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WISCONSIN STATE JOURNAL

PUBLISHED: May 19, 2015

Sales of homes in state jump 17 percent

All regions see big increase as median price rises nearly 11%

KAREN RIVEDAL
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For the second straight month, existing state home sales rose strongly over the previous year, after starting the year with two consecutive year-over-year declines.

Wisconsin home sales were up 16.8 percent year over year, while the statewide median sales price also grew substantially — up 10.7 percent to $154,900, according to the latest report from the Wisconsin Realtors Association released on Monday.

Sales also rose by double digits in all six regions of the state, ranging from 11.7 percent in the southeast to 41.2 percent in the central region, compared with April 2014. In the south-central region including Dane County, year-over-year sales were up 14.6 percent.

The median sales price for April also was up year over year in all six regions, ranging from 8.2 percent in the northeast to 16.7 percent in the southeast. The south-central region saw a 9.5 percent rise to $185,000.

Statewide home sales also rose in March, by 16.1 percent over March 2014, but fell by 3.7 percent and 1.8 percent in January and February, respectively.

The WRA noted that the April sales increase this year was the strong April since 2010, and the second strongest since 2006, before the recession began.

Meanwhile, the statewide median sales price has been growing year over year nearly continuously since March 2012, or for all but two months during that time.

Tight inventory across the state, especially in urban areas, is credited for much of that price-increase trend.

Year-to-date through April, statewide sales rose 10.4 percent compared with the same period of last year. The statewide median price rose by a solid 7.9 percent, to $145,550, compared to January through April of 2014.

In the south-central region, sales were up 10.6 percent January through April, compared with the same period of last year, while median sales price rose 8.4 percent to $176,750.

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WISCONSIN STATE JOURNAL

PUBLISHED: May 21, 2015

Minutes indicate rate hike unlikely

MARTIN CRUTSINGER
Associated Press

WASHINGTON — Federal Reserve policymakers largely agreed when they met last month that June would be too early to start raising interest rates, as they debated whether the economy's winter weakness would fade or persist.

While "a few" Fed officials believed that the U.S. economy would be ready to raise rates in June, they were outnumbered by "many" Fed officials who viewed it as "unlikely" that the economic data would be strong enough to justify a June hike.

The divergent views were revealed Wednesday in minutes of the central bank's discussions at its April 28-29 meeting. The Fed's key rate has been near zero since December 2008.

The Fed next meets on June 16-17. Many economists at the beginning of the year pegged June as the most likely date for the first rate hike. But many private analysts have pushed that liftoff date to September or even later given unexpected weakness at the start of this year.

"The Fed is still in wait-and-see mode," said Paul Ashworth, chief U.S. economist at Capital Economics.

While rates may not rise as much or as quickly this year as he had initially forecast, Ashworth still believes that rising wage growth and higher inflation will push the Fed to move more aggressively next year.

Financial markets took the Fed minutes in stride with stocks moving slightly higher. The minutes were generally in line with market expectations that a June rate hike is unlikely.

The minutes showed that Fed officials are concerned about market reaction once they do start raising rates, especially as bond price "volatility may be greater than it had been in the past" because of high-frequency traders. Some officials worried about triggering a sharp rise in bond rates, similar to the spike that occurred in June 2013 when the Fed first discussed the possibility of trimming its monthly bond purchases.

The overall economy, as measured by the gross domestic product, grew at a meager rate of just 0.2 percent in the January-March quarter. The figure could well be revised by the government next week to show that the economy actually contracted during the period.

In its policy statement issued after the April meeting, the Fed said that the deceleration reflected in part "transitory factors" such as severe winter weather and a now-resolved labor dispute at West Coast ports. But the minutes of the discussion show that officials debated just how temporary the slowdown might be.

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WISCONSIN STATE JOURNAL

PUBLISHED: May 27, 2015

Sales of new homes soar 6.8%

JOSH BOAK
Associated Press

WASHINGTON — More Americans bought new homes in April — evidence that the stronger job market is powering the housing sector.

The Commerce Department said Tuesday that new-home sales climbed 6.8 percent last month to a seasonally adjusted annual rate of 517,000. Sales recovered from a 10 percent dip in March to an annual pace of 484,000.

The gains point to the positive momentum created by robust hiring over the past year. Employers have added more than 3 million jobs as the unemployment rate has steadily dropped to 5.4 percent. Those new paychecks are now starting to trickle into the real estate sector, as more people are shopping for homes.

Sales during the first four months of the year are 23.7 percent higher than the same period in 2014, although the monthly figures tend to be volatile.

Rising demand has created a supply crunch. The market has a modest 4.8-month supply of new homes, sharply below the average of six months that economists say indicates a healthy market. The limited inventory has pushed up prices. Over the past 12 months, the median sales prices has risen 8.3 percent to $297,300.

As homes grow more expensive, it could eventually stifle buying. Sales increased in the Midwest and South last month, while slumping in the Northeast and West where housing costs are generally higher.

"Continued low housing inventory could be a hindrance to the housing market moving forward, putting upward pressure on prices and deterring prospective buyers," said Derek Lindsey, an analyst at the bank BNP Paribas, in a client note.

Construction firms are meeting some additional demand.

Homebuilders broke ground on more houses and apartment complexes in April, a sign that they're gearing up for more sales. The annual pace of housing starts jumped 20.2 percent from March to 1.14 million, the highest rate since November 2007, a month before the recession began. There was also a 10.1 percent increase in approved building permits, which suggests that construction levels

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WISCONSIN STATE JOURNAL

PUBLISHED: June 2, 2015

Consumer spending flattens in April

MARTIN CRUTSINGER
Associated Press

WASHINGTON — U.S. consumers held back from spending more in April, deciding instead to channel income gains into savings.

Consumer spending was flat in April — the weakest performance in three months — after a revised 0.5 percent increase in March, the Commerce Department reported Monday.

The March advance had been the biggest gain since last August. Personal income rose a healthy 0.4 percent.

The unchanged reading for consumer spending in April had been expected given weakness previously reported in retail sales and auto sales for the month. Economists, however, forecast that spending will rebound in coming months. Solid gains in employment and incomes should translate into more confident consumers who are willing to spend more.

With income growing and spending flat, the personal saving rate jumped to 5.6 percent of after-tax income — the second-highest level since December 2012.

Economists believe consumers will start spending accumulated savings from the big drop in gas prices. While the cost of filling up the tank has risen in recent weeks, prices are still nearly $1 below the levels of a year ago.

Consumer spending is closely watched because it accounts for 70 percent of economic activity.

"The April income and spending figures are another reminder that even though their incomes are rising at a healthy pace, households are still reluctant to boost spending more freely," said Paul Ashworth, chief U.S. economist at BMO Capital Markets, in a note to clients.

He said he still believed the overall economy would grow between 2.5 percent and 3.0 percent in the current April-June quarter. The overall economy shrank in the first three months of the year, with the gross domestic product contracting at an annual rate of 0.7 percent.

Consumer spending slowed to growth of just 1.8 percent in the first quarter, down from spending growth of 4.4 percent in the fourth quarter. The frigid cold in many parts of the country kept shoppers away from malls.

With the arrival of spring and warmer weather, analysts are looking for spending to rebound.

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WISCONSIN STATE JOURNAL

PUBLISHED: June 17, 2015

Dane Co. home sales rise 10 percent

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For the sixth straight month, Dane County existing home sales rose over the previous year, while median sales price continued a much longer upward trend.

Sales were up 9.6 percent year-over-year in May, with a 6.8 percent rise in median price to $229,700, from $215,000 in May 2014, according to the latest South Central Wisconsin MLS report. This May's median price also was well over May 2013's, when it was $206,000.

At 894, May's sales of single-family homes and condos marked the second-highest total for a May on record, after the 909 sales posted in May 2013 for the county.

The market's biggest problem also continued in May, as demand far outpaced supply, even with new listings being "only a bit less" than what was added each of the past two years in May, MLS executive vice president Kevin King noted in the monthly sales report.

With six months of inventory considered a balanced market, Dane County had only 3.15 months available for sale in May, down from 4.3 months in May 2014 and five months in May 2013 — putting the ball squarely in the sellers' court, though cheap financing at least is still available for those ready to buy.

"Looking forward, we anticipate a continuation of a market characterized by active demand from buyers, low inventory, low interest rates, although we are seeing small increases lately, and rising prices," King said. "It is a fast-paced market for both buyers and sellers."

Dane County home sales in May were most active in the $150,000-$299,999 market segment, the MLS showed, with 59 percent of all sales occurring in that range.

Prior to May's 9.6 percent increase, Dane County home sales rose year-over-year by nearly 25 percent in April, by 18.4 percent in March, by nearly 6 percent in February, by 13 percent in January and by 3.5 percent in December, the MLS showed. December's increase also was one of only two in all of 2014 for Dane County.

Year-to-date through May, Dane County sales were running 15.6 percent ahead of the same period of last year, while median price for January-May was up by 7.7 percent to $225,000, according to the MLS report.

WISCONSIN STATE JOURNAL

PUBLISHED: July 16, 2015

FEDERAL RESERVE | YELLEN CITES IMPROVING ECONOMY

Rate hike likely this year

MARTIN CRUTSINGER
Associated Press

WASHINGTON — Federal Reserve Chair Janet Yellen said Wednesday she is encouraged by signs that the economy is reviving after a brutal winter. And if the improvements stay on track, the Fed will likely start raising interest rates later this year.

Yellen, however, downplayed the importance of the timing of the first rate hike as she delivered the Fed's mid-year economic outlook to Congress. Interest rates will remain at very low levels "for quite some time after the first increase," she said.

The Fed's benchmark rate has been at a record low near zero since December 2008. That has translated to historically low borrowing rates for consumers and businesses.

Many economists peg September for a rate liftoff, but they see at most only two quarter-point moves this year.

"If the economy evolves as we expect, economic conditions likely would make it appropriate at some point this year to raise the federal funds target," Yellen told the House Financial Services Committee in the first of two days before Congress.

Yellen stressed that her outlook is based on the expectation that the labor market will keep improving and inflation will begin moving closer to the Fed's 2 percent target for annual price gains. Inflation is currently running lower than the pace the Fed believes is optimal for a healthy economy.

A decision to raise rates, Yellen said, "will signal how much progress the economy has made in healing from the trauma of the financial crisis."

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WISCONSIN STATE JOURNAL

PUBLISHED: July 16, 2015

June home sales set record for county

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Dane County home sales reached an all-time high of 1,091 in June, according to the monthly South Central Wisconsin Multiple Listing Service Corp. report.

That's up 11 percent from the 977 sold in June 2014.

Year to date, 3,988 homes were sold in Dane County the first six months, compared to 3,471 in 2014.

This year's six-month total is also a record, topping the 3,966 sold in 2005. That year, total sales reached 8,041, also a record.

Median prices continue to climb, reflecting demand outpacing supply. Dane County median sale price was $234,900 in June compared to $223,755 in the same month in 2014, a 5 percent increase.

For the first half of the year, home sales are up 11.3 percent and median sale price is 8.5 percent higher in the MLS South Central Region.

All counties in the region reported median sale price increases in June from 2014 to 2015.

Only Green and Sauk counties saw year-to-year sales decreases in June, but only by slight margins.

June statistics for homes sold in regional counties in 2014 and 2015 and the median price in 2014 and 2015 are, respectively, as follows:

- Columbia County: 75; 101; $159,900; $175,000.
- Dodge County: 45; 52; $120,000; $125,000.
- Grant County: 35; 40; $99,000; $120,000.
- Green County: 55; 53; $148,000; $184,500.
- Iowa County: 26; 40; $132,500; $139,500.
- Rock County: 202; 231; $118,000; $130,000.
- Sauk County: 113; 107; $148,500; $155,000.

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WISCONSIN STATE JOURNAL

PUBLISHED: July 21, 2015

BUSINESS OUTLOOK

Fewer US companies expect to grow sales

CHRISTOPHER S. RUGABER
Associated Press

WASHINGTON — U.S. businesses' outlook on sales in the coming months has darkened after sales growth slowed in the second quarter, according to a survey released Monday.

More companies also expect to cut back on their investment in equipment and buildings in the July-September quarter, the survey found. However, hiring and wage and salary increases are likely to continue at about the same pace in the third quarter as they did in the previous three months. The overall survey results, compiled by the National Association for Business Economics, portray an economy muddling along at a steady, if tepid, pace.

Fifty-nine percent of businesses expect their sales to grow in the next three months, down from the 71 percent who forecast sales growth three months ago from the 68 percent who projected growth in January.

The relatively pessimistic outlook may reflect that sales growth was not nearly as widespread in the second quarter as many companies hoped. Just 46 percent of firms said their sales rose in the April-June quarter, down from 49 percent in the first quarter and 54 percent in the final three months of last year. And 18 percent said sales fell, the most in more than a year.

The NABE's survey is based on responses from 112 member companies, about half of whom have more than 1,000 employees. The survey was conducted from June 17 to July 1.

The survey results echo recent data that suggest growth in the second quarter will be slower than many analysts had hoped earlier this year. Americans cut back their spending at stores and restaurants in June, even though hiring has been steady this year and there are signs wage growth may be picking up.

Analysts at JPMorgan Chase now forecast the economy will expand just 2.2 percent at an annual rate in the second quarter, down from a previous estimate of 2.5 percent.

Weaker sales are likely a reason some firms are spending less on large equipment. Twelve percent of companies reduced their capital spending in the second quarter, roughly double the total in each of the previous four quarters.

WISCONSIN STATE JOURNAL

PUBLISHED: July 23, 2015

US home sales surge to fastest pace since 2007

Associated Press

WASHINGTON — Americans bought homes in June at the fastest rate in over eight years, pushing prices to record highs as buyer demand has eclipsed the availability of houses.

The National Association of Realtors said Wednesday that sales of existing homes climbed 3.2 percent last month to a seasonally adjusted annual rate of 5.49 million, the highest rate since February 2007. Sales have jumped 9.6 percent over the past 12 months, while the number of listings has risen just 0.4 percent.

The median home price has risen 6.5 percent in the past 12 months to $236,400, the highest level — unadjusted for inflation — reported by the Realtors.

Home-buying has recently surged as more buyers have flooded into the real estate market. Robust hiring over the past 21 months and an economic recovery now in its sixth year have enabled more Americans to set aside money for a down payment. But the rising demand has failed to draw more sellers into the market, limiting the availability of homes and sparking higher prices that could cap sales growth in the coming months.

"The recent pace can't be sustained, but it points clearly to upside potential," said Ian Shepherdson, chief economist at Pantheon Macroeconomics.

Nationally, five months' supply of homes was on the market in June, compared with 5.5 months a year ago and an average of six months in a healthy market.

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WISCONSIN STATE JOURNAL

PUBLISHED: July 29, 2015

Strong home sales lift prices

CHRISTOPHER S. RUGABER
Associated Press

WASHINGTON – U.S. home prices rose steadily in May, pushed higher by a healthy increase in sales this year.

The Standard & Poor's/Case-Shiller 20-city home price index climbed 4.9 percent in May from 12 months earlier, down slightly from a 5 percent pace in April, according to S&P Dow Jones Indices.

Home sales have jumped in recent months as an improving economy boosts hiring and enables more people to afford a purchase. Yet the higher sales haven't encouraged more people to sell their homes, leaving supplies tight and driving up prices.

And separate data released by the Census Bureau Tuesday pointed to the limited impact of the three-year old housing recovery: The proportion of Americans owning their own homes has continued to decline and is now at the lowest level since 1967.

Still, prices are soaring higher in some cities, according to Case-Shiller: They rose 10 percent from a year ago in Denver, 9.7 percent in San Francisco and 8.4 percent in Dallas. Washington, D.C. posted the smallest increase at 1.3 percent. Prices rose in all 20 cities from a year earlier.

The Case-Shiller index covers roughly half of U.S. homes. The index measures prices compared with those in January 2000 and creates a three-month moving average. The May figures are the latest available.

Sales of existing homes increased 3.2 percent in June to a seasonally adjusted annual rate of 5.49 million, the National Association of Realtors said last week. That is the fastest pace since February 2007. Sales are up from an annual pace of just 4.8 million in January.

Some of the accelerated pace has likely been driven by higher mortgage rates and an expected decision by the Federal Reserve to start raising short-term interest rates this year. Most economists forecast that decision will occur in September.

Yet the supply of available homes hasn't kept up with rising sales. The number of homes listed for sale rose 0.4 percent in the past year, the Realtors said, while sales have increased 9.6 percent.

WISCONSIN STATE JOURNAL

PUBLISHED: July 30, 2015

Fed holds steady on rates

MARTIN CRUTSINGER
Associated Press

WASHINGTON — The Federal Reserve appears on track to raise interest rates later this year but signaled Wednesday that it wants to see further economic gains and higher inflation before doing so.

A statement from the Fed after its latest policy meeting provided no timetable. Many analysts foresee the first hike in September, though Fed Chair Janet Yellen has stressed that any increase will be driven by the latest economic data.

The statement noted that the job market, housing and consumer spending have all improved. The Fed still expects inflation to rise gradually toward its 2 percent target.

Wednesday's statement made only slight changes in the wording of the previous statement in June. The few modifications suggested a healthier economy.

Describing the job market, the Fed for the first time pointed to "solid" job gains and declining unemployment. The unemployment rate has reached a seven-year low of 5.3 percent.

In addition, the Fed said it needs to see only "some further" improvement in hiring, rather than the "further" improvement it said last time — a hint that the job market is nearing full health.

Michael Hanson, an economist at Bank of America Merrill Lynch, said the Fed's more upbeat language about the job market suggests that policymakers are nearing the point where they will raise rates. He expects that to occur in September.

"They haven't made up their minds, but ... we're getting that much closer to satisfying their criteria" for a rate hike, Hanson said.

Yellen has stressed that when the Fed begins to raise rates, it will do so only gradually. The idea is to avoid weakening an economy that's still benefiting from low borrowing rates resulting from the Fed's policies. She has suggested that raising rates in small increments, followed by pauses, will let the Fed assess the effects of slightly higher borrowing costs.

Please see **ECONOMY,** Page A13

WISCONSIN STATE JOURNAL

PUBLISHED: September 16, 2015

Anticipation high as Fed nears decision

MARTIN CRUTSINGER
Associated Press

WASHINGTON — Will they or won't they?

Nine years after they last raised their benchmark interest rate and after months of feverish speculation, Federal Reserve policymakers this week may finally raise that rate from a record low near zero.

Unless they don't.

Financial markets have been zigzagging with anxiety as investors have tried to divine whether the Fed will start phasing out the period of extraordinarily low borrowing rates it launched at a time of crisis in 2008.

With the job market now considered essentially recovered from the Great Recession, many economists say it's time to start edging toward normal rates.

Others argue that many other factors — from a sharply slowing China to the tumult in markets to persistently less-than-optimal inflation — raise serious concerns.

They say the Fed should wait, until later this year or even until 2016.

The Fed announces its decision Thursday, followed by Chair Janet Yellen's news conference, and no one is sure what to expect. Economists appear evenly split on the likelihood of a rate hike.

"It's kind of wild that we still don't know what they are going to do so close to the meeting," said Diane Swonk, chief economist at Mesirow Financial.

Even if the Fed does raise its benchmark short-term rate, no one expects a sharp or rapid sequence of hikes. The Fed's vice chair, Stanley Fischer, has suggested that the first hike would be a modest quarter-point increase in its benchmark rate from a range of zero to 0.25 percent to a range of 0.25 percent to 0.5 percent.

The anxiety gripping investors stems in part from concern that once the Fed starts raising its key rate, other rates — for mortgages, car loans, business borrowing — will eventually rise. Some fear the economy might suffer.

Yet the Fed's influence on many consumer and business rates is only indirect. In the short run at least, those rates could continue to stay low, held down by low inflation globally and by a flow of money into U.S Treasurys.

Fed officials have stressed that once the central bank starts raising rates, the process will be extremely gradual. The Fed might pause for months after its first hike and assess the consequences before proceeding further.

MANUEL BALCE CENETA – Associated Press

Federal Reserve Chair Janet Yellen, left, and Vice Chairman Stanley Fischer take part in the agency's board of governors' meeting in July. The Fed may raise its benchmark interest rate Thursday for the first time in nine years.

WISCONSIN STATE JOURNAL

PUBLISHED: September 27,2015

JOBLESS RATES DROP: Unemployment rates have dropped between July and August in every Wisconsin county and large city. The Wisconsin Department of Workforce Development reported the latest figures Wednesday.

They show that unemployment rates dropped in each of the 32 largest cities and in all 72 counties between July and August. Racine has the highest unemployment rate at 6.6 percent, down from 8.3 percent in July. Milwaukee was second highest at 6.4 percent.

Madison had the lowest unemployment rate at 2.7 percent, down from 3.2 percent in July. The statewide unemployment rate in August was 4.5 percent, which is below the national rate of 5.1 percent.

WISCONSIN STATE JOURNAL

PUBLISHED: October 27, 2015

Global slowdown may delay Fed rate hike

MARTIN CRUTSINGER
Associated Press

WASHINGTON — Not long ago, it seemed a sure bet: The Federal Reserve would raise interest rates by year's end. Fed Chair Janet Yellen herself said she expected it.

Now, doubts are rising that the Fed will start raising rates before next year from the record lows where they've stood since 2008. When its policymakers meet this week, the likelihood of a rate hike is widely seen as close to zero.

What's changed?

Yellen

Mainly, a global economic slowdown, led by China, that's inflicted wide-ranging consequences: U.S. job growth has flagged. Wages and inflation are subpar. Consumer spending is sluggish. Home sales have flattened. Investors are nervous. And manufacturing is being hurt by a stronger dollar, which has made U.S. goods pricier overseas.

"The data has gotten weaker, and the Fed is farther away from achieving its target on inflation," said Diane Swonk, chief economist at Mesirow Financial in Chicago. "The greatest risk at the moment is the slowdown in China and other emerging markets and what impact that will have on the U.S. economy."

Though analysts say a rate hike at the central bank's next meeting in December is still possible, two key Fed officials have called even that prospect into question.

For months, policymakers had sounded generally confident that the economy was improving consistently, despite a global economic slowdown, and soon would no longer need the support of ultra-low rates. The Fed had cut its benchmark rate to near zero during the Great Recession to encourage borrowing and spending. Hiring had since risen sharply, consumers were spending and the housing market was steadily recovering.

When 2015 began, midyear seemed a likely time for the first rate hike in nearly a decade. But after a harsh winter slowed growth, the consensus view shifted to September.

Then in August, China announced a surprise devaluation of its currency that rocked markets and escalated fears that the world's second-largest economy was weaker than thought and could derail growth in the United States. Uncertainty was too high, Fed officials decided, for a rate hike in September.

Since then, the outlook has dimmed further with a hiring slowdown, tepid retail sales and factory output and a pause in the housing recovery.

WISCONSIN STATE JOURNAL

PUBLISHED: November 26, 2015

US new-home sales rebound in October after big drop

JOSH BOAK
Associated Press

WASHINGTON — Sales of new homes recovered in October after suffering a steep drop in September, returning to this year's trend of an improving market for real estate developers and builders.

The Commerce Department said Wednesday that new-home sales climbed 10.7 percent last month to a seasonally adjusted annual rate of 495,000. This rebound followed a 12.9 percent plunge in the sales rate during September.

Americans recovered much of their appetite for owning new homes this year. Purchases have surged 15.7 percent year-to-date, benefiting from solid hiring gains and low mortgage rates.

"We still see new-home sales consistent with a moderate and sustained recovery in the housing market," said Blerina Uruçi, an analyst at Barclays.

The new-home sales report tends to be volatile from month to month. Downward revisions lowered home sales reported in September, August and July by a combined 40,000.

The October figures reflected some geographical extremes. Home-buying surged 135.5 percent in the Northeast, while rising less aggressively in the Midwest and South. Sales dropped slightly in the West.

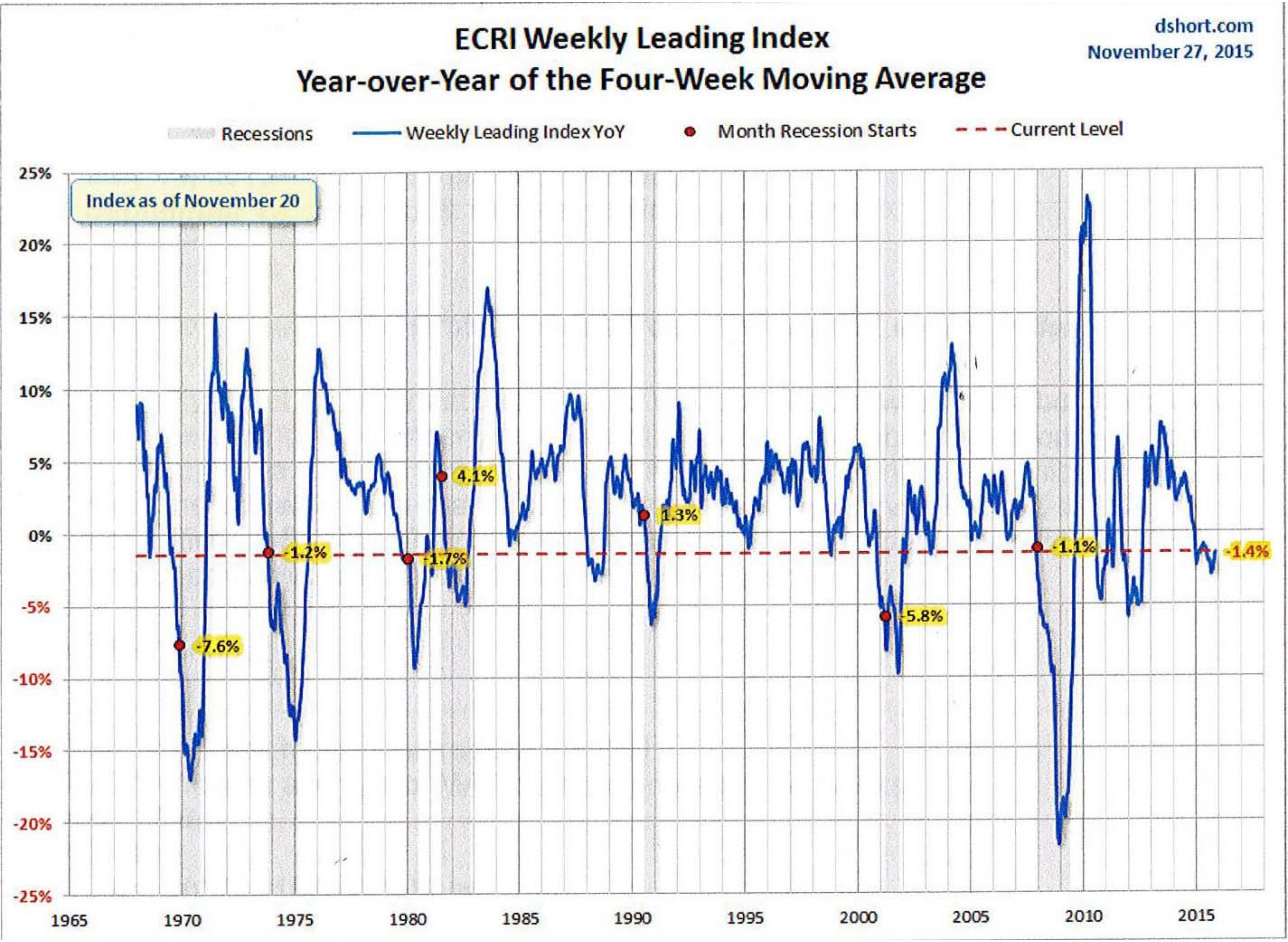
But prices dipped last month despite other industry reports indicating that real estate prices have eclipsed income growth. In October, the median new-home sales price fell 8.5 percent from a year ago to $281,500.

The real estate sector is still healing from the bursting of the housing bubble and the 2008 financial crisis. Annual sales of new homes remain below the 52-year historic average of 655,200.

There are other signs that the sales gains of the past year are leveling off after improvements in prior months. Sales of existing homes began to slow last month, a sign that rising prices are creating affordability problems for many would-be buyers.

The National Association of Realtors said Monday that sales of existing homes fell 3.4 percent in October from September to a seasonally adjusted annual rate of 5.36 million. But existing-home purchases were 3.9 percent higher than a year ago.

Overall Economic Outlook



ECRI Weekly Leading Index
Year-over-Year of the Four-Week Moving Average
dshort.com
November 27, 2015
Recessions
Weekly Leading Index YoY
Month Recession Starts
Current Level
Index as of November 20
25%
20%
15%
10%
5%
0%
-5%
-10%
-15%
-20%
-25%
-7.6%
-1.2%
-1.7%
4.1%
1.3%
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1965
1970
1975
1980
1985
1990
1995
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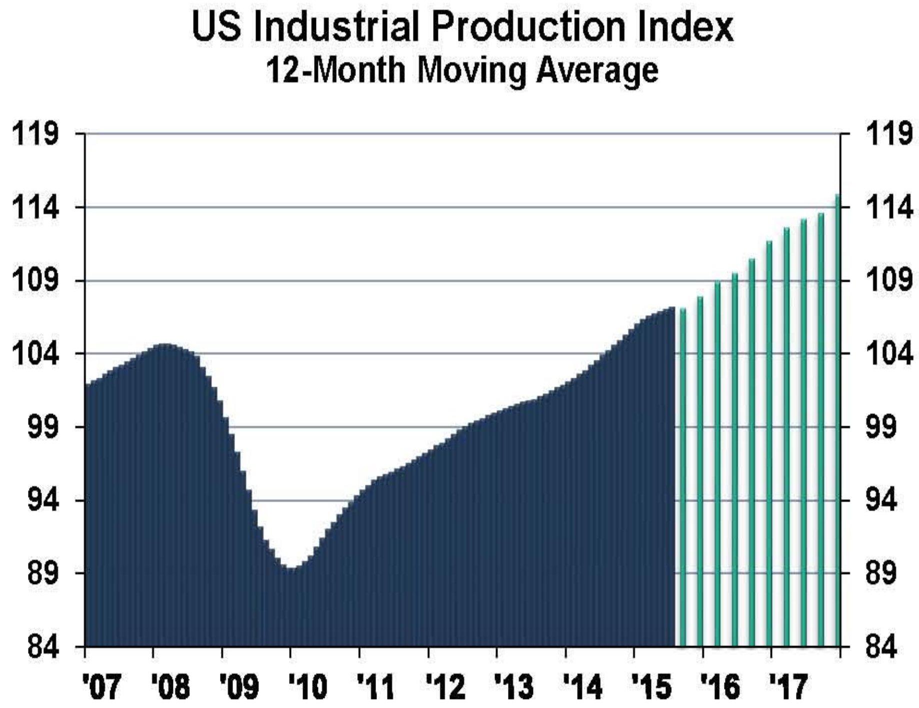
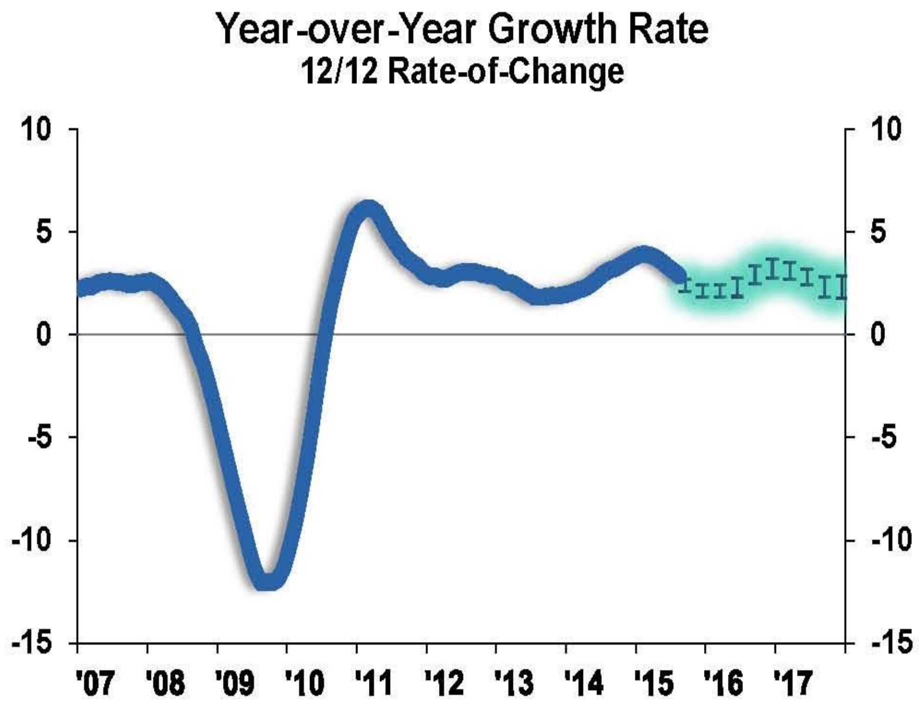
2005
2010
2015

US Industrial Production Index





- Annual Trend: 107.3
- Phase: C
- Year-over-Year: 2.9%

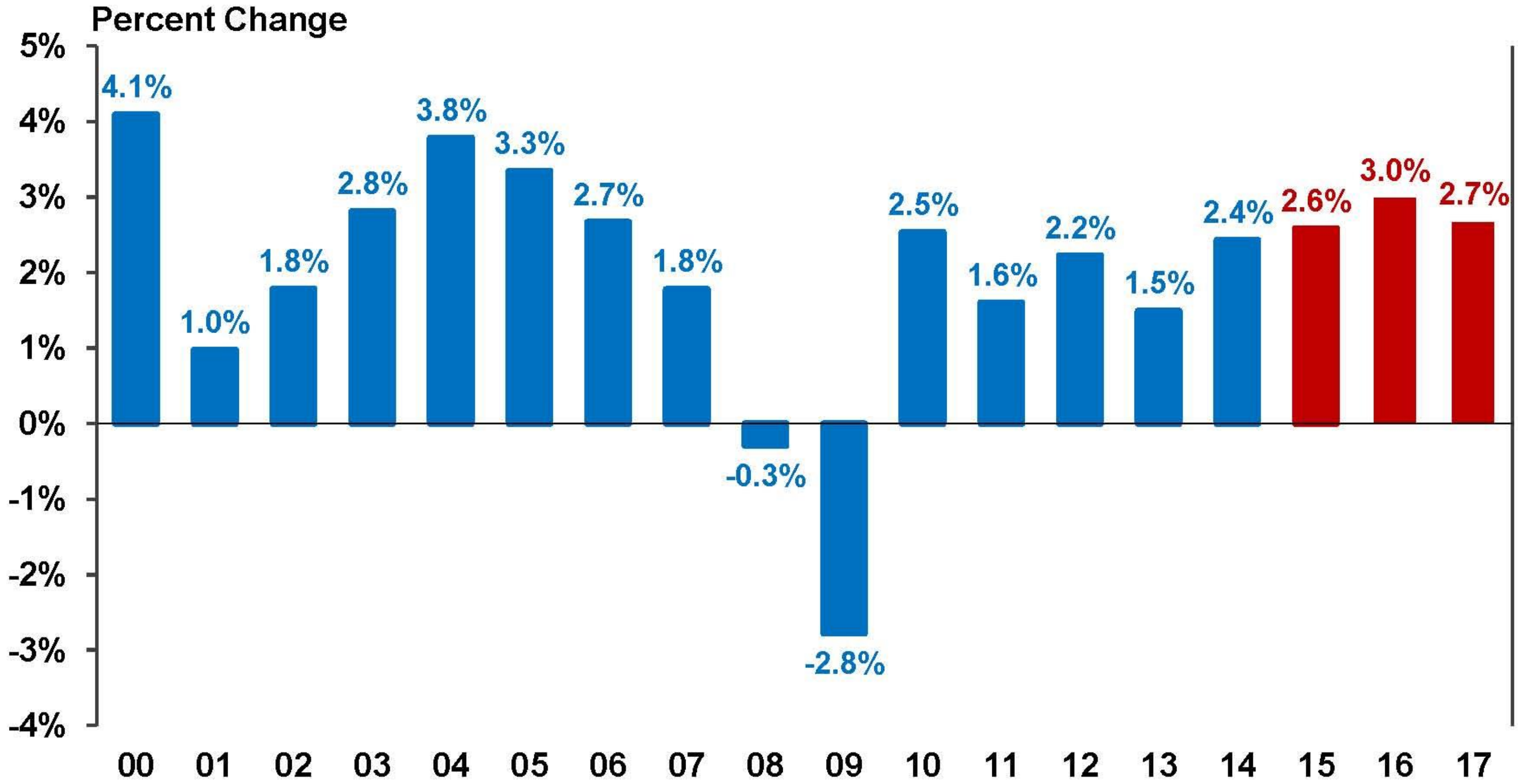
Industry Outlook

2015: 2.1%

2016: 3.2%

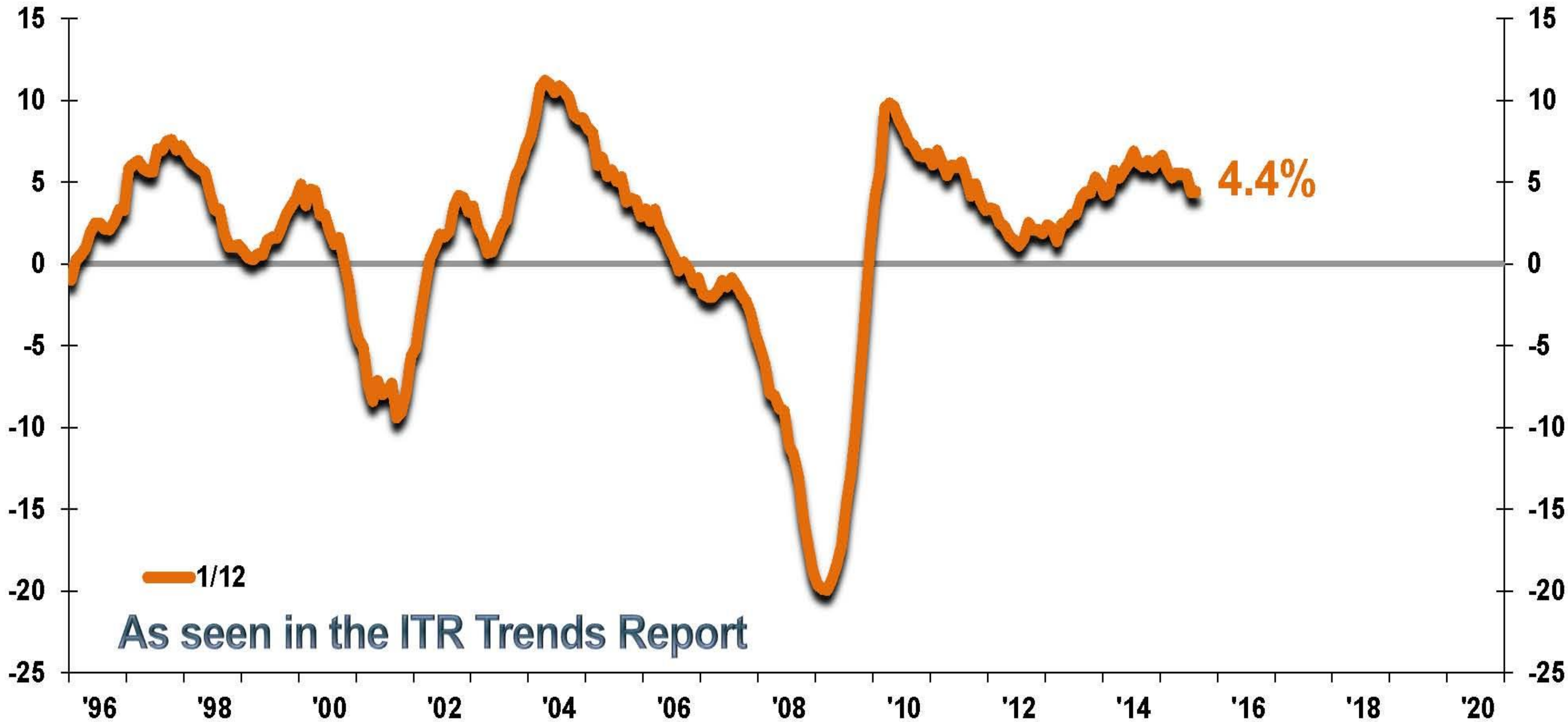
Real GDP Growth

Slower growth in '15, but rebounding in '16 and '17



NAHB

US Leading Indicator

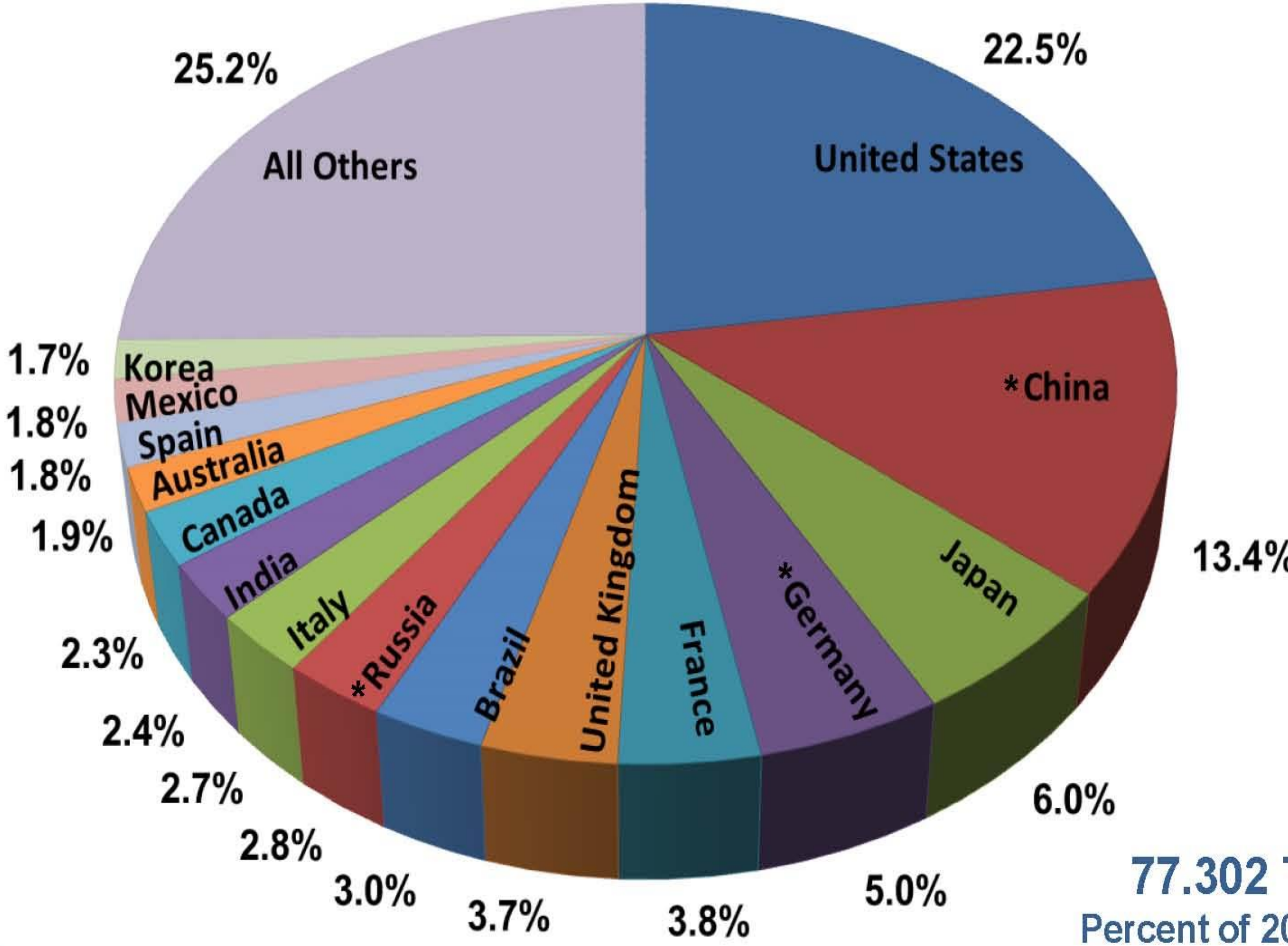


2010 = 100

ITR ECONOMICS

Data Source: The Conference Board

World GDP, Trillions of US $, Current Prices



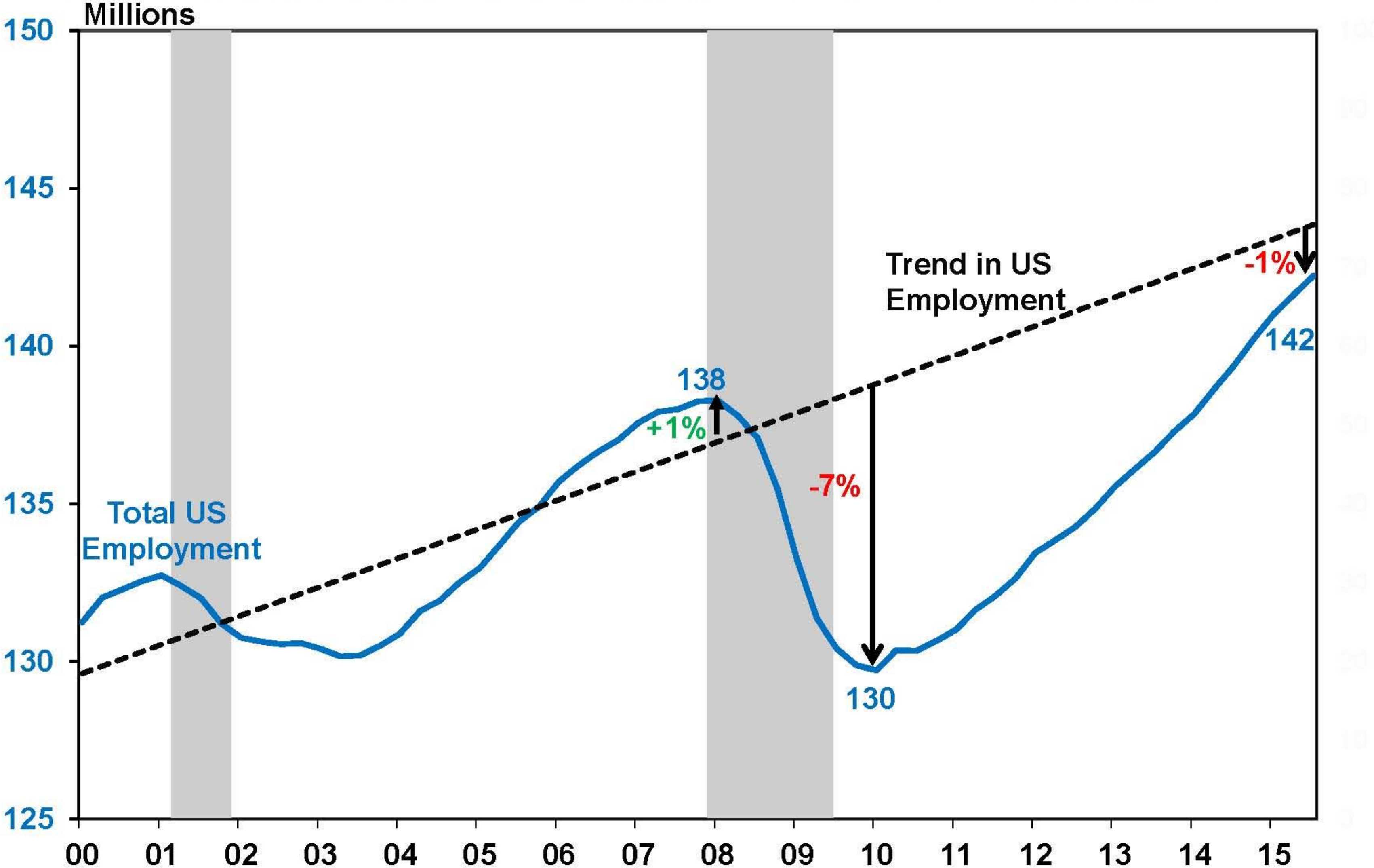
77.302 Trillion US$
Percent of 2014 World GDP

ITR ECONOMICS

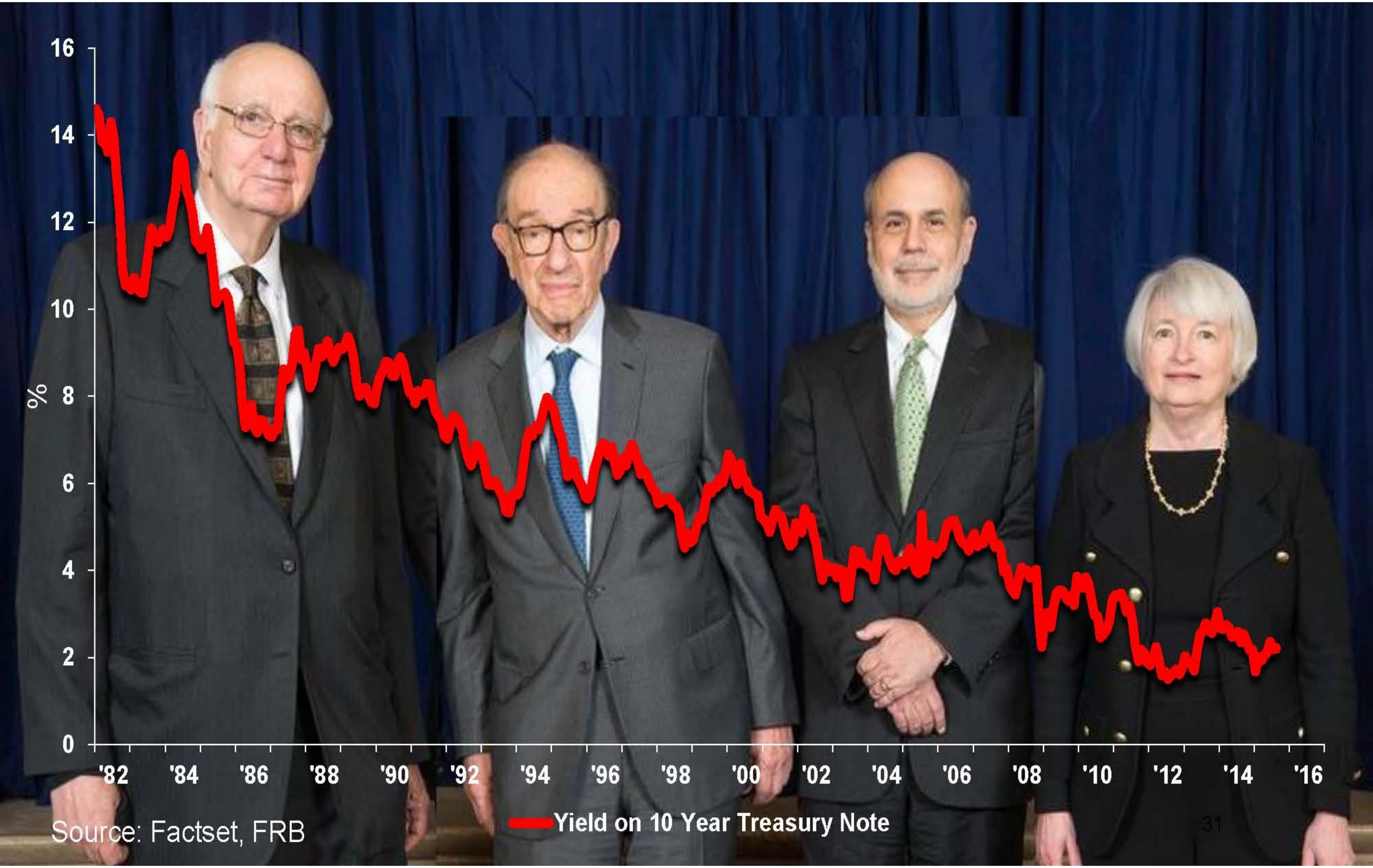
Data Source: IMF, **IMF Estimated Figures*

Payroll Employment

US has eclipsed its pre-recession peak, but remains below trend growth



NAHB


16
14
12
10
8
6
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%
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'88
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'02
'04
'06
'08
'10
'12
'14
'16
Yield on 10 Year Treasury Note
Source: Factset, FRB

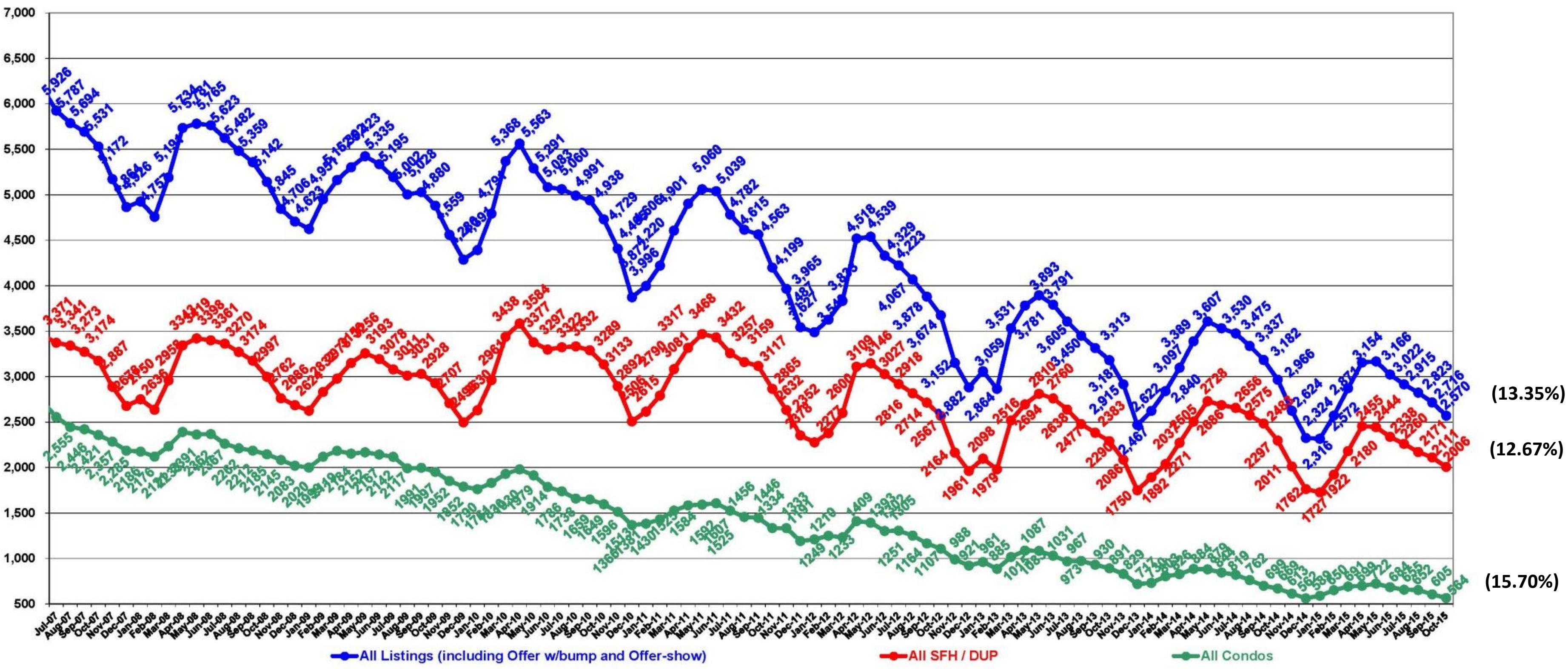
Housing Inventory

DANE COUNTY

	Single Family			Condominiums			Total Residential		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
3rd Quarter Closings*	1811	1621	1820	504	494	533	2315	2115	2353
Year-to-Date Closings	4997	4267	4669	1330	1296	1375	6327	5563	6044
Active Inventory	1547	2033	2031	455	592	829	2002	2625	2860
Months of Inventory†	3.1	4.6	4.3	3.4	4.4	6.1	3.1	4.6	4.7
12-Month Median‡	246,000	235,000	225,000	155,900	153,000	150,125	230,000	218,000	210,000

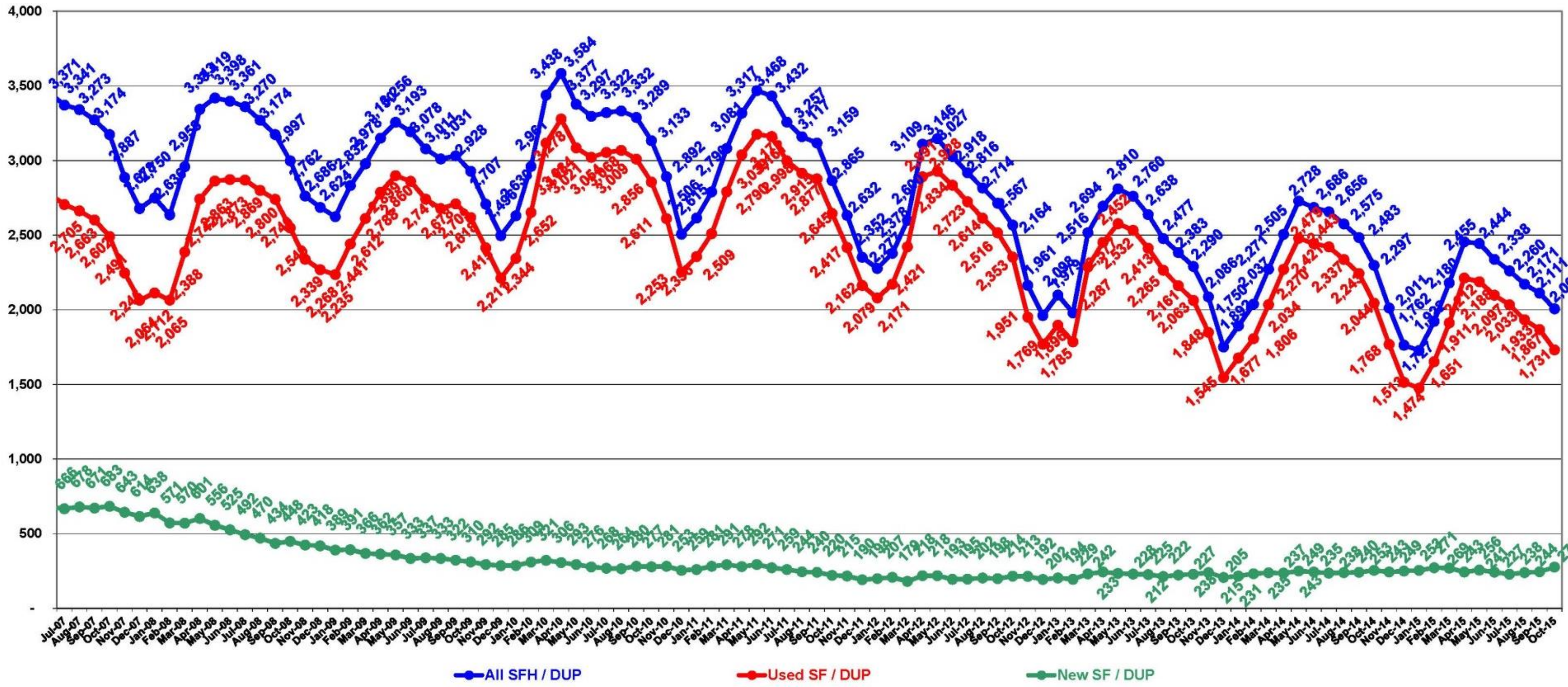
Inventory Comparison		
	November 2015	**September 2014**
Menomonee Falls	3.6 Months	4.6 Months
Mequon	3.4 Months	5.2 Months

DANE COUNTY SFH, DUPLEX & CONDO MLS LISTINGS



October 2015 percentage change in MLS as compared to October 2014

SFH & DUPLEX DANE COUNTY MLS LISTINGS



(12.67%)

(15.31%)

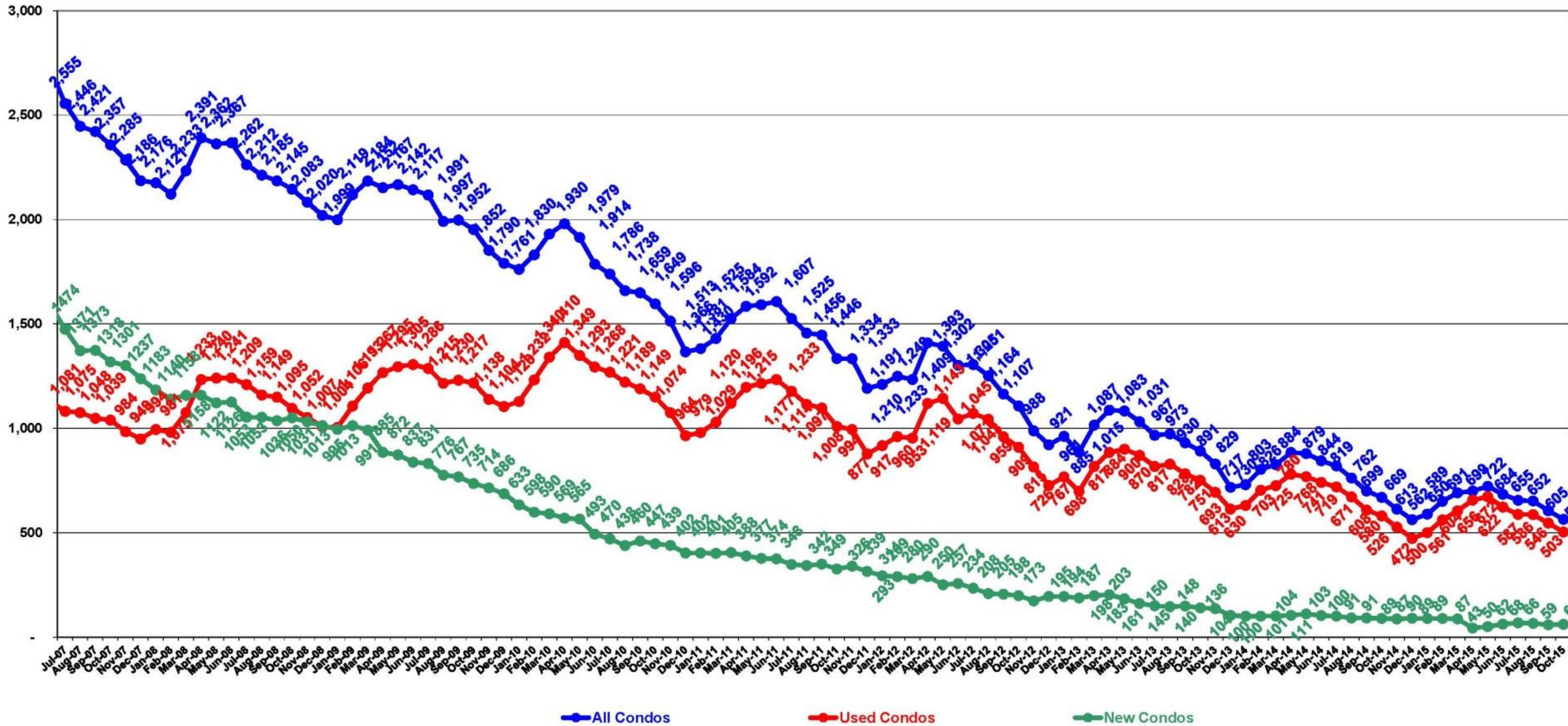
8.70%

Veridian Homes Confidential

11/2/2015

October 2015 percentage change in MLS as compared to October 2014

CONDO DANE COUNTY MLS LISTINGS



(15.70%)

(13.28%)

(31.46%)

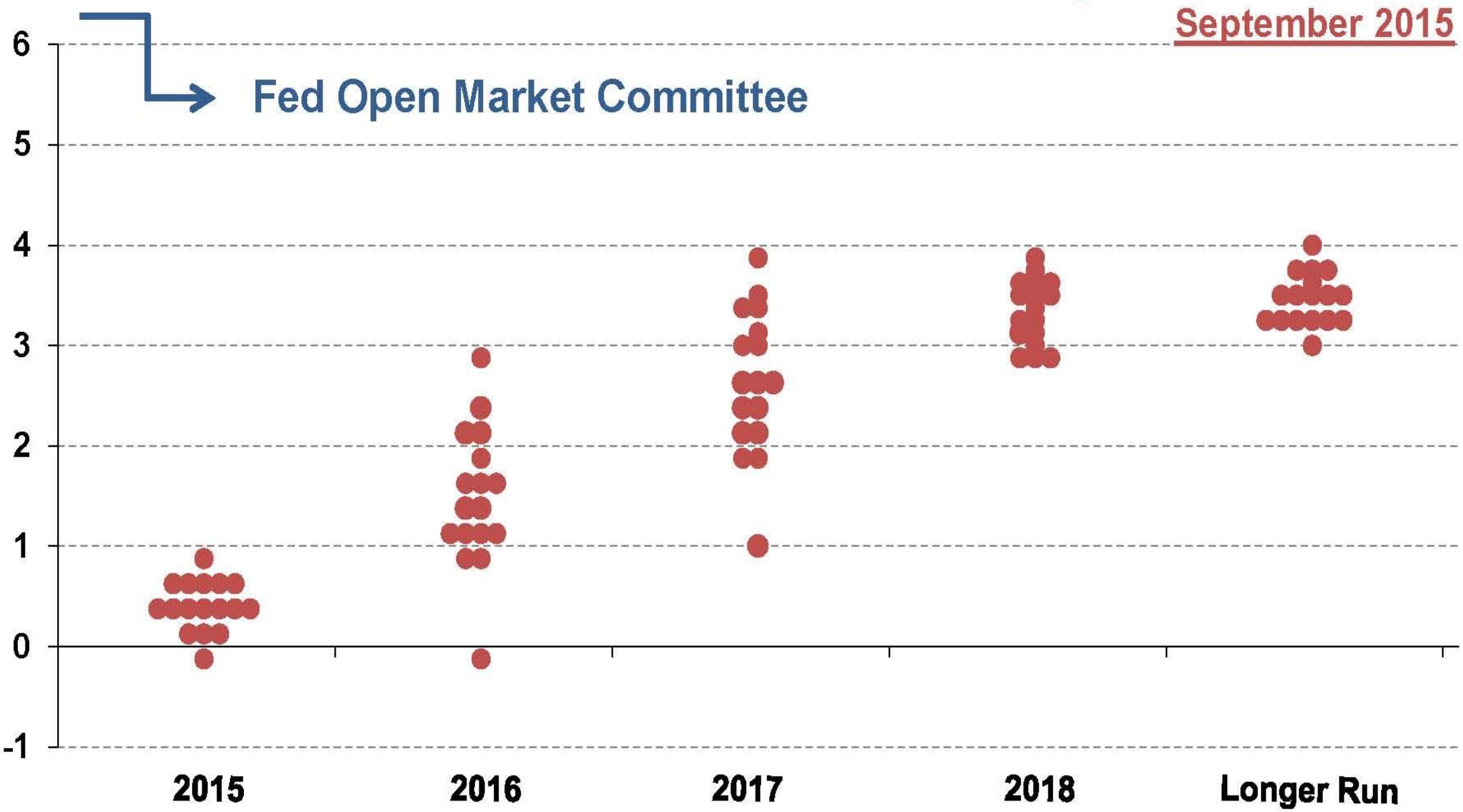
Veridian Homes Confidential

11/2/2015

October 2015 percentage change in MLS as compared to October 2014

Housing Affordability

FOMC Member Interest Rate Projections

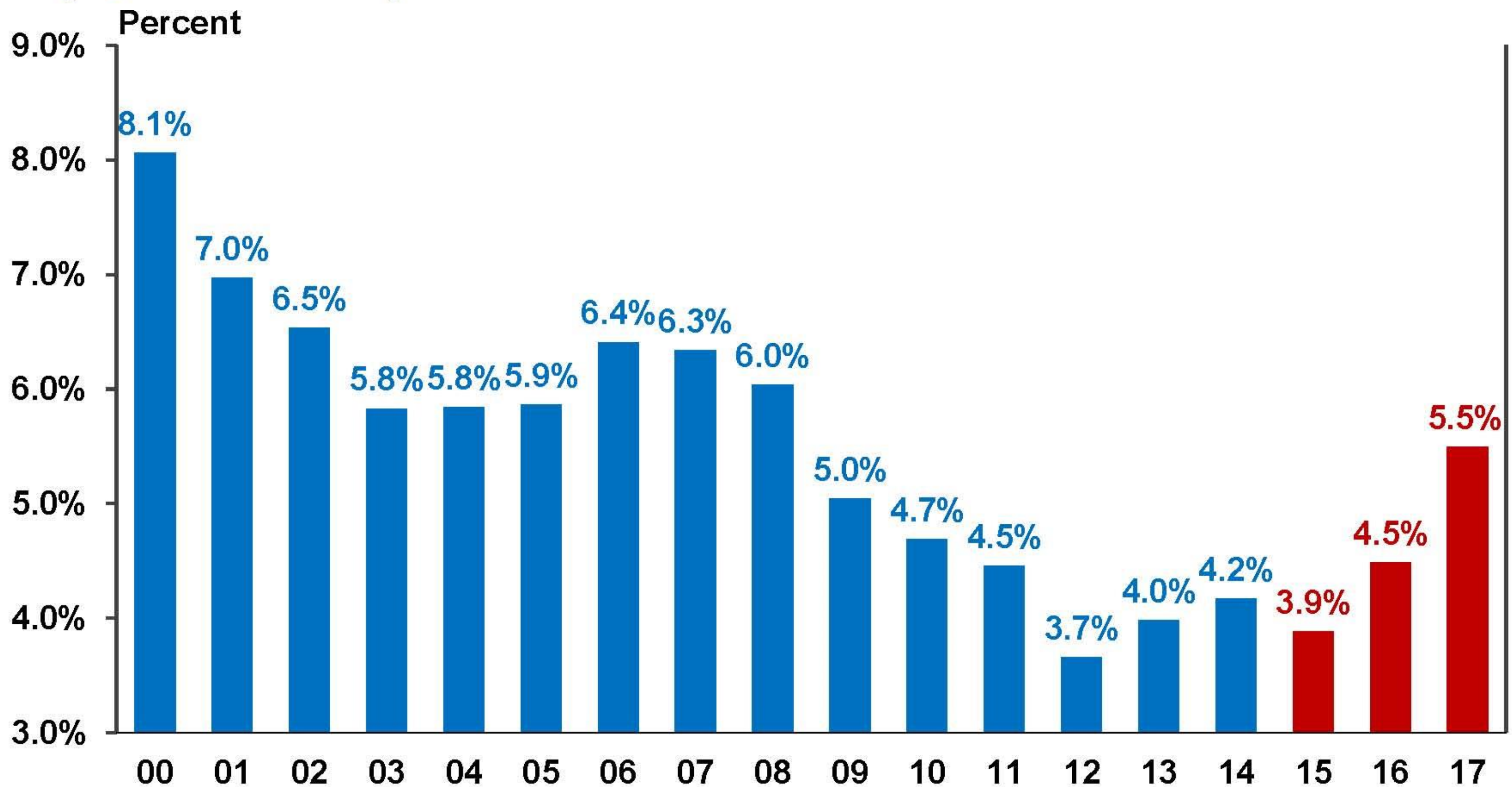


ITR ECONOMICS

Data Source: Federal Reserve

Mortgage Rates

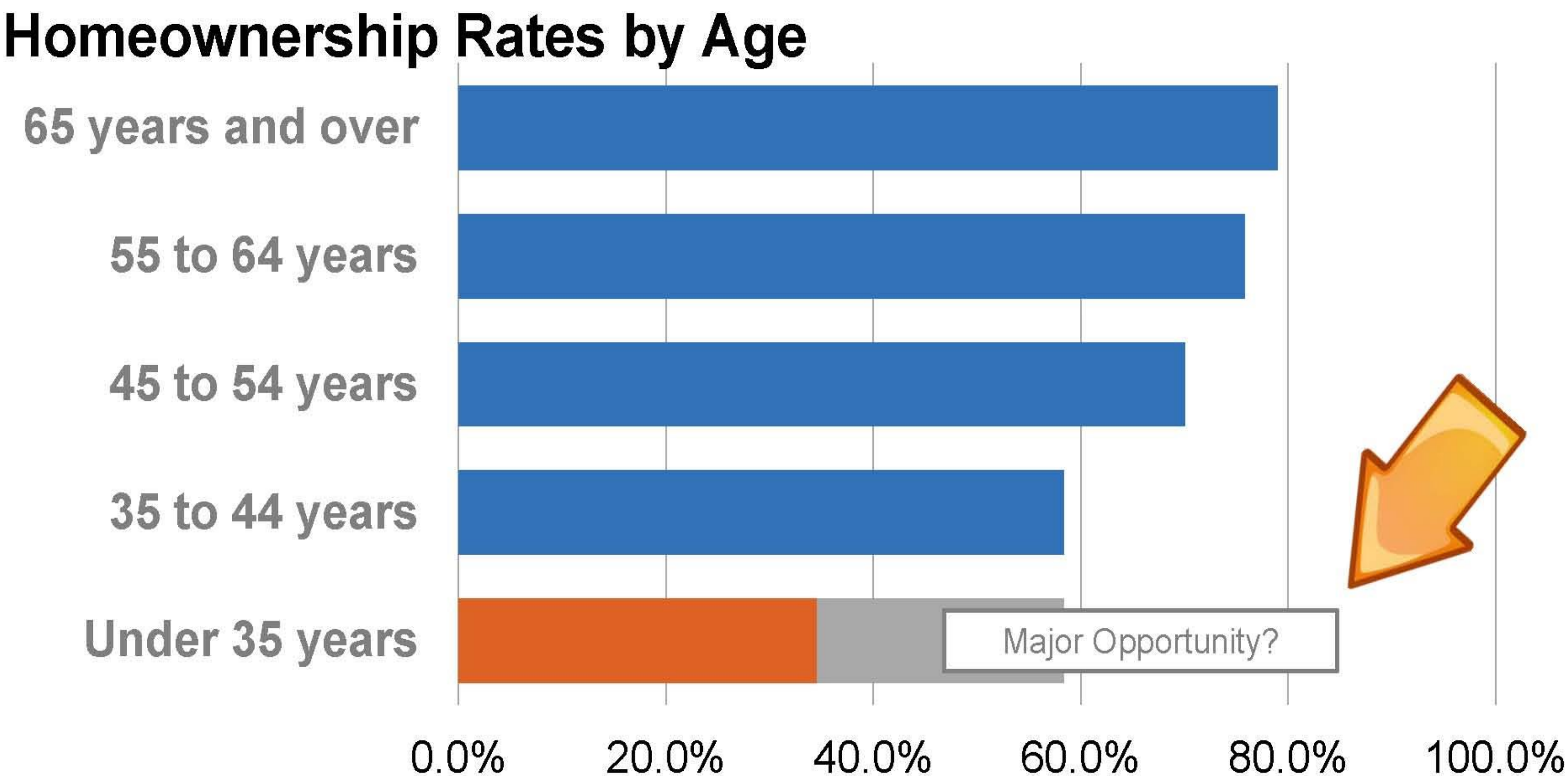
Mortgage rates are expected rise over the near-term



NAHB

Future Housing Demand

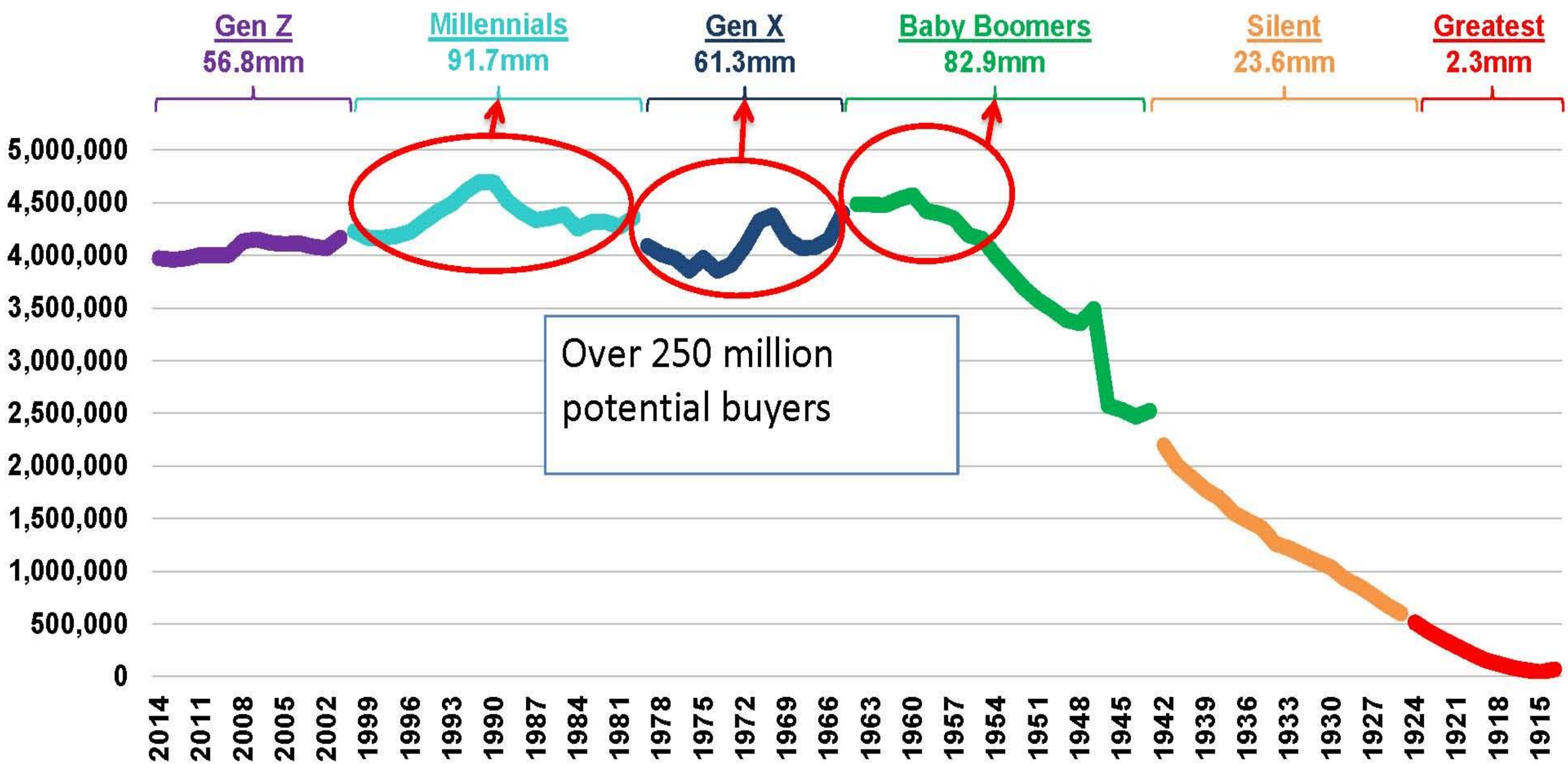
Home Ownership Rates increase with age



MEYERS RESEARCH
a Kennedy Wilson Company

And, for the first time ever, we have 3 massive demographic segments that can buy homes.

For the First Time in History, There are Three Massive Segments



MEYERS RESEARCH
a Kennedy Wilson Company

Why is the "Entry Level" Generally AWOL?

First-time homebuyers are AWOL both by Choice and by Force:

Choice Factors:

- Post-recession risk-aversion
- Preference for renting
- Preference for urban living (favors renting)
- Delayed marriage and parenthood

Force Factors:

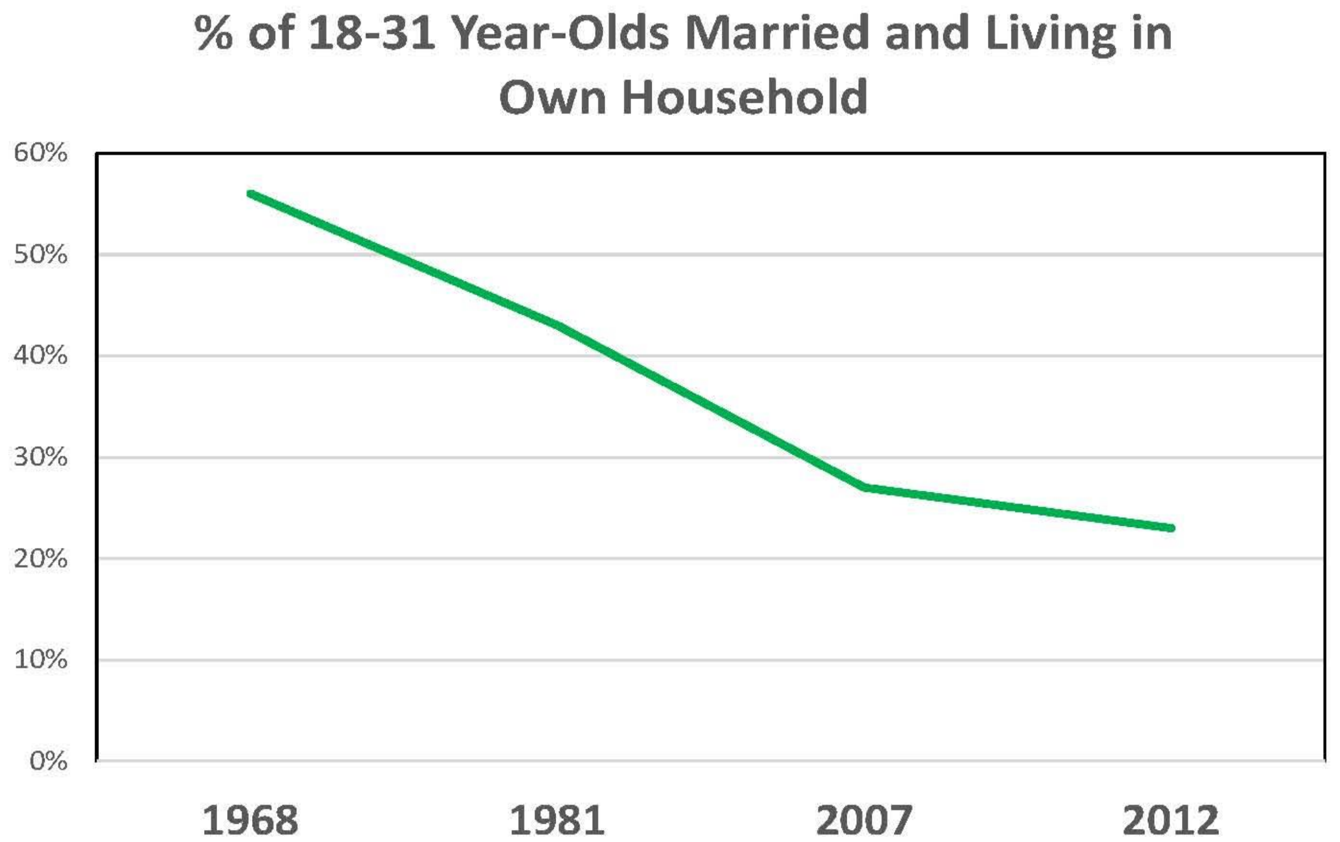
- Low incomes (due to recession)
- Low savings and high debt (esp. student debt)
- Low credit scores + tight mortgage credit

Choice: Preference for Renting

MEYERS RESEARCH
a Kennedy Wilson Company

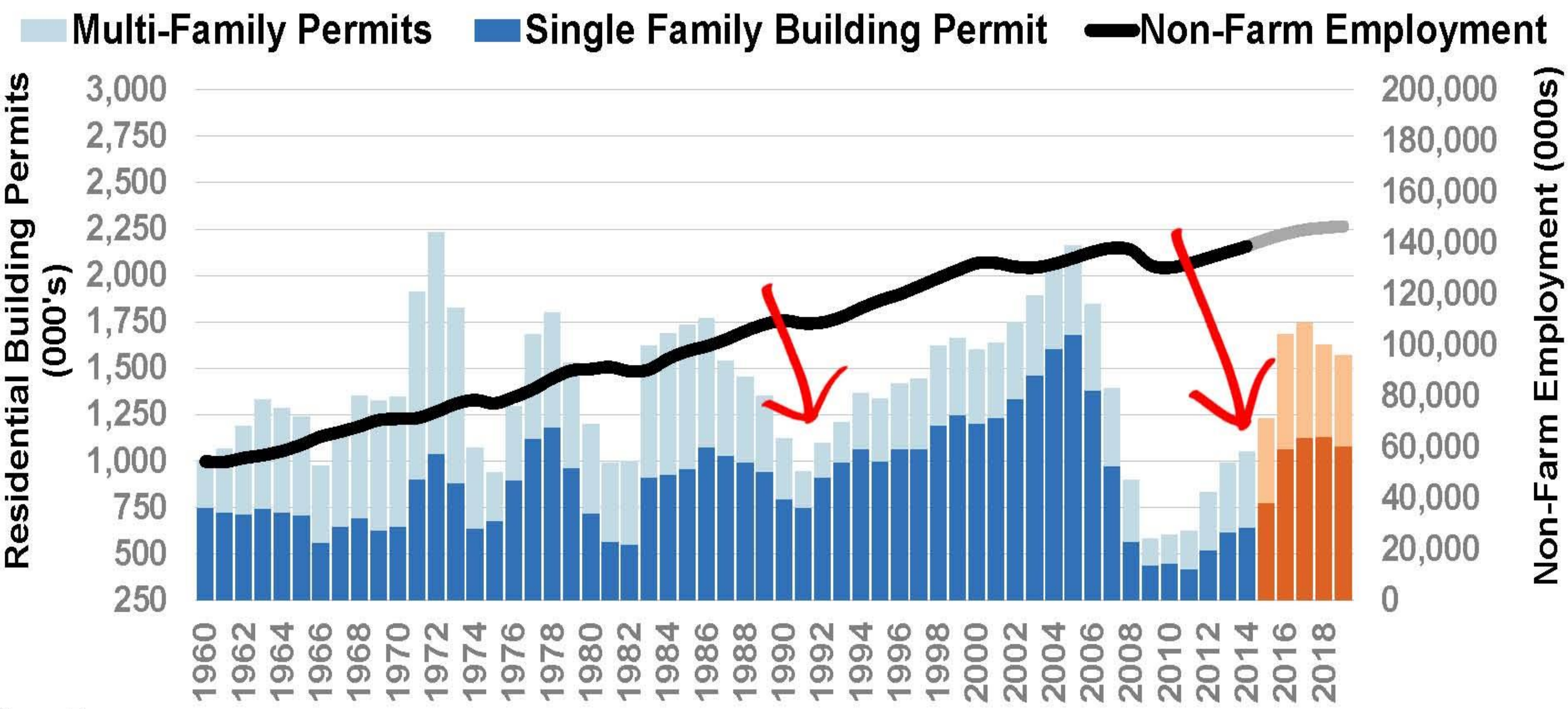
MEYERS RESEARCH
a Kennedy Wilson Company

Choice: Delayed Marriage



Housing Starts

U.S. building permits are back…. to 1992 level

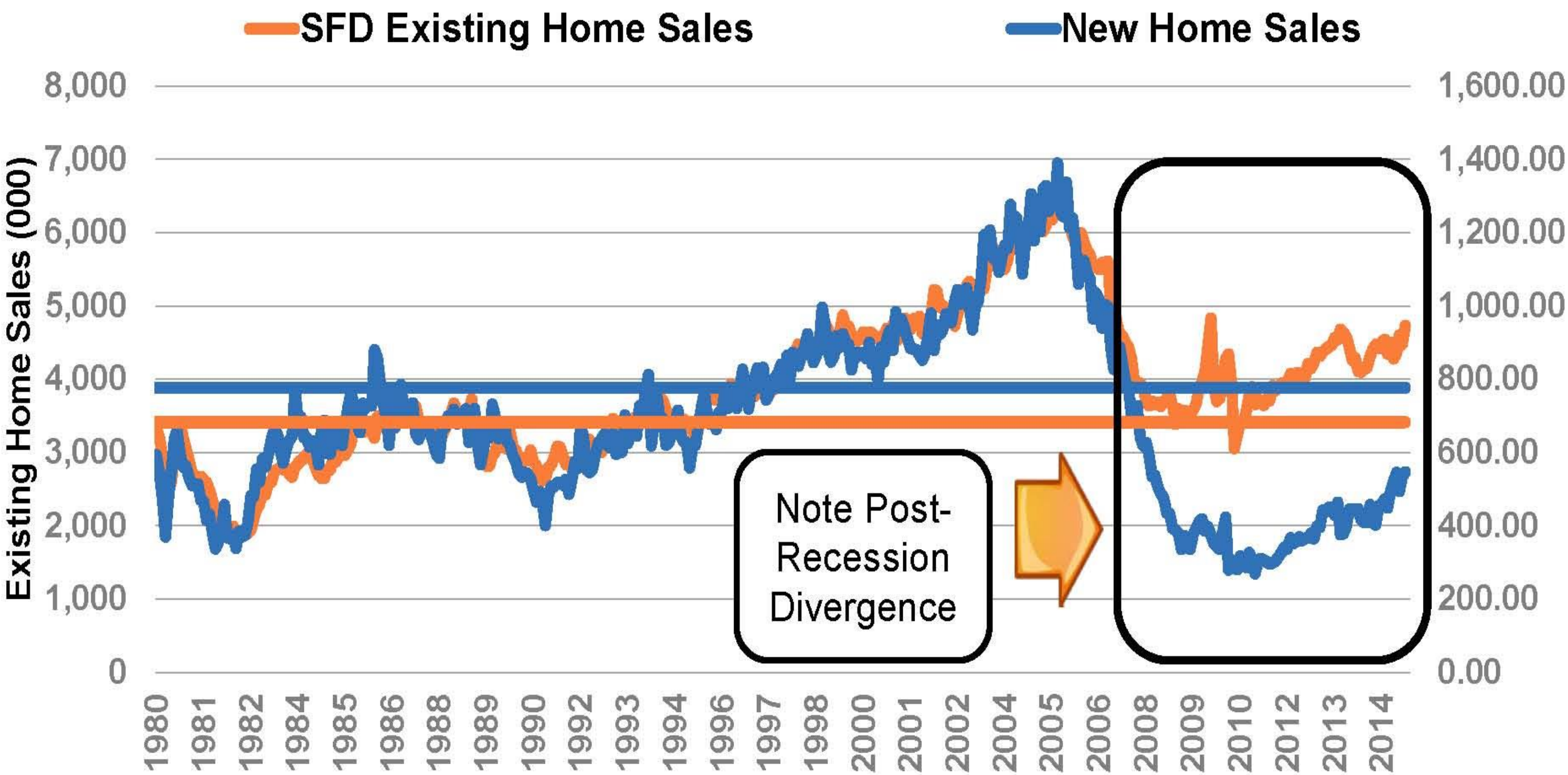


Source: Economy.com

Since 1992 the U.S. has added nearly 65 Million people

MEYERS RESEARCH
a Kennedy Wilson Company

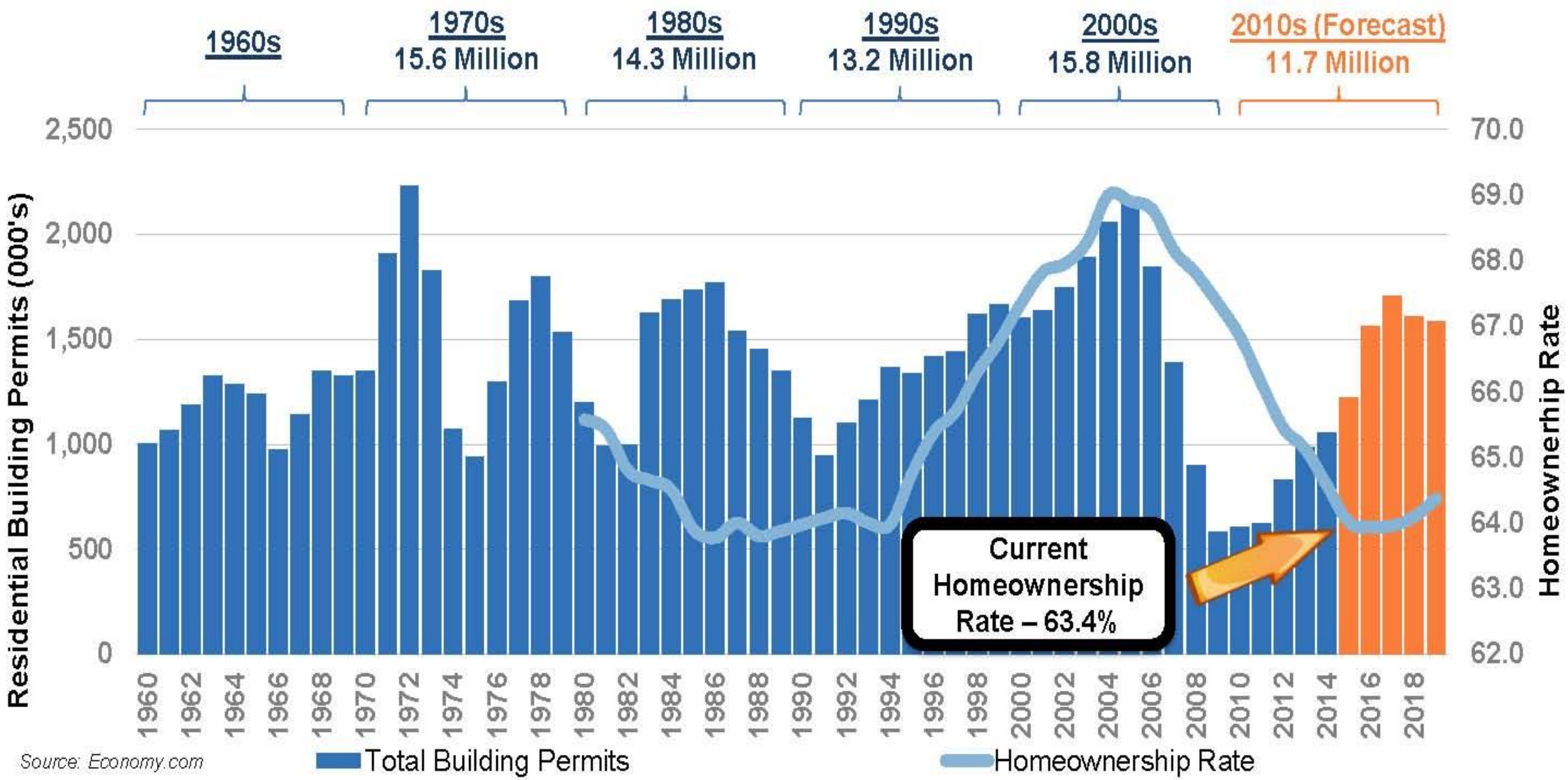
New homes lagging more than existing



Source: NAR, US Census

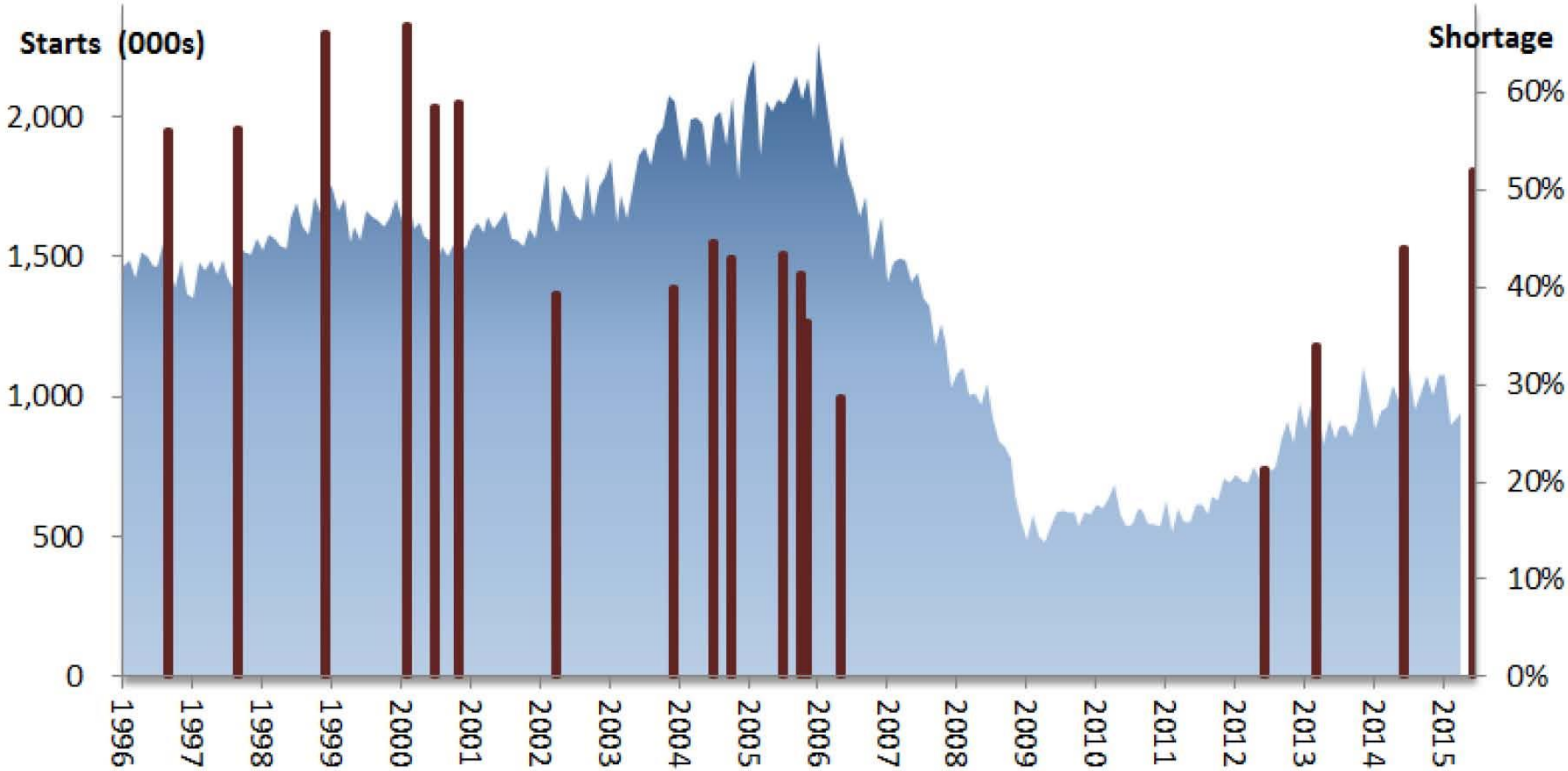
MEYERS RESEARCH
a Kennedy Wilson Company

U.S. Homeownership Rate back… to 1995 levels



Source: Economy.com

Housing Starts (Area) and (direct) Labor Shortage (Bars)

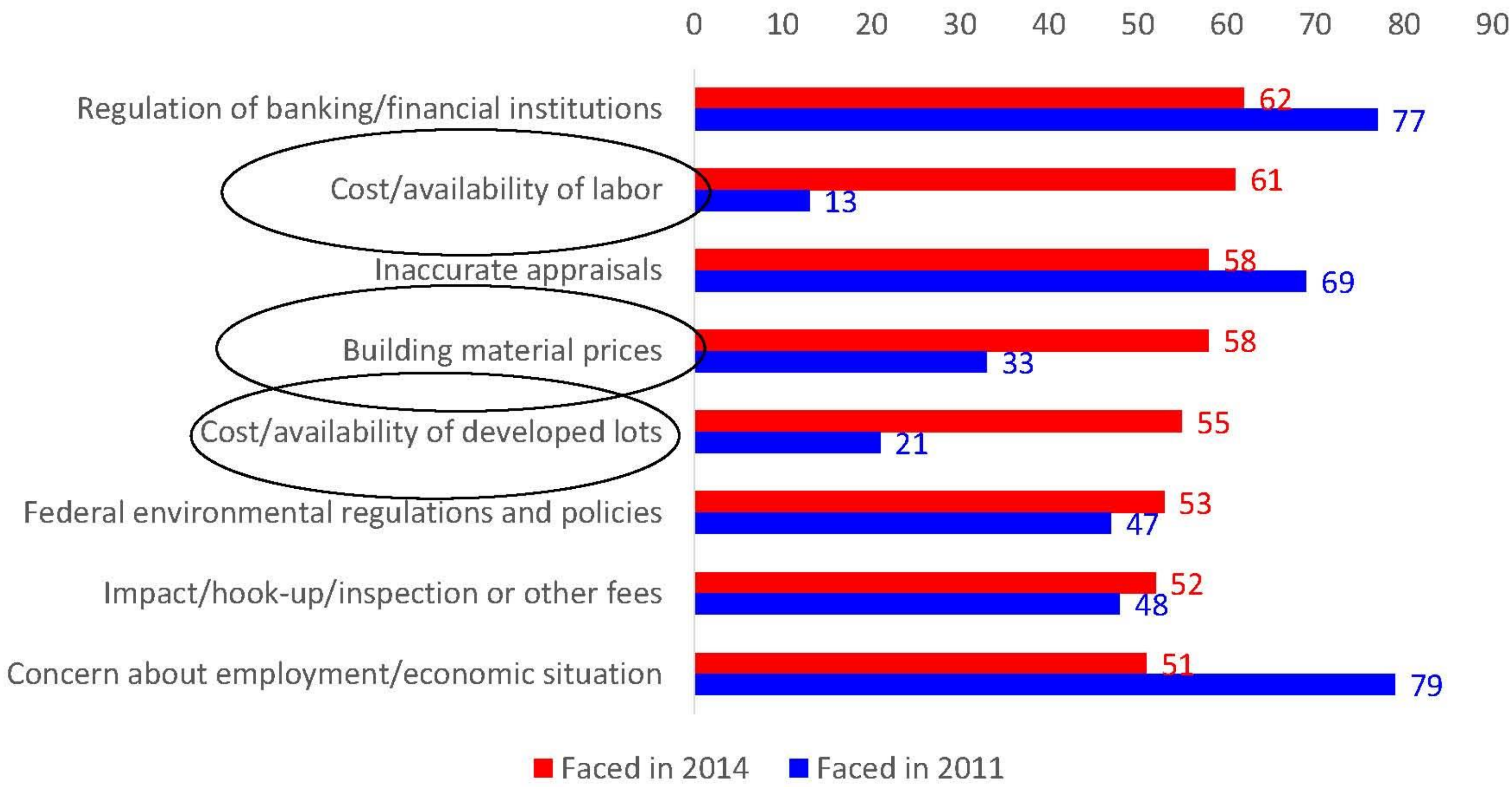


NAHB June 2015 Survey

National Association of Home Builders

NAHB

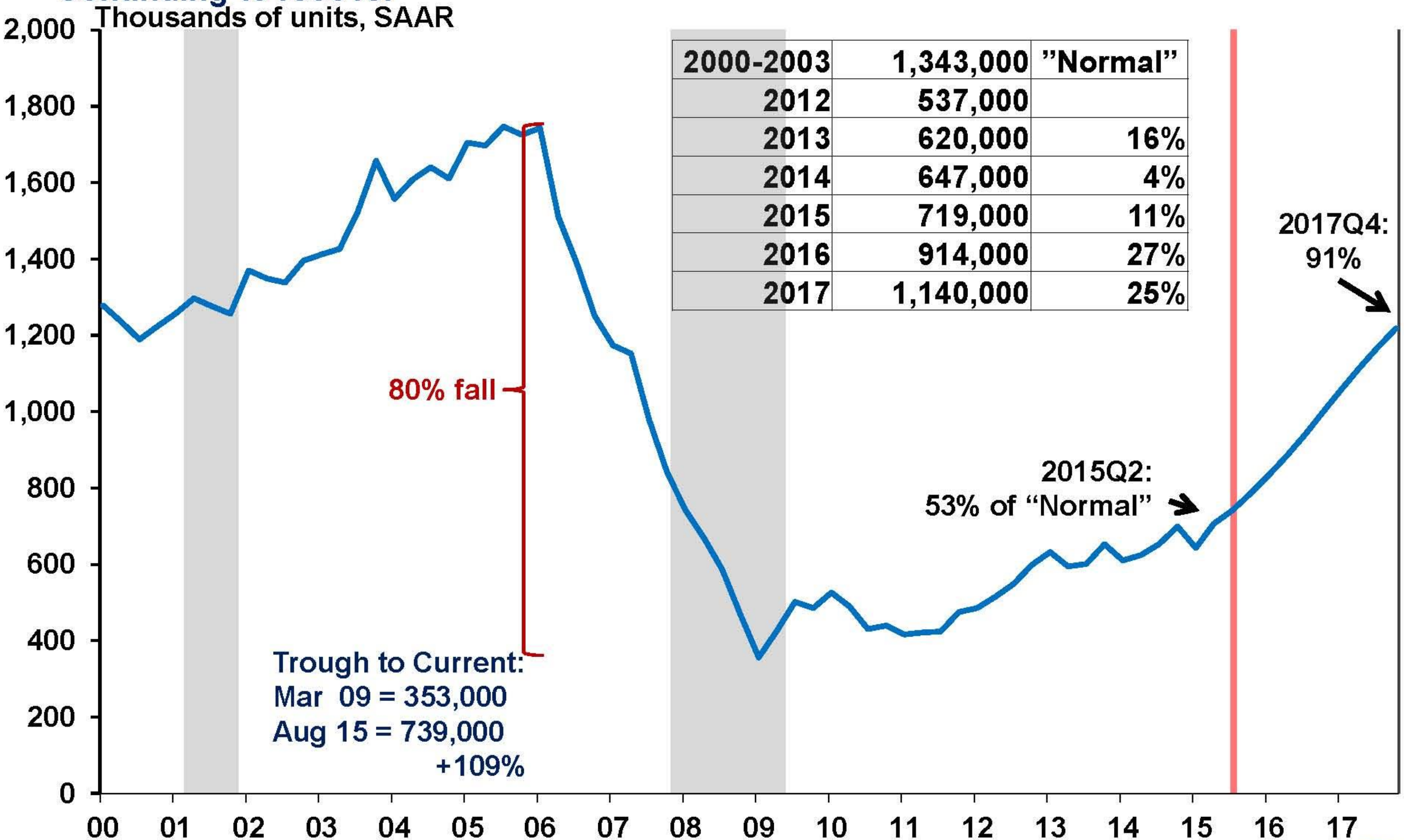
Most Significant Problems
What's grown in importance?



Source: NAHB January 2012 and 2015 Surveys

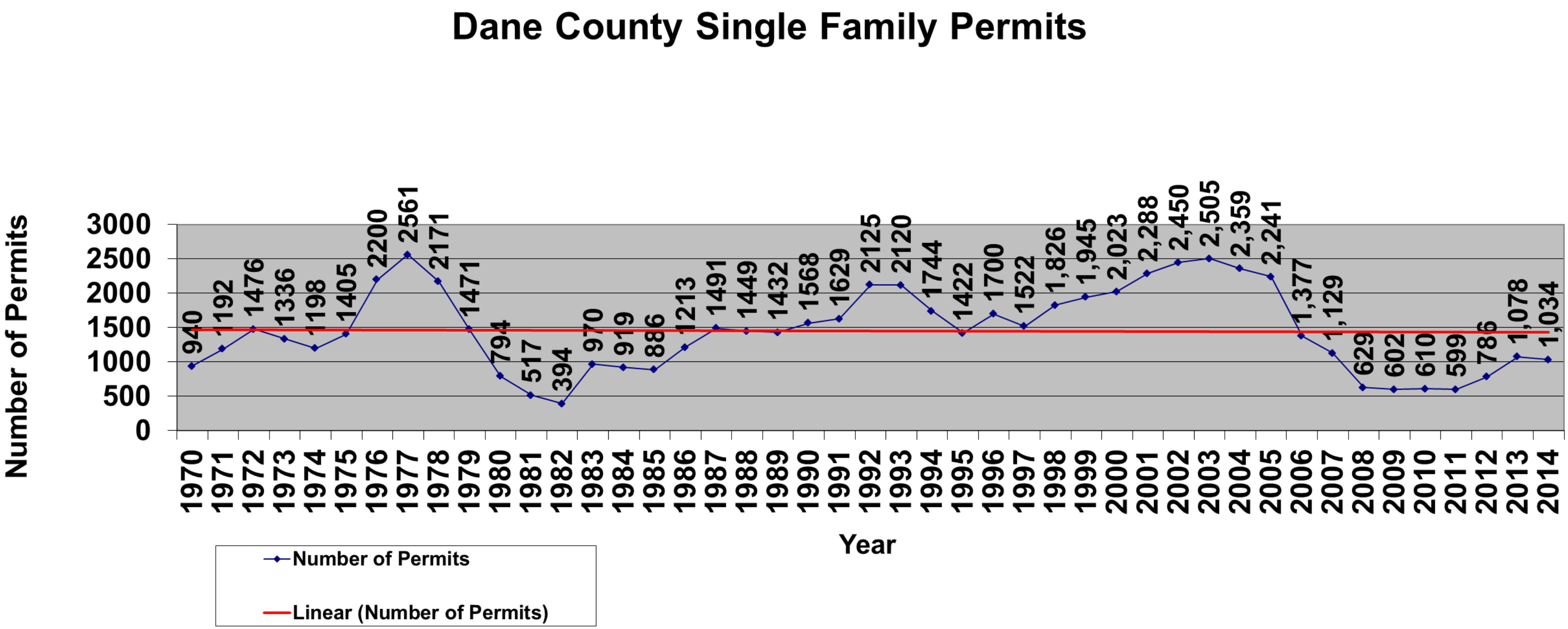
Single-Family Starts - US

Continuing to recover



2000-2003	1,343,000	"Normal"
2012	537,000	
2013	620,000	16%
2014	647,000	4%
2015	719,000	11%
2016	914,000	27%
2017	1,140,000	25%

PERMIT TREND CHART



SINGLE FAMILY PERMITS

U.S.

2005	1,715,800	(75%)
2006	1,465,300	
2007	1,036,100	
2008	620,000	
2009	445,000	
2010	471,000	
2011	434,000	
2012	537,000	48%
2013	621,000	
2014	640,000	

Dane County

2005	2,330	(75%)
2006	1,393	
2007	1,183	
2008	667	
2009	603	
2010	610	
2011	591	
2012	786	75%
2013	1,078	
2014	1,034	
2015	1,144 (Projected)	

Source: MTD

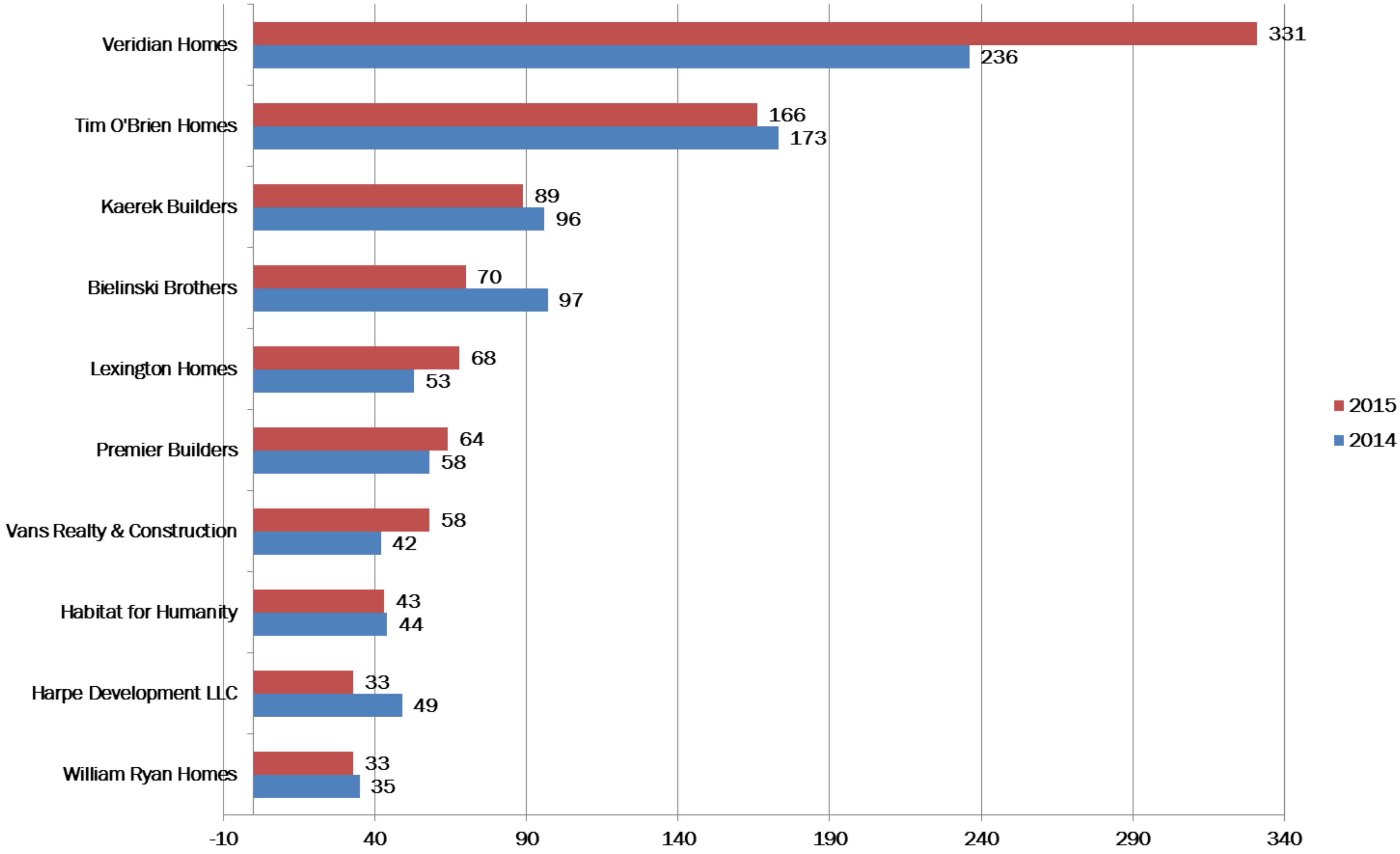
VERIDIAN HOMES
Dream. Build. Live.

SINGLE FAMILY PERMITS

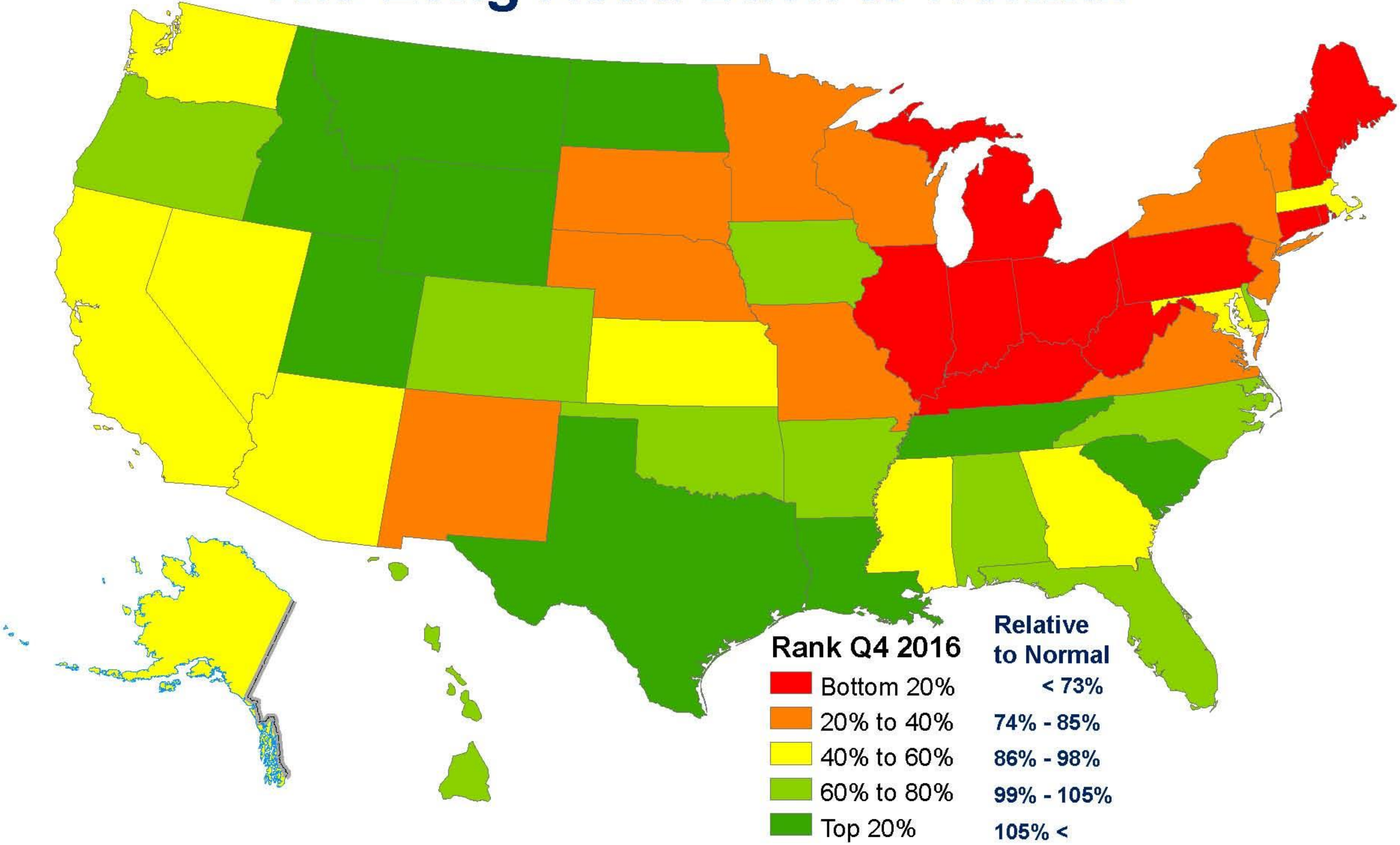
U.S.			Greater Milwaukee		
2005	1,715,800		2005	2,652	
2006	1,465,300		2006	2,094	
2007	1,036,100		2007	1,693	
2008	620,000	(75%)	2008	1,113	66.4%
2009	445,000		2009	831	
2010	471,000		2010	851	
2011	434,000		2011	891	
2012	537,000		2012	960	
2013	621,000	48%	2013	1,279	40.0%
2014	640,000		2014	1,246	
			2015	1,197 (Projected)	

Source: MTD

JAN – OCT HOUSING STARTS - STATEWIDE



The Long Road Back to Normal



This map shows how the states rank in the return to more normal levels of housing production.
By the end of 2017, the top 40% will be back to 99% or more of normal production levels.
The bottom 20% will be below 73% of normal production.

Veridian Homes

WE **BUILD HOMES**
that enrich lives
and realize dreams.
ONE CUSTOMER AT A TIME,
one home at a time.

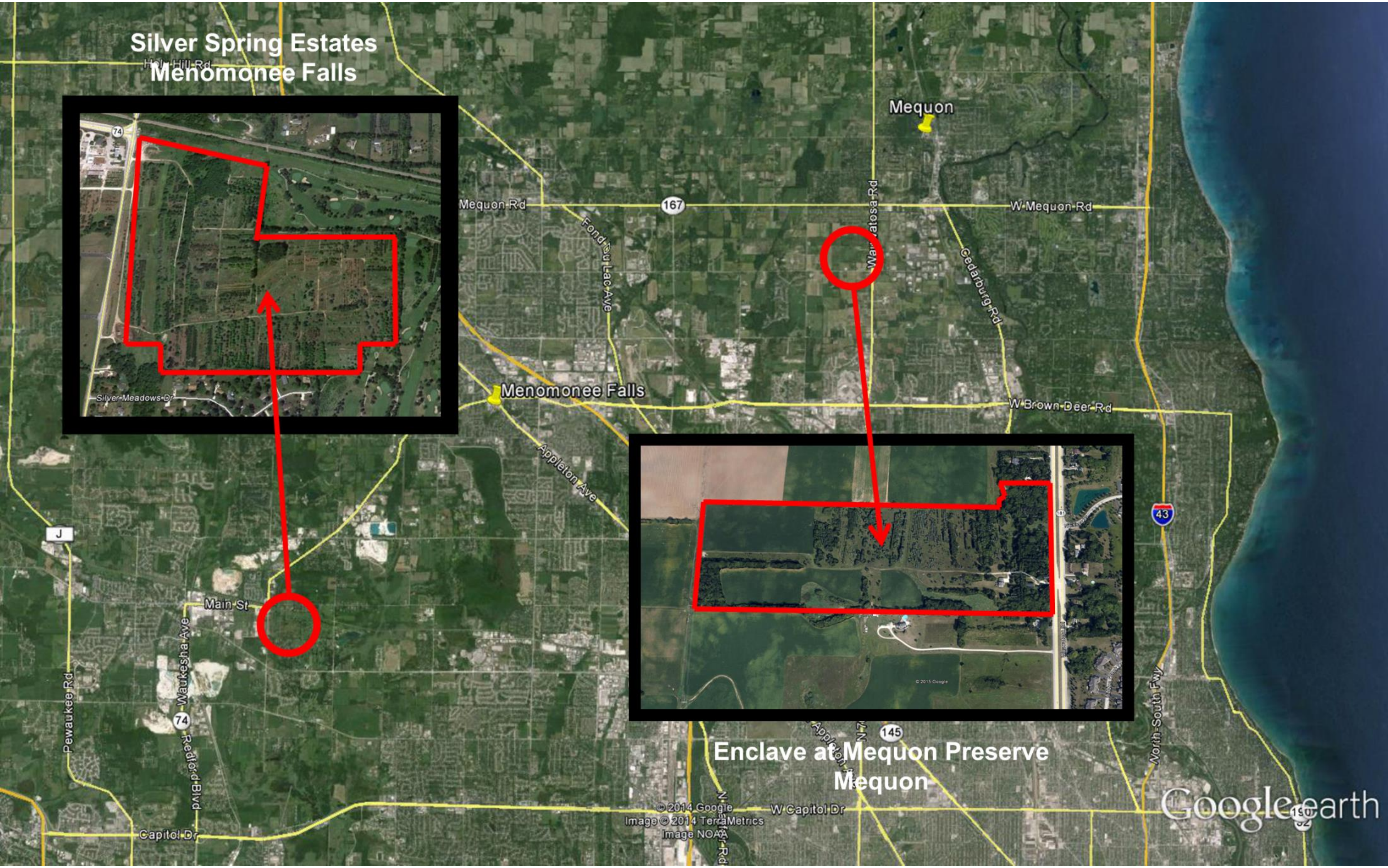
WE **ACHIEVE THIS WITH**
innovation, integrity
pride and passion.

Land / Lot Supply

Veridian is well positioned for 2016 and beyond.

DANE COUNTY AREA

MILWAUKEE AREA



CULTURE OF CONTINUOUS IMPROVEMENT

1. In the absence of data you have myth.
2. What is measured is improved.
3. Documented systems and processes (written down).

¥ Training / education

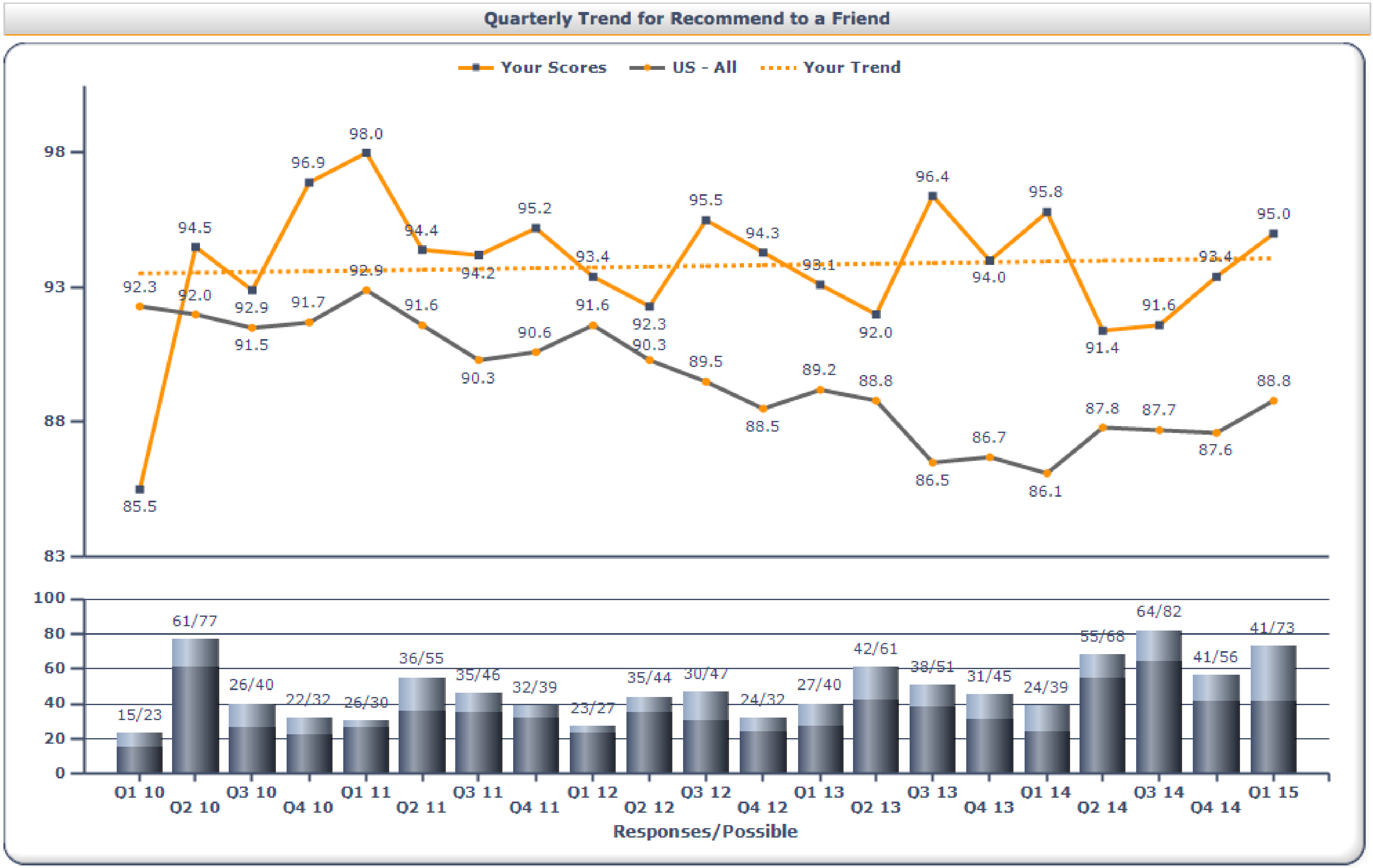
- Action Plans
- Checklists
- Scopes of work
- Keep score

¥ Implementation: Just Do It

SUCCESS DRIVERS

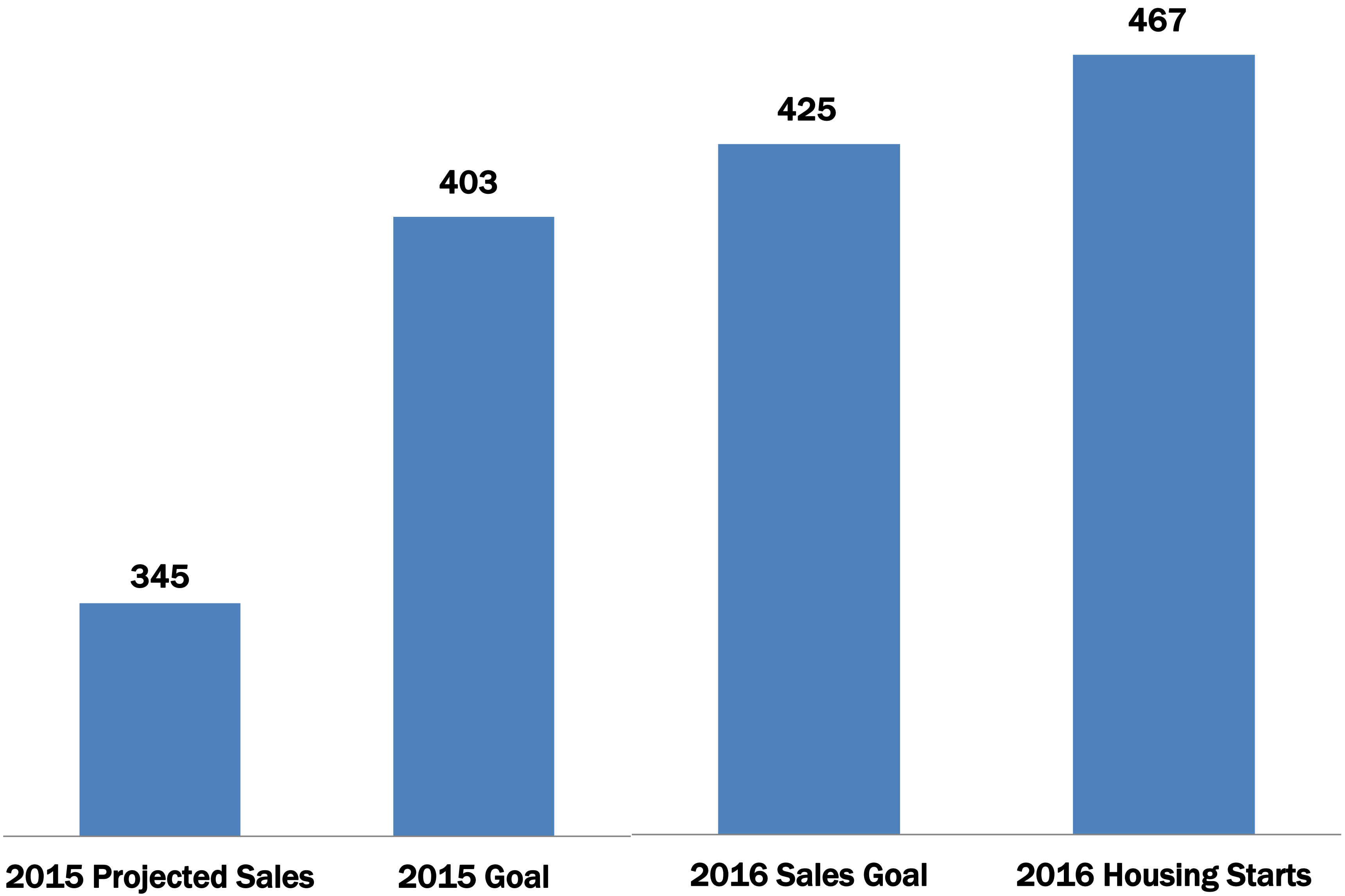
- Business Profitability
- Customer Loyalty
- Operating Efficiency
- Employee Empowerment and Loyalty

Veridian Homes – 5 Year Trend



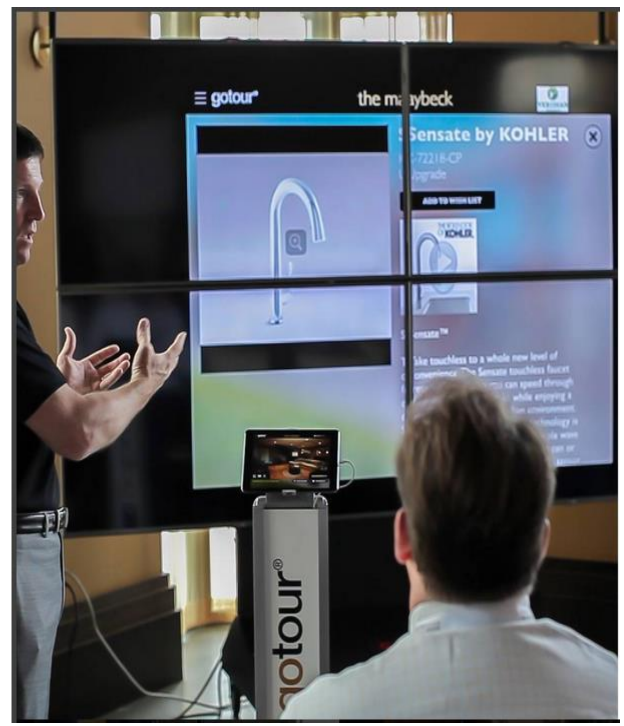
Avid® Ratings
Customers Engaged™

2015 SALES PROJECTION



NHQ Award
2016 Gold

AVID
Gold
Award
2016



“Excellence is not a destination you arrive at …It is the benchmark for your journey.”

- Earvin “Magic” Johnson Jr., *Basketball Great*

VERIDIAN HOMES