



MARKET REPORT

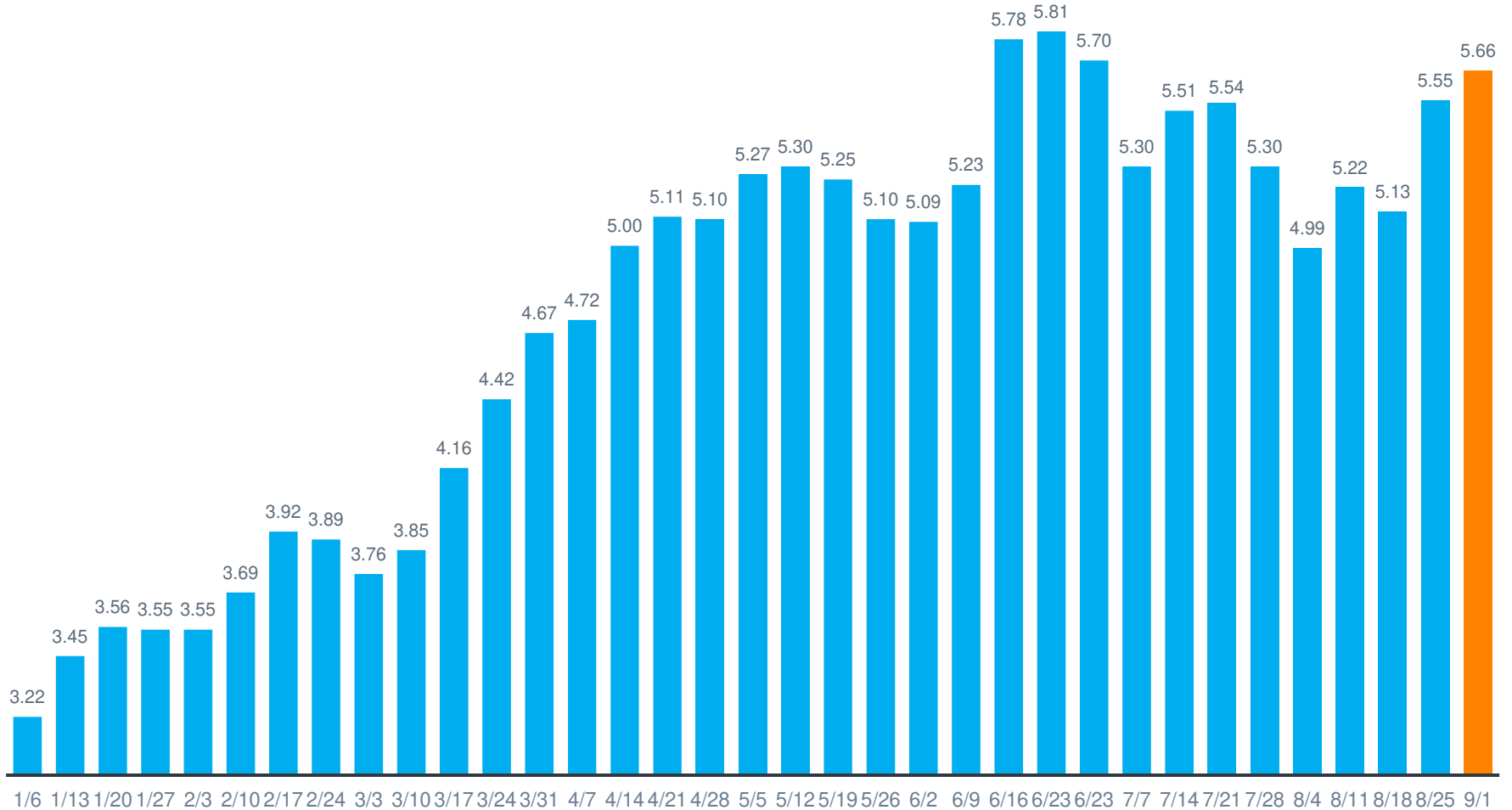
September 2022

Mortgage Rate Projections



Mortgage Rates

Freddie Mac 30-Year Fixed Rate, January 2022 to Today



Source: Freddie Mac

Mortgage Rate Projections

August 2022

Quarter	Freddie Mac	Fannie Mae	MBA	NAR	Average of All Four
2022 Q4	5.4	4.8	5.2	6.0	5.4%
2023 Q1	5.2	4.7	5.1	6.0	5.3%
2023 Q2	5.2	4.5	5.0	6.0	5.2%
2023 Q3	5.0	4.4	4.9	-	4.8%



After the end-of-summer lull, and as **mortgage rates stabilize**, we may see a **return of buyers** and a relatively **strong fall housing market**.

- **Lisa Sturtevant**, Housing Economist

Home Price Appreciation



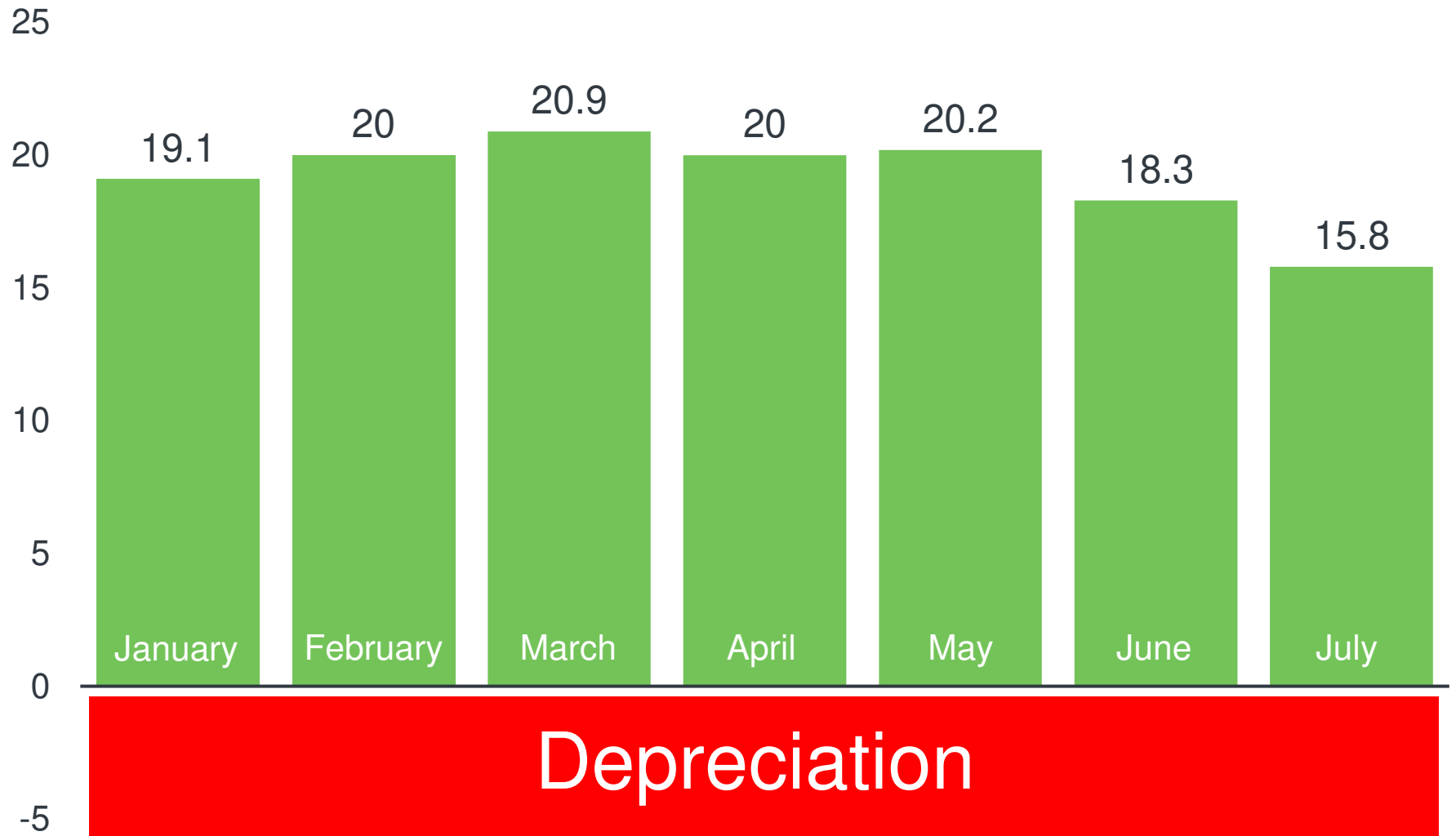


I don't think national housing prices will decline in a meaningful way . . . but there will be some price declines across the country.

- **Mark Zandi**, Chief Economist, Moody's Analytics

Appreciation Slowing, Not Depreciating

% Year-Over-Year Home Price Increases for 2022





Annual home price growth slowed for the third consecutive month in July but remained elevated at 15.8%. As 30-year, fixed-rate mortgages neared 6% this summer, some prospective homebuyers pulled back, helping ease overheated and unsustainable price growth. . . . Looking ahead, CoreLogic expects to see a more balanced housing market, with year-over-year appreciation slowing to 3.8% by July 2023.

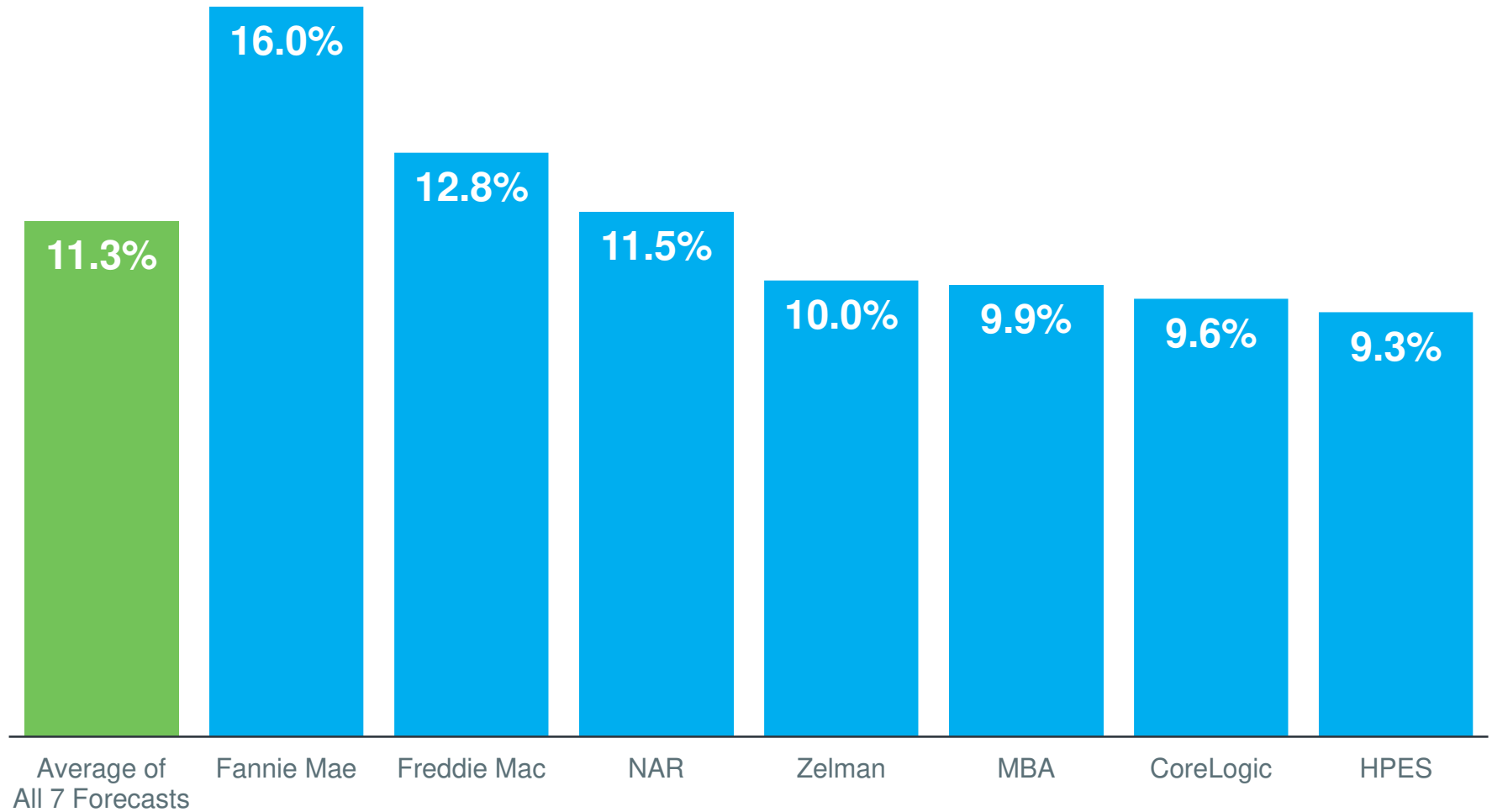
- CoreLogic, Latest Home Price Insights Report

Many Experts Raise Home Price Forecasts

January Forecasts for 2022 Home Price Appreciation
Compared to the Latest Forecasts

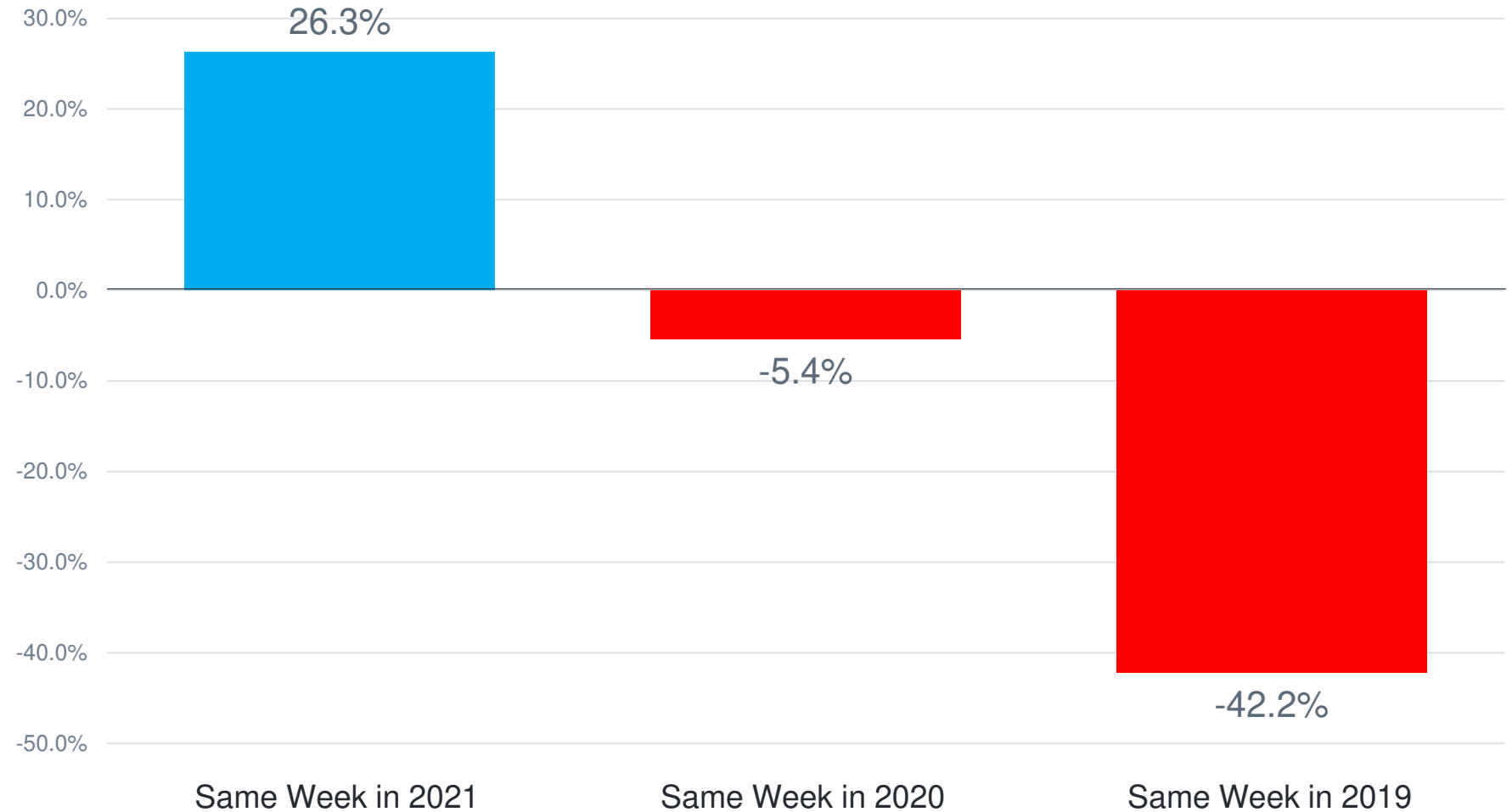
Source	January 2022 Appreciation Forecast	Latest 2022 Appreciation Forecast
Fannie Mae	7.6%	16.0%
Freddie Mac	6.2%	12.8%
NAR	5.1%	11.5%
Zelman	3.0%	10.0%
MBA	5.1%	9.9%
HPES	6.3%	9.3%

Home Price Forecasts for 2022



Inventory Is Still Historically Low

Week Ending September 2nd



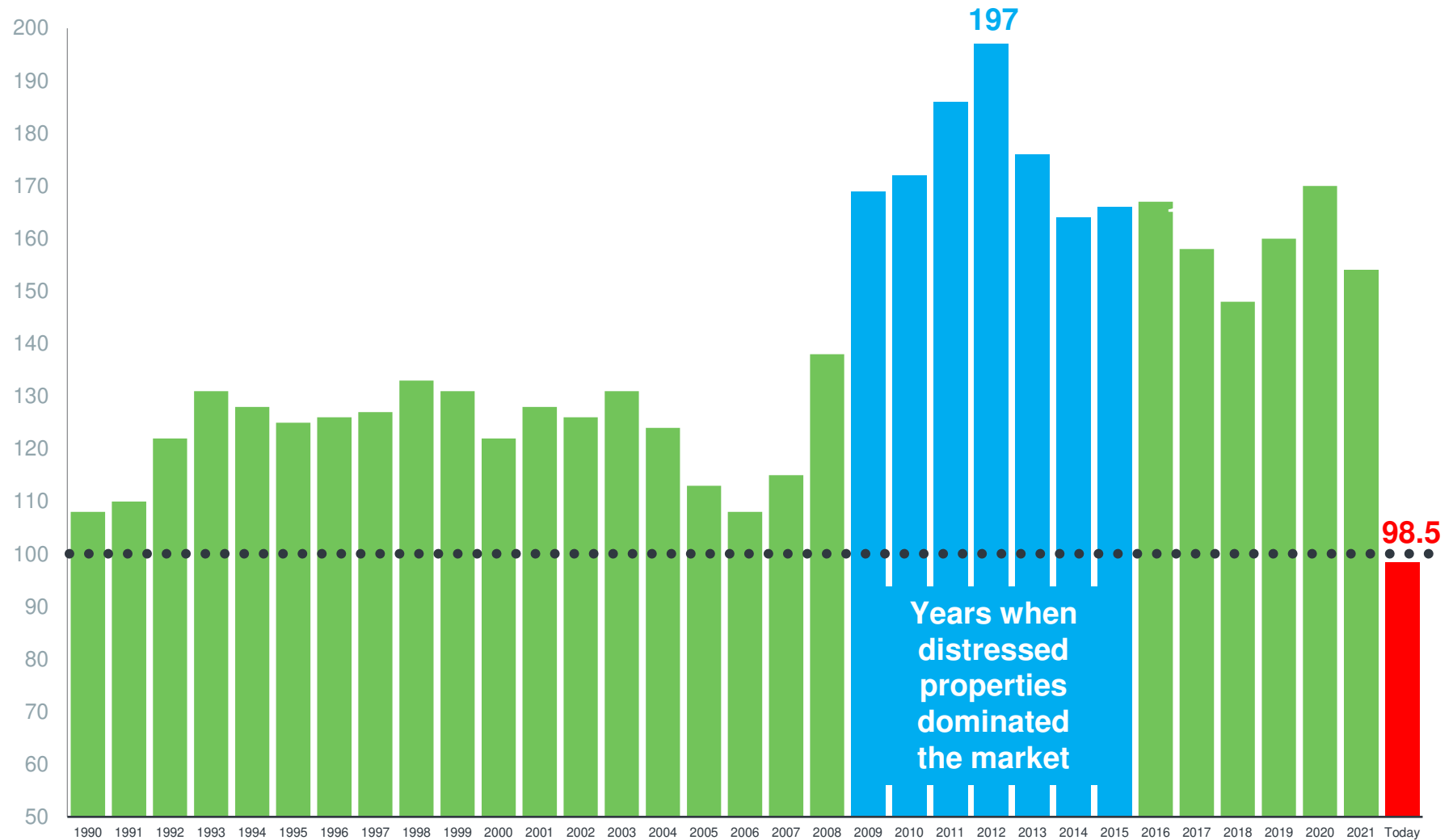
Source: Calculated Risk

Affordability



Affordability at Historically Low Level

Housing Affordability Index, 1990 to Today

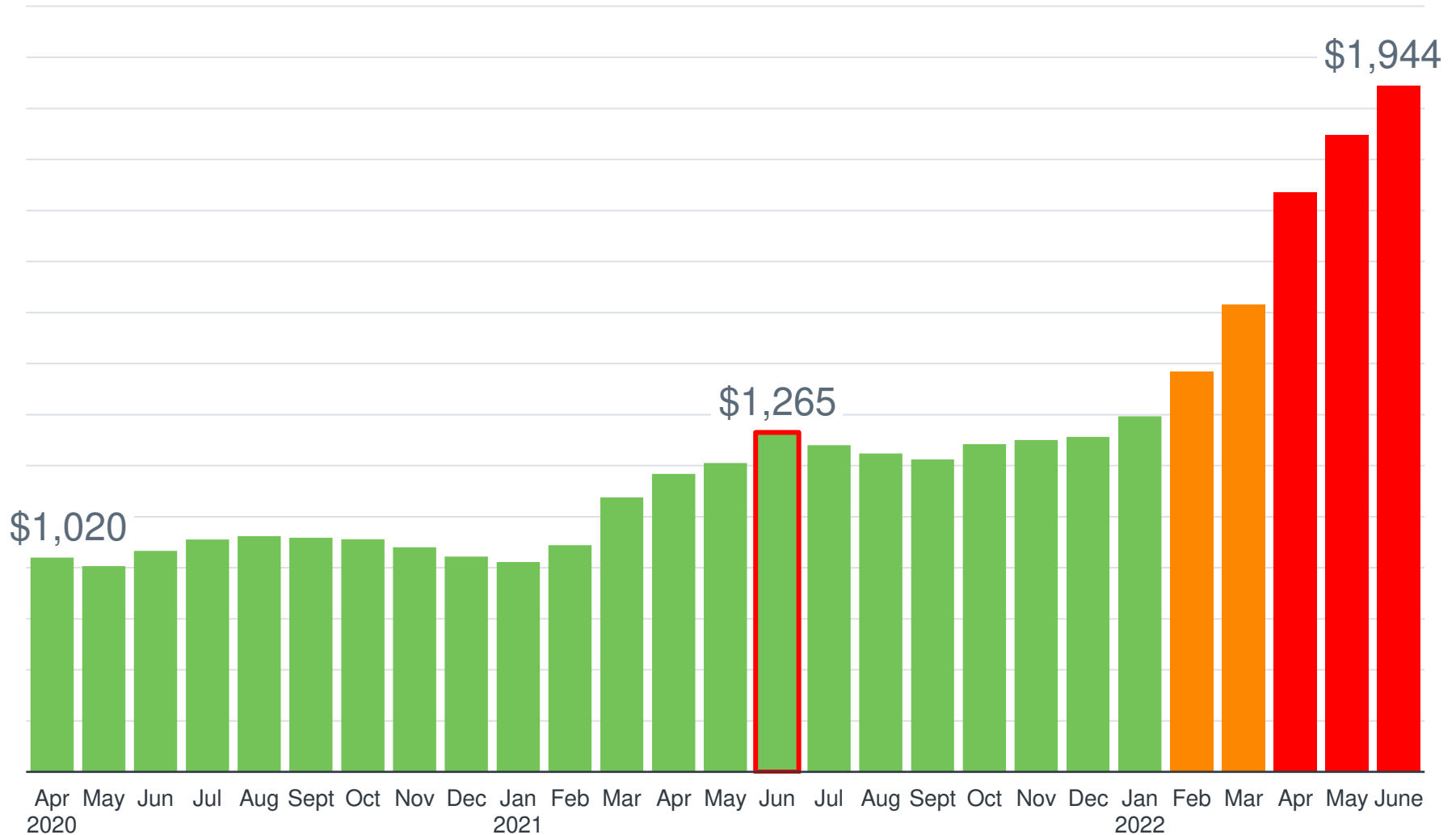




Compared to one year ago, the monthly mortgage payment rose to \$1,944 from \$1,265, an increase of 53.7%.

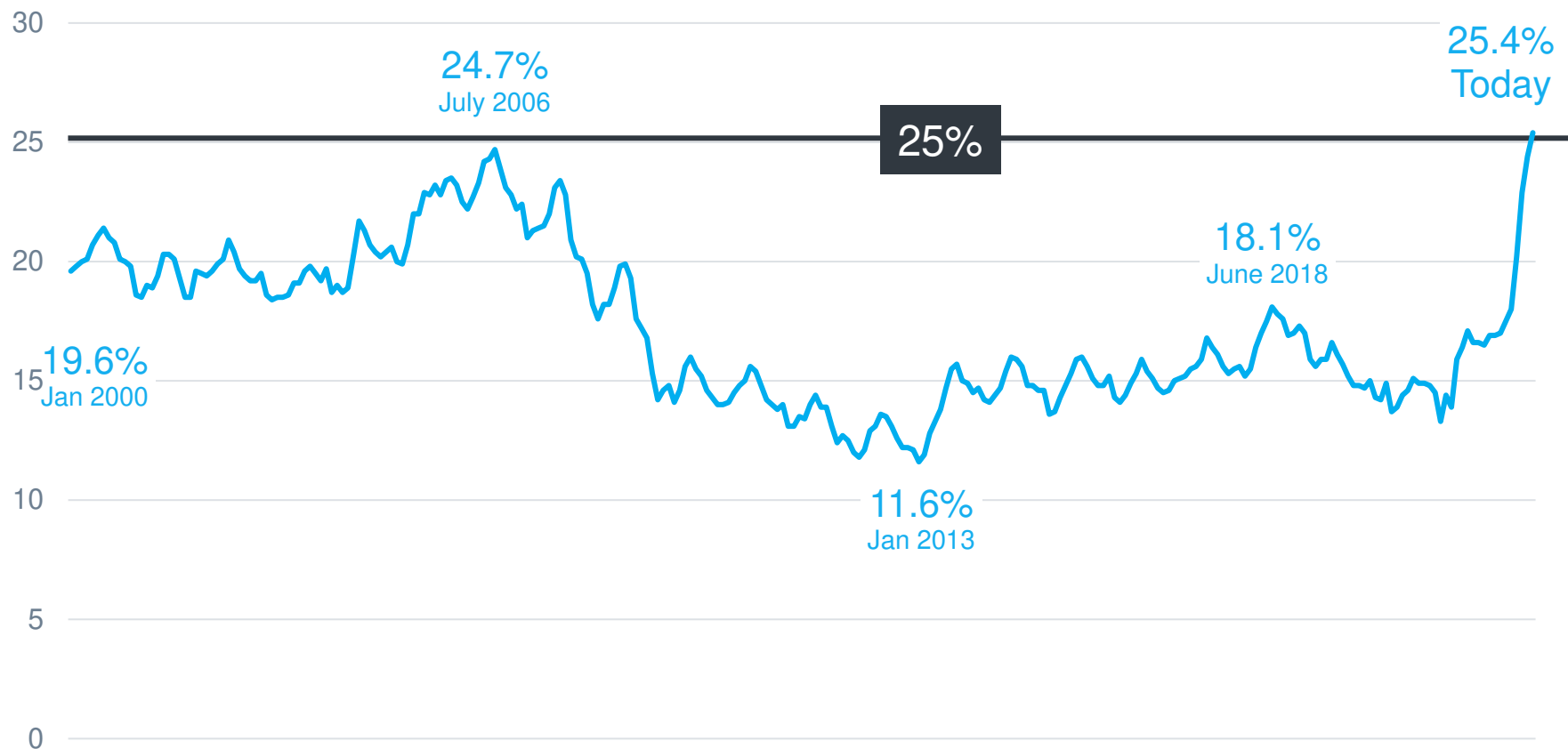
Monthly Mortgage Payments Increasing

Monthly Mortgage Payments



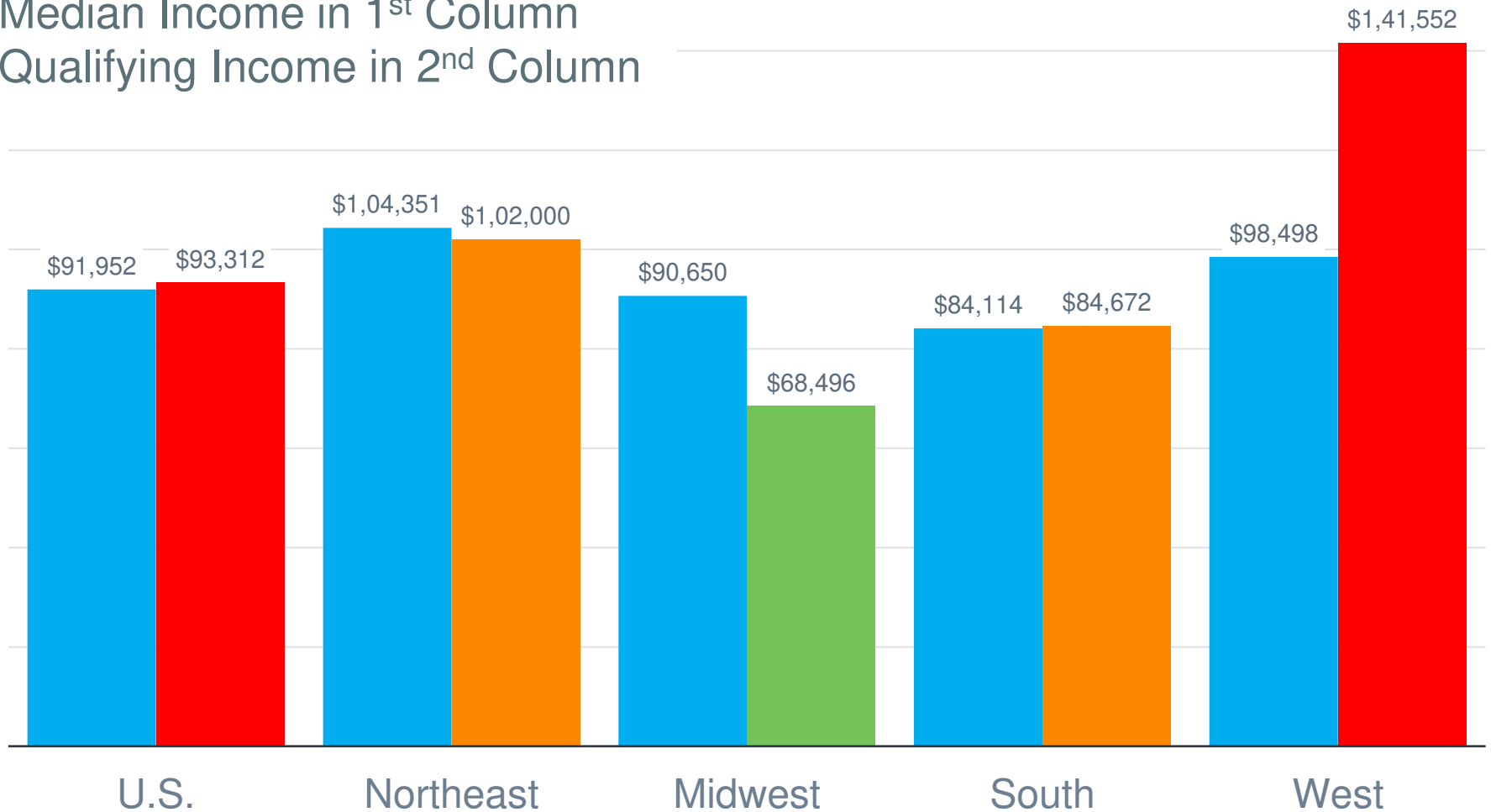
Mortgage Payment to Income Ratio (2000-2021)

Assumes a 30-Year Fixed Rate Mortgage with a 20% Down Payment on a Median-Priced Home with a Median Income (P&I payment to income)



Median Household Income vs. Qualifying Income

Median Income in 1st Column
Qualifying Income in 2nd Column



Three Things Buyers Can Do Today

1. Expand search area and criteria
2. Explore alternative financing options
3. Look for grants, gift funds, etc.
downpaymentresource.com



We are in a place where strategy discussions and planning are critically important to make sure we can thrive during these challenging times. Stay nimble, stay informed, and remember: **Housing is traditionally one of the first sectors to slow as the economy shifts but is also one of the first to rebound.**

- **Ali Wolf**, Chief Economist, Zonda

Fall Buyer & Seller Guides: Now Available



Things To Consider When Buying a Home
FALL 2022 EDITION

Americans Choose Real Estate as the Best Investment
According to a Gallup poll, real estate has been rated the best long-term investment for a year in a row.

The Benefit of Buying a Home

Things To Consider When Selling Your House
FALL 2022 EDITION

What Growing Housing Supply Means for Current Homeowners
While growing inventory has clear benefits for buyers who are craving more options for their home search, what does that mean for current homeowners like you? It gives you two distinct opportunities in today's housing market.

Home Price Deceleration Doesn't Mean Depreciation

Supply of Homes for Sale is Increasing This Year
Months' Supply of Homes for Sale

Month	Months' Supply of Homes for Sale
January	1.6
February	1.7
March	1.9
April	2.2
May	2.6
June	2.9
July	3.3

Source: NAR

Home Price Deceleration Doesn't Mean Depreciation

Experts in the real estate industry use a number of terms when they talk about the latest home price trends. To help clarify what's happening and where experts say prices are going, here's a look at a few terms you may hear:

- **Appreciation** is when home prices increase.
- **Depreciation** is when home prices decrease.
- **Deceleration** is when home prices appreciate, just at a slower or more moderate pace.

When Home Prices Have Slown in Recent Years

Over the past two years, we've probably heard home prices have skyrocketed over the past two years. But when prices rise so dramatically because inventory was historically low at the time, it's not surprising that prices have since leveled off or even declined. This is because buyers have demand reached a frenzy. That imbalance put record-breaking upward pressure on prices.

Experts were expecting long before that. You might be surprised to learn that home prices fell, on average, by 15% over the months according to the Federal Housing Finance Agency. That's actually, 15% appreciation is the norm, so the 15% appreciation the market saw in 2022 was a significant drop.

Home Prices May Not Be Moving Forward

If you're a homeowner in today's market, you probably want to know what's happening with home prices moving forward. Will they continue that same growth as in previous years?

Resources

Slide(s)	Description	Link(s)
3	Mortgage Rates Graph	https://freddiemac.gcs-web.com/node/25841/pdf http://www.freddiemac.com/pmms/
4	Mortgage Rate Projections	https://www.freddiemac.com/research/forecast/20220720-quarterly-forecast-market-slowdown-will-continue-high-rates-and-prices-exacerbate https://www.fanniemae.com/media/44466/display https://www.mba.org/docs/default-source/research-and-forecasts/forecasts/mortgage-finance-forecast-aug-2022.pdf https://cdn.nar.realtor/sites/default/files/documents/forecast-q3-2022-us-economic-outlook-07-27-2022.pdf
5	Sturtevant Quote	https://www.linkedin.com/feed/update/urn:li:activity:6971118504129257476/
7	Zandi Quote	https://www.housingwire.com/articles/the-nations-housing-market-is-on-a-correction-course/
8, 9	Appreciation Graph & CoreLogic Quote	https://www.corelogic.com/intelligence/u-s-home-price-insights-september-2022/

Resources

Slide(s)	Description	Link(s)
10	Experts Raise Home Price Forecasts	https://www.fanniemae.com/research-and-insights/forecast/forecast-monthly-archive https://www.freddiemac.com/research/forecast?page=0 https://www.nar.realtor/research-and-statistics https://zelmanandassociates.com (subscription necessary) https://pulsenomics.com/surveys/#home-price-expectations https://www.mba.org/news-and-research/forecasts-and-commentary/mortgage-finance-forecast-archives
11	Price Forecasts Graph	https://www.fanniemae.com/media/44461/display https://www.freddiemac.com/research/forecast/20220720-quarterly-forecast-market-slowdown-will-continue-high-rates-and-prices-exacerbate https://cdn.nar.realtor/sites/default/files/documents/forecast-q3-2022-us-economic-outlook-07-27-2022.pdf https://www.corelogic.com/intelligence/find-stories/corelogic-hpi-posted-record-year-over-year-growth-in-2021/ https://pulsenomics.com/surveys/#home-price-expectations https://www.zelmanassociates.com/ (subscription required) https://www.mba.org/docs/default-source/research-and-forecasts/forecasts/mortgage-finance-forecast-aug-2022.pdf

Resources

Slide(s)	Description	Link(s)
12	Inventory Graph	https://www.calculatedriskblog.com/2022/09/housing-september-5th-update-inventory.html
14	Affordability Graph	https://www.nar.realtor/blogs/economists-outlook/housing-affordability-conditions-fade-as-mortgage-rates-push-monthly-payments-higher-in-june-2022
15	NAR Quote	https://www.nar.realtor/blogs/economists-outlook/housing-affordability-conditions-fade-as-mortgage-rates-push-monthly-payments-higher-in-june-2022
16	Mortgage Payments Graph	https://www.nar.realtor/blogs/economists-outlook/housing-affordability-conditions-fade-as-mortgage-rates-push-monthly-payments-higher-in-june-2022 https://cdn.nar.realtor/sites/default/files/documents/hai-06-2022-housing-affordability-index-2022-08-11.pdf
17, 18	Payment to Income Graphs	https://www.nar.realtor/blogs/economists-outlook/housing-affordability-conditions-fade-as-mortgage-rates-push-monthly-payments-higher-in-june-2022
20	Wolf Quote	https://www.builderonline.com/data-analysis/single-family-housing-demand-will-remain-solid-for-the-next-decade_o?



Updates

Resources

Slide(s)	Description	Link(s)
29	Confidence Index	https://www.nar.realtor/research-and-statistics/research-reports/realtors-confidence-index
30-32, 40, 42, 43, 50-54	Existing Home Sales	https://www.nar.realtor/topics/existing-home-sales
33-36	New Home Sales	http://www.census.gov/construction/nrs/pdf/newressales.pdf http://www.census.gov/newhomesales
37	Total Home Sales	http://www.census.gov/construction/nrs/pdf/newressales.pdf https://www.nar.realtor/topics/existing-home-sales
38, 39	Pending Home Sales	https://www.nar.realtor/research-and-statistics/housing-statistics/pending-home-sales
44-46	Case Shiller	https://www.spglobal.com/spdji/en/indices/indicators/sp-corelogic-case-shiller-20-city-composite-home-price-nsa-index/#news-research
47	CoreLogic Price Forecast	https://www.corelogic.com/intelligence/u-s-home-price-insights/
50-56	Inventory	https://www.nar.realtor/topics/existing-home-sales http://www.census.gov/construction/nrs/pdf/newressales.pdf

Resources

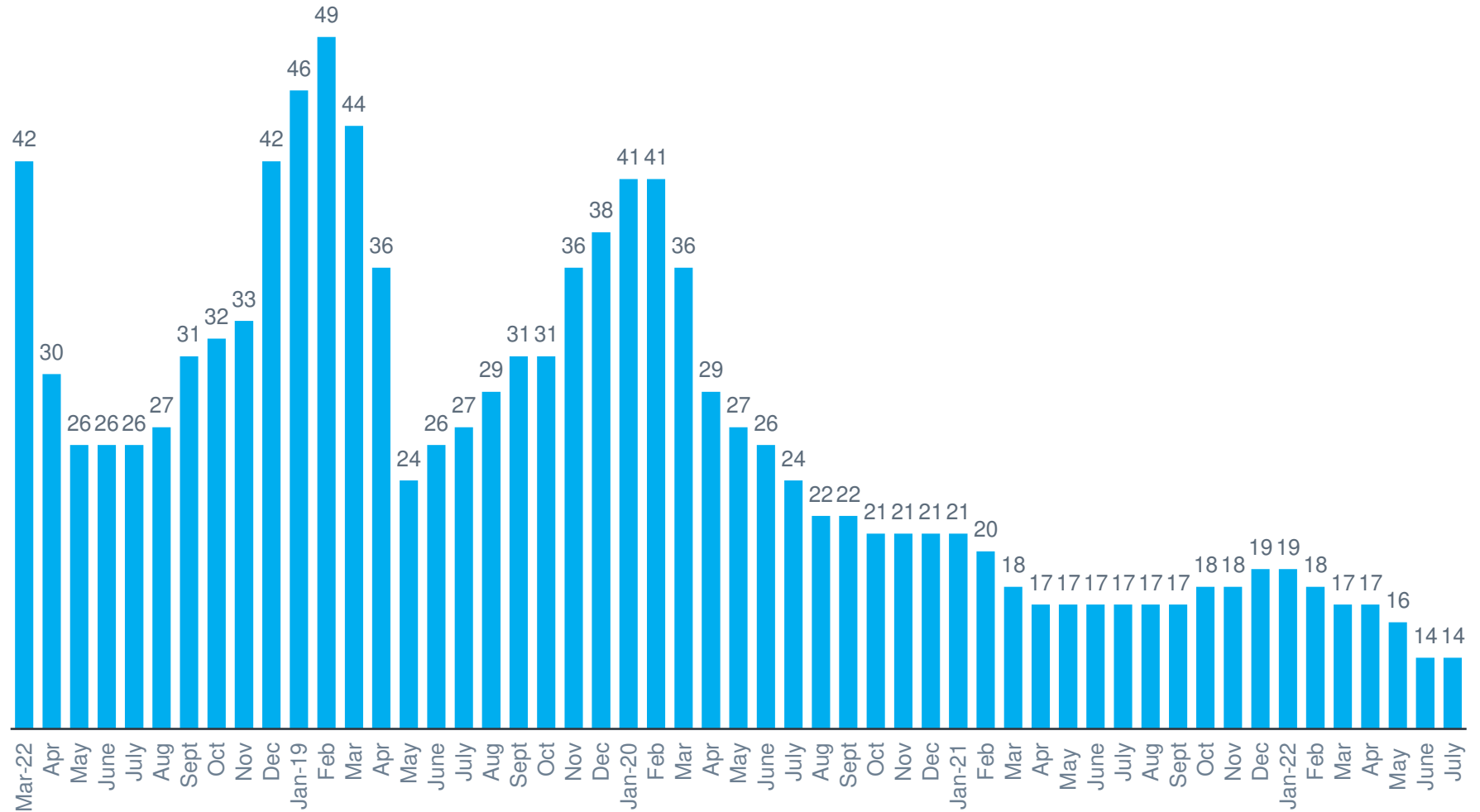
Slide(s)	Description	Link(s)
58	Showing Activity	https://www.showingtime.com/blog/july-2022-showing-index-results/
60, 61, 63, 64	Mortgage Rates	http://www.freddiemac.com/pmms/pmms_archives.html http://www.freddiemac.com/research/forecast/
62	Mortgage Rate Projections	http://www.freddiemac.com/research/forecast/ http://www.fanniemae.com/portal/research-insights/forecast.html https://www.mba.org/news-research-and-resources/research-and-economics/forecasts-and-commentary https://www.nar.realtor/research-and-statistics
66, 67	Mortgage Credit Availability	https://www.mba.org/news-research-and-resources/newsroom https://www.mba.org/news-research-and-resources/research-and-economics/single-family-research/mortgage-credit-availability-index



Home Sales

Average Days on the Market

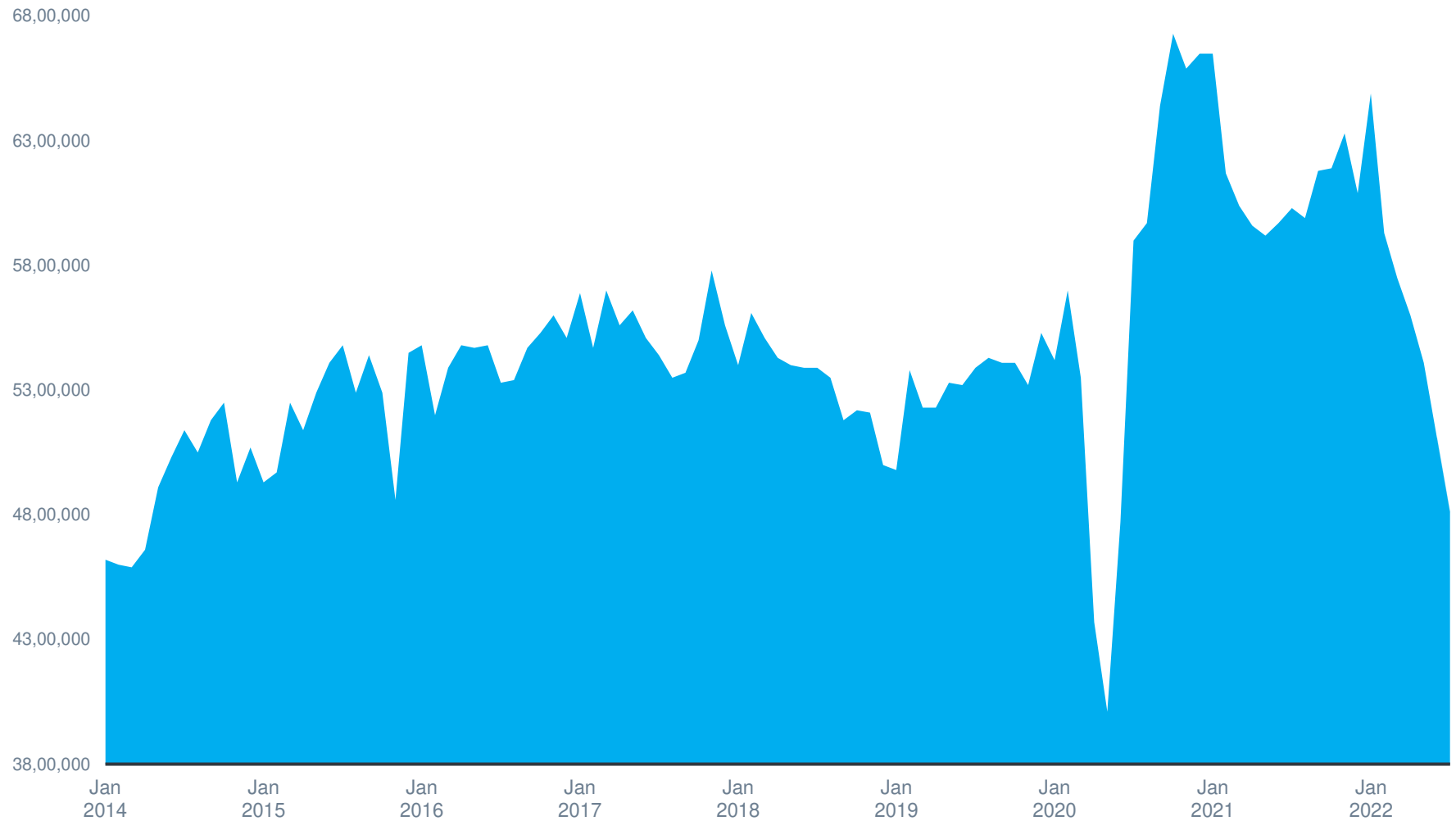
July 2022



Source: NAR

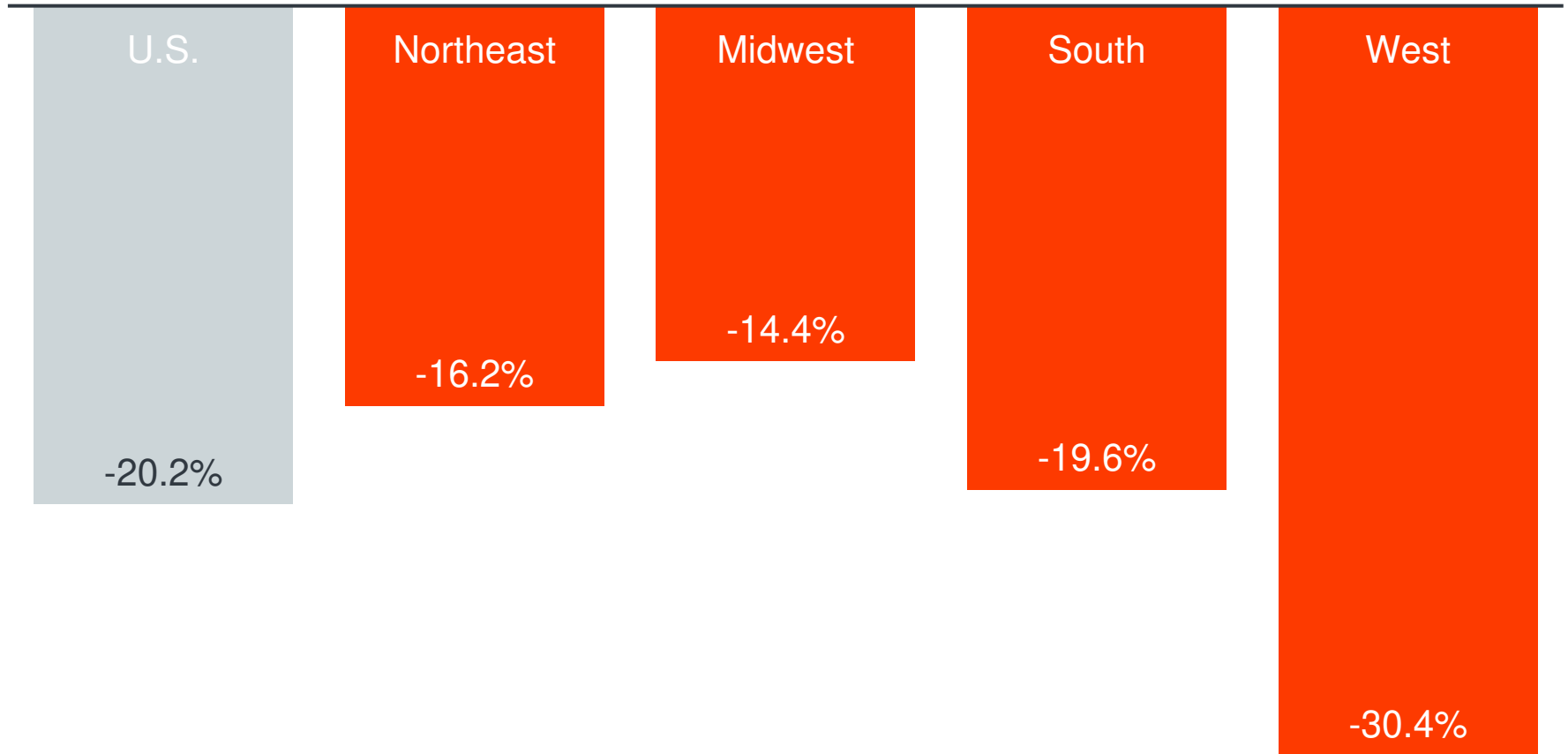
Existing Home Sales

Since January 2014



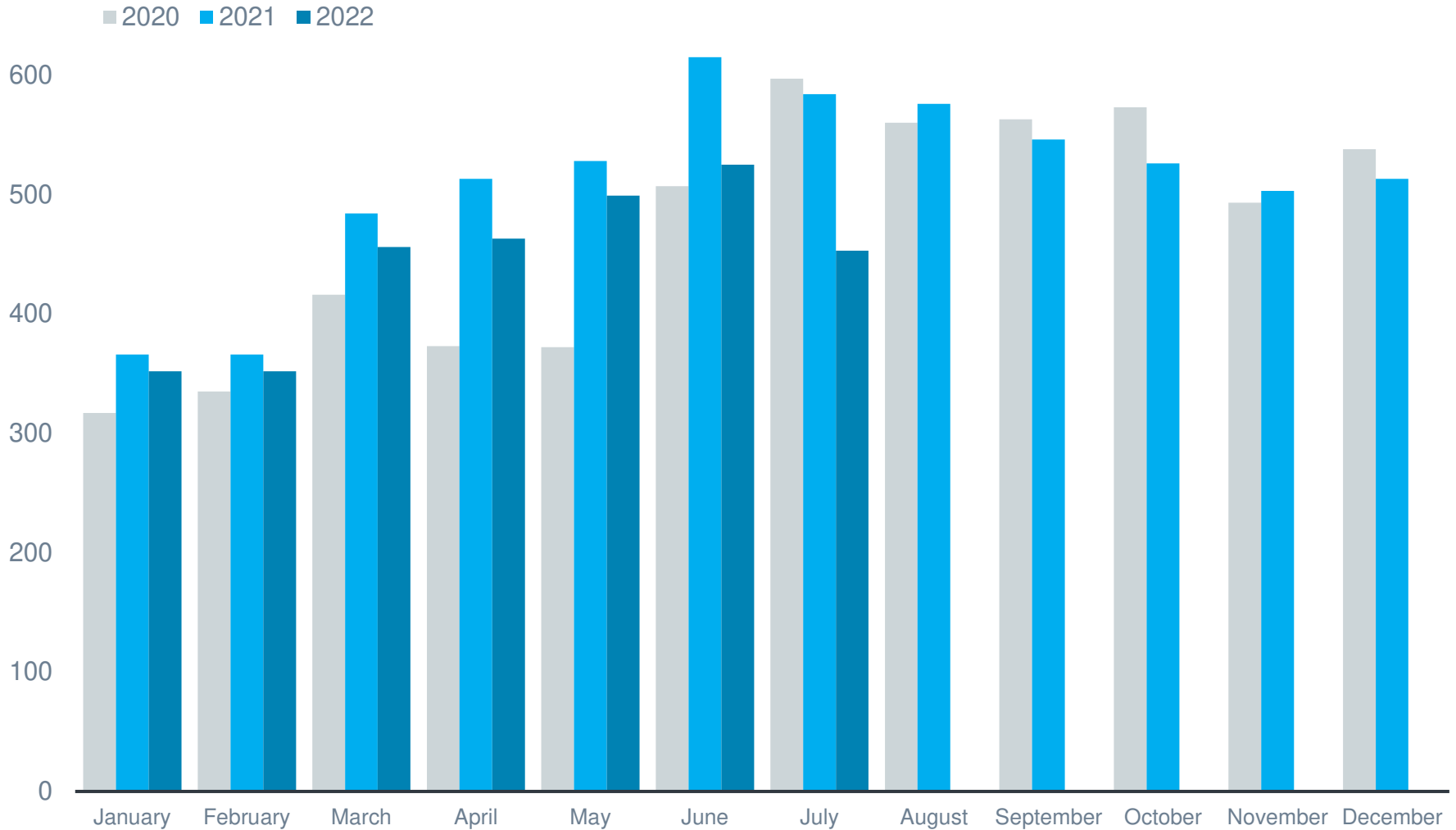
Existing Home Sales

Year-Over-Year, by Region



Existing Home Sales

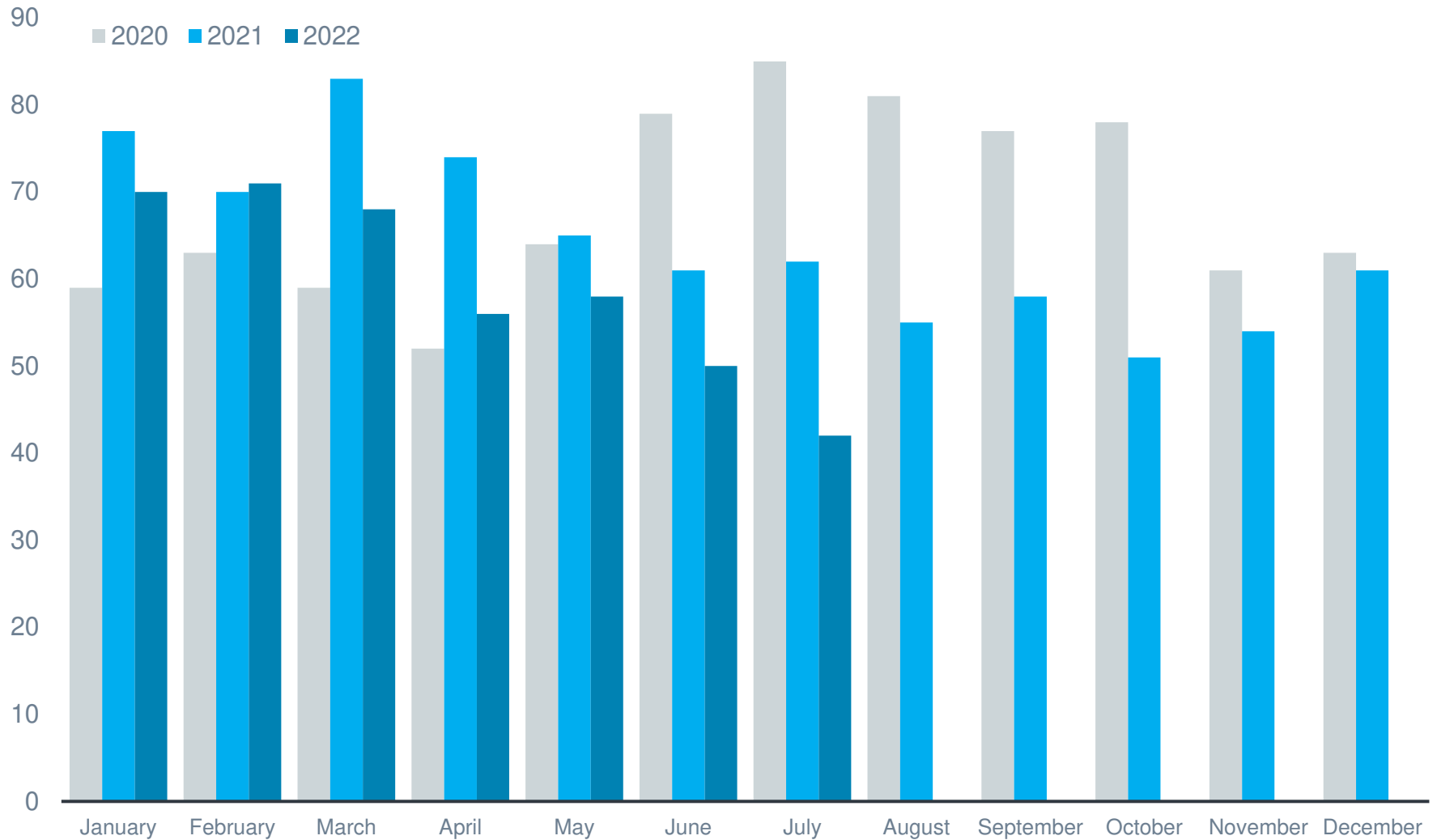
In Thousands



Source: NAR

New Home Sales

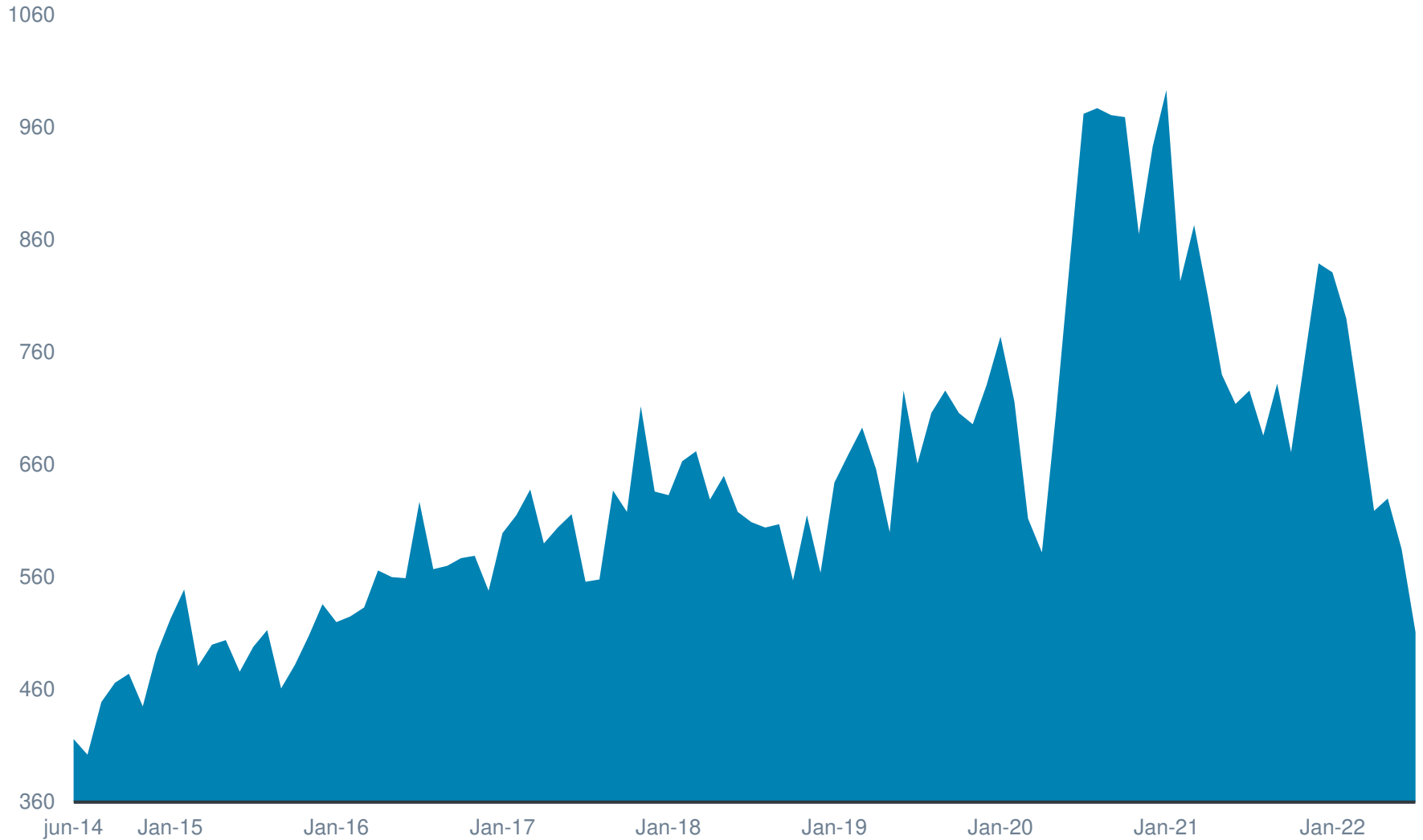
In Thousands



Source: Census

New Home Sales

Annualized in Thousands

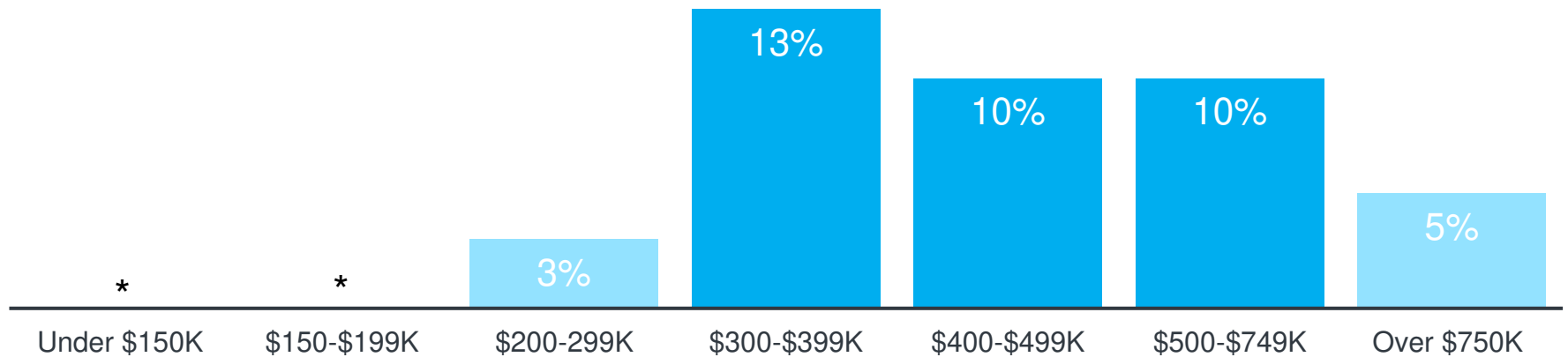


Source: Census

New Home Sales

Percent of Distribution by Price Range

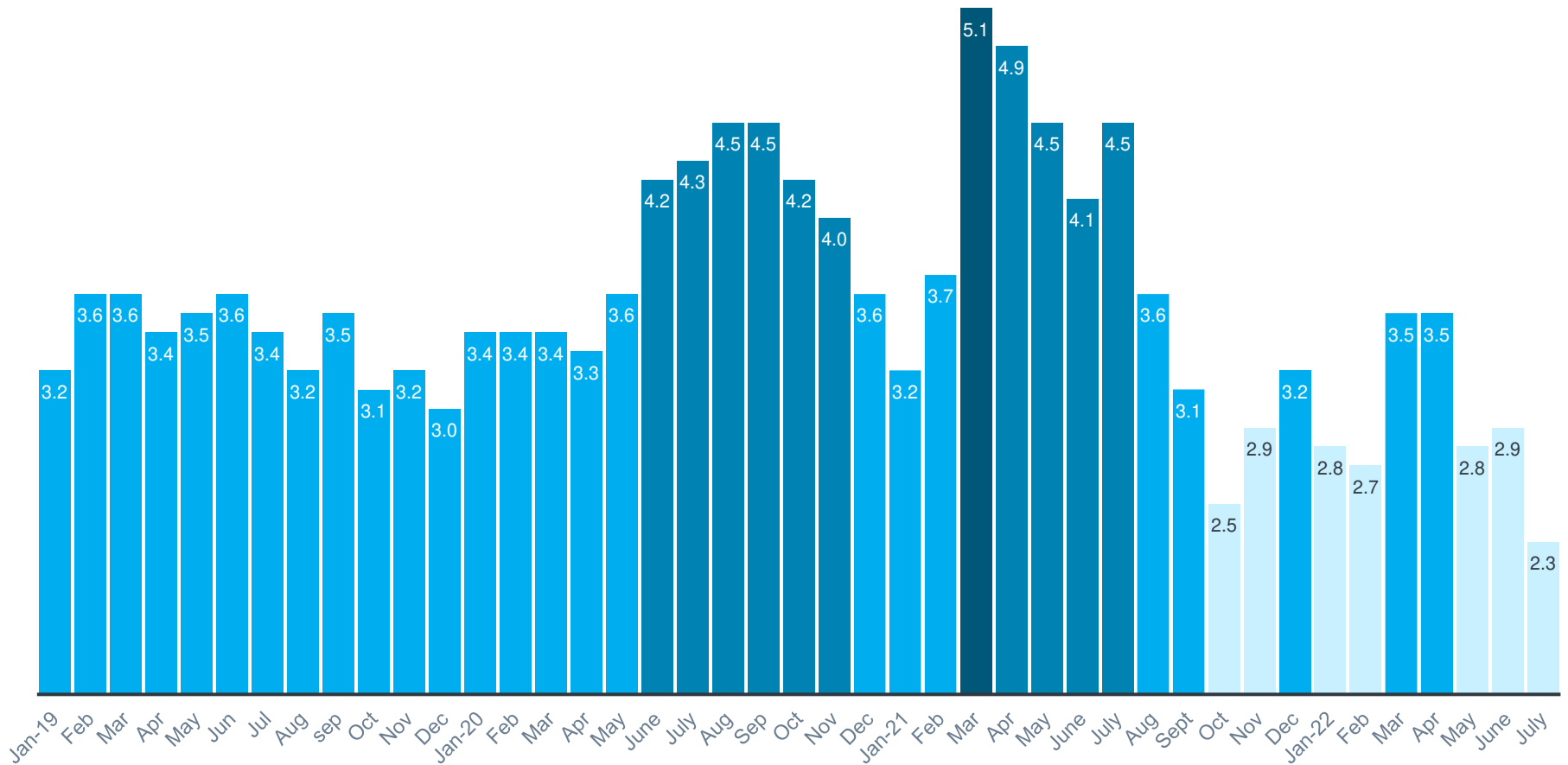
* Less Than 500 Units or Less Than 0.5 Percent



Source: Census

New Homes Selling Fast

Median Months from Completion to Sold

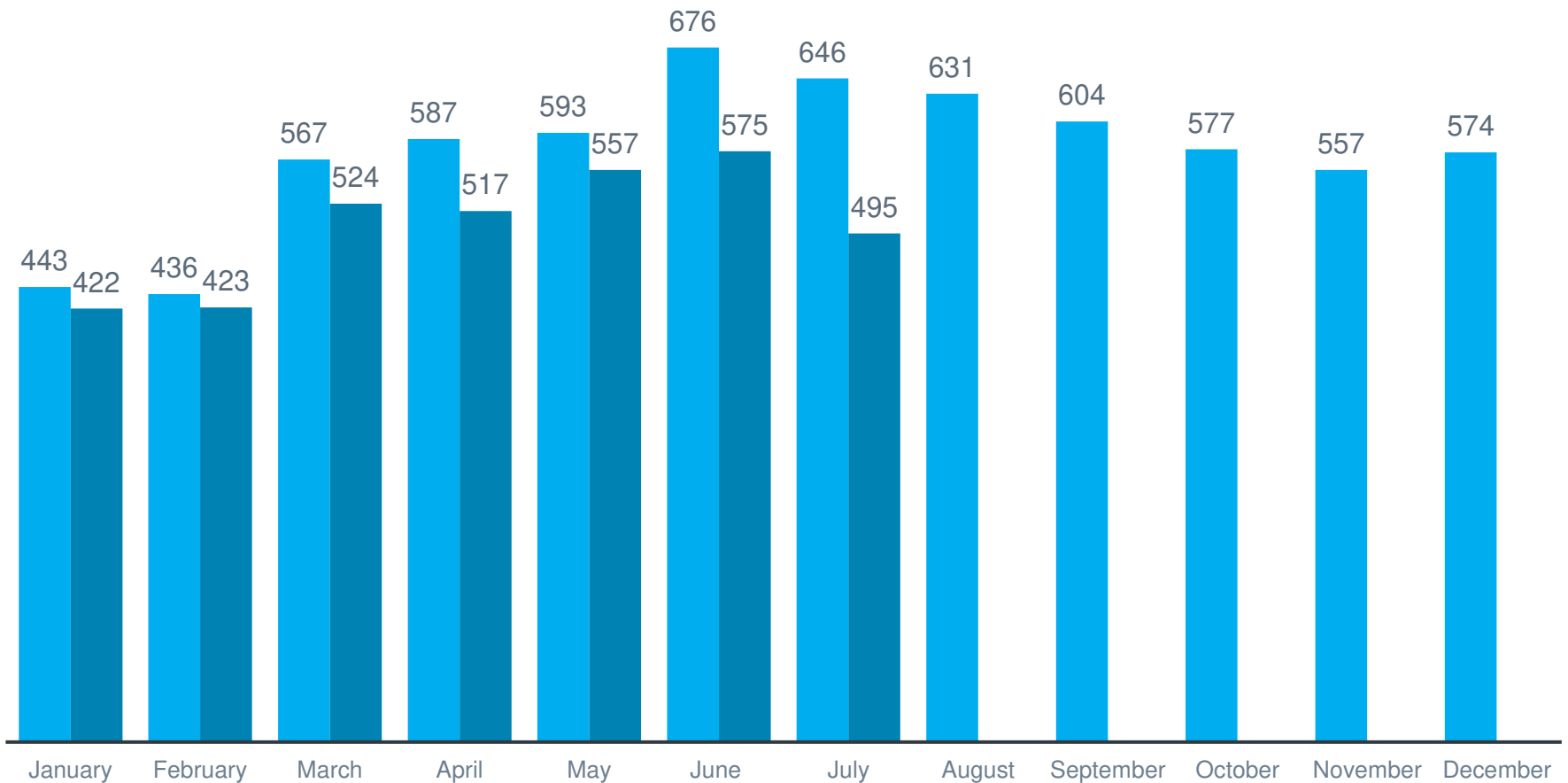


Source: Census

Total Home Sales

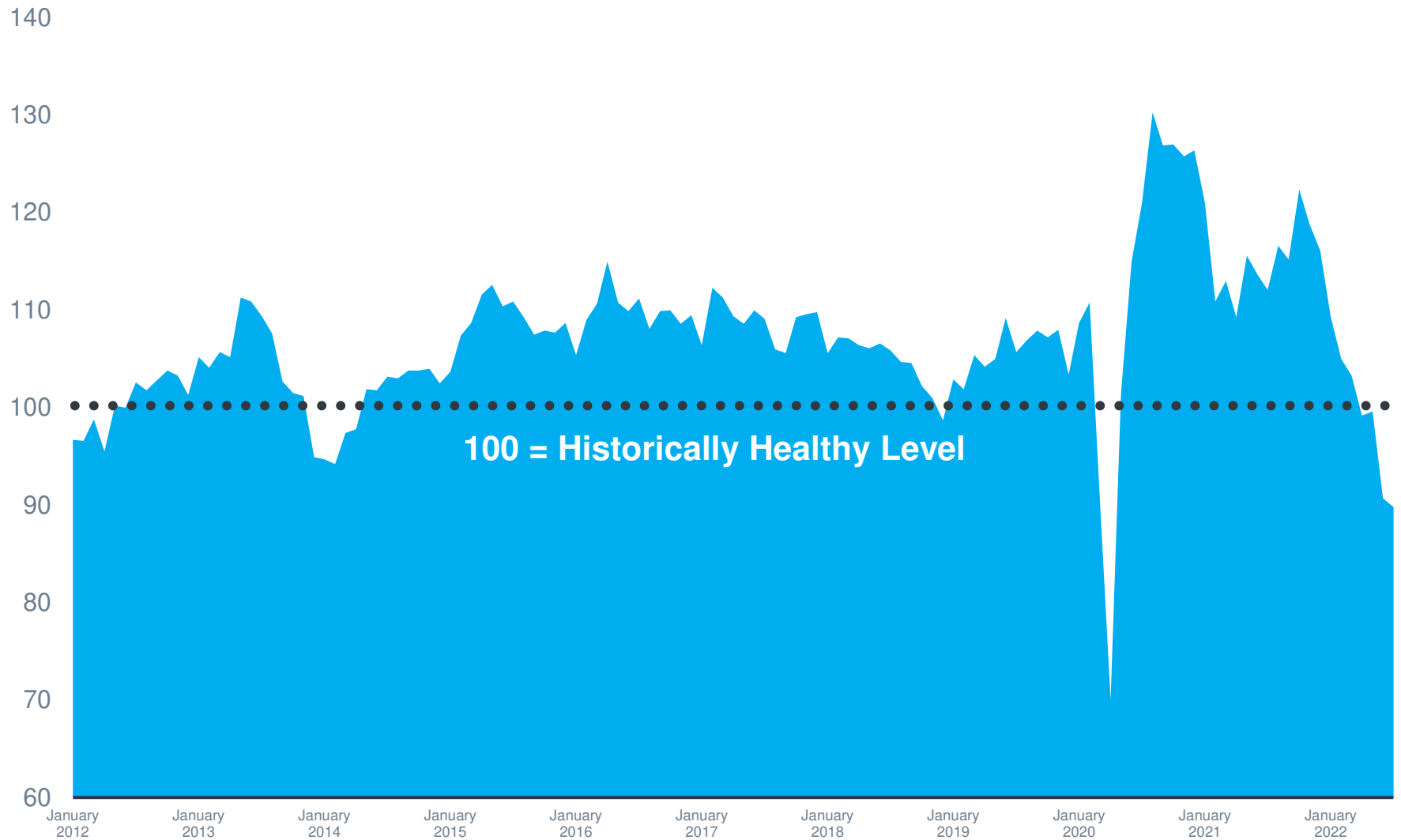
In Thousands

■ 2021 ■ 2022



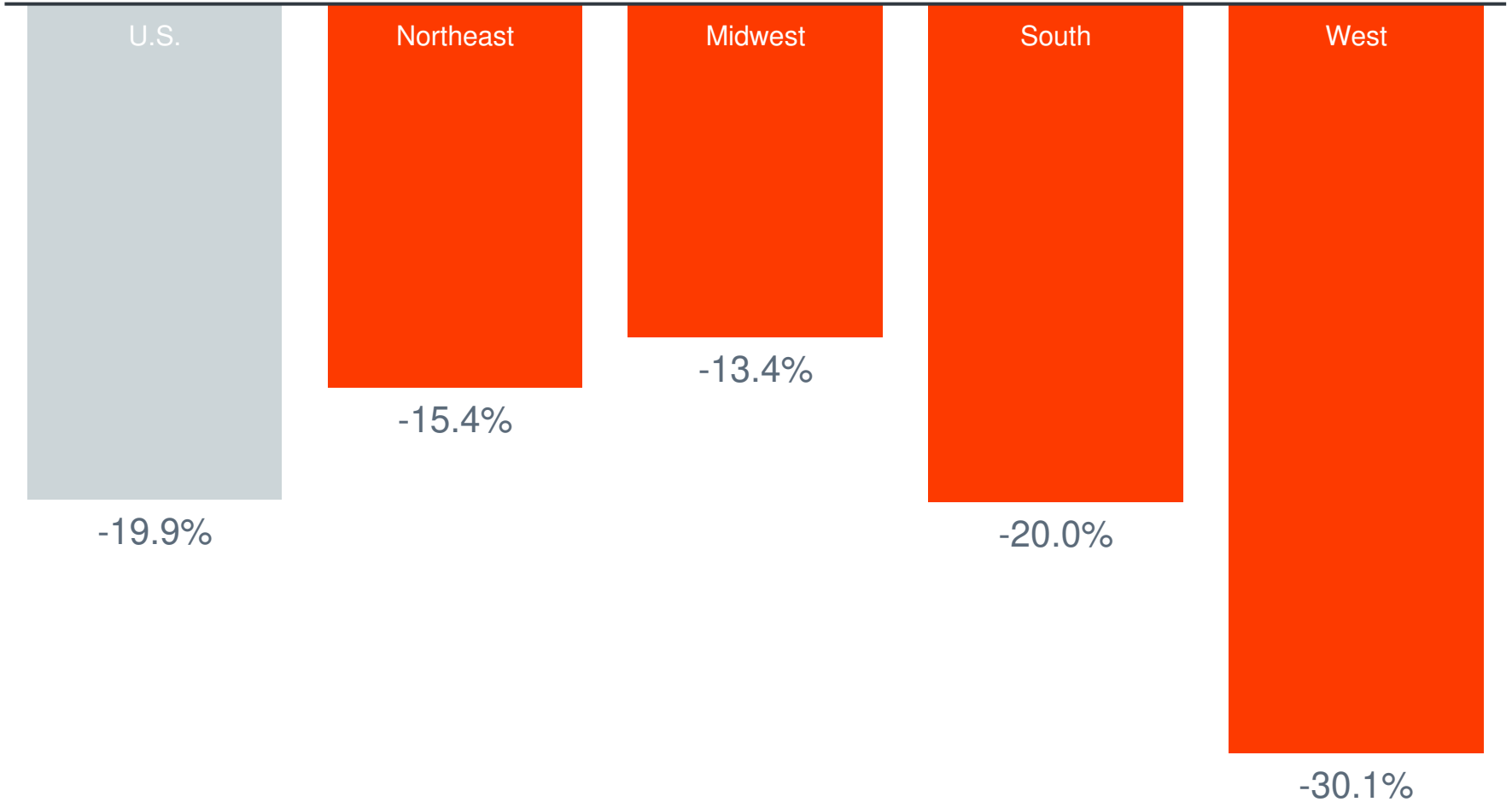
Source: Census

Pending Home Sales



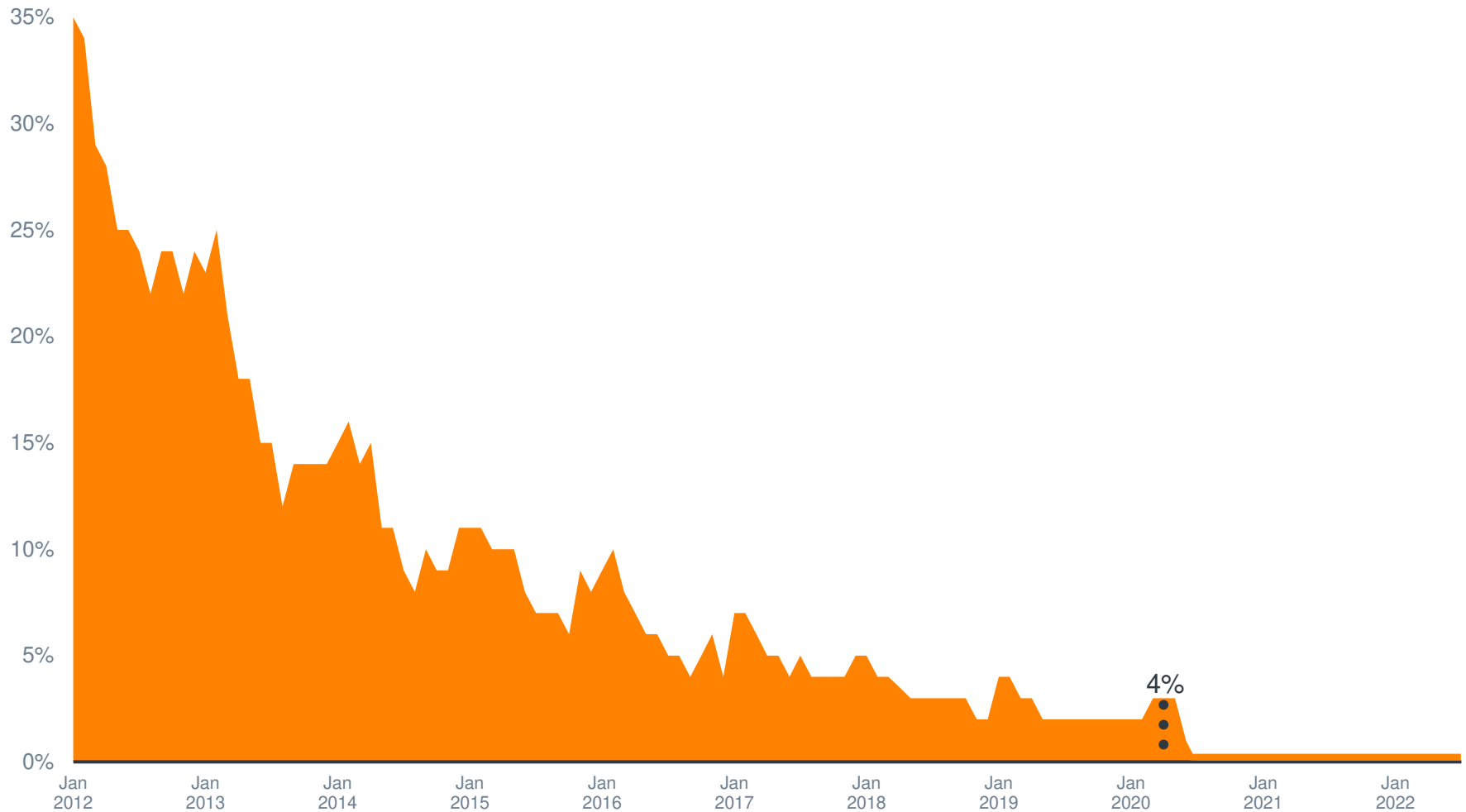
Pending Home Sales

Year-Over-Year by Region



Percentage of Distressed Property Sales

Distressed Sales (*Foreclosures and Short Sales*) represented Less Than 1% of Sales in June.

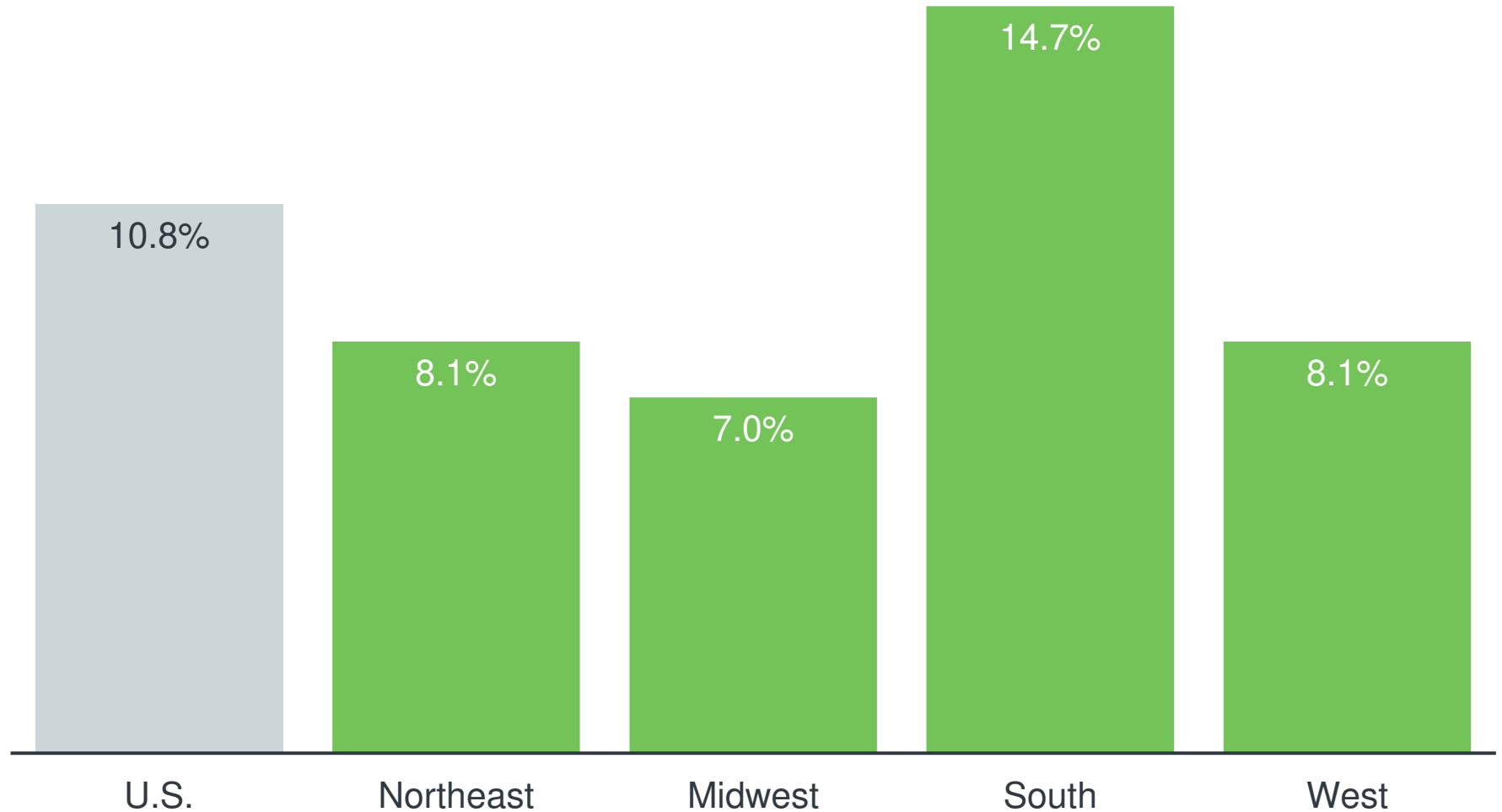




Home Prices

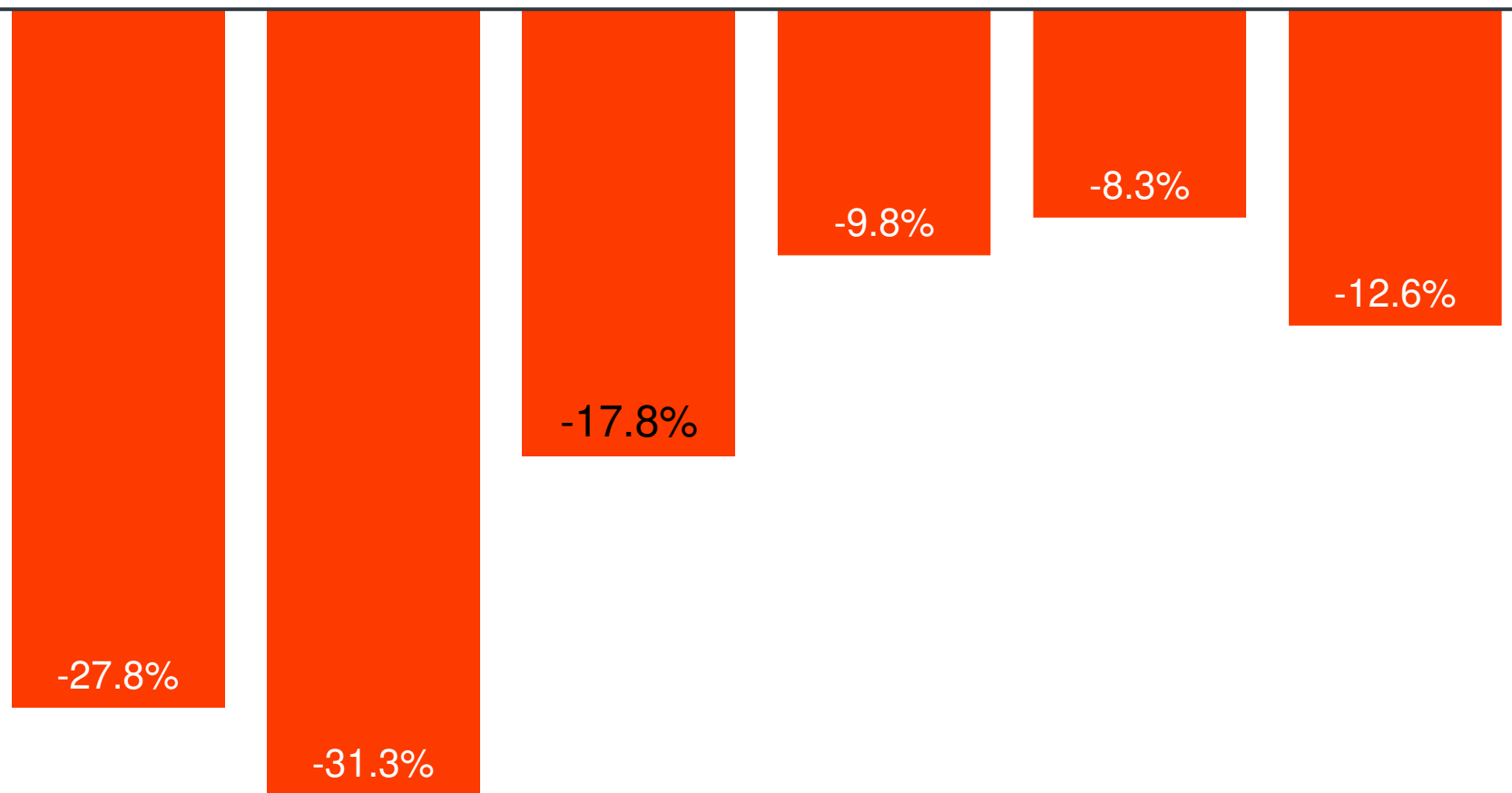
Sales Price of Existing Homes

Year-Over-Year, by Region



% Change in Sales

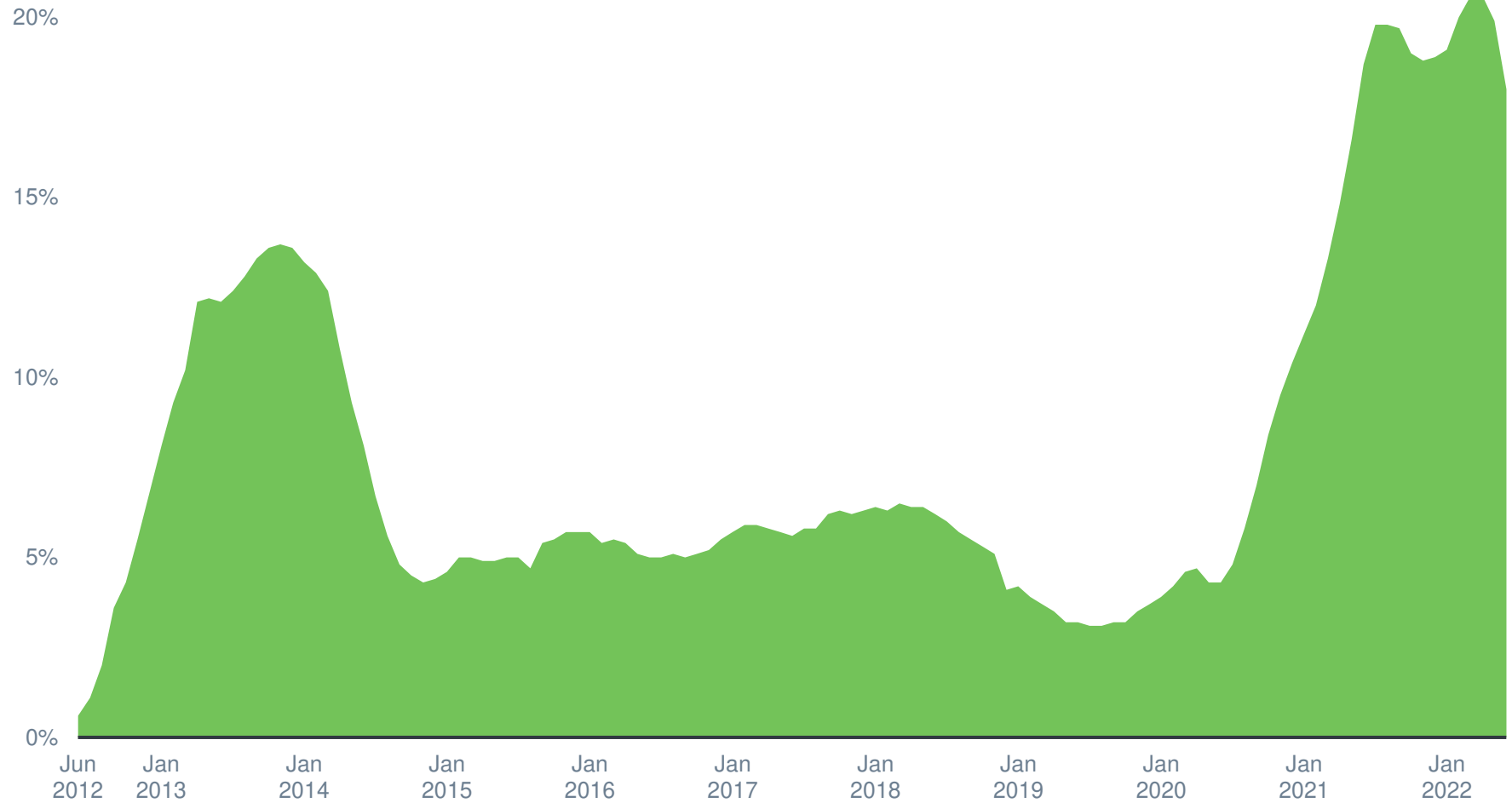
Year-Over-Year, by Price Range



	\$0-100K	\$100-250K	\$250-500K	\$500-750K	\$750K-1M	\$1M+
■ %	-27.8%	-31.3%	-17.8%	-9.8%	-8.3%	-12.6%

Change in Home Prices

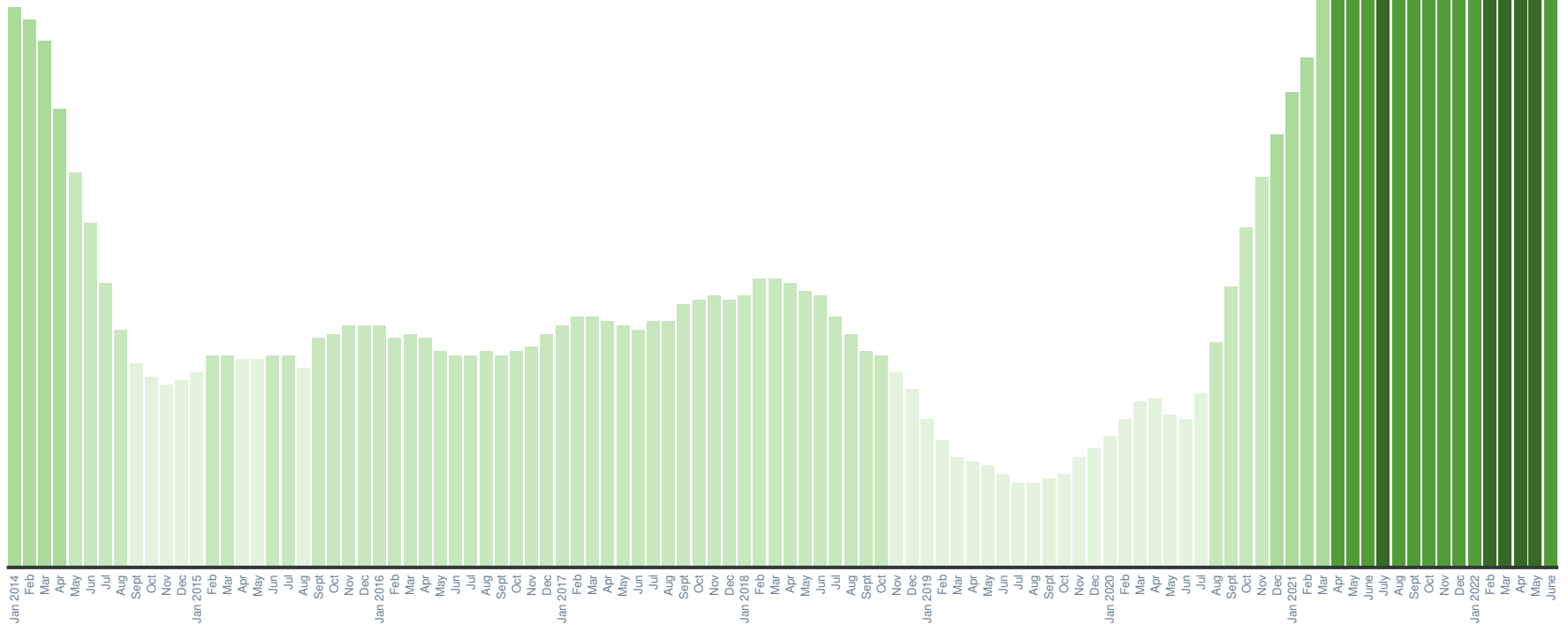
Year-Over-Year



Source: S&P Case-Shiller

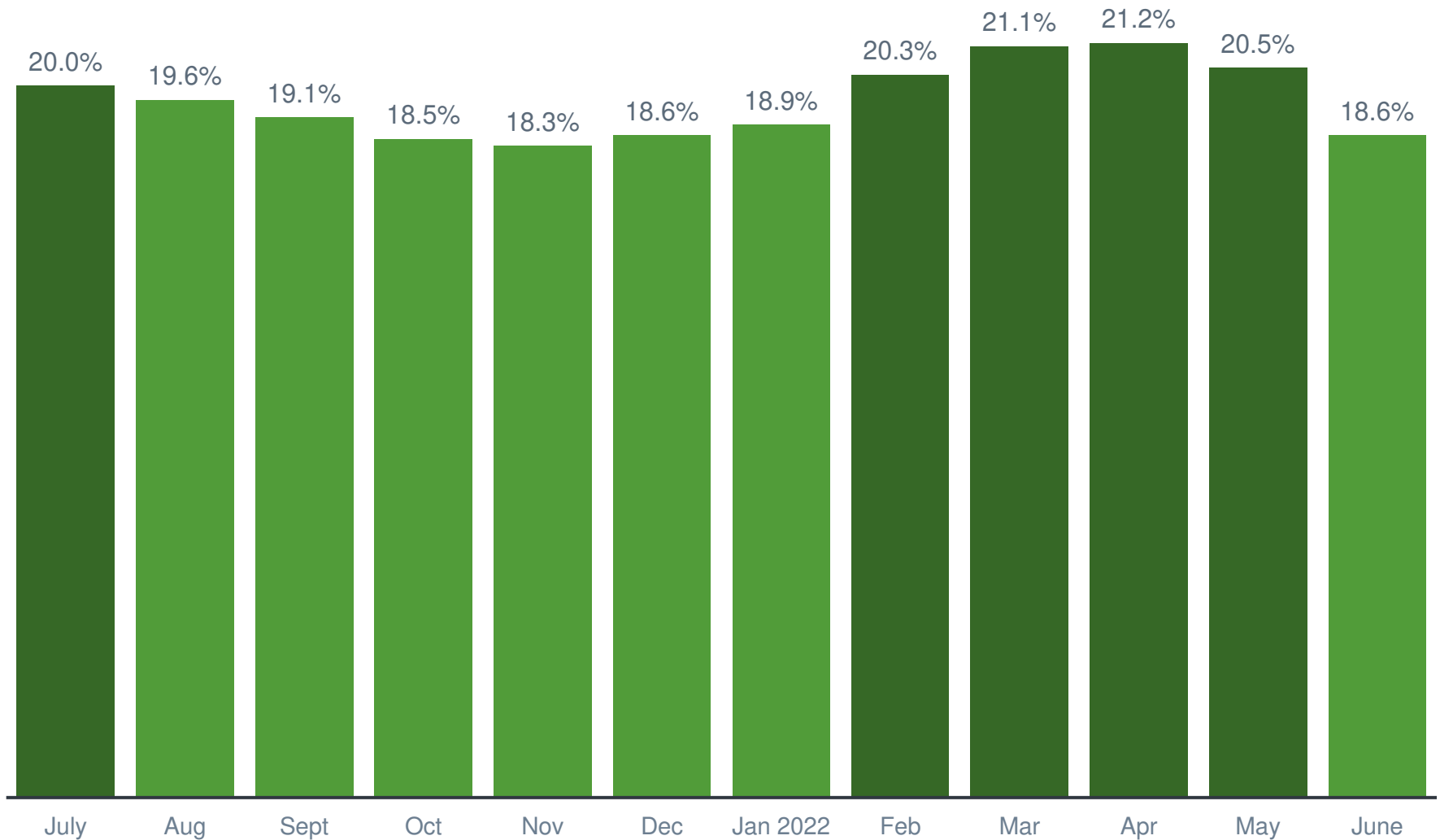
Change in Home Prices

Year-Over-Year, 20 City Composite



Change in Home Prices

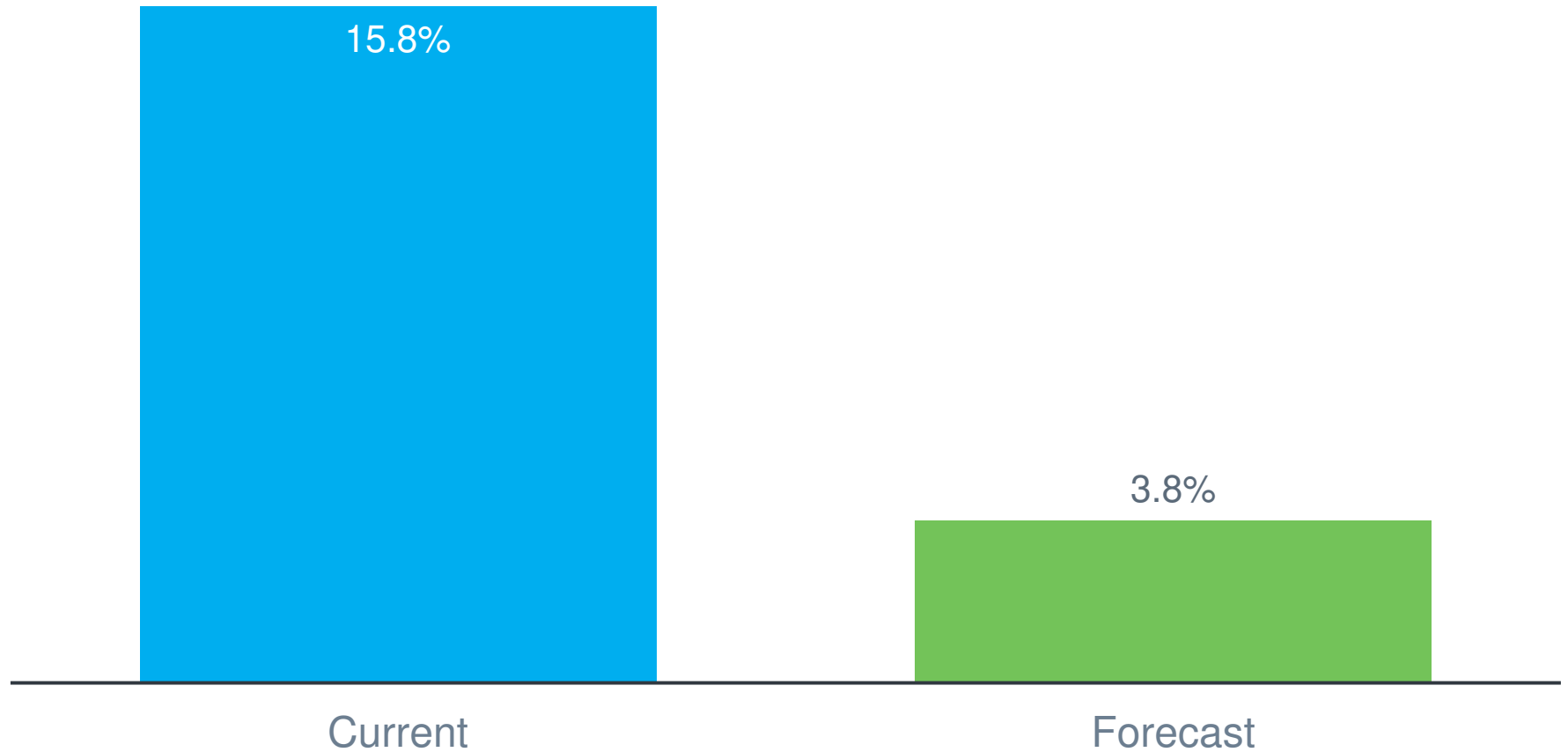
Year-Over-Year, 20 City Composite



Source: S&P Case-Shiller

Year-Over-Year % Change in Price

July 2022

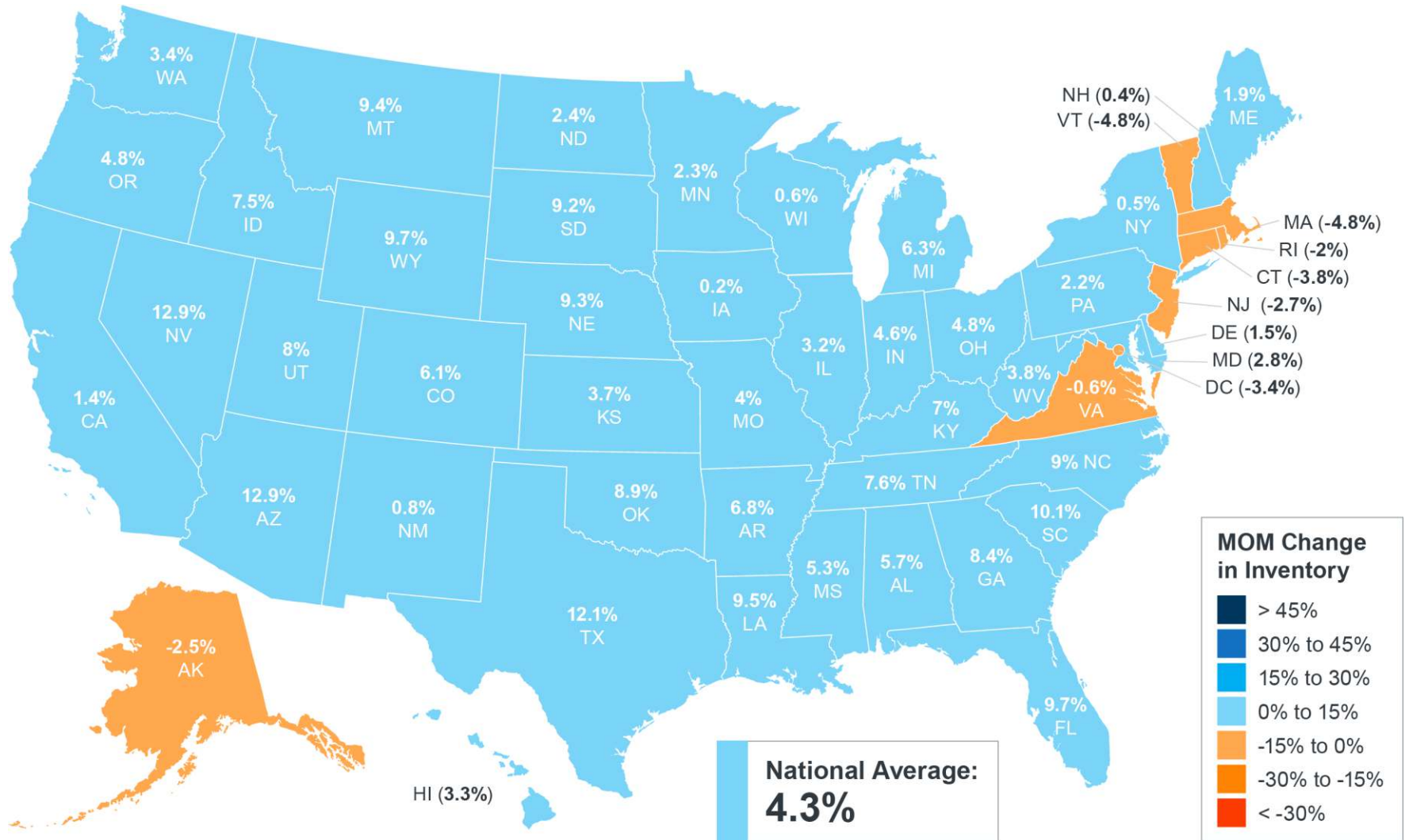




Housing Inventory

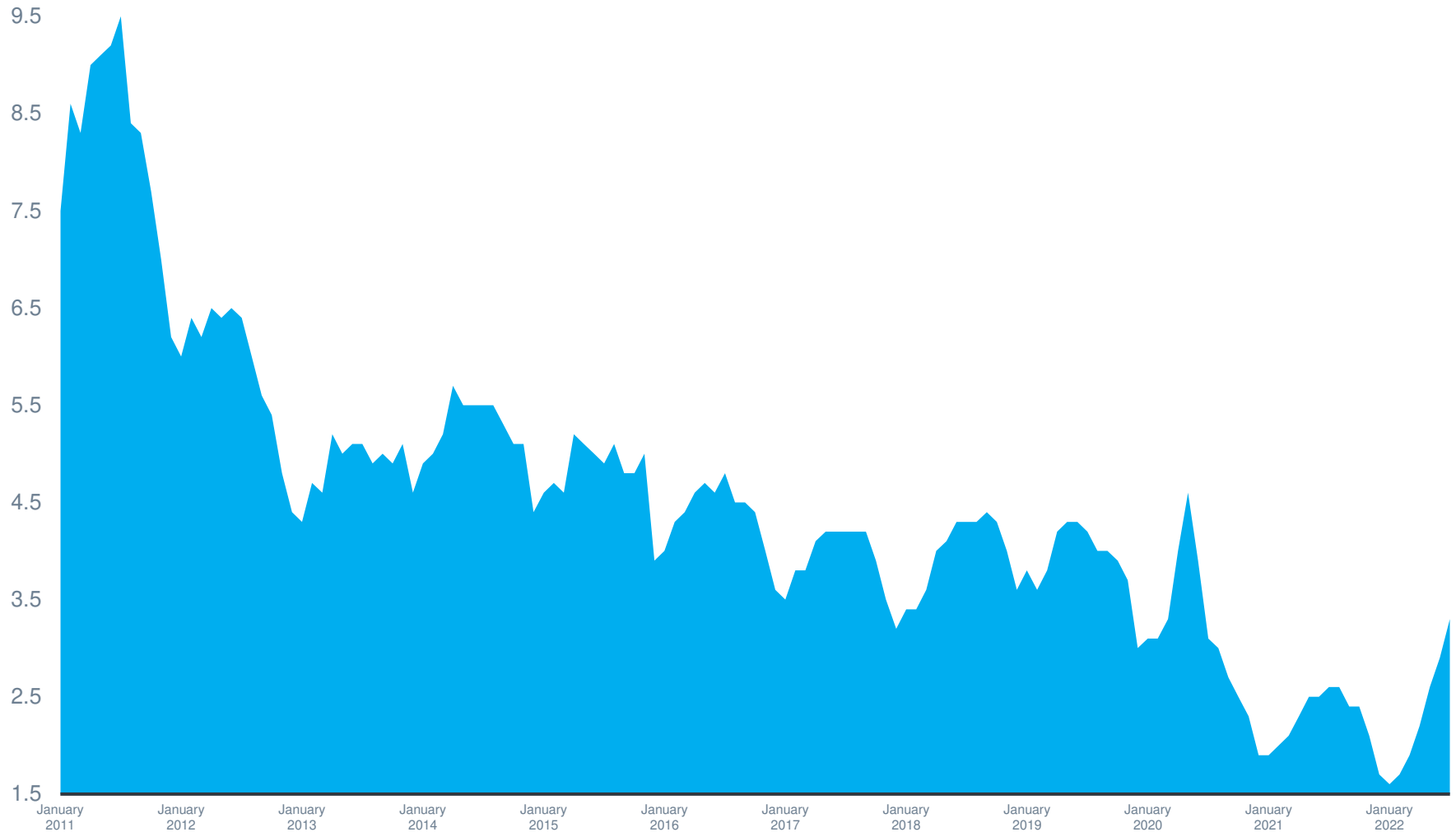
Change in Inventory

Month-Over-Month, August 2022



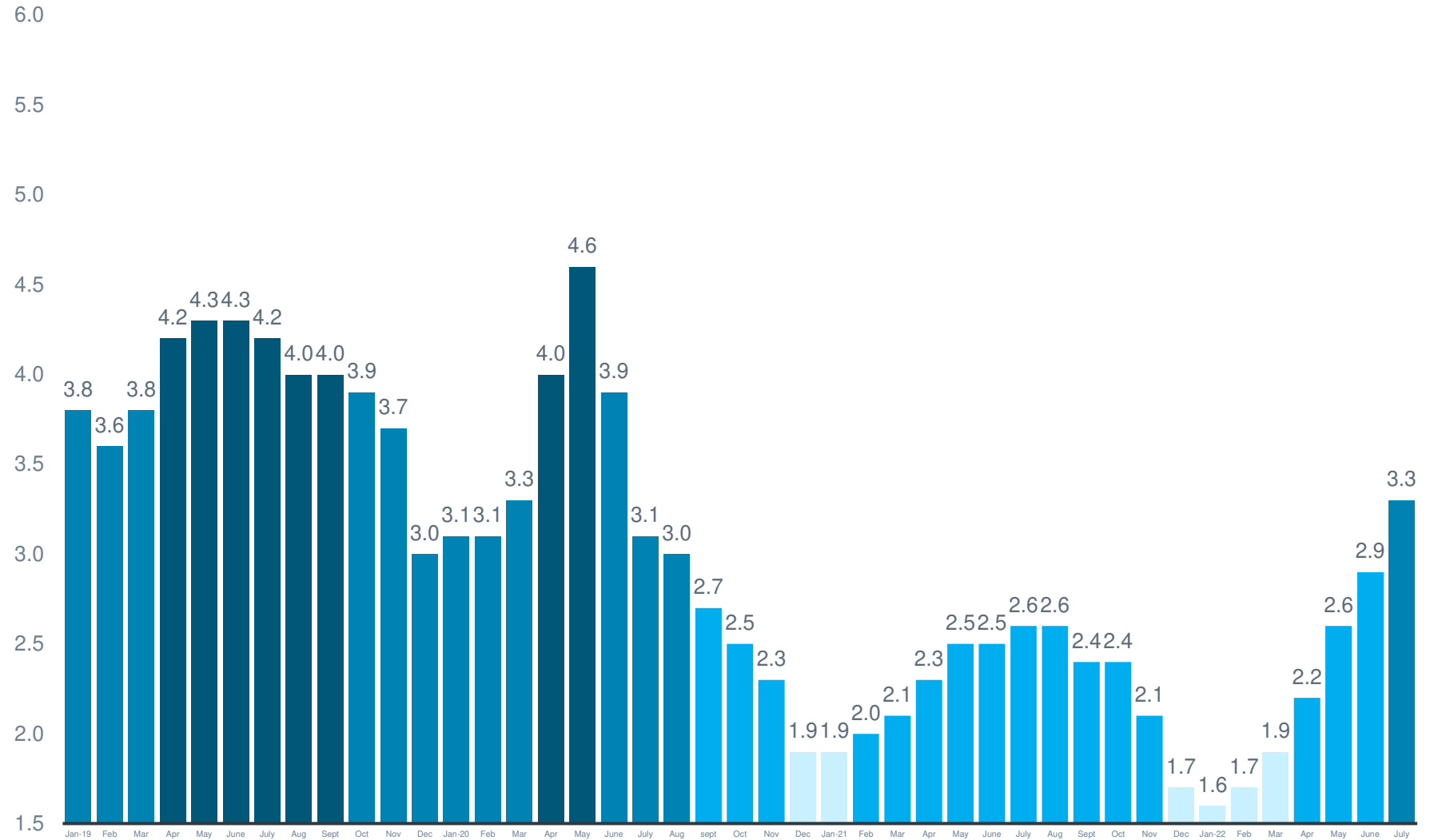
Months Inventory of Homes for Sale

2011 - Today



Months Inventory of Homes for Sale

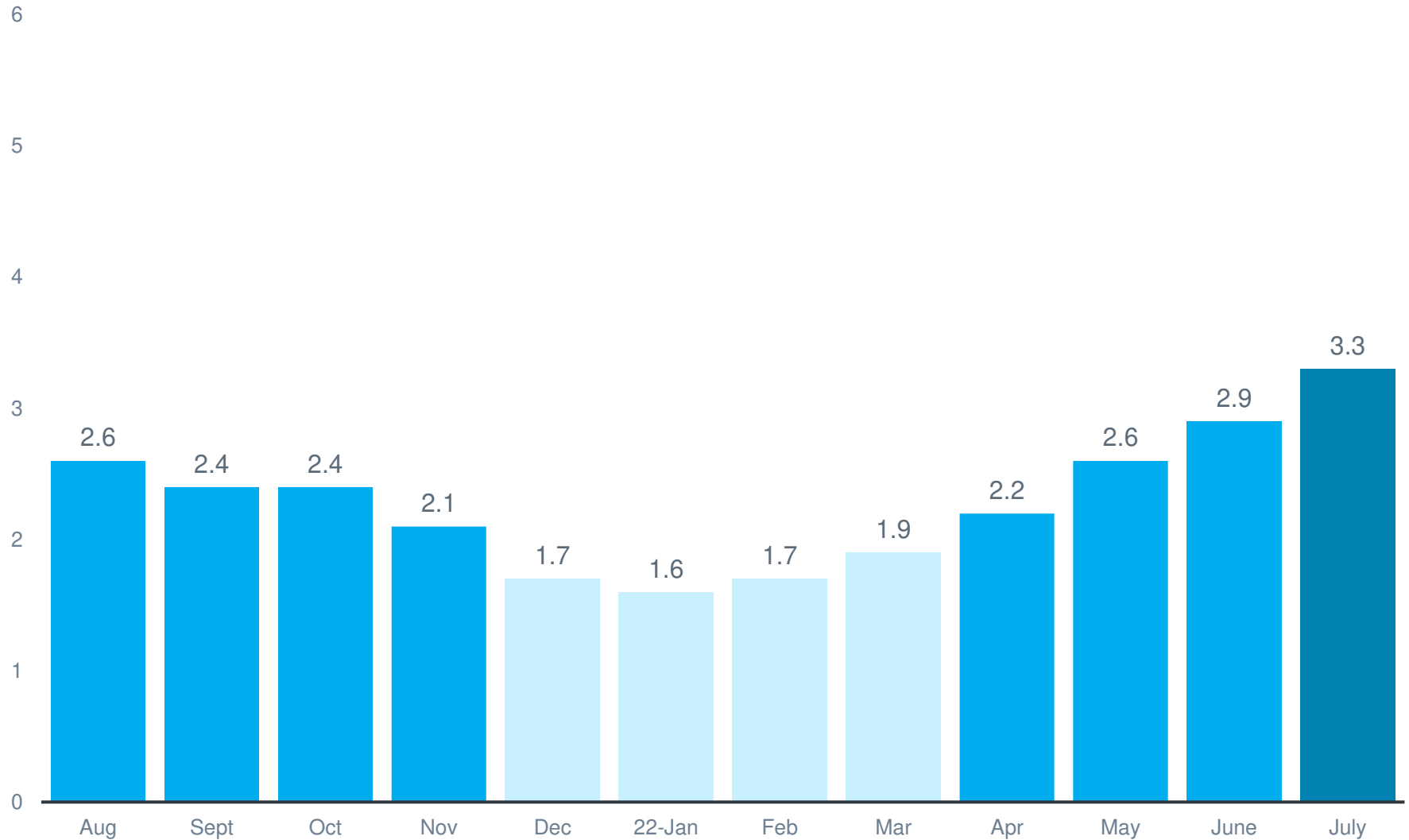
Since 2019



Source: NAR

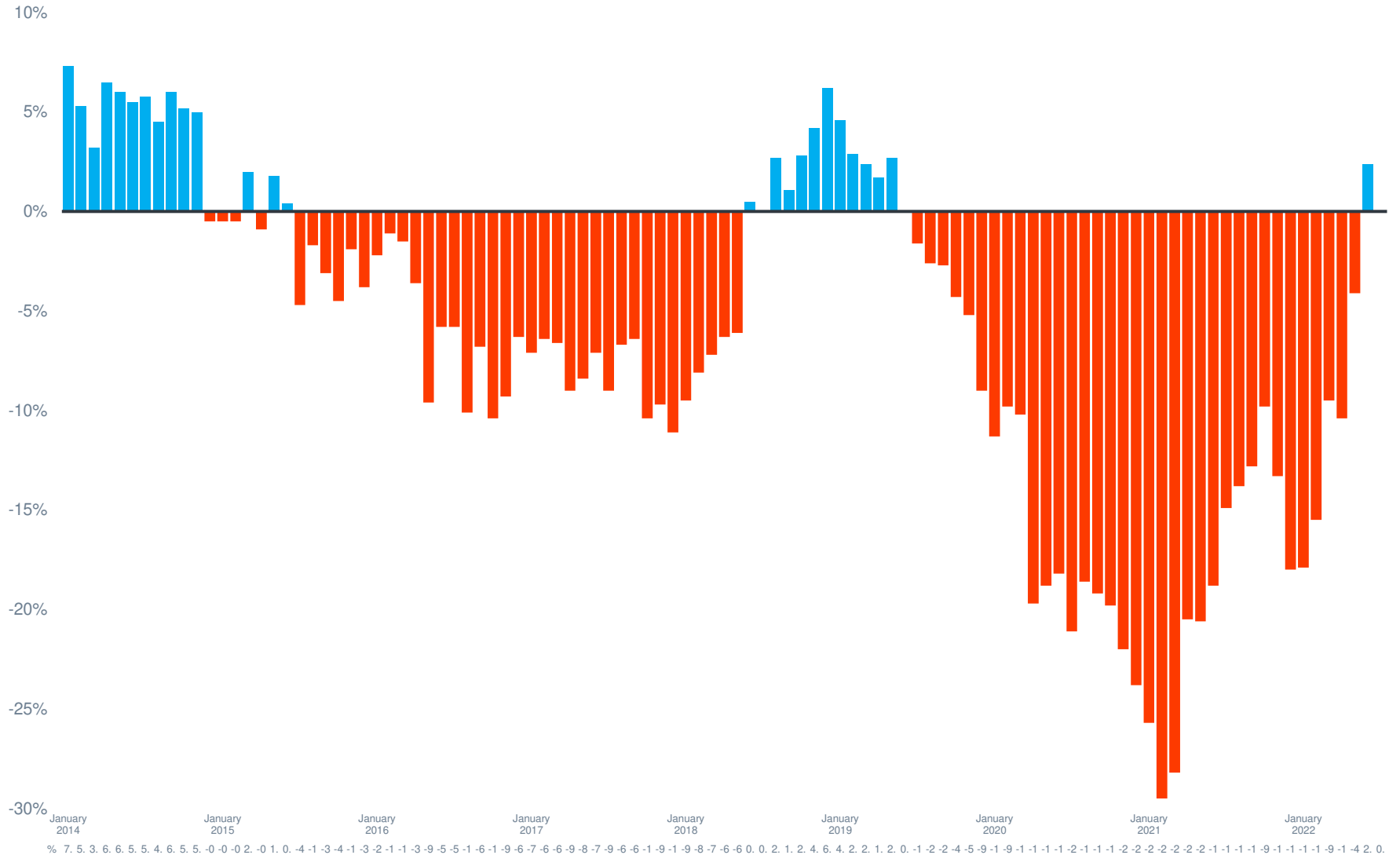
Months Inventory of Homes for Sale

Last 12 Months



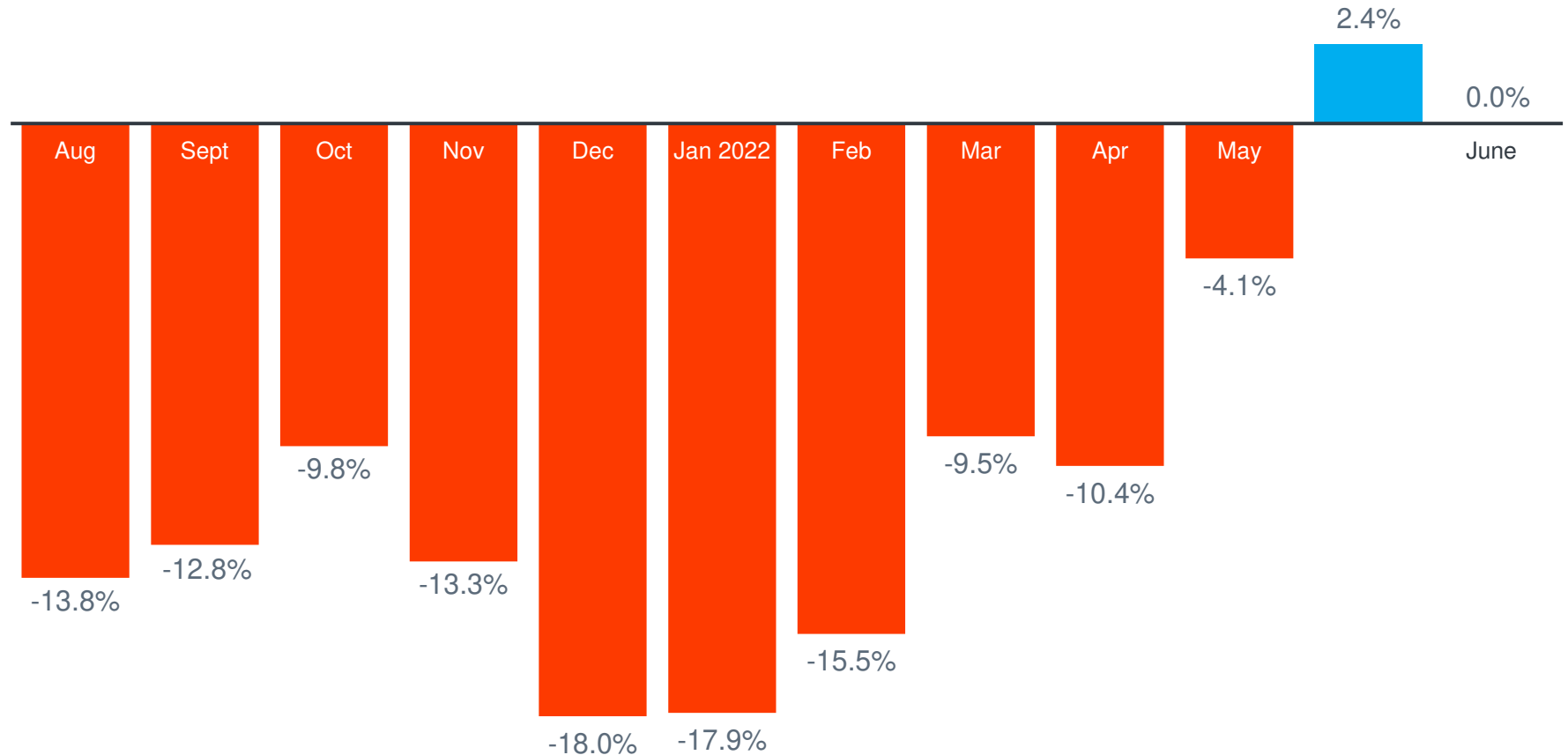
Source: NAR

Year-Over-Year Inventory Levels



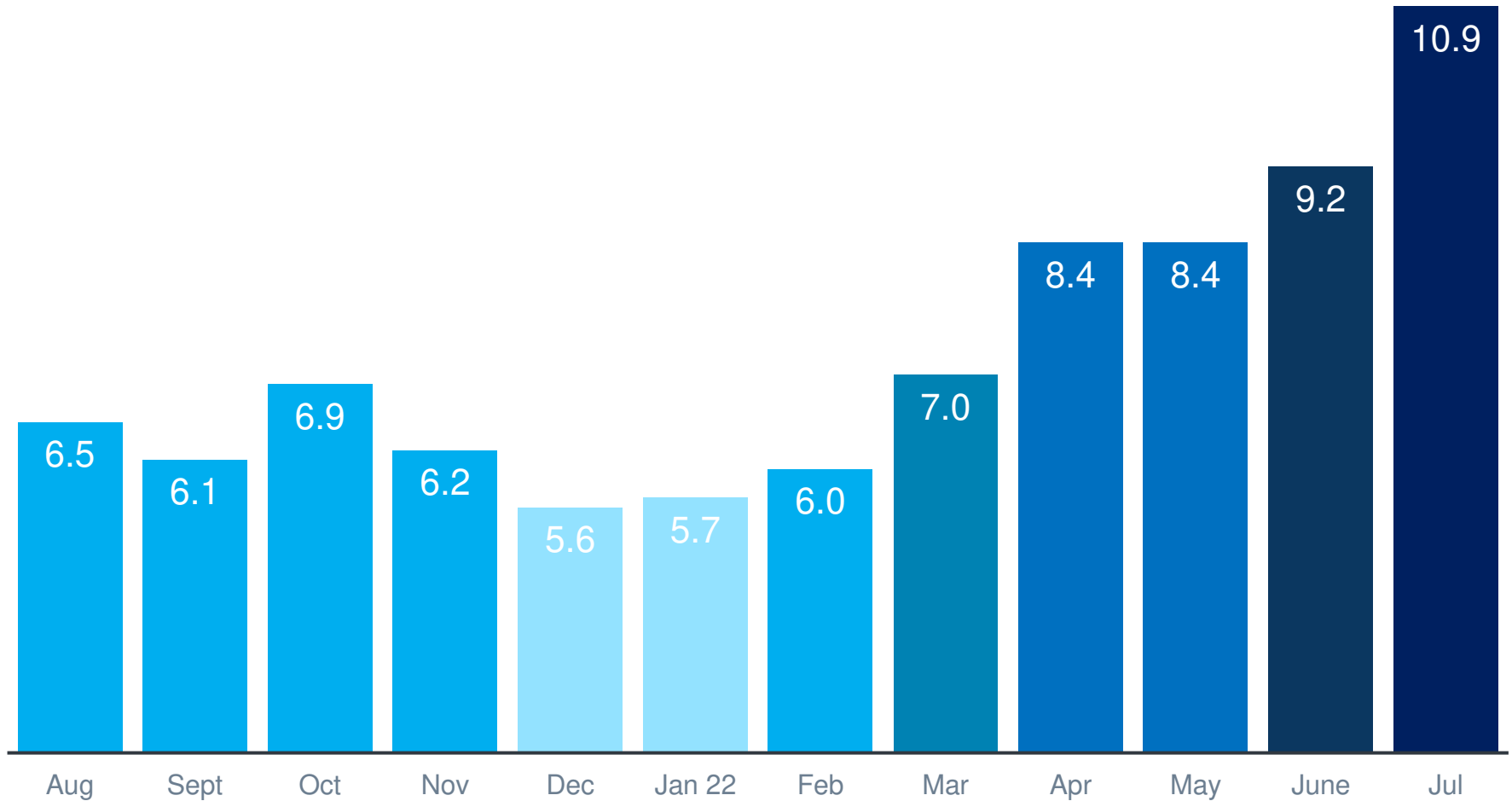
Year-Over-Year Inventory Levels

Last 12 Months



New Home Monthly Inventory

Seasonally Adjusted, Last 12 Months



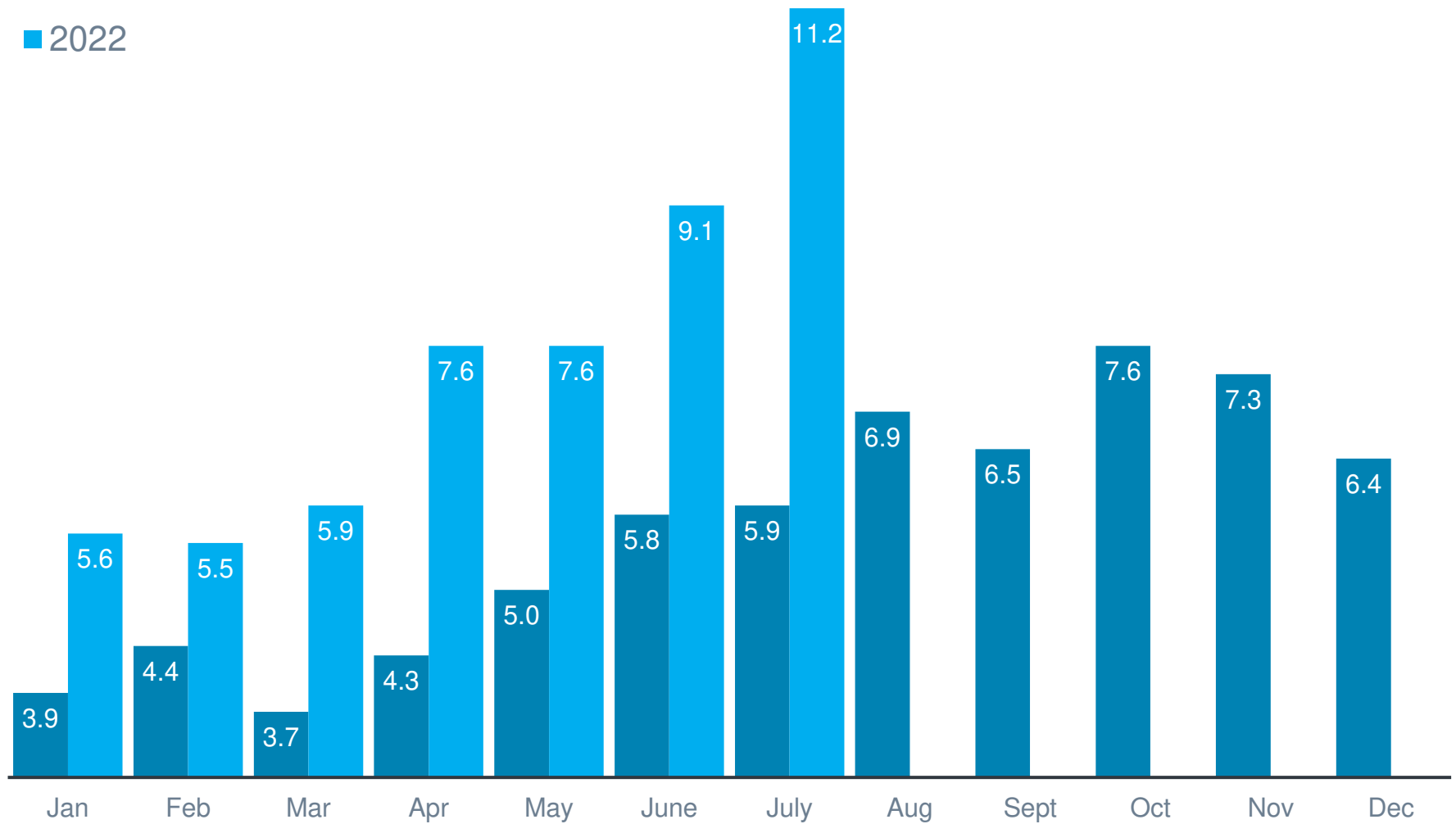
Source: Census

New Home Monthly Inventory

Non-Seasonally Adjusted

■ 2021

■ 2022



Source: Census



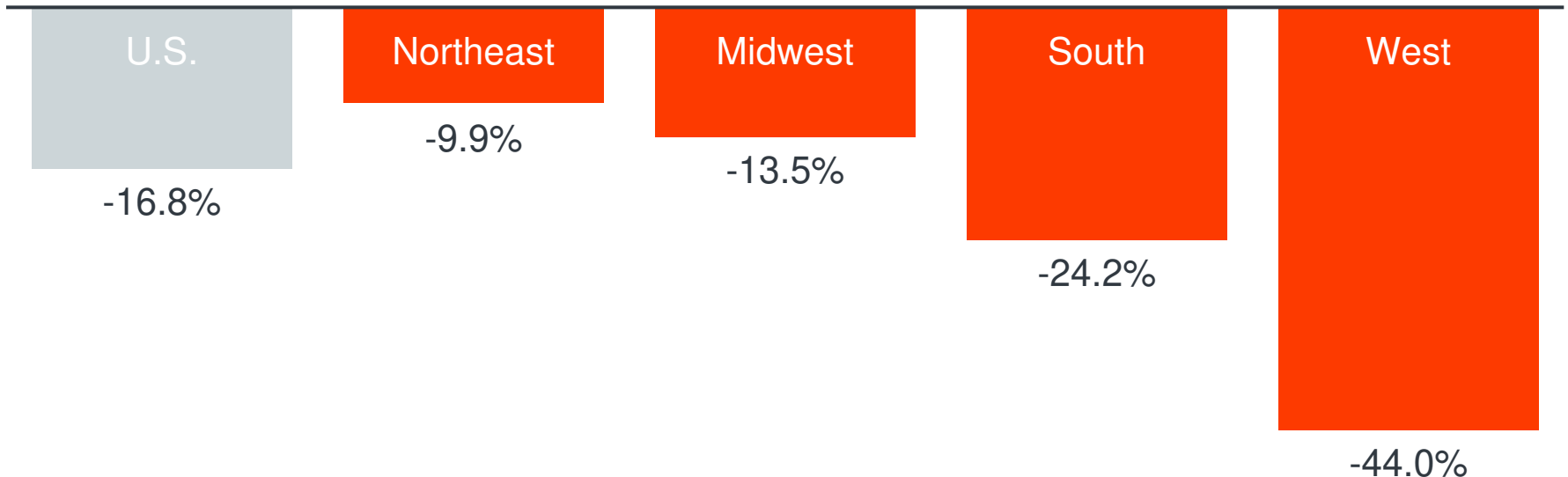
Buyer Demand

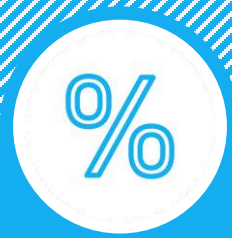
Home Showing Activity Slows as Buyer Demand Continues Rebalancing from Historic Highs

Year-Over-Year Increase in Showing Activity, July 2022

Michael Lane, Vice President & General Manager, Showing Time

“The slowdown in showings tracks with the overall market rebalancing that’s taking place across the country. Conditions for buyers are less competitive than they were last year at this time, while a general increase in available inventory in most markets has not only given buyers more options to consider, but more time to consider them.”

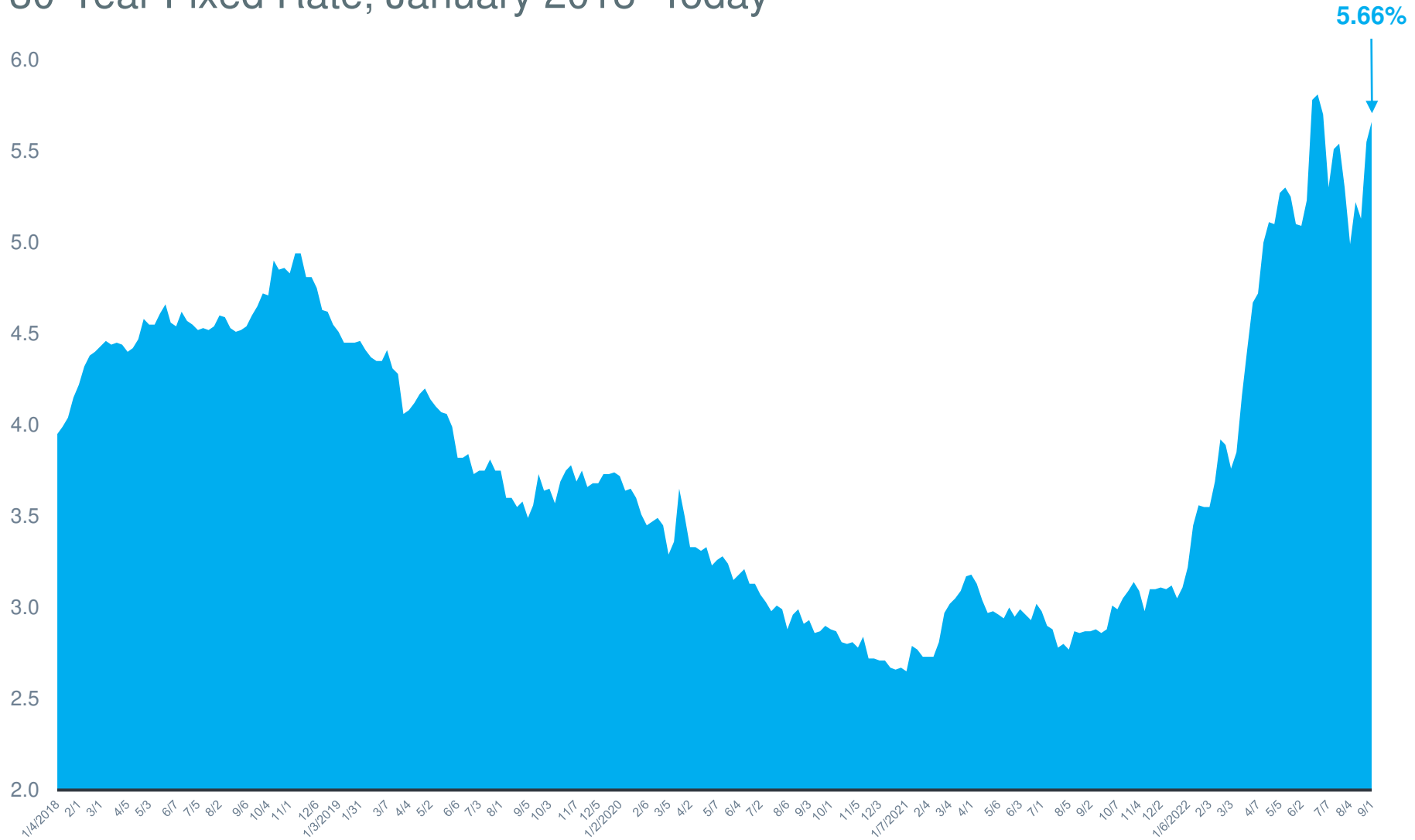




Mortgage Rates

Mortgage Rates

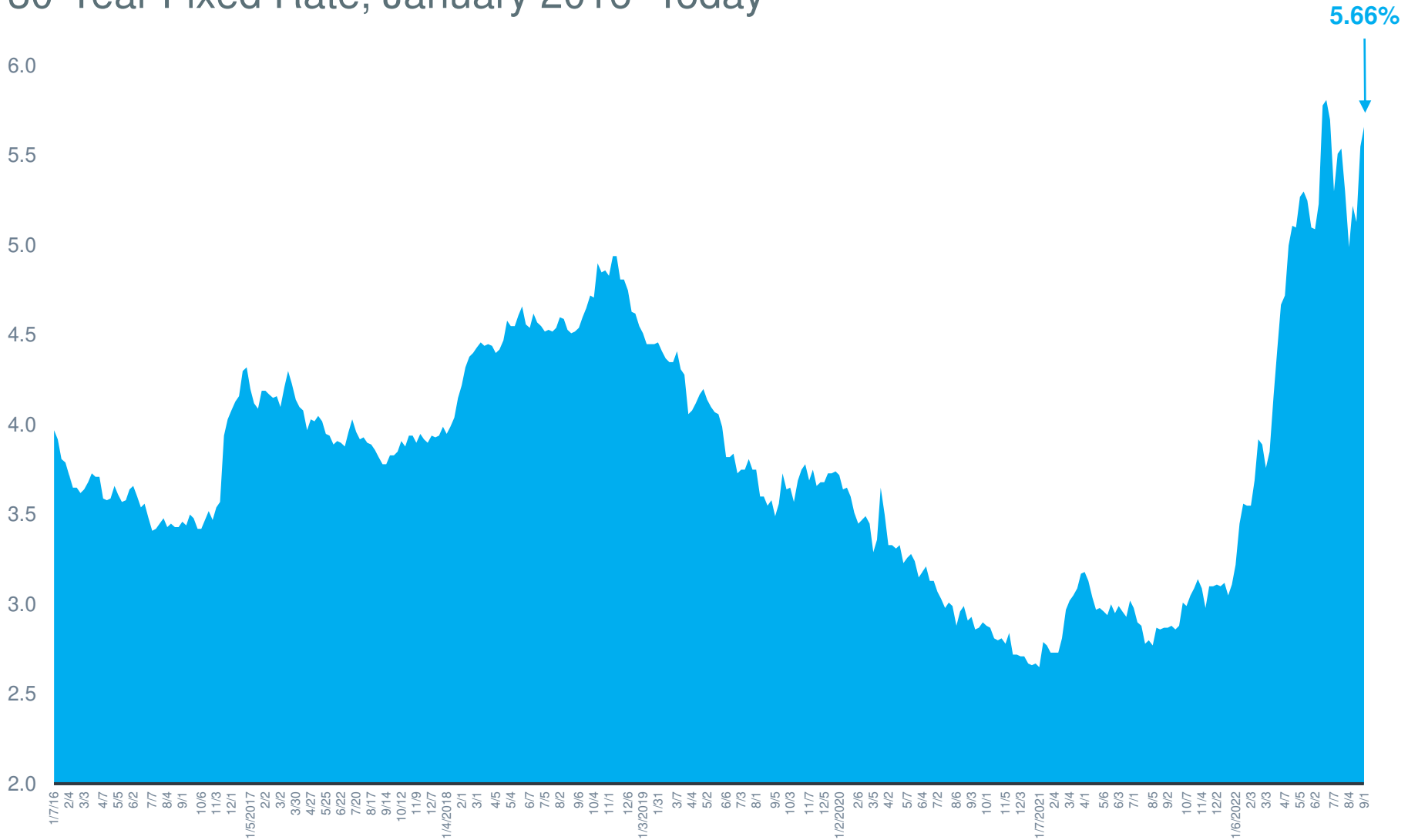
30-Year Fixed Rate, January 2018–Today



Source: Freddie Mac

Mortgage Rates

30-Year Fixed Rate, January 2016–Today



Source: Freddie Mac

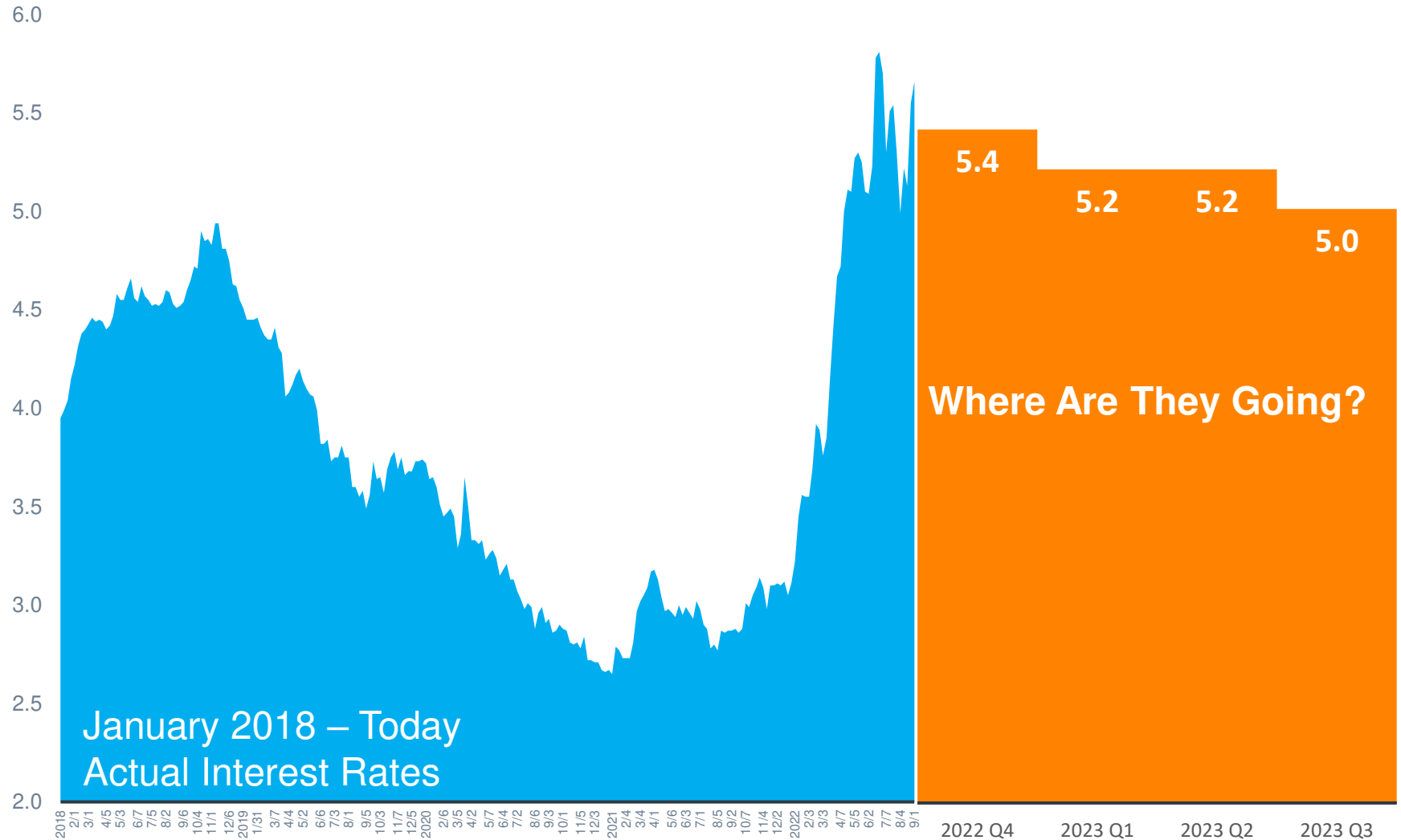
Mortgage Rate Projections

August 2022

Quarter	Freddie Mac	Fannie Mae	MBA	NAR	Average of All Four
2022 4Q	5.4	4.8	5.2	6.0	5.35%
2023 1Q	5.2	4.7	5.1	6.0	5.25%
2023 2Q	5.2	4.5	5.0	6.0	5.18%
2023 3Q	5.0	4.4	4.9	-	4.77%

Mortgage Rates

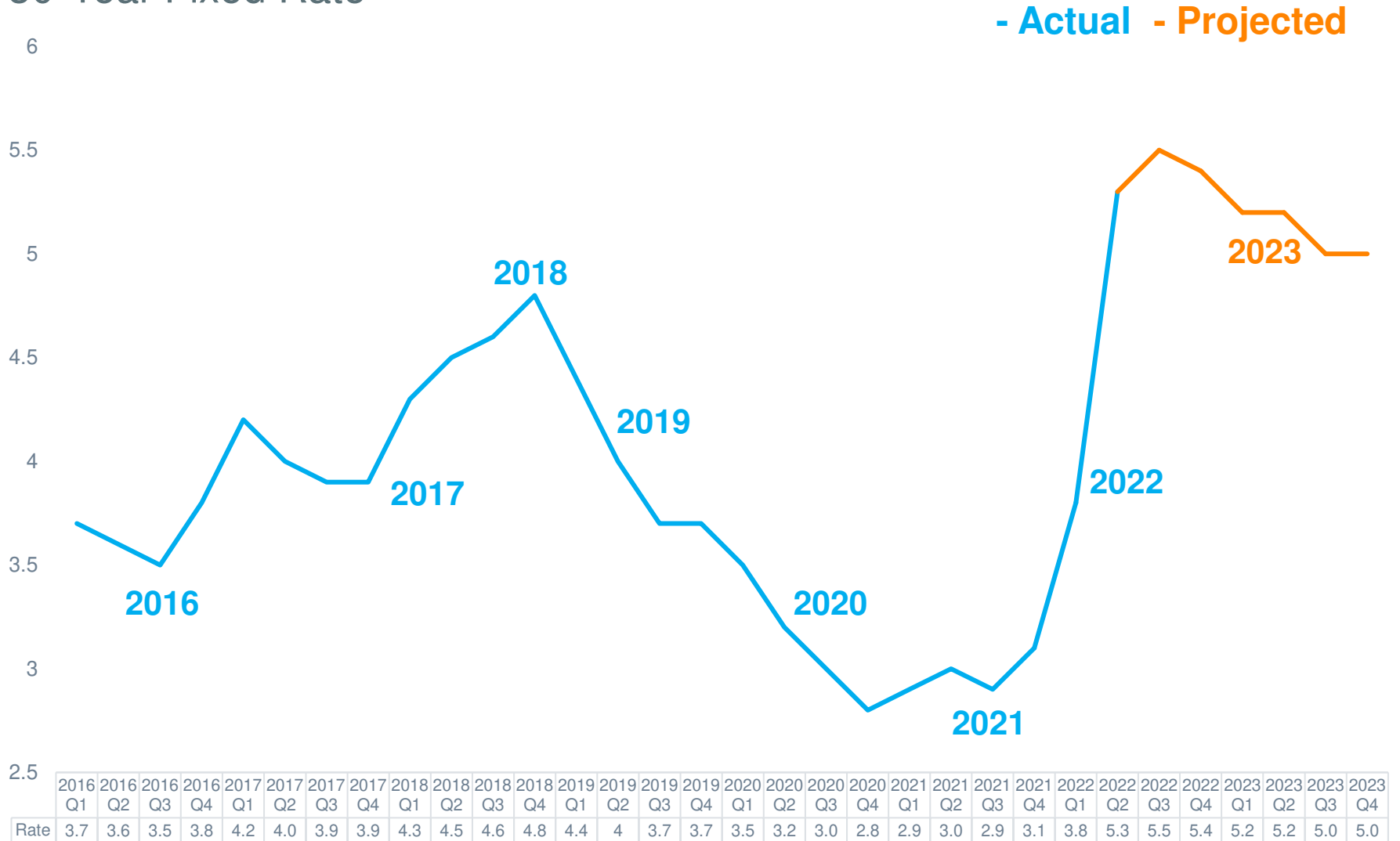
30-Year Fixed Rate



Where Are They Going?

Mortgage Rates

30-Year Fixed Rate

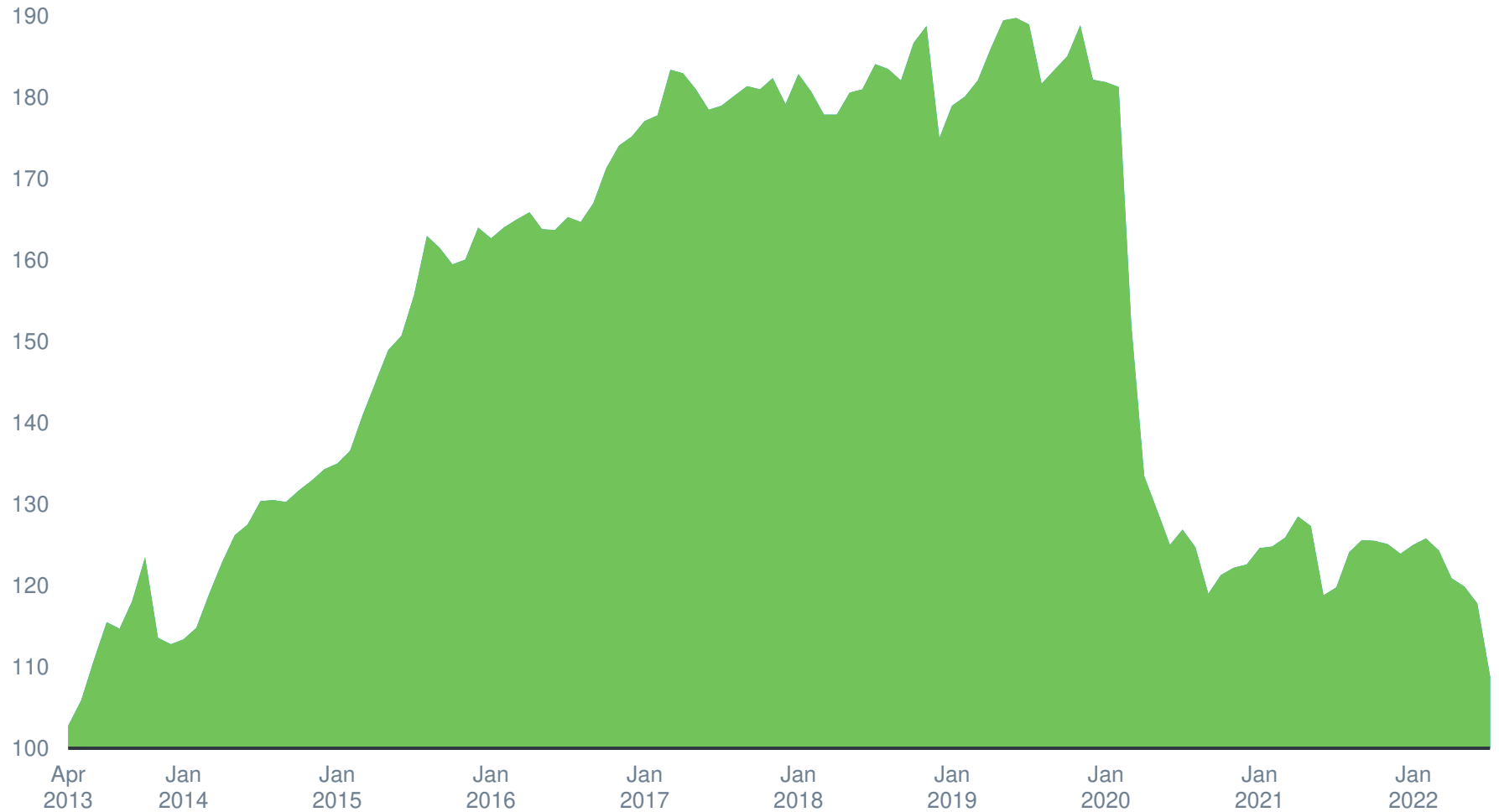




Mortgage Credit Availability

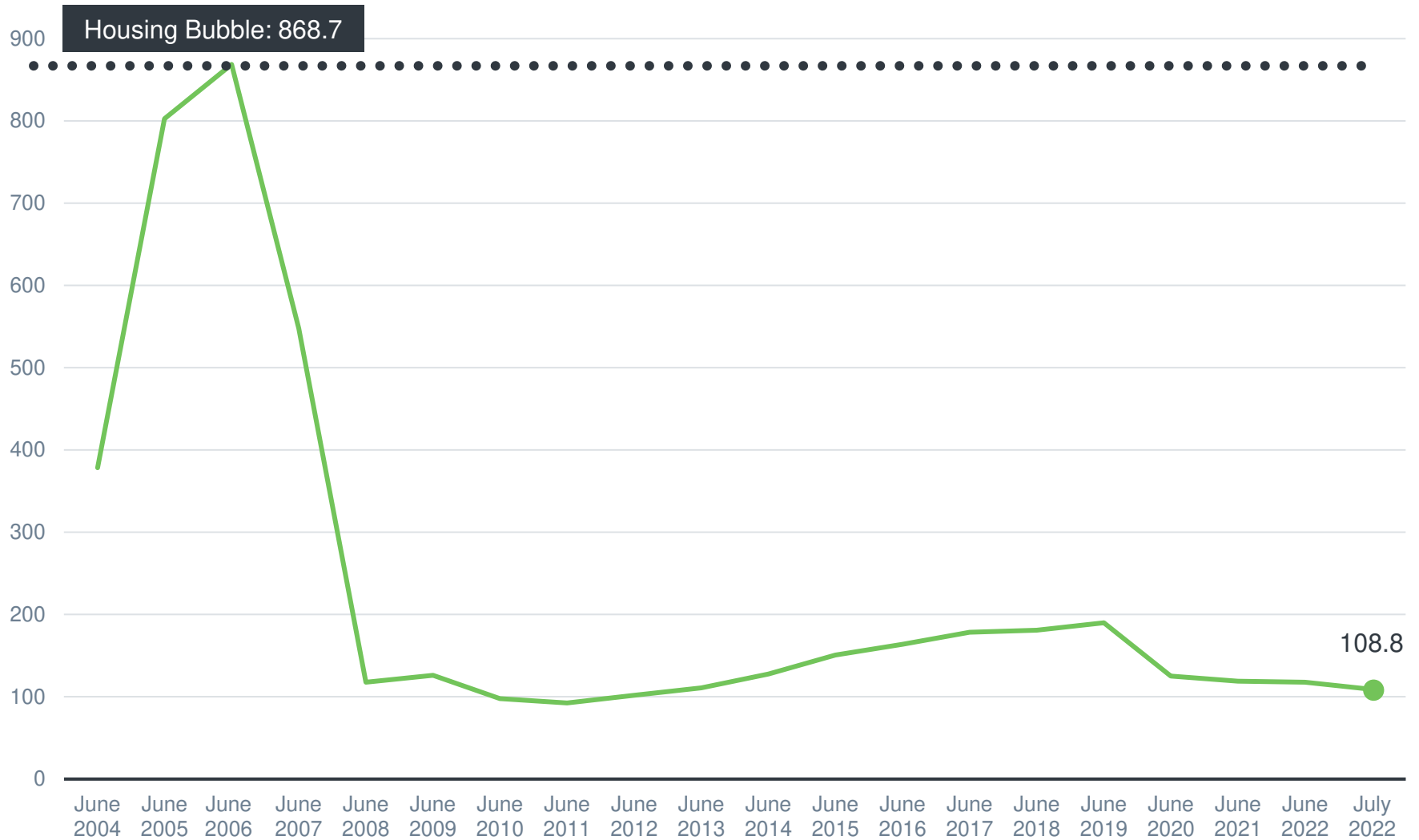
Mortgage Credit Availability Index (MCAI)

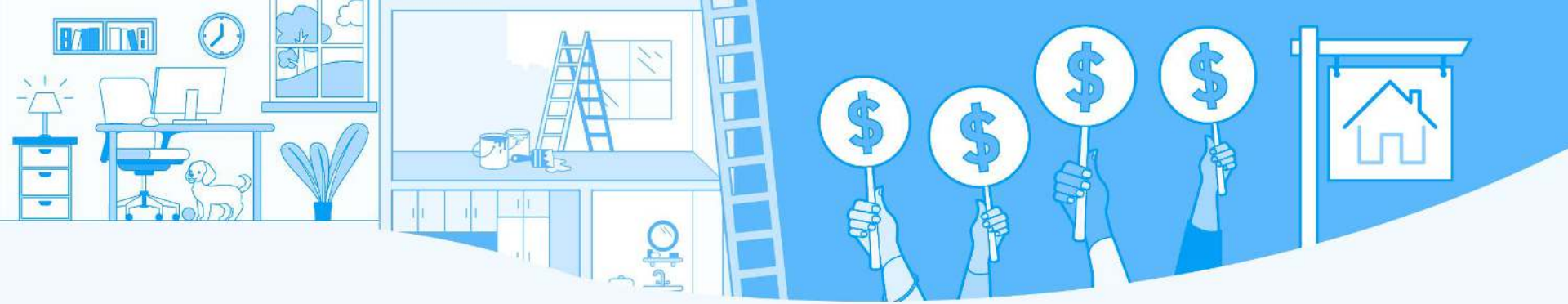
July 2022



Lending Standards Still Under Control

Historic Data for the Mortgage Credit Availability Index (MCAI)





KEEPING CURRENT MATTERS

September 2022

