

# KEEPING CURRENT MATTERS



AUGUST 2021

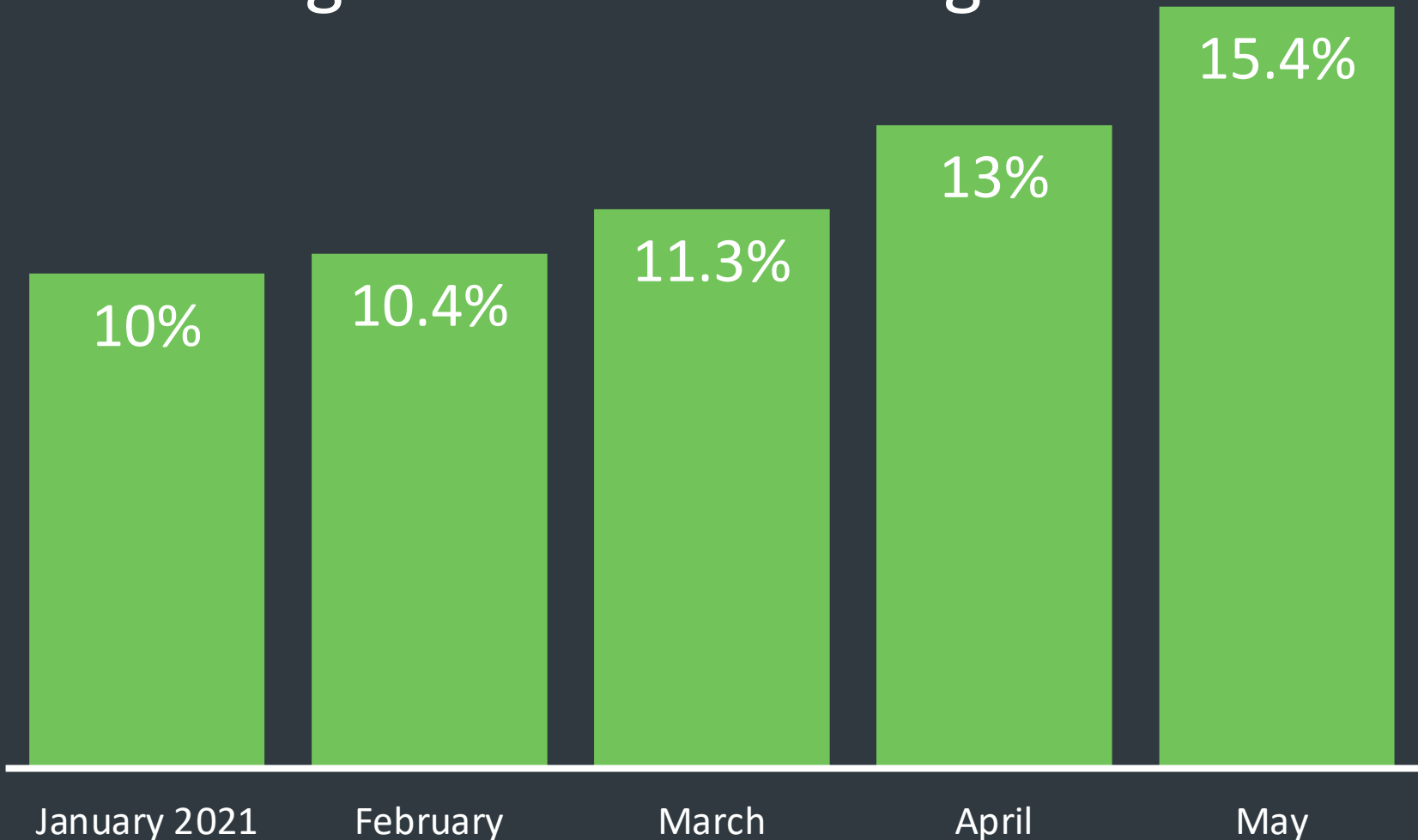
“When you have a void  
of information, emotion  
tends to drive decision  
making. . . .”

Mark Hackett

Chief of Investment Research  
Nationwide



# Year-Over-Year Price Appreciation Percentages Are Accelerating



# Housing Bubble?

---

## Risky Loans



“There are marked differences in today’s run up in prices compared to 2005, which **was a bubble fueled by risky loans and lenient underwriting.** Today, loans with high-risk features are absent and mortgage underwriting is prudent.”

Dr. Frank Nothaft

Chief Economist  
CoreLogic



\$376B

Mortgage  
Originations  
with < 620  
FICO Score

\$74B

2006

2020

“These outsized increases have raised concerns that a home price bubble is emerging. However, conditions today are quite different than in the early 2000s, particularly in terms of credit availability. The current climb in house prices instead reflects strong demand amid tight supply, helped along by record-low interest rates.”

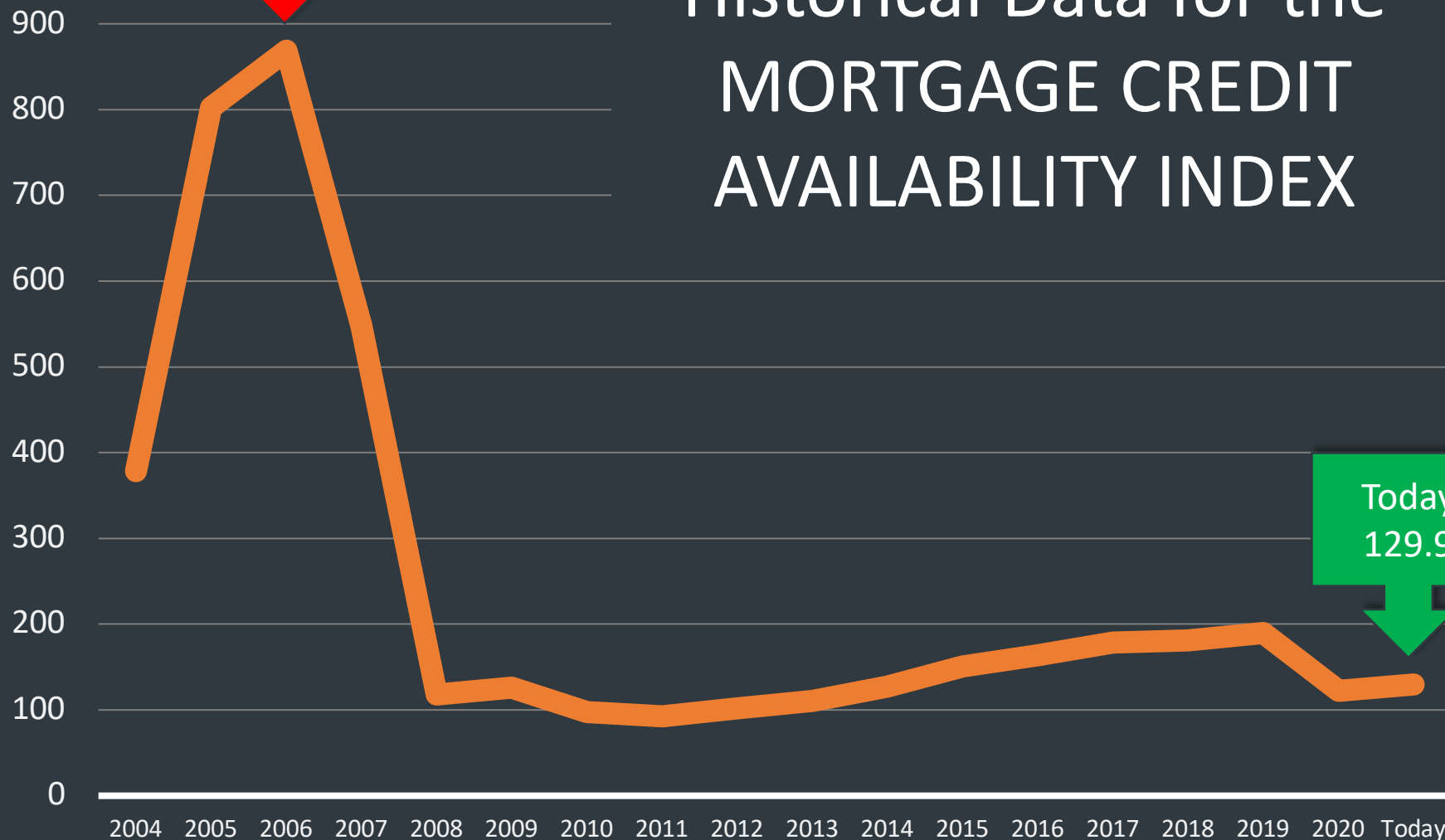
State of the Nation's Housing 2021

Joint Center of Housing Studies at Harvard University



Housing Bubble  
868.7

# Historical Data for the MORTGAGE CREDIT AVAILABILITY INDEX

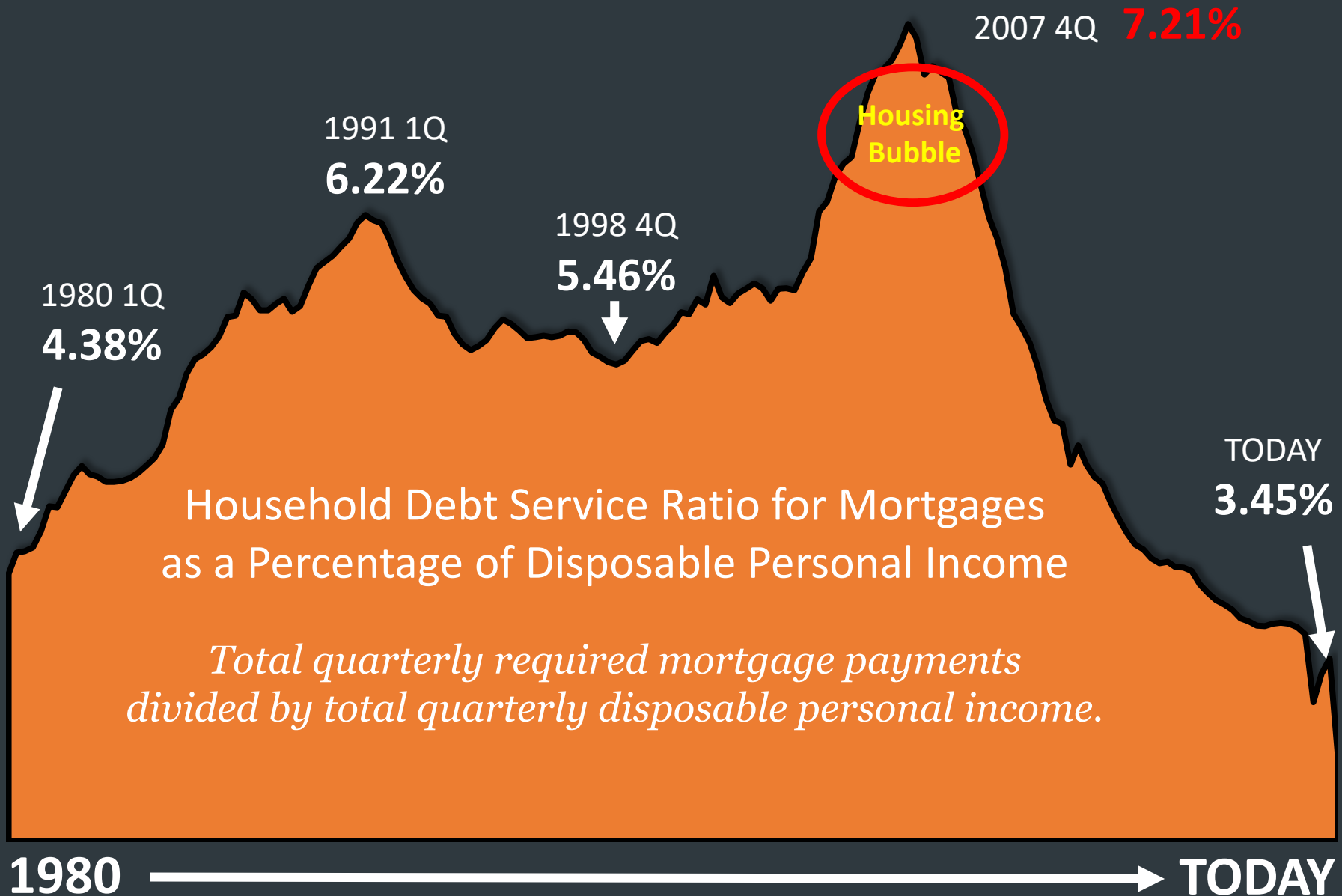


Today  
129.9

# Housing Bubble?

---

## Mortgage Debt & Affordability



“Looking back at the bubble years, house prices exceeded house-buying power in 2006 nationally, but today house-buying power is nearly twice as high as the median sale price nationally...

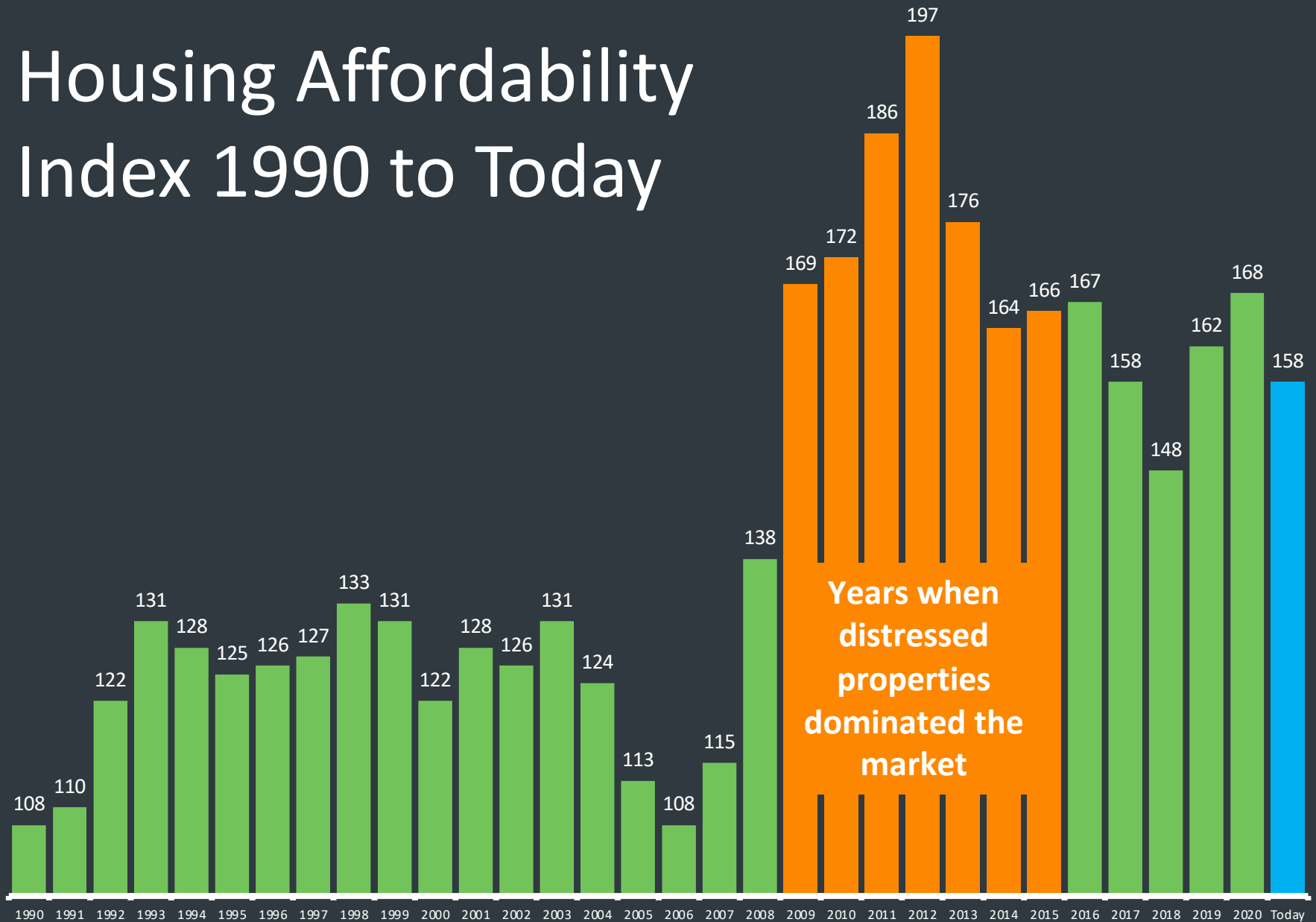
Many find it hard to believe, but housing is actually undervalued in most markets and the gap between house-buying power and sale prices indicates there's room for further house price growth in the months to come.”

Mark Fleming

Chief Economist  
First American

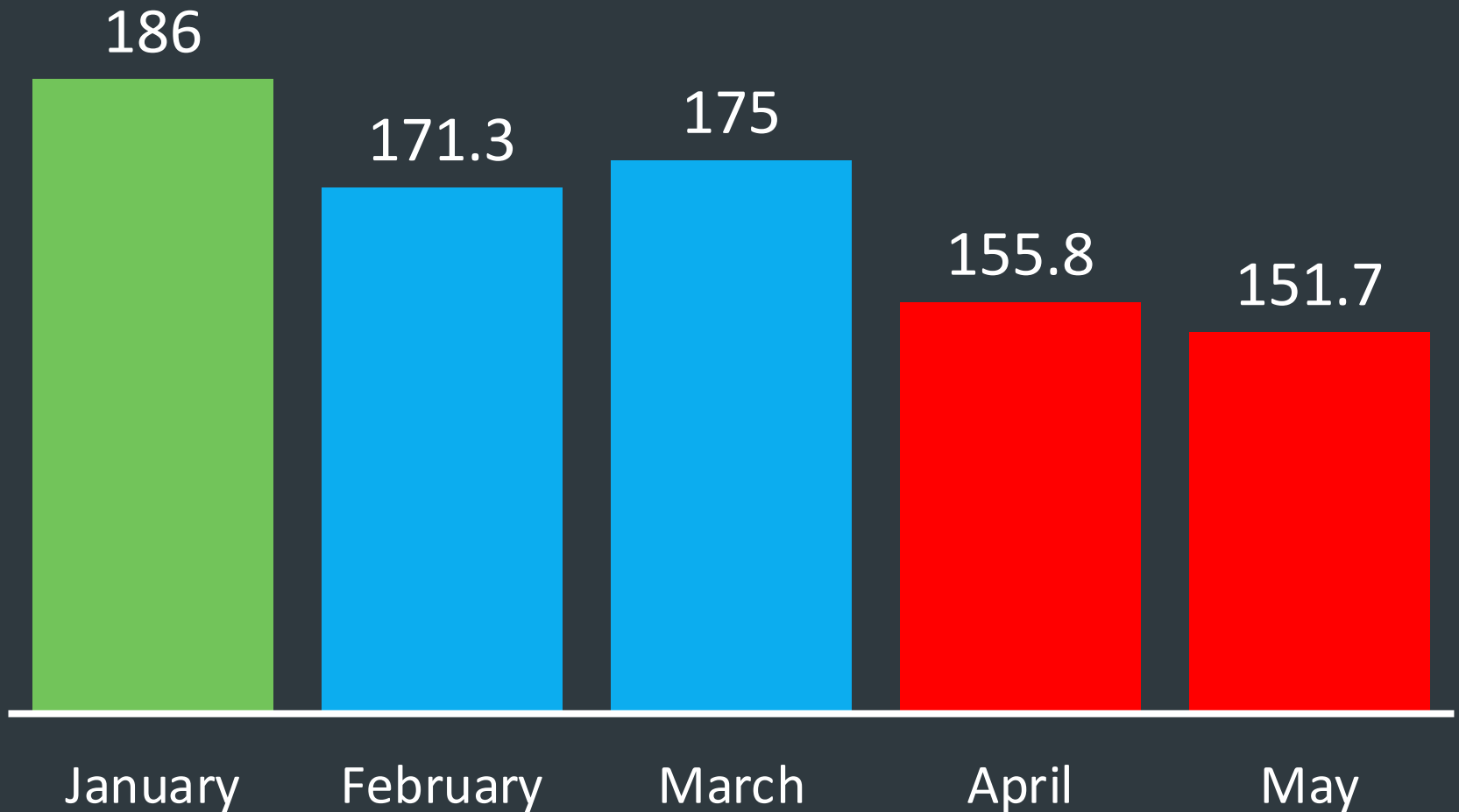


# Housing Affordability Index 1990 to Today





# Affordability Continues To Decrease



# Housing Bubble?

---

## Absolutely Not!

It's a Supply & Demand Issue

“The main driver of the housing shortfall has been the long-term decline in the construction of single-family homes.”

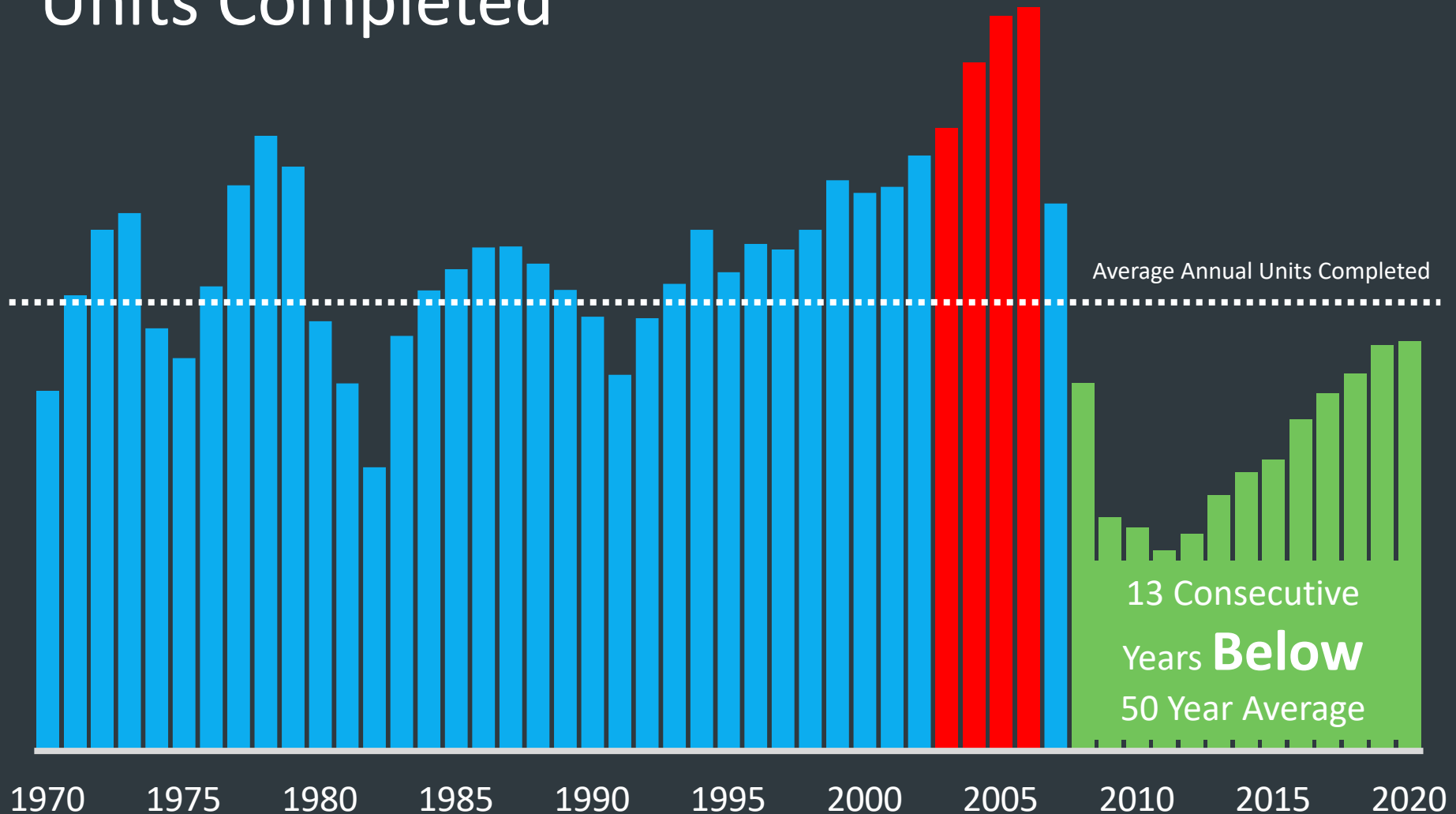
Sam Khater

VP & Chief Economist, Economic & Housing Research  
Freddie Mac



# Single-Family Housing Units Completed

4 Consecutive Years  
of Record Setting  
Number of Units



Forbearance

30%

Original forbearance %  
was nowhere near projections  
and has been cut in more  
than half since then.

8.47%

3.5%

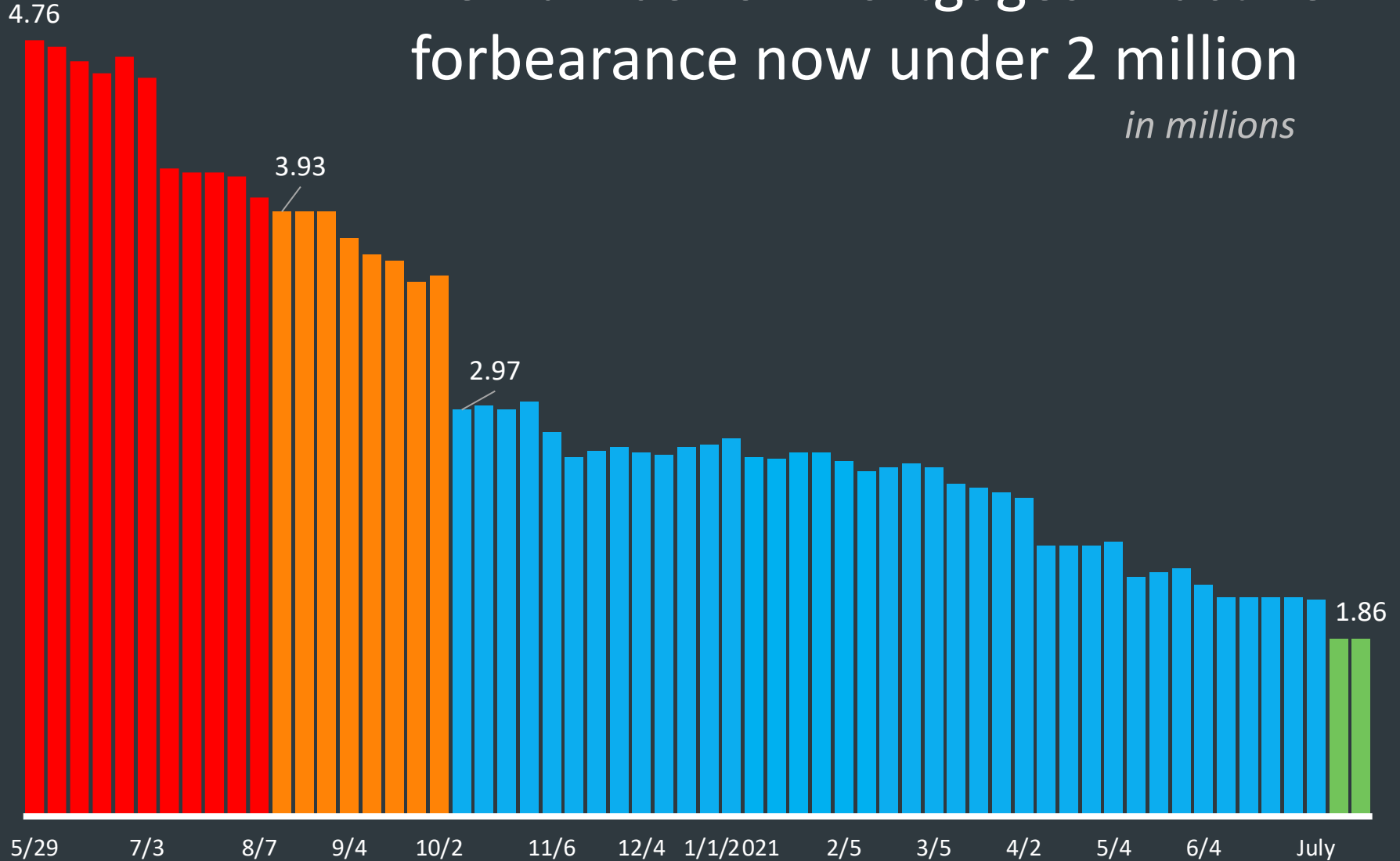
Original Projection

Actual Top (May 2020)

Today

# The number of mortgages in active forbearance now under 2 million

*in millions*



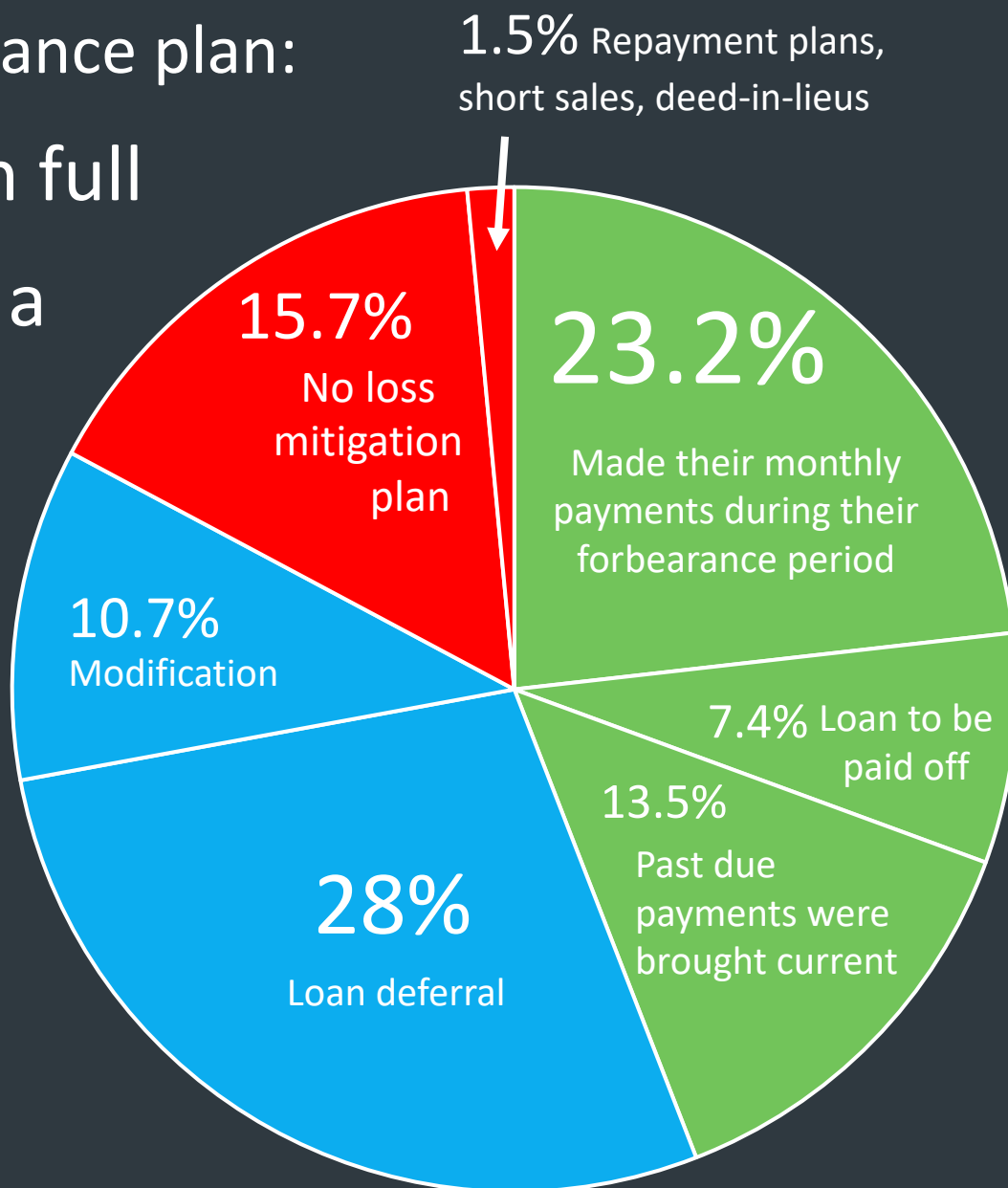
## Upon exit from forbearance plan:

■ 44.1% were paid in full

■ 38.7% worked out a repayment plan

■ 17.2% were still in trouble

*Cumulative forbearance exits  
for the period from June 1, 2020  
through July 11, 2021*





“Between 2006 and 2014,  
about **9.3 million households**  
went through foreclosure, gave  
up their home to a lender or  
sold in a distressed sale.”

Wall Street Journal



“The likelihood of us  
having a foreclosure  
crisis again is about  
zero percent.”

Ivy Zelman

Founder of Zelman & Associates



**yahoo!finance** Search for news, symbols or companies Sign in Mail

U.S. markets open in 22 minutes

<b>S&amp;P Futures</b> 4,406.25 +16.75 (+0.38%)	<b>Dow Futures</b> 34,929.00 +97.00 (+0.28%)	<b>Nasdaq Futures</b> 15,018.25 +62.50 (+0.42%)	<b>Russell 2000 Futures</b> 2,235.90 +14.30 (+0.64%)
---	--	---	--

**The Housing Boom Is Officially Over – Home Sales Drop To New Low**

Georgina Tzanetos  
Sat, July 31, 2021, 3:00 PM · 2 min read

**CNBC** MARKETS BUSINESS INVESTING TECH

**REAL ESTATE**

# Pending home sales drop in June — more evidence of a housing turnaround

PUBLISHED THU, JUL 29 2021·10:00 AM EDT | UPDATED FRI, JUL 30 2021·2:13 PM EDT

Via | webex by cisco

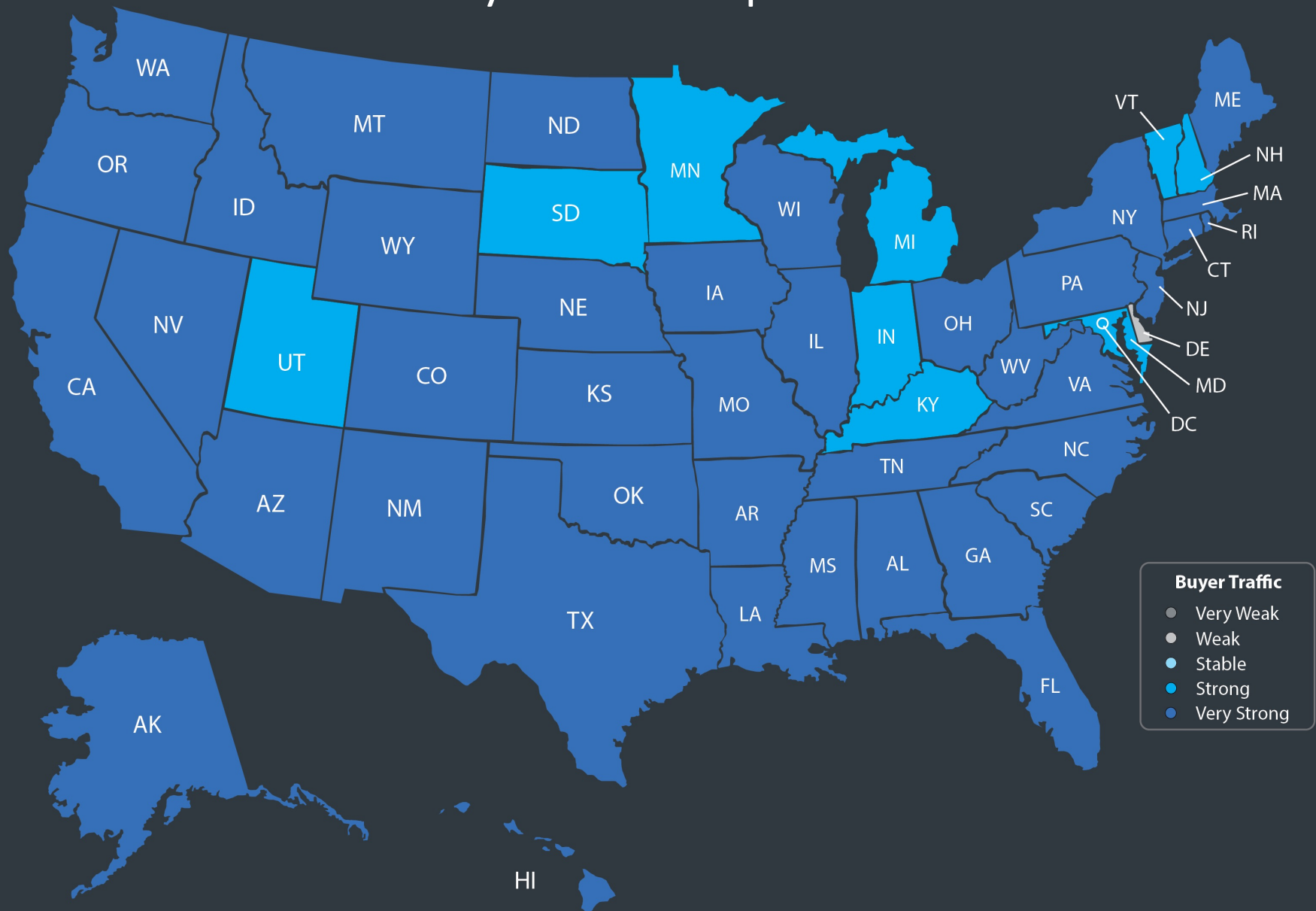
**ECONOMIC RECOVERY**

**HOME SALES DROP IN JUNE AS PRICES CONTINUE TO RISE**

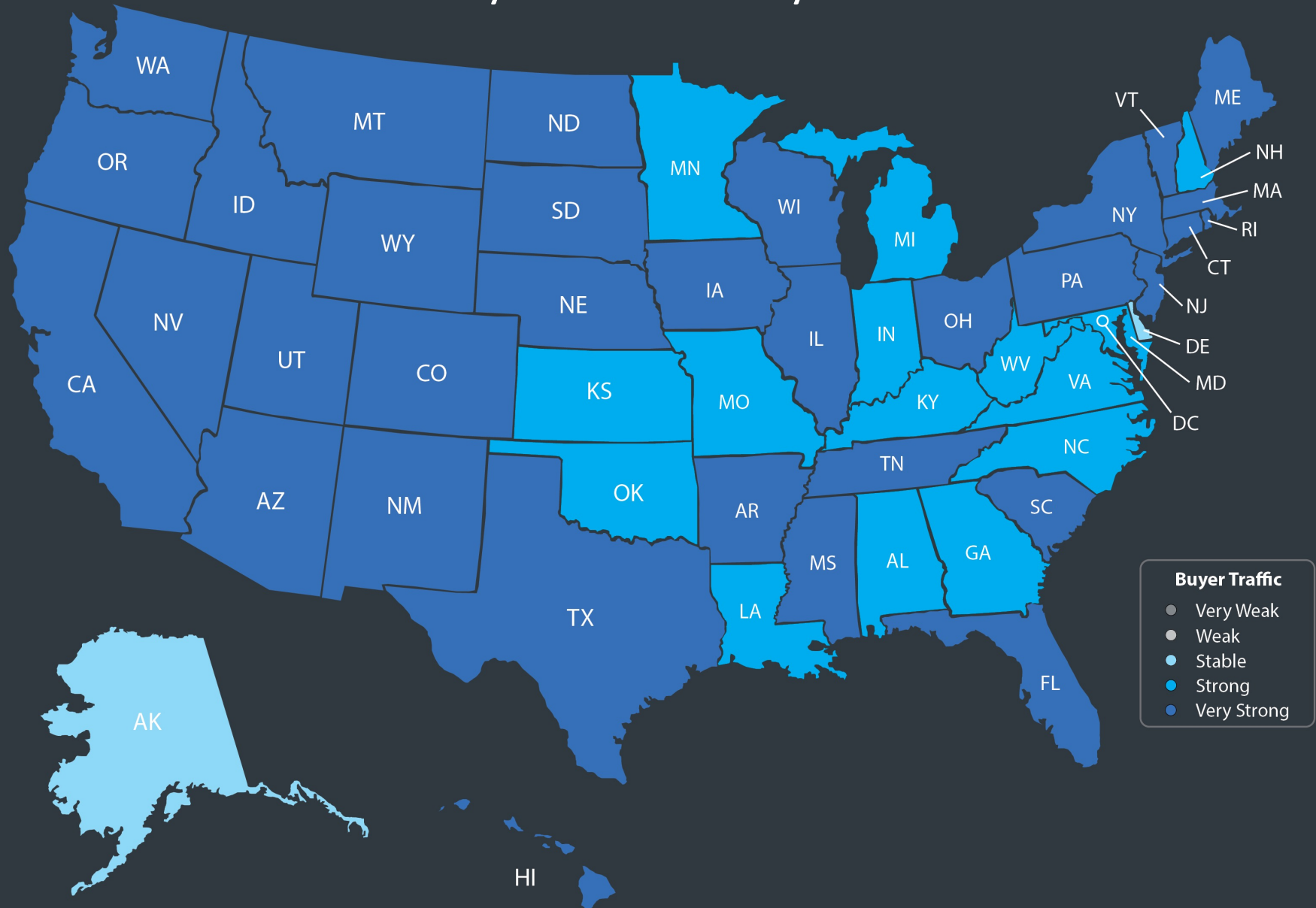
TONIGHT 9P ET  
A CNN FILM SHORT  
**58 HOURS**  
THE BABY JESSICA STORY

**LIVE**  
**CNN**  
11:38 AM GMT  
**NEW DAY**

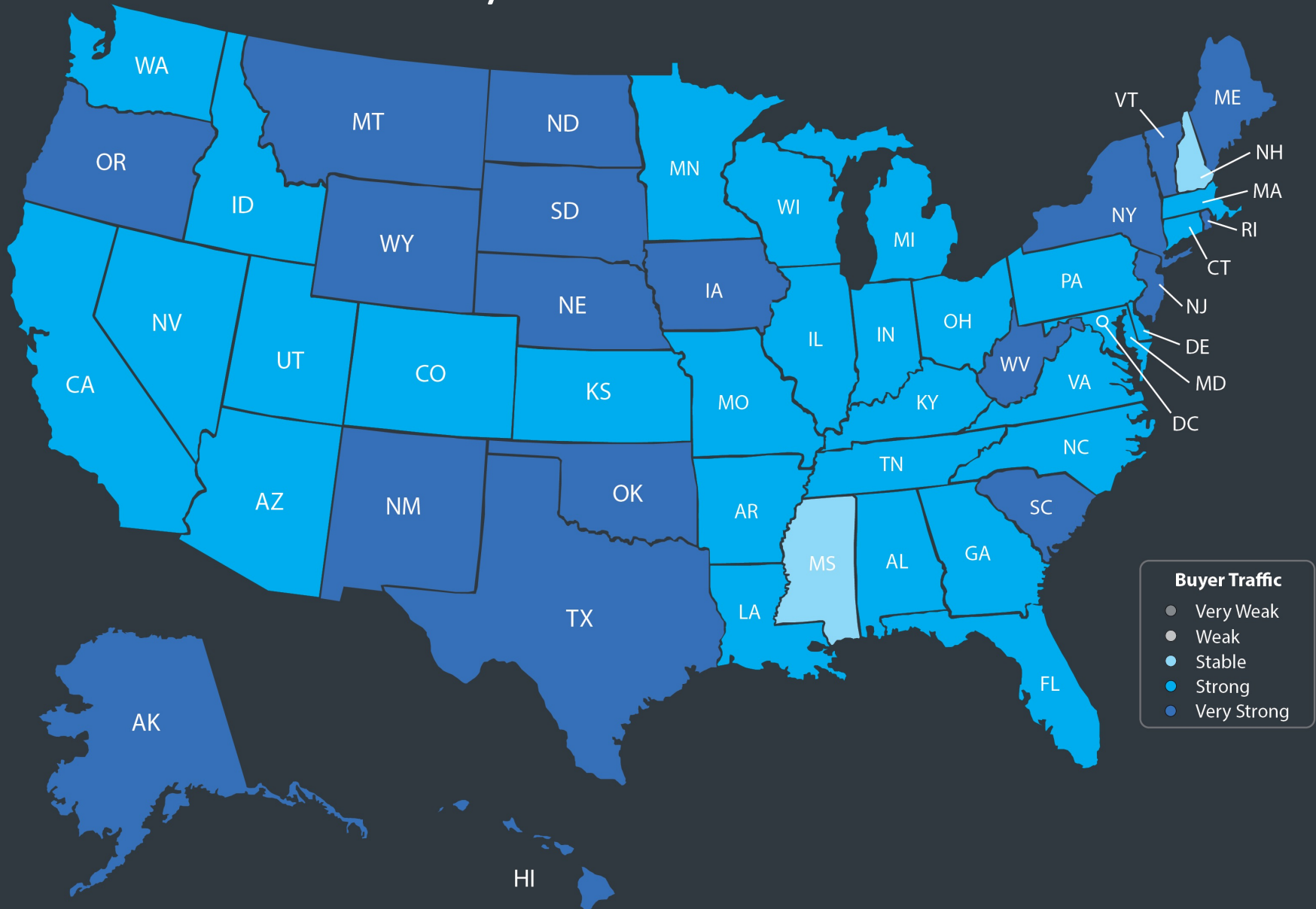
# Buyer Traffic: April 2021



# Buyer Traffic: May 2021

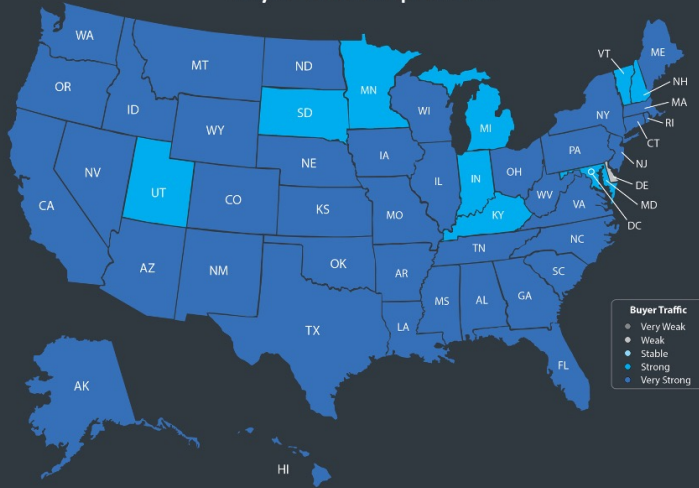


# Buyer Traffic: June 2021

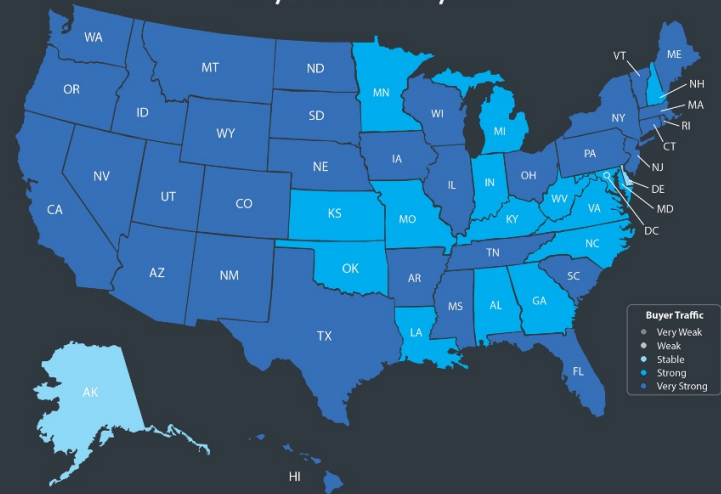




Buyer Traffic: April 2021

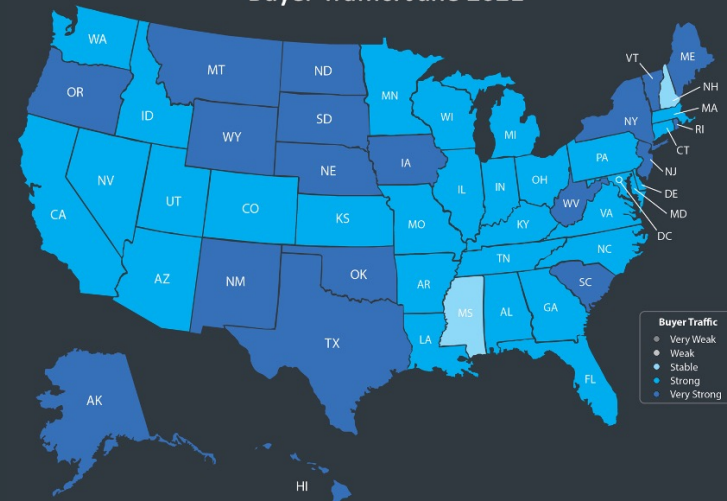


Buyer Traffic: May 2021

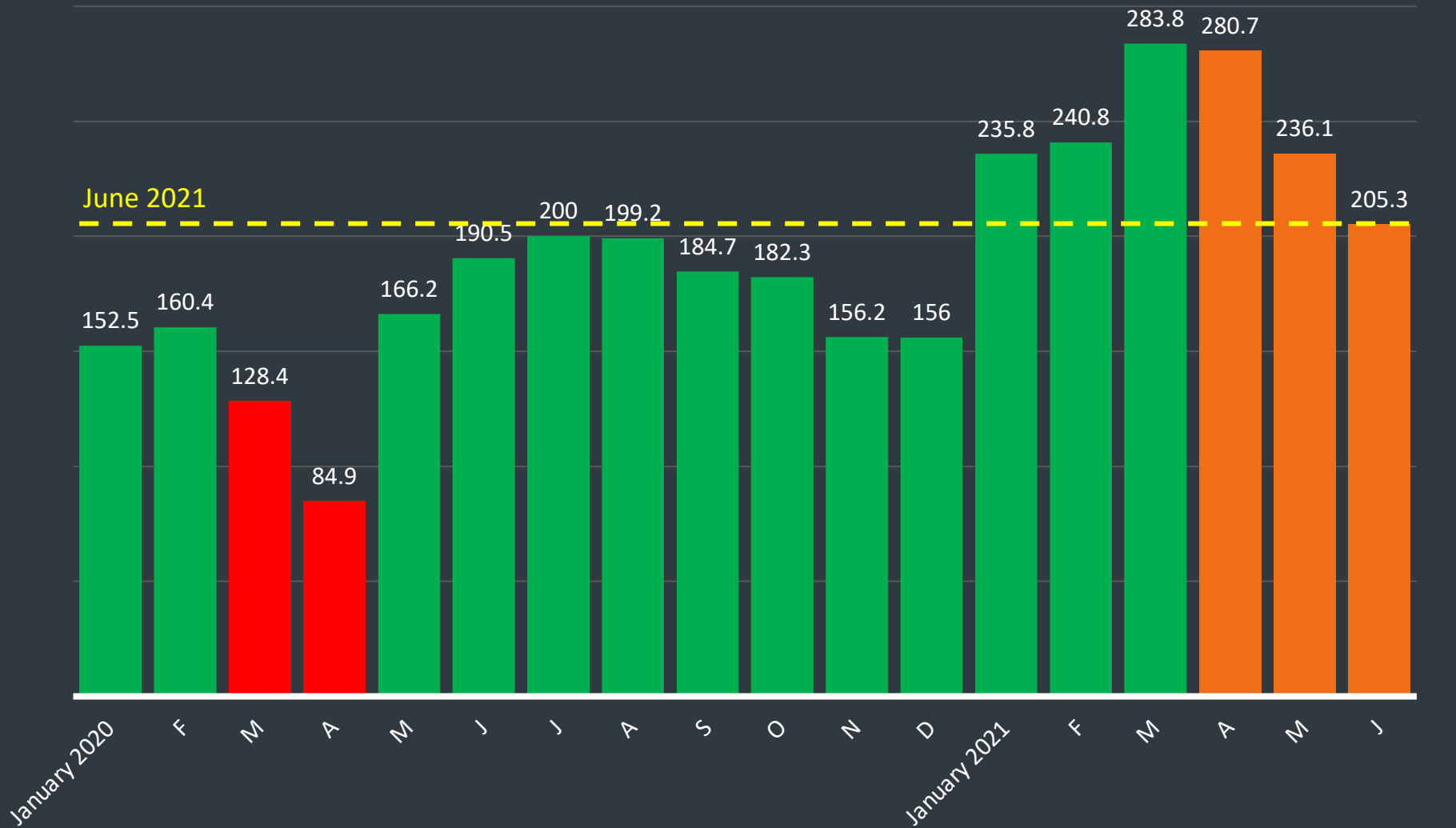


# Buyer Traffic 2Q 2021

Buyer Traffic: June 2021



# Monthly ShowingTime Index





May 2021 Y-O-Y  
House Appreciation

The Federal Housing Finance Agency  
House Price Index

+18%

The CoreLogic  
Home Price Insights Report

The S&P Case-Shiller U.S.  
National Home Price Index

+15.4%

+16.6%

“... given that the sales activities are coming down, we may be sensing some turn in the market. We are seeing less prevalence of multiple offers. It is still a seller's market, no doubt...

...Still a sellers' market, but people need to be very cautious how they price their home to attract buyers, knowing that these sales activities are declining somewhat.”

Lawrence Yun

Chief Economist  
NAR



# Months Inventory of Homes for Sale



“At a broad level, home prices are in no danger of a decline due to tight inventory conditions, but I do expect prices to appreciate at a slower pace by the end of the year... Ideally, the costs for a home would rise roughly in line with income growth, which is likely to happen in 2022 as more listings and new construction become available.”

Lawrence Yun

Chief Economist

NAR



# Resources

Slide	Slide Title	Link
2	Hackett Quote	<a href="https://www.aic.com/news/nation-world/us-stocks-backpedal-after-record-highs-oil-prices-drop-after-spike/E5PK4BEVPRDUZCDLZFF5H4NQTY/">https://www.aic.com/news/nation-world/us-stocks-backpedal-after-record-highs-oil-prices-drop-after-spike/E5PK4BEVPRDUZCDLZFF5H4NQTY/</a>
3	Price Appreciation	<a href="http://www.corelogic.com">www.corelogic.com</a>
5	Nothaft Quote	<a href="https://www.corelogic.com/intelligence/u-s-home-price-insights-07-2021/">https://www.corelogic.com/intelligence/u-s-home-price-insights-07-2021/</a>
6	Mortgage Originations	<a href="https://www.newyorkfed.org/microeconomics/hhdc/background.html">https://www.newyorkfed.org/microeconomics/hhdc/background.html</a>
7	State of the Nation's Housing 2021	<a href="https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_State_Nations_Housing_2021.pdf">https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_State_Nations_Housing_2021.pdf</a>
8	Mortgage Credit Availability Index	<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>
10	Household Debt Service Ratio	<a href="https://fred.stlouisfed.org/series/MDSP">https://fred.stlouisfed.org/series/MDSP</a>
11	Fleming Quote	<a href="https://blog.firstam.com/economics/house-prices-are-hot-but-is-housing-overvalued">https://blog.firstam.com/economics/house-prices-are-hot-but-is-housing-overvalued</a>
12	Housing Affordability Index	<a href="https://www.nar.realtor/blogs/economists-outlook/housing-affordability-declines-as-prices-continue-to-rise-and-incomes-fall">https://www.nar.realtor/blogs/economists-outlook/housing-affordability-declines-as-prices-continue-to-rise-and-incomes-fall</a>
13	Decreasing Affordability	<a href="https://www.nar.realtor/blogs/economists-outlook/housing-affordability-falls-in-may-as-home-prices-rise-faster-than-income">https://www.nar.realtor/blogs/economists-outlook/housing-affordability-falls-in-may-as-home-prices-rise-faster-than-income</a>

# Resources

Slide	Slide Title	Link
15	Khater Quote	<a href="http://www.freddiemac.com/perspectives/sam_khater/20210415_single_family_shortage.page">http://www.freddiemac.com/perspectives/sam_khater/20210415_single_family_shortage.page</a>
16	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>
18	Forbearance Percentages	<a href="https://blog.firstam.com/economics/this-time-its-different-why-a-wave-of-foreclosures-is-unlikely">https://blog.firstam.com/economics/this-time-its-different-why-a-wave-of-foreclosures-is-unlikely</a> <a href="https://www.mba.org/2021-press-releases/may/share-of-mortgage-loans-in-forbearance-decreases-to-422-percent">https://www.mba.org/2021-press-releases/may/share-of-mortgage-loans-in-forbearance-decreases-to-422-percent</a>
19	Active Forbearances	<a href="https://www.blackknightinc.com/blog-posts/">https://www.blackknightinc.com/blog-posts/</a>
20	Upon Exit from Forbearance	<a href="https://www.mba.org/news-research-and-resources/newsroom">https://www.mba.org/news-research-and-resources/newsroom</a>
21	WSJ Quote	<a href="https://economics.cmail20.com/t/ViewEmail/d/6DD5AA0E9F6529292540EF23F30FEDED/5323CD85A2087AFD22947492D9797BBC">https://economics.cmail20.com/t/ViewEmail/d/6DD5AA0E9F6529292540EF23F30FEDED/5323CD85A2087AFD22947492D9797BBC</a>
22	Zelman Quote	<a href="https://www.tomferry.com/podcast/experience-91/">https://www.tomferry.com/podcast/experience-91/</a>
24-27	Buyer Traffic 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>

# Resources

Slide	Slide Title	Link
28	Monthly ShowingTime Index	<a href="https://showingindex.stats.showingtime.com/docs/lmu/x/UnitedStates?src=page">https://showingindex.stats.showingtime.com/docs/lmu/x/UnitedStates?src=page</a>
29	YOY 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> <a href="https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-House-Price-Index-Up-1-7-Percent-in-May-Up-18-0-Percent-from-Last-Year.aspx">https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-House-Price-Index-Up-1-7-Percent-in-May-Up-18-0-Percent-from-Last-Year.aspx</a> <a href="https://www.spglobal.com/spdji/en/documents/indexnews/announcements/20210727-1425759/1425759_cshomeprice-release-0727.pdf">https://www.spglobal.com/spdji/en/documents/indexnews/announcements/20210727-1425759/1425759_cshomeprice-release-0727.pdf</a>
30	Yun Quote – Sellers' Market	<a href="https://www.nar.realtor/videos/may-2021-existing-and-pending-home-sales">https://www.nar.realtor/videos/may-2021-existing-and-pending-home-sales</a>
31	Months Inventory of Homes for Sale	nar.realtor <a href="https://www.nar.realtor/topics/existing-home-sales">https://www.nar.realtor/topics/existing-home-sales</a>
32	Yun Quote – Prices	<a href="https://www.nar.realtor/newsroom/existing-home-sales-expand-1-4-in-june">https://www.nar.realtor/newsroom/existing-home-sales-expand-1-4-in-june</a>

A close-up photograph of a computer keyboard. The central focus is a large, rectangular blue key with the word "UPDATE" printed in white, bold, sans-serif capital letters. The key is slightly raised and has a subtle gradient. Surrounding it are several other keys: to the top-left is a white key with a closing curly brace "}" and the number "1"; to the top-right is a white key with a forward slash and apostrophe "/'"; to the right is a white key with the number "4"; and to the bottom-left is a white key with a comma and apostrophe ",'". The keyboard's frame and other keys are a light gray color. The lighting is soft, creating gentle shadows and highlights on the keys' surfaces.

UPDATE



# Resources

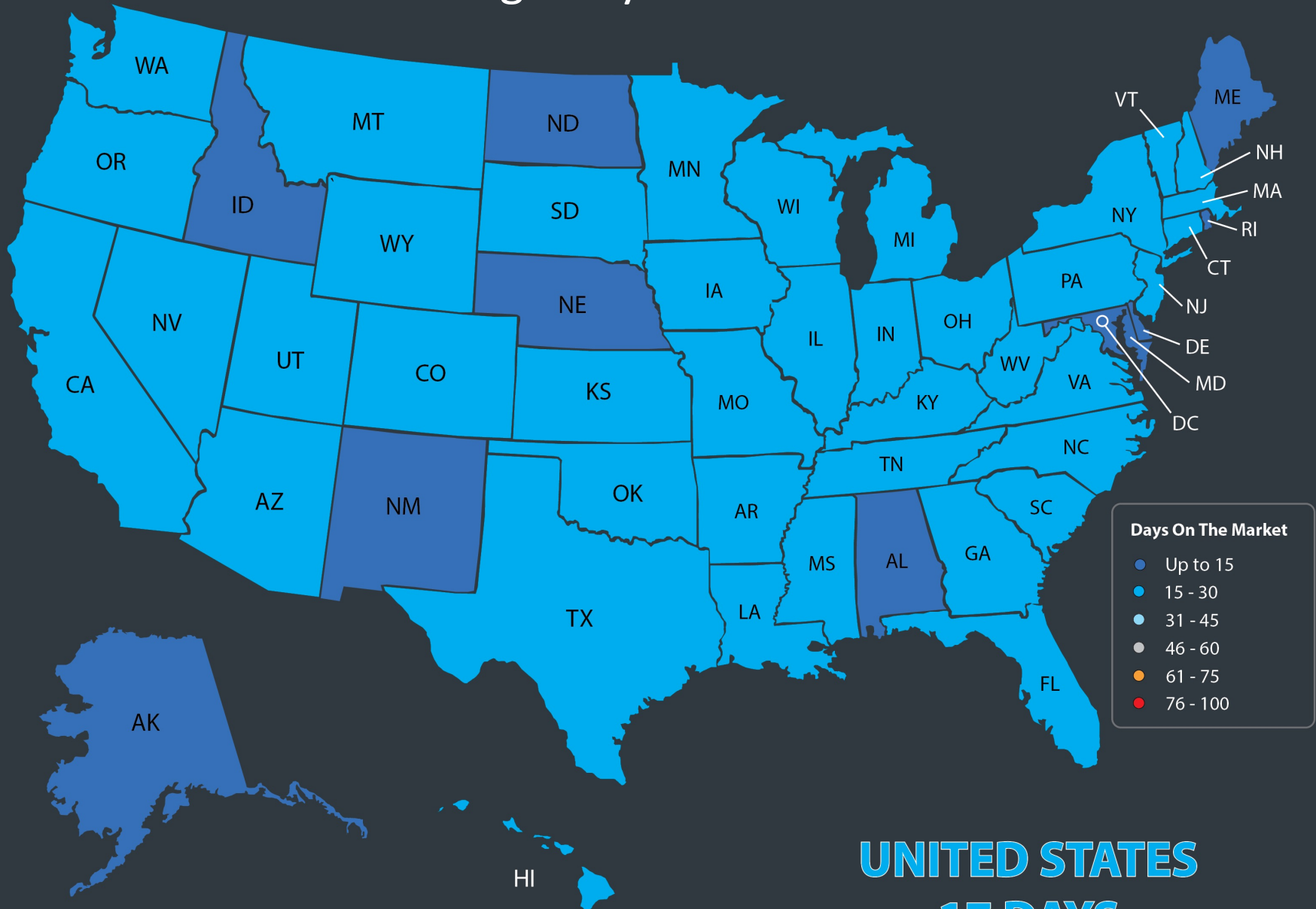
Slide	Slide Title	Link
40, 60, 70	Confidence Index	<a href="https://www.nar.realtor/research-and-statistics/research-reports/realtors-confidence-index">https://www.nar.realtor/research-and-statistics/research-reports/realtors-confidence-index</a>
41-43, 51, 61-65	Existing Home Sales	<a href="https://www.nar.realtor/topics/existing-home-sales">https://www.nar.realtor/topics/existing-home-sales</a>
44-47	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> <a href="http://www.census.gov/construction/nrs/pdf/newressales.pdf">http://www.census.gov/construction/nrs/pdf/newressales.pdf</a>
48	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>
49, 50	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>
55-57	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>
58	CoreLogic Forecasted YOY % Change in Price	<a href="https://www.corelogic.com/intelligence/u-s-home-price-insights/">https://www.corelogic.com/intelligence/u-s-home-price-insights/</a>
61-67	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	Slide Title	Link
69	Showing Activity	<a href="https://www.showingtime.com/blog/june-2021-showing-index-results/">https://www.showingtime.com/blog/june-2021-showing-index-results/</a>
72, 73, 75, 76	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>
74	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>
78, 79	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>
80-84	Days To Close, FICO Scores, DTI	<a href="http://www.elliemae.com/resources/origination-insight-reports">http://www.elliemae.com/resources/origination-insight-reports</a>



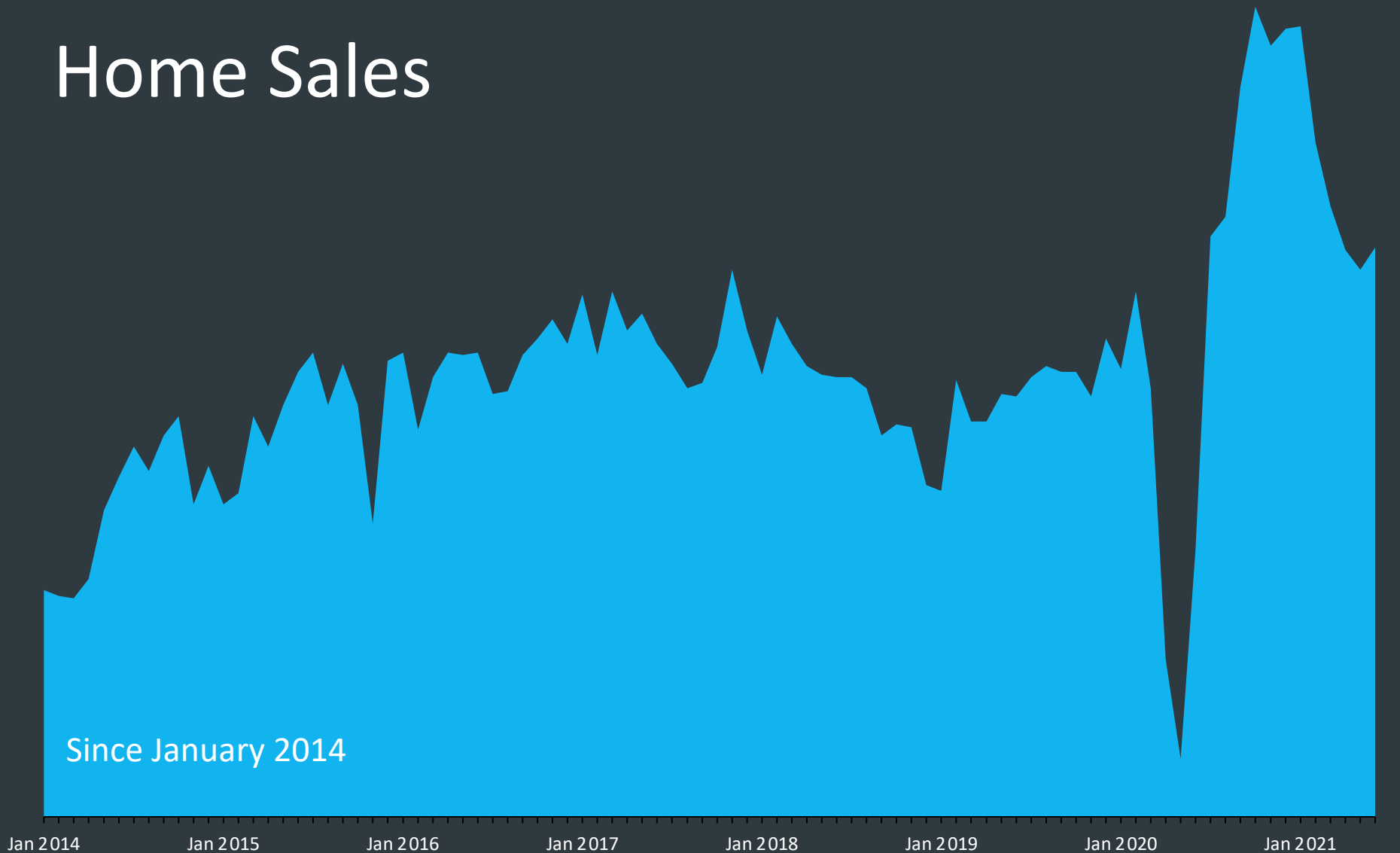
# Average Days on the Market



**UNITED STATES**  
**17 DAYS**

# EXISTING

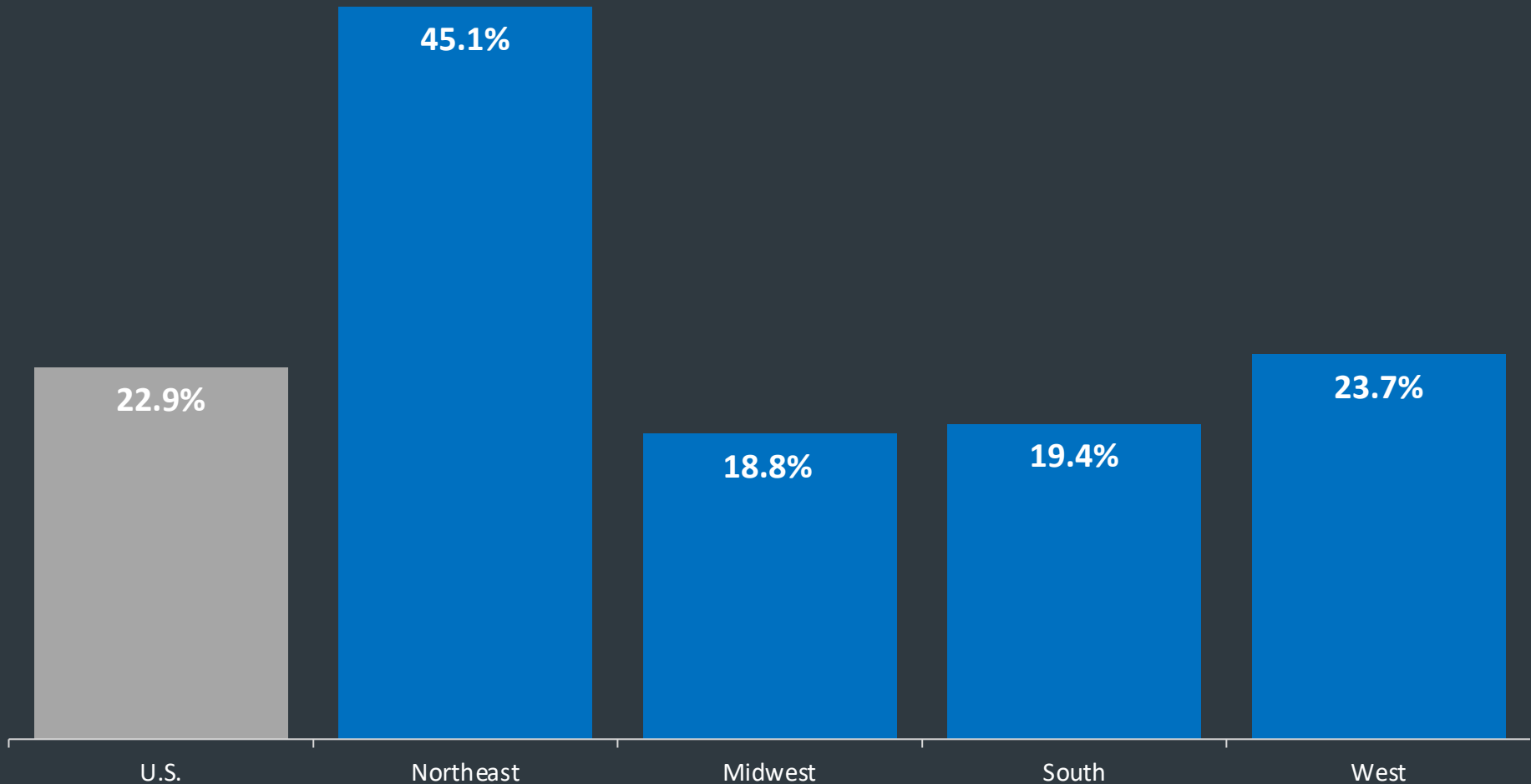
## Home Sales



Since January 2014

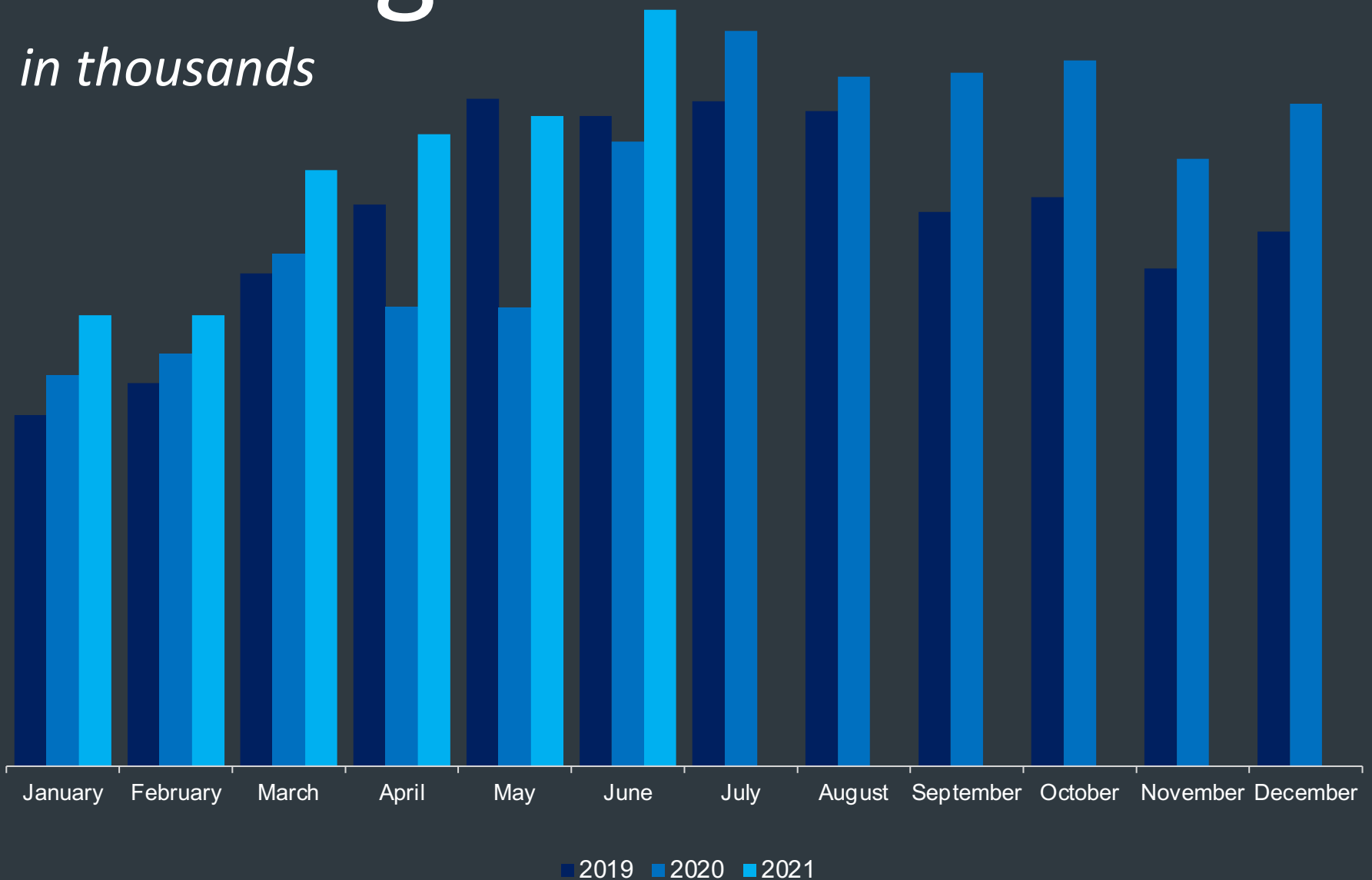
# EXISTING Home Sales

Y-O-Y by region

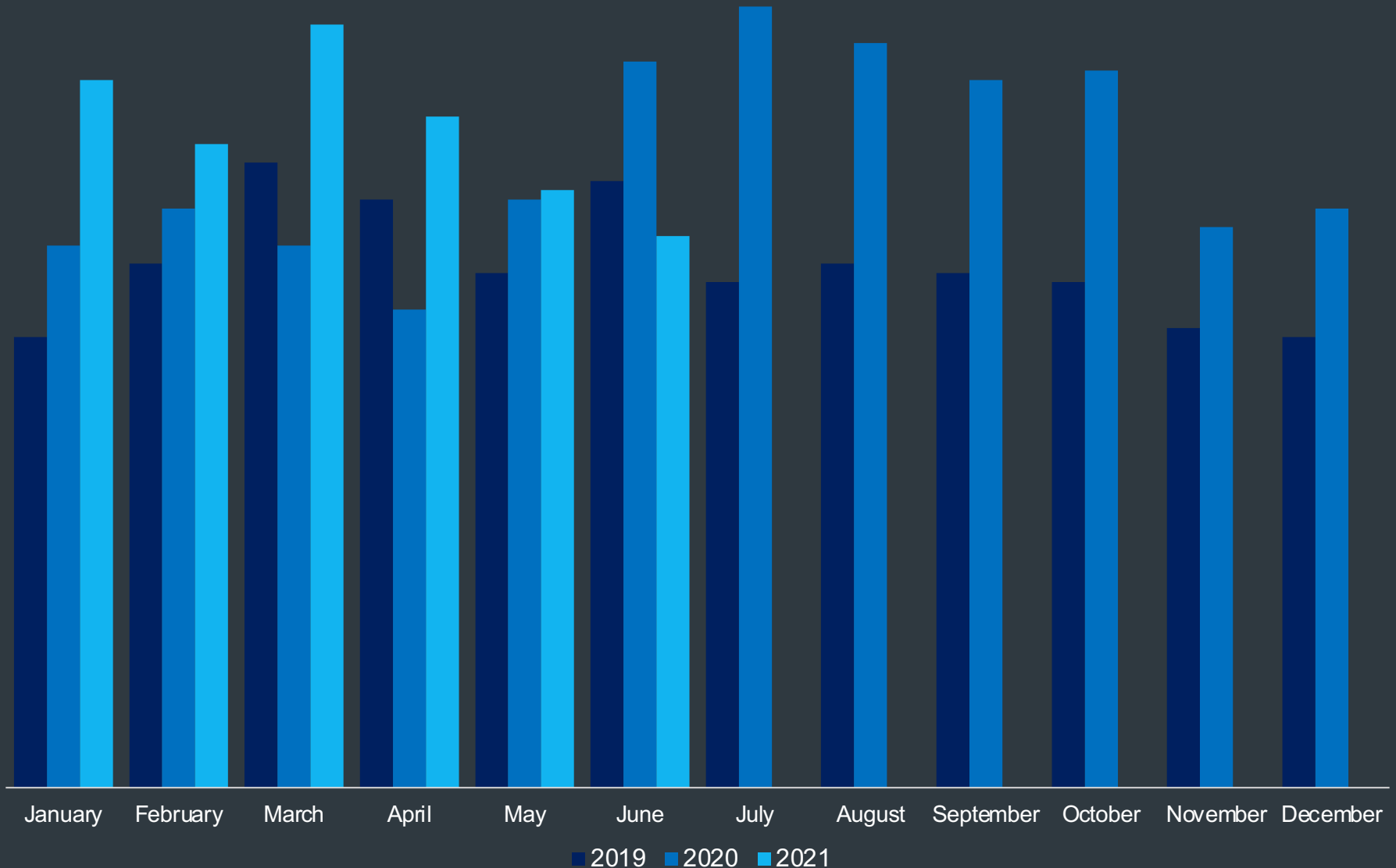


# Existing Home Sales

*in thousands*



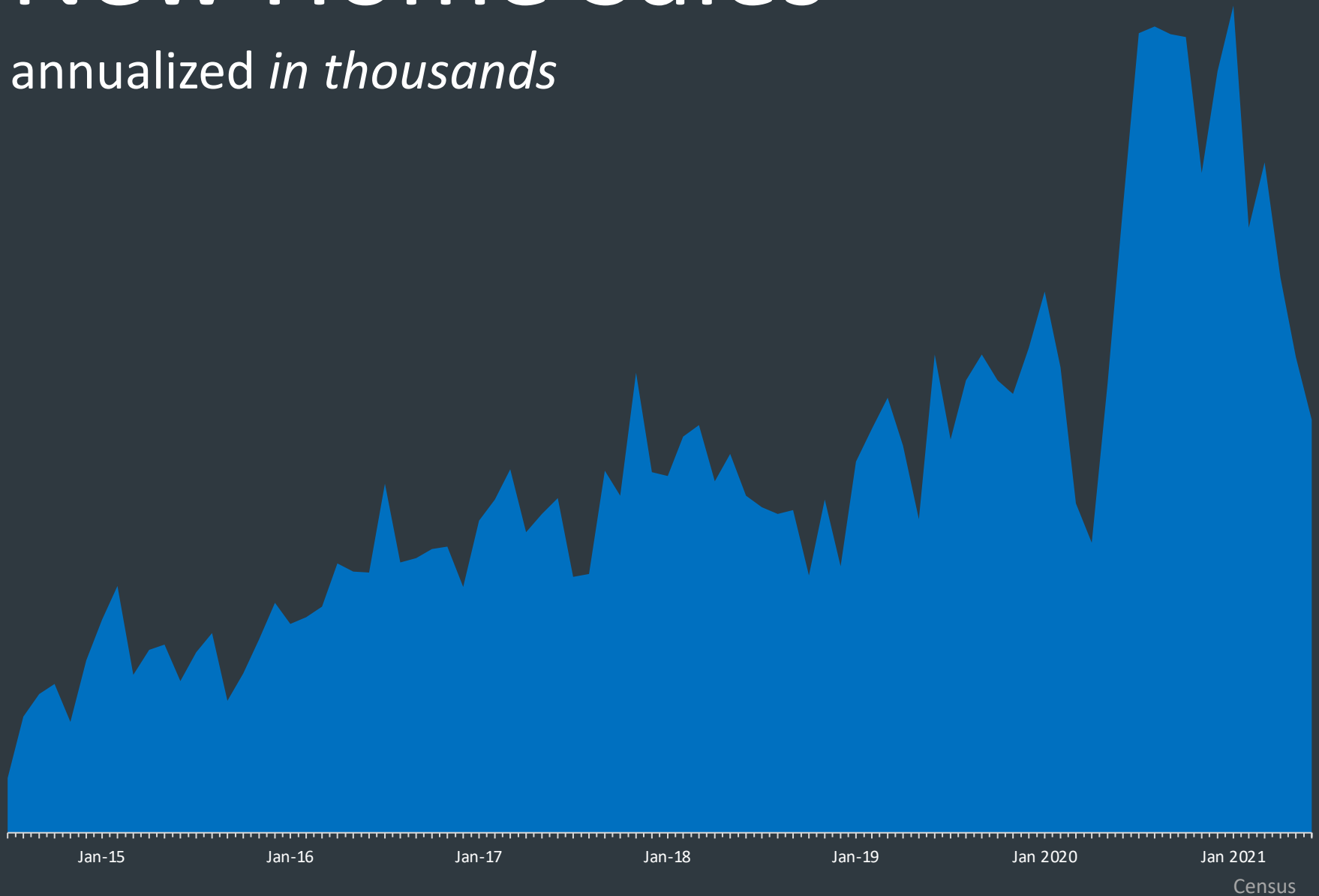
# New Home Sales *in thousands*





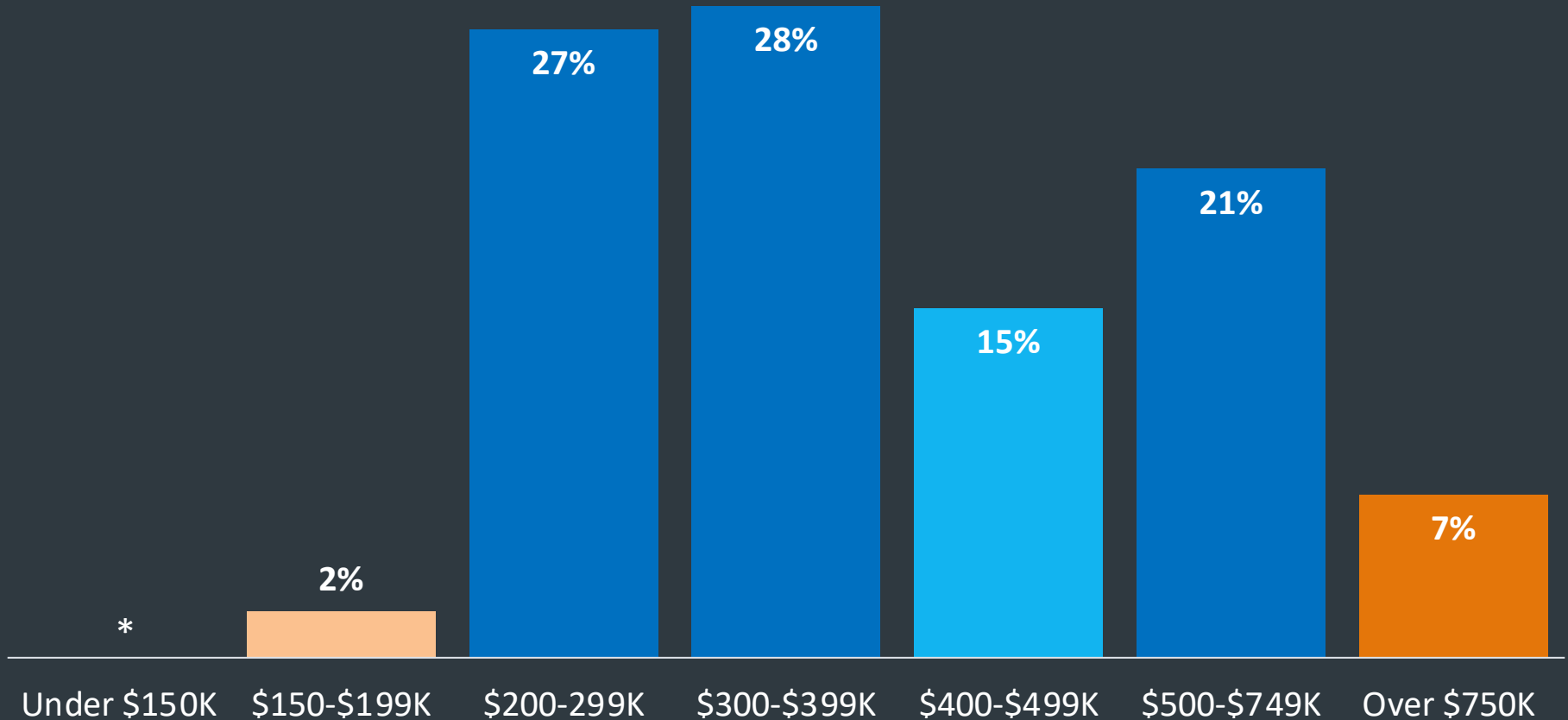
# New Home Sales

annualized *in thousands*



# New Home Sales

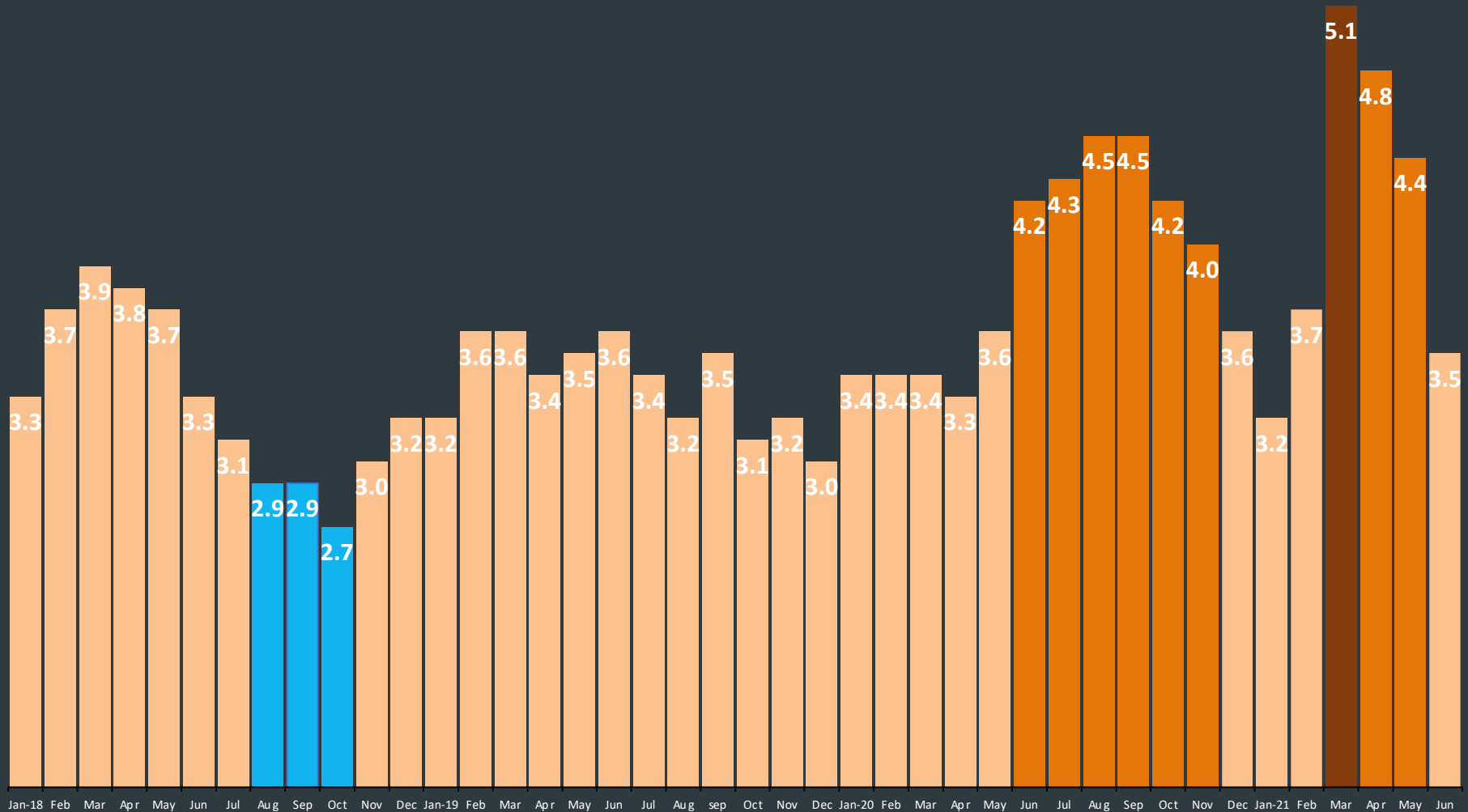
*% of distribution by price range*



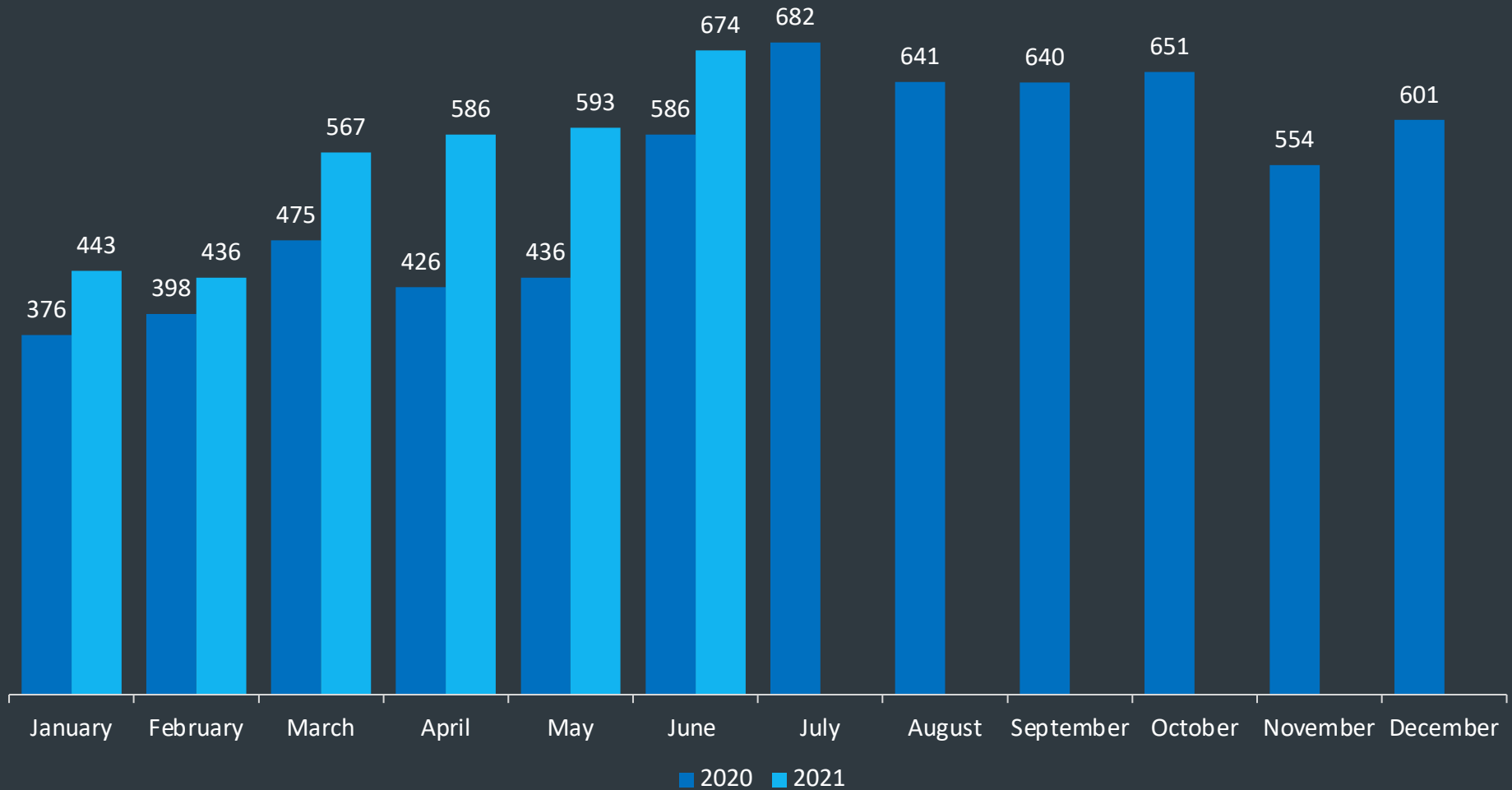
\* Less than 500 units or less than 0.5 percent

# New Homes Selling Fast

*(median months from completion to sold)*



# Total Home Sales *in thousands*

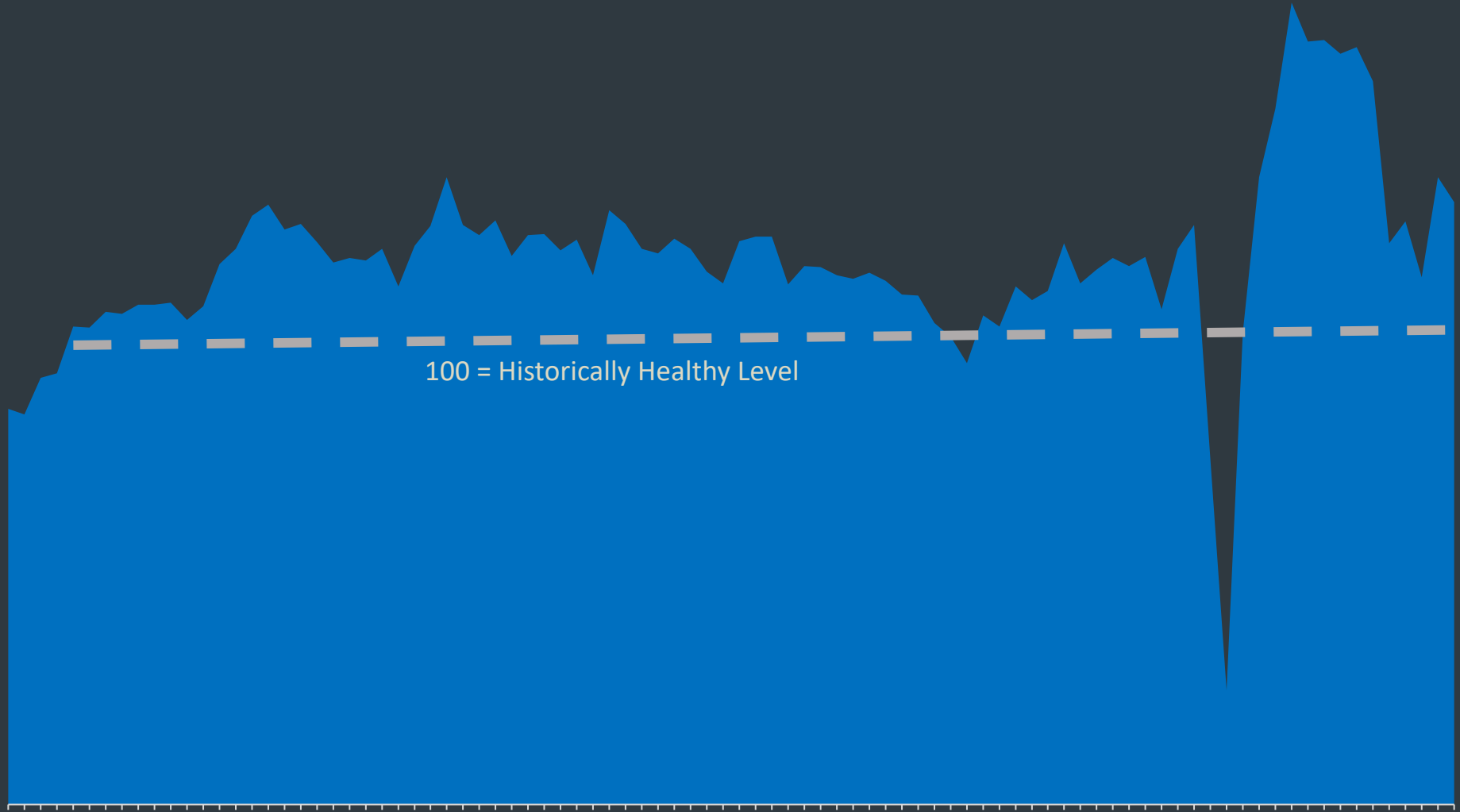


# PENDING Home Sales

*since 2014*

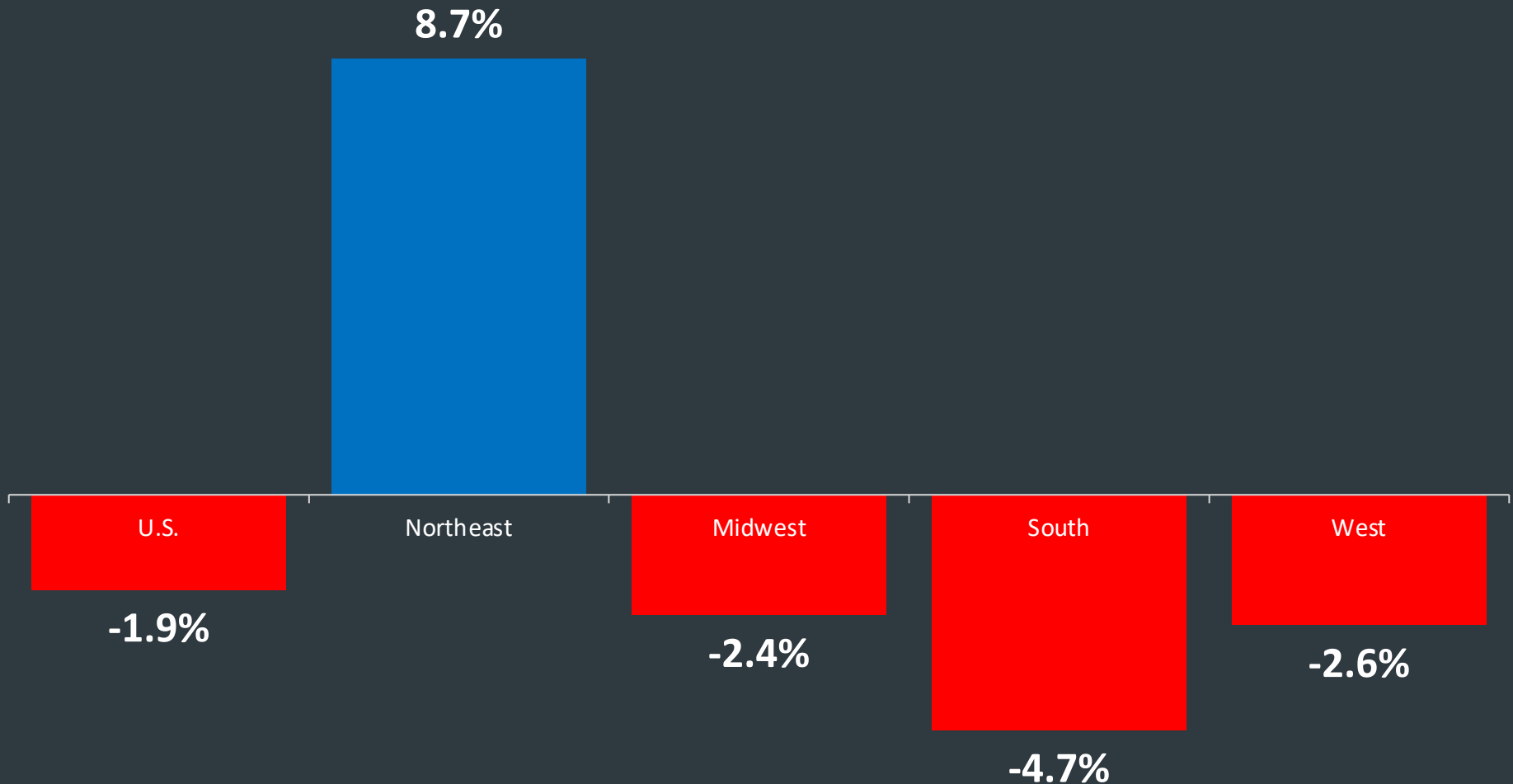
100 = Historically Healthy Level

January 2014 January 2015 January 2016 January 2017 January 2018 January 2019 January 2020 January 2021 NAR



# Pending Home Sales

*Year-Over-Year By Region*

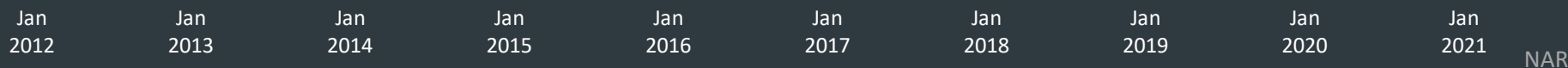


35%

# Percentage of Distressed Property Sales

*Distressed sales – foreclosures and short sales – represented less than 1% of sales in Junr.*

January 2012 - Today



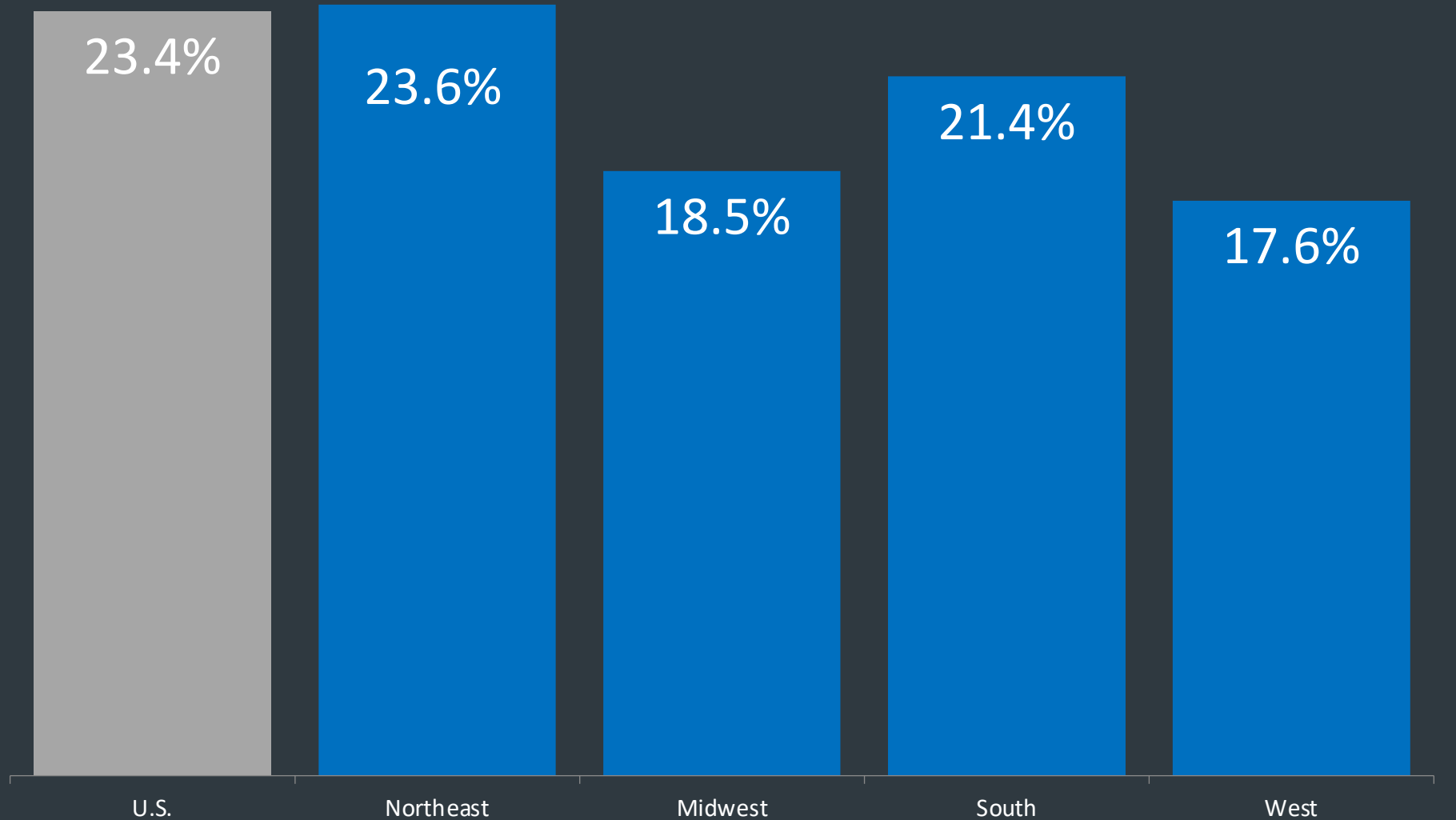
A black and white photograph of a puzzle where the pieces form a US dollar bill, specifically the portrait of Benjamin Franklin. Two red, rectangular blocks are placed on the puzzle pieces. One block is on the left side, and the other is on the bottom center. The puzzle is set against a dark background.

# Home Prices



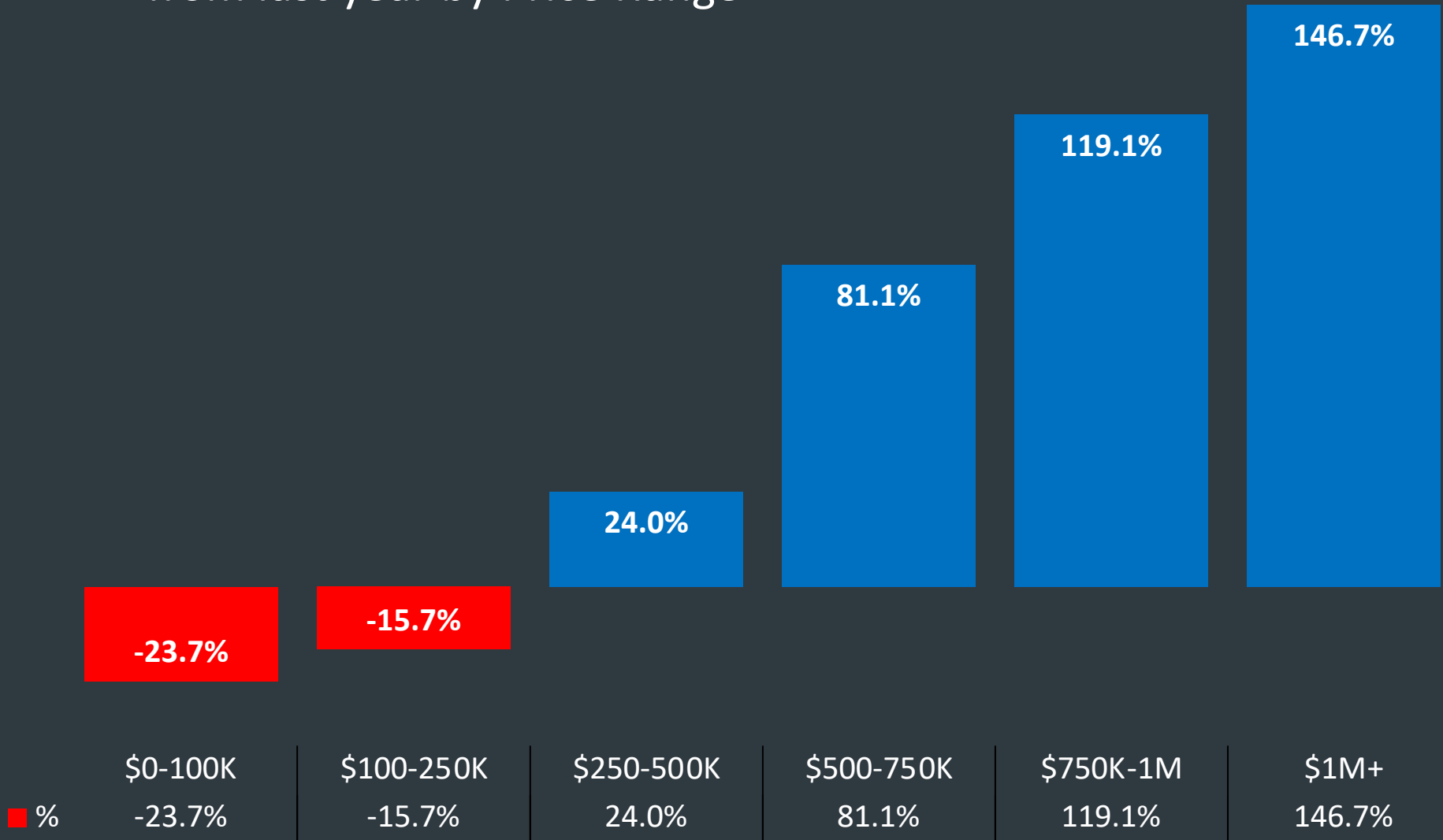
# EXISTING Home Prices

Y-O-Y by region



# % Change in Sales

from last year by Price Range



# Case Shiller

Year-Over-Year

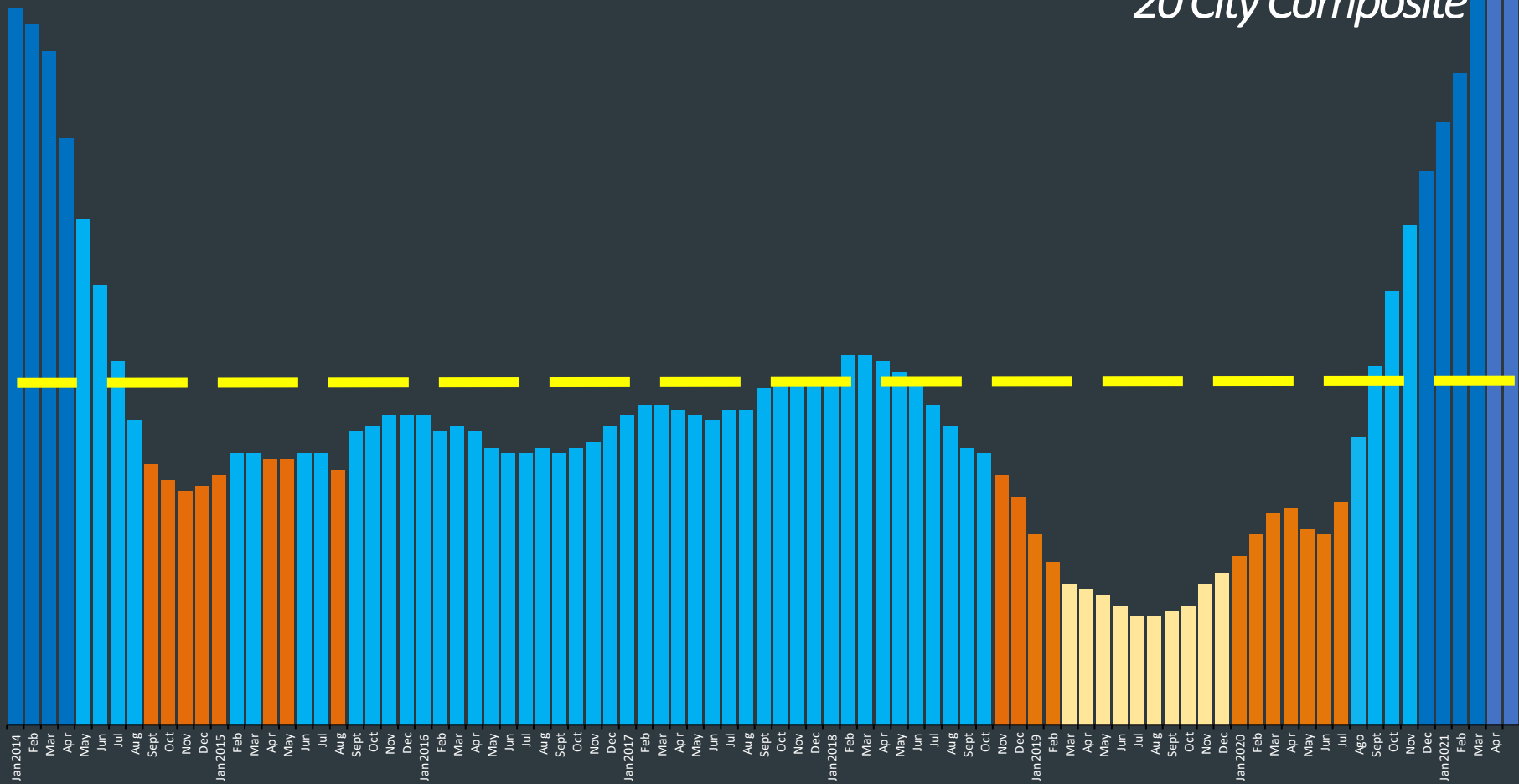
PRICE  
CHANGES



# Case Shiller

Year-Over-Year PRICE CHANGES

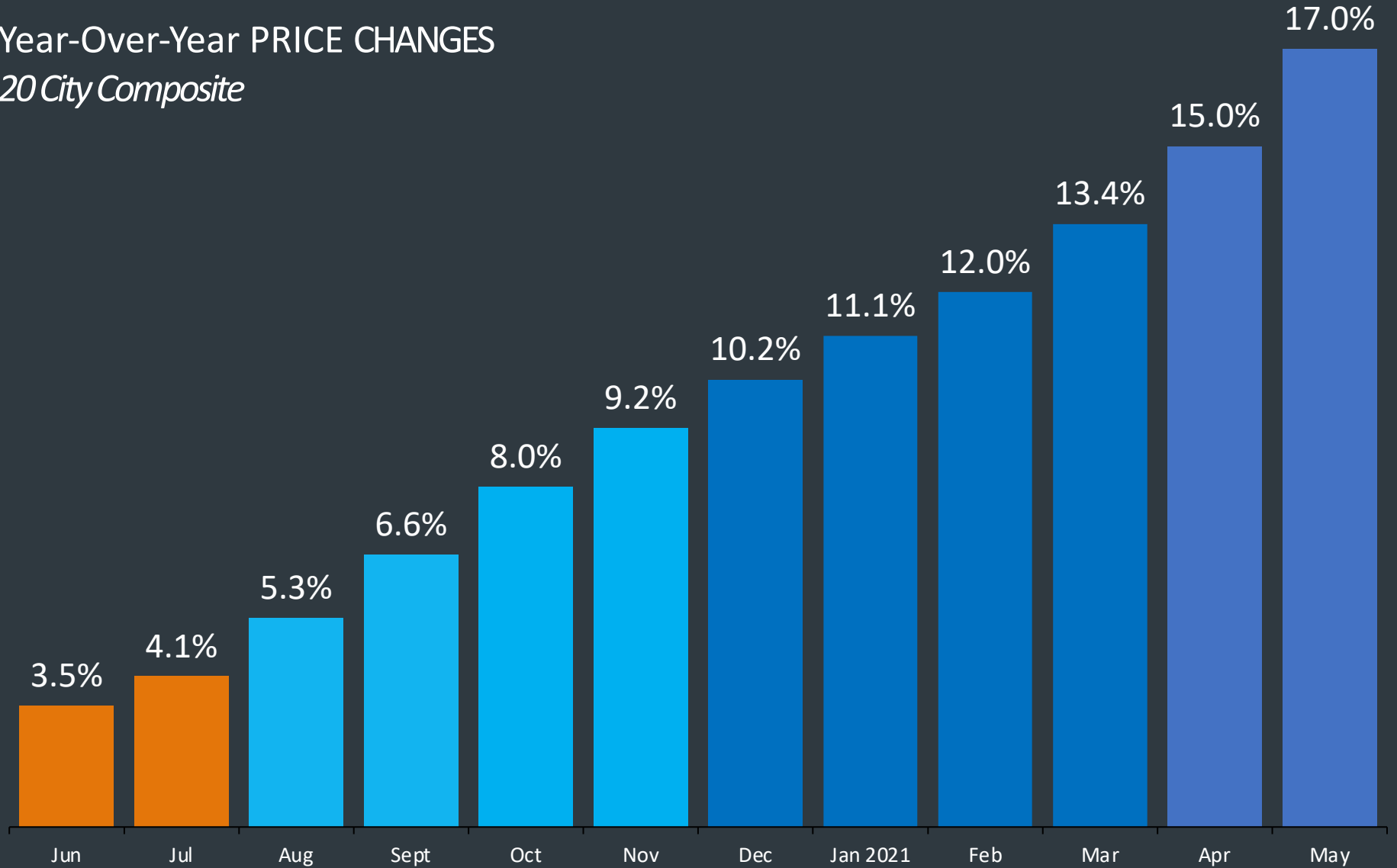
*20 City Composite*



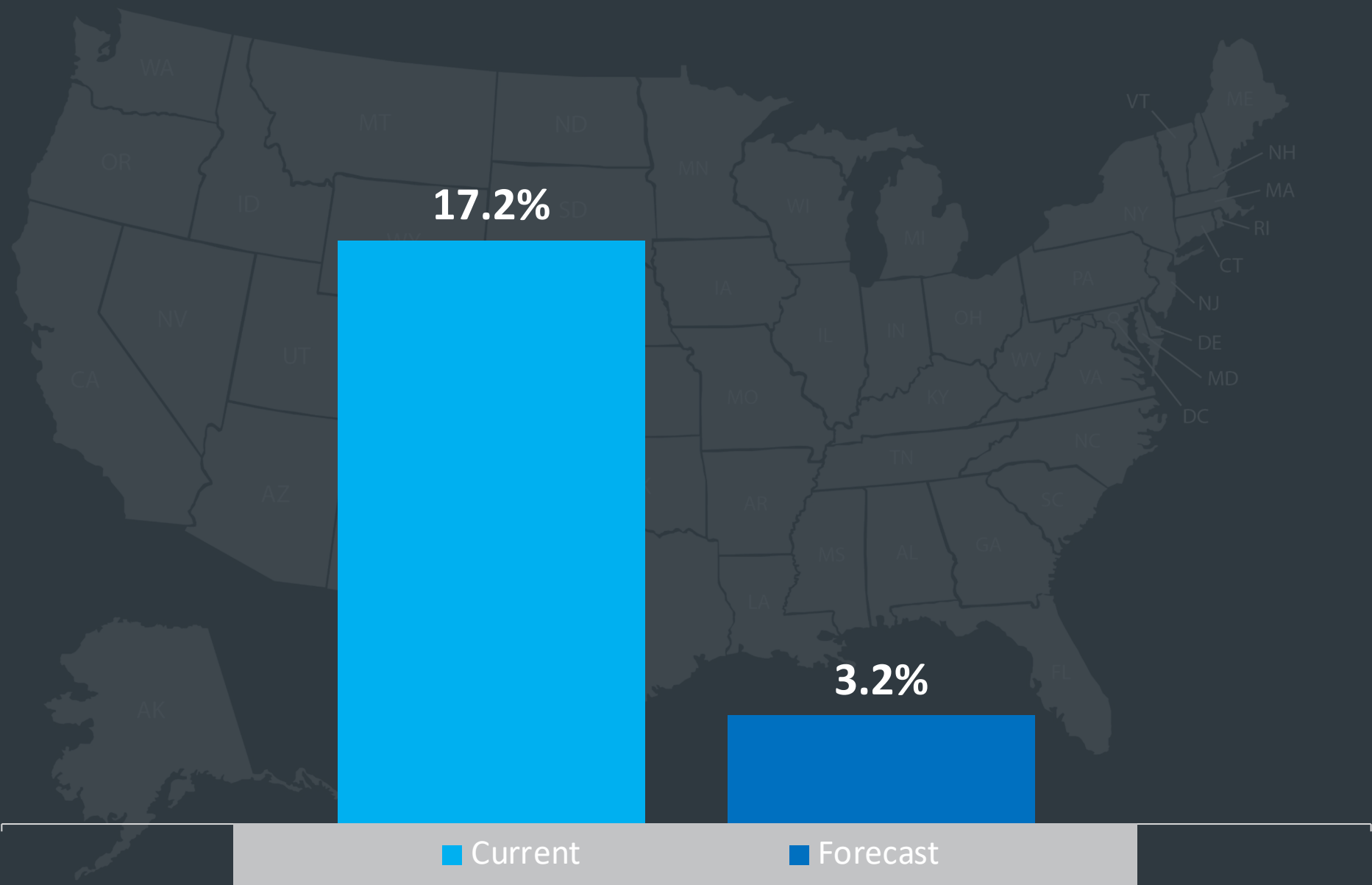
# Case Shiller

Year-Over-Year PRICE CHANGES

*20 City Composite*



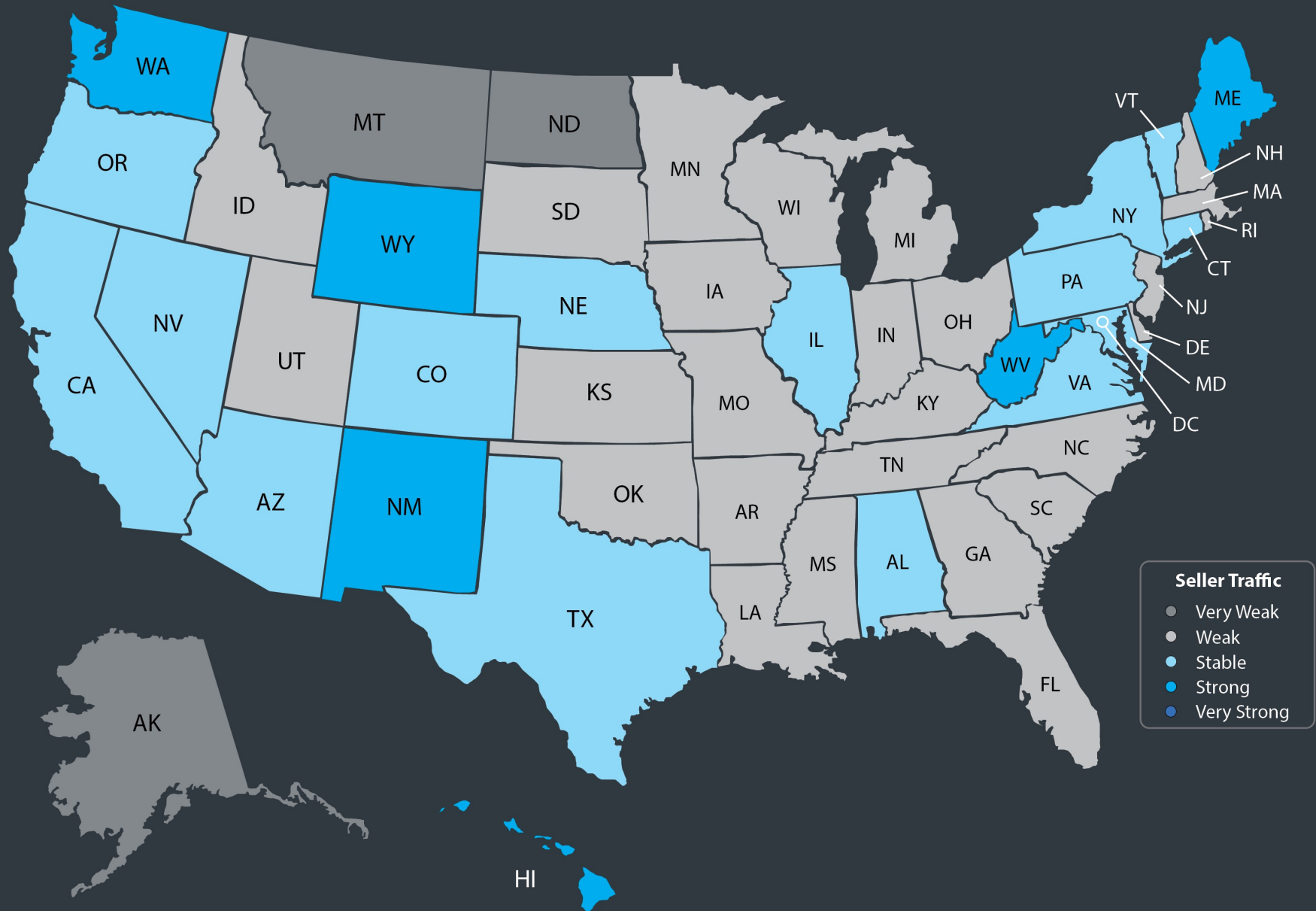
# Year-Over-Year % Change in Price



# HOUSING INVENTORY



# Seller Traffic Index



## Seller Traffic

- Very Weak
- Weak
- Stable
- Strong
- Very Strong

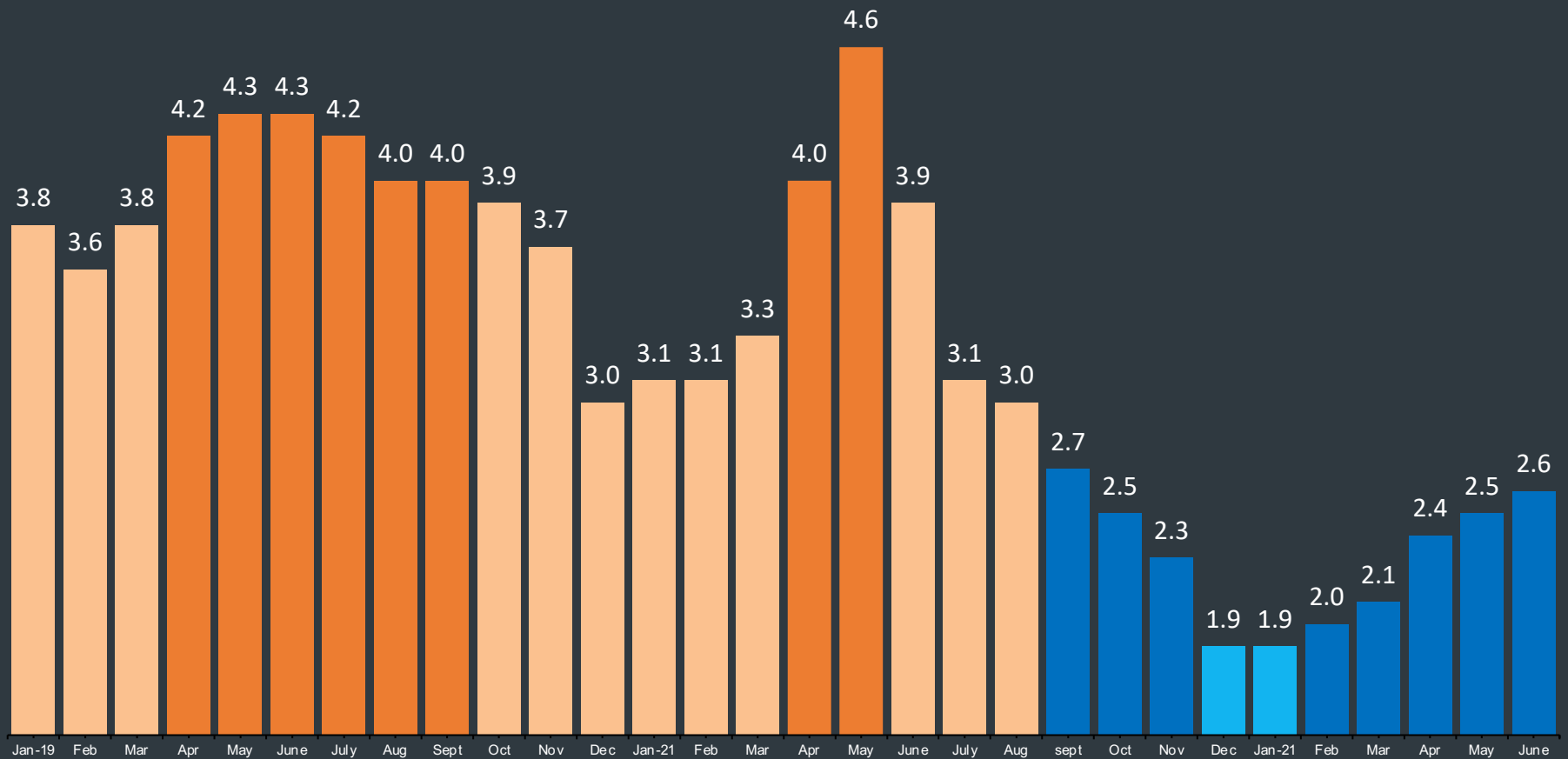


# Months Inventory of HOMES FOR SALE 2011 - Today



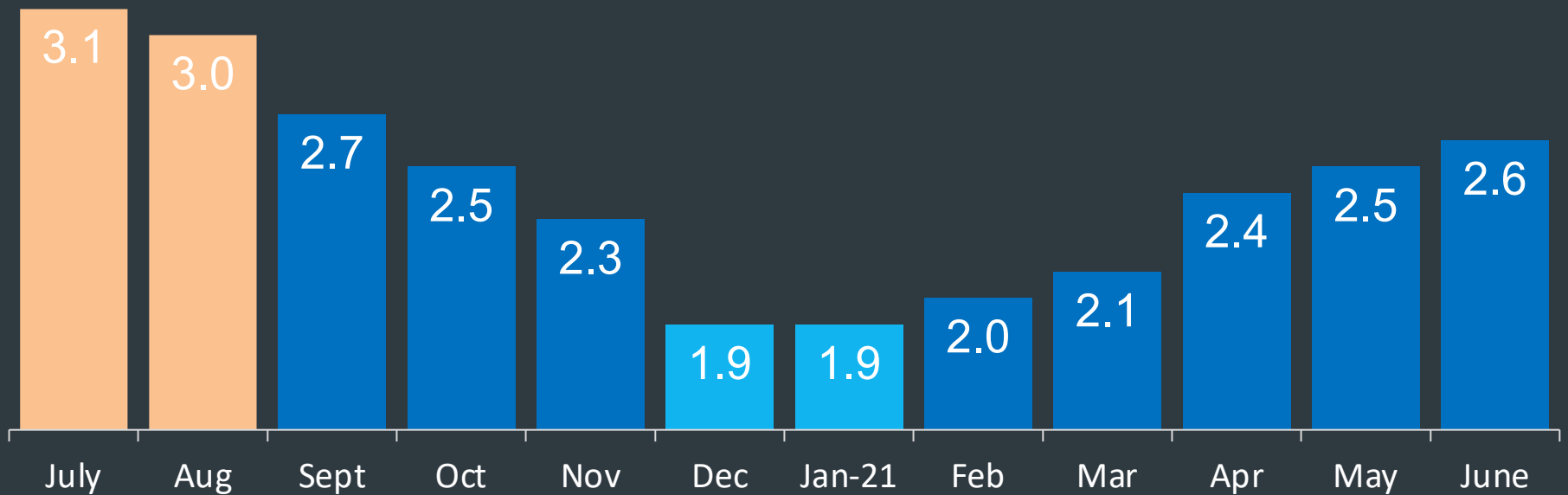
# Months Inventory of HOMES FOR SALE

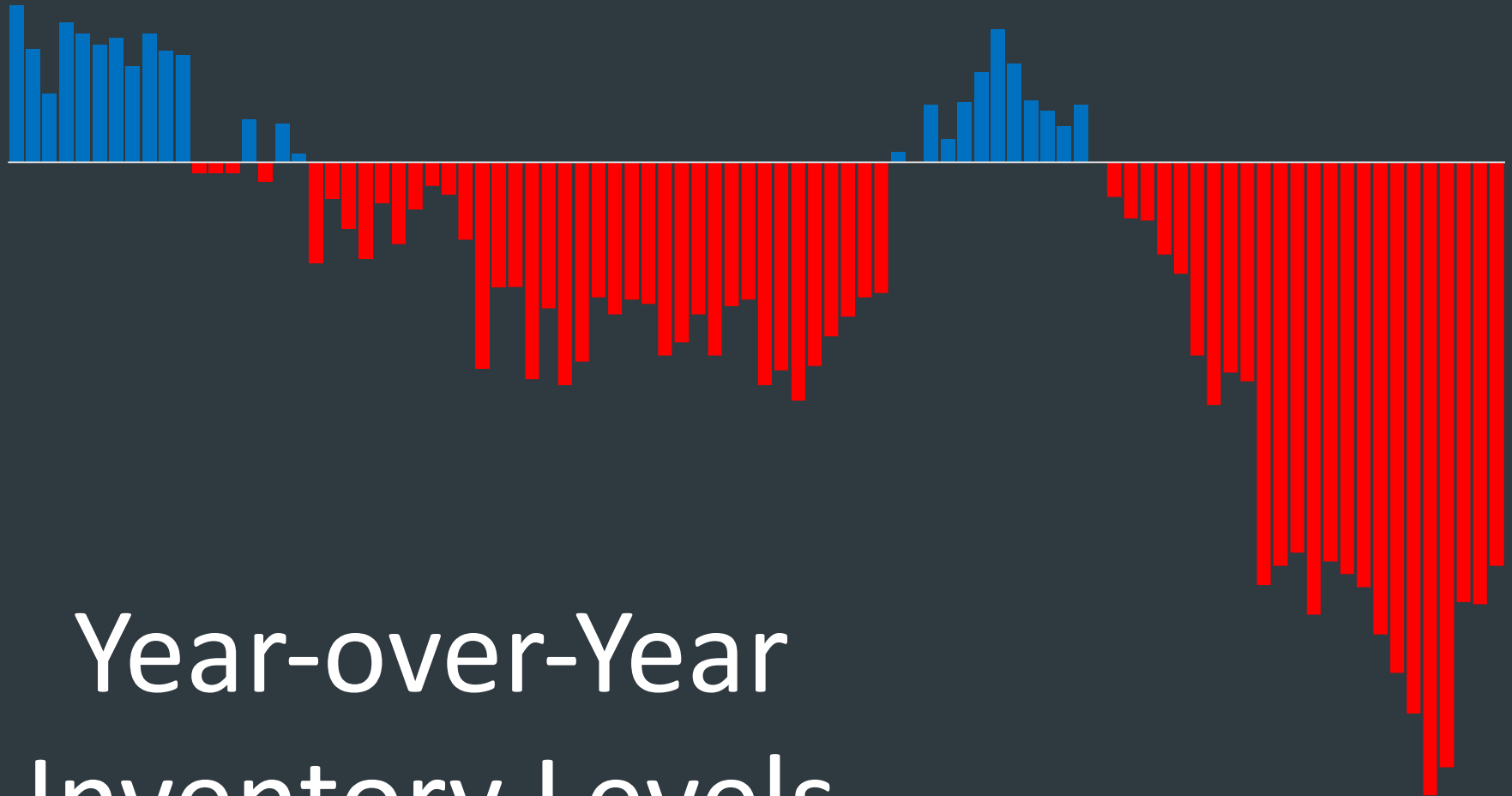
*last 2 years*



# Months Inventory of HOMES FOR SALE

*Last 12 Months*

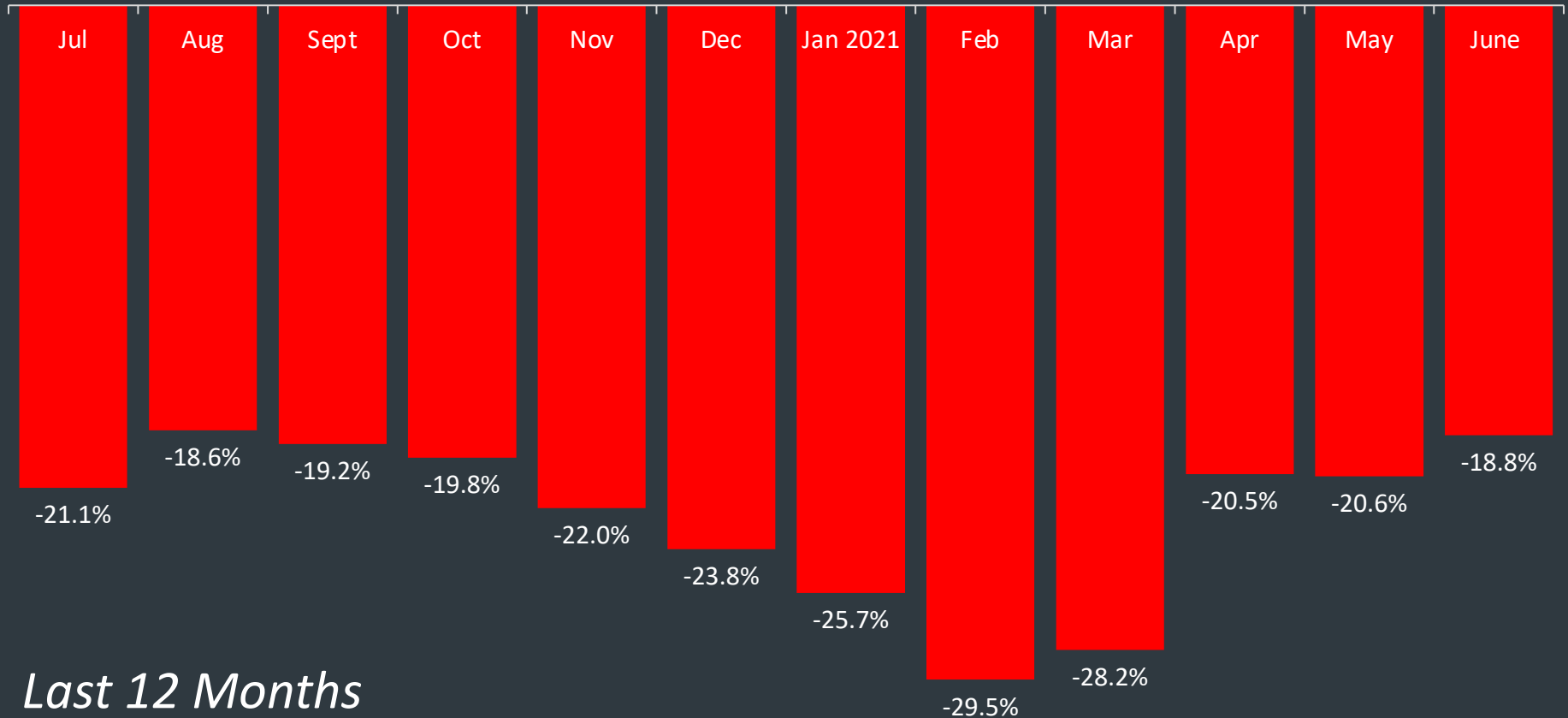




# Year-over-Year Inventory Levels

# HOUSING SUPPLY

Year-Over-Year

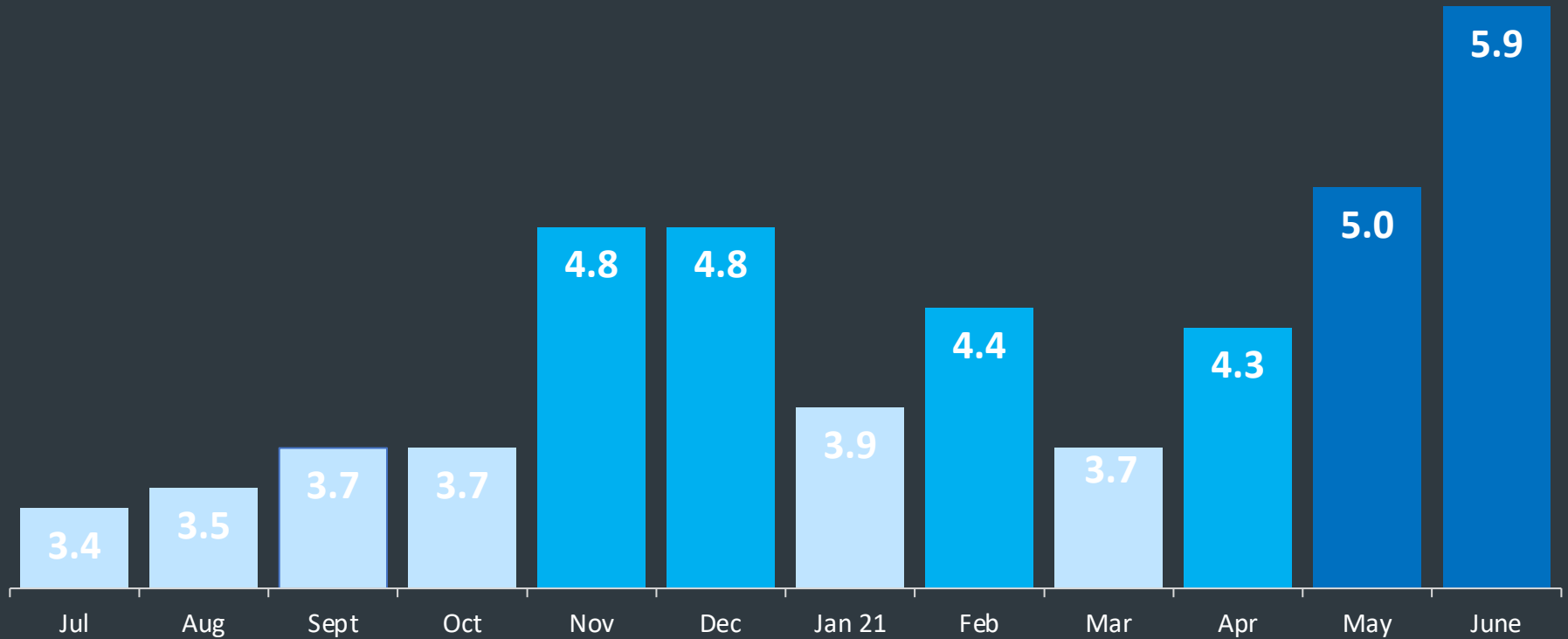


# New Home Inventory

*months supply*

*Not seasonally adjusted*

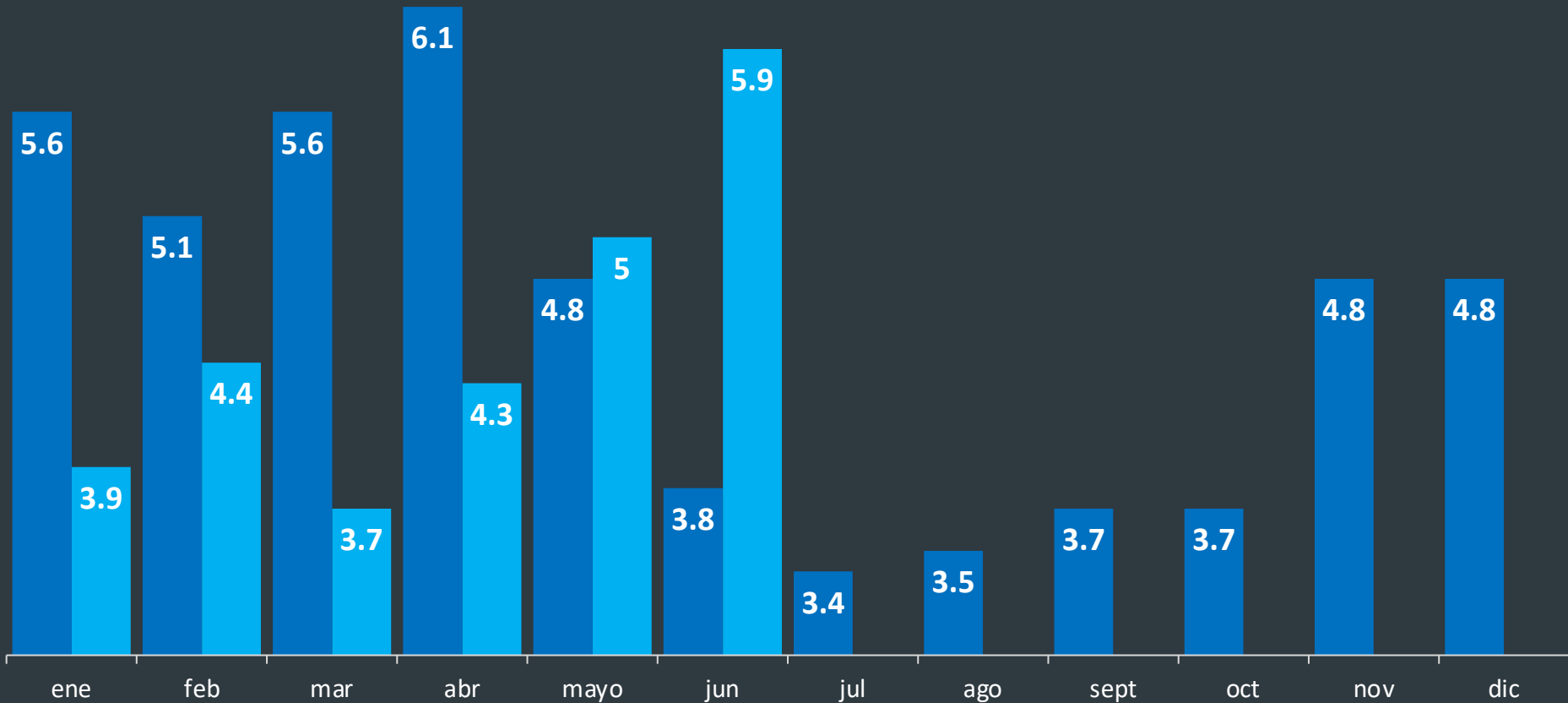
*Last 12 Months*



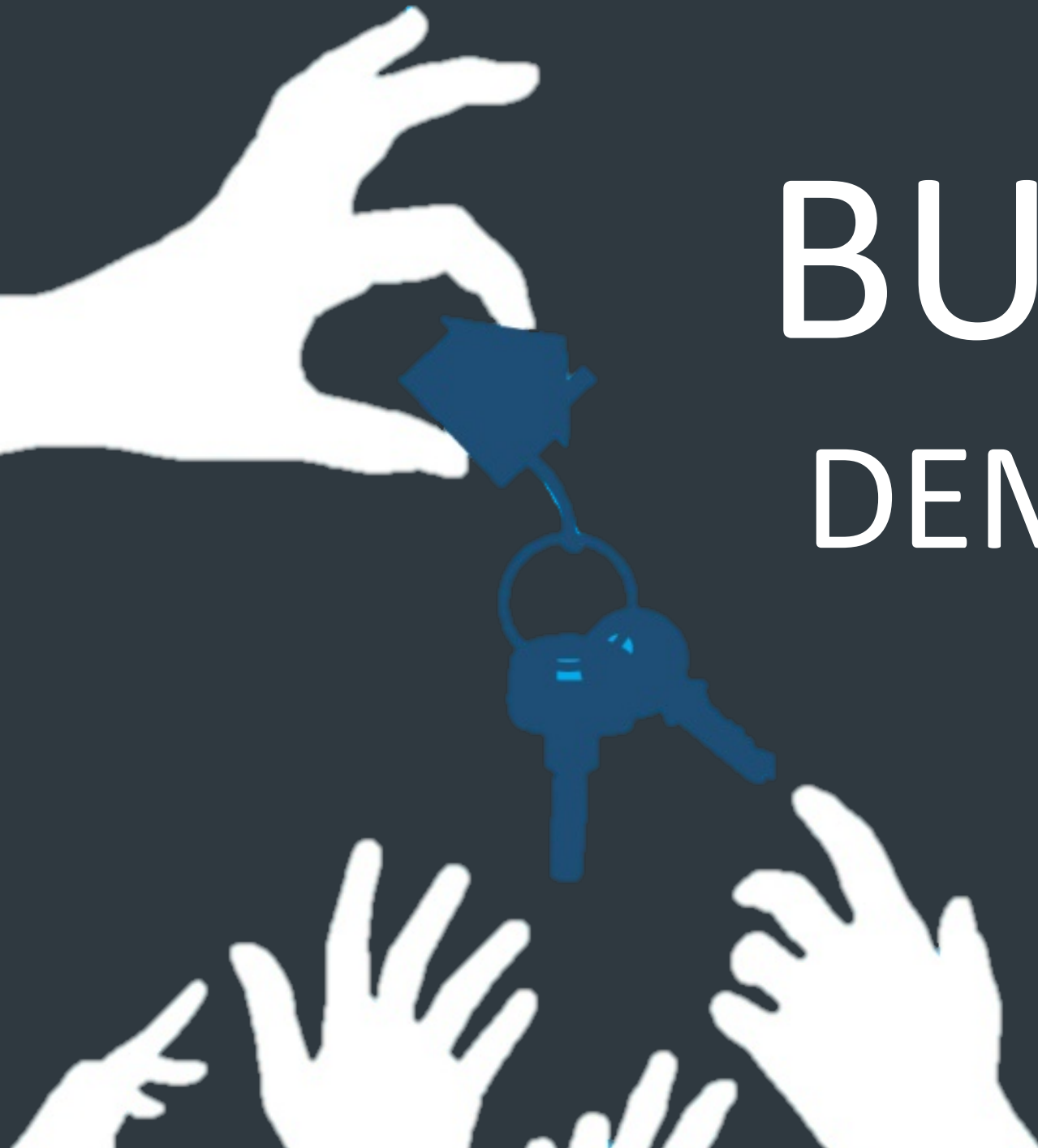
# New Home Inventory

*months supply*

■ 2020 ■ 2021



# BUYER DEMAND

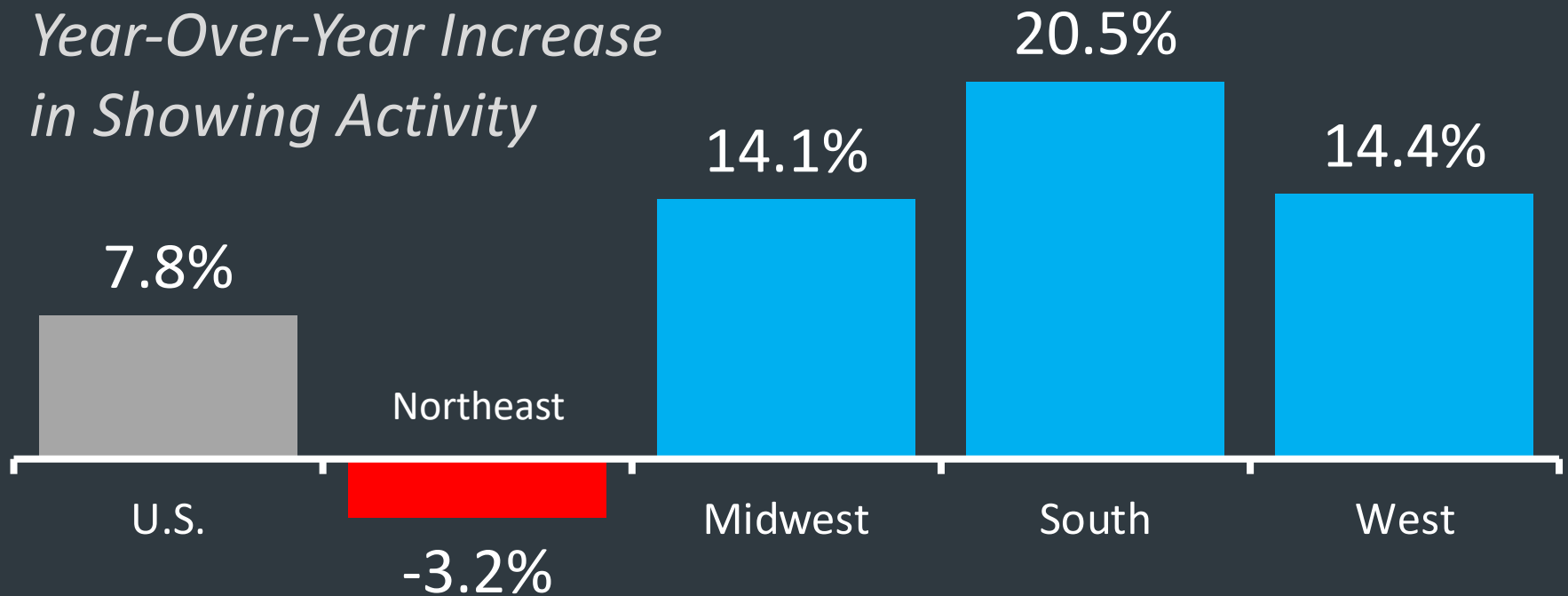




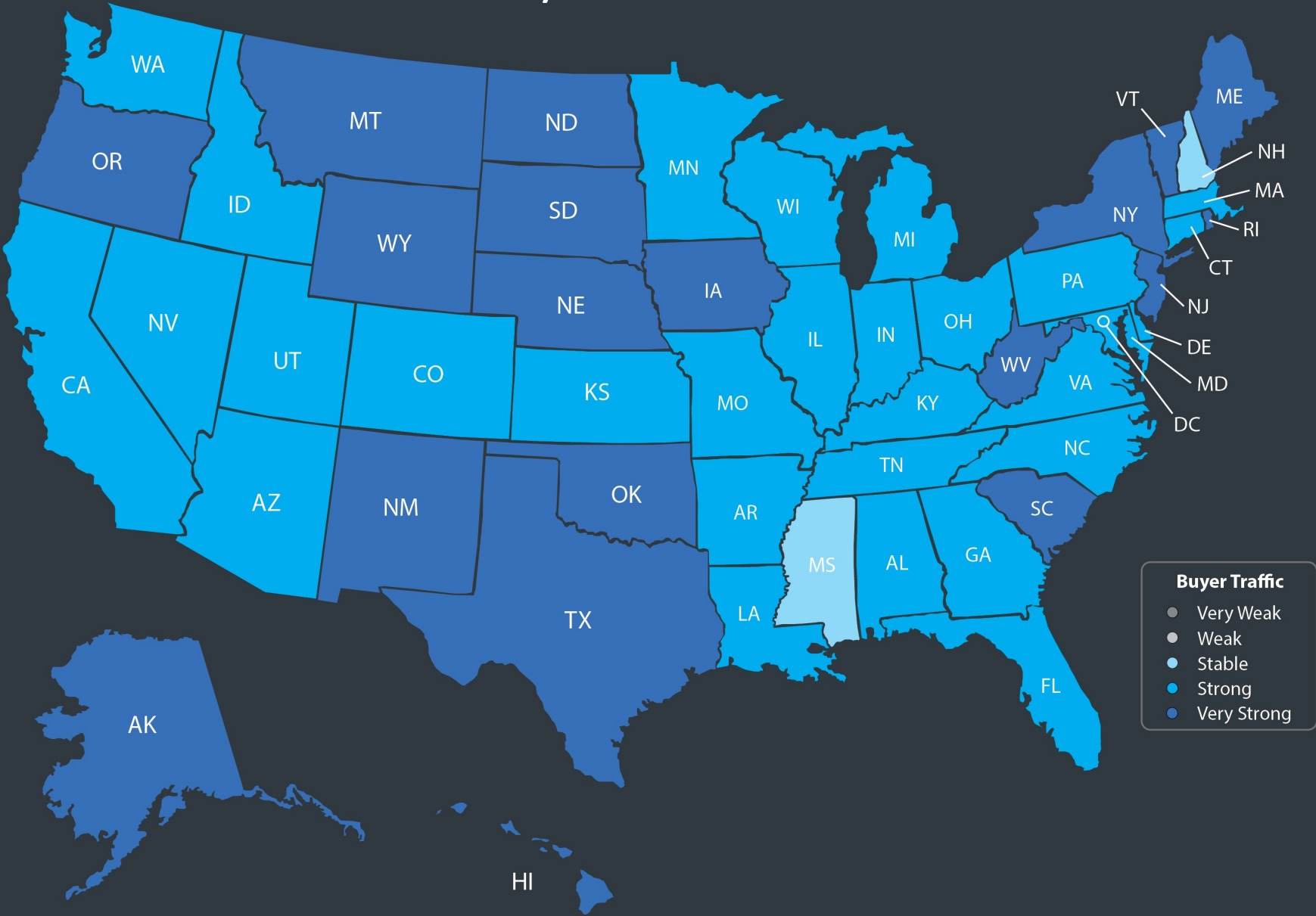
“Buyer demand remains healthy... Showing traffic is still above last year’s levels – other than in the Northeast, where it is down 3 percent from last year – though we saw a quick month-to-month drop in the number of showings per listing in June, showing an uncharacteristically rapid slowdown in real estate demand coming into the summer. This is likely to cause an increase in inventory levels in the coming months and ease the upward pressure on real estate prices that has pushed them to historic highs over the last 12 months.”

*- Michael Lane, President of ShowingTime*

### *Year-Over-Year Increase in Showing Activity*



# Buyer Traffic Index



**Buyer Traffic**

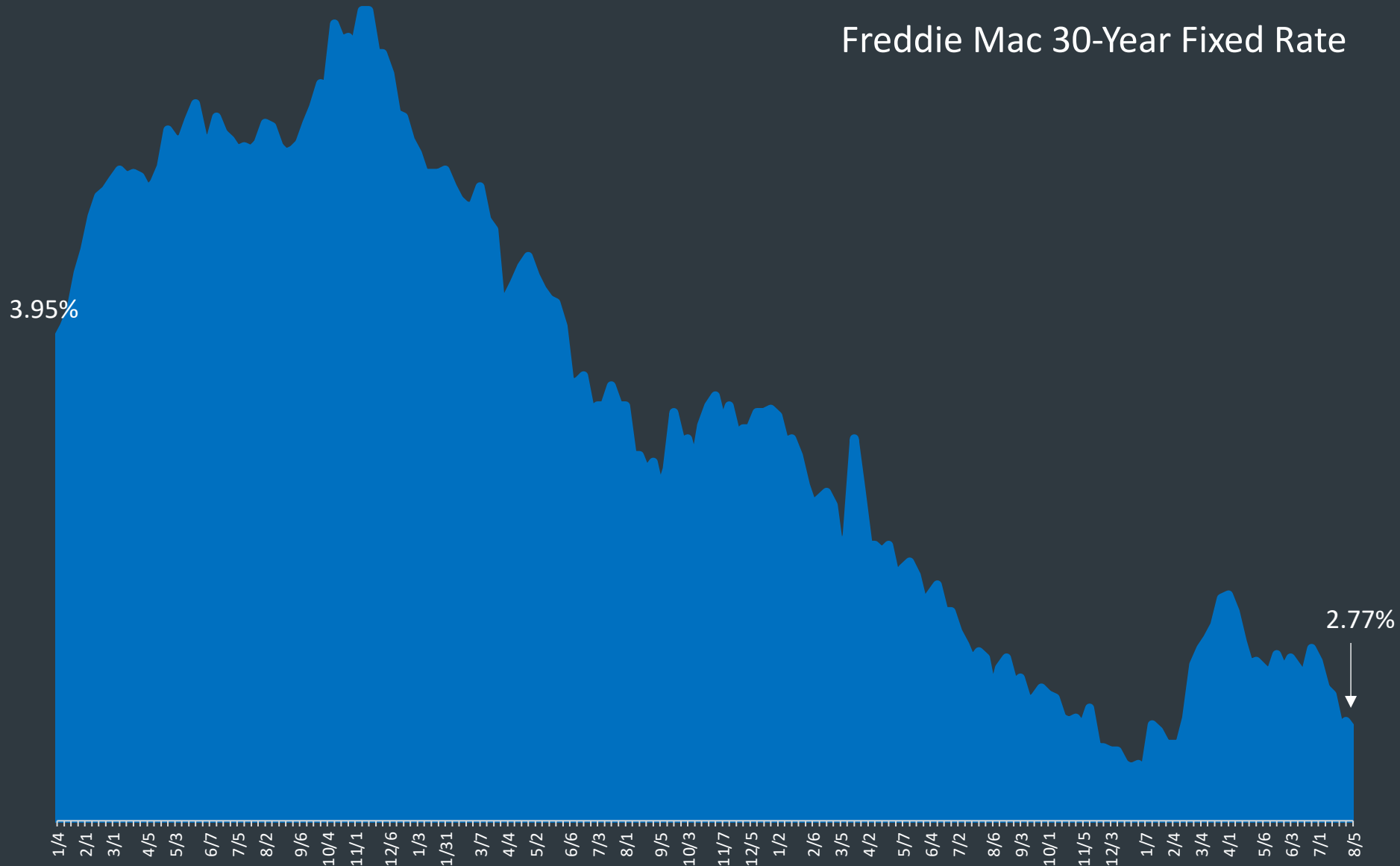
- Very Weak
- Weak
- Stable
- Strong
- Very Strong

# INTEREST RATES



# Mortgage Rates

Freddie Mac 30-Year Fixed Rate



# 30-Year Fixed

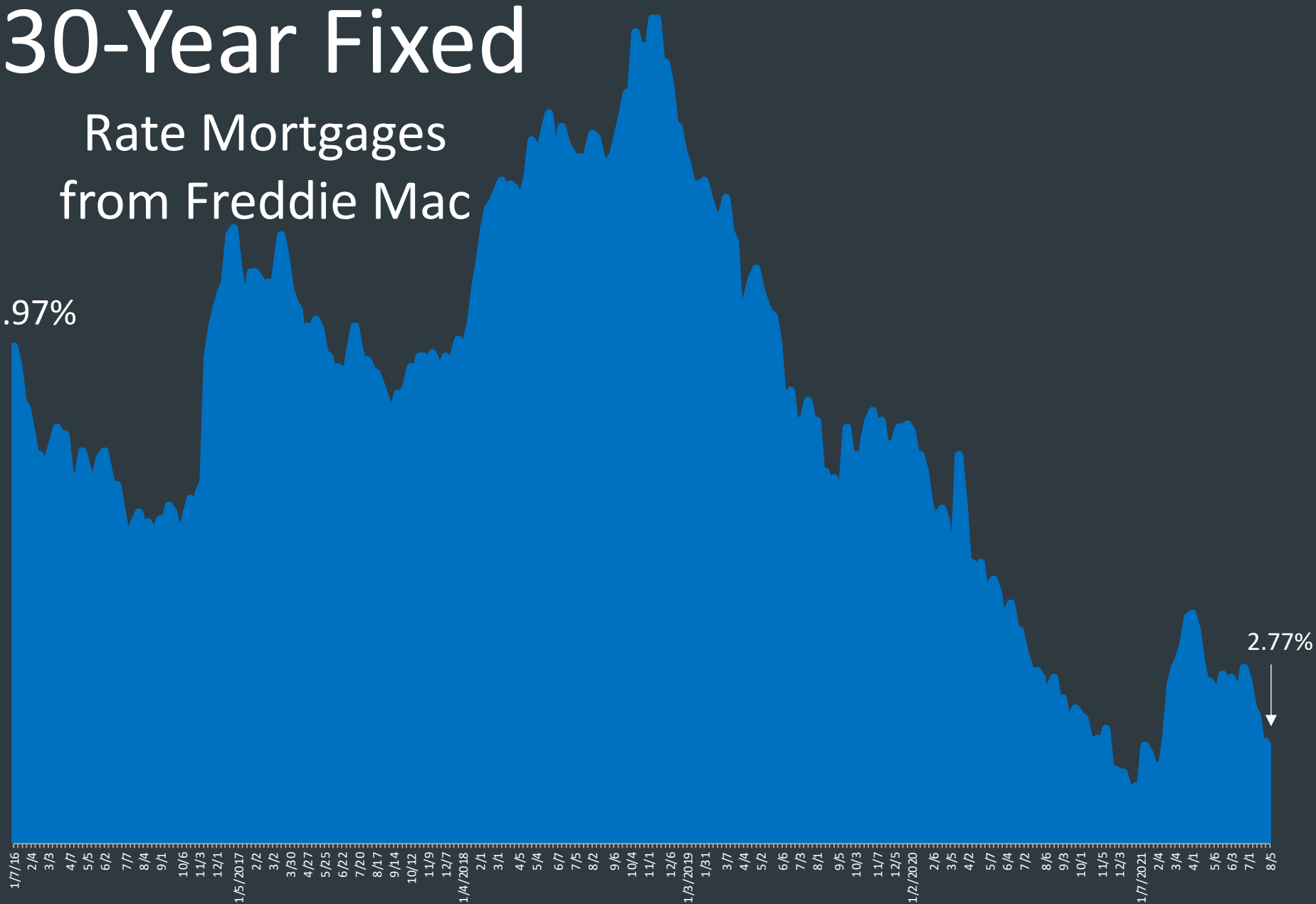
Rate Mortgages  
from Freddie Mac

3.97%

1/7/16 2/4 3/3 4/7 5/5 6/2 7/7 8/4 9/1 10/6 11/3 12/1 1/5/2017 2/2 3/2 3/30 4/27 5/25 6/22 7/20 8/17 9/14 10/12 11/9 12/7 1/4/2018 2/1 3/1 4/5 5/4 6/7 7/5 8/2 9/6 10/4 11/1 12/6 1/3/2019 1/31 3/7 4/4 5/2 6/6 7/3 8/1 9/5 10/3 11/7 12/5 1/2/2020 2/6 3/5 4/2 5/7 6/4 7/2 8/6 9/3 10/1 11/5 12/3 1/7/2021 2/4 3/4 4/1 5/6 6/3 7/1 8/5

2.77%

Freddie Mac



# Mortgage Rate Projections

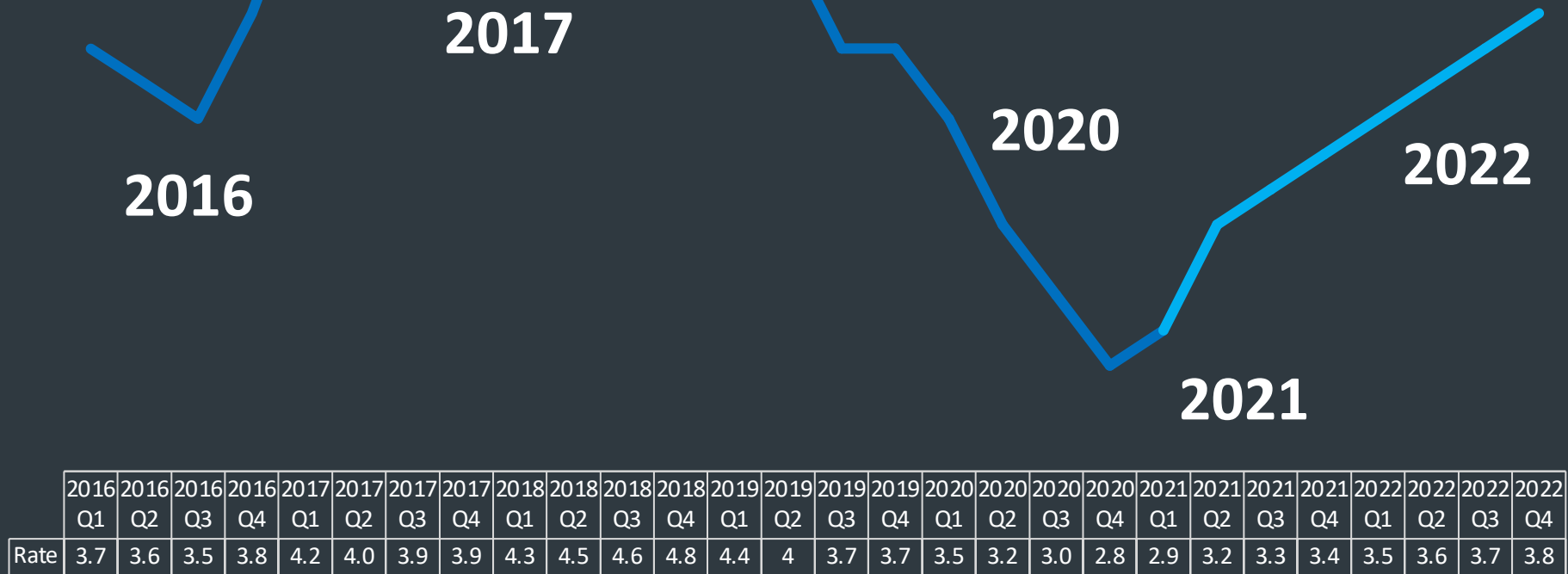
Quarter	Freddie Mac	Fannie Mae	MBA	NAR	Average of All Four
2021 3Q	3.3	3.0	3.2	2.9	3.1%
2021 4Q	3.4	3.1	3.4	3.3	3.3%
2022 1Q	3.5	3.2	3.6	3.4	3.43%
2022 2Q	3.6	3.3	4.0	3.5	3.58%

# Mortgage Rates

Freddie Mac

2019 30-Year Fixed Rate

- Actual
- Projected



# Mortgage Rates

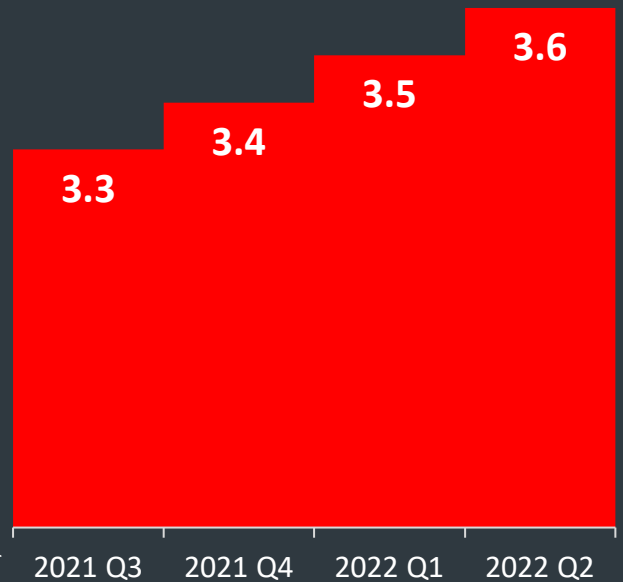
Freddie Mac

30-Year Fixed Rate

Where Are They Going?

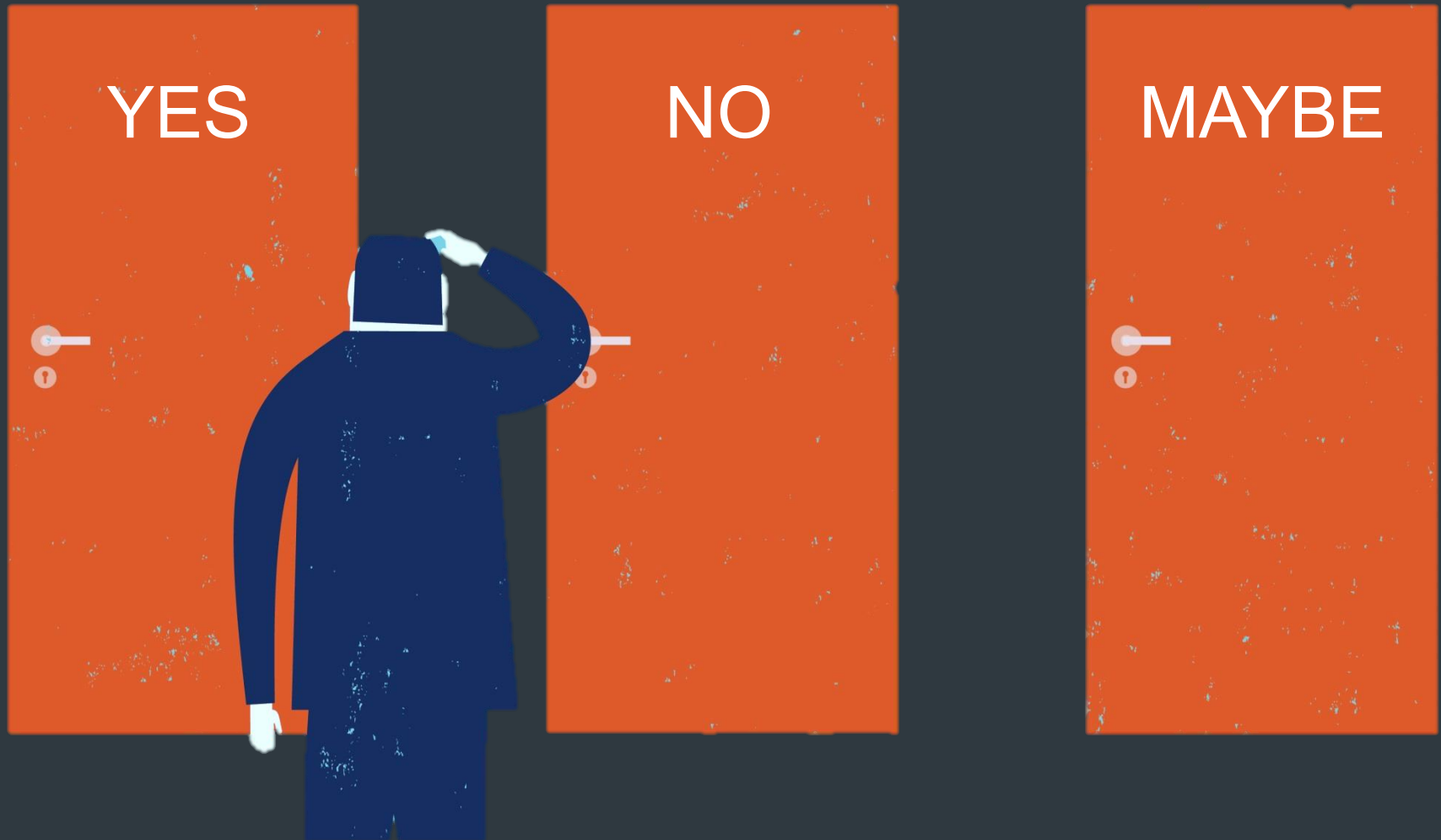
January 2018 – Today  
Actual Interest Rates

2018 2/1 3/1 4/5 5/3 6/7 7/5 8/2 9/6 10/4 11/1 12/6 1/3 2019 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

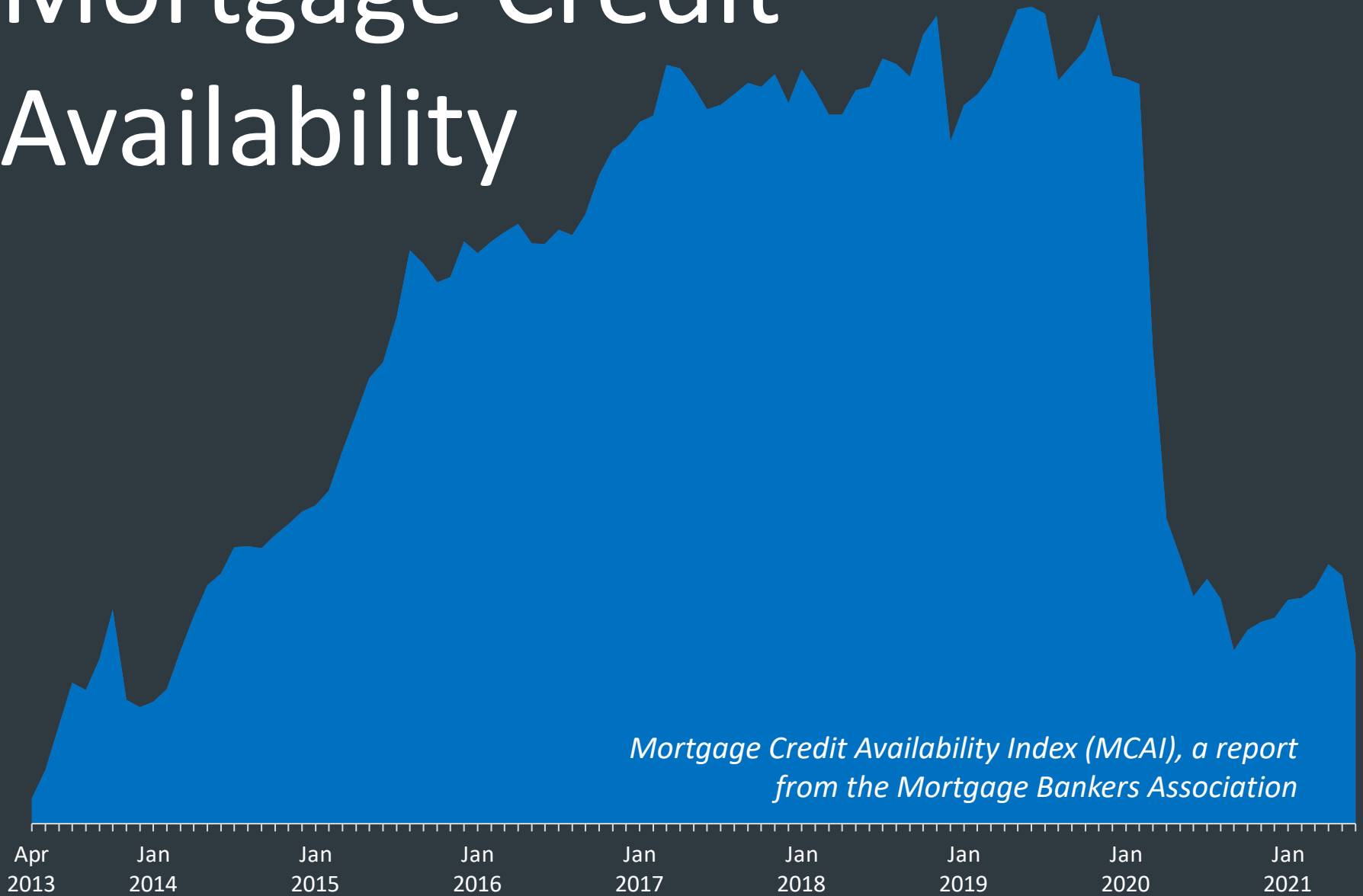


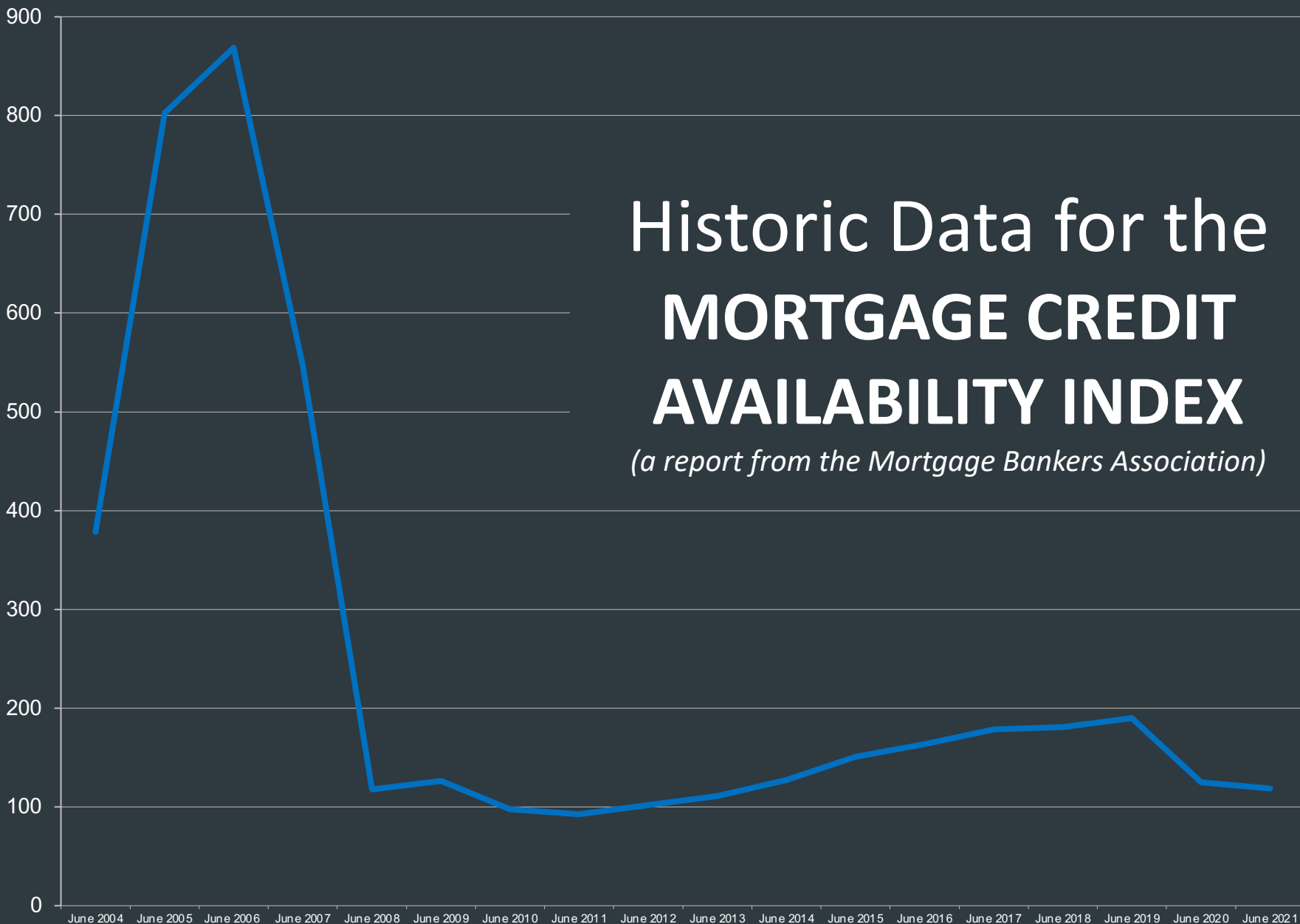


# Mortgage Credit Availability



# Mortgage Credit Availability



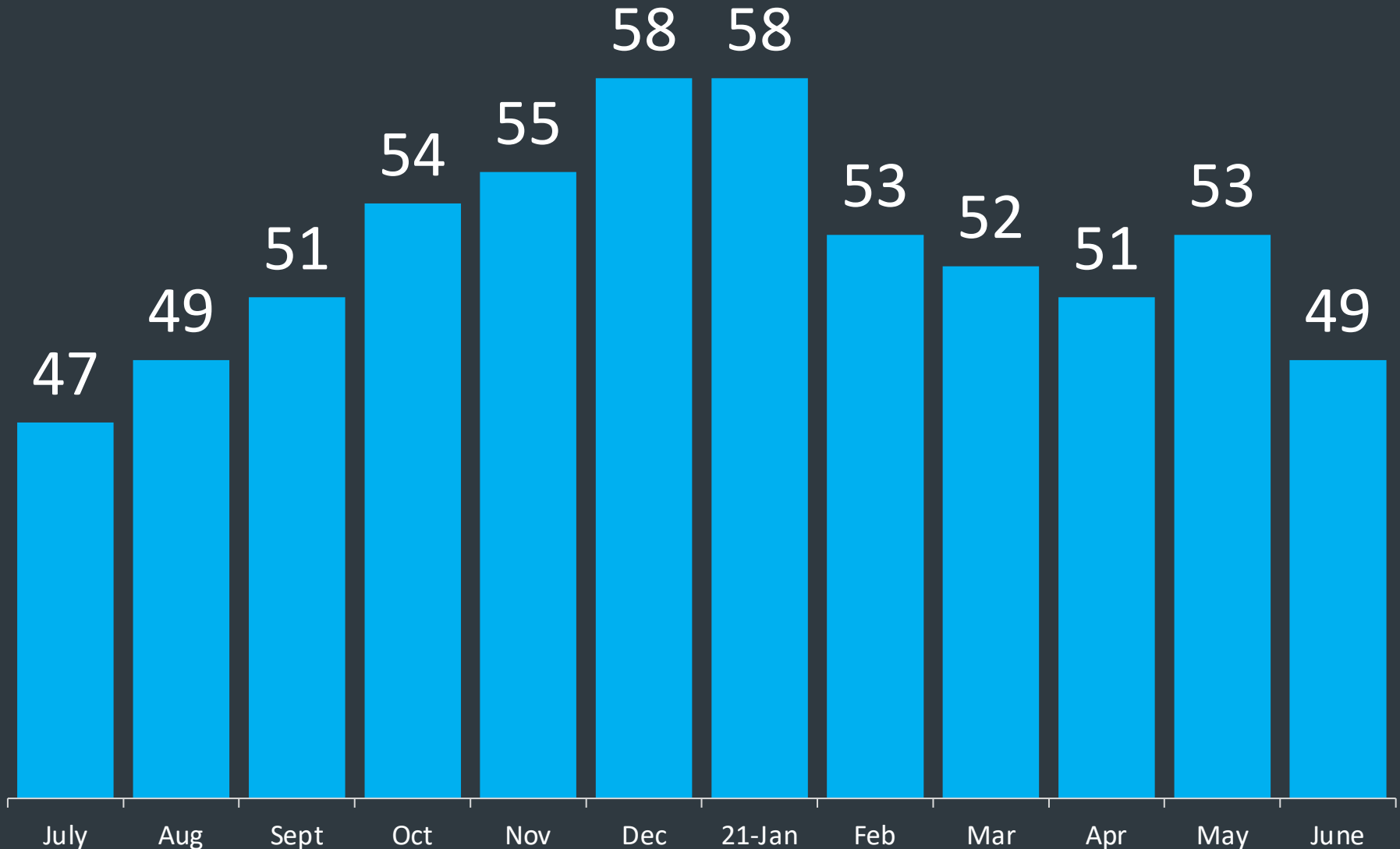


# Historic Data for the **MORTGAGE CREDIT AVAILABILITY INDEX**

*(a report from the Mortgage Bankers Association)*

# Average Days To Close A Loan

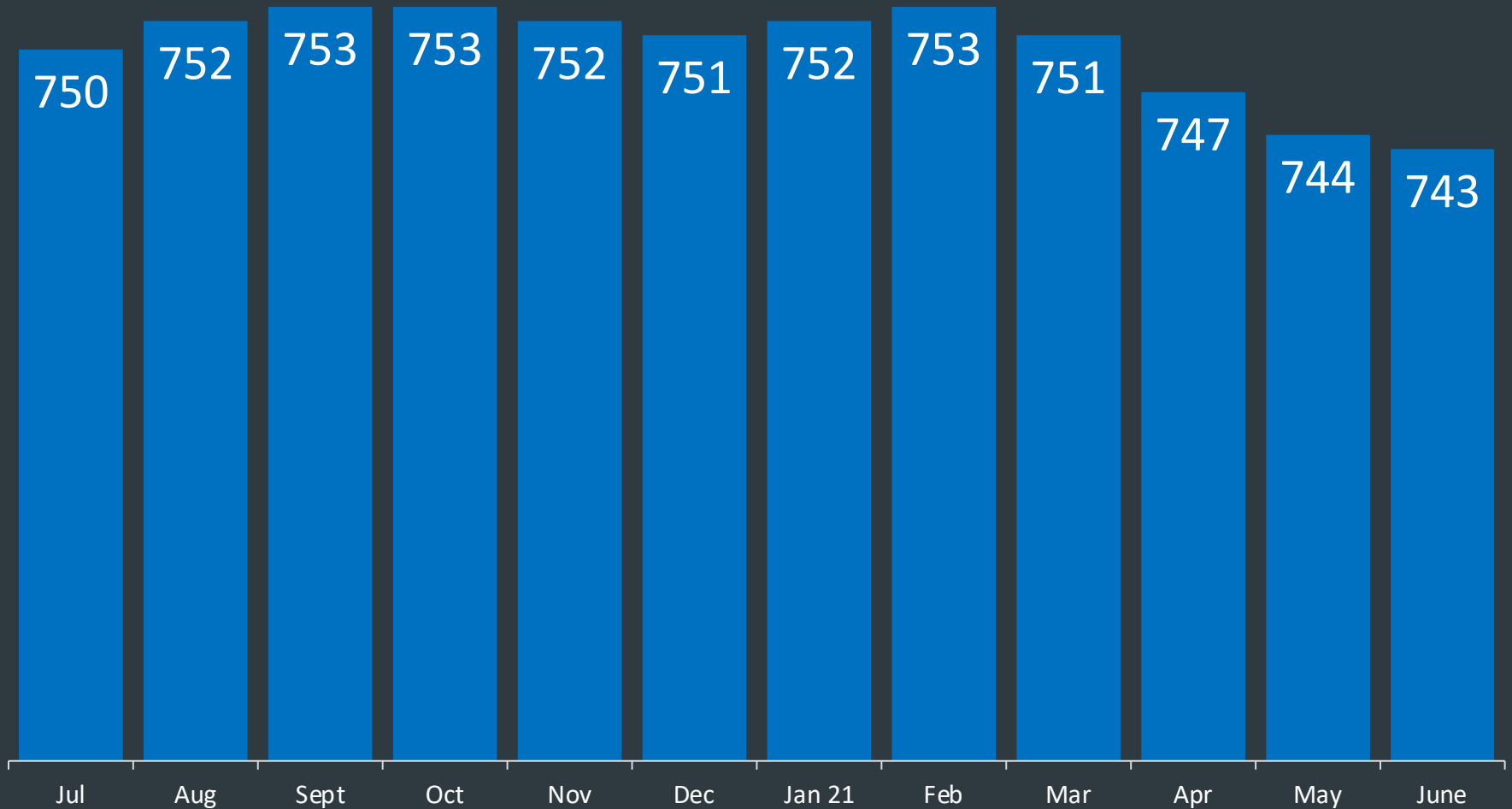
*Last 12 Months*



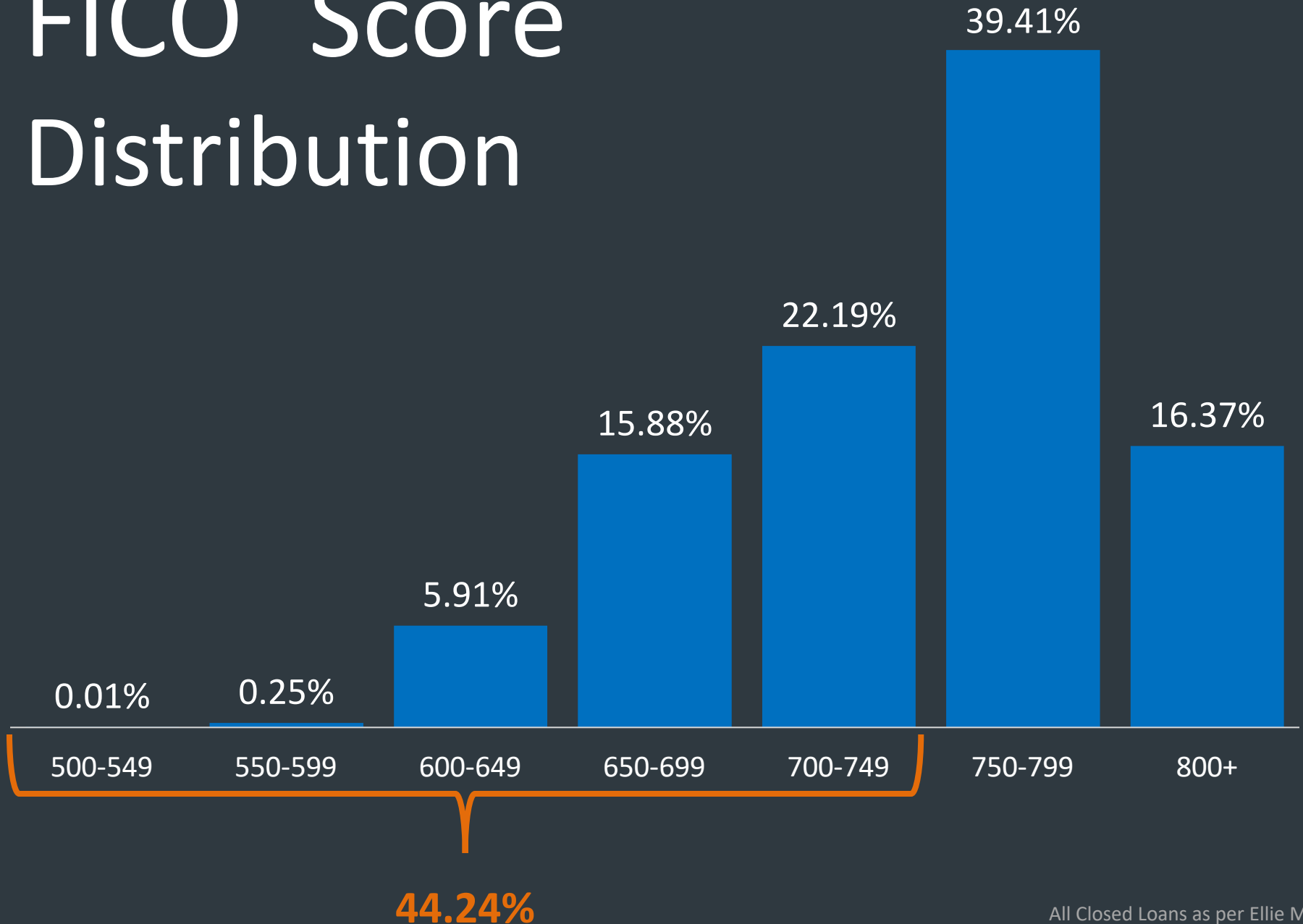
All Closed Loans as per Ellie Mae

# FICO<sup>®</sup> Score Requirements

*Last 12 months*

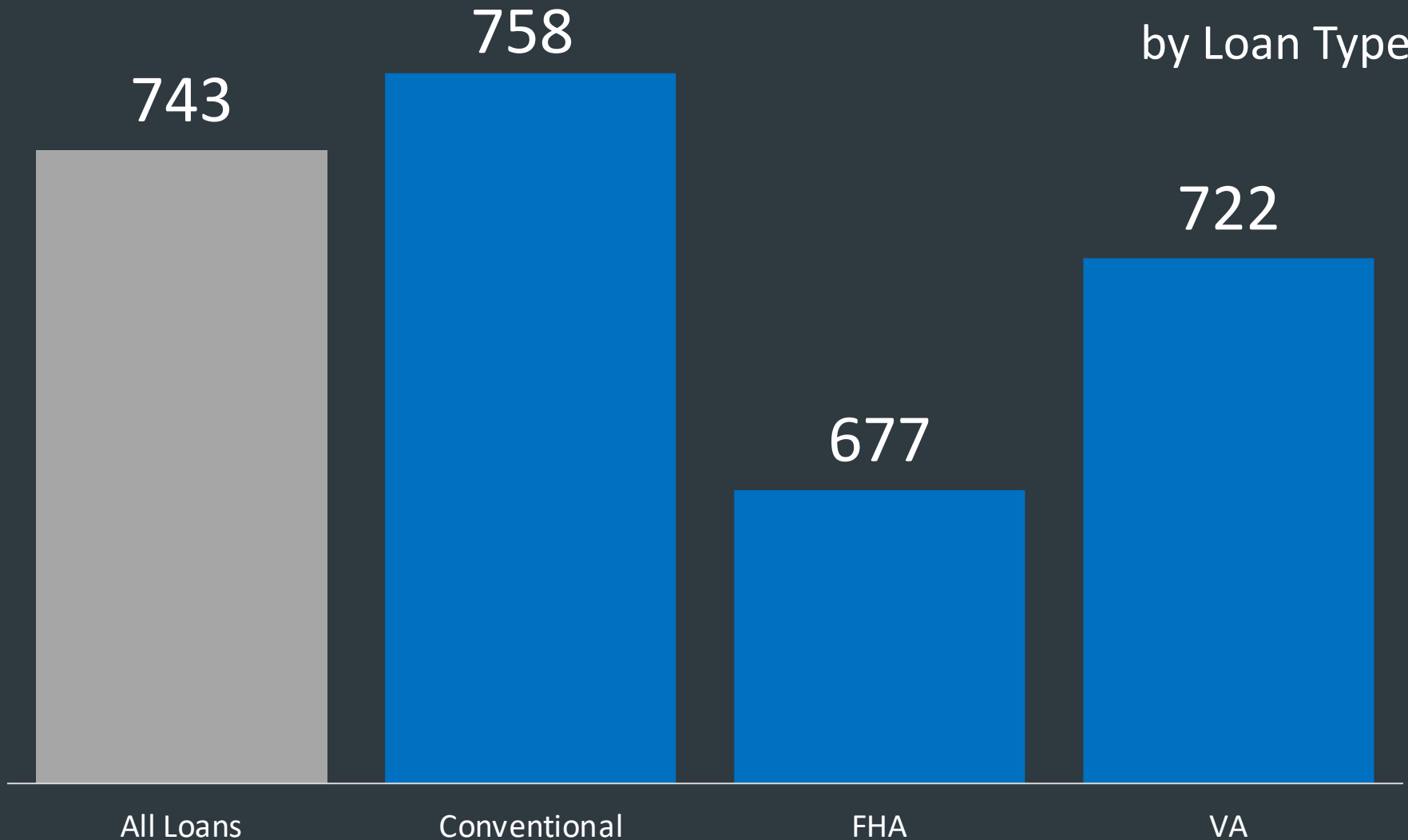


# FICO<sup>®</sup> Score Distribution



# Average FICO<sup>®</sup> Score

for Closed Purchase Loans  
by Loan Type



# Average Back End DTI

for Closed Purchase Loans by Loan Type

