



MONTHLY
WEBINAR

JULY UPDATE: REAL ESTATE CAPITAL MARKETS & MID-YEAR TOP 50 MPC OVERVIEW

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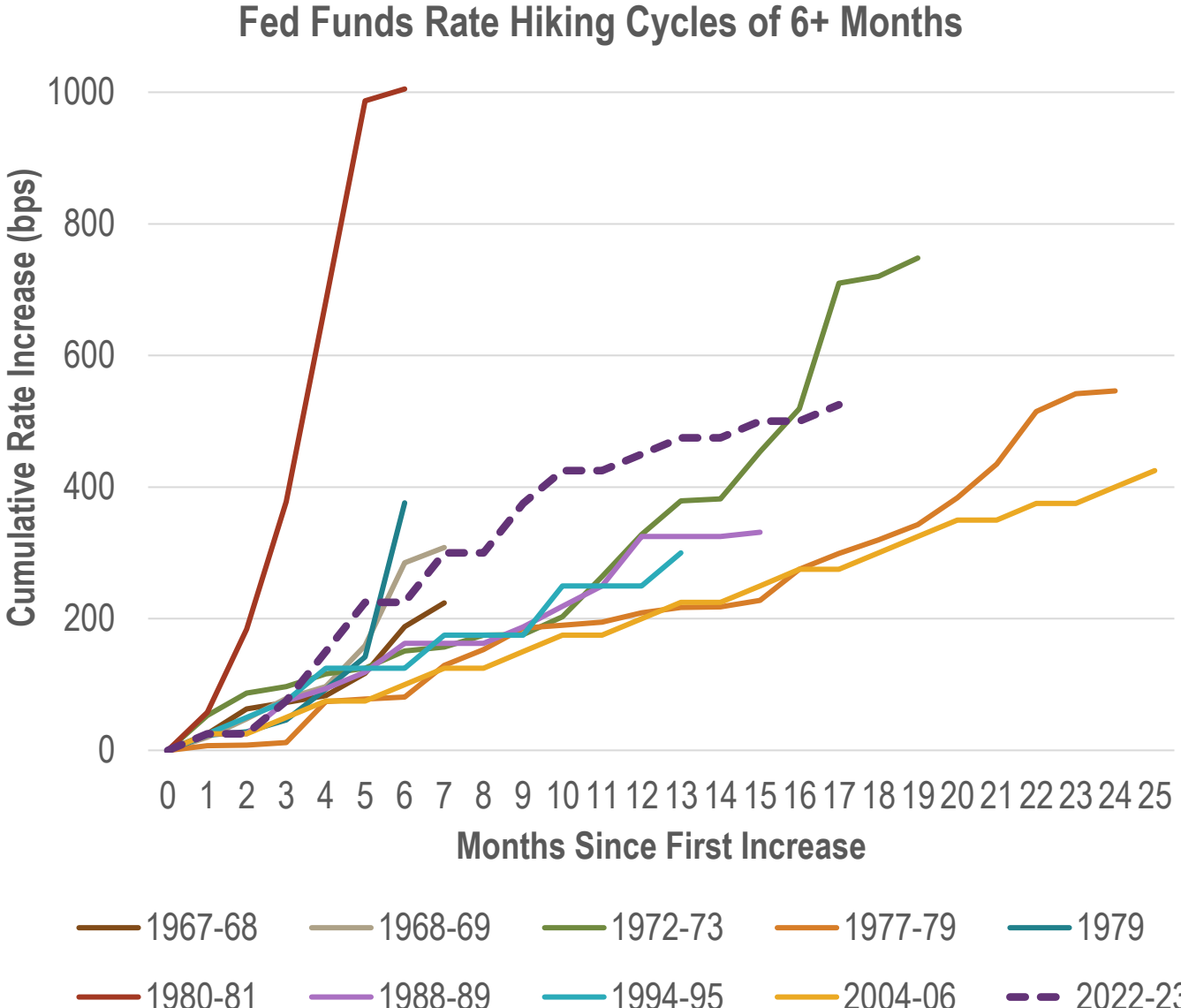
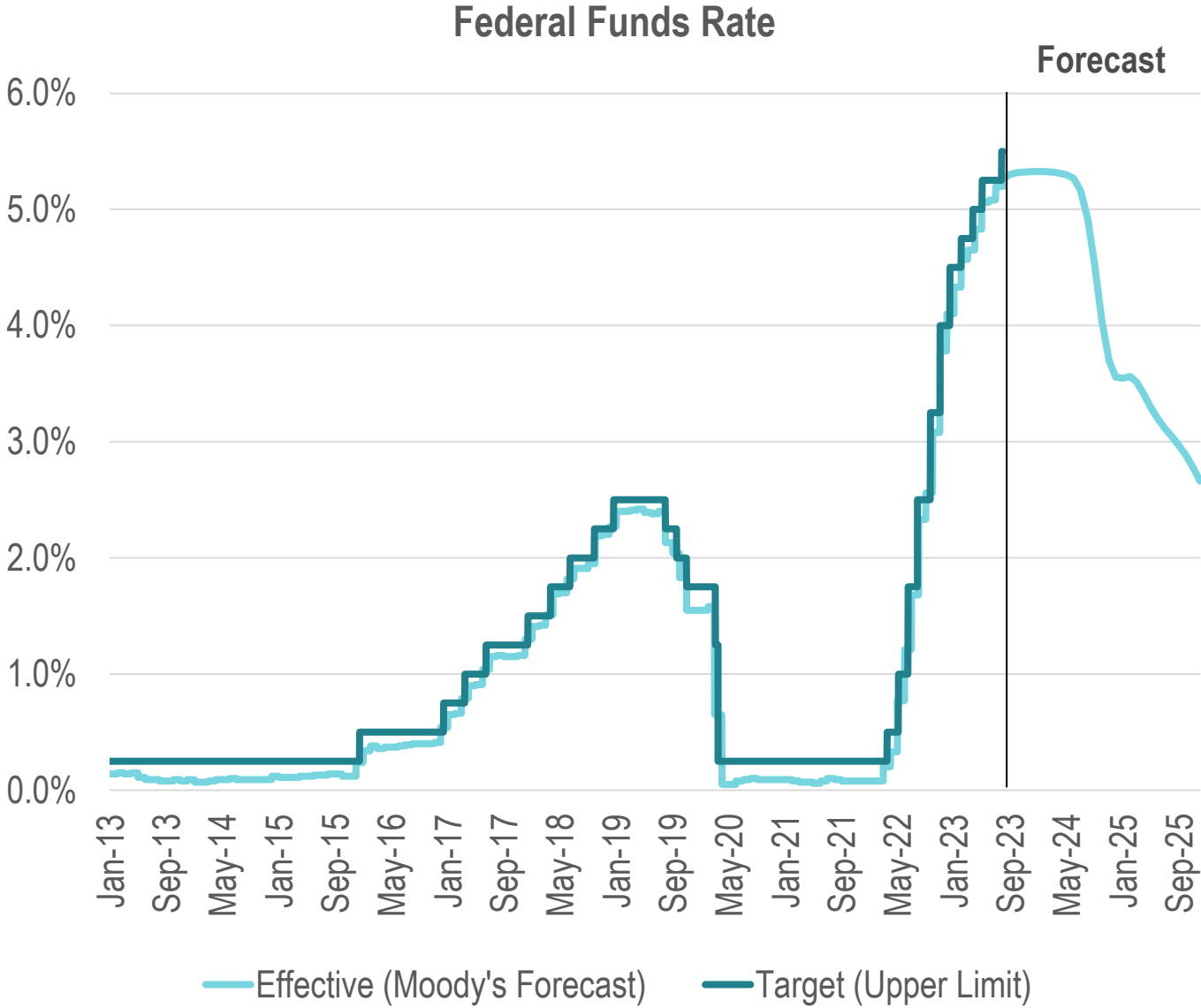
AGENDA

- ▶ **Macroeconomic Update**
- ▶ **State of the Housing Market**
- ▶ **Mid-Year Top 50 Top-Selling MPC Results**
- ▶ **Q&A**

MACROECONOMIC UPDATE

FED RESUMES HIKES, INCREASING FUNDS RATE TO 22-YEAR HIGH

Another Increase in September Looks Possible Depending on Intervening Economic Data

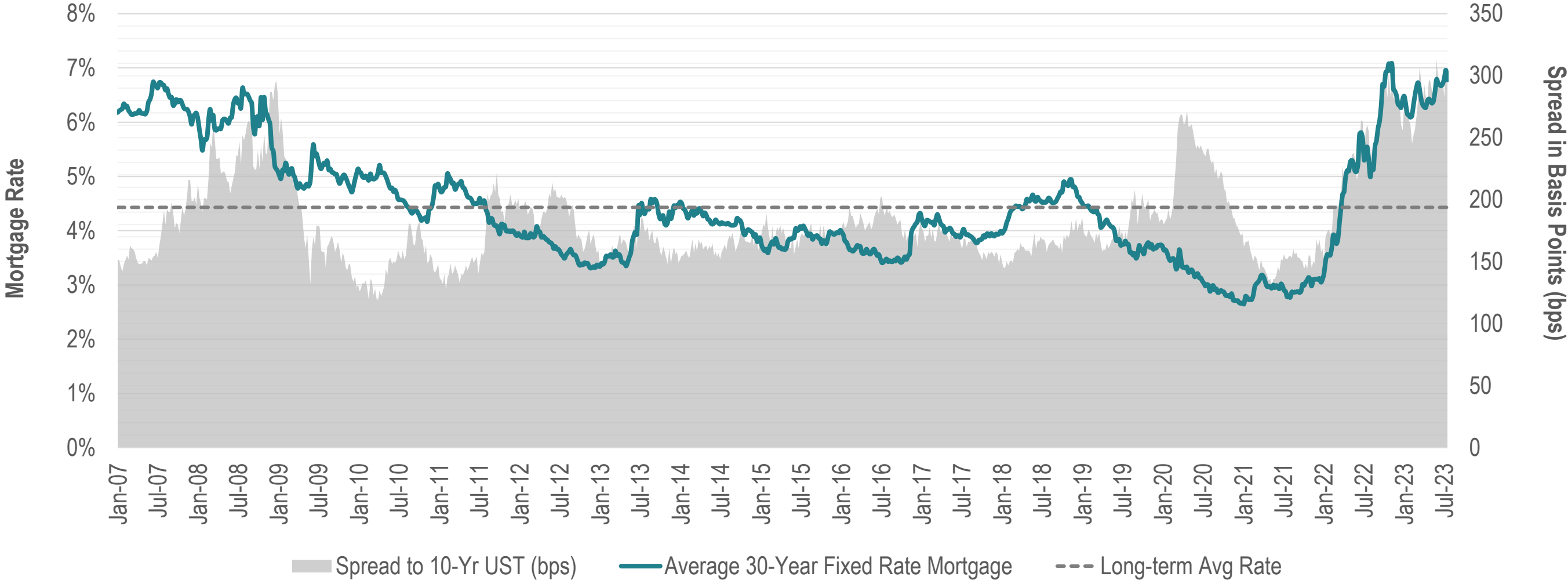


Data are as of July 26, 2023.
Source: The Federal Reserve; Moody's Analytics

30-YEAR MORTGAGE RATES HOVERING AROUND 6.8-6.9% SO FAR IN JULY

The Spread to the 10-Year UST Remained Highly Elevated, Up to ~300 bps

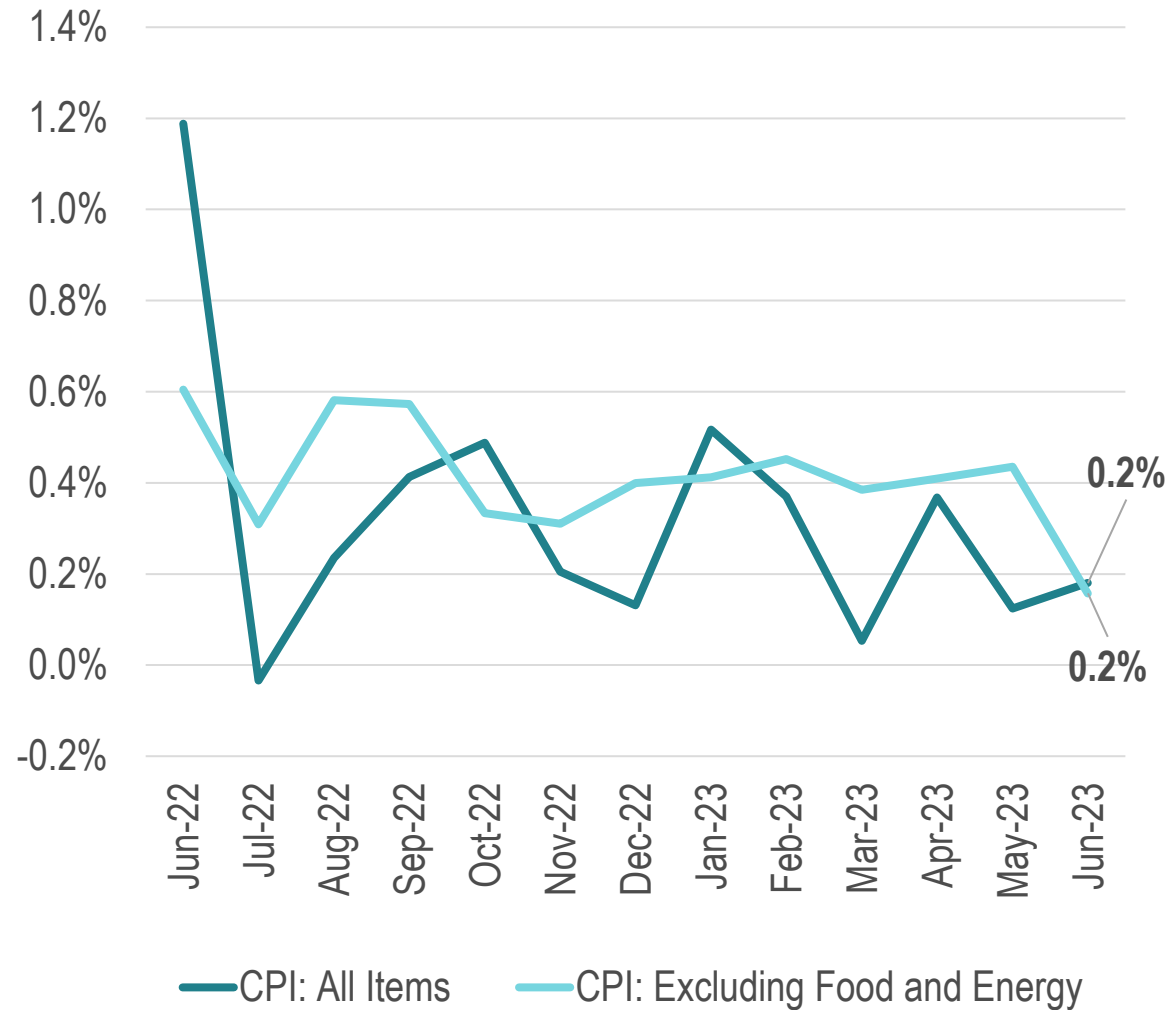
Average 30-Yr Fixed Rate Mortgage



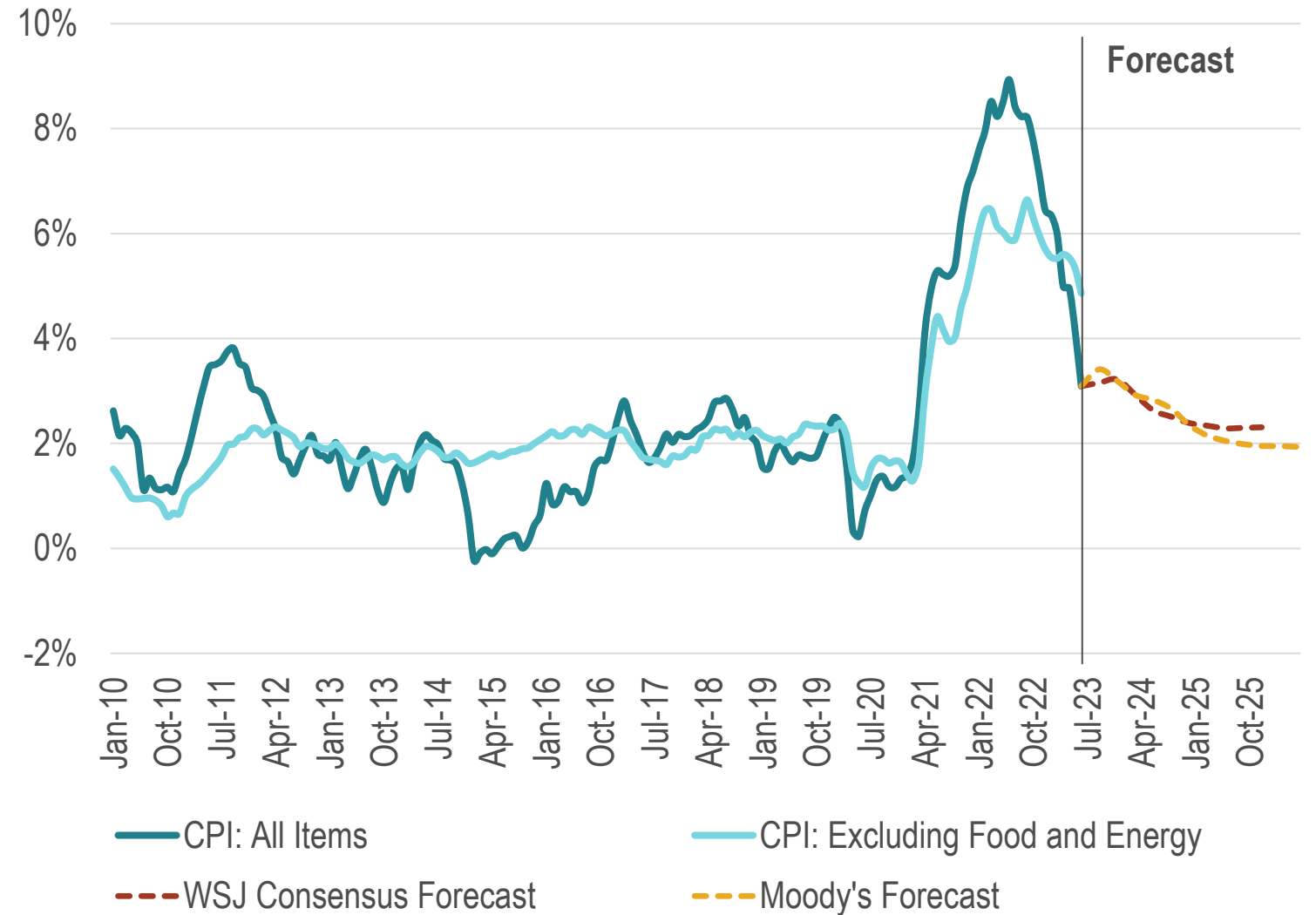
ALL ITEMS CPI FELL TO 3.1% IN JUNE, ITS LOWEST RATE SINCE MARCH 2021

Core Inflation Dropped as Well but Remained Elevated at 4.9%

Month-over-Month CPI Change



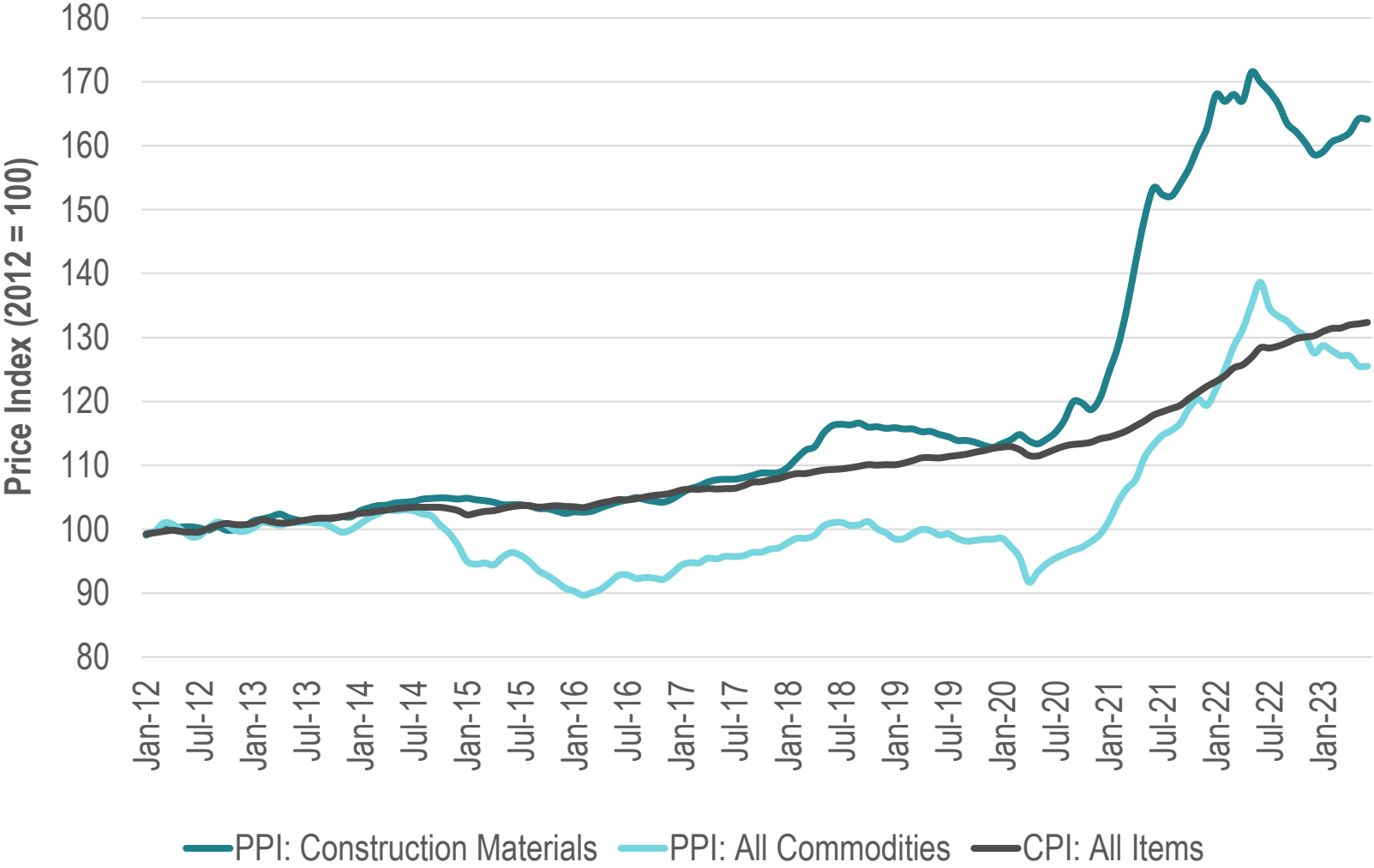
Trailing 12-Month CPI Change



CONSTRUCTION COSTS DOWN OVER THE LAST YEAR DESPITE YTD INCREASE

Overall PPI Was Flat in June and Down Substantially YoY, a Positive Sign that Inflation Is Broadly Cooling

Production and Consumer Price Indices



June 2023 Inflation				
	Monthly	Year-to-Date	Annual	10-Yr Annual Avg
PPI: Construction Materials	0.0%	3.5%	-3.4%	4.9%
PPI: All Commodities	0.0%	-1.6%	-9.5%	2.2%
CPI: All Items	0.2%	1.6%	3.1%	2.7%

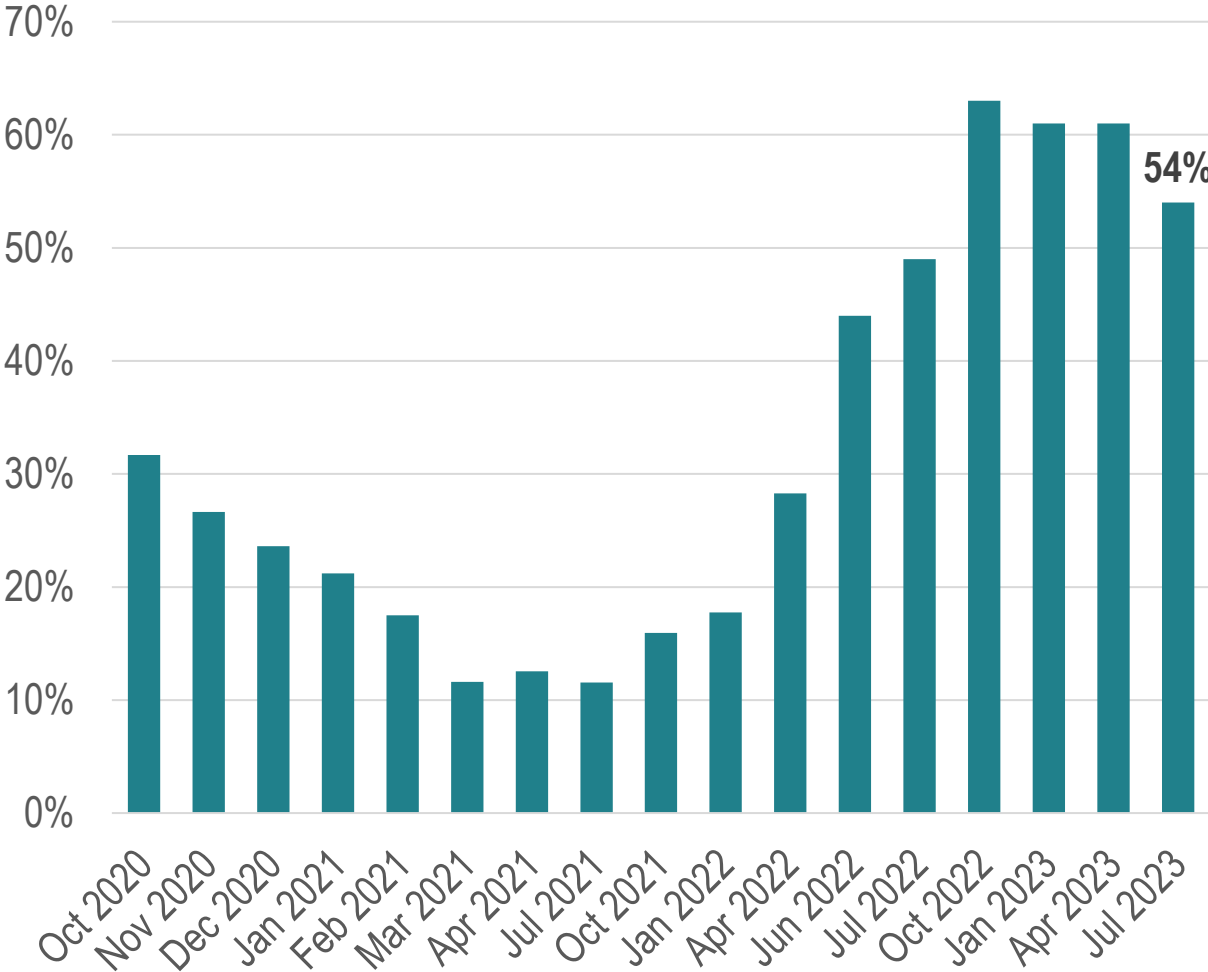
RECESSION PROBABILITY MODERATING SLIGHTLY BUT REMAINS HIGH

Labor Markets Have Held Up So Far Through the Fed’s Rapid Rate Hiking Cycle

Probability of Recession

	As Of	Time-frame (mos.)	Probability
Goldman Sachs	Jul-23	12	20%
RCLCO Sentiment Survey	Jun-23	12/24	47/84%
WSJ Survey	Jul-23	12	54%
Bankrate Survey	Jul-23	12	59%
Bloomberg Survey	Jul-23	12	60%
Deutsche Bank	Jun-23	6	100%

WSJ Probability of Recession in Next 12 Months



STATE OF THE HOUSING MARKET

HOUSING DASHBOARD (NEW SINGLE-FAMILY SALES AND MARKET INDEX)

- ▶ New Home Sales are UP 23.8% YOY
- ▶ New Home Prices are UP 4.8% YOY
- ▶ Permits, a leading indicator, are down year over year by 15%
- ▶ Housing Starts are down 8% year over year
- ▶ Housing Completions have remained slightly up about 5.5% YOY
- ▶ Homebuilder's expectations for Single Family Home sales next 6 months are UP 22.4% YoY...
- ▶ ...however decreased permit activity and continued fed action may impact that sentiment...

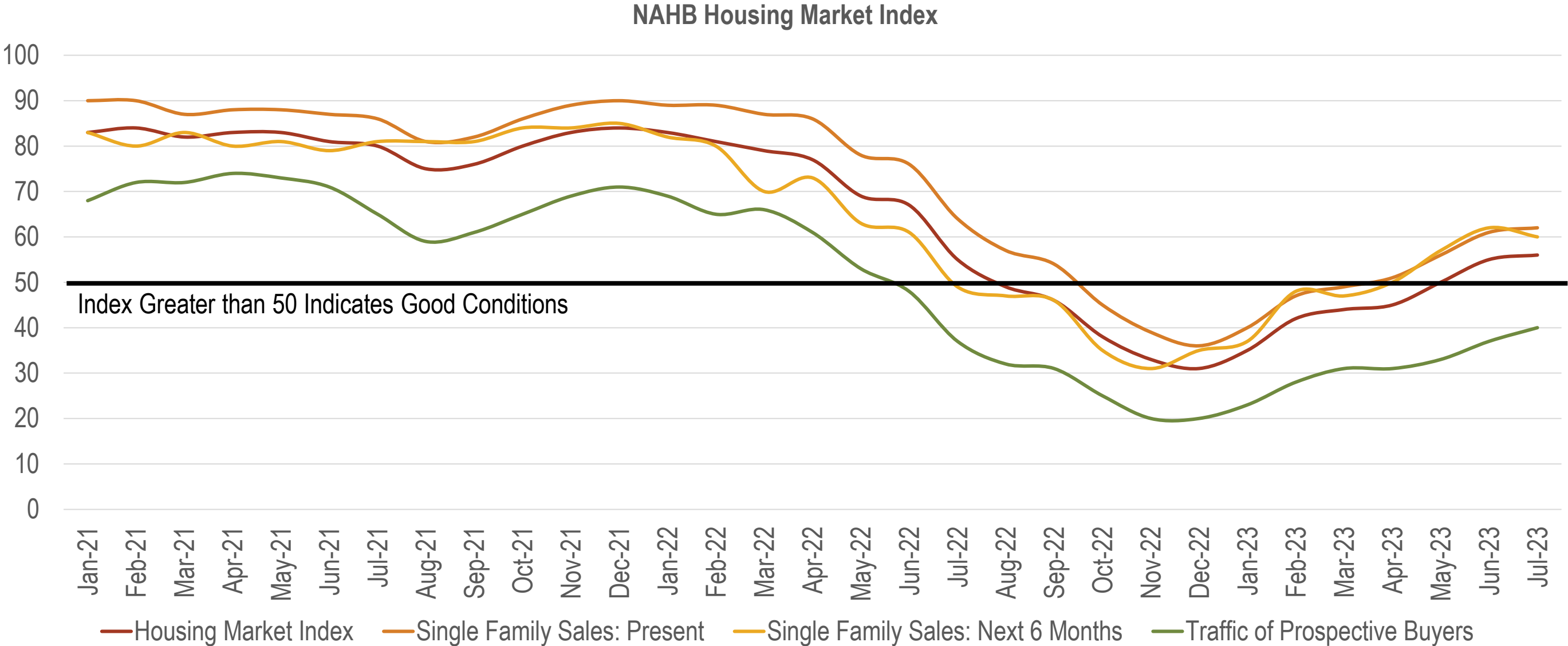
New Single-Family Home Sales (June 2023)			
New Single-Family Home Sales	697,000	↓ -2.5% M/M	↑ 23.8% Y/Y
Average New Home Sales Price	\$494,000	↑ 1.2% M/M	↑ 4.8% Y/Y

New Residential Construction (June 2023)			
Permits	1,440,000	↓ -3.7% M/M	↓ -15.3% Y/Y
Starts	1,434,000	↓ -8.0% M/M	↓ -8.1% Y/Y
Completions	1,468,000	↓ -3.3% M/M	↑ 5.5% Y/Y

Housing Market Index (July 2023)			
Housing Market Index	56	↑ 1.8% M/M	↑ 1.8% Y/Y
Single Family Sales: Present	62	↑ 1.6% M/M	↓ -3.1% Y/Y
Single Family Sales: Next 6 Months	60	↓ -3.2% M/M	↑ 22.4% Y/Y
Traffic of Prospective Buyers	40	↑ 8.1% M/M	↑ 8.1% Y/Y

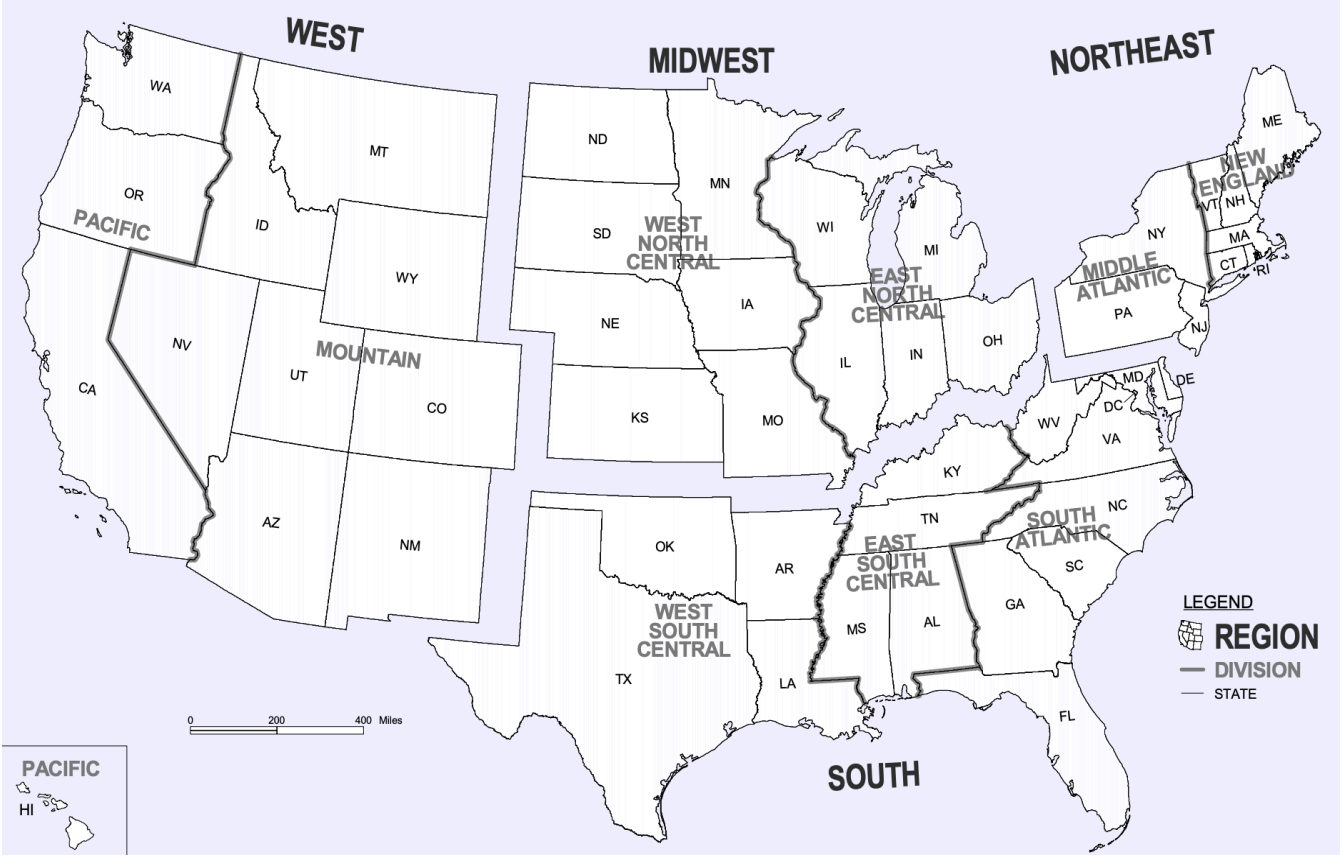
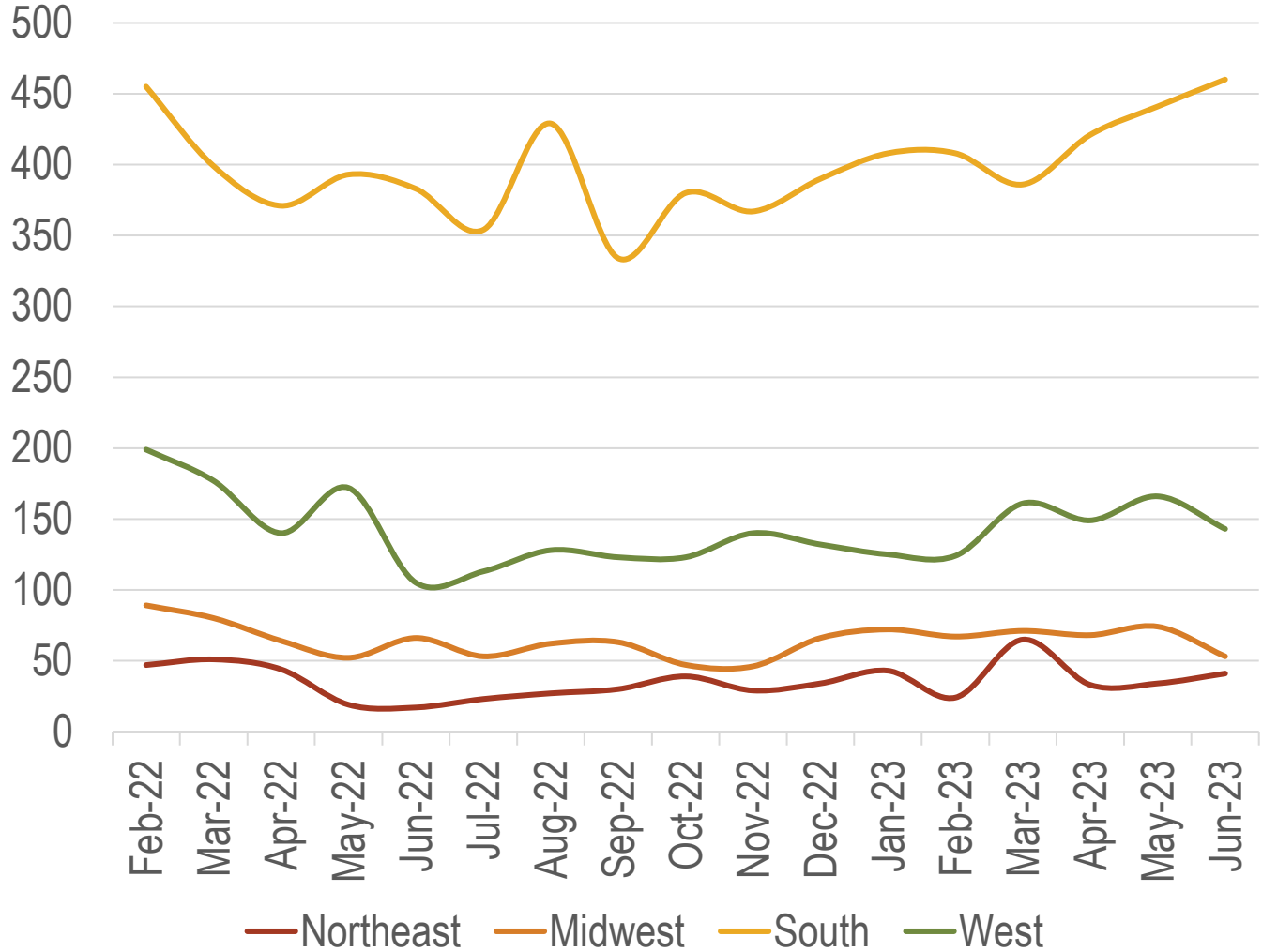
HOMEBUILDER SENTIMENT HAS IMPROVED THROUGH 1H 2023

Most Index Components Indicate Good Conditions; Traffic of Prospective Buyers Remains Low but Is Improving



INCREASE IN NEW HOME SALES NOT UNIVERSAL: STRONGEST SALES LOCATED IN SOUTH REGION, INCLUDING TX AND FL

New Home Sales by Region (000s)



HOUSING DASHBOARD (RATES, EXISTING SALES, AND PROJECTIONS)

- ▶ Mortgage rates are UP 22.4% YOY
- ▶ Existing home sales down 9% YOY
- ▶ Existing home inventory is up 15% YOY but still low by historical standards – 3.1 months
- ▶ Next 4 Qtr's New Home Sales expected to be 18% higher than past 4 Qtr's sales
- ▶ New Home Sales in second half of 2023 projected to be 6% higher than first half according to Fannie Mae

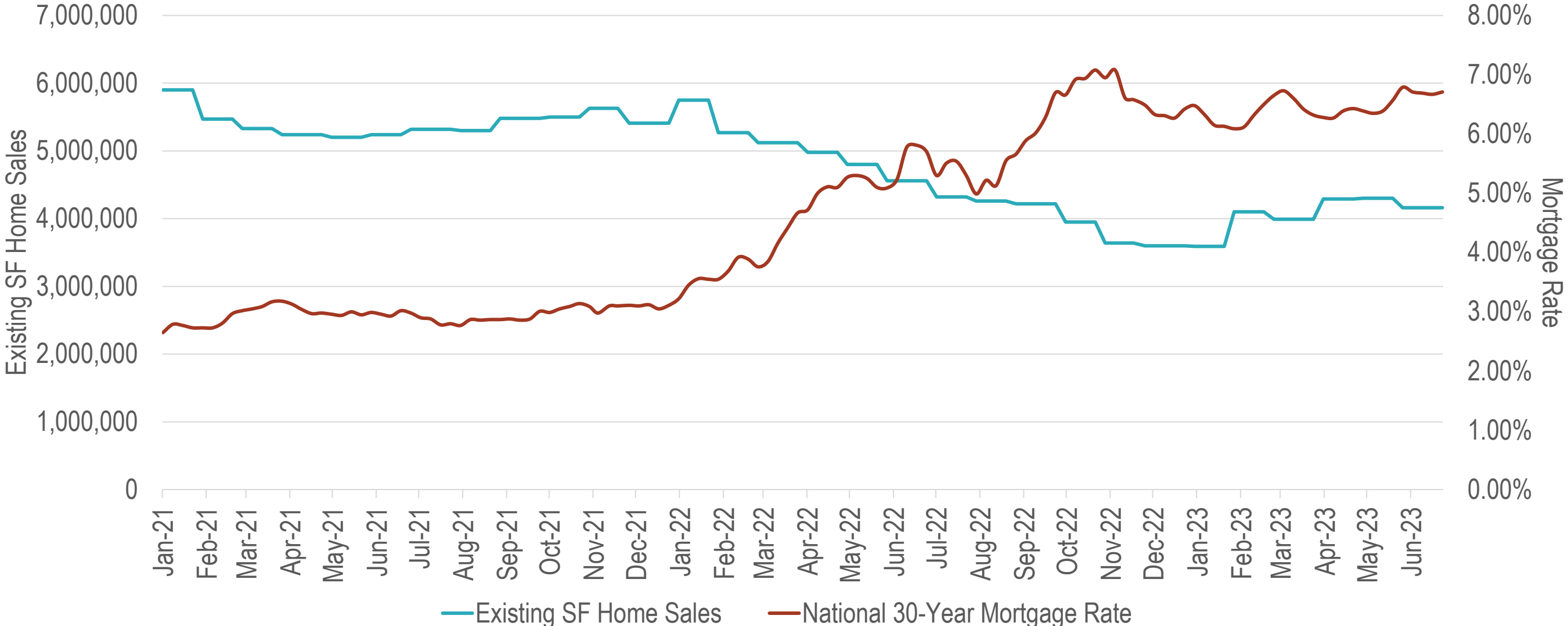
Mortgage Rates (July 2023)			
National 30-Year Mortgage Rates	6.78%	↑ 1.6% M/M	↑ 22.4% Y/Y

Existing Home Sales (June 2023)			
Months of Inventory	3.1	↑ 3% M/M	↑ 15% Y/Y
Existing Single-Family Home Sales (SAAR)	4,160,000	↓ -3% M/M	↓ -9% Y/Y
Existing Condo, Townhome Co-Op Home Sales (SAAR)	440,000	↓ -2% M/M	↓ -20% Y/Y

New Single-Family Home Sales Projections (2023 Q1)	
Past 4 Quarters (Avg. 2022 Q2 - 2023 Q1)	608,000
Next 4 Quarters (Avg. 2023 Q2 - 2024 Q1)	718,000
Next Additional 4 Quarters (Avg. 2024 Q2 – 2025 Q1)	676,000

RELATIONSHIP BETWEEN RISING RATES AND HOME SALES

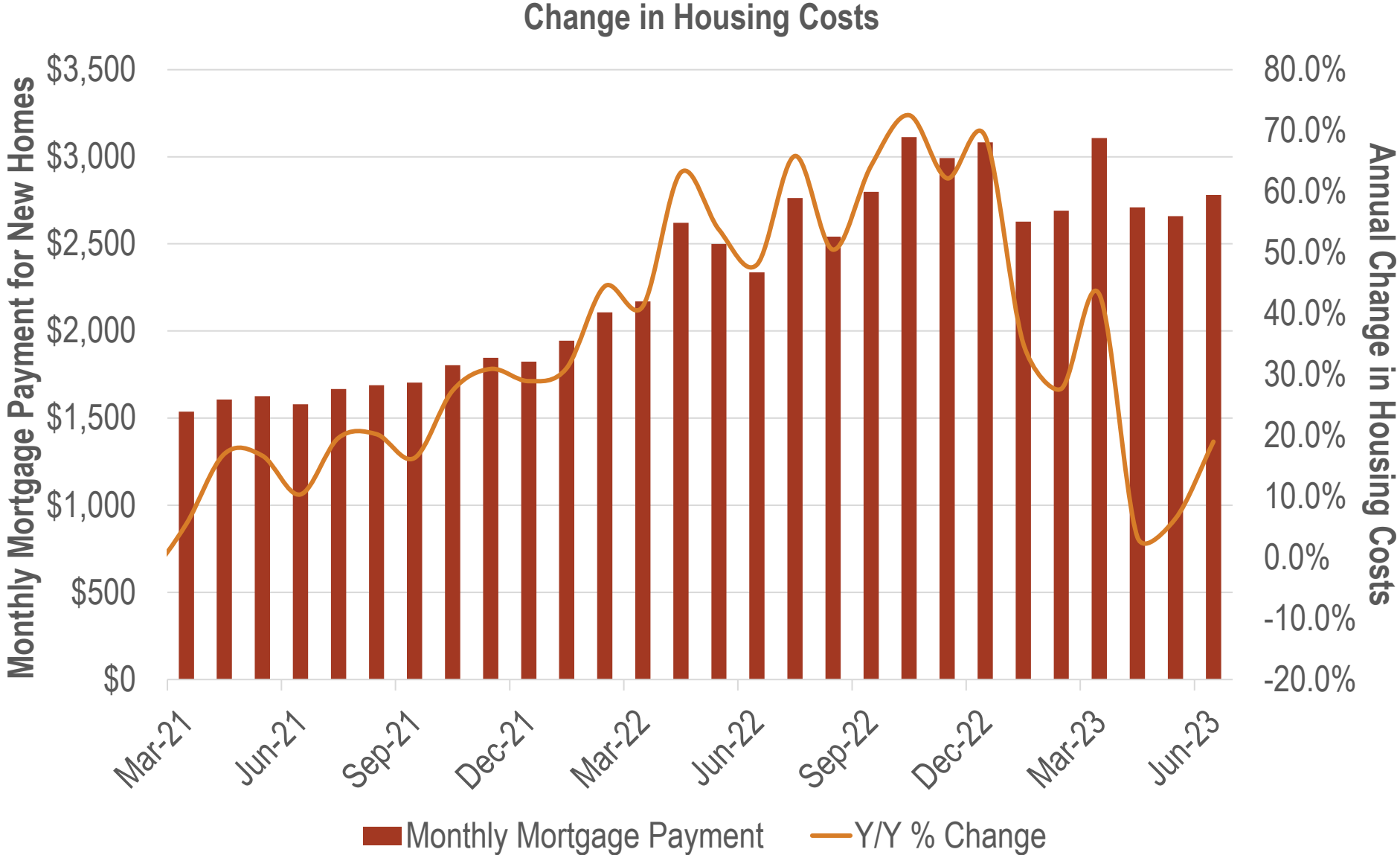
Existing SF Home Sales and National 30-Year Mortgage Rate



RISING INTEREST RATES AND AVERAGE SALES PRICE HAVE INCREASED THE COST OF OWNERSHIP

Cost to service average new home price at current mortgage rate, at average down payment of 13%

► The average monthly mortgage payment for new homes reached \$3,100 in late 2022, now at almost \$2,800

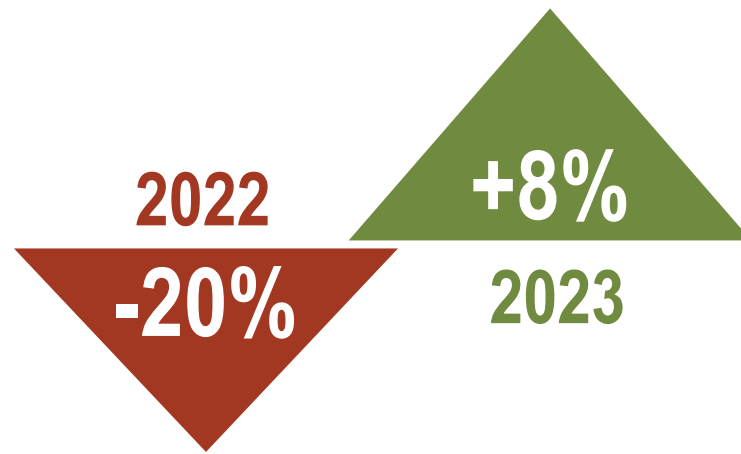


TOP-SELLING MASTER-PLANNED COMMUNITY UPDATE

TOP SELLING MASTER PLANNED COMMUNITY UPDATE



KEY TRENDS AMONG TOP-SELLING MPCs AT MID-YEAR 2023



- ▶ Total new home sales among the 50 top-selling master-planned communities increased by 8% compared to the first half of 2022 – an improvement over last year’s 20% decrease in transaction volume
- ▶ Elevated interest rates and affordability issues continue to impact sales, though MPCs with more attainably priced product availability saw the most robust improvement in sales pace
 - » Having a positive impact on sales: builders introducing smaller product at lower price points, offering incentives such as buying down interest rates, paying some closing costs, discounting prices
 - » Reduced existing home inventory as interest rates keep homeowners on the sideline continues to increase attractiveness of new home market

KEY TRENDS AMONG TOP-SELLING MPCs AT MID-YEAR 2023



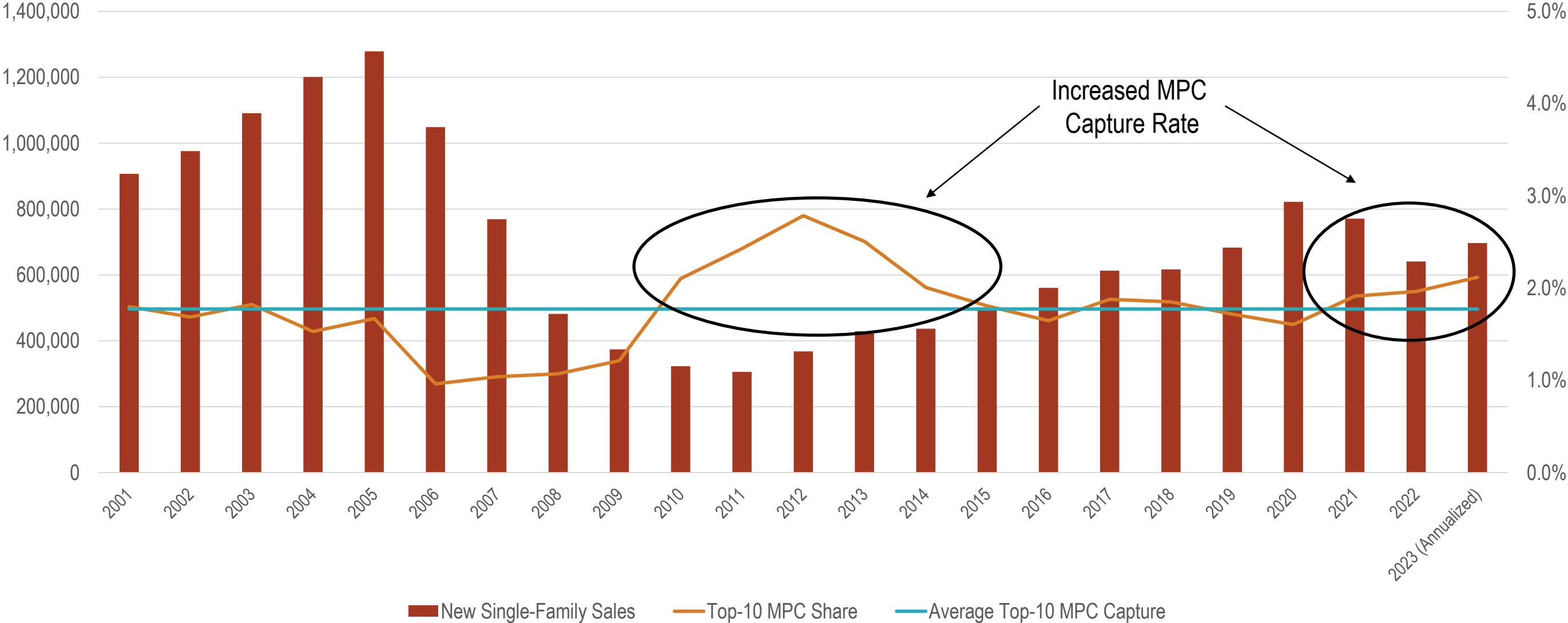
- ▶ The Top-Selling Community in the country is Central Florida’s The Villages, with an estimated 1,960 sales. Sarasota, Florida’s Lakewood Ranch claimed the number two spot overall, and is the top-selling multi-generational community in the country, with 1,227 sales.
- ▶ Four Florida MPCs claimed spots within the Top-10 fastest selling communities in the country including The Villages (1), Lakewood Ranch (2), Silverleaf (7), and Babcock Ranch (8).
- ▶ Texas also performed well, including 3 communities within the Top-10 which were all located in the Houston MSA; Sunterra (3), Bridgeland (6), and Marvida (9).
- ▶ Houston was the top-performing MSA in the country with 14 communities in the Top-50, representing over 5,000 sales or almost 26% of all sales among ranked MPCs

WWW.RCLCO.COM/PUBLICATION/THE-TOP-SELLING-MASTER-PLANNED-COMMUNITIES-OF-MID-YEAR-2023/

Rank	Community	Location	Master Developer	Mid-2023 Sales	Mid-2022 Sales	% Up or Down
1	The Villages*	The Villages (The Villages, Florida)	The Villages	1,960	1,960	0%
2	Lakewood Ranch	North Port-Sarasota-Bradenton (Sarasota, Florida)	Schroeder-Manatee Ranch, Inc.	1,227	1,026	20%
3	Sunterra	Houston-The Woodlands-Sugar Land (Katy, Texas)	Land Tejas/Starwood Land	669	450	49%
4	Ontario Ranch	Riverside-San Bernardino-Ontario (Ontario, California)	Multiple Developers*	548	436	26%
5	Summerlin	Las Vegas-Henderson-Paradise (Las Vegas, Nevada)	Howard Hughes Corporation	544	592	-8%
6	Bridgeland	Houston-The Woodlands-Sugar Land (Cypress, Texas)	Howard Hughes Corporation	511	321	59%
7	Silverleaf	Jacksonville (St. Augustine, Florida)	Hutson Companies	504	517	-3%
8	Babcock Ranch	Punta Gorda (Punta Gorda, Florida)	Kitson and Partners	490	422	16%
9	Marvida	Houston-The Woodlands-Sugar Land (Cypress, Texas)	Land Tejas/Starwood Land	478	320	49%
10	Cadence	Las Vegas-Henderson-Paradise (Henderson, Nevada)	The LandWell Company	445	459	-3%
11	Caldwell Ranch	Houston-The Woodlands-Sugar Land (Rosharon, Texas)	D.R. Horton	439	226	94%
12	Mission Ridge	El Paso (El Paso, Texas)	Hunt Communities	435	504	-14%
13	Wellen Park	North Port-Sarasota-Bradenton (Venice, Florida)	Wellen Park LLLP	430	345	25%
14t	Cane Bay Plantation	Charleston-North Charleston (Charleston, South Carolina)	Gramling Brothers	425	525	-19%
14t	Tamarron	Houston-The Woodlands-Sugar Land (Katy, Texas)	D.R. Horton	425	255	67%

MPCs PERFORM BETTER IN TIMES OF ECONOMIC UNCERTAINTY THAN THE BROADER NEW HOME MARKET

Total Single-Family Home Sales and Top-10 MPC Capture Rate



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The charts depicted within this presentation are for illustrative purposes only and are not indicative of future performance.

THANK YOU! – QUESTIONS?



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