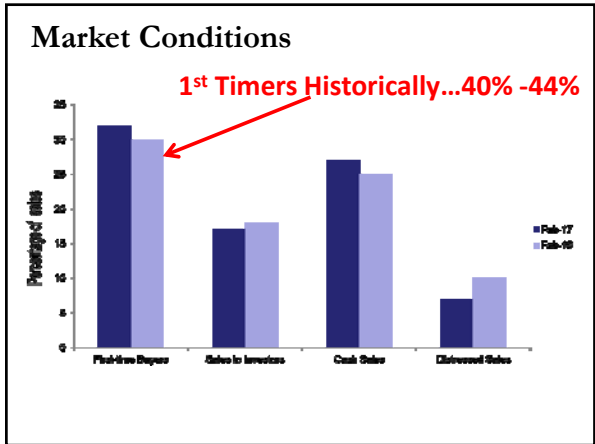
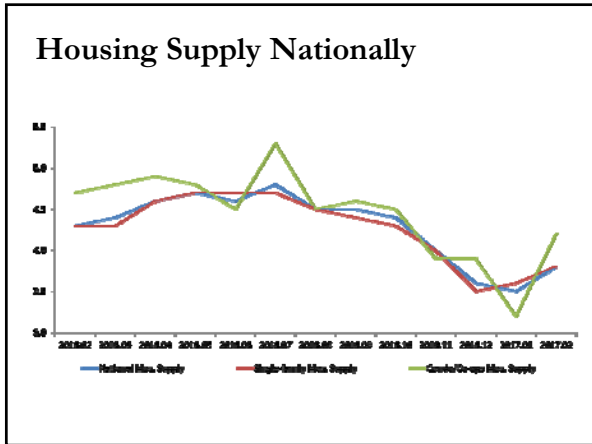
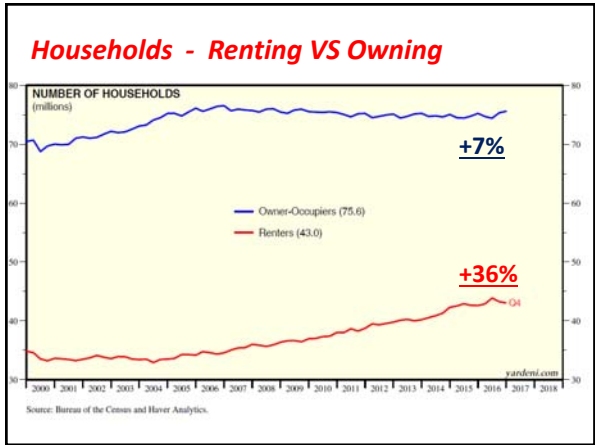
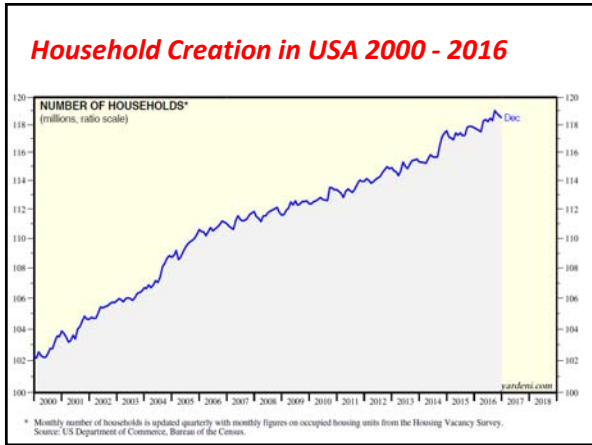


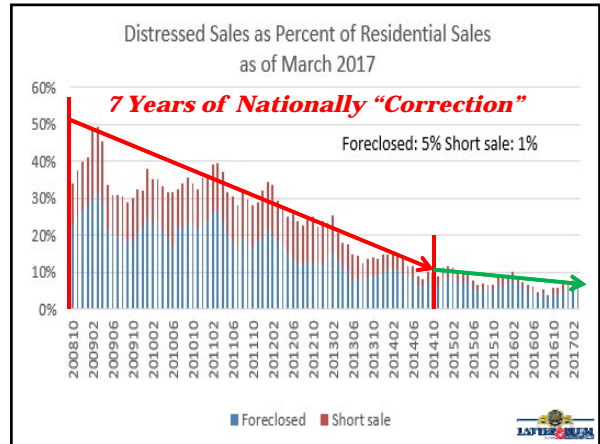
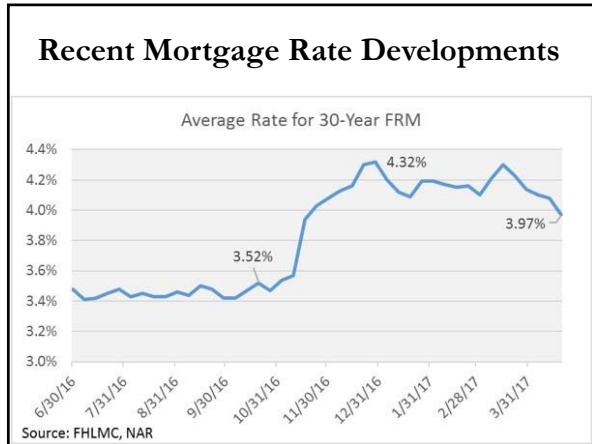
THE UNIVERSITY of NEW ORLEANS
 Institute for Economic Development & Real Estate Research

2017 Economic Outlook & Real Estate Forecast

Information provided by the LATTER & BLUM Research Division

- Housing Nationally...**
- Nationally we're "good" not great - not overheated
 - Resale annual run rate of 5.6 – 5.9 Million
 - New Construction annual run rate at 1.25 Million
 - Inventory shortage across the country
 - Particularly at the affordable and entry levels, shortage is constraining the market
 - Builders cannot keep up and cannot keep up at needed price points





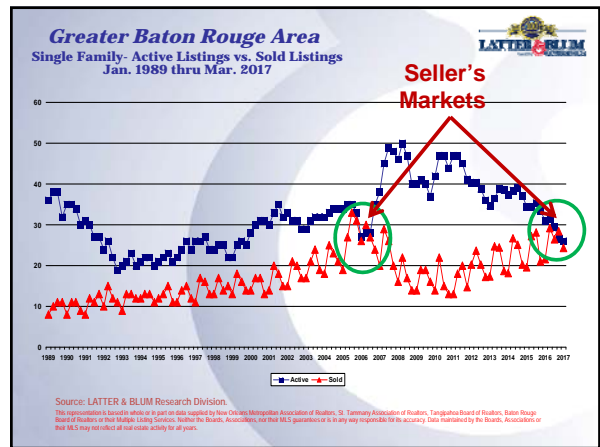
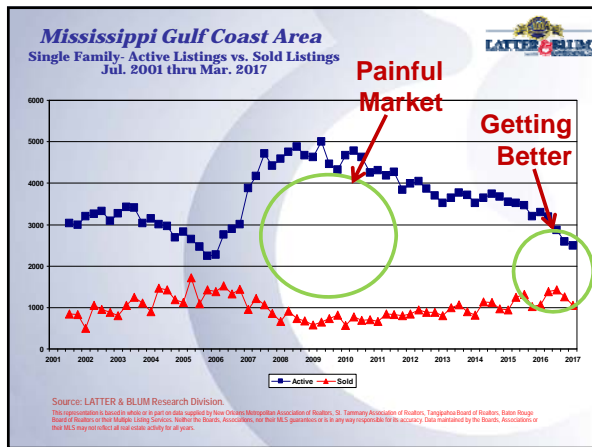
Housing Locally...

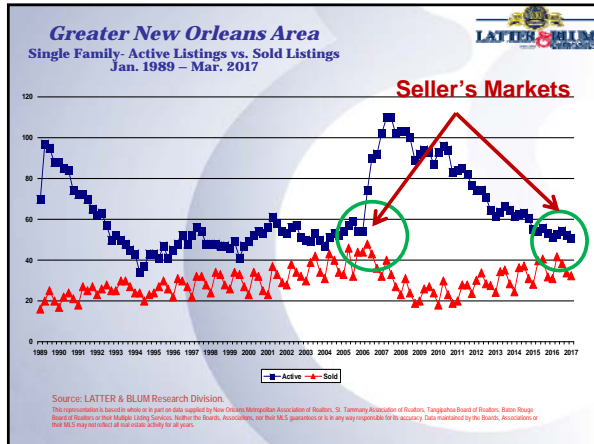
Active Inventory vs. Sold Properties

Buyers Market or Sellers Market?

Sellers – Under 3 Months Inventory
 Buyers – Over 6 Months Inventory

The markets behave differently...
 relative to pricing!





Understanding where the market is headed...

Typical market phases and cycle...

Four Typical Phases of Real Estate Market

- Phase I - PEAK
Unit Sales Increasing ↑ Prices Increasing ↑ Inventory Decreasing ↓

Four Typical Phases of Real Estate Market

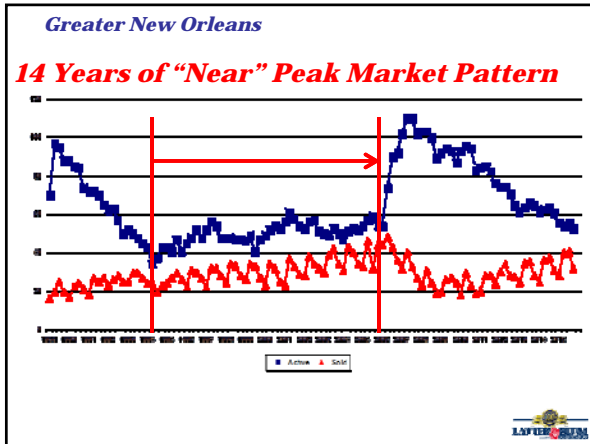
- Phase I - PEAK
Unit Sales Increasing ↑ Prices Increasing ↑ Inventory Decreasing ↓
- Phase II CORRECTION
Unit Sales Decreasing ↓ Prices Increasing ↑ Inventory Increasing ↑

Four Typical Phases of Real Estate Market

- Phase I - PEAK
Unit Sales Increasing ↑ Prices Increasing ↑ Inventory Decreasing ↓
- Phase II CORRECTION
Unit Sales Decreasing ↓ Prices Increasing ↑ Inventory Increasing ↑
- Phase III TROUGH
Unit Sales Decreasing ↓ Prices Decreasing ↓ Inventory Increasing ↑

Four Typical Phases of Real Estate Market

- Phase I - PEAK
Unit Sales Increasing ↑ Prices Increasing ↑ Inventory Decreasing ↓
- Phase II CORRECTION
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- Phase III TROUGH
Unit Sales Decreasing ↓ Prices Decreasing ↓ Inventory Increasing ↑
- Phase IV RECOVERY
Unit Sales Increasing ↑ Prices Decreasing ↓ Inventory Decreasing ↓



GNO Real Estate Market - 2015 (last year)

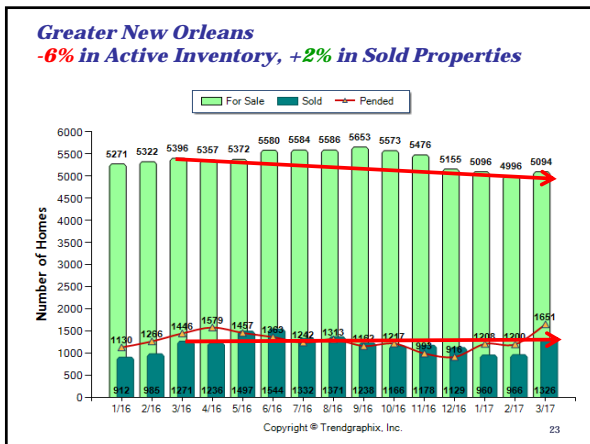
- **Phase I - PEAK**
 Unit Sales Increasing ↑ Prices Increasing ↑ Inventory Decreasing ↓
- **Phase II CORRECTION**
 Unit Sales Decreasing ↓ Prices Increasing ↑ Inventory Increasing ↑
- **Phase III TROUGH**
 Unit Sales Decreasing ↓ Prices Decreasing ↓ Inventory Increasing ↑
- **Phase IV RECOVERY**
 Unit Sales Increasing ↑ Prices Decreasing ↓ Inventory Decreasing ↓

Classic Peak Market patterns historically last 5-7 years.

We just finished our 8th year in the peak pattern!

GNO Real Estate Market - 2016

- **Phase I - PEAK**
 Unit Sales Increasing ↑ Prices Increasing ↑ Inventory Decreasing ↓
- **Phase II CORRECTION**
 Unit Sales Decreasing ↓ Prices Increasing ↑ Inventory Increasing ↑
- **Phase III TROUGH**
 Unit Sales Decreasing ↓ Prices Decreasing ↓ Inventory Increasing ↑
- **Phase IV RECOVERY**
 Unit Sales Increasing ↑ Prices Decreasing ↓ Inventory Decreasing ↓

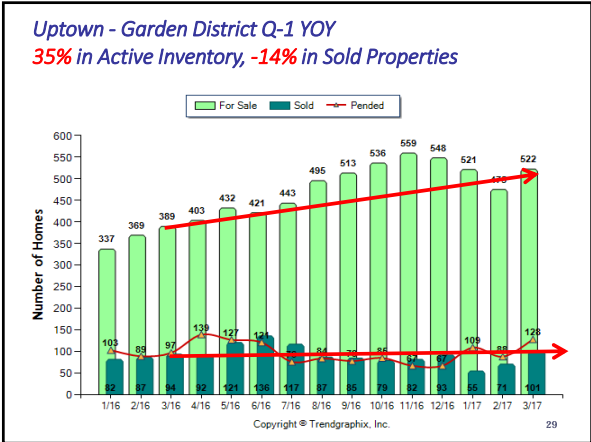
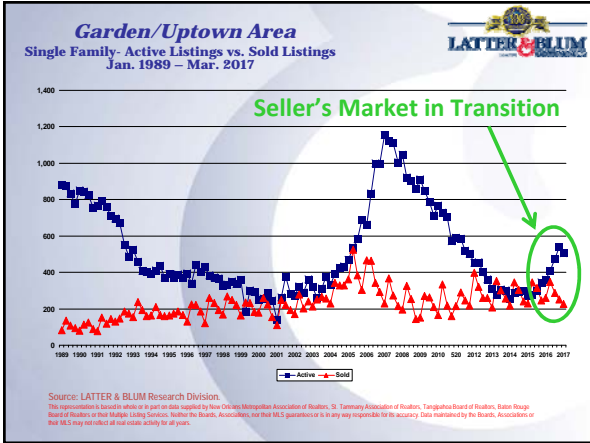
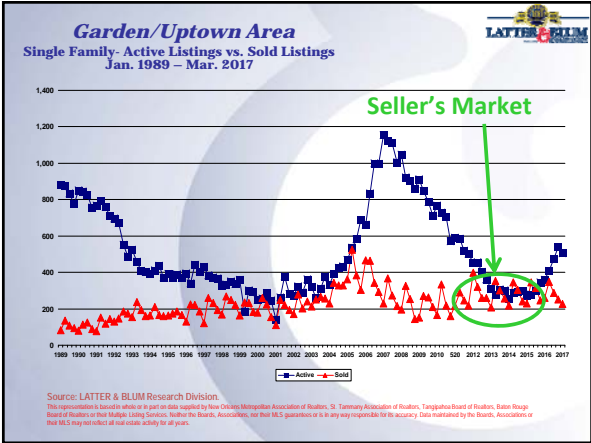


GNO Numbers Q1 - 2016 V 2017

Active Inv. Units	5,396k vs 5,094	-6%
Closed Units	3,168 vs 3,352	+2.7%
Closed Volume	1.406B vs 1.480B	+5.3%
Pended	3,842 vs 4,059	+5.6%
Months Inventory	3.7 Months vs 3.1 Months	
Median Sold	\$178k vs \$193k	
\$ Sq. Ft. Range	\$119.00 to \$125.00	

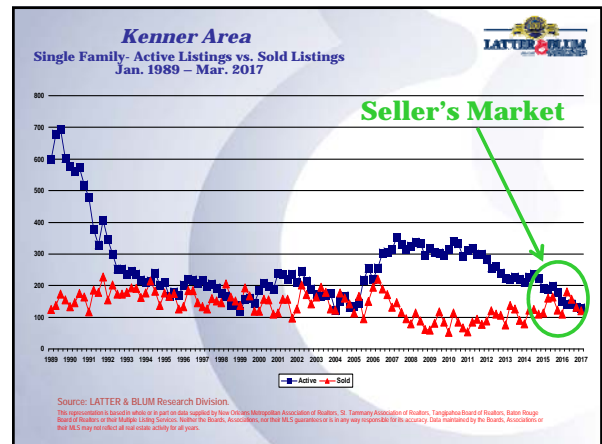
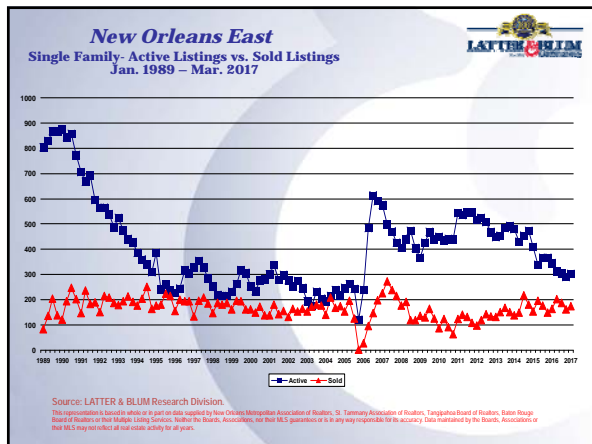
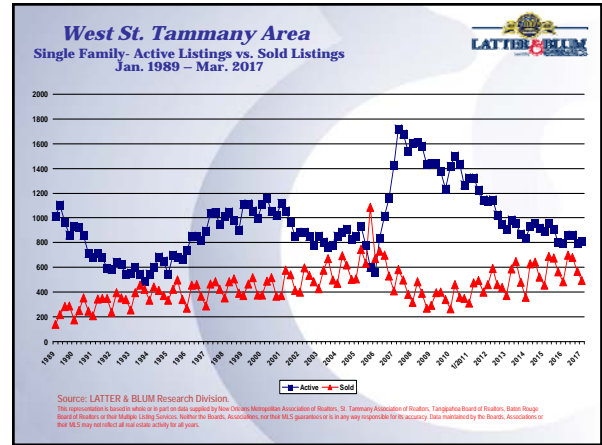
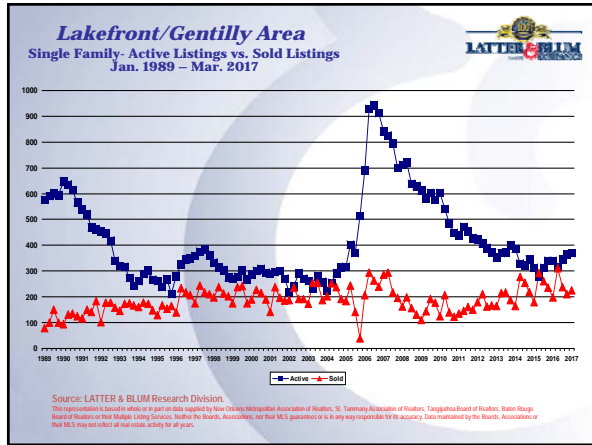
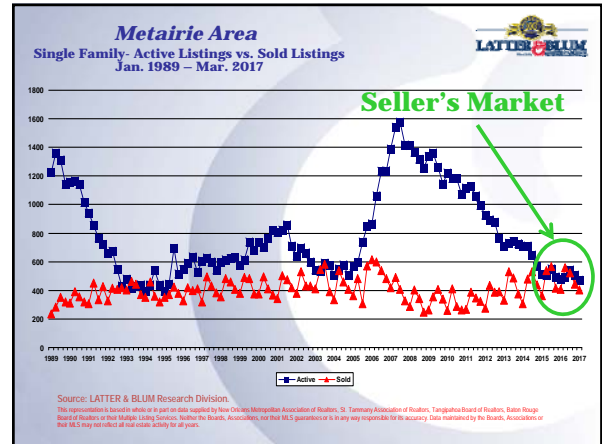
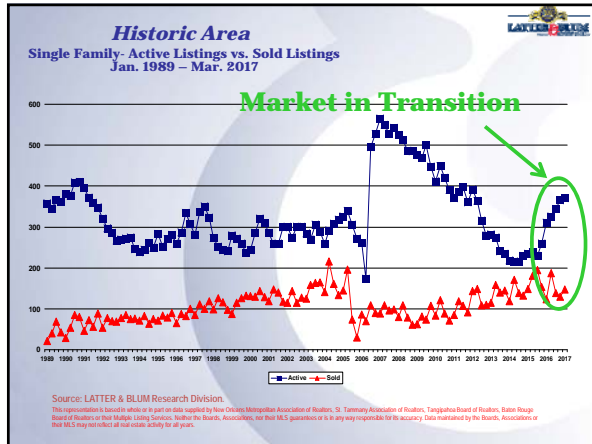
...2016 was a fractured story of a very mixed market!

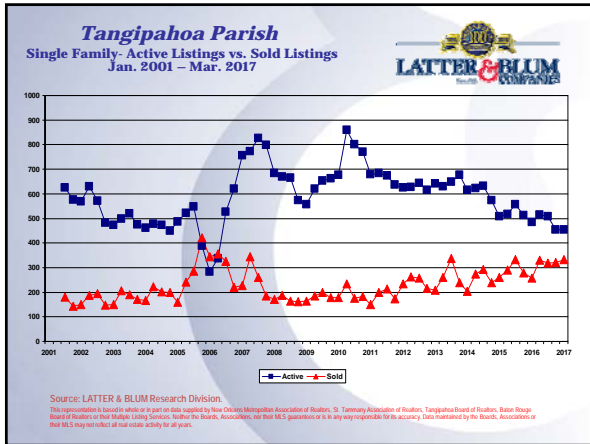
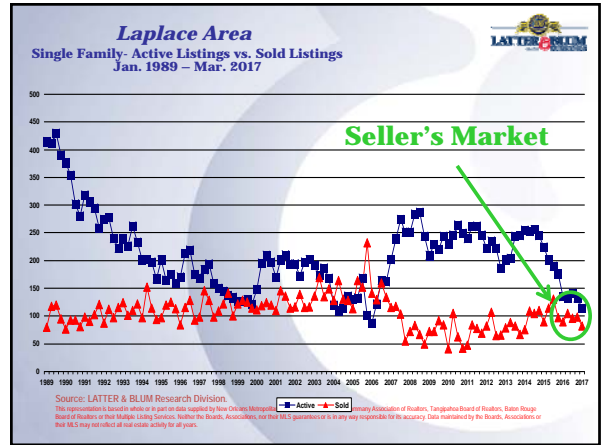
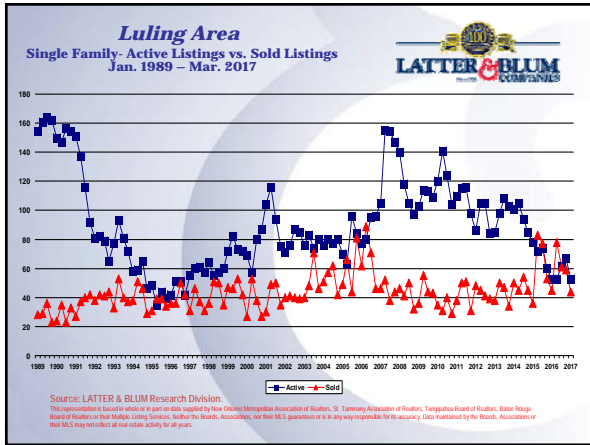
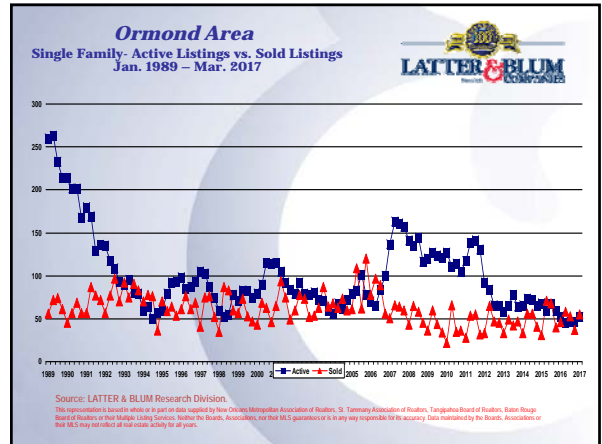
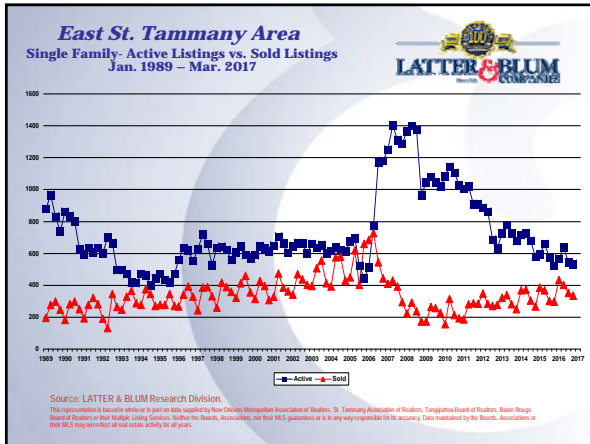
Bellwether Market
bell·weth·er
 noun: *an indicator or predictor of something*



Garden District - Uptown 2016 v 2017 - Q1

Active Inv. Units	389 vs 522 +34%
Closed Sales Units	263 vs 227 -14%
D.O.M.	45 vs 64 42% Longer
Median Sld	\$355k to \$349k
\$ Sq. Ft. Range	\$237.00 to \$263.00





GNO Area - Months of Inventory Pended Sales Rate

2017 – 3.1 Months
2016 – 4.0 Months
2015 - 5 Months
2014 – 5.8 Months
2013 – 7.1 Months
2012 – 7.5 Months
2011 – 10.4 Months

Why New Construction?

- We "love new"
- Matches current life style
- Technology upgrades – "Comes pre-wired"
- Lower utility costs – Greener lowers Carbon Footprint
- Lower maintenance cost
- High level of customization – "I want what I want!"
- Move in ready – (not really)

Source: LATTER & BLUM Research Division

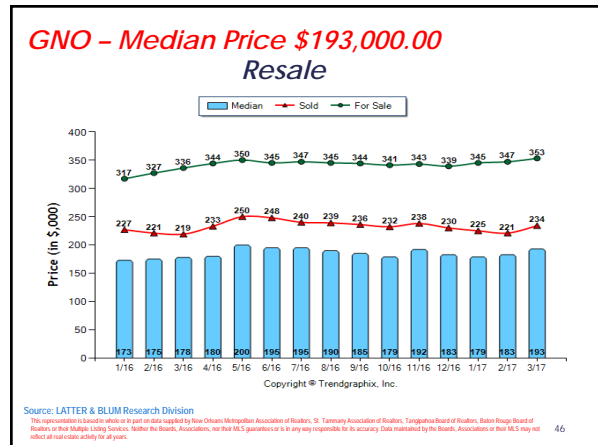
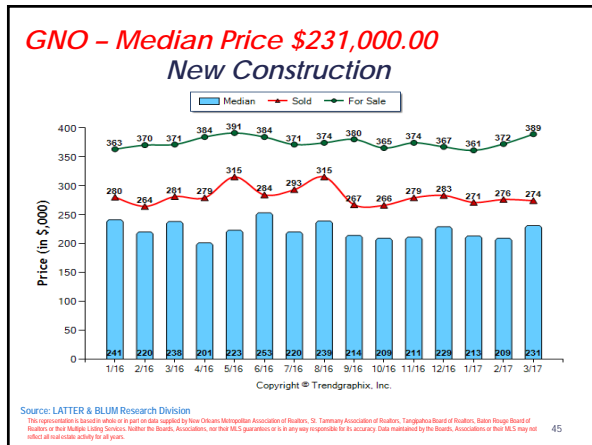
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Why Resale?

- Purchase premium – 20% (base cost)
- Delayed availability – 6-12 months to build
- Expense of window treatments
- Expense of lawn & landscaping & fencing irrigation
- Potentially more upfront costs to finance
- Move twice

Source: LATTER & BLUM Research Division

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GNO – Median Price

New Construction	Resale
\$231,000.00	\$193,000.00
\$38,000.00 Premium +20%	
(2015 - \$102,000.00 Premium - 58%)	

Source: LATTER & BLUM Research Division

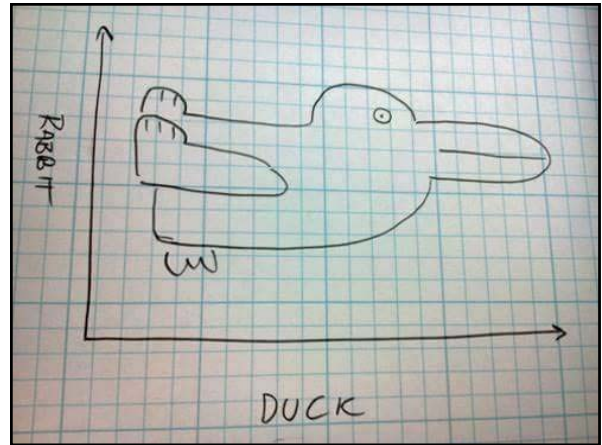
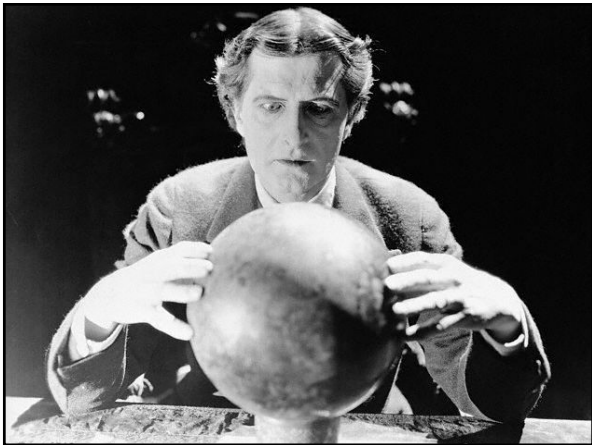
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General Observations...

- Orleans parish new construction two specific areas:
 - Condo/Townhomes - Repurposed commercial buildings and ground up new construction
 - Single Family Homes - Strong scattered lots single family home construction tending to higher end at 75% -100% higher than the median
- Northshore, River Parishes, Westbank: New single family homes construction is inline with median price +20% the median level has dropped from 2015.

So where is the market headed...?

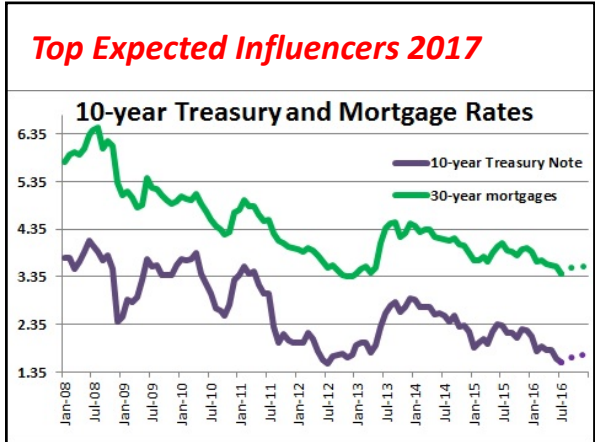


The market is transitioning....



Top Expected Influencers 2017

- Interest Rates



Top Expected Influencers 2017

Mortgage Rates – Nominal Increase Big Impact
 3.5% to “only” 5% is a 42% increase in cost of financing... And still be significantly below 30 year rolling average home Mortgage Rate.

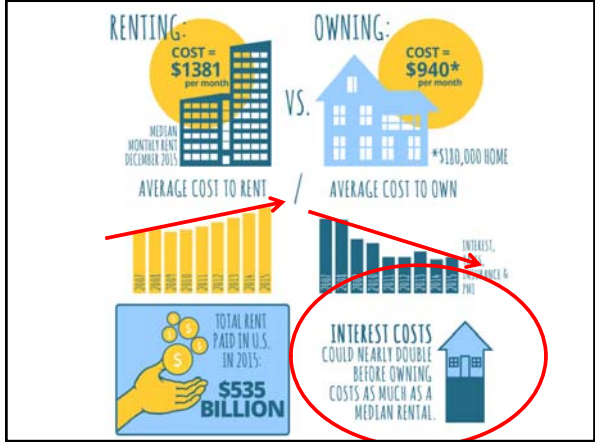
3.5% to “only” 6% is a 71% increase!

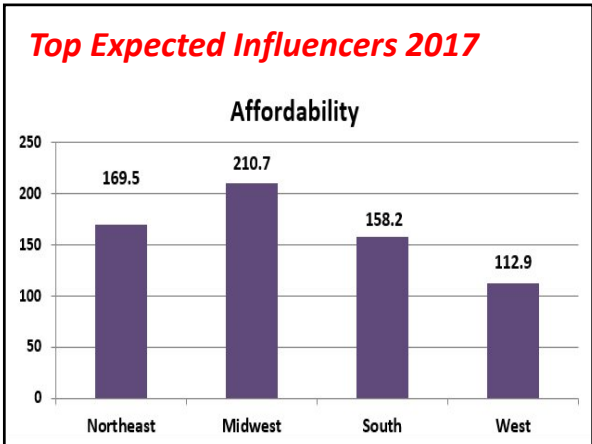
Top Expected Influencers 2017

- Mortgage Interest Rates – will rise up, but not substantially enough to curtail the activity...yet!
- The Fed
- Its not rate it’s “the increase” that matters

Top Expected Influencers 2017

- Interest Rates
- Pent Up Demand & Affordability





- Top Expected Influencers 2017**
- Interest Rates
 - Pent Up Demand
 - Consumer & CEO Confidence

- Top Expected Influencers 2017**
- CEO Confidence**
- *The Conference Board Measure of CEO Confidence™ - now reads 68, up from 65 in the final quarter 2016*
 - *Caused by a political clearing and optimism on jobs, improving economy, global outlook, improving manufacturing numbers and optimism in oil & gas*

- Top Expected Influencers 2017**
- Interest Rates
 - Pent Up Demand
 - Consumer & CEO Confidence
 - Jobs layoffs
 - Oil & Gas Prices & Investments

- Latter & Blum Companies are cautiously optimistic...**
- Opportunities – 1st time buyers, pent up demand & household creation
 - Threats - jobs, mtg rates, MID, inventory shortage
 - Non-events - GSE reform & election
- Forecast**
- Closed sales volume up 6%
 - 50% units & 50% price
- Budgets**
- Based on “Flat Market Performance”



Thank you!

Rick Haase, President
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