



KEEPING CURRENT MATTERS

February 2023



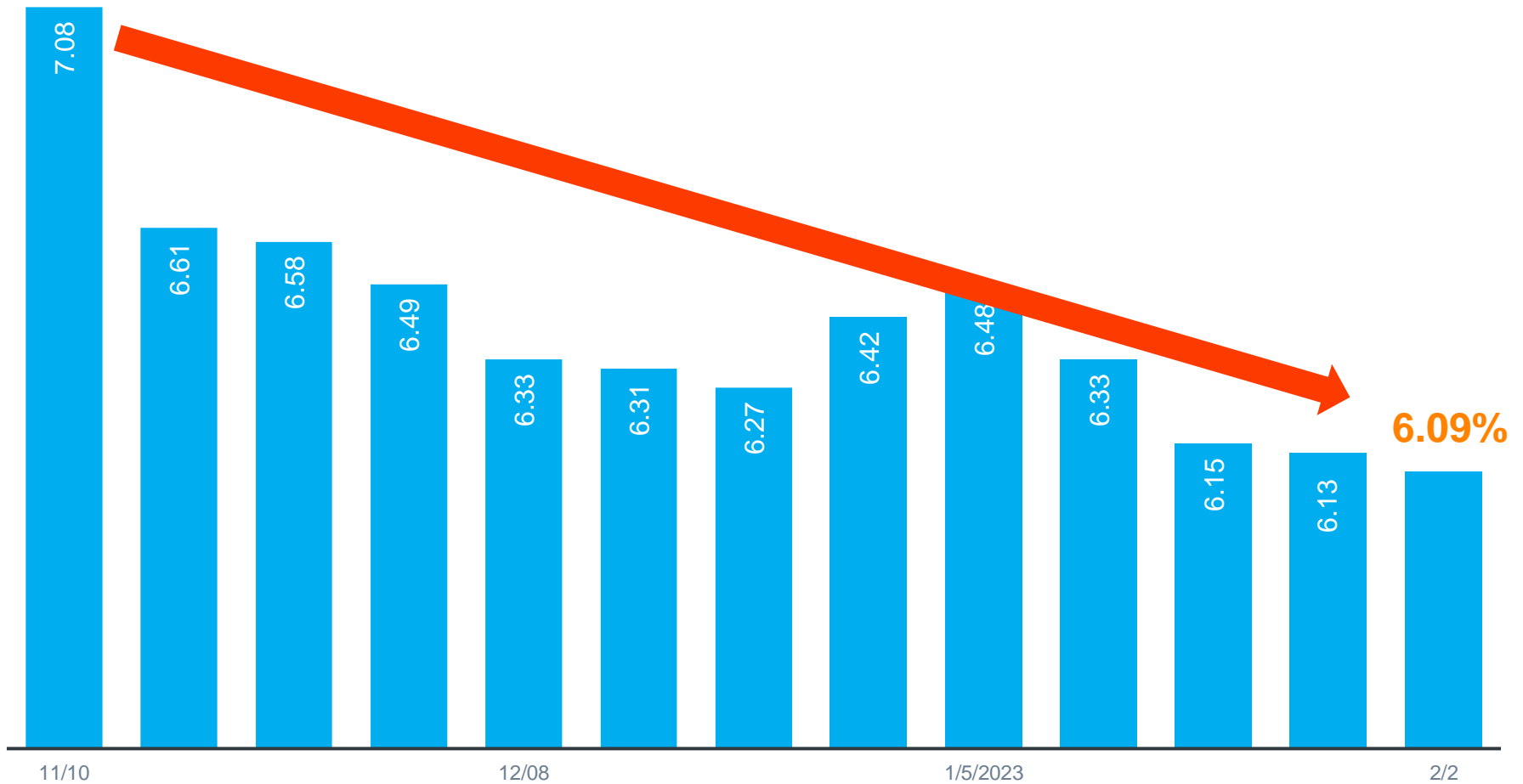
**“People do not follow
the best leaders.**

**They follow the ones
they can understand
the easiest.”**

- Donald Miller

Mortgage Rates Trending Downward

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



Source: Freddie Mac

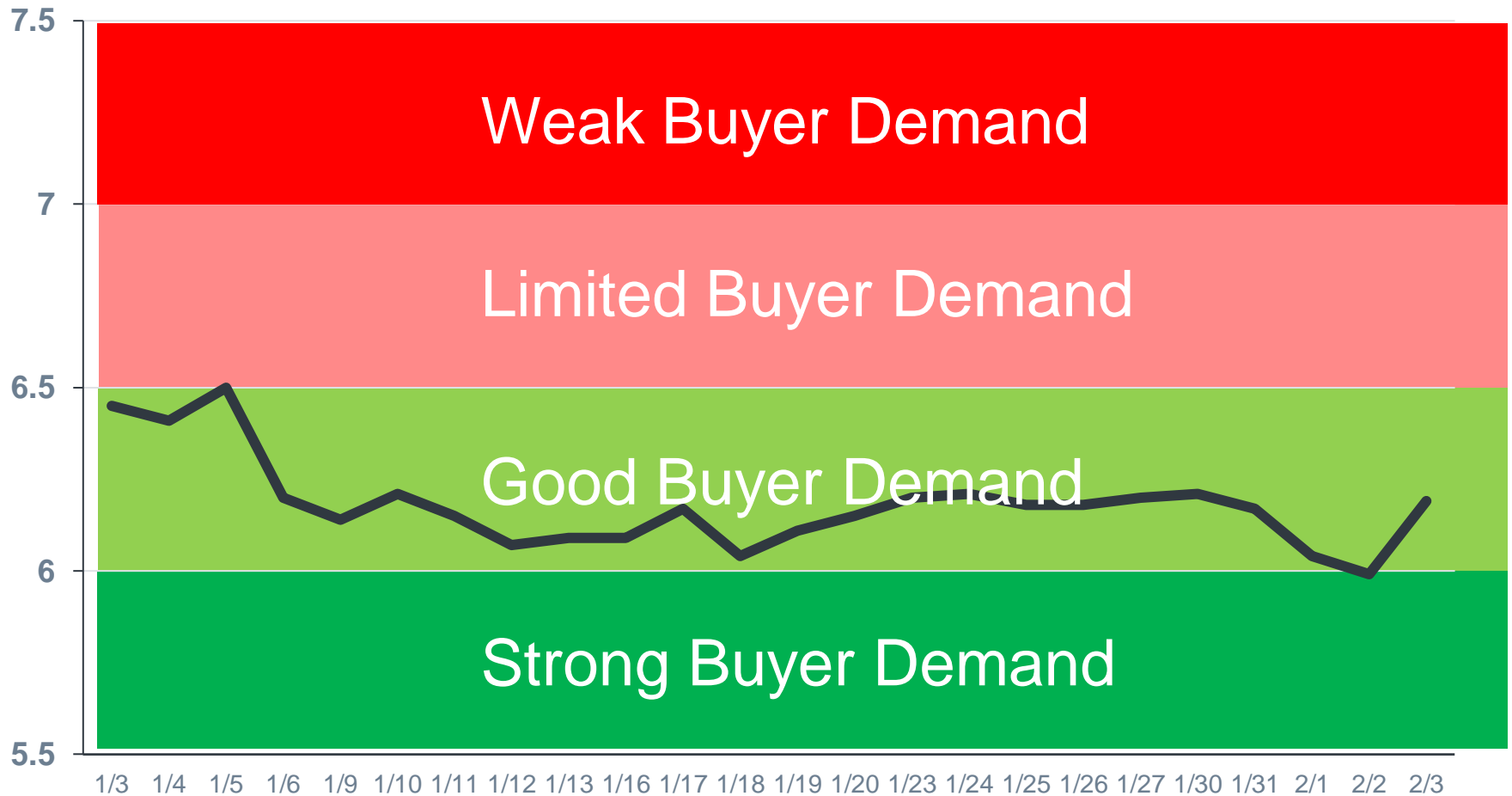


I wonder if some consumers have worked through the 5 stages of grief of higher mortgage rates.

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

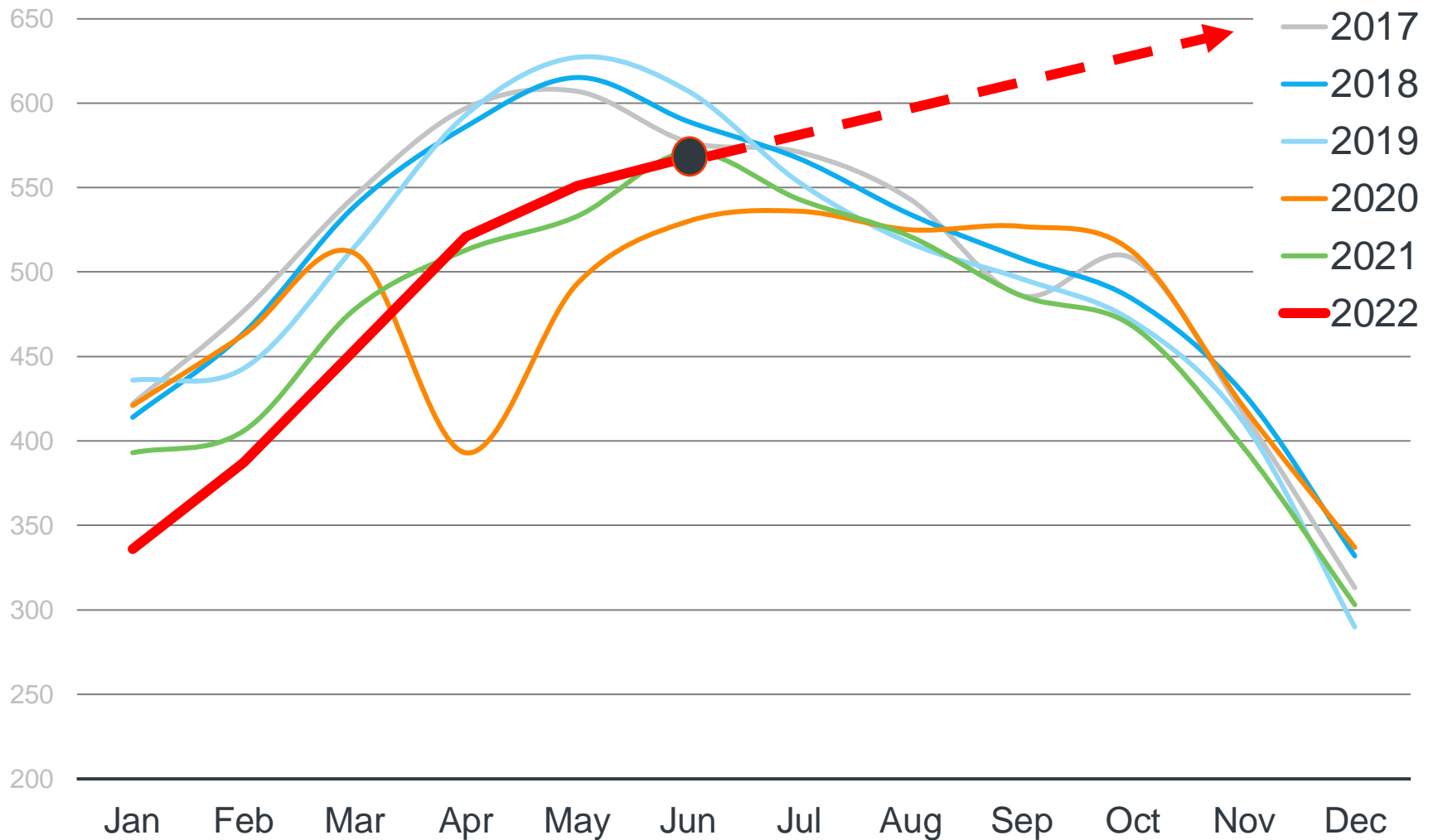
2023 30-Year Fixed Rate

Mortgage News Daily Rate Index: 30-Year Fixed Rate



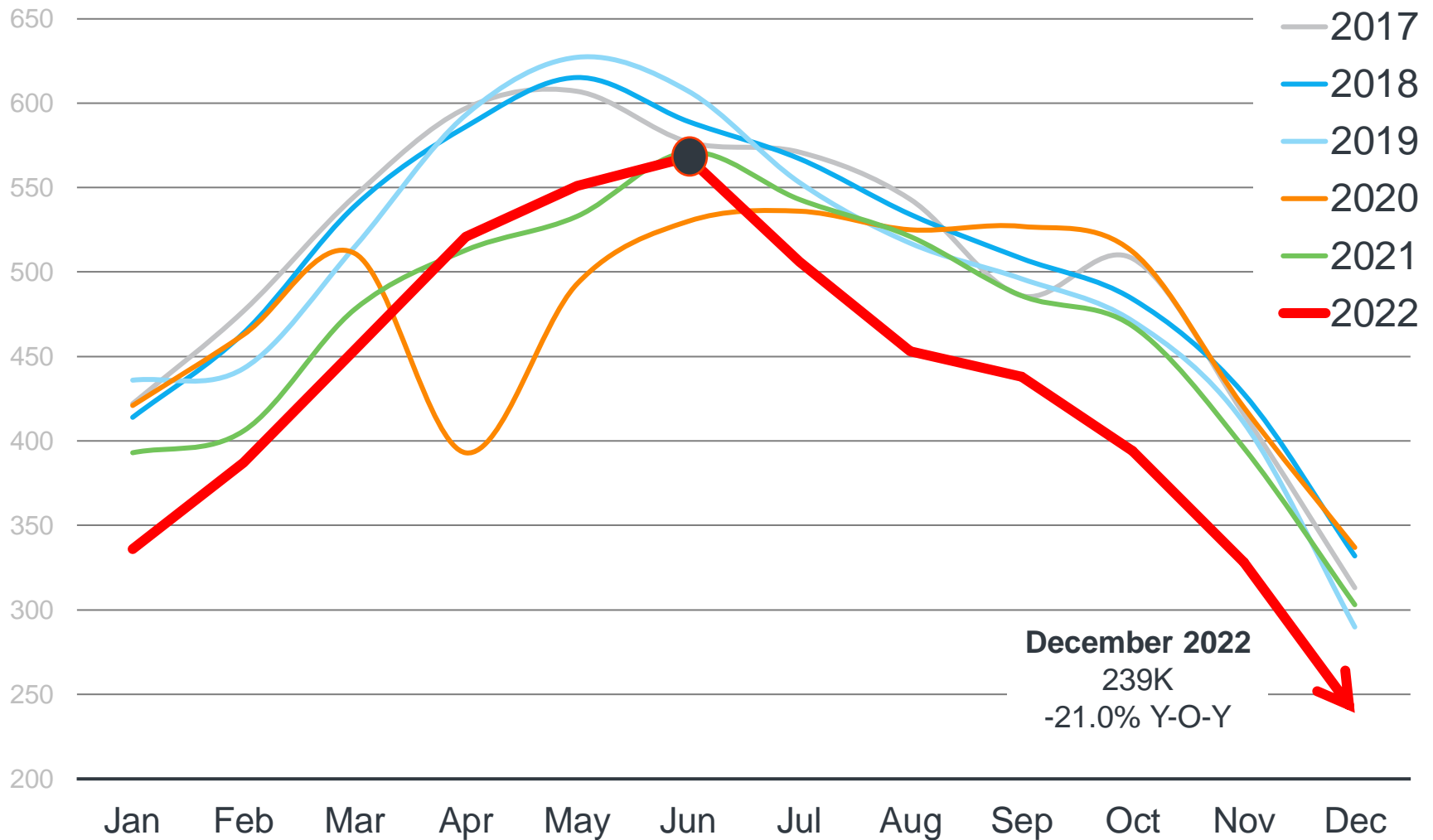
New Listings Now Below Previous Years

New Monthly Listing Counts (in Thousands)



New Listings Now Below Previous Years

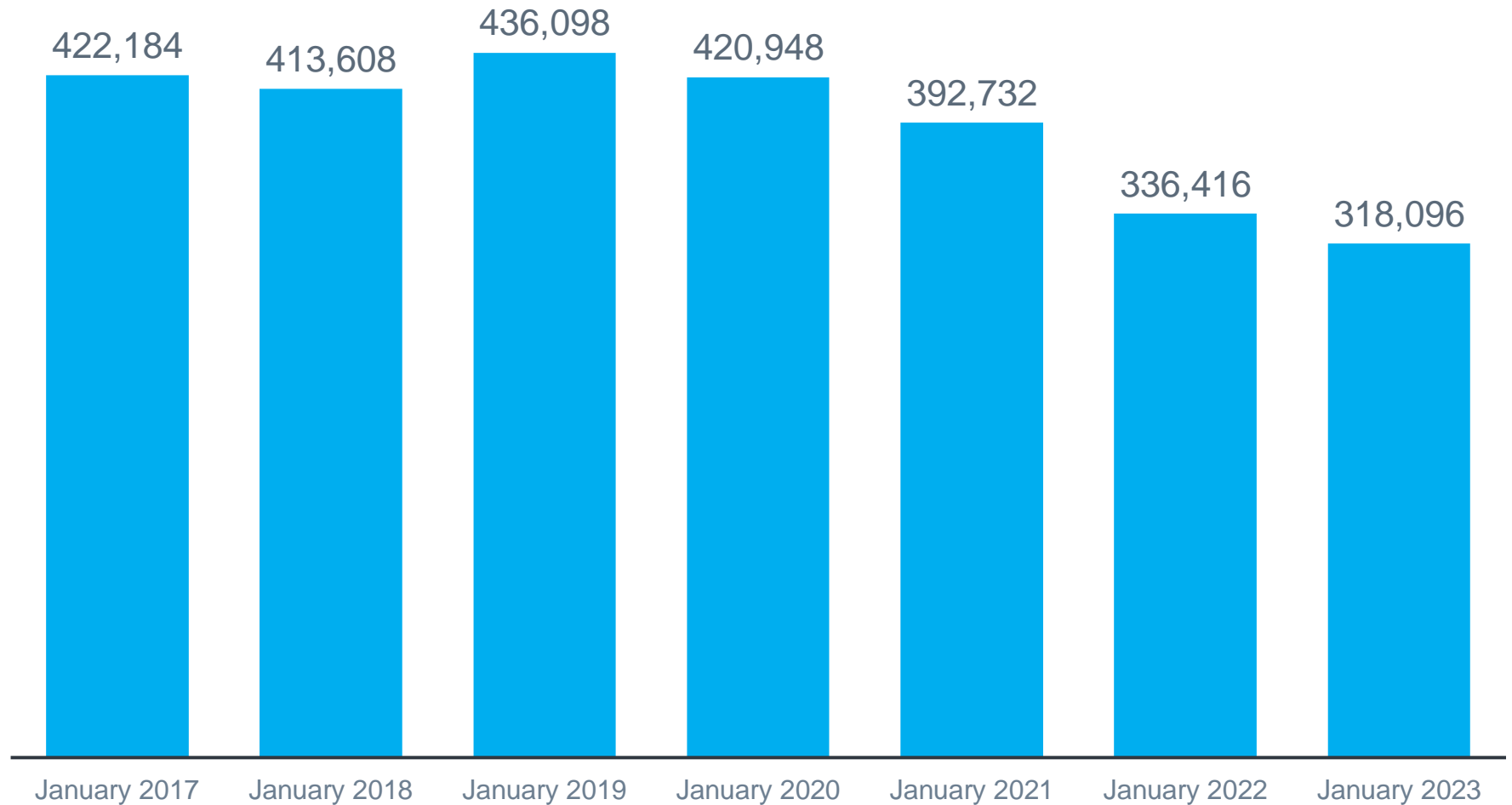
New Monthly Listing Counts (in Thousands)



December 2022
239K
-21.0% Y-O-Y

New Listings Now Below Previous Years

Since January 2017, Last 7 Januarys





I'm looking at the latest housing data and I see surprising demand indicators, including home price resiliency and supply staying restricted. **Who woulda guessed that?**

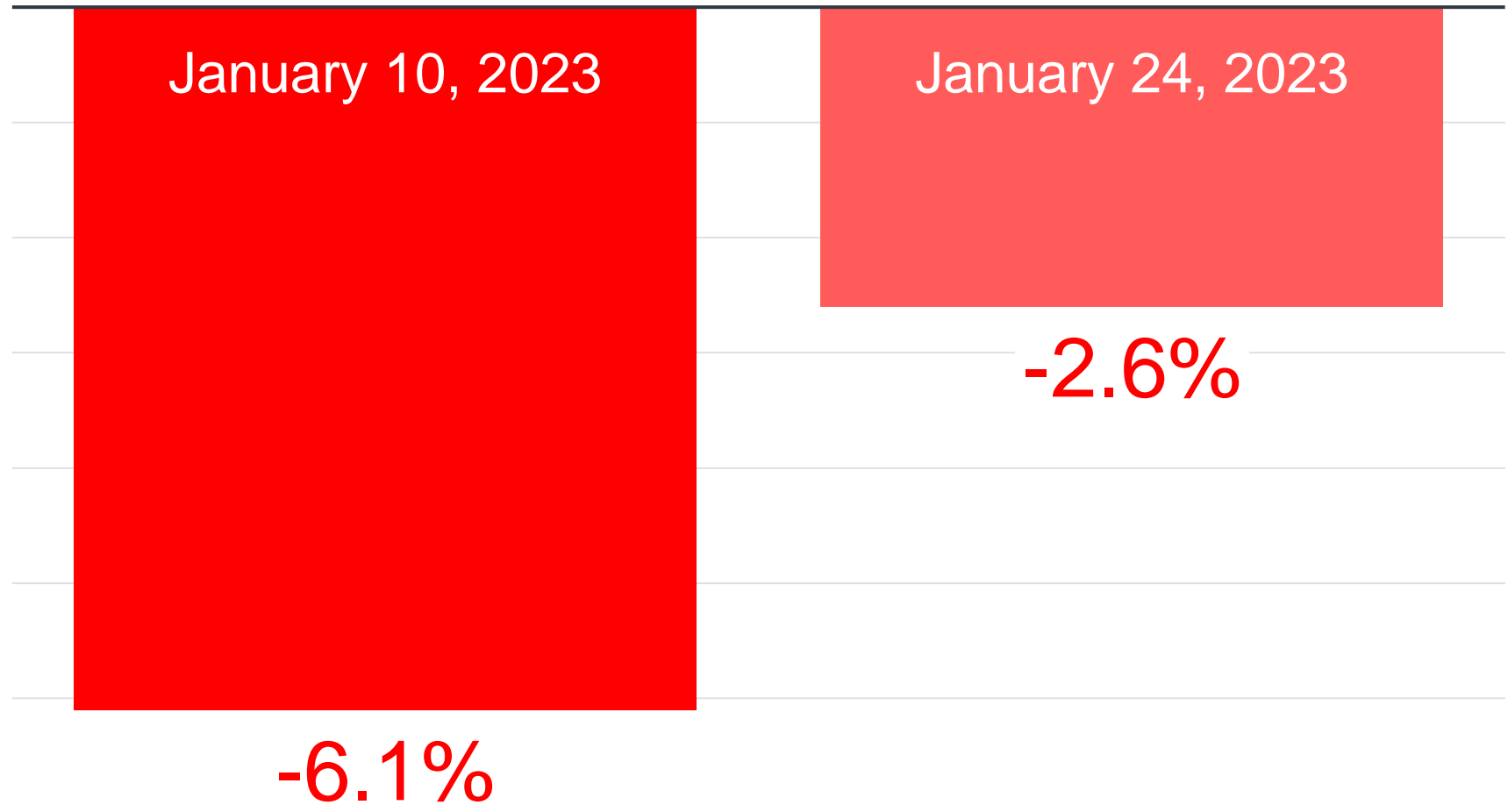
- **Mike Simonsen**, CEO, Altos Research



THE TURN 

Big Banks Beginning To Revise Forecasts?

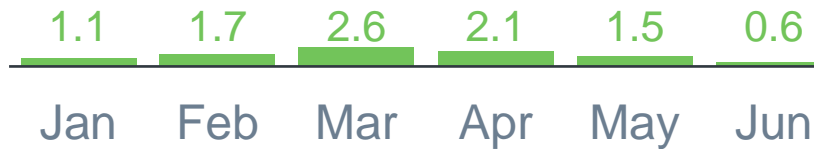
Goldman Sachs Dramatically Changes Home Price Forecast for 2023



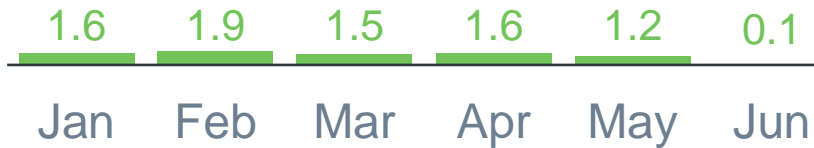
Have Home Values Hit Bottom?

2022 MOM % Change in Home Values for 4 Different Indices

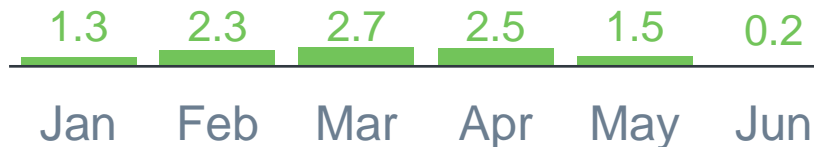
Case Shiller



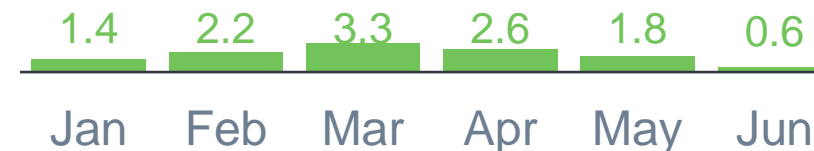
FHFA



Black Knight

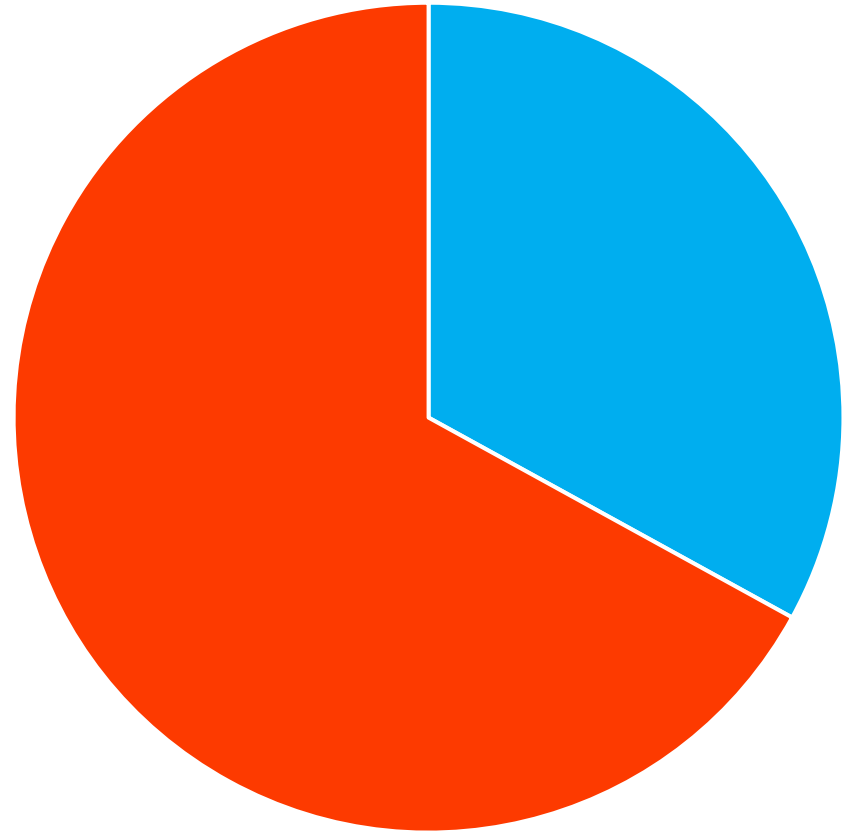


CoreLogic



Index	Jul	Aug	Sept	Oct	Nov	Dec
Case Shiller	-0.3	-1.1	-1	-0.5	-0.6	
FHFA	-0.6	-0.7	0.1	0	-0.1	
Black Knight	-1.1	-1	-0.5	-0.4		
CoreLogic	-0.3	-0.7	-0.5	-0.1	-0.2	

67%



of Americans say a housing market crash is imminent in the next 3 years.

US foreclosure filings surged 115% in 2022

U.S. FORECLOSURE ACTIVITY DOUBLES ANNUALLY BUT STILL BELOW PRE-PANDEMIC LEVELS

Published: Jan. 12, 2023 at 12:01 AM EST

SERVICING

Foreclosures filings rose 115% in the past year

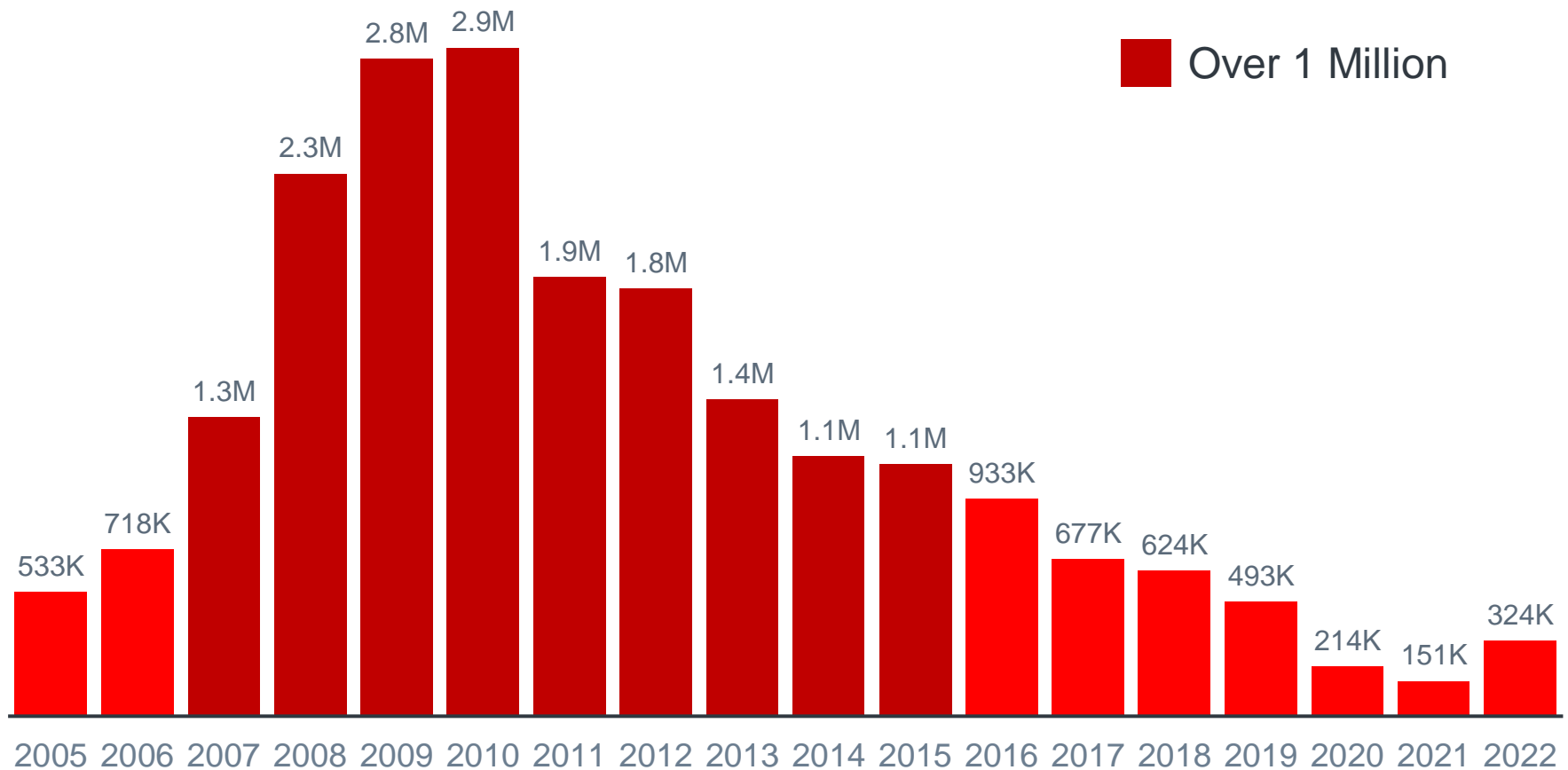


ATTOM, a leading curator of real estate data nationwide for land and property data, today released its Year-End 2022 U.S. Foreclosure Market Report, which shows foreclosure filings— default notices, scheduled auctions and bank repossessions — were reported on 324,237 U.S. properties in 2022, **up 115% from 2021 but down 34% from 2019**, before the pandemic shook up the market. Foreclosure filings in 2022 were also down 89% from a peak of nearly 2.9 million in 2010.

- ATTOM

U.S. Foreclosure Activity Doubles Annually, But Still Below Pre-Pandemic Levels

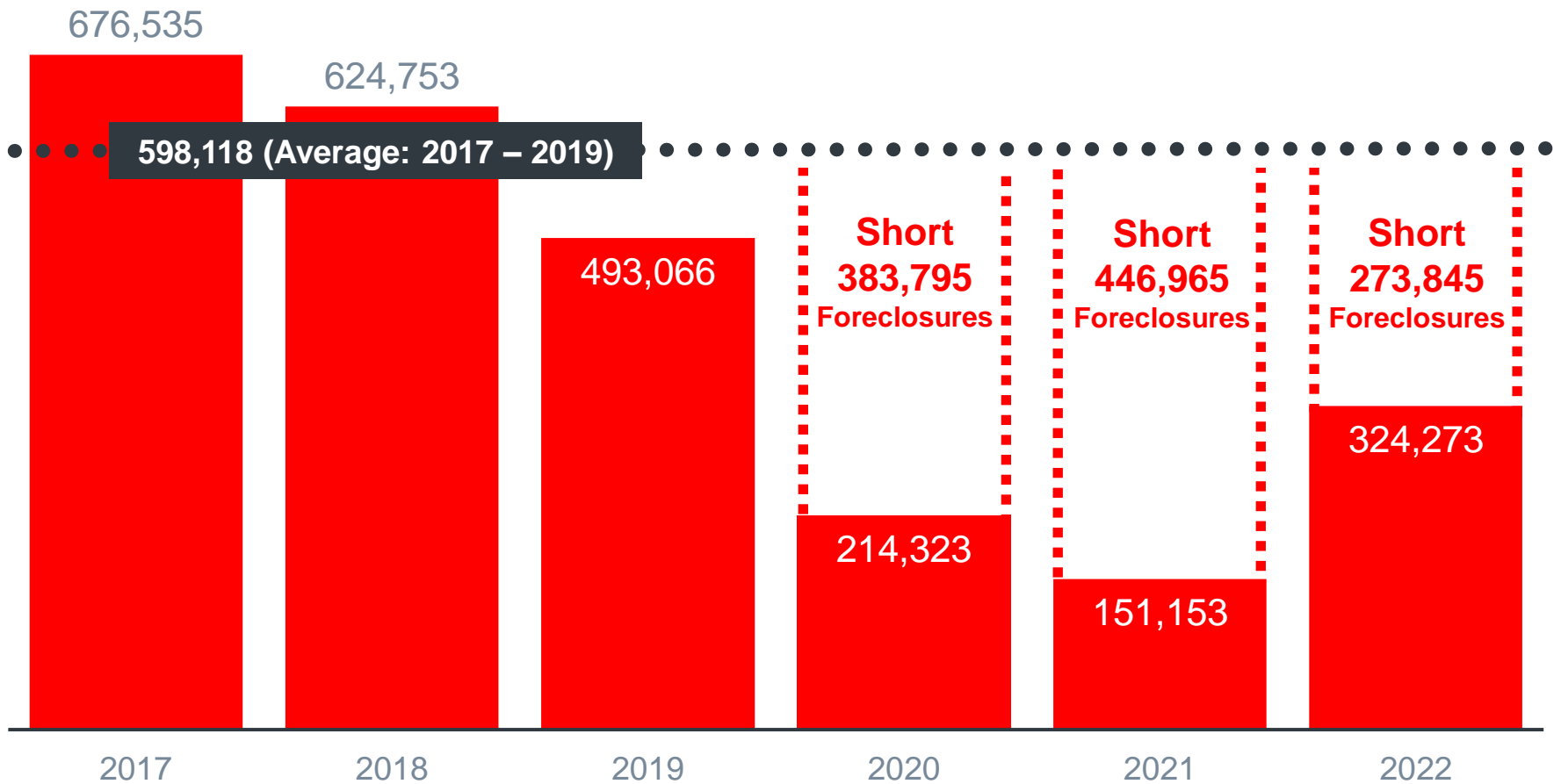
U.S. Properties with Foreclosure Filings



Source: ATTOM

1M Fewer Foreclosures Over the Last 3 Years

U.S. Properties with Foreclosure Filings





Eighteen months after the end of the government's foreclosure moratorium, and with less than five percent of the 8.4 million borrowers who entered the CARES Act forbearance program remaining, **foreclosure activity remains significantly lower than it was prior to the COVID-19 pandemic. It seems clear that government and mortgage industry efforts during the pandemic, coupled with a strong economy, have helped prevent millions of unnecessary foreclosures.**

- Rick Sharga, Executive VP of Market Intelligence, ATTOM



The bottom line is there will be an increase in foreclosures over the next year (from record low levels), but there will not be a huge wave of distressed sales as happened following the housing bubble. **The distressed sales during the housing bust led to cascading price declines, and that will not happen this time.**

- **Bill McBride**, Founder, CalculatedRisk, 1/16/2023

**WE MUST CONTROL THE
NARRATIVE**

credit rating will fall Shock **Economy:** Fears of a new recession are rising
e fiscal fantasy Another loss And now, a downgrade? Recession fears
e brink Uncertainty certain **Look out below** What happened? downgrade debt
com Drop-off
ebt d
ebt deal
fall **D**
est
'08 car
gh nil! **D**
ebt **D**
ore debt
certa
arke
ebt) **DOW SUFFERS STEEP DROP** far cry from being over
sink WORST ONE-DAY POINT DECLINE SINCE 2008 **IN BUSINESS** Market decline
Roller **More grief** uncertainty Big banks vow no '08 repeat
coaster **Market** **Markets:** Fears **financial meltdown** Apprehensions
is anywhere **Debt** **Economic distress** De

Resources

Slide(s)	Description	Link(s)
2	Miller Quote	https://storybrand.com/
3	Mortgage Rates Trends	https://freddiemac.gcs-web.com/node/26656/pdf http://www.freddiemac.com/pmms/
4	Wolf Quote	https://twitter.com/AliWolfEcon/status/1616894983709298688
5	30-Year Fixed Rate Graph	https://www.mortgagenewsdaily.com/mortgage-rates
6-8	New Listings Graphs	https://www.realtor.com/research/data/
9	Simonsen Quote	https://twitter.com/mikesimonsen/status/1617619878965555202
11	Goldman Sachs Forecast	https://twitter.com/NewsLambert/status/1617960706955182080

Resources

Slide(s)	Description	Link(s)
12	2022 Home Values	https://www.spglobal.com/spdji/en/indices/indicators/sp-corelogic-case-shiller-us-national-home-price-nsa-index/#news-research https://www.fhfa.gov/AboutUs/Reports/ReportDocuments/FHFA-HPI-Monthly-1312023.pdf https://www.blackknightinc.com/data-reports/ https://www.corelogic.com/intelligence/u-s-home-price-insights-january-2023/
14	NerdWallet Survey	https://www.nerdwallet.com/article/mortgages/2023-home-buyer-report
15	Headlines	https://www.mpamag.com/us/mortgage-industry/market-updates/us-foreclosure-filings-surged-115-in-2022/432815 https://www.nationalmortgagenews.com/news/foreclosures-filings-rose-115-in-the-past-year https://www.nbc12.com/prnewswire/2023/01/12/us-foreclosure-activity-doubles-annually-still-below-pre-pandemic-levels/

Resources

Slide(s)	Description	Link(s)
16	ATTOM Data Quote	https://www.attomdata.com/news/market-trends/foreclosures/attom-year-end-2022-u-s-foreclosure-market-report/
17 & 18	Foreclosures over Time Graphs	https://www.attomdata.com/news/market-trends/foreclosures/attom-year-end-2022-u-s-foreclosure-market-report/
19	Sharga Quote	https://www.attomdata.com/news/market-trends/foreclosures/attom-year-end-2022-u-s-foreclosure-market-report/
20	McBride Quote	https://calculatedrisk.substack.com/p/the-housing-bubble-and-mortgage-debt-76d



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, 49-54	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/

Resources

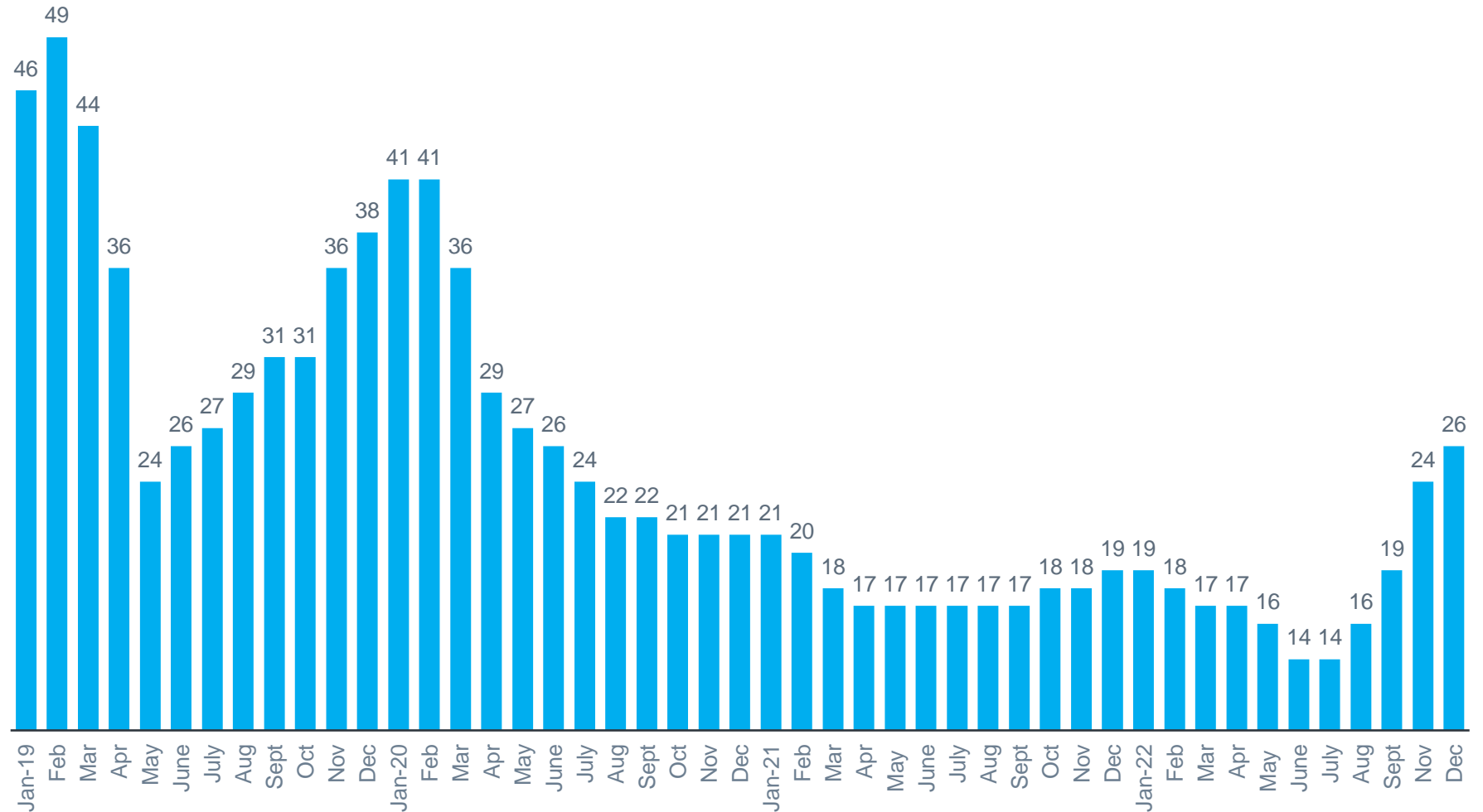
Slide(s)	Description	Link(s)
49-56	Inventory	https://www.nar.realtor/topics/existing-home-sales http://www.census.gov/construction/nrs/pdf/newressales.pdf https://www.realtor.com/research/data/
66	Showing Activity	https://www.showingtime.com/blog/december-2022-showing-index-results-west-sees-small-uptick-to-end-2022/
60, 61, 63, 64	Mortgage Rates	http://www.freddiemac.com/pmms/pmms_archives.html http://www.freddiemac.com/research/forecast/ https://www.mba.org/news-research-and-resources/research-and-economics/forecasts-and-commentary
62	Mortgage Rate Projections	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

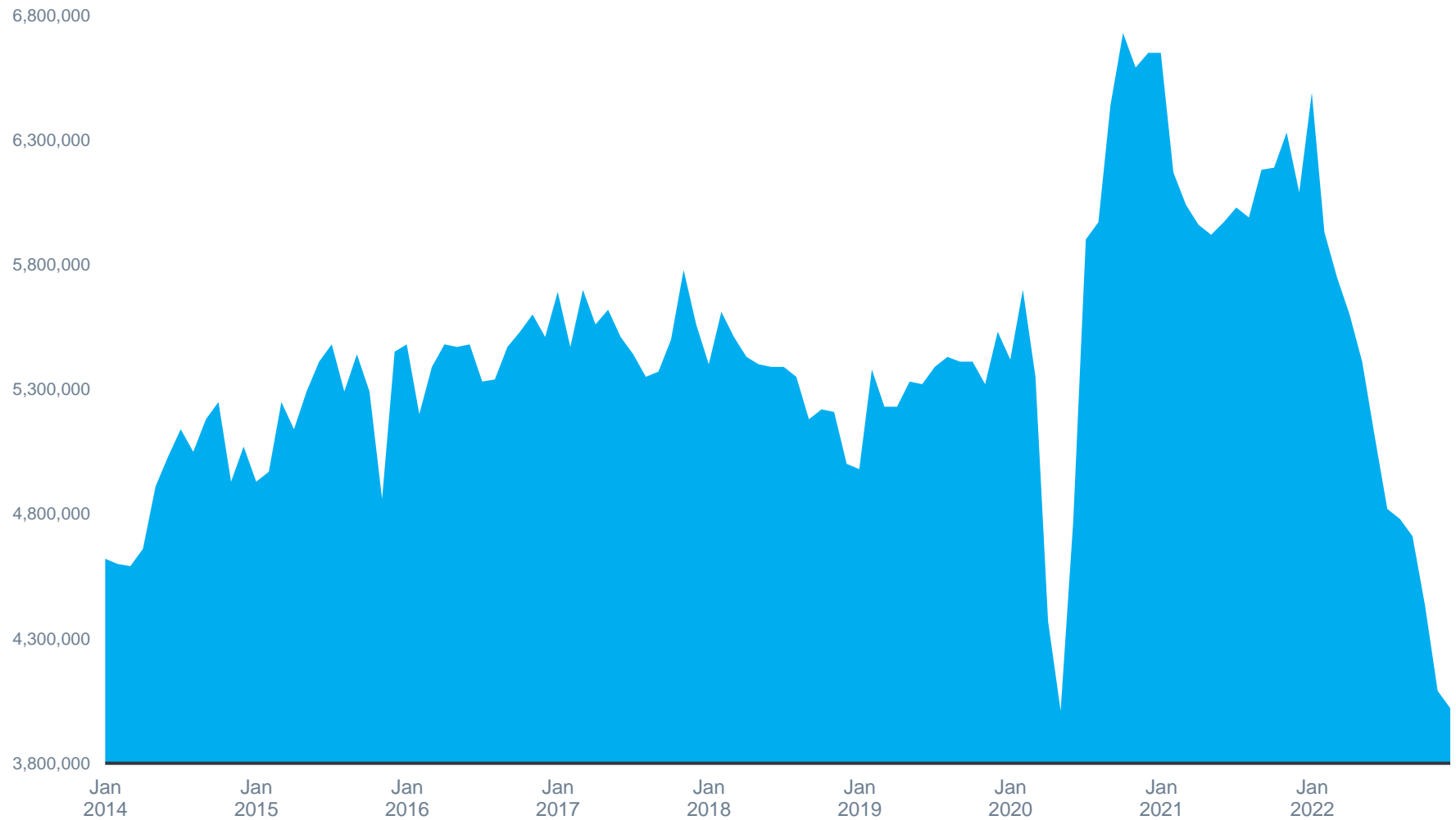
Average Days on the Market

December 2022



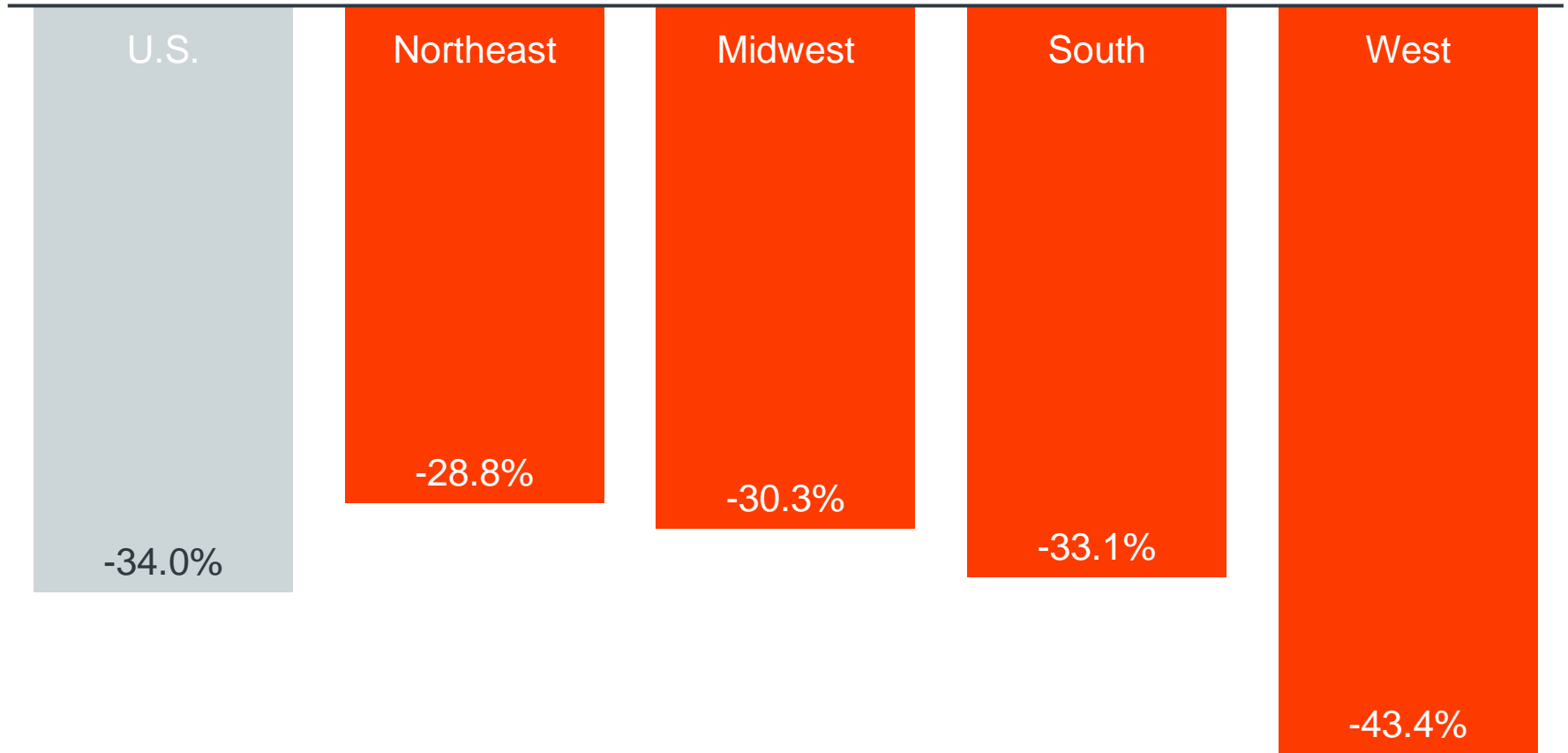
Existing Home Sales

Since January 2014



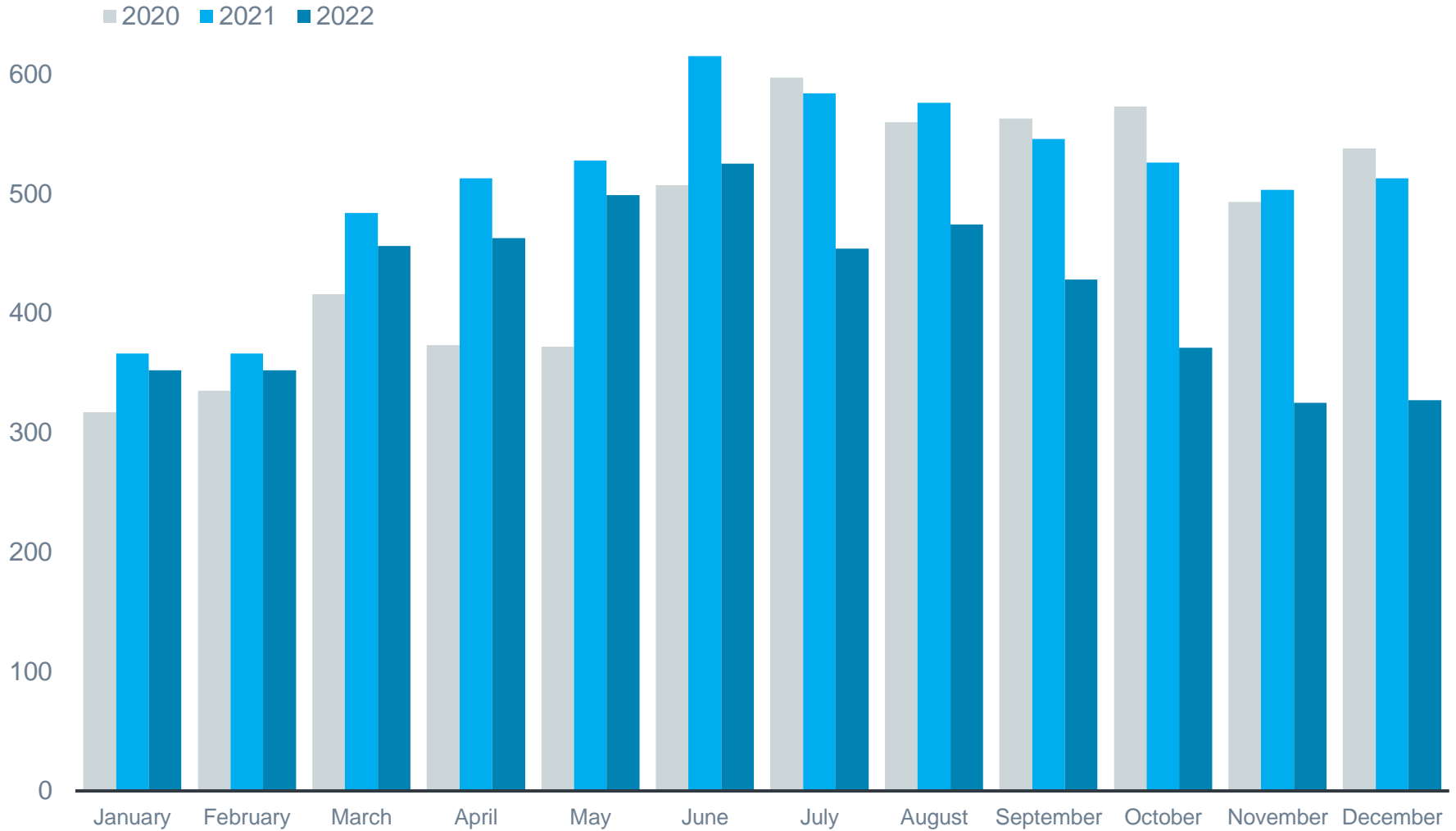
Existing Home Sales

Year-Over-Year, by Region



Existing Home Sales

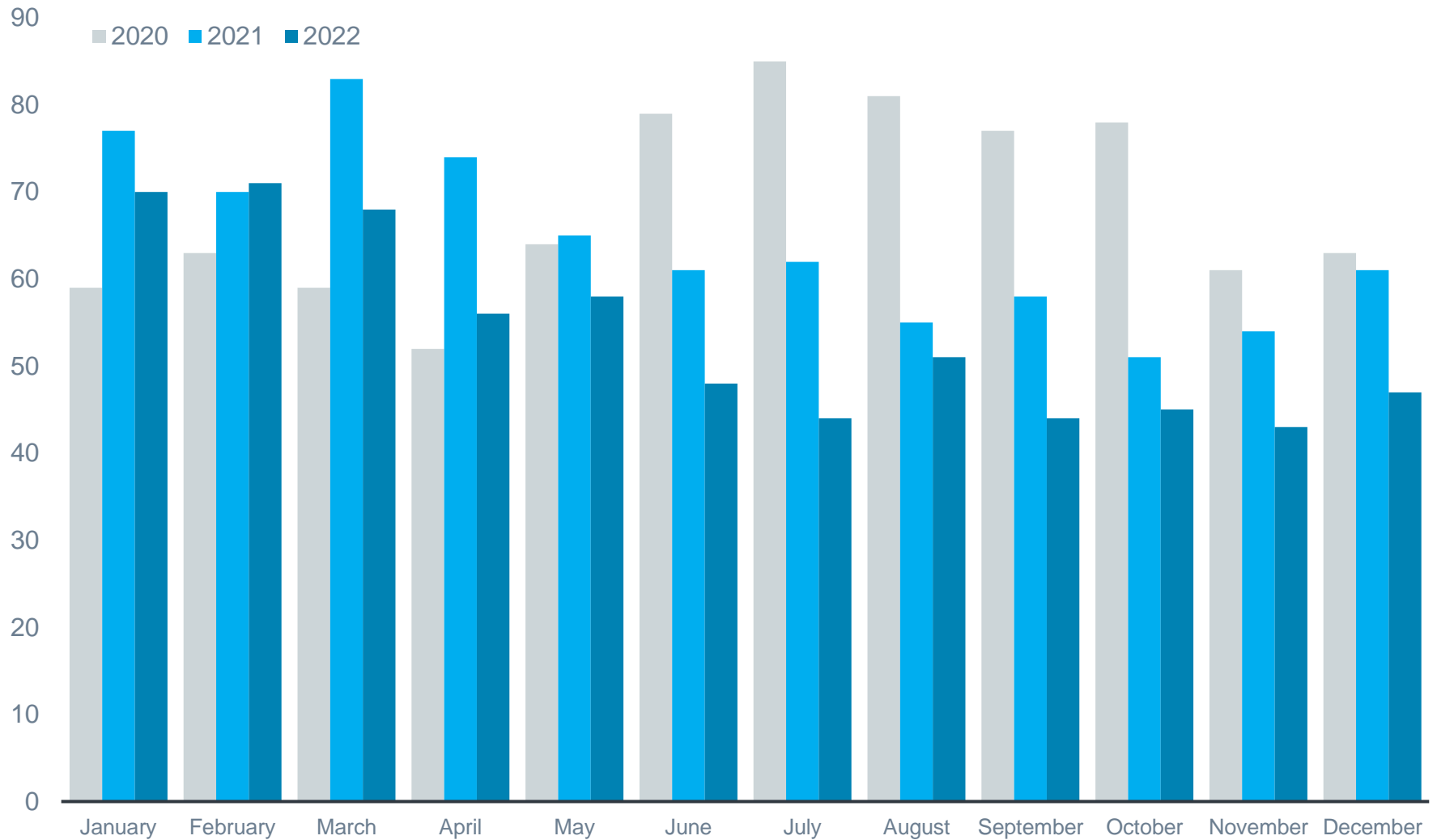
In Thousands



Source: NAR

New Home Sales

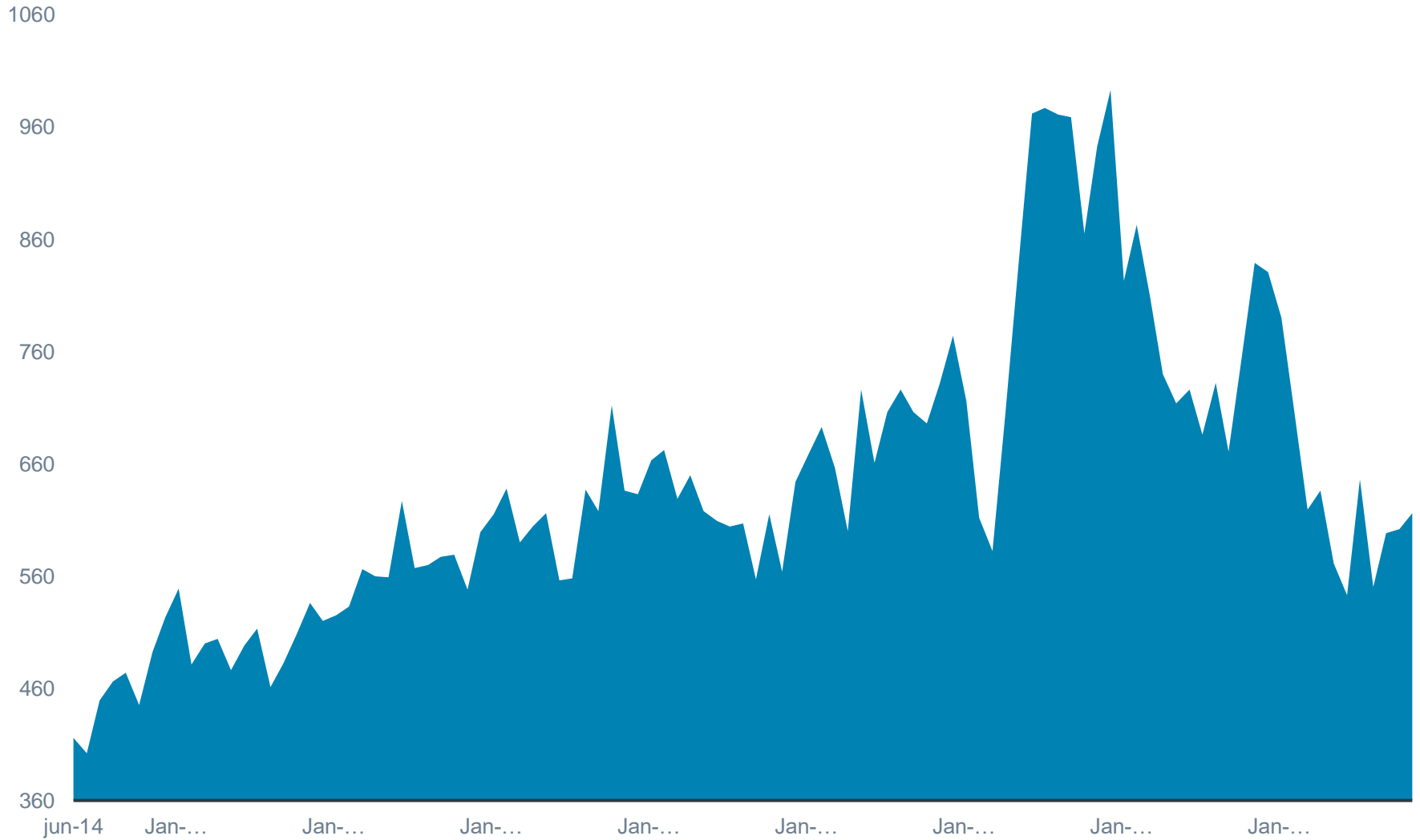
In Thousands



Source: Census

New Home Sales

Annualized in Thousands

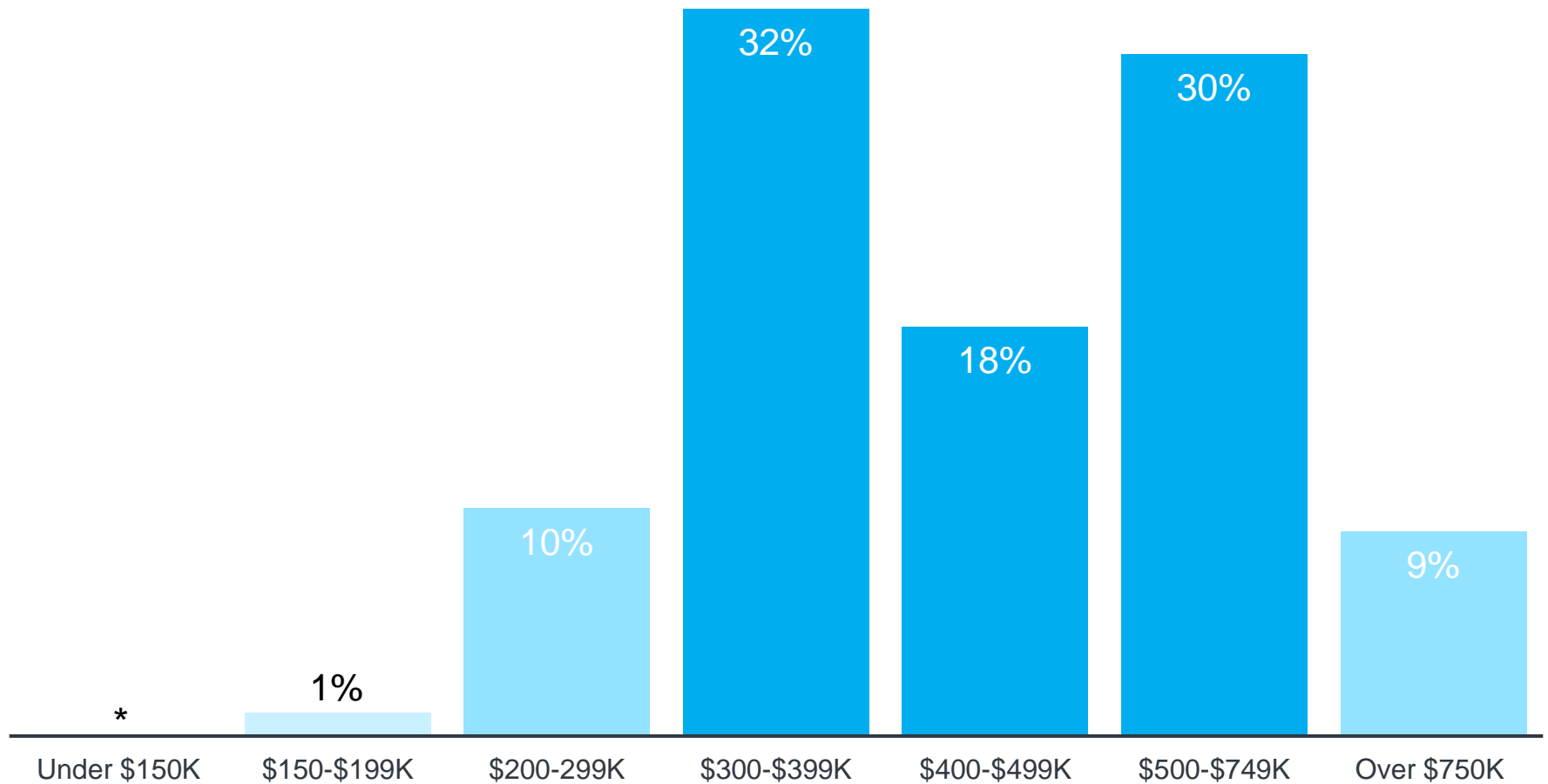


Source: Census

New Home Sales

Percent of Distribution by Price Range

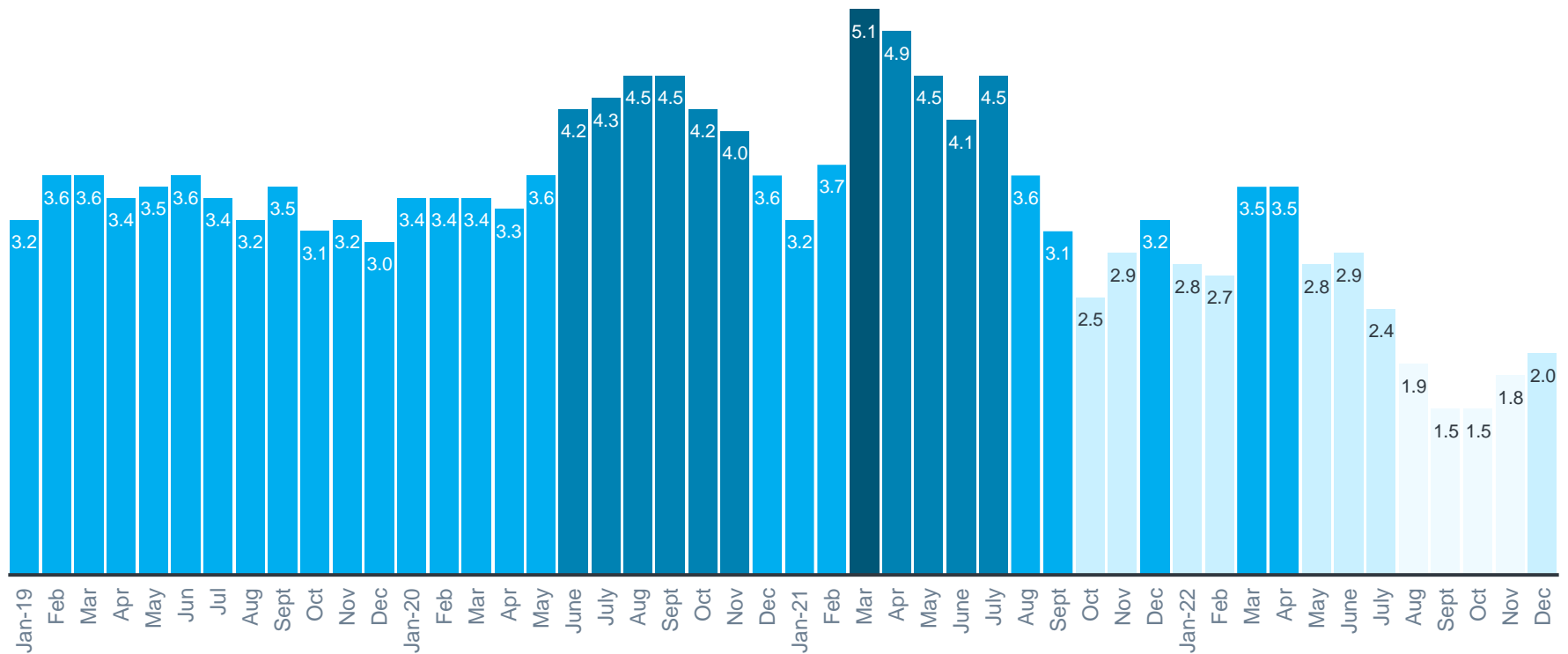
* Less Than 500 Units or Less Than 0.5 Percent



Source: Census

New Homes Selling Fast

Median Months from Completion to Sold

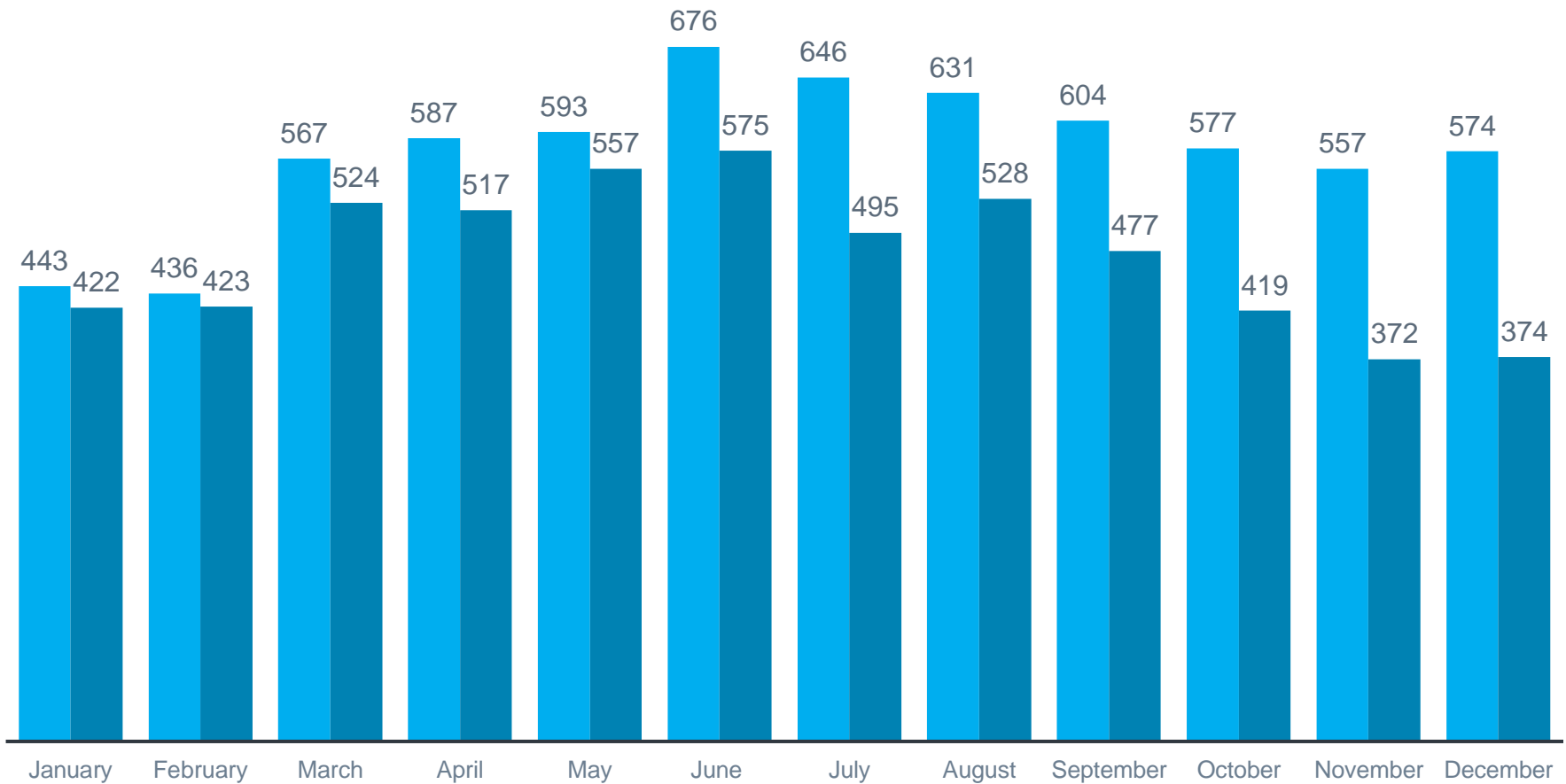


Source: Census

Total Home Sales

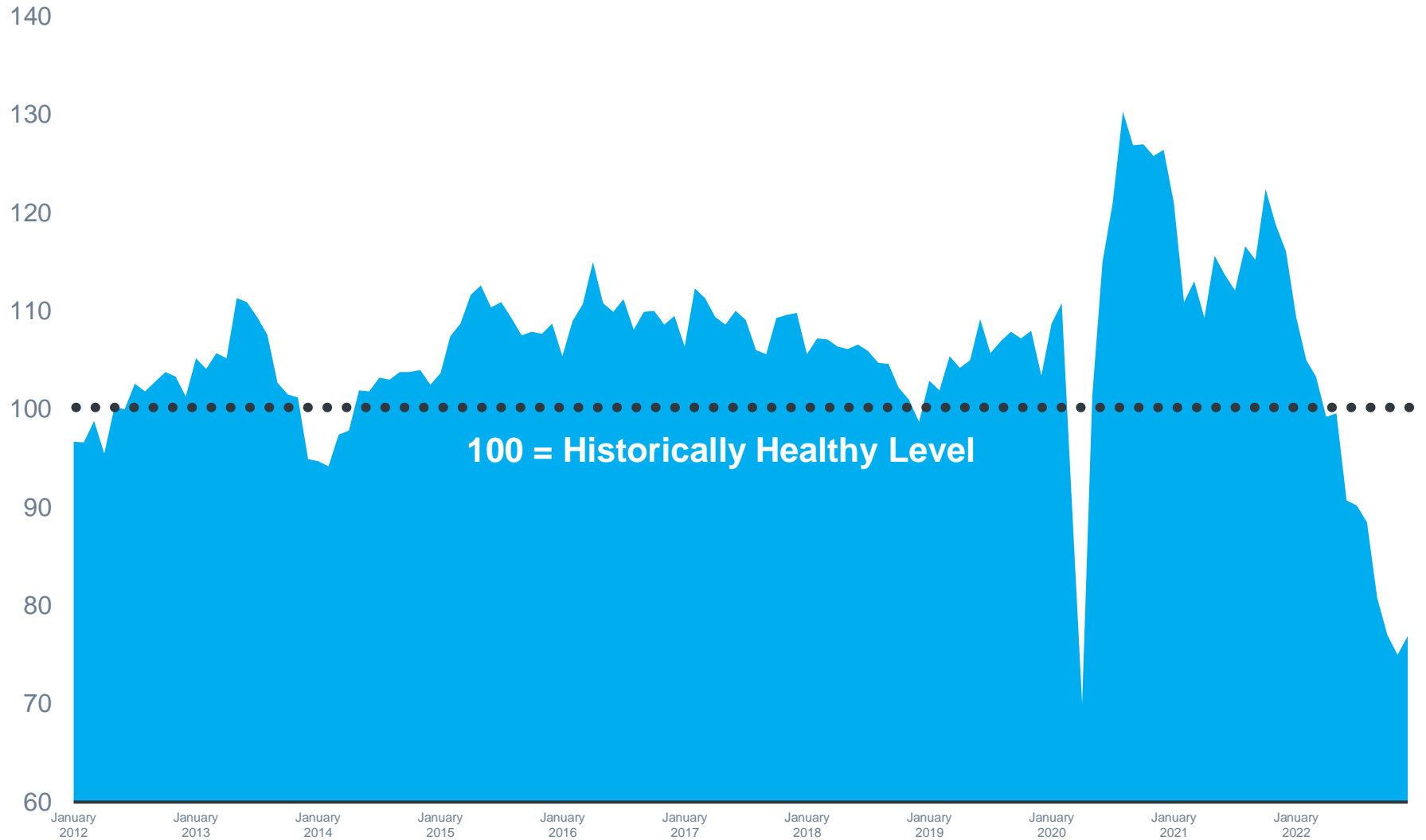
In Thousands

■ 2021 ■ 2022



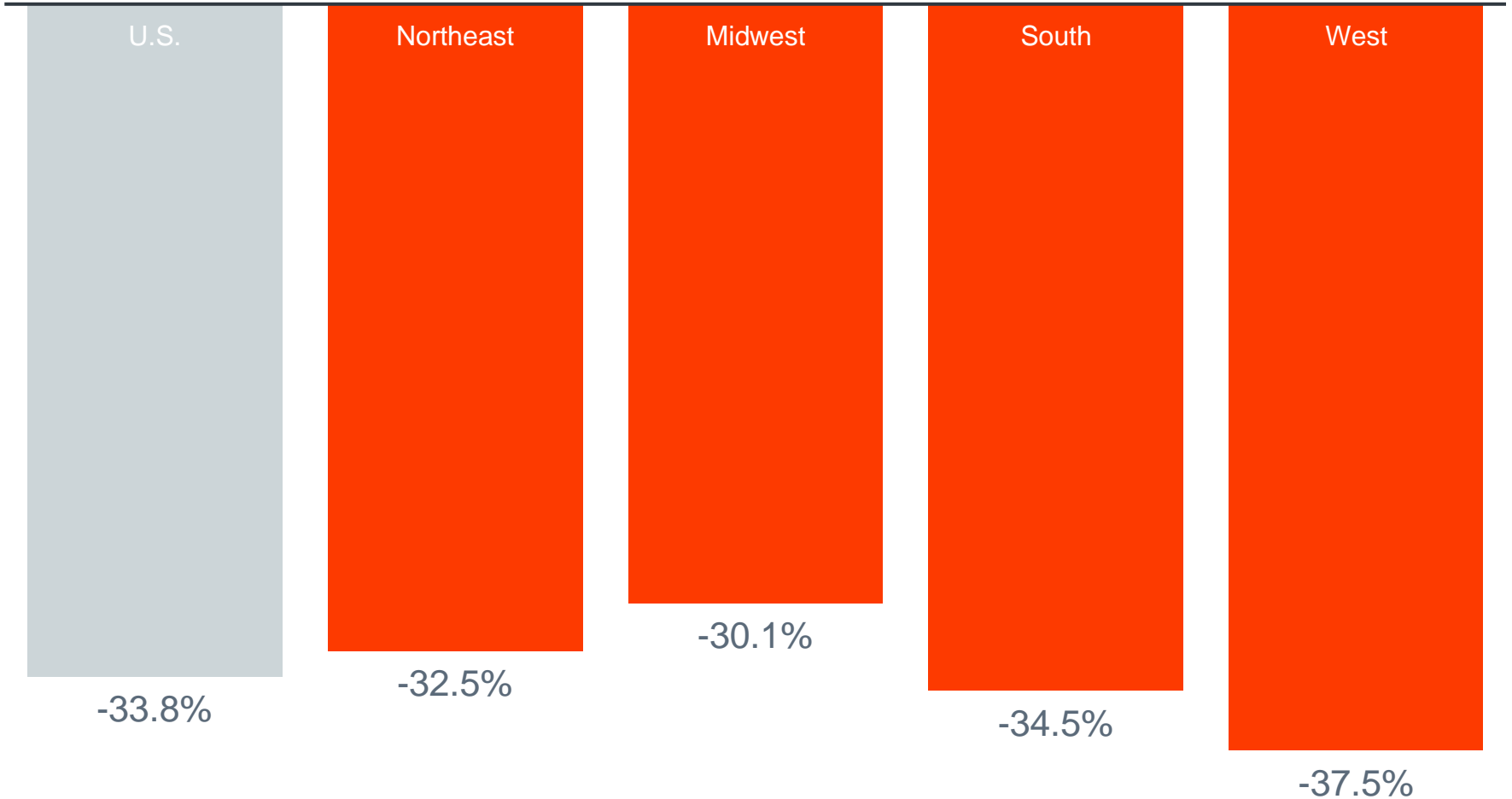
Source: Census

Pending Home Sales



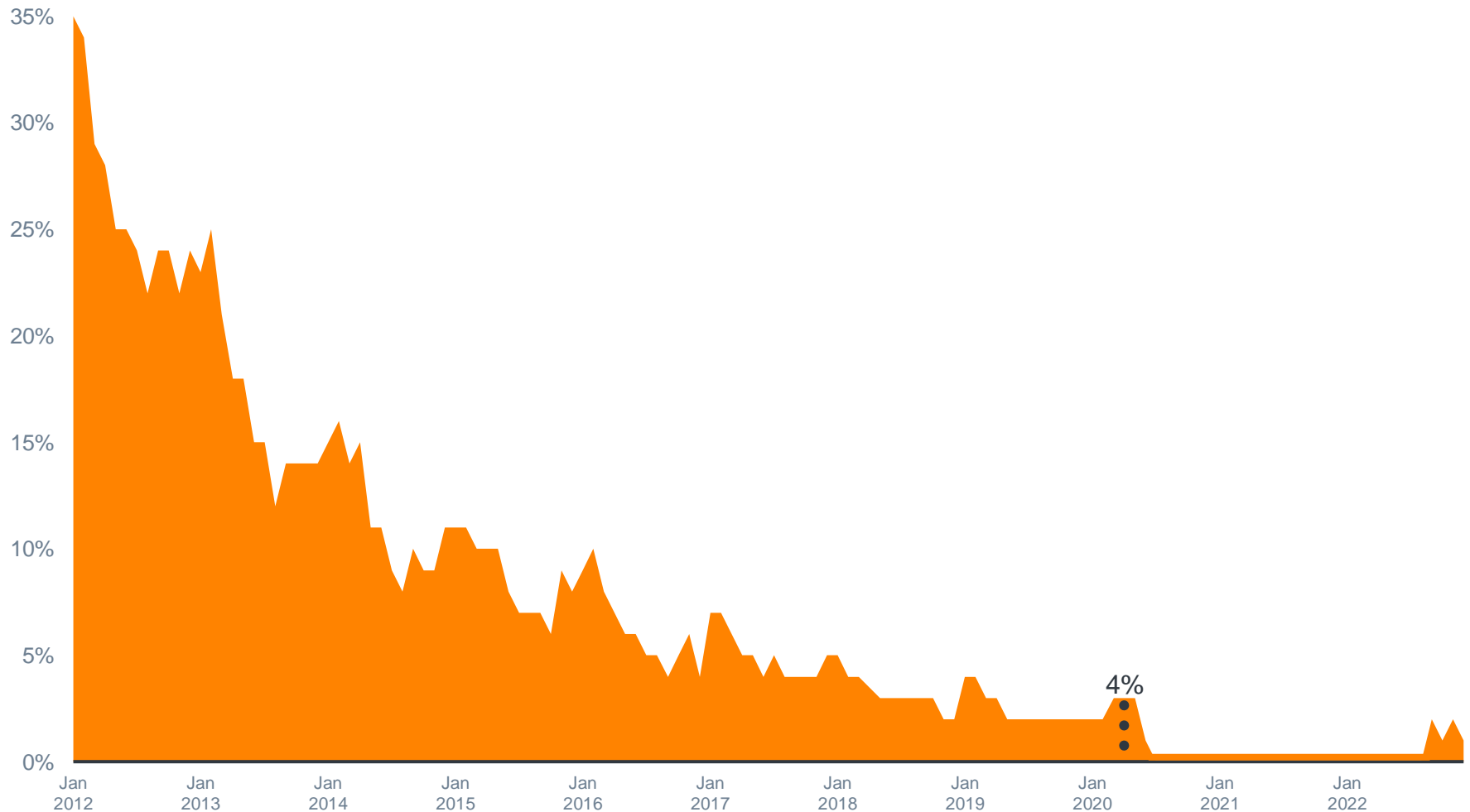
Pending Home Sales

Year-Over-Year by Region



Percentage of Distressed Property Sales

Distressed Sales (*Foreclosures and Short Sales*) represented 1% of Sales in December.

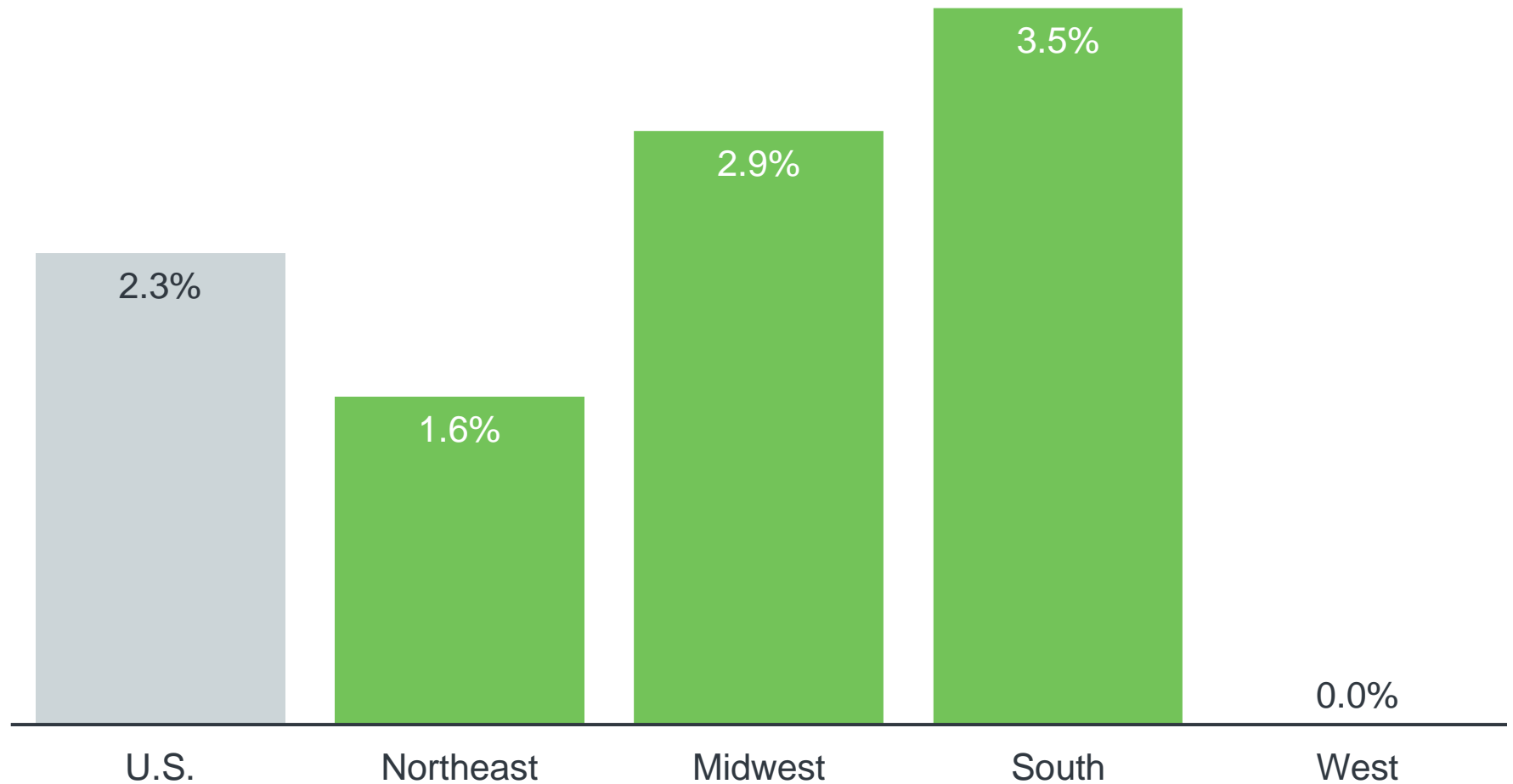




Home Prices

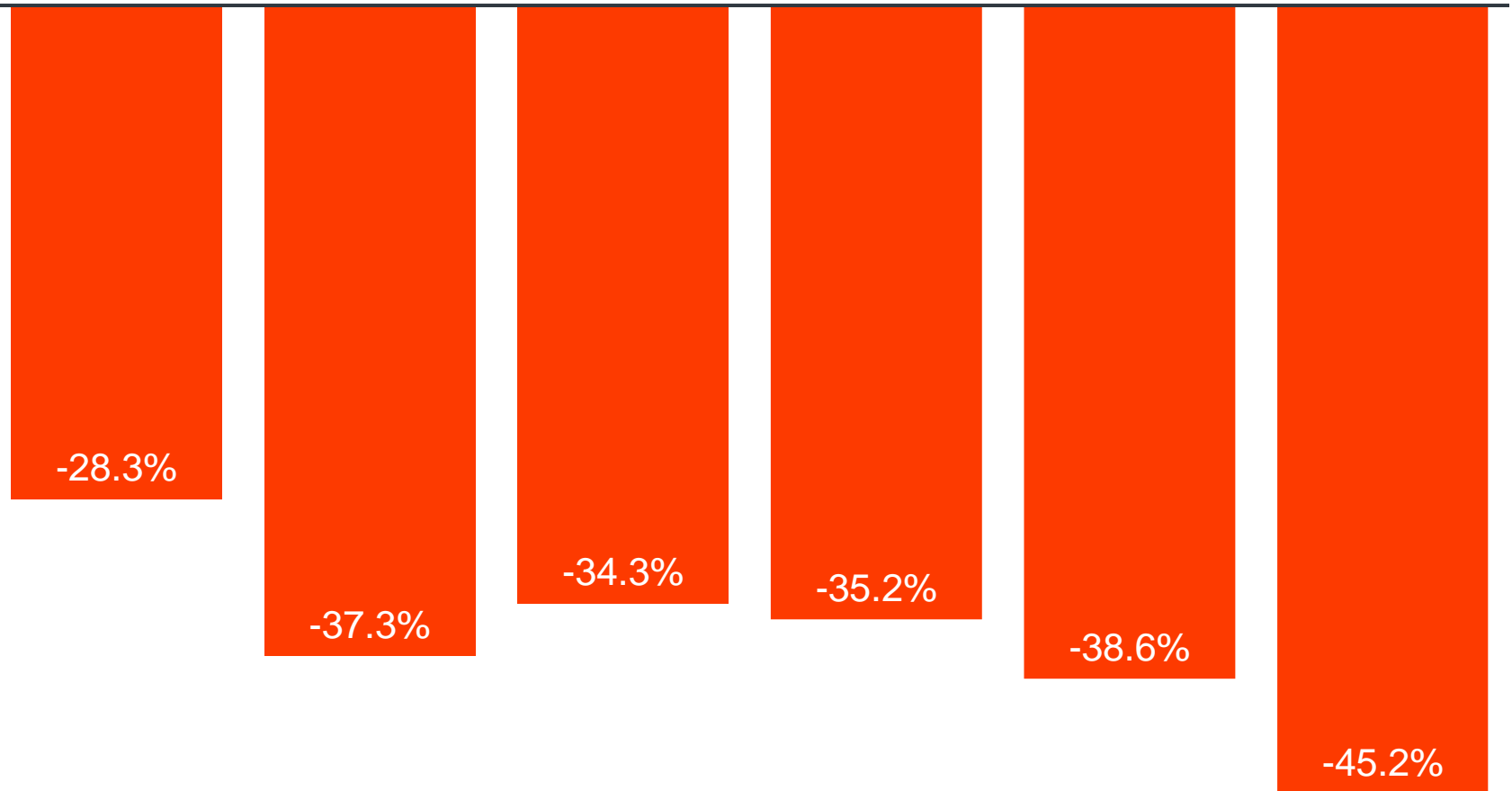
Sales Price of Existing Homes

Year-Over-Year, by Region



% Change in Sales

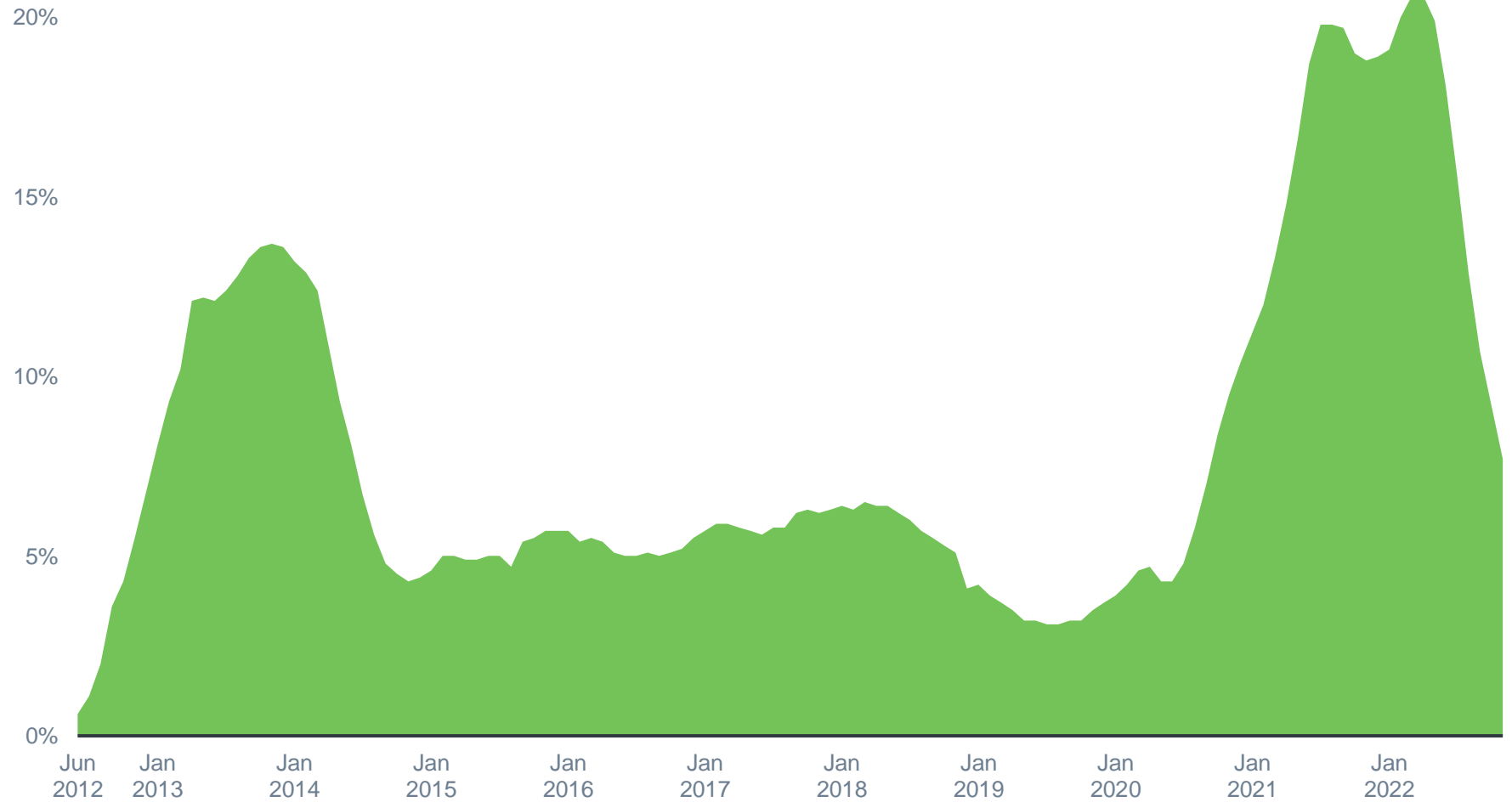
Year-Over-Year, by Price Range



	\$0-100K	\$100-250K	\$250-500K	\$500-750K	\$750K-1M	\$1M+
■ %	-28.3%	-37.3%	-34.3%	-35.2%	-38.6%	-45.2%

Change in Home Prices

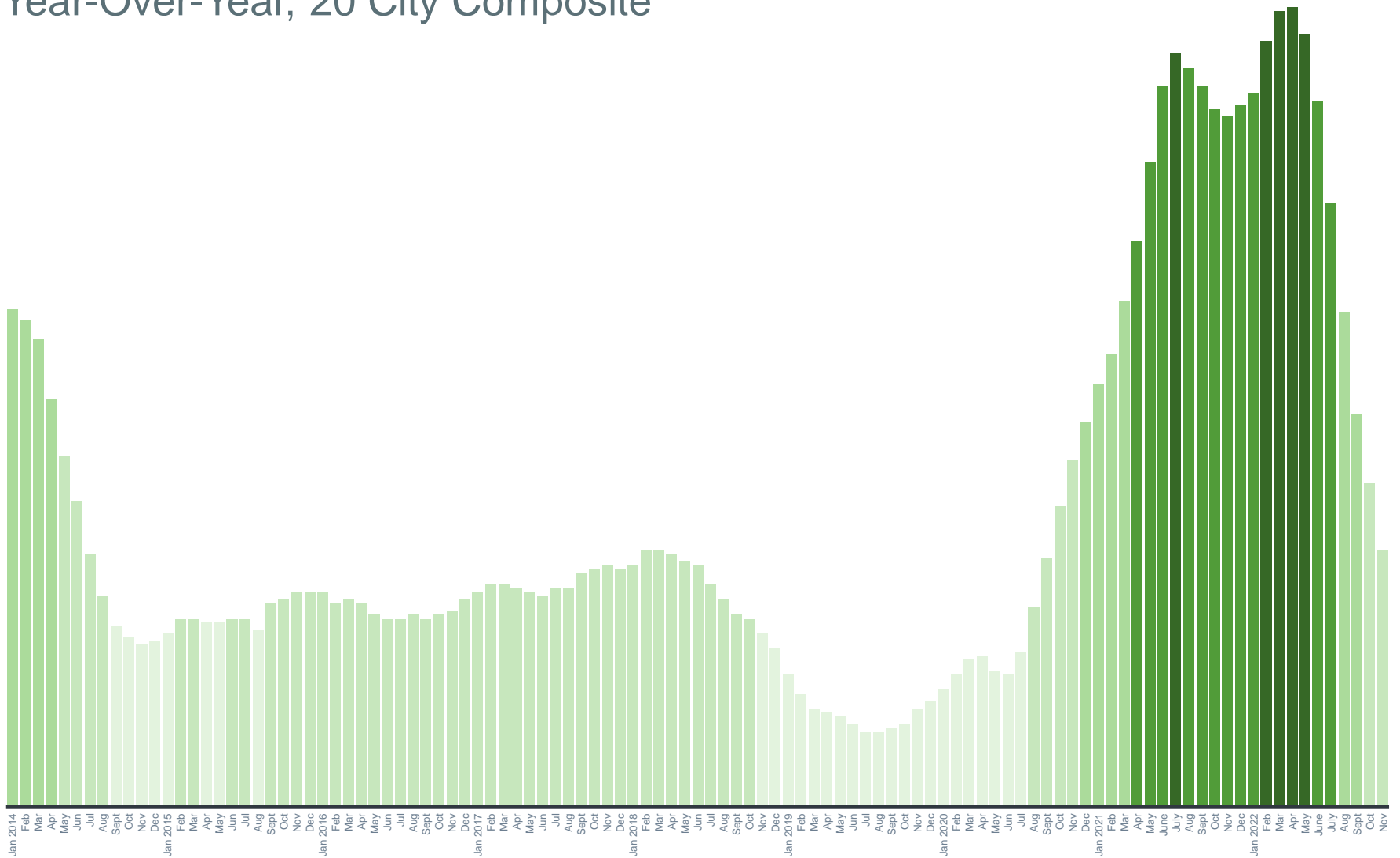
Year-Over-Year



Source: S&P Case-Shiller

Change in Home Prices

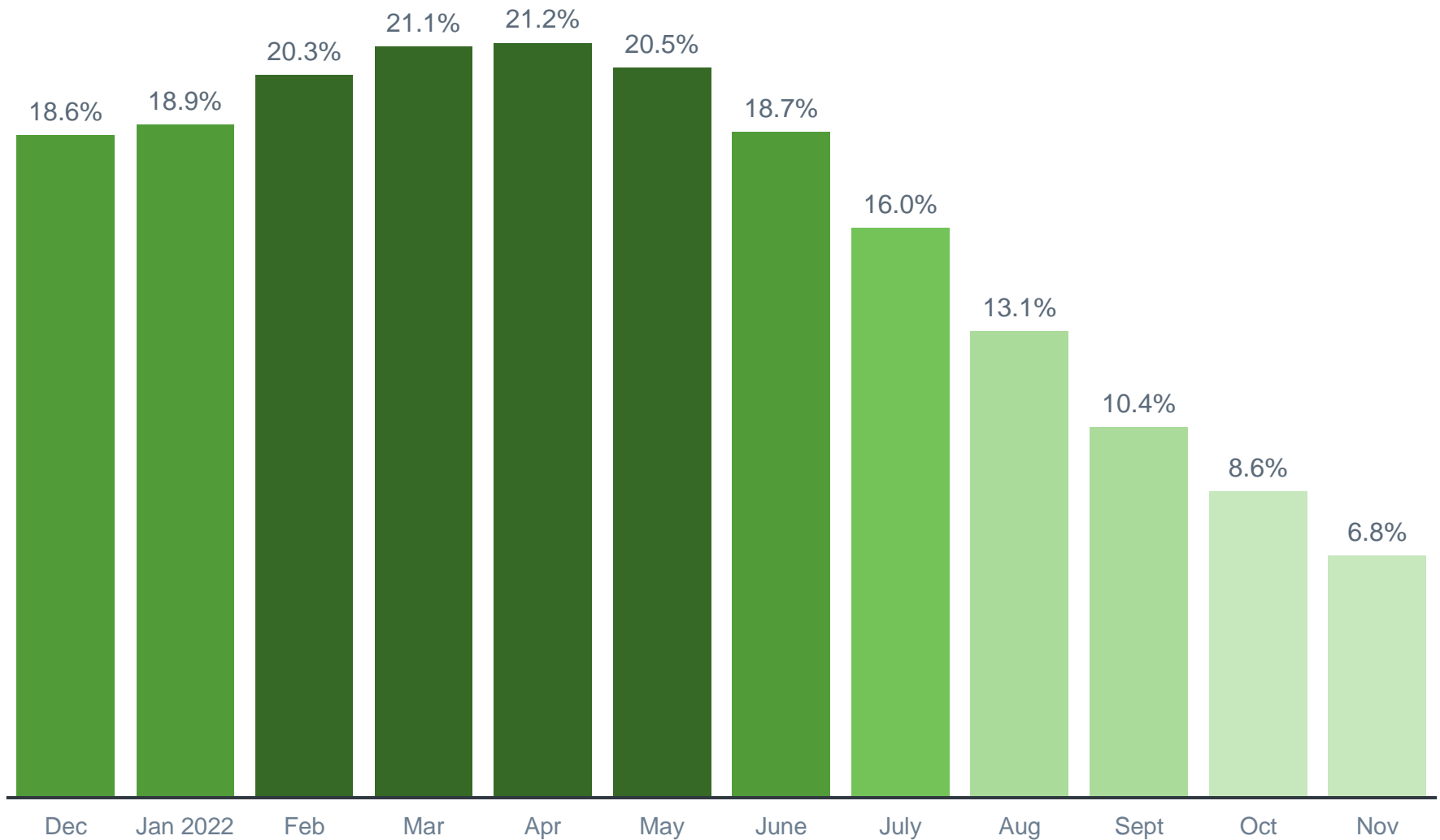
Year-Over-Year, 20 City Composite



Source: S&P Case-Shiller

Change in Home Prices

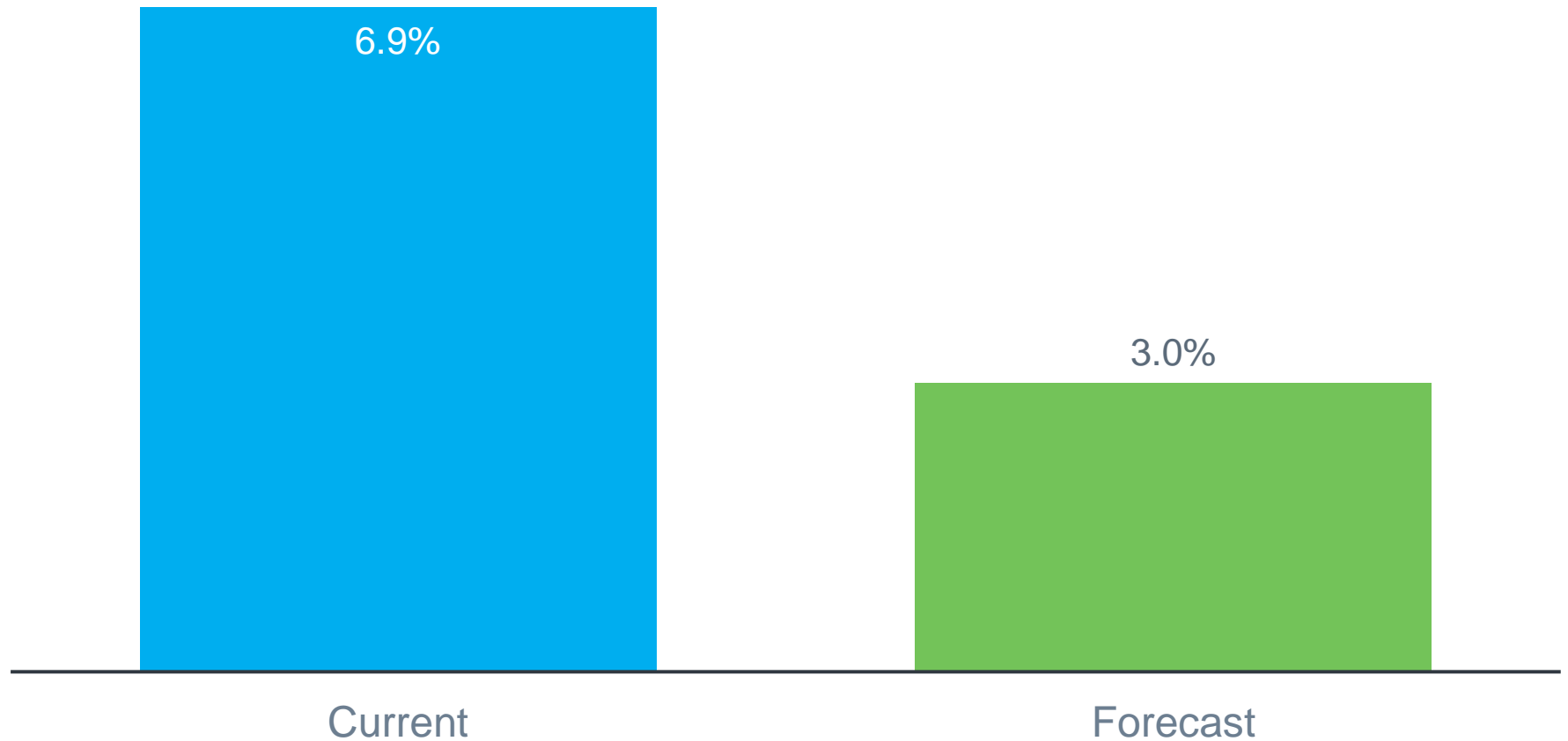
Year-Over-Year, 20 City Composite



Source: S&P Case-Shiller

Year-Over-Year % Change in Price

December 2022

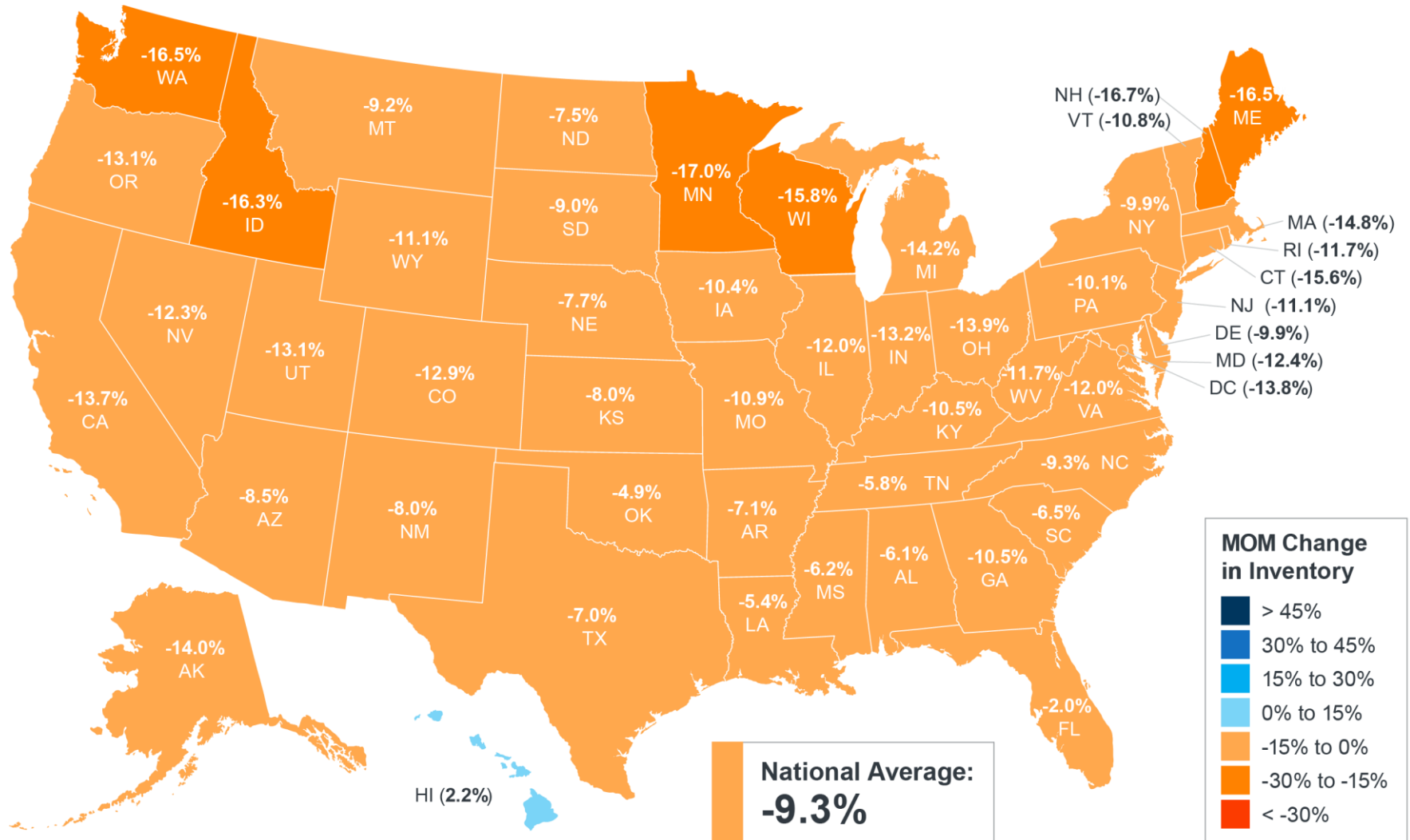




Housing Inventory

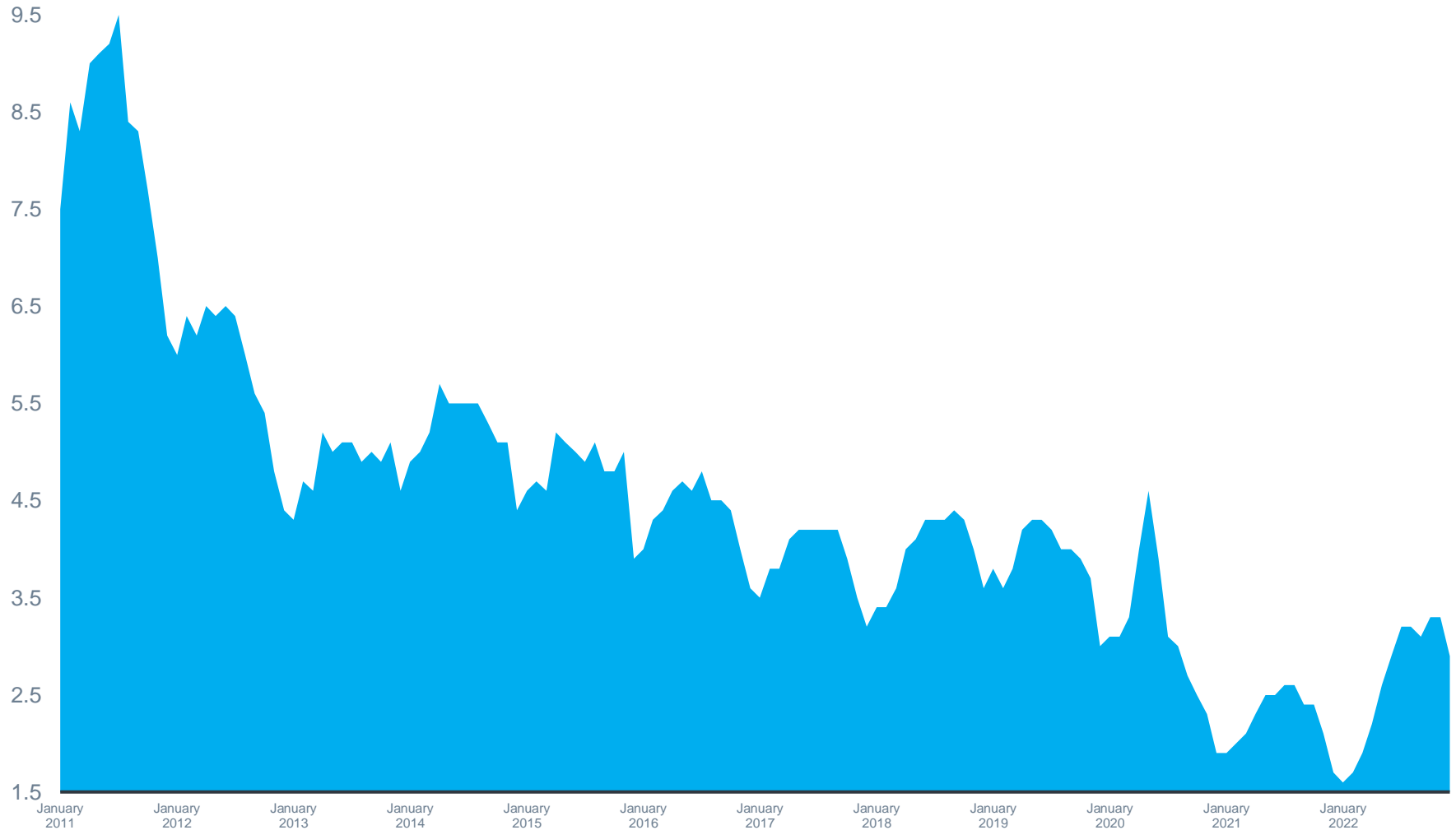
Change in Inventory

Month-Over-Month, January 2023



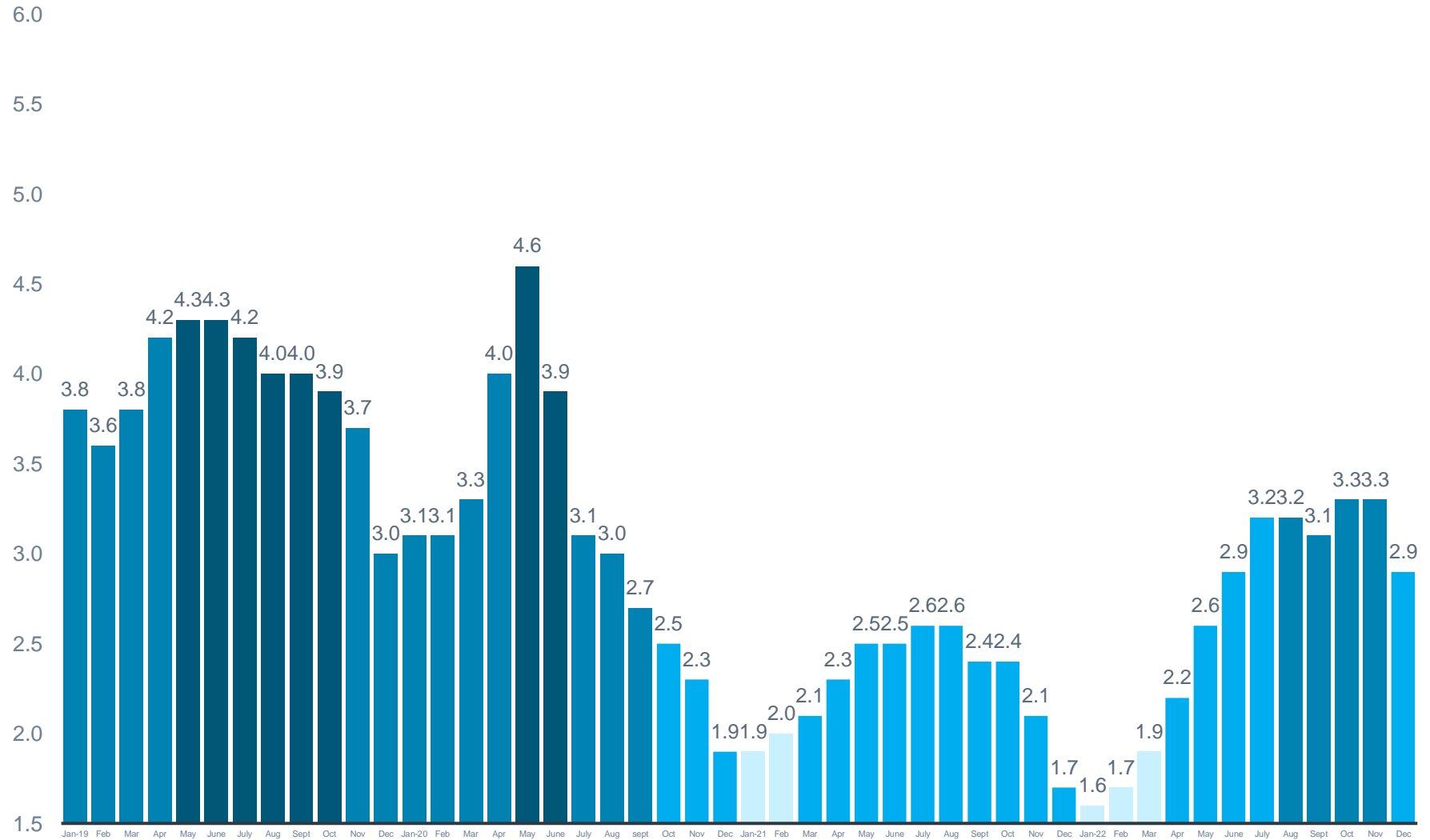
Months Inventory of Homes for Sale

2011 - Today



Months Inventory of Homes for Sale

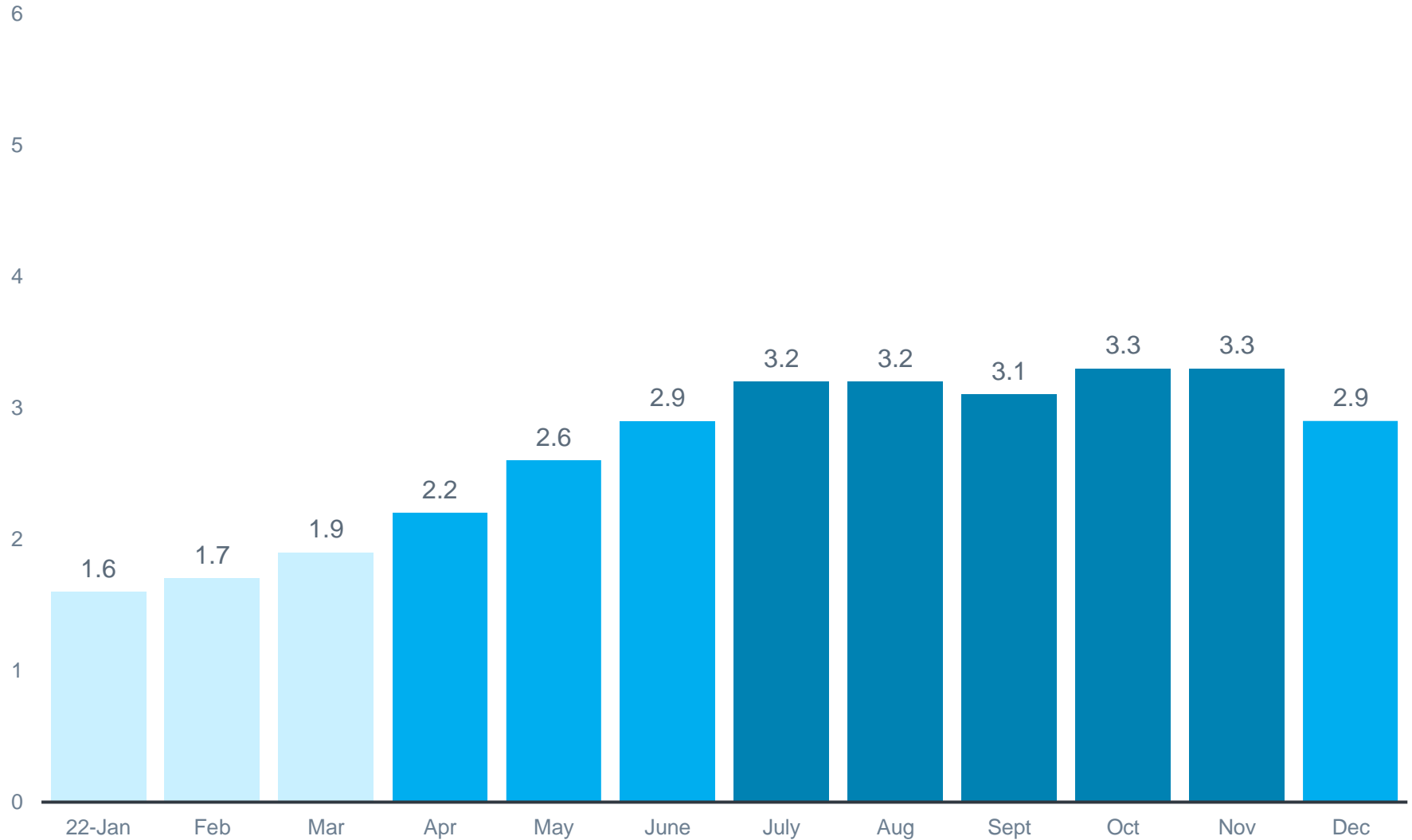
Since 2019



Source: NAR

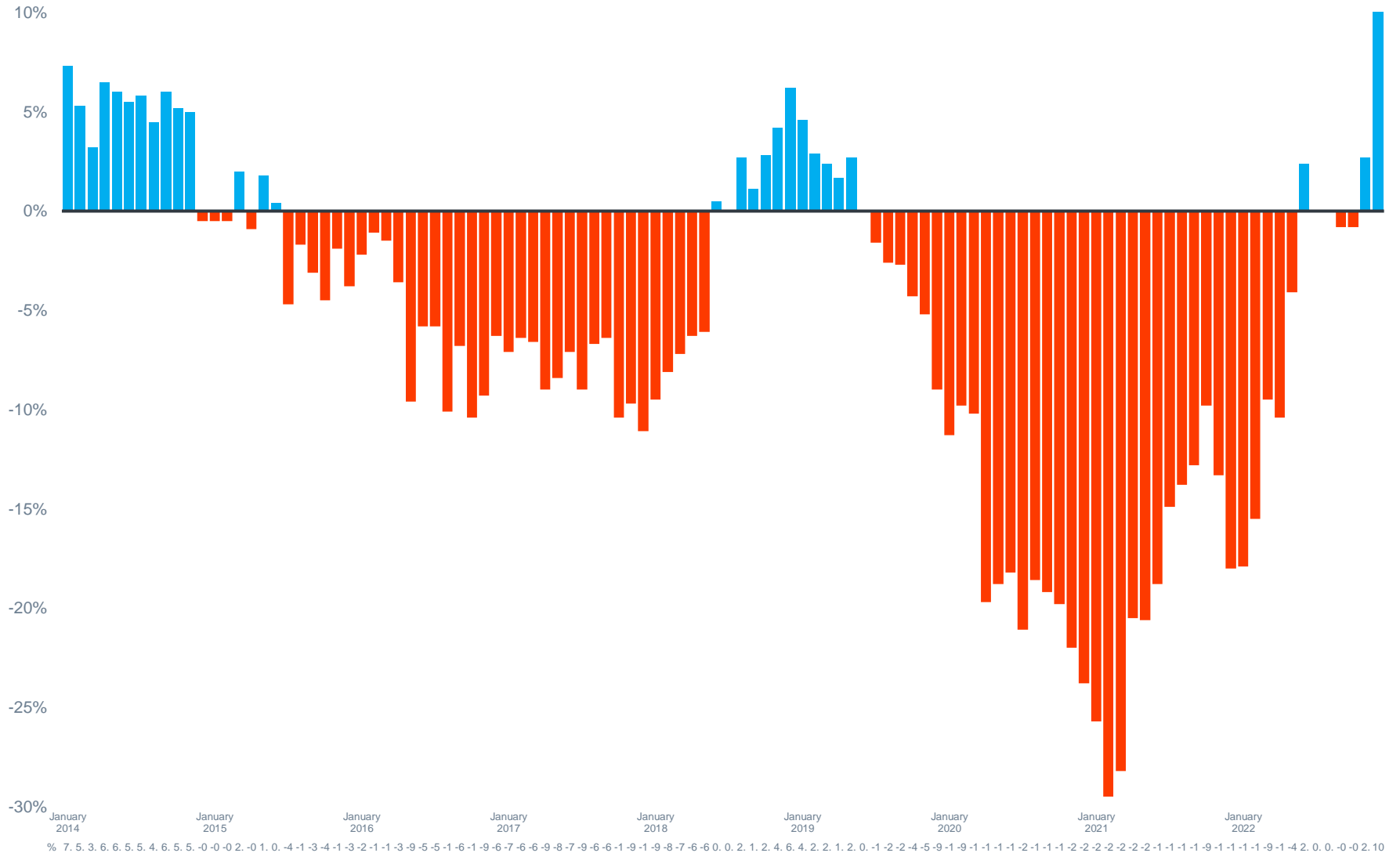
Months Inventory of Homes for Sale

Last 12 Months



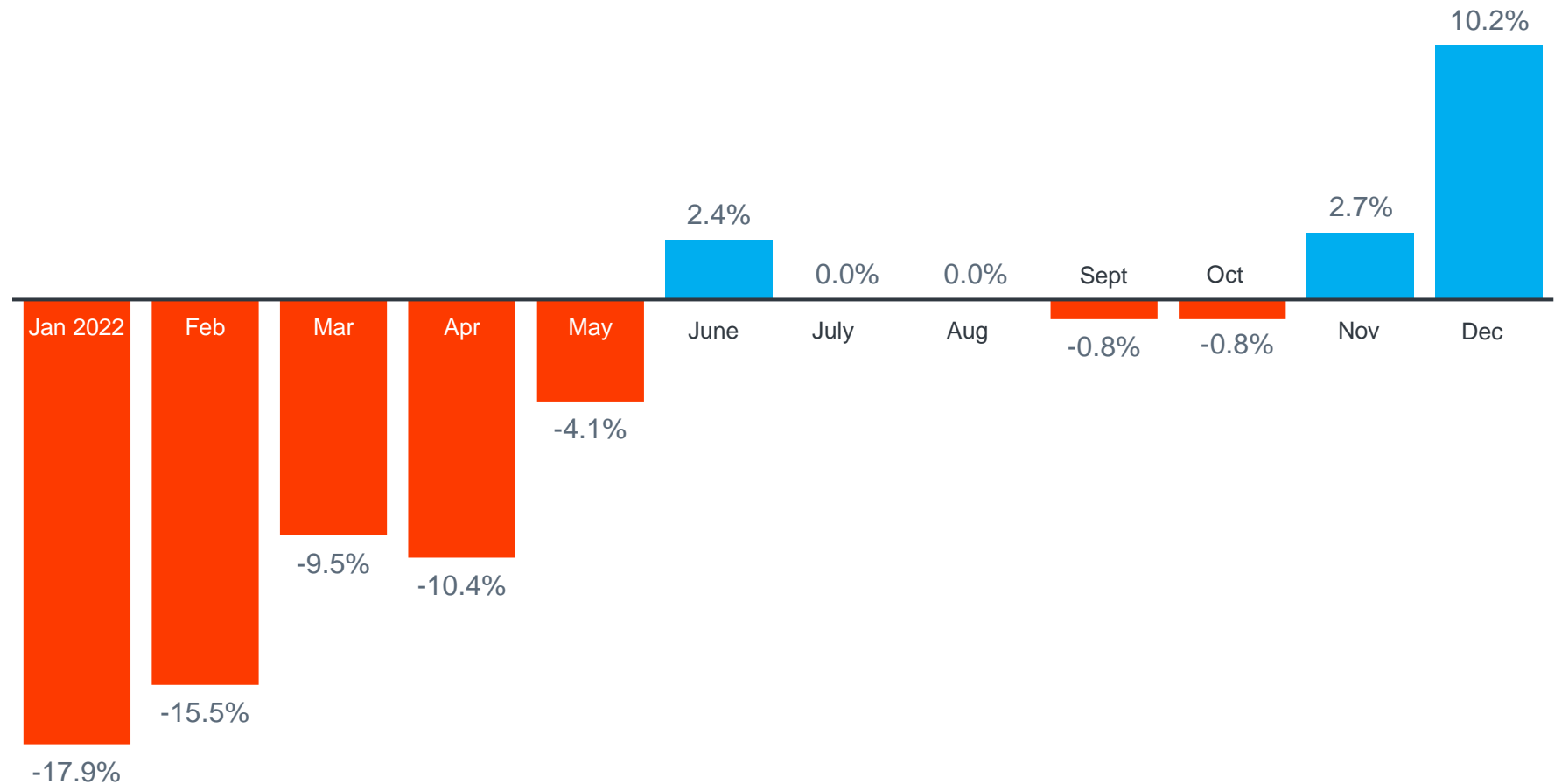
Source: NAR

Year-Over-Year Inventory Levels



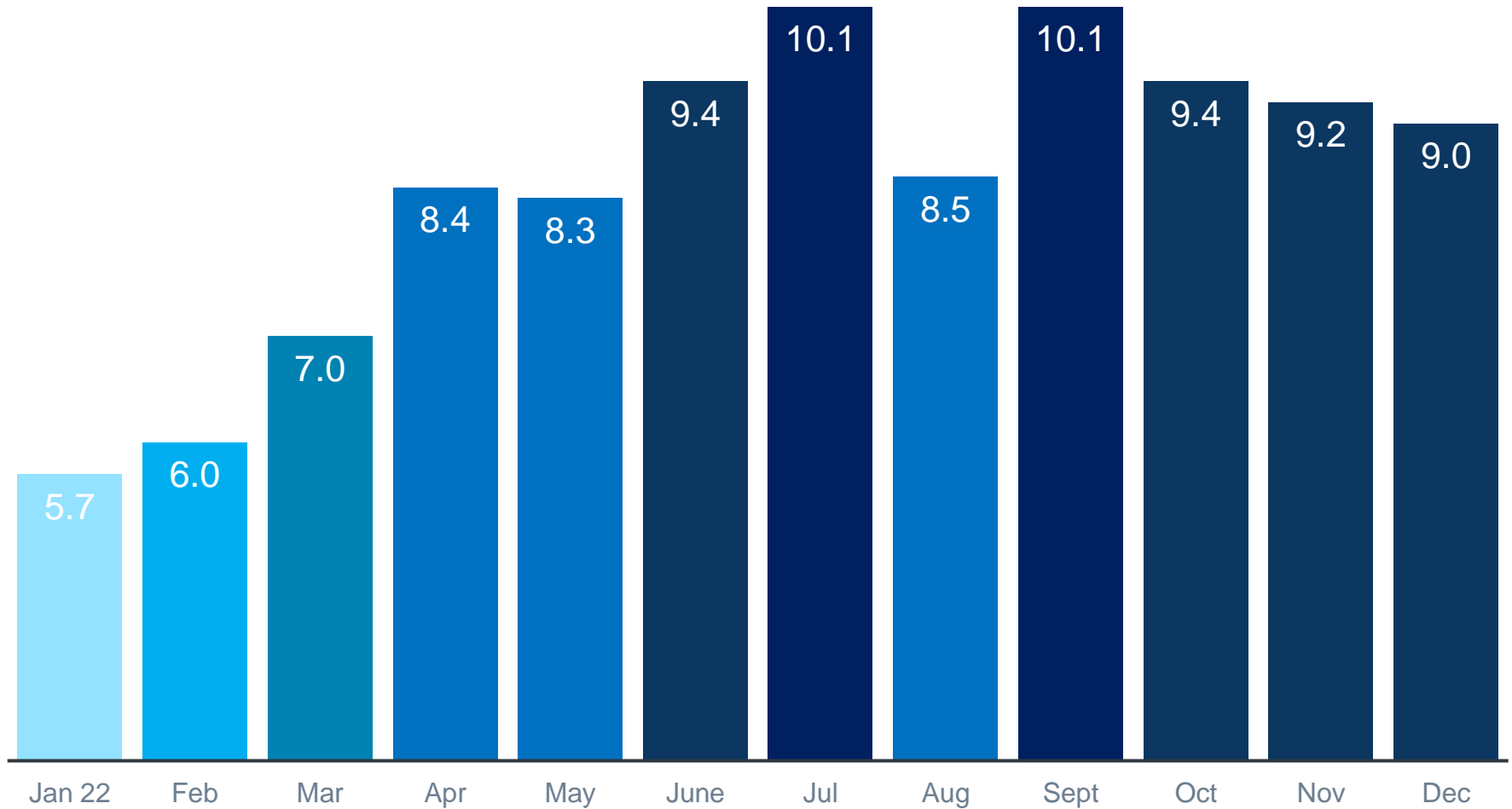
Year-Over-Year Inventory Levels

Last 12 Months



New Home Monthly Inventory

Seasonally Adjusted, Last 12 Months



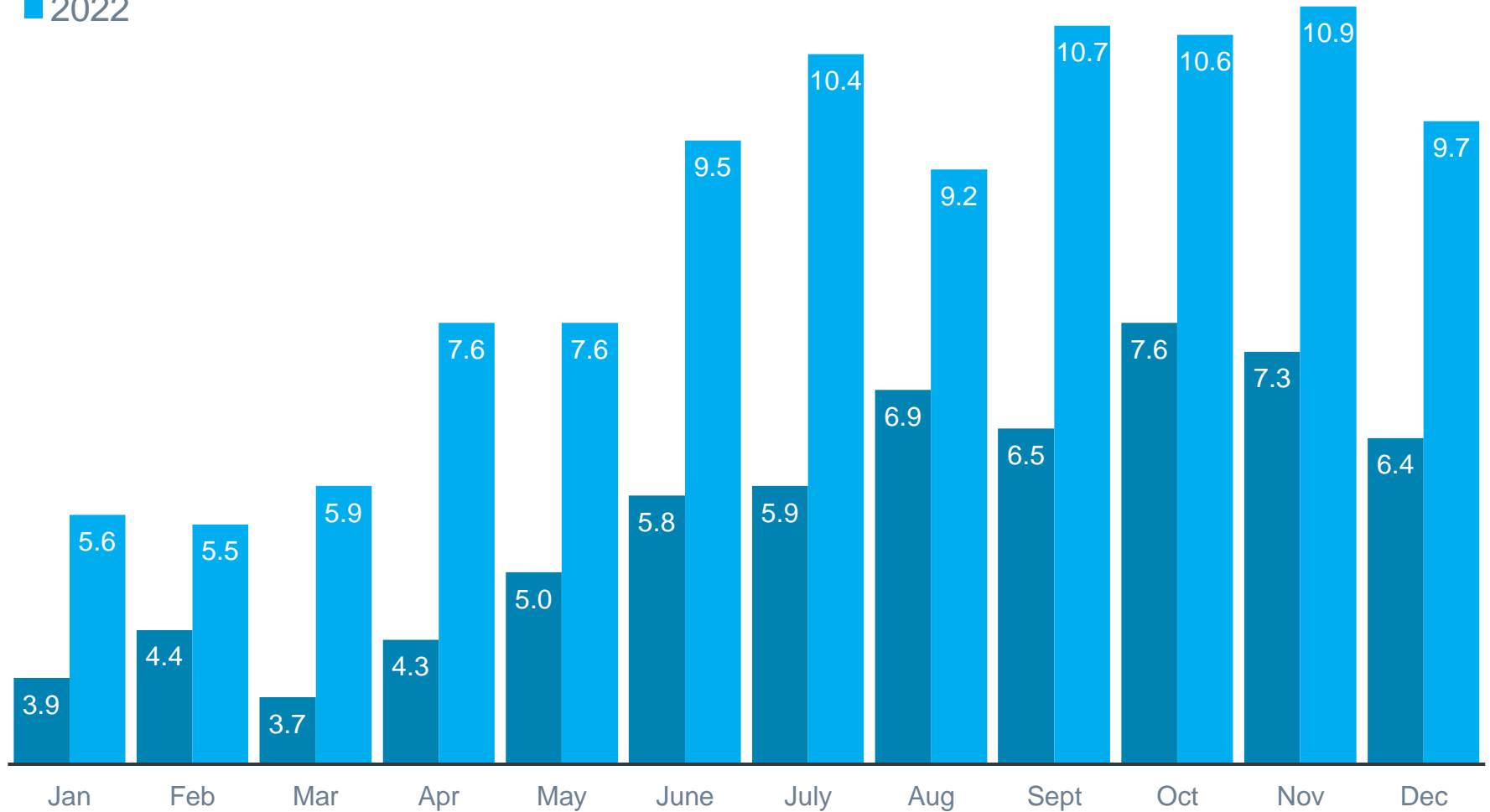
Source: Census

New Home Monthly Inventory

Non-Seasonally Adjusted

■ 2021

■ 2022



Source: Census



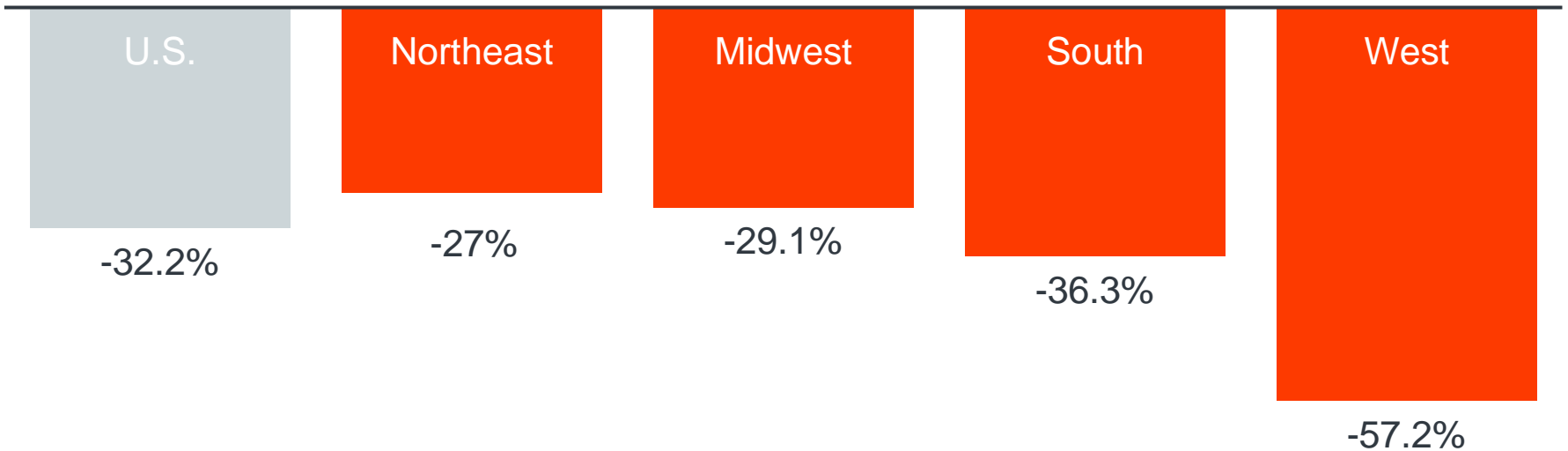
Buyer Demand

Showing Traffic Dips Again

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

Michael Lane, Vice President & General Manager, ShowingTime+

“There are early signals — including the small bounce back of showings in Western markets — that buyers are responding to December’s improvement in mortgage rates. We expect that more buyers will reemerge as we head into spring, and that we’ll see this reflected in home showing activity.”

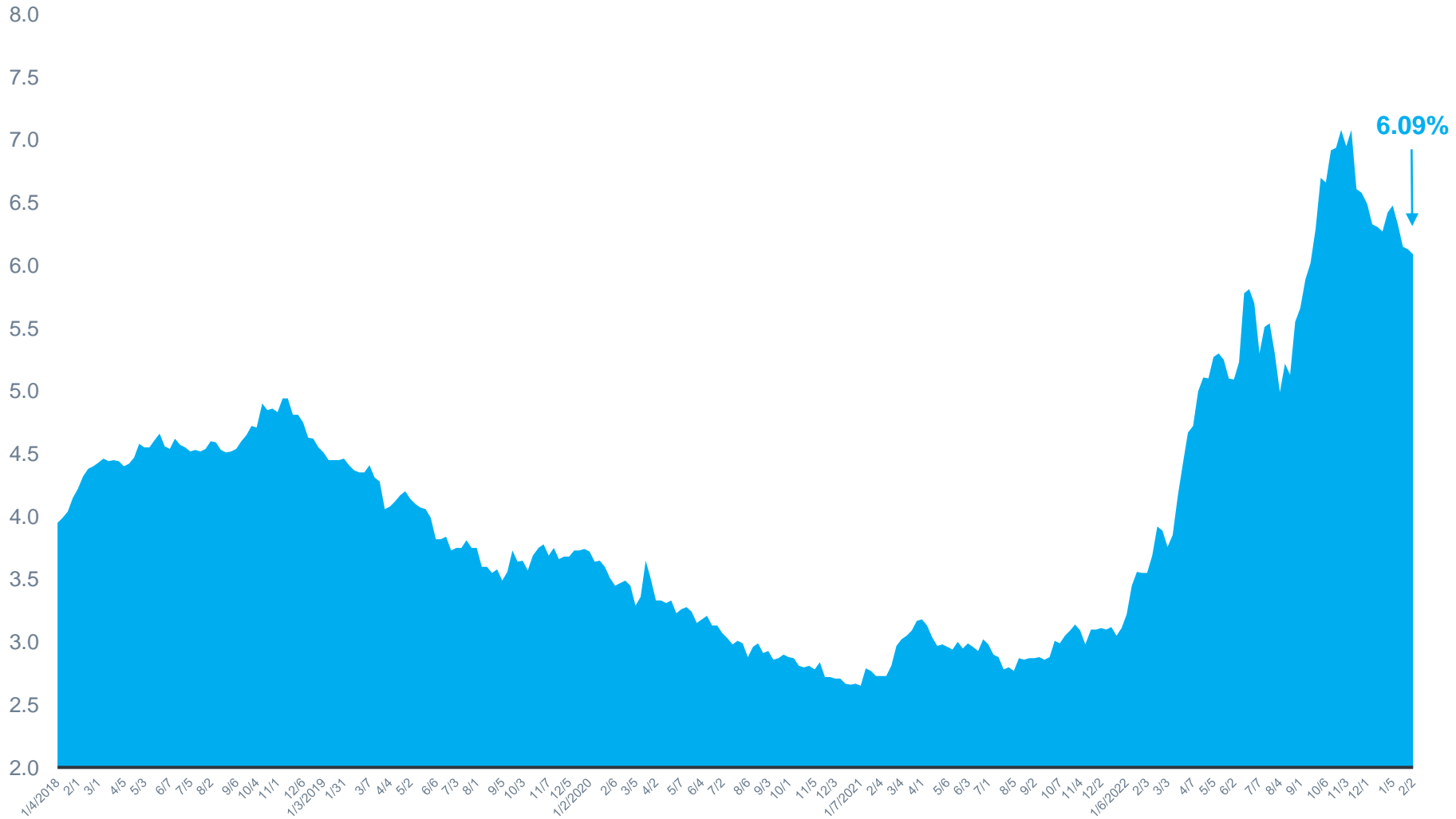




Mortgage Rates

Mortgage Rates

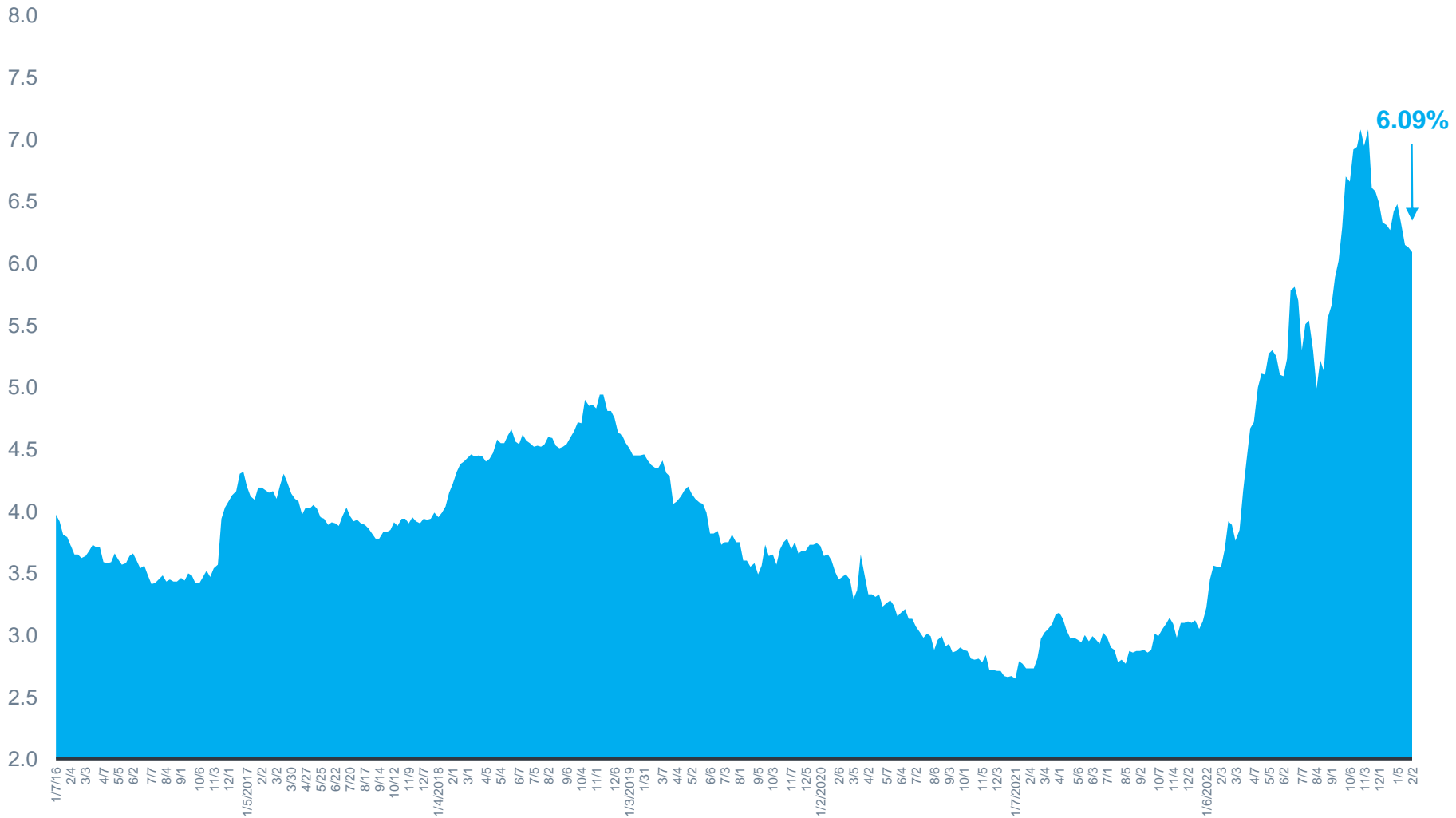
30-Year Fixed Rate, January 2018–Today



Source: Freddie Mac

Mortgage Rates

30-Year Fixed Rate, January 2016–Today



Source: Freddie Mac

Mortgage Rate Projections

February 2023

Quarter	Fannie Mae	MBA	NAR	Average of All Three
2023 Q1	6.40%	6.20%	6.10%	6.23%
2023 Q2	6.40%	5.60%	5.70%	5.90%
2023 Q3	6.20%	5.40%	5.60%	5.73%
2023 Q4	6.10%	5.20%	5.50%	5.60%

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 1/5 2/2

January 2019 – Today
Actual Interest Rates

6.2

5.6

5.4

5.2

Where Are They Going?

2023 Q1

2023 Q2

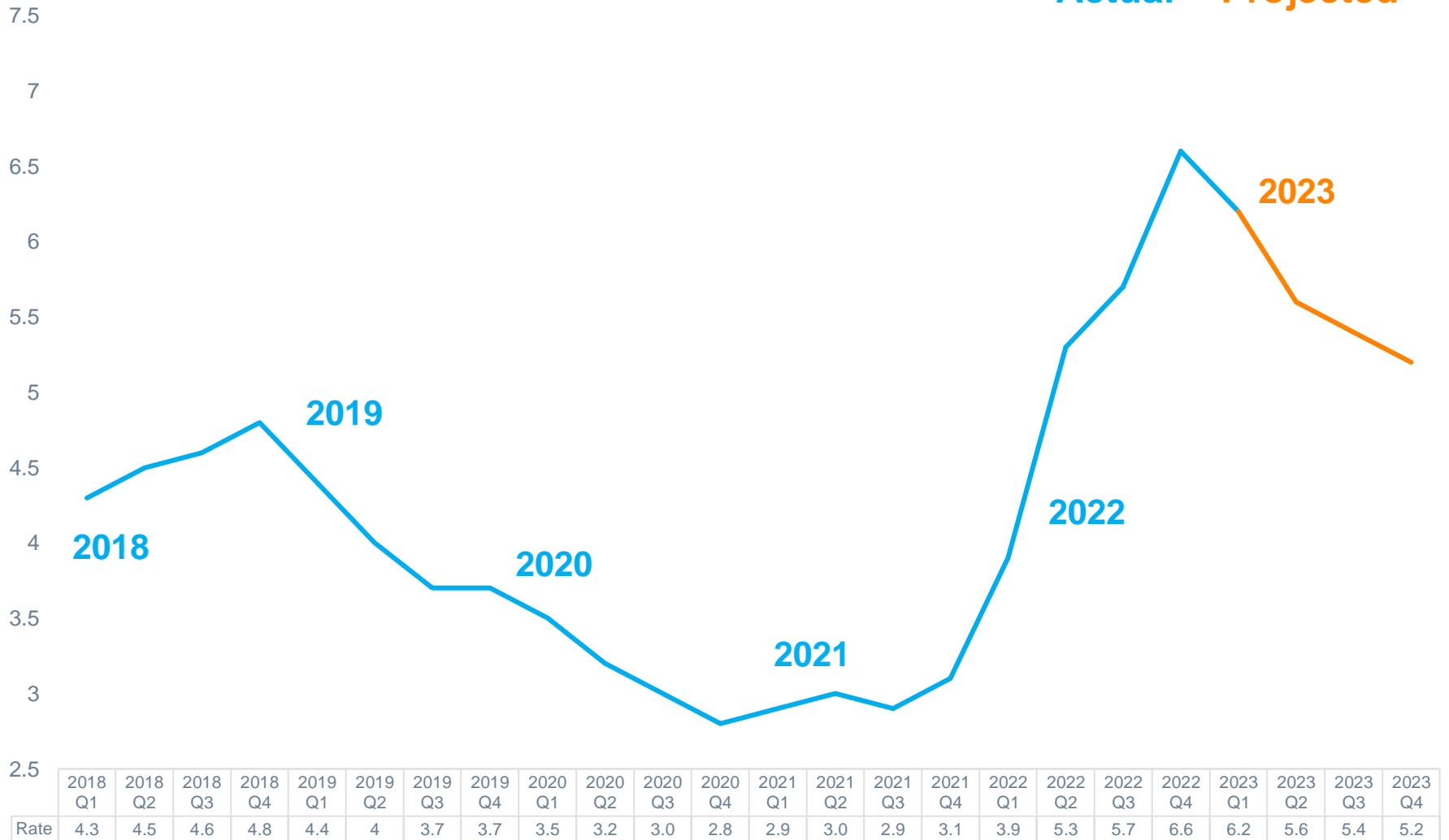
2023 Q3

2023 Q4

Mortgage Rates

30-Year Fixed Rate

- Actual - Projected

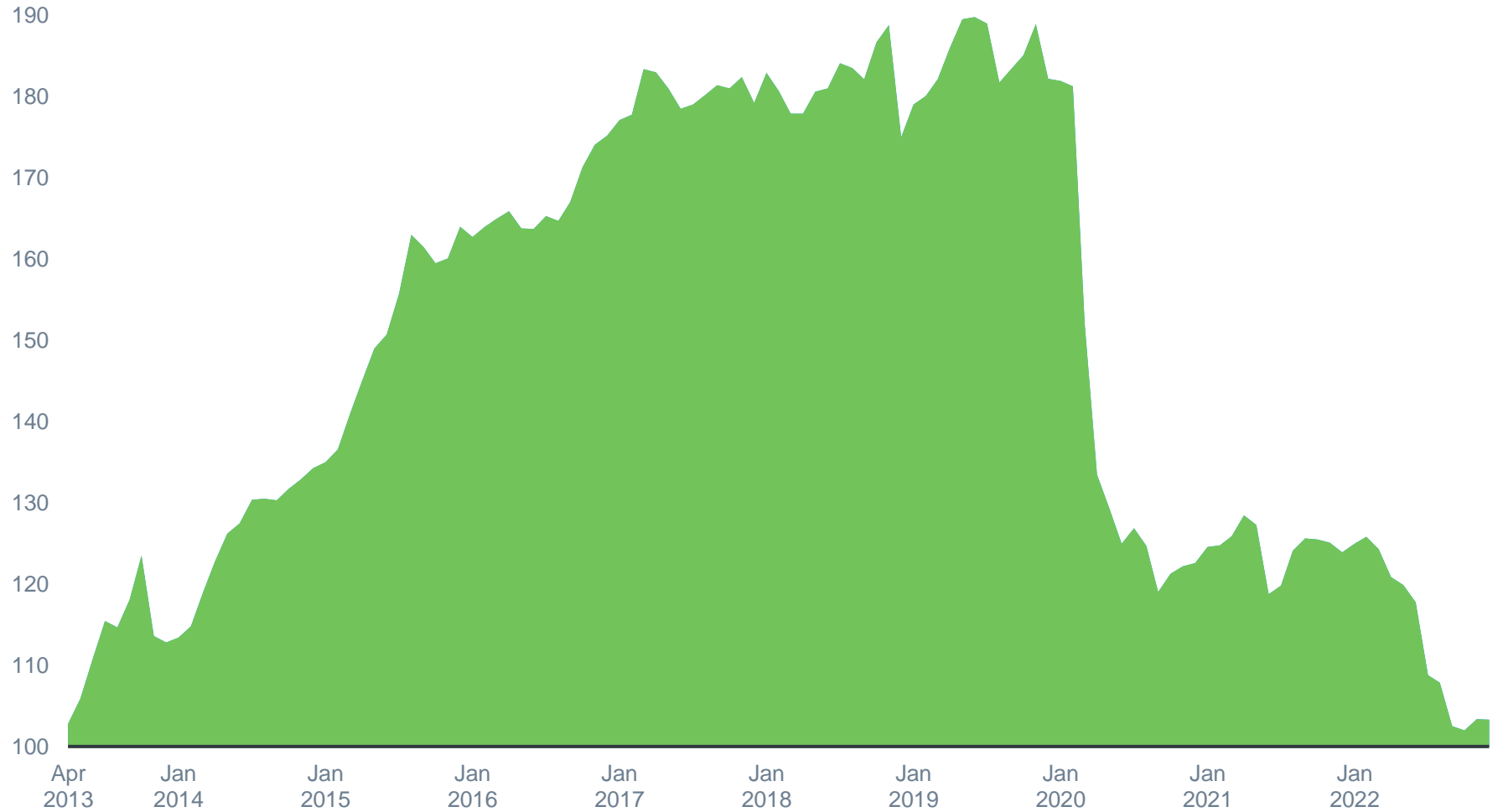




Mortgage Credit Availability

Mortgage Credit Availability Index (MCAI)

December 2022



Lending Standards Still Under Control

Historic Data for the Mortgage Credit Availability Index (MCAI)

