

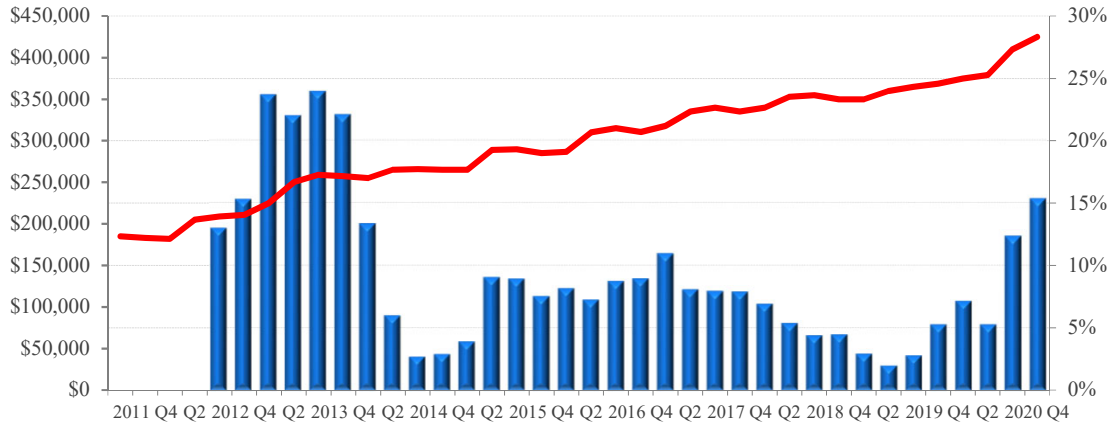
# Miami-Fort Lauderdale-West Palm Beach Area

## Local Market Report, Fourth Quarter 2020

including the impact of COVID-19 on the local economy

### Today's Market...

**Median Price (Red Line) and One-year Price Growth**



Local Price Trends			
Price Activity	Miami	U.S.	Local Trend
Current Median Home Price (2020 Q4)	\$425,000	\$311,000	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2020 Q4)	15.3%	14.2%	
3-year (12-quarter) Appreciation (2020 Q4)	26.9%	26.1%	
3-year (12-quarter) Housing Equity Gain*	\$90,000	\$64,433	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$167,500	\$114,100	
9-year (36 quarters) Housing Equity Gain*	\$242,000	\$148,667	

\*Note: Equity gain reflects price appreciation only

	Miami	U.S.	
<b>Conforming Loan Limit**</b>	\$510,400	\$765,600	Not all buyers have access to government-backed financing in this market
<b>FHA Loan Limit</b>	\$373,750	\$765,600	
<b>Local Median to Conforming Limit Ratio</b>	83%	not comparable	

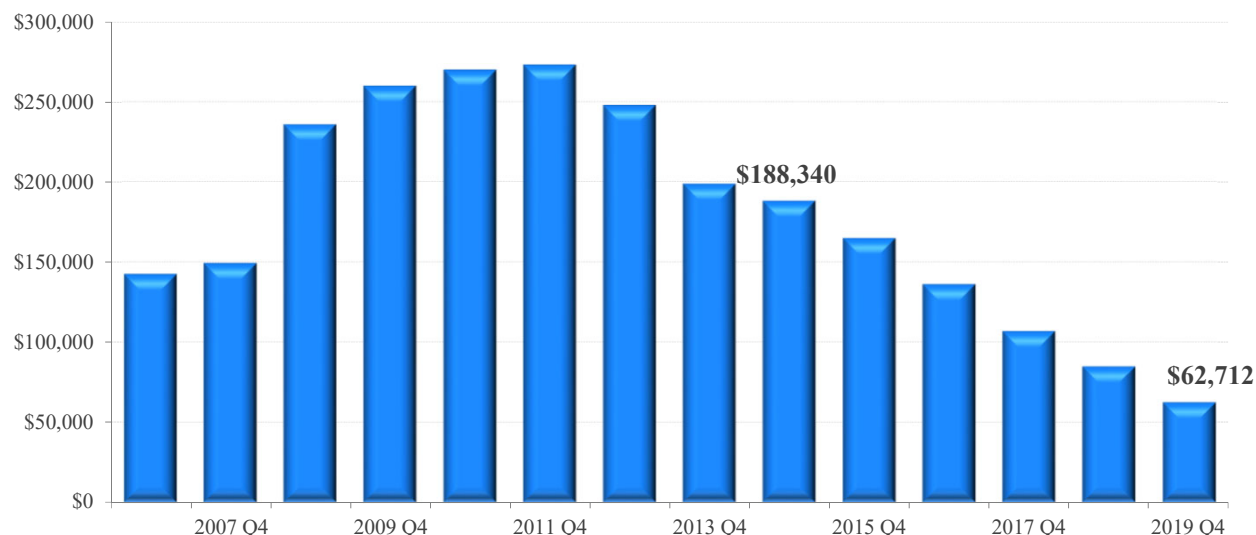
Note: limits are current and include the changes made on January 1st 2020.

#### Local NAR Leadership

The Miami-Fort Lauderdale-West Palm Beach market is part of region 5 in the NAR governance system, which includes all of Georgia, Florida, Alabama, Mississippi, Virgin Islands, and Puerto Rico. The 2021 NAR Regional Vice President representing region 5 is Andrew Barbar.

## Benefits of Ownership: Total Equity Appreciation

### Total Equity Accrued to Owner by Year and Quarter of Purchase



### Total Equity Gained\*\* through 2020 Q4 from quarter in which home was of purchased

Price Activity	Miami	U.S.	Local Trend
1-year (4-quarter)	\$62,712	\$43,291	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$106,984	\$76,934	
5-year (20-quarter)*	\$165,137	\$109,705	
7-year (28 quarters)*	\$198,804	\$138,037	
9-year (36 quarters)*	\$273,052	\$176,211	

\*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity

# Drivers of Local Supply and Demand...

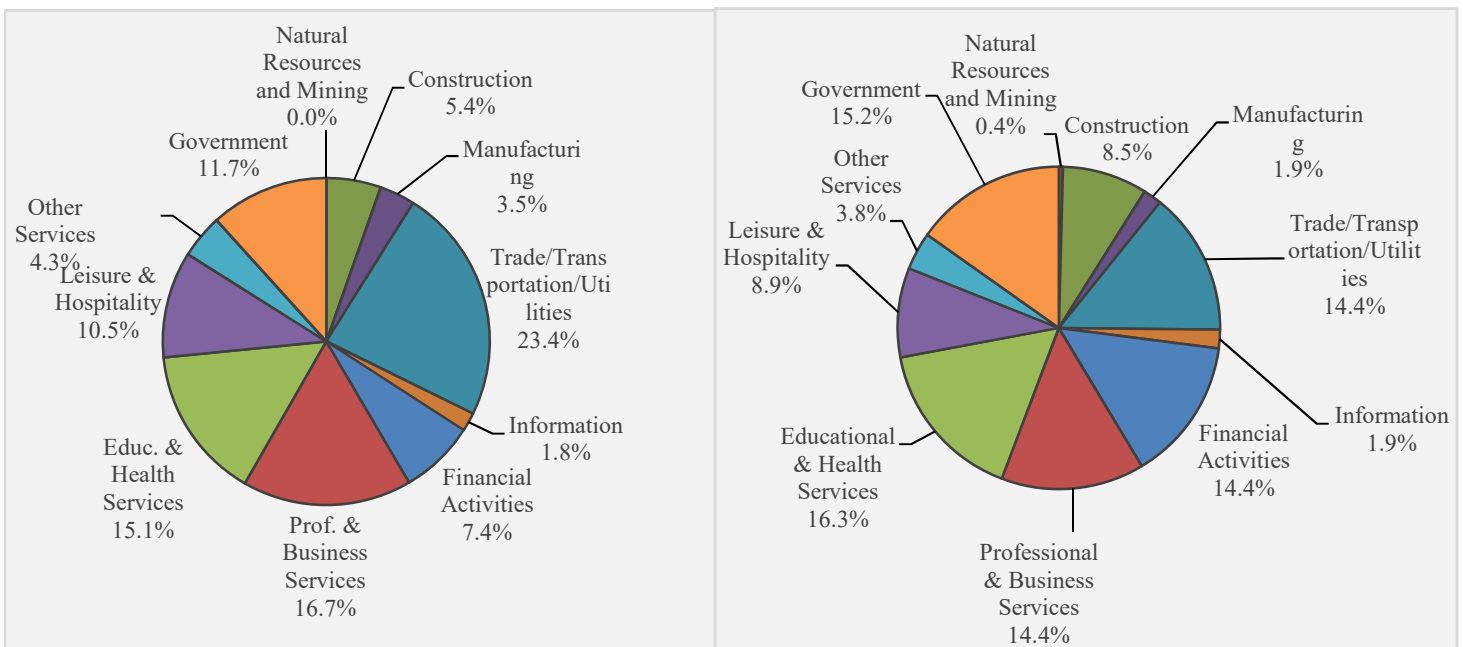


Local Economic Outlook	Miami	U.S.	
12-month Job Change (Dec)	-171,300	Not Comparable	Job losses are a problem and will weigh on demand, but layoffs are declining, a trend that could help buyer confidence
12-month Job Change (Nov)	-173,700	Not Comparable	
36-month Job Change (Dec)	-103,400	Not Comparable	Unemployment has risen since the same period last year, but Miami's labor market has been more resilient than the national average
Current Unemployment Rate (Dec)	6.7%	6.7%	
Year-ago Unemployment Rate	2.2%	3.6%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	-6.2%	-5.8%	

## Share of Total Employment by Industry

Miami-Fort Lauderdale-West Palm Beach Area

U.S.



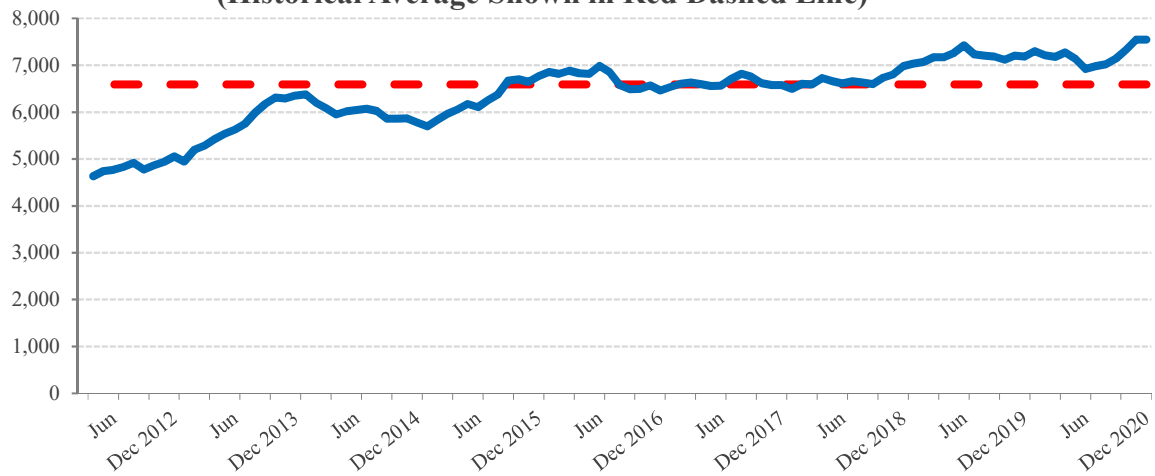
### 12-month Employment Change by Industry in the Miami-Fort Lauderdale-West Palm Beach Area (Dec - 2020)

Goods Producing	NA	Information	-3,500
Natural Resources/Mining/Construction	NA	Financial Activities	200
Natural Resources and Mining	0	Prof. & Business Services	-19,300
Construction	-5,300	Educ. & Health Services	-24,400
Manufacturing	-500	Leisure & Hospitality	-62,800
Service Providing Excluding Government	NA	Other Services	-9,600
Trade/Transportation/Utilities	-27,000	Government	-21,500

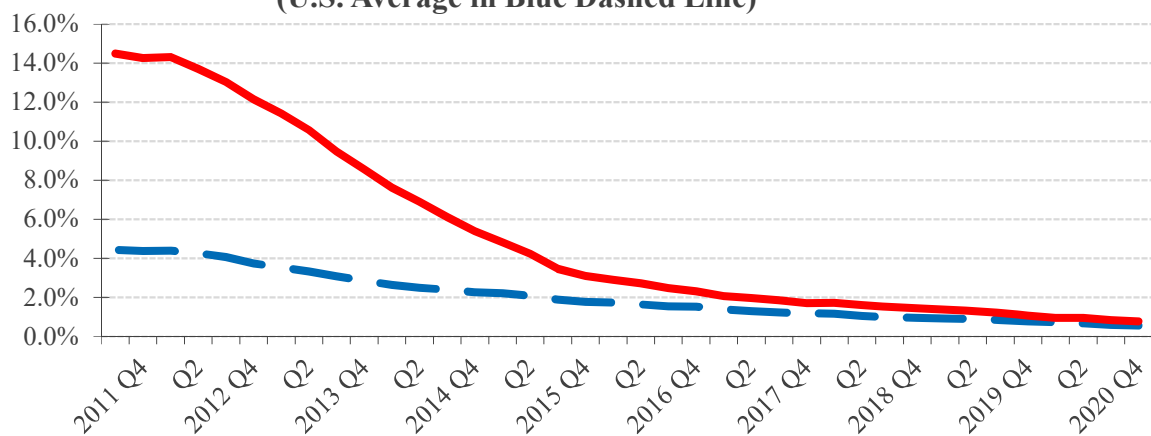
State Economic Activity Index	Florida	U.S.	
12-month change (2020 - Dec)	-2.2%	-4.4%	The economy of Florida is still in recession, but improved modestly from last month's -2.46% change
36-month change (2020 - Dec)	5.7%	1.0%	

<b>New Housing Construction</b>			
<b>Local Fundamentals</b>	<b>Miami</b>	<b>U.S.</b>	
12-month Sum of 1-unit Building Permits through Dec 2020	7,915	not comparable	The current level of construction is 20.1% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	6,588	not comparable	Production above trend for an extended period of time could cause prices to moderate as inventory is built up.
Single-Family Housing Permits (Dec 2020) 12-month sum vs. a year ago	8.4%	14.5%	Construction is on the rise relative to last year, suggesting that the local inventory has stabilized

**Construction: 12-month Sum of Local Housing Permits**  
(Historical Average Shown in Red Dashed Line)

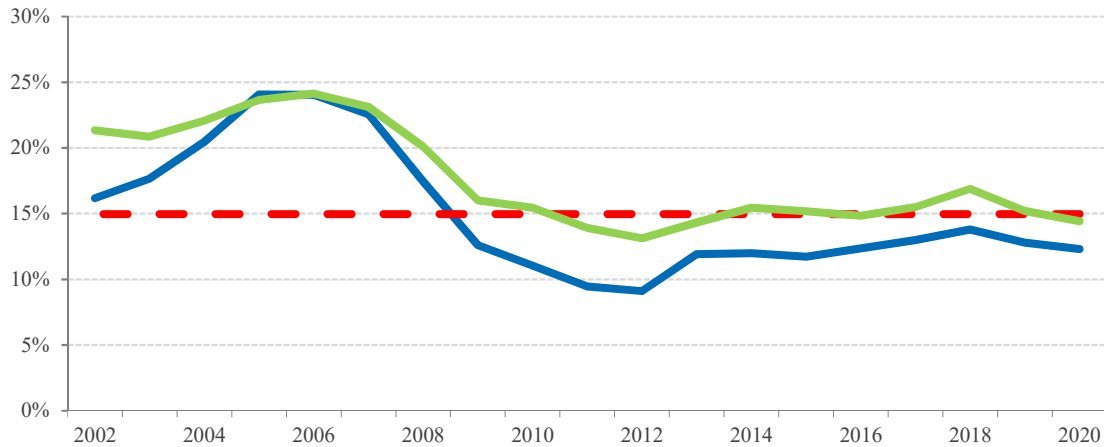


**State Total Foreclosure Rate vs. U.S Average**  
(U.S. Average in Blue Dashed Line)



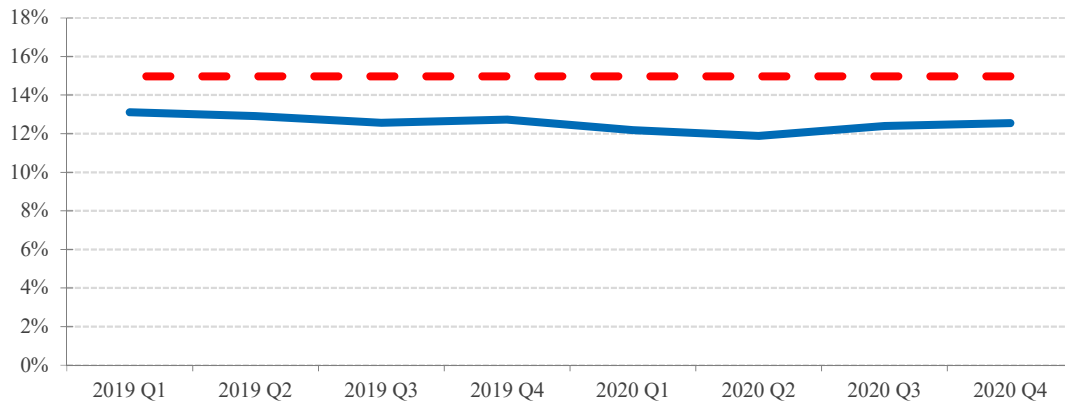
# Affordability

**Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income**  
(Local Historical Average Shown in Red, U.S. Average in Green)

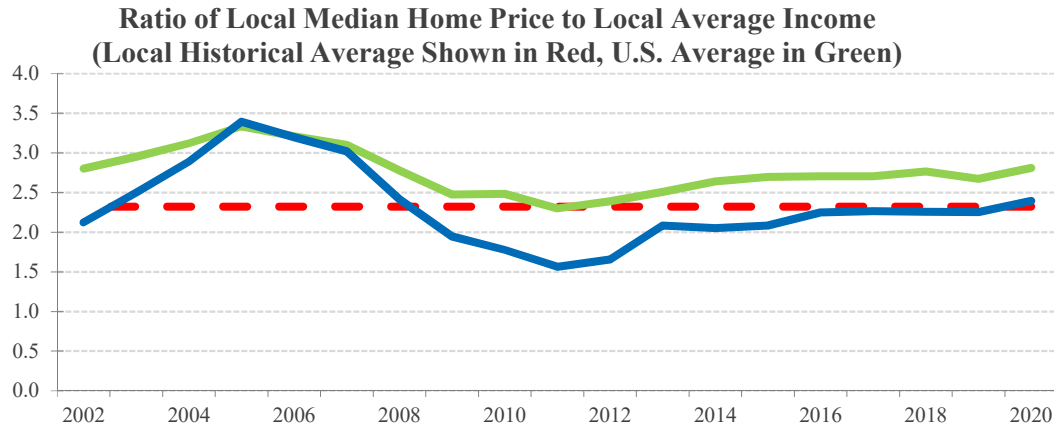


Monthly Mortgage Payment to Income	Miami	U.S.	
Ratio for 2020	12.3%	14.4%	Historically strong, but weaker than the third quarter of 2020
Ratio for 2020 Q4	12.5%	13.7%	
Historical Average	15.0%	18.0%	More affordable than most markets

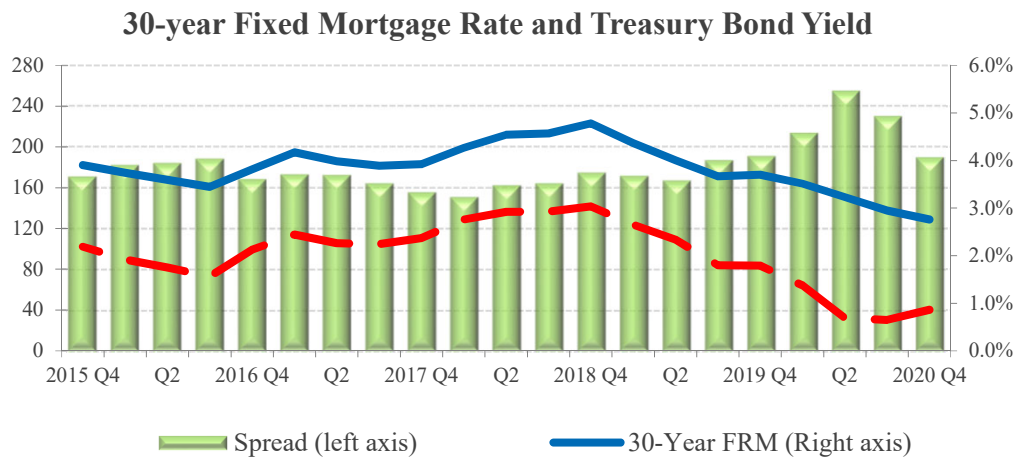
**Recent Trend - Local Mortgage Servicing Cost to Income**  
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Miami	U.S.	
Ratio for 2020	2.4	2.8	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2020 Q4	2.6	2.8	
Historical Average	2.3	2.7	Affordable compared to most markets



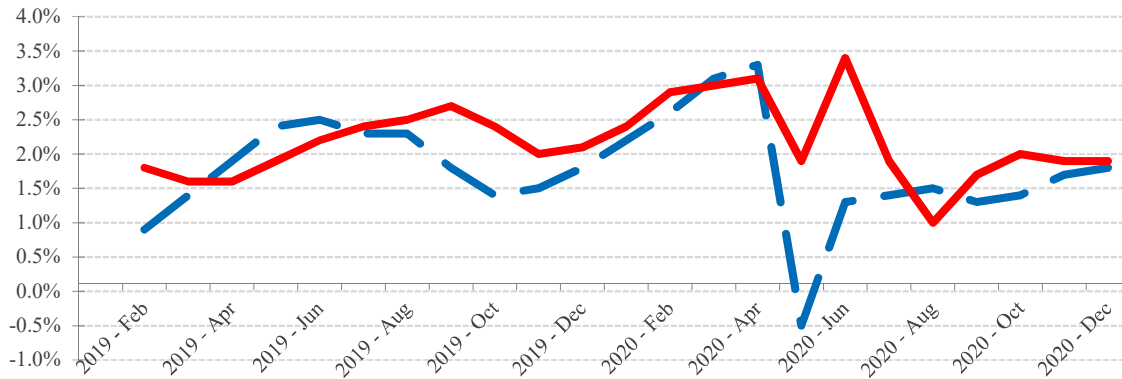
## The Mortgage Market



In the fourth quarter of the year, the 30-year fixed rate hit an all-time low, as investors were skeptical about the recovery of the economy from the pandemic. According to the mortgage finance provider Freddie Mac, the 30-year fixed rate mortgage dropped to 2.76 percent in Q4 2020 from 3.70 percent a year earlier. However, mortgage rates are expected to rise in 2021. As COVID-19 vaccine becomes widely available and additional policy support is on track, the re-opening of businesses will likely put upward pressure to prices. Following the trend of the 10-year Treasury yield, mortgage rates will also increase, but only slightly. NAR is forecasting the 30-year mortgage rate to average 3.0% for the first half of 2021.

# REALTOR® Price Expectations

**REALTOR® Price Expectations for the Next 12 Months**  
(U.S. Average in Blue Dashed Line)



Source: NAR

REALTOR® Price Expectations	Florida	U.S.	
2020 - Dec	2.5%	2.0%	REALTORS® expect higher price growth in Florida than in the U.S. in the next 12 months. However, their price expectations for the local market are more modest than a year ago.
Prior 12 months	2.9%	2.6%	

## Geographic Coverage for this Report

The Miami area referred to in this report covers the geographic area of the Miami-Fort Lauderdale-West Palm Beach metro area as officially defined by the Office of Management and Budget of the U.S. Government. The official coverage area includes the following counties:

Broward County, Miami-Dade County, and Palm Beach County

More information on the OMB's geographic definitions can be found at [https://obamawhitehouse.archives.gov/omb/bulletins\\_default/](https://obamawhitehouse.archives.gov/omb/bulletins_default/)