

REAL ESTATE

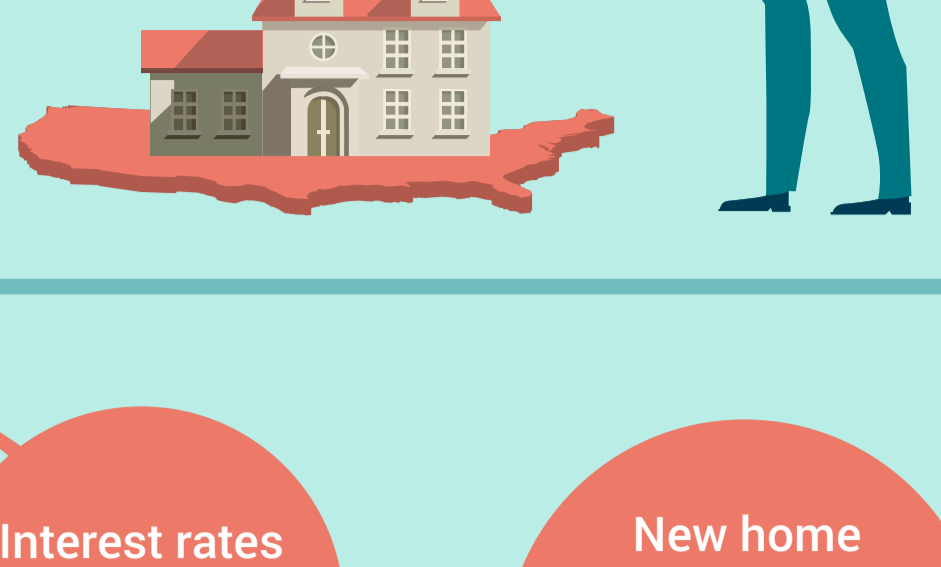
MARKET IN 2017

What You Need to Know

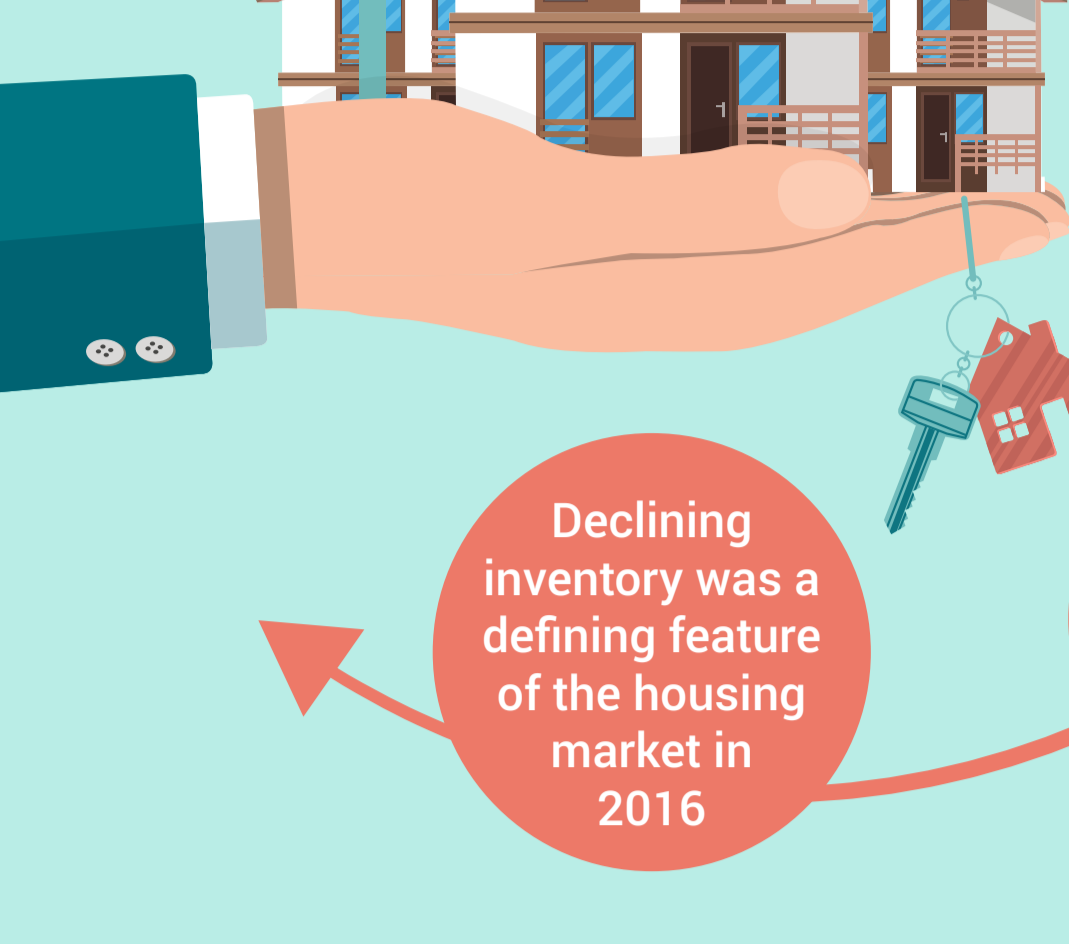


The US real estate market has been experiencing a long upturn that began with the recovery and stabilization following the housing market collapse in 2007.

All signs point to the US real estate market sustaining its momentum throughout 2017, with the industry grappling with how to capitalize on a growing domestic economy, and yet manage mounting uncertainty and complexity, including a new Trump presidency, potential tax reform, and rising interest rates.^[1]



REAL ESTATE IN 2016^[2,3]



Interest rates remained near historical lows

New home sales for the year 2016 were at the strongest level since 2007

2016 was the best year for the housing market since the financial crisis

Data from the National Association of Realtors showed that in 2016, existing home sales were at the strongest level since 2006

Declining inventory was a defining feature of the housing market in 2016

Mortgage rates remained historically low

Millennials are beginning to buy homes, they were not doing so previously

ISSUES IN REAL ESTATE IN 2017^[4,5]

INTEREST RATES ARE RISING

On December 2016, the Federal Reserve raised its key short-term rate to a range of **0.5%–0.75%** from **0.25%–0.5%** and announced three planned hikes in 2017, a more aggressive approach than expected

Higher rates may impede first-time home buying



Technology is changing how consumers use and interact with commercial real estate, including office space, hospitality, retail, and others, and is therefore impacting real estate company and investor strategies

THE IMPACT OF REGULATORY CHANGE

- The Affordable Care Act and changes to federal tax laws have been the most impactful regulatory changes on real estate businesses
- Given the fundamentally important nature of these regulations, any changes to them in the future may have a significant impact on real estate companies' operations and bottom line

HOUSING AFFORDABILITY AND CREDIT CONSTRAINTS

- Limited for-sale inventory and income stagnation are affecting affordability
- Stringent credit requirements prevent many households from homeownership, increasing demand for rental property

CURRENT AND FUTURE TRENDS IN REAL ESTATE IN 2017^[6,15]

THE MARKET WILL PICK UP AS WINTER ENDS



8.9%

In March 2017, sales growth was up 8.9%, even though the number of homes for sale decreased for the 18th consecutive month

7%

Sales maintained momentum in April, with homes moving 7% more quickly than last year and prices continuing to increase

This was the fastest March for home selling on record since Redfin began tracking this data in 2010, with the typical home going under contract within

49 DAYS

RISING MORTGAGE RATES

The two major political events of 2016 (Brexit and the U.S. election of Donald Trump) set mortgage rates moving in opposite directions

In 2017, experts expect movement, but don't agree on where the **30-year** fixed rate will land

Estimates range from **3.75% to 4.6%** not too far from where it stands today

34.2%

RISING PRICES APPROACHING PRE-RECESSION LEVELS

Nationally, 34.2% of homes have recovered to their pre-recession peak value. The percentage of recovered homes has been climbing at a slow, steady rate of about 5 to 6 percentage points each year

MANY BUYERS, FEWER SELLERS

Total inventory increased in April over last month - an increase that can likely be attributed to seasonal shifts - but remains substantially lower than one year ago

Nearly 525,000 new listings were added to the market in April

Inventory still continues to fall short of buyer demand

Builders are constructing new single family homes more slowly, despite steadily increasing demand

Those in the homebuilding business have cited supply-side factors, like a short supply of skilled labor and increased regulations, as top reasons why they have been slow to meet demand



SUBURBAN LIVING

The next ten years will see "surban" communities attracting the most US households

These suburban neighborhoods offer the allure of both urban and suburban living

Though urban downtowns are experiencing a revival, the suburbs will draw at least 80 percent of new households

Younger families are looking for urban amenities combined with benefits typically associated with the suburbs, like more kid-friendly housing and good schools

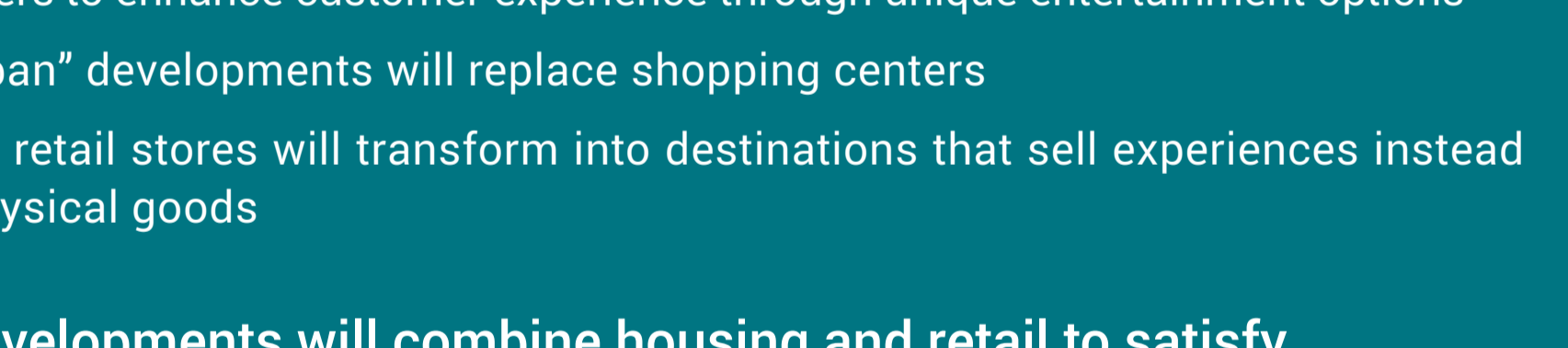
RETAIL REAL ESTATE TRENDS

Class –A malls will continue to thrive

For the past five years, top-tier malls have maintained or increased their rents per square foot, and are projected to continue outperforming class-B and class-C malls in 2017

The retail market is changing with the growth of disruptors like online retailing, on-demand manufacturing, and innovations in speed and mode of delivery (such as same-day delivery and e-lockers)

- Demand for large retail and industrial spaces will decrease, and the lines between these property types will become more blurred



Retail real estate owners will continue to creatively reuse spaces vacated by anchor retailers to enhance customer experience through unique entertainment options

"Surban" developments will replace shopping centers

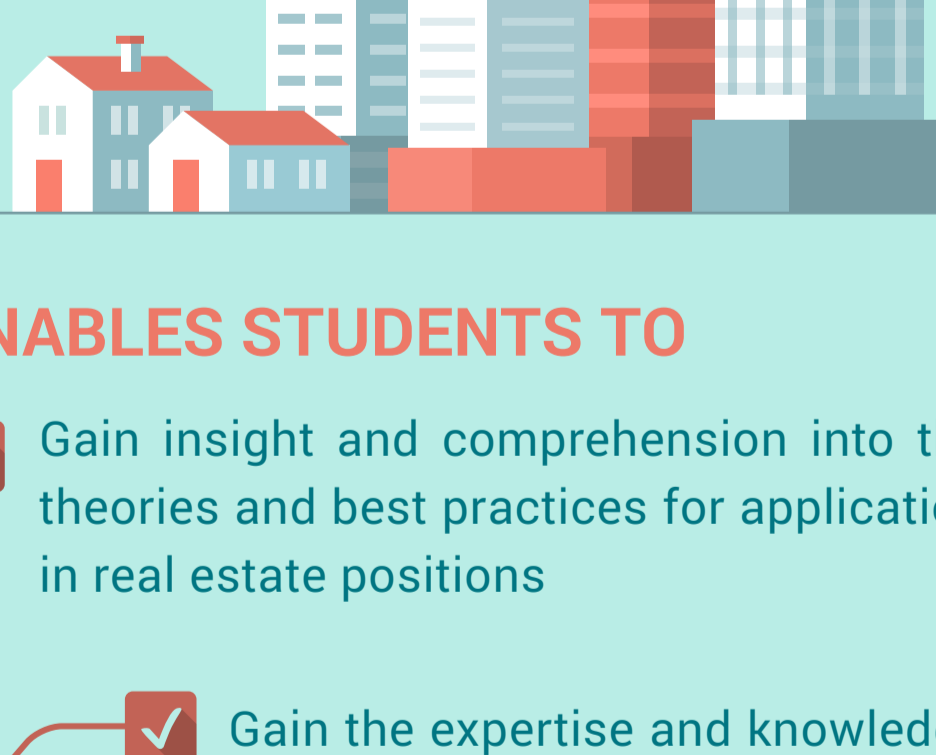
More retail stores will transform into destinations that sell experiences instead of physical goods

More developments will combine housing and retail to satisfy consumer demand for places that offer convenient, car-free shopping

WHY YOU SHOULD PURSUE A DEGREE IN REAL ESTATE^[16-20]

Real estate is one of the most volatile, yet lucrative, industries in the American economy

Careers in a complex field like real estate demand a thorough understanding of finance, analytical thinking, communication, and collaboration skills, which is why real estate degree programs emphasize crucial business and finance concepts for real world application in the field



A DEGREE IN REAL ESTATE ENABLES STUDENTS TO

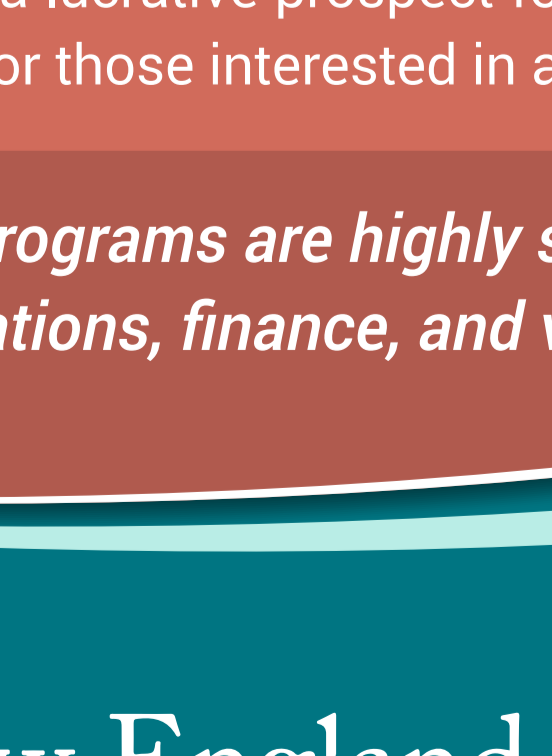
- ✓ Gain insight and comprehension into the theories and best practices for application in real estate positions
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- ✓ Gain the expertise and knowledge needed to succeed in professional management positions in the real estate industry
- ✓ Develop their expertise in areas of project management, research, strategic thinking as they relate to real estate practices
- ✓ Expand their understanding of the global market and the role of a real estate in organizations as a tool for investment and revenue



Graduates with a degree in real estate can become more than just real estate agents. Other opportunities include stockbrokers, financial service sales agents, personal financial advisors, insurance sales agents, and real estate appraisers.

The average reported starting salary of real estate graduates is \$44,559 with a mid-career salary of

\$76,593



That's more than the median annual wage for real estate sales agents which was

\$44,090
in May 2016

The housing market has stabilized since the Great Recession, and the real estate sector is expected to grow slowly but steadily through 2024. This suggests that earning a real estate degree is a lucrative prospect for professionals currently in the field, as well as for those interested in a dynamic career.

Graduates of real estate programs are highly sought after by employers for their negotiations, finance, and valuation skills.

SOURCES:
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[3] <https://www.forbes.com/sites/samanthasharf/2017/01/03/housing-outlook-2017-eight-predictions-from-the-experts/#2a2a417e7fa0>
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