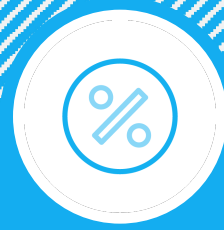


# KEEPING CURRENT MATTERS

April 2022

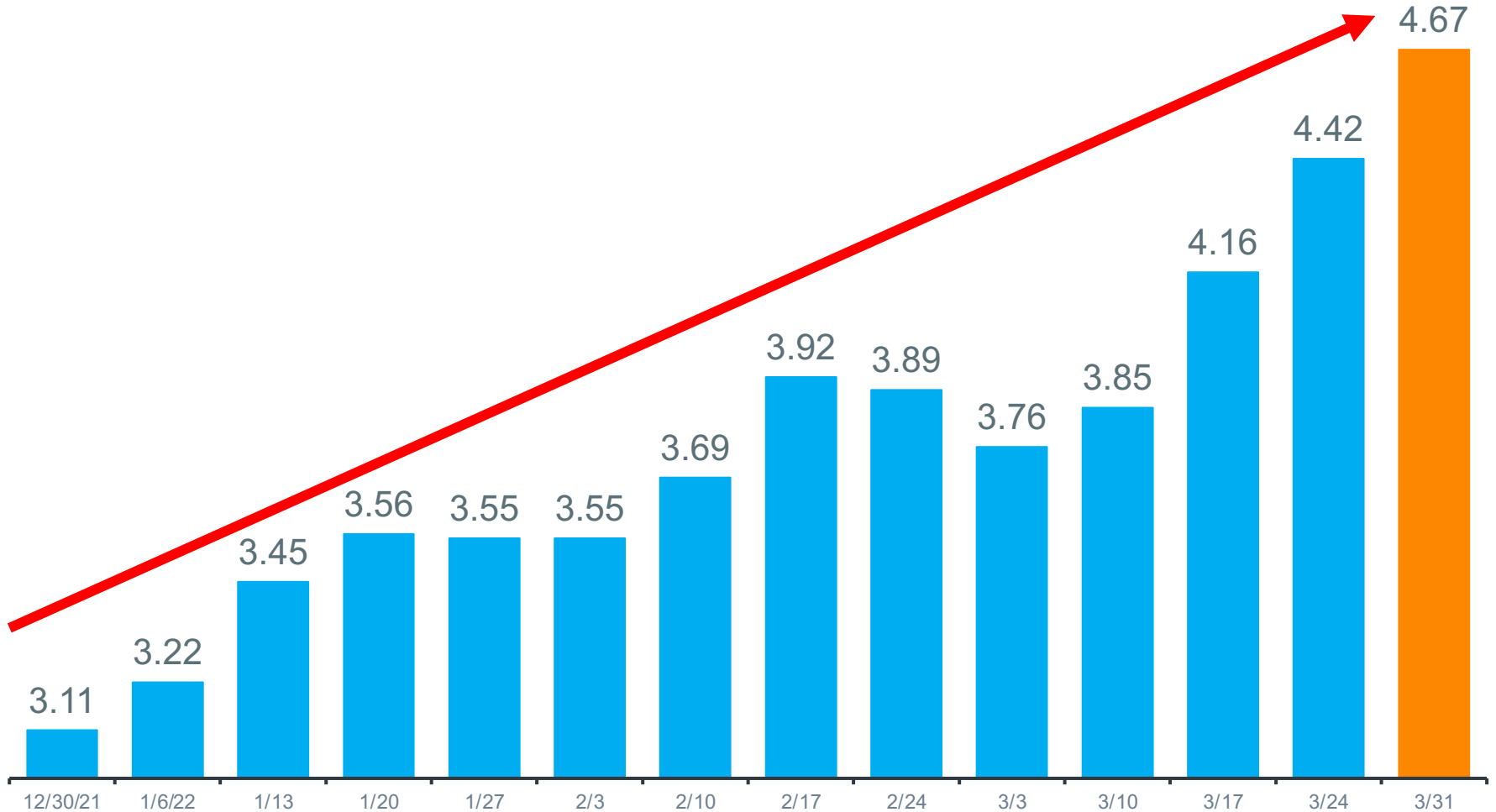




# Impact of Rising Mortgage Rates on the Housing Market

# Mortgage Rates Rising This Year

Freddie Mac Average 30-Year Fixed Rate: January 2022 – Today



Source: Freddie Mac



**Mortgage rates are likely to continue to move higher throughout the balance of 2022**, although the pace of rate increases is likely to moderate. . . . Much of the increase in rates in early 2022 is in anticipation of what will happen later this year, especially with Federal Reserve interest rate policy.

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

# Impact of Rising Rates on Home Prices

Changes when mortgage rates rise by more than 1%

Start Date	End Date	Months	Increase	Home Prices
Oct 1993	Dec 1994	14	2.38%	+3%
Jan 1996	Sept 1996	8	1.2%	+2%
Oct 1998	May 2000	19	1.81%	+13%
June 2003	June 2004	12	1.06%	+13%
June 2005	July 2006	13	1.18%	+7%
Nov 2012	Dec 2013	13	1.11%	+11%
Average		13	1.46%	+8%

# Impact of Rising Rates on Housing

Changes when mortgage rates rise by more than 1%

Start Date	End Date	Months	Increase	Home Prices	Home Sales
Oct 1993	Dec 1994	14	2.38%	+3%	-11%
Jan 1996	Sept 1996	8	1.2%	+2%	-2%
Oct 1998	May 2000	19	1.81%	+13%	-2%
June 2003	June 2004	12	1.06%	+13%	2%
June 2005	July 2006	13	1.18%	+7%	-14%
Nov 2012	Dec 2013	13	1.11%	+11%	-2%
Average		13	1.46%	+8%	-5%

# Impact of Rising Rates on Housing

Changes when mortgage rates rise by more than 1%

Dates	Months	Increase	Final Rate	Home Prices	Home Sales
10/93-12/94	14	<b>2.38%</b>	<b>9.2%</b>	<b>+3%</b>	<b>-11%</b>
1/96-9/96	8	1.2%	8.23%	<b>+2%</b>	<b>-2%</b>
10/98-5/2020	19	1.81%	8.52%	<b>+13%</b>	<b>-2%</b>
6/03-6/04	12	1.06%	6.29%	<b>+13%</b>	<b>2%</b>
6/05-7/06	13	1.18%	6.76%	<b>+7%</b>	<b>-14%</b>
11/12-12/13	13	1.11%	4.46%	<b>+11%</b>	<b>-2%</b>
<b>Average</b>	<b>13</b>	<b>1.46%</b>	<b>7.24%</b>	<b>+8%</b>	<b>-5%</b>

# Impact of Rising Rates on Housing

Changes when mortgage rates rise by more than 1%

Dates	Months	Increase	Final Rate	Home Prices	Home Sales
1/96-9/96	8	1.2%	8.23%	+2%	-2%
10/98-5/20	19	1.81%	8.52%	+13%	-2%
6/03-6/04	12	1.06%	6.29%	+13%	2%
6/05-7/06	13	1.18%	6.76%	+7%	-14%
11/12-12/13	13	1.11%	4.46%	+11%	-2%
Average	13	1.27%	6.85%	+9%	-4%



# Impact of Rising Rates on Housing

Changes when mortgage rates rise by more than 1%

Dates	Months	Increase	Final Rate	Home Prices	Home Sales	Months Inventory
1/96-9/96	8	1.2%	8.23%	+2%	-2%	N/A
10/98-5/20	19	1.81%	8.52%	+13%	-2%	N/A
6/03-6/04	12	1.06%	6.29%	+13%	2%	5
6/05-7/06	13	1.18%	6.76%	+7%	-14%	4.5
11/12-12/13	13	1.11%	4.46%	+11%	-2%	4.8
Average	13	1.27%	6.85%	+9%	-4%	4.8



While higher short-term interest rates will push up mortgage rates, I expect some of this impact to be mitigated eventually through lower inflation. . . . Thus, **I expect the 30-year fixed mortgage rate to continue to rise, although we aren't likely to see the big jumps that occurred over the past few weeks.**

- Nadia Evangelou, Director of Forecasting, NAR



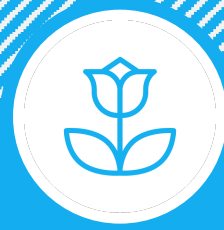
History suggests that when rates rise, there is an initial bump in home prices as many move quickly to buy a home before rates increase further. But after that period, home prices slow. Freddie Mac analysis shows that a 1% increase in mortgage rates results in home price appreciation that is 4 percentage points lower. For instance, a 1% increase in mortgage rates would change home price growth from 11% to 7%.

- **Freddie Mac**



With rates rising and expected to rise through 2023, it makes sense to obtain a purchase or refinance mortgage if you are in good standing.

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



# Spring Housing Market Update

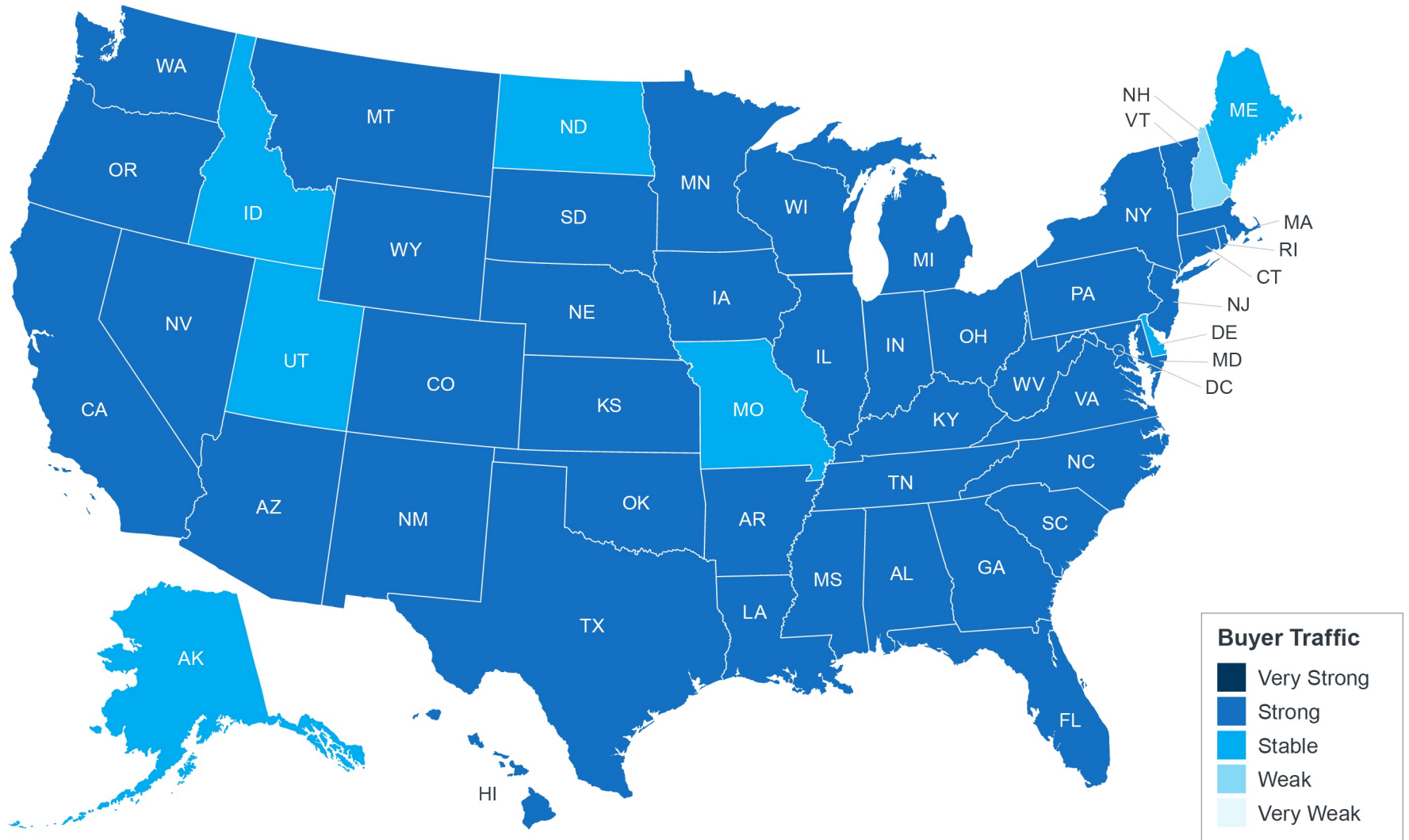


We keep watching for it, . . . but there are absolutely no signs of a market slowdown anywhere in the data. **If anything, we're seeing the market continue to heat up.**

- Altos Research

# Buyer Traffic Index

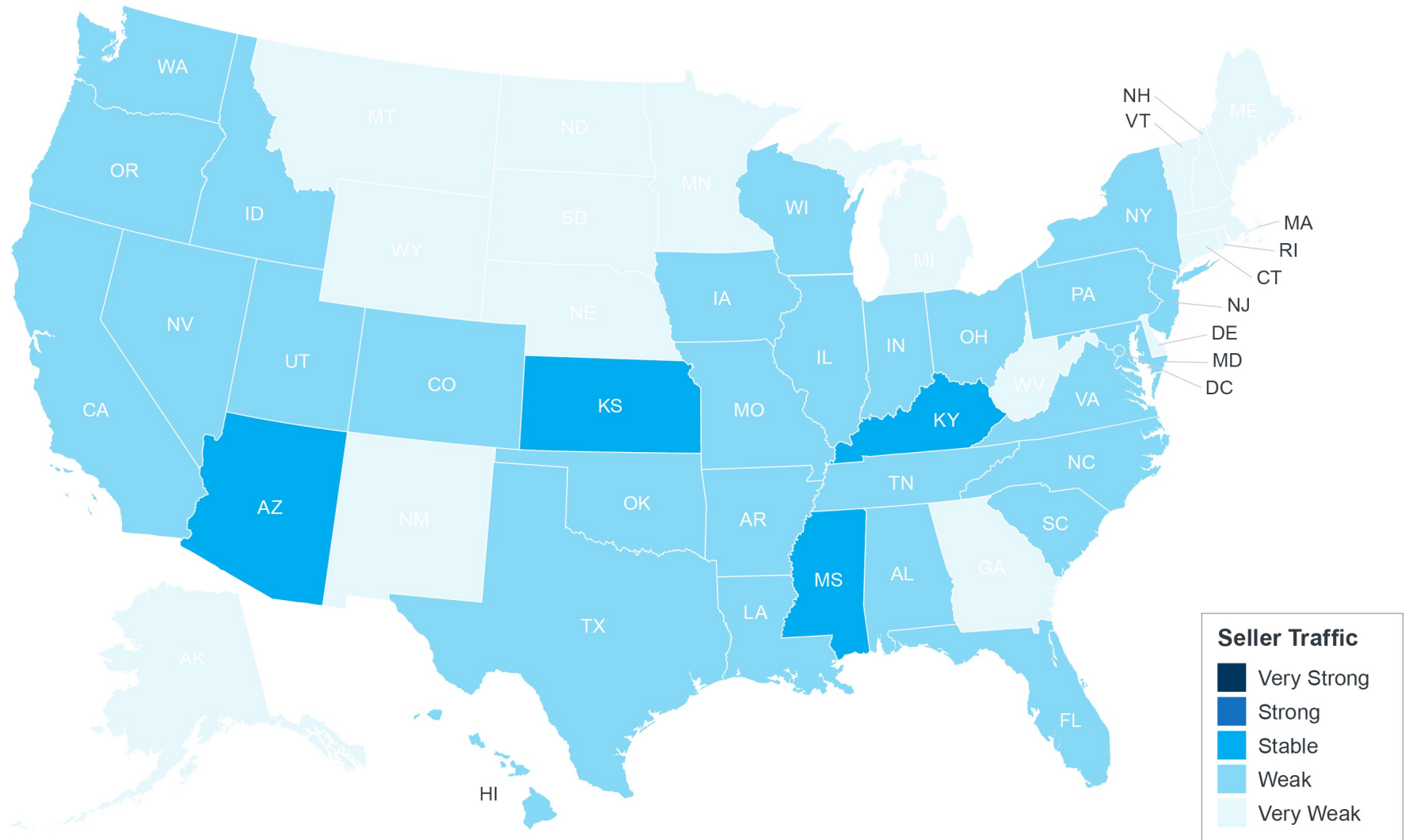
February 2022



Source: NAR

# Seller Traffic Index

February 2022

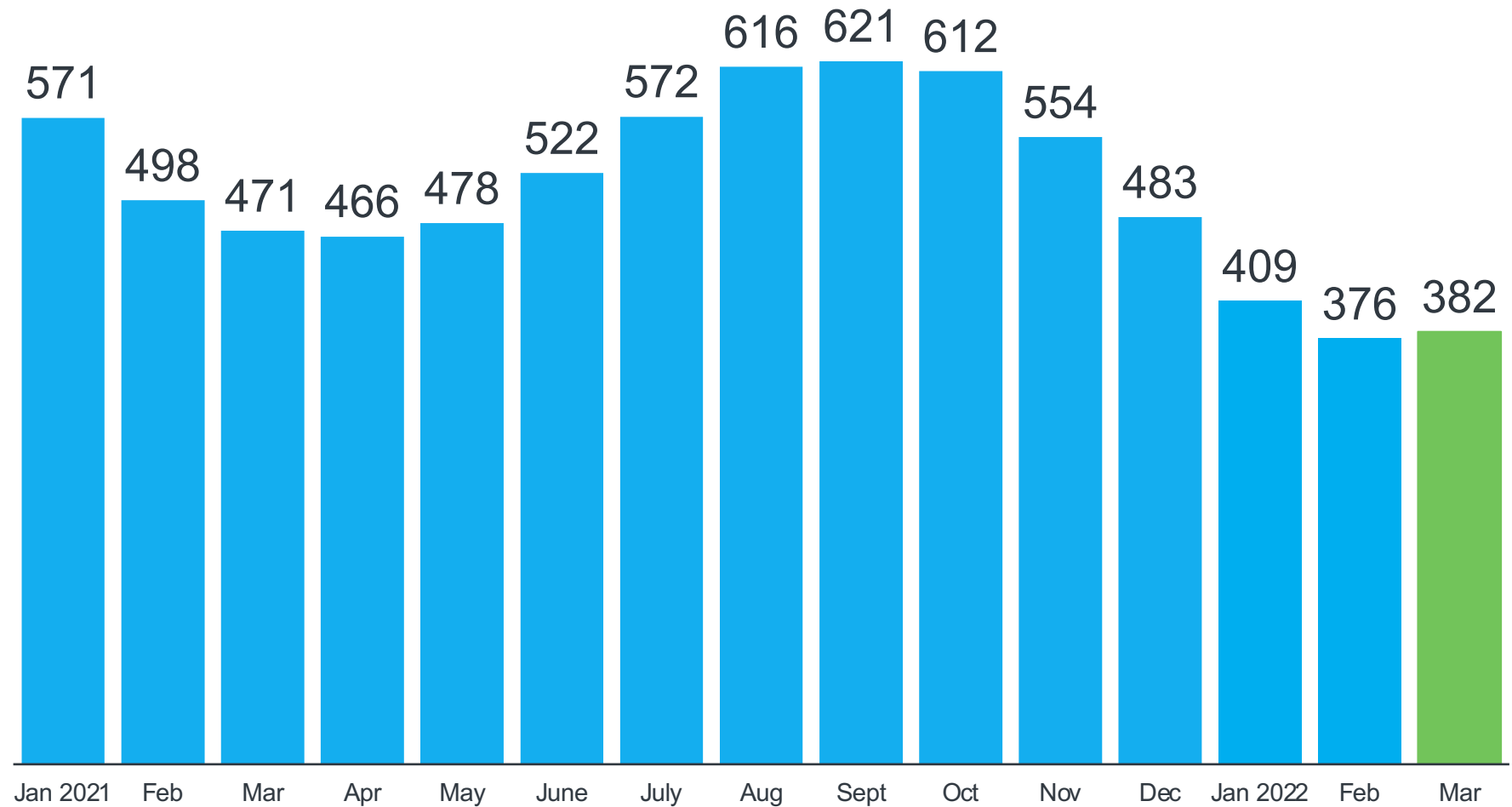


Source: NAR



# Active Listings Increased for First Time in 6 Months

Active Monthly Listing Counts (in thousands)



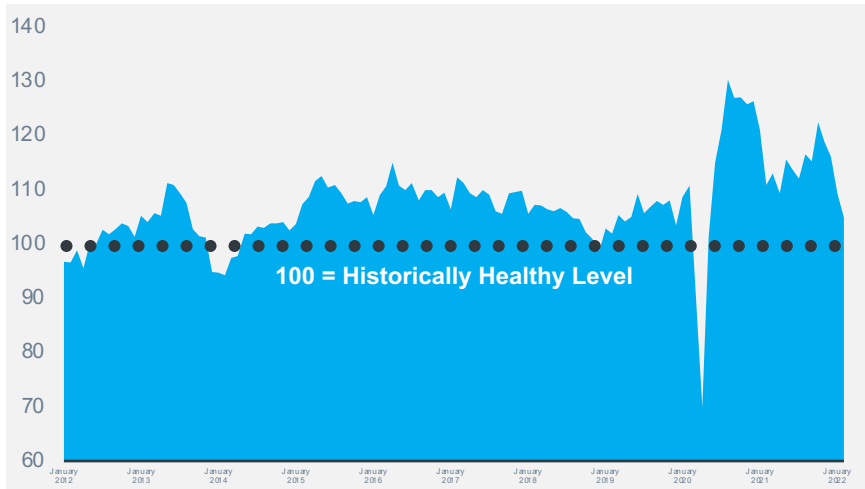


Now, more industry insiders are throwing out their previous forecasts and replacing them with more bullish short-term outlooks. **Indeed, some experts say the 2022 spring housing market might go down as one of the most competitive on record.**

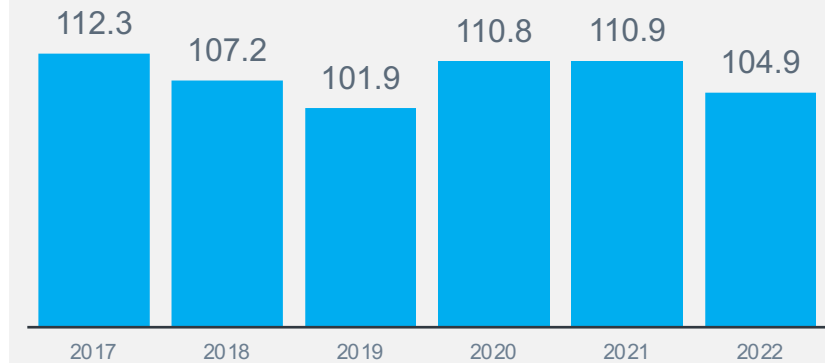
- Lance Lambert, Editorial Director, Fortune

# Pending Home Sales

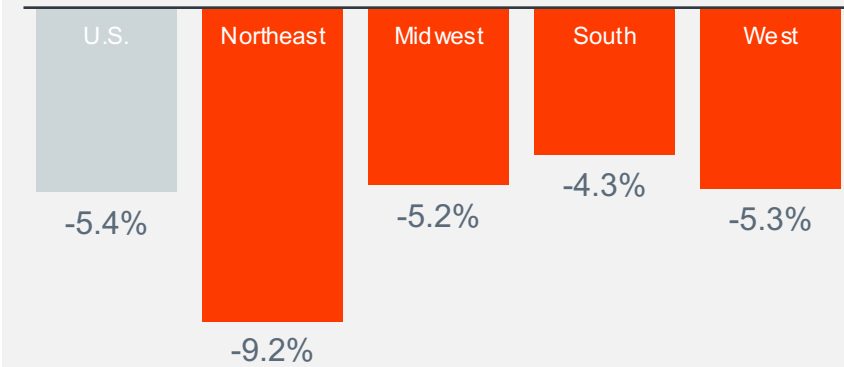
100 = Historically Healthy Level



Over the Last 6 Februarys

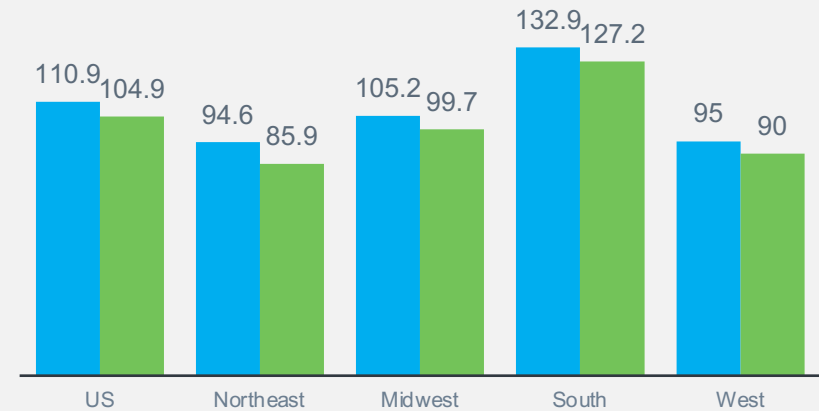


Year-Over-Year, Seasonally Adjusted Annual Rate



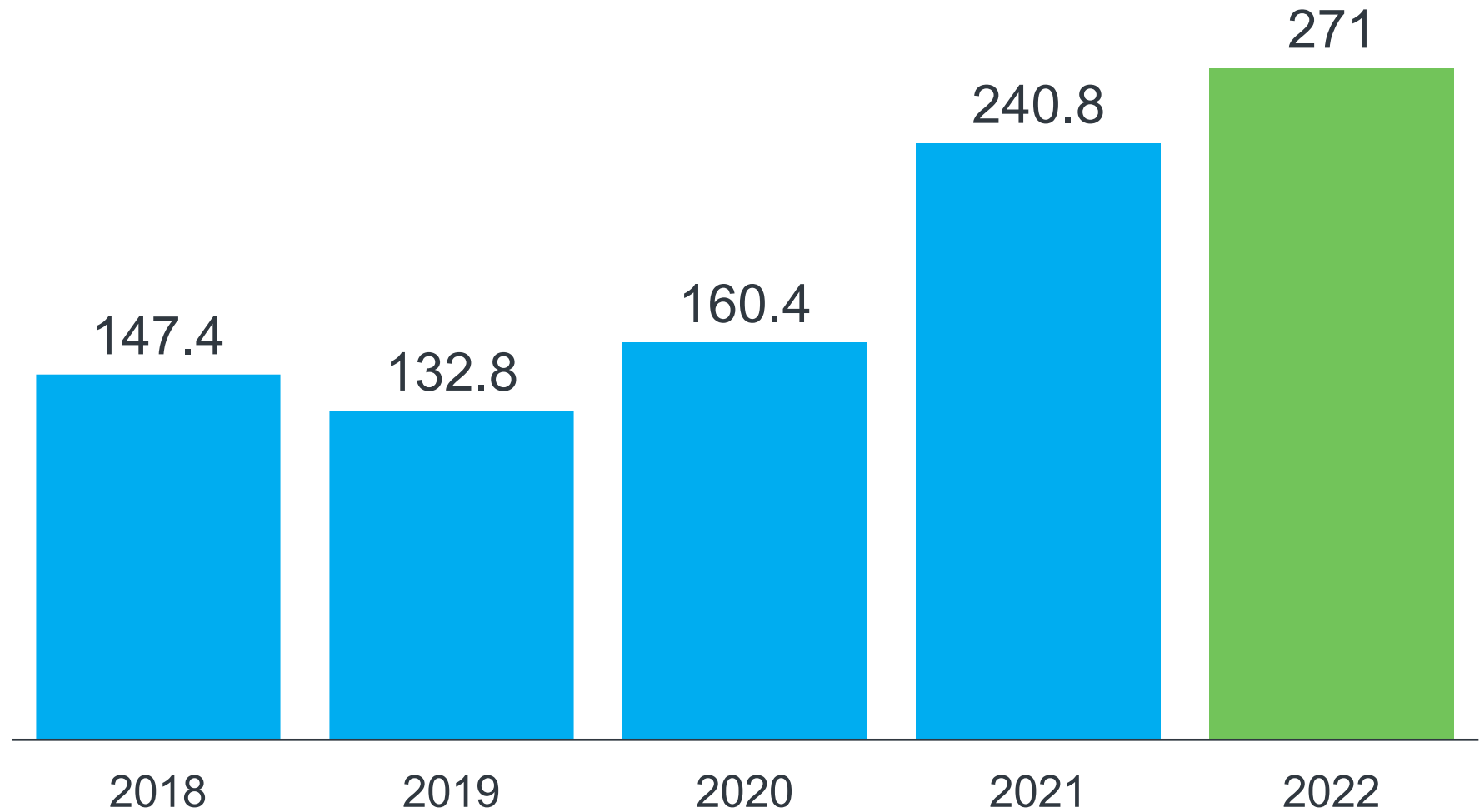
February 2021

February 2022



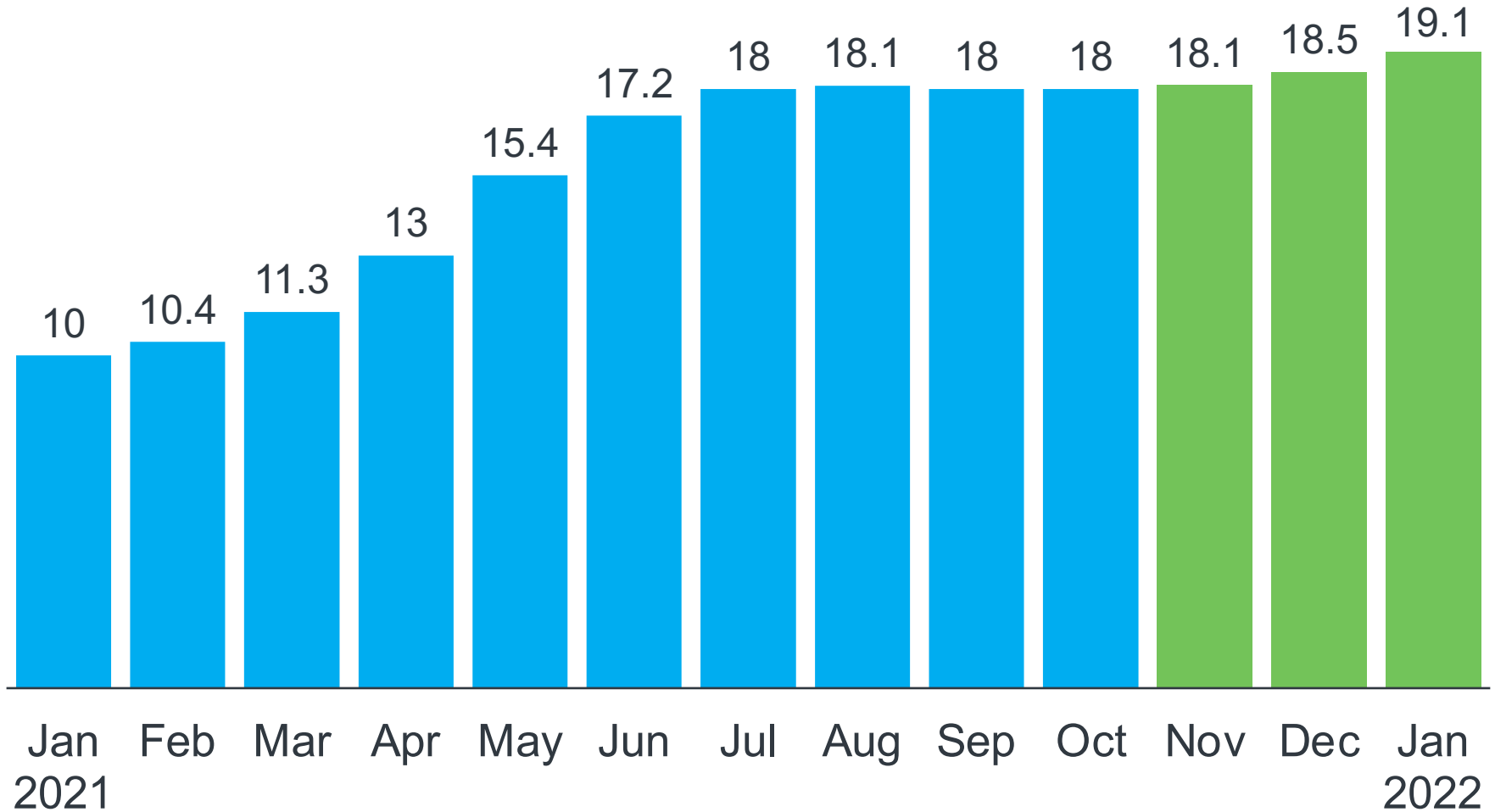
# Showings Exceed Pre-Pandemic Numbers

Showing Index over the Last 5 Februarys



# Price Appreciation Accelerating

% Year-Over-Year Price Increases (Monthly)

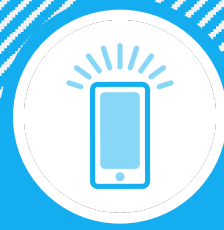




Last fall we observed that home prices, although continuing to rise quite sharply, had begun to decelerate. Even that modest deceleration was on pause in January.

**The 19.2% year-over-year change for January was the fourth-largest reading in 35 years of history.**

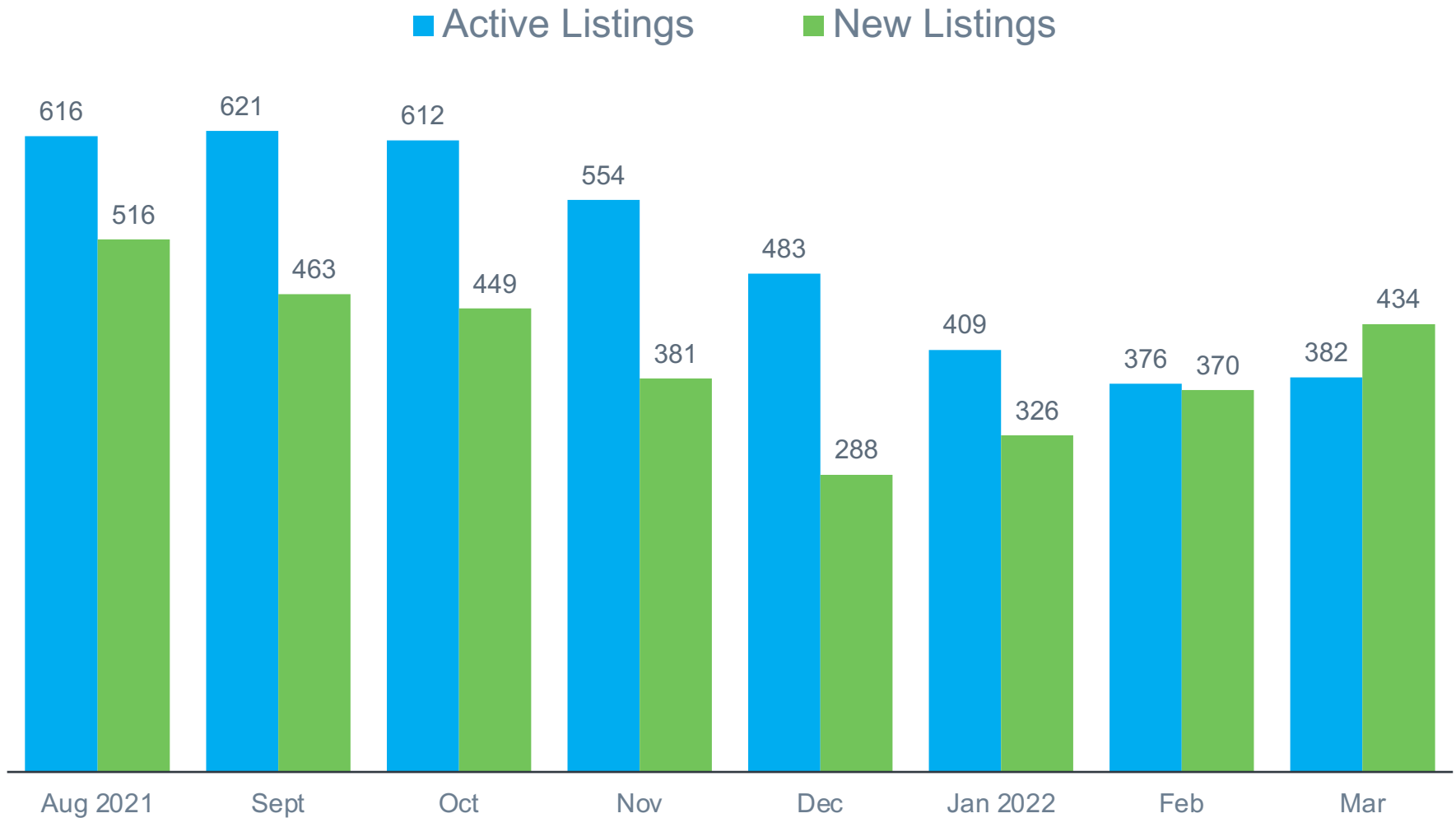
- Craig J. Lazzara, Managing Director, S&P DJI



**Five slides every agent  
should have on their  
phone this spring**

# More New Listings than Active Listings

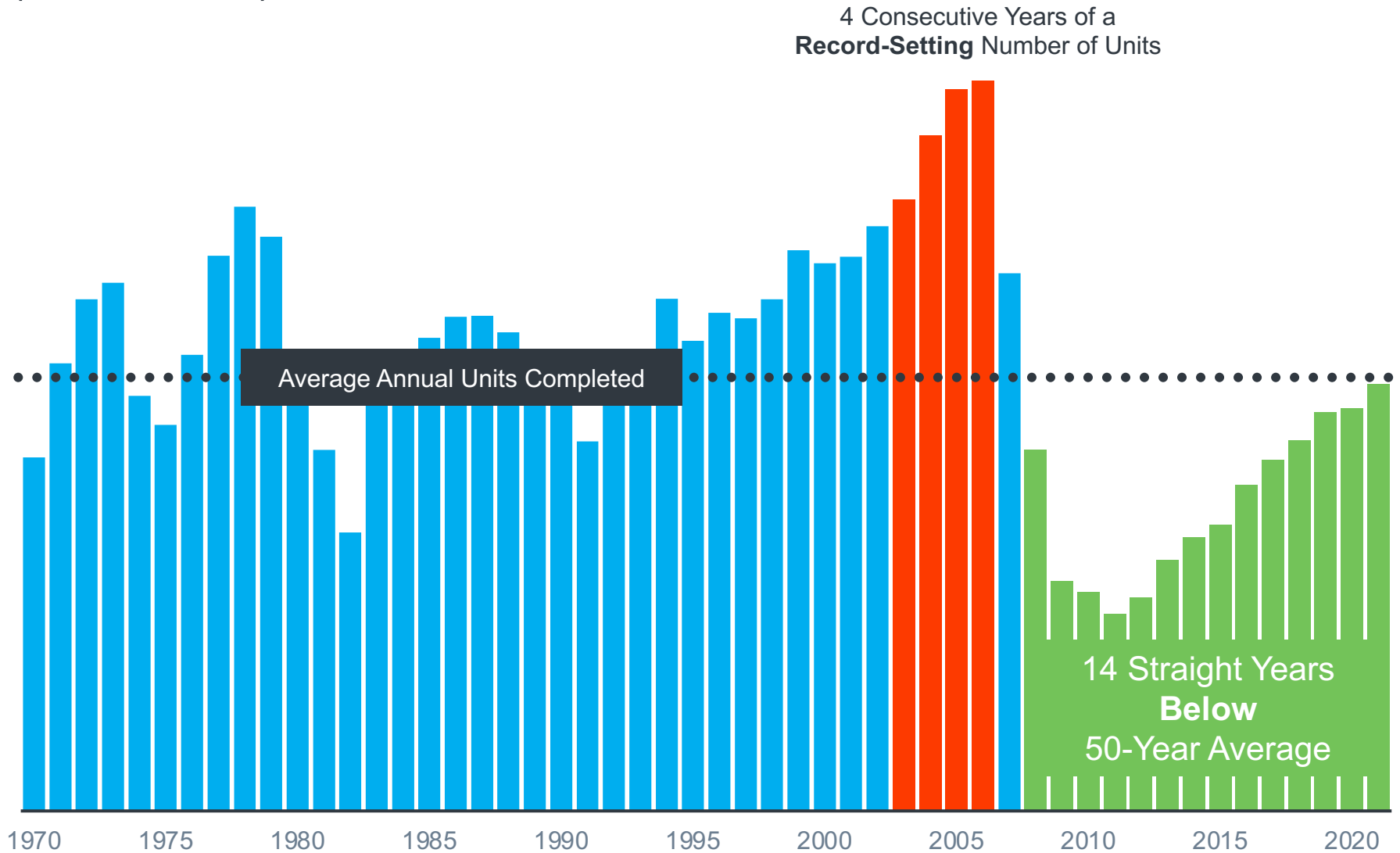
Active and New Listings by Month





# Single-Family Housing Units Completed

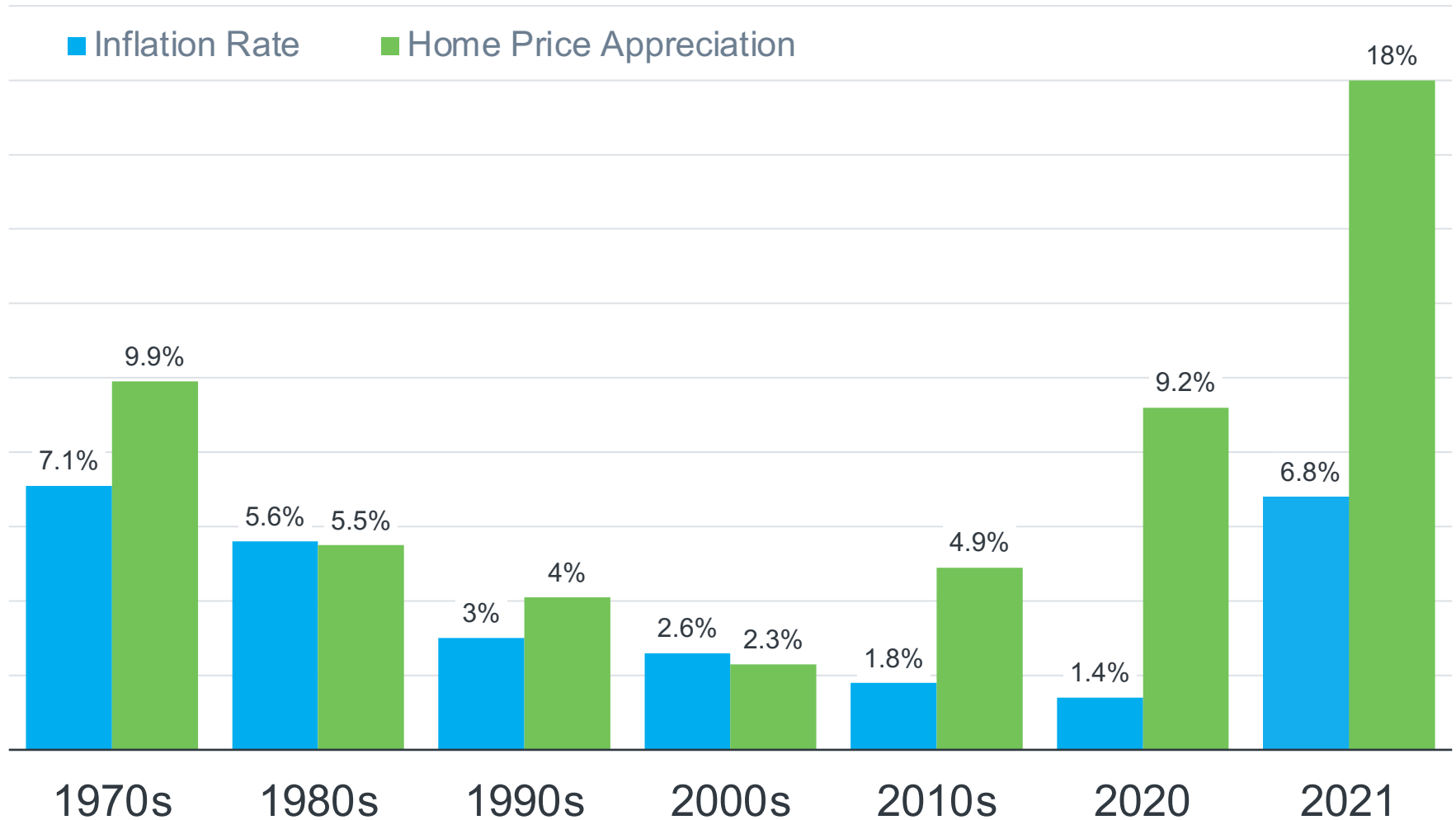
(in thousands)



Source: Census

# Homeownership: a Hedge Against Inflation

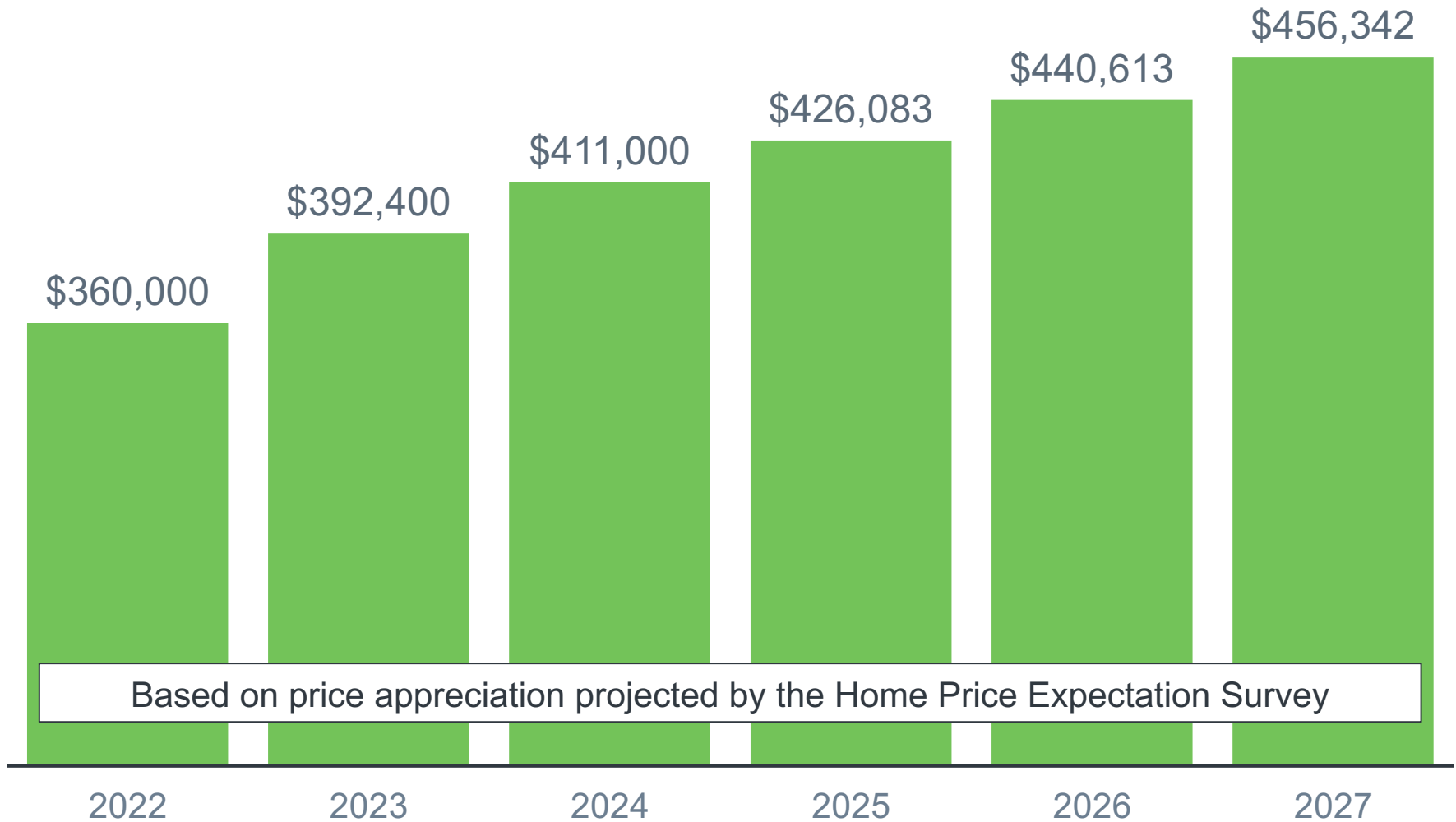
Home Price Appreciation vs. Consumer Price Increases over the Decades



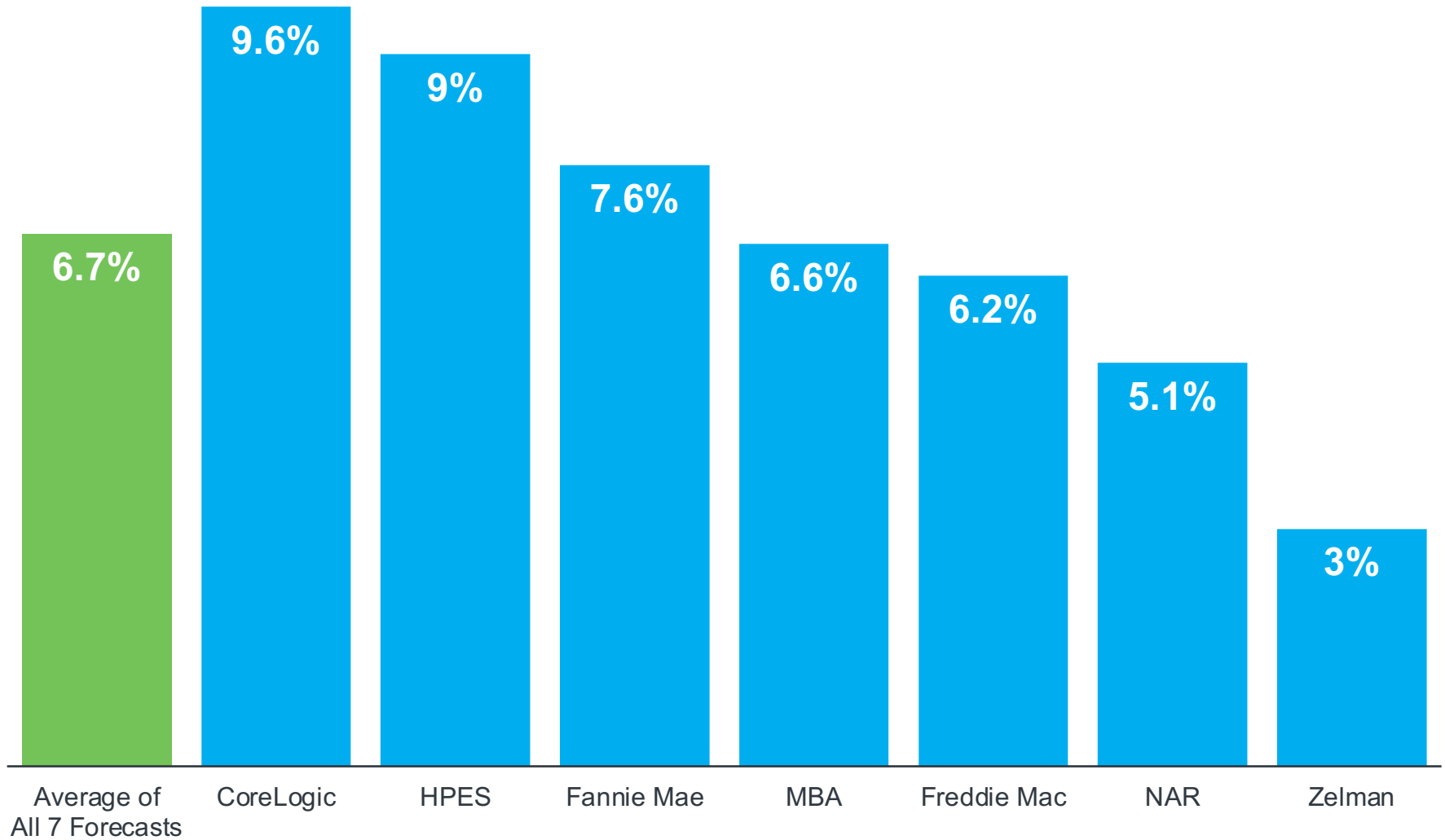
Source: NAR, CoreLogic, Consumer Price Index

# \$96,342

Potential growth in household wealth over the next 5 years based solely on increasing home equity if you purchased a \$360K home in January 2022



# Home Price Forecasts for 2022



# Resources

Slide(s)	Description	Link(s)
3	Mortgage Rates Rising	<a href="https://freddiemac.gcs-web.com/node/24976/pdf">https://freddiemac.gcs-web.com/node/24976/pdf</a> <a href="http://www.freddiemac.com/pmms/">http://www.freddiemac.com/pmms/</a>
4	Kiefer Quote	<a href="https://www.bankrate.com/mortgages/march-2022-mortgage-rate-outlook/">https://www.bankrate.com/mortgages/march-2022-mortgage-rate-outlook/</a>
5-9	Impact of Rising Rates	<a href="http://www.freddiemac.com/research/insight/20180223_increasing_mortgage_rates.page">http://www.freddiemac.com/research/insight/20180223_increasing_mortgage_rates.page</a>
10	Evangelou Quote	<a href="https://www.bankrate.com/mortgages/march-2022-mortgage-rate-outlook/">https://www.bankrate.com/mortgages/march-2022-mortgage-rate-outlook/</a>
11	Freddie Mac Quote	<a href="https://myhome.freddiemac.com/blog/homeownership/whats-driving-home-price-growth-2022">https://myhome.freddiemac.com/blog/homeownership/whats-driving-home-price-growth-2022</a>
12	Kiefer Quote	<a href="https://www.bankrate.com/mortgages/march-2022-mortgage-rate-outlook/">https://www.bankrate.com/mortgages/march-2022-mortgage-rate-outlook/</a>
14	Altos Research Quote	<a href="https://twitter.com/AltosResearch/status/1498428094109077508">https://twitter.com/AltosResearch/status/1498428094109077508</a>
15-16	Traffic 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>

# Resources

Slide(s)	Description	Link(s)
17, 24	Listings	<a href="https://www.realtor.com/research/data/">https://www.realtor.com/research/data/</a>
18	Lambert Quote	<a href="https://fortune.com/2022/02/07/zillow-our-2022-housing-forecast-is-way-off-home-prices-now-set-to-spike/">https://fortune.com/2022/02/07/zillow-our-2022-housing-forecast-is-way-off-home-prices-now-set-to-spike/</a>
19	Pending Home Sales	<a href="https://www.nar.realtor/newsroom/pending-home-sales-dwindle-4-1-in-February">https://www.nar.realtor/newsroom/pending-home-sales-dwindle-4-1-in-February</a> <a href="https://www.nar.realtor/blogs/economists-outlook/pending-home-sales-weaken-4-1-in-february-2022">https://www.nar.realtor/blogs/economists-outlook/pending-home-sales-weaken-4-1-in-february-2022</a>
20	Showings	<a href="https://www.showingtime.com/blog/february-2022-showing-index-results/">https://www.showingtime.com/blog/february-2022-showing-index-results/</a>
21	Price Appreciation	<a href="https://www.corelogic.com/intelligence/u-s-home-price-insights/">https://www.corelogic.com/intelligence/u-s-home-price-insights/</a>
22	Lazzara Quote	<a href="https://www.spglobal.com/spdji/en/documents/indexnews/announcements/20220329-1451063/1451063_cshomeprice-release-0329.pdf">https://www.spglobal.com/spdji/en/documents/indexnews/announcements/20220329-1451063/1451063_cshomeprice-release-0329.pdf</a>
25	Single-Family Housing Units Completed	<a href="http://www.census.gov/construction/nrc/xls/co_cust.xls">www.census.gov/construction/nrc/xls/co_cust.xls</a>

# Resources

Slide(s)	Description	Link(s)
26	Homeownership: Hedge Against Inflation	<a href="https://cdn.nar.realtor/sites/default/files/documents/2021-11-12-residential-economic-issues-and-trends-lawrence-yun-presentation-slides-11-12-2021.pdf">https://cdn.nar.realtor/sites/default/files/documents/2021-11-12-residential-economic-issues-and-trends-lawrence-yun-presentation-slides-11-12-2021.pdf</a> <a href="https://www.bls.gov/news.release/archives/cpi_01132021.pdf">https://www.bls.gov/news.release/archives/cpi_01132021.pdf</a> <a href="https://www.corelogic.com/intelligence/find-stories/home-prices-topple-expectations-surging-at-the-end-of-2020/">https://www.corelogic.com/intelligence/find-stories/home-prices-topple-expectations-surging-at-the-end-of-2020/</a>
27	Equity Gains (HPES)	<a href="https://pulsenomics.com/surveys/#home-price-expectations">https://pulsenomics.com/surveys/#home-price-expectations</a>
28	Home Price Forecasts for 2022	<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://cdn.nar.realtor/sites/default/files/documents/forecast-Q1-2022-us-economic-outlook-01-27-2022.pdf">https://cdn.nar.realtor/sites/default/files/documents/forecast-Q1-2022-us-economic-outlook-01-27-2022.pdf</a> <a href="https://www.fanniemae.com/research-and-insights/forecast">https://www.fanniemae.com/research-and-insights/forecast</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://pulsenomics.com/surveys/#home-price-expectations">https://pulsenomics.com/surveys/#home-price-expectations</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>



# Updates

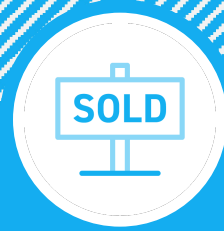


# Resources

Slide(s)	Description	Link(s)
36, 56, 66	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>
37-39, 47, 49, 50, 57-61	Existing Home Sales	<a href="https://www.nar.realtor/topics/existing-home-sales">https://www.nar.realtor/topics/existing-home-sales</a>
40-43	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>
44	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>
45, 46	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>
51-53	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>
54	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>
57-63	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

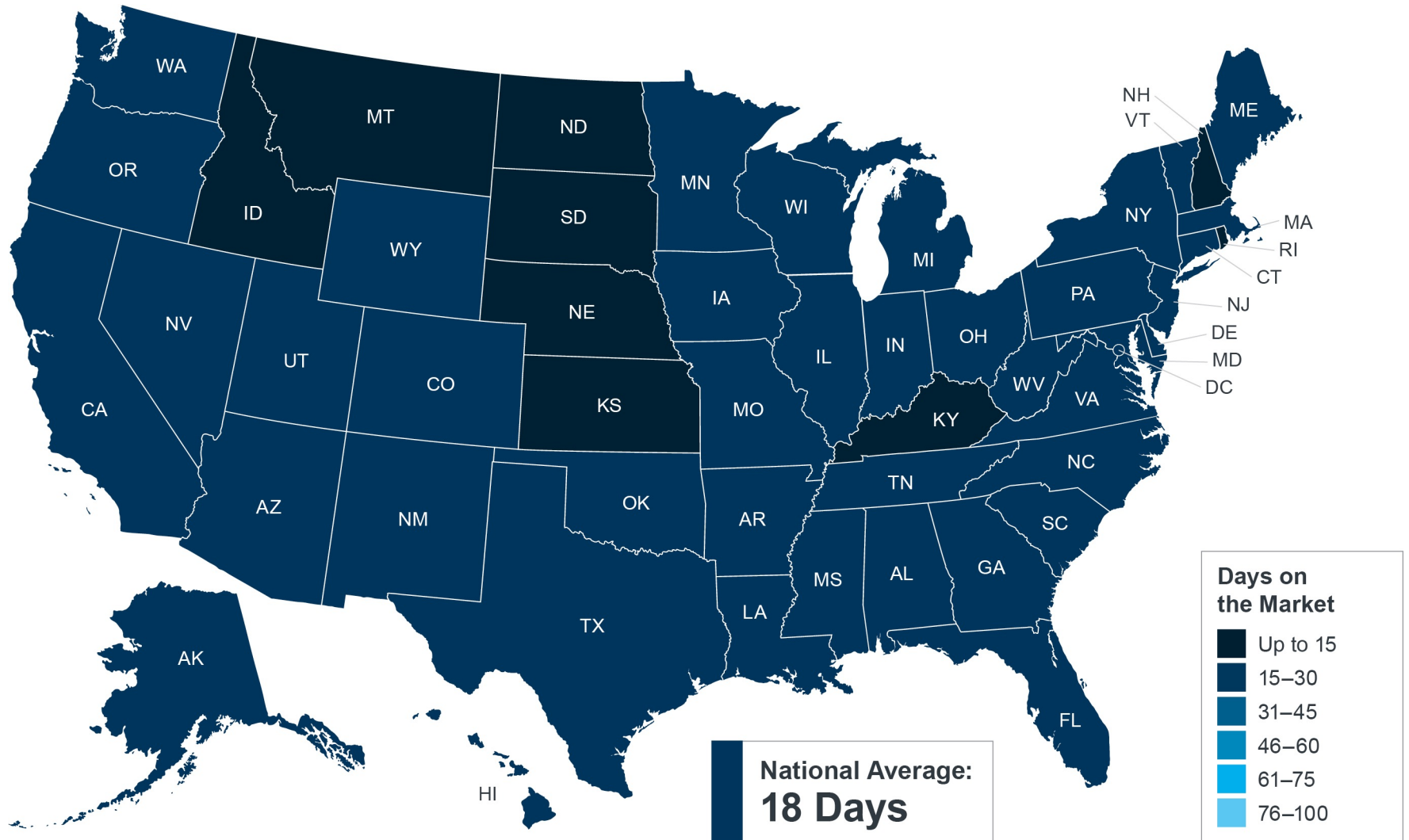
Slide(s)	Description	Link(s)
65	Showing Activity	<a href="https://www.showingtime.com/blog/february-2022-showing-index-results/">https://www.showingtime.com/blog/february-2022-showing-index-results/</a>
68, 69, 71, 72	Mortgage Rates	<a href="http://www.freddiemac.com/pmms/pmms_archives.html">http://www.freddiemac.com/pmms/pmms_archives.html</a> <a href="http://www.freddiemac.com/research/forecast/">http://www.freddiemac.com/research/forecast/</a>
70	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>
74, 75	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

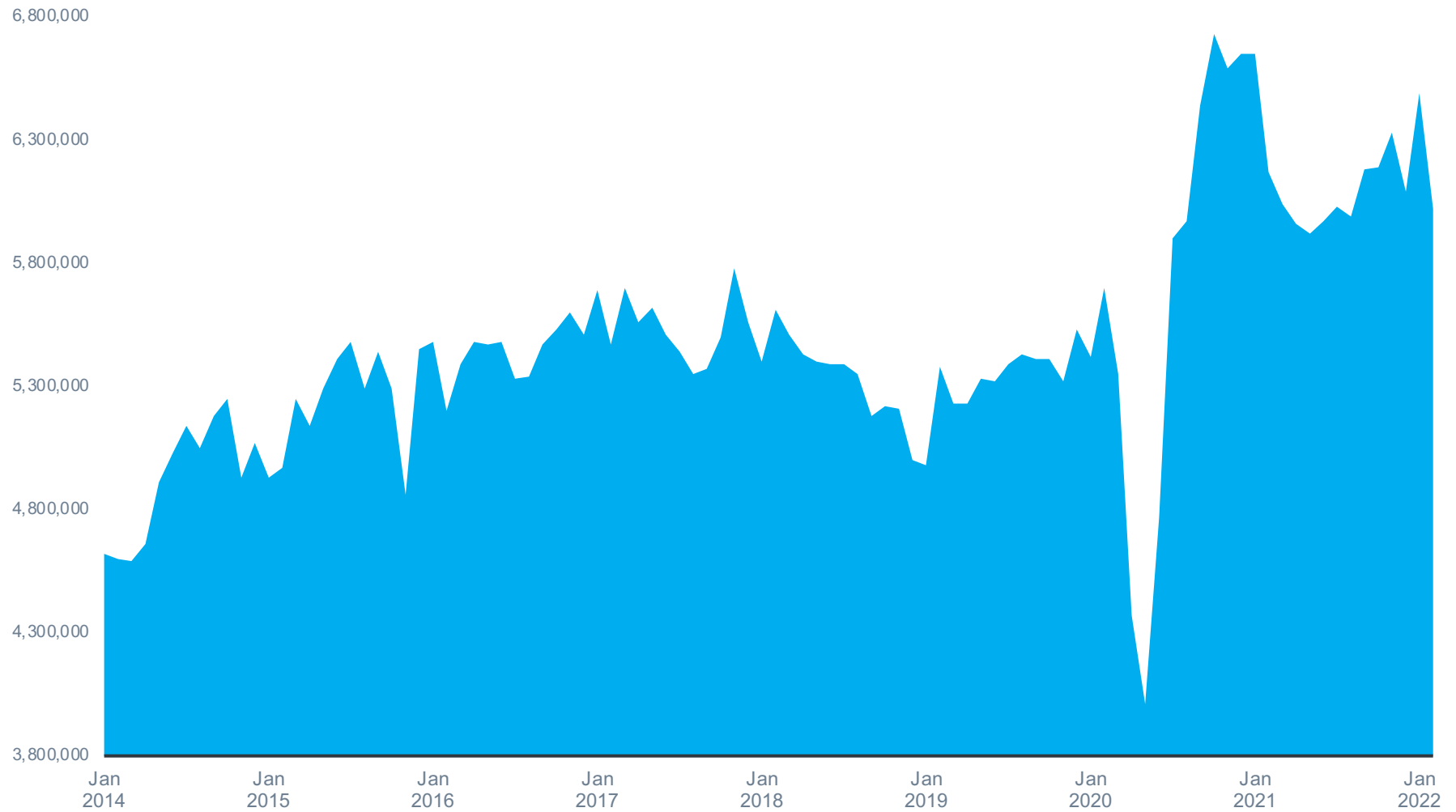
February 2022



Source: NAR

# Existing Home Sales

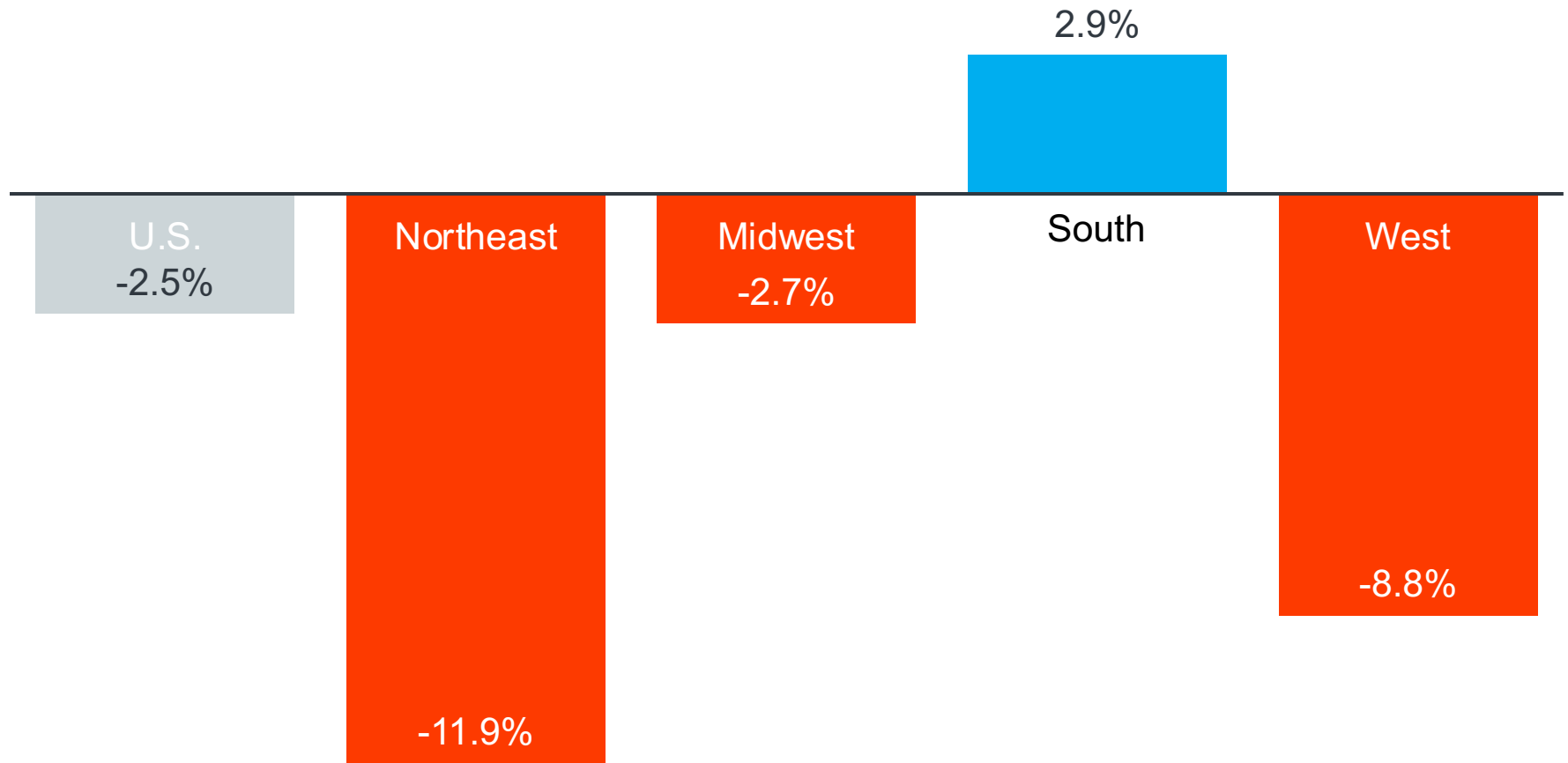
Since January 2014



Source: NAR

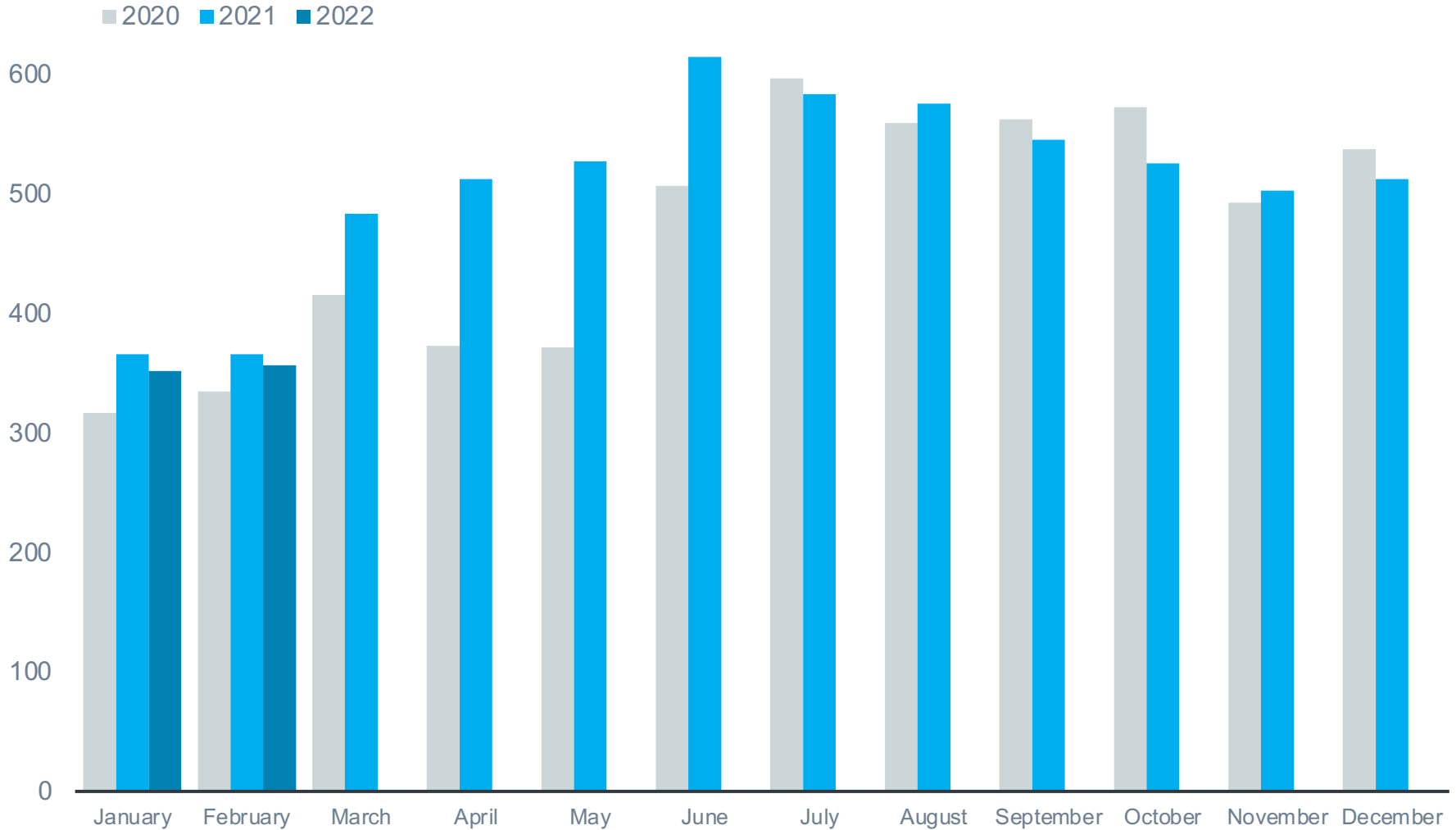
# Existing Home Sales

Year-Over-Year, by Region



# Existing Home Sales

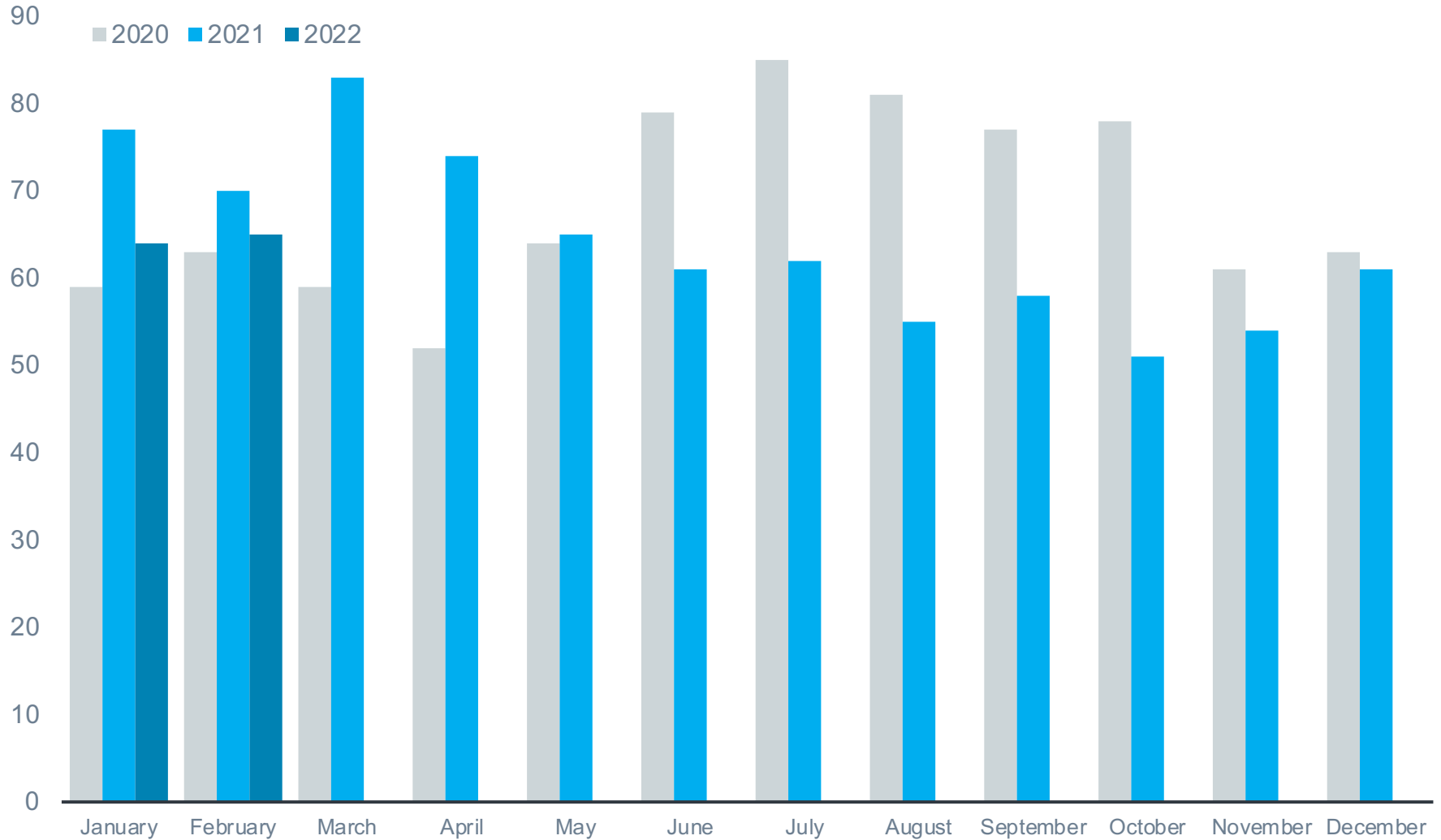
In Thousands



Source: NAR

# New Home Sales

In Thousands

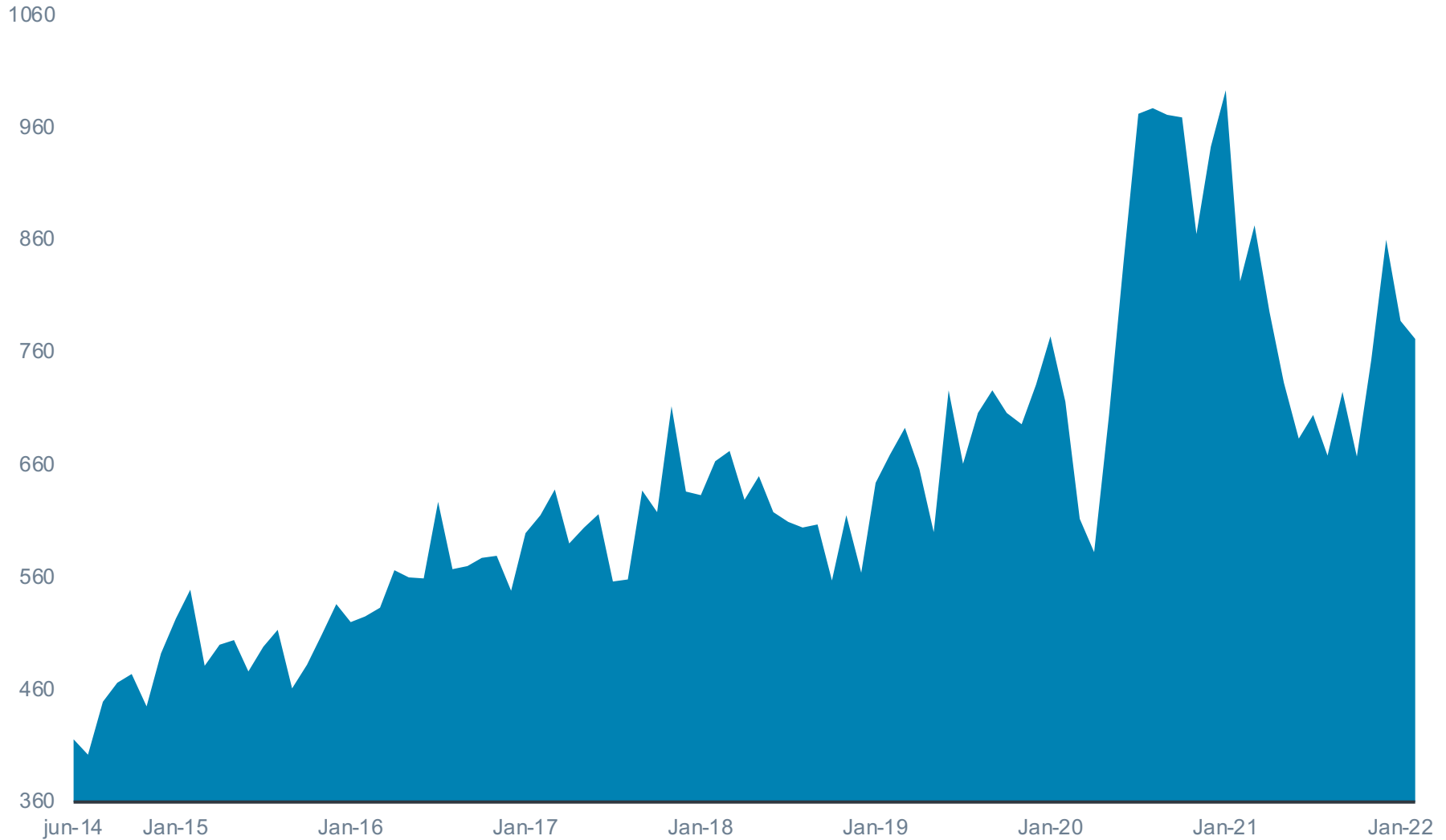


Source: Census



# New Home Sales

Annualized in Thousands

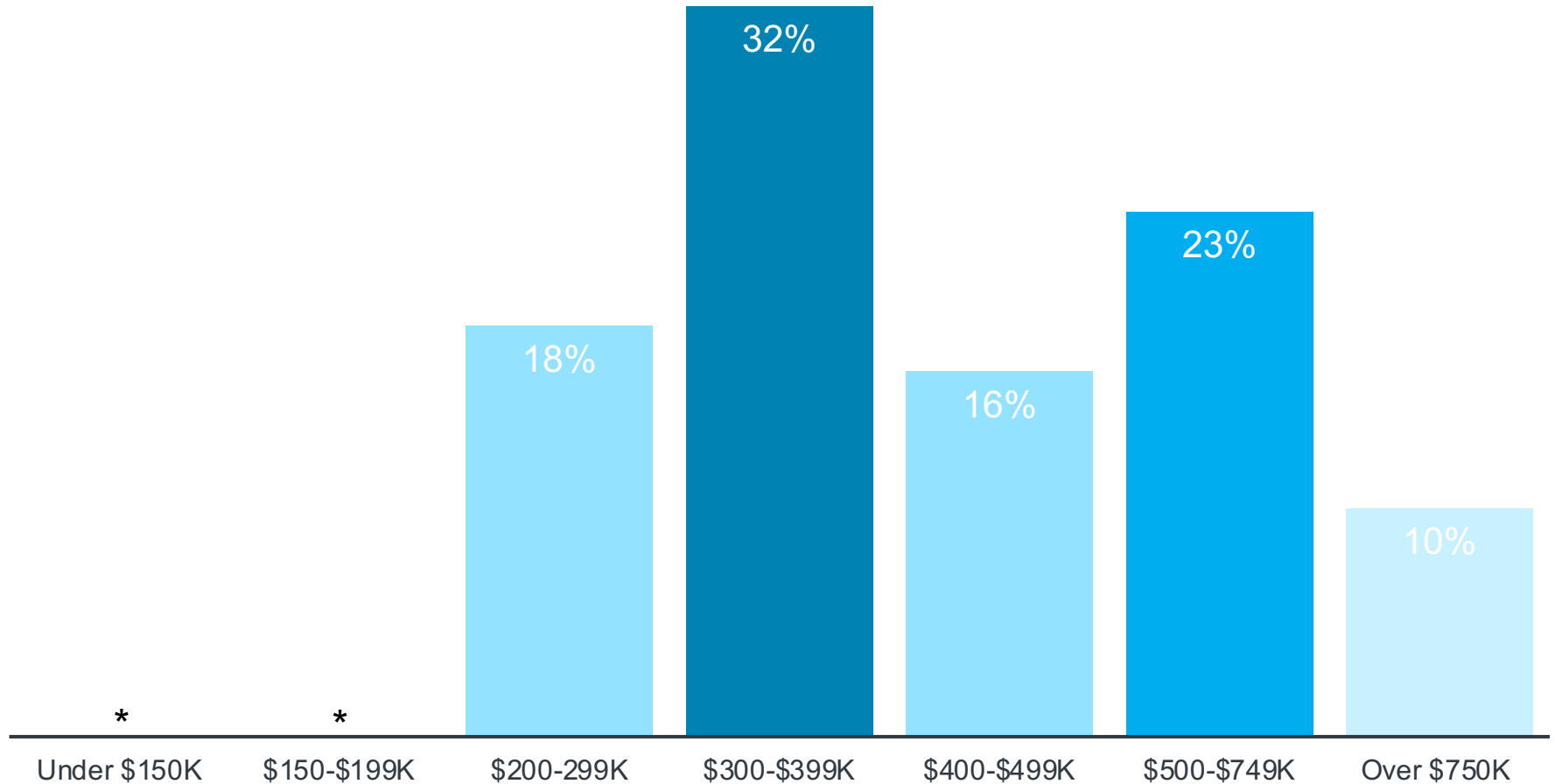


Source: Census

# New Home Sales

## Percent of Distribution by Price Range

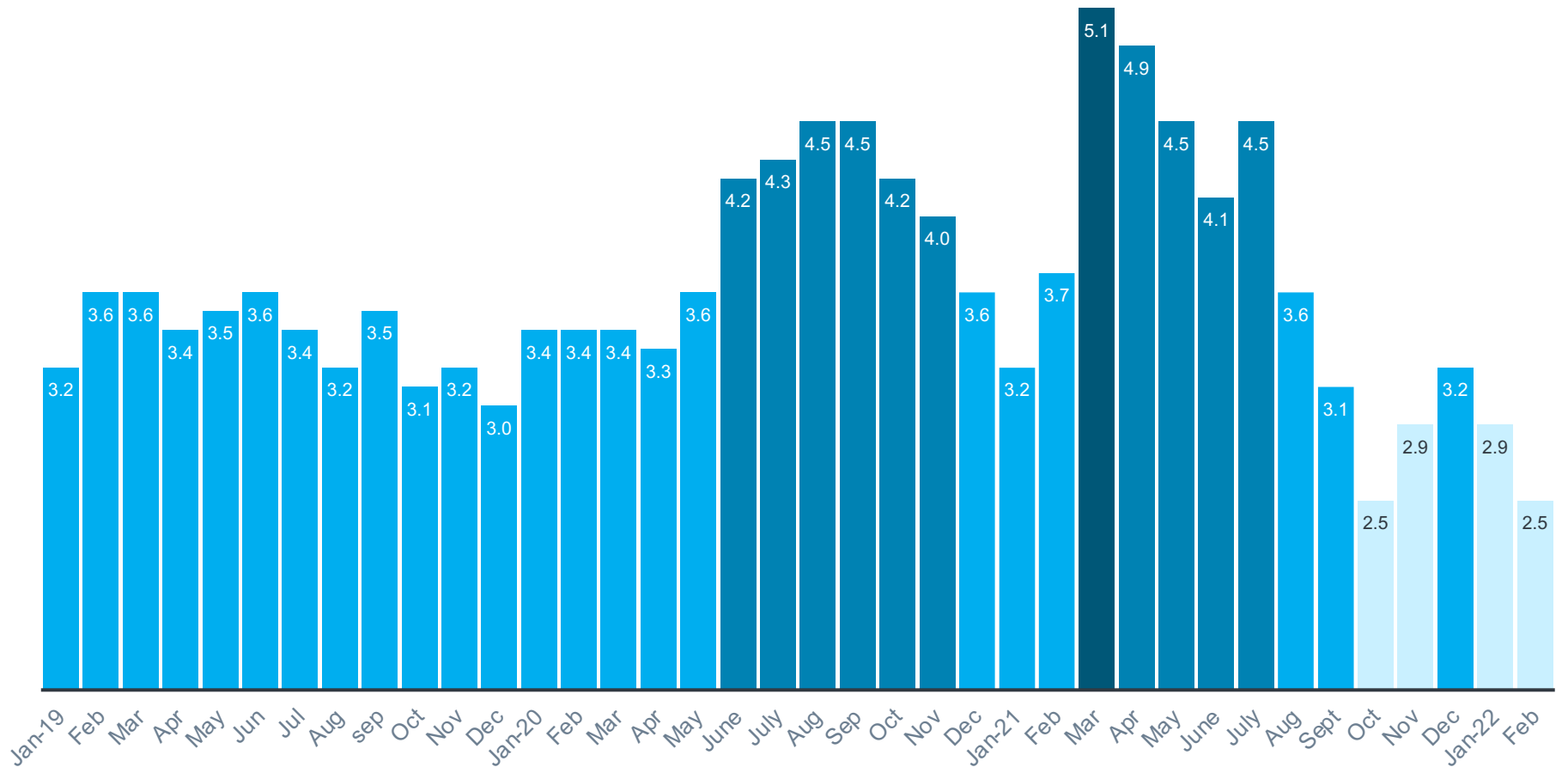
\* Less Than 500 Units or Less Than 0.5 Percent



Source: Census

# New Homes Selling Fast

Median Months from Completion to Sold

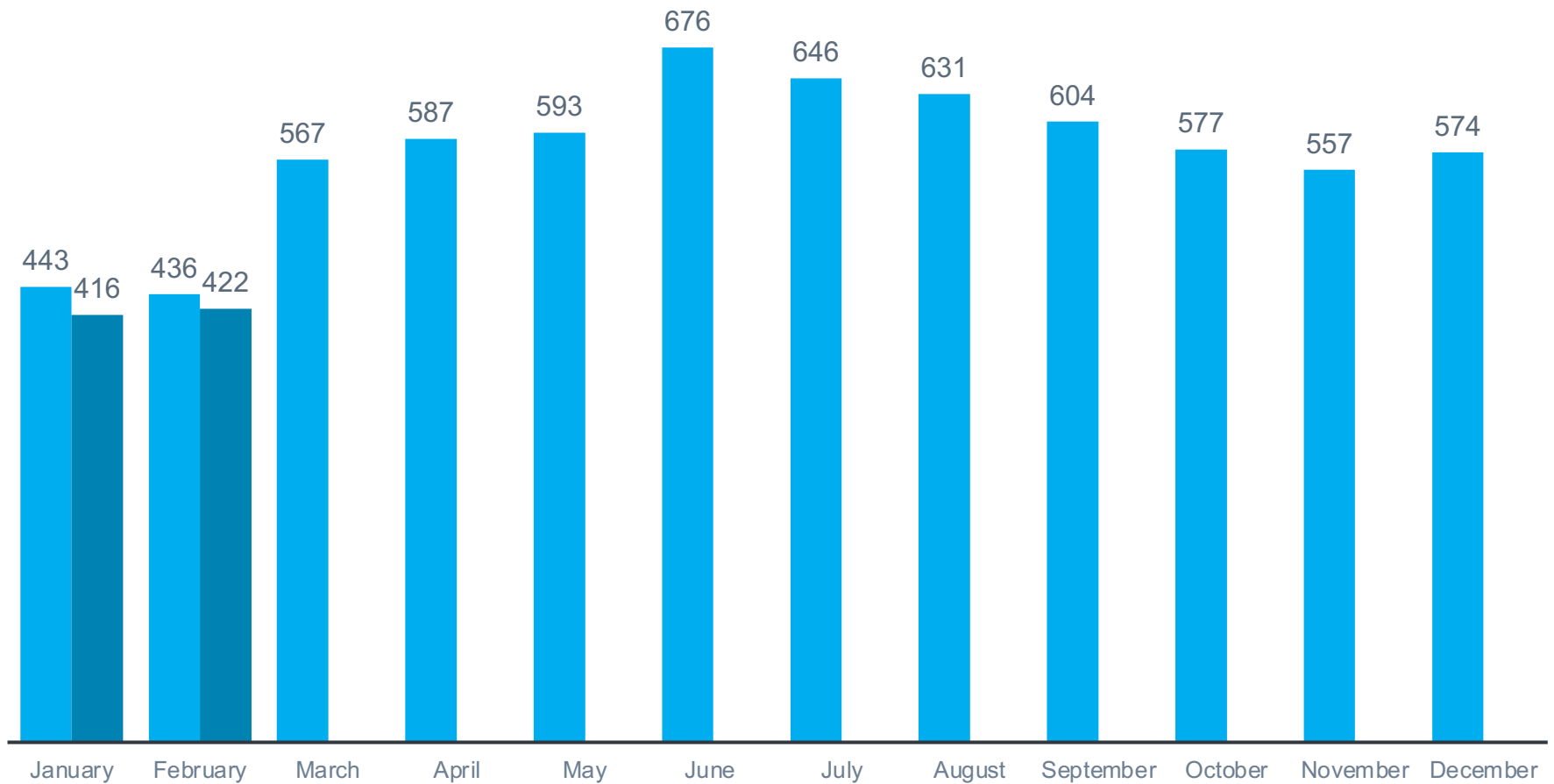


Source: Census

# Total Home Sales

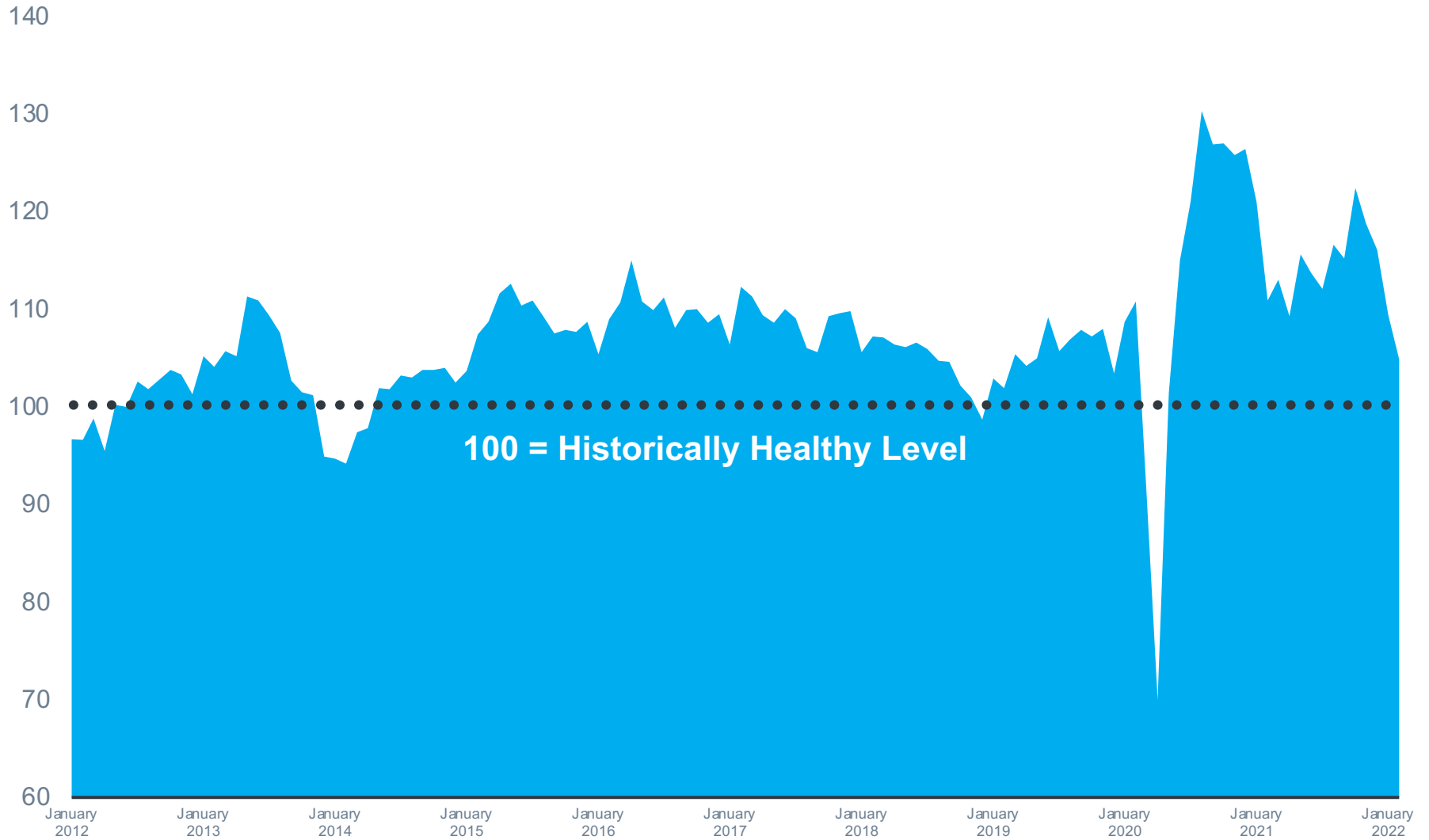
In Thousands

■ 2021 ■ 2022



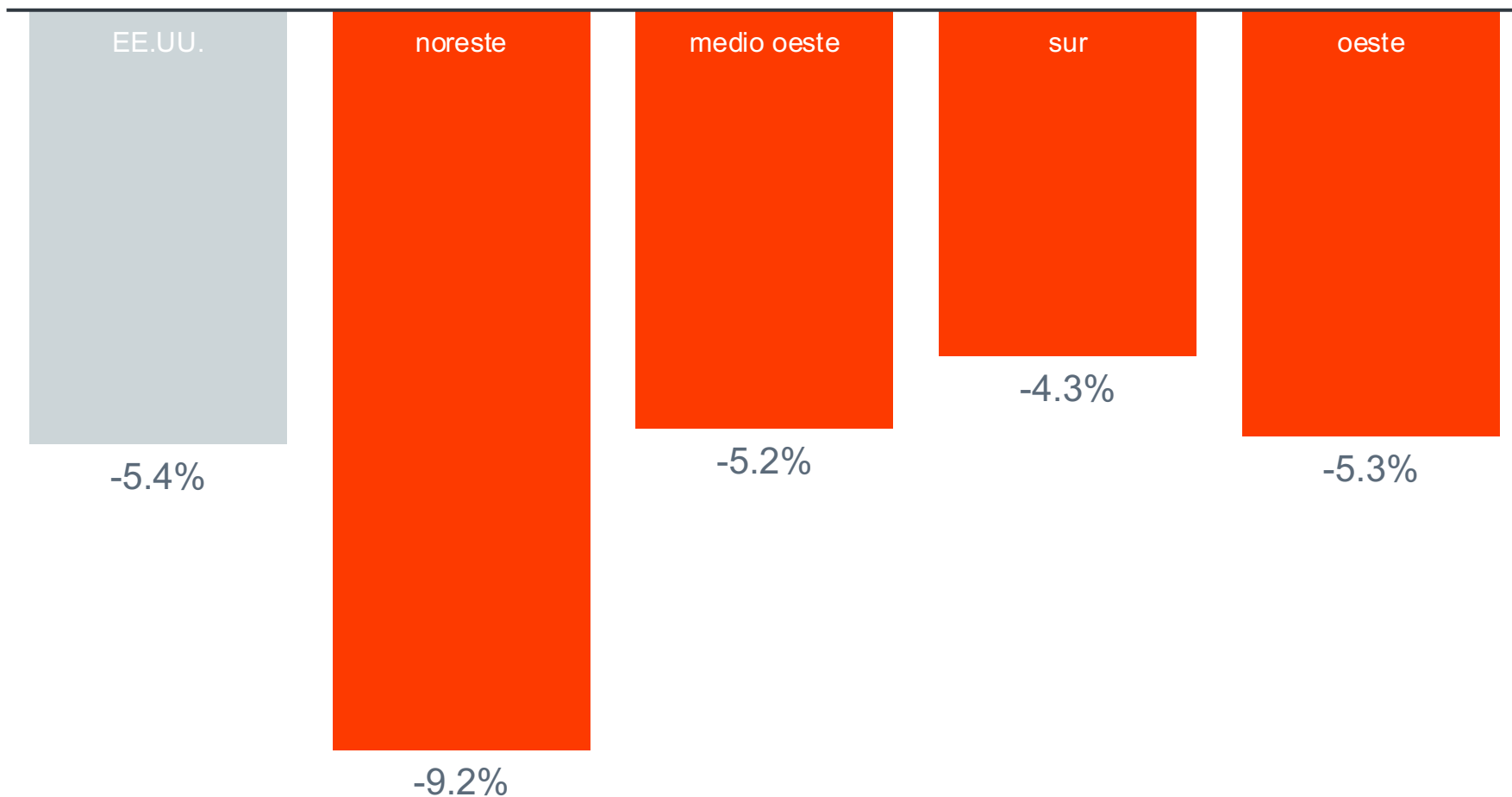
Source: Census

# Pending Home Sales



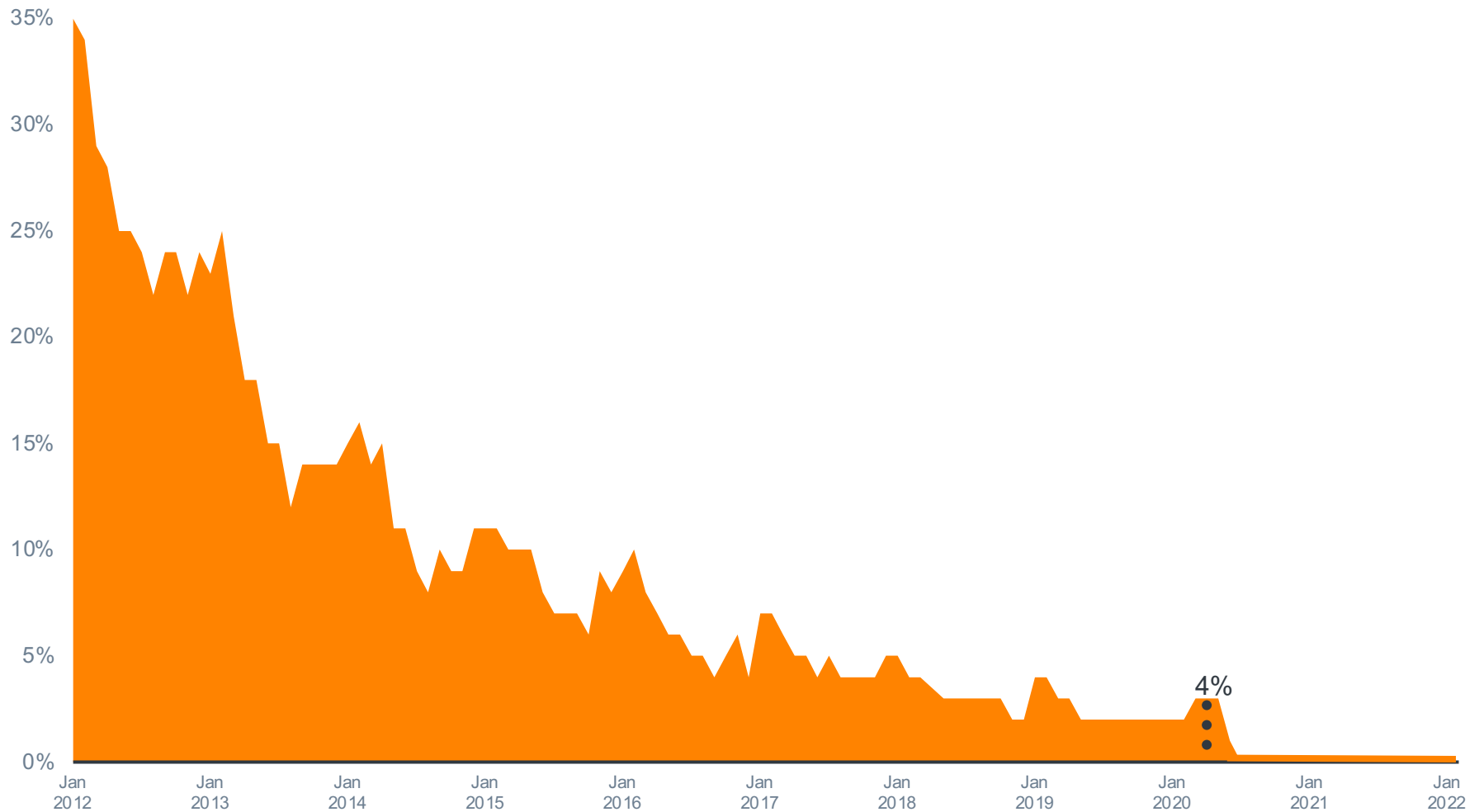
# Ventas de casas que aún están pendientes

año tras año por región



# Percentage of Distressed Property Sales

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



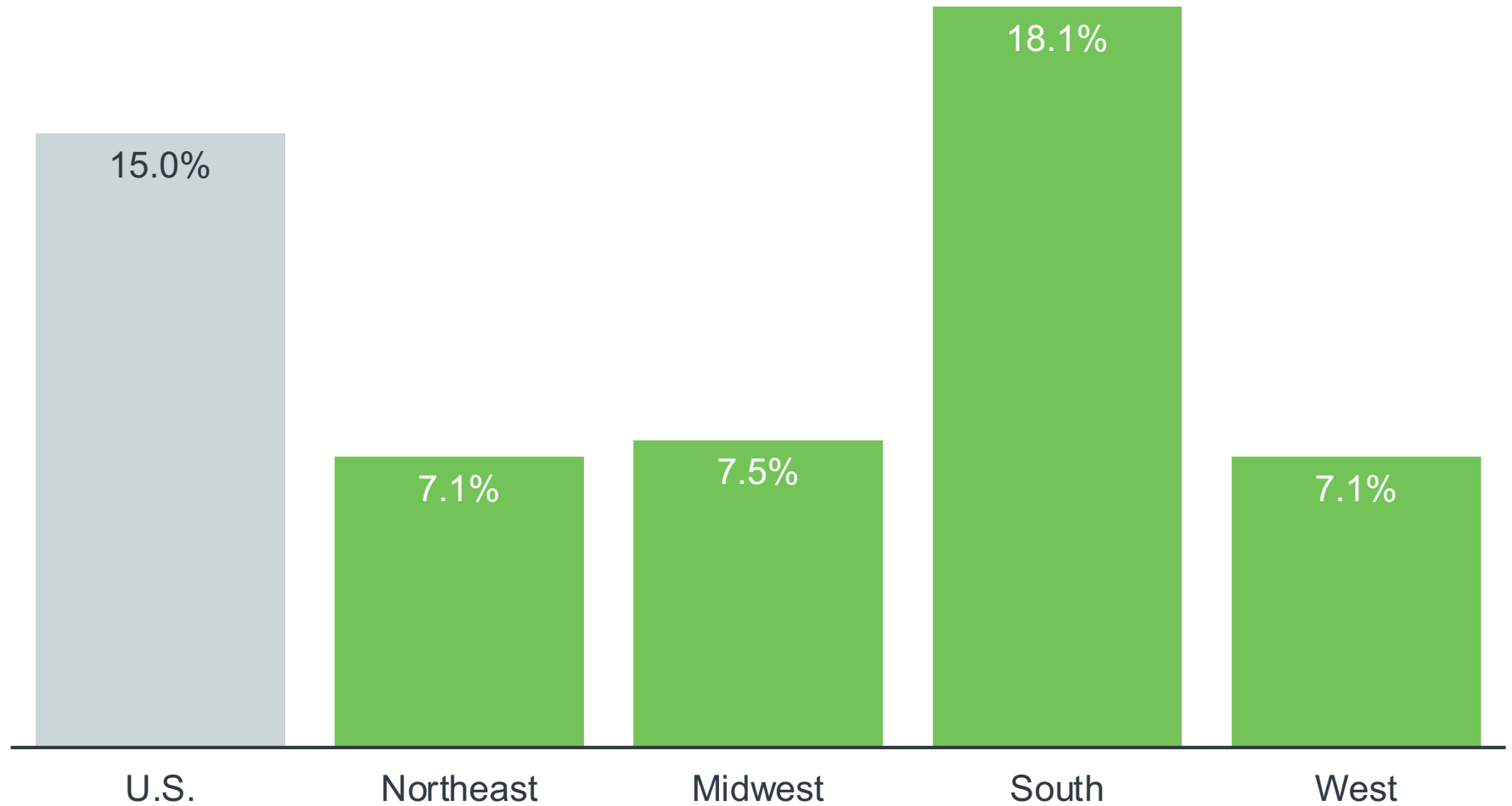


# Home Prices



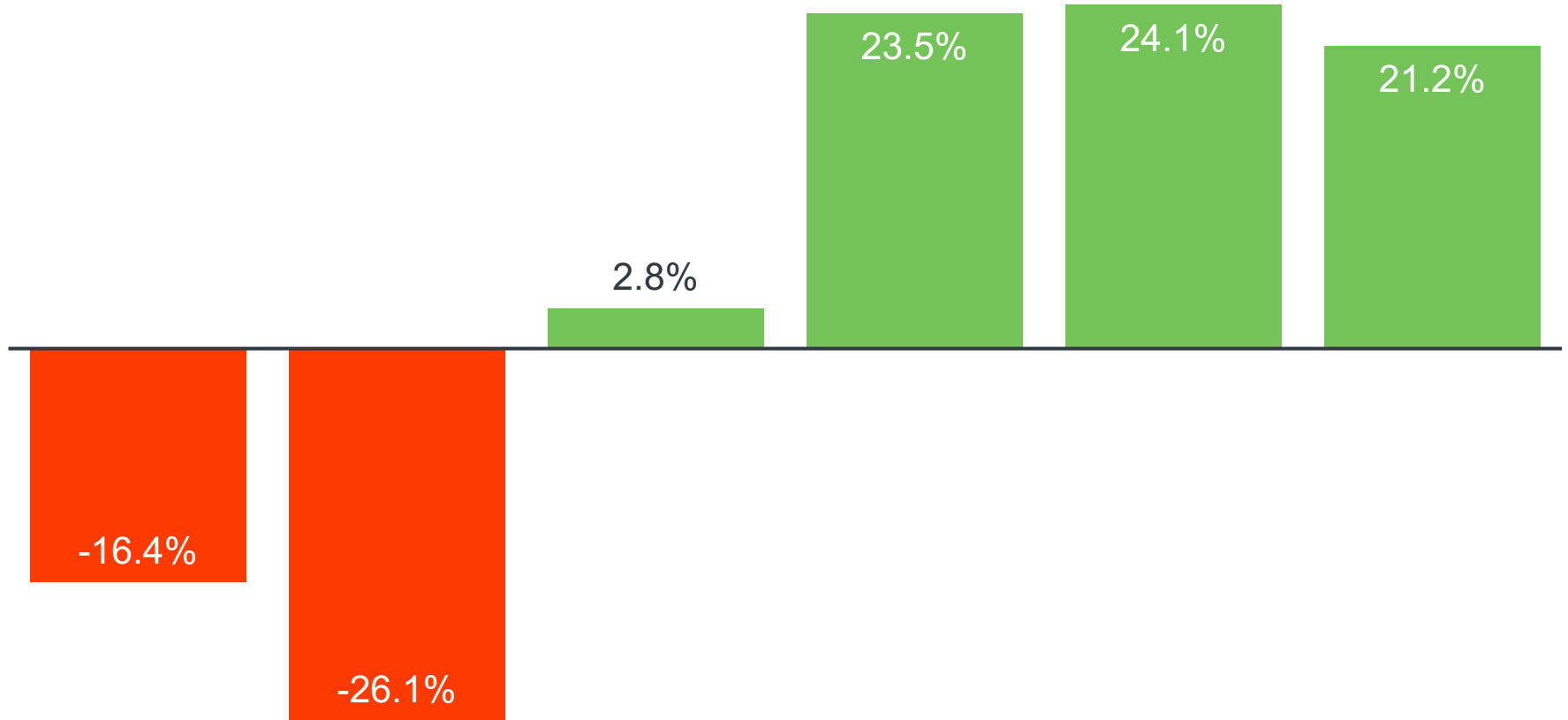
# Sales Price of Existing Homes

Year-Over-Year, by Region



# % Change in Sales

Year-Over-Year, by Price Range

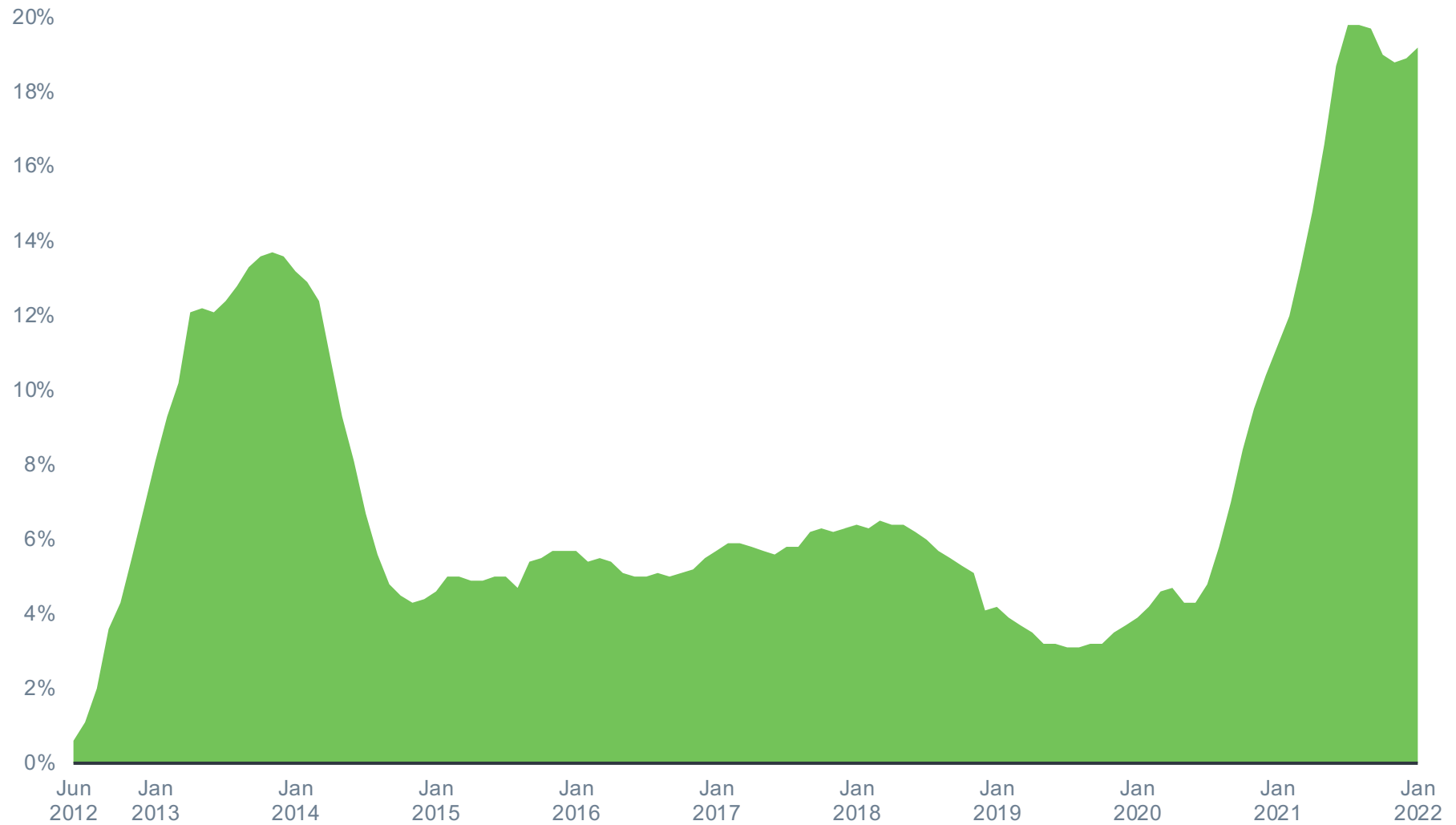


	\$0-100K	\$100-250K	\$250-500K	\$500-750K	\$750K-1M	\$1M+
%	-16.4%	-26.1%	2.8%	23.5%	24.1%	21.2%

Source: NAR

# Change in Home Prices

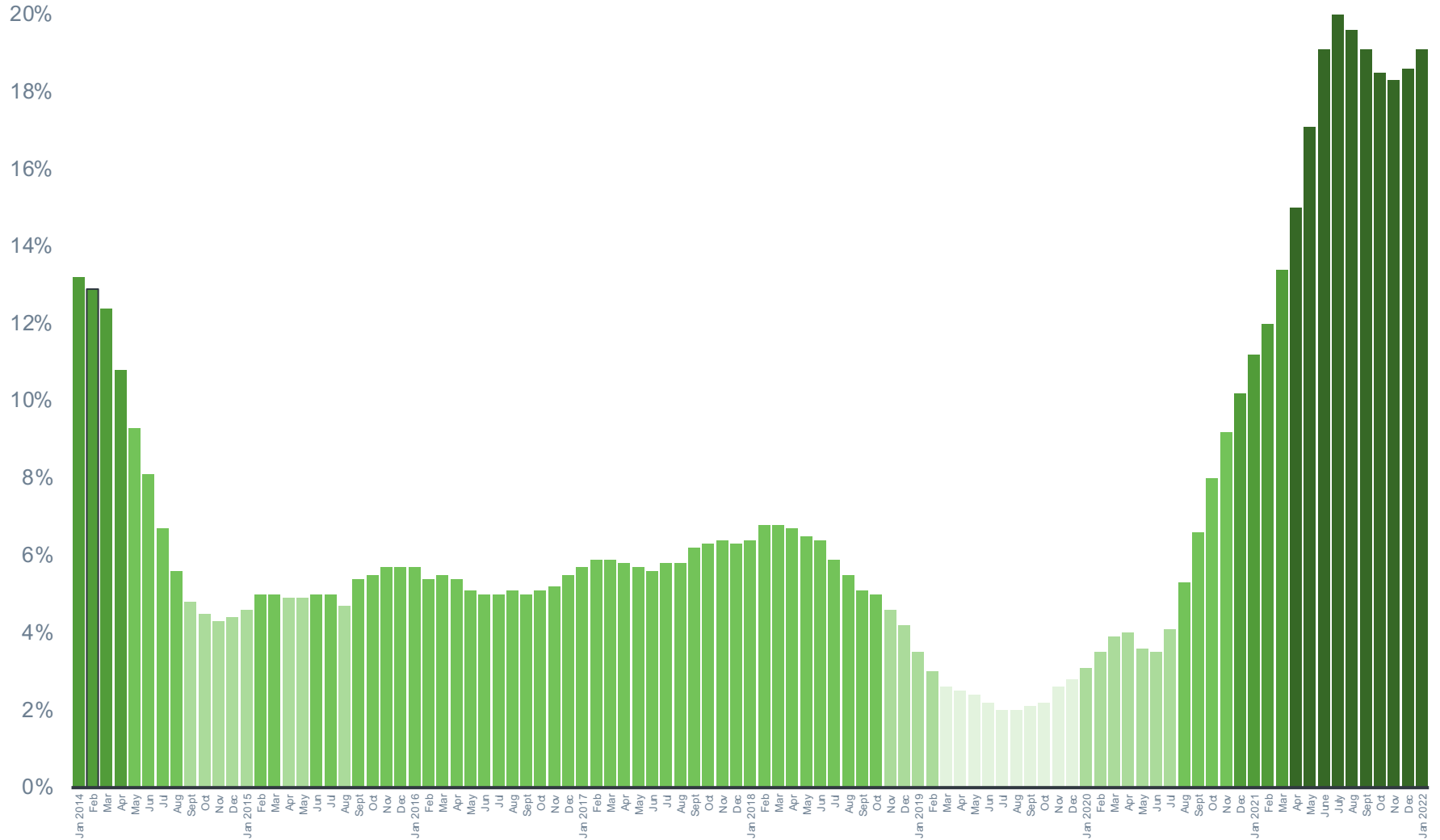
Year-Over-Year



Source: S&P Case-Shiller

# Change in Home Prices

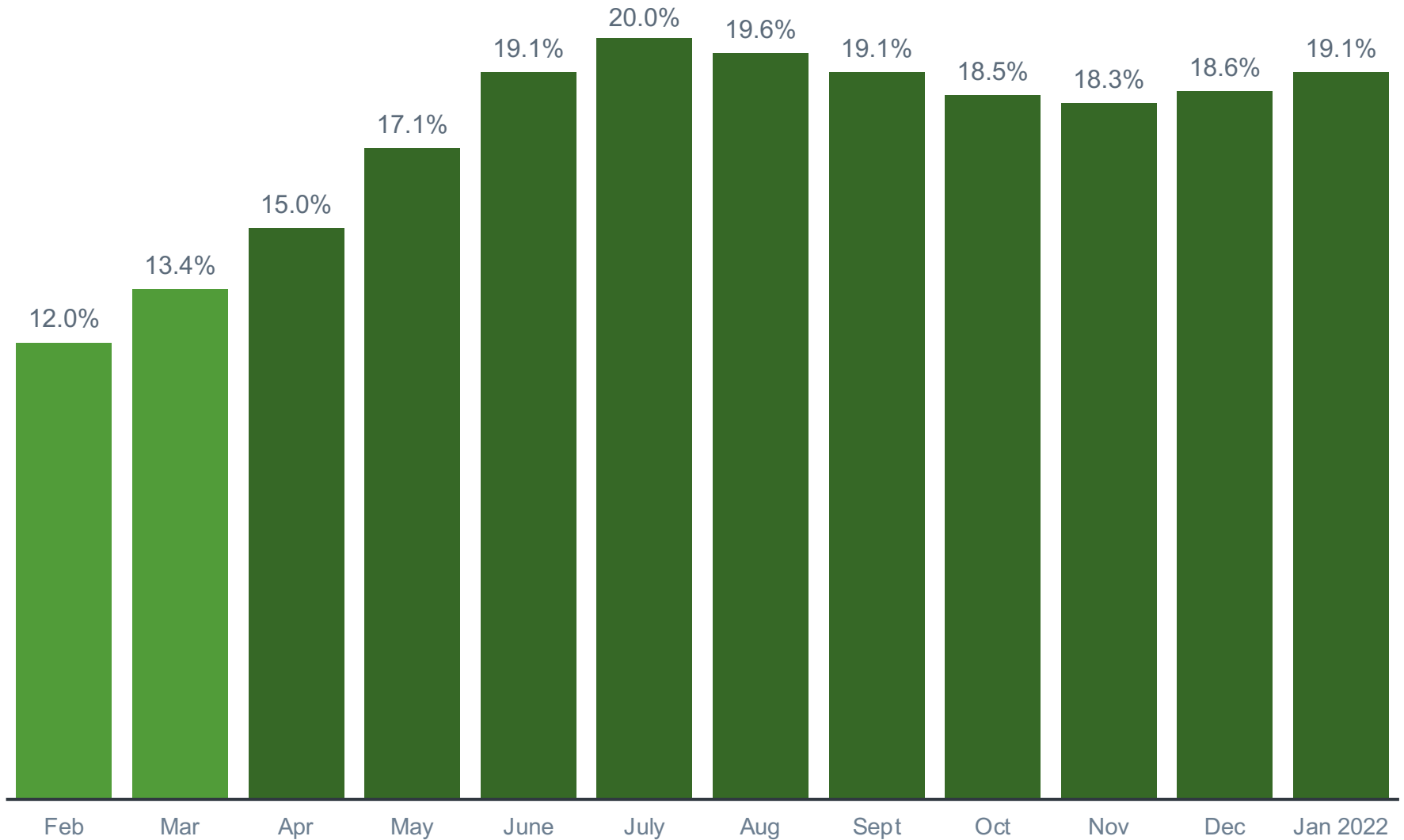
Year-Over-Year, 20 City Composite



Source: S&P Case-Shiller

# Change in Home Prices

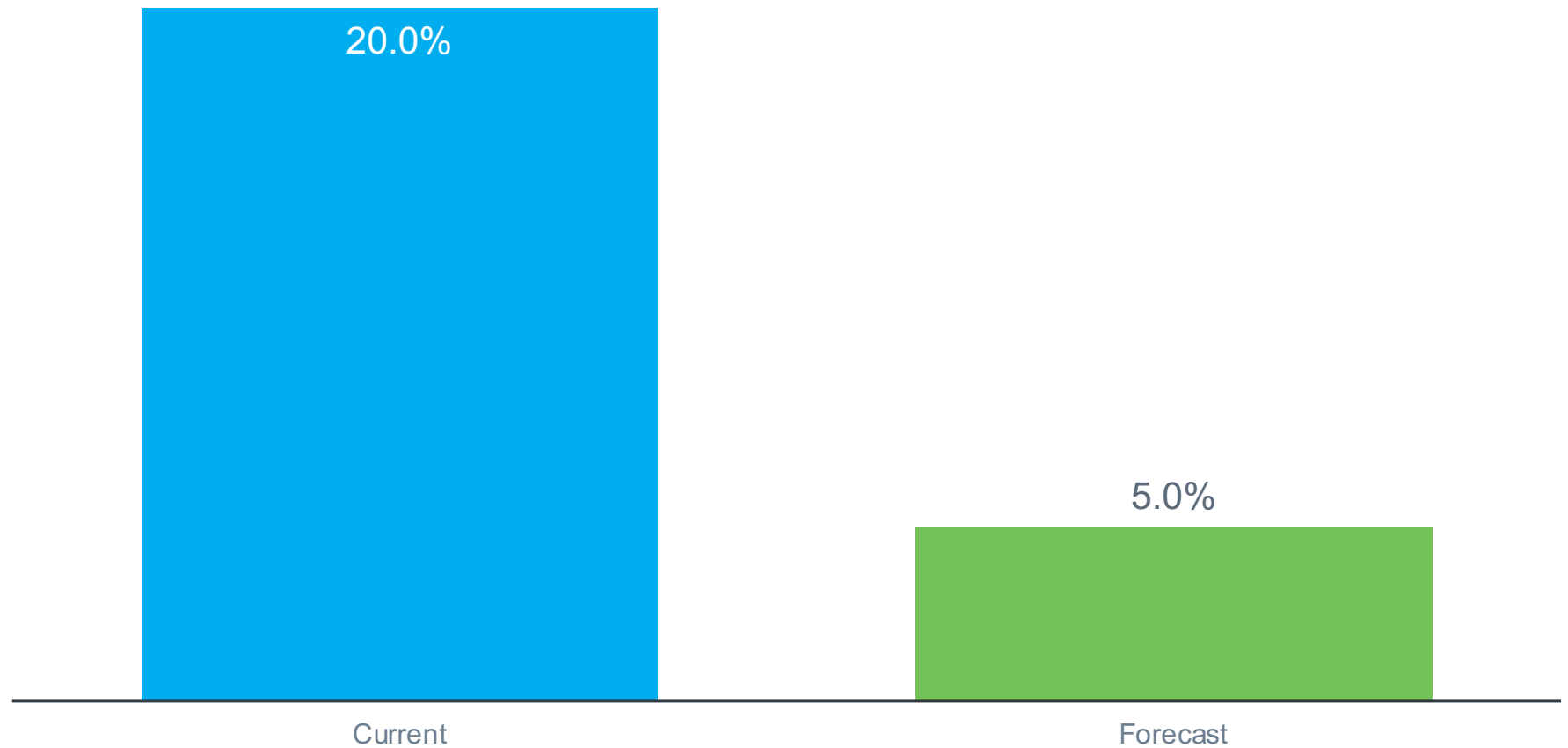
Year-Over-Year, 20 City Composite



Source: S&P Case-Shiller

# Year-Over-Year % Change in Price

February 2022

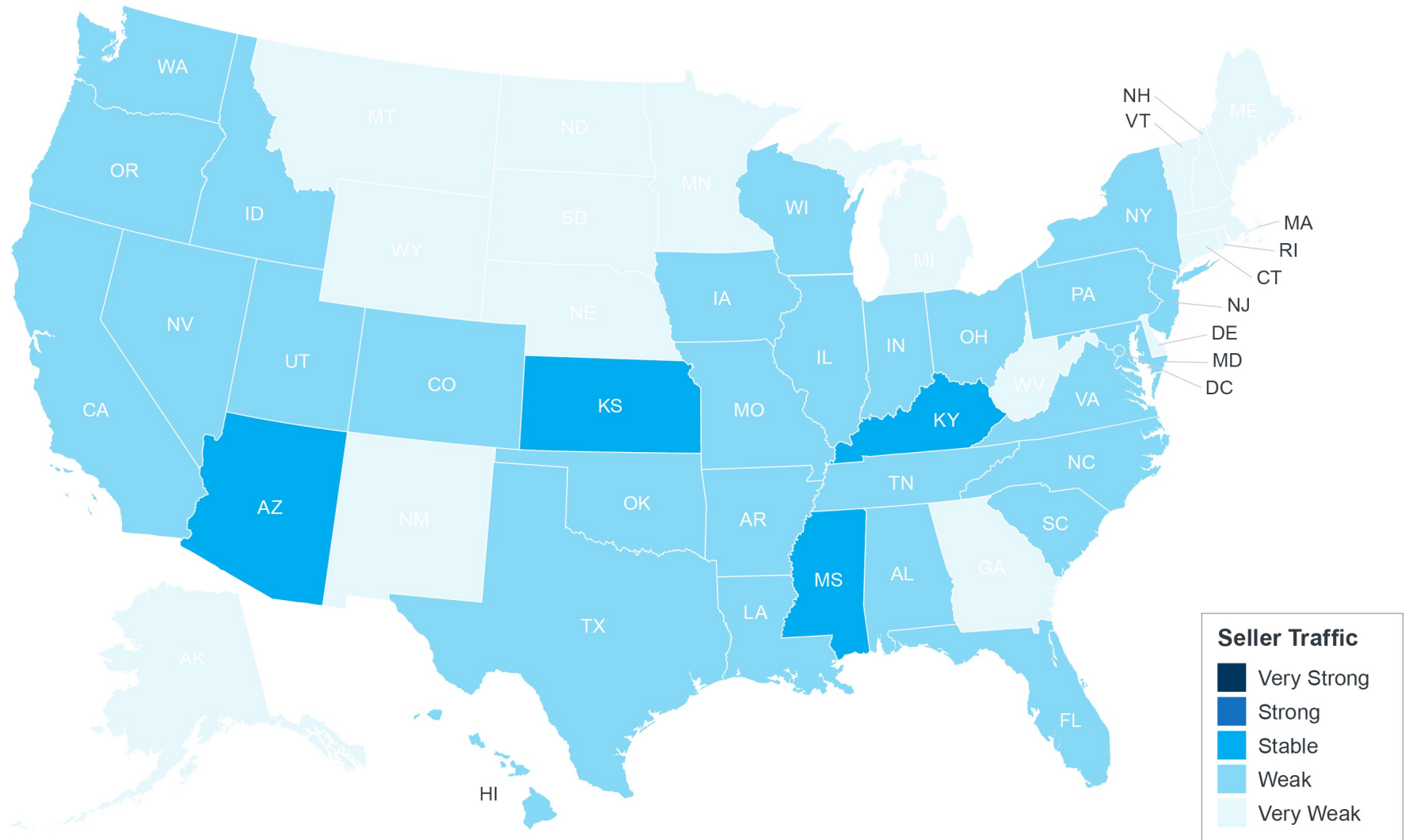




# Housing Inventory

# Seller Traffic Index

February 2022

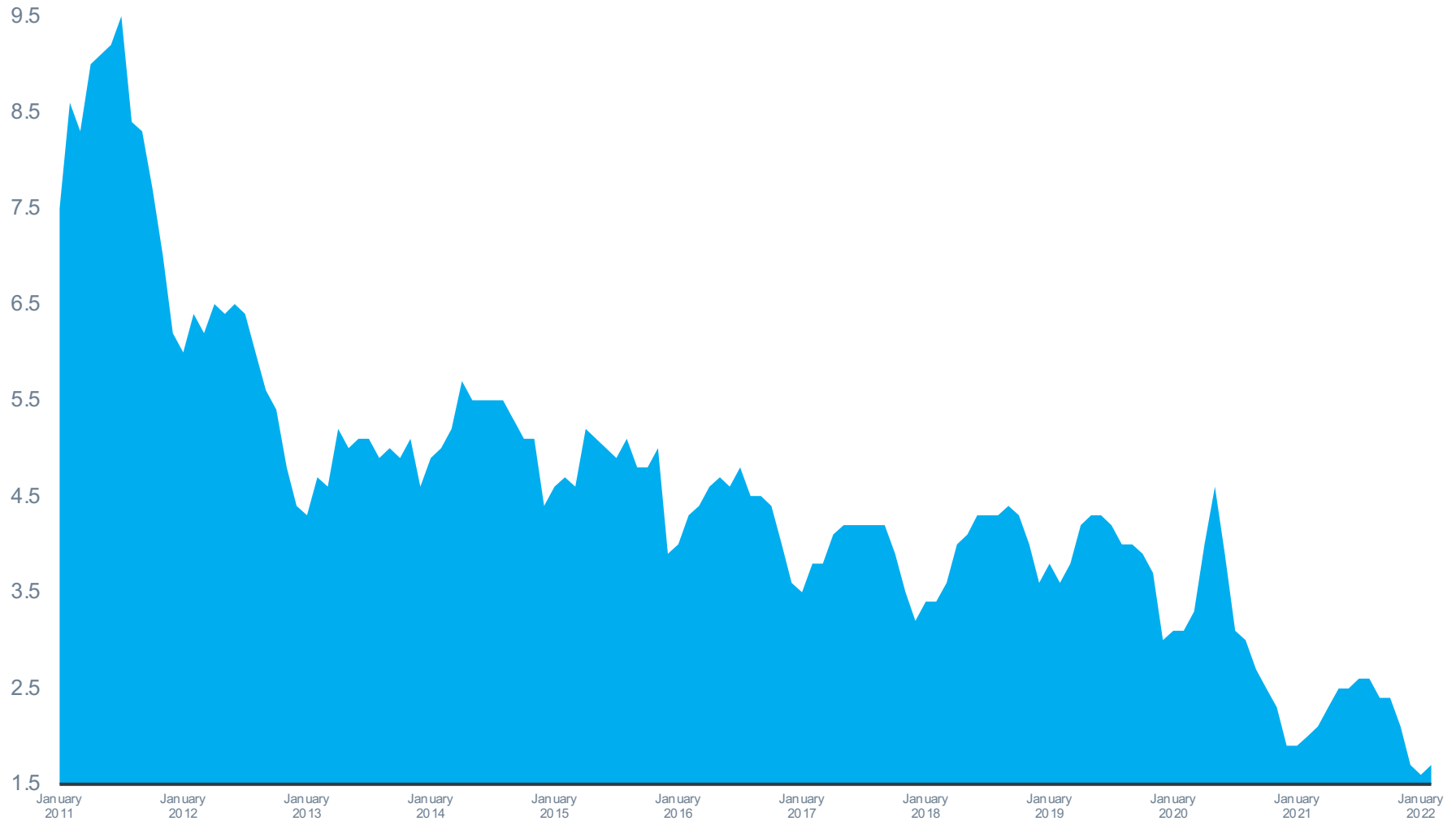


Source: NAR



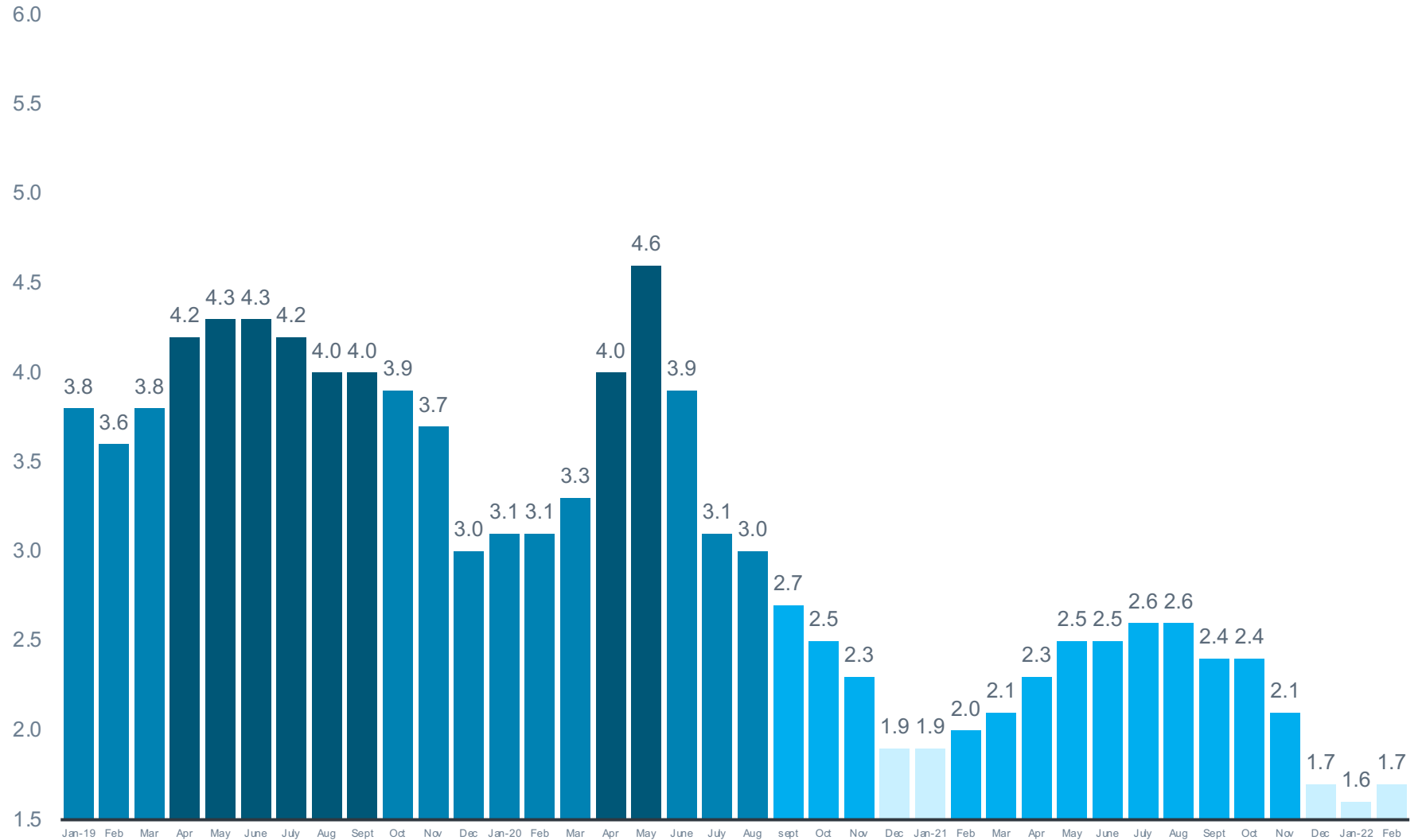
# Months Inventory of Homes for Sale

2011 - Today



# Months Inventory of Homes for Sale

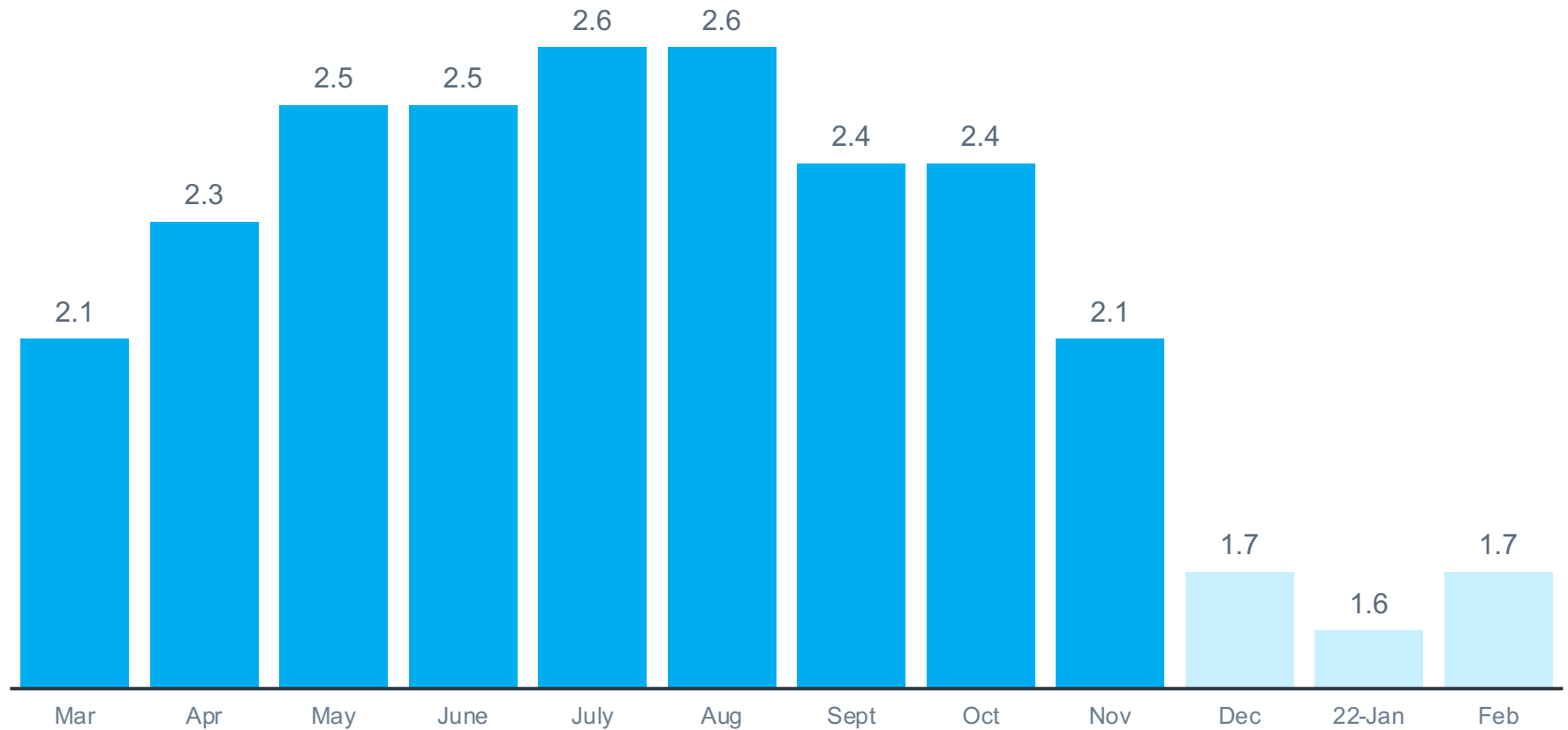
Since 2019



Source: NAR

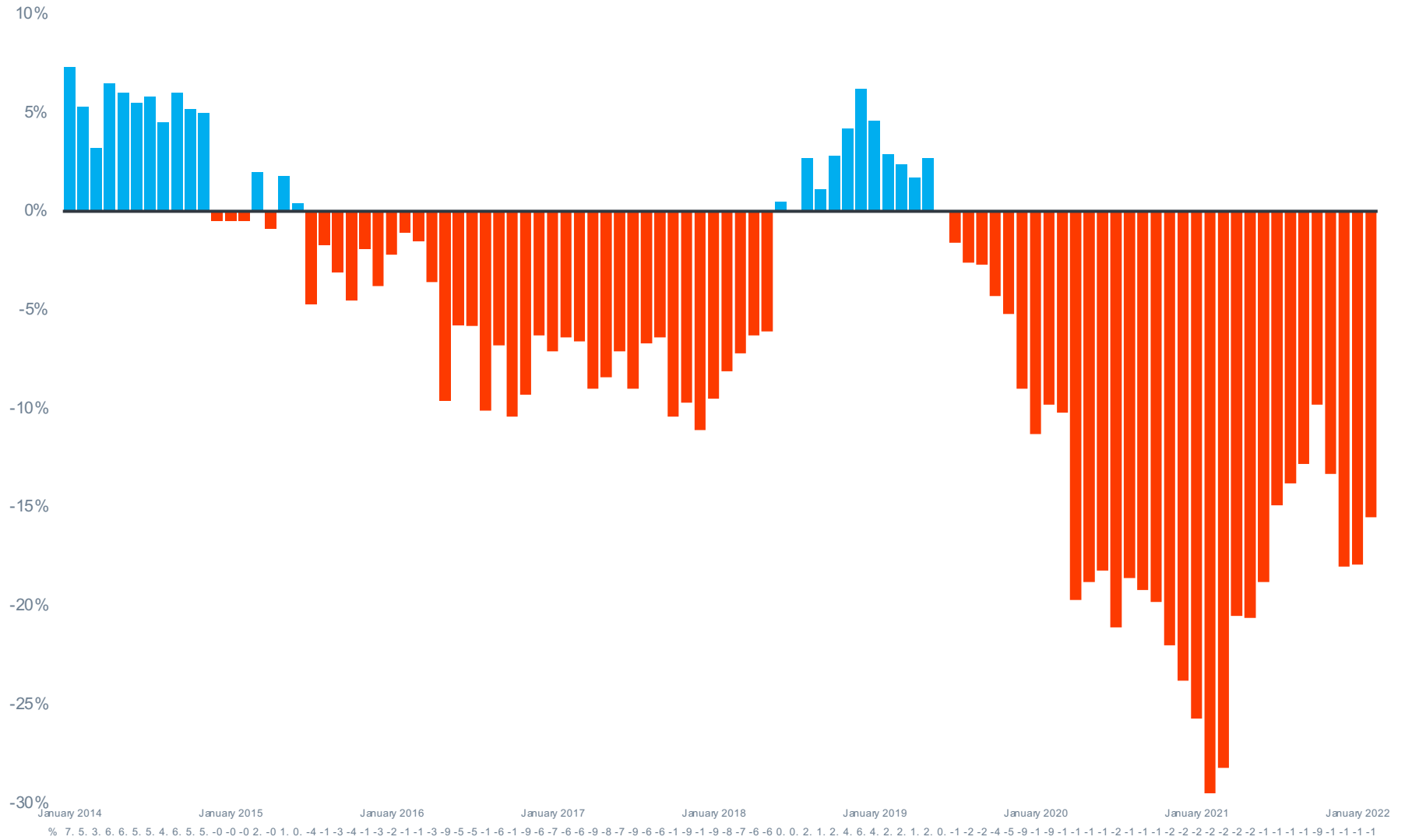
# Months Inventory of Homes for Sale

Last 12 Months



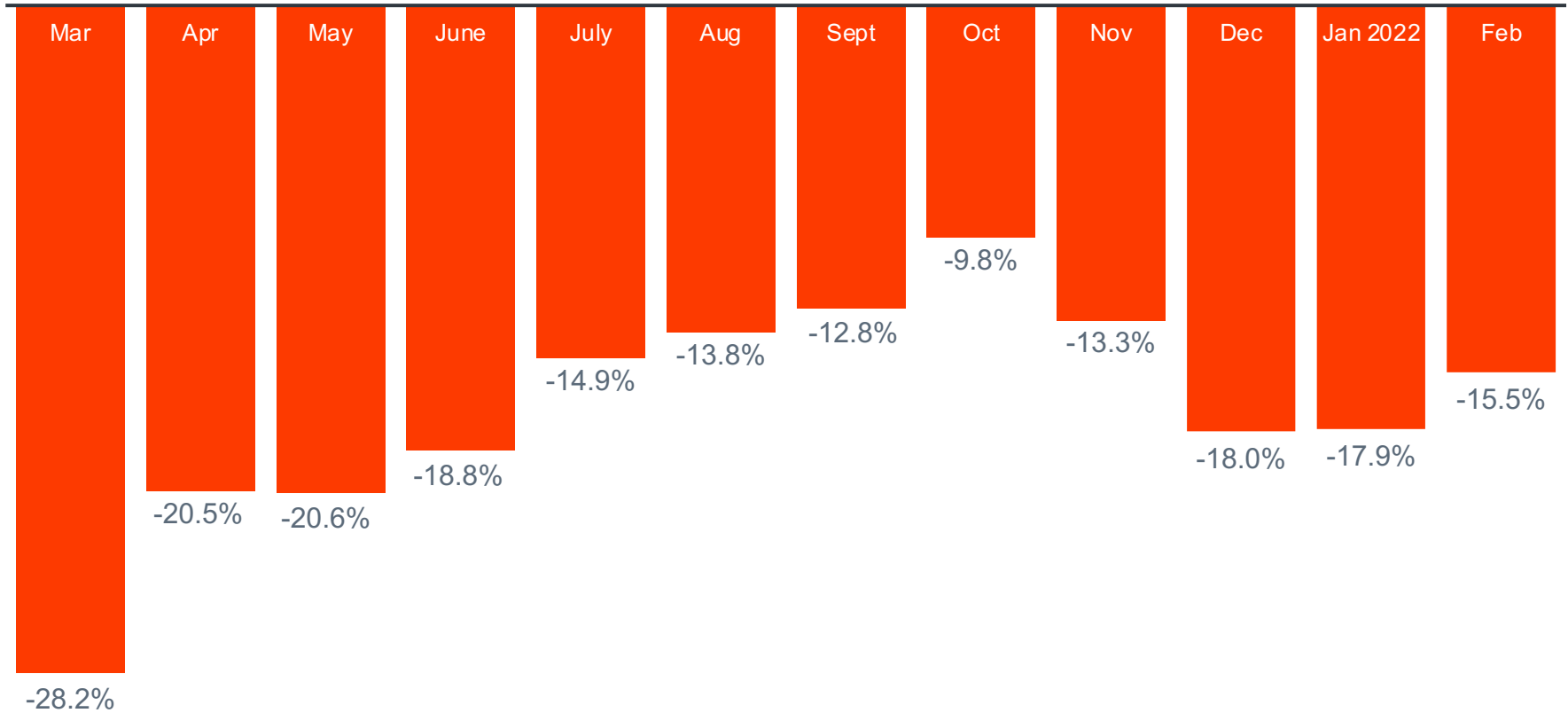
Source: NAR

# Year-Over-Year Inventory Levels



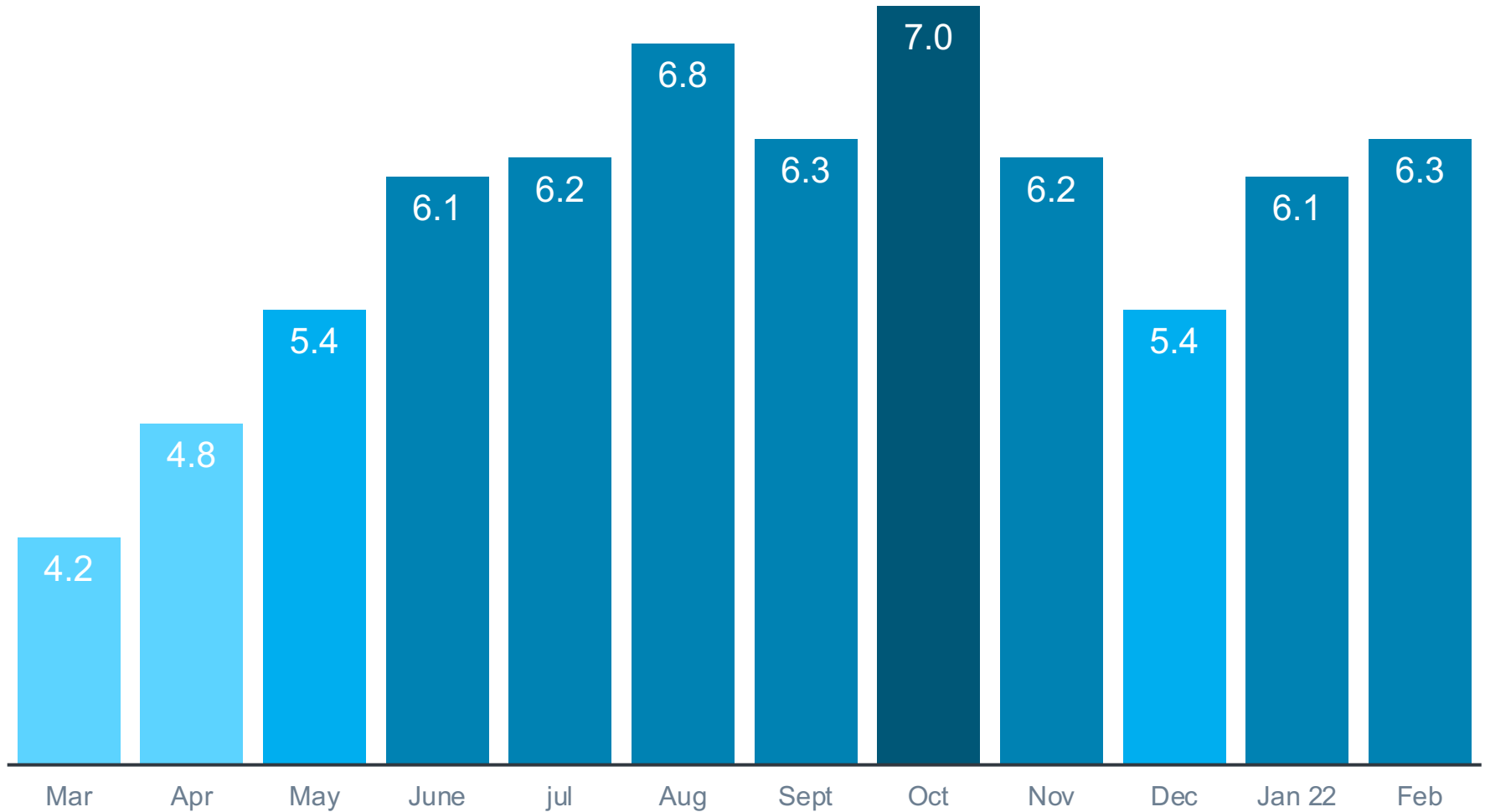
# Year-Over-Year Inventory Levels

Last 12 Months



# New Home Monthly Inventory

Seasonally Adjusted, Last 12 Months

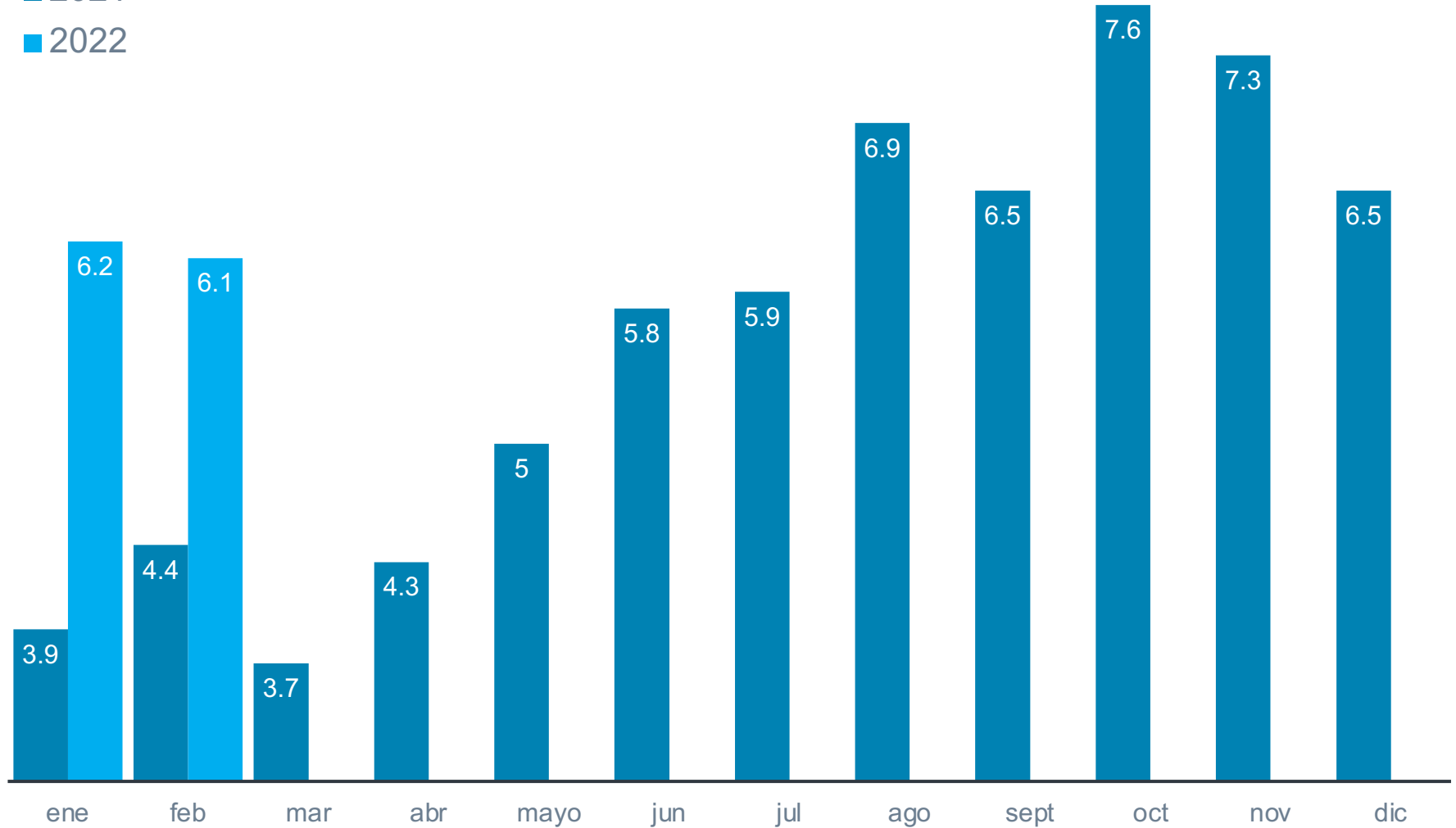


Source: Census

# New Home Monthly Inventory

Non-Seasonally Adjusted

■ 2021  
■ 2022



Source: Census



# Buyer Demand

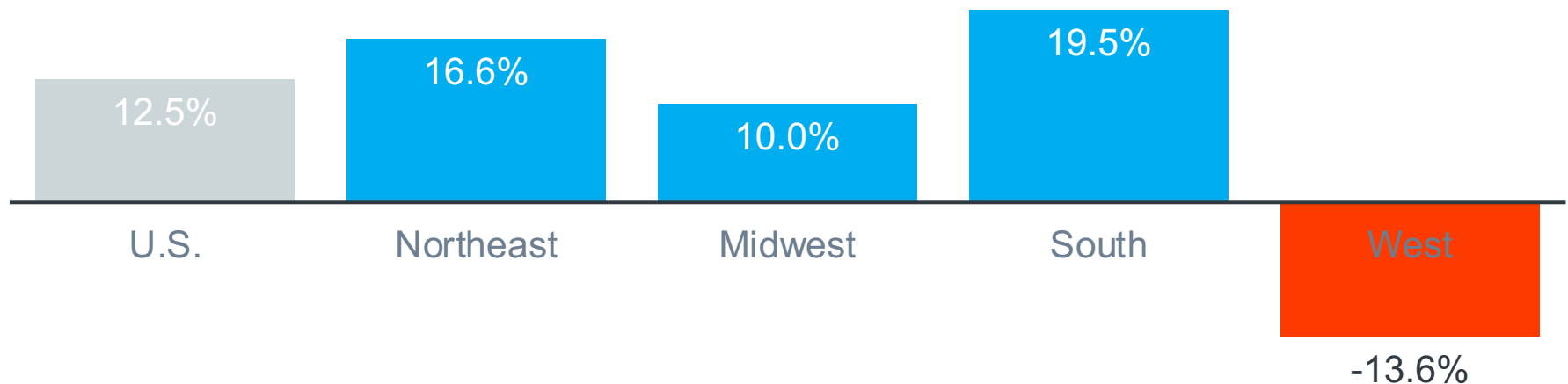


# Showing Activity Jumps in February as 109 Markets Record Double-Digit Showings Per Listing

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

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

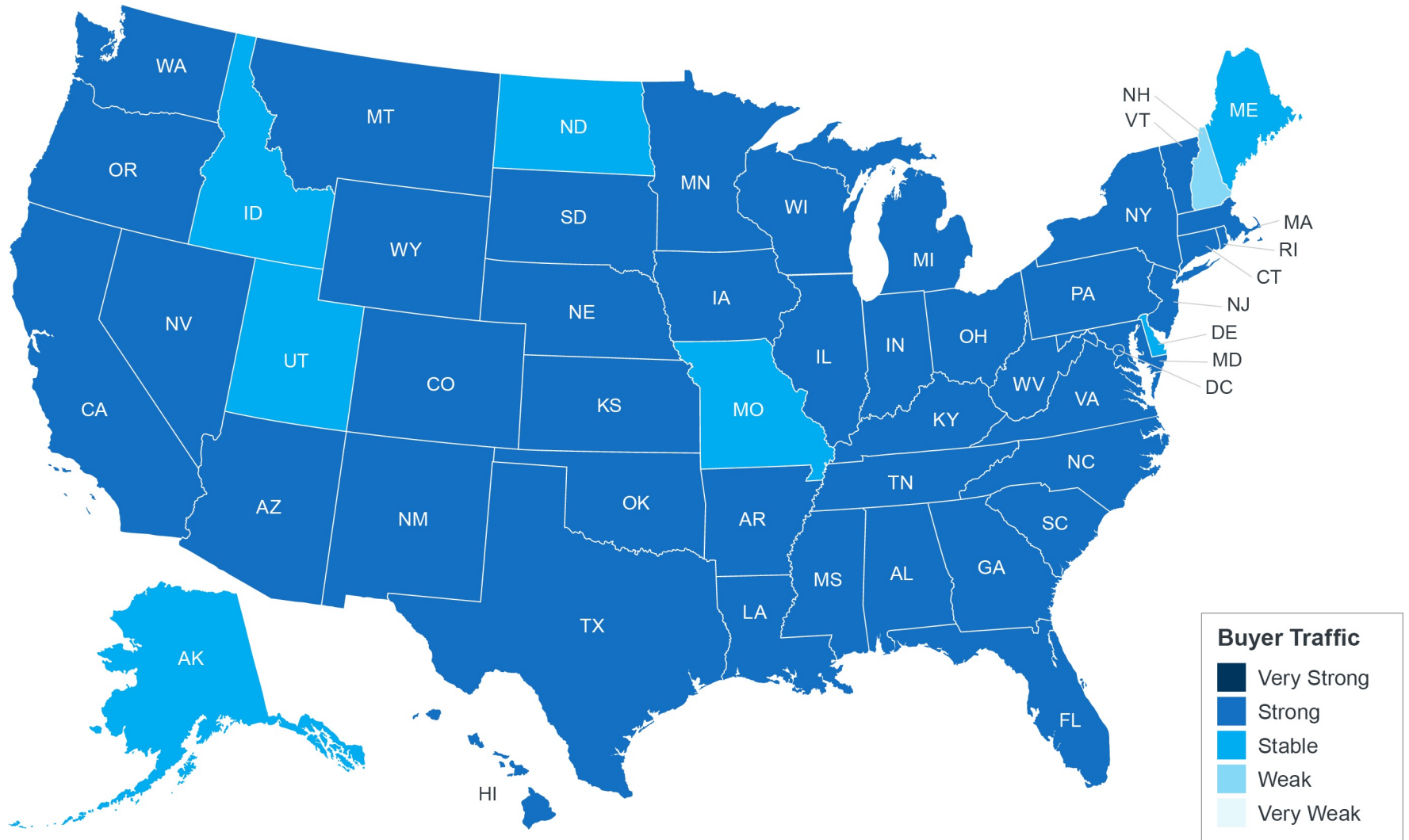
“Seeing 109 markets with such impressive buyer traffic is remarkable... A year ago, we were amazed to see 75 markets hit double digits in showings per listing. The heightened activity is widespread, with 17 states having at least one market averaging in double digits.”



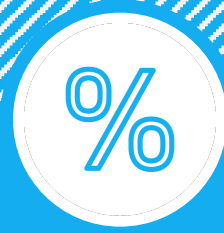
Source: Showing Time

# Buyer Traffic Index

February 2022



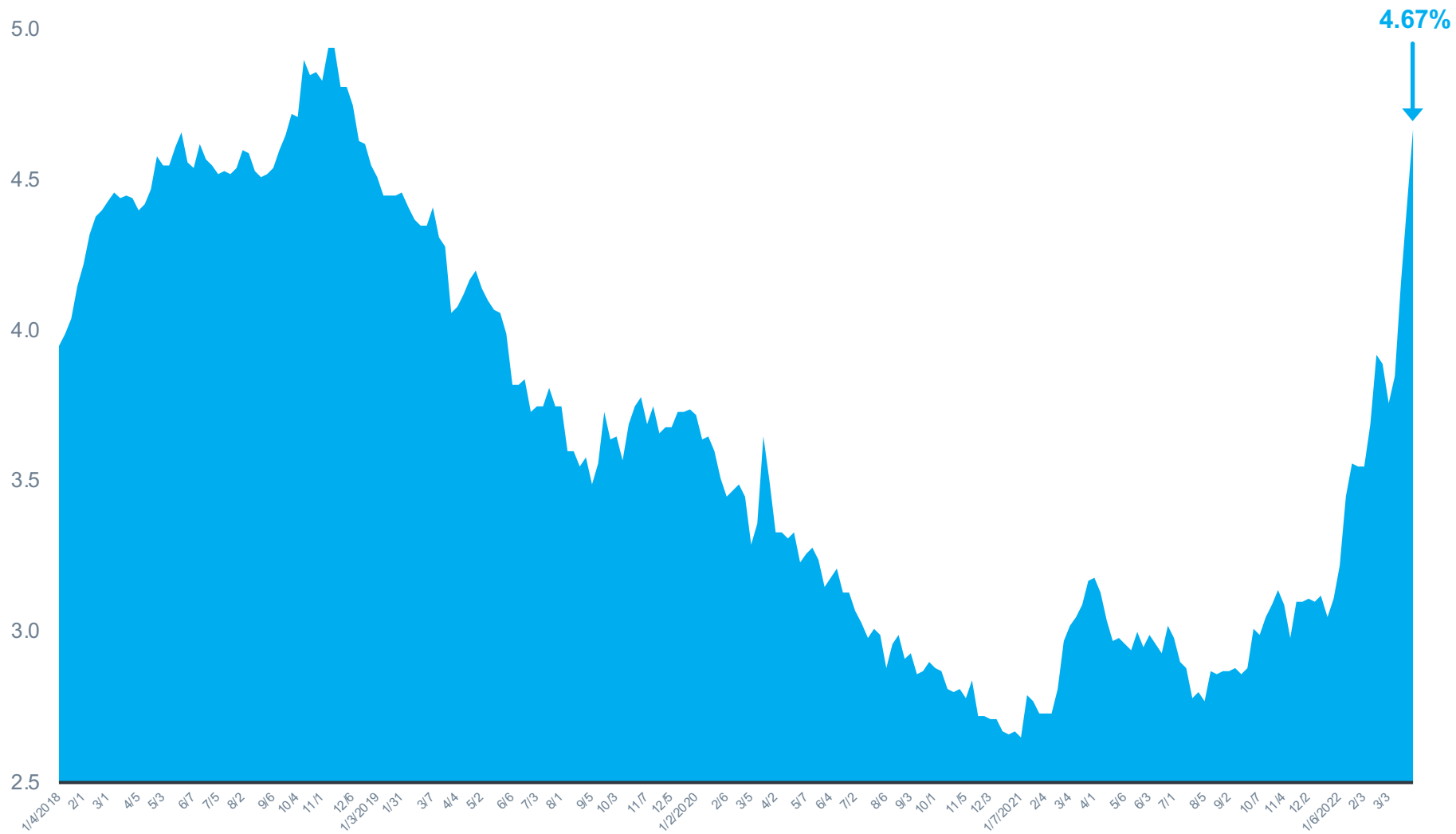
Source: NAR



# Mortgage Rates

# Mortgage Rates

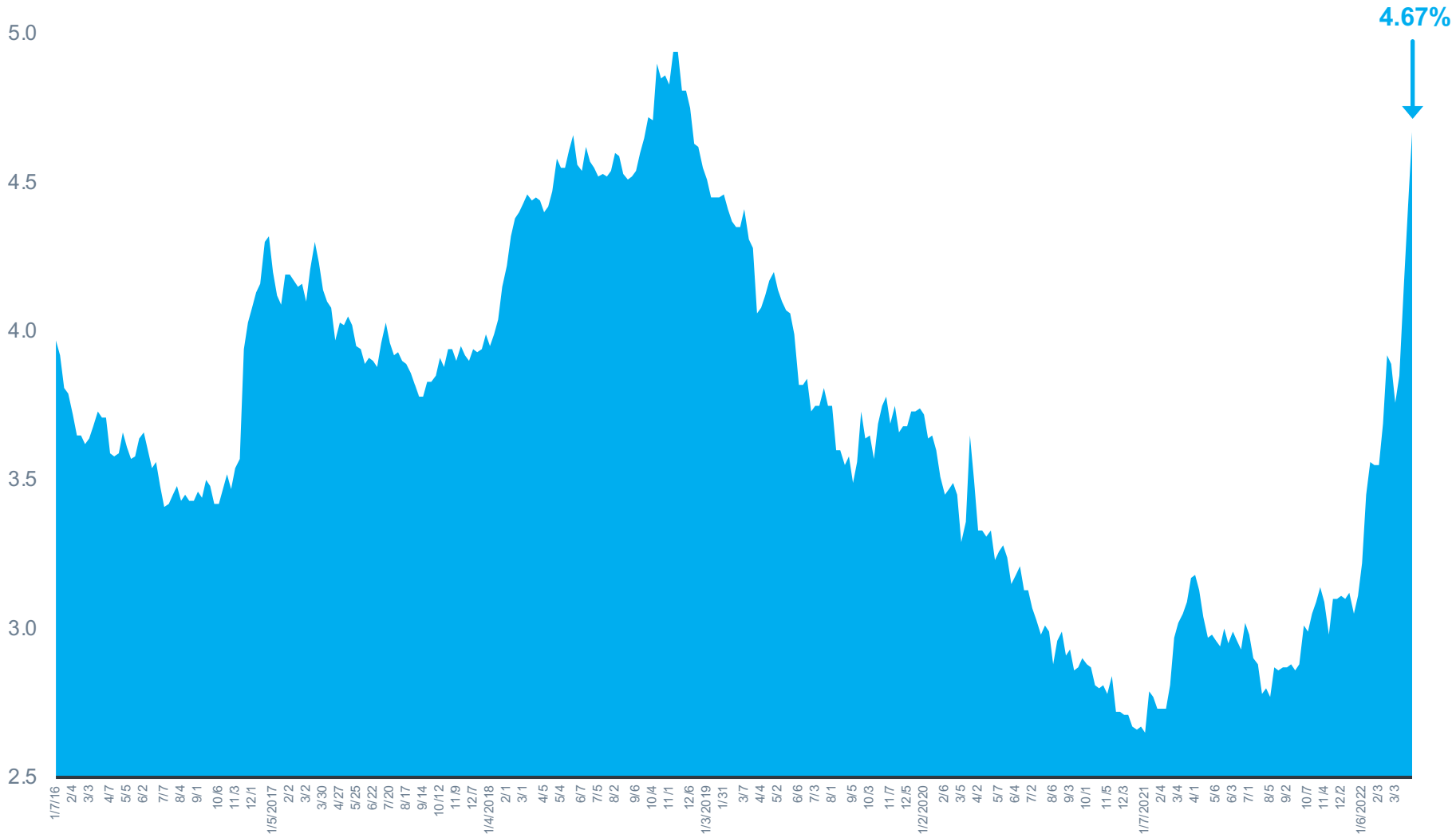
30-Year Fixed Rate, January 2018–Today



Source: Freddie Mac

# Mortgage Rates

30-Year Fixed Rate, January 2016–Today



Source: Freddie Mac

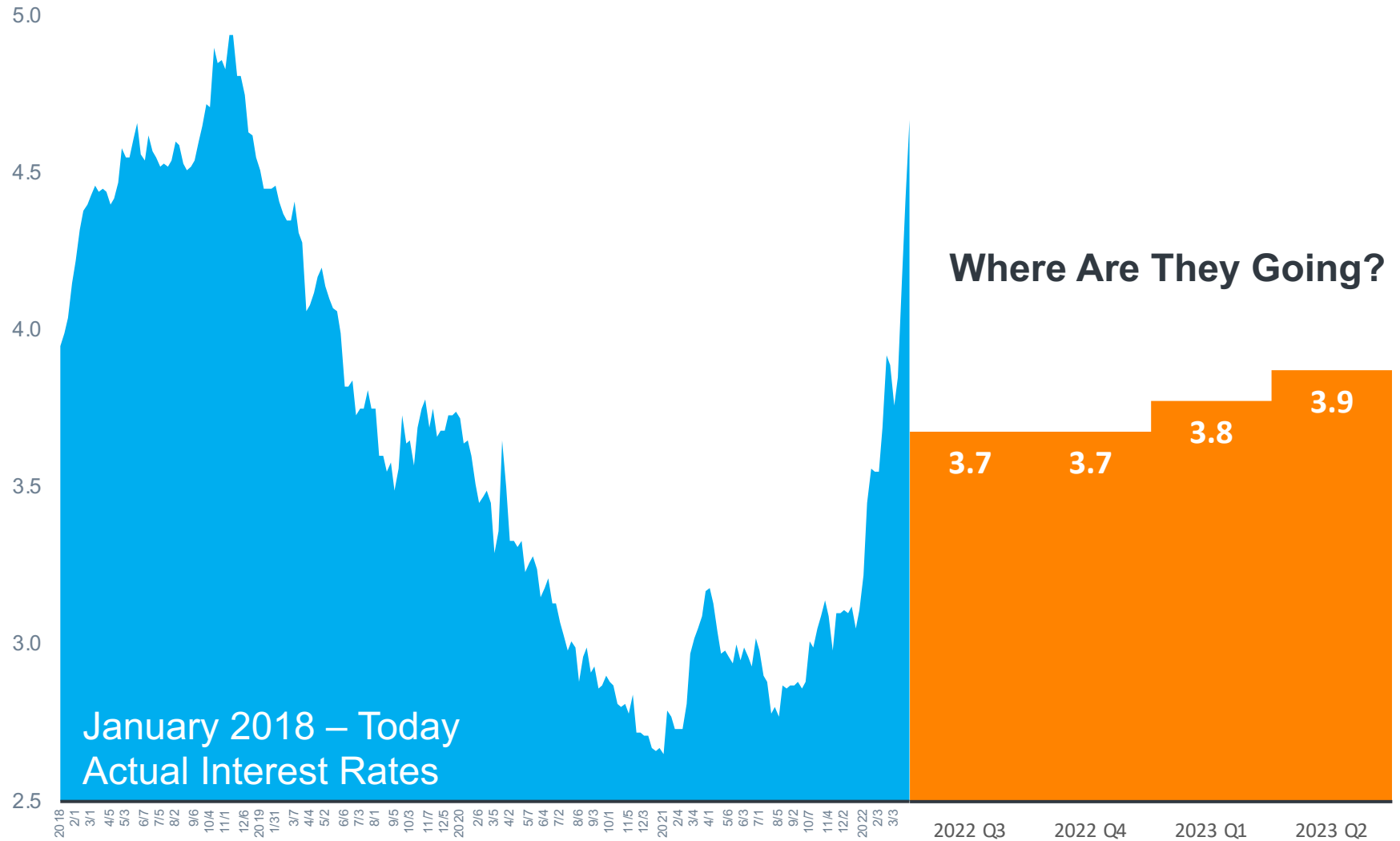
# Mortgage Rate Projections

March 2022

Quarter	Freddie Mac	Fannie Mae	MBA	NAR	Average of All Four
2022 3Q	3.7	3.8	4.4	3.7	<b>3.90%</b>
2022 4Q	3.7	3.9	4.5	3.9	<b>4.00%</b>
2023 1Q	3.8	3.9	4.5	4.0	<b>4.05%</b>
2023 2Q	3.9	3.9	4.5	4.0	<b>4.07%</b>

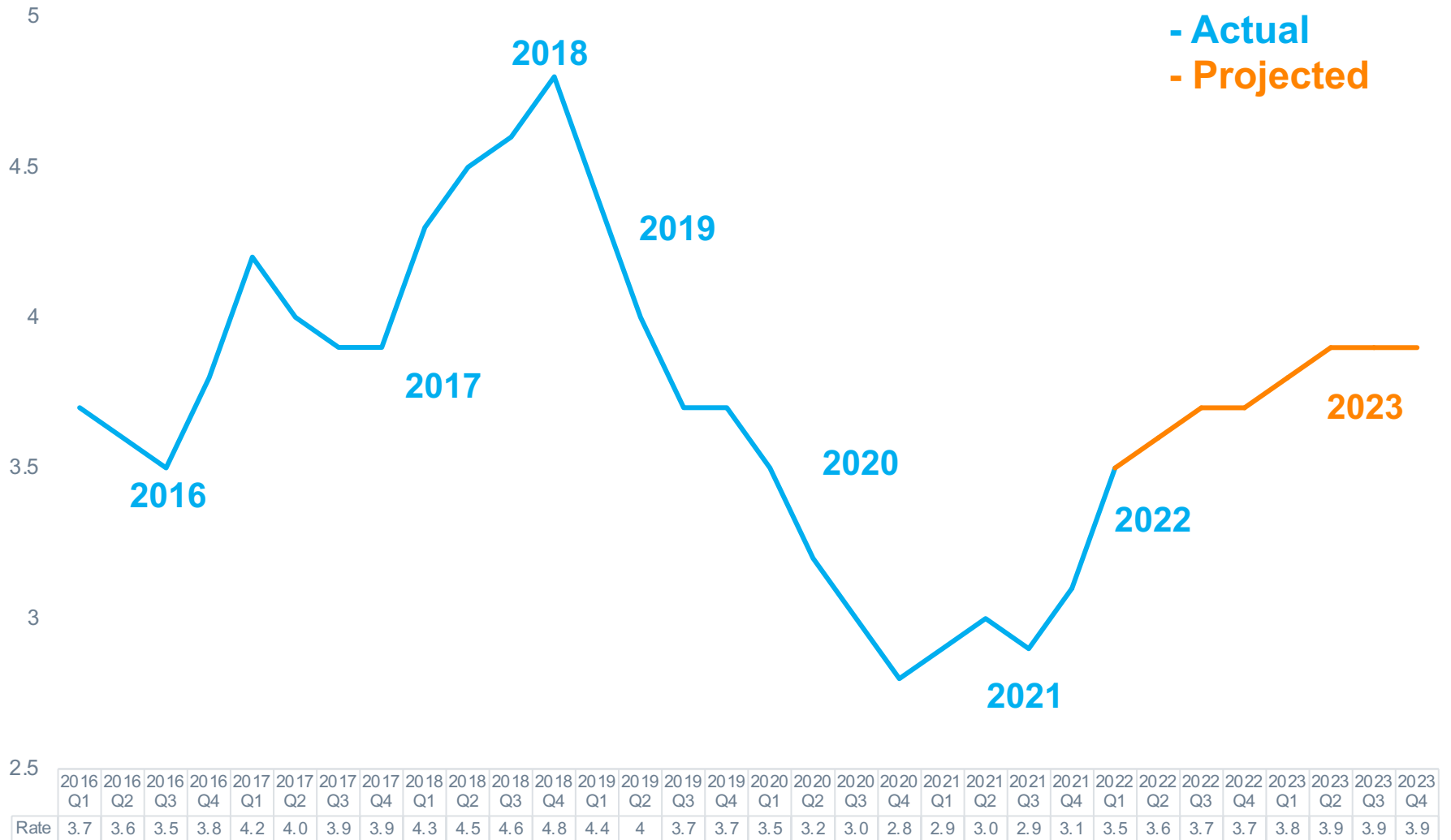
# Mortgage Rates

## 30-Year Fixed Rate

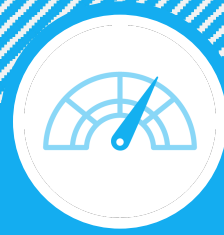


# Mortgage Rates

## 30-Year Fixed Rate



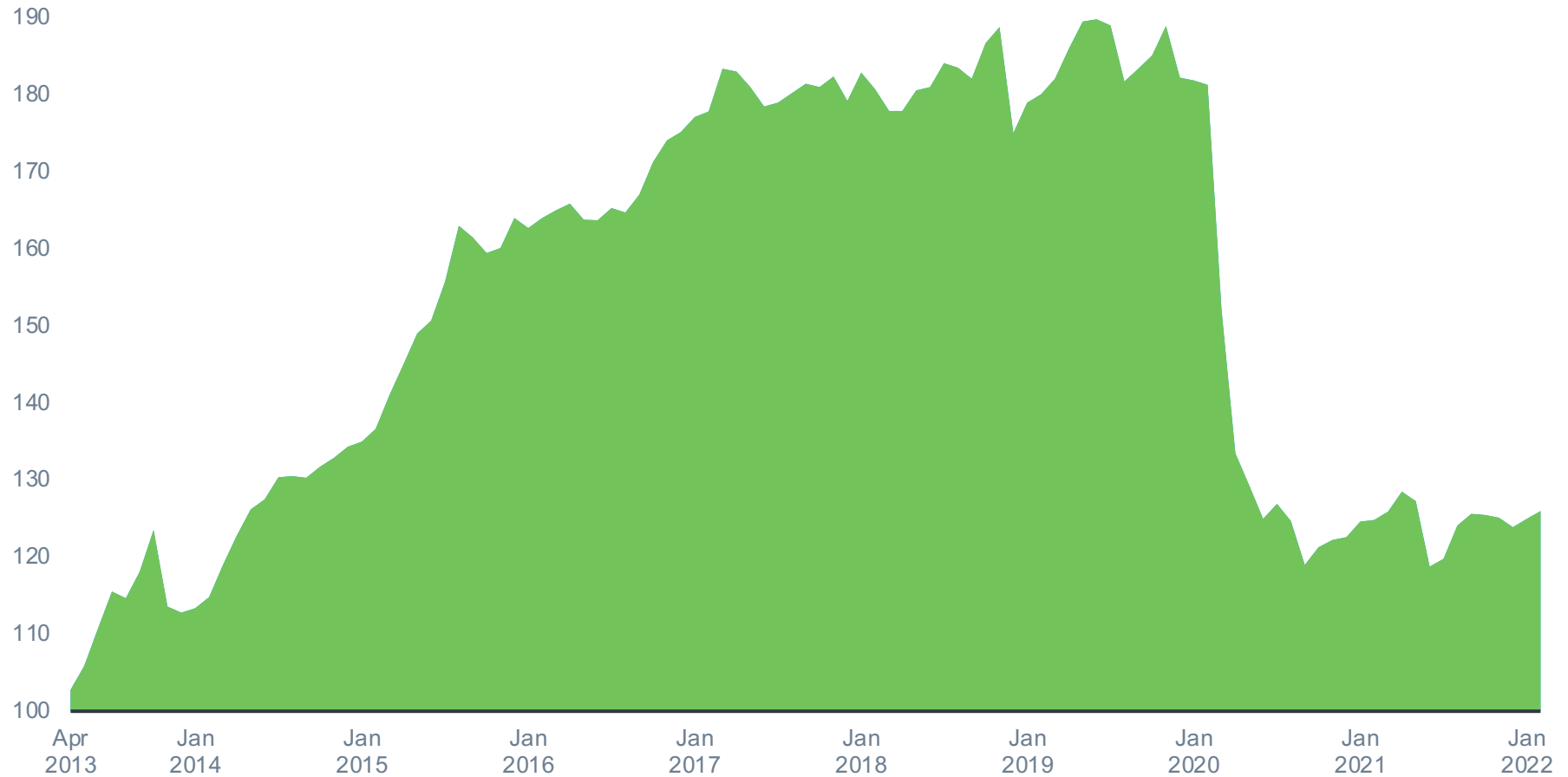




# Mortgage Credit Availability

# Mortgage Credit Availability Index (MCAI)

February 2022



# Lending Standards Still Under Control

Historic Data for the Mortgage Credit Availability Index (MCAI)

