



IRVINE, CA
JANUARY 2021

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# The Real State of USA Real Estate

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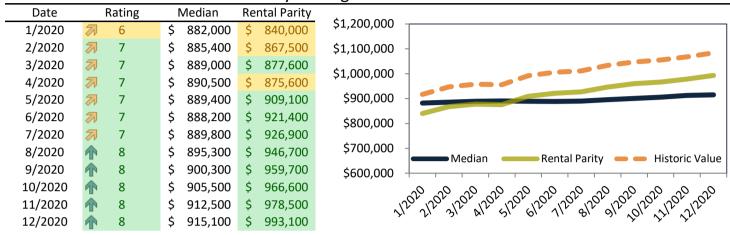


Historically, properties in this market sell at a 9.2% premium. Today's discount is 7.8%. This market is 17.0% undervalued. Median home price is \$915,100, and resale \$/SF is \$476/SF. Prices fell 0.7% year-over-year.

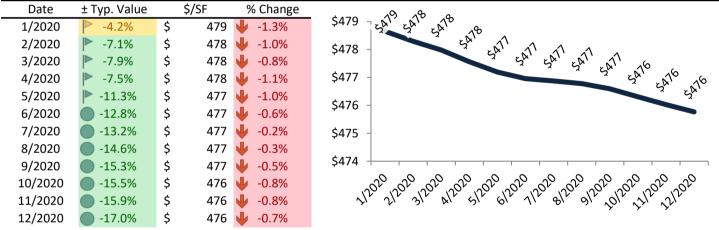
Monthly cost of ownership is \$3,510, and rents average \$3,810, making owning \$299 per month less costly than renting. Rents rose 4.5% year-over-year. The current capitalization rate (rent/price) is 4.0%.

#### Market rating = 8

### Median Home Price and Rental Parity trailing twelve months



# Resale \$/SF and year-over-year percentage change trailing twelve months



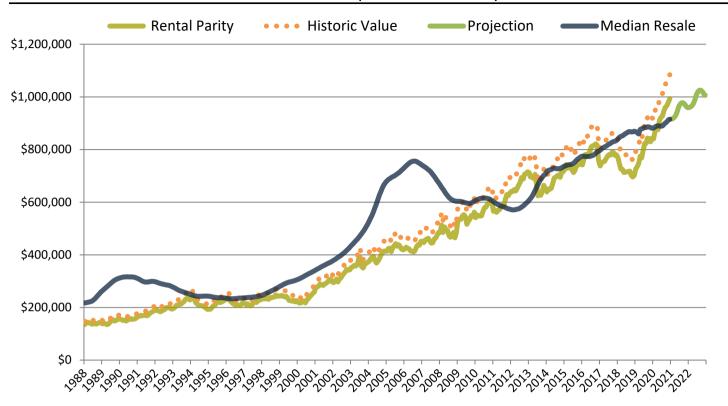
### Rental rate and year-over-year percentage change trailing twelve months

Date	% Change	Rent Ow	\$4,500 ¬
1/2020	4.6%	\$ 3,666 \$ 3	849
2/2020	4.8%	\$ 3,680 \$ 3	.755
3/2020	<b>5.0%</b>	\$ 3,695 \$ 3	755 743 \$4,000 - 66 60 60 43' 43' 43' 43' 43' 43' 43' 43' 43' 43'
4/2020	<b>5.1%</b>	\$ 3,710 \$ 3	2.25
5/2020	<b>5.0%</b>	\$ 3,723 \$ 3	.642
6/2020	<b>4.9%</b>	\$ 3,736 \$ 3	.601 \$3,500 -
7/2020	<b>4.8%</b>	\$ 3,748 \$ 3	598
8/2020	4.8%	\$ 3,761 \$ 3	.556 ——Rent ——Own ——Historic Cost to Own Relative to Rent
9/2020	<b>4.7%</b>	\$ 3,773 \$ 3	540 \$3,000
10/2020	4.6%	\$ 3,786 \$ 3	546 11020 31020 512020 112020 312020 312020
11/2020	4.6%	\$ 3,798 \$ 3	.546
12/2020	4.5%	\$ 3,810 \$ 3	511

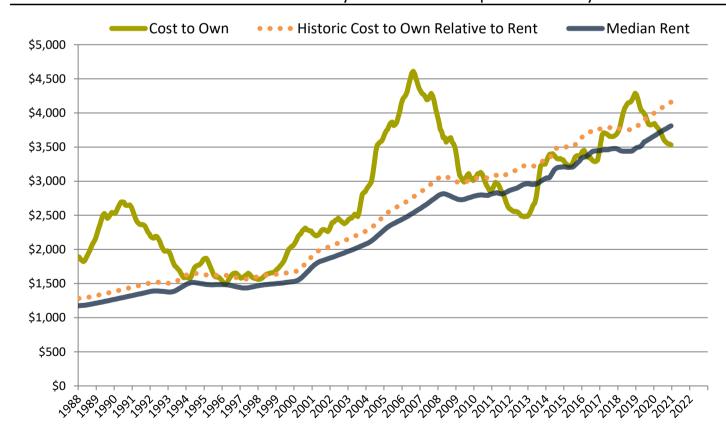
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# Irvine median home price since January 1988



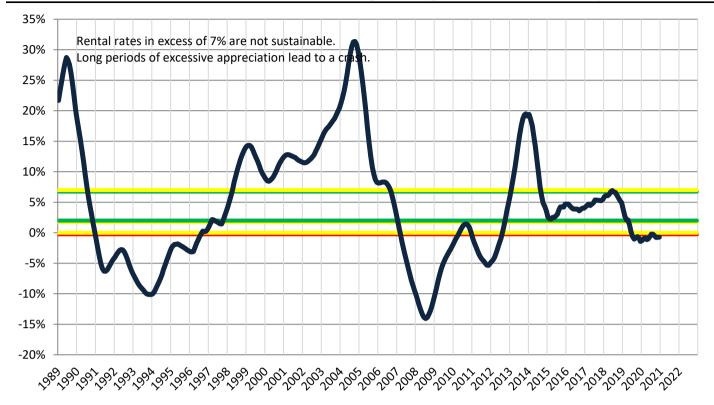
# Irvine median rent and monthly cost of ownership since January 1988



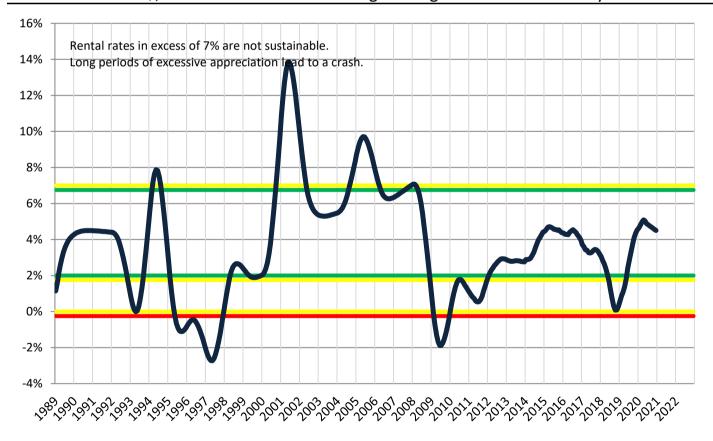
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# Resale \$/SF Year-over-Year Percentage Change: Irvine since January 1989



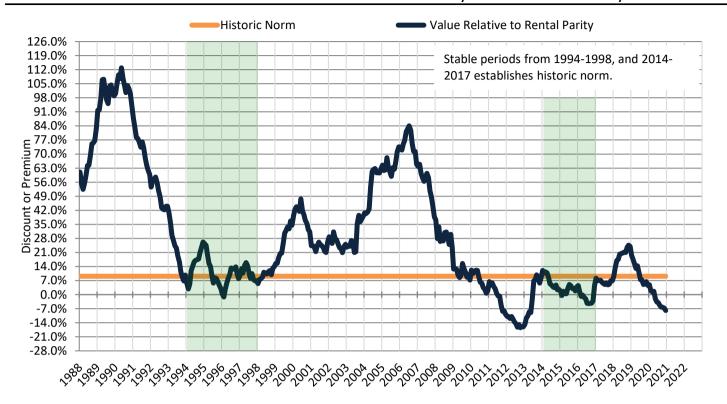
Rental \$/SF Year-over-Year Percentage Change: Irvine since January 1989



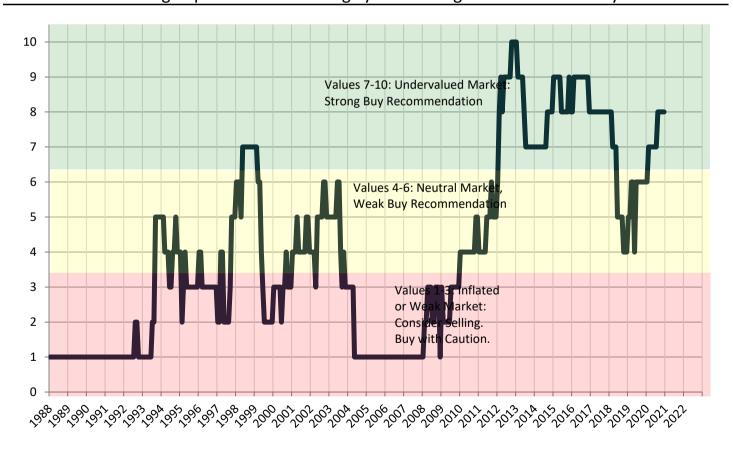
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# Historic Median Home Price Relative to Rental Parity: Irvine since January 1988



TAIT Housing Report® Market Timing System Rating: Irvine since January 1988



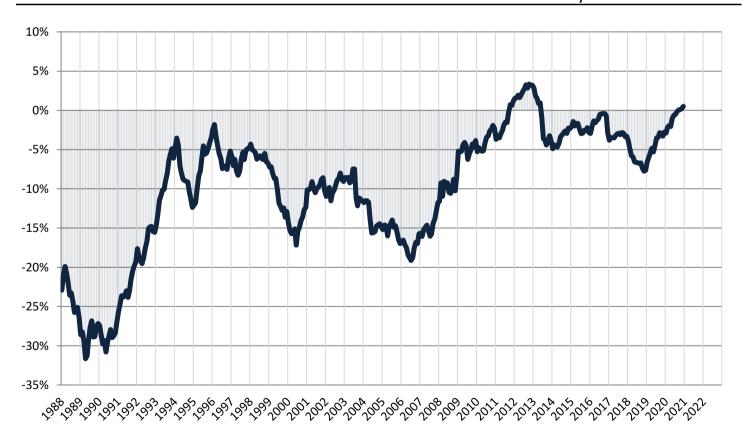
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# Cash Investor Capitalization Rate: Irvine since January 1988



# Financed Investor Cash-on-Cash Return: Irvine since January 1988



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# **Resale Market Value and Trends**

# Market Performance and Trends: Irvine and Major Cities and Zips

Study Area	Median Resale \$	Resale % Change YoY	Resale \$/SF	Rent % Change YoY	Median Rent \$	Cost of Ownership	Ownership Prem./Disc.	Cap Rate
Irvine	\$ 915,100	<b>-</b> 0.7%	\$ 476	<b>4.5%</b>	\$ 3,810	\$ 3,511	\$ (300)	4.0%.
Los Angeles-Long Beach-Anaheim,	\$ 735,600	<b>3</b> 1.2%	\$ 437	<b>1</b> 2.5%	\$ 3,102	\$ 2,822	\$ (280)	4.0%.
Orange County	\$ 797,800	<b>1.4%</b>	\$ 435	<b>1</b> 3.2%	\$ 3,407	\$ 3,061	\$ (346)	4.1%.
Anaheim	\$ 679,200	<b>1</b> 2.3%	\$ 400	<b>1</b> 2.8%	\$ 3,024	\$ 2,606	\$ (418)	4.3%.
Santa Ana	\$ 623,000	<b>1</b> 2.8%	\$ 425	<b>1</b> 3.7%	\$ 2,988	\$ 2,390	\$ (598)	4.6%.
Northwood	\$ 953,300	<b>-</b> 0.1%	\$ 461	<b>1</b> 2.1%	\$ 3,601	\$ 3,657	\$ 56	3.6%.
Northwood Point	\$ 1,190,500	<b>-1.2</b> %	\$ 477	<b>1</b> 2.2%	\$ 4,302	\$ 4,567	\$ 266	3.5%.
92602	\$ 1,060,600	<b>-</b> 0.3%	\$ 452	<b>4.1%</b>	\$ 4,141	\$ 4,069	\$ (72)	3.7%.
92603	\$ 1,298,800	<b>-3.7%</b>	\$ 559	<b>1</b> 5.1%	\$ 6,883	\$ 4,983	\$ (1,900)	5.1%.
92604	\$ 852,500	<b>-1.0</b> %	\$ 474	<b>1</b> 5.3%	\$ 3,616	\$ 3,270	\$ (345)	4.1%.
92606	\$ 891,300	<b>-</b> 0.7%	\$ 465	<b>5.4%</b>	\$ 3,832	\$ 3,419	\$ (412)	4.1%.
92612	\$ 754,900	<b>3</b> 0.6%	\$ 501	<b>1</b> 3.8%	\$ 3,552	\$ 2,896	\$ (656)	4.5%.
92614	\$ 764,500	<b>4</b> -1.9%	\$ 479	<b>1</b> 5.2%	\$ 3,790	\$ 2,933	\$ (858)	4.8%.
92618	\$ 935,600	<b>-</b> 0.3%	\$ 476	<b>9</b> .3%	\$ 4,579	\$ 3,589	\$ (990)	4.7%.
92620	\$ 993,200	<b>-</b> 0.1%	\$ 472	<b>f</b> 5.2%	\$ 4,045	\$ 3,810	\$ (234)	3.9%.
Stanton	\$ 572,700	<b>1</b> 2.5%	\$ 401	<b>1</b> 3.3%	\$ 2,801	\$ 2,197	\$ (604)	4.7%.
Huntington Beach	\$ 925,400	<b>3</b> 1.6%	\$ 511	<b>1</b> 3.2%	\$ 3,627	\$ 3,550	\$ (77)	3.8%.
Garden Grove	\$ 700,300	<b>2.5%</b>	\$ 434	4.1%	\$ 3,037	\$ 2,687	\$ (351)	4.2%.
Orange	\$ 774,700	<b>3</b> 1.0%	\$ 403	<b>3.1%</b>	\$ 3,320	\$ 2,972	\$ (348)	4.1%.
Fountain Valley	\$ 906,800	<b>3</b> 1.6%	\$ 430	<b>1</b> 2.6%	\$ 3,476	\$ 3,479	\$ 2	3.7%.

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# Market Timing Rating and Valuations: Irvine and Major Cities and Zips

Study Area		Rating	ı	Median	Rei	ntal Parity	% Over/Under Rental Parity	Historic Premium	% Over/Under Historic Prem.
Irvine	1	8	\$	915,100	\$	993,100	<b>-7.8%</b>	9.2%	17.0%
Los Angeles-Long Beach-Ana	1	8	\$	735,600	\$	808,400	▶ 3.8%	-2.3%	▶ 6.1%
Orange County	7	7	\$	797,800	\$	888,000	<b> </b> ►-10.2%	1.9%	-12.1%
Anaheim	1	9	\$	679,200	\$	788,100	<b>-</b> 13.9%	-6.2%	▶ -7.7%
Santa Ana	1	9	\$	623,000	\$	778,900	20.0%	-11.9%	▶ -8.1%
Northwood	1	8	\$	953,300	\$	938,700	▶ 1.5%	16.2%	14.7%
Northwood Point	1	9	\$ 1	1,190,500	\$ 1	1,121,200	▶ 6.2%	29.4%	-23.2%
92602	1	8	\$ 1	1,060,600	\$ 1	L,079,400	▶ -1.8%	13.6%	15.4%
92603	1	10	\$ 1	1,298,800	\$ 1	L,794,000	27.6%	3.1%	30.7%
92604	1	8	\$	852,500	\$	942,400	▶ -9.5%	10.2%	19.7%
92606	1	9	\$	891,300	\$	998,700	<b> </b> ►-10.8%	14.7%	25.5%
92612	1	8	\$	754,900	\$	925,900	18.5%	0.3%	-18.8%
92614	1	8	\$	764,500	\$	988,000	22.6%	-4.3%	18.3%
92618	77	7	\$	935,600	\$ 1	1,193,600	21.6%	-1.7%	19.9%
92620	1	8	\$	993,200	\$ 1	1,054,200	▶ -5.8%	14.4%	20.2%
Stanton	1	8	\$	572,700	\$	730,000	21.6%	-15.2%	▶ -6.4%
Huntington Beach	1	8	\$	925,400	\$	945,300	<b> </b> ▷ -2.1%	12.3%	-14.4%
Garden Grove	1	8	\$	700,300	\$	791,700	<b>▶</b> -11.5%	-5.6%	<b> </b> -5.9%
Orange	7	7	\$	774,700	\$	865,300	▶-10.5%	0.5%	▶-11.0%
Fountain Valley	N	7	\$	906,800	\$	906,100	▶ 0.1%	12.1%	12.0%

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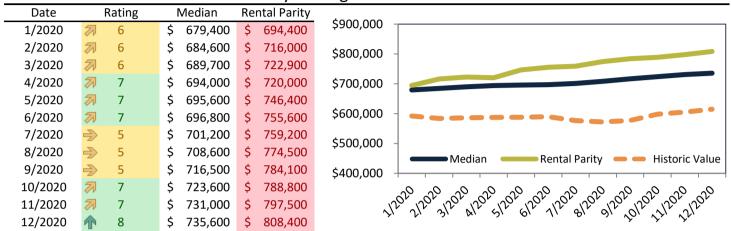
# Los Angeles-Long Beach-Anaheim, CA Housing Market Value & Trends Update

Historically, properties in this market sell at a -2.3% discount. Today's premium is 3.8%. This market is 6.1% overvalued. Median home price is \$735,600, and resale \$/SF is \$437/SF. Prices rose 1.2% year-over-year.

Monthly cost of ownership is \$2,822, and rents average \$3,101, making owning \$279 per month less costly than renting. Rents rose 2.5% year-over-year. The current capitalization rate (rent/price) is 4.3%.

#### Market rating = 8

### Median Home Price and Rental Parity trailing twelve months



# Resale \$/SF and year-over-year percentage change trailing twelve months

Date	± Typ. Value	\$/SF	% Change	\$438 \$437 \$436 \$435 \$435 \$434 \$433
1/2020	8.1%	\$ 432	<b>3</b> 0.9%	\$438 ]
2/2020	9.8%	\$ 432	<b>1.0%</b>	\$437 - \$436 -
3/2020	9.7%	\$ 433	<b>7</b> 1.1%	\$436 ] \$435 ]
4/2020	9.8%	\$ 433	<b>7</b> 1.2%	\$434 - 02 23 2833 2833 EX
5/2020	9.9%	\$ 434	<b>7</b> 1.5%	\$433 - 500 500 500
6/2020	9.8%	\$ 434	<b>7</b> 1.7%	\$432 -
7/2020	12.4%	\$ 435	<b>7</b> 1.8%	\$431 -
8/2020	13.5%	\$ 435	<b>7</b> 1.7%	\$430 -
9/2020	12.7%	\$ 436	<b>1.3%</b>	\$429
10/2020	9.0%	\$ 436	<b>1.2%</b>	2010 2010 2010 2010 2010 2010 2010 2010
11/2020	7.5%	\$ 437	<b>7</b> 1.2%	1/202 1/202 3/202 1/202 5/202 6/202 1/202 8/202 9/202 1/202 1/202
12/2020	6.1%	\$ 437	<b>1.2%</b>	, , ,

# Rental rate and year-over-year percentage change trailing twelve months

				,
Date	% Change	Rent	Own	
1/2020	4.0%	\$ 3,030	2,965	\$3,700 -
2/2020	<b>1</b> 3.7%	\$ 3,037	2,904	\$3.200 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$
3/2020	<b>3.4%</b>	\$ 3,044	2,904	43 300 30° 30° 30° 30° 30° 30° 30° 30° 30
4/2020	<b>2.9%</b>	\$ 3,050	2,940	\$3,200 83, 83, 83, 83, 83, 83 83 83 83 83 7 7
5/2020	<b>2.5%</b>	\$ 3,057	2,849	
6/2020	<b>2.0%</b>	\$ 3,064	2,825	\$2,700 -
7/2020	<b>1.7%</b>	\$ 3,070	2,836	
8/2020	<b>1.7%</b>	\$ 3,077	2,815	Rent Own Historic Cost to Own Relative to Rent
9/2020	<b>1.8%</b>	\$ 3,083	2,817	\$2,200
10/2020	<b>2.1%</b>	\$ 3,090	2,834	1/2020 3/2020 5/2020 1/2020 3/2020 1/2020
11/2020	<b>2.3%</b>	\$ 3,096	2,837	112020 312020 512020 112020 312020 TILODO
12/2020	<b>2.5%</b>	\$ 3,102	2,822	Y

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# Orange County Housing Market Value & Trends Update

Historically, properties in this market sell at a 1.9% premium. Today's discount is 10.2%. This market is 12.1% undervalued. Median home price is \$797,800, and resale \$/SF is \$435/SF. Prices rose 1.4% year-over-year.

Monthly cost of ownership is \$3,060, and rents average \$3,406, making owning \$346 per month less costly than renting. Rents rose 3.2% year-over-year. The current capitalization rate (rent/price) is 4.1%.

Market rating = 7

# Median Home Price and Rental Parity trailing twelve months

Date		Rating	ſ	Median	Re	ntal Parity	44 000 000	
1/2020	A	6	\$	746,400	\$	758,800	\$1,000,000	
2/2020	团	6	\$	750,600	\$	783,000	\$900,000	
3/2020	刻	6	\$	755,200	\$	791,300	\$800,000	
4/2020	刻	6	\$	758,400	\$	788,800	\$600,000	
5/2020	ZV	7	\$	759,500	\$	818,300	\$700,000	-
6/2020	1	9	\$	760,700	\$	828,500	\$600,000	
7/2020	1	9	\$	764,000	\$	832,500		
8/2020	1	9	\$	771,100	\$	849,500	\$500,000	Median Rental Parity Historic Value
9/2020	A	7	\$	777,700	\$	860,300	\$400,000	Nicolai Rentair anty Tristorie value
10/2020	ZV	7	\$	785,100	\$	865,700	, ,	00 00 00 00 00 00 00 00 00 00
11/2020	ZV	7	\$	793,600	\$	875,700	^/	00,100,3100,1100,2100,0100,0100,0100,010
12/2020	W.	7	\$	797,800	\$	888,000	γ'	N. 2. N. 2. O. 1. B. 21 20, 22, 24,

# Resale \$/SF and year-over-year percentage change trailing twelve months

Date	± Typ. Value	\$/SF	% Change	λ ο <sup>(γ</sup> ο <sup>(γ</sup> ο <sup>(γ</sup>
1/2020	-3.6%	\$ 430	<b>3</b> 0.6%	\$436 ] 2 "SA" 543" 543" 543" 543"
2/2020	-6.1%	\$ 430	<b>3</b> 1.2%	5434 - 32 5433 5
3/2020	-6.5%	\$ 430	<b>3</b> 1.0%	\$436 \$434 \$432 \$430 \$430
4/2020	-5.8%	\$ 431	<b>3</b> 1.4%	\$432 - 30 x 130 x 130 x 14 1
5/2020	-9.1%	\$ 431	<b>3</b> 1.7%	\$430
6/2020	-10.1%	\$ 432	<b>2.1%</b>	\$430
7/2020	-10.2%	\$ 433	<b>1</b> 2.3%	\$428 -
8/2020	<b>-11.2%</b>	\$ 434	<b>1</b> 2.3%	
9/2020	-11.5%	\$ 434	<b>1.7%</b>	\$426
10/2020	-11.3%	\$ 435	<b>3</b> 1.3%	21222 21223 21220 21220 61220 11220 81212 91220 01220 21220 21220 012
11/2020	-11.3%	\$ 435	<b>3</b> 1.3%	11222 11223 11220 11223 11220 (1220 11220 81212) 81220 11220 11220
12/2020	-12.1%	\$ 435	<b>1.4%</b>	, , , , , , , , , , , , , , , , , , ,

# Rental rate and year-over-year percentage change trailing twelve months

Date	% Change	Rent	Own	. \$3,800 7 A A A A A A A A A A A A A A A A A A
1/2020	<b>3.1%</b>	\$ 3,312	\$ 3,257	. \$3,800 \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \
2/2020	<b>1.3%</b>	\$ 3,321	\$ 3,184	\$3,300
3/2020	<b>1.5%</b>	\$ 3,331	\$ 3,179	<i>\$3,300</i>
4/2020	<b>1.7%</b>	\$ 3,342	\$ 3,213	ć2.000
5/2020	<b>1.7%</b>	\$ 3,351	\$ 3,110	\$2,800 -
6/2020	<b>1.5%</b>	\$ 3,359	\$ 3,084	
7/2020	<b>1.4%</b>	\$ 3,367	\$ 3,089	\$2,300 -
8/2020	<b>1.4%</b>	\$ 3,375	\$ 3,063	Rent Own Historic Cost to Own Relative to Rent
9/2020	<b>1</b> 3.3%	\$ 3,383	\$ 3,058	\$1,800
10/2020	<b>1.3%</b>	\$ 3,391	\$ 3,075	11200 31200 51200 11200 31200 11200
11/2020	<b>1.3%</b>	\$ 3,399	\$ 3,080	11220 31220 51220 11220 31220 11120
12/2020	<b>3.2%</b>	\$ 3,407	\$ 3,061	y

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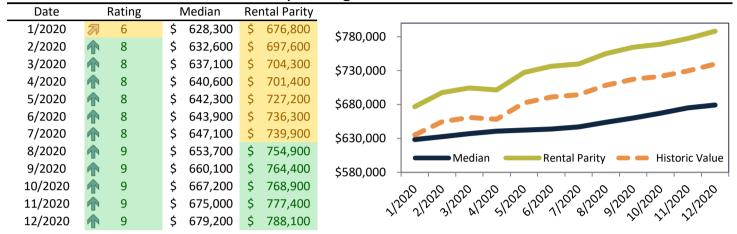
# Anaheim Housing Market Value & Trends Update

Historically, properties in this market sell at a -6.2% discount. Today's discount is 13.9%. This market is 7.7% undervalued. Median home price is \$679,200, and resale \$/SF is \$400/SF. Prices rose 2.3% year-over-year.

Monthly cost of ownership is \$2,605, and rents average \$3,023, making owning \$417 per month less costly than renting. Rents rose 2.8% year-over-year. The current capitalization rate (rent/price) is 4.3%.

Market rating = 9

### Median Home Price and Rental Parity trailing twelve months



# Resale \$/SF and year-over-year percentage change trailing twelve months

Date	± Typ. Value	\$/SF	% Change	\$402 \$400 \$398 \$396 \$394
1/2020	▶ -1.0%	\$ 392	<b>2.0%</b>	\$402 ]
2/2020	▶ -3.2%	\$ 392	<b>1</b> 2.4%	\$400 -
3/2020	▶ -3.4%	\$ 393	2.0%	\$398 -
4/2020	▶ -2.5%	\$ 394	<b>2.2%</b>	\$396 - 37 287 2387 237 1
5/2020	► -5.5%	\$ 394	<b>2.7%</b>	\$394 - \$350, \$3
6/2020	-6.4%	\$ 395	<b>2.9%</b>	\$392 -
7/2020	-6.4%	\$ 396	3.4%	\$390 -
8/2020	-7.2%	\$ 397	3.4%	\$388 -
9/2020	-7.5%	\$ 398	2.9%	\$386
10/2020	-7.1%	\$ 399	2.2%	20 20 20 20 20 20 20 20 20 20 20
11/2020	-7.0%	\$ 399	2.3%	1/2020 1/2020 1/2020 1/2020 1/2020 1/2020 9/2020 9/2020 1/2/2020
12/2020	-7.7%	\$ 400	-	, y y

# Rental rate and year-over-year percentage change trailing twelve months

Date	% Change	Rent	Own	\$3,200 7 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2
1/2020	<b>1.4%</b>	\$ 2,953	\$ 2,742	\$3,200
2/2020	<b>1</b> 3.2%	\$ 2,959	\$ 2,683	\$3,000 -
3/2020	<b>3.1%</b>	\$ 2,965	\$ 2,682	\$3,000
4/2020	<b>3.1%</b>	\$ 2,972	\$ 2,714	¢2.000
5/2020	<b>3.1%</b>	\$ 2,978	\$ 2,630	\$2,800 -
6/2020	<b>1</b> 3.1%	\$ 2,985	\$ 2,610	
7/2020	<b>1</b> 3.1%	\$ 2,992	\$ 2,617	\$2,600 -
8/2020	<b>1</b> 3.1%	\$ 2,999	\$ 2,597	Rent Own Historic Cost to Own Relative to Rent
9/2020	<b>1.0%</b>	\$ 3,005	\$ 2,595	\$2,400
10/2020	<b>1.9%</b>	\$ 3,012	\$ 2,613	12020 312020 512020 112020 312020 112020
11/2020	<b>1</b> 2.9%	\$ 3,018	\$ 2,620	11220 31220 51220 11220 31220 31220
12/2020	<b>1</b> 2.8%	\$ 3,024	\$ 2,606	y

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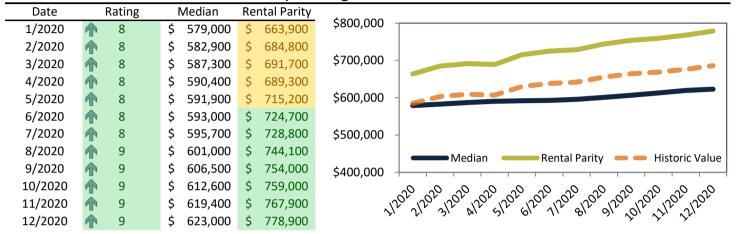
# Santa Ana Housing Market Value & Trends Update

Historically, properties in this market sell at a -11.9% discount. Today's discount is 20.0%. This market is 8.1% undervalued. Median home price is \$623,000, and resale \$/SF is \$425/SF. Prices rose 2.8% year-over-year.

Monthly cost of ownership is \$2,390, and rents average \$2,988, making owning \$598 per month less costly than renting. Rents rose 3.7% year-over-year. The current capitalization rate (rent/price) is 4.6%.

Market rating = 9

### Median Home Price and Rental Parity trailing twelve months



# Resale \$/SF and year-over-year percentage change trailing twelve months

Date	± Typ. Value	\$/SF	% Change	\$426 \$424 \$422 \$420 \$418 \$416
1/2020	▶ -0.9%	\$ 414	<b>1</b> 2.6%	\$426
2/2020	▶ -3.0%	\$ 415	<b>1</b> 2.8%	\$424 -
3/2020	▶ -3.2%	\$ 416	<b>1</b> 2.8%	\$422 ] \$420 ]
4/2020	▶ -2.4%	\$ 417	<b>1</b> 2.7%	\$418 - N LAY 5 AX 8 A
5/2020	<b>⊳</b> -5.3%	\$ 418	<b>1</b> 2.9%	\$416
6/2020	-6.3%	\$ 419	<b>1</b> 3.5%	\$414 -
7/2020	-6.3%	\$ 420	<b>3.8%</b>	\$412 -
8/2020	-7.3%	\$ 421	<b>3.8%</b>	\$410 -
9/2020	-7.6%	\$ 422	<b>1</b> 3.3%	\$408
10/2020	<b>▶</b> -7.4%	\$ 423	<b>1</b> 2.7%	71020 71020 71020 71020 71020 11020 71020 71020 71020 71020
11/2020	<b>-7.4%</b>	\$ 424	<b>1</b> 2.7%	1/2020 1/2020 1/2020 1/2020 1/2020 1/2020 9/2020 9/2020 1/2/2020
12/2020	-8.1%	\$ 425	<b>1</b> 2.8%	, , ,

# Rental rate and year-over-year percentage change trailing twelve months

Date	% Change	Rent	Own	\$3,000 ] 8 8 8 8 8 8 8 8 8 8 8
1/2020	<b>4.8%</b>	\$ 2,897	\$ 2,527	\$3,000 7 30 30 30 30 30 30 30 30 30 30 30 30 30
2/2020	4.5%	\$ 2,905	\$ 2,472	\$2,800 -
3/2020	4.3%	\$ 2,912	\$ 2,473	
4/2020	4.2%	\$ 2,920	\$ 2,501	\$2,600 -
5/2020	4.1%	\$ 2,929	\$ 2,424	\$2,400 -
6/2020	<b>4.2%</b>	\$ 2,938	\$ 2,404	J2,400
7/2020	<b>4.2%</b>	\$ 2,947	\$ 2,409	\$2,200 -
8/2020	<b>4.1%</b>	\$ 2,956	\$ 2,387	Rent Own Historic Cost to Own Relative to Rent
9/2020	4.0%	\$ 2,965	\$ 2,385	\$2,000
10/2020	4.0%	\$ 2,973	\$ 2,399	1/2020 3/2020 5/2020 1/2020 3/2020 1/2020
11/2020	<b>3.8%</b>	\$ 2,981	\$ 2,404	112020 312020 512020 112020 912020 312020
12/2020	<b>1.7%</b>	\$ 2,988	\$ 2,390	y

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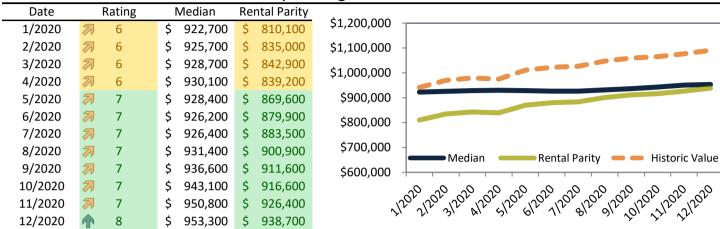
# Northwood Housing Market Value & Trends Update

Historically, properties in this market sell at a 16.2% premium. Today's premium is 1.5%. This market is 14.7% undervalued. Median home price is \$953,300, and resale \$/SF is \$461/SF. Prices fell 0.1% year-over-year.

Monthly cost of ownership is \$3,657, and rents average \$3,601, making owning \$055 per month more costly than renting. Rents rose 2.1% year-over-year. The current capitalization rate (rent/price) is 3.6%.

#### Market rating = 8

### Median Home Price and Rental Parity trailing twelve months



# Resale \$/SF and year-over-year percentage change trailing twelve months

Date	± Typ. Value	\$/SF	% Change	· · · · · · · · · · · · · · · · · · ·
1/2020	▶ -2.3%	\$ 46	-0.8%	\$461 - 54
2/2020	<b>⊳</b> -5.3%	\$ 46	-0.4%	\$461 - 346
3/2020	-6.0%	\$ 46	-0.5%	\$461 - \ \ .
4/2020	► -5.4%	\$ 46	-0.3%	\$461 - 5/62 62 62 62
5/2020	-9.4%	\$ 46	-0.1%	\$461 - \$461 - \$461 \$461 \$461 \$
6/2020	-10.9%	\$ 46	<b>3</b> 0.2%	\$461 -
7/2020	-11.4%	\$ 46	<b>3</b> 0.7%	\$461 -
8/2020	-12.8%	\$ 46	<b>3</b> 0.5%	\$461 -
9/2020	-13.5%	\$ 46	<b>3</b> 0.1%	\$461 +
10/2020	-13.3%	\$ 46	-0.2%	1/202/1202/1202/1202/1202/1202/1202/120
11/2020	-13.6%	\$ 46	-0.1%	7/1 2/1 3/1 8/1 5/1 6/1 1/1 8/1 9/1 2/1 2/1 2/1
12/2020	-14.7%	\$ 46	-0.1%	, , ,

# Rental rate and year-over-year percentage change trailing twelve months

Date	% Change	Rent	Own	\$4,400 ¬
1/2020	<b>1</b> 2.2%	\$ 3,535	\$ 4,026	
2/2020	<b>1</b> 2.3%	\$ 3,542	\$ 3,926	\$4,200
3/2020	<b>2.3%</b>	\$ 3,549	\$ 3,910	\$4,000 - \$2,000 \$
4/2020	2.4%	\$ 3,555	\$ 3,940	\$3,800 - 23,55 23,56 23,5
5/2020	<b>1</b> 2.3%	\$ 3,562	\$ 3,802	\$3,600 +
6/2020	<b>1</b> 2.3%	\$ 3,567	\$ 3,755	\$3,400 -
7/2020	<b>1</b> 2.2%	\$ 3,573	\$ 3,746	
8/2020	<b>1</b> 2.2%	\$ 3,579	\$ 3,700	\$3,200 - Rent Own Historic Cost to Own Relative to Rent
9/2020	<b>1</b> 2.2%	\$ 3,585	\$ 3,682	\$3,000
10/2020	<b>1.2%</b>	\$ 3,590	\$ 3,694	20 20 20 20 20
11/2020	<b>1</b> 2.1%	\$ 3,596	\$ 3,690	1200 3100 5100 1200 91200 31200
12/2020	<b>2.1%</b>	\$ 3,601	\$ 3,657	ý

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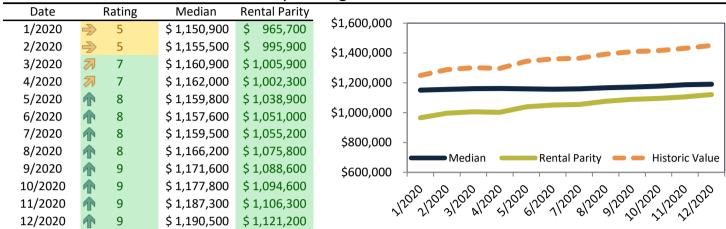
# Northwood Point Housing Market Value & Trends Update

Historically, properties in this market sell at a 29.4% premium. Today's premium is 6.2%. This market is 23.2% undervalued. Median home price is \$1,190,500, and resale \$/SF is \$477/SF. Prices fell 1.2% year-over-year.

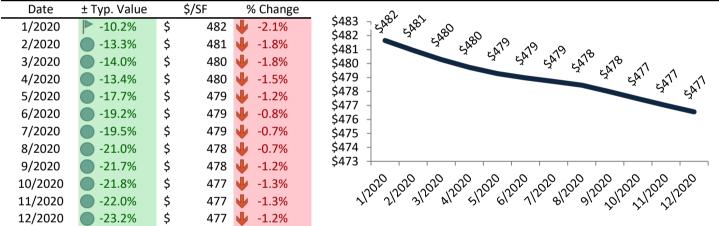
Monthly cost of ownership is \$4,567, and rents average \$4,301, making owning \$265 per month more costly than renting. Rents rose 2.2% year-over-year. The current capitalization rate (rent/price) is 3.5%.

#### Market rating = 9

### Median Home Price and Rental Parity trailing twelve months



# Resale \$/SF and year-over-year percentage change trailing twelve months



### Rental rate and year-over-year percentage change trailing twelve months

Date	% Change	Rent	Own	<b>_</b> \$6,000 ¬
1/2020	<b>3</b> 1.2%	\$ 4,214	\$ 5,022	
2/2020	<b>1.7%</b>	\$ 4,224	\$ 4,901	\$5,500 -
3/2020	<b>1</b> 2.1%	\$ 4,235	\$ 4,887	
4/2020	<b>1</b> 2.5%	\$ 4,246	\$ 4,923	\$5,000
5/2020	<b>1.4%</b>	\$ 4,255	\$ 4,750	\$5,000 - \$4,7
6/2020	<b>1</b> 2.3%	\$ 4,261	\$ 4,693	54,500 g
7/2020	<b>1</b> 2.2%	\$ 4,267	\$ 4,689	\$4,000 -
8/2020	<b>1</b> 2.2%	\$ 4,274	\$ 4,633	Rent Own Historic Cost to Own Relative to Rent
9/2020	<b>1</b> 2.1%	\$ 4,280	\$ 4,606	
10/2020	<b>1</b> 2.1%	\$ 4,287	\$ 4,613	1,12020 312020 512020 112020 312020 J12020
11/2020	<b>1</b> 2.2%	\$ 4,294	\$ 4,608	112020 312020 512020 112020 312020 2112020
12/2020	<b>1</b> 2.2%	\$ 4,302	\$ 4,567	y

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Historically, properties in this market sell at a 13.6% premium. Today's discount is 1.8%. This market is 15.4% undervalued. Median home price is \$1,060,600, and resale \$/SF is \$452/SF. Prices fell 0.3% year-over-year.

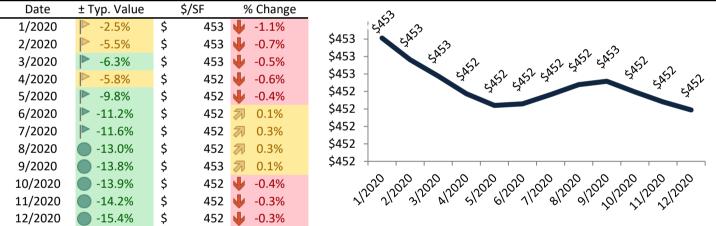
Monthly cost of ownership is \$4,068, and rents average \$4,141, making owning \$072 per month less costly than renting. Rents rose 4.1% year-over-year. The current capitalization rate (rent/price) is 3.7%.

Market rating = 8

# Median Home Price and Rental Parity trailing twelve months

				<u> </u>
Date	Rating	Median	Rental Parity	44 000 000
1/2020	<b>A</b> 6	\$ 1,017,900	\$ 915,700	\$1,300,000
2/2020	<b>a</b> 6	\$ 1,022,200	\$ 945,600	\$1,200,000
3/2020	<b>a</b> 6	\$ 1,026,900	\$ 956,400	\$1,100,000
4/2020	<b>a</b> 6	\$ 1,028,800	\$ 954,100	\$1,000,000
5/2020	<b>7</b> 7	\$ 1,027,900	\$ 990,300	\$900,000 -
6/2020	<b>7</b>	\$ 1,027,200	\$ 1,003,300	
7/2020	<b>7</b>	\$ 1,029,700	\$ 1,008,900	\$800,000 -
8/2020	<b>7</b>	\$ 1,036,600	\$ 1,030,100	\$700,000 - Median Rental Parity - Historic Value
9/2020	<b>7</b>	\$ 1,042,300	\$ 1,043,900	\$600,000
10/2020		\$ 1,048,300	\$ 1,051,000	
11/2020	<b>1</b> 8	\$ 1,057,300	\$ 1,063,700	1200 1200 1200 1200 1200 1200 1200 9120 912
12/2020	<b>1</b> 8	\$ 1,060,600	\$ 1,079,400	3. N. 2. M. 2. Q. 11. B. 21. V. V.

# Resale \$/SF and year-over-year percentage change trailing twelve months



### Rental rate and year-over-year percentage change trailing twelve months

Date	% Change	Rent	Own	\$5,000 ¬
1/2020	<b>1</b> 3.9%	\$ 3,996	\$ 4,442	
2/2020	4.2%	\$ 4,011	\$ 4,336	\$4,500 - 36 32 36 38 56 68 68 68 38 35 32 32 32
3/2020	4.5%	\$ 4,026	\$ 4,323	\$4,500 - 53,99 54,012 54,012 54,056 54,080 54,080 54,105 54,12 54,12 54,141
4/2020	4.7%	\$ 4,042	\$ 4,358	
5/2020	4.6%	\$ 4,056	\$ 4,210	\$4,000 -
6/2020	4.4%	\$ 4,068	\$ 4,164	
7/2020	4.3%	\$ 4,080	\$ 4,164	\$3,500 -
8/2020	4.3%	\$ 4,092	\$ 4,118	Rent Own Historic Cost to Own Relative to Rent
9/2020	4.2%	\$ 4,105	\$ 4,098	\$3,000
10/2020	4.2%	\$ 4,117	\$ 4,106	1,7020 3,7020 5,7020 1,7020 9,7020 1,7020
11/2020	4.1%	\$ 4,129	\$ 4,104	11220 31220 51220 11220 91220 11220
12/2020	4.1%	\$ 4,141	\$ 4,069	y

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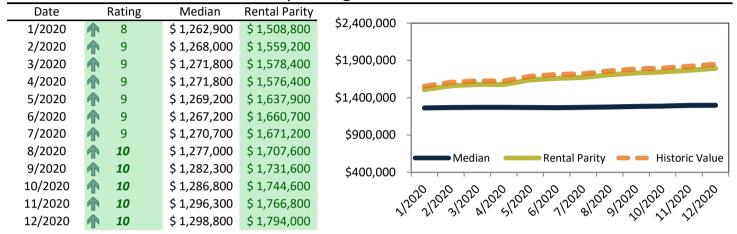


Historically, properties in this market sell at a 3.1% premium. Today's discount is 27.6%. This market is 30.7% undervalued. Median home price is \$1,298,800, and resale \$/SF is \$559/SF. Prices fell 3.7% year-over-year.

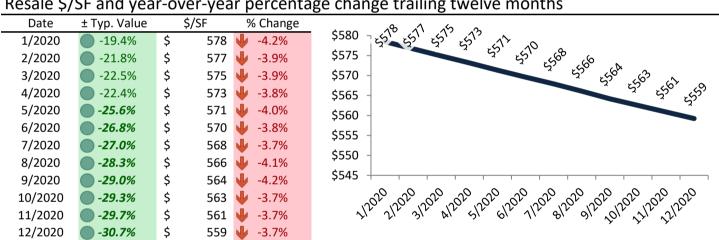
Monthly cost of ownership is \$4,982, and rents average \$6,882, making owning \$1899 per month less costly than renting. Rents rose 5.1% year-over-year. The current capitalization rate (rent/price) is 5.1%.

Market rating = 10

### Median Home Price and Rental Parity trailing twelve months



# Resale \$/SF and year-over-year percentage change trailing twelve months



### Rental rate and year-over-year percentage change trailing twelve months

Date	% Change	Rent	Own	\$8,000 7
1/2020	<b>4.7%</b>	\$ 6,584	\$ 5,511	\$7,000 \$7,000 \$6,
2/2020	<b>5.2%</b>	\$ 6,614	\$ 5,378	\$7,000 465 465 465 461 461 461 461 461 461 461 461 461 461
3/2020	<b>5.5%</b>	\$ 6,645	\$ 5,354	\$7,000
4/2020	<b>5.8%</b>	\$ 6,678	\$ 5,388	45.000
5/2020	<b>5.8%</b>	\$ 6,708	\$ 5,198	\$6,000 -
6/2020	<b>5.6%</b>	\$ 6,733	\$ 5,137	
7/2020	<b>5.5%</b>	\$ 6,758	\$ 5,139	\$5,000 -
8/2020	<b>5.4%</b>	\$ 6,783	\$ 5,073	Rent Own Historic Cost to Own Relative to Rent
9/2020	<b>5.3%</b>	\$ 6,808	\$ 5,042	\$4,000
10/2020	<b>5.2%</b>	\$ 6,833	\$ 5,040	20 20 20 20 20
11/2020	<b>5.1%</b>	\$ 6,858	\$ 5,031	1/2020 3/2020 5/2020 1/2020 9/2020 31/2020
12/2020	5.1%	\$ 6.883	\$ 4 983	Y .

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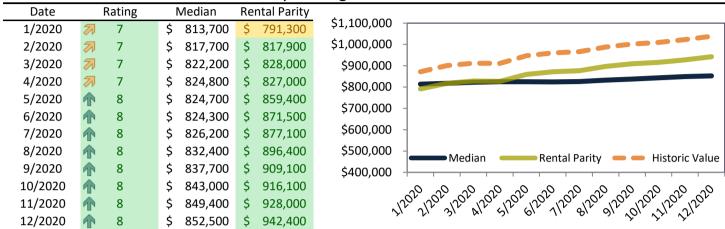


Historically, properties in this market sell at a 10.2% premium. Today's discount is 9.5%. This market is 19.7% undervalued. Median home price is \$852,500, and resale \$/SF is \$474/SF. Prices fell 1.0% year-over-year.

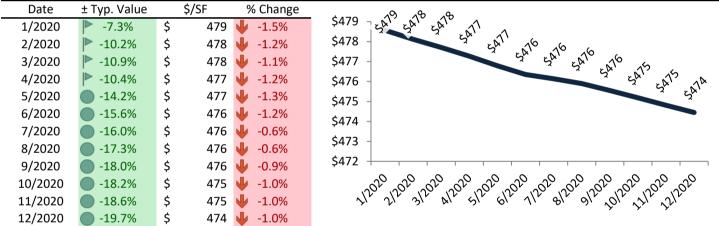
Monthly cost of ownership is \$3,270, and rents average \$3,615, making owning \$345 per month less costly than renting. Rents rose 5.3% year-over-year. The current capitalization rate (rent/price) is 4.1%.

Market rating = 8

### Median Home Price and Rental Parity trailing twelve months



# Resale \$/SF and year-over-year percentage change trailing twelve months



### Rental rate and year-over-year percentage change trailing twelve months

Date	% Change	Rent	Own	\$4,300 7
1/2020	<b>5.3%</b>	\$ 3,453	\$ 3,551	\$3,800 3 60 60 60 60 60 60 60 60 60 60 60 60 60
2/2020	<b>5.6%</b>	\$ 3,469	\$ 3,468	\$3,800 - 35 - 45 - 45 - 45 - 45 - 45 - 45 - 45
3/2020	<b>5.9%</b>	\$ 3,486	\$ 3,461	
4/2020	<b>6.1%</b>	\$ 3,504	\$ 3,494	\$3,300 -
5/2020	<b>6.1%</b>	\$ 3,520	\$ 3,377	\$2,800 -
6/2020	<b>5.8%</b>	\$ 3,533	\$ 3,342	\$2,000 <b>-</b>
7/2020	<b>5.7%</b>	\$ 3,547	\$ 3,341	\$2,300 -
8/2020	<b>5.6%</b>	\$ 3,561	\$ 3,307	Rent Own Historic Cost to Own Relative to Rent
9/2020	<b>5.5%</b>	\$ 3,575	\$ 3,294	\$1,800
10/2020	<b>5.5%</b>	\$ 3,588	\$ 3,302	20 20 20 20 20
11/2020	<b>5.4%</b>	\$ 3,602	\$ 3,297	1/2020 3/2020 5/2020 1/2020 9/2020 31/2020
12/2020	<b>5.3%</b>	\$ 3,616	\$ 3,270	Y

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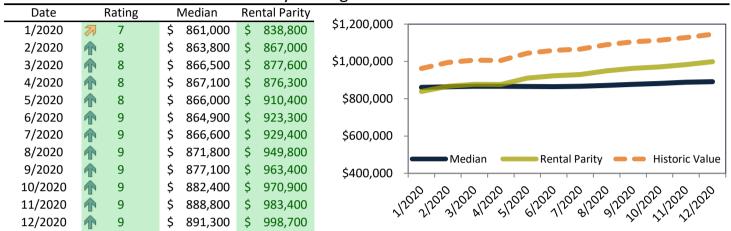


Historically, properties in this market sell at a 14.7% premium. Today's discount is 10.8%. This market is 25.5% undervalued. Median home price is \$891,300, and resale \$/SF is \$465/SF. Prices fell 0.7% year-over-year.

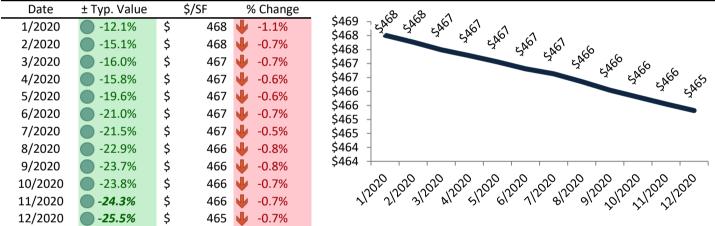
Monthly cost of ownership is \$3,419, and rents average \$3,831, making owning \$412 per month less costly than renting. Rents rose 5.4% year-over-year. The current capitalization rate (rent/price) is 4.1%.

Market rating = 9

### Median Home Price and Rental Parity trailing twelve months



# Resale \$/SF and year-over-year percentage change trailing twelve months



# Rental rate and year-over-year percentage change trailing twelve months

Date	% Change	Rent	Own	_ \$4,800 ¬
1/2020	<b>5.5%</b>	\$ 3,661	\$ 3,757	
2/2020	<b>5.8%</b>	\$ 3,677	\$ 3,664	\$4,300 - 3,60 3,61 3,68 3,10 3,10 3,10 3,10 3,10 3,10 3,00 3,00
3/2020	<b>6.0%</b>	\$ 3,695	\$ 3,648	\$3,800 -
4/2020	<b>6.1%</b>	\$ 3,712	\$ 3,673	ć2 200
5/2020	<b>6.0%</b>	\$ 3,729	\$ 3,547	\$3,300 -
6/2020	<b>5.8%</b>	\$ 3,744	\$ 3,506	\$2,800 -
7/2020	<b>5.8%</b>	\$ 3,758	\$ 3,504	\$2,300 -
8/2020	<b>5.7%</b>	\$ 3,773	\$ 3,463	Rent Own Historic Cost to Own Relative to Rent
9/2020	<b>5.6%</b>	\$ 3,788	\$ 3,449	\$1,800
10/2020	<b>5.5%</b>	\$ 3,803	\$ 3,456	There there there there there there
11/2020	<b>5.4%</b>	\$ 3,817	\$ 3,450	Trong 3trong 2trong 1trong 3trong Trung
12/2020	<b>5.4%</b>	\$ 3,832	\$ 3,419	y

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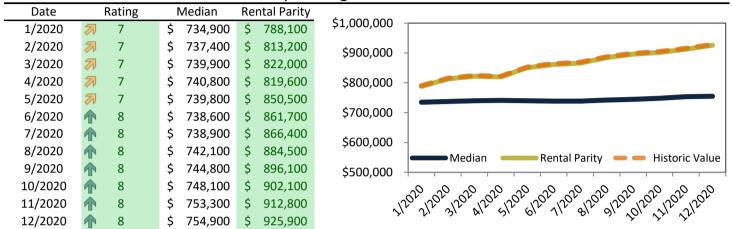


Historically, properties in this market sell at a 0.3% premium. Today's discount is 18.5%. This market is 18.8% undervalued. Median home price is \$754,900, and resale \$/SF is \$501/SF. Prices rose 0.6% year-over-year.

Monthly cost of ownership is \$2,896, and rents average \$3,552, making owning \$656 per month less costly than renting. Rents rose 3.8% year-over-year. The current capitalization rate (rent/price) is 4.5%.

#### Market rating = 8

### Median Home Price and Rental Parity trailing twelve months



# Resale \$/SF and year-over-year percentage change trailing twelve months

Date	± Typ. Value	\$/SF	% Change	A 0 0
1/2020	-7.1%	\$ 498	<b>3</b> 0.2%	\$502 ]
2/2020	-9.6%	\$ 498	<b>3</b> 0.5%	\$501
3/2020	-10.3%	\$ 499	<b>3</b> 0.7%	\$502 \$501 \$501 \$500 \$500 \$499 \$499
4/2020	-9.9%	\$ 499	<b>3</b> 0.6%	\$500 - 30 100 5/100 5/10 5/10 5/10 5/10 5/10 5/1
5/2020	-13.3%	\$ 499	<b>27</b> 0.2%	\$499 - 2 <sup>1</sup> 5 <sup>2</sup> 5 <sup>2</sup> 7 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
6/2020	-14.6%	\$ 499	<b>3</b> 0.4%	\$498
7/2020	-15.0%	\$ 500	<b>1.1%</b>	\$498 -
8/2020	-16.4%	\$ 500	<b>1.2%</b>	\$497 -
9/2020	-17.2%	\$ 500	<b>3</b> 0.9%	\$497
10/2020	-17.4%	\$ 501	<b>3</b> 0.5%	
11/2020	-17.8%	\$ 501	<b>3</b> 0.5%	1/202 1/203 1/202 1/202 5/202 6/202 1/202 8/202 9/202 1/2020 1/2020
12/2020	-18.8%	\$ 501	<b>3</b> 0.6%	, , ,

# Rental rate and year-over-year percentage change trailing twelve months

Date	% Change	Rent	Own	\$3,700 7 59 59 50 50 50 50 50 50 50 50 50 50
1/2020	4.0%	\$ 3,439	3,207	
2/2020	4.1%	\$ 3,450 \$	3,128	\$3,500 - 3 - 3 - 3 - 3 - 3 - 3 - 3 - 3 - 3 -
3/2020	4.1%	\$ 3,461 \$	3,115	\$3,300 -
4/2020	4.2%	\$ 3,472	3,138	
5/2020	4.2%	\$ 3,483 \$	3,030	\$3,100 -
6/2020	4.1%	\$ 3,493 \$	2,994	\$2,900 -
7/2020	4.1%	\$ 3,504 \$	2,988	\$2,700 -
8/2020	4.0%	\$ 3,514 \$	2,948	Rent Own Historic Cost to Own Relative to Rent
9/2020	4.0%	\$ 3,524 \$	2,928	\$2,500
10/2020	<b>3.9%</b>	\$ 3,533	2,930	20 20 20 20 20
11/2020	3.8%	\$ 3,543 \$	2,924	11220 31220 51220 11220 91220 31220
12/2020	3.8%	\$ 3.552	2.896	Y

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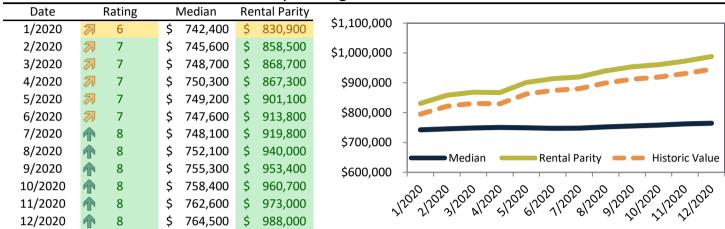


Historically, properties in this market sell at a -4.3% discount. Today's discount is 22.6%. This market is 18.3% undervalued. Median home price is \$764,500, and resale \$/SF is \$479/SF. Prices fell 1.9% year-over-year.

Monthly cost of ownership is \$2,932, and rents average \$3,790, making owning \$857 per month less costly than renting. Rents rose 5.2% year-over-year. The current capitalization rate (rent/price) is 4.8%.

#### Market rating = 8

### Median Home Price and Rental Parity trailing twelve months



# Resale \$/SF and year-over-year percentage change trailing twelve months

Date	± Typ. Value	\$/SF	% Change	4
1/2020	-6.3%	\$ 488	<b>-2.2%</b>	\$490 \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \
2/2020	-8.8%	\$ 487	<b>-2.2</b> %	S488 - S S S
3/2020	-9.5%	\$ 486	-2.4%	\$486 -
4/2020	-9.2%	\$ 485	-2.4%	\$484 -
5/2020	-12.5%	\$ 484	-2.4%	\$486 - \$484 - \$482 - \$480 -
6/2020	-13.9%	\$ 483	-2.1%	3460 -
7/2020	-14.3%	\$ 483	<b>-1.7%</b>	\$478 -
8/2020	-15.7%	\$ 482	-1.6%	\$476 -
9/2020	-16.5%	\$ 482	<b>-1.7%</b>	\$474 +
10/2020	-16.7%	\$ 481	-1.9%	\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\
11/2020	-17.3%	\$ 480	-1.9%	1/202/1203/1202/1202/1202/1202/1202/1202
12/2020	-18.3%	\$ 479	-1.9%	, , ,

# Rental rate and year-over-year percentage change trailing twelve months

Date	% Change	Rent	Own	\$3,900 7 66 67 68 68 68 68 68 68 68 68 68 68 68 68 68
1/2020	<b>1</b> 5.6%	\$ 3,626	\$ 3,240	\$3,900 \$3,000 \$3,
2/2020	<b>5.7%</b>	\$ 3,641	\$ 3,162	
3/2020	<b>5.8%</b>	\$ 3,658	\$ 3,152	\$3,500 -
4/2020	<b>5.9%</b>	\$ 3,674	\$ 3,178	\$3,300 -
5/2020	<b>5.9%</b>	\$ 3,690	\$ 3,068	\$3,100 -
6/2020	<b>5.8%</b>	\$ 3,705	\$ 3,031	\$2,900 -
7/2020	<b>5.7%</b>	\$ 3,720	\$ 3,025	
8/2020	<b>5.6%</b>	\$ 3,734	\$ 2,988	\$2,700 - Rent Own Historic Cost to Own Relative to Rent
9/2020	<b>5.5%</b>	\$ 3,749	\$ 2,970	\$2,500 +
10/2020	<b>5.4%</b>	\$ 3,763	\$ 2,970	11220 31220 51220 11220 91220 11220
11/2020	<b>5.3%</b>	\$ 3,777	\$ 2,960	11220 31220 51220 11220 91220 711220
12/2020	<b>5.2%</b>	\$ 3,790	\$ 2,933	y

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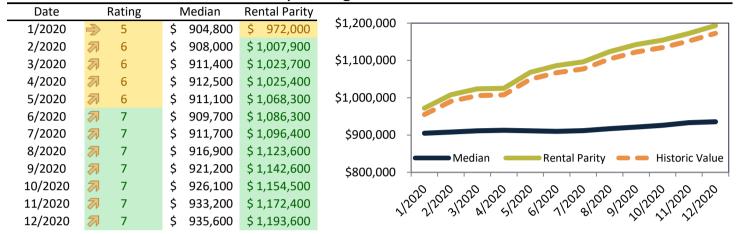


Historically, properties in this market sell at a -1.7% discount. Today's discount is 21.6%. This market is 19.9% undervalued. Median home price is \$935,600, and resale \$/SF is \$476/SF. Prices fell 0.3% year-over-year.

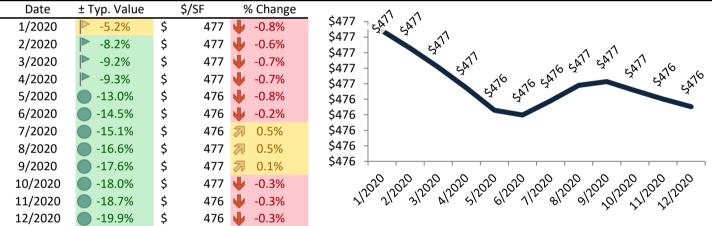
Monthly cost of ownership is \$3,589, and rents average \$4,579, making owning \$990 per month less costly than renting. Rents rose 9.3% year-over-year. The current capitalization rate (rent/price) is 4.7%.

Market rating = 7

### Median Home Price and Rental Parity trailing twelve months



# Resale \$/SF and year-over-year percentage change trailing twelve months



### Rental rate and year-over-year percentage change trailing twelve months

Date	% Change	Rent	Own	\$4,800 7 6 28 28 68 68 68 68 68
1/2020	<b>10.1%</b>	\$ 4,242	\$ 3,948	
2/2020	<b>10.4%</b>	\$ 4,275	\$ 3,851	\$4,600 - 12 275 23 543 545 545 546 546 546 546 546 546 546
3/2020	<b>10.7%</b>	\$ 4,310	\$ 3,837	\$4,400 541 57 3
4/2020	<b>10.9%</b>	\$ 4,344	\$ 3,866	\$4,200 -
5/2020	<b>10.6%</b>	\$ 4,375	\$ 3,731	\$4,000
6/2020	<b>10.3%</b>	\$ 4,404	\$ 3,688	\$3,800 -
7/2020	<b>10.1%</b>	\$ 4,434	\$ 3,687	
8/2020	<b>9.9%</b>	\$ 4,463	\$ 3,642	\$3,600 - Rent Own Historic Cost to Own Relative to
9/2020	<b>9.8%</b>	\$ 4,493	\$ 3,622	\$3,400
10/2020	<b>9.6%</b>	\$ 4,522	\$ 3,627	1,1020 31200 512010 112020 312020 712020
11/2020	<b>9.5%</b>	\$ 4,551	\$ 3,622	1720 31200 51200 11200 31200 771200
12/2020	9.3%	\$ 4579	\$ 3 589	У

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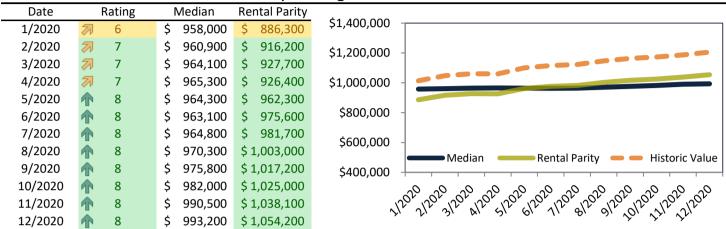


Historically, properties in this market sell at a 14.4% premium. Today's discount is 5.8%. This market is 20.2% undervalued. Median home price is \$993,200, and resale \$/SF is \$472/SF. Prices fell 0.1% year-over-year.

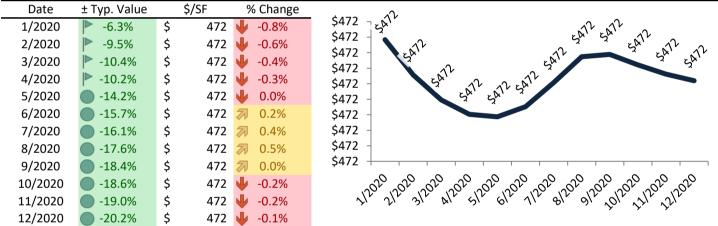
Monthly cost of ownership is \$3,810, and rents average \$4,044, making owning \$234 per month less costly than renting. Rents rose 5.2% year-over-year. The current capitalization rate (rent/price) is 3.9%.

Market rating = 8

### Median Home Price and Rental Parity trailing twelve months



# Resale \$/SF and year-over-year percentage change trailing twelve months



### Rental rate and year-over-year percentage change trailing twelve months

D	ate	%	6 Change	Rent	Own	\$4,800 7
1/2	2020	1	5.0%	\$ 3,868	\$ 4,180	80 30 000 000 000 000 000 000 000 000 00
2/2	2020		5.4%	\$ 3,886	\$ 4,076	\$4,300 \( \frac{1}{2} \hat{1} \frac{1}{2} \hat{1} \frac{1}{2} \hat{1} \frac{1}{2} \hat{1}
3/2	2020		5.7%	\$ 3,906	\$ 4,059	\$3,800 -
4/2	2020		5.9%	\$ 3,925	\$ 4,089	
5/2	2020		5.8%	\$ 3,941	\$ 3,949	\$3,300 -
6/2	2020		5.5%	\$ 3,955	\$ 3,905	\$2,800 -
7/3	2020		5.4%	\$ 3,970	\$ 3,902	\$2,300 -
8/2	2020		5.3%	\$ 3,985	\$ 3,854	Rent Own Historic Cost to Own Relative to Rent
9/2	2020		5.3%	\$ 3,999	\$ 3,837	\$1,800
10/	2020		5.3%	\$ 4,015	\$ 3,846	
11/	2020		5.2%	\$ 4,030	\$ 3,845	71200 31200 51200 11200 91200 771200
12/	2020	AP.	5.2%	\$ 4.045	\$ 3.810	Y

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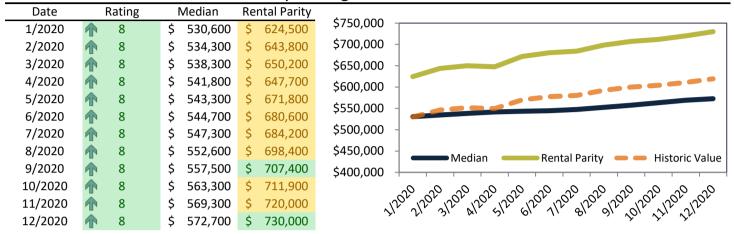
# Stanton Housing Market Value & Trends Update

Historically, properties in this market sell at a -15.2% discount. Today's discount is 21.6%. This market is 6.4% undervalued. Median home price is \$572,700, and resale \$/SF is \$401/SF. Prices rose 2.5% year-over-year.

Monthly cost of ownership is \$2,197, and rents average \$2,800, making owning \$603 per month less costly than renting. Rents rose 3.3% year-over-year. The current capitalization rate (rent/price) is 4.7%.

Market rating = 8

### Median Home Price and Rental Parity trailing twelve months



# Resale \$/SF and year-over-year percentage change trailing twelve months

Date	± Typ. Value	\$/SF	% Change	2 2 20 2
1/2020	0.1%	\$ 392	<b>1</b> 2.3%	\$402
2/2020	-1.8%	\$ 393	<b>2.8%</b>	\$400 -
3/2020	-2.1%	\$ 393	<b>2.5%</b>	\$398 -
4/2020	-1.2%	\$ 394	<b>2.7%</b>	\$396 - 30 2303 2303 23 4
5/2020	-4.0%	\$ 395	<b>2.9%</b>	\$402 \$400 \$398 \$396 \$394
6/2020	-4.8%	\$ 396	3.1%	\$392 -
7/2020	-4.8%	\$ 397	3.4%	\$390 -
8/2020	▶ -5.7%	\$ 398	3.1%	\$388 -
9/2020	-6.0%	\$ 399	<b>2.8%</b>	\$386
10/2020	▶ -5.7%	\$ 399	<b>1</b> 2.4%	\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\
11/2020	-5.8%	\$ 400	<b>1</b> 2.5%	1/2020 1/2020 1/2020 1/2020 1/2020 1/2020 9/2020 9/2020 1/2/2020
12/2020	-6.4%	\$ 401	<b>1</b> 2.5%	, , ,

# Rental rate and year-over-year percentage change trailing twelve months

Date	% Change	Rent	Own	\$3,000 7 35 35 35 36 36 36 36 36 36
1/2020	4.3%	\$ 2,725	\$ 2,315	
2/2020	4.0%	\$ 2,731	\$ 2,266	\$2,800 - 3, 3, 3, 3, 3, 3, 3, 3, 3, 3, 3, 3,
3/2020	<b>3.8%</b>	\$ 2,737	\$ 2,266	\$2,600 -
4/2020	<b>3.7%</b>	\$ 2,744	\$ 2,295	¢2.400
5/2020	<b>3.7%</b>	\$ 2,751	\$ 2,225	\$2,400 -
6/2020	<b>3.8%</b>	\$ 2,759	\$ 2,208	\$2,200 -
7/2020	<b>1.7%</b>	\$ 2,767	\$ 2,213	\$2,000 -
8/2020	<b>1</b> 3.7%	\$ 2,774	\$ 2,195	Rent Own Historic Cost to Own Relative to Rent
9/2020	<b>3.6%</b>	\$ 2,782	\$ 2,192	\$1,800
10/2020	<b>3.5%</b>	\$ 2,788	\$ 2,206	20 20 20 20 20
11/2020	<b>3.4%</b>	\$ 2,795	\$ 2,210	1,1020 3,1020 5,1020 1,1020 9,1020 1,12020
12/2020	<b>3</b> 3 3%	\$ 2,801	\$ 2 197	y

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# Huntington Beach Housing Market Value & Trends Update

Historically, properties in this market sell at a 12.3% premium. Today's discount is 2.1%. This market is 14.4% undervalued. Median home price is \$925,400, and resale \$/SF is \$511/SF. Prices rose 1.6% year-over-year.

Monthly cost of ownership is \$3,550, and rents average \$3,626, making owning \$076 per month less costly than renting. Rents rose 3.2% year-over-year. The current capitalization rate (rent/price) is 3.8%.

Market rating = 8

# Median Home Price and Rental Parity trailing twelve months

Date		Rating	ı	Median	Re	ntal Parity	44 400 000	
1/2020	A	6	\$	866,600	\$	808,600	\$1,100,000	
2/2020	ZV	7	\$	871,900	\$	834,000	\$1,000,000	
3/2020	A	7	\$	877,700	\$	842,600	\$900,000	
4/2020	ZV	7	\$	881,800	\$	839,700	\$800,000	
5/2020	W.	7	\$	883,100	\$	870,800	\$700,000	
6/2020	A	7	\$	884,100	\$	881,900		
7/2020	1	9	\$	887,400	\$	886,300	\$600,000 -	
8/2020	1	9	\$	895,300	\$	904,500	\$500,000	Median Rental Parity Historic Value
9/2020	A	7	\$	902,700	\$	916,000	\$400,000	iviculari — Rentari arity — — Historie value
10/2020	ZV	7	\$	911,100	\$	921,700		00 00 00 00 00 00 00 00 00 00
11/2020	ZV	7	\$	920,600	\$	932,300	1/20	20 2120 3120 1120 5120 6120 1120 8120 9120 9120 20120 2
12/2020	1	8	\$	925,400	\$	945,300	· <b>y</b> '	N. 2, W. 2, O. 1, D. D. D. D. D.

# Resale \$/SF and year-over-year percentage change trailing twelve months

Date	± Typ. Value	\$/SF	% Change	· · · · · · · · · · · · · · · · · · ·
1/2020	► -5.2%	\$ 503	<b>1.3%</b>	\$512 ]
2/2020	-7.8%	\$ 504	<b>1.6%</b>	\$510 -
3/2020	-8.2%	\$ 505	<b>3</b> 1.7%	\$512 \$510 \$508 \$506
4/2020	-7.3%	\$ 505	<b>3</b> 1.9%	\$506 - 403 4500 4500 3
5/2020	-10.9%	\$ 506	<b>7</b> 1.8%	\$504 - 57
6/2020	-12.1%	\$ 507	<b>2.0%</b>	\$502 -
7/2020	-12.2%	\$ 508	<b>1</b> 2.1%	
8/2020	-13.3%	\$ 508	<b>1</b> 2.1%	\$500 -
9/2020	-13.8%	\$ 509	<b>1.8%</b>	\$498
10/2020	-13.5%	\$ 510	<b>3</b> 1.5%	
11/2020	-13.6%	\$ 510	<b>3</b> 1.6%	1/202 1/202 1/202 1/202 5/202 6/202 1/202 6/202 9/202 9/202 1/2020
12/2020	-14.4%	\$ 511	<b>3</b> 1.6%	, , ,

# Rental rate and year-over-year percentage change trailing twelve months

Date	% Change	Rent	Own	\$4,200 ¬
1/2020	<b>1</b> 3.5%	\$ 3,528	3,782	41.000
2/2020	<b>1</b> 3.5%	\$ 3,538	3,698	\$3,800 - 250 250 250 250 250 250 250 250 250 250
3/2020	<b>1.6%</b>	\$ 3,547	3,695	\$3,800 - 350
4/2020	<b>1.6%</b>	\$ 3,557	3,736	\$3,600 -
5/2020	<b>1.6%</b>	\$ 3,567	3,617	\$3,400 -
6/2020	<b>1.5%</b>	\$ 3,576	3,584	\$3,200 -
7/2020	<b>1.5%</b>	\$ 3,584	3,589	
8/2020	<b>1.4%</b>	\$ 3,593	3,556	\$3,000 - Rent Own Historic Cost to Own Relative to Rent
9/2020	<b>1.4%</b>	\$ 3,602	3,549	\$2,800
10/2020	<b>1.3%</b>	\$ 3,610	3,568	212020 312020 512020 112020 312020 212020
11/2020	<b>1.3%</b>	\$ 3,619	3,573	7120 3120 51200 11200 91200 71200
12/2020	<b>1</b> 3.2%	\$ 3,627	3,550	y

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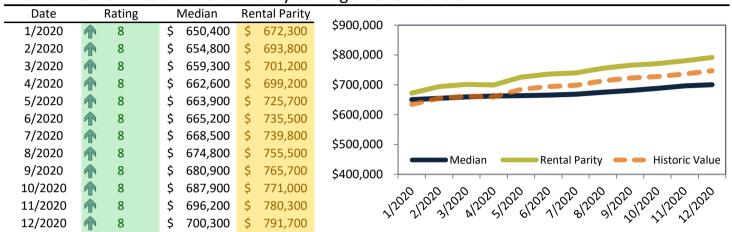
# Garden Grove Housing Market Value & Trends Update

Historically, properties in this market sell at a -5.6% discount. Today's discount is 11.5%. This market is 5.9% undervalued. Median home price is \$700,300, and resale \$/SF is \$434/SF. Prices rose 2.5% year-over-year.

Monthly cost of ownership is \$2,686, and rents average \$3,037, making owning \$350 per month less costly than renting. Rents rose 4.1% year-over-year. The current capitalization rate (rent/price) is 4.2%.

#### Market rating = 8

# Median Home Price and Rental Parity trailing twelve months



# Resale \$/SF and year-over-year percentage change trailing twelve months

Date	± Typ. Value	\$/SF	% Change	0 03 0
1/2020	▶ 2.4%	\$ 424	<b>1</b> 2.2%	\$436 ]
2/2020	▶ 0.0%	\$ 425	<b>1</b> 2.6%	\$434 -
3/2020	-0.3%	\$ 426	<b>1</b> 2.6%	\$432 ] (a. x) x x x x x x x x x x x x x x x x x x
4/2020	▶ 0.4%	\$ 427	<b>1</b> 2.5%	\$436 \$434 \$432 \$430 \$428 \$426
5/2020	▶ -2.9%	\$ 427	<b>1</b> 2.8%	\$426 - 500 0
6/2020	▶ -3.9%	\$ 428	<b>1</b> 3.3%	\$424 -
7/2020	▶ -4.0%	\$ 430	<b>3.8%</b>	\$422 -
8/2020	▶ -5.0%	\$ 431	<b>1.3%</b>	\$420 -
9/2020	► -5.4%	\$ 432	<b>1</b> 2.8%	\$418
10/2020	<b>⊳</b> -5.1%	\$ 432	<b>1</b> 2.5%	71202 71202 71202 71202 71202 71202 71202 71202 71202 71202
11/2020	<b>⊳</b> -5.1%	\$ 433	<b>1</b> 2.5%	1/2020 1/2020 1/2020 1/2020 1/2020 1/2020 9/2020 1/2020 1/2020
12/2020	▶ -5.9%	\$ 434	<b>1</b> 2.5%	

# Rental rate and year-over-year percentage change trailing twelve months

Date	% Change	Rent	Own	\$3,200 7 34 35 35 36 30 36 35 35 35 35 35
1/2020	4.9%	\$ 2,934	\$ 2,838	\$3,200 32 52 52 52 52 52 52 52 52 52 52 52 52 52
2/2020	4.7%	\$ 2,943	\$ 2,777	
3/2020	4.6%	\$ 2,952	\$ 2,776	\$2,800 -
4/2020	4.6%	\$ 2,962	\$ 2,807	\$2,600 -
5/2020	4.6%	\$ 2,972	\$ 2,719	\$2,400 -
6/2020	4.6%	\$ 2,982	\$ 2,697	\$2,200 -
7/2020	4.5%	\$ 2,992	\$ 2,703	
8/2020	4.5%	\$ 3,001	\$ 2,681	\$2,000 - Rent Own Historic Cost to Own Relative to Rent
9/2020	4.4%	\$ 3,011	\$ 2,677	\$1,800
10/2020	4.3%	\$ 3,020	\$ 2,694	20 20 20 20 20
11/2020	4.2%	\$ 3,029	\$ 2,702	112020 312020 312020 112020 312020 2112020
12/2020	4 1%	\$ 3,037	\$ 2.687	Y

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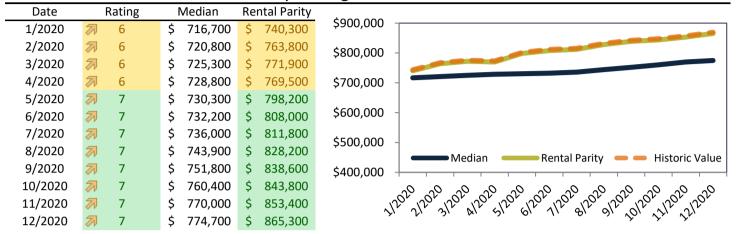


Historically, properties in this market sell at a 0.5% premium. Today's discount is 10.5%. This market is 11.0% undervalued. Median home price is \$774,700, and resale \$/SF is \$403/SF. Prices rose 1.0% year-over-year.

Monthly cost of ownership is \$2,972, and rents average \$3,319, making owning \$347 per month less costly than renting. Rents rose 3.1% year-over-year. The current capitalization rate (rent/price) is 4.1%.

Market rating = 7

### Median Home Price and Rental Parity trailing twelve months



# Resale \$/SF and year-over-year percentage change trailing twelve months

Date	± Typ. Value	\$/SF	% Change	4
1/2020	-3.7%	\$ 399	<b>3</b> 0.3%	\$404 ] Quality San
2/2020	-6.1%	\$ 400	<b>3</b> 0.6%	\$403
3/2020	-6.5%	\$ 400	<b>3</b> 0.7%	\$404 \$403 \$402 \$401 \$400 \$400
4/2020	-5.8%	\$ 400	<b>3</b> 1.0%	\$401 - 29 00 100 300 300 30
5/2020	-9.0%	\$ 400	<b>1.1%</b>	\$400 - 5333 54 3
6/2020	-9.9%	\$ 401	<b>1.5%</b>	\$399 -
7/2020	-9.8%	\$ 401	<b>1.9%</b>	
8/2020	-10.7%	\$ 402	<b>1.8%</b>	\$398 -
9/2020	-10.8%	\$ 402	<b>1.1%</b>	\$397 +
10/2020	-10.4%	\$ 403	<b>3</b> 0.9%	200 200 200 200 200 200 200 200 200 200
11/2020	-10.3%	\$ 403	<b>3</b> 0.9%	7/200 7/200 8/200 8/200 8/200 1/200 8/200 9/200 10/20/2000
12/2020	-11.0%	\$ 403	<b>1.0%</b>	, , ,

# Rental rate and year-over-year percentage change trailing twelve months

Date	% Change	Rent	Own	\$3,800 ¬
1/2020	<b>1</b> 2.7%	\$ 3,231	3,127	
2/2020	<b>3.0%</b>	\$ 3,240	3,057	$  \mathcal{N}_{\lambda} \mathcal{N}_{\lambda}$
3/2020	<b>3.3%</b>	\$ 3,250	3,054	\$3,400 \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \
4/2020	<b>3.5%</b>	\$ 3,260	3,087	\$3,200 -
5/2020	<b>3.5%</b>	\$ 3,269	2,991	\$3,000 -
6/2020	<b>1.3%</b>	\$ 3,276	2,968	\$2,800 -
7/2020	<b>1</b> 3.2%	\$ 3,283	2,976	
8/2020	<b>1</b> 3.1%	\$ 3,290	2,955	\$2,600 - Rent Own Historic Cost to Own Relative to Rent
9/2020	<b>3.1%</b>	\$ 3,297	2,956	\$2,400
10/2020	<b>3.1%</b>	\$ 3,305	2,978	20 20 20 20 20
11/2020	<b>3.1%</b>	\$ 3,312	2,989	17220 37220 57220 17220 91220 31220
12/2020	3.1%	\$ 3.320	2.972	Y

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# Fountain Valley Housing Market Value & Trends Update

Historically, properties in this market sell at a 12.1% premium. Today's premium is 0.1%. This market is 12.0% undervalued. Median home price is \$906,800, and resale \$/SF is \$430/SF. Prices rose 1.6% year-over-year.

Monthly cost of ownership is \$3,478, and rents average \$3,476, making owning \$002 per month more costly than renting. Rents rose 2.6% year-over-year. The current capitalization rate (rent/price) is 3.7%.

Market rating = 7

# Median Home Price and Rental Parity trailing twelve months

						<u> </u>
Date	ſ	Rating	Median	Re	ntal Parity	44.400.000
1/2020	团	6	\$ 841,900	\$	777,900	\$1,100,000
2/2020	团	6	\$ 847,600	\$	802,400	\$1,000,000 -
3/2020	N	6	\$ 854,000	\$	810,700	<u> </u>
4/2020	A	6	\$ 858,900	\$	808,000	\$900,000
5/2020	1	9	\$ 861,100	\$	837,900	
6/2020	1	9	\$ 862,900	\$	847,900	\$800,000
7/2020	1	9	\$ 866,400	\$	851,500	\$700,000 -
8/2020	1	9	\$ 874,600	\$	868,400	Median Rental Parity Historic Value
9/2020	<b>刻</b>	7	\$ 882,600	\$	879,000	\$600,000
10/2020	W.	7	\$ 892,000	\$	884,100	00 00 00 00 00 00 00 00 00
11/2020	W.	7	\$ 901,400	\$	893,900	7120 7100 3120 1100 3120 6120 1120 8120 9120 9120 12120 7120 1200
12/2020	TN	7	\$ 906,800	\$	906,100	3. 5. 3. 4. 3. 6. 1. 9. 31. 22. 22. 24.

# Resale \$/SF and year-over-year percentage change trailing twelve months

Date	± Typ. Value	\$/SF	% Change	
1/2020	▶ -3.9%	\$ 424	<b>3</b> 0.9%	\$432
2/2020	-6.5%	\$ 424	<b>1.3%</b>	\$430 -
3/2020	-6.8%	\$ 425	<b>1.4%</b>	\$432 \$430 \$428 \$426 \$426
4/2020	▶ -5.8%	\$ 425	<b>1.8%</b>	on on with sall sall
5/2020	-9.3%	\$ 426	<b>1</b> 2.2%	\$426 - 4xx 4x 4x
6/2020	-10.3%	\$ 427	<b>1</b> 2.3%	\$424 -
7/2020	-10.4%	\$ 428	<b>1</b> 2.5%	\$422 -
8/2020	-11.4%	\$ 428	<b>1</b> 2.2%	
9/2020	-11.7%	\$ 429	<b>1.9%</b>	\$420 +
10/2020	<b>-11.2%</b>	\$ 429	<b>1.5%</b>	
11/2020	-11.3%	\$ 430	<b>1.6%</b>	71200 71200 81200 81200 61200 71200 81200 91200 91200
12/2020	-12.0%	\$ 430	<b>1.6%</b>	, , , , , , , , , , , , , , , , , , ,

# Rental rate and year-over-year percentage change trailing twelve months

Date	% Change	Rent	Own	\$4,000 ¬
1/2020	<b>2.1%</b>	\$ 3,395	\$ 3,674	
2/2020	<b>1</b> 2.5%	\$ 3,404	\$ 3,595	£3. E00
3/2020	<b>1</b> 2.8%	\$ 3,413	\$ 3,595	\$3,500 - 27 27 27 27 27 27 27 27 27 27 27 27 27
4/2020	<b>3.1%</b>	\$ 3,423	\$ 3,639	
5/2020	<b>3.0%</b>	\$ 3,432	\$ 3,527	
6/2020	<b>1</b> 2.8%	\$ 3,438	\$ 3,498	\$3,000 -
7/2020	<b>1</b> 2.7%	\$ 3,444	\$ 3,504	
8/2020	<b>1</b> 2.7%	\$ 3,450	\$ 3,474	Rent Own Historic Cost to Own Relative to Rent
9/2020	<b>1</b> 2.6%	\$ 3,456	\$ 3,470	\$2,500
10/2020	<b>1</b> 2.6%	\$ 3,463	\$ 3,494	11020 31020 51020 11020 91020 11020
11/2020	<b>1</b> 2.6%	\$ 3,470	\$ 3,499	1/2020 3/2020 5/2020 1/2020 9/2020 1/2020
12/2020	<b>1</b> 2.6%	\$ 3,476	\$ 3,479	y

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#### **TAIT Housing Report**

TAIT housing report and newsletter provides a clear picture of the health of the housing market. Readers find the information on location, valuation, and price trends, timely and relevant to their decision to buy or sell real estate. The TAIT report answers the most important questions:

- (1) Where should I look for bargains?
- (2) Are current prices over or under valued?
- (3) What direction are prices headed, up or down?

The TAIT monthly market report has distilled the market down to three key pieces of information:

- (1) Resale value relative to rent,
- (2) Yearly change in resale prices, and
- (3) Yearly changes in rents.

The resale value relative to rent, or Rental Parity, is calculated by taking the median rent reported by Zillow and utilizing that value as a payment to calculate the size of the loan that payment would support. The result is the price someone could pay and their resulting cost of ownership (payment mostly) would equal the cost of renting; thus the name Rental Parity. The median is the raw median number provided by Zillow. The historic value is what the median "should" be based on the historic relationship between rental parity and the median during periods of market stability (1992-1998 and 2014-2017). This historic value is important because some areas trade below rental parity and some trade above based on how desirable the area is. Whenever the median is above the historic value, the market is overvalued, and whenever the median is below the historic value, it is undervalued. Without this benchmark, there is no way to determine if the current median is overvalued or undervalued. The addition of this benchmark is the key innovation of the TAIT Housing Report.

#### **Using and Interpreting the TAIT Monthly Report**

The table of contents on the front page of the TAIT monthly report organizes the reports by area. The typical page of an area report breaks down into four parts:

- (1) The news overview,
- (2) Median Home Price and Rental Parity trailing twelve months,
- (3) Resale \$/SF and year-over-year percentage change trailing twelve months,
- (4) Rental rate and year-over-year percentage change trailing twelve months.

#### **NEWS OVERVIEW**

The news overview provides concise descriptions of the facts and conditions in the market. The news overview measures the current premium or discount, compares it to the historic premium or discount, and states whether the market is currently overvalued or undervalued. This is an important measure of future financial performance.



**Resale Market Value and Trends** 

### Orange County Housing Market Value & Trends Update

Historically, properties in this market sell at a 1.9% premium. Today's discount is 0.7%. This market is 2.6% undervalued. Median home price is \$730,800, and resale \$/SF is \$429/SF. Prices rose 0.8% year-over-year.

Monthly cost of ownership is \$3,204, and rents average \$3,225, making owning \$020 per month less costly than renting. Rents rose 3.7% year-over-year. The current capitalization rate (rent/price) is 4.2%.

Market rating = 6

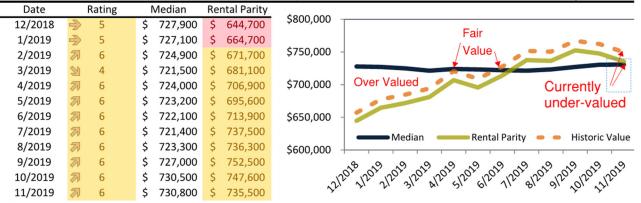


#### MEDIAN HOME PRICE AND RENTAL PARITY TRAILING TWELVE MONTHS

For those who want the bottom line without all the analysis and detail, the market rating is the first row of the first section of data. The rating encapsulates all the conditions of the market into one figure. A rating of 10 is good and a rating of 1 is bad. A highly rated property or market is a good financial buy.

Median Home Price and Rental Parity trailing twelve months

Premium Market Example



The chart displays three lines that reveal much about the market. The first two lines to note are the parallel green and orange lines, rental parity (green) and historic value (orange). As mentioned previously, some markets trade at a discount and some at a premium to rental parity. If the orange line (historic value) is above the green line (rental parity), the market is a premium market. If the orange line (historic value) is below the green line (rental parity), the market is a discount market. The larger the gap, the greater the premium or discount is.

The third line plotted against these two parallel lines is the median resale price for the area. This line reveals whether the market is currently trading at a premium or discount to rental parity and historic value. The more important of these relationships is between median resale price and historic value. Over time, the market has shown a tendency toward trading at historic value. If it trades above for a while, over time it will revert back to this value. That may happen either by an extended period of little or no appreciation or an outright decline in prices. If the market trades below its historic value, it's likely to see a rebound back to this value in the future.

Valuation is more important that price movement. The best markets trade at a discount to historic value.

#### RESALE \$/SF AND YEAR-OVER-YEAR PERCENTAGE CHANGE TRAILING TWELVE MONTHS

Since the historic value is so important, the first column in next section displays the premium or discount from historic value over the last year. The second column and the chart shows the dollars per square foot resale price in the market. The line on the chart visually shows the general direction of prices, and the third column shows the actual percentage change.

Resale \$/SF and year-over-year percentage change trailing twelve months

Date	± Typ. Value	\$/SF	% Change	9 9
12/2018	<b>11.0%</b>	\$ 42	7 14.1%	\$430 \$428   5421 5421 55 55
1/2019	7.5%	\$ 42	7 🏤 3.4%	\$458 - 22 22 22
2/2019	▶ 6.0%	\$ 42	5 🏚 2.4%	\$426 - \$426 - \$424 -
3/2019	▶ 4.0%	\$ 42	4 🔊 1.9%	2 4 403 403 41
4/2019	0.5%	\$ 42	5 🔊 1.9%	\$424 -
5/2019	▶ 2.0%	\$ 42	4 🔊 1.2%	\$422 -
6/2019	-0.8%	\$ 42	3 🔊 0.5%	\$420 -
7/2019	-4.1%	\$ 42	3 🔊 0.0%	
8/2019	▶ -3.7%	\$ 42	4 🌓 -0.2%	\$418
9/2019	-5.3%	\$ 42	7 🔊 0.5%	21202 1202 1202 31203 31203 1202 51203 61203 11203 51203 51203 1203
10/2019	-4.2%	\$ 42	9 🔊 0.9%	21/1013/1013/1013/1013/1013/1013/1013/10
11/2019	▶ -2.6%	\$ 42	9 🔊 0.8%	, , , , , , , , , , , , , , , , , , ,



#### RENTAL RATE AND YEAR-OVER-YEAR PERCENTAGE CHANGE TRAILING TWELVE MONTHS

The final table and chart on the page is similar to the first grouping; it displays three lines, two of which are parallel and show current rent and the historic cost of ownership relative to rent, and the third line is the current cost of ownership. The relationships are similar, the charts will look similar, and the interpretations are the same.

Rental rate and year-over-year percentage change trailing twelve months

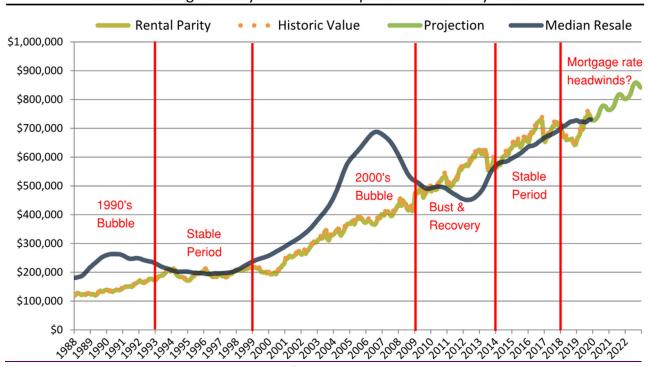


This method of looking at the data is more revealing to those who like to focus on monthly costs rather than purchase price. It reveals how affordable properties are relative to monthly rent, which is what rental parity analysis is all about. The first column of data shows the rate of rent growth over the last year, and the next two columns show the cost of renting and the cost of owning during the same period.

#### **HISTORIC MARKET DATA CHARTS**

The next page of the report shows two charts: County median home price since January 1988, and County median rent and monthly cost of ownership since January 1988. These charts are designed to put current circumstances in historic context. They answer questions like, "How volatile are prices?" and "How does today's pricing compare to the fluctuations of the past?" and "How much danger is there in buying today?"

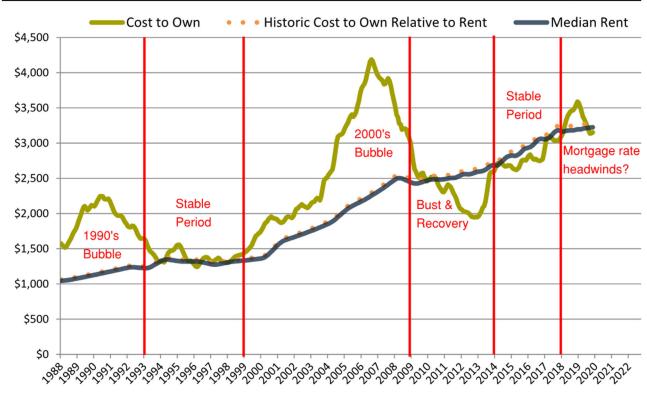
#### Orange County median home price since January 1988





With the green line for rental parity and the orange line for historic value, it's easy to tell when the market is fairly valued, overvalued, or undervalued.

### Orange County median rent and monthly cost of ownership since January 1988

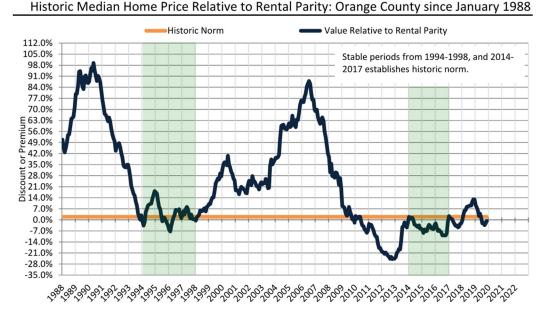


The chart above shows rent and monthly cost of ownership. It looks similar to the rental parity and resale home price chart, as it merely converts that information to a monthly format. For those who have difficulty relating to the large numbers of purchase price, viewing the data in terms of monthly expenses is easier to put into context.

# HISTORIC VALUATION

The next page in the report shows two charts: Historic Median Home Price Relative to Rental Parity: County since January 1988, and TAIT Market Timing System Rating: Orange County since January 1988.

The chart above shows, at a glance, how close the market trades to its

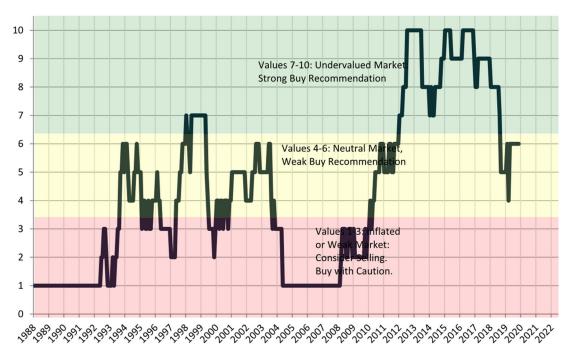


historic norm. The benchmark period is shown in green, and the degree of market volatility can be inferred from the scale to the left. For example, Orange County traded for as much as 25% below rental parity and 100% above it during the 31-year period shown.



#### TAIT RATING SYSTEM CHART

The market timing rating system mechanically identifies both good and buy dimes to buy based on valuation, resale price change, and rental rate change.



#### The importance of rental parity

Rental parity is important because it represents the threshold of affordability. When prices are above rental parity, it costs more to own than to rent, so owning is often not a wise financial decision. Owning may still be right for people, and many are willing to pay the premium to own to obtain the emotional benefits of ownership; however, on a purely financial basis, paying more than rental parity is generally not wise because prices will inevitably return to this price level in time.

When prices are below rental parity, it costs less to own than to rent, so owning under these circumstances is generally a wise choice. Since a buyer who pays less than rental parity for a house is saving money, there is a clear financial benefit obtained irrespective of fluctuations in resale price.

When the cost of ownership is less than rental parity, an owner is far less likely to be forced to sell at a loss. The property can always be rented to cover costs rather than sell for a loss. Further, this ability to rent and at least break even provides the owner with flexibility to move if necessary. Mobility to take a new job or buy a different house is denied to those who overpaid and who are stuck paying more in the cost of ownership than they can obtain in rent.

With these advantages, buying at a price below rental parity using fixed-rate financing is critical. Every buyer should consider rental parity in their buying decision.

#### **RENTAL PARITY AS BASIS OF VALUE**

Valuation is the least understood, yet most important, aspect of a housing market. Economists look at various ratios including price-to-income, price-to-rent, and other aggregate measures to attempt to establish valuation metrics. Each of these has strengths and weaknesses, but each of them fails because they don't directly connect the actions of an individual buyer to the activity in the broader market. For this reason, I strongly favor rental parity as the best measure of valuation. Rental parity ties together income, rent, interest rates, and financing terms in a way that matches the activities of individual buyers to the overall price activity in the market.