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## Top Single-Family Housing Markets

Winter 2016

### EXECUTIVE SUMMARY

- Despite global market instability and the persistence of low oil, the US economy continues to grow. The advance US GDP estimate for the fourth quarter reflects some of these drags, indicating a slowdown in growth to 0.7% from 2% the previous quarter. Despite the slowdown in GDP growth, the US housing market recovery continues to be supported by underlying economic fundamentals, particularly the improved labor market. Though new regulatory procedures induced some volatility in late 2015, home sales continued a healthy pace in 2015, and while a tight inventory of homes constrained improvement in sales, it has contributed to accelerating gains in home prices. As we expect the Fed to raise rates at a measured pace, the market will need to digest just slightly higher mortgage rates, though mortgage rates currently remain below 4% according to Freddie Mac amid ongoing market volatility. We expect the housing recovery to see some choppiness, but largely continue building on its current momentum.
- In this report Ten-X Research highlights the "hottest" major single-family markets based on current and expected future housing fundamentals, using a variety of measures. Of the 50 largest US markets, the five currently sitting on the top of the rankings have displayed consistently strong demand, home price appreciation, and economic and demographic growth.

### Top Five Markets: At a Glance

	Home Price Growth, Annual	Home Sales Growth, Annual
Seattle, WA	12.3%	9.4%
Fort Lauderdale, FL	8.9%	7.9%
Orlando, FL	11.2%	8.9%
Portland, OR	11.9%	11.2%
Las Vegas, NV	8.3%	22.6%

## Five Hottest Single-Family Markets

This report details the five single-family markets that earn the designation "hot". These hot markets scored as the top five out of the 50 largest US housing markets in a process that gauges the strength of each single-family market across multiple measures, both current and our expectations for the next several years. The five current hottest US single-family housing markets are: Seattle, Fort Lauderdale, Orlando, Portland, and Las Vegas, in that order. The top three markets remain unchanged from the previous quarter, while Portland inched ahead one spot to number four, and Las Vegas joined the list as a newcomer. Seattle and Portland embody the emergence of housing in the Pacific Northwest as they continue to see robust economic and demographic growth. Particularly driven by their tech orientation, housing fundamentals in these markets are now eclipsing pre-recession peaks. Fort Lauderdale and Orlando represent the strength we have seen throughout most Florida markets following their acute recessionary decline. Las Vegas is an intriguing addition to our top five, signaling tremendous progress in another market that had been decimated by the housing crisis. Florida and Las Vegas, markets that had previously been poster children for the housing bust, are now boosted by revitalized local economies and population growth that have driven market demand. Even with the progress that has been made, such markets continue to present growth opportunities since housing fundamentals still sit below pre-recession levels.

Ten-X Research regularly monitors the nation's largest 50 housing markets, tracking metrics as varied as existing-home sales, existing home prices, affordability, and development activity. Additionally, we pay close attention to the economic and demographic dynamics in each of these metro areas, as single-family housing markets are naturally intertwined with the overall health of the local economy. Sales and pricing activity on our platform provides real-time insight into buyer demand and price appetite, particularly investors, who have been a key ingredient in the housing recovery so far. Combining the aforementioned past and current trends with our economic and demographic growth forecasts, we ranked each of the largest 50 metros. The five top rated markets display strongly rising home prices, favorable affordability, strong housing demand and excellent economic and demographic conditions for future demand. Rankings in the top 5-10 indicate a strong, healthy single-family market with good potential over coming years. A ranking closer to the bottom indicates poor current housing conditions; declining home prices, subpar demand, and a weak outlook over the next few years.

## Single-Family Heat Map Visualization of the Largest US Housing Markets

Our heat maps are a visual depiction of the current situation and outlook for each of the top US single-family markets. The boxes representing each major US metro are sized by population. The boxes are color coded from dark green=strongest to dark red=weakest. The overall coloration of the heat map provides an overview of the segment. The generally pale green coloration of the heat map reflects the continued, albeit choppy, improvement in the single family housing market, with the blotches of red indicating that several markets remain laggards.

The West and Southwest have been fairly consistent as we continue to see solid growth throughout these regions. The Southeast has emerged with a number of hot markets backed by strong growth across the state of Florida. Apart from Boston, the Northeast continues its sluggish performance. The Midwest is largely struggling to see stronger gains despite positive steps from a handful of metros this quarter, though Columbus continues to stand out as an oasis within the region.



Source: Ten-X Research

The following pages highlight the "top five" single-family markets: their economic and demographic underpinnings and key housing fundamentals.

## Single Family Rankings Winter 2016

## Strength of Market

Seattle	1
Fort Lauderdale	2
Orlando	3
Portland	4
Las Vegas	5
Palm Beach County	6
Tampa	7
Columbus	8
Charlotte	9
Atlanta	10
Nashville	11
Oakland	12
Denver	13
DC	14
San Francisco	15
Salt Lake City	16
Raleigh	17
Miami	18
San Diego	19
San Antonio	20
Dallas	21
Austin	22
Jacksonville	23
Phoenix	24
Boston	25
Northern Virginia	26
Minneapolis	27
Riverside	28
San Jose	29
Los Angeles	30
Cincinnati	31
Kansas City	32
Orange County	33
Sacramento	34
Indianapolis	35
Fort Worth	36
Houston	37
Long Island	38
Baltimore	39
Detroit	40
Chicago	41
Milwaukee	42
Suburban Maryland	43
Memphis	44
St. Louis	45
Philadelphia	46
Pittsburgh	47
Northern New Jersey	48
Central New Jersey	50

## Alphabetical

Atlanta	10
Austin	22
Baltimore	39
Boston	25
Central New Jersey	50
Charlotte	9
Chicago	41
Cincinnati	31
Cleveland	49
Columbus	8
Dallas	21
DC	14
Denver	13
Detroit	40
Fort Lauderdale	2
Fort Worth	36
Houston	37
Indianapolis	35
Jacksonville	23
Kansas City	32
Las Vegas	5
Long Island	38
Los Angeles	30
Memphis	44
Miami	18
Milwaukee	42
Minneapolis	27
Nashville	11
Northern New Jersey	48
Northern Virginia	26
Oakland	12
Orange County	33
Orlando	3
Palm Beach County	6
Philadelphia	46
Phoenix	24
Pittsburgh	47
Portland	4
Raleigh	17
Riverside	28
Sacramento	34
Salt Lake City	16
San Antonio	20
San Diego	19
San Francisco	15
San Jose	29
Seattle	1
St. Louis	45
Suburban Maryland	43
Tampa	7

## SEATTLE, WASHINGTON

## Sector

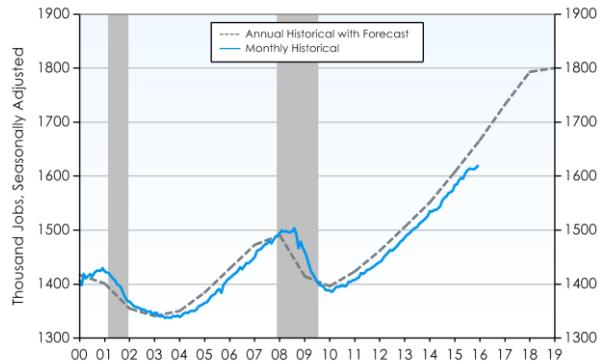
## Economy

Seattle employment continues rolling to new all-time highs. Metro payrolls rose 3% over the past year and now measure more than 7.5% higher than their previous peak. The outsized information sector – representing the area's large technology base – posted year over year gains of 5% as employment is at an all-time high. The large professional/business services sector is also far higher than its pre-recession peak, and payrolls are up more than 4.5% year-over-year thanks to job growth in nine of the last twelve months. Since dropping to a low point in the mid-3% range in late summer 2015, the metro unemployment rate has popped higher, near 5%. The rate's increase reflects a substantial jump in Seattle's number of unemployed over the past few months, amid a reduction in the total size of the labor force. Demographics remain highly supportive of future growth though. Population growth has exceeded the national average for the past decade, growing 1.7% in 2014, more than double the US rate.

## Single-Family

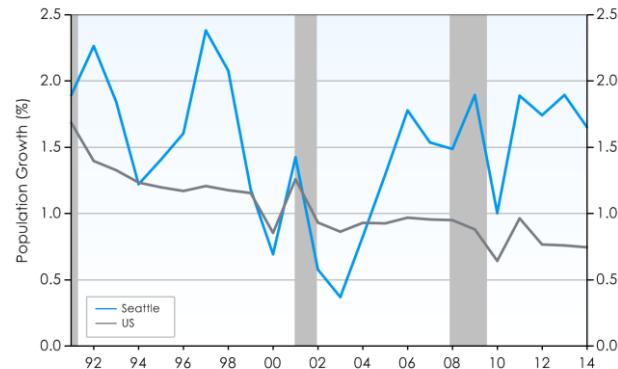
The Seattle single-family market continues its strong performance. Sales growth is assuming a more consistent upward track after years of choppy gains; sales currently measure a robust 9.4% higher than a year ago. Home prices are skyrocketing, and increased 12.3% year-over-year to a new all-time peak this quarter, outstripping the market's housing bubble heights. There is some moderate permit activity in the area, but this does not look to pose a significant threat to the market, thanks to strong economic activity creating demand to counterbalance new inventory. While affordability is weakening, population growth has been more than doubling the US average since 2011, which will buttress demand and put upward pressure on prices in the long-run.

## Seattle Employment Level



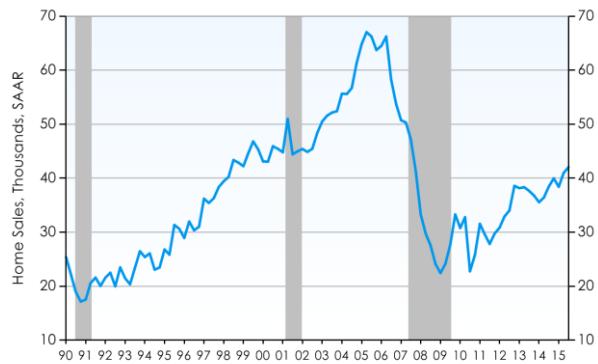
Sources: BLS, Ten-X Research

## Seattle Population Growth



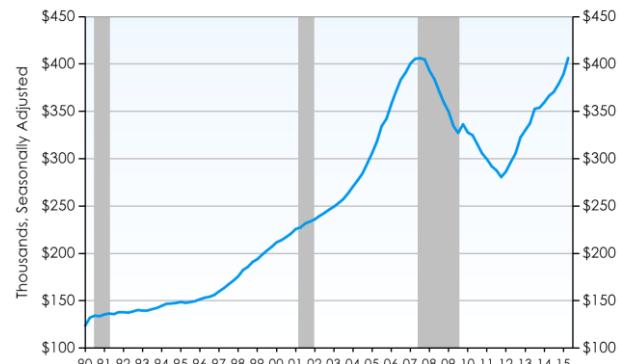
Sources: Census Bureau, Ten-X Research

## Seattle Existing-Home Sales



Sources: IHS Economics, Ten-X Research

## Seattle Median Existing-Home Prices



Sources: FHFA, Census Bureau, IHS Economics, Ten-X Research

## FORT LAUDERDALE, FLORIDA

## Sector

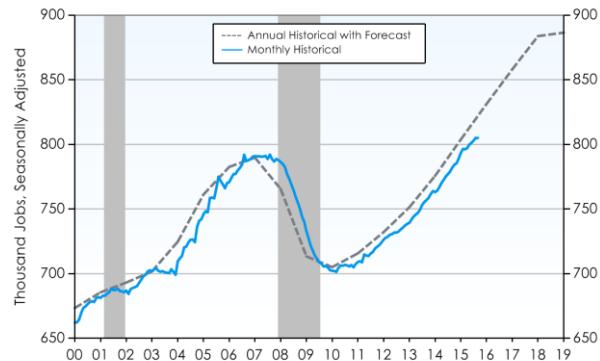
## Economy

Fort Lauderdale's economy built on its strong 2014 performance with an equally robust 2015. Employment is up more than 3% over the past year as the metro's vital sectors are seeing solid growth. The outsized financial services sector enjoyed a strong push in the second half of 2015, as six straight months of job growth pushed payrolls up nearly 4% year-over-year. The large professional/business services sector is also rolling, growing in excess of 7.5% over the past year. The ever-important leisure/hospitality sector has buttressed growth further, as higher levels of domestic tourism amid the current economic upcycle have pushed sector payrolls up 3.4% year-over-year to a new all-time peak. Unemployment continues to wind downward, falling 80 bps from a year ago and is now below the US average. While population growth slowed, it has still exceeded the US average in the past five years, recently measuring 1.3% in 2014. The metro's solid demographic performance should continue to support further economic expansion in Fort Lauderdale.

## Single-Family

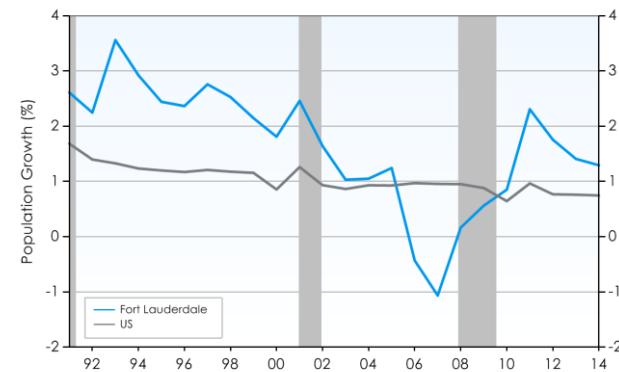
Fort Lauderdale's steady housing recovery from its deep recessionary hole is chugging forward. While seasonally adjusted home price growth has decelerated from its previously torrid pace, it remains positive. Prices were most recently up 8.9% from their year-ago level, though remain a notable 22% lower than their pre-bust peak. Home sales are continuing their choppy ascent, currently sitting at a cyclical peak up 7.9% from a year ago. The local economy continues to strengthen and reach new heights, and the metro is also benefitting from above-average population growth. We expect this market's improvements to persist given this favorable economic and demographic climate, along with permit issuance at an all-time low levels keeping supply low.

## Fort Lauderdale Employment Level



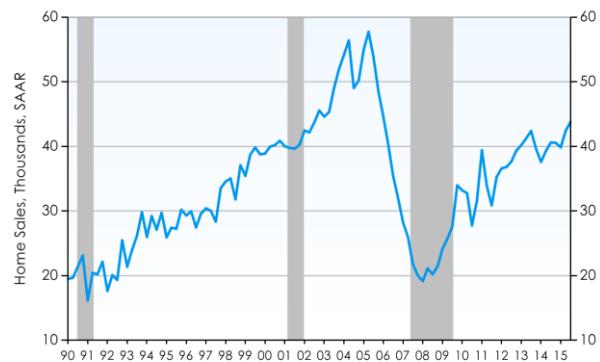
Sources: BLS, Ten-X Research

## Fort Lauderdale Population Growth



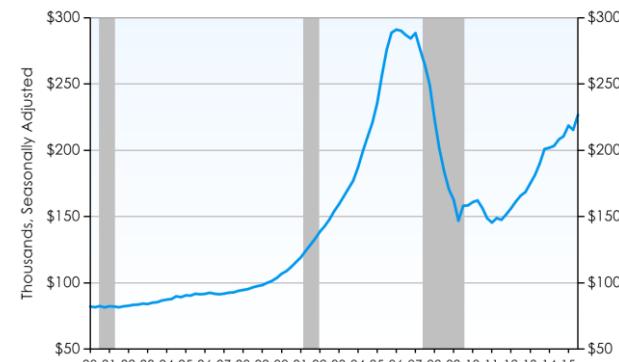
Sources: Census Bureau, Ten-X Research

## Fort Lauderdale Existing-Home Sales



Sources: IHS Economics, Ten-X Research

## Fort Lauderdale Median Existing-Home Prices



Sources: FHFA, Census Bureau, IHS Economics, Ten-X Research

## ORLANDO, FLORIDA

## Sector

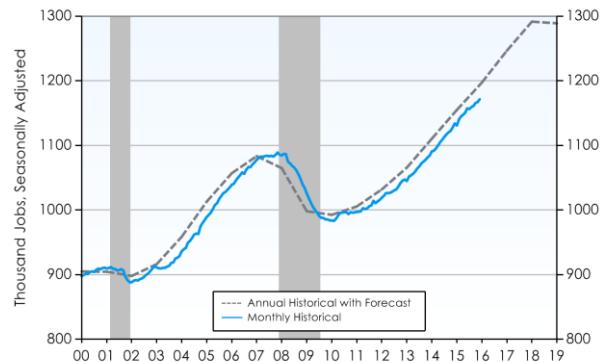
## Economy

Orlando's economy is a model of white-hot consistency, with employment up 3.8% from a year ago at an all-time peak. Employment in leisure/hospitality, the metro's largest sector, is up 5.3% over the past year as it continues to climb to new all-time highs. Extremely low oil prices, which are trending near \$30/barrel, are translating to consumer air travel savings and aiding in the sector's continued expansion, as the home to Disneyworld is a major domestic leisure travel destination. The professional/business services sector has also been a major contributor to Orlando's growth, and rebounded in late 2015 after a mid-year slowdown. Employment in the sector is now up nearly 4.5% year-over-year at a new peak. Unemployment is down 90 bps from a year ago and lower than the national average, in the mid-4% range. Local population growth is healthy with population growth exceeding 2% for three consecutive years, well ahead of the US pace. Robust demographics will provide support for further economic expansion in Orlando.

## Single-Family

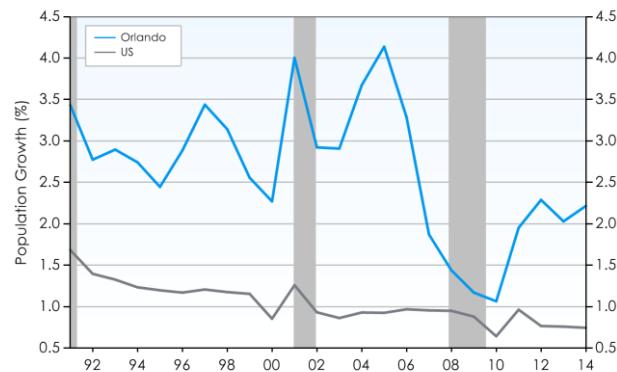
Orlando's housing market continues to impress. Sales posted a new cyclical high this quarter and are now at a very solid level, below only the frothiest quarters of the housing boom. Existing home prices are also rising, up 11.2% over the past year, one of the strongest gains in the nation. The area's population is now growing rapidly again after slowing considerably in the aftermath of the housing bust. Orlando's population grew 2.2% in 2014, the third strongest increase among the top 50 US markets. This provided strong support for housing demand. The local economy is also doing well and has a solid forecast, which will also boost the single-family market.

## Orlando Employment Level



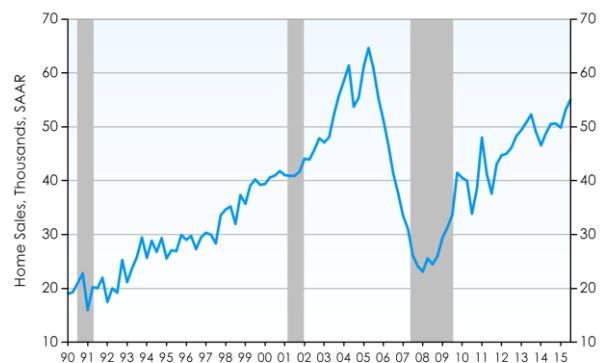
Sources: BLS, Ten-X Research

## Orlando Population Growth



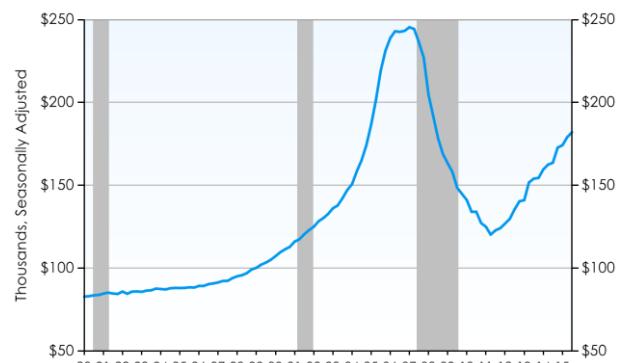
Sources: Census Bureau, Ten-X Research

## Orlando Existing-Home Sales



Sources: IHS Economics, Ten-X Research

## Orlando Median Existing-Home Prices



Sources: FHFA, Census Bureau, IHS Economics, Ten-X Research

## PORTLAND, OREGON

## Sector

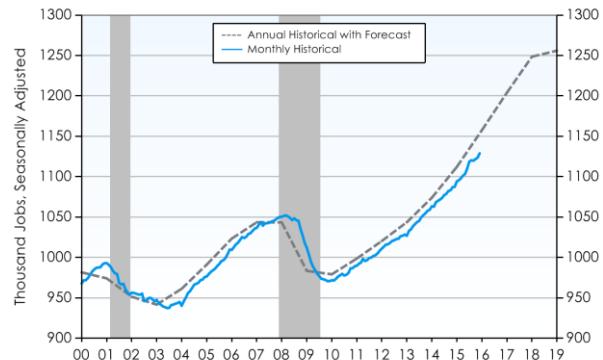
## Economy

Portland's economy continues to see consistent expansion, as seasonally adjusted employment increased in eleven of twelve months in 2015 to an all-time peak nearly 4% higher than a year ago. The manufacturing sector has been a bright spot; sector payrolls are up 3.3% year-over-year and are approaching their pre-recession peak. The large professional/business services sector is also seeing scorching job growth, topping 7% year-over-year with payrolls at an all-time high more than 20% above their prior peak. The unemployment rate just dipped below the 5% mark and below the US average for the first time since early 2014, reflecting a 120 bp decline from a year ago. Portland's demographics have also been strong as annual population growth has outpaced the US for the past decade. The local population grew 1.5% in 2014, roughly double the national rate and a good sign for the market's outlook.

## Single-Family

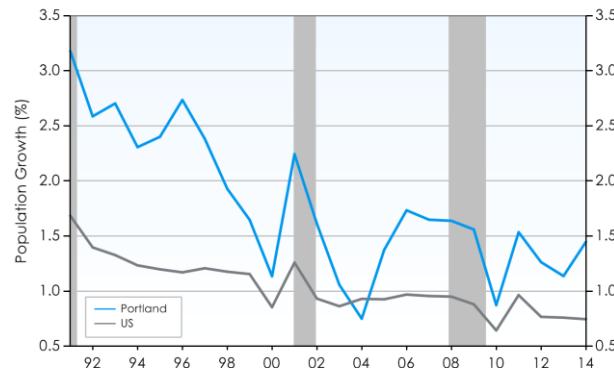
The Portland housing market has been making consistent strides, as seasonally adjusted home prices recently eclipsed their previous peak from 2007. Home prices have increased in each of the past 14 quarters and are up nearly 12% over the past year. Home sales have been on the rise despite some choppiness, currently standing 11.2% higher than a year ago. Sales are well below pre-recession levels, but this leaves plenty of room for further growth. While permit activity has been picking up, it is still safely below prior peaks. Housing remains reasonably affordable in the metro, which should continue to support growth in prices and sales going forward. The robust local economy and demographic trends will continue to support the expansion of Portland's housing market.

## Portland Employment Level



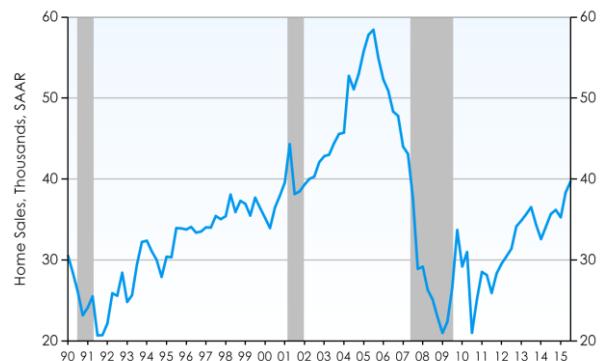
Sources: BLS, Ten-X Research

## Portland Population Growth



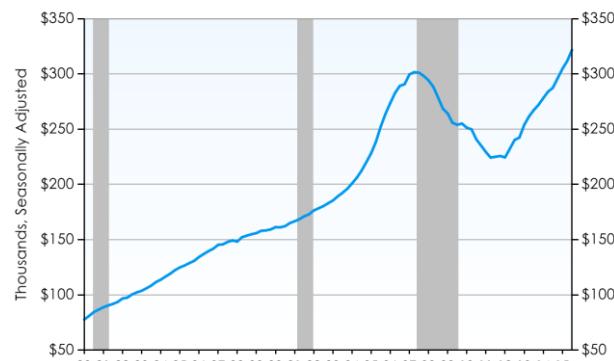
Sources: Census Bureau, Ten-X Research

## Portland Existing-Home Sales



Sources: IHS Economics, Ten-X Research

## Portland Median Existing-Home Prices



Sources: FHFA, Census Bureau, IHS Economics, Ten-X Research

## LAS VEGAS, NEVADA

## Sector

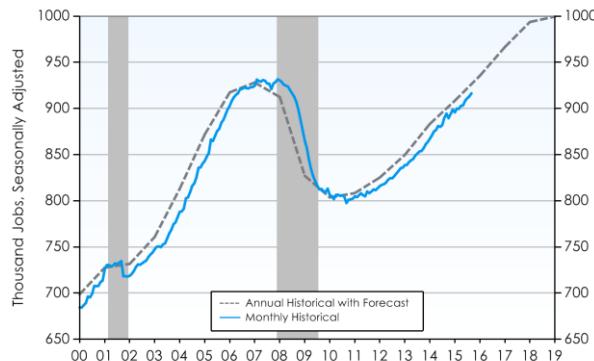
## Economy

The Las Vegas economic recovery remains in place, but has cooled from 2014's pace. Employment is up more than 2% year-over-year, though the job count is still 1.6% below its all-time high. The ever-important leisure/hospitality sector mirrors the metro trend. Sector jobs are up 1.4% year-over-year, a slowdown from late 2014 when year ago growth topped 5%. The professional/business services sector, which emerged as a pillar of economic support, has hit a roadblock of late. Payrolls declined in four of the last five months, tempering year ago gains to the mid-2% range. Despite recent hiccups, the unemployment rate is still descending. The current rate in the mid-6% range remains elevated relative to the US average, but is down 80 bps from a year ago. Las Vegas enjoys strong demographics, recently posting 2% growth in 2014, more than double the US rate and a significant acceleration from the slower pace of growth posted during the downturn. This re-acceleration of demographic growth will help spur further economic expansion.

## Single-Family

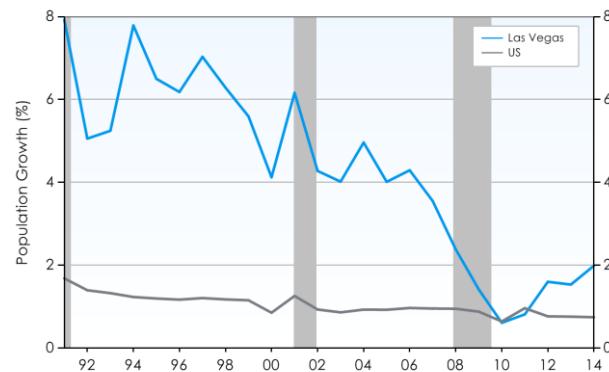
The Las Vegas single-family market continues to make great recovery strides from its deep downturn. Existing home prices are up 8.3% over the past 12 months. Sales have also recovered and were up sharply this quarter to their second highest level ever, bringing them 22.6% above their year-ago level, the strongest gain among the top 50 US housing markets. The metro's demographics are improving, with population growth accelerating to 2% according to the most recent data, more than double the US pace after it slowed to match the US growth during the depths of its downturn. Single-family development remains subdued, enabling further burn-off of the housing bust's aftermath.

## Las Vegas Employment Level



Sources: BLS, Ten-X Research

## Las Vegas Population Growth



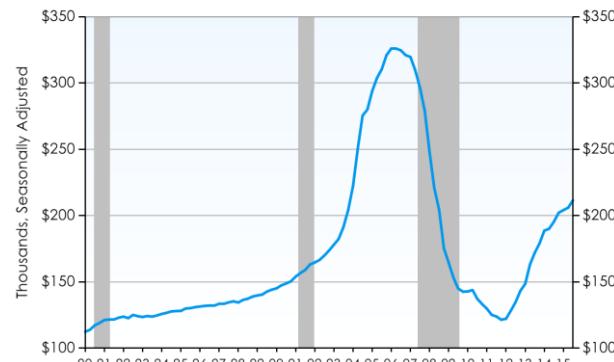
Sources: Census Bureau, Ten-X Research

## Las Vegas Existing-Home Sales



Sources: IHS Economics, Ten-X Research

## Las Vegas Median Existing-Home Prices



Sources: FHFA, Census Bureau, IHS Economics, Ten-X Research

## NOTES

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