



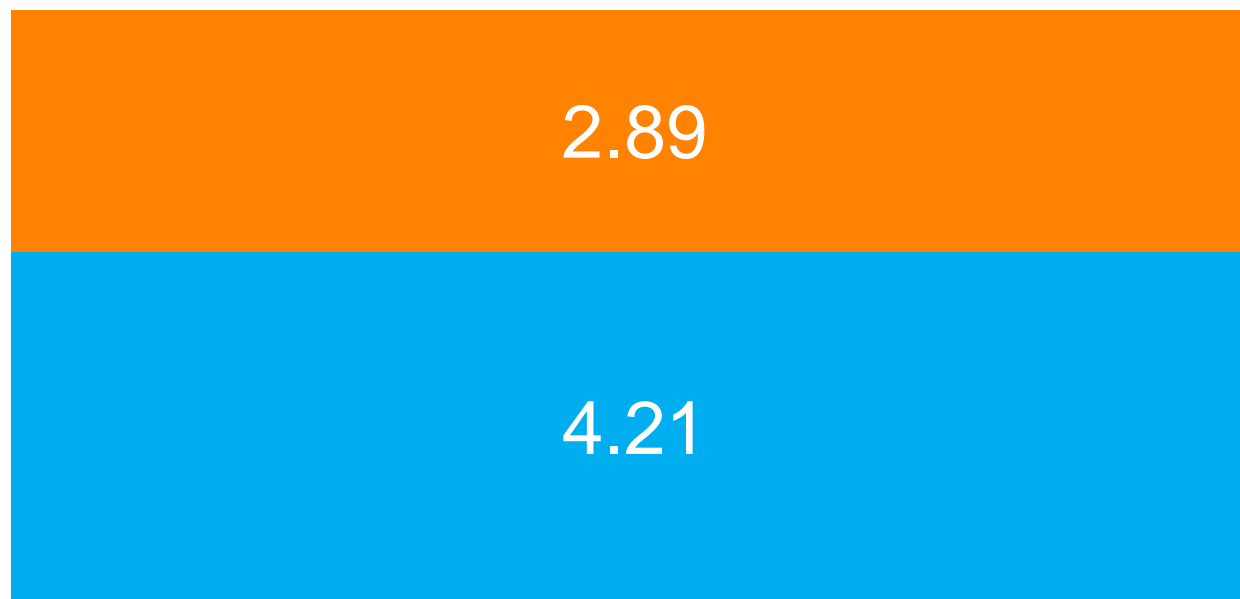
Mortgage Rates

What Determines the Mortgage Rate?

The 10-Year Yield and the Spread Above It

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

Mortgage Rate 7.1%



Actual Rate Friday, 3/1/2024

Source: Freddie Mac and CNBC

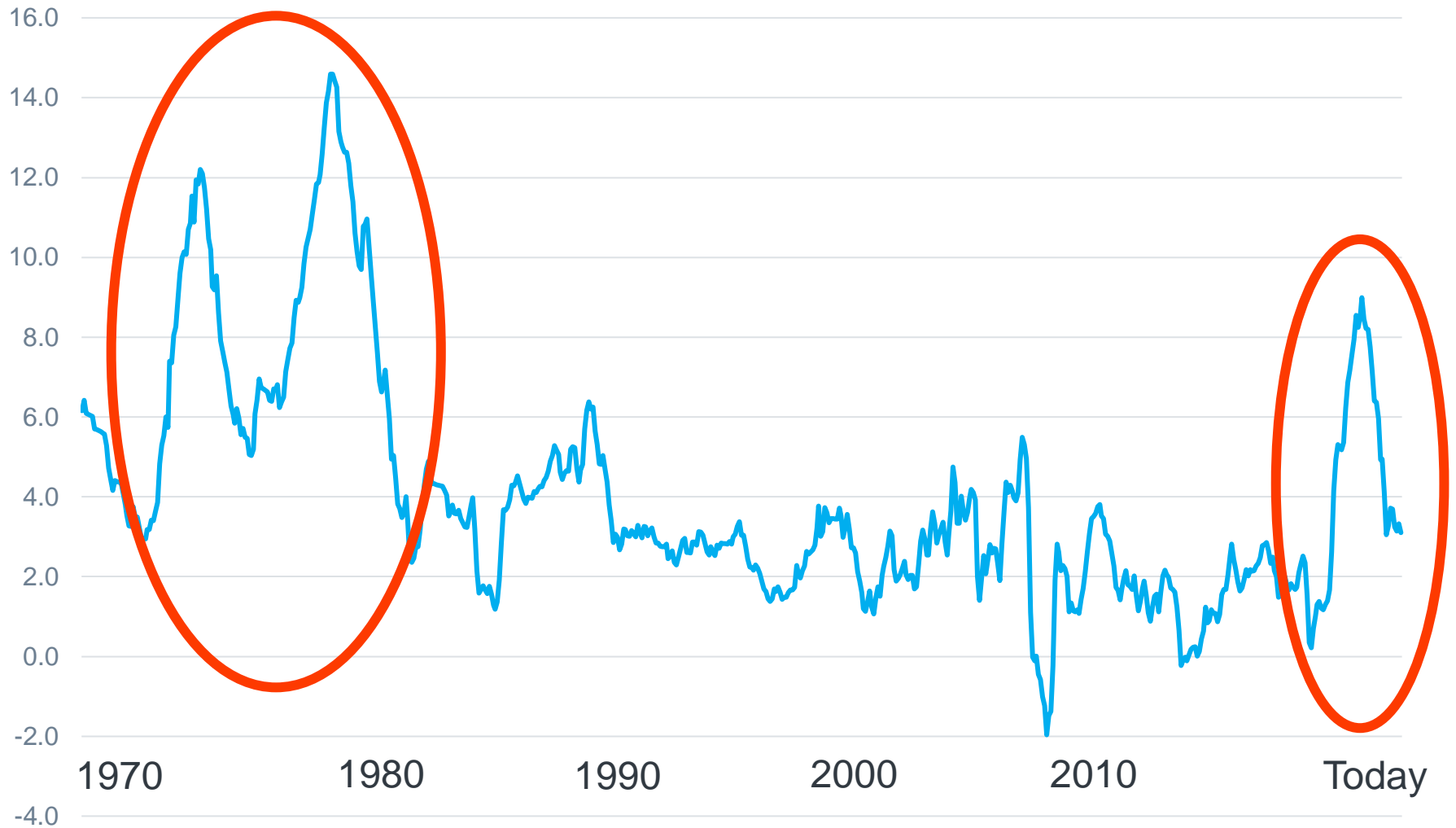


A primary driver of the increase in the yield over 2023 was inflation expectations. . . . So the higher the current rate of inflation and, more importantly, the higher the expected future rates of inflation, the higher the yield on the 10-year as investors demand to be compensated for that inflation risk into the future.

- **Mark Fleming**, Chief Economist, First American

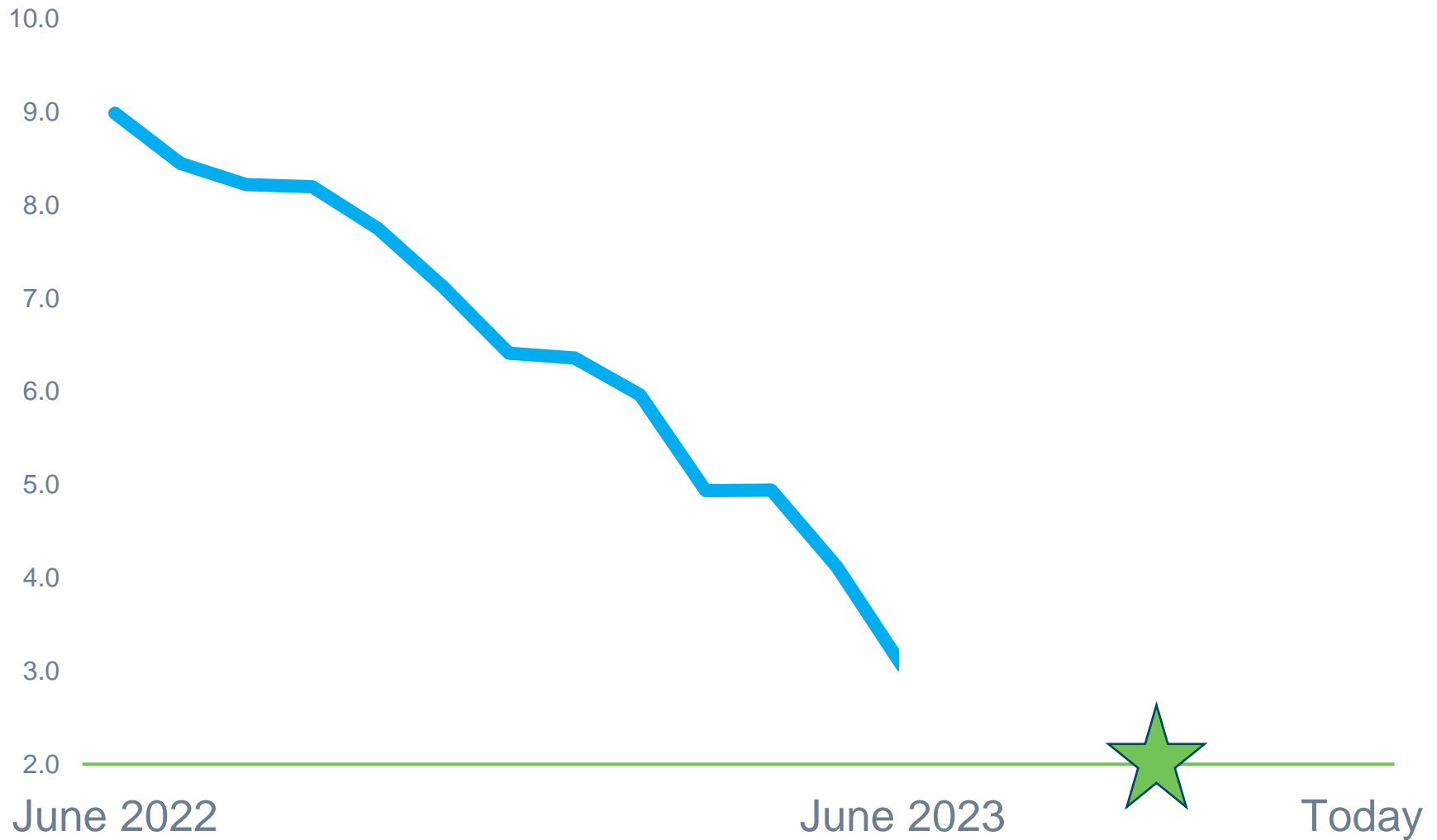
CPI History Pausing Rate Cuts Today

Core Price Index Challenges in the Late 1970s Causing Concerns Today



Consumer Price Index Pausing Rate Cuts

Challenges Over the Last Few Months Causing Concerns Today



Source: The Fed



Policymakers now risk committing another policy error, this time by waiting too long to begin cutting interest rates. It is unclear why Fed officials feel it necessary to take this risk. After all, they've all but achieved their dual mandates of a full-employment economy and low and stable inflation.

- **Mark Zandi**, Chief Economist, Moody's Analytics

Mortgage Rate Projections

Fannie Mae

Quarter	December 2023	February 2024
2024 Q1	7.0%	6.5%
2024 Q2	6.8%	6.3%
2024 Q3	6.6%	6.1%
2024 Q4	6.5%	5.9%



**“A leader is one
who *knows* the way,
goes the way,
and *shows* the way.”**

- John Maxwell

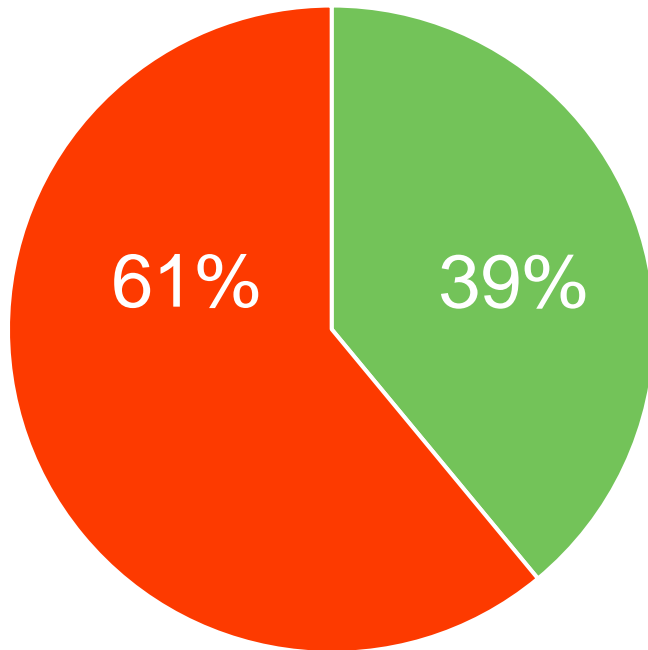


The Economy

More Economists Now See “Soft Landing”

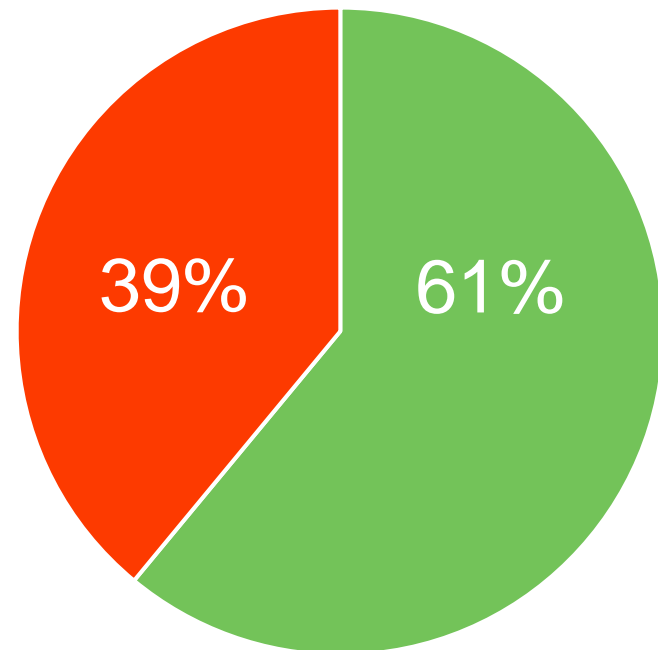
Percent of Economists Seeing a Recession in the Next 12 Months

January 2023



- No on Recession in Next 12 Months
- Yes on Recession in Next 12 Months

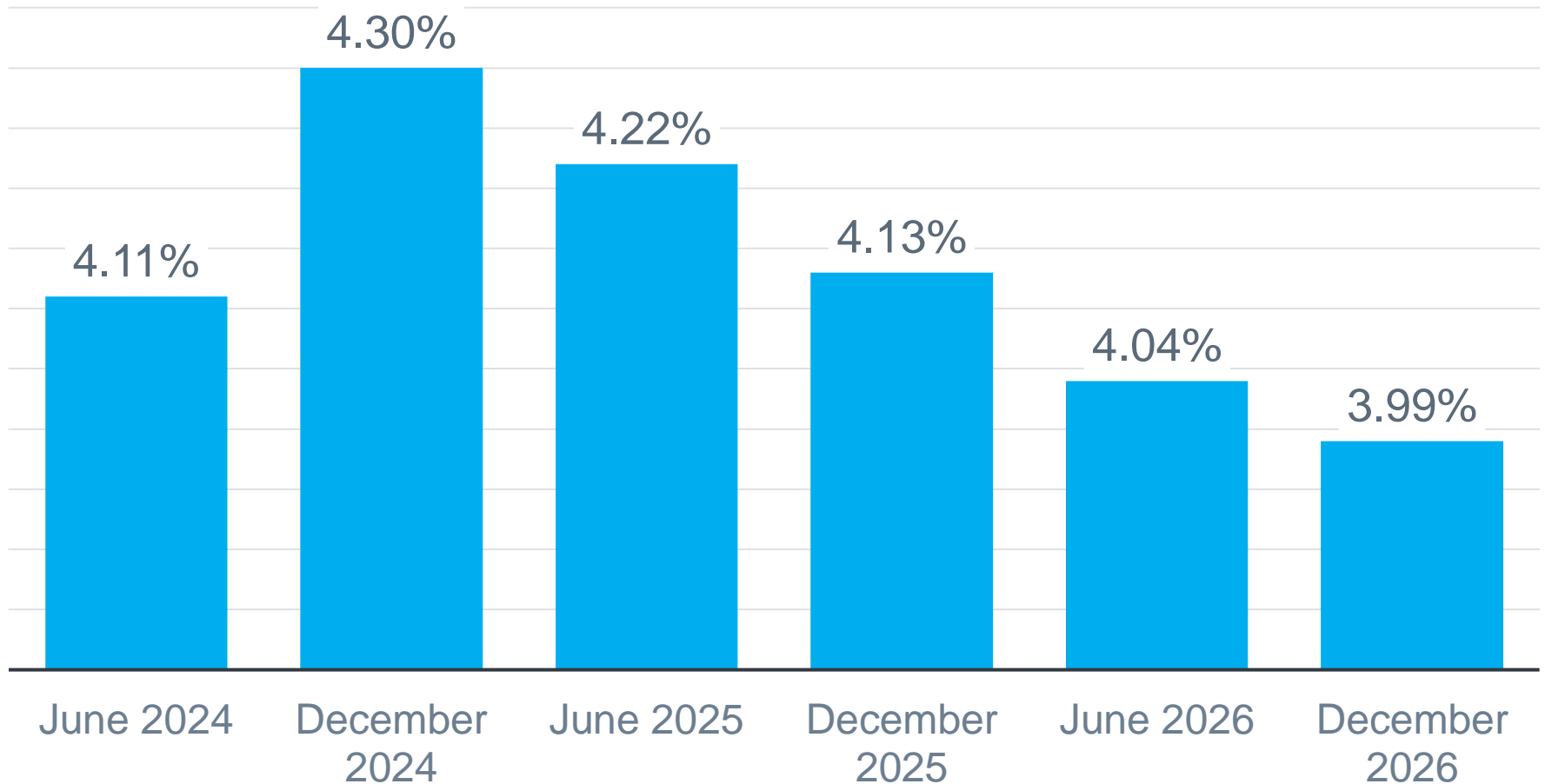
January 2024



- No on Recession in Next 12 Months
- Yes on Recession in Next 12 Months

Unemployment Expected To Stay Below 5%

Economists Projections for Unemployment Rates





At least right now, the fundamentals of the economy, despite some hiccups, are doing pretty good. While things are far from perfect, the economy is probably doing better than people want to give it credit for.

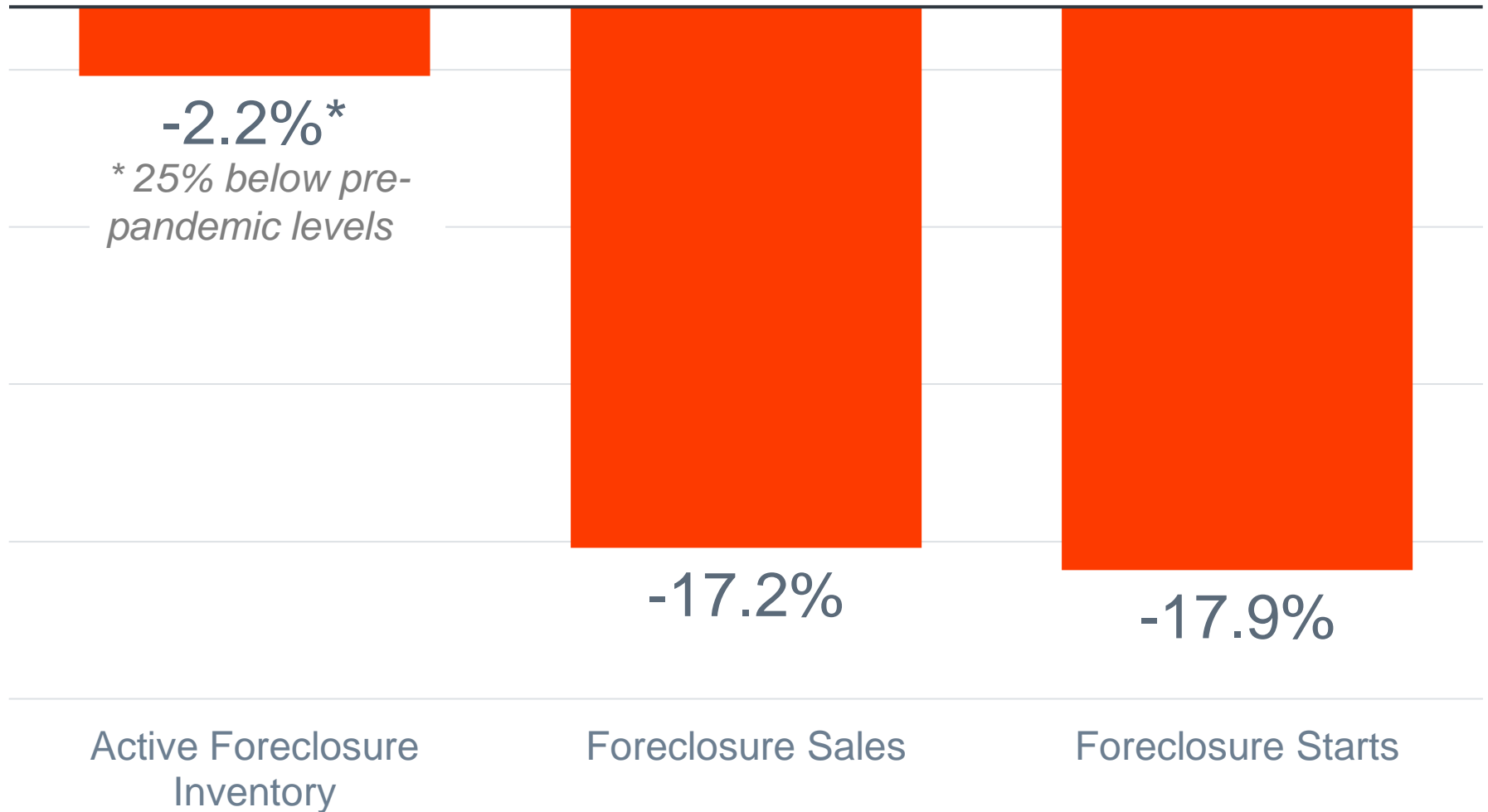
- **Jacob Channel**, Senior Economist, LendingTree



Foreclosures

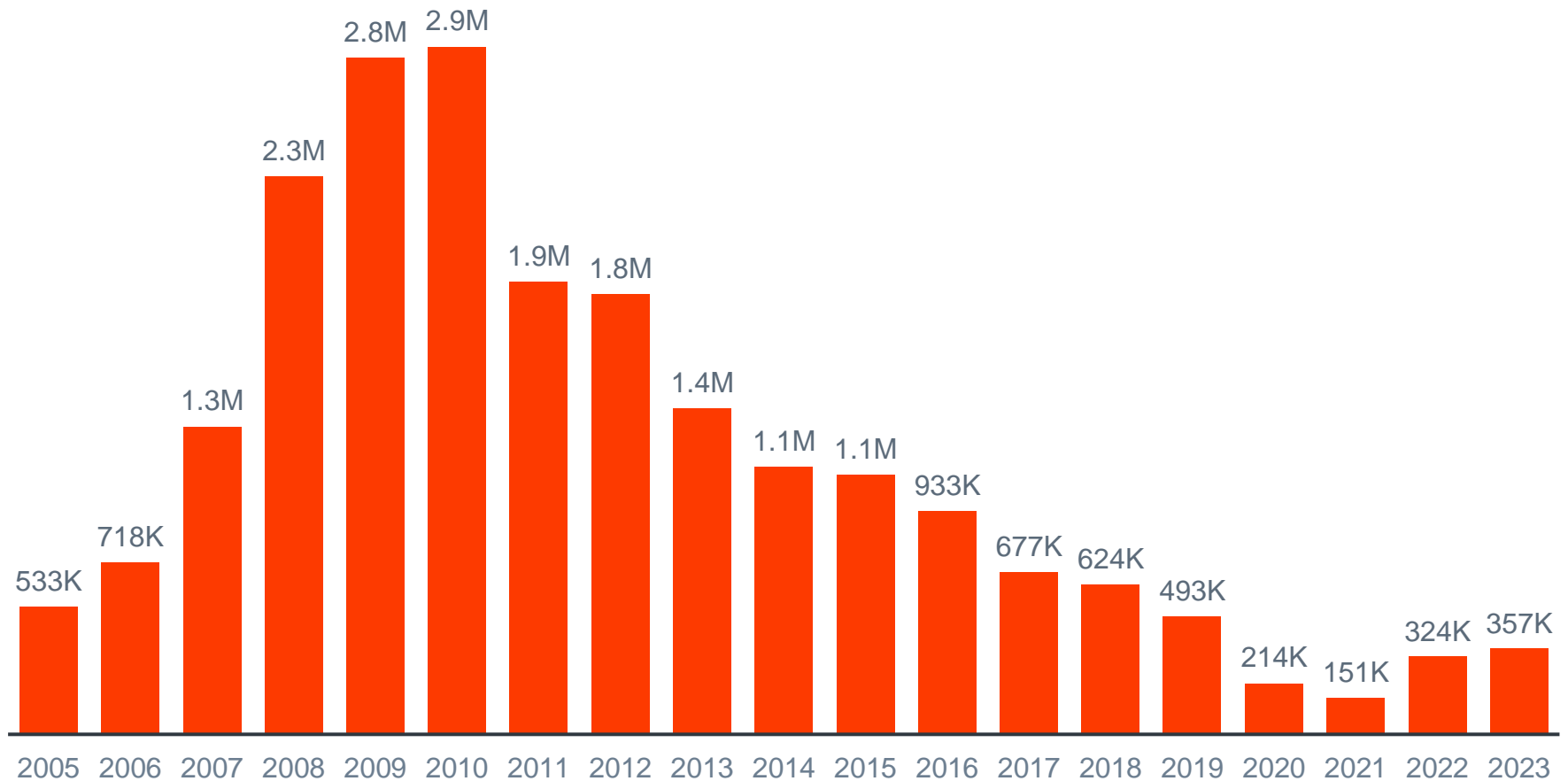
All Foreclosure Metrics Are Down

Each Metric Shows December Compared to Previous Year



U.S. Foreclosure Activity Increases From 2022 But Still Below Pre-Pandemic Levels

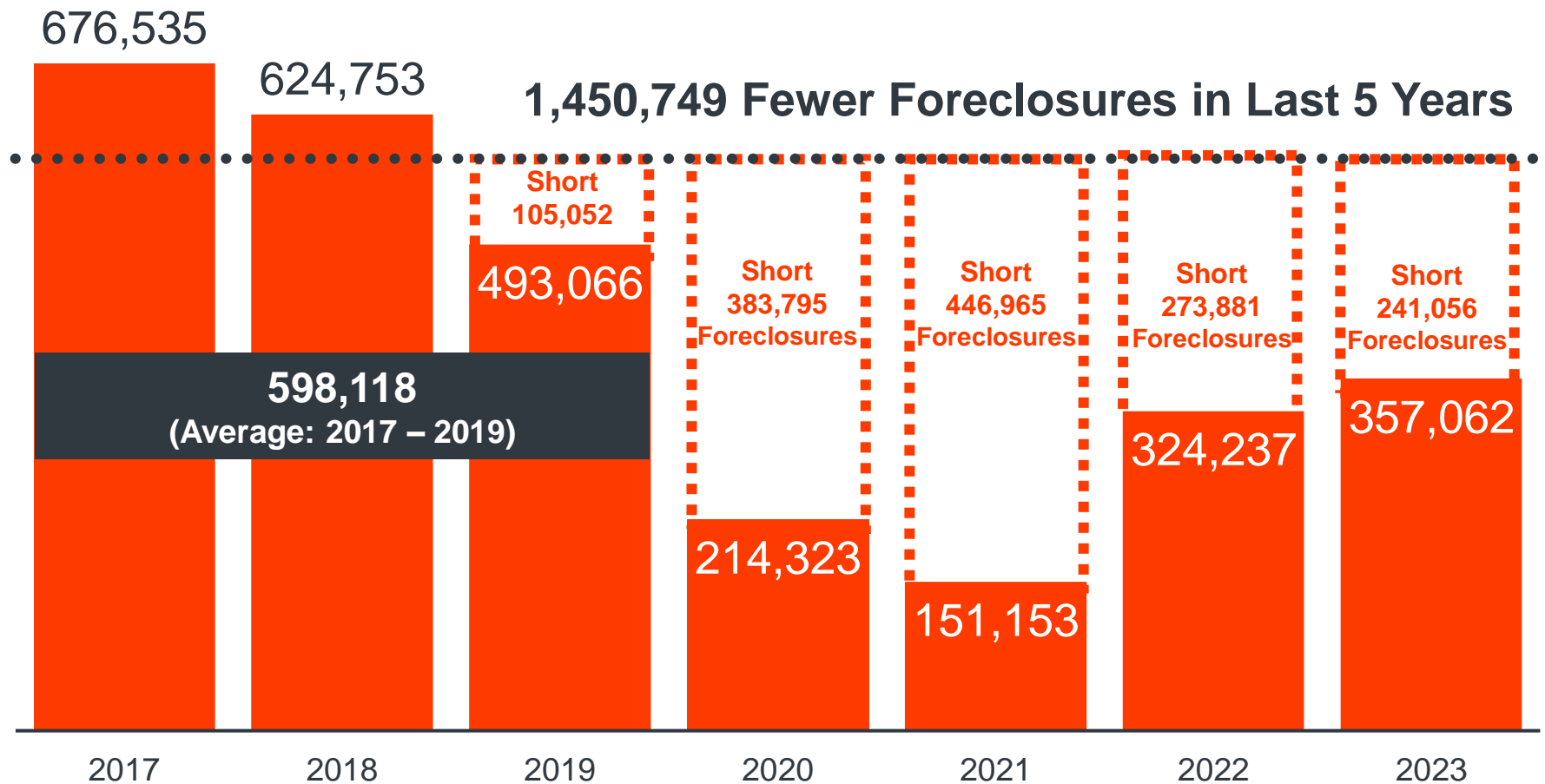
U.S. Properties with Foreclosure Filings



Source: ATTOM

Over 1M Fewer Foreclosures in Last 5 Years

U.S. Properties with Foreclosure Filings





The prospect of any kind of near-term surge in foreclosure activity remains low, with start volumes still nearly 40% below pre-pandemic levels.

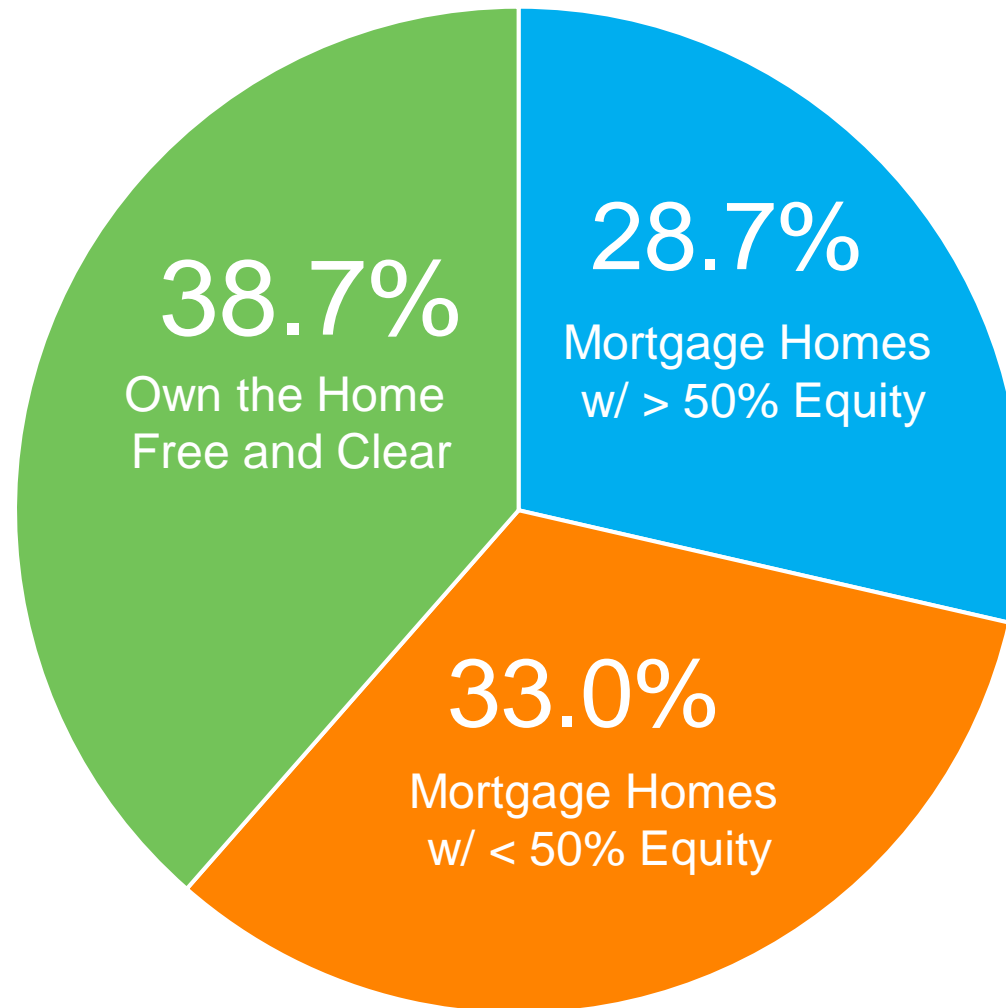
- **Black Knight**, December 2023, Mortgage Monitor



Equity

Americans Sitting on Tremendous Equity

67.4% Have Paid off Their Mortgage or Have at Least 50% Equity



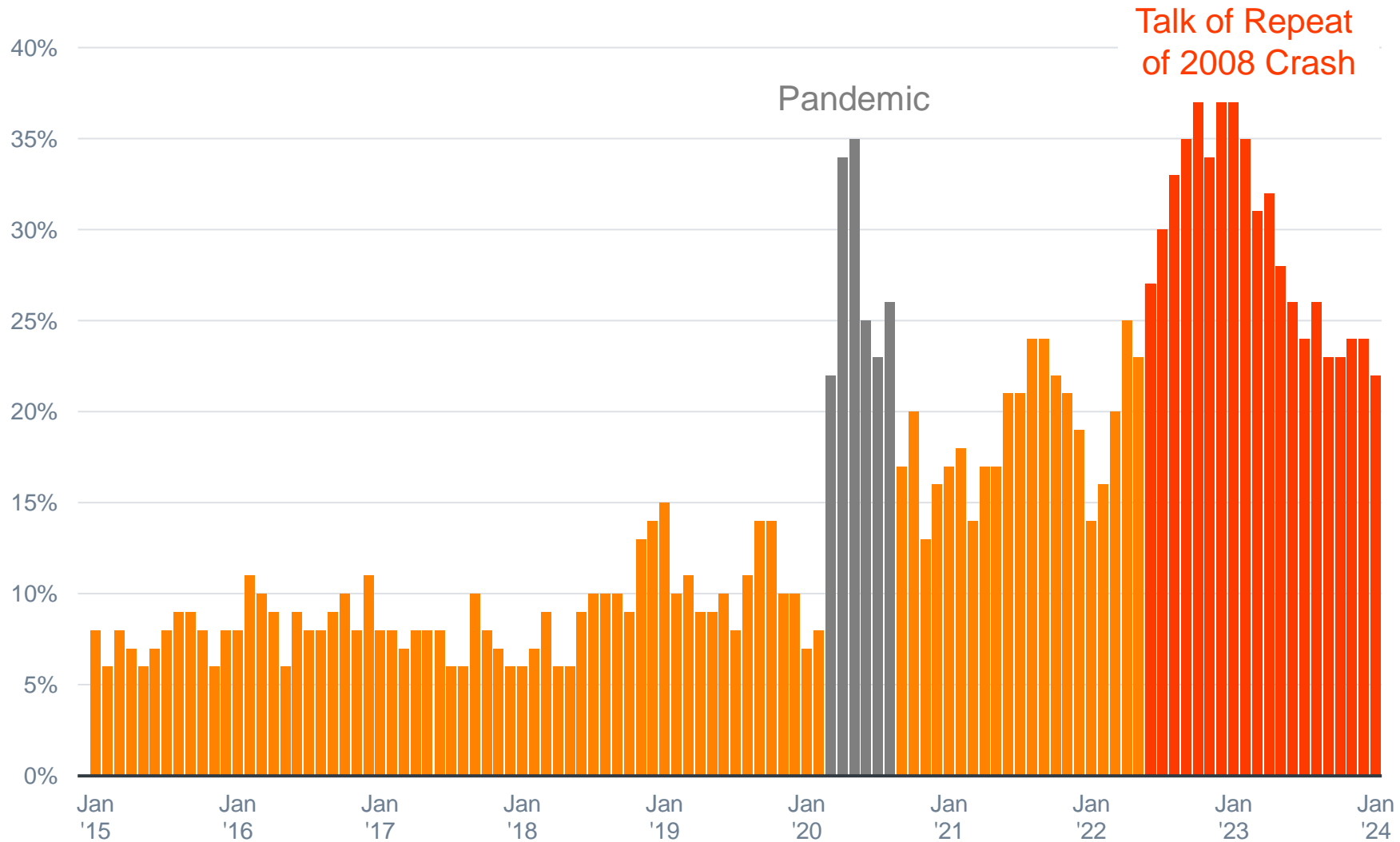
Home Prices

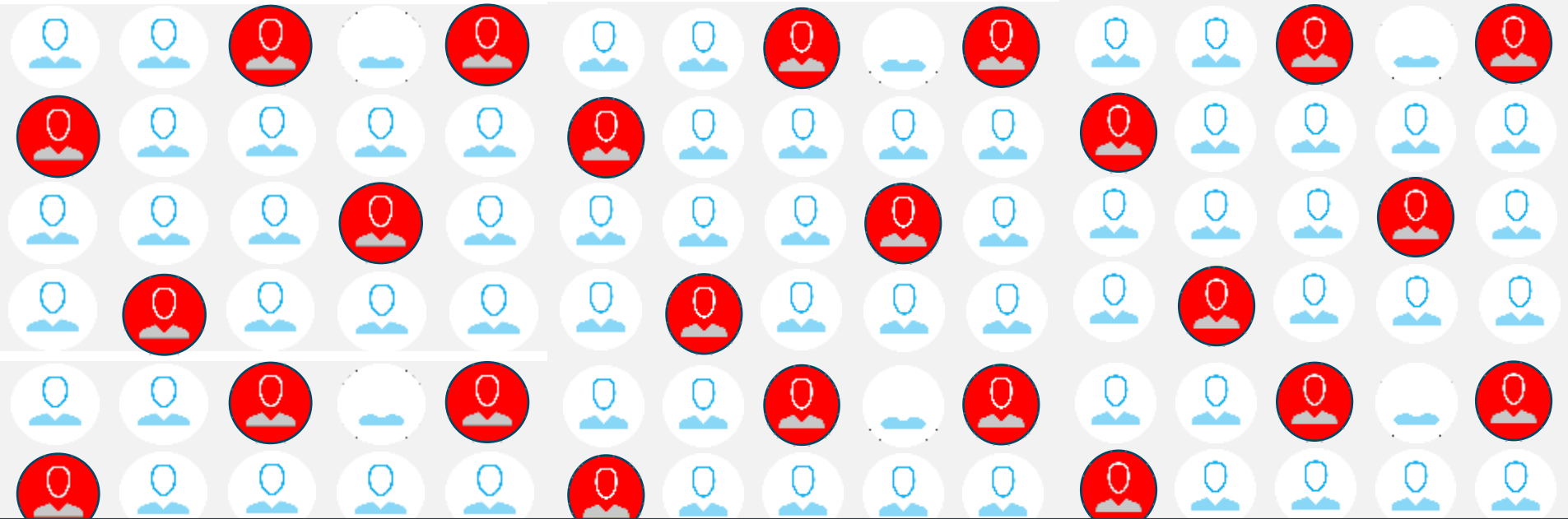
*Final 2023 Home Price Appreciation
& A Peek Ahead To 2024*



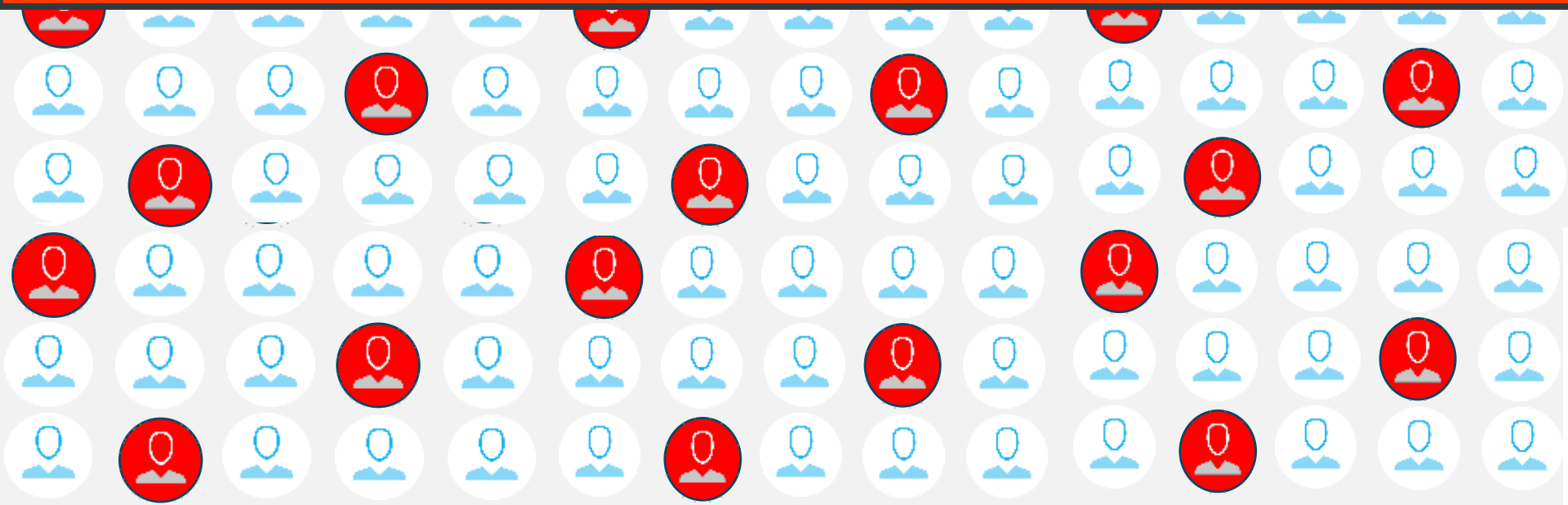
Consumer Confidence in Home Prices

Percent Who Believe Home Prices Will Go Down in the Next 12 Months



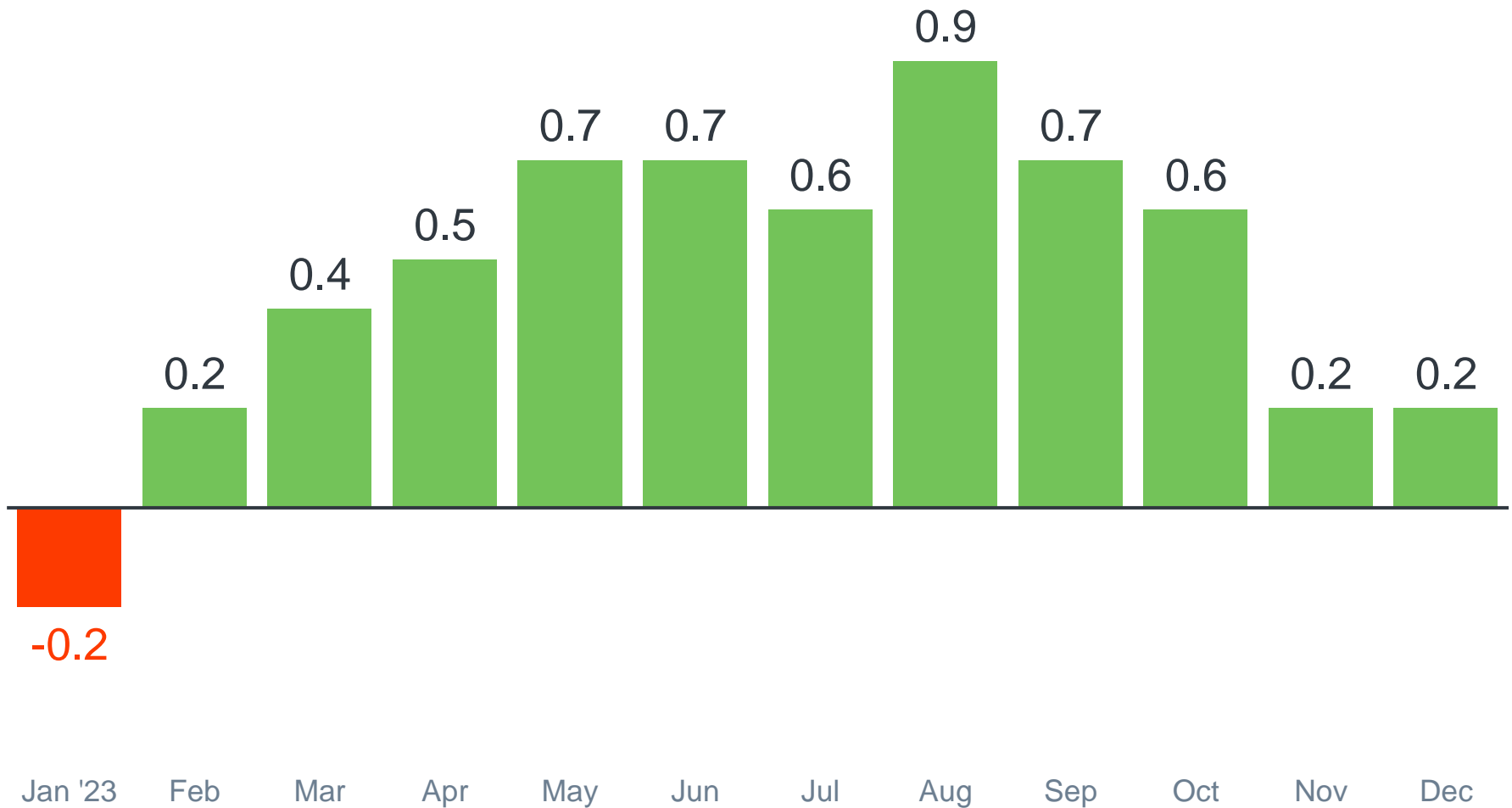


> 1 of 5 Still Believe Prices Will Depreciate



Case-Shiller: Prices

Month-Over-Month Percent Change in Home Values
(Seasonally Adjusted)



Final 2023 Home Price Appreciation Rates

December 2022 – December 2023 Price Change

Entity	% Increase
Case-Shiller	5.5%
CoreLogic	5.5%
Black Knight	5.6%
Freddie Mac	7.0%
FHFA	6.6%

Case-Shiller 2023 Home Price Appreciation

Final 2023 Percent Appreciation in the SA Case-Shiller 20-City Index

U.S. National: **5.5%**

Metro	% Change	Metro	% Change
Atlanta	6.3%	Miami	7.8%
Boston	7.2%	Minneapolis	2.9%
Charlotte	8.0%	New York	7.6%
Chicago	8.1%	Phoenix	3.8%
Cleveland	7.4%	Portland	0.3%
Dallas	2.1%	San Diego	8.8%
Denver	2.3%	San Francisco	3.2%
Detroit	8.3%	Seattle	3.0%
Las Vegas	4.2%	Tampa	4.1%
Los Angeles	8.3%	Washington, D.C.	5.1%



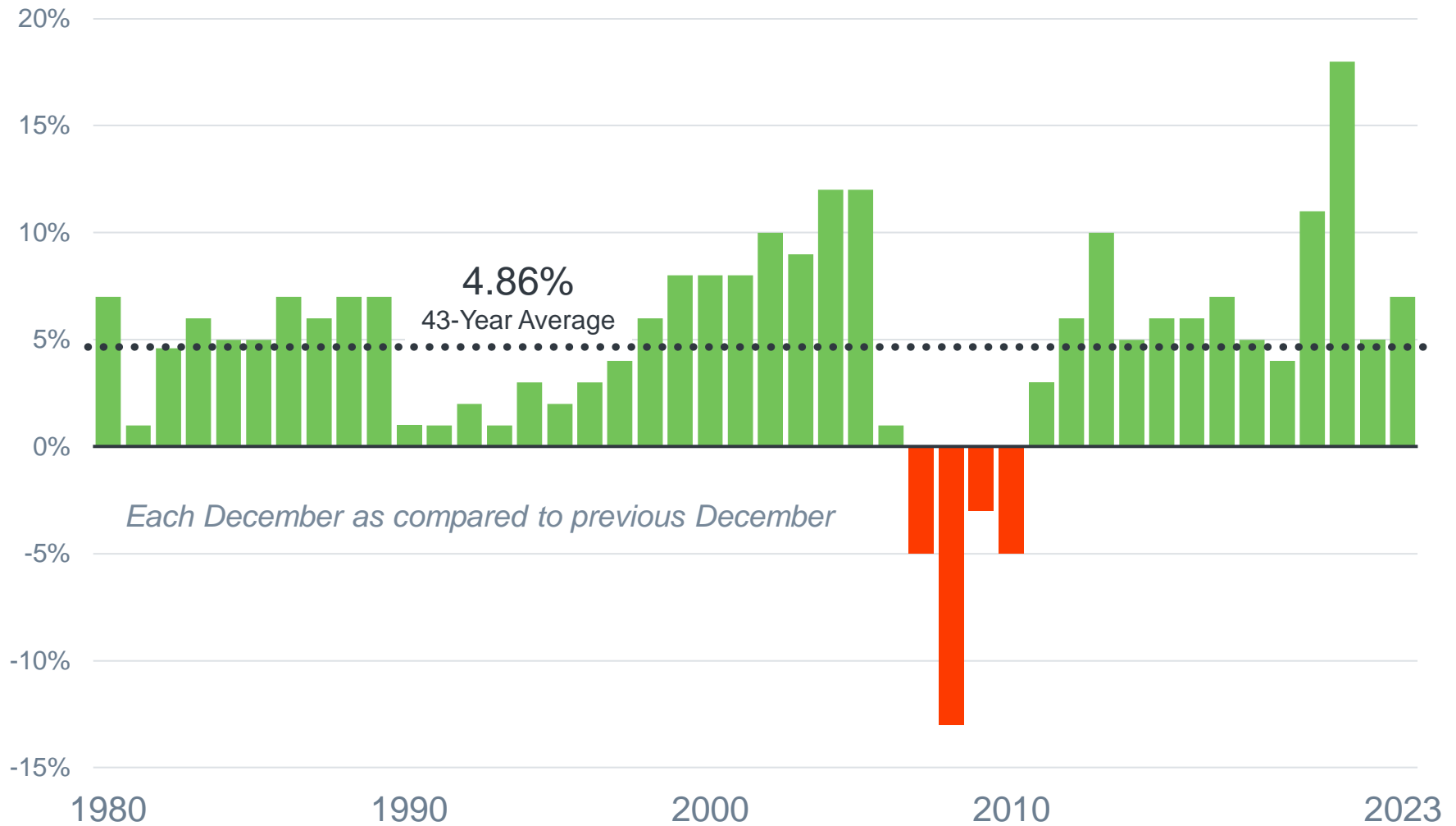
Looking back at the year, 2023 appears to have exceeded average annual home price gains over the past 35 years . . .

While we are not experiencing the double-digit gains seen in the previous two years, above trend growth should be well received considering the rising costs of financing home mortgages.

- **Brian D. Luke**, Head of Commodities, S&P Dow Jones Indices

Percent of Annual Home Appreciation

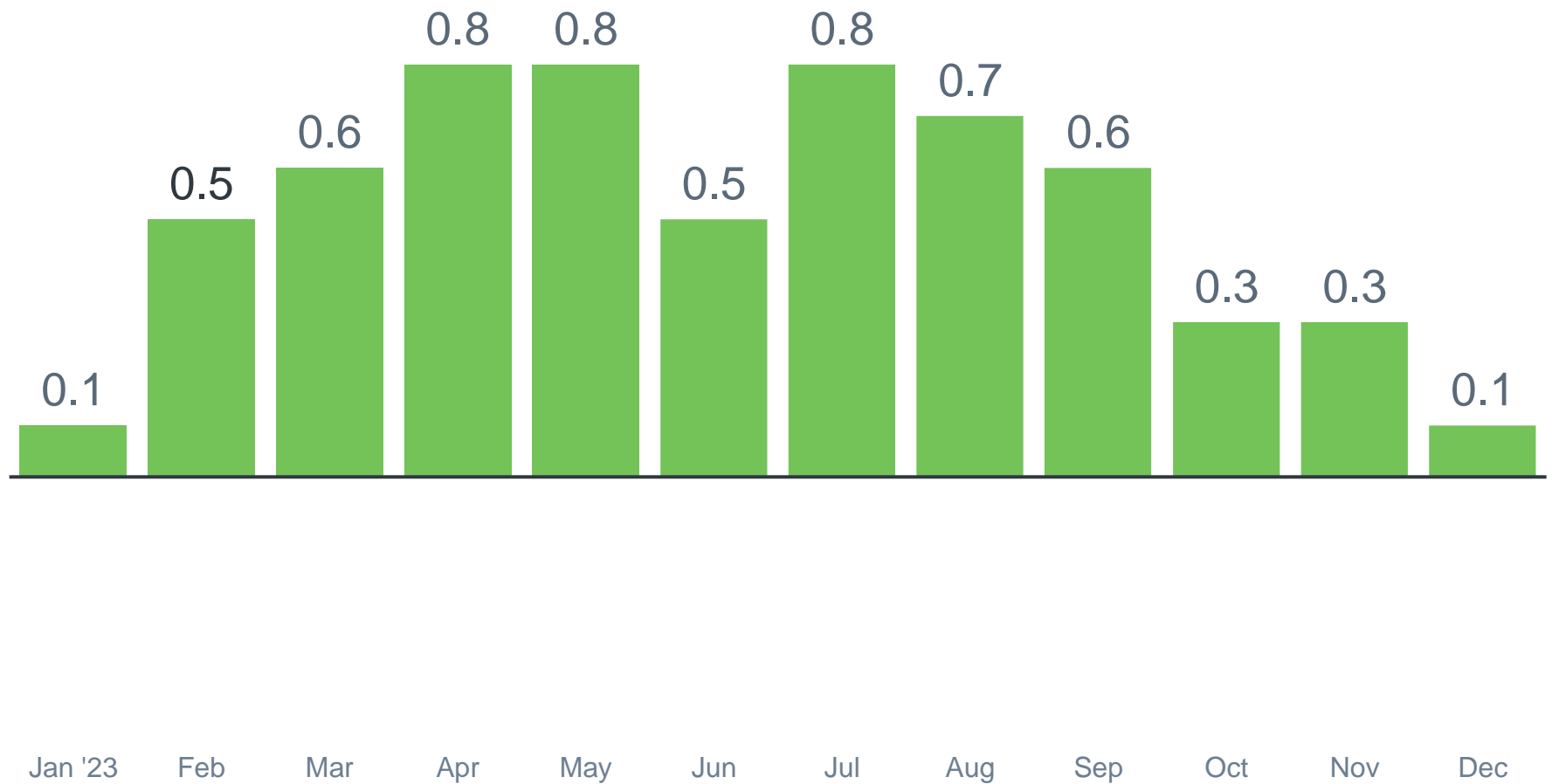
1980–2023, Seasonally Adjusted, Rounded To Nearest Full Number



Each December as compared to previous December

FHFA: Prices

Month-Over-Month Percent Change in Home Values
(Seasonally Adjusted)





House prices rose in 49 states between Q4 of 2022 and Q4 2023 . . . (Hawaii, -3.4%) . . .

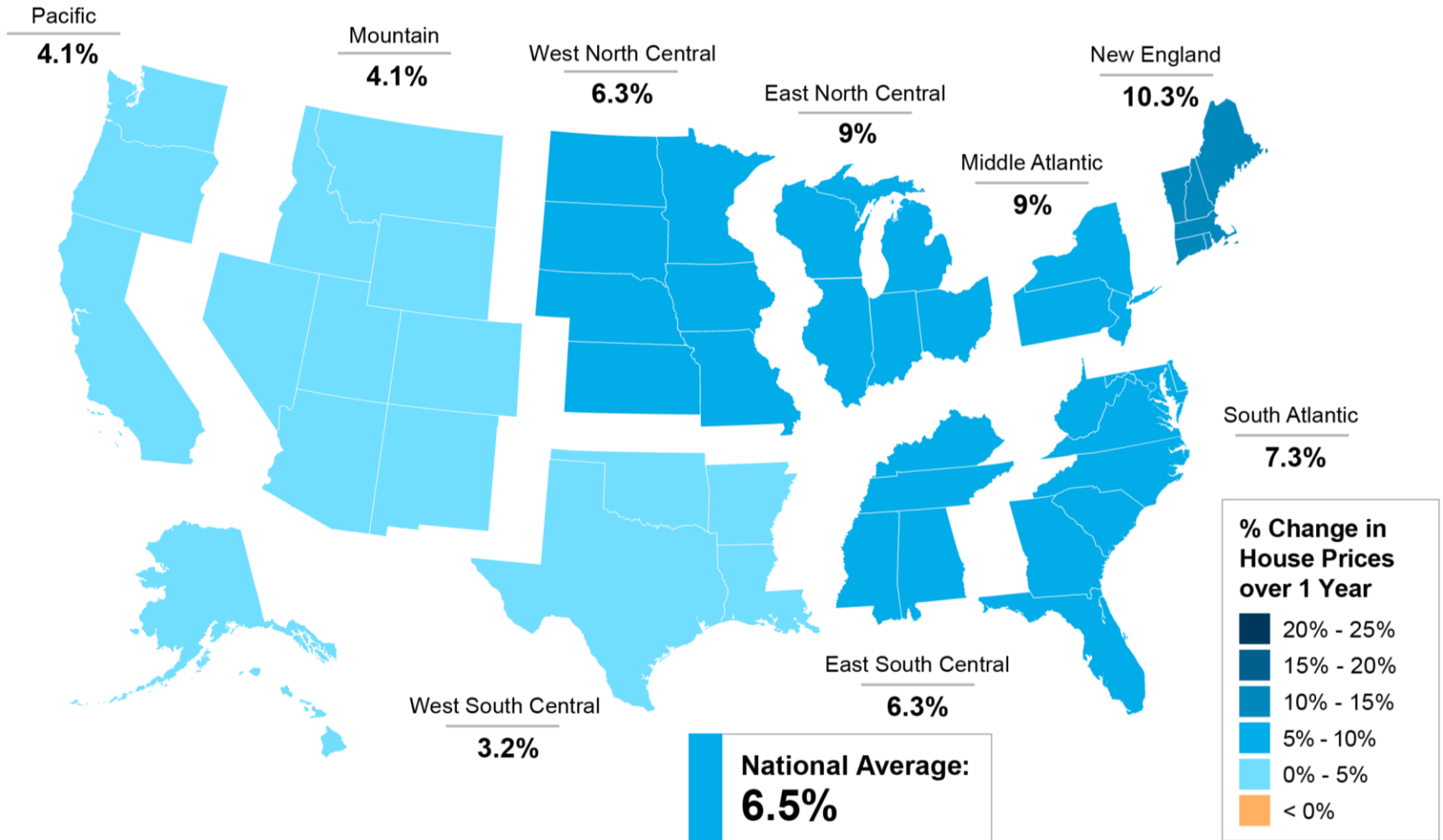
House prices rose in 96 of the top 100 largest metropolitan areas over the last four quarters . . .

All nine census divisions had positive house price changes year-over-year.

- FHFA Home Price Index

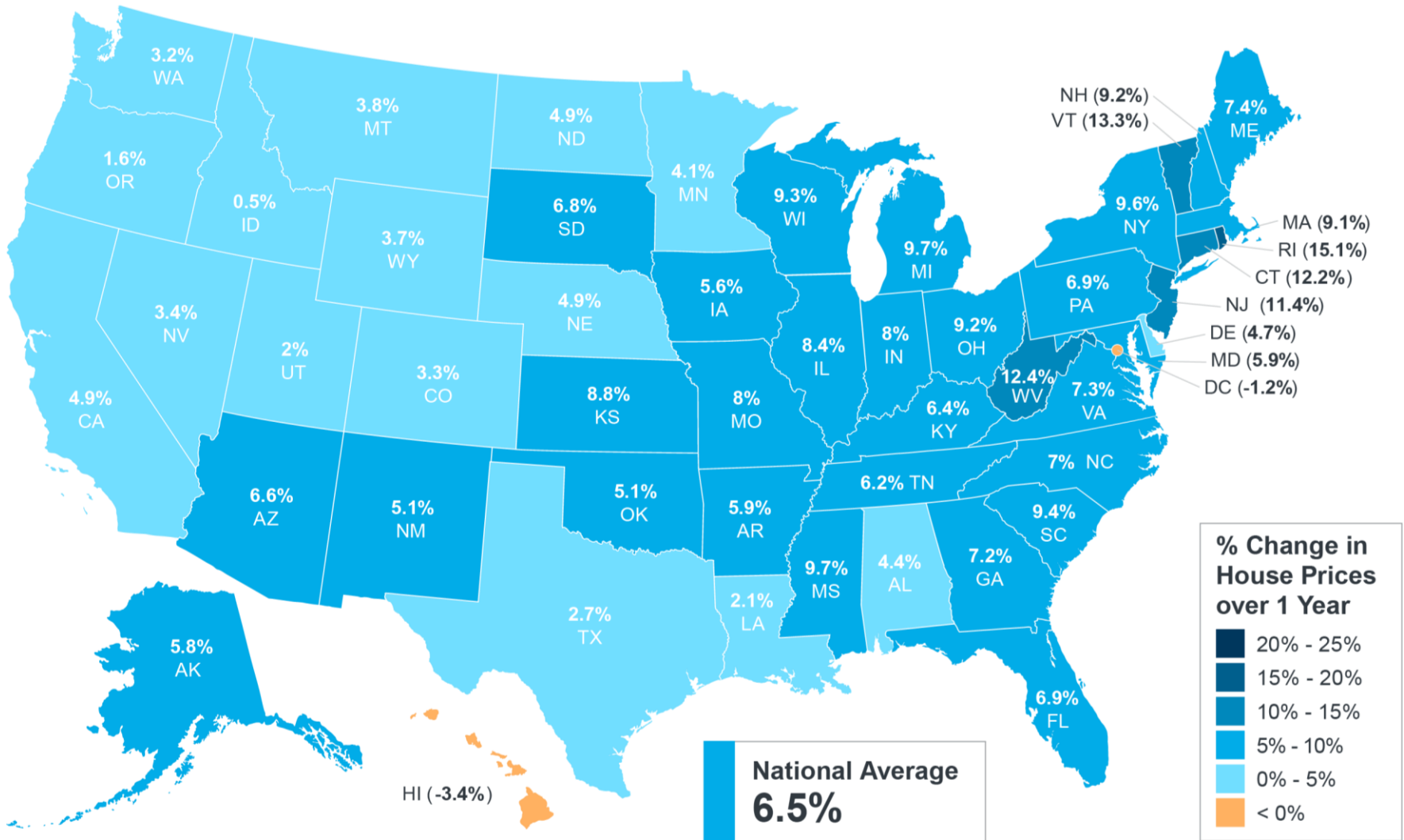
Percent Change in Home Prices

Year-Over-Year, Q3 2023



Percent Change in Home Prices

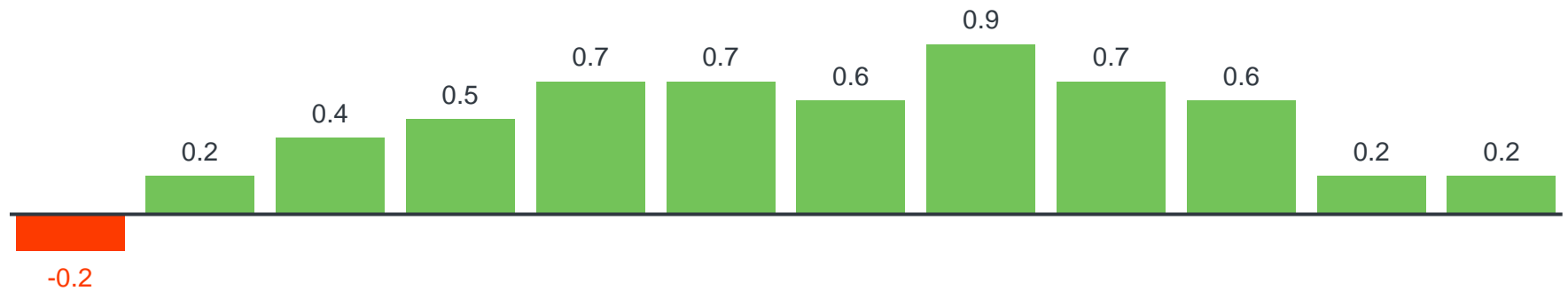
Year-Over-Year, Q4 2023



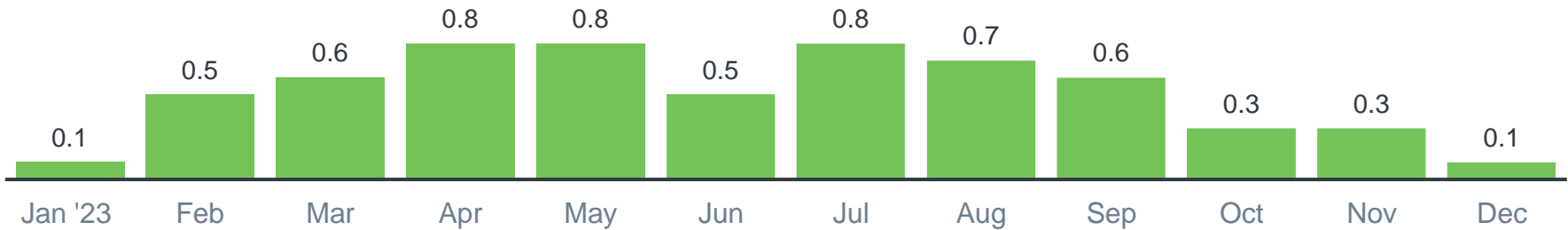
Percent Change in Home Values

Month-Over-Month

Case-Shiller



FHFA



Home Prices Going Forward



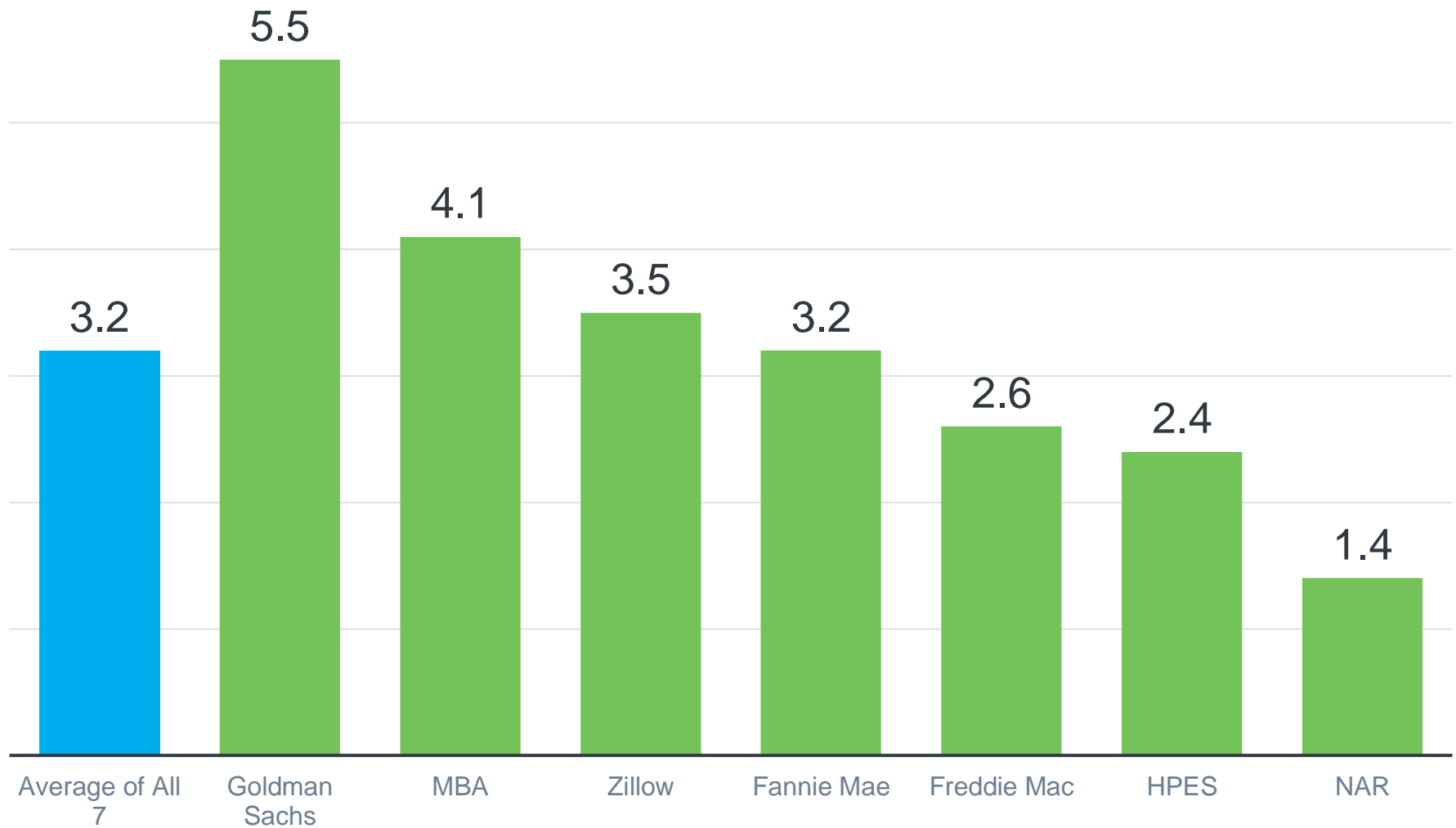


As mortgage rates continue to hover in the 7% range, it will be difficult to convince existing homeowners to move at the current time. Nevertheless, as recent surge in mortgage application data has shown, following a drop in rates, buyers are anxiously waiting to jump into the market. That means that 2024 is likely to show another year of home price highs.

- **Selma Hepp**, Chief Economist, CoreLogic








2024 Home Price Forecasts

Percent Appreciation/Depreciation as of 2/26/2024



2024 Home Price Forecasts

Forecasts from 11/2023 vs. Current Forecasts

Entity	Original Forecast	Current Forecast
Goldman Sachs	1.9%	5.5% 
Mortgage Bankers Association	1.1%	4.1% 
Zillow	0.2%	3.5% 
Fannie Mae	2.8%	3.2% 
Freddie Mac	2.6%	2.6% 
Home Price Expectation Survey	2.2%	2.4% 
National Association of Realtors	0.7%	1.4% 

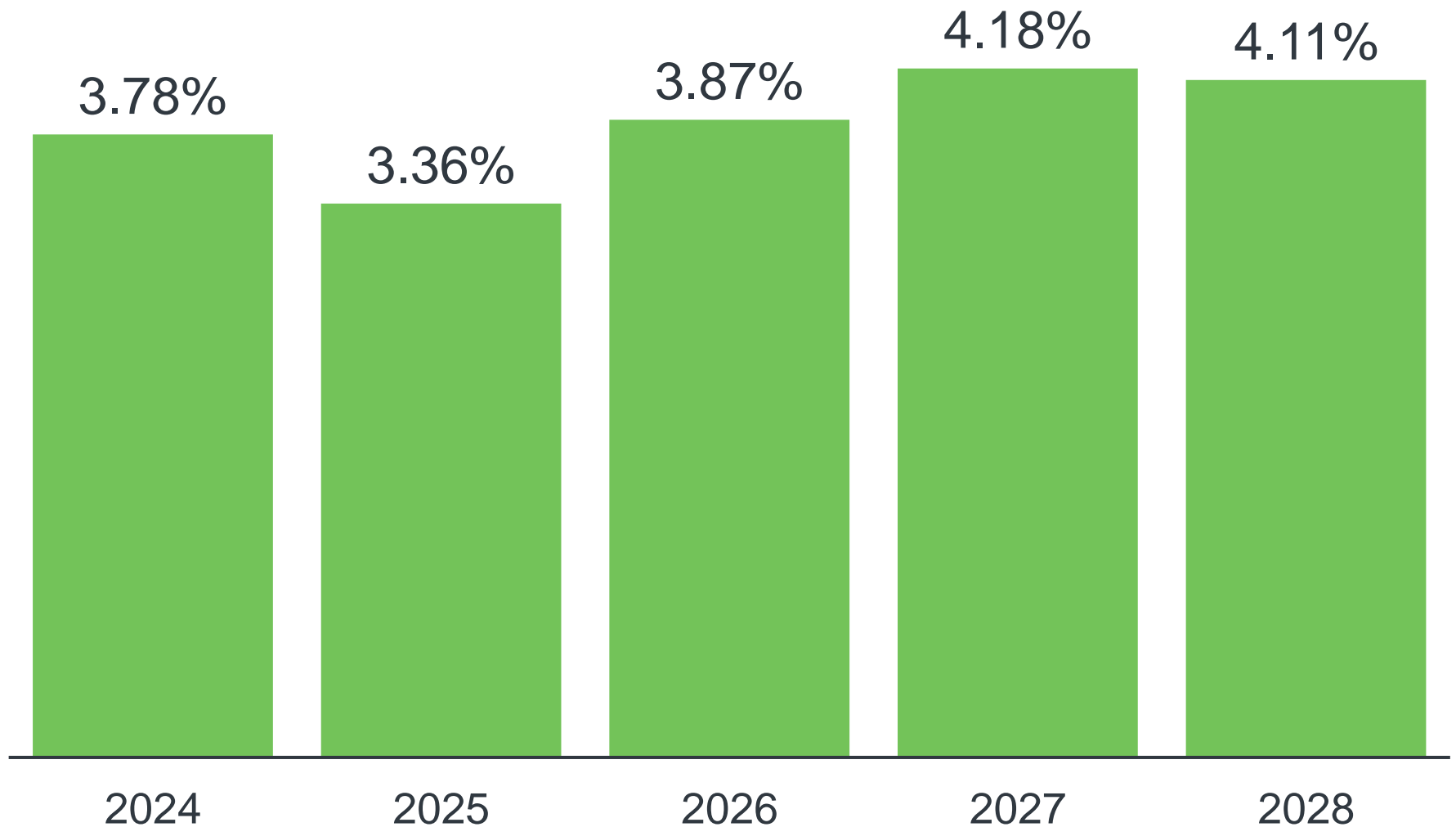


Home Price Expectation Survey

A nationwide panel of over one hundred *economists, real estate experts and investment & market strategists.*

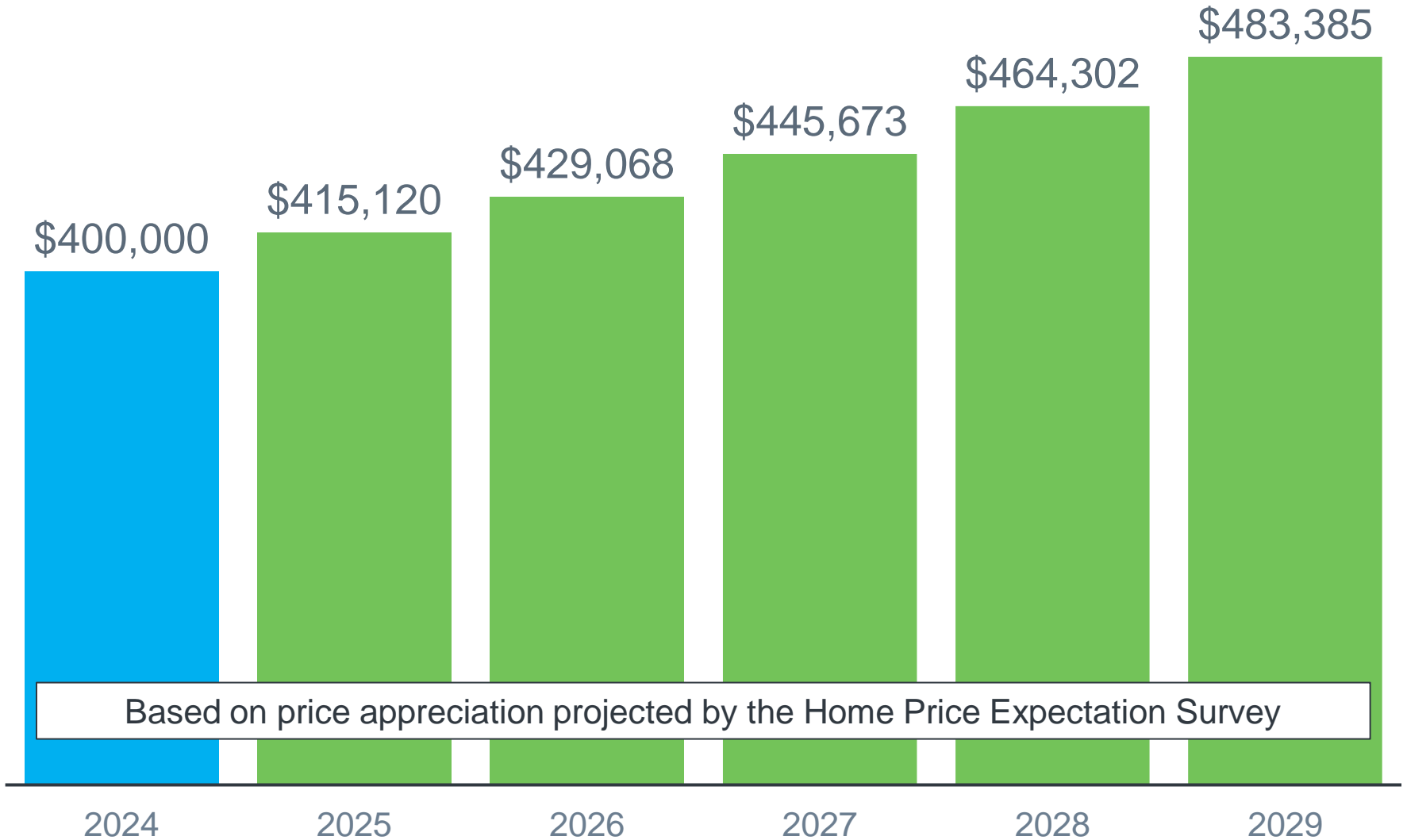
Estimated Home Price Performance

December – December, as Forecast in Q1 2024



\$83,385

Potential growth in household wealth over the next 5 years based solely on increased home equity if you purchase a \$400K home in January 2024



Based on price appreciation projected by the Home Price Expectation Survey

90-Day Work Plan

- Stay on Top of Mortgage Rates
- Be Able To Speak to the Economy
- Understand the Foreclosure Numbers
- Promote Home Price Stability
- Work!

Resources

Slide(s)	Description	Link(s)
4	What Determines Mortgage Rate Graph	https://www.cnbc.com/quotes/US10Y https://www.freddiemac.com/home
5	Mark Fleming Quote	https://blog.firstam.com/reconomy-podcast/is-the-housing-market-poised-to-rebound-in-2024
6	CPI Rate Cuts Graph	https://fred.stlouisfed.org/graph/?g=rocU#0
7	Consumer Price Index Graph	https://fred.stlouisfed.org/graph/?g=rocU#0
8	Mark Zandi Quote	https://www.inquirer.com/economy/federal-reserve-waiting-to-cut-rates-recession-unemployment-housing-costs-20240222.html
9	Mortgage Rate Projections Table	https://www.fanniemae.com/media/49866/display https://www.fanniemae.com/media/50406/display
12	Economists See Soft Landing Pie Charts	https://www.wsj.com/economy/economic-forecasting-survey-archive-11617814998

Resources

Slide(s)	Description	Link(s)
13	Unemployment Below 5% Graph	https://www.wsj.com/economy/economic-forecasting-survey-archive-11617814998
14	Jacob Channel Quote	https://www.builderonline.com/data-analysis/how-the-election-and-unemployment-could-impact-the-2024-housing-market_c
16	Foreclosure Metrics Down Graph	https://www.blackknightinc.com/wp-content/uploads/2024/02/ICE_MM_FEB2024_Report.pdf
17-18	Foreclosure Activity Below Pre-Pandemic Levels Graphs	https://www.attomdata.com/news/market-trends/foreclosures/attom-2023-year-end-u-s-foreclosure-market-report/
19	Black Knight Quote	https://www.blackknightinc.com/wp-content/uploads/2024/02/ICE_MM_FEB2024_Report.pdf
21	Americans Tremendous Equity Pie Chart	https://data.census.gov/cedsci/all?q=mortgage https://www.attomdata.com/news/market-trends/home-sales-prices/attoms-q4-2023-home-equity-and-underwater-report/ https://www.fhfa.gov/Media/Blog/Pages/Homeowners-Equity-Remains-High.aspx

Resources

Slide(s)	Description	Link(s)
23	Consumer Confidence in Prices Graph	https://www.fanniemae.com/research-and-insights/surveys-indices/national-housing-survey
25	Case-Shiller: Prices Graph	https://www.spglobal.com/spdji/en/indices/indicators/sp-corelogic-case-shiller-us-national-home-price-nsa-index/#news-research
26	2023 Final Appreciation Rates Table	https://www.spglobal.com/spdji/en/documents/indexnews/announcements/20240227-1470765/1470765_cshomeprice-release-0227.pdf https://www.businesswire.com/news/home/20240220388880/en/Peak-National-House-Price-Appreciation-May-be-Behind-Us-According-to-First-American-Data-Analytics-Monthly-Home-Price-Index-Report https://www.corelogic.com/category/intelligence/reports/home-price-insights/ https://www.blackknightinc.com/wp-content/uploads/2024/02/ICE_MM_FEB2024_Report.pdf https://www.freddiemac.com/research/indices/house-price-index
27	Case-Shiller 2023 Appreciation Table	https://www.spglobal.com/spdji/en/documents/indexnews/announcements/20240227-1470765/1470765_cshomeprice-release-0227.pdf

Resources

Slide(s)	Description	Link(s)
28	Brian Luke Quote	https://www.spglobal.com/spdji/en/documents/indexnews/announcements/20240227-1470765/1470765_cshomeprice-release-0227.pdf
29	Home Appreciation Graph	https://www.freddiemac.com/research/indices/house-price-index
30	FHFA: Prices Graph	https://www.fhfa.gov/DataTools/Downloads/Pages/House-Price-Index.aspx
31	FHFA Home Price Index Quote	https://www.fhfa.gov/AboutUs/Reports/ReportDocuments/HPI_2023Q4.pdf
32-33	FHFA Maps	https://www.fhfa.gov/DataTools/Tools/Pages/House-Price-Index-(HPI).aspx
34	Home Values Graph	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
36	Selma Hepp Quote	https://www.corelogic.com/intelligence/us-corelogic-case-shiller-index-continues-strengthen-with-annual-gain-december/

Resources

Slide(s)	Description	Link(s)
37-38	2024 Home Price Forecasts Graph & Table	https://twitter.com/NewsLambert/status/1762144404448461232 https://www.mba.org/news-and-research/forecasts-and-commentary/mortgage-finance-forecast-archives https://www.zillow.com/research/2024-housing-predictions-33447/ https://www.fanniemae.com/media/50406/display https://www.freddiemac.com/research/forecast/20240226-us-economy-defied-expectations https://pulsenomics.com/surveys/ https://cdn.nar.realtor//sites/default/files/documents/forecast-q1-2024-us-economic-outlook-01-26-2024.pdf
40-41	Estimated Home Price Performance Graphs	https://pulsenomics.com/surveys/#home-price-expectations



Updates

Resources

Slide(s)	Description	Link(s)
53	Confidence Index	https://www.nar.realtor/research-and-statistics/research-reports/realtors-confidence-index
54-56, 63, 65, 66, 73-76	Existing Home Sales	https://www.nar.realtor/topics/existing-home-sales
57-59	New Home Sales	http://www.census.gov/construction/nrs/pdf/newressales.pdf http://www.census.gov/newhomesales
60	Total Home Sales	http://www.census.gov/construction/nrs/pdf/newressales.pdf https://www.nar.realtor/topics/existing-home-sales
61-62	Pending Home Sales	https://www.nar.realtor/research-and-statistics/housing-statistics/pending-home-sales
67-69	Case Shiller	https://www.spglobal.com/spdji/en/indices/indicators/sp-corelogic-case-shiller-20-city-composite-home-price-nsa-index/#news-research
70	CoreLogic Price Forecast	https://www.corelogic.com/intelligence/u-s-home-price-insights/

Resources

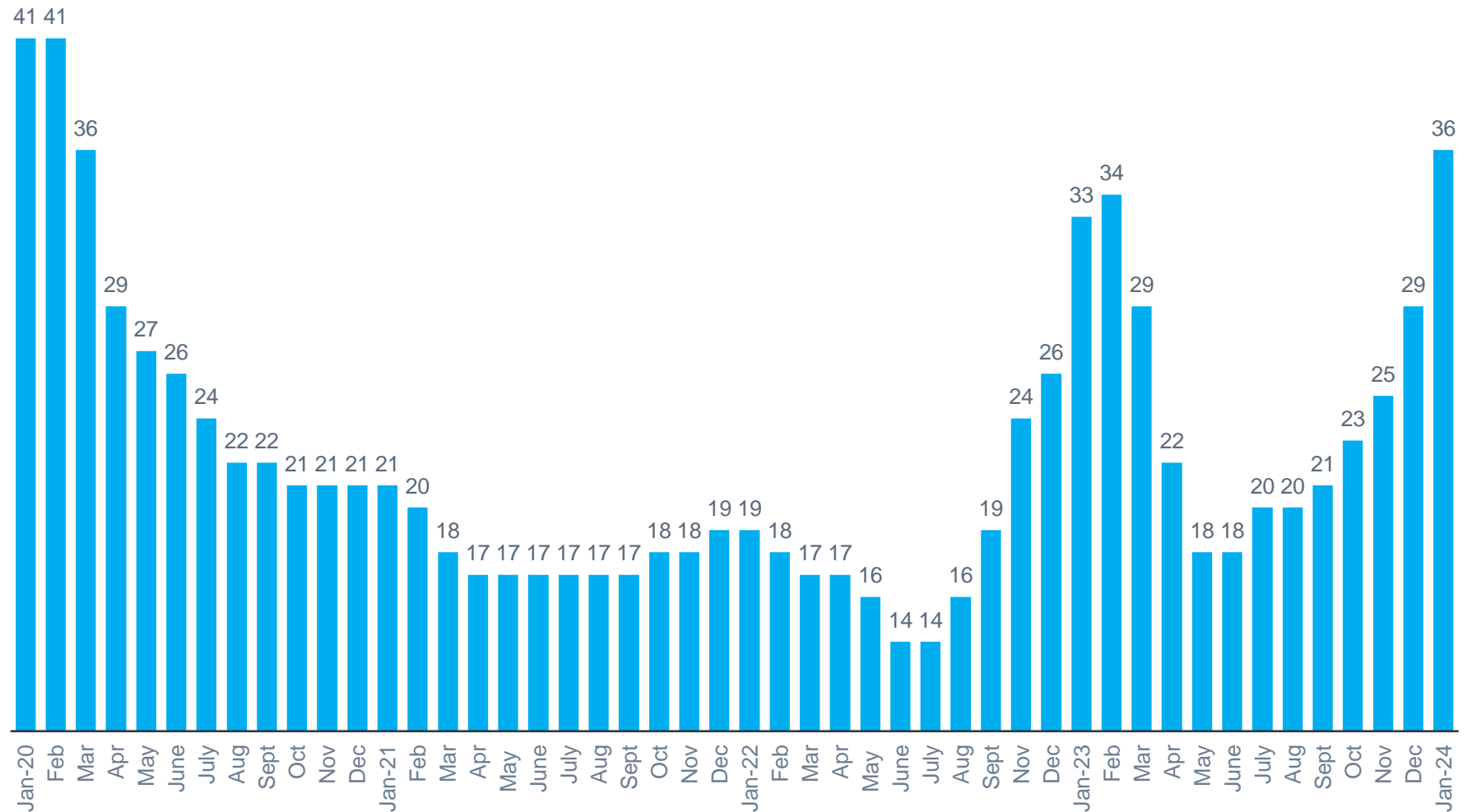
Slide(s)	Description	Link(s)
72-78	Inventory	https://www.nar.realtor/topics/existing-home-sales http://www.census.gov/construction/nrs/pdf/newressales.pdf https://www.realtor.com/research/data/
80	Showing Activity	https://www.showingtime.com/blog/
82, 83, 85, 86	Mortgage Rates	http://www.freddiemac.com/pmms/pmms_archives.html http://www.freddiemac.com/research/forecast/ https://www.mba.org/news-research-and-resources/research-and-economics/forecasts-and-commentary
84	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
88, 89	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

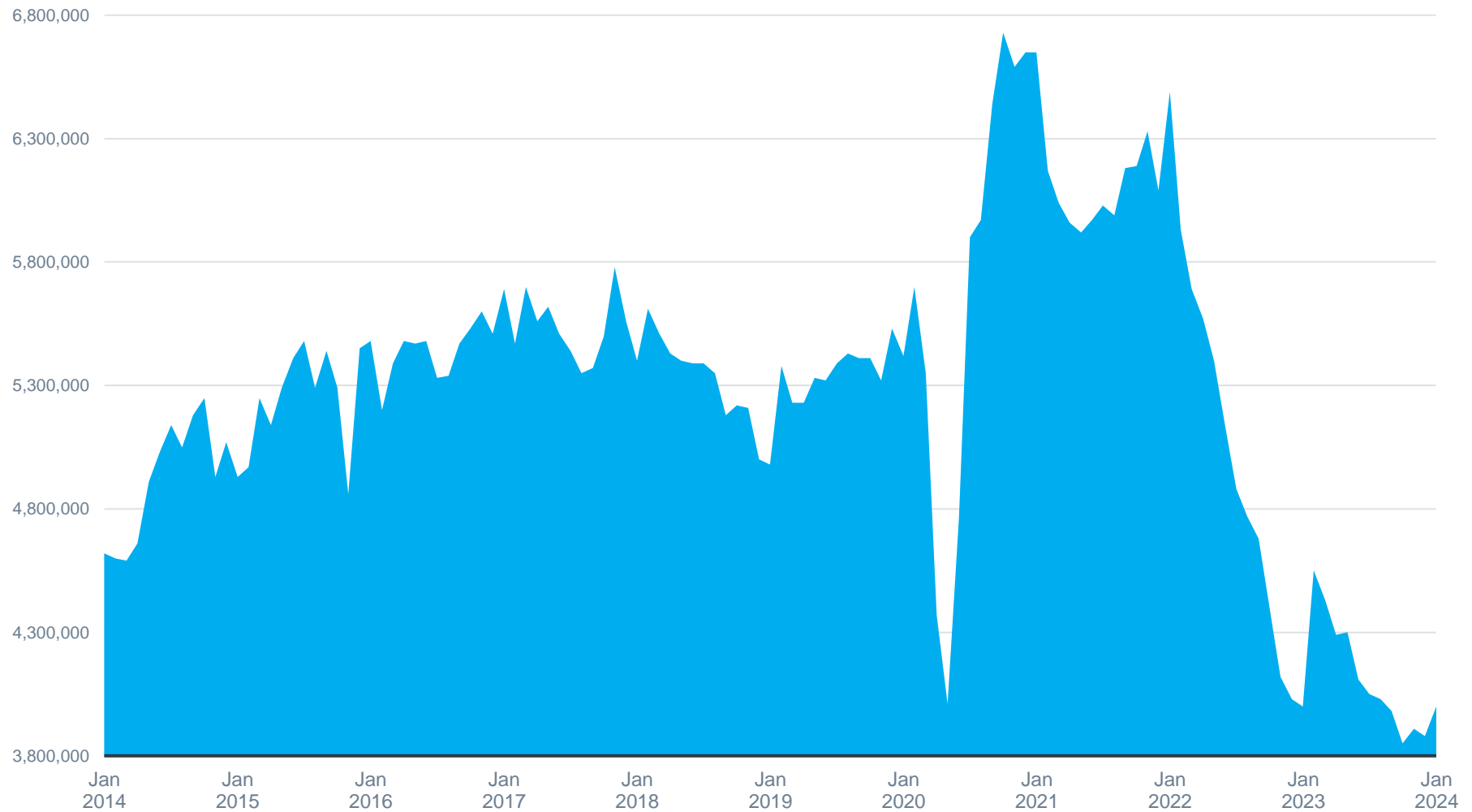
Average Days on the Market

January 2024



Existing Home Sales

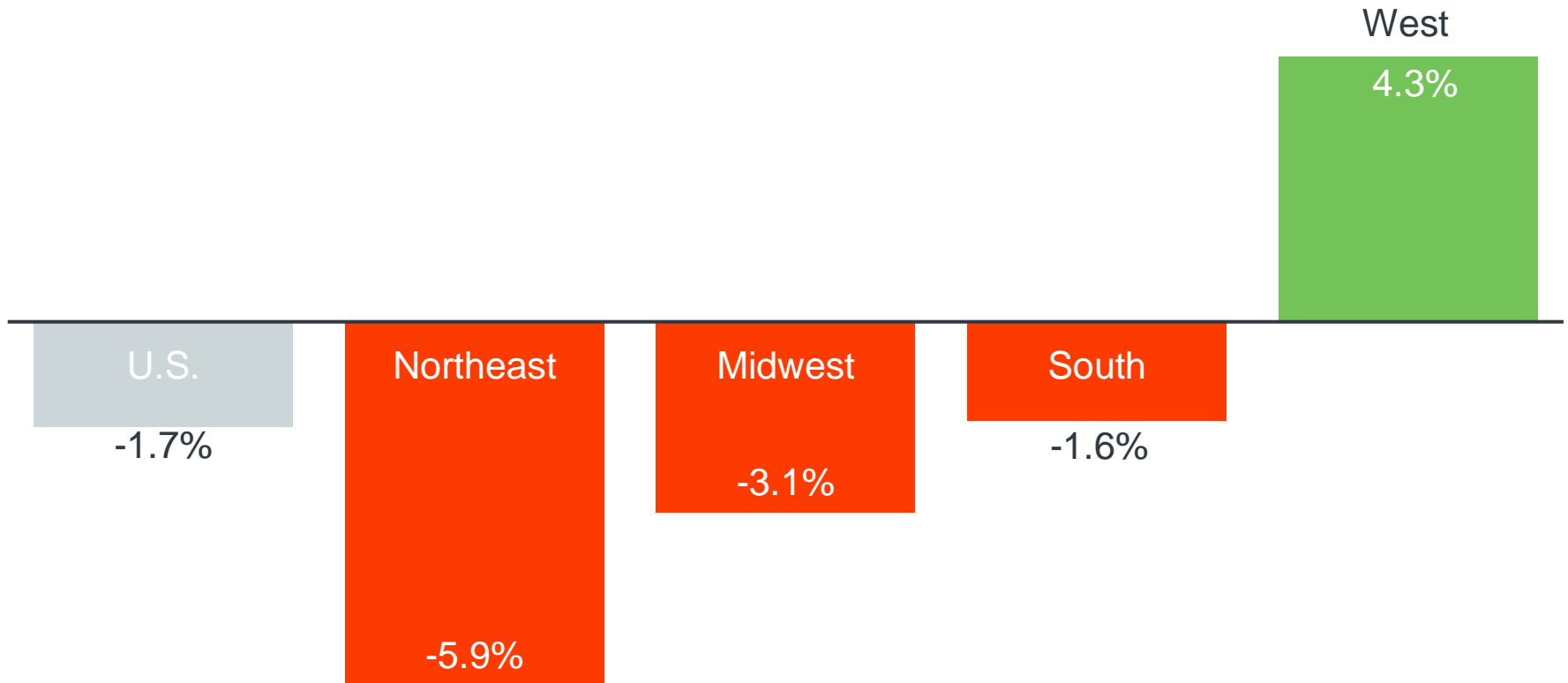
Since January 2014



Source: NAR

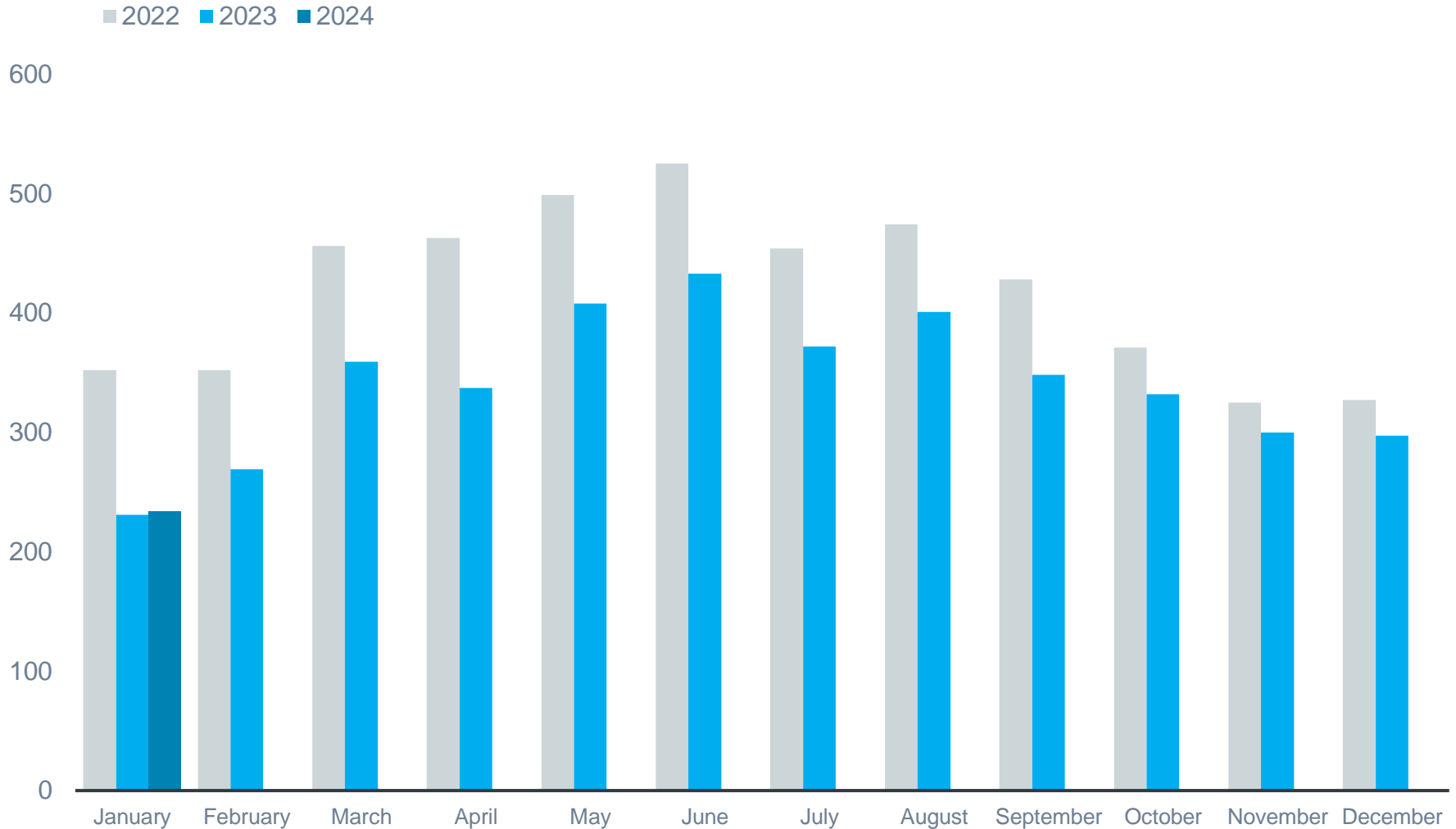
Existing Home Sales

Year-Over-Year, by Region



Existing Home Sales

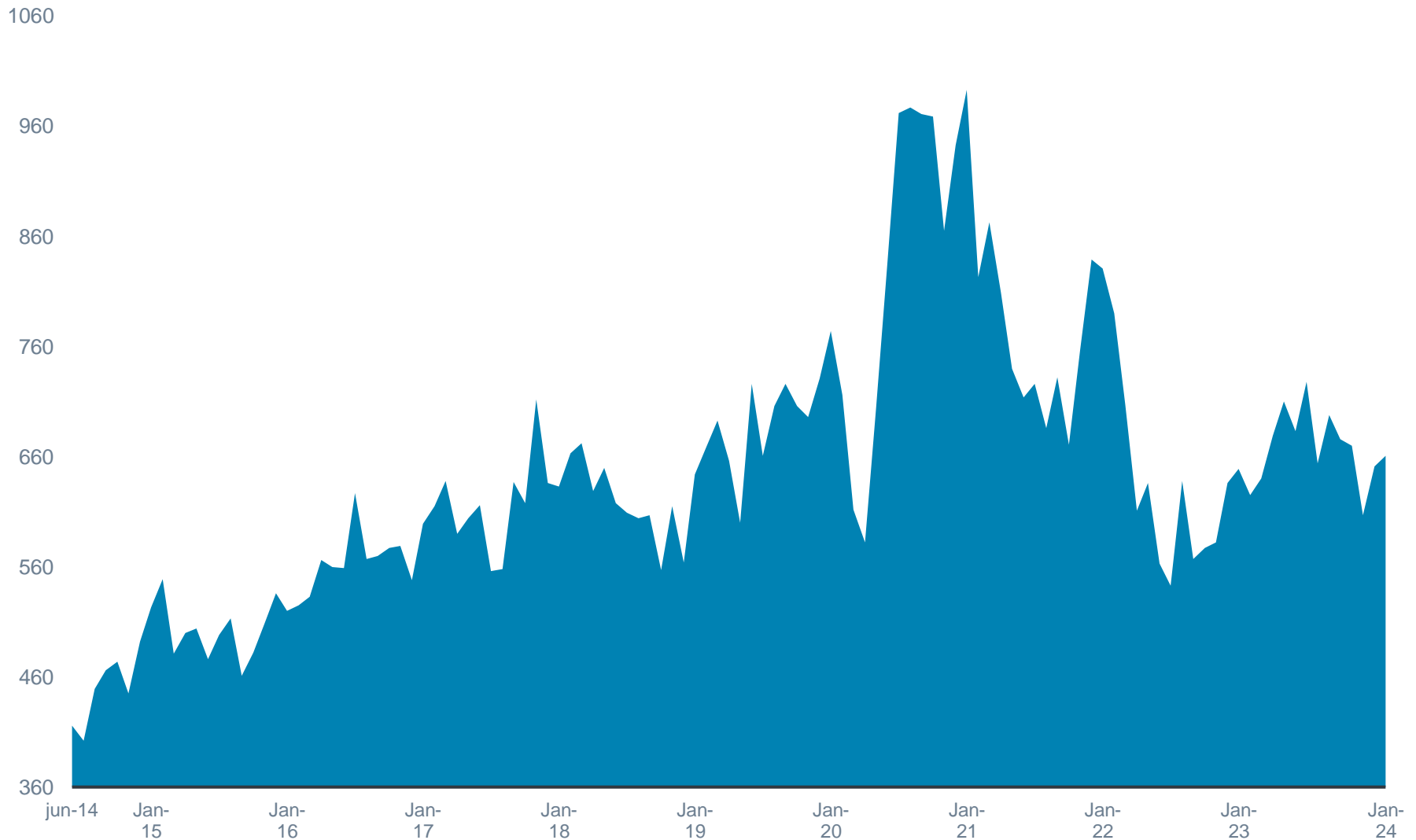
In Thousands



Source: NAR

New Home Sales

Annualized in Thousands

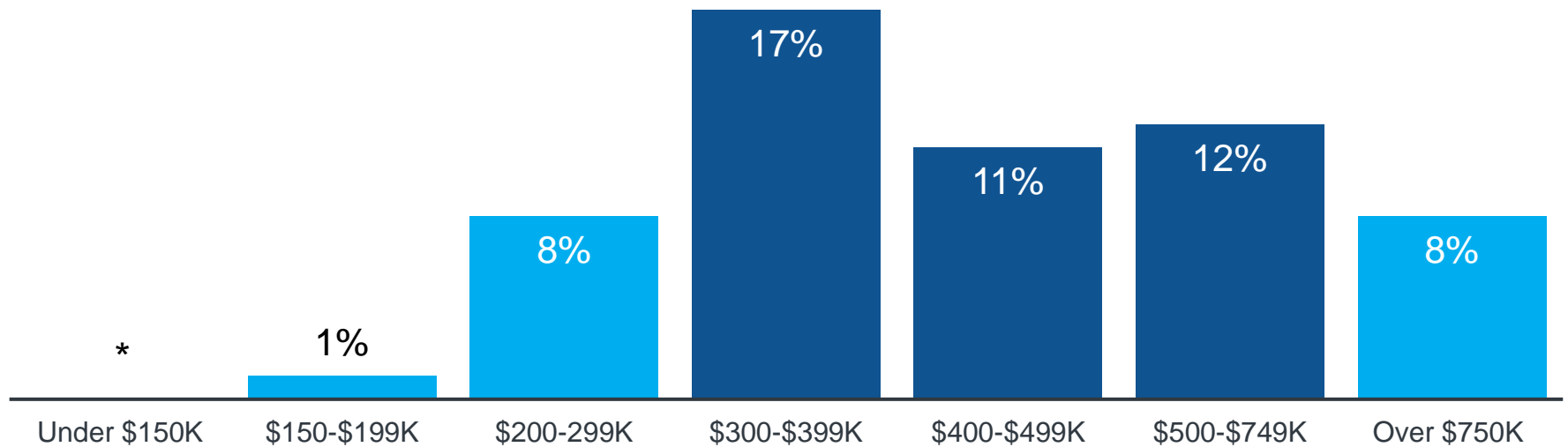


Source: Census

New Home Sales

Percent of Distribution by Price Range

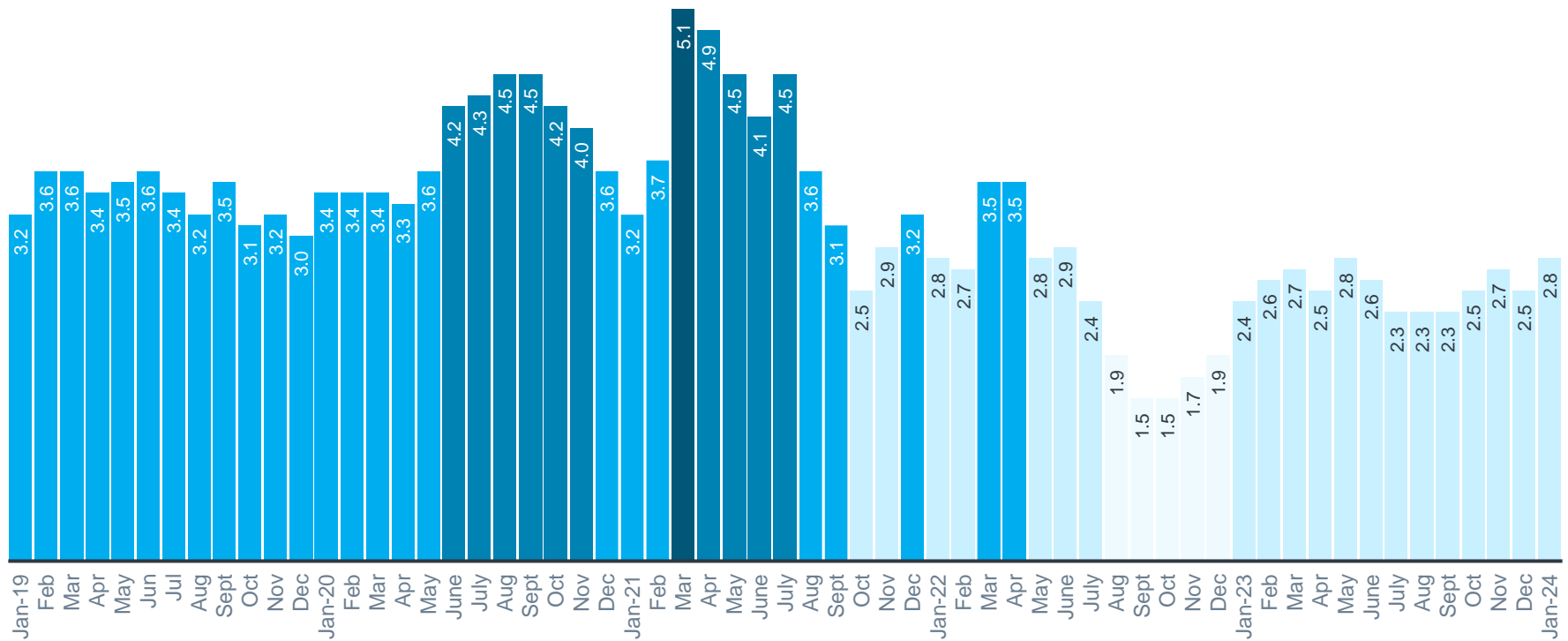
* Less Than 500 Units or Less Than 0.5 Percent



Source: Census

New Homes Selling Fast

Median Months from Completion to Sold

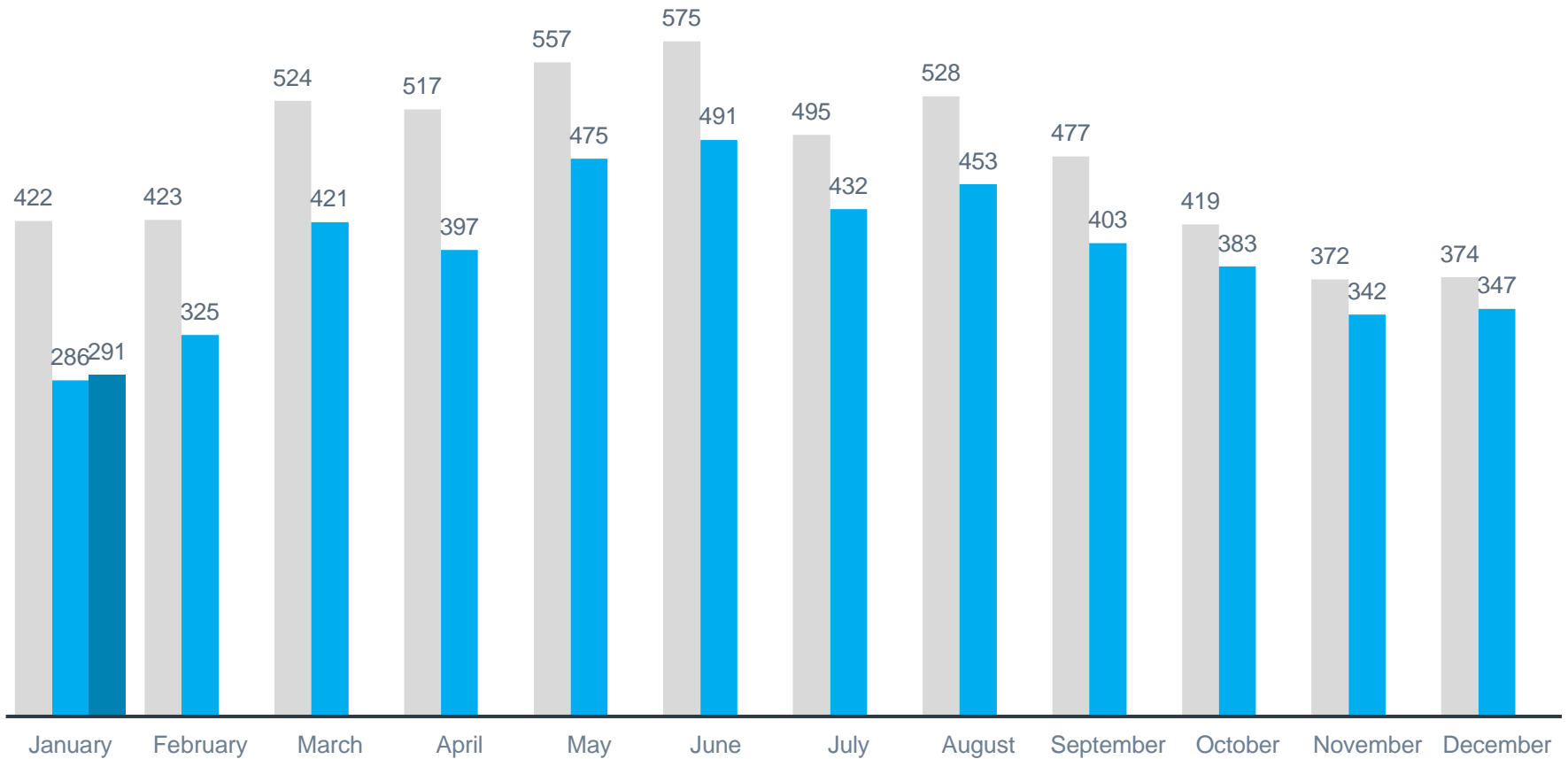


Source: Census

Total Home Sales

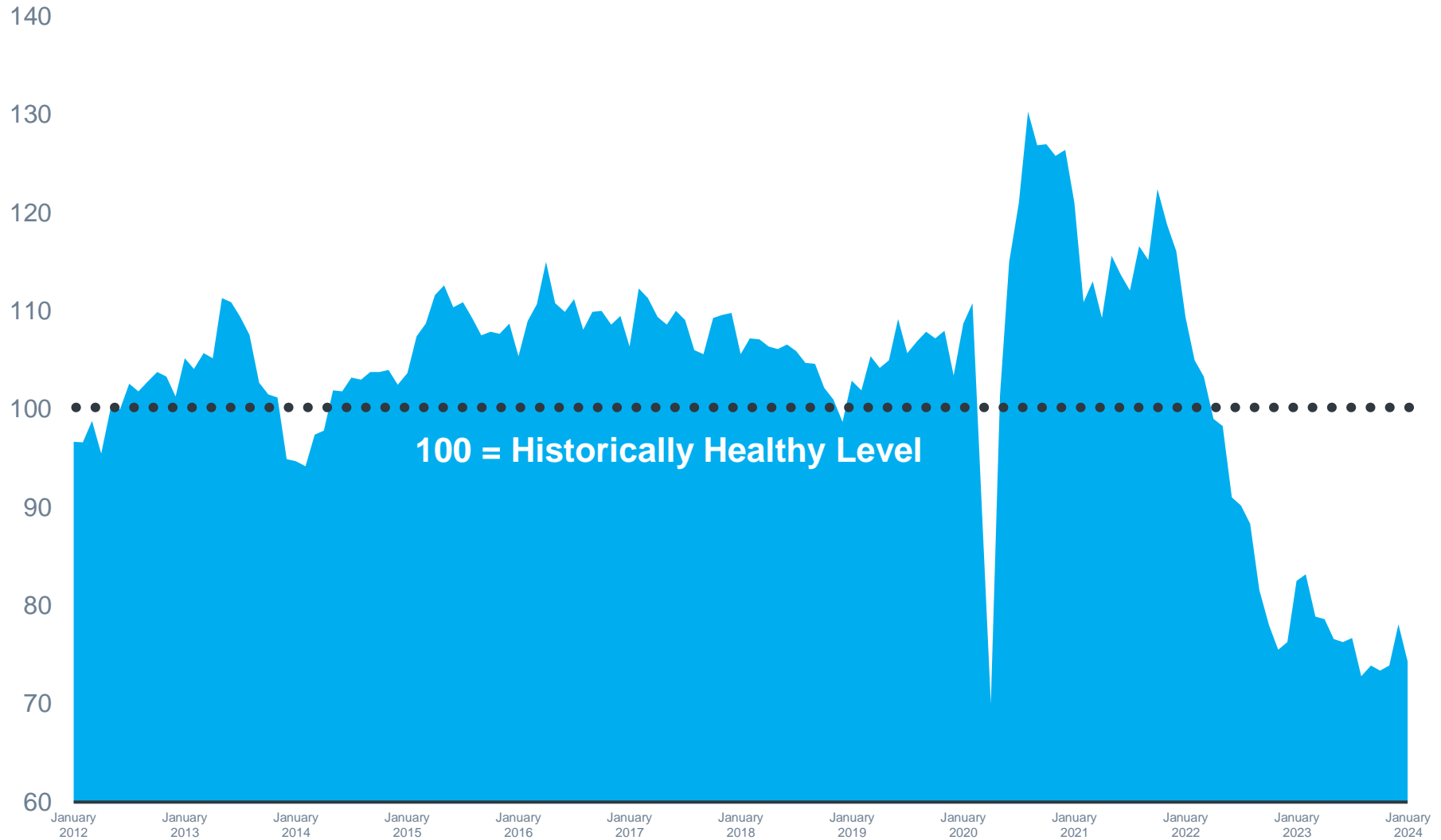
In Thousands

■ 2022 ■ 2023 ■ 2024



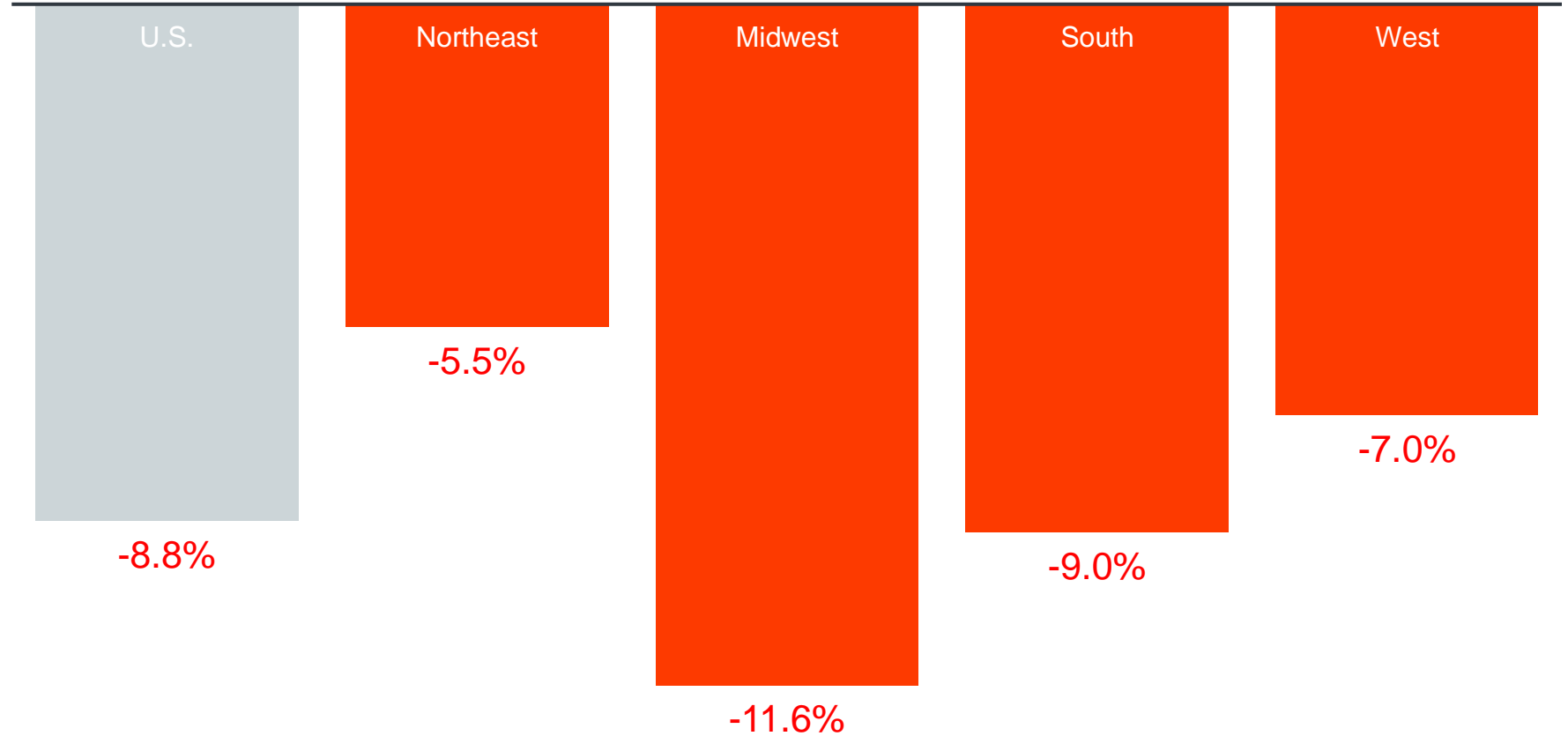
Source: Census

Pending Home Sales



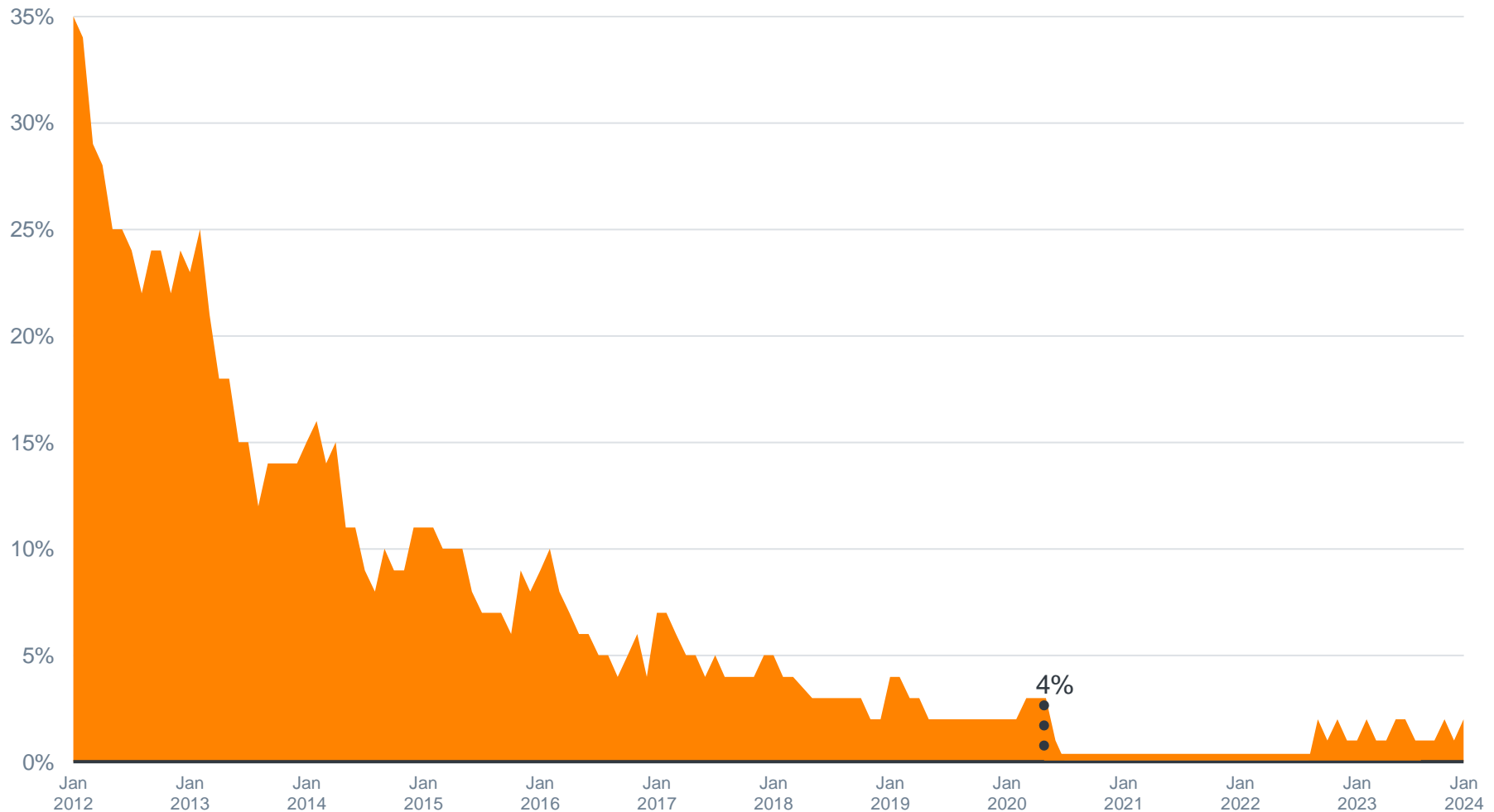
Pending Home Sales

Year-Over-Year by Region



Percentage of Distressed Property Sales

Distressed Sales (Foreclosures and Short Sales) Represented 2% of sales in January.

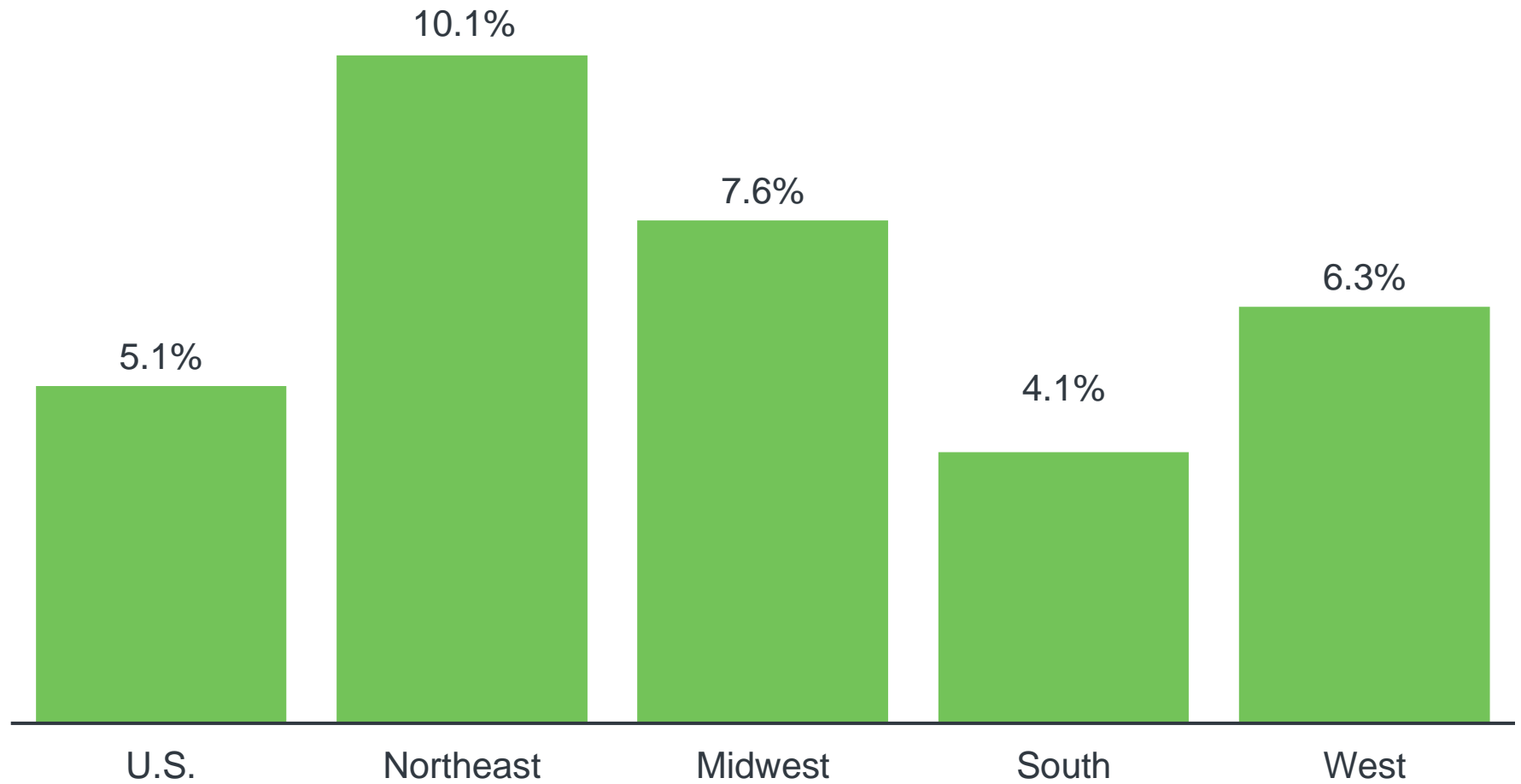




Home Prices

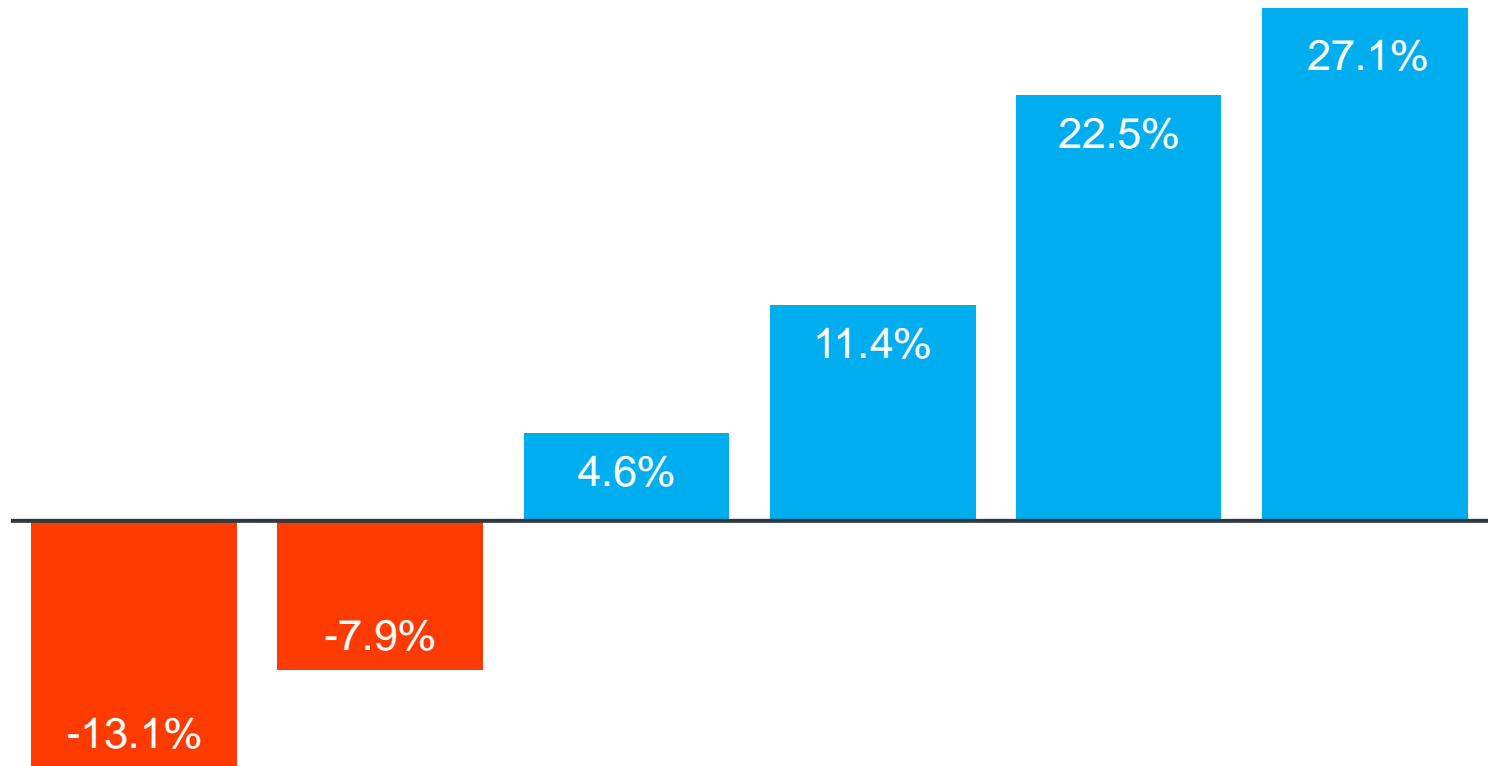
Sales Price of Existing Homes

Year-Over-Year, by Region



% Change in Sales

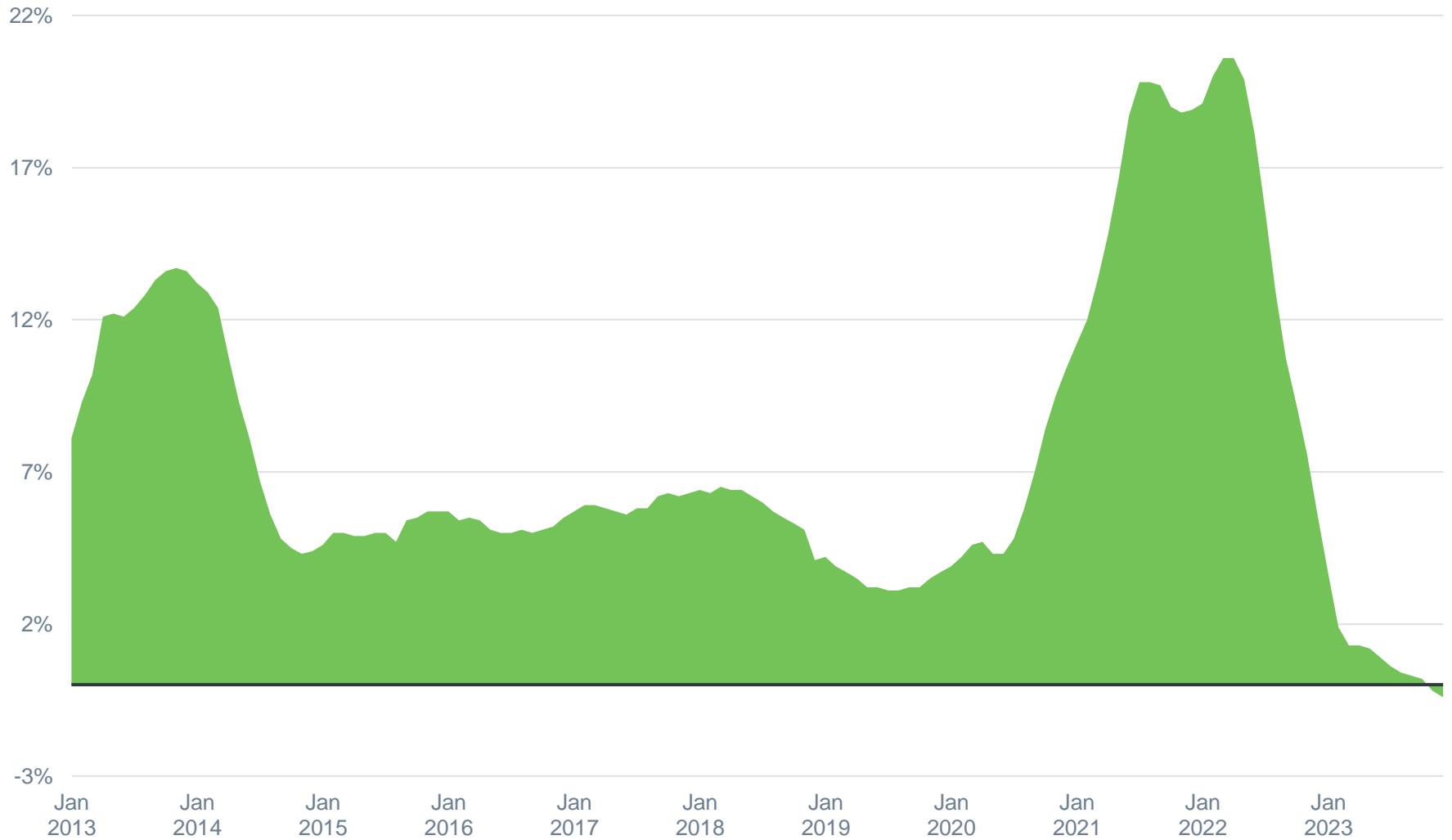
Year-Over-Year, by Price Range



	\$0-100K	\$100-250K	\$250-500K	\$500-750K	\$750K-1M	\$1M+
■ % change in sales	-13.1%	-7.9%	4.6%	11.4%	22.5%	27.1%

Change in Home Prices

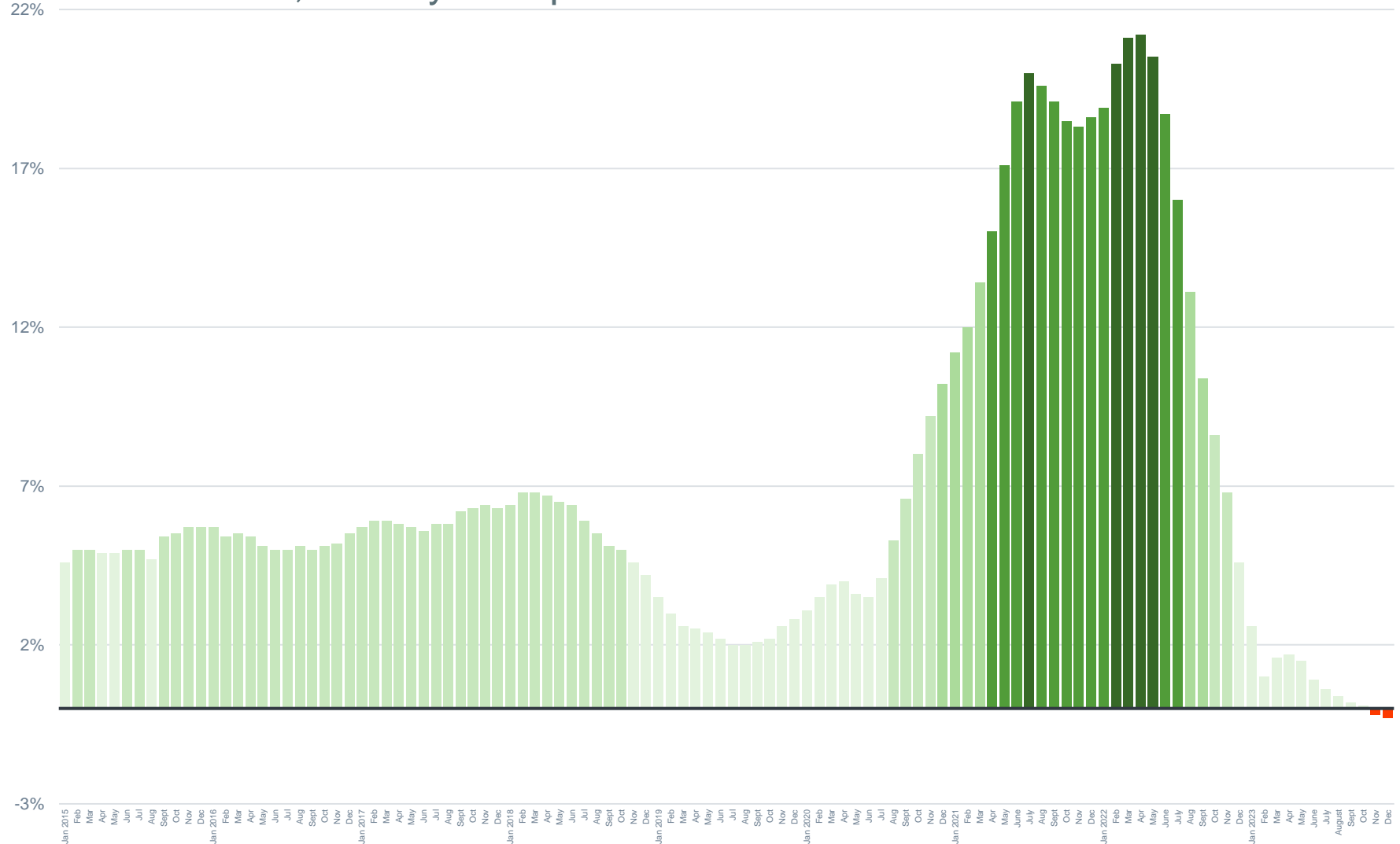
Year-Over-Year



Source: S&P Case-Shiller

Change in Home Prices

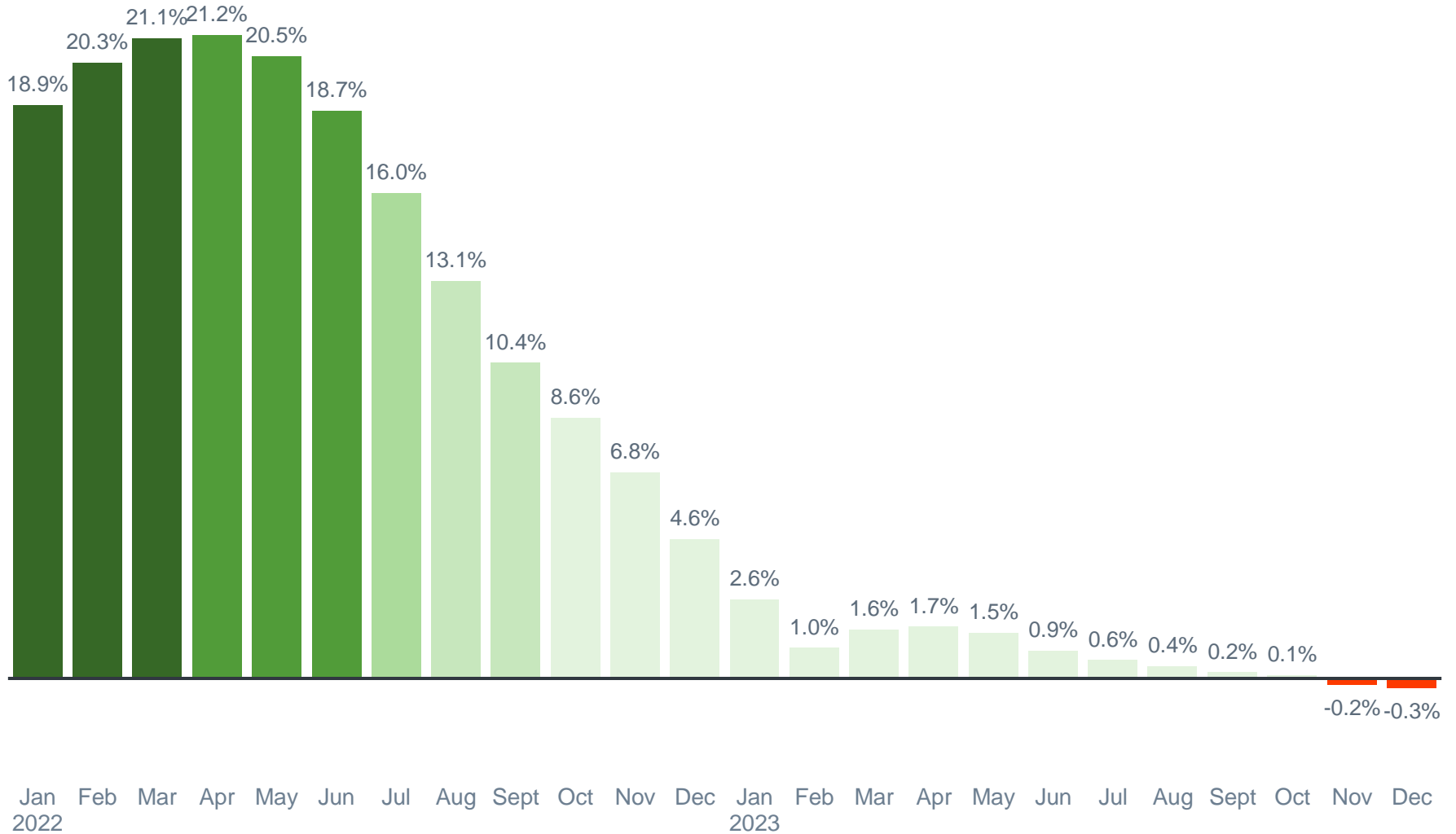
Year-Over-Year, 20 City Composite



Source: S&P Case-Shiller

Change in Home Prices

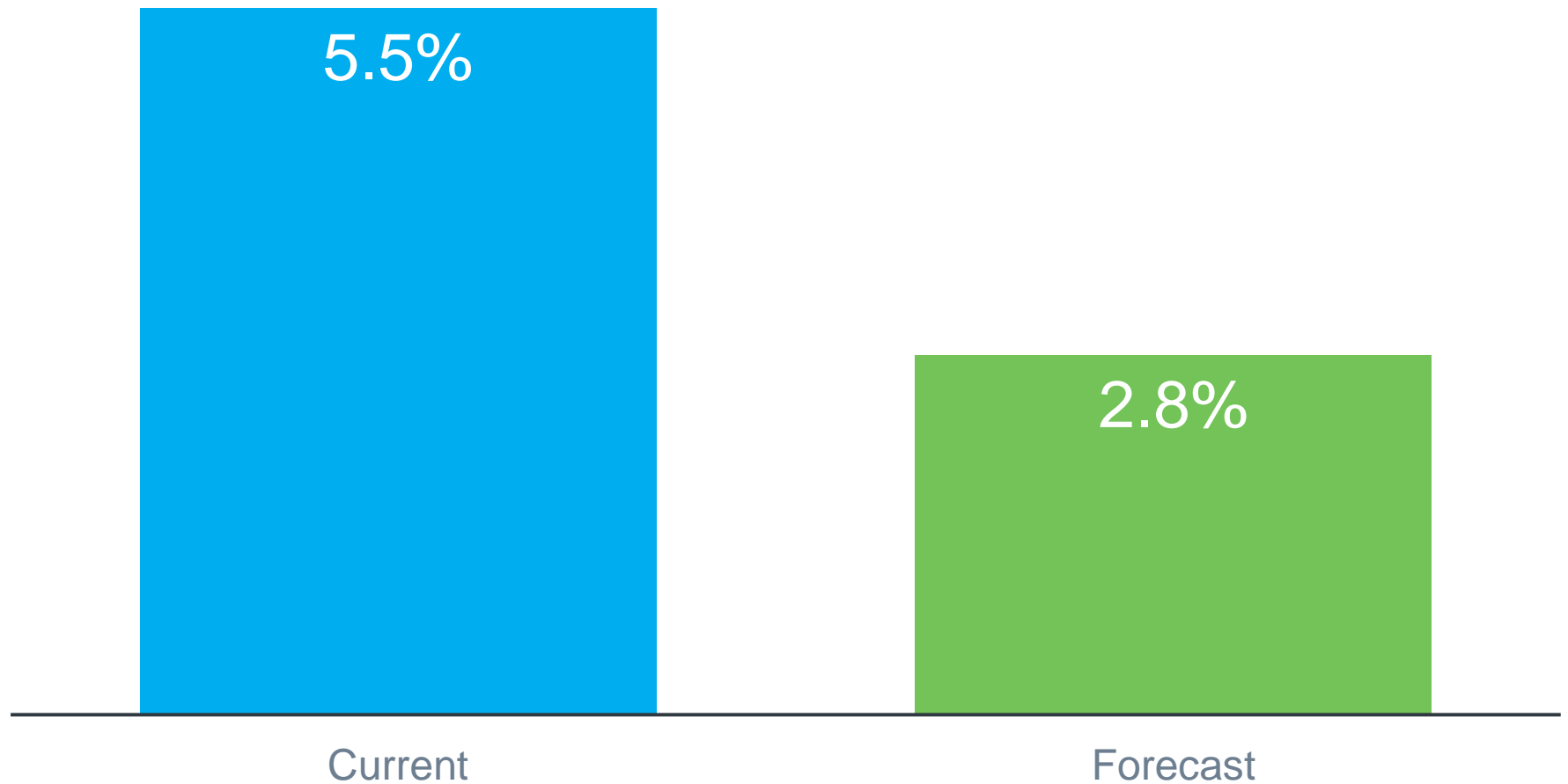
Year-Over-Year, 20 City Composite



Source: S&P Case-Shiller

Year-Over-Year % Change in Price

US Home Price Insights – December 2023

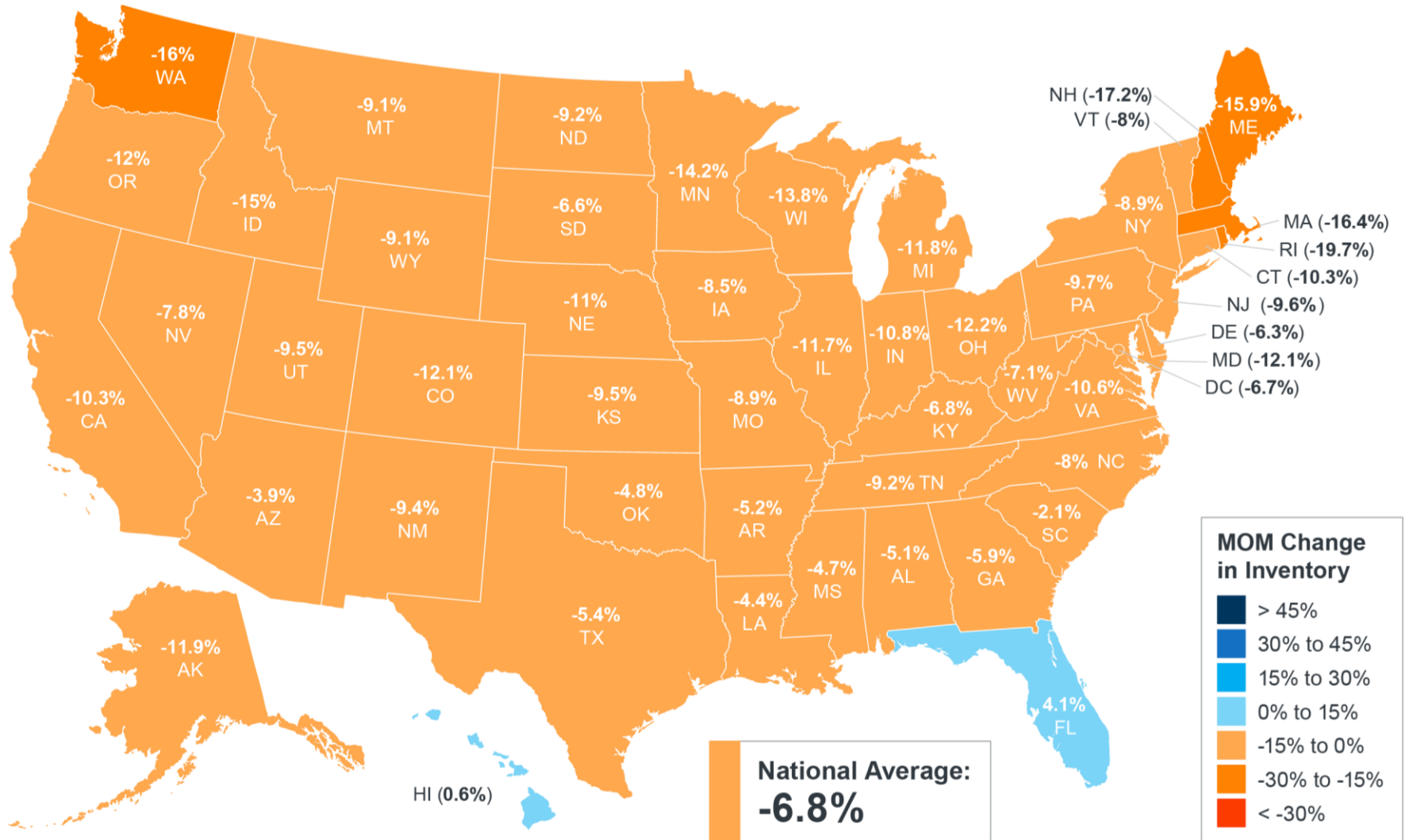




Housing Inventory

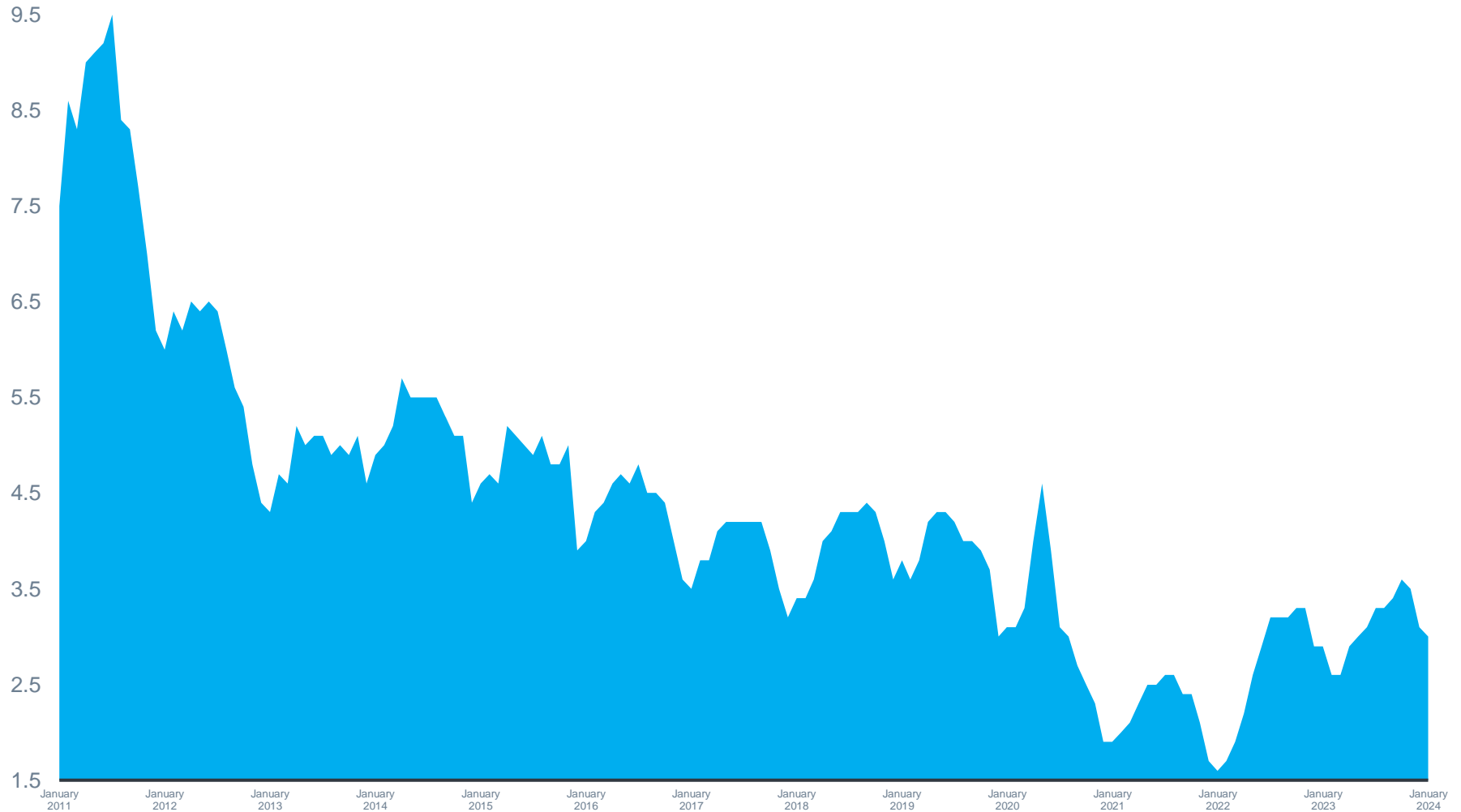
Change in Inventory

Month-Over-Month, January 2024



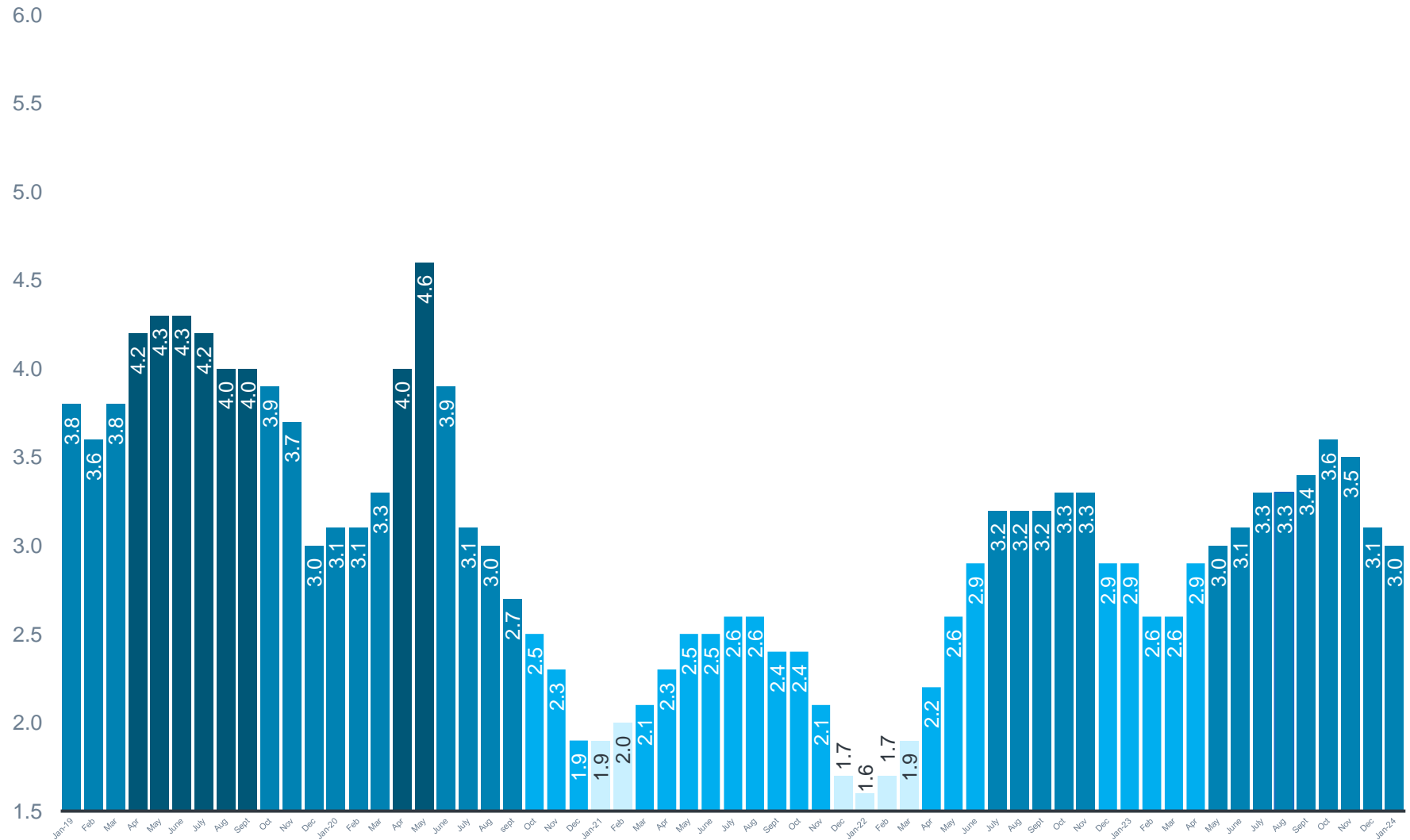
Months Inventory of Homes for Sale

2011 - Today



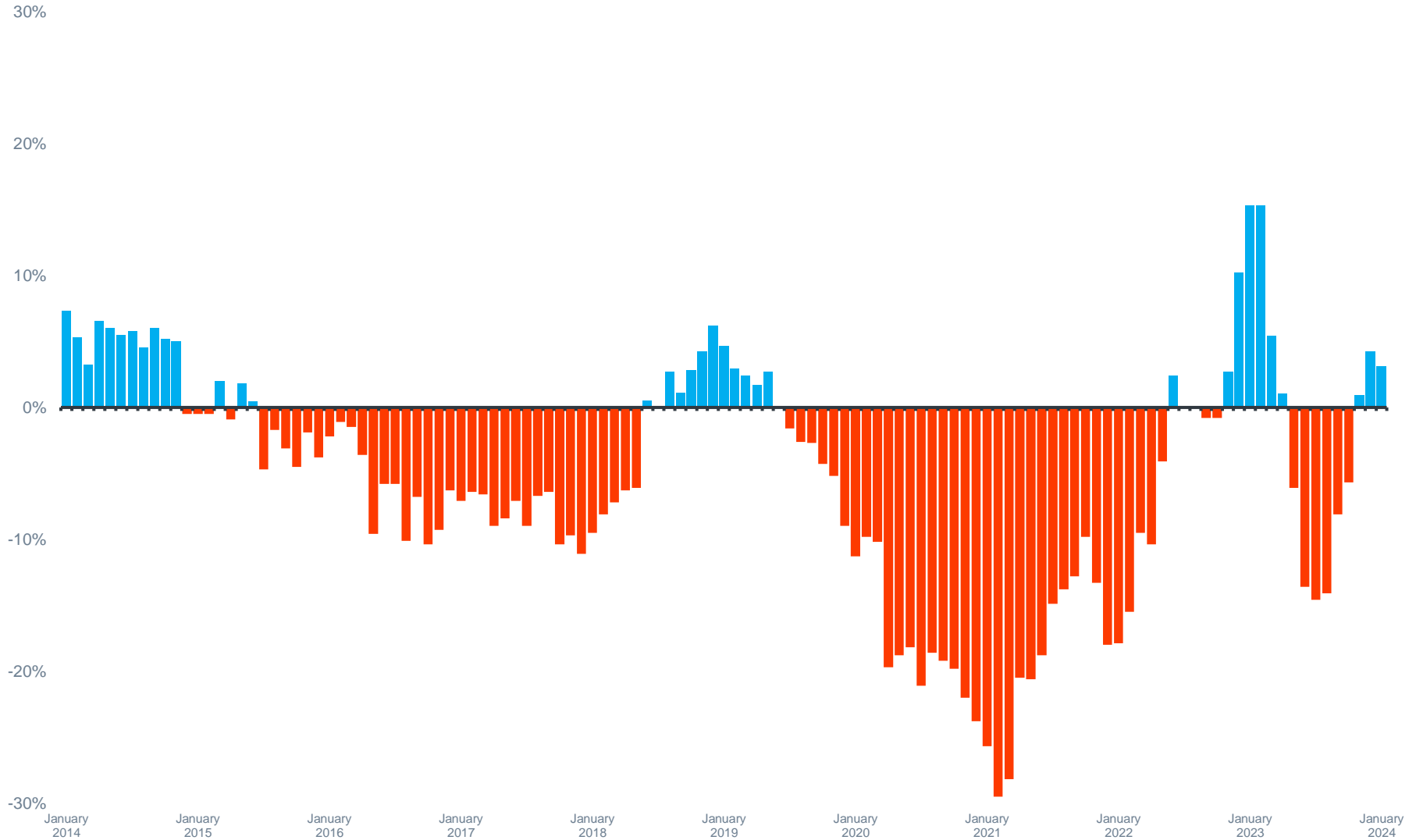
Months Inventory of Homes for Sale

Since 2019



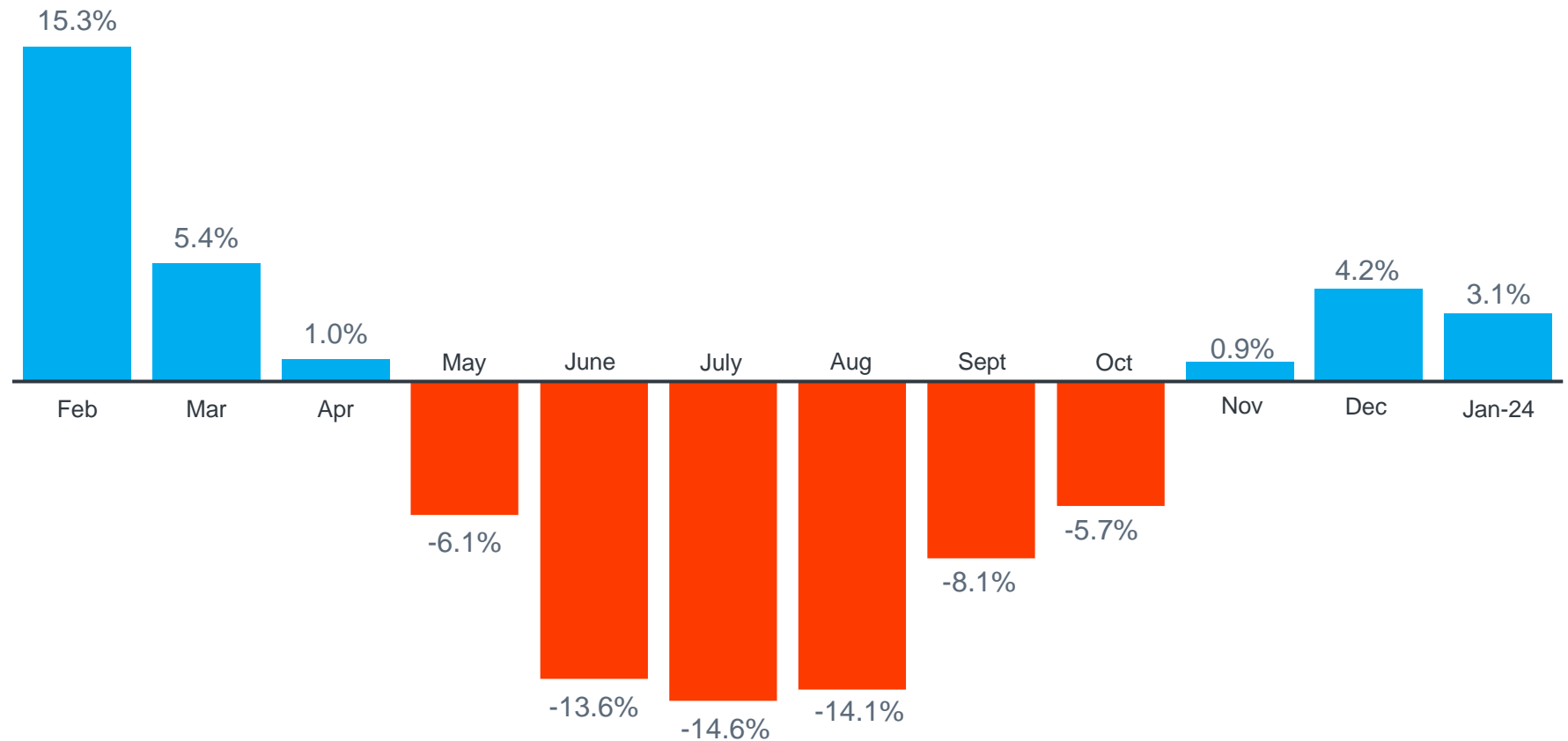
Source: NAR

Year-Over-Year Inventory Levels



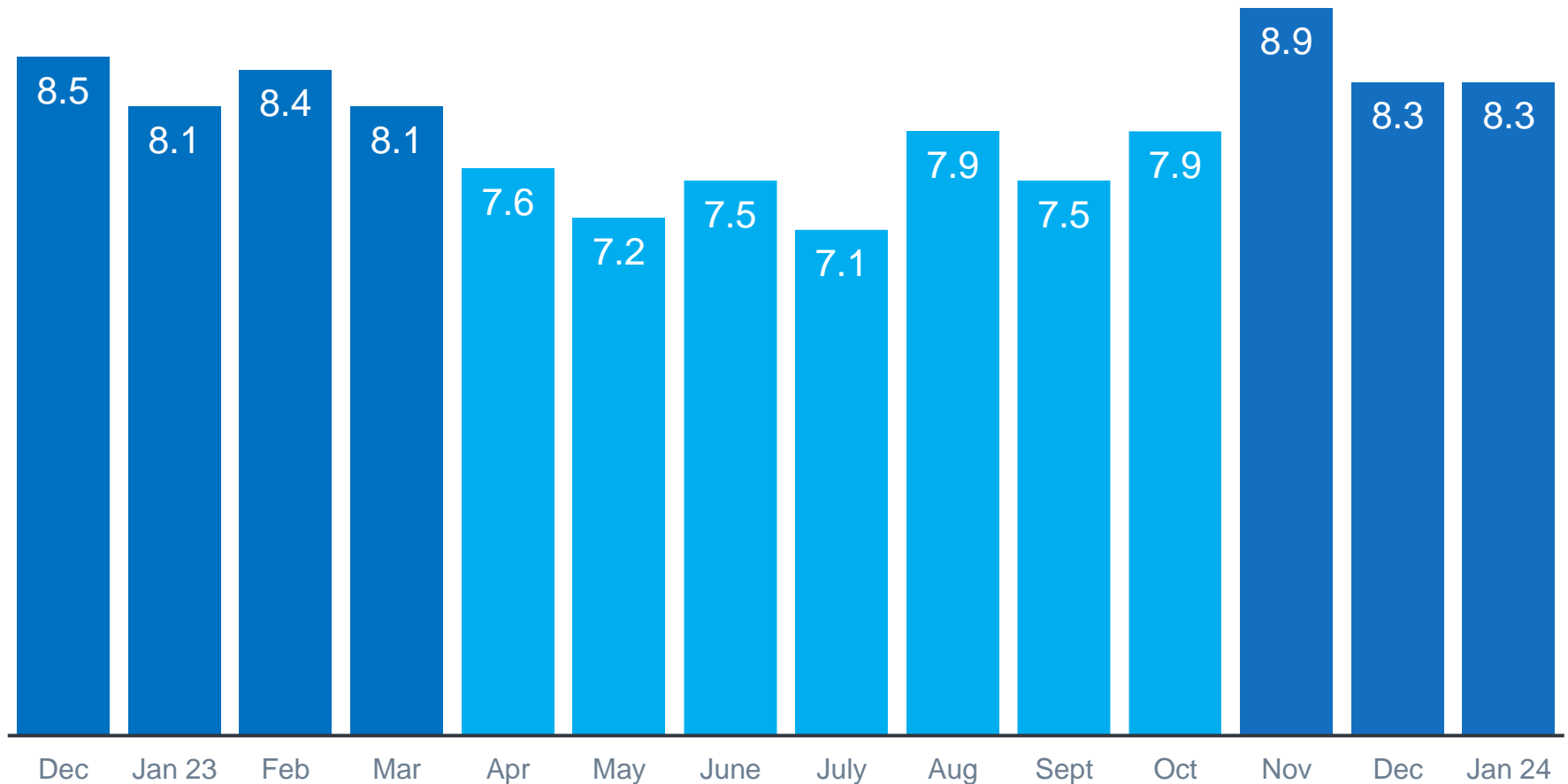
Year-Over-Year Inventory Levels

Last 12 Months



New Home Monthly Inventory

Seasonally Adjusted, Last 13 Months



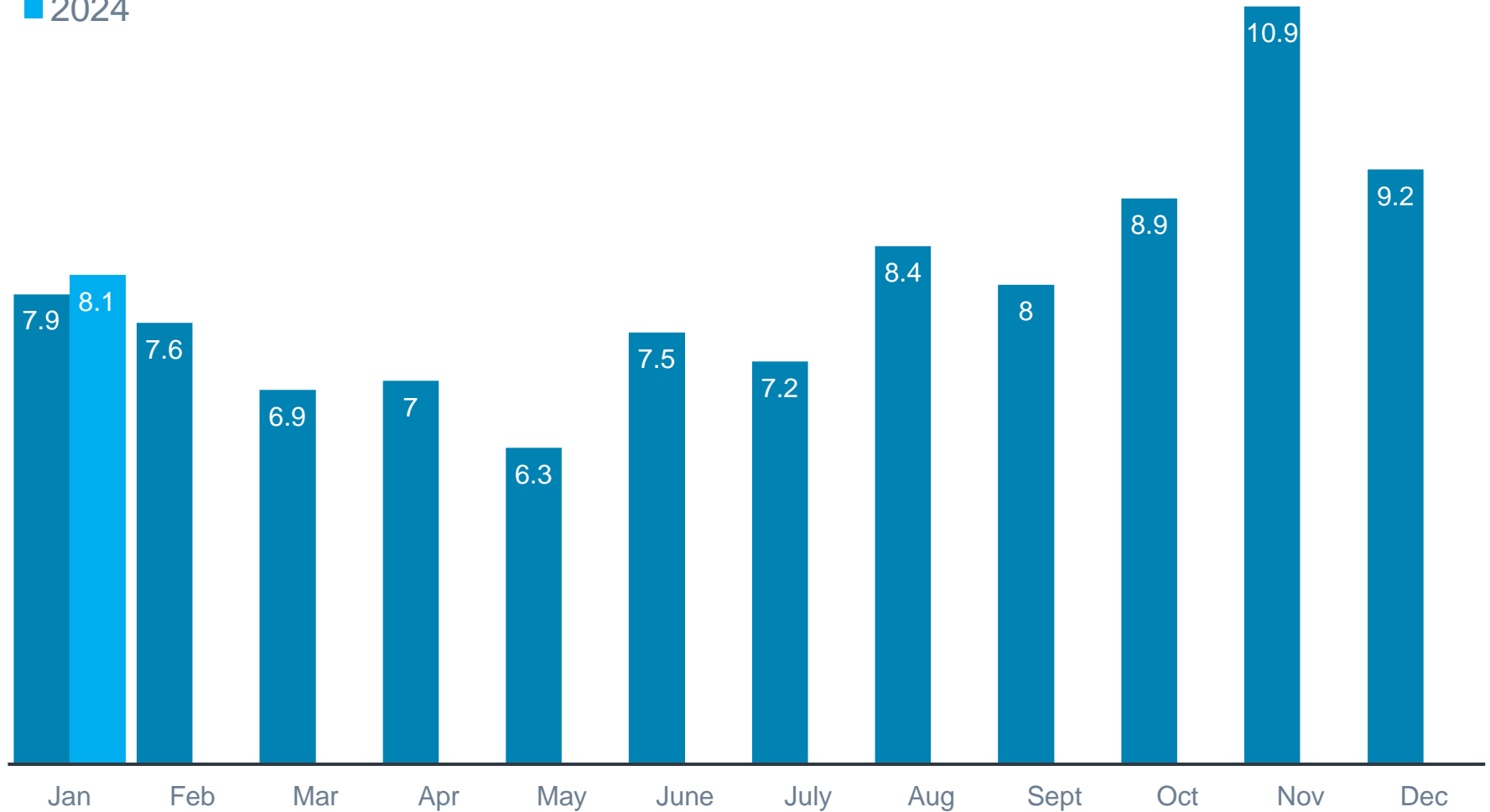
Source: Census

New Home Monthly Inventory

Non-Seasonally Adjusted

■ 2023

■ 2024



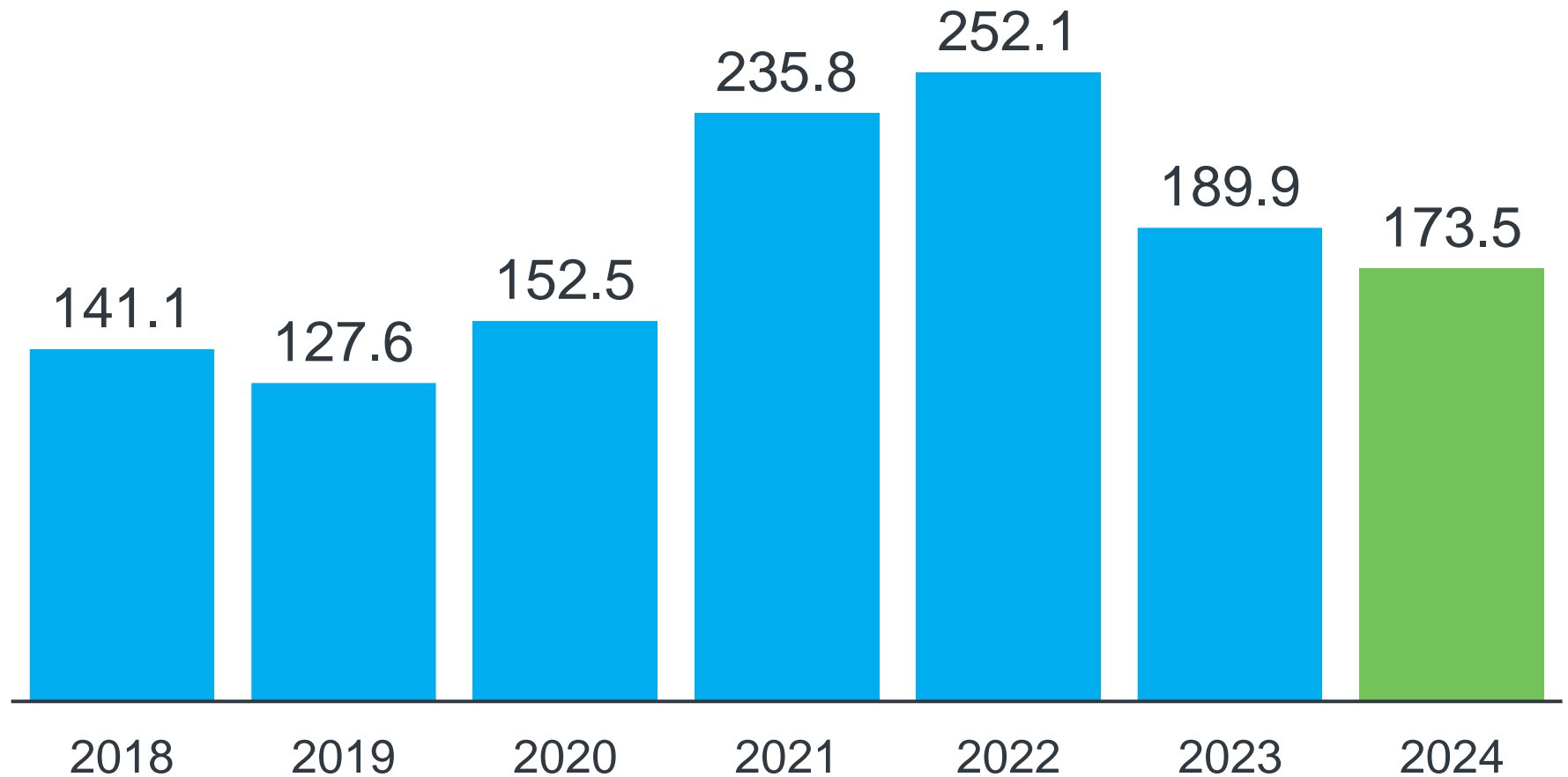
Source: Census

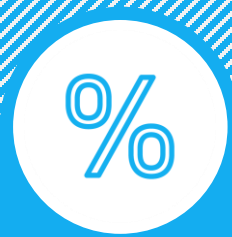


Buyer Demand

Showing Index Still Remain Above Pre-pandemic Levels

Showing Index over Last 7 Januarys

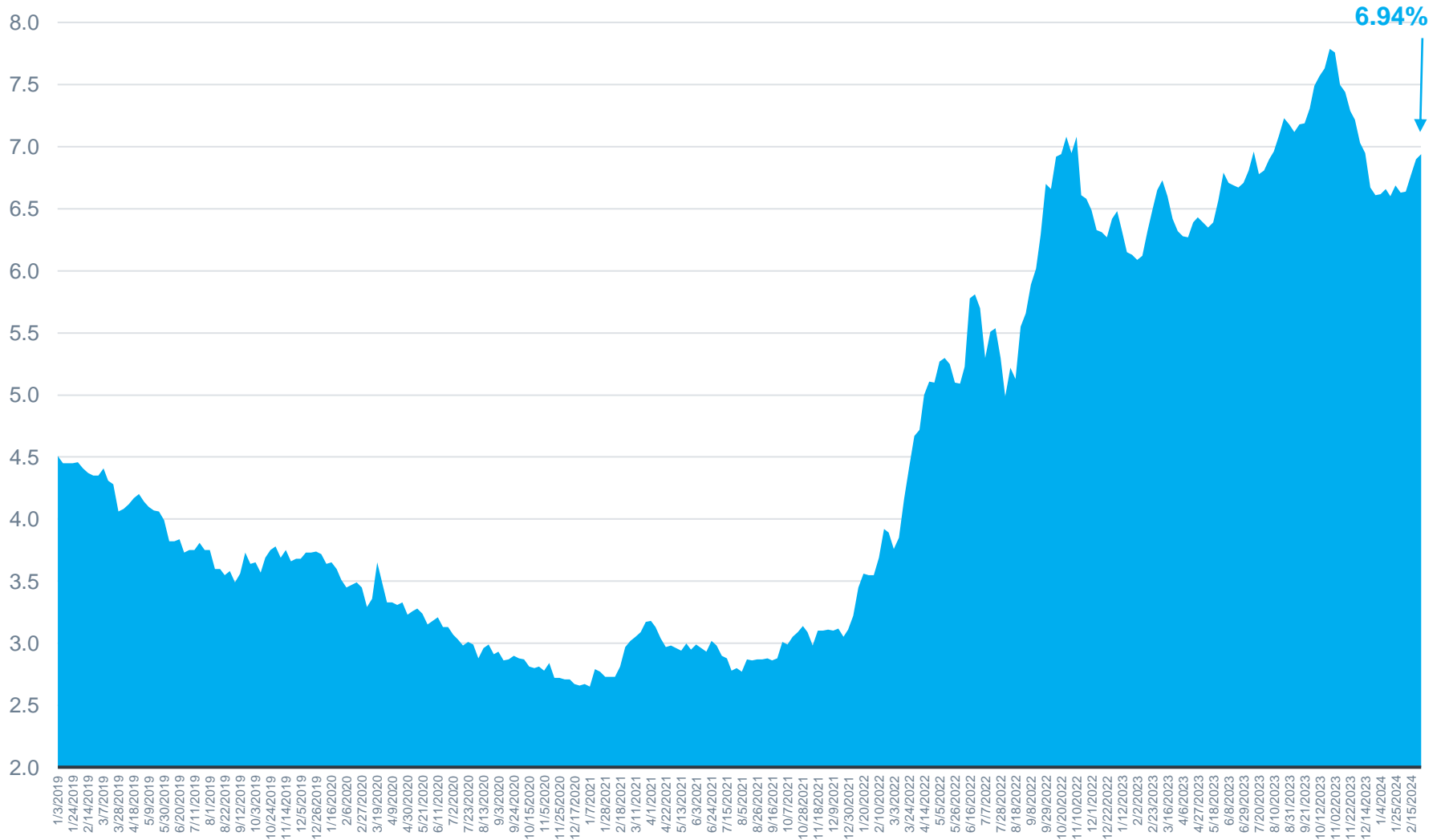




Mortgage Rates

Mortgage Rates

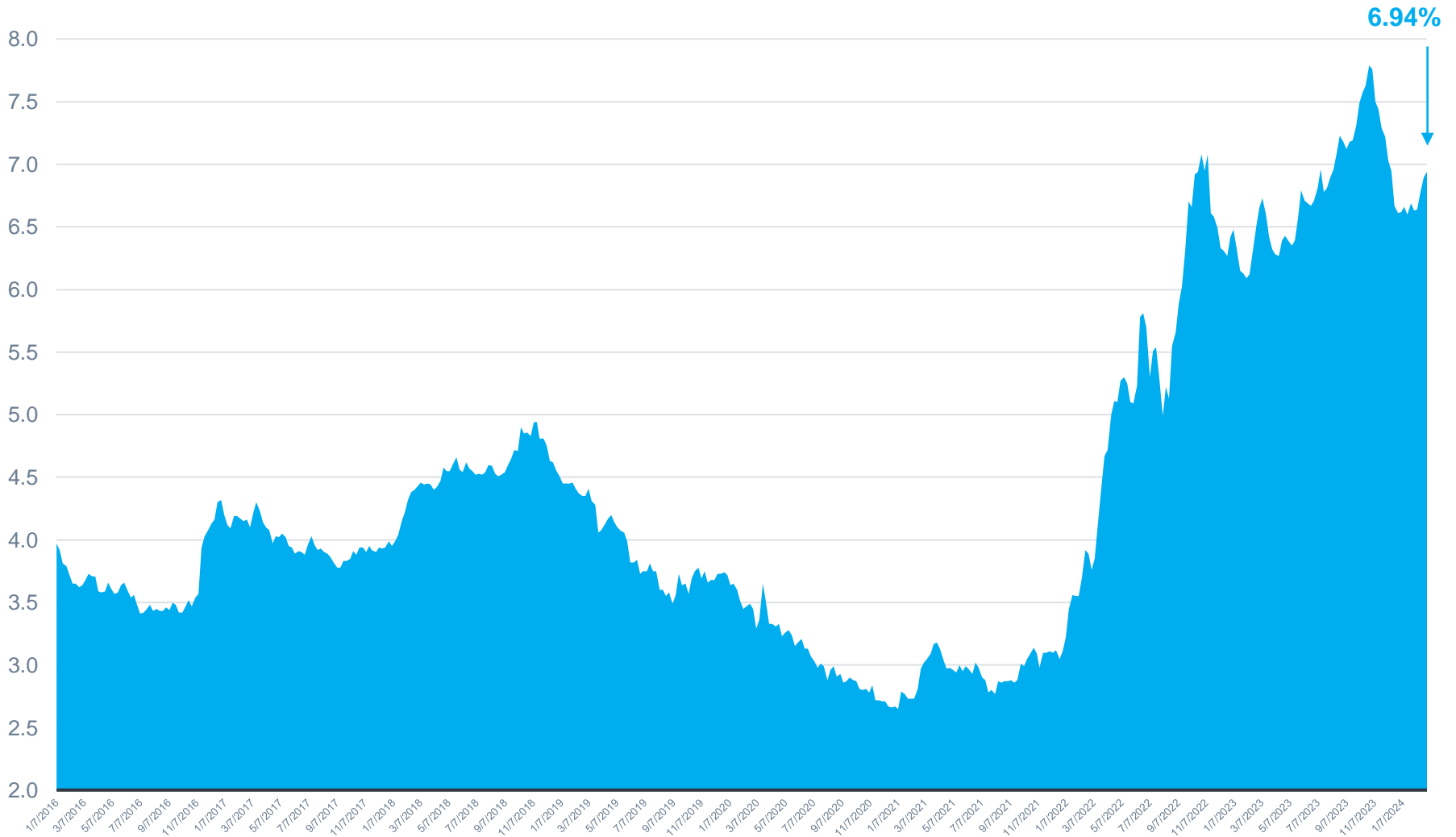
30-Year Fixed Rate, January 2018–Today



Source: Freddie Mac

Mortgage Rates

30-Year Fixed Rate, January 2016–Today



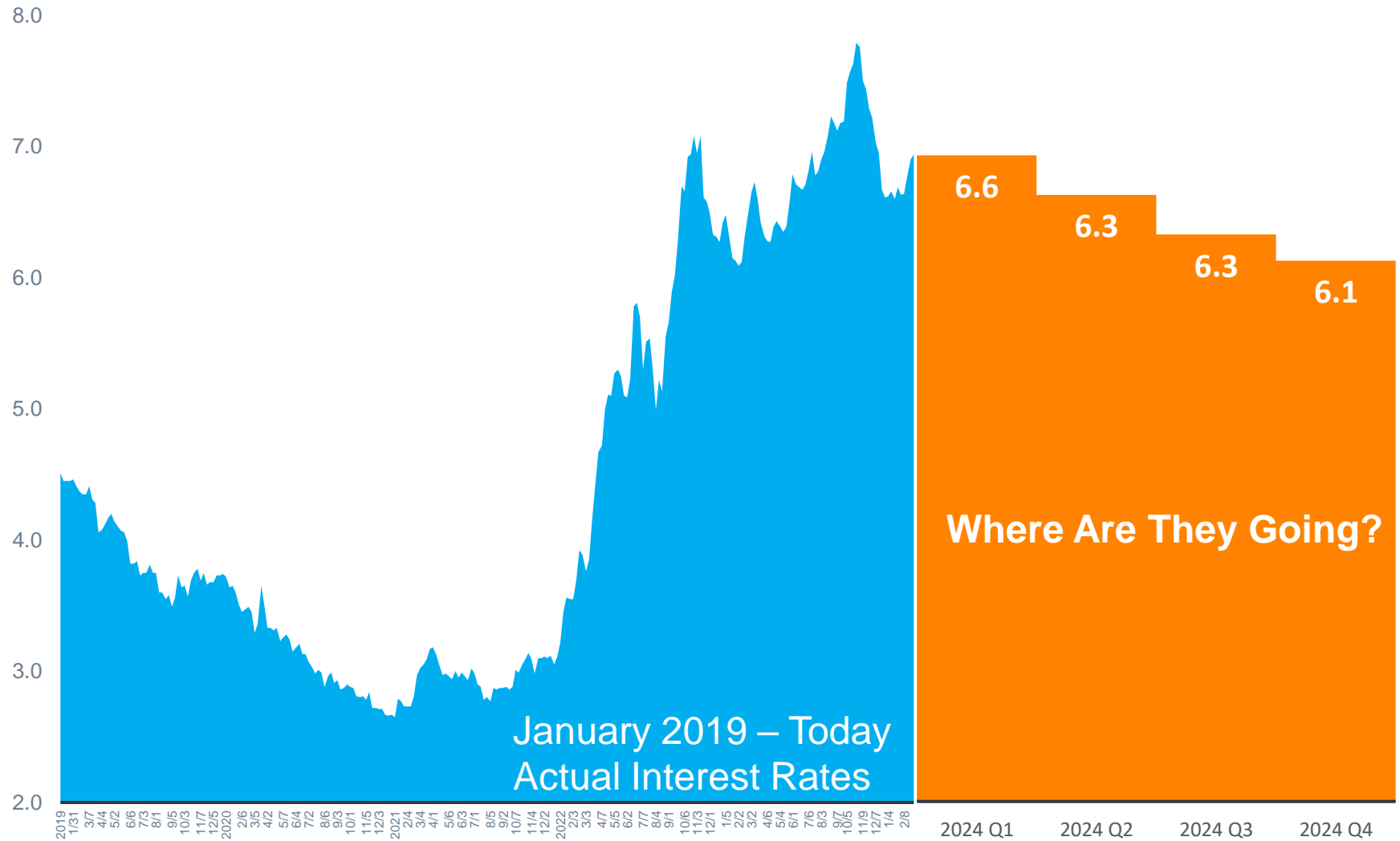
Mortgage Rate Projections

January 2023

Quarter	Fannie Mae	MBA	NAR	Average of All Three
2024 Q1	6.50%	6.90%	6.80%	6.73%
2024 Q2	6.30%	6.60%	6.60%	6.50%
2024 Q3	6.10%	6.30%	6.30%	6.23%
2024 Q4	5.90%	6.10%	6.10%	6.03%

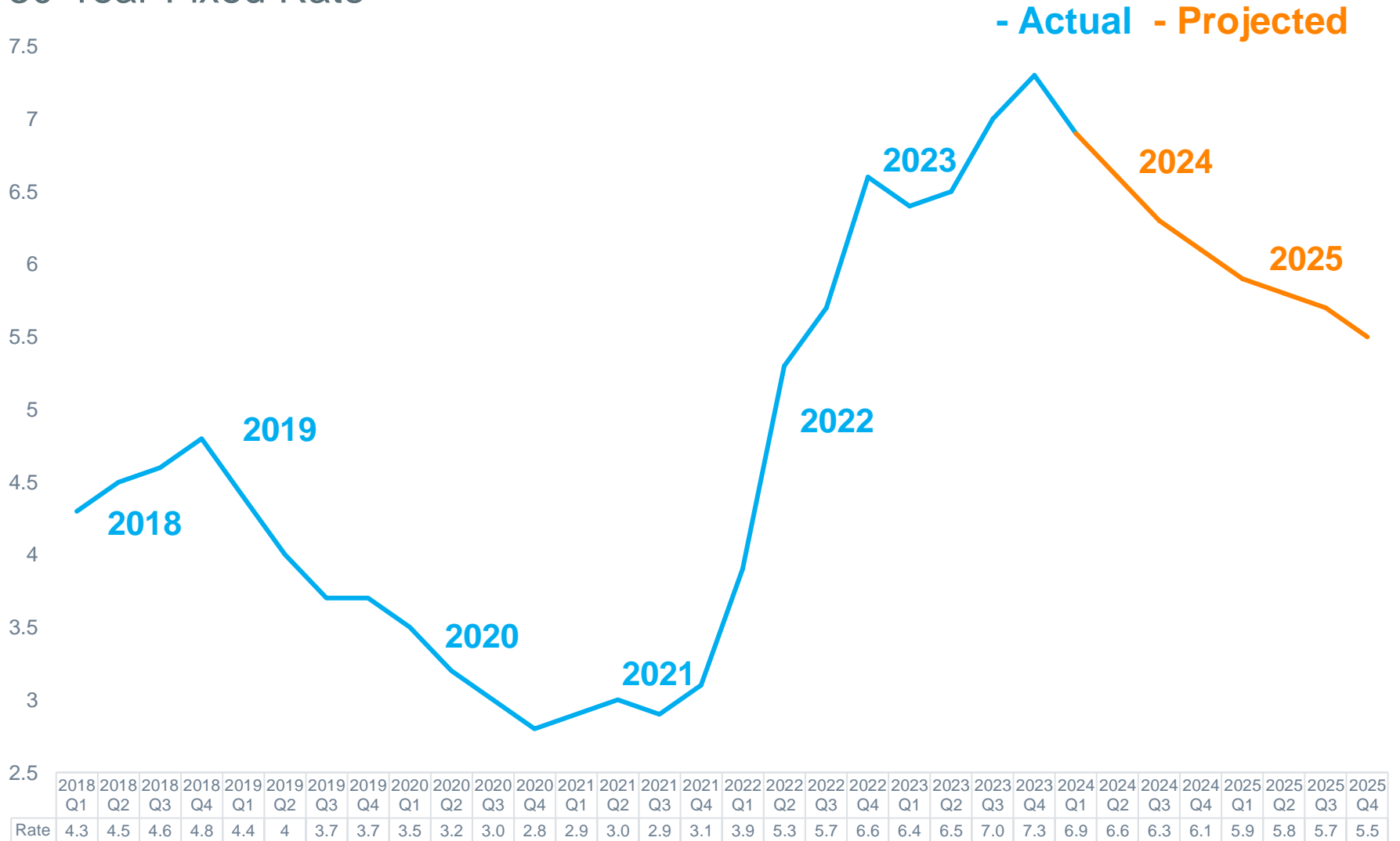
Mortgage Rates

30-Year Fixed Rate



Mortgage Rates

30-Year Fixed Rate

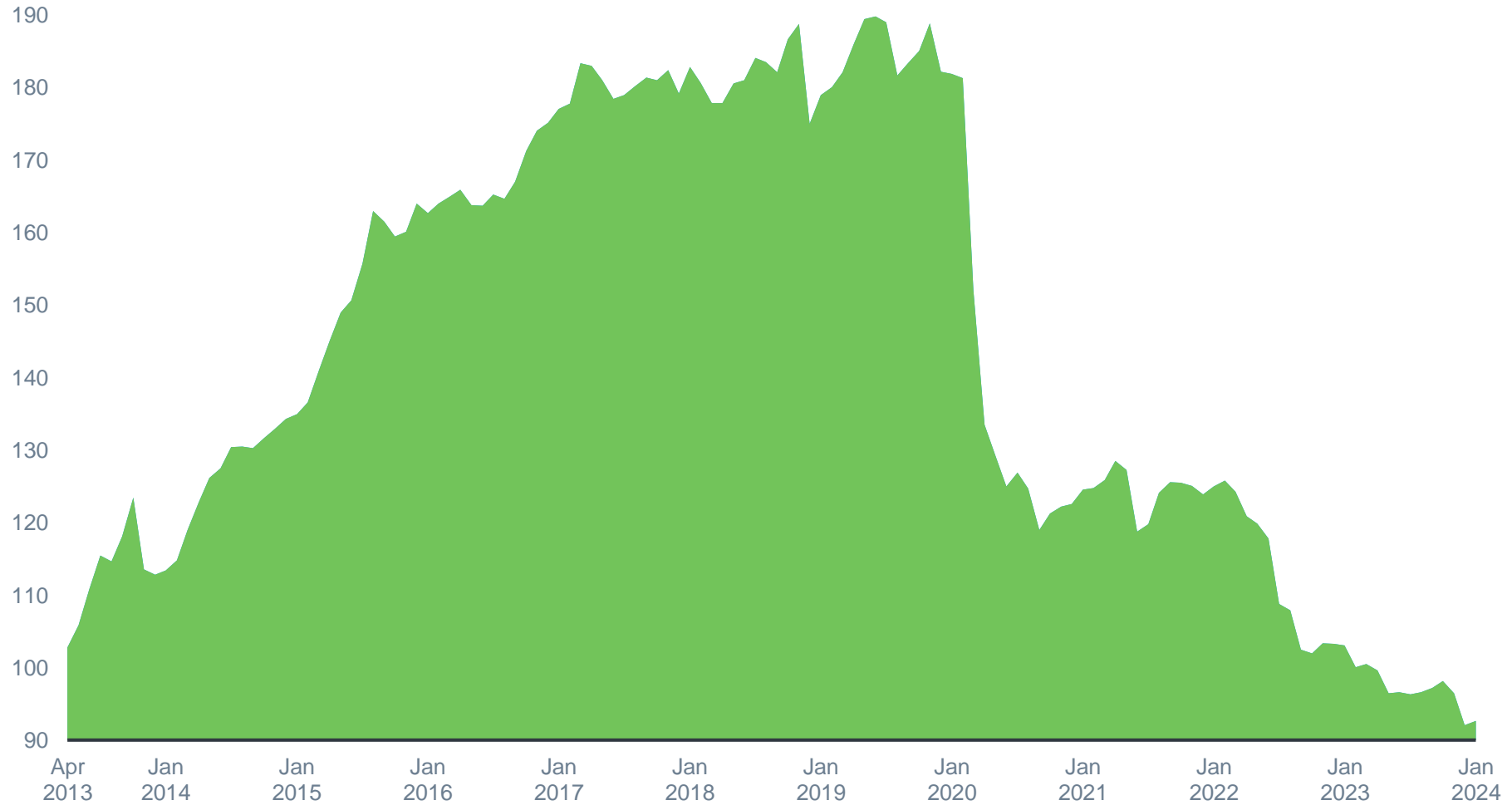




Mortgage Credit Availability

Mortgage Credit Availability Index (MCAI)

January 2024



Source: MBA

Lending Standards Still Under Control

Historic Data for the Mortgage Credit Availability Index (MCAI)

