VISION

2025

kw

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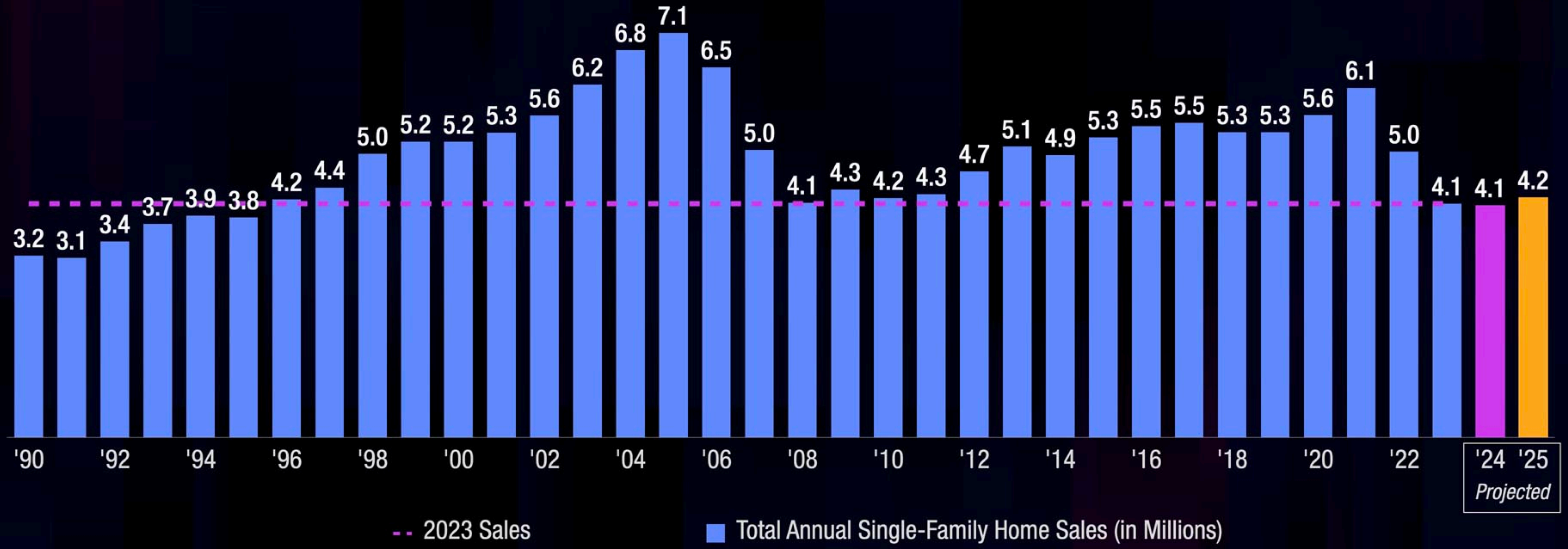
The Numbers That Drive U.S. Real Estate

1. Home Sales
2. Home Prices
3. Total Market Volume
4. Inventory
5. Mortgage Rates
6. Affordability

1. Home Sales - Annual



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1. Home Sales - Monthly

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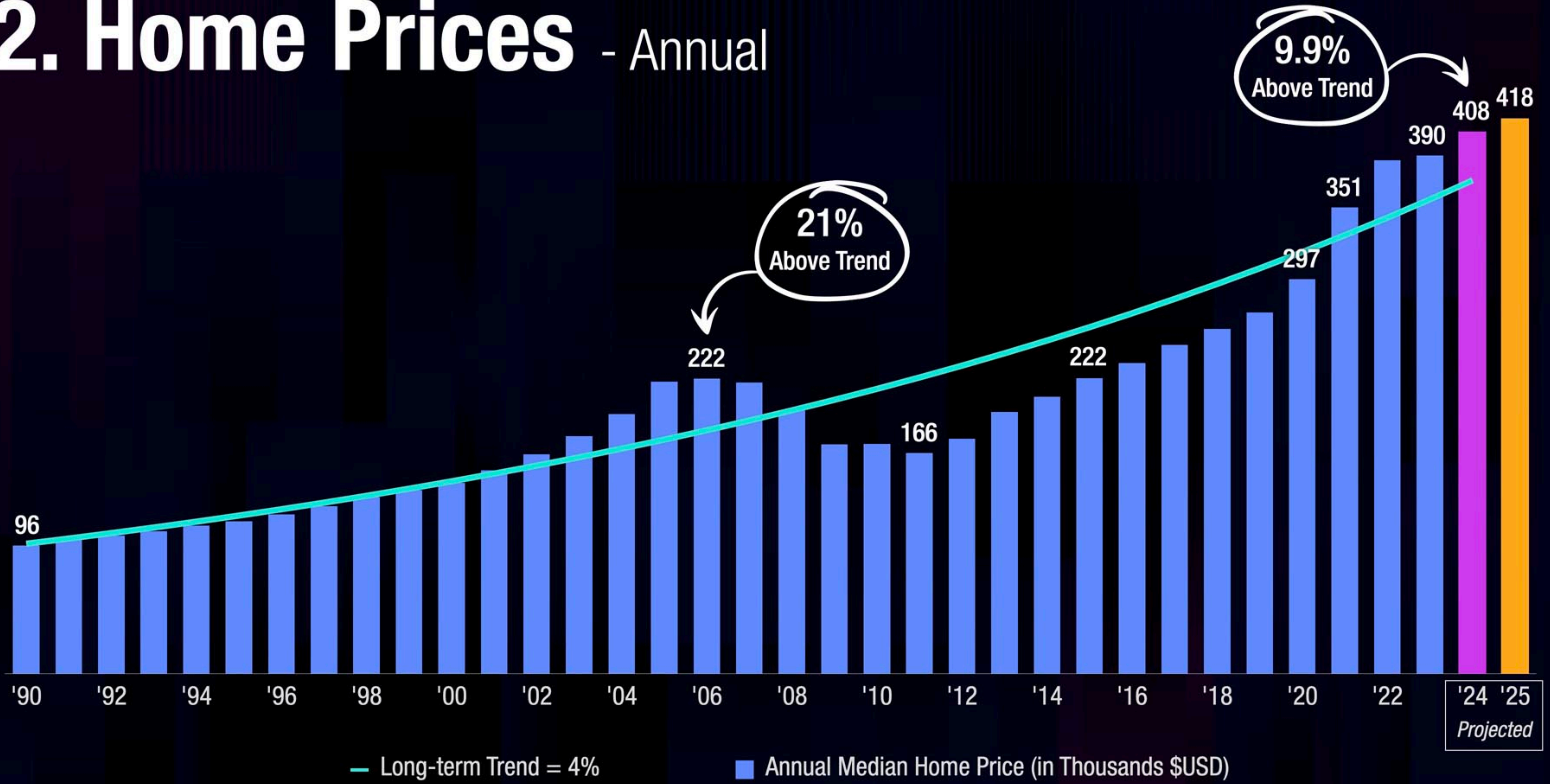
2. Home Prices - Annual



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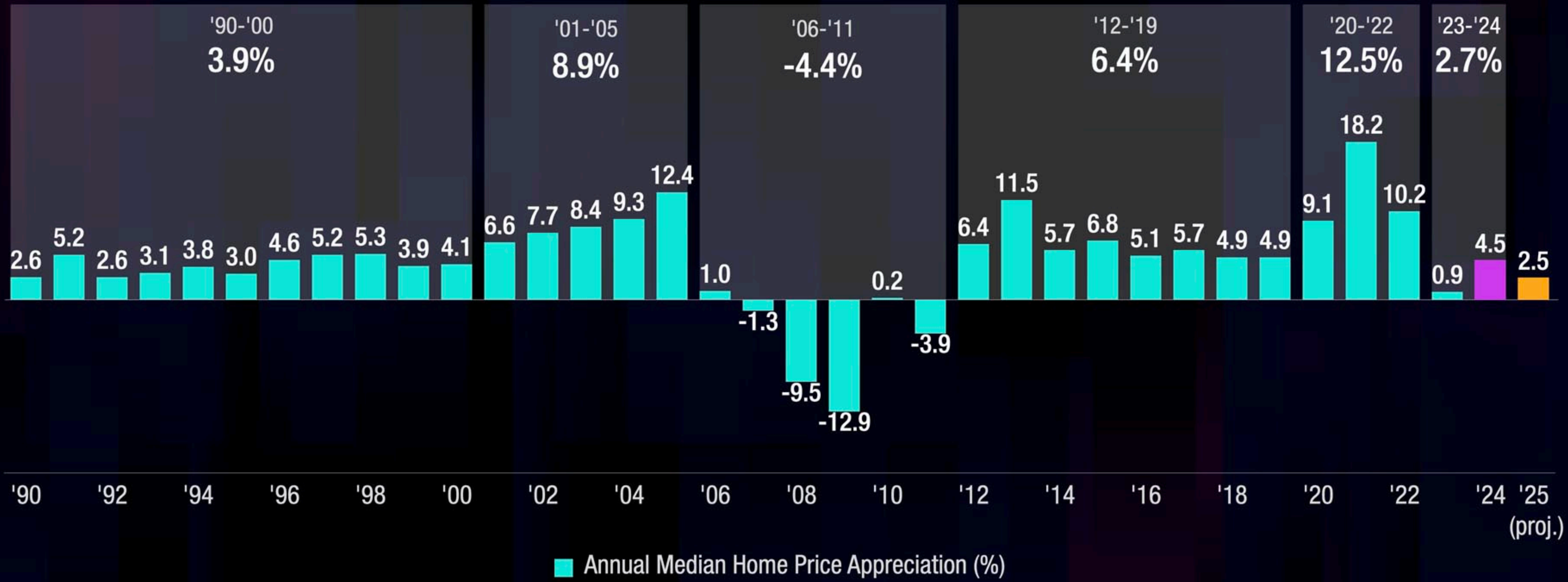
2. Home Prices - Annual Appreciation



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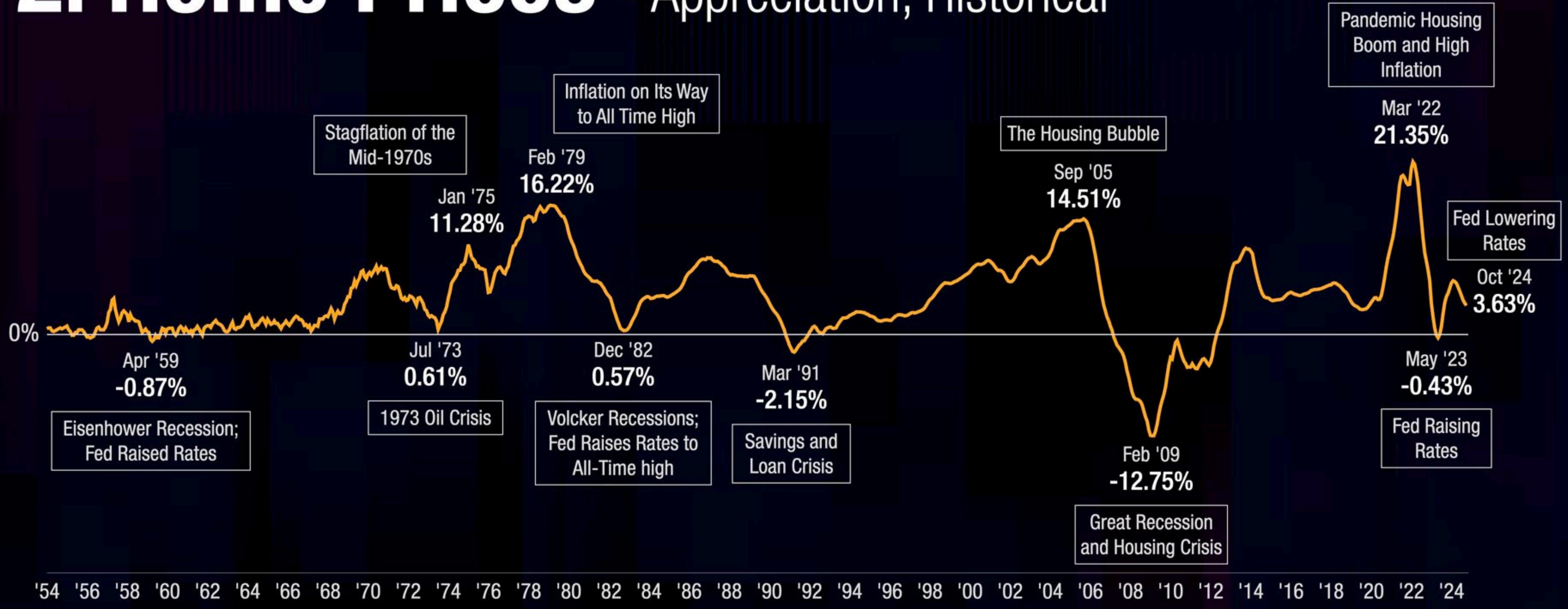
2. Home Prices - Appreciation, Historical



Source: Robert Schiller Irrational Exuberance, *S&P CoreLogic Case-Shiller U.S. National Home Price Index*

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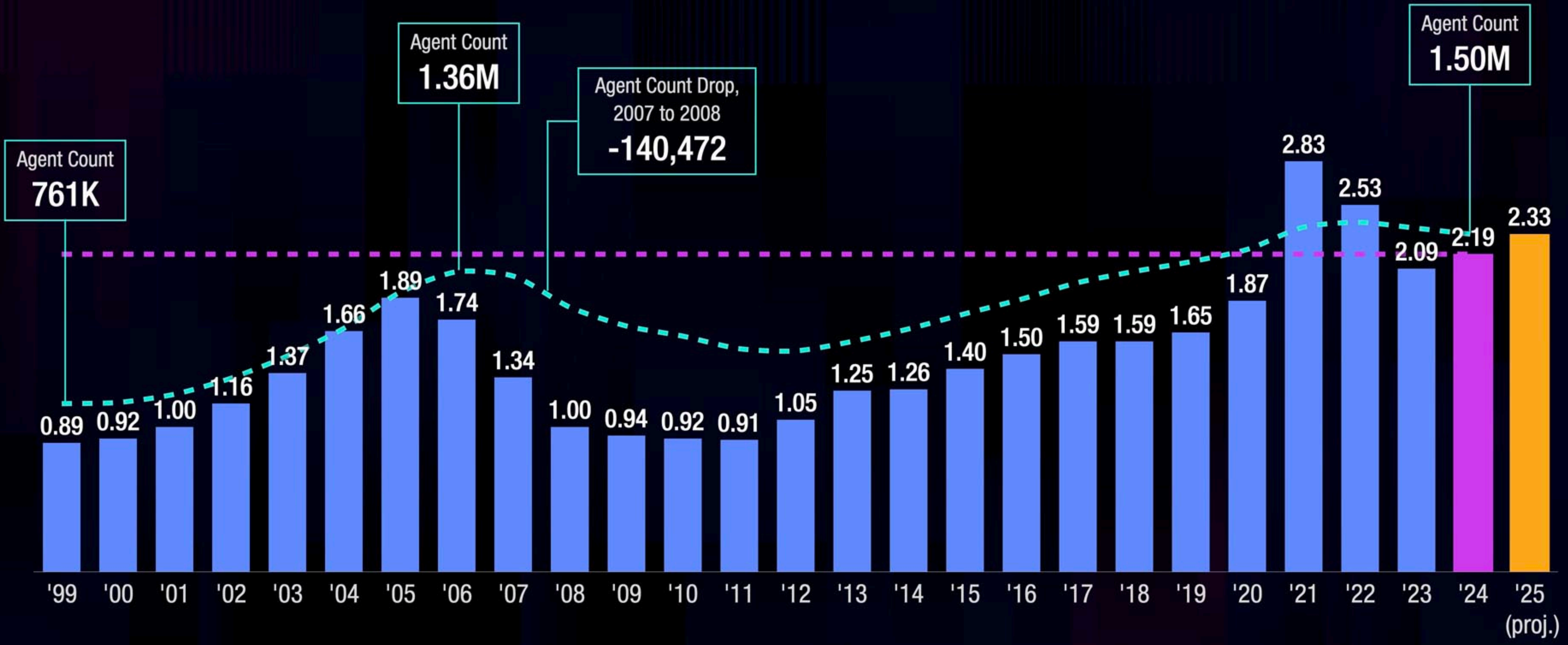
3. Total Market Volume



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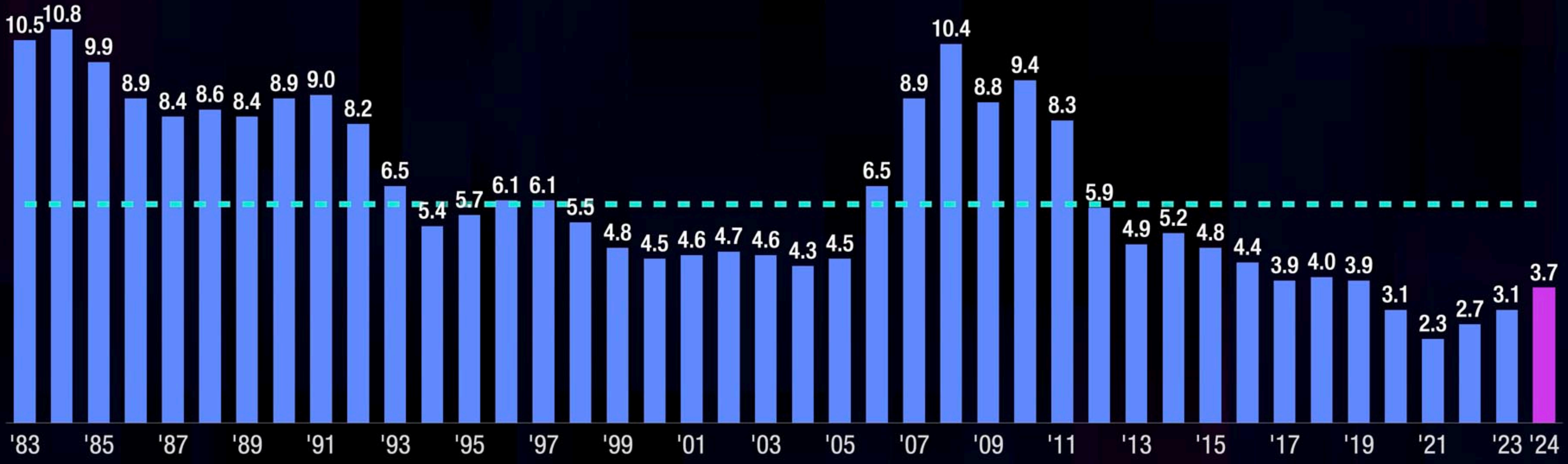
4. Inventory - Annual



Note – Data prior to 1999 is for single-family homes only.

Balanced = 6 months

Annual Months Supply of Inventory

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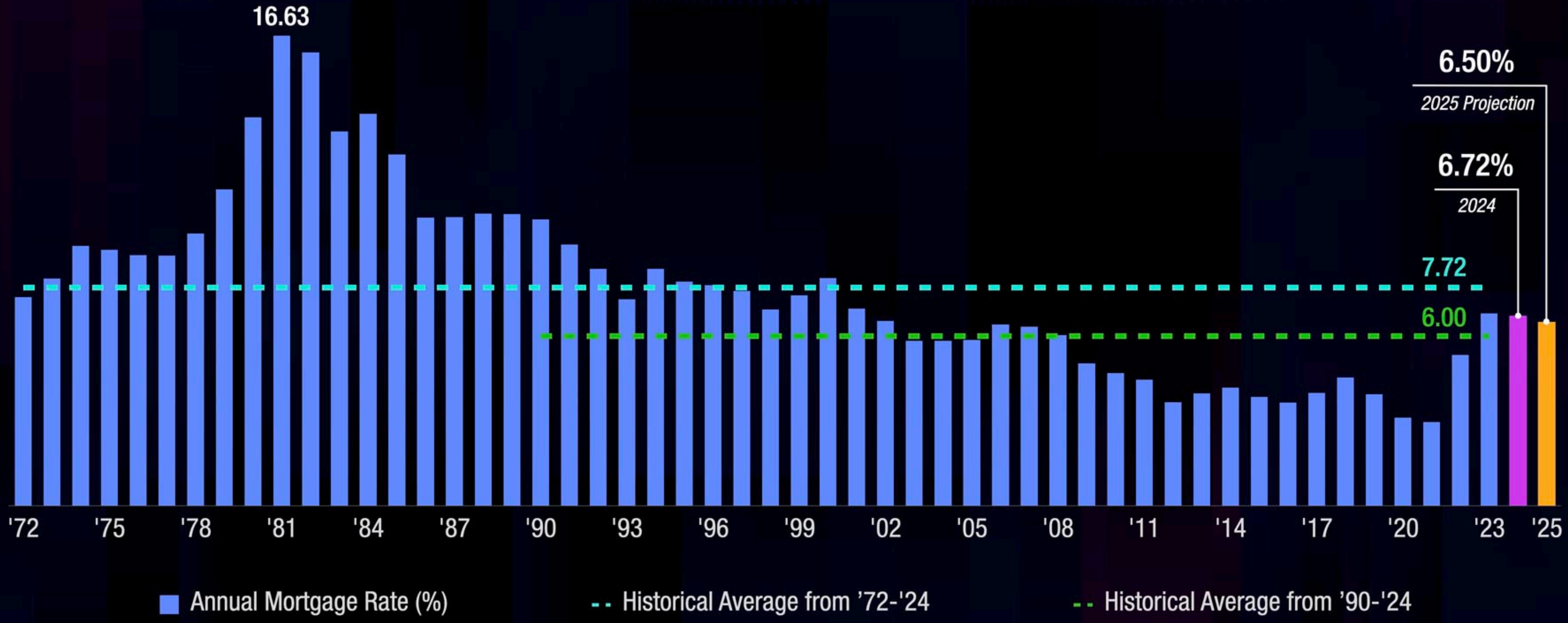
5. Mortgage Rates - Annual



Source: Freddie Mac

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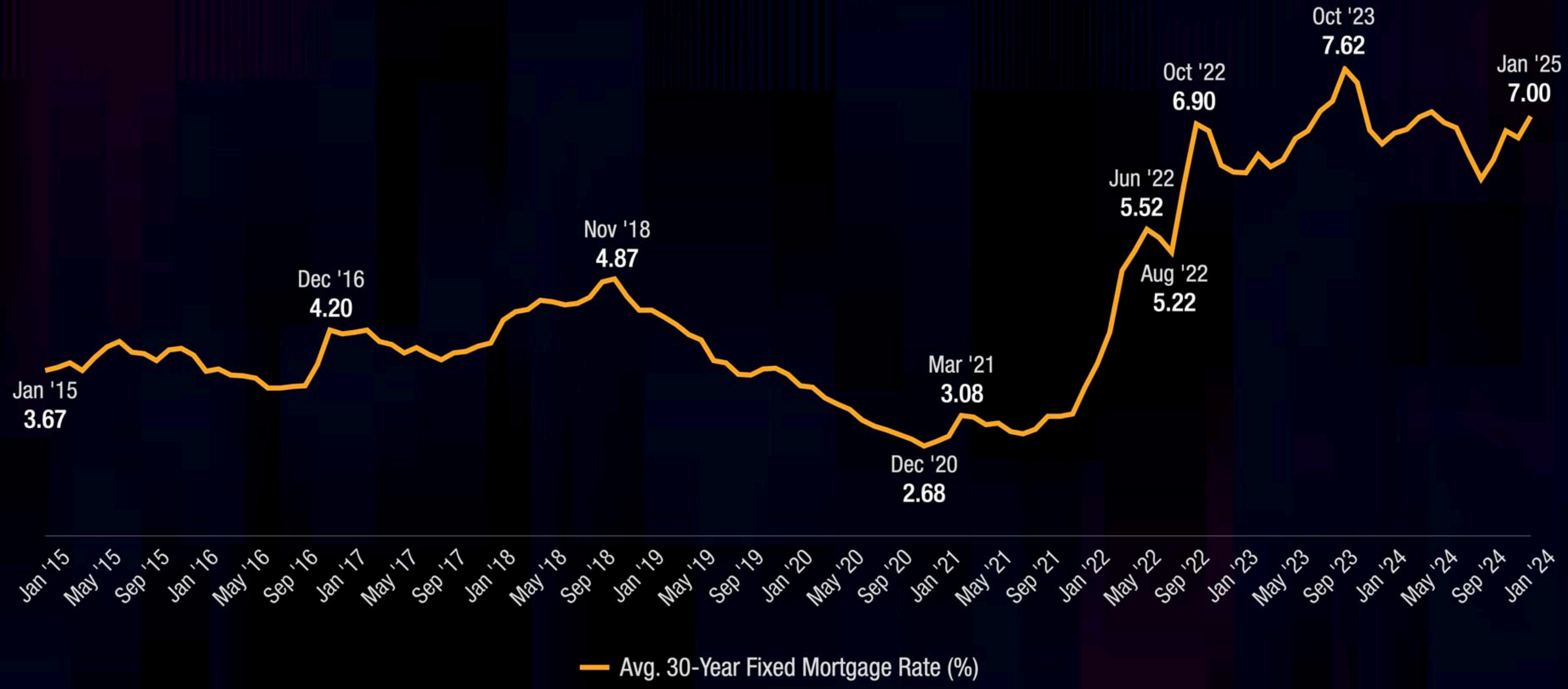
5. Mortgage Rates - Monthly



Source: Freddie Mac

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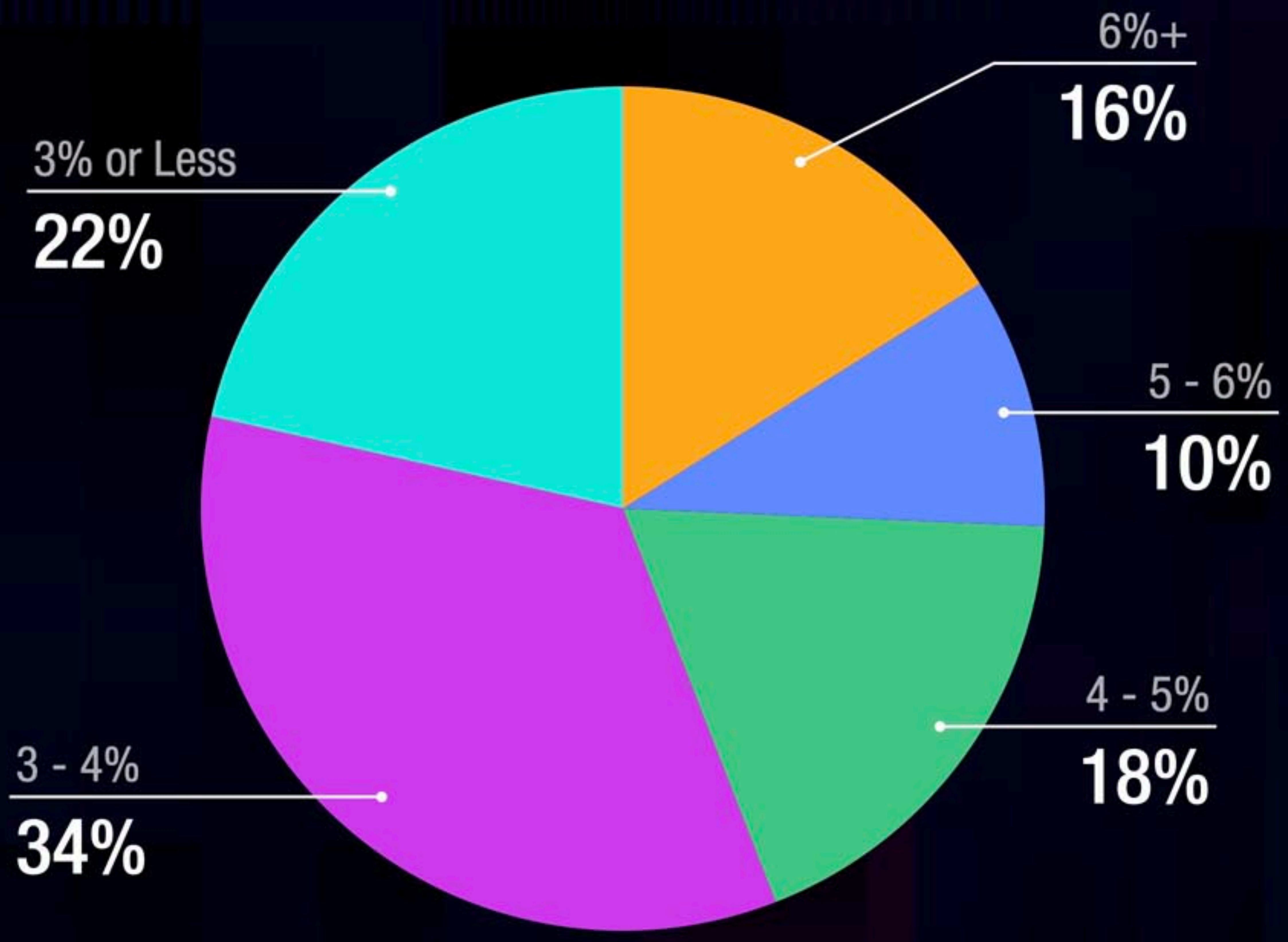
5. Mortgage Rates - Rate Breakdown

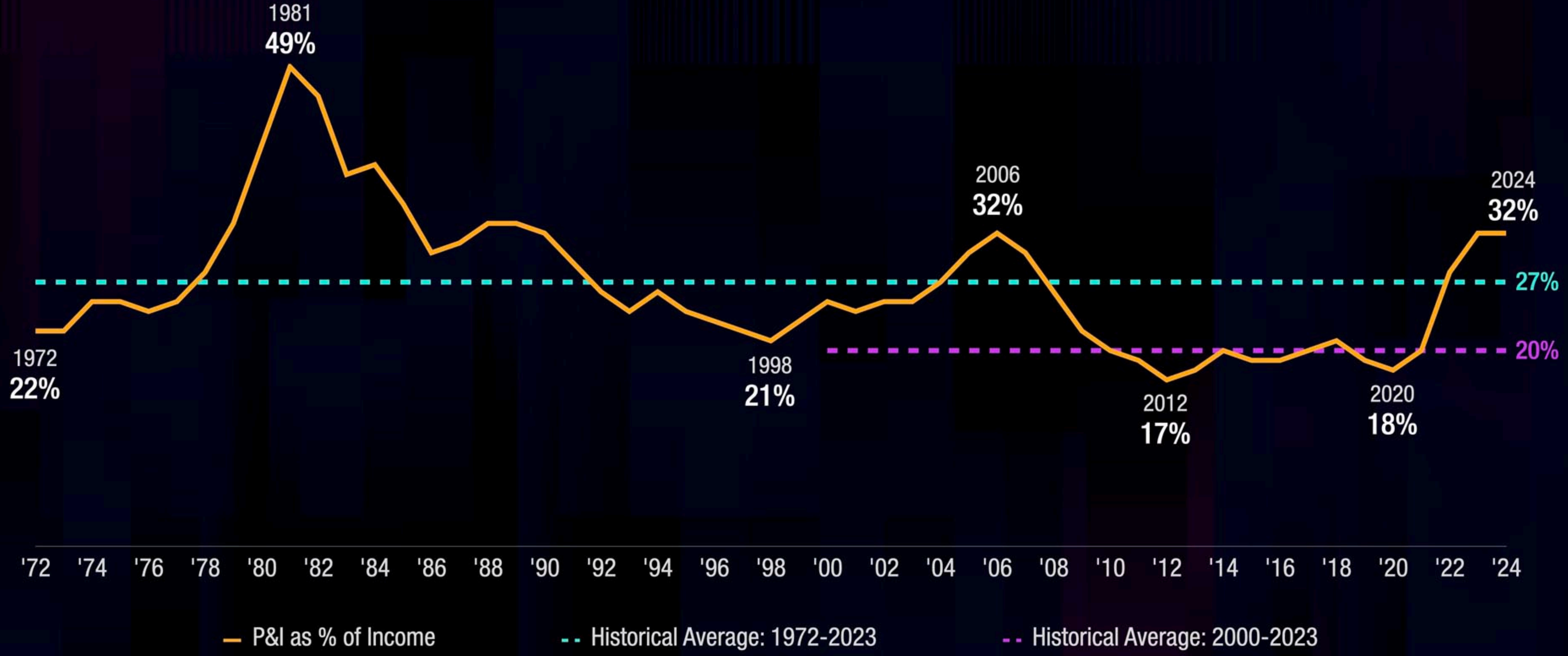
74%

of mortgages have rates of 5% or less



Source: Freddie Mac

6. Affordability

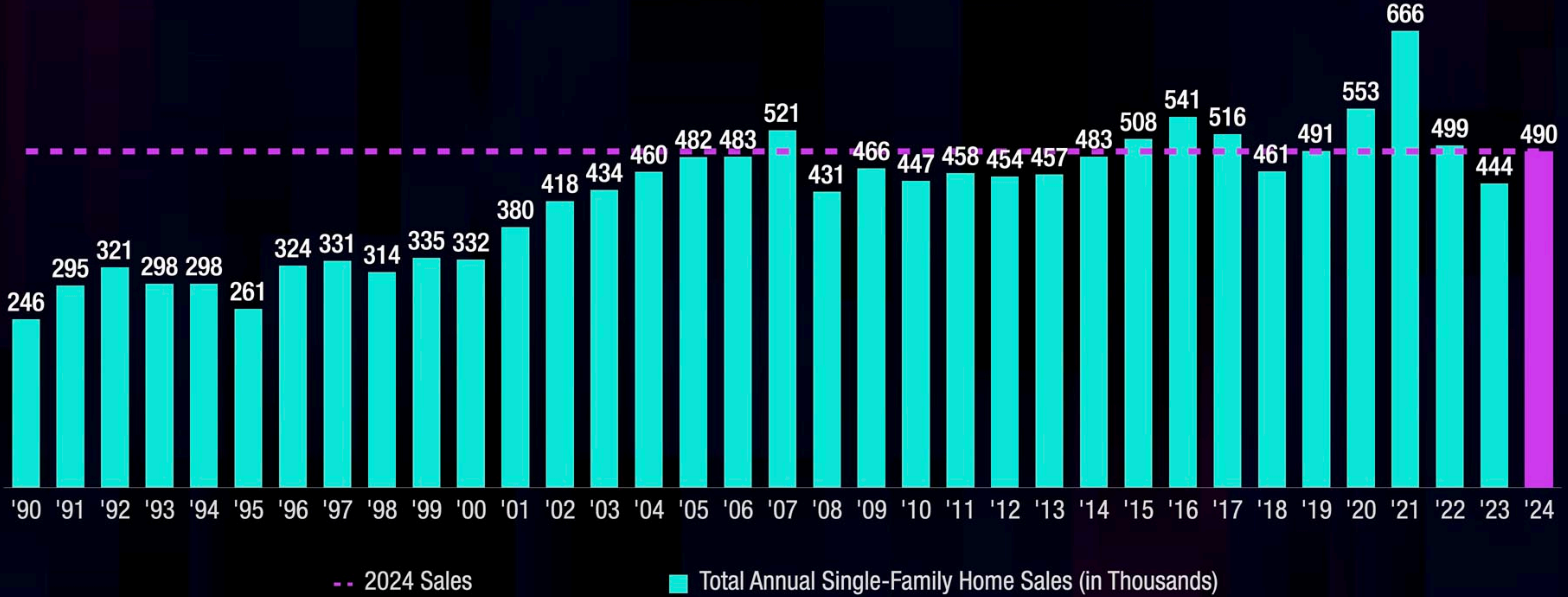


Source: KW Research, Robert Shiller U.S. Home Prices 1890-present, Freddie Mac, U.S. Census Bureau

The Numbers That Drive Canadian Real Estate

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

1. Home Sales - Annual



Source: The Canadian Real Estate Association (CREA)

2. Home Prices - Annual

Source: The Canadian Real Estate Association (CREA)

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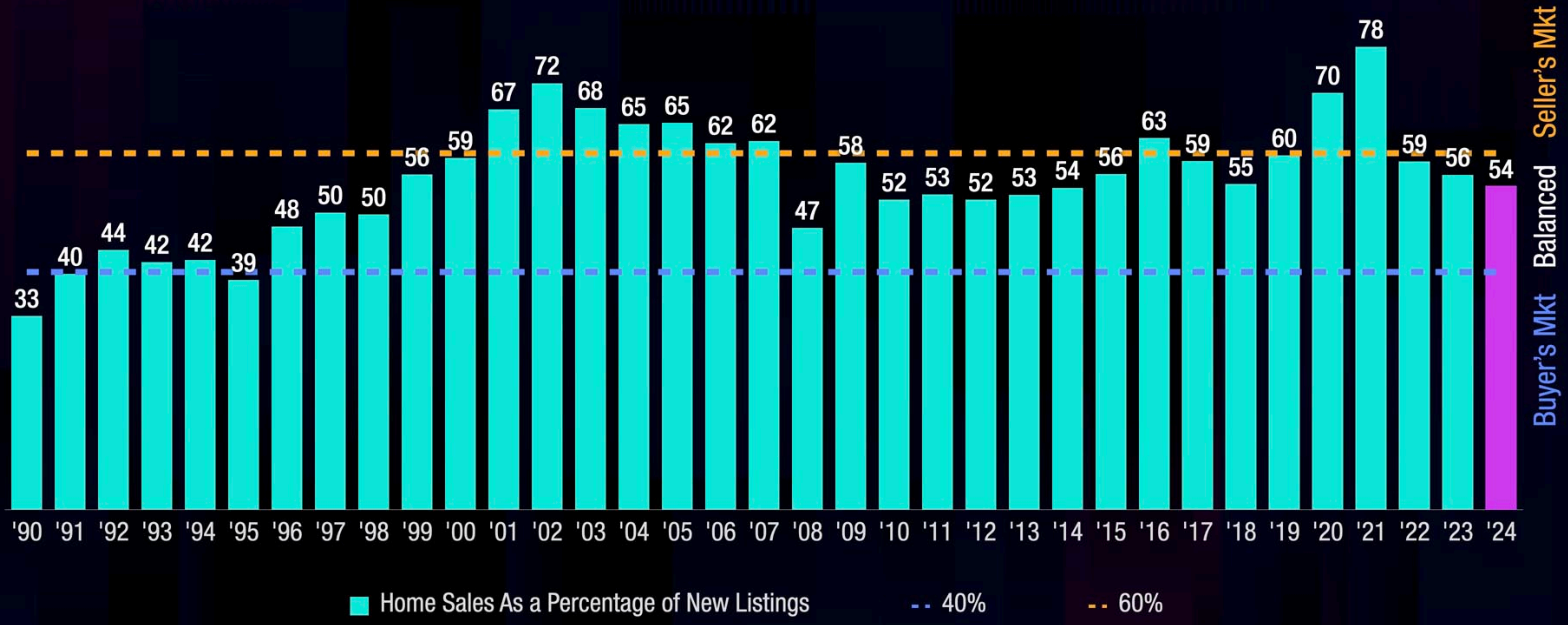
3. Inventory



Source: The Canadian Real Estate Association (CREA)

4. Mortgage Rates

Source: Bank of Canada

5. Affordability

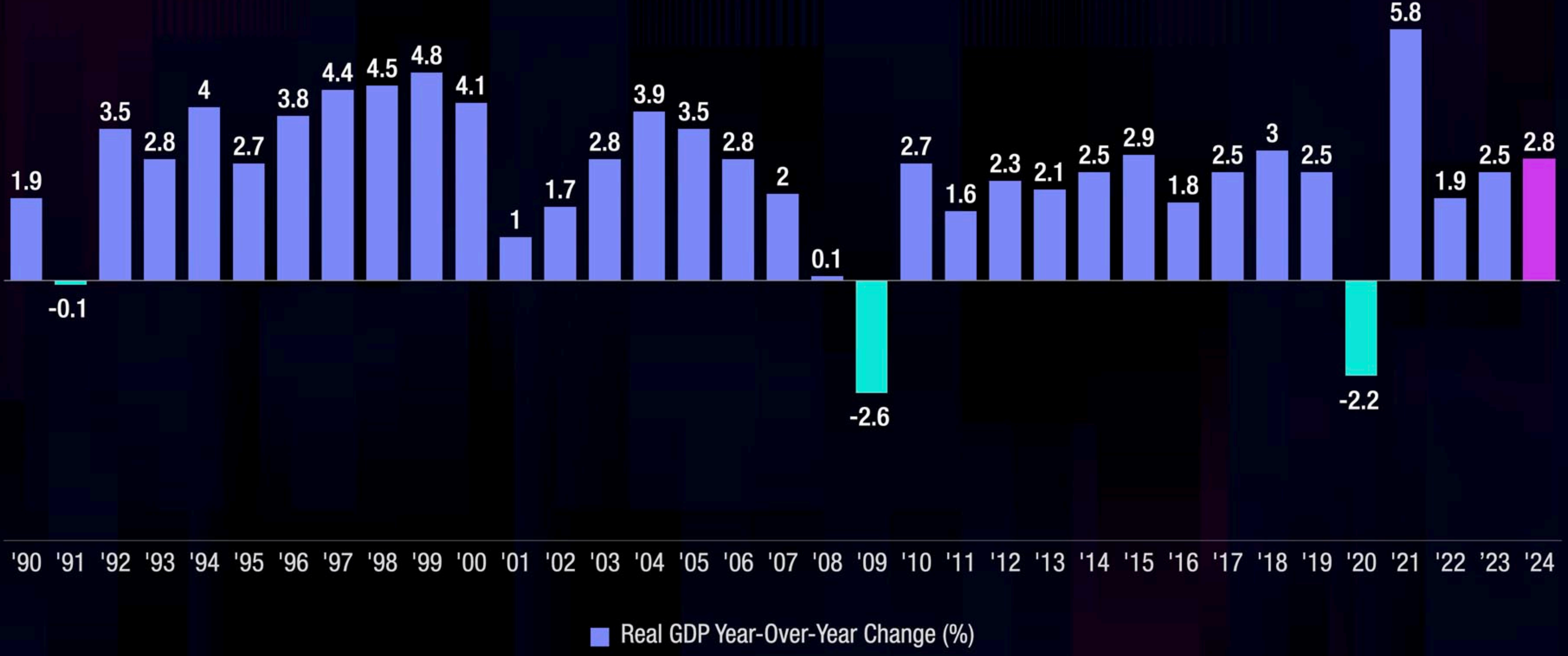
Property Type	Percentage of Income for P&I Plus Taxes and Insurance	Change From 2023	Historical Average
Single Family	64%	-4%	44%
Standard Condo	42%	-3%	33%

Source: RBC

The U.S. Economy

1. Gross Domestic Product
2. Unemployment
3. Personal Savings Rate
4. Inflation
5. Economic Risks in 2025
6. Trade Policy
7. Wages vs. Corporate Tax Rates

1. GDP - Annual



Source: U.S. Bureau of Economic Analysis

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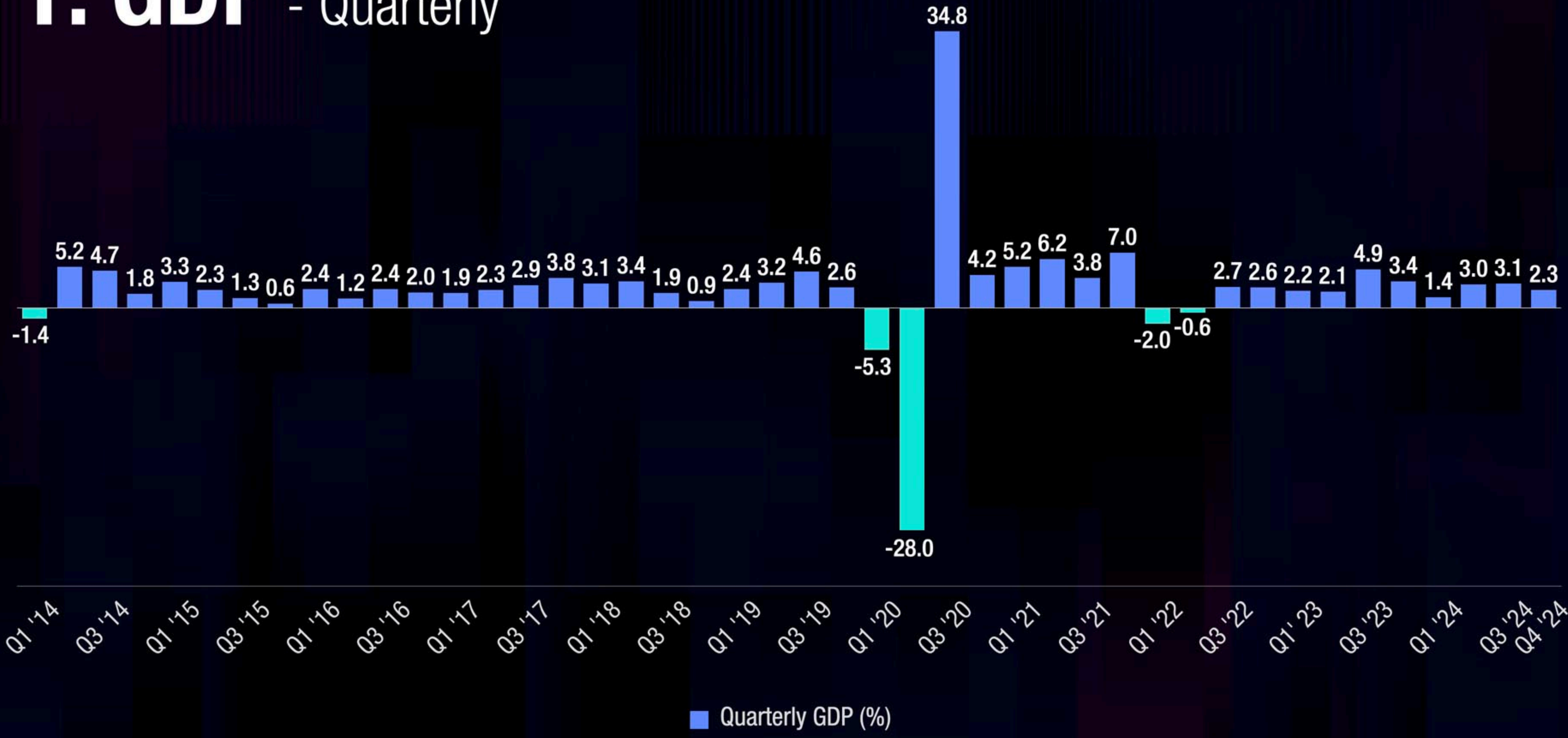
1. GDP - Quarterly



Source: U.S. Bureau of Economic Analysis

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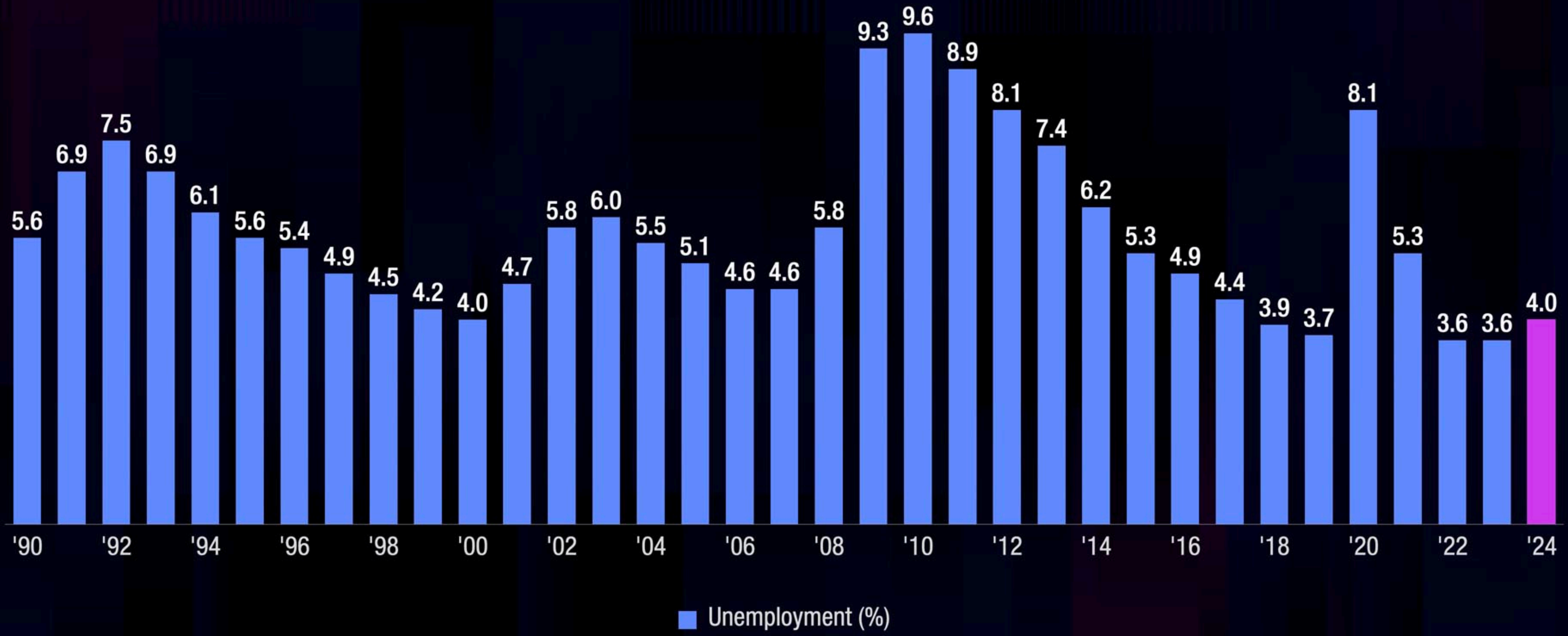
2. Unemployment - Annual



Source: U.S. Bureau of Labor Statistics

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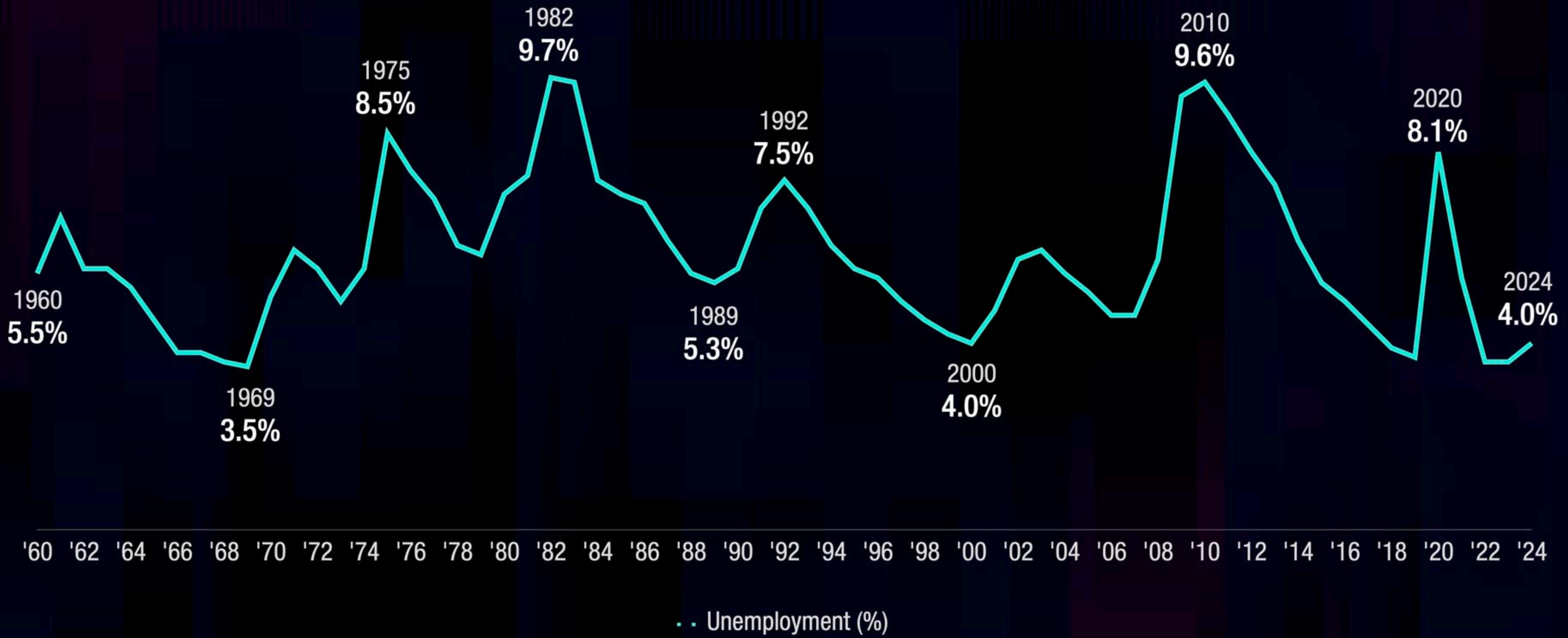
2. Unemployment - Annual



Source: U.S. Bureau of Labor Statistics

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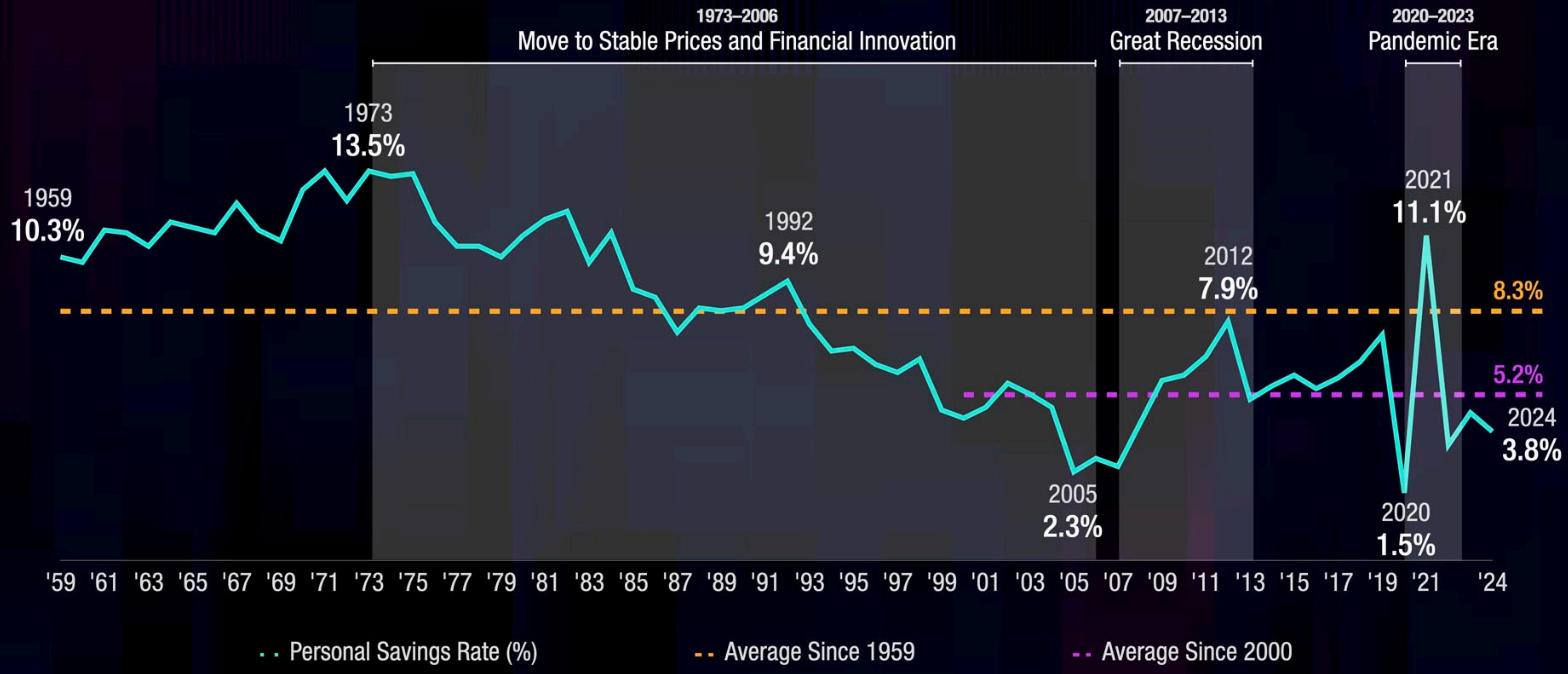
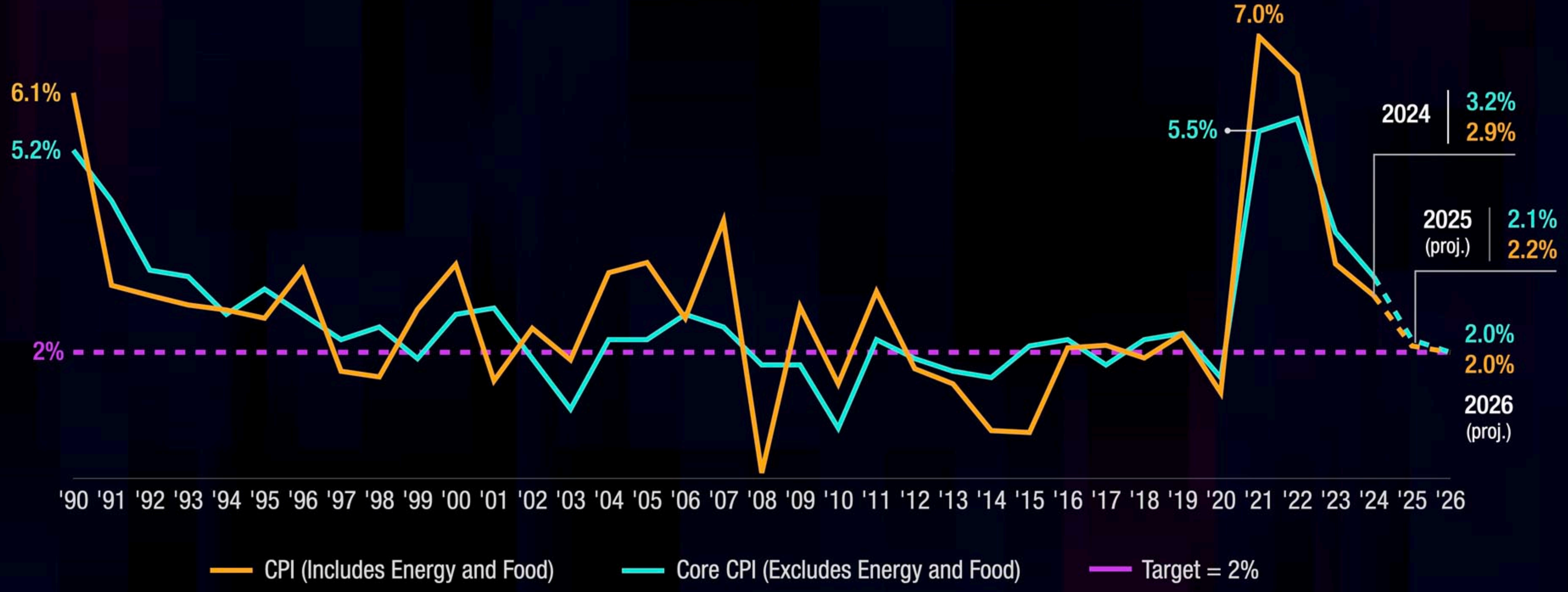
3. Personal Savings Rate



Source: U.S. Bureau of Economic Analysis

4. Inflation - Annual



Source: U.S. Bureau of Economic Analysis

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5. Economic Risks in 2025

1. Unpredictable Policy – Trade, Immigration, Regulation, and Spending
2. Natural Disasters
3. International Conflict

Things That Actually Matter to Real Estate

Price of Real Estate

Cost of Money

Employment

6. Trade Policy

tariff *(noun)*: a tax imposed by a government on imported goods

FIVE REASONS FOR TARIFFS

1. Revenue
2. Protecting "Infant Industries"
3. Protecting Established Industries/ Punishing Unfair Trade Practices
4. National Security
5. Political Leverage

TWO TYPES OF TARIFFS

1. **Targeted Tariffs**

   There is a schedule of goods which are taxed at a specific rate. This is the most common form of tariff.

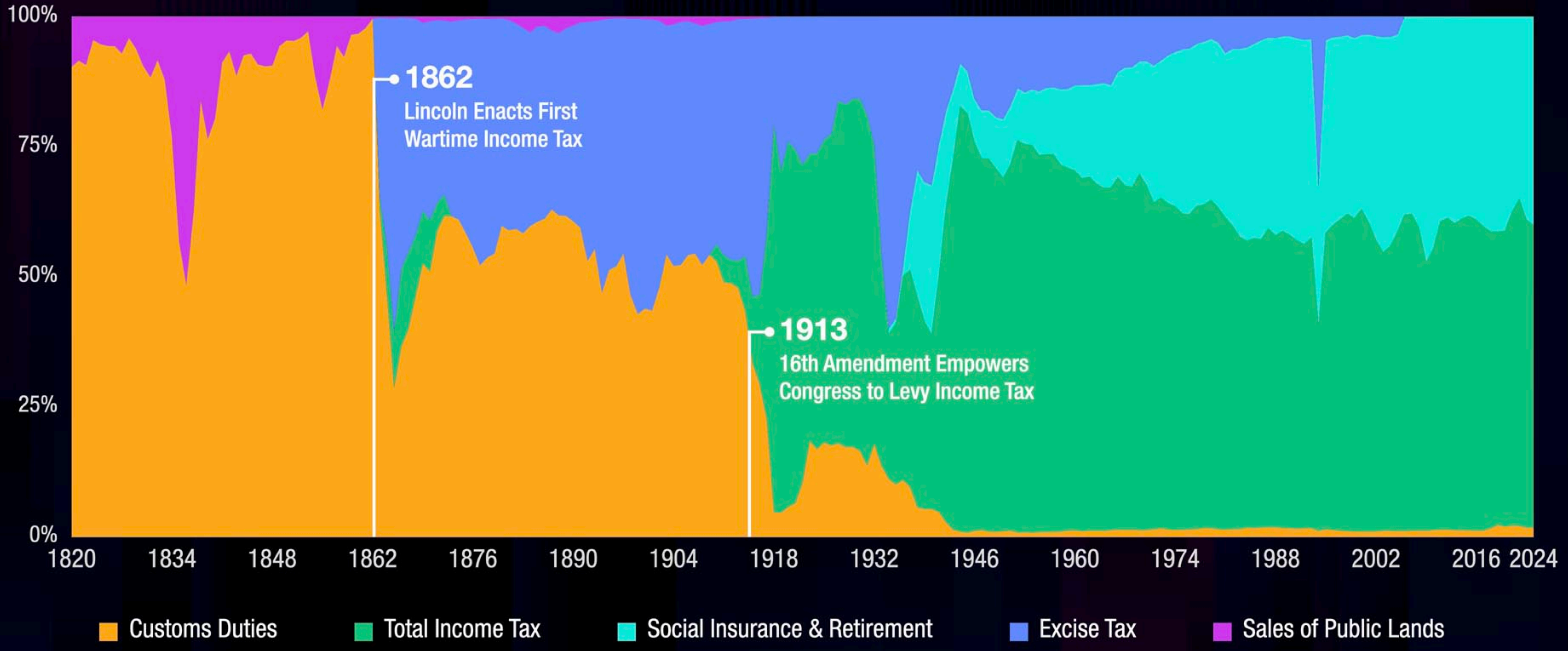
2. **Blanket Tariffs**

   All goods from a country are taxed at the same rate. These are essentially unprecedented in U.S. history outside of full embargoes.

6. Trade Policy - Tariffs

1. Country A levies tariffs on foreign goods from Country B.
2. Imported goods from Country B become more expensive in Country A.
3. Country B retaliates with tariffs.
4. Country A's exports become more expensive in Country B.
5. Importers, exporters, and consumers in both countries suffer.
6. Overall trade falls.
7. Economic downturn occurs.
8. Calls for protectionism.

6. Trade Policy - Sources of U.S. Government Revenue



Source: Congressional Research Service: US Federal Government Revenues: 1790 to Present, Bureau of Economic Analysis

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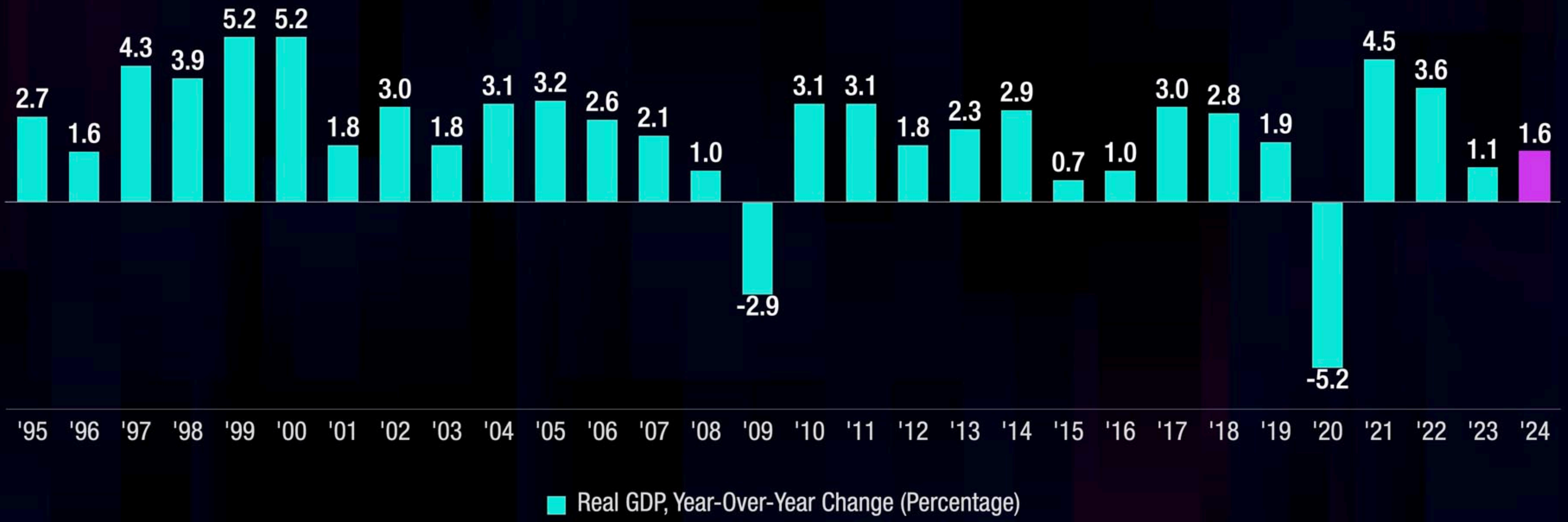
7. Wages vs. Corporate Tax Rate

Source: Social Security Administration, National Average Wage Index (2024)

The Canadian Economy

1. Gross Domestic Product
2. Unemployment
3. Inflation

1. Gross Domestic Product



Source: Org. for Economic Cooperation and Development

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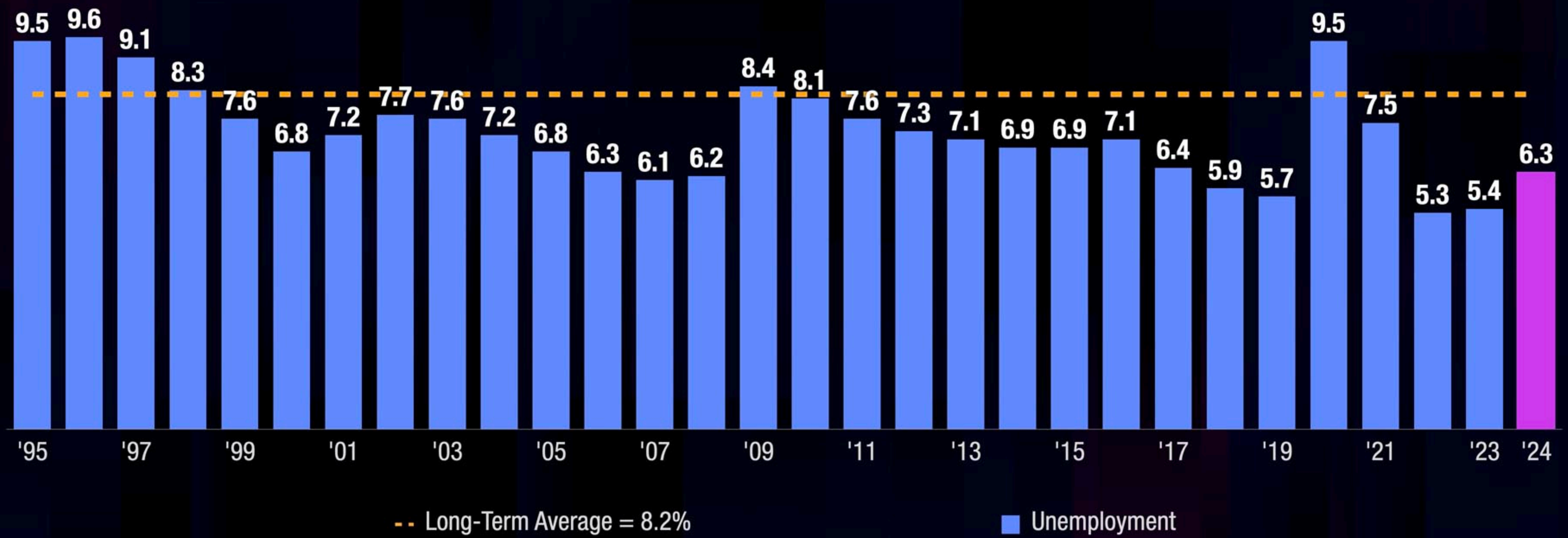
2. Unemployment



Source: Org. for Economic Cooperation and Development

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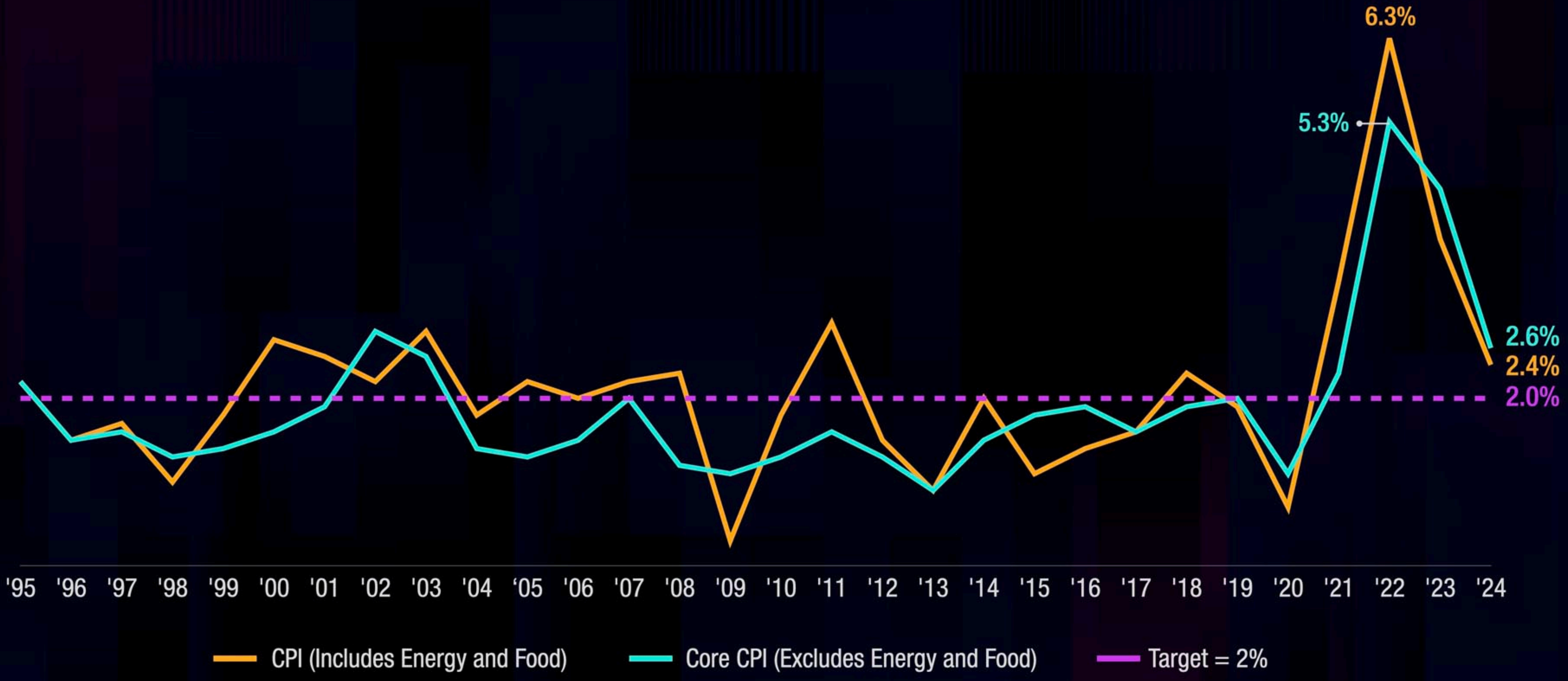
3. Inflation

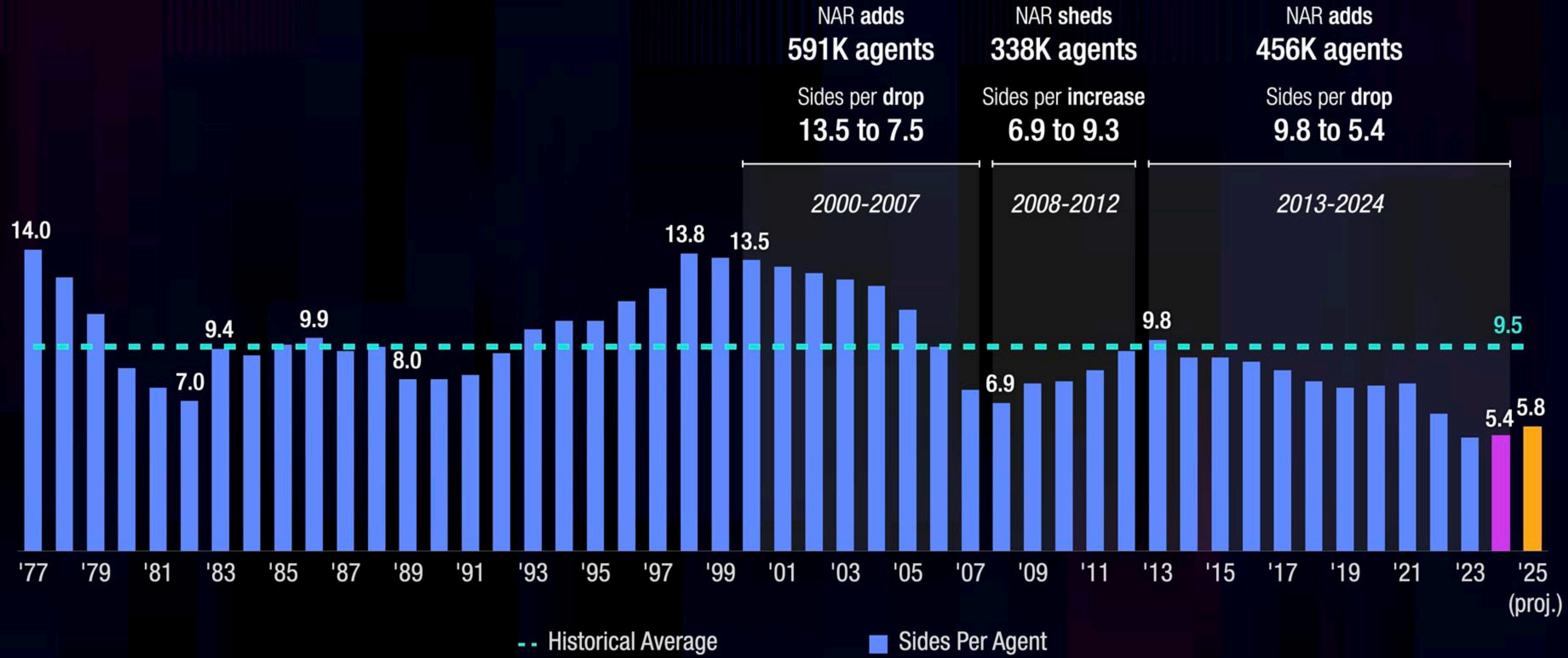


Source: Org. for Economic Cooperation and Development

U.S. Events

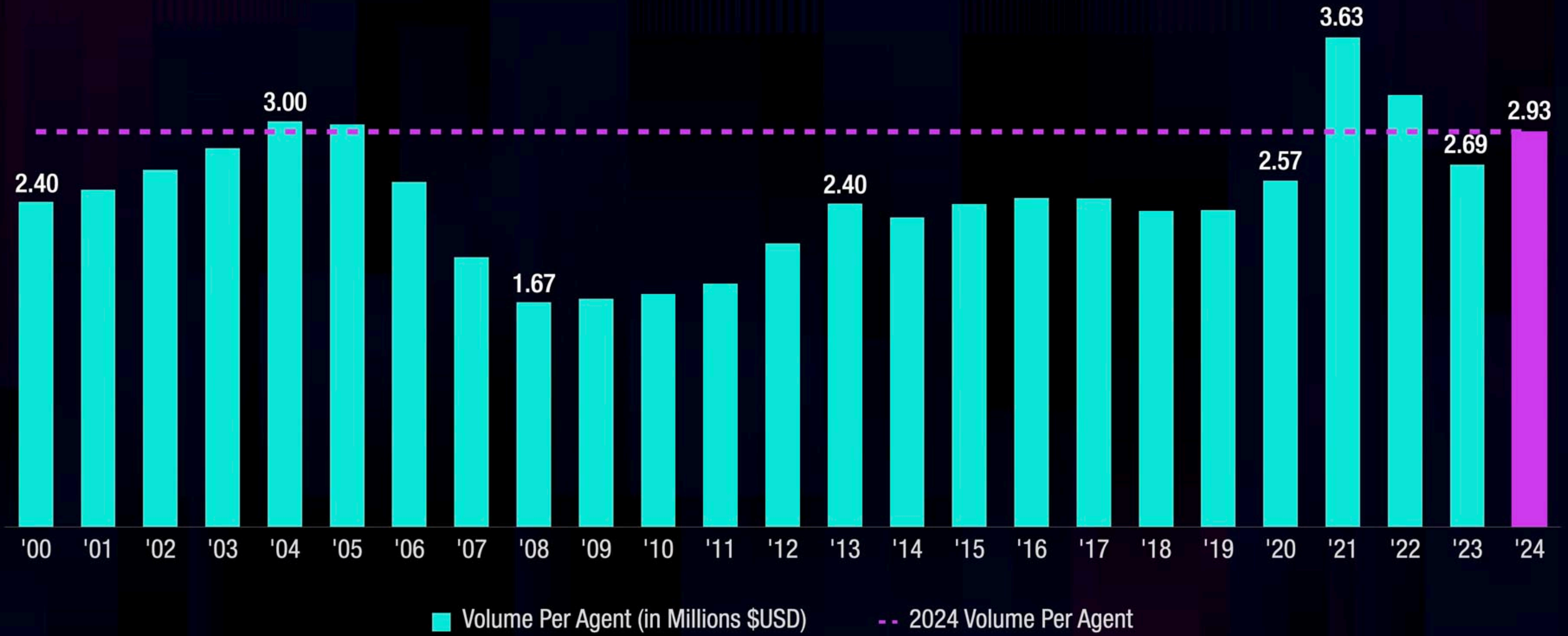
1. Sides Per Agent
2. Volume Per Agent
3. TCPA Update
4. Listings with Price Drops
5. New Listings
6. Distressed Sales
7. Credit Conditions
8. New Homes
9. Challenges for Builders and Developers
10. Student Loan Debt
11. Home Insurance
12. Generational Wealth Transfer

1. Sides Per Agent



Source: National Association of REALTORS® and KW Research

2. Volume Per Agent



Source: National Association of REALTORS® and KW Research

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3. TCPA Update

The One-to-One Consent Rule was set to take effect on January 27, 2025, but it didn't.

Legal challenges to the rule were successful. With the change in administration, the FCC issued an order postponing the effective date. Then, a federal appellate court based in Atlanta struck down the rule, concluding that the FCC under the prior administration exceeded its authority when it created the rule.

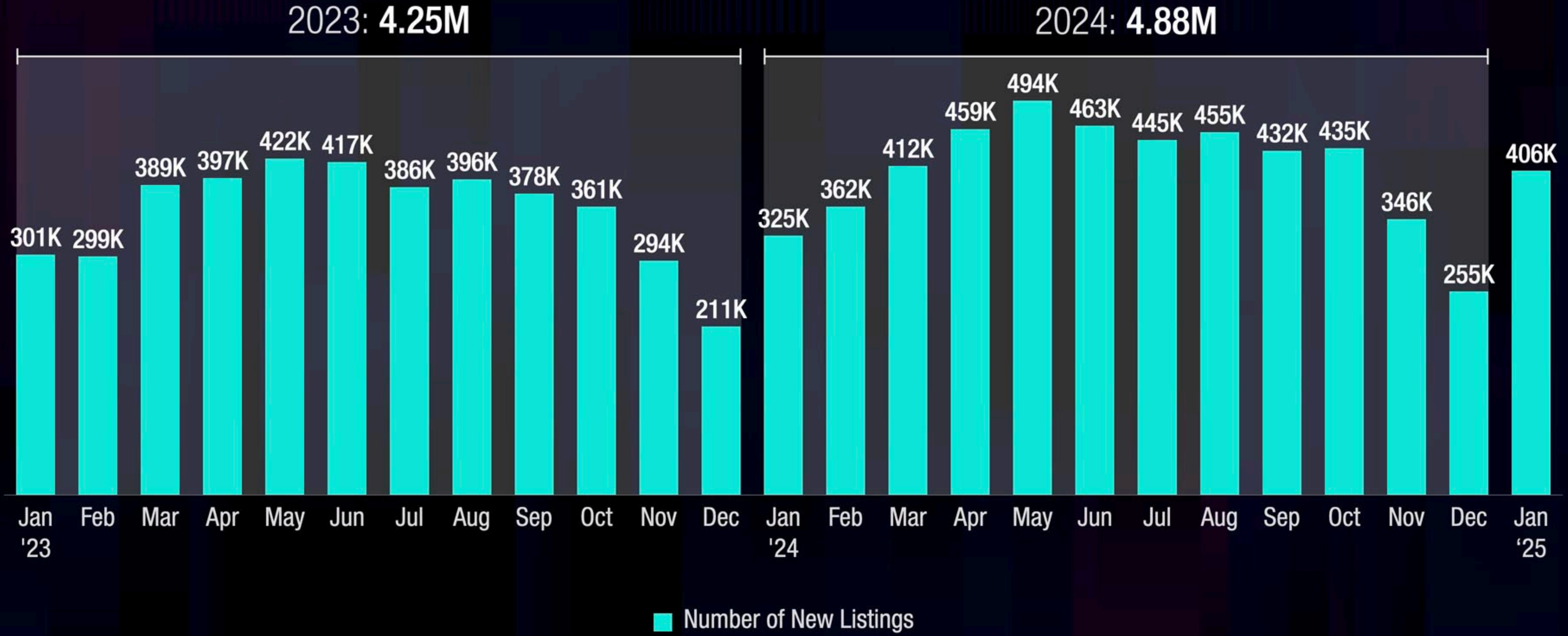
What this means:

1. Consumers can continue to give prior express written consent to receive calls and texts to more than one business at a time; one-to-one consent is not required.
2. Lead generation forms that use a single consent for multiple businesses will still be effective.
3. Nothing else has changed. You still must comply with the TCPA's requirements when making calls or texts.

4. Listings With Price Drops - Percentage

Source: KW Research

5. New Listings



Source: KW Research

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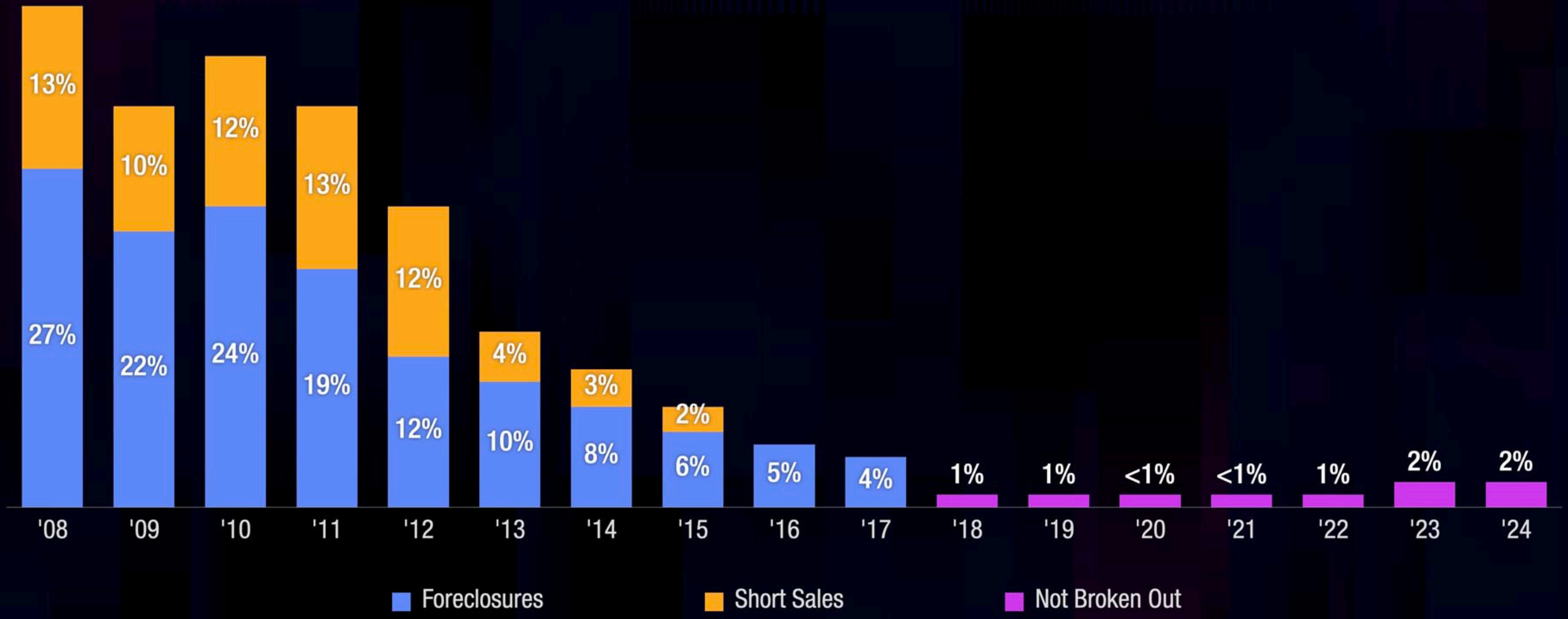
6.1. Distressed Sales



Source: National Association of REALTORS®

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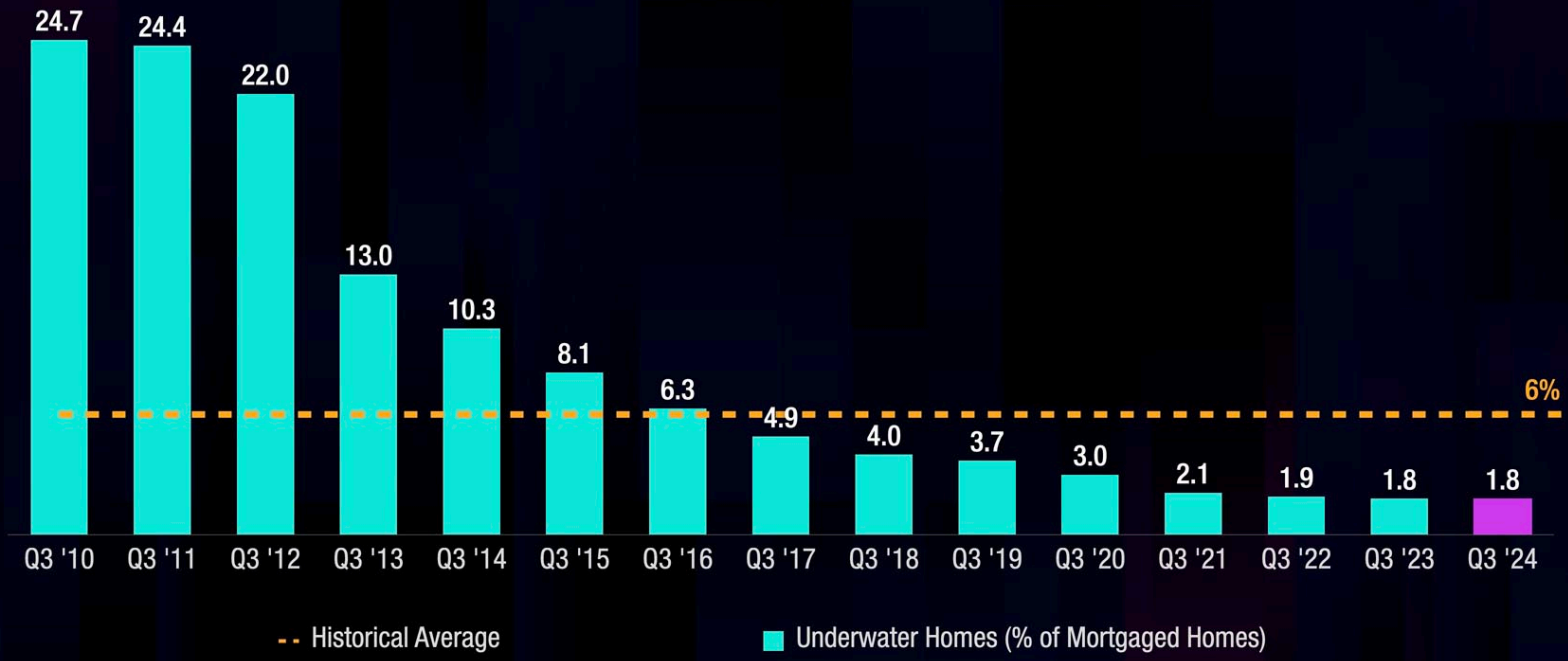
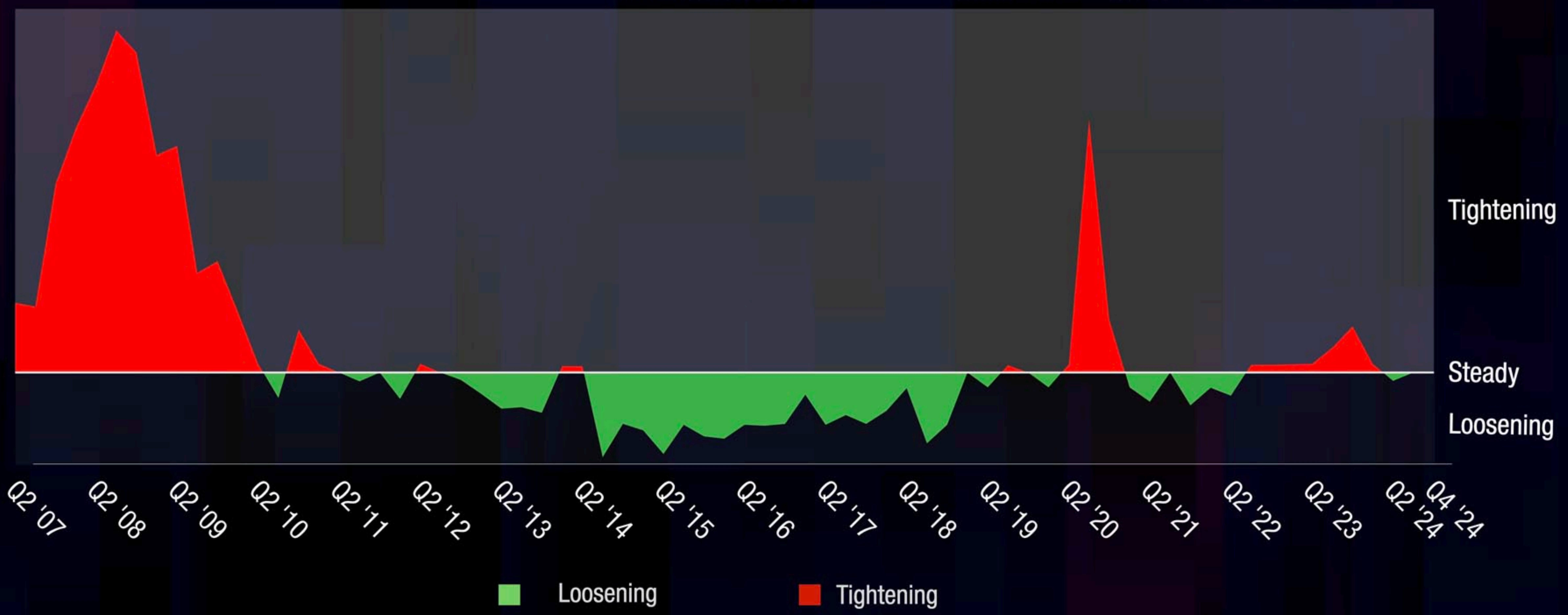
6.2. Underwater Homes



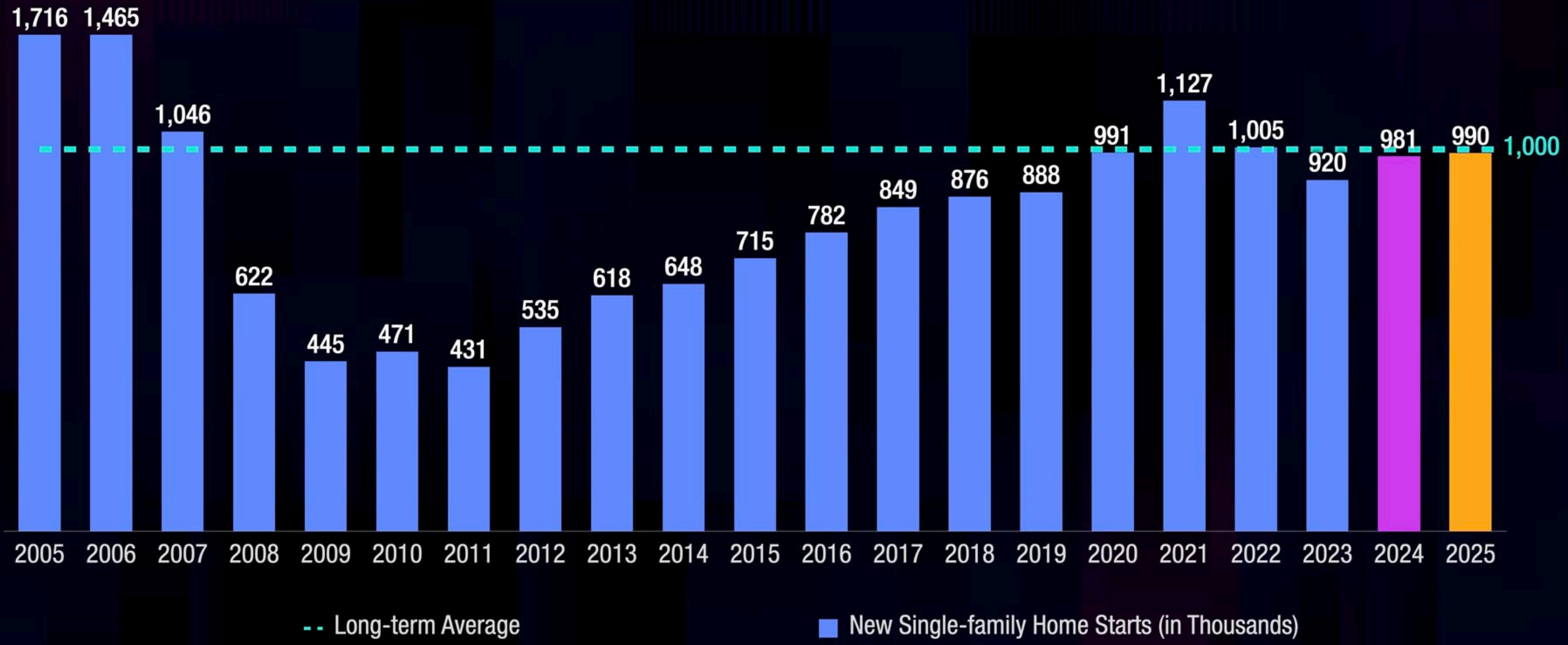
Source: CoreLogic Homeowner Equity Insights

7. Credit Conditions



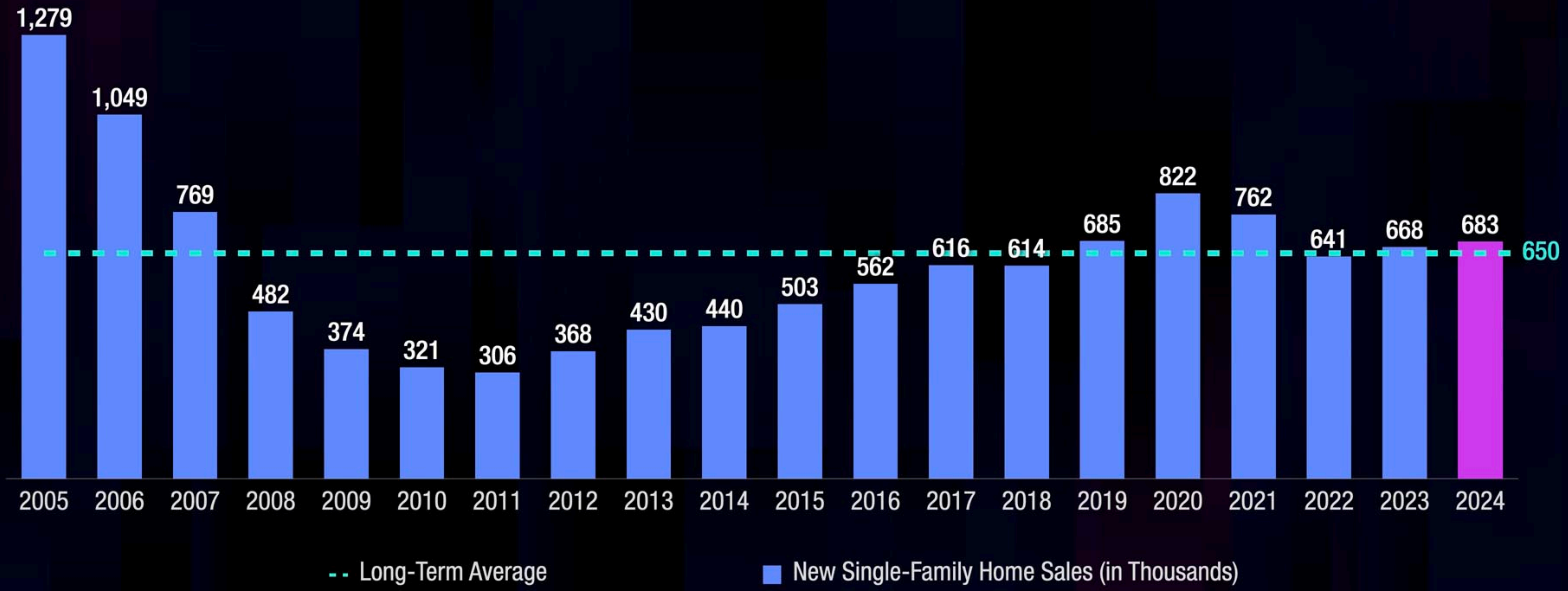
Source: FRB SLOOS

8.1. New Home Starts



Source: U.S. Census Bureau

8.2. New Home Sales



Source: U.S. Census Bureau

9. Challenges for Builders and Developers

Regulatory Burdens

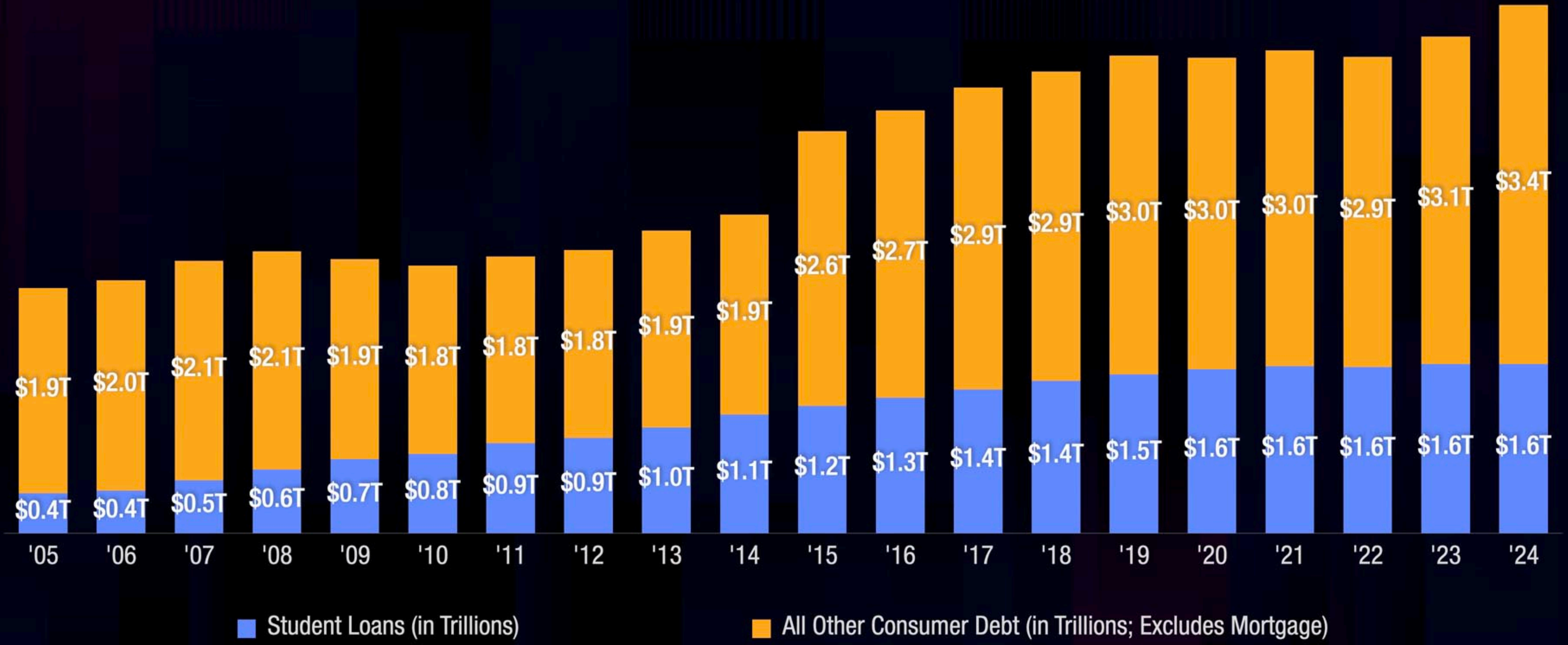
Skyrocketing Land Costs

Volatile Material Prices

Persistent Labor Shortages

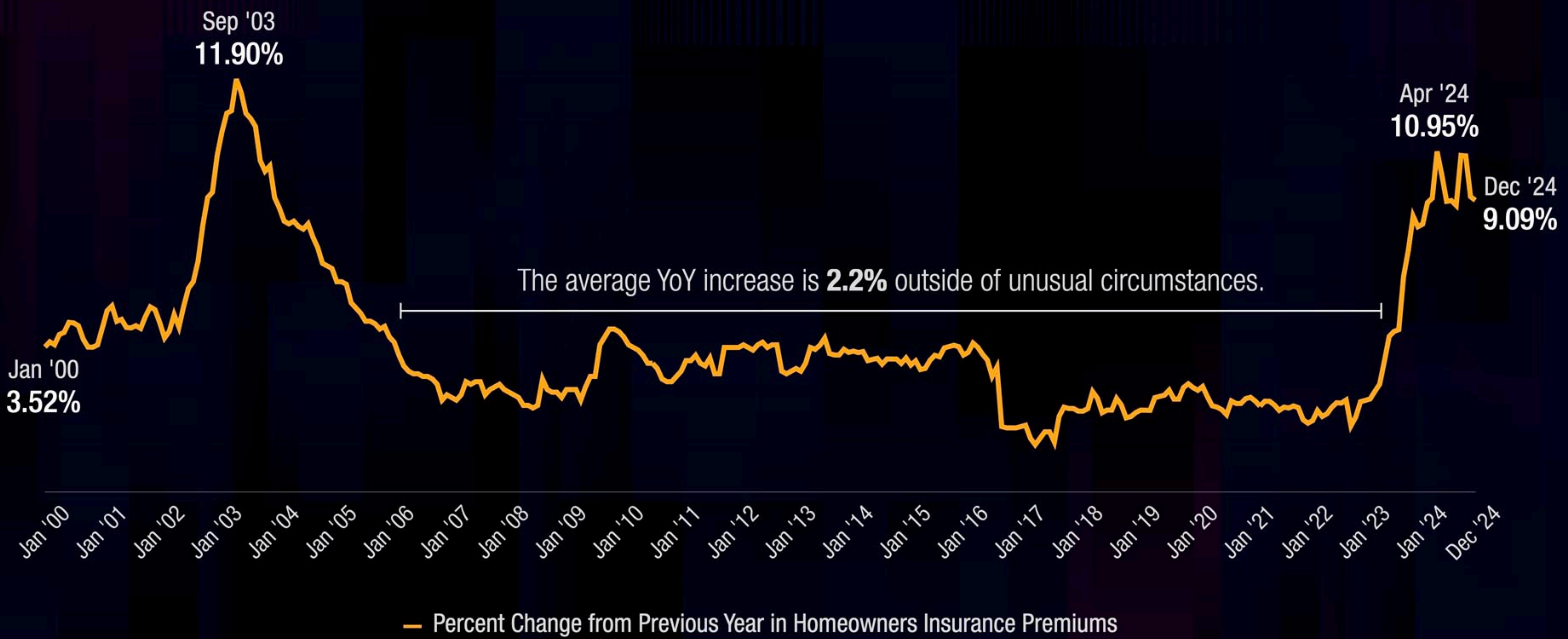
Profitability Constraints and Project Feasibility

10. Student Loan Debt



Source: Federal Reserve Bank of New York

11. Home Insurance - Percent Change YoY



Source: U.S. Bureau of Labor Statistics, Producer Price Index by Industry: Premiums for Property and Casualty Insurance: Premiums for Homeowner's Insurance

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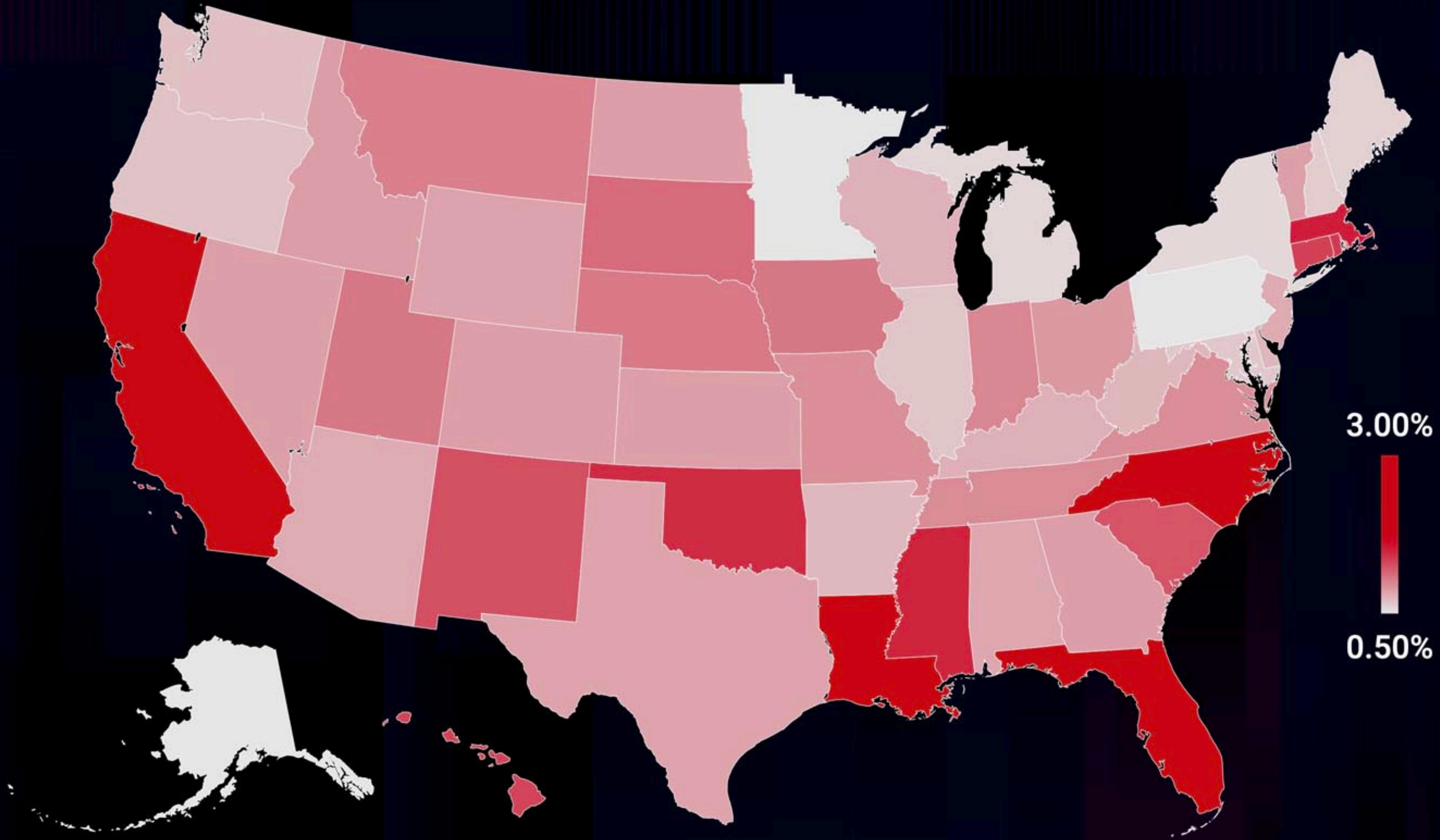
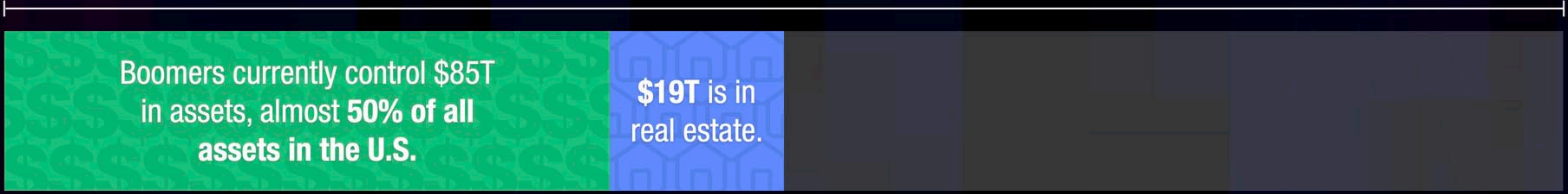
11. Home Insurance - 2023 Nonrenewal Rates

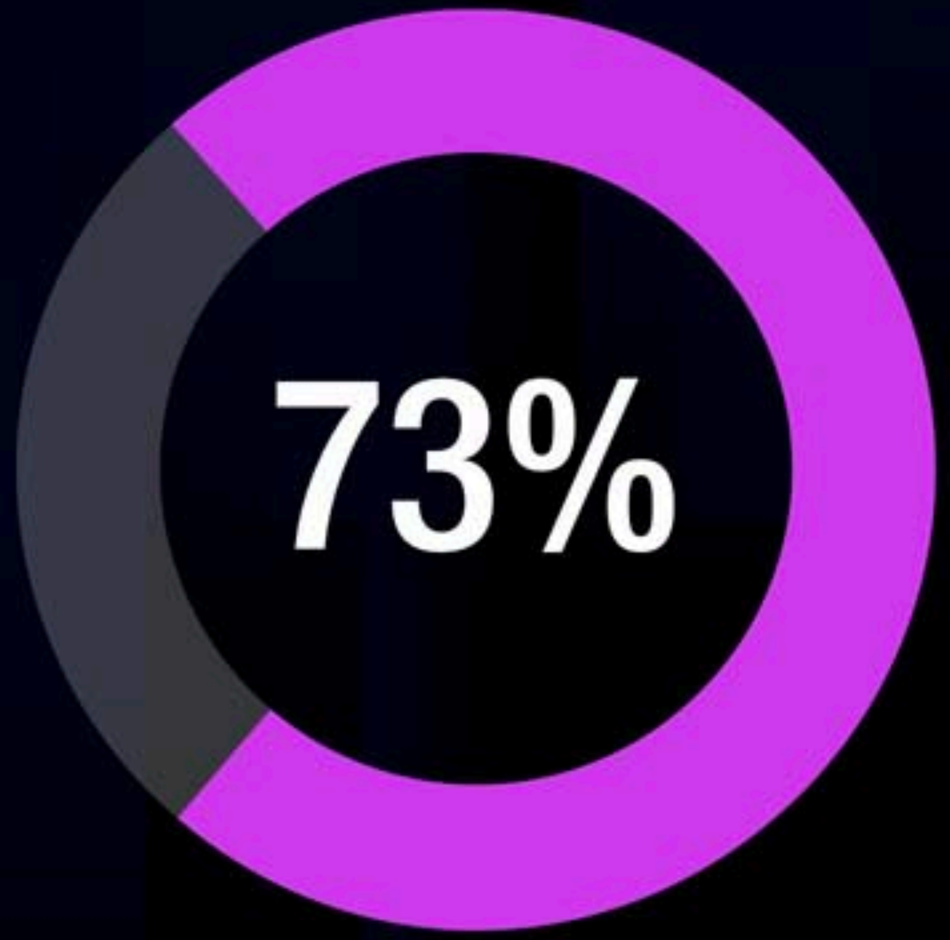


Source: U.S. Senate Committee on the Budget

12. Generational Wealth Transfer

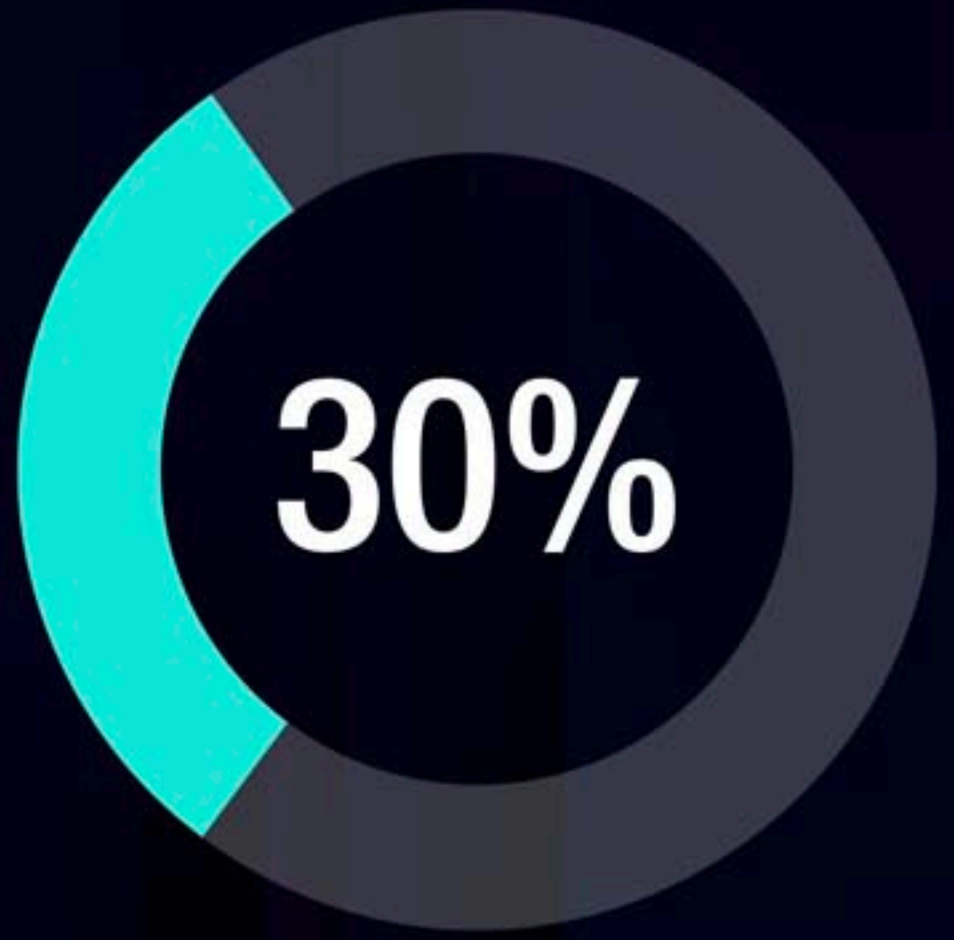
Cumulative U.S. Wealth





73% of people over 55 say they want to give all or some of their estate to their children before they die.

On average they want to give away **30%** while still alive



Source: Merril Lynch Wealth Management/Bank of America Corp Life Stage Series

12. Generational Wealth Transfer

EXAMPLE 1

A married couple loans their single child $500K to purchase a home following the requirements laid out by the IRS. The couple then forgives the amount equivalent to the maximum annual gift tax per parent ($19K) on the loan, for a total of $38K. This process can be repeated until the home is fully paid off. If the child is married, the gift amount can also be extended to their spouse, effectively doubling the annual loan.

EXAMPLE 2

A married couple buys their child a $500K home in cash and gifts it to them. They file the required gift tax report, falling under their lifetime gift and estate tax exclusion of $27.98M per married couple. *Note – the lifetime gift and estate tax exclusion falls from $13.99M to $5M per gifter after 2025.*

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Source: Merril Lynch Wealth Management/Bank of America Corp Life Stage Series

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	Global Population of HNWI, in Millions	North American Population of HNWI, in Millions	Total Wealth of HNWI in North America, in Trillions
2008	8.6M	2.7M	$9.1T
2009	10.0M	3.1M	$10.7T
2010	10.9M	3.4M	$11.6T
2011	11.0M	3.3M	$11.4T
2012	12.0M	3.7M	$12.7T
2013	13.7M	4.3M	$14.9T
2014	14.7M	4.7M	$16.2T
2015	15.4M	4.8M	$16.6T
2016	16.5M	5.2M	$18.0T
2017	18.1M	5.7M	$19.8T
2018	18.0M	5.7M	$19.6T
2019	19.6M	6.3M	$21.7T
2020	20.8M	7.0M	$24.3T
2021	22.5M	7.9M	$27.7T
2022	21.7M	7.4M	$25.6T
2023	22.8M	7.9M	$27.5T

*HNWI = High Net Worth Individuals

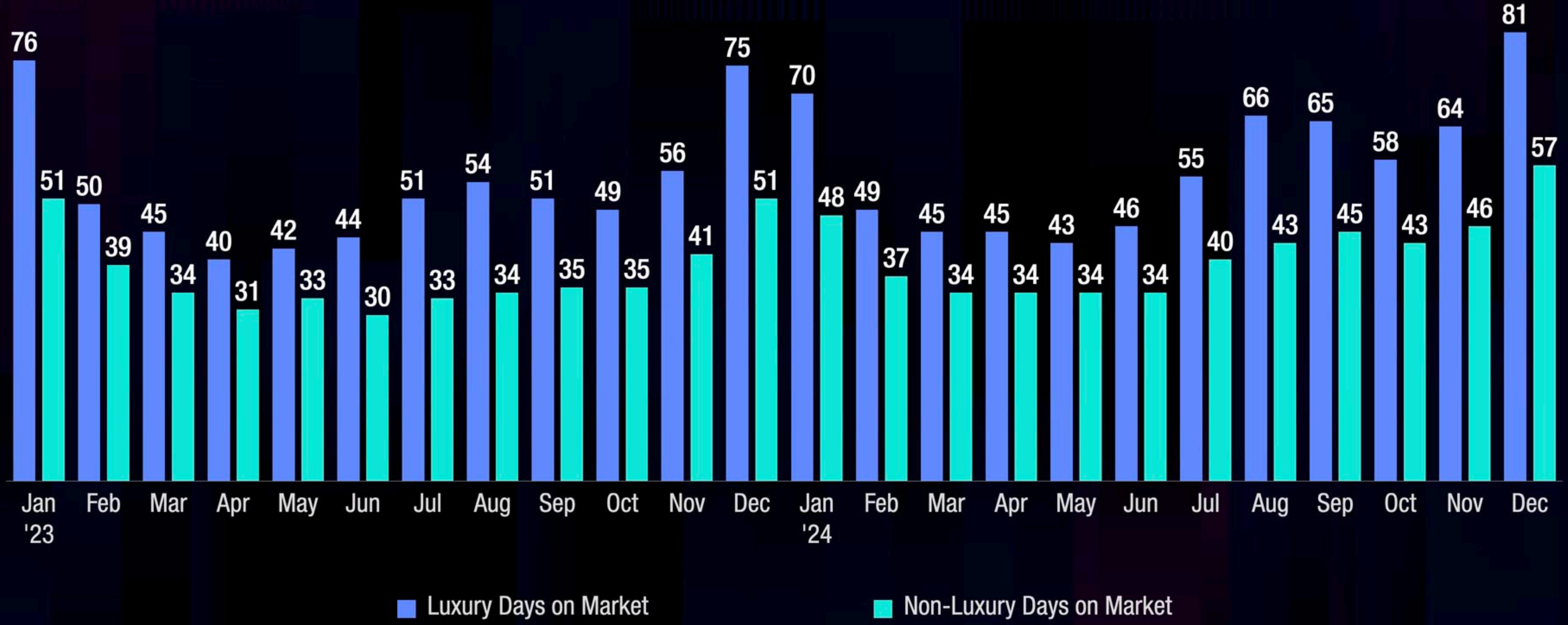
Sources: Capgemini and RBC Wealth Management

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%
2023	15%	34%	15%	23%	13%
2024	19%	25%	20%	21%	15%

Sources: Capgemini and RBC Wealth Management. *No data for 2011.

3. Luxury: Days on Market



Source: KW Research

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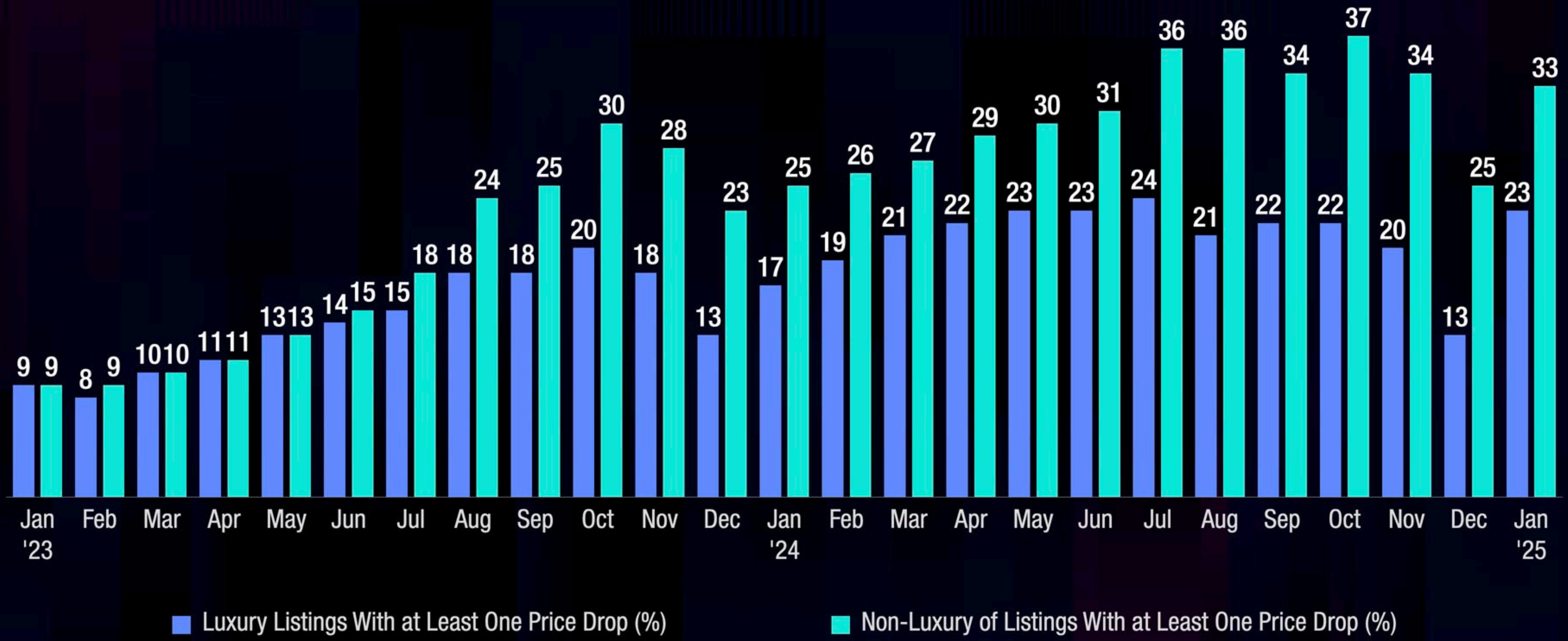
4. Luxury: Listings With Price Drops



Source: KW Research

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Commercial

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

1. Commercial Trends

OFFICE

- Record-high vacancy rate of 20.4%
- Static rents
- Flight-to-quality trend as non-Class A tenants upgrade
- $3 trillion in commercial debt, with office space most at risk

RETAIL

- Shift toward mixed-use and experience-driven spaces
- Vacancy rates steady at 10.3%, slightly above pre-pandemic levels
- Retail remains resilient as sales grow by 2.9%

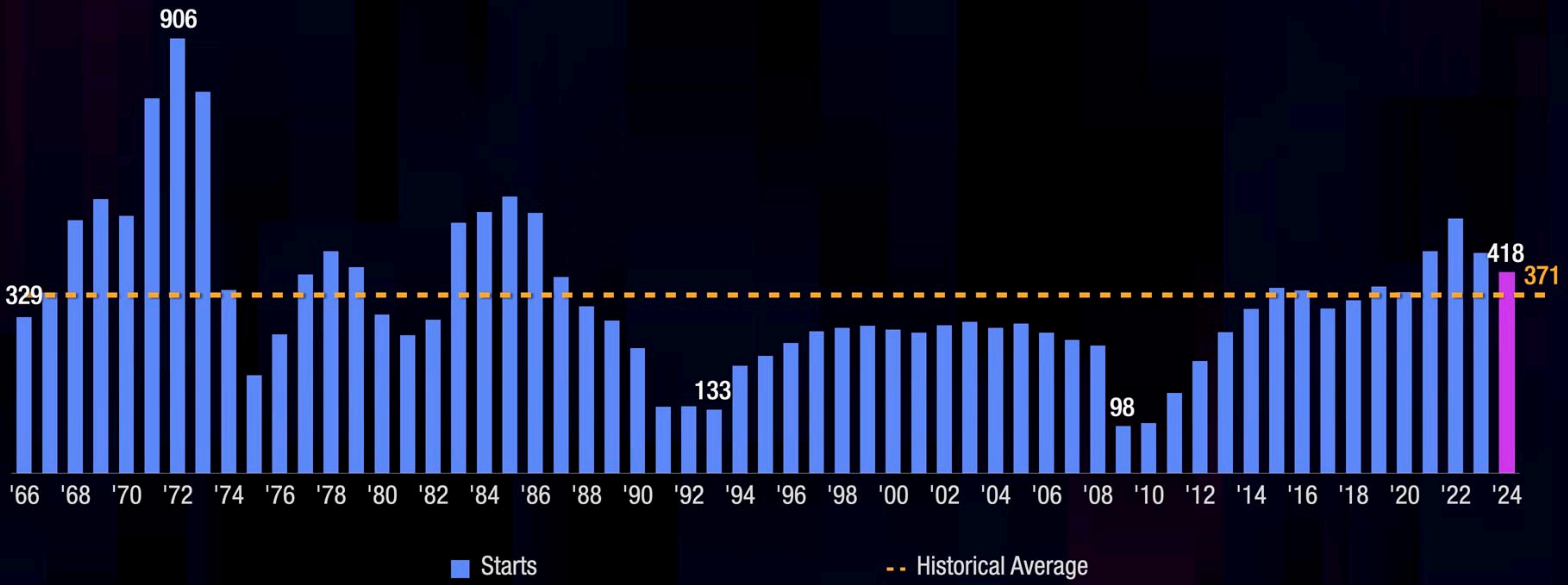
MULTIFAMILY

- National rent declines amid a surge of new supply
- Vacancy rate hits 6.1%, highest since 2011

INDUSTRIAL

- Gradual pullback following pandemic-driven expansion
- Rent growth is minimal but remains positive
- Manufacturing construction investment up 31%, driven by the CHIPS Act
- Vacancy rates fell slightly to 6.9%, a third of what they were pre-pandemic

2. Multifamily Units Started



Source: U.S. Census Bureau

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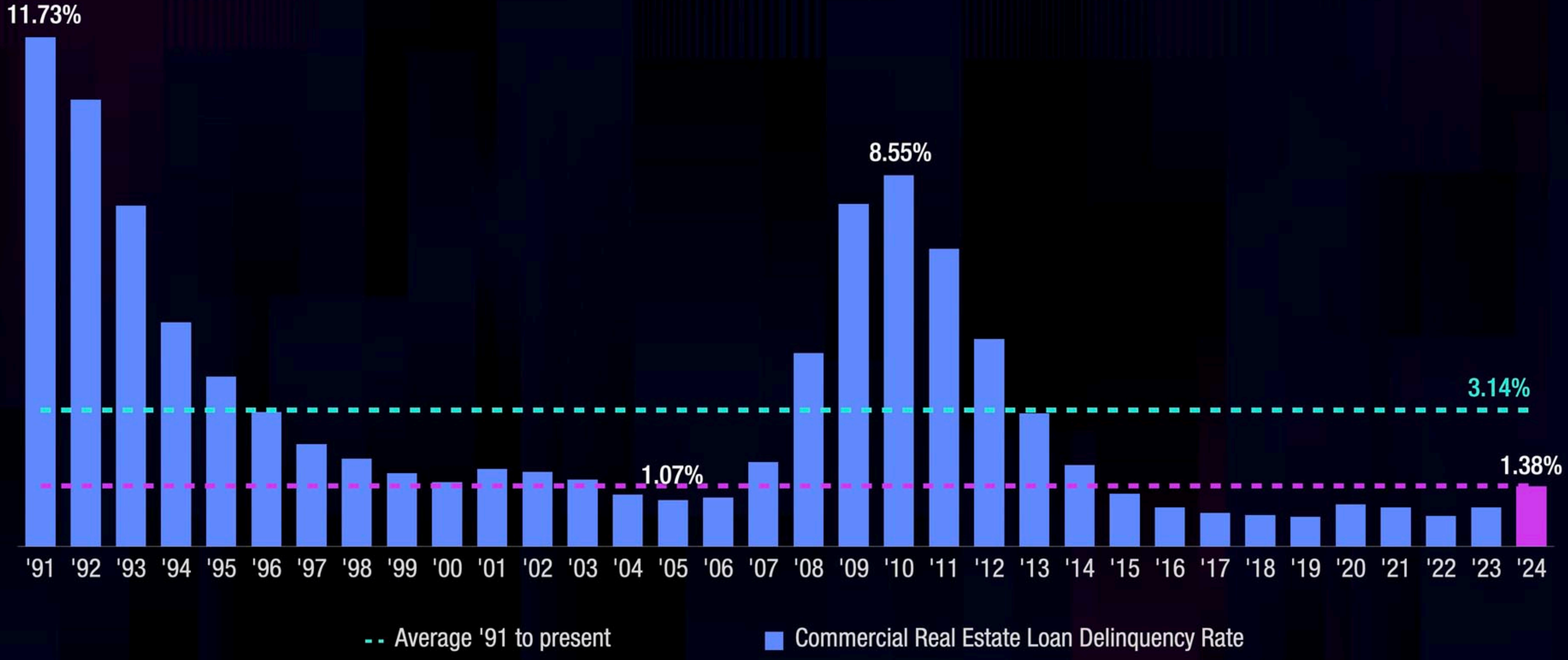
3. Loan Delinquency Rates



Source: FRED

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Industry

1. Industry News

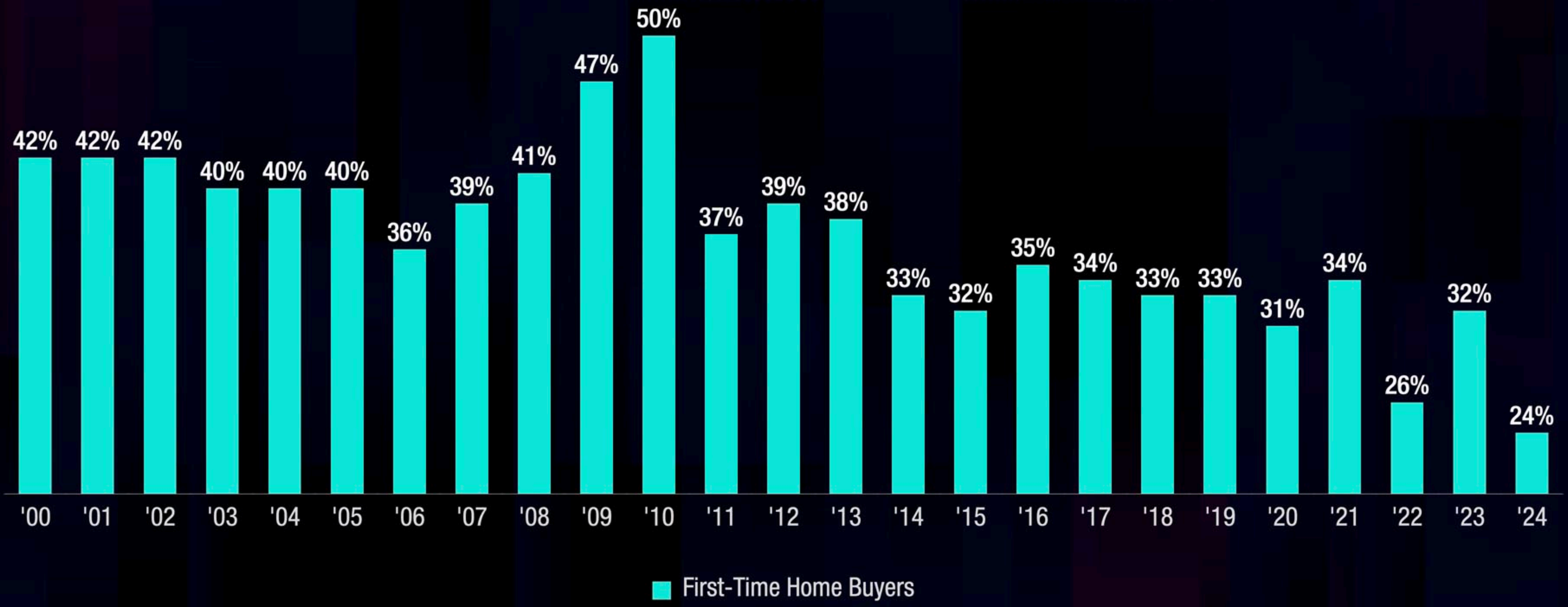
1. Industry News

1. CoStar acquires Matterport, leveraging 3D and Lidar scanning for virtual property tours on Homes.com.
2. Zillow partners with First Street to provide climate-risk data on flood, wildfire, wind, heat, and air quality.
3. Realtor sues CoStar for accessing sensitive information and trade secrets.
4. Redfin signs a $100 million deal with Zillow, making it the exclusive provider of multifamily rental listings (25+ units) on the Redfin.
5. Tech providers are leveraging artificial intelligence to enhance efficiency in real estate agent operations.

National Association of REALTORS®

2024 Profile of Home Buyers and Sellers

First-Time Home Buyers



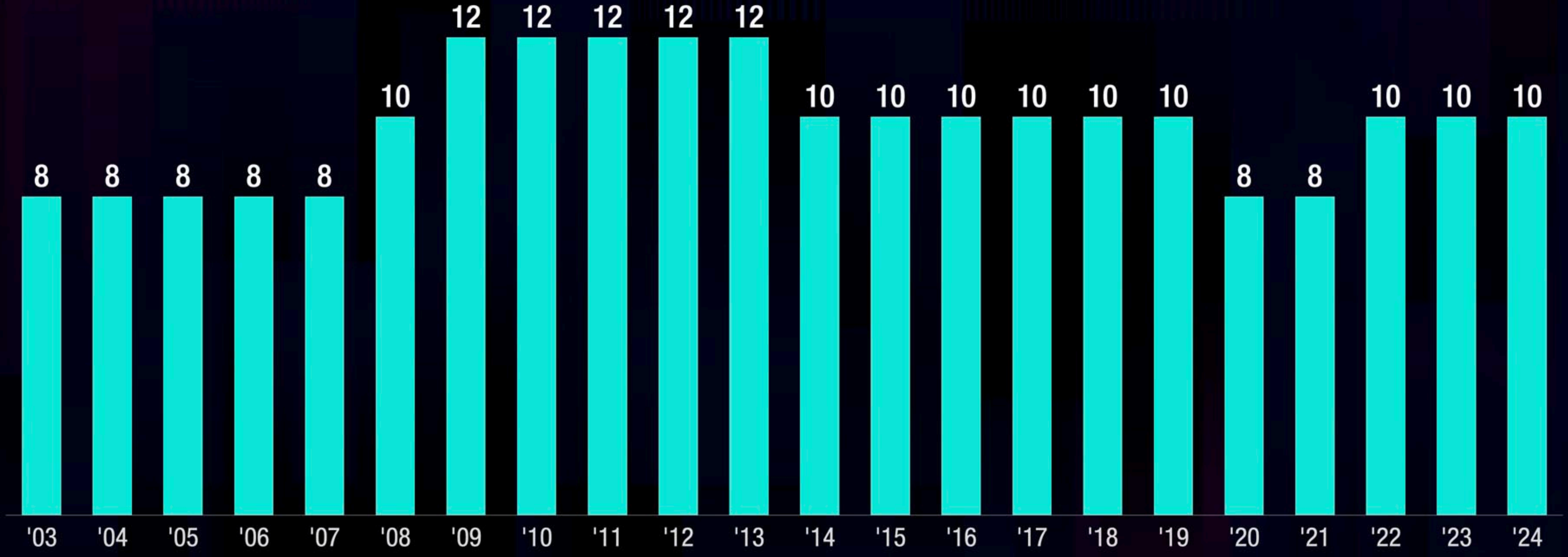
Primary Reason for Purchasing a Home

	2006	2010	2018	2019	2020	2021	2022	2023	2024
Desire to own a home	32%	31%	29%	29%	27%	28%	22%	26%	22%
Desire for a larger home	14	9	9	9	10	11	7	11	10
Desire to be closer to family/friends	*	5	8	9	9	10	16	12	14
Change in family situation	9	8	7	8	8	7	6	8	8
Desire for a home in a better area	8	5	7	7	6	7	8	1	7
Retirement	4	3	5	5	5	5	8	5	7
Job-related relocation or move	12	7	8	7	6	5	6	6	6
Desire for a smaller home	5	3	5	6	6	5	8	6	6
Desire to be closer to job/school/transit	7	3	3	3	3	2	1	3	3
Affordability	*	6	2	2	3	2	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	1	2	2
Establish a household	*	2	2	3	2	3	2	2	1

** Less than 1%*

Source: 2024 Profile of Home Buyers and Sellers

Weeks in Home Search



Source: 2024 Profile of Home Buyers and Sellers

KW RESEARCH

First Step in Buying Process

	2007	2010	2018	2019	2020	2021	2022	2023	2024
Looked online for properties for sale	32%	36%	44%	44%	43%	41%	52%	41%	43%
Contacted a real estate agent	20	19	17	16	18	19	19	20	21
Looked online for information about the buying process	12	11	11	12	9	10	6	11	9
Contacted a bank or mortgage lender	7	8	7	7	7	9	7	8	7
Talked with a friend or relative about buying process	9	7	6	6	7	7	4	7	6
Drove by homes/neighborhoods	1	7	6	5	6	5	5	4	5
Visited open houses	7	4	4	4	4	2	1	3	3
Contacted a home seller directly	2	1	1	1	2	1	2	2	2
Looked up neighborhood information	*	*	1	1	1	1	2	2	2
Looked in newspapers, magazines, or home buying guides	5	2	1	1	1	*	*	*	2
Contacted builder/visited builder models	1	1	1	1	2	2	1	2	1
Attended a home buying seminar	1	2	1	1	1	1	*	1	*

** Less than 1%*

Information Sources Buyers Use

	2006	2010	2018	2019	2020	2021	2022	2023	2024
Real estate agent	85%	88%	86%	87%	87%	87%	86%	88%	86%
Mobile or tablet search device	N/A	N/A	73	73	76	74	73	72	69
Open house	47	45	53	51	53	41	28	50	49
Online video site	N/A	N/A	37	35	41	40	40	38	37
Yard sign	63	57	46	39	41	35	39	33	32
Home builder	26	16	18	15	18	19	9	17	17
Print newspaper advertisement	55	36	13	11	10	7	12	6	6
Home book or magazine	34	23	10	7	8	6	7	5	5
Billboard	9	5	5	4	4	4	2	4	3
Television	11	7	3	3	3	2	2	3	3
Relocation company	5	3	3	3	3	2	2	2	3

Source: 2024 Profile of Home Buyers and Sellers

KW RESEARCH

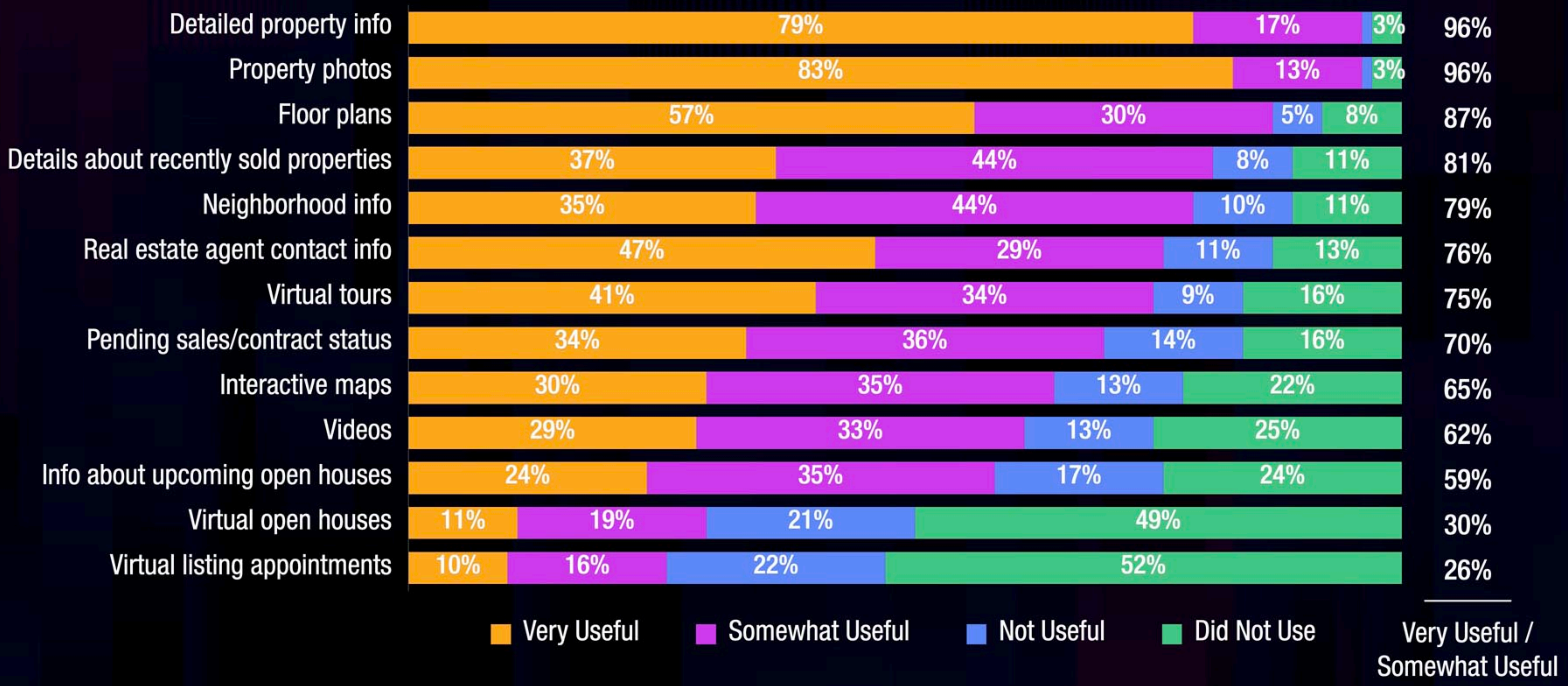
Where Buyers Found the Home They Purchased

	2006	2010	2018	2019	2020	2021	2022	2023	2024
Internet	24%	37%	50%	52%	51%	51%	51%	52%	51%
Real estate agent	36	38	28	29	28	28	29	28	29
Home builder or their agent	8	4	5	4	5	6	1	6	8
Friend, relative, or neighbor	8	6	7	6	6	6	10	4	5
Yard sign/Open house sign	15	11	7	6	7	4	4	4	4
Directly from sellers/Knew the sellers	3	2	3	3	3	3	5	3	4
Print newspaper advertisement	5	2	1	*	*	*	*	*	*
Home book or magazine	1	*	*	*	*	*	*	*	*
Other	*	*	*	*	*	*	*	*	*

** Less than 1%*

Source: 2024 Profile of Home Buyers and Sellers

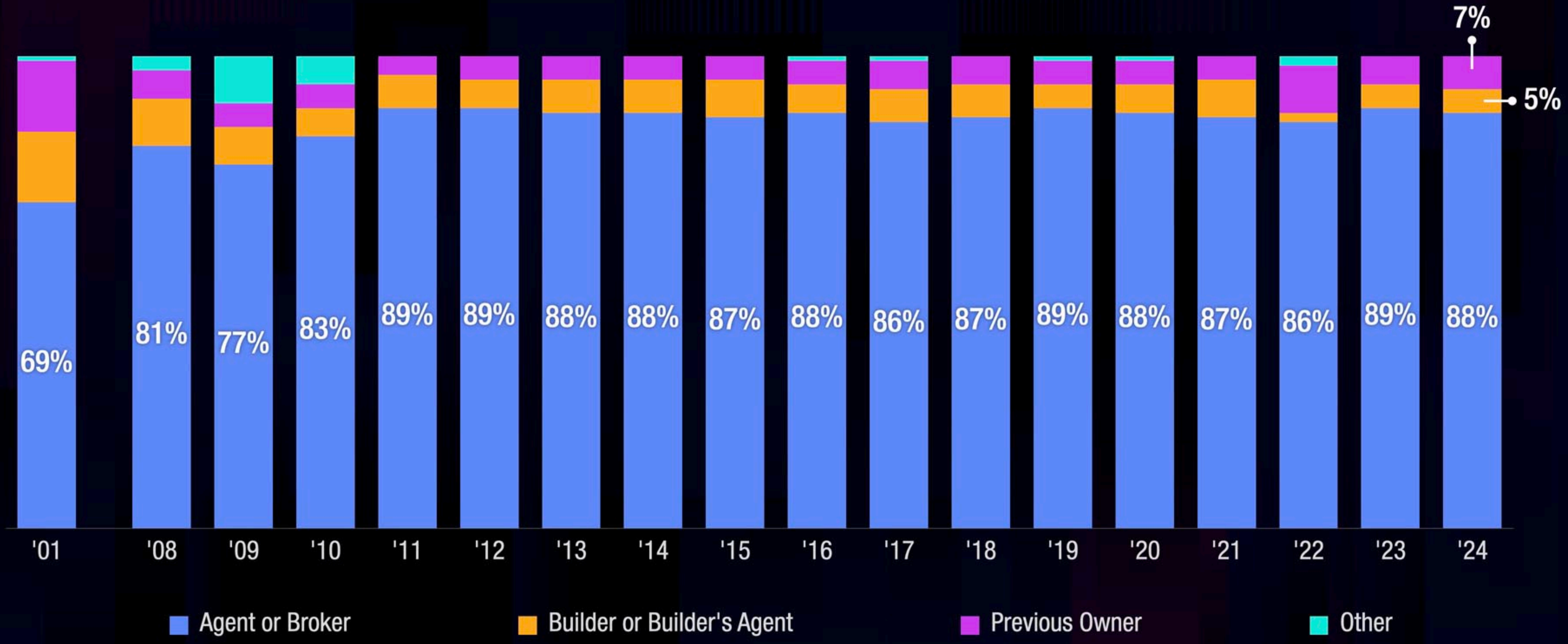
Value of Website Features



Source: 2024 Profile of Home Buyers and Sellers

KW RESEARCH

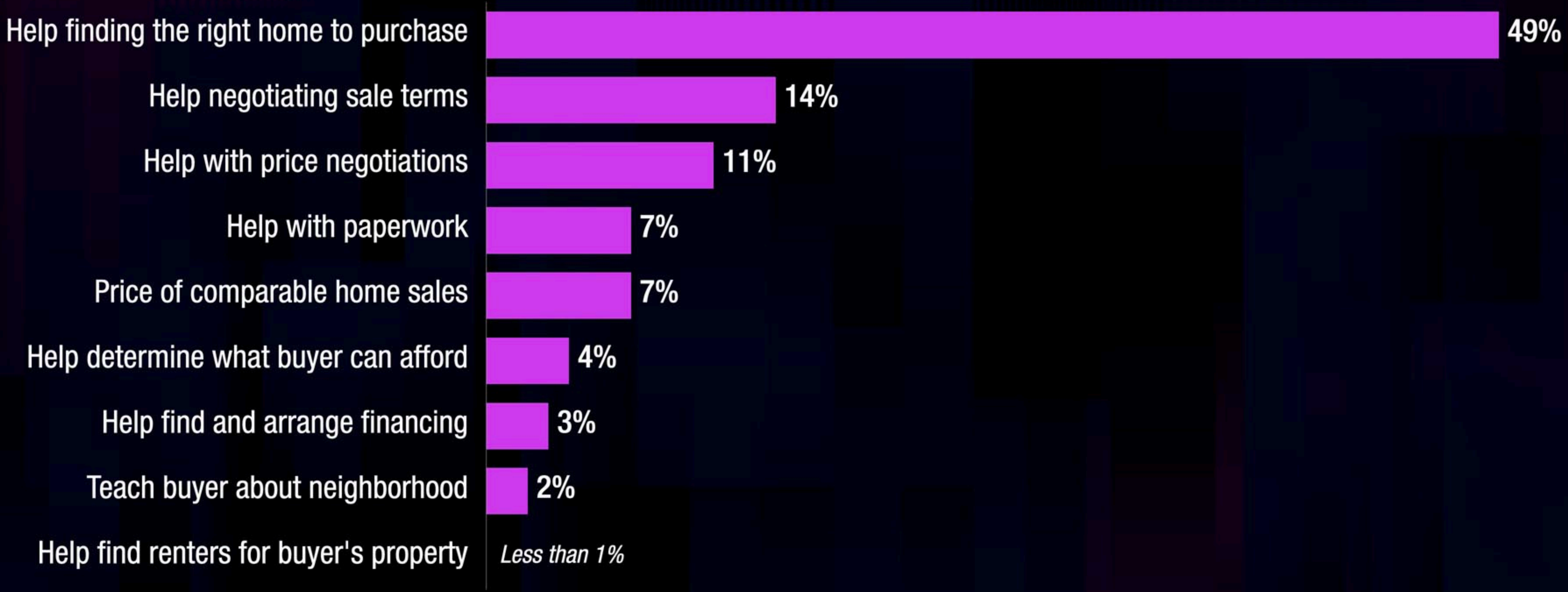
Method of Home Purchase



Source: 2024 Profile of Home Buyers and Sellers

KW RESEARCH

What Buyers Want From Their Agent



Source: 2024 Profile of Home Buyers and Sellers

How Buyers Found Their Agent

	2006	2010	2018	2019	2020	2021	2022	2023	2024
Referred by (or is) a friend, neighbor, or relative	40%	48%	41%	41%	40%	47%	38%	43%	40%
Used agent previously to buy or sell a home	13	9	12	12	13	13	12	13	17
Inquired about specific property viewed online	N/A	N/A	7	7	7	7	10	7	7
Referred by another real estate agent or broker	5	3	5	6	5	5	6	5	7
Website	7	10	6	5	6	7	9	7	6
Saw contact information on for sale/open house sign	7	6	4	3	3	5	9	5	5
Visited an open house and met agent	7	7	5	5	6	4	3	5	5
Personal contact by agent (telephone, email, etc.)	3	3	3	4	4	3	5	3	4
Referred through employer or relocation company	4	3	2	2	2	2	1	2	2
Walked into or called office and agent was on duty	4	5	1	1	1	1	2	1	1
Mobile or tablet application	N/A	N/A	1	1	1	1	1	1	1
Other	7	7	11	11	10	6	2	6	5

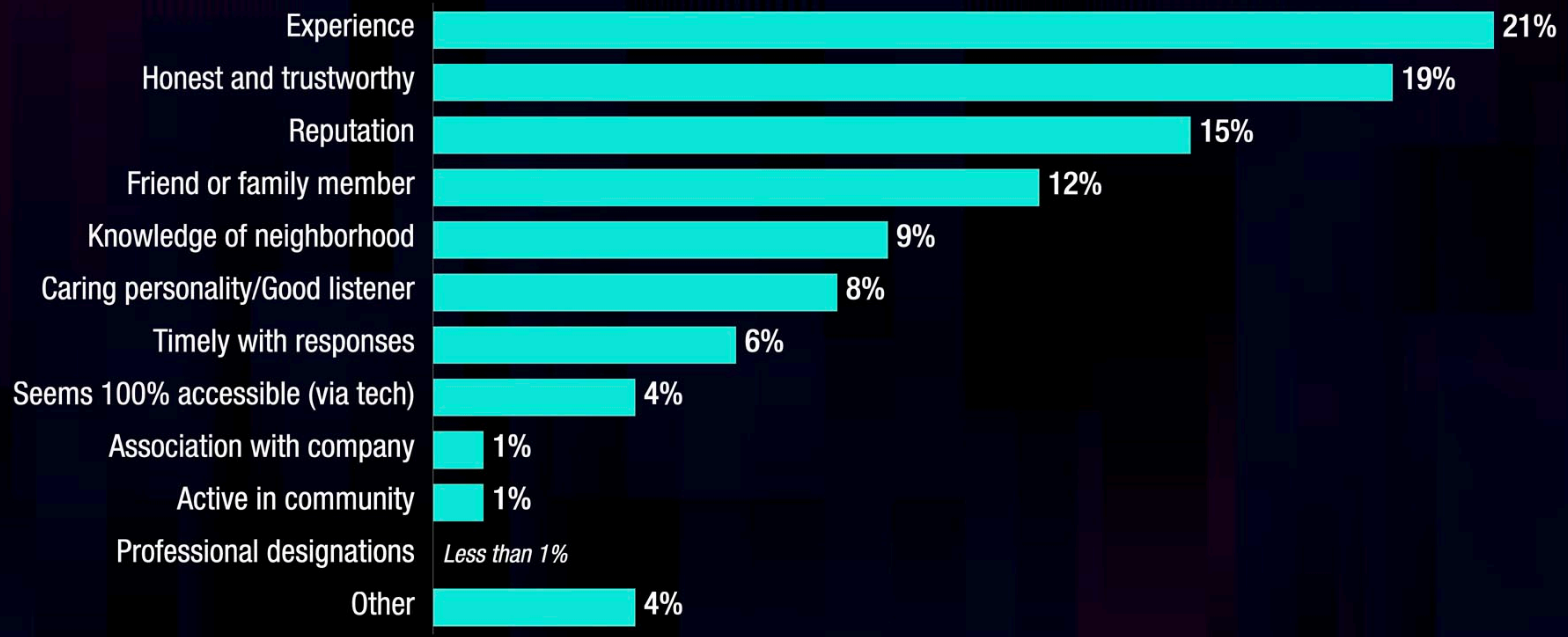
Source: 2024 Profile of Home Buyers and Sellers

Buyer Interviews

	2006	2010	2018	2019	2020	2021	2022	2023	2024
One	65%	64%	68%	75%	73%	73%	67%	71%	75%
Two	20	21	20	15	16	16	17	17	16
Three	10	10	8	7	7	7	9	7	7
Four or more	5	6	5	3	4	4	7	4	3

Source: 2024 Profile of Home Buyers and Sellers

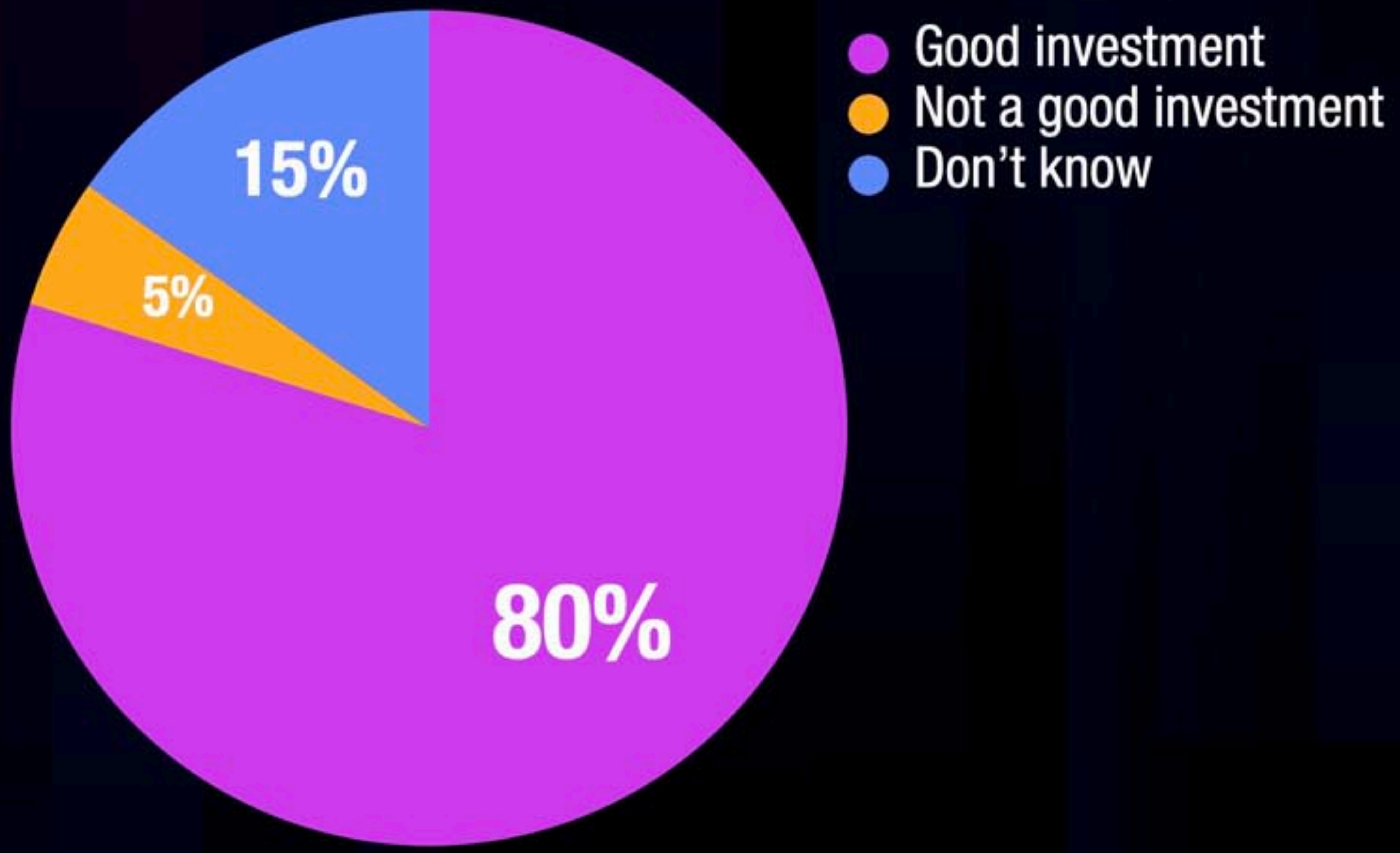
Most Important Factors for Buyers



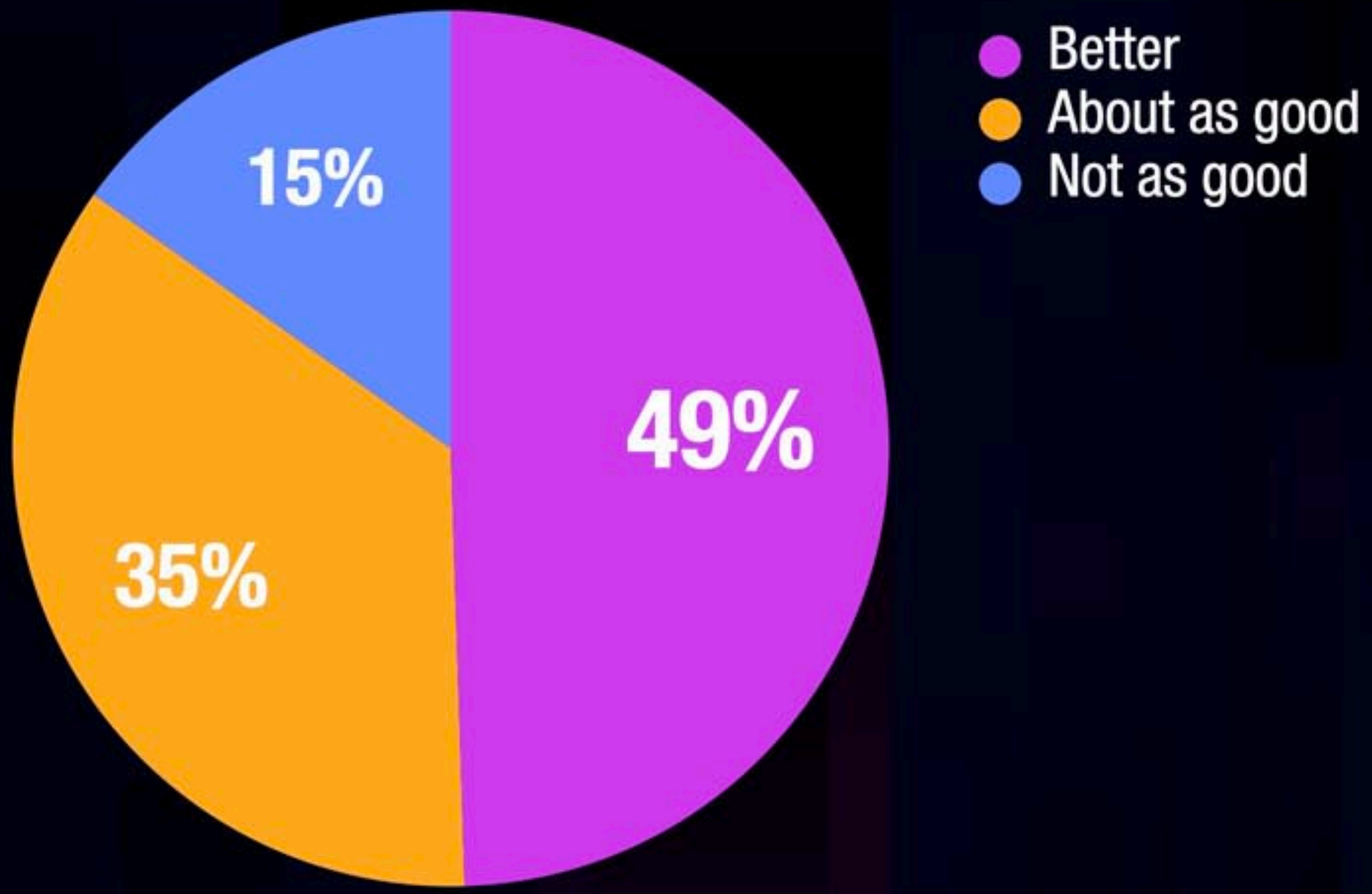
Source: 2024 Profile of Home Buyers and Sellers

Home as a Financial Investment

Is real estate a good financial investment?



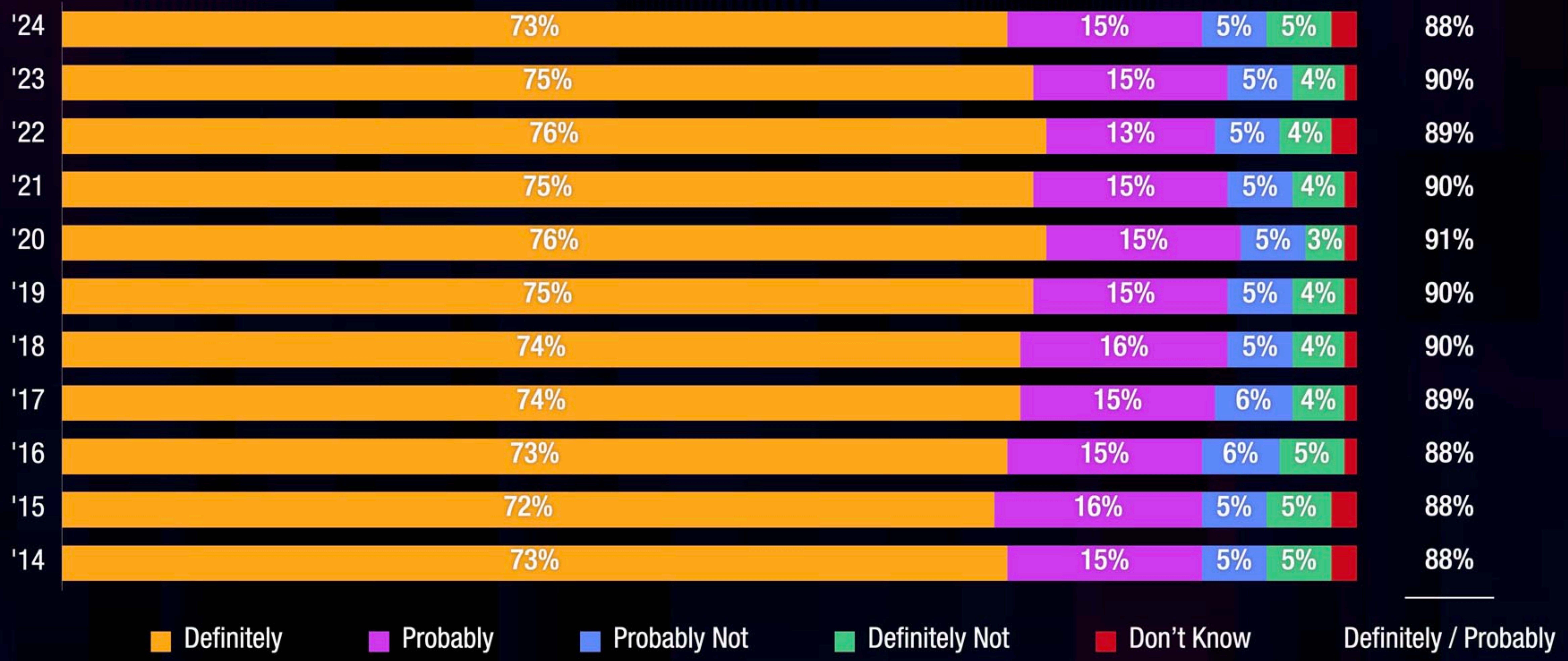
Is real estate a better investment than stocks?



Source: 2024 Profile of Home Buyers and Sellers

KW RESEARCH

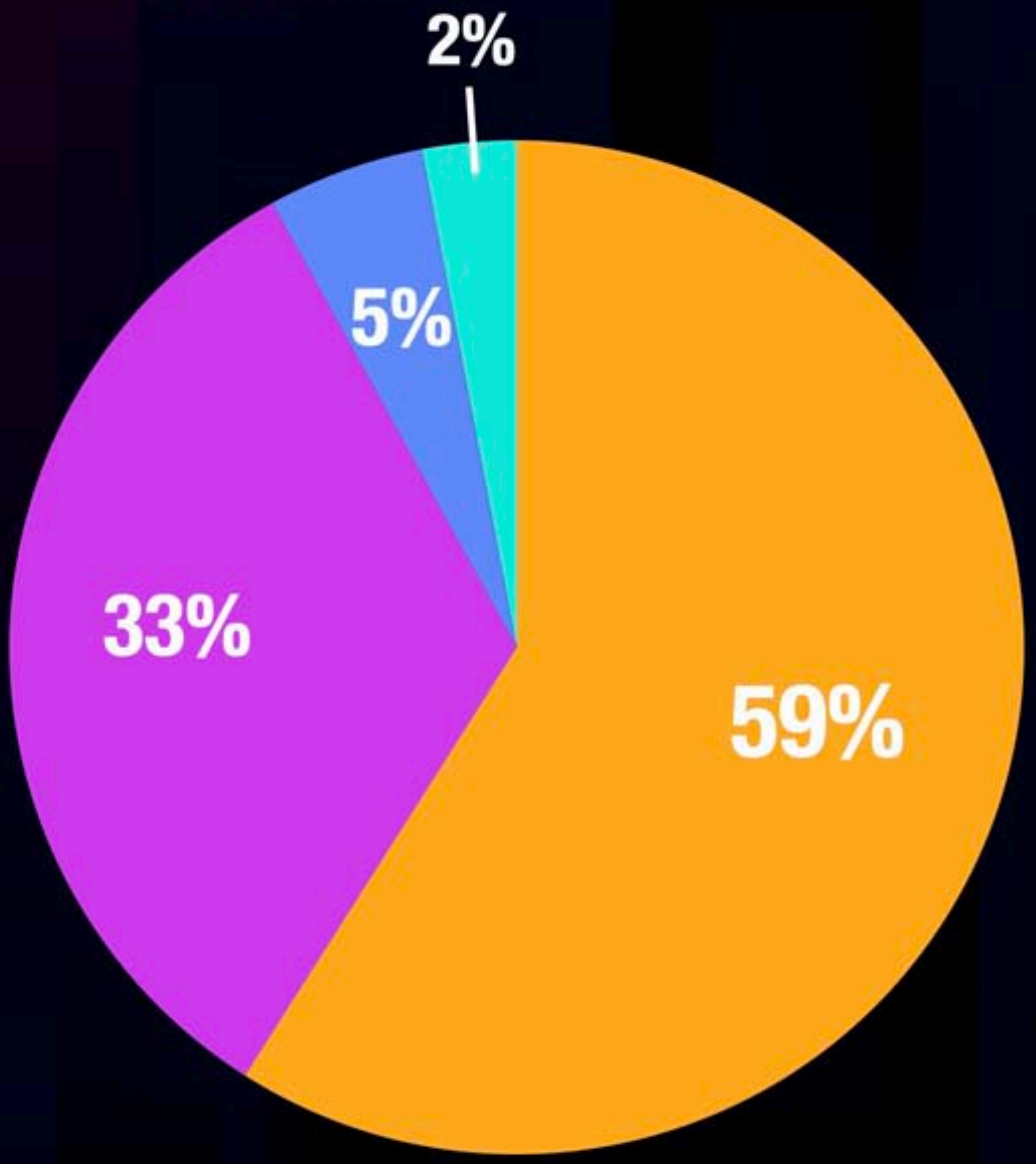
Buyer: Repeats and Referrals



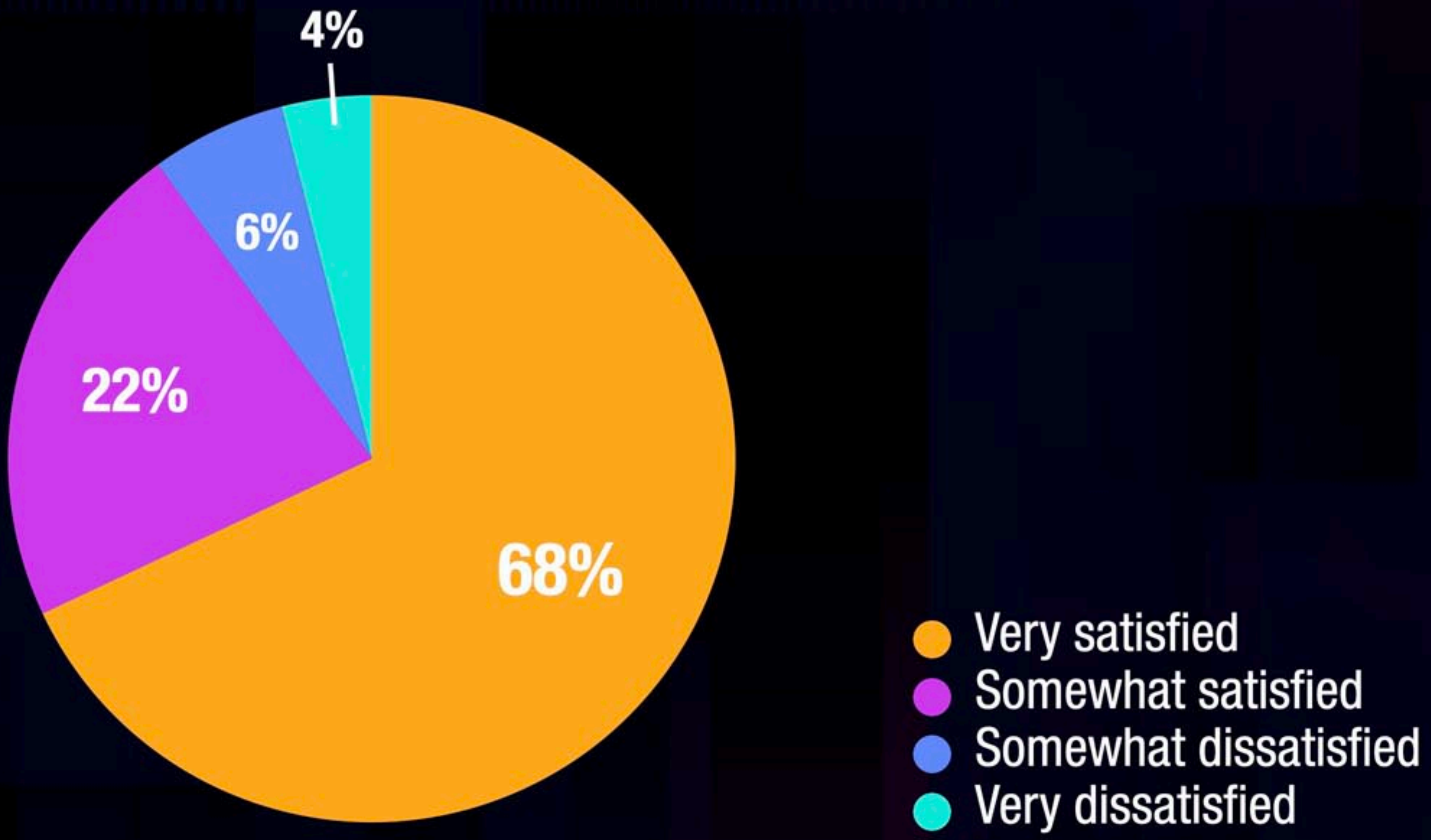
Source: 2024 Profile of Home Buyers and Sellers

KW RESEARCH

Buyer and Seller Satisfaction



Buyer Satisfaction



Seller Satisfaction

Source: 2024 Profile of Home Buyers and Sellers

KW RESEARCH

How Sellers Found Their Agent

	2006	2010	2018	2019	2020	2021	2022	2023	2024
Referred by (or is) a friend, neighbor, or relative	44%	41%	39%	39%	41%	39%	36%	39%	38%
Used agent previously to buy or sell a home	30	23	24	27	26	29	27	26	28
Website	2	4	4	4	5	3	5	5	4
Personal contact by agent (telephone, email, etc.)	5	4	5	5	4	4	5	4	4
Referred by another real estate agent or broker	4	4	3	3	4	4	5	4	4
Visited an open house and met agent	5	4	4	3	3	2	1	3	3
Direct mail (newsletter, flier, postcard, etc.)	3	2	2	1	1	1	3	2	2
Referred through employer or relocation company	3	3	2	2	1	1	1	1	2
Saw contact information on for sale/open house sign	*	3	2	2	1	2	2	1	1
Walked into or called office and agent was on duty	*	*	2	1	1	1	2	1	1
Other	2	6	12	10	11	15	12	11	11

** Less than 1%*

Source: 2024 Profile of Home Buyers and Sellers

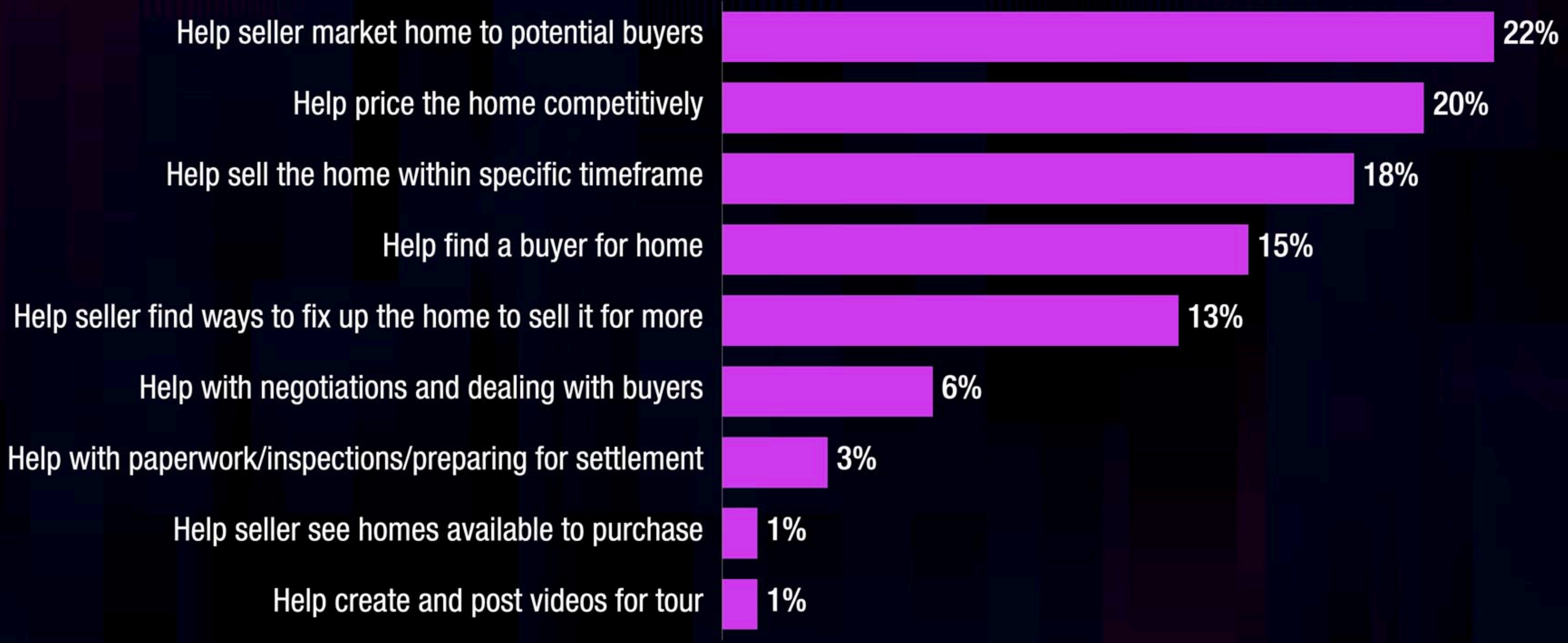
KW RESEARCH

Seller Interviews

	2006	2010	2018	2019	2020	2021	2022	2023	2024
One	69%	66%	75%	75%	77%	82%	80%	81%	81%
Two	18	19	13	15	13	10	11	12	15
Three	9	10	8	8	7	5	7	6	6
Four or more	4	6	3	3	4	3	1	2	2

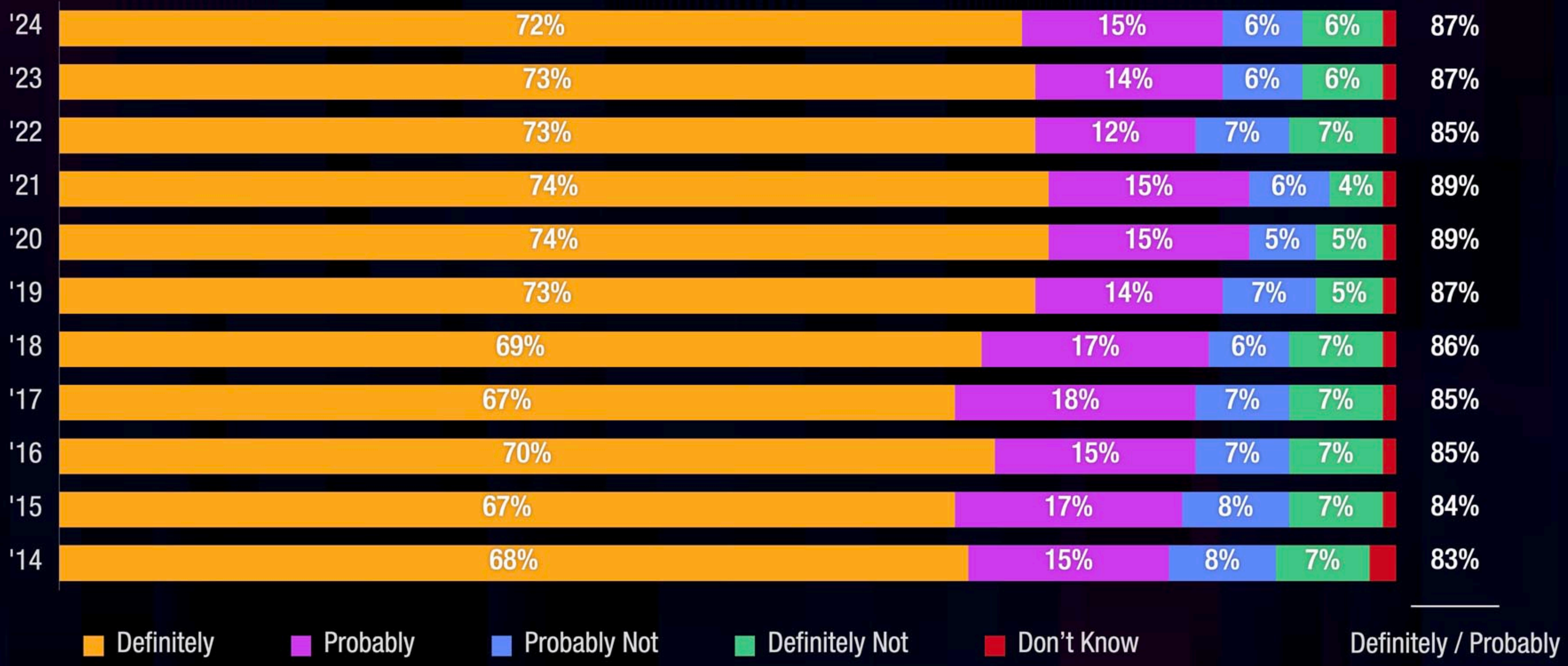
Source: 2024 Profile of Home Buyers and Sellers

What Sellers Want From Their Agent



Source: 2024 Profile of Home Buyers and Sellers

Seller: Repeats and Referrals



Source: 2024 Profile of Home Buyers and Sellers

KW RESEARCH

Method Used to Sell Home

	2006	2010	2018	2019	2020	2021	2022	2023	2024
Sold home using an agent or broker	84%	88%	91%	89%	89%	90%	86%	89%	90%
For sale by owner (FSBO)	12	9	7	8	8	7	10	7	6
Sold home to a home-buying company	1	1	1	1	1	1	1	2	N/A
Sold through an iBuyer program	N/A	N/A	N/A	N/A	*	*	1	N/A	N/A
Other	3	3	1	2	2	2	2	2	4

** Less than 1%*

Source: 2024 Profile of Home Buyers and Sellers

Incentives Offered to Attract Buyers

	2010	2018	2019	2020	2021	2022	2023	2024
None	56%	66%	66%	67%	74%	80%	77%	76%
Assistance with closing costs	20	13	14	14	9	7	7	9
Home warranty policies	25	18	17	17	13	8	9	8
Credit toward remodeling or repairs	5	7	8	8	7	8	6	7
Other incentives (car, TV, etc.)	4	4	3	3	2	2	3	3
Other	5	4	4	4	3	3	3	3

Source: 2024 Profile of Home Buyers and Sellers

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