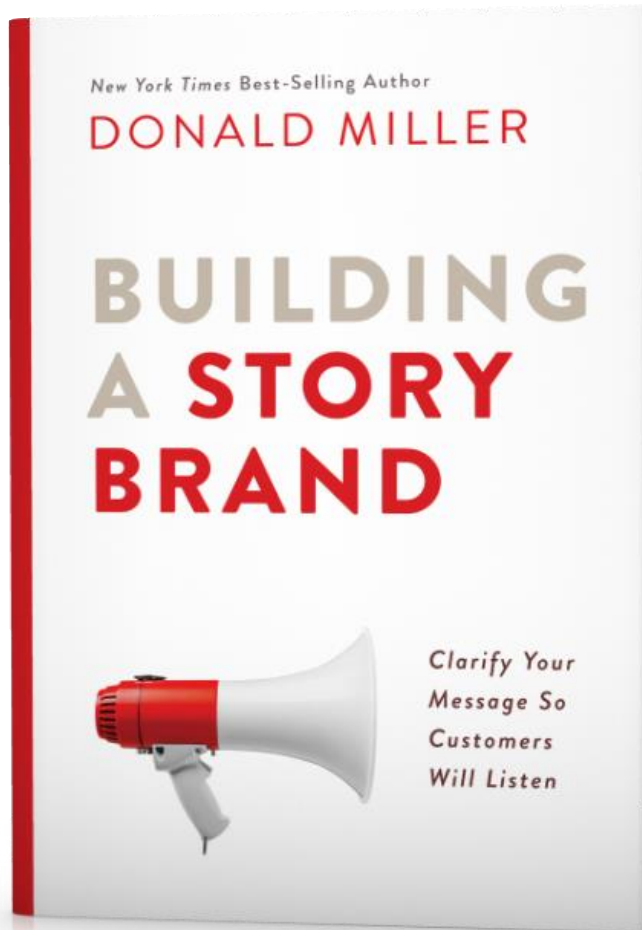


KEEPING CURRENT MATTERS

November 2022





“People do not follow the best leaders. They follow the ones they can understand the easiest.”

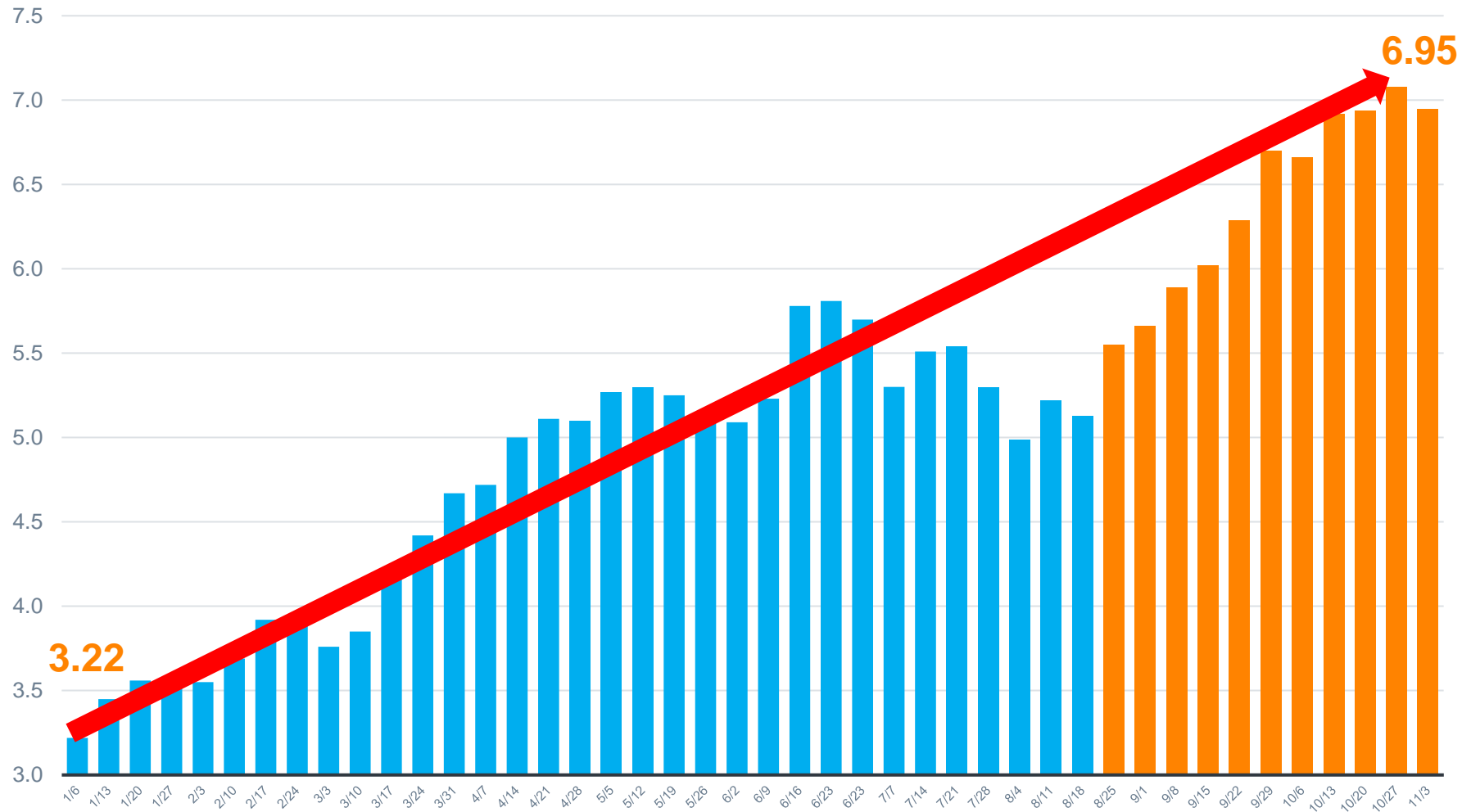
- Donald Miller

Will Mortgage Rates Keep Rising?



Mortgage Rates Rising This Year

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



Source: Freddie Mac



U.S. 30-year fixed mortgage rates have increased 3.83 percentage points since the end of last year. **That's the biggest year-to-date increase in rates in over 50 years.**

- **Len Kiefer**, Deputy Chief Economist, Freddie Mac



With inflation still running at a 40-year high and the Fed expecting a few more rate increases to combat it, **mortgage rates will experience upward pressure through the end of 2022.**

- **George Ratiu**, Manager of Economic Research, Realtor.com

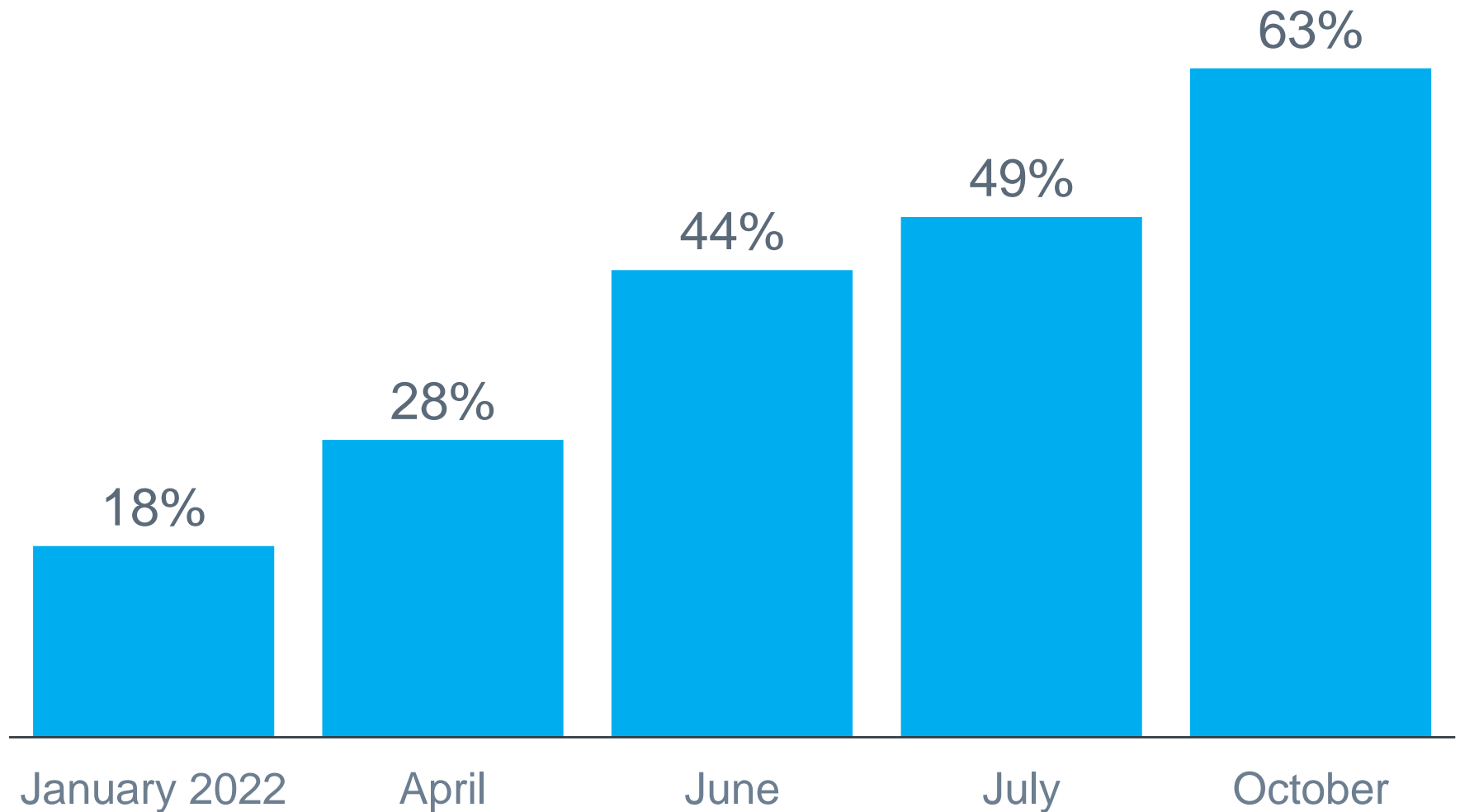


While mortgage rates are expected to continue to drift higher over the coming months, much of the rapid increase in rates is likely behind us.

- Mark Fleming, Chief Economist, First American

Is a Recession Around the Corner?

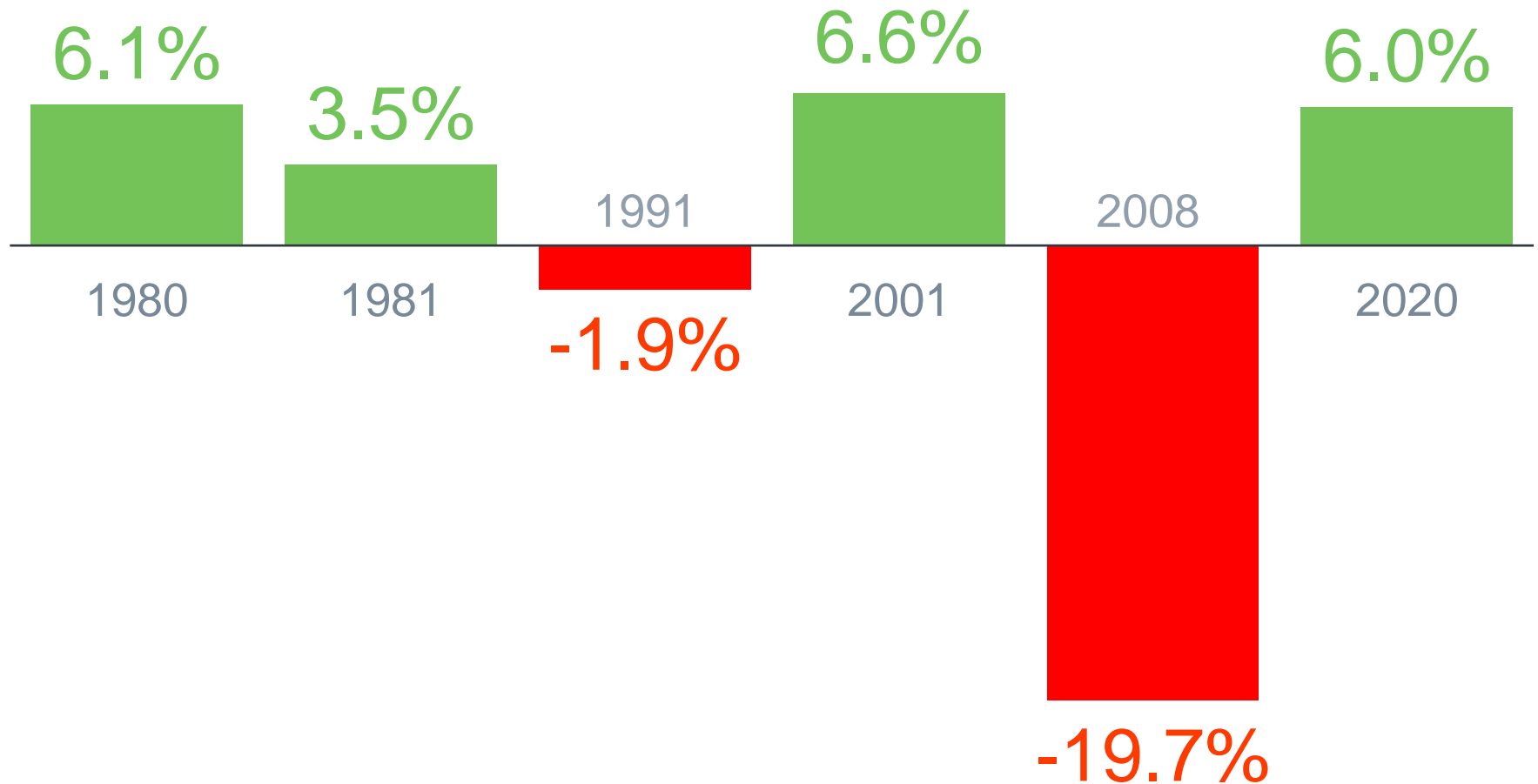
WSJ Economists' Survey: Chances of a Recession in the Next 12 Months



Source: WSJ

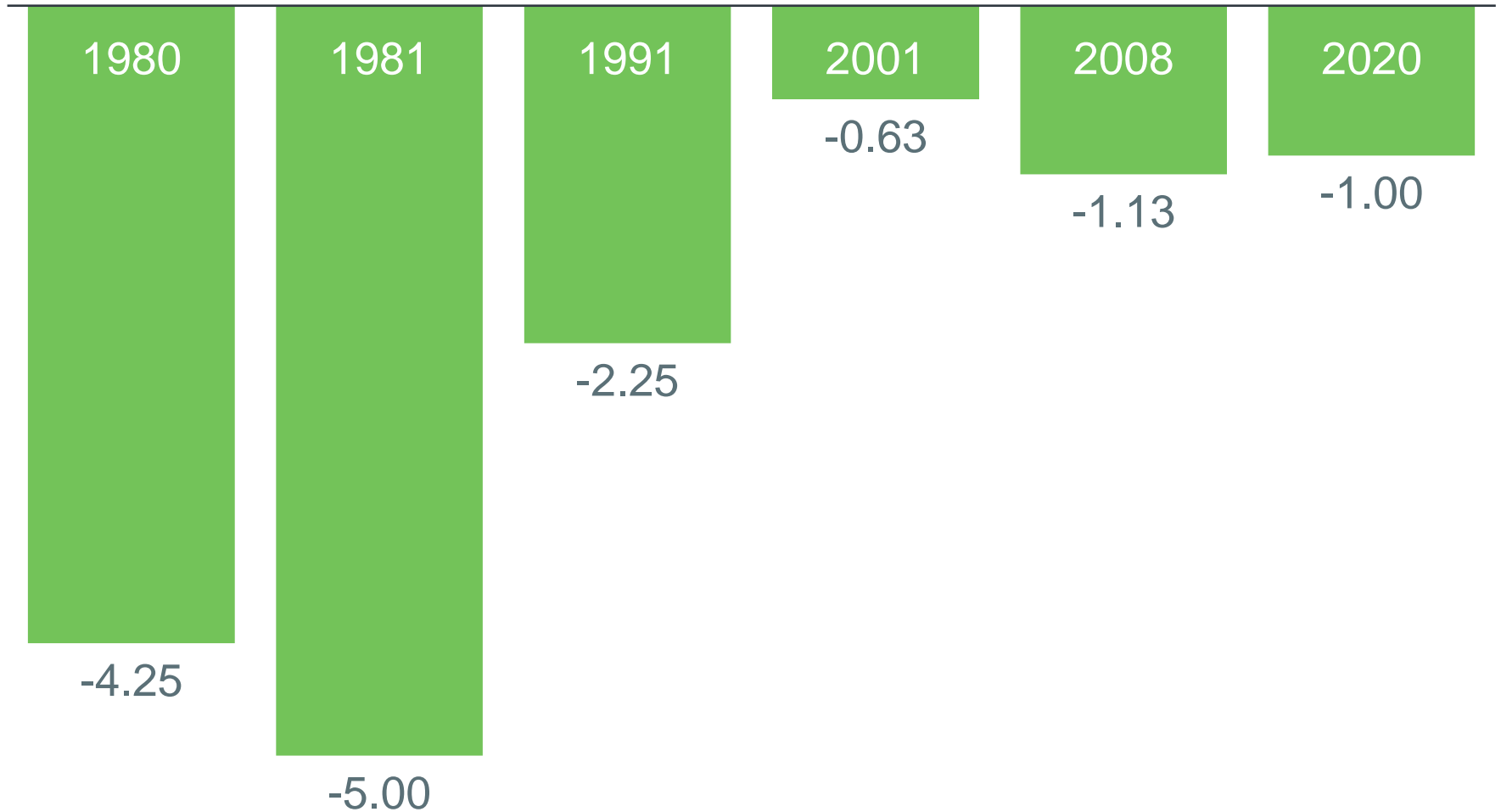
A Recession Does Not Mean Falling Prices

Home Price Change During Last 6 Recessions



A Recession Means Falling Mortgage Rates

Mortgage Rate Changes During the Last 6 Recessions



What Are Experts Saying About Home Prices?



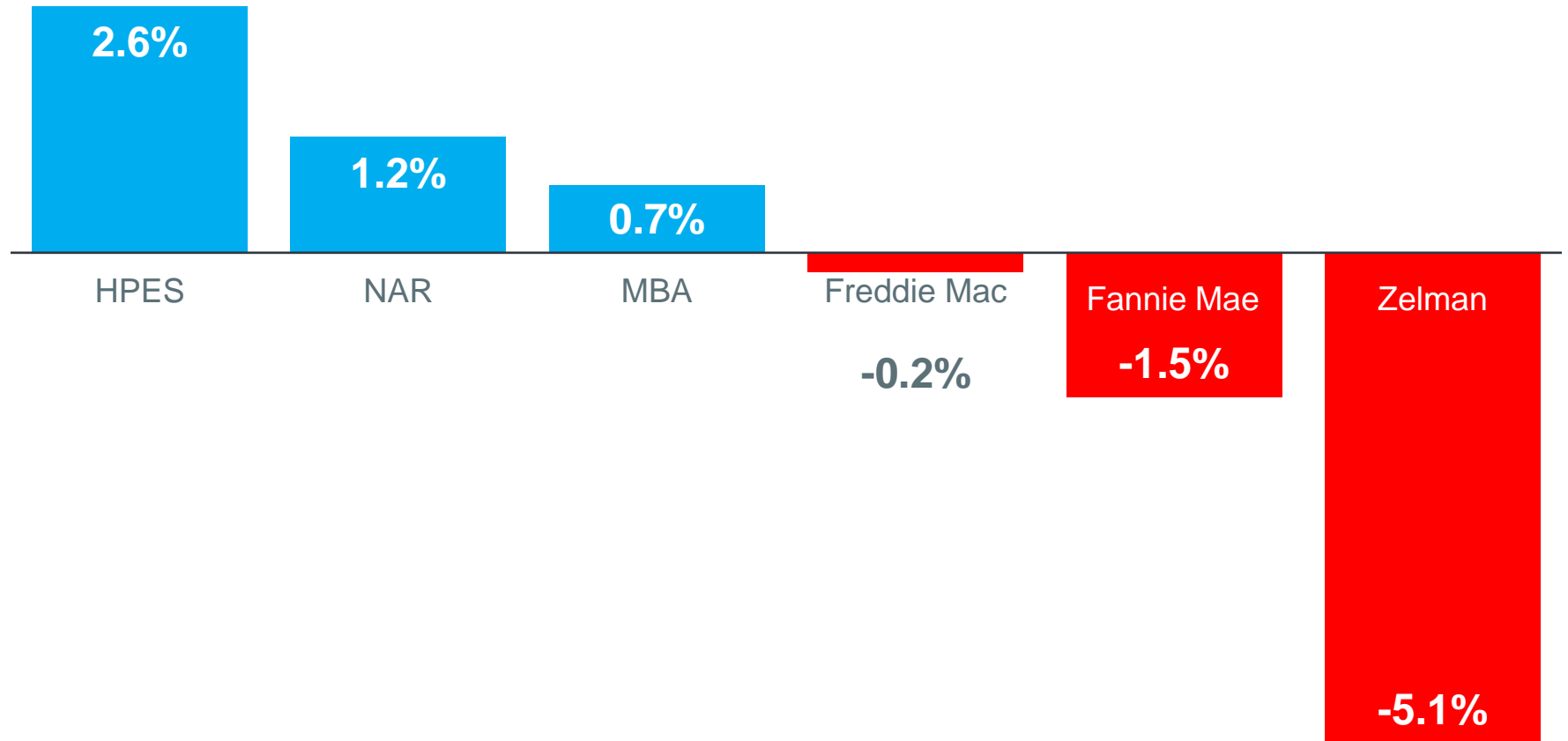


For those bearish folks eagerly awaiting the home price crash, you'll have to keep waiting. **As much as demand is pulling back supply is as well reducing downward pressure on prices in the short run.**

- Taylor Marr, Deputy Chief Economist, Redfin

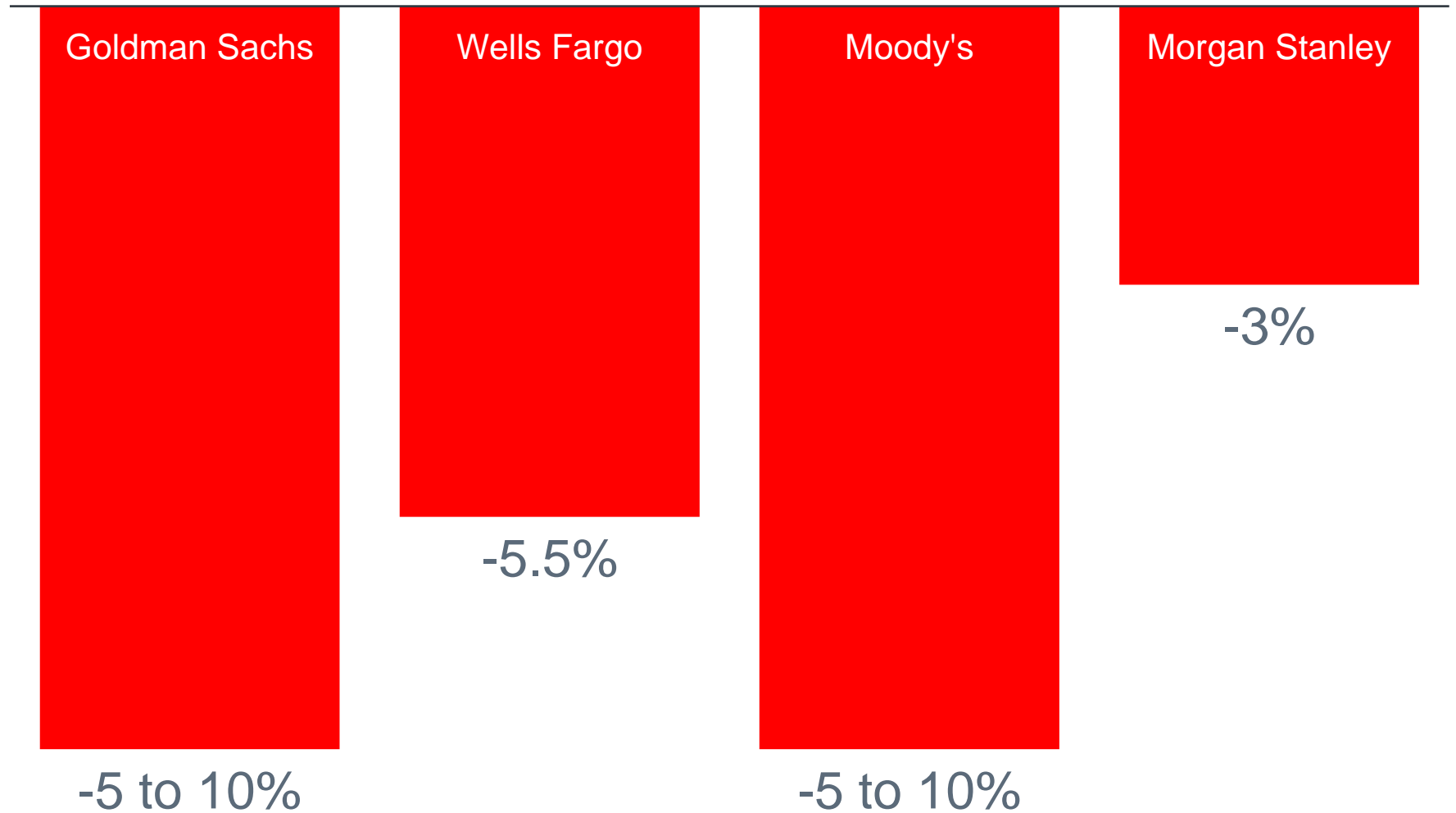
Home Price Forecasts for 2023

Latest Forecasts from Each Entity



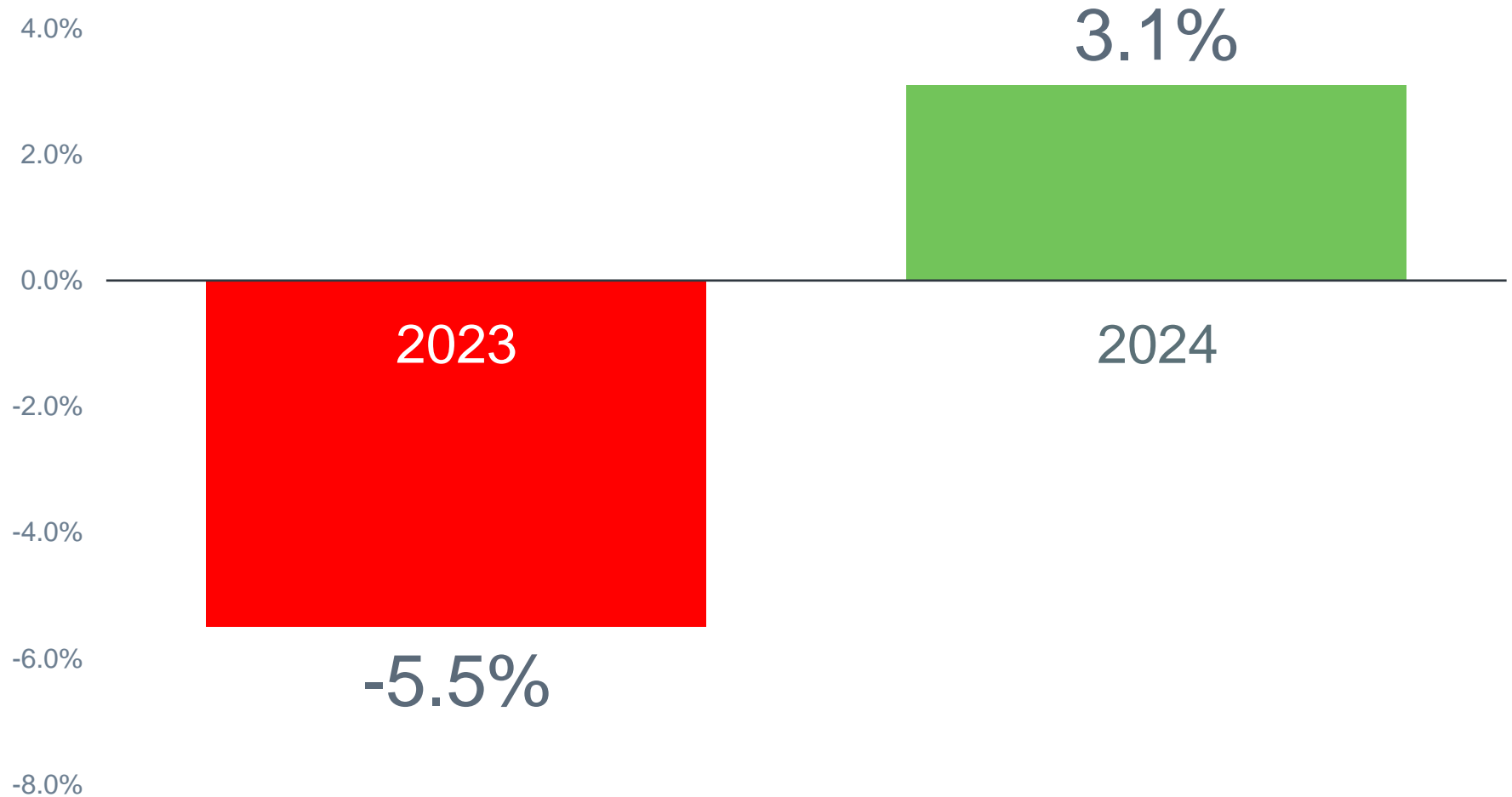
Home Prices Forecast To Fall in 2023

Big Banks Calling for Home Prices To Depreciate Next Year



Home Prices To Fall, and Then Recover

Wells Fargo Home Price Forecasts for 2023 and 2024



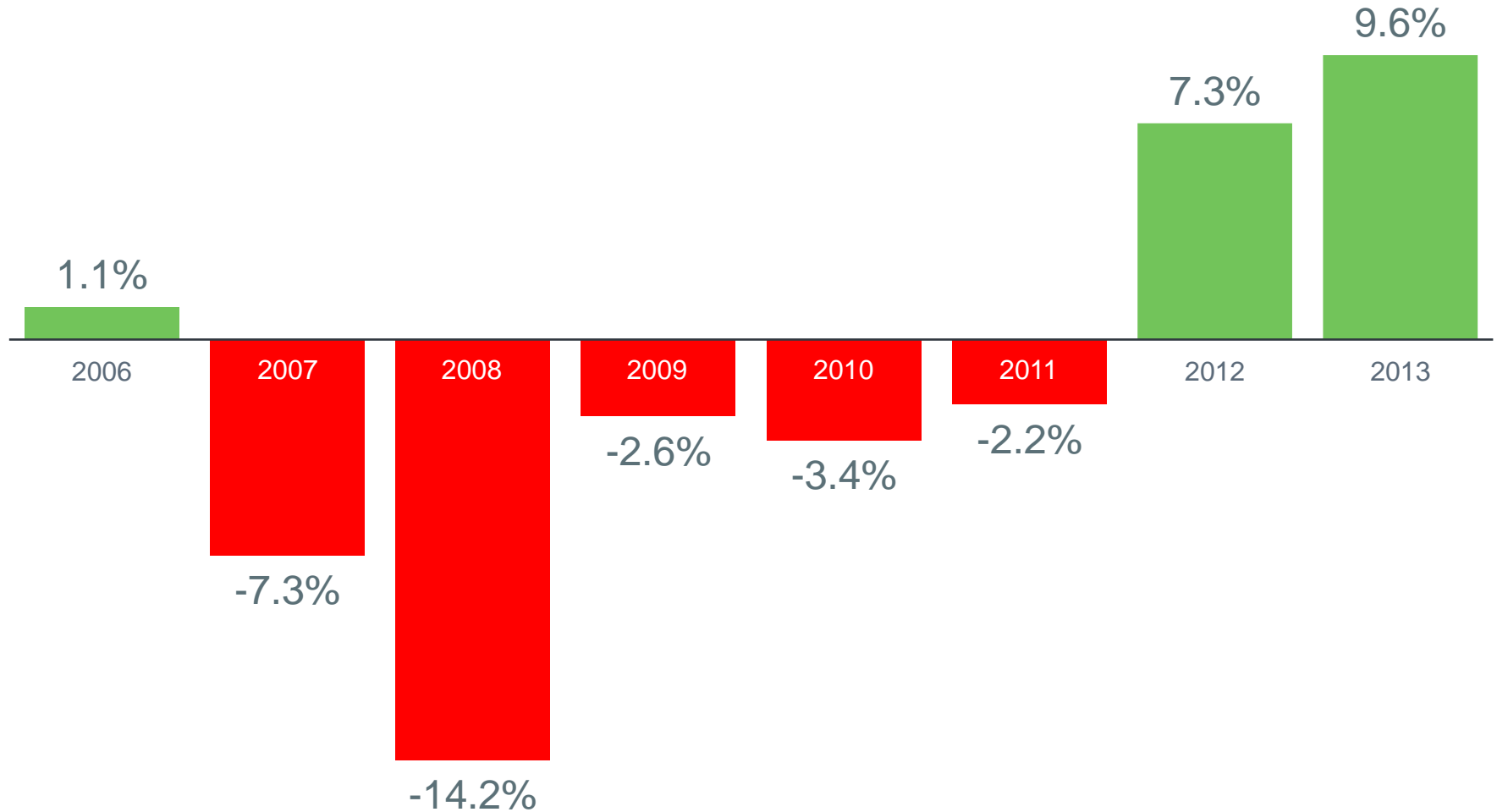


While there might be little statistical difference between a small positive number and a small negative number, there are often **huge differences in how they may impact behavior.**

- **Len Kiefer**, Deputy Chief Economist, Freddie Mac

GFC: Home Prices Depreciated for 5 Years

Home Price Appreciation 2006-2013

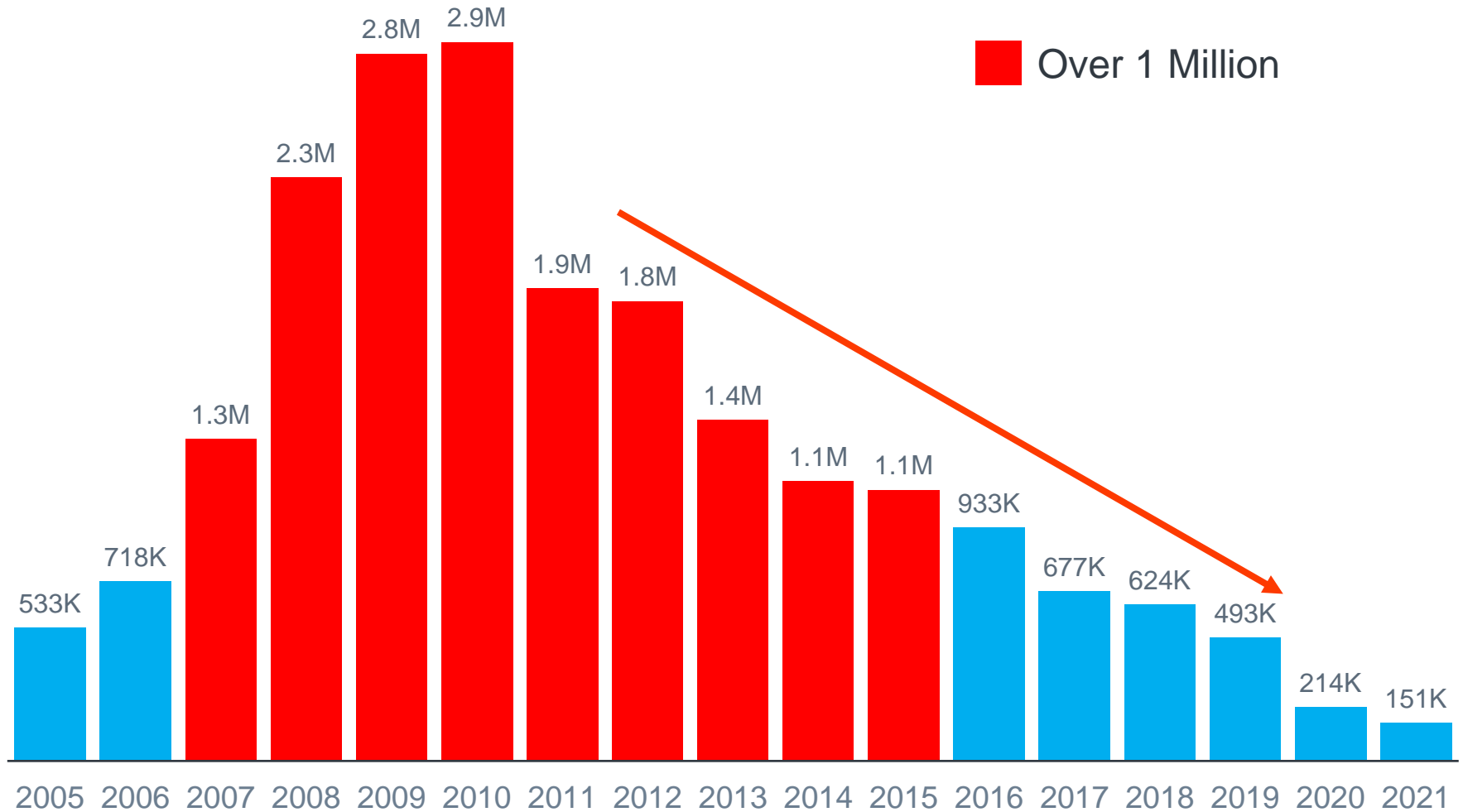


What About Foreclosures?



Foreclosure Activity by Year

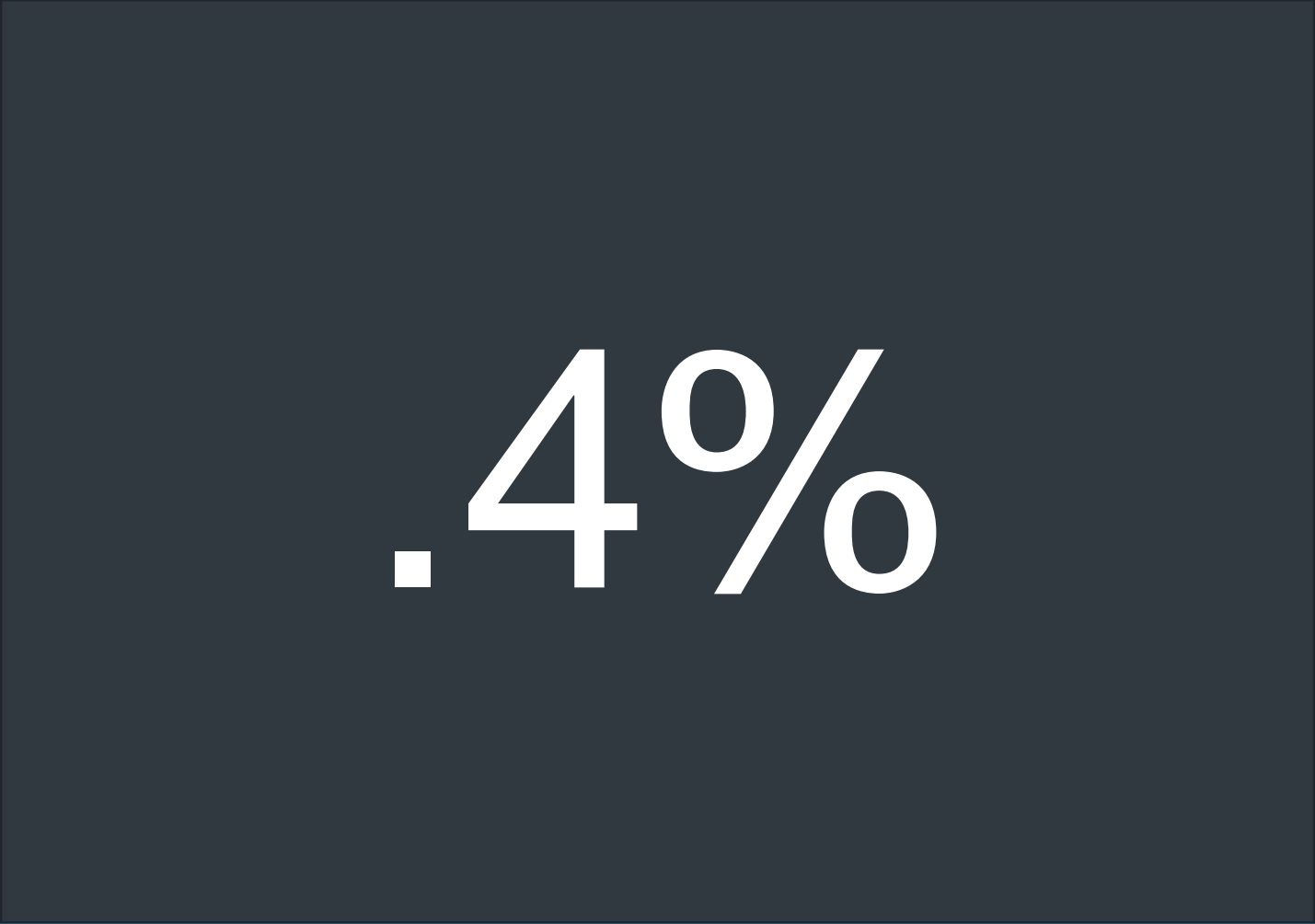
U.S. Properties with Foreclosure Filings: ATTOM 2021 Year-End Report



Source: ATTOM Data Solutions



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- ATTOM Data

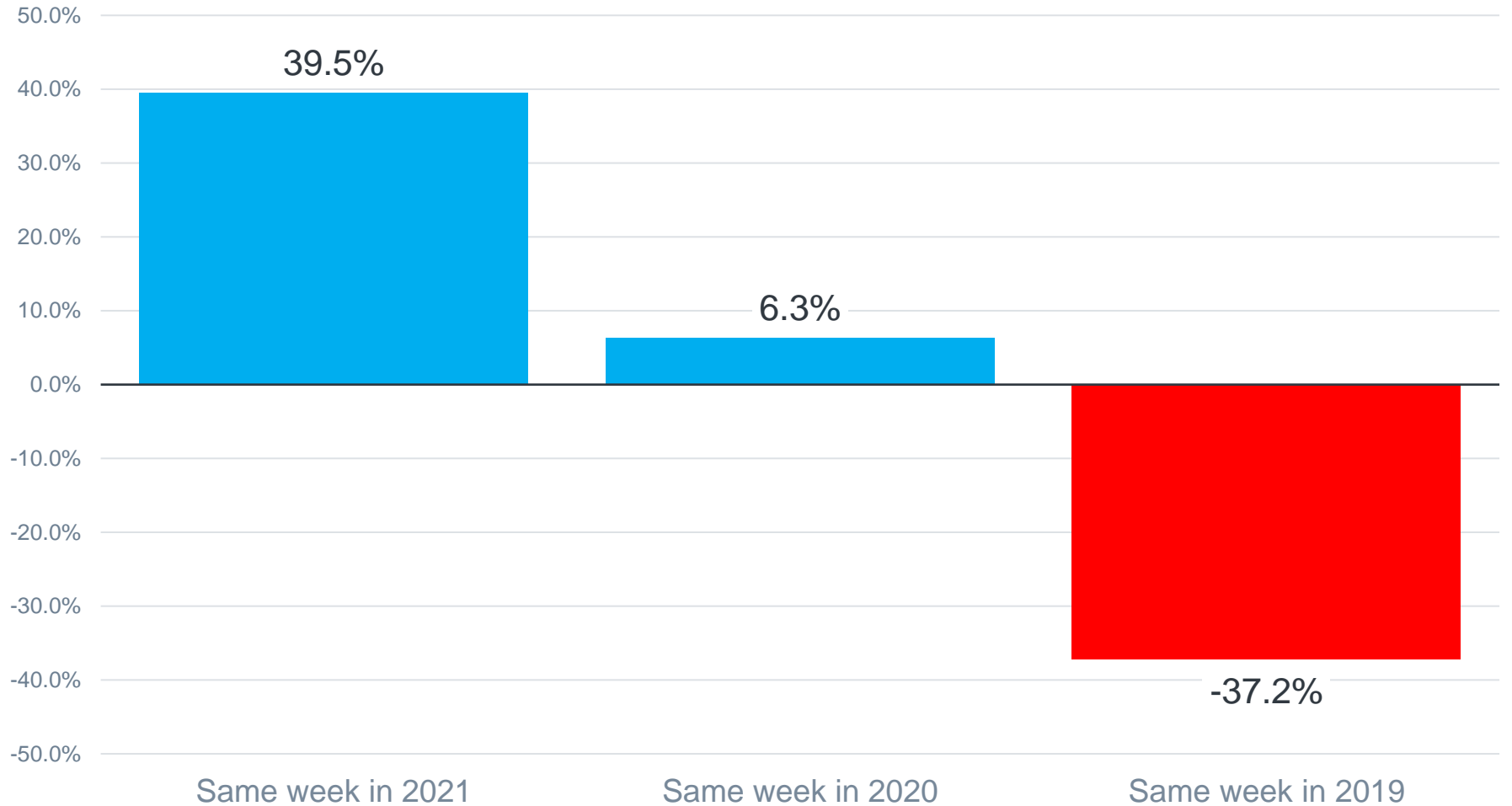


U.S. Foreclosure Activity Continues to Increase Quarterly Nearing Pre-Pandemic Levels

- Headline from ATTOM Data's Q3 2022
U.S. Foreclosure Market Report

Housing Supply Is Still Historically Low

Inventory the Week Ending October 28th Compared to Last 3 Years

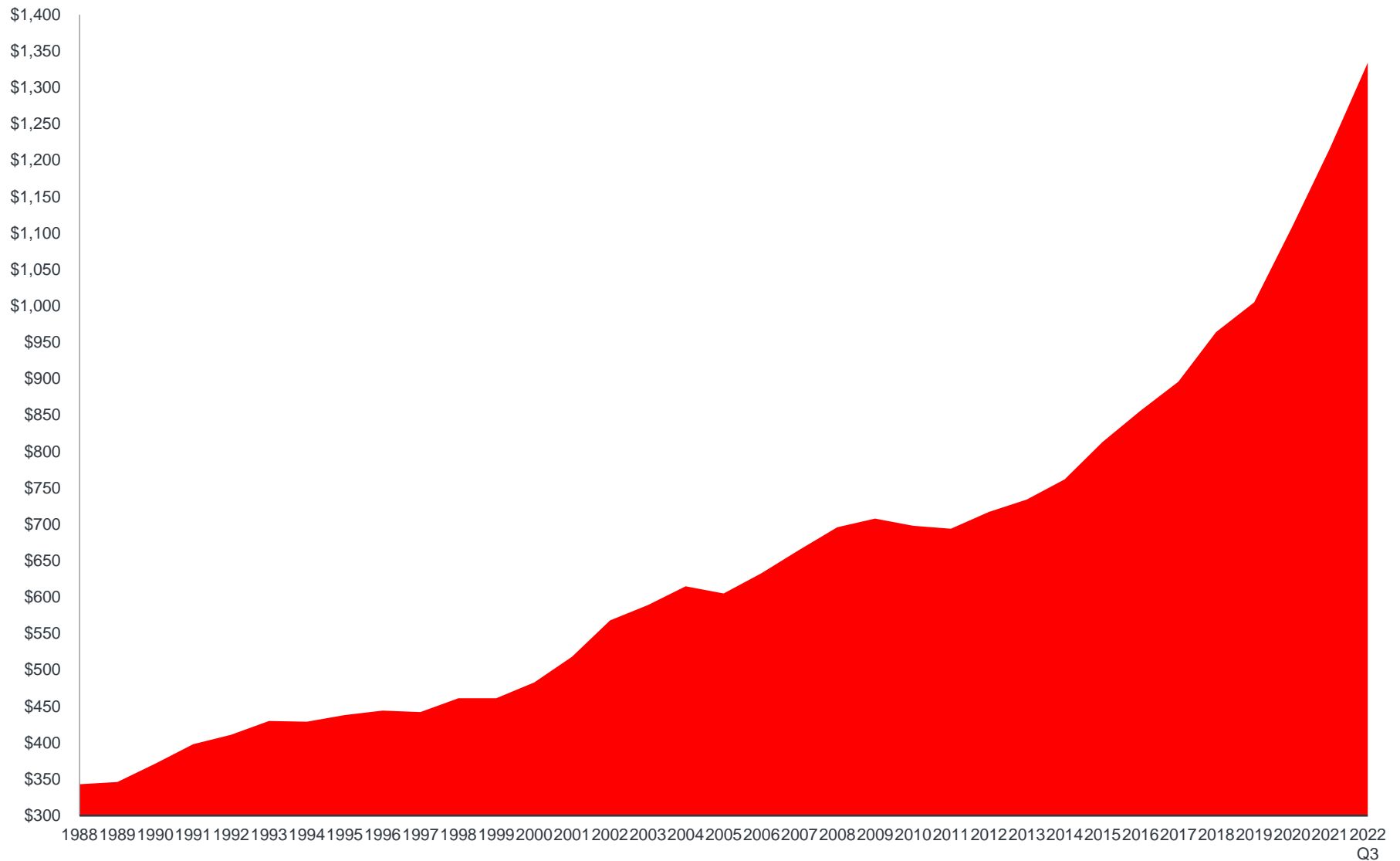


Source: Calculated Risk

Should I Buy a Home Right Now?



Median Asking Rent Since 1988



Source: Census



If you can find a house that meets your financial expectations for a monthly payment and it is a good time for you to buy, then do that, . . . And if you wait for prices to fall but they never do, you may discover the hard way that the house that you found a year ago that you really loved, that you could afford but you passed up on, is more expensive next year.

- **Odeta Kushi**, Deputy Chief Economist, First American



In the absence of trustworthy, up-to-date information, **real estate decisions are increasingly being driven by fear, uncertainty, and doubt.** These decisions can be hugely consequential for consumers and businesses.

- **Jason Lewris**, Co-Founder & Chief Data Officer, Parcl

Winter Buyer & Seller Guides: December 5, 2022



Resources

Slide(s)	Description	Link(s)
2	Miller Quote	https://storybrand.com/
4	Mortgage Rates Graph	https://freddiemac.gcs-web.com/node/26191/pdf http://www.freddiemac.com/pmms/
5	Kiefer Quote, Rates	https://twitter.com/lenkiefer/status/1583120440477638656
6	Ratiu Quote	https://twitter.com/GeorgeRatiu/status/1588171575613804544
7	Fleming Quote	https://www.firstam.com/news/2022/overvalued-markets-increasing-20220927.html
8	Recession Survey Graph	https://www.wsj.com/articles/economic-forecasting-survey-archive-11617814998
9	Recession & Prices Graph	https://www.corelogic.com/blog/2019/03/housing-recessions-and-recoveries.aspx https://www.thebalance.com/the-history-of-recessions-in-the-united-states-3306011 https://www.corelogic.com/intelligence/find-stories/corelogic-hpi-posted-record-year-over-year-growth-in-2021/

Resources

Slide(s)	Description	Link(s)
10	Recession & Rates Graph	http://www.freddiemac.com/pmms/ https://mtg-specialists.com/2022/05/11/recession-interest-rates-and-real-estate/
12	Marr Quote	https://twitter.com/tayloramarr/status/1578082283281596418
13	Price Forecasts Graph	https://www.fanniemae.com/media/44911/display https://pulsenomics.com/surveys/#home-price-expectations https://www.freddiemac.com/research/forecast/20221021-quarterly-forecast-rapidly-rising-rates-declining-demand-driving-housing-market https://www.mba.org/docs/default-source/research-and-forecasts/forecasts/mortgage-finance-forecast-oct-2022.pdf?sfvrsn=d32917_1 https://cdn.nar.realtor/sites/default/files/documents/forecast-q4-2022-us-economic-outlook-09-28-2022.pdf https://www.zelmanassociates.com/ (by subscription)

Resources

Slide(s)	Description	Link(s)
14	Price Depreciation Graph	https://www.morganstanley.com/ideas/thoughts-on-the-market-us-housing https://wellsfargo.bluematrix.com/links2/html/429eb828-b17e-4e47-8856-4ff59f9d3d1a https://www.goldmansachs.com/insights/pages/why-home-prices-are-poised-to-fall.html https://cre.moodyanalytics.com/insights/research/housing-sector-in-the-second-quarter/
15	Price Recovery Forecast Graph	https://wellsfargo.bluematrix.com/links2/html/429eb828-b17e-4e47-8856-4ff59f9d3d1a
16	Kiefer Quote, Prices	https://twitter.com/lenkiefer/status/1580322701402525697
17	Home Prices 2006-2013	www.zelmanandassociates.com (subscription required)

Resources

Slide(s)	Description	Link(s)
19, 20	ATTOM Data Foreclosure Activity	https://www.attomdata.com/news/market-trends/foreclosures/attom-year-end-2021-u-s-foreclosure-market-report/ https://www.attomdata.com/news/market-trends/home-sales-prices/attom-q2-2022-u-s-home-equity-and-underwater-report/
21	Sharga Quote	https://twitter.com/ricksharga/status/1580617436617142272
22	Inventory Graph	https://www.calculatedriskblog.com/2022/10/housing-october-31st-weekly-update.html
24	Median Asking Rent Graph	http://www.census.gov/housing/hvs/files/currenthvspress.pdf
25	Kushi Quote	https://www.syracuse.com/business/2022/09/home-prices-might-drop-but-wont-crash-what-buyers-should-know.html
26	Lewris Quote	https://www.parcllabs.com/articles/q3-real-estate



Updates

Resources

Slide(s)	Description	Link(s)
36	Confidence Index	https://www.nar.realtor/research-and-statistics/research-reports/realtors-confidence-index
37-39, 47, 49, 50, 56-61	Existing Home Sales	https://www.nar.realtor/topics/existing-home-sales
40-43	New Home Sales	http://www.census.gov/construction/nrs/pdf/newressales.pdf http://www.census.gov/newhomesales
44	Total Home Sales	http://www.census.gov/construction/nrs/pdf/newressales.pdf https://www.nar.realtor/topics/existing-home-sales
45, 46	Pending Home Sales	https://www.nar.realtor/research-and-statistics/housing-statistics/pending-home-sales
51-53	Case Shiller	https://www.spglobal.com/spdji/en/indices/indicators/sp-corelogic-case-shiller-20-city-composite-home-price-nsa-index/#news-research
54	CoreLogic Price Forecast	https://www.corelogic.com/intelligence/u-s-home-price-insights/
56-63	Inventory	https://www.nar.realtor/topics/existing-home-sales http://www.census.gov/construction/nrs/pdf/newressales.pdf

Resources

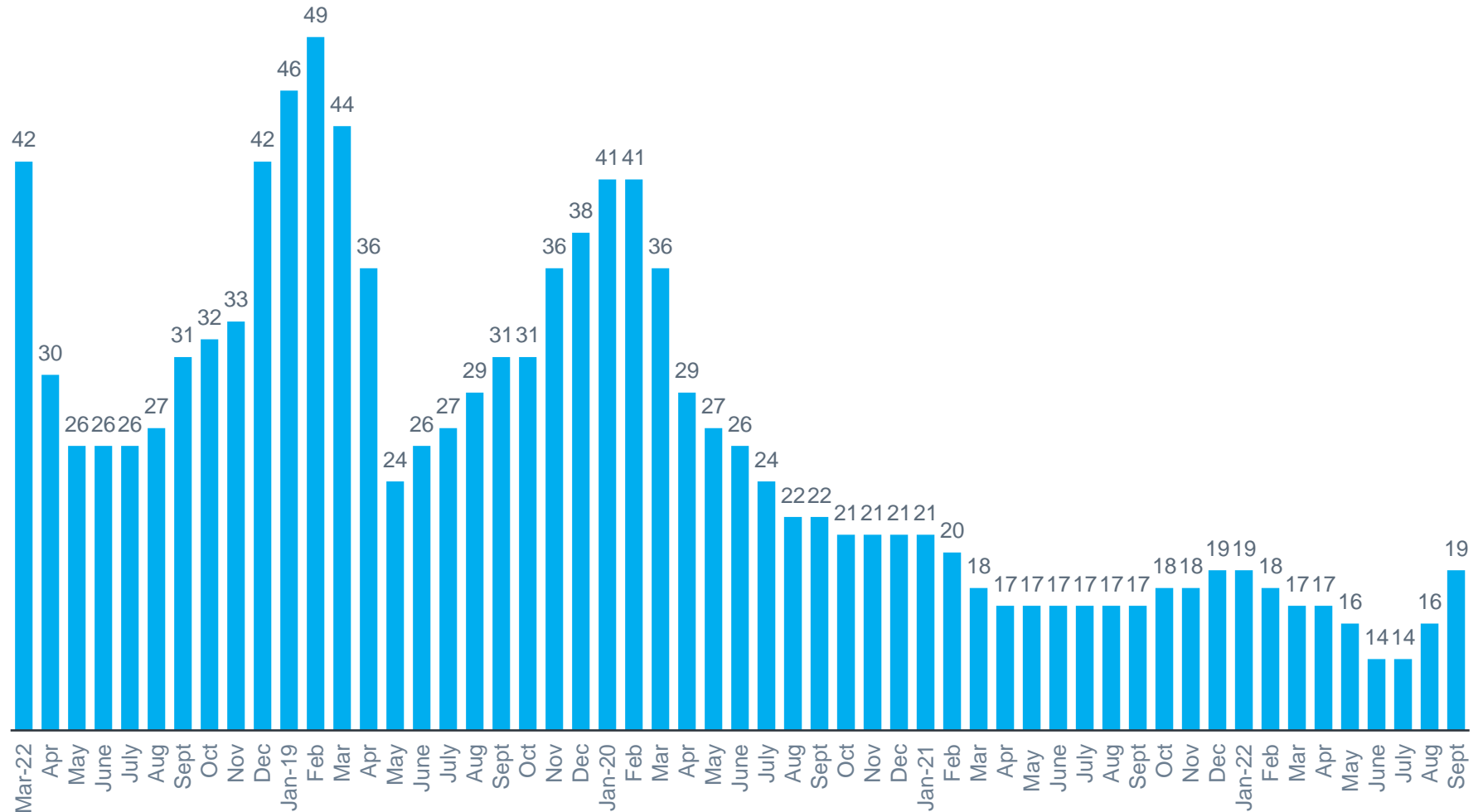
Slide(s)	Description	Link(s)
65	Showing Activity	https://www.showingtime.com/blog/september-2022-showing-index-results/
67, 68, 70, 71	Mortgage Rates	http://www.freddiemac.com/pmms/pmms_archives.html http://www.freddiemac.com/research/forecast/
69	Mortgage Rate Projections	http://www.freddiemac.com/research/forecast/ 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
73, 74	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

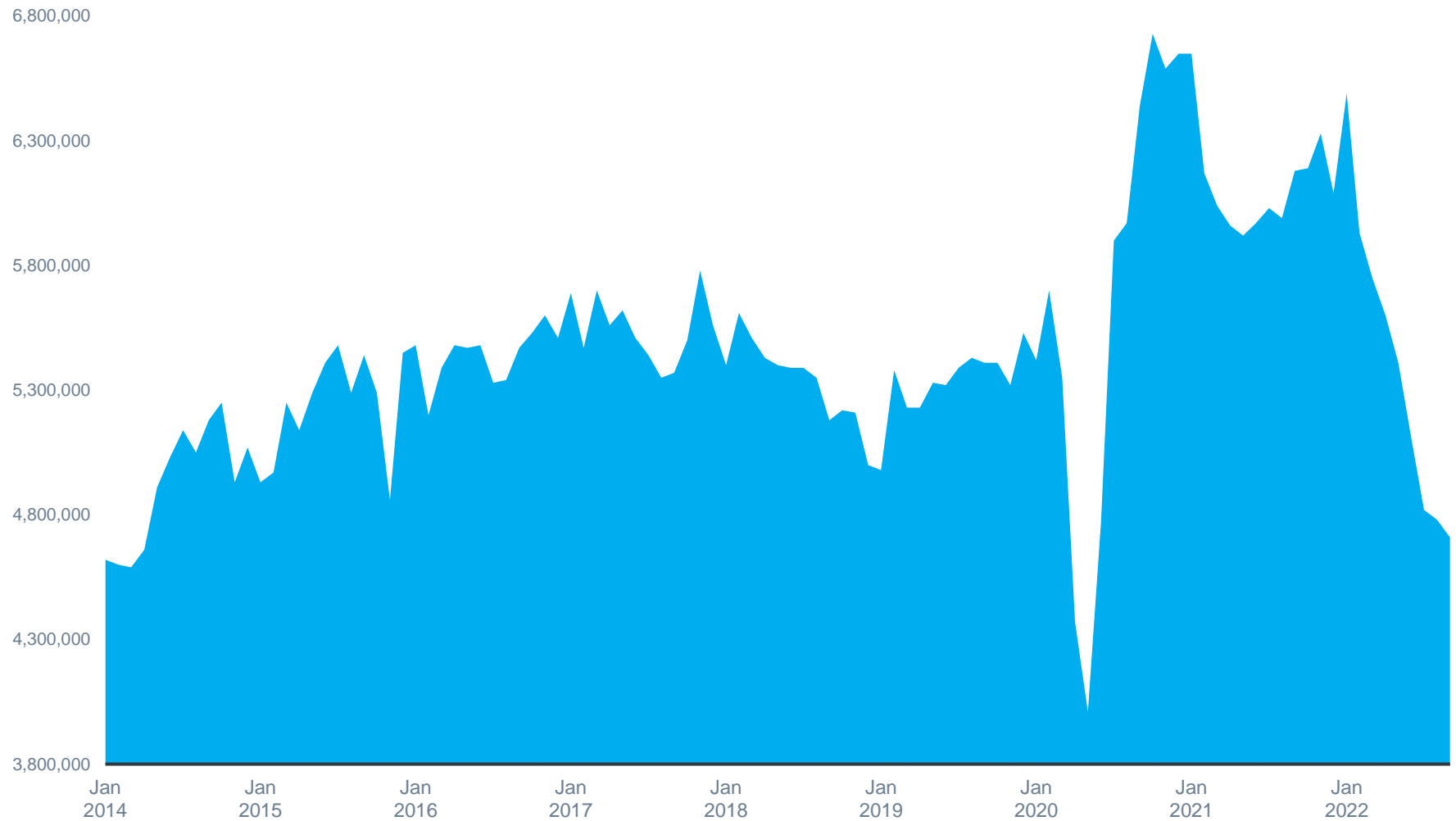
September 2022



Source: NAR

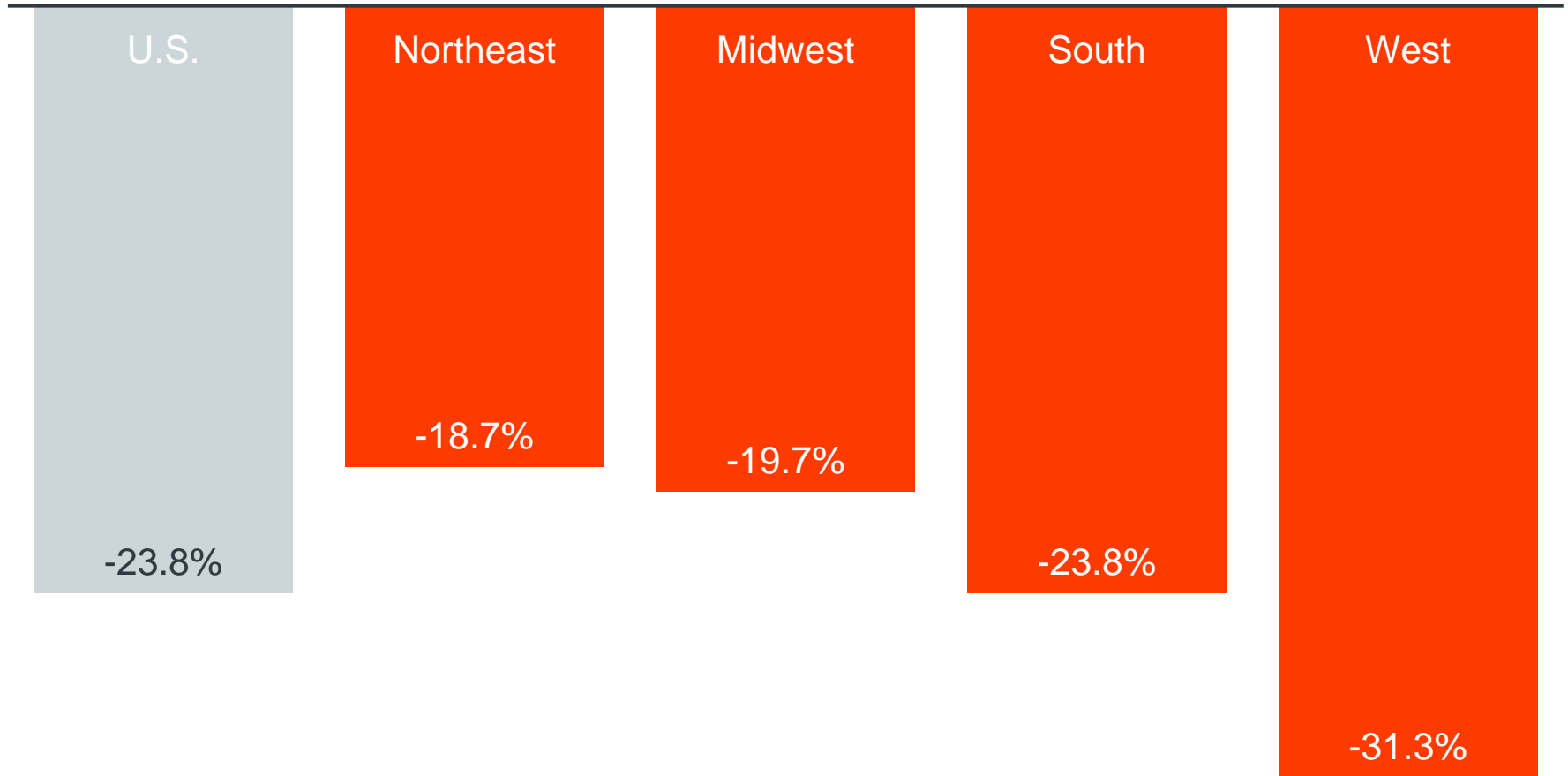
Existing Home Sales

Since January 2014



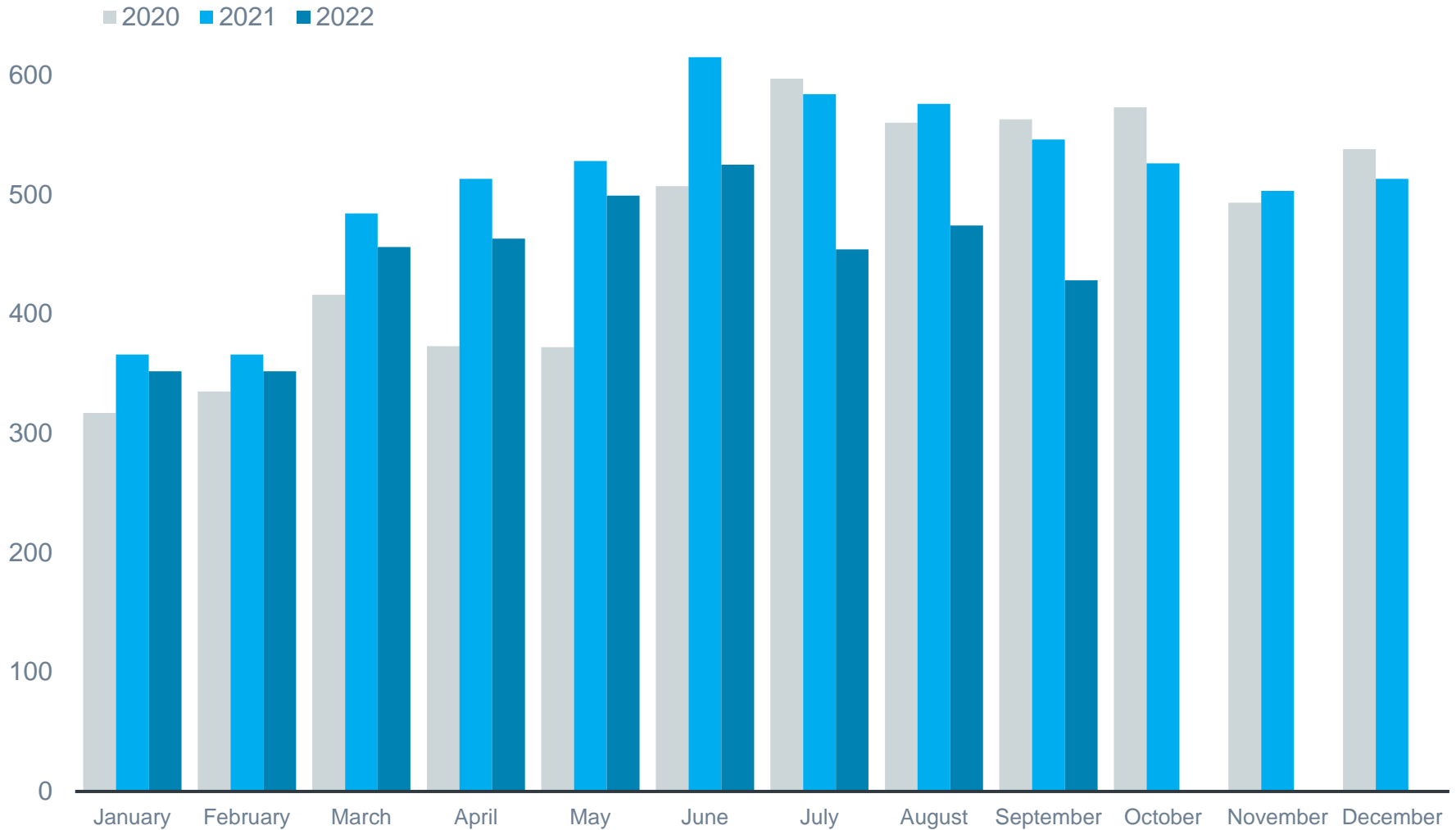
Existing Home Sales

Year-Over-Year, by Region



Existing Home Sales

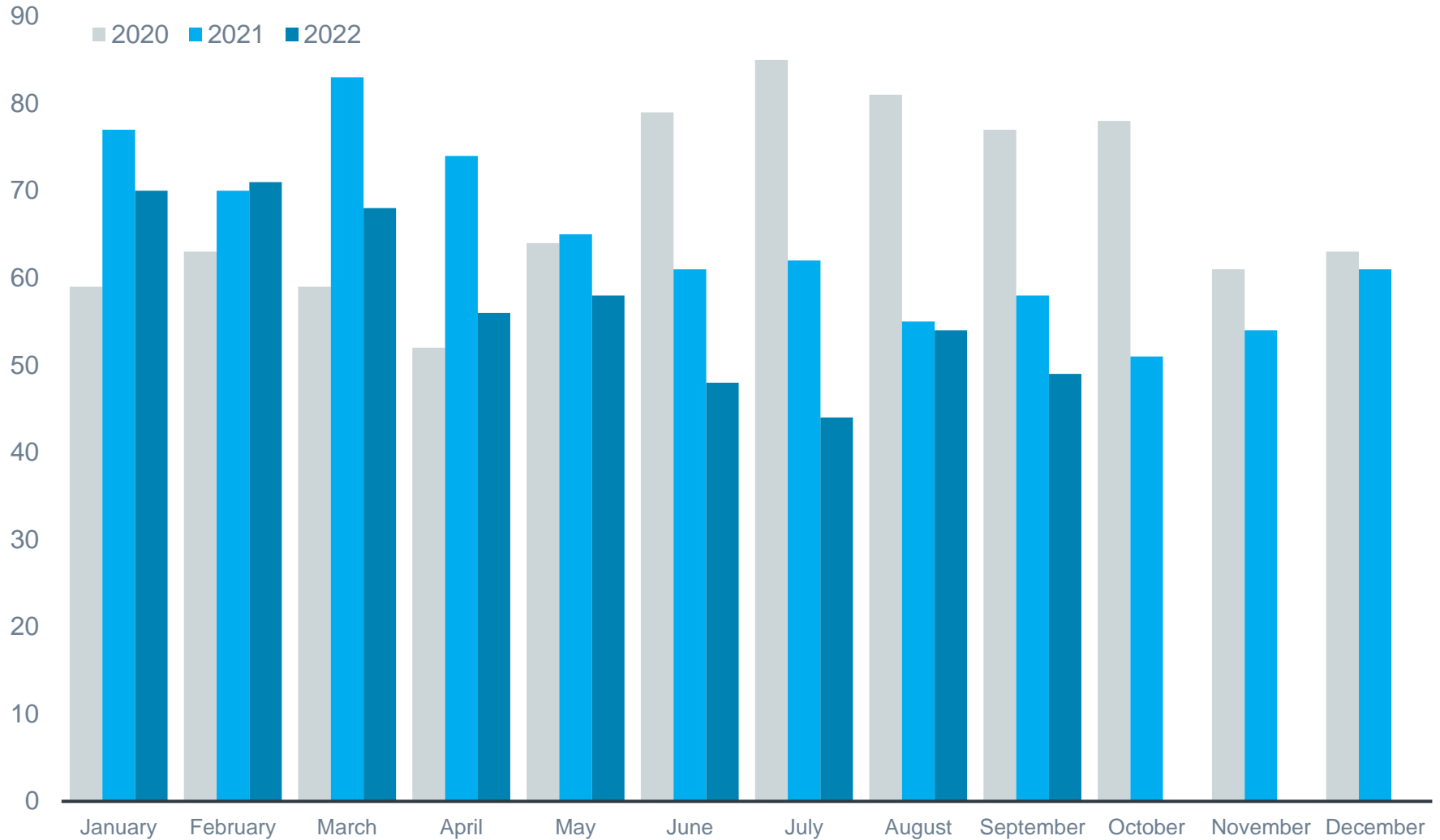
In Thousands



Source: NAR

New Home Sales

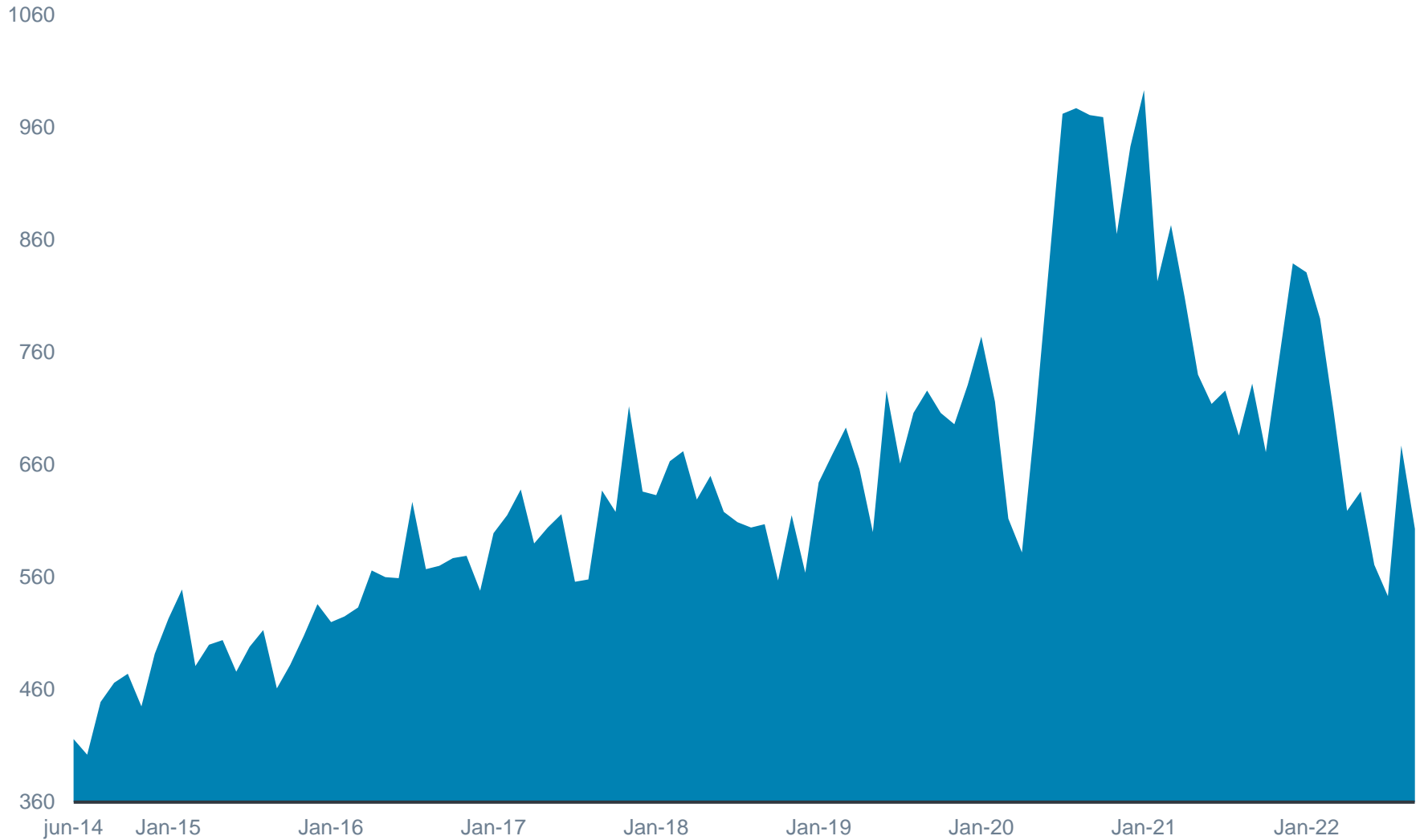
In Thousands



Source: Census

New Home Sales

Annualized in Thousands

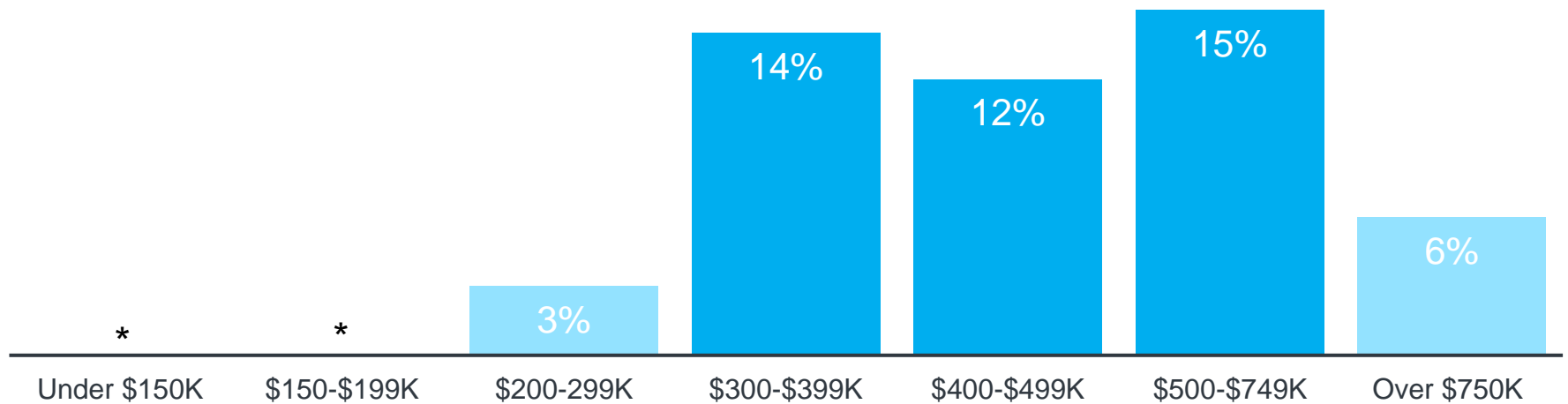


Source: Census

New Home Sales

Percent of Distribution by Price Range

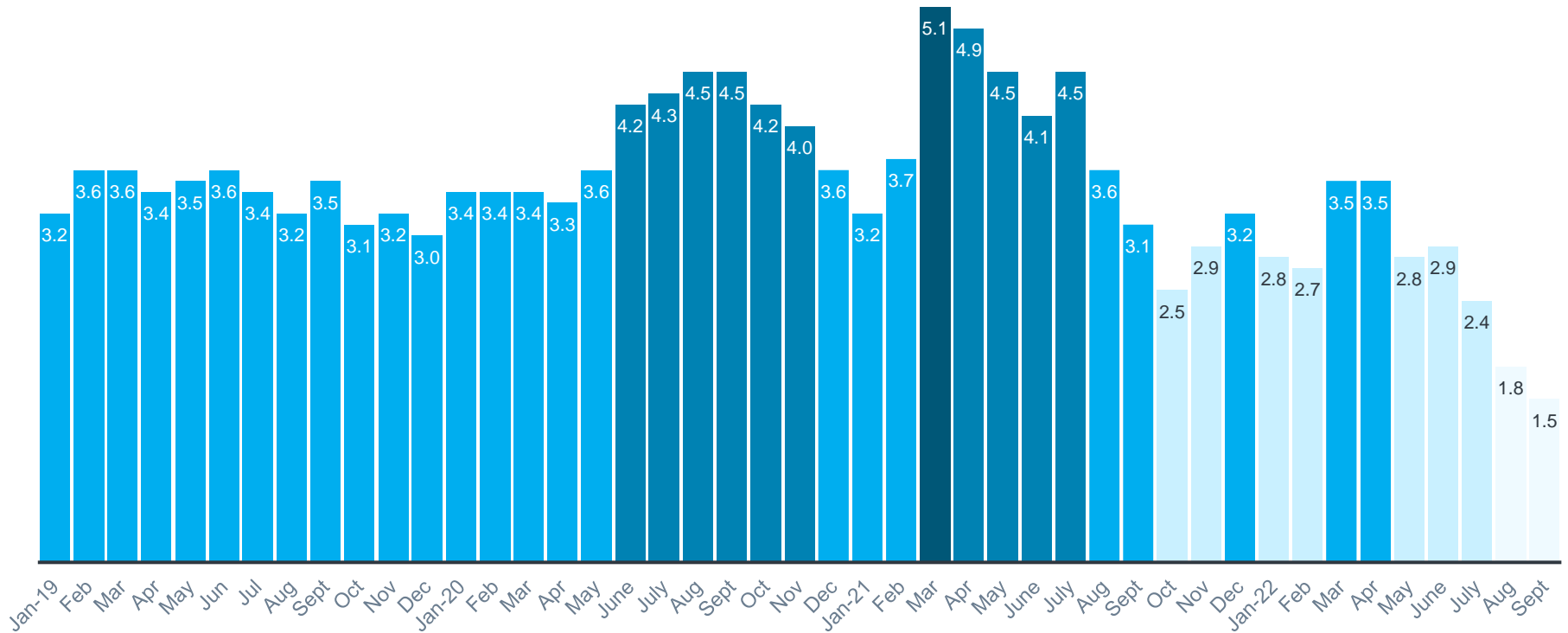
* Less Than 500 Units or Less Than 0.5 Percent



Source: Census

New Homes Selling Fast

Median Months from Completion to Sold

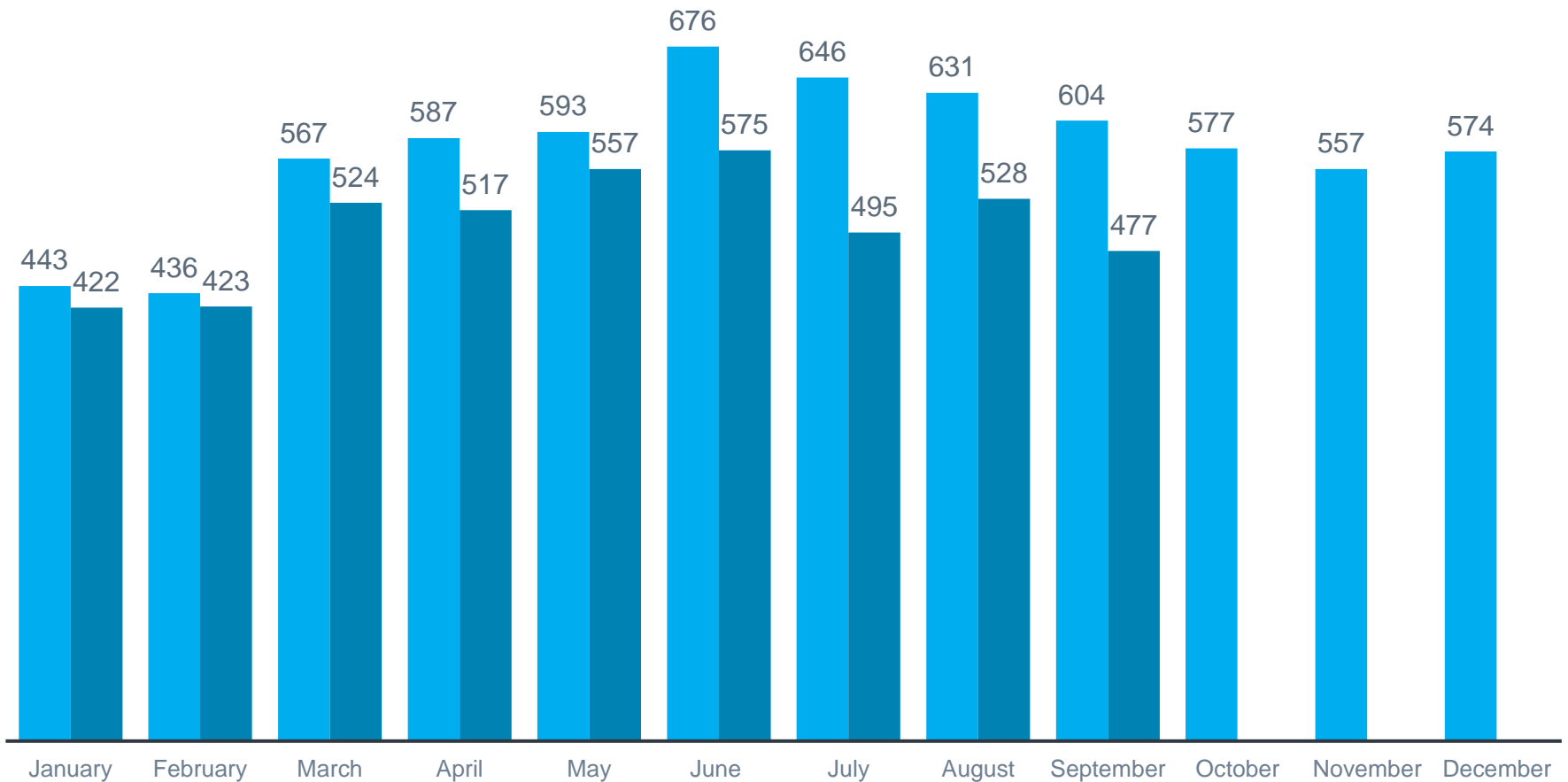


Source: Census

Total Home Sales

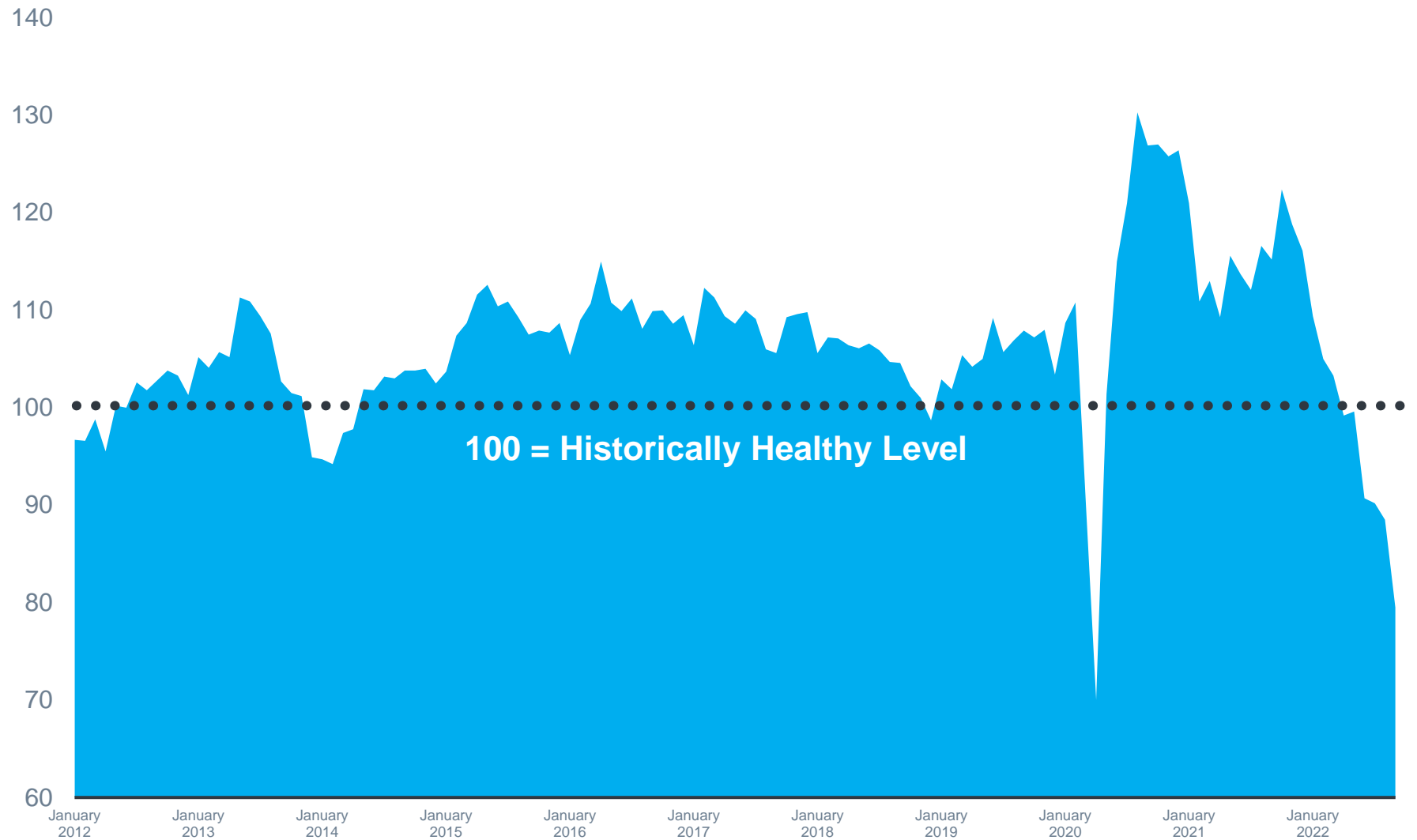
In Thousands

■ 2021 ■ 2022



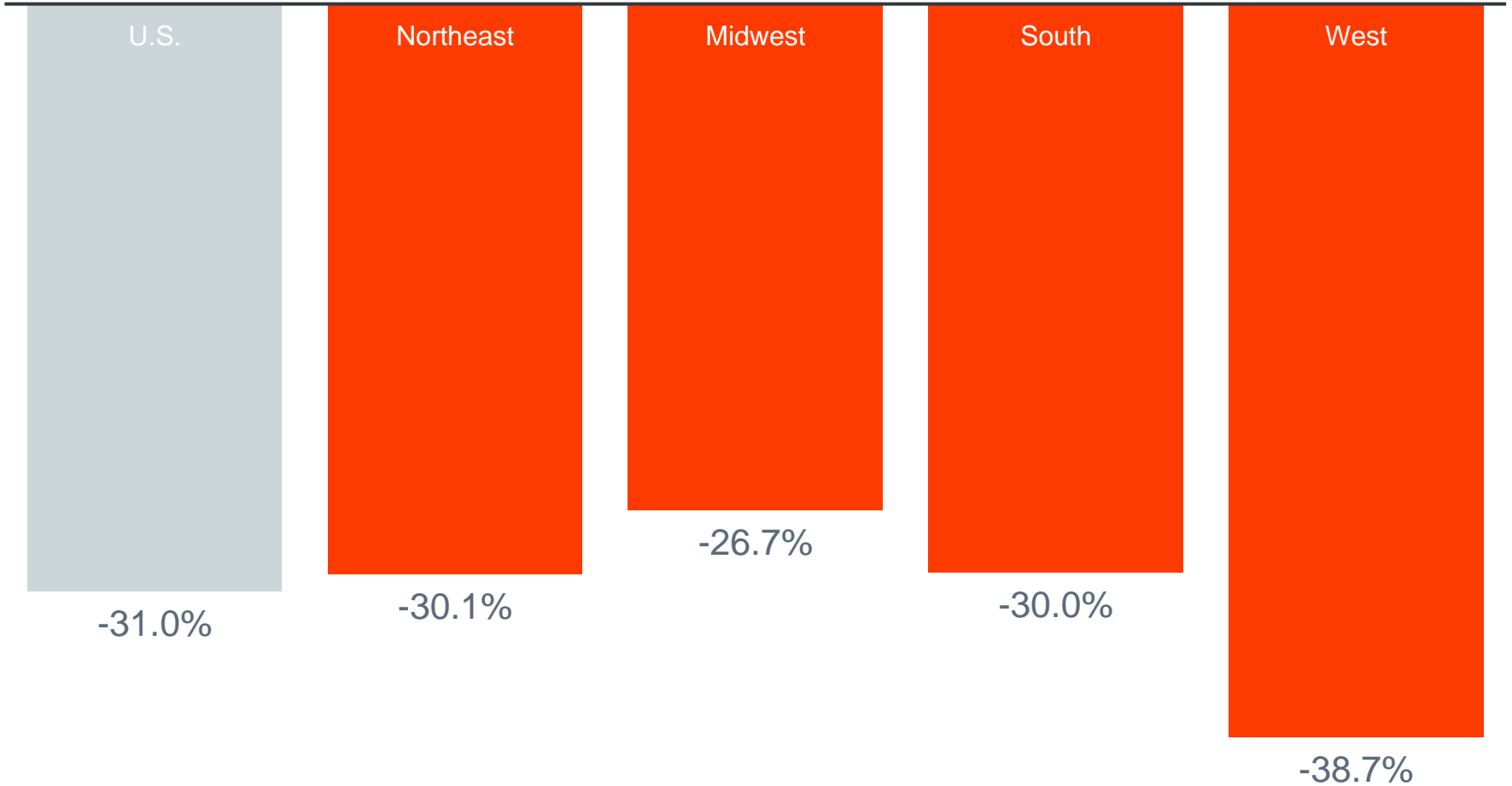
Source: Census

Pending Home Sales



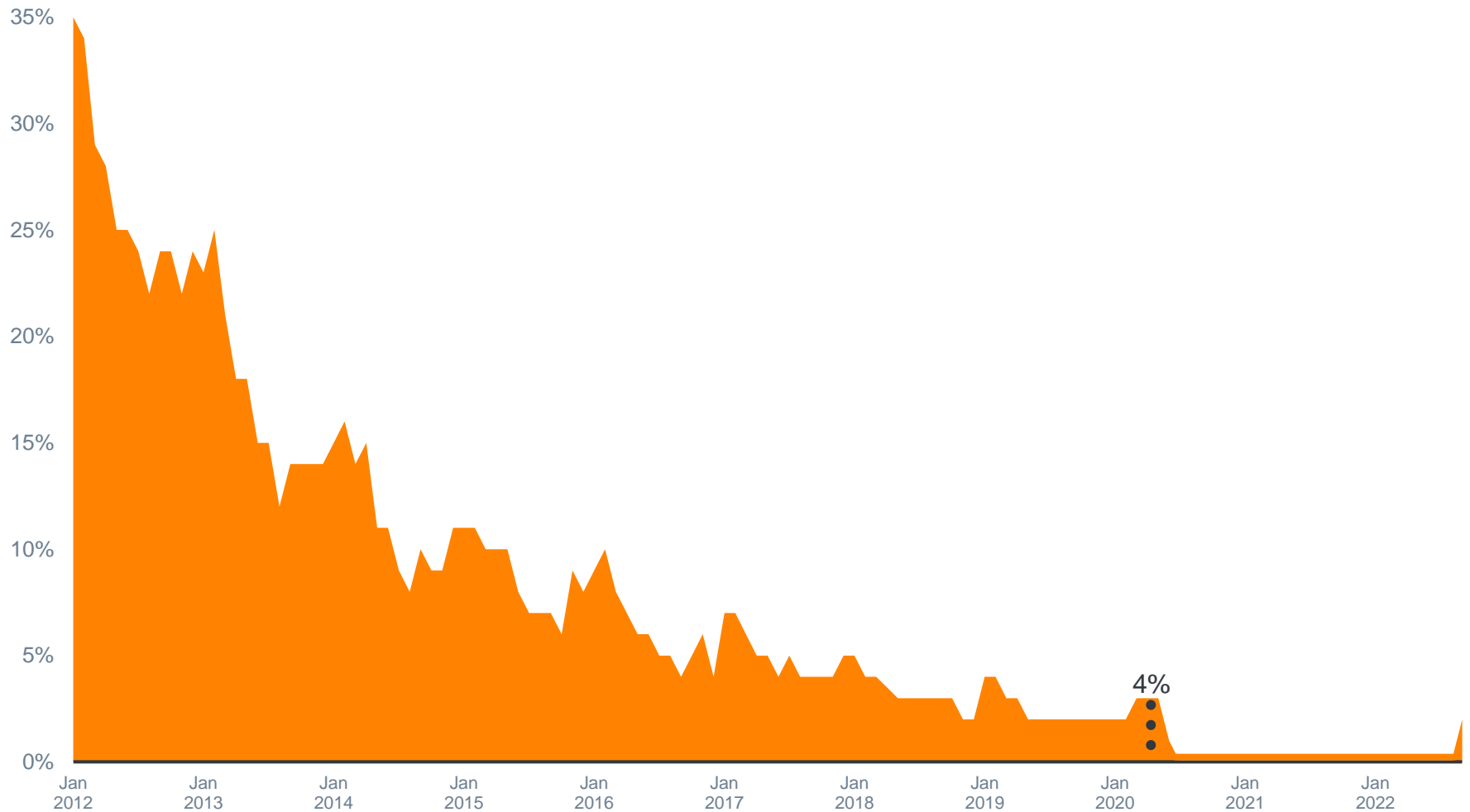
Pending Home Sales

Year-Over-Year by Region



Percentage of Distressed Property Sales

Distressed Sales (*Foreclosures and Short Sales*) represented 2% of Sales in September.

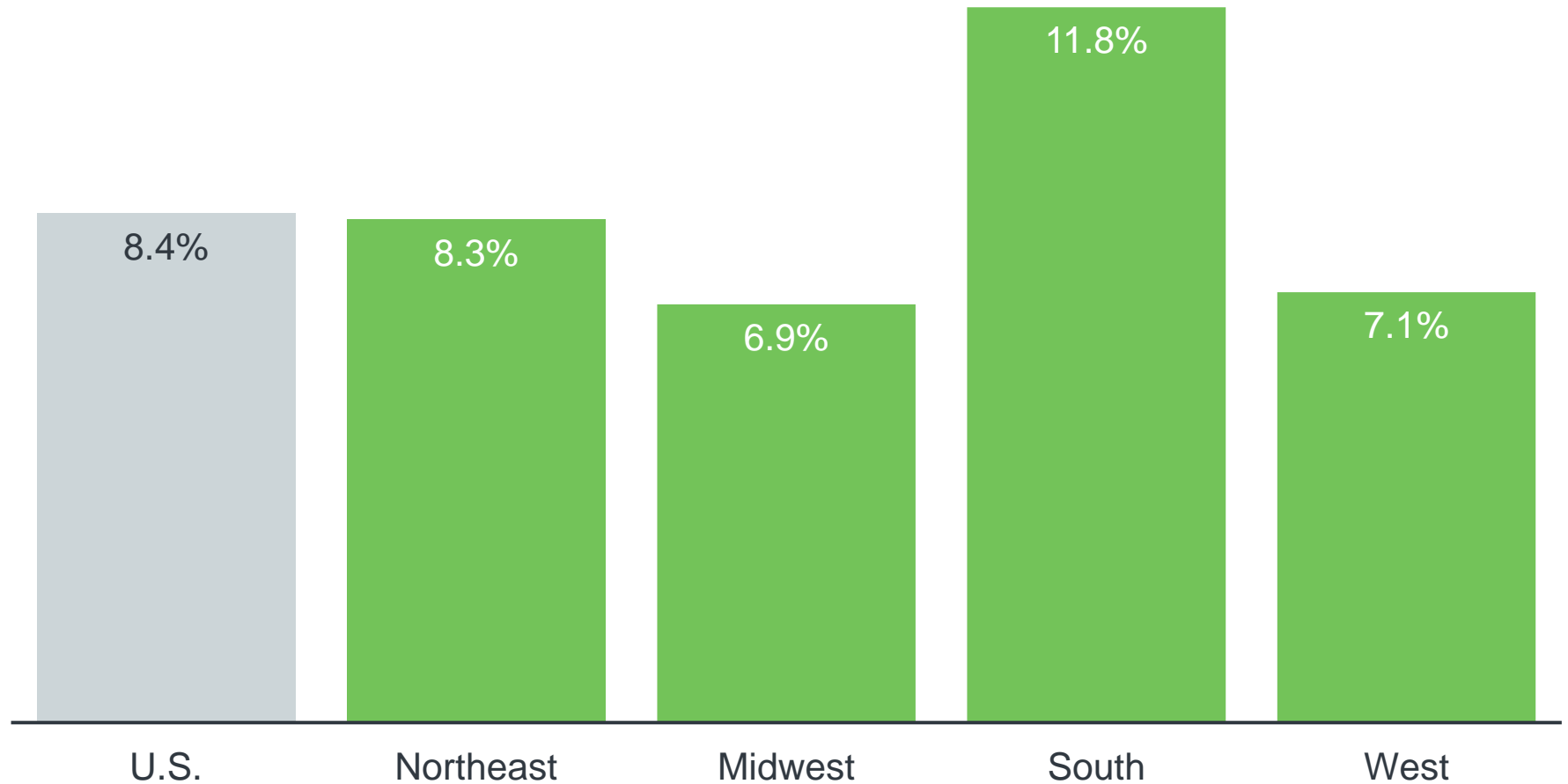




Home Prices

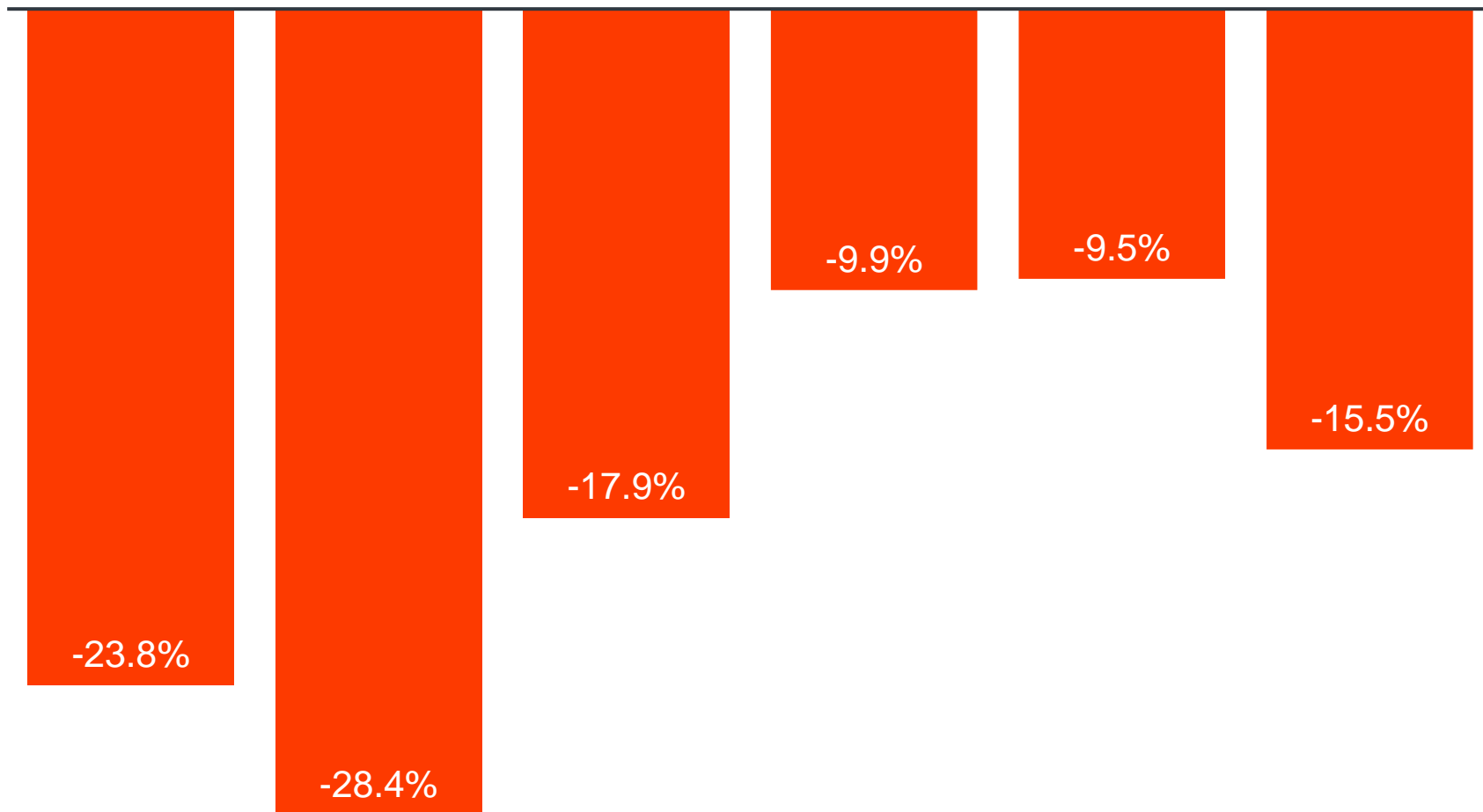
Sales Price of Existing Homes

Year-Over-Year, by Region



% Change in Sales

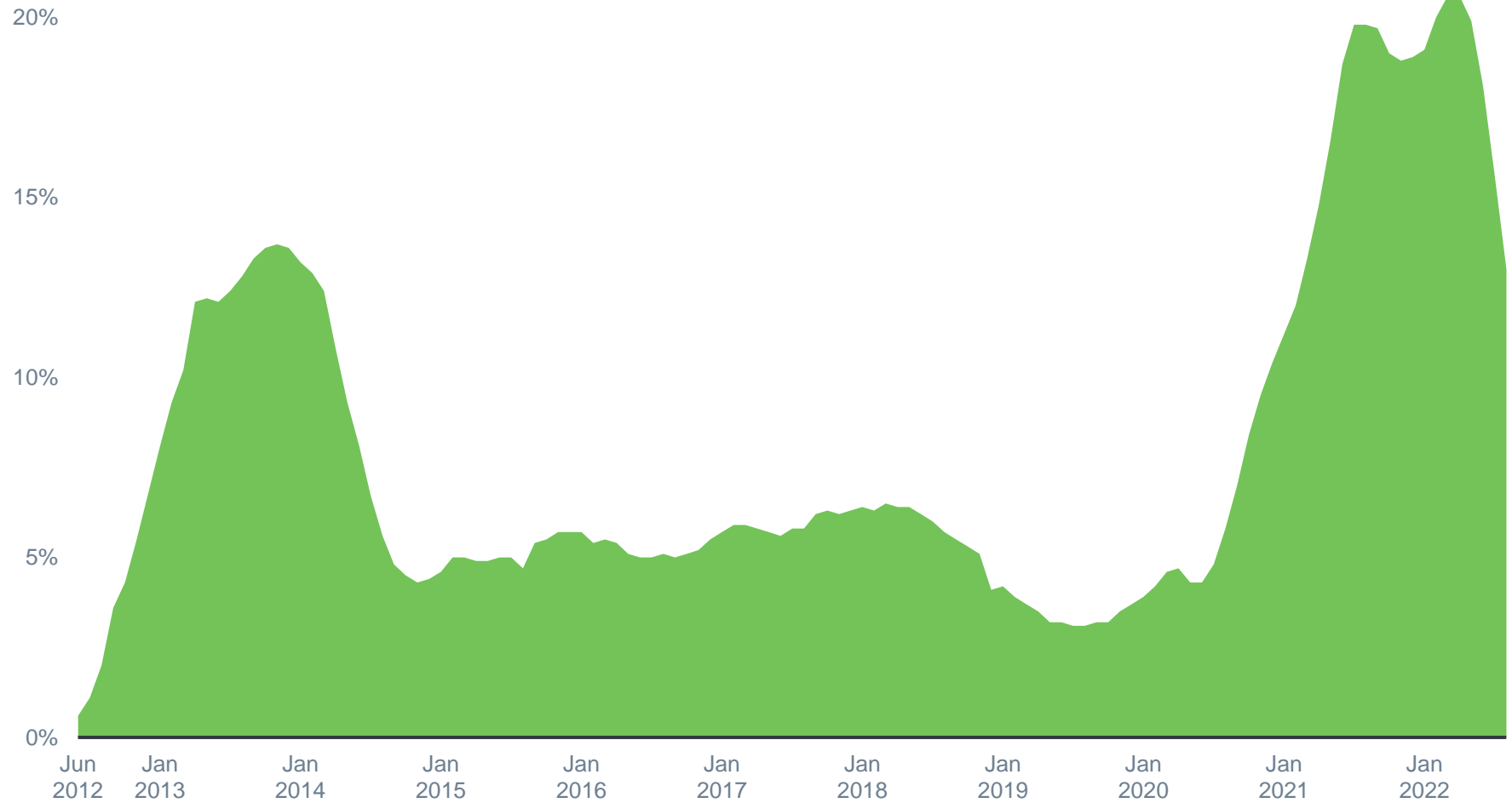
Year-Over-Year, by Price Range



	\$0-100K	\$100-250K	\$250-500K	\$500-750K	\$750K-1M	\$1M+
■ %	-23.8%	-28.4%	-17.9%	-9.9%	-9.5%	-15.5%

Change in Home Prices

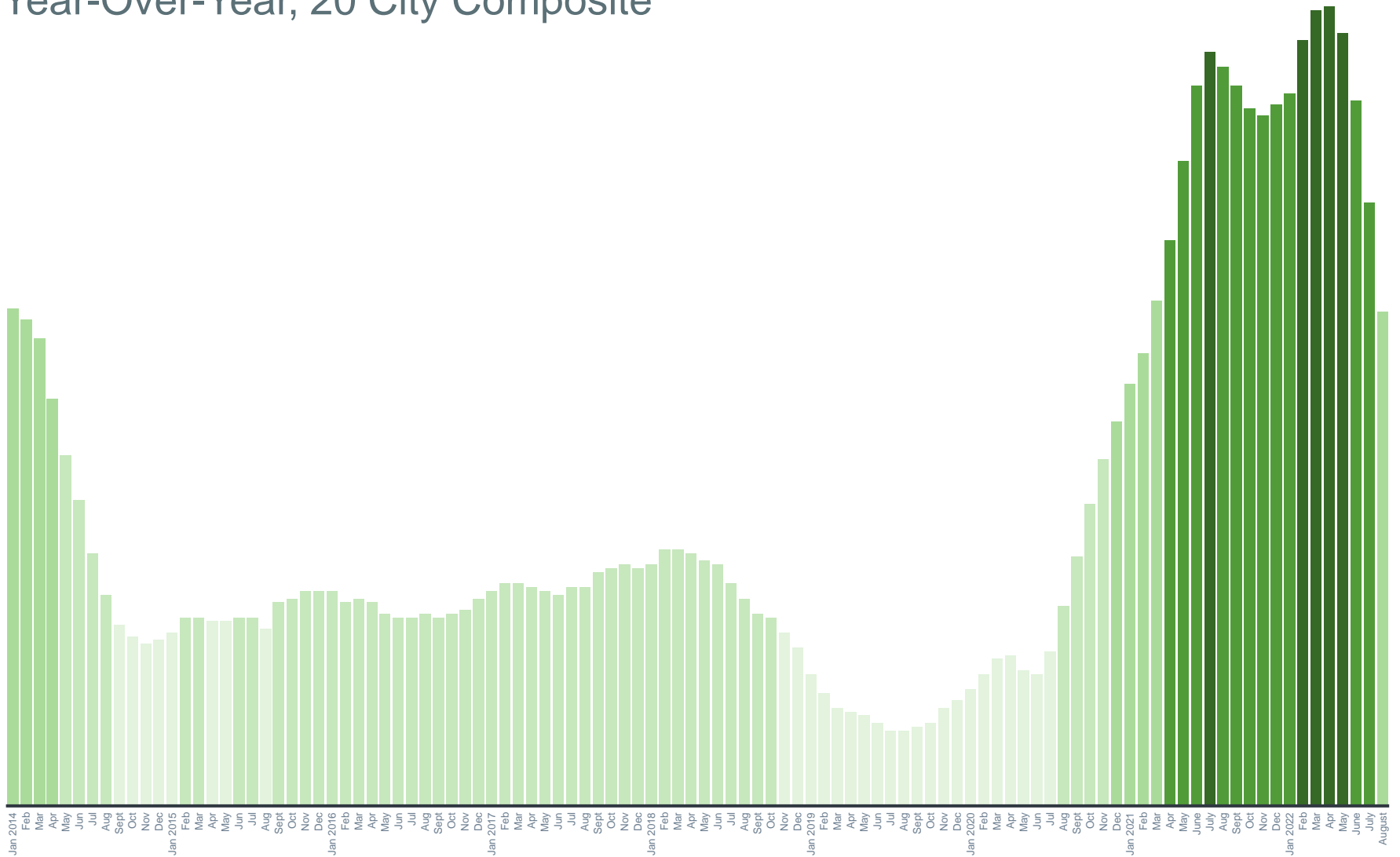
Year-Over-Year



Source: S&P Case-Shiller

Change in Home Prices

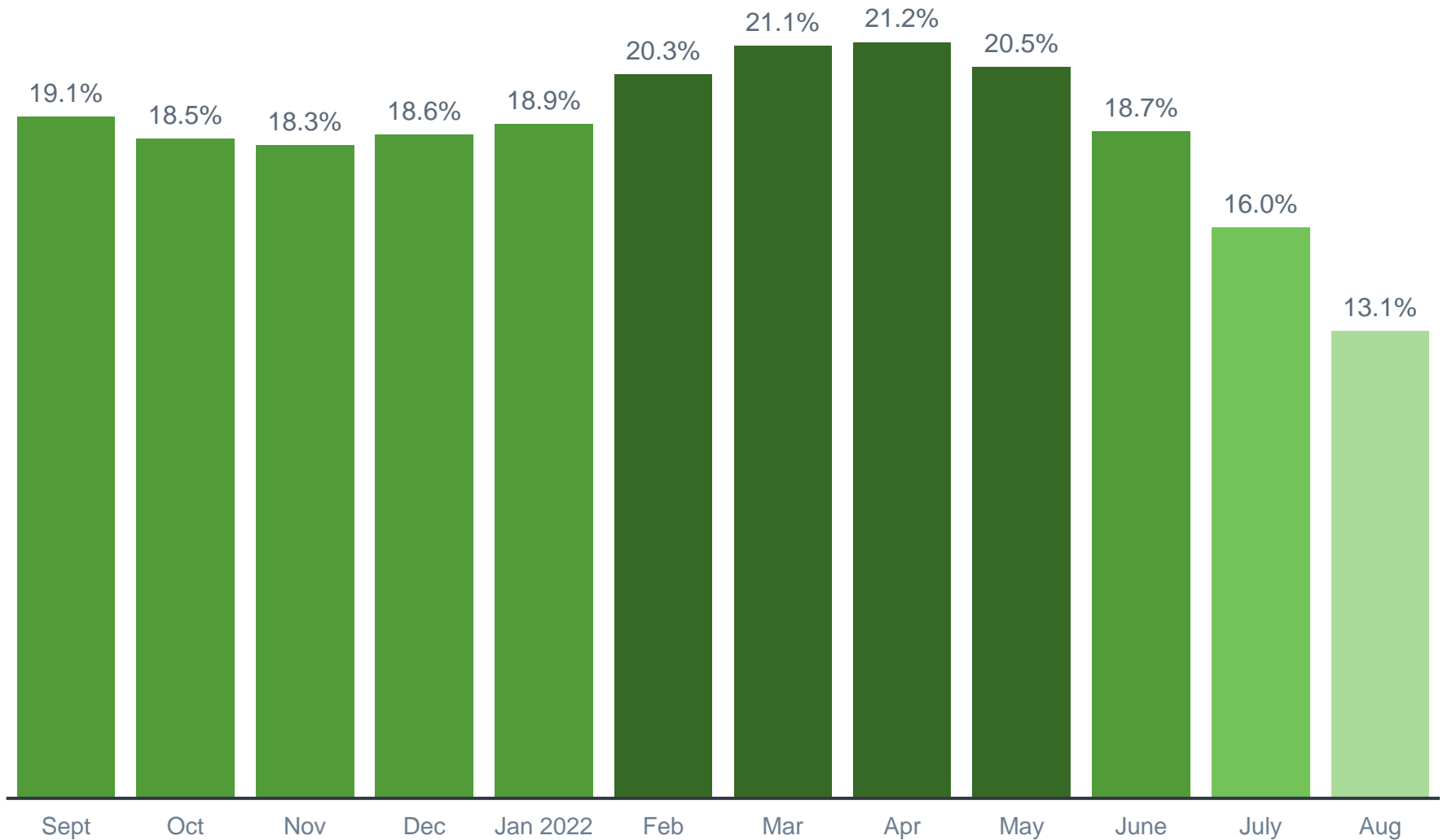
Year-Over-Year, 20 City Composite



Source: S&P Case-Shiller

Change in Home Prices

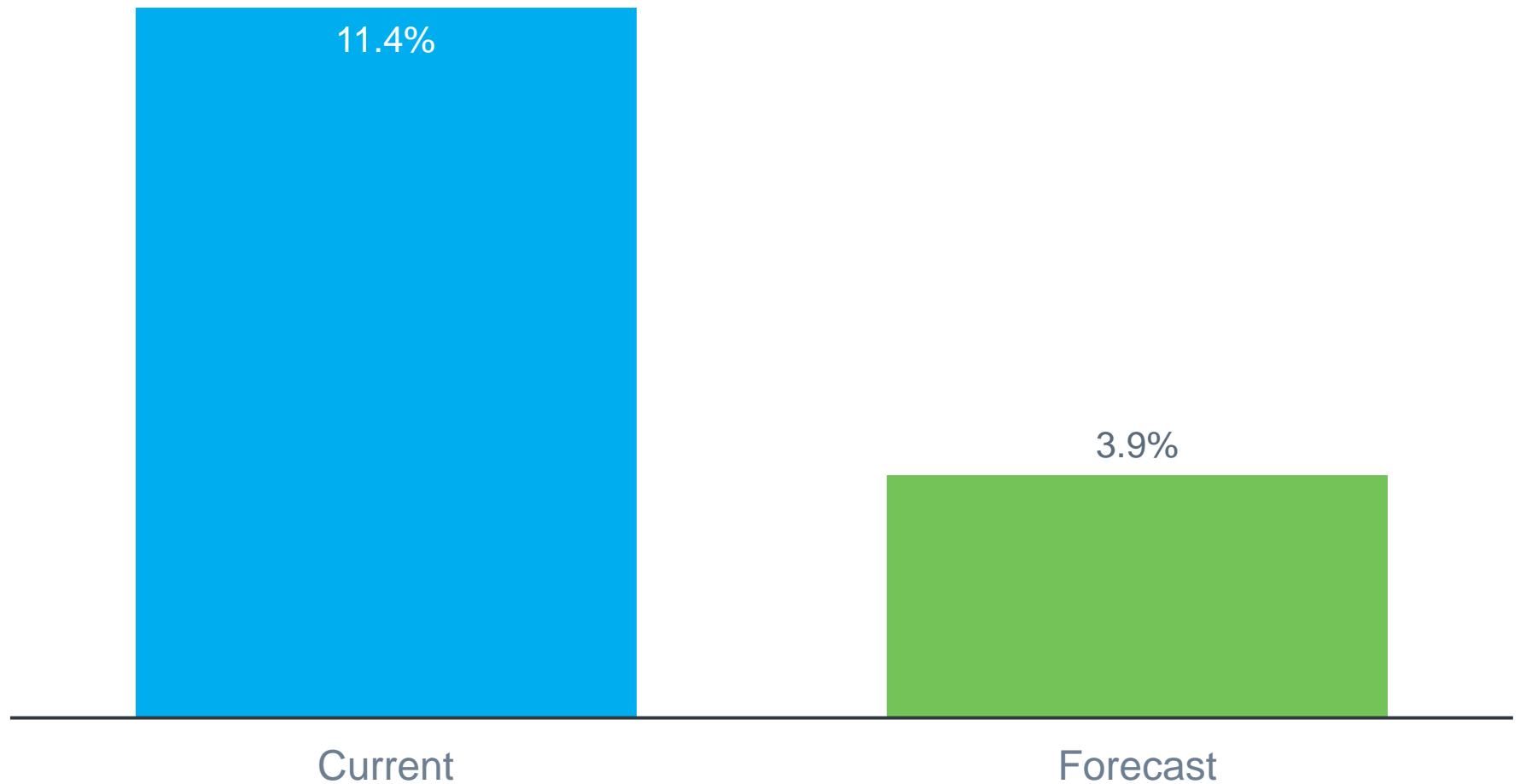
Year-Over-Year, 20 City Composite



Source: S&P Case-Shiller

Year-Over-Year % Change in Price

September 2022

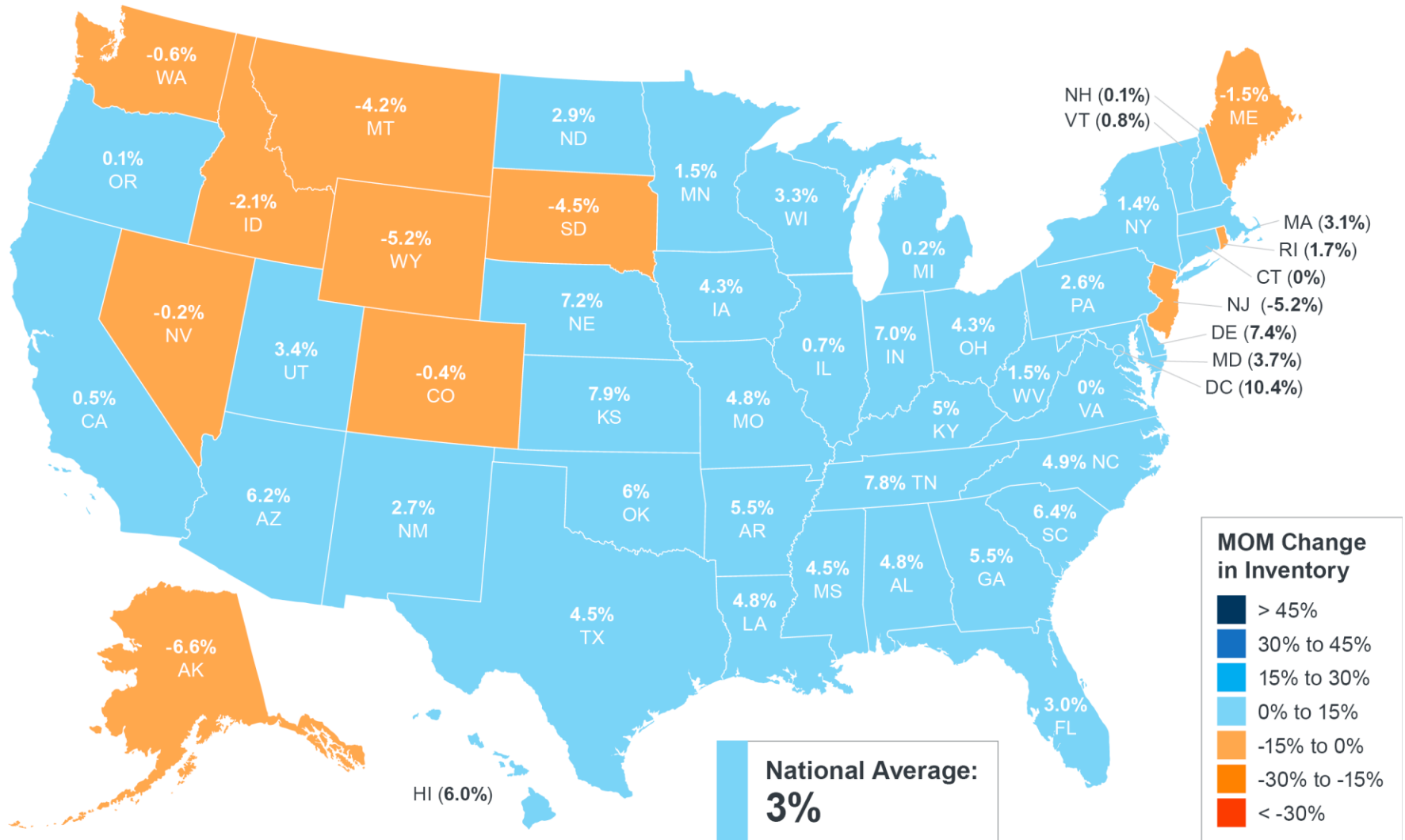




Housing Inventory

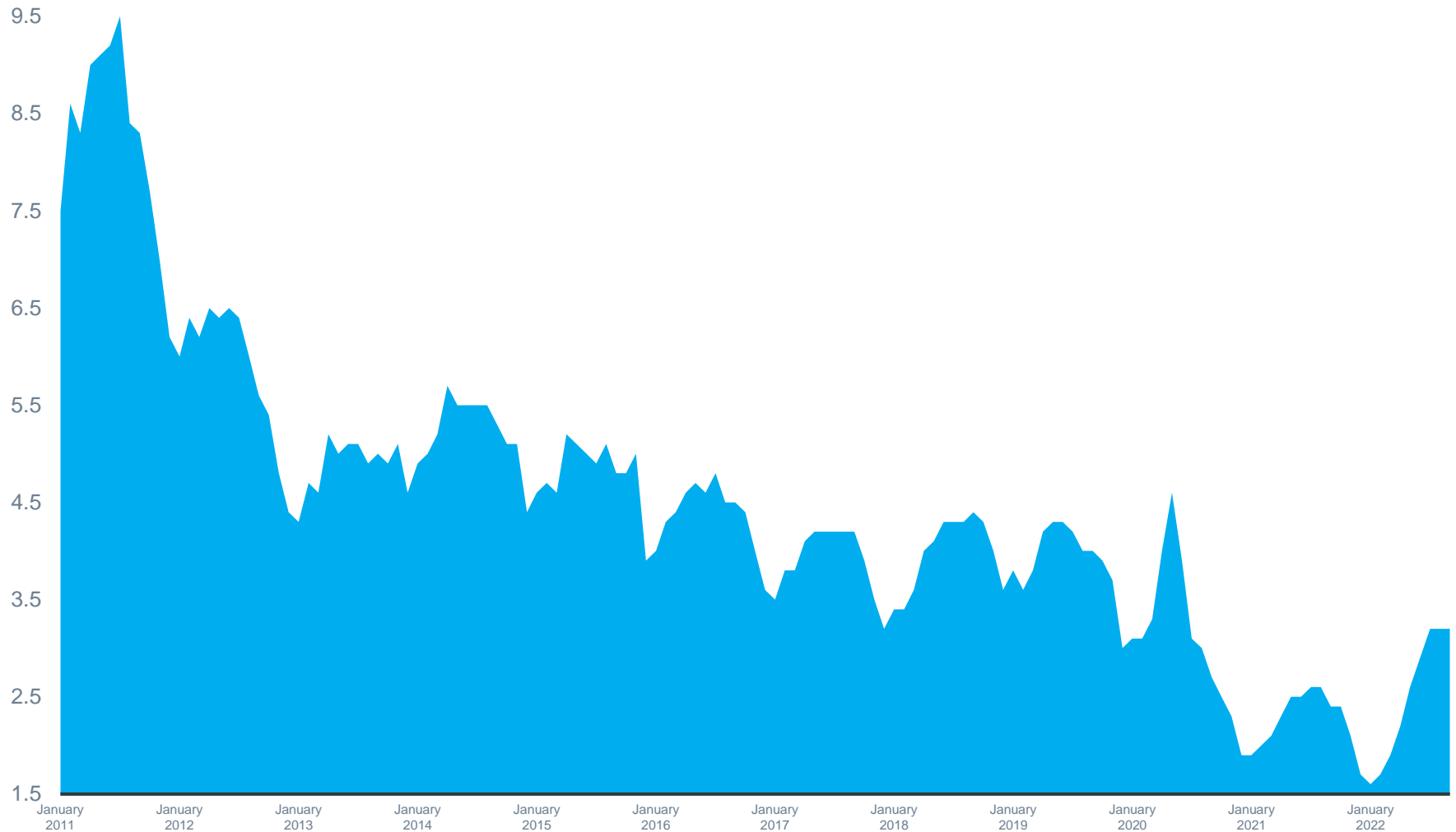
Change in Inventory

Month-Over-Month, October 2022



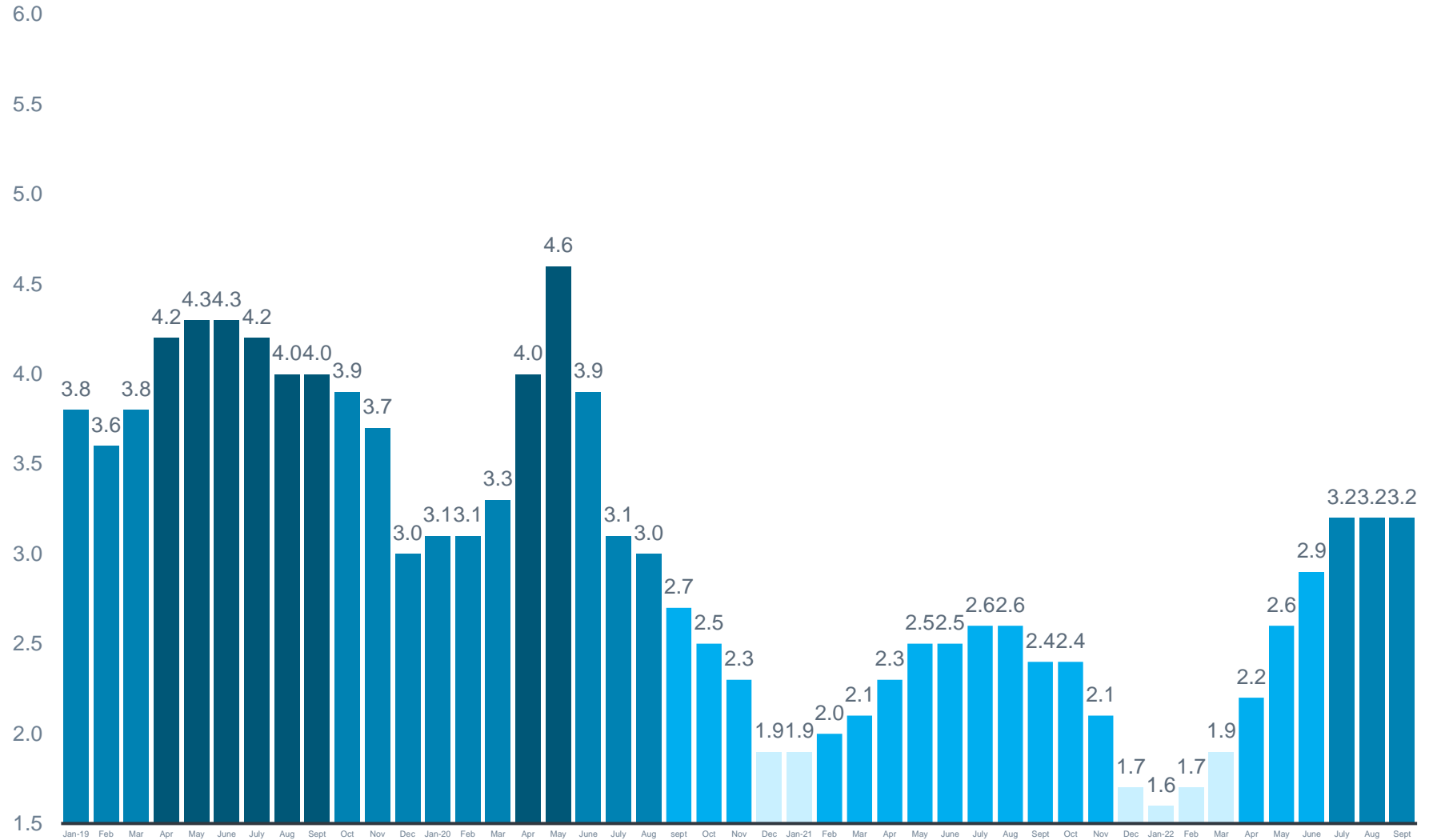
Months Inventory of Homes for Sale

2011 - Today



Months Inventory of Homes for Sale

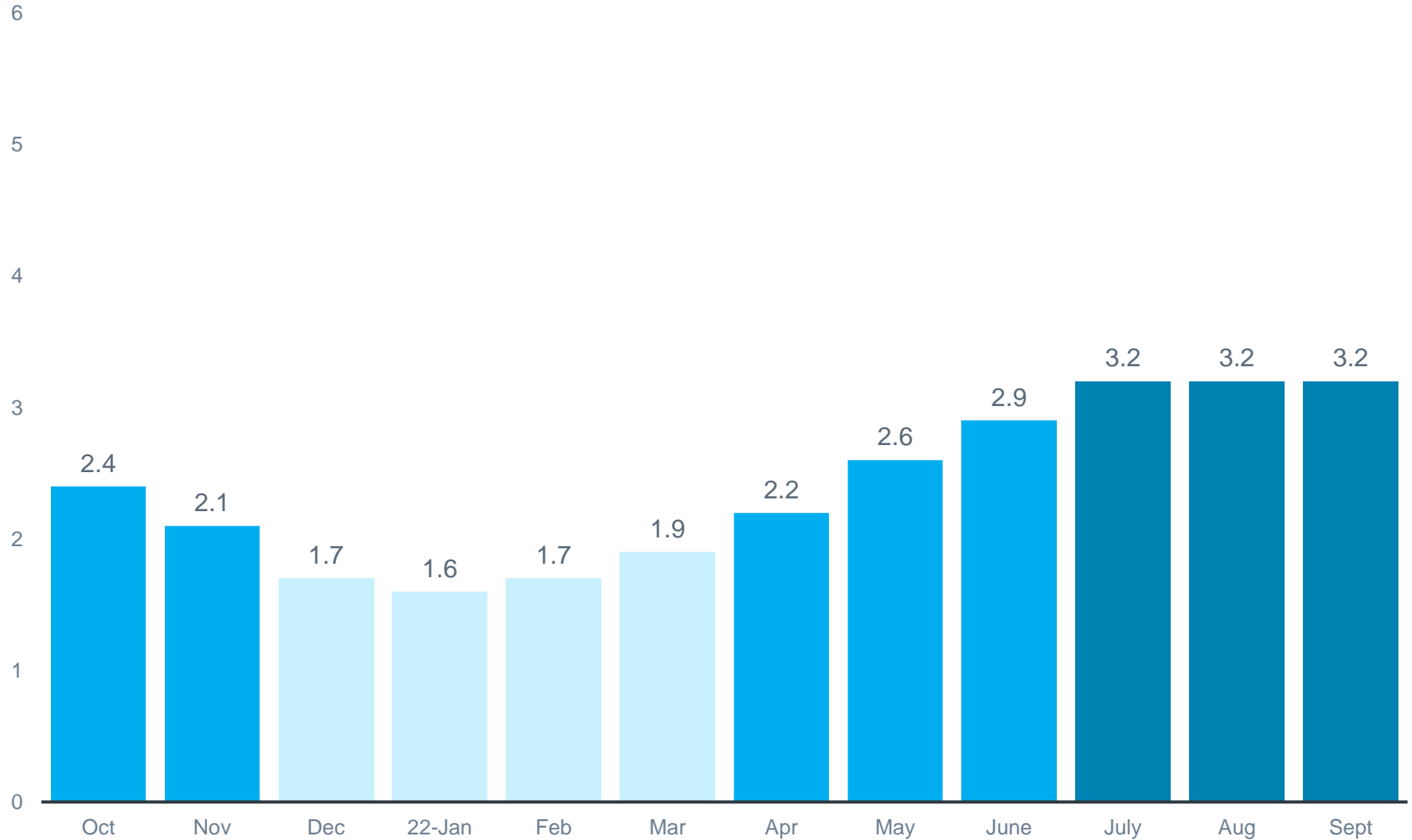
Since 2019



Source: NAR

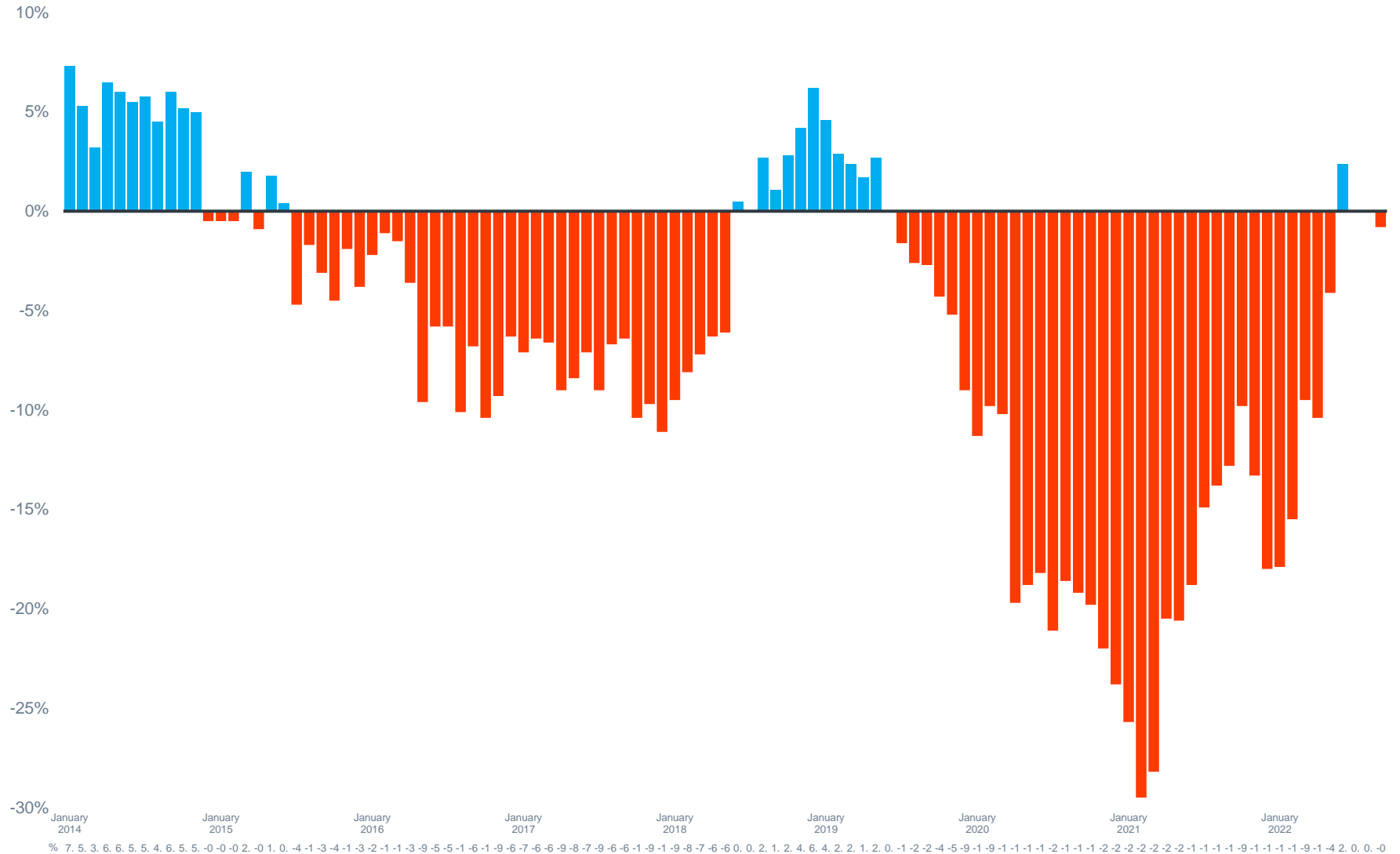
Months Inventory of Homes for Sale

Last 12 Months



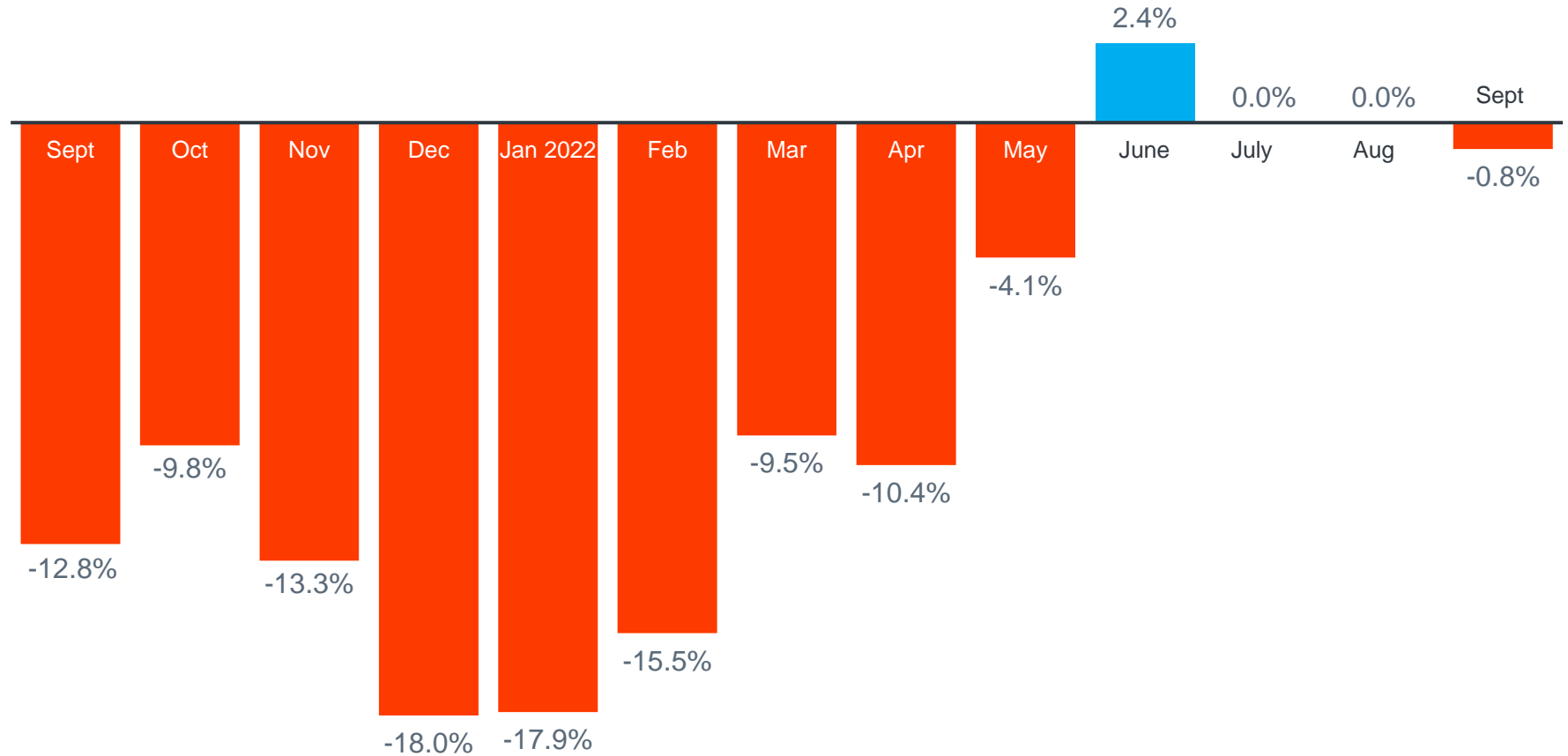
Source: NAR

Year-Over-Year Inventory Levels



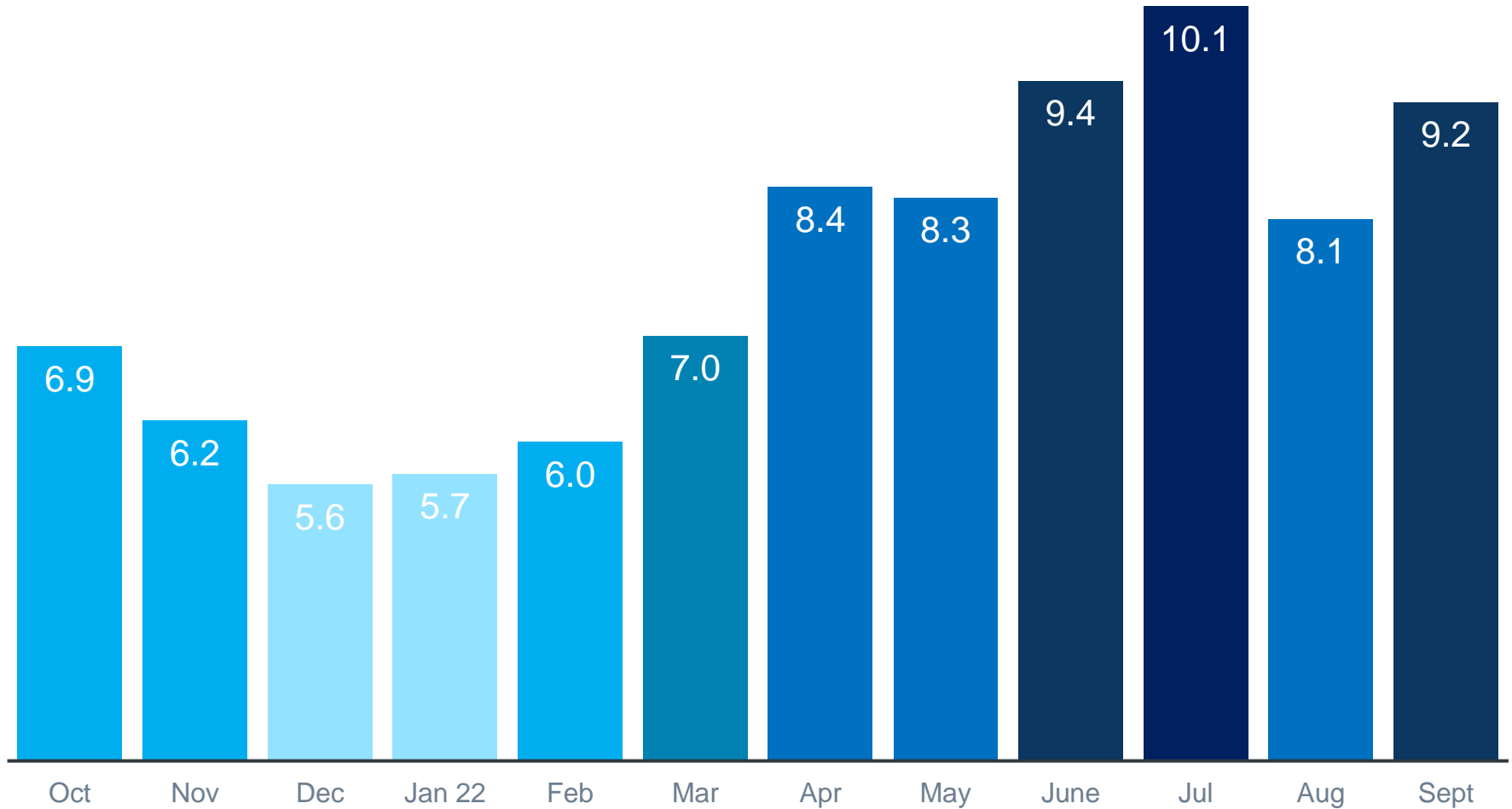
Year-Over-Year Inventory Levels

Last 12 Months



New Home Monthly Inventory

Seasonally Adjusted, Last 12 Months

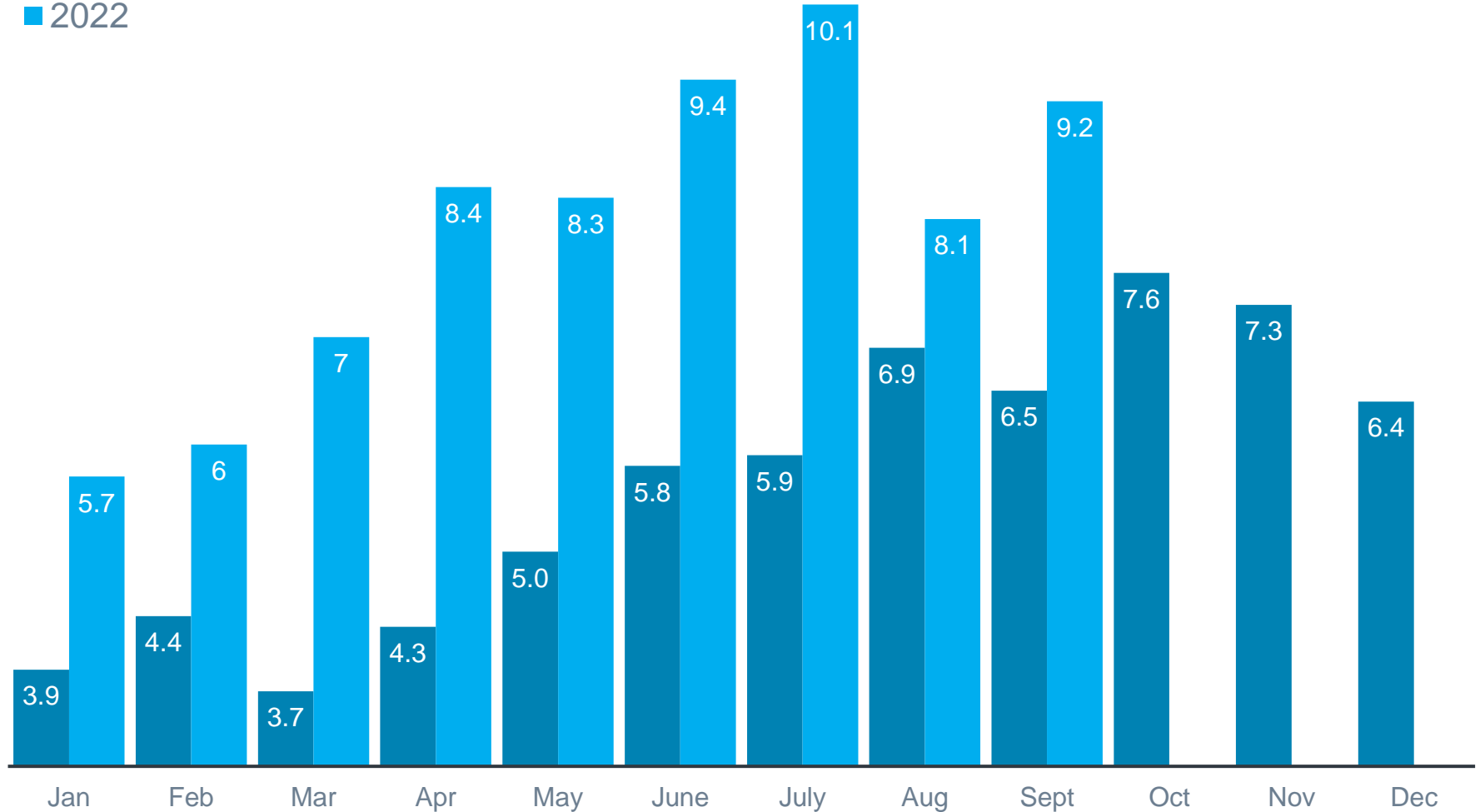


Source: Census

New Home Monthly Inventory

Non-Seasonally Adjusted

■ 2021
■ 2022



Source: Census



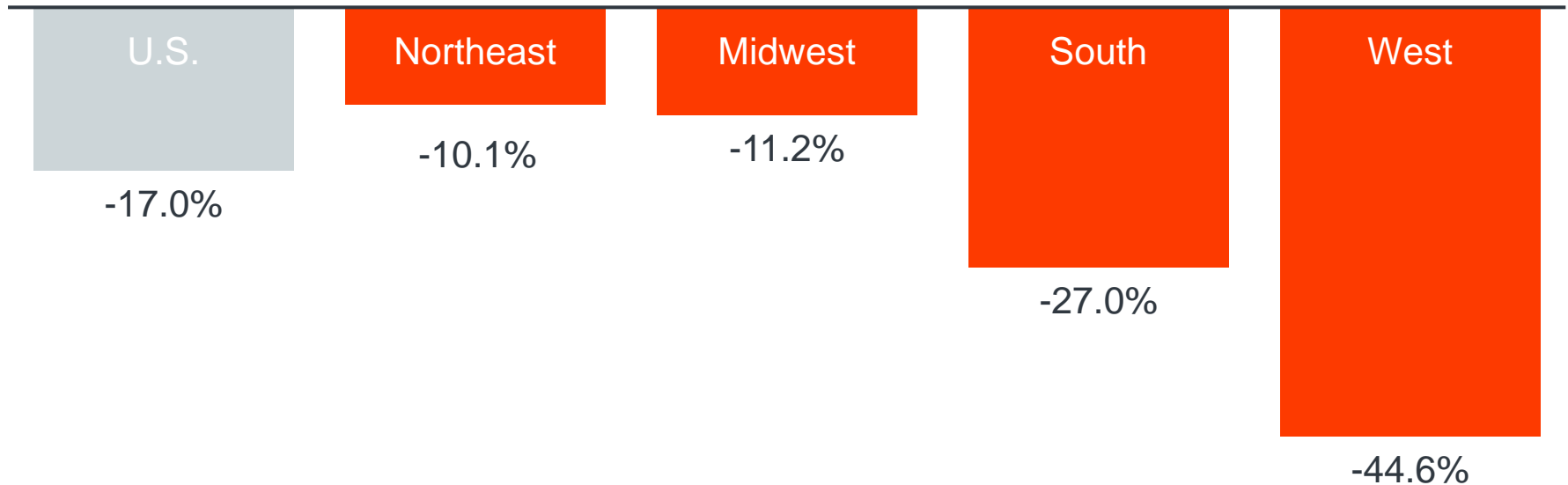
Buyer Demand

Traffic Continues To Decline While Remaining Above Pre-Pandemic Levels

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

Michael Lane, Vice President & General Manager, Showing Time

“In addition to the regular seasonal slowdown we would expect, buyers who can’t overcome affordability challenges are opting out of the market and contributing to the fewer showings we saw in September.”

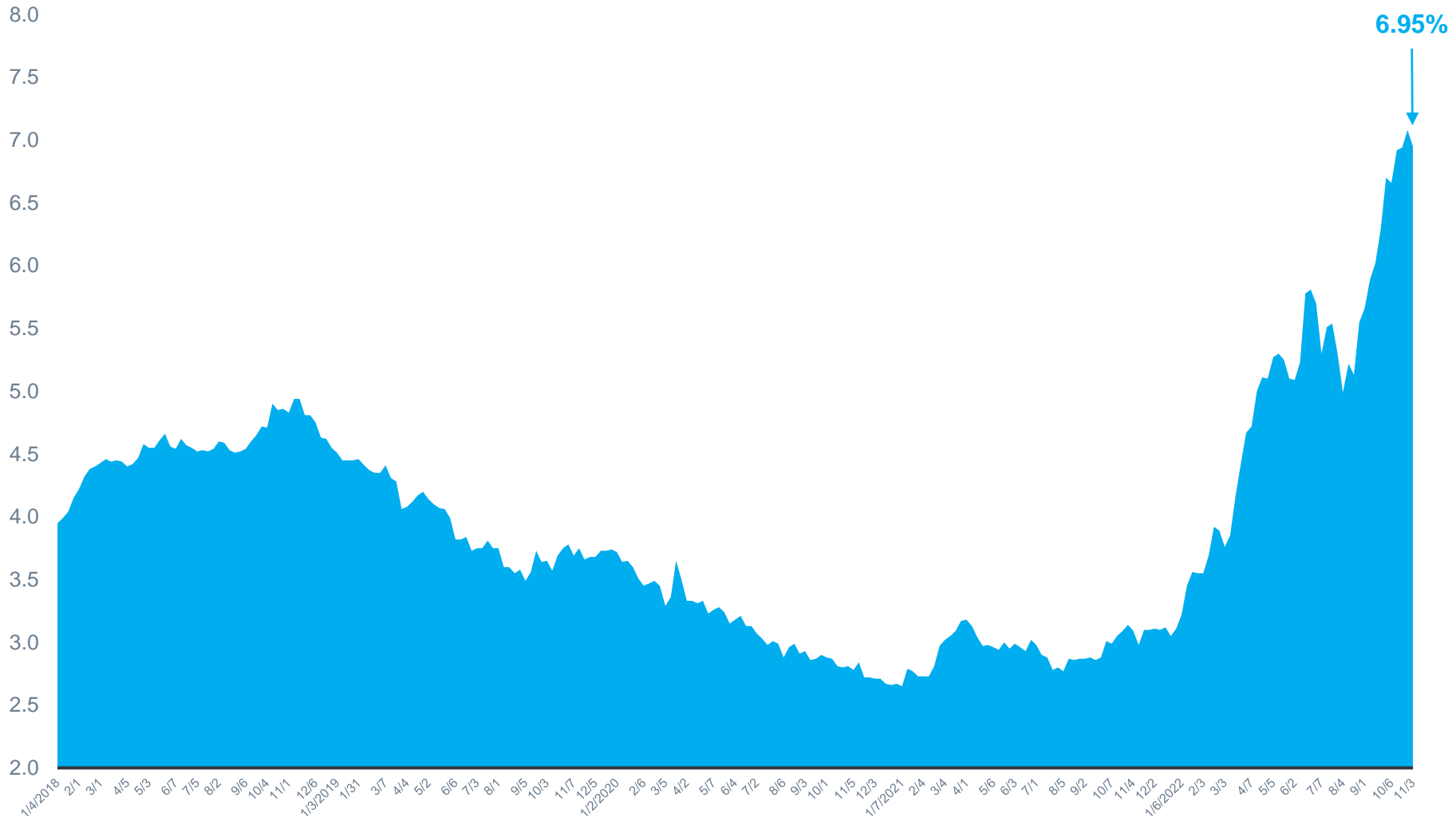




Mortgage Rates

Mortgage Rates

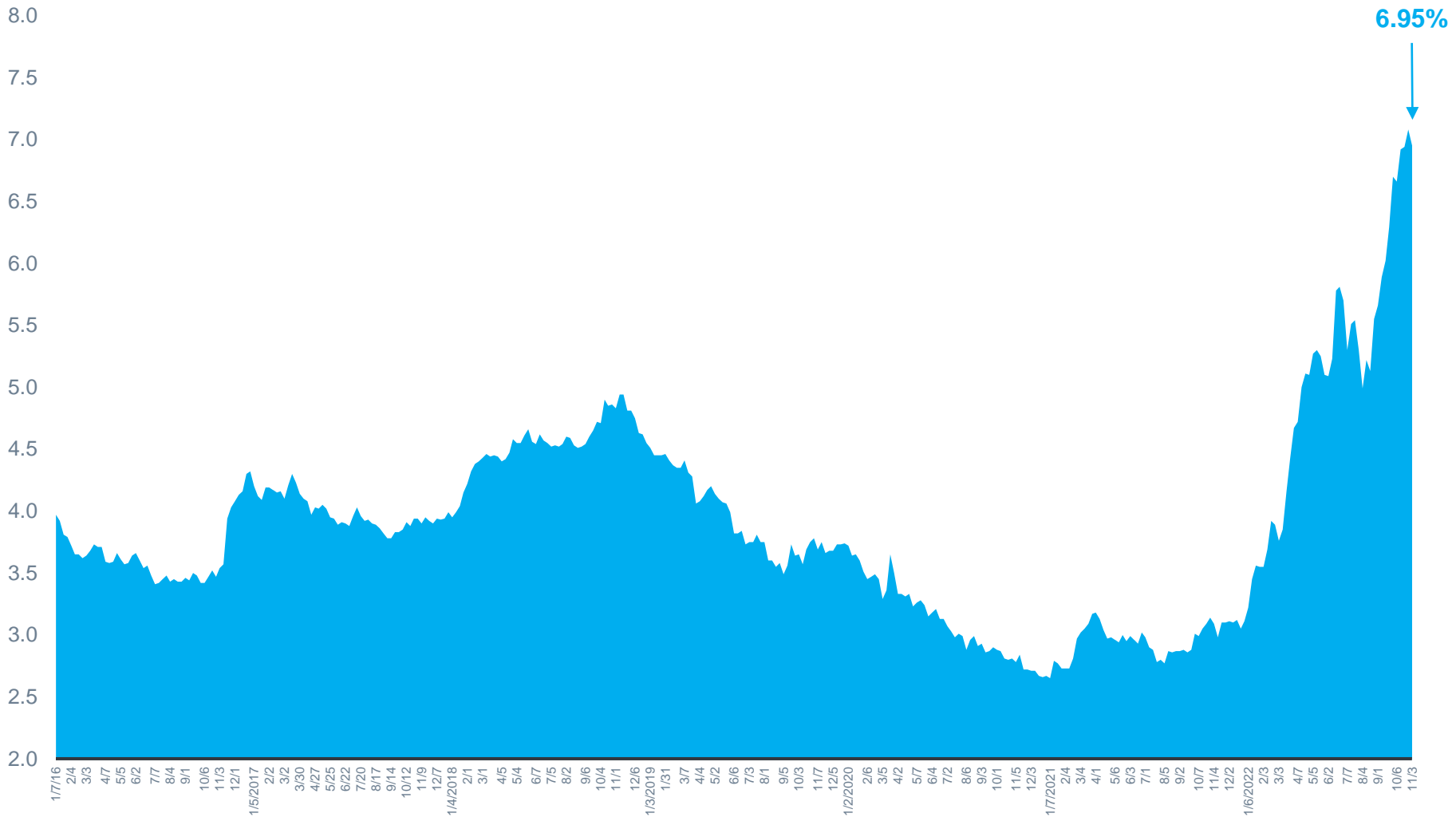
30-Year Fixed Rate, January 2018–Today



Source: Freddie Mac

Mortgage Rates

30-Year Fixed Rate, January 2016–Today



Source: Freddie Mac

Mortgage Rate Projections

October 2022

Quarter	Freddie Mac	Fannie Mae	MBA	NAR	Average of All Four
2023 Q1	6.60%	6.60%	6.20%	6.50%	6.48%
2023 Q2	6.50%	6.50%	5.70%	6.40%	6.28%
2023 Q3	6.40%	6.40%	5.50%	6.30%	6.15%
2023 Q4	6.20%	6.20%	5.40%	6.10%	5.98%

Mortgage Rates

30-Year Fixed Rate

8.0

7.0

6.0

5.0

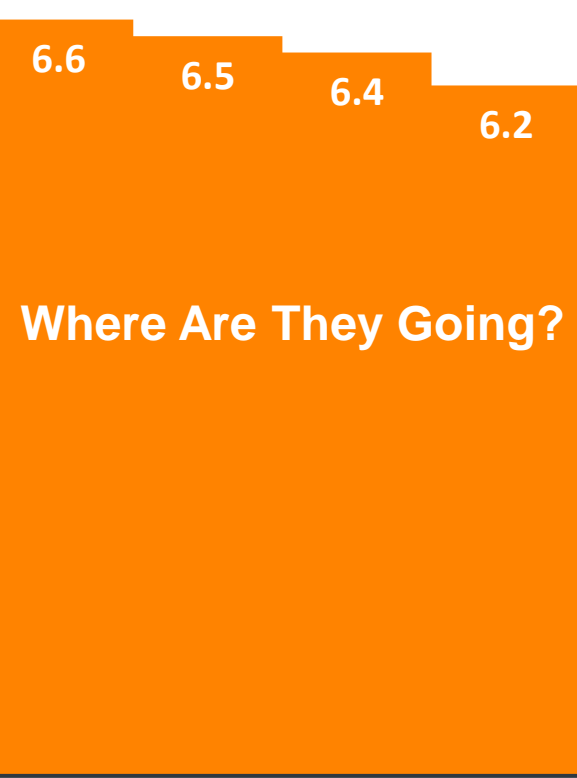
4.0

3.0

2.0

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 7/7 8/4 9/1 10/6 11/3

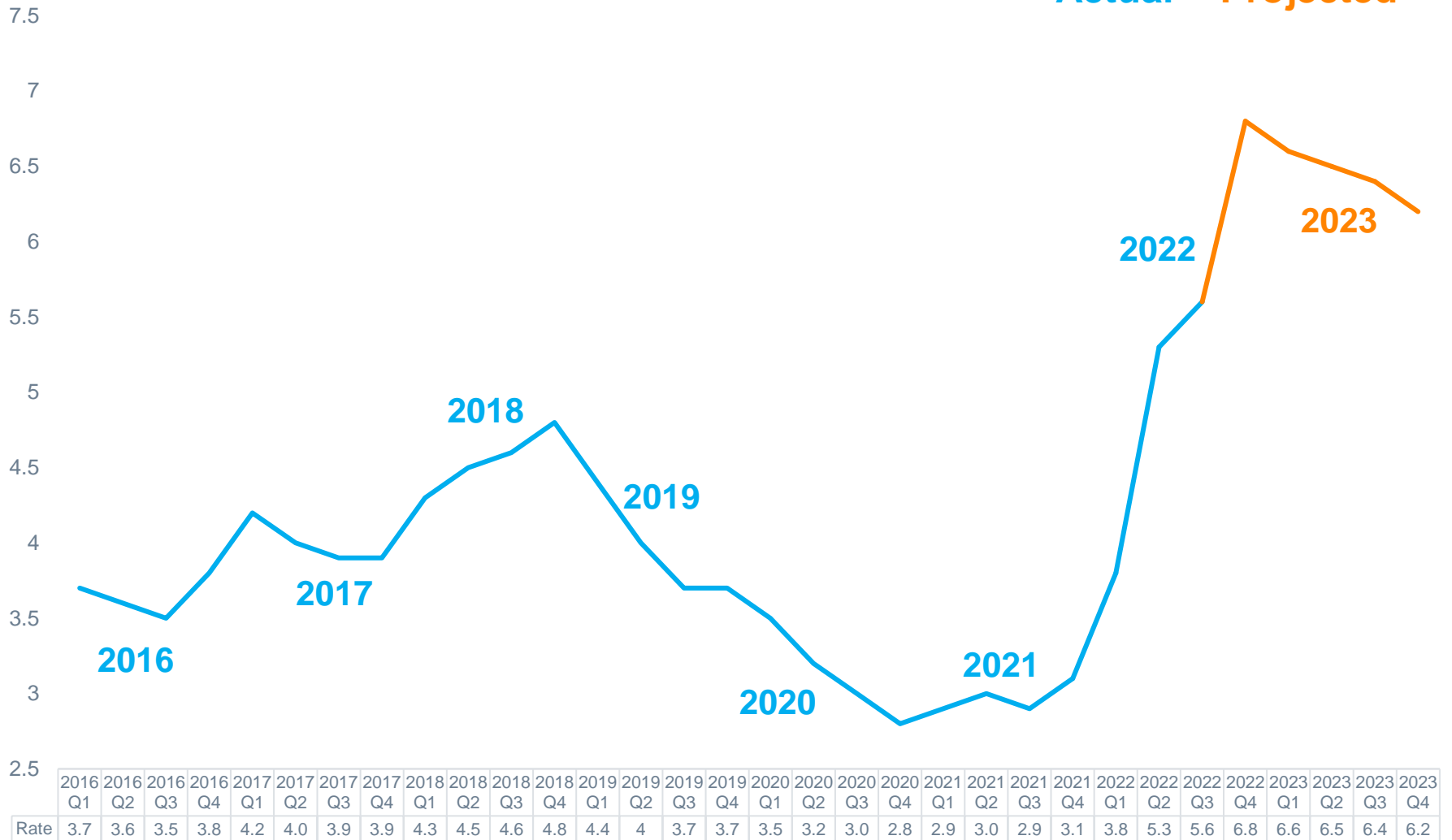
January 2018 – Today
Actual Interest Rates



Mortgage Rates

30-Year Fixed Rate

- Actual - Projected

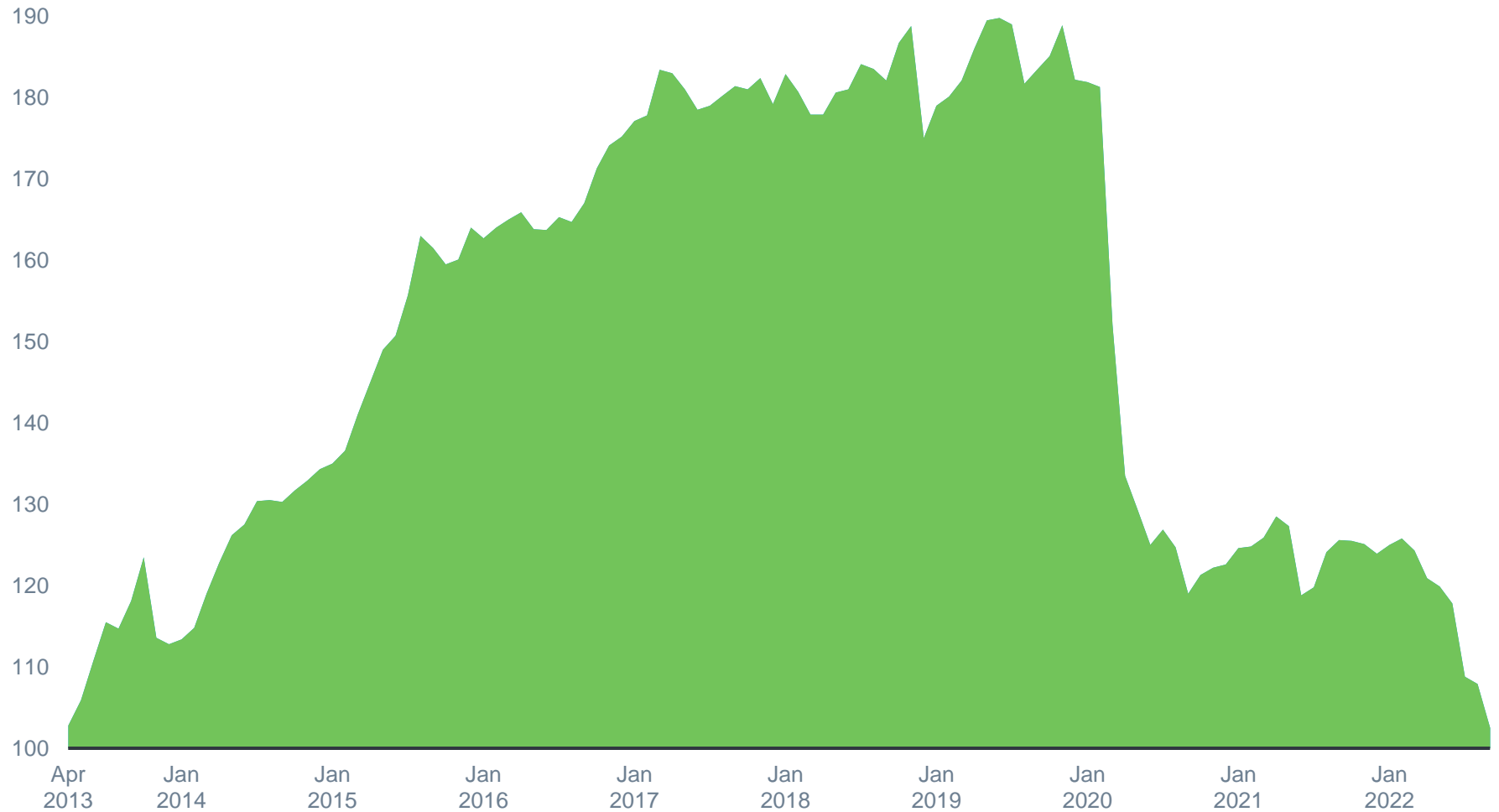




Mortgage Credit Availability

Mortgage Credit Availability Index (MCAI)

September 2022



Lending Standards Still Under Control

Historic Data for the Mortgage Credit Availability Index (MCAI)

