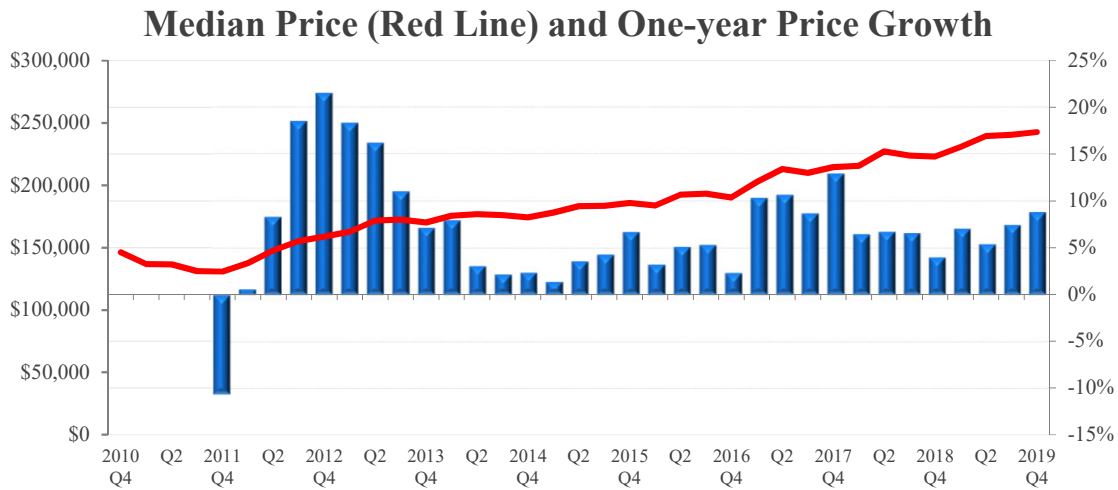


Tucson Area

Local Market Report, Fourth Quarter 2019

Today's Market...



Local Price Trends			
Price Activity	Tucson	U.S.	Local Trend
Current Median Home Price (2019 Q4)	\$242,700	\$272,300	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2019 Q4)	8.8%	6.5%	
3-year (12-quarter) Appreciation (2019 Q4)	27.7%	16.4%	
3-year (12-quarter) Housing Equity Gain*	\$52,600	\$38,367	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$83,800	\$93,467	
9-year (36 quarters) Housing Equity Gain*	\$96,400	\$102,433	

*Note: Equity gain reflects price appreciation only

	Tucson	U.S.	
Conforming Loan Limit**	\$484,350	\$726,525	Most buyers in this market have access to government-backed financing
FHA Loan Limit	\$314,827	\$726,525	
Local Median to Conforming Limit Ratio	50%	not comparable	

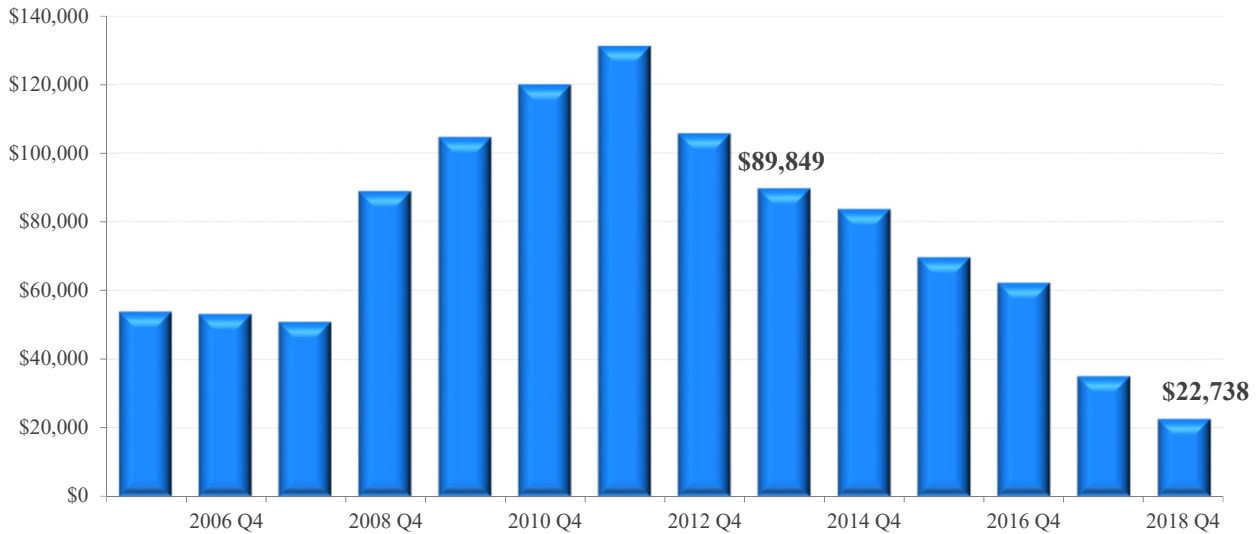
Note: limits are current and include the changes made on January 1st 2019.

Local NAR Leadership

The Tucson market is part of region 11 in the NAR governance system, which includes all of Wyoming, Colorado, New Mexico, Arizona, Utah, and Nevada. The 2020 NAR Regional Vice President representing region 11 is David R. Tina.

Benefits of Ownership: Total Equity Appreciation

Total Equity Accrued to Owner by Year and Quarter of Purchase



Total Equity Gained** through 2020 Q1 from quarter in which home was of purchased

Price Activity	Tucson	U.S.	Local Trend
1-year (4-quarter)	\$22,738	\$20,164	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$62,405	\$50,433	
5-year (20-quarter)*	\$83,715	\$79,032	
7-year (28 quarters)*	\$105,759	\$105,840	
9-year (36 quarters)*	\$119,974	\$114,186	
If purchase in 2005, the national price peak	\$54,019	\$66,678	

*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

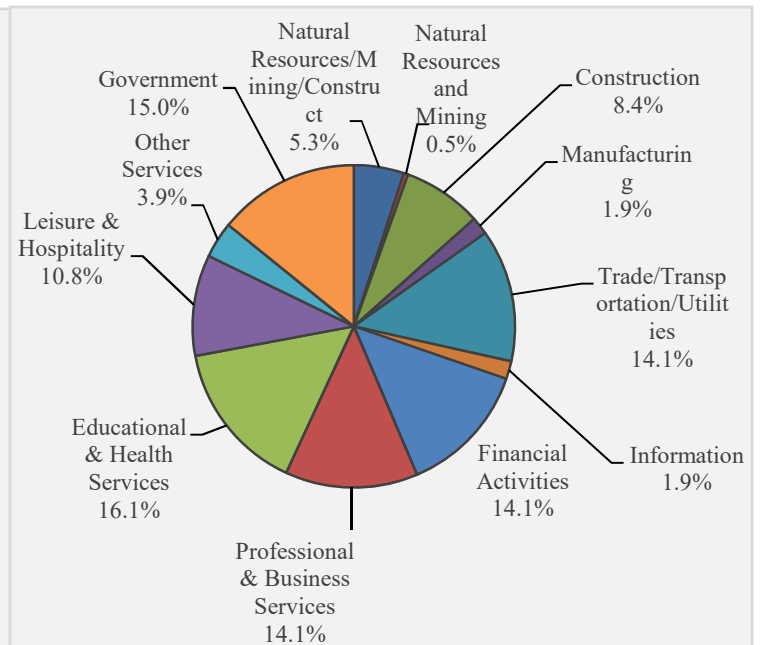
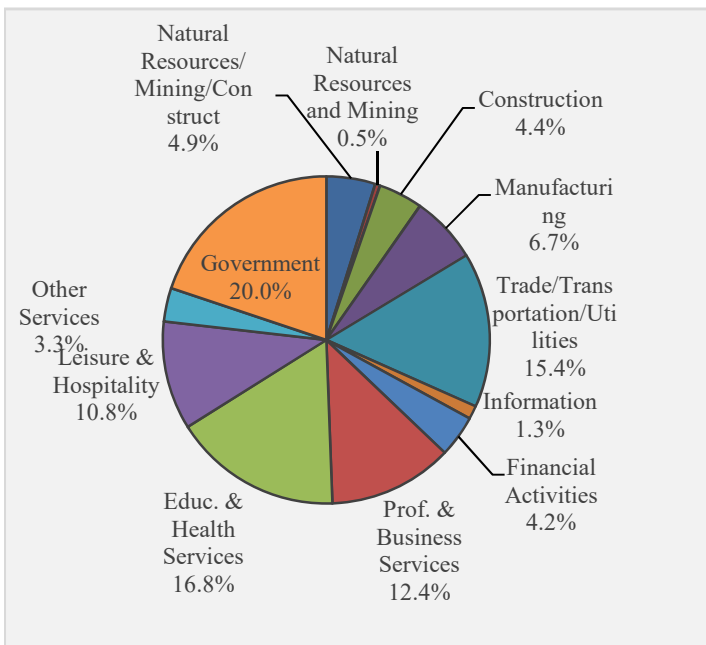
Drivers of Local Supply and Demand...

Local Economic Outlook	Tucson	U.S.	
12-month Job Change (Dec)	4,200	Not Comparable	Employment growth has eased, but remains positive
12-month Job Change (Nov)	5,500	Not Comparable	
36-month Job Change (Dec)	16,300	Not Comparable	Tucson's unemployment rate lags the national average, but has improved relative to the same period last year
Current Unemployment Rate (Dec)	4.0%	3.5%	
Year-ago Unemployment Rate	4.4%	3.9%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	1.1%	1.4%	

Share of Total Employment by Industry

Tucson Area

U.S.



12-month Employment Change by Industry in the Tucson Area (Dec - 2019)

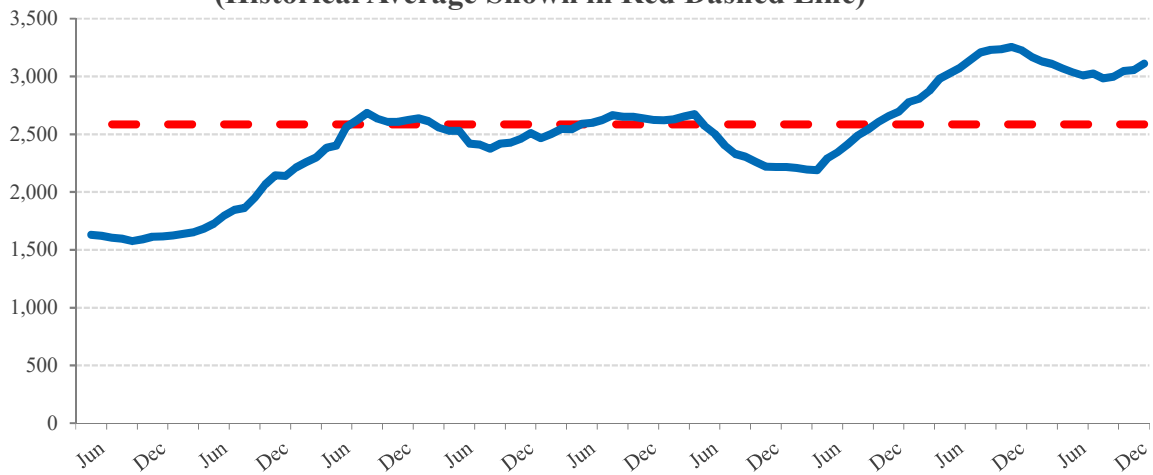
Goods Producing	NA	Information	-100
Natural Resources/Mining/Construction	900	Financial Activities	-300
Natural Resources and Mining	100	Prof. & Business Services	0
Construction	800	Educ. & Health Services	2,200
Manufacturing	500	Leisure & Hospitality	-400
Service Providing Excluding Government	NA	Other Services	400
Trade/Transportation/Utilities	-100	Government	2,400

State Economic Activity Index	Arizona	U.S.	
12-month change (2019 - Dec)	4.6%	2.8%	Arizona's economy is stronger than the nation's, but slowed from last month's 4.77% change
36-month change (2019 - Dec)	NA	8.8%	

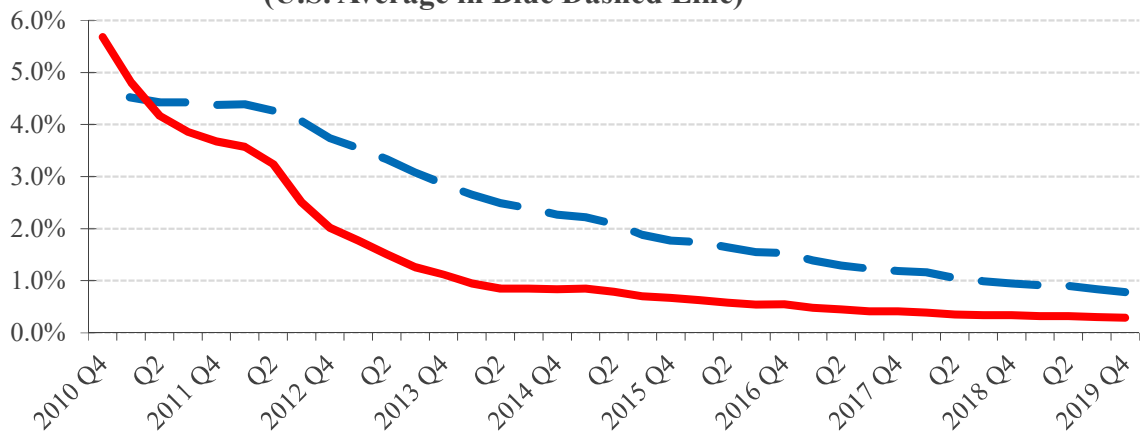
New Housing Construction

Local Fundamentals	Tucson	U.S.	
12-month Sum of 1-unit Building Permits through Dec	3,113	not comparable	The current level of construction is 20.4% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	2,586	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	-3.5%	-0.5%	Construction continues to decline from last year

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



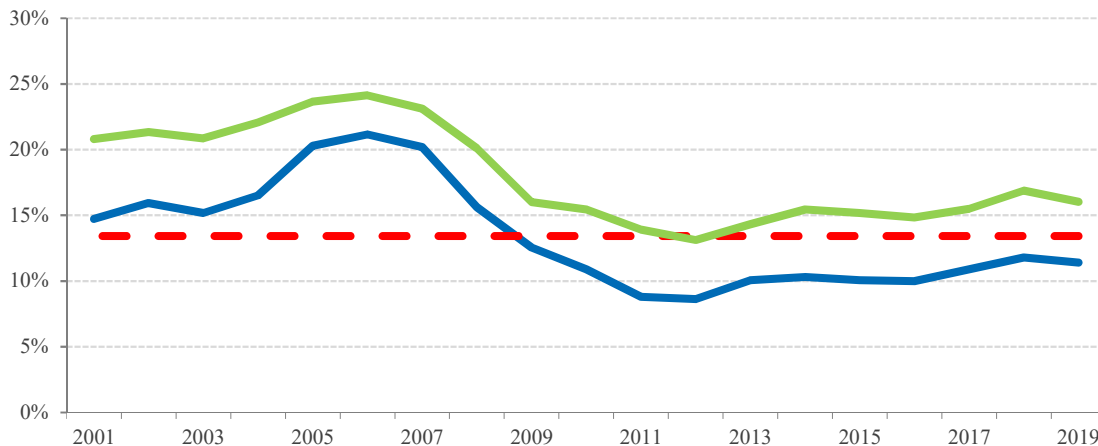
**State Total Foreclosure Rate vs. U.S. Average
(U.S. Average in Blue Dashed Line)**



Affordability

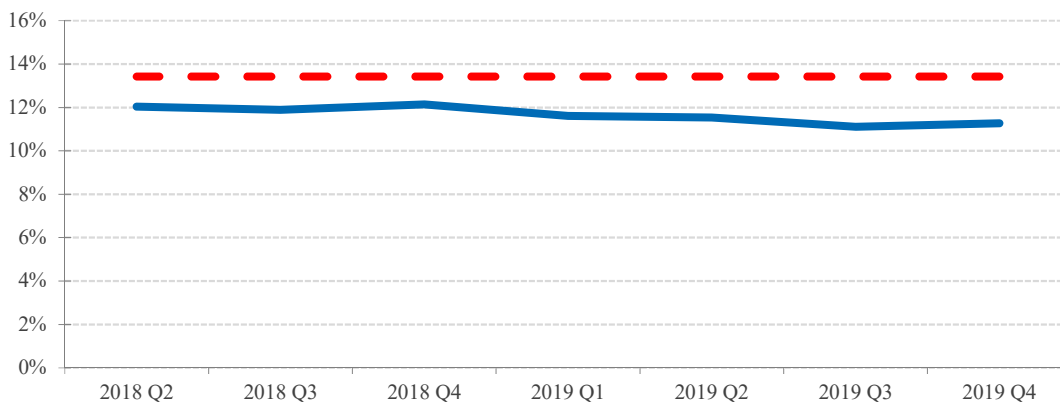


Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income
(Local Historical Average Shown in Red, U.S. Average in Green)

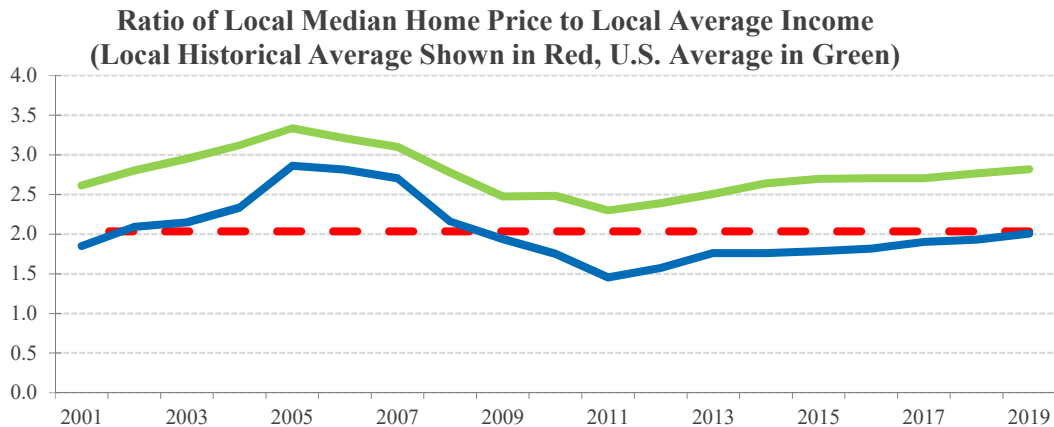


Monthly Mortgage Payment to Income	Tucson	U.S.	
Ratio for 2019	11.4%	16.0%	Historically strong, but weaker than the third quarter of 2019
Ratio for 2019 Q4	11.3%	14.9%	
Historical Average	13.4%	18.4%	More affordable than most markets

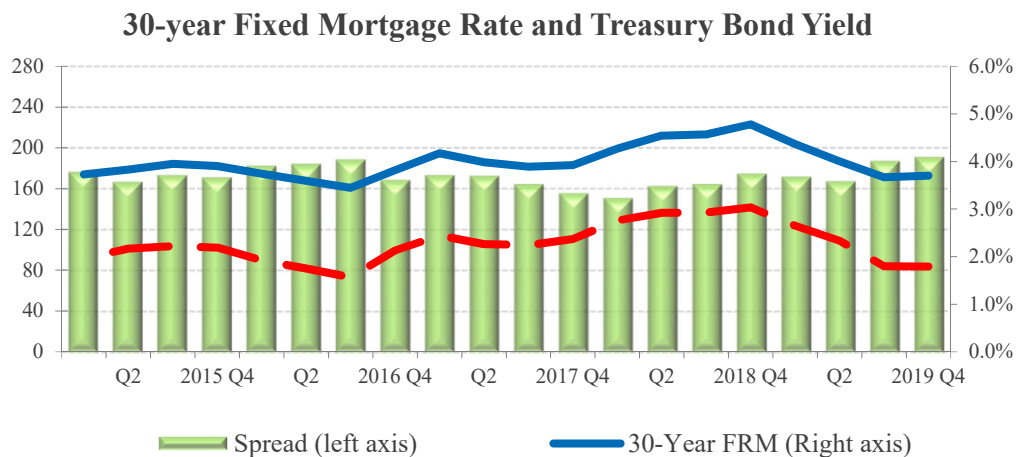
Recent Trend - Local Mortgage Servicing Cost to Income
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Tucson	U.S.	
Ratio for 2019	2.0	2.8	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2019 Q4	2.0	2.7	
Historical Average	2.0	2.7	Affordable compared to most markets



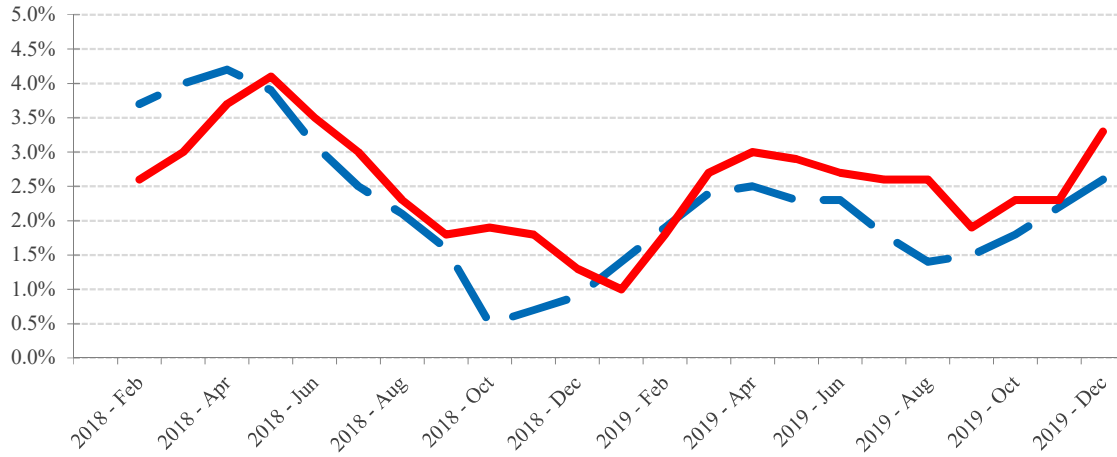
The Mortgage Market



The fourth quarter was a banner period for residential mortgages across the United States. In an environment of declining interest rates and strong economic conditions, many buyers and owners applied for new or refinanced loans. At the end of 2019, mortgage rates declined nearly 100 basis points compared to a year earlier. According to mortgage finance provider Freddie Mac, the 30-year fixed rate mortgage dropped to 3.70 percent in Q4 2019 from 4.78 percent in Q4 2018. Looking ahead, NAR is forecasting the 30-year fixed rate mortgage to average 3.80 percent for 2020.

REALTOR® Price Expectations

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



Source: NAR

REALTOR® Price Expectations	Arizona	U.S.	
2019 - Dec	3.3%	2.6%	REALTORS® expect higher price growth in Arizona than in the U.S. in the next 12 months. Their price expectations are also higher than a year ago.
Prior 12 months	1.3%	0.9%	

Geographic Coverage for this Report

The Tucson area referred to in this report covers the geographic area of the Tucson 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:

Pima County

More information on the OMB's geographic definitions can be found at https://obamawhitehouse.archives.gov/omb/bulletins_default/