

REALInvestor Radio Show Notes

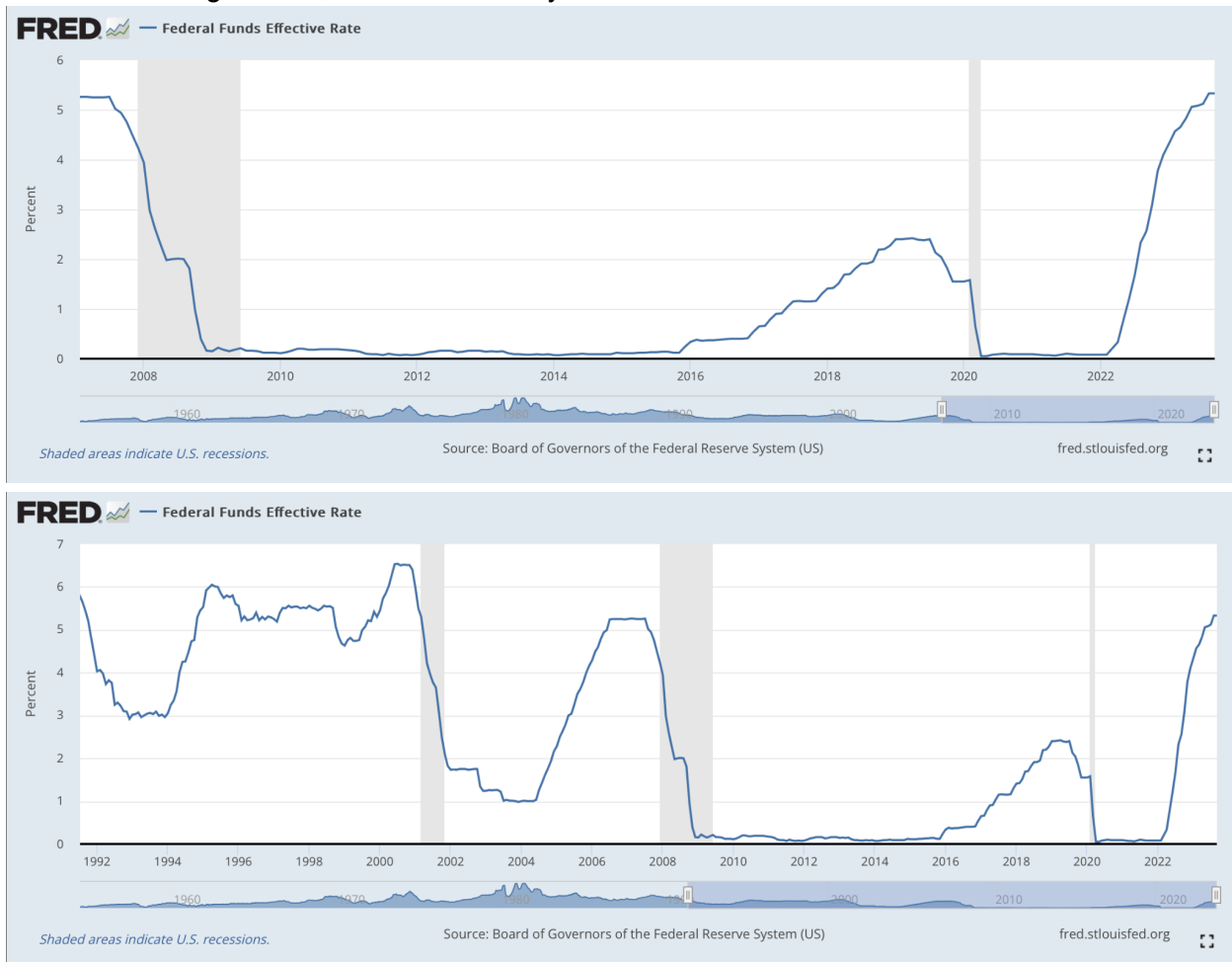
EPISODE 18 & 19. Discussion

Who's hopeful right now? The Vultures.

30 Year: 7.7%

Fed Funds Rate: 5.5%

Last time that high: 2007, until the economy fell off the cliff in 2008.



Yield Curve Less Inverted

<https://viewpoint.bnpparibas-am.com/chart-of-the-week-us-yield-curve-disinverts-as-markets-reprice-bond-risk/>

US 10-year Treasury yields rose as high as 4.88% in the first week of October, their highest level since 2007 and up by around 100 basis points relative to their level in July.

Jamie Dimon

JPMorgan CEO Jamie Dimon warns the world isn't ready for 7% interest rate

Link: <https://www.cnn.com/2023/09/26/economy/jamie-dimon-7-interest-rate/index.html>

“I ask people in business, ‘Are you prepared for something like 7%?’ The worst case is 7% with stagflation. If they are going to have lower volumes and higher rates, there will be stress in the system,” Dimon said. “We urge our clients to be prepared for that kind of stress.”

Jobs

Unemployment: 3.7-3.8%

Jobless Claims: 207,000 in SEP, with 1.68 MIL continuing claims. Slightly up

States with the largest increases in initial jobless claims, week ending Sept. 23:

California: +2,712

Ohio: +1,422

Michigan: +1,282

Alabama: +870

Missouri: +532

Labor Force Participation Rate: 62.5%

The rate is calculated as the labor force divided by the total population that’s eligible to work. Still about 5% below the statistical norm

More than 770,000 manufacturing jobs are open right now, according to the latest federal count, from November. The number has surged in recent years as companies reinvest in American-made products

How are non-working men between 25 and 54 spending their time? On average, nearly seven hours each weekday are dedicated to leisure time — relaxing, playing games and watching TV, according to data from the Bureau of Labor Statistics from 2021.

- 7.2 million men 25-54 out of work, and not looking
- Market need: 2.7 million job openings where men would traditionally fill those roles.
- 24 and 40 spend an average of 2,000 hours a year on their computer screens.

AirBnBust

Increased Regulation

1. Major vacation destinations clamping down on short-term rentals from platforms such as Vrbo and Airbnb. Redfin said new municipal regulations make short-term rentals less appealing for would-be second-home mortgage borrowers.

New York’s Local Law 18, which went into effect this month, requires all New York rental hosts to register with the city or face fines of up to \$5,000.

New York joins a growing number of American cities pushing to regulate short-term rental properties.

San Francisco instituted a short-term rental registration policy last year that requires rental owners to live in their rented property for at least 75% of the year and list the property for rent no more than 90 days annually.

Memphis, TN, established a rental registration policy in March that requires homeowners to pay a \$300 fee to register their property as a short-term rental.

Redfin:

Demand For Vacation Homes Is Down More Than 50% From Pre-Pandemic Levels

<https://www.redfin.com/news/demand-down-second-homes-march-2023/>

Rank	Metro, State	RevPAL May 2022 ..	RevPAL May 2023..	% Drop
1	Sevierville, TN	\$6,228	\$3,266	-47.6%
2	Phoenix, AZ	\$5,569	\$2,939	-47.2%
3	Austin, TX	\$4,625	\$2,491	-46.1%
4	Myrtle Beach, SC	\$3,125	\$1,717	-45.1%
5	San Antonio, TX	\$3,346	\$1,879	-43.8%
6	Asheville, NC	\$3,360	\$1,932	-42.5%
7	Salisbury, MD	\$1,490	\$904	-39.3%
8	Nashville, TN	\$5,755	\$3,510	-39.0%
9	Denver, CO	\$3,374	\$2,071	-38.6%
10	Breckenridge, CO	\$4,193	\$2,633	-37.2%
11	New Orleans, LA	\$4,172	\$2,626	-37.0%
12	Lakeland, FL	\$3,413	\$2,195	-35.7%
13	Seattle, WA	\$2,783	\$1,802	-35.2%
14	Panama City, FL	\$3,404	\$2,215	-34.9%
15	Orlando, FL	\$3,534	\$2,305	-34.8%

- Mortgage-rate locks for second homes were down 52% from pre-pandemic levels on a compared with a 13% decline for primary homes.

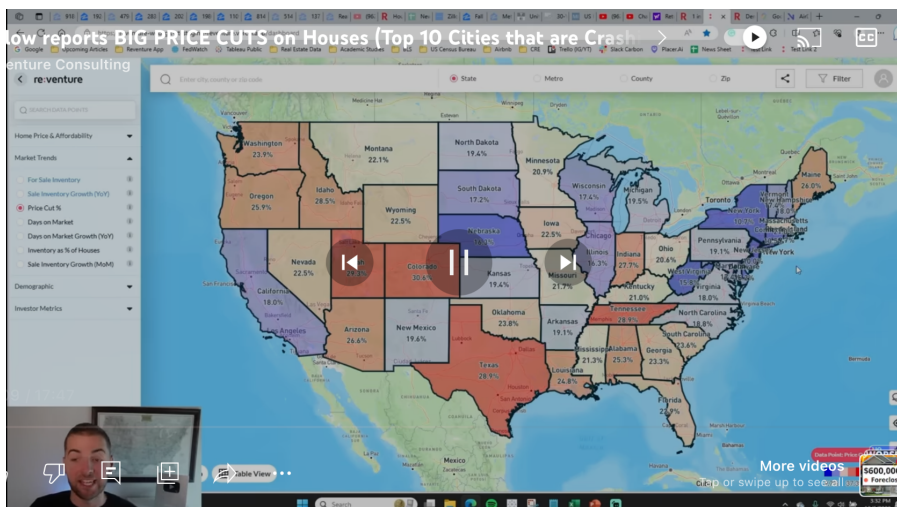
- Second-home rate locks fell to their lowest level since 2016 in February and remained nearly as low in March.

- Second-home buyers are deterred by high rates, newly instituted loan fees, slowing rental market

Colorado Hard Money Lender

'Airbnb collapse', what does this mean for Colorado cities and real estate prices

<https://coloradohardmoney.com/how-will-an-airbnb-collapse-impact-colorado-real-estate/#:~:text=A%20tweet%20that%20went%20viral,May%202023%20down%20nearly%2050%25.>



Price Declines

- #10: Boise, ID
- #9: Dallas, TX
- #8: Sarasota, FL
- #7: Sevierville, TN
- #6: Nashville, TN
- #5: Phoenix, AZ
- #4: San Antonio, TX
- #3: Pensacola, FL
- #2: San Francisco, CA
- #1: Austin, TX

(in the map: Red = seeing price cuts. Blue = stable.)

- San Antonio = 8500 houses for sale. Double from pandemic lows. Now above long term inventory avg
- Pensacola - inventory surge. 34% of sellers cut prices over last month
- Seville, TN: Revenue down 14%, projected at 32% for rest of 2023
- Nashville, TN: Downturn in luxury, Big price cuts.
- Phoenix AZ: New listings increases with price cuts in SE, PHX (Scottsdale, Tempe, Gilbert)