



## Iron Harbor Open Market – On Deck

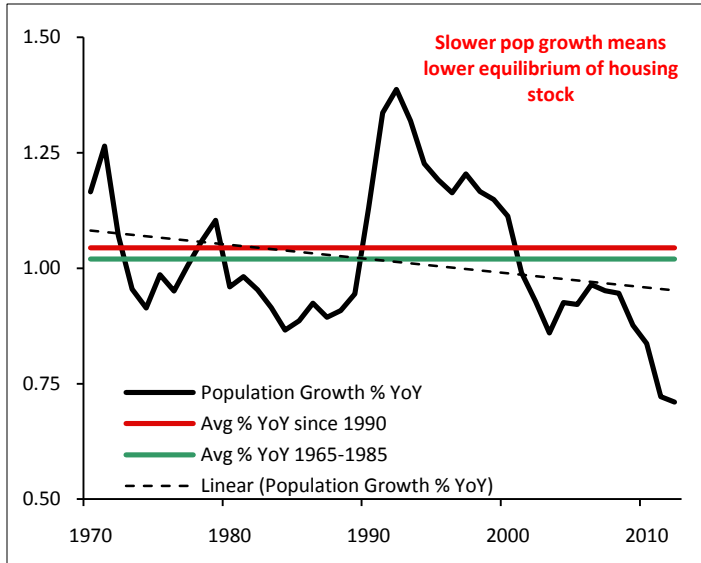
Collecting and processing the vast amount of relevant data that determine global trends is the great challenge of executing a global allocation (macro) strategy. In order to produce high quality returns, an investment team needs an established procedure for collecting data, converting it into information, and then forming investment themes based on that information.

In **Open Market–On Deck**, we will present regular first-draft snapshots of our working analyses. This series provides an early look at themes on which we are working and should give investors added insight into our idea generation process.

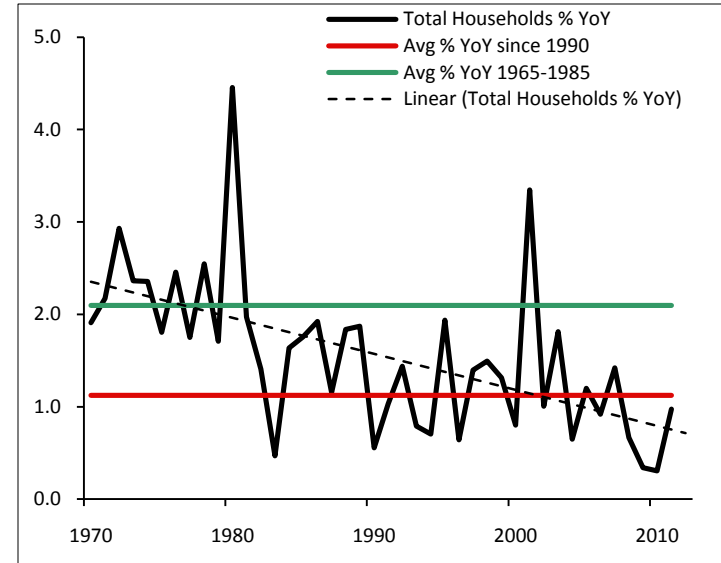
*Gravelle Pierre, CFA*

# Figure 1. Housing Fundamentals Are Softer...

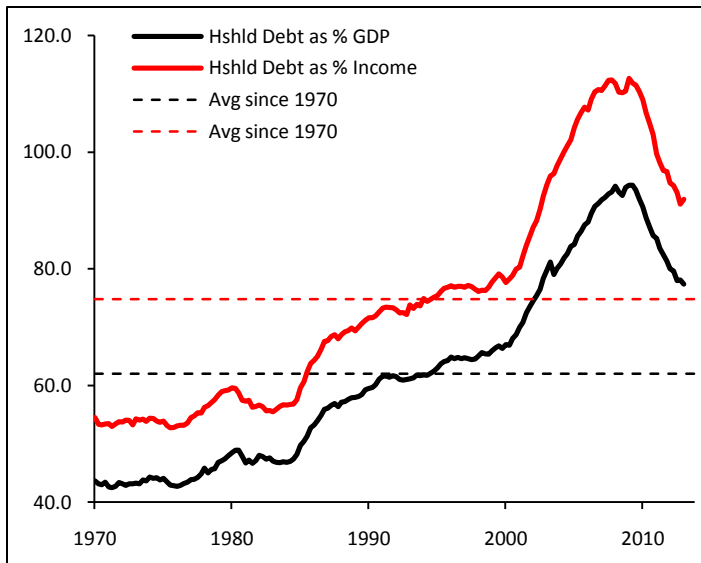
## 1. Slower population growth means....



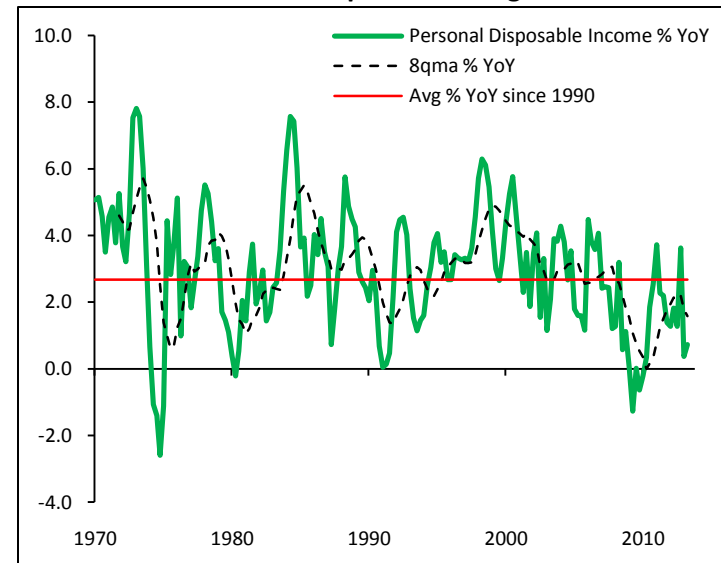
## 2. ...slower formation rate (despite post recession bounce)



## 3. Debt levels still elevated...

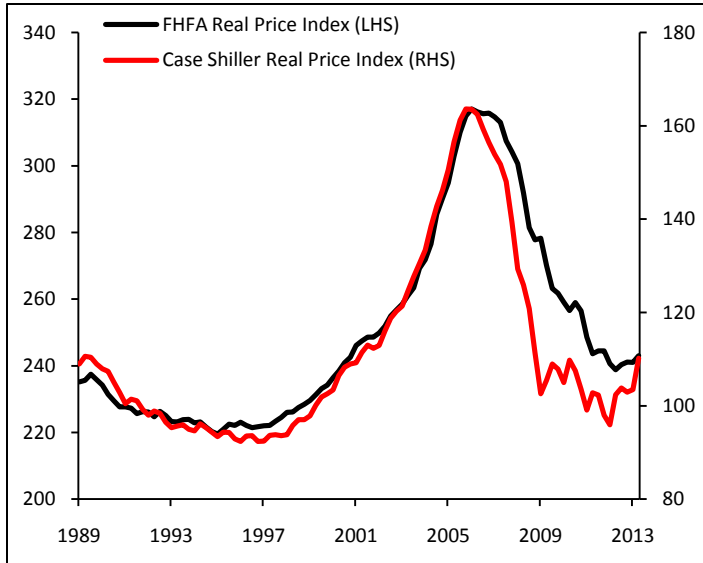


## 4. ...amidst poor income growth.

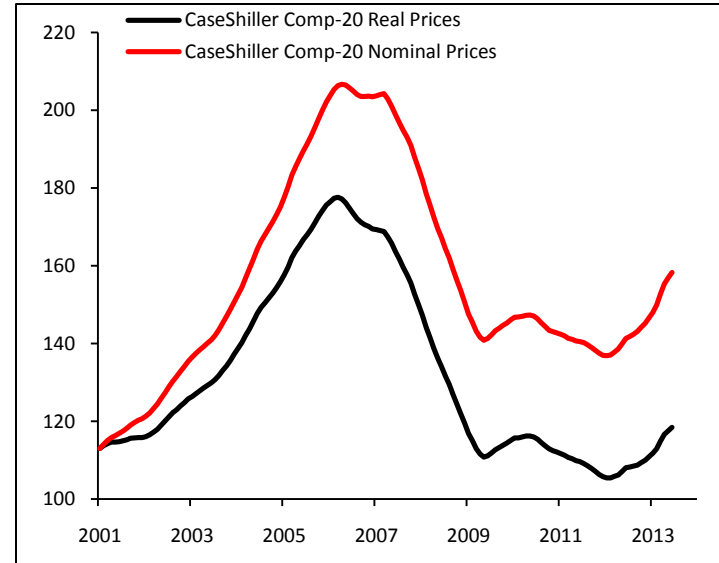


## Figure 2. Prices Not Stretched...

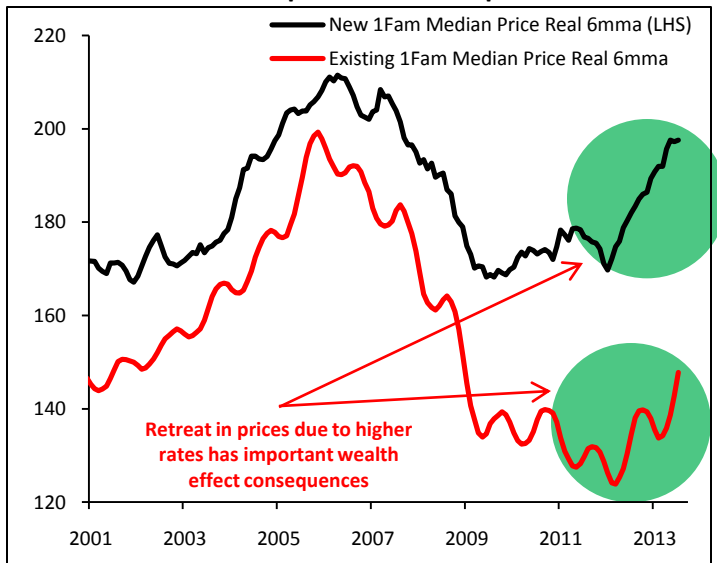
**1. Data shows real prices at...**



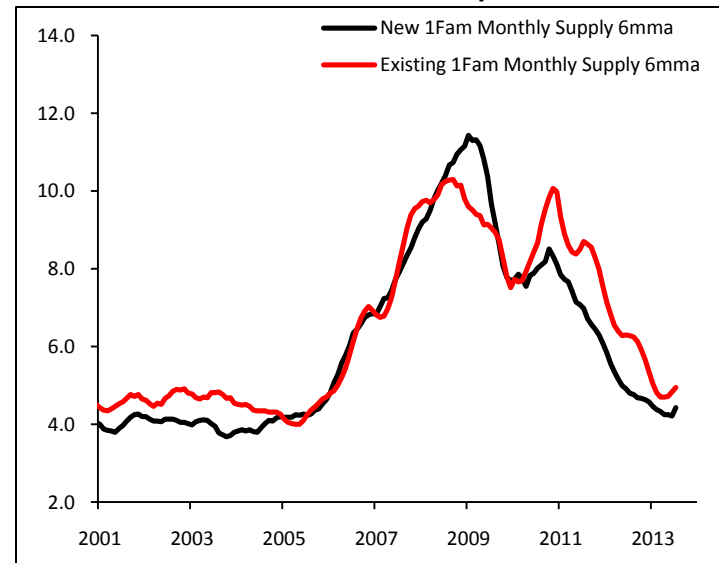
**2. ...pre-bubble levels**



**3. Recent price run due in part to...**

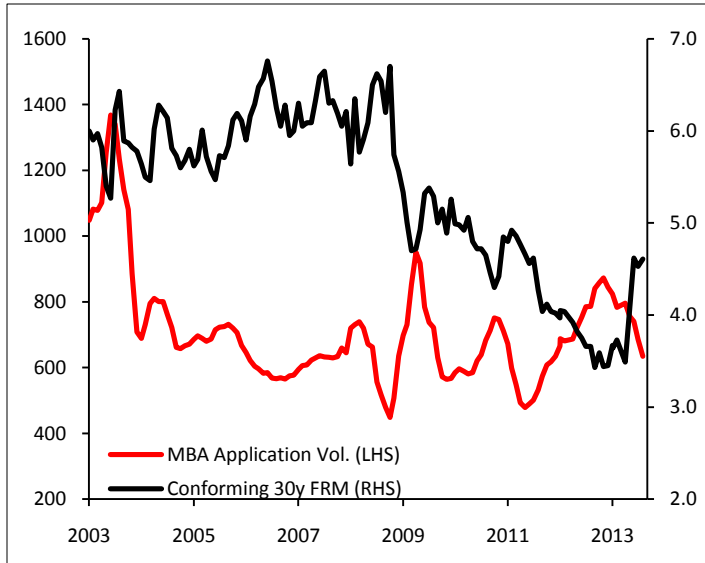


**4. ...lower inventory.**

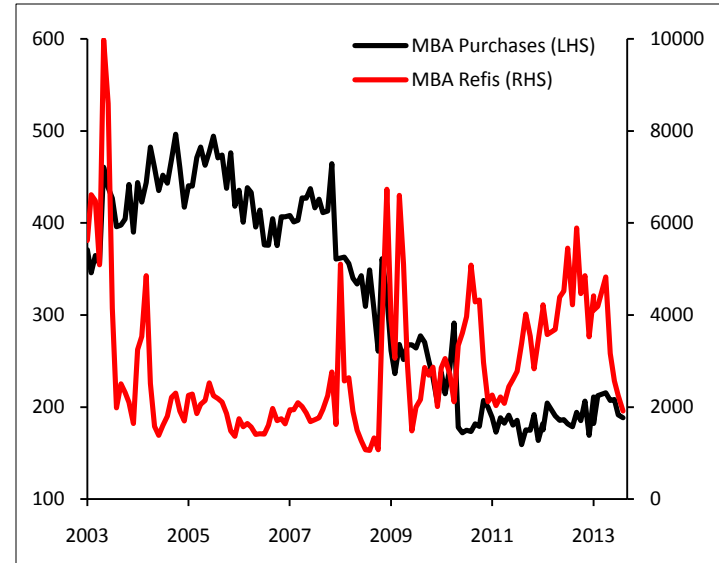


# Figure 3. ...but Vulnerable to Higher Rates.

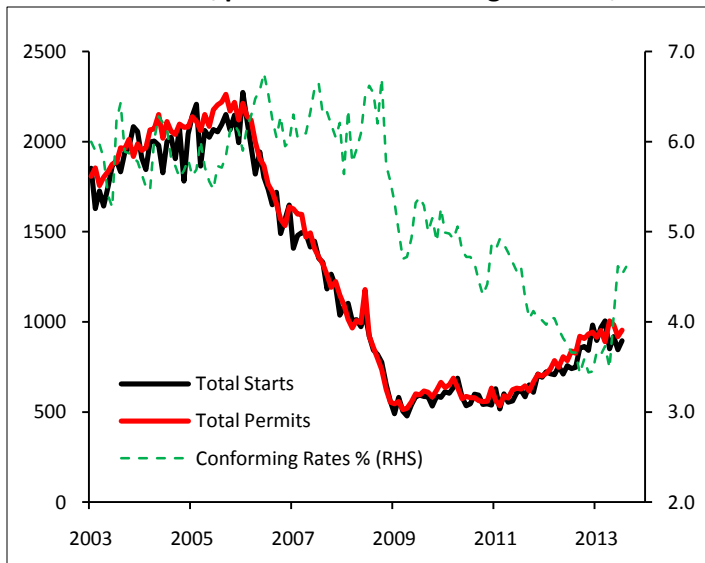
### 1. Mortgage apps lower on higher rates



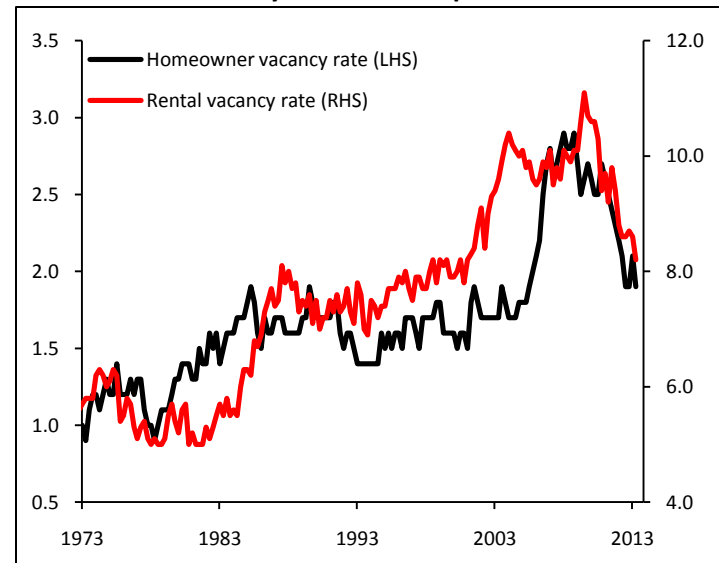
### 2. Biggest drop in activity seen in refi's



### 3. Limited starts/permits reaction to higher rates, so far

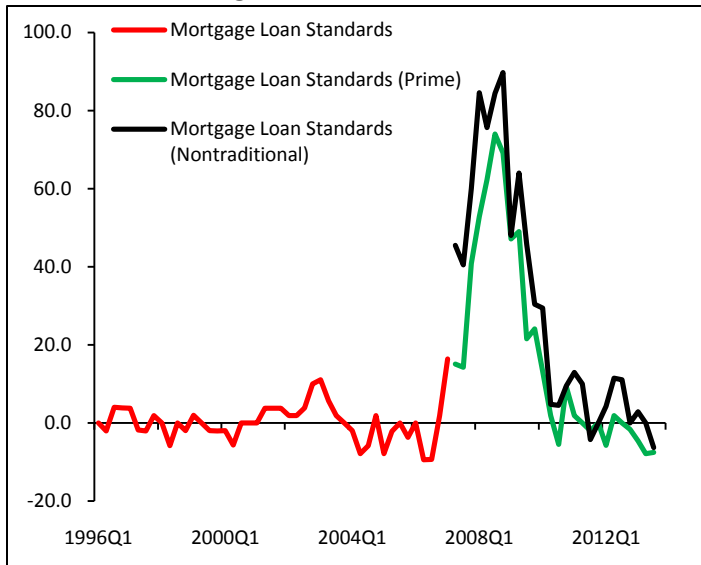


### 4. Vacancy rates back to pre-bubble

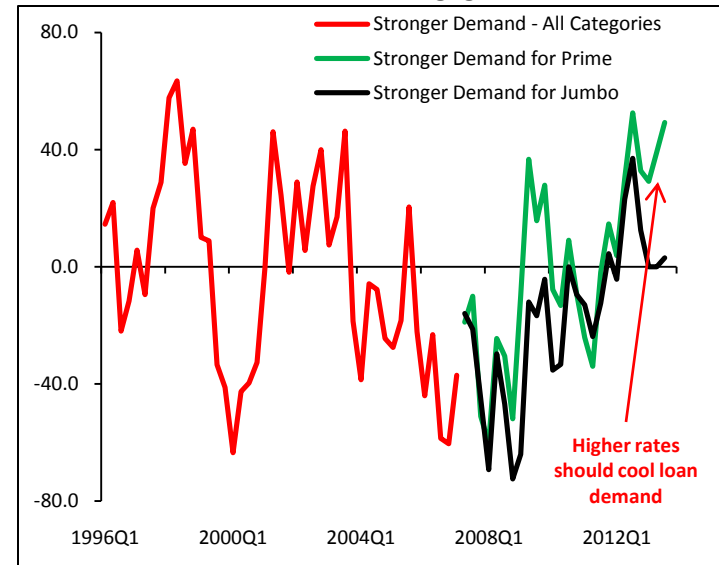


# Figure 4. Limited Scope for Further Easing of Standards

## 1. Lending standards continue to ease...



## 2. ...amid better mortgage demand.



## 3. Market already weighing-in on likely impact

