

ROSS REALTY GROUP

KELLERWILLIAMS
Luxury
INTERNATIONAL

HOUSING UPDATE



FEBRUARY 2021



“Existing-home sales totaled 5.64 million in 2020, up 5.6% from 2019 and the most since before the Great Recession.”

NAR



Transaction Forecasts

Forecast	2020	2021
Fannie Mae	6.47M	6.71M
NAR	6.45M	7.50M
MBA	6.46M	7.18M

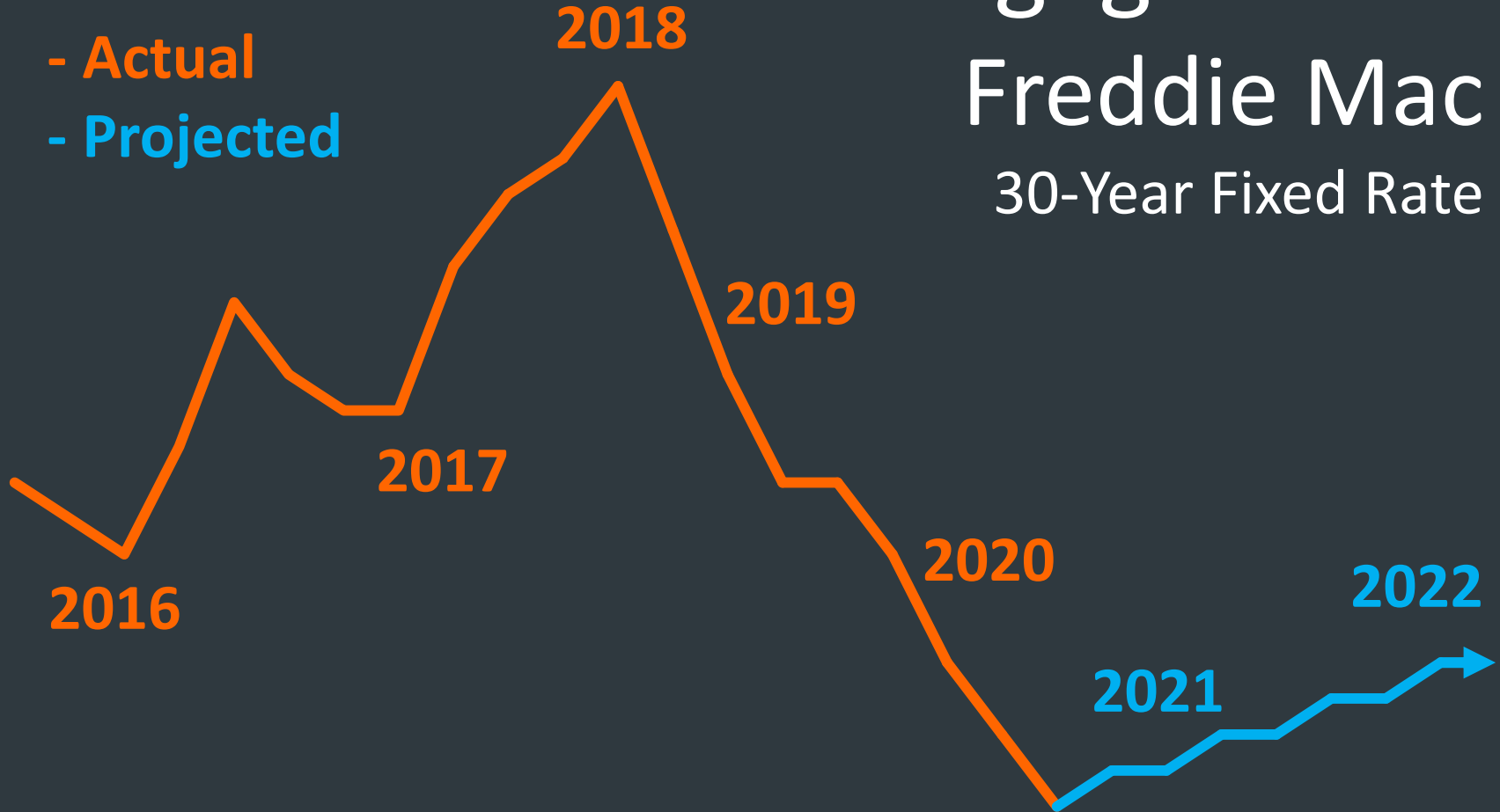
2021 Home Price Forecaster	Projection
National Association of Realtors	6%
Zelman & Associates	6%
realtor.com	5.7%
Freddie Mac	5.3%
Mortgage Bankers Association	5.1%
Fannie Mae	4.2%
CoreLogic	2.9%
Average of all seven	5%

Mortgage Rates

Freddie Mac

30-Year Fixed Rate

- Actual
- Projected



“Rising interest rates reduce house-buying power and affordability, but are often a sign of a strong economy, which increases home buyer demand. By any historic standard, today’s mortgage rates remain historically low and will continue to boost house-buying power and keep purchase demand robust.”

Mark Fleming

Chief Economist at First American



Mortgage Rate Projections

Quarter	Freddie Mac	Fannie Mae	MBA	NAR	Average of All Four
2021 2Q	2.9	2.7	3.1	3.0	2.92%
2021 3Q	3.0	2.8	3.3	3.0	3.02%
2021 4Q	3.0	2.8	3.4	3.1	3.07%
2022 1Q	3.1	2.9	3.5	3.2	3.17%

A photograph of three people in a kitchen setting. A woman with blonde hair, a woman with curly hair, and a man with a beard are gathered around a table, looking at a tablet held by the man. They are all smiling and appear to be in a collaborative discussion. The background shows kitchen cabinets and a window with blinds.

WHERE WILL
LISTINGS COME
FROM IN 2021?

“Some people will feel comfortable listing their home during the first half of 2021. Others will want to wait until the vaccines are widely distributed. This suggests more inventory will be for sale in late 2021 and into the spring selling season in 2022.”

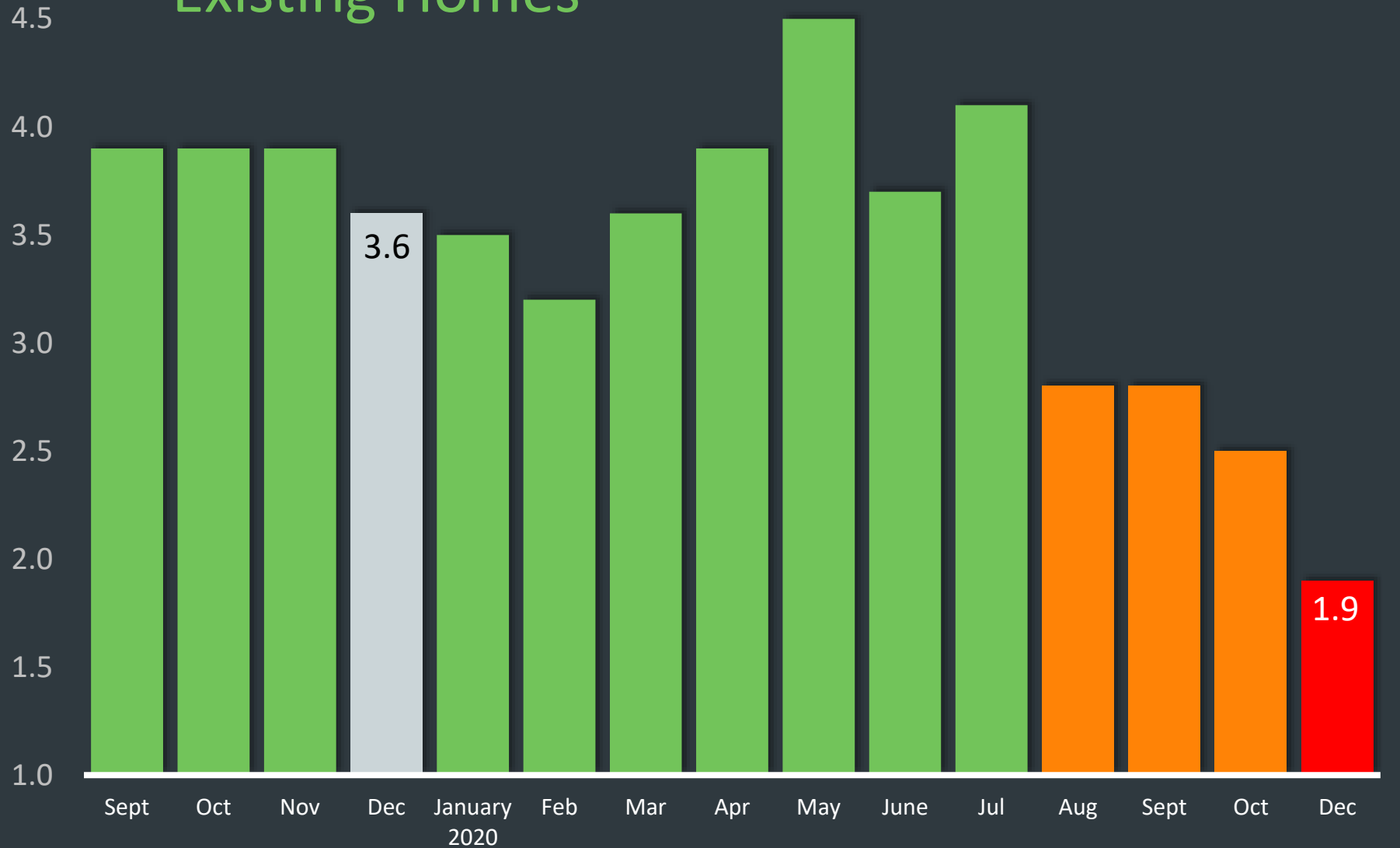
Ali Wolf

Chief Economist at Zonda



Months Supply of Available Inventory

Existing Homes



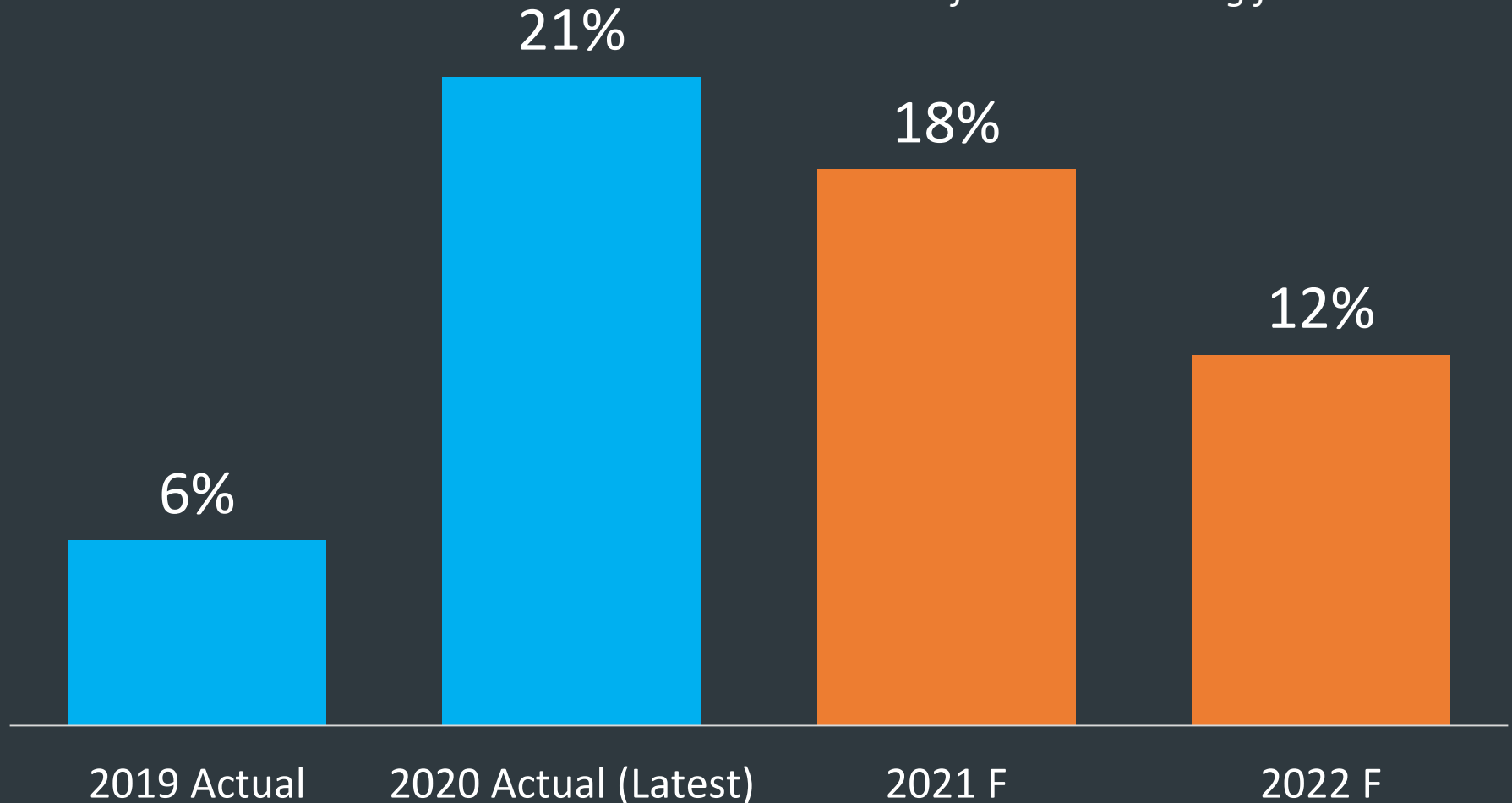
“Total housing inventory at the end of December totaled 1.07 million units, down 16.4% from November and down 23% from one year ago (1.39 million). **Unsold inventory sits at an all-time low 1.9-month supply at the current sales pace,** down from 2.3 months in November and down from the 3.0-month figure recorded in December 2019. NAR first began tracking the single-family home supply in 1982.

NAR



Consensus View of Work-from-Home

Percent of workers working from home



2020 Panel Consensus Forecast

“New home sales activity, both mortgage applications and home sales, ran at a pace considerably ahead of 2019, showing the ongoing strong growth in housing demand and new residential construction.”

Joel Kan

MBA's AVP of Economic and Industry Forecasting



TOP THREE REASONS
homeowners didn't
put their house on
the market in 2020

31%

financial uncertainty

YouGov Survey

34%

life is too uncertain
right now

25%

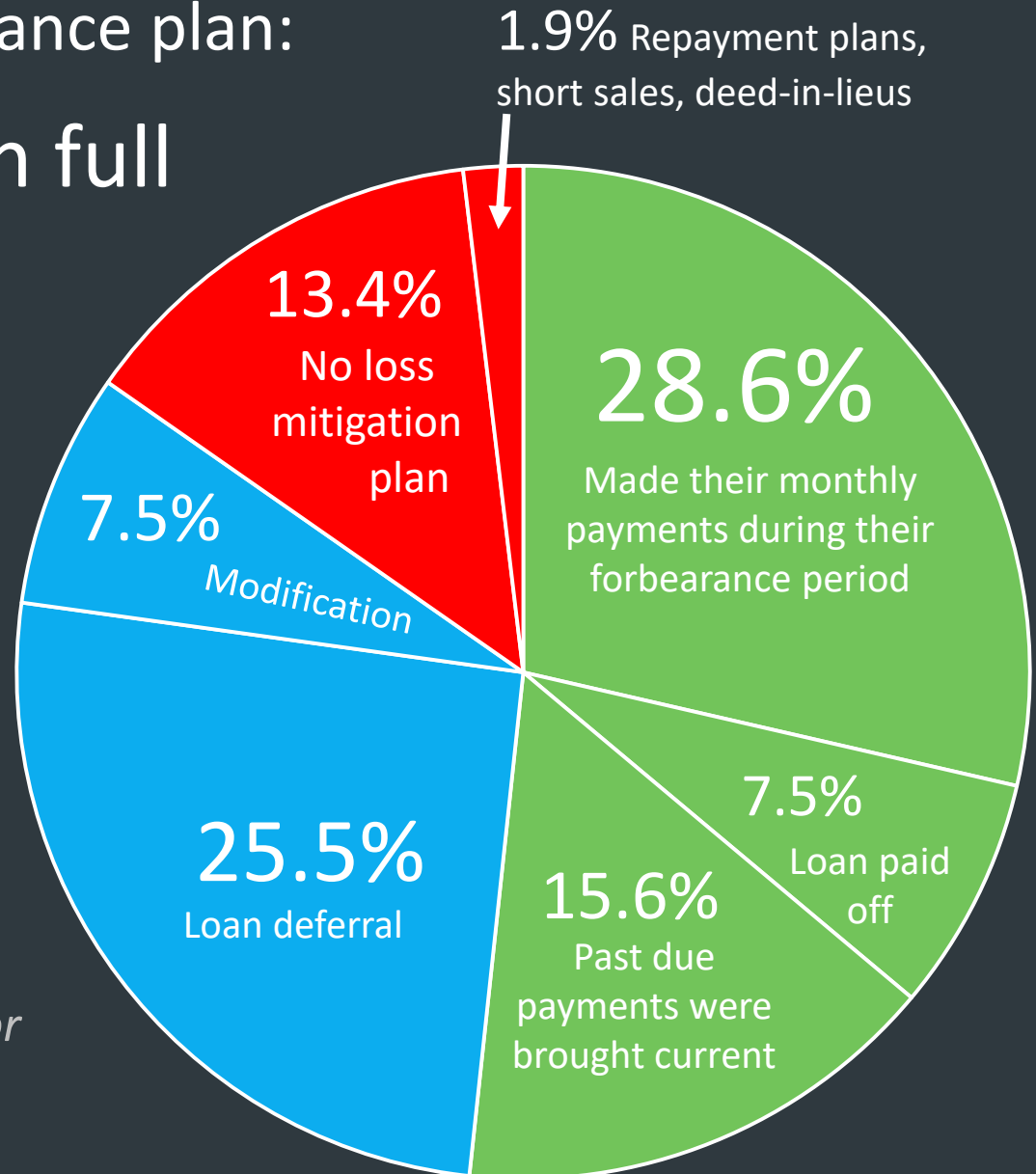
COVID-19
health concerns

Upon exit from forbearance plan:

■ 51.7% are paid in full

■ 33% work out repayment plan

■ 15.3% are still in trouble



Cumulative forbearance exits for the period from June 1, 2020 through January 24, 2021

“But given the huge price gains recently, I don't think many homes will have to go to foreclosure... I think homes will just be sold, and there will be cash left over for the seller, even in a distressed situation. So that's a bit of a silver lining in that we don't expect a massive sale of distressed properties.”

Lawrence Yun

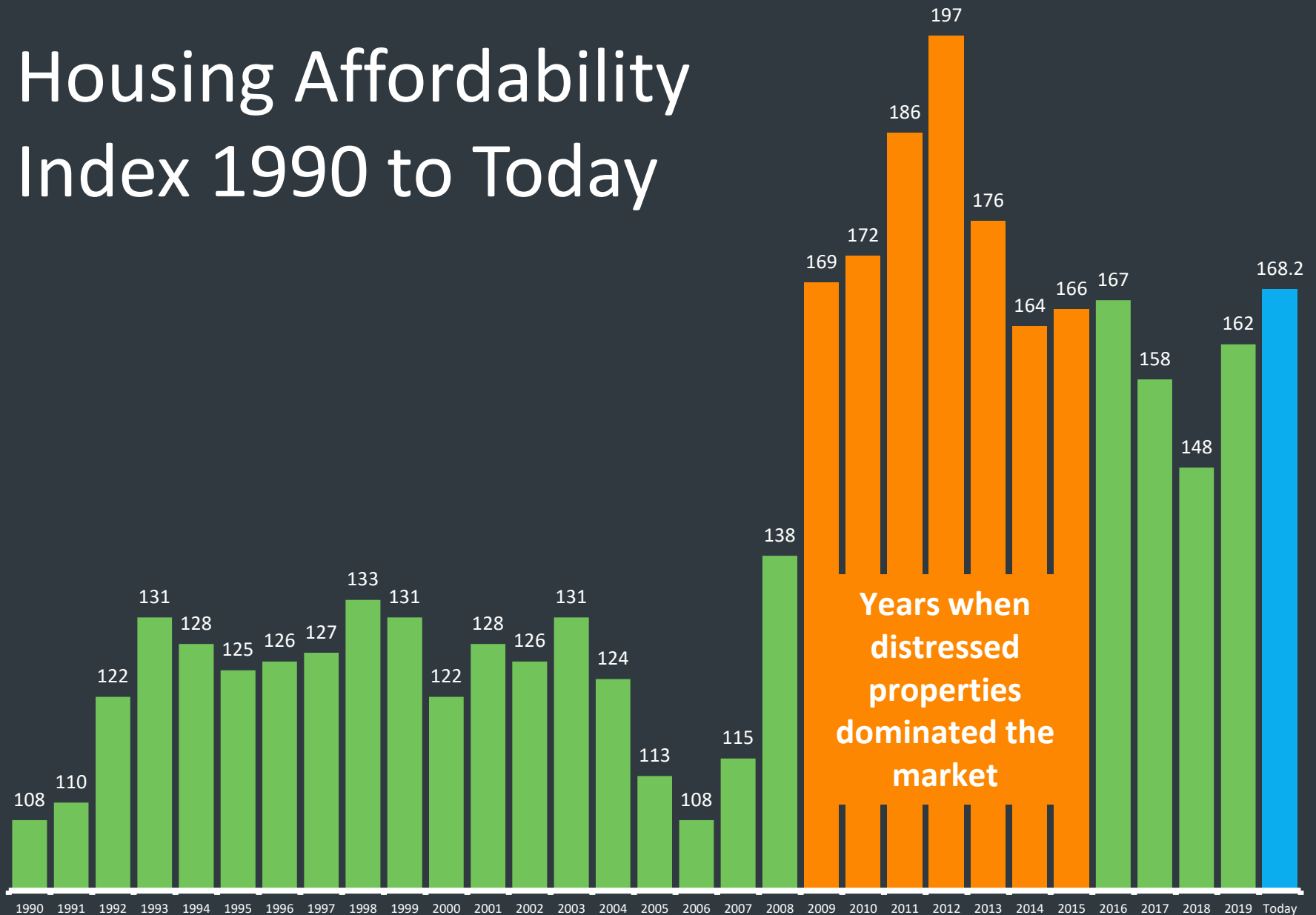
Chief Economist at NAR



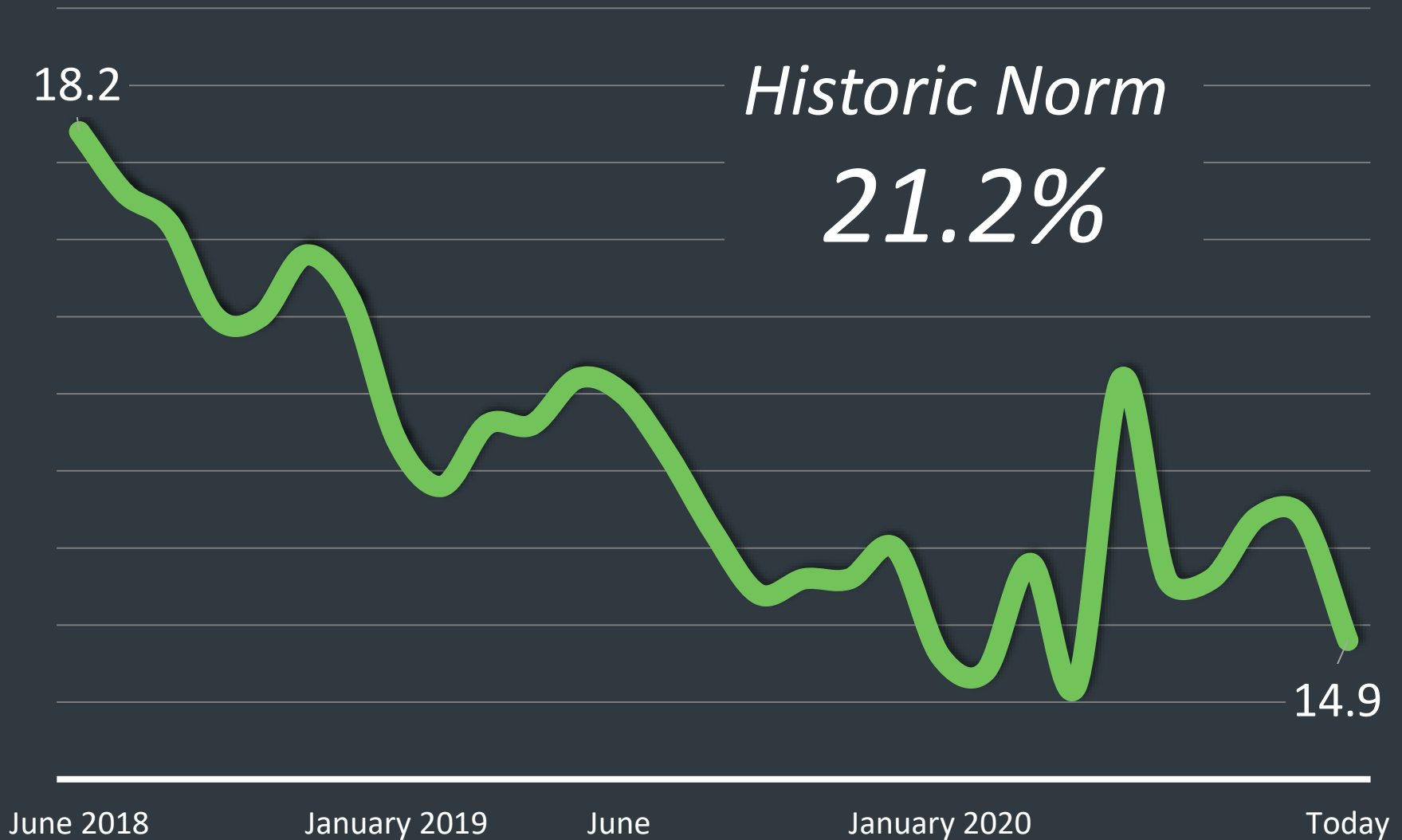
AFFORDABILITY IN TODAY'S REAL ESTATE MARKET



Housing Affordability Index 1990 to Today



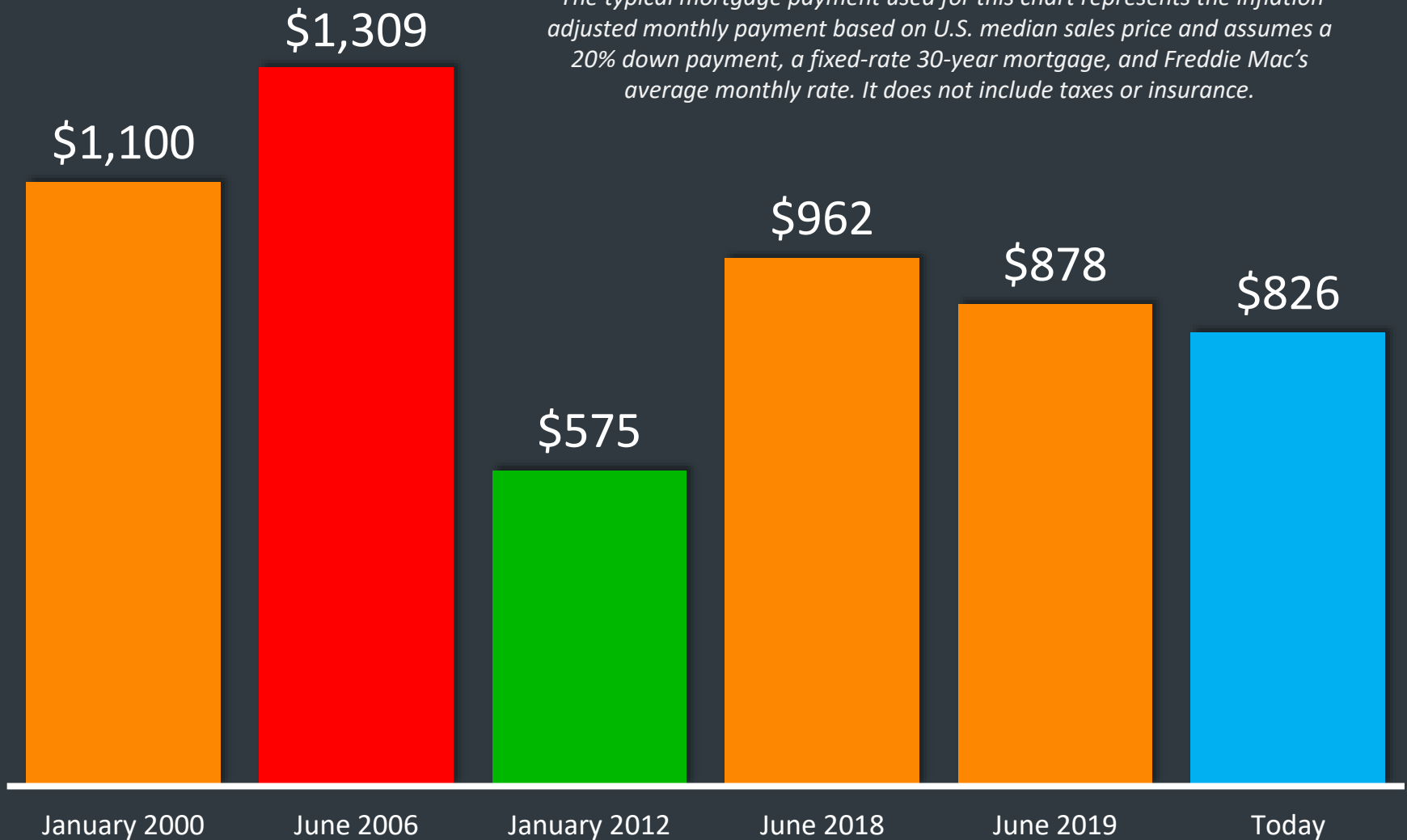
Percentage of Income Needed for a Mortgage Payment Decreasing Dramatically as Mortgage Rates Fall



National Homebuyers' "TYPICAL MORTGAGE PAYMENT"

Inflation-Adjusted Monthly Mortgage Payment That Buyers Commit To

**The typical mortgage payment used for this chart represents the inflation-adjusted monthly payment based on U.S. median sales price and assumes a 20% down payment, a fixed-rate 30-year mortgage, and Freddie Mac's average monthly rate. It does not include taxes or insurance.*



“Once you include the equity benefit of price appreciation, owning made more financial sense than renting in 48 out of the 50 top markets, with the only exceptions being San Francisco & San Jose, CA.”

Odeta Kushi

Deputy Chief Economist at First American



Coming Soon: Spring 2021 Buyer & Seller Guides





“People do not follow the best leaders. They follow the ones they can understand the easiest.”

- Donald Miller

Resources

Slide	Slide Title	Link
2	NAR Quote	https://www.nar.realtor/newsroom/existing-home-sales-rise-0-7-in-december-annual-sales-see-highest-level-since-2006
3	Transaction Forecasts	https://www.fanniemae.com/media/37951/display https://cdn.nar.realtor/sites/default/files/documents/forecast-Q1-2021-us-economic-outlook-01-30-2021.pdf https://www.mba.org/news-research-and-resources/research-and-economics/forecasts-and-commentary
4	2021 Price Projections	https://cdn.nar.realtor/sites/default/files/documents/forecast-Q1-2021-us-economic-outlook-01-30-2021.pdf https://www.zelmanassociates.com/ (subscription required) https://www.realtor.com/research/2021-national-housing-forecast/ http://www.freddiemac.com/research/forecast/20210114_quarterly_economic_forecast.page? https://www.mba.org/news-research-and-resources/research-and-economics/forecasts-and-commentary https://www.fanniemae.com/media/37951/display
5	Mortgage Rates	http://www.freddiemac.com/research/forecast/20210114_quarterly_economic_forecast.page
6	Fleming Quote	https://blog.firstam.com/economics/why-the-housing-market-can-thrive-if-a-new-rising-rate-era-begins

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7	Mortgage Rate Projections	http://www.freddiemac.com/research/forecast/20210114_quarterly_economic_forecast.page https://www.fanniemae.com/media/37951/display https://www.mba.org/news-research-and-resources/research-and-economics/forecasts-and-commentary https://cdn.nar.realtor/sites/default/files/documents/forecast-Q1-2021-us-economic-outlook-01-30-2021.pdf
9	Wolf Quote	https://www.realtor.com/news/trends/vaccines-housing-market/
10	Months Supply of Inventory	https://cdn.nar.realtor/sites/default/files/documents/ehs-08-2020-supplemental-data-2020-09-22.pdf
11	NAR Quote	https://www.nar.realtor/newsroom/existing-home-sales-rise-0-7-in-december-annual-sales-see-highest-level-since-2006
12	Consensus View of Work-from-Home	https://www.nar.realtor/events/nar-real-estate-forecast-summit
13	Kan Quote	https://www.mba.org/2020-press-releases/december/november-new-home-purchase-mortgage-applications-increased-347-percent
14	YouGov Survey	http://zillow.mediaroom.com/2020-10-27-COVID-19-is-Driving-the-Housing-Inventory-Crisis-in-Unexpected-Ways
15	Upon Exit from Forbearance	https://www.mba.org/2021-press-releases/february/share-of-mortgage-loans-in-forbearance-remains-unchanged-at-538-percent

Resources

Slide	Slide Title	Link
16	Yun Quote	https://www.investors.com/news/housing-market-outlook-2021-watch-these-stocks-trends-cities/
18	Housing Affordability Index	https://www.nar.realtor/blogs/economists-outlook/housing-affordability-declines-in-november-2020-as-incomes-crawl-and-home-prices-jump
19	Percentage of Income	https://www.nar.realtor/blogs/economists-outlook/housing-affordability-declines-in-november-2020-as-incomes-crawl-and-home-prices-jump
20	Typical Mortgage Payment	https://www.corelogic.com/blog/2020/12/affordability-challenges-ahead-large-demographic-tailwind-has-arrived-amid-lowest-inventory-of-homes-for-sale.aspx
21	Kushi Quote	https://blog.firstam.com/economics/dont-overlook-the-benefit-of-equity-when-considering-whether-to-rent-or-own
23	Miller Quote	https://www.realtor.com/news/trends/biggest-changes-coming-in-2020-real-estate-and-tips-for-buyers-and-sellers.amp/