

INTERCAP LENDING

NMLS #190465

SDAR

ECONOMIC & HOUSING OUTLOOK

MAY 2025

QUOTES & COMPANIES

U.S. 10 Year Treasury Note

TMUBMUSD10Y (Tullett Prebon)

10:56 AM EDT 05/13/25

YIELD

4.469%

-0.005 ▼

PRICE

98 2/32

0/32 (0.01%) ▲

1 Day Range

4.425 - 4.491

52 Week Range (Yield)

3.597 - 4.817

(09/17/24 - 01/14/25)

Coupon

4.250%

Maturity

05/15/35



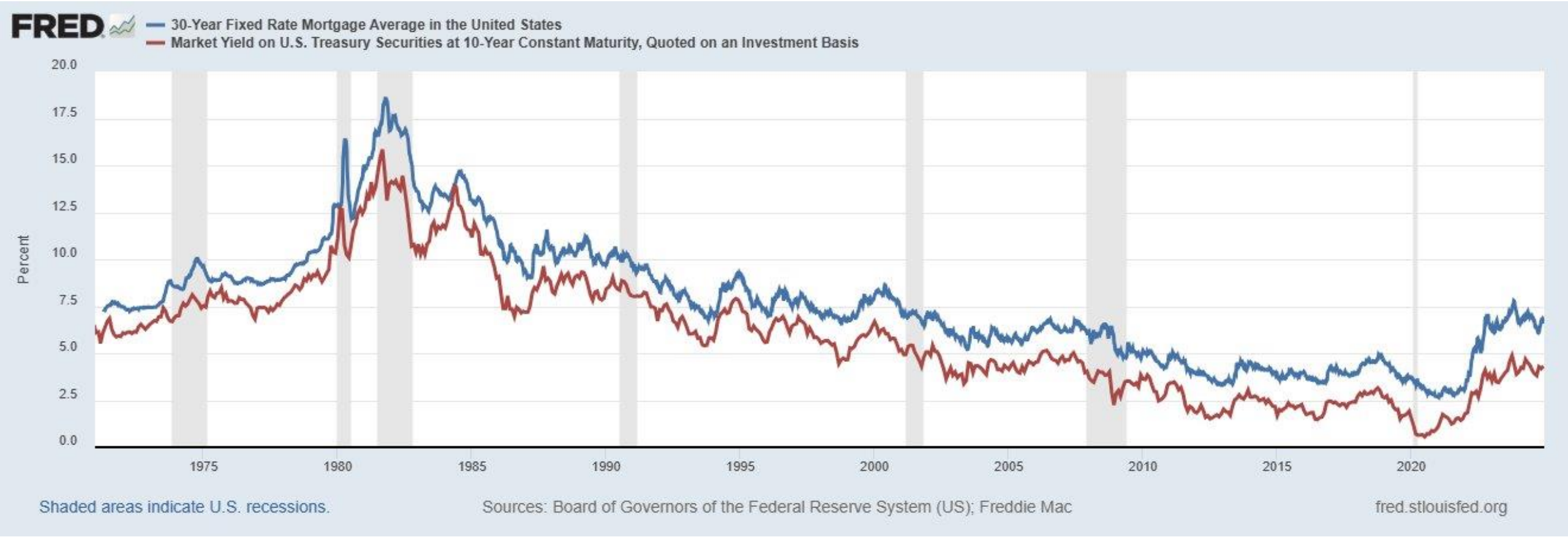
Open 4.474 Prior Close (Yield) 4.474

1 Day Price Chg TMUBMUSD10Y 0.01% ▲ Germany 10 Year -0.07% ▼ Japan 10 Year -0.51% ▼

LIBERATION DAY

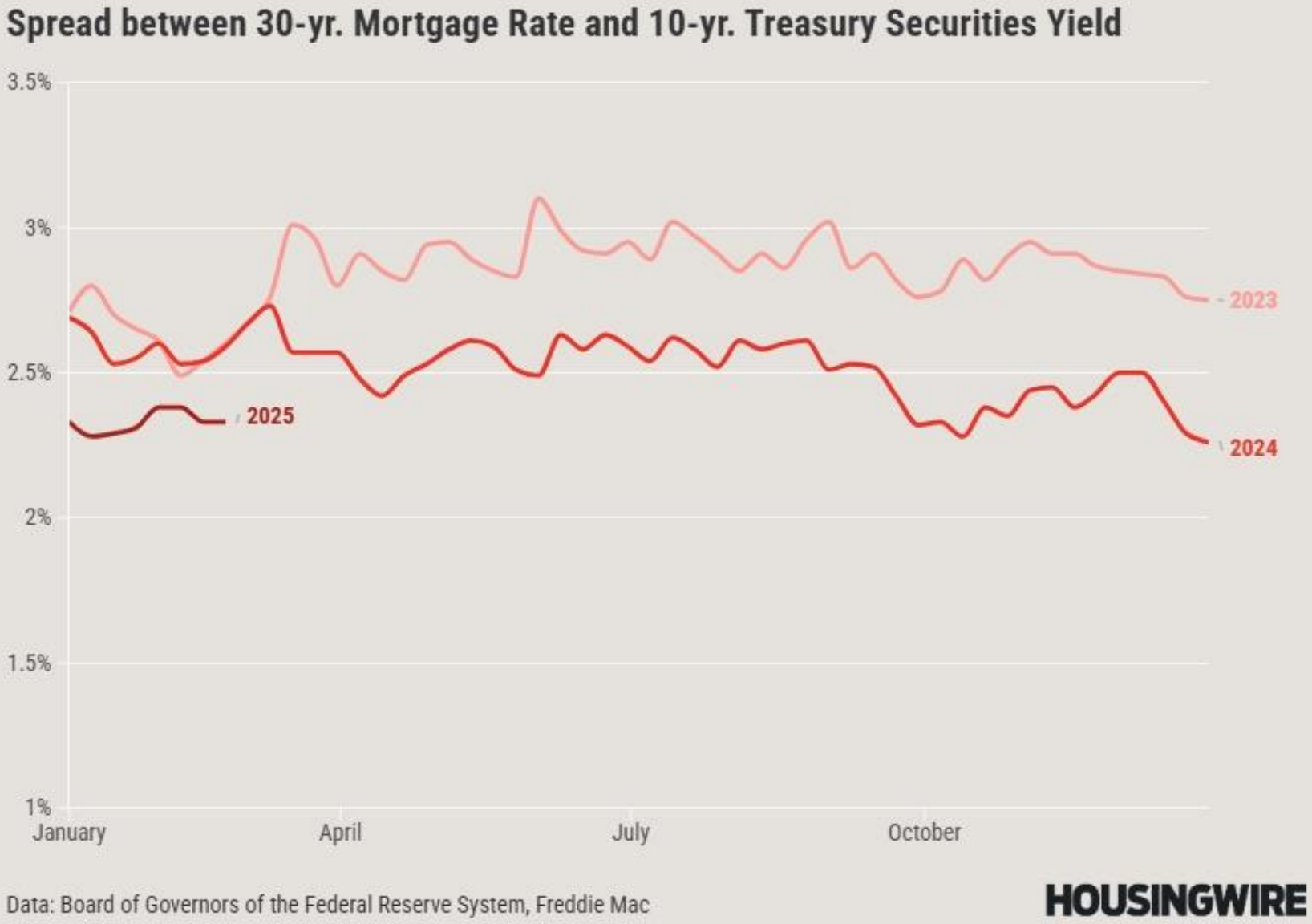
10 YEAR TREASURY OVER 1 YEAR

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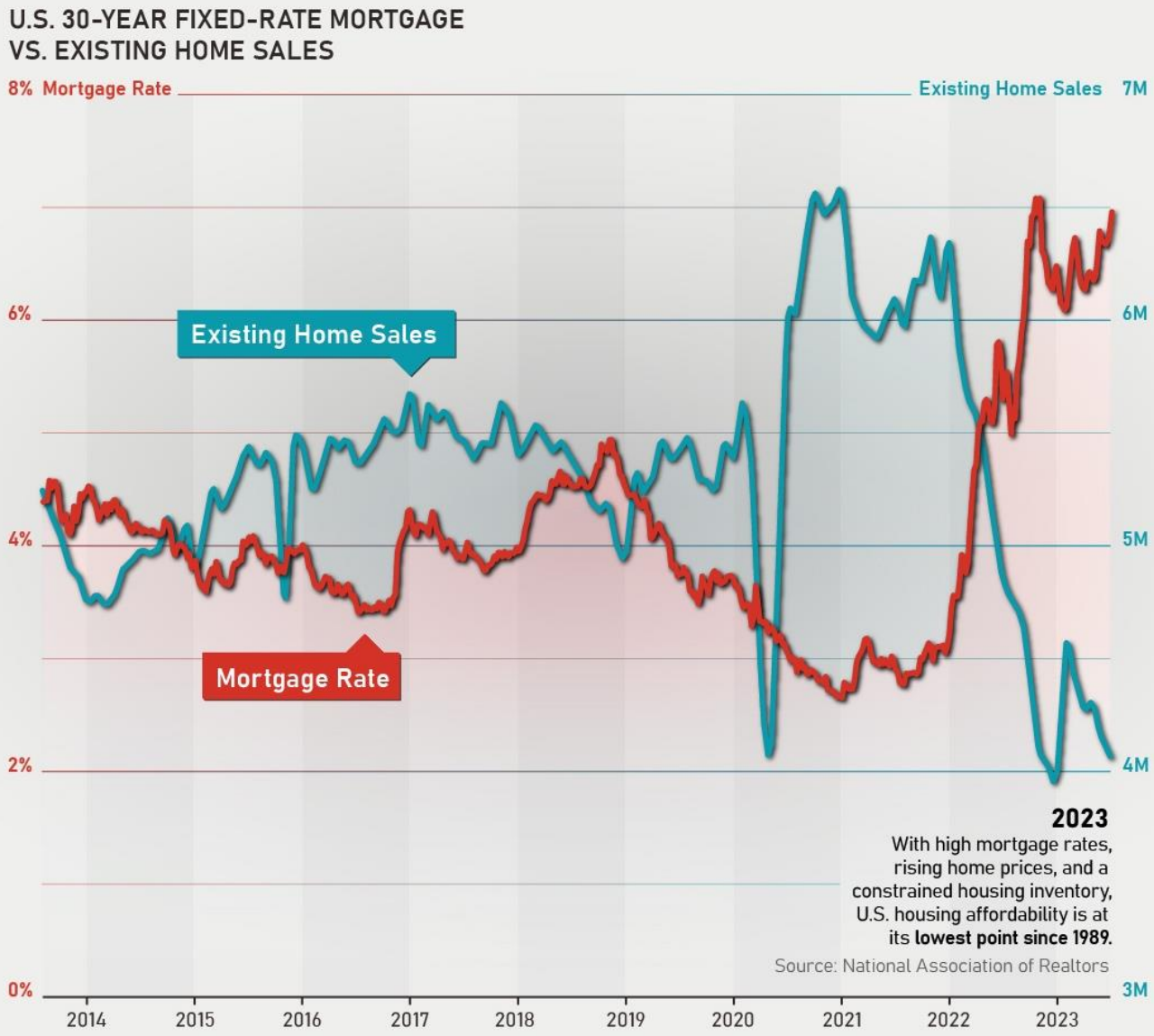
"MORTGAGE SPREAD" SINCE 1975

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MORTGAGE SPREAD SINCE 2023

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INVERSE RELATIONSHIP: RATE TO HOME SALES

Intercap LENDING

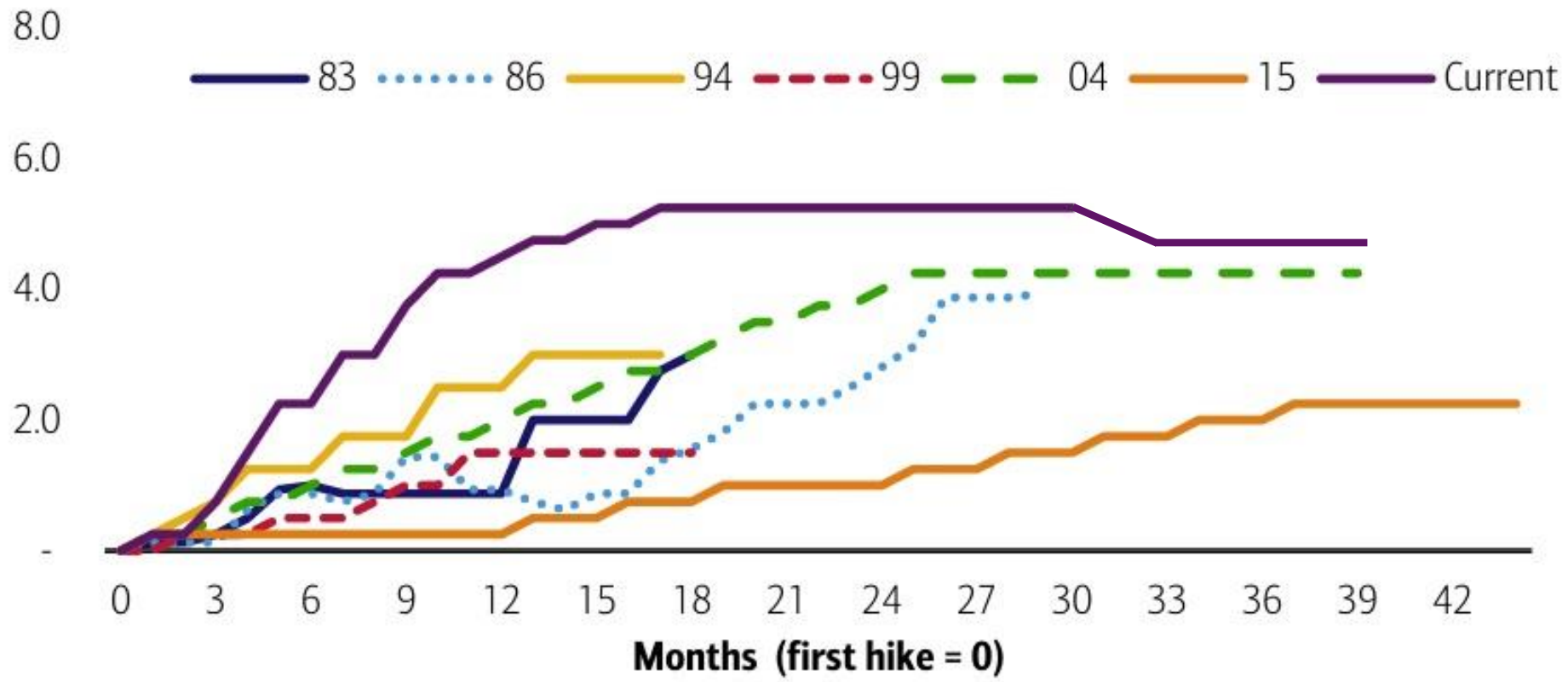


WHAT IS THE FED GOING TO DO FROM HERE?

Intercap LENDING

Exhibit 1: Fed hiking cycles (pp)

The current cycle has marked the longest the Fed has held rates at its peak before cutting.

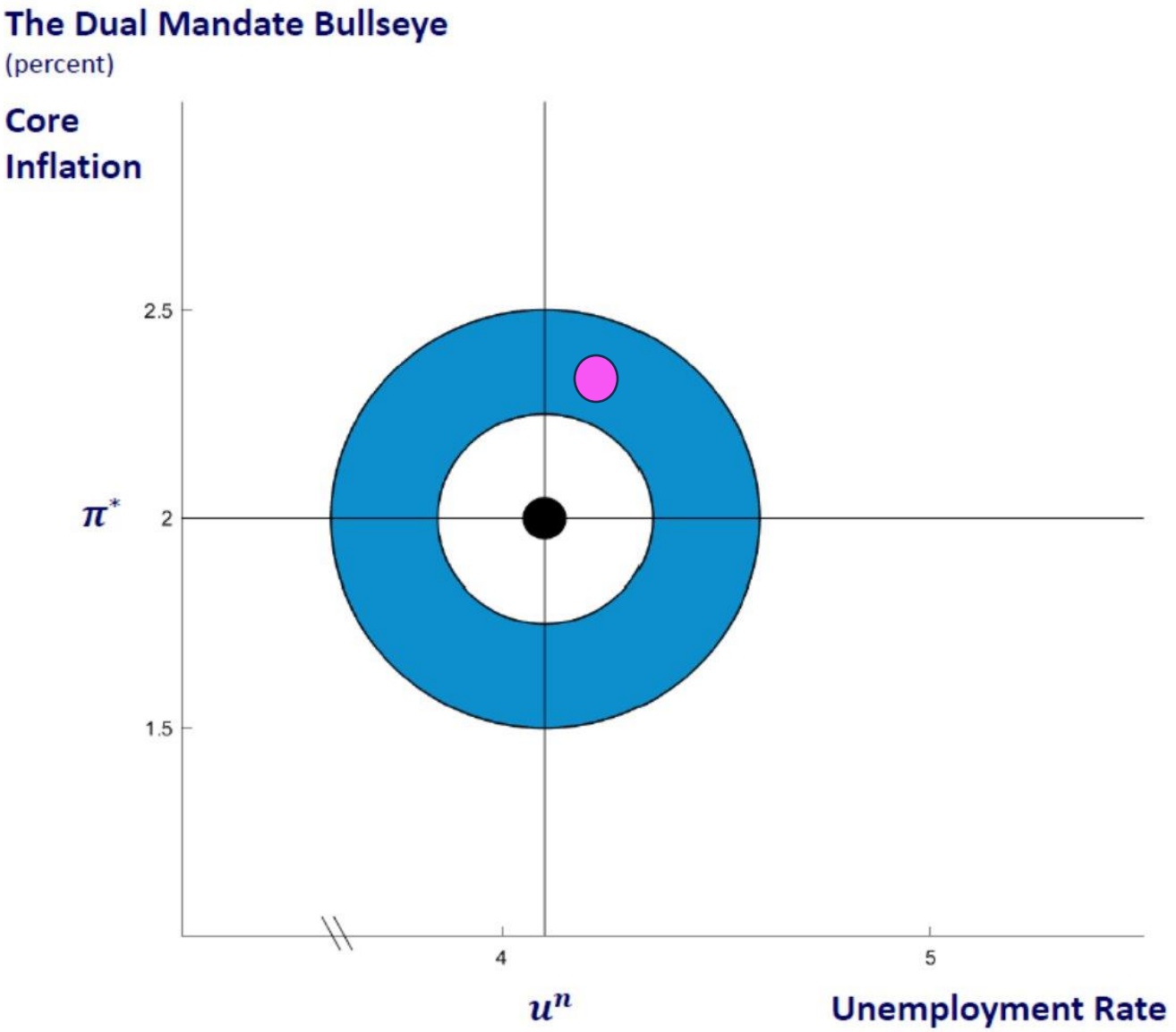


Source: Federal Reserve Board, BofA Global Research, Haver Analytics

BofA GLOBAL RESEARCH

TIGHTENING FASTEST IN MODERN HISTORY

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FED IS NEARING IT'S GOALS

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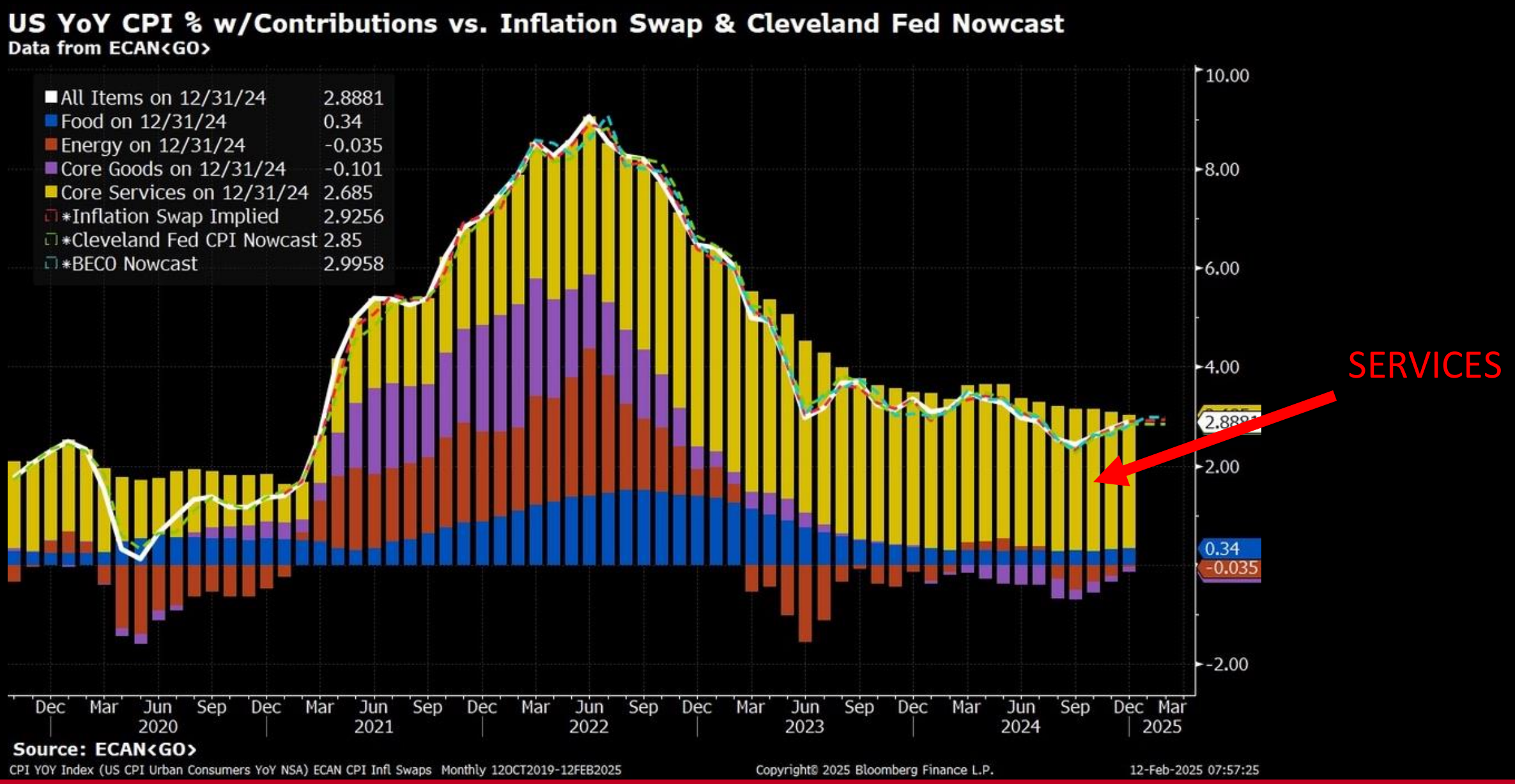
Consumer-price index, change from a year earlier



Note: Core excludes food and energy prices.
Source: Labor Department

CPI IMPROVES, NO SIGN OF TARIFF IMPACT YET

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INFLATION BREAKDOWN

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WAGE GROWTH SLOWING, BUT STILL HIGH

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Unemployment rate

4.2%

Updated Apr 2025

Total unemployed people

7.2M

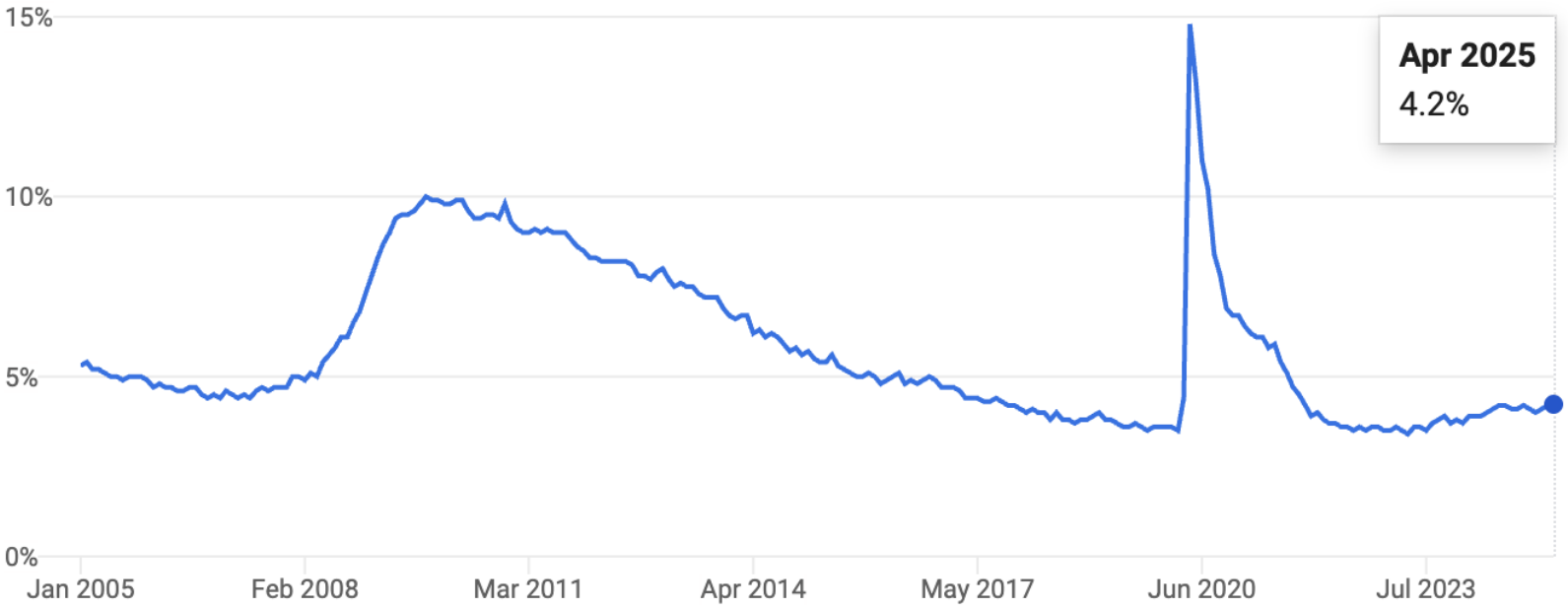
Updated Apr 2025

Unemployment insurance claims

2M

Updated May 3, 2025

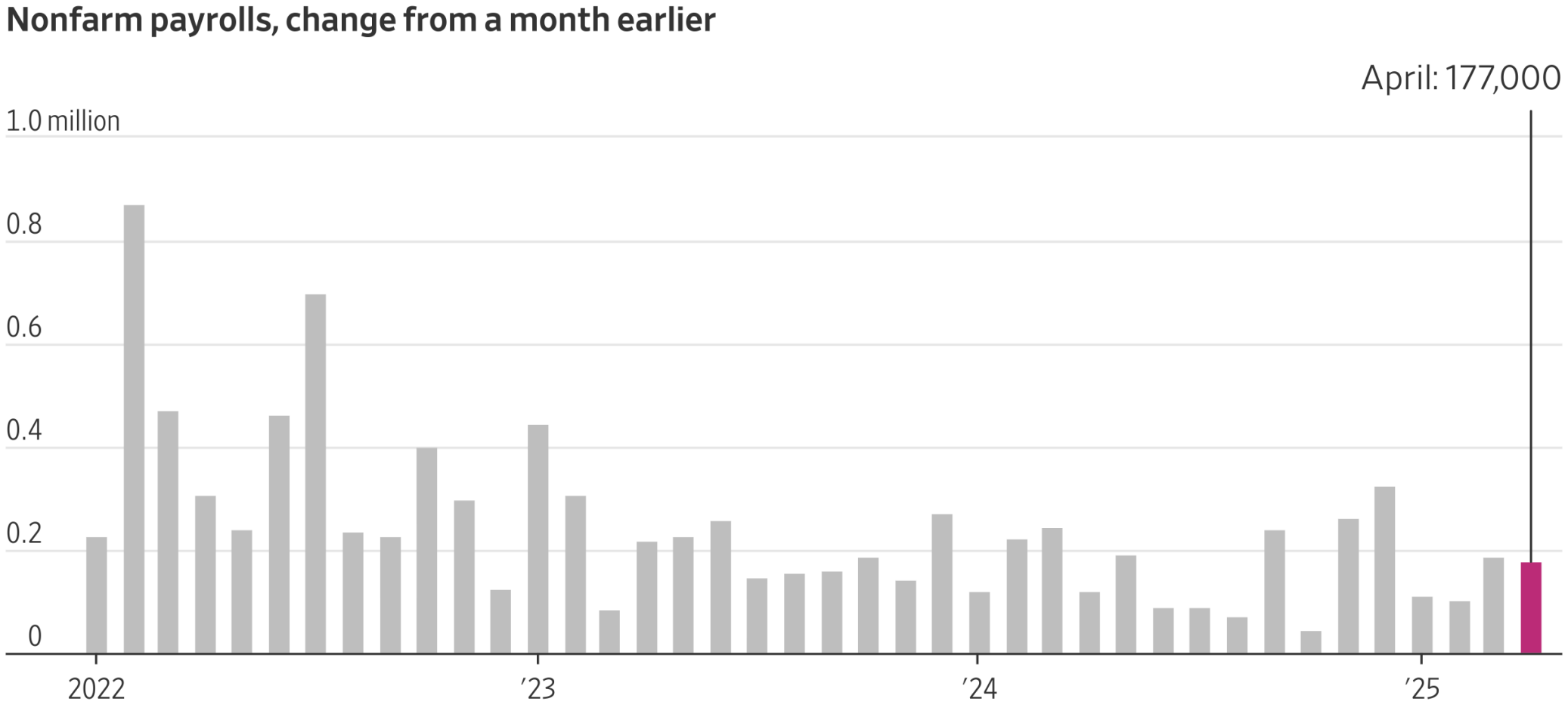
Unemployment rate | Total unemployed people | Unemployment insurance claims



Unemployment rate is collected once a month · Numbers are seasonally adjusted

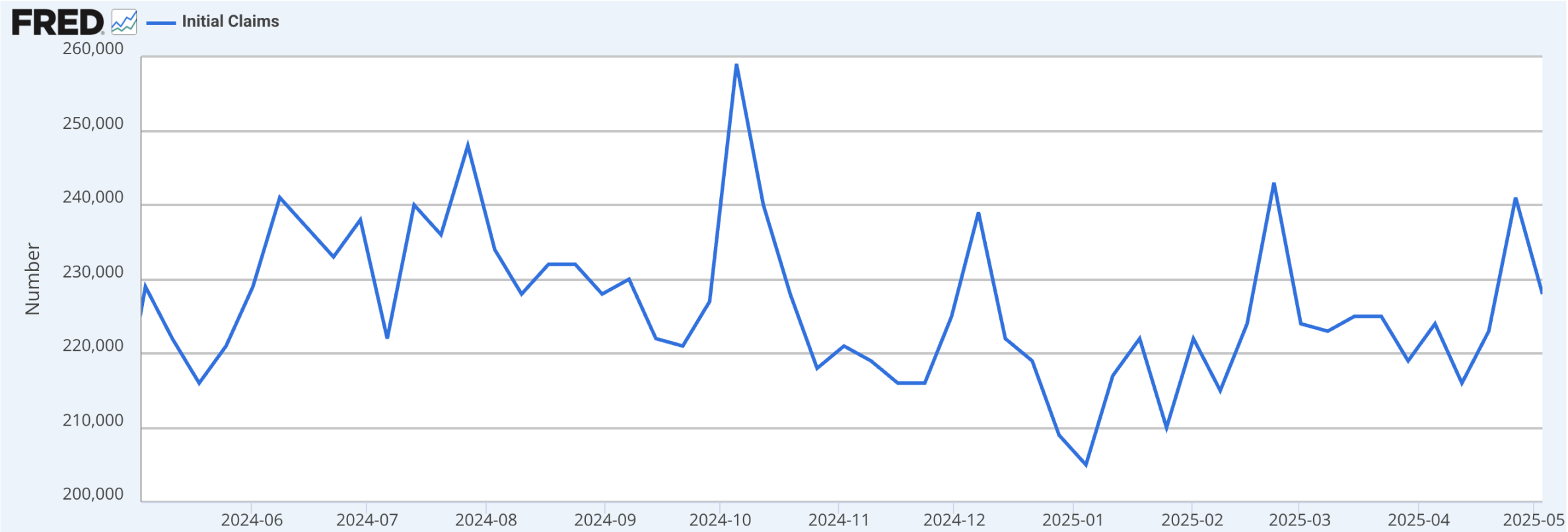
UNEMPLOYMENT

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APRIL HIRING REPORT STEADY

Intercap LENDING



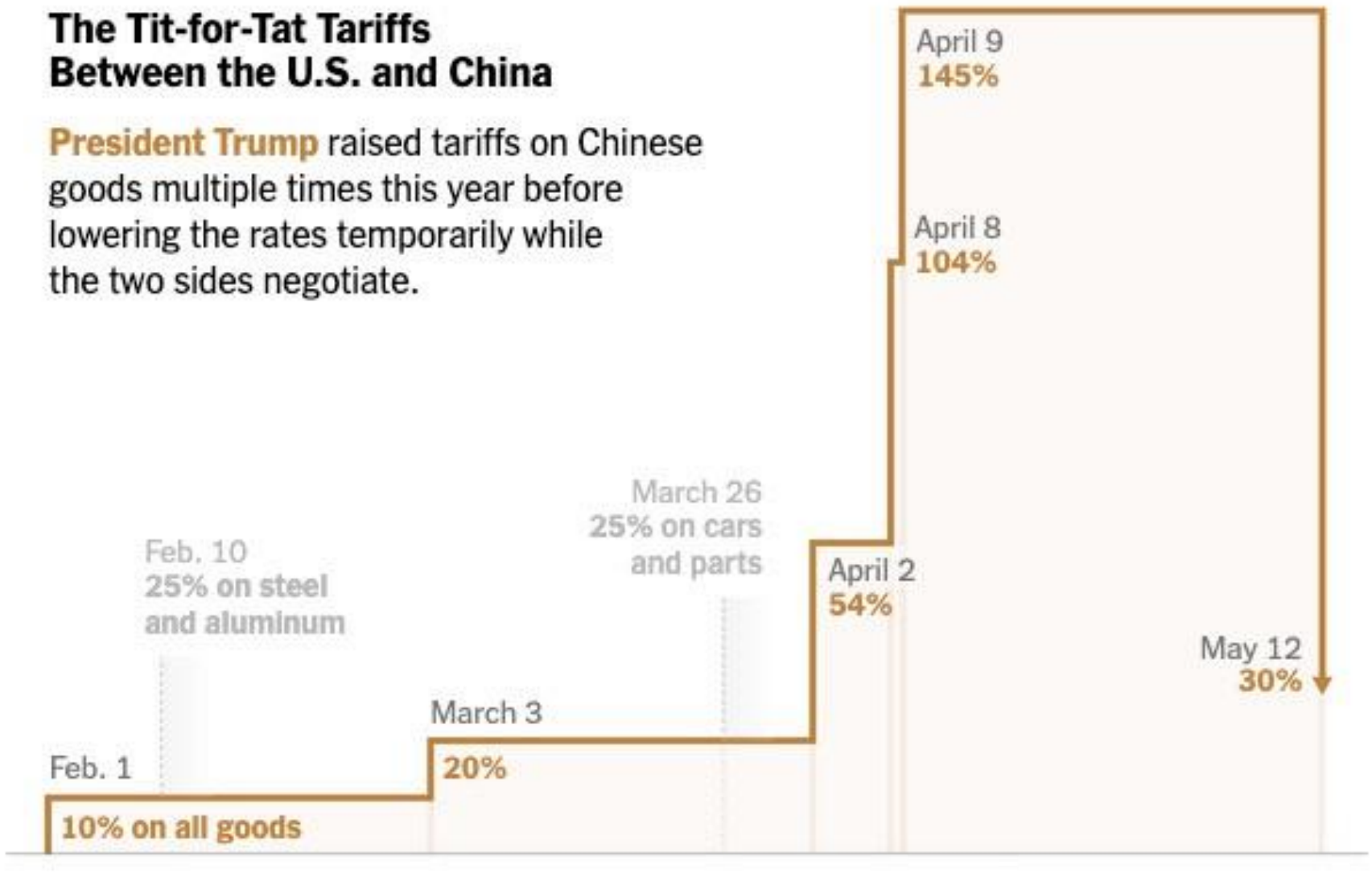
UNEMPLOYMENT CLAIMS LOW AND STEADY

Intercap LENDING



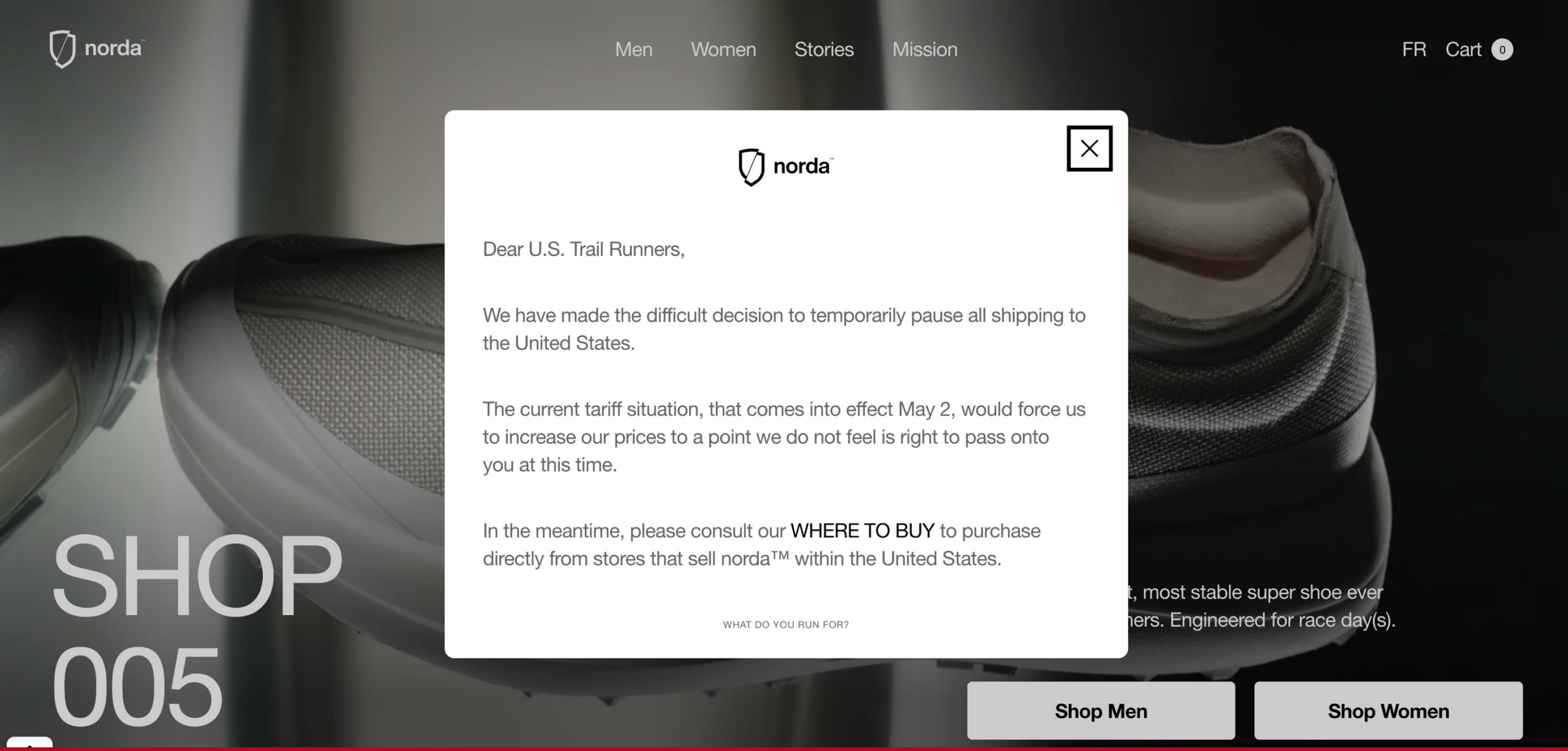
US AND MEXICO WOULD TAKE HARDEST HIT TO GDP

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CHINESE TARIFF RATE TODAY

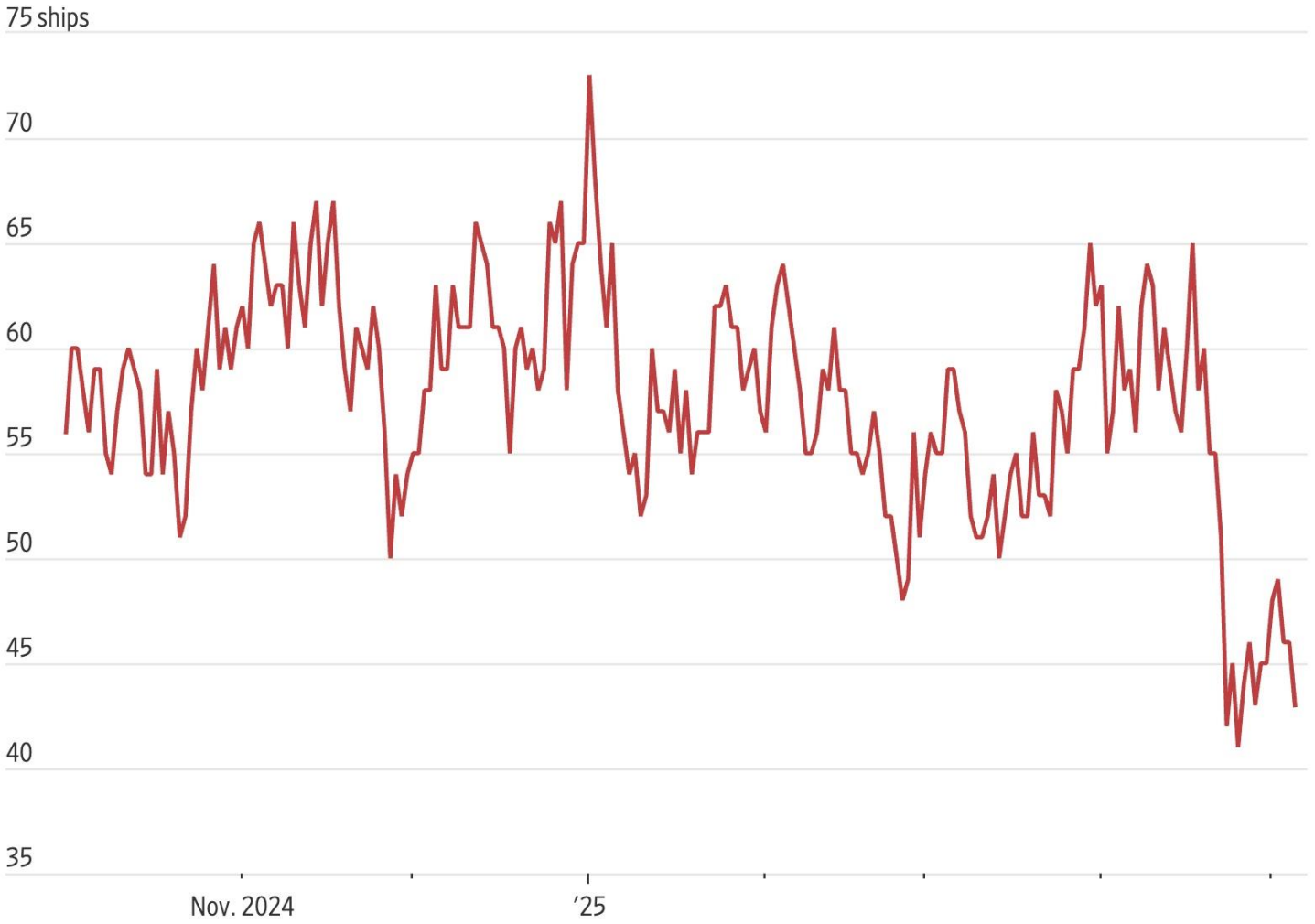
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CHINA TARIFF RATE TODAY

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Containerships expected at Southern California ports in the following two weeks

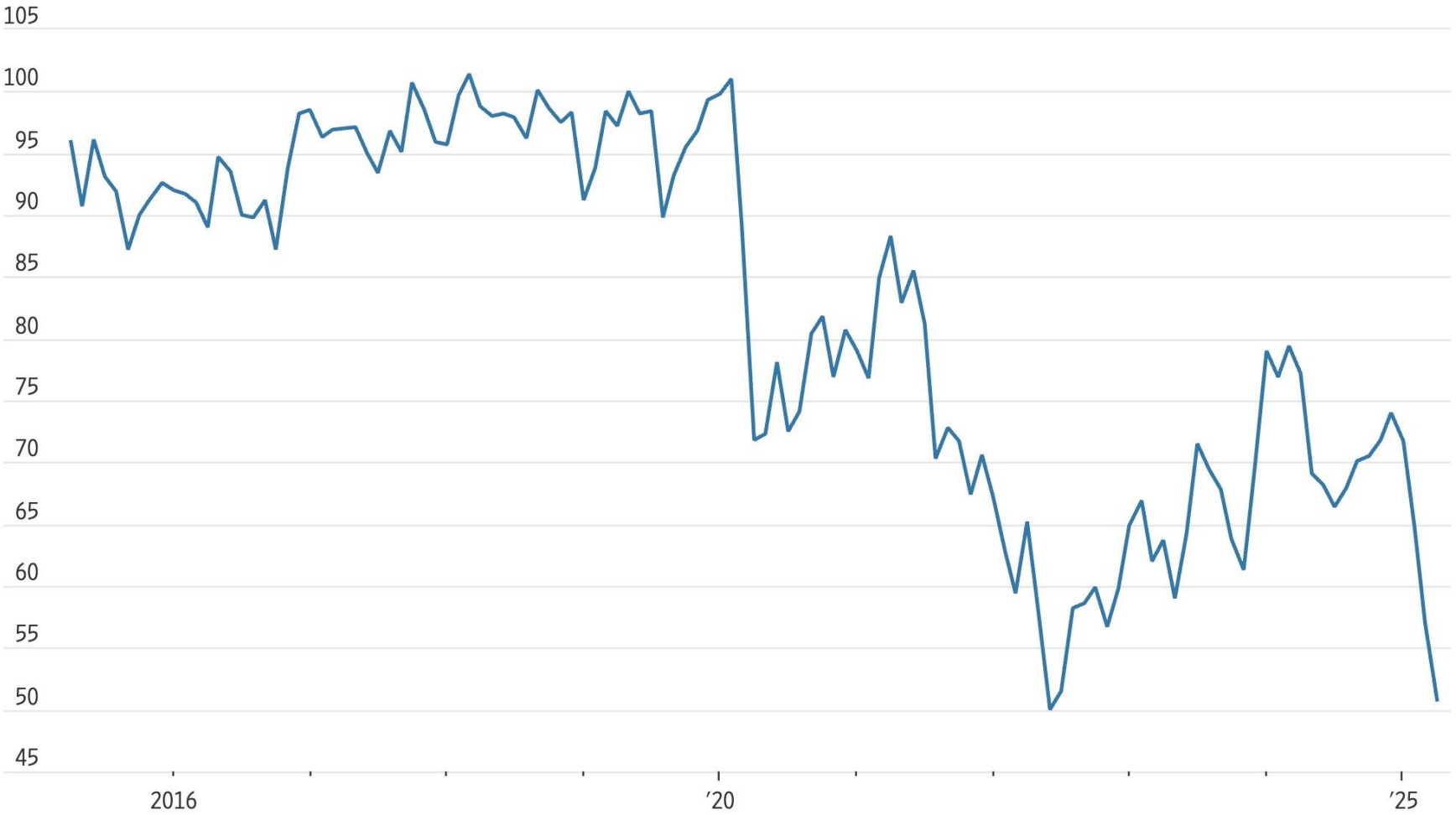


Source: Marine Exchange of Southern California

CONTAINER SHIPS EXPECTED IN So CAL PORTS – 2 WEEKS

Intercap LENDING

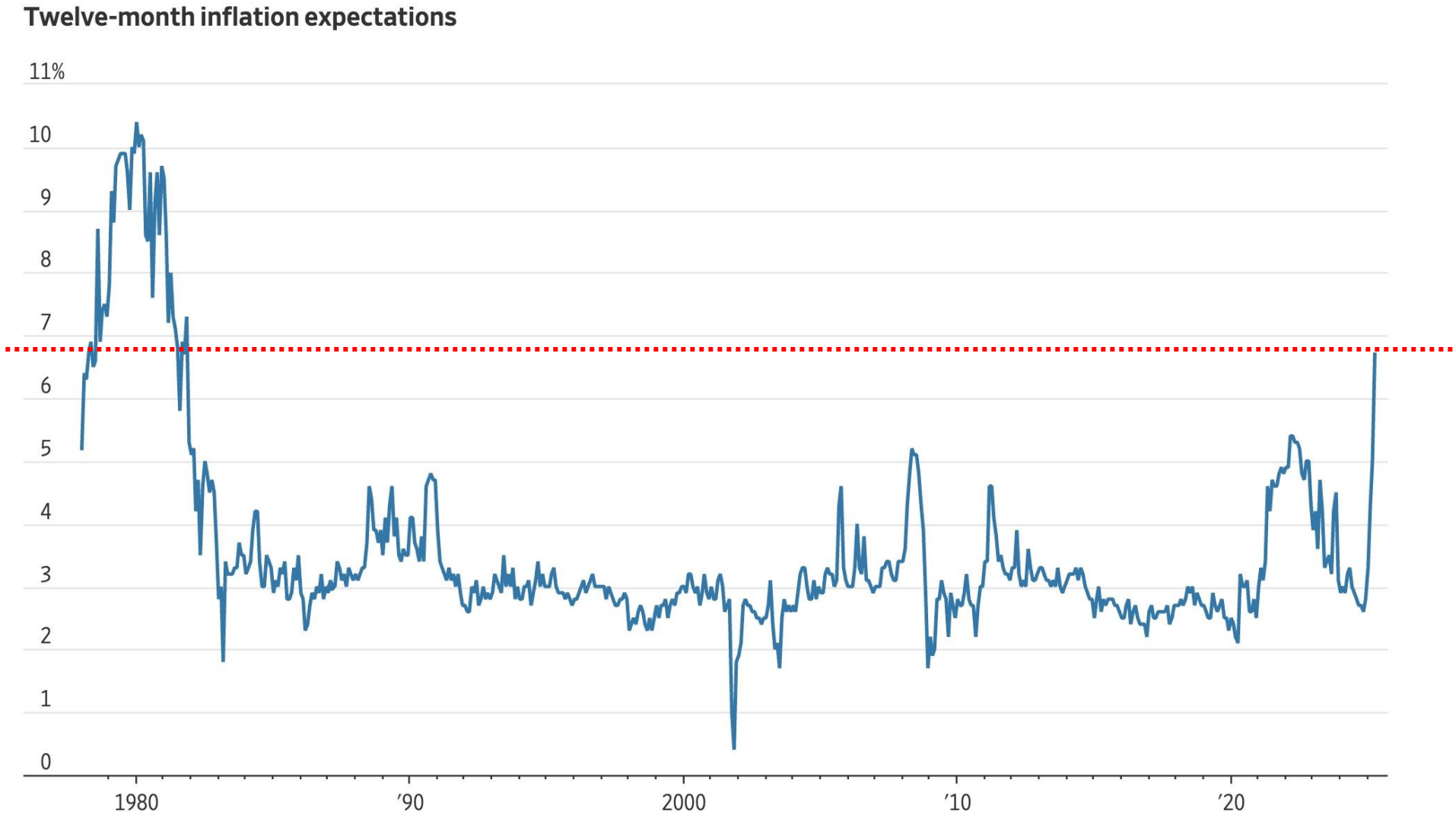
Consumer-sentiment index, past 10 years



Source: University of Michigan via LSEG

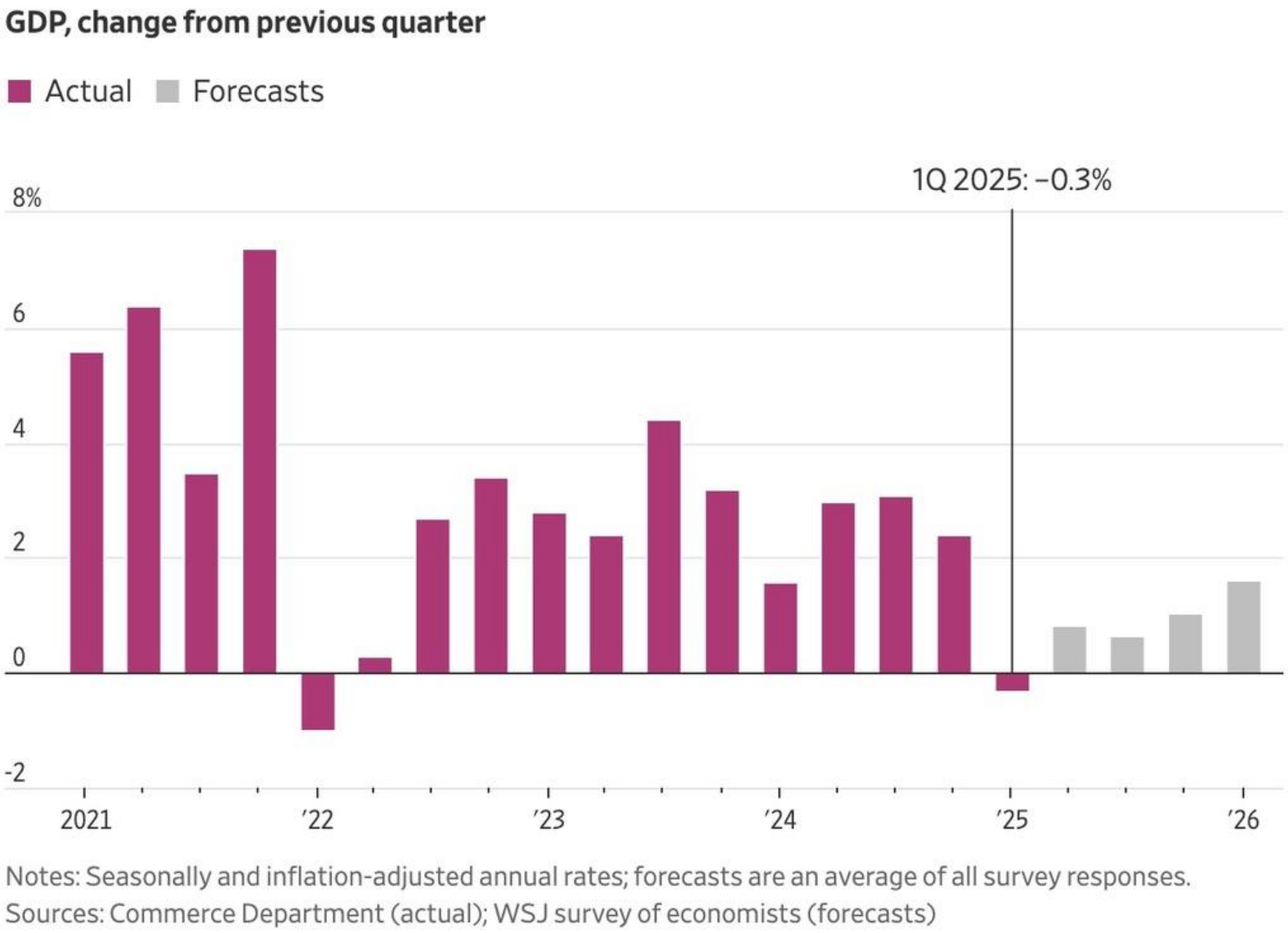
CONSUMER SENTIMENT DECLINING

Intercap LENDING



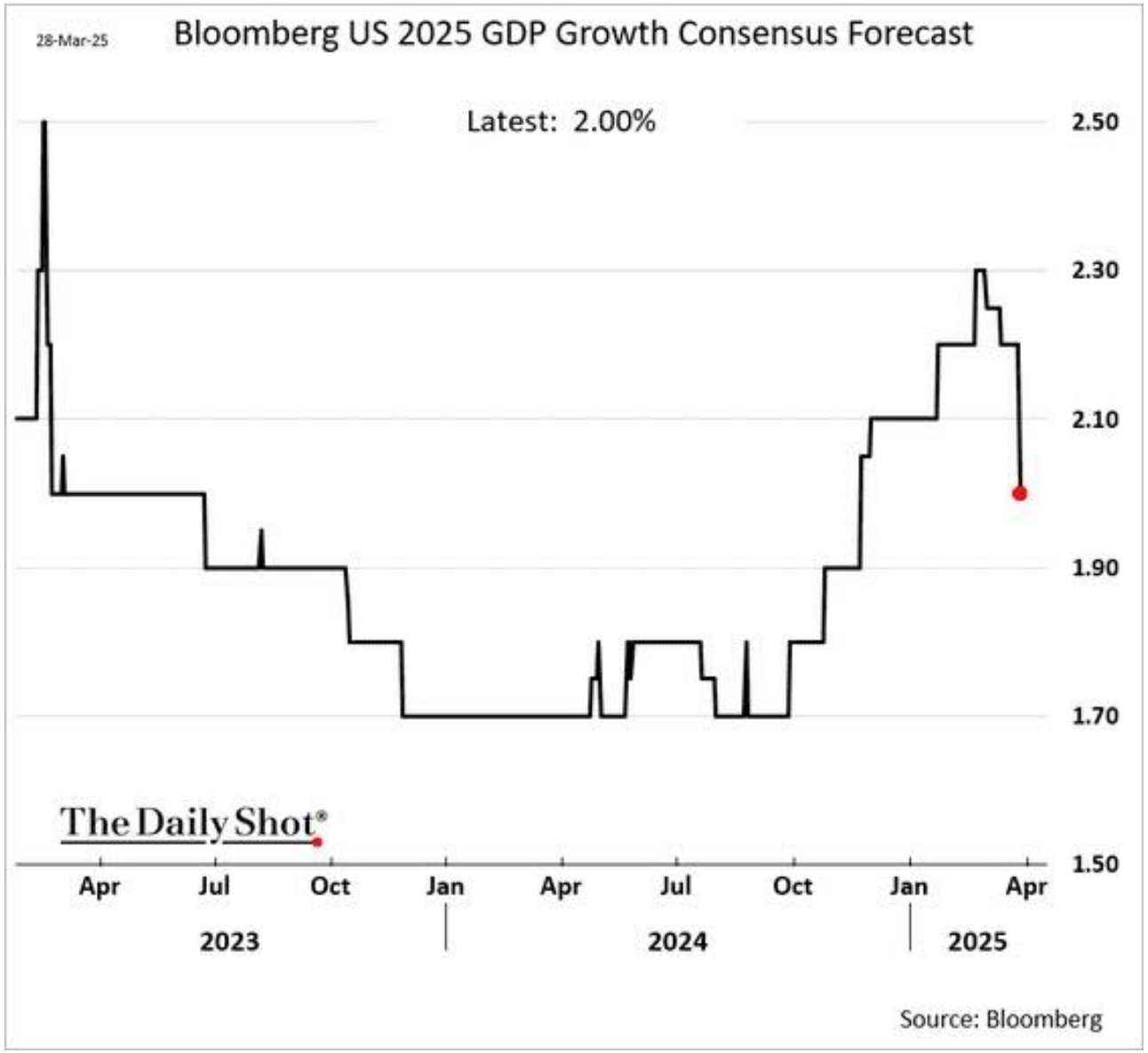
INFLATION EXPECTATIONS RISING

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GDP TAKES A HIT FROM IMPORT BUMP, STILL SOLID

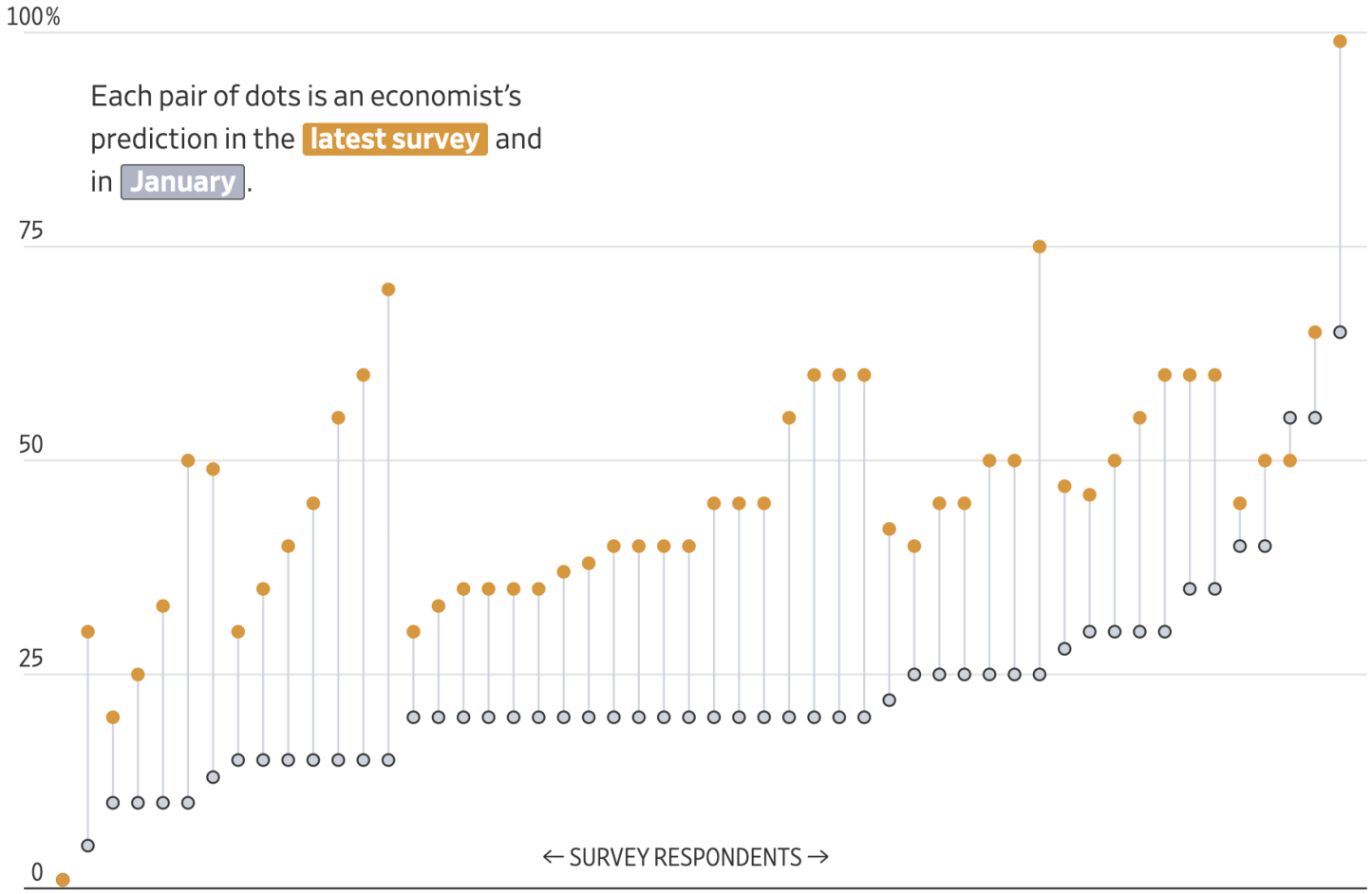
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GDP GROWTH ESTIMATES

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Likelihood of a recession in the next 12 months



Note: Limited to respondents who provided recession forecasts in both January and April.
Source: Wall Street Journal survey of economists

MASSIVE SHIFT IN RECESSION ODDS SURVEYS

Intercap LENDING

All Employees, Residential Building Construction (CES2023610001)

Observations
Feb 2025: **955.1**
Updated: Mar 7, 2025 7:49 AM CST
Next Release Date: Apr 4, 2025

Units:
Thousands of Persons,
Seasonally Adjusted

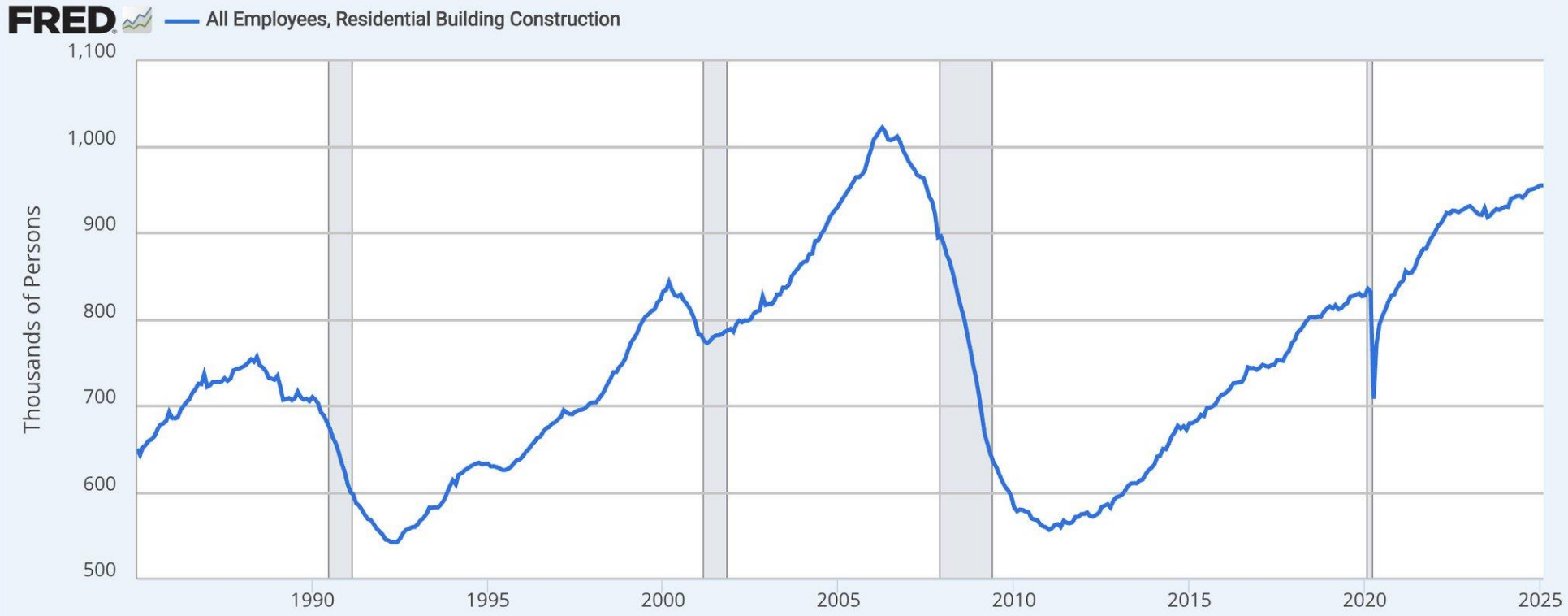
Frequency:
Monthly

1Y | 5Y | 10Y | Max

1985-01-01 to 2025-02-01

Edit Graph

Download



Source: U.S. Bureau of Labor Statistics via FRED®
Shaded areas indicate U.S. recessions.

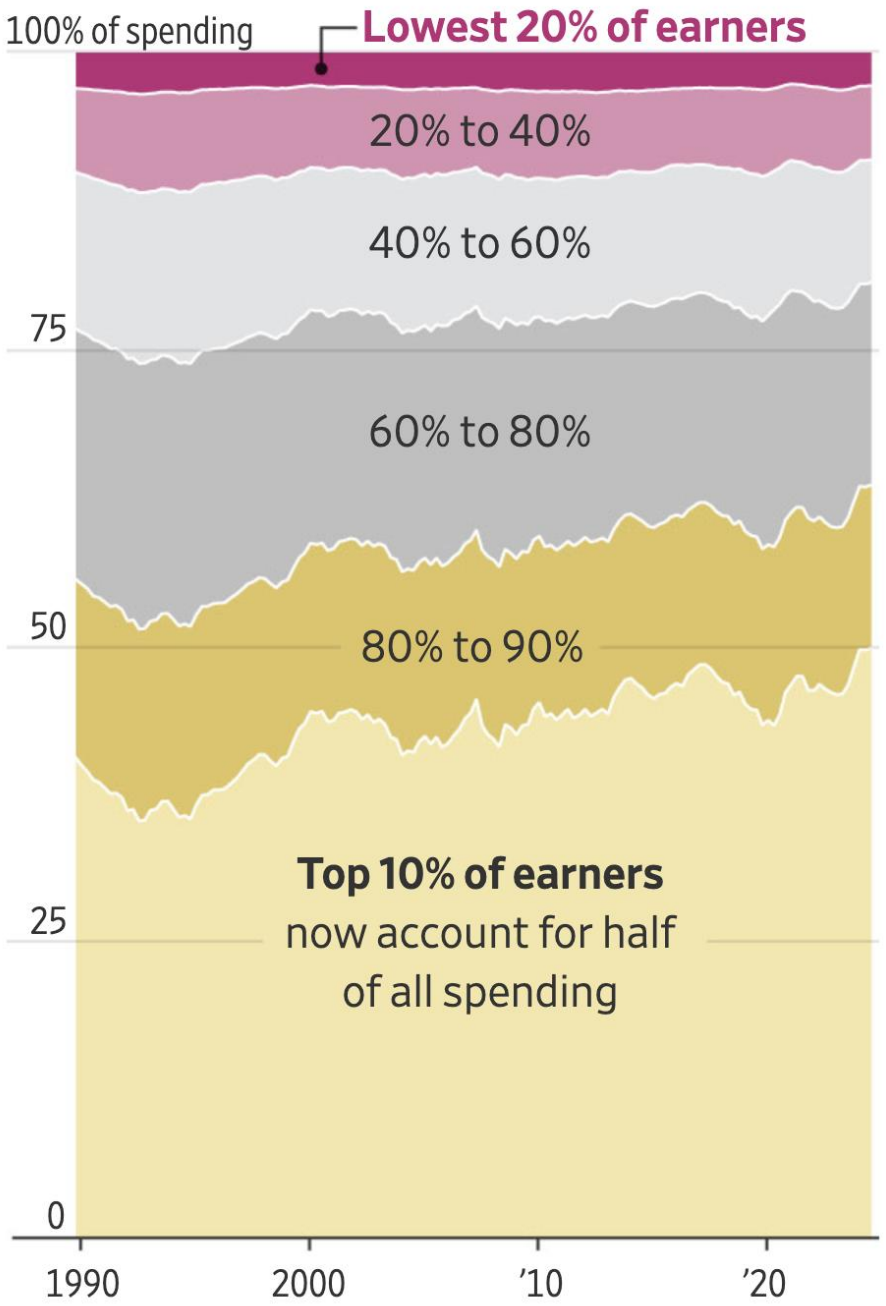
fred.stlouisfed.org

Fullscreen

RESDIENTIAL CONSTRUCTION EMPLOYMENT

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Share of spending, by income group

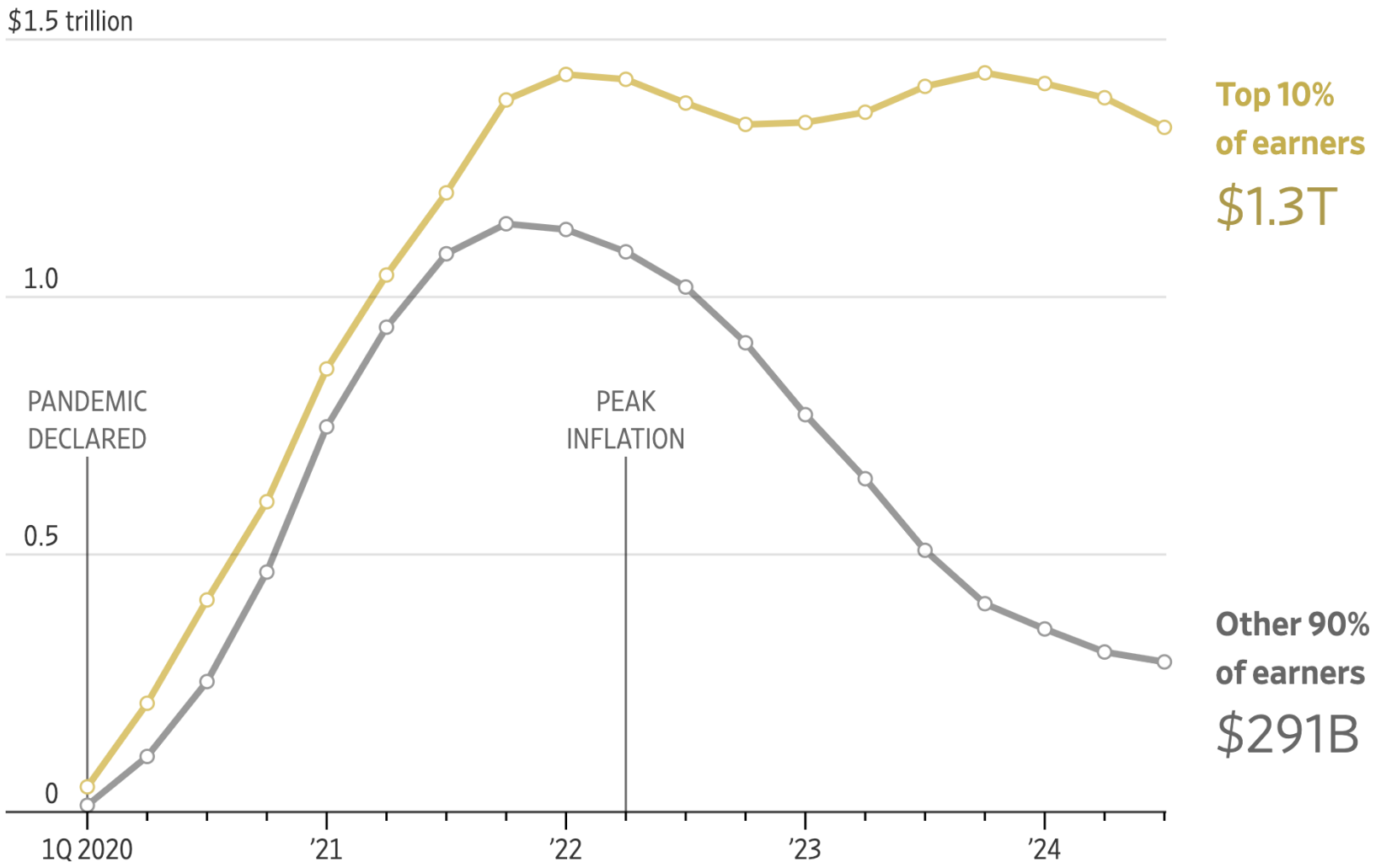


Source: Moody's Analytics

Intercap
LENDING



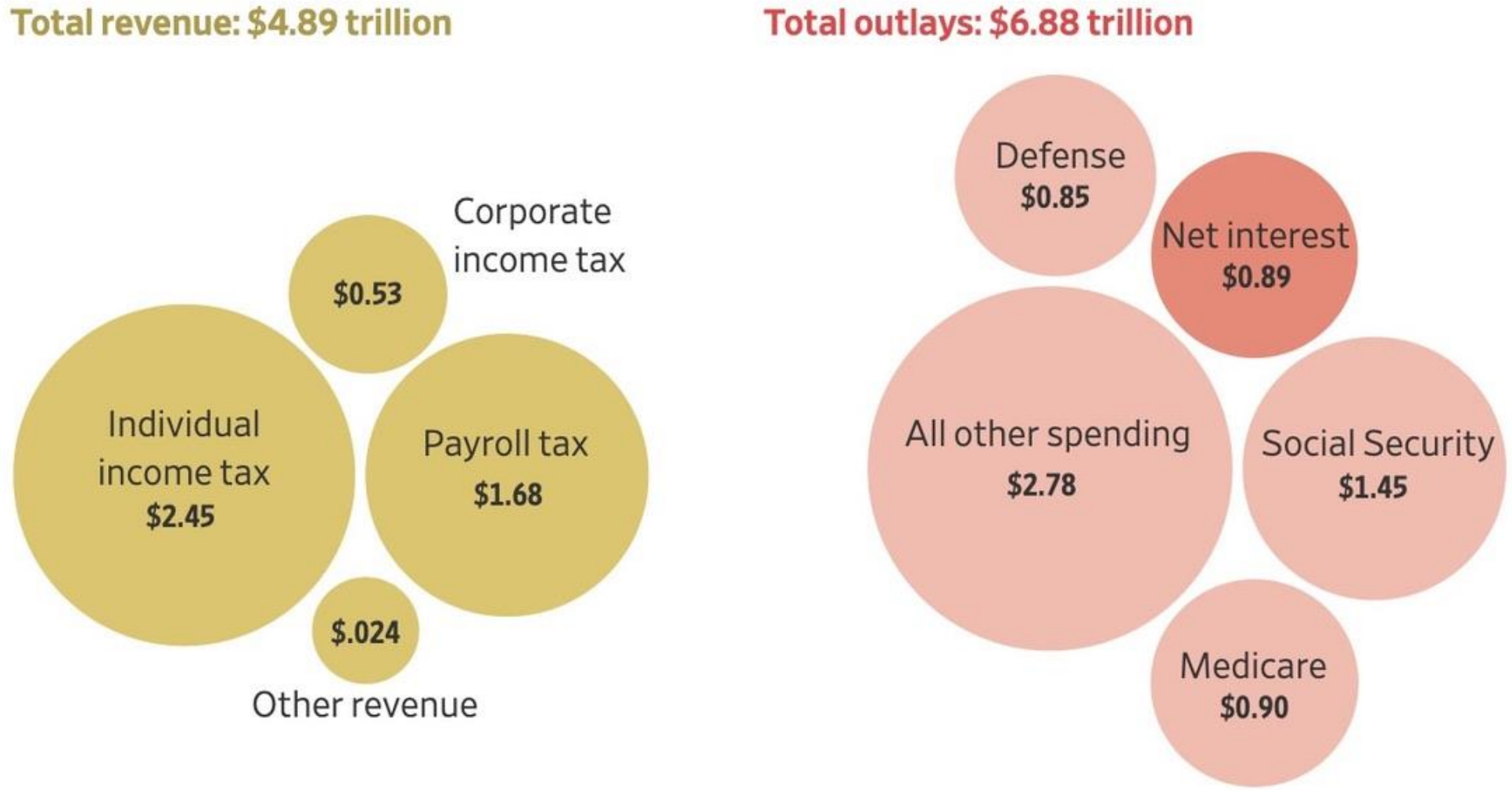
Intercap LENDING



Note: Chart shows savings above the typical prepandemic saving rate.
Source: Moody's Analytics

SAVINGS BY INCOME LEVEL

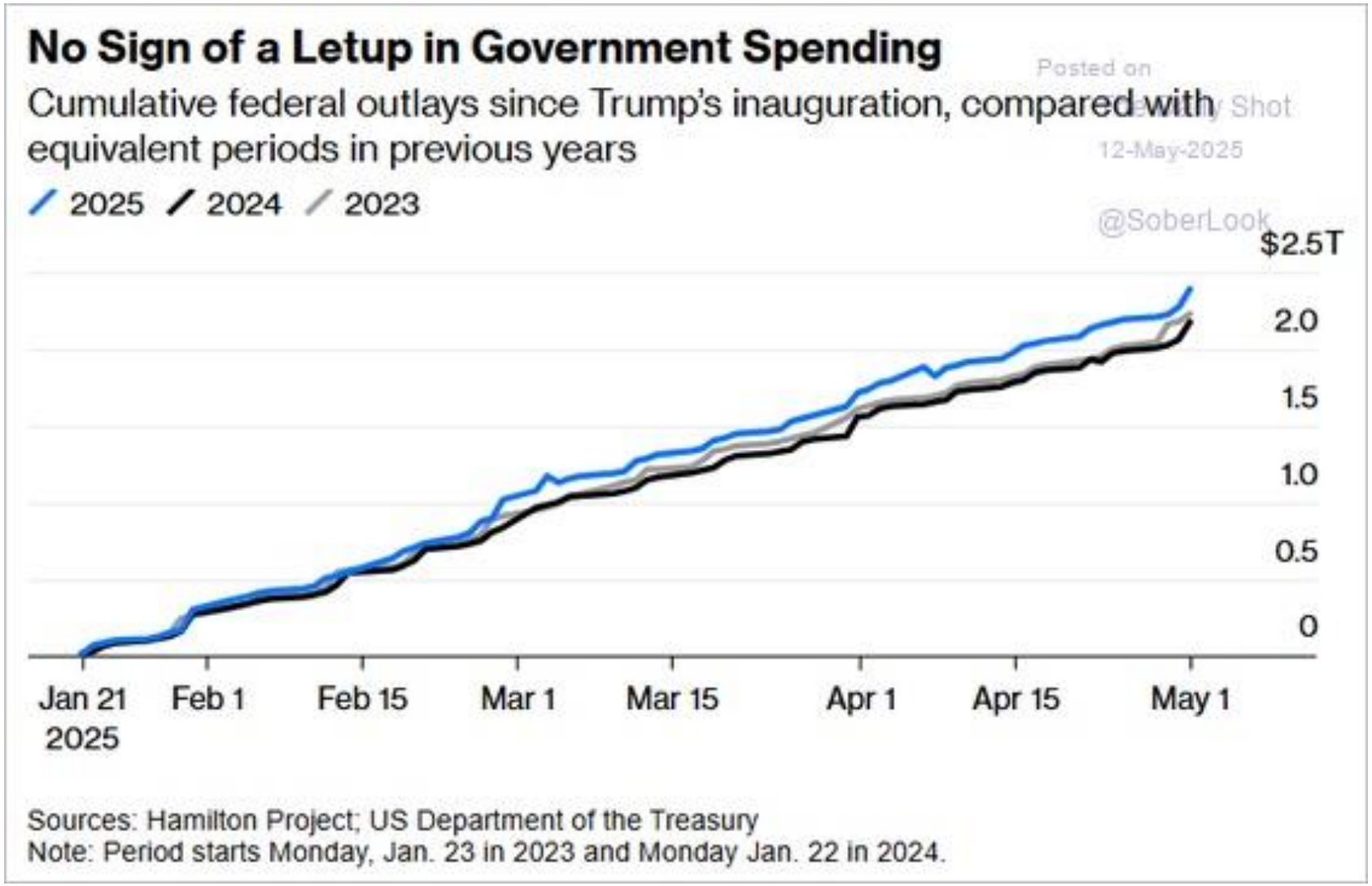
Intercap LENDING



Source: Congressional Budget Office

WHAT DOES U.S. INCOME STATEMENT LOOK LIKE?

Intercap LENDING

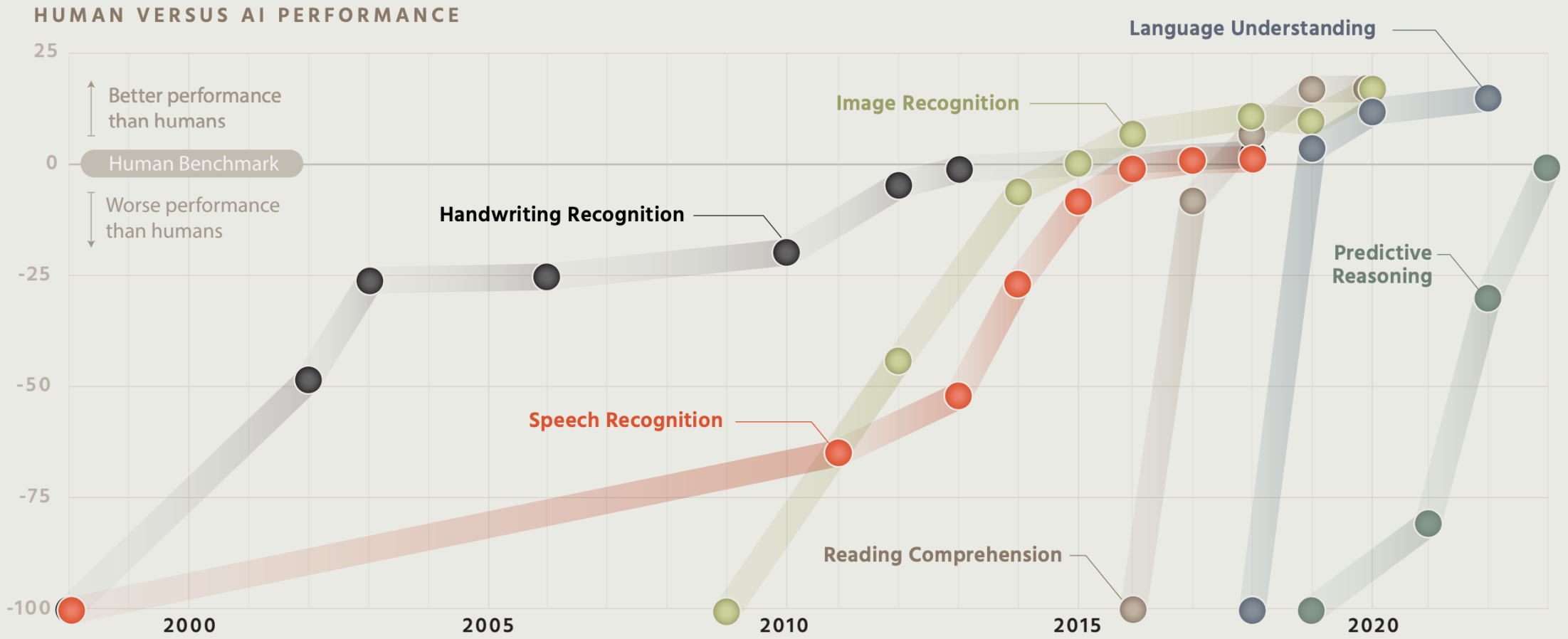


PERSISTENT GOVERNMENT OVERSPENDING

Intercap LENDING

THE SUPERHUMAN POWER OF AI

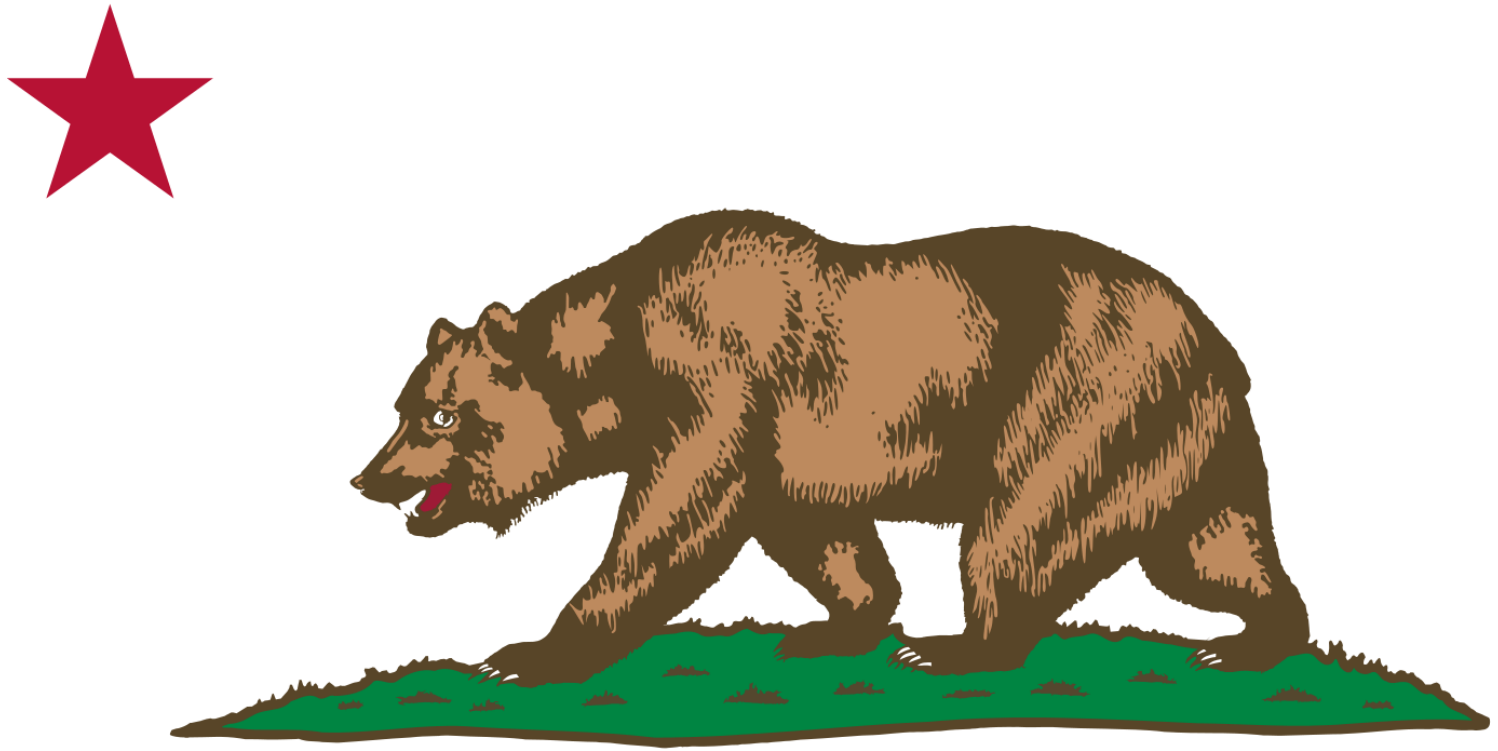
AI has rapidly advanced and has begun to surpass human capabilities in areas like language understanding, image recognition, and predictive reasoning. This progression could unlock new opportunities for innovation and drive significant gains in productivity.



Source: contextual.ai (2023)

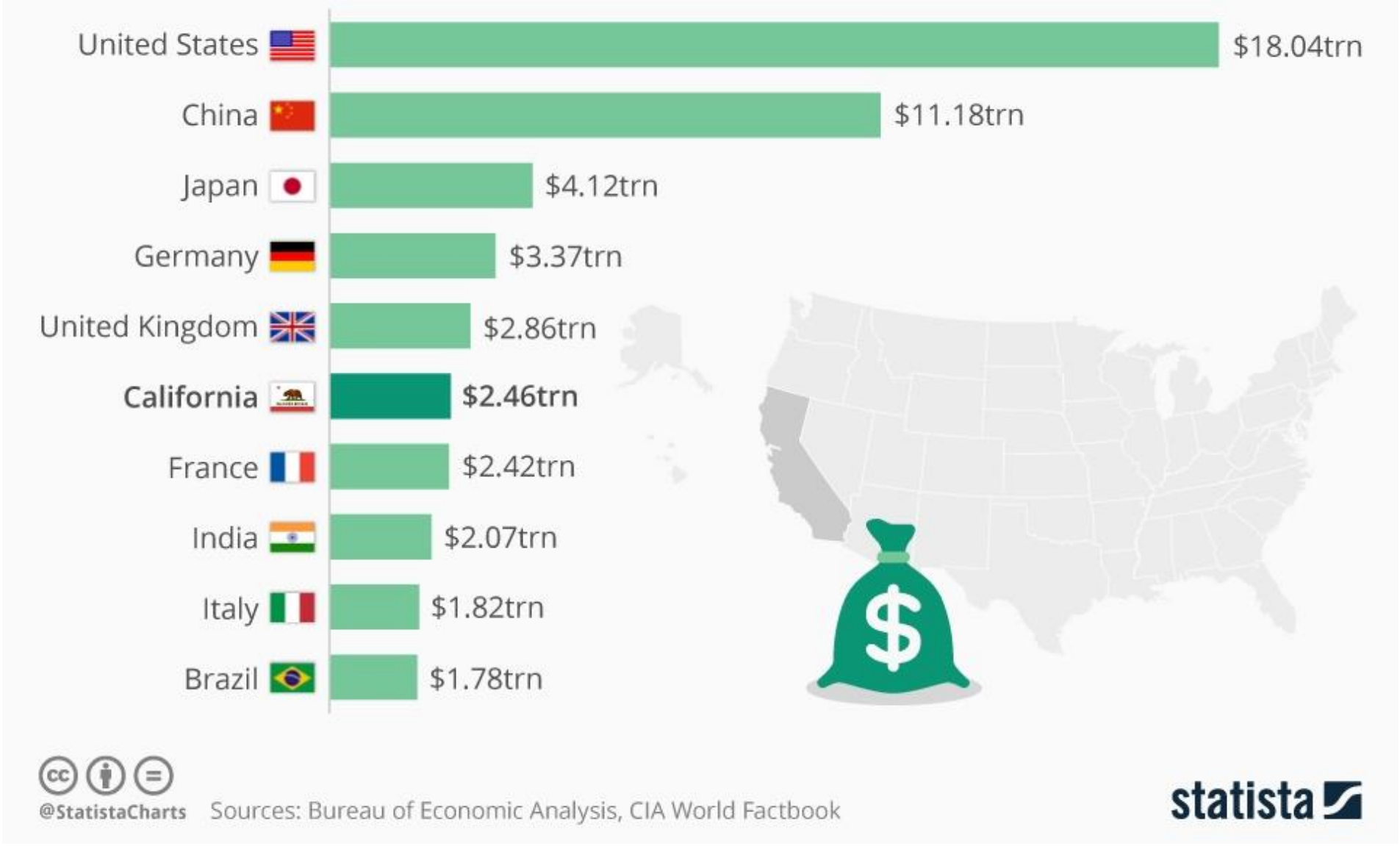
WHAT'S THE POTENTIAL IMPACT OF AI

Intercap LENDING



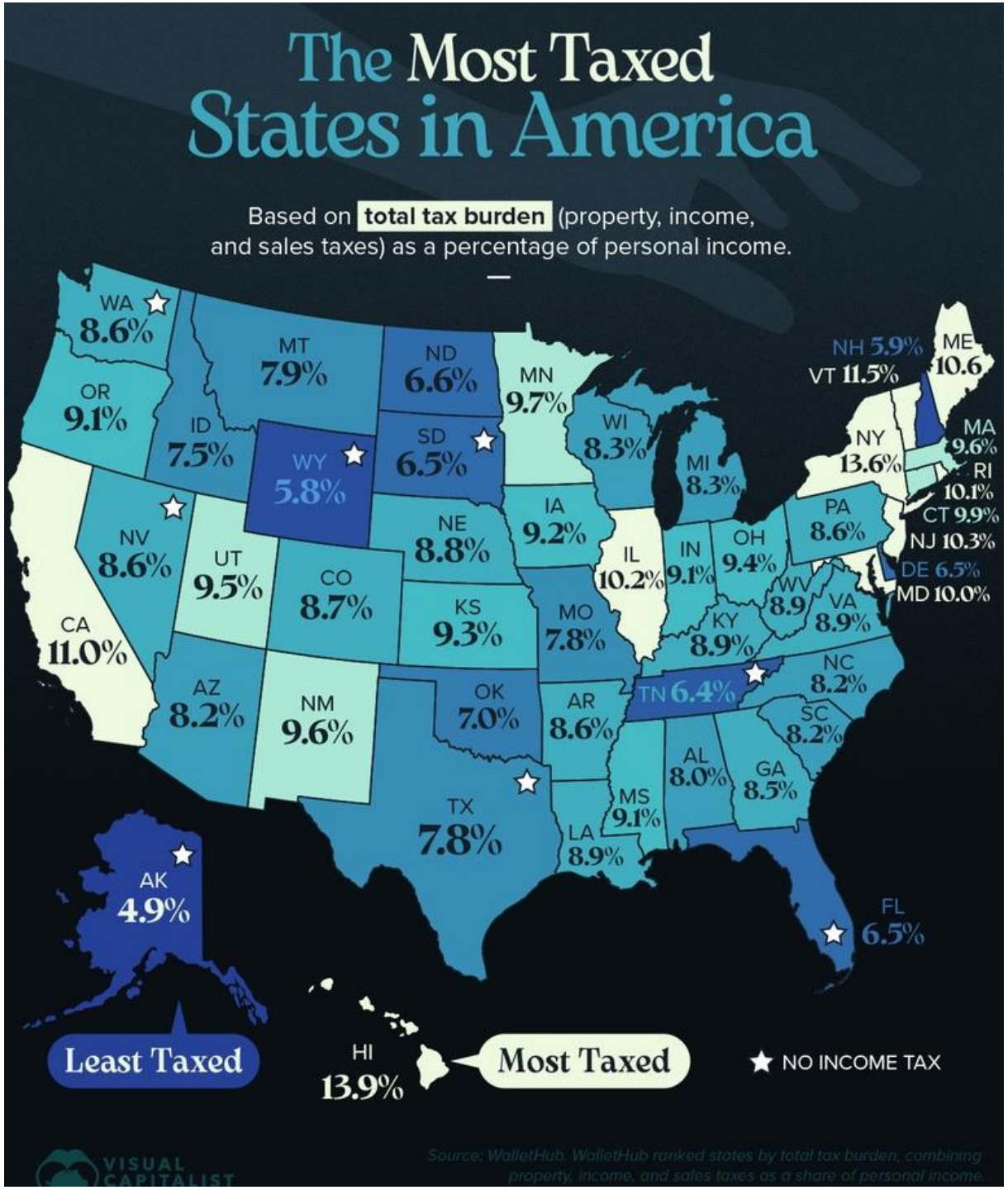
CALIFORNIA

Intercap LENDING

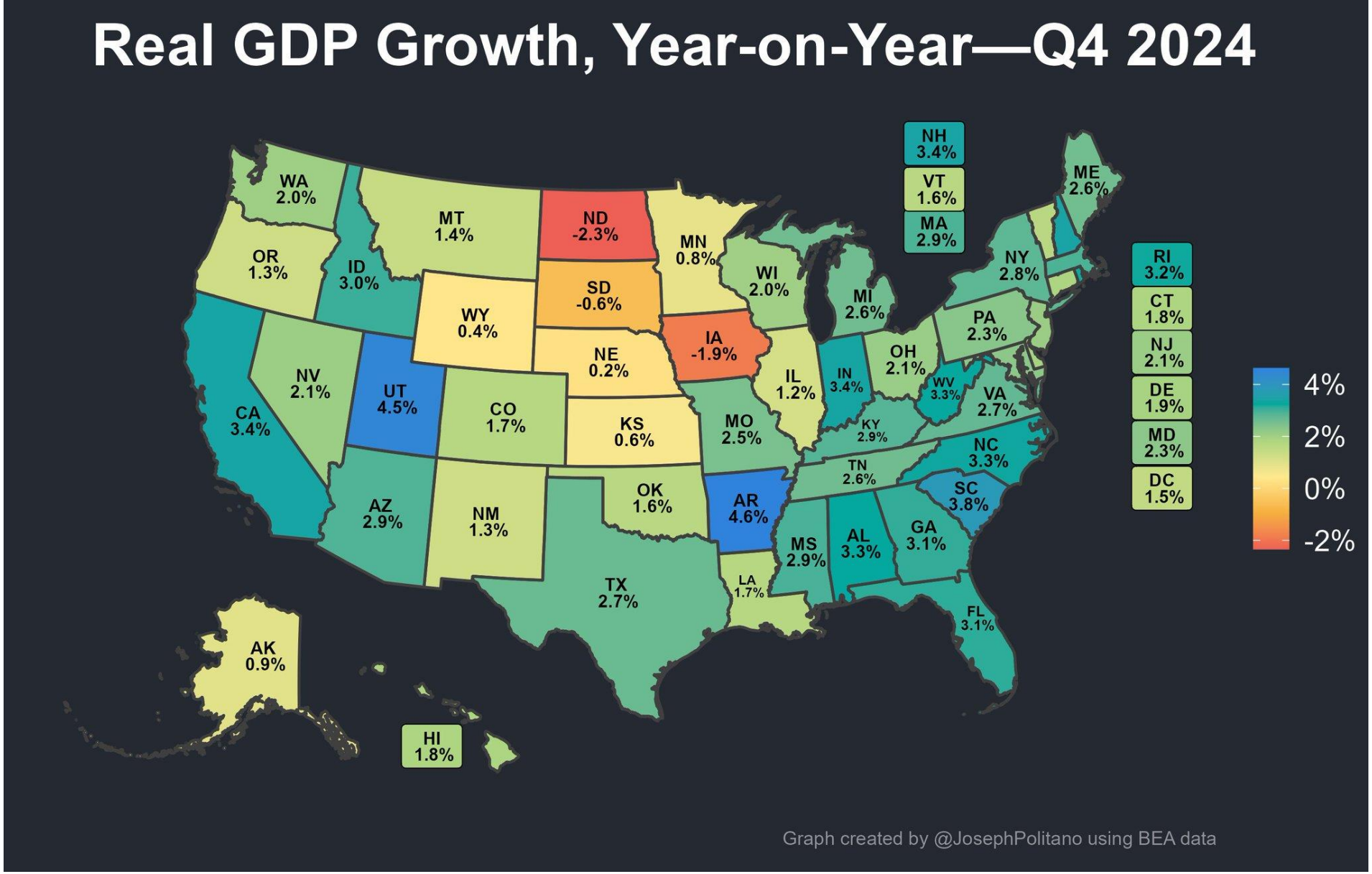


ONLY 5 COUNTRIES HAVE A BIGGER ECONOMY THAN CA

Intercap LENDING

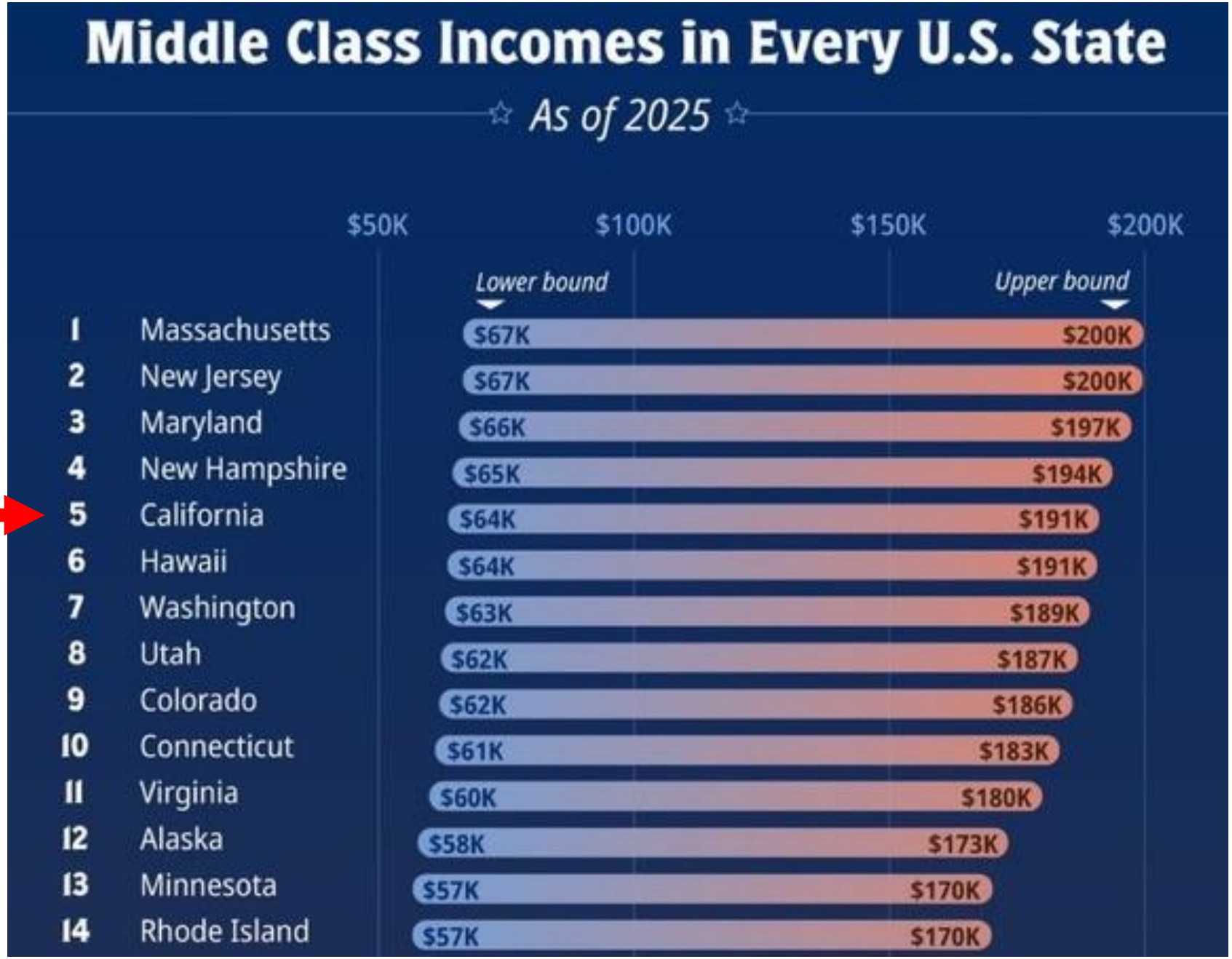


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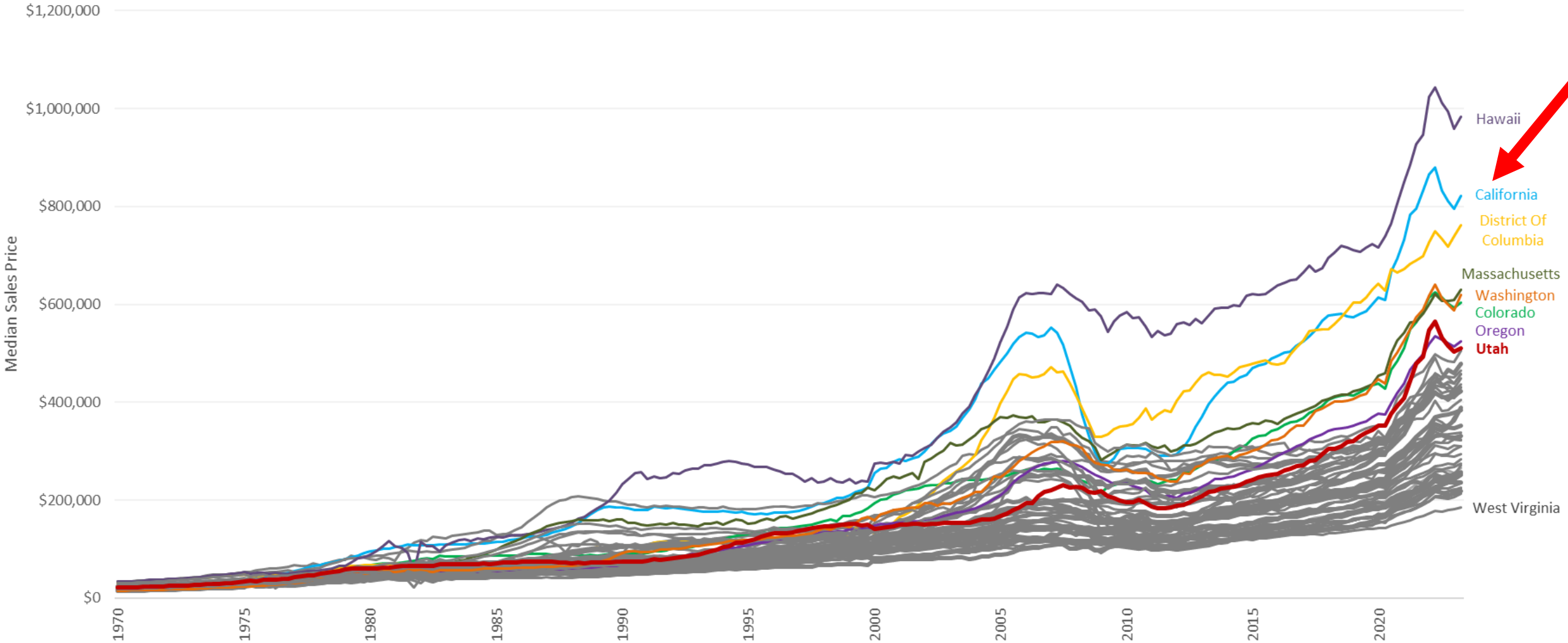


GDP GROWTH 2024

Intercap LENDING



Intercap LENDING



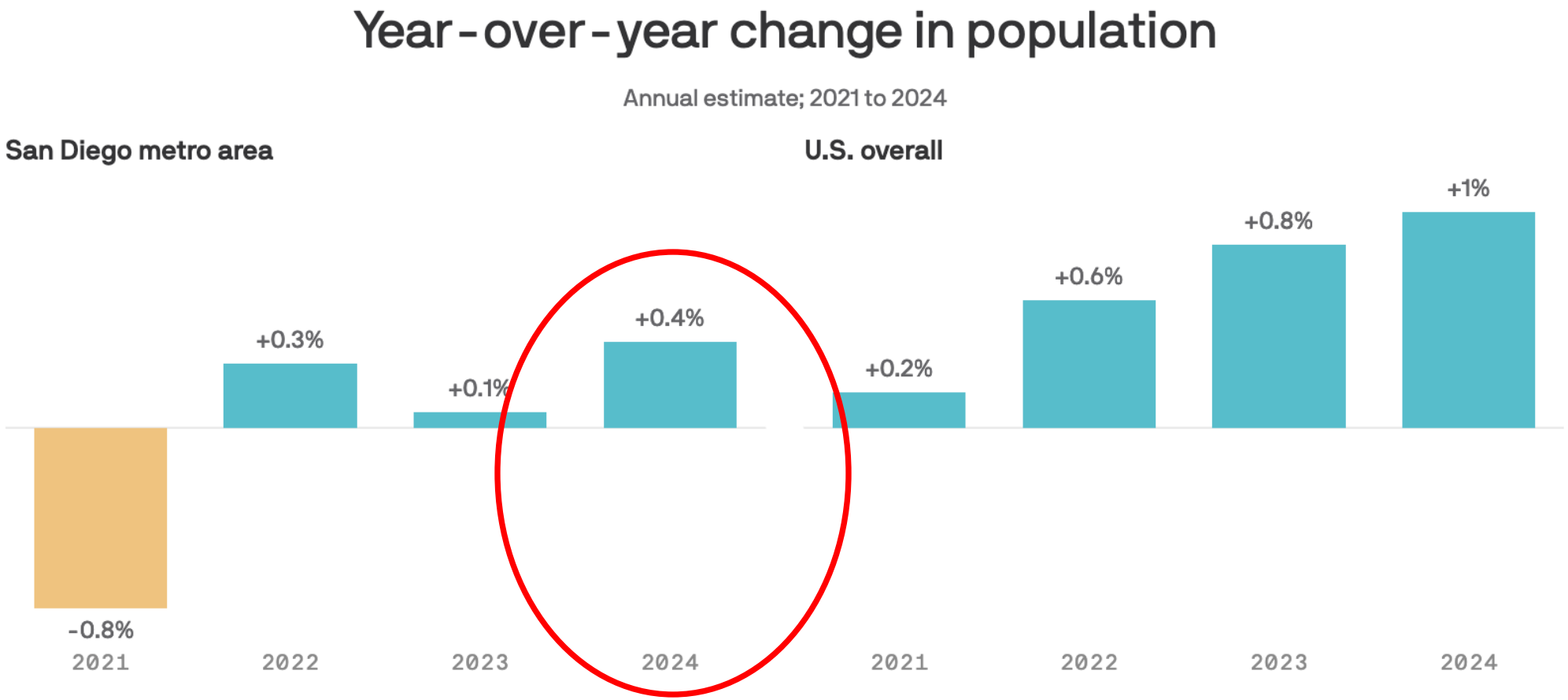
CA 2ND MOST EXPENSIVE HOUSING MARKET

Intercap LENDING



SAN DIEGO

Intercap
LENDING



POSITIVE GROWTH, LAGGING US AVERAGE

Intercap LENDING

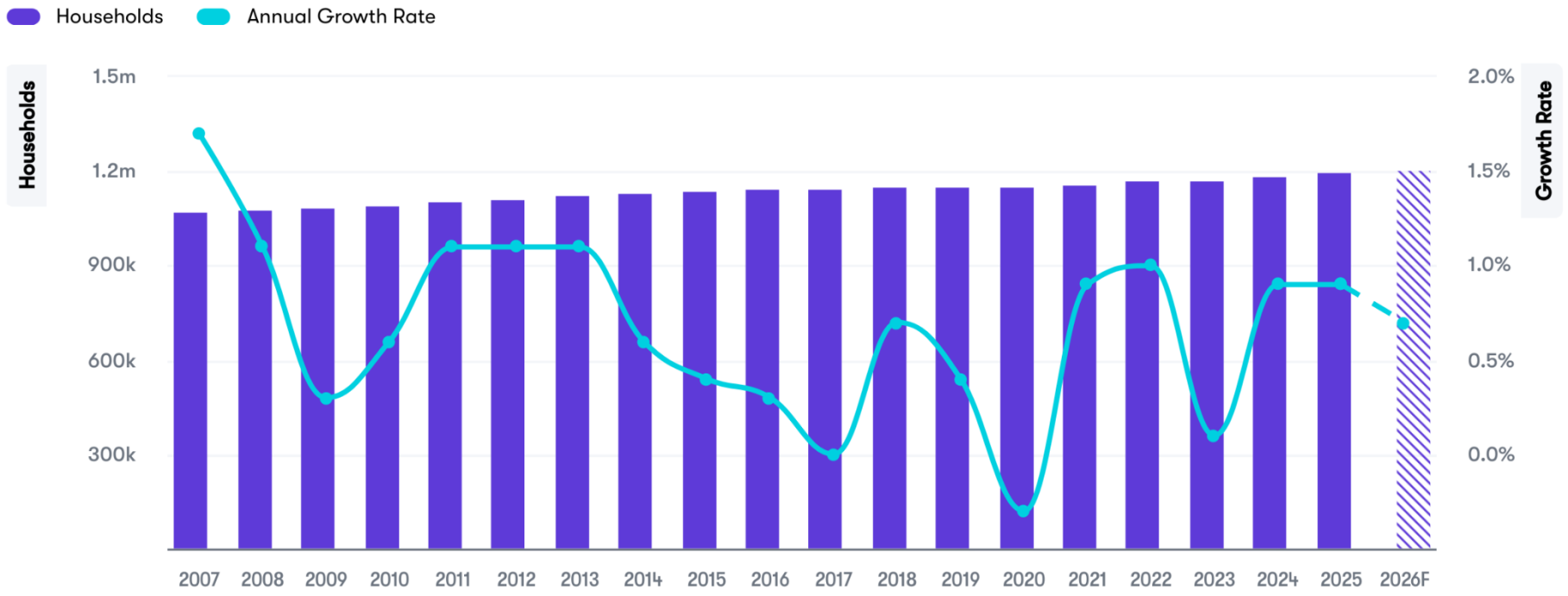
Household Growth

2025 Total Households

1,199,370 0.9%

2025 Household Growth

10,130 0.85%



SLOW/STEADY HOUSEHOLD FORMATION

Intercap LENDING

San Diego unemployment vs. the state and nation

San Diego County had one of the lowest unemployment rates in the nation from the Great Recession to the pandemic, but it has been above the national average for most of the past 12 months. California's average jobless rate is almost always more than San Diego County.



Source: St. Louis Federal Reserve

Research and analysis by **PHILLIP MOLNAR**; graphic by **MICHELLE GUERRERO** U-T

BETTER THAN CA, WORSE THAN U.S.

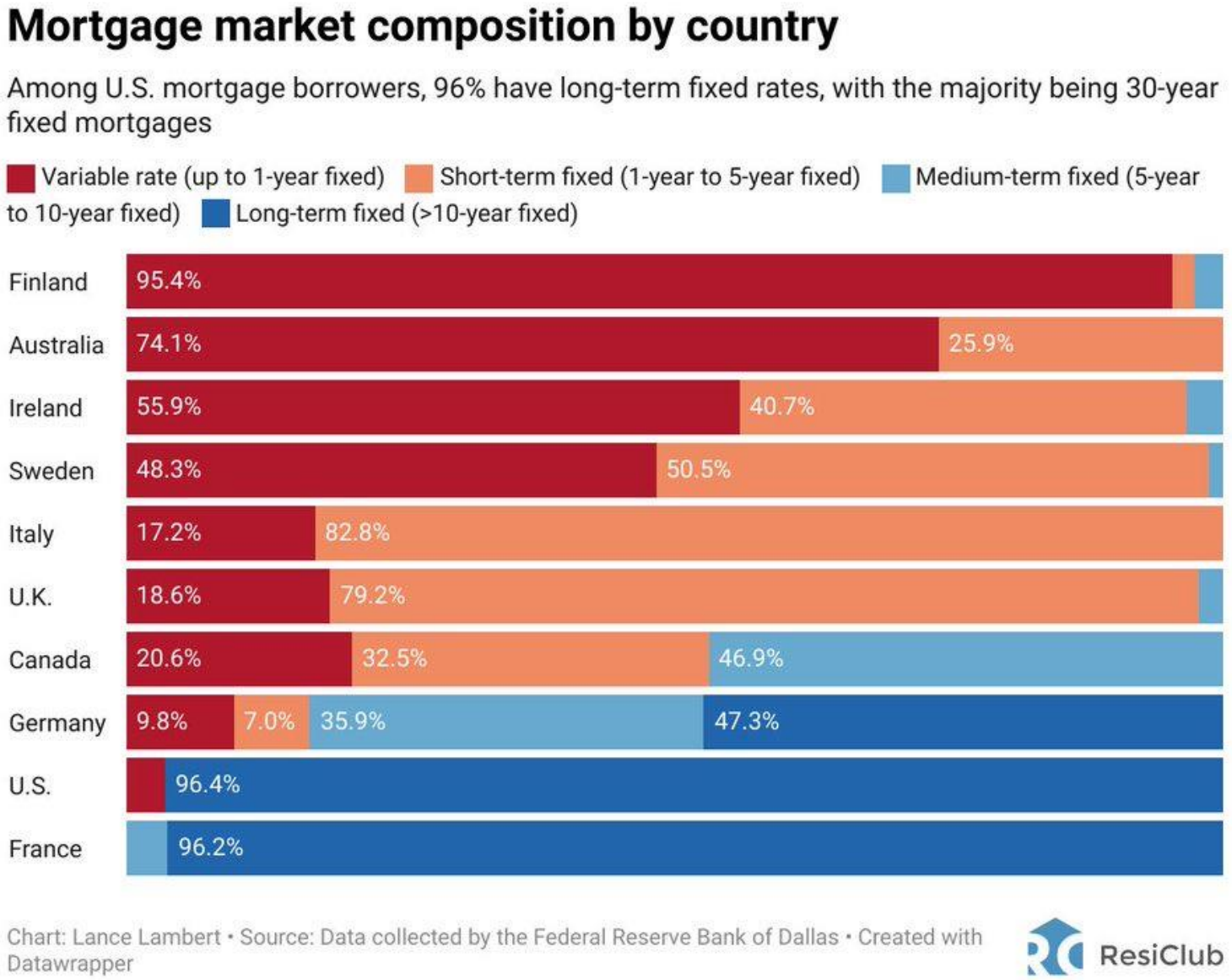
Intercap LENDING



HOUSING CONDITIONS

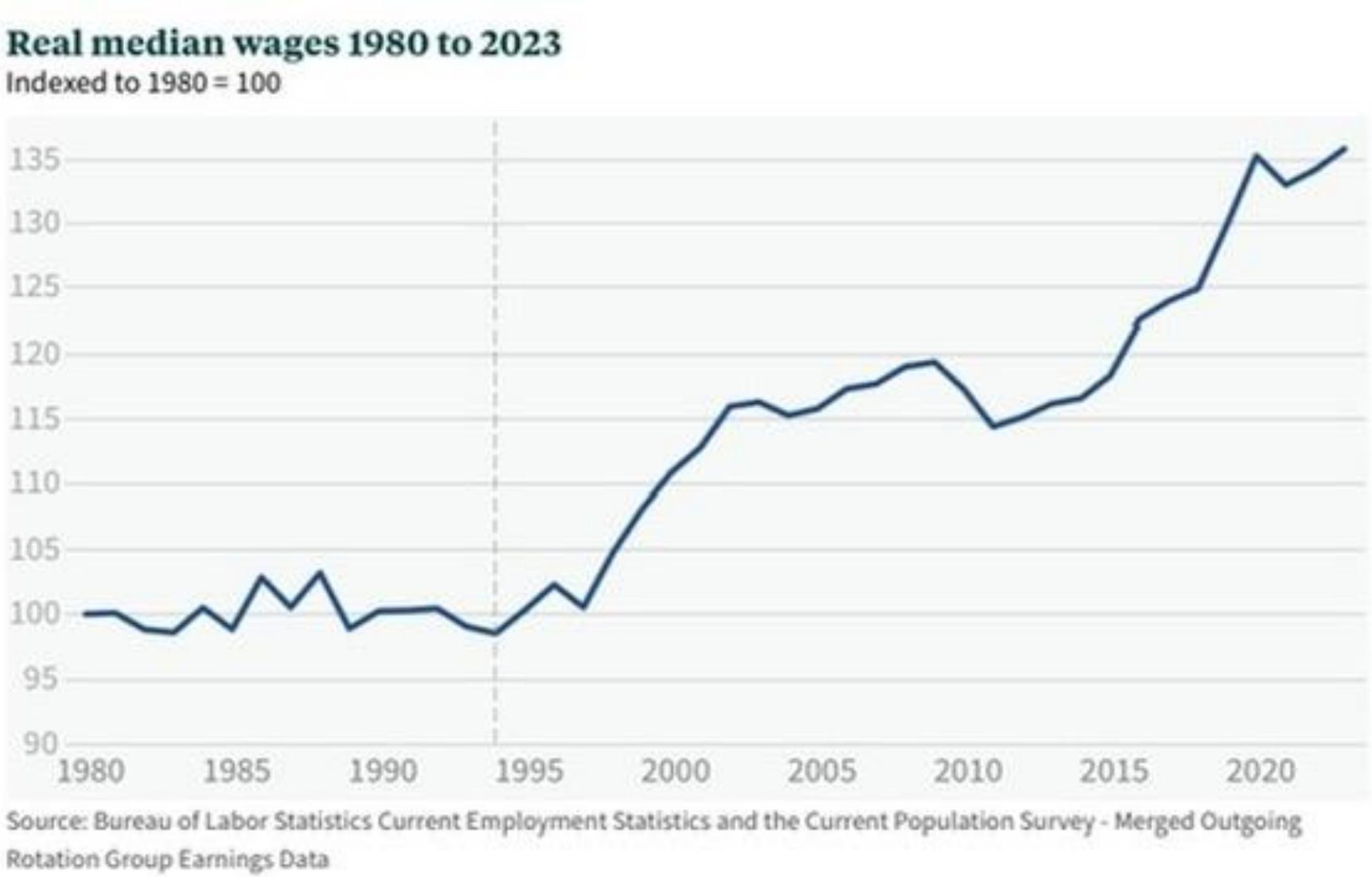
Intercap LENDING


HOUSING INDUSTRY IN 2021
HOUSING INDUSTRY IN 2025



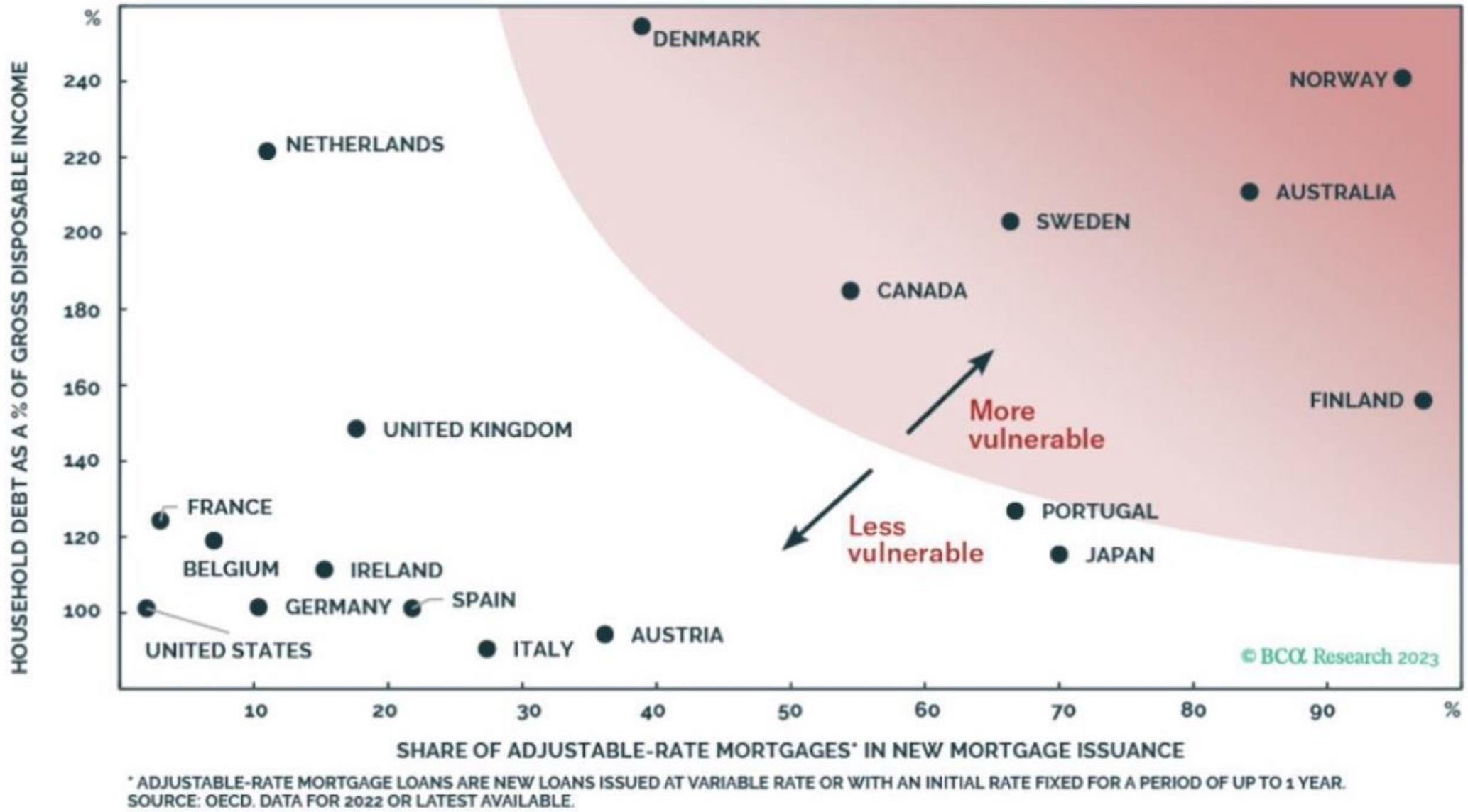
US MORTGAGE SYSTEM ENVY OF THE WORLD

Intercap LENDING



FIXED DEBT + RISING WAGES = WEALTH GENERATION

Intercap LENDING



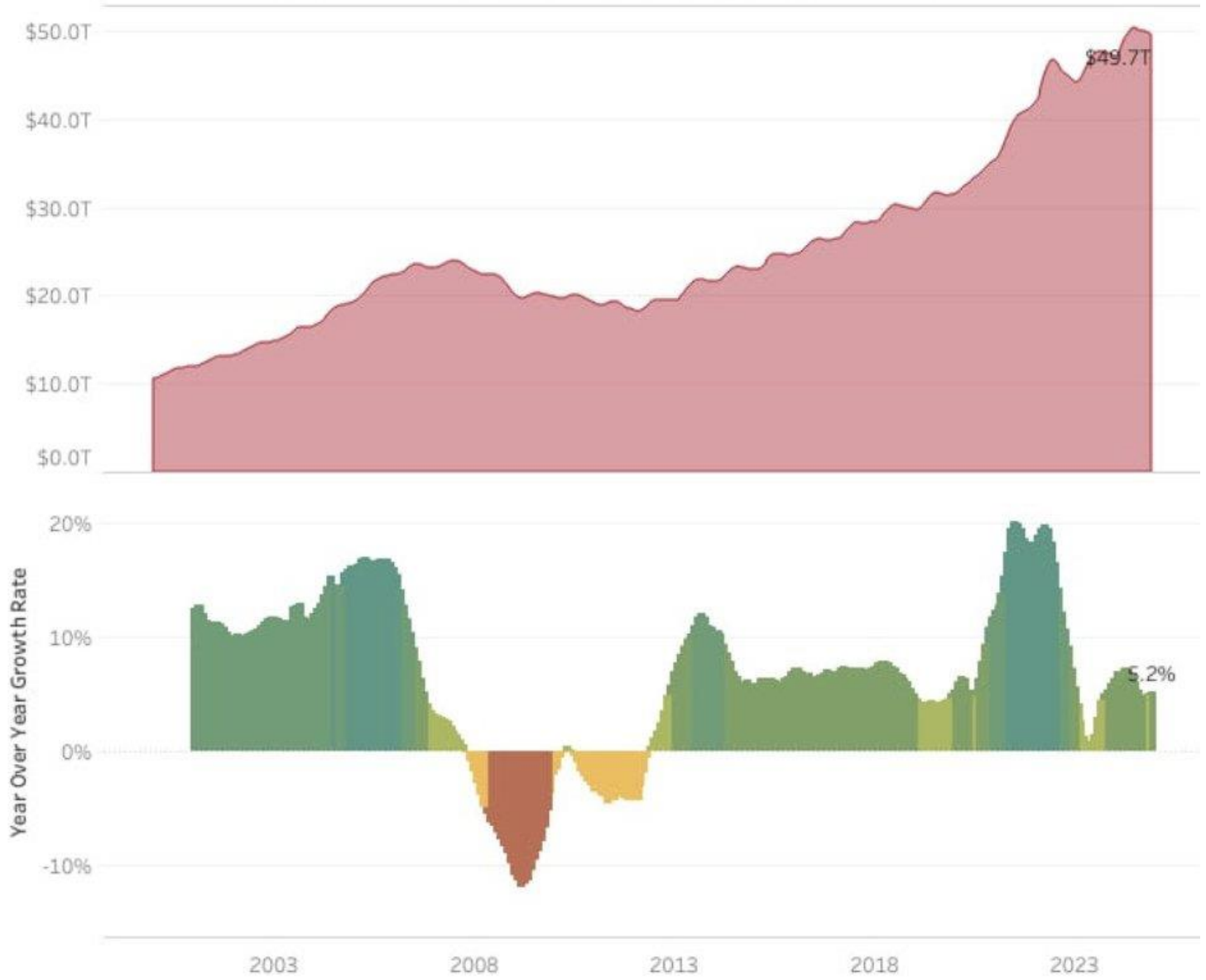
* ADJUSTABLE-RATE MORTGAGE LOANS ARE NEW LOANS ISSUED AT VARIABLE RATE OR WITH AN INITIAL RATE FIXED FOR A PERIOD OF UP TO 1 YEAR.
SOURCE: OECD. DATA FOR 2022 OR LATEST AVAILABLE.

LOWER DEBT AND FIXED RATES = LOWER RISK

Intercap LENDING

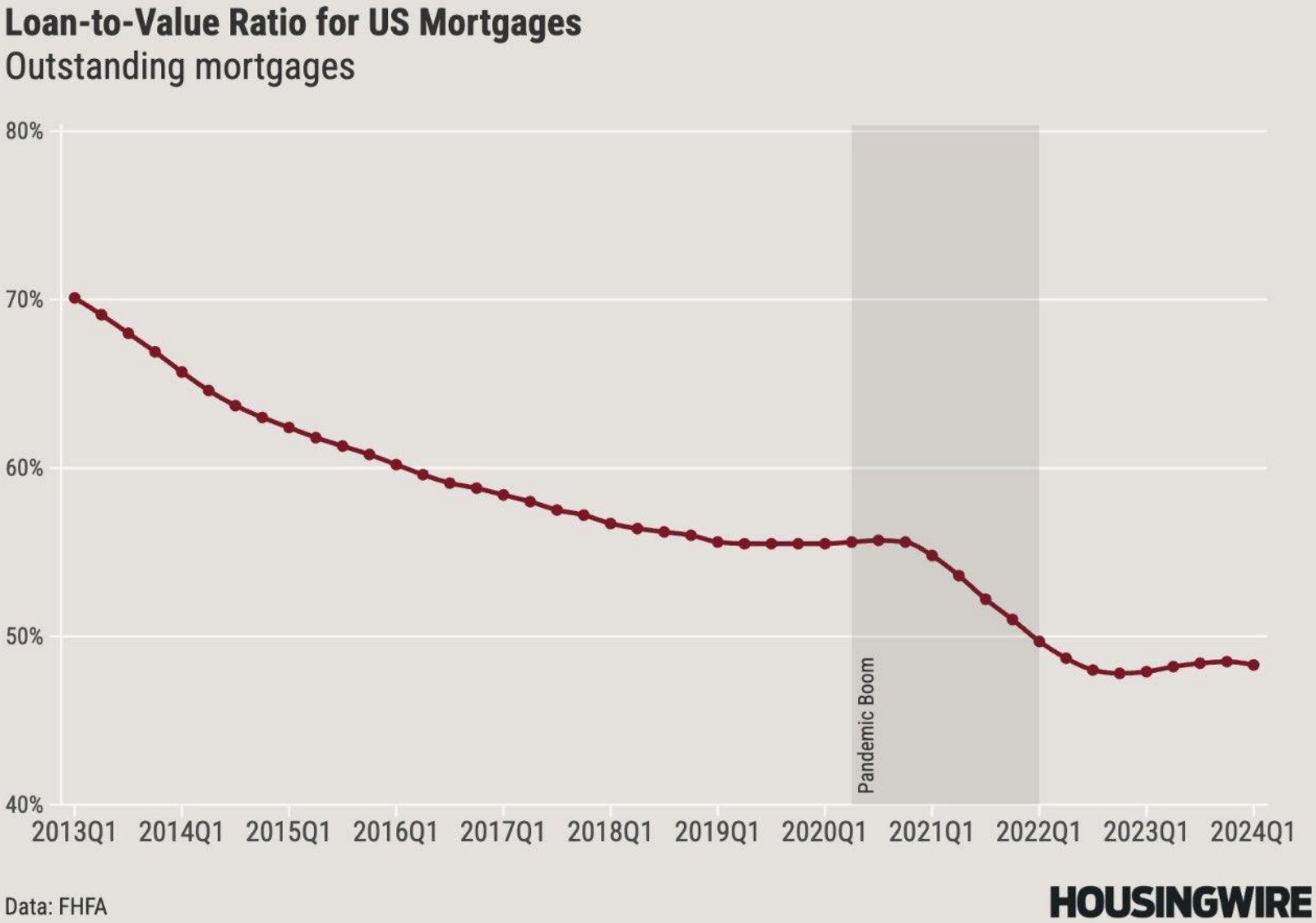
Total Worth of U.S. Real Estate

National - All Residential; January 2000 to December 2024



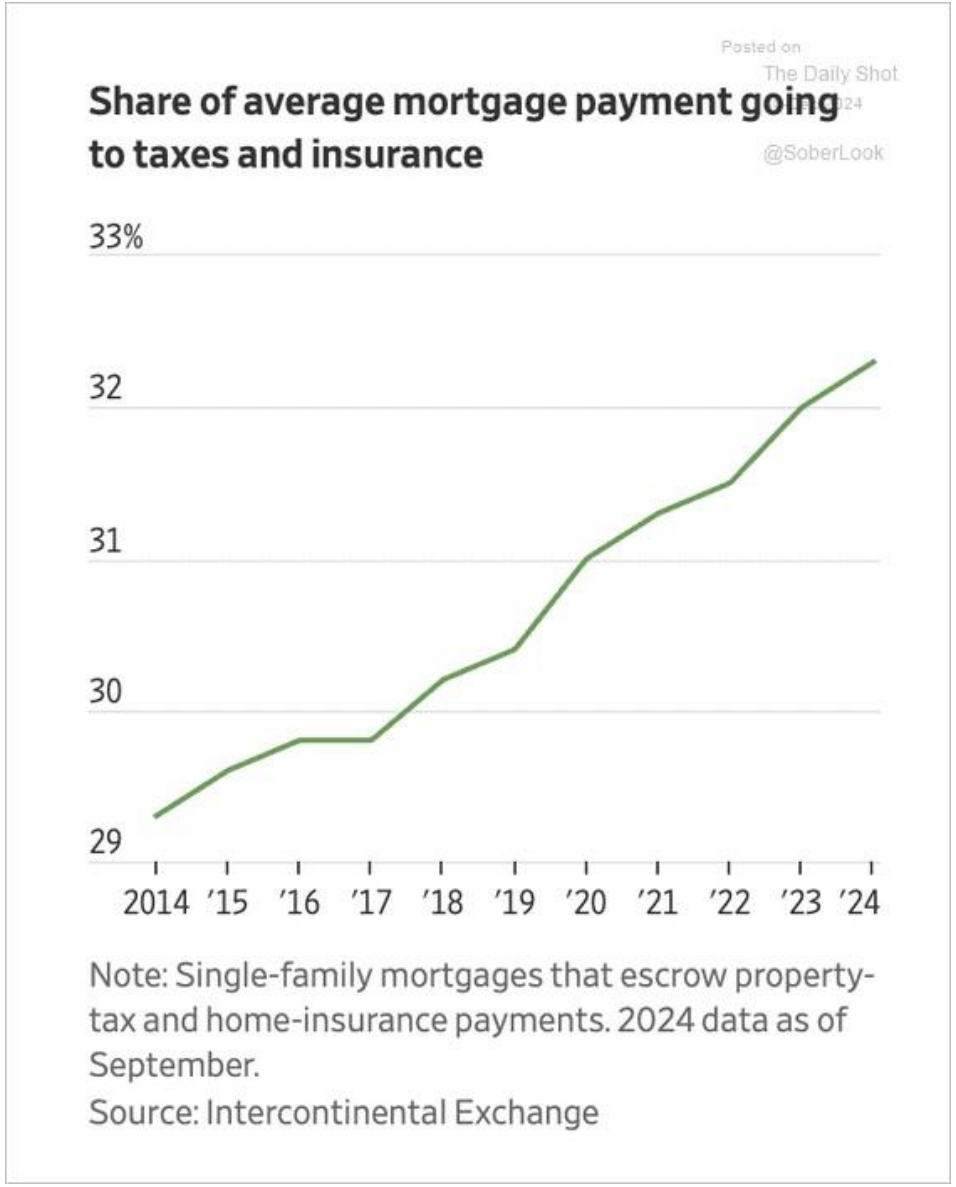
Source: Redfin Home Value Estimates across more than 90 million properties;

Intercap LENDING



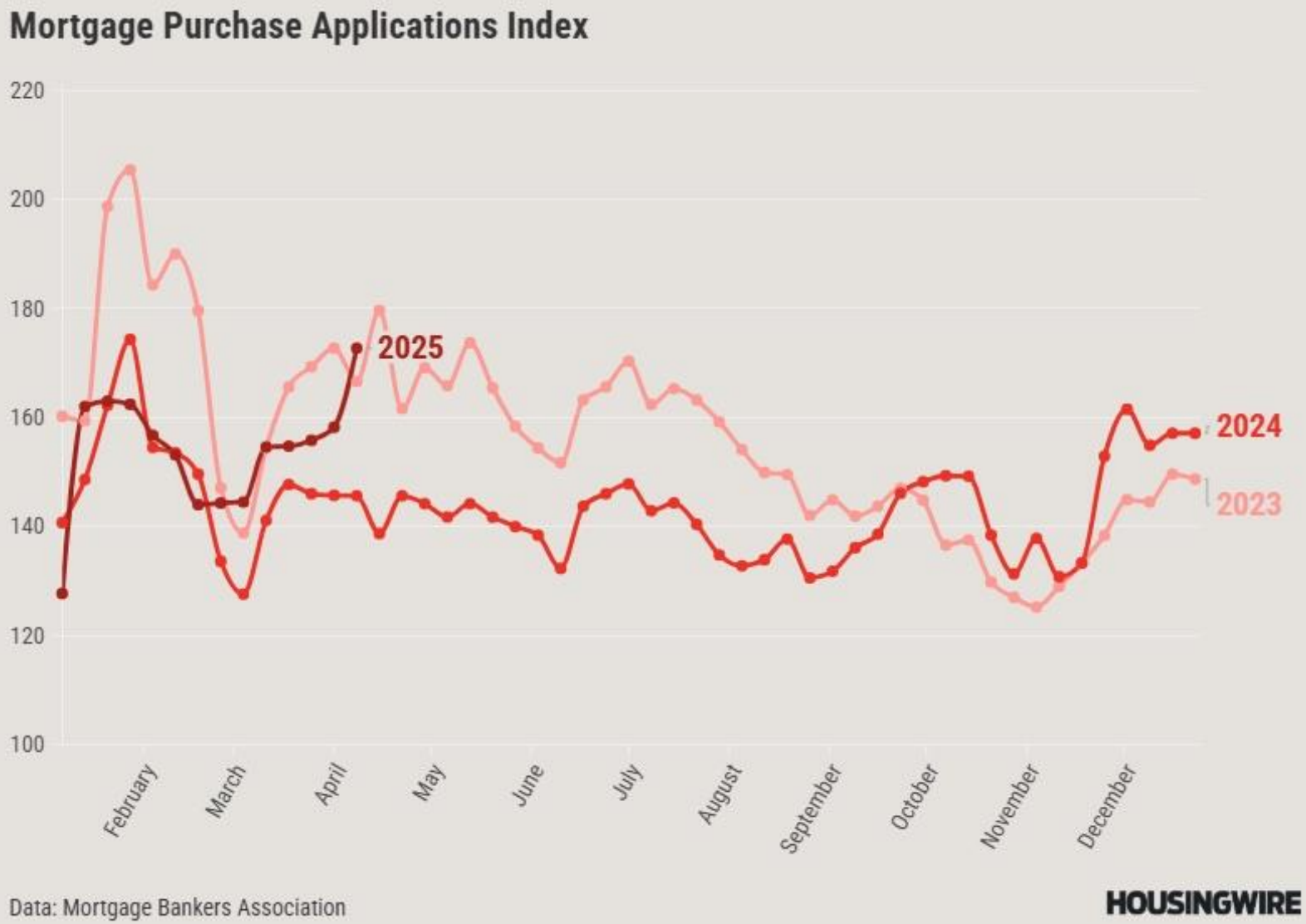
LTV AT RECENT LOWS

Intercap LENDING



RATES AND HOME PRICE AREN'T THE ONLY $ PROBLEM

Intercap LENDING

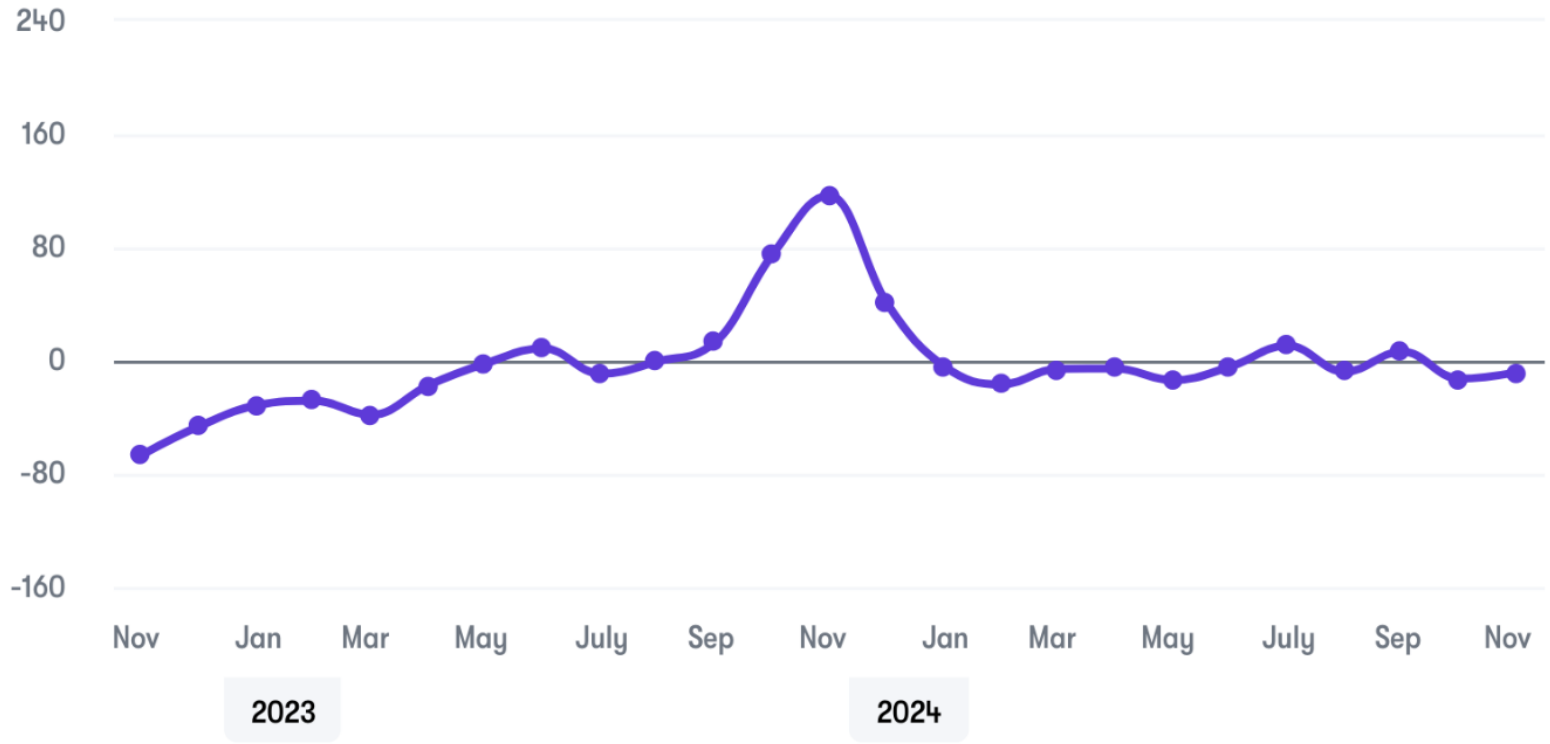


MORTGAGE APPS FOLLOWNG TREND OF 23 & 24

Intercap LENDING

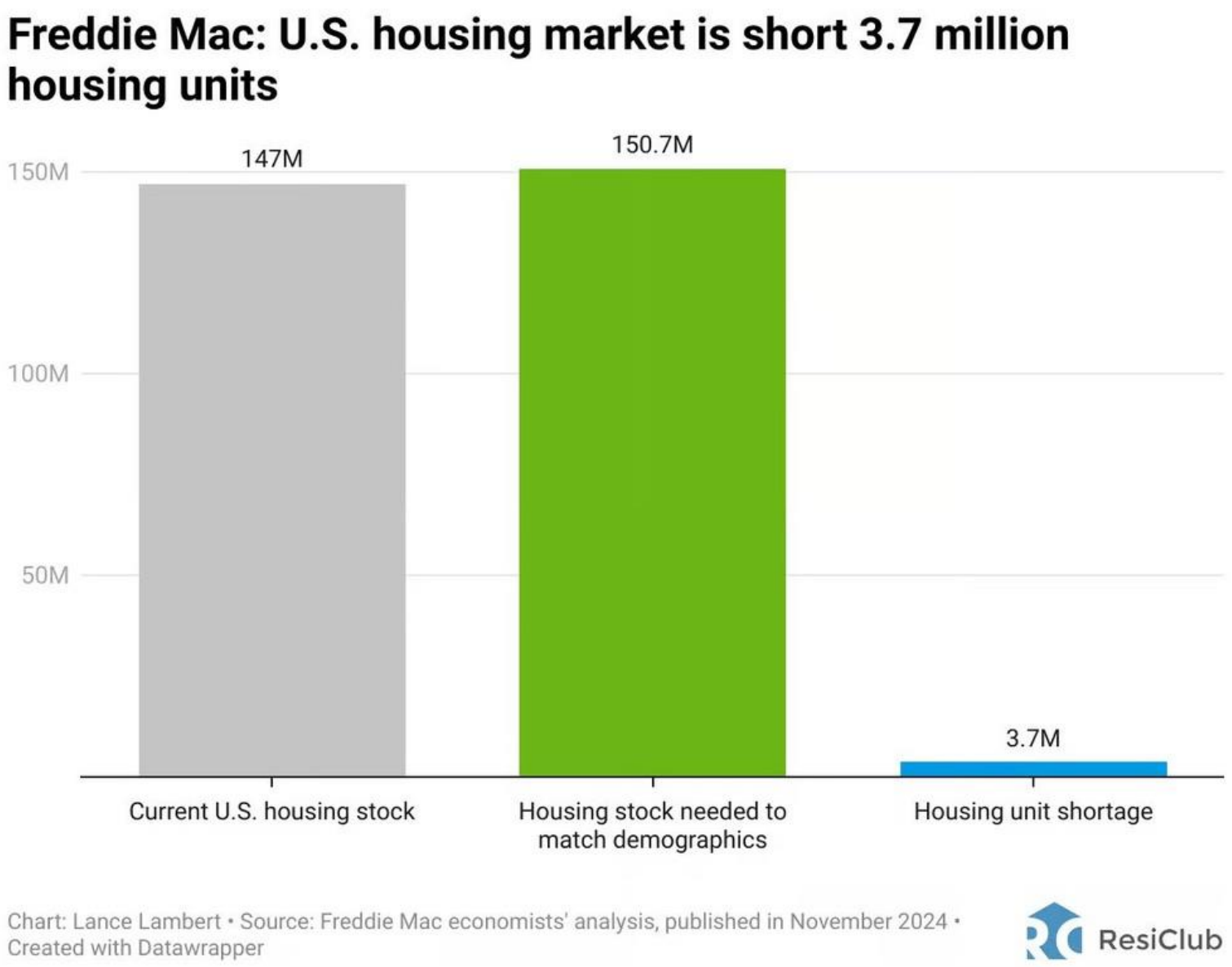
New Home Pending Sales Index

YOY Change	MOM Change
-8.3% ↓	31.0% ↑



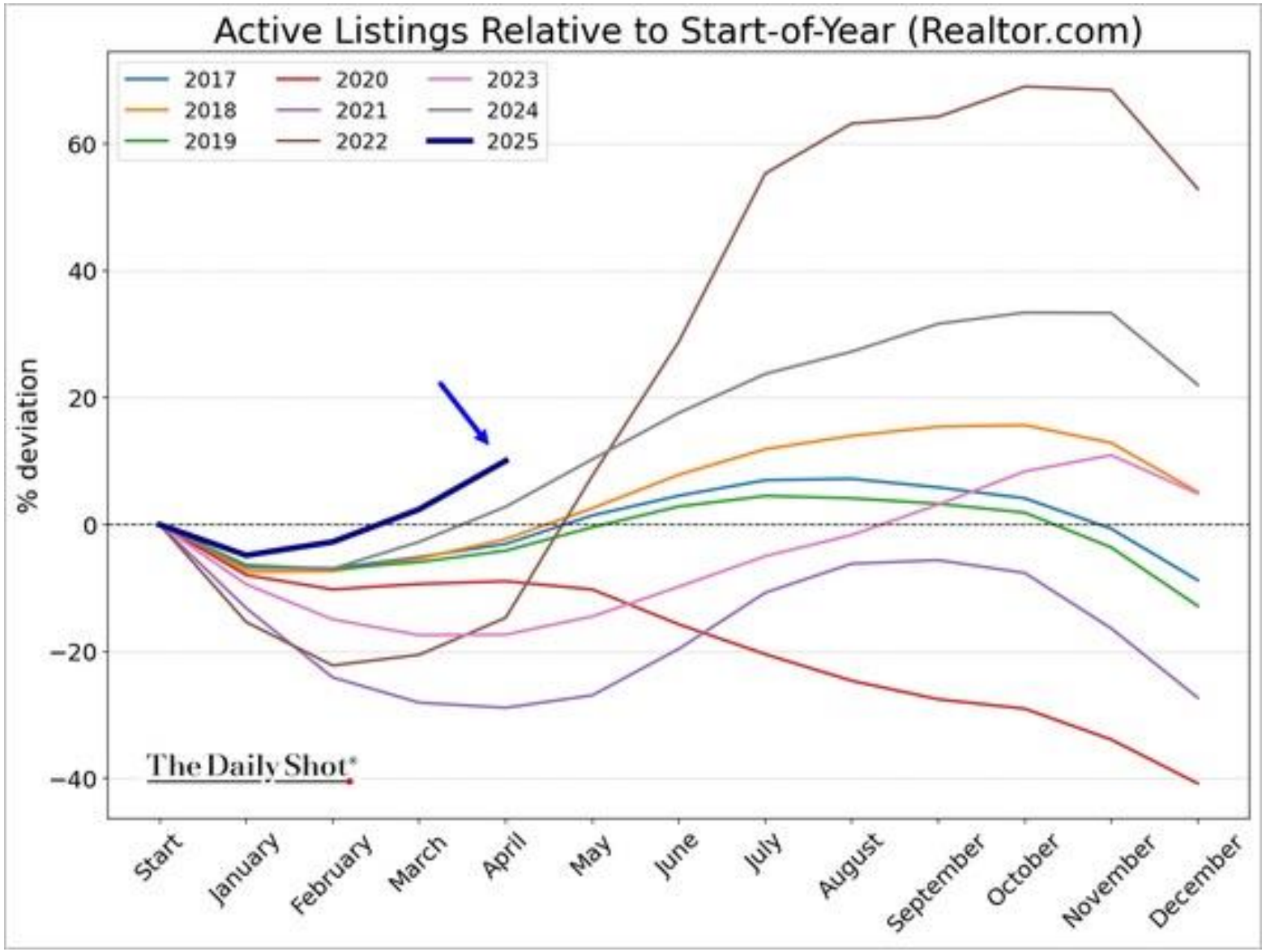
SAN DIEGO PENDING HOME SALES

Intercap LENDING



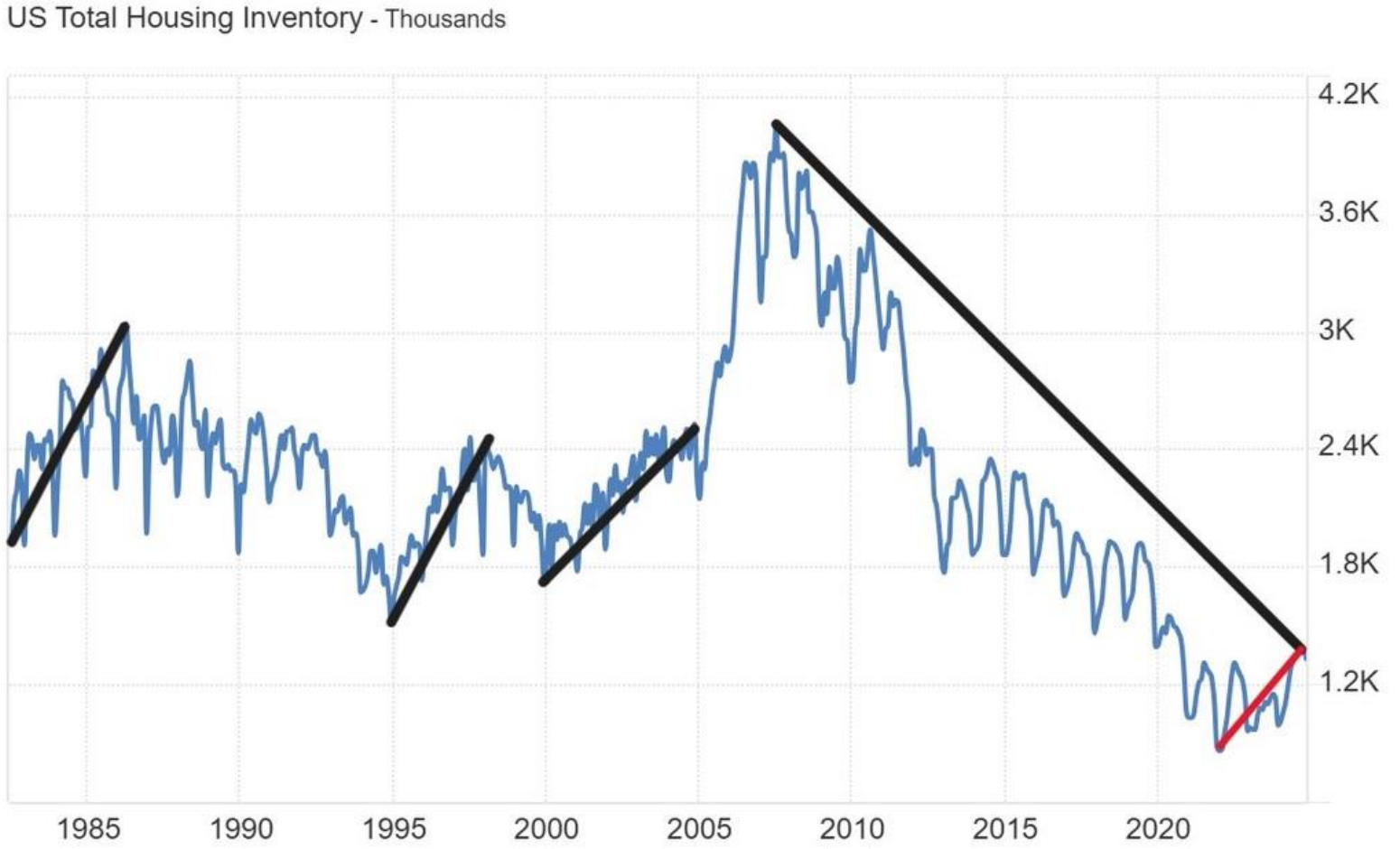
U.S. IS NOT BUILDING ENOUGH HOUSING

Intercap LENDING



ACTIVE LISTINGS IMPROVING

Intercap LENDING



Source: tradingeconomics.com | National Association of Realtors

US INVENTORY TRENDS SINCE 1980

Intercap LENDING

Supply Snapshot

Vacant Developed Lots
1,122

VDL Months of Supply
3.7

Total Housing Inventory
2,921

Housing Inventory Months of Supply
14.2

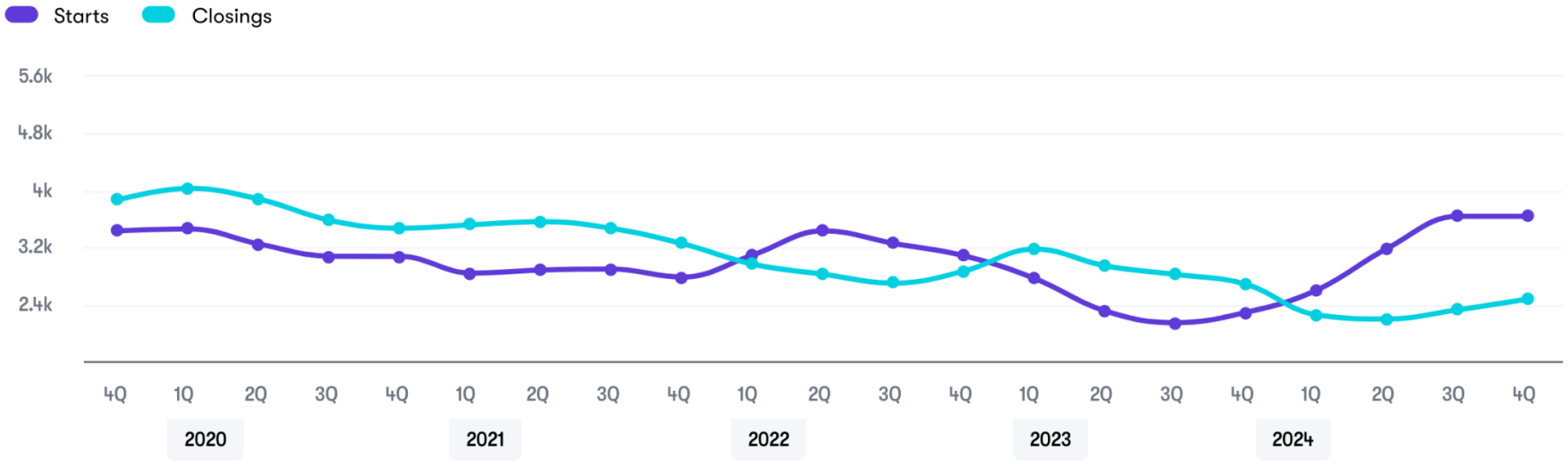
Active Projects
49

Quick Move-Ins
1.5

Annual Observed Starts vs. Annual Observed Closings

Starts
3,635 59.1%

Closings
2,472 -7.7%

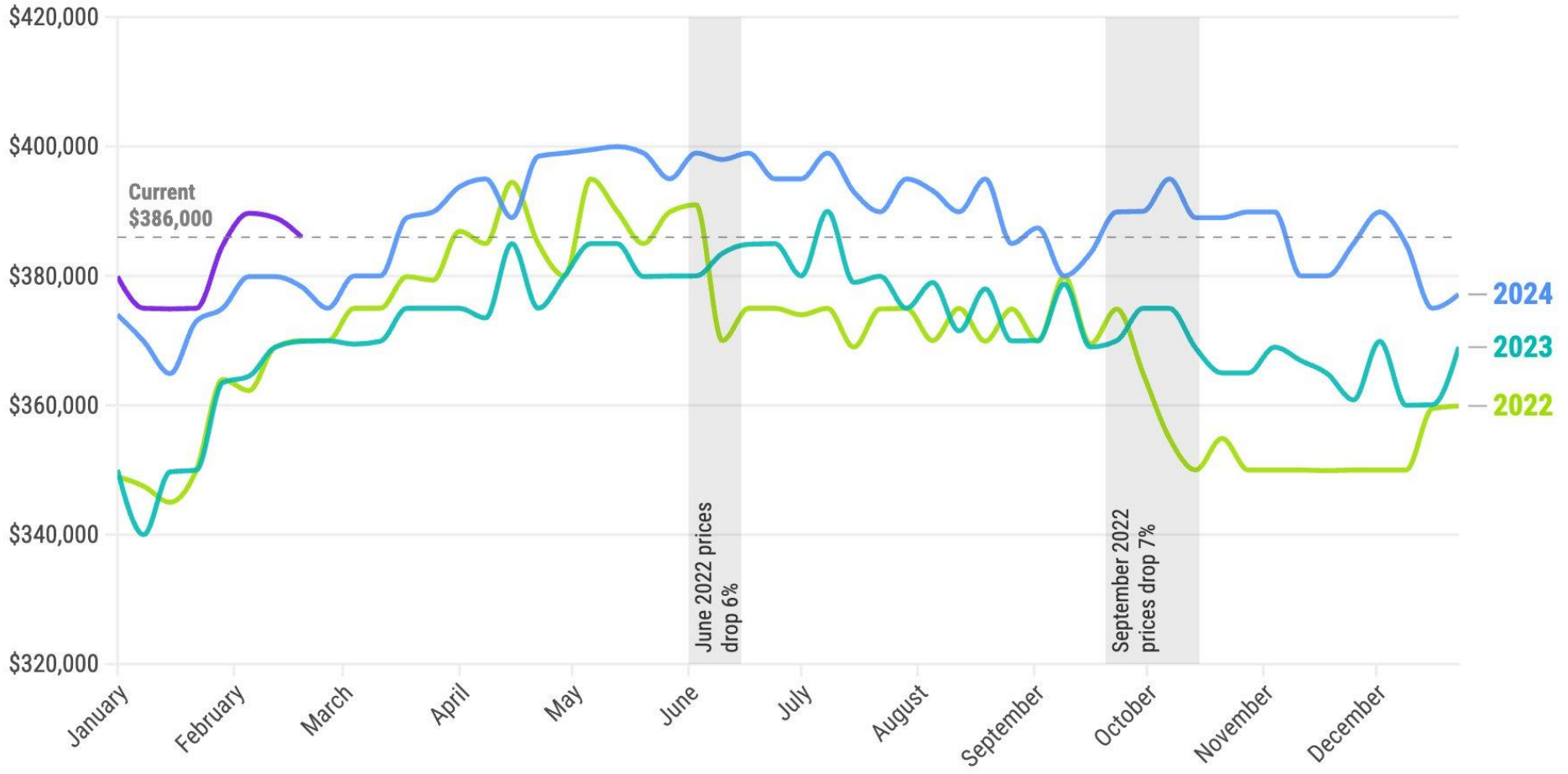


SAN DIEGO HOUSING STARTS IMPROVING FROM LOWS

Intercap LENDING

Home Prices Are Up Just 2% vs Last Year

Median price of new contracts pending - US Single Family



Source: Altos Research

ALTOS

HOUSINGWIRE

2025 US HOME PRICES

Intercap LENDING

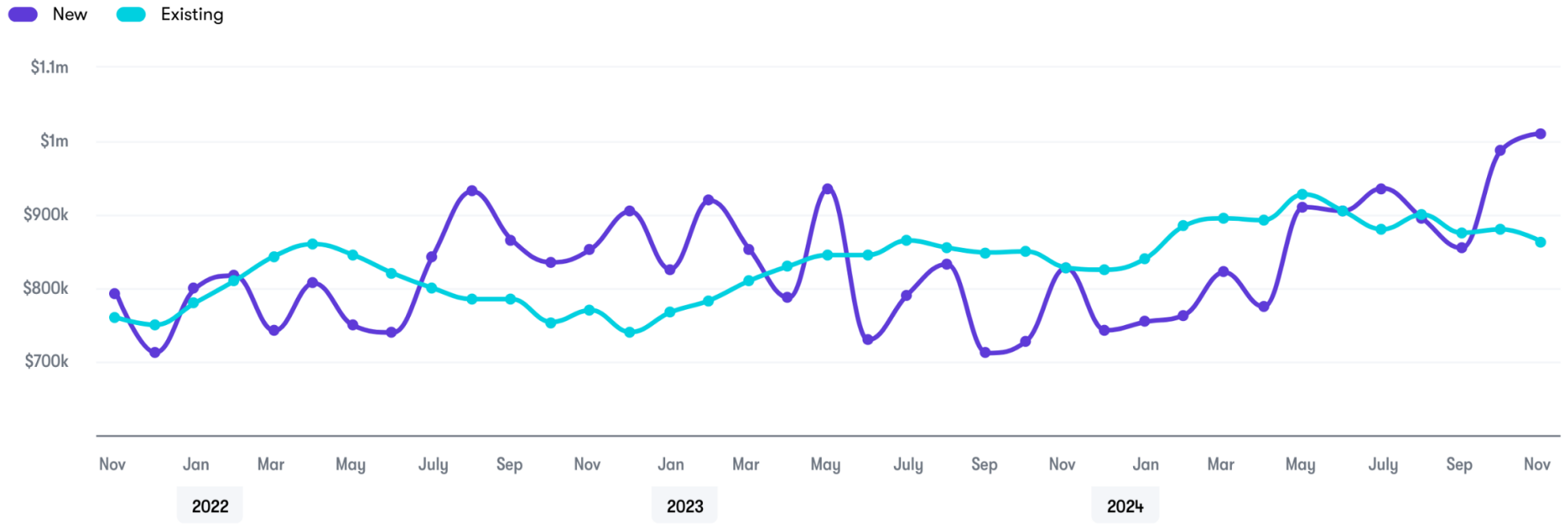
Median Closing Price

New

$1.01M 22.1%

Existing

$863,750 4.3%



SAN DIEGO HOUSING PRICE UP, ESP NEW SUPPLY

Intercap LENDING

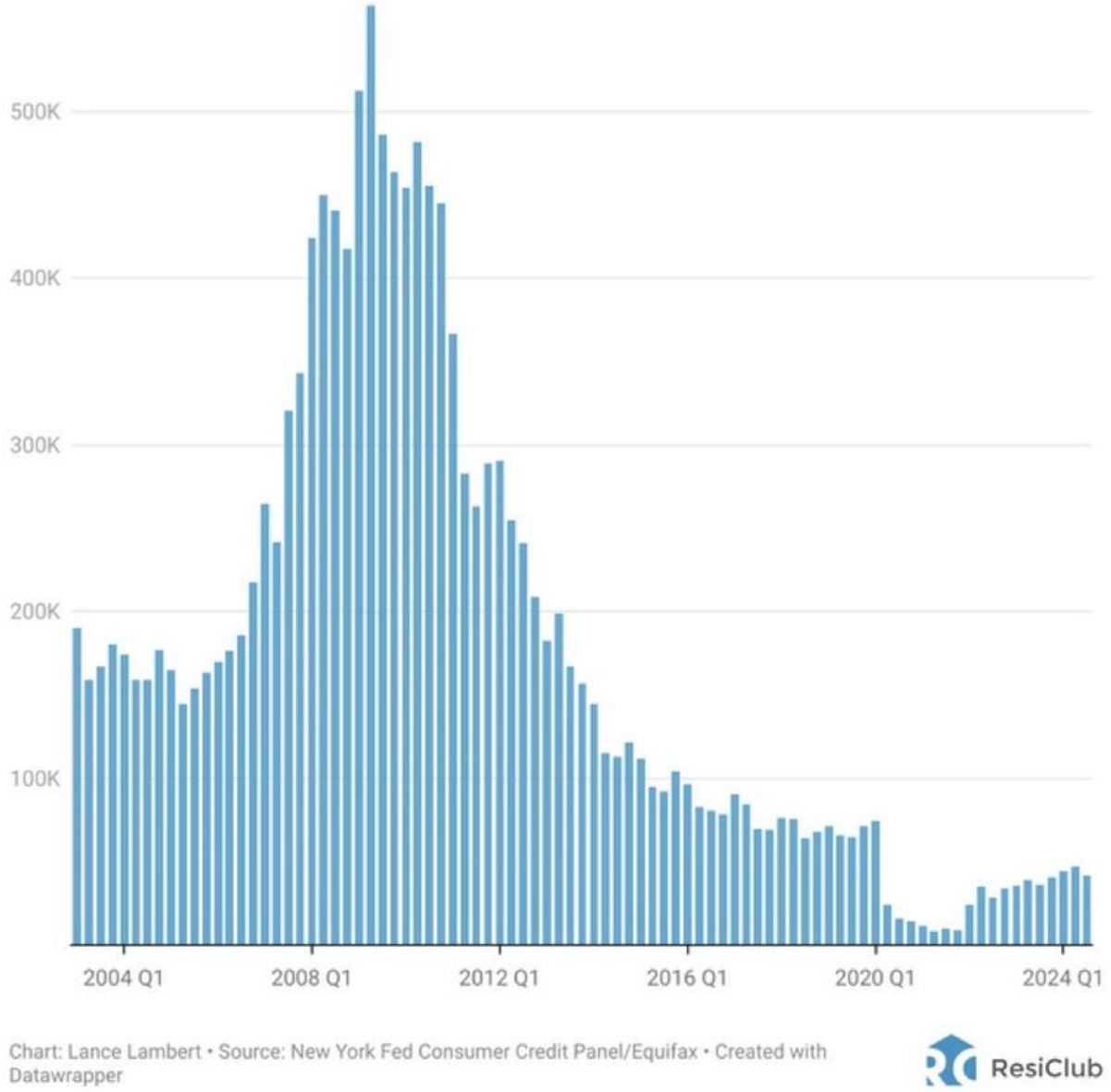
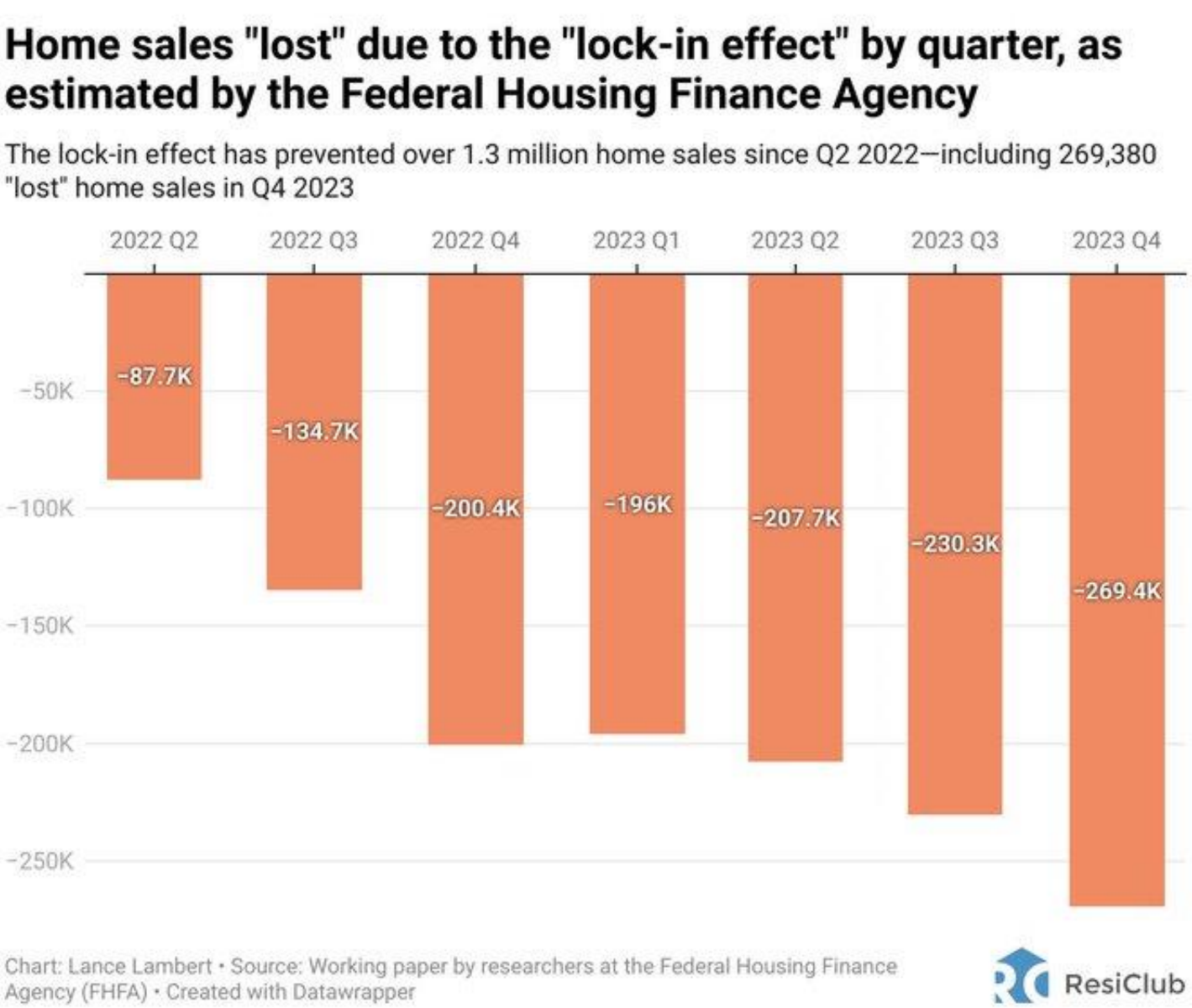


Chart: Lance Lambert • Source: New York Fed Consumer Credit Panel/Equifax • Created with Datawrapper

ResiClub

FORECLOSURE INVENTORY ESSENTIALLY GONE

Intercap LENDING



HOW MUCH INVENTORY LOCKED UP IN LOW RATES

Intercap LENDING