Economic and Commercial Real Estate Market Outlook

July 2020

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GDP Details in 2020 Q1

2020 Q1 or April	% change annualized rate
GDP	-5.0%
Consumer Spending	-7%
Business Spending	-6%
Residential Investment (Home building, home sales, remodeling)	+18%
Personal Income Gains n April and May	+12% and 7%
High Savings Rates in April and May	32% and 23%

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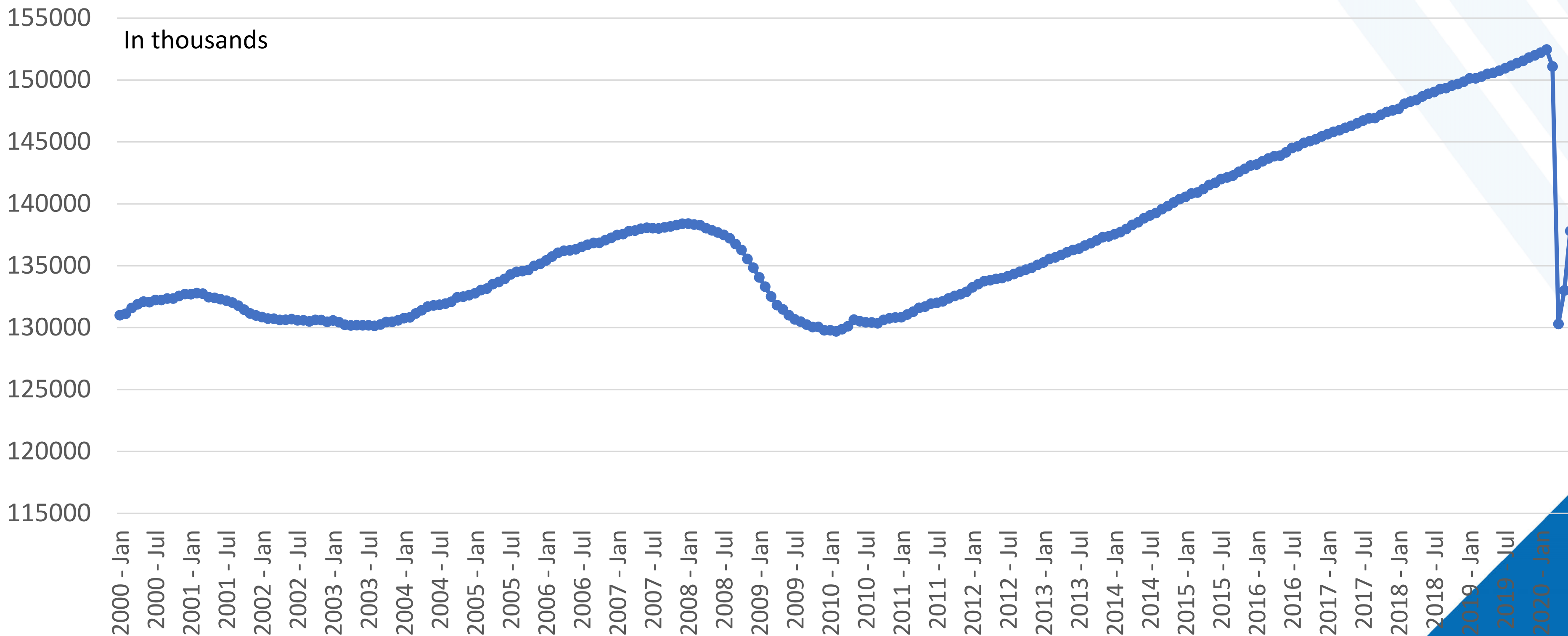
Total Payroll Jobs in the U.S.



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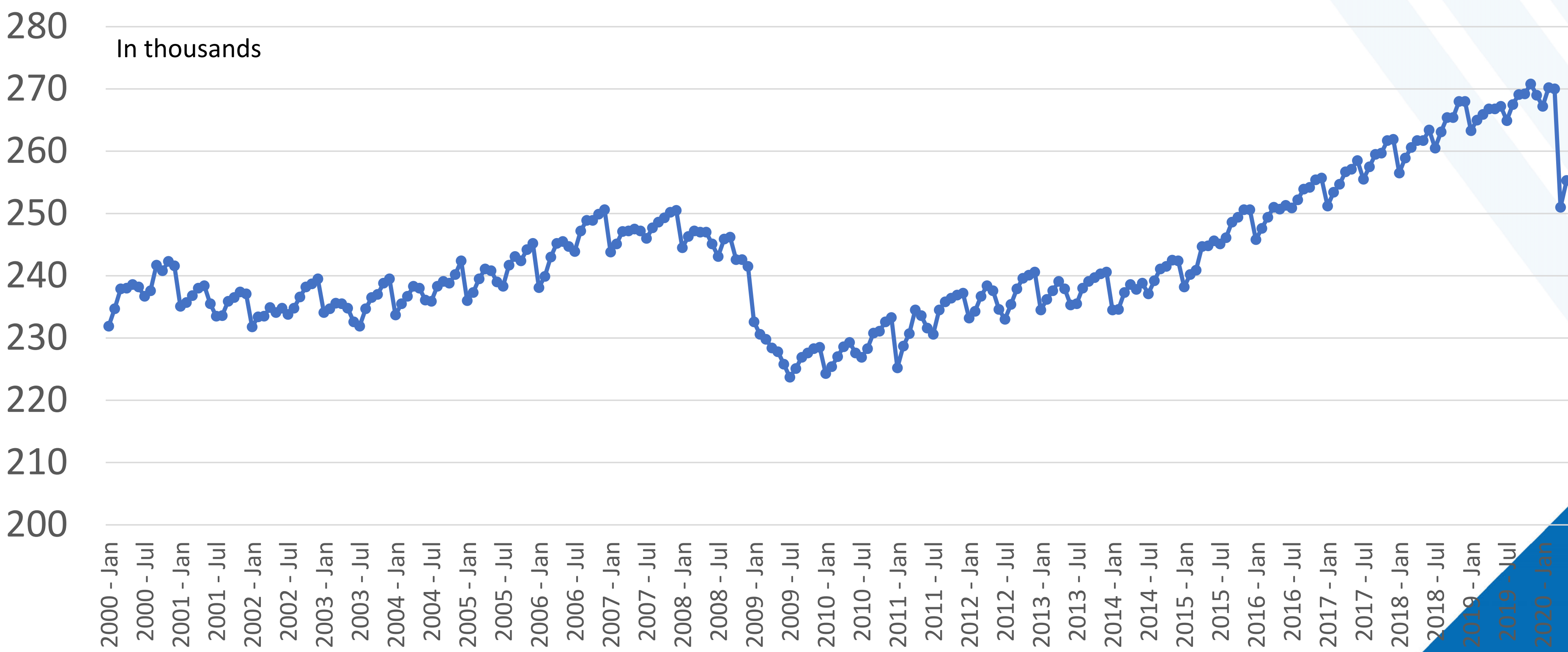
Total Jobs in Chattanooga Metro



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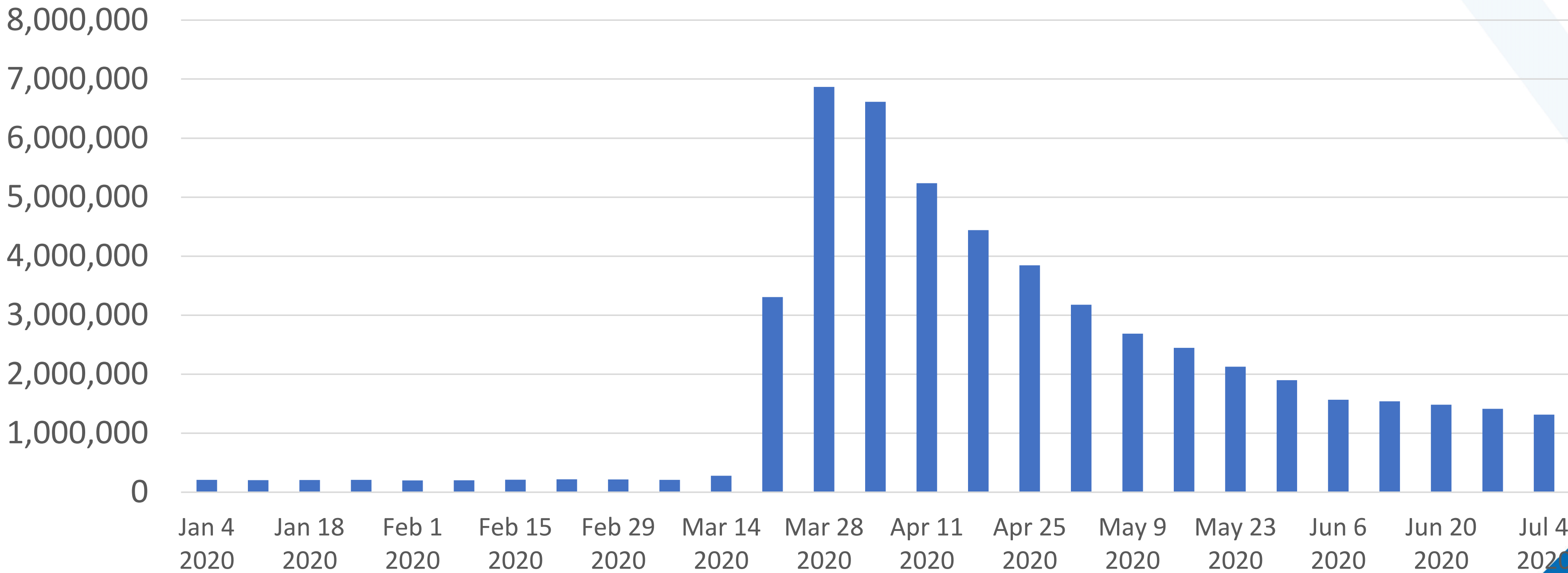
New Cases of Unemployment Relief … 49 million cumulative



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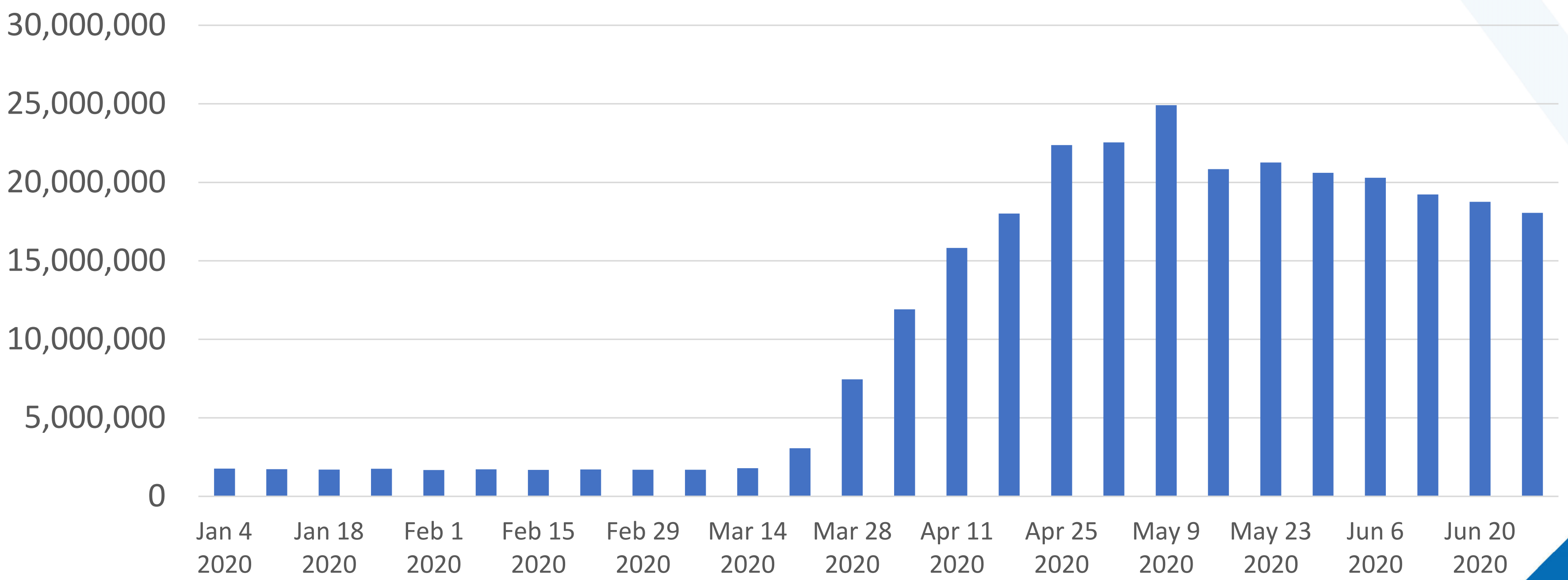
Total Cases of Unemployment Relief .. 18 million total



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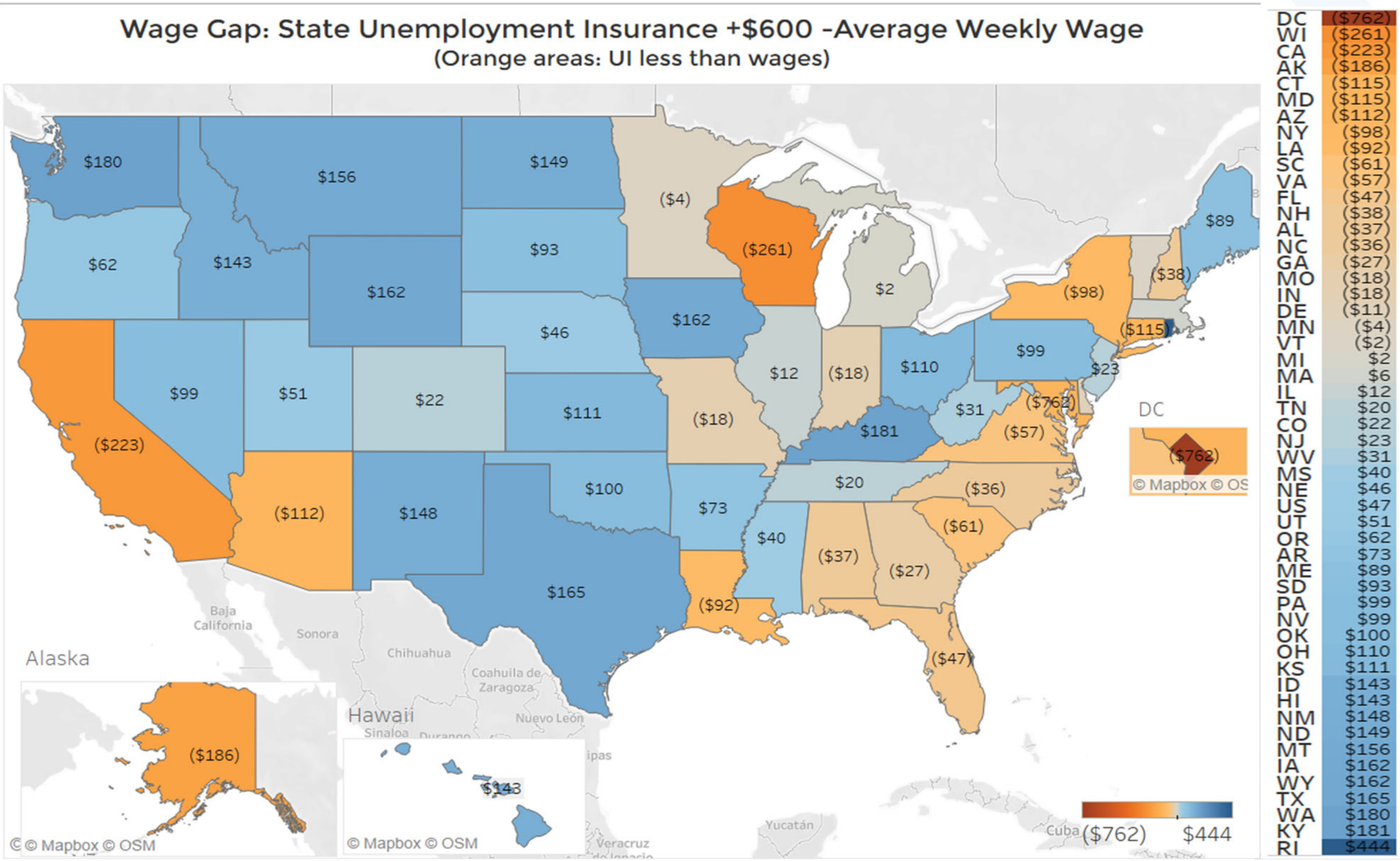
Unemployment insurance benefits don't fully replace wages in some states



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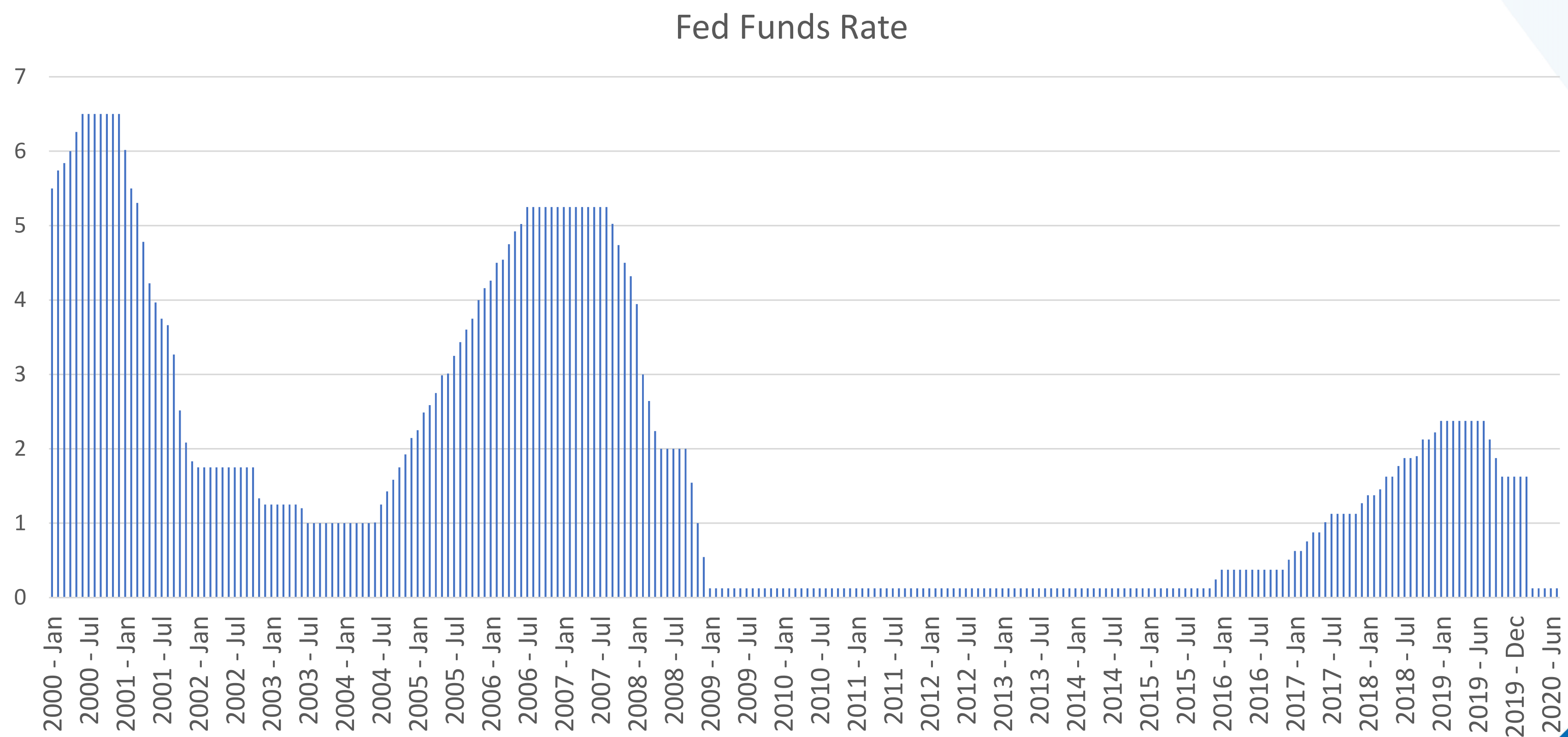
Federal Reserve All-In
Quantitative Easing including buying Corporate Debts



30-Year Mortgage Rate can fall Further …
Because of Super-low 10-year Treasury Yields …
But Jumbo Loans not Working

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Inventory

Low Pre-Pandemic … Lower During Pandemic

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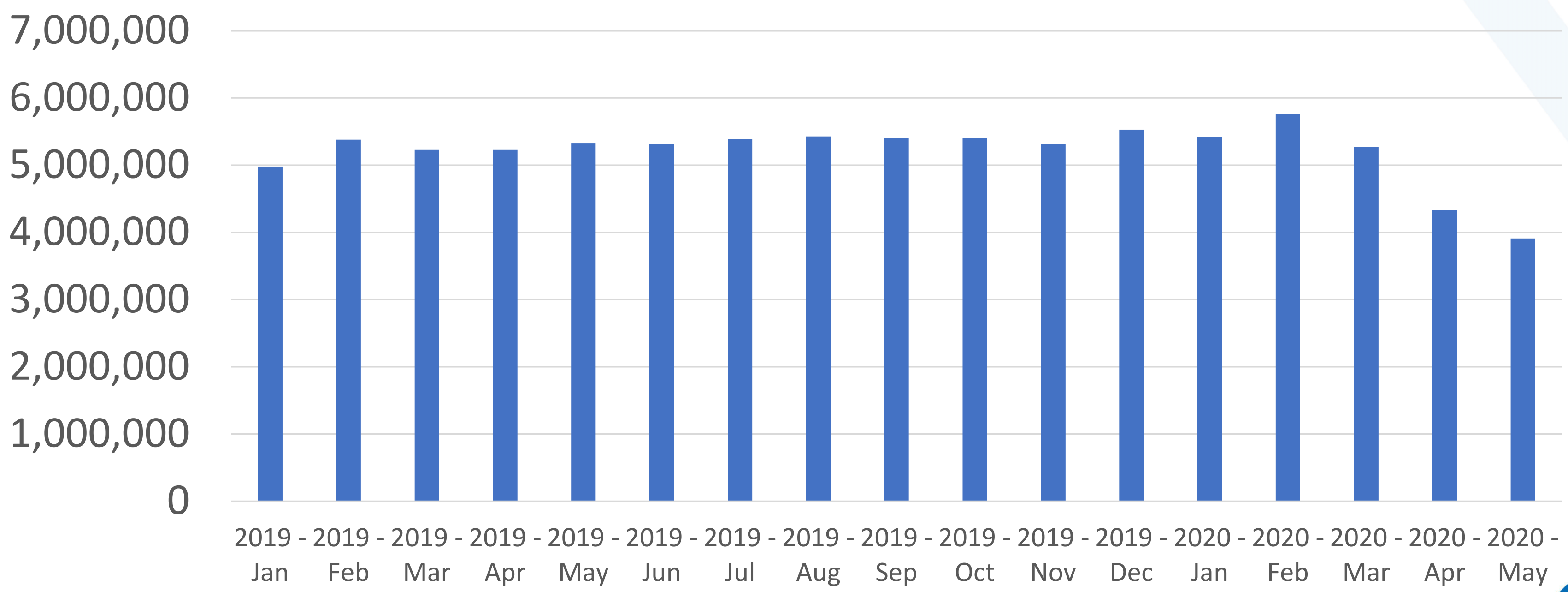
Sales Closings (annualized rate) … Cyclical Low in May



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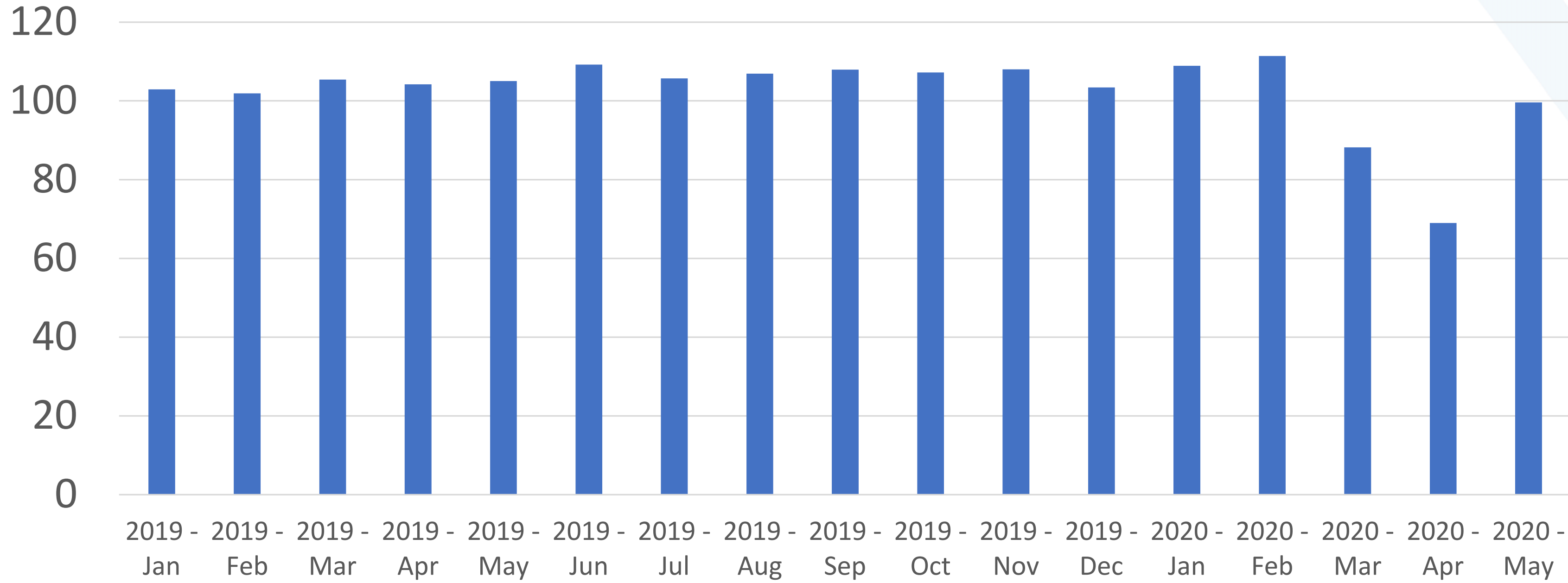
Pending Contracts … Recovery in May



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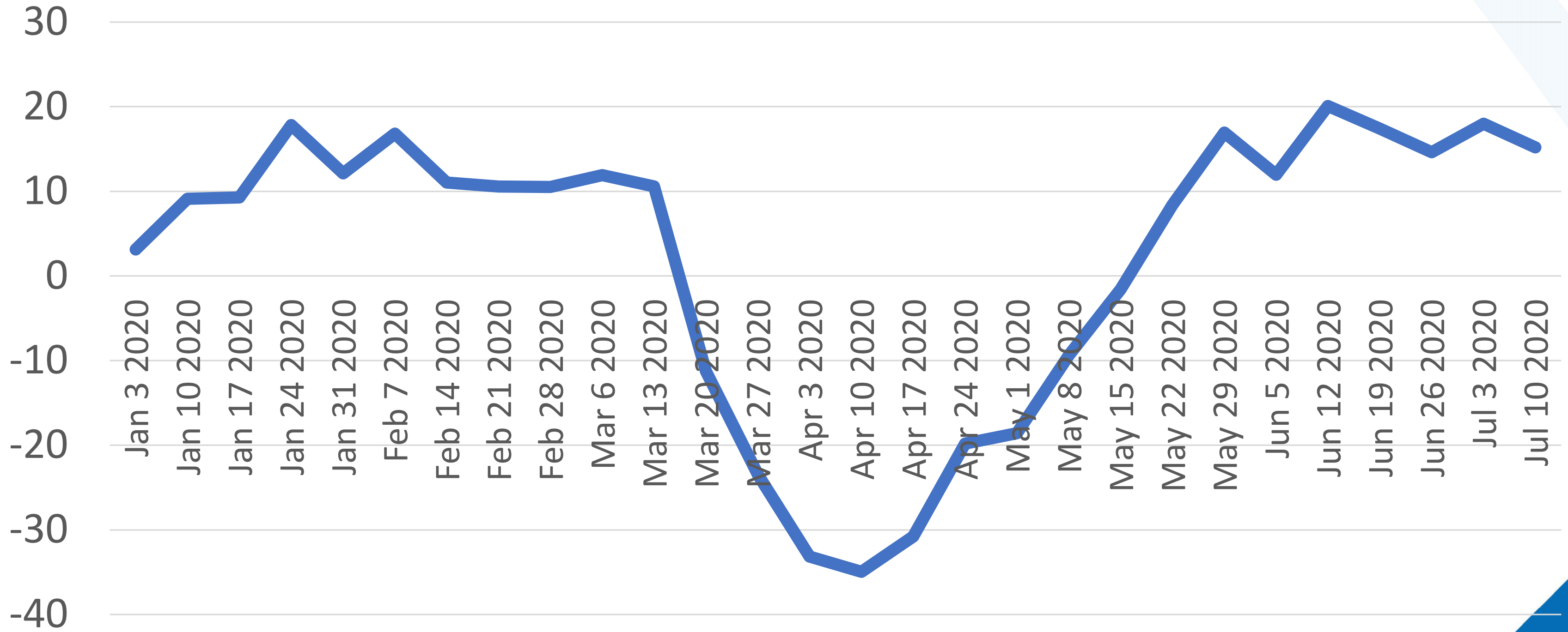
Early Phase of Home Buying Process
Mortgage Application to Buy a Home … Booming



Source: Mortgage Bankers Association

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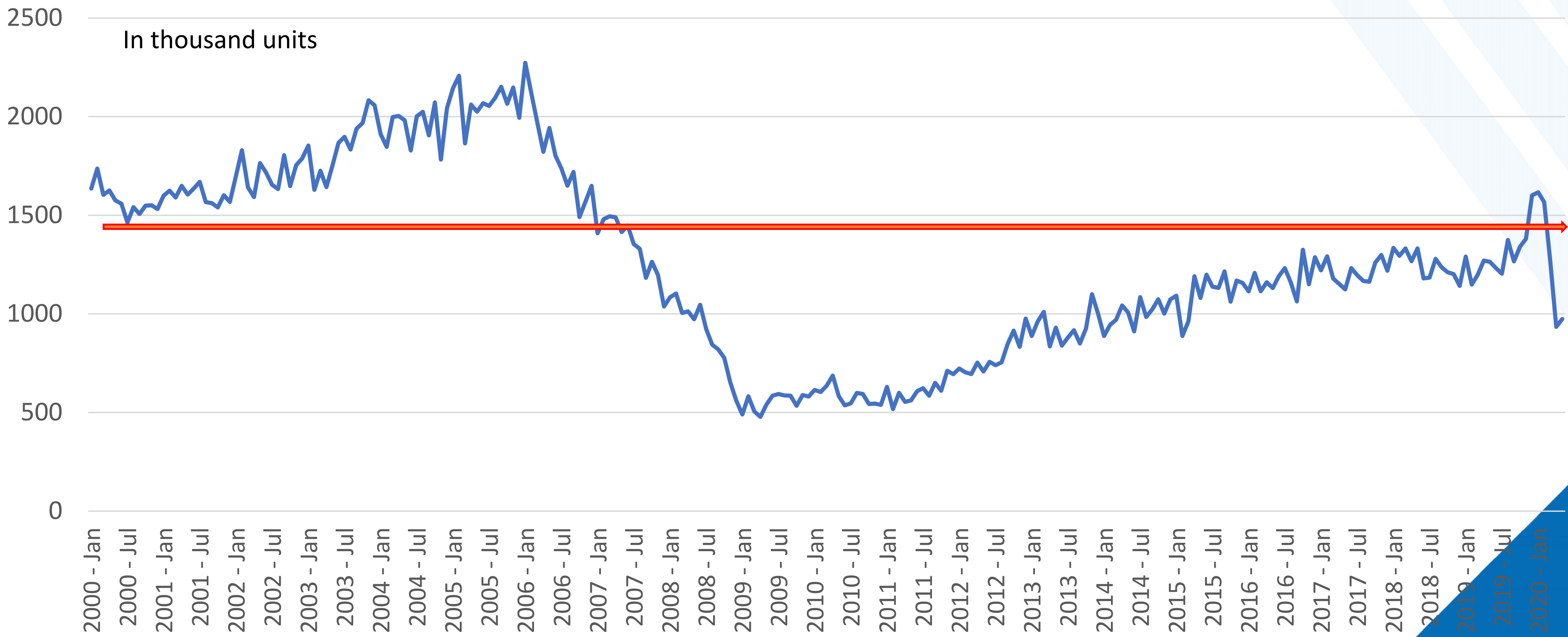
Insufficient Housing Starts … Housing Shortage Falling Below Normal Again during Pandemic



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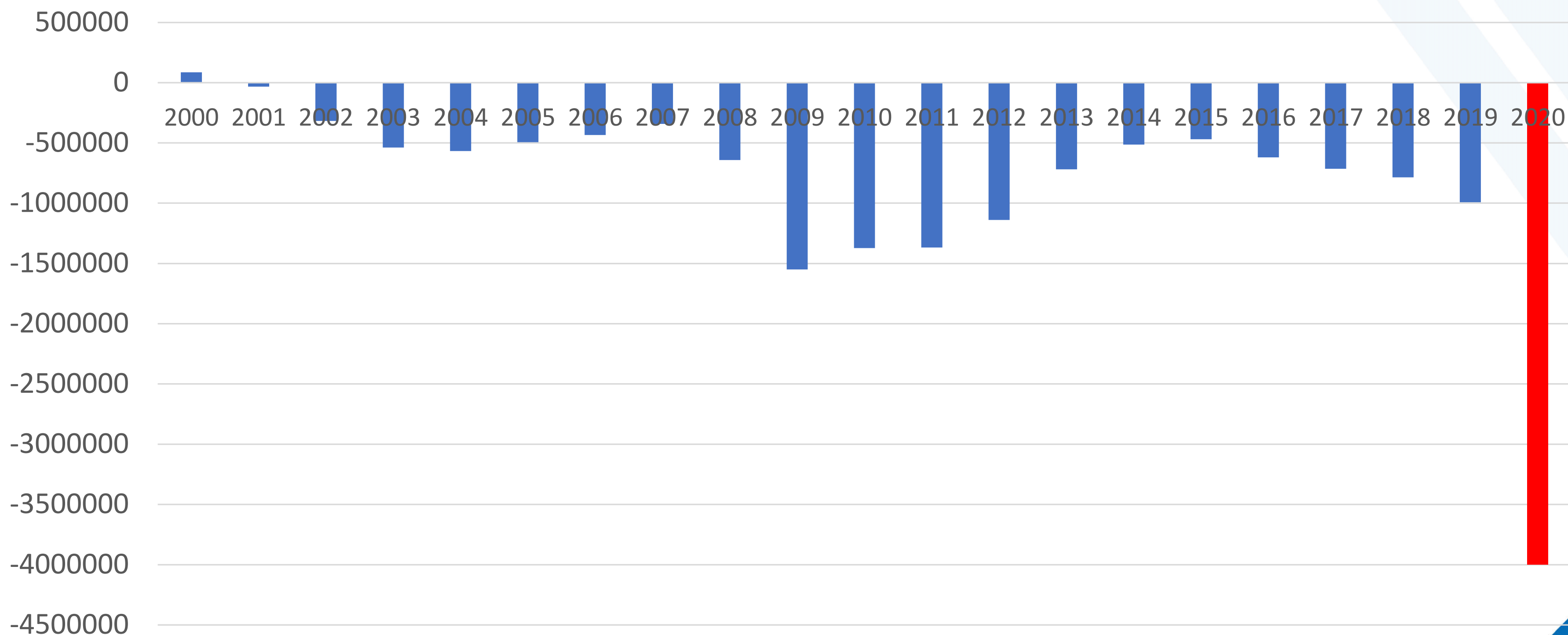
Federal Budget Deficit … $4 trillion in 2020 … Who will buy U.S. debt?



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OUTLOOK 2020-2021

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2020 Quarterly Forecast

	Annualized Rate	Year over year change
2018	5.34 million	
2019	5.34 million	
2020 Q1 actual	5.48 million	+5%
2020 Q2	3.8 million	-28%
2020 Q3	4.7 million	-13%
2020 Q4	5.1 million	-6%

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Annual Forecast

	2019	2020 Forecast	2021 Forecast
GDP Growth	2.3%	-4.5%	+3%
Job Gains	2.2 million	- 4 million	+ 2 million
Home Prices	4.8%	3% to 5%	1% to 3%
Home Sales	0%	-10% to -13%	+13 to +18%

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Permanent Changes after Pandemic

Virtual Office Meetings

More Remote Working

Less Traffic near City Centers

Move Further Out

Larger House

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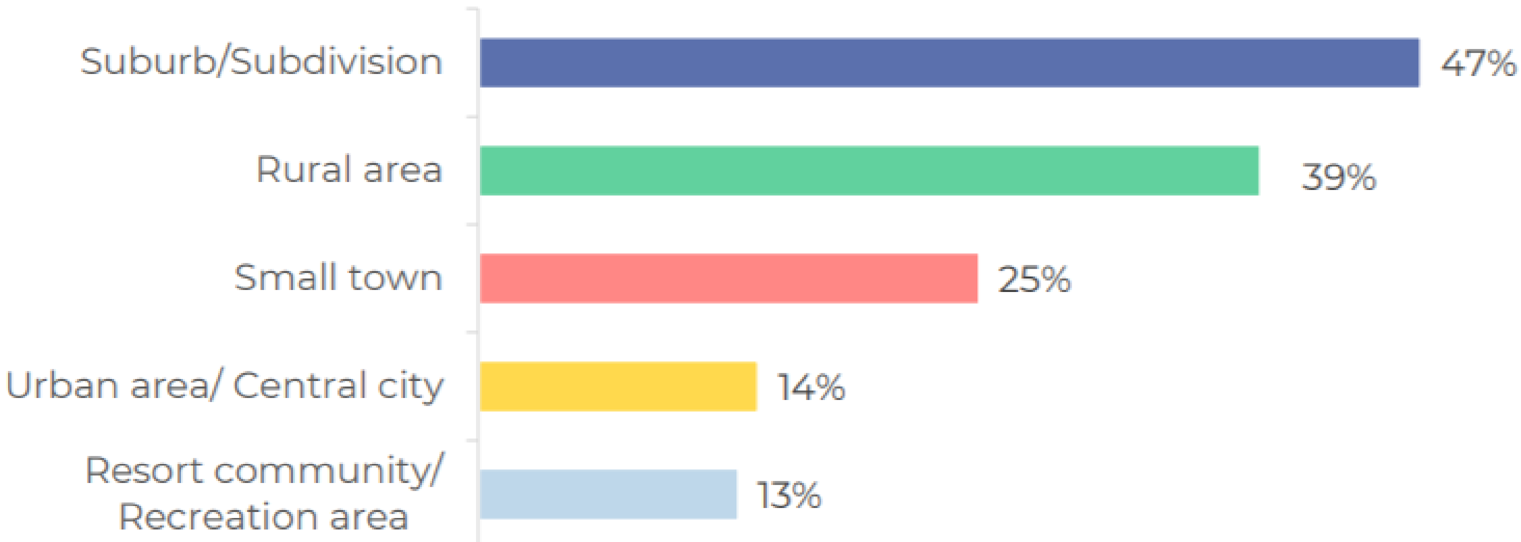
WHICH BEST DESCRIBES THE LOCATIONS OF THE HOMES IN WHICH THESE CLIENTS ARE NOW INTERESTED IN PURCHASING? (CHECK ALL THAT APPLY)



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Thank You

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