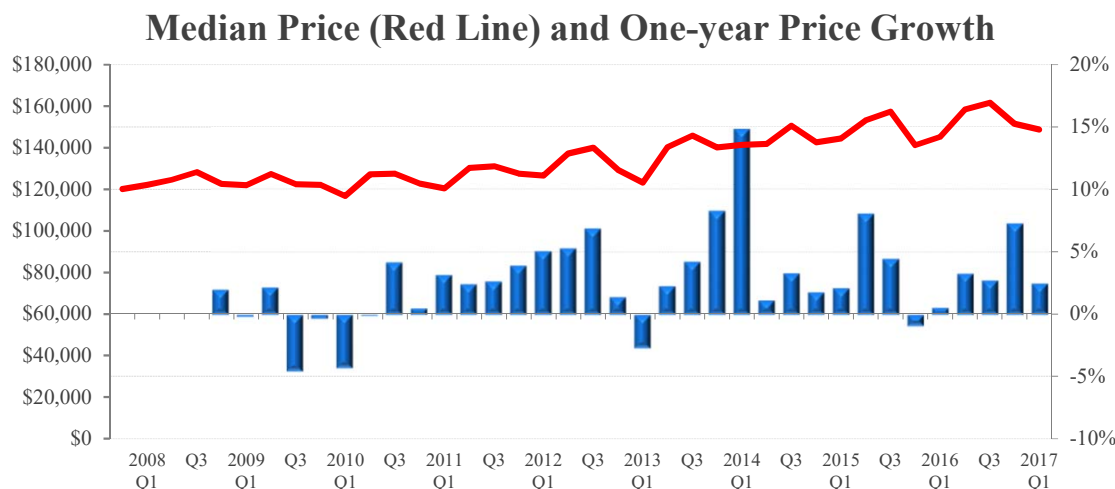


## Amarillo Area

### Local Market Report, First Quarter 2017

## Today's Market...



Local Price Trends			
Price Activity	Amarillo	U.S.	Local Trend
Current Median Home Price (2017 Q1)	\$148,800	\$230,700	Prices are up from a year ago, but price growth is slowing
1-year (4-quarter) Appreciation (2017 Q1)	2.5%	6.9%	
3-year (12-quarter) Appreciation (2017 Q1)	5.2%	20.8%	
3-year (12-quarter) Housing Equity Gain*	\$7,400	\$39,700	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$32,000	\$64,333	
9-year (36 quarters) Housing Equity Gain*	\$26,600	\$32,167	

\*Note: Equity gain reflects price appreciation only

	Amarillo	U.S.	
Conforming Loan Limit**	\$424,100	\$636,150	Most buyers in this market have access to government-backed financing
FHA Loan Limit	\$275,665	\$636,150	
Local Median to Conforming Limit Ratio	35%	not comparable	

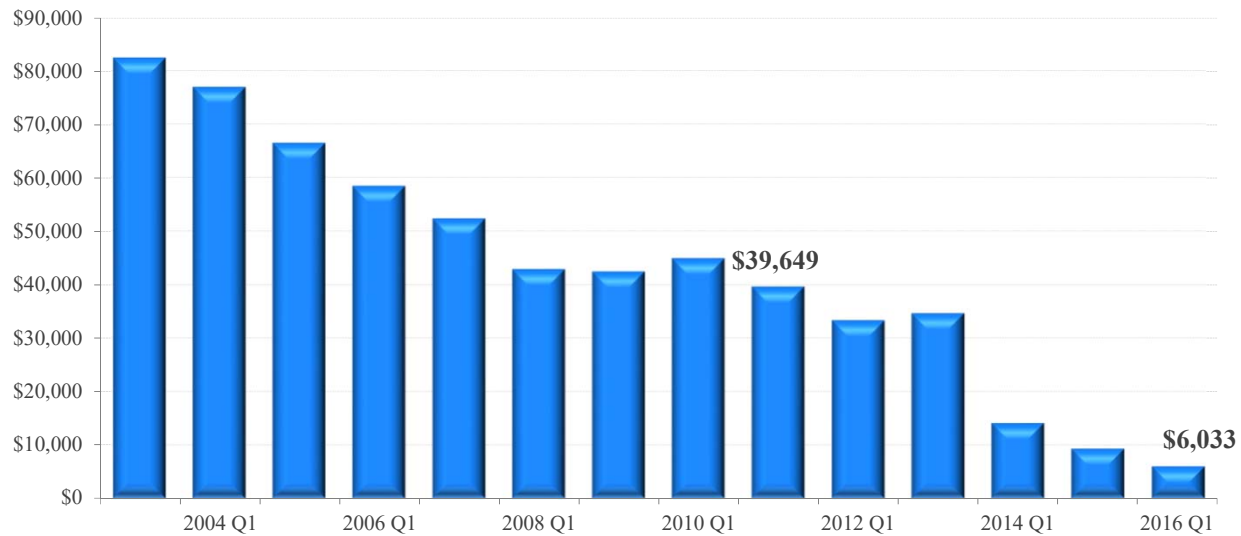
Note: limits are current and include the changes made in December 2016.

#### Local NAR Leadership

The Amarillo market is part of region 10 in the NAR governance system, which includes all of Louisiana and Texas. The 2017 NAR Regional Vice President representing region 10 is Leslie Rouda Smith.

## Benefits of Ownership: Total Equity Appreciation

**Total Equity Accrued to Owner by Year and Quarter of Purchase**



**Total Equity Gained\*\* through 2017 Q1 from quarter in which home was of purchased**

Price Activity	Amarillo	U.S.	Local Trend
1-year (4-quarter)	\$6,033	\$18,582	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$14,095	\$48,743	
5-year (20-quarter)*	\$33,334	\$83,996	
7-year (28 quarters)*	\$44,888	\$76,553	
9-year (36 quarters)*	\$42,839	\$46,748	
If purchase in 2005, the national price peak	\$66,474	\$45,884	

\*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity

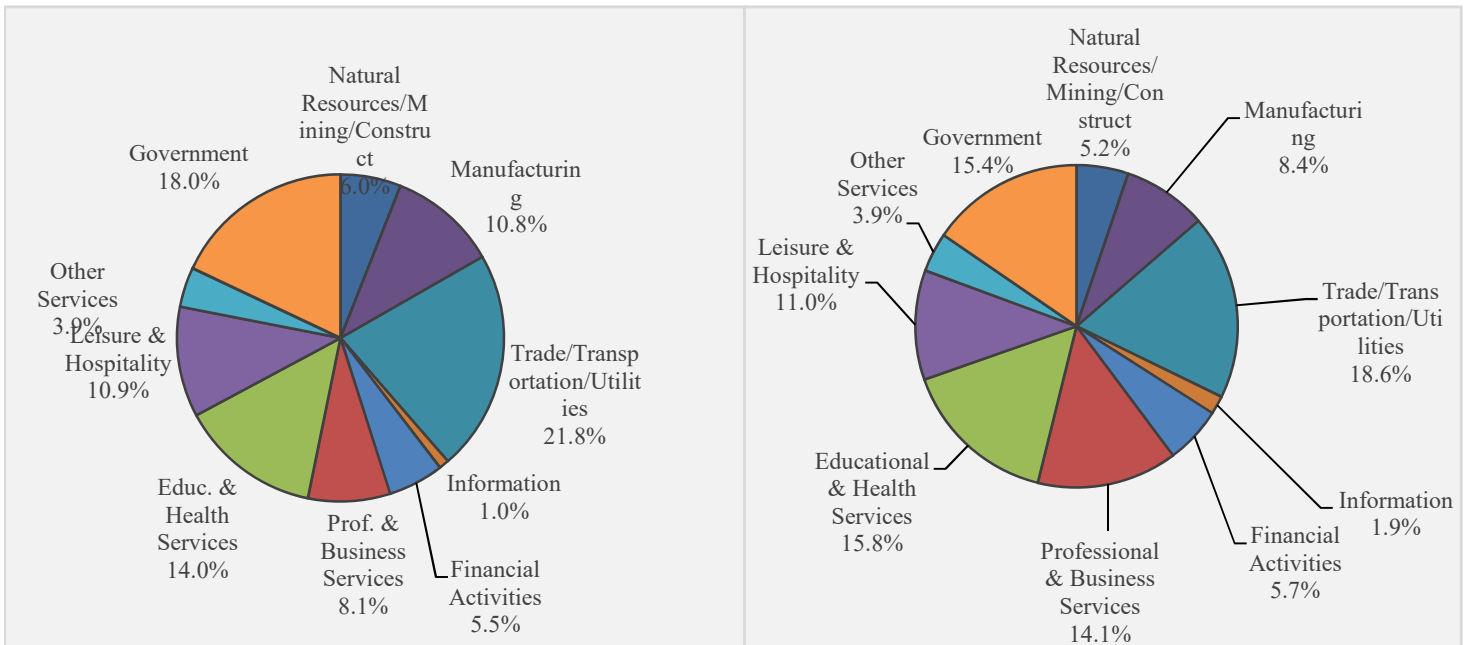
## Drivers of Local Supply and Demand...

Local Economic Outlook	Amarillo	U.S.	
12-month Job Change (Apr)	1,200	Not Comparable	Employment growth has eased, but remains positive
12-month Job Change (Mar)	1,800	Not Comparable	
36-month Job Change (Apr)	4,100	Not Comparable	Unemployment has risen since the same period last year, but Amarillo's labor market has been more resilient than the national average
Current Unemployment Rate (Apr)	3.0%	4.4%	
Year-ago Unemployment Rate	2.7%	5.0%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	1.0%	1.6%	

### Share of Total Employment by Industry

**Amarillo Area**

**U.S.**



#### 12-month Employment Change by Industry in the Amarillo Area (Mar - 2017)

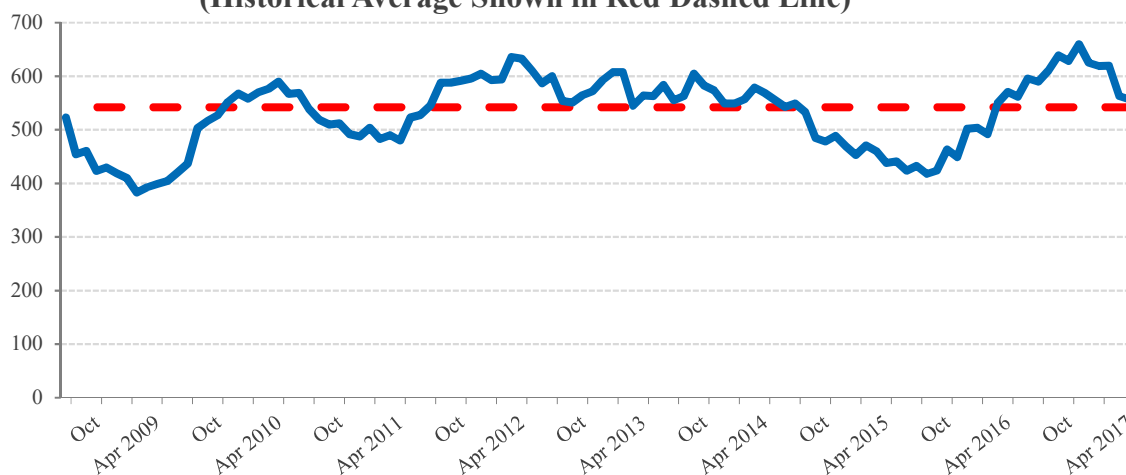
Goods Producing	NA	Information	-100
Natural Resources/Mining/Construction	300	Financial Activities	100
Natural Resources and Mining	NA	Prof. & Business Services	100
Construction	NA	Educ. & Health Services	600
Manufacturing	300	Leisure & Hospitality	0
Service Providing Excluding Government	NA	Other Services	-100
Trade/Transportation/Utilities	300	Government	300

State Economic Activity Index	Texas	U.S.	
12-month change (2017 - Apr)	3.1%	3.0%	Texas's economy is stronger than the nation's, but slowed from last month's 3.15% change
36-month change (2017 - Apr)	10.5%	9.9%	

## New Housing Construction

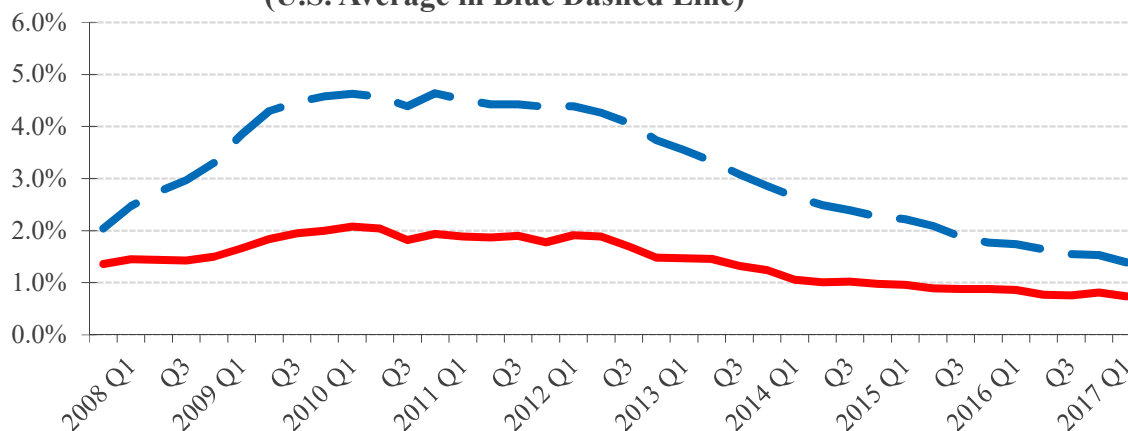
Local Fundamentals	Amarillo	U.S.	
12-month Sum of 1-unit Building Permits through Apr 2017	557	not comparable	The current level of construction is 2.7% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	542	not comparable	Production above trend for an extended period of time could cause prices to moderate as inventory is built up.
Single-Family Housing Permits (Apr 2017) 12-month sum vs. a year ago	-2.5%	8.4%	Construction continues to decline from last year

**Construction: 12-month Sum of Local Housing Permits**  
(Historical Average Shown in Red Dashed Line)



While new construction is the traditional driver of supply in real estate, foreclosures and short-sales now have a strong impact on inventories, particularly at the local level. Rising inventories, through construction or distressed sales, place downward pressure on the median home prices.

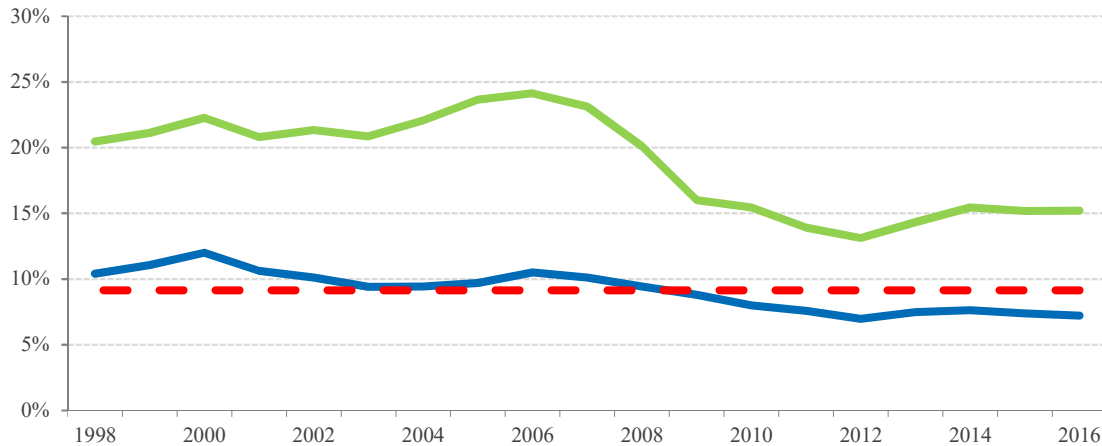
**State Total Foreclosure Rate vs. U.S. Average**  
(U.S. Average in Blue Dashed Line)



# Affordability

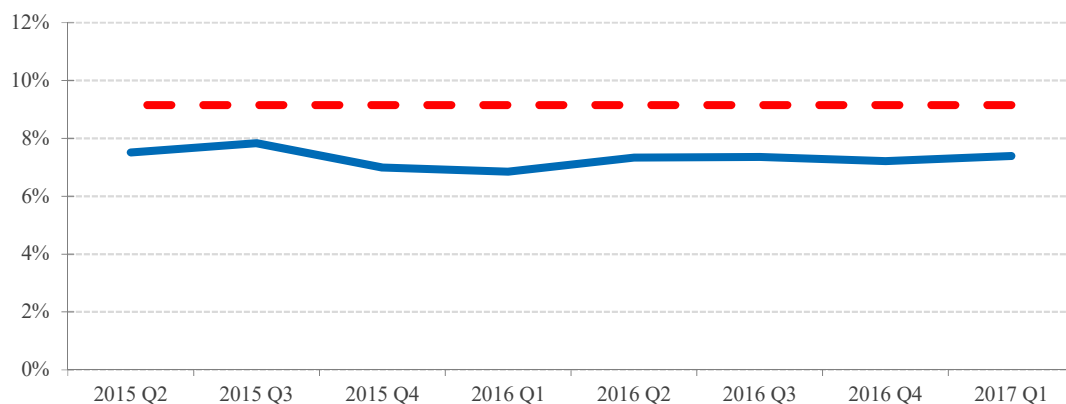


**Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income**  
(Local Historical Average Shown in Red, U.S. Average in Green)

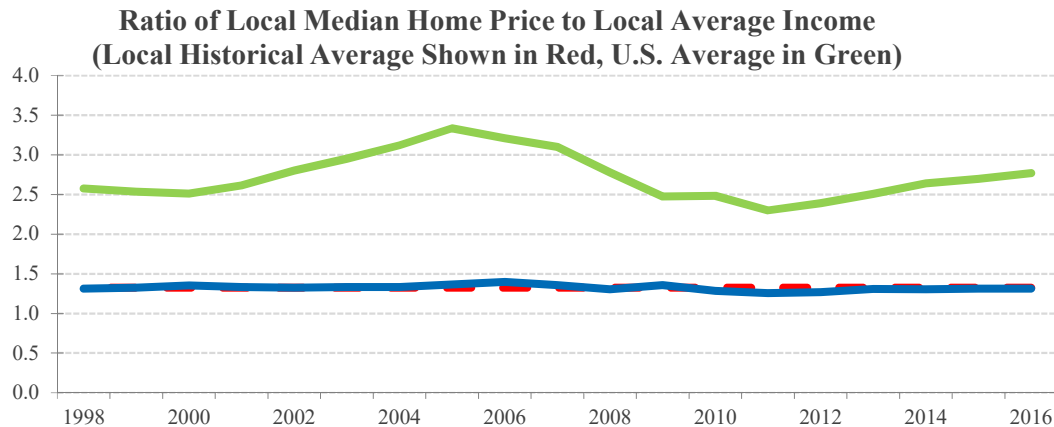


Monthly Mortgage Payment to Income	Amarillo	U.S.	
Ratio for 2016	7.2%	15.2%	Historically strong, but weaker than the fourth quarter of 2016
Ratio for 2017 Q1	7.4%	15.6%	
Historical Average	9.2%	19.2%	More affordable than most markets

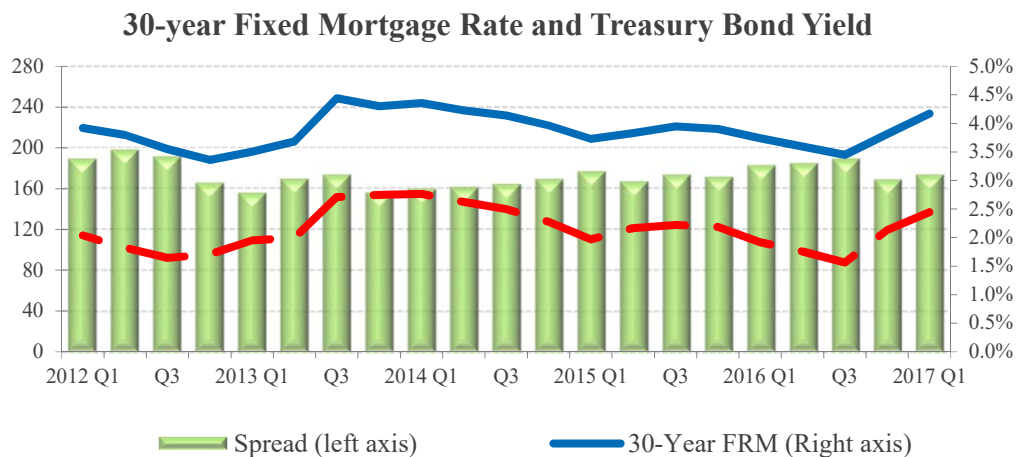
**Recent Trend - Local Mortgage Servicing Cost to Income**  
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Amarillo	U.S.	
Ratio for 2016	1.3	2.8	The price-to-income ratio has fallen and is below the historical average
Ratio for 2017 Q1	1.3	2.7	
Historical Average	1.3	2.7	Affordable compared to most markets



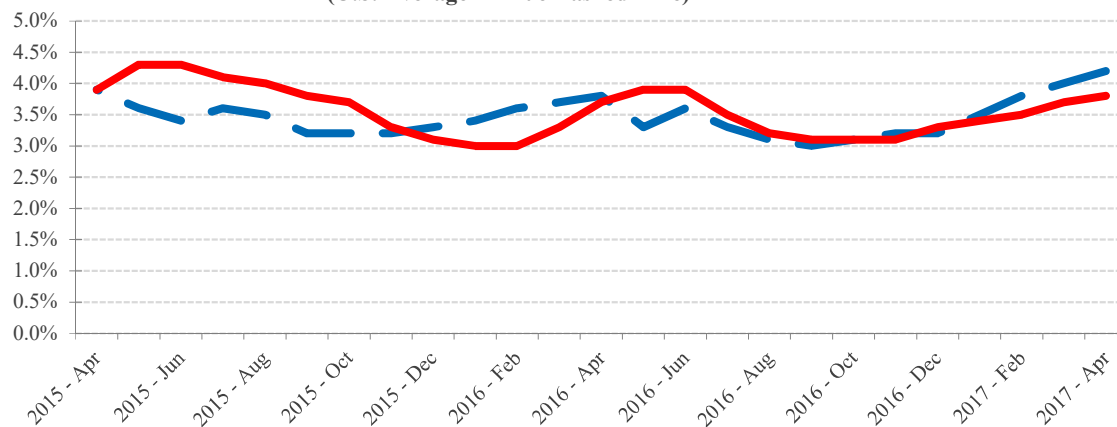
## The Mortgage Market



The first quarter was marked by rising mortgage rates. Short- and long- term U.S. interest rates continued to increase after November's elections. The Fed raised the federal fund in March, bringing the target from 0.75 percent to 1.00 percent while Freddie Mac published that the average interest rate on a 30-year conventional home loan was 4.2 percent in Q1 2017 from 3.8 percent in Q4 2016. Intermediate-term yields also increased during the quarter, with the 10-year U.S. Treasury closing at 2.4 percent. Although the Fed does not directly set mortgage rates, its actions can affect the housing market. Mortgage rates tend to move with the government's 10-year Treasury note, which serves as a benchmark for mortgage rates. However, homebuyers should bear in mind that mortgage rates still hover in the historically low range. Homebuyers have excellent purchasing power at these mortgage rates, and while it may make sense for fewer households to refinance, there are still some households that can save cash with a refinance. Looking ahead, despite the recent decline in April, interest rates are likely to head higher in 2017. NAR is forecasting the 30-year fixed rate mortgage to average 4.3 percent for 2017.

# REALTOR® Price Expectations

**REALTOR® Price Expectations for the Next 12 Months**  
(U.S. Average in Blue Dashed Line)



Source: NAR

REALTOR® Price Expectations	Texas	U.S.	
2017 - Apr	3.8%	4.2%	REALTORS® expect weaker price growth in Texas than in the U.S. in the next 12 months although their local expectations are higher than a year ago.
Prior 12 months	3.7%	3.8%	



## Geographic Coverage for this Report

The Amarillo area referred to in this report covers the geographic area of the Amarillo metro area as officially defined by the Office of Management and Budget of the U.S. Government. The official coverage area includes the following counties:

Armstrong County, Carson County, Oldham County, Potter County, and Randall County

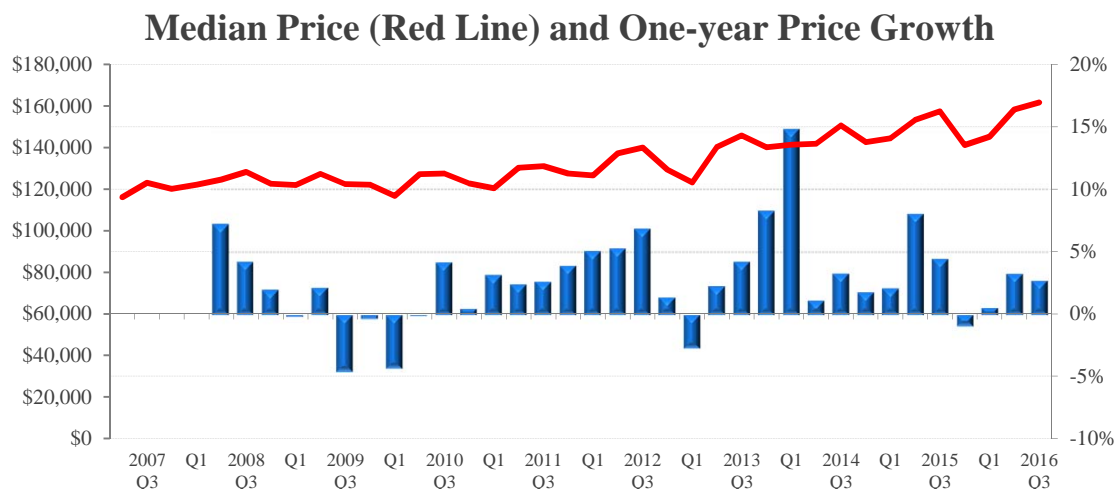
More information on the OMB's geographic definitions can be found at [https://obamawhitehouse.archives.gov/omb/bulletins\\_default/](https://obamawhitehouse.archives.gov/omb/bulletins_default/)



## Amarillo Area

### Local Market Report, Third Quarter 2016

## Today's Market...



Local Price Trends			
Price Activity	Amarillo	U.S.	Local Trend
Current Median Home Price (2016 Q3)	\$161,700	\$239,133	Prices are up from a year ago, but price growth is slowing
1-year (4-quarter) Appreciation (2016 Q3)	2.7%	5.2%	
3-year (12-quarter) Appreciation (2016 Q3)	10.8%	15.6%	
3-year (12-quarter) Housing Equity Gain*	\$15,800	\$32,267	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$39,200	\$60,900	
9-year (36 quarters) Housing Equity Gain*	\$38,600	\$17,967	
*Note: Equity gain reflects price appreciation only			

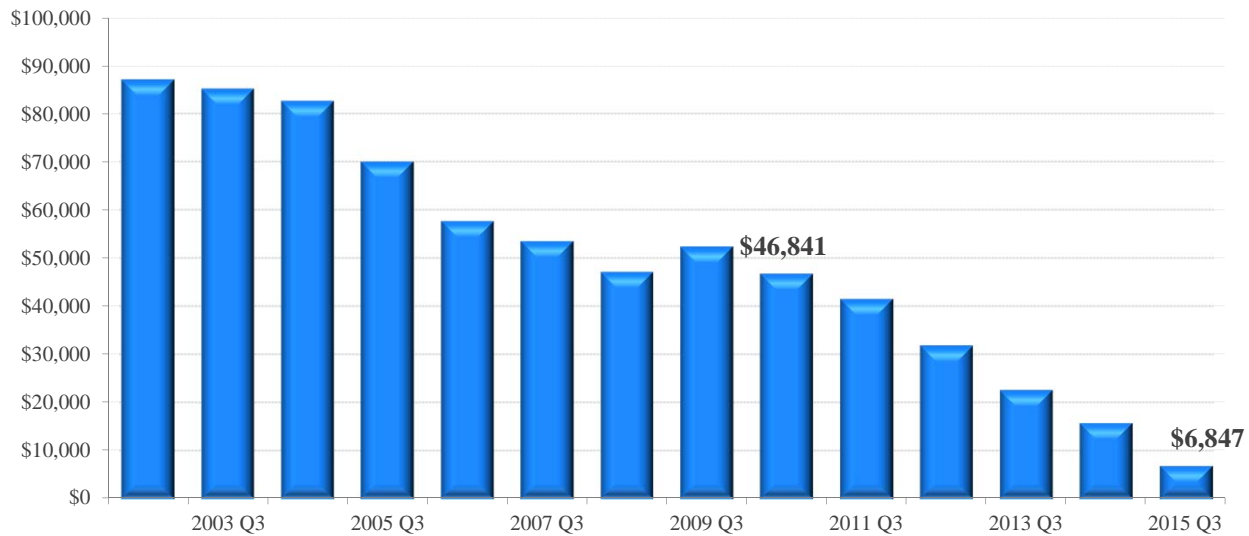
	Amarillo	U.S.	
Conforming Loan Limit**	\$417,000	\$625,500	Most buyers in this market have access to government-backed financing
FHA Loan Limit	\$271,050	\$625,500	
Local Median to Conforming Limit Ratio	39%	not comparable	
Note: limits are current and include the changes made in November of 2012 and extended in November of 2013			

#### Local NAR Leadership

The Amarillo market is part of region 10 in the NAR governance system, which includes all of Louisiana and Texas. The 2016 NAR Regional Vice President representing region 10 is Matthew Ritchie.

## Benefits of Ownership: Total Equity Appreciation

### Total Equity Accrued to Owner by Year and Quarter of Purchase



#### Total Equity Gained\*\* through 2016 Q3 from quarter in which home was of purchased

Price Activity	Amarillo	U.S.	Local Trend
1-year (4-quarter)	\$6,847	\$15,479	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$22,617	\$41,932	
5-year (20-quarter)*	\$41,576	\$82,243	
7-year (28 quarters)*	\$52,415	\$73,900	
9-year (36 quarters)*	\$53,546	\$34,098	
If purchase in 2005, the national price peak	\$70,095	\$28,103	

\*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity

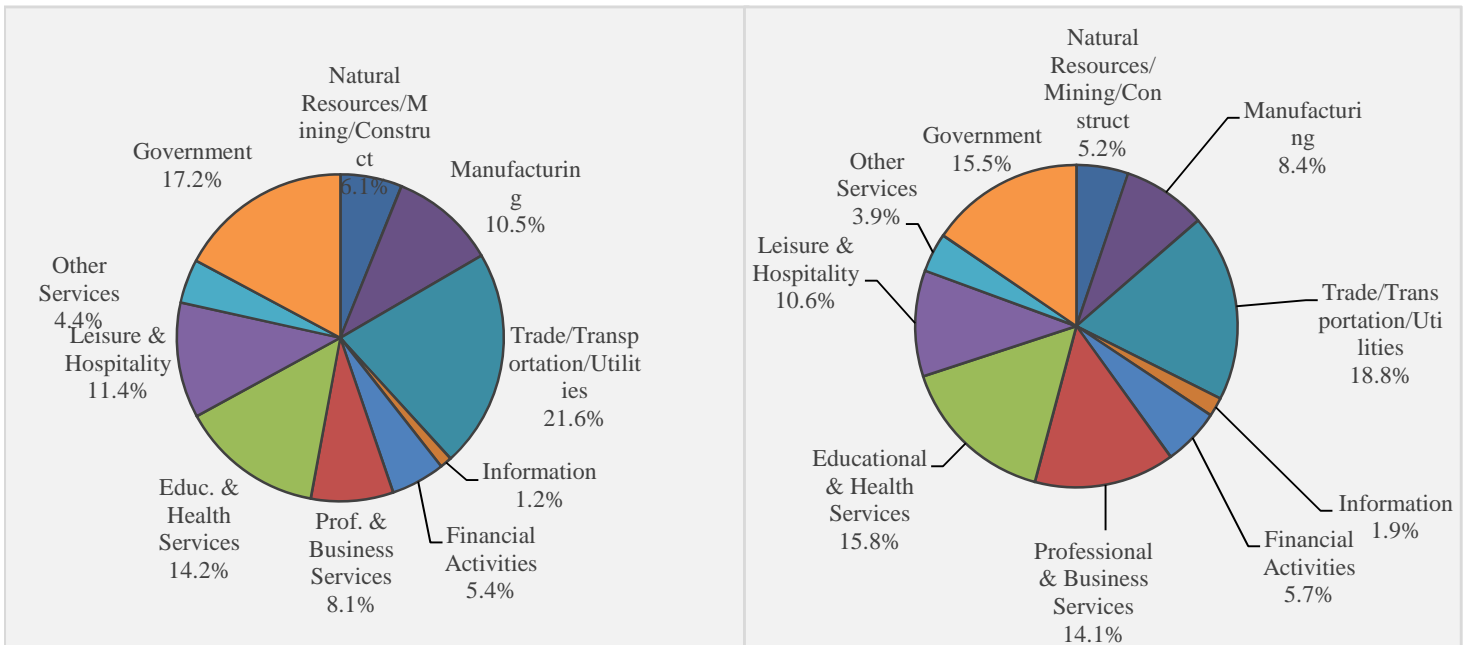
## Drivers of Local Supply and Demand...

Local Economic Outlook	Amarillo	U.S.	
12-month Job Change (Sep)	1,000	Not Comparable	Employment growth has eased, but remains positive
12-month Job Change (Aug)	1,300	Not Comparable	
36-month Job Change (Sep)	4,200	Not Comparable	Unemployment has risen since the same period last year, but Amarillo's labor market has been more resilient than the national average
Current Unemployment Rate (Sep)	3.5%	5.0%	
Year-ago Unemployment Rate	3.2%	5.1%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	0.8%	1.8%	

### Share of Total Employment by Industry

Amarillo Area

U.S.



#### 12-month Employment Change by Industry in the Amarillo Area (Sep - 2016)

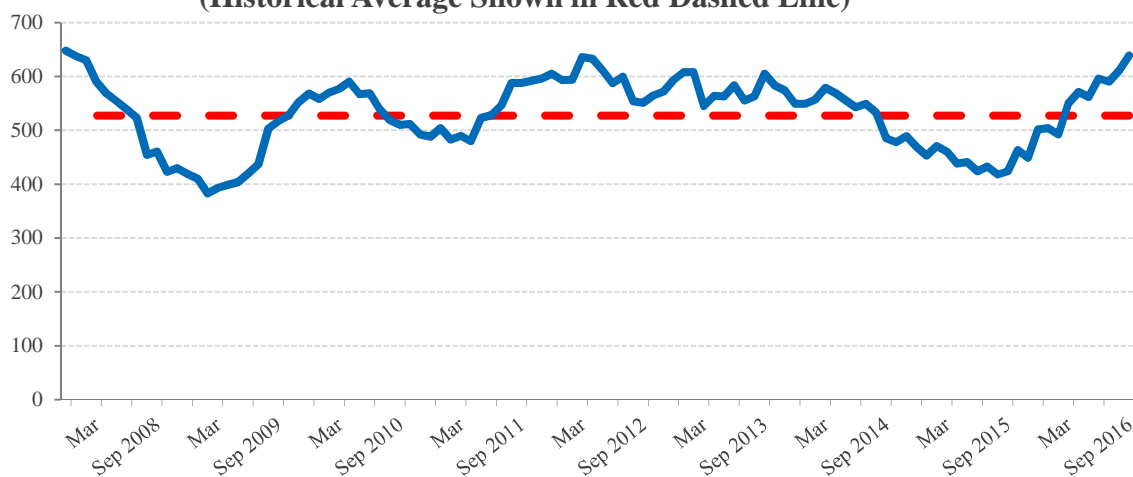
Goods Producing	NA	Information	100
Natural Resources/Mining/Construction	300	Financial Activities	0
Natural Resources and Mining	NA	Prof. & Business Services	100
Construction	NA	Educ. & Health Services	300
Manufacturing	-200	Leisure & Hospitality	500
Service Providing Excluding Government	NA	Other Services	200
Trade/Transportation/Utilities	-400	Government	100

State Economic Activity Index	Texas	U.S.	
12-month change (2016 - Sep)	2.6%	2.9%	The economy of Texas is growing more slowly than the rest of the nation, but improved modestly from last month's 2.52% change
36-month change (2016 - Sep)	12.0%	10.0%	

## New Housing Construction

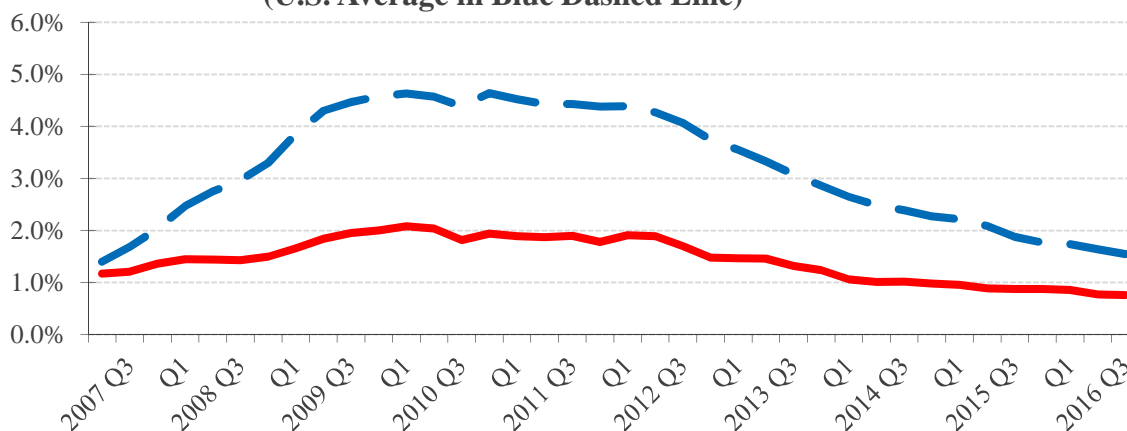
Local Fundamentals	Amarillo	U.S.	
12-month Sum of 1-unit Building Permits through Sep 2016	639	not comparable	The current level of construction is 21.1% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	527	not comparable	Production above trend for an extended period of time could cause prices to moderate as inventory is built up.
Single-Family Housing Permits (Sep 2016) 12-month sum vs. a year ago	50.7%	9.5%	Construction is on the rise relative to last year, suggesting that the local inventory has stabilized

**Construction: 12-month Sum of Local Housing Permits**  
(Historical Average Shown in Red Dashed Line)



While new construction is the traditional driver of supply in real estate, foreclosures and short-sales now have a strong impact on inventories, particularly at the local level. Rising inventories, through construction or distressed sales, place downward pressure on the median home prices.

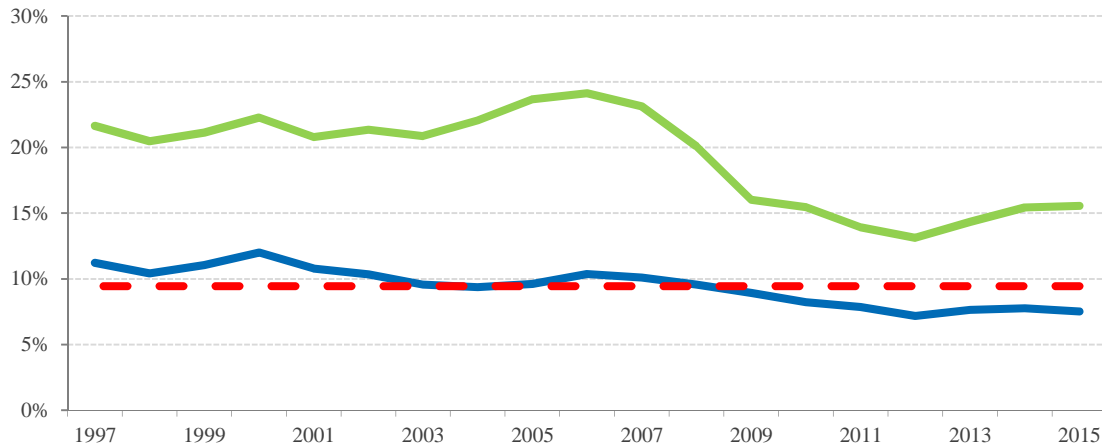
**State Total Foreclosure Rate vs. U.S. Average**  
(U.S. Average in Blue Dashed Line)



# Affordability

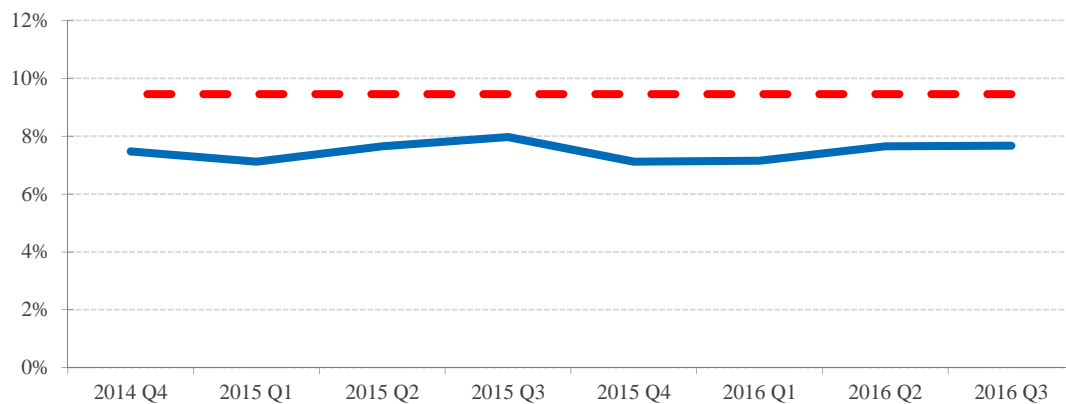


**Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income**  
(Local Historical Average Shown in Red, U.S. Average in Green)



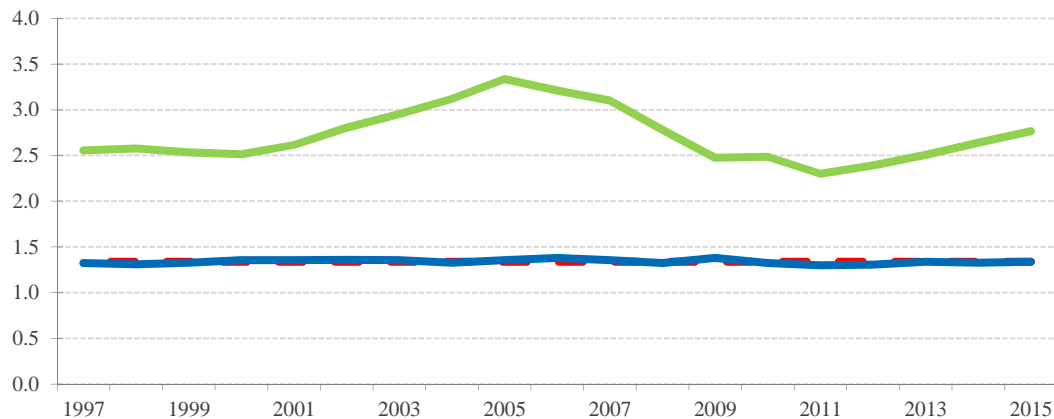
Monthly Mortgage Payment to Income	Amarillo	U.S.	
Ratio for 2015	7.5%	15.6%	Historically strong, but weaker than the second quarter of 2016
Ratio for 2016 Q3	7.7%	15.5%	
Historical Average	9.5%	19.5%	More affordable than most markets

**Recent Trend - Local Mortgage Servicing Cost to Income**  
(Historical Average Shown in Red Dashed Line)



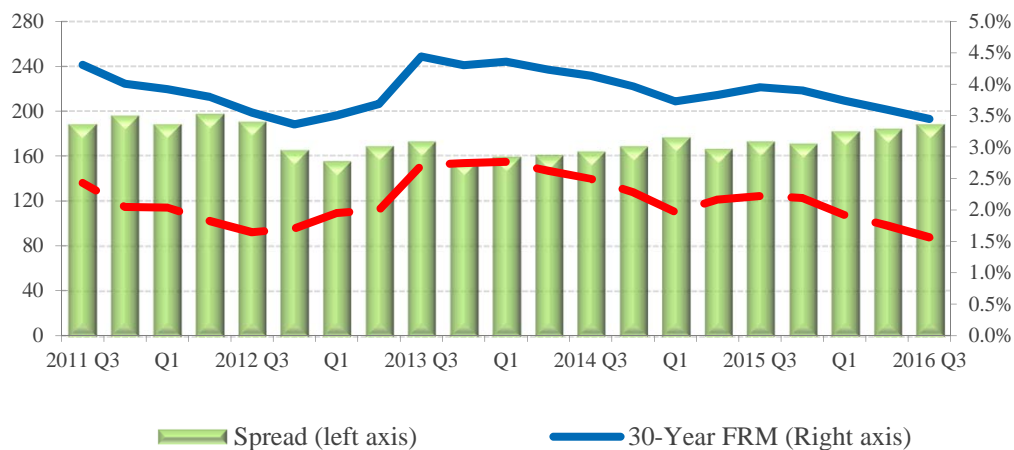
Median Home Price to Income	Amarillo	U.S.	
Ratio for 2015	1.3	2.8	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2016 Q3	1.4	2.9	
Historical Average	1.3	2.7	Affordable compared to most markets

**Ratio of Local Median Home Price to Local Average Income**  
(Local Historical Average Shown in Red, U.S. Average in Green)



## The Mortgage Market

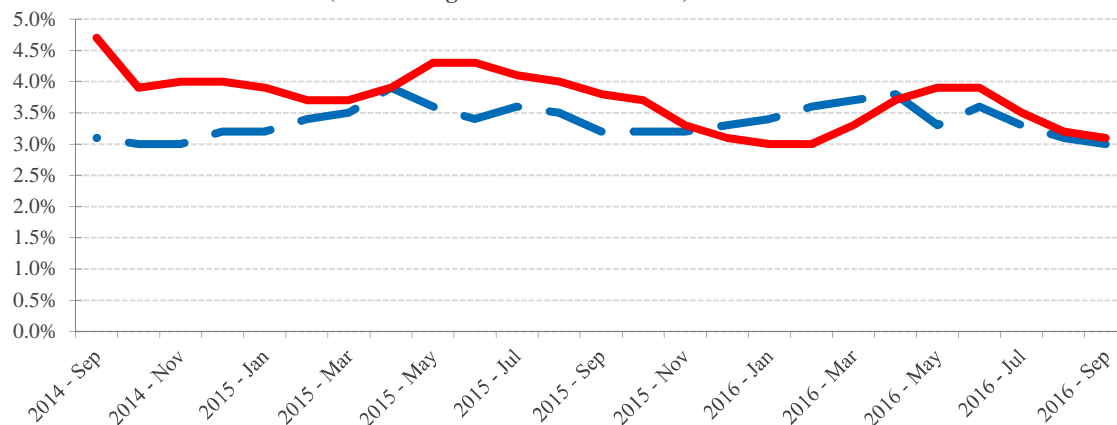
**30-year Fixed Mortgage Rate and Treasury Bond Yield**



The third quarter of 2016 was marked by low mortgage rates. Presidential elections introduced uncertainty in the equity and bond markets which, as a rule, markets don't like. Furthermore, forecasts for production and inflation remained low, helping to keep rates contained in a narrow band, hovering between 3.44% and 3.46% for the period between July and September. For the entire quarter, the 30-year fixed-rate mortgages eased from 3.6 percent in the second quarter to 3.5 percent in the third quarter of 2016, while the 10-year Treasury fell to 1.65 percent. What to expect about mortgage rates in the upcoming quarters? It seems that mortgage rates will move up but they will not change significantly while China's growth is still slow, Japan's woes continue, and the Eurozone continues to stagger along. However, the Fed is coming closer to reaching its dual mandate which could in turn result in rate hikes in the near future. Furthermore, the President-Elect's policies include increased infrastructure spending, tariffs, and immigration reform all of which could drive inflationary pressures over the longer term. NAR is forecasting the 30-year fixed rate mortgage to average just 4.1 percent for 2017.

# REALTOR® Price Expectations

**REALTOR® Price Expectations for the Next 12 Months**  
(U.S. Average in Blue Dashed Line)



Source: NAR

REALTOR® Price Expectations	Texas	U.S.	
2016 - Sep	3.1%	3.0%	REALTORS® expect higher price growth in Texas than in the U.S. in the next 12 months. However, their price expectations for the local market are more modest than a year ago.
Prior 12 months	3.8%	3.2%	



## Geographic Coverage for this Report

The Amarillo area referred to in this report covers the geographic area of the Amarillo metro area as officially defined by the Office of Management and Budget of the U.S. Government. The official coverage area includes the following counties:

[Armstrong County, Carson County, Oldham County, Potter County, and Randall County](#)

More information on the OMB's geographic definitions can be found at [http://www.whitehouse.gov/omb/inforeg\\_statpolicy/](http://www.whitehouse.gov/omb/inforeg_statpolicy/)

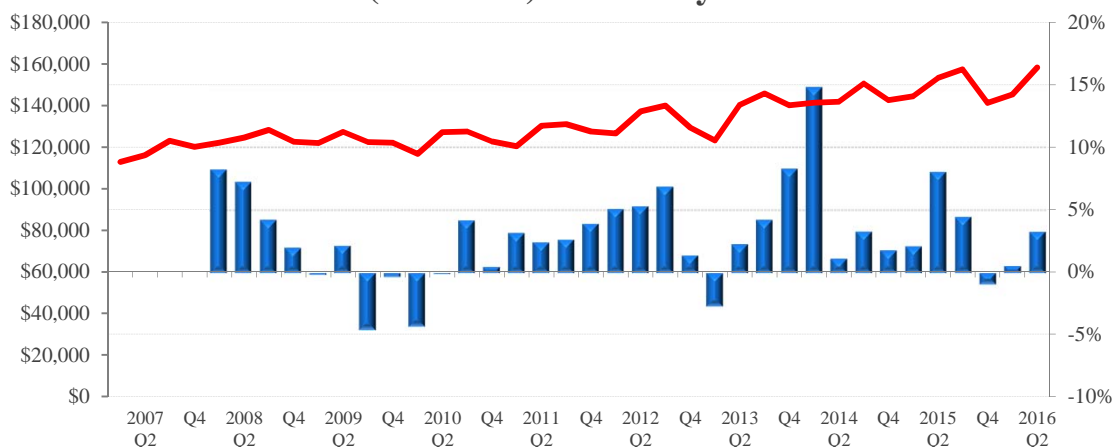


## Amarillo Area

### Local Market Report, Second Quarter 2016

## Today's Market...

**Median Price (Red Line) and One-year Price Growth**



#### Local Price Trends

Price Activity	Amarillo	U.S.	Local Trend
Current Median Home Price (2016 Q2)	\$158,300	\$239,167	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2016 Q2)	3.3%	4.9%	
3-year (12-quarter) Appreciation (2016 Q2)	12.8%	17.8%	
3-year (12-quarter) Housing Equity Gain*	\$18,000	\$36,200	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$31,000	\$64,800	
9-year (36 quarters) Housing Equity Gain*	\$42,100	\$15,400	

\*Note: Equity gain reflects price appreciation only

	Amarillo	U.S.	
Conforming Loan Limit**	\$417,000	\$625,500	Most buyers in this market have access to government-backed financing
FHA Loan Limit	\$271,050	\$625,500	
Local Median to Conforming Limit Ratio	38%	not comparable	

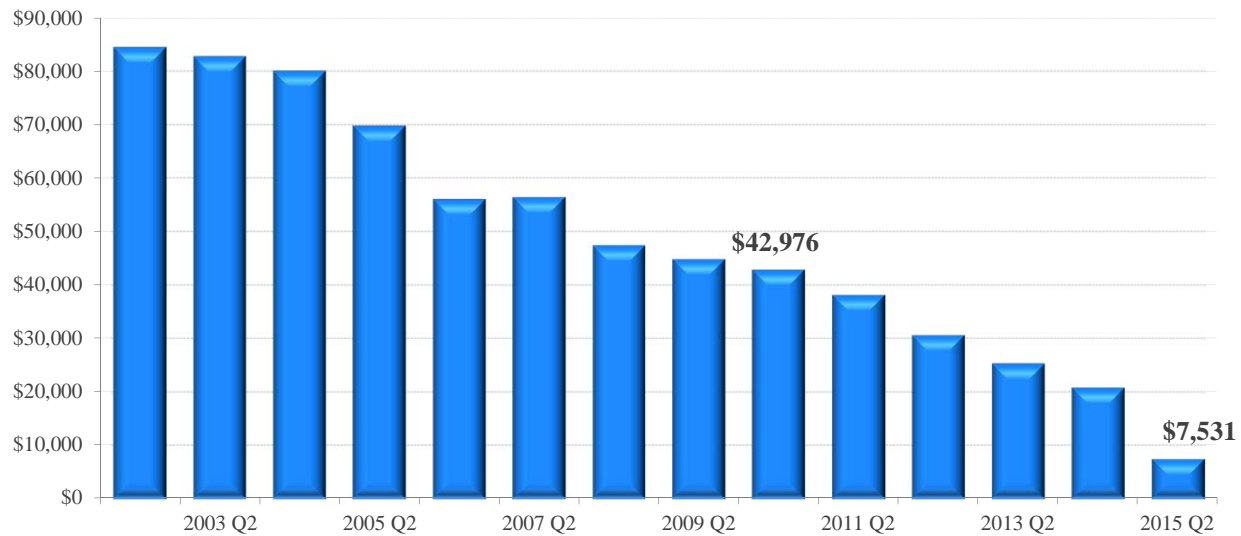
Note: limits are current and include the changes made in November of 2012 and extended in November of 2013

#### Local NAR Leadership

The Amarillo market is part of region 10 in the NAR governance system, which includes all of Louisiana and Texas. The 2016 NAR Regional Vice President representing region 10 is Matthew Ritchie.

# Benefits of Ownership: Total Equity Appreciation

**Total Equity Accrued to Owner by Year and Quarter of Purchase**



**Total Equity Gained\*\* through 2016 Q2 from quarter in which home was of purchased**

Price Activity	Amarillo	U.S.	Local Trend
1-year (4-quarter)	\$7,531	\$14,963	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$25,381	\$46,878	
5-year (20-quarter)*	\$38,262	\$82,353	
7-year (28 quarters)*	\$44,981	\$77,054	
9-year (36 quarters)*	\$56,565	\$31,126	
If purchase in 2005, the national price peak	\$69,846	\$34,380	

\*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity

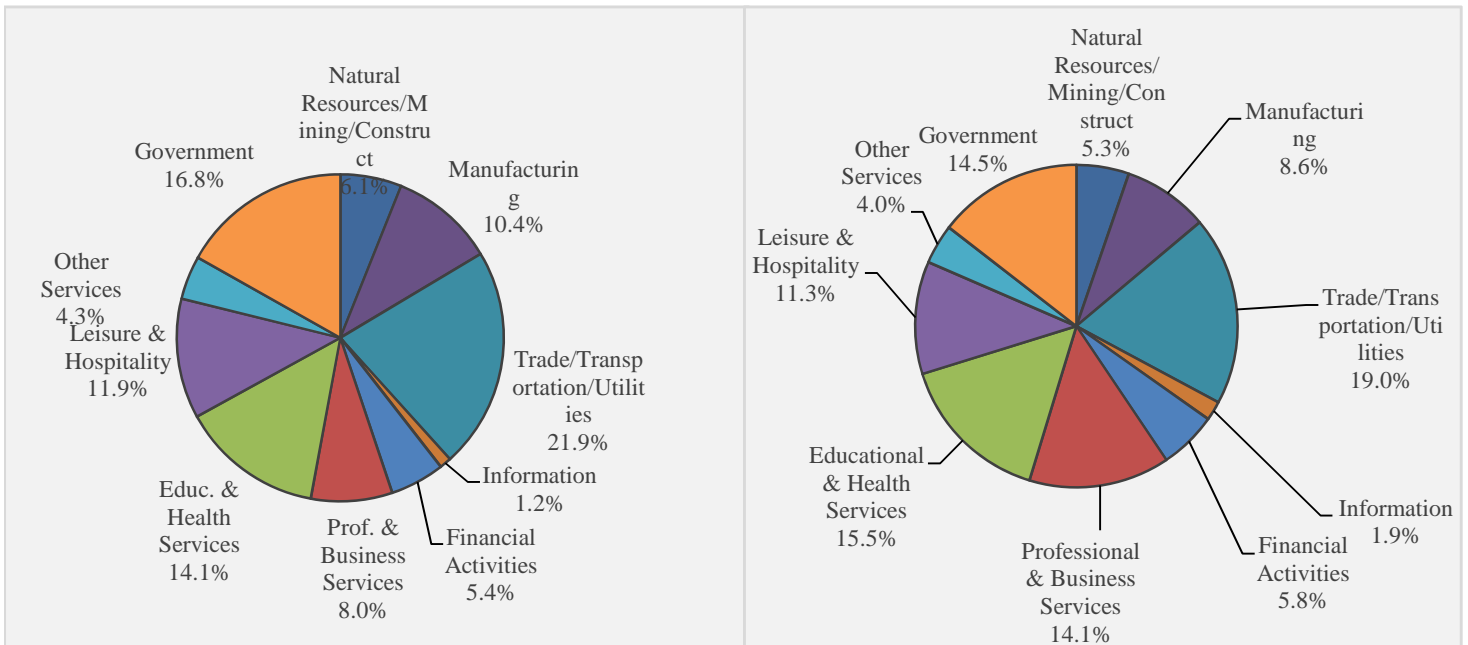
## Drivers of Local Supply and Demand...

Local Economic Outlook	Amarillo	U.S.	
12-month Job Change (Jun)	2,100	Not Comparable	Employment growth has eased, but remains positive
12-month Job Change (May)	2,400	Not Comparable	
36-month Job Change (Jun)	5,100	Not Comparable	Unemployment in Amarillo is better than the national average and improving
Current Unemployment Rate (Jun)	3.3%	4.9%	
Year-ago Unemployment Rate	3.4%	5.3%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	1.8%	1.9%	

### Share of Total Employment by Industry

Amarillo Area

U.S.



#### 12-month Employment Change by Industry in the Amarillo Area (Jun - 2016)

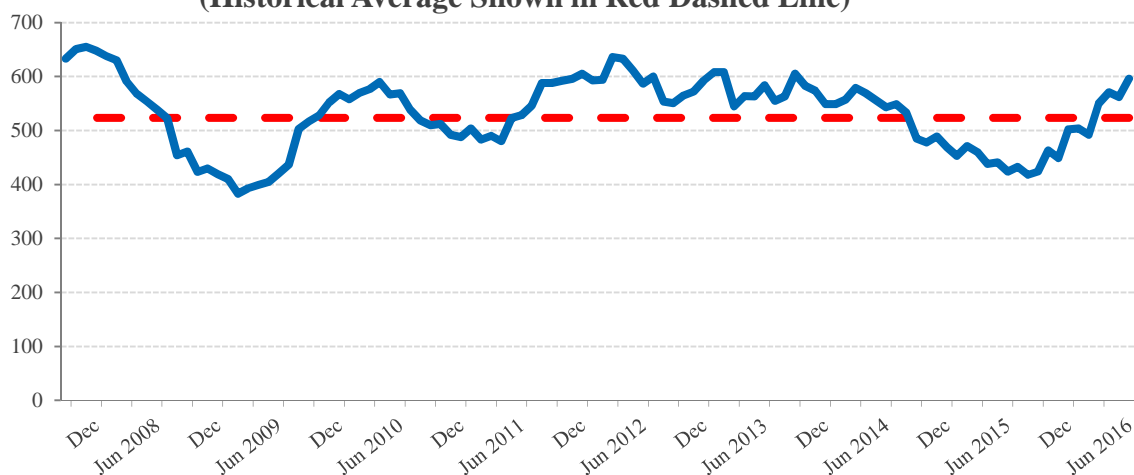
Goods Producing	NA	Information	100
Natural Resources/Mining/Construction	100	Financial Activities	0
Natural Resources and Mining	NA	Prof. & Business Services	100
Construction	NA	Educ. & Health Services	800
Manufacturing	-300	Leisure & Hospitality	700
Service Providing Excluding Government	NA	Other Services	200
Trade/Transportation/Utilities	200	Government	200

State Economic Activity Index	Texas	U.S.	
12-month change (2016 - Jun)	2.3%	3.0%	Texas's economy is growing, but decelerated from last month's 2.32% change and lags the rest of the nation
36-month change (2016 - Jun)	12.2%	10.2%	

## New Housing Construction

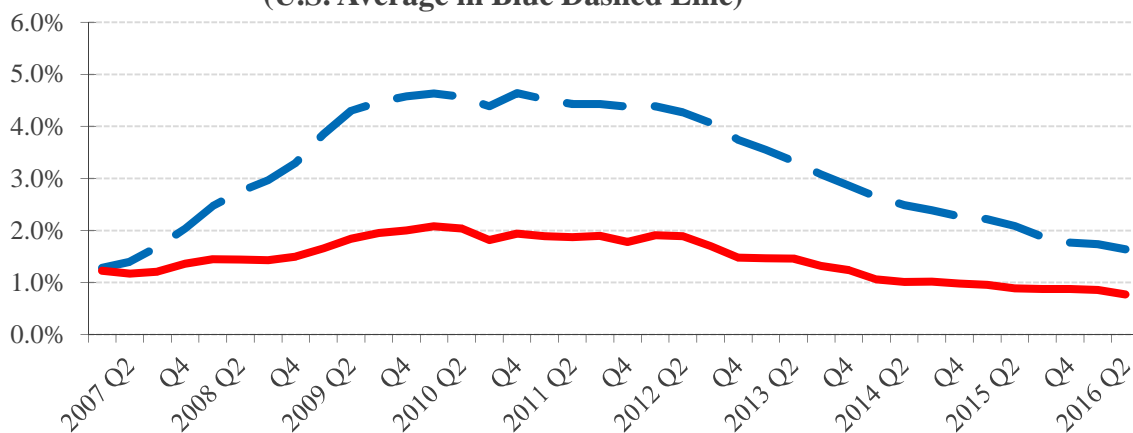
Local Fundamentals	Amarillo	U.S.	
12-month Sum of 1-unit Building Permits through Jun 2016	596	not comparable	The current level of construction is 13.9% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	523	not comparable	Production above trend for an extended period of time could cause prices to moderate as inventory is built up.
Single-Family Housing Permits (Jun 2016) 12-month sum vs. a year ago	40.6%	10.6%	Construction is on the rise relative to last year, suggesting that the local inventory has stabilized

**Construction: 12-month Sum of Local Housing Permits**  
(Historical Average Shown in Red Dashed Line)



While new construction is the traditional driver of supply in real estate, foreclosures and short-sales now have a strong impact on inventories, particularly at the local level. Rising inventories, through construction or distressed sales, place downward pressure on the median home prices.

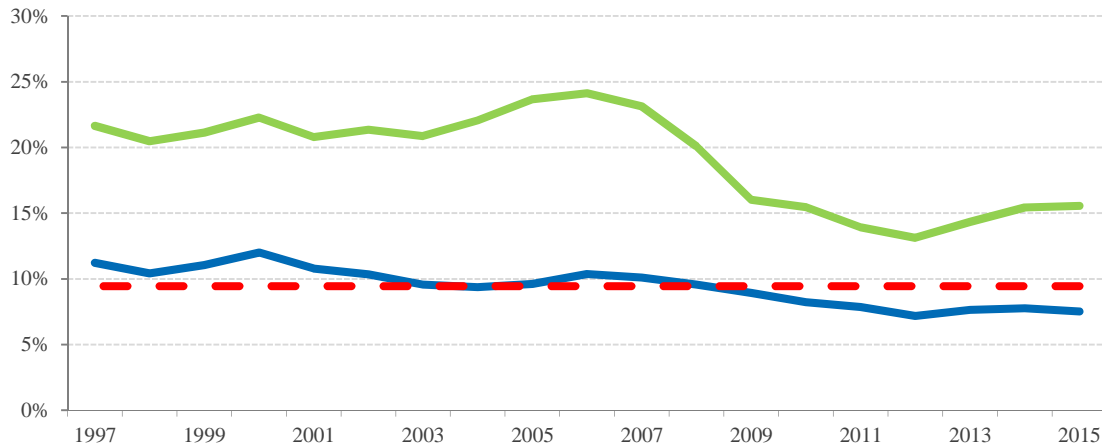
**State Total Foreclosure Rate vs. U.S. Average**  
(U.S. Average in Blue Dashed Line)



# Affordability

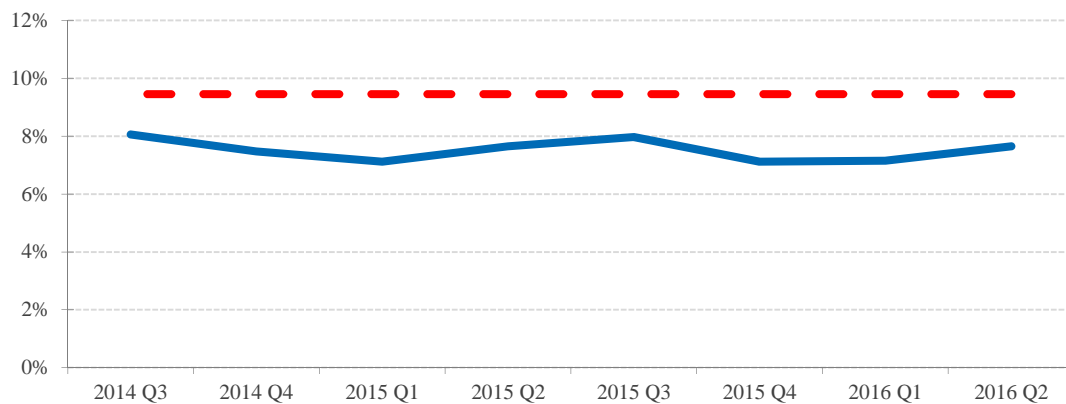


**Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income**  
(Local Historical Average Shown in Red, U.S. Average in Green)



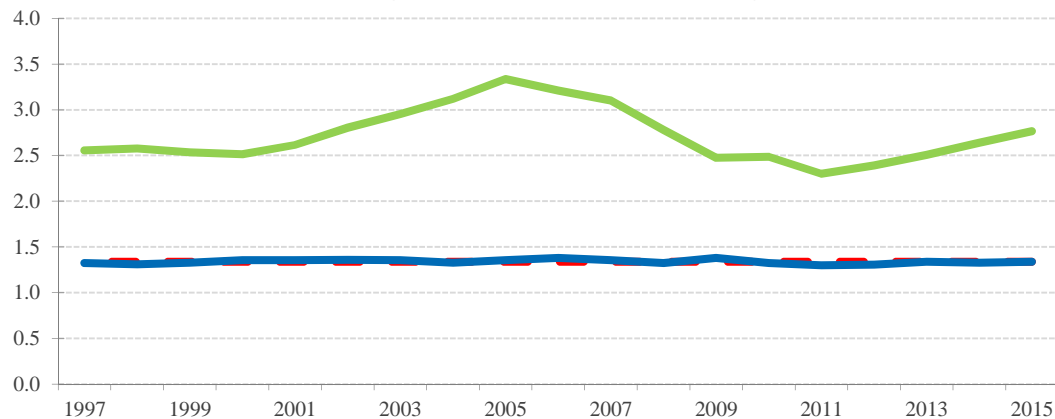
Monthly Mortgage Payment to Income	Amarillo	U.S.	
Ratio for 2015	7.5%	15.6%	Historically strong, but weaker than the first quarter of 2016
Ratio for 2016 Q2	7.7%	15.8%	
Historical Average	9.5%	19.5%	More affordable than most markets

**Recent Trend - Local Mortgage Servicing Cost to Income**  
(Historical Average Shown in Red Dashed Line)



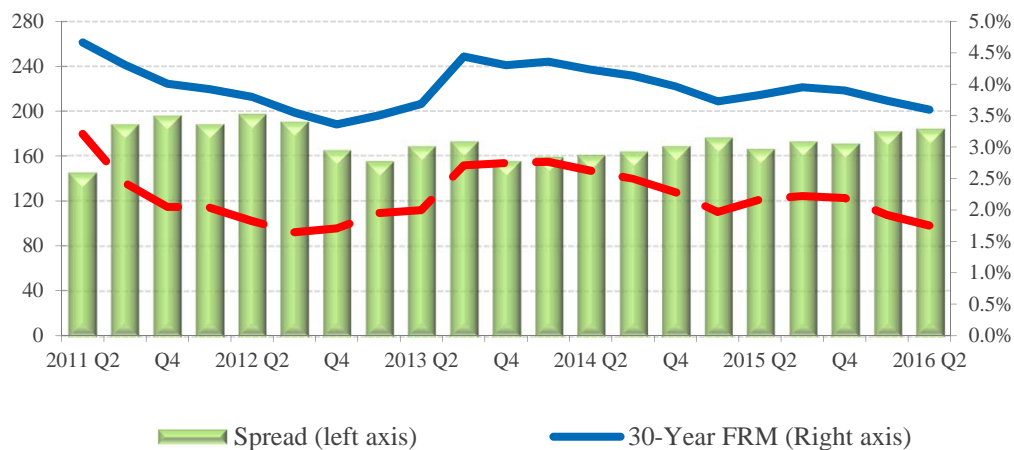
Median Home Price to Income	Amarillo	U.S.	
Ratio for 2015	1.3	2.8	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2016 Q2	1.4	2.9	
Historical Average	1.3	2.7	Affordable compared to most markets

**Ratio of Local Median Home Price to Local Average Income  
(Local Historical Average Shown in Red, U.S. Average in Green)**



## The Mortgage Market

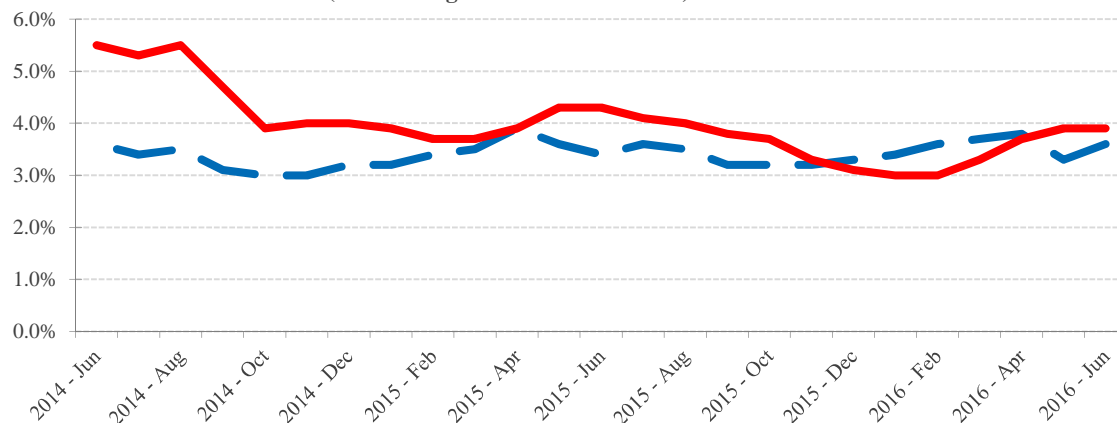
**30-year Fixed Mortgage Rate and Treasury Bond Yield**



The second quarter of 2016 has been quite tumultuous with the surprising “Brexit” vote in the United Kingdom. While British citizens voted to leave the European Union last June, the full impact of the vote could take several years to be seen. In the near future, low mortgage rates and stronger refinancing are expected in the U.S.. Meanwhile, the 30-year fixed-rate mortgages eased from 3.7 percent in the 1st quarter of 2016 to 3.6 percent in the second quarter of 2016. Similarly, the 10-year Treasury fell to 1.75 percent which is the lowest rate after Q4 2012. As a result of the current market conditions, existing homeowners benefit from low rates by refinancing their mortgages while home affordability is increasing for first-time homebuyers. Rates are likely to remain unchanged as global economies remain weak. The uncertainty in China, Japan, Russia and Eurozone is expected to boost safe-haven buying which benefits mortgage-backed securities market. NAR is now forecasting fewer rate hikes by the FED in 2016 and as a result the 30-year fixed rate mortgage is now expected to average just 4.3 percent for 2016.

# REALTOR® Price Expectations

**REALTOR® Price Expectations for the Next 12 Months**  
(U.S. Average in Blue Dashed Line)



Source: NAR

REALTOR® Price Expectations	Texas	U.S.	
2016 - Jul	3.9%	3.6%	REALTORS® expect higher price growth in Texas than in the U.S. in the next 12 months. However, their price expectations for the local market are more modest than a year ago.
Prior 12 months	4.3%	3.4%	



## Geographic Coverage for this Report

The Amarillo area referred to in this report covers the geographic area of the Amarillo metro area as officially defined by the Office of Management and Budget of the U.S. Government. The official coverage area includes the following counties:

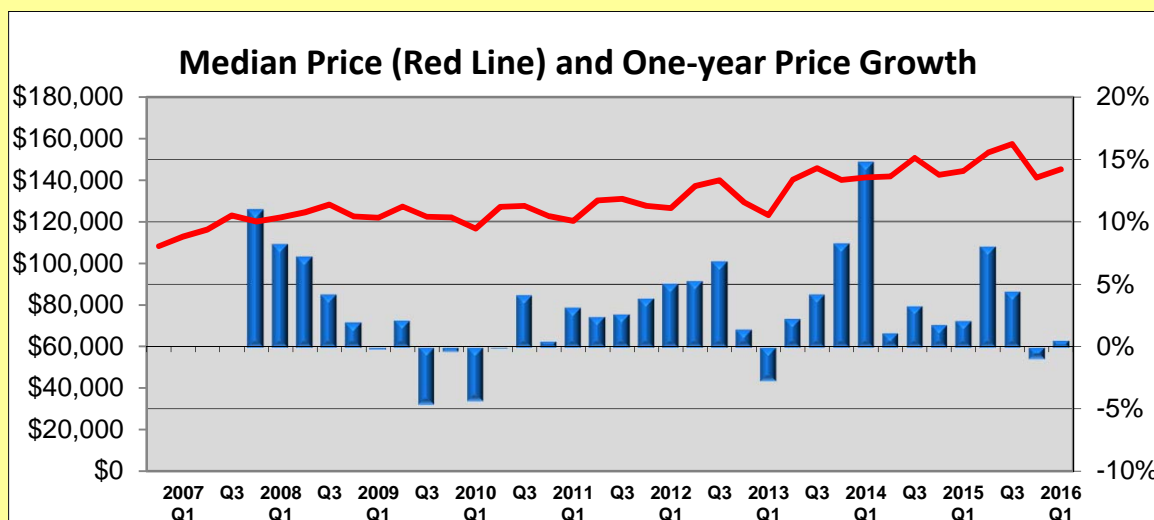
[Armstrong County, Carson County, Oldham County, Potter County, and Randall County](#)

More information on the OMB's geographic definitions can be found at [http://www.whitehouse.gov/omb/infoereg\\_statpolicy/](http://www.whitehouse.gov/omb/infoereg_statpolicy/)



## Amarillo Area Local Market Report, First Quarter 2016

### Today's Market...



#### Local Price Trends

Price Activity	Amarillo	U.S.	Local Trend
Current Median Home Price (2016 Q1)	\$145,200	\$215,767	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2016 Q1)	0.6%	6.1%	
3-year (12-quarter) Appreciation (2016 Q1)	17.9%	22.6%	
3-year (12-quarter) Housing Equity Gain*	\$22,000	\$39,833	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$23,200	\$48,200	
9-year (36 quarters) Housing Equity Gain*	\$32,300	\$1,667	

\*Note: Equity gain reflects price appreciation only

	Amarillo	U.S.	
Conforming Loan Limit**	\$417,000	\$625,500	Most buyers in this market have access to government-backed financing
FHA Loan Limit	\$271,050	\$625,500	
Local Median to Conforming Limit Ratio	35%	not comparable	

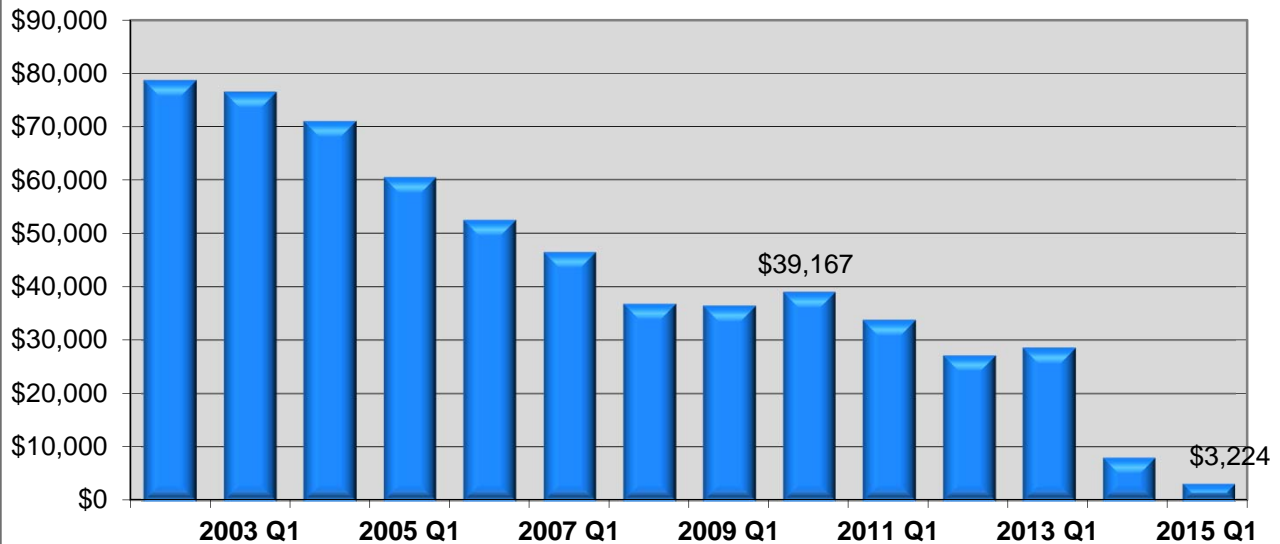
Note: limits are current and include the changes made in November of 2012 and extended in November of 2013

#### Local NAR Leadership

The Amarillo market is part of region 10 in the NAR governance system, which includes all of Louisiana and Texas. The 2016 NAR Regional Vice President representing region 10 is Matthew Ritchie.

# Benefits of Ownership: Total Equity Appreciation

**Total Equity Accrued to Owner by Year and Quarter of Purchase**



**Total Equity Gained\*\* through 2016 Q1 from quarter in which home was of purchased**

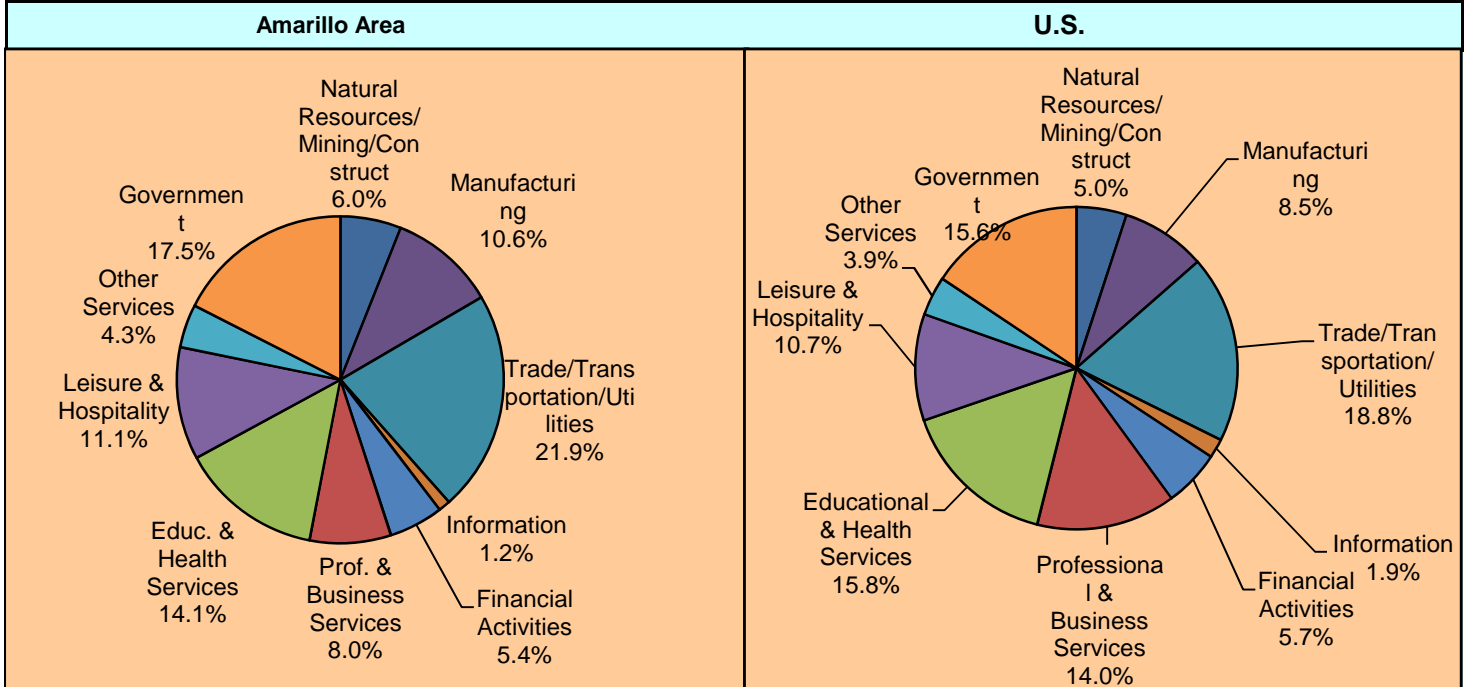
Price Activity	Amarillo	U.S.	Local Trend
1-year (4-quarter)	\$3,224	\$15,781	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$28,668	\$49,356	
5-year (20-quarter)*	\$33,927	\$68,727	
7-year (28 quarters)*	\$36,536	\$59,758	
9-year (36 quarters)*	\$46,630	\$16,435	
If purchase in 2005, the national price peak	\$60,618	\$30,059	

\*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity

# Drivers of Local Supply and Demand...

Local Economic Outlook	Amarillo	U.S.	
12-month Job Change (Mar)	2,000	Not Comparable	Employment has held up and is on an upward trend
12-month Job Change (Feb)	1,200	Not Comparable	
36-month Job Change (Mar)	5,300	Not Comparable	Unemployment has risen since the same period last year, but Amarillo's labor market has been more resilient than the national average
Current Unemployment Rate (Mar)	3.0%	5.0%	
Year-ago Unemployment Rate	2.9%	5.5%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	1.7%	2.0%	

## Share of Total Employment by Industry



### 12-month Employment Change by Industry in the Amarillo Area (Mar - 2016)

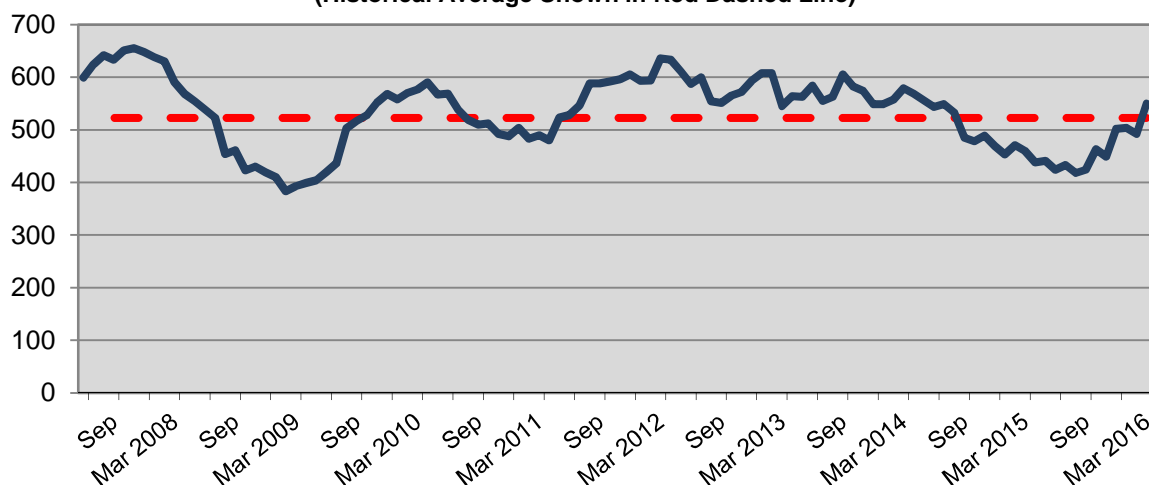
Goods Producing	NA	Information	100
Natural Resources/Mining/Construction	100	Financial Activities	100
Natural Resources and Mining	NA	Prof. & Business Services	-100
Construction	NA	Educ. & Health Services	600
Manufacturing	-300	Leisure & Hospitality	600
Service Providing Excluding Government	NA	Other Services	200
Trade/Transportation/Utilities	400	Government	300

State Economic Activity Index	Texas	U.S.	
12-month change (2016 - Mar)	2.5%	3.1%	Texas's economy is growing, but decelerated from last month's 2.55% change and lags the rest of the nation
36-month change (2016 - Mar)	13.1%	10.5%	

## New Housing Construction

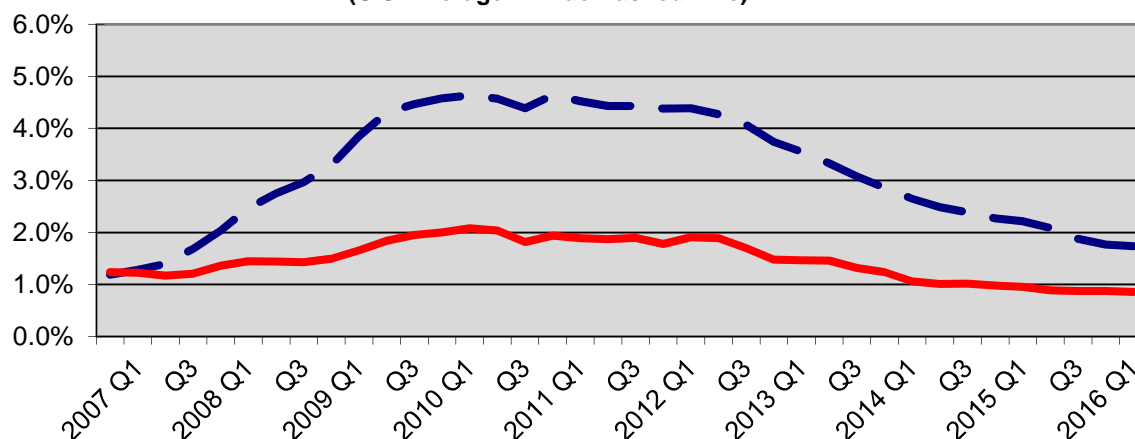
Local Fundamentals	Amarillo	U.S.	
12-month Sum of 1-unit Building Permits through Mar 2016	550	not comparable	The current level of construction is 5.2% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	523	not comparable	Production above trend for an extended period of time could cause prices to moderate as inventory is built
Single-Family Housing Permits (Mar 2016) 12-month sum vs. a year ago	19.6%	11.3%	Construction is on the rise relative to last year, suggesting that the local inventory has stabilized

**Construction: 12-month Sum of Local Housing Permits**  
(Historical Average Shown in Red Dashed Line)



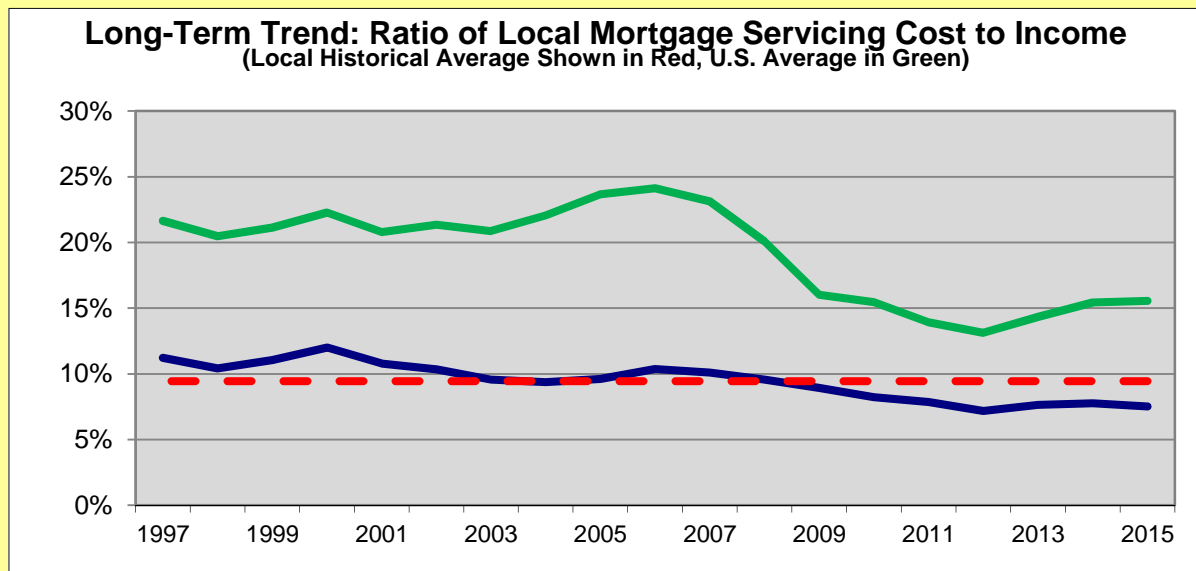
While new construction is the traditional driver of supply in real estate, foreclosures and short-sales now have a strong impact on inventories, particularly at the local level. Rising inventories, through construction or distressed sales, place downward pressure on the median home prices.

**State Total Foreclosure Rate vs. U.S. Average**  
(U.S. Average in Blue Dashed Line)

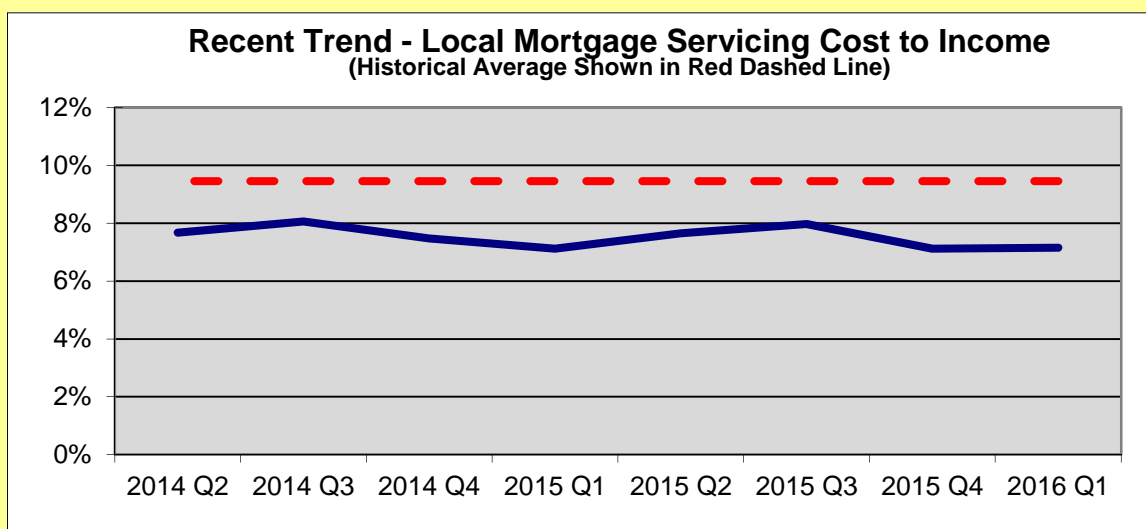


Source: Mortgage Bankers' Association

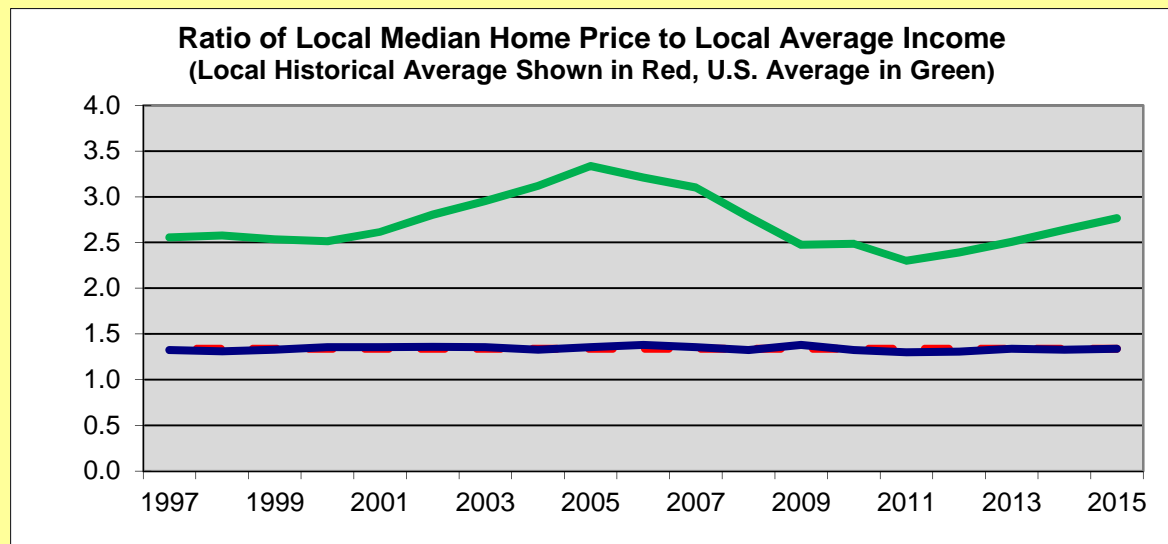
# Affordability



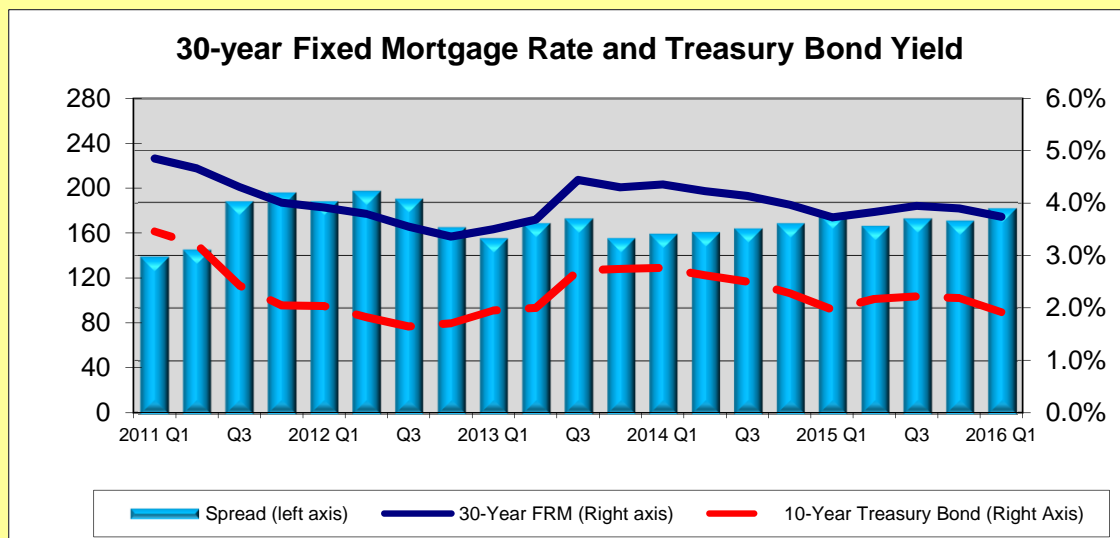
Monthly Mortgage Payment to Income	Amarillo	U.S.	
Ratio for 2015	7.5%	15.6%	Historically strong, but weaker than the fourth quarter of 2015
Ratio for 2016 Q1	7.1%	14.5%	
Historical Average	9.5%	19.5%	More affordable than most markets



Median Home Price to Income	Amarillo	U.S.	
Ratio for 2015	1.3	2.8	The price-to-income ratio rose, but is better than the historic average
Ratio for 2016 Q1	1.3	2.6	
Historical Average	1.3	2.7	Affordable compared to most markets



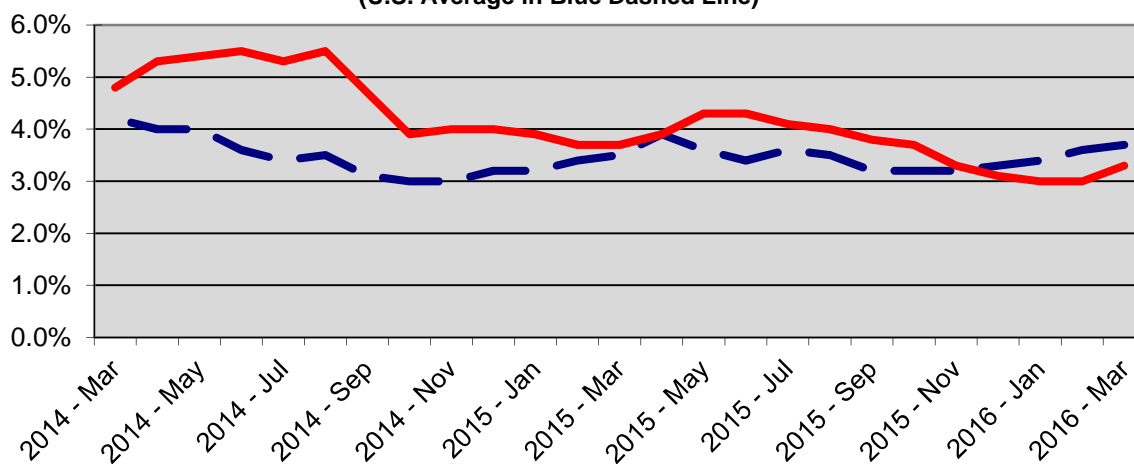
## The Mortgage Market



The first quarter of 2016 was marked by paroxysms in financial, energy, and commodity markets. The uncertainty in China and the emerging-market economies, the gathering doubt about the sustainability of the modern European project, and weakness in domestic growth were the issues of the early days of 2016. With regard to the mortgage market, the year began after the FED started its tightening cycle with the first rate hike this past December. However, since the start of the year mortgage rates have dropped as the FED held off on expected rate hikes. The 30-year fixed-rate mortgages eased from 3.9 percent in the 4th quarter of 2015 to 3.7 percent in the first quarter of 2016. The 10-year Treasury fell to 1.92 percent which is the lowest rate after Q4 2012. Rates are likely to remain low through the spring as the market deals with international instability and mixed signals for the domestic economy. NAR is now forecasting fewer rate hikes by the FED in 2016 and as a result the 30-year fixed rate mortgage is now expected to average just 4.3 percent for 2016."

## REALTOR® Price Expectations for the Next 12 Months

(U.S. Average in Blue Dashed Line)



Source: NAR

REALTOR® Price Expectations	Texas	U.S.	
2016 - Apr	3.7%	3.8%	REALTORS® expect weaker price growth in Texas than in the U.S. in the next 12 months. Their price expectations for the local market are more modest than a year ago.
Prior 12 months	3.9%	3.9%	



## Geographic Coverage for this Report

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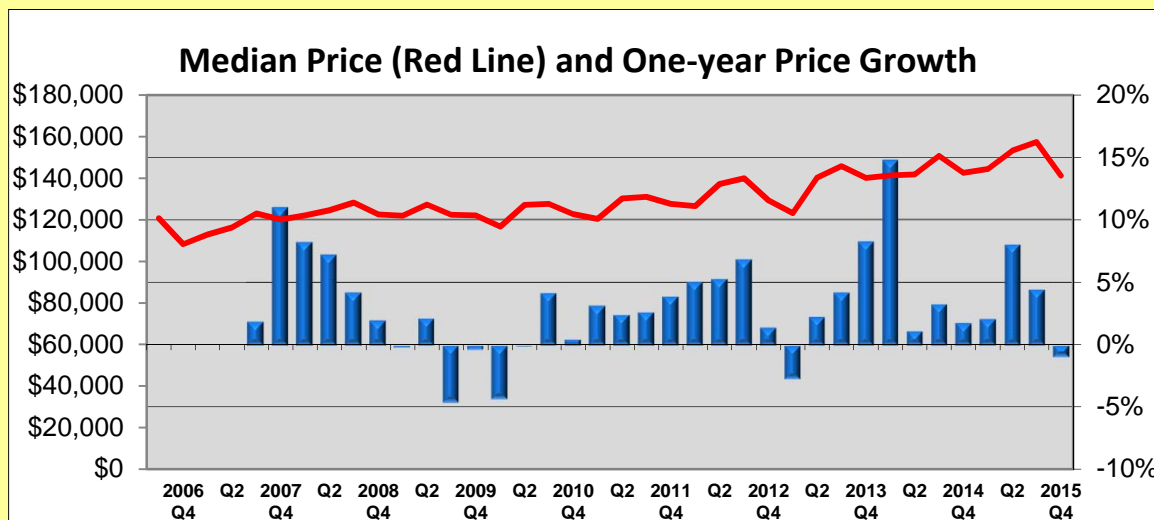
Armstrong County, Carson County, Potter County, and Randall County

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## Amarillo Area Local Market Report, Fourth Quarter 2015

### Today's Market...



#### Local Price Trends

Price Activity	Amarillo	U.S.	Local Trend
Current Median Home Price (2015 Q4)	\$141,300	\$221,067	Year-over-year price growth swung negative this quarter after growing last quarter
1-year (4-quarter) Appreciation (2015 Q4)	-0.9%	6.5%	
3-year (12-quarter) Appreciation (2015 Q4)	9.2%	23.6%	
3-year (12-quarter) Housing Equity Gain*	\$11,900	\$42,233	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$18,700	\$40,300	
9-year (36 quarters) Housing Equity Gain*	\$33,000	\$1,633	

\*Note: Equity gain reflects price appreciation only

	Amarillo	U.S.	
Conforming Loan Limit**	\$417,000	\$625,500	Most buyers in this market have access to government-backed financing
FHA Loan Limit	\$271,050	\$625,500	
Local Median to Conforming Limit Ratio	34%	not comparable	

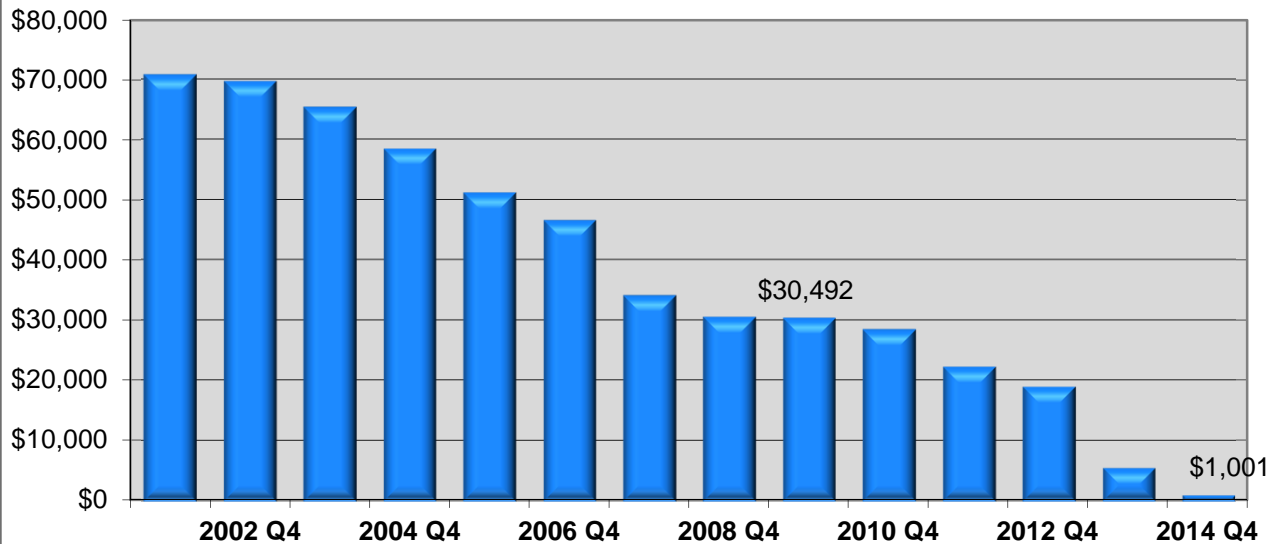
Note: limits are current and include the changes made in November of 2012 and extended in November of 2013

#### Local NAR Leadership

The Amarillo market is part of region 10 in the NAR governance system, which includes all of Louisiana and Texas. The 2016 NAR Regional Vice President representing region 10 is Matthew Ritchie.

# Benefits of Ownership: Total Equity Appreciation

**Total Equity Accrued to Owner by Year and Quarter of Purchase**



**Total Equity Gained\*\* through 2015 Q4 from quarter in which home was of purchased**

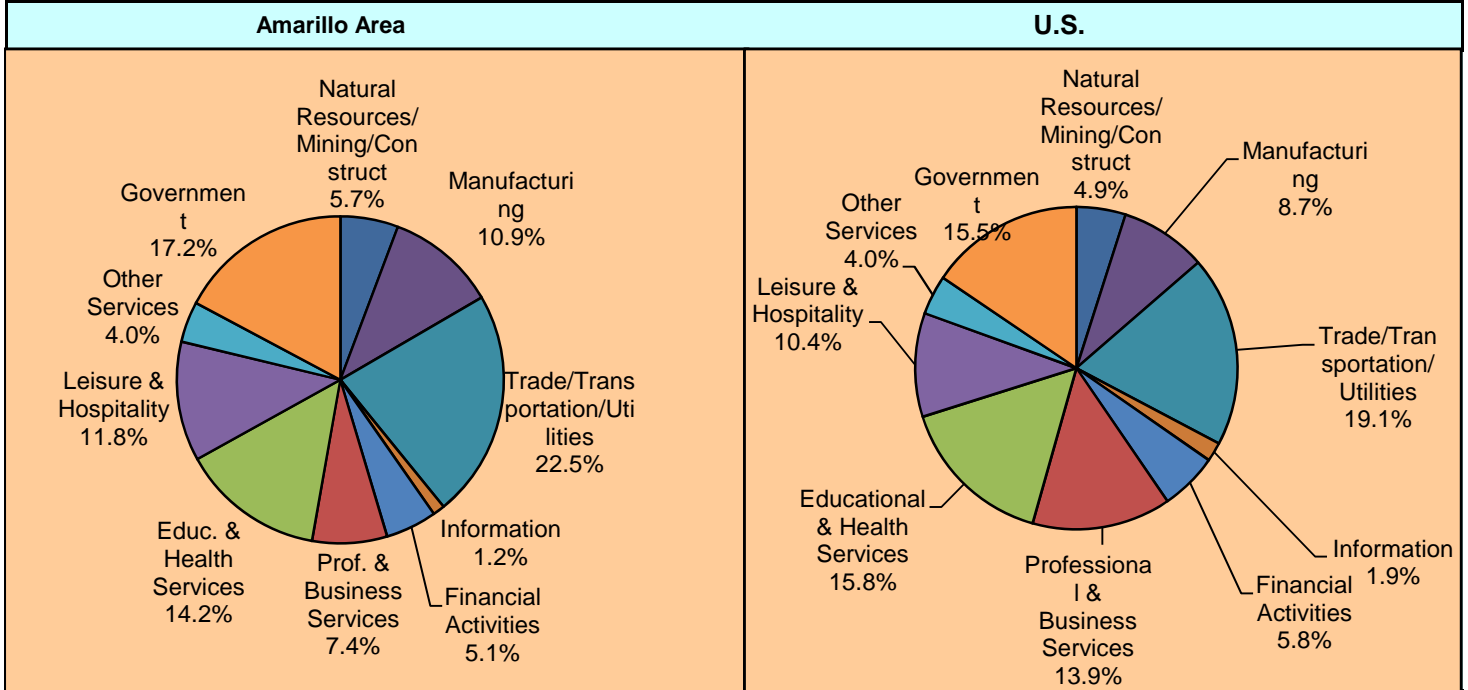
Price Activity	Amarillo	U.S.	Local Trend
1-year (4-quarter)	\$1,001	\$16,784	Price trends in the last three years have undercut the steady post-recession home equity growth despite owners paying down principle
3-year (12-quarter)*	\$19,061	\$52,129	
5-year (20-quarter)*	\$28,540	\$62,764	
7-year (28 quarters)*	\$30,633	\$52,606	
9-year (36 quarters)*	\$46,703	\$16,571	
If purchase in 2005, the national price peak	\$51,265	\$11,104	

\*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity

# Drivers of Local Supply and Demand...

Local Economic Outlook	Amarillo	U.S.	
12-month Job Change (Dec)	1,000	Not Comparable	Employment has held up and is on an upward trend
12-month Job Change (Nov)	600	Not Comparable	
36-month Job Change (Dec)	2,700	Not Comparable	Unemployment in Amarillo is better than the national average and improving
Current Unemployment Rate (Dec)	2.9%	5.0%	
Year-ago Unemployment Rate	2.9%	5.6%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	0.9%	2.1%	

## Share of Total Employment by Industry



### 12-month Employment Change by Industry in the Amarillo Area (Dec - 2015)

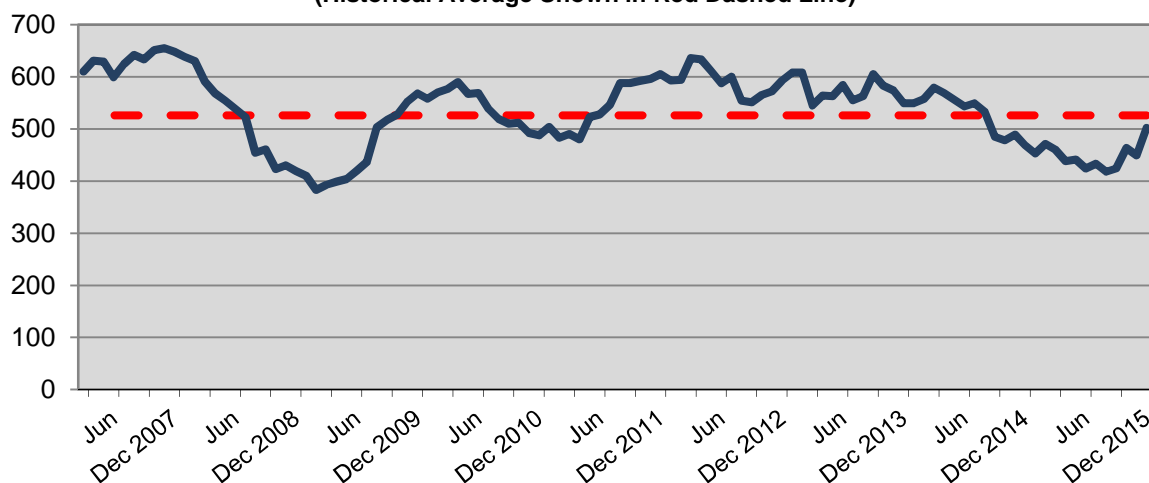
Goods Producing	NA	Information	0
Natural Resources/Mining/Construction	0	Financial Activities	-100
Natural Resources and Mining	NA	Prof. & Business Services	-100
Construction	NA	Educ. & Health Services	600
Manufacturing	-100	Leisure & Hospitality	1,000
Service Providing Excluding Government	NA	Other Services	-200
Trade/Transportation/Utilities	0	Government	-100

State Economic Activity Index	Texas	U.S.	
12-month change (2015 - Dec)	2.5%	3.2%	Texas's economy is growing, but decelerated from last month's 2.75% change and lags the rest of the nation
36-month change (2015 - Dec)	12.9%	10.6%	

## New Housing Construction

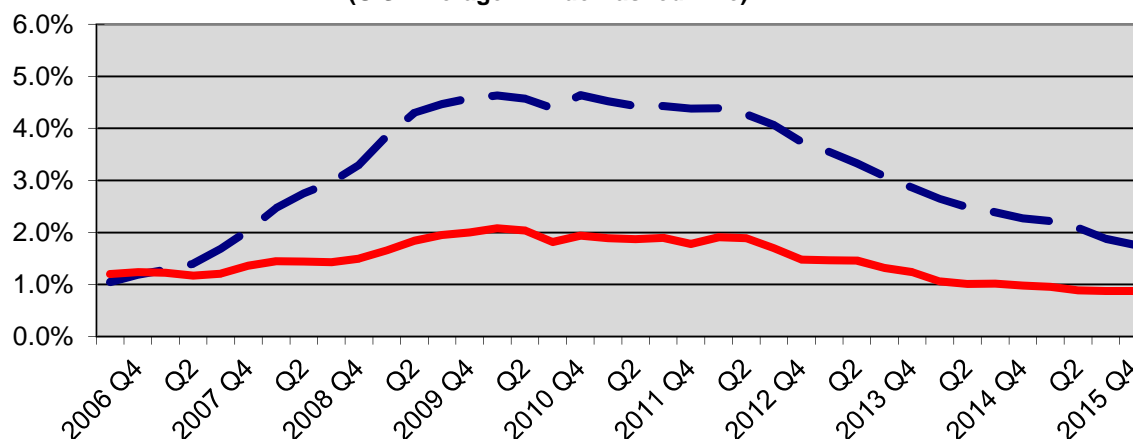
Local Fundamentals	Amarillo	U.S.	
12-month Sum of 1-unit Building Permits through Dec 2015	502	not comparable	The current level of construction is 4.5% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	526	not comparable	Reduced construction will limit new supply to the market, allowing demand to catch up with inventory more quickly
Single-Family Housing Permits (Dec 2015) 12-month sum vs. a year ago	7.0%	9.7%	Construction is on the rise relative to last year, suggesting that the local inventory has stabilized

**Construction: 12-month Sum of Local Housing Permits**  
(Historical Average Shown in Red Dashed Line)



While new construction is the traditional driver of supply in real estate, foreclosures and short-sales now have a strong impact on inventories, particularly at the local level. Rising inventories, through construction or distressed sales, place downward pressure on the median home prices.

**State Total Foreclosure Rate vs. U.S. Average**  
(U.S. Average in Blue Dashed Line)

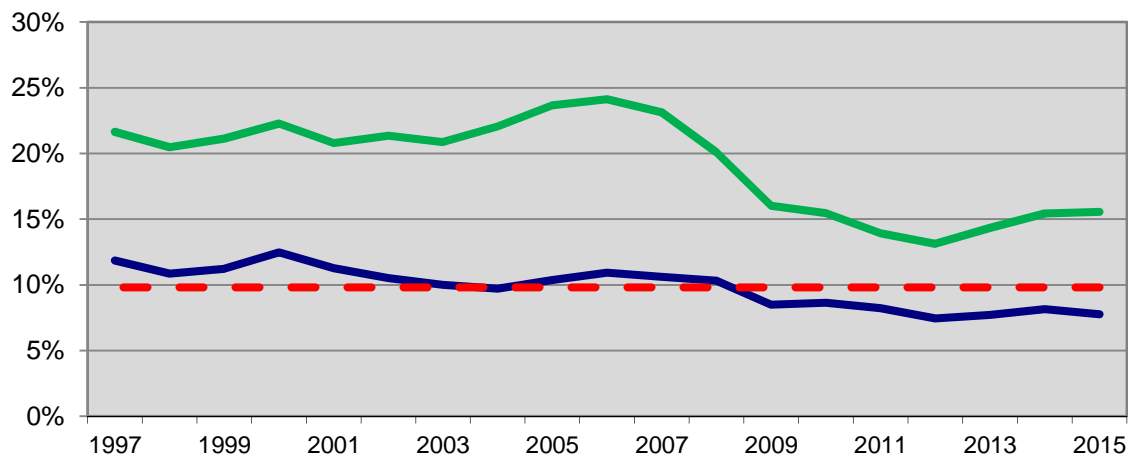


Source: Mortgage Bankers' Association

# Affordability

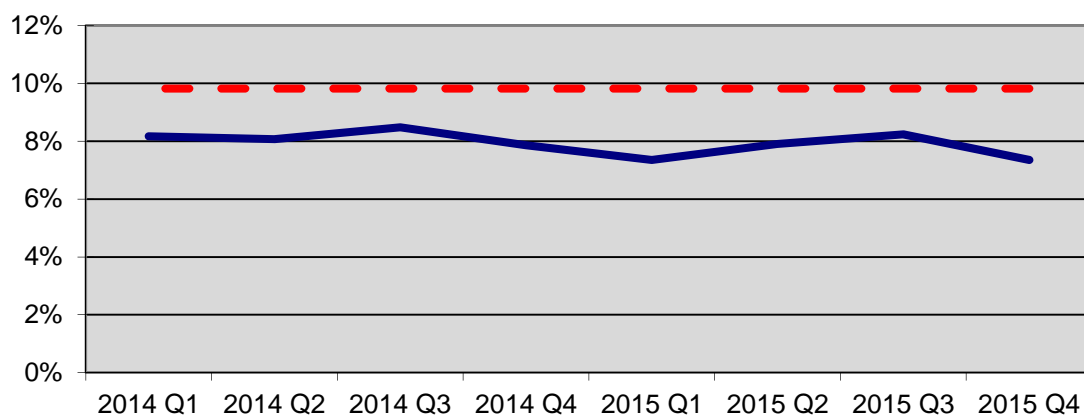


**Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income**  
(Local Historical Average Shown in Red, U.S. Average in Green)

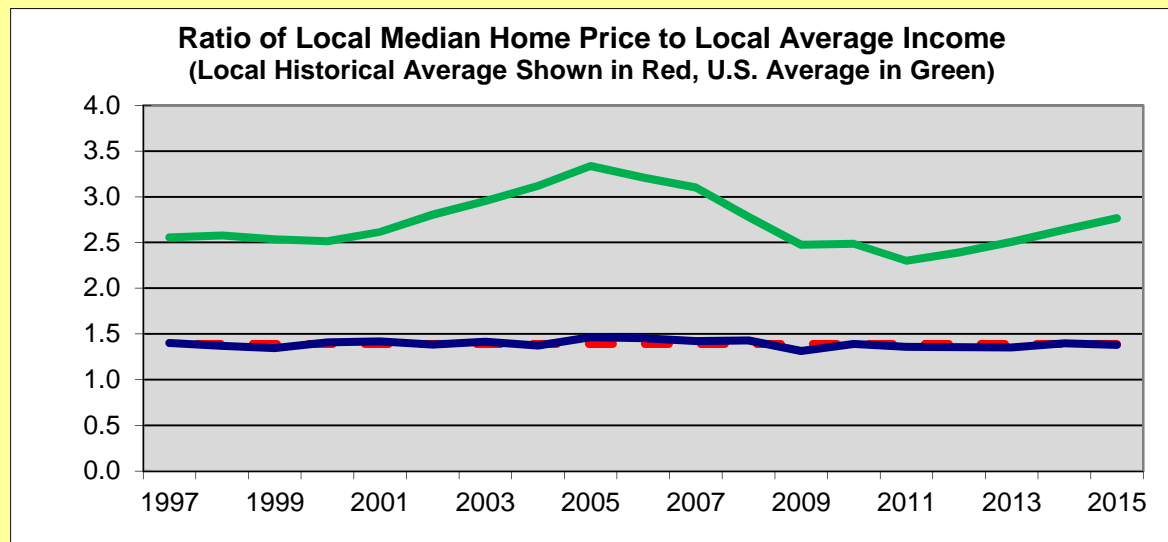


Monthly Mortgage Payment to Income	Amarillo	U.S.	
Ratio for 2015	7.8%	15.6%	Historically strong and an improvement over the third quarter of 2015
Ratio for 2015 Q4	7.3%	15.1%	
Historical Average	9.8%	19.5%	More affordable than most markets

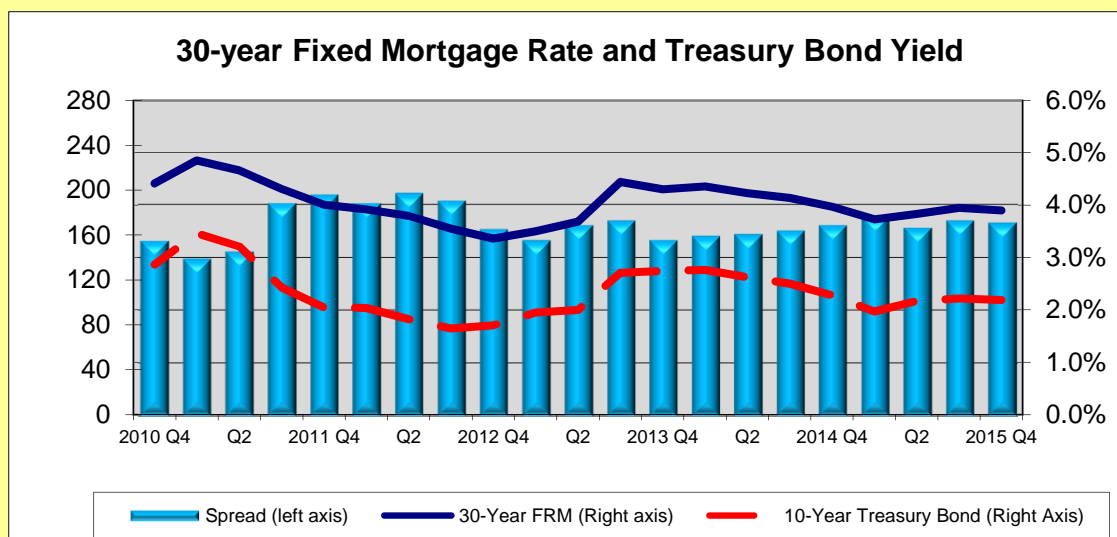
**Recent Trend - Local Mortgage Servicing Cost to Income**  
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Amarillo	U.S.	
Ratio for 2015	1.4	2.8	The price-to-income ratio has fallen and is below the historical average
Ratio for 2015 Q4	1.3	2.7	
Historical Average	1.4	2.7	Affordable compared to most markets



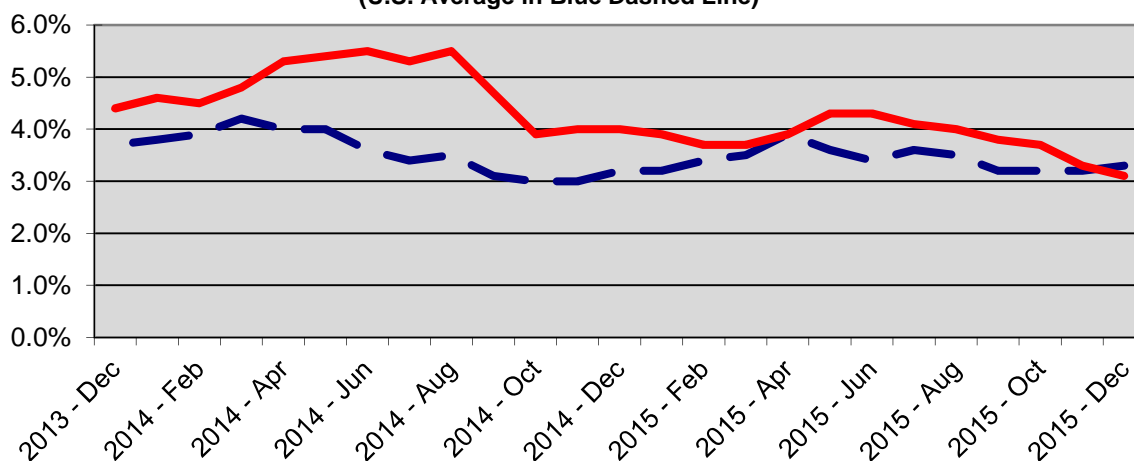
## The Mortgage Market



Despite indications of economic strength early in the 4th quarter, the Federal Reserve held off its much anticipated rate increases until mid-December. However, a fresh set of weak economic numbers centered on a slowing Chinese economy, excess oil, and the potential impacts on domestic oil exploration and manufacturing softened domestic economic growth in the 4th quarter. As a result, Treasuries slumped as investors moved money into this safe haven and mortgage rates benefited. The average 30-year fixed rate mortgage eased modestly from 4.0 percent in the 3rd quarter to 3.9 percent in the 4th. The 10-year Treasury did not fall as much as MBS and as a result the spread between them eased from 173 basis points to 171. While mortgage rates remained cheap, lenders were hit with the implementation of the new TILA-RESPA Integrated Disclosure rules (TRID) on October 3rd. Some lenders struggled to comply and as a result roughly 10 percent of settlements were delayed by roughly 8 days on average, though few were canceled. Rates are likely to remain low through the spring as the market deals with international instability and the FED pulls back from planned rate hikes, but some lenders may continue to have issues with the new settlement procedures. NAR is now forecasting fewer rate hikes by the FED in 2016 and as a result the 30-year fixed rate mortgage is now expected to average just 4.3 percent for 2016, down from earlier estimates near 5.0 percent.

## REALTOR® Price Expectations for the Next 12 Months

(U.S. Average in Blue Dashed Line)



Source: NAR

REALTOR® Price Expectations	Texas	U.S.	
2015 - Dec	3.1%	3.3%	REALTORS® expect weaker price growth in Texas than in the U.S. in the next 12 months. Their price expectations for the local market are more modest than a year ago.
Prior 12 months	3.9%	3.4%	



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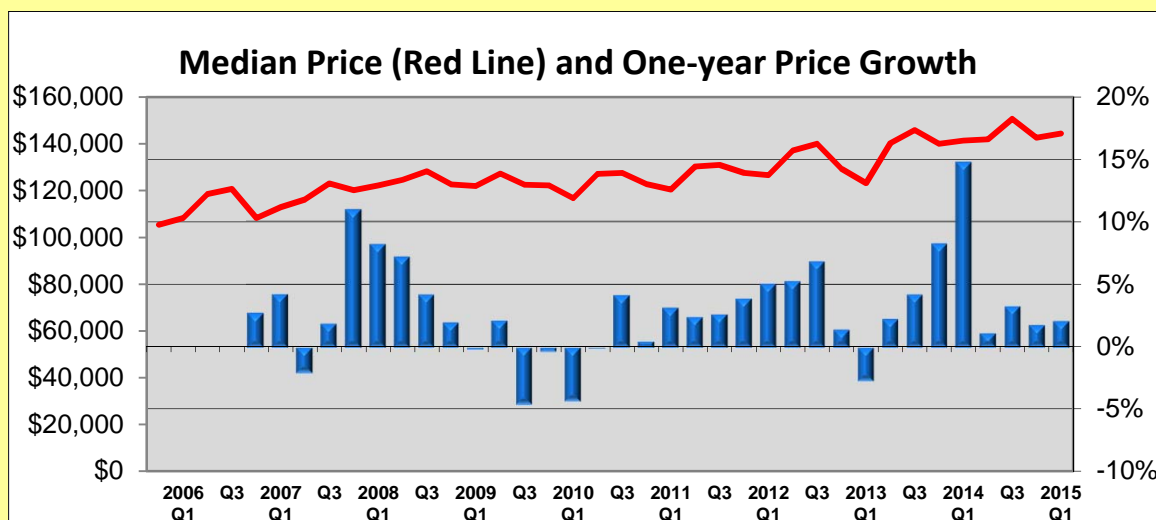
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## **Amarillo Area** **Local Market Report, First Quarter 2015**

### **Today's Market...**



#### **Local Price Trends**

Price Activity	Amarillo	U.S.	Local Trend
Current Median Home Price (2015 Q1)	\$144,400	\$203,867	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2015 Q1)	2.1%	6.7%	
3-year (12-quarter) Appreciation (2015 Q1)	14.1%	28.8%	
3-year (12-quarter) Housing Equity Gain*	\$17,800	\$45,533	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$22,200	\$5,333	
9-year (36 quarters) Housing Equity Gain*	\$36,100	-\$13,067	

\*Note: Equity gain reflects price appreciation only

	Amarillo	U.S.	
Conforming Loan Limit**	\$417,000	\$625,500	Most buyers in this market have access to government-backed financing
FHA Loan Limit	\$271,050	\$625,500	
Local Median to Conforming Limit Ratio	35%	not comparable	

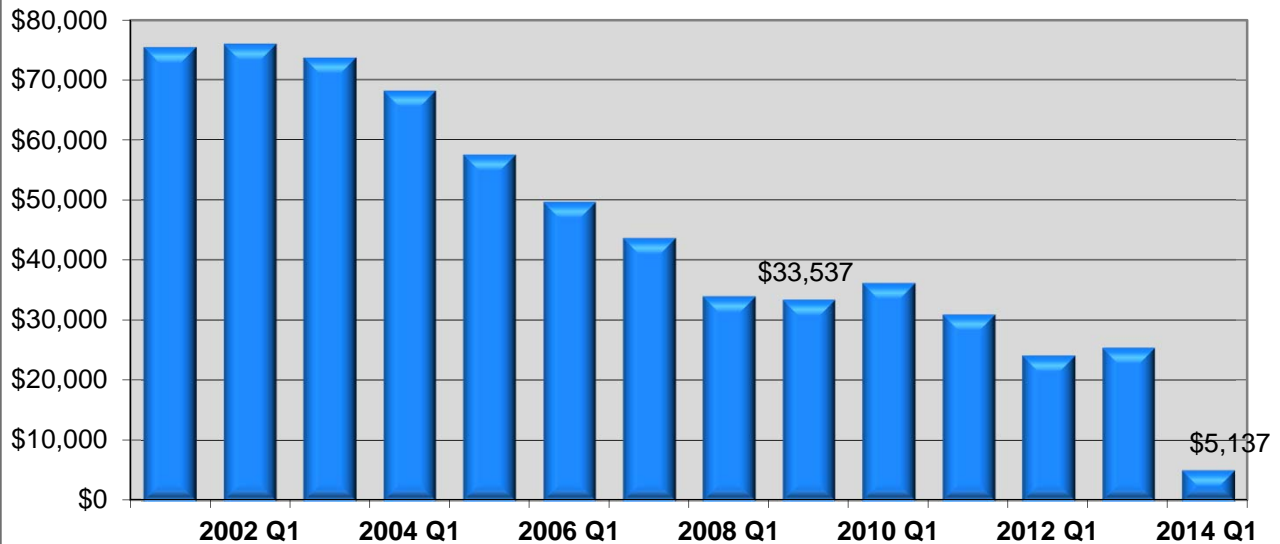
Note: limits are current and include the changes made in November of 2012 and extended in November of 2013

#### **Local NAR Leadership**

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# Benefits of Ownership: Total Equity Appreciation

**Total Equity Accrued to Owner by Year and Quarter of Purchase**



**Total Equity Gained\*\* through 2015 Q1 from quarter in which home was of purchased**

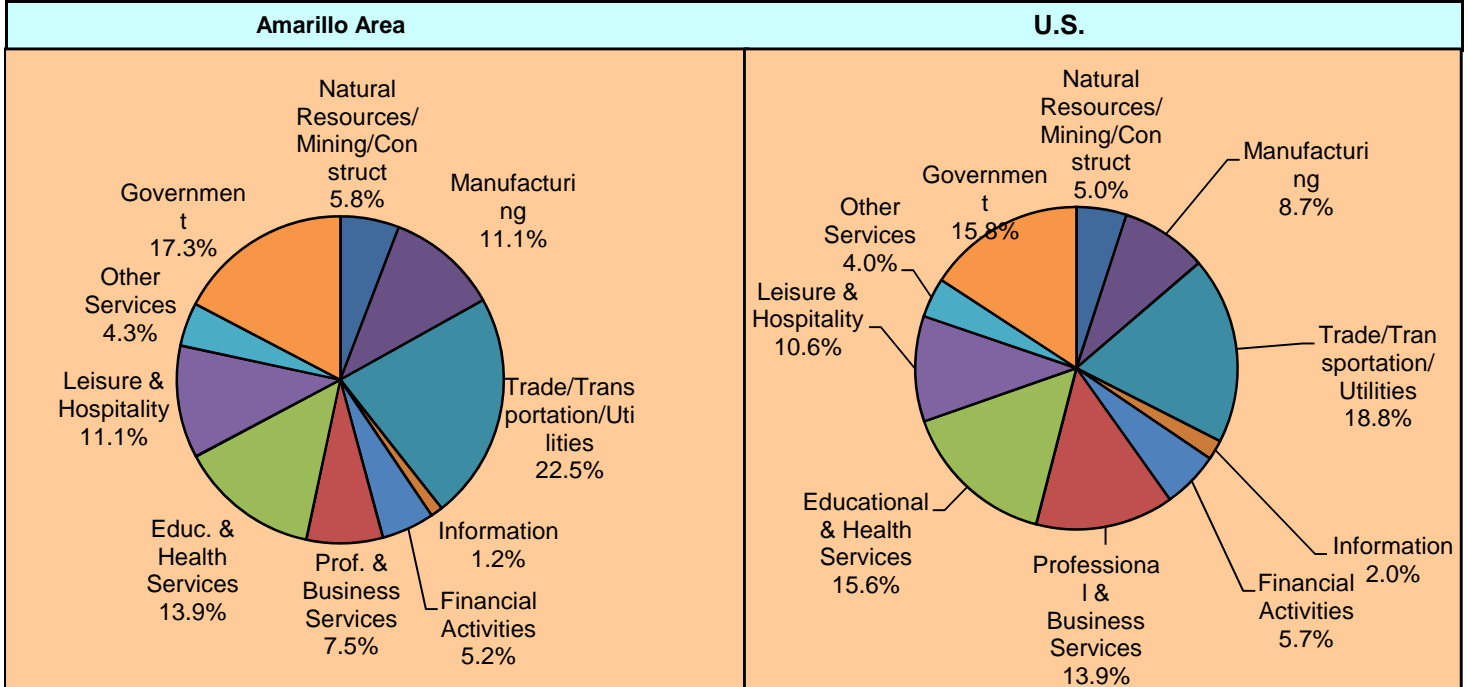
Price Activity	Amarillo	U.S.	Local Trend
1-year (4-quarter)	\$5,137	\$15,753	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$24,222	\$53,565	
5-year (20-quarter)*	\$36,347	\$47,444	
7-year (28 quarters)*	\$34,077	\$17,200	
9-year (36 quarters)*	\$49,816	\$100	
If purchase in 2005, the national price peak	\$57,684	\$16,323	

\*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity

# Drivers of Local Supply and Demand...

Local Economic Outlook	Amarillo	U.S.	
12-month Job Change (Mar)	600	Not Comparable	Employment growth has eased, but remains positive
12-month Job Change (Feb)	1,000	Not Comparable	
36-month Job Change (Mar)	2,800	Not Comparable	Unemployment in Amarillo is better than the national average and improving
Current Unemployment Rate (Mar)	3.0%	5.5%	
Year-ago Unemployment Rate	3.9%	6.6%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	0.5%	2.1%	

## Share of Total Employment by Industry



### 12-month Employment Change by Industry in the Amarillo Area (Mar - 2015)

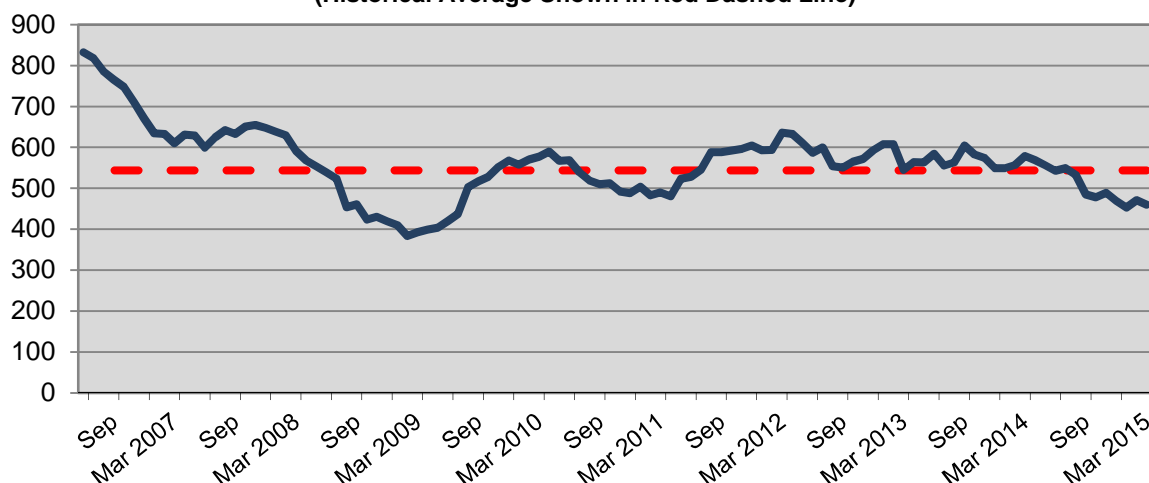
Goods Producing	NA	Information	0
Natural Resources/Mining/Construction	200	Financial Activities	100
Natural Resources and Mining	NA	Prof. & Business Services	0
Construction	NA	Educ. & Health Services	-100
Manufacturing	-300	Leisure & Hospitality	600
Service Providing Excluding Government	NA	Other Services	100
Trade/Transportation/Utilities	300	Government	-300

State Economic Activity Index	Texas	U.S.	
12-month change (2015 - Mar)	4.3%	3.4%	Texas's economy is stronger than the nation's, but slowed from last month's 4.55% change
36-month change (2015 - Mar)	13.2%	9.3%	

## New Housing Construction

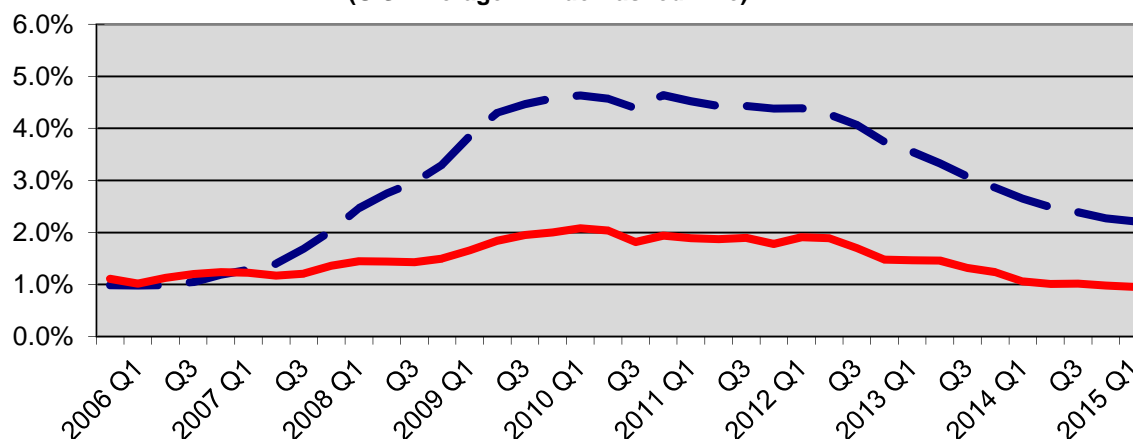
Local Fundamentals	Amarillo	U.S.	
12-month Sum of 1-unit Building Permits through Mar 2015	460	not comparable	The current level of construction is 15.4% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	544	not comparable	Reduced construction will limit new supply to the market, allowing demand to catch up with inventory more quickly
Single-Family Housing Permits (Mar 2015) 12-month sum vs. a year ago	-20.6%	3.1%	Construction continues to decline from last year

**Construction: 12-month Sum of Local Housing Permits**  
(Historical Average Shown in Red Dashed Line)



While new construction is the traditional driver of supply in real estate, foreclosures and short-sales now have a strong impact on inventories, particularly at the local level. Rising inventories, through construction or distressed sales, place downward pressure on the median home prices.

**State Total Foreclosure Rate vs. U.S. Average**  
(U.S. Average in Blue Dashed Line)

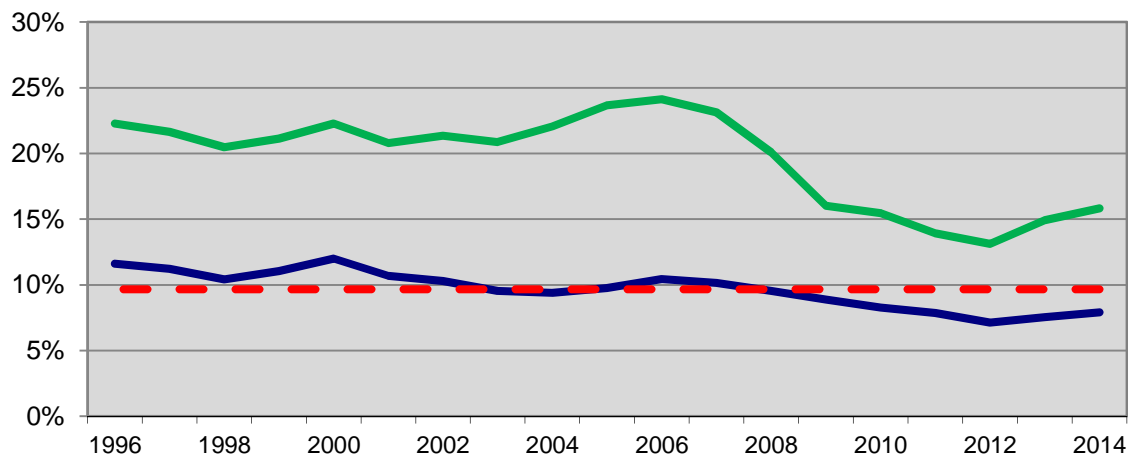


Source: Mortgage Bankers' Association

# Affordability

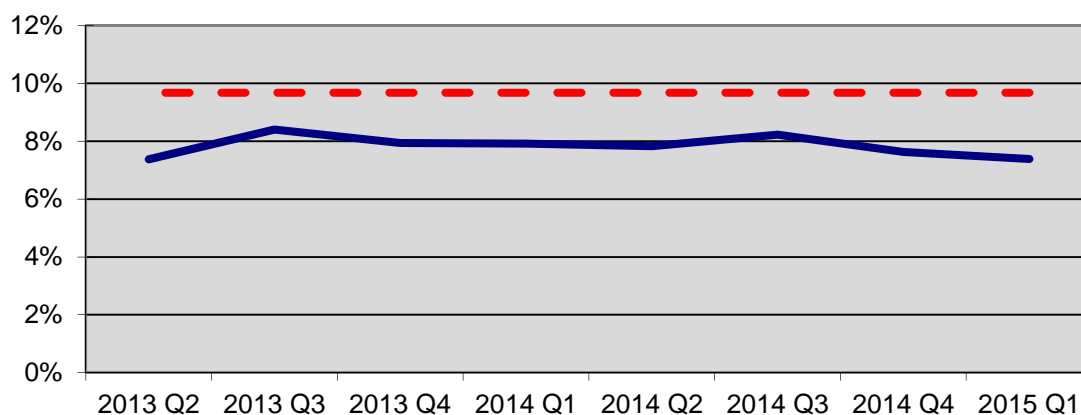


**Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income**  
(Local Historical Average Shown in Red, U.S. Average in Green)

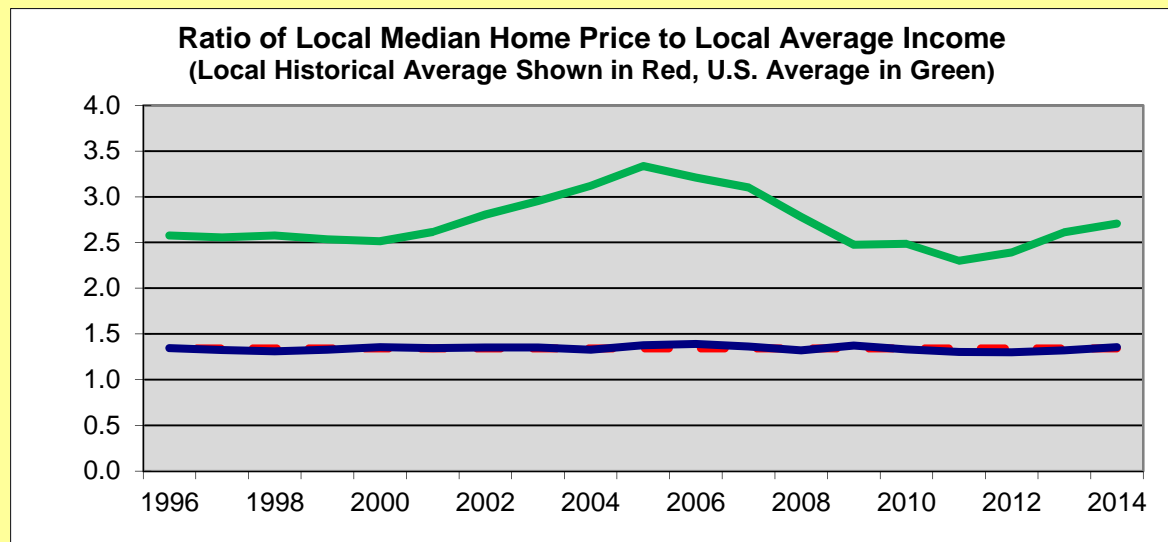


Monthly Mortgage Payment to Income	Amarillo	U.S.	
Ratio for 2014	7.9%	15.8%	Historically strong and an improvement over the fourth quarter of 2014
Ratio for 2015 Q1	7.4%	14.3%	
Historical Average	9.7%	20.0%	More affordable than most markets

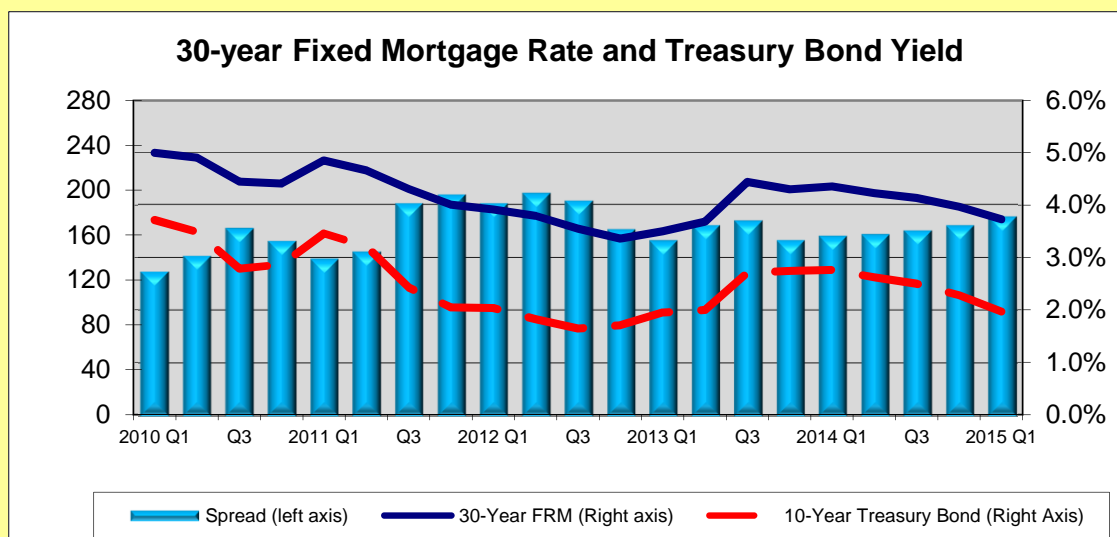
**Recent Trend - Local Mortgage Servicing Cost to Income**  
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Amarillo	U.S.	
Ratio for 2014	1.4	2.7	The price-to-income ratio has fallen and is below the historical average
Ratio for 2015 Q1	1.3	2.6	
Historical Average	1.3	2.7	Affordable compared to most markets

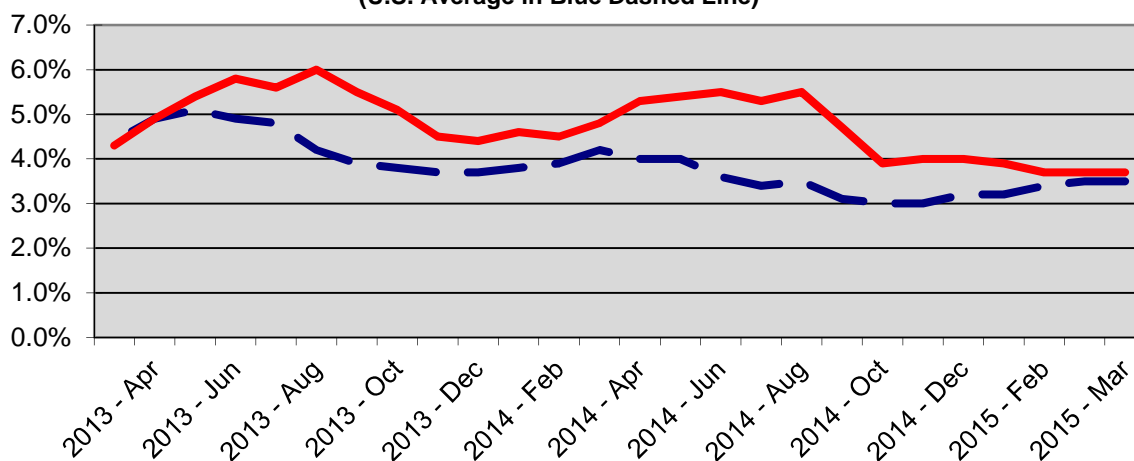


## The Mortgage Market



The headline measure of economic activity, GDP growth, swung from a soft 2.2% in the 4th quarter of 2014 to a dismal 0.2% in the 1st quarter of 2015 with some suggesting that the 1st quarter figure would be revised lower. Sharp declines in global fuel prices over the winter impacted the domestic oil industry, while a rapid rise in the value of the dollar impacted domestic manufacturers' ability to export and increased competition from importers. As a result, employment in both industries slumped in the first quarter. Compounding these issues was weakness in single family housing starts and construction. Weather was partially to blame, but builder sentiment was weak reflecting a pullback in consumer confidence. While not a recession, this economic soft patch weighed on mortgage rates in the 1st quarter which saw the average 30-year fixed rate fall from 3.97% in the 4th quarter to 3.73% in the 1st quarter of 2015. Treasury rates fell by more and as a result the spread between the two rose from 169 basis points to 176. Affordability surged on sub-4% mortgage rates that were augmented by a sharp 50 basis point cut to the FHA's annual mortgage insurance premium. NAR Research forecasts the average rate for a 30-year fixed rate mortgage to climb to 4.3% by year end 2014 and to average 5.2% in 2016 as the Federal Reserve begins to raise short term rates in response to improving domestic and international economic conditions gain steam.

## REALTOR® Price Expectations for the Next 12 Months (U.S. Average in Blue Dashed Line)



Source: NAR

REALTOR® Price Expectations	Texas	U.S.	
2015 - Mar	3.7%	3.5%	REALTORS® expect higher price growth in Texas than in the U.S. in the next 12 months. However, their price expectations for the local market are more modest than a year ago.
Prior 12 months	4.7%	3.5%	



## Geographic Coverage for this Report

The Amarillo area referred to in this report covers the geographic area of the Amarillo metro area as officially defined by the Office of Management and Budget of the U.S. Government. The official coverage area includes the following counties:

Armstrong County, Carson County, Potter County, and Randall County

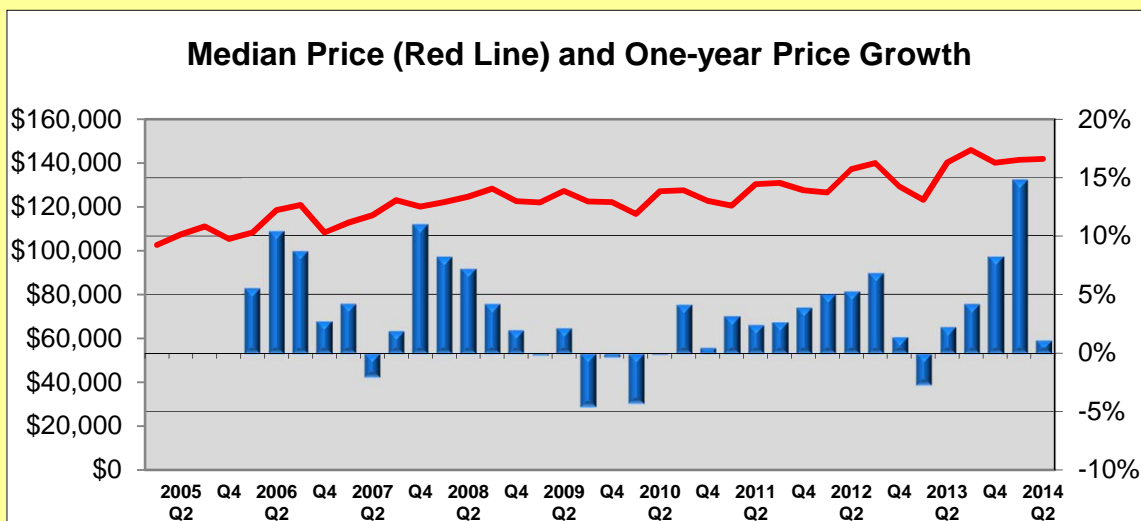
More information on the OMB's geographic definitions can be found at [http://www.whitehouse.gov/omb/inforeg\\_statpolicy/](http://www.whitehouse.gov/omb/inforeg_statpolicy/)



## Amarillo Area

### Local Market Report, Second Quarter 2014

## Today's Market...



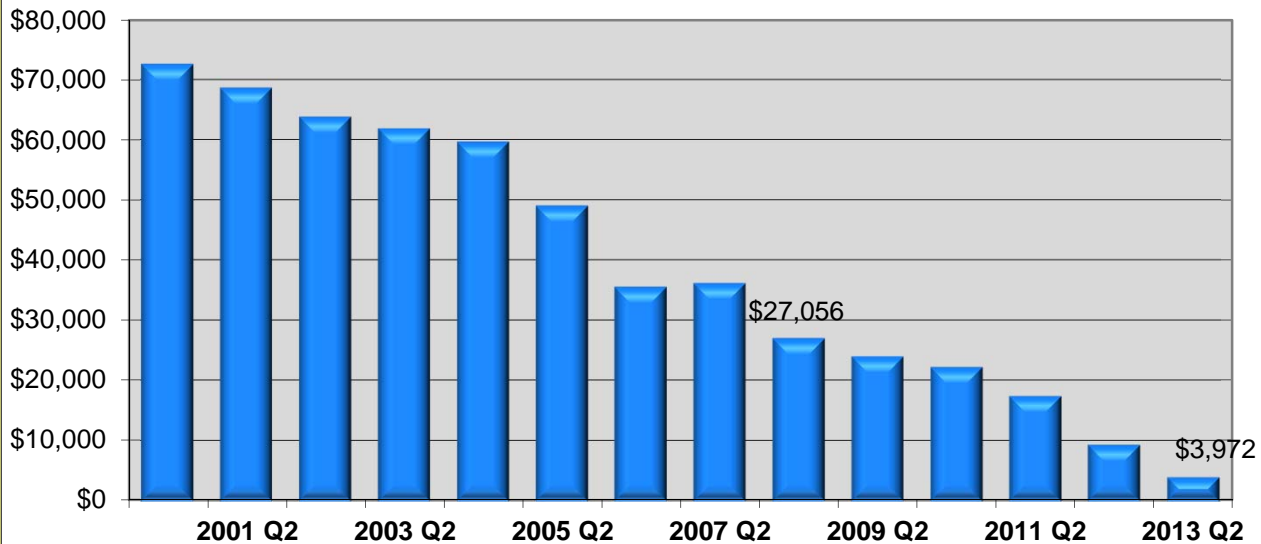
Local Price Trends			
Price Activity	Amarillo	U.S.	Local Trend
Current Median Home Price (2014 Q2)	\$141,900	\$212,267	Prices are up from a year ago, but price growth is slowing
1-year (4-quarter) Appreciation (2014 Q2)	1.1%	4.6%	
3-year (12-quarter) Appreciation (2014 Q2)	8.9%	25.8%	
3-year (12-quarter) Housing Equity Gain*	\$11,600	\$43,600	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$25,700	-\$11,500	
9-year (36 quarters) Housing Equity Gain*	\$34,500	-\$8,000	
*Note: Equity gain reflects price appreciation only			

	Amarillo	U.S.	
Conforming Loan Limit**	\$417,000	\$625,500	Most buyers in this market have access to government-backed financing
FHA Loan Limit	\$271,050	\$625,500	
Local Median to Conforming Limit Ratio	34%	not comparable	
Note: limits are current and include the changes made in November of 2012 and extended in November of 2013			

Local NAR Leadership
The Amarillo market is part of region 10 in the NAR governance system, which includes all of Louisiana and Texas. The 2014 NAR Regional Vice President representing region 10 is David McKey.

# Benefits of Ownership: Total Equity Appreciation

**Total Equity Accrued to Owner by Year and Quarter of Purchase**



**Total Equity Gained\*\* through 2014 Q2 from quarter in which home was of purchased**

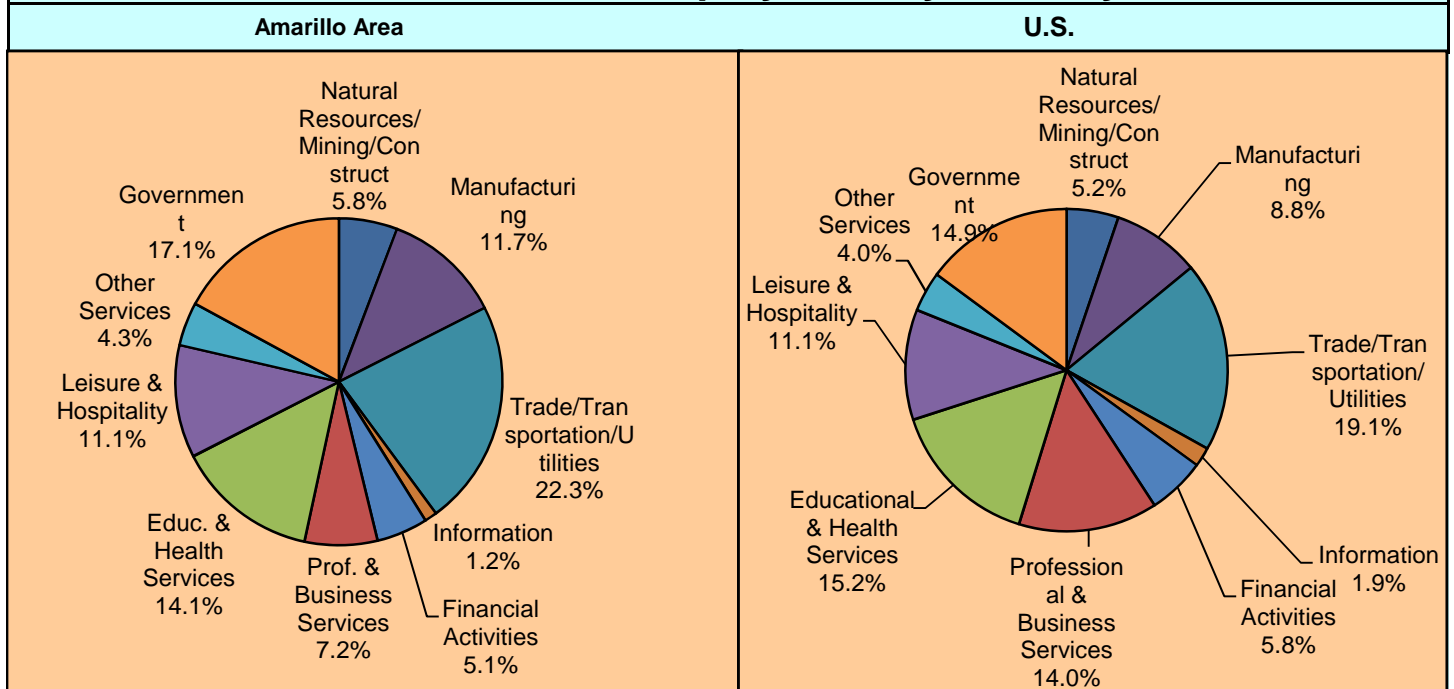
Price Activity	Amarillo	U.S.	Local Trend
1-year (4-quarter)	\$3,972	\$12,731	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$17,475	\$51,204	
5-year (20-quarter)*	\$24,085	\$48,225	
7-year (28 quarters)*	\$36,224	\$1,750	
9-year (36 quarters)*	\$49,087	\$5,043	
If purchase in 2005, the national price peak	\$49,087	\$5,043	

\*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity

# Drivers of Local Supply and Demand...

Local Economic Outlook	Amarillo	U.S.	
12-month Job Change (Jun)	500	Not Comparable	Employment growth has eased, but remains positive
12-month Job Change (May)	1,000	Not Comparable	
36-month Job Change (Jun)	1,600	Not Comparable	Unemployment in Amarillo is better than the national average and improving
Current Unemployment Rate (Jun)	4.0%	6.1%	
Year-ago Unemployment Rate	5.2%	7.5%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	0.4%	1.7%	

## Share of Total Employment by Industry



### 12-month Employment Change by Industry in the Amarillo Area (Jun - 2014)

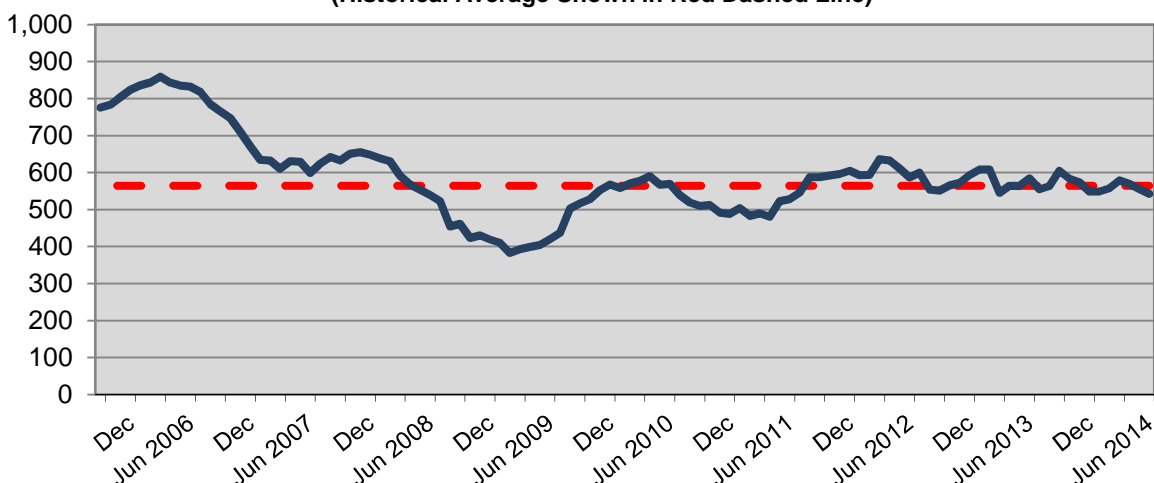
Goods Producing	NA	Information	0
Natural Resources/Mining/Construction	100	Financial Activities	-100
Natural Resources and Mining	NA	Prof. & Business Services	-200
Construction	NA	Educ. & Health Services	100
Manufacturing	100	Leisure & Hospitality	-400
Service Providing Excluding Government	NA	Other Services	100
Trade/Transportation/Utilities	900	Government	-100

State Economic Activity Index	Texas	U.S.	
12-month change (2014 - Jun)	4.7%	3.2%	The economy of Texas has outpaced the rest of the nation and improved modestly from last month's 4.41% change
36-month change (2014 - Jun)	13.7%	9.2%	

## New Housing Construction

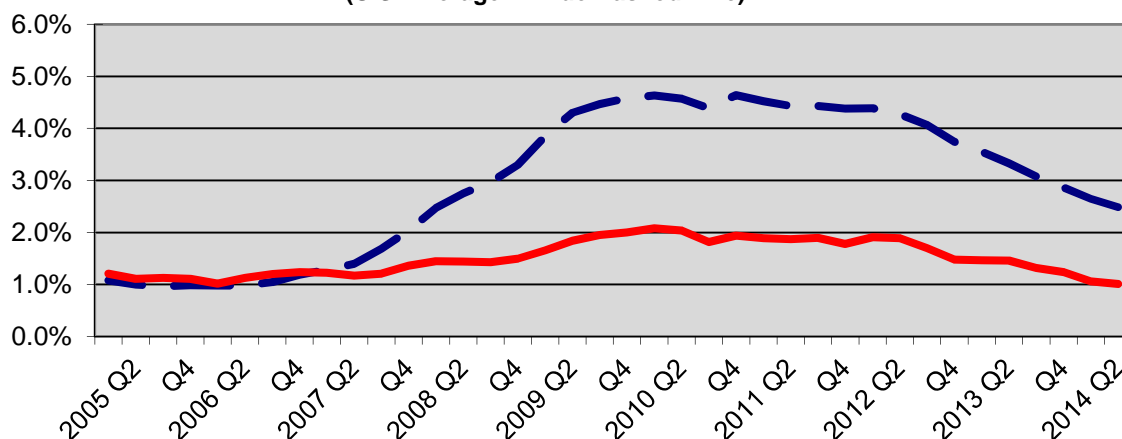
Local Fundamentals	Amarillo	U.S.	
12-month Sum of 1-unit Building Permits through Jun 2014	543	not comparable	The current level of construction is 3.8% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	564	not comparable	Reduced construction will limit new supply to the market, allowing demand to catch up with inventory more quickly
Single-Family Housing Permits (Jun 2014) 12-month sum vs. a year ago	-7.0%	6.4%	Construction continues to decline from last year

**Construction: 12-month Sum of Local Housing Permits**  
(Historical Average Shown in Red Dashed Line)



While new construction is the traditional driver of supply in real estate, foreclosures and short-sales now have a strong impact on inventories, particularly at the local level. Rising inventories, through construction or distressed sales, place downward pressure on the median home prices.

**State Total Foreclosure Rate vs. U.S. Average**  
(U.S. Average in Blue Dashed Line)

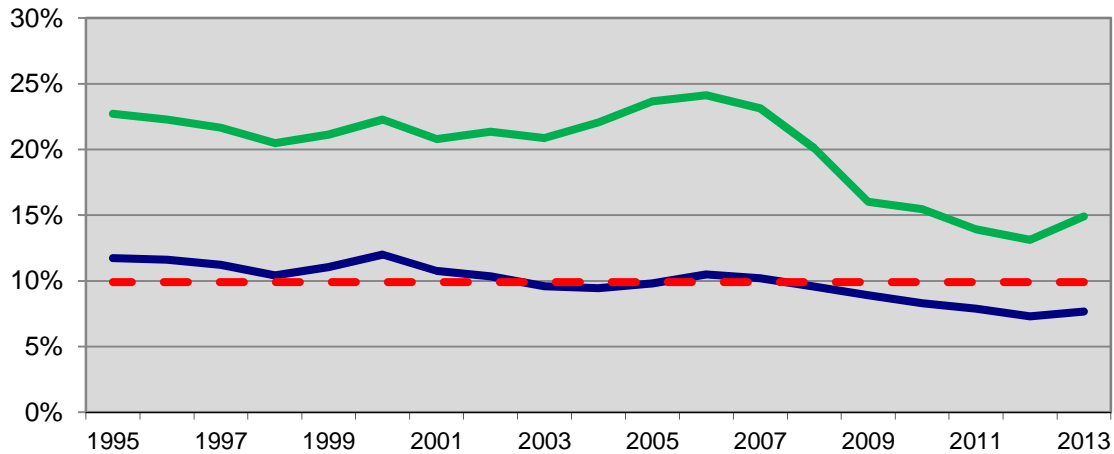


Source: Mortgage Bankers' Association

# Affordability

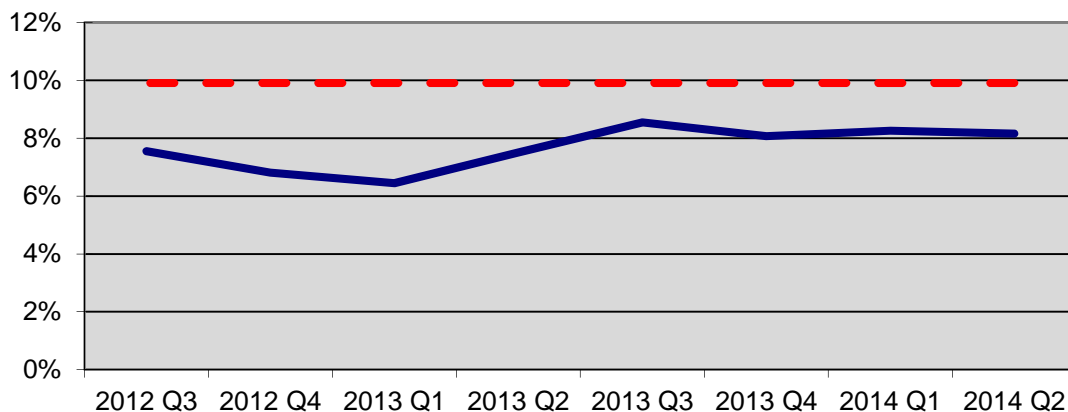


**Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income**  
(Local Historical Average Shown in Red, U.S. Average in Green)

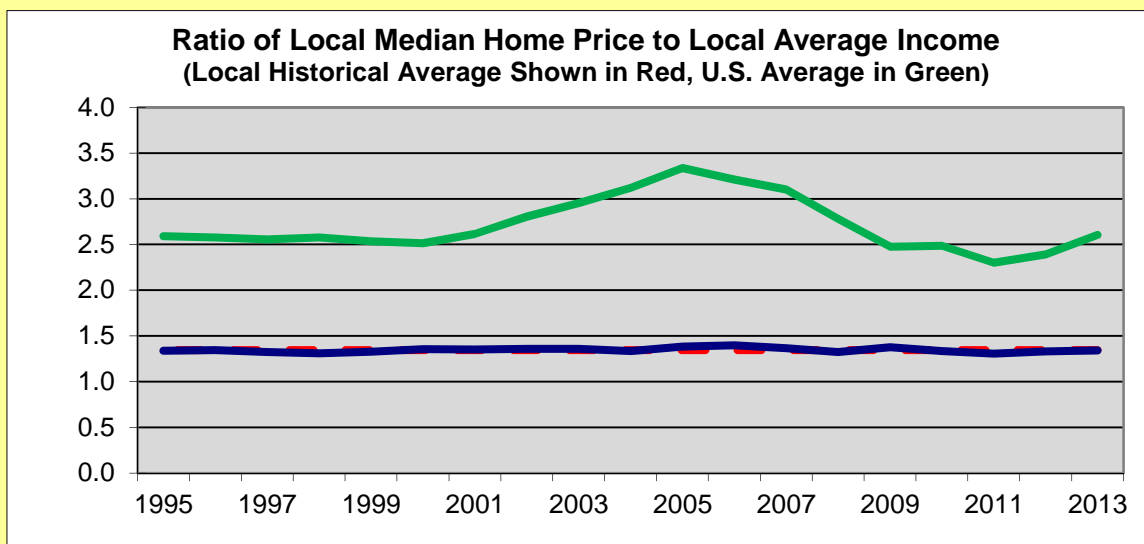


Monthly Mortgage Payment to Income	Amarillo	U.S.	
Ratio for 2013	7.7%	14.9%	Historically strong and an improvement over the first quarter of 2014
Ratio for 2014 Q2	8.2%	16.1%	
Historical Average	9.9%	20.3%	More affordable than most markets

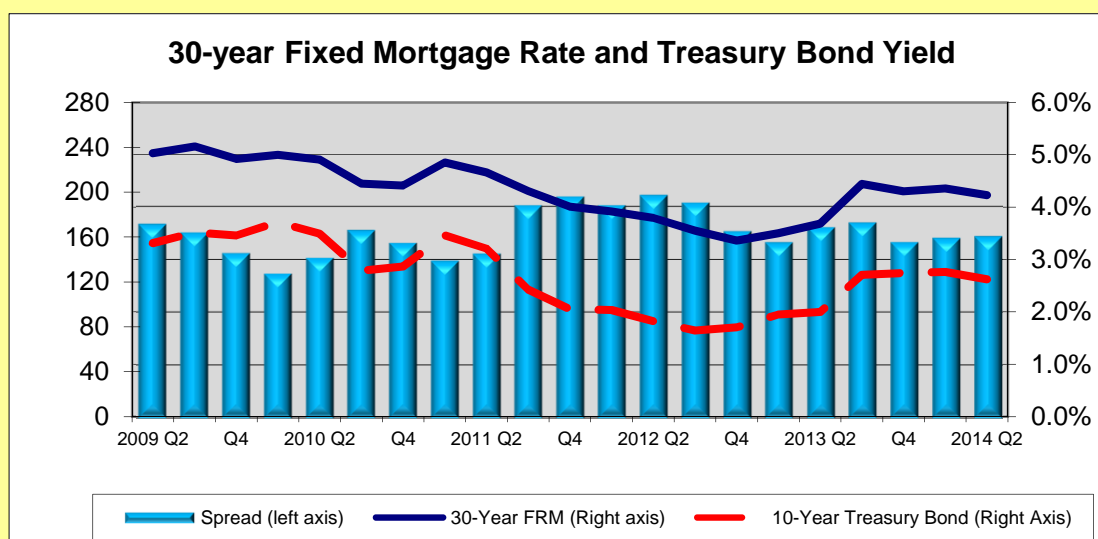
**Recent Trend - Local Mortgage Servicing Cost to Income**  
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Amarillo	U.S.	
Ratio for 2013	1.3	2.6	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2014 Q2	1.4	2.7	
Historical Average	1.3	2.7	Affordable compared to most markets



## The Mortgage Market



Despite the continued wind-down of the Federal Reserve's MBS and Treasury purchase program, mortgage rates remain low. The program was averaging \$40 billion in purchases monthly of MBS issued by Ginnie Mae, Fannie Mae and Freddie Mac as well as \$45 billion in US Treasury bonds prior to the taper. The intent was to place downward pressure on the long-term borrowing costs. Rates were anticipated to rise as the Fed withdrew its support. However, GDP fell sharply in the 1st quarter, outpacing already weak expectations for the quarter. Furthermore, continued instability in Europe with the conflict in Ukraine heating up as well as volatility in the Israel, Syria, and Iraq, coupled with lingering questions about the veracity of the US economy have kept rates low. Rates averaged roughly 4.25% in the 2nd quarter of 2014. The Fed will continue to taper its new purchases of MBS through the late summer ending this portion of the program in October. The Fed will continue to reinvest the principle of MBS and Treasuries indefinitely, though, which is supportive of the market. Rates will likely be more volatile in response to economic news without the robust Fed purchase volume or nascent expansion of private demand for agency MBS. Eventually, a stronger economy, be it robust or modest in nature, will drive up rates over the long-term. NAR is forecasting an average 30-year fixed rate of 4.5% for 2014, but to be 4.8% in the 4th quarter of 2014 and to average 5.3% for 2015.

## Geographic Coverage for this Report

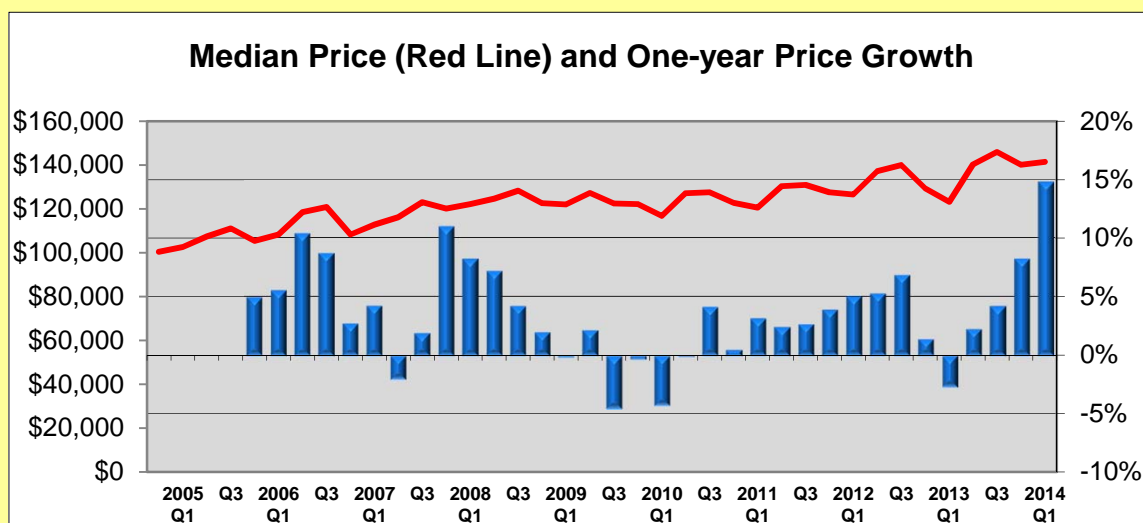
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## Amarillo Area Local Market Report, First Quarter 2014

### Today's Market...



Local Price Trends			
Price Activity	Amarillo	U.S.	Local Trend
Current Median Home Price (2014 Q1)	\$141,400	\$191,567	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2014 Q1)	14.8%	8.9%	
3-year (12-quarter) Appreciation (2014 Q1)	17.3%	21.3%	
3-year (12-quarter) Housing Equity Gain*	\$20,900	\$33,633	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$28,500	-\$22,533	
9-year (36 quarters) Housing Equity Gain*	\$38,800	-\$8,000	
*Note: Equity gain reflects price appreciation only			

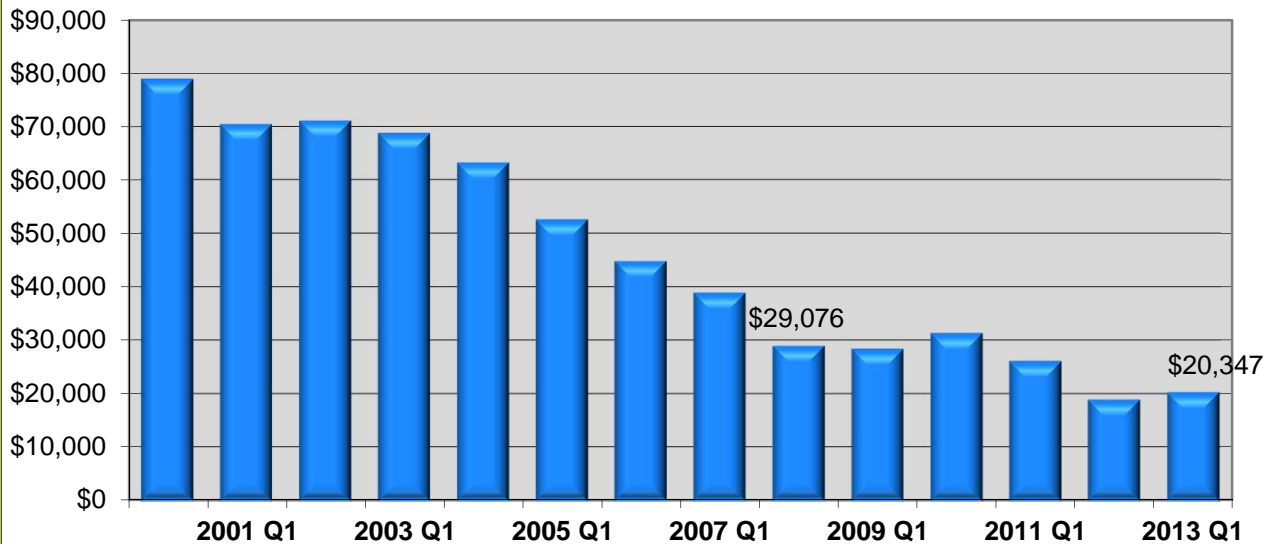
	Amarillo	U.S.	
Conforming Loan Limit**	\$417,000	\$625,500	Most buyers in this market have access to government-backed financing
FHA Loan Limit	\$271,050	\$625,500	
Local Median to Conforming Limit Ratio	34%	not comparable	
Note: limits are current and include the changes made in November of 2012 and extended in November of 2013			

Local NAR Leadership
The Amarillo market is part of region 10 in the NAR governance system, which includes all of Louisiana and Texas. The 2014 NAR Regional Vice President representing region 10 is David McKey.



# Benefits of Ownership: Total Equity Appreciation

**Total Equity Accrued to Owner by Year and Quarter of Purchase**



**Total Equity Gained\*\* through 2014 Q1 from quarter in which home was of purchased**

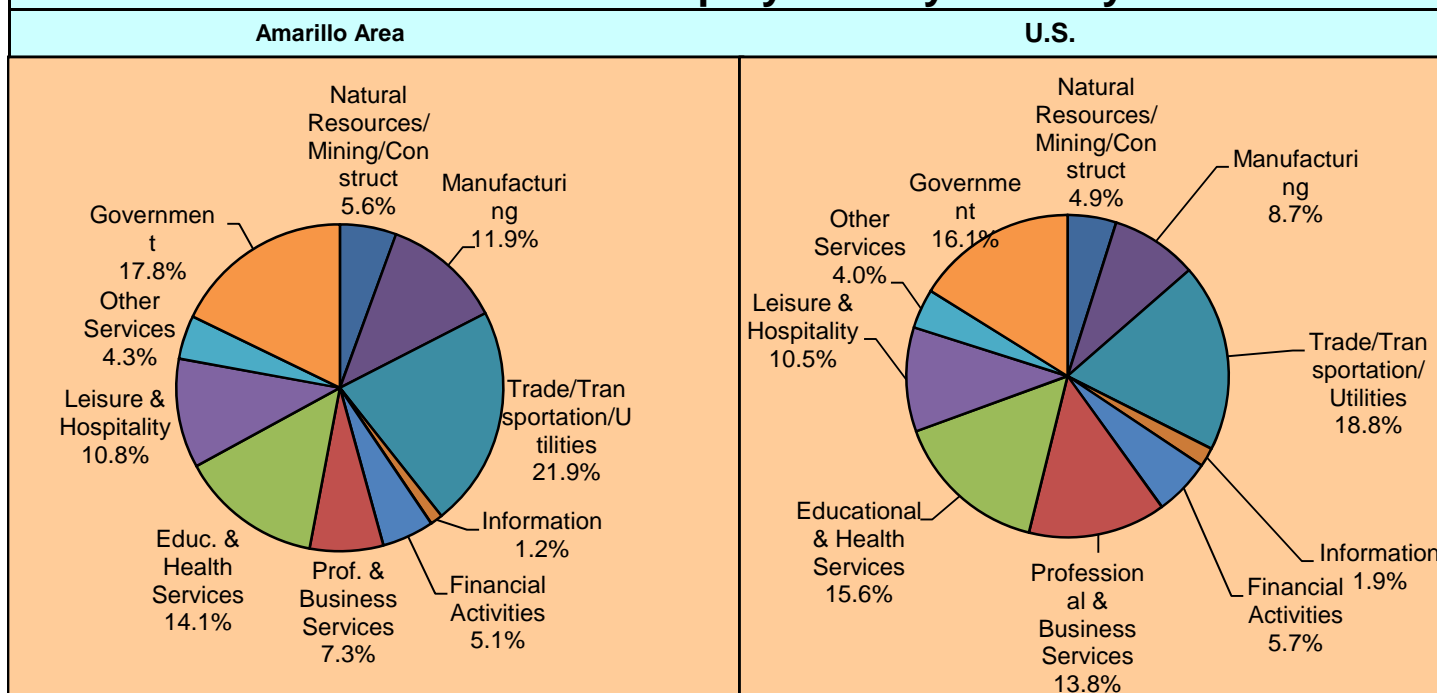
Price Activity	Amarillo	U.S.	Local Trend
1-year (4-quarter)	\$20,347	\$18,699	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$26,172	\$40,543	
5-year (20-quarter)*	\$28,444	\$33,789	
7-year (28 quarters)*	\$38,942	\$10,026	
9-year (36 quarters)*	\$52,667	\$3,658	
If purchase in 2005, the national price peak	\$52,667	\$3,658	

\*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity

# Drivers of Local Supply and Demand...

Local Economic Outlook	Amarillo	U.S.	
12-month Job Change (Mar)	400	Not Comparable	Employment growth has eased, but remains positive
12-month Job Change (Feb)	500	Not Comparable	
36-month Job Change (Mar)	1,700	Not Comparable	Unemployment in Amarillo is better than the national average and improving
Current Unemployment Rate (Mar)	3.8%	6.7%	
Year-ago Unemployment Rate	4.6%	7.5%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	0.4%	1.7%	

## Share of Total Employment by Industry



### 12-month Employment Change by Industry in the Amarillo Area (Mar - 2014)

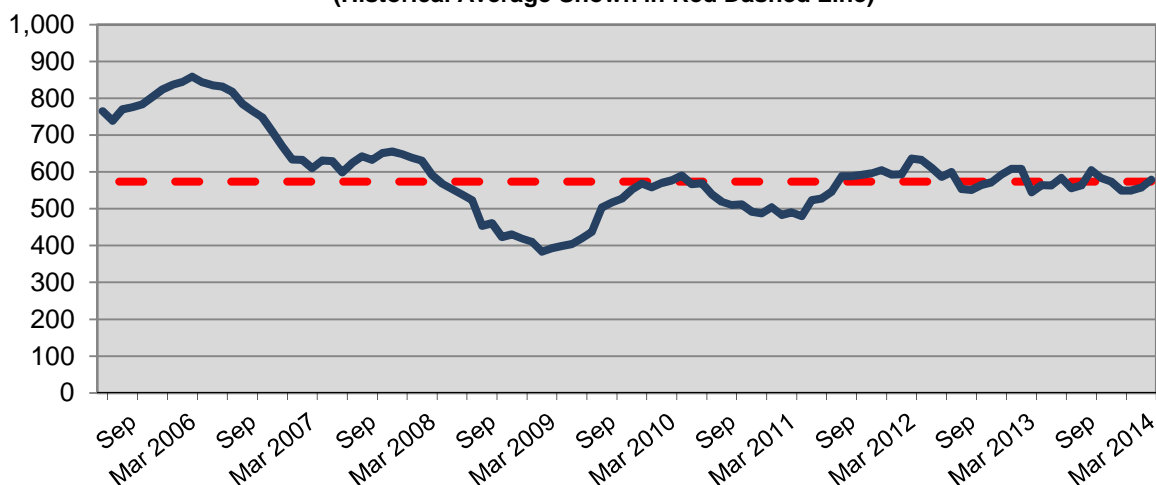
Goods Producing	NA	Information	0
Natural Resources/Mining/Construction	-100	Financial Activities	-200
Natural Resources and Mining	NA	Prof. & Business Services	-100
Construction	NA	Educ. & Health Services	0
Manufacturing	200	Leisure & Hospitality	100
Service Providing Excluding Government	NA	Other Services	200
Trade/Transportation/Utilities	500	Government	-200

State Economic Activity Index	Texas	U.S.	
12-month change (2014 - Mar)	4.4%	2.9%	The economy of Texas has outpaced the rest of the nation and improved modestly from last month's 4.19% change
36-month change (2014 - Mar)	13.9%	8.8%	

## New Housing Construction

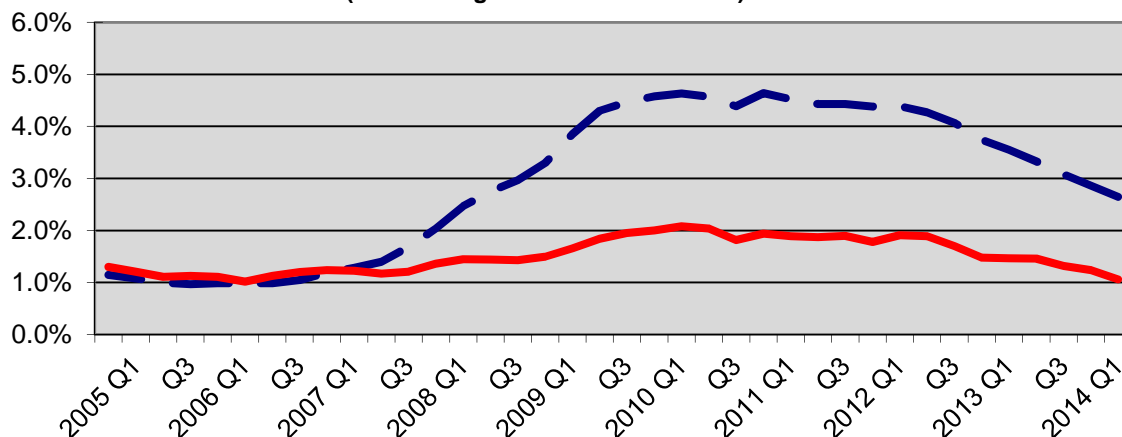
Local Fundamentals	Amarillo	U.S.	
12-month Sum of 1-unit Building Permits through Mar 2014	579	not comparable	The current level of construction is 01.0% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	573	not comparable	Production above trend for an extended period of time could cause prices to moderate as inventory is built
Single-Family Housing Permits (Mar 2014) 12-month sum vs. a year ago	6.2%	14.2%	Construction is on the rise relative to last year, suggesting that the local inventory has stabilized

**Construction: 12-month Sum of Local Housing Permits**  
(Historical Average Shown in Red Dashed Line)



While new construction is the traditional driver of supply in real estate, foreclosures and short-sales now have a strong impact on inventories, particularly at the local level. Rising inventories, through construction or distressed sales, place downward pressure on the median home prices.

**State Total Foreclosure Rate vs. U.S. Average**  
(U.S. Average in Blue Dashed Line)

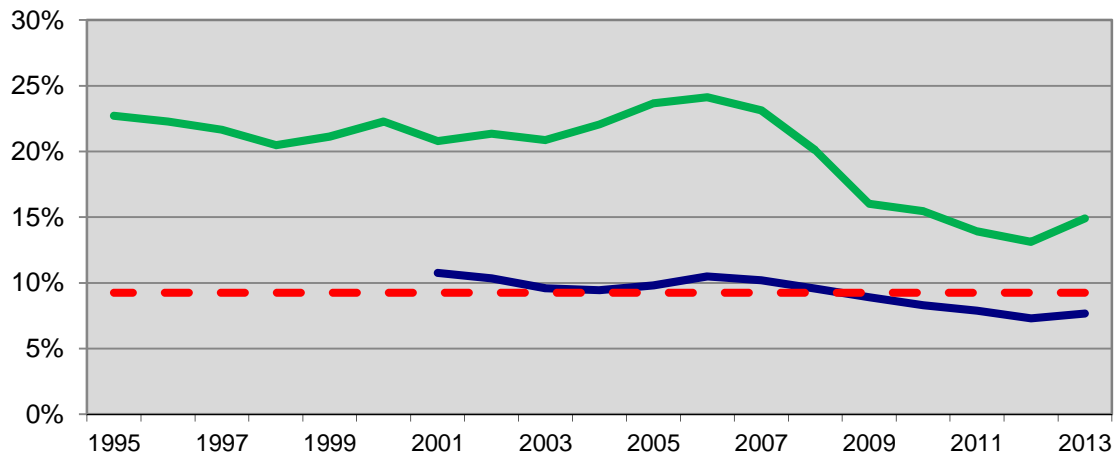


Source: Mortgage Bankers' Association

# Affordability

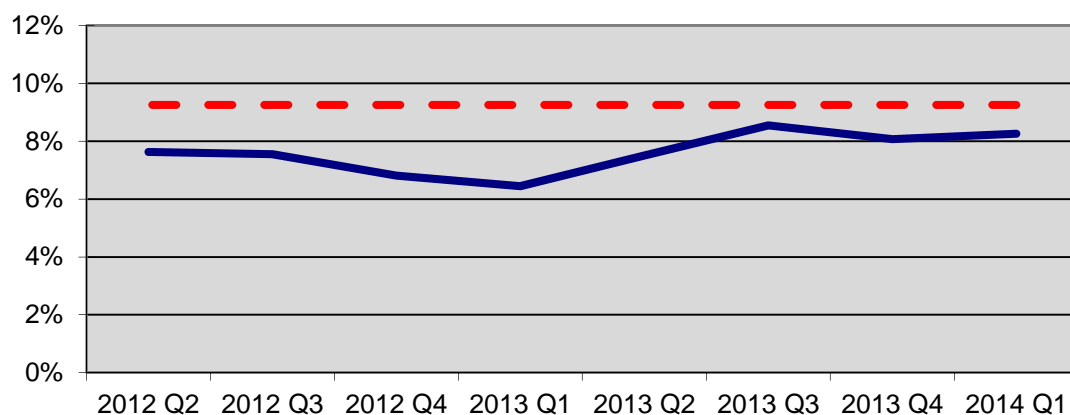


**Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income**  
(Local Historical Average Shown in Red, U.S. Average in Green)

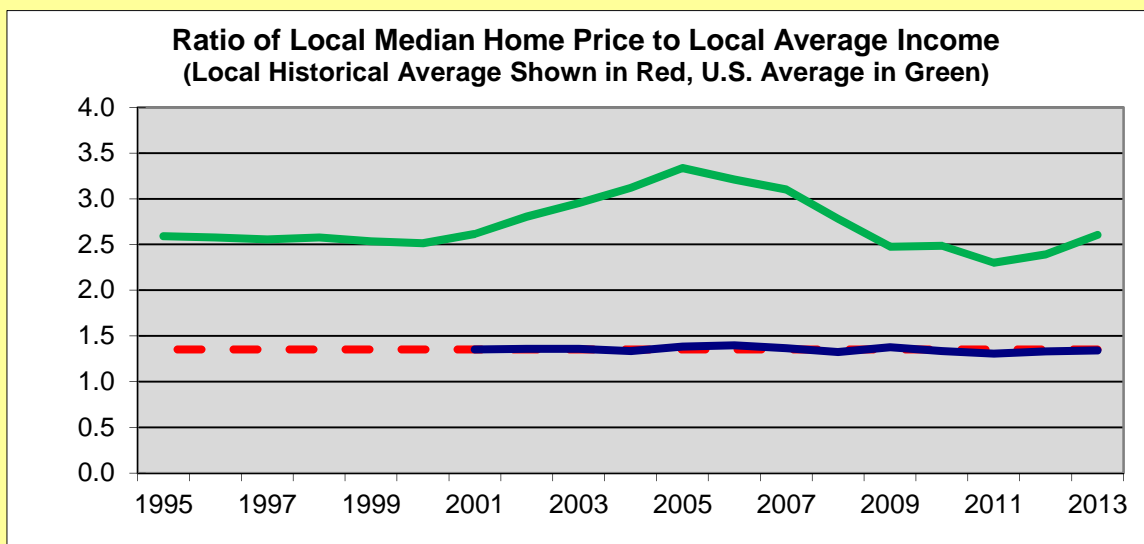


Monthly Mortgage Payment to Income	Amarillo	U.S.	
Ratio for 2013	7.7%	14.9%	Historically strong, but weaker than the fourth quarter of 2013
Ratio for 2014 Q1	8.3%	14.8%	
Historical Average	9.3%	20.3%	More affordable than most markets

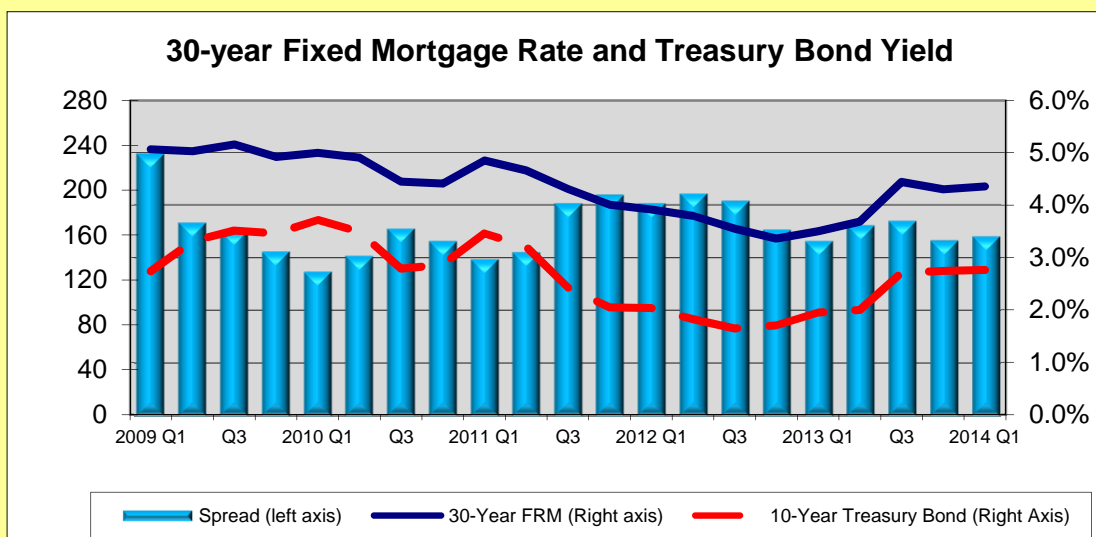
**Recent Trend - Local Mortgage Servicing Cost to Income**  
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Amarillo	U.S.	
Ratio for 2013	1.3	2.6	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2014 Q1	1.4	2.5	
Historical Average	1.4	2.7	Affordable compared to most markets



## The Mortgage Market



The Federal Reserve continued to taper its support for the housing market in the first quarter of 2014 at a pace of \$5b fewer GSE MBS and Treasuries purchased each month. Over the prior year the Fed had purchased roughly \$45 billion a month of mortgage backed securities from the GSEs and Ginnie Mae as well as 10-year Treasury bonds. These purchases pushed up on MBS prices, which in turn pushed mortgage rates lower. While the taper had a modest initial upward lift on rates, negative economic news, including weak employment gains, a decline in home sales and instability in Europe, more than offset the upward drift. What's more, the Fed still remains the dominant player in the market for MBS as the total volume of MBS has fallen faster than the rate of Fed purchases due to the sharp drop in refinancing in recent quarters. As a result, mortgage rates remained stable in the first quarter. The Fed will continue to taper through the spring which will have a moderate impact on rates so long as the economy remains in low gear and investor demand for agency MBS re-emerges. Eventually, a stronger economy, be it robust or modest in nature, will reemerge and the Fed's purchases will decline to a level that truly reduces its support for the market so rates will rise later this year. NAR is forecasting an average 30-year fixed rate of 4.7% for 2014, but to be 5.1% in the 4th quarter.

## Geographic Coverage for this Report

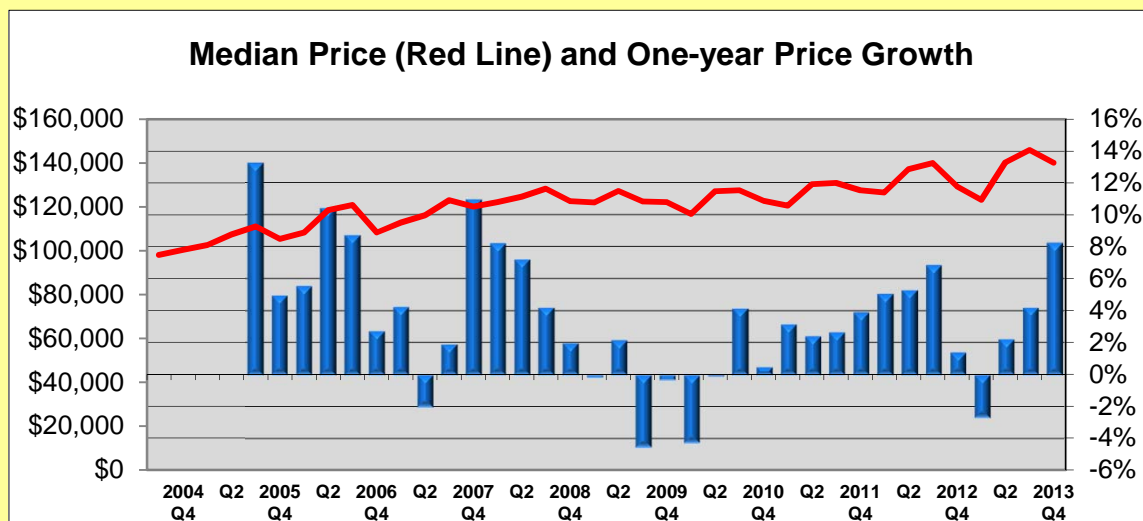
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## **Amarillo Area** **Local Market Report, Fourth Quarter 2013**

### **Today's Market...**



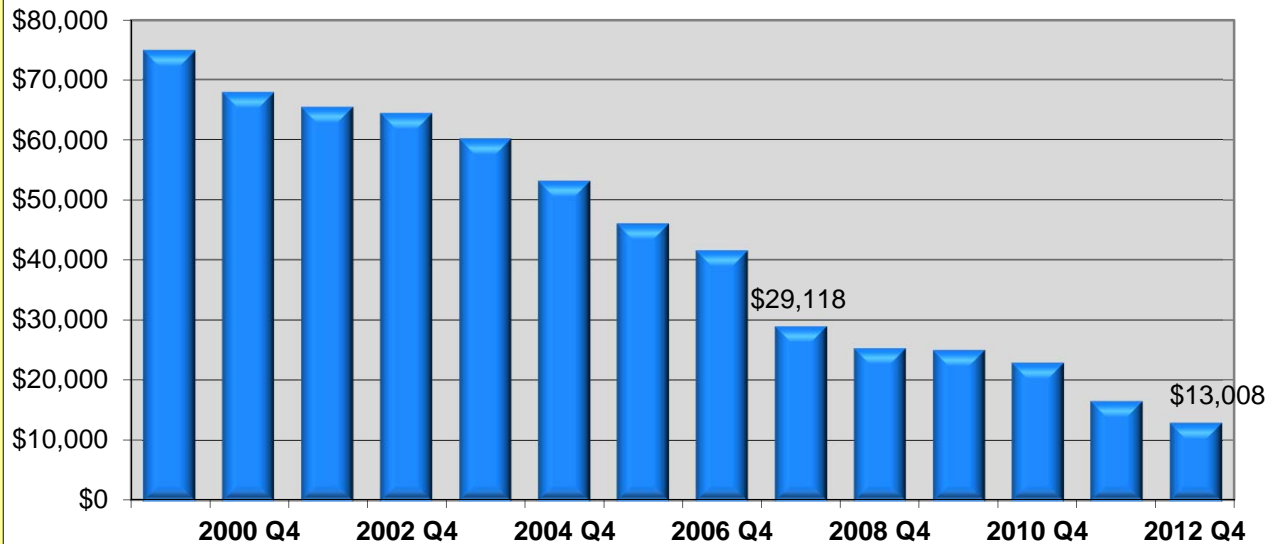
Local Price Trends			
Price Activity	Amarillo	U.S.	Local Trend
Current Median Home Price (2013 Q4)	\$140,100	\$197,000	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2013 Q4)	8.3%	10.2%	
3-year (12-quarter) Appreciation (2013 Q4)	14.1%	16.0%	
3-year (12-quarter) Housing Equity Gain*	\$17,300	\$27,133	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$31,800	-\$22,400	
9-year (36 quarters) Housing Equity Gain*	\$39,700	-\$1,900	
*Note: Equity gain reflects price appreciation only			

	Amarillo	U.S.	
Conforming Loan Limit**	\$417,000	\$625,500	Most buyers in this market have access to government-backed financing
FHA Loan Limit	\$271,050	\$625,500	
Local Median to Conforming Limit Ratio	34%	not comparable	
Note: limits are current and include the changes made in November of 2012 and extended in November of 2013			

Local NAR Leadership
The Amarillo market is part of region 10 in the NAR governance system, which includes all of Louisiana and Texas. The 2014 NAR Regional Vice President representing region 10 is David McKey.

# Benefits of Ownership: Total Equity Appreciation

**Total Equity Accrued to Owner by Year and Quarter of Purchase**



**Total Equity Gained\*\* through 2013 Q4 from quarter in which home was of purchased**

Price Activity	Amarillo	U.S.	Local Trend
1-year (4-quarter)	\$13,008	\$21,357	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$23,062	\$35,104	
5-year (20-quarter)*	\$25,524	\$26,921	
7-year (28 quarters)*	\$41,783	\$9,428	
9-year (36 quarters)*	\$53,312	\$9,859	
If purchase in 2005, the national price peak	\$46,209	\$15,042	

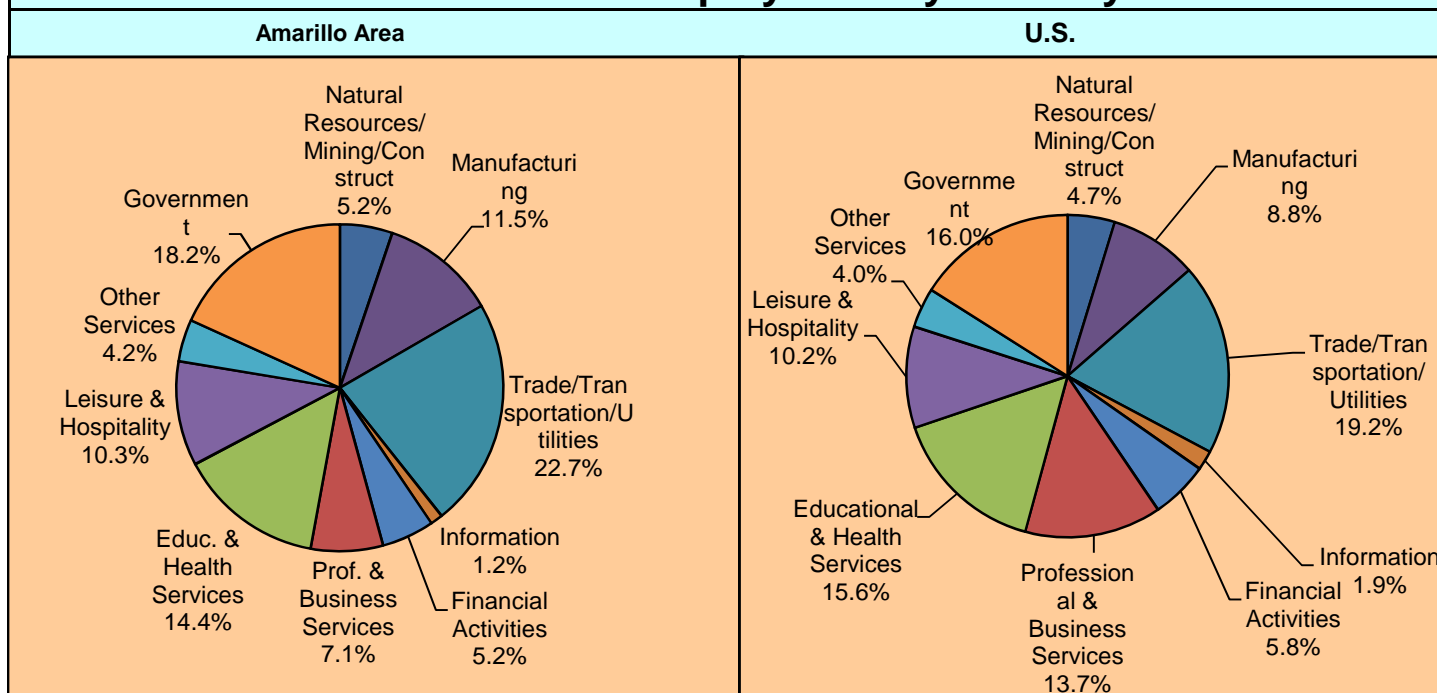
\*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity



# Drivers of Local Supply and Demand...

Local Economic Outlook	Amarillo	U.S.	
12-month Job Change (Dec)	1,700	Not Comparable	Employment growth has eased, but remains positive
12-month Job Change (Nov)	1,900	Not Comparable	
36-month Job Change (Dec)	3,300	Not Comparable	Unemployment in Amarillo is better than the national average and improving
Current Unemployment Rate (Dec)	4.0%	6.7%	
Year-ago Unemployment Rate	4.3%	7.9%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	1.5%	1.7%	

## Share of Total Employment by Industry



### 12-month Employment Change by Industry in the Amarillo Area (Dec - 2013)

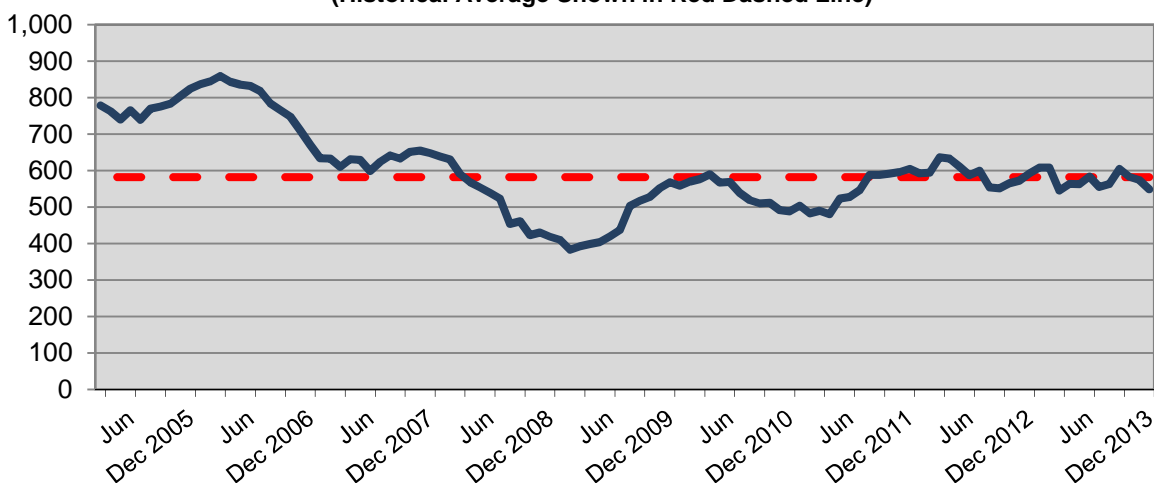
Goods Producing	NA	Information	0
Natural Resources/Mining/Construction	0	Financial Activities	-100
Natural Resources and Mining	NA	Prof. & Business Services	-100
Construction	NA	Educ. & Health Services	200
Manufacturing	0	Leisure & Hospitality	500
Service Providing Excluding Government	NA	Other Services	100
Trade/Transportation/Utilities	800	Government	300

State Economic Activity Index	Texas	U.S.	
12-month change (2013 - Dec)	3.0%	3.1%	Texas's economy is growing, but decelerated from last month's 3.15% change and lags the rest of the nation
36-month change (2013 - Dec)	11.7%	8.9%	

## New Housing Construction

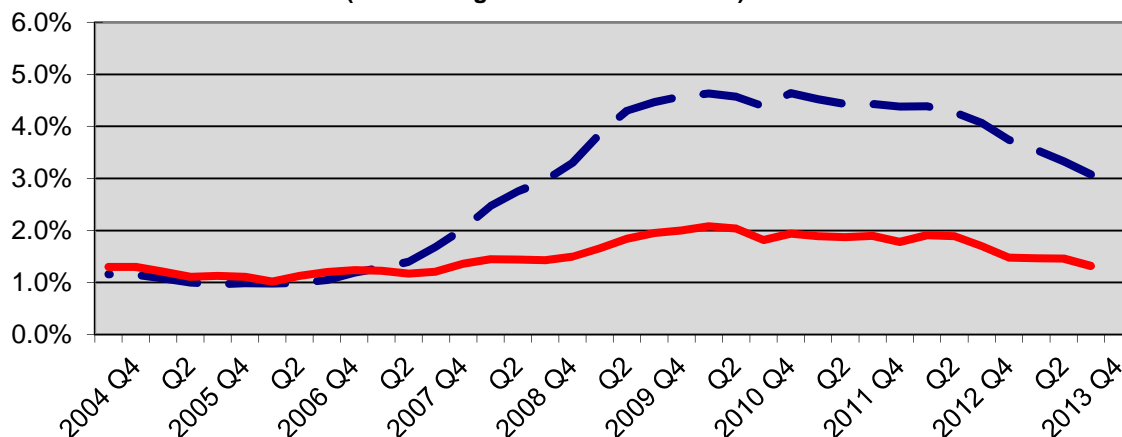
Local Fundamentals	Amarillo	U.S.	
12-month Sum of 1-unit Building Permits through Dec 2013	549	not comparable	The current level of construction is 05.7% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	582	not comparable	Reduced construction will limit new supply to the market, allowing demand to catch up with inventory more quickly
Single-Family Housing Permits (Dec 2013) 12-month sum vs. a year ago	-7.4%	20.2%	Construction continues to decline from last year

**Construction: 12-month Sum of Local Housing Permits**  
(Historical Average Shown in Red Dashed Line)



While new construction is the traditional driver of supply in real estate, foreclosures and short-sales now have a strong impact on inventories, particularly at the local level. Rising inventories, through construction or distressed sales, place downward pressure on the median home prices.

**State Total Foreclosure Rate vs. U.S. Average**  
(U.S. Average in Blue Dashed Line)

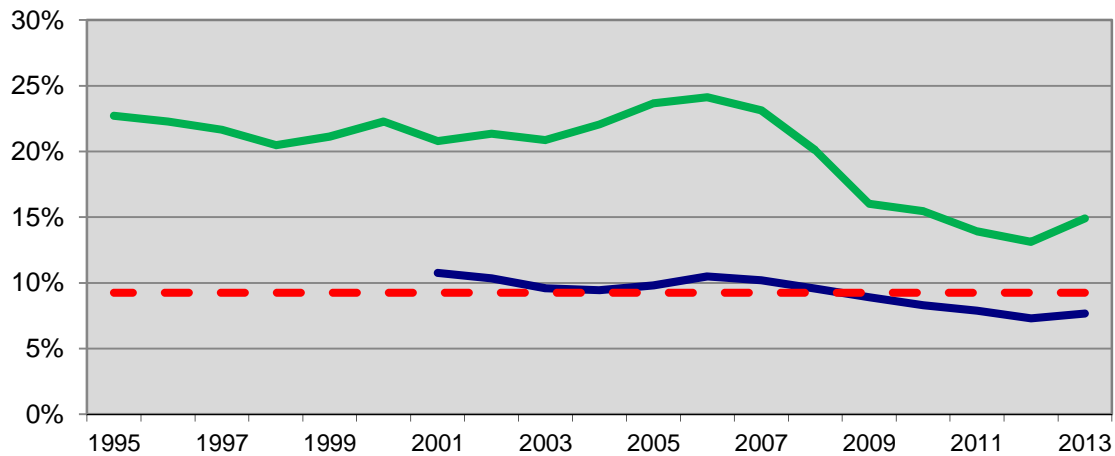


Source: Mortgage Bankers' Association

# Affordability

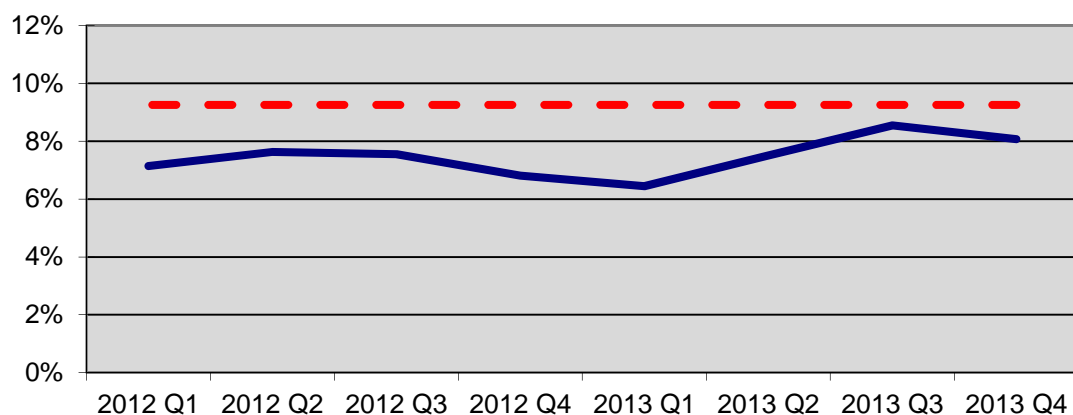


**Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income**  
(Local Historical Average Shown in Red, U.S. Average in Green)

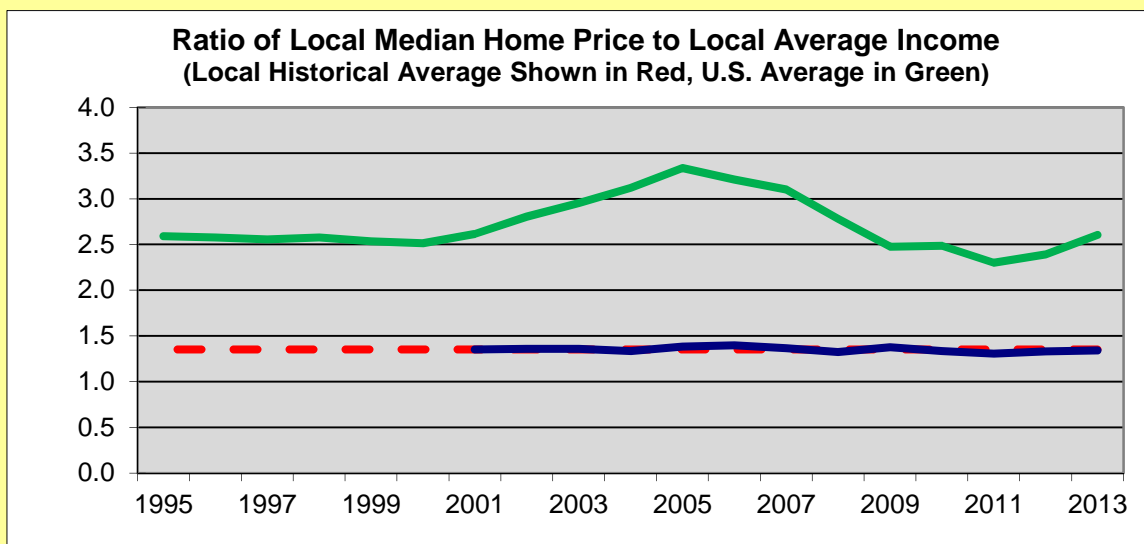


Monthly Mortgage Payment to Income	Amarillo	U.S.	
Ratio for 2013	7.7%	14.9%	Historically strong and an improvement over the third quarter of 2013
Ratio for 2013 Q4	8.1%	15.1%	
Historical Average	9.3%	20.3%	More affordable than most markets

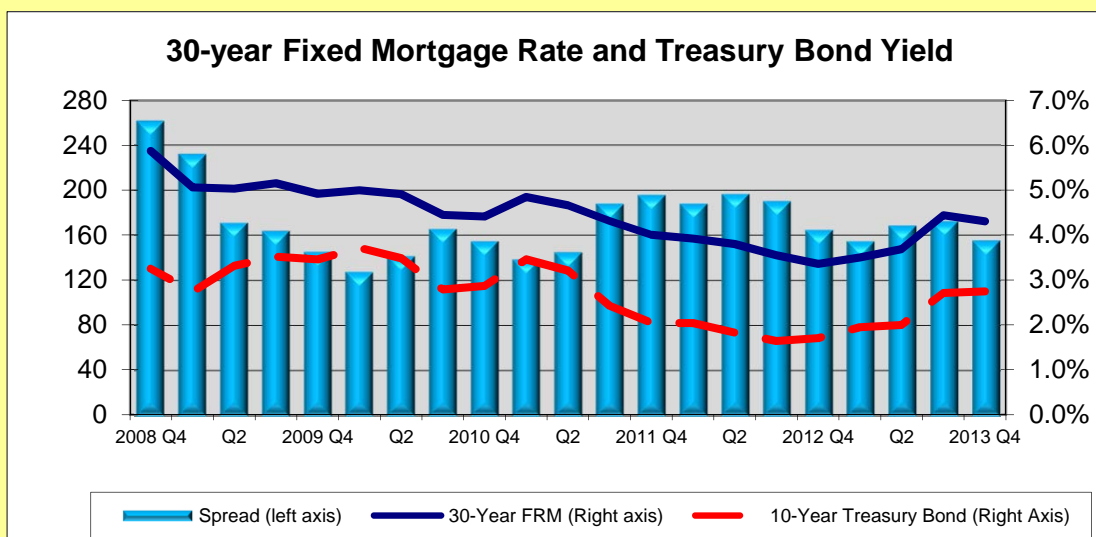
**Recent Trend - Local Mortgage Servicing Cost to Income**  
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Amarillo	U.S.	
Ratio for 2013	1.3	2.6	The price-to-income ratio eased, but could be better
Ratio for 2013 Q4	1.4	2.5	
Historical Average	1.4	2.7	Affordable compared to most markets



## The Mortgage Market



Mortgages rates eased through the end of September and early October following Ben Bernanke's announcement in late September that the Federal Reserve would not taper its purchases of mortgage backed securities and US Treasuries. The downward trend reached a low of 4.10% for the average 30-year fixed rate mortgage, but was briefly interrupted by the debt ceiling debate which pushed up modestly on rates in mid-October. However, following a spate of positive economic news releases in November including stronger than expected retail sales and a surprise jump in new employment as well as positive revisions to the measure for employment gains in September and October, the chairman of the Federal Reserve board voted to begin the taper in December. As a result, mortgage rates rose steadily in December and ended the year at 4.48%. The Fed has since continued its taper despite softening economic and employment data. The taper is likely priced in but the weak economic news is holding back higher rates. A stronger economy, be it robust or modest in nature, is inevitable so rates will rise later this year. NAR is forecasting an average 30-year fixed rate of 5.0% for 2014.

## Geographic Coverage for this Report

The Amarillo area referred to in this report covers the geographic area of the Amarillo metro area as officially defined by the Office of Management and Budget of the U.S. Government. The official coverage area includes the following counties:

Armstrong County, Carson County, Potter County, and Randall County

More information on the OMB's geographic definitions can be found at [http://www.whitehouse.gov/omb/inforeg\\_statpolicy/](http://www.whitehouse.gov/omb/inforeg_statpolicy/)