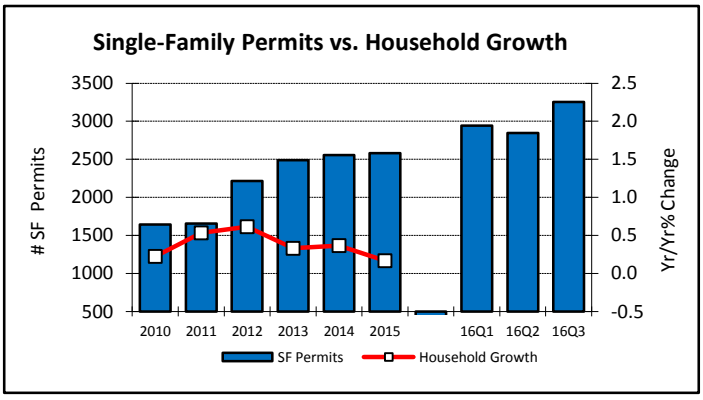


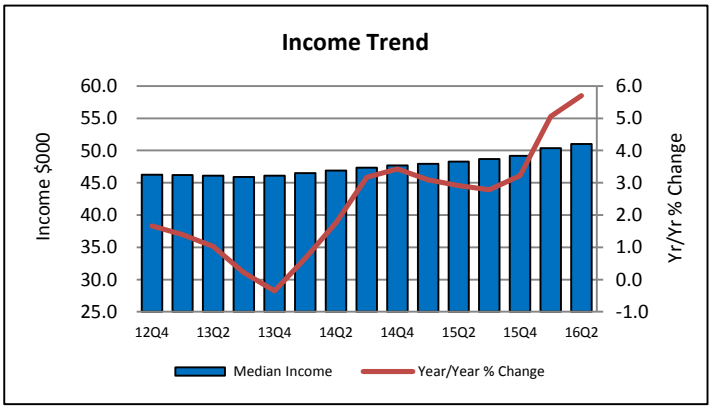



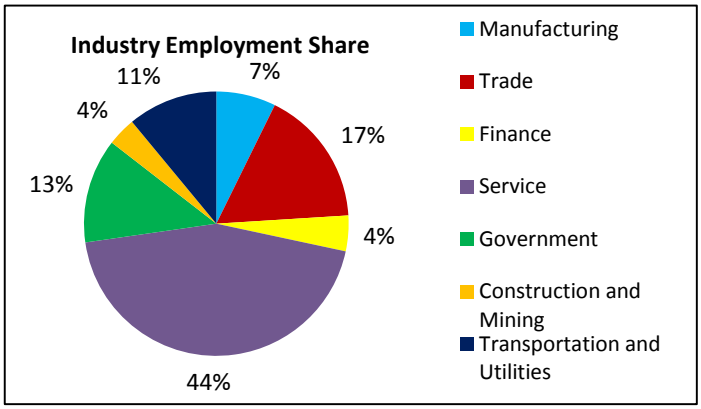

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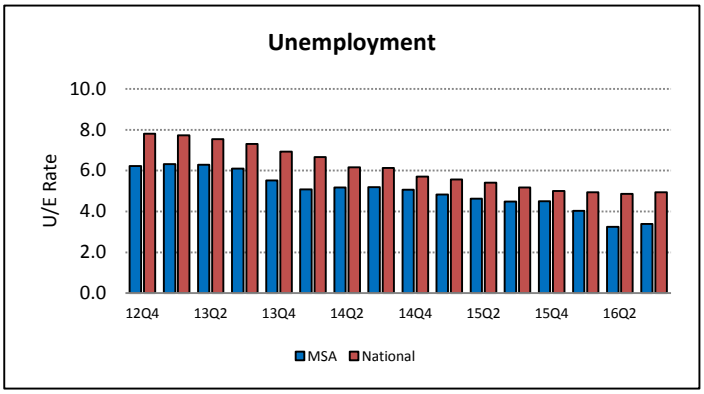
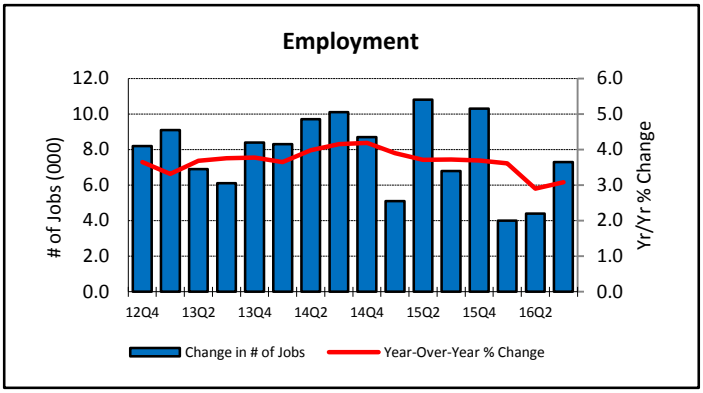
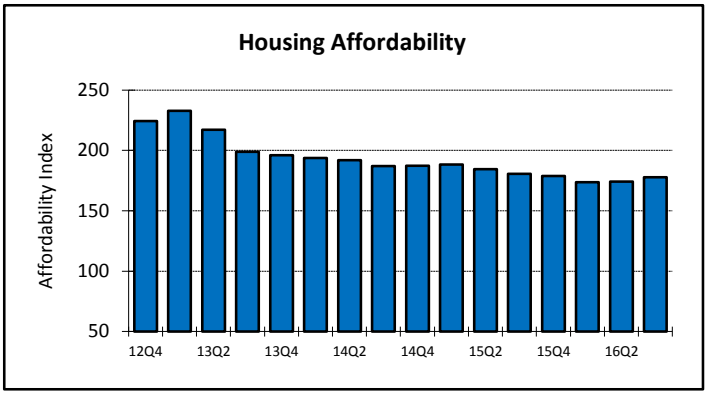
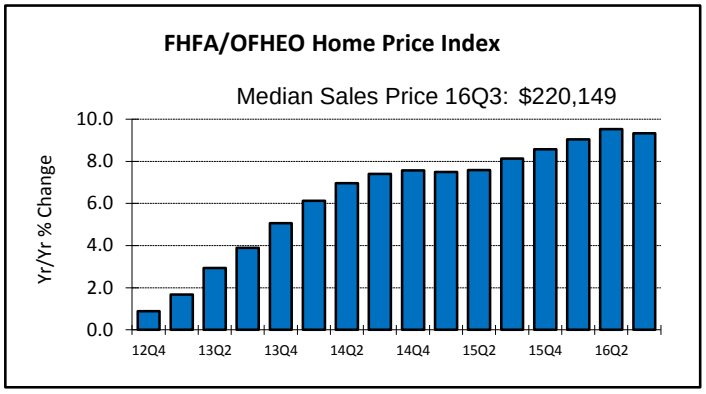
# Nashville, TN

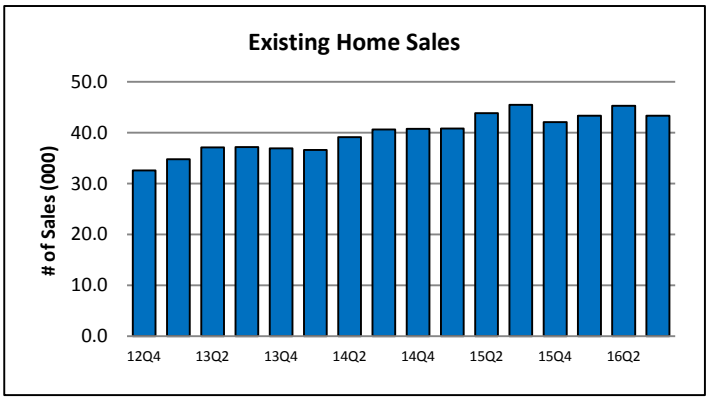
## Economic & Housing Indicators

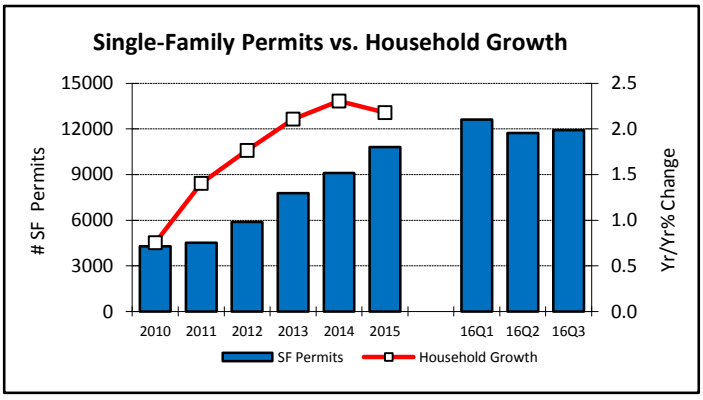


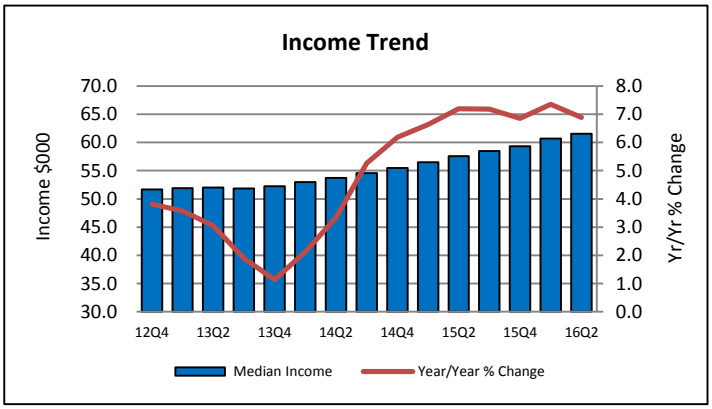



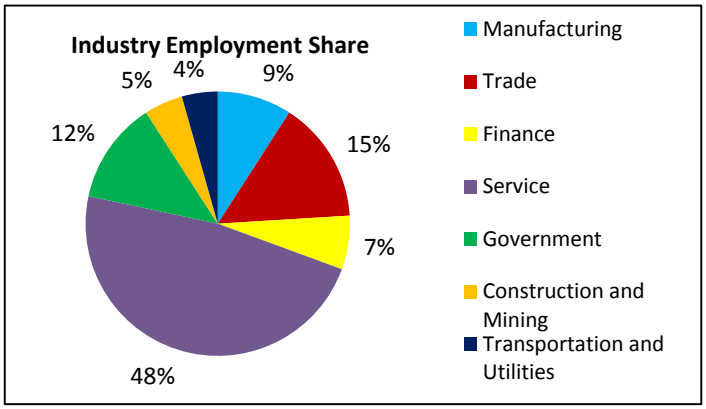

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# Austin, TX

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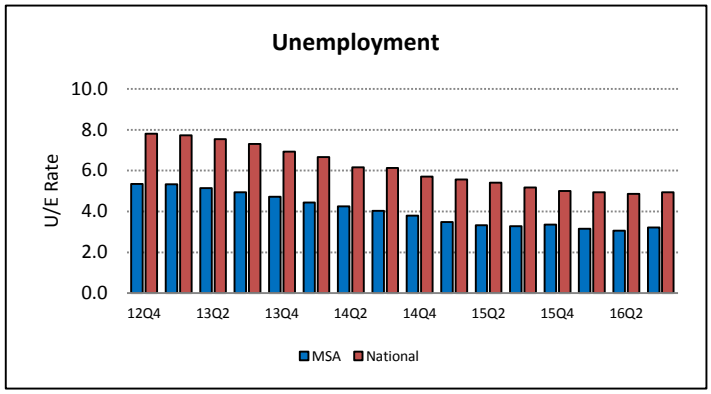
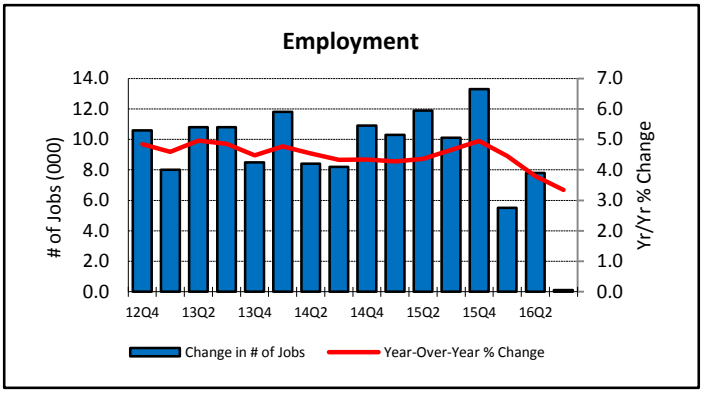
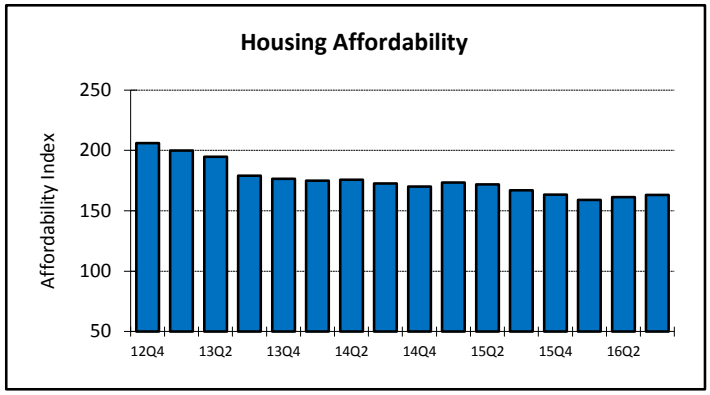
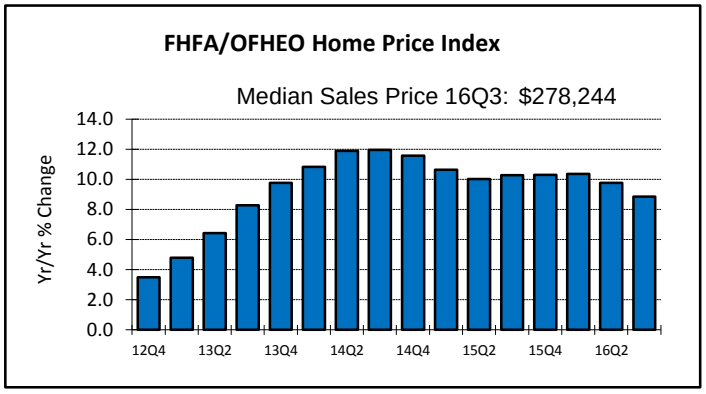
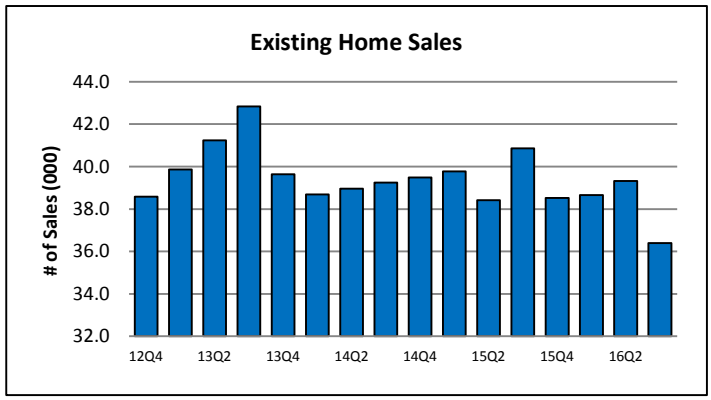
## Economic & Housing Indicators

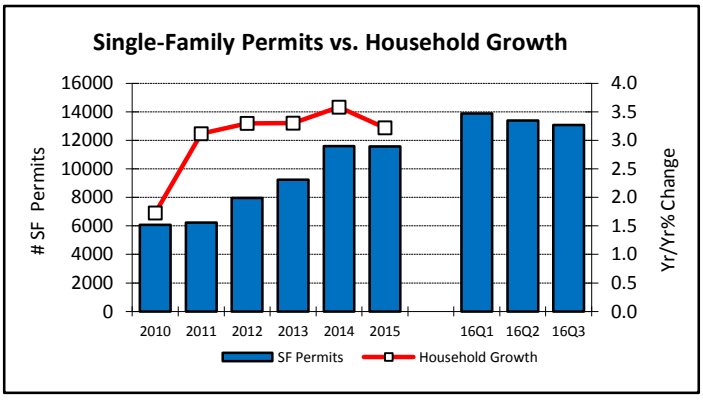


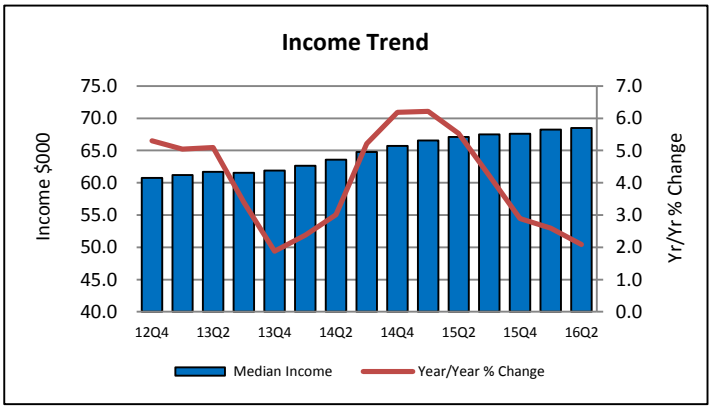



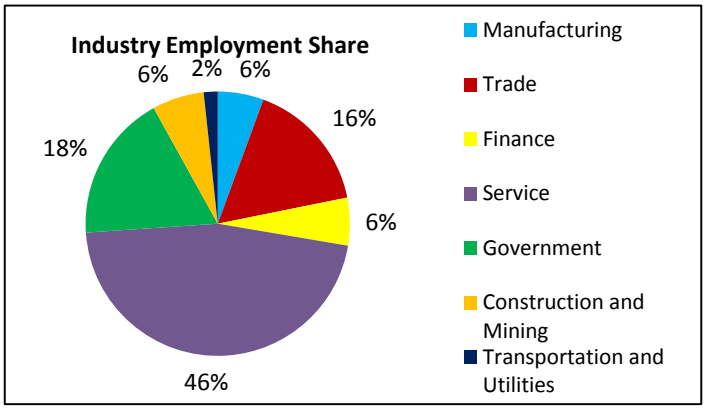

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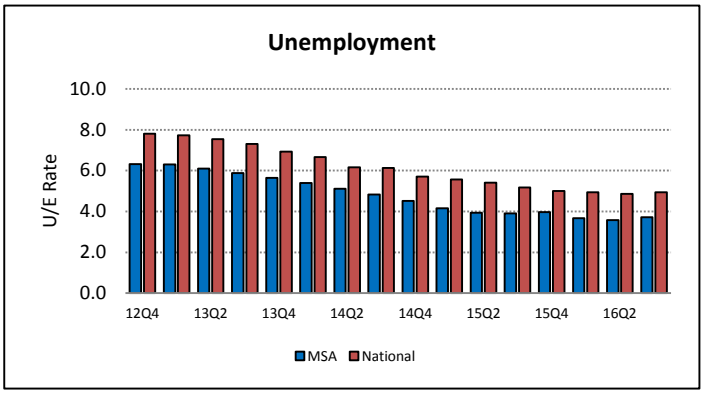
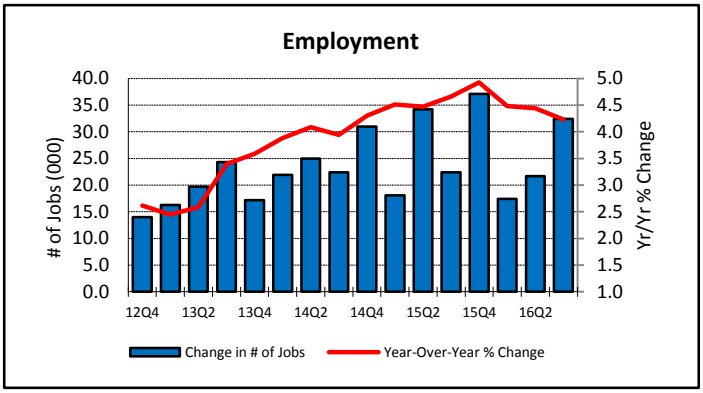
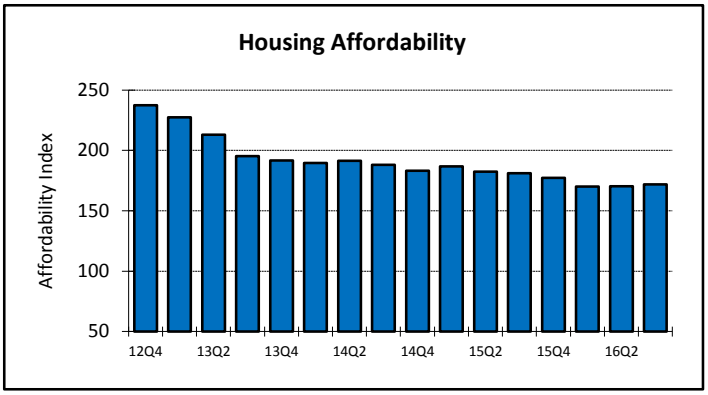
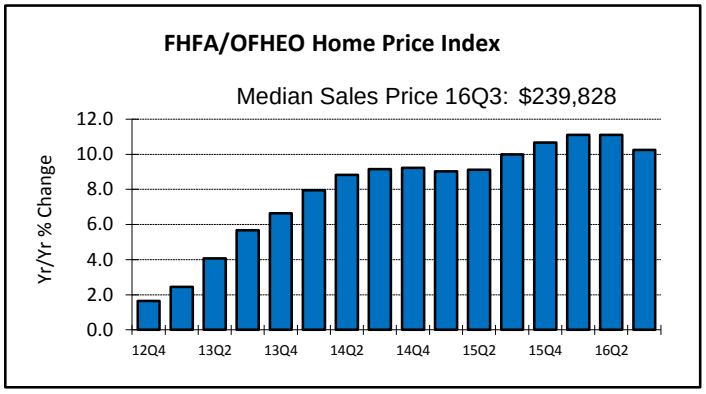
# Dallas, TX

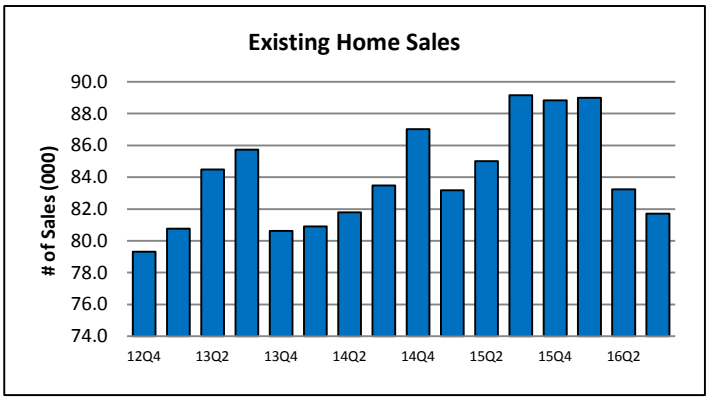
## Economic & Housing Indicators

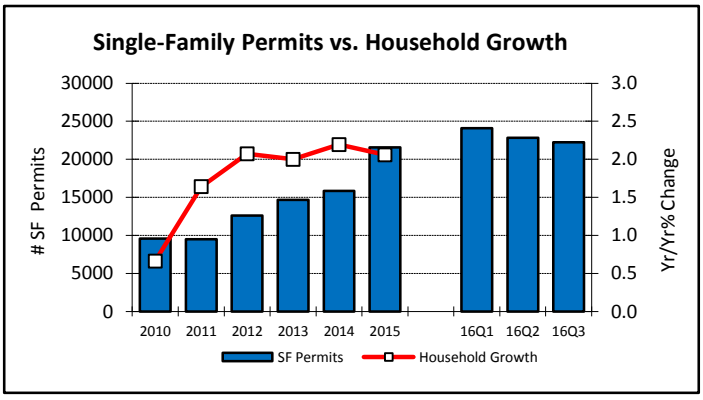


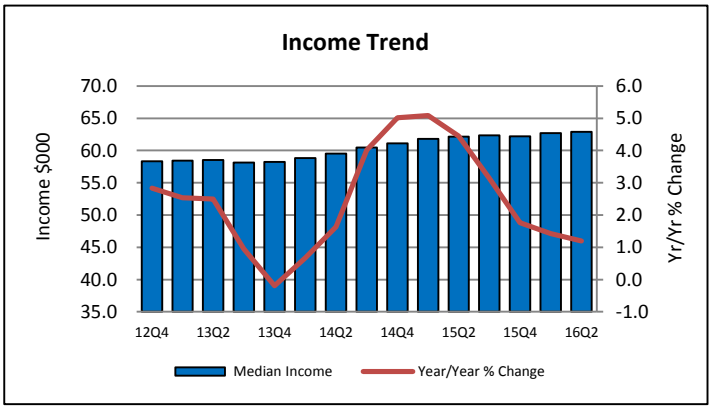



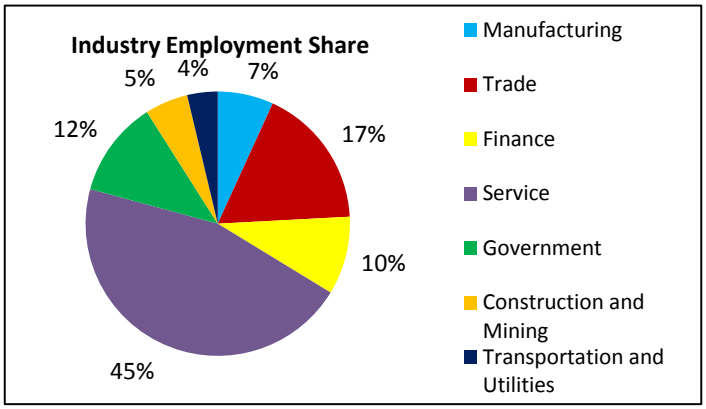

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# Houston, TX

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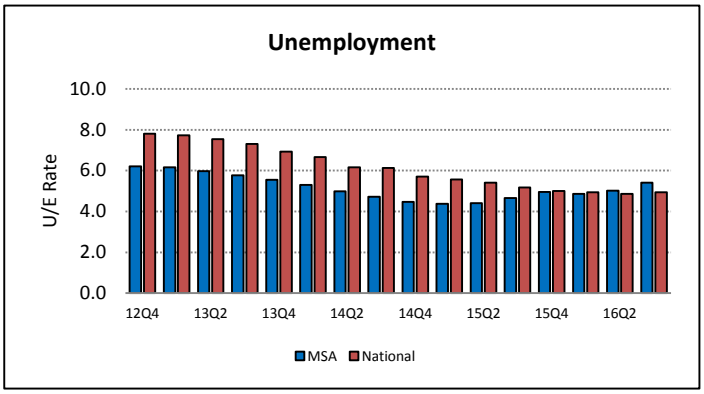
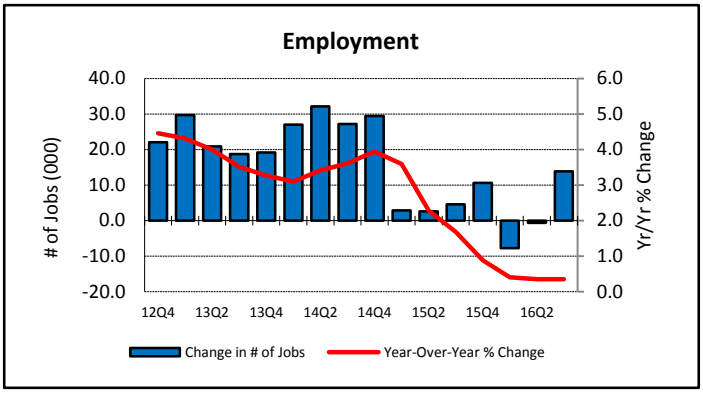
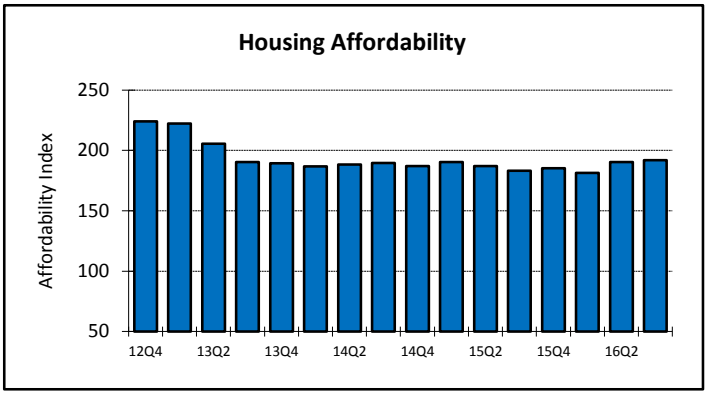
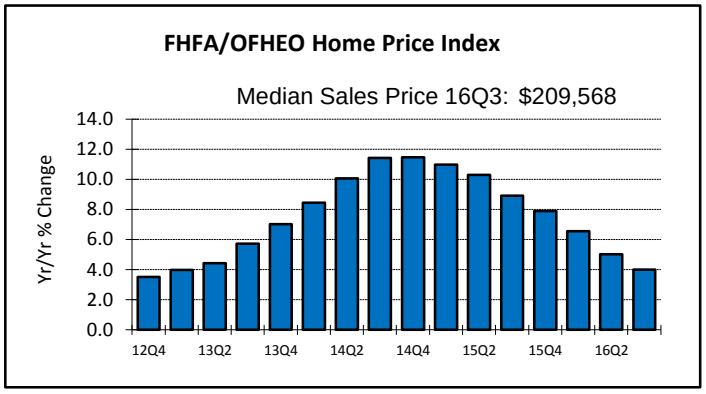
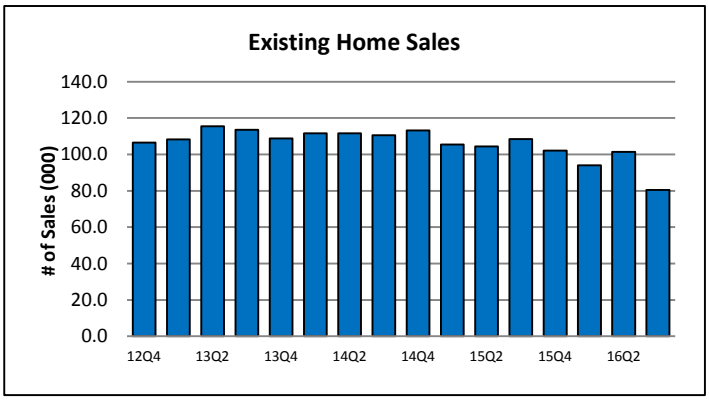
## Economic & Housing Indicators

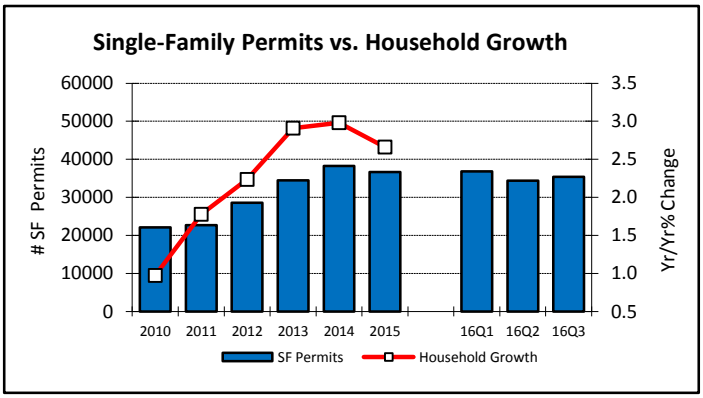


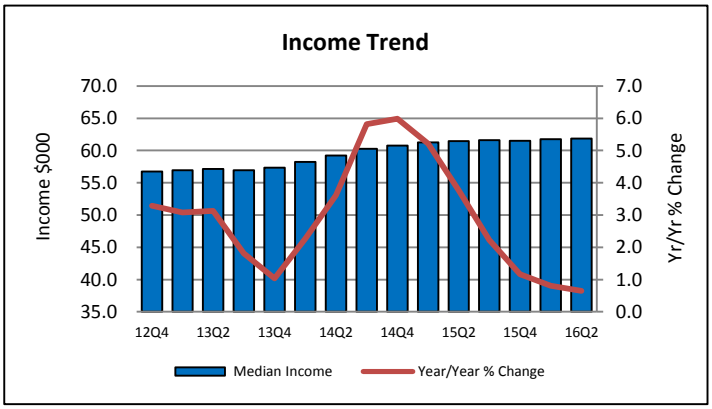



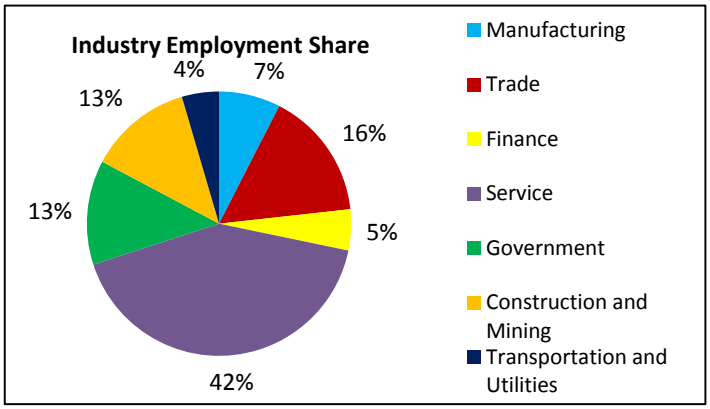

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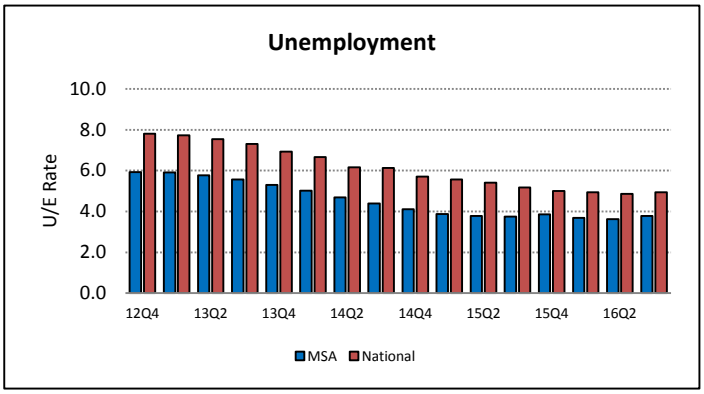
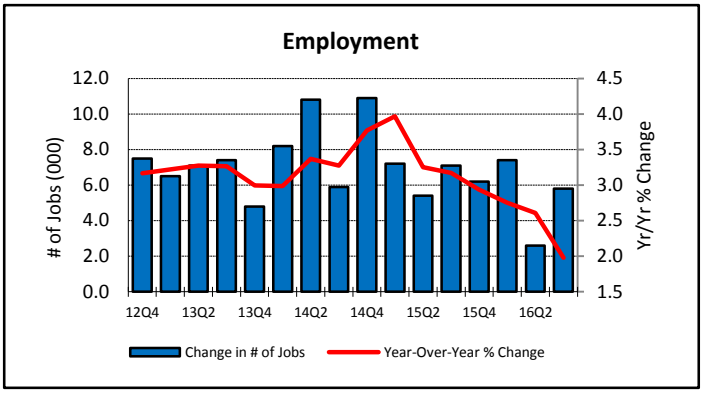
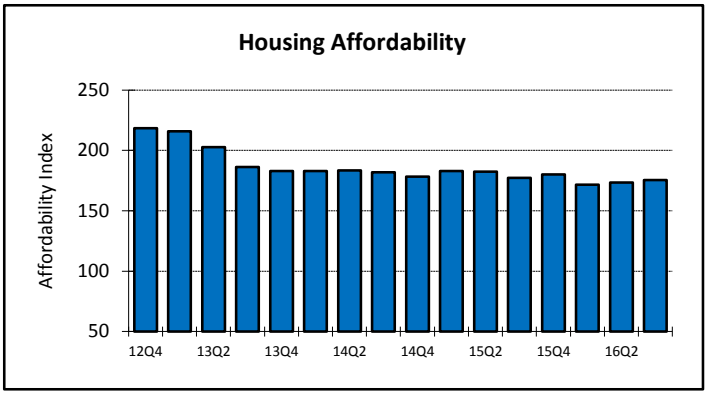
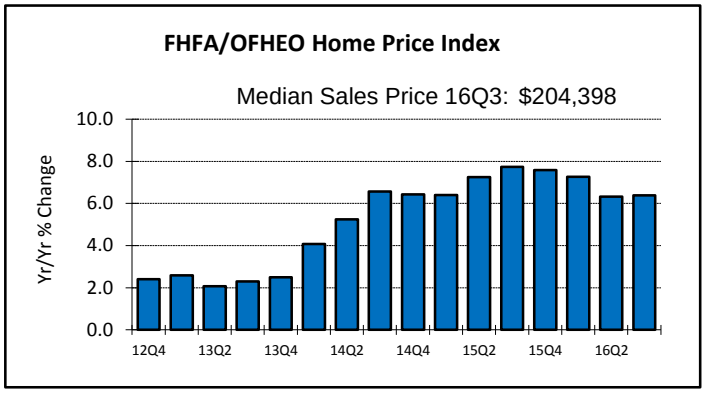
# San Antonio, TX

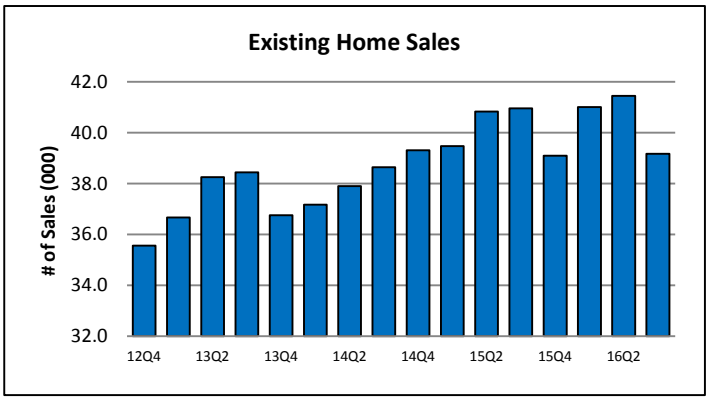
## Economic & Housing Indicators

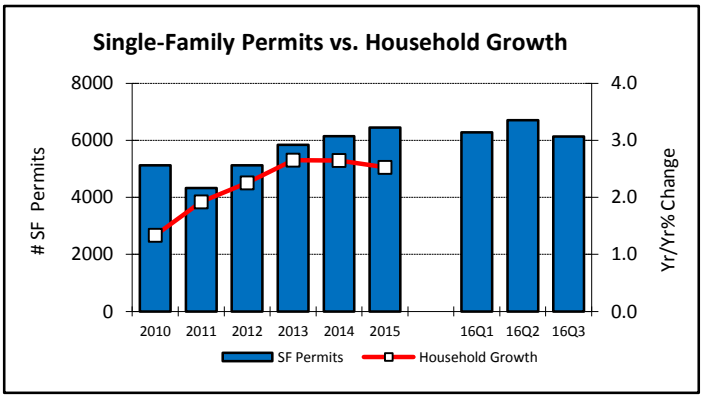


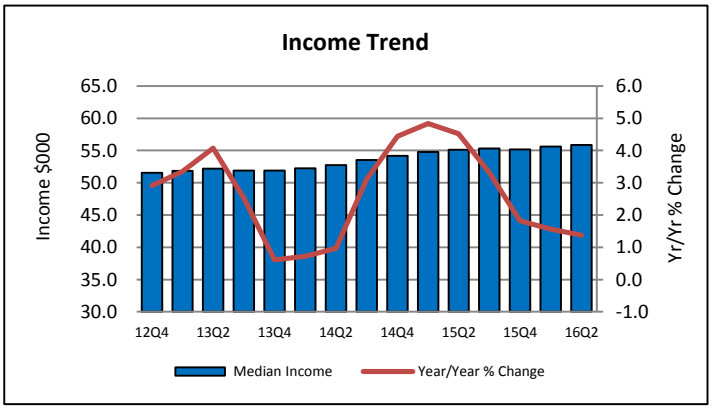



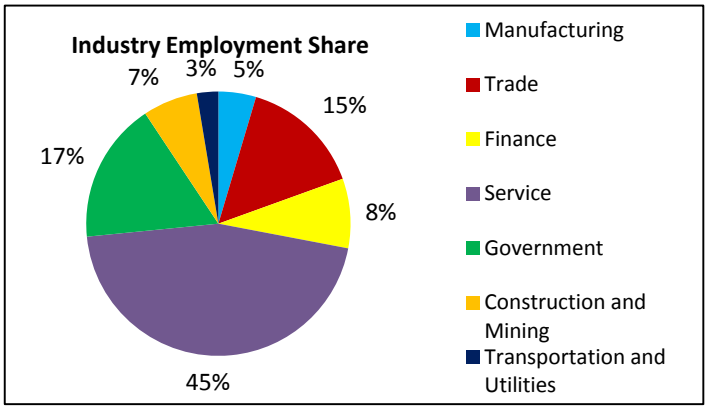

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# Richmond, VA

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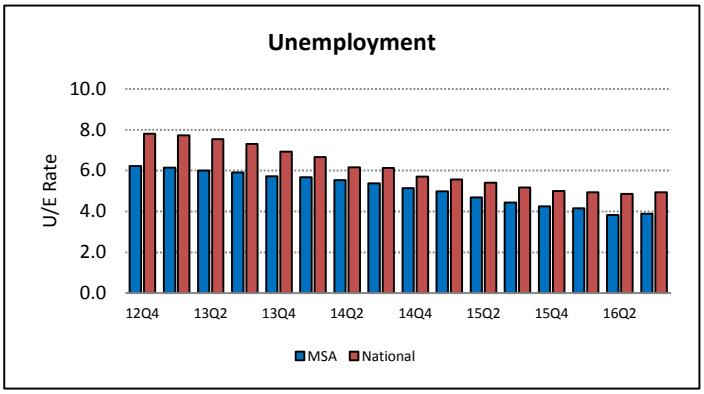
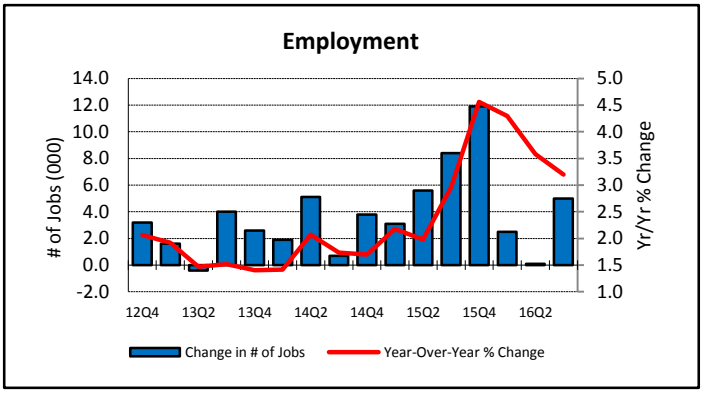
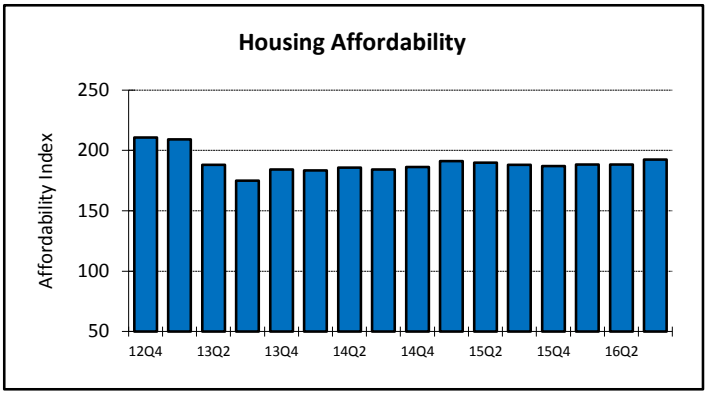
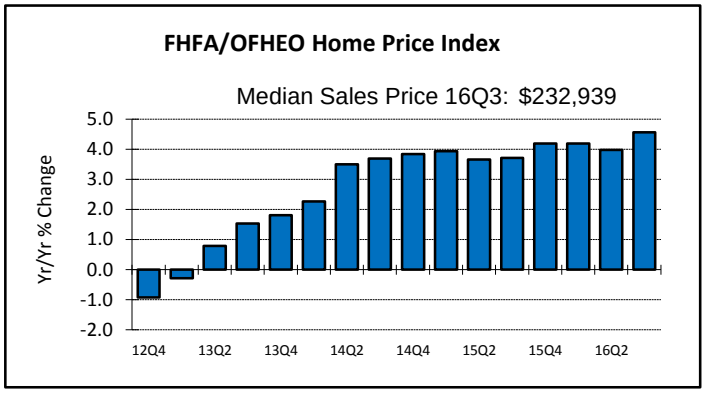
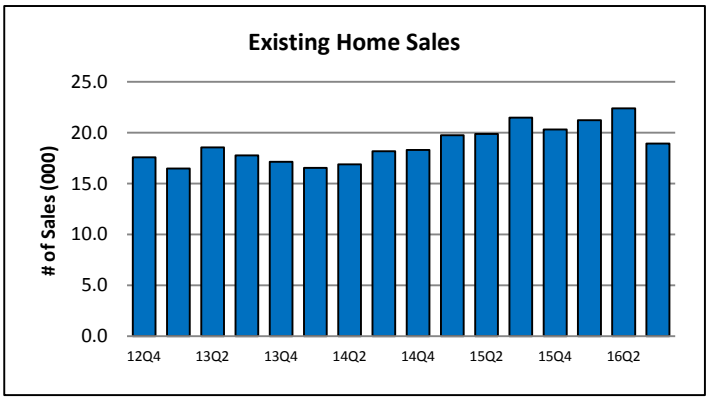
## Economic & Housing Indicators

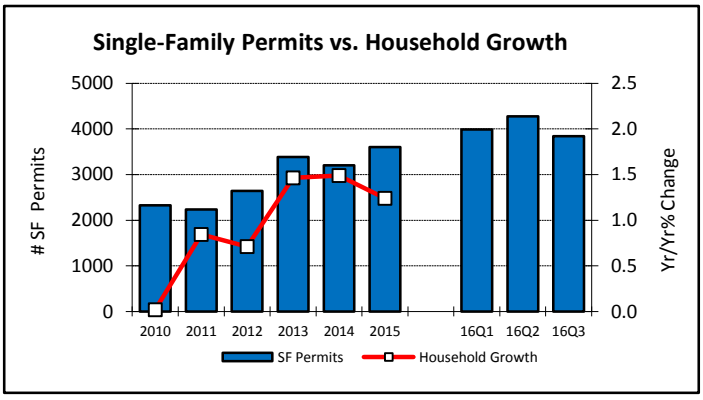


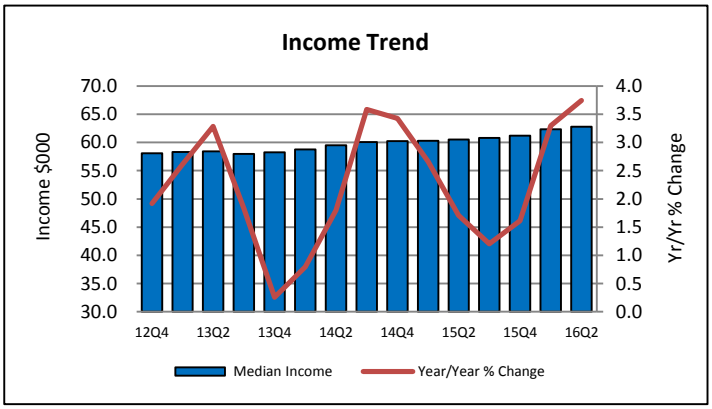



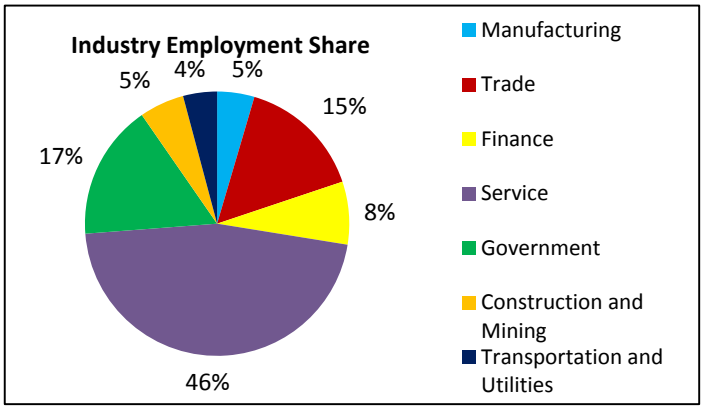

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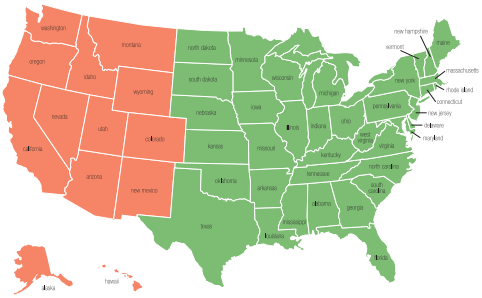
# The West Retains its Seat at the Head of the Class

Sounding like a broken record, the West continues to be the healthiest of the 4 regions. Even though there has been some slowing, the gains in technology are overcoming the impact from low energy and agricultural prices. The region continues to experience strong job growth, especially in high- and mid-range positions. Employment growth was led by California, Washington and Oregon, all listed in the top 10 nationally. On the other end of the scale are Alaska, New Mexico and Wyoming, all whom have year-to-date job losses. Strong population gains are supporting the housing market, as permits are on the rise. Washington, Oregon and Colorado are all posting double-digit home price appreciation, as the supply of units remains low.

**ALASKA:** Economic growth is well below the U.S. rate, putting the state economy near or in recession. Much of this is driven by lower energy prices the past few years. The state lost 2,700 jobs during the first 9 months of the year. Meanwhile, the unemployment rate rose to 6.8%, highest among all of the states. Job losses for the year were reported not only in mining, but construction, trade and professional/business services. The decline in oil prices resulted in a drop in state revenue and a budget deficit. This has already caused the closing of a major vocational center as well as a discussion to raise taxes. Alaska's housing market is feeling the effects as home sales have slowed and price appreciation is 1.7%, half the rate of a year ago.

**IDAHO:** Idaho's economy continues to grow at a steady rate. Due to a change in global demand, computer and electronic manufacturing slowed from its gains in recent years. Micron Technology, one of the state's largest employers, recently reduced its workforce. Beyond technology, low commodity prices are impacting the state's agricultural sector. Job growth during the first 3 quarters of the year reached 9,400, with many of these being in Boise City. The state's jobless rate has been under 4% the last 4 quarters. Solid population growth and household formations are supporting Idaho's housing market. Year-over-year home prices increased 8.1%, 6th highest in the nation. Also, residential construction is on the rise.

**OREGON:** Oregon has one of the stronger state economies in the U.S. Some of the fastest growing industries include construction, mining/logging and professional/business services. There has been some weakness in manufacturing due to layoffs at Intel in Portland and Hewlett-Packard in Corvallis. It is expected that




many of these workers will be absorbed into the market with technology employment on the rise. Helped by lower business costs than some surrounding states, markets here are beginning to attract more workers and start-up tech firms. Strong job growth and population gains are benefitting the housing market. Residential permits are up strongly. Year-over-year home price appreciation has been in the double-digits the last 5 quarters. Even though home sales slowed, the supply of homes remains low. Concerns over housing affordability in Portland remain due to rising home prices.

**LAS VEGAS (NV):** The Las Vegas economy is growing at a healthy rate, driven by tourism. Leisure/hospitality services accounts for nearly 30% of total employment. Approximately 20,000 workers were added to the payrolls during the first 9 months, representing 63% of the state's total. The jobless rate is up to 6.4% from earlier in the year as more individuals entered the workforce. With visitor volume and gaming revenues on the rise, there has been an increase in commercial development. A rise in the number of retirees is creating additional demand for health care services and residential development. Las Vegas' housing market continues to improve as year-to-date sales of single-family homes and condos are up 4.7% and 14.5%, respectively. Even with property values on the rise, they remain 35% below their peak. Prices are likely to increase as the supply of both property types is nearly 3 months.

**HONOLULU (HI):** Honolulu is another market benefitting from the growth in tourism. In fact, 2016 could be a record year, supporting new hotel development. The construction industry is also seeing a growing demand due to contracts from the Department of Defense. All of this contributed to a year-over-year employment increase of 2.2%, while the jobless rate is similar to a year ago at 3.2%. Honolulu's housing market continues to improve as year-to-date sales of single-family homes and condos rose 5% and 7.4%, respectively. The largest number of single-family sales occurred in the $600,000 to $800,000 range, with most condo sales falling between $300,000 and $500,000. The supply of both property types is under 3 months.

**SAN FRANCISCO (CA):** The current slowing that is occurring in San Francisco is mostly a reflection of its previous growth. Some of this is due to rising labor and real estate costs. Technology remains a primary economic driver for the market. Even though there have been recent layoffs in this industry, many of these workers are being absorbed into the workforce. Year-to-date job gains are less than half what they were a year ago. Still, the jobless rate has held under 4% since Q4:2014, and the change in the median household income is well above the national average. San Francisco's housing market is also showing changes as home sales are slower and home price appreciation is half the rate recorded a year ago. The overall supply of units is nearly 3 months.

# Phoenix, AZ

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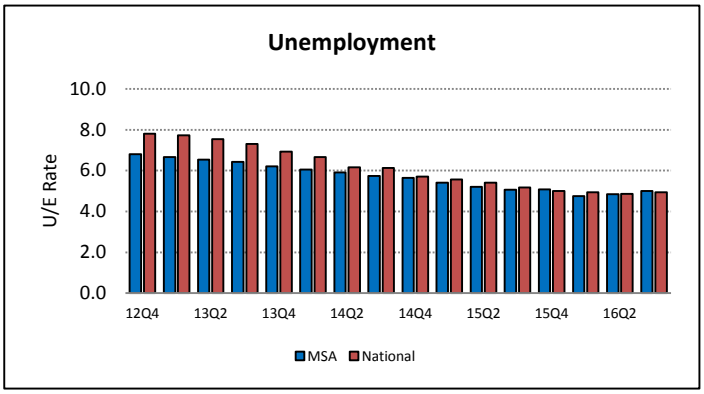
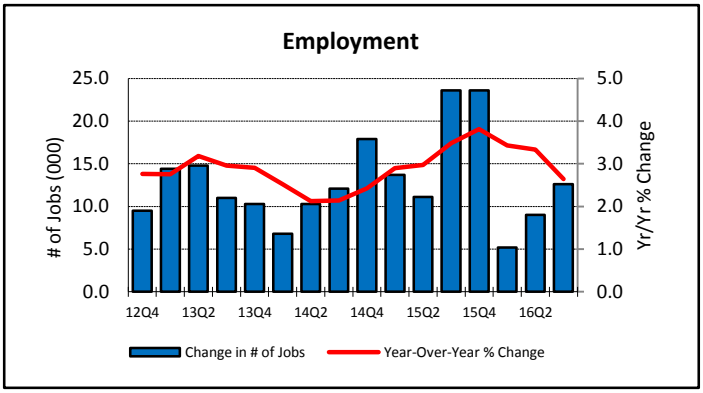
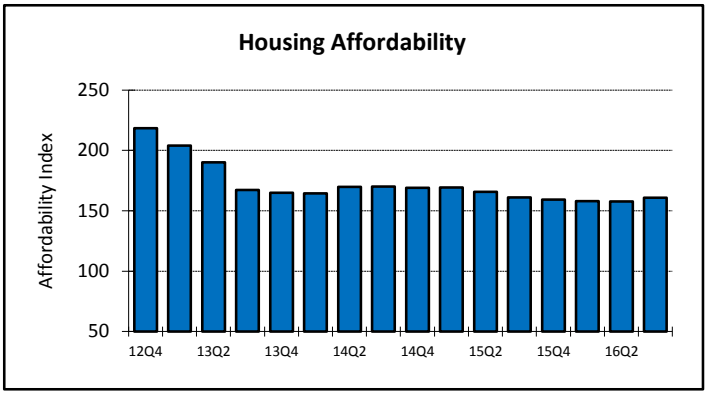
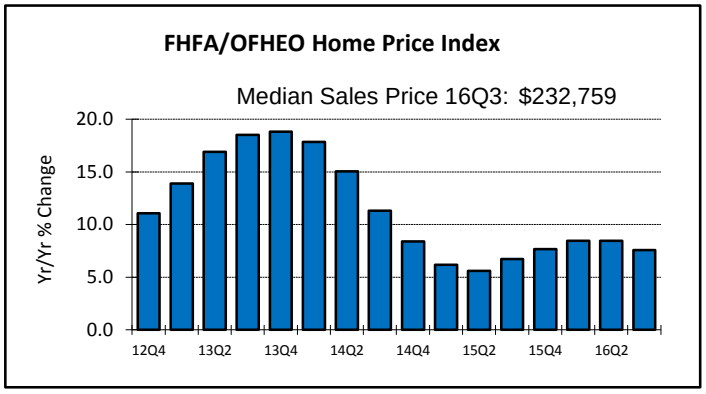
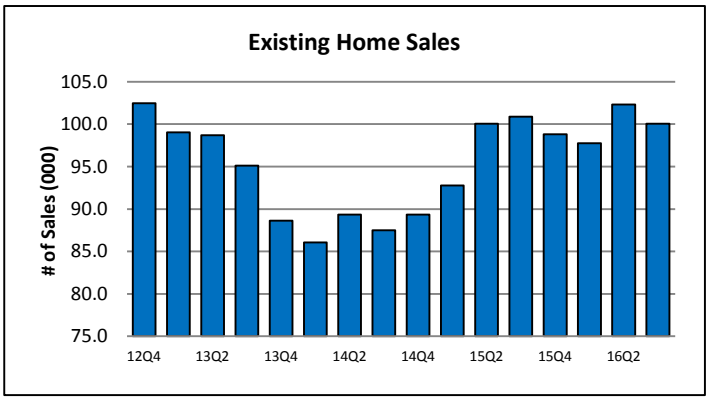
## Economic & Housing Indicators

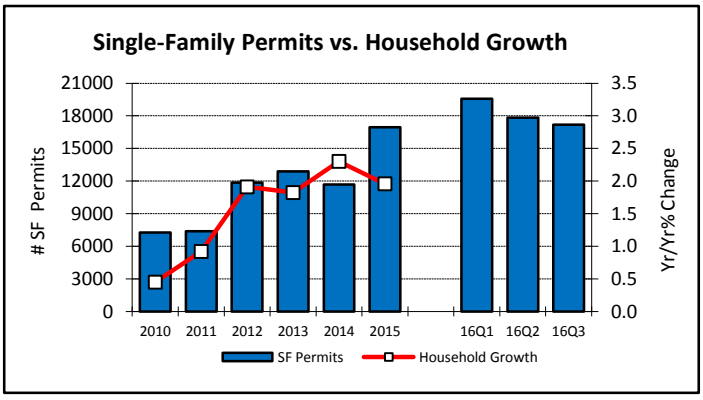


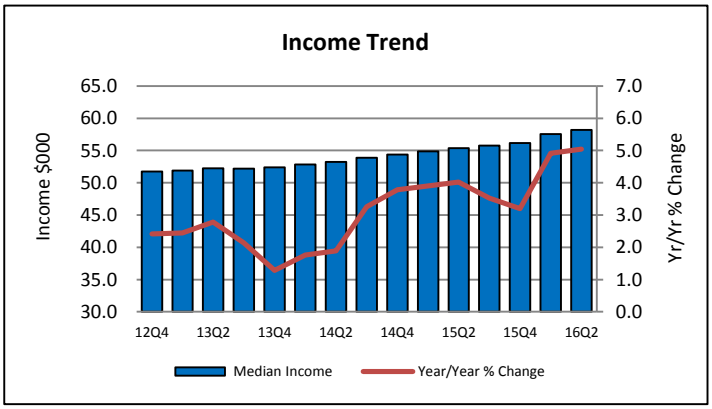



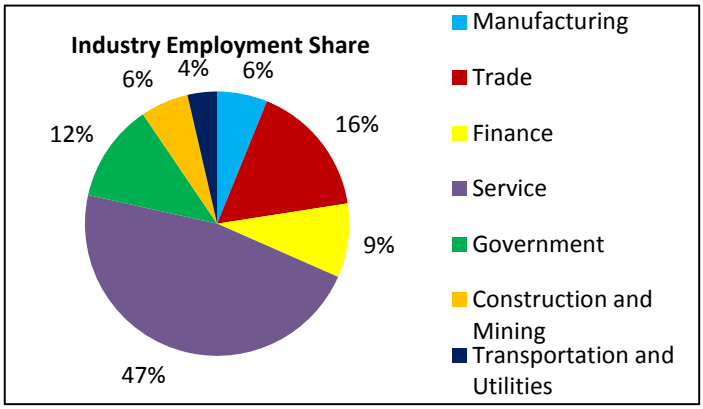

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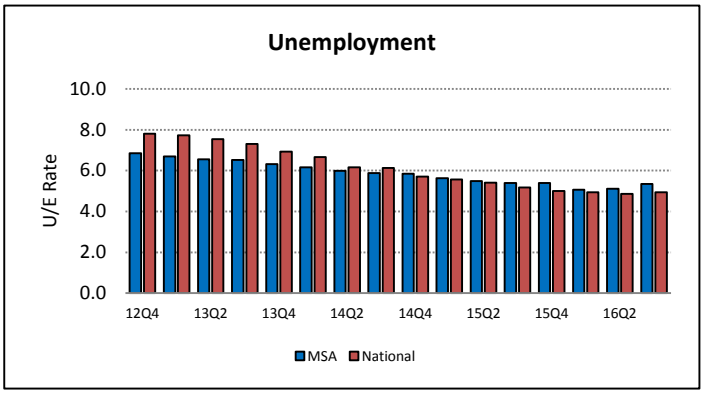
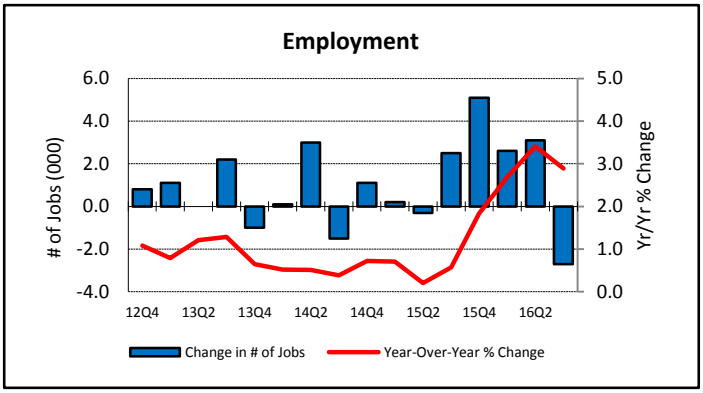
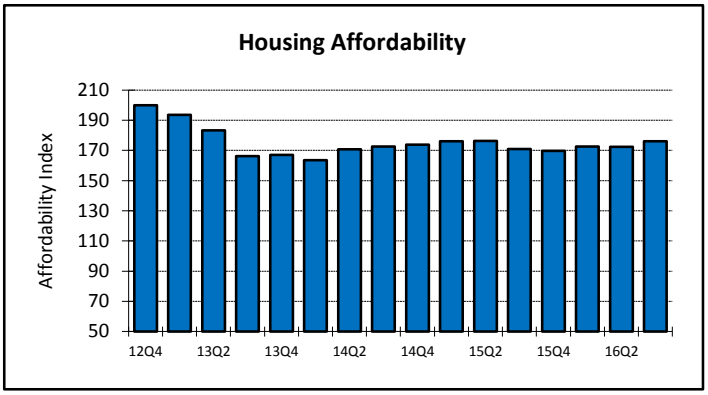
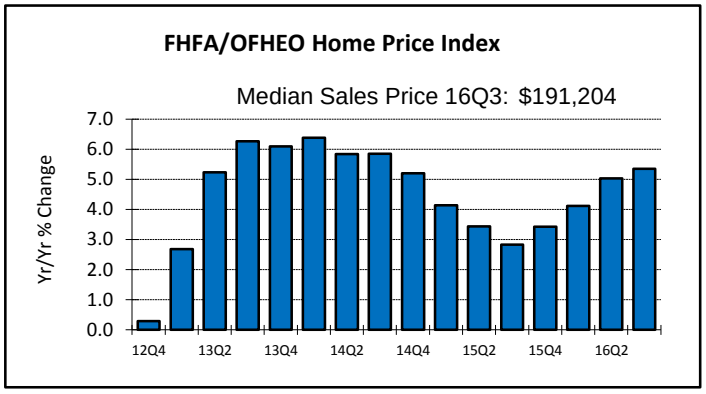
# Tucson, AZ

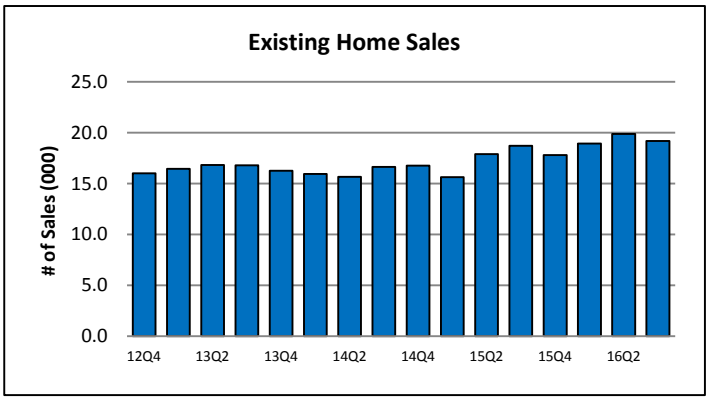
## Economic & Housing Indicators

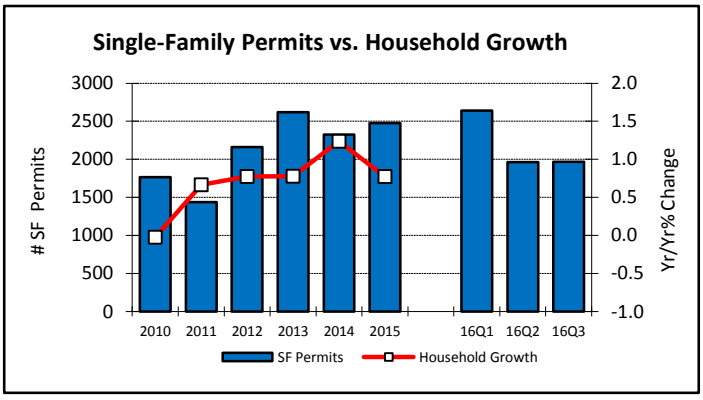


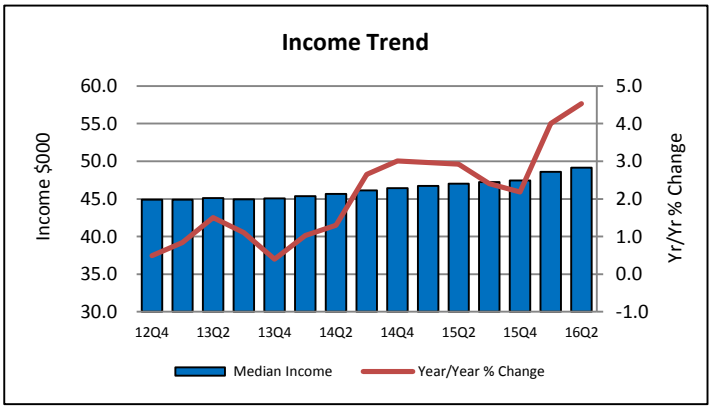



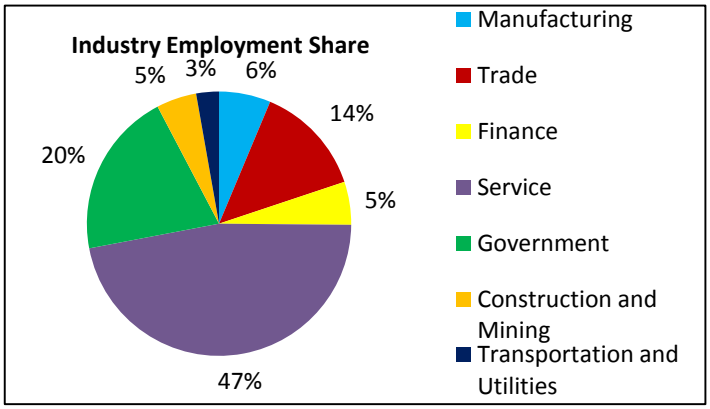

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# Los Angeles, CA

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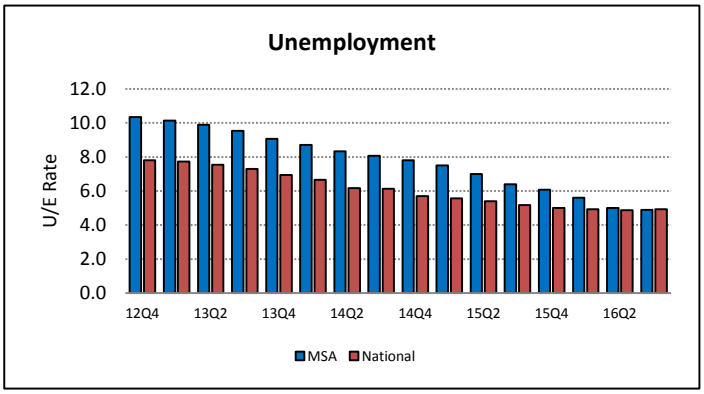
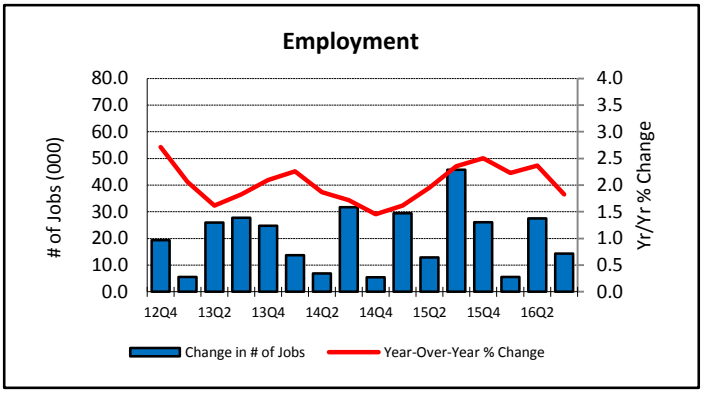
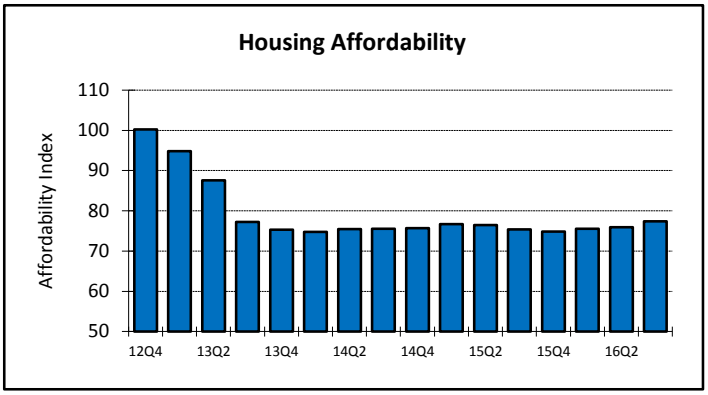
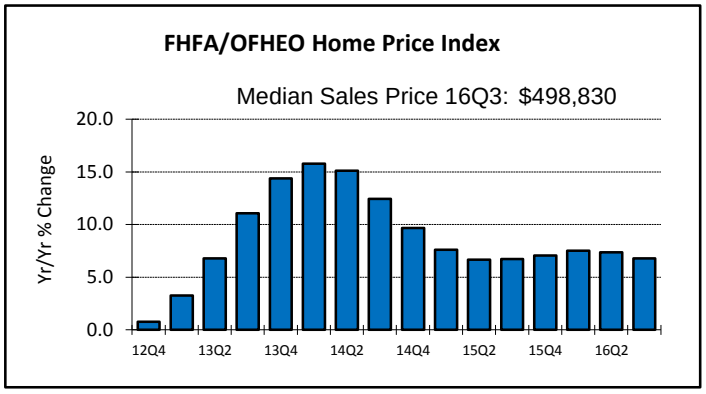
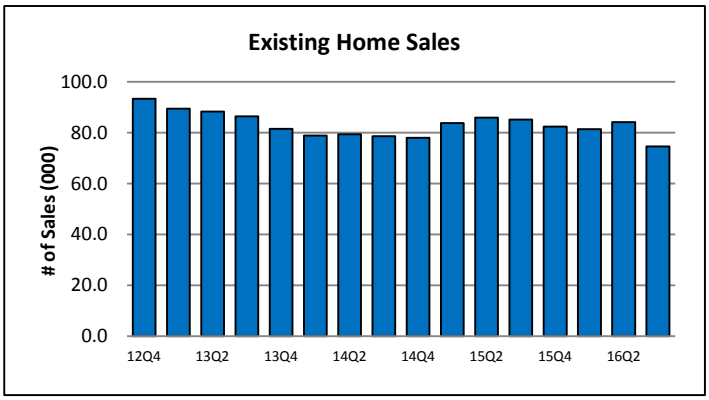
## Economic & Housing Indicators

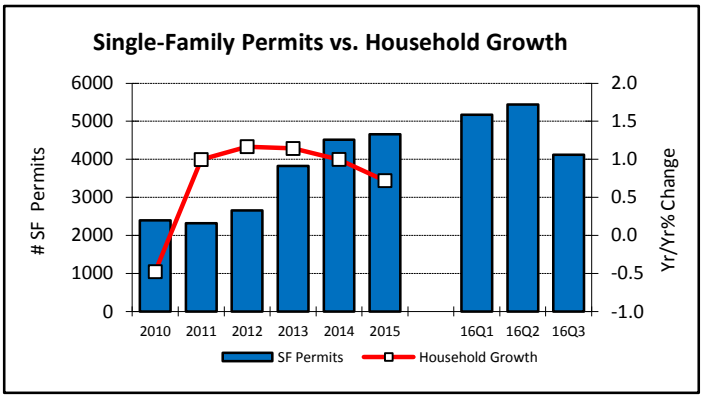


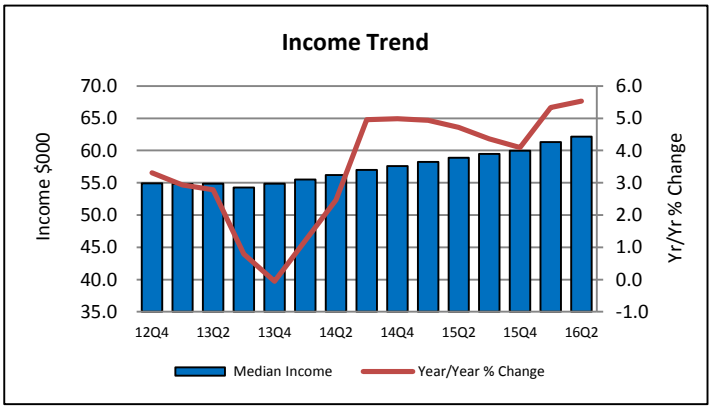



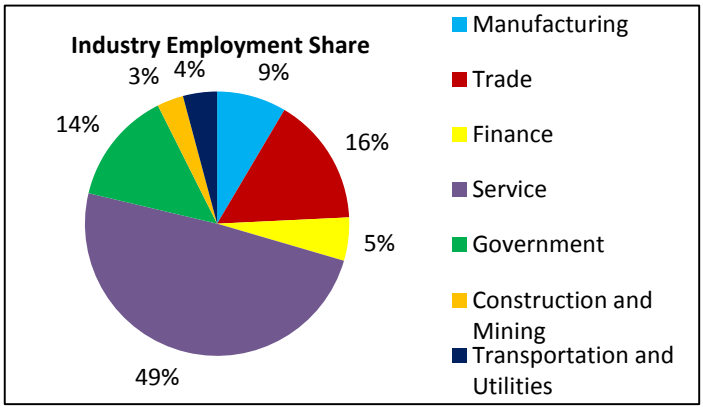

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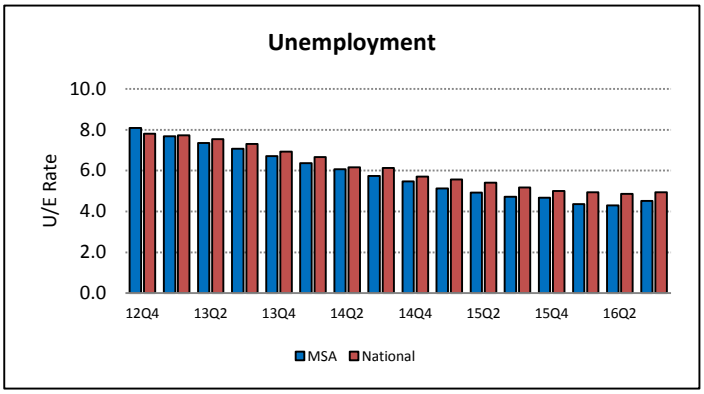
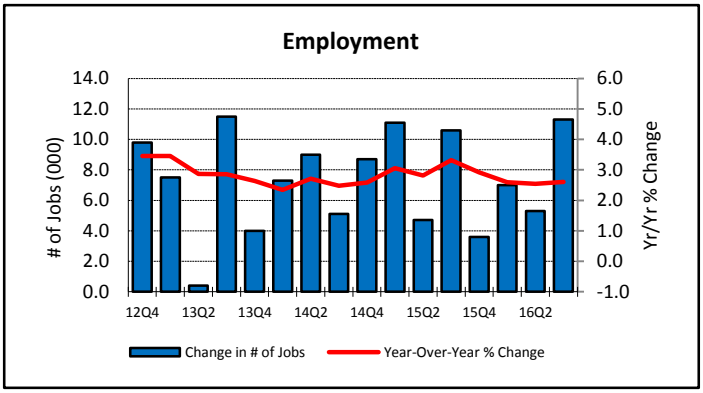
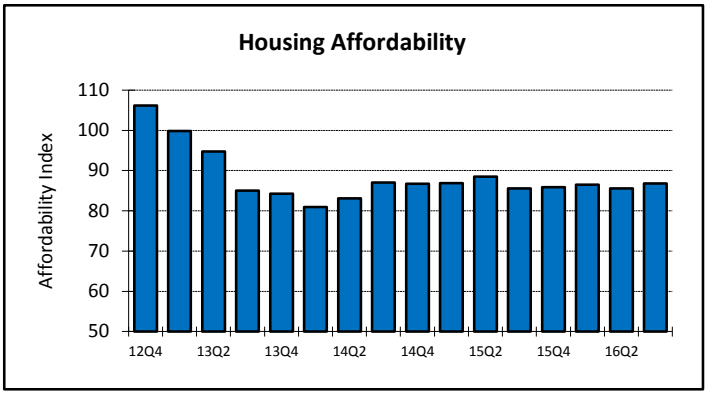
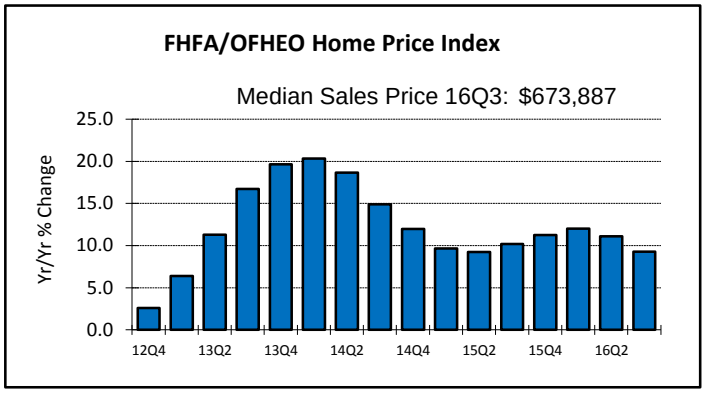
# Oakland, CA

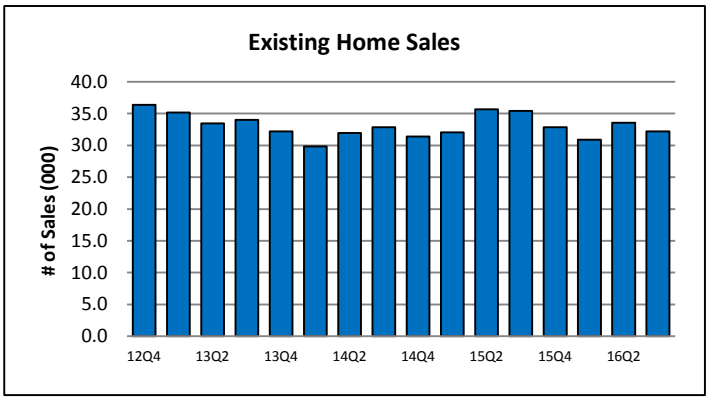
## Economic & Housing Indicators

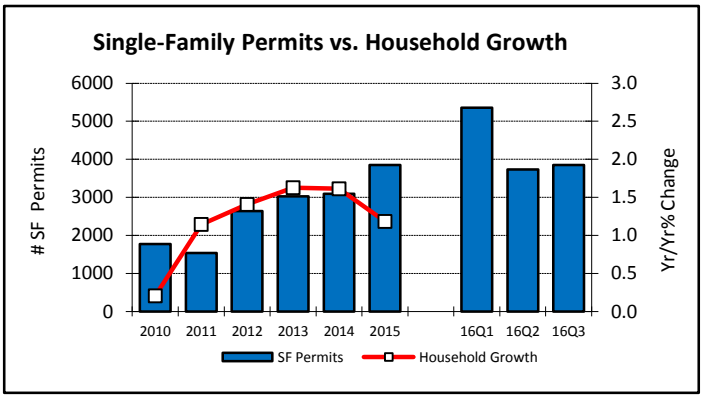


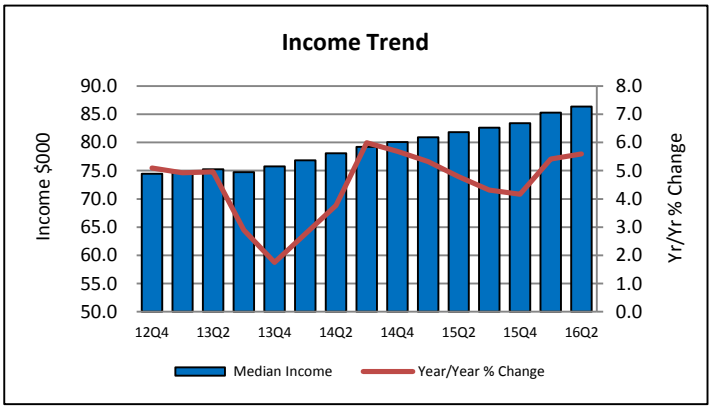



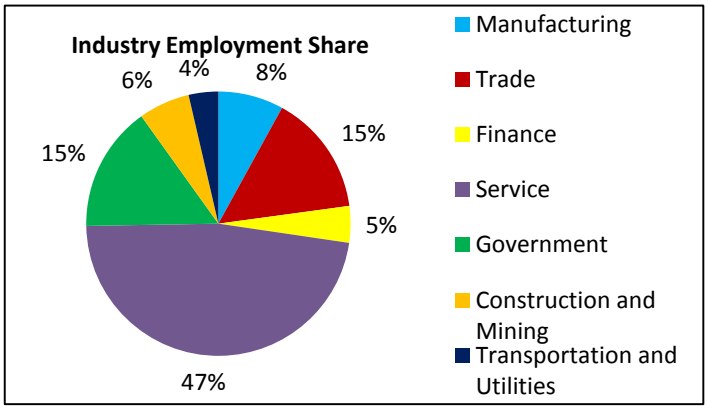

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# Riverside-San Bernardino, CA

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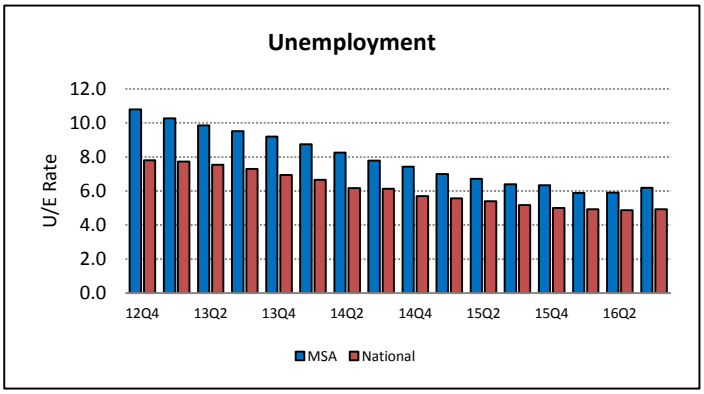
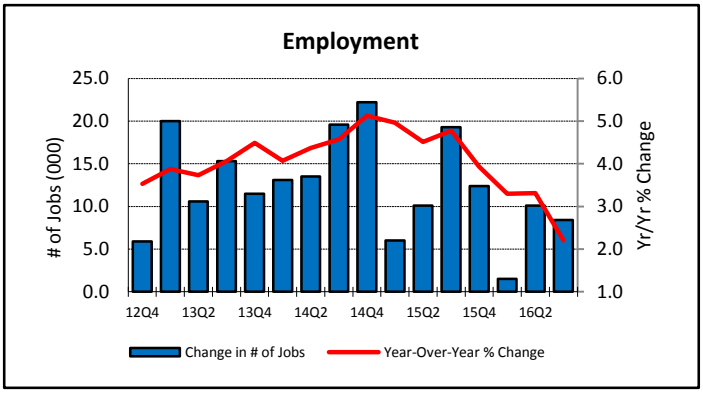
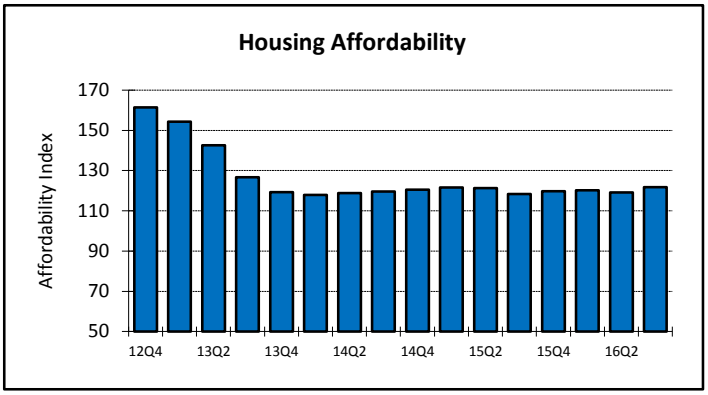
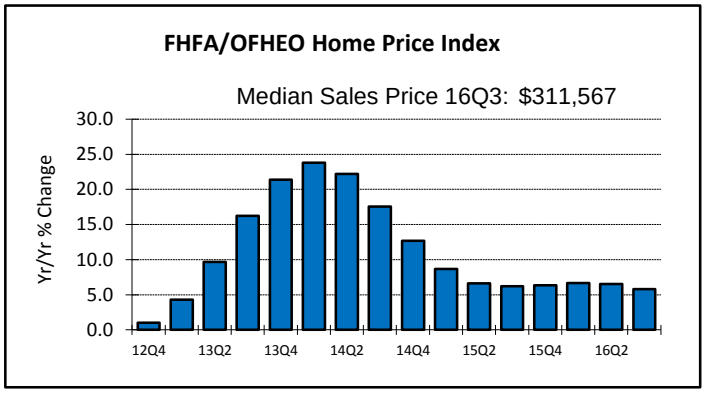
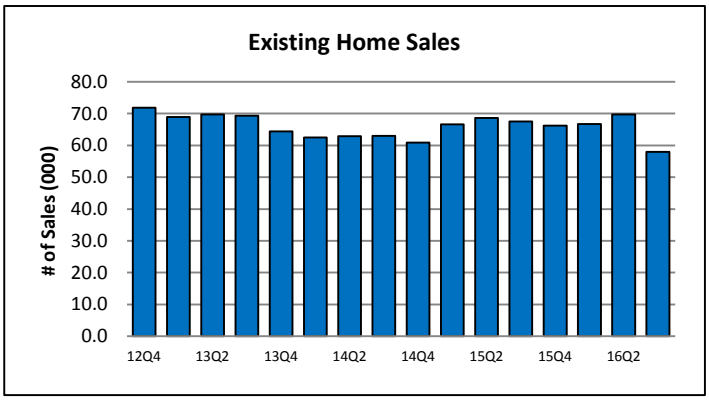
## Economic & Housing Indicators

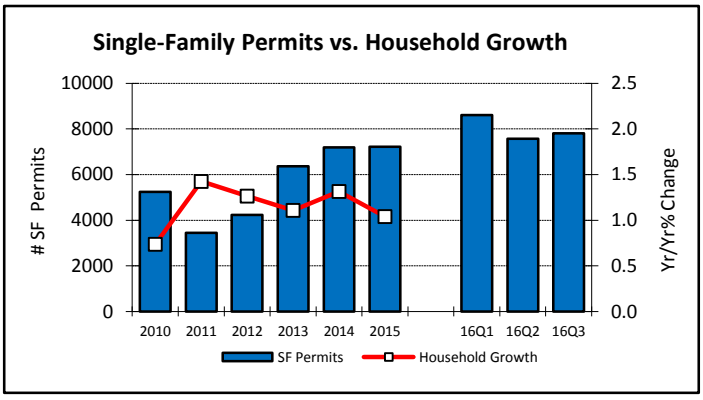


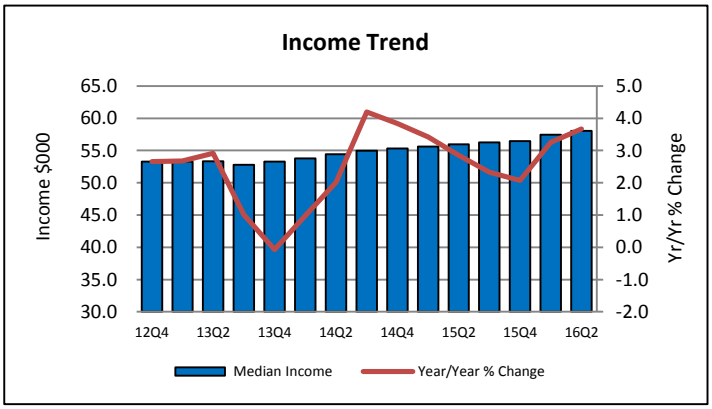



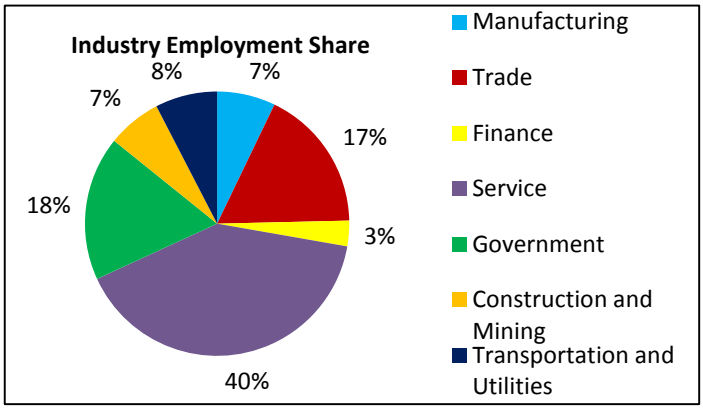

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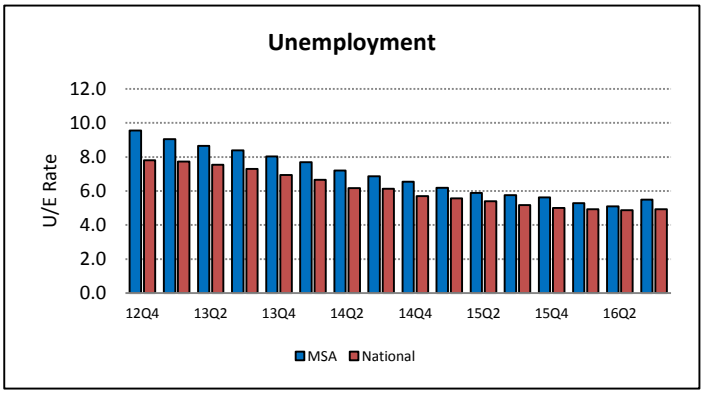
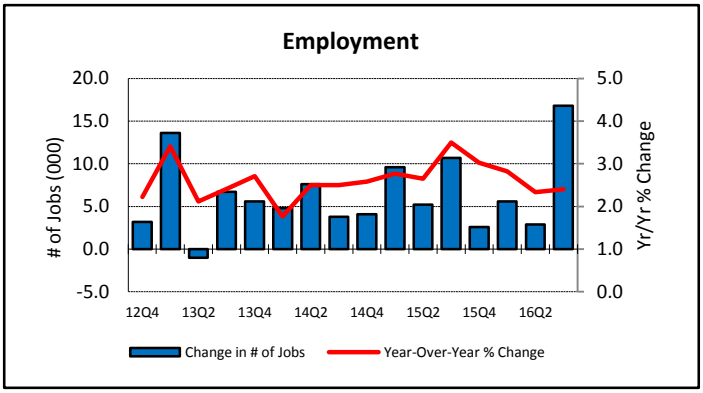
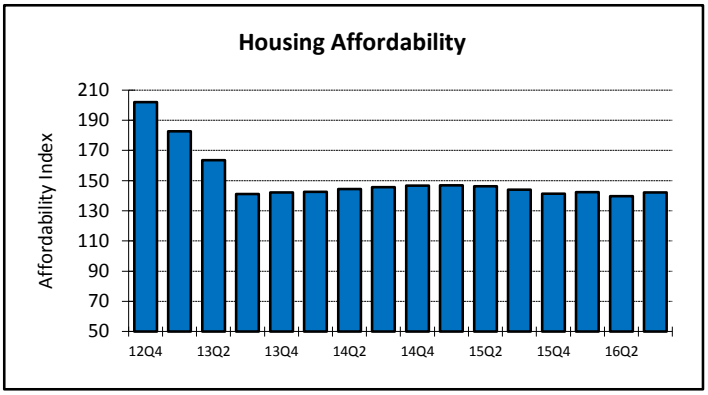
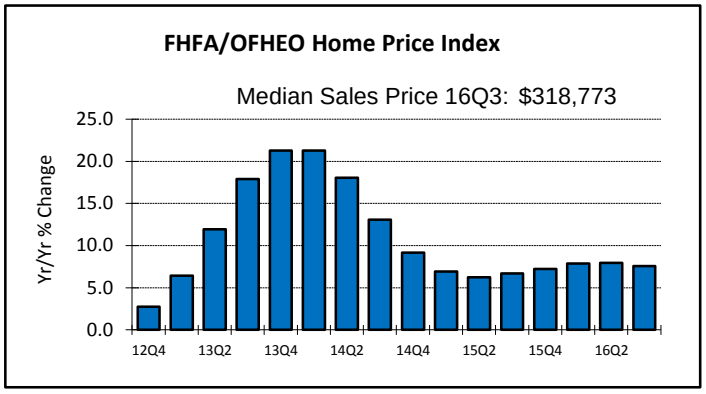
# Sacramento, CA

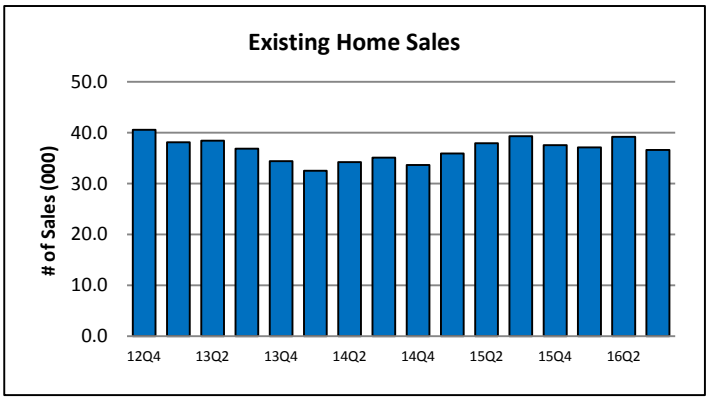
## Economic & Housing Indicators

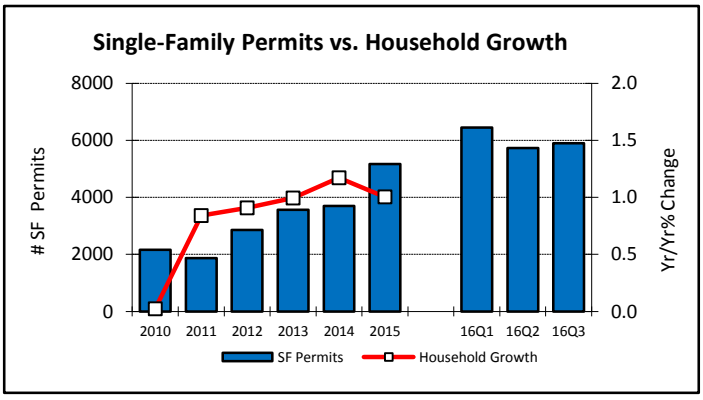


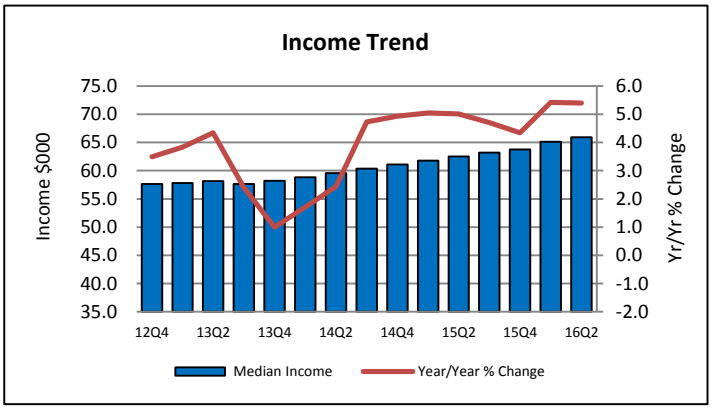



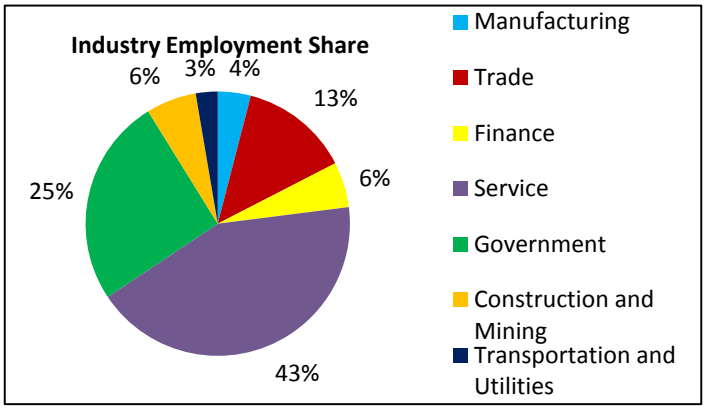

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# San Diego, CA

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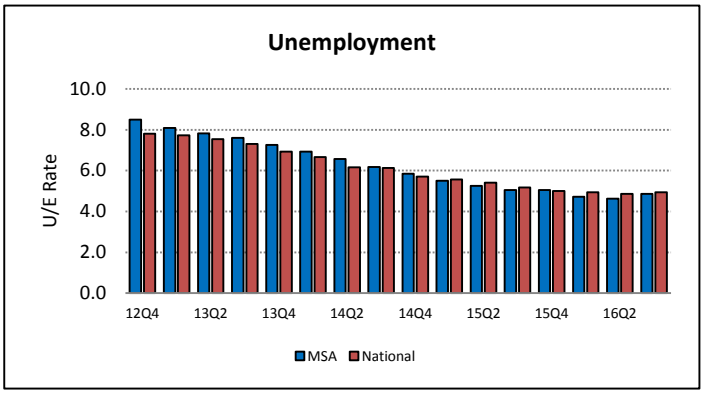
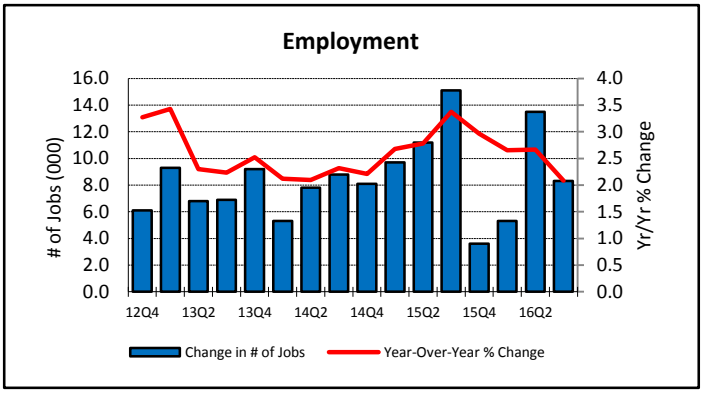
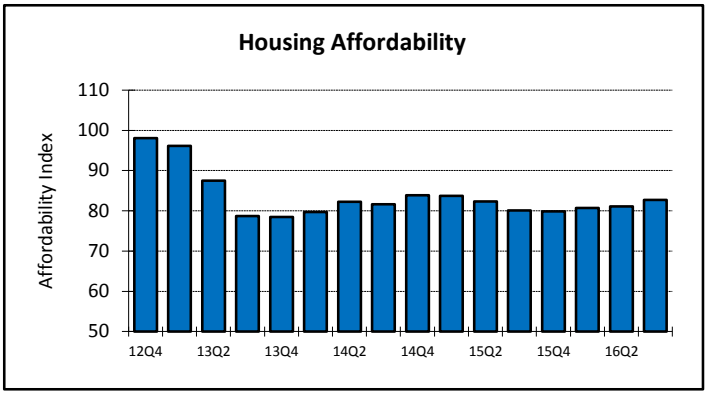
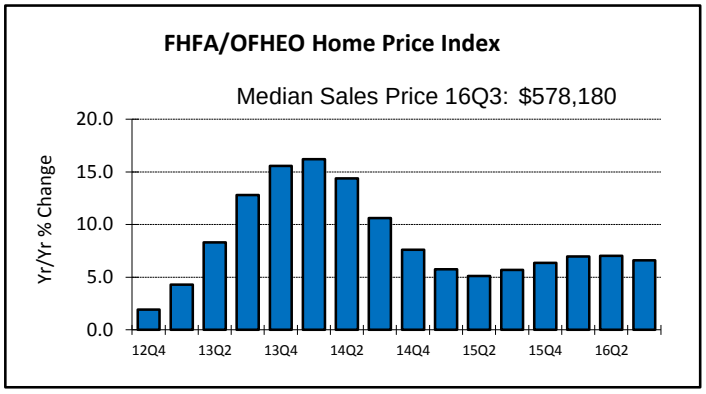
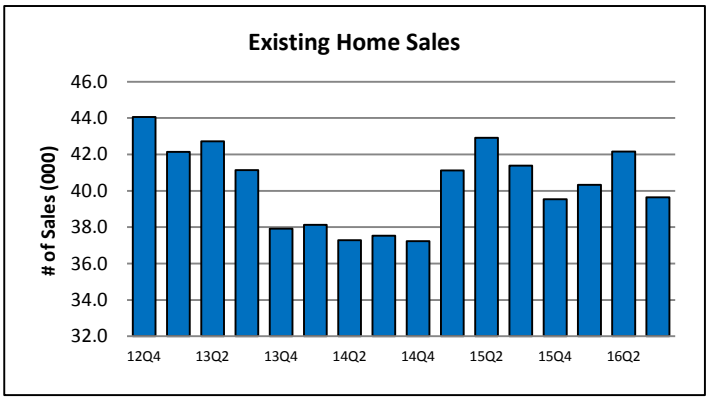
## Economic & Housing Indicators

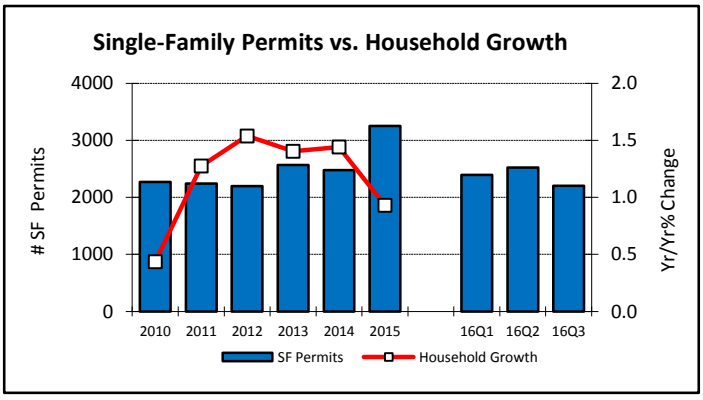


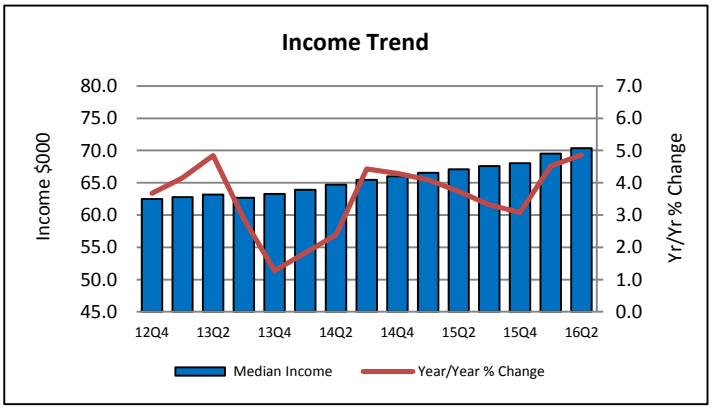



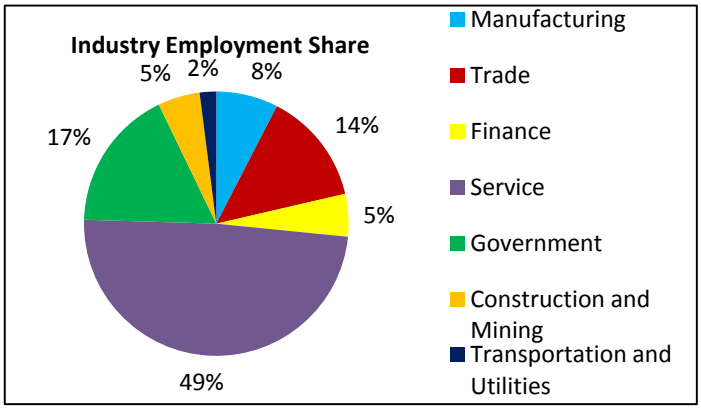

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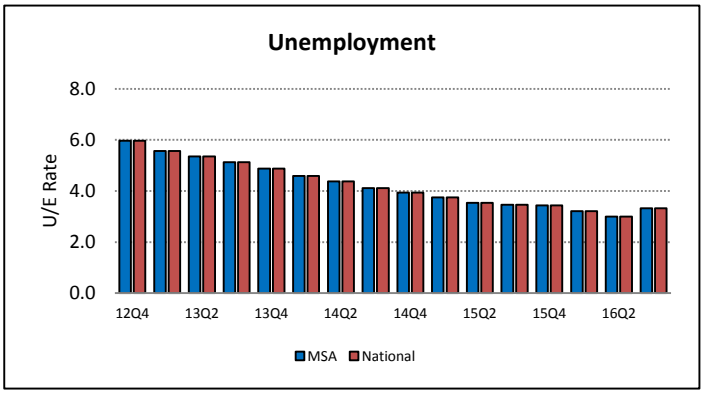
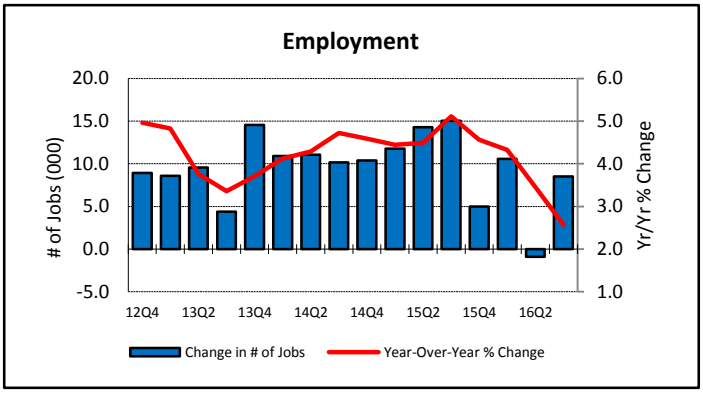
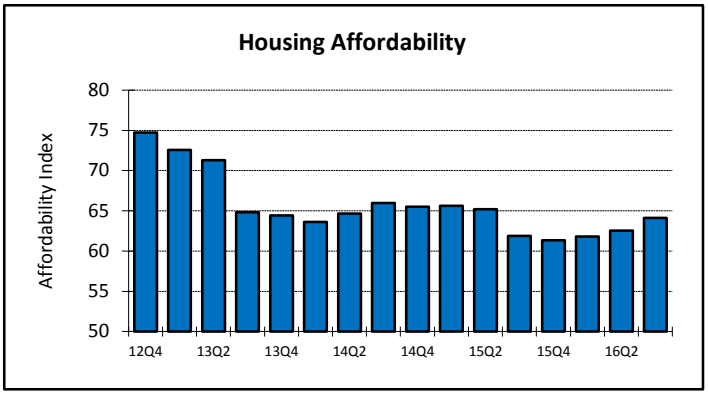
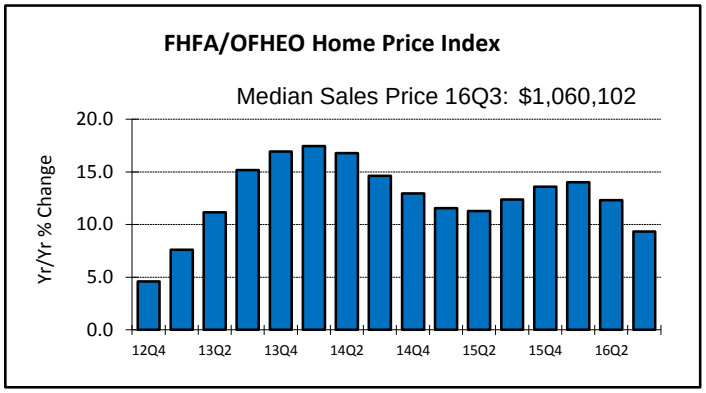
# San Francisco, CA

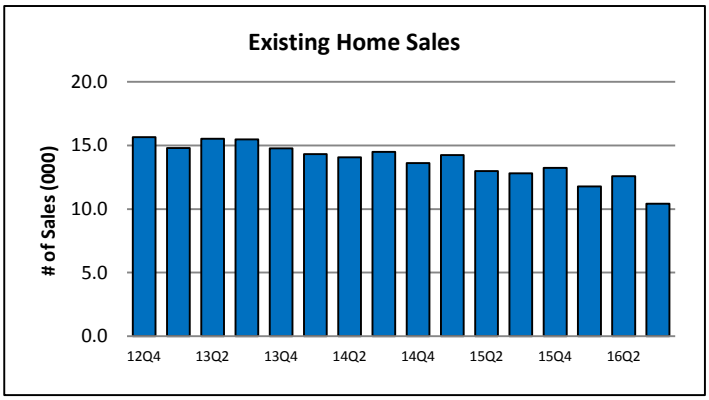
## Economic & Housing Indicators

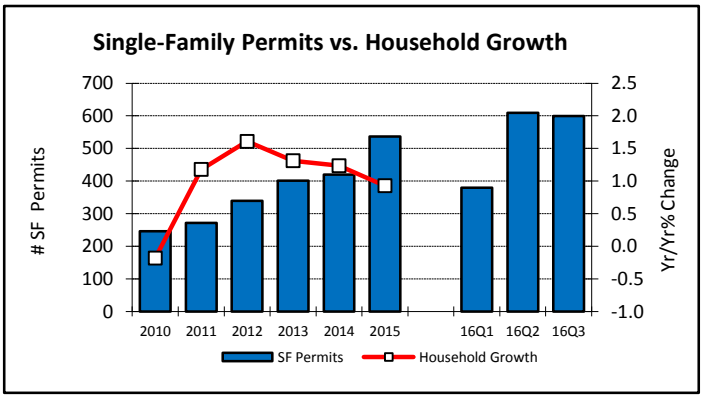


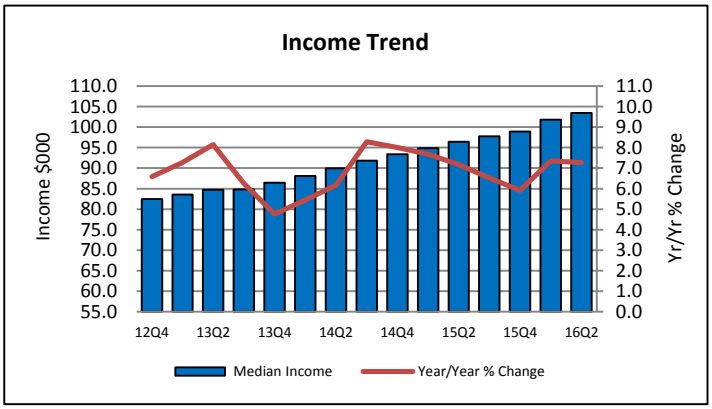



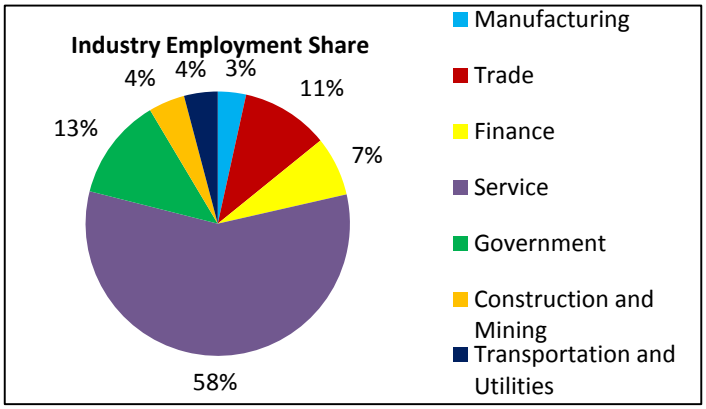

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# San Jose, CA

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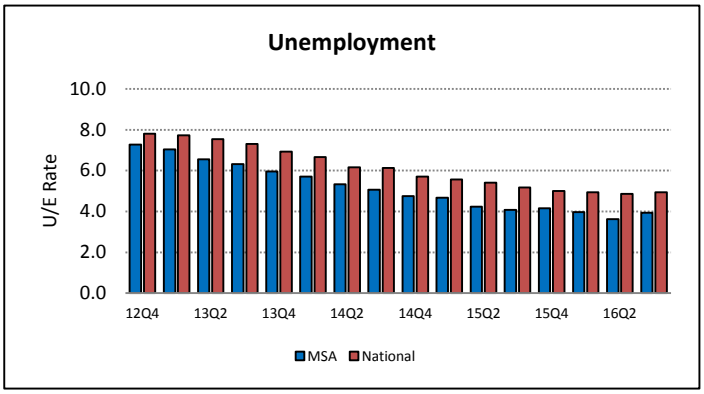
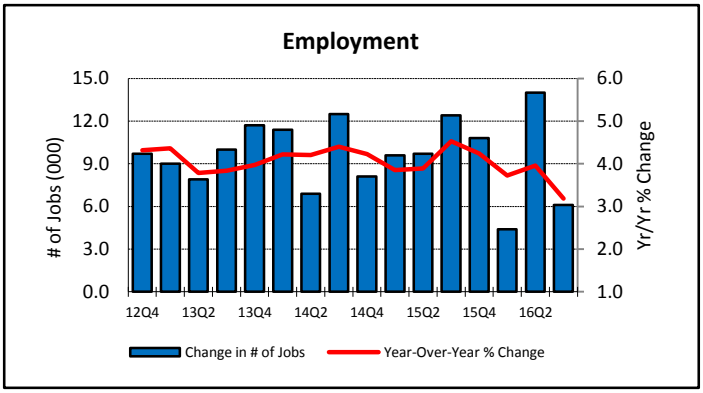
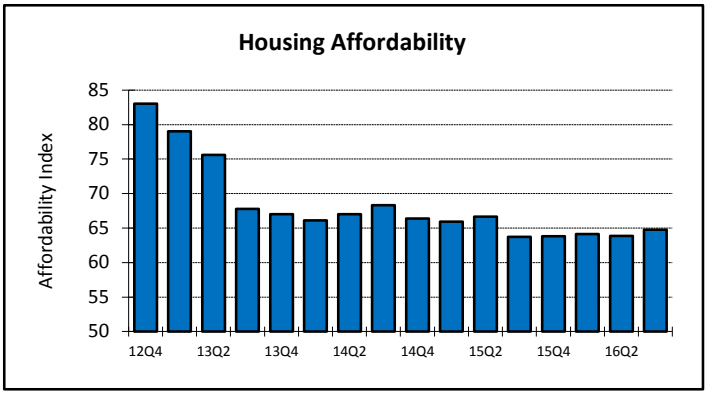
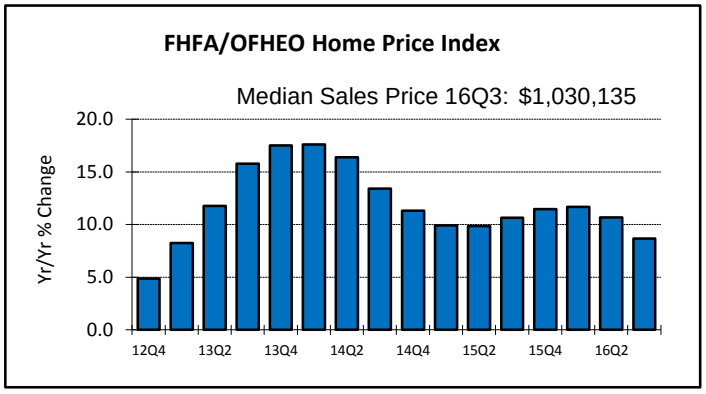
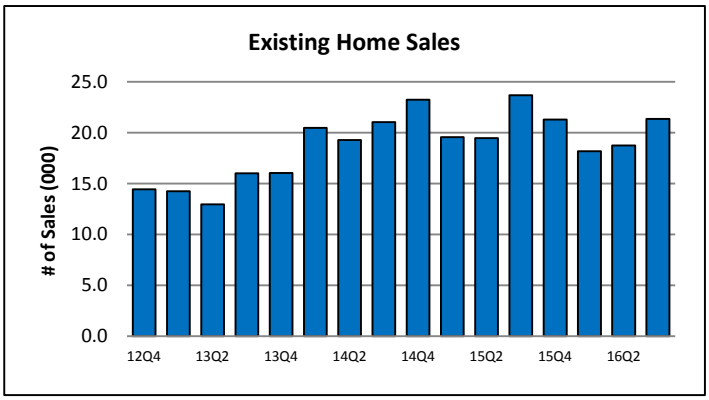
## Economic & Housing Indicators

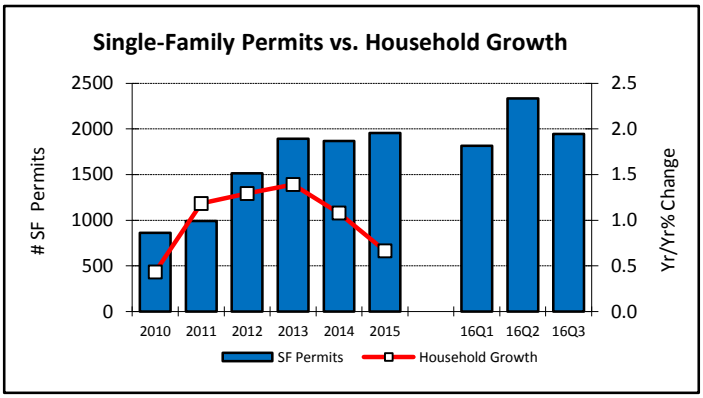


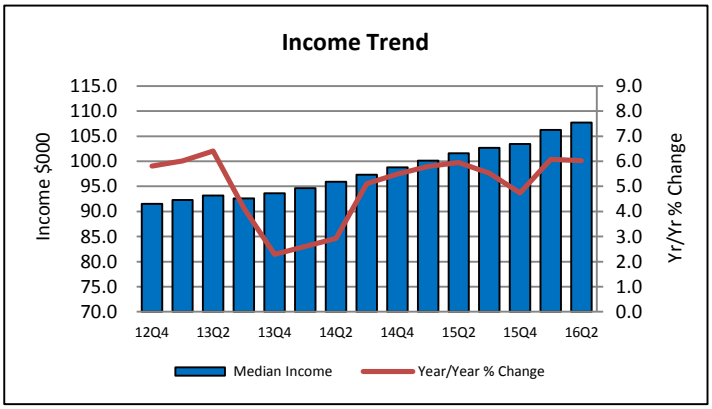



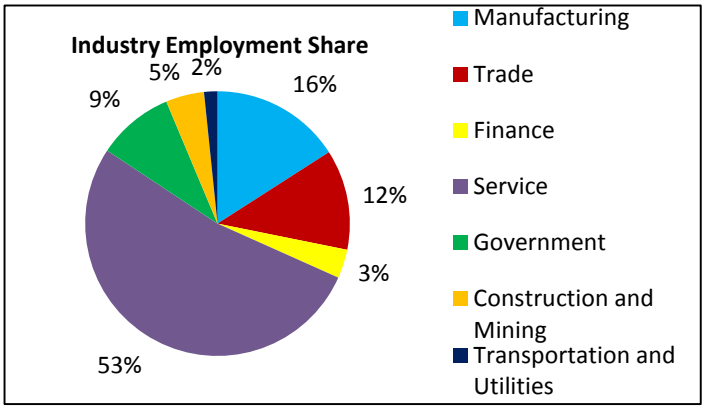

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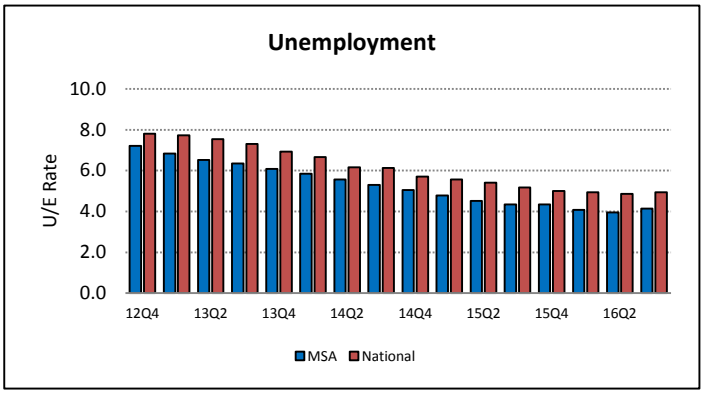
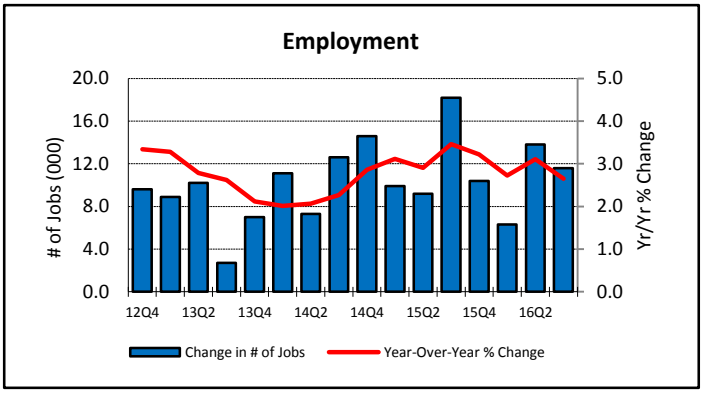
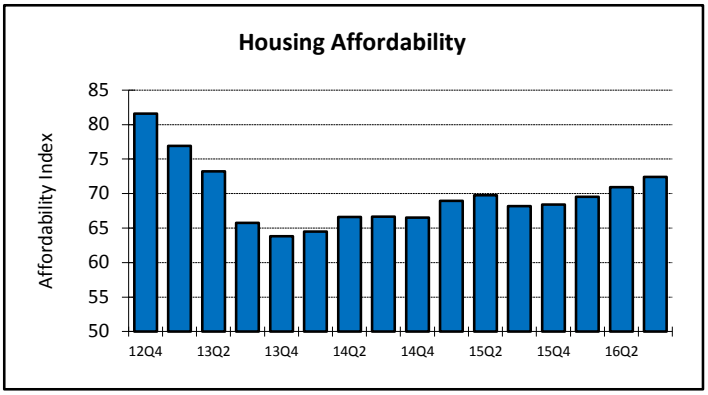
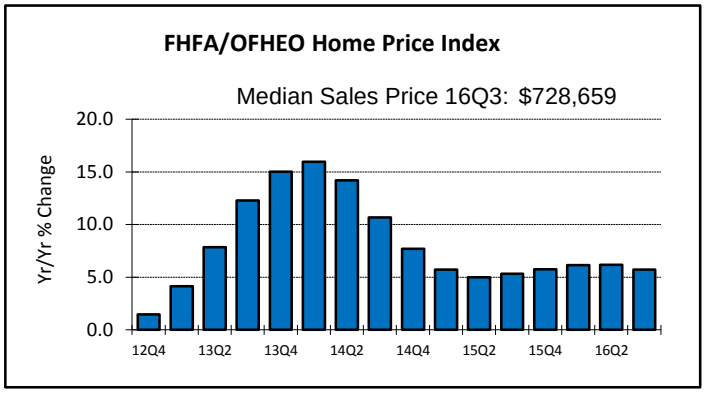
# Santa Ana-Anaheim, CA

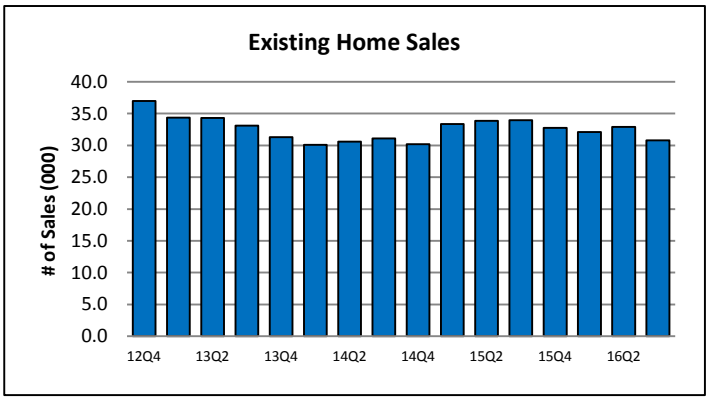
## Economic & Housing Indicators

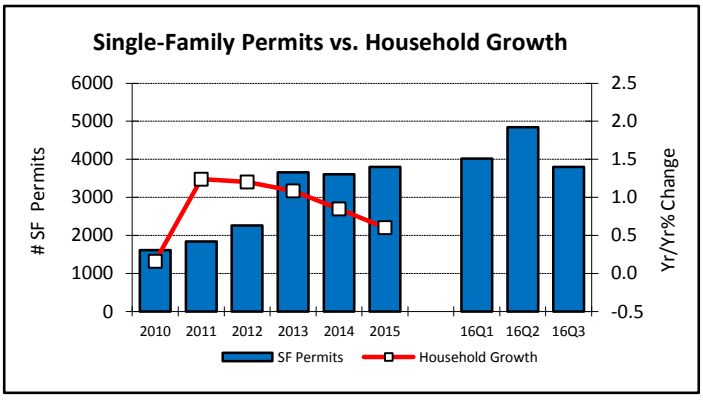


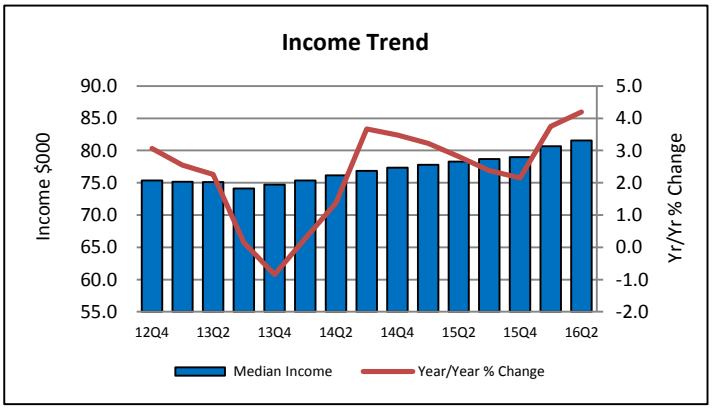



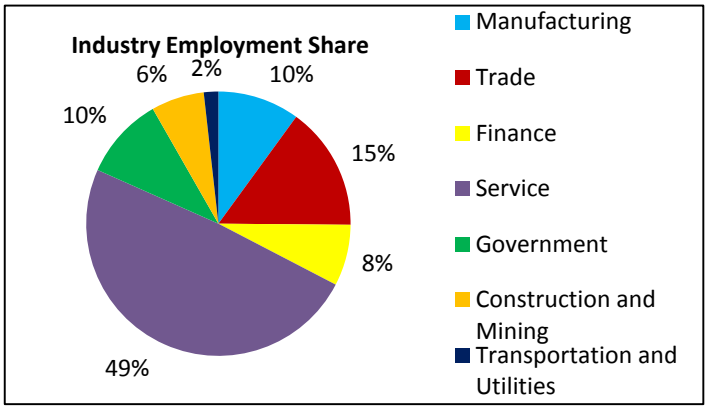

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# Denver, CO

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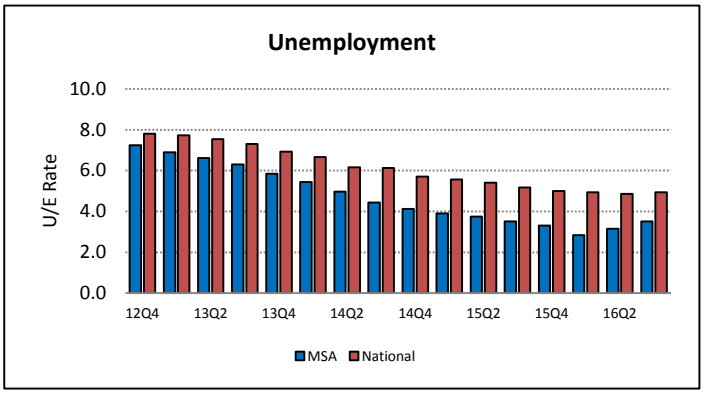
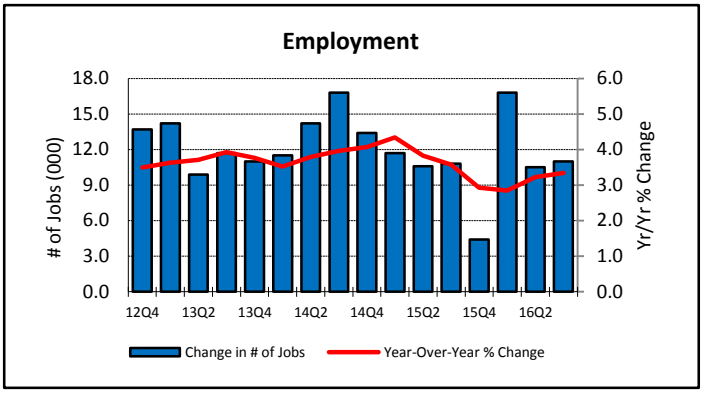
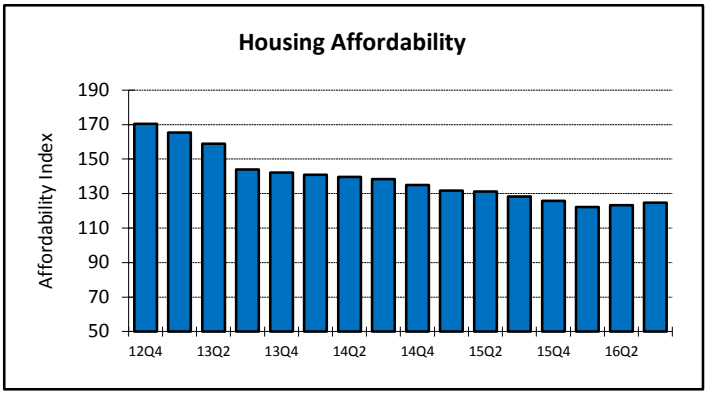
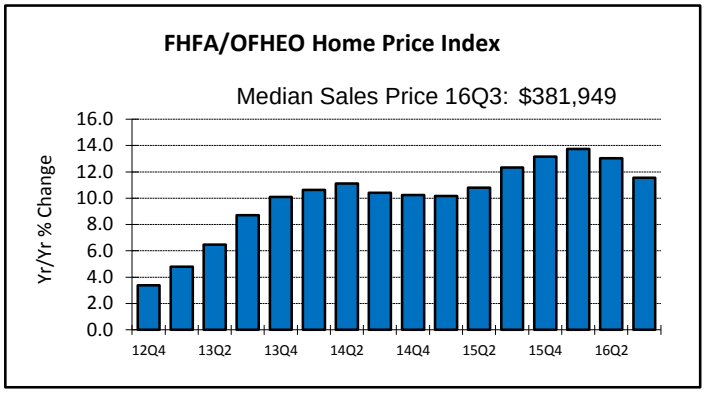
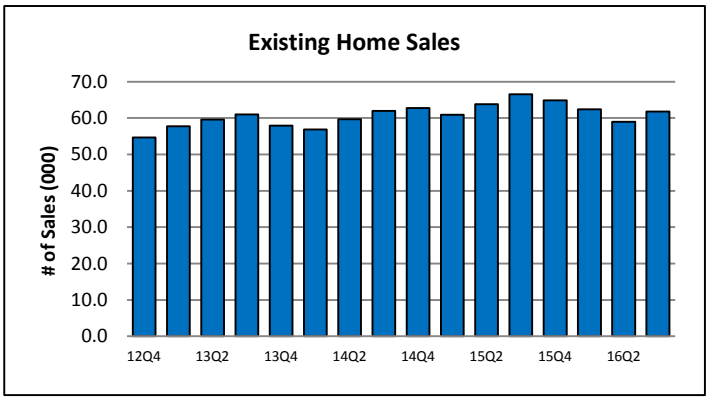
## Economic & Housing Indicators

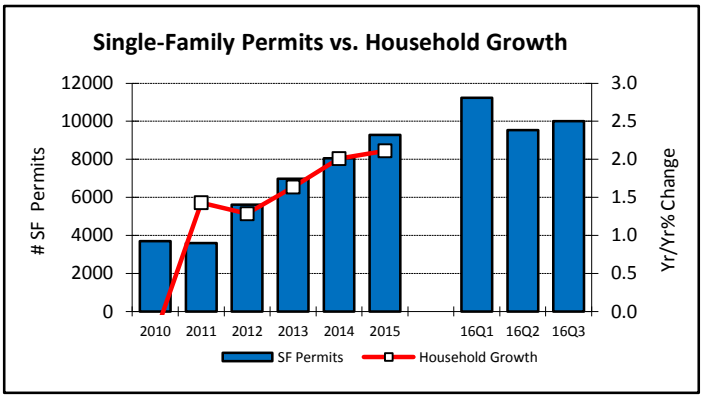


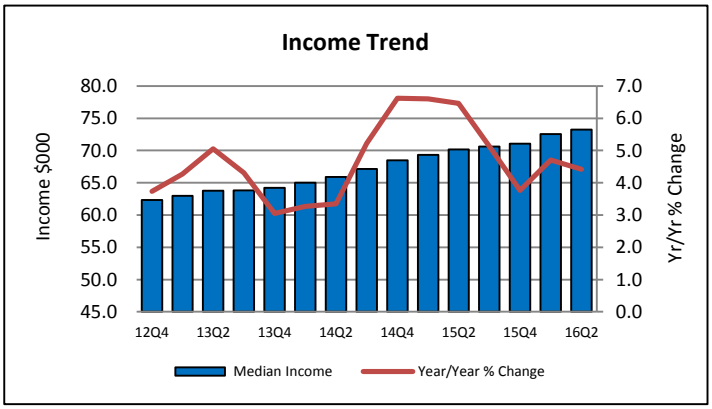



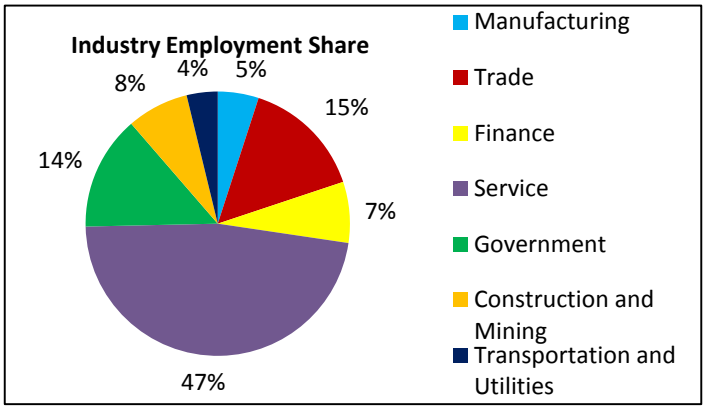

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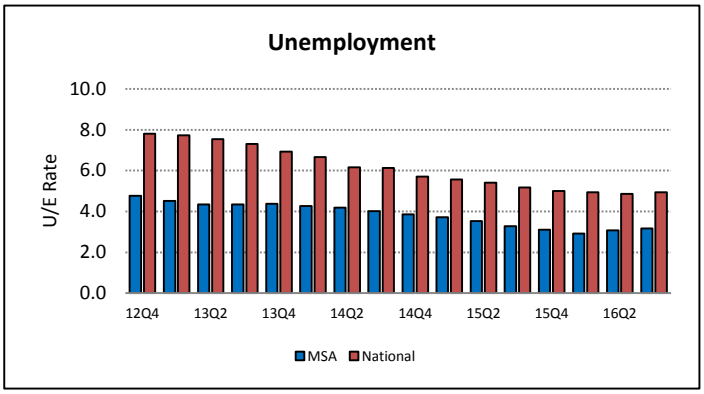
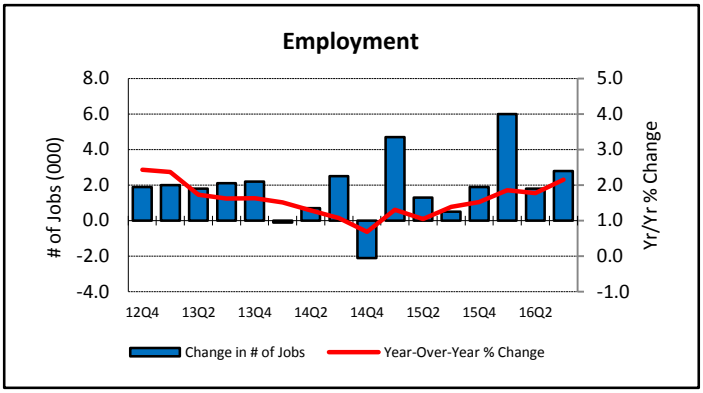
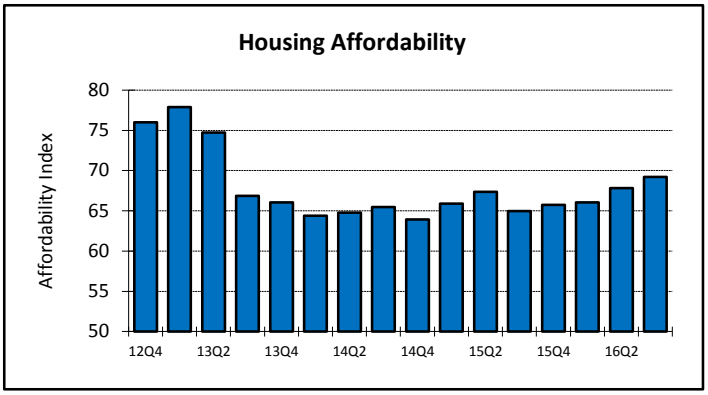
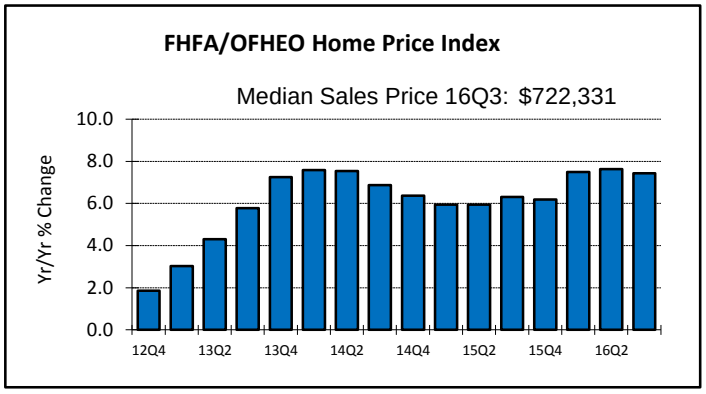
# Honolulu, HI

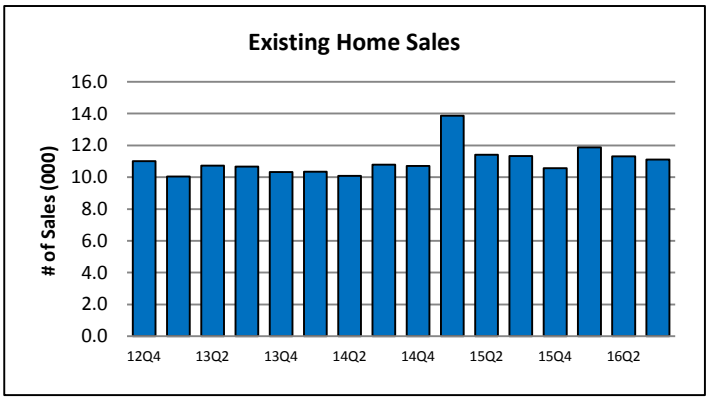
## Economic & Housing Indicators

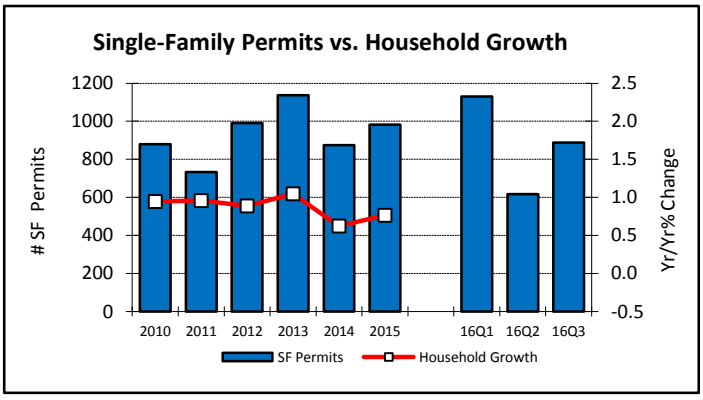


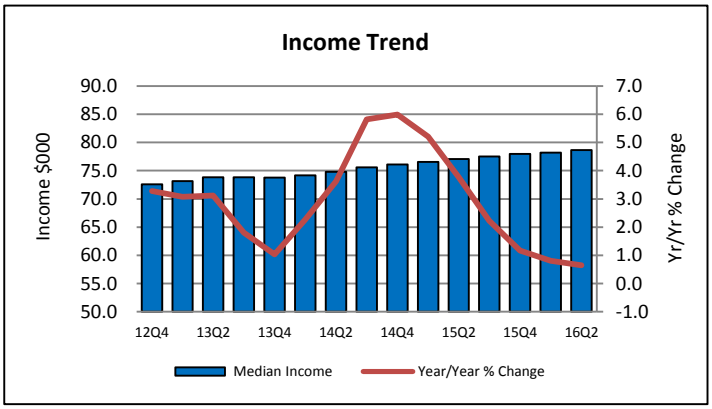



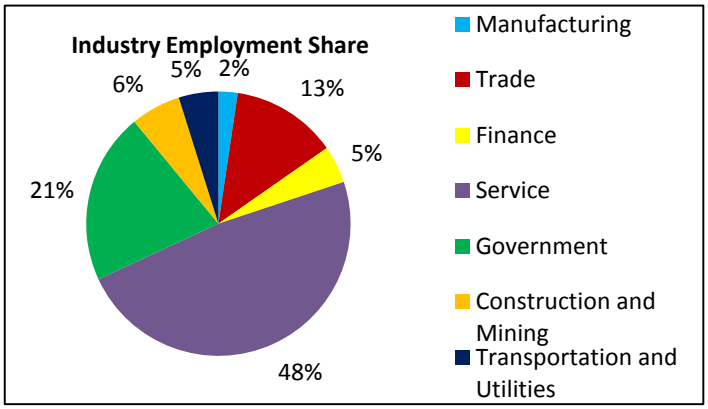

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# Las Vegas, NV

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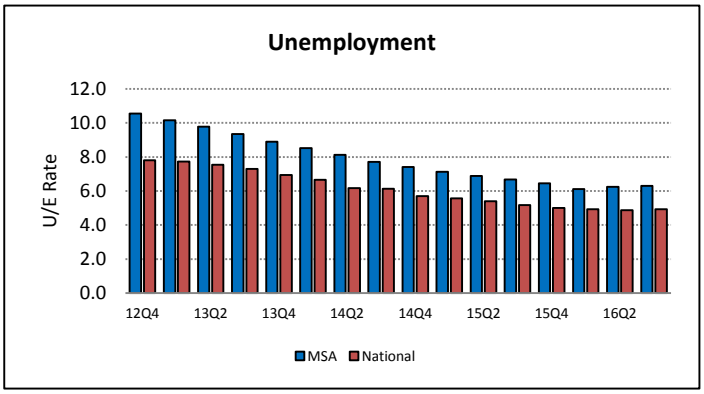
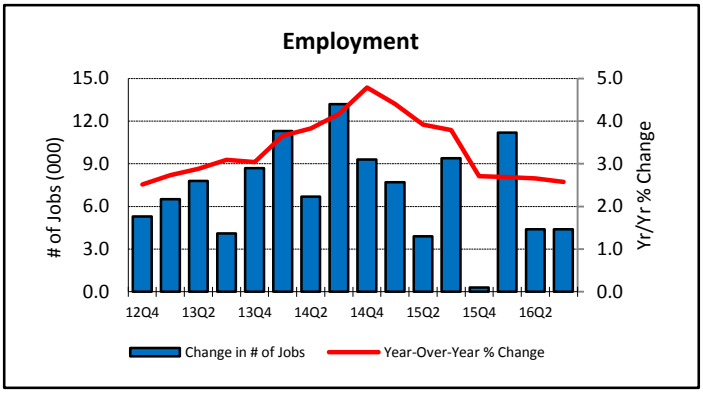
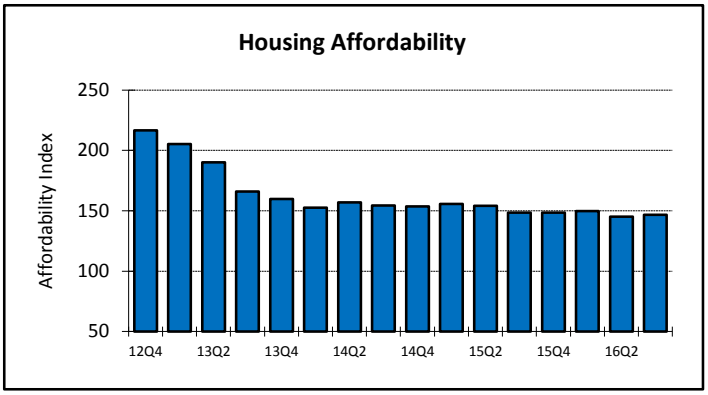
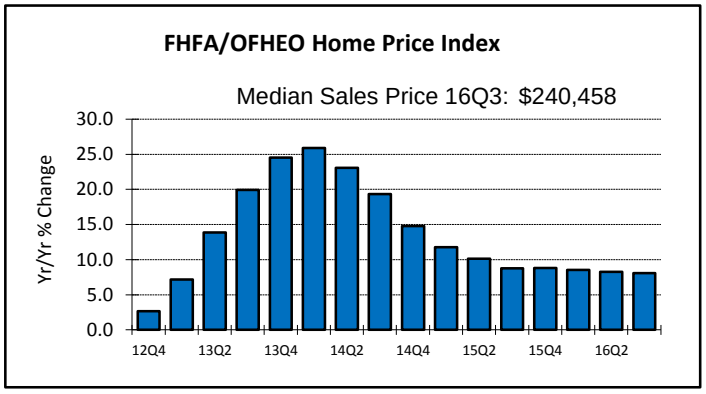
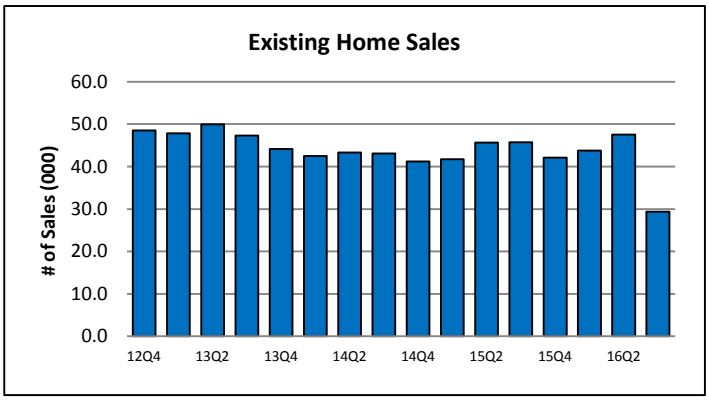
## Economic & Housing Indicators

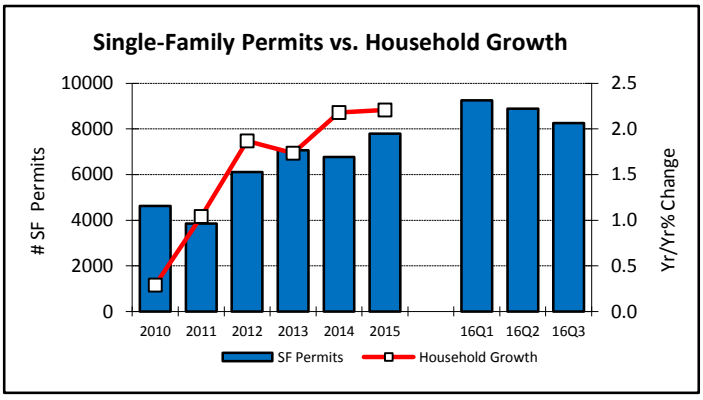


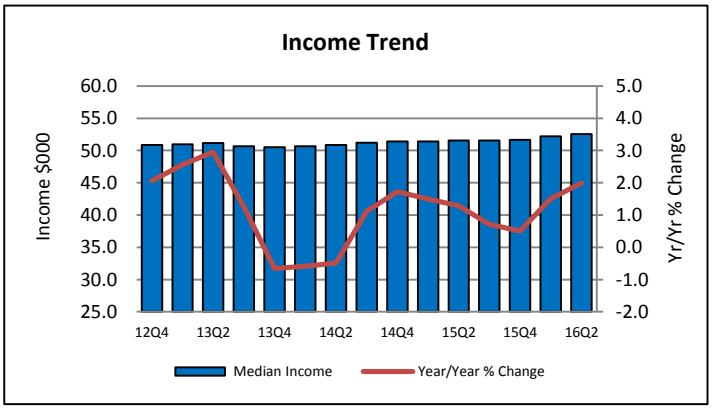



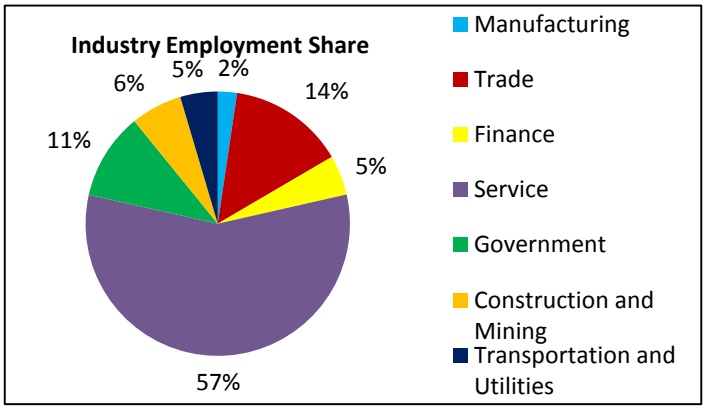

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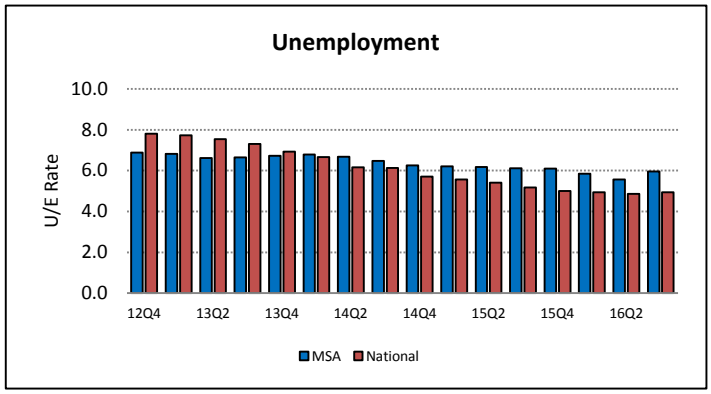
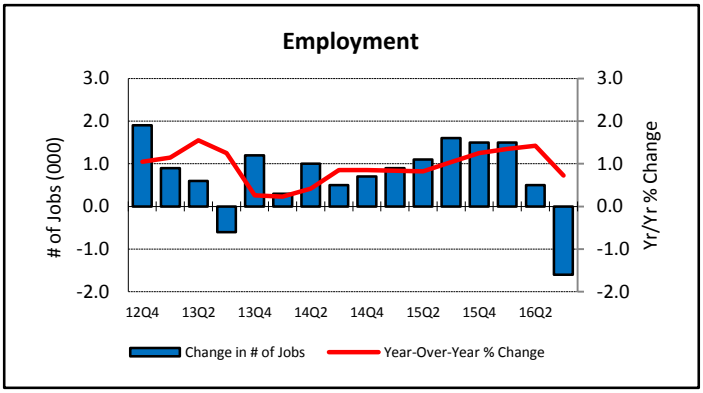
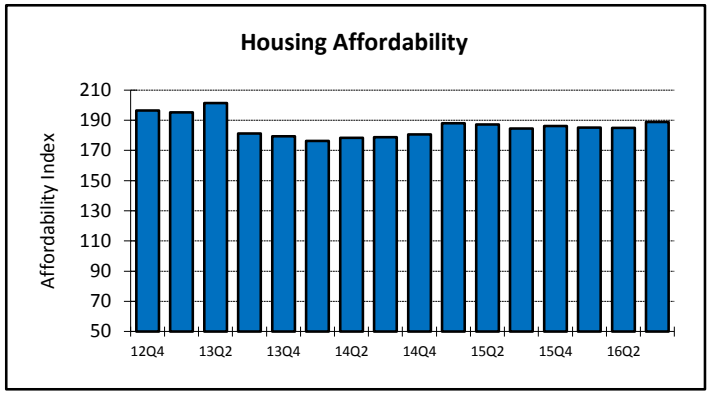
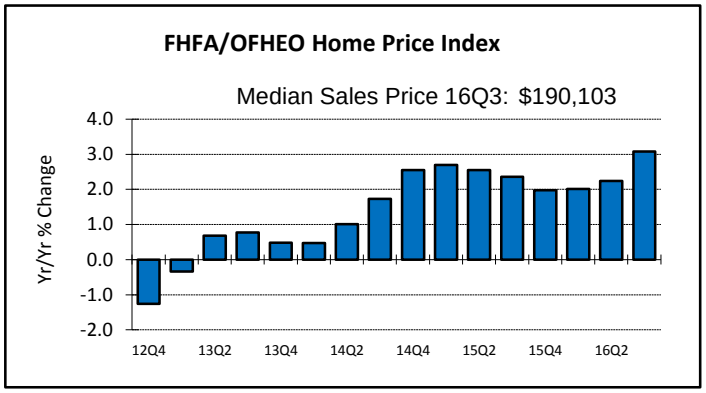
# Albuquerque, NM

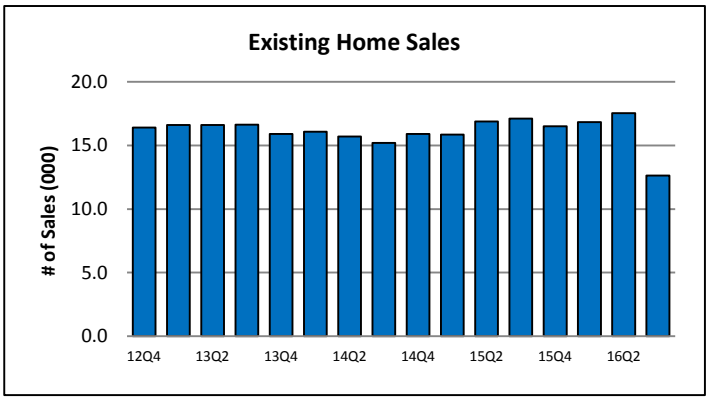
## Economic & Housing Indicators

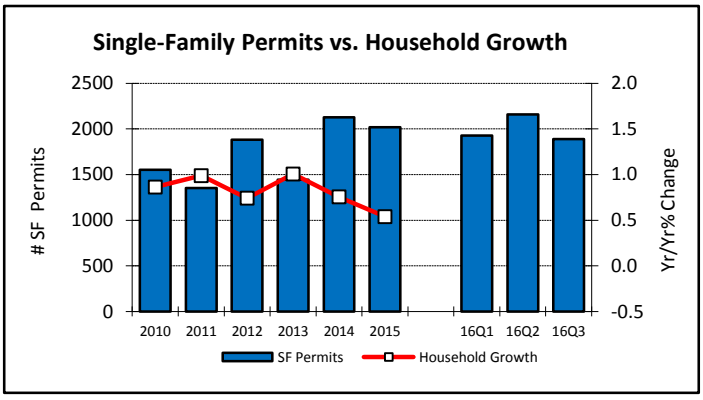


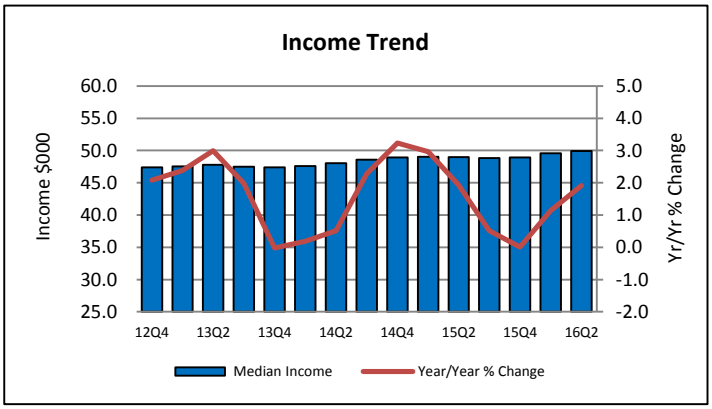



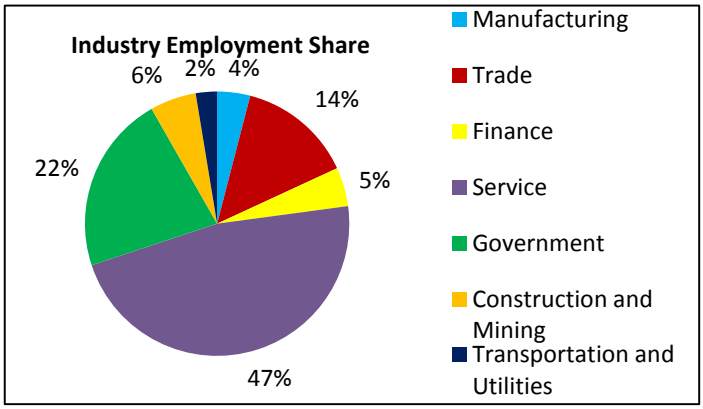

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# Portland, OR

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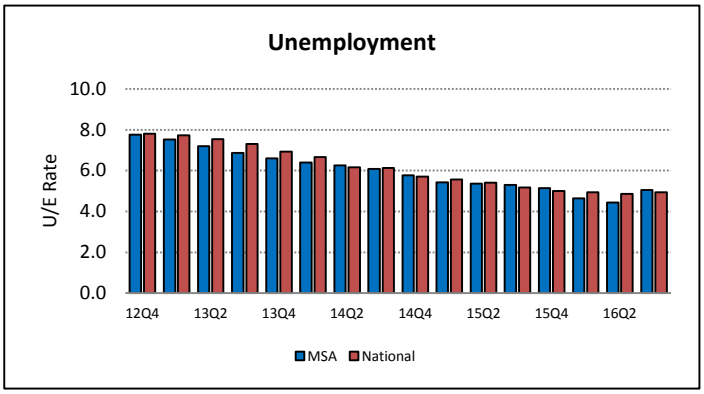
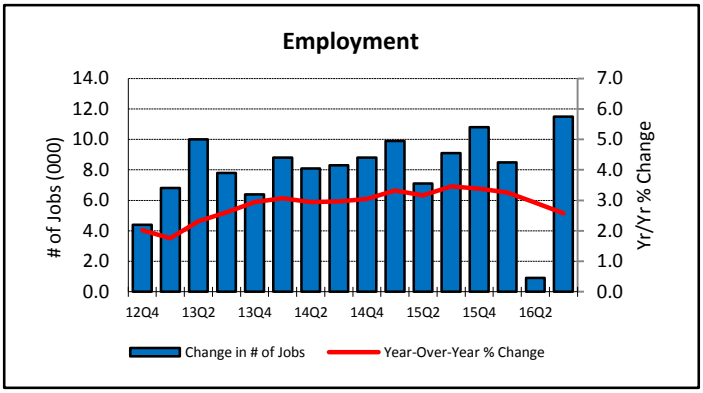
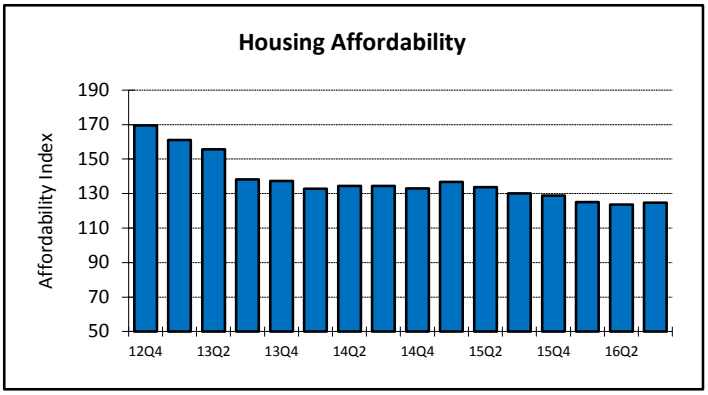
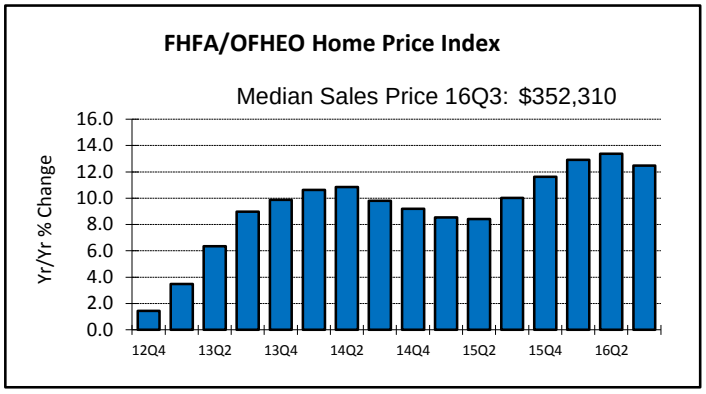
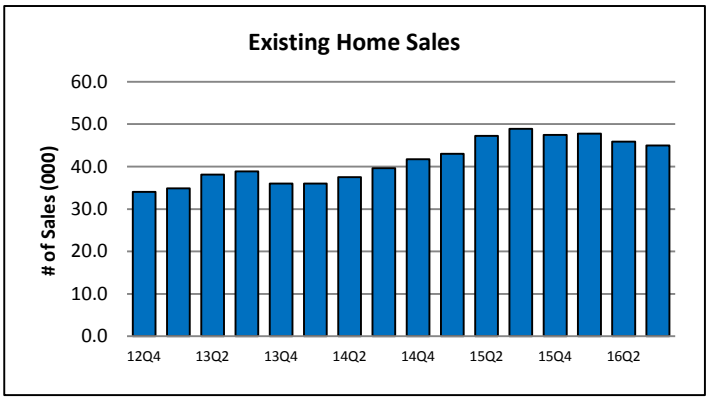
## Economic & Housing Indicators

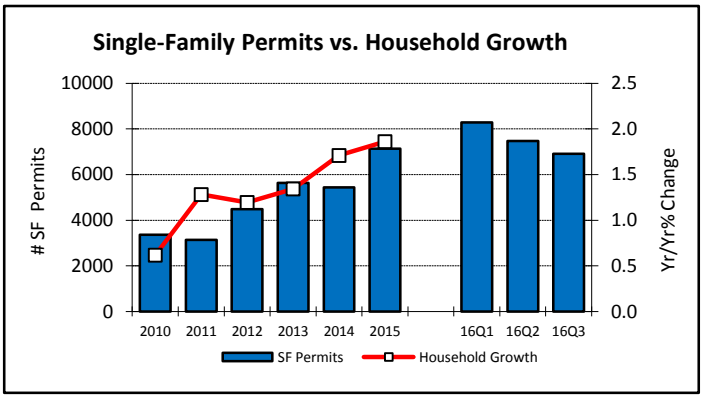


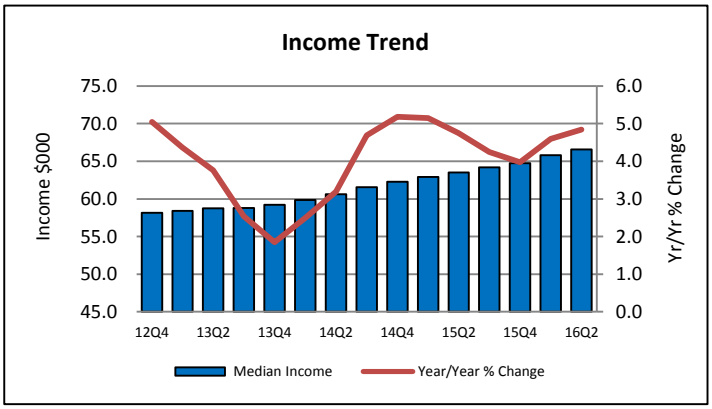



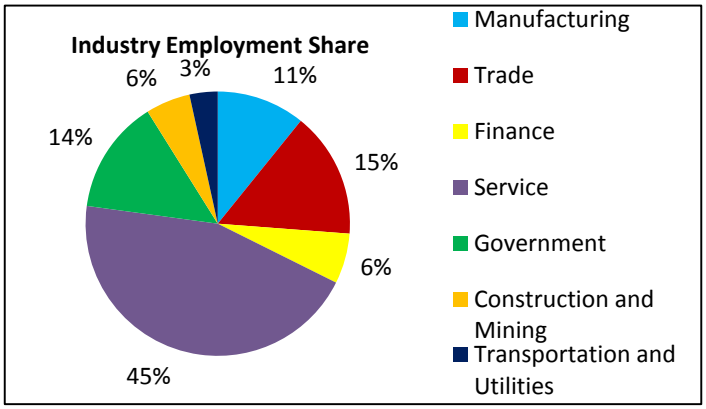

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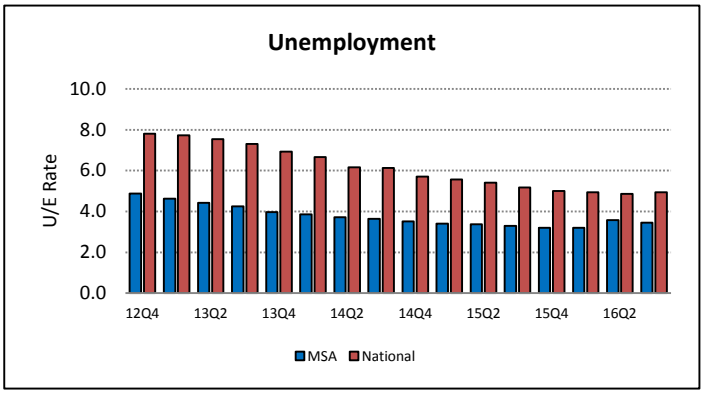
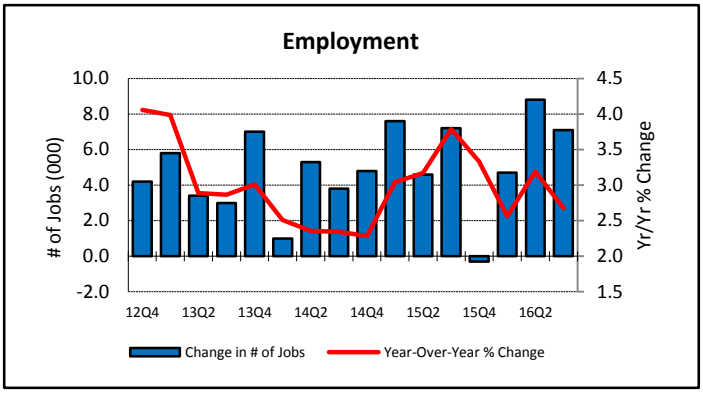
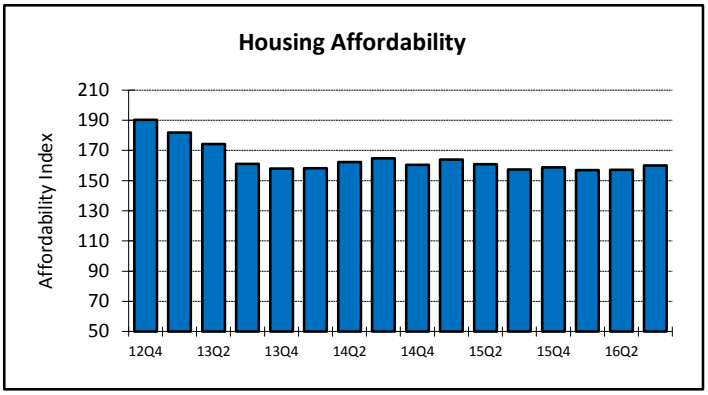
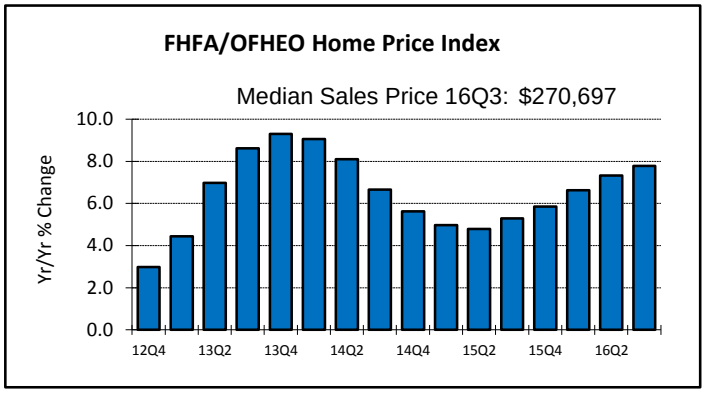
# Salt Lake City, UT

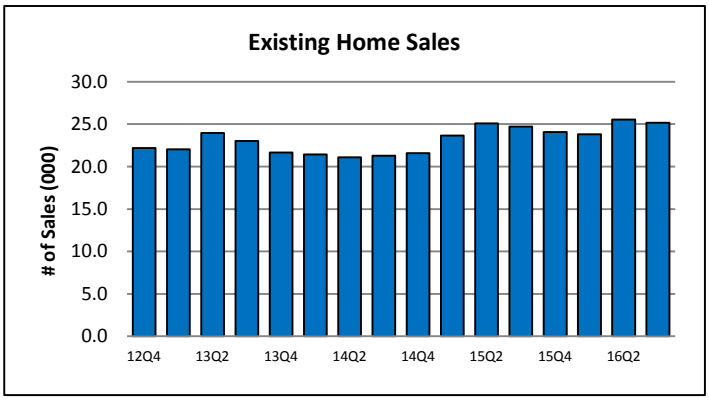
## Economic & Housing Indicators

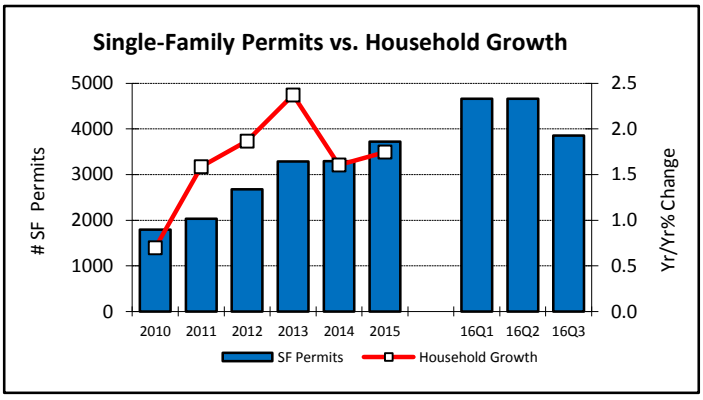


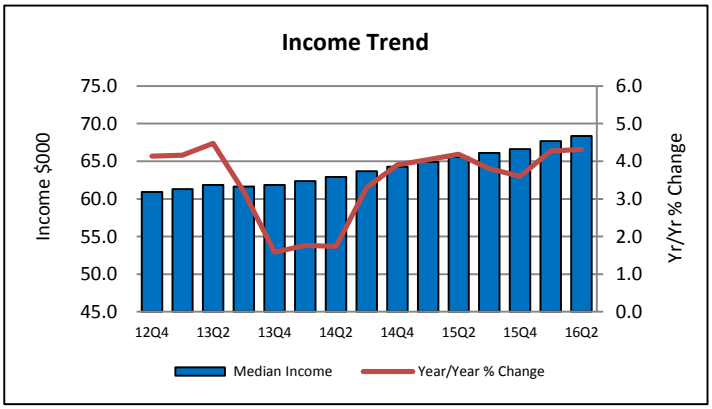



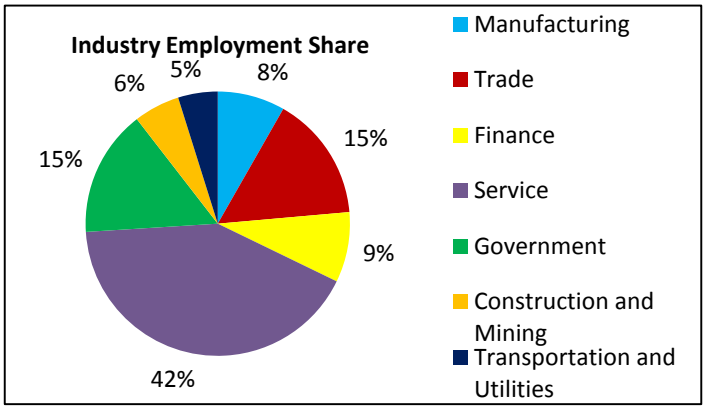

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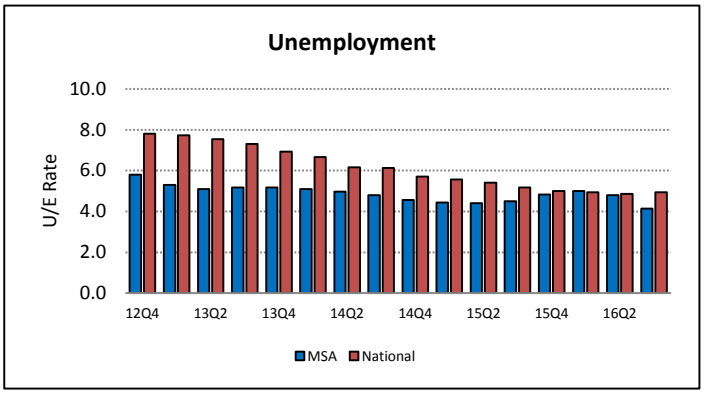
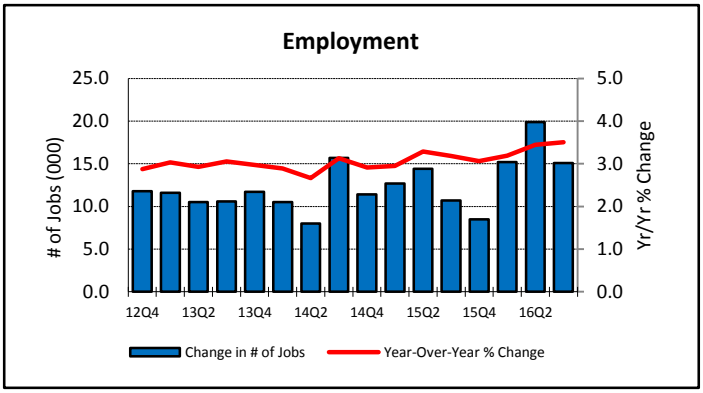
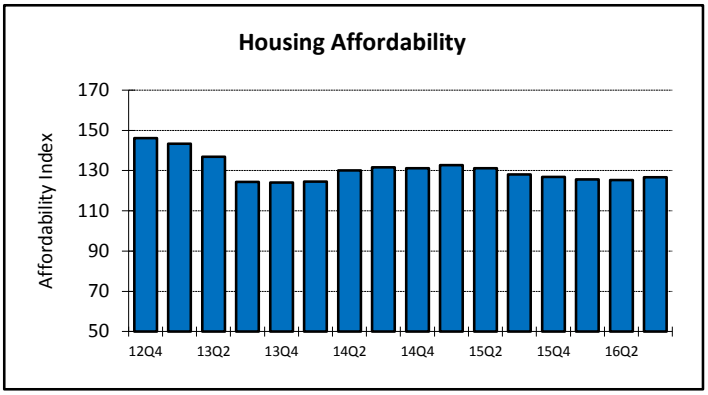
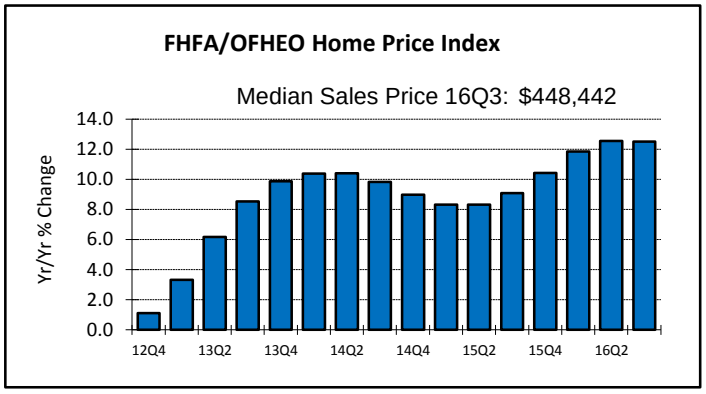
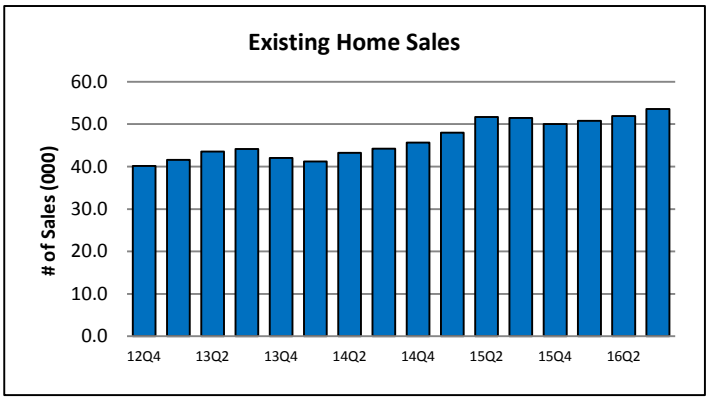
## Economic & Housing Indicators

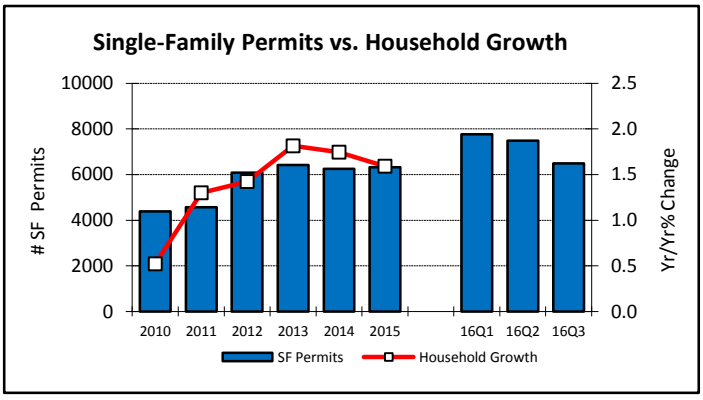


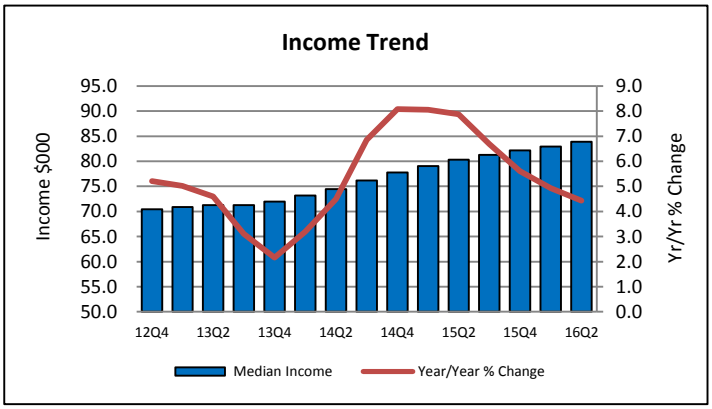



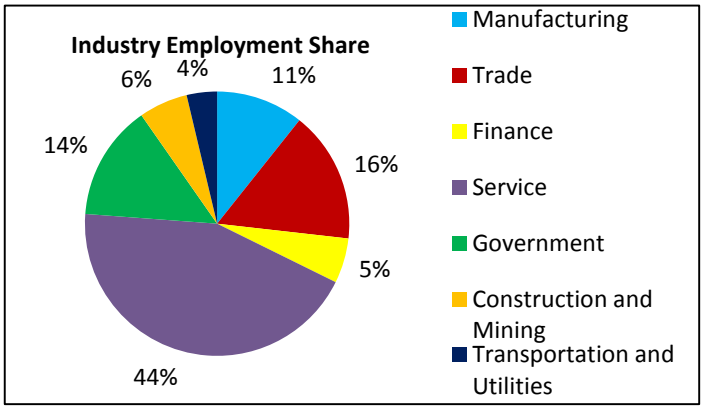

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**Mortgage Guaranty Insurance Corporation**
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