Real Estate and Economic Outlook

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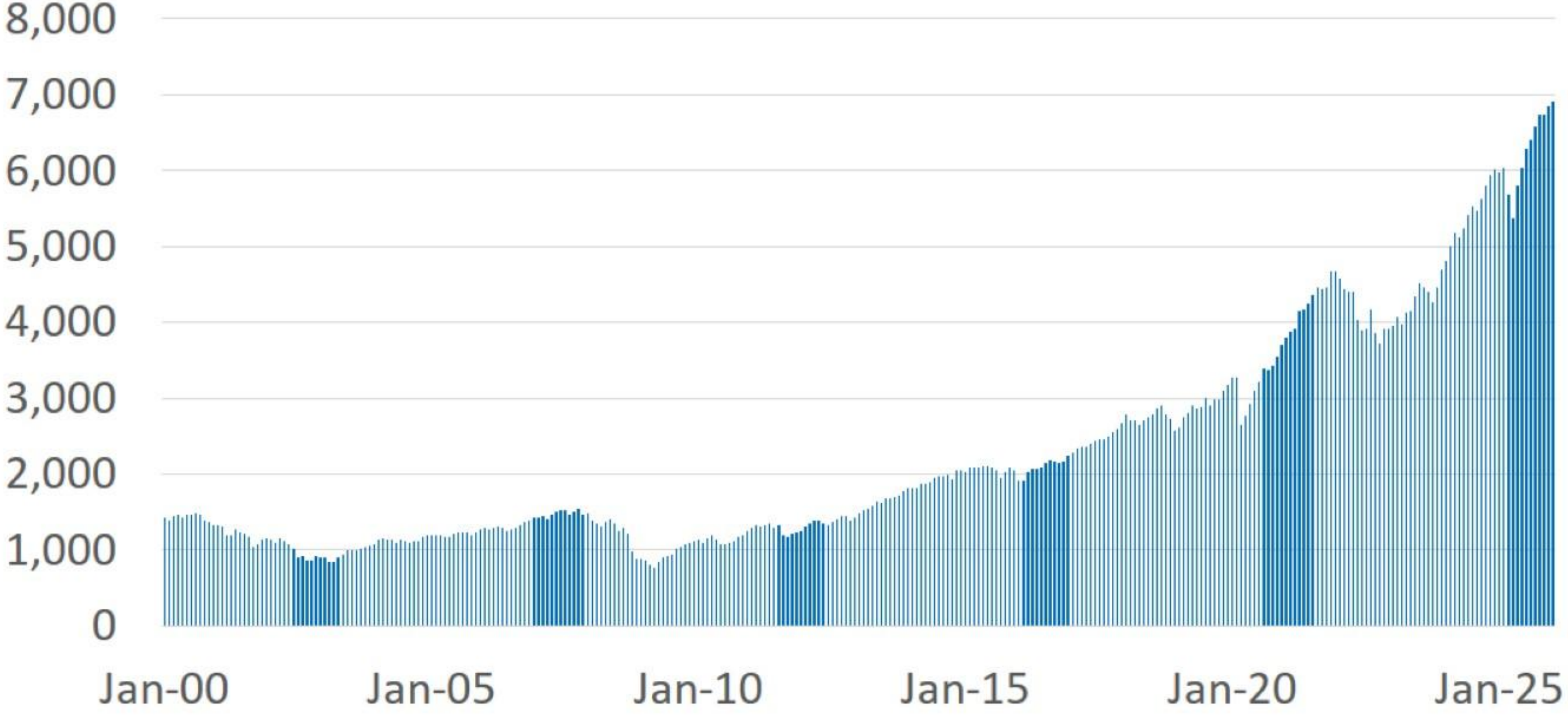
National Association of REALTORS®

Headed to Economic Recession?

- No data to confirm during the Government Shutdown
- Near Record Stock Market Wealth but overvalued?
- Near Record Housing Wealth (appears on solid ground)
- Job Gains were weakening
- Consumers not happy
- Consumers are defaulting on loans
- Greenland related tariff war

Stock Market … S&P 500 Index



Source: Standard & Poor's

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Warren Buffett Ratio … Indicating Very High Valuation
(S&P 500 Market Capitalization to Nominal GDP)

Source: NAR calculation

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Stock Dividend Yield

Source: Standard &Poor's

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Consumer Sentiment (Overall Index)

Source: University of Michigan

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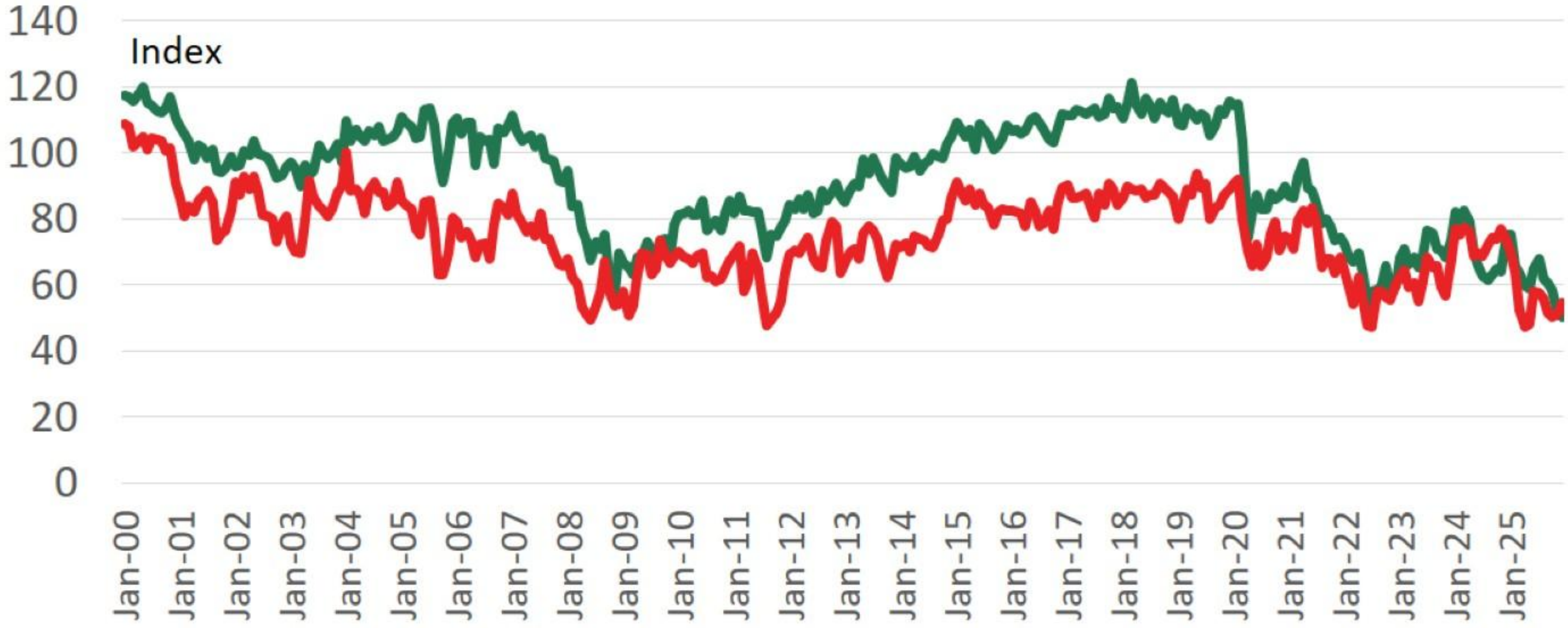
Consumer Sentiment about Future and Present



Source: University of Michigan

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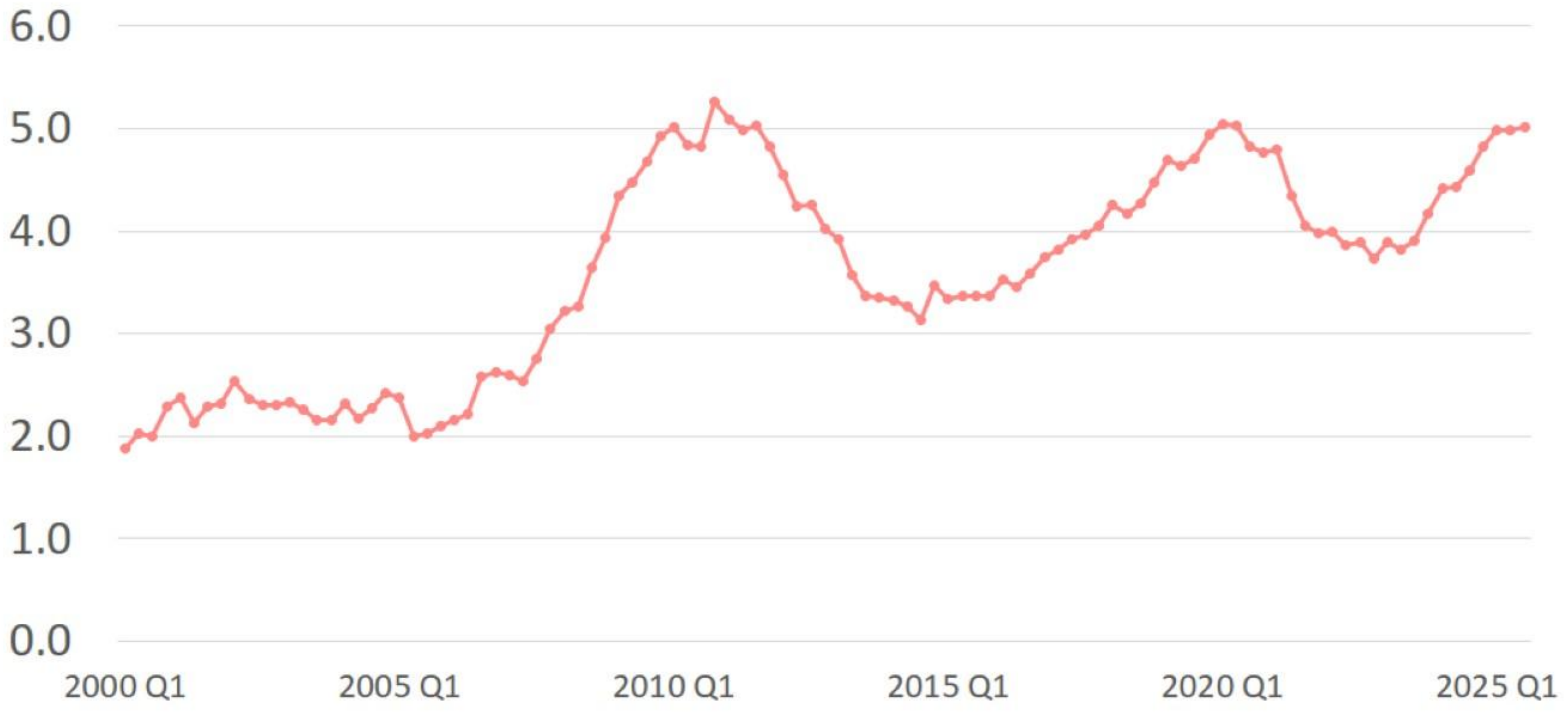
Auto Loan 90+ Days Delinquency



Source: Federal Reserve Bank of NY

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Credit Card 90+ Days Delinquency

Source: Federal Reserve Bank of NY

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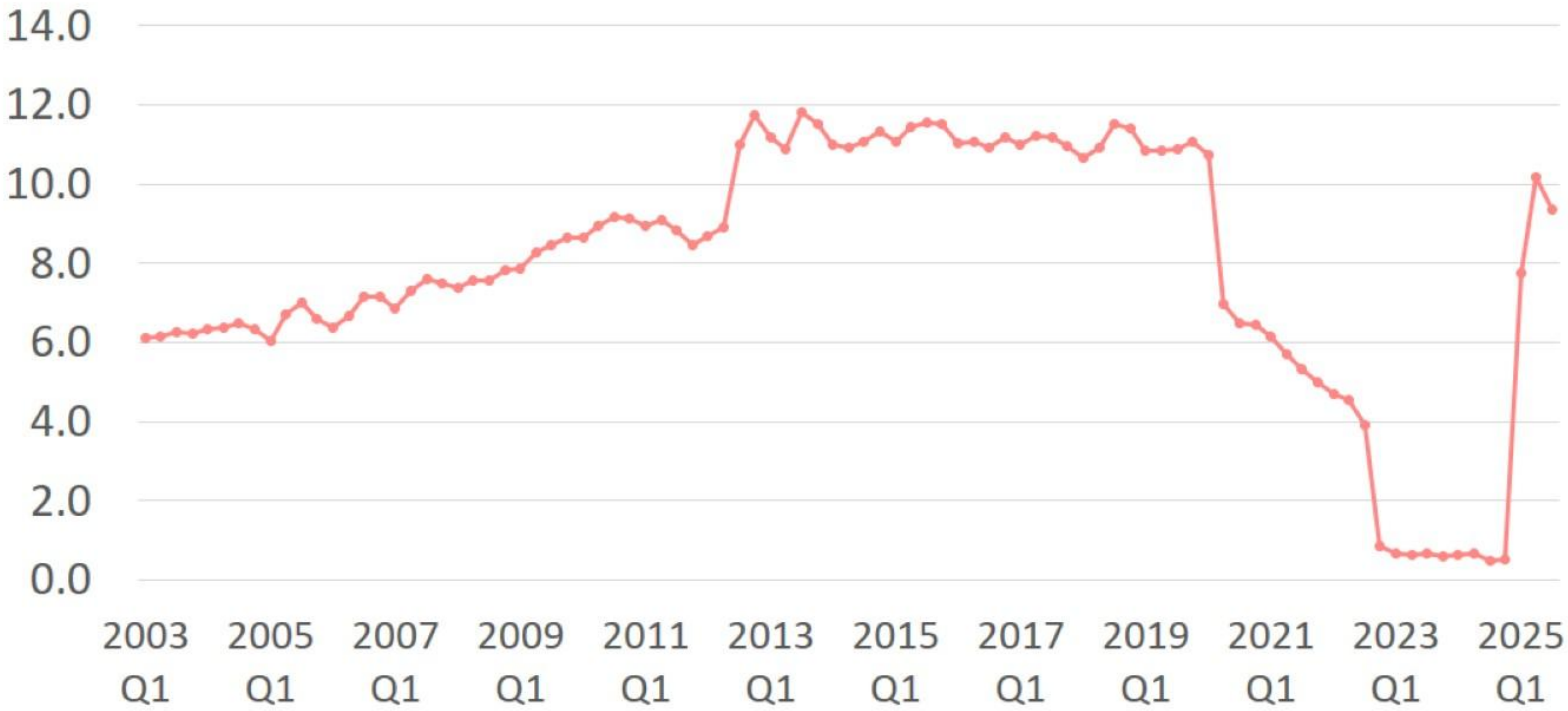
Student Debt 90+ Days Delinquency



Source: Federal Reserve Bank of NY

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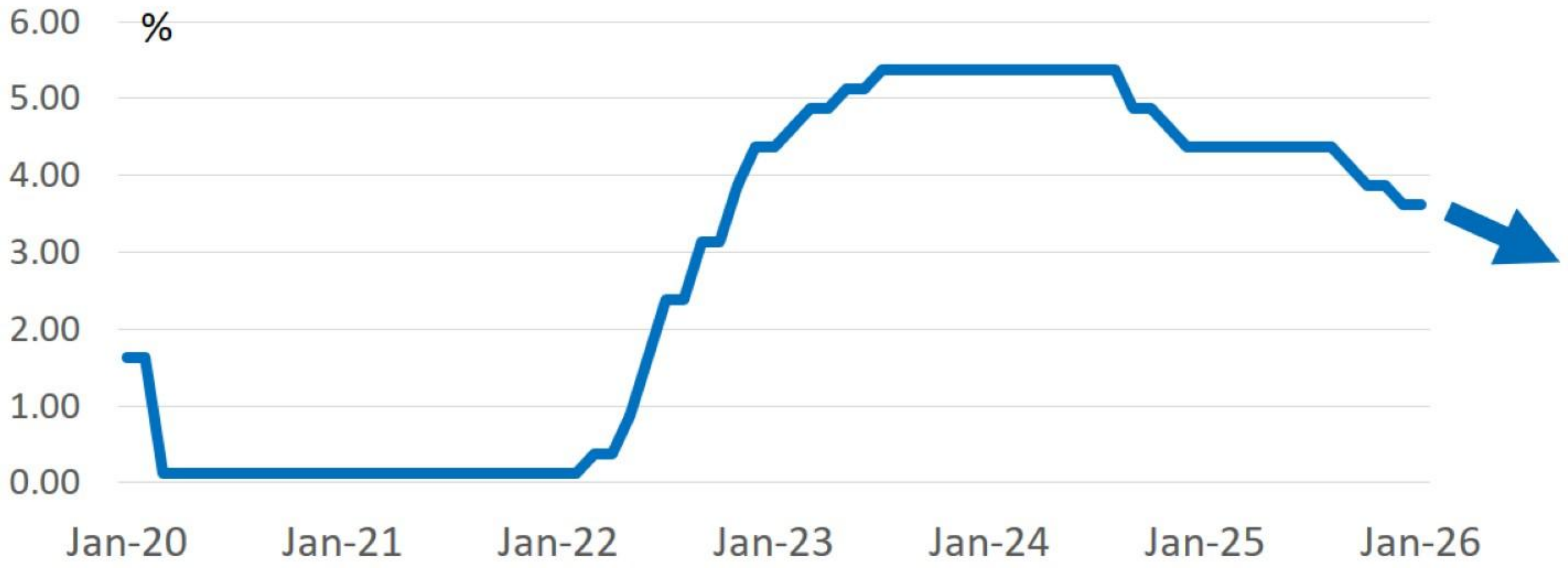
To Avert Economic Stress
Fed Funds Rate getting Cut (blue)



Source: Federal Reserve and Feddie Mac Mortgage Rate

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Impact to Mortgage Rates

- Federal Reserve Rate Cut (on fed funds short-term rate)
- Federal Deficit and National Debt
- Supreme Court on Trump Tariffs ($3 trillion revenue over decade)
- Inflation Rate
- Quantitative Tightening/Easing
  - net buy/sale of mortgage-backed securities by the Fed or GSEs
- Government guarantee (or non-guarantee) on mortgages
- Spread between 30-year Mortgage and 10-year Treasury
- Stock Market Crash

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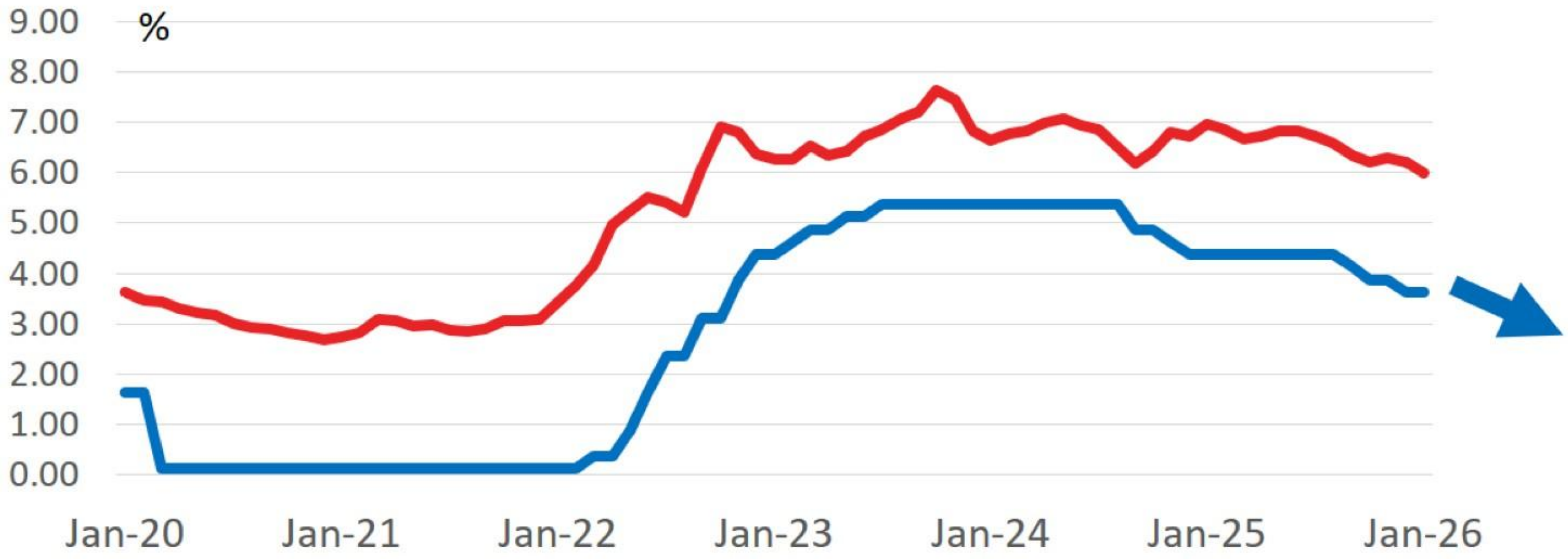
Mortgage Rate (red)
Fed Funds Rate getting Cut (blue)



Source: Federal Reserve and Feddie Mac Mortgage Rate

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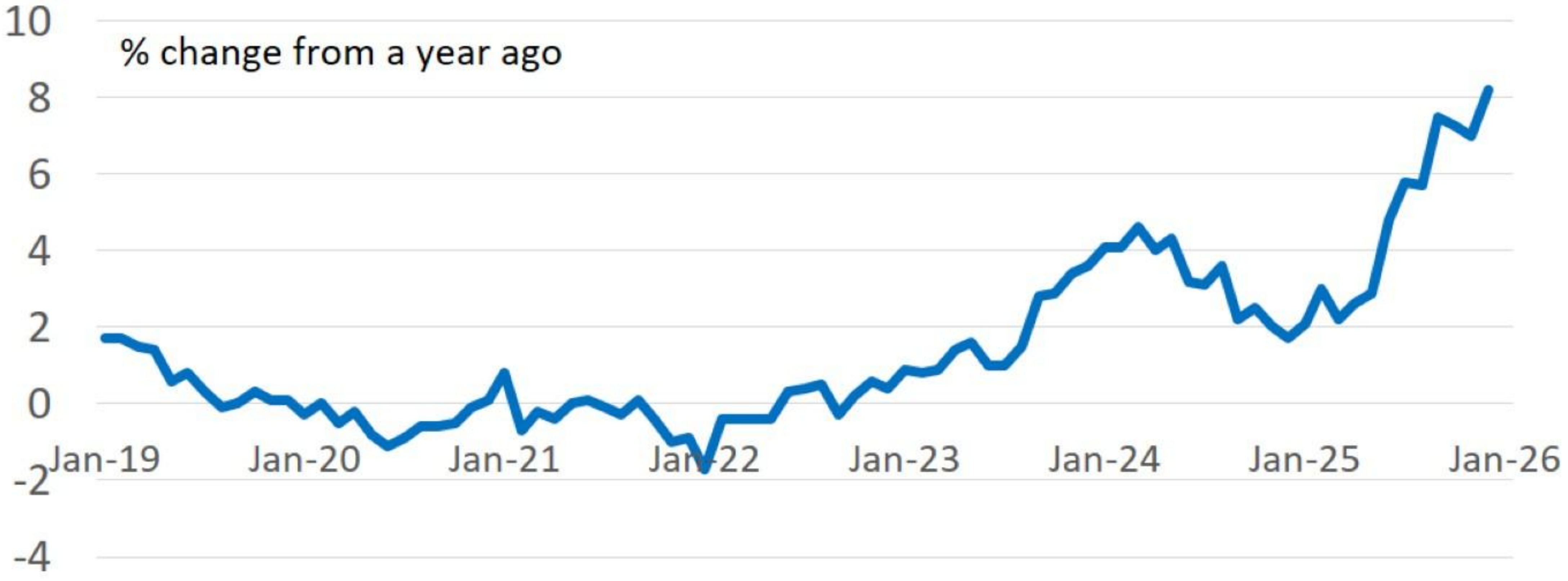
Consumer Price Inflation at 2.7% in December
But still above 2% target

Source: BLS (missing data in Oct. is assumed as midpoint rate of Sep. and Nov.)

Home Insurance Cost Rising at 8%
Tenants' and Household Insurance



Source: BLS (missing data in Oct. is assumed as midpoint rate of Sep. and Nov.)

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Gold Price Reflecting ... Permanently Higher Inflation?

Source: Wall Street Journal (price per troy ounce)

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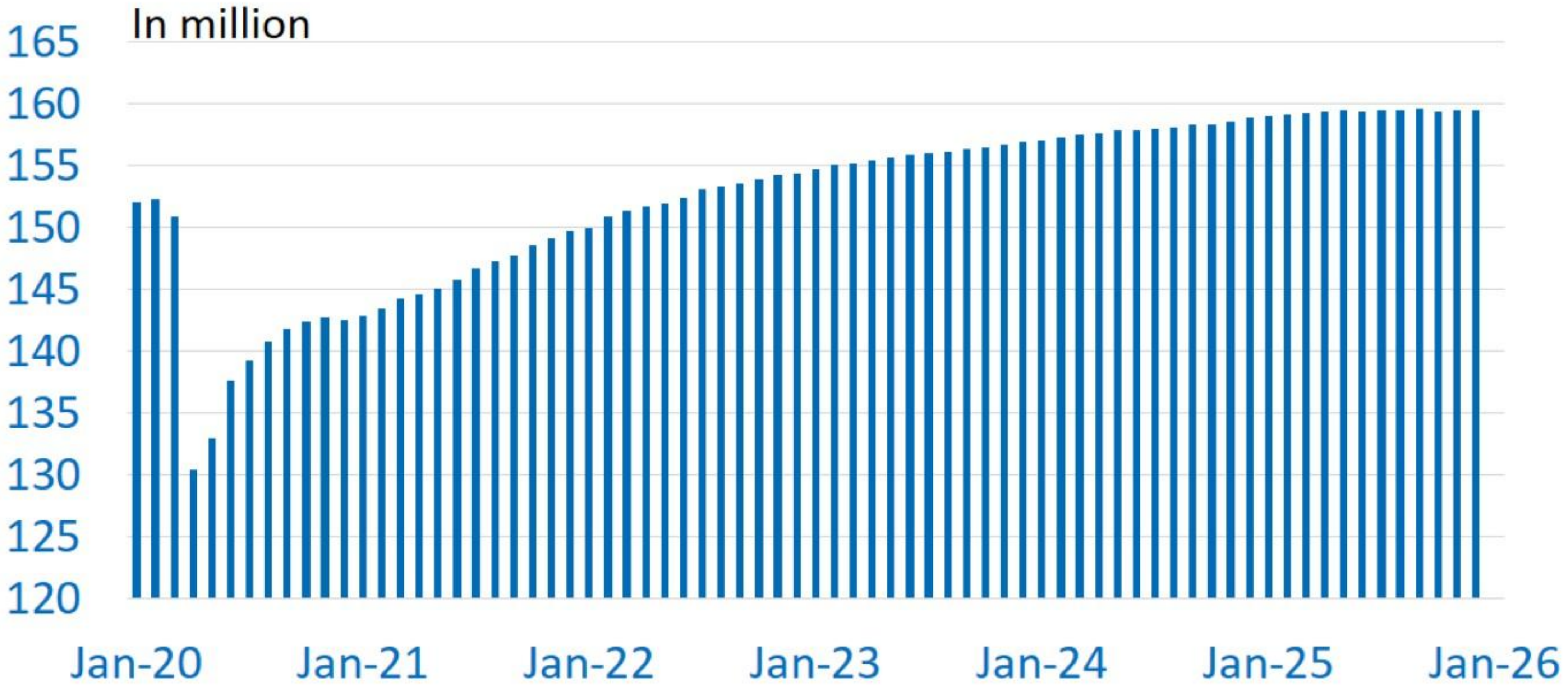
Total Payroll Jobs to December 2025

+7.3 Million More Jobs from Pre-COVID Highs



Source: BLS

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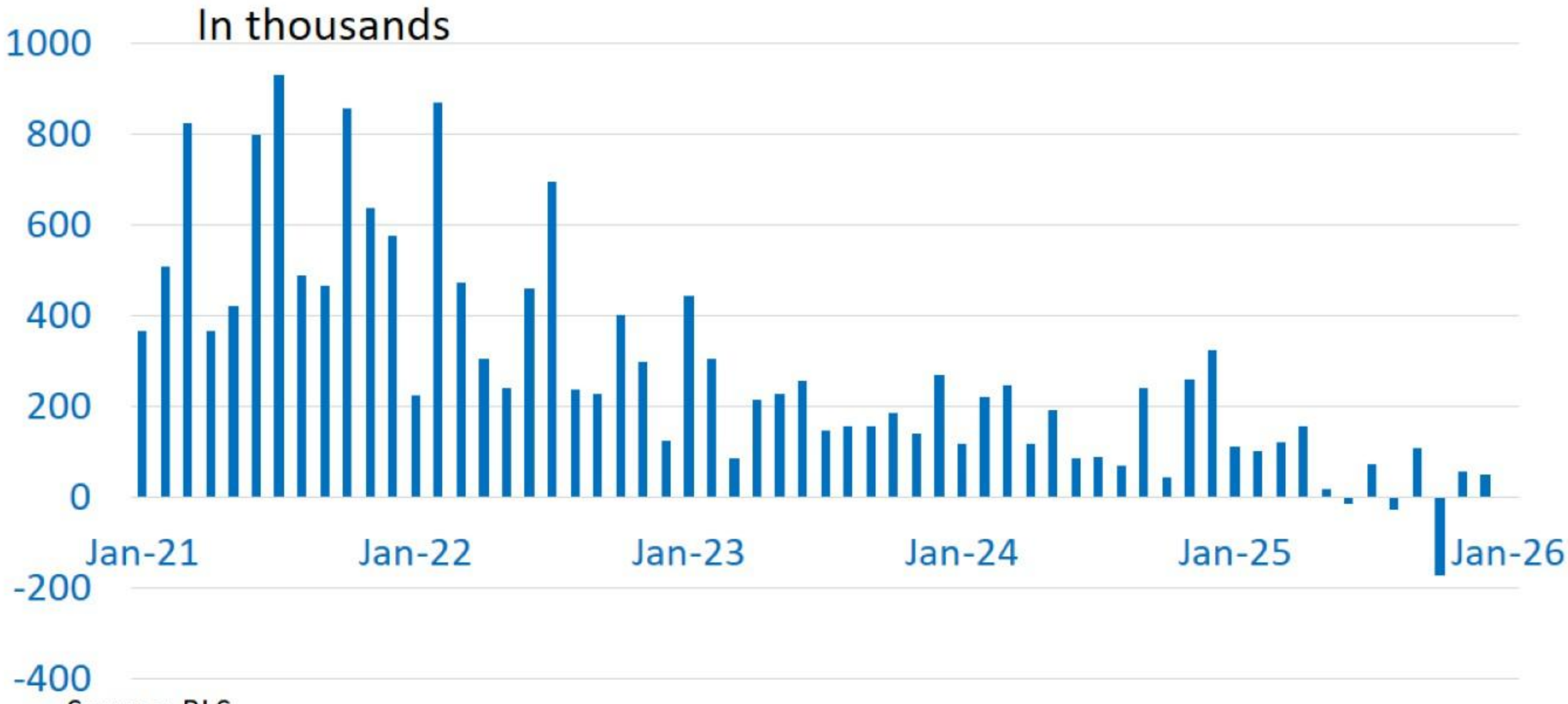
Monthly Net Job Changes
… circling near zero net in recent months



Source: BLS

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Federal Government Jobs

(tumbling down … 268,000 fewer from peak in December 2024)

Source: BLS

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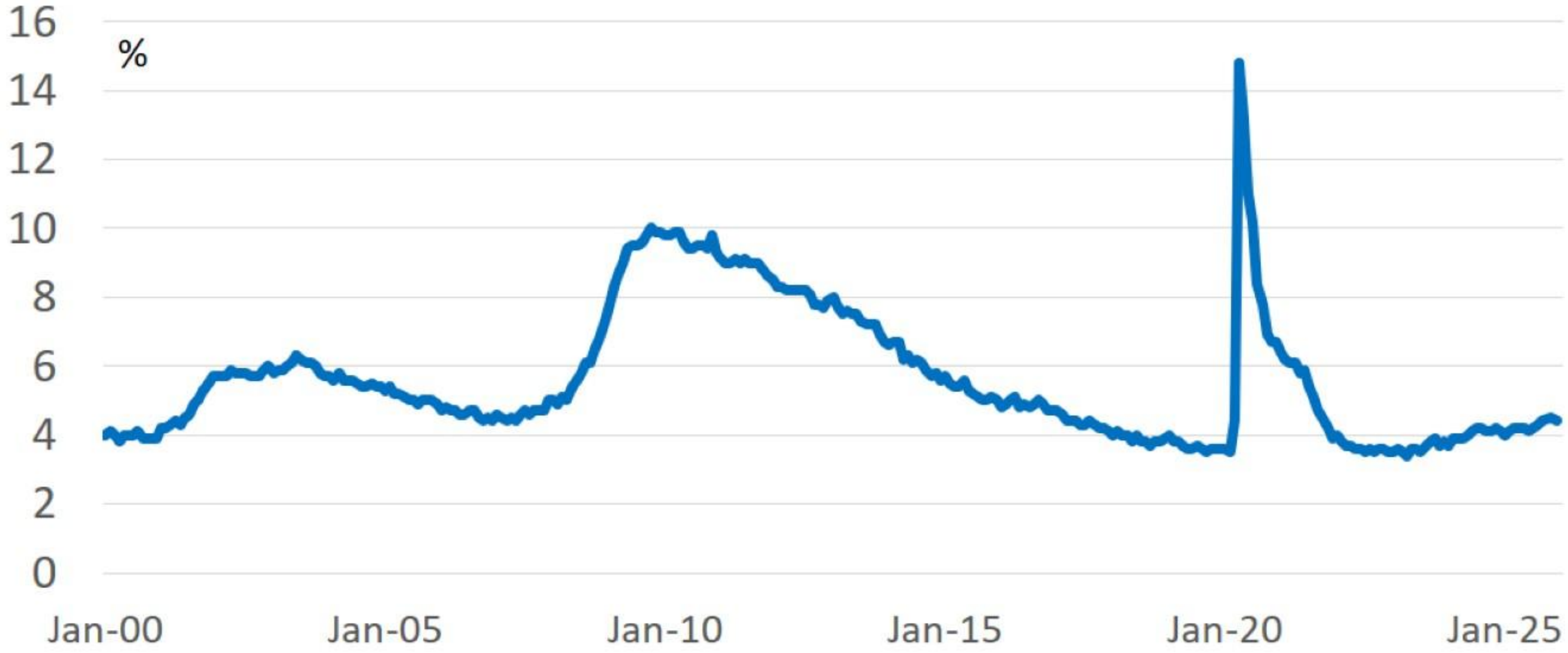
Unemployment Rate of 4.4% as of December



Source: BLS (October data missing but imputed as average of Sep. and Nov.)

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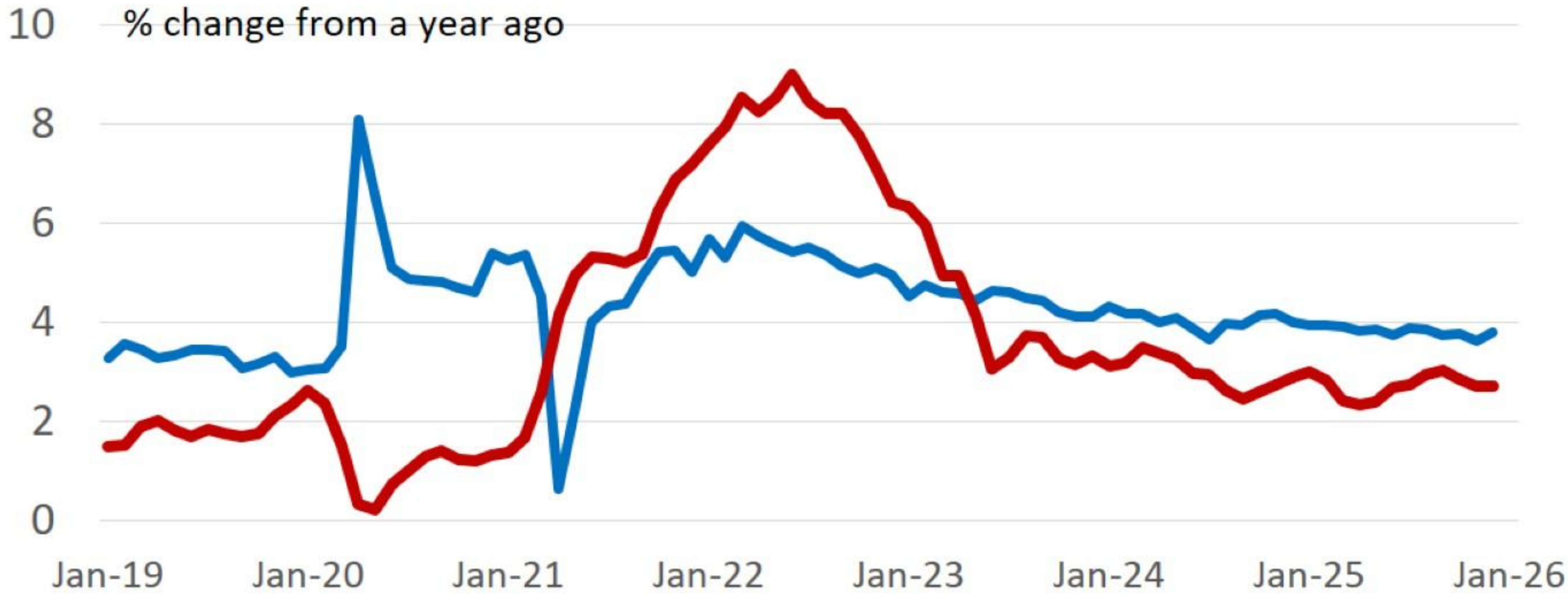
Wage Rate Rising at 3.8% (blue) Faster than Consumer Prices at 2.7% (red) in November



Source: NAR calculation of BLS data

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Hourly Wage Rate

Industry	December 2025	December 2019	% Growth from 6 years ago
All Workers	$37.02	$28.38	30.4%
Leisure and Hospitality	$23.28	$16.76	38.9%
Construction	$40.37	$31.19	29.4%

Source: NAR analysis of BLS data

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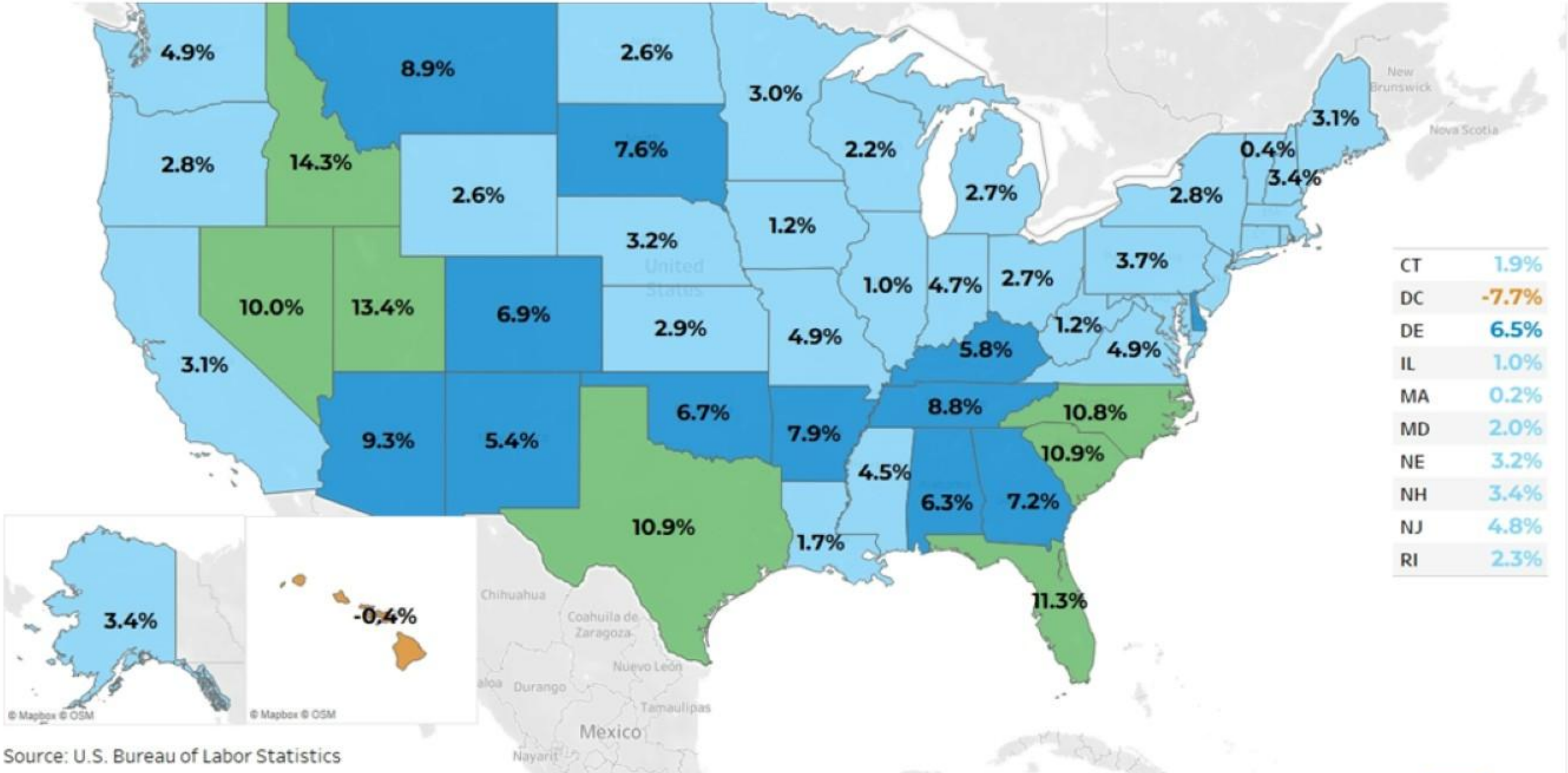
Job Gains Since Pre-COVID Record High Payroll Employment
(% change from March 2020 to November 2025)



CT	1.9%
DC	-7.7%
DE	6.5%
IL	1.0%
MA	0.2%
MD	2.0%
NE	3.2%
NH	3.4%
NJ	4.8%
RI	2.3%

Source: U.S. Bureau of Labor Statistics

Source: NAR Analysis of BLS data

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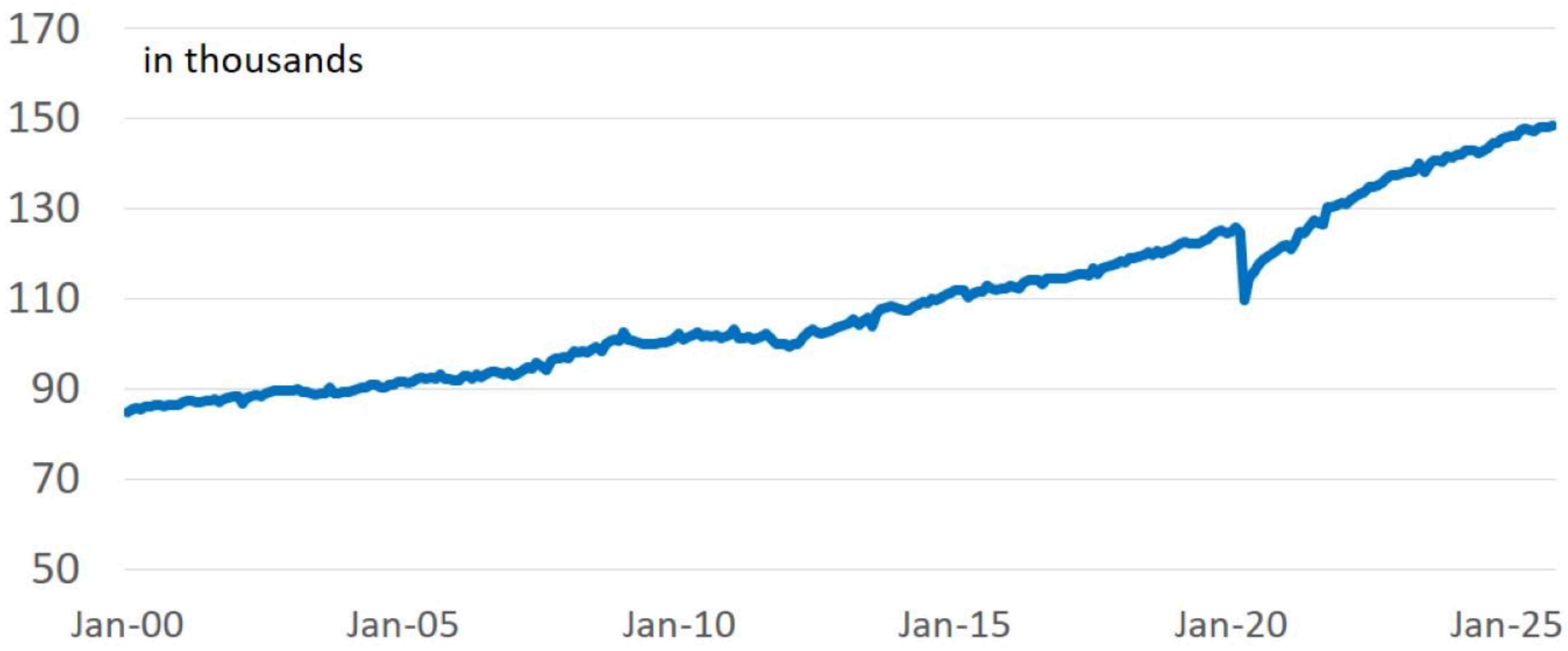
Payroll Jobs in College Station-Bryan MSA



Source: BLS

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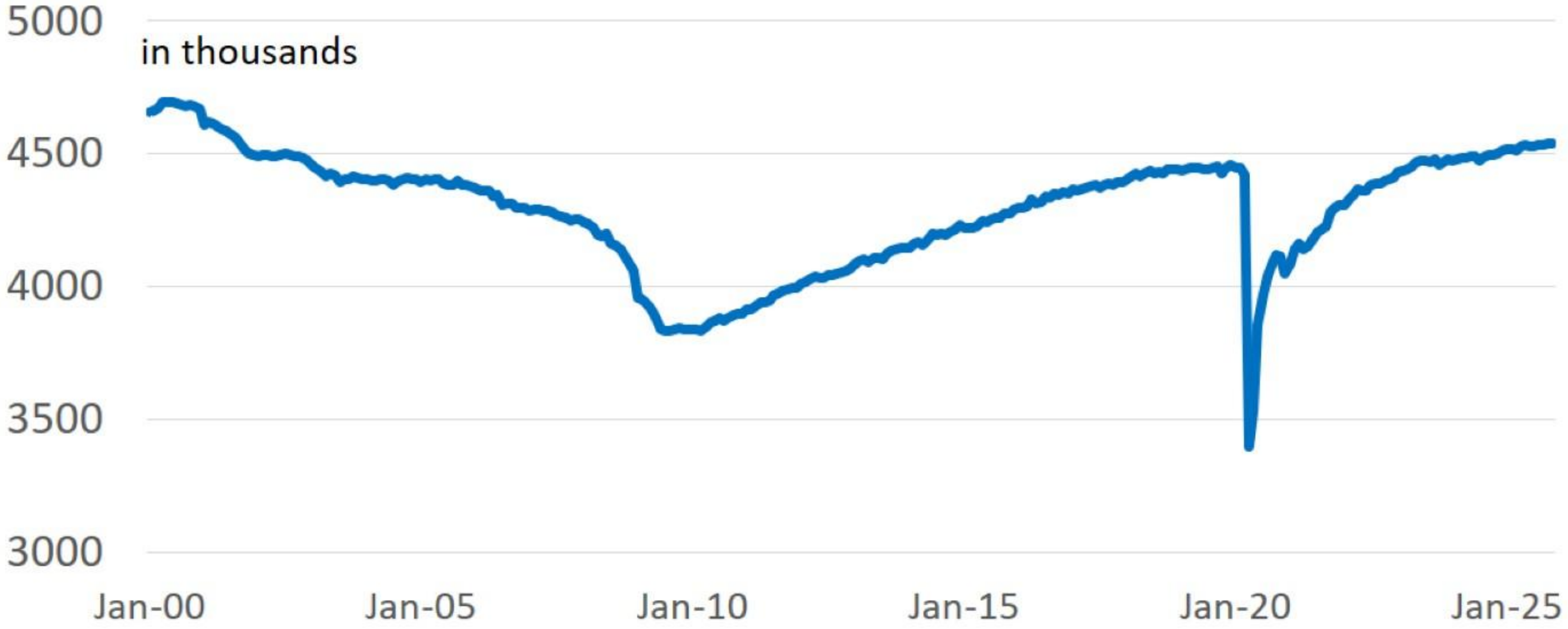
Payroll Jobs in Michigan



Source: BLS

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Residential Real Estate

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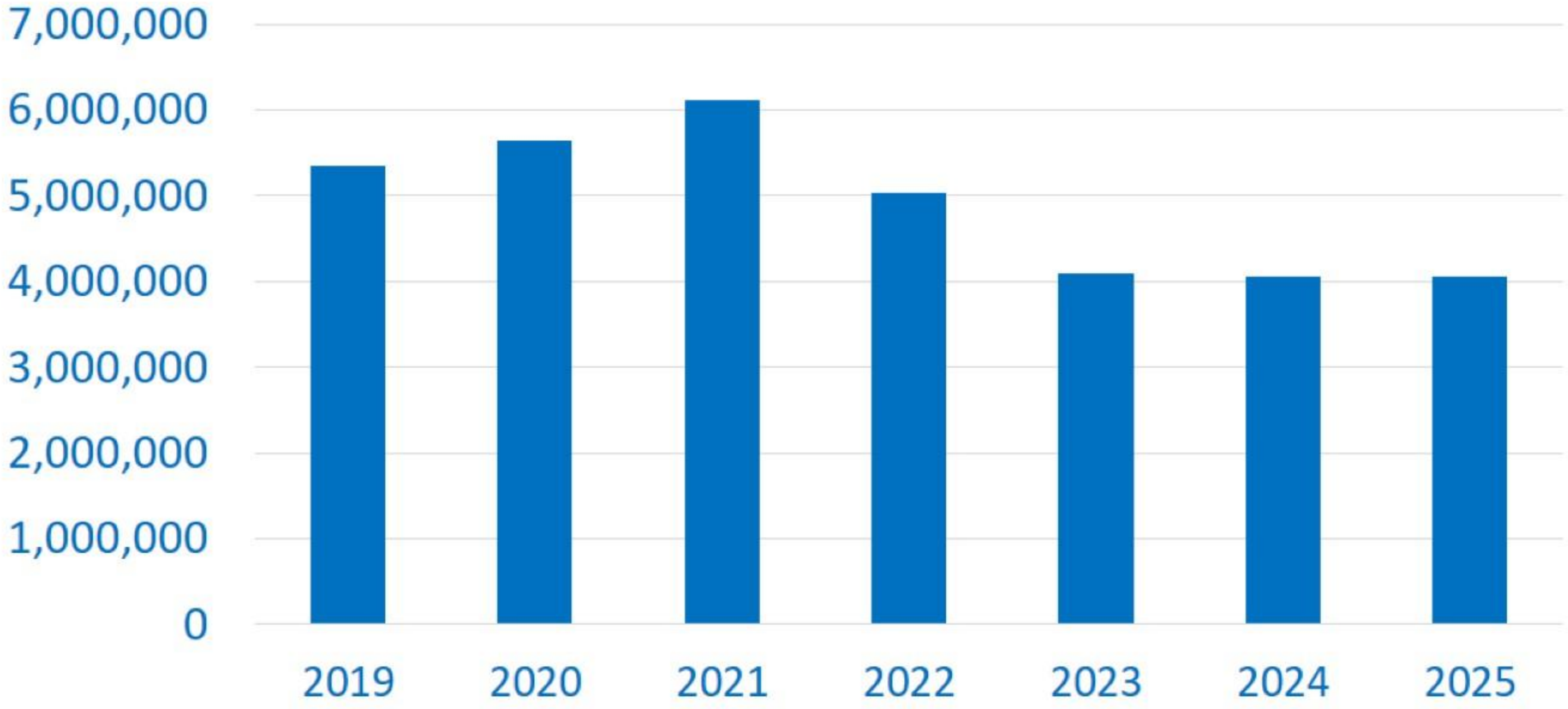
Existing-Home Sales … no change year-to-date to November
Three Subpar Years … 75% of Pre-covid Activity



Source: NAR

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Area Housing Stats - December 2025

$326,700	273	123	279
Median Sales Price	*Units Sold*	*Days on Market*	*New Listings*
1% increase compared to December 2024	No change compared to December 2024	2 days less compared to December 2024	1% increase compared to December 2024

BRYAN-COLLEGE STATION REGIONAL MULTIPLE LISTING SERVICE MLS

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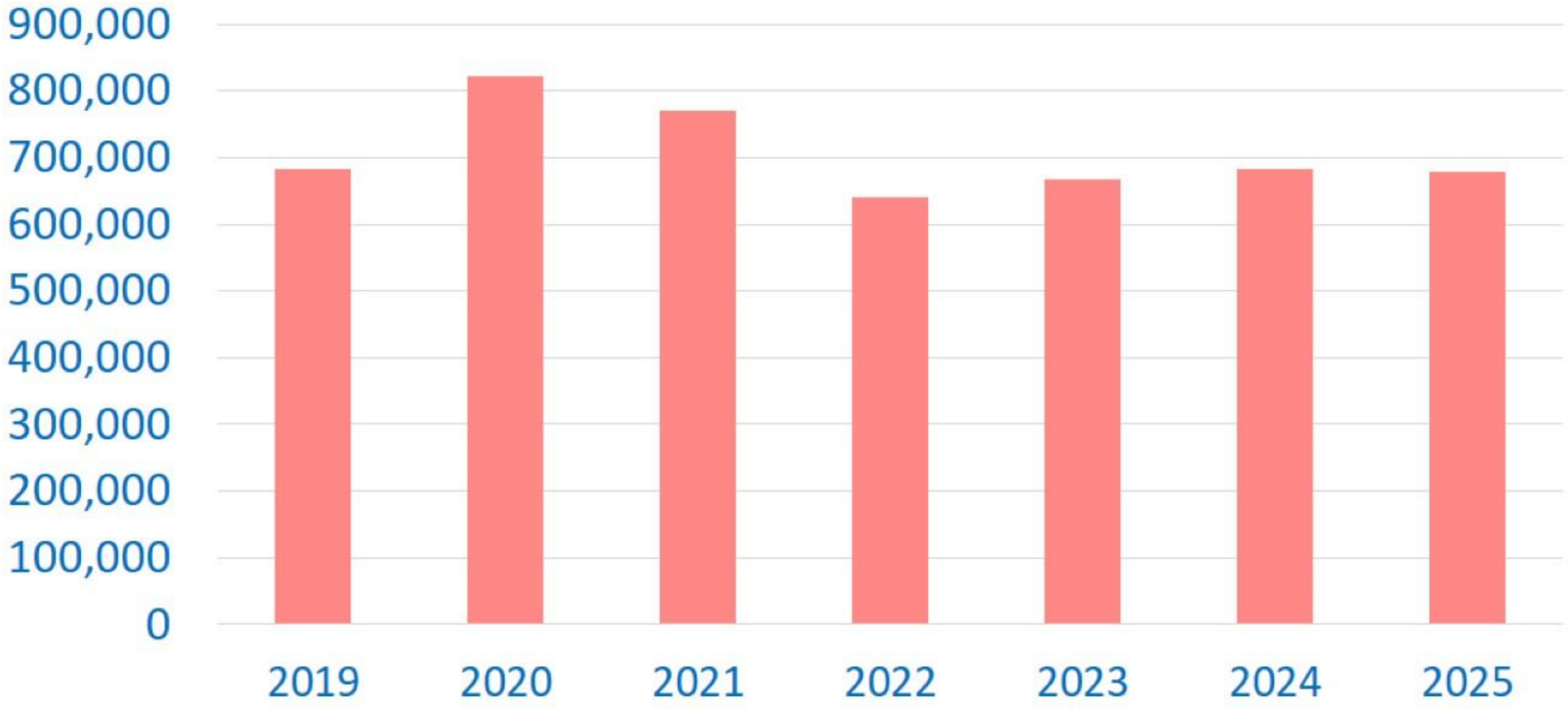
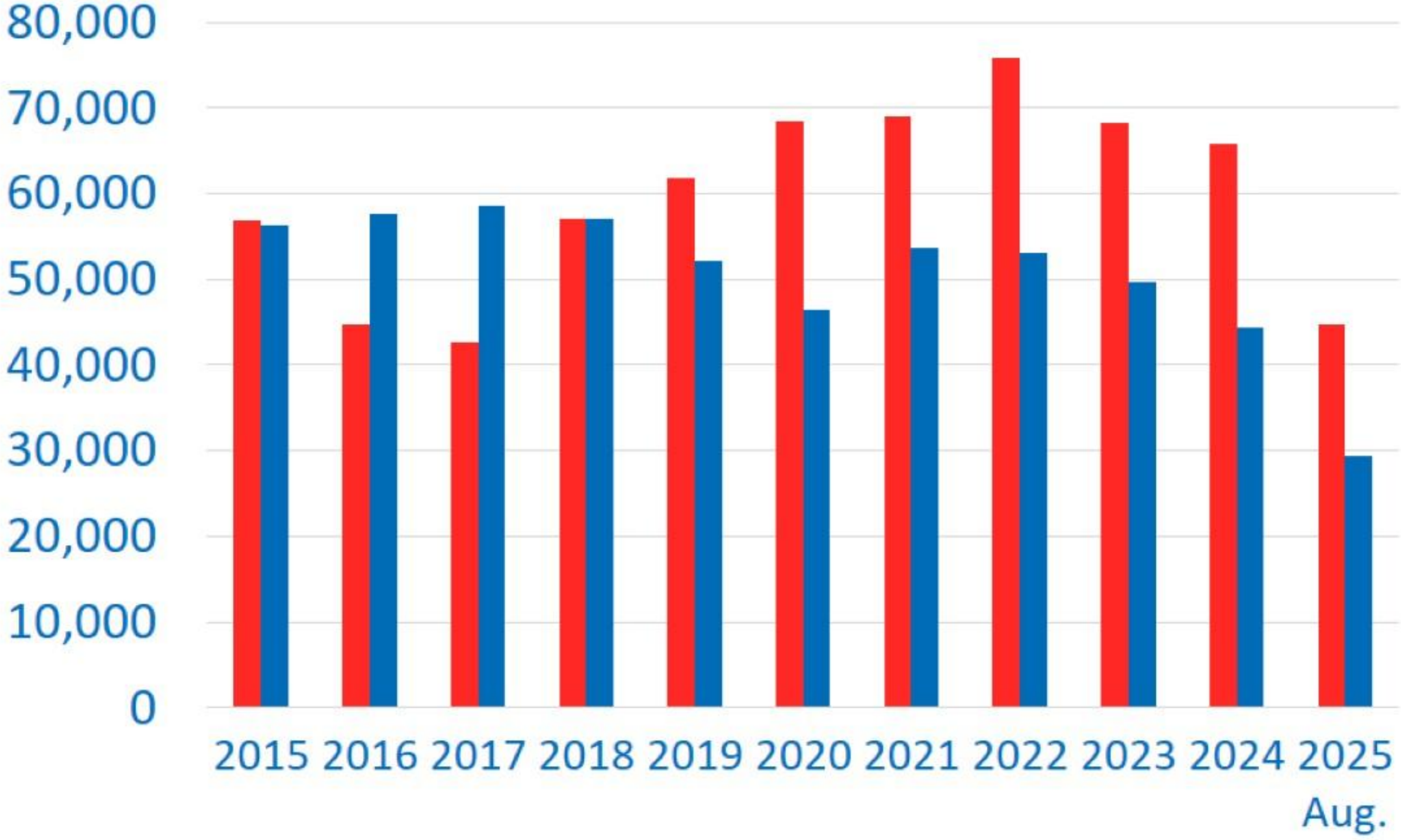
New Home Sales ... Back to Pre-Covid Sales Activity



Source: Census

Housing Starts in Houston versus CA big cities (LA-Anaheim, SF-Oak, SD combined)



10-year Total:

655K vs. 558K

Source: Census

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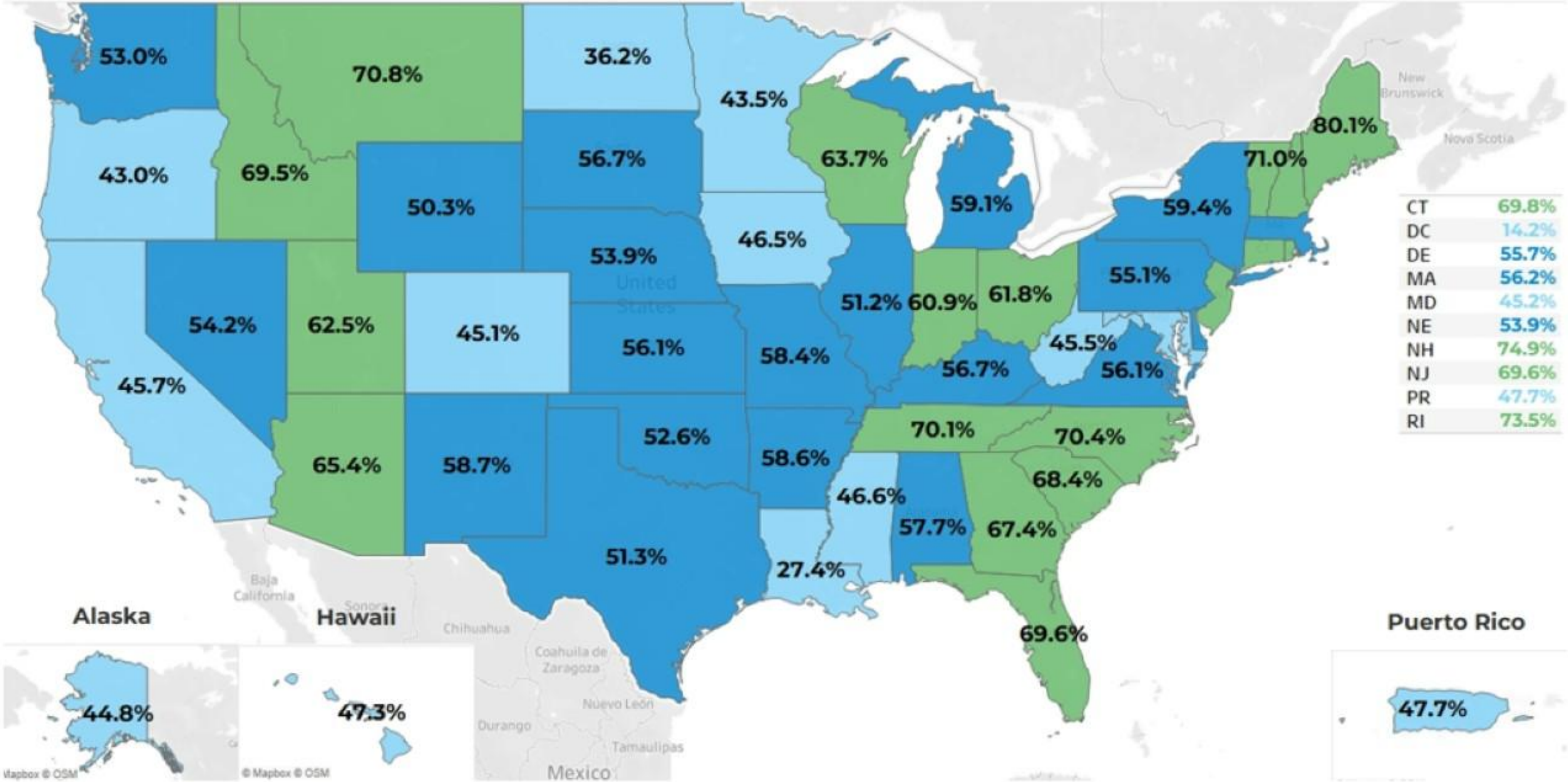
5-year Home Price Gains Since Pre-COVID ... 51% in TX

% change from 2020 Q1 to 2025 Q2



Source: NAR Analysis of FHFA data

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Real Estate Net Worth – Near Record High

Source: Federal Reserve

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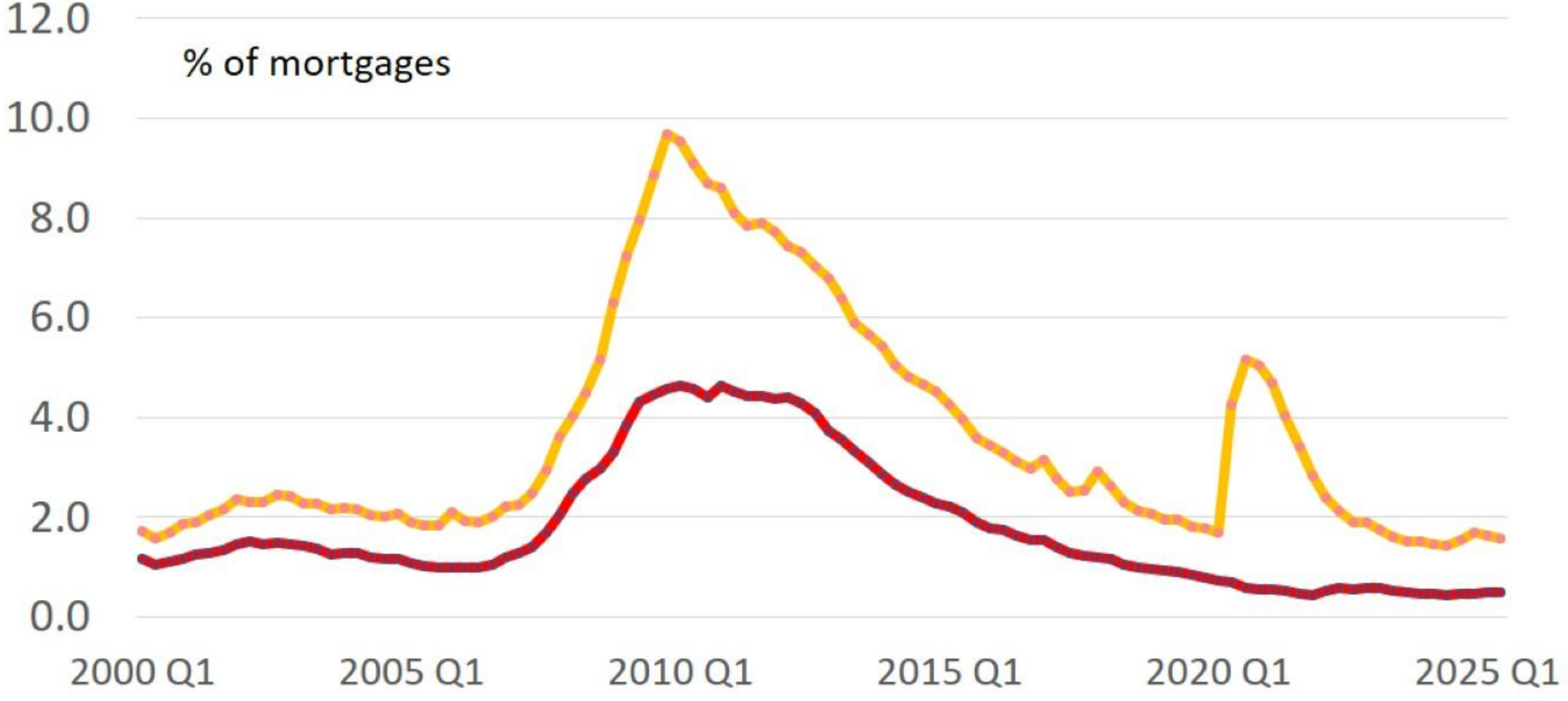
Seriously Delinquent Mortgages and Foreclosure (90+ days late or in foreclosure)



Source: Mortgage Bankers Association

Light Flashing on Weekly Mortgage Applications to Buy a Home (4-week moving average)

Source: Mortgage Bankers Association

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Nationwide Forecast

	2025	2026
Existing-Home Sales	+0%	+14%
New Home Sales	-2%	+5%
Median Home Price	+3%	+4%
Mortgage Rate	6.7%	6.0%
Job Gains	400,000 (not 2 million)	1.3 million (not 2 million)
Unemployment Rate	4.3%	4.6% (not 5.5%)

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Commercial Real Estate Fundamentals

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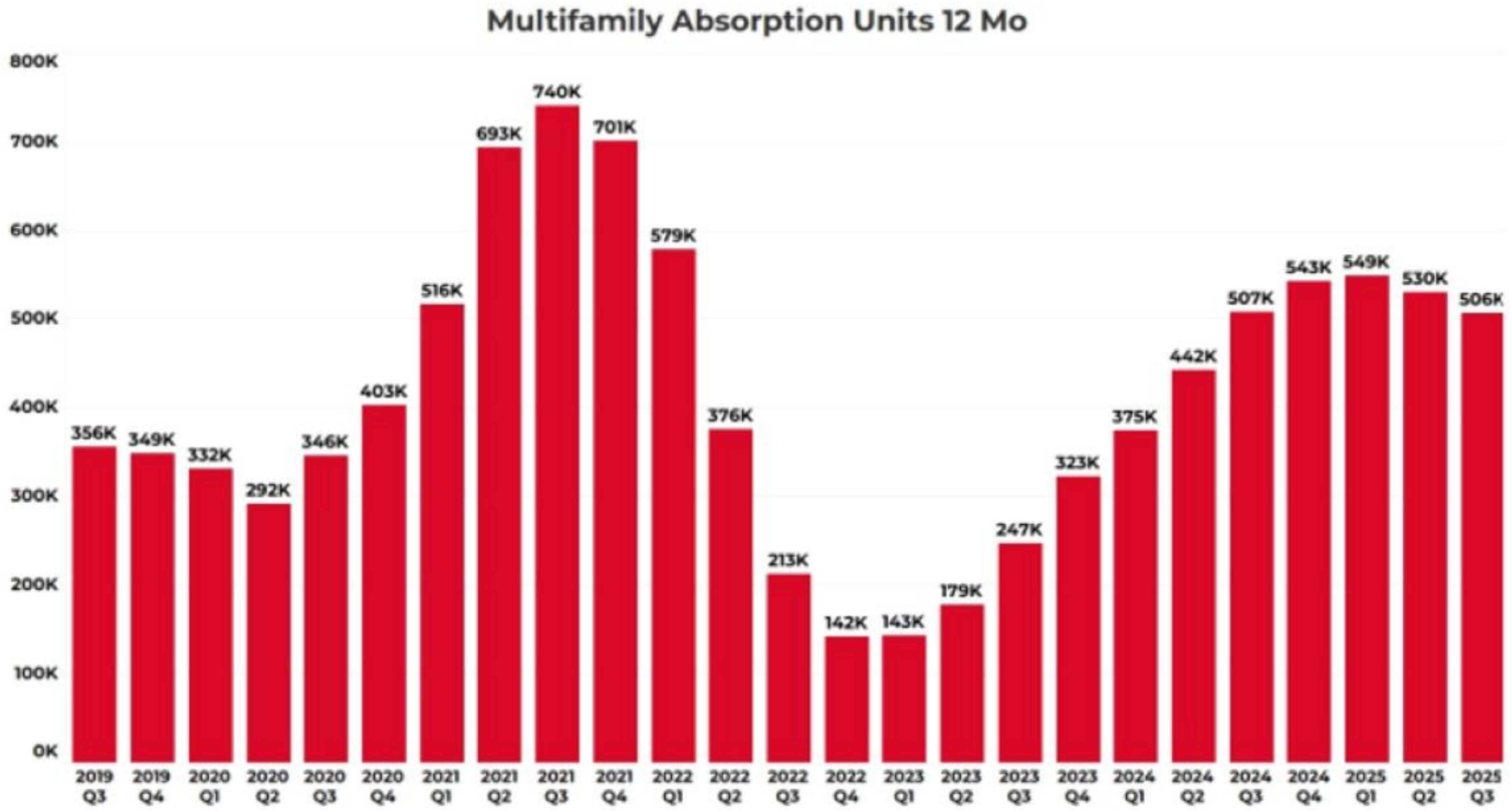
Apartment Demand … Strong, but expect sharp weakening in Class C lower-end



Source: NAR analysis of CoStar data

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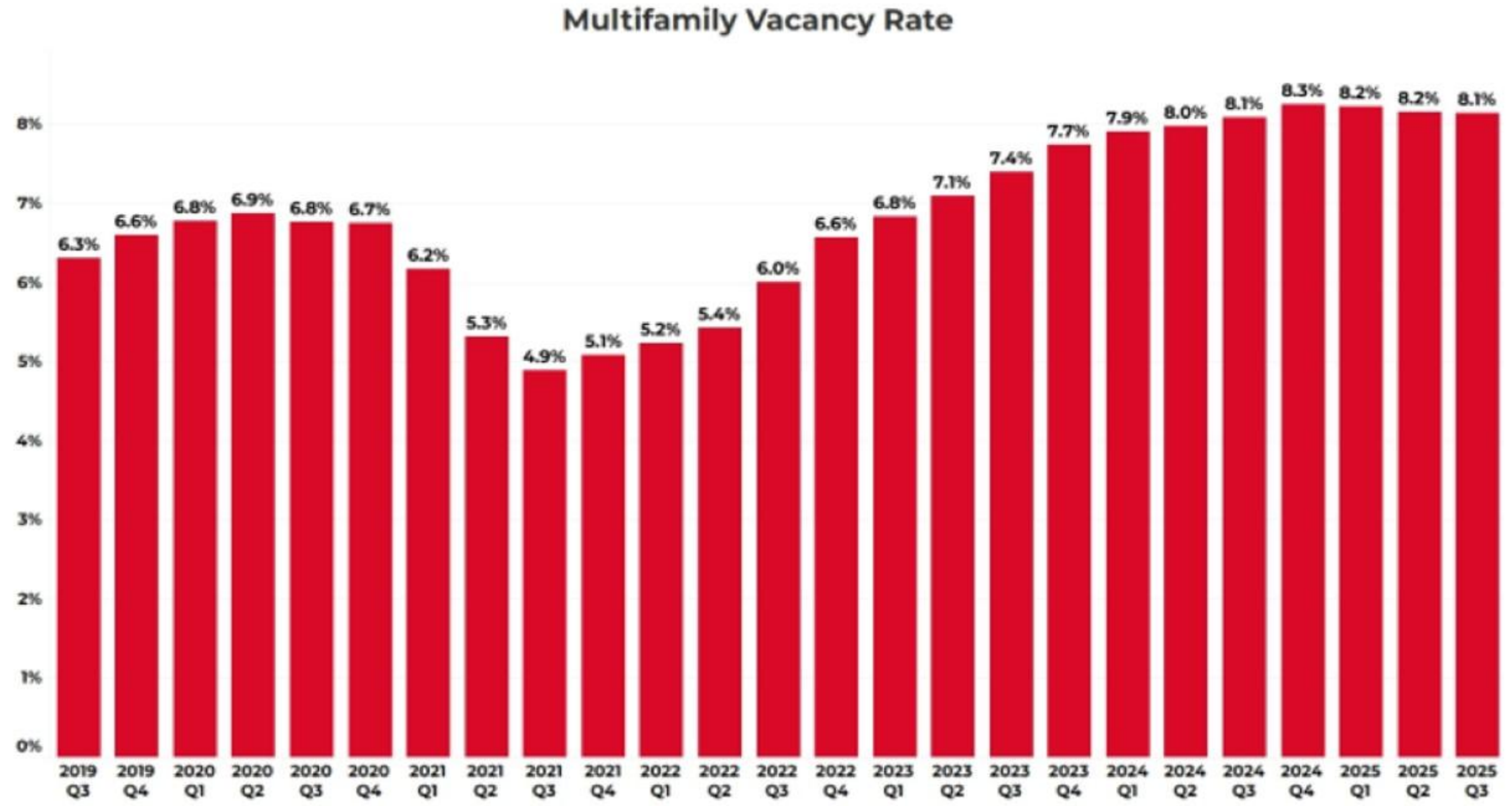
Apartment Vacancy Rate High … from overproduction



Source: NAR Analysis of CoStar data

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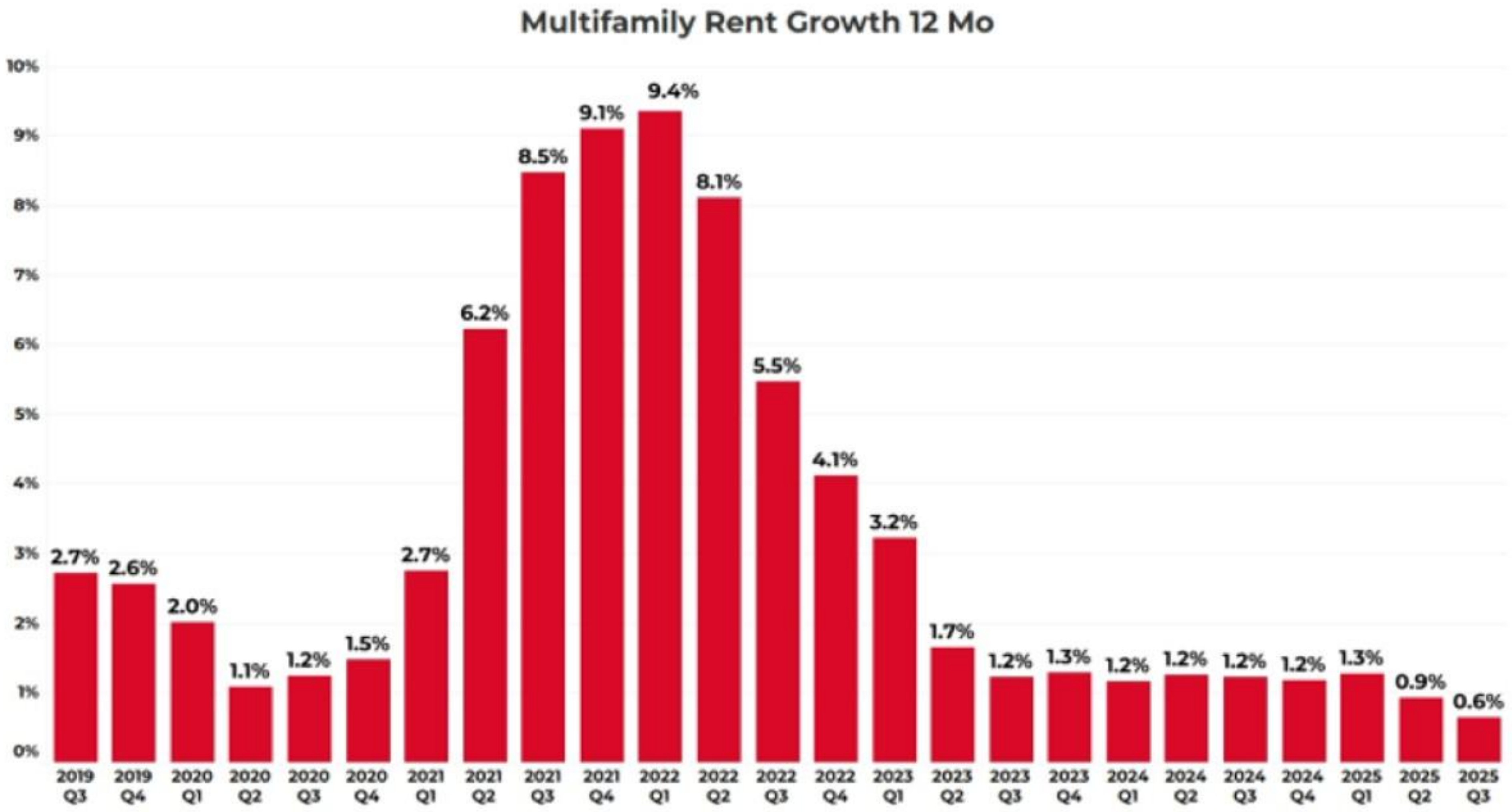
Private Sector Data: Apartment Rents Barely rising



Source: NAR analysis of CoStar data

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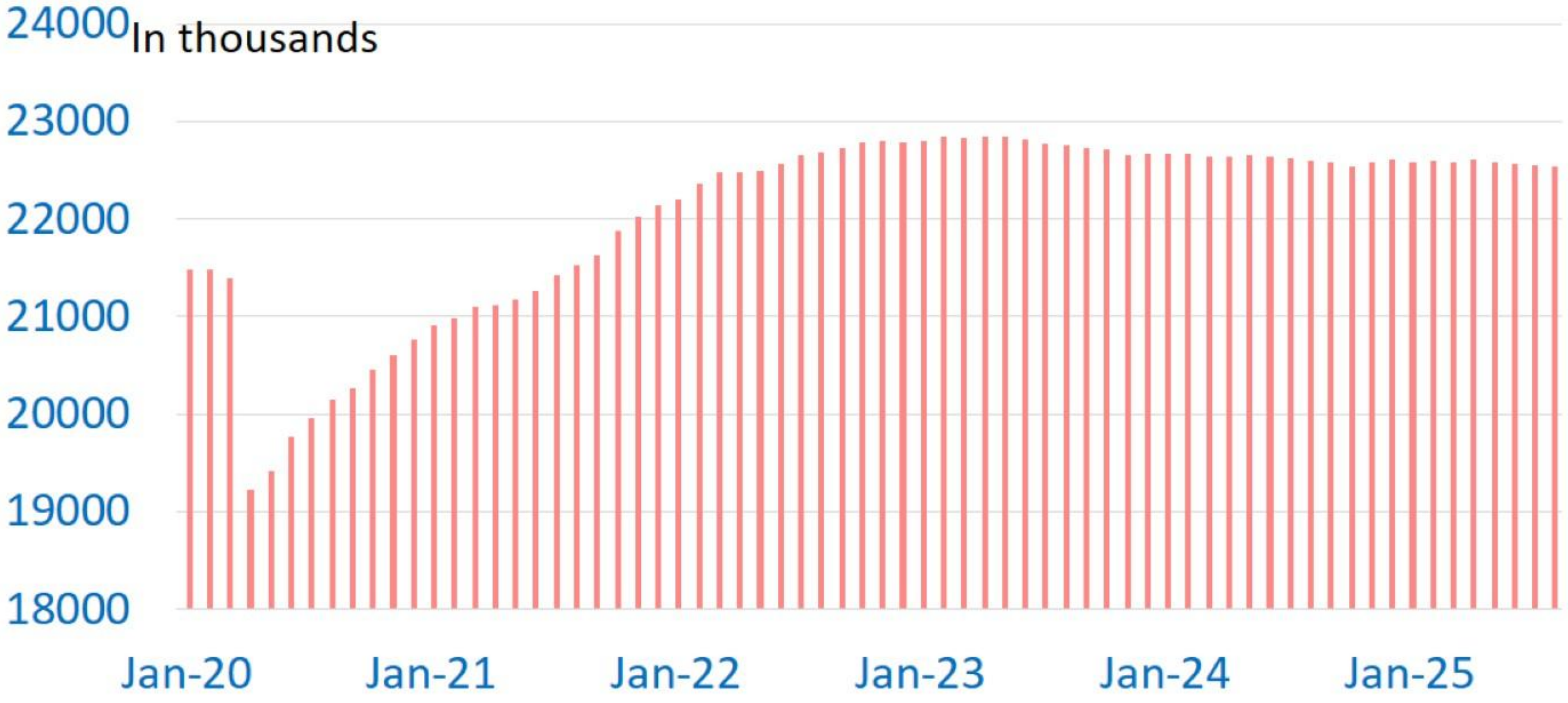
Office Using Jobs (+1 million from pre-covid)
(Professional Business Service and Financial Industry)



Source: BLS

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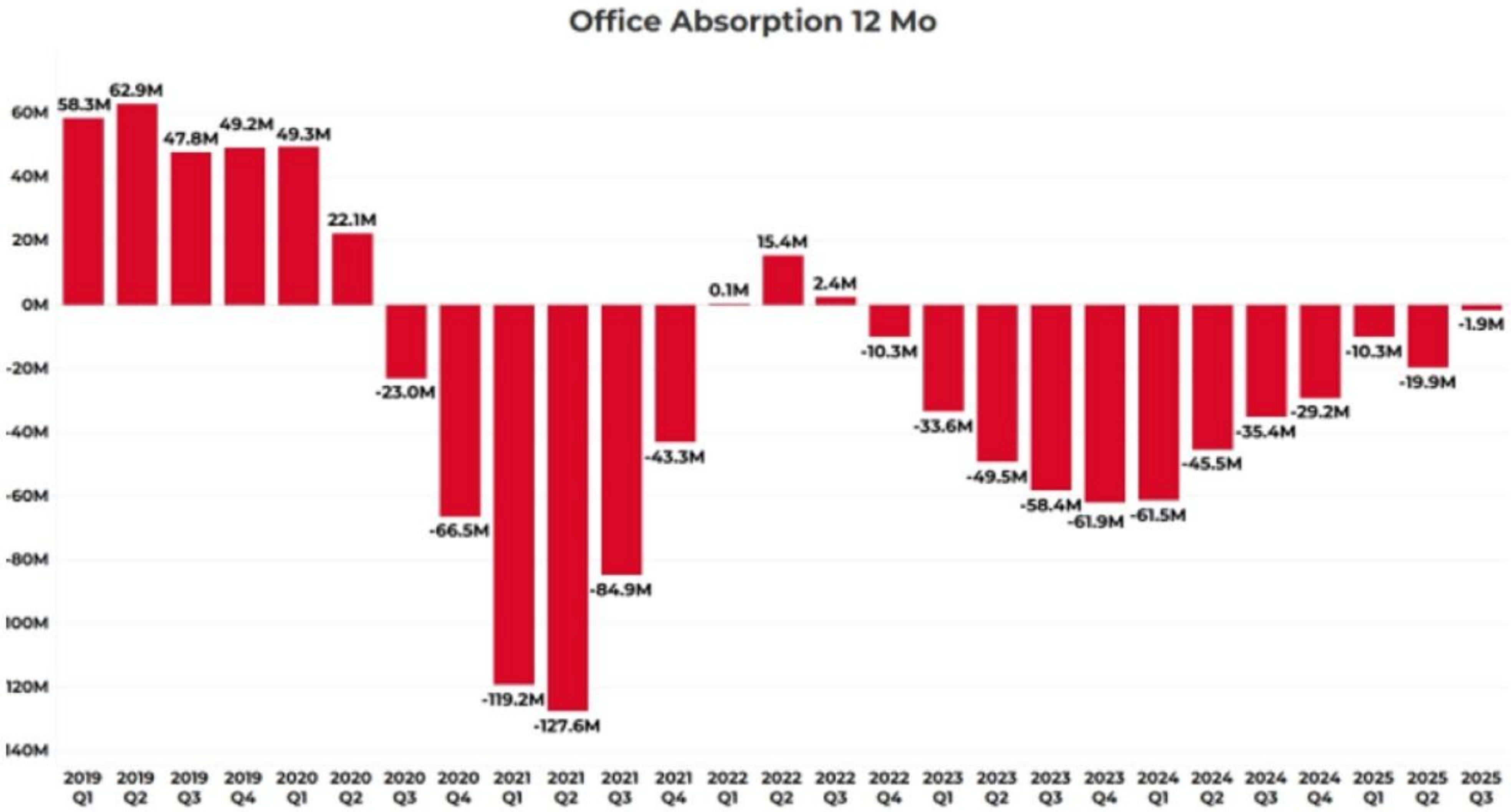
Office Net Absorption in past 12 months … Stops Bleeding



Source: NAR analysis of CoStar data

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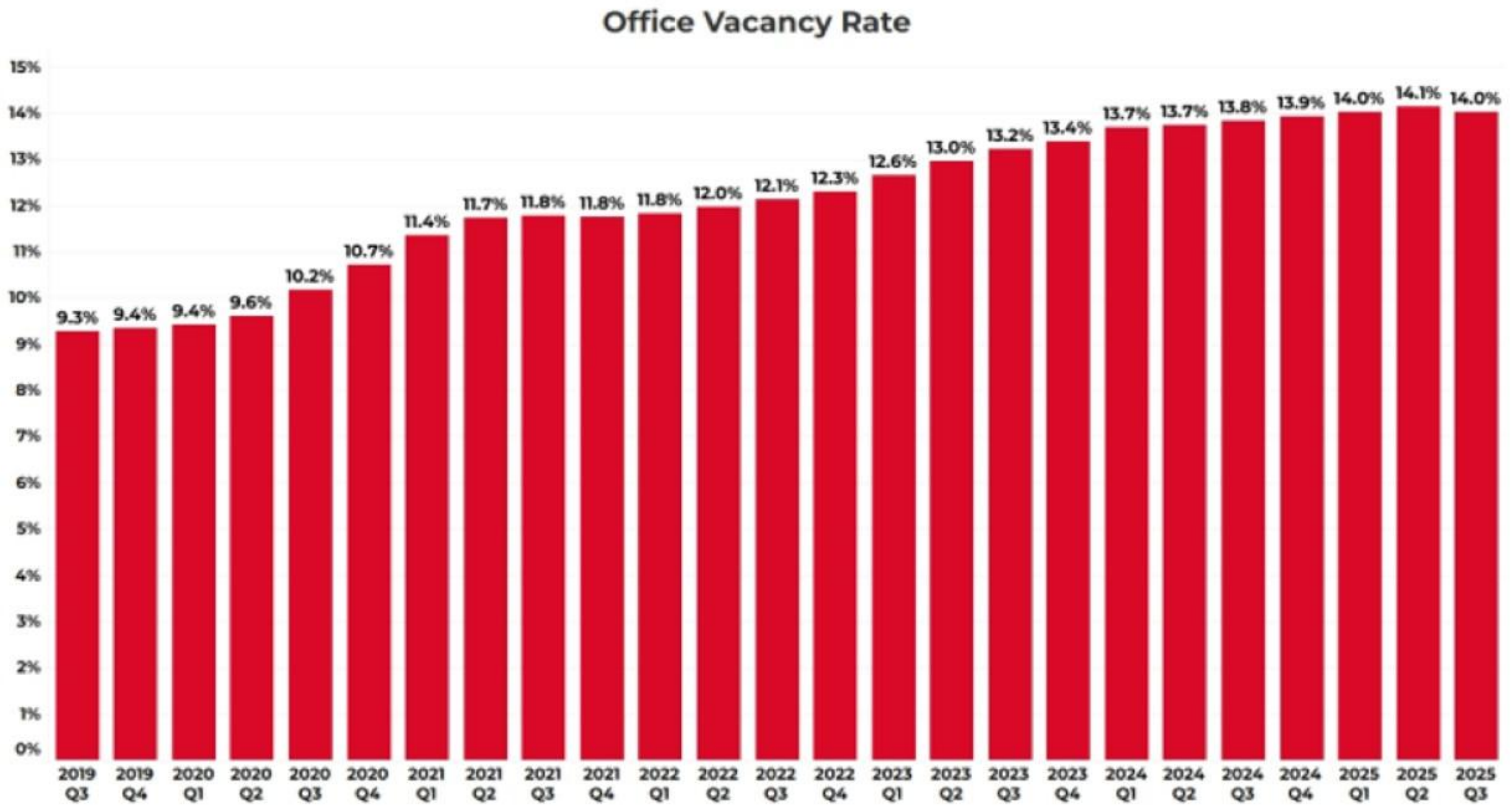
Office Vacancy Rising … from lack of demand



Source: NAR Analysis of CoStar data

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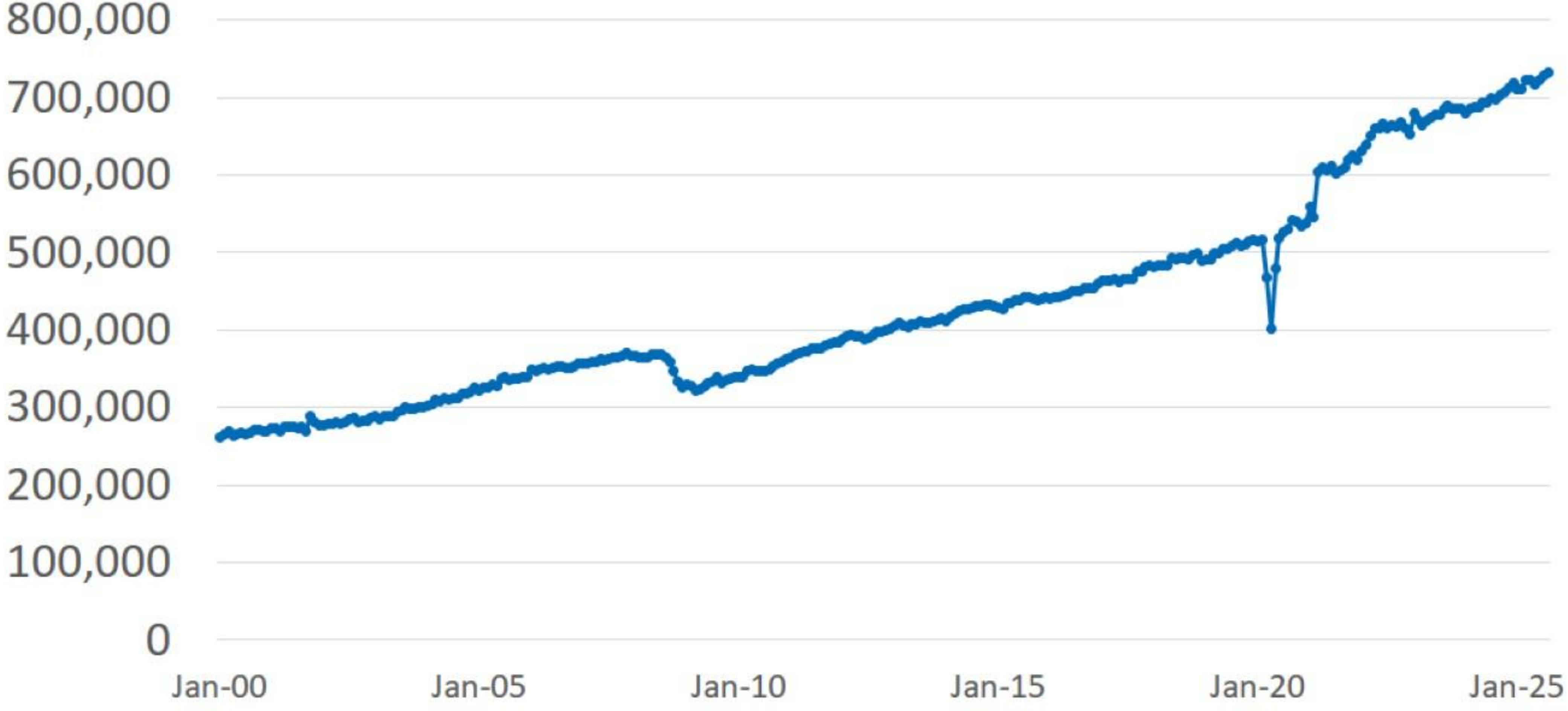
Retail Sales
(In $ million to August 2025)



Source: Census

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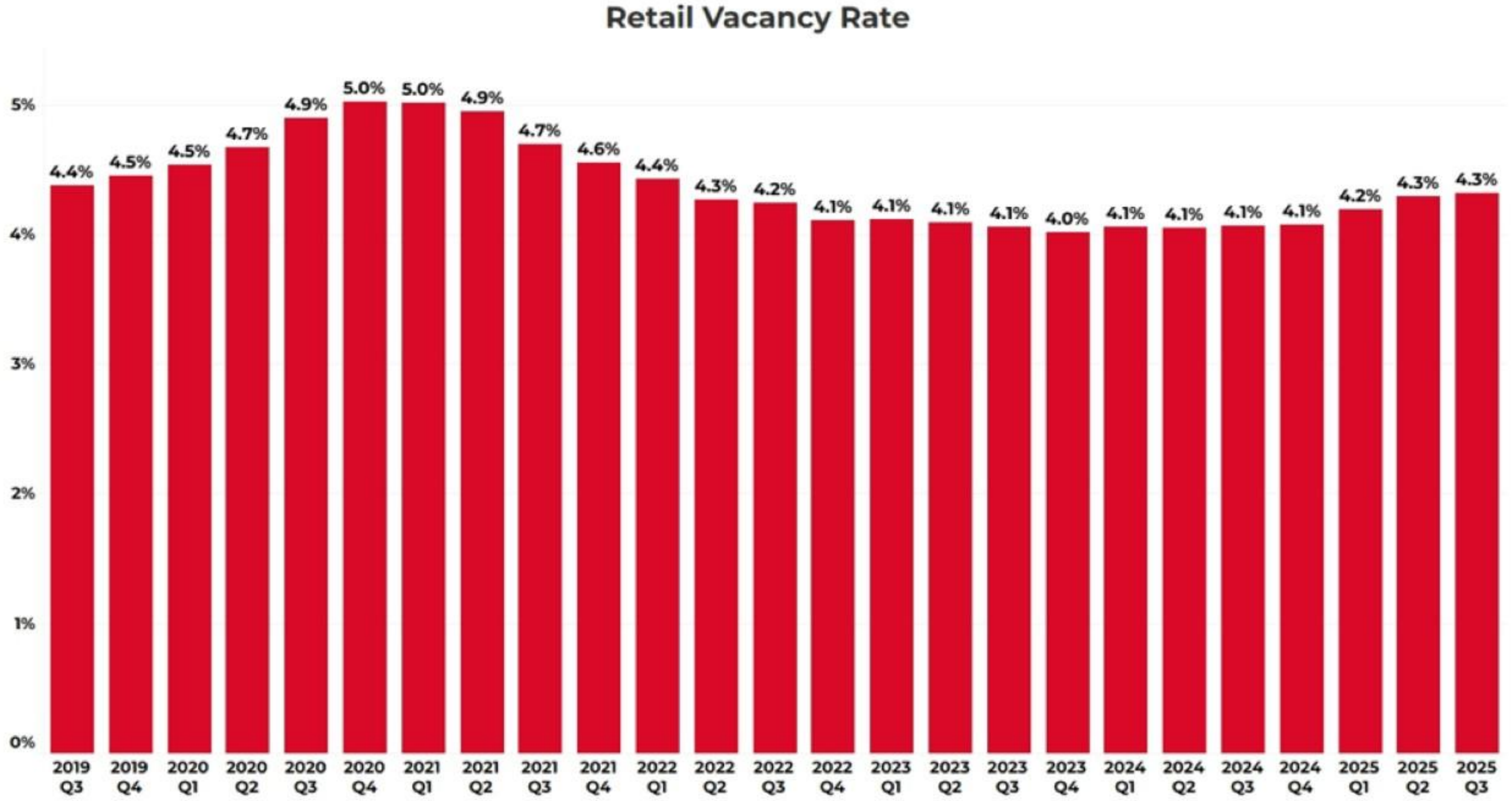
Retail Vacancy Rate Low … from restrained production



Source: NAR Analysis of CoStar data

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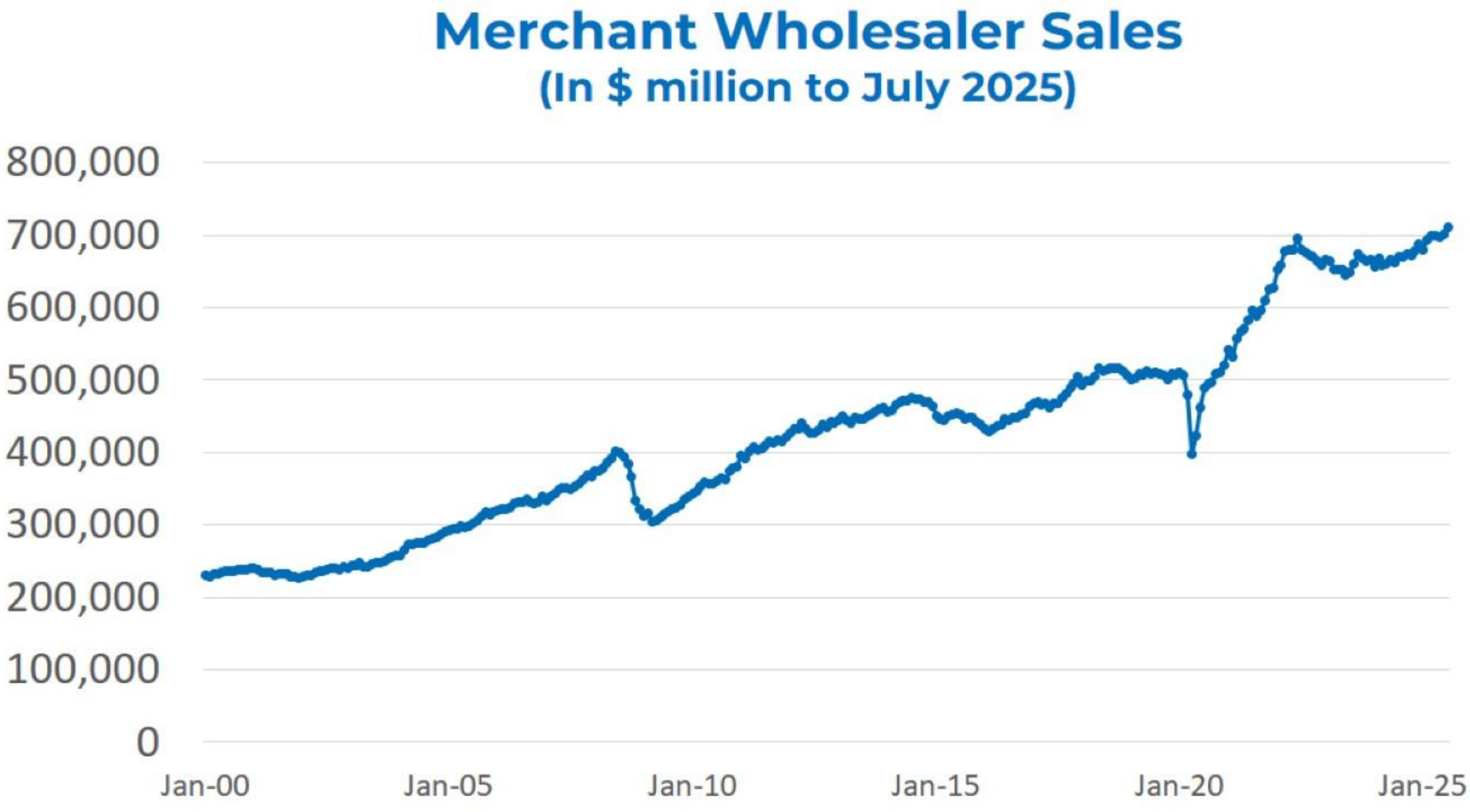

Source: Census

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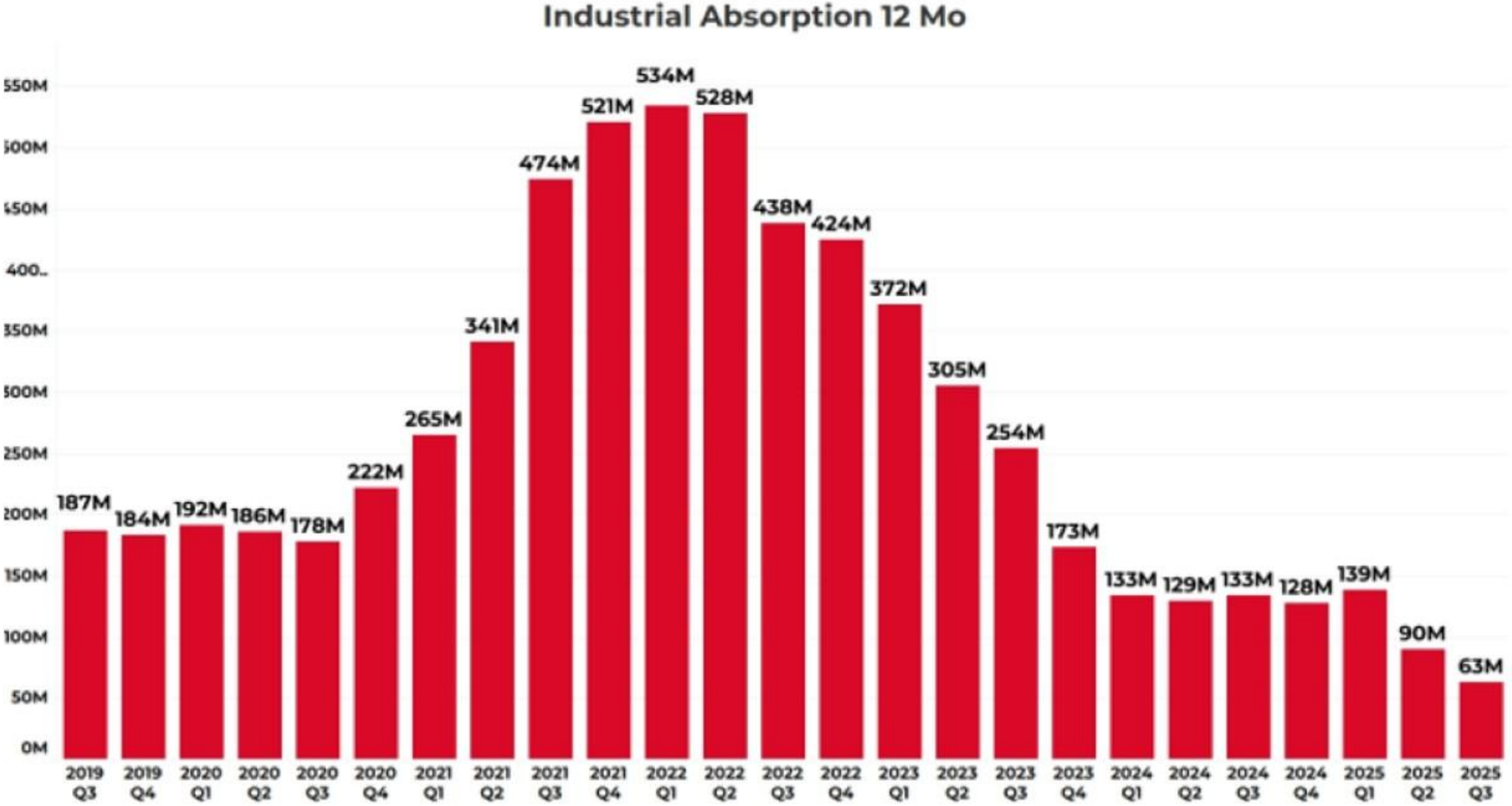
Industrial Space Net Absorption … Tariff Impact ?



Source: NAR analysis of CoStar data

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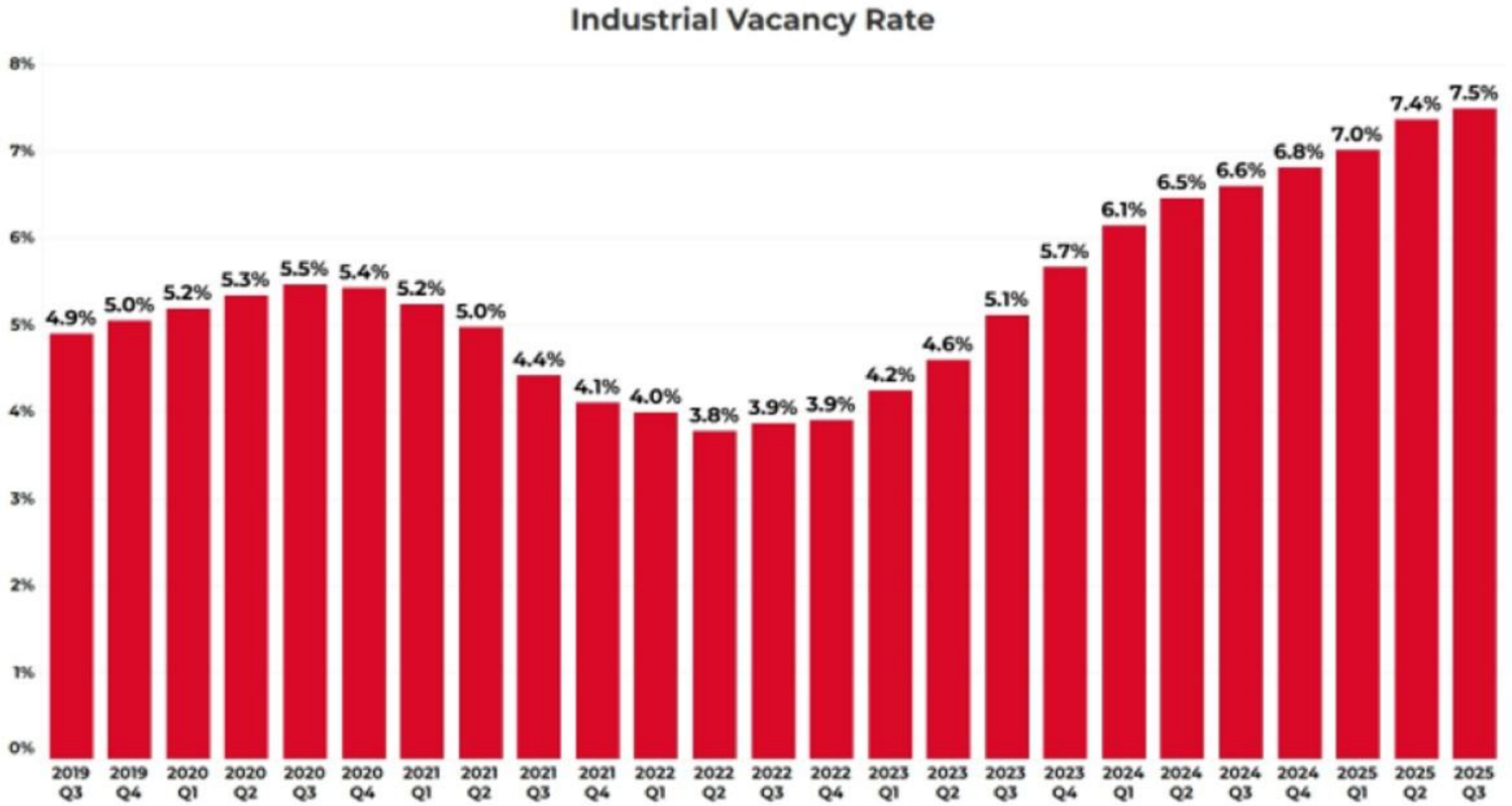
Industrial Vacancy Rate … from overproduction



Source: NAR Analysis of CoStar data

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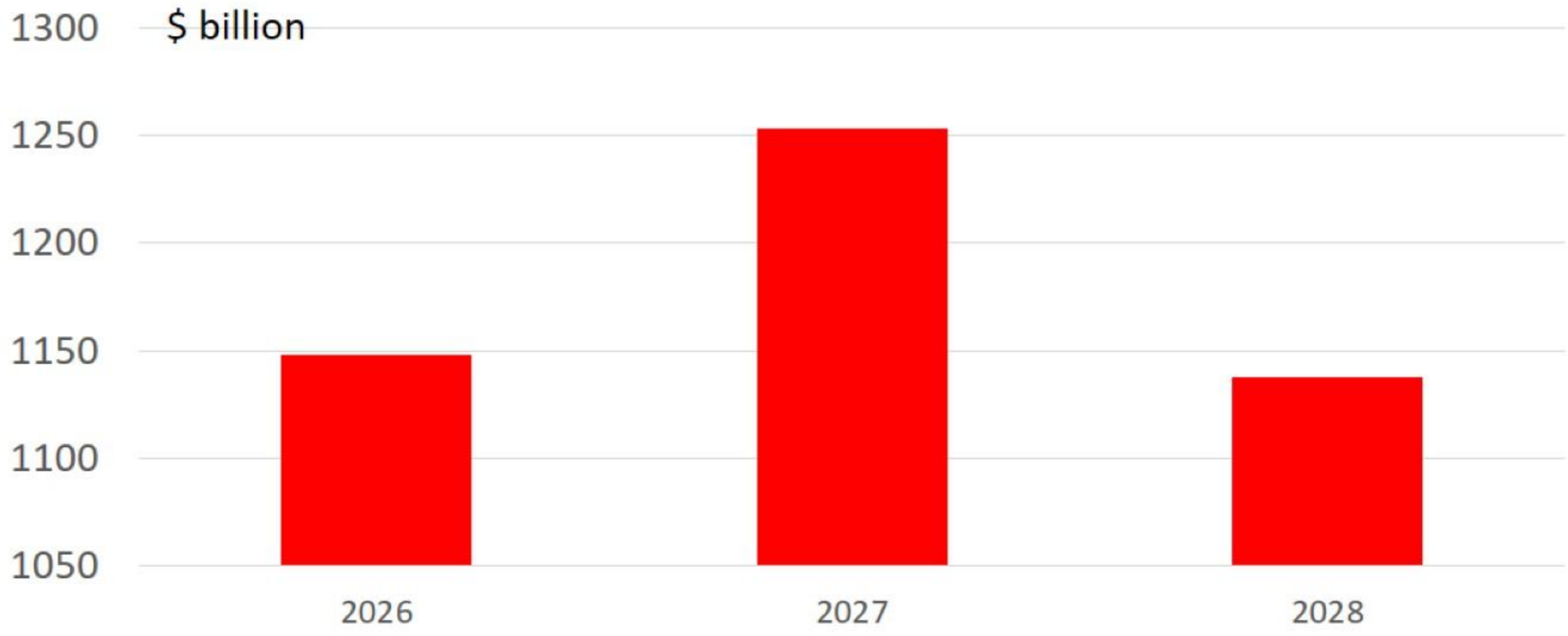
Commercial Real Estate Loan Distress?

CRE Loan Requiring Refinancing …
At Higher Interest Rate and Lower Collateral Value



Source: S&P Global

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Commercial Property Prices … Still not Recovering

Source: Federal Reserve

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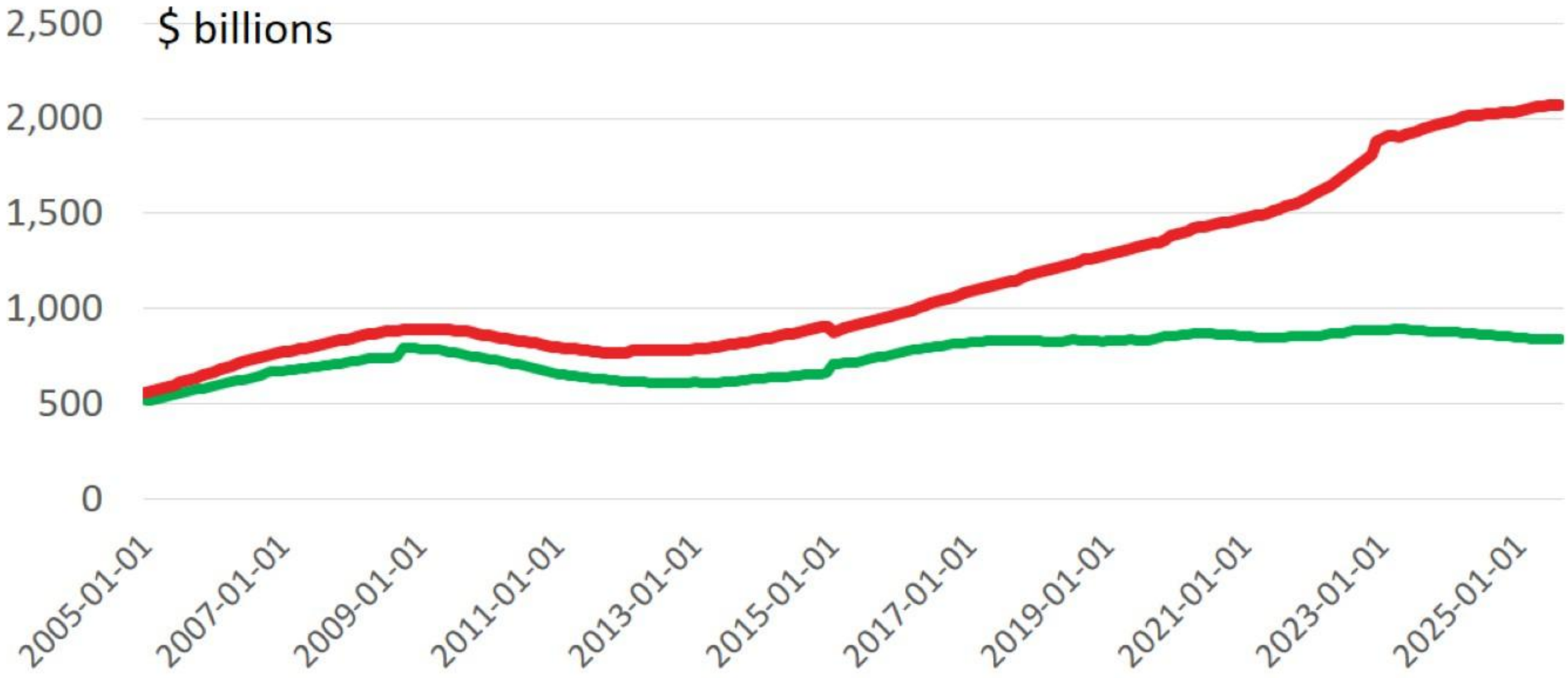
Commercial Real Estate Loans
Growth Primarily from Small Banks (red); Not Big Banks (green)



Source: Federal Reserve

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Commercial Market Forecast

- Federal Reserve Rate Cuts … Big Help

- Job Growth to Turn Around … Boost Demand?
- Positive Net Absorption … More Leasing
- Vacancy Rates Peaking … Easier to Market Property

- Supply Picture is Mixed
- Temporary Oversupply in Multifamily and Industrial
- Permanent Oversupply in Office
- Restrained Supply in Retail

- Need Lower Rates … More Investment Sales + Price Growth

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Risks to the Economy and Interest Rates

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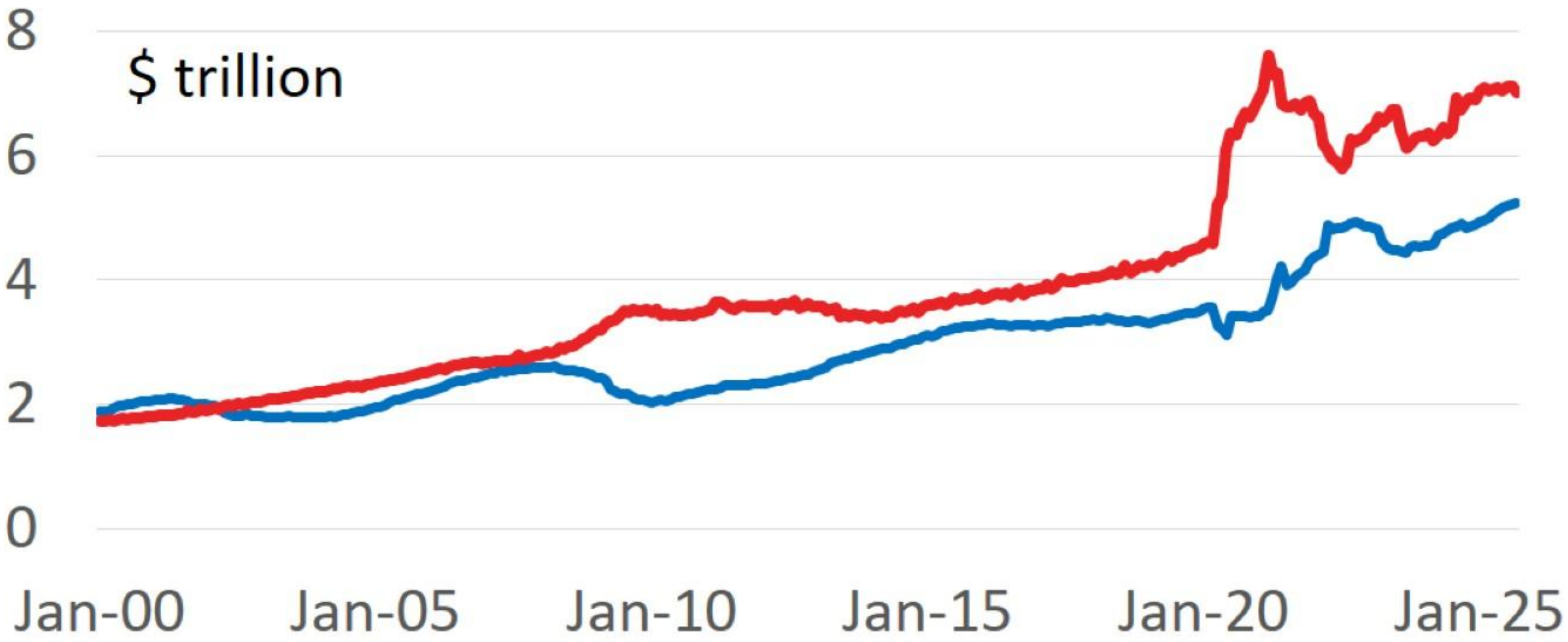
Federal Government Outlays and Receipts

(rolling 12-month total)



Source: NAR analysis of monthly Treasury statements

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Ongoing Risk
Federal Government Cumulative Debt

Source: NAR analysis of monthly Treasury statements

Thank You !

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