SEPTEMBER JOBS REPORT AND THE REAL ESTATE MARKET

Hello everyone. Thank you once again for joining us here at Seifried & Brew for our weekly briefing. I am Jamie Sumner, Chief Analyst. For this week's briefing, we want to look at the ***job report*** that came out last Friday as well as some of the real estate market information that has been coming out over the past couple of weeks.

So, we will start off by looking at this jobs reports (Slide 2) heavily impacted by Hurricanes Irma and Harvey. As you can see, the number of jobs lost this month was 33,000 jobs, so we lost 33,000 jobs. Not too surprising as we look into the overall numbers in here (Slide 3). We dig down here and we can see we lost around 111,000 jobs from Leisure and Hospitality. Not surprising considering where the hurricanes hit, so that detracted a lot. However, when we look at the overall healthcare and social assistance numbers, that continued to increase, up 13,100 jobs in here. And then we look at transportation and warehousing, up 21,800 jobs. So that is how we knocked into that 33,000 jobs lost in here, primarily due to that Leisure and Hospitality. We should see a return, however in those jobs as the month progresses here.

When we look at the overall ***unemployment rate*** (Slide 3), we can see it actually declined to that 4.2%, down 0.2% (very strong). That's a good number. The difference between the unemployment rate and the non-farm jobs or payrolls is basically the unemployment number counts if you have a job even if you're not being paid currently. That is where this number is declining, where as in the non-farm payrolls you have to be paid in order to be counted in that number. I think there's over a million individuals that had a position, had a job, however were not paid during the month. So that is what we have for those numbers. That is why we have a difference, why we have a negative number on the non-farm payrolls compared to the positive impact, that is the downward trend in the unemployment rate. We have the participation rate down, improving to that 63.1% from 62.9%, so we saw that improvement in the overall participation rate. Looking at the official unemployment rate (Slide 4); 4.2%, we had an even stronger decline on the U-6 at 8.3%, down from 8.6%. So that's a big positive trend in there. This margin between the two, this U-6 and the U3, is continuing to narrow and that's what we like to see.

Looking at the home situation (Slide 5) within real estate, you can see the number of ***new home sales*** kind of declined over the past quarter. We steadily had this one pick-up at the end of June and then we start coming down. Overall 560,000 houses sold; that is down 3.4% month over month but up 1.2% year over year. The median price at that $300,200, up just 0.4% year over year. So we don't have a big price appreciation in the new home sales. And the number for sale is 288,000; that gives you a supply for 6.4 months. So, there is not a tight supply in the new home sales.

Now, although we saw the new home sales start to come down (Slide 6) the ***building permits*** did increase over the quarter. We had a little bit of volatility, but we did see a pick up. So that is a positive trend and that should project into the future that we are going to have the number of new home sales increasing. So that's kind of a positive tail end of the fourth quarter here.

When we look at ***existing home sales*** (Slide 7), you can see we had about 5.3 million houses sold month over month. That is down 1.7%, but up 0.2% year over year. When we look at the supply, we have 4.2 months of supply. Pretty tight in the inventory and therefore we are starting to see that price appreciation year over year. Median prices for existing homes up 5.6% to that $253,500. Overall, we saw for the quarter this start to come down. We've seen these numbers, these declines reflected in the second quarter GDP number where we saw the residential-

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fixed investment decline a little bit. We might see that decline again in the 3rd quarter but hopefully in the 4th quarter we will start to reverse that trend.

So that is what we have for you this week. We look forward to talking to you next week. Have a great week everyone.

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