

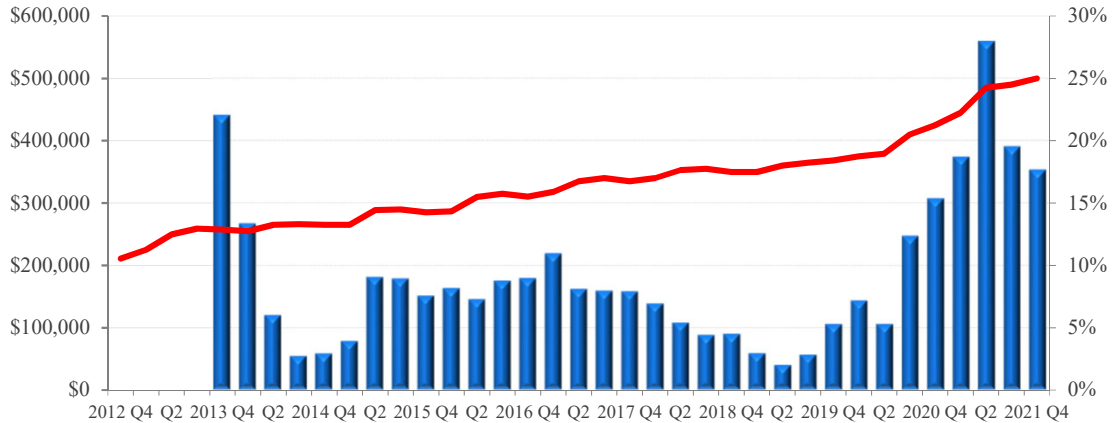
# Miami-Fort Lauderdale-West Palm Beach Area

## Local Market Report, Fourth Quarter 2021

reflecting 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 (2021 Q4)	\$500,000	\$353,800	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2021 Q4)	17.6%	13.8%	
3-year (12-quarter) Appreciation (2021 Q4)	42.9%	38.3%	
3-year (12-quarter) Housing Equity Gain*	\$150,000	\$98,067	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$235,000	\$146,167	
9-year (36 quarters) Housing Equity Gain*	\$289,000	\$174,967	

\*Note: Equity gain reflects price appreciation only

	Miami	U.S.	
<b>Conforming Loan Limit**</b>	\$647,200	\$765,600	Not all buyers have access to government-backed financing in this market
<b>FHA Loan Limit</b>	\$460,000	\$765,600	
<b>Local Median to Conforming Limit Ratio</b>	77%	not comparable	

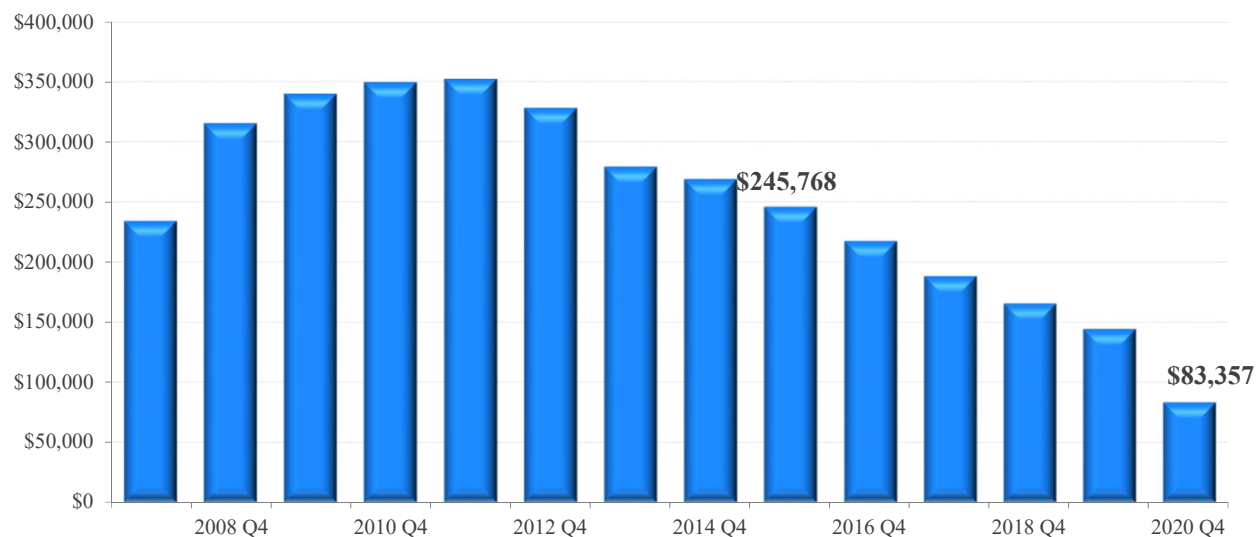
Note: limits are current and include the changes made on January 1st 2022.

#### 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 2022 NAR Regional Vice President representing region 5 is Ryan Brashear.

## Benefits of Ownership: Total Equity Appreciation

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



#### Total Equity Gained\*\* through 2021 Q4 from quarter in which home was of purchased

Price Activity	Miami	U.S.	Local Trend
1-year (4-quarter)	\$83,357	\$48,965	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$165,487	\$109,264	
5-year (20-quarter)*	\$217,236	\$140,475	
7-year (28 quarters)*	\$268,741	\$172,064	
9-year (36 quarters)*	\$327,806	\$207,324	

\*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...

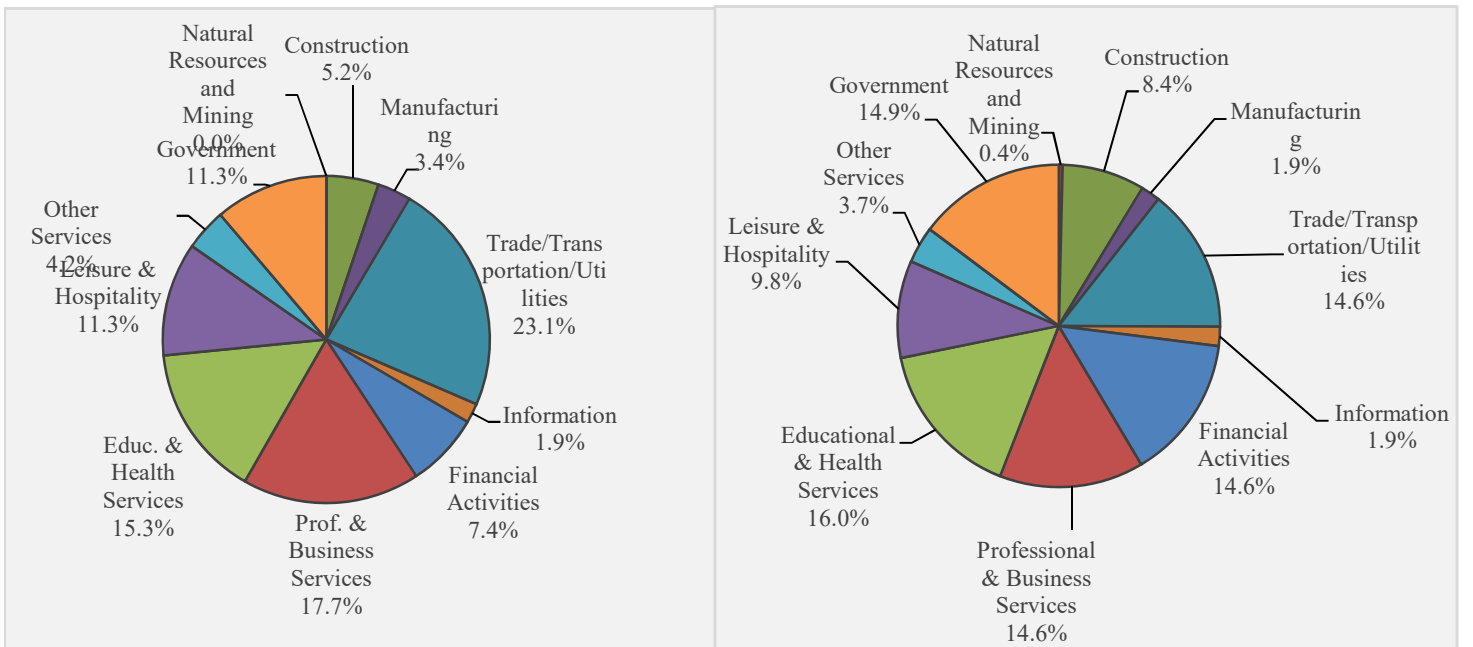


Local Economic Outlook	Miami	U.S.	
12-month Job Change (Dec)	164,000	Not Comparable	Employment growth has eased, but remains positive
12-month Job Change (Nov)	166,500	Not Comparable	
36-month Job Change (Dec)	20,000	Not Comparable	Miami's unemployment situation is worse than the national average and weighs on confidence
Current Unemployment Rate (Dec)		3.9%	
Year-ago Unemployment Rate	5.6%	6.7%	Local employment growth is strong compared to other markets
1-year (12 month) Job Growth Rate	6.3%	3.6%	

## Share of Total Employment by Industry

Miami-Fort Lauderdale-West Palm Beach Area

U.S.



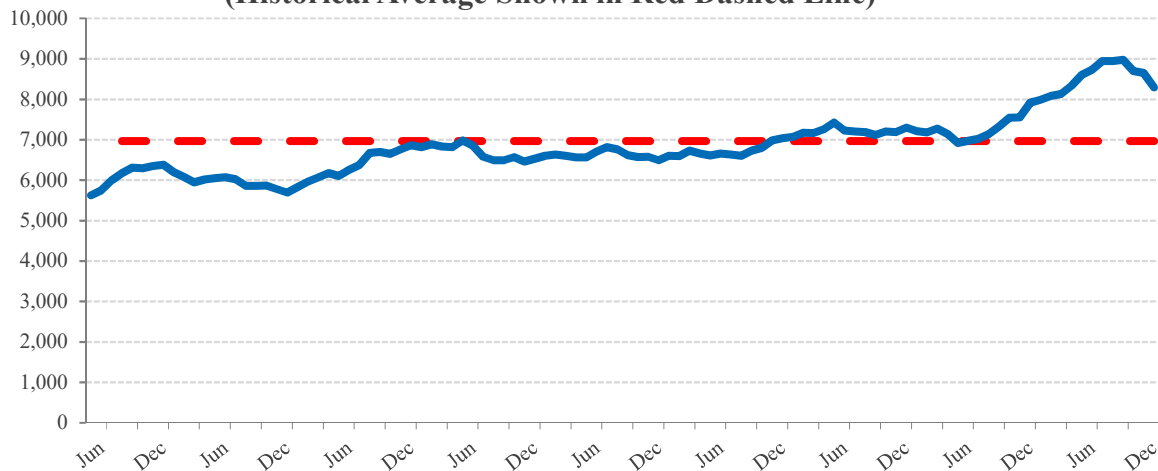
### 12-month Employment Change by Industry (Dec - 2021)

Goods Producing	NA	Information	5,200
Natural Resources/Mining/Construction	NA	Financial Activities	9,600
Natural Resources and Mining	100	Prof. & Business Services	31,700
Construction	1,600	Educ. & Health Services	11,400
Manufacturing	2,600	Leisure & Hospitality	49,600
Service Providing Excluding Government	NA	Other Services	5,800
Trade/Transportation/Utilities	34,900	Government	800

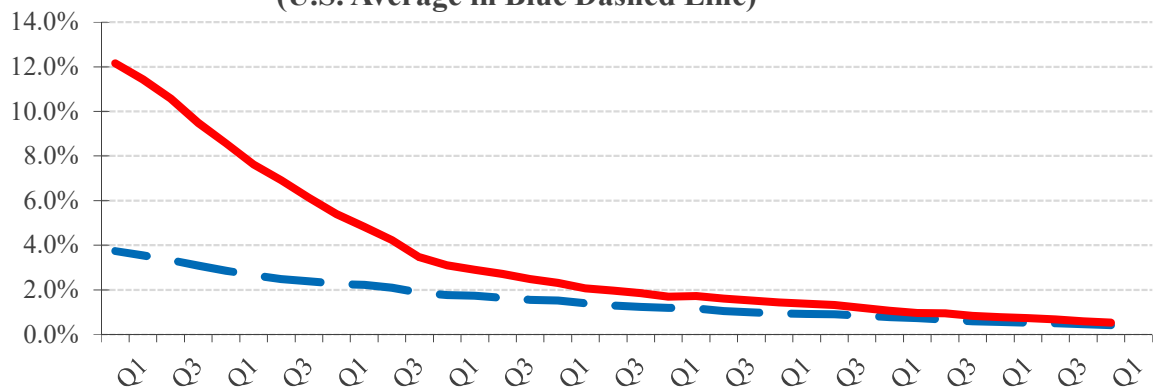
State Economic Activity Index	Florida	U.S.	
12-month change (2021 - Dec)	9.6%	6.2%	The economy of Florida has outpaced the rest of the nation and improved modestly from last month's 8.58% change
36-month change (2021 - Dec)	NA	4.1%	

New Housing Construction			
Local Fundamentals	Miami	U.S.	
12-month Sum of 1-unit Building Permits through Dec	8,294	not comparable	The current level of construction is 19.1% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	6,965	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) 12-month sum vs. a year ago	4.8%	13.9%	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)

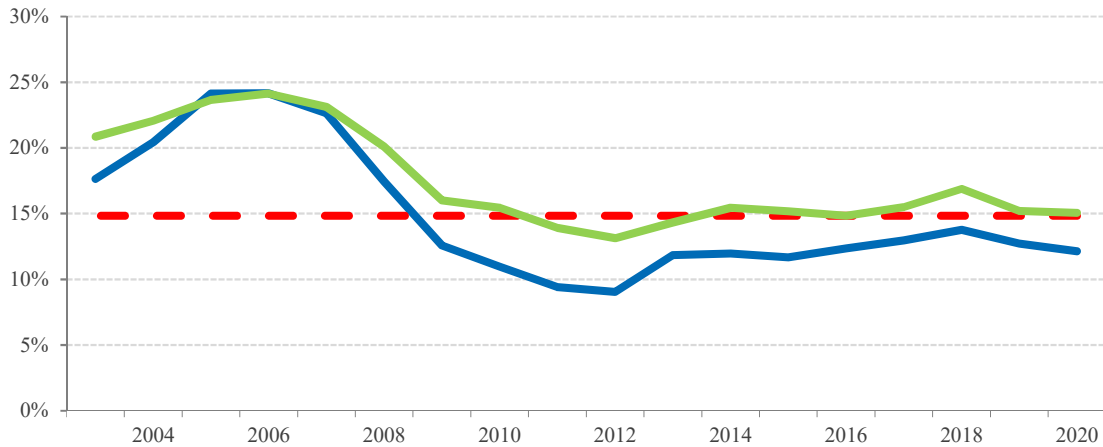


**State Total Foreclosure Rate vs. U.S Average**  
(U.S. Average in Blue Dashed Line)



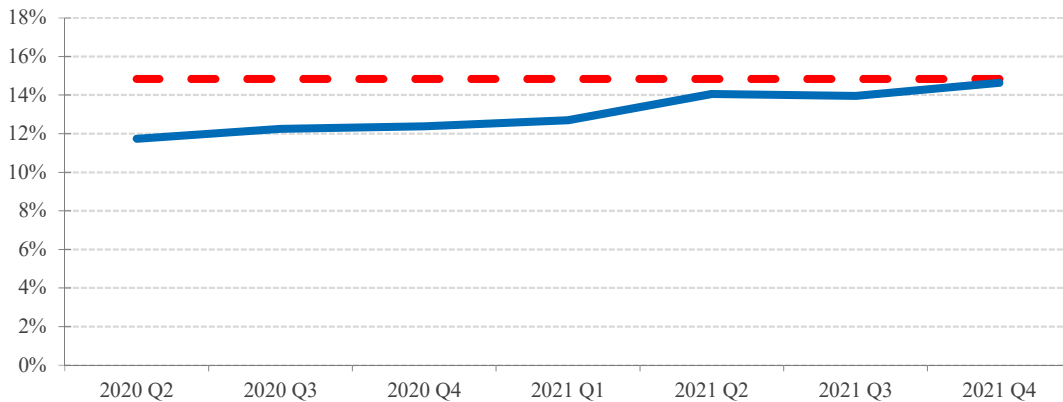
# Affordability

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

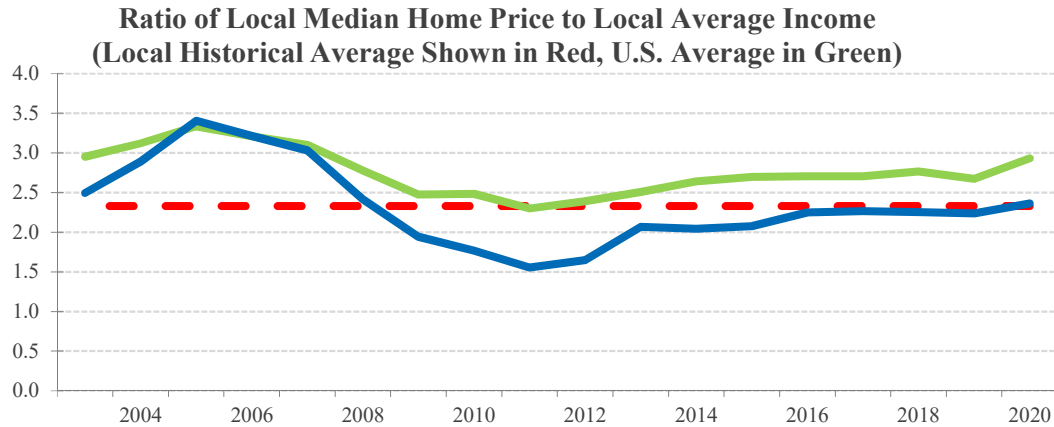


Monthly Mortgage Payment to Income	Miami	U.S.	
Ratio for 2021	13.8%	16.7%	Historically strong, but weaker than the third quarter of 2021
Ratio for 2021 Q4	14.6%	16.3%	
Historical Average	14.8%	18.1%	More affordable than most markets

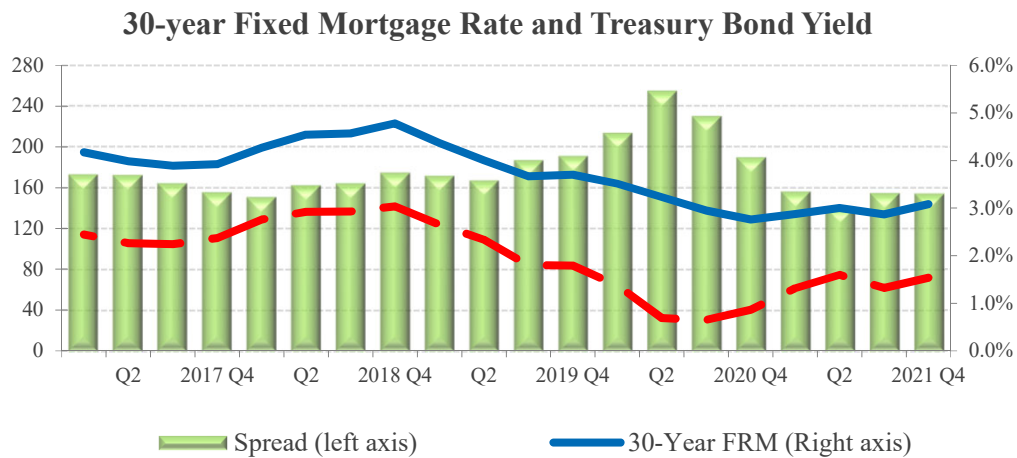
**Recent Trend - Local Mortgage Servicing Cost to Income**  
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Miami	U.S.	
Ratio for 2021	2.7	3.3	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2021 Q4	2.9	3.2	
Historical Average	2.4	2.7	Affordable compared to most markets



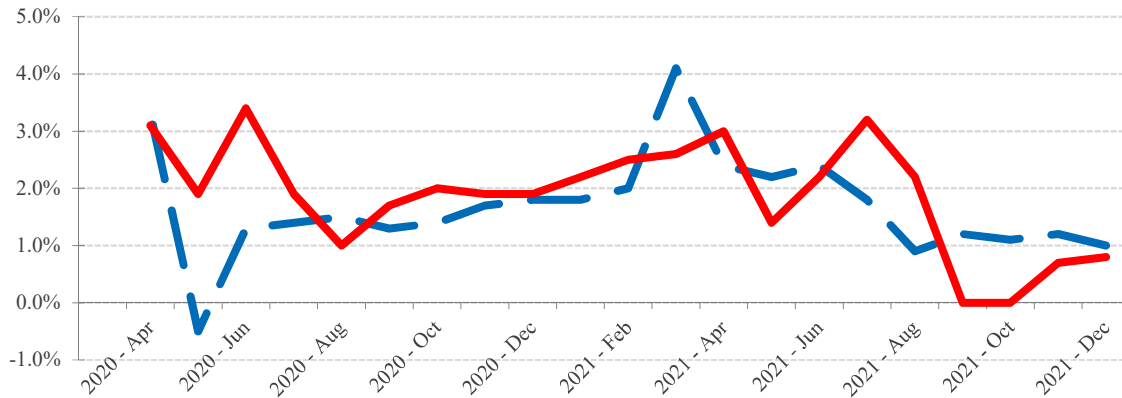
## The Mortgage Market



At the end of year, mortgage rates continued to remain near 3 percent as investors were concerned about the impact of Omicron variant on the economy. Nevertheless, rates were higher than a year ago. According to the mortgage finance provider Freddie Mac, the 30-year fixed mortgage rate rose to 3.08 percent in Q4 2021 from 2.76 percent a year earlier. Meanwhile, the outlook is for mortgage rates to rise even further. With elevated inflation, the Fed will likely raise short-term interest rates as soon as March. Although the Fed doesn't set up mortgage rates, Fed's actions have a ripple effect. A higher rate for banks tends to make borrowing more expensive for consumers affecting eventually long-term interest rates (such as 10-year Treasury bond). While mortgage rates typically follow the trend of the 10-year Treasury yield, the rate on the conventional 30-year mortgage also tends to rise. As a result, mortgage rates will move up in the first quarter of 2022. NAR forecasts the 30-year fixed mortgage rate to hover around 4.5 percent in mid-2022.

# 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.	
2021 - Dec	3.5%	3.5%	REALTORS® expect weaker price growth in Florida than in the U.S. in the next 12 months although their local expectations are higher than a year ago.
Prior 12 months	2.5%	2.0%	

## 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/)