

# VISION

2024

kw



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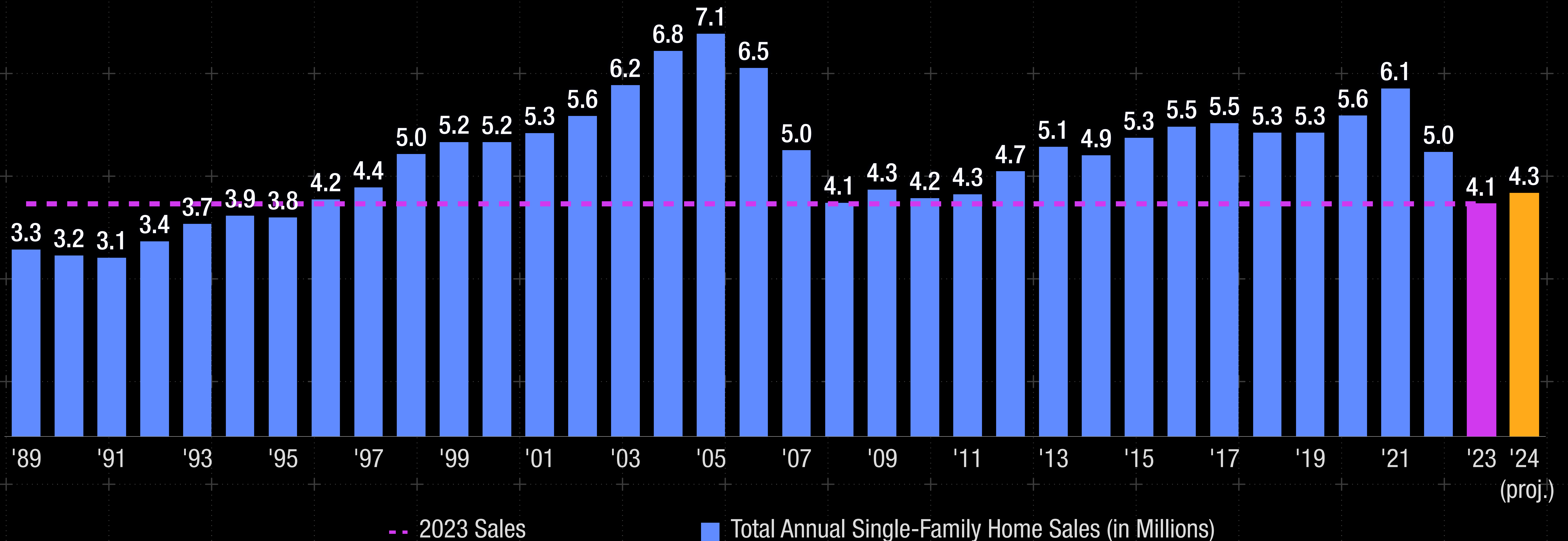


# The Numbers That Drive U.S. Real Estate

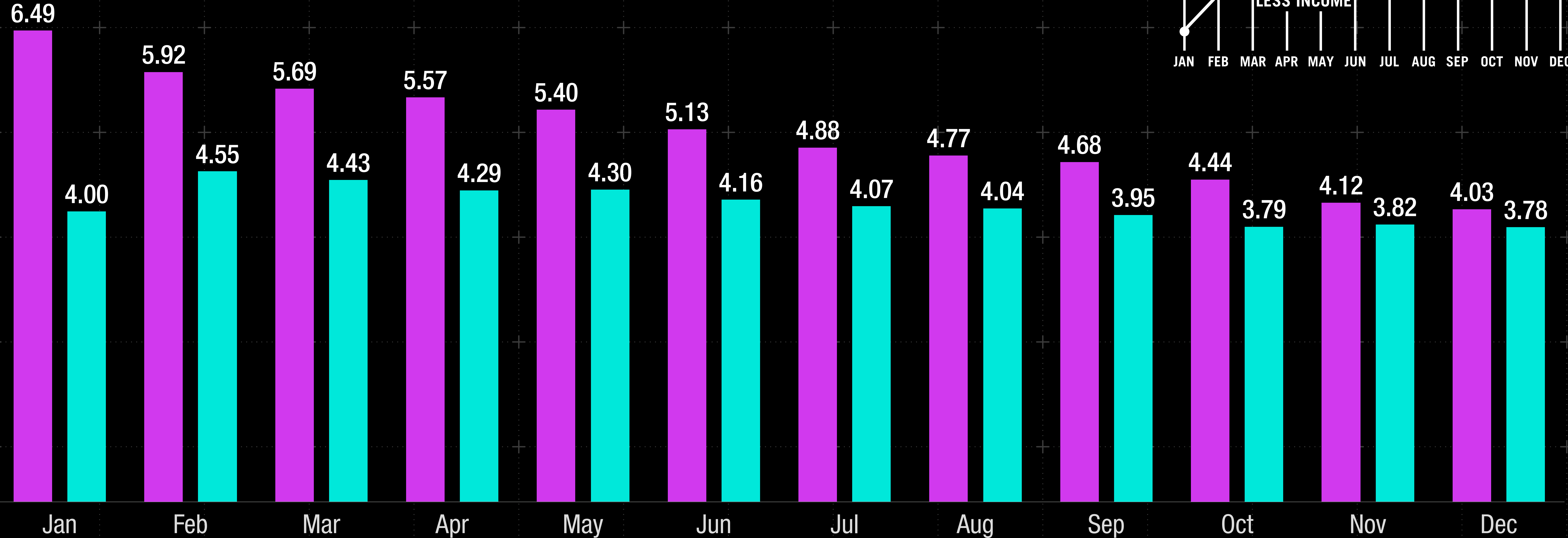
- 1. Home Sales**
- 2. Home Prices**
- 3. Total Market Volume**
- 4. Inventory**
- 5. Mortgage Rates**
- 6. Treasury Spread**
- 7. Affordability**



# 1. Home Sales - Annual



# 1. Home Sales - Monthly

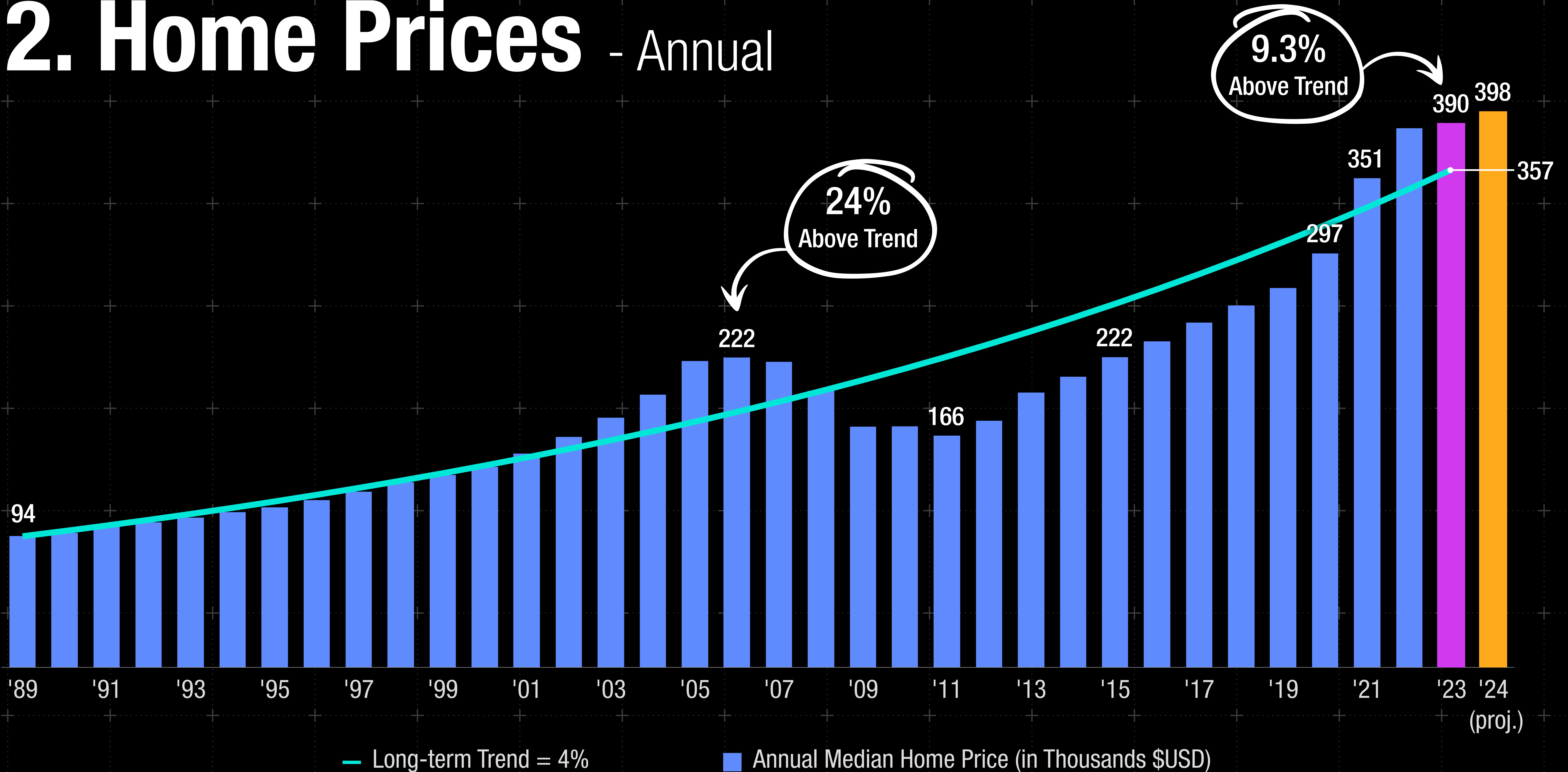


Seasonally Adjusted Annualized Sales Rate

■ 2022

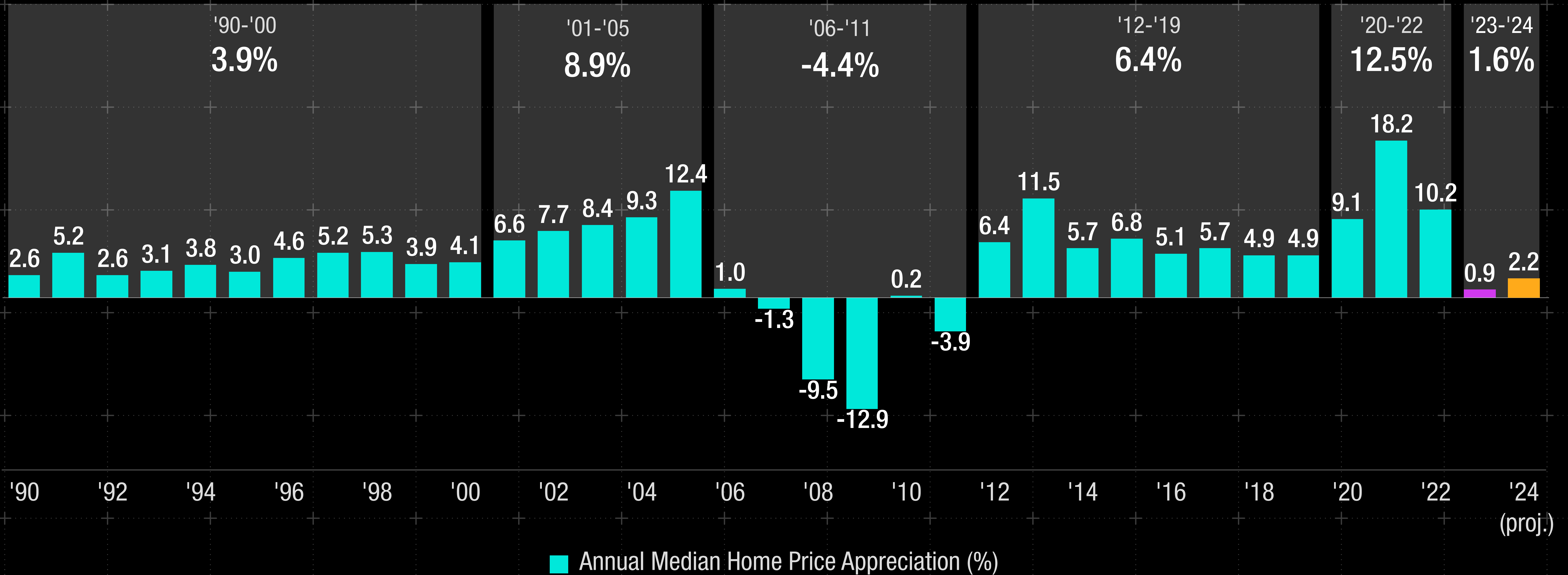
■ 2023

# 2. Home Prices - Annual

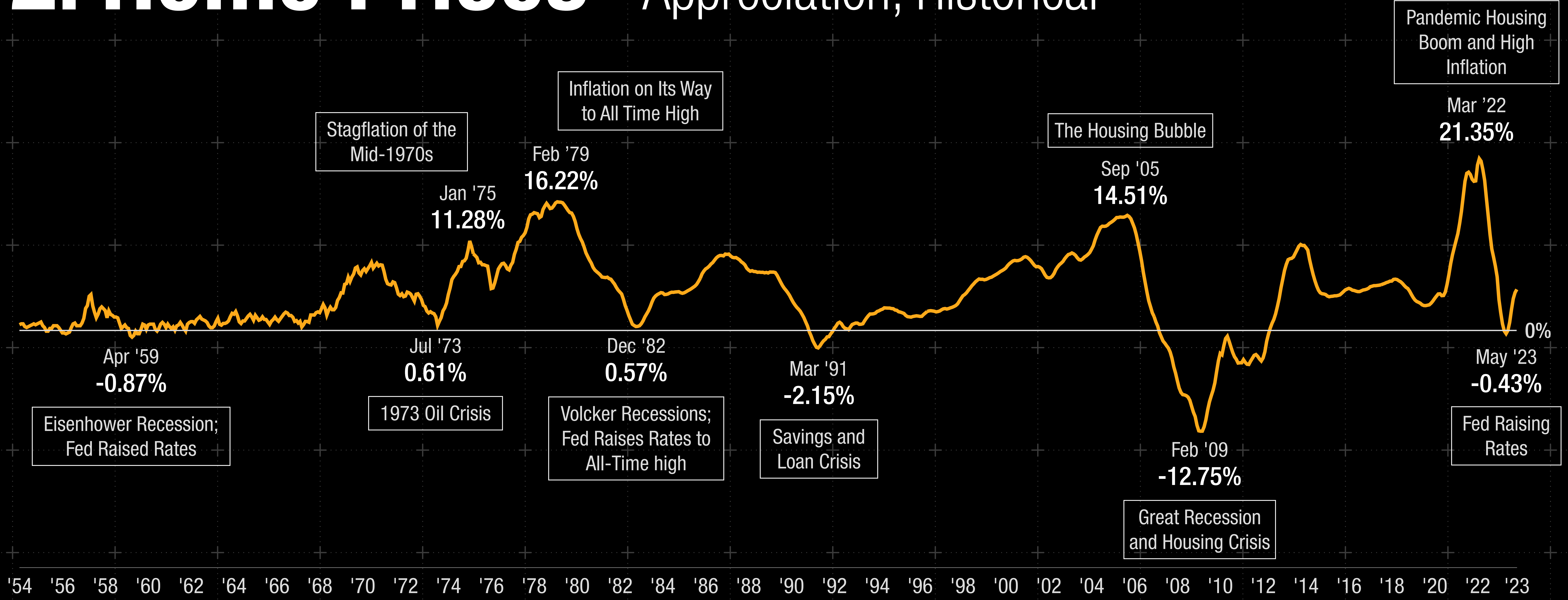




# 2. Home Prices - Annual Appreciation



# 2. Home Prices - Appreciation, Historical



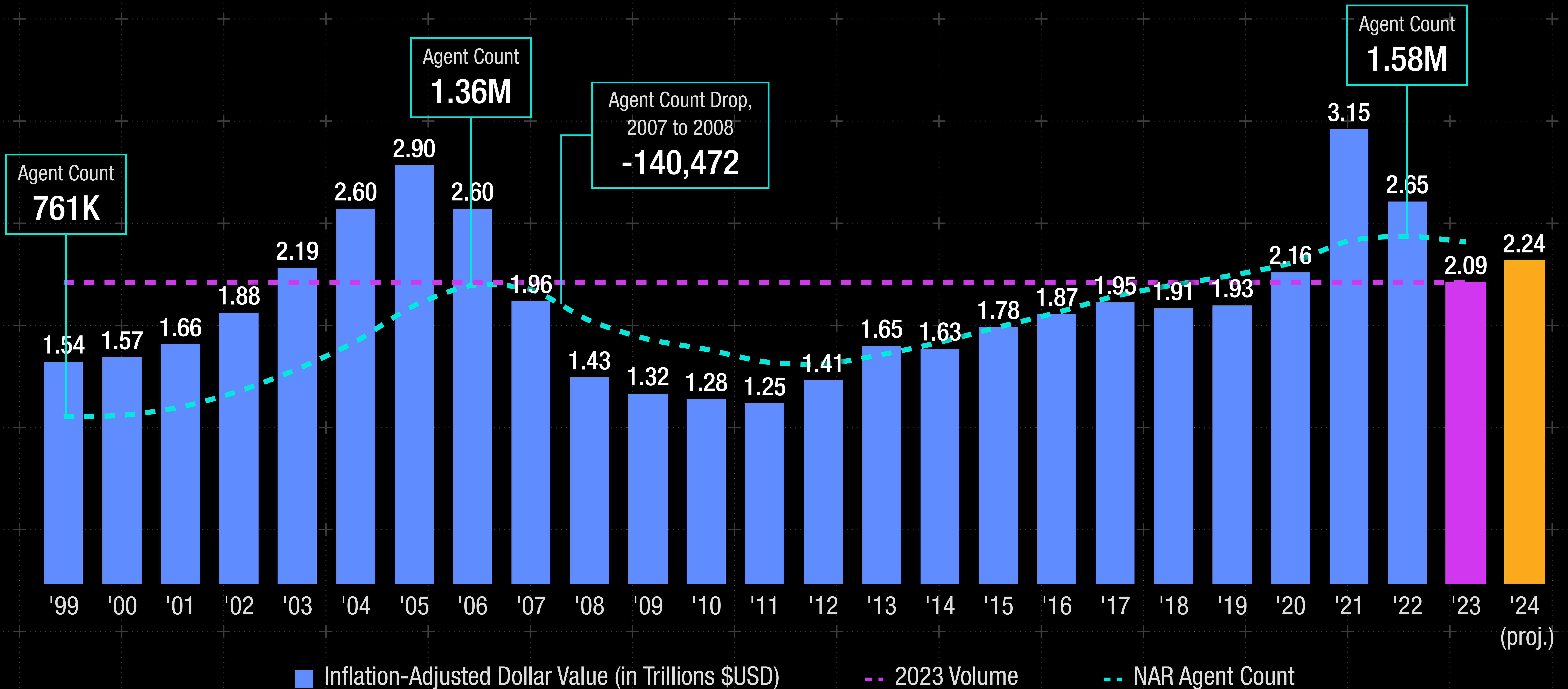


# 3. Total Market Volume



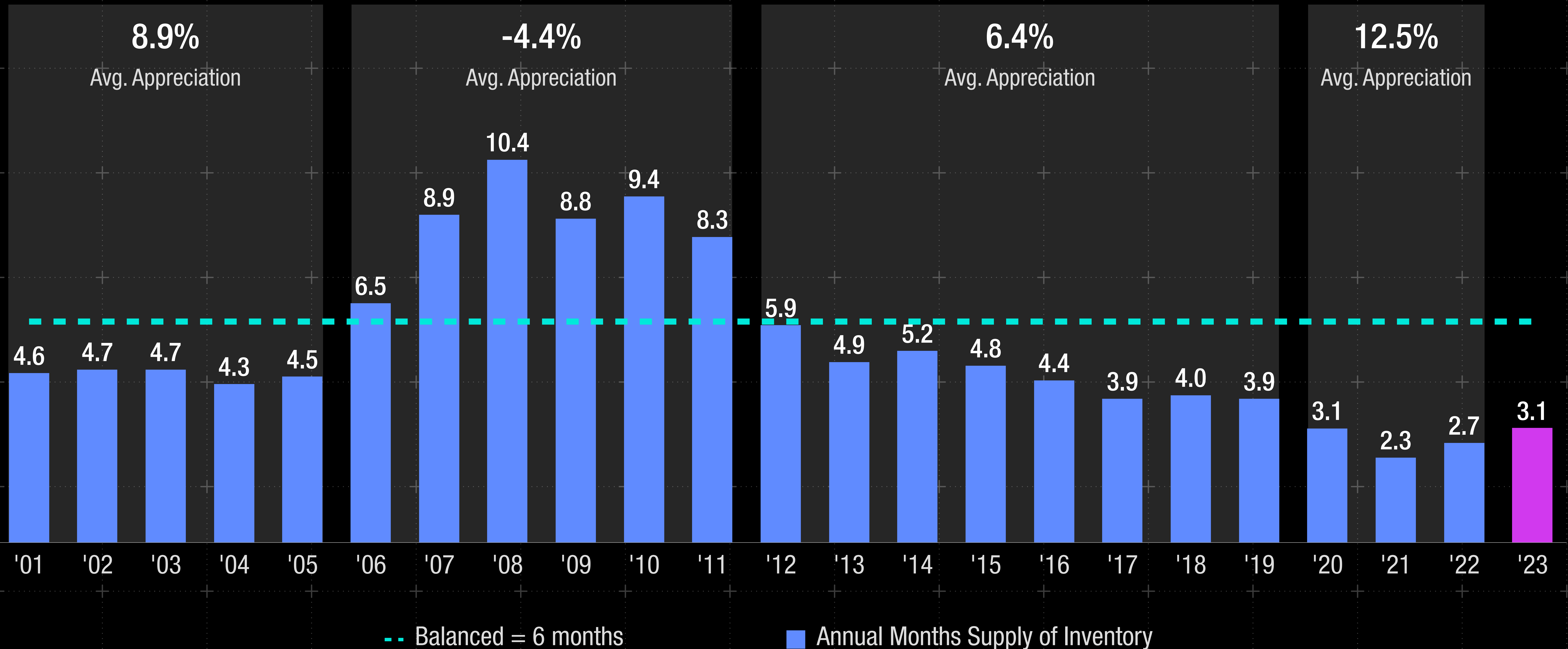


# 3. Total Market Volume - Inflation-Adjusted



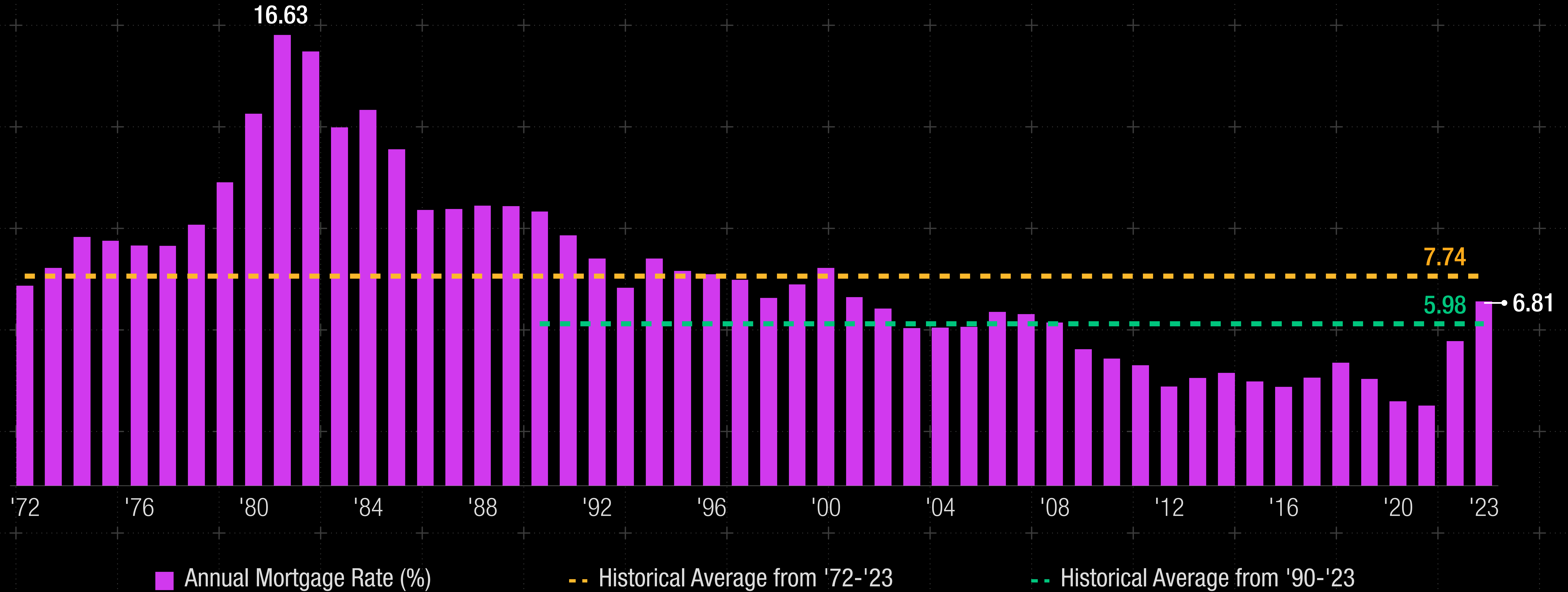


# 4. Inventory - Annual



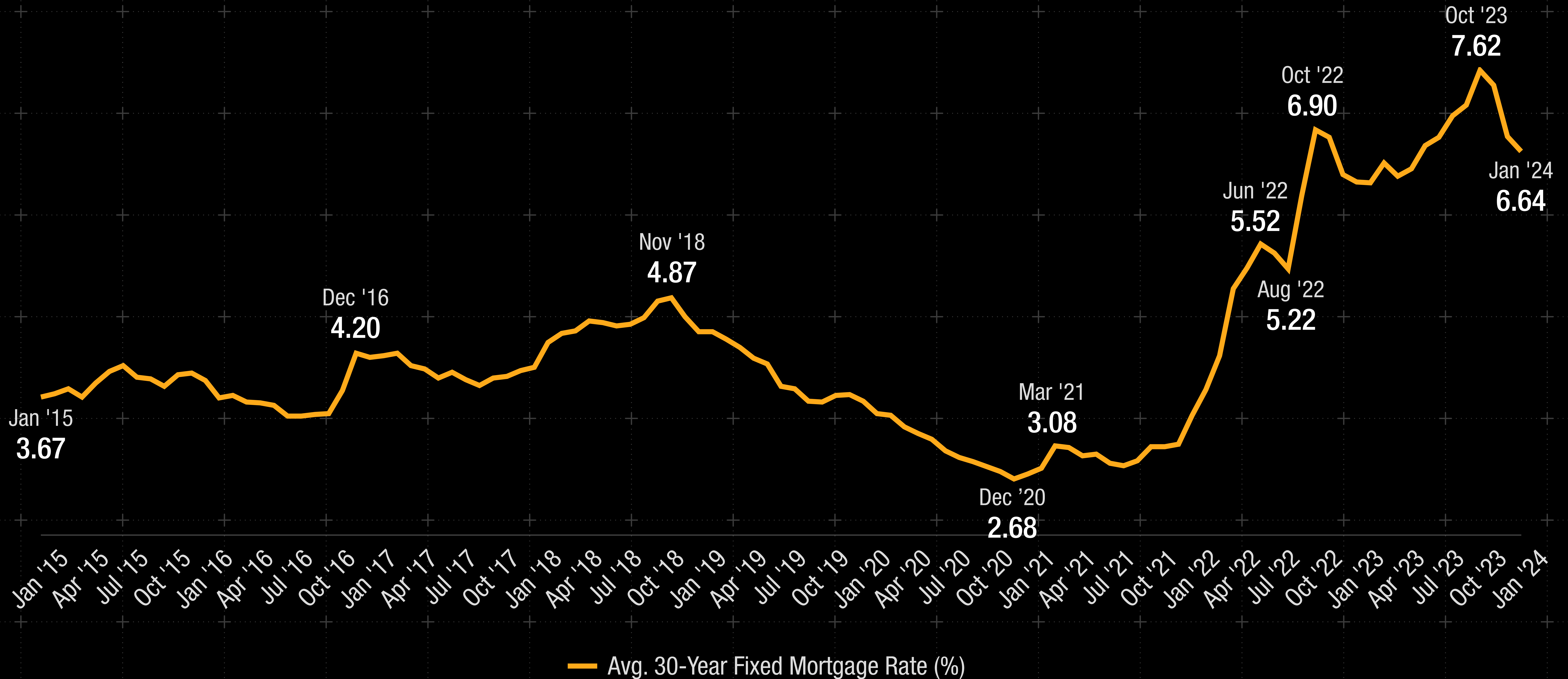


# 5. Mortgage Rates - Annual



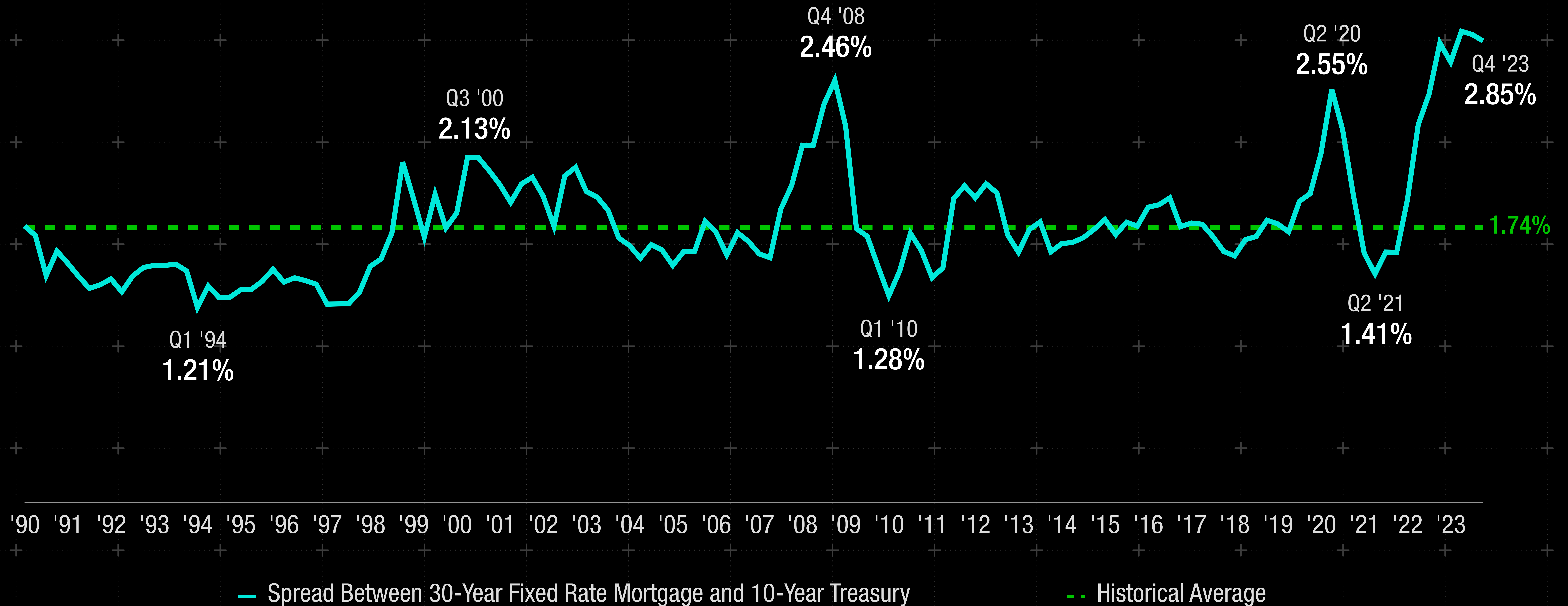


# 5. Mortgage Rates - Monthly



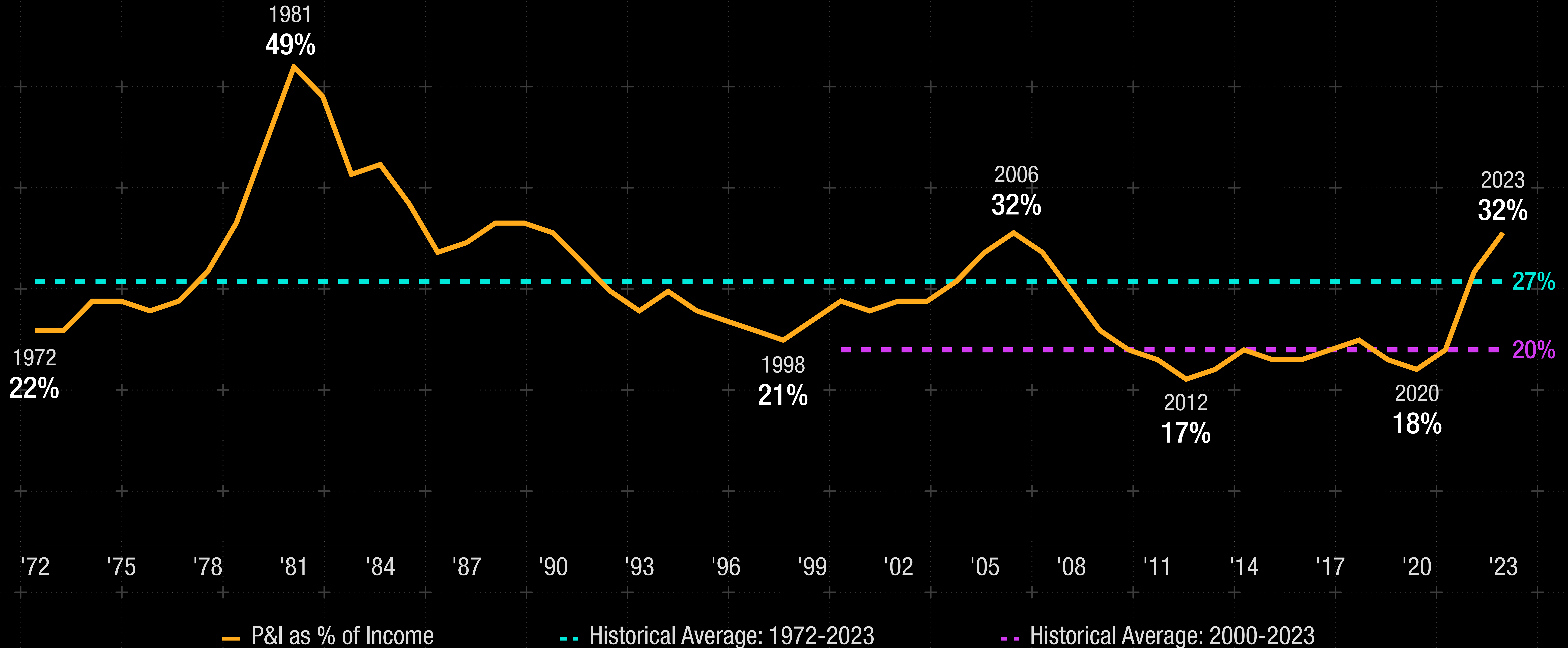


# 6. Treasury Spread





# 7. Affordability





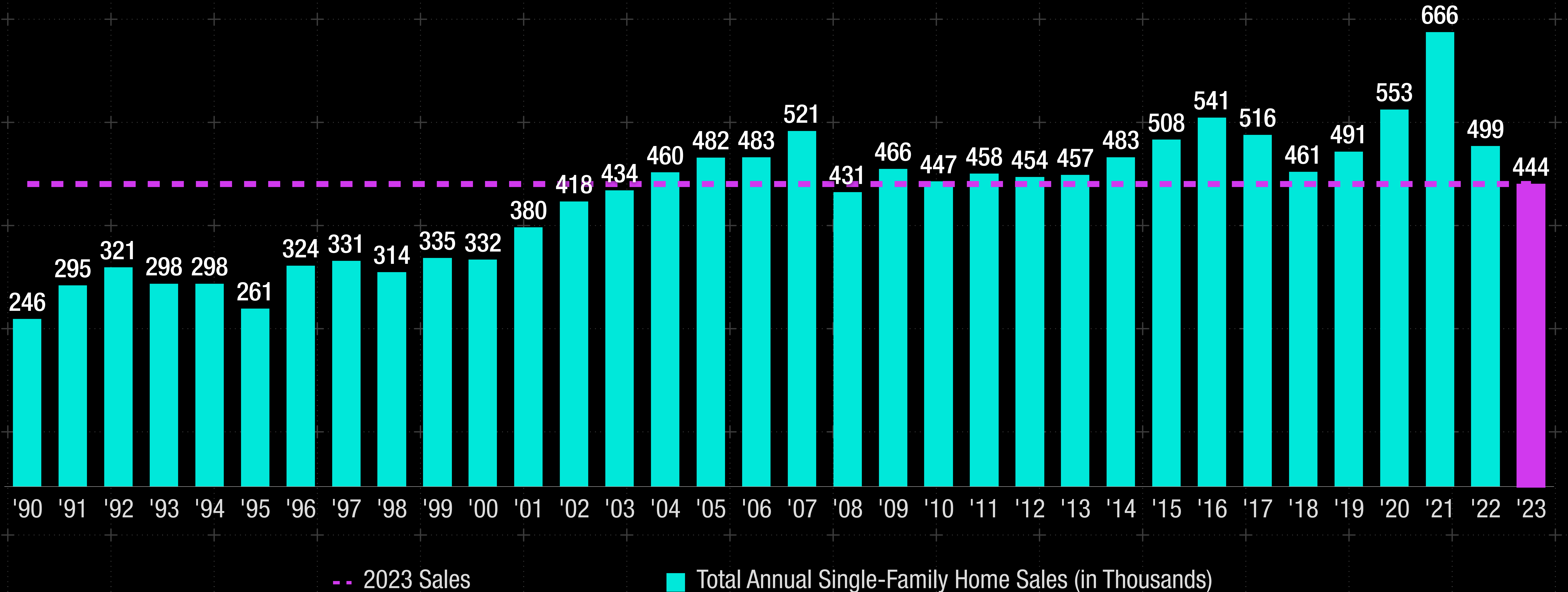
# **The Numbers That Drive Canadian Real Estate**

- 1. Home Sales**
- 2. Home Prices**
- 3. Inventory**
- 4. Mortgage Rates**
- 5. Affordability**





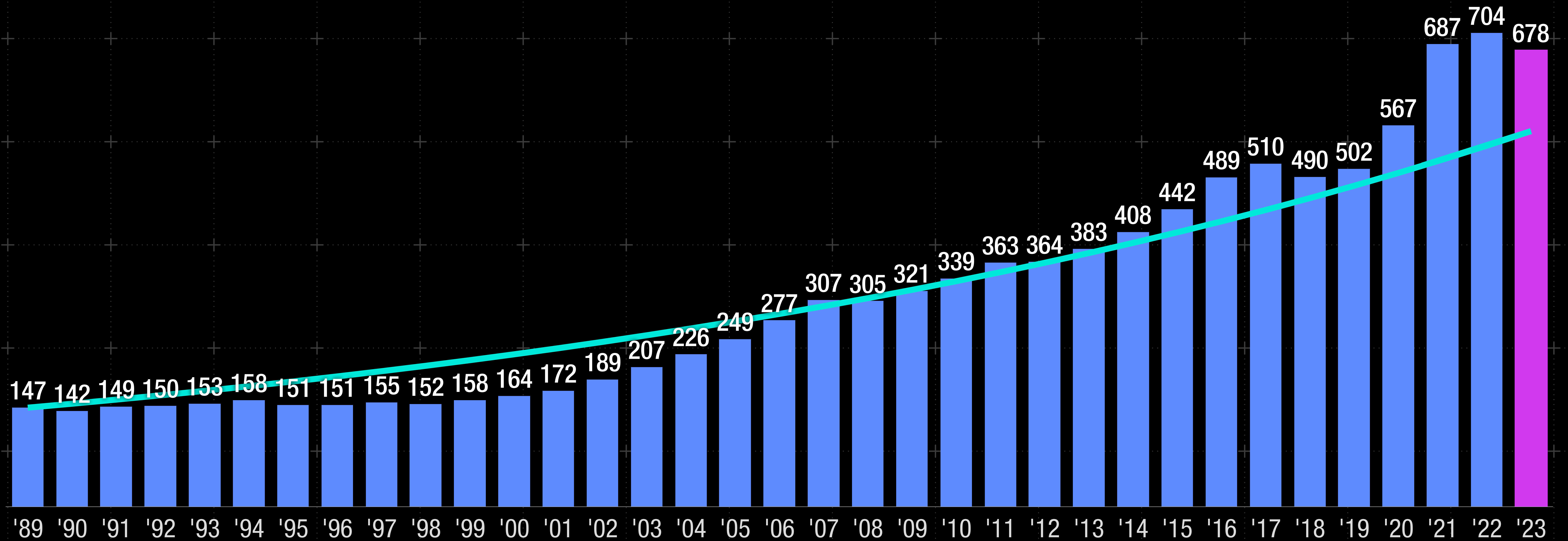
# 1. Home Sales - Annual







# 2. Home Prices - Annual



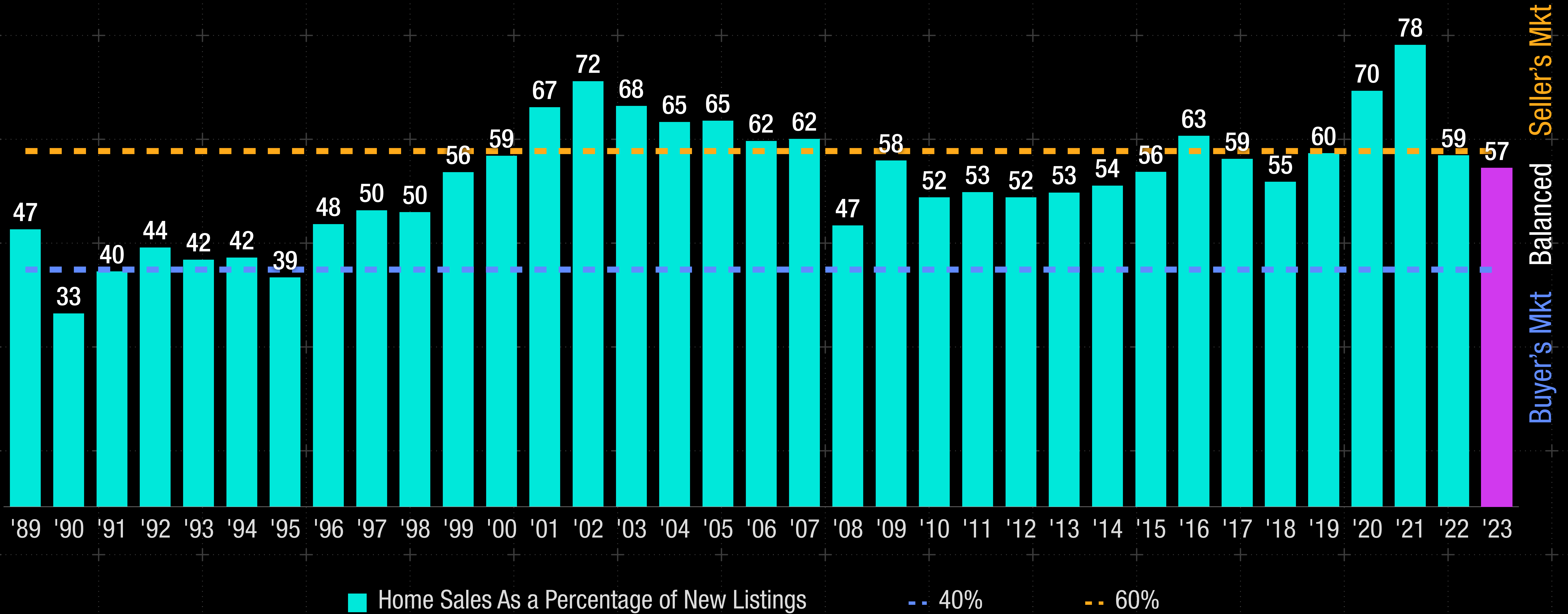
■ Avg. Home Price (in Thousands C\$)

— 4% Growth Projected from 1989





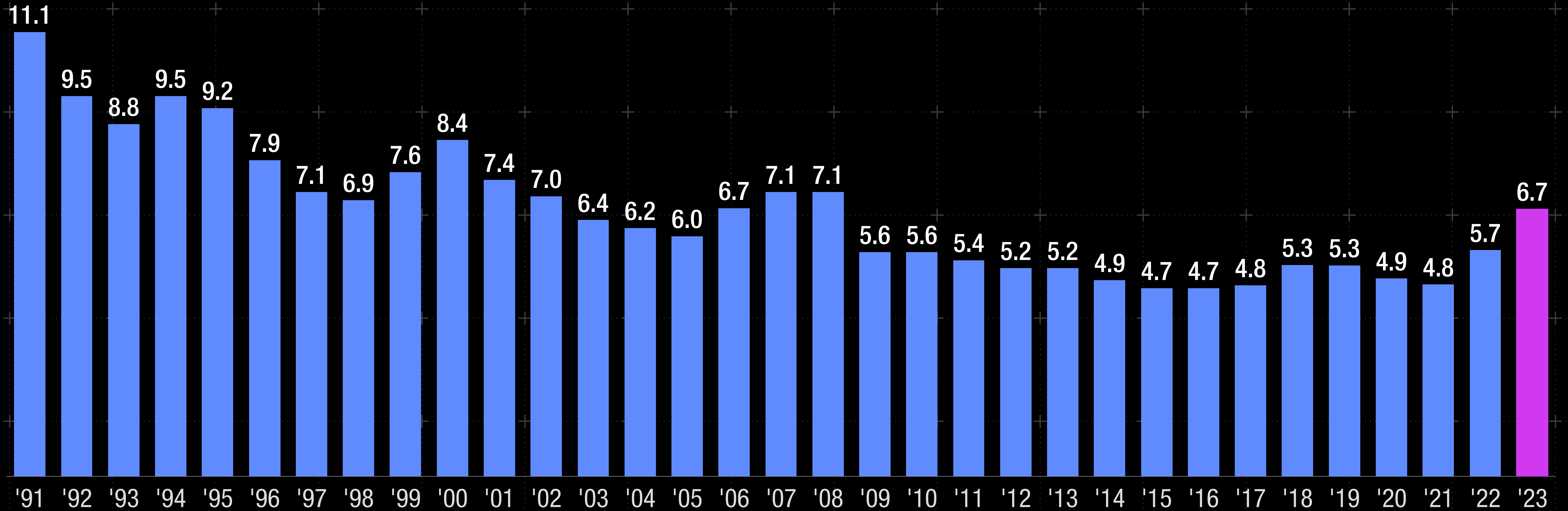
# 3. Inventory







# 4. Mortgage Rates


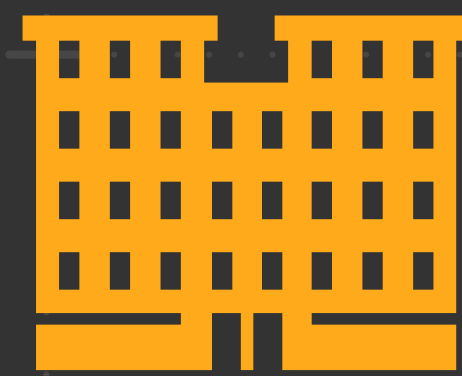


■ Average Annual Mortgage Rate, 5-Year Fixed (Percentage)



# 5. Affordability



Property Type		Percentage of Income for P&I Plus Taxes and Insurance	Change From 2022	Historical Average
Single Family		69%	3%	44%
Standard Condo		44%	2%	33%

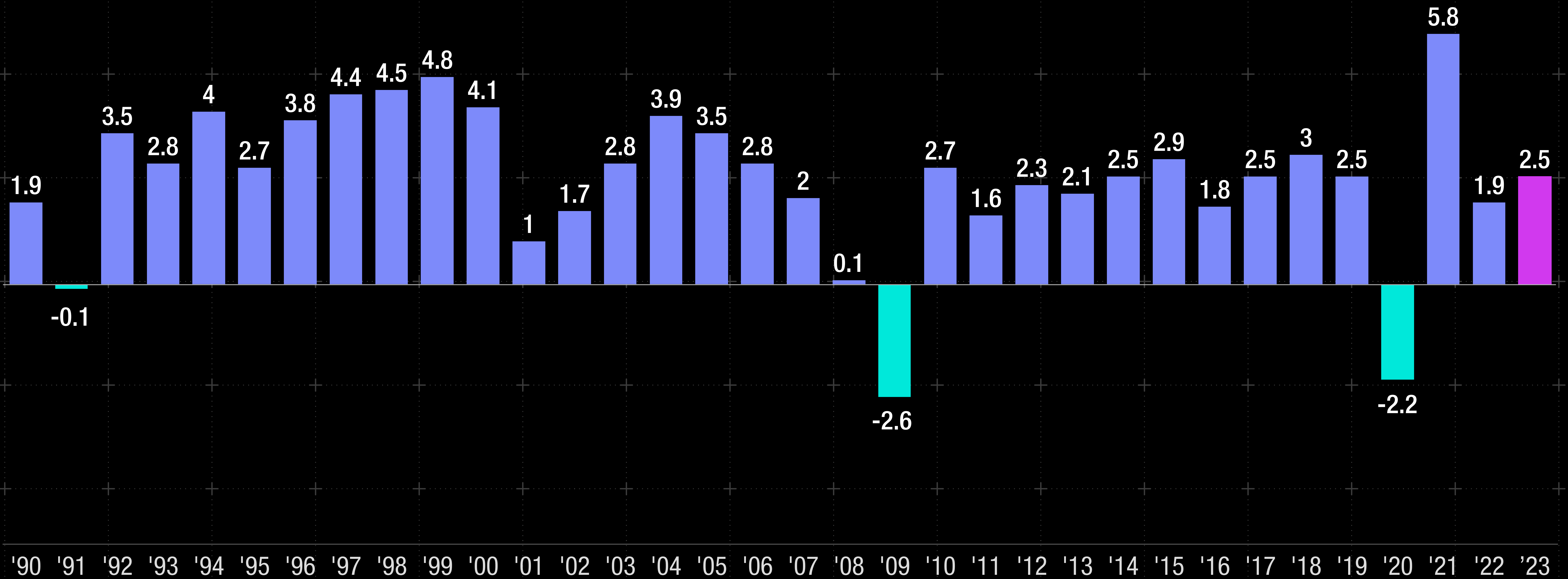


# The U.S. Economy

- 1. Gross Domestic Product**
- 2. Unemployment**
- 3. Personal Savings Rate**
- 4. Inflation**
- 5. Consumer Sentiment**

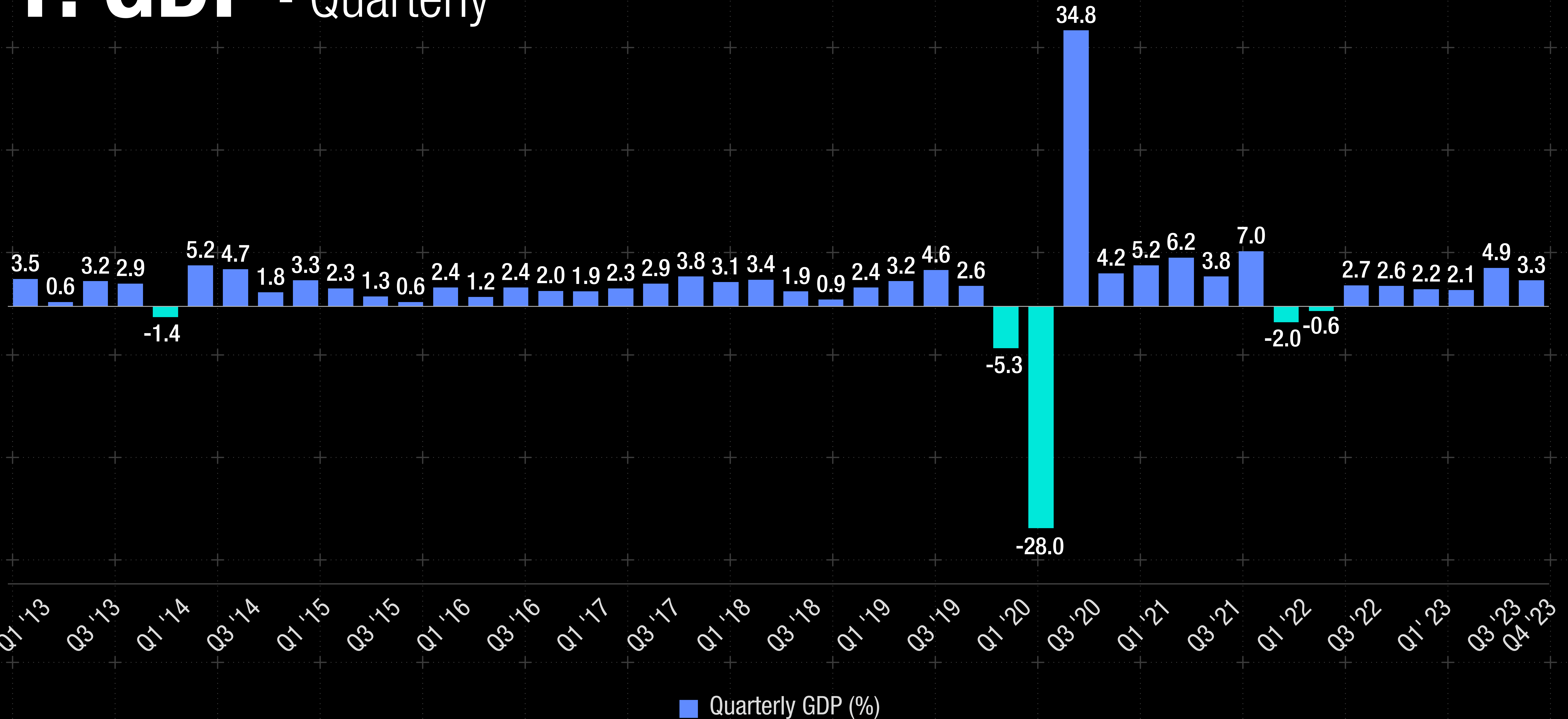


# 1. GDP - Annual



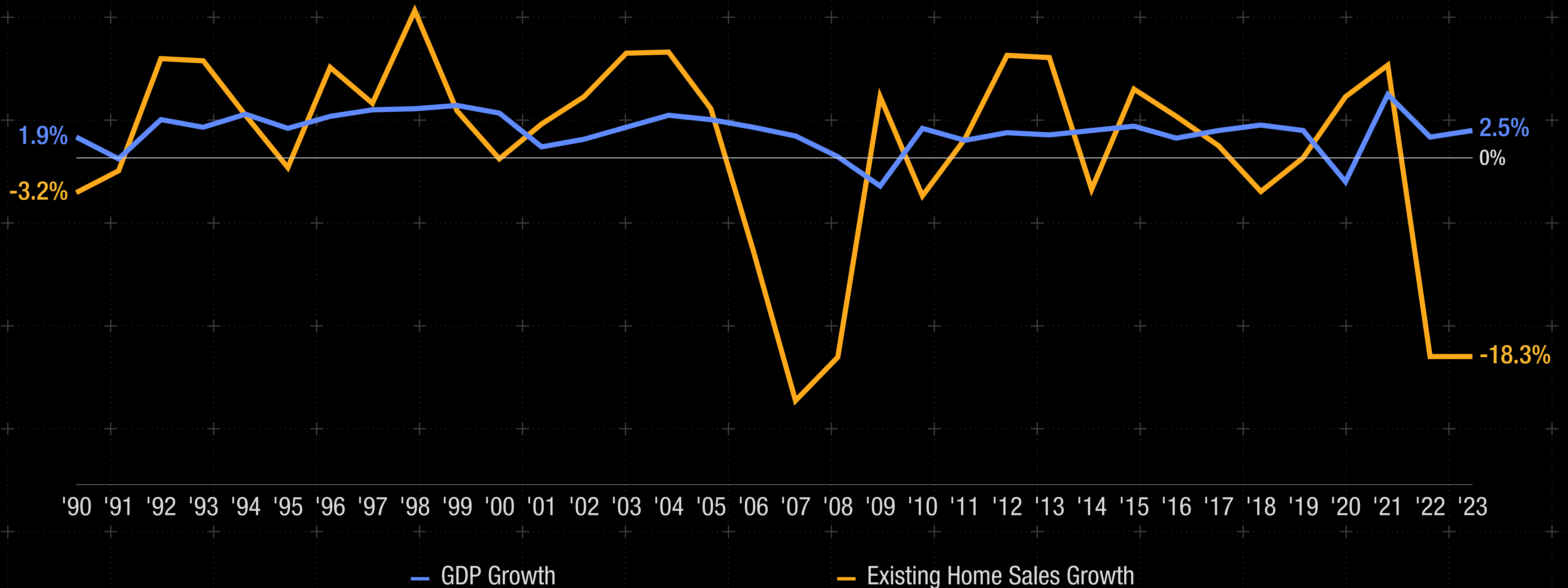
■ Real GDP Year-Over-Year Change (%)

# 1. GDP - Quarterly

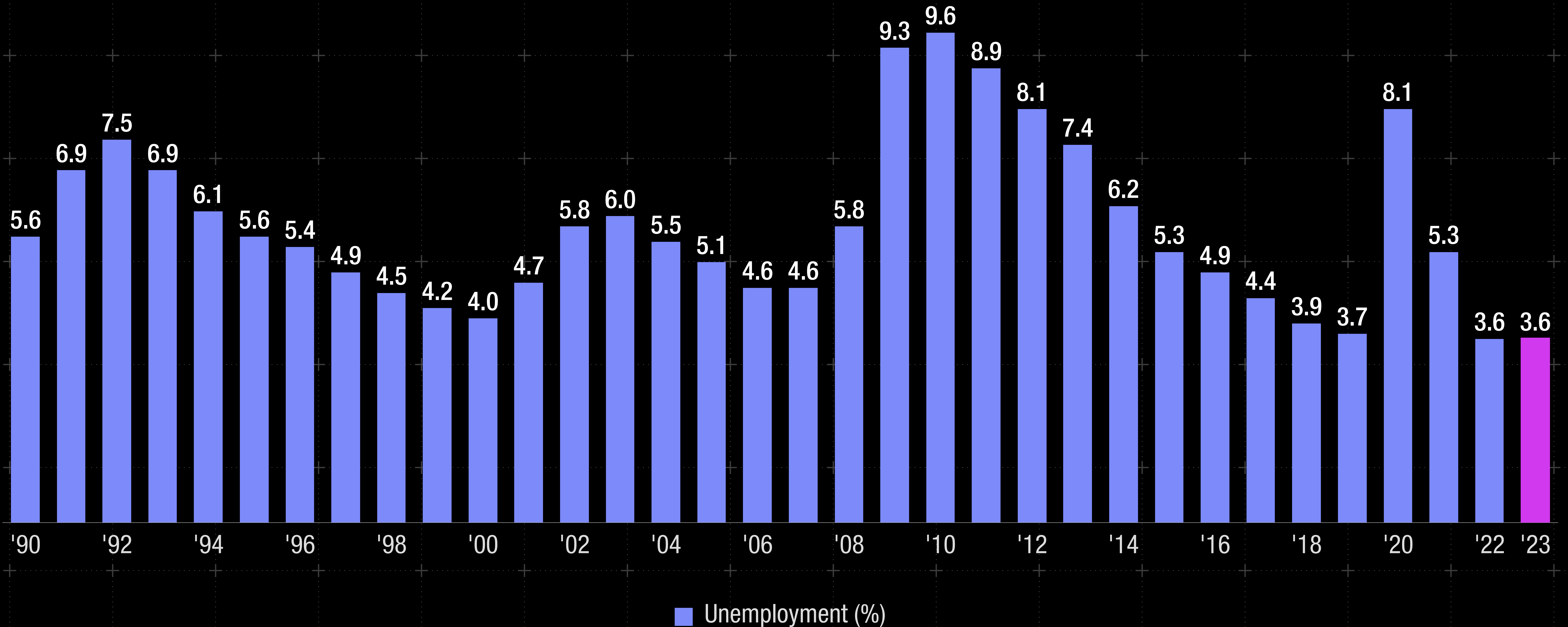




# 1. GDP - Growth vs. Home Sales

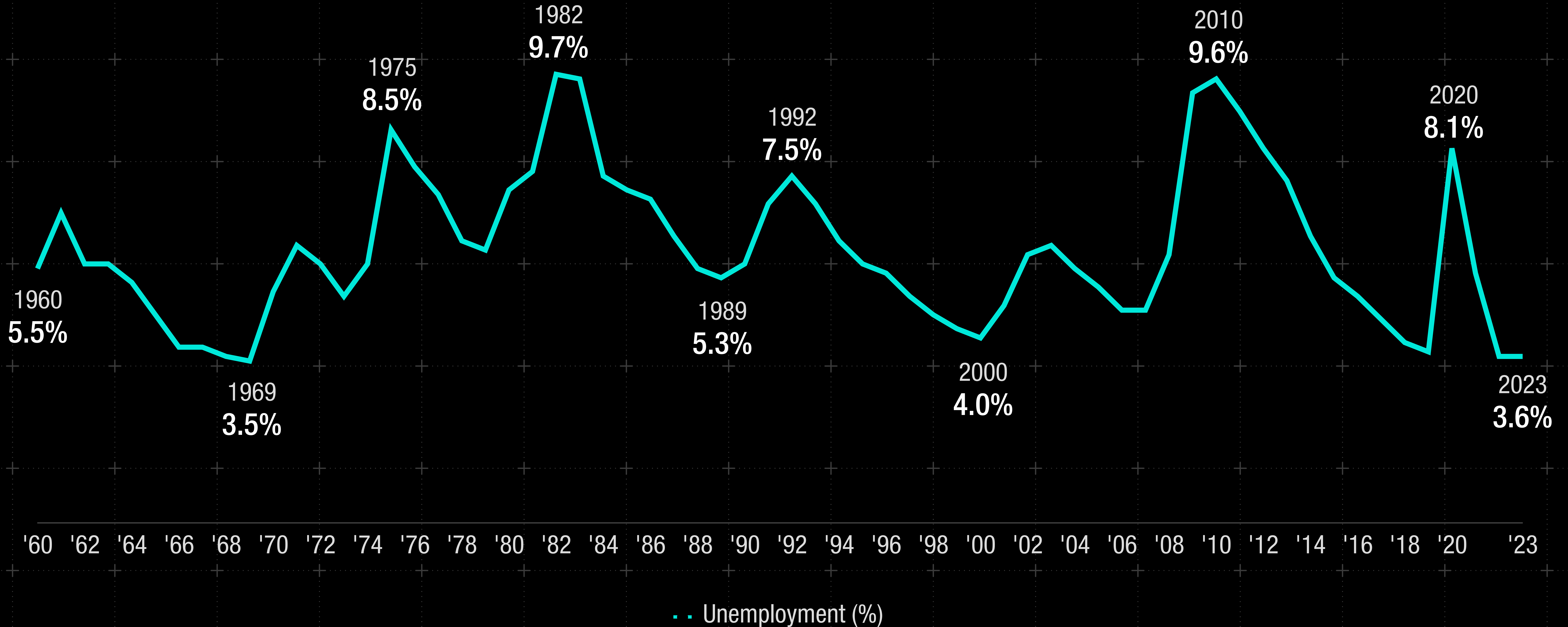


# 2. Unemployment - Annual

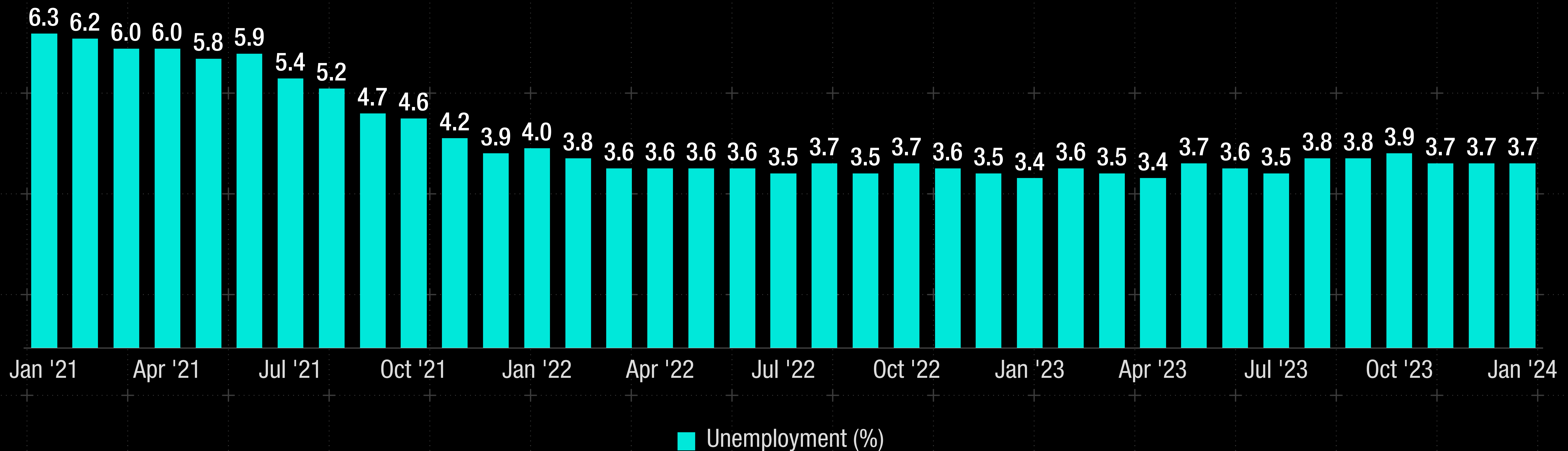




# 2. Unemployment - Annual

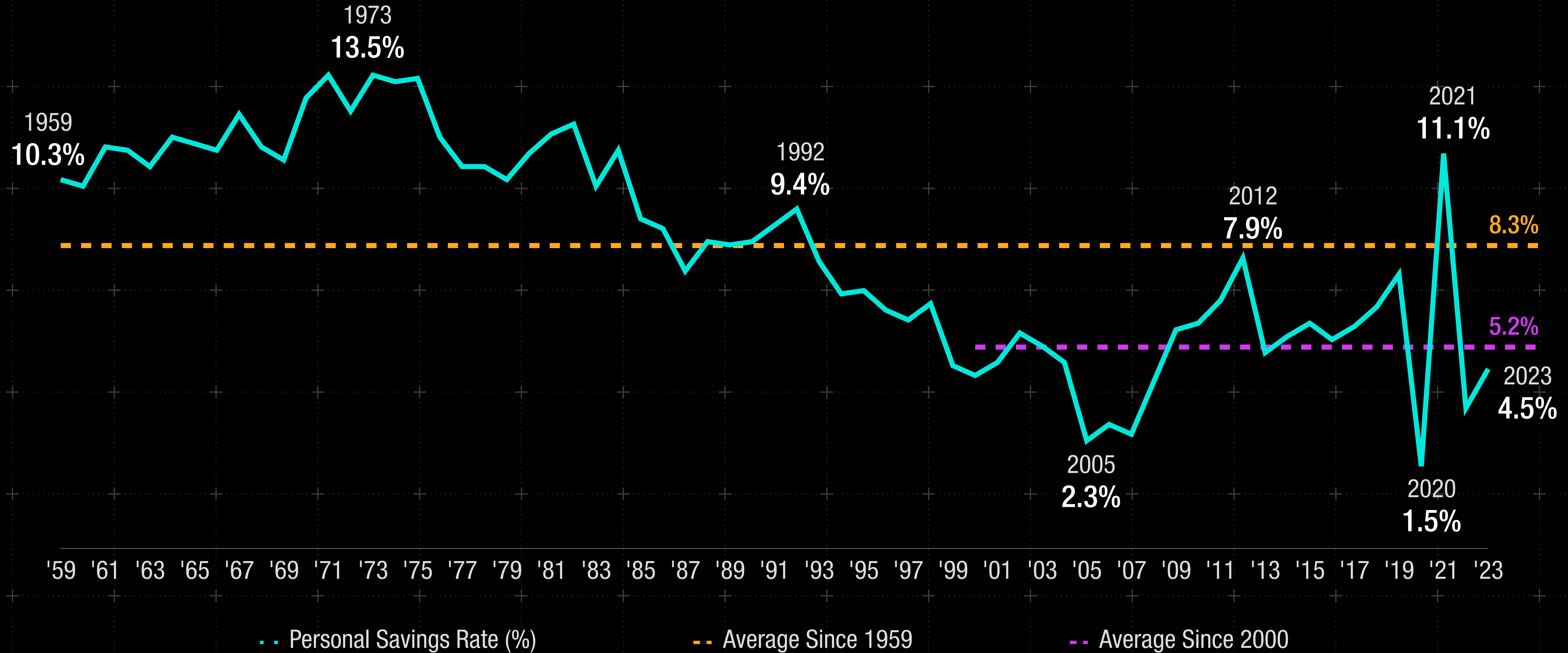


# 2. Unemployment - Monthly



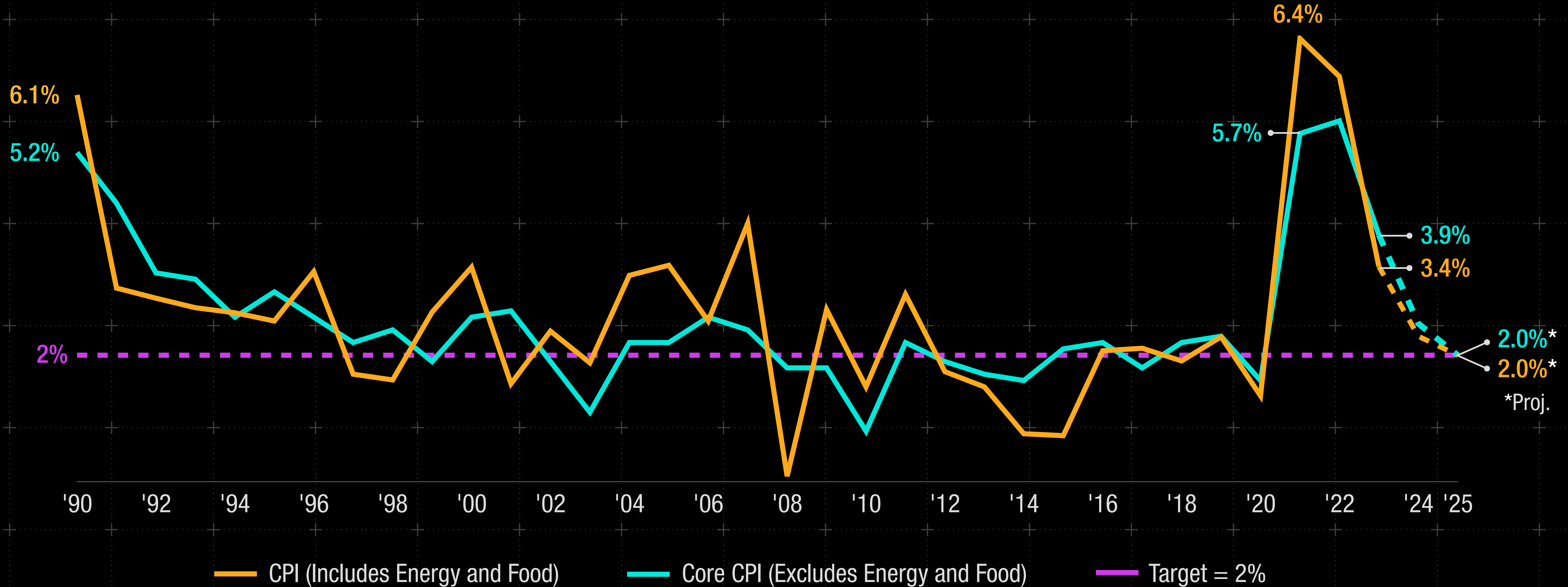


# 3. Personal Savings Rate

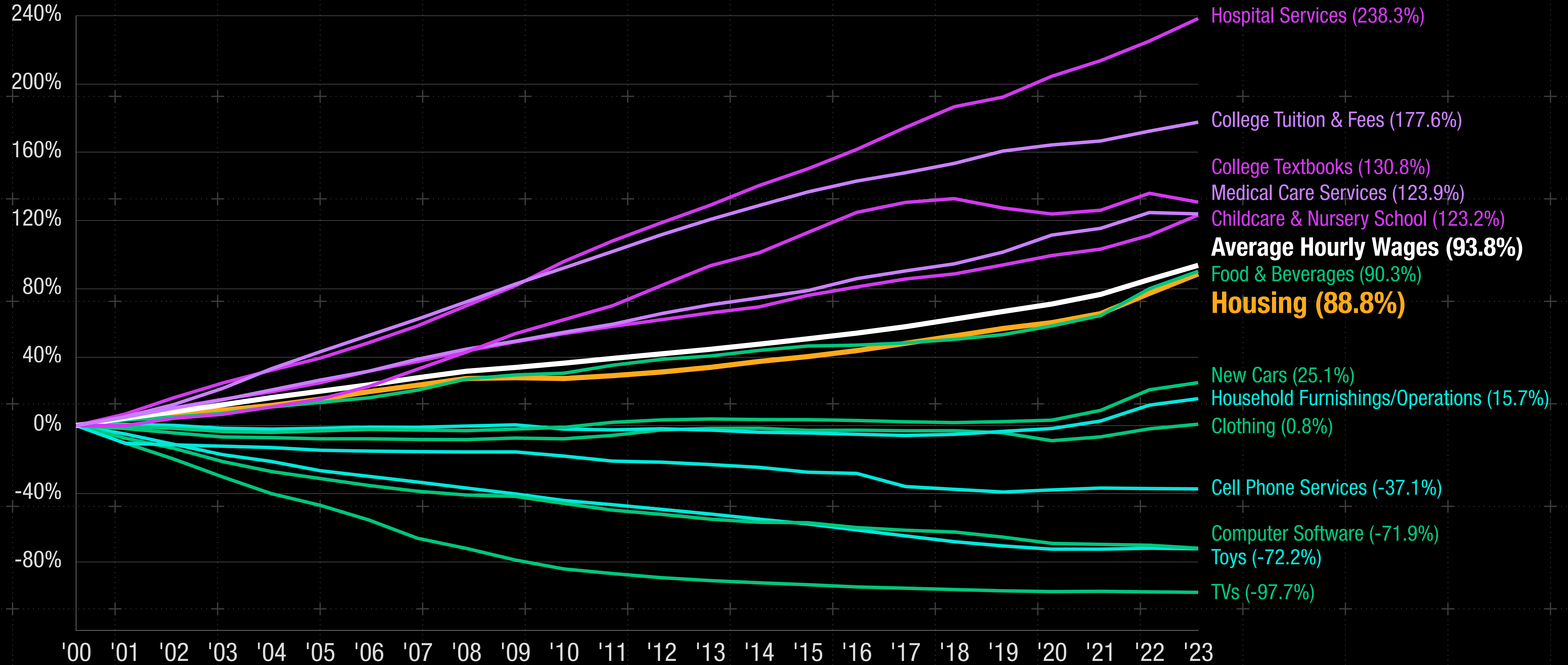




# 4. Inflation - Annual

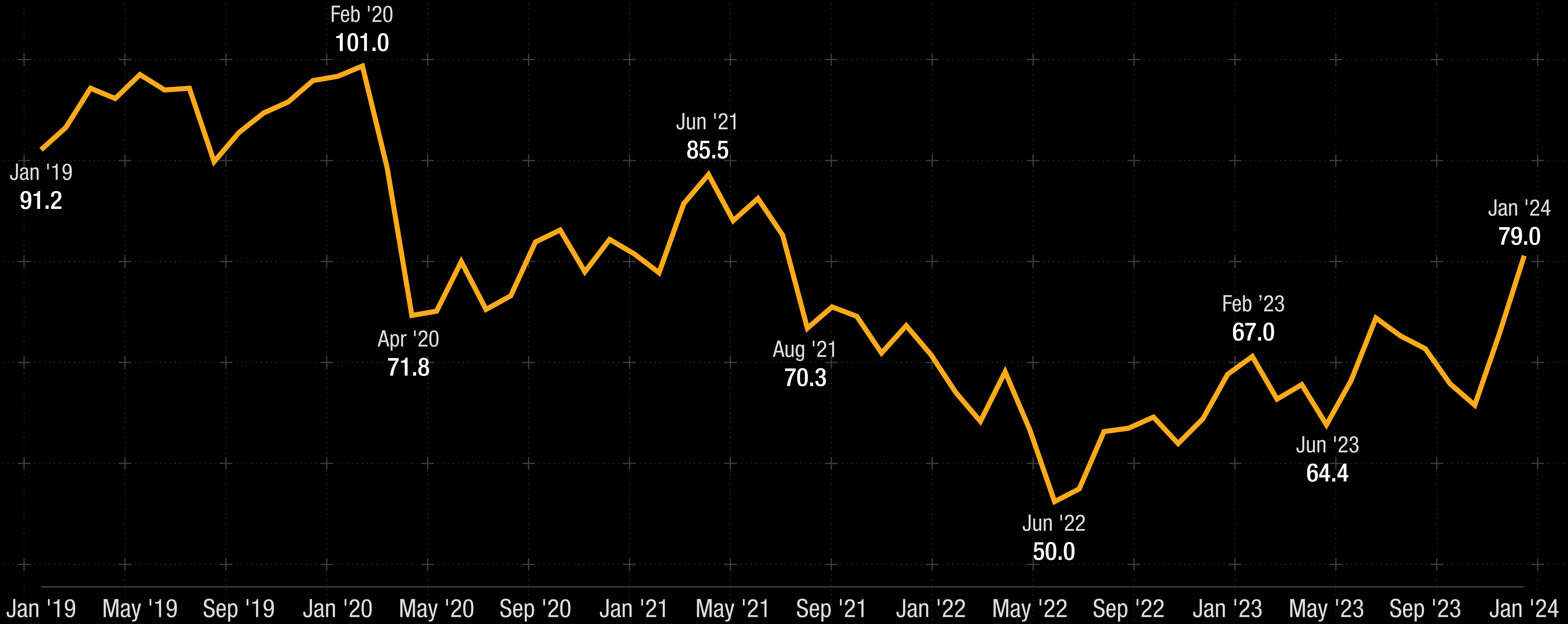


# 4. Inflation - Affordability in Perspective





# 5. Consumer Sentiment





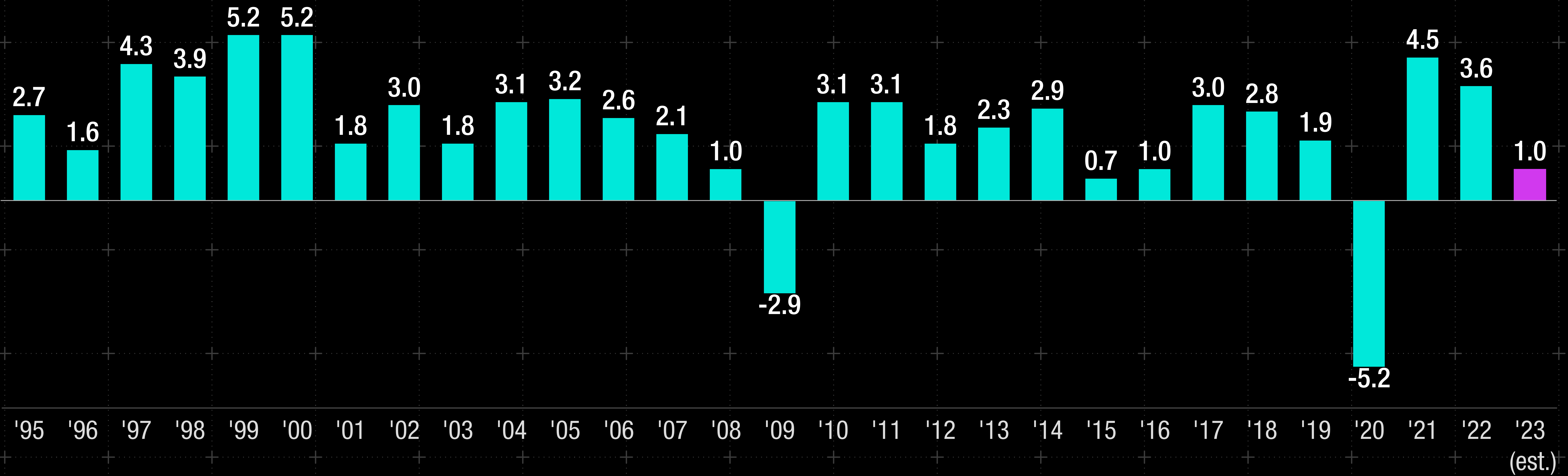
# The Canadian Economy

1. Gross Domestic Product
2. Unemployment
3. Inflation





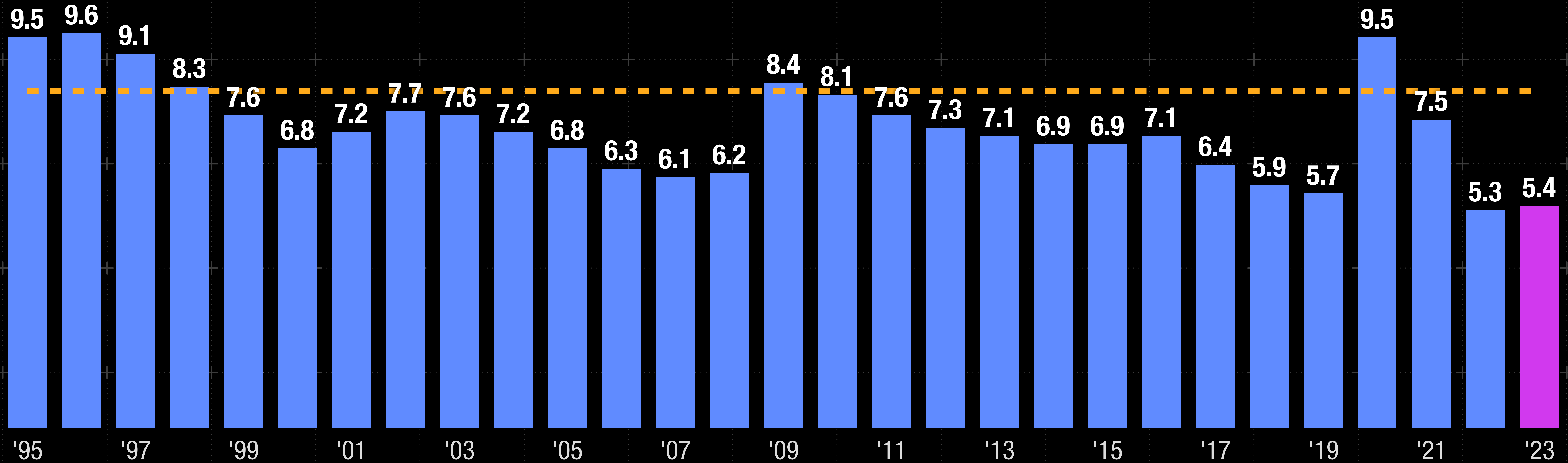
# 1. Gross Domestic Product



■ Real GDP, Year-Over-Year Change (Percentage)



# 2. Unemployment



-- Long-Term Average = 8.2%

■ Unemployment





# 3. Inflation



— CPI (Includes Energy and Food)    — Core CPI (Excludes Energy and Food)    — Target = 2%

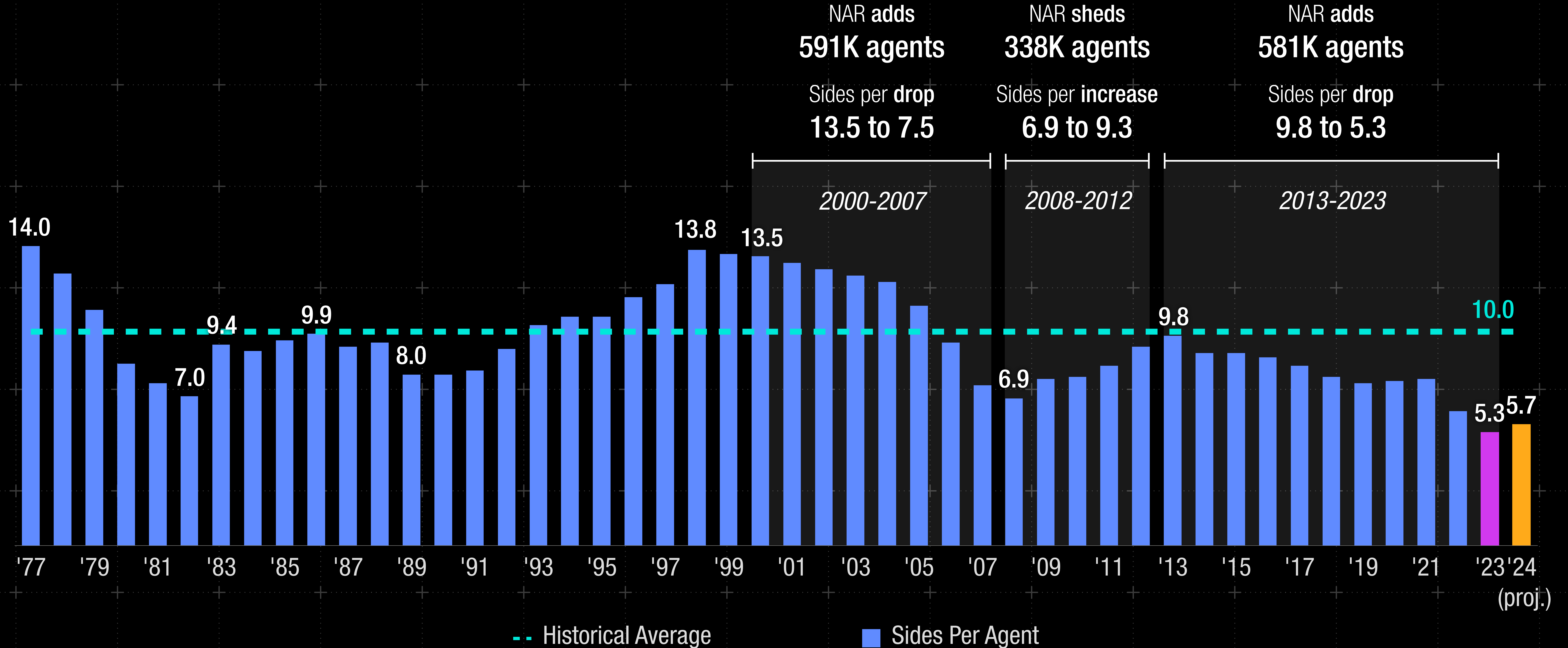


# U.S. Events

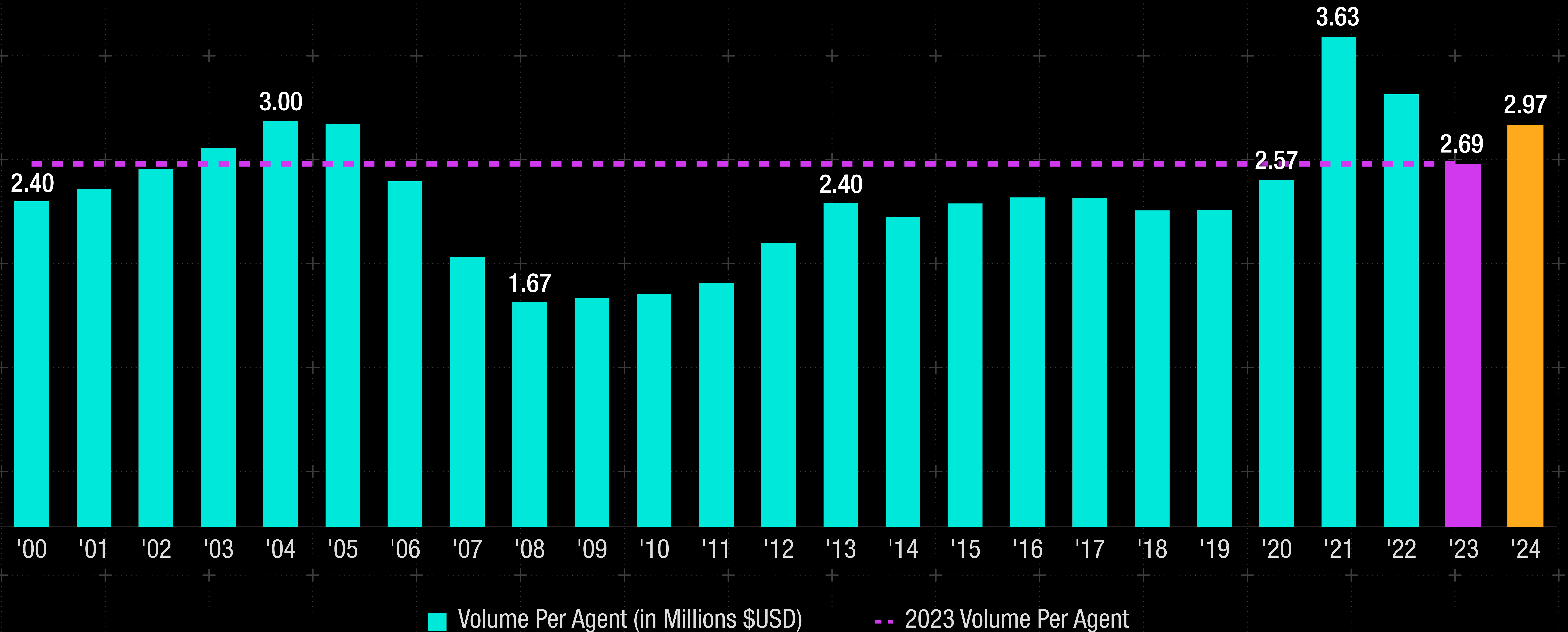
- 1. Sides Per Agent**
- 2. Volume Per Agent**
- 3. Listings with Price Drops**
- 4. New Listings**
- 5. Distressed Sales**
- 6. Credit Conditions**
- 7. New Homes**
- 8. Student Loan Debt**
- 9. Household Debt Service Ratio**
- 10. Economic Risks in 2023**



# 1. Sides Per Agent

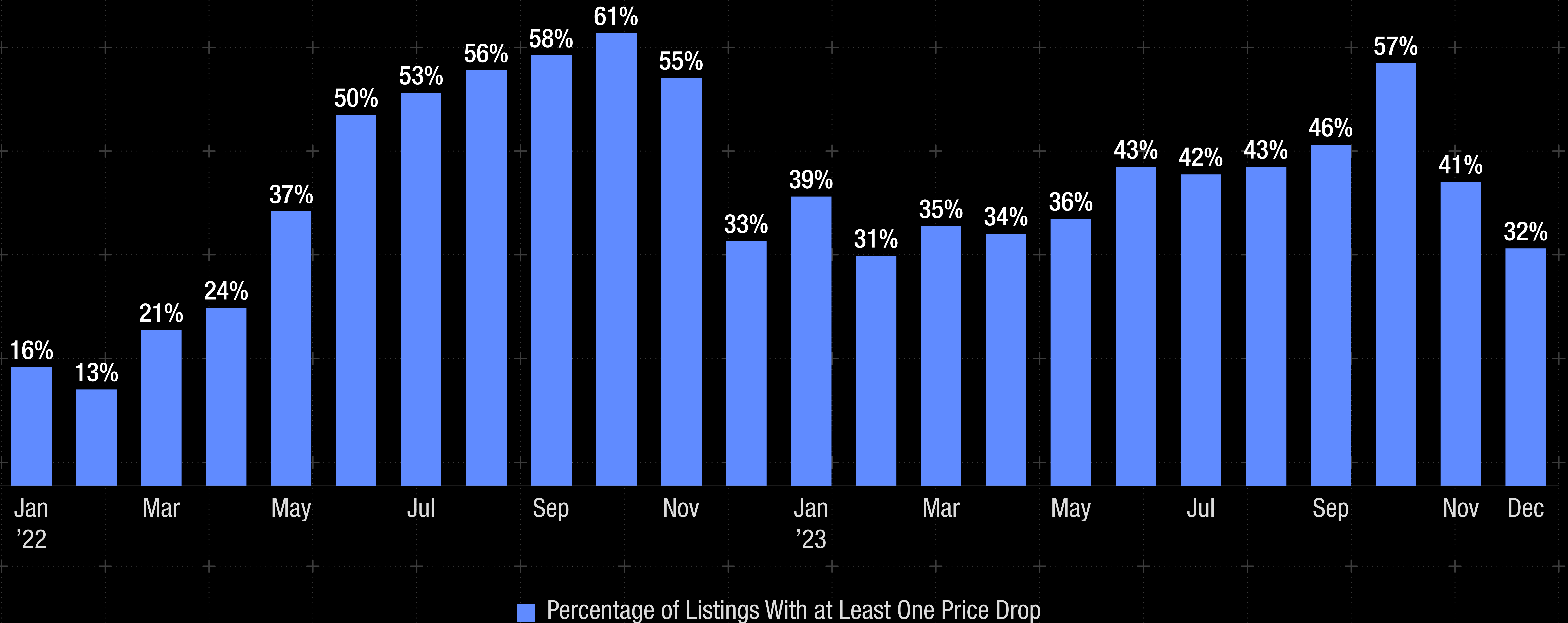


# 2. Volume Per Agent





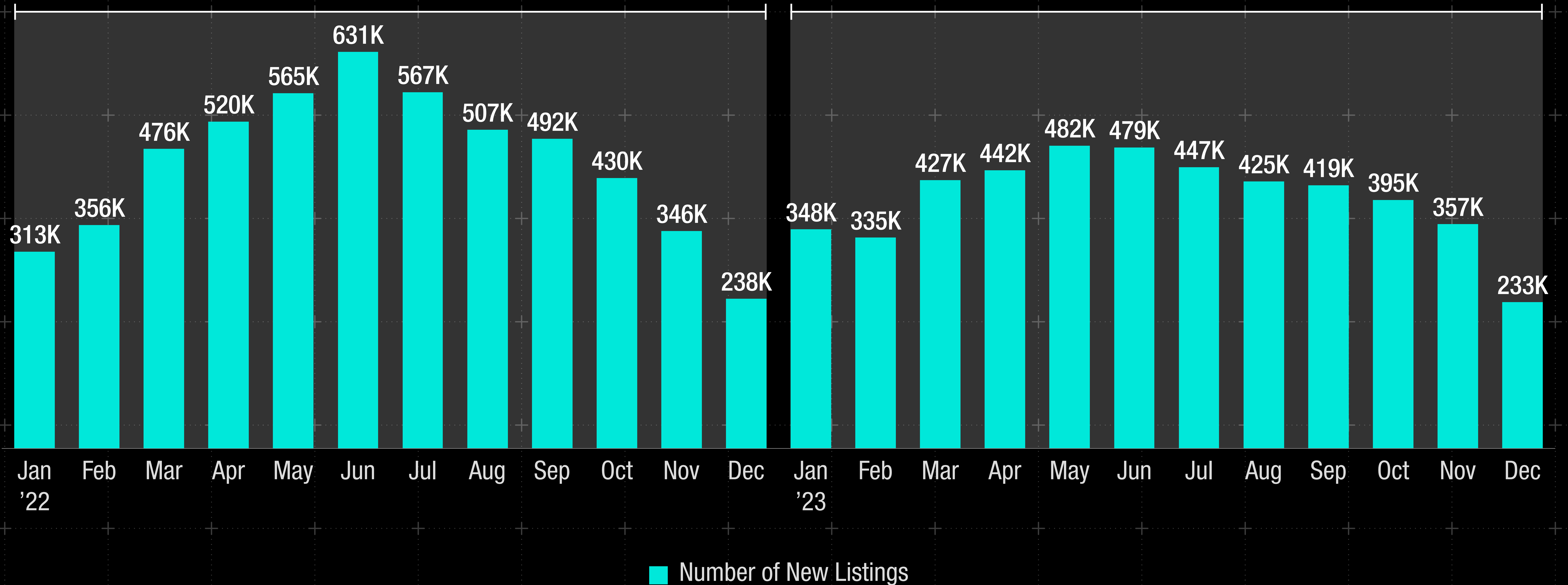
# 3. Listings With Price Drops - Percentage



# 4. New Listings

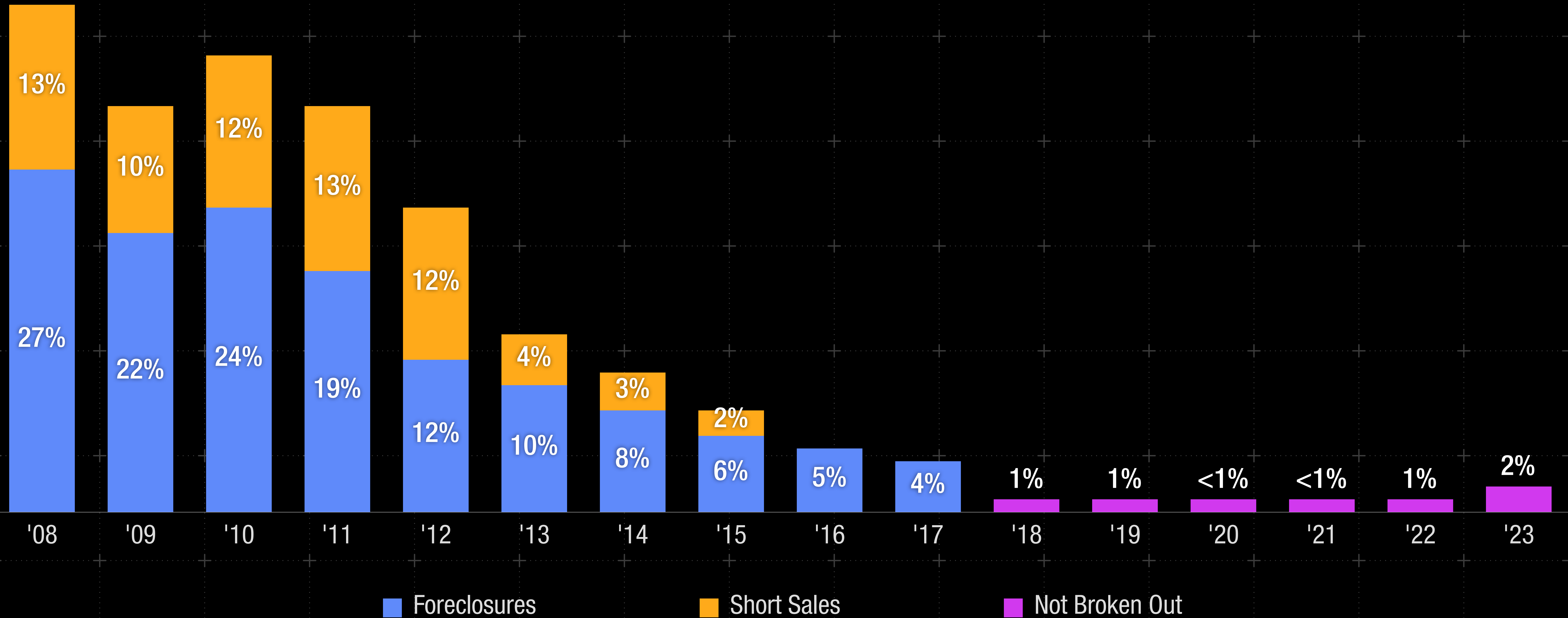
2022: 5.4M

2023: 4.8M

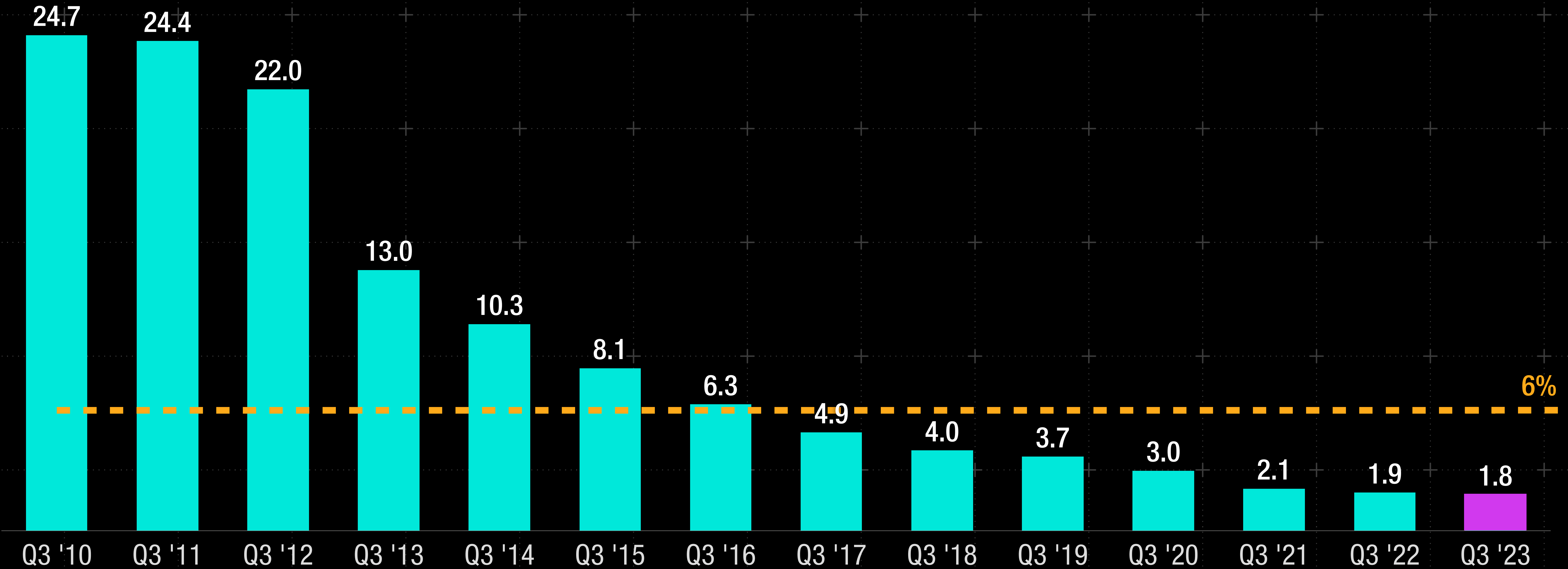




# 5.1. Distressed Sales



# 5.2. Underwater Homes

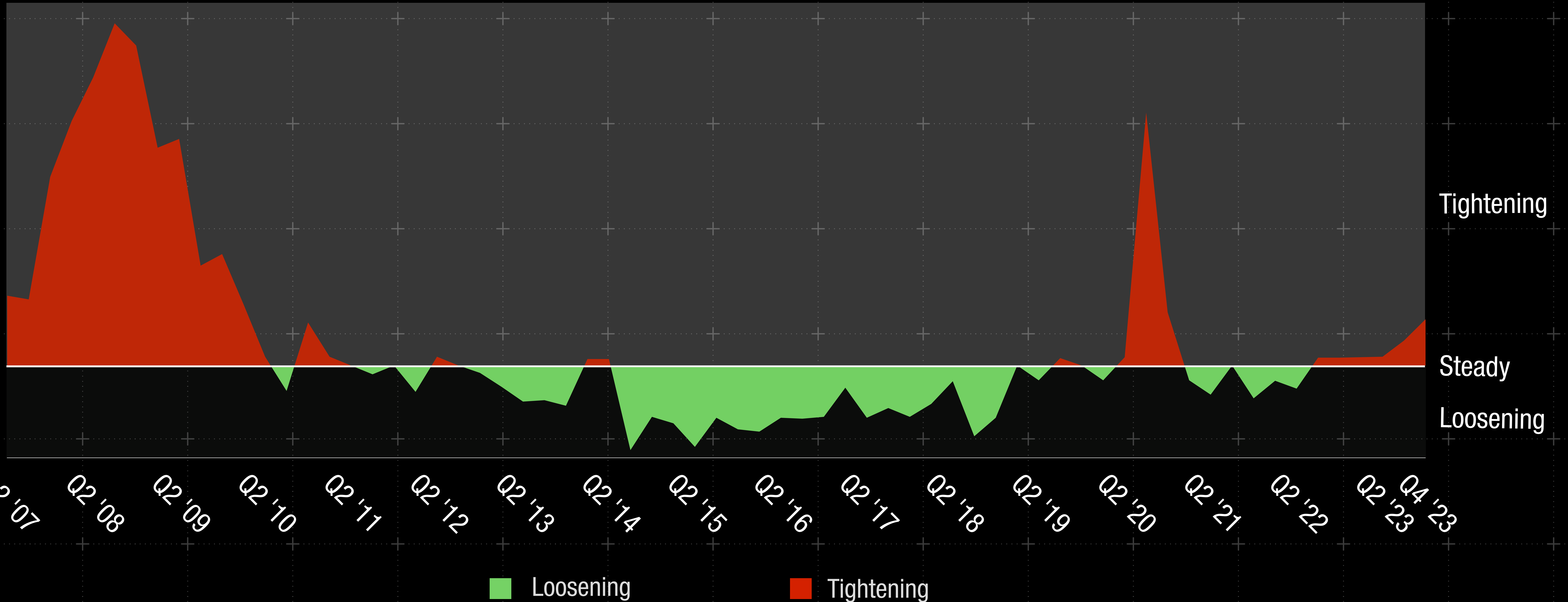


- - Historical Average

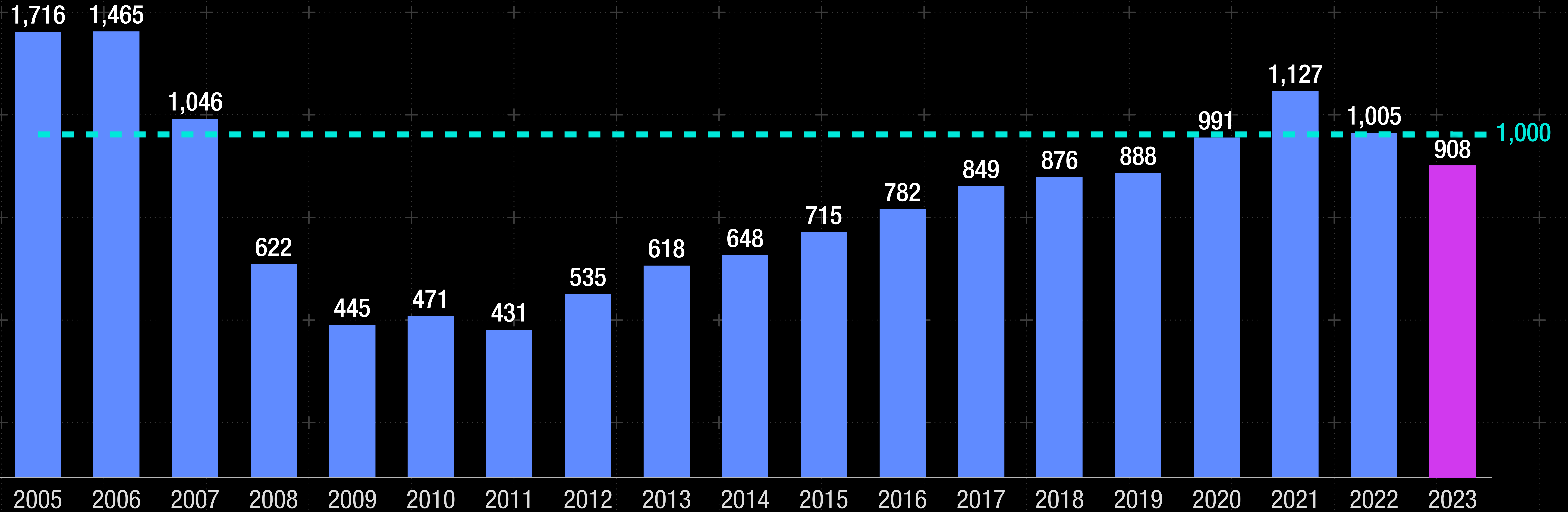
■ Underwater Homes (% of Mortgaged Homes)



# 6. Credit Conditions



# 7.1. New Home Starts

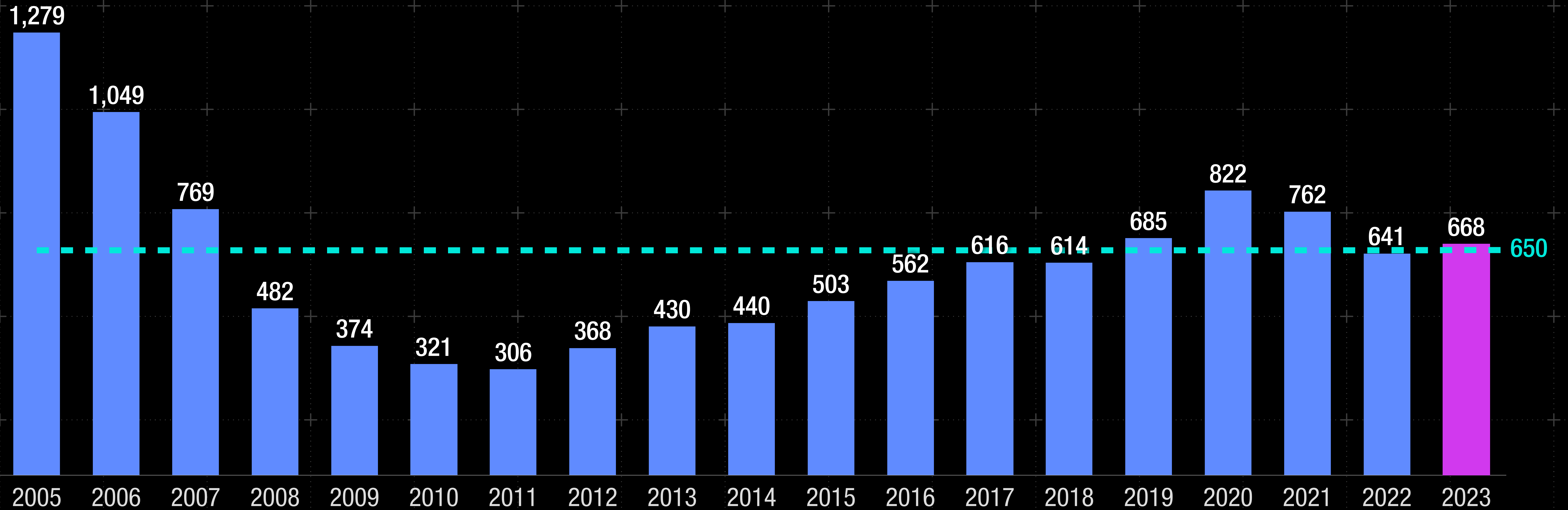


-- Long-Term Average

■ New Single-Family Home Starts (in Thousands)



# 7.2. New Home Sales



-- Long-Term Average

■ New Single-Family Home Sales (in Thousands)

# 8. Student Loan Debt

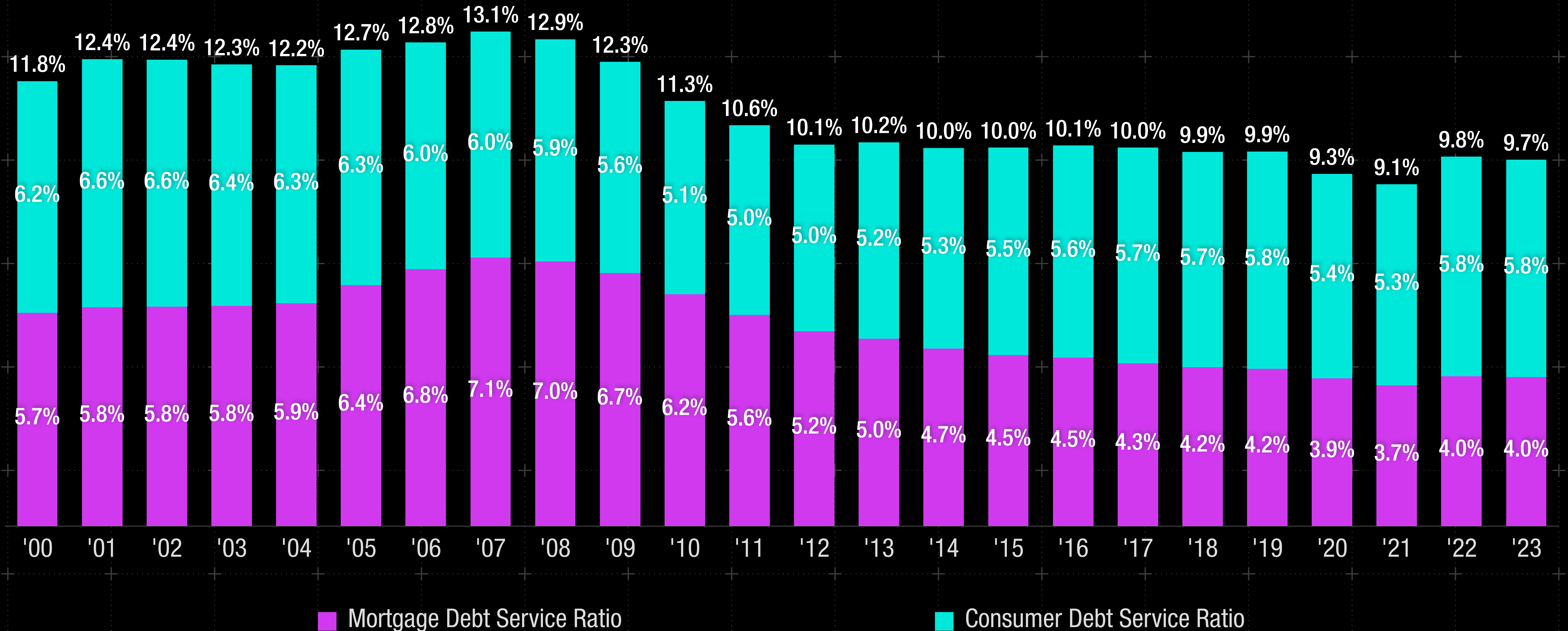


■ Student Loans (in Trillions)

■ All Other Consumer Debt (in Trillions; Excludes Mortgage)



# 9. Household Debt Service Ratio



# 10. Economic Risks in 2024

1. Ineffectual Governance
2. Global Conflicts – Political and Direct
3. Financial System Risks Stemming from Commercial Real Estate
4. Natural Disasters and Severe Weather Events



# Luxury

- 1. The World's Wealthy**
- 2. Allocation of Financial Investments**
- 3. Days on Market**
- 4. Listings With Price Drops**



# 1. The World's Wealthy

Year	Population of HNWI in North America, in Millions	Total Wealth of HNWI in North America, in Trillions
2008	2.7M	\$9.1T
2009	3.1M	\$10.7T
2010	3.4M	\$11.6T
2011	3.3M	\$11.4T
2012	3.7M	\$12.7T
2013	4.3M	\$14.9T
2014	4.7M	\$16.2T
2015	4.8M	\$16.6T
2016	5.2M	\$18.0T
2017	5.7M	\$19.8T
2018	5.7M	\$19.6T
2019	6.3M	\$21.7T
2020	7.0M	\$24.3T
2021	7.9M	\$27.7T
2022	7.4M	\$25.6T

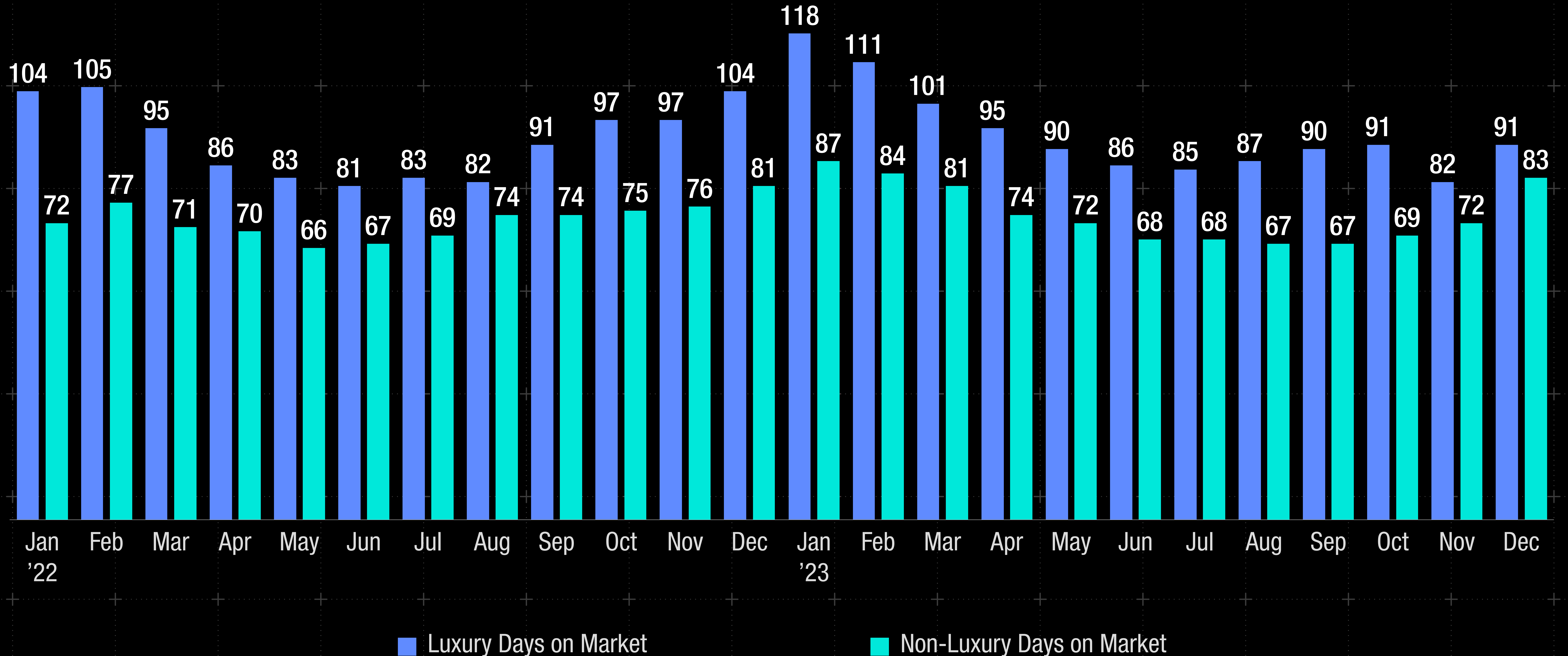
\*HNWI = High Net Worth Individuals



# 2. Allocation of Financial Investments

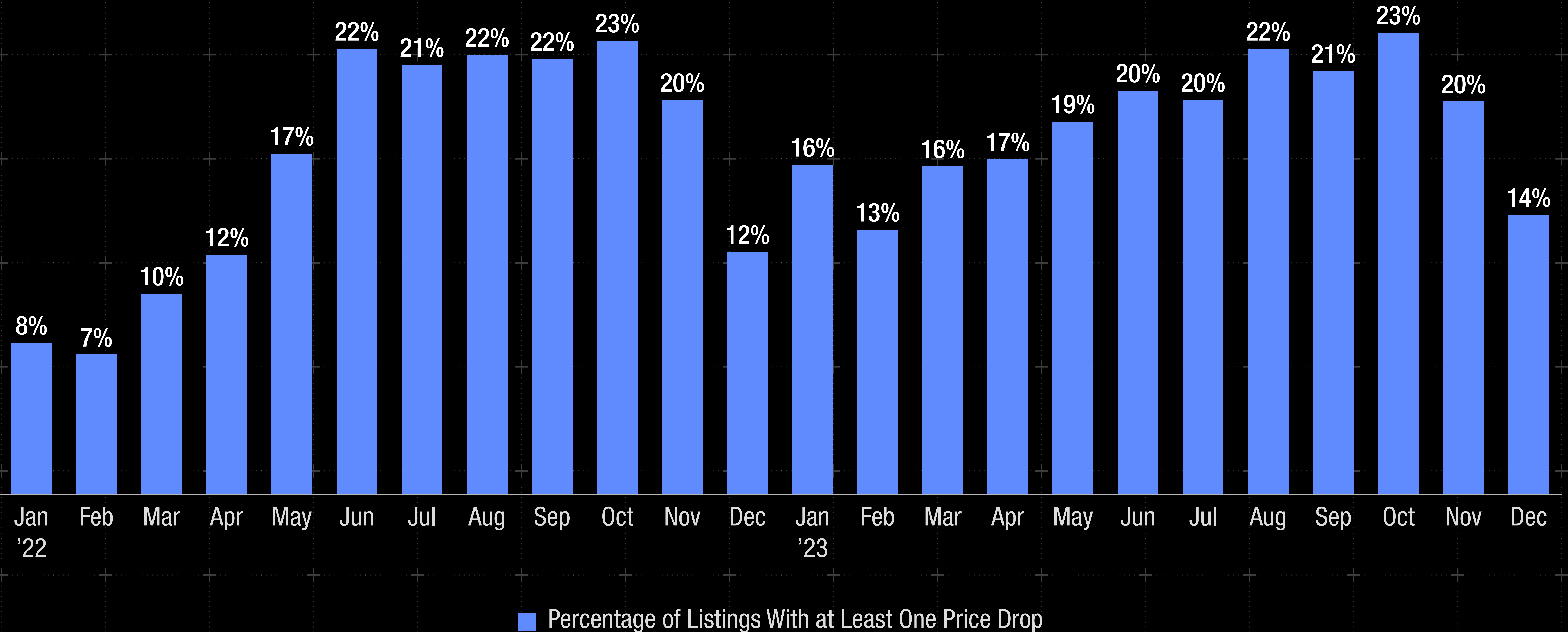
Year	Real Estate	Cash/Deposits	Fixed Income	Stock Market	Alt. Investments
2008	18%	21%	29%	25%	7%
2009	18%	17%	31%	29%	6%
2010	19%	14%	29%	33%	5%
2012	20%	28%	16%	26%	10%
2013	19%	27%	16%	25%	14%
2014	18%	26%	17%	27%	13%
2015	18%	24%	18%	25%	16%
2016	14%	27%	18%	31%	10%
2017	17%	27%	16%	31%	9%
2018	16%	28%	18%	26%	13%
2019	15%	25%	17%	30%	13%
2020	15%	24%	18%	30%	14%
2021	15%	24%	18%	29%	14%
2022	15%	34%	15%	23%	13%

# 3. Luxury: Days on Market





# 4. Luxury: Listings With Price Drops





# Commercial

- 1. Commercial Trends**
- 2. Multifamily Units Started**
- 3. Loan Delinquency Rates**



# 1. Commercial Trends

## 1. Office

- a. Highest vacancy rates on record.
- b. Declining rents.
- c. Most pressure on non Class A spaces as tenants move to quality.
- d. \$2.8T in commercial debt due in the next 4 years. Office is the most at risk.

## 2. Multifamily

- a. Downward pressure on rents from surge in construction over the last three years.

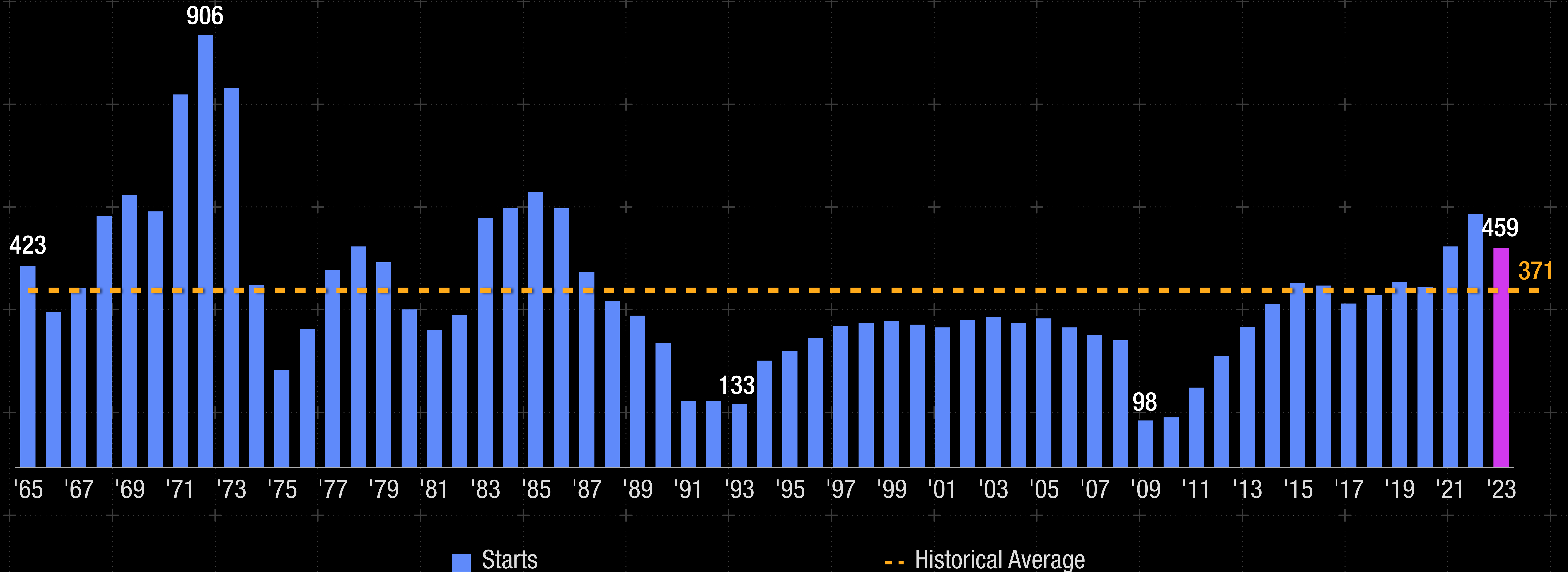
## 3. Retail

- a. Continuing transition to mixed-use and “consumer experience”-oriented spaces.
- b. Vacancy rates slightly above pre-pandemic levels.

## 4. Industrial

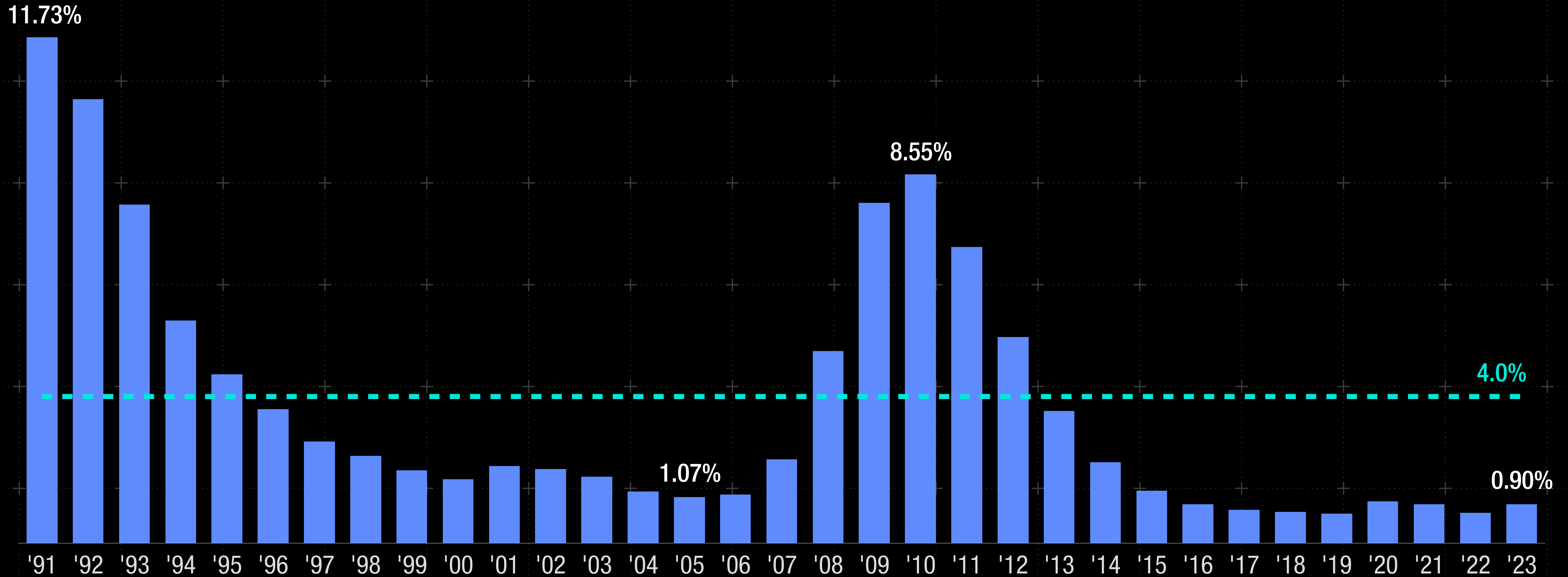
- a. Slight pullback after surge in pandemic-era ecommerce.
- b. Rent growth has slowed but remains positive.

# 2. Multifamily Units Started





# 3. Loan Delinquency Rates



-- Average '91 to present

■ Commercial Real Estate Loan Delinquency Rate

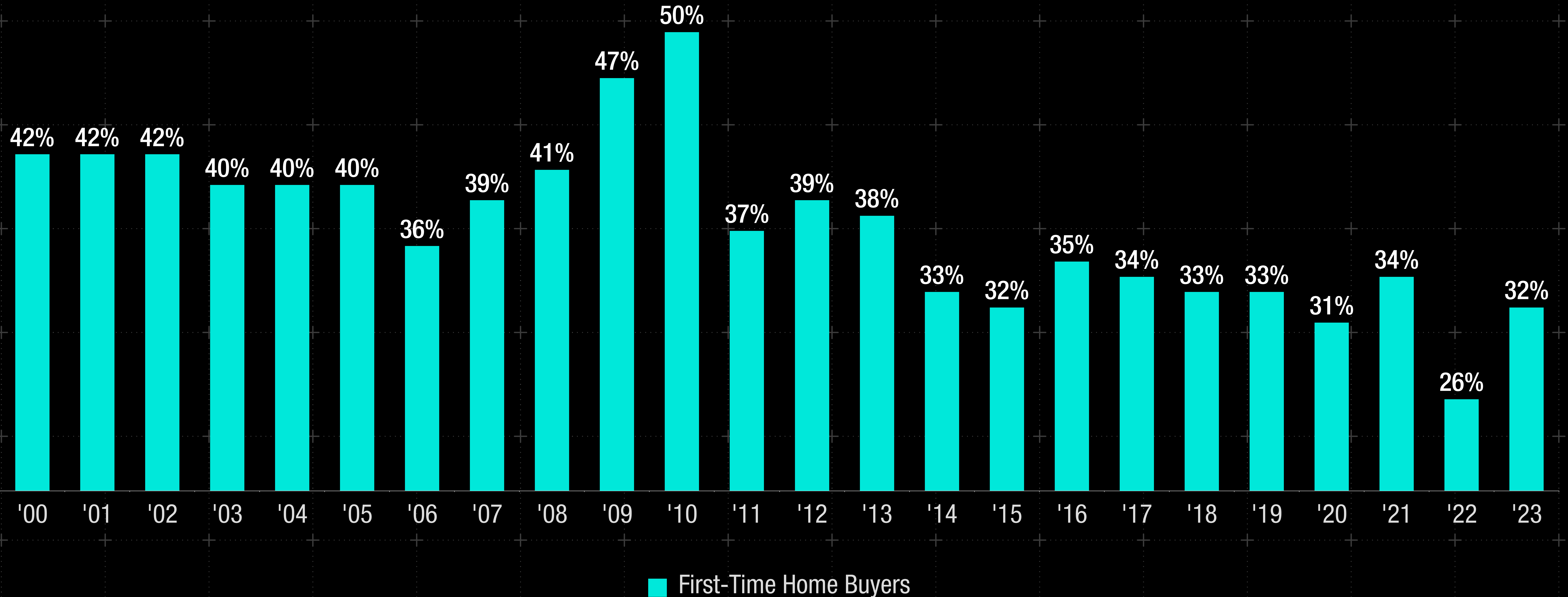
# **National Association of REALTORS®**

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*2023 Profile of Home Buyers and Sellers*



# First-Time Home Buyers



# Primary Reason for Purchasing a Home

	2006	2010	2017	2018	2019	2020	2021	2022	2023
Desire to own a home	32%	31%	30%	29%	29%	27%	28%	22%	26%
Desire for a larger home	14	9	10	9	9	10	11	7	11
Desire to be closer to family/friends	*	5	8	8	9	9	10	16	12
Change in family situation	9	8	8	7	8	8	7	6	8
Job-related relocation or move	12	7	8	8	7	6	5	6	6
Desire for a smaller home	5	3	5	5	6	6	5	8	6
Retirement	4	3	5	5	5	5	5	8	5
Desire to be closer to job/school/transit	7	3	4	3	3	3	2	1	3
Establish a household	*	2	2	2	3	2	3	2	2
Affordability	*	6	3	2	2	3	2	2	2
Financial Security	*	1	2	2	2	2	2	2	2
Desire for a newly built or custom-built home	N/A	N/A	2	2	2	2	2	1	2
Desire for a home in a better area	8	5	7	7	7	6	7	8	1

\* Less than 1%



# Tenure in Previous Home

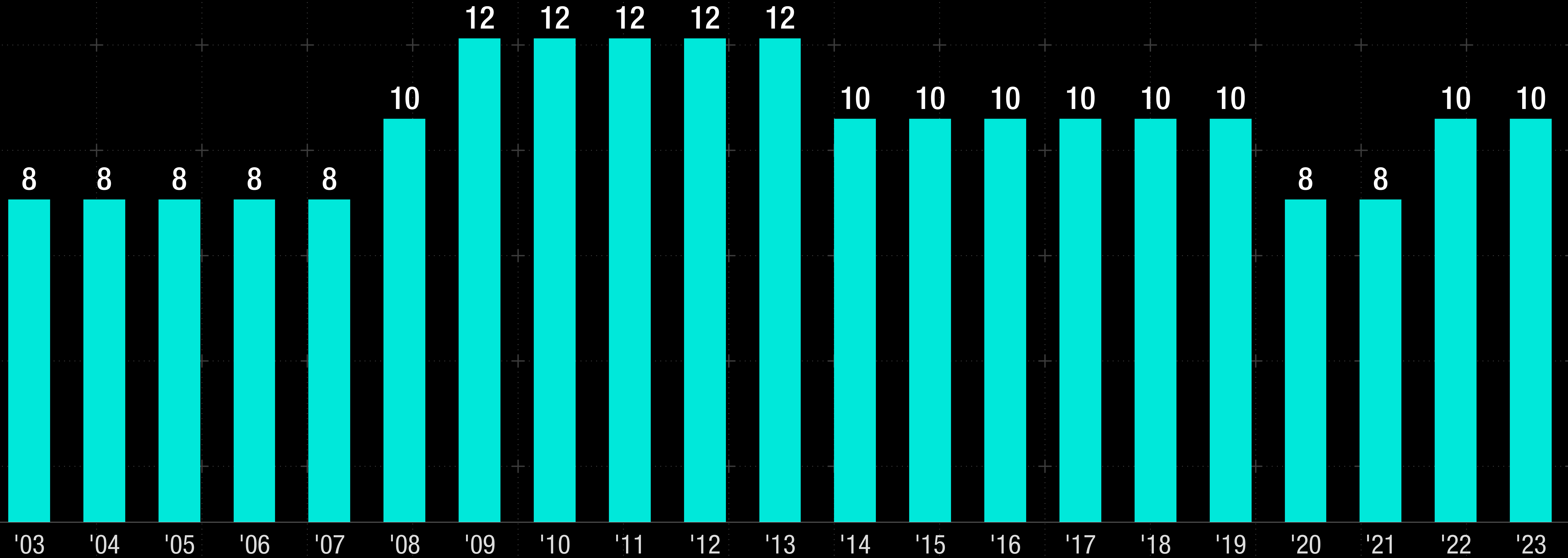
	2007	2010	2017	2018	2019	2020	2021	2022	2023
1 year or less	6%	3%	4%	9%	4%	4%	8%	4%	2%
2 to 3 years	23	8	10	15	13	11	16	10	12
4 to 5 years	17	16	12	12	14	14	14	13	14
6 to 7 years	13	18	10	8	11	12	10	12	12
8 to 10 years	13	17	14	12	10	11	9	12	11
11 to 15 years	12	17	21	17	16	16	15	13	13
16 to 20 years	7	8	11	11	12	13	11	10	11
21 years or more	10	13	17	16	19	20	18	25	25
Median	6	8	10	9	10	10	8	10	10

# Buyer's Expected Tenure

	2006	2010	2017	2018	2019	2020	2021	2022	2023
1 year or less	1%	1%	1%	1%	1%	1%	2%	3%	2%
2 to 3 years	11	3	3	5	5	5	5	5	5
4 to 5 years	18	12	9	14	14	14	16	15	13
6 to 7 years	7	3	3	4	4	4	4	2	4
8 to 10 years	12	13	14	22	20	23	23	17	22
11 to 15 years	6	5	6	10	10	9	9	8	8
16 to 20 years	20	22	27	43	45	44	41	50	45
Don't Know	24	42	36	1	1	1	1	1	1
Median	8	10	15	15	15	15	12	15	15



# Weeks in Home Search



# First Step in Buying Process

	2007	2010	2017	2018	2019	2020	2021	2022	2023
Looked online for properties for sale	32%	36%	42%	44%	44%	43%	41%	52%	41%
Contacted a real estate agent	20	19	17	17	16	18	19	19	20
Looked online for information about the buying process	12	11	12	11	12	9	10	6	11
Contacted a bank or mortgage lender	7	8	8	7	7	7	9	7	8
Talked with a friend or relative about buying process	9	7	6	6	6	7	7	4	7
Drove by homes/neighborhoods	1	7	6	6	5	6	5	5	4
Visited open houses	7	4	3	4	4	4	2	1	3
Contacted builder/visited builder models	1	1	1	1	1	2	2	1	2
Contacted a home seller directly	2	1	1	1	1	2	1	2	2
Looked up neighborhood information	*	*	1	1	1	1	1	2	2
Attended a home buying seminar	1	2	1	1	1	1	1	*	1
Looked in newspapers, magazines, or home buying guides	5	2	1	1	1	1	*	*	*

\* Less than 1%



# Information Sources Buyers Use

	2006	2010	2017	2018	2019	2020	2021	2022	2023
Real estate agent	85%	88%	89%	86%	87%	87%	87%	86%	88%
Mobile or tablet search device	N/A	N/A	74	73	73	76	74	73	72
Open house	47	45	52	53	51	53	41	28	50
Online video site	N/A	N/A	39	37	35	41	40	40	38
Yard sign	63	57	48	46	39	41	35	39	33
Home builder	26	16	19	18	15	18	19	9	17
Print newspaper advertisement	55	36	15	13	11	10	7	12	6
Home book or magazine	34	23	12	10	7	8	6	7	5
Billboard	9	5	5	5	4	4	4	2	4
Television	11	7	2	3	3	3	2	2	3
Relocation company	5	3	3	3	3	3	2	2	2

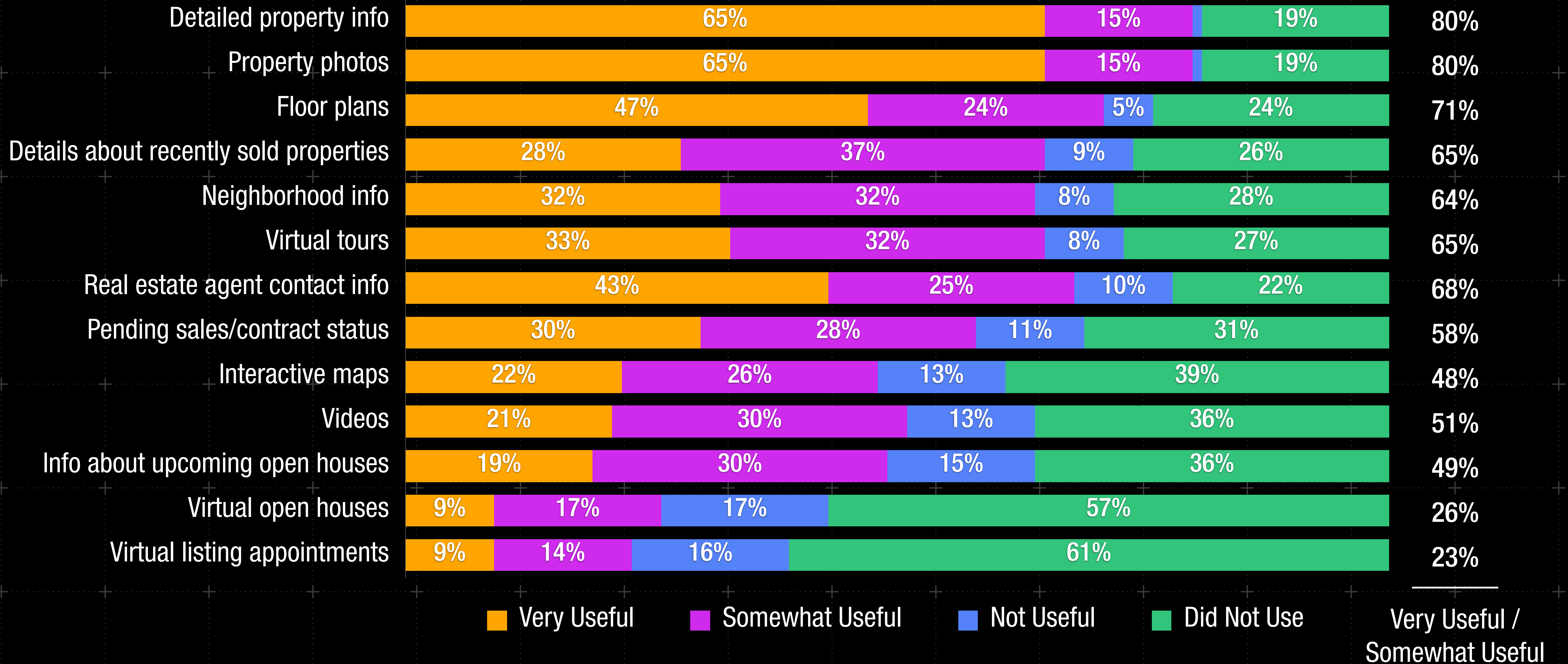
# Where Buyers Found the Home They Purchased

	2006	2010	2017	2018	2019	2020	2021	2022	2023
Internet	24%	37%	49%	50%	52%	51%	51%	51%	52%
Real estate agent	36	38	31	28	29	28	28	29	28
Home builder or their agent	8	4	6	5	4	5	6	1	6
Friend, relative, or neighbor	8	6	6	7	6	6	6	10	4
Yard sign/Open house sign	15	11	7	7	6	7	4	4	4
Directly from sellers/Knew the sellers	3	2	2	3	3	3	3	5	3
Print newspaper advertisement	5	2	1	1	*	*	*	*	*
Home book or magazine	1	*	*	*	*	*	*	*	*
Other	*	*	*	*	*	*	*	*	*

\* Less than 1%

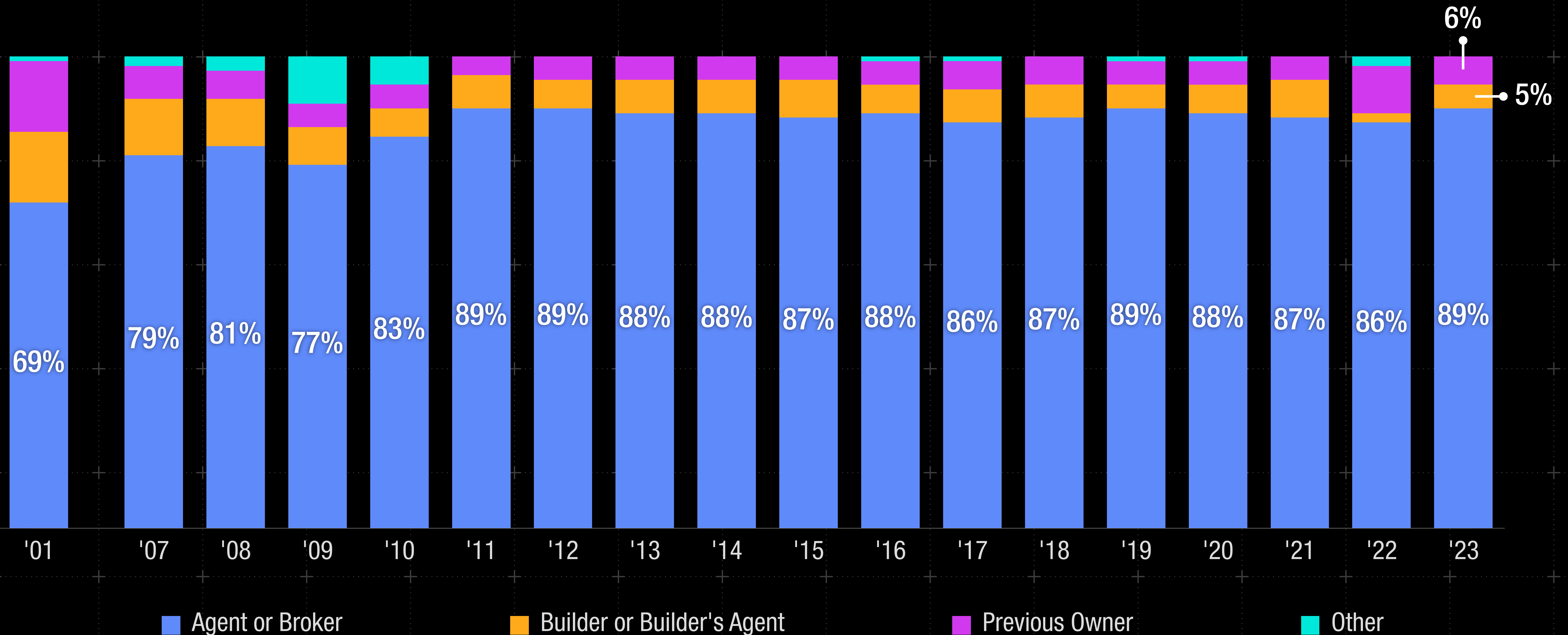


# Value of Website Features





# Method of Home Purchase

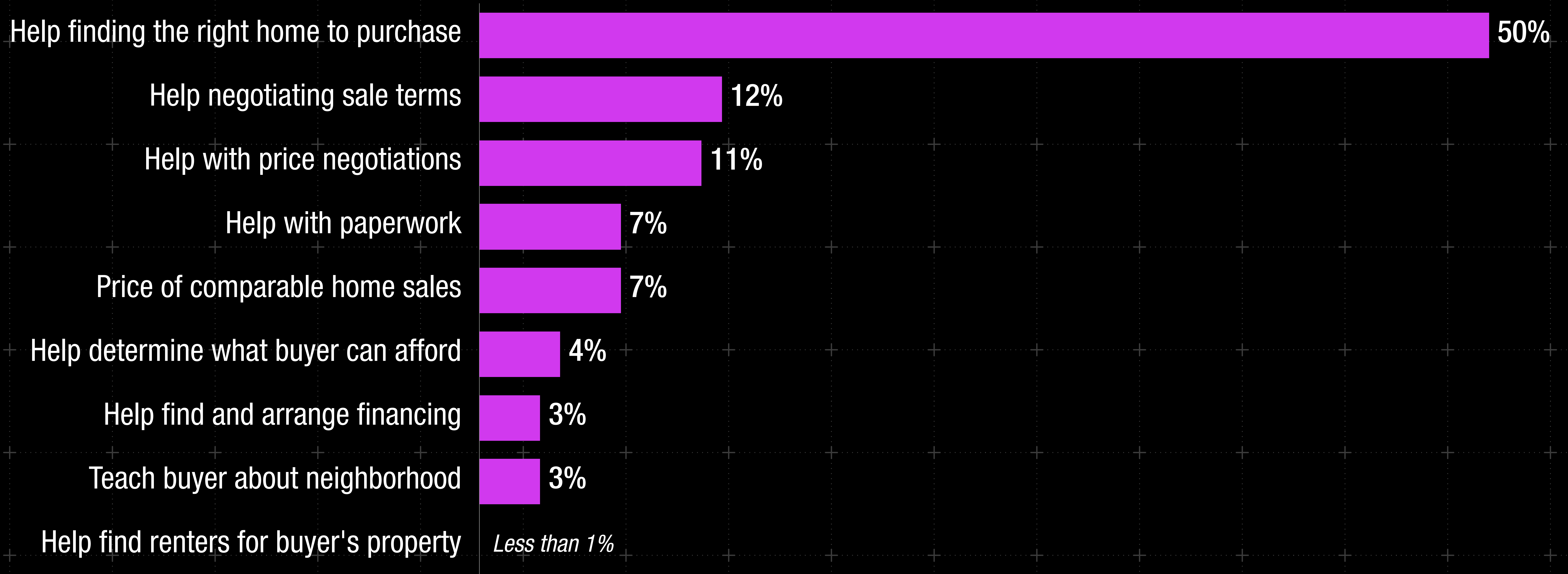




# Buyer Representation Agreement

	2006	2010	2017	2018	2019	2020	2021	2022	2023
Yes, a written arrangement	44%	40%	40%	40%	39%	40%	40%	35%	41%
Yes, an oral arrangement	20	17	17	16	19	17	17	18	17
No	26	29	28	31	28	28	27	34	26
Don't know	11	13	15	14	14	15	16	14	16

# What Buyers Want from Their Agent





# How Buyers Found Their Agent

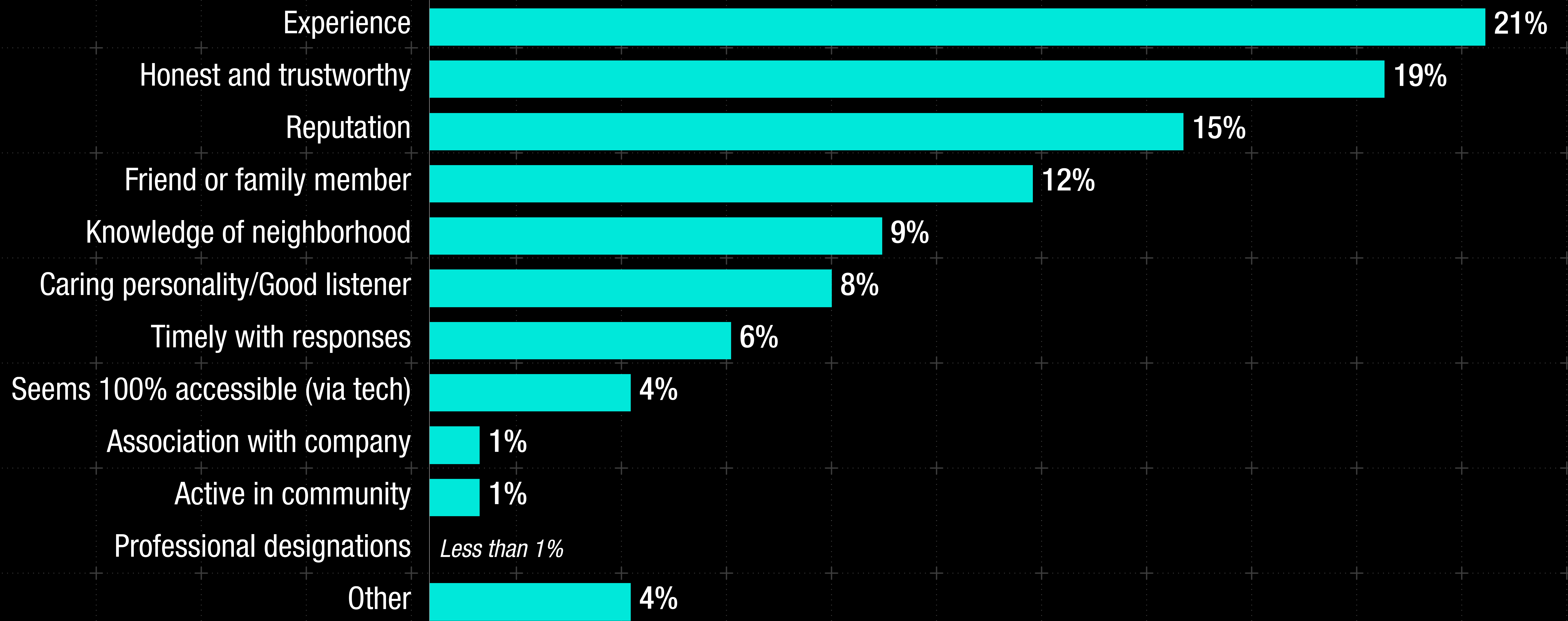
	2006	2010	2017	2018	2019	2020	2021	2022	2023
Referred by (or is) a friend, neighbor, or relative	40%	48%	42%	41%	41%	40%	47%	38%	43%
Used agent previously to buy or sell a home	13	9	12	12	12	13	13	12	13
Inquired about specific property viewed online	N/A	N/A	N/A	7	7	7	7	10	7
Website	7	10	9	6	5	6	7	9	7
Referred by another real estate agent or broker	5	3	5	5	6	5	5	6	5
Saw contact information on for sale/open house sign	7	6	4	4	3	3	5	9	5
Visited an open house and met agent	7	7	6	5	5	6	4	3	5
Personal contact by agent (telephone, email, etc.)	3	3	4	3	4	4	3	5	3
Referred through employer or relocation company	4	3	2	2	2	2	2	1	2
Walked into or called office and agent was on duty	4	5	2	1	1	1	1	2	1
Mobile or tablet application	N/A	N/A	1	1	1	1	1	1	1
Other	7	7	11	11	11	10	6	2	6

# Buyer Interviews

	2006	2010	2017	2018	2019	2020	2021	2022	2023
<b>One</b>	65%	64%	70%	68%	75%	73%	73%	67%	71%
<b>Two</b>	20	21	17	20	15	16	16	17	17
<b>Three</b>	10	10	8	8	7	7	7	9	7
<b>Four or more</b>	5	6	6	5	3	4	4	7	4

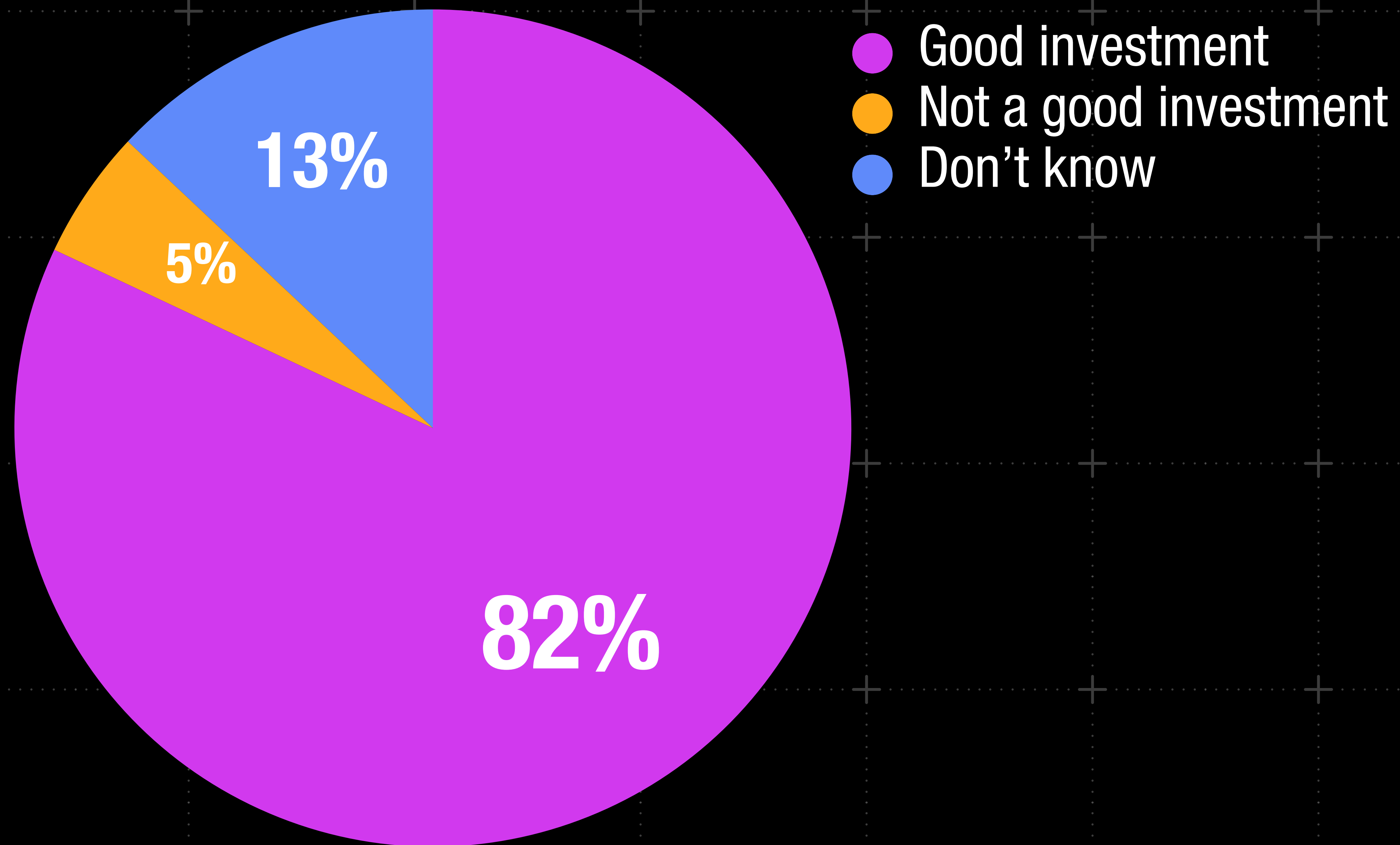


# Most Important Factors for Buyers

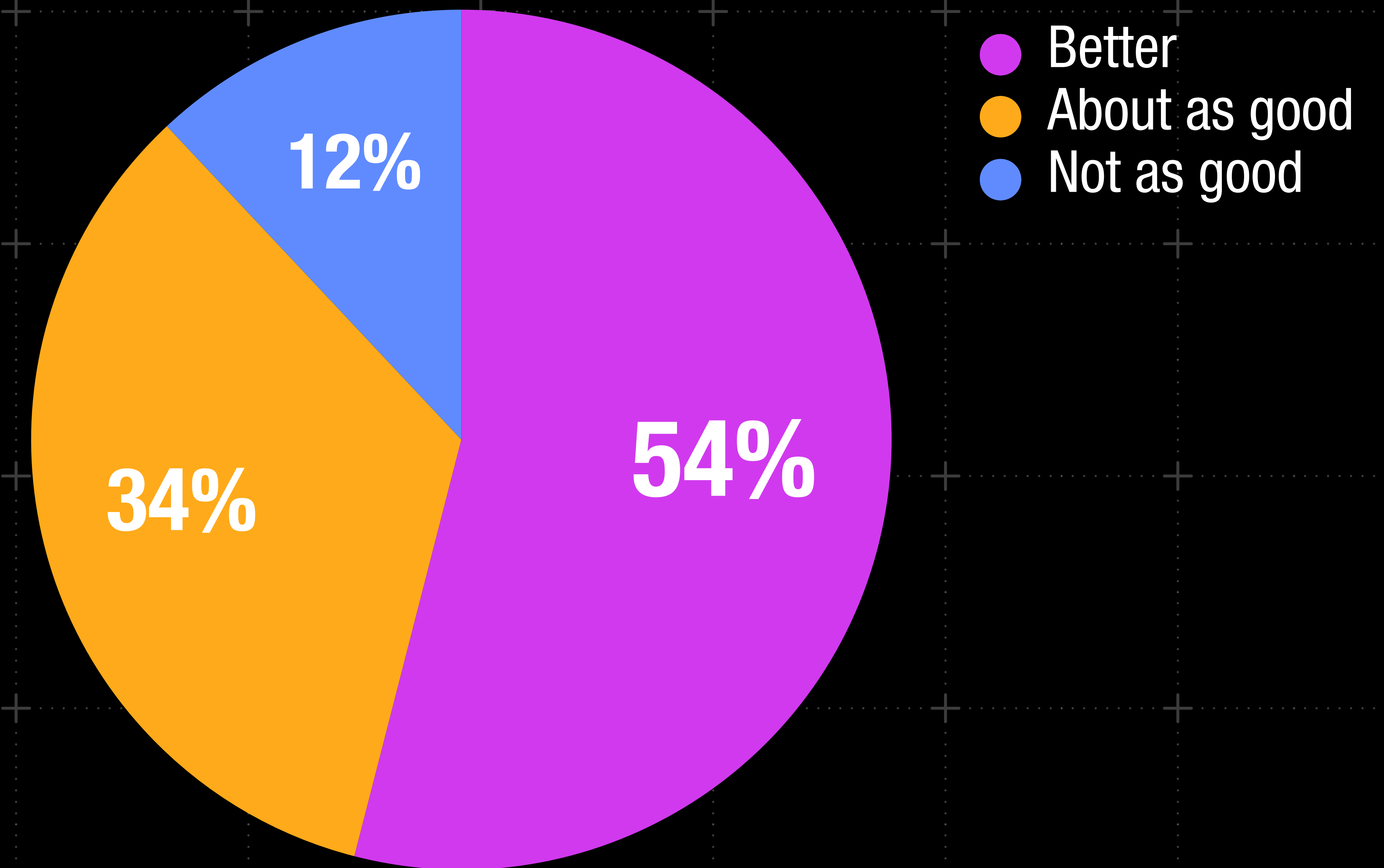


# Home as a Financial Investment

Is real estate a good financial investment?

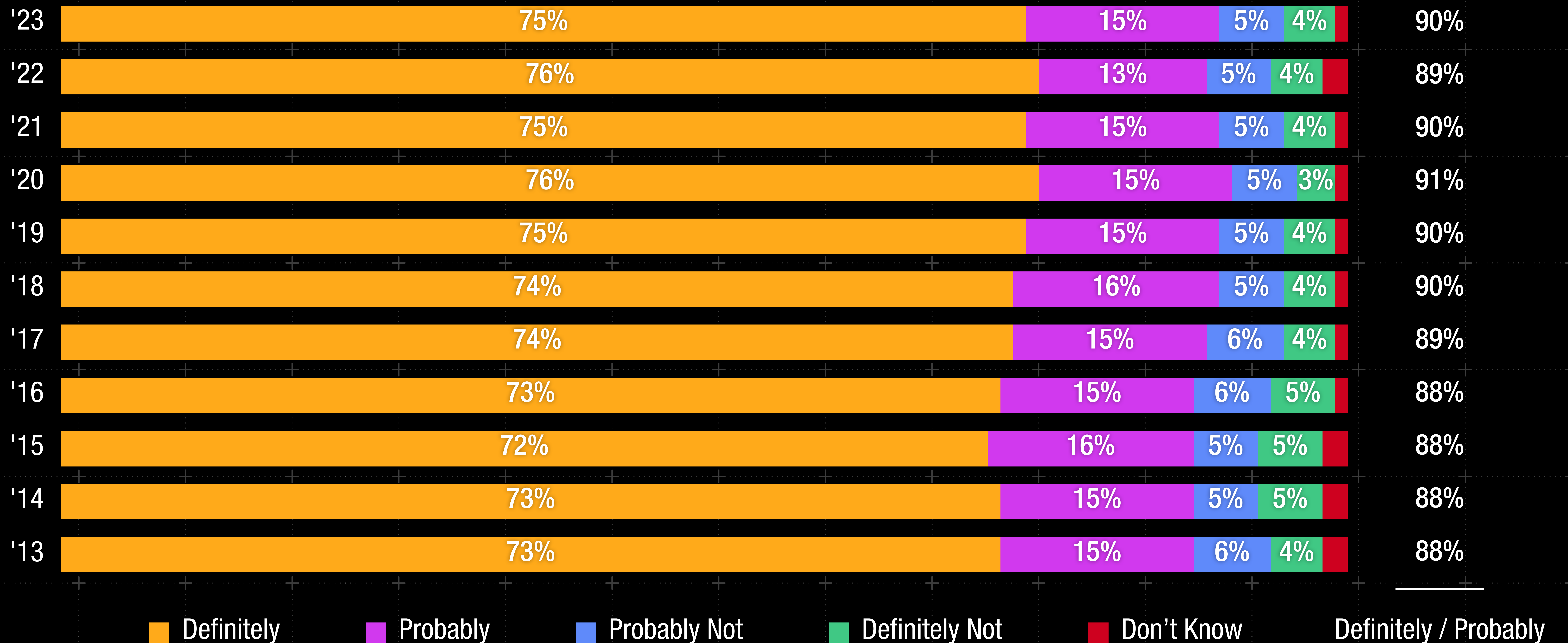


Is real estate a better investment than stocks?

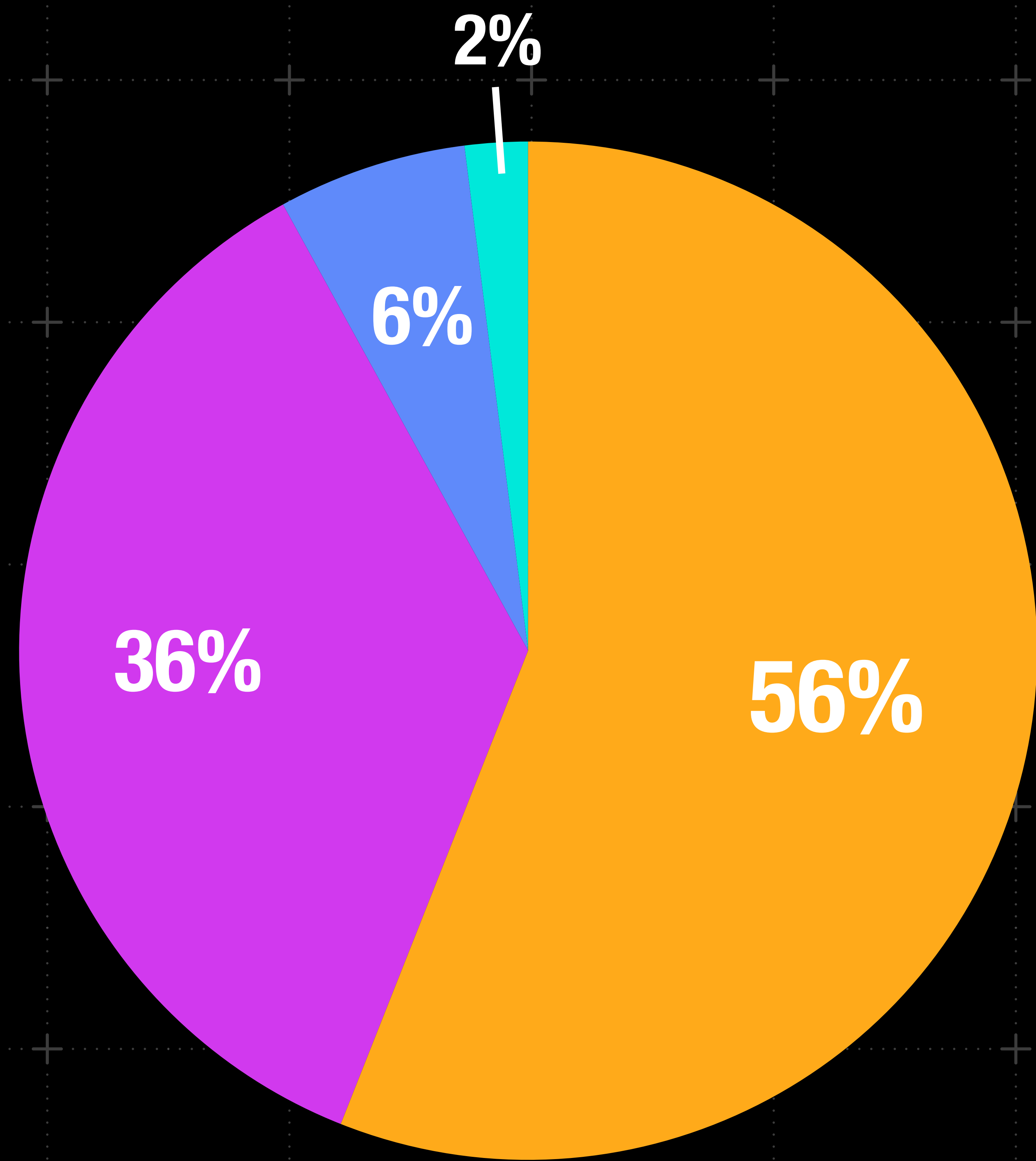




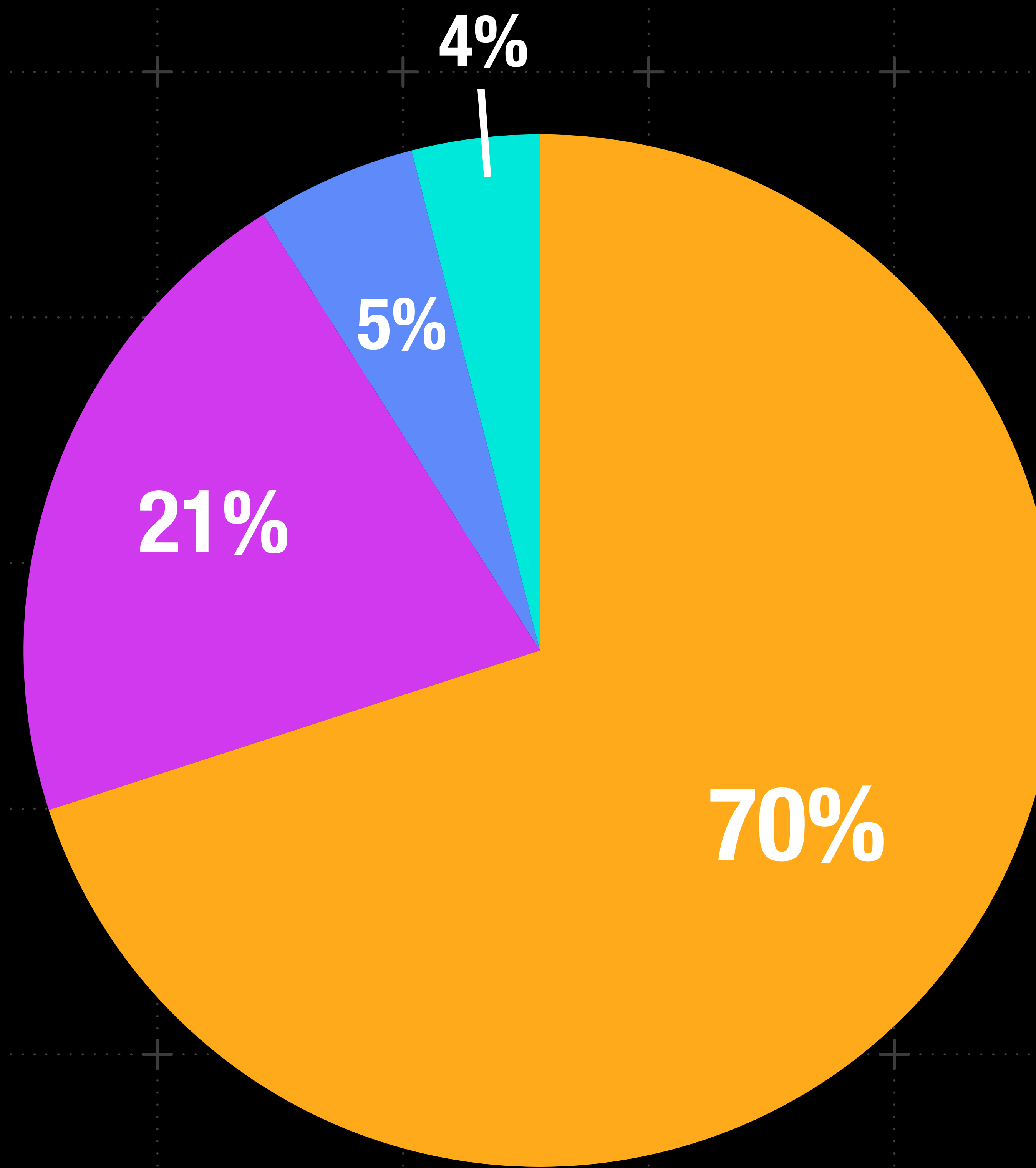
# Buyer: Repeats and Referrals



# Buyer and Seller Satisfaction



Buyer Satisfaction



Seller Satisfaction

- Very satisfied
- Somewhat satisfied
- Somewhat dissatisfied
- Very dissatisfied



# How Sellers Found Their Agent

	2006	2010	2017	2018	2019	2020	2021	2022	2023
Referred by (or is) a friend, neighbor, or relative	44%	41%	41%	39%	39%	41%	39%	36%	39%
Used agent previously to buy or sell a home	30	23	23	24	27	26	29	27	26
Website	2	4	5	4	4	5	3	5	5
Personal contact by agent (telephone, email, etc.)	5	4	5	5	5	4	4	5	4
Referred by another real estate agent or broker	4	4	3	3	3	4	4	5	4
Visited an open house and met agent	5	4	4	4	3	3	2	1	3
Direct mail (newsletter, flier, postcard, etc.)	3	2	2	2	1	1	1	3	2
Saw contact information on for sale/open house sign	*	3	2	2	2	1	2	2	1
Referred through employer or relocation company	3	3	2	2	2	1	1	1	1
Walked into or called office and agent was on duty	*	*	1	2	1	1	1	2	1
Other	2	6	10	12	10	11	15	12	11

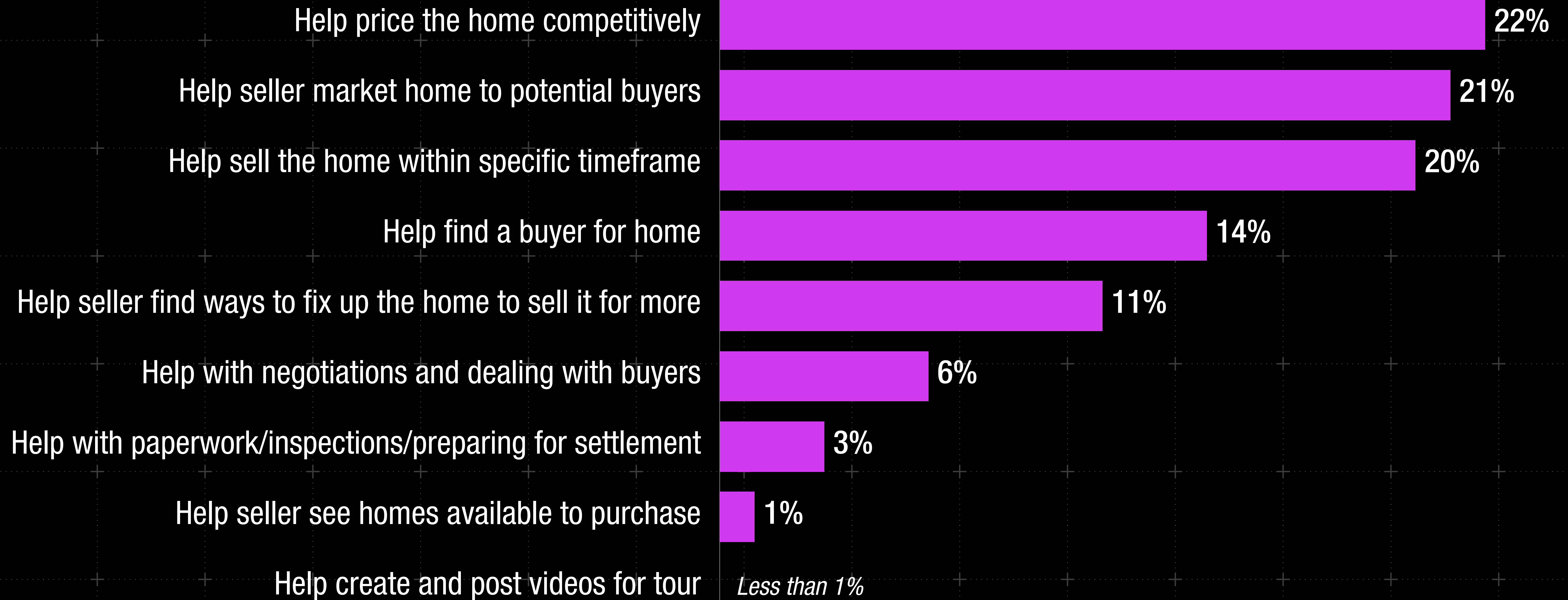
\* Less than 1%

# Seller Interviews

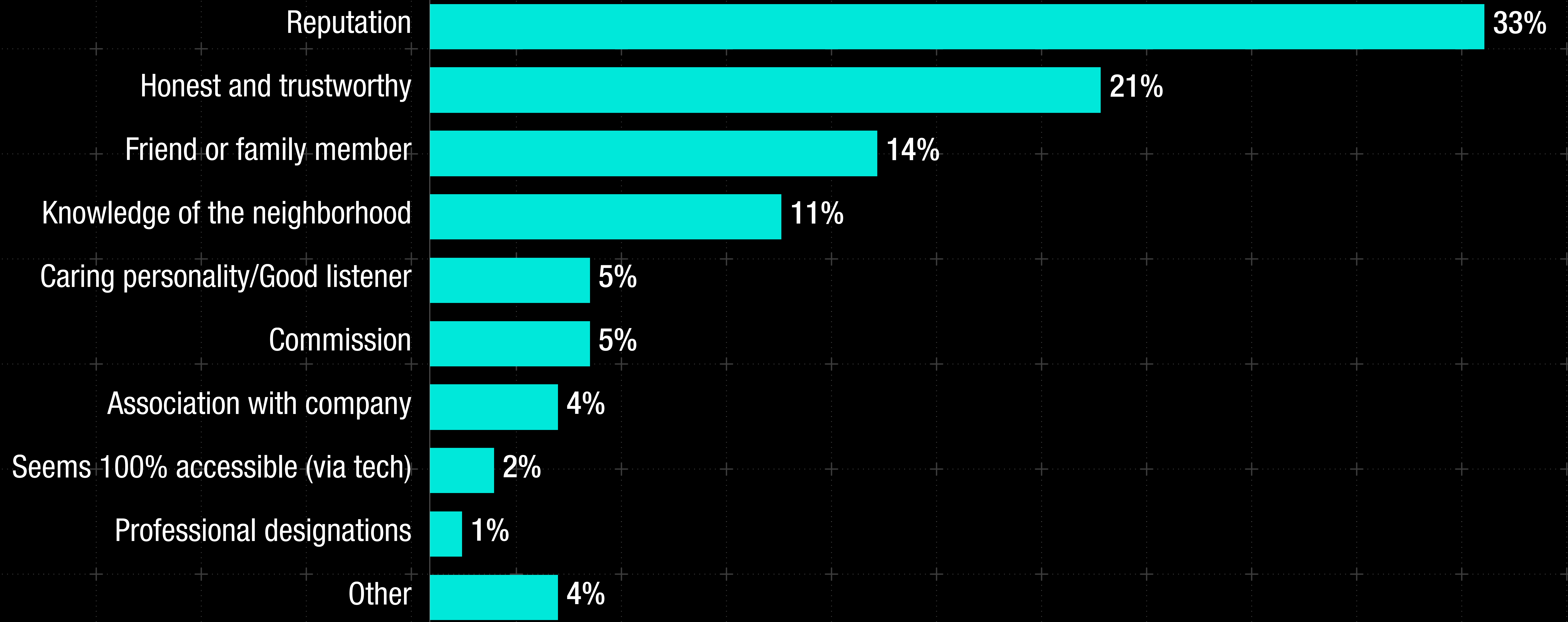
	2006	2010	2017	2018	2019	2020	2021	2022	2023
<b>One</b>	69%	66%	74%	75%	75%	77%	82%	80%	81%
<b>Two</b>	18	19	15	13	15	13	10	11	12
<b>Three</b>	9	10	7	8	8	7	5	7	6
<b>Four or more</b>	4	6	3	3	3	4	3	1	2



# What Sellers Want from Their Agent

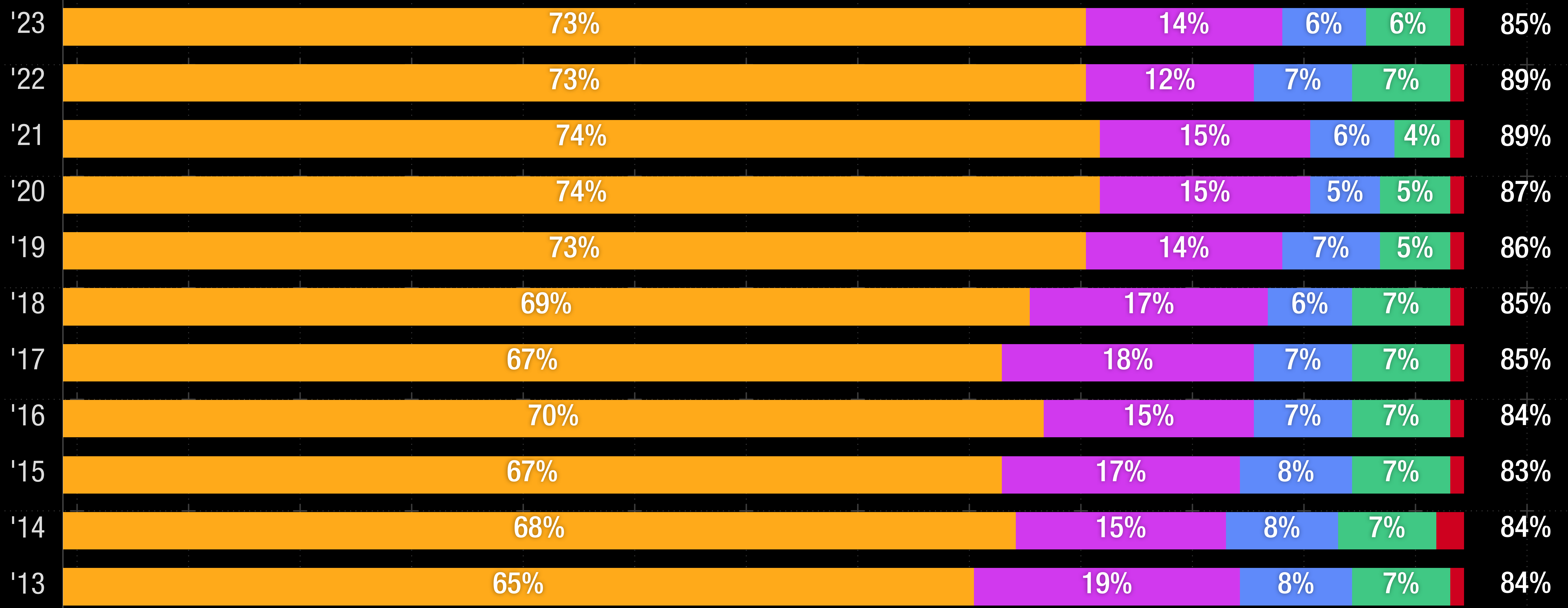


# Most Important Factors for Sellers





# Seller: Repeats and Referrals



■ Definitely    
 ■ Probably    
 ■ Probably Not    
 ■ Definitely Not    
 ■ Don't Know    
 \_\_\_\_\_ Definitely / Probably

# Method Used to Sell Home

	2006	2010	2017	2018	2019	2020	2021	2022	2023
Sold home using an agent or broker	84%	88%	89%	91%	89%	89%	90%	86%	89%
For sale by owner (FSBO)	12	9	8	7	8	8	7	10	7
Sold home to a home-buying company	1	1	*	1	1	1	1	1	2
Sold through an iBuyer program	N/A	N/A	N/A	N/A	N/A	*	*	1	N/A
Other	3	3	2	1	2	2	2	2	2

\* Less than 1%



# Incentives Offered to Attract Buyers

	2010	2017	2018	2019	2020	2021	2022	2023
None	56%	63%	66%	66%	67%	74%	80%	77%
Home warranty policies	25	21	18	17	17	13	8	9
Assistance with closing costs	20	16	13	14	14	9	7	7
Credit toward remodeling or repairs	5	8	7	8	8	7	8	6
Other incentives (car, TV, etc.)	4	4	4	3	3	2	2	3
Other	5	4	4	4	4	3	3	3



# VISION

2024

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