

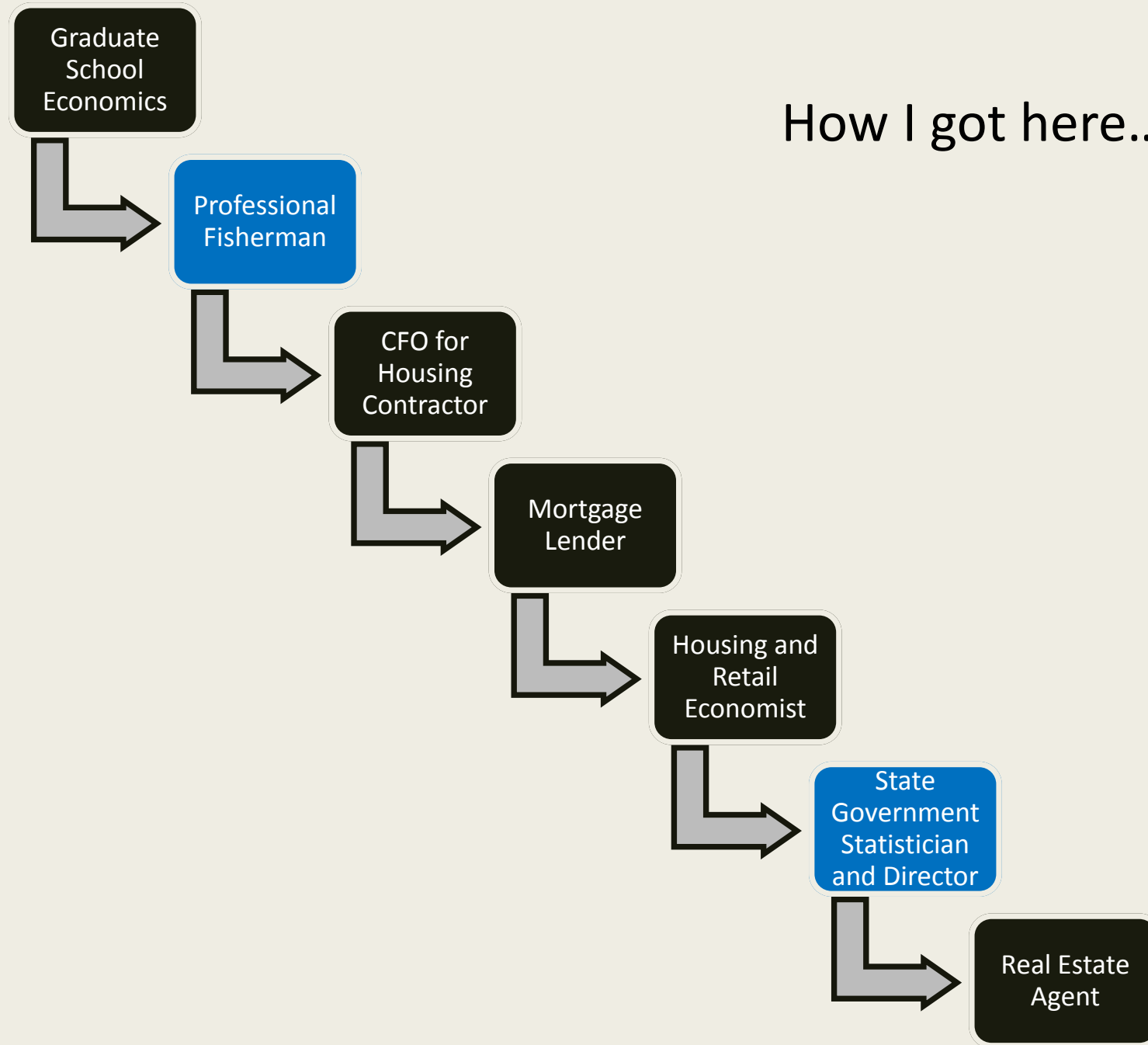
STATS YOU CAN USE

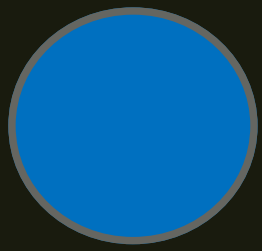
HOUSING MARKET STATISTICS AND FORECAST

February 15, 2018

Meghan O'Brien
Realtor, Economist, Fan of Ankeny

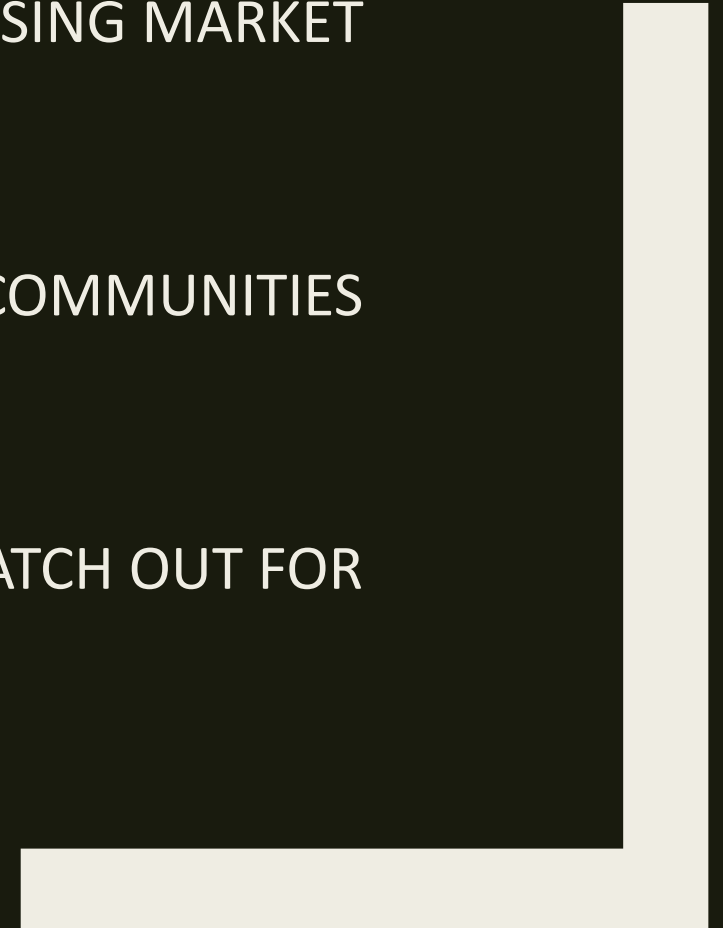
How I got here....





3 THINGS FOR TODAY

1. UNDERSTAND STATUS OF LOCAL HOUSING MARKET
2. DETERMINE ANKENY'S POSITION RELATIVE TO OTHER COMMUNITIES
3. IDENTIFY KEY INDICATORS AND RISK FACTORS TO WATCH OUT FOR



WHERE WE WERE

THE RECESSION AND
HOUSING CRISIS



The Housing Crisis

- Caused by high risk availability of credit and unsound economic fundamentals
- Interest rates averaged around 6% pre-crisis
- Subprime wasn't the only issue
 - *DTI*
 - *Shortcut mortgages*
 - *Cash outs and speculation*
- Recovery has been slow across the economy, real recovery began in 2016

WHERE WE ARE

THE HOT HOUSING
MARKET



Current Market Status

- Housing inventory is low
- Interest rates are on the rise
- It's a seller's market.....sometimes
- Homes in chokepoint prices ranges are selling in 24 hours with multiple offers



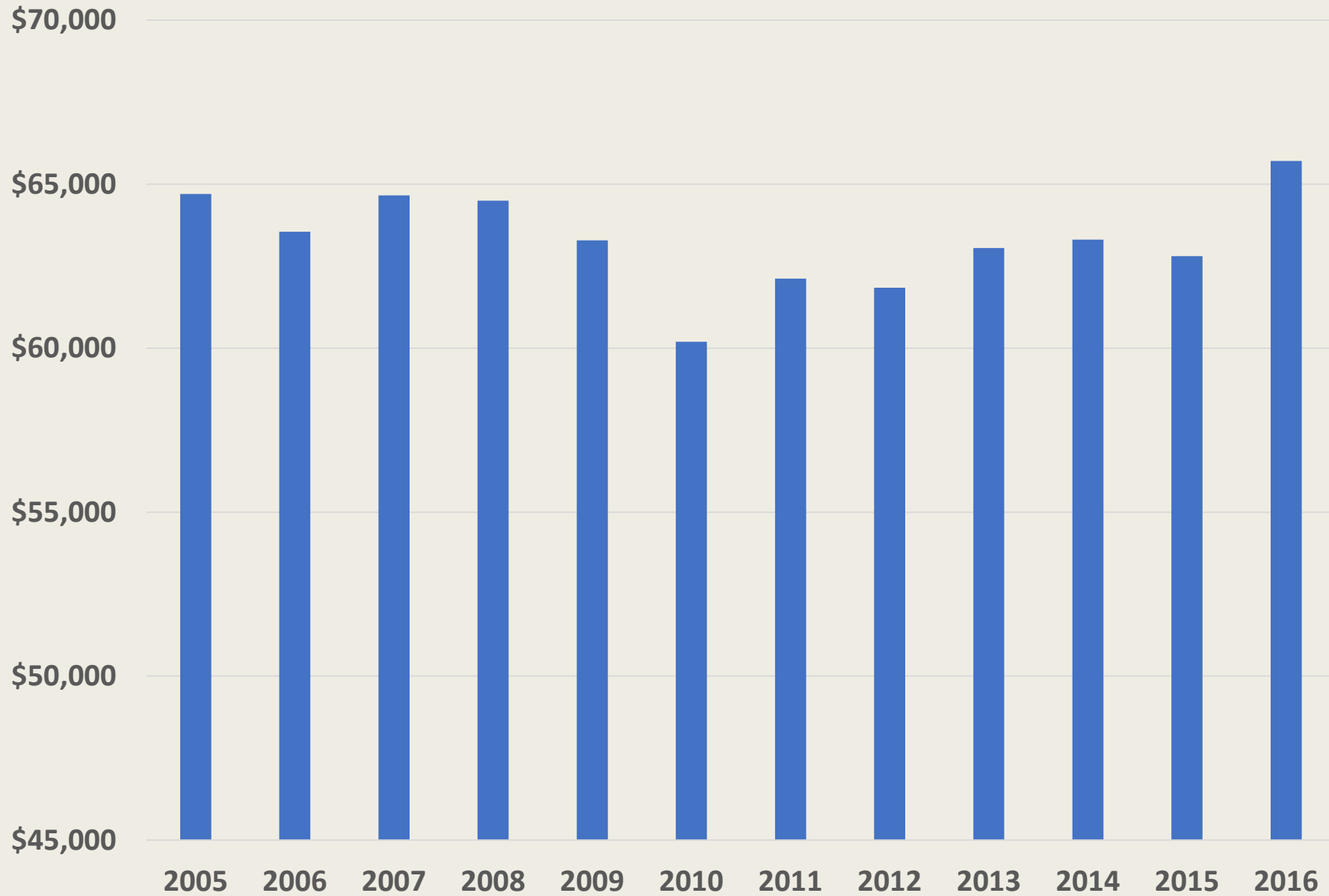
**WHY IS INVENTORY
LOW?**

Market Chokepoints

Price Range	Months of Inventory
Up to \$100,000	1.85
\$100,000-150,000	1.09
\$150,000-\$200,000	1.31
\$200,000-\$250,000	2.48
\$250,000-\$300,000	5.09
\$300,000-\$350,000	5.23
\$350,000-\$400,000	7.06
\$400,000-\$450,000	5.19
\$450,000-\$500,000	7.03
\$500,000 +	7.68

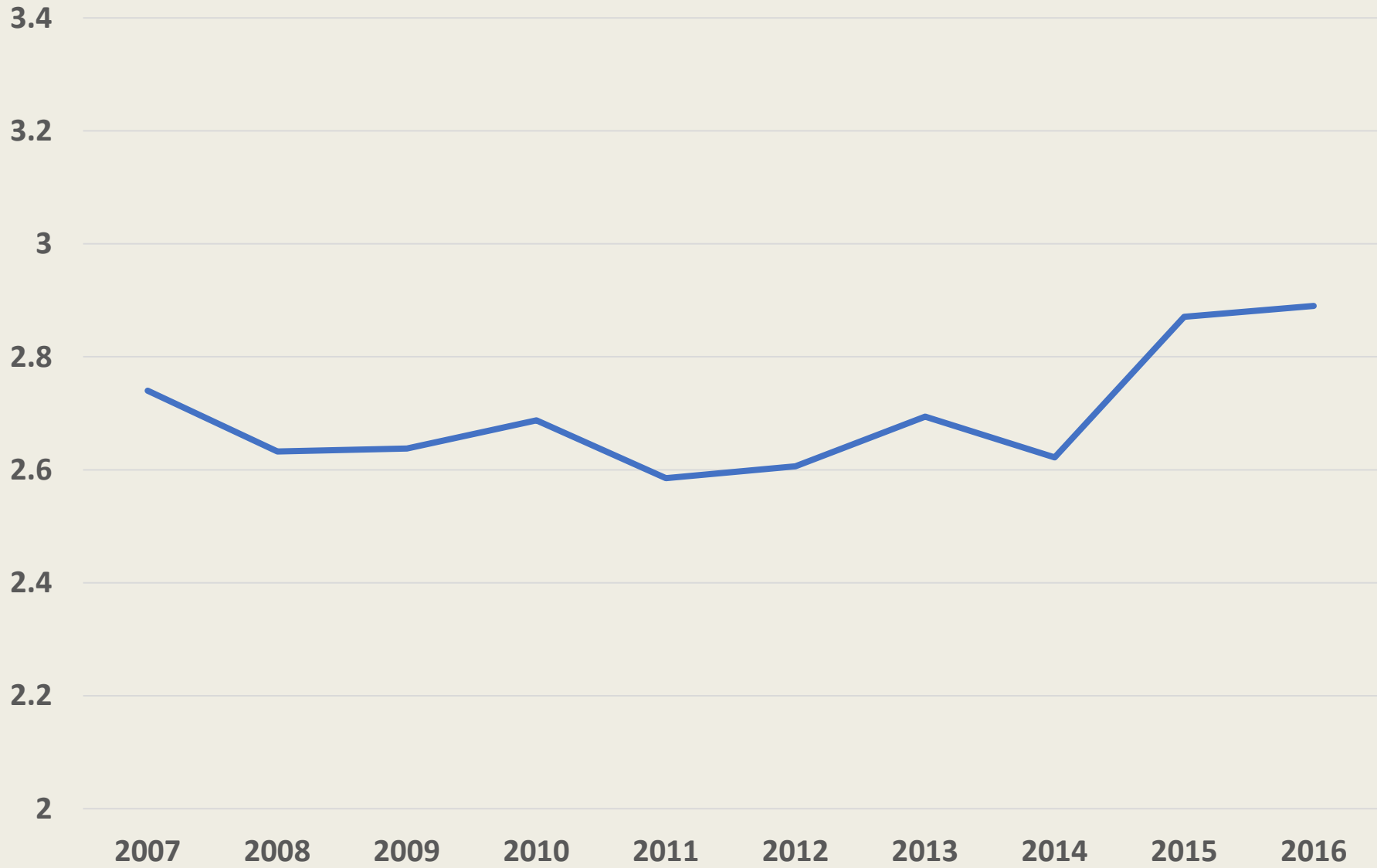
Seller's Market

Real Household Income: Metrowide

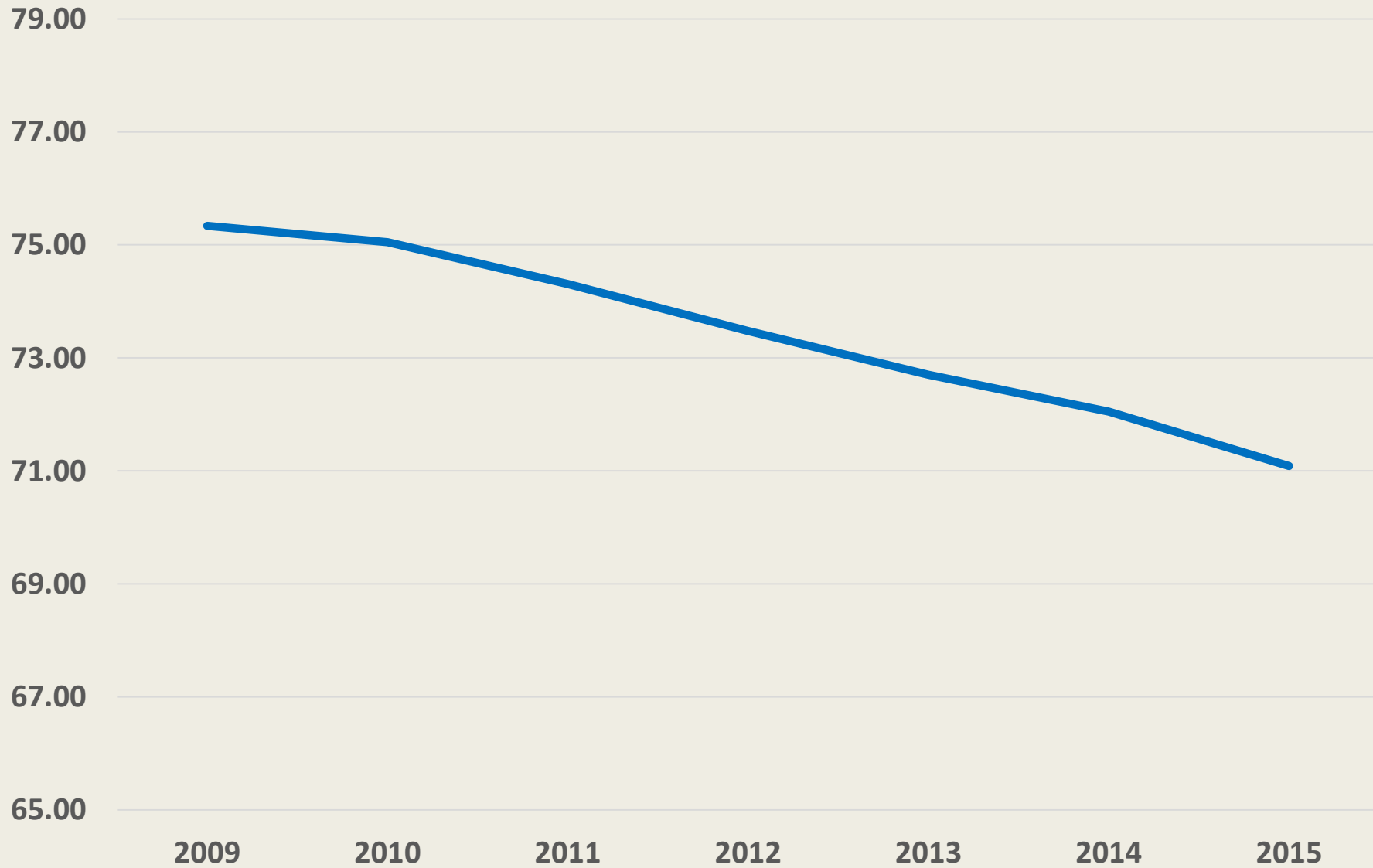


Source: BEA Data

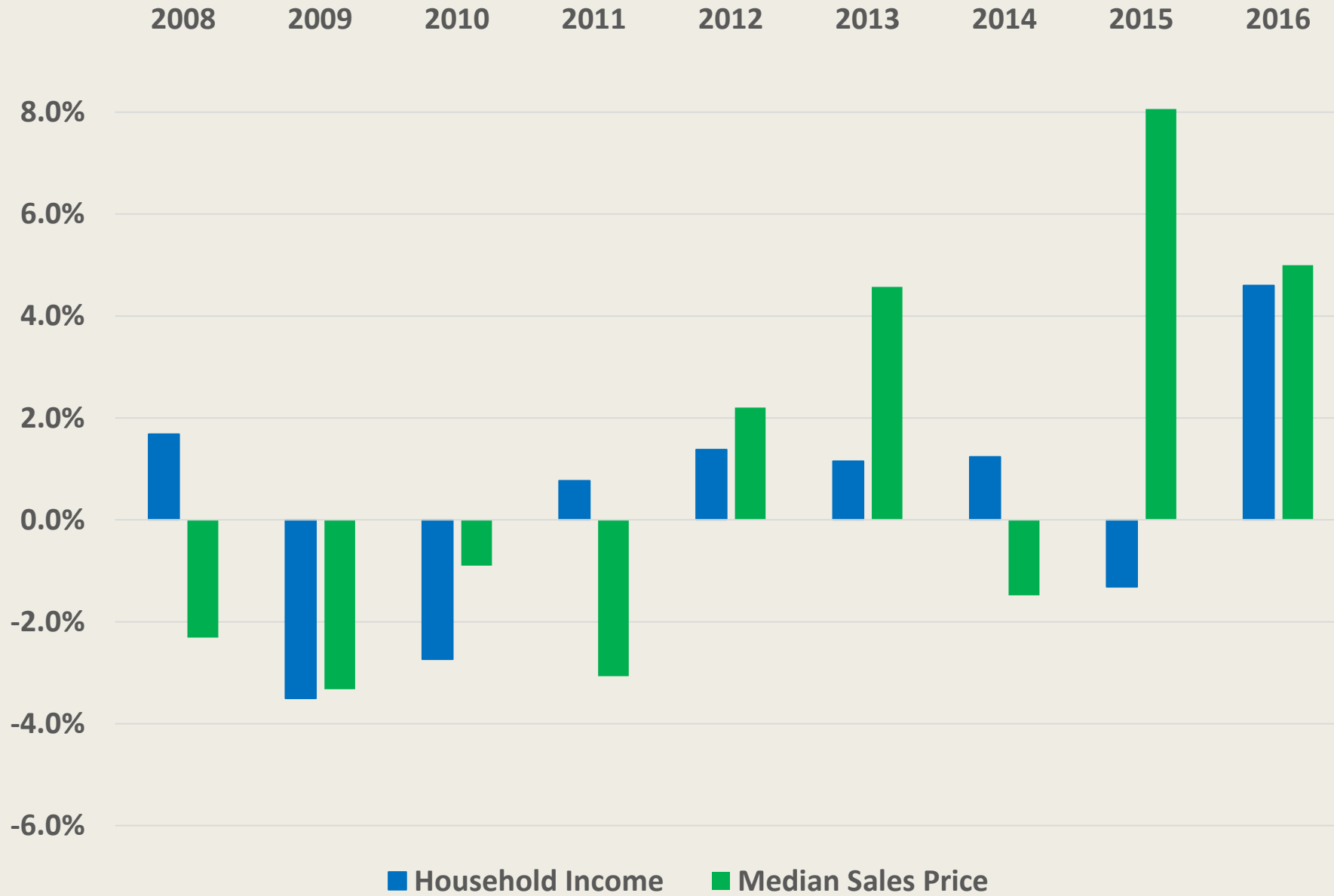
Affordability Index



Homeownership Rate



Year Over Year Changes in Income and Housing Price



Factors Creating Chokepoints

- Many homeowners have refinanced to lower interest rates and taken equity out of their homes.
- Household incomes haven't increased preventing expected move up buyers from entering that market.
- Affordability is at its lowest level since 2007.
- Household sizes and homeownership rates declining.
- Rapid appreciation pushing homes into the \$200,000-\$250,000 range not providing enough value for expected move up buyers to move up.

WHERE WE ARE GOING

BALANCED MARKET
AND SHIFT



Economic Shifts-The Bad News First

- Job growth projected to be 0-1% in Iowa
- Interest rates likely to rise quicker than forecasted
- Rapid growth in prices and costs of construction shutting people out of market
- Policy impacts on local economy could be negative
 - *Government employees 12% of labor force*
 - *Trade policy*
 - *Iowa ranks high in main street entrepreneurship, low in growth entrepreneurship*

Economic Shifts-The Good News

- Housing burden among homeowners at lowest level in 8 years-low foreclosure risk
- The market will stabilize, more inventory better options for buyers
- Our fastest growing industries since 2000 are those likely to be positively impacted by policy changes:
 - *Professional and Business Services*
 - *Financial and Insurance industry*
 - *Health Services*

ANKENY'S COMPARATIVE STATUS



Housing Composition

Status	Ankeny	Altoona	Bondurant	Johnston	Urbandale	Waukee	West Des Moines
Total Units	21,261	6,374	1,693	8,070	17,066	6,470	28,298
Occupied	93.50%	97.10%	96.60%	95.60%	96.0%	97.40%	94.70%
Owner	72.90%	72.90%	86%	76.30%	79.70%	79.20%	59.50%
Renter	27.10%	27.10%	14%	23.70%	20.30%	20.80%	40.50%

Median Sales Price

City	2014	2015	2016	2017	2014-2017 % Change	2008-2017 % Change
Ankeny	\$195,000	\$209,500	\$221,350	\$234,900	20%	39%
Altoona	\$176,000	\$189,000	\$205,000	\$213,250	21%	25%
Bondurant	\$179,950	\$206,000	\$221,585	\$233,813	30%	53%
Johnston	\$226,000	\$232,700	\$253,250	\$249,450	10%	13%
Urbandale	\$205,000	\$200,000	\$209,640	\$225,000	10%	15%
Waukee	\$189,950	\$240,000	\$236,500	\$277,280	46%	55%
West Des Moines	\$180,881	\$194,250	\$202,500	\$222,500	23%	31%
Metro wide	\$152,281	\$165,000	\$170,000	\$178,500	17%	22%

Absorption Rates

City	Months of Inventory
Ankeny	3.70
Altoona	3.63
Bondurant	4.75
Johnston	3.59
Urbandale	3.18
Waukee	4.42
West Des Moines	3.18
MLS Wide	2.92

Absorption Rates by Price Range

Price Range	West Des Moines							
	Ankeny	Altoona	Bondurant	Johnston	Urbandale	Waukee	Metrowide	
Up to \$100,000	2.09	1.50	6.00	0.00	4.71	0.00	1.50	1.85
\$100,000-150,000	0.80	0.23	0.00	1.50	0.63	0.23	0.50	1.09
\$150,000-\$200,000	2.03	1.50	0.38	2.55	0.39	3.25	0.84	1.31
\$200,000-\$250,000	2.01	4.24	6.43	3.07	0.98	0.58	1.23	2.48
\$250,000-\$300,000	5.18	4.89	7.38	10.67	4.21	4.47	3.93	5.09
\$300,000-\$350,000	5.53	6.00	6.75	4.36	4.15	4.42	6.60	5.23
\$350,000-\$400,000	7.03	9.00	0.00	14.40	11.70	11.74	8.28	7.06
\$400,000-\$450,000	7.56	10.00	3.00	8.00	4.75	8.00	6.00	5.19
\$450,000-\$500,000	4.40	6.00	0.00	13.50	9.00	10.80	11.20	7.03
\$500,000 +	5.77	24.00	0.00	30.00	11.67	8.31	8.20	7.68

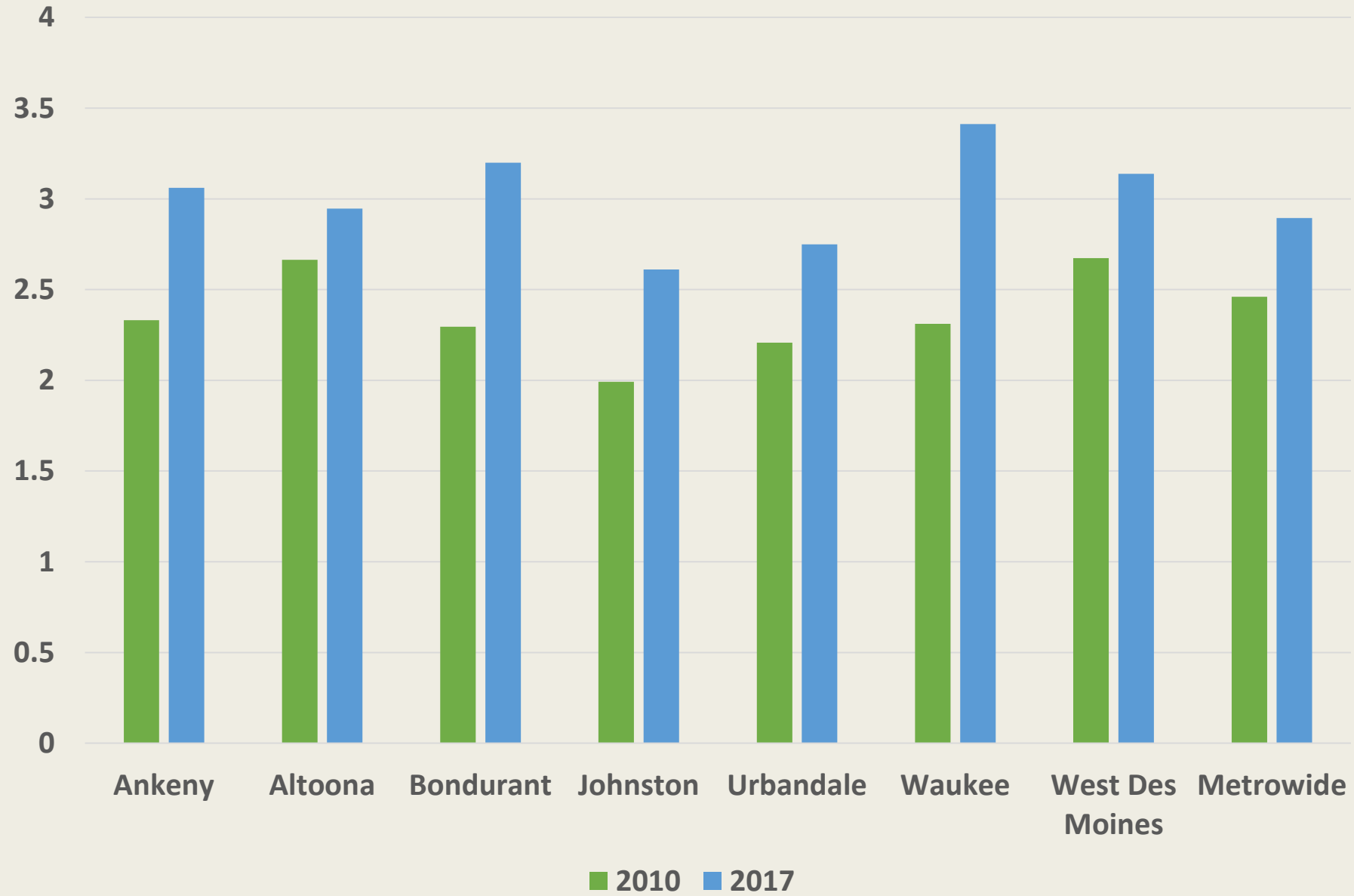
Market Composition by Type

	Townhome/Condo		Residential	
Status	TOTAL	NC	TOTAL	NC
Active	125	68	363	220
Pending	61	10	189	73
Sold 6 mo	176	14	615	197
Months of Inventory	4.26	29.14	3.54	6.7

New Construction Absorption

Price	SFH	Condo/TH
Up to \$100,000	0	31.5
\$100,000-150,000	0	44
\$150,000-\$200,000	0	20
\$200,000-\$250,000**	2.72	0
\$250,000-\$300,000	7.31	0
\$300,000-\$350,000	8.81	0
\$350,000-\$400,000	8.23	0
\$400,000-\$450,000	6	0
\$450,000-\$500,000	6	0
\$500,000 +	2.14	0

Affordability Index



Income vs. Price Growth

City	2010	2016	Income Growth	Price Growth
Ankeny	\$ 71,963	\$ 76,760	6.7%	40.0%
Altoona	\$ 62,687	\$ 72,938	16.4%	27.70%
Bondurant	\$ 68,785	\$ 73,073	6.2%	48.10%
Johnston	\$ 89,453	\$ 95,565	6.8%	40.00%
Urbandale	\$ 80,751	\$ 81,862	1.4%	26.20%
Waukee	\$ 74,413	\$ 81,250	9.2%	61.20%
West Des Moines	\$ 63,978	\$ 70,906	10.8%	30.10%

Takeaways

- New construction is at a precipice
- Ankeny is in a better position than some of its peers, but still poised for a correction
- Income growth necessary for market stability
- Market isn't a bubble but not fundamentally sound either

Upcoming Demand

- Shortage of housing for aging in place
- Structural shift in demand for housing and amenities
- Micro-economy becoming experience based
- Renovation vs. Move calculus

Things to Watch For

- Household debt at historically high levels
 - *Delinquencies currently sustainable*
- Displaced buyers
- Housing Unit Shortage vs. Mismatch
 - *1 housing unit for every 2.25 residents (average household size: 2.48)*
- Rent vs. Own Calculus
- Competition for residents between communities
- Inflation: Healthy vs. Policy Induced

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QUESTIONS/ DISCUSSION