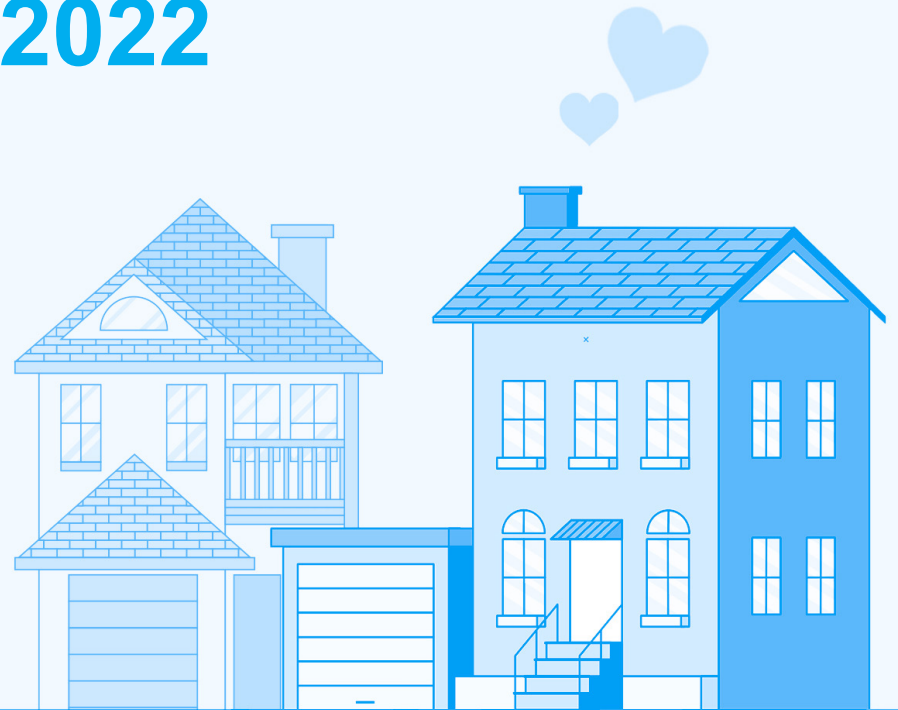


# KEEPING CURRENT MATTERS

June 2022



# It's All About Mortgage Rates



# Mortgage Rates Stay Relatively Flat

June 2, 2022

Sam Khater, Chief Economist, *Freddie Mac*:

“Mortgage rates continued to inch downward this week but are still significantly higher than last year, affecting affordability and purchase demand. **Heading into the summer, the potential homebuyer pool has shrunk, supply is on the rise and the housing market is normalizing.** This is welcome news following unprecedented market tightness over the last couple years.”

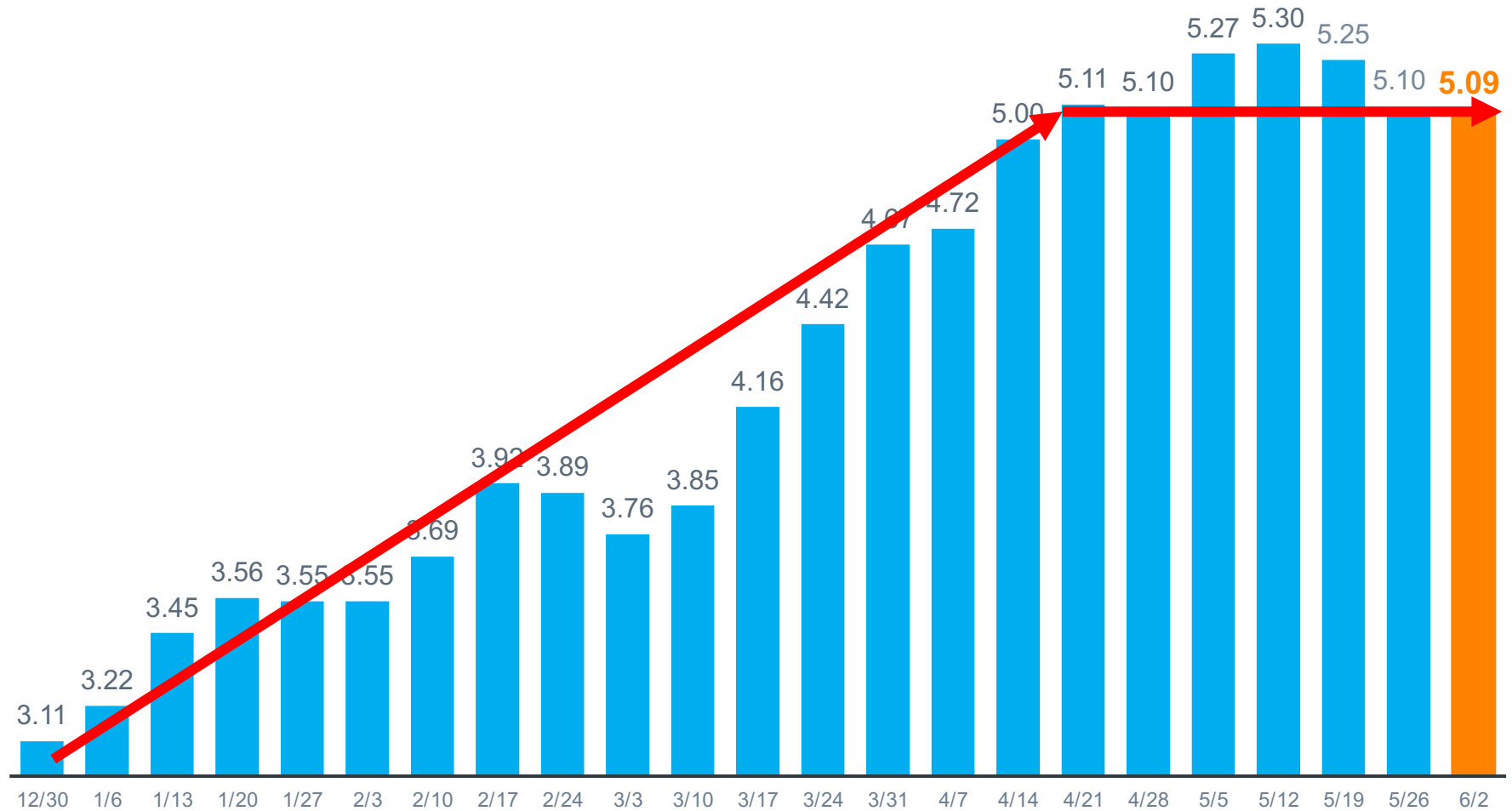
May 19, 2022

“**Economic uncertainty is causing mortgage rate volatility. . . .**”

Primary Mortgage Market Survey®					
U.S. Weekly Averages As Of 06/02/2022					
30-Yr FRM		15-Yr FRM		5/1-Yr ARM	
5.09%	▼0.01 1-Wk	4.32%	▲0.01 1-Wk	4.04%	▲0.16 1-Wk
	▲2.10 1-yr		▲2.05 1-yr		▲1.40 1-yr
0.8 Fees/Points		0.8 Fees/Points		0.3 Fees/Points	

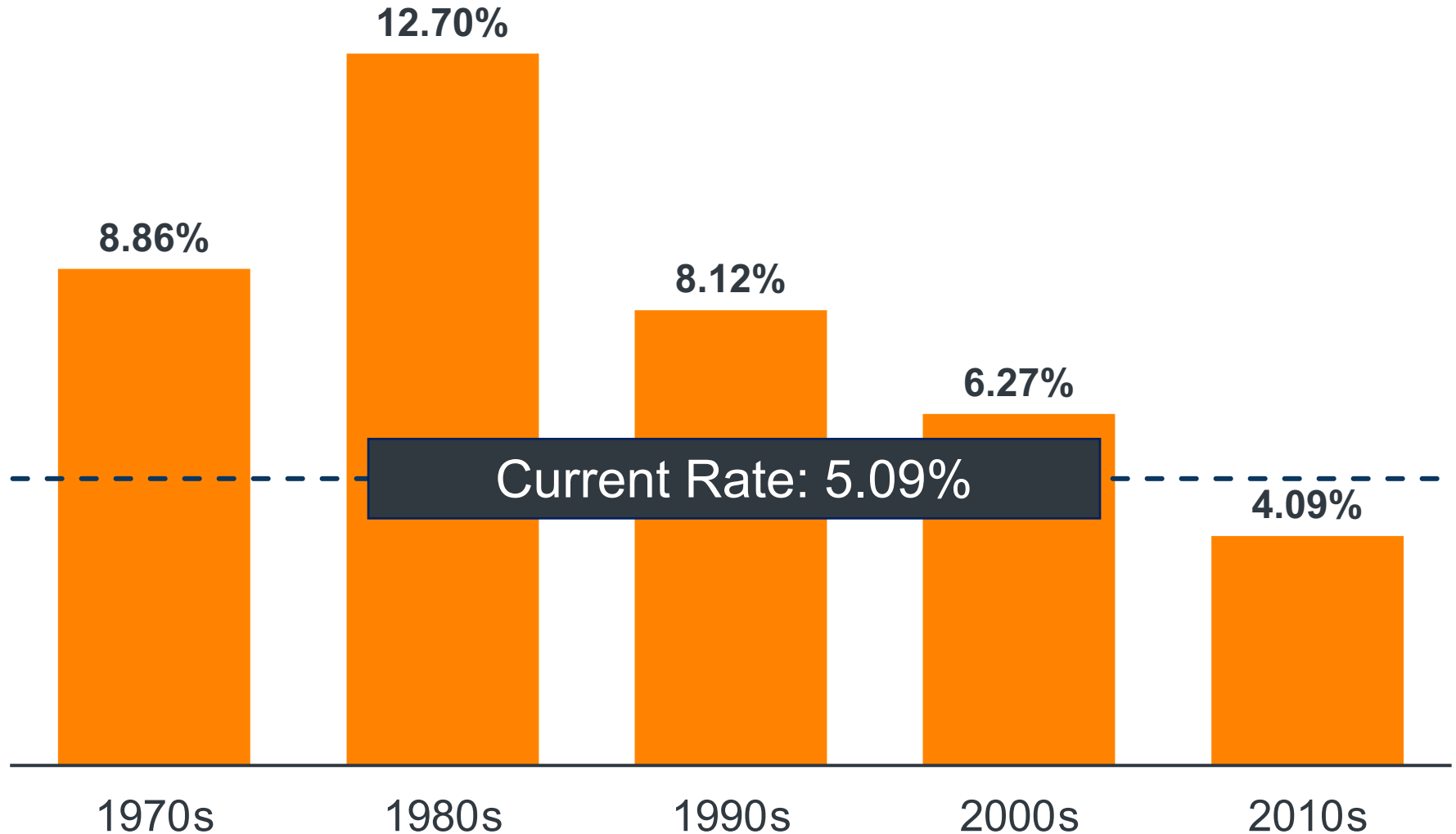
# Mortgage Rates

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



Source: Freddie Mac

# Current Mortgage Rate Compared to the Last 5 Decades



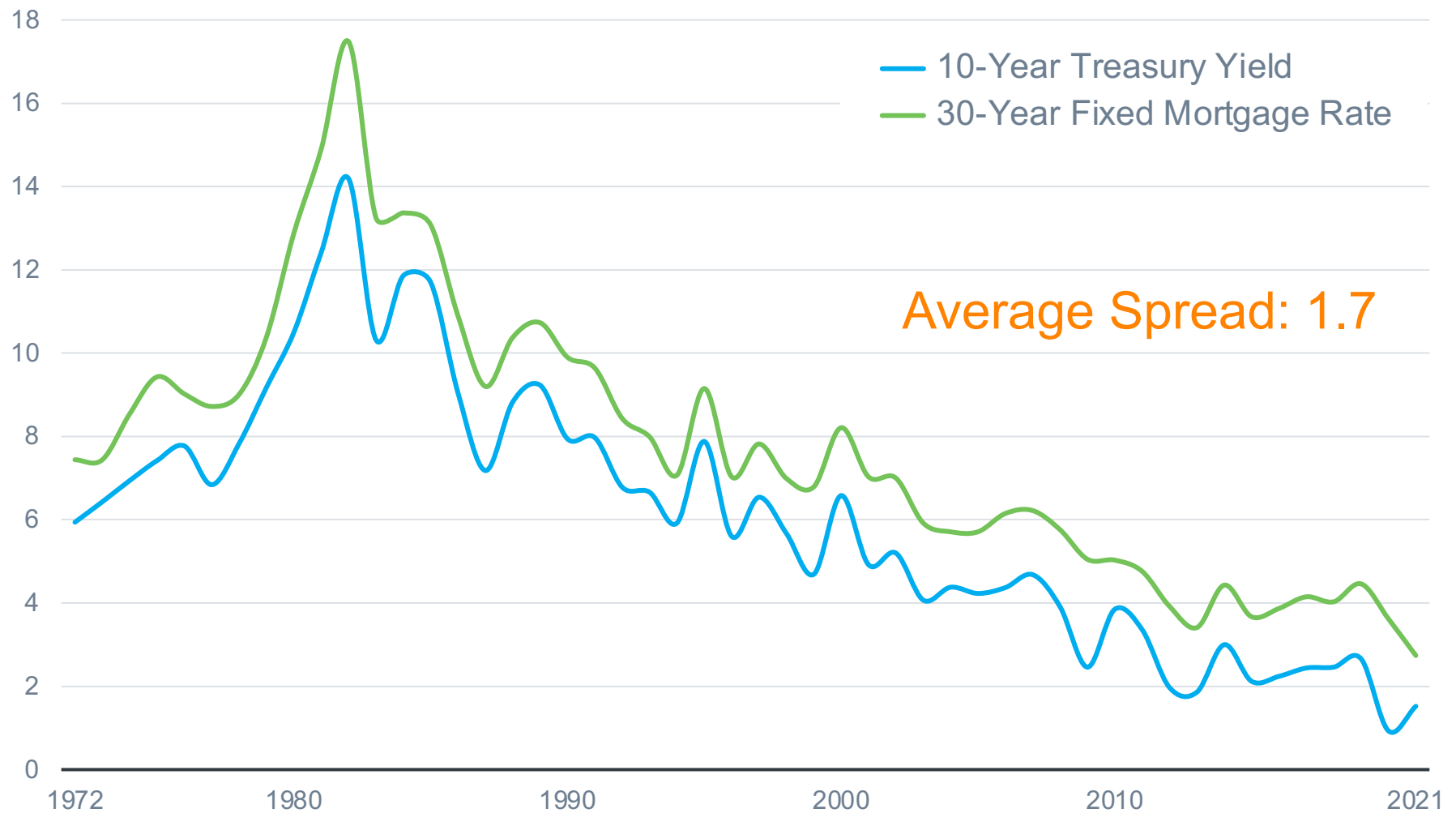


**PERFECT**

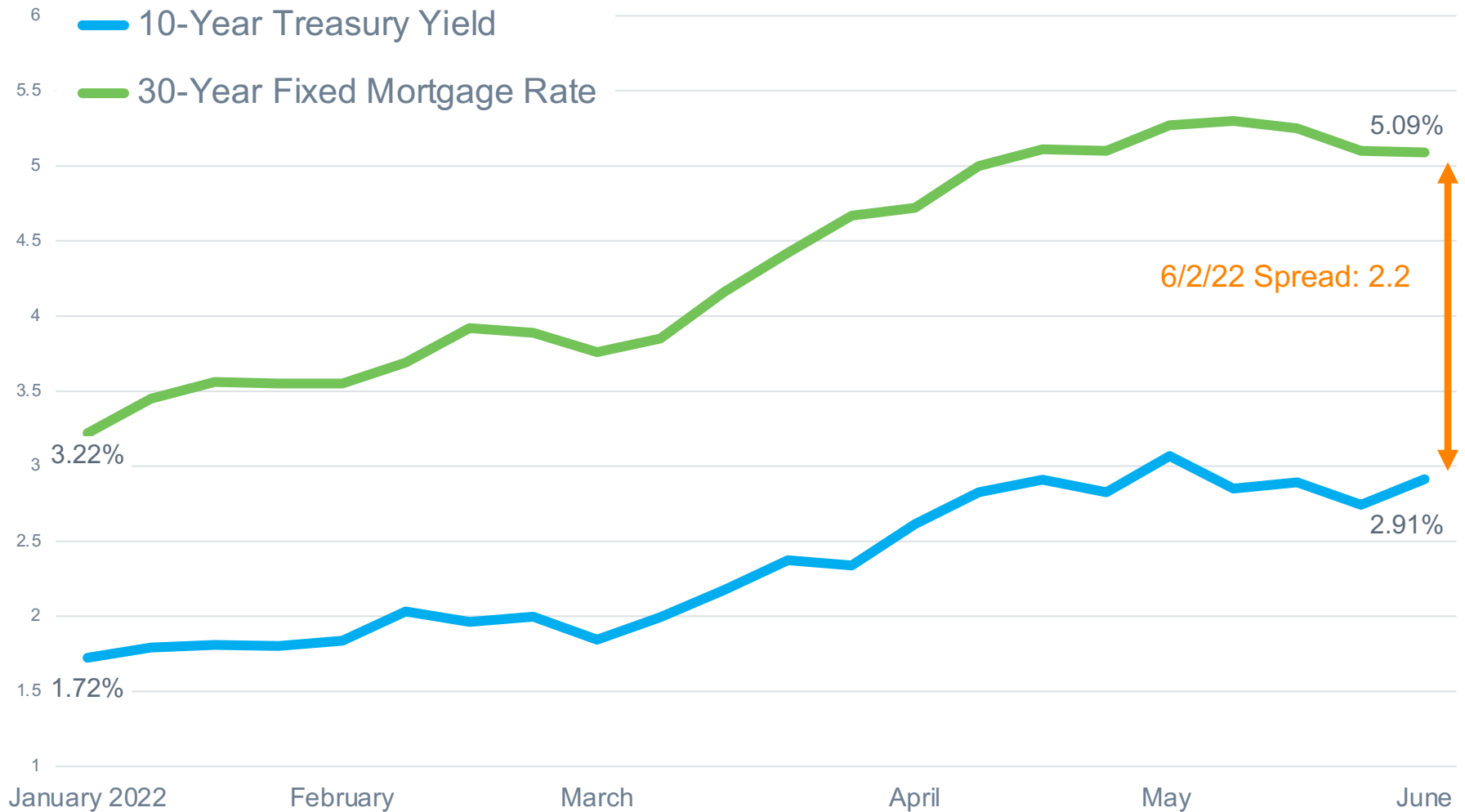
VS.

**EXPERT**

# For Almost 50 Years, the 30-year Mortgage Rate Has Moved in Unison with the 10-year Treasury Yield



# 30-Year Mortgage Rate vs. 10-Year Treasury Yield



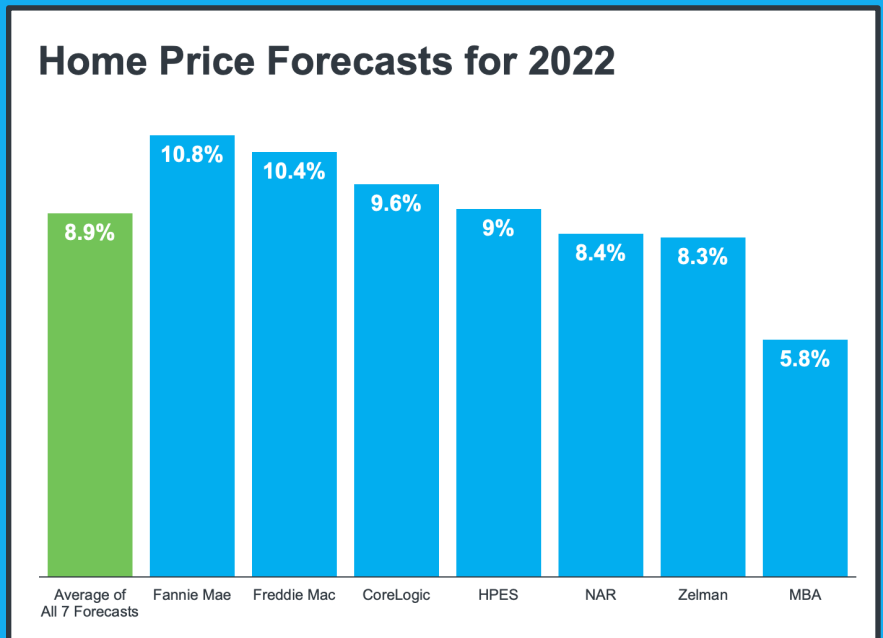


# Are We in a Housing Market Correction?





A correction is a decline of 10% or greater in the **price** of a security, asset, or financial market.





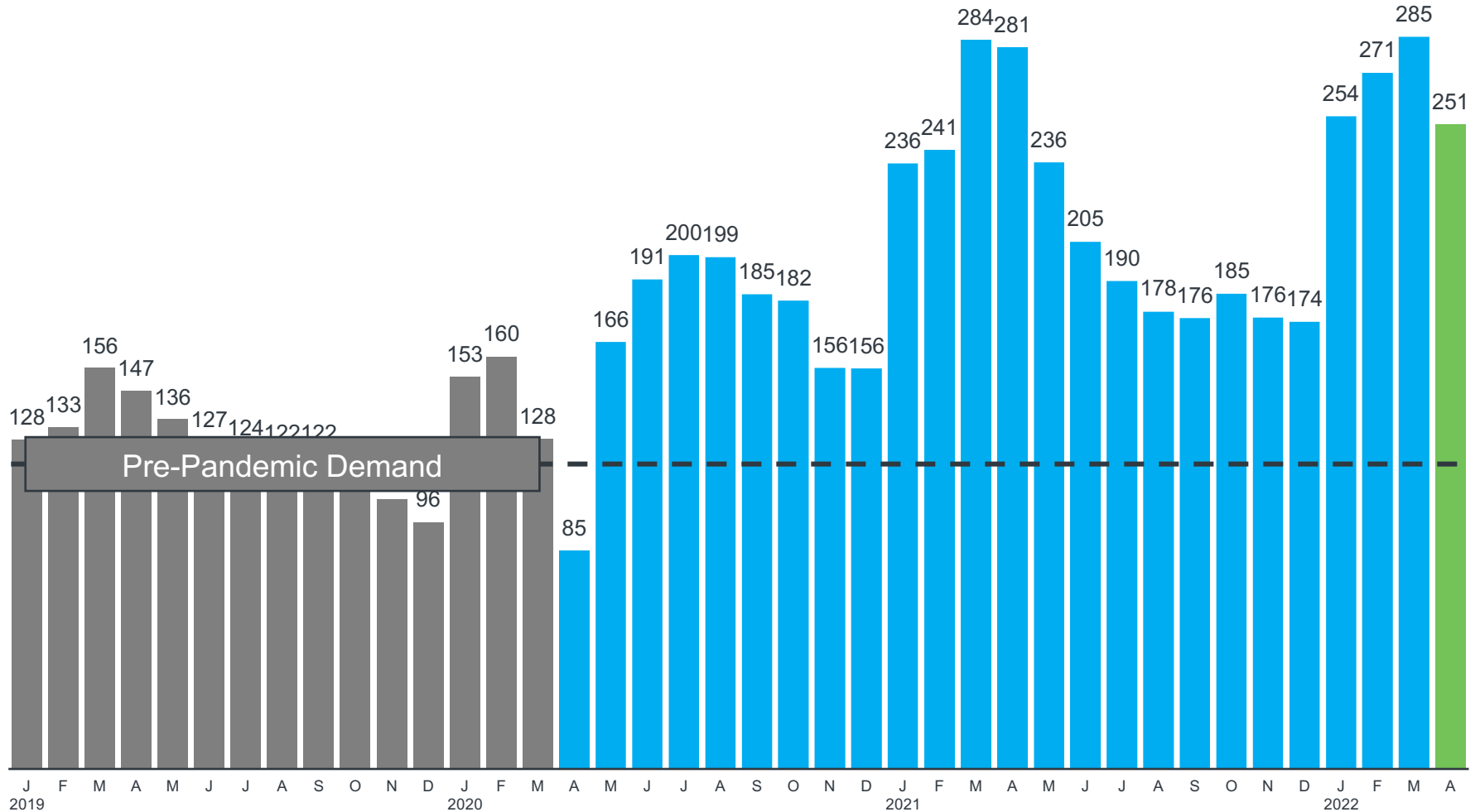
## **The housing market is at a turning point . . .**

We're starting to see signs of a new direction, but the ball is still in sellers' courts in most housing markets.

- **Danielle Hale**, Chief Economist, [realtor.com](https://www.realtor.com)

# Showings Skyrocketed the Last 2 Years

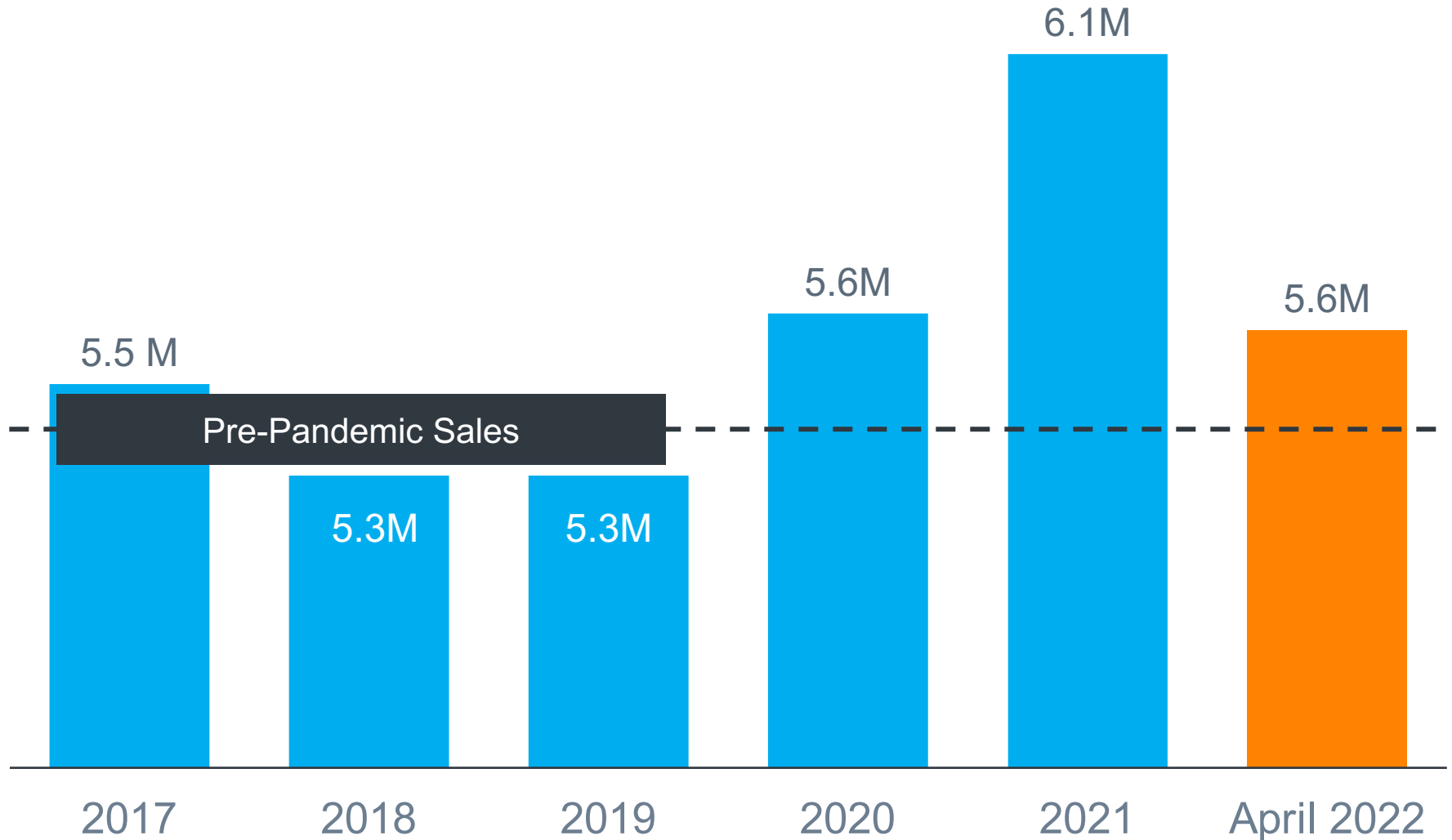
ShowingTime Monthly Index



Source: ShowingTime

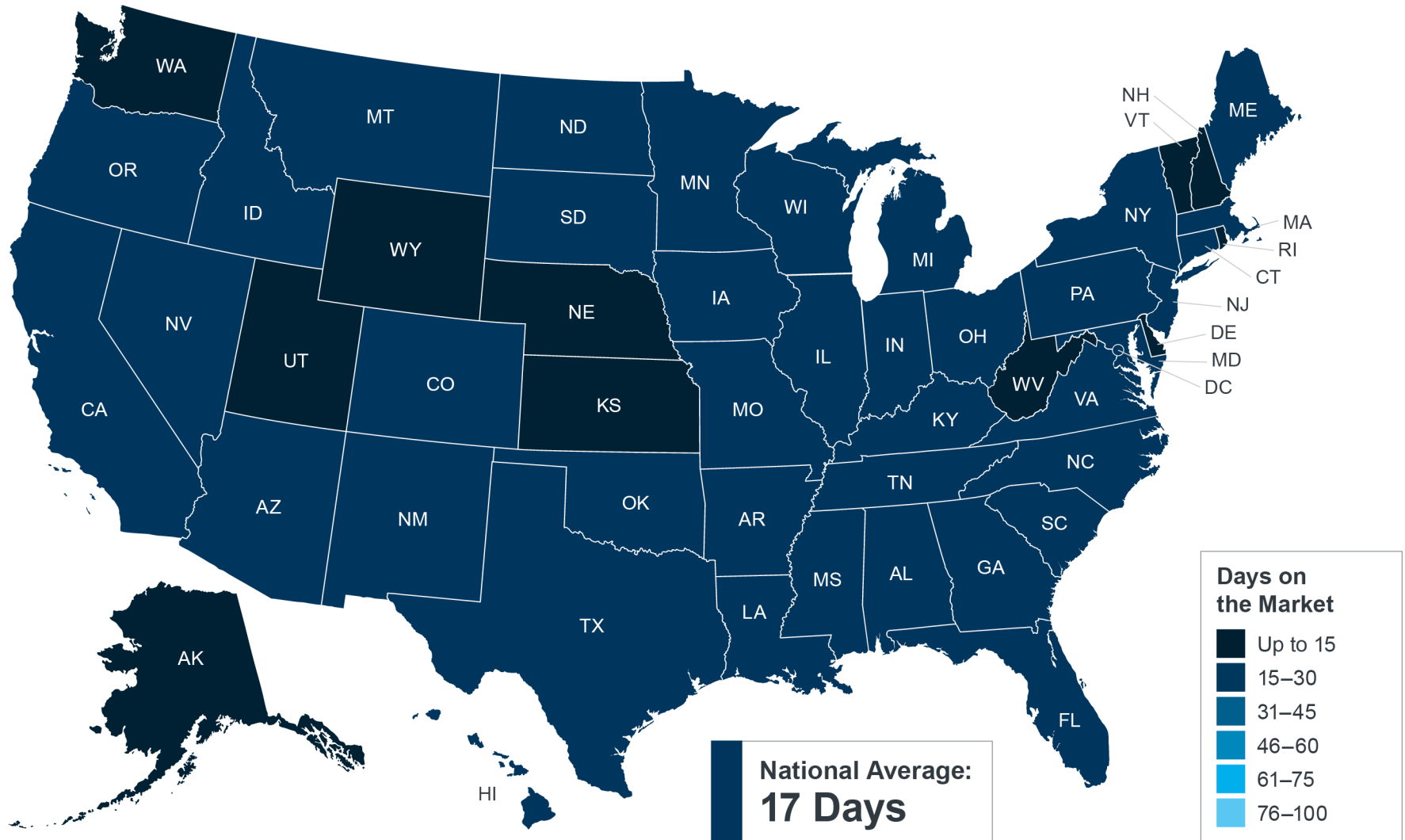
# Existing Home Sales

Seasonally Adjusted Annual Rate (in Millions)



# Average Days on the Market

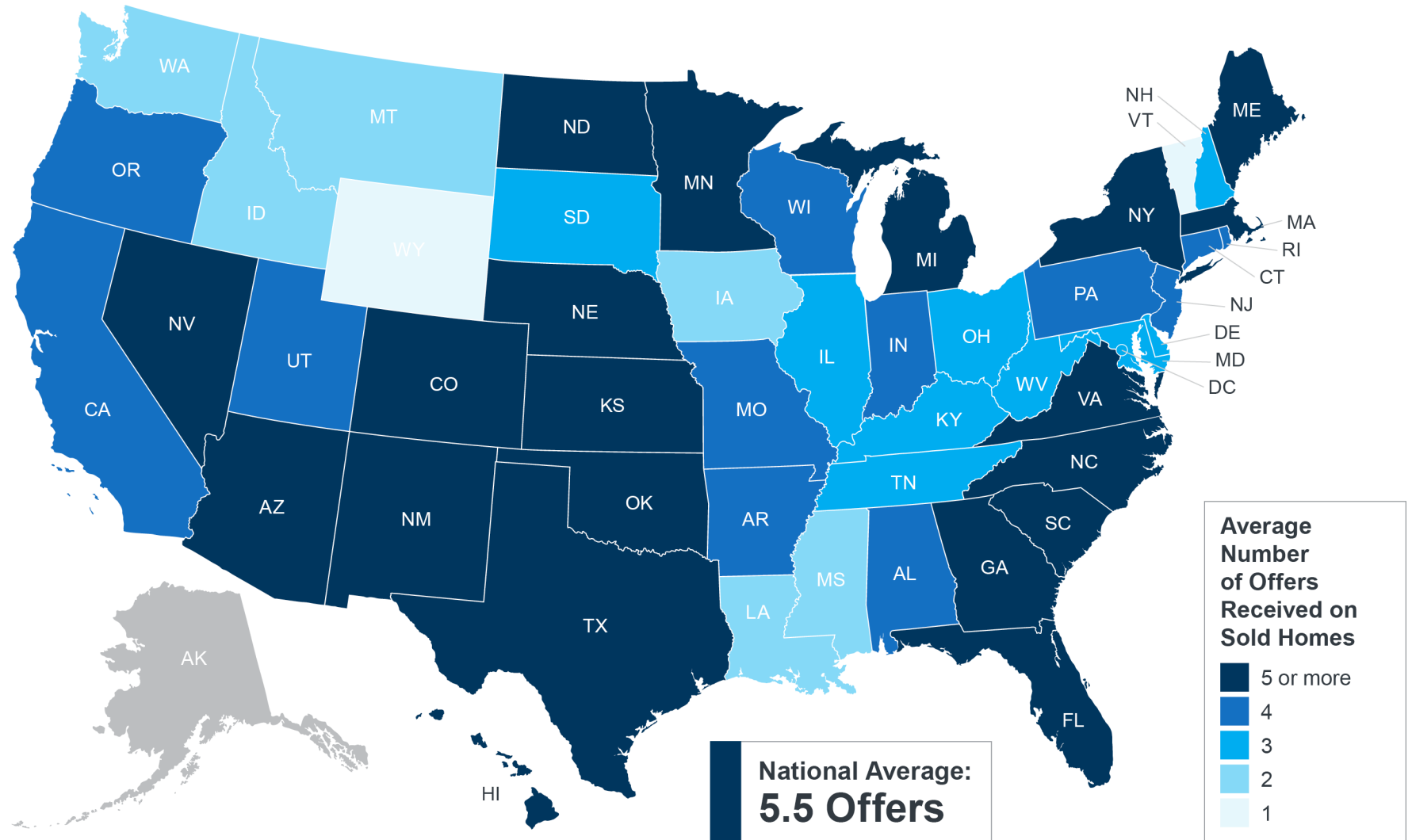
April 2022



Source: NAR

# Average Number of Offers

April 2022



Source: NAR

# What's Ahead?





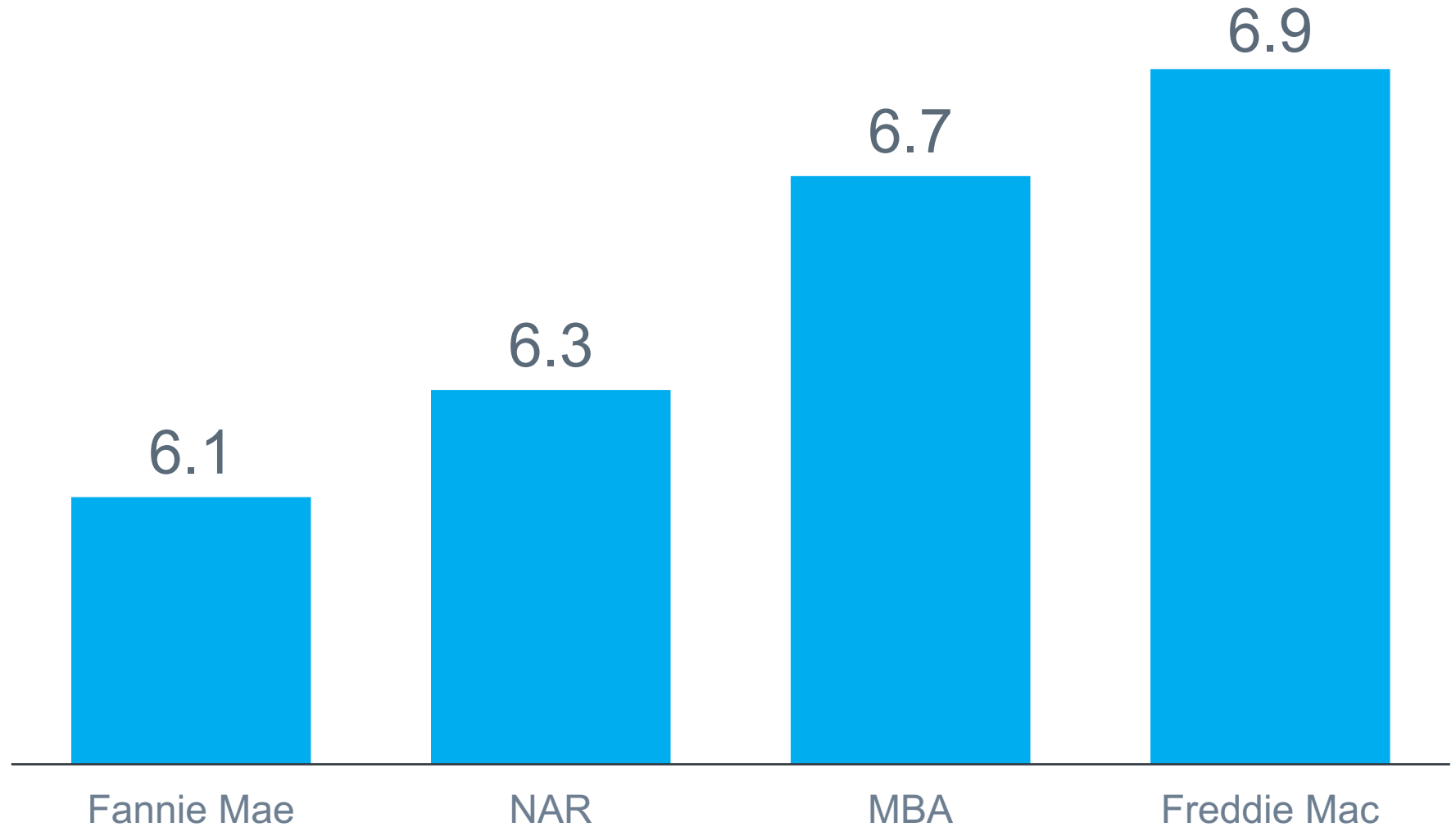


**Mortgage rates are likely to plateau near current levels. . . .** The financial markets have attempted to price in the impact of Fed actions over this cycle, and they are likely also pricing in the economic slowdown that will result. **Once we are past this rate spike and associated volatility, MBA expects that potential homebuyers may be more willing to re-enter the market.**

- Mike Fratantoni, Chief Economist, MBA

# 2022 Total Home Sales Forecasts

In Millions





. . . Experts don't believe the market is in a bubble or a crash is in the cards, like during the Great Recession. **The nation is still suffering from a housing shortage that has reached crisis proportions at a time when many millennials are reaching the age when they start to consider homeownership.** That's likely to keep prices high.

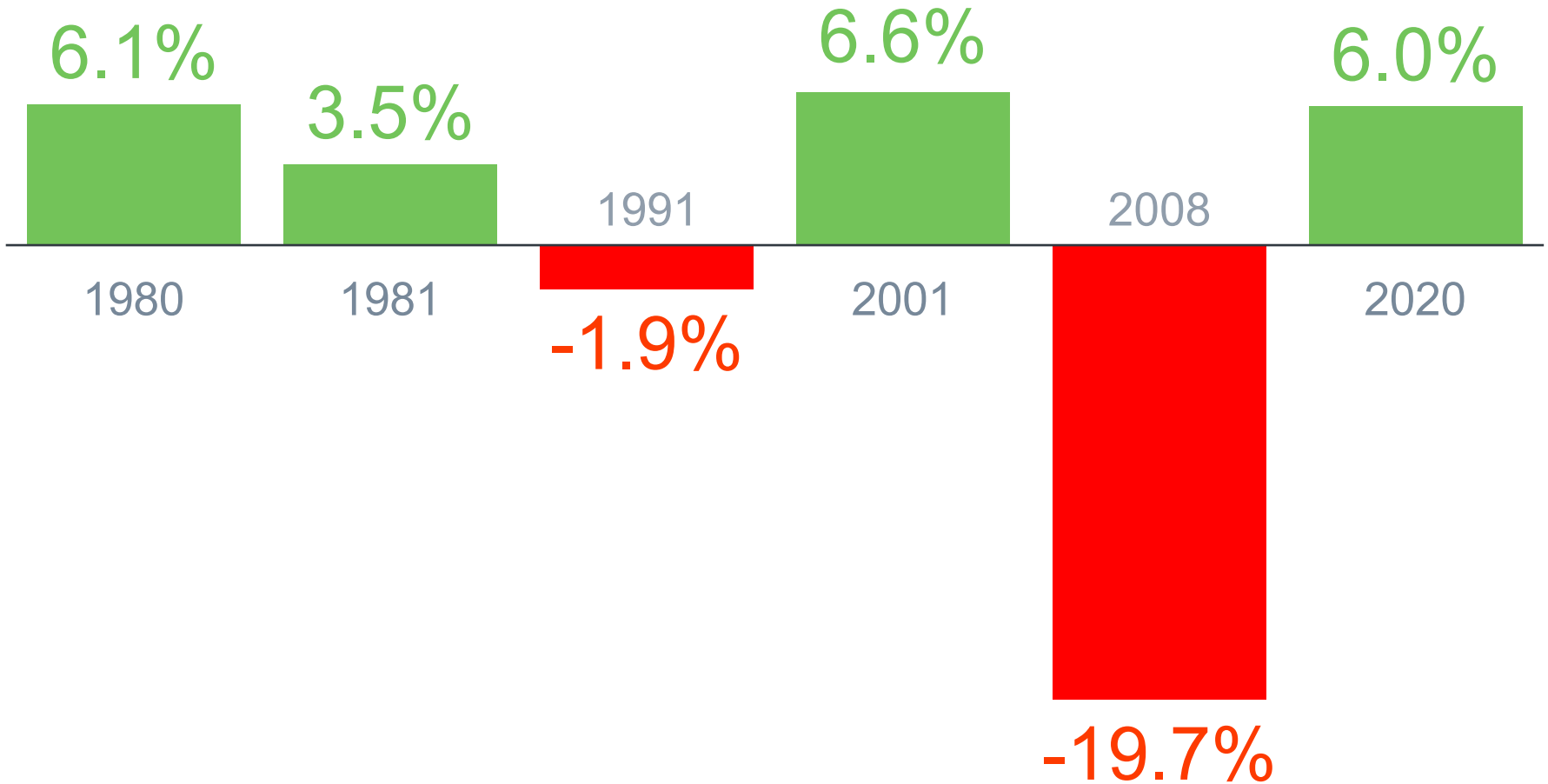
## What Is a Recession?

**The National Bureau of Economic Research (NBER)** defines a recession as:

**“a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in real GDP, real income, employment, industrial production, and wholesale-retail sales.”**

# Recession Doesn't Equal a Housing Crisis

Home Price Change During Last 6 Recessions





If you are looking to buy a home, I would still recommend you do so even at the higher interest rates because **we have no reason to believe that home prices will stop appreciating.** Home values going up is only a problem when you're trying to buy. When you own, it's a gift.

- Shivani Peterson, Mortgage Expert

# Summer Buyer & Seller Guides: Now Available



Things To Consider When Buying a Home

SUMMER 2022 EDITION

Casey Myers  
Real Estate Agent  
Keeping Current Matters  
Richmond, VA  
info@keepingcurrentmatters.com  
www.keepingcurrentmatters.com  
(831) 787-6200

Things To Consider When Selling Your House

SUMMER 2022 EDITION

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Real Estate Agent  
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www.keepingcurrentmatters.com  
(831) 787-6200

Americans Choose Real Estate as the Best Investment

According to a Gallup poll, real estate has been rated the best long-term investment for 9 years in a row.

Record Equity Gains Can Power Your Next Move

Equity can be a real game-changer if you're planning to make a move. According to the latest data from CoreLogic, the average homeowner gained \$55,300 in equity over the past year, a number that grew substantially as home values appreciated.

Homeowner Equity Gains Over the Past Year

State	Average Equity Gain
AK	\$10,000
AL	\$15,000
AR	\$15,000
AZ	\$25,000
CA	\$35,000
CO	\$25,000
CT	\$25,000
DC	\$25,000
DE	\$25,000
FL	\$25,000
GA	\$25,000
HI	\$10,000
IA	\$25,000
ID	\$25,000
IL	\$25,000
IN	\$25,000
KS	\$25,000
KY	\$25,000
LA	\$25,000
MA	\$25,000
MD	\$25,000
ME	\$25,000
MI	\$25,000
MN	\$25,000
MO	\$25,000
MS	\$25,000
MT	\$25,000
NC	\$25,000
ND	\$25,000
NH	\$25,000
NJ	\$25,000
NM	\$25,000
NV	\$25,000
NY	\$25,000
OH	\$25,000
OK	\$25,000
OR	\$25,000
PA	\$25,000
RI	\$25,000
SC	\$25,000
SD	\$25,000
TN	\$25,000
TX	\$25,000
UT	\$25,000
VA	\$25,000
VT	\$25,000
WA	\$25,000
WI	\$25,000
WV	\$25,000
WY	\$25,000
National Average	\$55,300

Source: CoreLogic

Homeownership as a Hedge Against Inflation

If you're thinking about selling to make a move this summer, you may be wondering if the recent news about rising inflation should impact your plans. The good news is, history shows homeownership is usually a strong hedge against inflation.

Your Next Move Will Give You Lasting Stability

With inflation reaching its highest level in 40 years, it's more important than ever to think about decreasing your expenses wherever you can.

If you need to move up into your next home, you'd want to do so sooner rather than later. When you buy, you can lock in your largest monthly expense - your mortgage payment - before property taxes and mortgage rates climb higher. This helps offset increasing housing costs for the rest of your life.

As you plan for other goods and services, you can also put a pinch on other expenses to help offset the rise in housing costs.

66

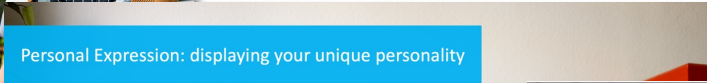
A fixed-rate mortgage allows you to maintain the biggest portion of housing expenses at the same payment. Sure, property taxes will rise and other expenses may creep up, but your monthly housing payment remains the same.

- James Royal, Senior Investing and Wealth Management Reporter, Bankrate

# National Homeownership Month: New *Reasons To Own* Images Now in Your Member Area



Comforts: surrounding yourself with enhanced experiences



Personal Expression: displaying your unique personality



Stability: controlling your future direction and security



# Resources

Slide(s)	Description	Link(s)
3	Mortgage Rates Stay Flat	<a href="https://freddiemac.gcs-web.com/node/25371/pdf">https://freddiemac.gcs-web.com/node/25371/pdf</a> <a href="https://freddiemac.gcs-web.com/node/25281/pdf">https://freddiemac.gcs-web.com/node/25281/pdf</a>
4	Mortgage Rates	<a href="https://freddiemac.gcs-web.com/node/25371/pdf">https://freddiemac.gcs-web.com/node/25371/pdf</a> <a href="http://www.freddiemac.com/pmms/">http://www.freddiemac.com/pmms/</a>
5	Mortgage Rates by the Decade	<a href="http://www.freddiemac.com/pmms/pmms_archives.html">http://www.freddiemac.com/pmms/pmms_archives.html</a> <a href="https://freddiemac.gcs-web.com/node/25371/pdf">https://freddiemac.gcs-web.com/node/25371/pdf</a>
7-8	Mortgage Rates & Treasury Yields	<a href="https://www.freddiemac.com/pmms/pmms_archives">https://www.freddiemac.com/pmms/pmms_archives</a> <a href="https://www.macrotrends.net/2016/10-year-treasury-bond-rate-yield-chart">https://www.macrotrends.net/2016/10-year-treasury-bond-rate-yield-chart</a> <a href="https://www.wsj.com/market-data/quotes/bond/BX/TMUBMUSD10Y/historical-prices">https://www.wsj.com/market-data/quotes/bond/BX/TMUBMUSD10Y/historical-prices</a>
10	Investopedia Quote	<a href="https://www.investopedia.com/terms/c/correction.asp#:~:text=A%20correction%20is%20a%20decline,prices%20and%200providing%20buying%20opportunities">https://www.investopedia.com/terms/c/correction.asp#:~:text=A%20correction%20is%20a%20decline,prices%20and%200providing%20buying%20opportunities</a>
11	Hale Quote	<a href="https://www.realtor.com/news/trends/housing-market-showing-signs-of-correction-what-buyers-sellers-need-to-know/">https://www.realtor.com/news/trends/housing-market-showing-signs-of-correction-what-buyers-sellers-need-to-know/</a>

# Resources

Slide(s)	Description	Link(s)
12	Showings	<a href="https://showingindex.stats.showingtime.com/docs/lmu/x/UnitedStates?src=page">https://showingindex.stats.showingtime.com/docs/lmu/x/UnitedStates?src=page</a>
13	Existing Home Sales	<a href="https://www.nar.realtor/research-and-statistics/housing-statistics/existing-home-sales">https://www.nar.realtor/research-and-statistics/housing-statistics/existing-home-sales</a> <a href="https://www.nar.realtor/newsroom/existing-home-sales-retract-2-4-in-april">https://www.nar.realtor/newsroom/existing-home-sales-retract-2-4-in-april</a>
14, 15	Confidence Index Maps	<a href="https://www.nar.realtor/research-and-statistics/research-reports/realtors-confidence-index">https://www.nar.realtor/research-and-statistics/research-reports/realtors-confidence-index</a>
17	Fratantoni Quote	<a href="https://www.bankrate.com/mortgages/analysis/">https://www.bankrate.com/mortgages/analysis/</a>
18	2022 Total Home Sales Forecast	<a href="https://cdn.nar.realtor/sites/default/files/documents/forecast-q2-2022-us-economic-outlook-04-27-2022.pdf">https://cdn.nar.realtor/sites/default/files/documents/forecast-q2-2022-us-economic-outlook-04-27-2022.pdf</a> <a href="https://www.fanniemae.com/media/43571/display">https://www.fanniemae.com/media/43571/display</a> <a href="http://www.freddiemac.com/research/forecast/20220121_quarterly_economic_forecast.page">http://www.freddiemac.com/research/forecast/20220121_quarterly_economic_forecast.page</a> <a href="https://www.mba.org/docs/default-source/research-and-forecasts/forecasts/mortgage-finance-forecast-may-2022.pdf?">https://www.mba.org/docs/default-source/research-and-forecasts/forecasts/mortgage-finance-forecast-may-2022.pdf?</a>

# Resources

Slide(s)	Description	Link(s)
19	Realtor.com Quote	<a href="https://www.realtor.com/news/trends/housing-market-showing-signs-of-correction-what-buyers-sellers-need-to-know/">https://www.realtor.com/news/trends/housing-market-showing-signs-of-correction-what-buyers-sellers-need-to-know/</a>
20	What Is a Recession?	<a href="https://www.forbes.com/advisor/investing/what-is-a-recession/#:~:text=NBER%20has%20its%20own%20definition,and%20wholesale%2Dretail%20sales.%E2%80%9D">https://www.forbes.com/advisor/investing/what-is-a-recession/#:~:text=NBER%20has%20its%20own%20definition,and%20wholesale%2Dretail%20sales.%E2%80%9D</a>
21	Recession Doesn't Equal a Housing Crisis	<a href="https://www.corelogic.com/blog/2019/03/housing-recessions-and-recoveries.aspx">https://www.corelogic.com/blog/2019/03/housing-recessions-and-recoveries.aspx</a> <a href="https://www.thebalance.com/the-history-of-recessions-in-the-united-states-3306011">https://www.thebalance.com/the-history-of-recessions-in-the-united-states-3306011</a> <a href="https://www.corelogic.com/intelligence/find-stories/corelogic-hpi-posted-record-year-over-year-growth-in-2021/">https://www.corelogic.com/intelligence/find-stories/corelogic-hpi-posted-record-year-over-year-growth-in-2021/</a>
22	Peterson Quote	<a href="https://themortgagereports.com/92158/why-are-mortgage-rates-rising-in-2022-podcast">https://themortgagereports.com/92158/why-are-mortgage-rates-rising-in-2022-podcast</a>



# Updates

# Resources

Slide(s)	Description	Link(s)
32, 52, 62	Confidence Index	<a href="https://www.nar.realtor/research-and-statistics/research-reports/realtors-confidence-index">https://www.nar.realtor/research-and-statistics/research-reports/realtors-confidence-index</a>
33-35, 43, 45, 46, 53-57	Existing Home Sales	<a href="https://www.nar.realtor/topics/existing-home-sales">https://www.nar.realtor/topics/existing-home-sales</a>
36-39	New Home Sales	<a href="http://www.census.gov/construction/nrs/pdf/newressales.pdf">http://www.census.gov/construction/nrs/pdf/newressales.pdf</a> <a href="http://www.census.gov/newhomesales">http://www.census.gov/newhomesales</a>
40	Total Home Sales	<a href="http://www.census.gov/construction/nrs/pdf/newressales.pdf">http://www.census.gov/construction/nrs/pdf/newressales.pdf</a> <a href="https://www.nar.realtor/topics/existing-home-sales">https://www.nar.realtor/topics/existing-home-sales</a>
41, 42	Pending Home Sales	<a href="https://www.nar.realtor/research-and-statistics/housing-statistics/pending-home-sales">https://www.nar.realtor/research-and-statistics/housing-statistics/pending-home-sales</a>
47-49	Case Shiller	<a href="https://www.spglobal.com/spdji/en/indices/indicators/sp-corelogic-case-shiller-20-city-composite-home-price-nsa-index/#news-research">https://www.spglobal.com/spdji/en/indices/indicators/sp-corelogic-case-shiller-20-city-composite-home-price-nsa-index/#news-research</a>
50	CoreLogic Price Forecast	<a href="https://www.corelogic.com/intelligence/u-s-home-price-insights/">https://www.corelogic.com/intelligence/u-s-home-price-insights/</a>
53-59	Inventory	<a href="https://www.nar.realtor/topics/existing-home-sales">https://www.nar.realtor/topics/existing-home-sales</a> <a href="http://www.census.gov/construction/nrs/pdf/newressales.pdf">http://www.census.gov/construction/nrs/pdf/newressales.pdf</a>

# Resources

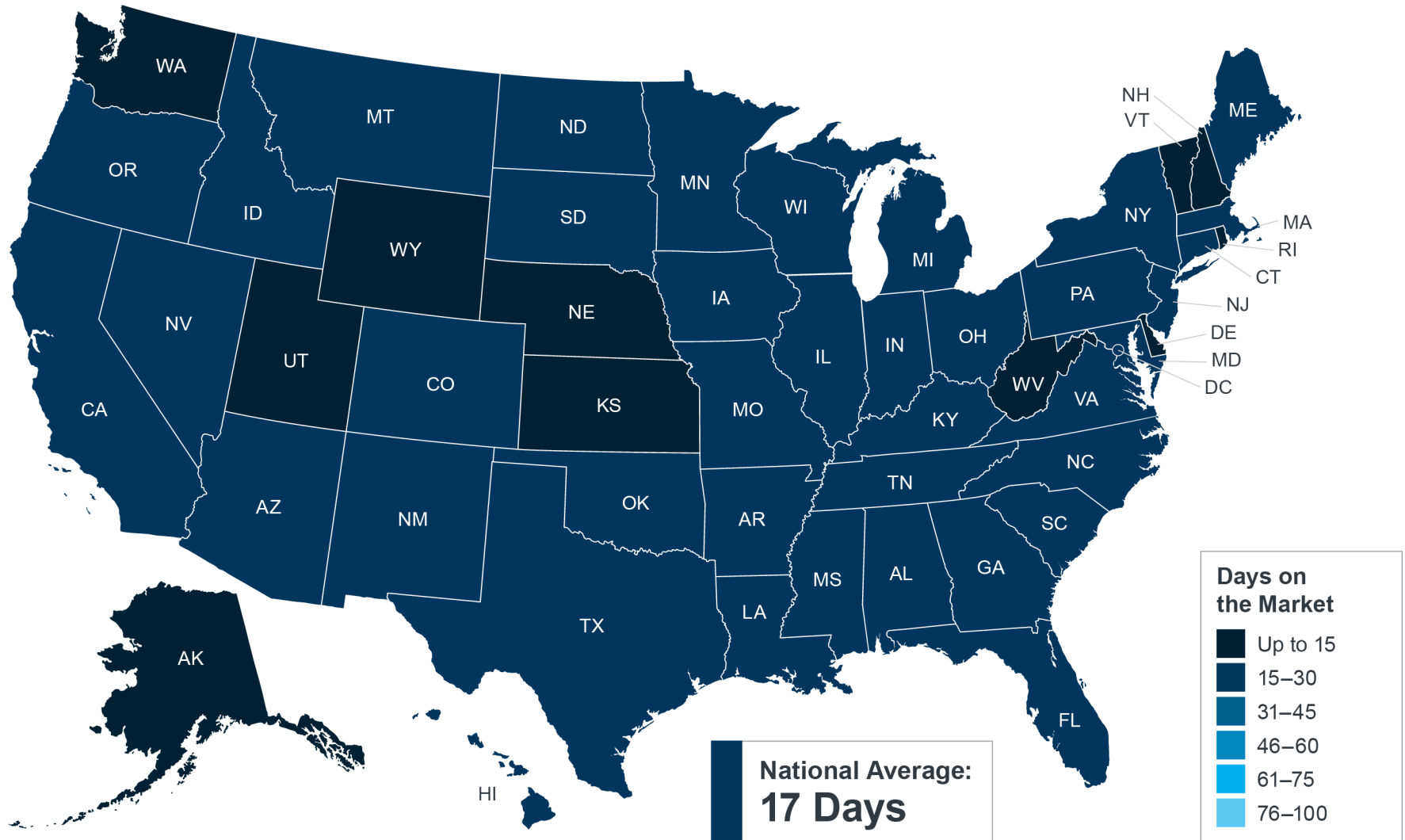
Slide(s)	Description	Link(s)
61	Showing Activity	<a href="https://www.showingtime.com/blog/april-2022-showing-index-results/">https://www.showingtime.com/blog/april-2022-showing-index-results/</a>
64, 65, 67, 68	Mortgage Rates	<a href="http://www.freddiemac.com/pmms/pmms_archives.html">http://www.freddiemac.com/pmms/pmms_archives.html</a> <a href="http://www.freddiemac.com/research/forecast/">http://www.freddiemac.com/research/forecast/</a>
66	Mortgage Rate Projections	<a href="http://www.freddiemac.com/research/forecast/">http://www.freddiemac.com/research/forecast/</a> <a href="http://www.fanniemae.com/portal/research-insights/forecast.html">http://www.fanniemae.com/portal/research-insights/forecast.html</a> <a href="https://www.mba.org/news-research-and-resources/research-and-economics/forecasts-and-commentary">https://www.mba.org/news-research-and-resources/research-and-economics/forecasts-and-commentary</a> <a href="https://www.nar.realtor/research-and-statistics">https://www.nar.realtor/research-and-statistics</a>
70, 71	Mortgage Credit Availability	<a href="https://www.mba.org/news-research-and-resources/newsroom">https://www.mba.org/news-research-and-resources/newsroom</a> <a href="https://www.mba.org/news-research-and-resources/research-and-economics/single-family-research/mortgage-credit-availability-index">https://www.mba.org/news-research-and-resources/research-and-economics/single-family-research/mortgage-credit-availability-index</a>



# Home Sales

# Average Days on the Market

April 2022

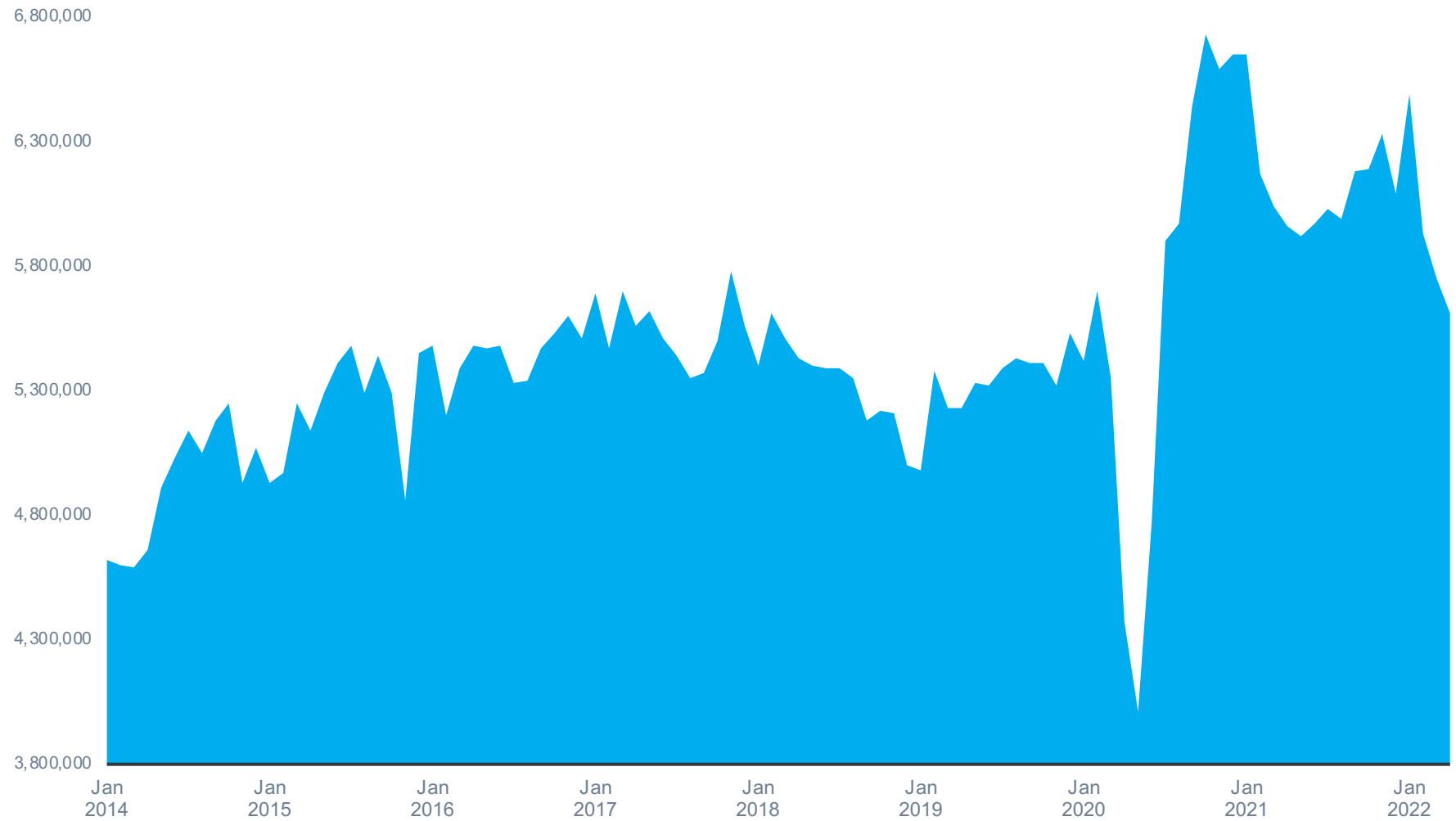


Source: NAR



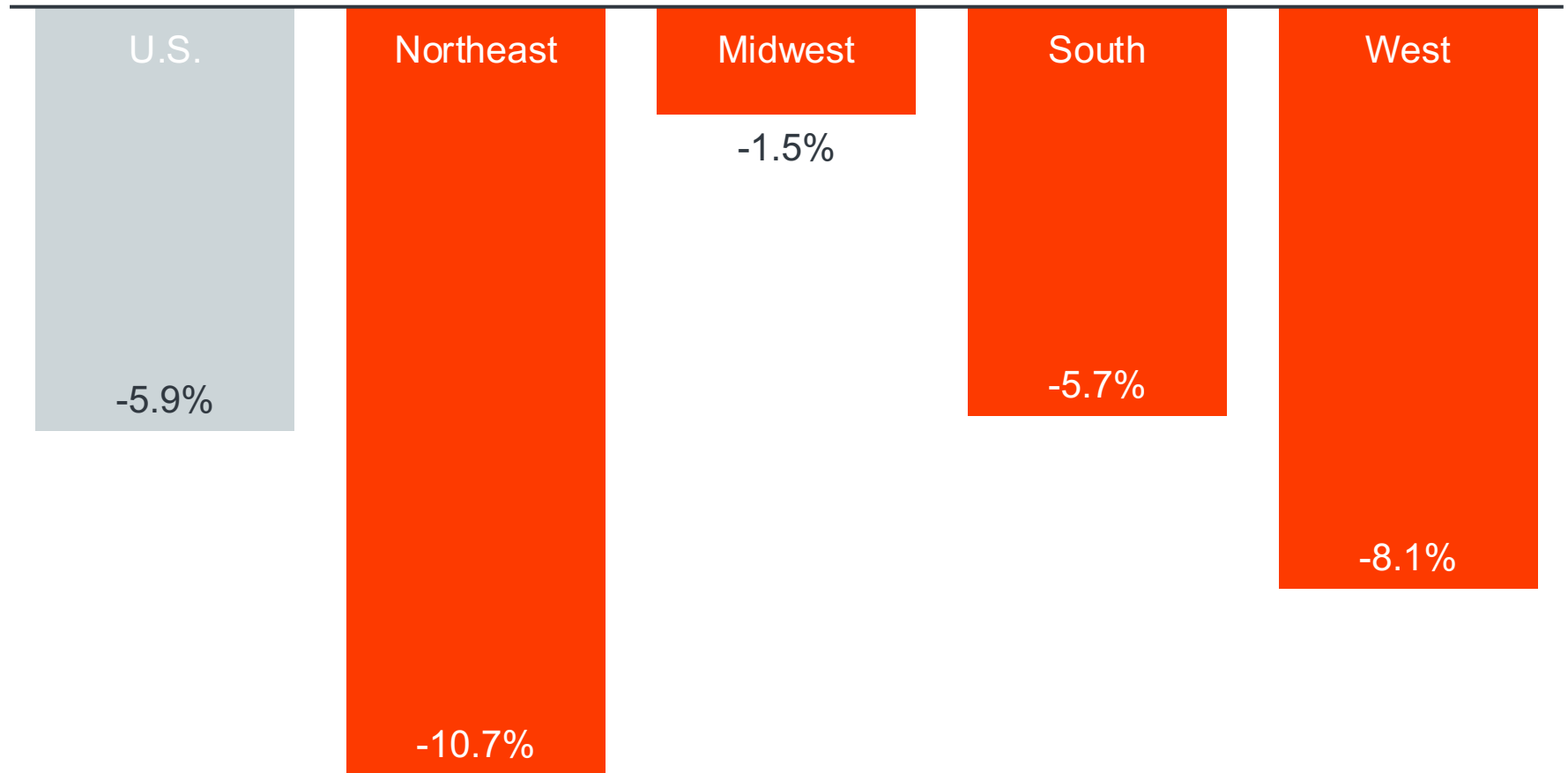
# Existing Home Sales

Since January 2014



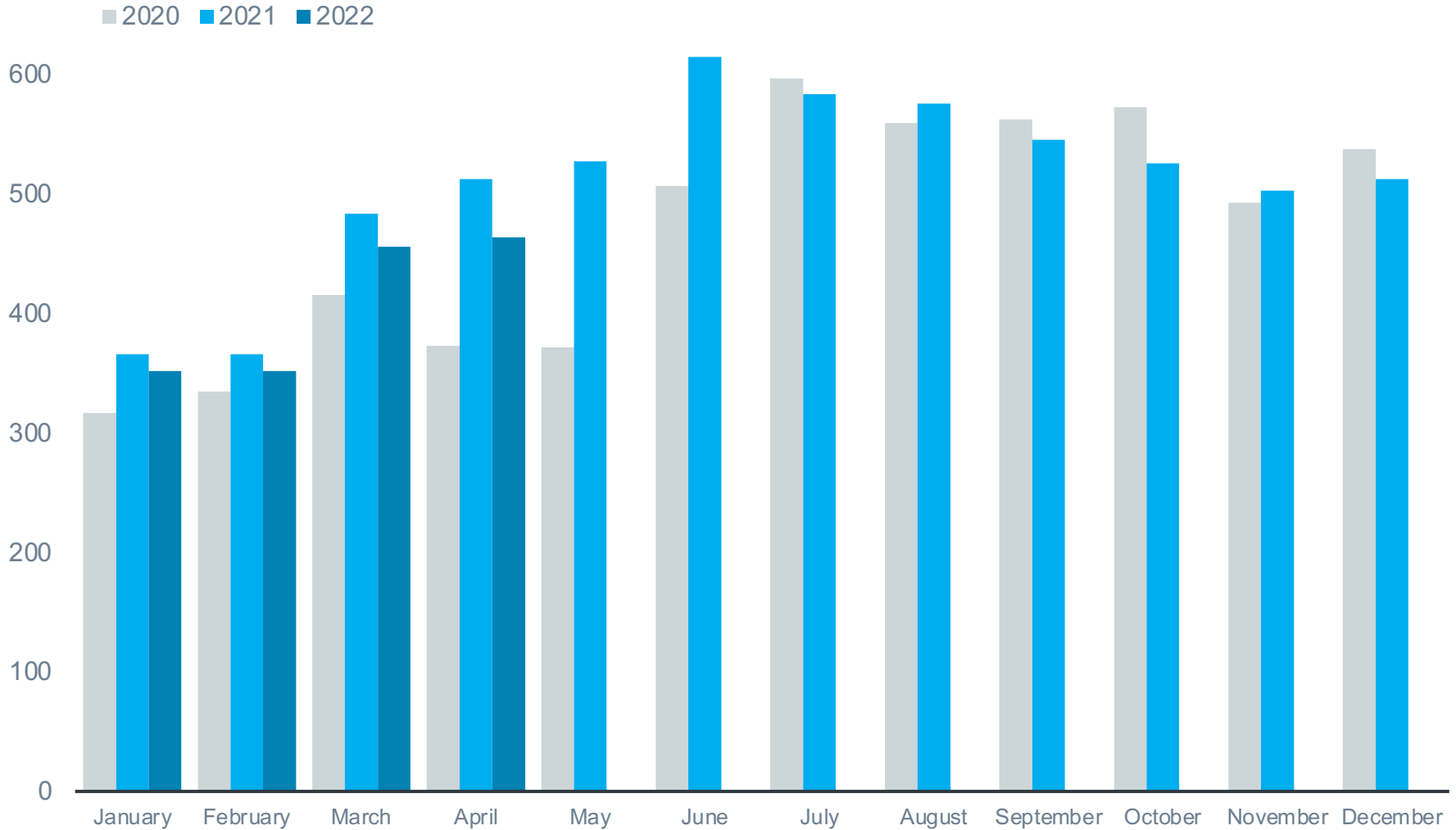
# Existing Home Sales

Year-Over-Year, by Region



# Existing Home Sales

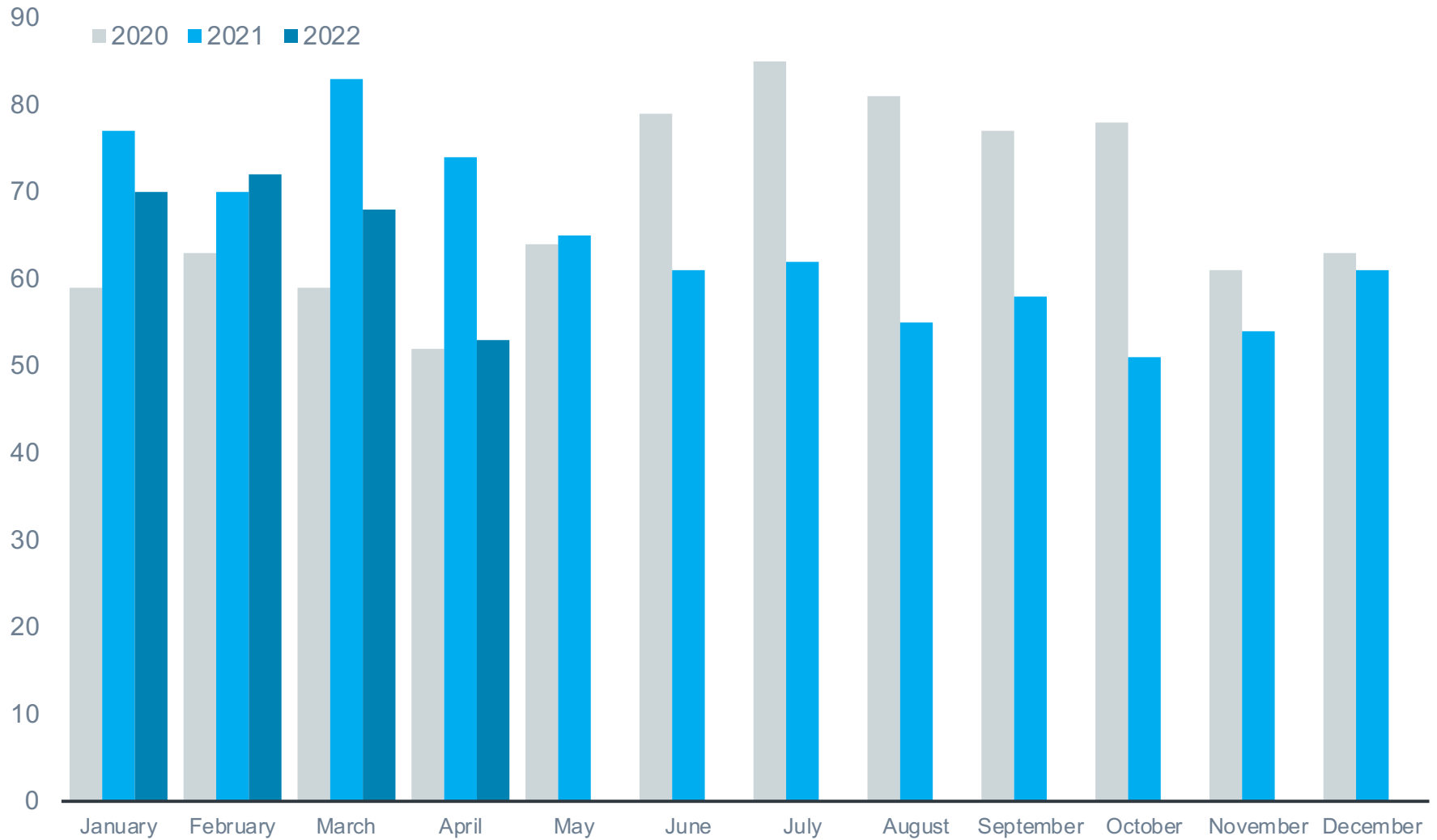
In Thousands



Source: NAR

# New Home Sales

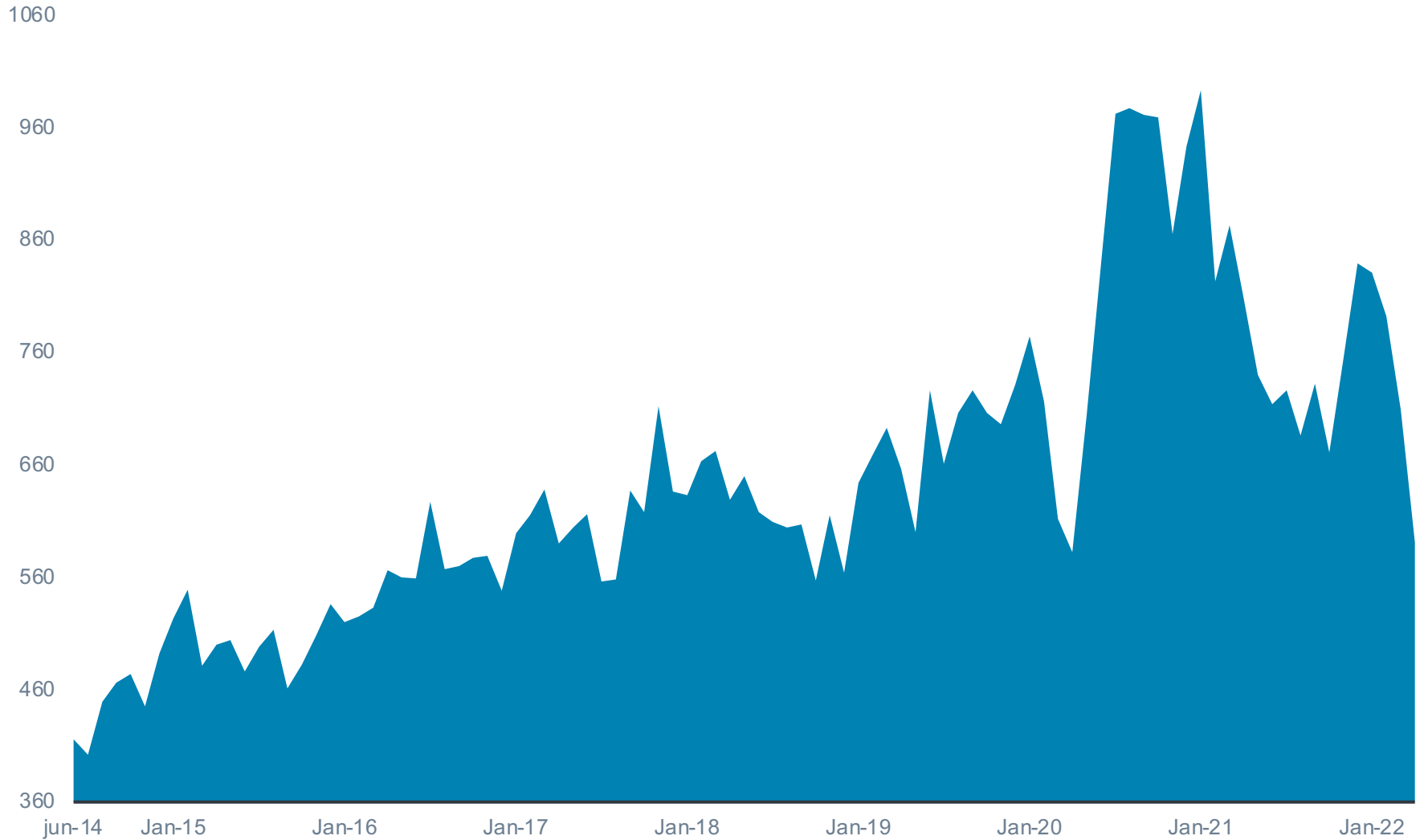
In Thousands



Source: Census

# New Home Sales

Annualized in Thousands

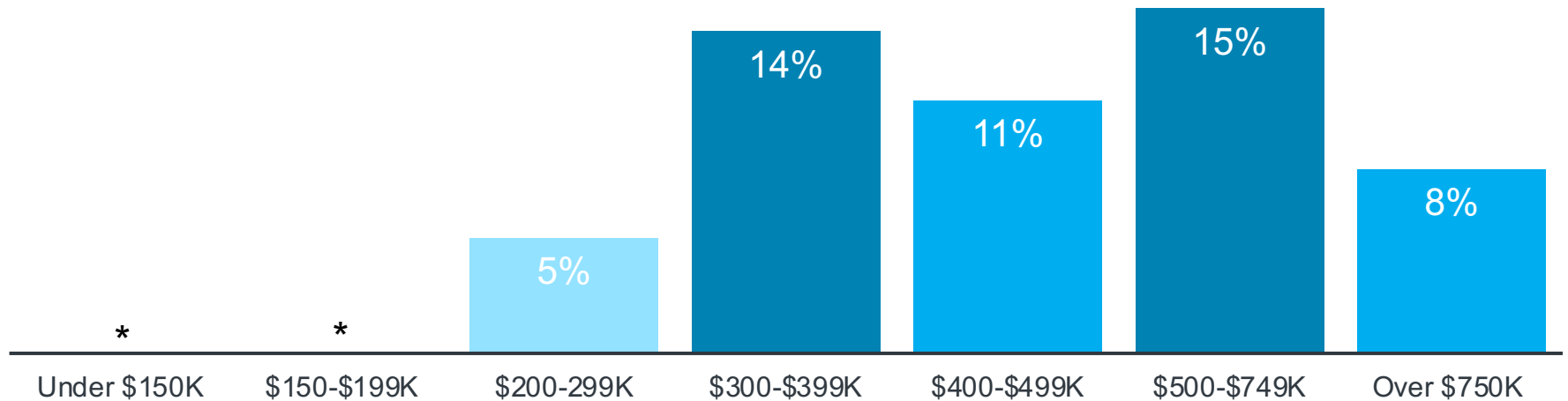


Source: Census

# New Home Sales

## Percent of Distribution by Price Range

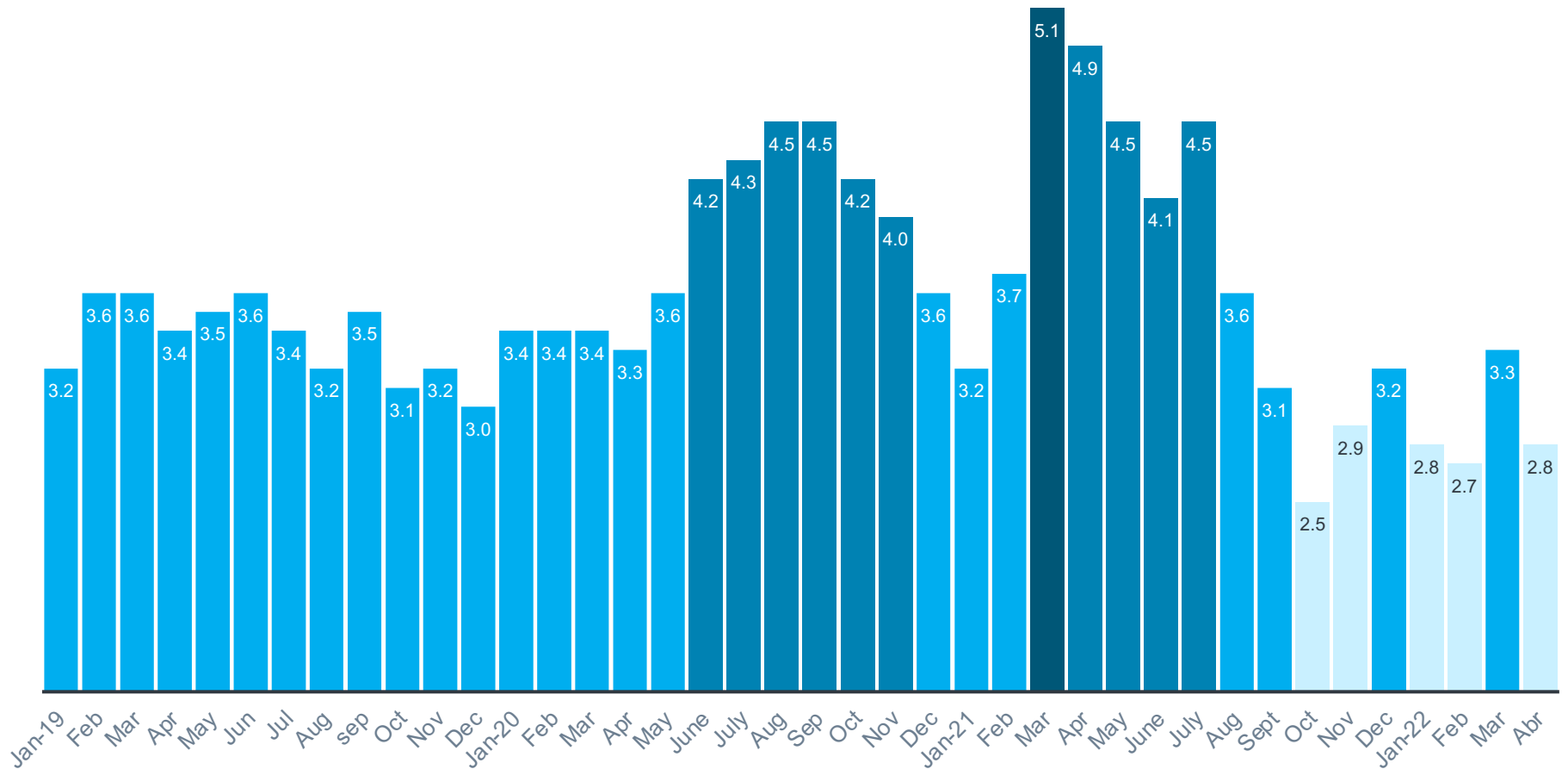
\* Less Than 500 Units or Less Than 0.5 Percent



Source: Census

# New Homes Selling Fast

Median Months from Completion to Sold

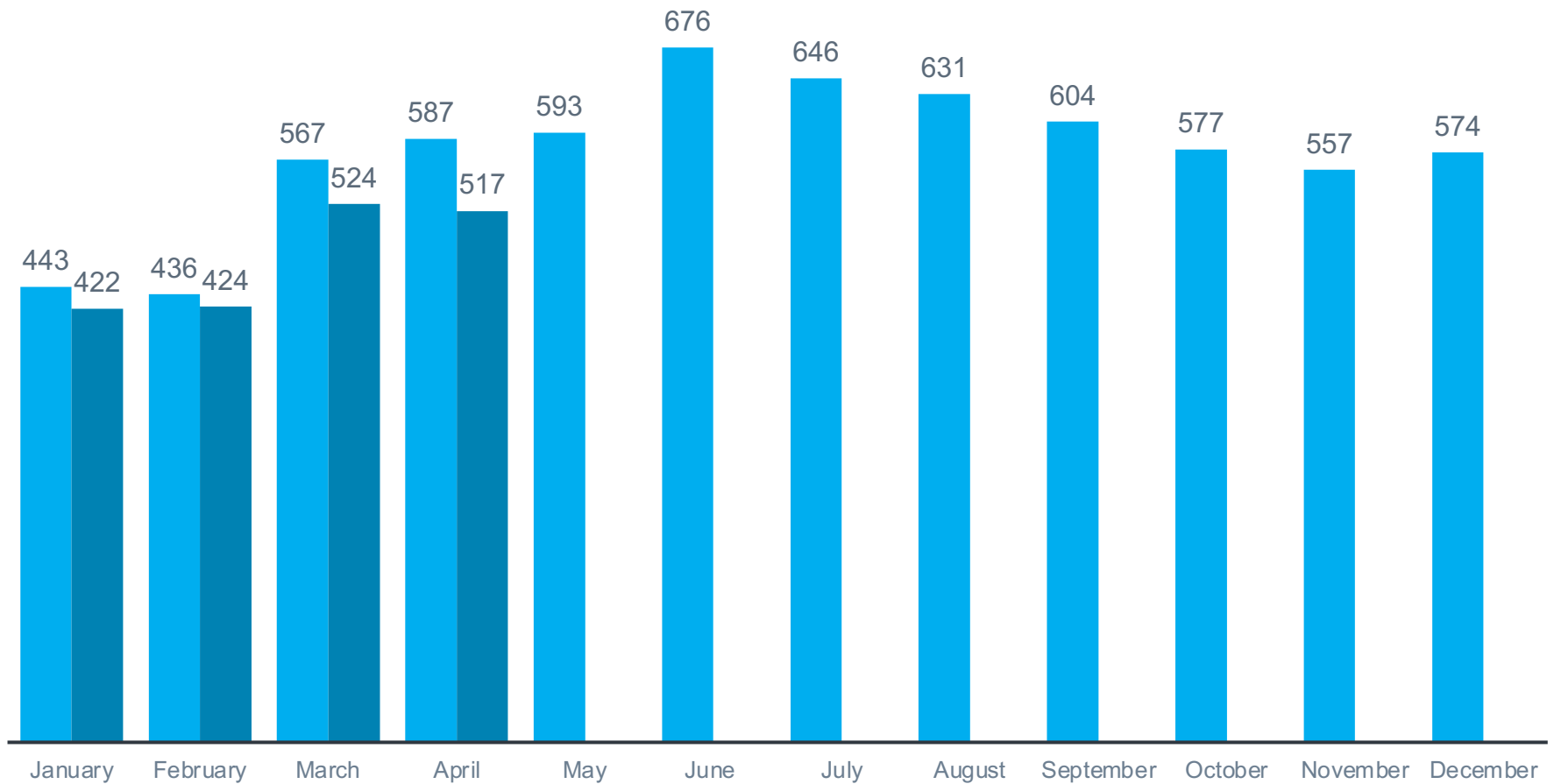


Source: Census

# Total Home Sales

In Thousands

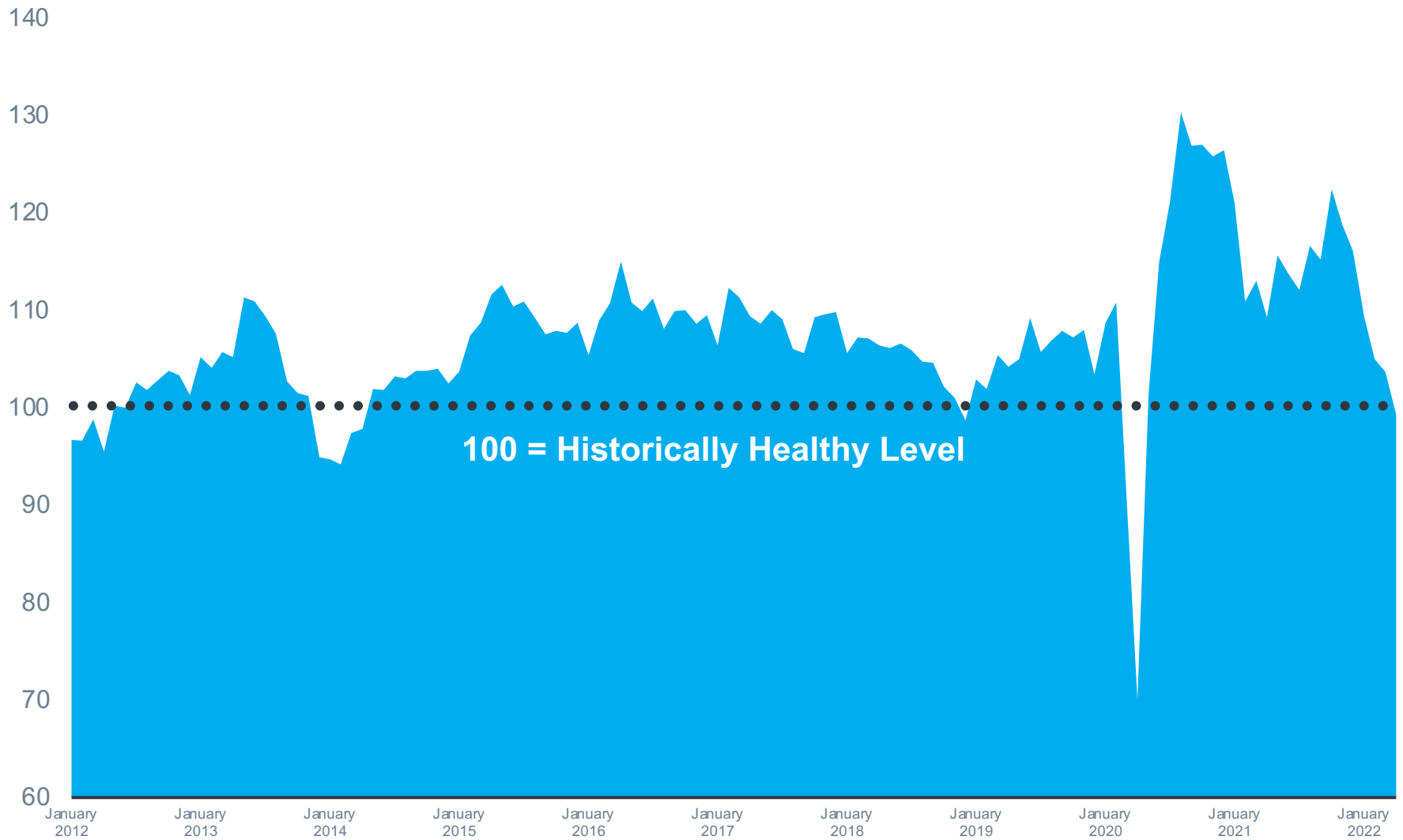
■ 2021 ■ 2022



Source: Census

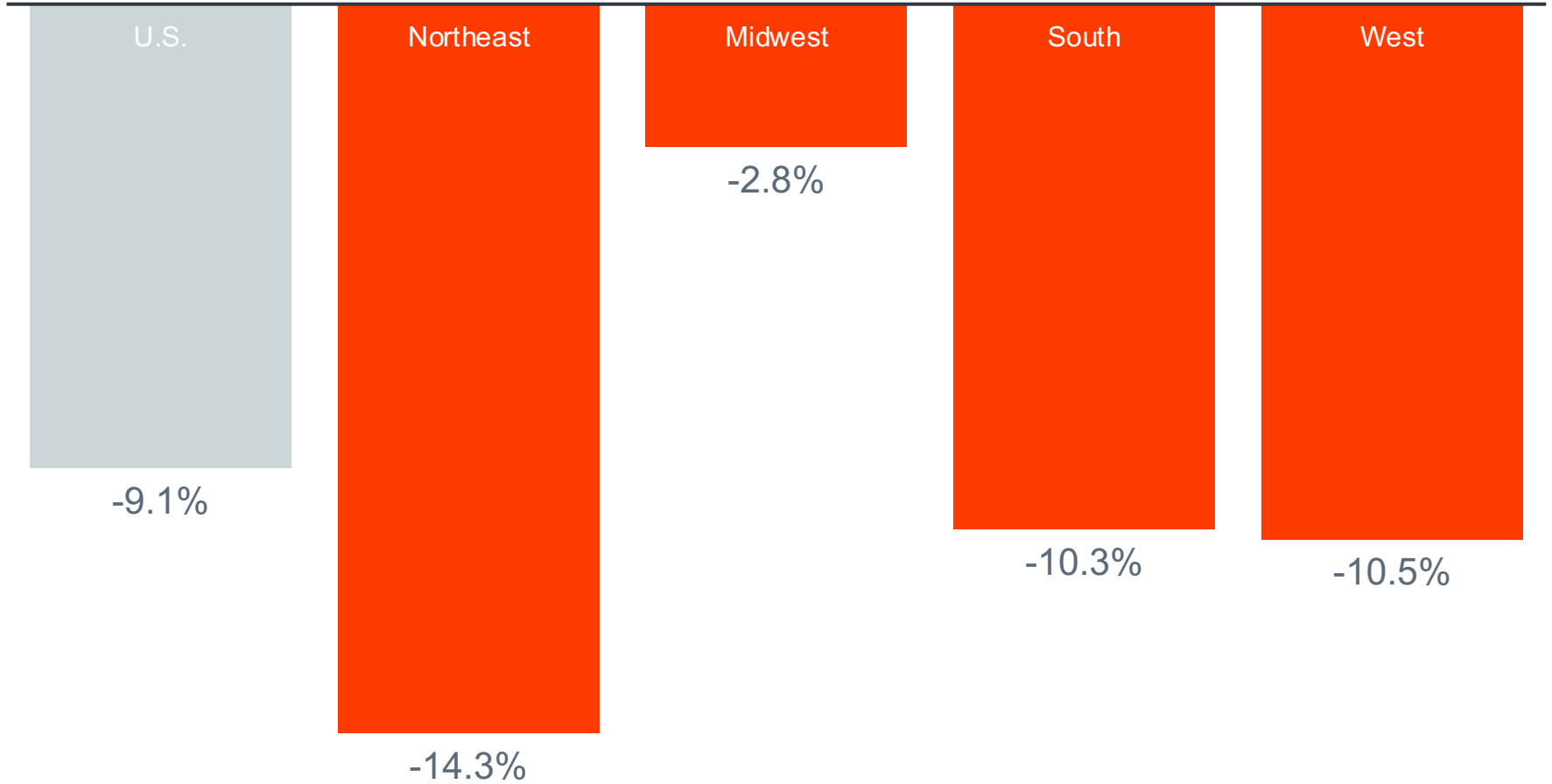


# Pending Home Sales



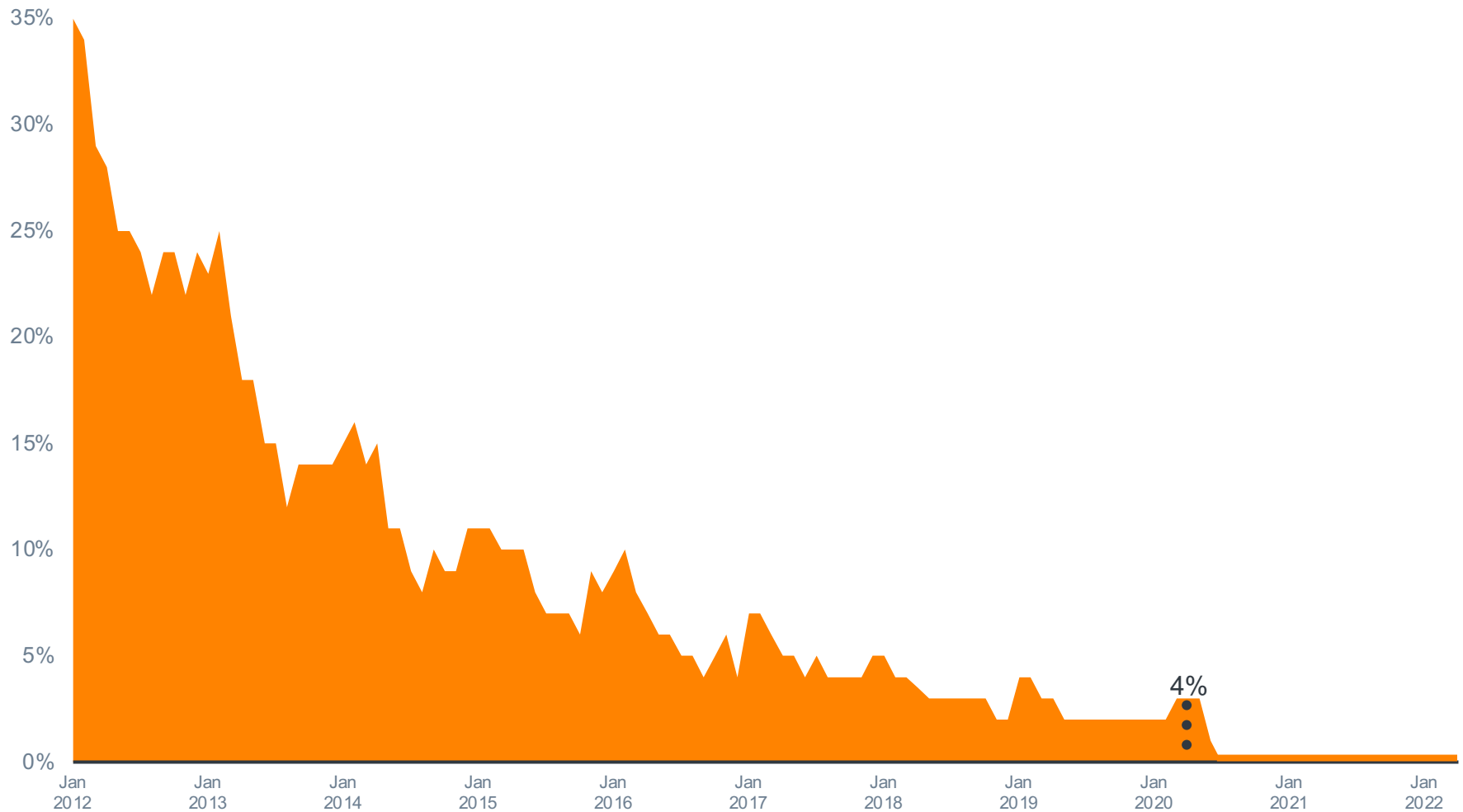
# Pending Home Sales

Year-Over-Year by Region



# Percentage of Distressed Property Sales

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

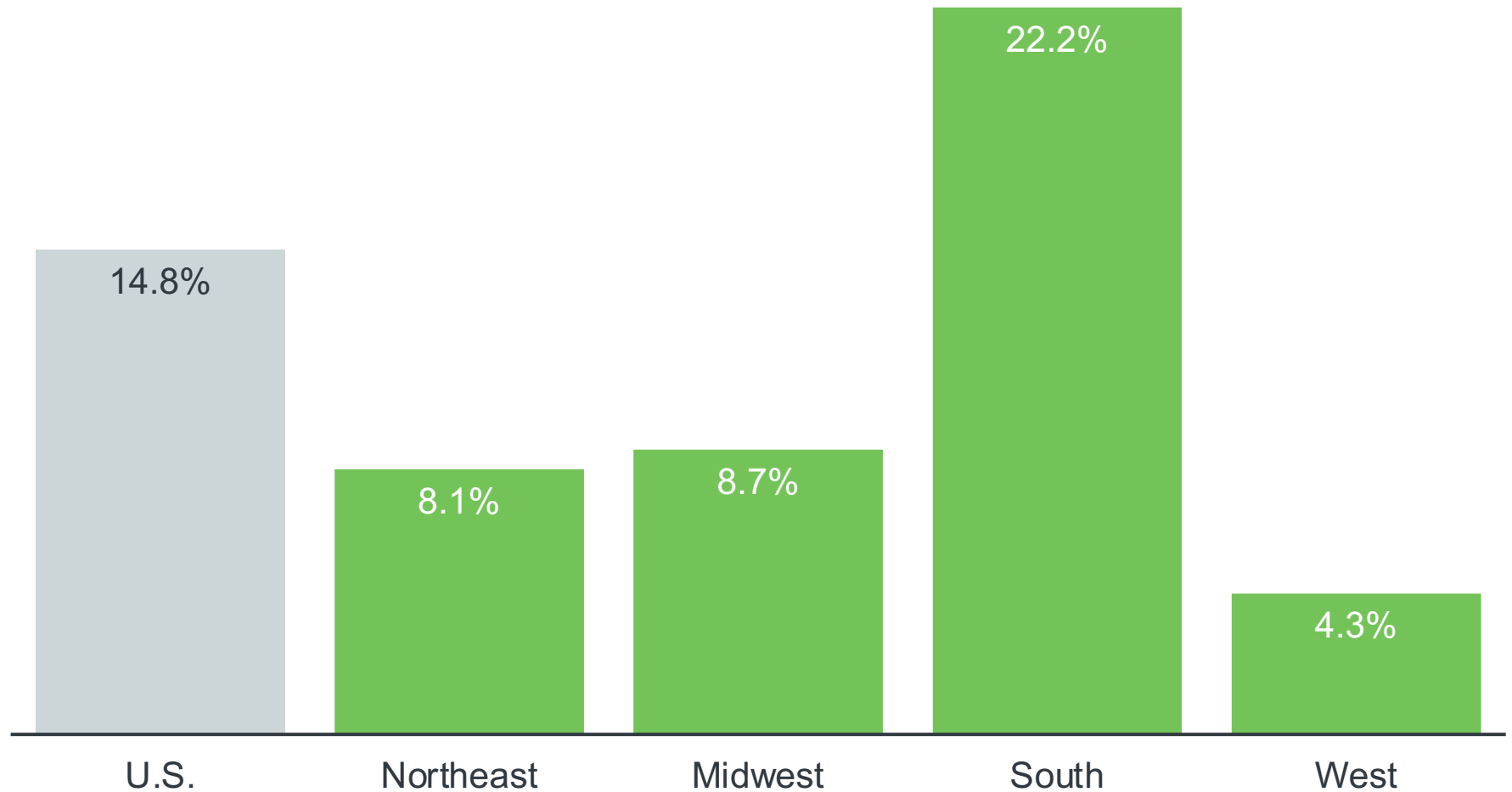




# Home Prices

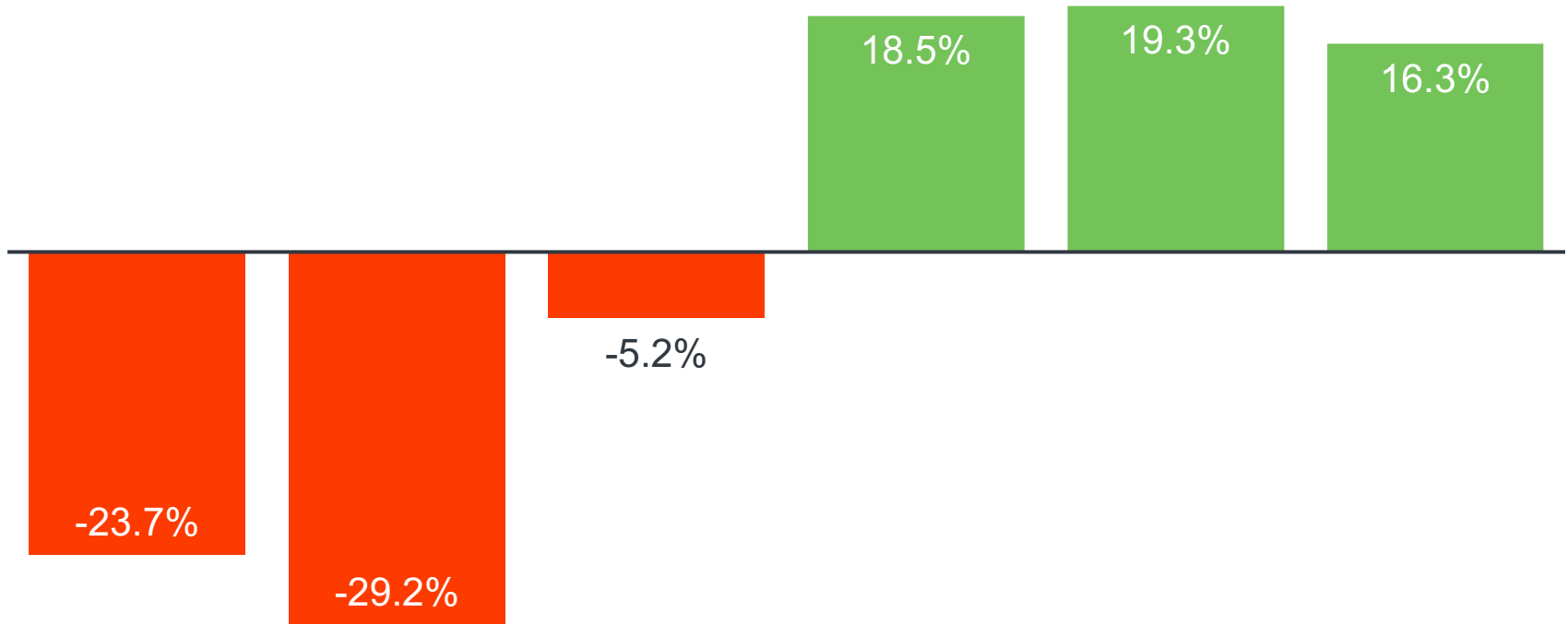
# Sales Price of Existing Homes

Year-Over-Year, by Region



# % Change in Sales

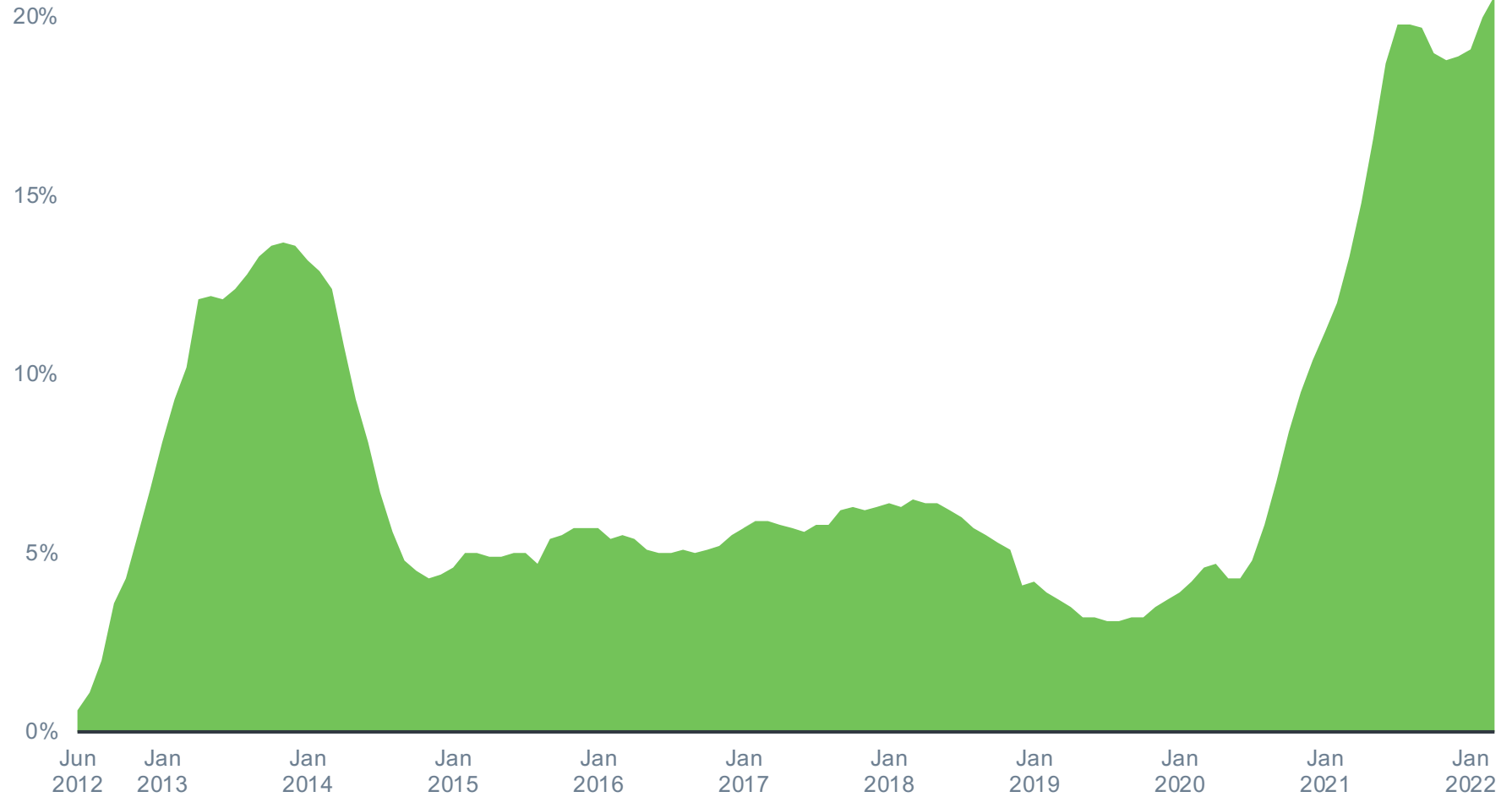
Year-Over-Year, by Price Range



	\$0-100K	\$100-250K	\$250-500K	\$500-750K	\$750K-1M	\$1M+
%	-23.7%	-29.2%	-5.2%	18.5%	19.3%	16.3%

# Change in Home Prices

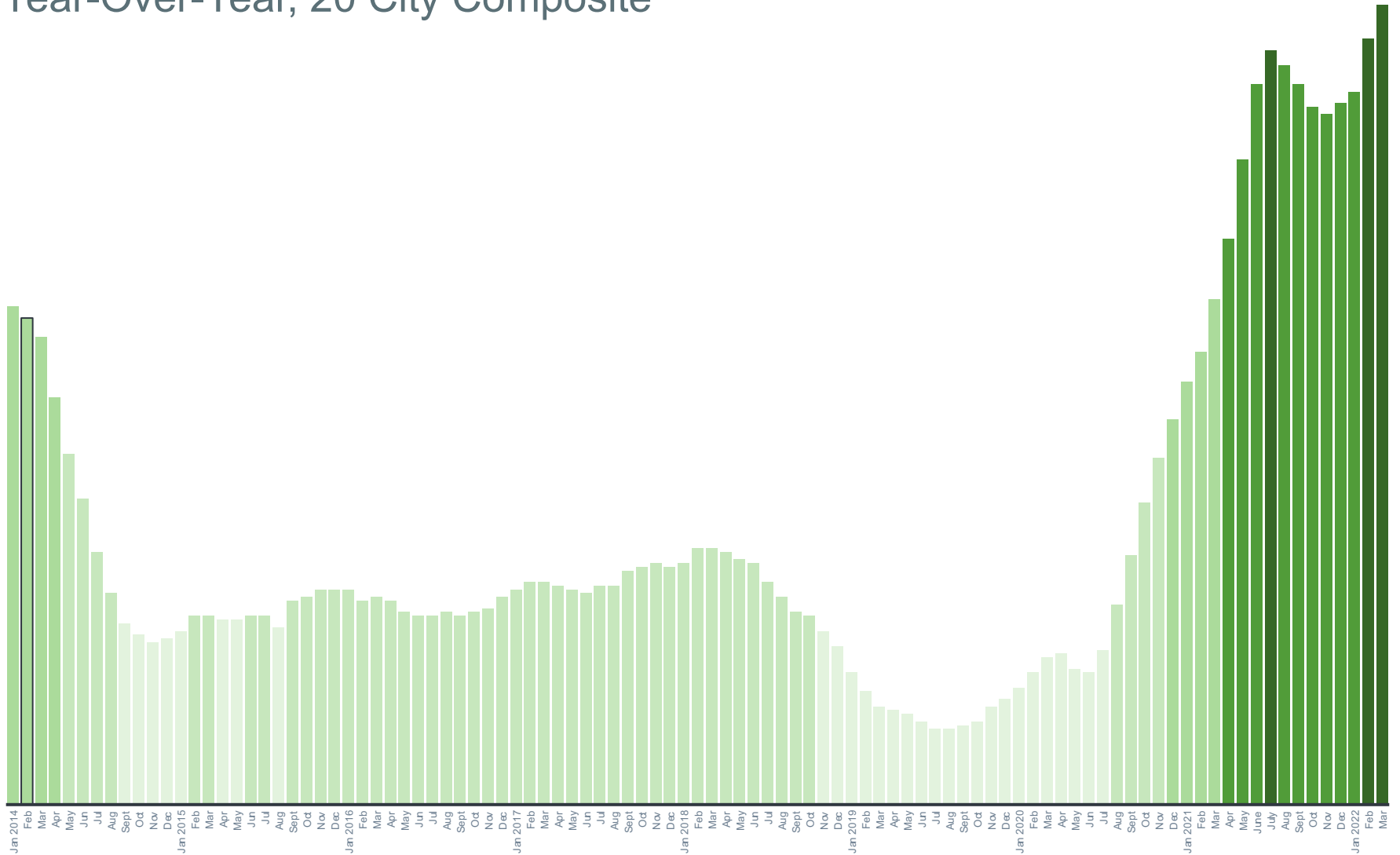
Year-Over-Year



Source: S&P Case-Shiller

# Change in Home Prices

Year-Over-Year, 20 City Composite

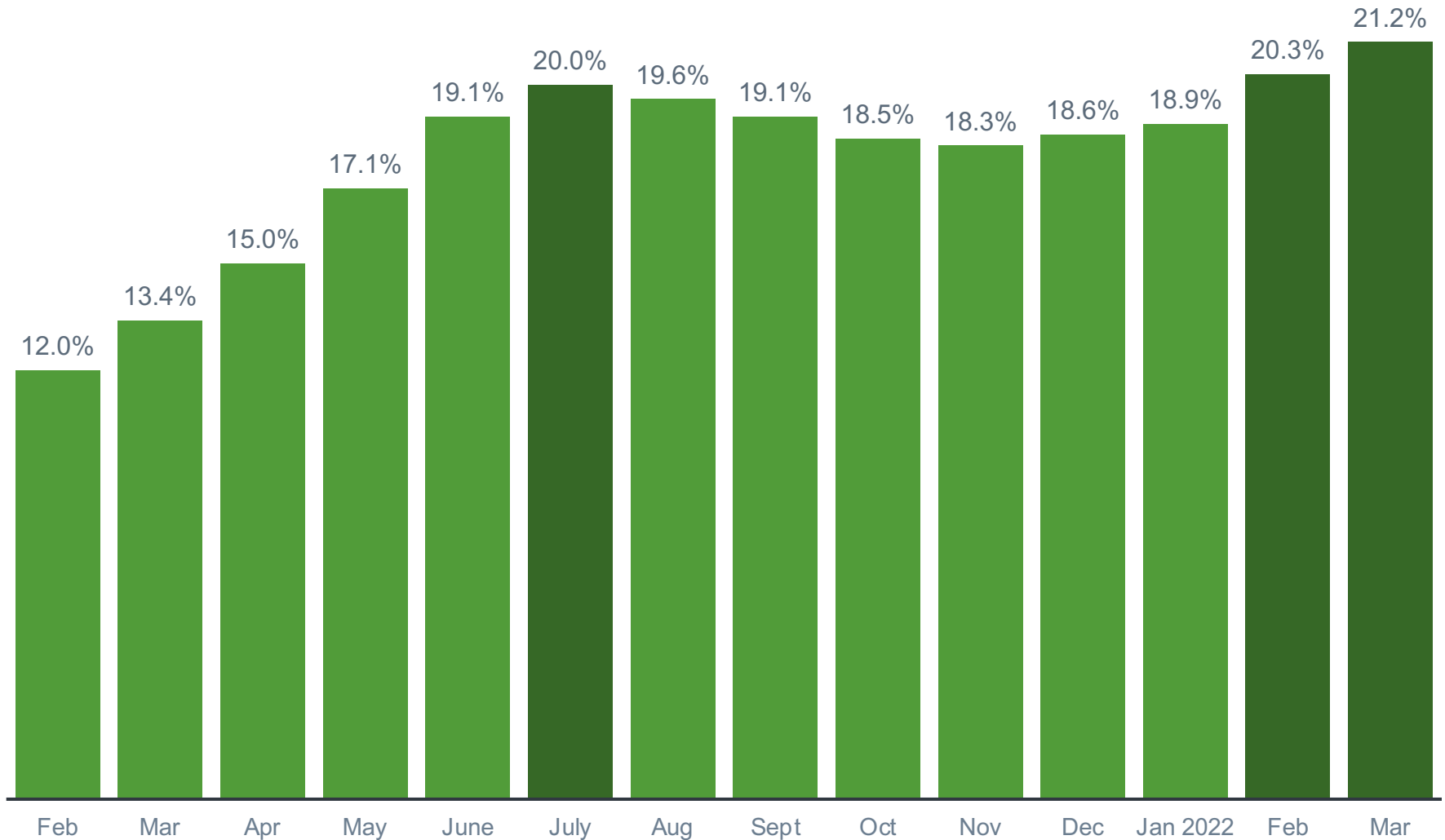


Source: S&P Case-Shiller



# Change in Home Prices

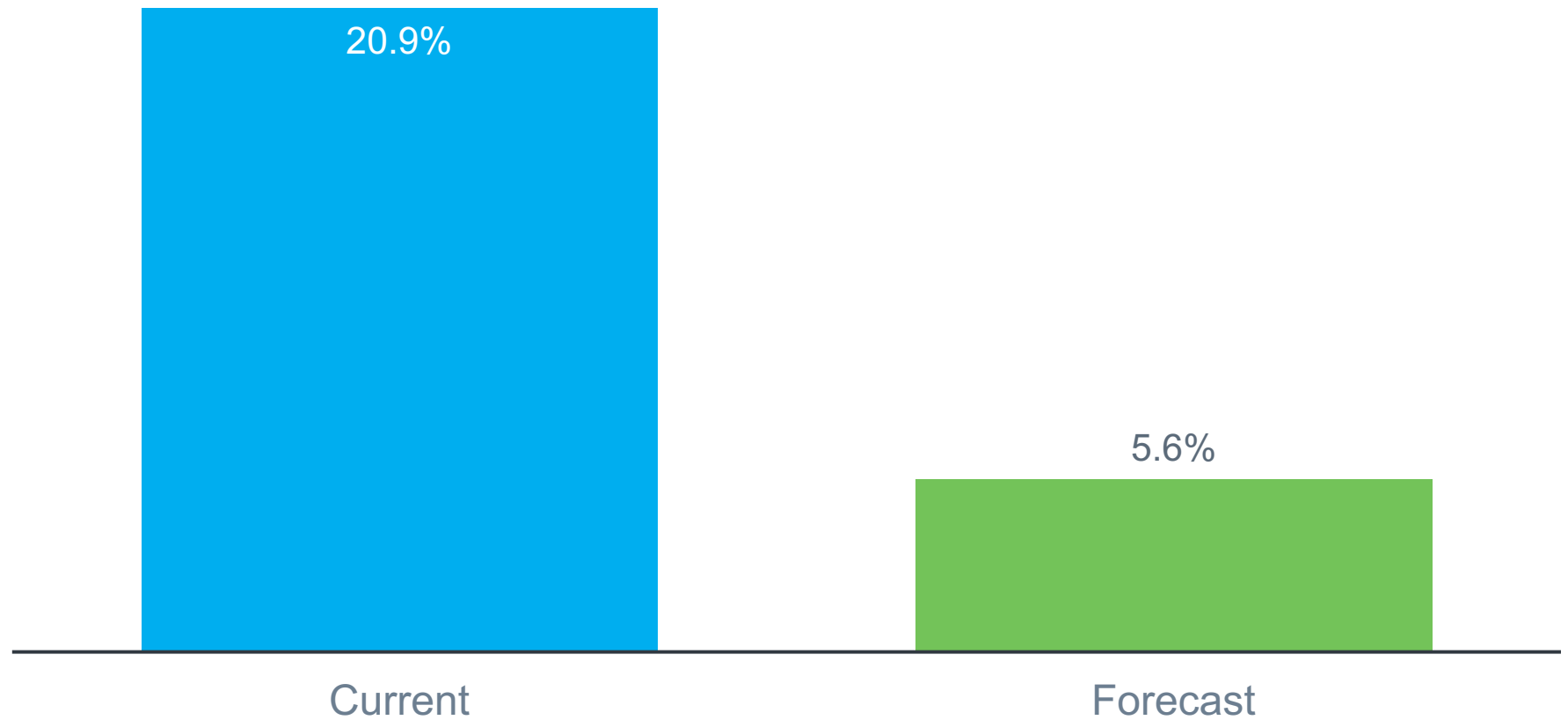
Year-Over-Year, 20 City Composite



Source: S&P Case-Shiller

# Year-Over-Year % Change in Price

April 2022

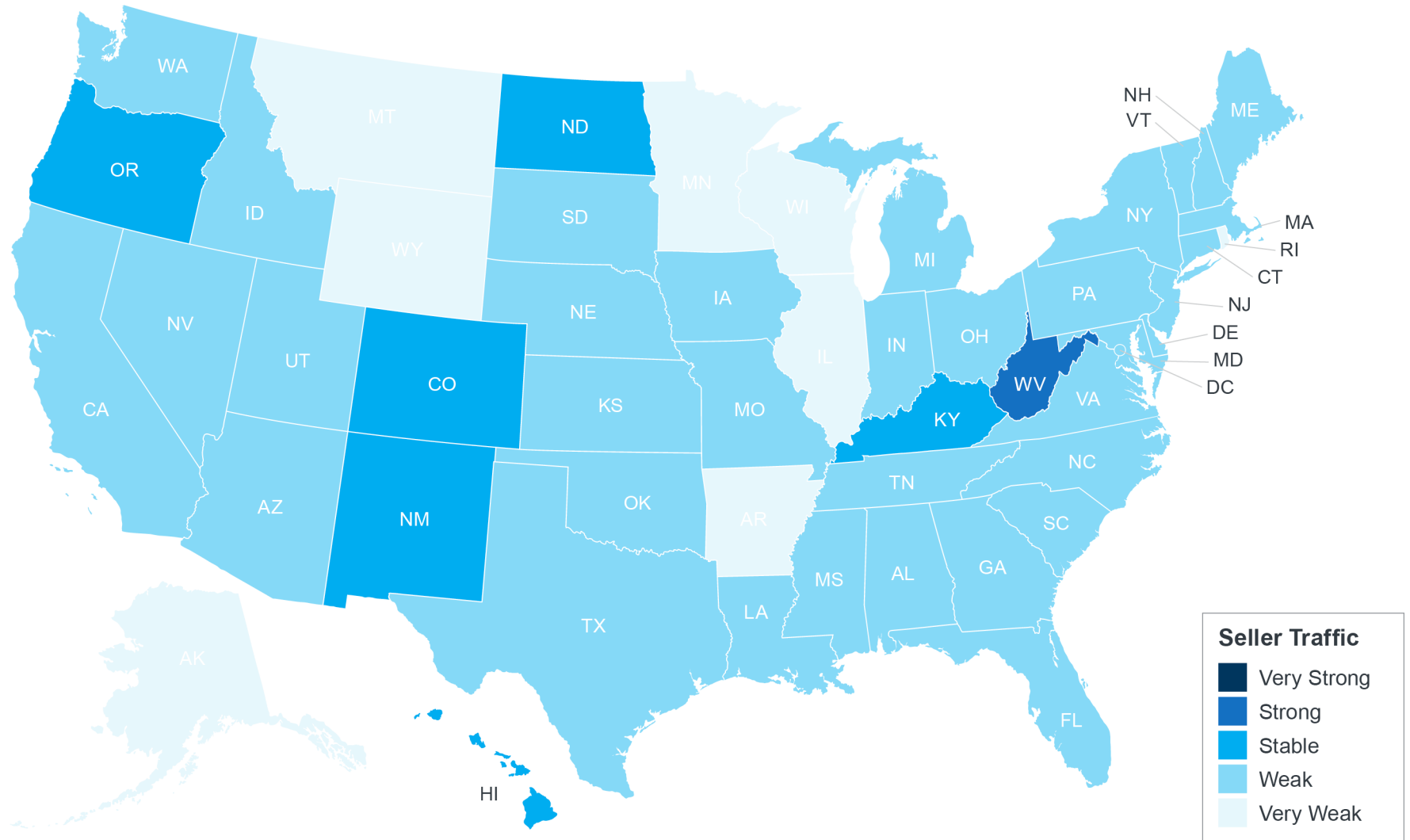




# Housing Inventory

# Seller Traffic Index

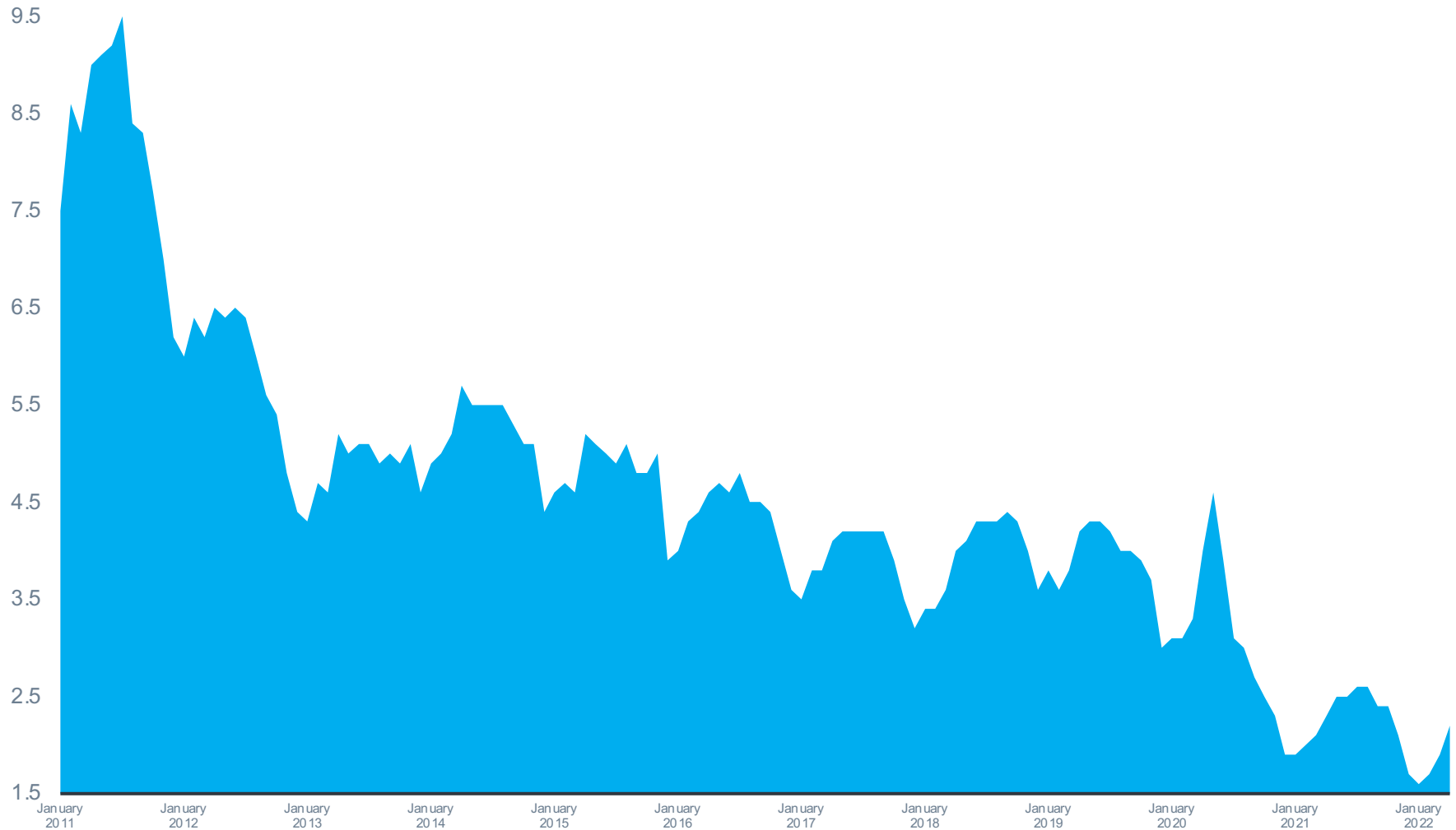
April 2022



Source: NAR

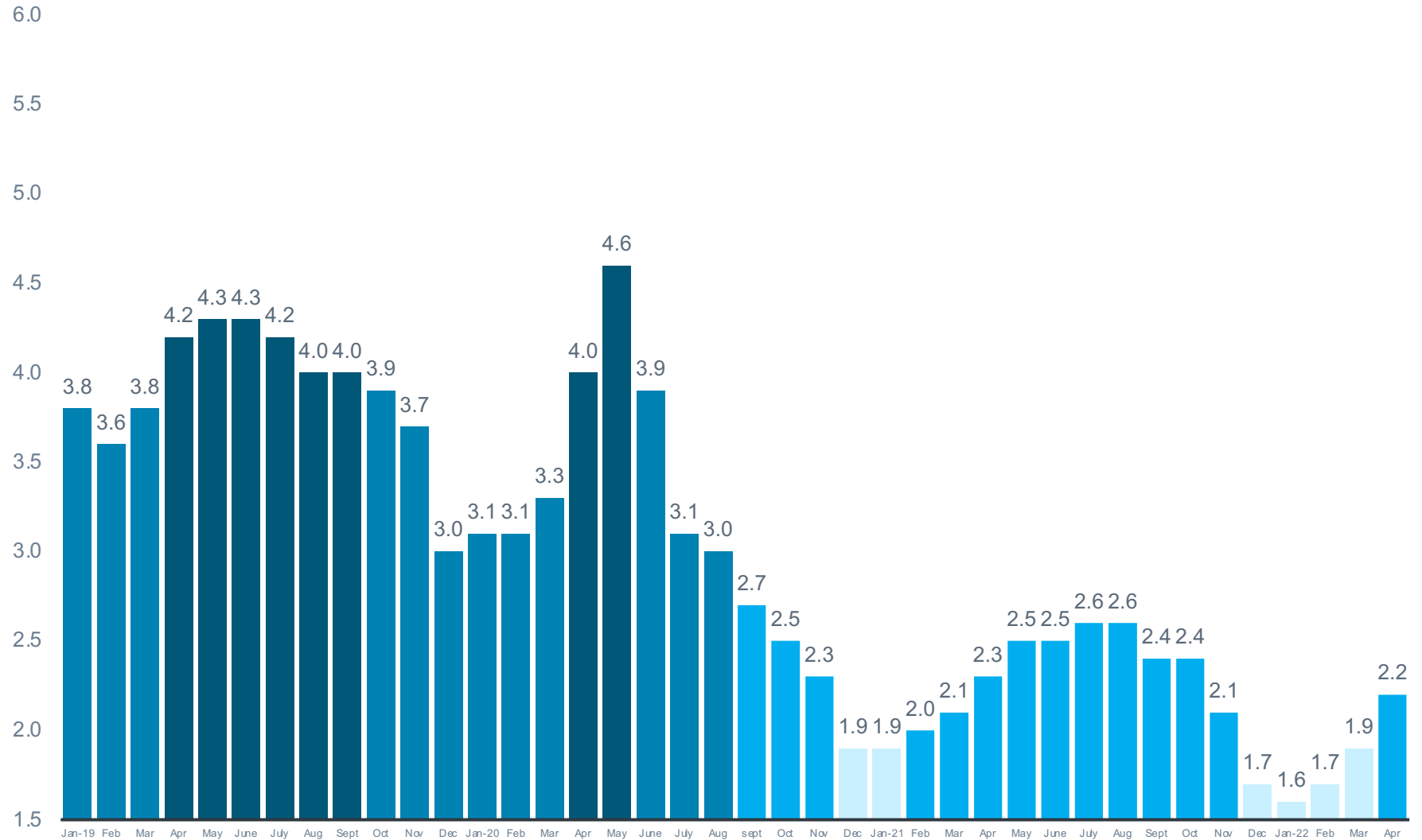
# Months Inventory of Homes for Sale

2011 - Today



# Months Inventory of Homes for Sale

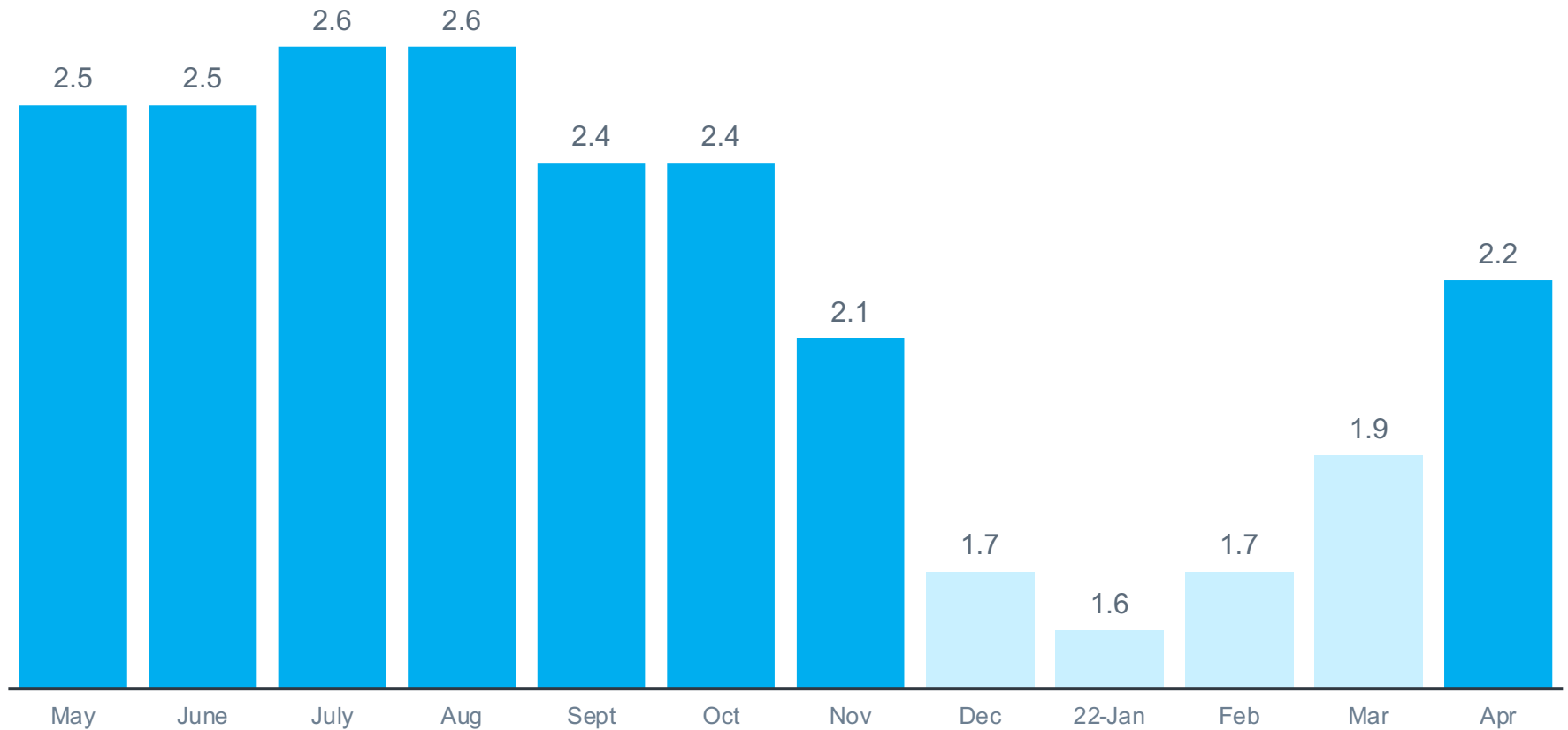
Since 2019



Source: NAR

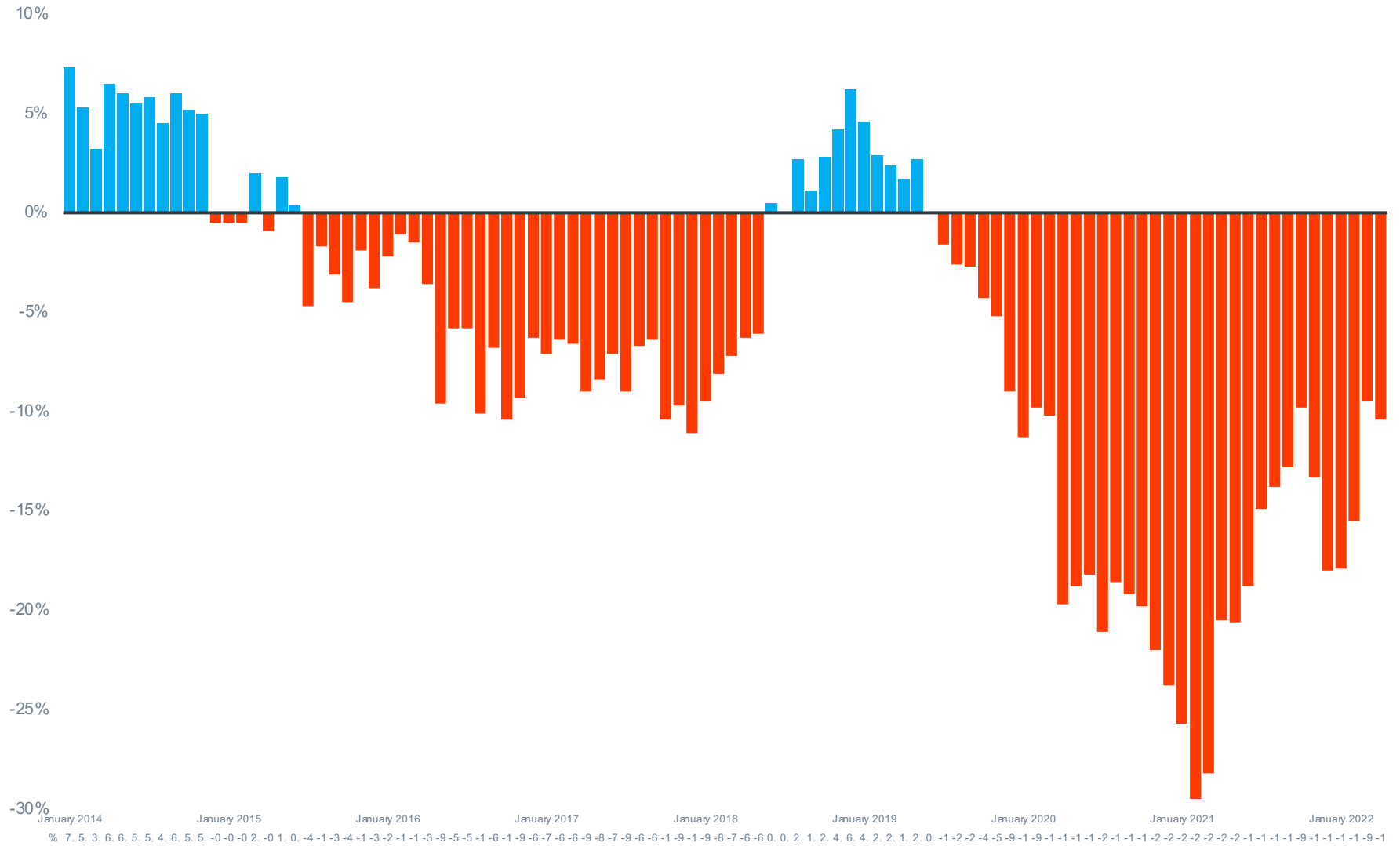
# Months Inventory of Homes for Sale

Last 12 Months



Source: NAR

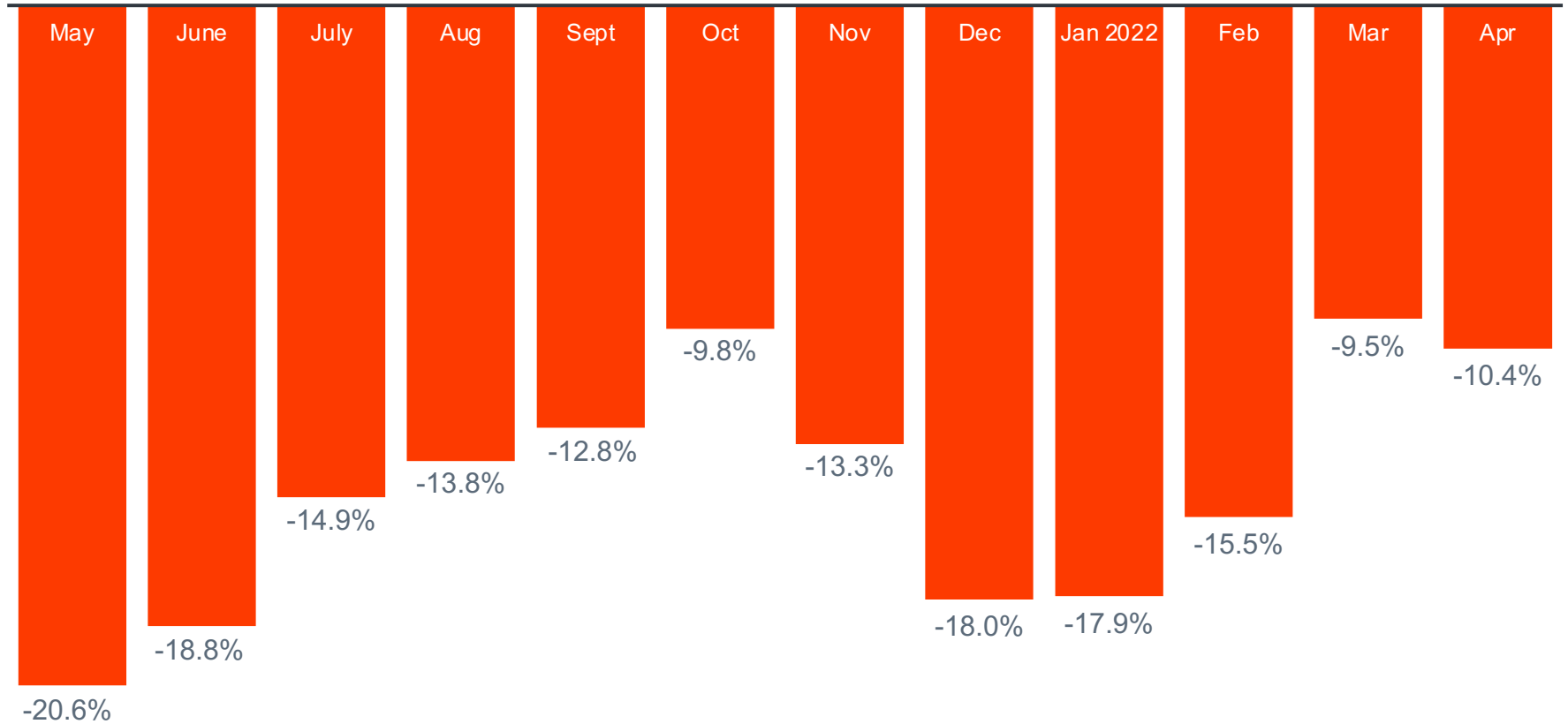
# Year-Over-Year Inventory Levels





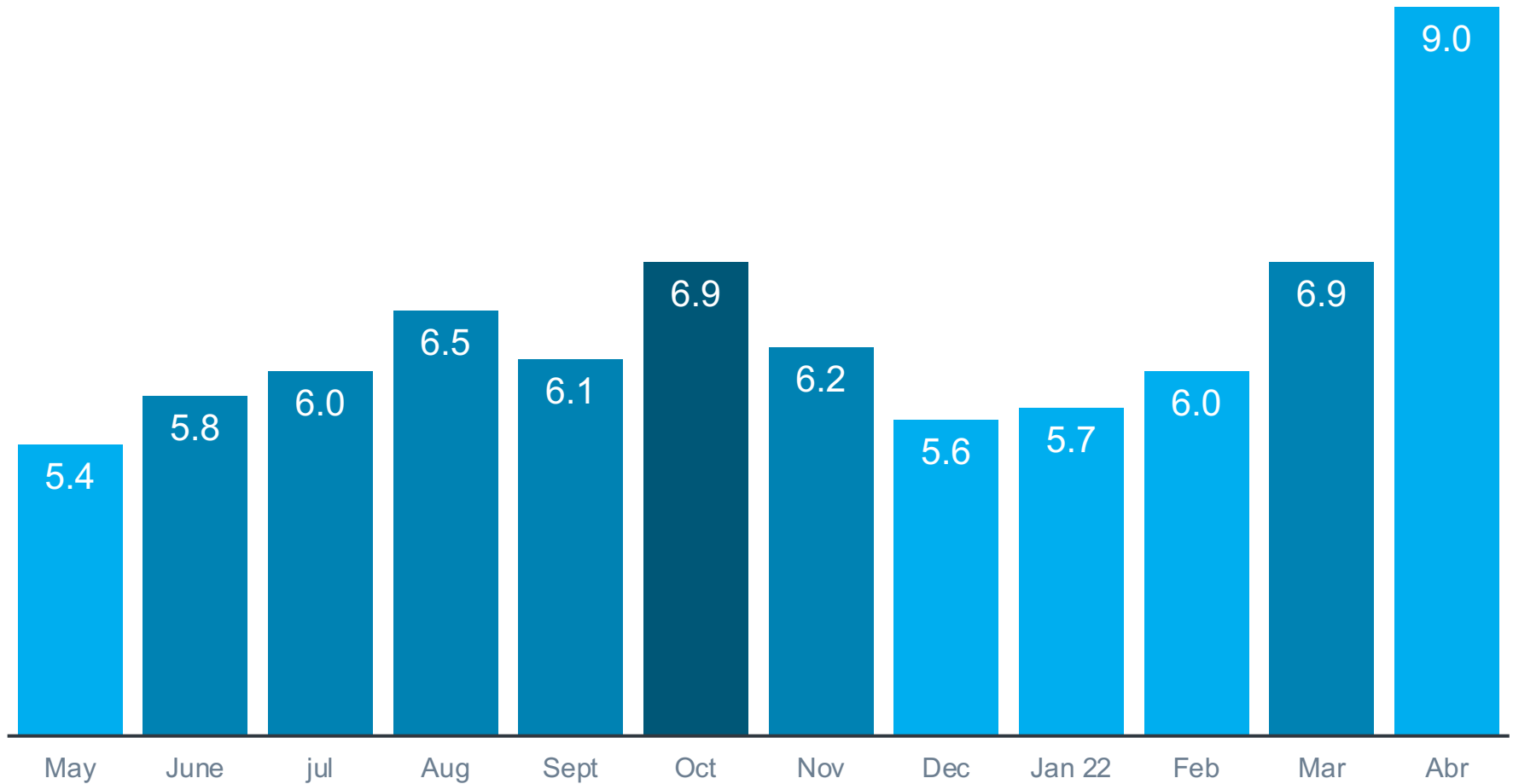
# Year-Over-Year Inventory Levels

Last 12 Months



# New Home Monthly Inventory

Seasonally Adjusted, Last 12 Months

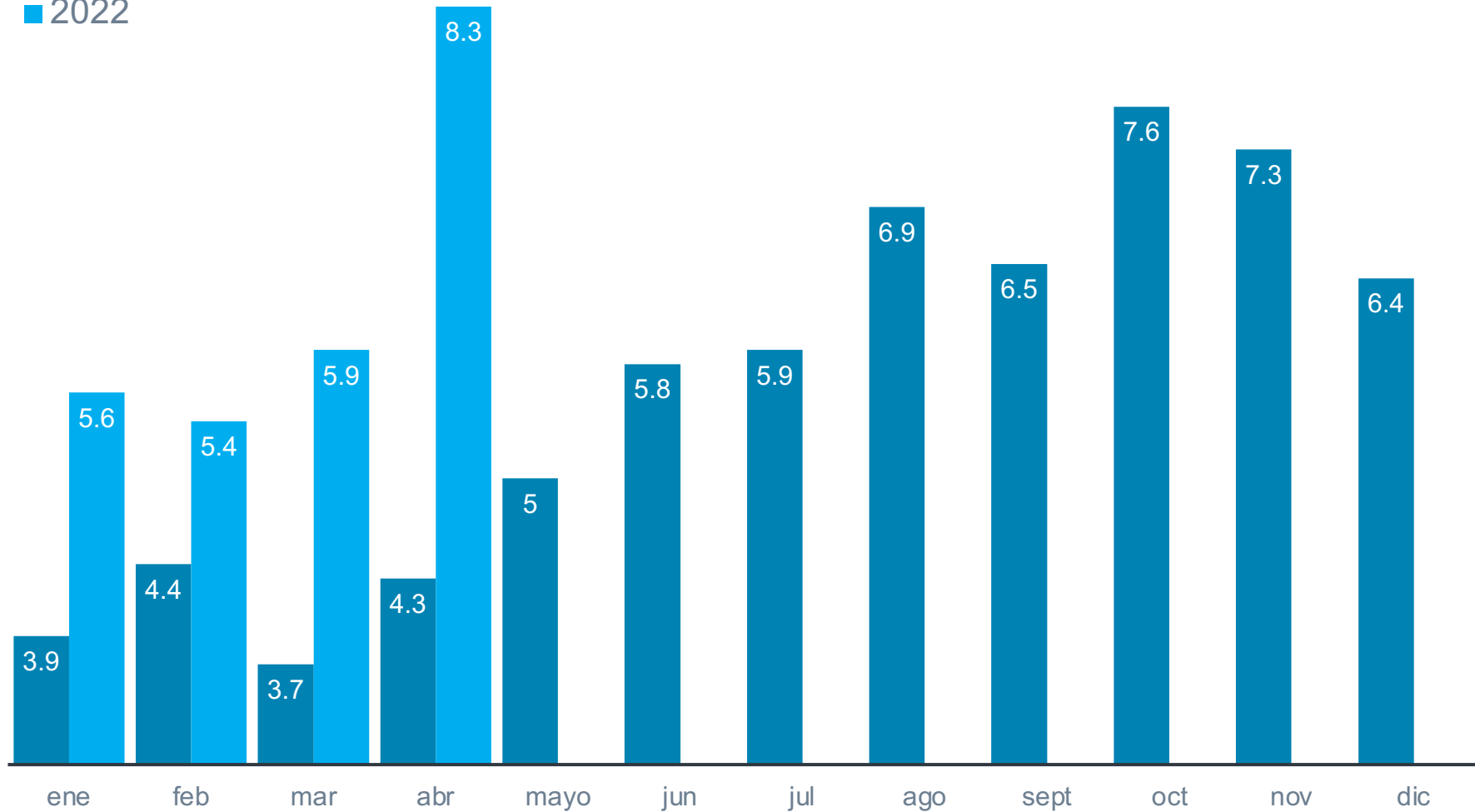


Source: Census

# New Home Monthly Inventory

Non-Seasonally Adjusted

■ 2021  
■ 2022



Source: Census



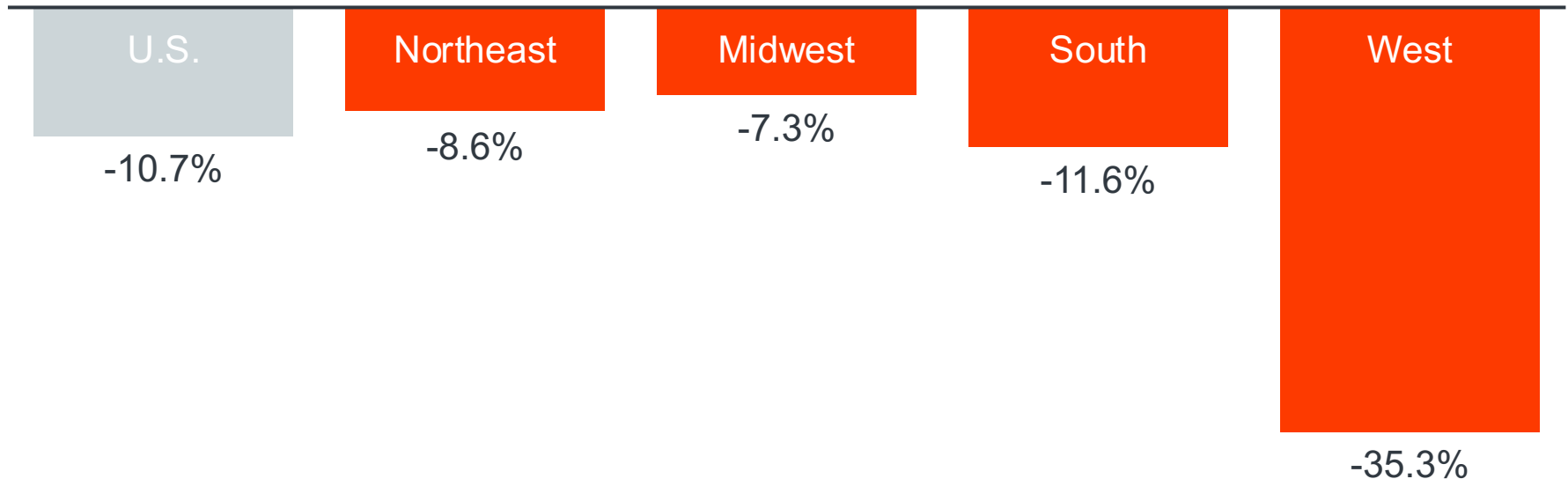
# Buyer Demand

# “Unusual” Slowdown in Activity Seen

*Year-Over-Year Increase in Showing Activity, April 2022*

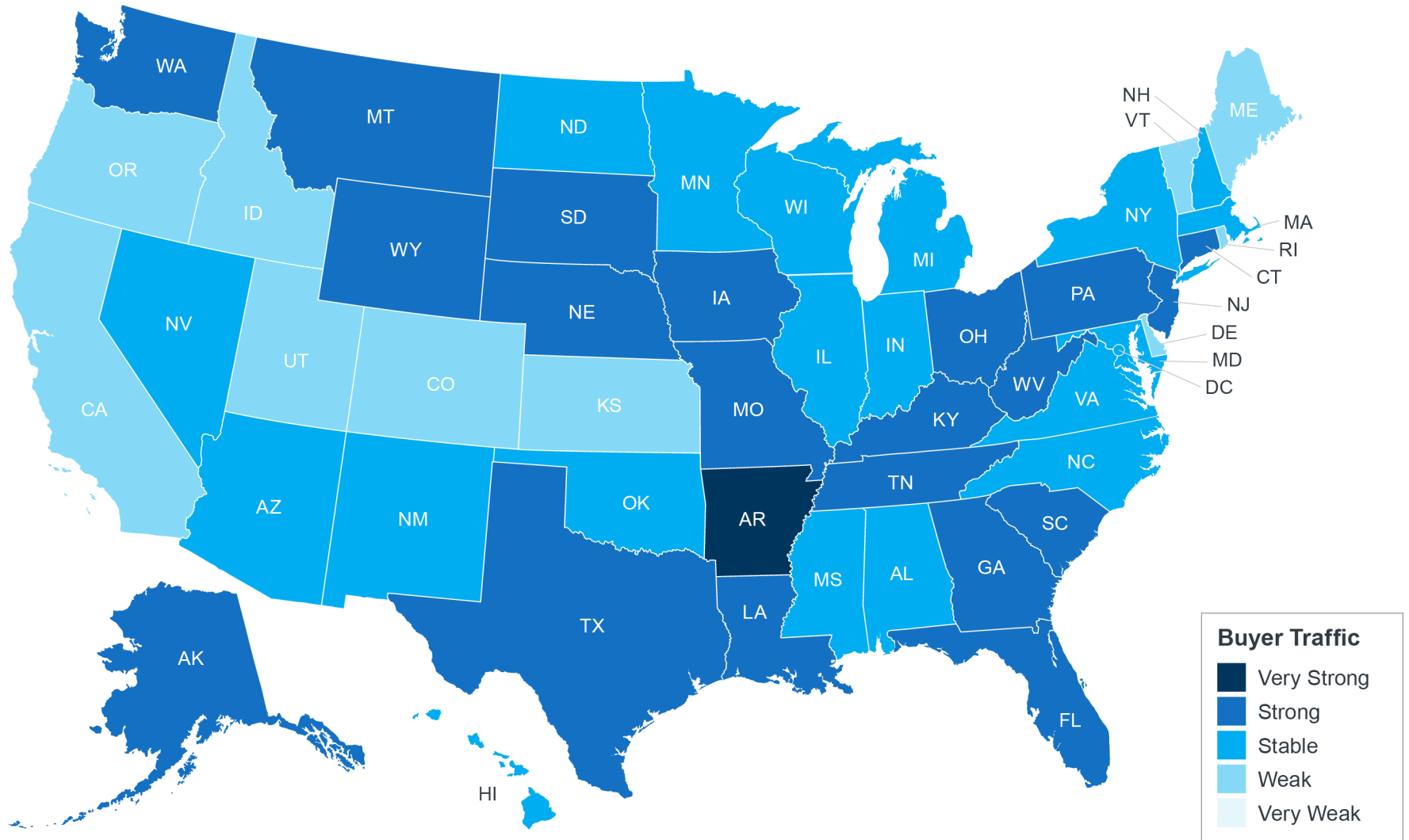
**Michael Lane**, Vice President & General Manager, Showing Time

“April buyer activity was rather unusual, since it typically matches March levels... But this year, April traffic was slower across all markets, pointing to competition softening. It contrasts with last year’s dynamic, when demand reached a feverish peak in April.”

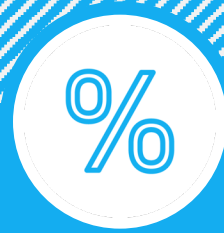


# Buyer Traffic Index

April 2022



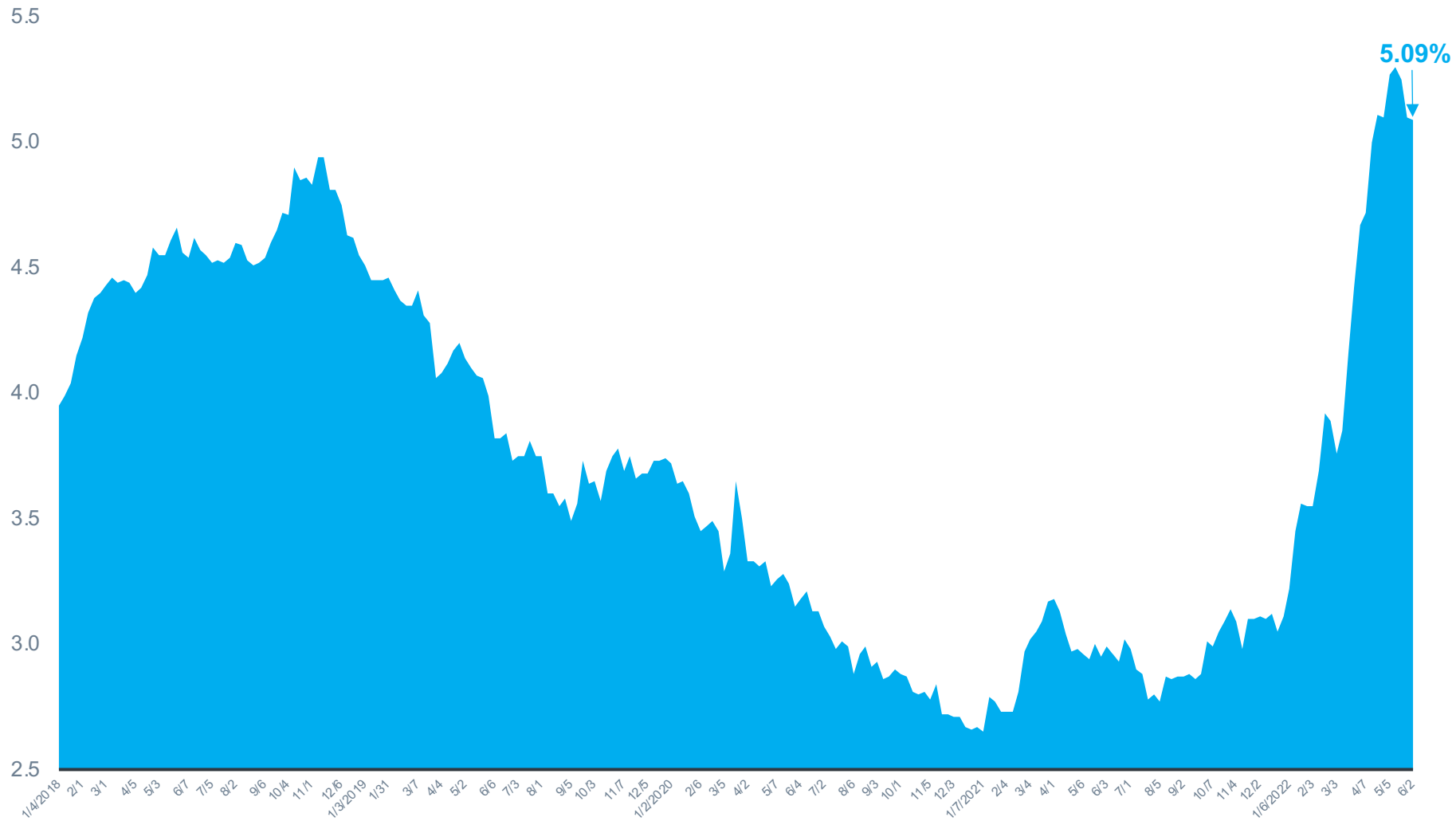
Source: NAR



# Mortgage Rates

# Mortgage Rates

30-Year Fixed Rate, January 2018–Today

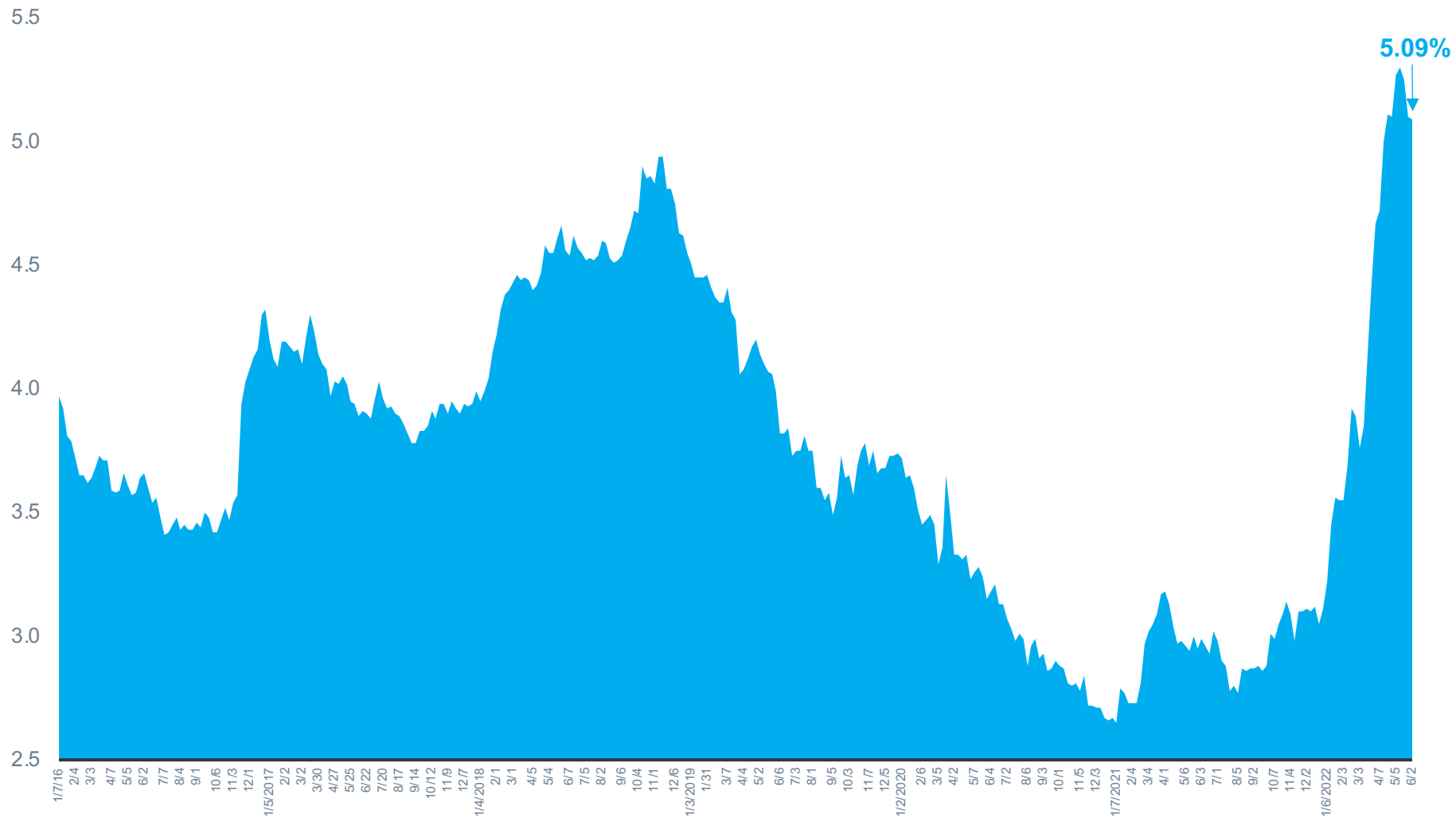


Source: Freddie Mac



# Mortgage Rates

30-Year Fixed Rate, January 2016–Today



Source: Freddie Mac

# Mortgage Rate Projections

May 2022

Quarter	Freddie Mac	Fannie Mae	MBA	NAR	Average of All Four
2022 4Q	5.0	5.1	5.0	5.3	<b>5.1%</b>
2023 1Q	5.0	5.1	5.0	5.3	<b>5.1%</b>
2023 2Q	5.0	5.0	5.0	5.4	<b>5.1%</b>
2024 3Q	5.0	5.0	4.8	-	<b>4.93%</b>

# Mortgage Rates

## 30-Year Fixed Rate

5.5

5.0

4.5

4.0

3.5

3.0

2.5

2018 2/1 3/1 4/5 5/3 6/7 7/5 8/2 9/6 10/4 11/1 12/6 2019 1/31 3/7 4/4 5/2 6/6 7/3 8/1 9/5 10/3 11/7 12/5 2020 2/6 3/5 4/2 5/7 6/4 7/2 8/6 9/3 10/1 11/5 12/3 2021 2/4 3/4 4/1 5/6 6/3 7/1 8/5 9/2 10/7 11/4 12/2 2022 2/3 3/3 4/7 5/5 6/2

January 2018 – Today  
Actual Interest Rates

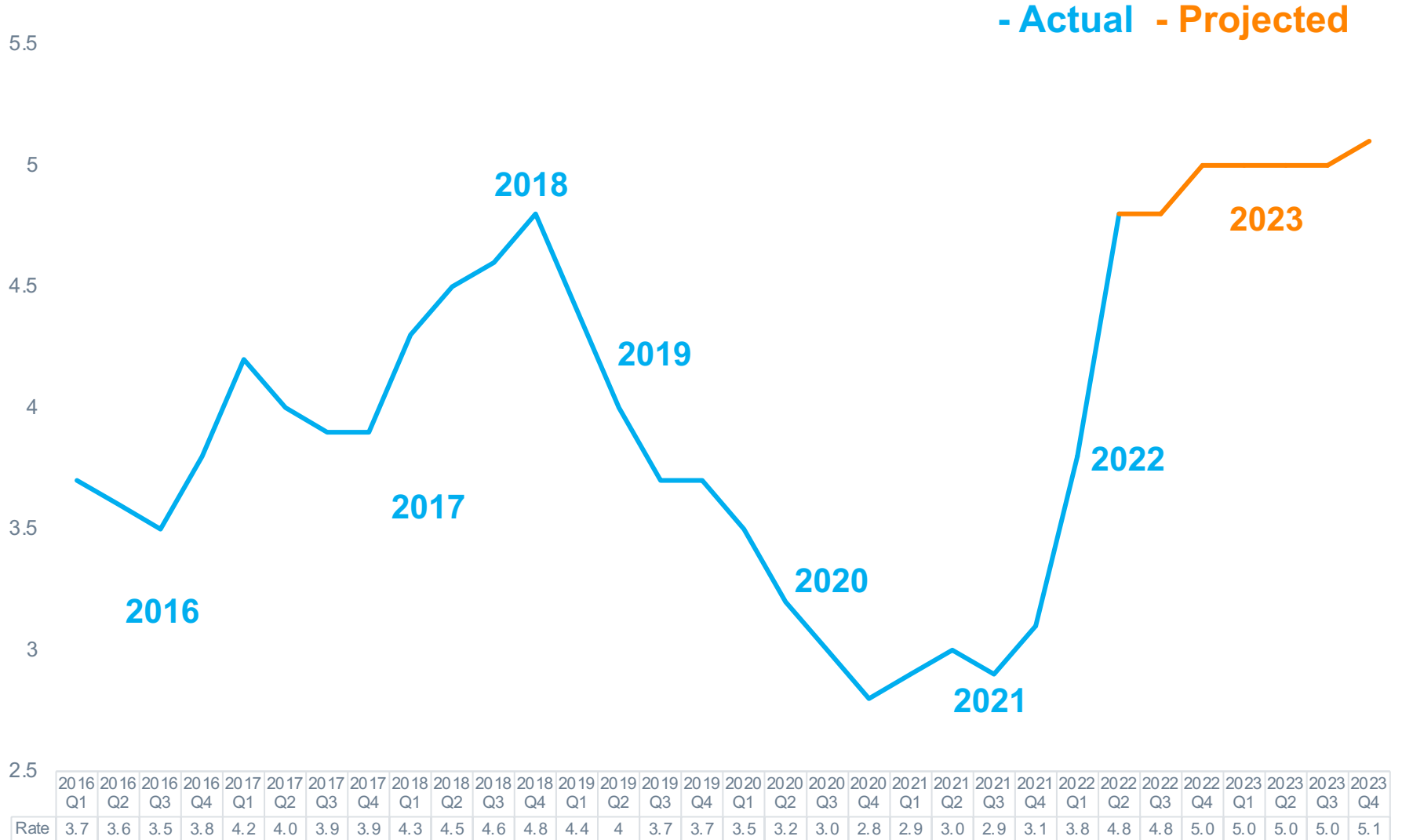
5.0 5.0 5.0 5.0

Where Are They Going?

2022 Q4 2023 Q1 2023 Q2 2023 Q3

# Mortgage Rates

## 30-Year Fixed Rate

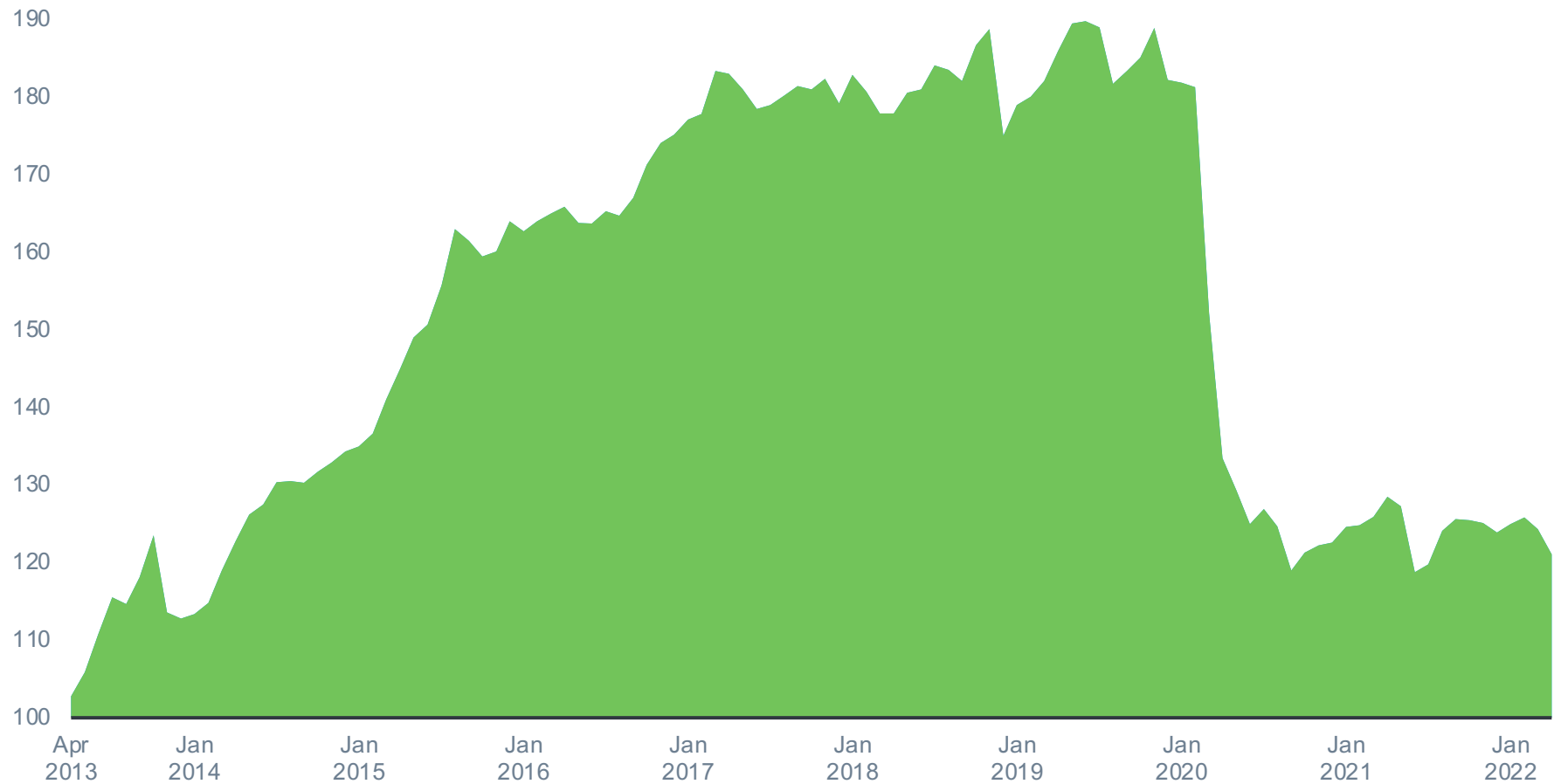




# Mortgage Credit Availability

# Mortgage Credit Availability Index (MCAI)

April 2022



Source: MBA

# Lending Standards Still Under Control

Historic Data for the Mortgage Credit Availability Index (MCAI)

