



FOR-SALE HOUSING MARKETS UPDATE

Gregg Logan, Managing Director

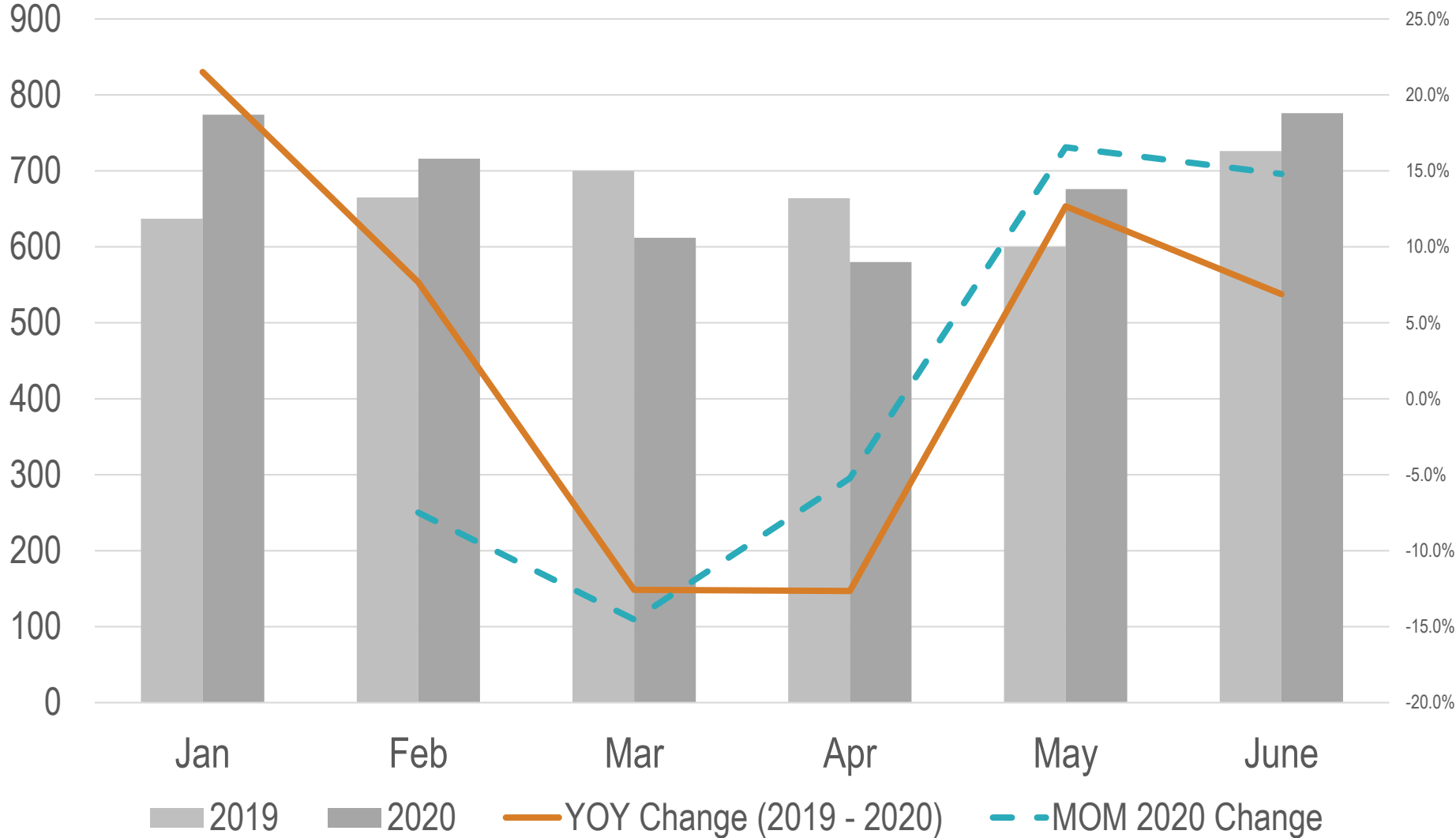
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RCLCO
REAL ESTATE ADVISORS

NEW HOME SALES HAVE RECOVERED FROM THE MARCH 2020 DIP

New Home Sales (000's)



V-Shaped Recovery for New Home Market?

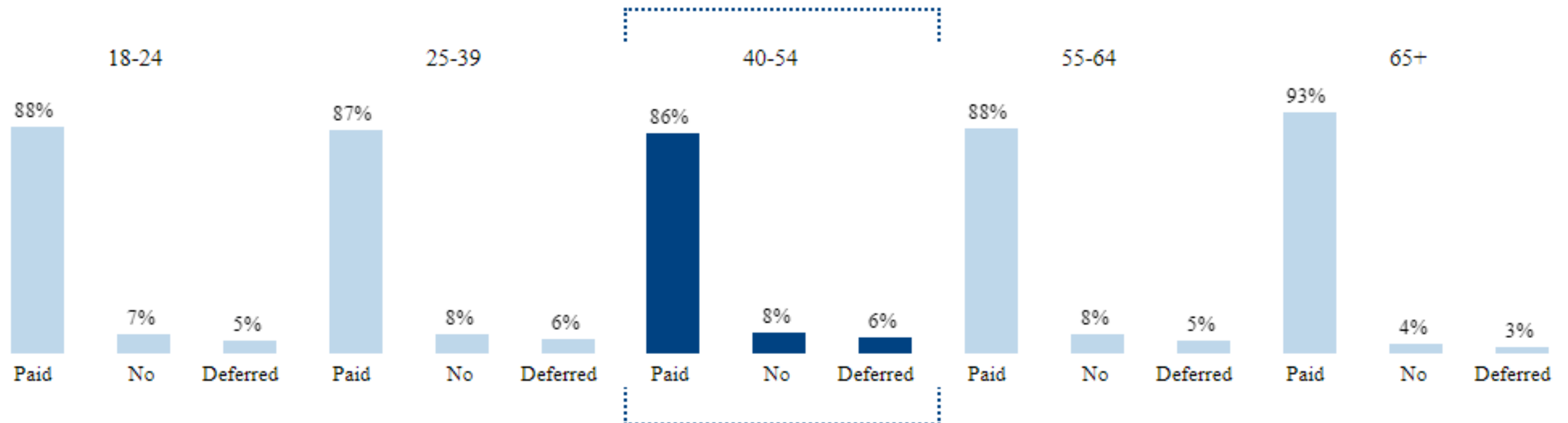
Sales of new single-family houses in June 2020 were at a seasonally adjusted annual rate of 776,000 - up 13.8% from May 2020

The seasonally-adjusted estimate of new houses for sale at the end of June was 307,000, or 4.7 months at the current sales rate, that's down from 5.6 months (estimate) at the end of May

12% OF MORTGAGE PAYMENTS MISSED IN MAY, 2020

NEW DATA FROM THE U.S. CENSUS SHOWS THAT:

- ▶ 12% of mortgage holder households did not make their mortgage payment on time; 41% of them deferred their payment
- ▶ 31% of those who did not pay on time used the stimulus package but it was not enough to cover the cost
- ▶ 63% of the owners have high confidence in their ability to make next month's payment while 21% have moderate confidence
- ▶ Owners not able to pay more likely to be 40-54 years old, divorced/separated, children under 18 in house, Black or Hispanic



MASTER PLANNED COMMUNITY SALES ABOVE MARKET



RANK	MPC	MSA (CITY, STATE)	DEVELOPER	YTD SALES		
				MY 2020	MY 2019	%Δ
1	The Villages*	The Villages (The Villages, Florida)	The Villages	1,000	1,000	0%
2	Lakewood Ranch	North Port-Sarasota-Bradenton (Sarasota, Florida)	Schroeder-Manatee Ranch, Inc.	838	824	2%
3	Wellen Park ¹	North Port-Sarasota-Bradenton (Venice, Florida)	West Villages	683	679	1%
4	Summerlin	Las Vegas-Henderson-Paradise (Las Vegas, Nevada)	Howard Hughes Corporation	642	675	-5%
5	Daybreak	Salt Lake City (South Jordan, Utah)	Daybreak Communities	507	362	40%
6	North Pointe Valley Vista	Las Vegas-Henderson-Paradise (North Las Vegas, Nevada)	D.R. Horton	475		
7	Cane Bay Plantation	Charleston-North Charleston (Charleston, South Carolina)	Gramling Brothers	472	326	45%
8	Nocatee	Jacksonville (Ponte Vedra, Florida)	PARC Group	439	535	-18%
9	Eastmark	Phoenix-Mesa-Scottsdale (Mesa, Arizona)	DMB Associates & Brookfield	436	469	-7%
10	Bridgeland	Houston-The Woodlands-Sugar Land (Cypress, Texas)	Howard Hughes Corporation	425	351	21%

MPC's tracked in both our [2019 mid-year survey](#) and [2020 mid-year survey](#) experienced a 16%+ increase in new home sales

Above the 12.7% increase for new homes overall

Flight to quality, or flight to safety?

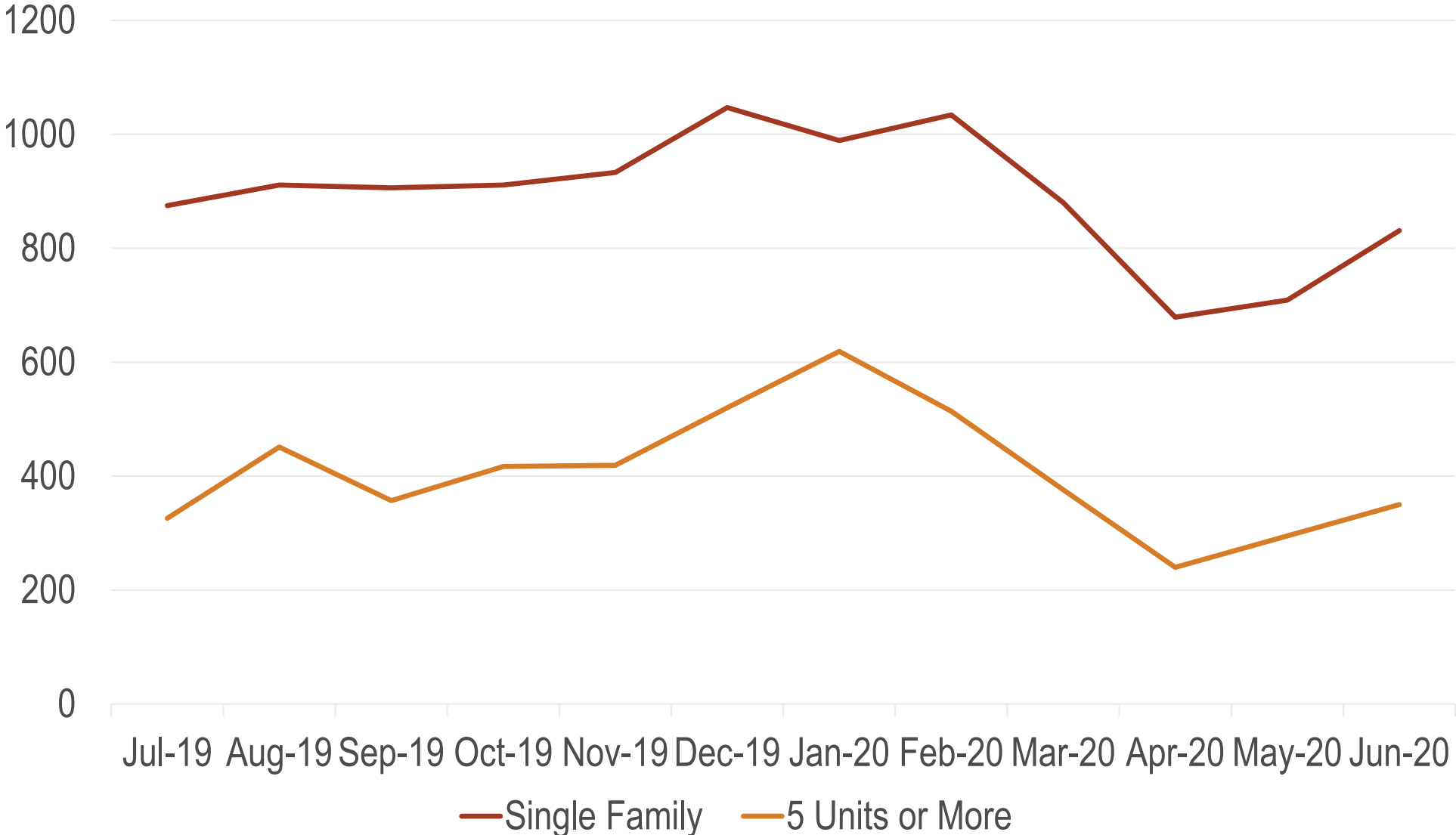
The Villages retiree-focused community once again claims the top spot in RCLCO's ranking

Sarasota, Florida's Lakewood Ranch claimed the number two spot overall, and is the top-selling multi-generational community in the U.S.

Some communities up as much as 40% to 45% over 2019 pace

HOUSING STARTS

Single Family and Multifamily Starts (000'S)



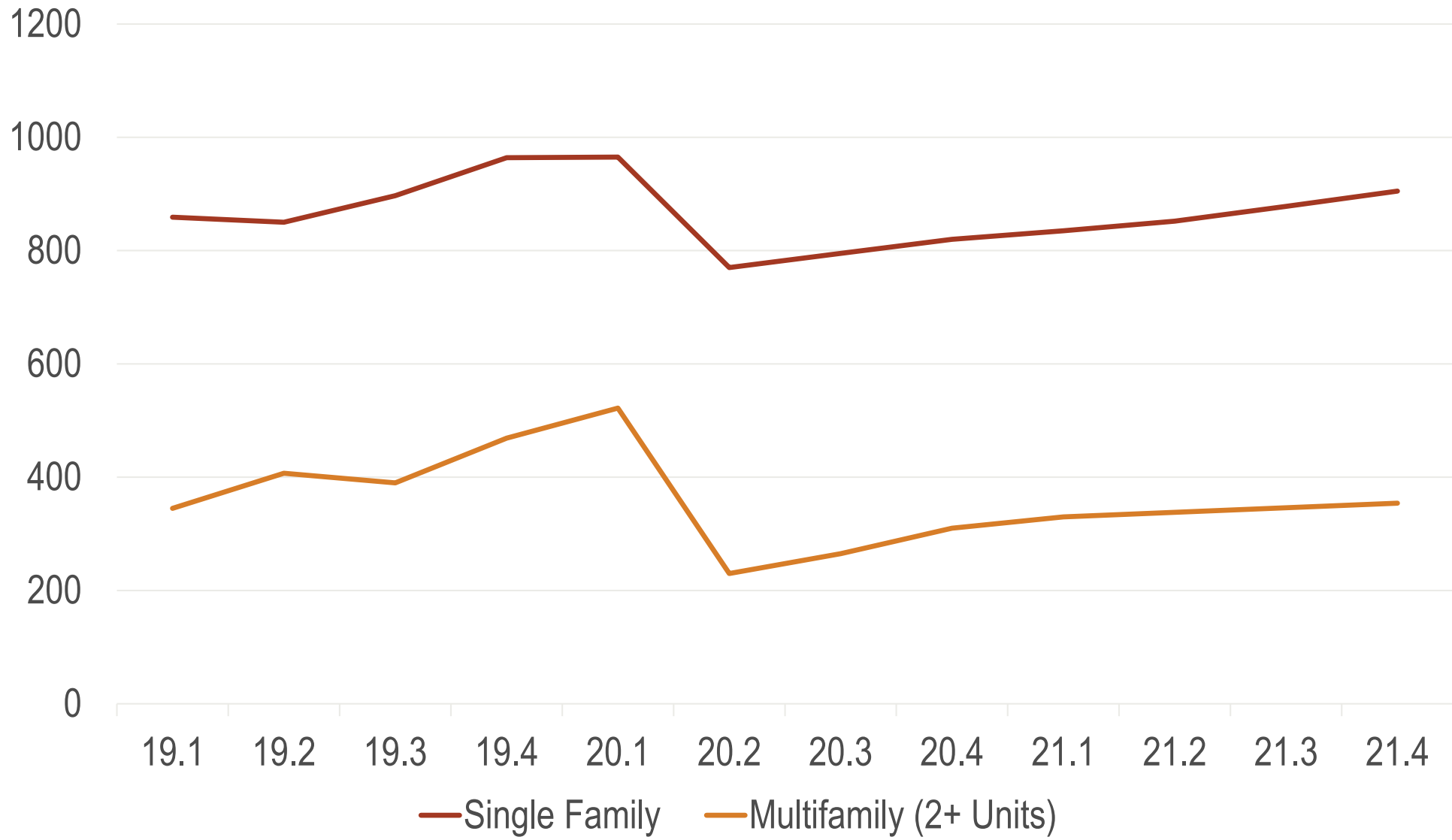
Privately-owned housing starts in June were at a seasonally adjusted annual rate of 1,186,000. This is 4.0 percent below the June 2019 rate of 1,235,000

Single-family housing starts in June were at a rate of 831,000 and below the June 2019 pace

The June rate for units in buildings with five units or more was 350,000

FANNIE MAE HOUSING STARTS FORECAST (BY QUARTER)

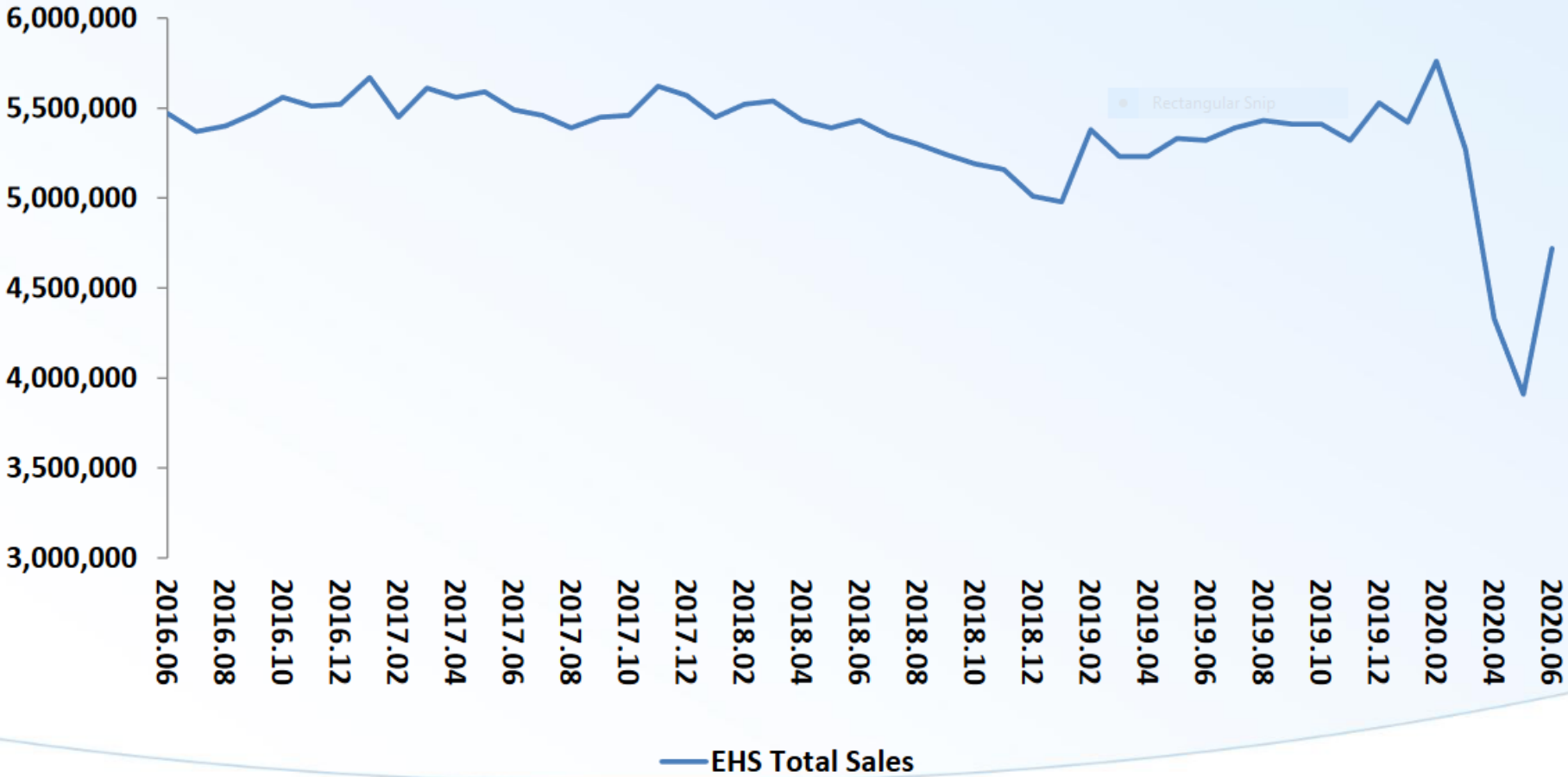
Housing Starts by Quarter, Historical and Forecast (000's)



Fannie Mae June 2020 forecast anticipates a slow but steady ramp up over the balance of 2020, gradually returning to 2019 levels by the fourth quarter of 2021

EXISTING HOME SALES RECOVERING; -11.3% COMPARED TO 2019

Total Existing Home Sales, SA Annual Rate



Existing-home sales rebounded in June, showing strong signs of a market turnaround after three straight months of sales declines caused by the ongoing pandemic, according to the National Association of Realtors®

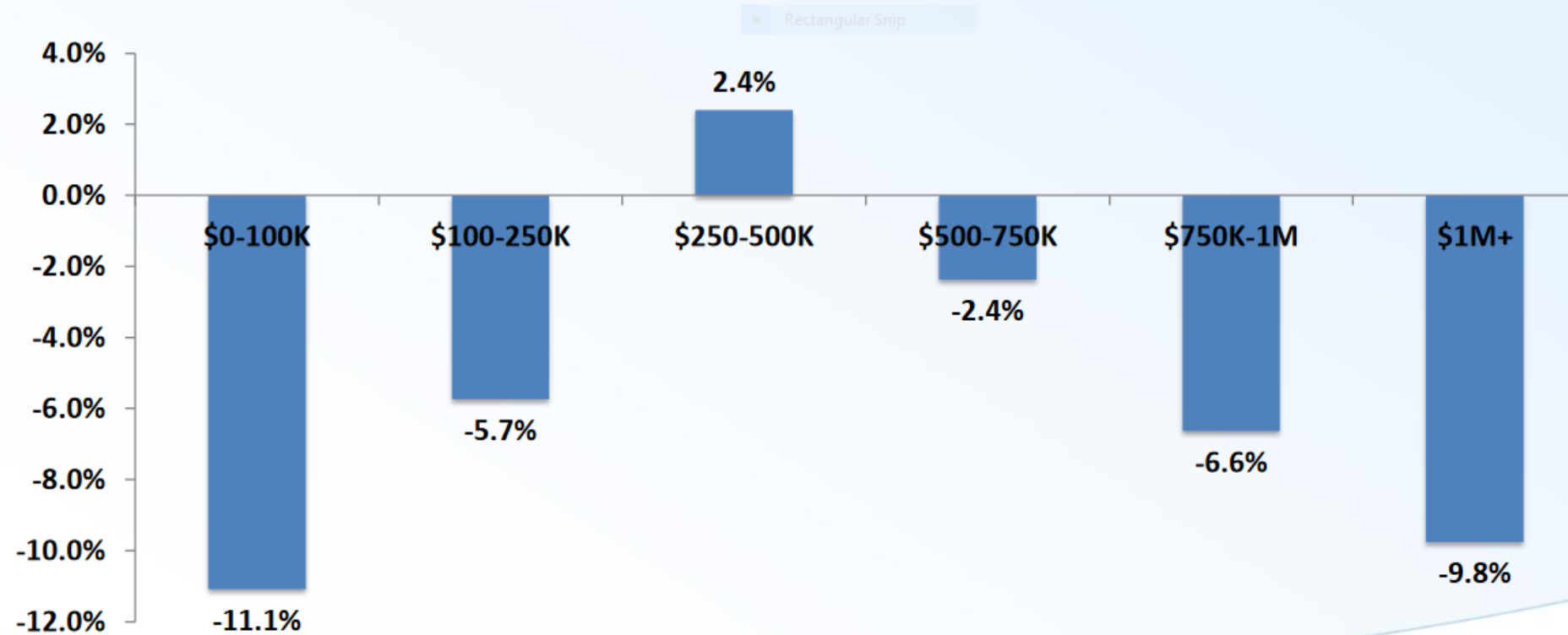
Sales as of the end of June were down 11.3% YOY, an improvement over May when sales were down 26.5% YOY, the largest annual decline since 1982

Total housing inventory at the end of June totaled 1.57 million units, down 18.2% from one year ago, a 4.0-month supply at the current sales pace, down from both 4.8 months in May



EXISTING HOME SALES DECLINE AT LOW END, HIGH END OF MARKET

Percent Change in Sales From a Year Ago by Price Range



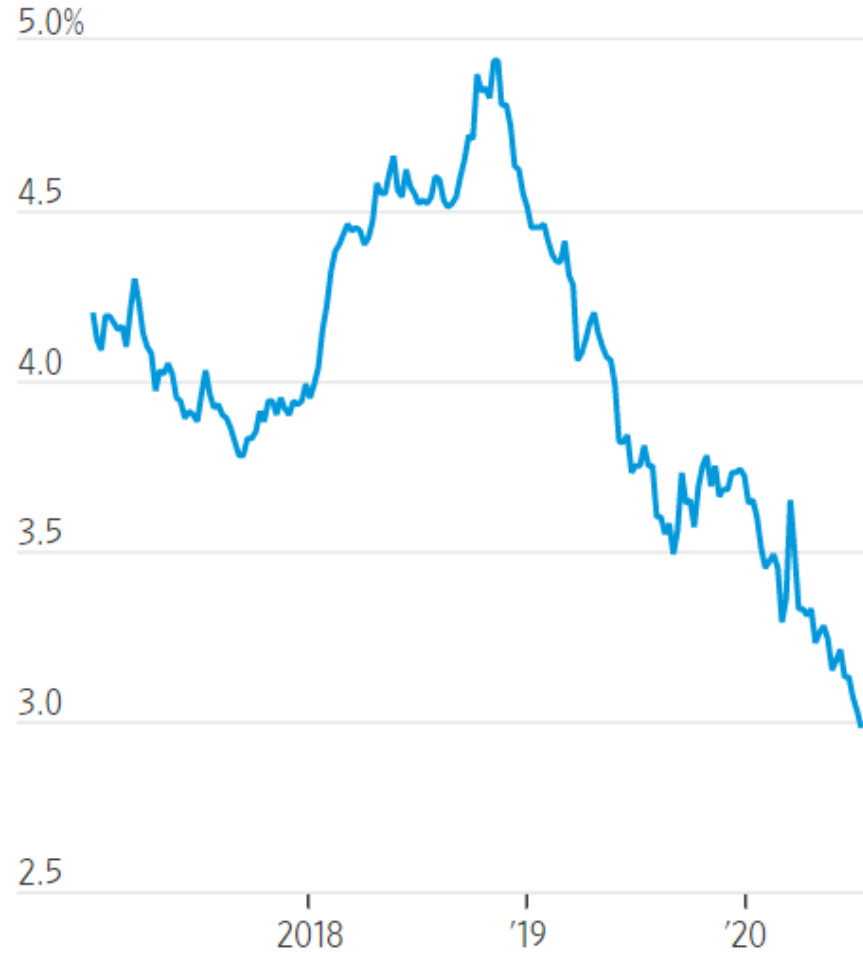
The housing market illustrates the two extremes of the pandemic recession:

- ▶ White-collar workers who have kept their jobs are seizing the opportunity
- ▶ Lower paid service workers in restaurants and retail have lost their jobs and are struggling to pay rent and mortgages



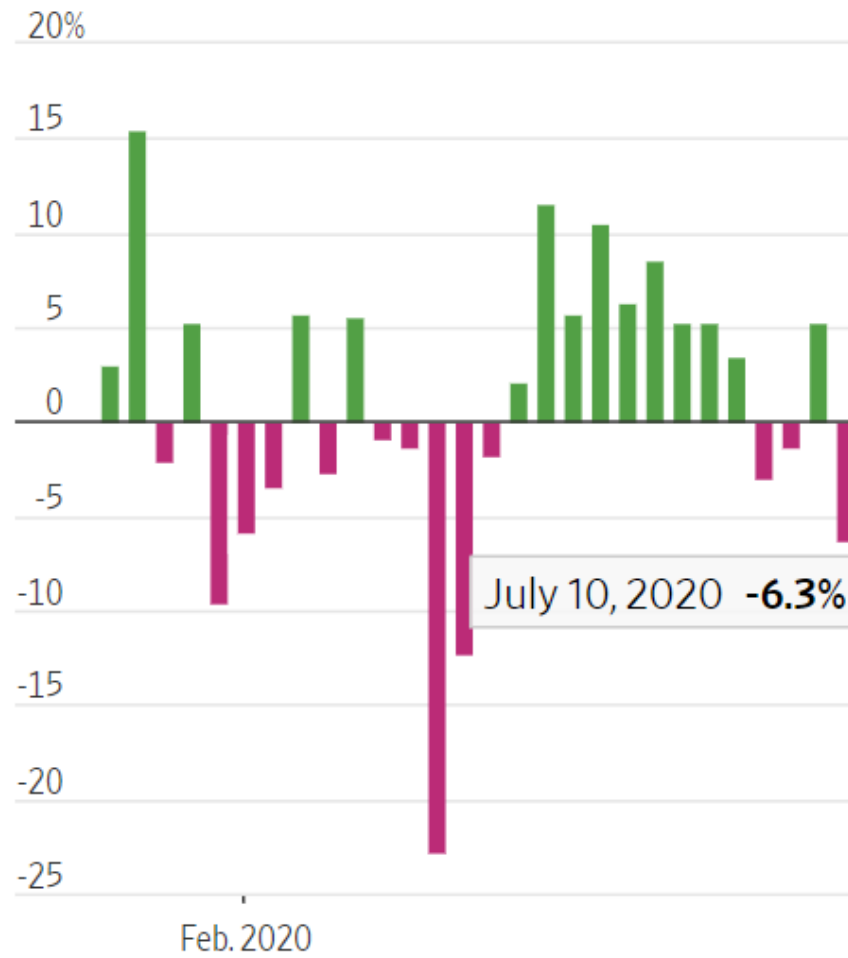
HOME MORTGAGE TRENDS

Average rate on 30-year fixed mortgage



Source: Freddie Mac

Change in mortgage applications, weekly



Source: Mortgage Bankers Association

The 30-year mortgage rate reaches lowest level ever: 2.98%

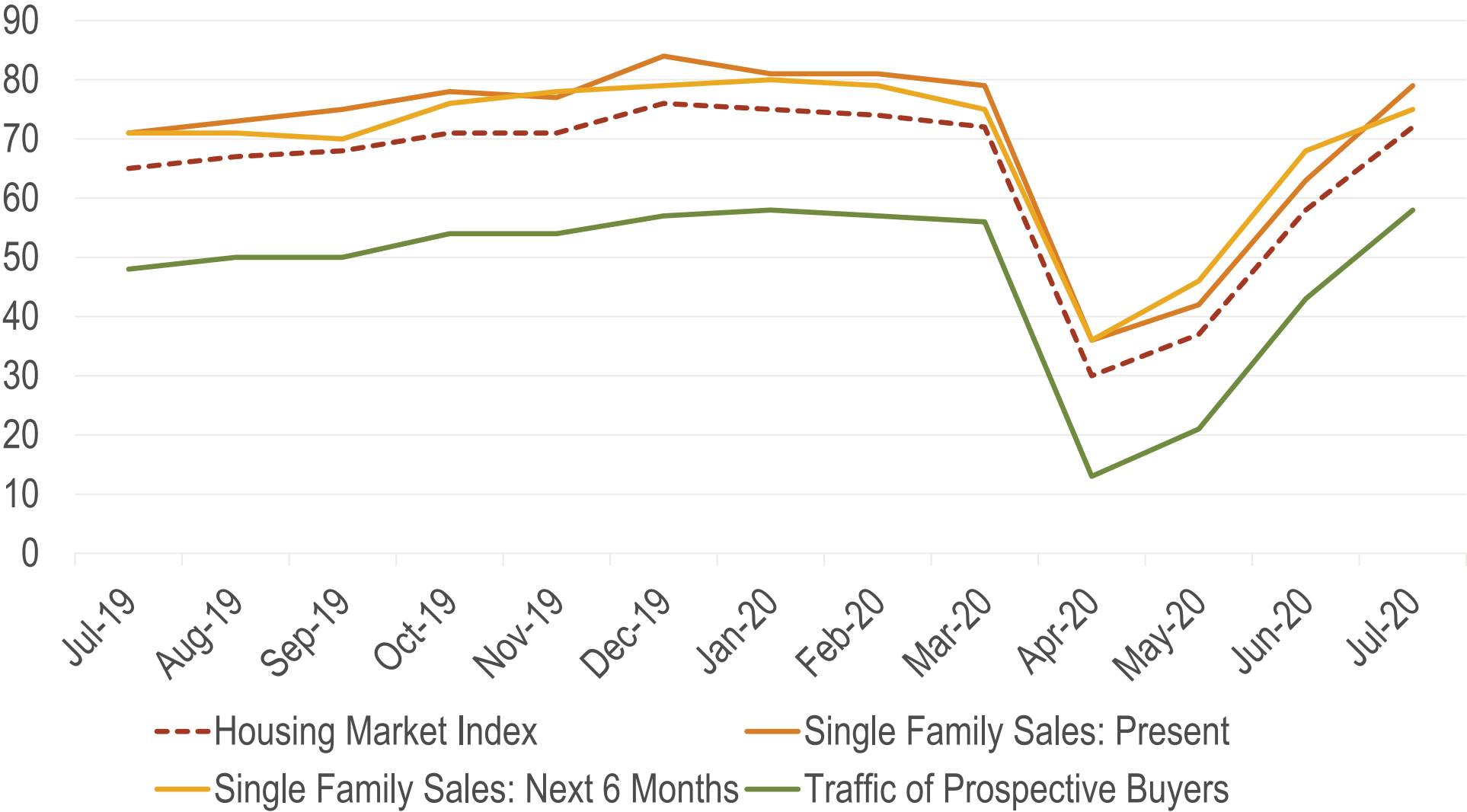
Low mortgage rates typically boost home sales, and both existing and new home sales show signs of recovery

Mortgage purchase applications for new home rose +17% in June, and it appears that lower rates are spurring buyers to market

Updated: July 16, 2020, Freddie Mac, MBI, NAR

NAHB/WELLS FARGO HOUSING MARKET INDEX (HMI)

Housing Market Index



HMI based on a monthly survey of NAHB members designed to take the pulse of the single-family housing market

The survey asks respondents to rate market conditions for the sale of new homes at the present time and in the next six months as well as the traffic of prospective buyers of new homes

CRITICAL ASSUMPTIONS

Our conclusions are based on our analysis of the information available from our own sources and from the client as of the date of this report. We assume that the information is correct, complete, and reliable.

We made certain assumptions about the future performance of the global, national, and local economy and real estate market, and on other factors similarly outside either our control or that of the client. We analyzed trends and the information available to us in drawing these conclusions. However, given the fluid and dynamic nature of the economy and real estate markets, as well as the uncertainty surrounding particularly the near-term future, it is critical to monitor the economy and real estate markets continuously and to revisit the aforementioned conclusions periodically to ensure that they are reflective of changing market conditions.

It has become increasingly clear that the U.S. economy is in a recession, and yet the extent of the damage to the economy and the ability to rebound from a still unfolding disruption are unknown. These events underscore the notion that stable and moderate growth patterns are historically not sustainable over extended periods of time, the economy is cyclical, and real estate markets are typically highly sensitive to business cycles. Further, it is particularly difficult to predict inflection points, including when economic and real estate expansions will end, and when downturn conditions return to expansion.

Our analysis and recommendations are based on information available to us at the time of the writing of this report, including the likelihood of a downturn, length and duration, but it does not consider the potential impact of additional/future shocks on the national and/or local economy, and does not consider the potential benefits from major "booms" that may occur. Similarly, the analysis does not reflect the residual impact on the real estate market and the competitive environment of such a shock or boom. Also, it is important to note that it is difficult to predict changing consumer and market psychology. As such, we recommend the close monitoring of the economy and the marketplace, and updating this analysis as appropriate.

Further, any project and investment economics included in our analysis and reports should be "stress tested" to ensure that potential fluctuations in revenue and cost assumptions resulting from alternative scenarios regarding the economy and real estate market conditions will not cause unacceptable levels of risk or failure.

In addition, and unless stated otherwise in our analysis and reports, we assume that the following will occur in accordance with current expectations by market participants:

- ▶ Tax laws (i.e., property and income tax rates, deductibility of mortgage interest, and so forth)
- ▶ Availability and cost of capital and mortgage financing for real estate developers, owners and buyers
- ▶ Competitive supply (both active and future) will be delivered to the market as planned, and that a reasonable stream of supply offerings will satisfy real estate demand
- ▶ Major public works projects occur and are completed as planned

Should any of the above change, this analysis should be updated, with the conclusions reviewed accordingly (and possibly revised).

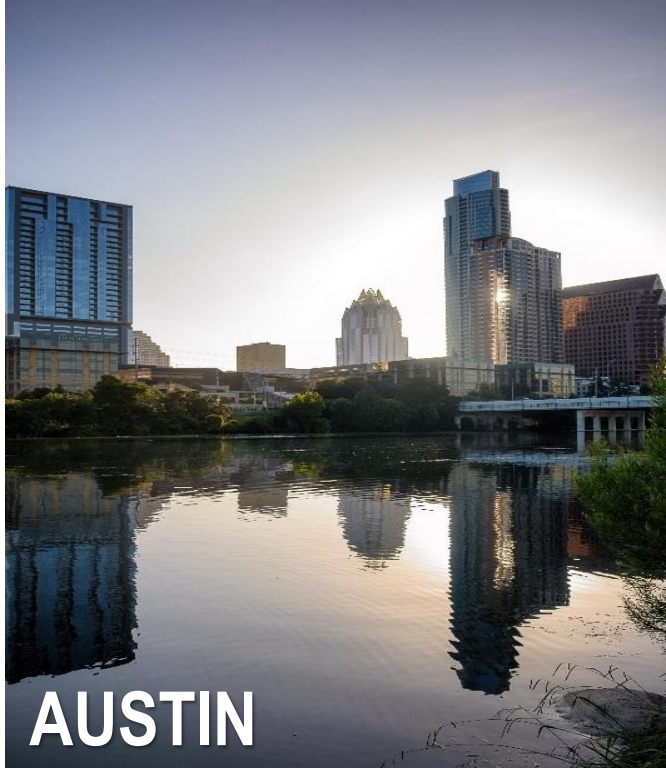
GENERAL LIMITING CONDITIONS

Reasonable efforts have been made to ensure that the data contained in this study reflect accurate and timely information and are believed to be reliable. This study is based on estimates, assumptions, and other information developed by RCLCO from its independent research effort, general knowledge of the industry, and consultations with the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent, and representatives or in any other data source used in preparing or presenting this study. This report is based on information that to our knowledge was current as of the date of this report, and RCLCO has not undertaken any update of its research effort since such date.

Our report may contain prospective financial information, estimates, or opinions that represent our view of reasonable expectations at a particular time, but such information, estimates, or opinions are not offered as predictions or assurances that a particular level of income or profit will be achieved, that particular events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by RCLCO that any of the projected values or results contained in this study will be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Robert Charles Lesser & Co." or "RCLCO" in any manner without first obtaining the prior written consent of RCLCO. No abstracting, excerpting, or summarization of this study may be made without first obtaining the prior written consent of RCLCO. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person other than the client without first obtaining the prior written consent of RCLCO. This study may not be used for any purpose other than that for which it is prepared or for which prior written consent has first been obtained from RCLCO.





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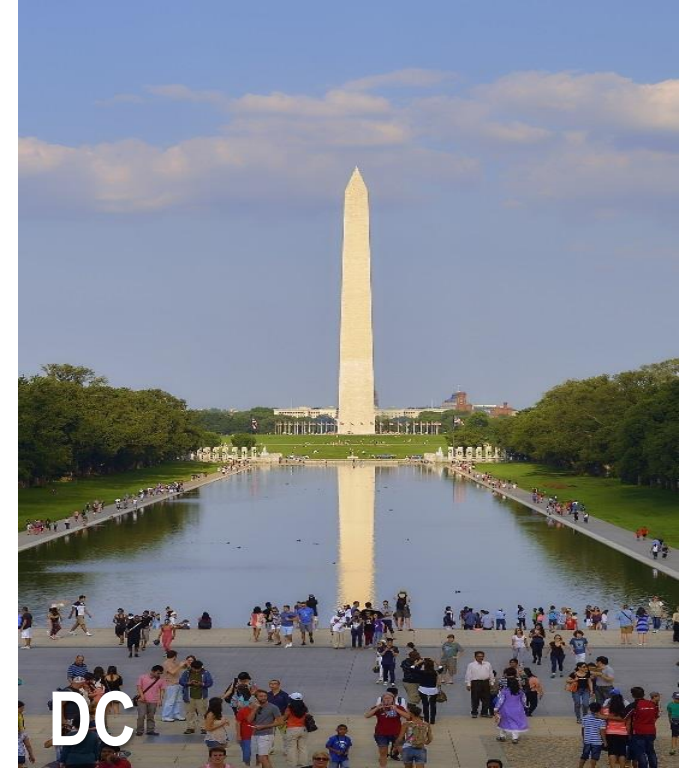
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