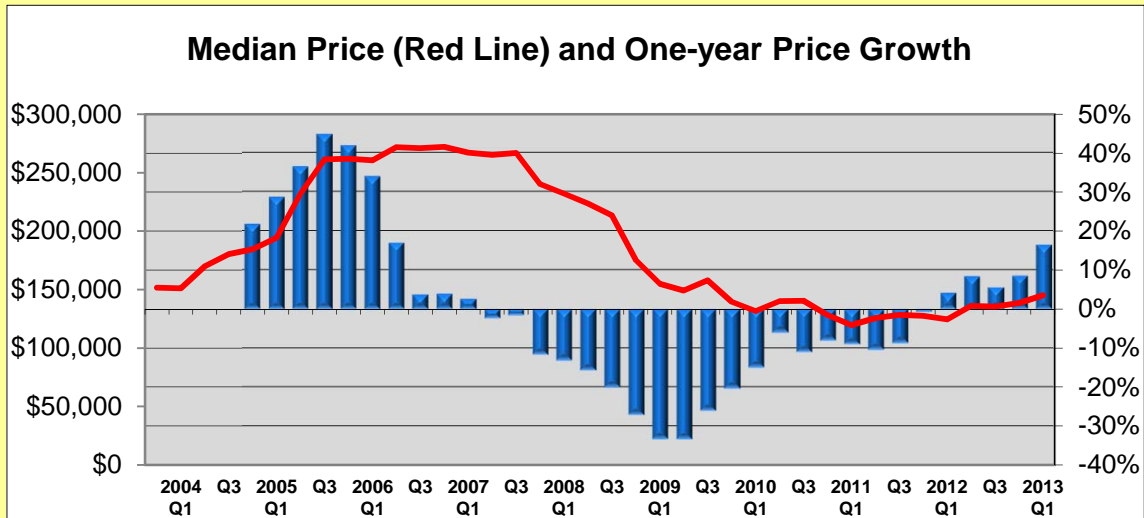


## Orlando Area Local Market Report, First Quarter 2013

### Today's Market...



Local Price Trends			
Price Activity	Orlando	U.S.	Local Trend
Current Median Home Price (2013 Q1)	\$145,100	\$176,033	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2013 Q1)	16.5%	11.2%	
3-year (12-quarter) Appreciation (2013 Q1)	10.3%	5.8%	
3-year (12-quarter) Housing Equity Gain*	\$13,500	\$9,667	Gains in the last 3 years have helped to pull the local market out of the post-recession price weakness
7-year (28 quarters) Housing Equity Gain*	-\$115,400	-\$40,867	
9-year (36 quarters) Housing Equity Gain*	-\$6,000	-\$5,033	
*Note: Equity gain reflects price appreciation only			

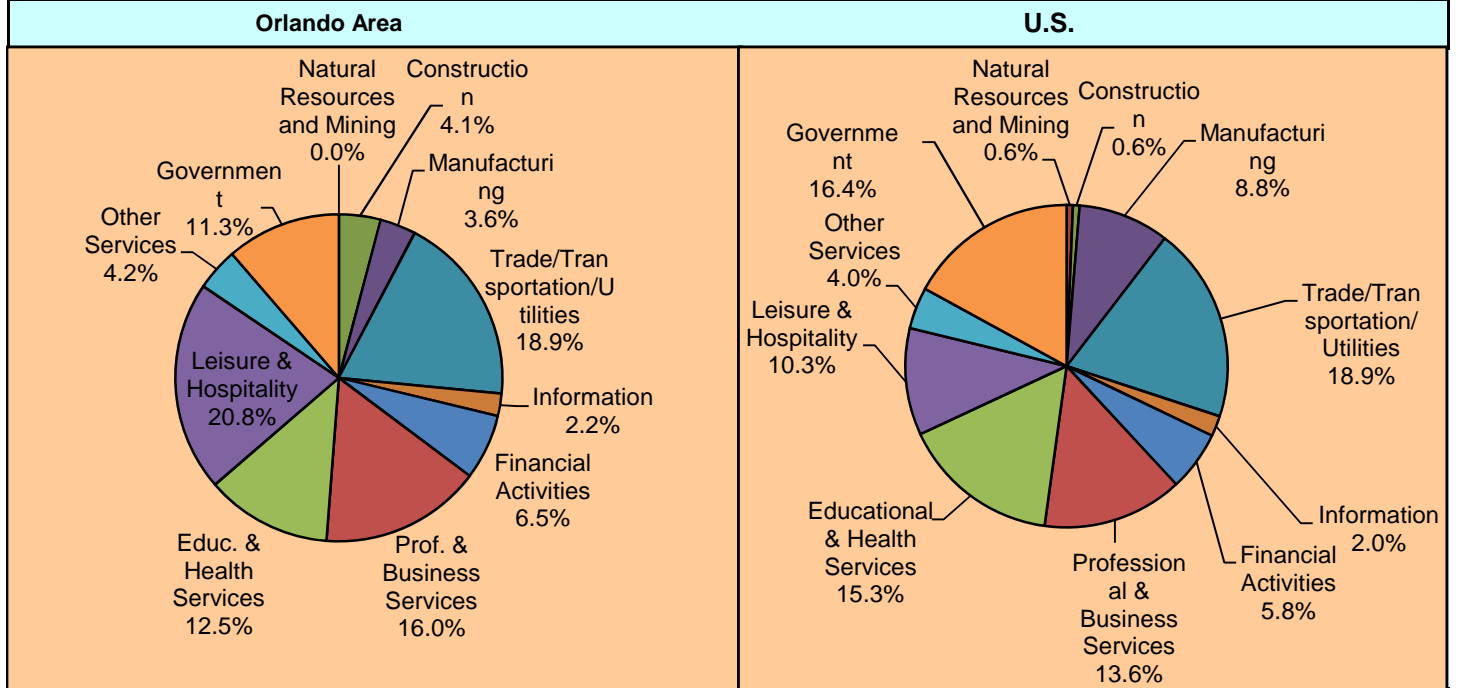
	Orlando	U.S.	
Conforming Loan Limit**	\$417,000	\$625,500	Most buyers in this market have access to government-backed financing
FHA Loan Limit	\$353,750	\$729,250	
Local Median to Conforming Limit Ratio	35%	not comparable	
Note: limits are current and include the changes made in November of 2012 and extended in November of 2013			

**Local NAR Leadership**  
 The Orlando market is part of region 5 in the NAR governance system, which includes all of Georgia, Florida, Alabama, Mississippi, Virgin Islands, and Puerto Rico. The 2013 NAR Regional Vice President representing region 5 is Frank E. Kowalski.

# Drivers of Local Supply and Demand...

Local Economic Outlook	Orlando	U.S.	
12-month Job Change (Mar)	13,700	Not Comparable	Employment growth has eased, but remains positive
12-month Job Change (Feb)	20,000	Not Comparable	
36-month Job Change (Mar)	55,600	Not Comparable	Unemployment in Orlando is better than the national average and improving
Current Unemployment Rate (Mar)	6.6%	7.6%	
Year-ago Unemployment Rate	8.7%	8.2%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	1.3%	1.6%	

## Share of Total Employment by Industry



### 12-month Employment Change by Industry in the Orlando Area (Mar - 2013)

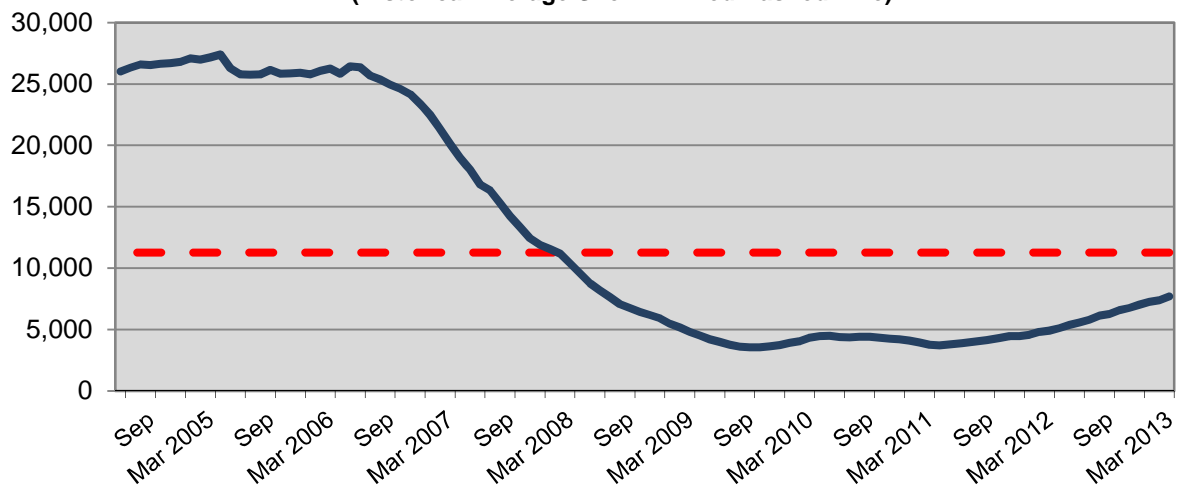
Goods Producing	NA	Information	-500
Natural Resources/Mining/Construction	NA	Financial Activities	1,600
Natural Resources and Mining	0	Prof. & Business Services	-1,400
Construction	-1,900	Educ. & Health Services	5,500
Manufacturing	-700	Leisure & Hospitality	8,500
Service Providing Excluding Government	NA	Other Services	300
Trade/Transportation/Utilities	2,900	Government	-600

State Economic Activity Index	Florida	U.S.	
12-month change (2013 - Mar)	2.3%	2.8%	The economy of Florida is growing more slowly than the rest of the nation, but improved modestly from last month's 2.18% change
36-month change (2013 - Mar)	5.6%	8.3%	

## New Housing Construction

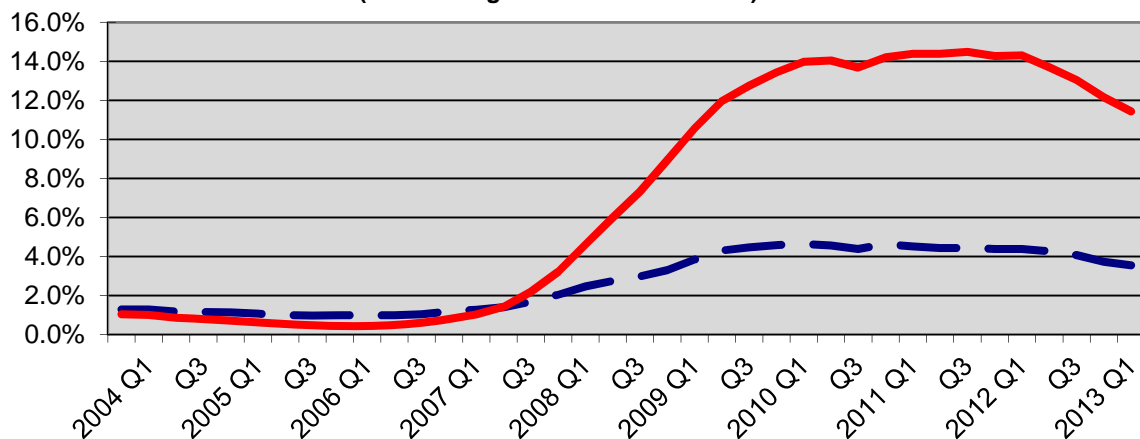
Local Fundamentals	Orlando	U.S.	
12-month Sum of 1-unit Building Permits through Mar 2013	7,694	not comparable	The current level of construction is 31.7% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	11,271	not comparable	Reduced construction will limit new supply to the market, allowing demand to catch up with inventory more quickly
Single-Family Housing Permits (Mar 2013) 12-month sum vs. a year ago	56.7%	25.6%	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)



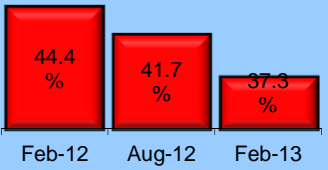
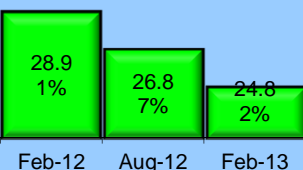
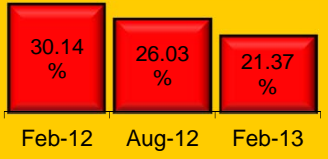
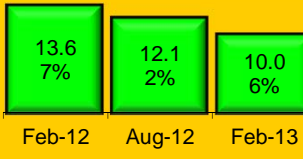
Source: Mortgage Bankers' Association

## Composition of Mortgaged Homes in Local Area

Monthly Market Data - February 2013	Orlando	U.S.	
Prime Mortgages Outstanding (estimate)	406,390	48,760,866	There are nearly 10.8 prime loans for every subprime mortgage in the Orlando market, which is less than the national average of 15.8 suggesting that subprimes make up a greater share of the local market than on average.
Subprime Mortgages Outstanding (estimate)	37,751	3,085,634	

Source: First American CoreLogic, LoanPerformance data

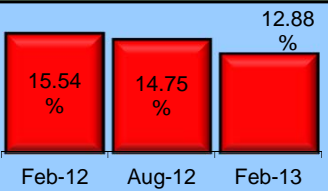
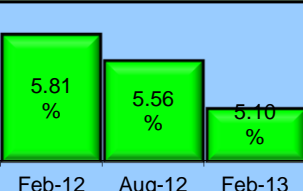
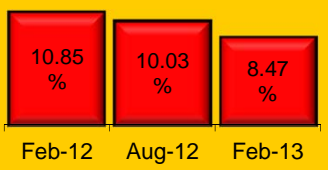
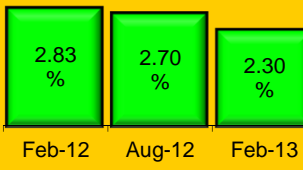
## Subprime Foreclosure and Delinquency Rates

Monthly Market Data - February 2013	Orlando	U.S.	
<b>Subprime: 90-day Delinquent</b>			The 90-day delinquency rate for subprime mortgage in Orlando fell over the 6-month period ending in February
<b>Subprime: Foreclosure + REO Rate</b>			The recent decline of the 90-day delinquency rates suggests that local foreclosure rates will continue to decline in the near future.

The "foreclosure + REO rate" is the number of mortgages, by metro area, that are either in the foreclosure process or have completed the foreclosure process and are owned by banks divided by the total number of mortgages for that area.

Source: First American CoreLogic, LoanPerformance data

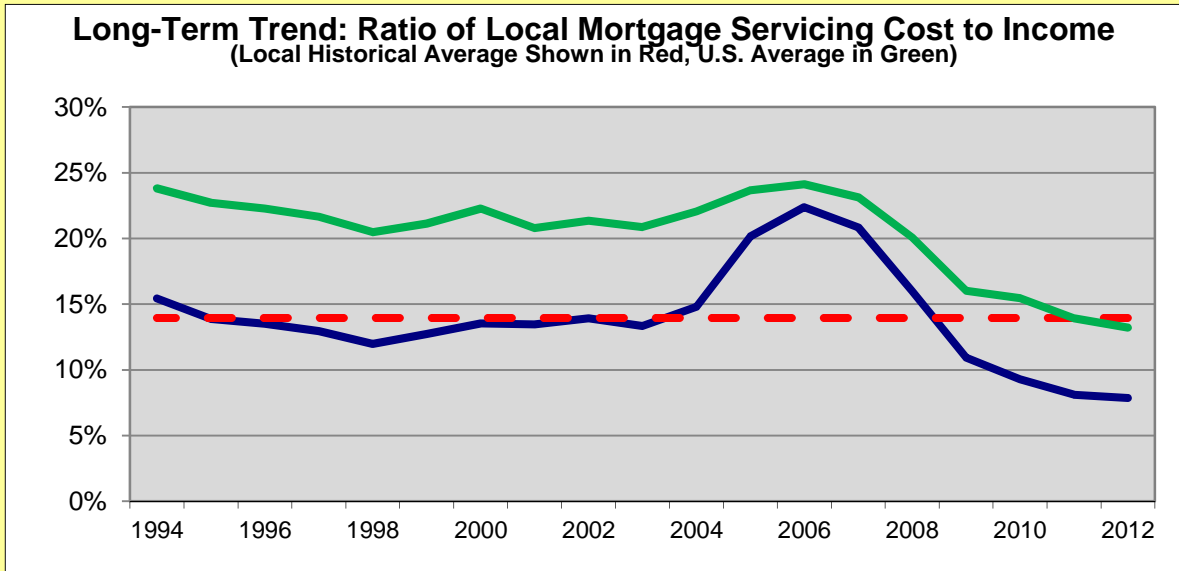
## Prime Foreclosure and Delinquency Rates

Monthly Market Data - February 2013	Orlando	U.S.	
<b>Prime: 90-day Delinquent</b>			The 90-day delinquency rate in Orlando fell over the 6-month period ending in February
<b>Prime: Foreclosure + REO Rate</b>			The recent decline of the 90-day delinquency rates suggests that local foreclosure rates will continue to decline in the near future.

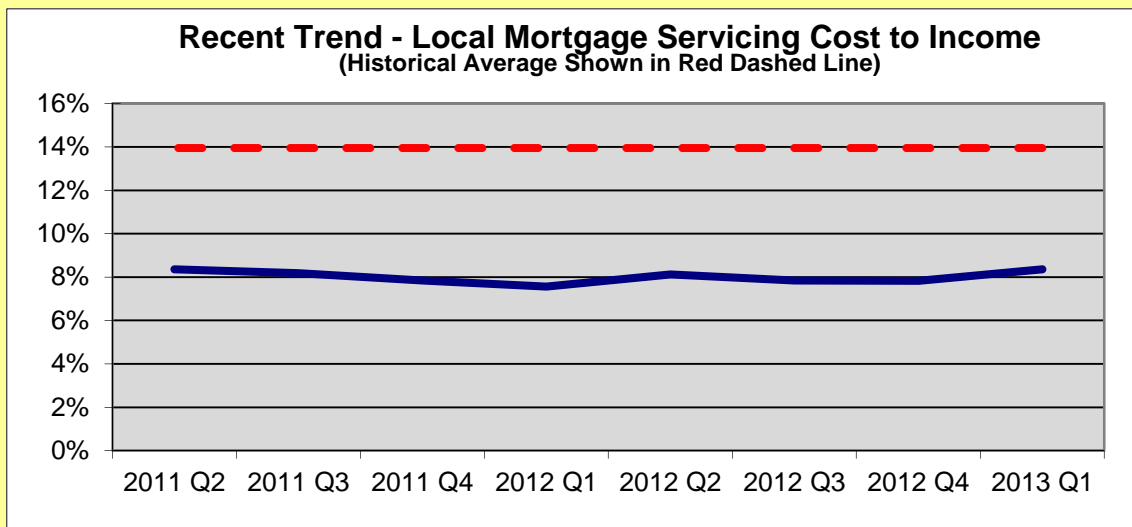
The "foreclosure + REO rate" is the number of mortgages, by metro area, that are either in the foreclosure process or have completed the foreclosure process and are owned by banks divided by the total number of mortgages for that area.

Source: First American CoreLogic, LoanPerformance data

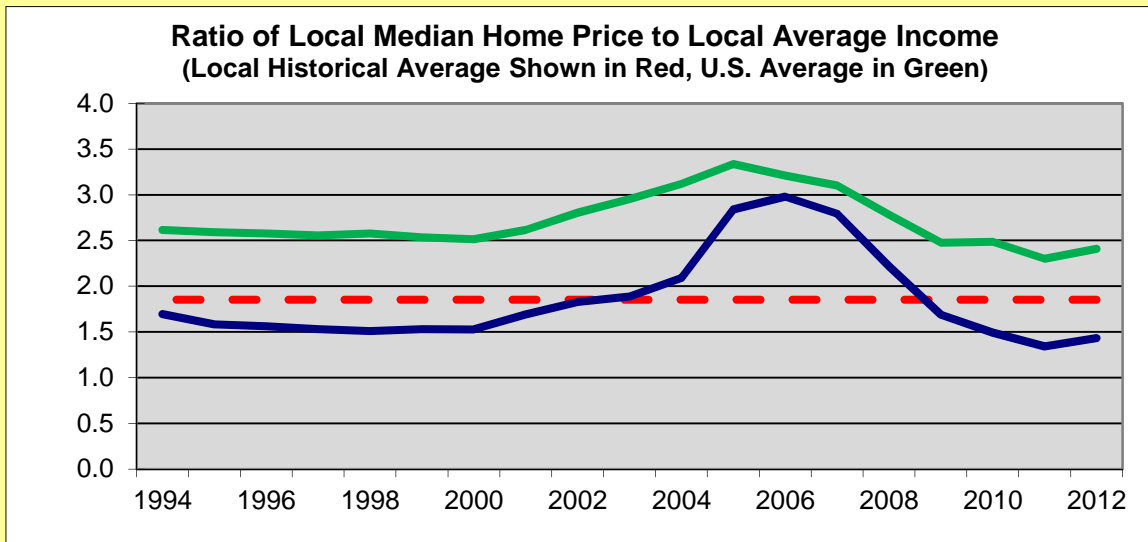
# Affordability



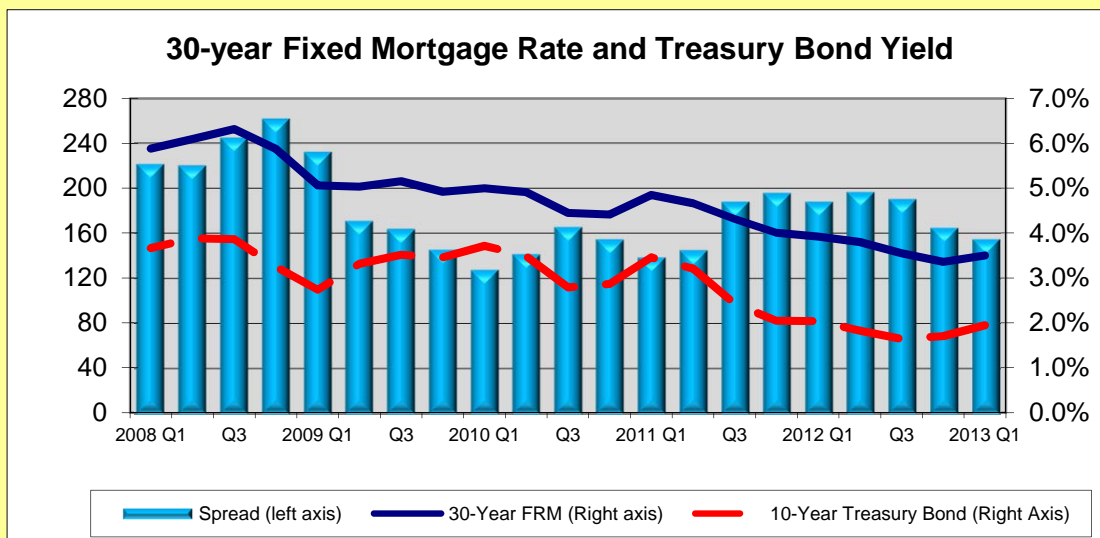
Monthly Mortgage Payment to Income	Orlando	U.S.	
Ratio for 2012	7.9%	13.2%	Historically strong, but weaker than the fourth quarter of 2012
Ratio for 2013 Q1	8.4%	12.6%	
Historical Average	14.0%	20.7%	More affordable than most markets



Median Home Price to Income	Orlando	U.S.	
Ratio for 2012	1.4	2.4	The price-to-income ratio rose, but is better than the historic average
Ratio for 2013 Q1	1.6	2.3	
Historical Average	1.9	2.7	Affordable compared to most markets

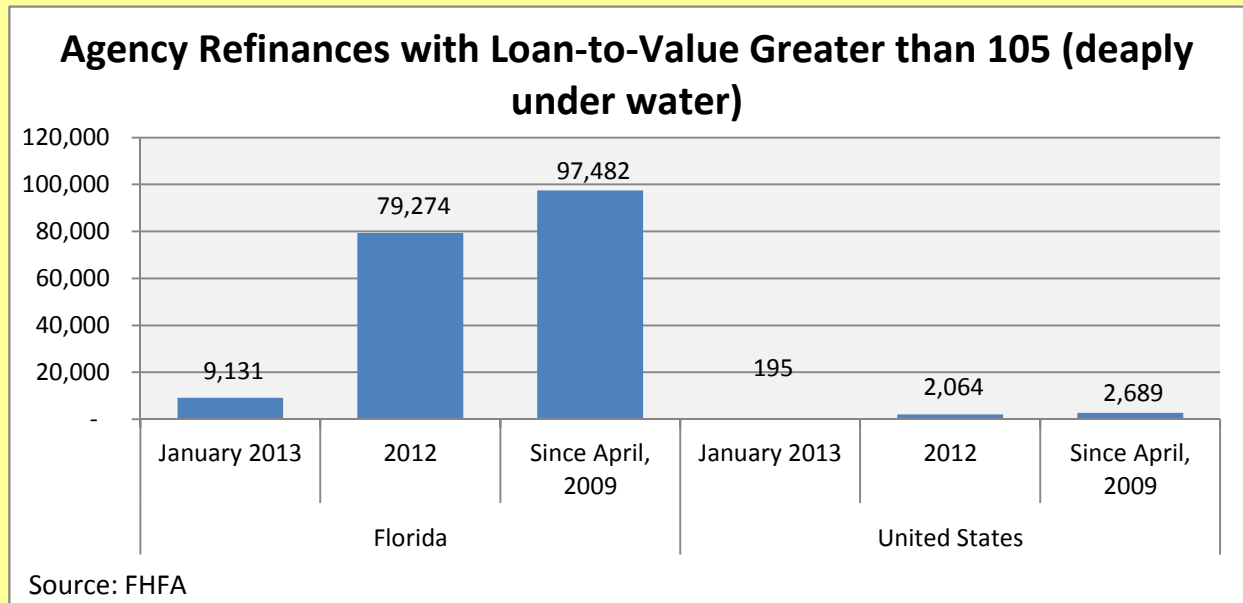


## The Mortgage Market



Mortgage rates edged higher in the first quarter of 2013 following an upward surge in the 10-year Treasury. A slew of positive economic news and anticipation of a robust long-term recovery gave MBS and bond market analysts hopes for steady appreciation in rates. As a result, the spread between the two long-term rates eased modestly. However, weaker employment, GDP and consumer confidence news emerged in late March and early April, which deflated the average rate for the 30-year fixed rate mortgage. A modest pull-back in refinancing coupled with near-term economic weakness should keep rates low through summer before they track upward through the end of the year. The Bank of Japan is reportedly purchasing large volumes of its own debt which is expected to spur debt traders to purchase more Ginnie Mae backed assets as an alternative, which should also help to put downward pressure on mortgage rates. While there has been a recent trend toward low downpayment loans in the conforming space, pulling some market share from the FHA, the average FICO score on these originations remains very high. Credit will remain tight until the market receives regulatory clarity from final QRM and Basel III rules.

# A Closer Look...HARP Refinances



HARP Loan Modifications	Florida	U.S.	
2012 and January 2013	88,405	2,259	Underwater HARP modifications in Florida rose by 874% since 2011 compared to the prior 34-month period.
Prior to 2012	9,077	430	

The Home Affordable Refinance Program (HARP) was started in April of 2009 as a means for homeowners to take advantage of lower mortgage rates. Refinances have the double benefit of reducing the likelihood of default by making payments more affordable as well as boosting personal spending and the economy. Only homeowners with mortgages owned by Fannie Mae or Freddie Mac can participate. The program had limited initial success as the sharp price declines in the hardest hit areas resulted in average loan-to-value ratios above the program's cap of 125%. In December of 2011, this cap was eliminated and program participation surged. In Florida, the number of refinances with an LTV greater than 125% surged 874% over the 13-month period ending in January of 2013 compared to the 34-month period from the inception of HARP to the change in LTV rules. This trend outpaced the national pattern over this same period. The wave of refinances has helped to stabilize the distressed market and home prices, helping consumer confidence and demand. However, it may also extend the time the owners stay in their homes past the 6-year historical average resulting in slower turnover and exacerbating inventory shortages. Tight inventories will help to fuel price growth that will unlock more underwater borrowers with time.

## Geographic Coverage for this Report

The Orlando area referred to in this report covers the geographic area of the Orlando 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:

Lake County, Orange County, Osceola County, and Seminole County

More information on the OMB's geographic definitions can be found at [http://www.whitehouse.gov/omb/inforeg\\_statpolicy/](http://www.whitehouse.gov/omb/inforeg_statpolicy/)