



KEEPING CURRENT MATTERS

August 2023



**IN TIMES OF
UNCERTAINTY,
PEOPLE FOLLOW
THE CERTAIN**

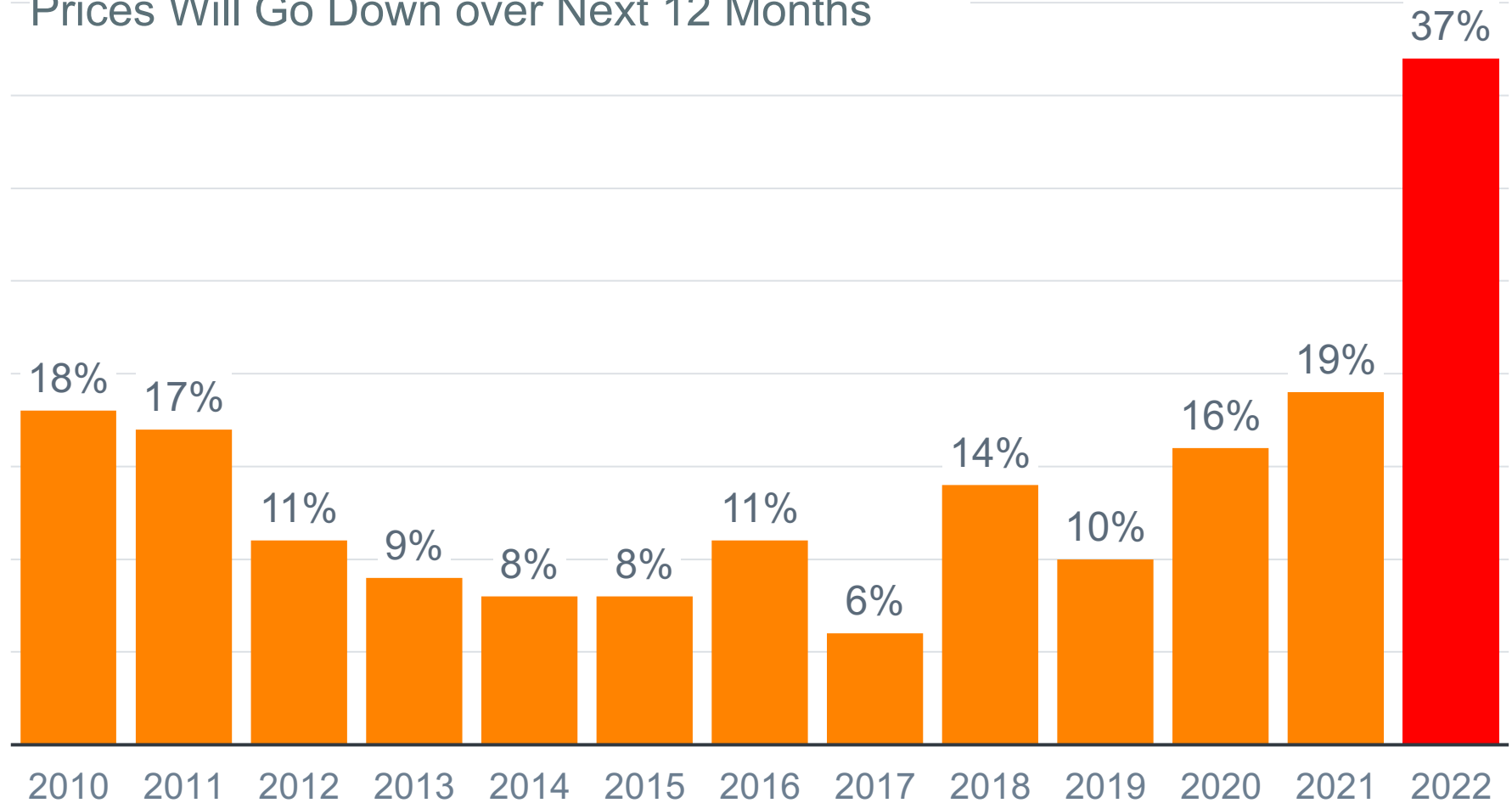




Consumer Survey on Home Prices

Consumer Confidence in Home Prices Weakened Toward the End of 2022

% of Americans in Each December Who Think Prices Will Go Down over Next 12 Months





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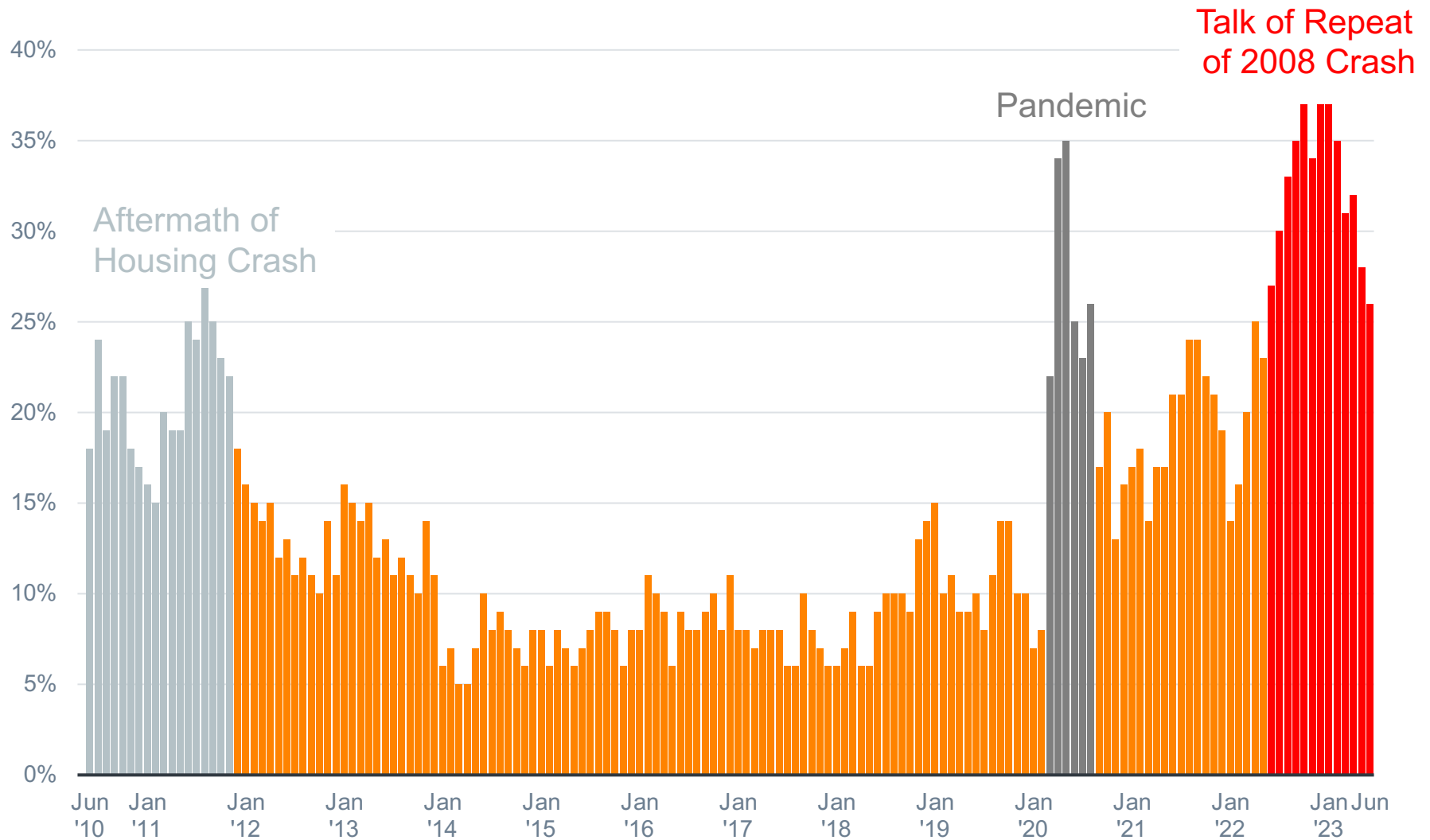
A 20% home price decline? 7 forecast models are leaning crash—here's where the other 13 models have the 2023 housing market going

December 7, 2022 at 6:57 AM EST



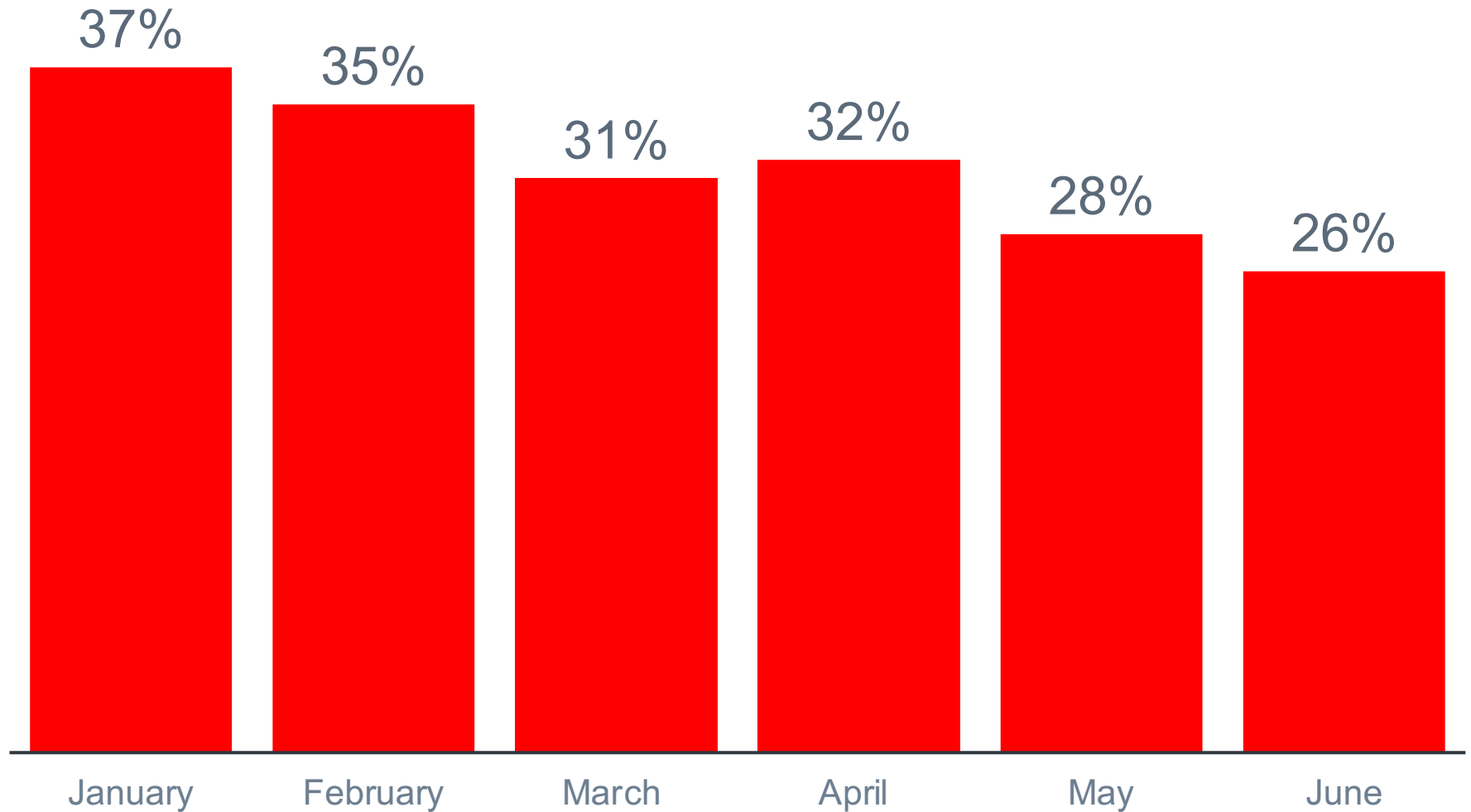
Consumer Confidence in Home Prices

% Who Believe Home Prices Will Go Down in Next 12 Months



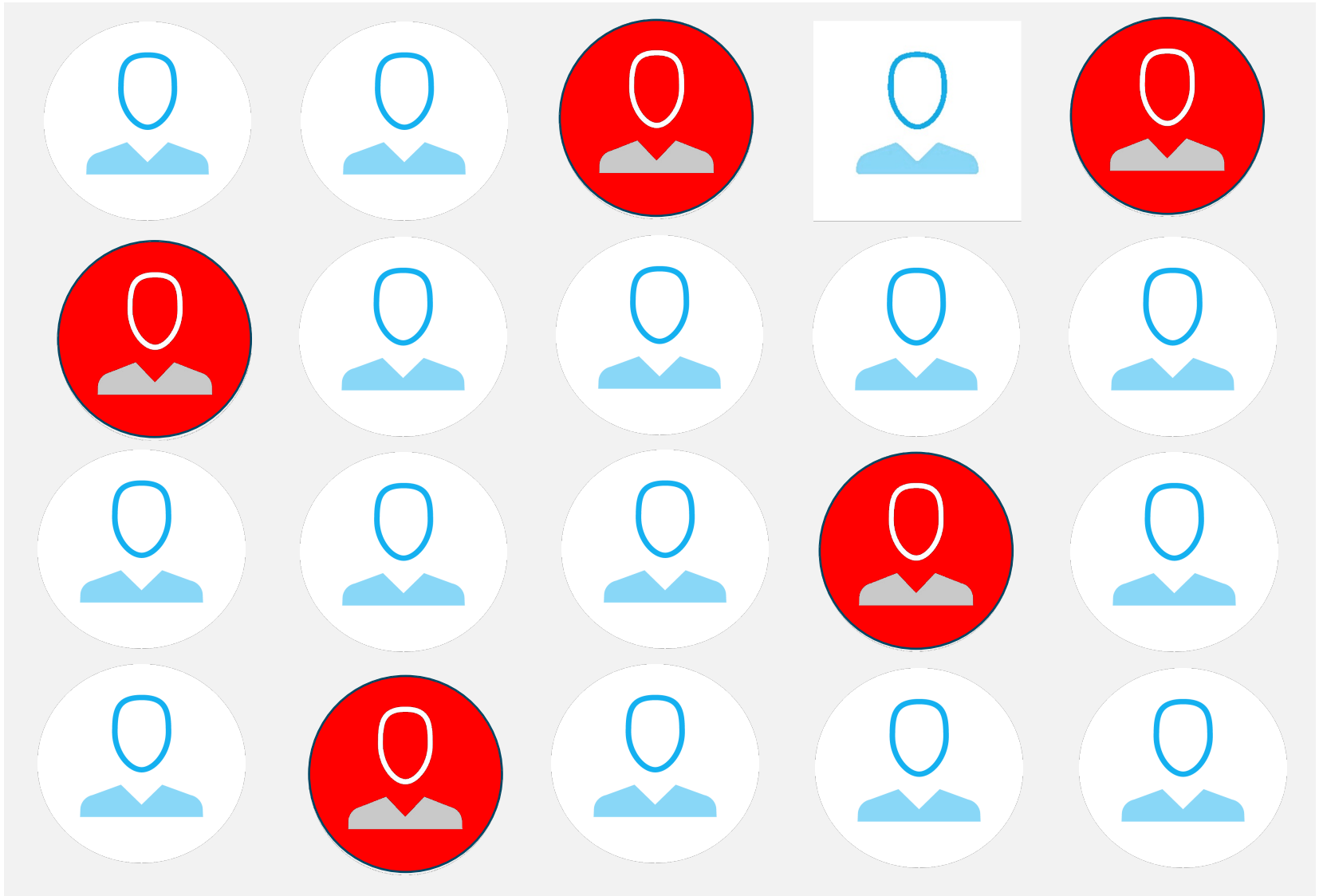
1 of 4 Still Believe Prices Will Depreciate

% of Americans Who Think Prices Will Go Down over Next 12 Months



Source: Fannie Mae

1 in 4 Still Believe Prices Will Depreciate



Facts Shatter Fear

**People Would Panic and Put
Their Home on the Market**



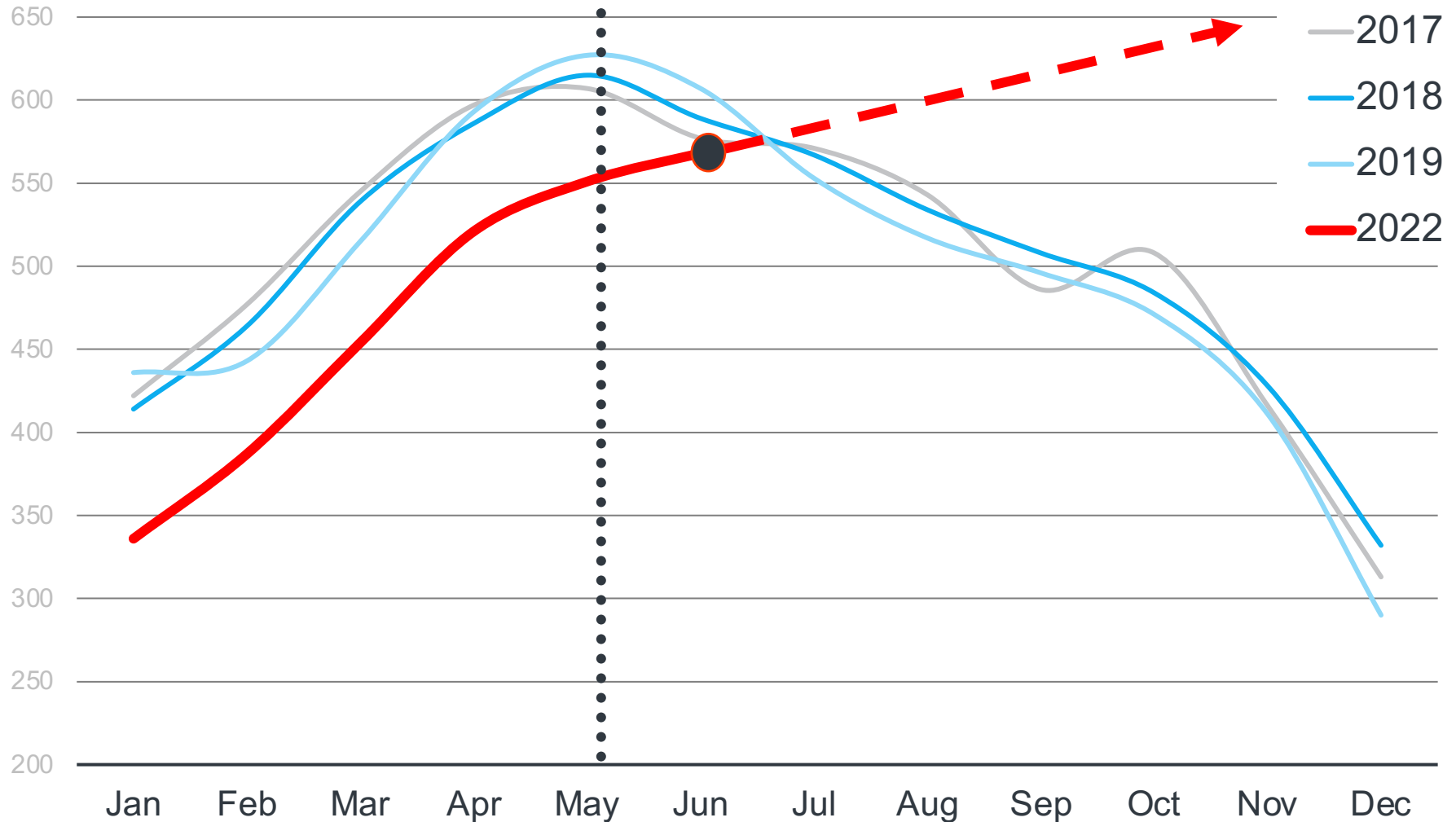
As inventory picked up sharply in 2022, I adjusted my outlook in October 2022 and wrote “House Prices: 7 Years in Purgatory”. I noted that a 10% decline in nominal prices “now seemed likely” . . .

However, the inventory surge in 2022 was somewhat of a head fake! Some potential sellers quickly listed their homes, probably remembering what happened with house prices in the 2006 to 2011 period, but that surge ended pretty quickly.

- **Bill McBride**, Founder, Calculated Risk

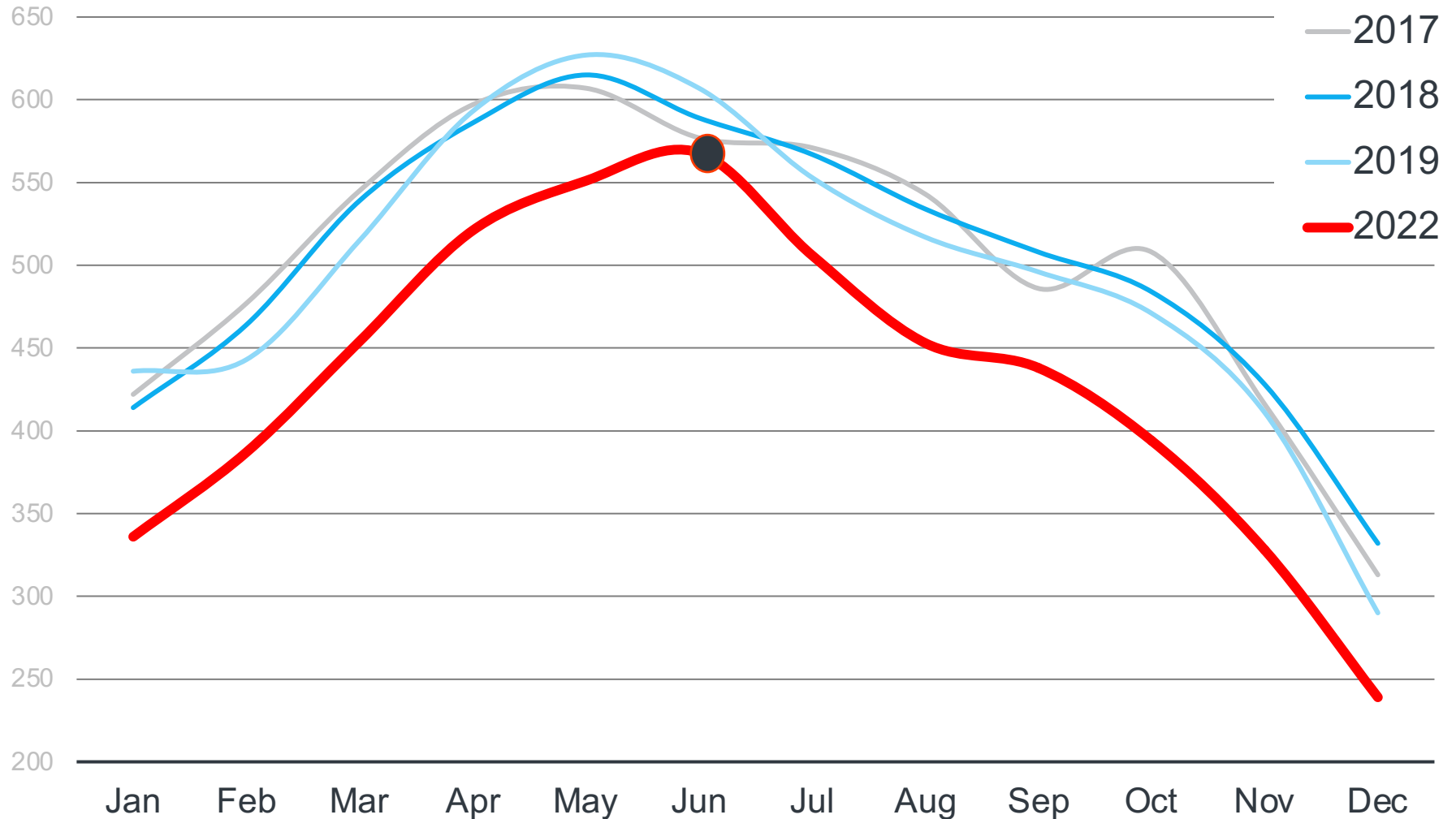
New Listings Were Expected To Skyrocket

New Monthly Listing Counts, in Thousands



New Listings Dramatically Dropped Instead

New Monthly Listing Counts, in Thousands

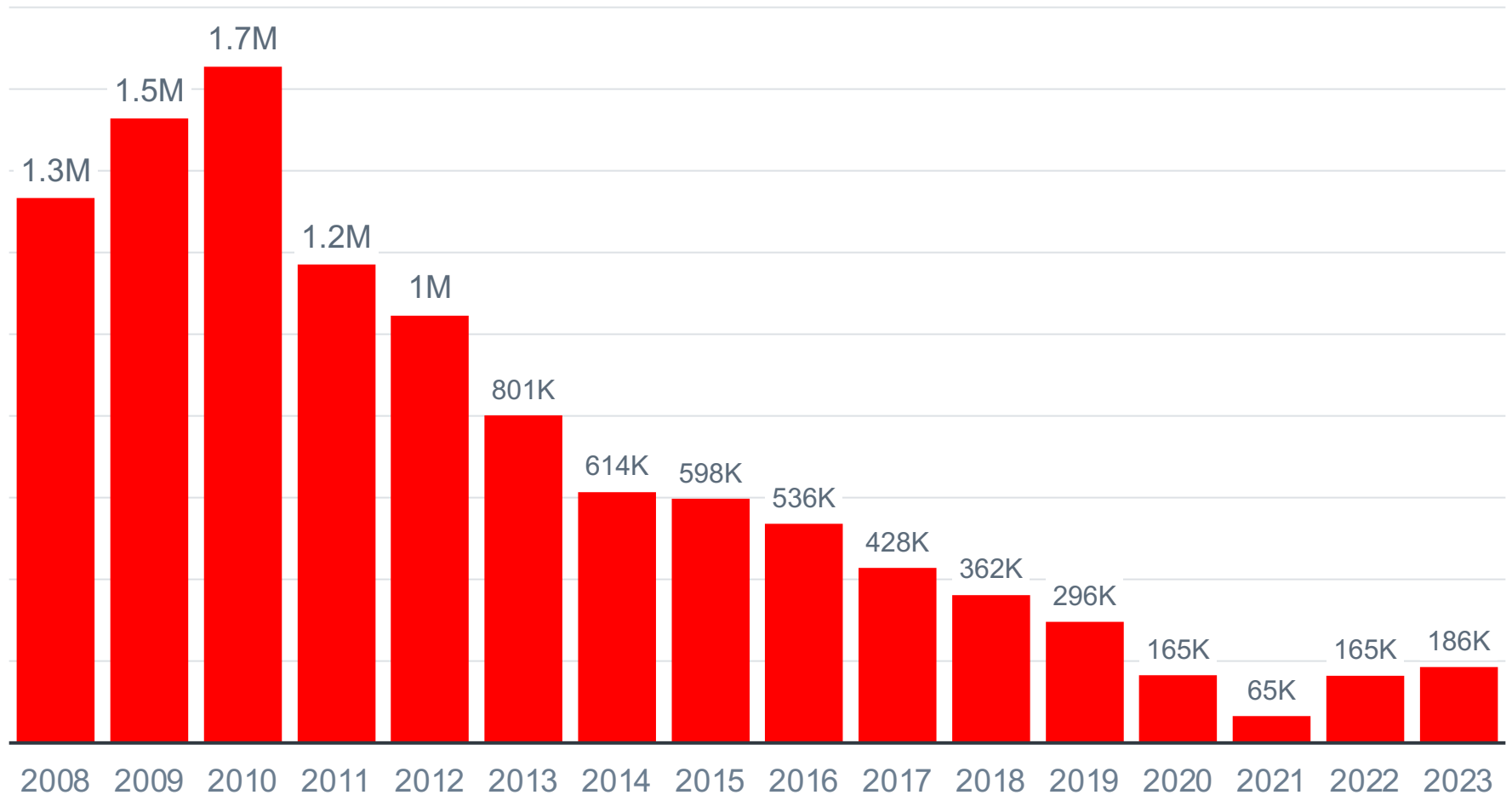


**Recession and End of Moratorium =
Tsunami of Foreclosures**

Foreclosures in the First 6 months

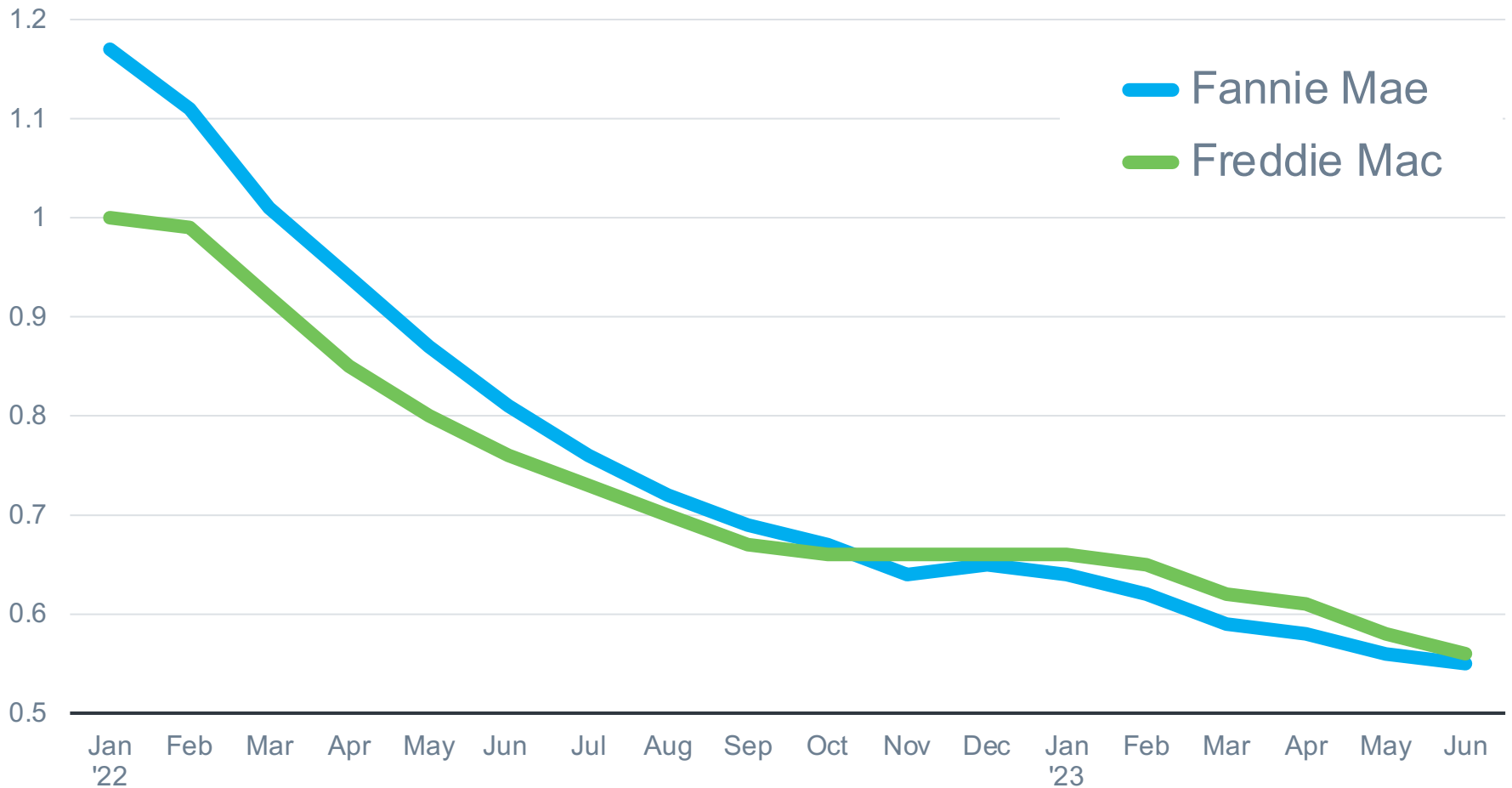
Foreclosure Filings

(Default Notices, Scheduled Auctions, or Bank Repossessions)



Serious Delinquencies on a Decline

% of Mortgage Loans That Are 3 Monthly Payments or More Past Due or in the Process of Foreclosure



Source: Freddie Mac, Fannie Mae



May's overall mortgage delinquency rate matched the all-time low, and serious delinquencies followed suit. Furthermore, the rate of mortgages that were six months or more past due, a measure that ballooned in 2021, has receded to a level last observed in March 2020.

- **Molly Boese**, Principal Economist, CoreLogic



November 2008:

Foreclosure activity is already at record levels
Yet, as prices fall, foreclosure activity will
probably continue to increase - the activity will
be literally off the chart!

July 2023:

There will not be a foreclosure crisis this time.

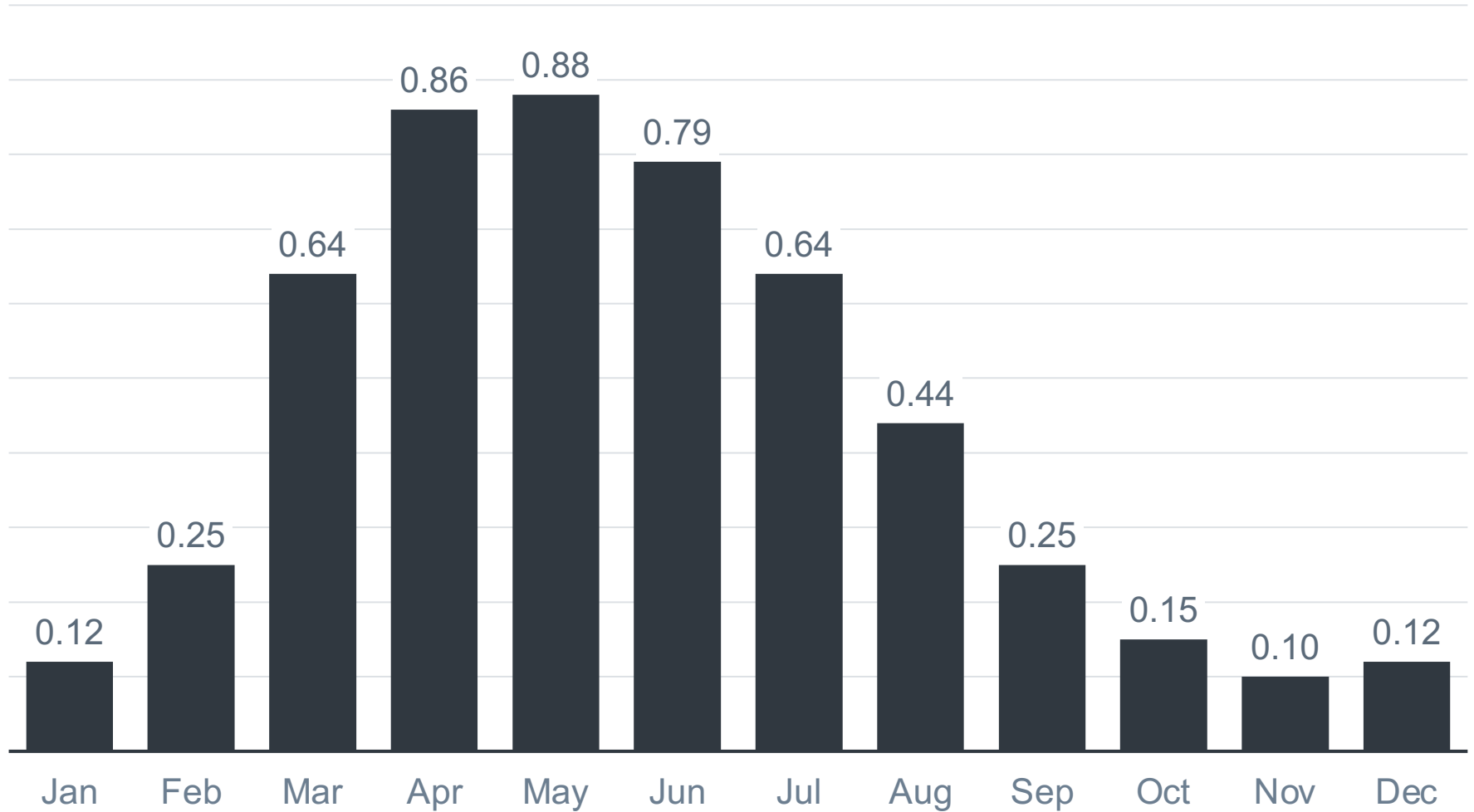
- **Bill McBride**, Calculated Risk



What Actually Happened with Home Prices in 2022?

48-Year Average Monthly Price Movement

Average Case-Shiller NSA M-O-M Price Movement, 1973-2021

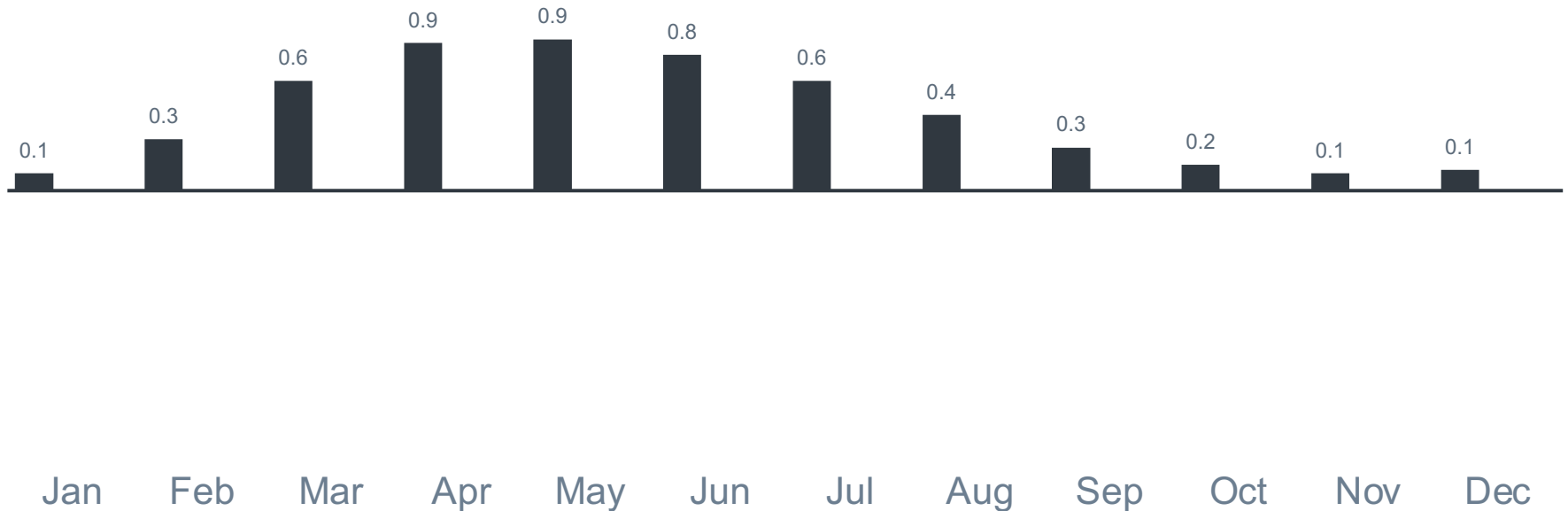


Source: Case-Shiller

48-Year Average vs 2022 Price Movement

Average Case-Shiller NSA M-O-M Price Movement 1973-2021 and 2022

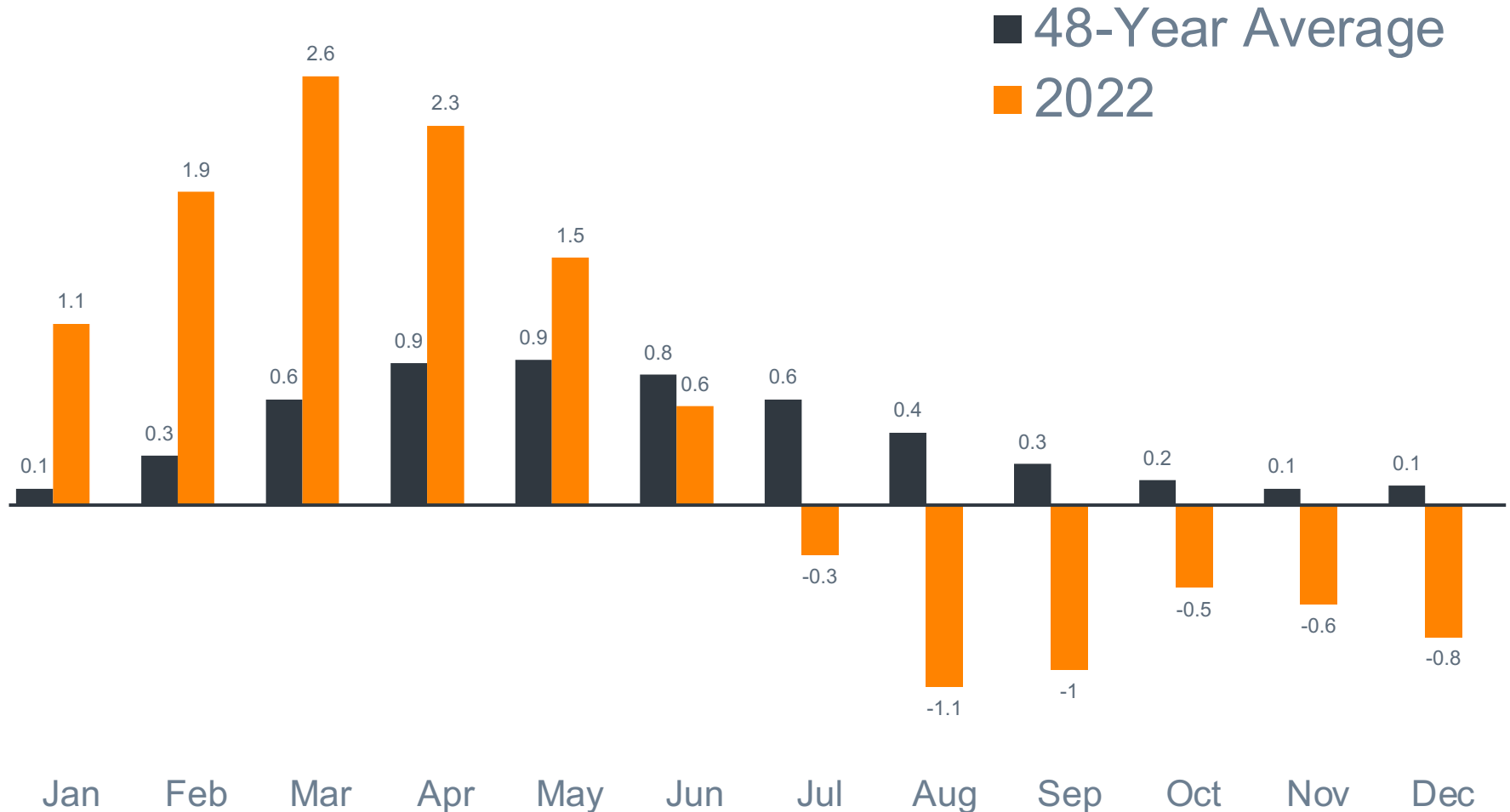
■ 48-Year Average



Source: Case-Shiller

48-Year Average vs 2022 Price Movement

Average Case-Shiller NSA M-O-M Price Movement, 1973-2021 and 2022

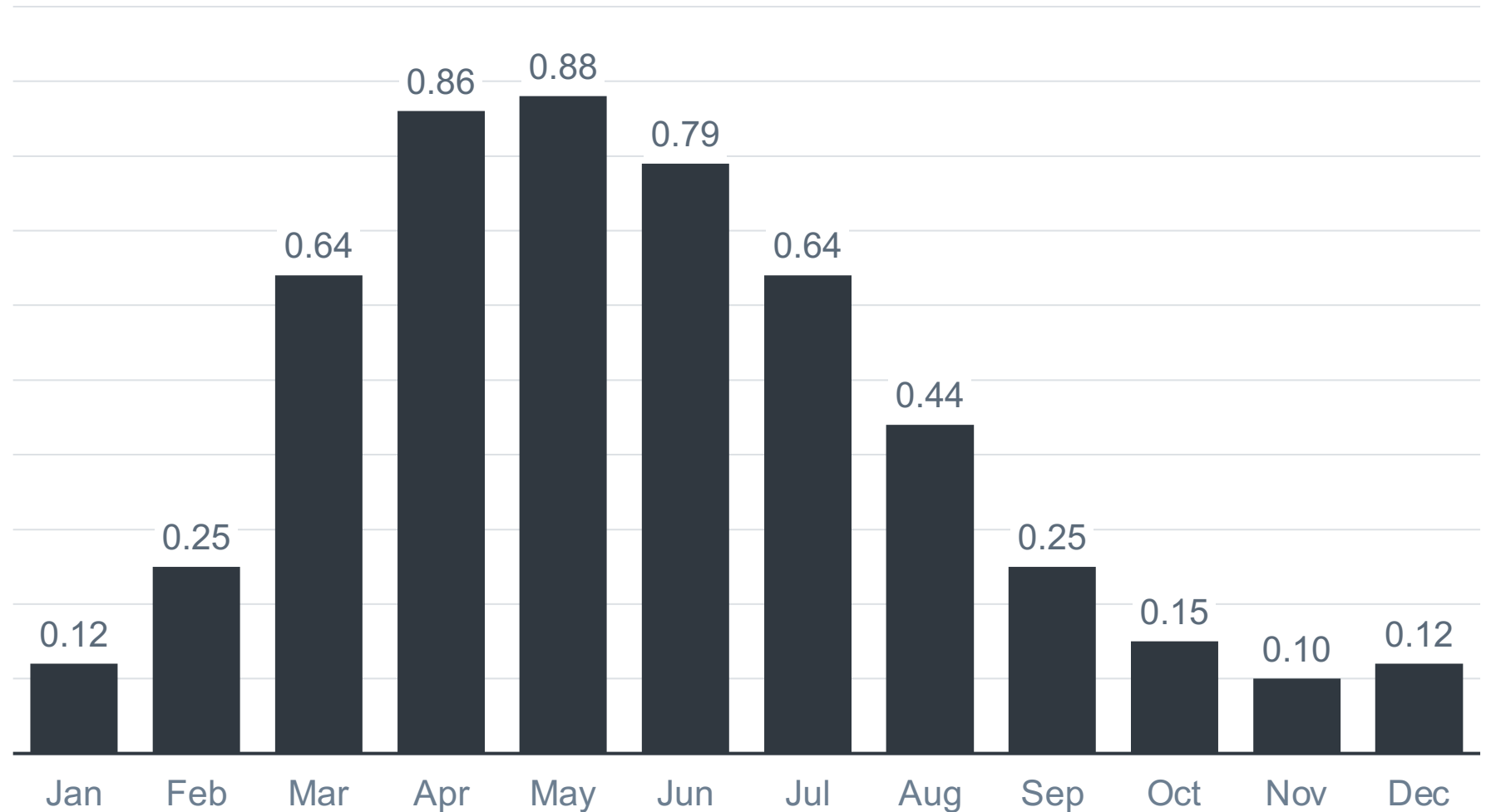




Home Prices 2023

48-Year Average Monthly Price Movement

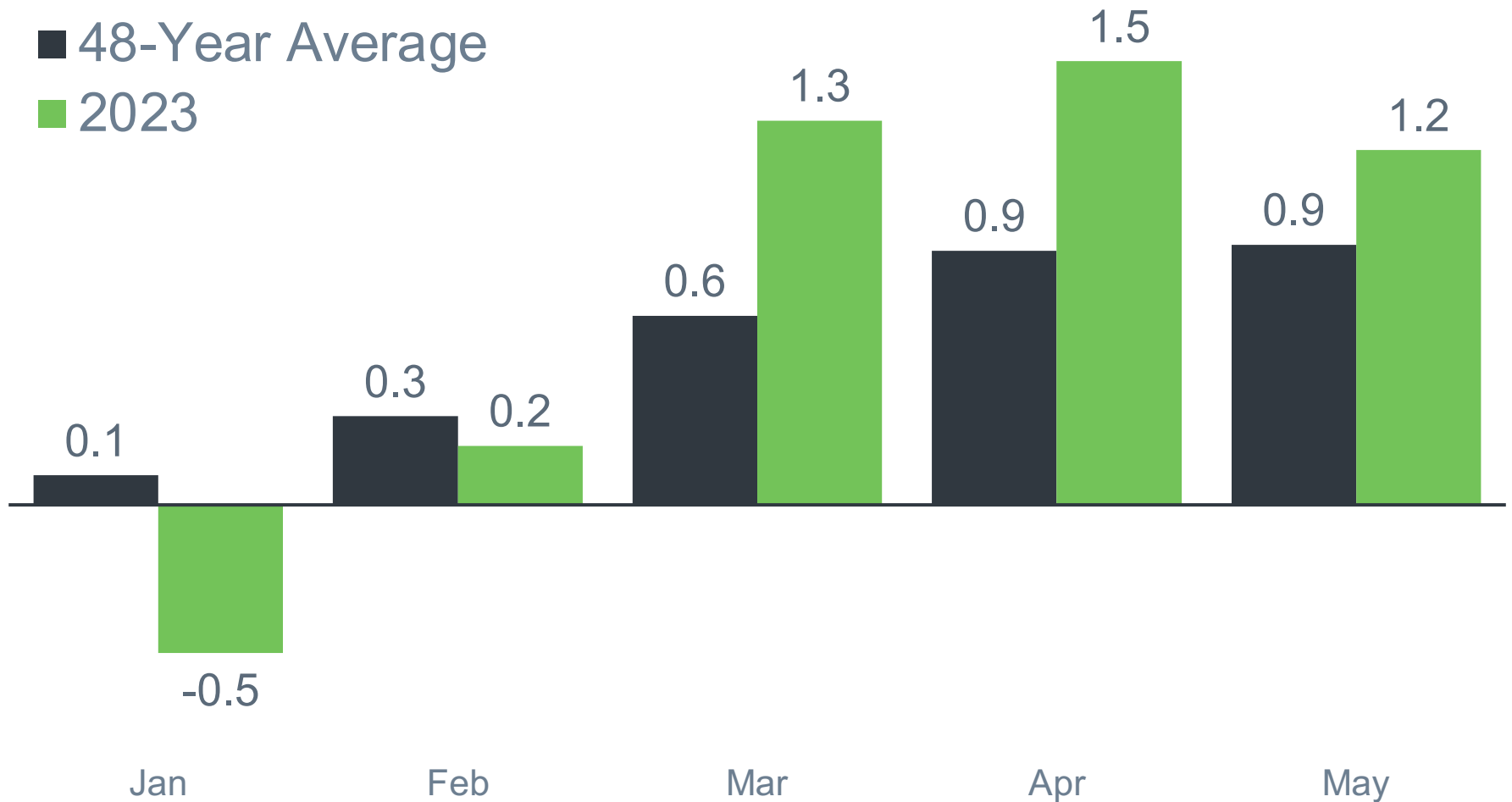
Average Case-Shiller NSA M-O-M Price Movement, 1973-2021



Source: Case-Shiller

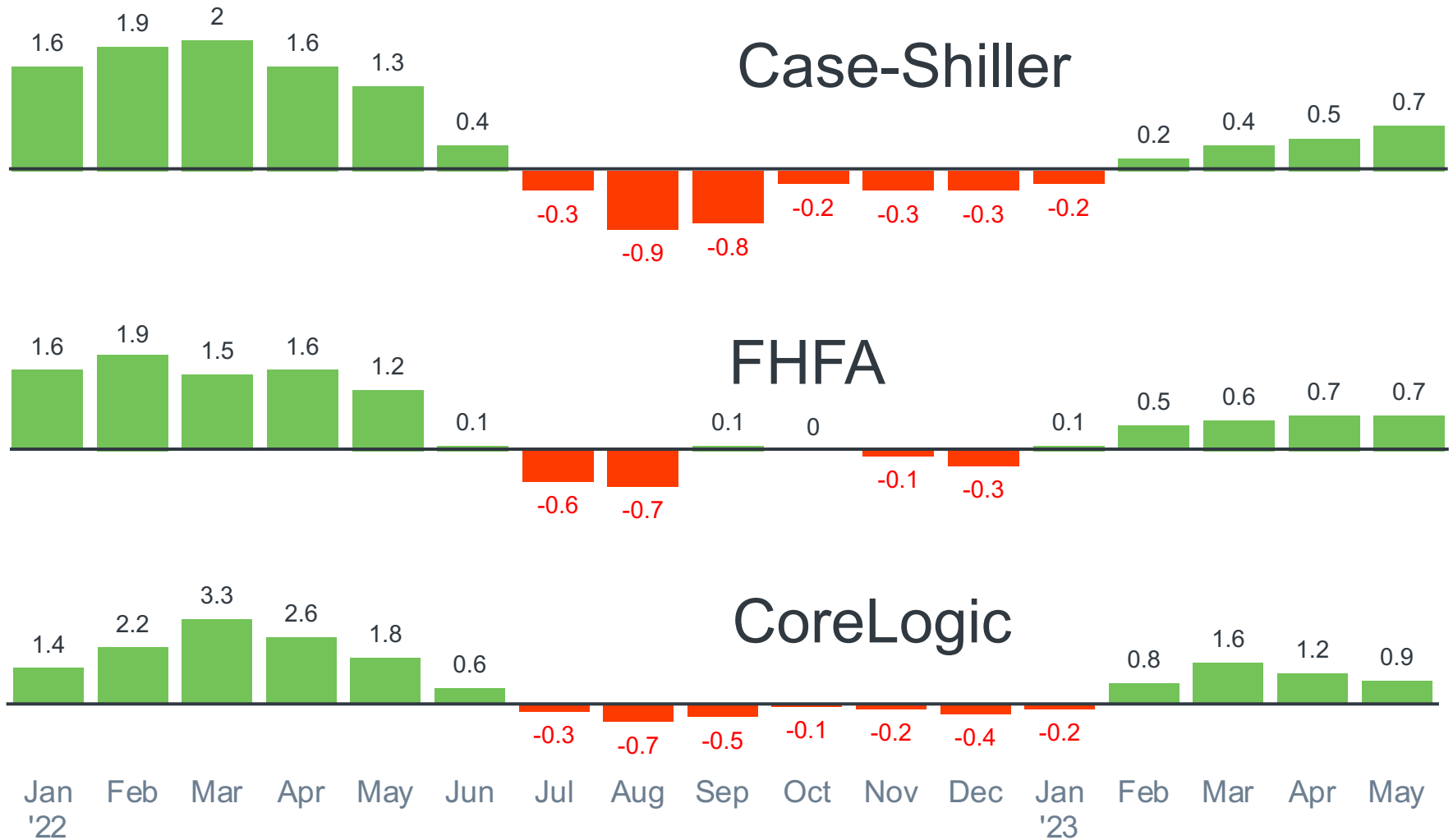
48-Year Average vs 2023 Price Movement

Average Case-Shiller NSA M-O-M Price Movement 1973-2021 and 2023



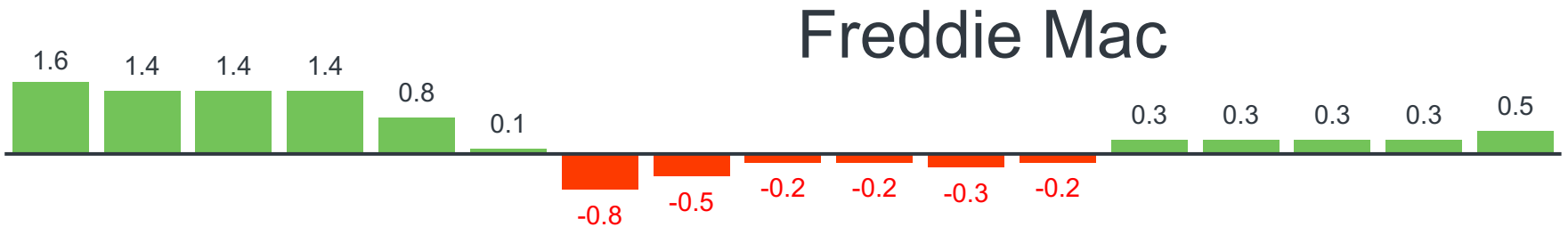
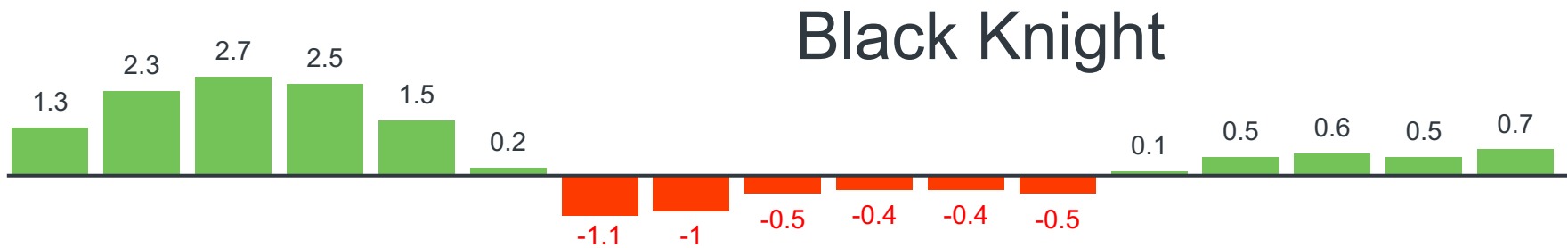
Percent Change in Home Values

Month-Over-Month, Case Shiller & FHFA (SA), CoreLogic (NSA)



Percent Change in Home Values

Month-Over-Month, Zillow, Black Knight, & Freddie Mac (SA)



Jan '22 Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan '23 Feb Mar Apr May

Appreciation Skyrocketed in Last 3 Years

% Appreciation in Top 20 Cities Since March 2020

U.S. National: 41.8%

Metro	% Change	Metro	% Change
Atlanta	49.5%	Miami	63.1%
Boston	38.8%	Minneapolis	29.5%
Charlotte	54.3%	New York	38.6%
Chicago	33.5%	Phoenix	54.2%
Cleveland	38.9%	Portland	32.7%
Dallas	50.8%	San Diego	52.1%
Denver	38.6%	San Francisco	27.6%
Detroit	37.1%	Seattle	37.8%
Las Vegas	37.2%	Tampa	63.8%
Los Angeles	39.7%	Washington, D.C.	29.9%



There is no doubt that the housing market has reignited from a home price perspective. Firming prices have now fully erased the pullback we tracked through the last half of 2022 and lifted the seasonally adjusted Black Knight HPI to a new record high in May.

- **Andy Walden**, VP of Enterprise Research, Black Knight

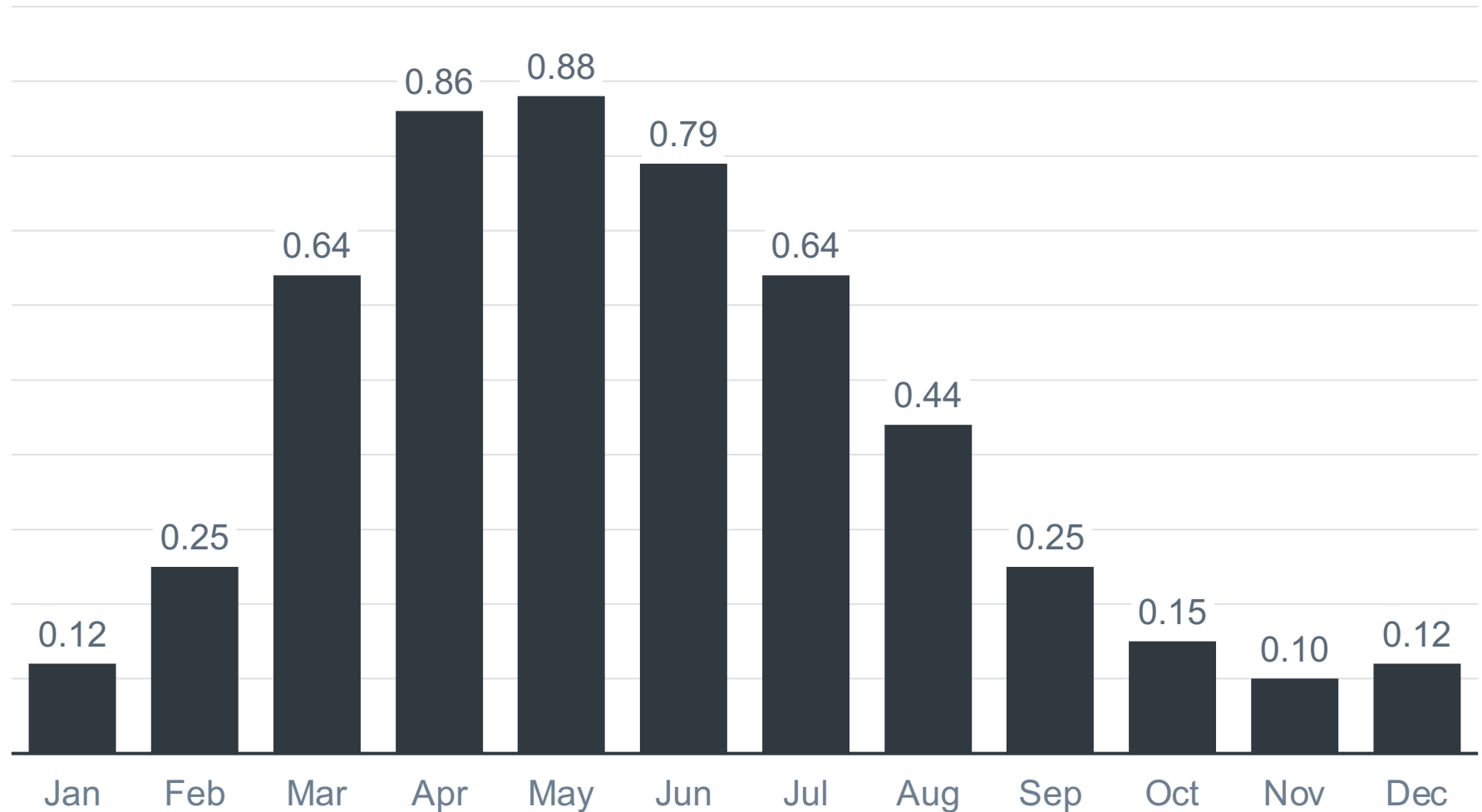
2023 Year End Home Price Forecasts

12/2022 vs. Current Forecast

Entity	Original Forecast	Current Forecast
MBA	-0.6%	0.0%
Fannie Mae	-1.5%	3.9%
Morgan Stanley	-4%	0.0%
AEI	-15 to -20%	6%
Zillow	-0.7%	5.5%
CoreLogic	3.0%	6.8%

48-Year Average Monthly Price Movement

Average Case-Shiller NSA M-O-M Price Movement 1973-2021



Source: Case-Shiller

Deceleration of Appreciation Is Not the Same Thing as Home Prices Are Depreciating

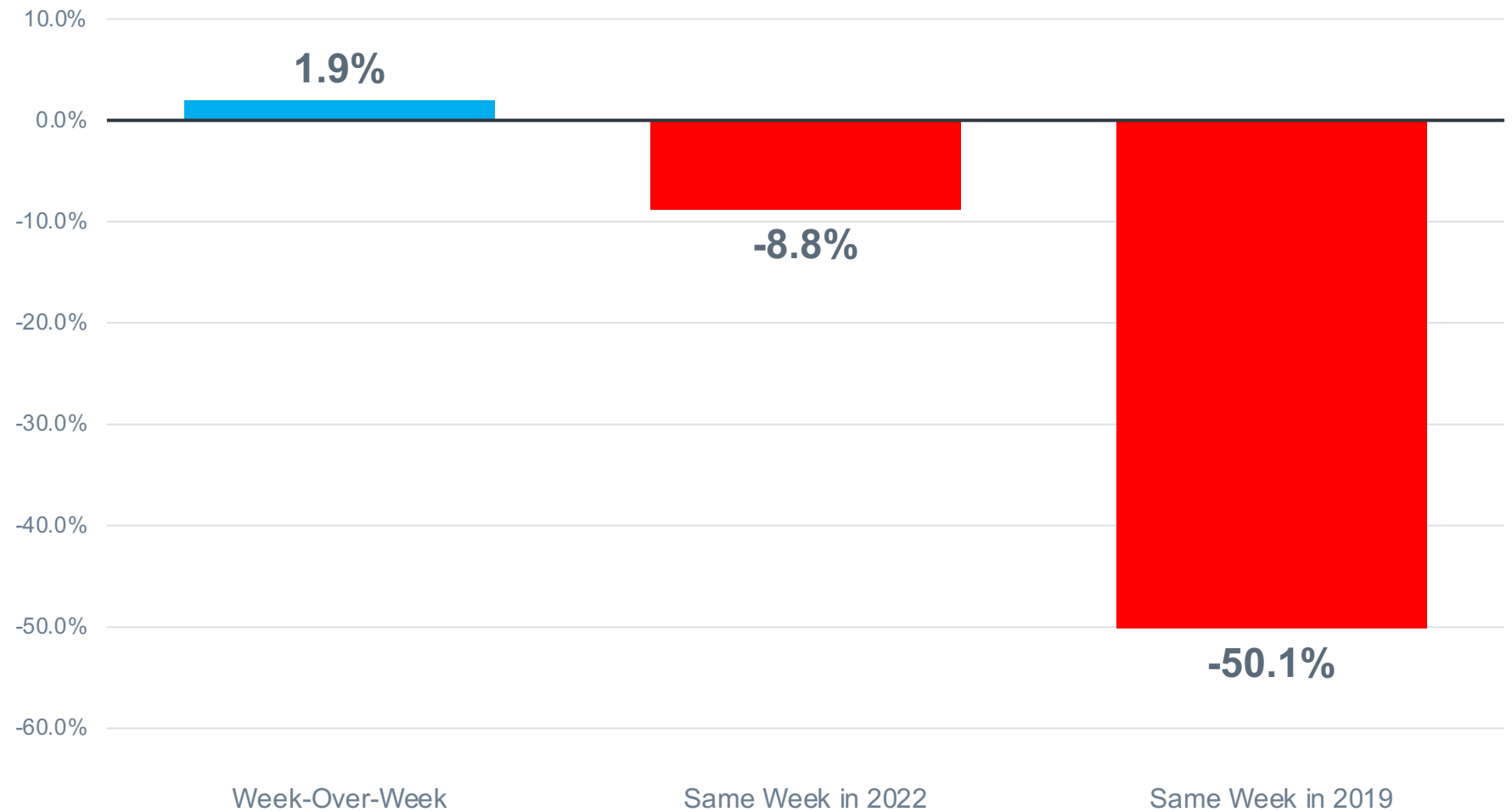




Inventory

Inventory Is Still Historically Low

As of July 28th



Source: Calculated Risk



There are simply not enough homes for sale.

The market can easily absorb a doubling of inventory.

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



In a seller's market, sellers often think that they don't need an agent because anyone can sell a house during a favorable period. However, it is important to remember that agents don't sell houses. Rather, they facilitate, consult, and protect their clients through the process.



Mortgage Rates

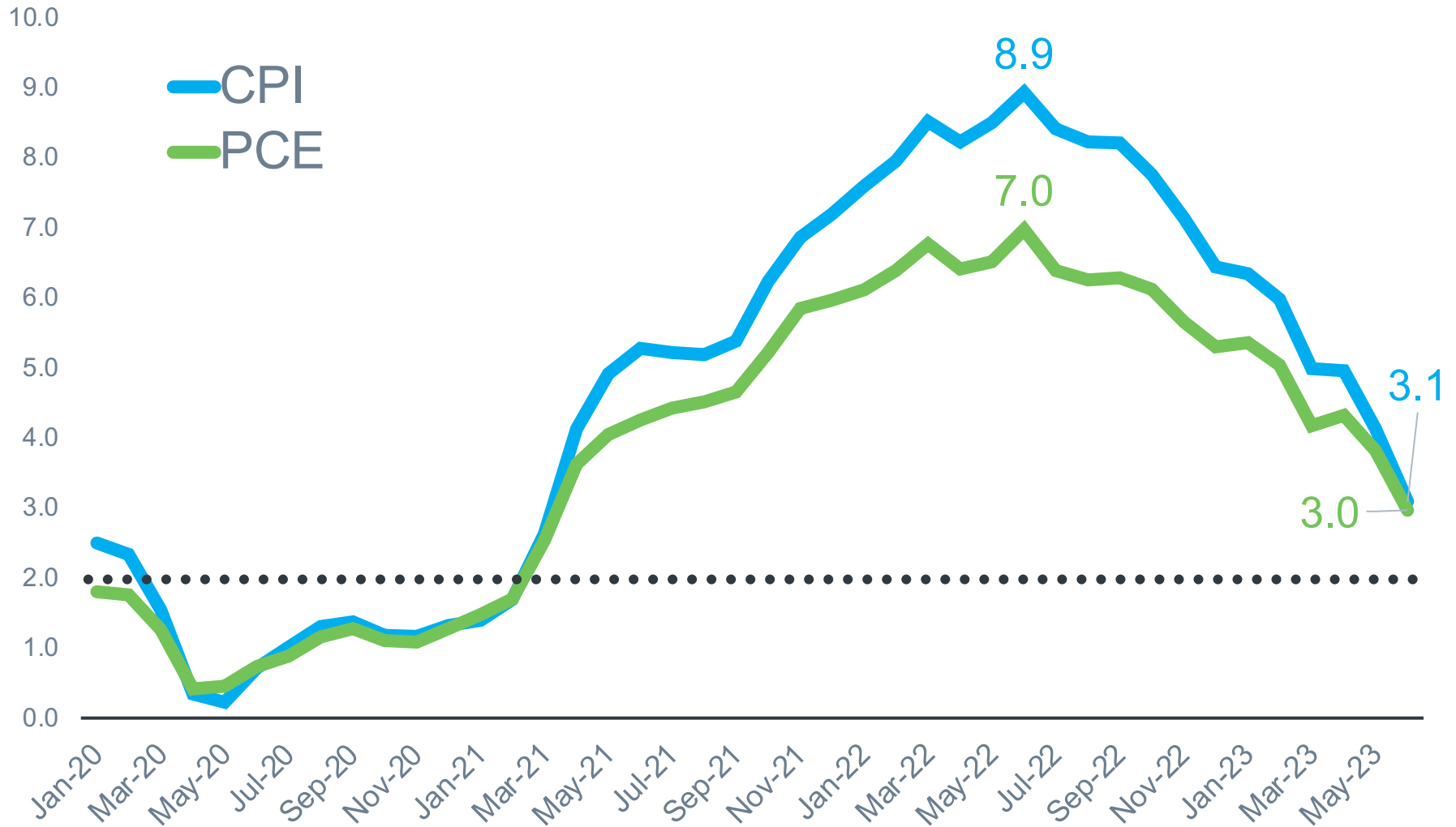
Mortgage Rate Projections

August 2023

Quarter	Fannie Mae	MBA	NAR	Average of All Three
2023 Q4	6.60%	5.90%	6.30%	6.27%
2024 Q1	6.40%	5.70%	6.10%	6.07%
2024 Q2	6.20%	5.50%	6.00%	5.90%
2024 Q3	6.00%	5.20%	6.00%	5.73%

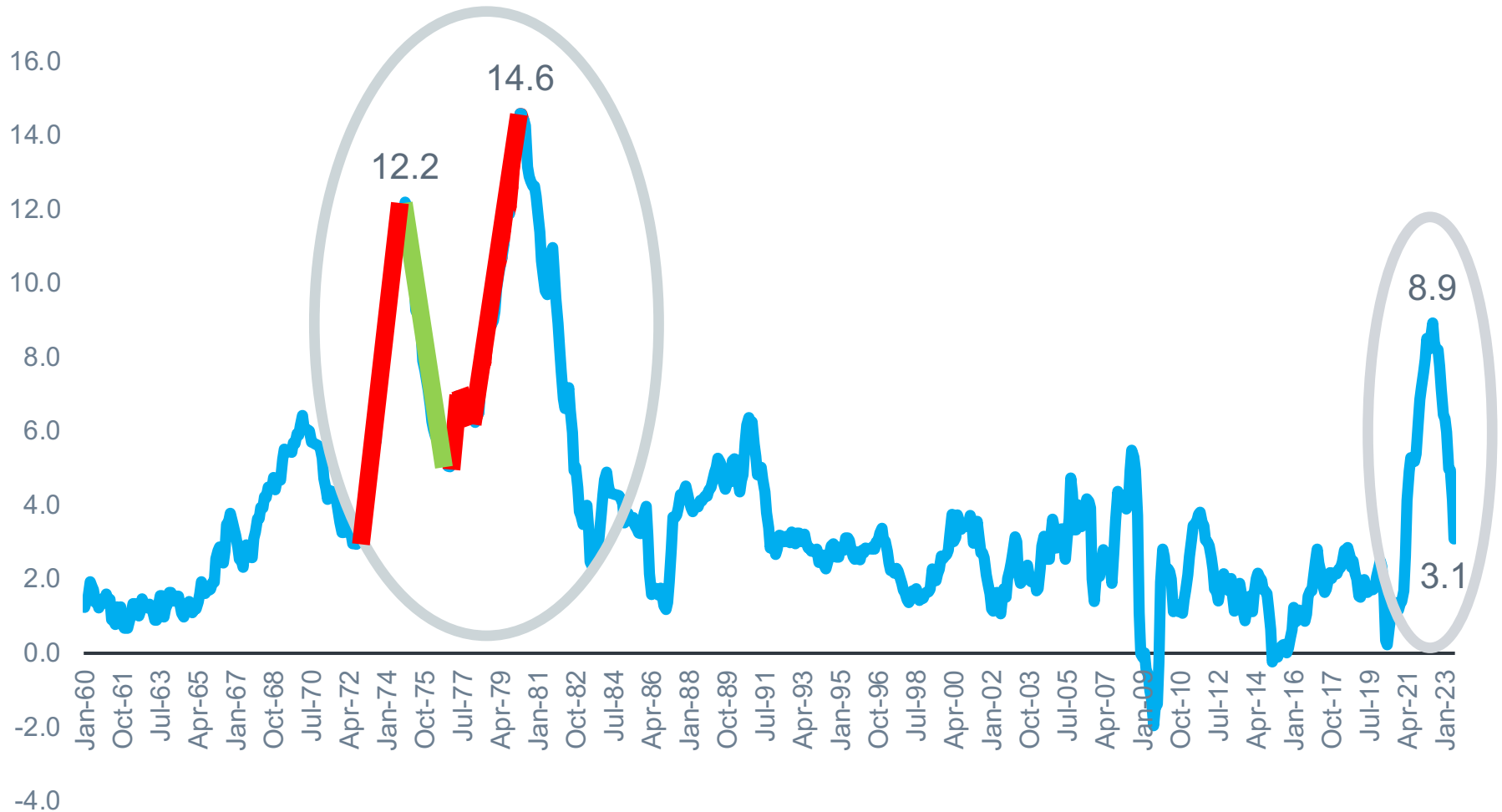
Both Inflation Measures Are Moderating

Consumer Price Index and PCE Price Index, Year-over-Year % Change

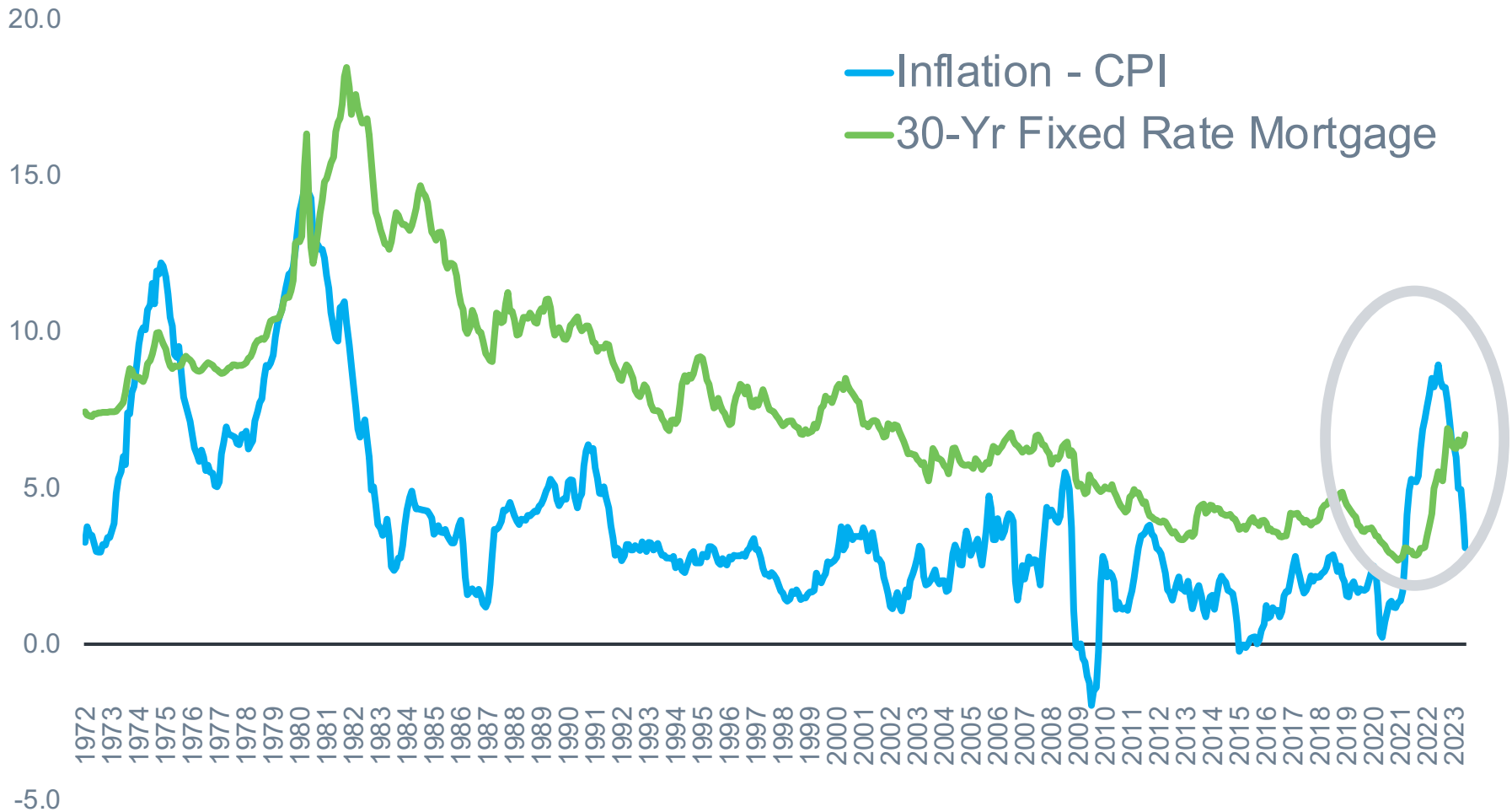


Inflation: Historical Perspective

Consumer Price Index: All Urban Consumers (% Change Y-O-Y, Seasonally Adjusted)



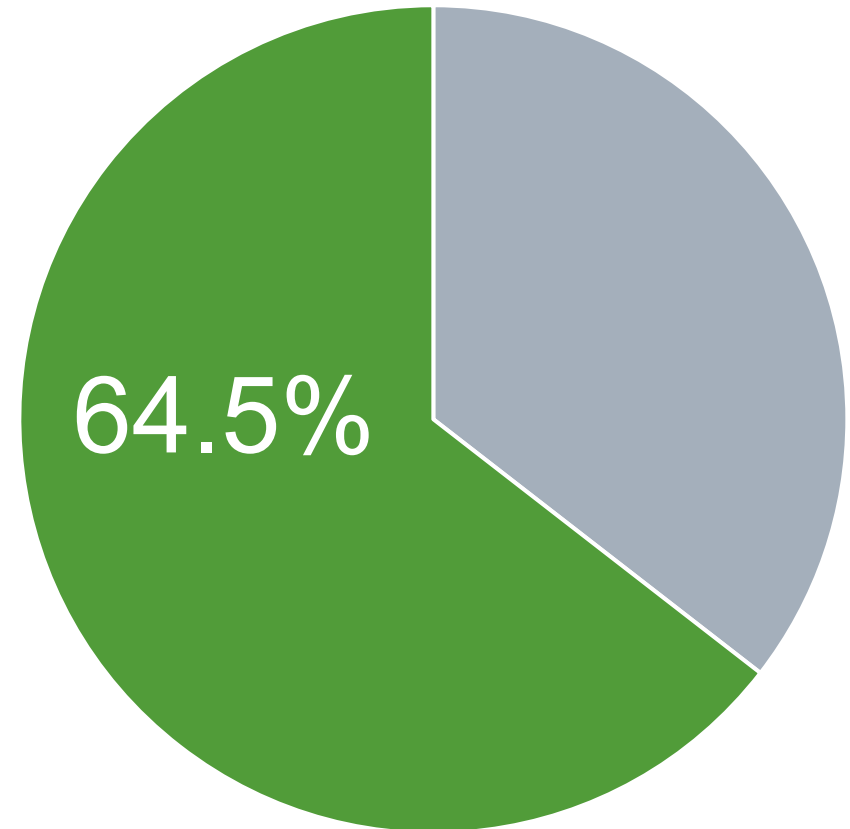
Mortgage Rates Tend to Track Government Bonds and Inflation, with a Lag



Talking to Homeowners Makes a Difference

64.5% of Potential Sellers Were More Inclined to Sell Afterwards

■ Percent of homeowners who desired to sell their home within 6 months who were more inclined to do so after speaking to an agent

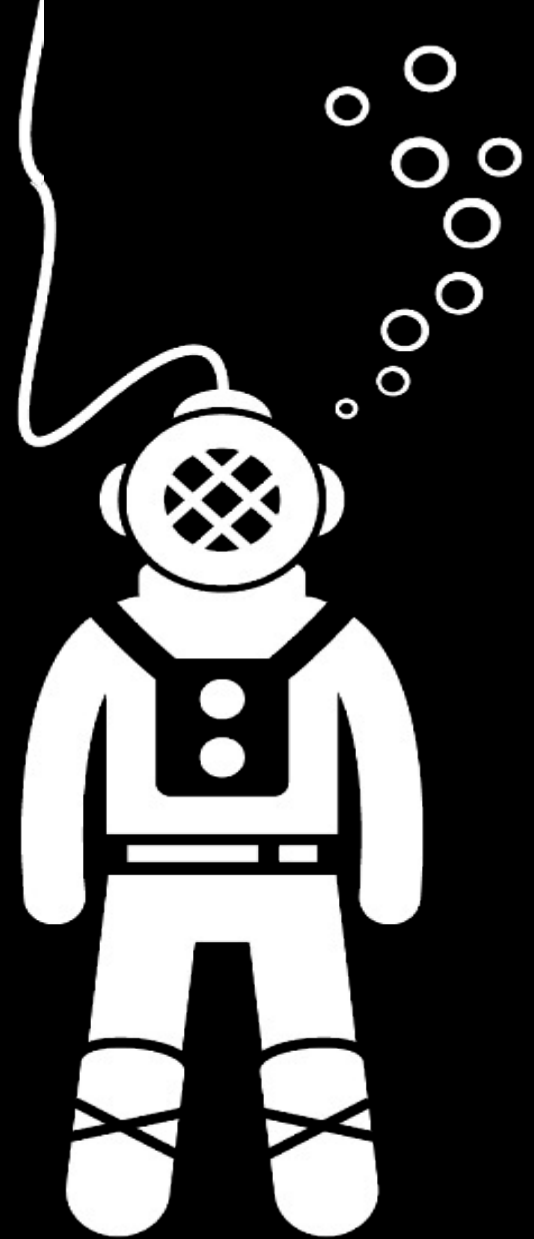


THE DEEP DIVE

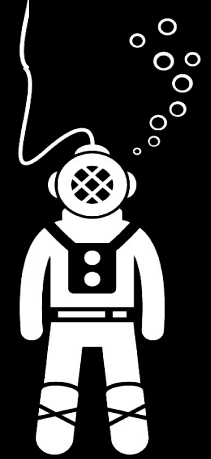
Facebook Live

Mondays 11AM ET/8AM PT

Keeping Current Matters Facebook Page



Most agents know
what's happening.



Good agents understand
what's happening.

Great agents can explain
what's happening.

**Monday
8/14 11AM ET**



Foreclosure Crisis?

What Is Really Going To Happen?



We would never suggest that a real estate company could be successful without fully understanding local market trends. But ignoring macro trends or assuming they do not carry the same weight would be an equally erroneous suggestion. In our experience, the most effective industry leaders appreciate the appropriate balance between the two ends of the spectrum.

- **Ivy Zelman**, Hall of Fame Institutional Investor Equity Analyst

Local Data at Your Fingertips



KCM LOCAL
Be the
Local Expert

90-Day Business Plan

1. Make **new** listings out of your old listings.
2. Work competitor's expired listings.
3. Setup your listing campaign for September 1st.
4. Contact 10 people every day and **ask them** what **they think** of the market.
5. Record at least 4 videos.
6. Don't be satisfied with knowing. Push yourself to understand.
(**Deep Dives**)

Resources

Slide(s)	Description	Link(s)
4, 6-8	Consumer Confidence Prices Graph	https://www.fanniemae.com/research-and-insights/surveys-indices/national-housing-survey/national-housing-survey-archive
11	McBride Quote, Inventory	https://calculatedrisk.substack.com/p/will-house-prices-decline-further
12, 13	New Listings Graph	https://www.realtor.com/research/data/
15	Foreclosures Graph	https://www.attomdata.com/news/market-trends/foreclosures/attom-mid-year-2023-u-s-foreclosure-market-report/
16	Serious Delinquencies Graph	https://www.fanniemae.com/media/48496/display https://www.freddiemac.com/investors/financials/pdf/0523m-vs.pdf https://www.freddiemac.com/investors/financials/pdf/0623m-vs.pdf
17	Boese Quote	https://www.corelogic.com/intelligence/loan-performance-insights-july-2023/
18	McBride Quotes, Foreclosure	https://www.calculatedriskblog.com/2007/11/ https://calculatedrisk.substack.com/p/fannie-and-freddie-single-family

Resources

Slide(s)	Description	Link(s)
20-22, 24, 25, 31	Price Movement Graph	https://www.spglobal.com/spdji/en/indices/indicators/sp-corelogic-case-shiller-us-national-home-price-nsa-index/#overview
26	Home Values Graph: Case-Shiller, FHFA, CoreLogic	https://www.spglobal.com/spdji/en/indices/indicators/sp-corelogic-case-shiller-us-national-home-price-nsa-index/#news-research https://www.fhfa.gov/DataTools/Downloads/Pages/House-Price-Index.aspx https://www.corelogic.com/category/intelligence/reports/home-price-insights/
27	Home Values Graph: Zillow, Black Knight, Freddie Mac	https://www.freddiemac.com/research/indices/house-price-index https://www.blackknightinc.com/data-reports/ https://www.zillow.com/research/data/
28	Appreciation by City Table	https://www.spglobal.com/spdji/en/documents/indexnews/announcements/20230725-1465262/1465262_cshomeprice-release-0725.pdf
29	Walden Quote	https://www.blackknightinc.com/data-reports/black-knights-may-2023-mortgage-monitor/

Resources

Slide(s)	Description	Link(s)
30	Price Forecasts Table	https://www.zillow.com/research/housing-market-challenges-32923/ https://www.zillow.com/research/data/ https://www.corelogic.com/intelligence/us-home-price-insights-july-2023/ www.mba.org https://twitter.com/SelmaHepp/status/1686413371690942464 https://www.fanniemae.com/research-and-insights/forecast https://twitter.com/NewsLambert/status/1671900591113609216 (Morgan Stanley) https://twitter.com/NewsLambert/status/1671556169712672768 (AEI)
34	Inventory Graph	https://www.calculatedriskblog.com/2023/07/housing-july-31st-weekly-update.html
35	Yun Quote	https://www.nar.realtor/newsroom/existing-home-sales-retreated-3-3-in-june-monthly-median-sales-price-reached-second-highest-amount
36	The Mortgage Reports Quote	https://themortgagereports.com/105952/home-buying-unique-housing-market-podcast-2

Resources

Slide(s)	Description	Link(s)
38	Mortgage Rate Projections Table	https://www.fanniemae.com/media/48386/display https://www.mba.org/docs/default-source/research-and-forecasts/forecasts/mortgage-finance-forecast-jul-2023.pdf https://cdn.nar.realtor/sites/default/files/documents/forecast-q3-2023-us-economic-outlook-07-27-2023.pdf
39	Inflation Graph	https://www.bea.gov/data/personal-consumption-expenditures-price-index https://www.bls.gov/cpi/
40	Historical Inflation Graph	https://www.bls.gov/cpi/
41	Inflation & Rates Graph	https://www.bls.gov/cpi/ https://www.freddiemac.com/pmms
42	Talking with Homeowners Pie Chart	https://mailchi.mp/1000watt/the-dose-good-or-bad-news-first-2417845?e=d1ba443386
46	Zelman Quote	Live speaking event



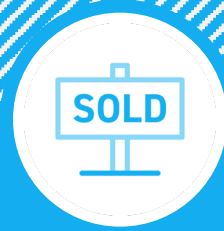
Updates

Resources

Slide(s)	Description	Link(s)
57	Confidence Index	https://www.nar.realtor/research-and-statistics/research-reports/realtors-confidence-index
58-60, 68, 70, 71, 78-82	Existing Home Sales	https://www.nar.realtor/topics/existing-home-sales
61-64	New Home Sales	http://www.census.gov/construction/nrs/pdf/newressales.pdf http://www.census.gov/newhomesales
65	Total Home Sales	http://www.census.gov/construction/nrs/pdf/newressales.pdf https://www.nar.realtor/topics/existing-home-sales
66, 67	Pending Home Sales	https://www.nar.realtor/research-and-statistics/housing-statistics/pending-home-sales
72-74	Case Shiller	https://www.spglobal.com/spdji/en/indices/indicators/sp-corelogic-case-shiller-20-city-composite-home-price-nsa-index/#news-research
75	CoreLogic Price Forecast	https://www.corelogic.com/intelligence/u-s-home-price-insights/

Resources

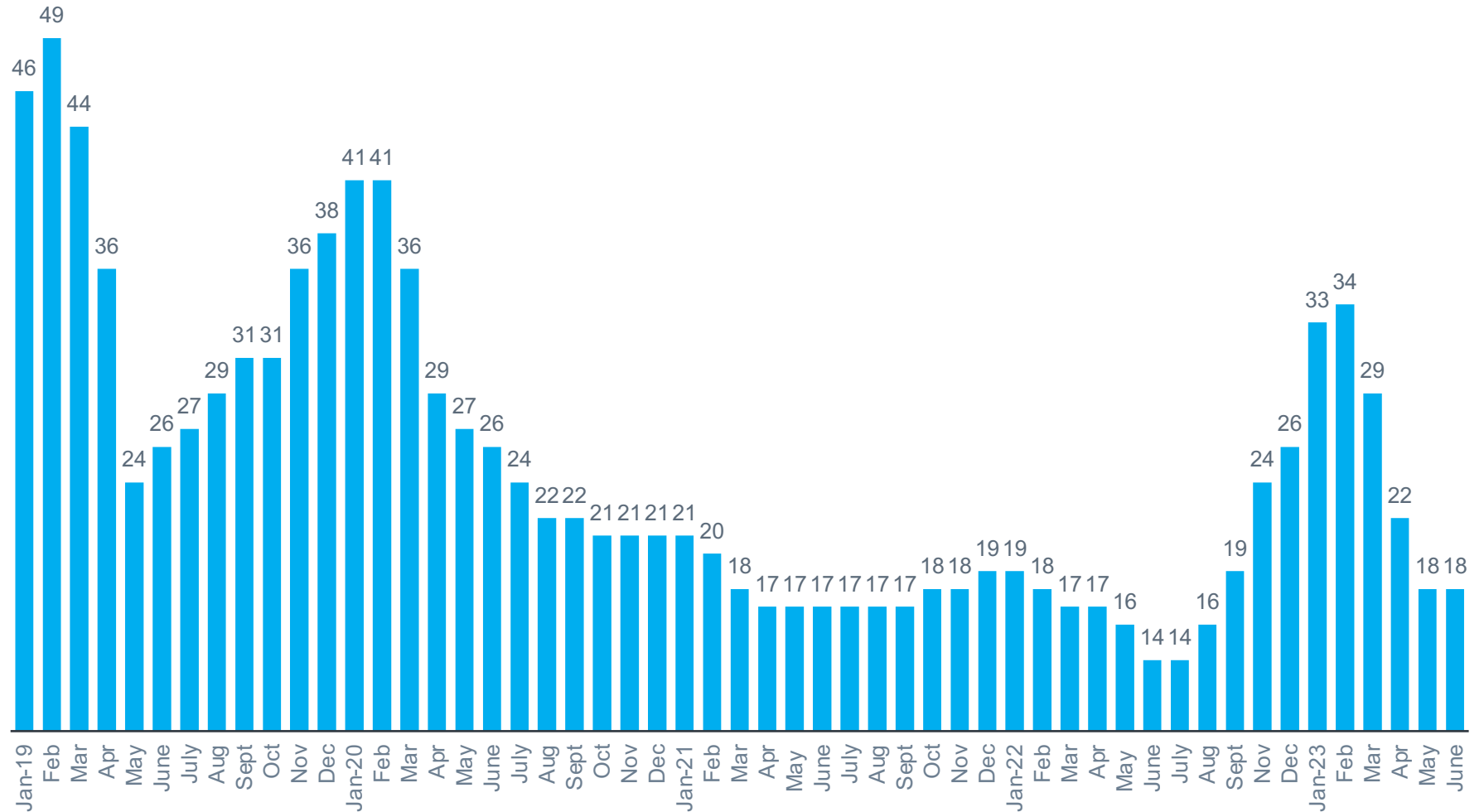
Slide(s)	Description	Link(s)
77-84	Inventory	https://www.nar.realtor/topics/existing-home-sales http://www.census.gov/construction/nrs/pdf/newressales.pdf https://www.realtor.com/research/data/
86	Showing Activity	https://www.showingtime.com/blog/
88, 89, 91, 92	Mortgage Rates	http://www.freddiemac.com/pmms/pmms_archives.html http://www.freddiemac.com/research/forecast/ https://www.mba.org/news-research-and-resources/research-and-economics/forecasts-and-commentary
90	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
94, 95	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

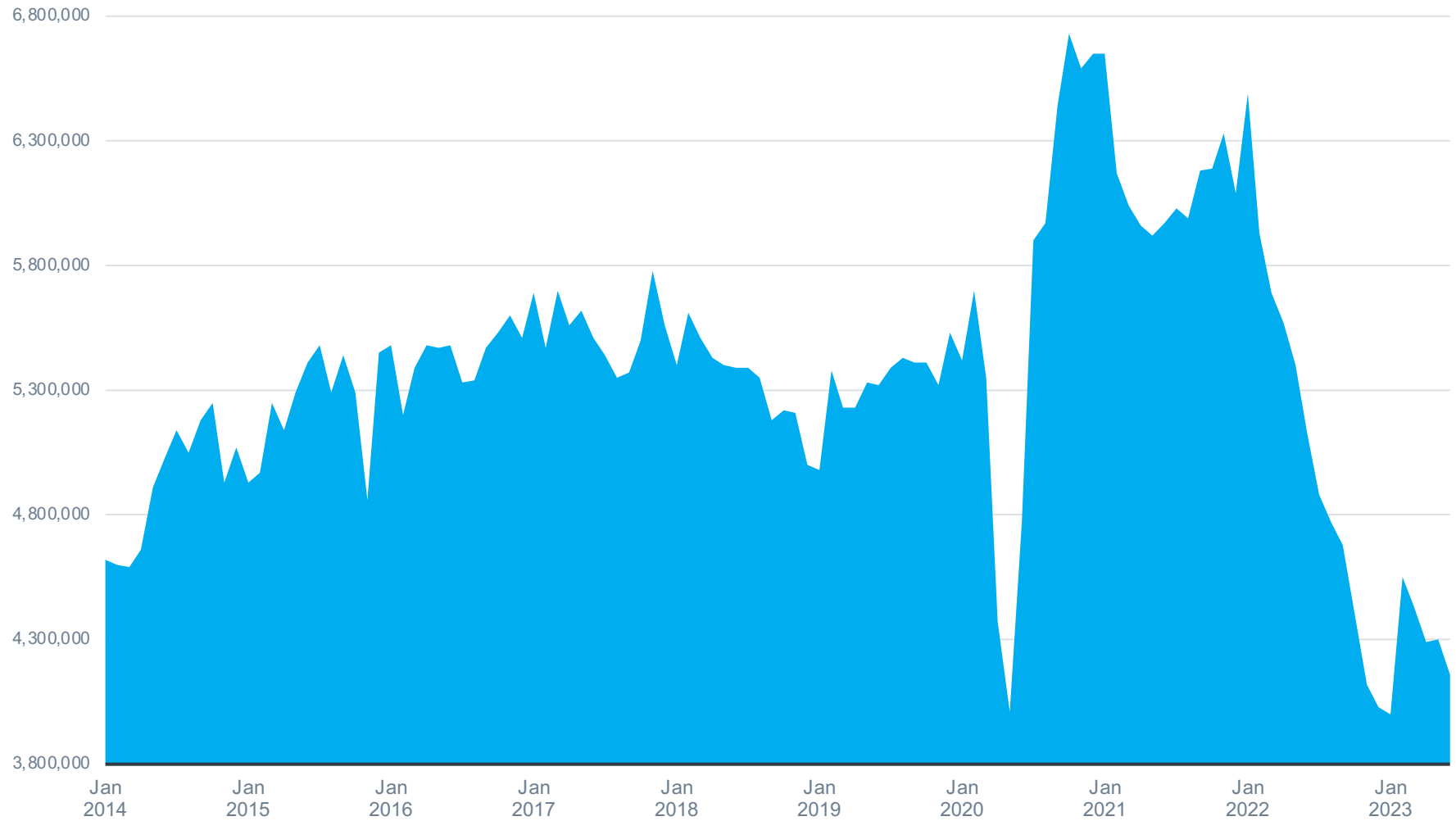
June 2023



Source: NAR

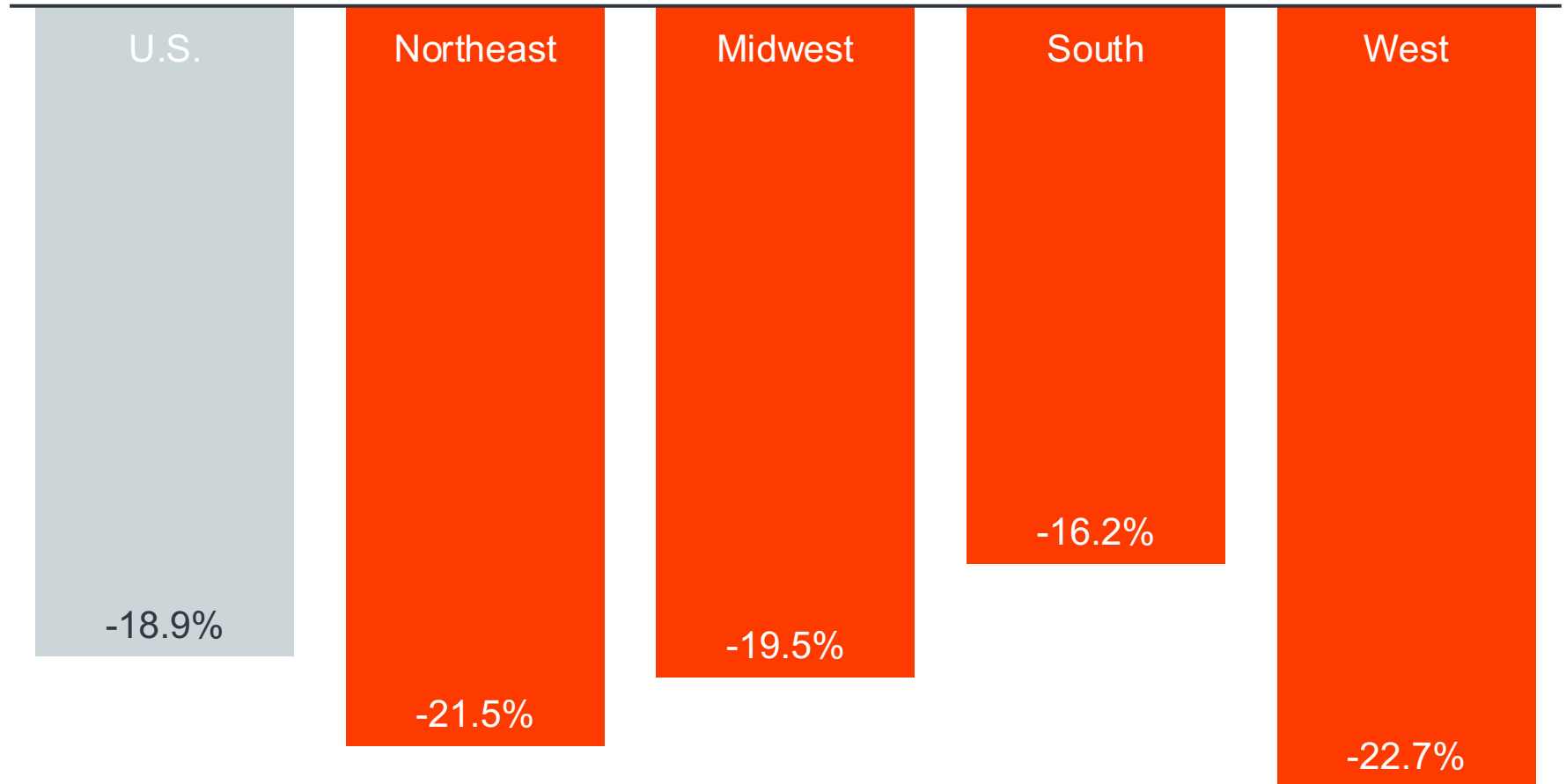
Existing Home Sales

Since January 2014



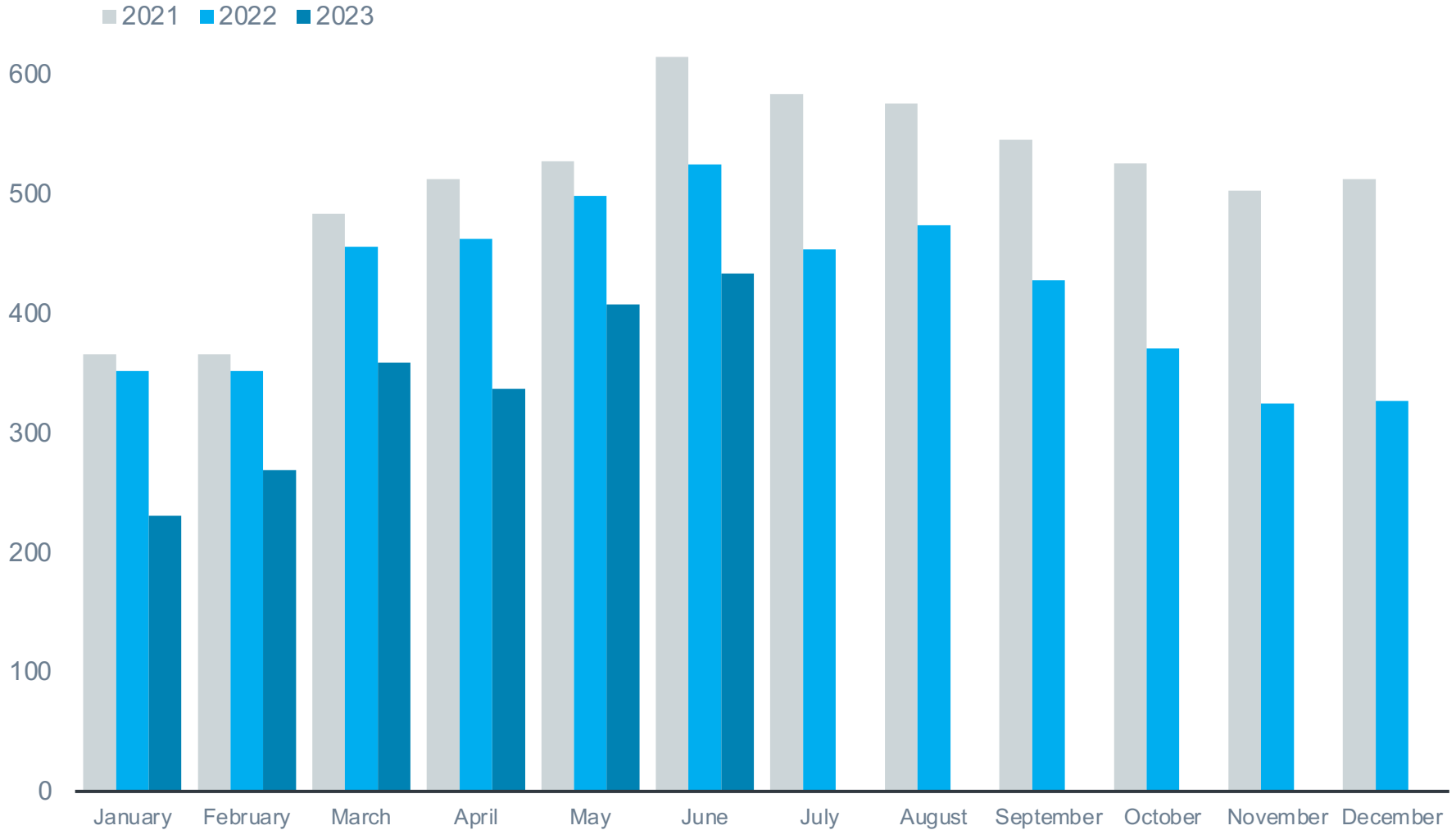
Existing Home Sales

Year-Over-Year, by Region



Existing Home Sales

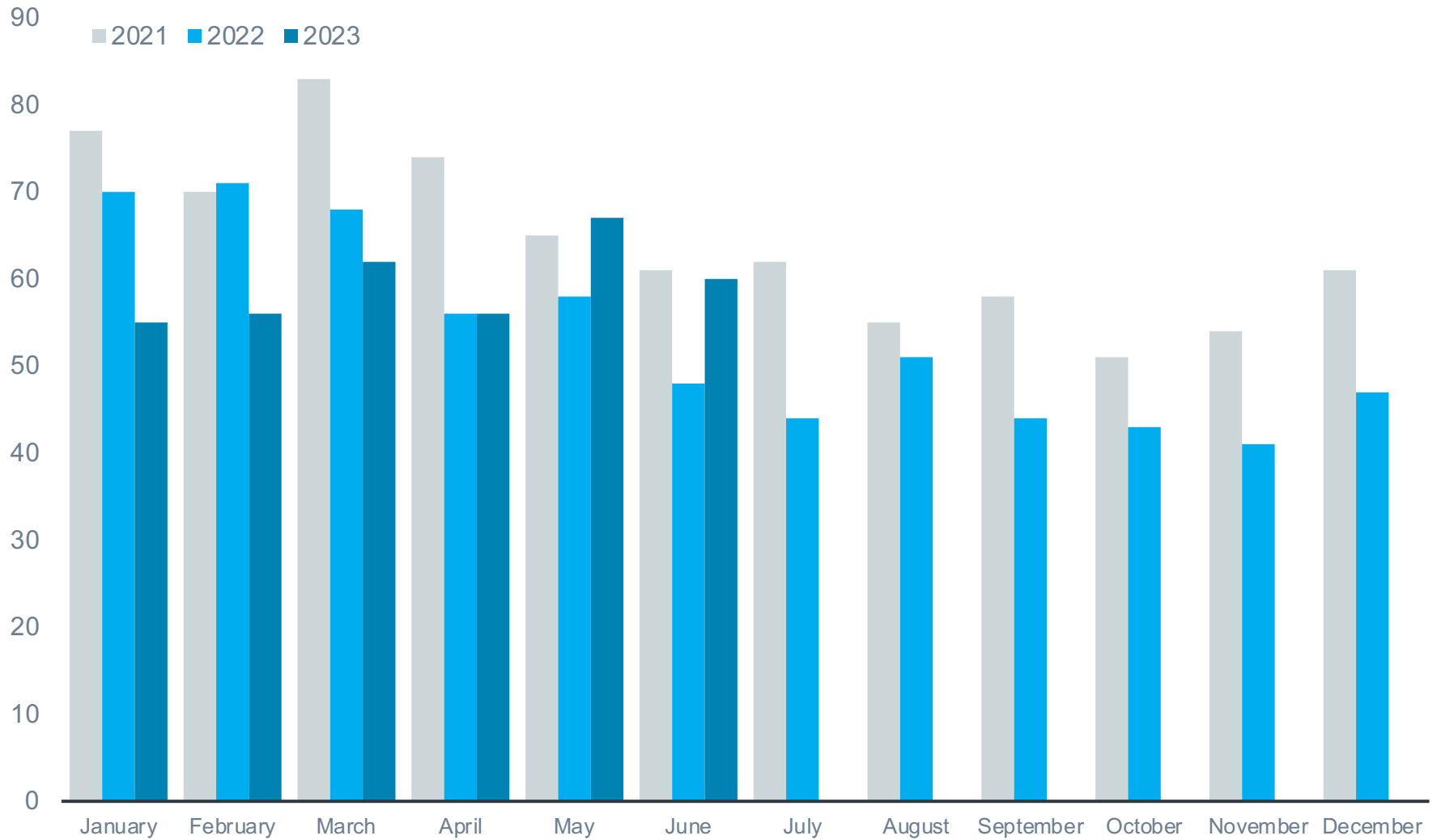
In Thousands



Source: NAR

New Home Sales

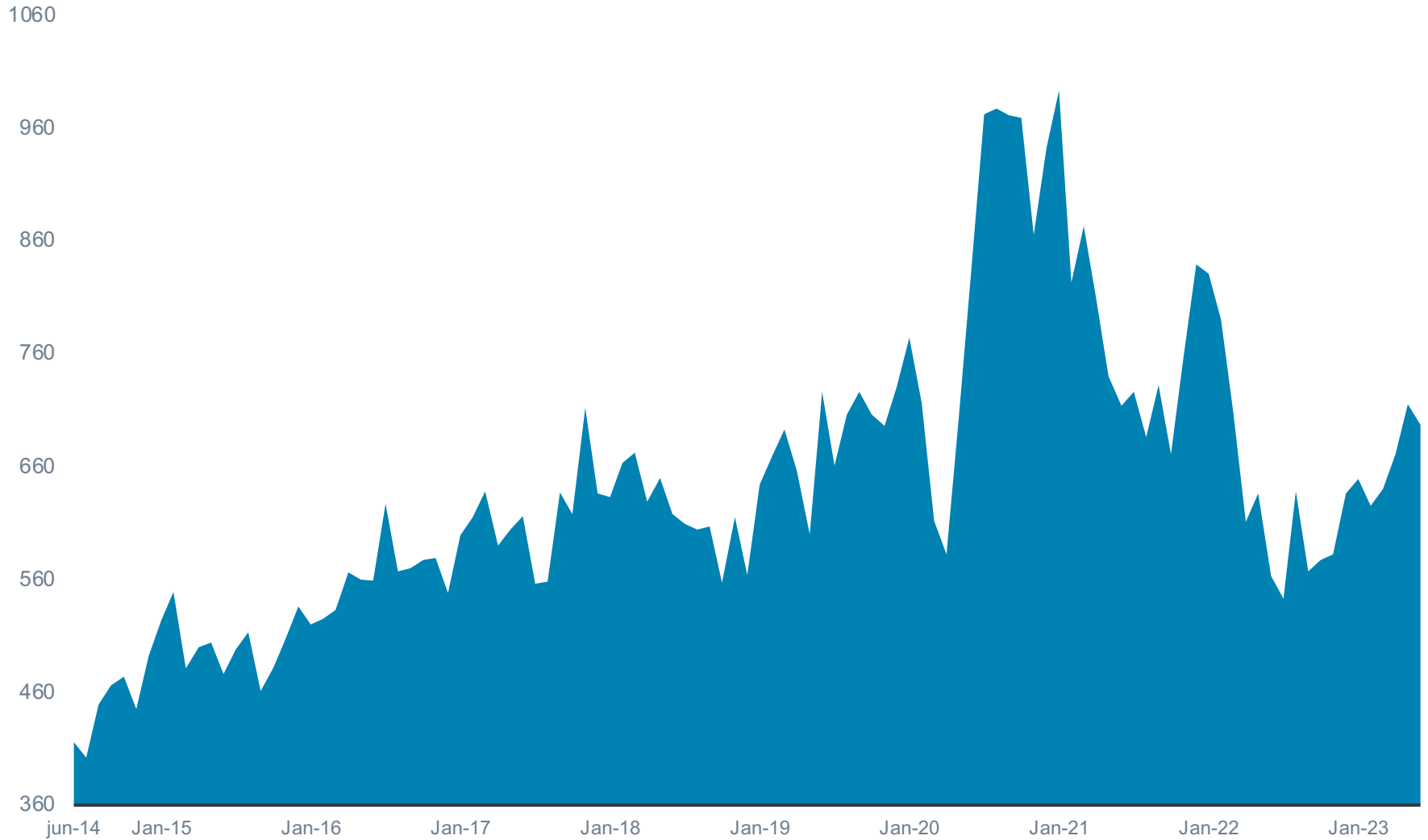
In Thousands



Source: Census

New Home Sales

Annualized in Thousands

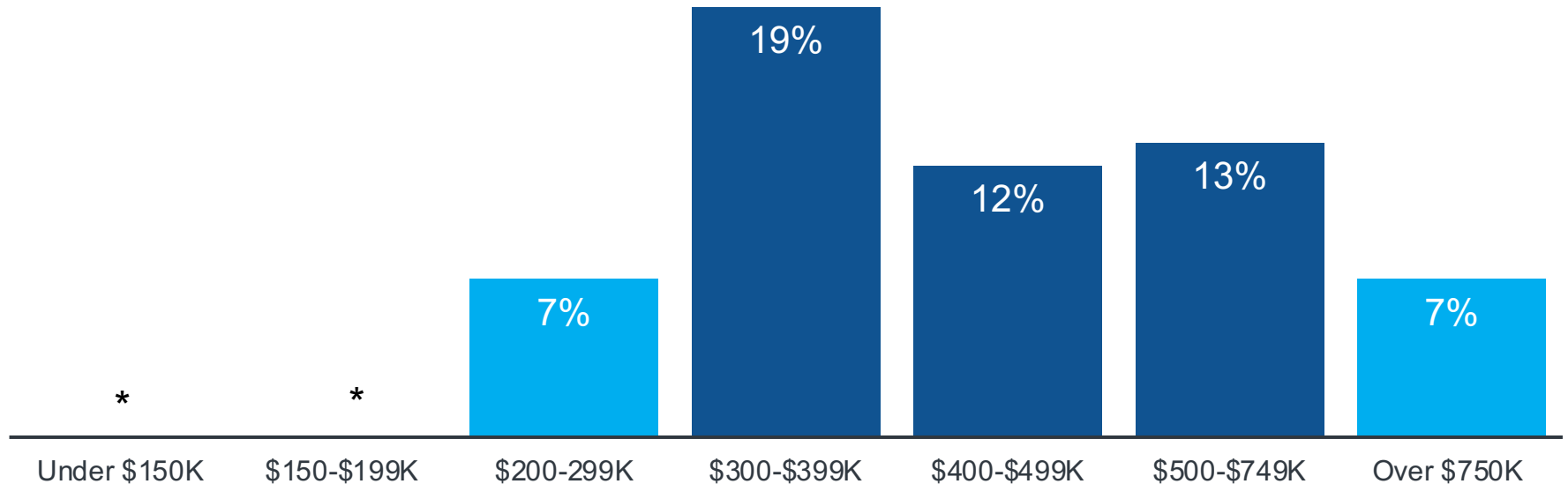


Source: Census

New Home Sales

Percent of Distribution by Price Range

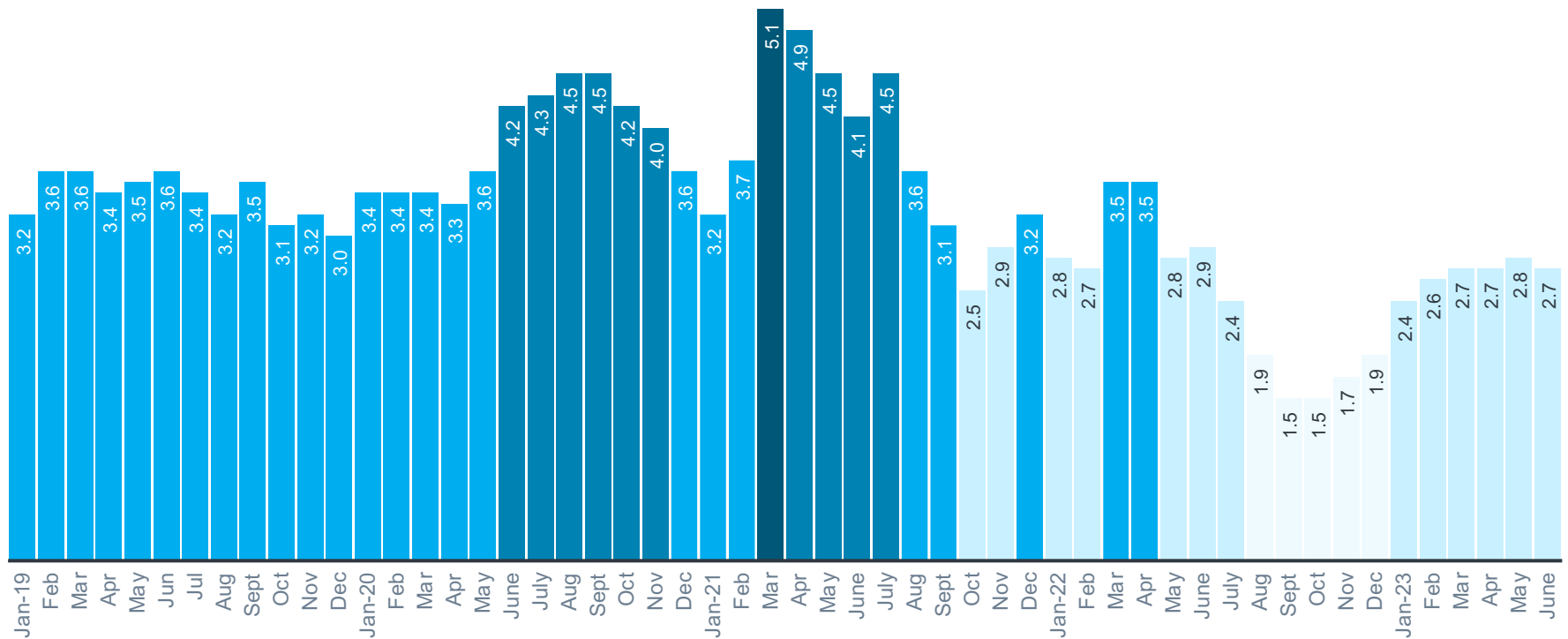
* Less Than 500 Units or Less Than 0.5 Percent



Source: Census

New Homes Selling Fast

Median Months from Completion to Sold

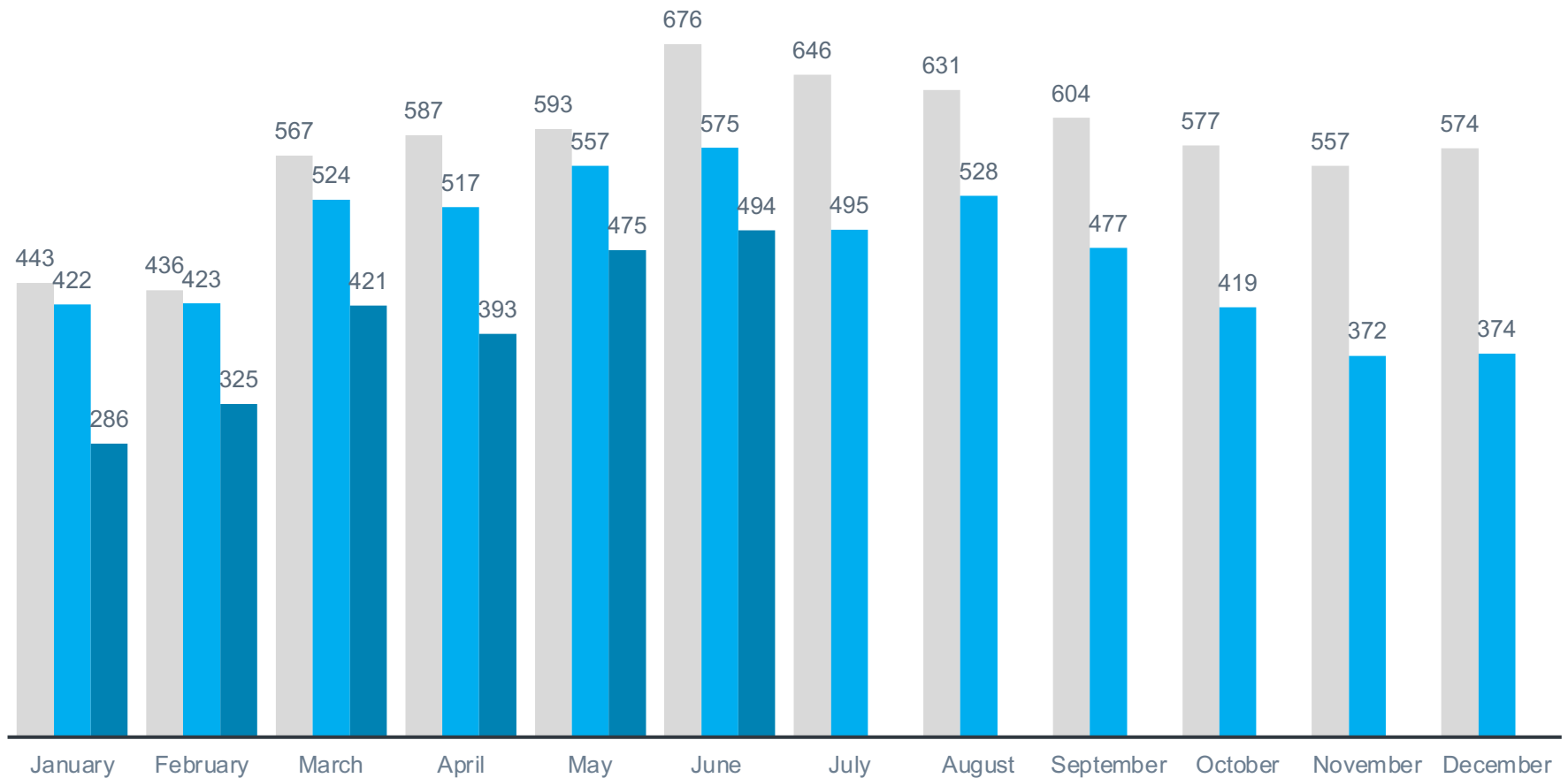


Source: Census

Total Home Sales

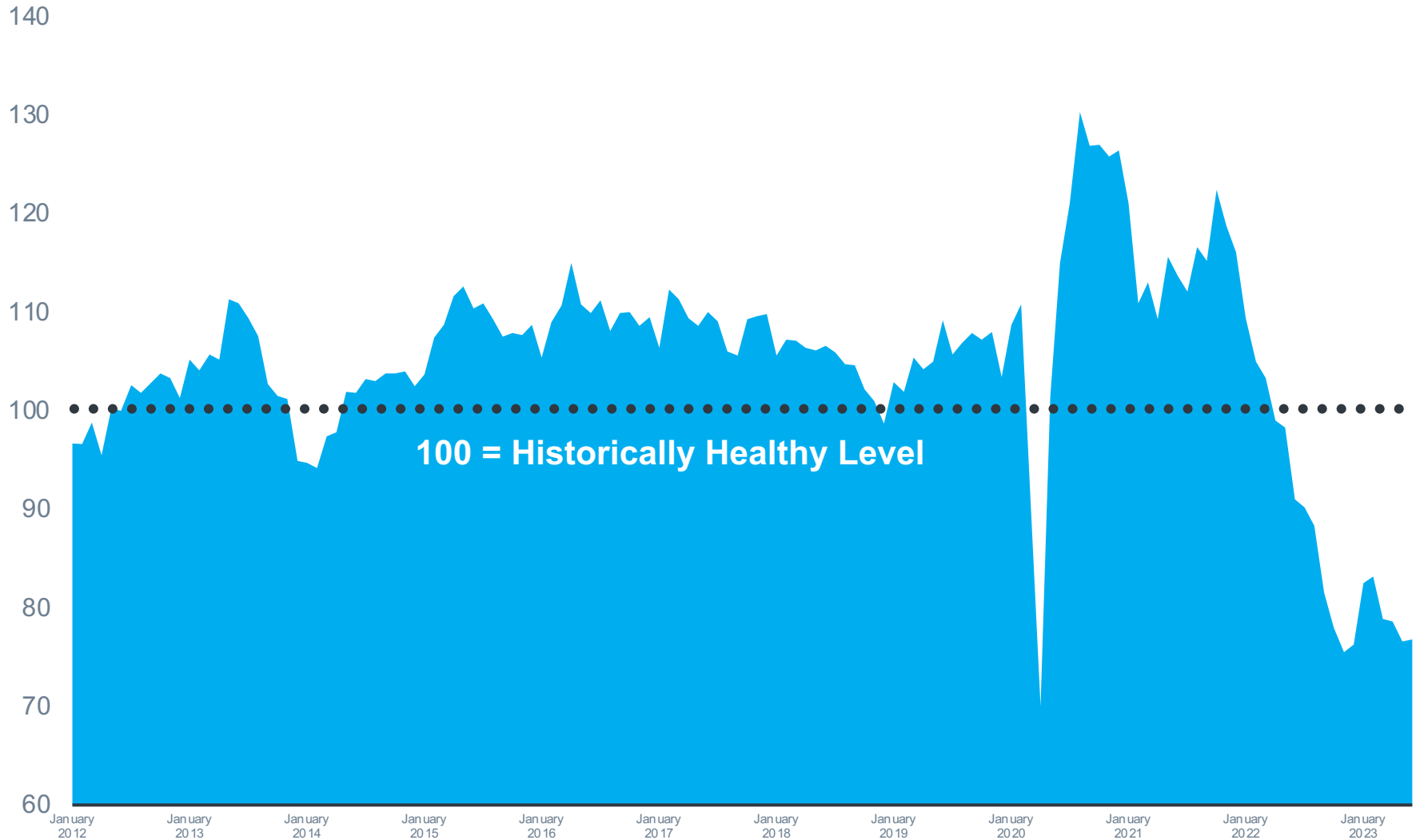
In Thousands

■ 2021 ■ 2022 ■ 2023



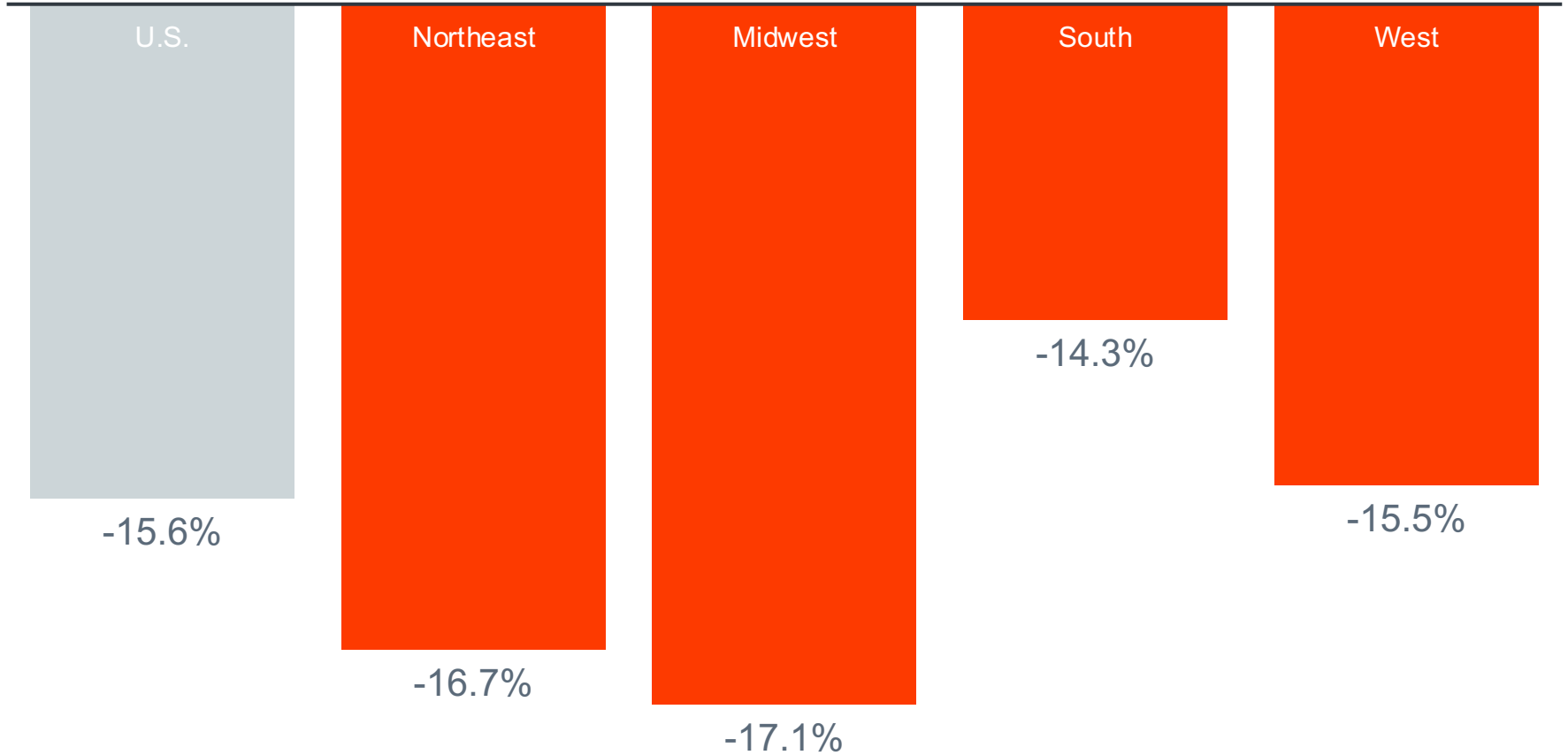
Source: Census

Pending Home Sales



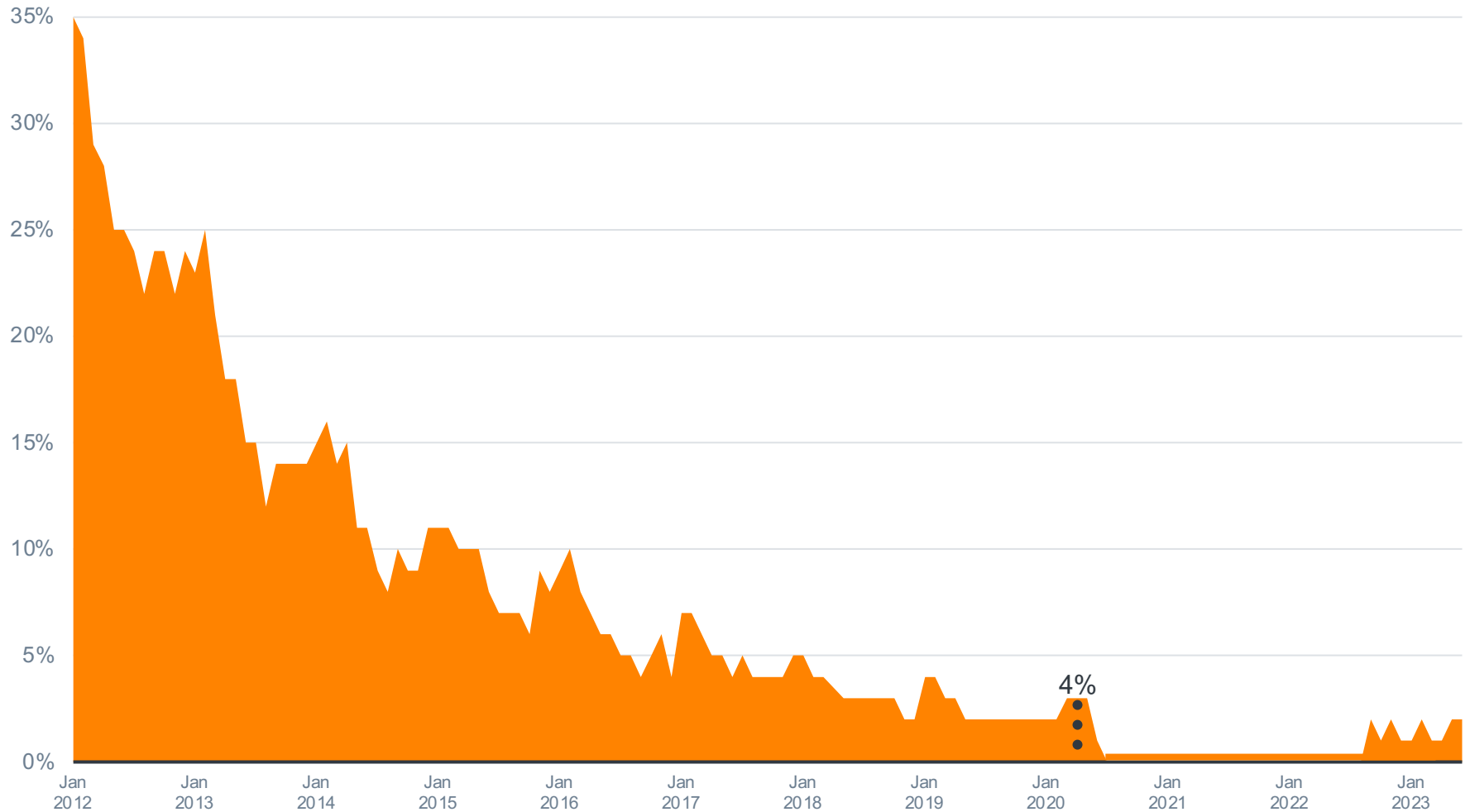
Pending Home Sales

Year-Over-Year by Region



Percentage of Distressed Property Sales

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

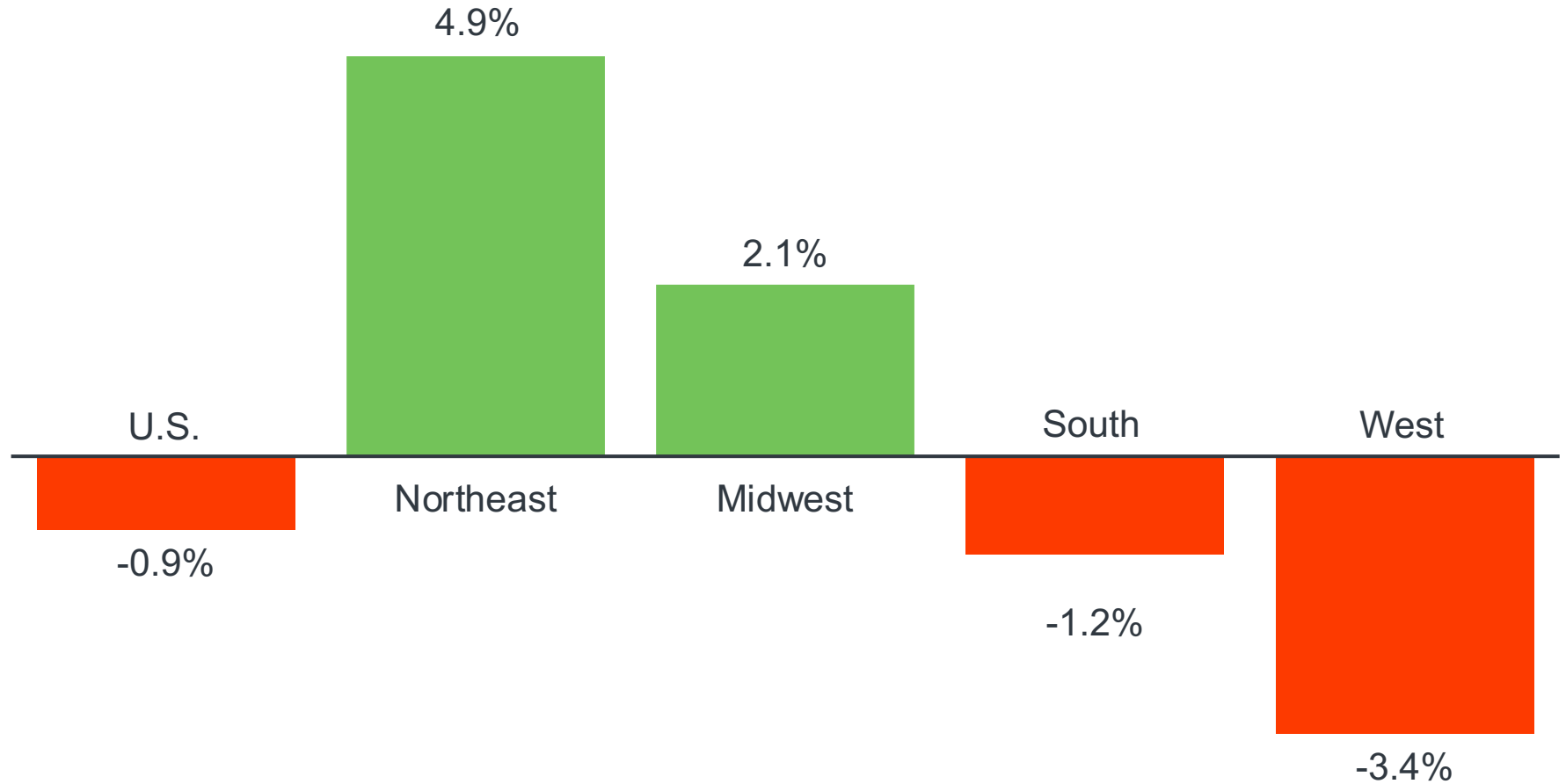




Home Prices

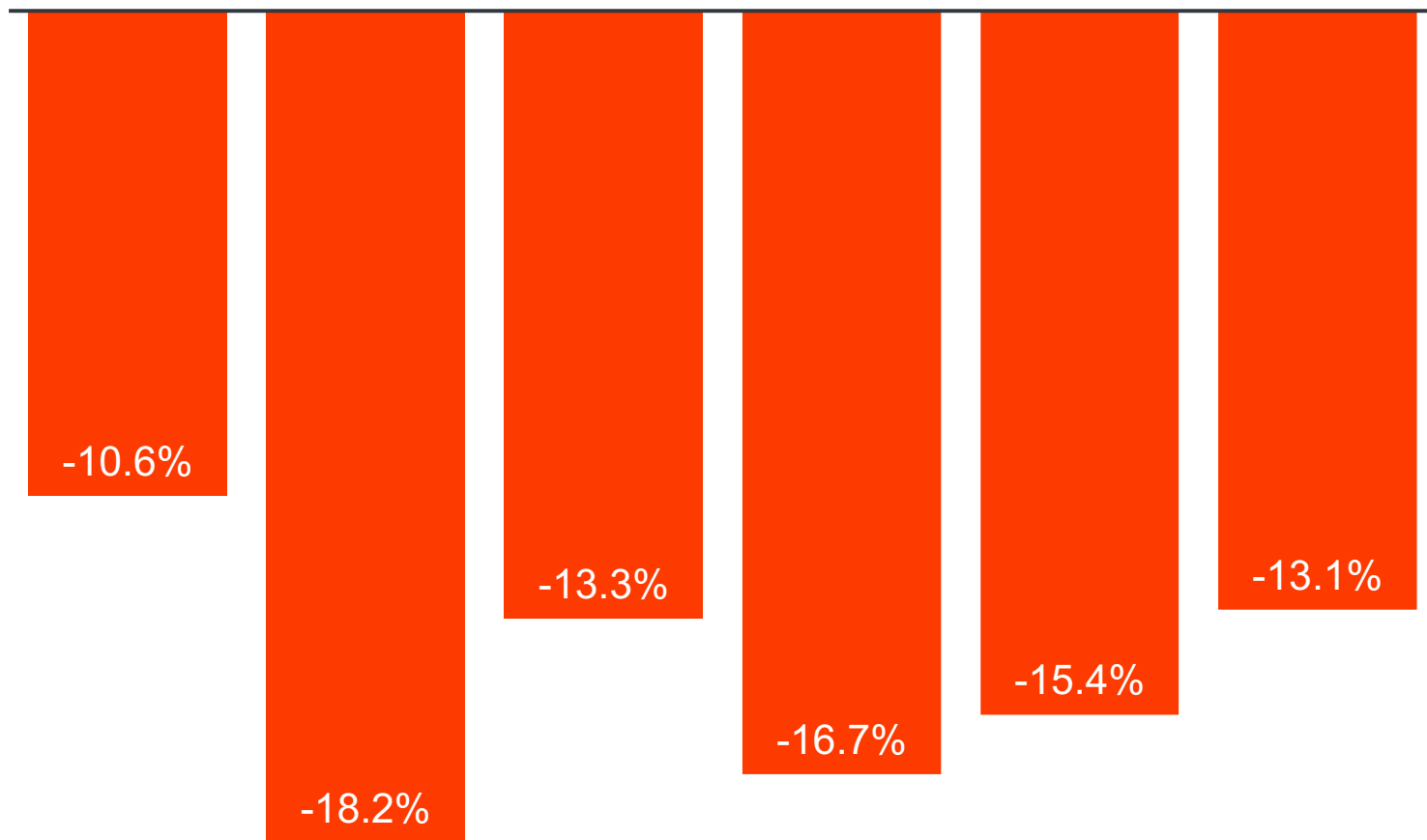
Sales Price of Existing Homes

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	-10.6%	-18.2%	-13.3%	-16.7%	-15.4%	-13.1%

Change in Home Prices

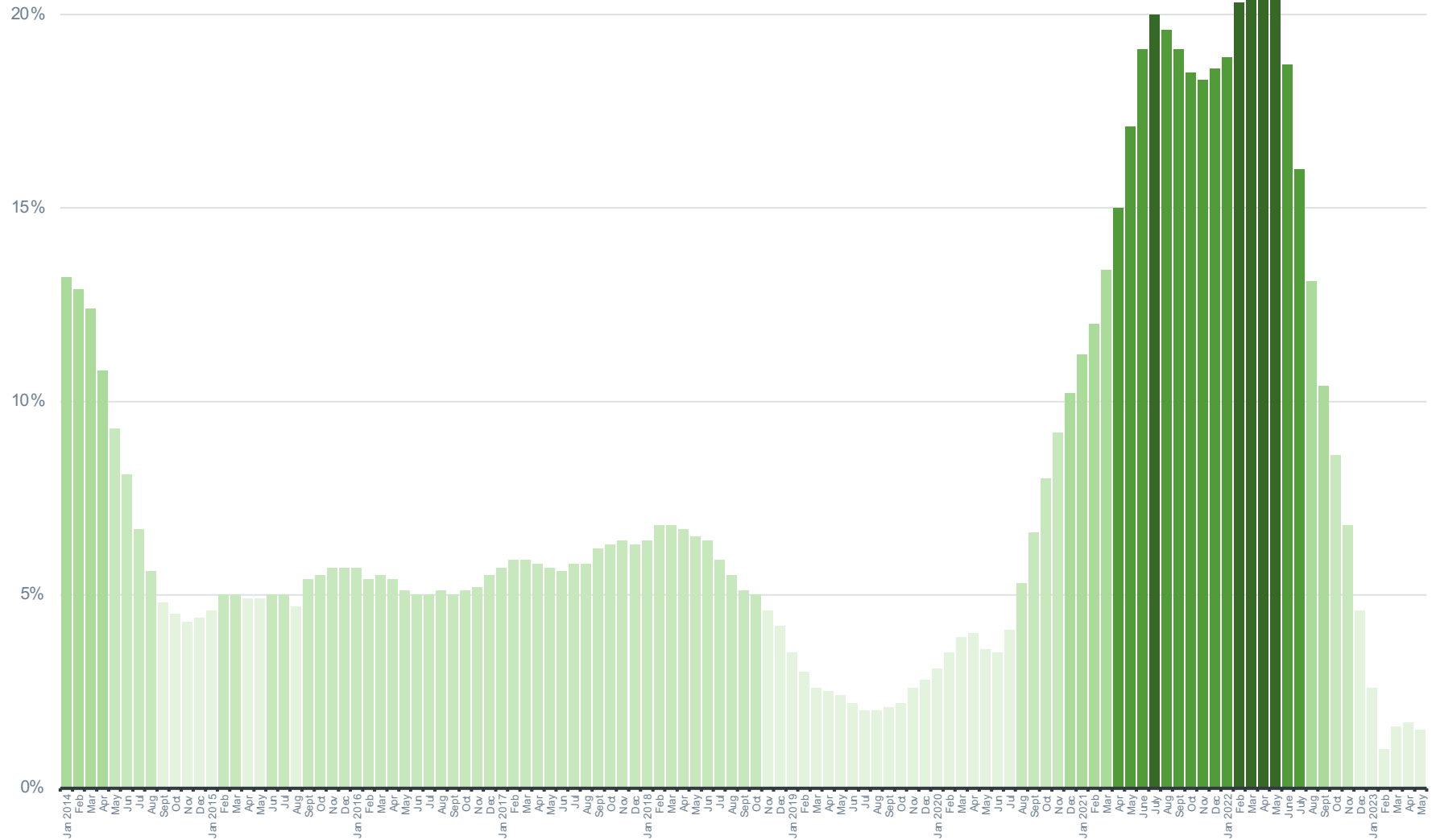
Year-Over-Year



Source: S&P Case-Shiller

Change in Home Prices

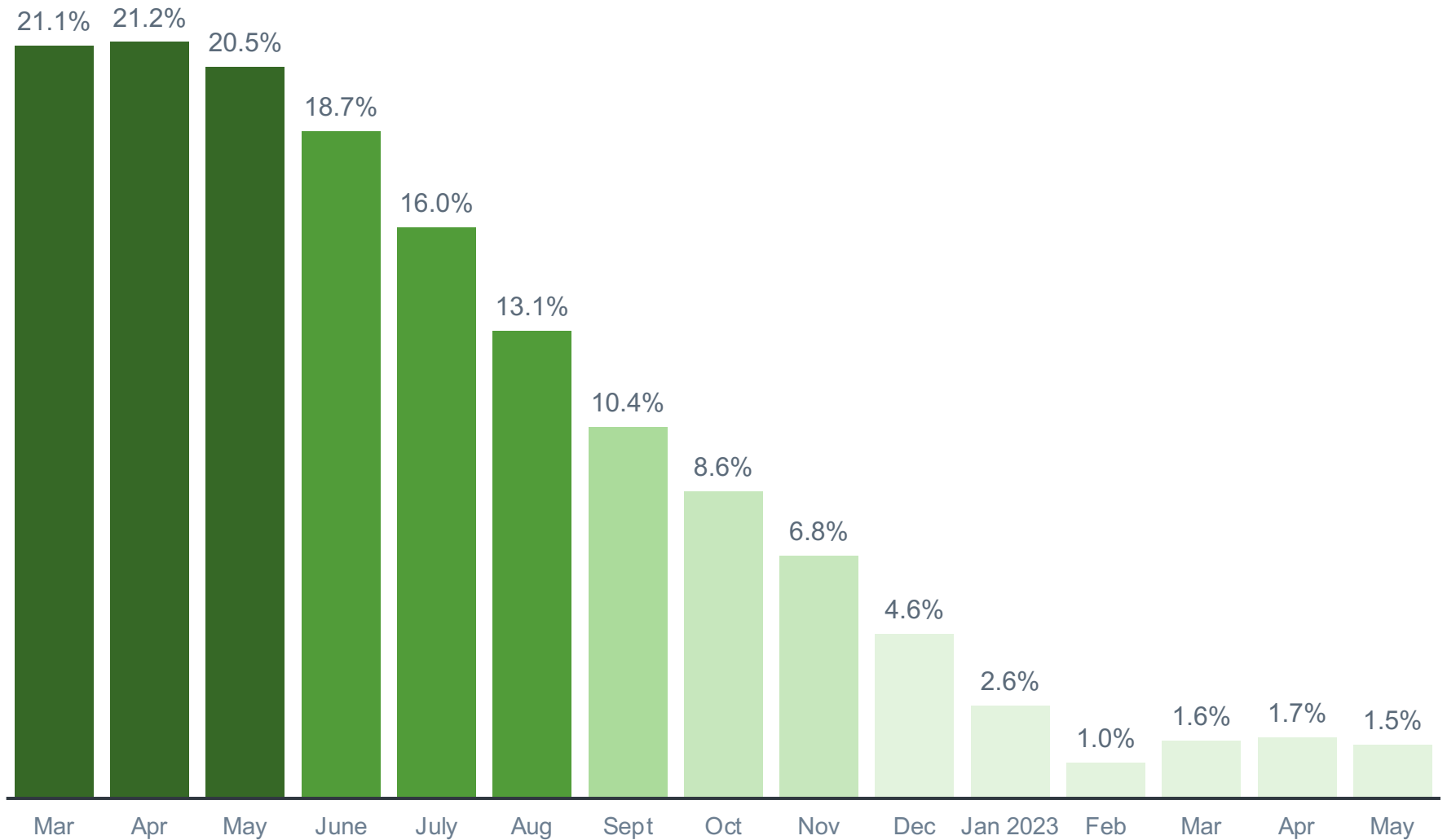
Year-Over-Year, 20 City Composite



Source: S&P Case-Shiller

Change in Home Prices

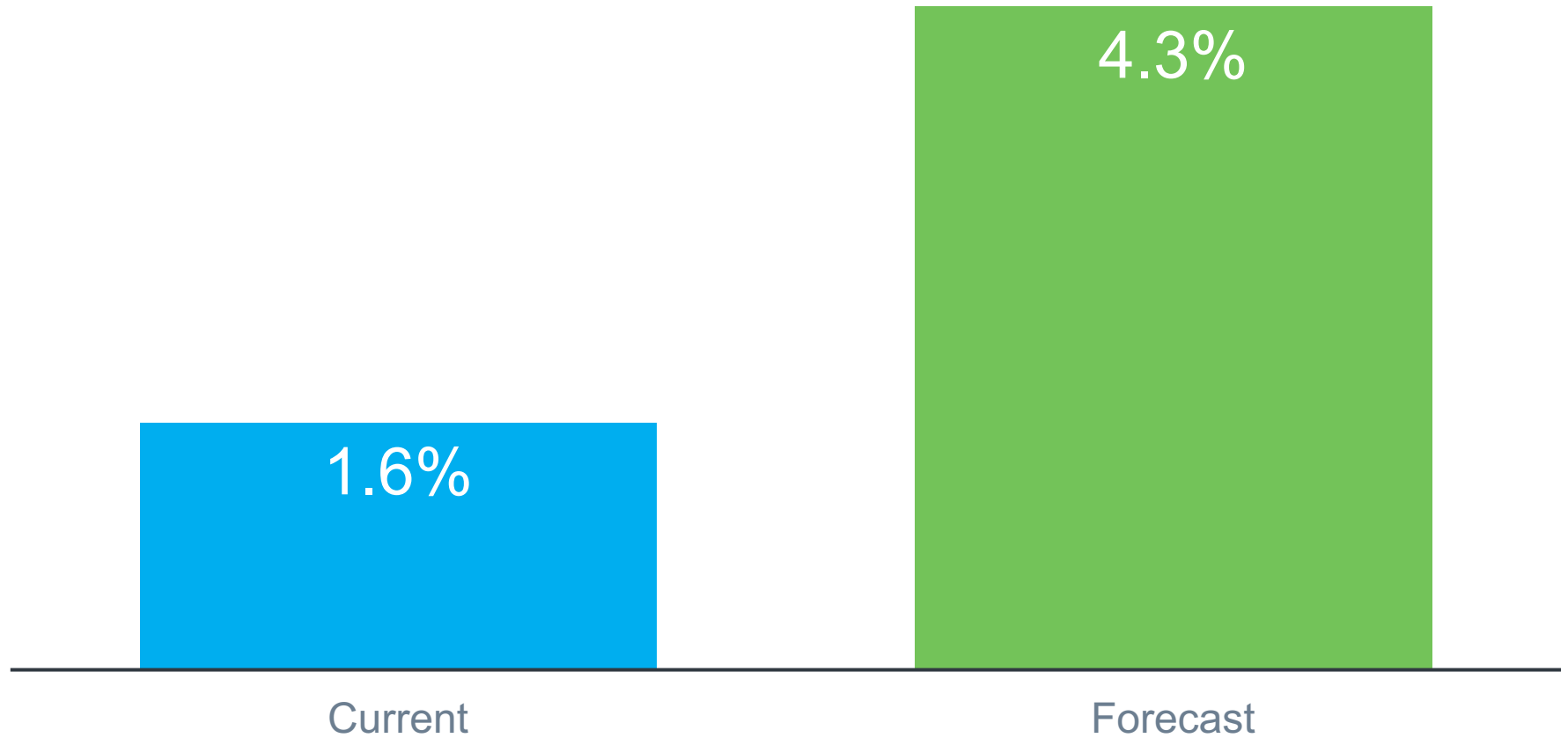
Year-Over-Year, 20 City Composite



Source: S&P Case-Shiller

Year-Over-Year % Change in Price

US Home Price Insights – June 2023

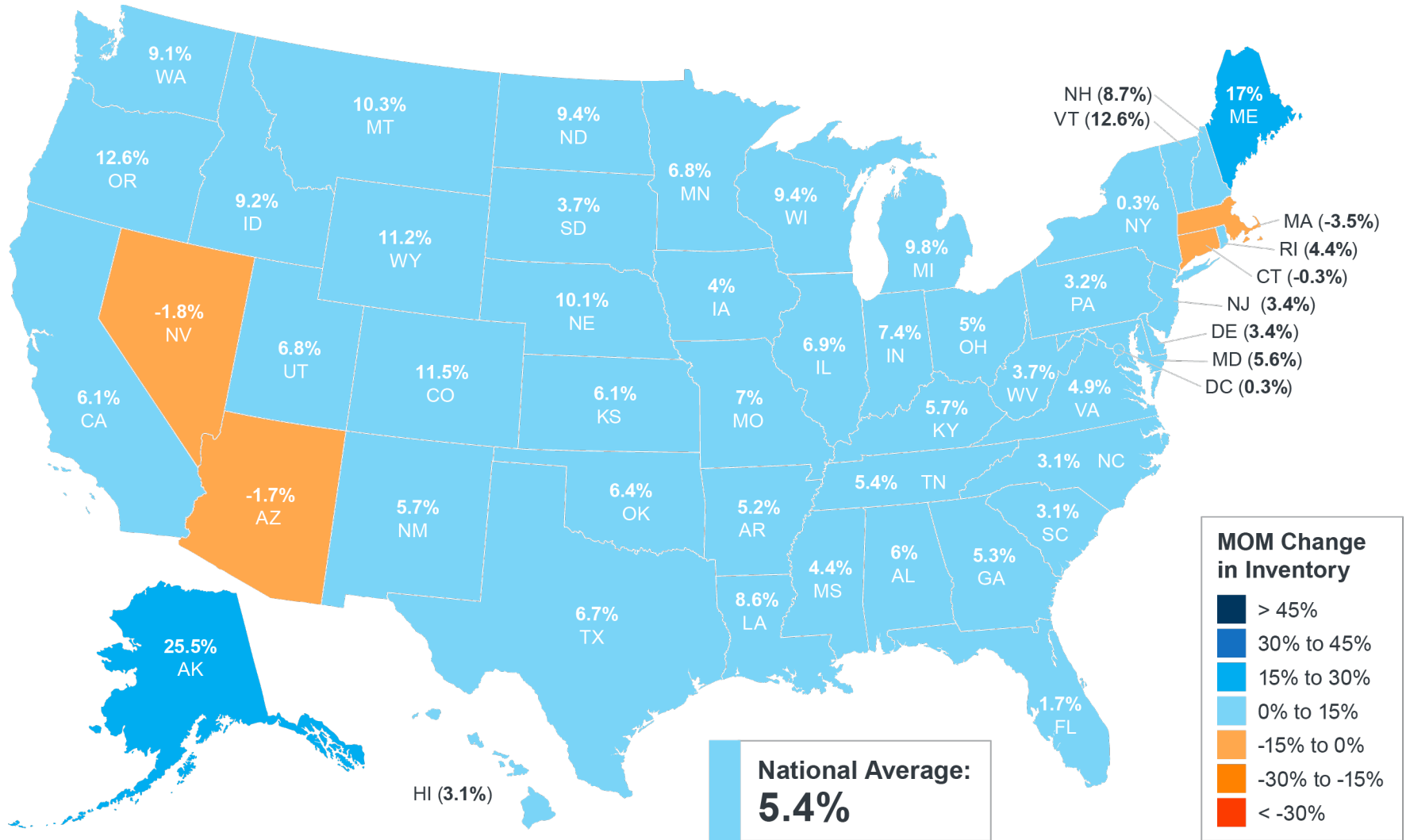




Housing Inventory

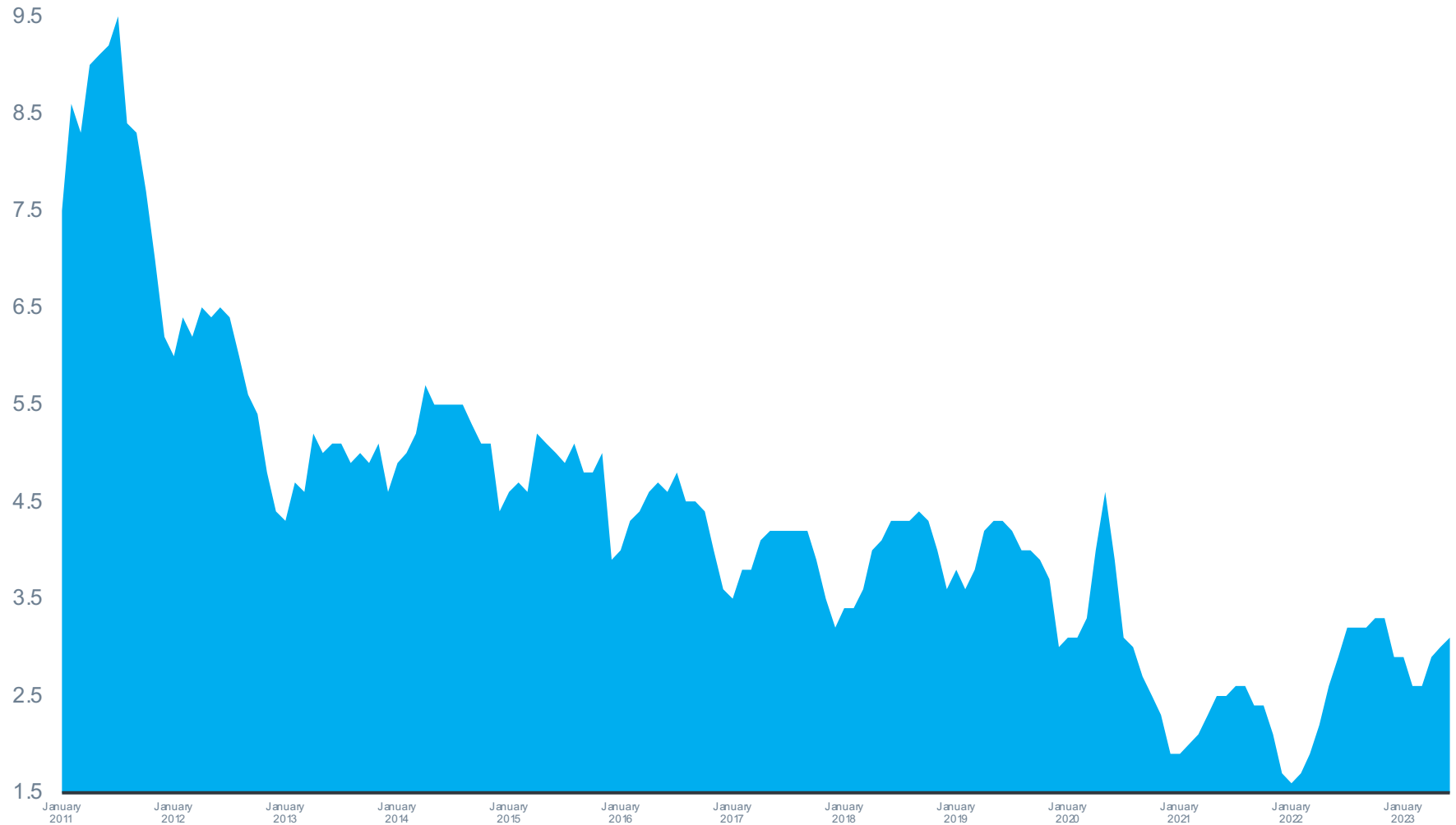
Change in Inventory

Month-Over-Month, July 2023



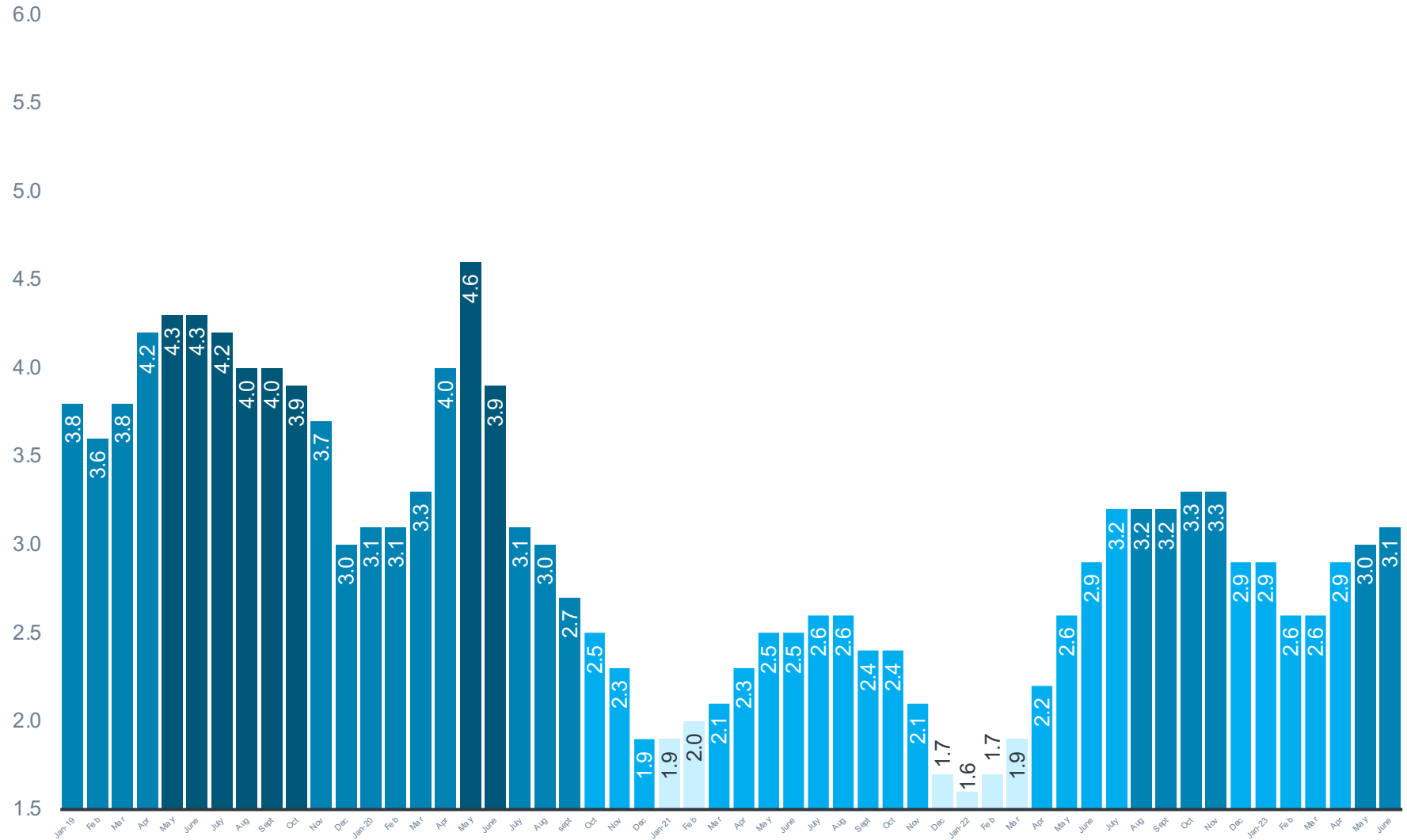
Months Inventory of Homes for Sale

2011 - Today



Months Inventory of Homes for Sale

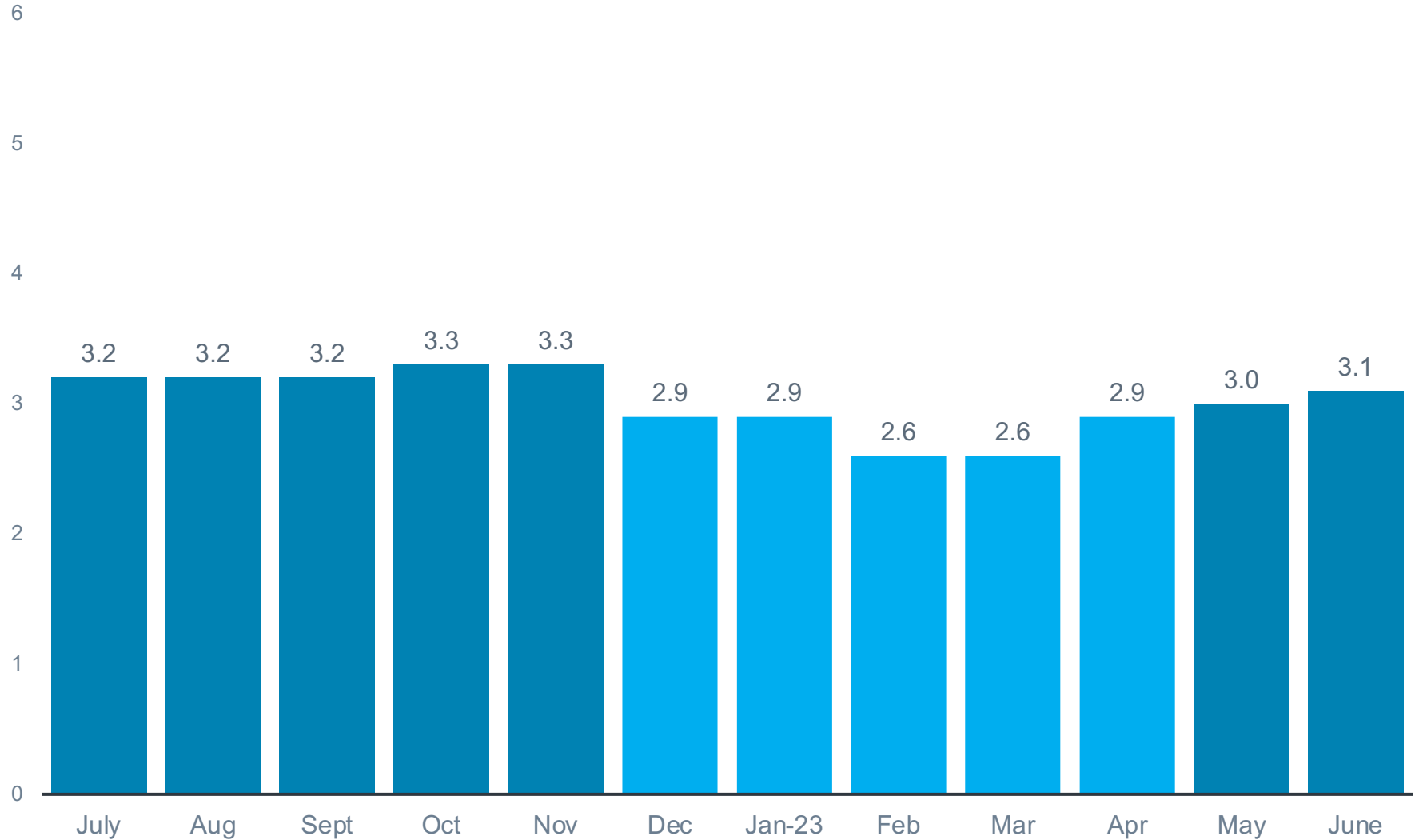
Since 2019



Source: NAR

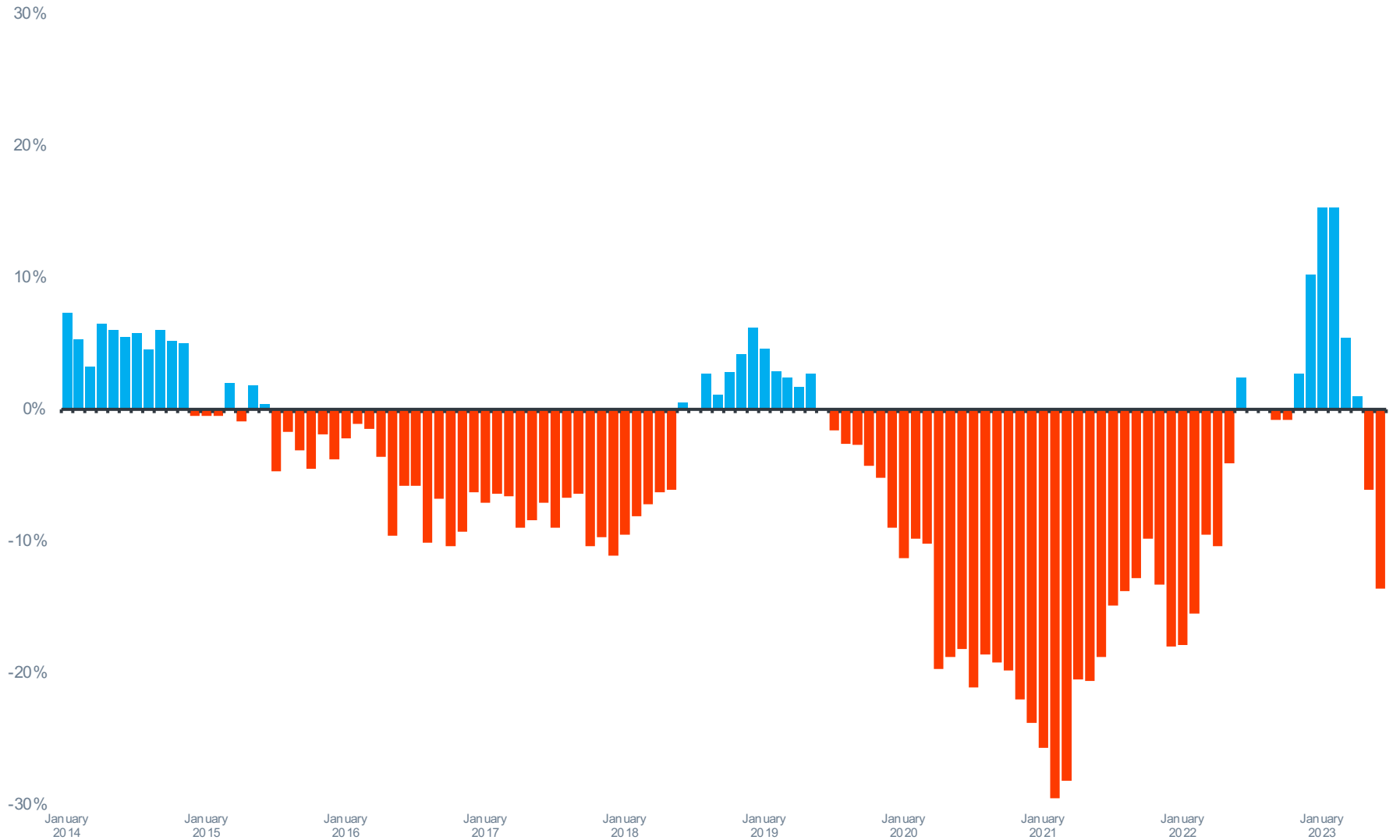
Months Inventory of Homes for Sale

Last 12 Months



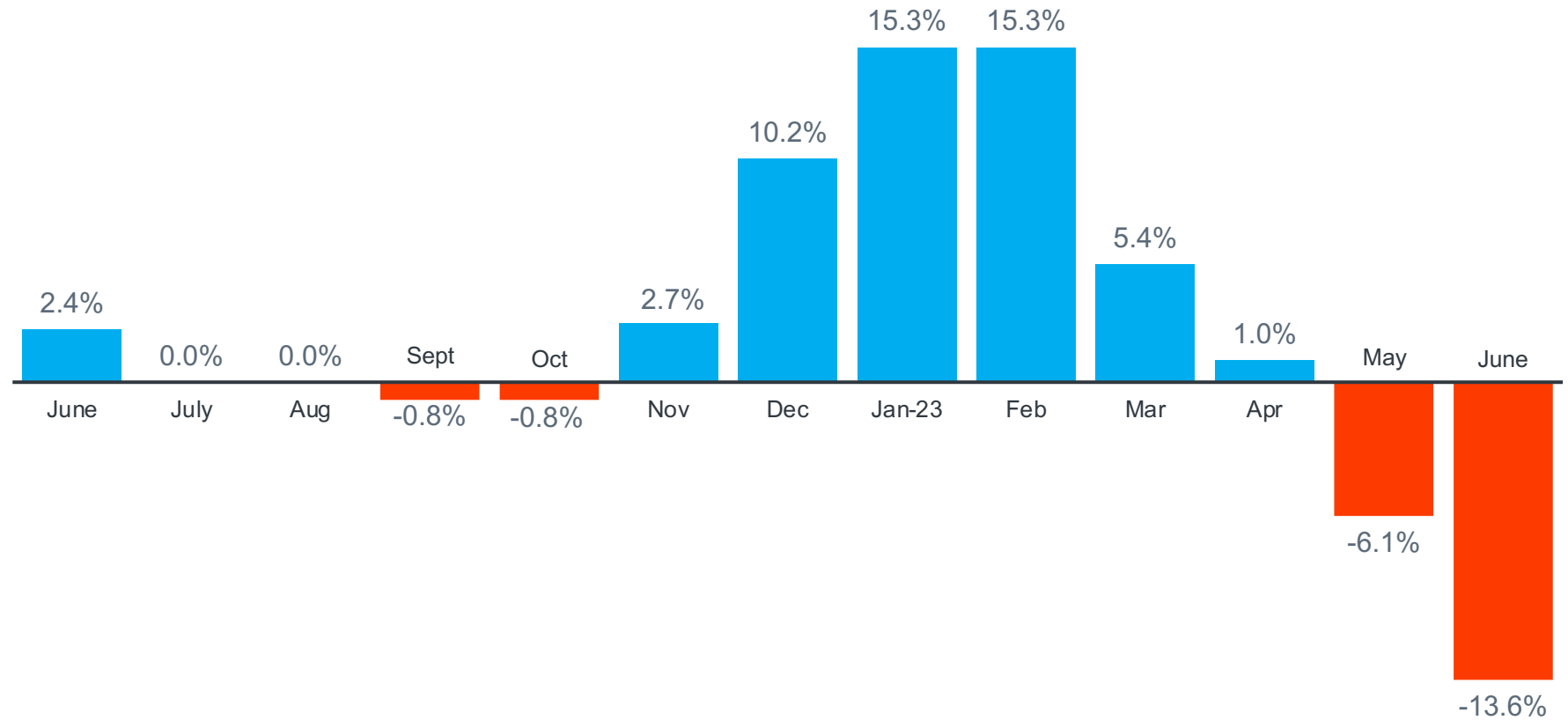
Source: NAR

Year-Over-Year Inventory Levels



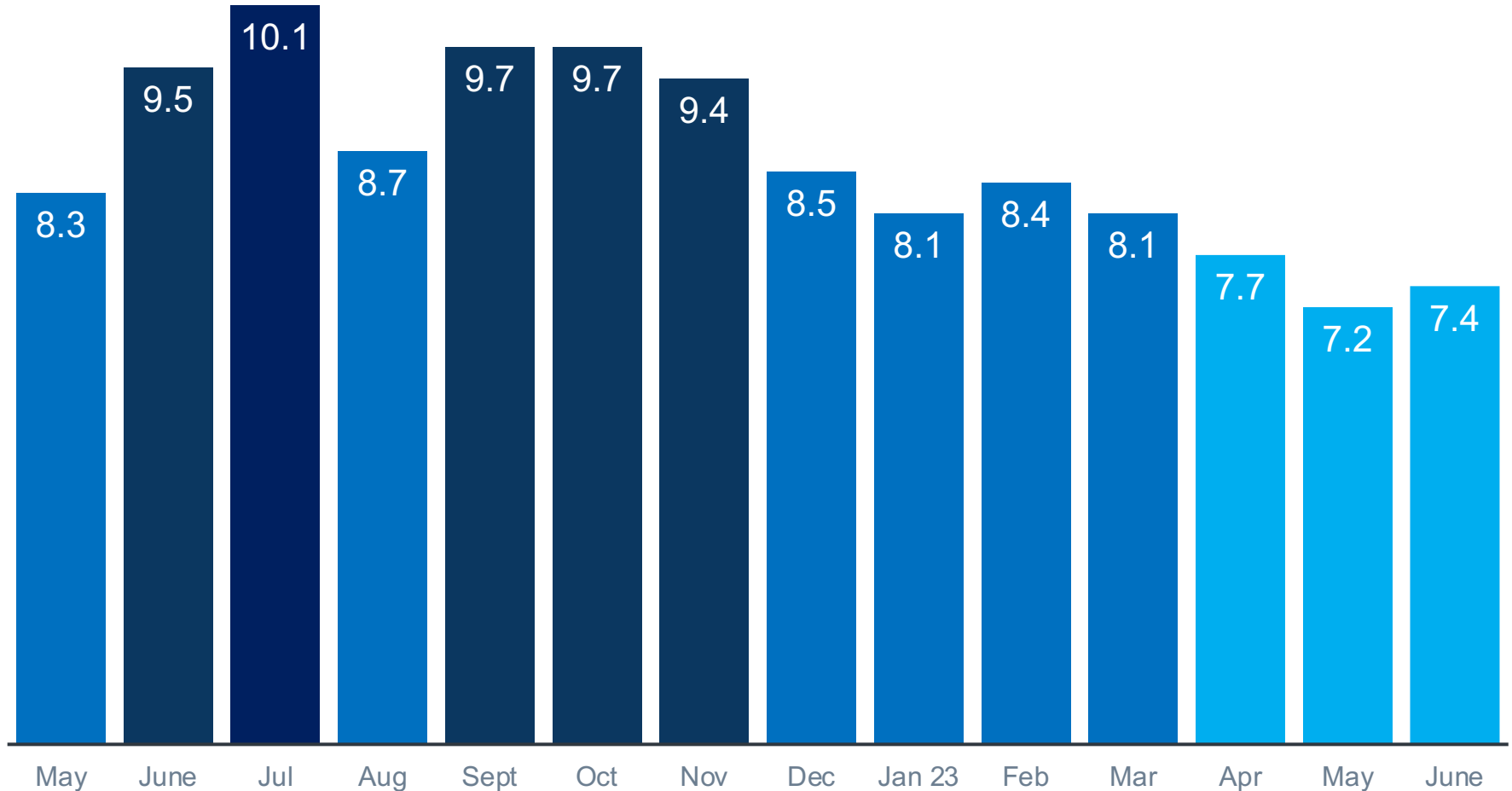
Year-Over-Year Inventory Levels

Last 12 Months



New Home Monthly Inventory

Seasonally Adjusted, Last 13 Months

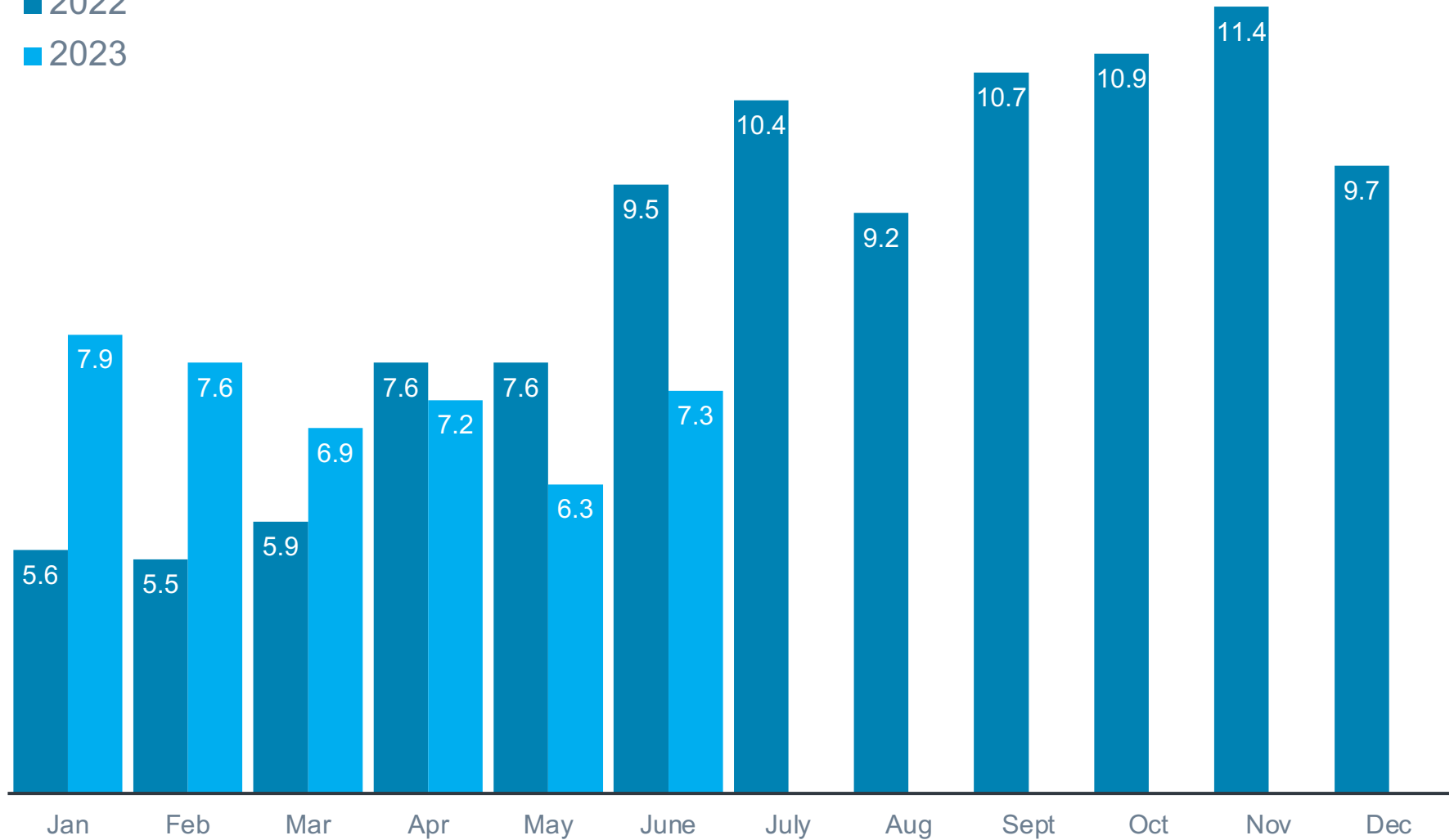


Source: Census

New Home Monthly Inventory

Non-Seasonally Adjusted

■ 2022
■ 2023



Source: Census



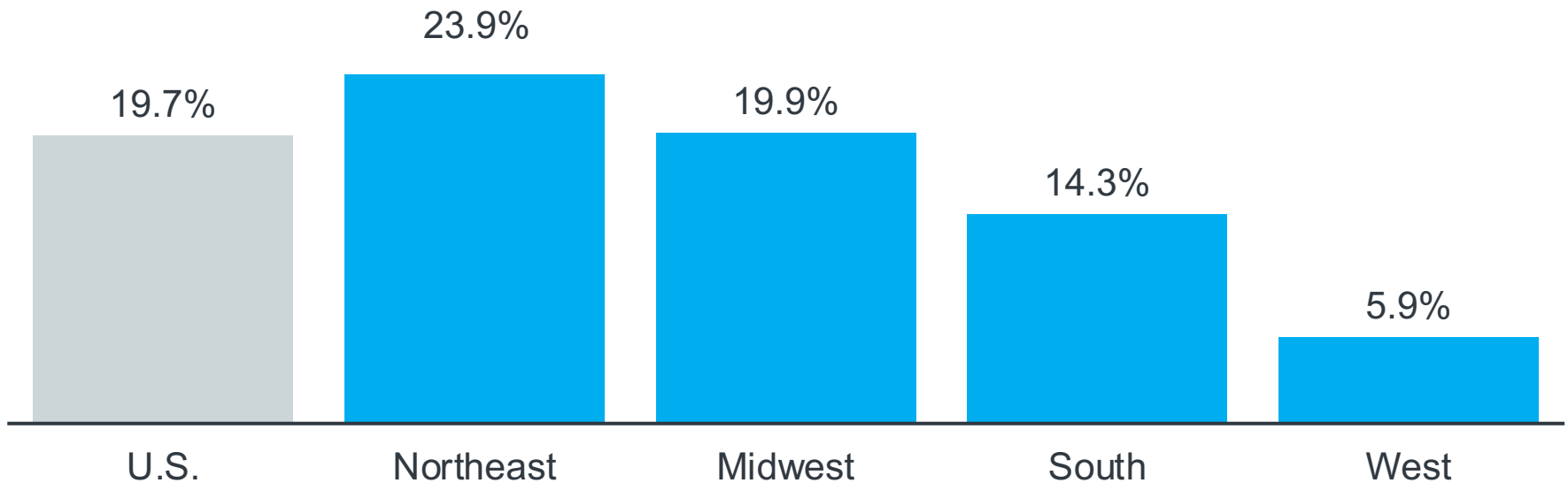
Buyer Demand

Buyer Foot Traffic Declines Slightly, Deviating from Seasonal Trends

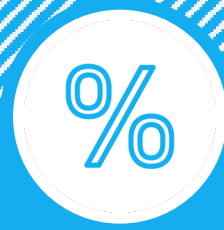
Year-Over-Year Increase in Showing Activity, June 2023

Michael Lane, Vice President & General Manager, Showing Time

“June’s slowdown in showing activity is typical as we approach the fall season, and waning buyer activity with it. But showing traffic didn’t slow as much as we would expect in a typical year and decreased far less than the last two pandemic years, Time will tell whether June’s smaller-than-typical decrease is a sign of increased demand to come and what role limited inventory will play in showing activity heading into peak summer.”



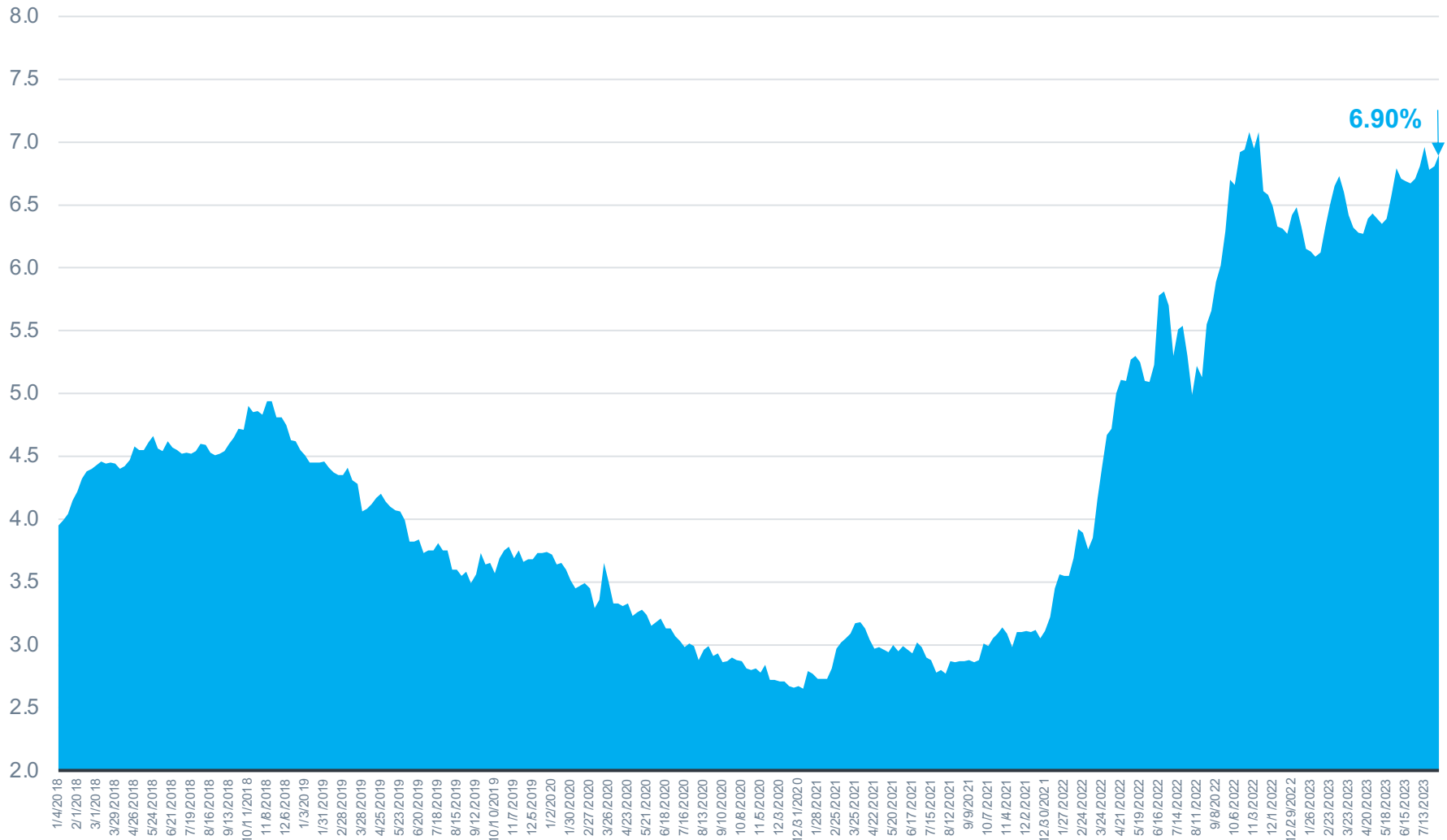
Source: ShowingTime



Mortgage Rates

Mortgage Rates

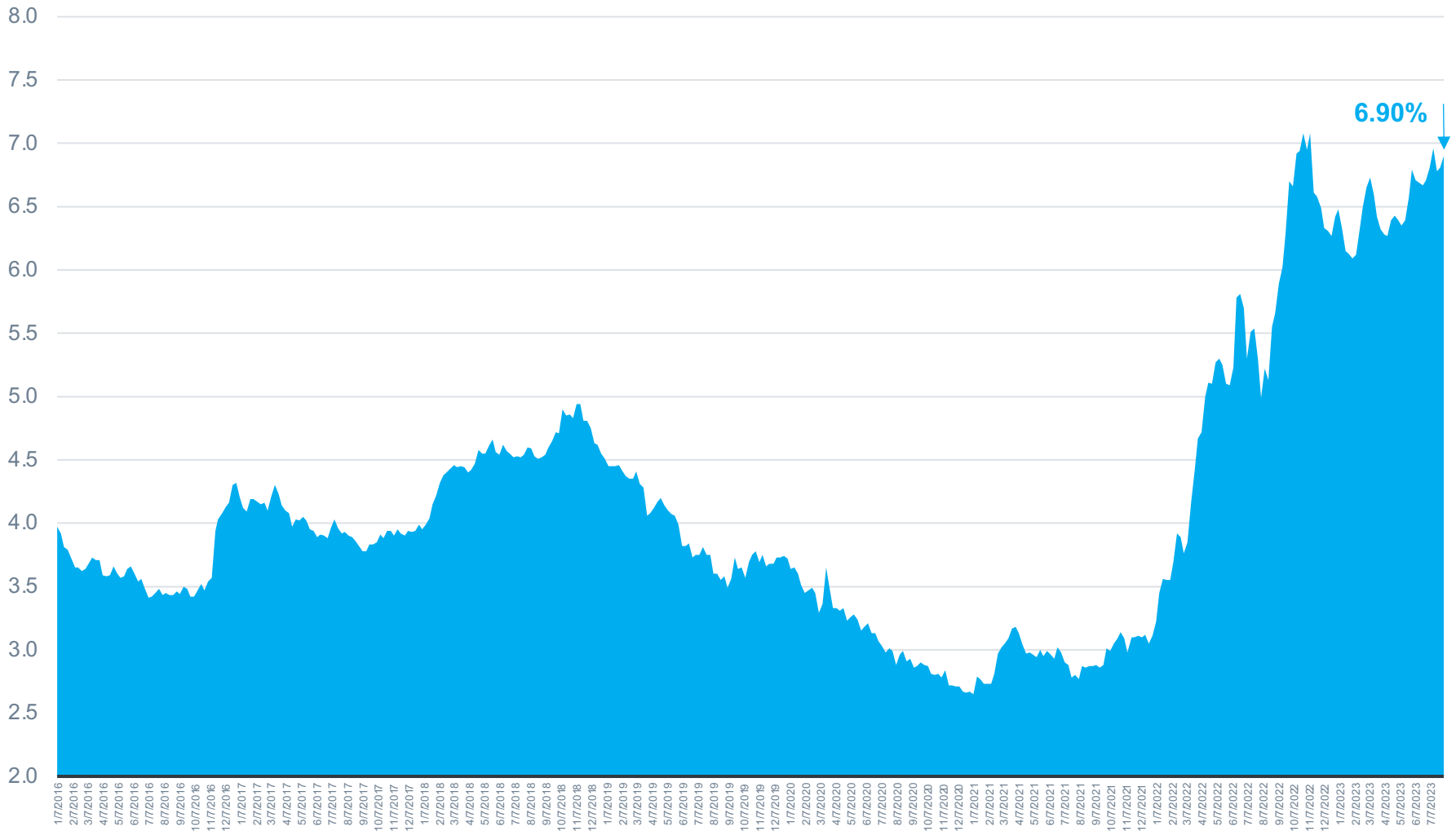
30-Year Fixed Rate, January 2018–Today



Source: Freddie Mac

Mortgage Rates

30-Year Fixed Rate, January 2016–Today



Source: Freddie Mac

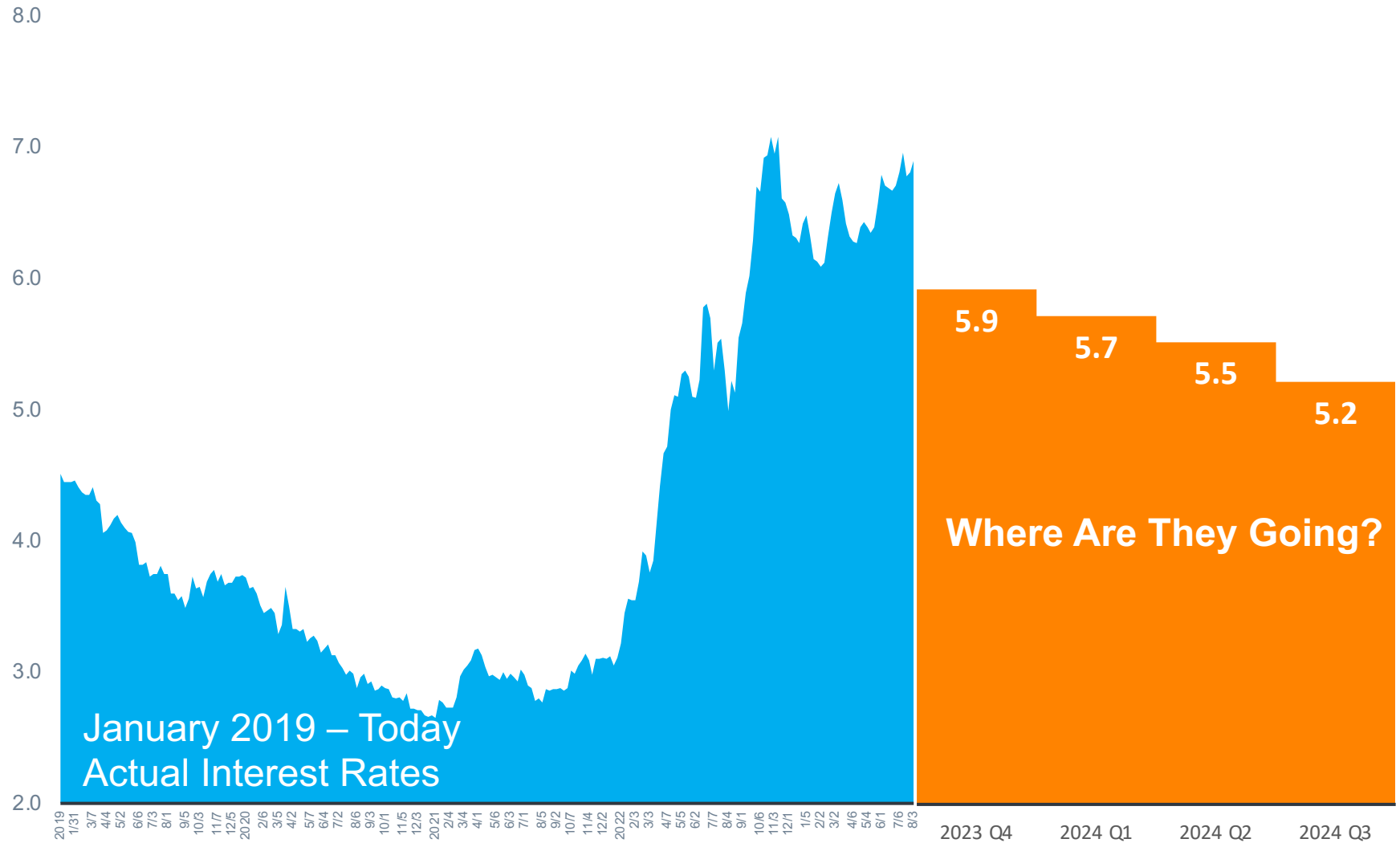
Mortgage Rate Projections

August 2023

Quarter	Fannie Mae	MBA	NAR	Average of All Three
2023 Q4	6.60%	5.90%	6.30%	6.27%
2024 Q1	6.40%	5.70%	6.10%	6.07%
2024 Q2	6.20%	5.50%	6.00%	5.90%
2024 Q3	6.00%	5.20%	6.00%	5.73%

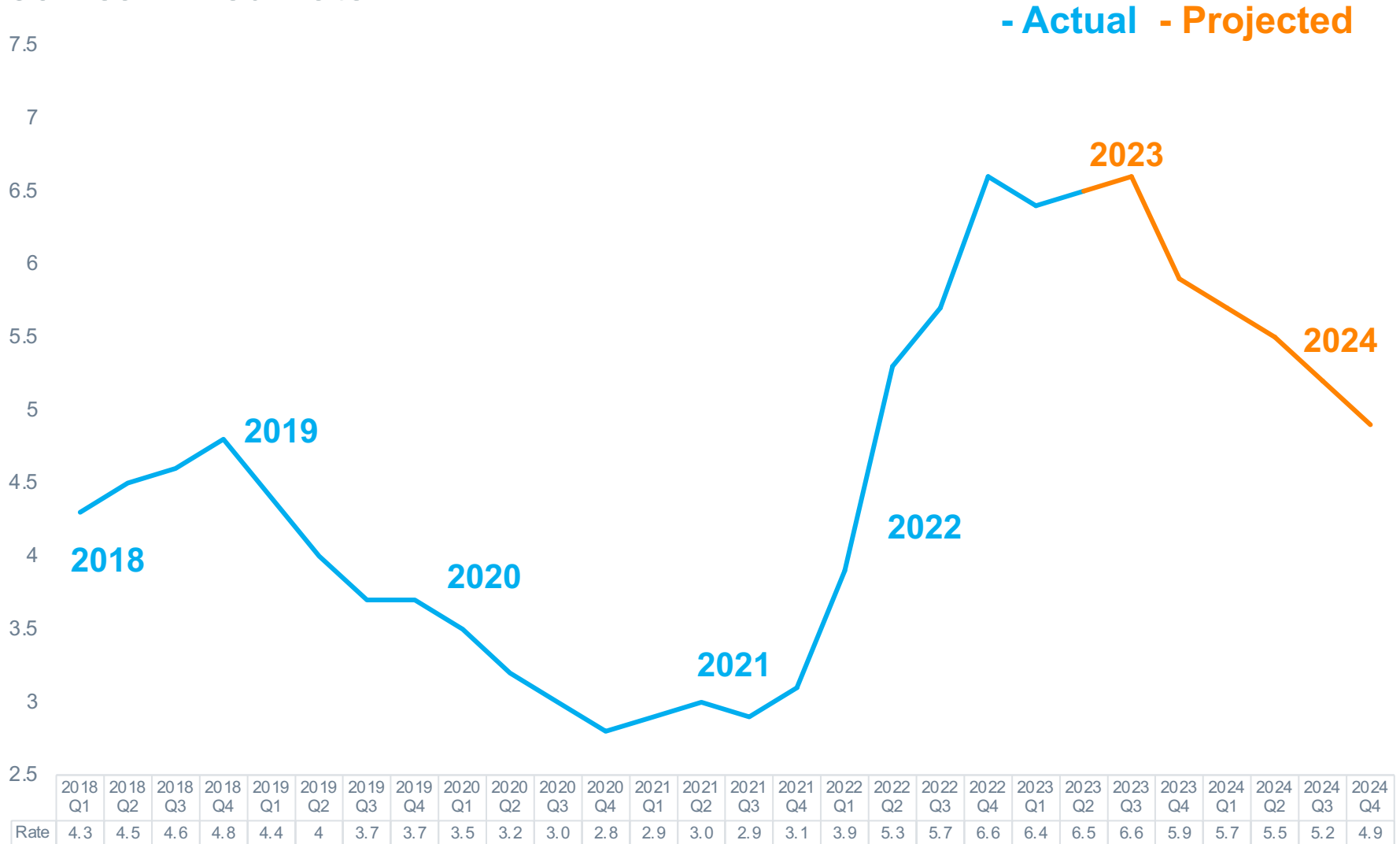
Mortgage Rates

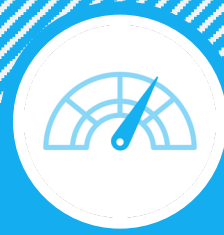
30-Year Fixed Rate



Mortgage Rates

30-Year Fixed Rate

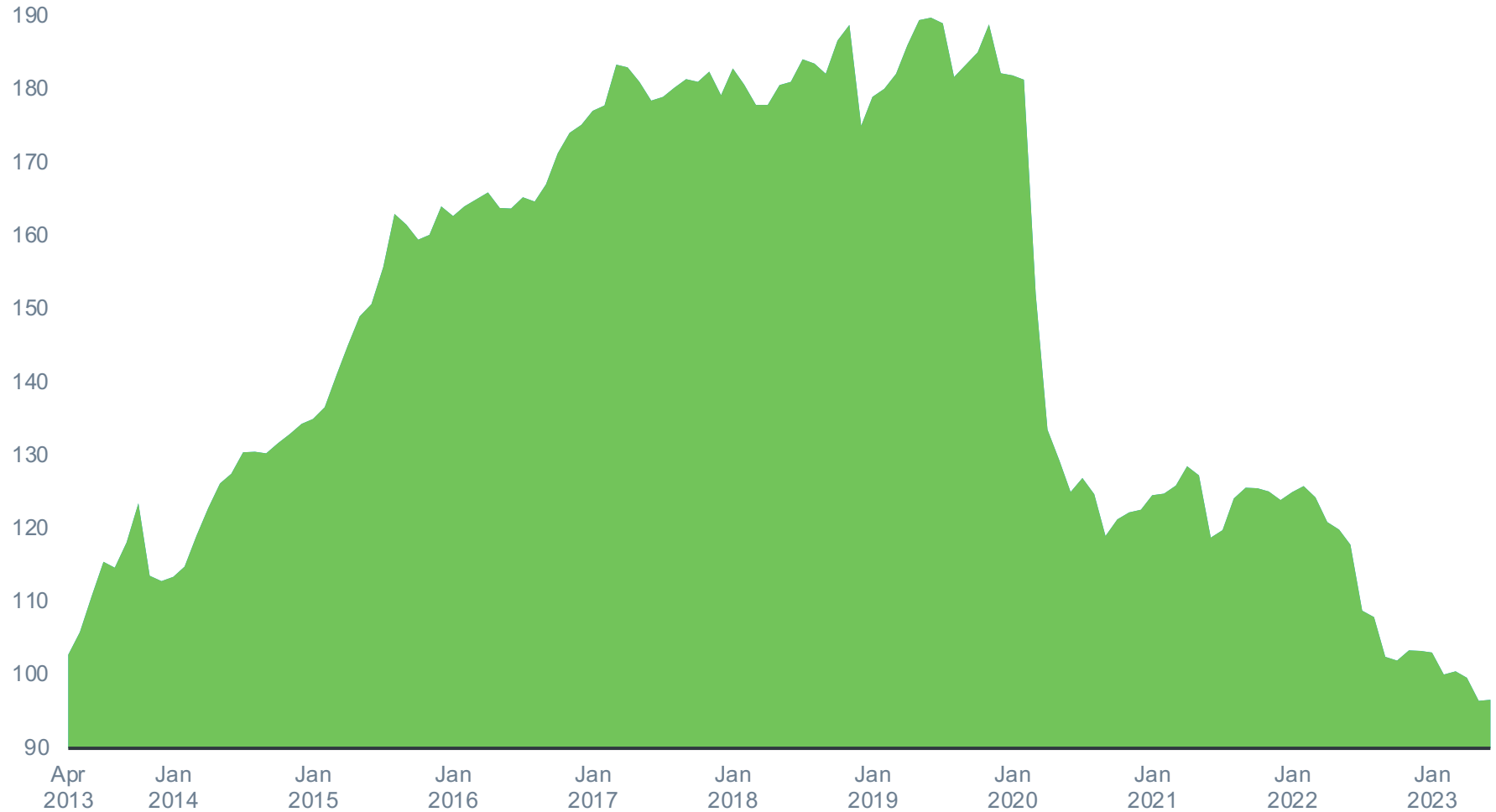




Mortgage Credit Availability

Mortgage Credit Availability Index (MCAI)

June 2023



Source: MBA

Lending Standards Still Under Control

Historic Data for the Mortgage Credit Availability Index (MCAI)

