

REGIONAL SALES STATISTICS

FRESNO (FRESNO MLS)

ALL ZIP CODES	# OF SALES	DAYS ON MARKET	AVG. SALES PRICE	AVG. PRICE PER SQ.FT.
2016	5,922	41	\$235,359	\$134
2017	5,957	38	\$254,440	\$147
%Change	+0.59%	-7.3%	+8.11%	+9.70%

CLOVIS (FRESNO MLS)

ALL ZIP CODES	# OF SALES	DAYS ON MARKET	AVG. SALES PRICE	AVG. PRICE PER SQ.FT.
2016	1,845	42	\$317,464	\$155
2017	1,877	39	\$340,771	\$167
%Change	+1.73%	-7.1%	+7.34%	+7.74%

SANGER/FOWLER/PARLIER/SELMA/KINGSBURG (FRESNO MLS)

ALL ZIP CODES	# OF SALES	DAYS ON MARKET	AVG. SALES PRICE	AVG. PRICE PER SQ.FT.
2016	687	46	\$233,006	\$133
2017	774	45	\$248,309	\$143
%Change	+12.66%	-2.1%	+6.57%	+7.52%

MADERA/CHOWCHILLA (CRMLS MLS)

ALL ZIP CODES	# OF SALES	DAYS ON MARKET	AVG. SALES PRICE	AVG. PRICE PER SQ.FT.
2016	981	49	\$224,128	\$122
2017	952	45	\$238,135	\$133
%Change	-2.96%	-8.2%	+6.25%	+9.02%

AHWAHNEE/OAKHURST/COARSEGOLD (CRMLS MLS)

ALL ZIP CODES	# OF SALES	DAYS ON MARKET	AVG. SALES PRICE	AVG. PRICE PER SQ.FT.
2016	368	103	\$257,356	\$143
2017	395	74	\$282,262	\$156
%Change	+7.34%	-28.16%	+9.68%	+9.09%

MERCED/ATWATER/WINTON (CRMLS MLS)

ALL ZIP CODES	# OF SALES	DAYS ON MARKET	AVG. SALES PRICE	AVG. PRICE PER SQ.FT.
2016	1,302	61	\$234,712	\$130
2017	1,284	40	\$258,661	\$159
%Change	-1.38%	-34.43%	+10.20%	+22.31%

HANFORD (KINGS MLS)

ALL ZIP CODES	# OF SALES	DAYS ON MARKET	AVG. SALES PRICE	AVG. PRICE PER SQ.FT.
2016	656	46	\$222,192	\$127
2017	702	47	\$232,008	\$136
%Change	+7.01%	+2.2%	+4.42%	+7.09%

2018 ANNUAL HOUSING REPORT

(1/01/17 - 12/31/17)



LONDON

PROPERTIES

FAMILY OWNED FOR THREE GENERATIONS • THE MOST TRUSTED NAME IN REAL ESTATE

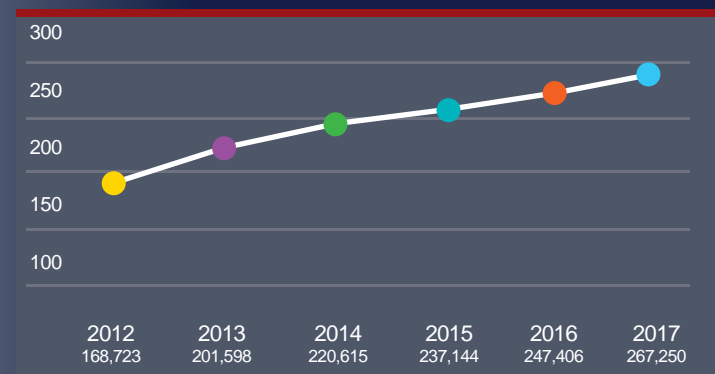


In 2017 our Central Valley Real Estate Market continued to experience overall appreciation, but showed some signs of leveling off. Our current market offers significant opportunities for both buyers and sellers. Continued price appreciation has increased **sellers’ equity**, rewarding those who make a move, while low interest rates (that are now rising) are still making it a great time for buyers. The gains our market has experienced in the last five years have pushed those who bought back at the peak of our market (2006) into a positive position. Additionally, buyers who purchased as recently as the last 3 to 5 years have **earned enough equity to sell and move up**. Our market has not had as many potential sellers in this strong of an equity position for over a decade. 2017’s market has brought us to a point where sellers have a real incentive and where buyers who may have been sitting on the sidelines are now seeing the gradual increase in interest rates as motivation to lock in their low payments for the next 30 years. Whether buying or selling, **now** seems to be the **time to take action!**

HERE’S WHAT HAPPENED IN 2017 (FRESNO MLS STATS - ALL AREAS/COMMUNITIES)

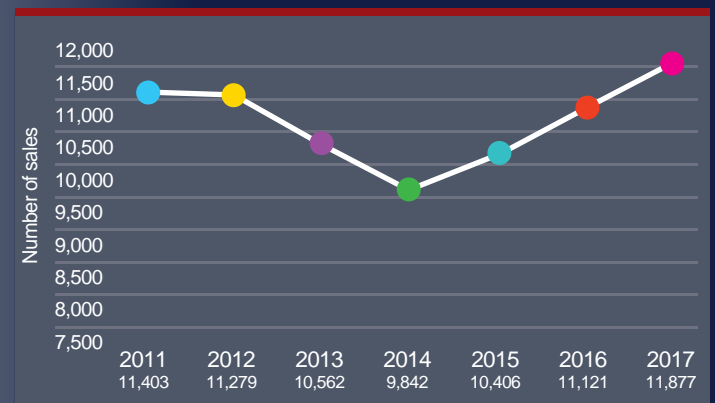
# of Homes Sold	Average Sales Price	Average Time to Sell
11,877	\$267,250	47 days
Up 6.8%	Up 8.02%	Down 17.5%

AVERAGE SALES PRICE



2017 sale prices were up over 8%. After several years of near double-digit increases, this tapering appreciation is welcomed and a sign of stability.

TOTAL NUMBER OF SALES



In 2017, sales were up 6.8%. This extended the increase we began three years ago. Household formations are on the rise with millennials moving out and leading the first-time home buyer segment. Also, purchasers from 2009-2014 are leveraging their equity gains and buying up or purchasing additional properties.

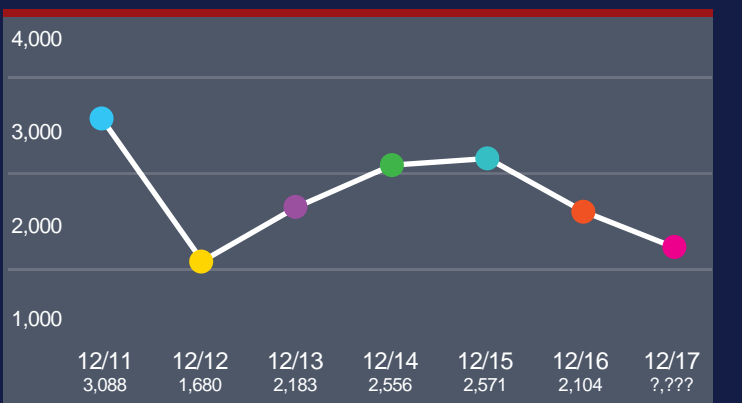
PURCHASING POWER

5.25	\$1,657	\$1,615	\$1,574	\$1,532	\$1,491
5.00	\$1,610	\$1,570	\$1,530	\$1,490	\$1,449
4.75	\$1,565	\$1,526	\$1,487	\$1,448	\$1,408
4.50	\$1,520	\$1,482	\$1,444	\$1,406	\$1,368
4.25	\$1,478	\$1,438	\$1,402	\$1,365	\$1,328
4.00	\$1,432	\$1,396	\$1,361	\$1,325	\$1,289
3.75	\$1,389	\$1,355	\$1,320	\$1,285	\$1,250
	\$300,000	\$292,500	\$285,000	\$277,500	\$270,000
		-2.5%	-5%	-7.5%	-10%

Principle and interest payments rounded to the nearest dollar amount.

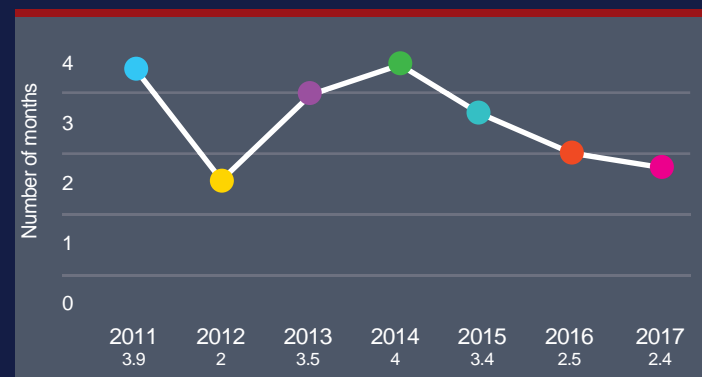
The rule of thumb is that for every 1% in rate increase, a buyer loses 10% of purchasing power. What you can afford at \$300,000 today would move to \$270,000 with a 1% increase in your rate. Anyone financing a purchase right now will likely be remembered as the smartest or luckiest homeowner/investor because they locked in their payments just as rates began to rise. After years of threatening to raise rates, the Fed finally makes their move. With rising rates, purchasing now will allow buyers to secure nicer properties than they could otherwise afford.

PROPERTIES FOR SALE



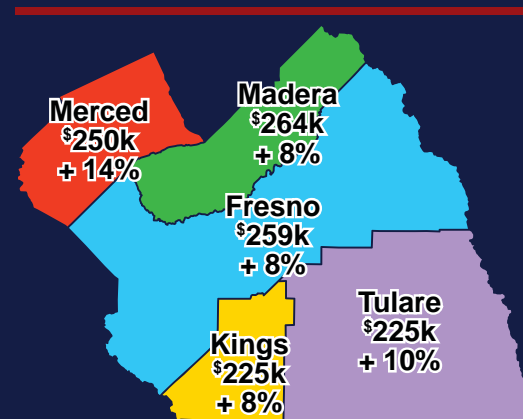
In 2017 our inventory was down, on average, 5.8% per month. At year’s end, however, the same month (December) comparison was down only 2.2%. As new home builders race to keep up with buyer demand, inventory will remain tight for 2018.

MONTHS’ SUPPLY OF INVENTORY



A “balanced” market benefitting both buyers and sellers typically has five (5) Months’ Supply of Inventory (MSI). MSI is defined as if no more homes were to come on the market from today forward, and sales maintained at their current level, we would have “X” number of months’ supply before inventory ran out. For the last quarter of 2017, the MSI moved down only slightly from the previous year to 2.4 months’ supply.

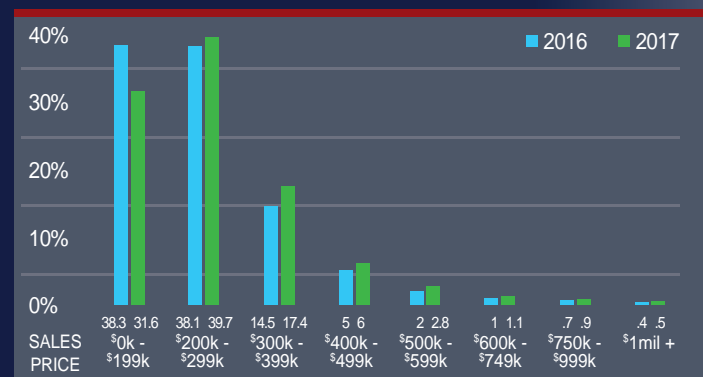
2017 CHANGES IN MEDIAN PRICE



CHANGES IN NUMBER OF HOMES SOLD

Fresno	+ 7%
Madera	- 6%
Kings	+ 15%
Tulare	+ 10%
Merced	+ 3%

SHARE OF HOMES SOLD COMPARISON



Although the share of homes sold in our Central Valley has moved up in all price points, we remain one of the most affordable regions in the state. Of the 58 counties in California, Fresno, Madera, Merced, Kings, and Tulare all rank in the top 15 most affordable counties in which to purchase based on median income and median purchase price (Affordability Index). Combined, our five-county region has a 49% affordability index compared to the average in California of only 29%.

- The mapped numbers represent the increase in Central Valley median prices year-over-year.
- These counties still trail their market highs of 2006 by:
 - Fresno, Tulare, and Kings -16.8%
 - Madera and Merced -27.5%
- On average, 13.8% of purchases in our region are investors, comprised of 24% “flippers” and 76% rental properties.
- 54% of Sellers plan to buy another home.

THINGS YOU NEED TO KNOW

- “Inventory constraints that have fueled a sharp rise in home prices and made it difficult for buyers to gain a foothold in the market will begin to ease in 2018 as part of broad and continued market improvements.” –Realtor.com 2018 Housing Forecast
- “If you are moving up to a larger, more expensive home, consider doing it now. Prices are projected to appreciate by 4% over the next year. If you are moving to a higher-priced home, it will wind up costing you more in raw dollars (both in down payment and mortgage payment) if you wait.” –CoreLogic
- “Sellers are concerned about ‘short term price’ – where home values are headed over the next six months. As a buyer, however, you must not be concerned about price, but instead about the ‘long term cost’ of the home.” – Mortgage Bankers Association (MBA)
- “Households must consume housing whether they own or rent. Homeowners pay debt service to pay down their own principal while households that rent pay down the principal of a landlord plus a rate of return. That’s yet another reason owning often does – as Americans Intuit – end up making more financial sense than renting.” – Joint Center for Housing Studies at Harvard University
- “Millennials gain market share in all home price segments. Although millennials will continue to face challenges next year with rising interest rates and home prices, they are on track to gain mortgage market share in all price points, due to the sheer size of the generation. Millennials could reach 43% of home buyers taking out a mortgage by the end of 2018, up from an estimated 40% in 2017. With the largest cohort of Millennials expected to turn 30 in 2020, their homeownership market share is only expected to increase.” – Realtor.com
- “Nationally, rates would have to reach 8.8%, a 107% increase over today’s average of +4% for renting to be cheaper than buying. Rates haven’t been that high since January of 1995.” – Freddie Mac
- “For most adults near traditional retirement age, a home is their most valuable asset – dwarfing retirement accounts, other financial assets, and other non-financial assets. Although relatively few retirees tap into their home equity, having it provides financial security. In fact, many retirement security experts argue that the conventional three-legged stool of retirement resources – Social Security, pensions, and savings – is incomplete because it ignores the home.” – Fannie Mae
- “Baby boomers are now ‘Crossing the Freedom Threshold’ – when where they live is no longer determined by responsibilities, but rather a freedom to live wherever they would like. According to a recent Merrill Lynch study, ‘an estimated 4.2 Million retirees moved into a new home last year alone.’ Two-thirds of retirees say that they are likely to move at least once during retirement.” – Merrill Lynch
- “Homebuilder sentiment continues to rise and strong buyer demand should also encourage building. The historical view also looks like there’s more room for housing starts to grow as starts are still only 55% of the 50-year average.” – Ralph McLaughlin, Trulia
- “America’s housing market is gearing up for a robust year ahead. Builders are more optimistic, demand is strong, and lean inventory is keeping prices elevated. What’s more, the tax legislation signed by President Trump may not pose as big a risk to demand from homebuyers as earlier versions did.” – Bloomberg Business