ATTOM® DATA SOLUTIONS | inman SELECT

HOUSING NEWSREPORT

Named the Nation's Best Newsletter by the National Association of Real Estate Editors

July 2016 Vol 10 Issue 7

THE REAL ESTATE DATA INNOVATORS

Five companies leveraging a new brand of real estate data to disrupt their respective industries

WELCOME TO THE NEW HOUSING NEWS REPORT

Octavio Nuiry
Managing Editor

Welcome to the newly redesigned *Housing News Report*.

As part of our new rebranding of RealtyTrac into ATTOM Data Solutions, we wanted to re-design the *Housing News Report* to reflect our new and expanding footprint in the world of real estate data.

For the past several months, we've been busy behind the scenes, crafting something new and different. Inside, you'll find that the same great award-winning real estate news coverage, commentary and timely real estate data and graphics are still here, but they're presented in a fresh, streamlined design, making consuming the information more enjoyable, whether you're accessing it from a desktop computer, laptop or smart phone.

The new design you see today is an exciting — and ongoing — re-imagination of the new *Housing News Report*. The redesign was led by our senior creative director, Anderson Jackson, along with our graphic designer, Eunice Seo.

To this end we have made many alterations. You will find new ideas, new typeface, new page designs — in short, a fresh new look.

We hope you enjoy the new redesign, and we welcome your input at octavio.nuiry@attomdata.com.

THE REAL ESTATE DATA INNOVATORS

BY DAREN BLOMQUIST, EXECUTIVE EDITOR AND OCTAVIO NUIRY, MANAGING EDITOR

An emerging wave of entrepreneurial companies are leveraging real estate data to provide innovative solutions in a broad spectrum of venues — from the land title business grounded in centuries-old property law to the wild west of online dating.

Housing News Report identified five companies at the forefront of this new real estate data innovation wave:

Predictive Analytics to Produce Listing Leads

SmartZip Analytics uses technology and vast amounts of data to help real estate agents and brokers reliably predict which homeowners are most likely to list and sell their property.

The company's flagship product, SmartTargeting, uses predictive analytics to identify, rank and convert homeowners most likely to sell, according to Peter G. Grace, vice president of sales at Pleasanton, California-based SmartZip.

Grace said SmartTargeting uses big data algorithms, sometimes referred to as "machine learning," to help clients engage with potential home sellers through personalized, automated marketing campaigns. The program targets those prospects with direct mail postcards and online advertising with Realtor-specific branding to help agents close more deals. "Anyone working the program is getting results," said Grace, pointing to the benefits of harnessing troves of information on consumers to predict customer behavior. "It's a product that helps agents work smarter not harder."

Shock and Awe for Potential Sellers

Launched in 2008, SmartZip began amassing a real estate database that pulled information from 2,000 sources, including public records, mortgage data, listing data, consumer information and

CONTINUED ON NEXT PAGE

other data points, according to Adam Long, sales manager at SmartZip. Long said the company combs through the data to reveal which houses are most likely to sell. He said the algorithms — and there are over 100 of them — scours the information looking for commonalities in past sales data.

Jay Macklin, co-founder and broker of RE/MAX Platinum Living in Scottsdale, Arizona, uses the SmartTargeting platform as a lead generation program he implemented for the agents in his office.

"I can be strategic with my mailings because I have information my competitors don't have," said Macklin, who runs the brokerage with his wife, Michelle. "I first follow up with a phone call always, then my team sends out our 'Seller Shock and Awe Pre-Sell Package' either by hand or mailed in a FedEx box."

Macklin's "Shock and Awe Pre-Sell Package" contains a branded USB flash drive, which has video testimonials, a letter, Jay's biography, home staging ideas, tips to increase their selling price and other marketing materials.

"This is a strategically developed pre-sell package that has more info than they expected to get," said Macklin. "We've had great results due to persistent follow up, but it wouldn't have happened if we weren't able to identify the people most likely to sell."

Transforming The Title Industry

While the title insurance industry has always used data to evaluate risk and better understand exposure, today more companies are using bigger and more sophisticated data in innovative ways, according to Brian Twibell, chief executive officer at RedVision, a Parsippany, New Jersey-based title search company.

"RedVision was founded in 2001 to bring data and transaction management technology for title and property research nationwide," said Twibell, who noted that the company's customers include title insurers, title agents, servicers, lenders, real estate and default attorney firms and government groups that rely on accurate title and property research. "Our products include technology and services that allow our customers to procure public records or utilize our more than 400 U.S.- based title professionals to research and examine records."

As the title search industry evolves into a far more complex combination of multiple data sets, title insurance companies are relying more and more on data aggregation, said Twibell.
"RedVision has proprietary 'title plant'

CONTINUED ON NEXT PAGE

"It's a product that helps agents work smarter not harder."

Peter G. Grace
Vice President of Sales at SmartZip
Pleasanton, California

5 AT THE FOREFRONT OF INNOVATION

1. SmartZip Analytics
Shocking and Awing Sellers
www.smartzip.com

2. RedVision
From Antiquated to Automated
www.redvision.com

3. Ten-X
Data as a Competitive Advantage
www.ten-x.com

4. Foresight Information Services
How Property Data Can Improve Your Dating Life
www.foresightinfo.com

5. Audantic
Innovation Beats Intuition
www.audantic.com

technology supporting hundreds of recording jurisdictions along with automated workflow connections to websites and the industry's largest field service courthouse abstractor staff," said Twibell. "Owing to the diverse methods required to source information at the roughly 3,700 recording jurisdictions across the U.S., RedVision's proprietary technology and services model provide our clients a single source for any title or property research in all 50 States."

Almost everyone who buys residential, commercial or industrial property — or refinances — also buys title insurance; most mortgage lenders require borrowers to pay for a title search and title insurance, and will not make a loan without it. But buyers purchase the insurance to protect the lender — not the borrower.

From Antiquated to Automated

Twibell predicts that the use of big data eventually may transform the title industry, as insurers find ways to use these new streams of information to radically alter business processes.

"Data is the underpinning of all title and property information," he said. " While the industry has long relied on paper and human-enabled processes, we are utilizing data and technology more and more trying to bring many of the seamless automation benefits realized in other financial service fields to a rather antiquated title procurement and processing market."

Twibell said one of the biggest challenges facing property insurers is making sure they have the right people with the right skills to capture and analyze big data properly.

"RedVision believes data and technology will continue to bring efficiencies and disruption to the title industry," said Twibell. "Different types of risk products and services will enhance the consumer experience and create an ecosystem that will open up competition and ultimately benefit the firms that focus on the customer and innovation."

Transparency Enables Transactions

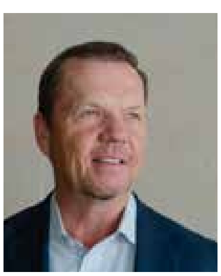
Real estate portal Ten-X allows buyers and sellers to transact online — an innovation not available on any other major real estate platform — making quality, actionable data vitally important for the business, according to chief marketing officer Rick Sharga.

"When it comes to people buying and selling real estate, it's typically the biggest single financial investment they are going to make," he said, noting that since 2008 Ten-X (formerly Auction.com) has facilitated the sale of more than 200,000 properties for a combined $39 billion. "Our ability to have a vault of data that buyers can use to do their due diligence becomes very critical."

Ultimately that rich data experience allows Ten-X to accomplish its mission of making it easy and safe to buy and sell real estate online.

"Our belief fundamentally is the more useful data we can provide our buyers and sellers, the more useful we will be and the more informed they will be," said Sharga, noting that the increasing availability of once hard-to-find public record real estate data has "opened Pandora's box" when it comes to providing real estate transparency. "The

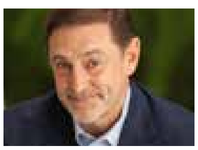
CONTINUED ON NEXT PAGE



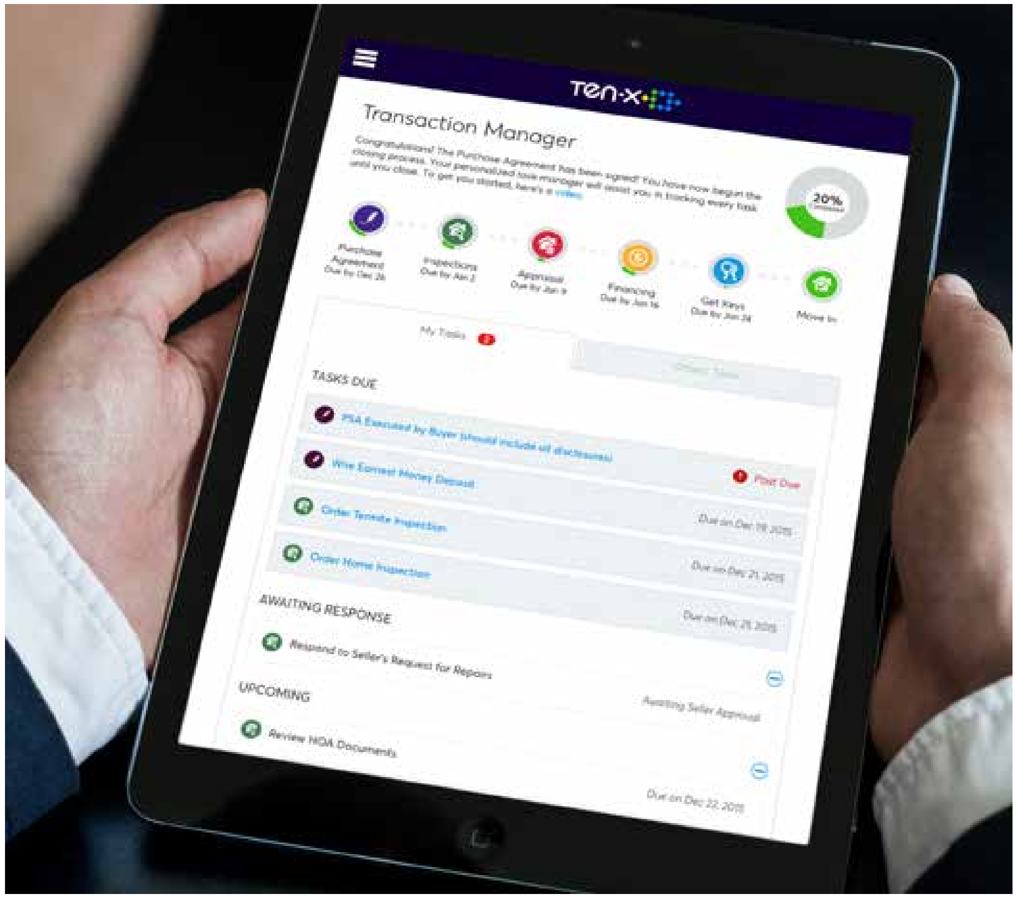
Brian Twibell
CEO of RedVision
Parsippany, New Jersey

"Data is the underpinning of all title and property information. While the industry has long relied on paper and human-enabled processes, we are utilizing data and technology more and more trying to bring many of the seamless automation benefits realized in other financial service fields to a rather antiquated title procurement and processing market."

> "Our belief fundamentally is the more useful data we can provide our buyers and sellers, the more useful we will be and the more informed they will be."



Rick Sharga
Cheif Marketing Officer at
Ten-X | Irvine, California



companies that are able to best leverage data for buyers and sellers and real estate professionals are ultimately the ones that are going to be most successful."

Data as a Competitive Advantage

But Ten-X doesn't just display the public record data for users; it adds value by combining the public record data with real-time user data — a true big data initiative likely helped by a $50 million investment from Google Capital in 2014. That mash-up of data gives both the company and its customers a competitive advantage in the marketplace, according to Sharga.

"Because we're working with our online data and Google search trends and showing relationships between that and public record data, we're pretty well able to predict what is going to happen in those markets … weeks before the numbers come out," he said. "We think we only have scratched the surface in terms of using data for customers."

Matching Properties to Buyers

One example of how Ten-X is innovating with real estate data can be found in its email marketing, which uses predictive modeling to match new available properties coming in from suppliers with buyers who are likely to be interested in those properties and then connecting the buyer to the property "in almost real-time," according to Sharga.

"Our click-through rates on those targeted emails are about 45 percent which is just off the charts," he said, adding that he wouldn't be surprised to see this type of predictive modeling of real estate data evolve into a "match.com" model where a buyer profile can be matched against available property profiles to proactively provide that buyer with purchae opportunities.

"Imagine a world where the properties go searching for a buyer," Sharga said. "If you are looking for a property to buy, and a seller can get that to you quickly, you don't have to have a lot of properties to choose from, you just need to have the right property."

Property Data Improves Dating

Leveraging property data to identify winning matches between real estate buyers and

CONTINUED ON NEXT PAGE

sellers makes sense, but using that same property data to create winning matches between two singles looking for a good date may seem like a bit of a stretch.

But that's exactly one of many ways Foresight Information Services is innovatively solving problems with property data, according to CEO Jim Waters.

"We've actually done it with dating sites," said Waters, whose company plugs public record real estate data into its risk mitigation and identity verification products used in a variety of industries. "We can ask if they own or rent, and if they say own … we verify if that person is married or isn't married, does own or doesn't own … so you get a more truthful picture of who you are going to be dating."

Problem Solvers, Not Data Providers

Since it launched in 2011, Foresight's products have been a hit with mortgage resellers who need to mitigate loan risk through borrower identity verification, including a check of property ownership, according to Waters.

Although its roots are sunk deeply into the mortgage reseller industry, Foresight is continually looking for innovative applications of its data-powered products to solve problems in other industries, Waters said. "You can't wake up every morning and say my company is going to do 'X' for the next 10 years," he said. "If you just want real estate data, that's fine, we have that. But if you have a specific problem, we have real estate data that can be used in different ways to solve that problem. … Problem solvers separate themselves from data providers."

Do They Own What They Say They Own?

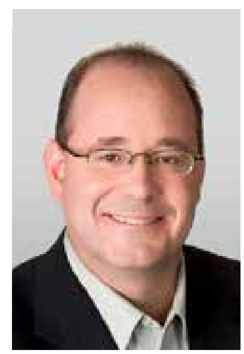
Along with the aforementioned online dating application, another innovate — although not necessarily intuitive — application of Foresight's products has been in the world of law enforcement, according to Waters.

"There are more innovative ways to verify people are who they say they are then 'does the guy have a criminal record?'… we're going to have to dig deeper," he said, noting that mantra applies to a wide varietyof law enforcement agencies, from Homeland Security to local police serving a warrant. "For warrants they need to know who owns the home because they need to serve the warrant to the homeowner.

"We have an app where if a police officer or sheriff pulls someone over and they don't have an ID … we take input of a phone number, and we'll bounce it off a number of different data sources," Waters continued. "Our most premium service will offer homeownership and address as part of that. … We can bounce that address off the real estate data to see who owns that home."
Identify verification becomes increasingly important in a world in which risk is more rampant, according to Waters.

"For now we seem to be in the thick of a lot of people trying to say they are who they are not," he said. "There are just a lot of innovative ways to be deployed to verify that people are who they say they are, do what they say they do and own what they say they own."

> "There are just a lot of innovative ways to be deployed to verify that people are who they say they are, do what they say they do and own what they say they own."
>
> Jim Waters | CEO of Foresight Information Services
> Needham, Massachusetts



Matching Investors with Inventory

Seattle-based real estate analytics firm Audantic uses public record real estate data to match real estate investors with homeowners likely to sell — even if those homeowners don't even know it themselves yet.

"We apply machine learning and predictive analytics," said Franklin Sarkett, CTO at Audantic, which is primarily geared toward top-tier investors purchasing at least 100 properties a year. "We give them a list of the highest probability to sell. … And they use that list to do direct marketing."
Those direct marketing lists have yielded such impressive results that Audantic has quickly expanded its client base over the

CONTINUED ON NEXT PAGE

> "Real estate is cyclical so sometimes it's easy to do deals and sometimes it's hard to do deals, and what we try to offer our clients is to have consistent business in the easy times and the hard times, the feast and the famine."

Franklin Sarkett
Cheif Technology Officer at Audantic
Bothell, Washington

past two years — primarily through word of mouth, according to Sarkett. The company began as a startup with two clients in 2014 and now provides its prized marketing lists to clients in more than 200 U.S. counties.

Innovation Beats Intuition

Audantic's growth has come thanks to a proven product that breeds customer loyalty and expansion. The company boasts a 95 percent customer retention rate, and 65 percent of current customers have expanded their business with the company as they see results roll in that are exponentially better than their current marketing methods, according to Sarkett.

"A lot of investors have used intuition to determine how to do their marketing, and we're able to apply predictive analytics to the data and get much higher results," said Sarkett, who worked as a data scientist at Facebook before joining Audantic. "We can eliminate 80 percent of the population and we can double or triple their results. ... "We have one client, and he got six deals under contract within a week of signing up with us." While the proven success of Audantic's predictive modeling is helping the company grow by leaps and bounds, Sarkett and his team continue to refine their models based on real-life feedback from clients.

"We learn with every client. We have close relationships with all of them. We are constantly getting feedback from them and building it into our processes and into our research," he said. "We are building models off many regions. So instead building just one model off one town ... We are using data from all different markets, so the power of the predictions is so much stronger."

Adapting for Feast and Famine

Audantic's likely seller lists are a hot item in a housing market with a paucity of properties for sale and a shrinking pool of foreclosures — which during the housing downturn provided real estate investors with a full pipeline of potential deals.

But Audantic is also prepared to adjust its models to fit a market where the deals are more plentiful, according to Sarkett.

"The way that we build our models, we're constantly updating them with the latest real estate data. So as the markets are shifting and the behavior is changing ... our models are constantly being updated to reflect those changes in real time," he said. "Real estate is cyclical so sometimes it's easy to do deals and sometimes it's hard to do deals, and what we try to offer our clients is to have consistent business in the easy times and the hard times, the feast and the famine." ▪

Rob Barber CEO of ATTOM Data Solutions (formerly RealtyTrac)

Rob Barber joined RealtyTrac as CEO in 2015, spearheaded the creation of the ATTOM Data Warehouse and the company's subsequent rebranding as ATTOM Data Solutions in 2016. As CEO of ATTOM Data Solutions, Rob directs the ongoing curation of America's most comprehensive property database, product innovation that leverages the company's data, data sales, data licensing and customer service.

DEMOCRATIZING DATA: TOWARDS REAL ESTATE TRANSPARENCY

Someday soon, buying real estate will be as smooth and fast as buying a car, stock or bond. And it will happen because innovative companies are making real estate more transparent every day.

Whether you're a business or a consumer, decisions related to real estate are some of the most important and challenging decisions you'll ever make. They're important decisions because they have a significant impact on income, wealth and quality of life. And they're difficult decisions because information that can assist in making more informed real estate decisions is multi-dimensional, complex and often scattered. But despite the historically distributed nature of real estate data, much of this information has now been consolidated and made easily accessible to anyone.

Specialized Niches

In the early 1990s, new types of information companies were born, most of which specialized in a particular category of property data. Some companies aggregated for-sale listings. Some focused on past transactions. Some collected land and environmental data. At first, these niche companies collected property data in limited geographies and later expanded nationally. As each niche segment matured, one or two firms inevitably separated themselves from the pack, achieved scale and emerged as the class of their niche. And at roughly this point, their growth began to plateau.

One-Stop Shop

Slowing growth rates and evolving customer needs motivated these niche players to re-examine their growth strategies. No longer could acceptable growth be attained by operating solely within a single core niche. After all, customers had diverse information needs that spanned multiple sectors and were sourcing data from multiple suppliers. Because managing many such relationships was expensive and time consuming, customers began consolidating relationships around suppliers that could meet many, if not all, of their needs. These forces motivated leading property data companies to leverage their existing data sourcing, quality control, data warehousing and sales capabilities and extend them into adjacent markets leading to the formation of several holistic and nationally comprehensive real estate data warehouses.

What's Next

As real estate continues its evolution toward total and inevitable transparency, the next stage of the journey will be built upon four pillars.

First, property data companies will transition beyond data that describes a property's past to also source data that quantifies a property's current characteristics. Smart, connected technologies are now able to capture **real-time performance data** that measures everything from energy usage to water consumption to indoor air quality. Furthermore, once captured for an individual property, this data can be easily compared to similar properties. Whether a result

CONTINUED ON NEXT PAGE

of new seller disclosure rules or more comprehensive pre-acquisition property inspections, every property will become more transparent as real-time performance data becomes an expected element of every transaction.

Second, both historical and real-time property data will continue to be integrated more directly into **customer workflows** making the information front-and-center to users. Whether you're a consumer visiting a real estate portal, a lender logged into a loan origination system or an insurance adjuster using an underwriting or claims platform, everything you need to know about that property will be embedded directly into the application for easy consumption.

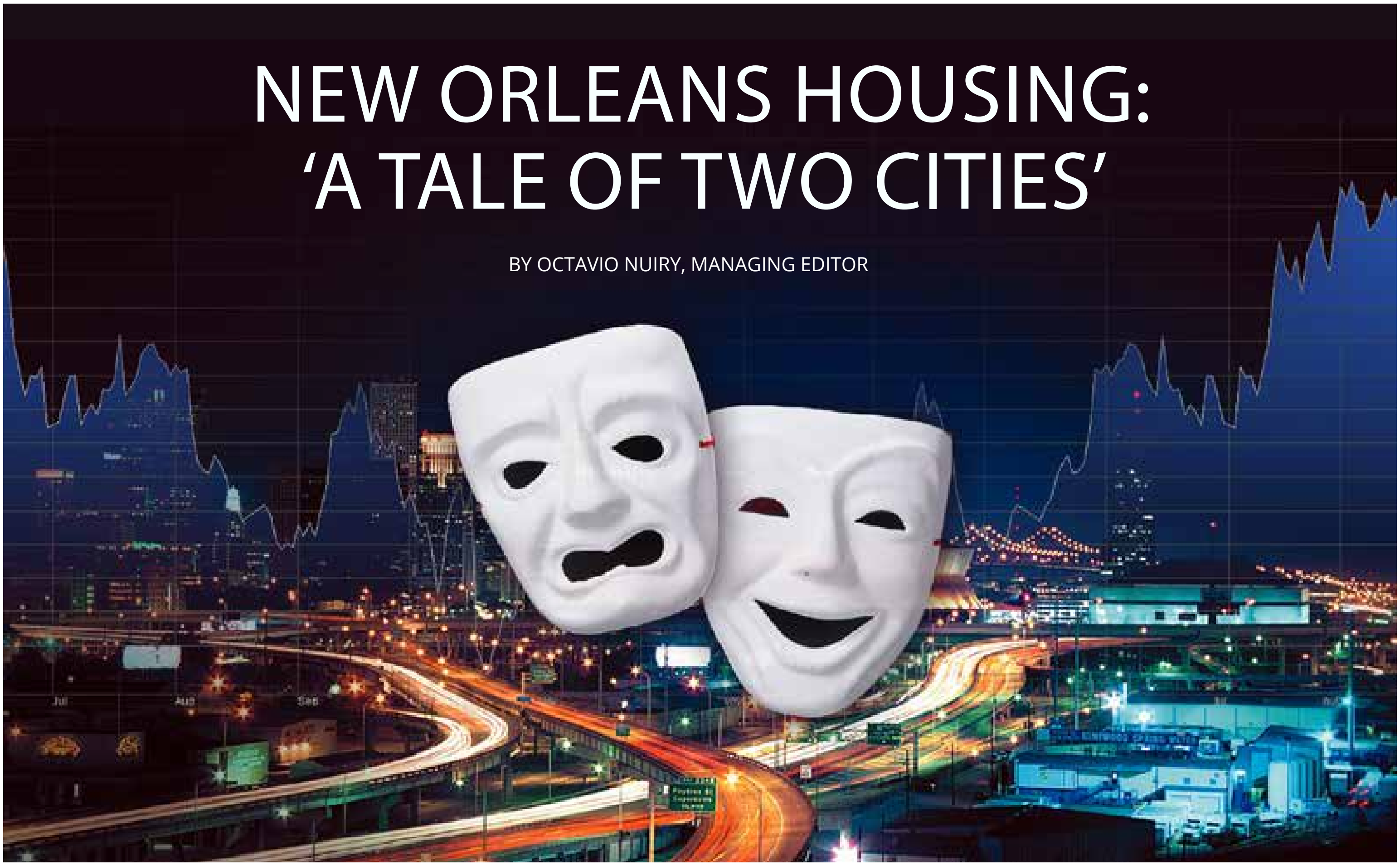
Third, more important that the data itself is the story hidden inside the data and extracting these stories, patterns and correlations is what **data analytics** is all about. Ultimately, the reason humans consume information is so they can process it to make wise decisions. Humans are innately good at this when the information being consumed is limited and simple; which is rarely the case in real estate decisions. Given the massive volume of data that needs to be processed for wise decision-making, people are rapidly exploiting analytic engines to separate the signal from the noise and, in some cases, automate the entire decision-making process. These analytic solutions are growing more complex and accurate by the day and will continue to do so.

And finally, the business of supplying critical property data will shift towards a **Data-as-a-Service** model because of the superior experience this model provides the end user. In most cases, users prefer not to deal with ingesting, cleansing, updating and warehousing massive real estate databases to accomplish their goals. A much better scenario is one where data and analytic needs can be satisfied on demand and without incurring the heavy costs associated with internal data warehouse infrastructure. Outsourcing the work to a firm that specializes in providing instant and reliable access to data will allow the customer to re-allocate more resources towards their core mission and, simultaneously, realize an economic benefit resulting from the service provider's costs being distributed across their entire customer base.

This rapid increase in transparency is impacting real estate transactions and making the asset class more easily tradeable. When combined with future generations of buyers who may not place the same emotional value on real estate as our parents did, we're not far away from a meaningful portion of purchase transactions having similar characteristics to purchasing 100 shares of Apple or a new BMW; fast and low friction. ■

NEW ORLEANS HOUSING: 'A TALE OF TWO CITIES'

BY OCTAVIO NUIRY, MANAGING EDITOR



Eleven years after Hurricane Katrina, the New Orleans real estate market has become what Rick Haase, president of [Latter & Blum](), calls "a tale of two cities." Haase, who presides over a vast and fast-growing real estate empire in South Louisiana and the Gulf Coast, said there are parts of the city that are booming and other areas that are still struggling to regain their footing.

'A Tale of Two Cities'

"The market in New Orleans is a tale of two cities," said Haase, using a metaphor from the title of a classic Charles Dickens novel by the same name. "In the greater New Orleans area — in neighborhoods like the Garden District, Uptown and the Warehouse District — prices are going through the roof, driving up median and average prices in those areas. In other neighborhoods, we are seeing the opposite: no appreciation or price declines. In areas like Chalmette, East New Orleans and the River Parishes, we are seeing flat to slight price appreciation."

Haase said demand for housing in the most sought-after New Orleans neighborhoods is so fierce that inventory is nearly depleted. Conversely, he noted, some areas severely affected by Hurricane Katrina are seeing fewer sales.

"Inventory is so scarce — under 500 listings in Uptown — that buyers are bouncing to other neighborhoods like the Faubourg Marigny, Bywater and Mid City to find homes they can't afford in the most desirable areas of the city," said Haase, who overseas the largest real estate brokerage firm in the Gulf South. "Those neighborhoods are less established and are going through a renaissance. There are also rebound markets, like the Lakefront, that attracts young millennial families."

Bywater & Faubourg Marigny Neighborhoods

Up-and-coming neighborhoods like the dense and increasingly trendy Bywater and the Faubourg Marigny, adjacent to the French Quarter, are attracting young, college-educated, transplanted millennials who started moving to the Crescent City in 2005 after Hurricane Katrina to help rebuild the city.

CONTINUED ON NEXT PAGE

Once a blue-collar community, Bywater is increasingly becoming a bohemian swath of the city that hugs the Mississippi and is slowly being gentrified by artists, musicians and young idealists who saw the rebuilding of News Orleans as a cause célèbre for rebuilding the Big Easy.

In Bywater, 19th-century shotguns — homes known for the fact that a shotgun blast at the front door could travel unimpeded through the home's narrow hallway to the rear — are being remodeled and converted into rentals and single family homes. And abandoned warehouses, like the red-bricked Rice Mill Lofts, a five-story structure that was once home to the nation's largest rice processor, are being converted into apartments.

Haase said a tremendous influx of out-of-town young entrepreneurial millennials — seeking amenity-rich housing — are driving up demand in these newly gentrified areas and revitalizing other areas of the city. An expanding economy, driven by a growing tourism sector, oil and gas development, and the growing medical industry, has helped to transform formerly neglected corners of the city into trendier neighborhoods. And after years of decline, the city's population is slowly growing again, ranking as one of the fastest-growing metropolitan areas in the U.S., according to Census Bureau data.

Besides the gentrification of hipster neighborhoods like the Faubourg Marigny, Bywater and Mid City, another trend Haase pointed out is the wave of hotel and condo projects in the central business district (CBD), the Warehouse district and other parts of the city. Today, thousands are flocking to a renewed New Orleans. The city is rebuilding its public transit system, adding a fourth new street car line along North Rampart Street and St. Claude Avenue, running 1.6 miles from Canal Street to Elysian Fields Avenue, traversing neighborhoods like Treme, Marigny and Bywater. In the last several years, New Orleans has also transformed its public education system, with 93 percent of New Orleans public school students attending charter schools, replacing failing public schools with high-achieving charter schools, according to the Cowen Institute at Tulane University.

"We are experiencing a historical shift right now where young buyers want amenity-rich buildings and amenity-rich neighborhoods near the urban core," said Haase, referring to the growing crop of urban-centric high-rise condo towers being planned or under construction in the Warehouse District near the Ernest N. Morial Convention Center along the Mississippi River. "We are just entering the world of condo living. Interest in vertical communities is unprecedented."

Condo Mania

Eleven years after Hurricane Katrina flooded 80 percent of the city and displaced nearly 1 million people in the Gulf Coast, New Orleans has become one of the fastest-growing commercial real estate markets in the nation. A construction boom fueled by the inflow of $120.5 billion in federal aid has launched a rebirth of the CBD and the Warehouse District.

The CBD and the Warehouse District are a beehive of construction activity, and are riding a wave of hotel and condo projects as demand for downtown living surges and tourism rises, said Haase. Both areas are undergoing a rapid transformation into more residential neighborhoods,

CONTINUED ON NEXT PAGE

"We are experiencing a historical shift right now where young buyers want amenity-rich neighborhoods near the urban core."

Rick Haase | President of Latter & Blum
New Orleans, Lousiana

"Millennials are choosing to live in Orleans Parish, mostly in the city's crescent, in neighborhoods like Uptown, the Warehouse District, Bywater and the Faubourg Marigny."

Wade R. Ragas
Housing Analyst of Real Property Associates Inc.
New Orleans, Louisiana

increasingly populated by full-time urban residents and tourists. Some two dozen developments are underway, many of them mixed-use projects and redevelopment of historic buildings into hotels.

Consider the CBD: The 14-story Oil and Gas Building, vacant for nearly a decade, is being converted into a 182-room upscale Hilton Canopy hotel. Across the street, a 108-room Moxy hotel by Marriott opened in April, according to *The Advocate*. A block away, on Union and Baronne Streets, the former New Orleans Public Service Inc. (NOPSI) building will become a 210-room luxury hotel. Nearby, the historic Pythian building — formerly a hiring office for famed World War II boat builder Andrew Jackson Higgins (maker of the flat-bed D-Day Higgins Landing Craft) — will be converted into a mixed-use development of retail, office and nearly 70 apartments.

"It's a very unique time," said Haase, whose company represents six different condo developers. "It's cheaper to own on a cash basis. Today, median-priced rentals are more expensive than homes to buy."

Several condo and apartment developments are underway in the CBD. The shuttered 17-story Jung Hotel — located on Canal Street — is being converted into a mixed use development, featuring 175 apartments, 145 hotel rooms and 50,000 square feet of retail and event space. The Paramount, an upscale apartment complex at the South Market District in the CBD, features 209 apartments, with rents ranging from $1,400 for a one-bedroom to $2,100 for a two-bedroom. Another South Market District apartment complex, The Beacon, features 124 apartments that rent for $1,700 per month for a one-bedroom, $2,300 for a two-bedroom and $6,500 for a penthouse.

Wade R. Ragas, a real estate market analyst at Real Property Associates Inc., who crunches real estate data twice yearly for the New Orleans Metropolitan Association of Realtors and the Gulf South Real Estate Information Network, said New Orleans housing prices are rising because the number of homes on the market in the Garden District, Uptown and the Carrolton areas hit seven-year lows, fueling bidding wars and increased competition among buyers. Ragas said the substantial in-migration of millennials post-Katrina and high-tech job growth are driving demand.

"Millennials are choosing to live in Orleans Parish, mostly in the city's crescent, in neighborhoods like Uptown, the Warehouse District, Bywater, the Faubourg Marigny

CONTINUED ON NEXT PAGE

and the central business district," said Ragas, a retired University of New Orleans finance professor.

Ragas said the New Orleans residential real estate market has been appreciating at 10 percent a year. But Ragas said the appreciation has slowed in the last six months due to a decline in job growth, slowing export trade through the Port of New Orleans, and low oil prices, which has reduced demand for homes driven by the job growth in the oil, gas and petrochemical industry.

Smaller, Whiter City

After Katrina, the population of New Orleans slumped to a low of 209,000 from 455,000 before the hurricane. Today, the city's population is expanding again, growing to an estimated 389,617 last year, up 13 percent from 343,829 people in April 2010, according to the U.S. Census Bureau.

The numbers portray a significantly smaller, whiter city than the previous census, in 2000, though the population had been steadily shrinking for decades prior to the storm. In 1990, New Orleans was the 24th biggest city in the country, in 2000, the 31st, and by 2015 was the 50th most populous city, reports the Census.

The racial and ethnic make-up is also changing. New Orleans, once more than two-thirds black, is now 60 percent black, with 118,000 fewer black residents. In 2015, whites accounted for 33 percent of the city's population. Meanwhile, the Hispanic population, which came to fill the city's ravenous demand for construction labor after the storm, jumped 20 percent, growing from 15,000 in 2010 to 18,000 in 2015, accounting for 5 percent of the city's population, Census figures show.

Flippers Active

Home flipping in the New Orleans metro area jumped 45 percent from a year ago in Q1 2016 — the sixth biggest year-over-year increase among 126 metros, tracked by ATTOM Data Solutions (formerly RealtyTrac.) In the first quarter, 8.6 percent of all home sales in New Orleans were flips, ranking 25th highest among the 126 metro areas analyzed.

"There's a flipping market, but it's getting harder to do because of rising home prices," said Ragas, noting that flippers have started scooping up even the more run-down properties in less desirable areas where housing stock is available. "There's more flipping north of St. Charles. There's a huge quantity of vacant stock and empty lots there."

In New Orleans, home flips in Q1 2016 sold for $81,500 more than what they were purchased for, a 97.6 percent gross return on investment (ROI), more than twice the national average of 47.8 percent.

At the parish level, Jefferson Parish had the most single family home and condo flips of any parish statewide (112) in the first quarter, representing 9.2 percent of all home sales. Orleans Parish saw the biggest year-over-year increase in the flipping rate, up 81 percent from a year ago. Orleans Parish also had the biggest gross ROI of 141 percent.

CONTINUED ON NEXT PAGE

The biggest increase in home flips from a year ago was in the Uptown zip code of 70118 and in New Orleans East at the 70127 zip code, a middle-class African American enclave. In the Uptown zip code of 70118, nine properties were flipped in Q1 2016, while eight properties were flipped in New Orleans East. In the Treme neighborhood, the 70112 zip code also saw elevated flipper activity, with eight properties sold by flippers in the first quarter of 2016.

In many of these Big Easy neighborhoods where flippers are active, a large percentage of homes sales are all-cash deals. In Q1 2016, nearly 40 percent of all homes sales in New Orleans were cash sales, according to ATTOM Data Solutions.

Like Haase, Ragas is seeing a surge in the re-development of old buildings into apartments and condominiums.

"Currently, we have about 2,300 units being built," said Raga, noting a sharp uptick in new apartment or condo units just completed, being built or in the works. "There's 1,800 apartments and 500 condos coming online. That's about four times our normal rate."

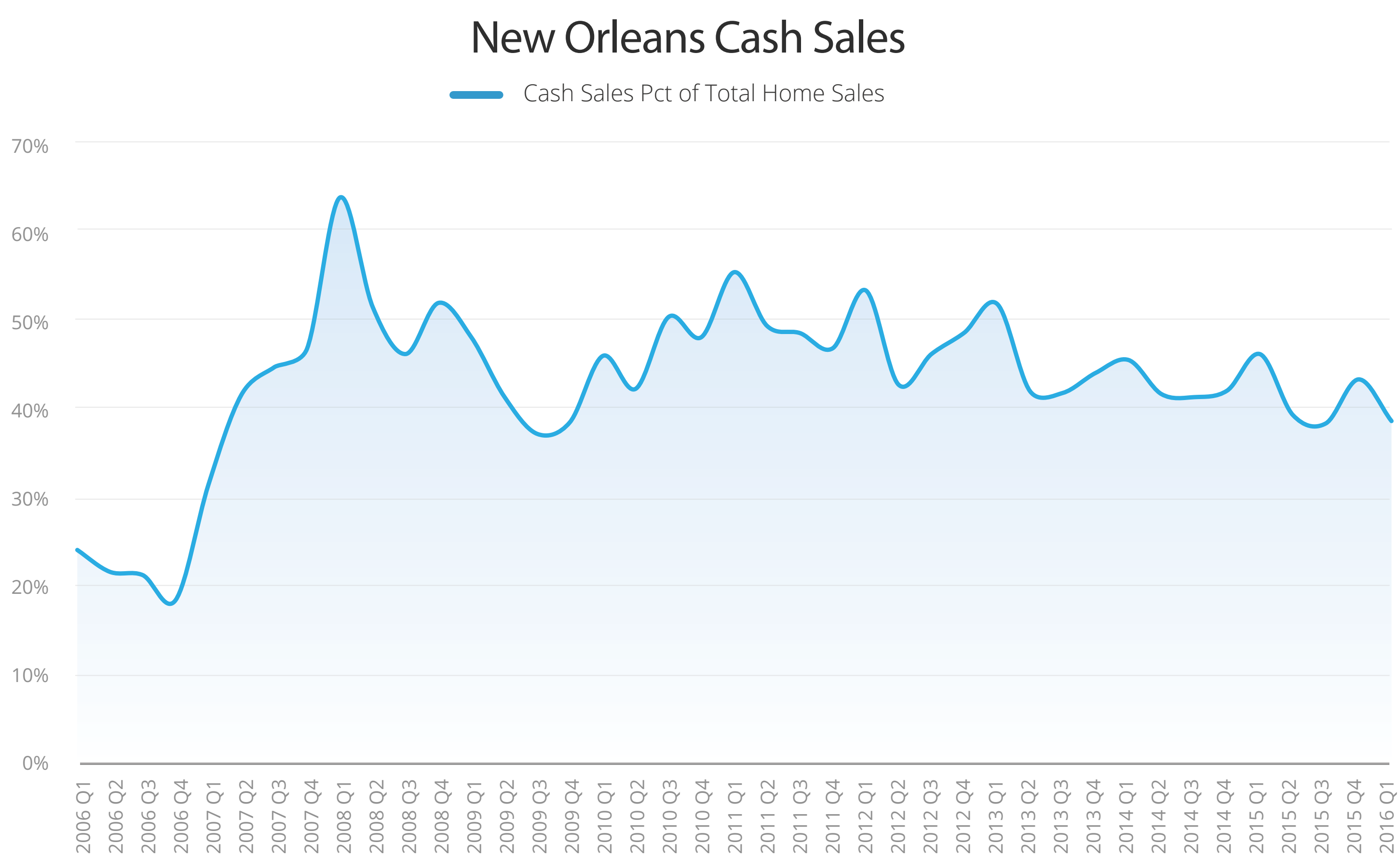
A Sellers' Market

Home flippers are gravitating to Uptown and the historic and oak-lined Garden District, two highly desirable neighborhoods, where prices are rising rapidly due to a shortage of available properties, according to Nancy Hopper with RE/MAX New Orleans Properties. Hopper said inventory shortages are fueling bidding wars, multiple offers and rising prices.

"We don't have a lot of inventory in Uptown right now," said Hopper. "There's a convergence of things driving up prices in the Uptown area: lack of inventory, the historical architecture of the homes here and the convenience of being close to everything in the city."

Hopper said sales have slowed down somewhat this summer but anticipates it will pick up again next spring.
"After the storm, we had tons of houses available for sale," she said. "They had been

CONTINUED ON NEXT PAGE



in families for generations. The storm forced many people to leave. There was a lot of inventory. As prices started rising, sales surged. Now we've leveled off somewhat."

Lower Ninth Ward

In New Orleans' impoverished Lower Ninth Ward, a neighborhood hit hard by Hurricane Katrina in 2005, the pace of redevelopment has been painfully slow. The Lower Ninth Ward — along with neighborhoods like Lakeview and Chalmette — was devastated when multiple levee breaks forced thousands of people from their homes; many have not returned.

Mid City Rebirth

In Mid City — along Tulane Avenue, running from the shuttered Art Deco Charity Hospital to South Carrolton Avenue — an explosion of new construction at the new $1.1 billion state-of-the-art University Medical Center, and the $800 million Veterans Administration medical center, is transforming the scruffy area into a hip spot for residential flippers, serial landlords, healthcare professionals and millennial hipsters. The LSU-VA hospital complex has reignited interest in the area.

The Tulane corridor used to be peppered with boarded-up buildings and bail bonds offices near the New Orleans Criminal Court system, but real estate investors and developers have snapped up properties and vacant lots and turned them into high-end rentals and condo developments over the past few years. Twentieth-century shotgun double houses, narrow dwellings with rooms arranged one behind the other and a door at each end, are being gutted and converted into upscale single-family homes for the thousands of health care professionals pouring into the newly revitalized Mid City area.

According to Jonathan Smoke, chief economist at Realtor.com, New Orleans was ranked as the No. 6 hottest U.S. housing market for 2016. Job and population growth is fueling the resurging New Orleans market, Smoke said.

The Big Easy's Unfinished Business

One big post-Katrina problem is blighted properties. Not only did Hurricane Katrina kill nearly 2,000 people, but it decimated much of the housing stock, too. And tens of thousands of homes, many of them dilapidated, are still vacant. Citywide, there are 53,000 abandoned homes or empty lots, representing 34 percent of the housing stock, according to the Greater New Orleans Community Data Center. The blight problem is a big issue, especially in minority neighborhoods where most of the neglected properties are concentrated.

Andreanecia M. Morris, executive director of Housing NOLA, said the city needs 33,000 new housing units over the next 10 years to meet the affordable housing needs of the growing population.

Morris said the city also faces issues with high vacancy rates and blight. "There's some issues with the market," she said. "We have a 20 percent vacancy rate that is fueled largely by blighted and vacant properties."

Neighborhoods like the Lower Ninth Ward — east of the Industrial Canal — were hardest hit by Katrina and are still struggling to rebuild, 11 years after the storm. Vacant lots where homes once stood run for miles and miles. Much of the Lower Ninth Ward is still in ruins. It was once a thriving working-class community of 14,000 people, and famous as the birthplace of Fats Domino, but fewer than 3,000 residents are left. Eleven years after the storm, the Lower Ninth Ward is a checkerboard of development, with new and rebuilt homes standing next to boarded-up ones.

The Make It Right Foundation, founded by actor Brad Pitt, has built more than 100 homes in the hard-hit Lower Ninth Ward. All the homes are LEED Platinum certified, with solar panels that reduce energy use. But on many blocks the only thing that has returned in full are the weeds. Many streets

"We need more supply. We need about 33,000 new housing units."

Andreanecia M. Morris | Executive Director of Housing NOLA
New Orleans, LA

CONTINUED ON NEXT PAGE

are filled with potholes, abandoned cars, wrecked houses and vacant lots.

Morris also worries that rising insurance rates and home prices will push many renters and homebuyers further out into the suburbs.

"Property insurance and landlord insurance is very high," said Morris. "And there's not a lot of insurance companies writing policies. We want to make sure everybody is paying less than 30 percent on housing."

New Orleans East and St. Bernard Parish are other outlying areas still struggling to rebound from the devastation of the levee failures during Hurricane Katrina.

New Orleans, a Renter City

In New Orleans, 55 percent of the city's housing stock is rentals, according to the Greater New Orleans Fair Housing Action Center. Since Katrina, renting has become significantly more expensive in 'The City that Care Forgot.' In 2000, the average family spent only 13 percent of their income on rent in the city. Now renters pay 35 percent on rent. New Orleans has 86,300 rental homes. With a median household income of $36,964 in the New Orleans Parish area of 389,600 residents, home prices — and rents — are rising rapidly for most local New Orleanians, according to the Census Bureau.

"Since Hurricane Katrina, home values have risen 54 percent and rent is up 50 percent," according to an editorial in *The Times-Picayune*. "The annual household income needed to afford rent in New Orleans is $38,000, but 71 percent of workers earn on average $35,000. The average yearly income for service workers is $23,000 and only $10,000 for musicians. New Orleans has only 47 affordable rental units for every 100 low-income residents. Thirty-seven percent of households in the city are paying half of their income for housing, which is much higher than recommended."

Where Do We Go From Here?

Eleven years after Hurricane Katrina, New Orleans has been altered, and not just by nature. In some ways, the Crescent City is booming like never before. In others, it is returning to pre-Katrina poverty and violence, but with a new sense of optimism for many.

Indeed, New Orleans is still a work in progress. A lot has happened in New Orleans since Katrina, to the city, to real estate, and to its people. But ironically, natural disasters are good for rehabbers, flippers, historic preservationists and real estate developers. Natural disasters wash the slate clean, sweeping away the old and ushering in the new.

Still, the "new" New Orleans' future now looks brighter. ■

ATTOM® DATA SOLUTIONS

AMERICA'S MOST VACANT CITIES

More than **1.3 million of the nearly 85 million U.S. homes** (1.6%) were vacant in February 2016, down 9% from September 2015, according to publicly recorded real estate data and post office data collected by ATTOM Data Solutions. But while sharinking inventory of available housing is plaguing many markets, these five markets are still struggling with too many vacant homes.

Flint, Michigan

11,605
Vacant Homes (7.5%)

87% of vacant homes are investment properties

Detroit, Michigan

81,190
Vacant Homes (5.3%)

13% of vacant homes are bank-owned

Youngstown, Ohio

6,979
Vacant Homes (4.4%)

87% of vacant homes have at least one open loan

Beaumont, Texas

4,695
Vacant Homes (3.8%)

120% increase in vacant foreclosures from a year ago

Atlantic City, New Jersey

4,191
Vacant Homes (3.7%)

17% of vacant homes are underwater on mortgage

METHODOLOGY

ATTOM Data Solutions matched its address-level property data for nearly 85 million U.S. residential properties — including foreclosure status, owner-occupancy status, and equity — against monthly updated data from the U.S. postal service indicating whether a property had been flagged as vacant by the postal carrier. Only metropolitan statistical areas with at least 100,000 residential properties were included in the rankings.

Foreign Demand For U.S. Homes Cools

A stronger U.S. dollar and weakening economies abroad — as well as new U.S. government restrictions on foreign buyers — weighed on purchases of U.S. residential real estate by overseas buyers, according to the National Association of Realtors.

NAR's 2016 Profile of International Activity in U.S. Residential Real Estate, which tracks U.S. residential real estate sales to international buyers between April 2015 and March 2016, found that foreign buyers purchased $102.6 billion of U.S. residential property from April 2015 to March 2016, a decrease from $103.9 billion from the previous 12-month period. International buyers purchased 214,885 residential properties, up 3 percent from the 208,947 in the previous 12-month period.

"Weaker economic growth throughout the world, devalued foreign currencies and financial market turbulence combined to present significant challenges for foreign buyers over the past year," said Lawrence Yun, NAR chief economist.

Five states accounted for 51 percent of total international residential property purchases: Florida (22 percent), California (15 percent), Texas (10 percent), Arizona (4 percent) and New York (4 percent), claims the annual NAR report.

Source: National Association of Realtors

Zero Net Energy Homes

Pulte Homes, the nation's third largest new home builder, has completed construction of its zero net energy (ZNE) prototype home in Northern California. The name is designed to minimize its environmental footprint by generating as much energy as it consumes.

Located in the Pulte community of Botanica in Brentwood, California, about 55 miles east of San Francisco, the 2,359 square foot, two-level ranch-style prototype home includes 3 bedrooms and 2.5 baths. New home prices in the community of Botanica range from the high $400,000s to low $600,000s and span from 2,343 to 3,590 square feet.

"This home has been designed and engineered to produce as much power as it consumers off the traditional power grid," said Brian Jamison, national procurement director at Pulte Homes.

Sources: Pulte Homes, Green Building News

NYC Landlords Sue City Over Rent Freeze

New York City landlords sued Mayor Bill de Blasio's administration in Manhattan over a rent freeze imposed by the Rent Guidelines Board.

The Rent Guidelines Board voted on June 27 to have no rent increase for one-year leases and a 2 percent hike on two-year leases. The nine-member board approved the move in a 7-to-0 vote, with two abstentions.

The trade group Rent Stabilization Association, which represents 25,000 landlords across the city, together with four Brooklyn landowners, filed its suit in Manhattan Supreme State Superior Court. The landlords own a million apartments, "most of which are rent stabilized," the petition states.

Claiming the rent freeze was politically motivated — because the mayor, a Democrat, appointed the full board — the Rent Stabilization Association calls for a court order annulling the vote and declaring it unconstitutional under the Fifth and 14th Amendments, alleging violations of the separation-of-powers doctrine and the taking of private property for public use without just compensation.

Sources: Courthouse News, New York Daily News

Airbnb Agrees to Collect Hotel Taxes in LA

Landlords across the nation are under assault by cities attempting to stop them from renting their properties for short-term stays, through websites such as Airbnb, HomeAway and vrbo.com.

Starting in August, Airbnb will start collecting lodging taxes from Los Angeles rental hosts, providing more than $5 million in revenue to the city of Los Angeles. The city of Los Angeles and the city council negotiated the deal with Airbnb to collect a 14 percent tourist tax.

Airbnb has reached similar agreements with 190 other cities, states, or other taxing jurisdictions around the world to collect taxes from its hosts, more than $85 million in tax revenue for cities worldwide, according to Airbnb. Los Angeles is also seeking to strike such agreements with other online rental platforms.

Sources: Airbnb, Los Angeles Times

Supreme Court to Hear Fannie Mae Suit

The U.S. Supreme Court agreed on June 28 to consider a wrongful foreclosure case against the Federal National Mortgage Association — known as Fannie Mae — on whether the case can only be filed in federal rather than state courts.

The case, *Lightfoot v. Cendant Mortgage Corp,*. involves two California women who sued Fannie Mae after foreclosure actions. The case addresses a specific clause in Fannie Mae's charter, which says that the GSE can "sue and be sued, and to complain and defend, in any court of competent jurisdiction, state or federal."

A federal judge dismissed all claims, siding with Fannie Mae, and the 9th U.S. Circuit Court of Appeals affirmed on appeal, ruling in Fannie Mae's favor.

The Supreme Court will be briefed in the fall, with arguments likely later this year or in early 2017.

Sources: Courthouse News, SCOTUS

JUNE 2016

State-by-State Foreclosure Activity Summary

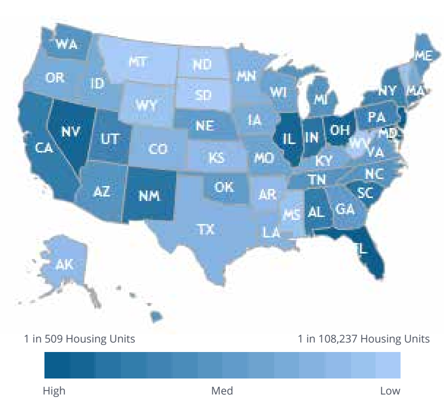
Rank	State	Default	Auction	REO	Total	1/every X HU (rate)	%Δ from Jan 14	%Δ from Feb 13
	U.S. Total	**26,953**	**37,116**	**30,400**	**94,469**	**1,405**	**-6.32**	**-19.30**
12	Alabama	0	877	686	1,563	1,402	-1.51	26.46
41	Alaska	0	65	29	94	3,275	59.32	-21.01
23	Arizona	0	838	824	1,662	1,730	-32.82	-0.36
42	Arkansas	0	230	158	388	3,426	-22.71	-33.10
13	California	4,293	3,463	2,057	9,813	1,404	13.47	-15.97
39	Colorado	0	455	315	770	2,907	-6.55	-20.86
11	Connecticut	670	134	300	1,104	1,350	-27.89	6.05
4	Delaware	185	204	121	510	806	-11.15	50.89
	District of Columbia	2	58	22	82	3,668	7.89	164.52
3	Florida	3,605	4,226	3,947	11,778	769	-4.00	-36.48
26	Georgia	0	1,176	1,055	2,231	1,844	-19.83	-37.44
25	Hawaii	140	82	74	296	1,773	-15.19	-9.76
32	Idaho	44	163	94	301	2,244	29.74	-10.95
5	Illinois	1,723	2,334	1,944	6,001	883	-0.60	3.34
8	Indiana	852	1,268	552	2,672	1,052	11.66	-18.24
36	Iowa	152	274	146	572	2,357	-21.21	-4.98
43	Kansas	88	183	76	347	3,575	-23.40	-42.74
35	Kentucky	135	450	256	841	2,305	10.51	-12.76
37	Louisiana	120	461	215	796	2,498	-31.14	-42.53
22	Maine	274	92	67	433	1,674	-0.23	15.47
2	Maryland	1,138	1,252	1,315	3,705	648	7.05	-17.61
18	Massachusetts	900	612	248	1,760	1,600	-28.77	1.79
20	Michigan	0	942	1,810	2,752	1,647	4.64	-15.79
40	Minnesota	0	286	481	767	3,082	-38.34	-33.59
45	Mississippi	0	152	79	231	5,562	-16.00	-7.97
30	Missouri	0	771	486	1,257	2,167	0.48	-4.99
47	Montana	0	19	26	45	10,817	-52.13	-11.76
27	Nebraska	36	167	221	424	1,899	14.29	43.24
6	Nevada	628	402	247	1,277	928	-8.33	-26.57
33	New Hampshire	0	191	83	274	2,253	-7.12	-16.21
1	New Jersey	2,410	2,745	1,846	7,001	510	9.54	14.71
10	New Mexico	359	219	217	795	1,141	-9.56	68.79
16	New York	3,300	1,045	1,036	5,381	1,515	-16.28	-10.12
19	North Carolina	967	889	826	2,682	1,635	-12.32	-42.64
50	North Dakota	1	0	2	3	110,670	50.00	-88.00
7	Ohio	1,771	1,735	1,686	5,192	989	-1.20	-12.81
28	Oklahoma	280	283	311	874	1,923	-8.39	-29.29
34	Oregon	128	288	322	738	2,284	-21.07	-40.96
14	Pennsylvania	905	1,568	1,413	3,886	1,436	-16.50	-40.11
17	Rhode Island	0	210	84	294	1,575	-28.81	10.11
9	South Carolina	816	749	431	1,996	1,082	-13.33	-10.65
49	South Dakota	0	9	12	21	17,580	-32.26	-22.22
24	Tennessee	0	778	843	1,621	1,751	-24.78	-24.95
38	Texas	33	2,128	1,552	3,713	2,744	-17.21	-30.70
15	Utah	291	278	118	687	1,455	30.11	-20.94
46	Vermont	0	6	29	35	9,267	34.62	-53.33
29	Virginia	0	1,075	630	1,705	1,996	-6.98	-14.41
21	Washington	211	862	684	1,757	1,663	11.48	-2.71
48	West Virginia	0	31	31	62	14,245	-59.74	-34.04
31	Wisconsin	496	353	358	1,207	2,184	-9.45	-35.59
44	Wyoming	0	38	35	73	3,633	-23.16	192.00

TOP 20

Foreclosure Rates in the Nation's 20 Largest Metros in June 2016

Rank	Metro	Housing Units Per Forelcosure Filing (Rate)
1	Baltimore, MD	537
2	Tampa, FL	606
3	Philadelphia, PA	637
4	Chicago, IL	702
5	Miami, FL	712
6	Riverside, CA	814
7	New York, NY	976
8	St. Louis, MO	1,325
9	Detroit, MI	1,359
10	Washington, DC	1,567
11	Seattle, WA	1,489
12	Los Angeles, CA	1,559
13	San Diego, CA	1,618
14	Atlanta, GA	1,646
15	Phoenix, AZ	1,774
16	Boston, MA	2,003
17	Dallas, TX	2,239
18	San Francisco, CA	2,270
19	Minneapolis, MN	2,350
20	Houston, TX	2,750

Foreclosure Rates for the U.S.



HOUSINGNEWSREPORT

Housing News Report is a monthly publication dedicated to helping investors succeed by providing them with timely and relevant information abou the housing market.

Executive Editor
Daren Blomquist

Managing Editor
Octavio Nuiry

Writers
Daren Blomquist, Octavio Nuiry

Art Direction
Anderson Jackson, Eunice Seo

Contact Us
Phone: 800.306.9886
Email: octavio.nuiry@attomdata.com
Mail: Housing News Report
1 Venture suite 300
Irvine, CA 92618