



KEEPING CURRENT MATTERS

January 2023



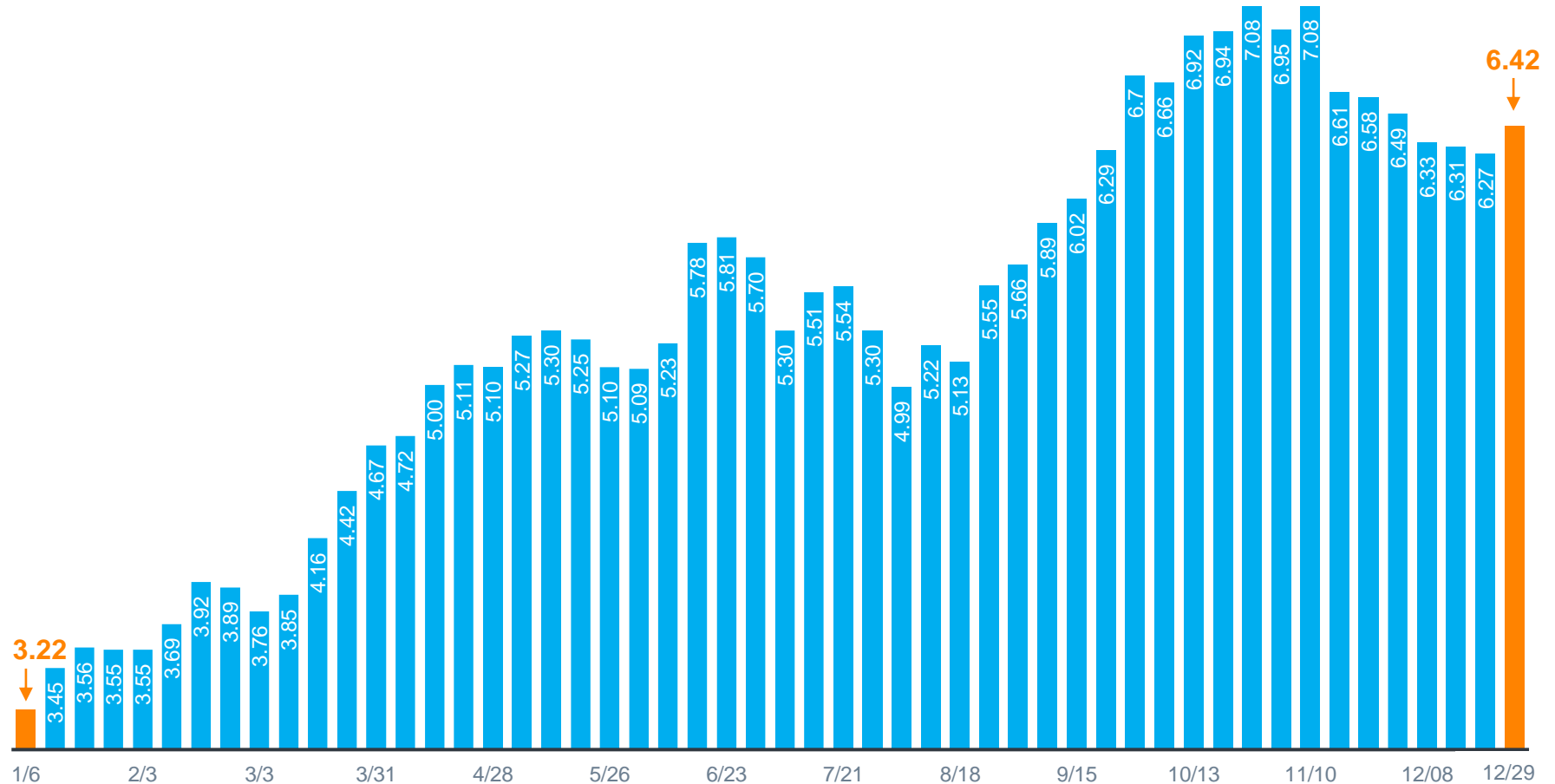
The current change in
Supply & Demand
works in favor of the
Educated Agent

Mortgage Rates



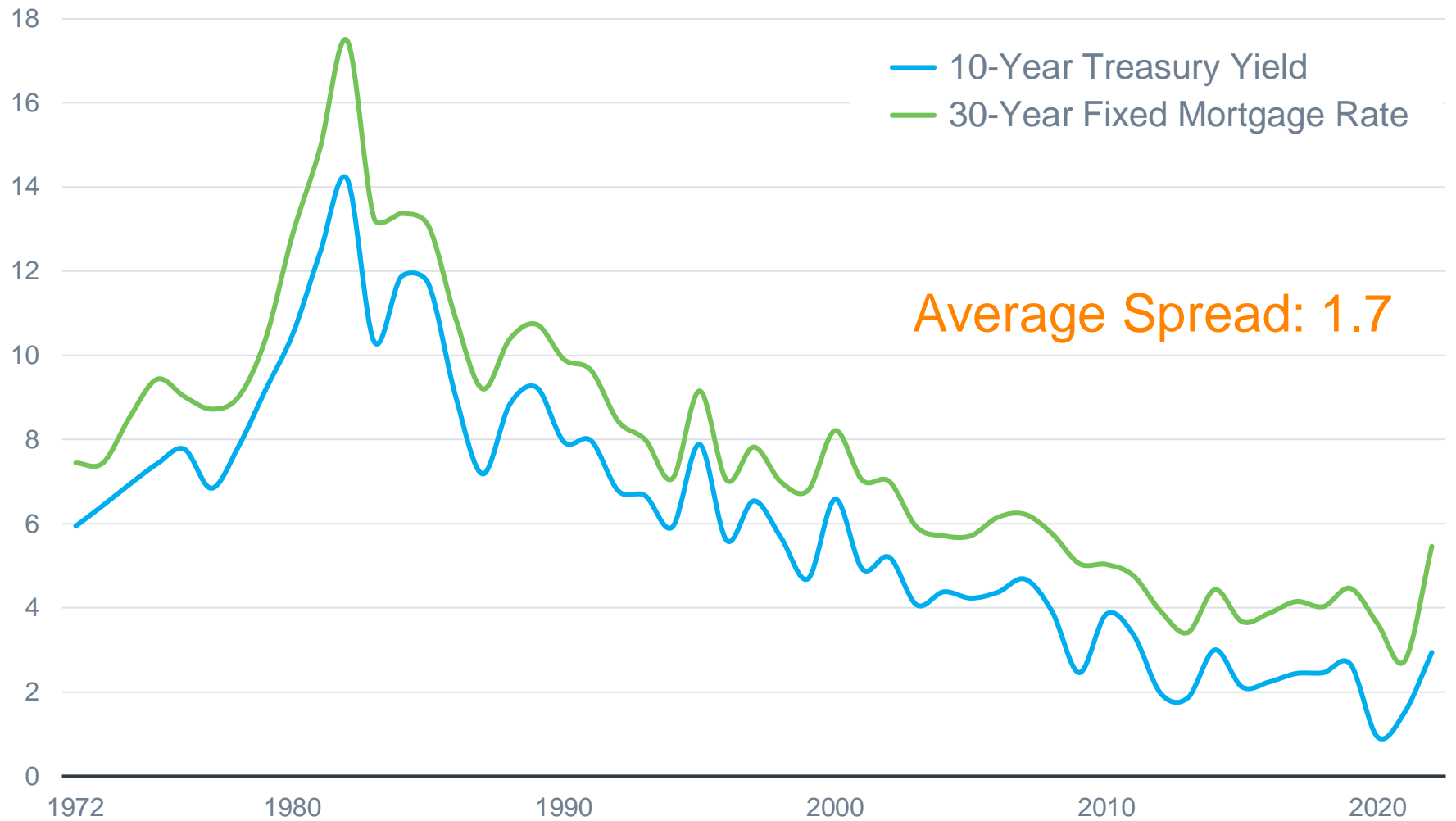
The 30-Year Fixed Rate **Doubled** Last Year

Freddie Mac 30-Year Fixed Rate: January – December 2022



Source: Freddie Mac

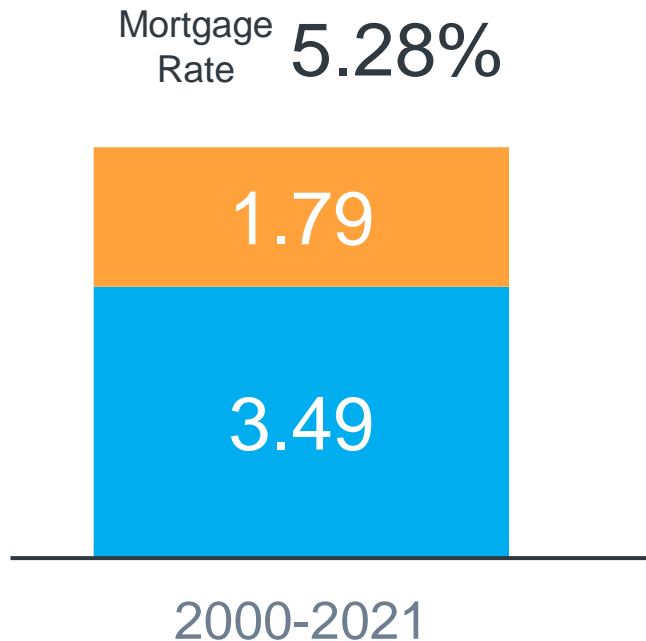
For 50 Years the 30-Year Mortgage Rate Has Moved in Unison with the 10-Year Treasury Yield



Why Are Mortgage Rates Not 5.5%?

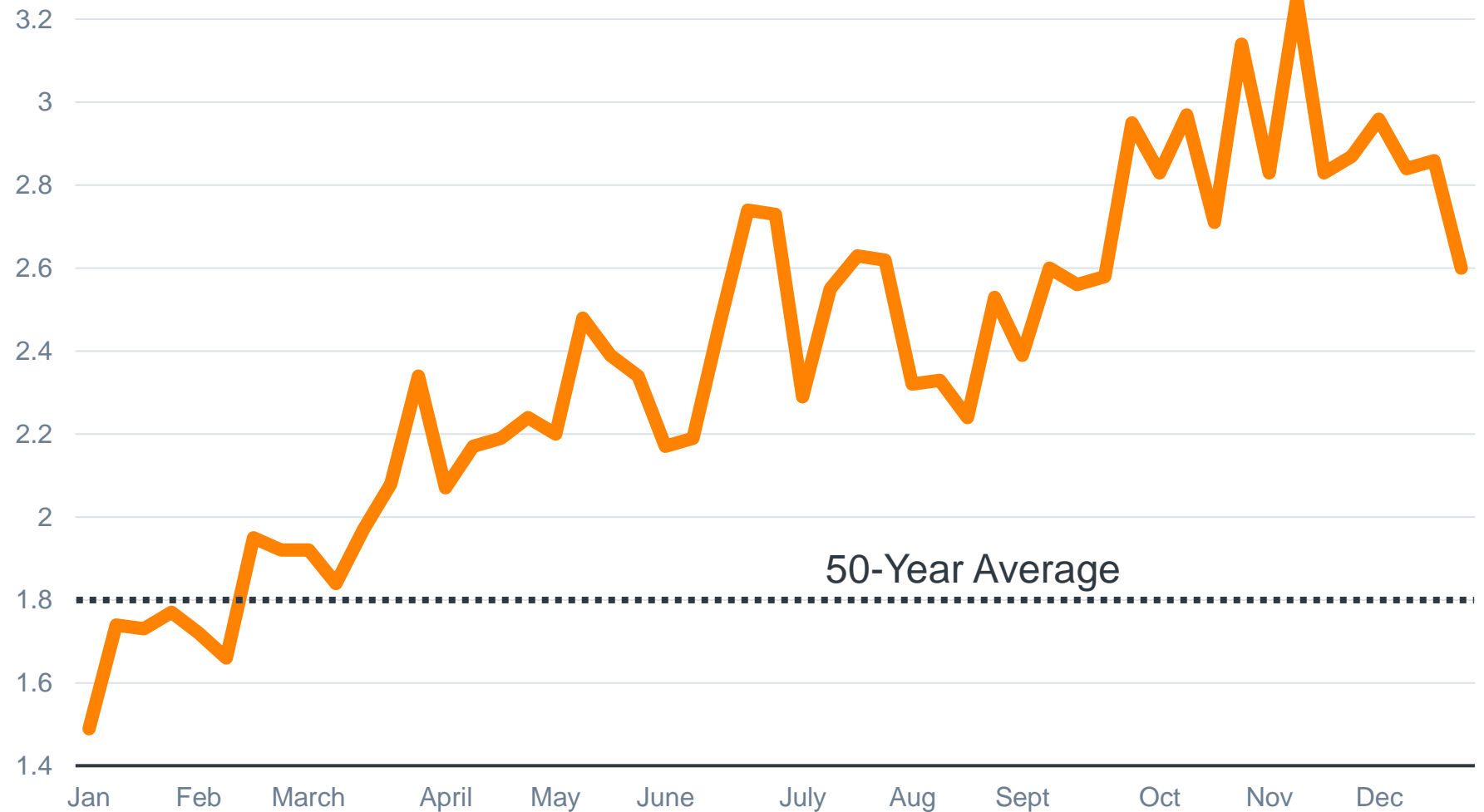
The Increase in the Spread Above the 10-Year Yield is Now Dramatic

- Spread (Difference Between the Mortgage Rate and the 10-Year Yield)
- 10-Year Treasury Yield



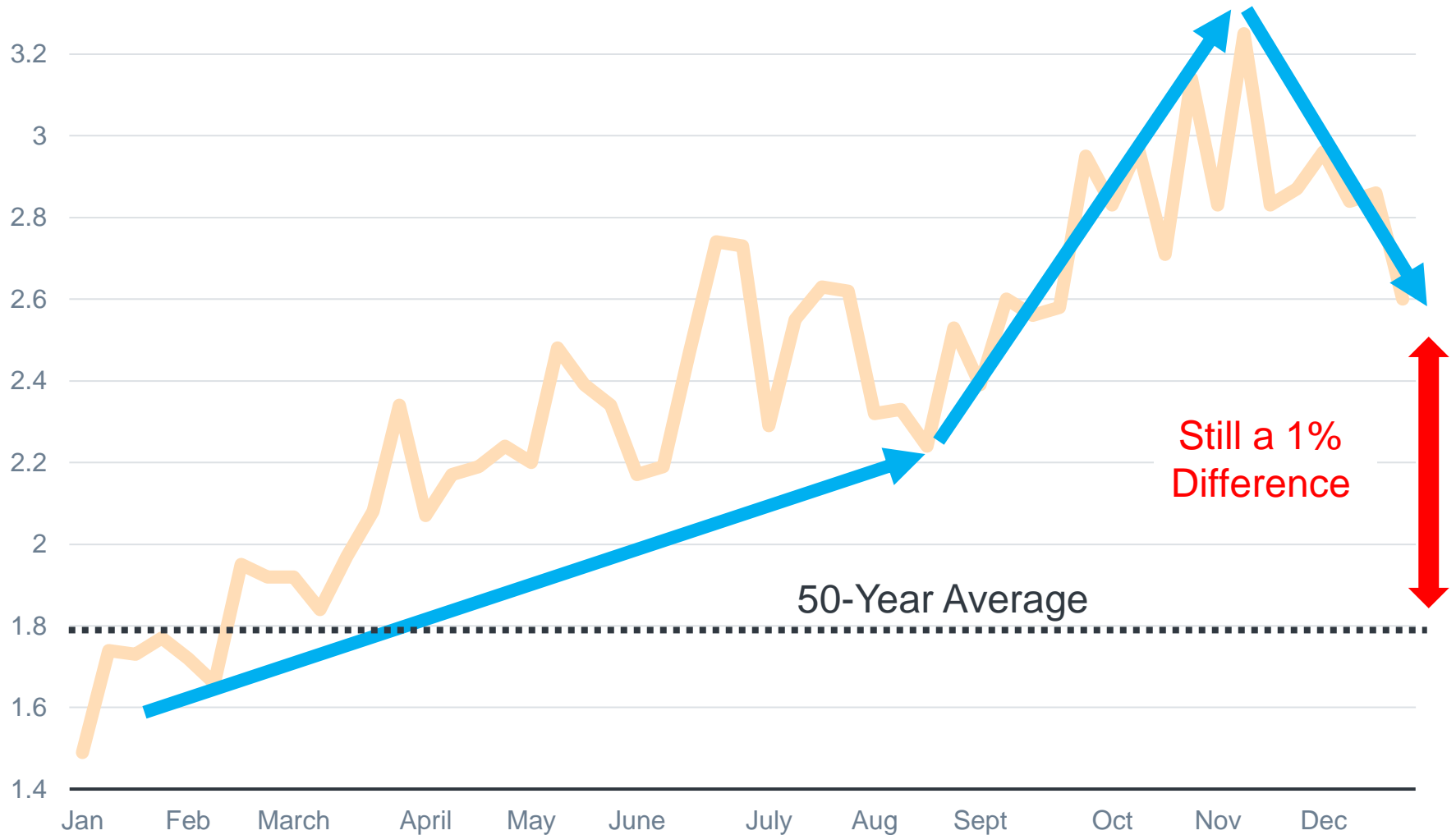
The Panic Is Starting To Subside

2022 Spread Between the 10-Year Treasury Yield and Mortgage Rates



The Panic Is Starting To Subside

2022 Spread Between the 10-Year Treasury Yield and Mortgage Rates





Confident



Confused





The upcoming months should see a return of buyers, as mortgage rates appear to have already peaked and have been coming down since mid-November.

- **Lawrence Yun**, Chief Economist, NAR



So be advised...this may be the one and only window for the next few years to get into a buyers market. And remember...as the Federal Reserve data shows...home prices only go up and always recover from recessions no matter how mild or severe.

Long term homeowners should view this market...right now...as a unique buying opportunity.

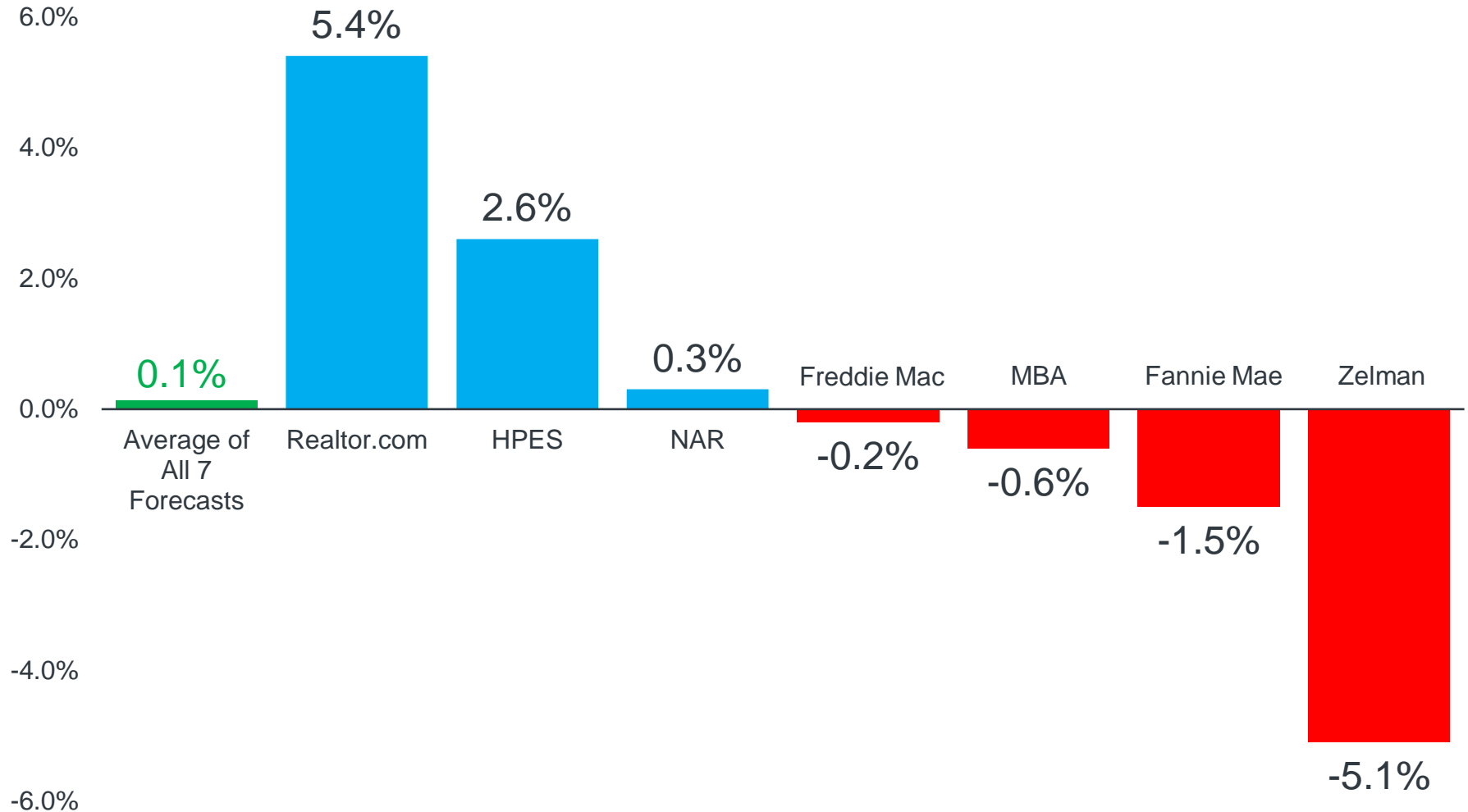
- **David Stevens**, Former Assistant Secretary of Housing

Home Price Update



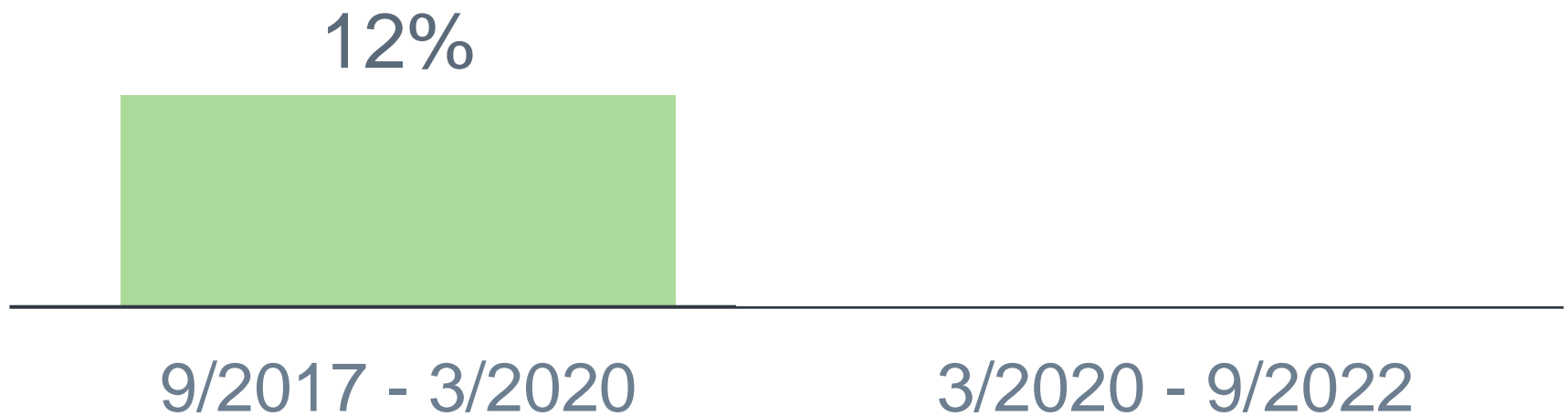
Home Price Forecasts for 2023 by Source

Latest Forecasts from Each Entity



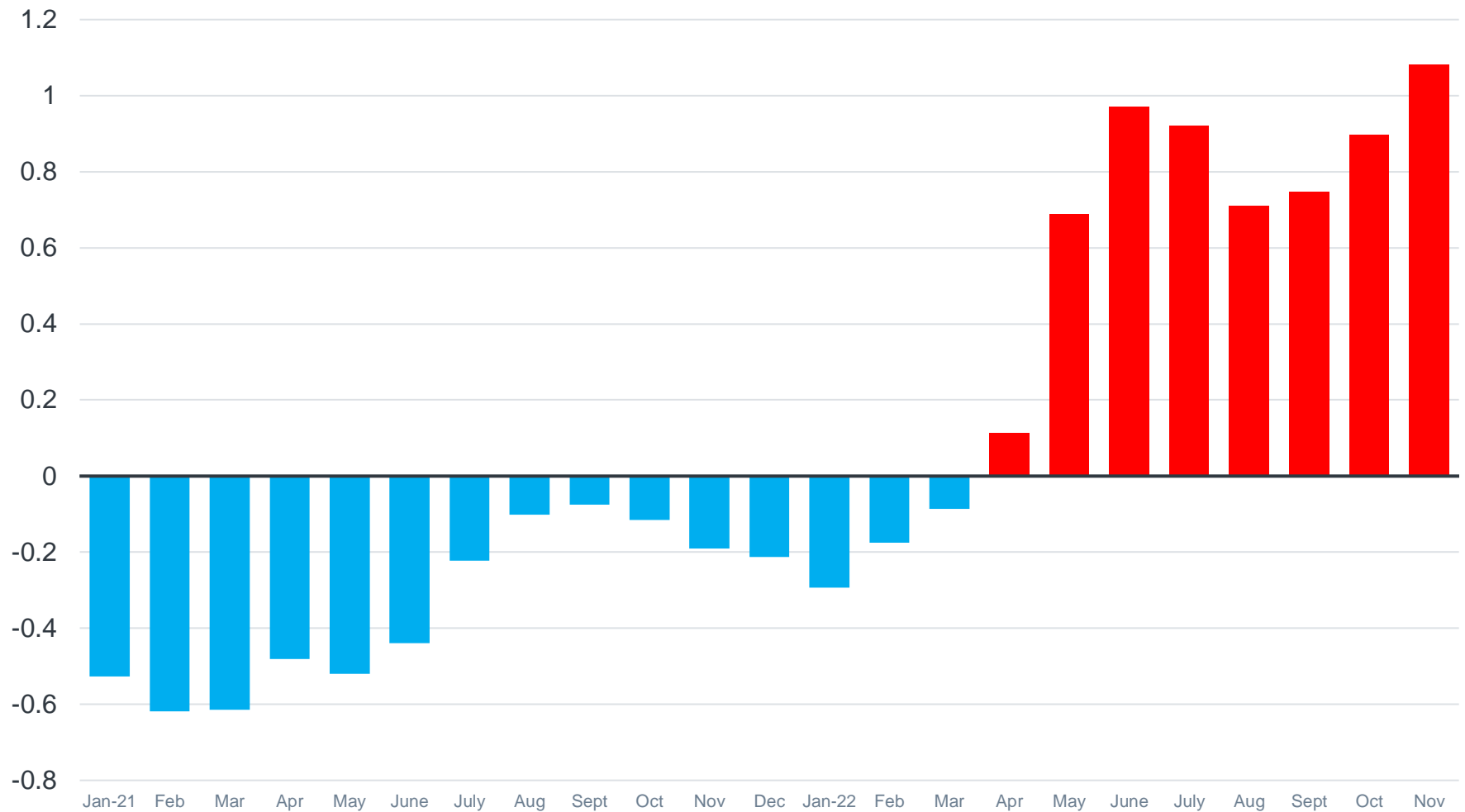
Home Appreciation Pre- and Post-Pandemic

% Appreciation Before Pandemic Compared to After



Share of Homes Having Their Prices Reduced

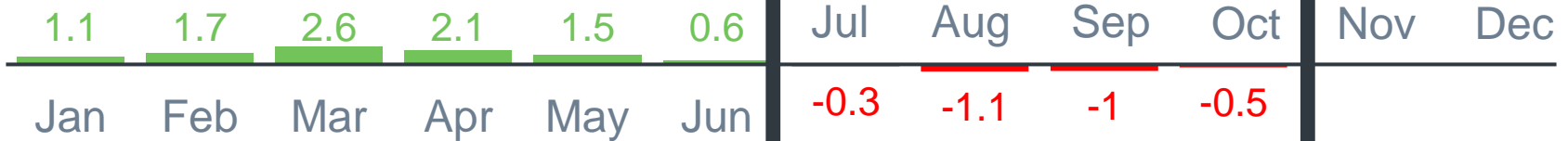
% of Homes with Price Reduced, Year-Over-Year



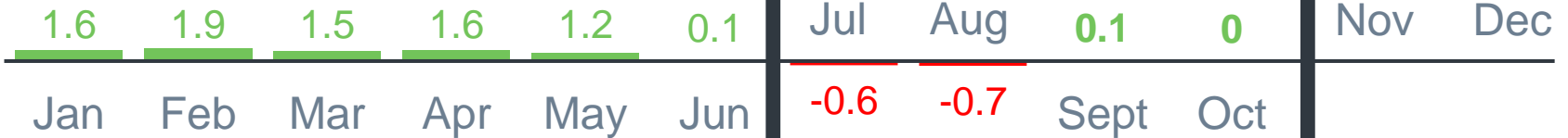
Have Home Values Hit Bottom?

2022 MOM % Change in Home Values for 4 Different Indices

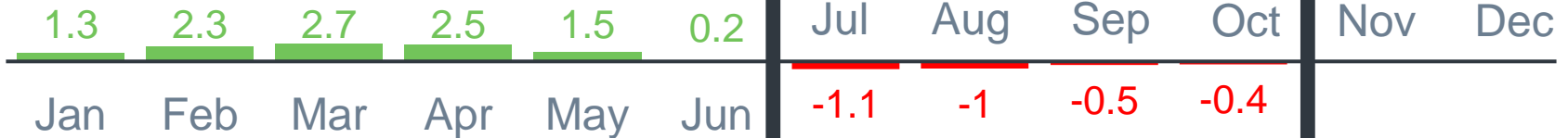
Case Shiller



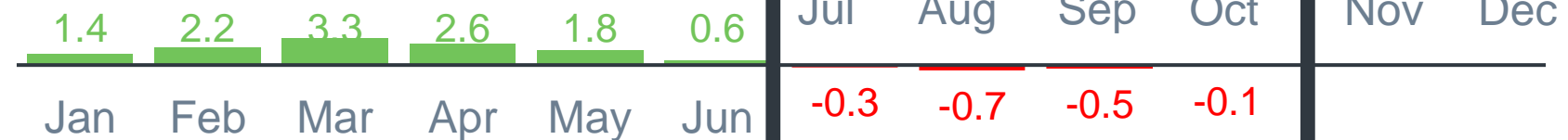
FHFA



Black Knight



CoreLogic



**WE MUST CONTROL THE
NARRATIVE**



Over 11,000 Houses Sell Every Day



4,090,000 divided by 365 = 11,205

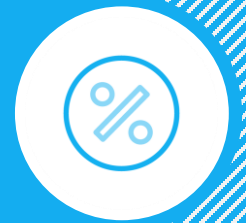
8 Houses Sell Every Minute

11,205 divided by 24 =
467 every hour

467 divided by 60 =
7.8 every minute



Suggest Alternate Means of Financing



Adjustable-Rate Mortgages
Buying Down the Rate



The risks of ARMs were substantially mitigated by the regulatory reforms put in place after the 2008 bust. Today's ARMs are not the risky products of 2008 or even the prebubble version . . . ARMs are no longer something to fear – in fact, they could help borrowers save money and reduce barriers to homeownership.

- **Laurie Goodman** and **Karan Kaul**, Urban Land Institute



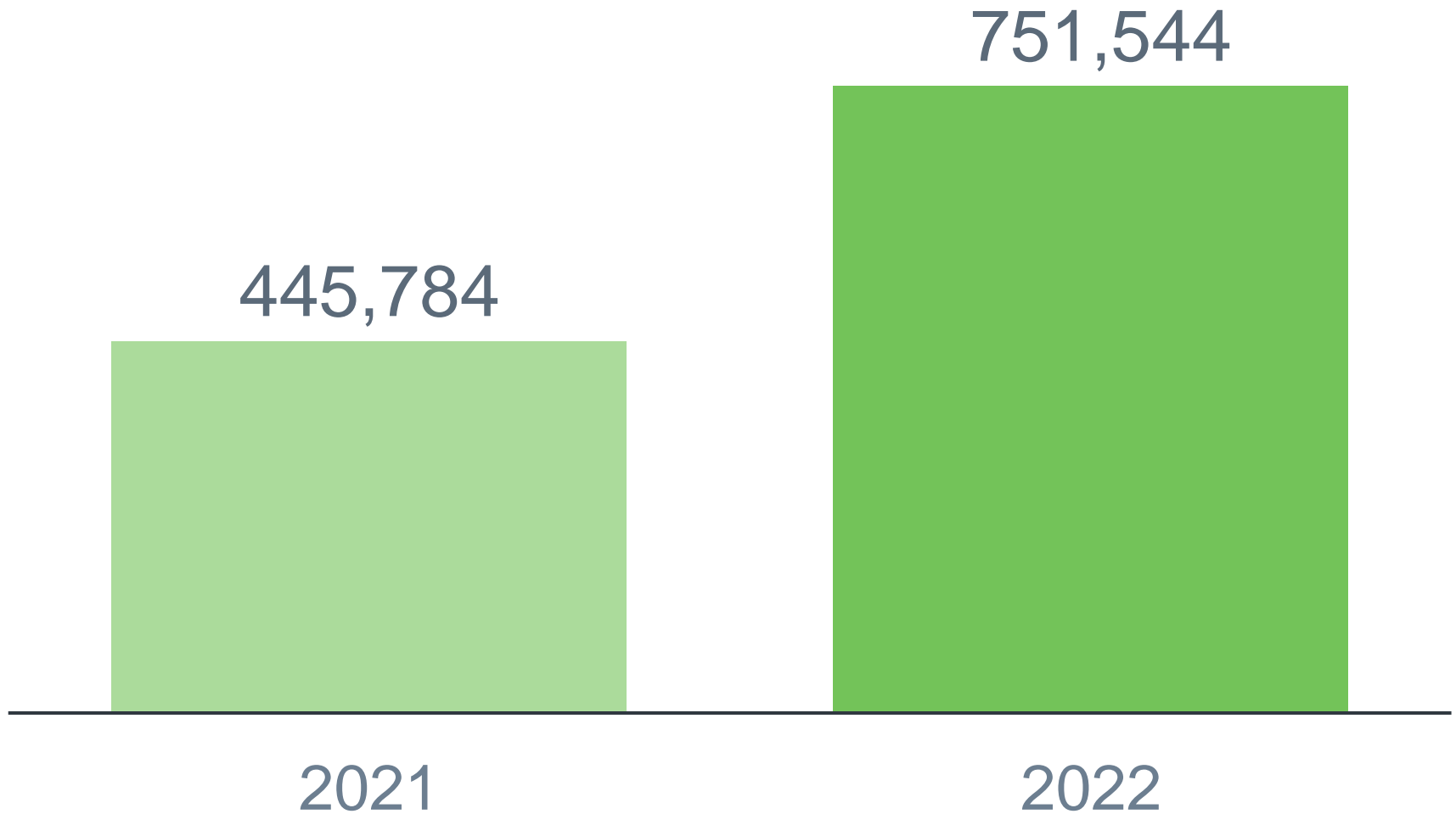
Temporary rate buydowns are a hot trend for mortgages as borrowers face higher costs for home loans. Some buyers are exploring alternatives to traditional mortgages in a period of rising interest rates that is expected to continue into 2023. . . Buydowns . . . are a less costly alternative to traditional fixed-rate mortgages.

- **Linda F. Hersey**, Director, News Reporting, Real Estate News

The Biggest Opportunity **RIGHT NOW**

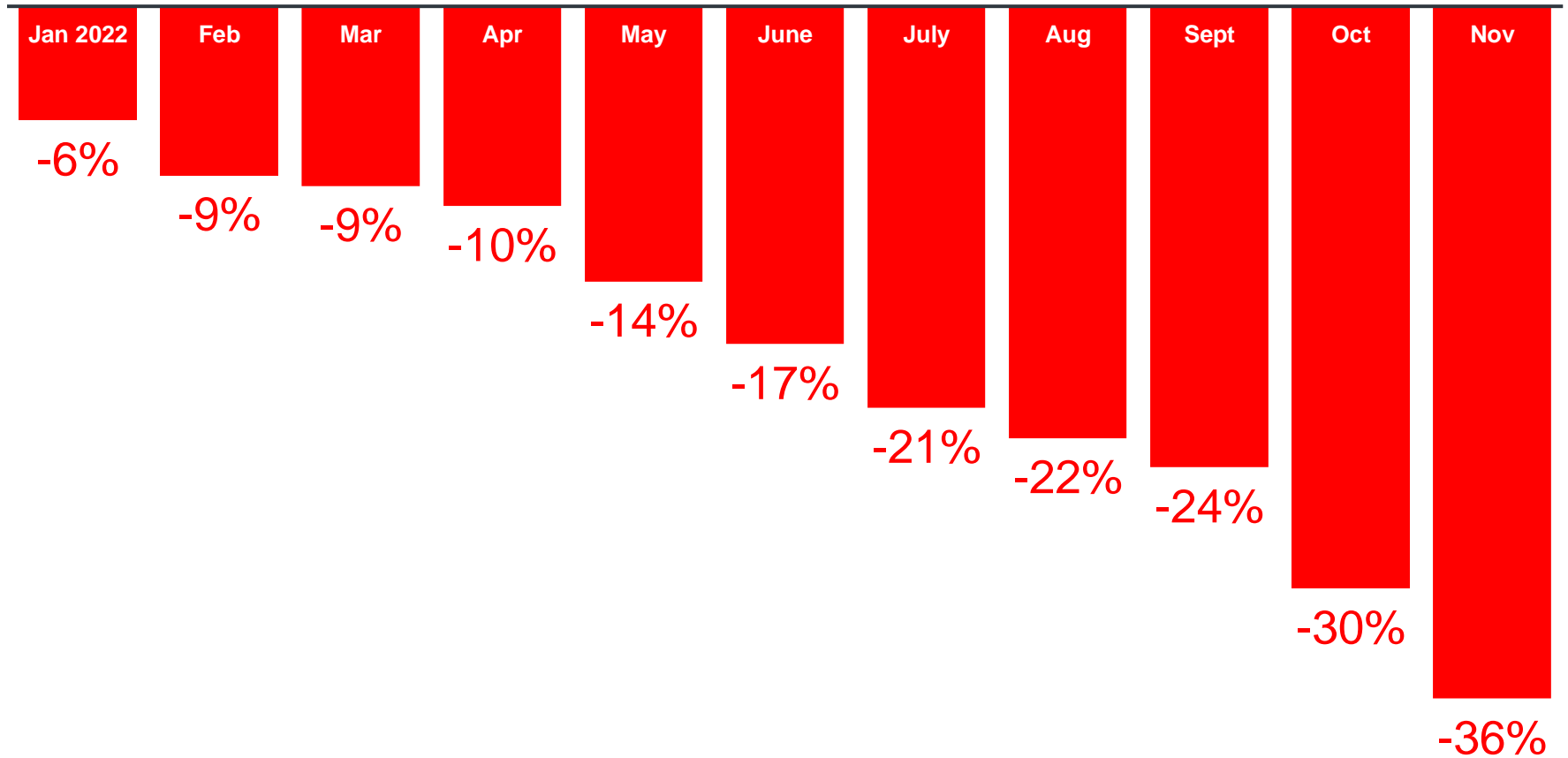


Active Listings the Past Two Years



2022 Pending Listing Count

Last 12 Months, Year-Over-Year





THE TURN 

Resources

Slide(s)	Description	Link(s)
4	Mortgage Rates Graph	https://freddiemac.gcs-web.com/node/26491/pdf http://www.freddiemac.com/pmms/
5	Rates & 10-Year Treasury Over Time Graph	https://www.freddiemac.com/pmms/pmms_archives https://www.macrotrends.net/2016/10-year-treasury-bond-rate-yield-chart
6-8	Current Rates & 10-Year Treasury Graphs	https://www.cnbc.com/quotes/US10Y https://www.freddiemac.com/home
10	Yun Quote	https://twitter.com/NAR_Research/status/1597970968298782720
11	Stevens Quote	https://www.linkedin.com/pulse/reminder-home-prices-always-rise-over-time-david-h-stevens-cmb/

Resources

Slide(s)	Description	Link(s)
13	Home Price Forecasts Graph	https://news.move.com/2022-11-30-Realtor-com-R-Housing-Forecast-Homebuying-Costs-Arent-Coming-Down-in-2023 https://pulsenomics.com/surveys/#home-price-expectations https://cdn.nar.realtor/sites/default/files/documents/forecast-q1-2023-us-economic-outlook-12-13-2022 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-dec-2022.pdf https://www.fanniemae.com/media/45801/display https://www.zelmanassociates.com/ (subscription)
14	Pre- and Post-Pandemic Appreciation Graph	https://twitter.com/NickTimiraos/status/1597606830334779393
15	Price Reductions Graph	https://www.realtor.com/research/data/

Resources

Slide(s)	Description	Link(s)
16	2022 Home Values Graphs	https://www.spglobal.com/spdji/en/indices/indicators/sp-corelogic-case-shiller-us-national-home-price-nsa-index/#news-research https://www.fhfa.gov/DataTools/Downloads/Pages/House-Price-Index.aspx https://www.blackknightinc.com/data-reports/ https://www.corelogic.com/intelligence/u-s-home-price-insights-december-2022/
21	Goodman and Kaul Quote	https://www.urban.org/urban-wire/should-borrowers-be-afraid-adjustable-rate-mortgages
22	Hersey Quote	https://www.realestatenews.com/2022/12/12/buydowns-can-help-buyers-struggling-with-high-interest-rates
24	Active Listings Graph	https://www.realtor.com/research/data/
25	2022 Pending Listing Graph	https://www.realtor.com/research/data/



Updates

Resources

Slide(s)	Description	Link(s)
34	Confidence Index	https://www.nar.realtor/research-and-statistics/research-reports/realtors-confidence-index
35-37, 45, 47, 48, 55-59	Existing Home Sales	https://www.nar.realtor/topics/existing-home-sales
38-41	New Home Sales	http://www.census.gov/construction/nrs/pdf/newressales.pdf http://www.census.gov/newhomesales
42	Total Home Sales	http://www.census.gov/construction/nrs/pdf/newressales.pdf https://www.nar.realtor/topics/existing-home-sales
43, 44	Pending Home Sales	https://www.nar.realtor/research-and-statistics/housing-statistics/pending-home-sales
49-51	Case Shiller	https://www.spglobal.com/spdji/en/indices/indicators/sp-corelogic-case-shiller-20-city-composite-home-price-nsa-index/#news-research
52	CoreLogic Price Forecast	https://www.corelogic.com/intelligence/u-s-home-price-insights/

Resources

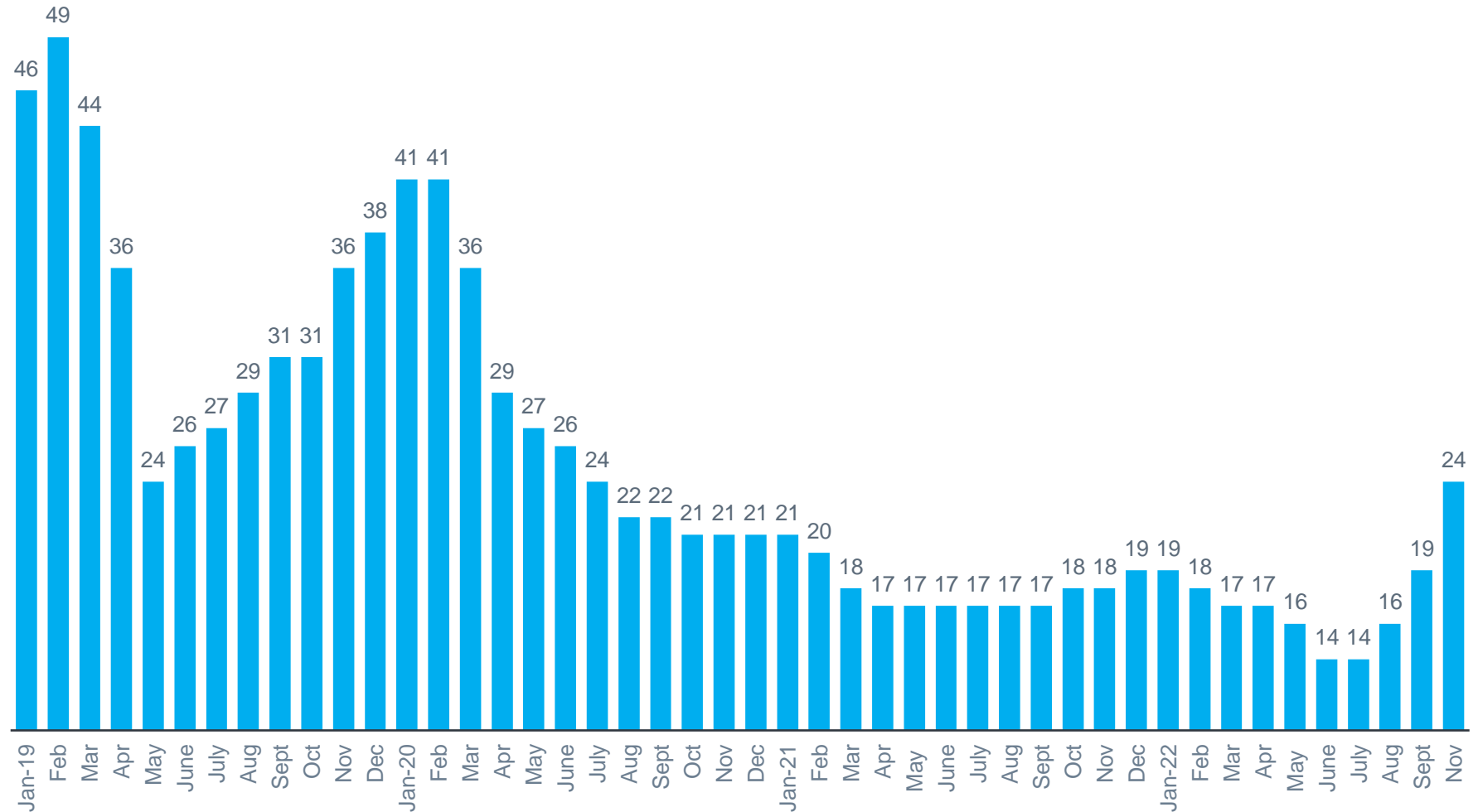
Slide(s)	Description	Link(s)
54-61	Inventory	https://www.nar.realtor/topics/existing-home-sales http://www.census.gov/construction/nrs/pdf/newressales.pdf https://www.realtor.com/research/data/
63	Showing Activity	https://www.showingtime.com/blog/november-2022-showing-index-results/
65, 66, 68, 69	Mortgage Rates	http://www.freddiemac.com/pmms/pmms_archives.html http://www.freddiemac.com/research/forecast/
67	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
71, 72	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

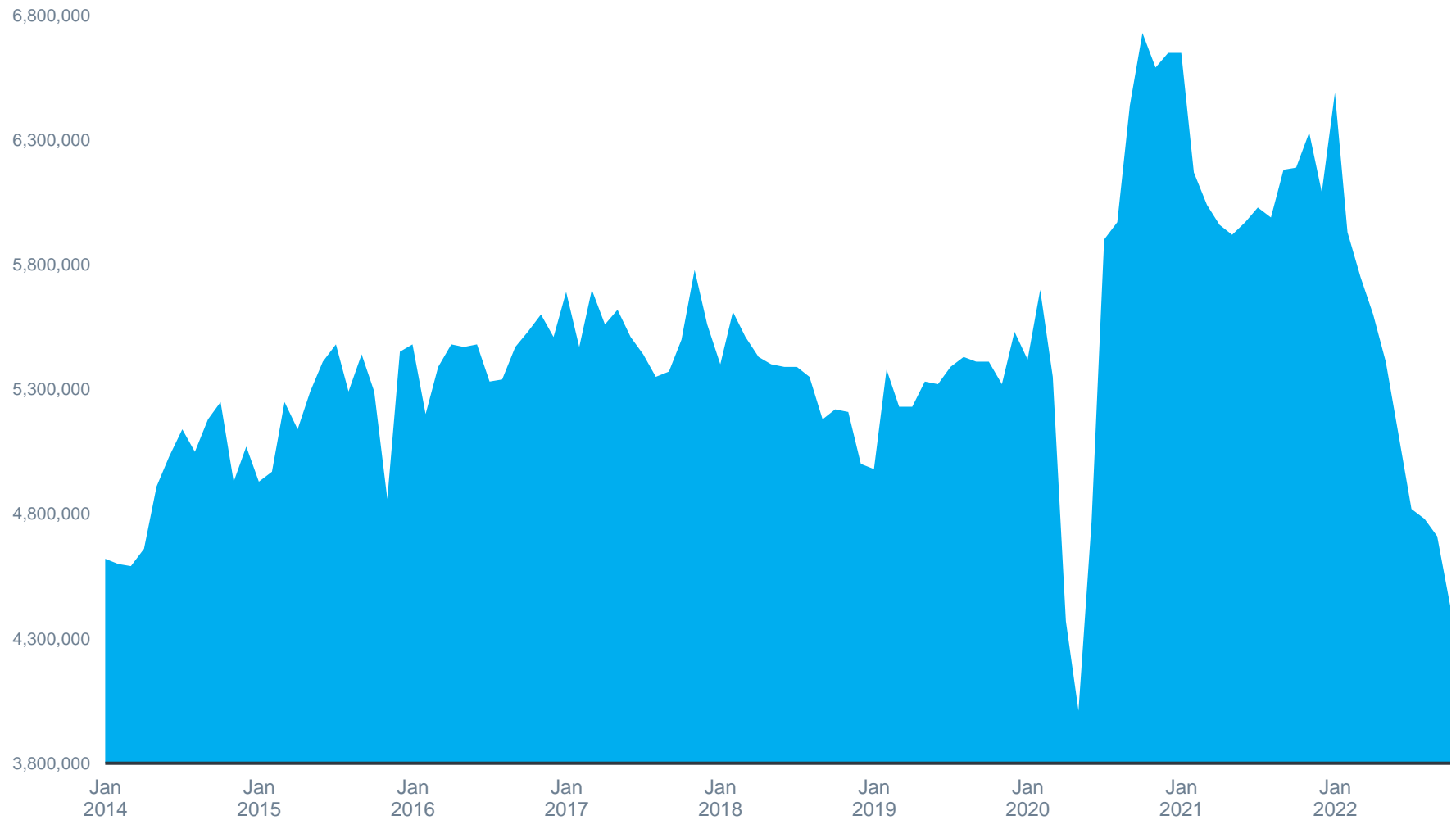
November 2022



Source: NAR

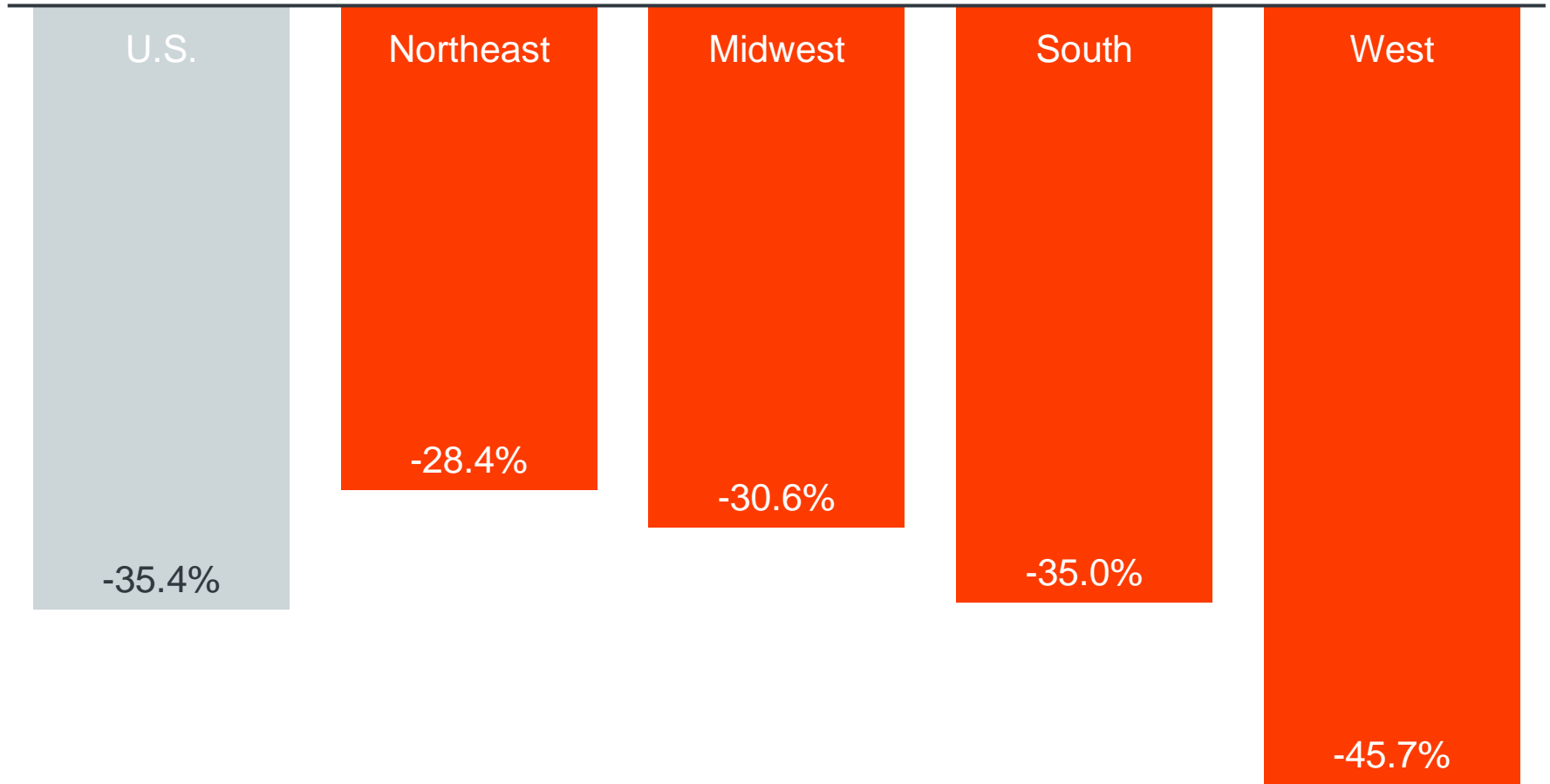
Existing Home Sales

Since January 2014



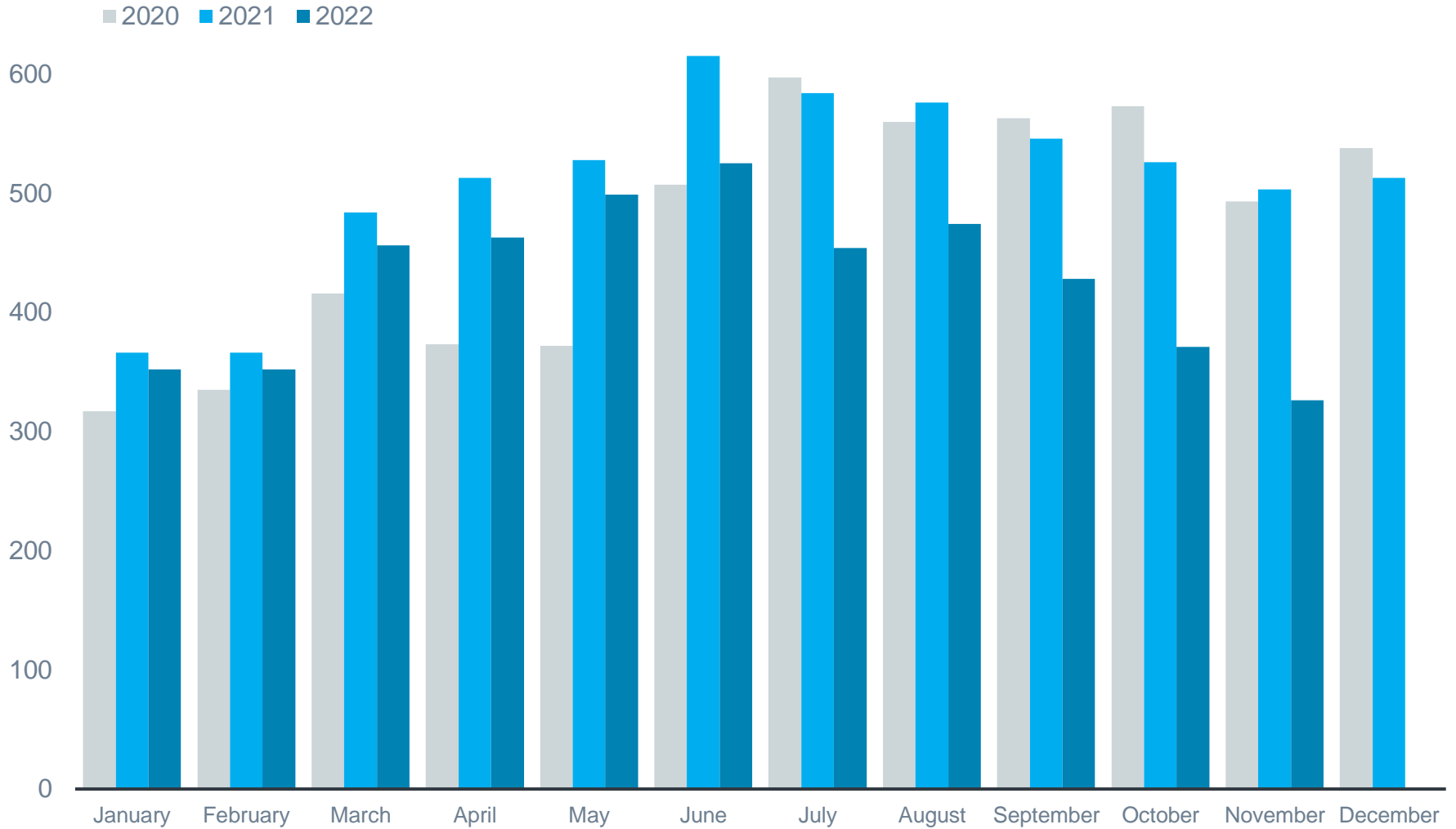
Existing Home Sales

Year-Over-Year, by Region



Existing Home Sales

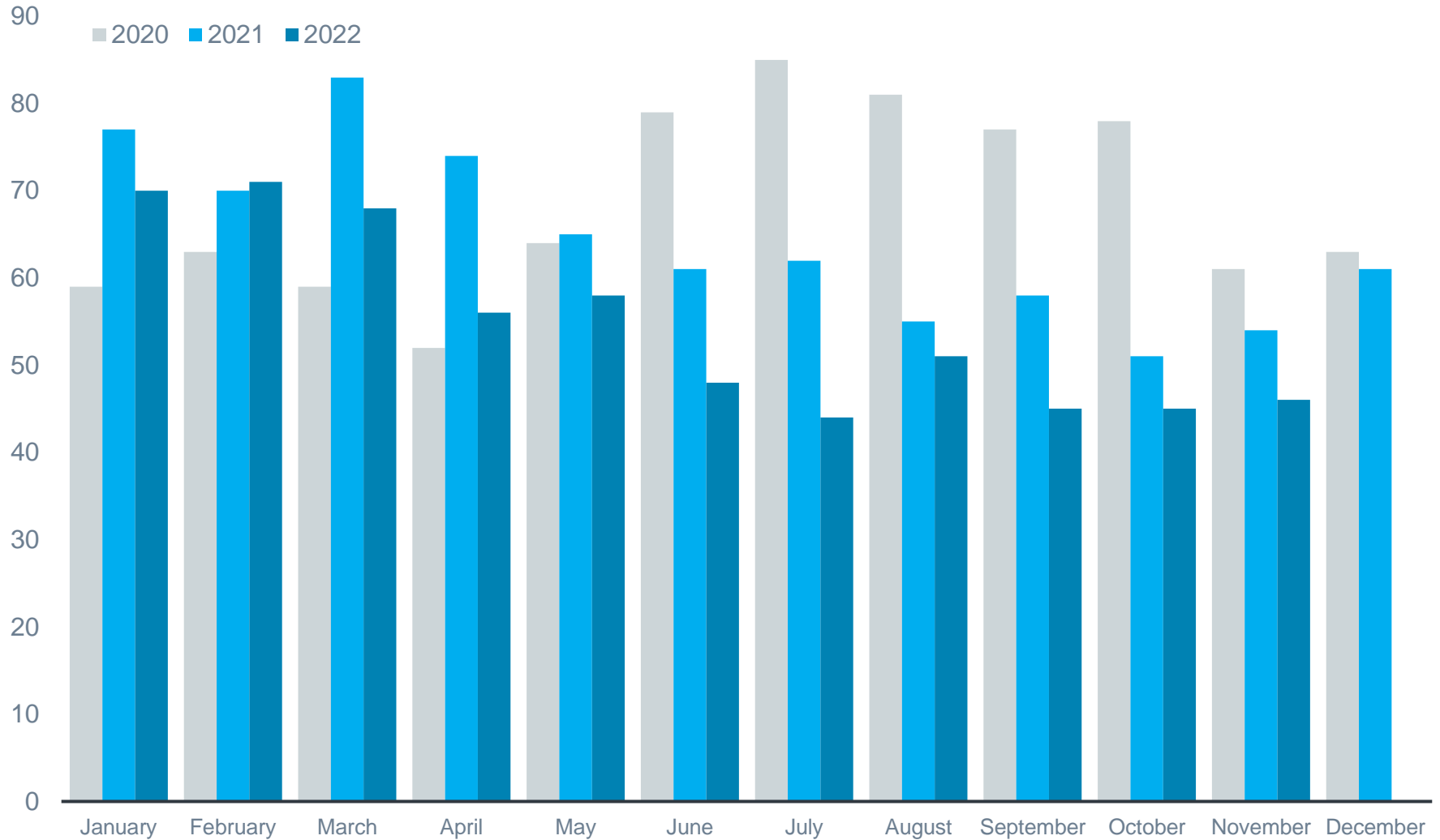
In Thousands



Source: NAR

New Home Sales

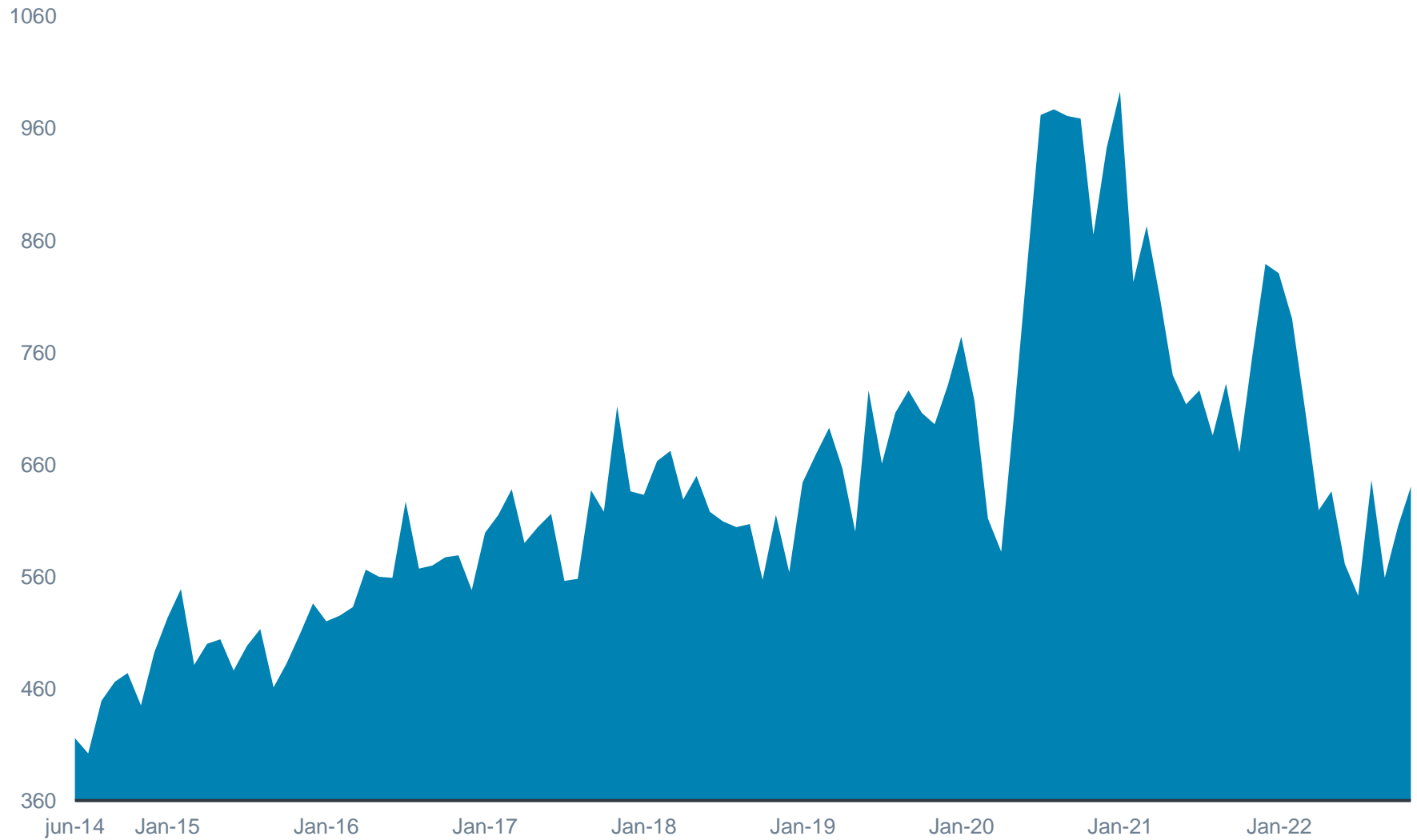
In Thousands



Source: Census

New Home Sales

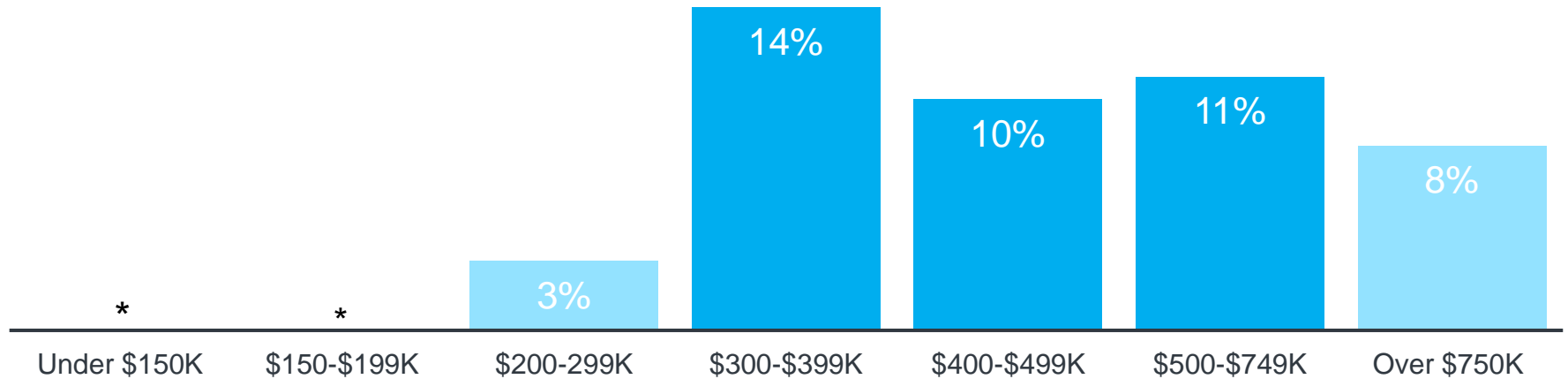
Annualized in Thousands



New Home Sales

Percent of Distribution by Price Range

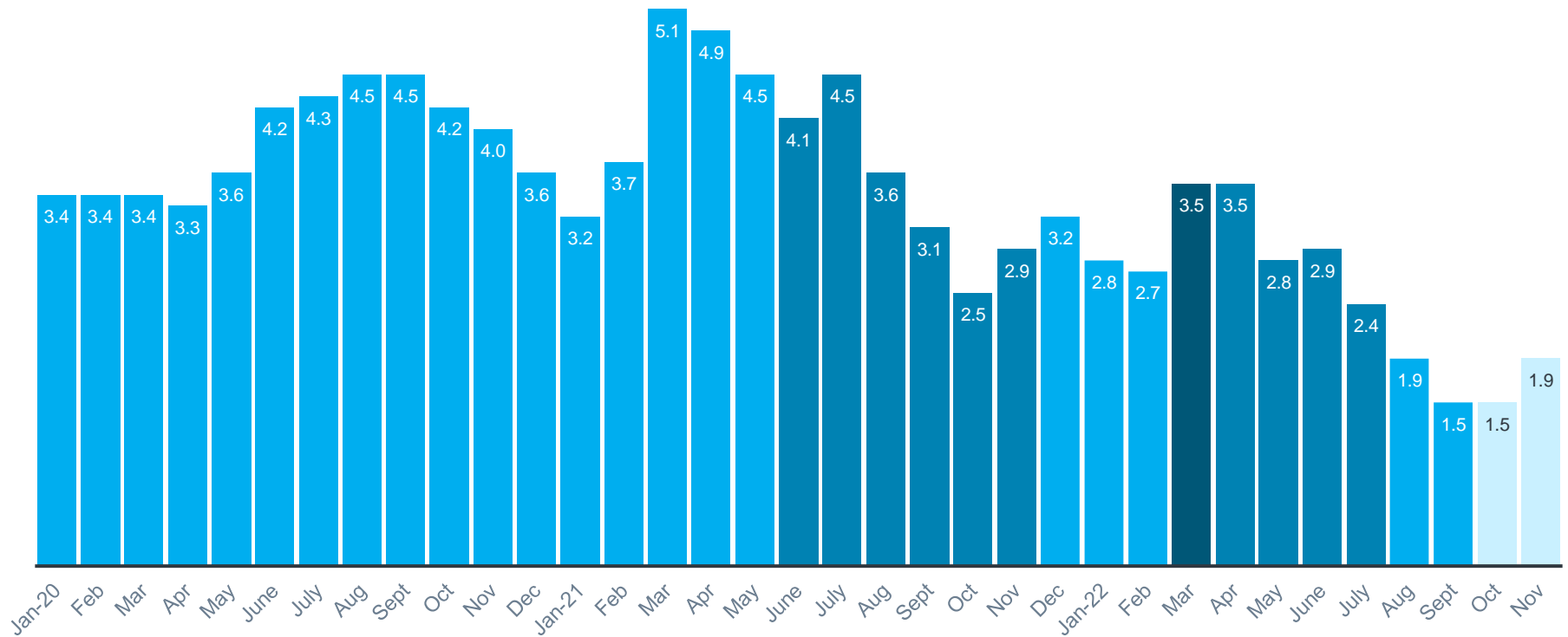
* Less Than 500 Units or Less Than 0.5 Percent



Source: Census

New Homes Selling Fast

Median Months from Completion to Sold

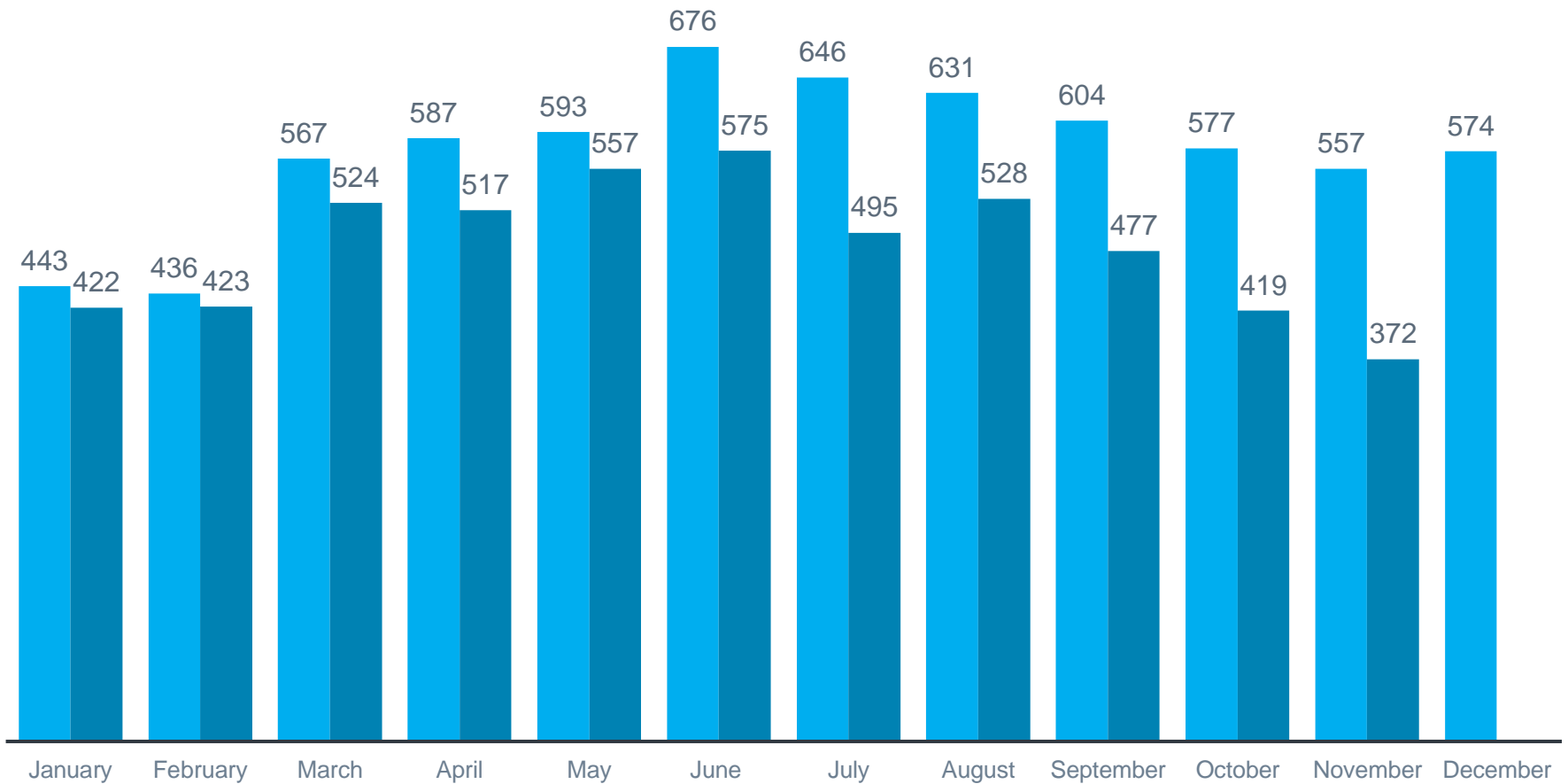


Source: Census

Total Home Sales

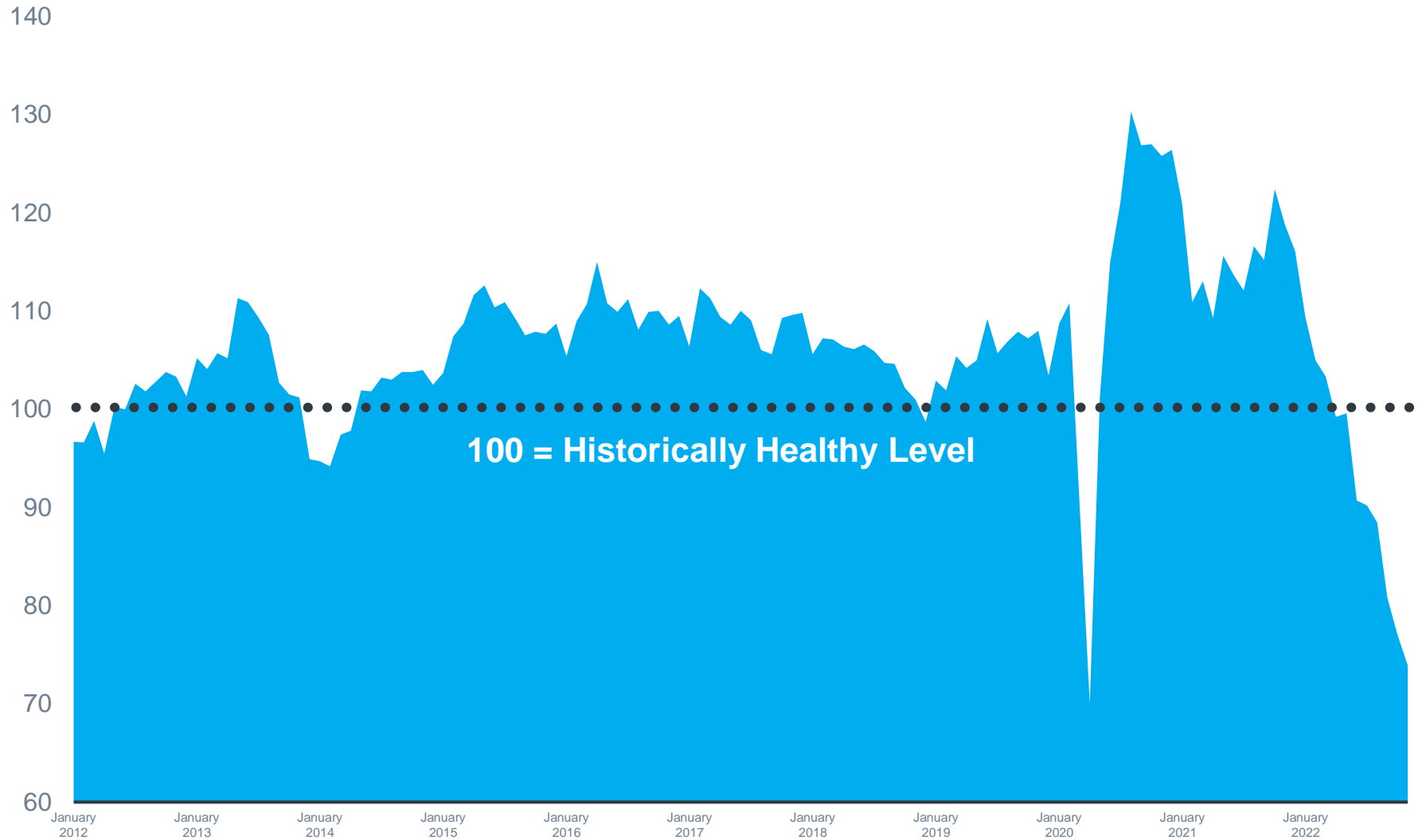
In Thousands

■ 2021 ■ 2022



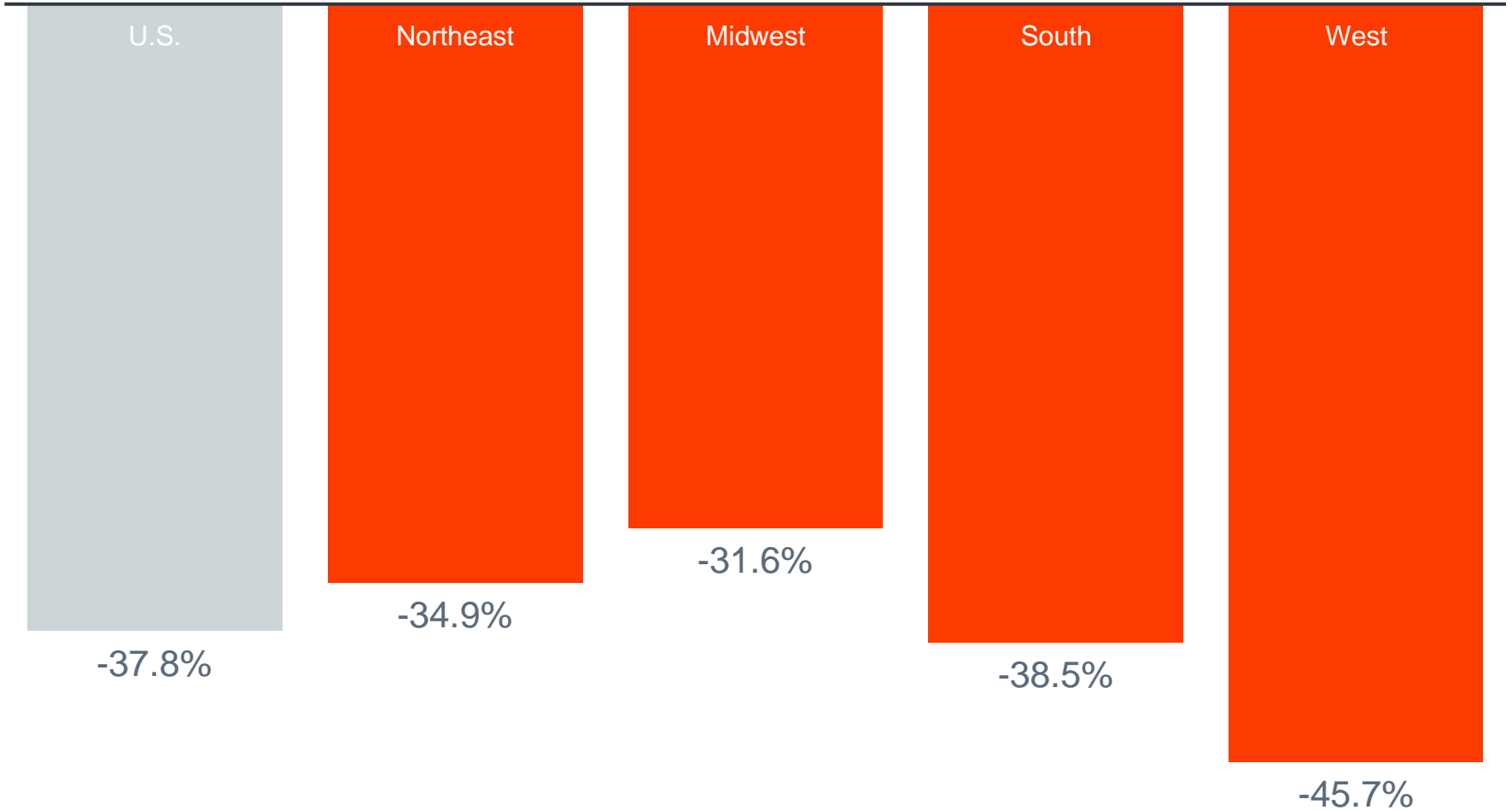
Source: Census

Pending Home Sales



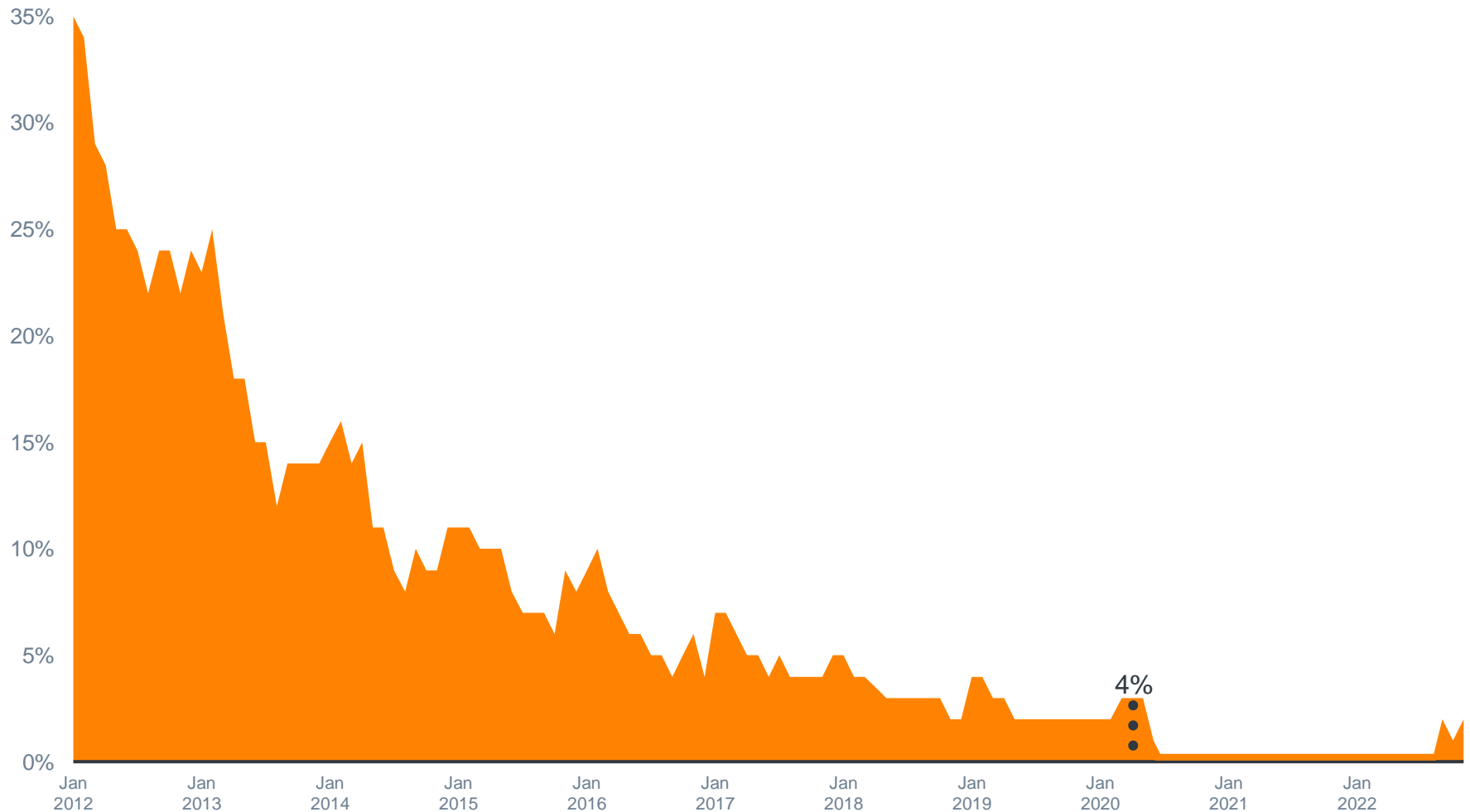
Pending Home Sales

Year-Over-Year by Region



Percentage of Distressed Property Sales

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

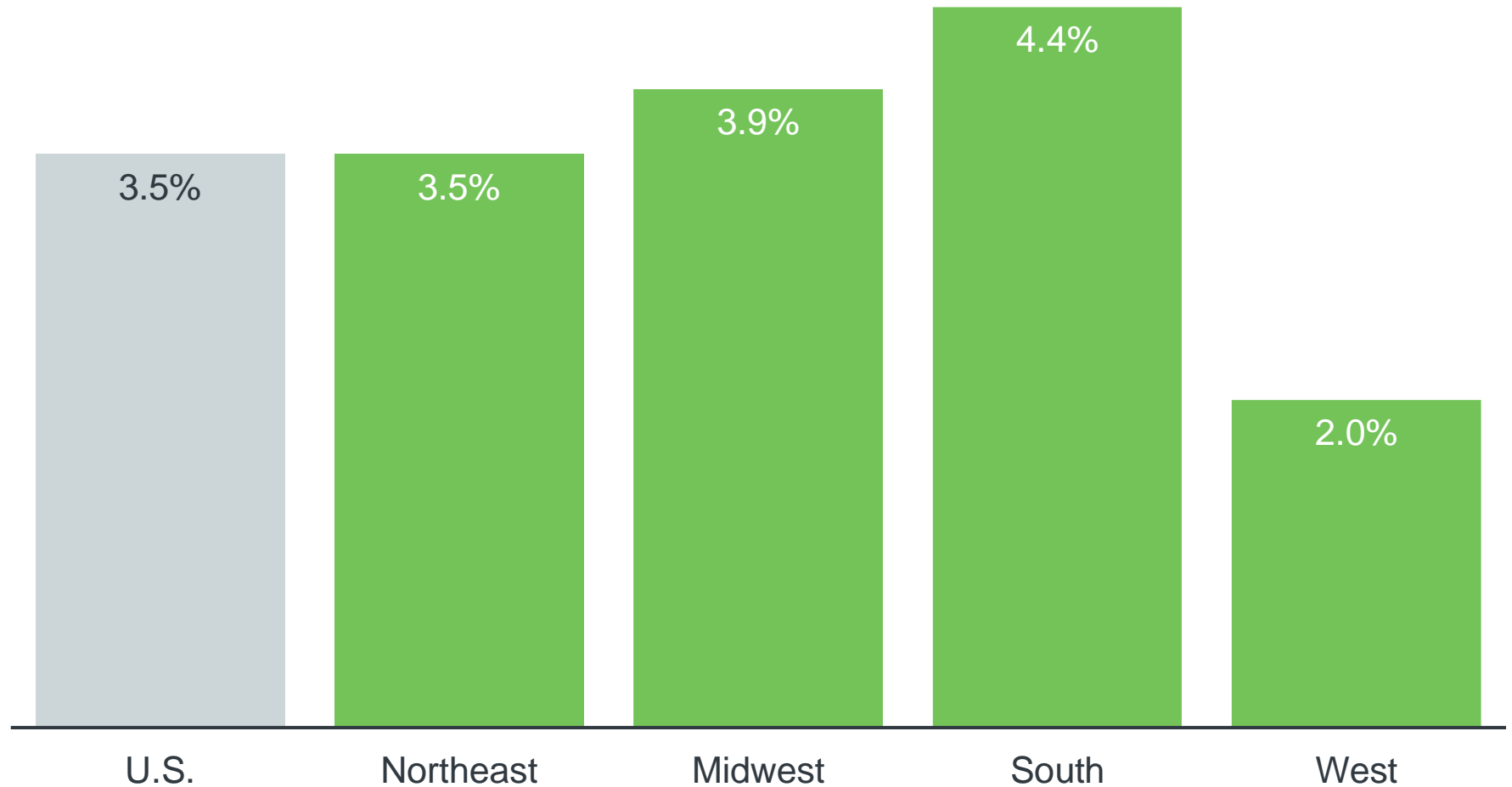




Home Prices

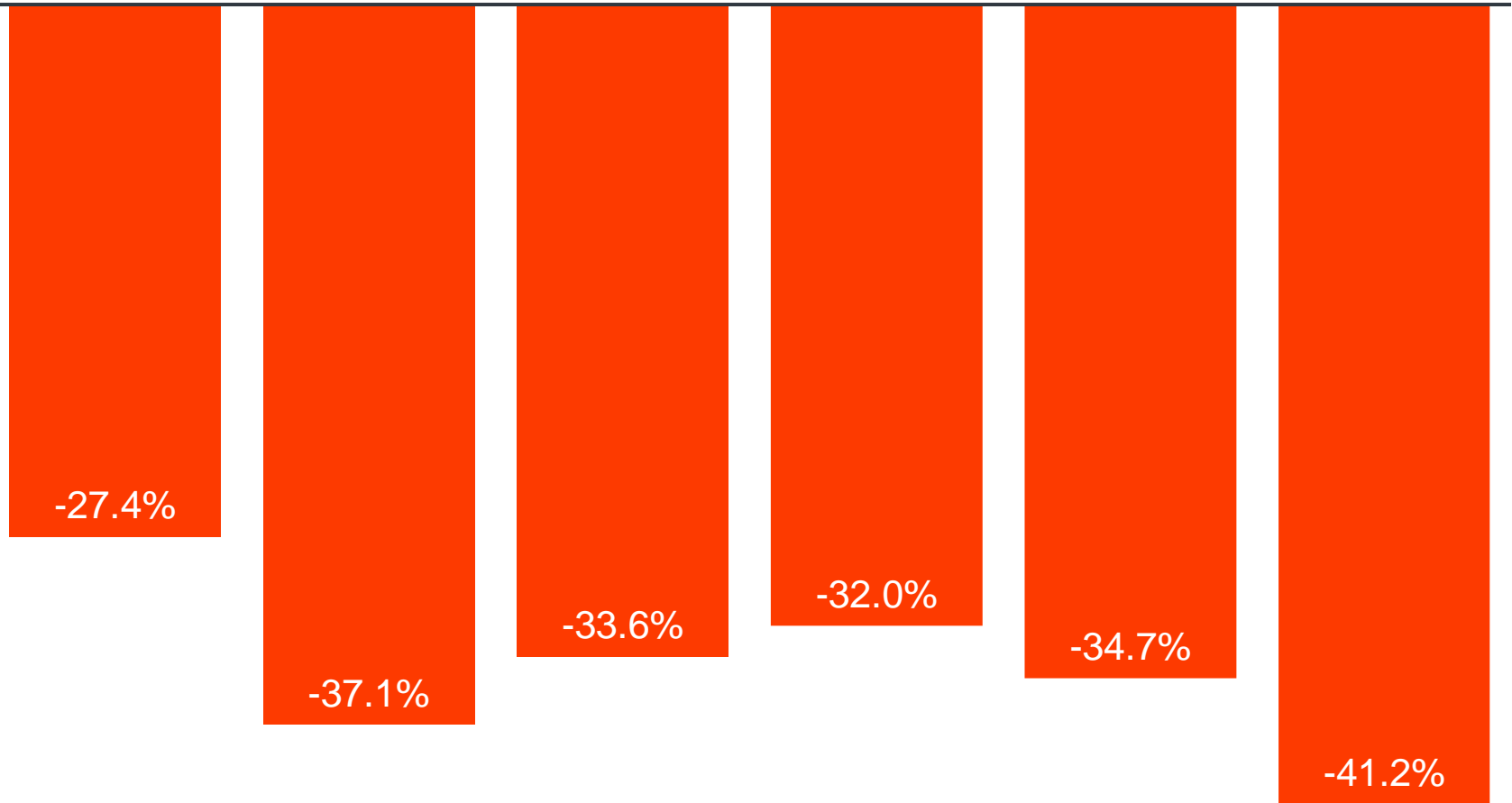
Sales Price of Existing Homes

Year-Over-Year, by Region



% Change in Sales

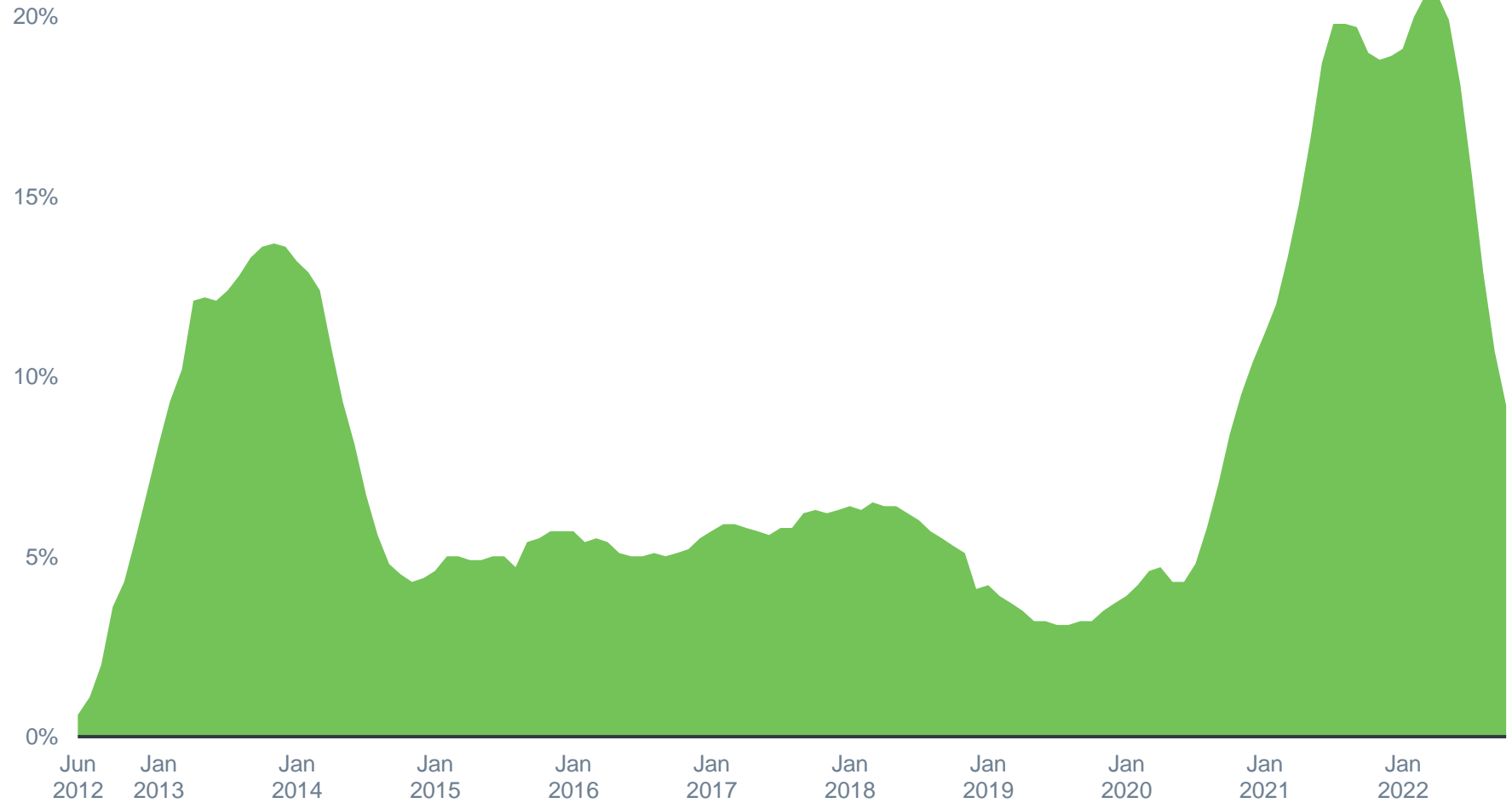
Year-Over-Year, by Price Range



	\$0-100K	\$100-250K	\$250-500K	\$500-750K	\$750K-1M	\$1M+
■ %	-27.4%	-37.1%	-33.6%	-32.0%	-34.7%	-41.2%

Change in Home Prices

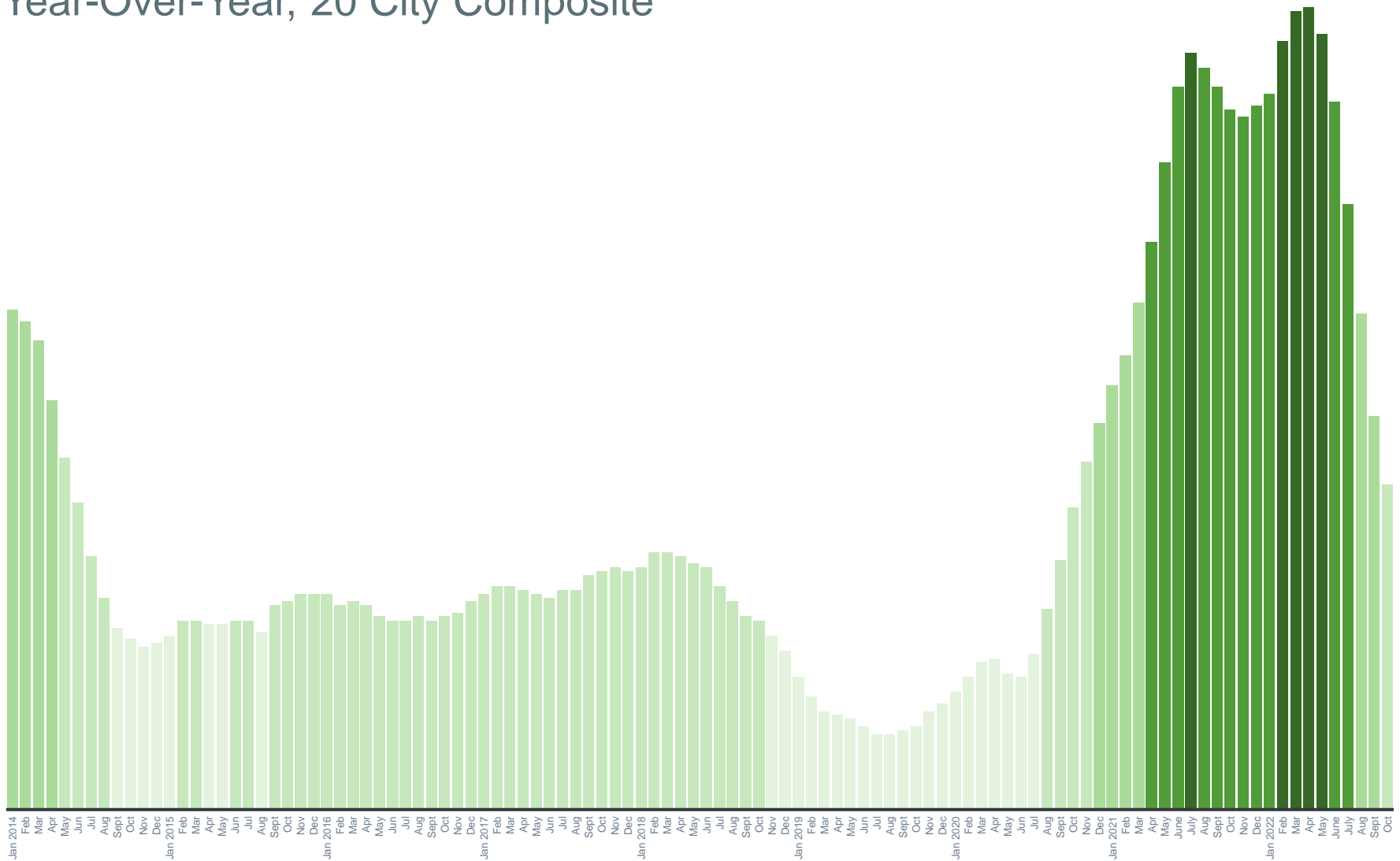
Year-Over-Year



Source: S&P Case-Shiller

Change in Home Prices

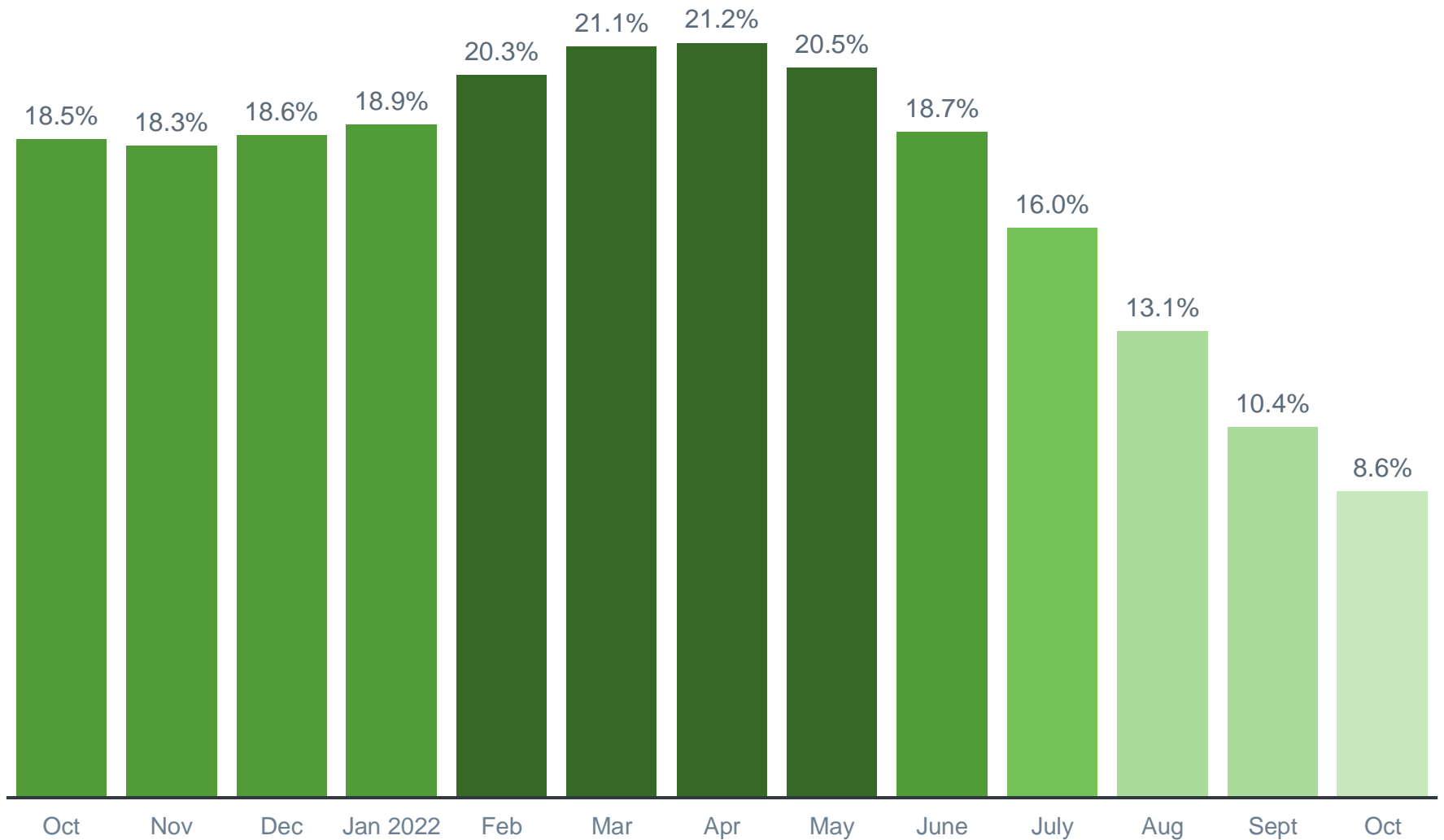
Year-Over-Year, 20 City Composite



Source: S&P Case-Shiller

Change in Home Prices

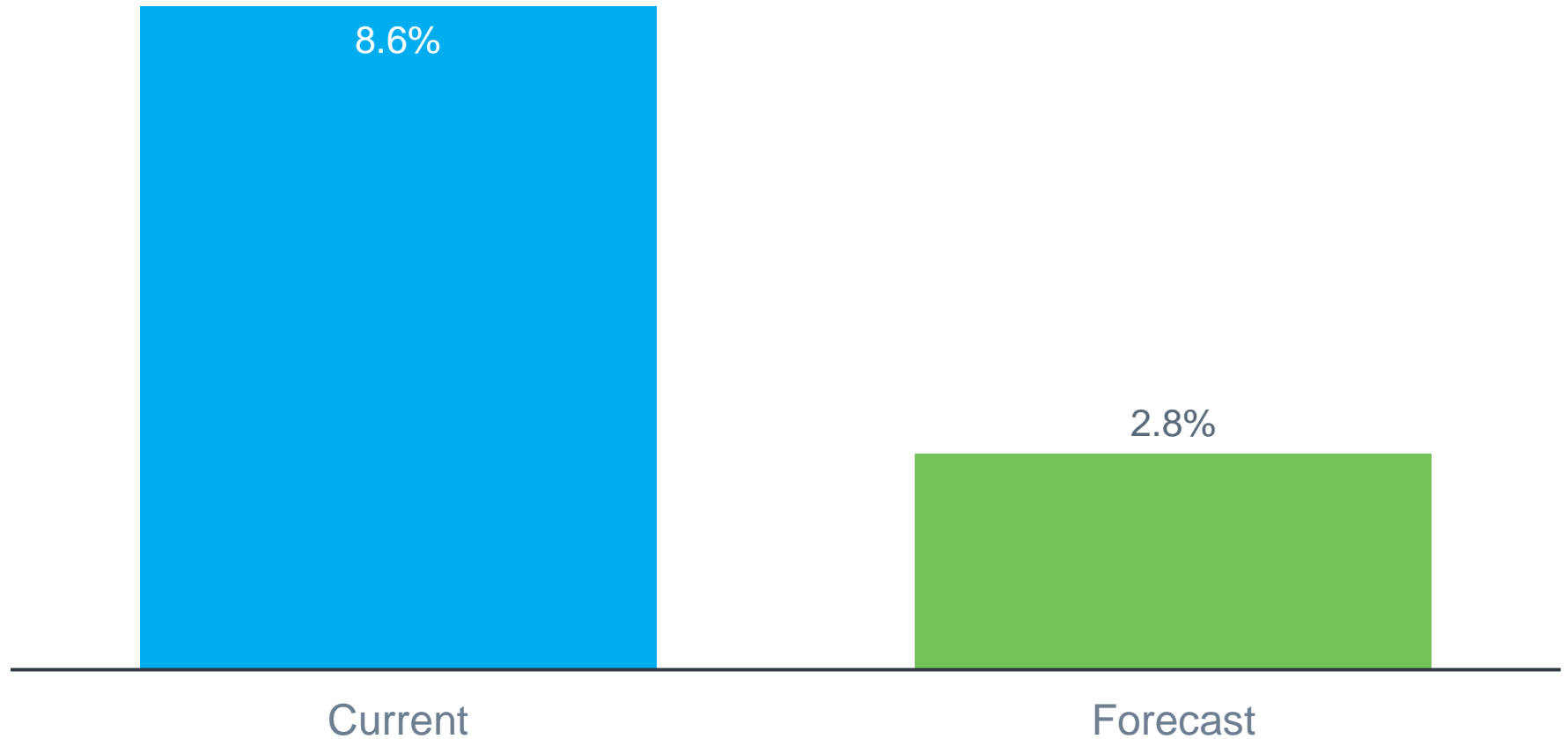
Year-Over-Year, 20 City Composite



Source: S&P Case-Shiller

Year-Over-Year % Change in Price

December 2022

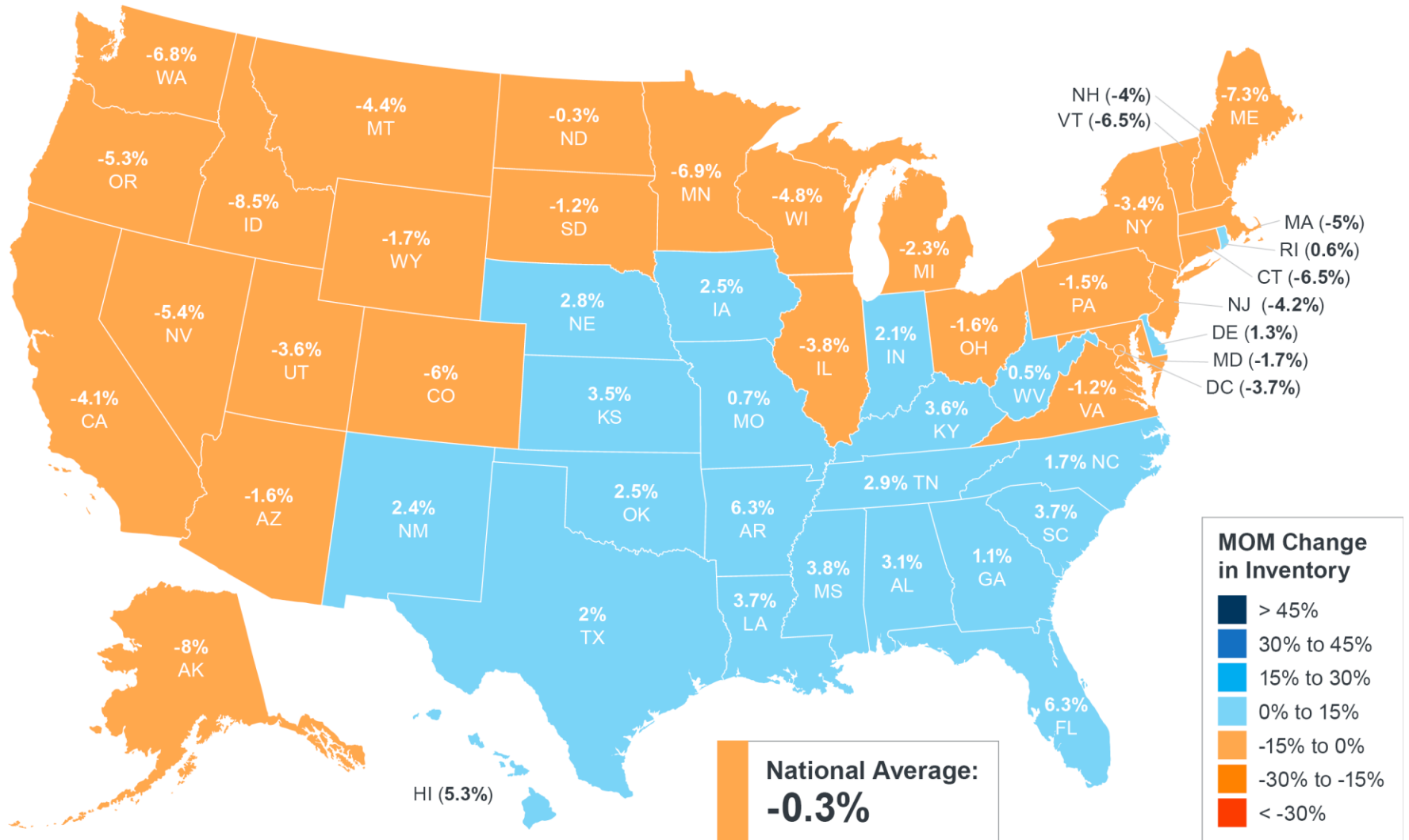




Housing Inventory

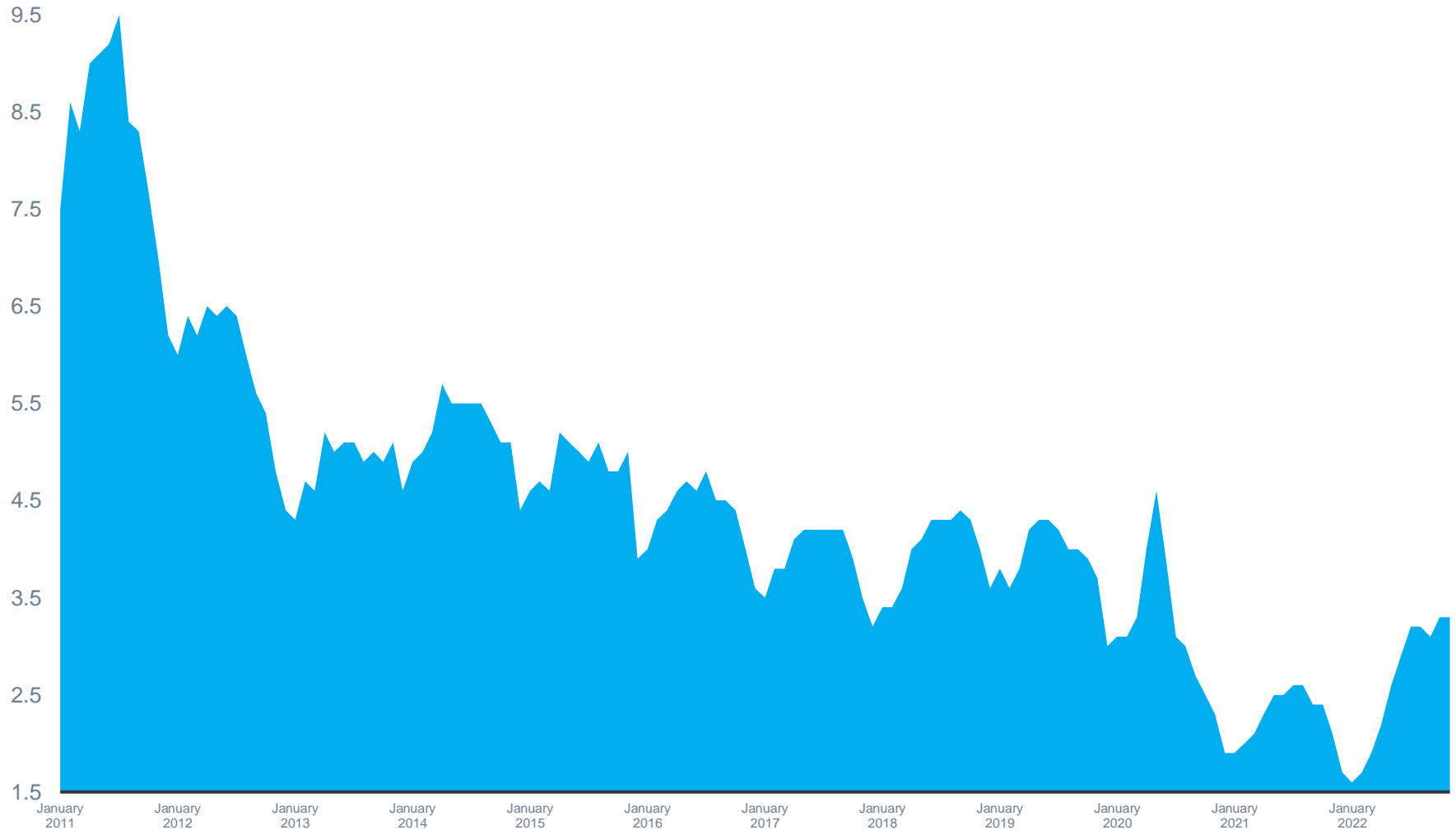
Change in Inventory

Month-Over-Month, November 2022



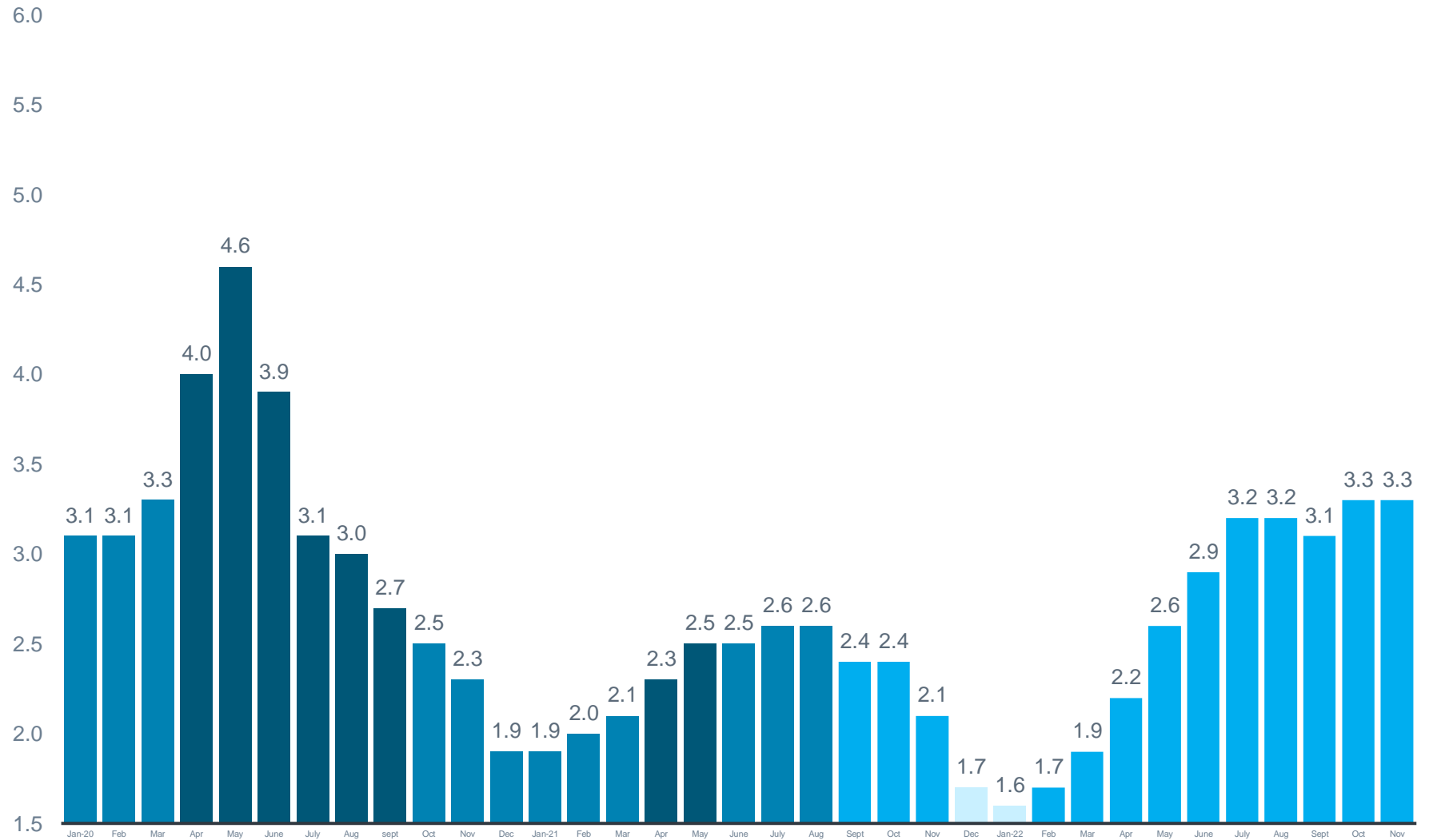
Months Inventory of Homes for Sale

2011 - Today



Months Inventory of Homes for Sale

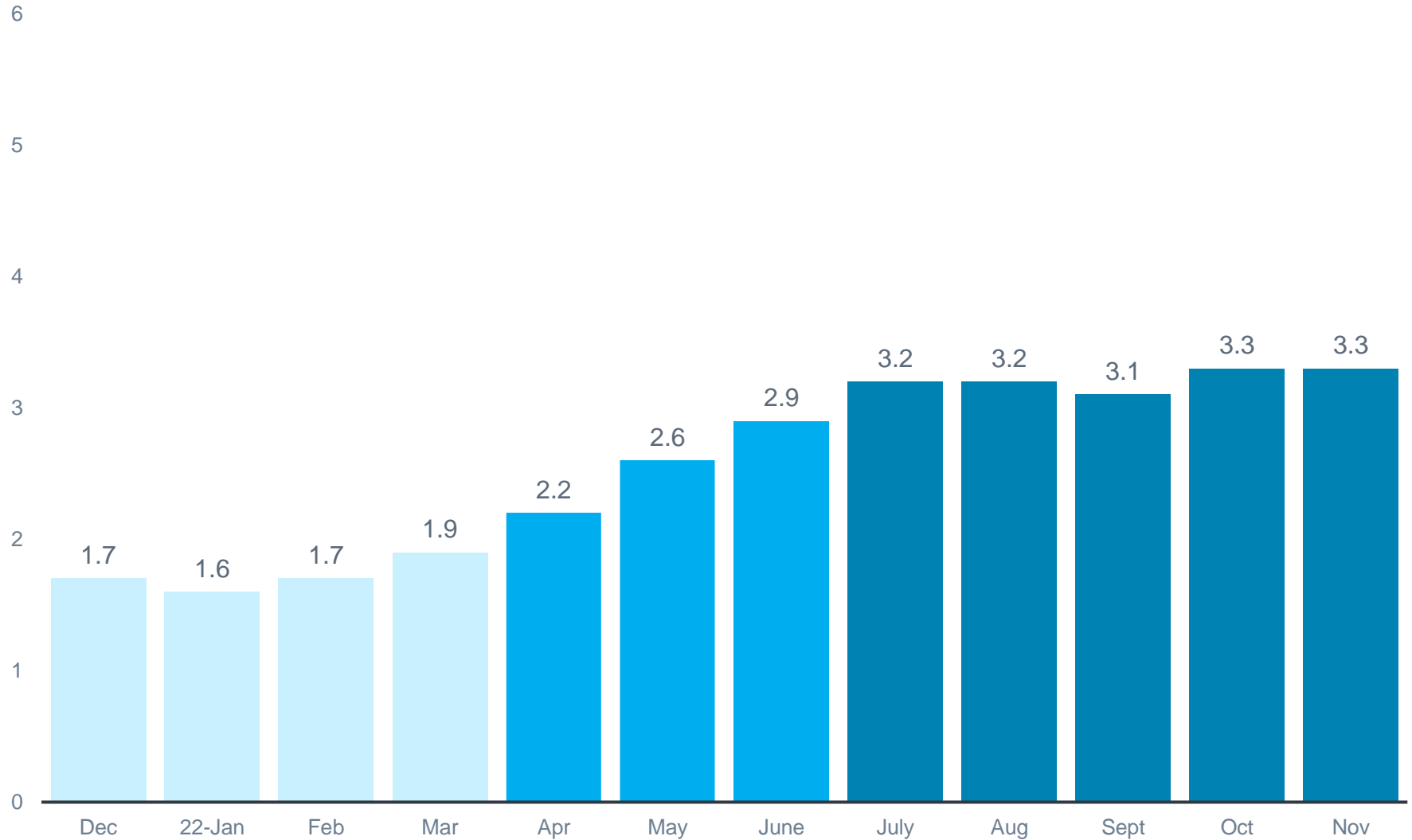
Since 2020



Source: NAR

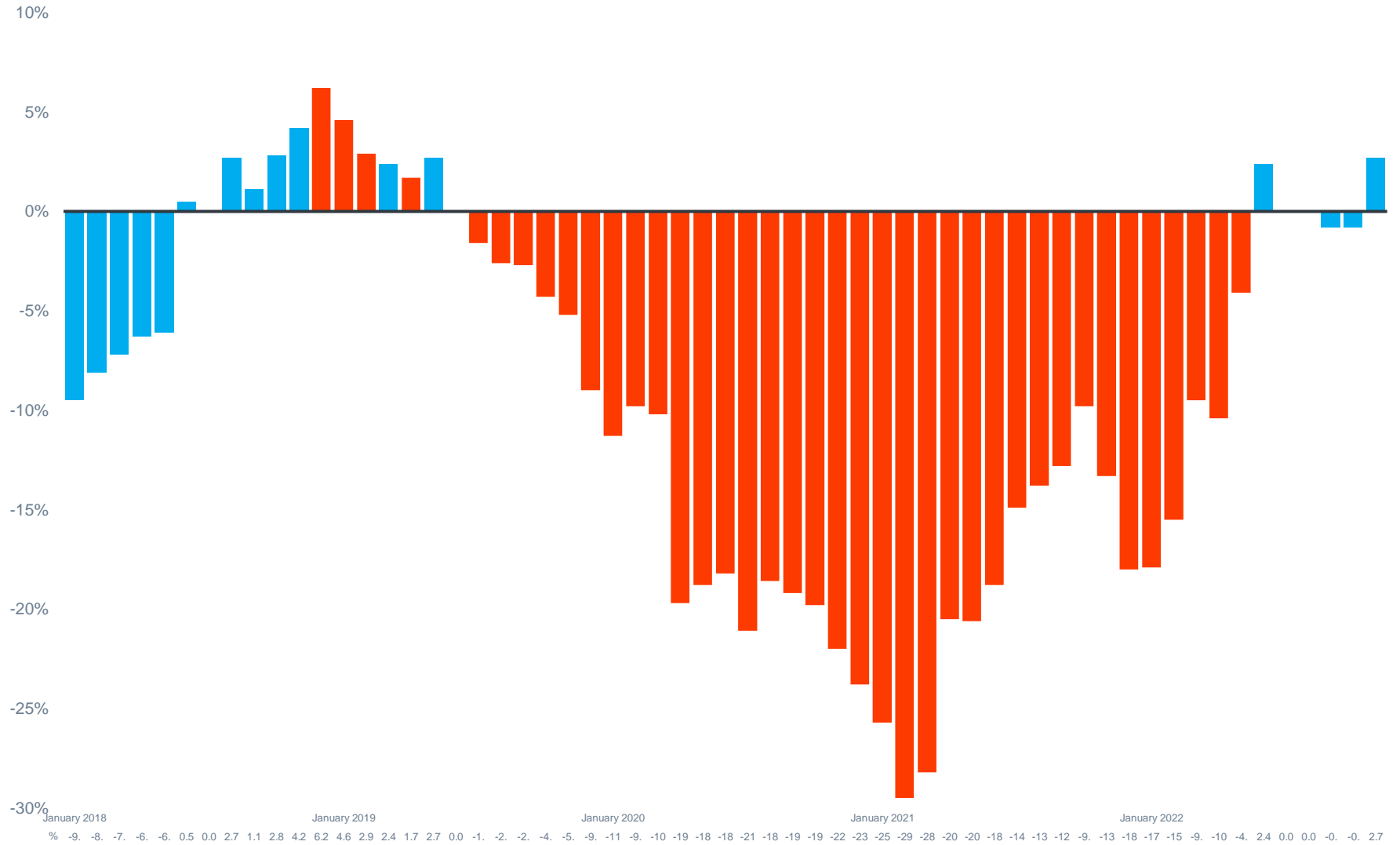
Months Inventory of Homes for Sale

Last 12 Months



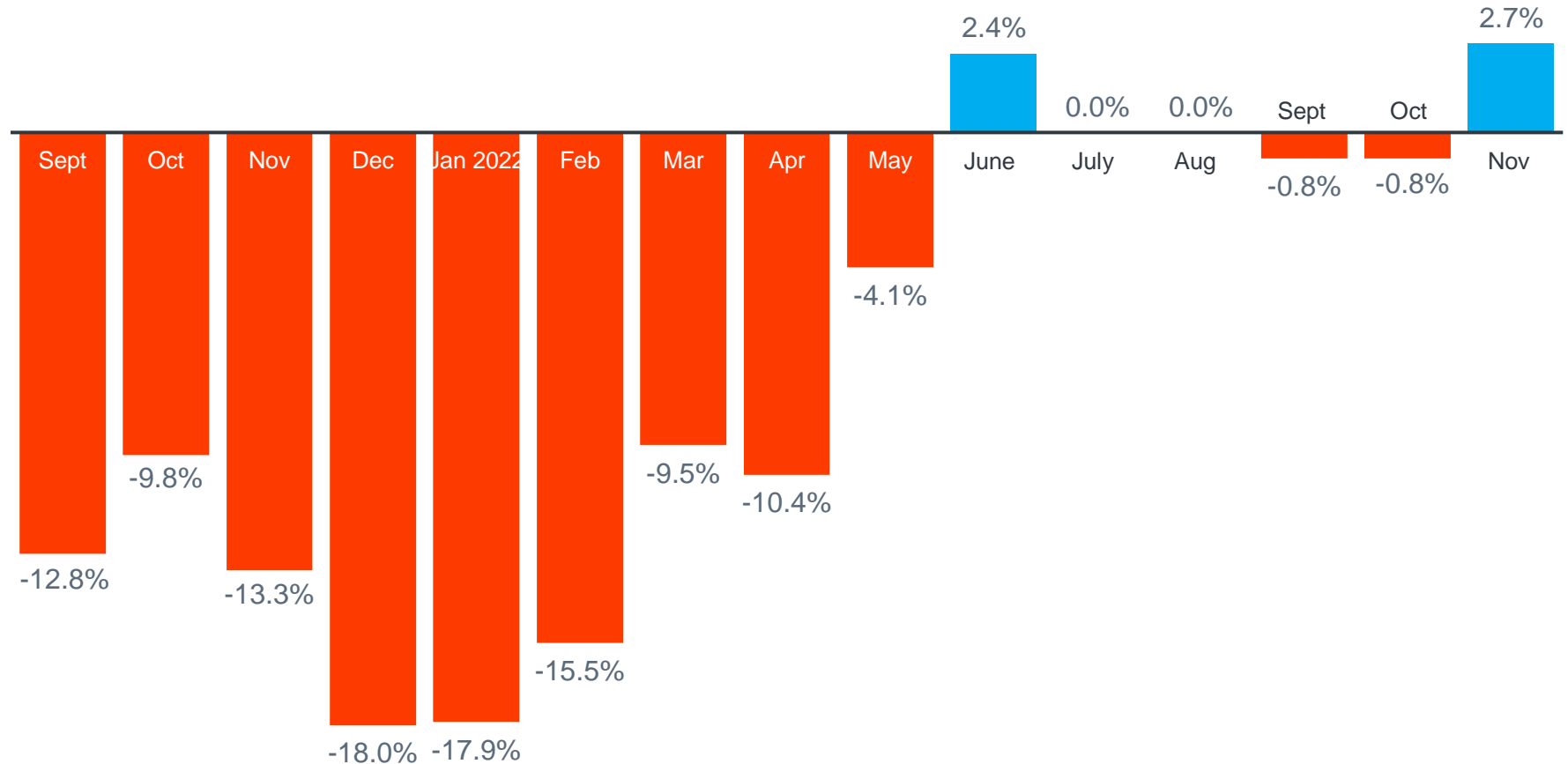
Source: NAR

Year-Over-Year Inventory Levels



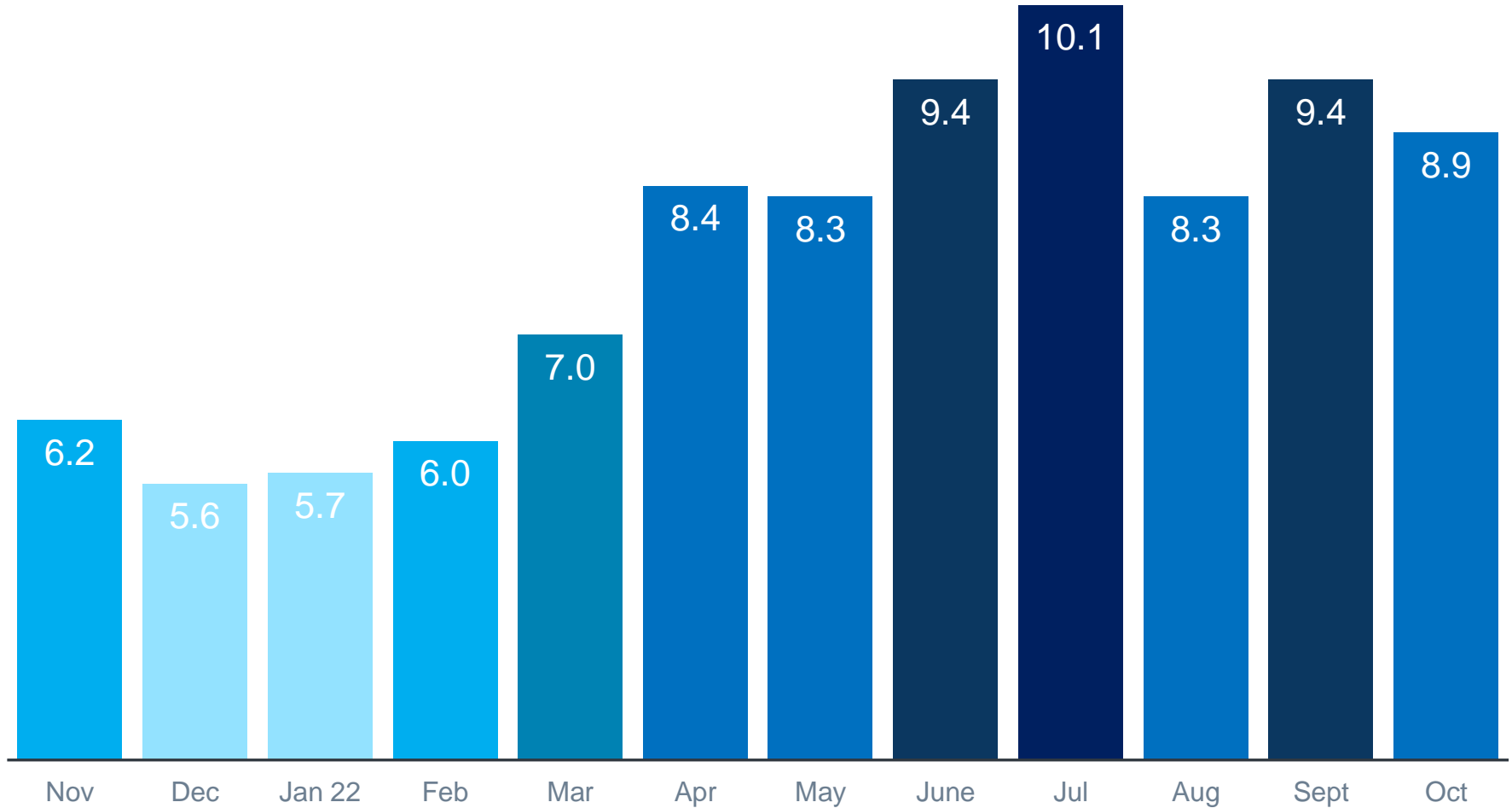
Year-Over-Year Inventory Levels

Last 12 Months



New Home Monthly Inventory

Seasonally Adjusted, Last 12 Months



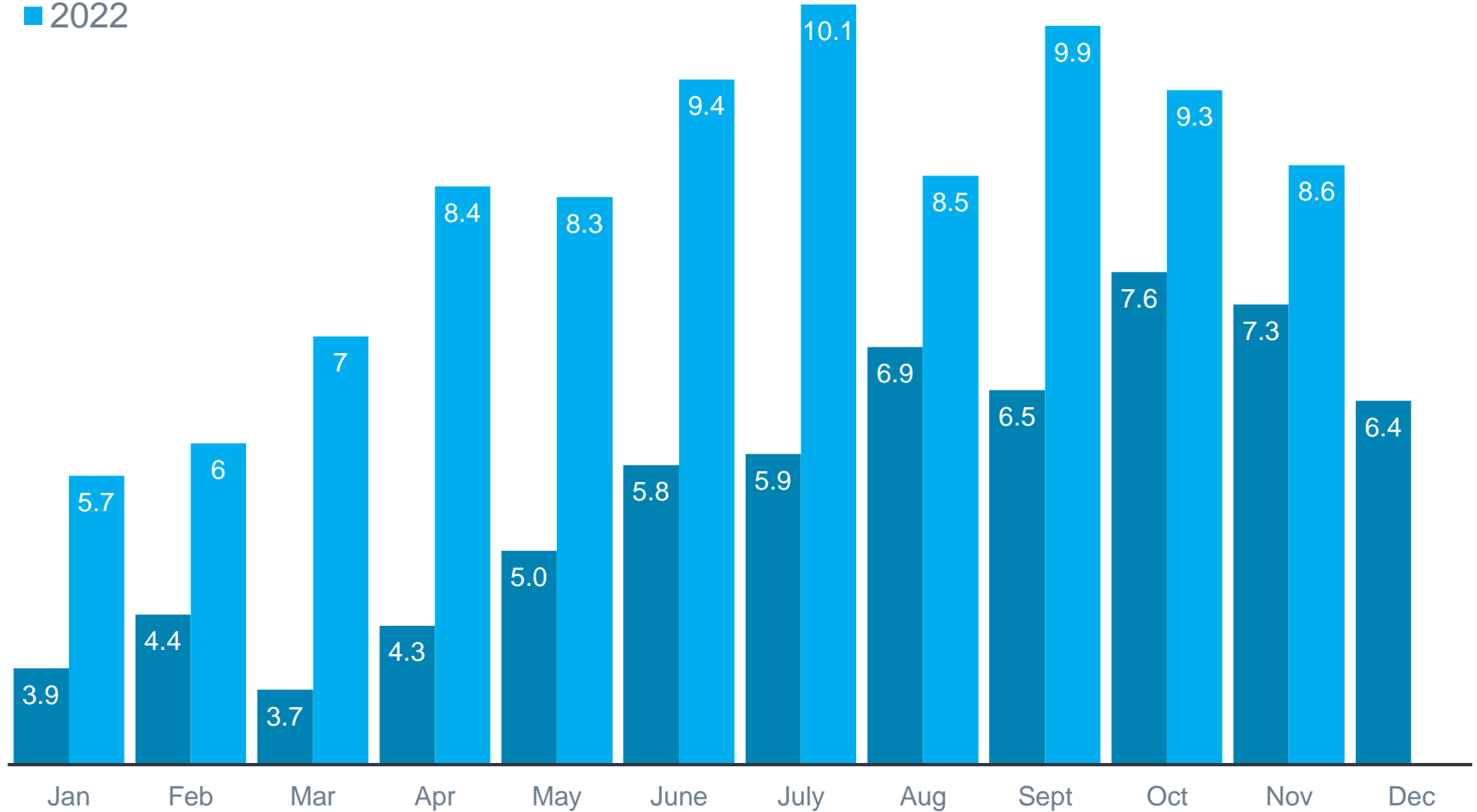
Source: Census

New Home Monthly Inventory

Non-Seasonally Adjusted

■ 2021

■ 2022



Source: Census



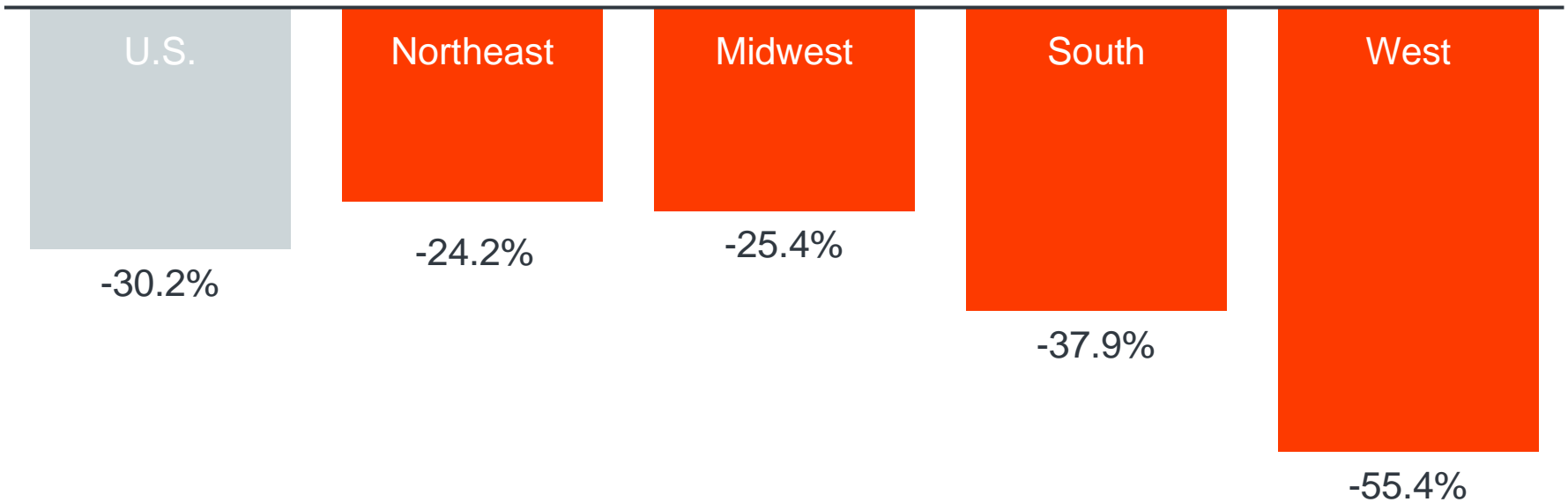
Buyer Demand

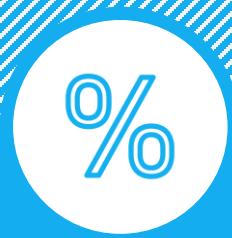
Showing Traffic Dips Again

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

Michael Lane, Vice President & General Manager, Showing Time

“Mortgage affordability remains a major challenge for home buyers, who aren’t getting out there to look at homes in the numbers we saw at this time last year and the year before. Heading into the spring shopping season, we’ll expect to see new listings hit the market and more buyers venturing out and facing less competition than they have been.”

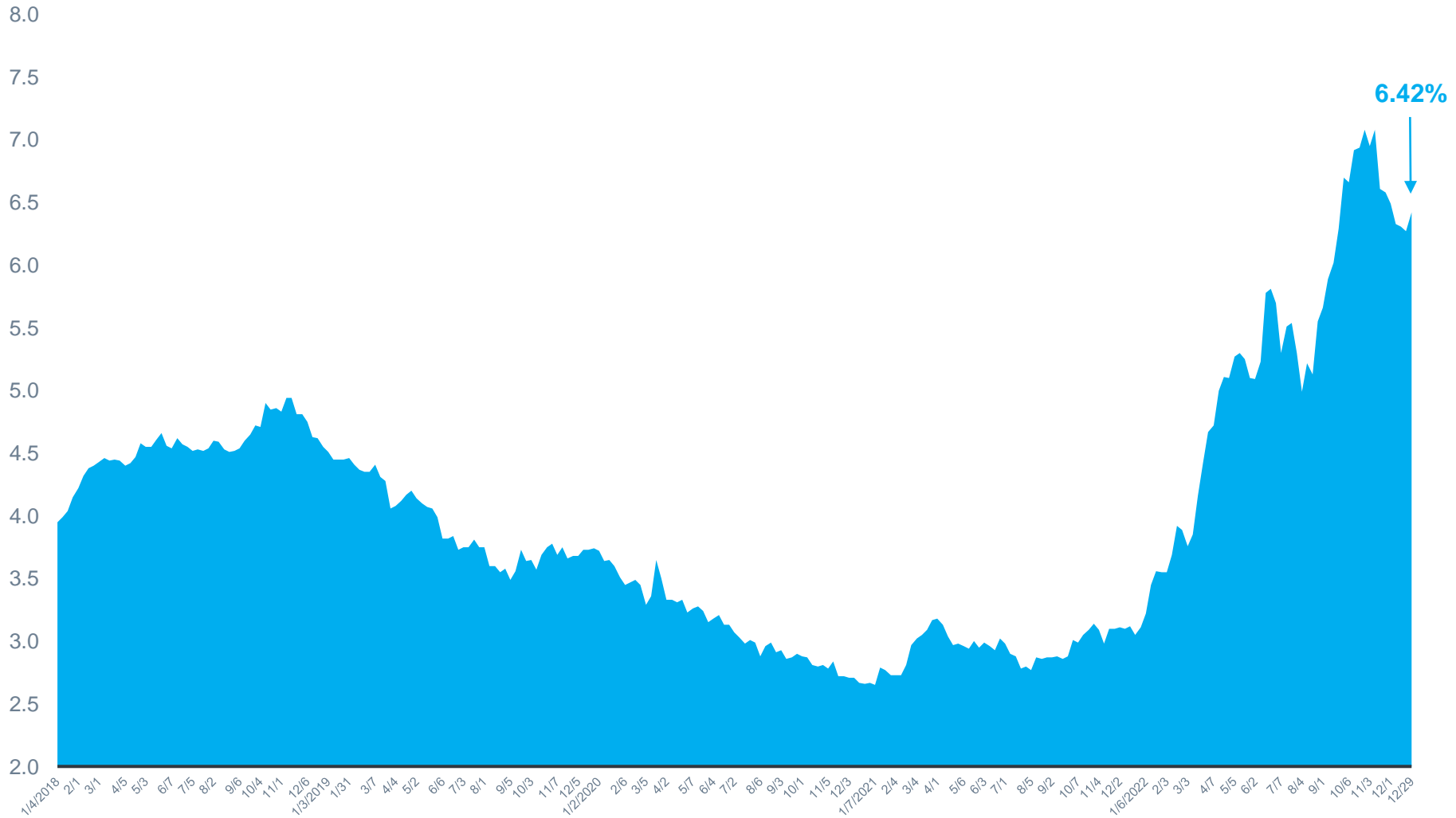




Mortgage Rates

Mortgage Rates

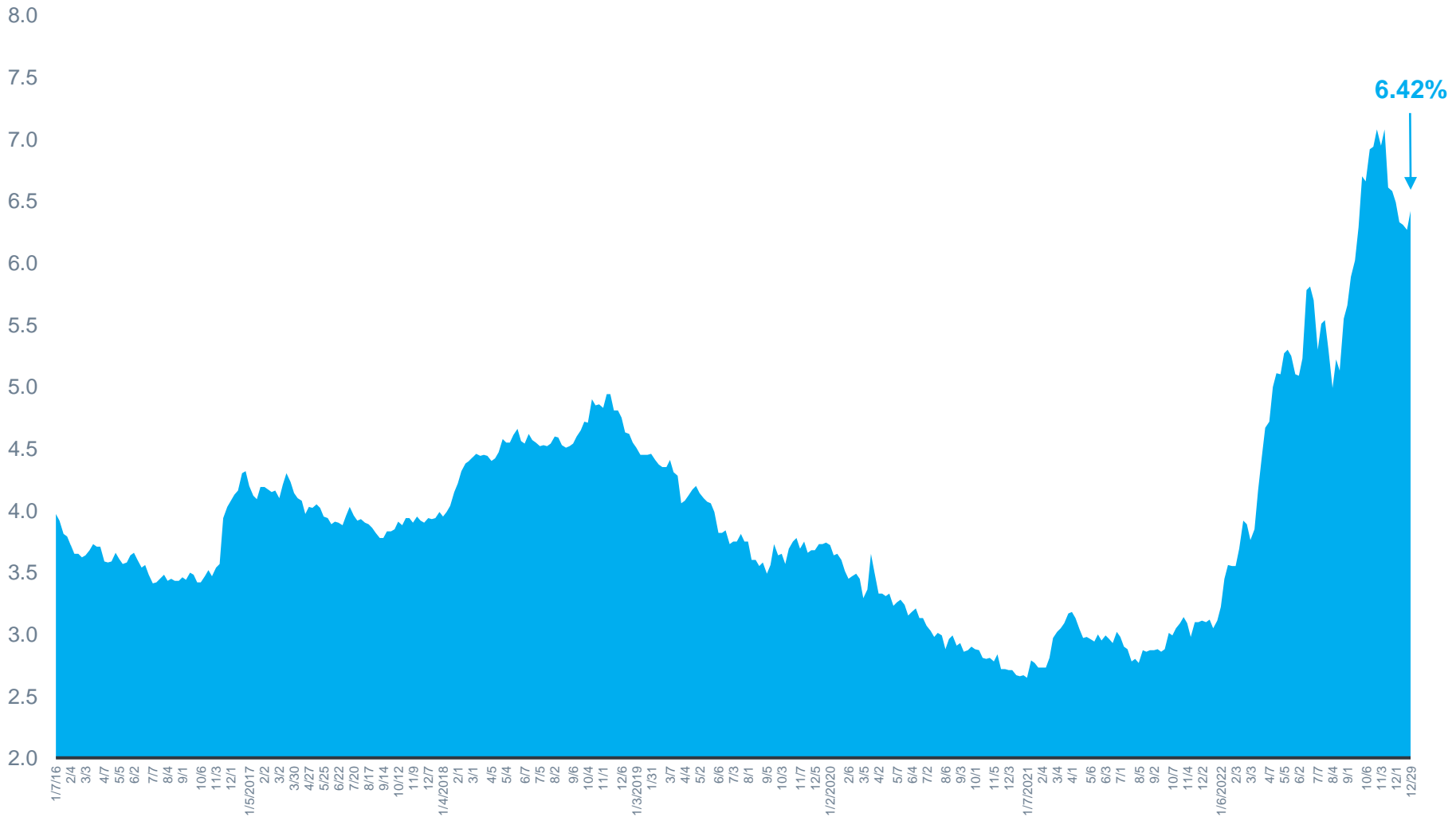
30-Year Fixed Rate, January 2018–Today



Source: Freddie Mac

Mortgage Rates

30-Year Fixed Rate, January 2016–Today



Source: Freddie Mac

Mortgage Rate Projections

January 2023

Quarter	Freddie Mac	Fannie Mae	MBA	NAR	Average of All Four
2023 Q1	6.60%	6.50%	6.20%	6.10%	6.35%
2023 Q2	6.50%	6.40%	5.60%	5.70%	6.05%
2023 Q3	6.40%	6.20%	5.40%	5.60%	5.90%
2023 Q4	6.20%	6.00%	5.20%	5.50%	5.73%

Mortgage Rates

30-Year Fixed Rate

8.0

7.0

6.0

5.0

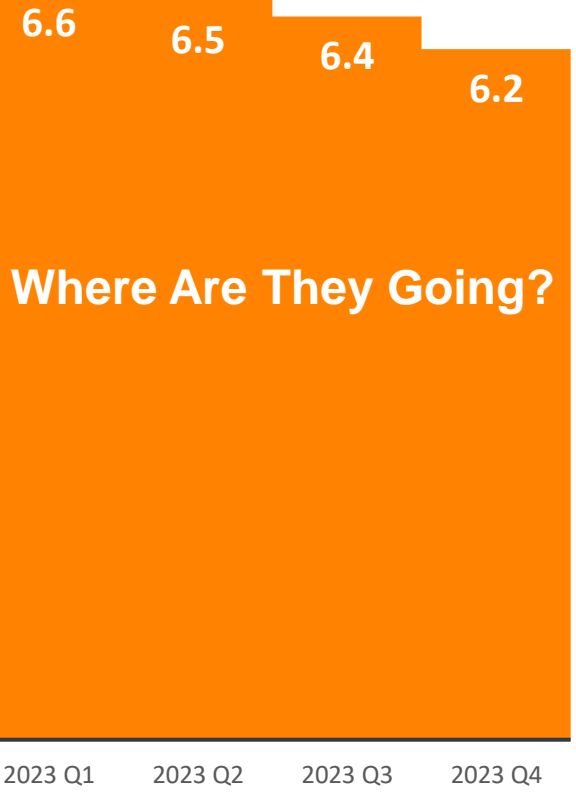
4.0

3.0

2.0

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 12/1 12/29

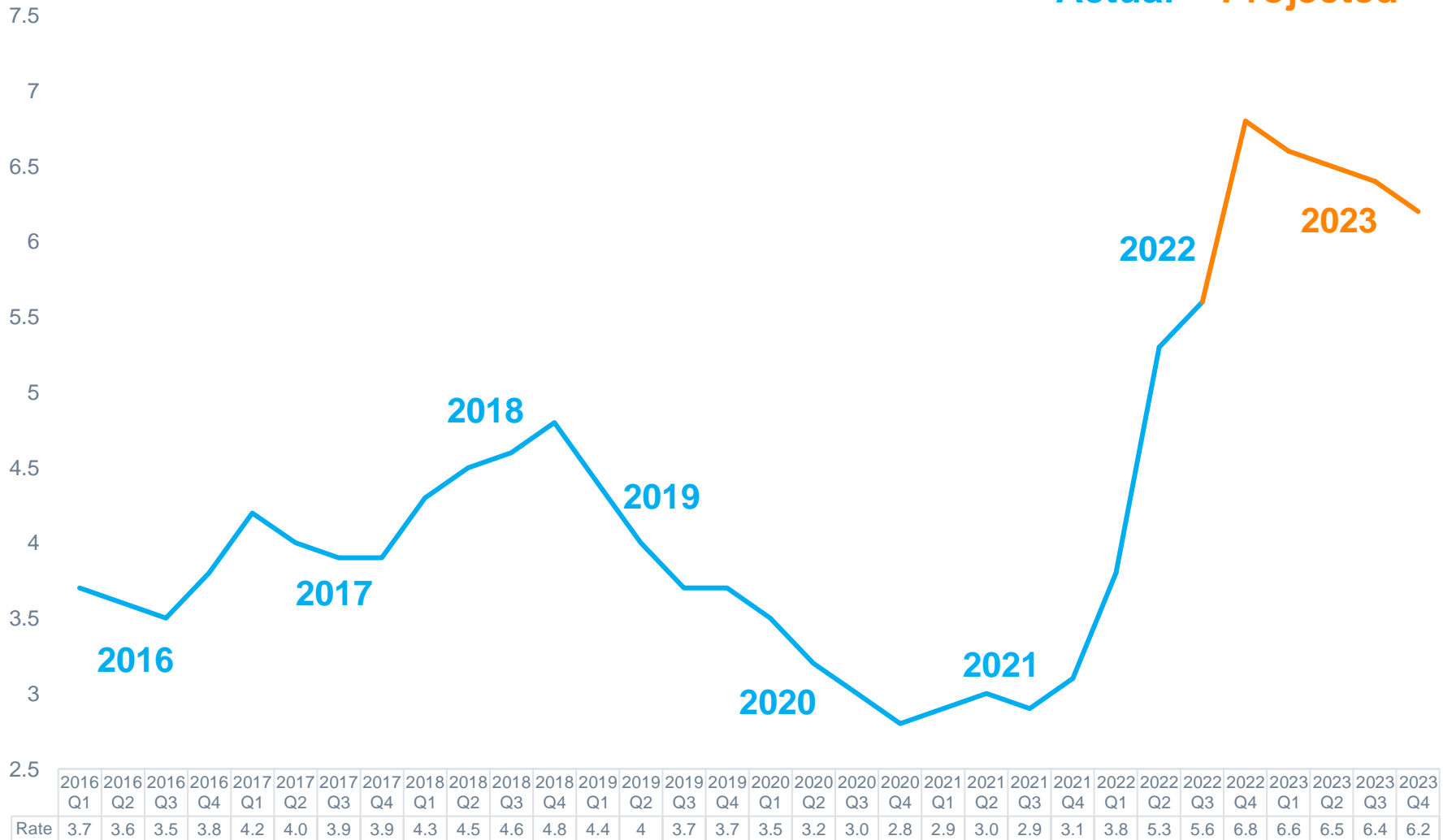
January 2019 – Today
Actual Interest Rates



Mortgage Rates

30-Year Fixed Rate

- Actual - Projected

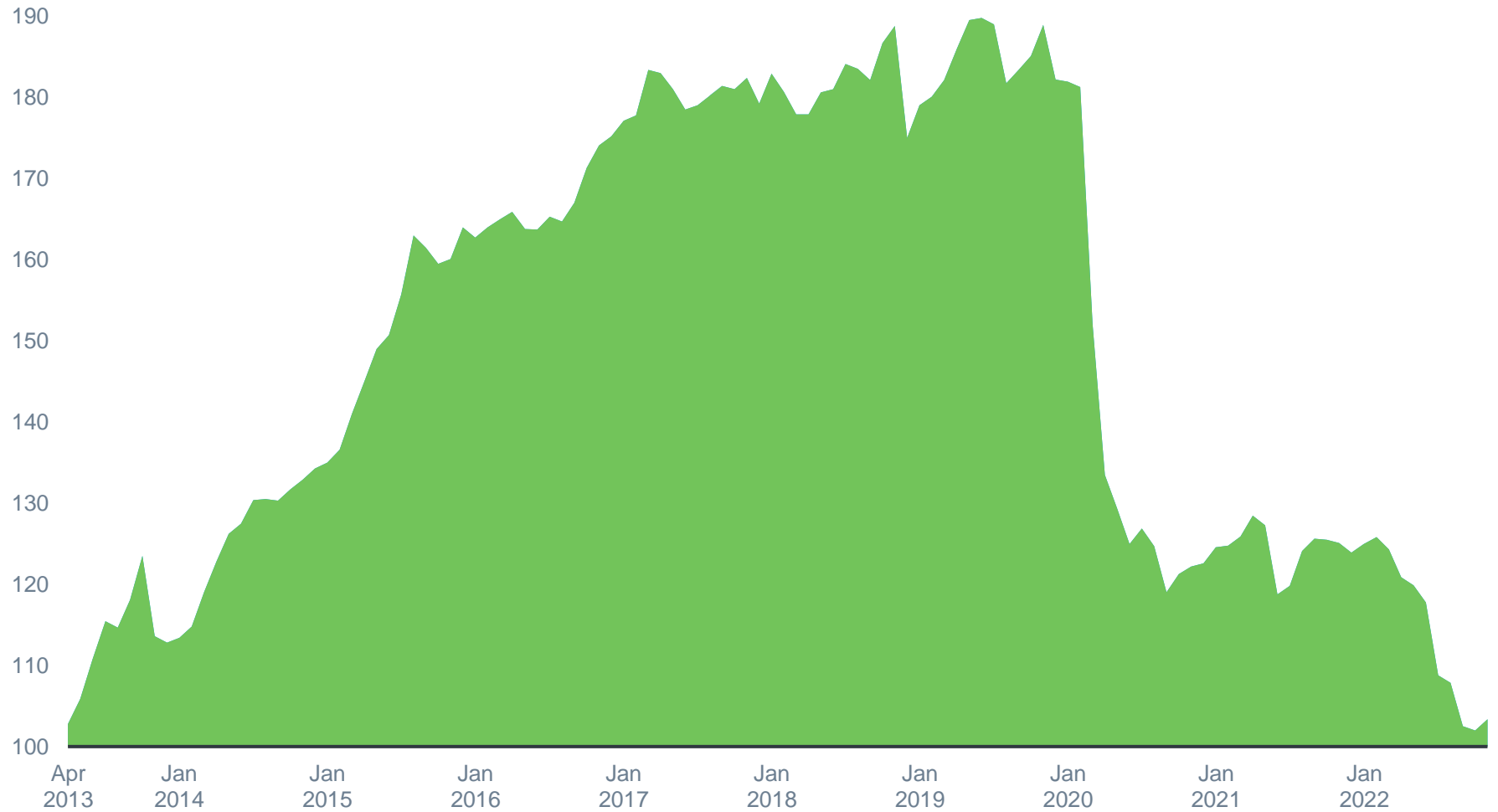




Mortgage Credit Availability

Mortgage Credit Availability Index (MCAI)

November 2022



Source: MBA

Lending Standards Still Under Control

Historic Data for the Mortgage Credit Availability Index (MCAI)

