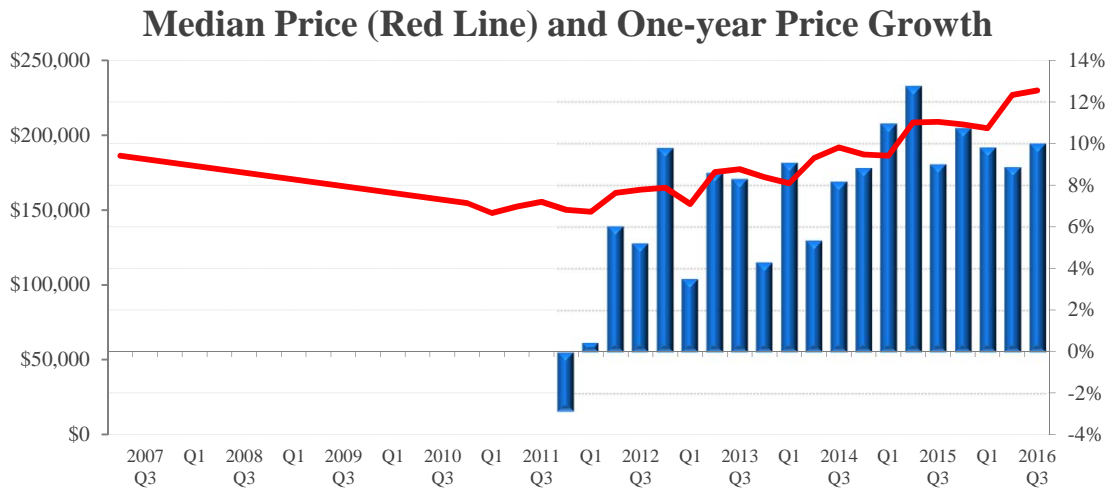


Nashville-Davidson--Murfreesboro--Franklin Area

Local Market Report, Third Quarter 2016

Today's Market...



Local Price Trends			
Price Activity	Nashville	U.S.	Local Trend
Current Median Home Price (2016 Q3)	\$230,000	\$239,133	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2016 Q3)	10.0%	5.2%	
3-year (12-quarter) Appreciation (2016 Q3)	29.7%	15.6%	
3-year (12-quarter) Housing Equity Gain*	\$52,700	\$32,267	Information on the long-term trend is not available
7-year (28 quarters) Housing Equity Gain*	NA	\$60,900	
9-year (36 quarters) Housing Equity Gain*	NA	\$17,967	

*Note: Equity gain reflects price appreciation only

	Nashville	U.S.	
Conforming Loan Limit**	\$425,500	\$625,500	Most buyers in this market have access to government-backed financing
FHA Loan Limit	\$425,500	\$625,500	
Local Median to Conforming Limit Ratio	54%	not comparable	

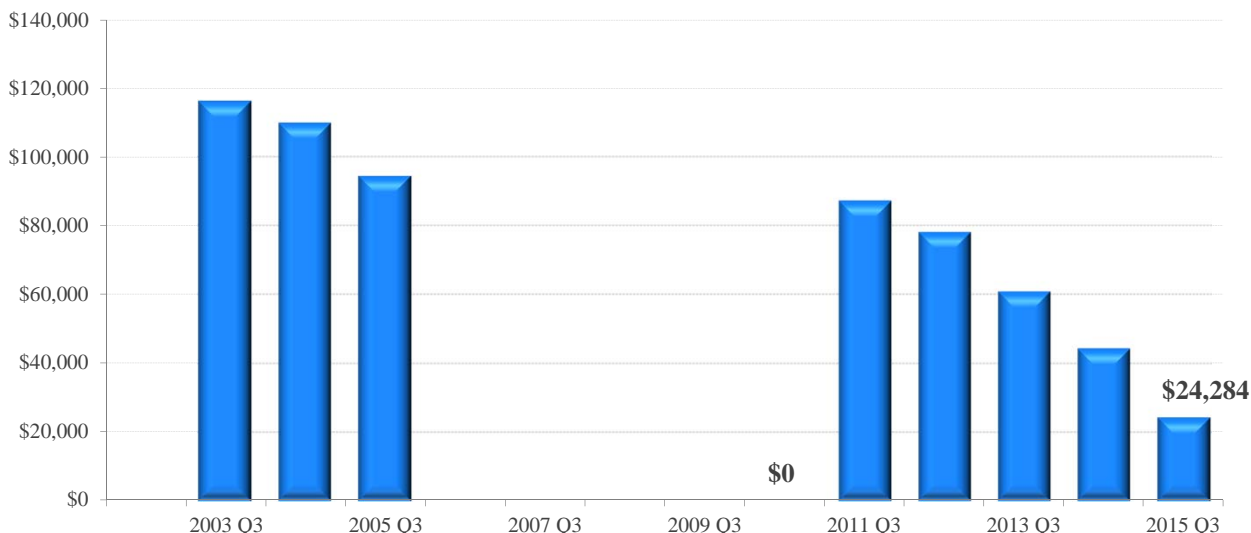
Note: limits are current and include the changes made in November of 2012 and extended in November of 2013

Local NAR Leadership

The Nashville-Davidson--Murfreesboro--Franklin market is part of region 4 in the NAR governance system, which includes all of North Carolina, South Carolina, Kentucky, and Tennessee. The 2016 NAR Regional Vice President representing region 4 is Gordon D.Seay.

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	Nashville	U.S.	Local Trend
1-year (4-quarter)	\$24,284	\$15,479	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$60,984	\$41,932	
5-year (20-quarter)*	\$87,318	\$82,243	
7-year (28 quarters)*	NA	\$73,900	
9-year (36 quarters)*	NA	\$34,098	
If purchase in 2005, the national price peak	\$94,530	\$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

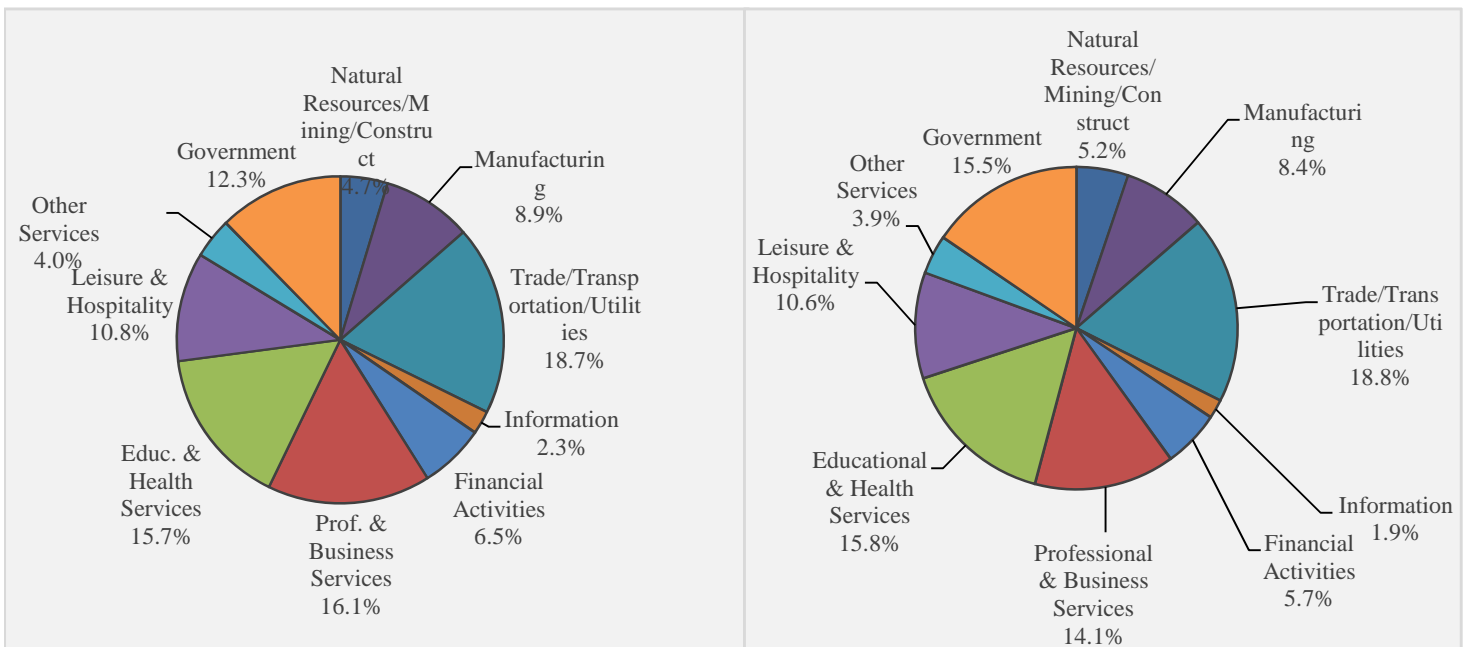
Drivers of Local Supply and Demand...

Local Economic Outlook	Nashville	U.S.	
12-month Job Change (Sep)	25,300	Not Comparable	Employment growth has eased, but remains positive
12-month Job Change (Aug)	32,100	Not Comparable	
36-month Job Change (Sep)	93,300	Not Comparable	Unemployment in Nashville is better than the national average and improving
Current Unemployment Rate (Sep)	4.0%	5.0%	
Year-ago Unemployment Rate	4.5%	5.1%	Local employment growth is strong compared to other markets
1-year (12 month) Job Growth Rate	2.7%	1.8%	

Share of Total Employment by Industry

Nashville-Davidson--Murfreesboro--Franklin Area

U.S.



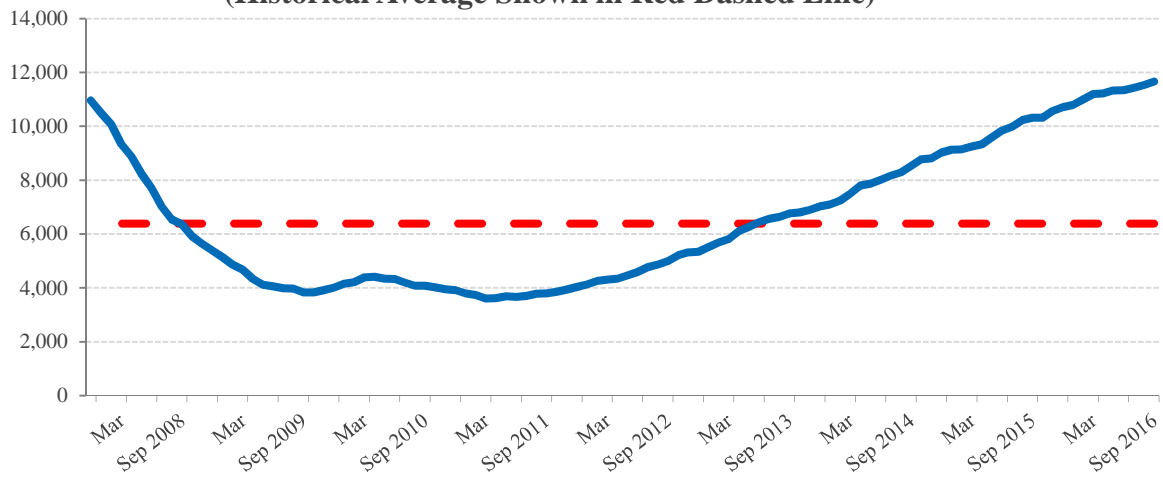
12-month Employment Change by Industry in the Nashville-Davidson--Murfreesboro--Franklin Area (Sep - 2016)

Goods Producing	NA	Information	800
Natural Resources/Mining/Construction	3,600	Financial Activities	1,200
Natural Resources and Mining	NA	Prof. & Business Services	2,700
Construction	NA	Educ. & Health Services	7,200
Manufacturing	4,700	Leisure & Hospitality	500
Service Providing Excluding Government	NA	Other Services	700
Trade/Transportation/Utilities	1,100	Government	2,800

State Economic Activity Index	Tennessee	U.S.	
12-month change (2016 - Sep)	4.6%	2.9%	Tennessee's economy is stronger than the nation's, but slowed from last month's 4.92% change
36-month change (2016 - Sep)	17.0%	10.0%	

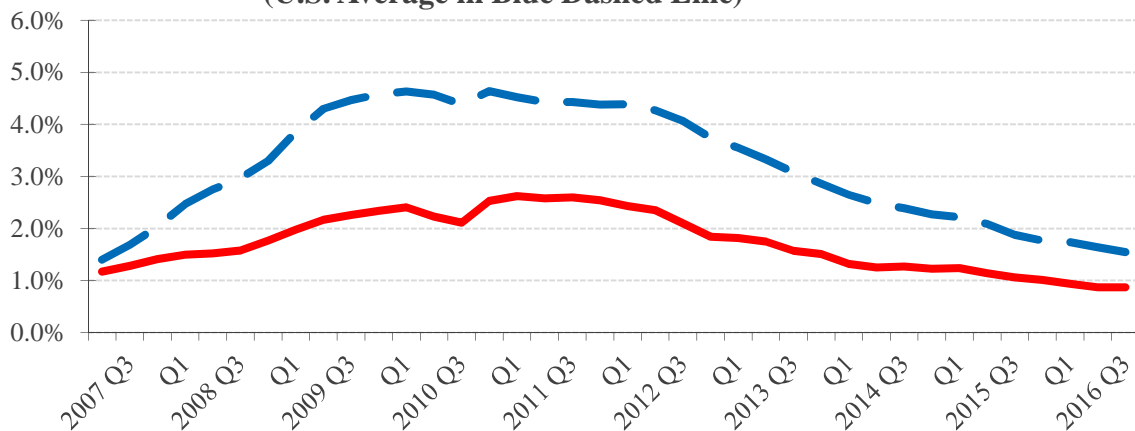
New Housing Construction			
Local Fundamentals	Nashville	U.S.	
12-month Sum of 1-unit Building Permits through Sep 2016	11,657	not comparable	The current level of construction is 82.5% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	6,388	not comparable	Production 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	13.0%	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.

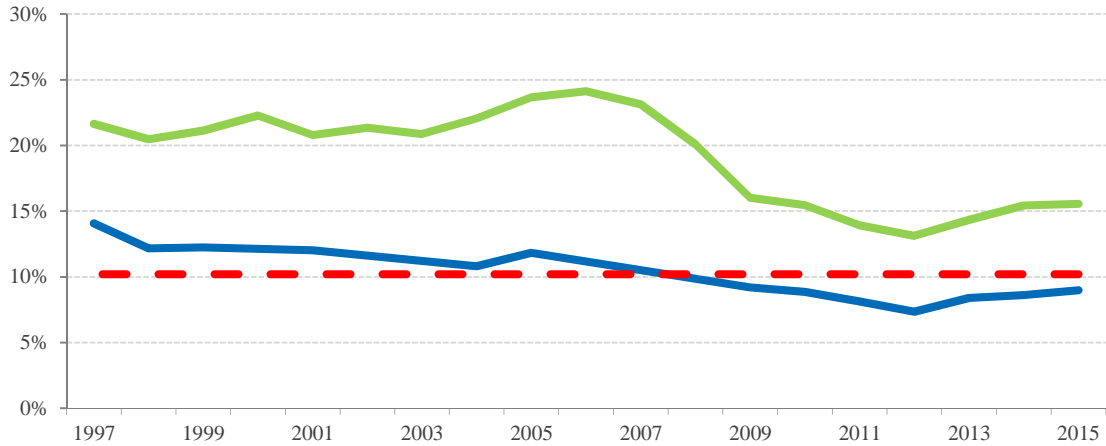
State Total Foreclosure Rate vs. U.S. Average
(U.S. Average in Blue Dashed Line)



Affordability

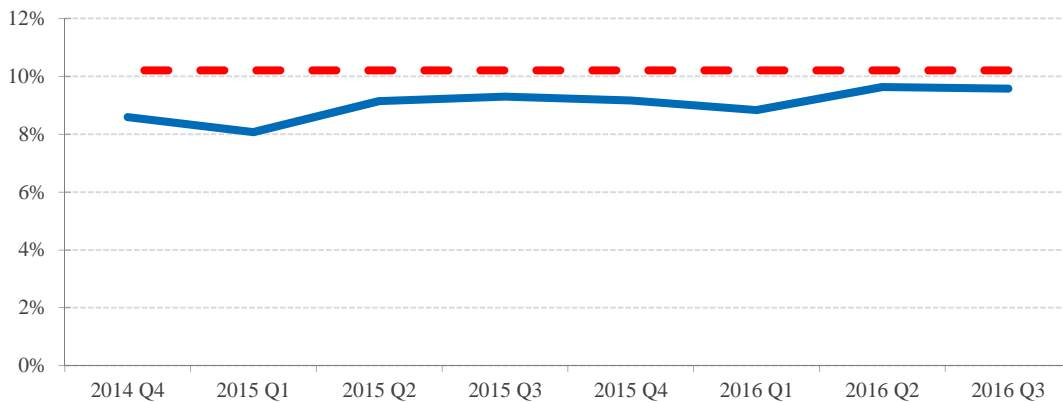


Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income
(Local Historical Average Shown in Red, U.S. Average in Green)



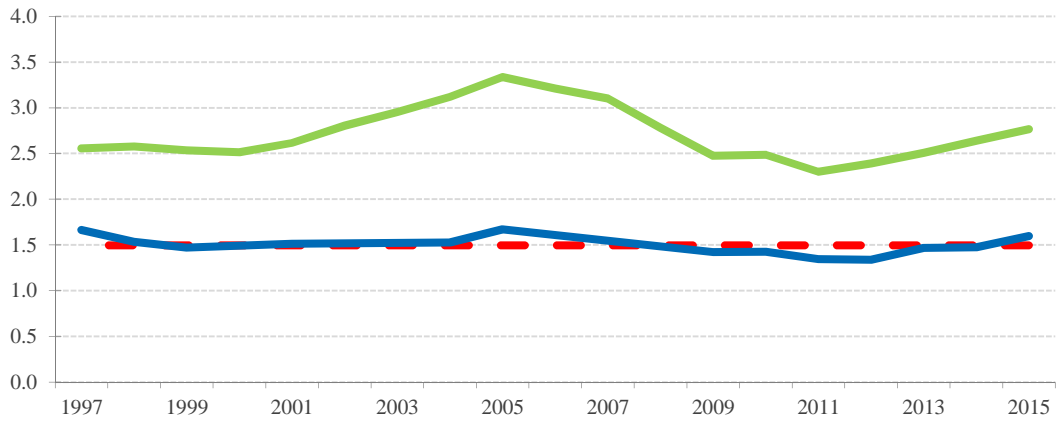
Monthly Mortgage Payment to Income	Nashville	U.S.	
Ratio for 2015	9.0%	15.6%	Historically strong and an improvement over the second quarter of 2016
Ratio for 2016 Q3	9.6%	15.5%	
Historical Average	10.2%	19.5%	More affordable than most markets

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



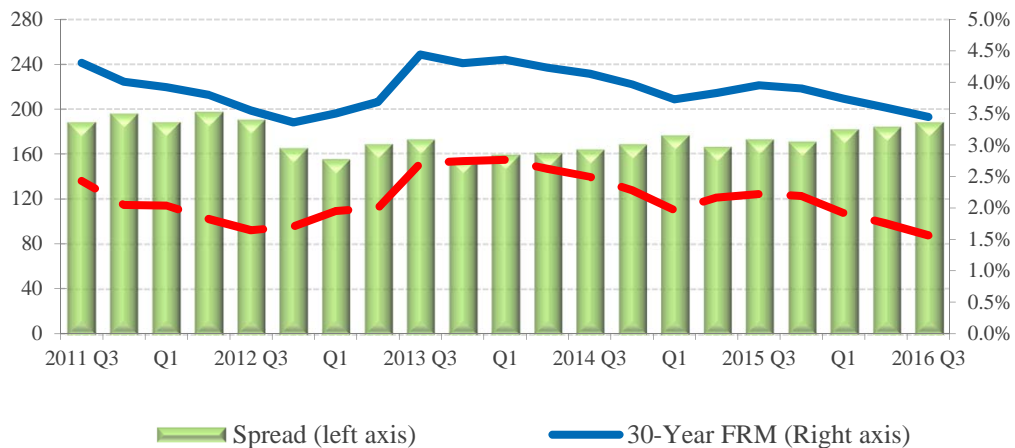
Median Home Price to Income	Nashville	U.S.	
Ratio for 2015	1.6	2.8	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2016 Q3	1.8	2.9	
Historical Average	1.5	2.7	Affordable compared to most markets

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



The Mortgage Market

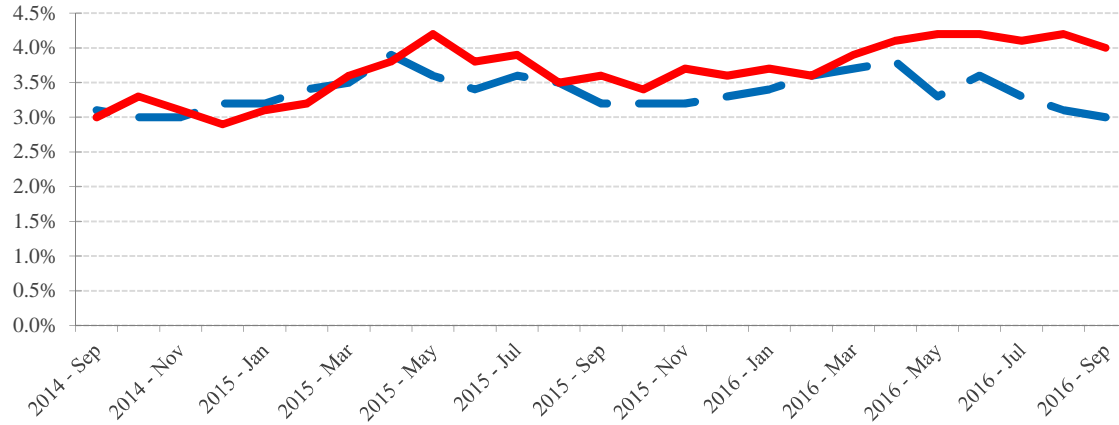
30-year Fixed Mortgage Rate and Treasury Bond Yield



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	Tennessee	U.S.	
2016 - Sep	4.0%	3.0%	REALTORS® expect higher price growth in Tennessee than in the U.S. in the next 12 months. Their price expectations are also higher than a year ago.
Prior 12 months	3.6%	3.2%	



Geographic Coverage for this Report

The Nashville area referred to in this report covers the geographic area of the Nashville-Davidson--Murfreesboro--Franklin 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:

Cannon County, Cheatham County, Davidson County, Dickson County, Hickman County, Macon County, Maury County, Robertson County, Rutherford County, Smith County, Sumner County, Trousdale County, Williamson County, and Wilson County

More information on the OMB's geographic definitions can be found at http://www.whitehouse.gov/omb/inforeg_statpolicy/