

TWENTY TWENTY TWO



May

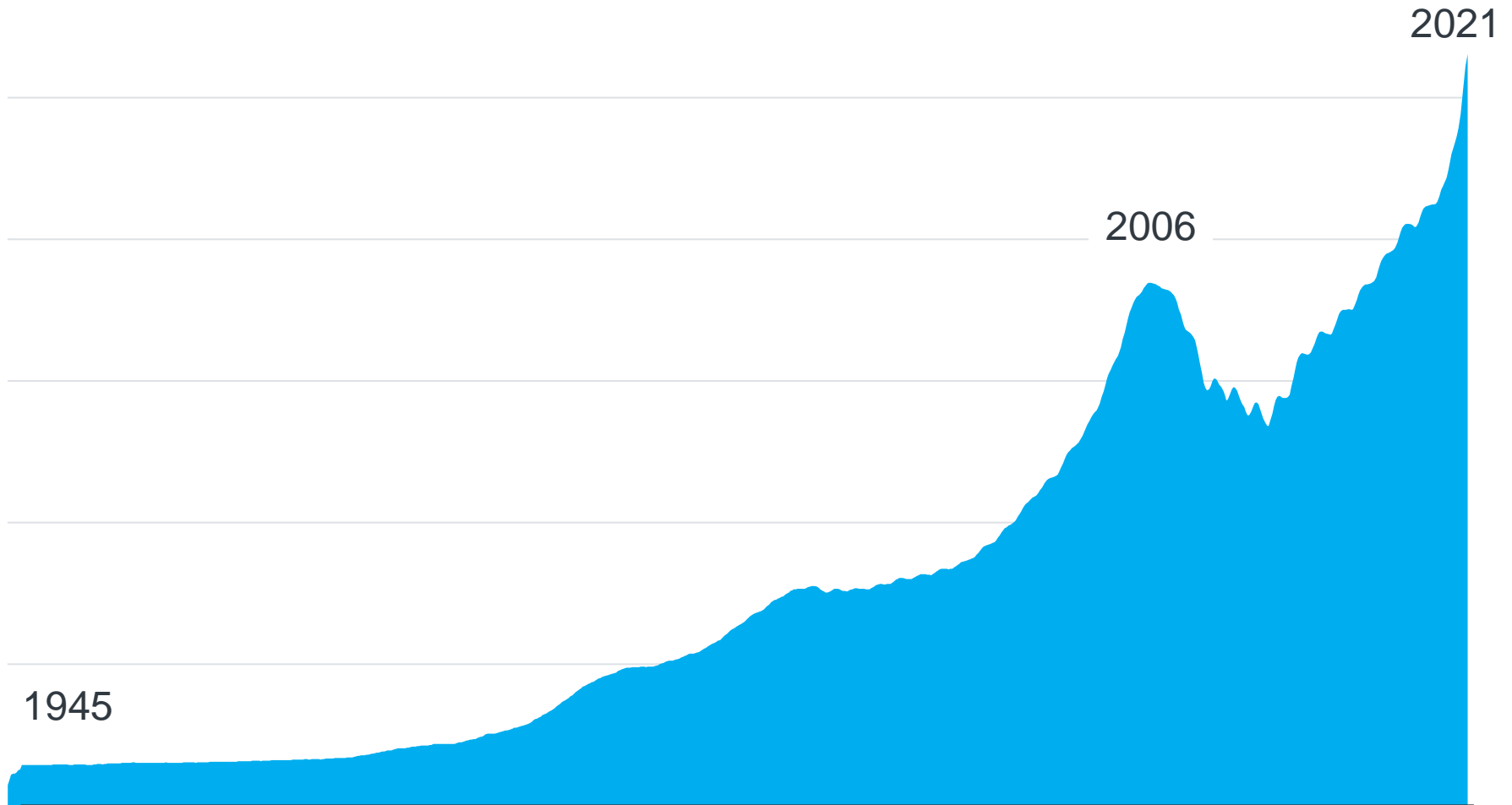
Housing Update



Why We're Not Headed for a Housing Bubble

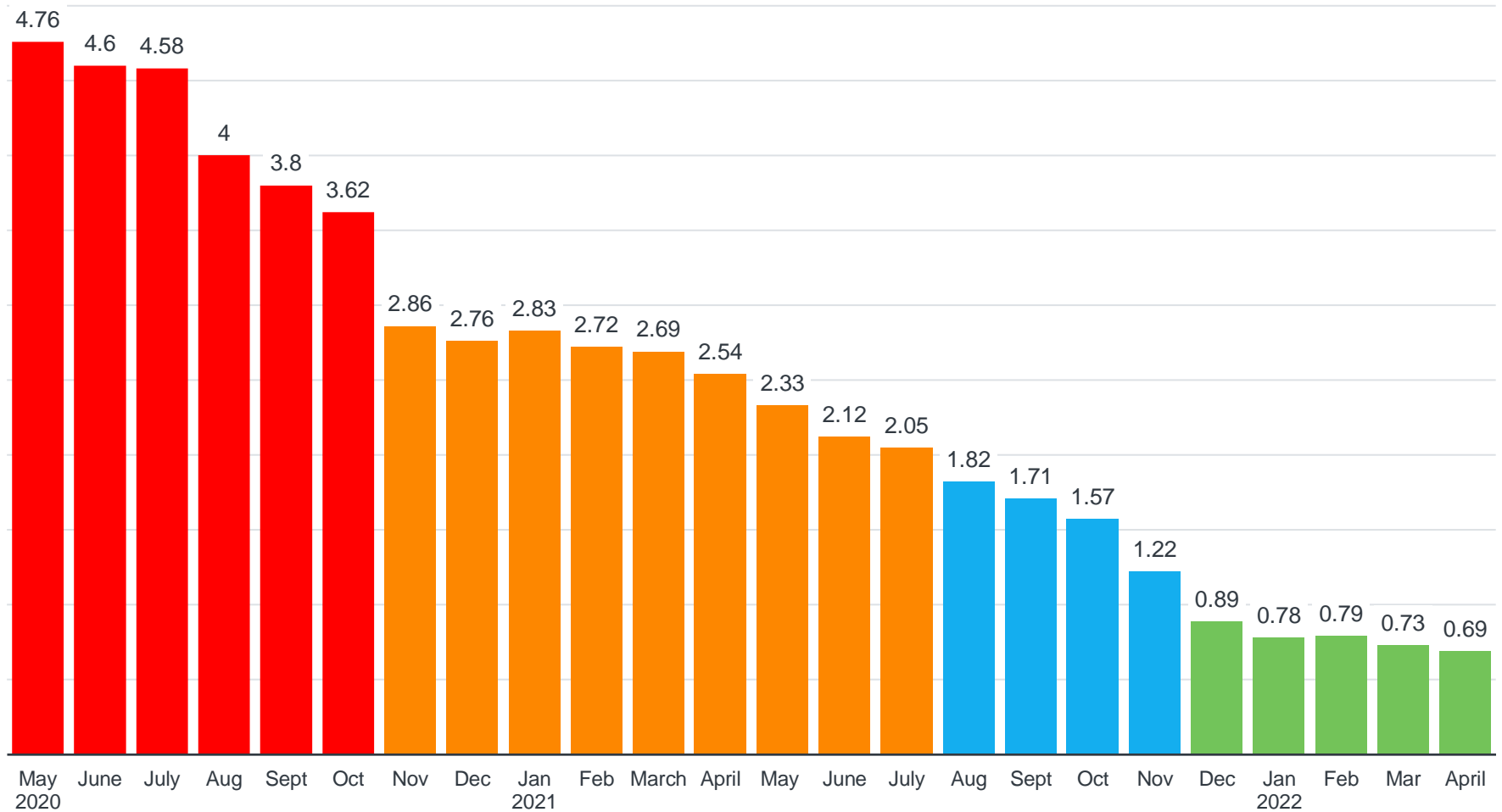
Home Price Appreciation Since WWII

Historical Housing Market Data



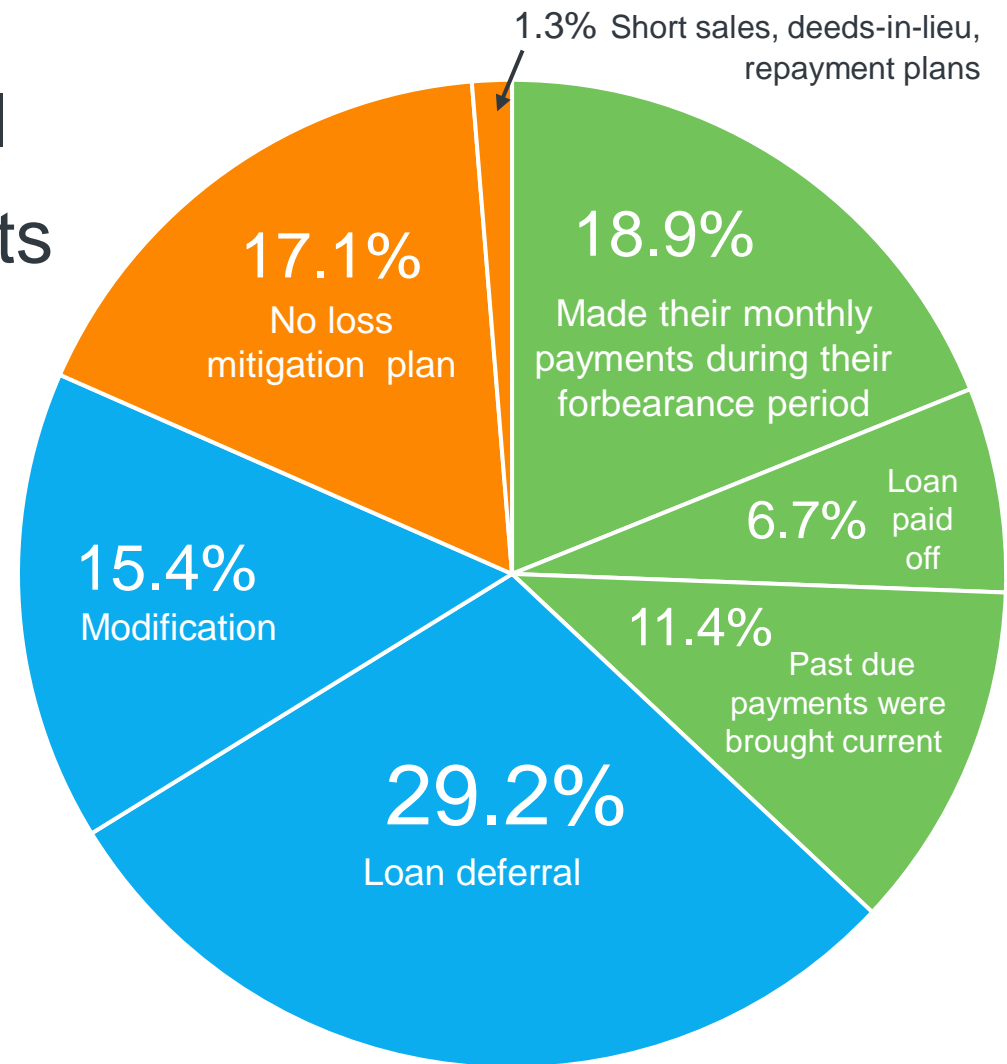
Forbearance Number Edges Downward

Monthly Number of Loans in Active Forbearance (in millions)



Loans Upon Exiting Forbearance Program

- 37% were paid in full
- 44.6% were work outs or repayment plans
- 18.4% were still in trouble



*Cumulative forbearance exits
for the period from June 1, 2020
through March 31, 2022*

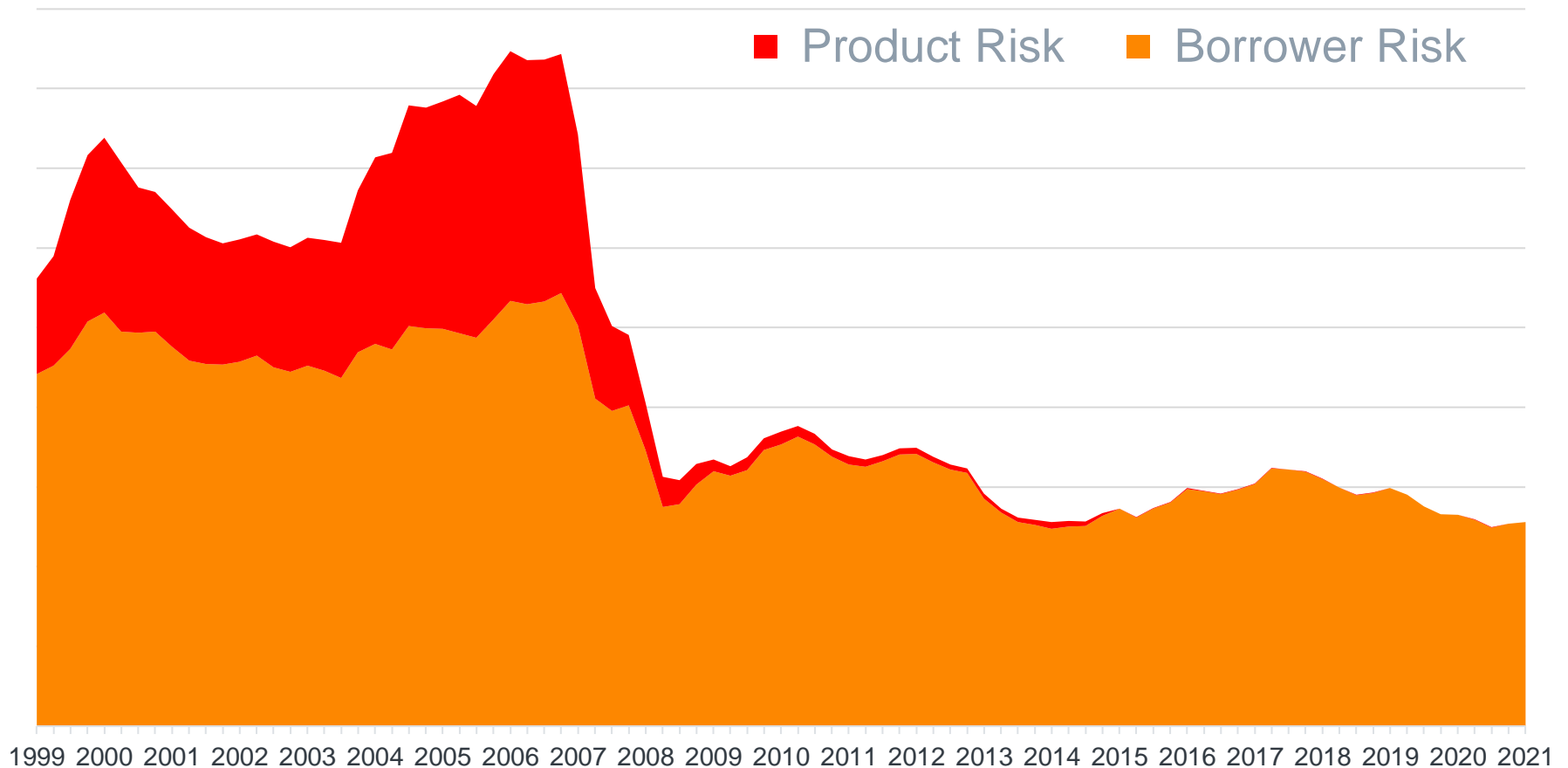


We have learned from history that prices can fall. The more important question is if it's going to happen right now. **And that's hard to say.**

- **Danielle Hale**, Chief Economist, [realtor.com](https://www.realtor.com)

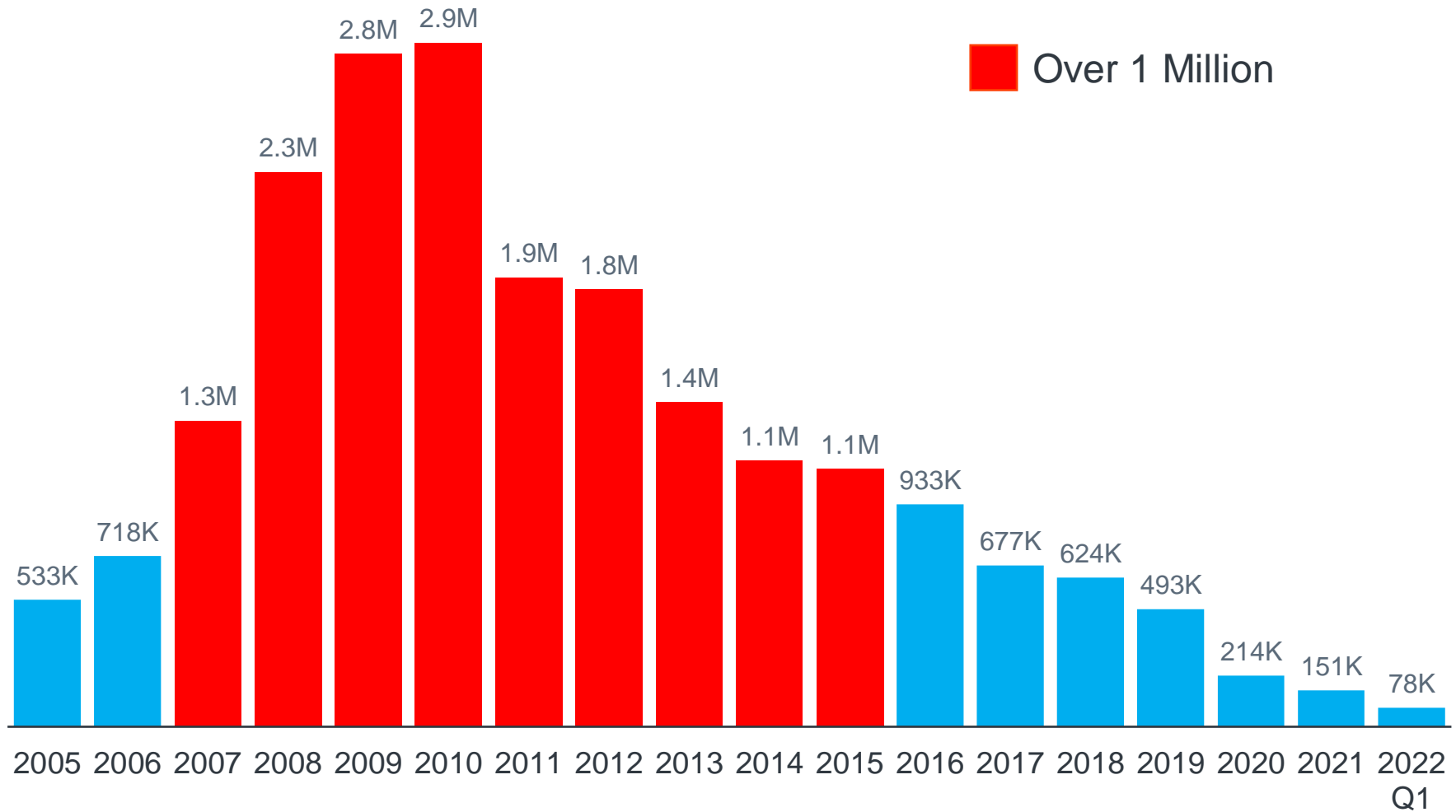
Lending Standards Nothing Like Early 2000s

Default Risk in the Mortgage Market (1999-2021)



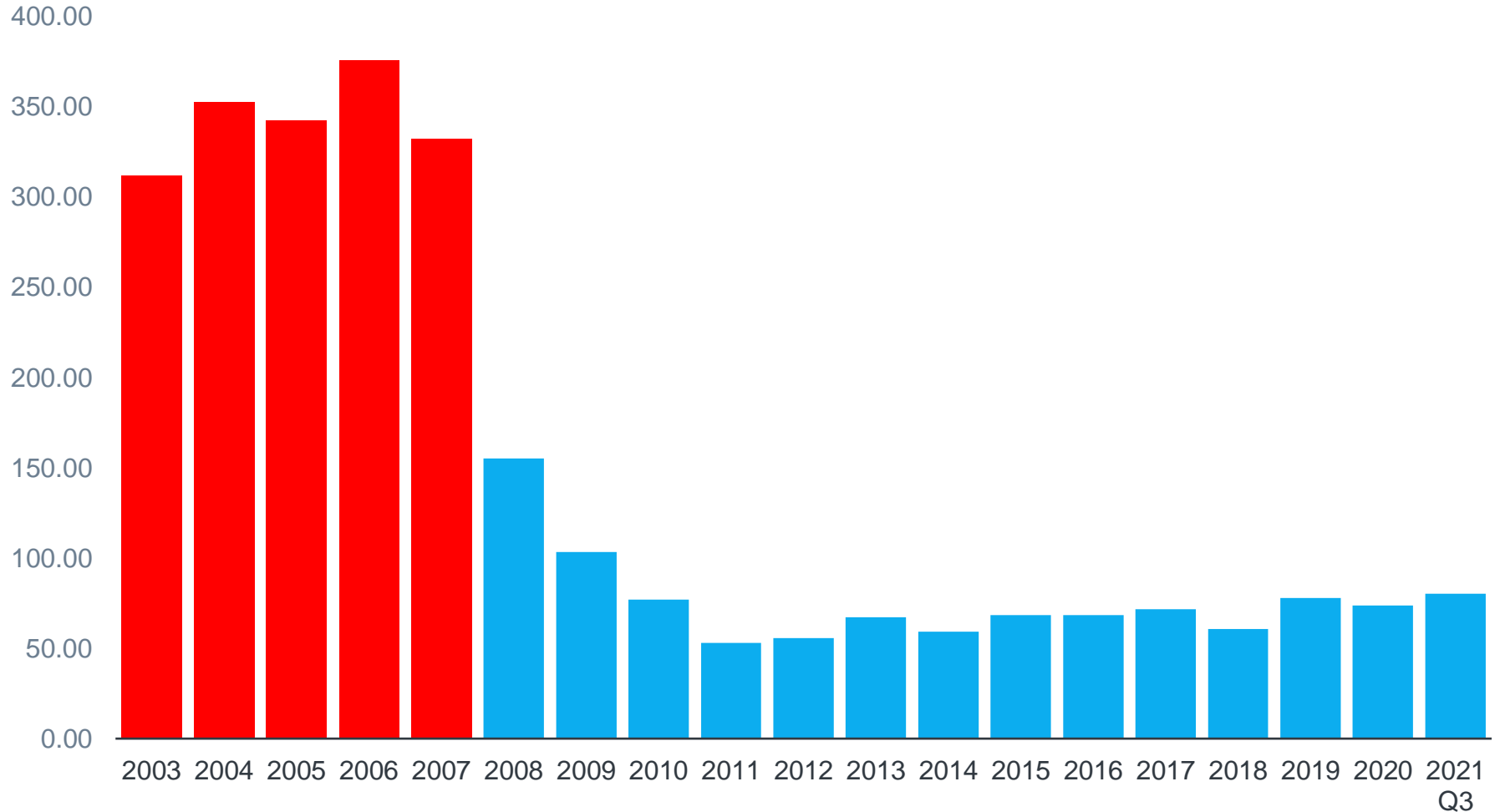
Foreclosure Activity at an All-Time Low

U.S. Properties with Foreclosure Filings: ATTOM 2021 Year-End Report



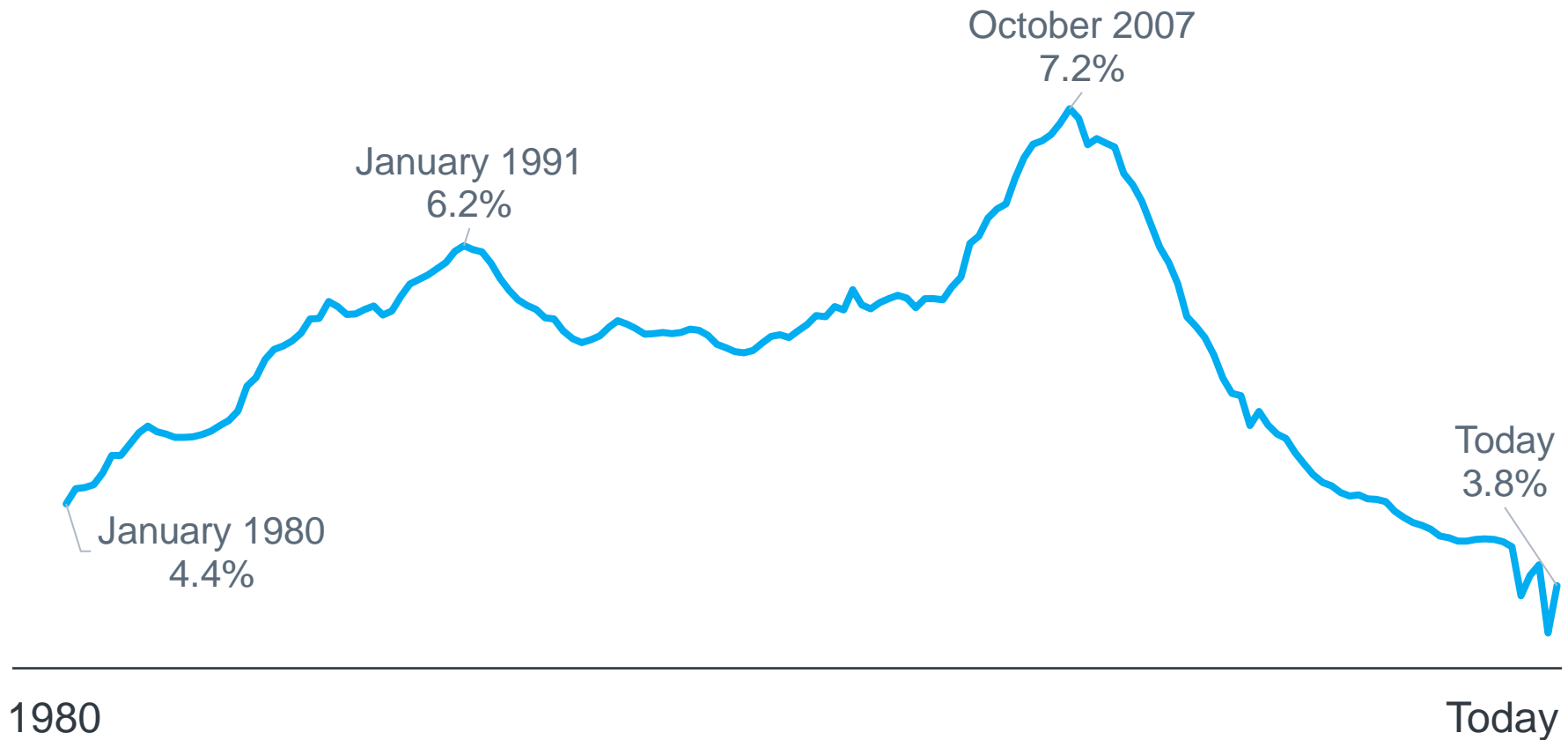
Lending Standards Tighter Since Crash

Volume of Loans in Billions with a Credit Score < 620



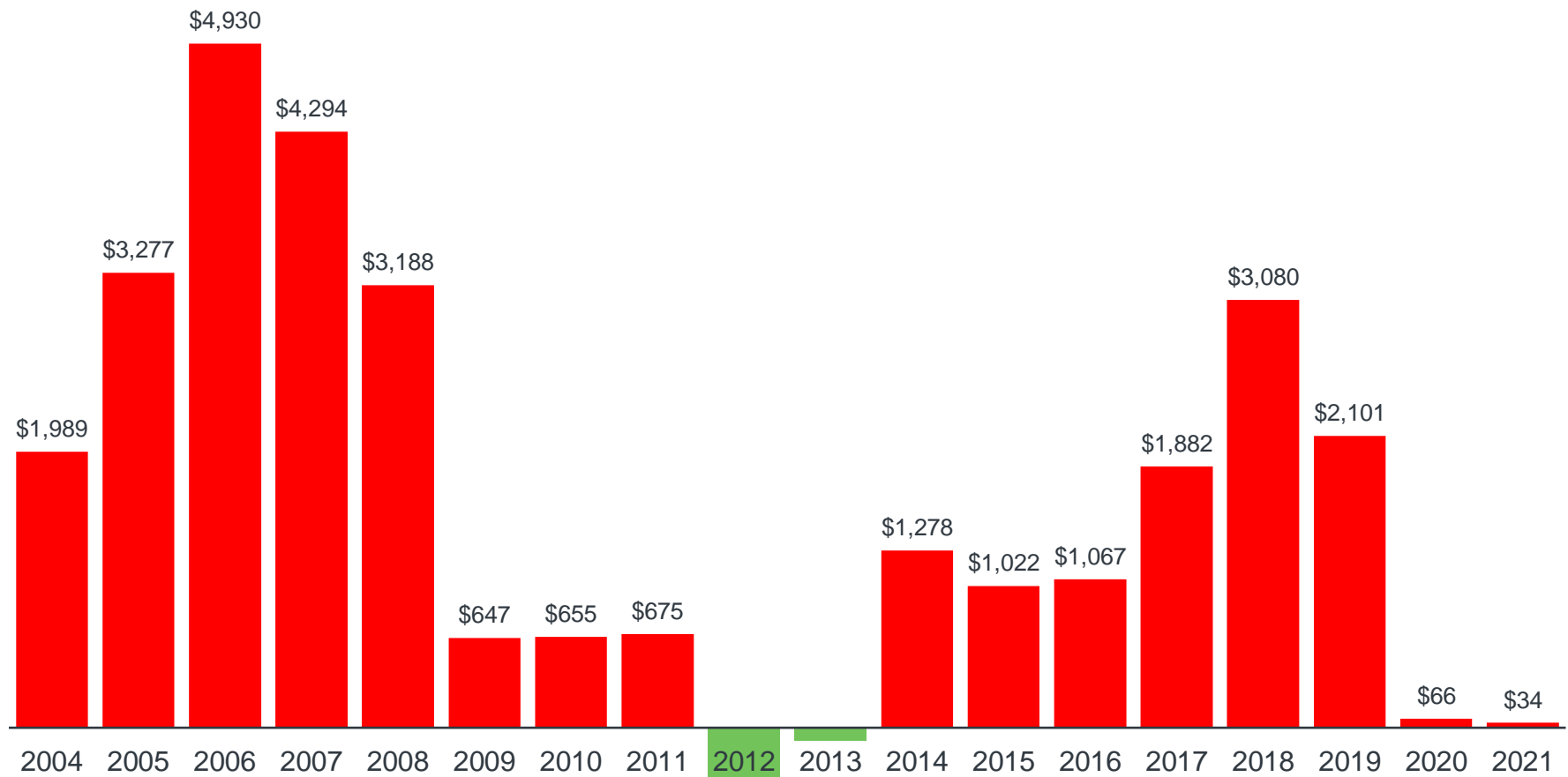
Mortgage Debt Is Not a Challenge

Household Debt Service Ratio for Mortgages as a Percentage of Disposable Personal Income. (*Total quarterly required mortgage payments divided by total quarterly disposable personal income*)



Mortgage Payments Virtually Unaffected

Difference in Annual Mortgage Payment for Cash-Out Refinances

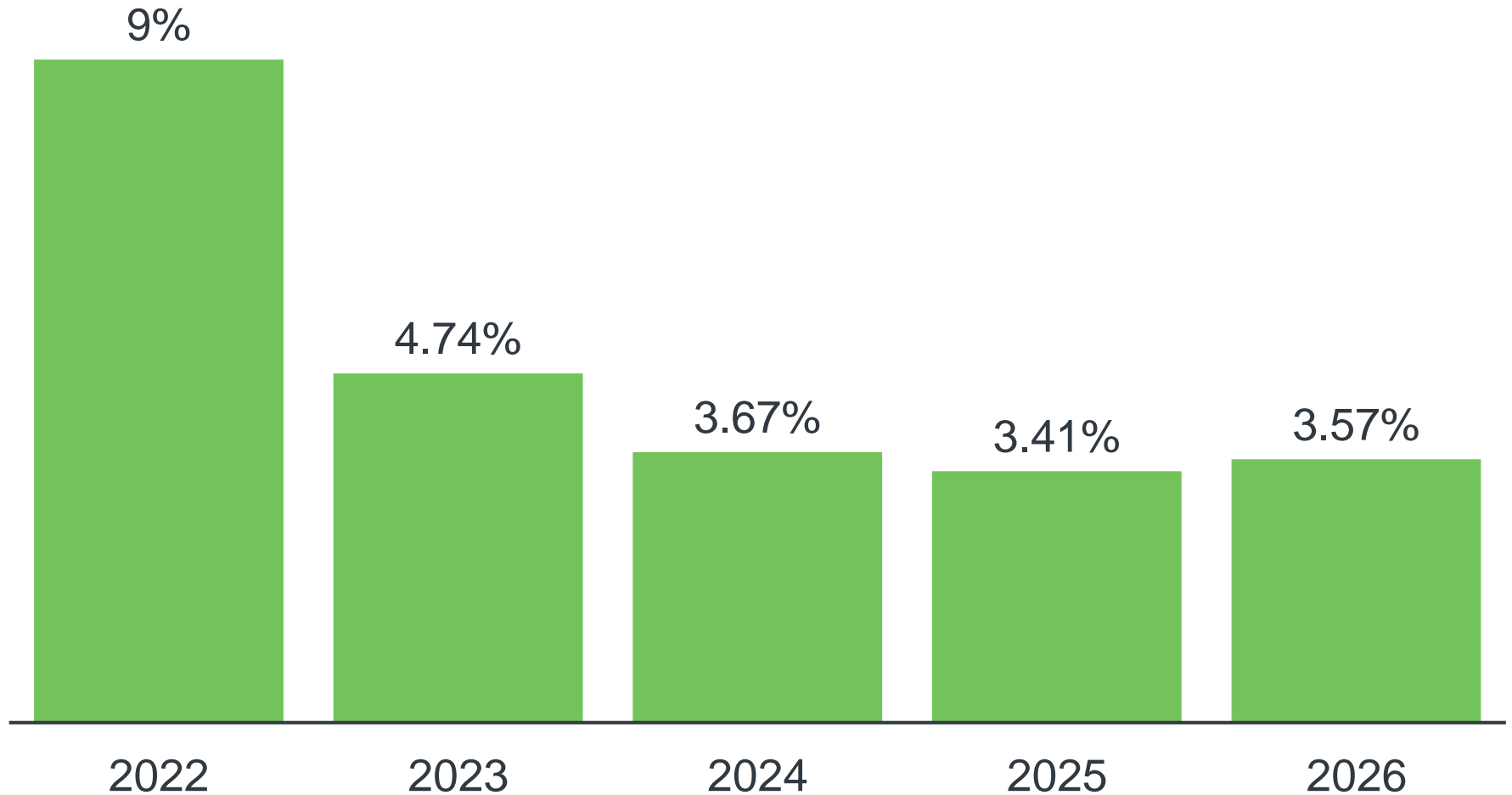




What's Ahead?

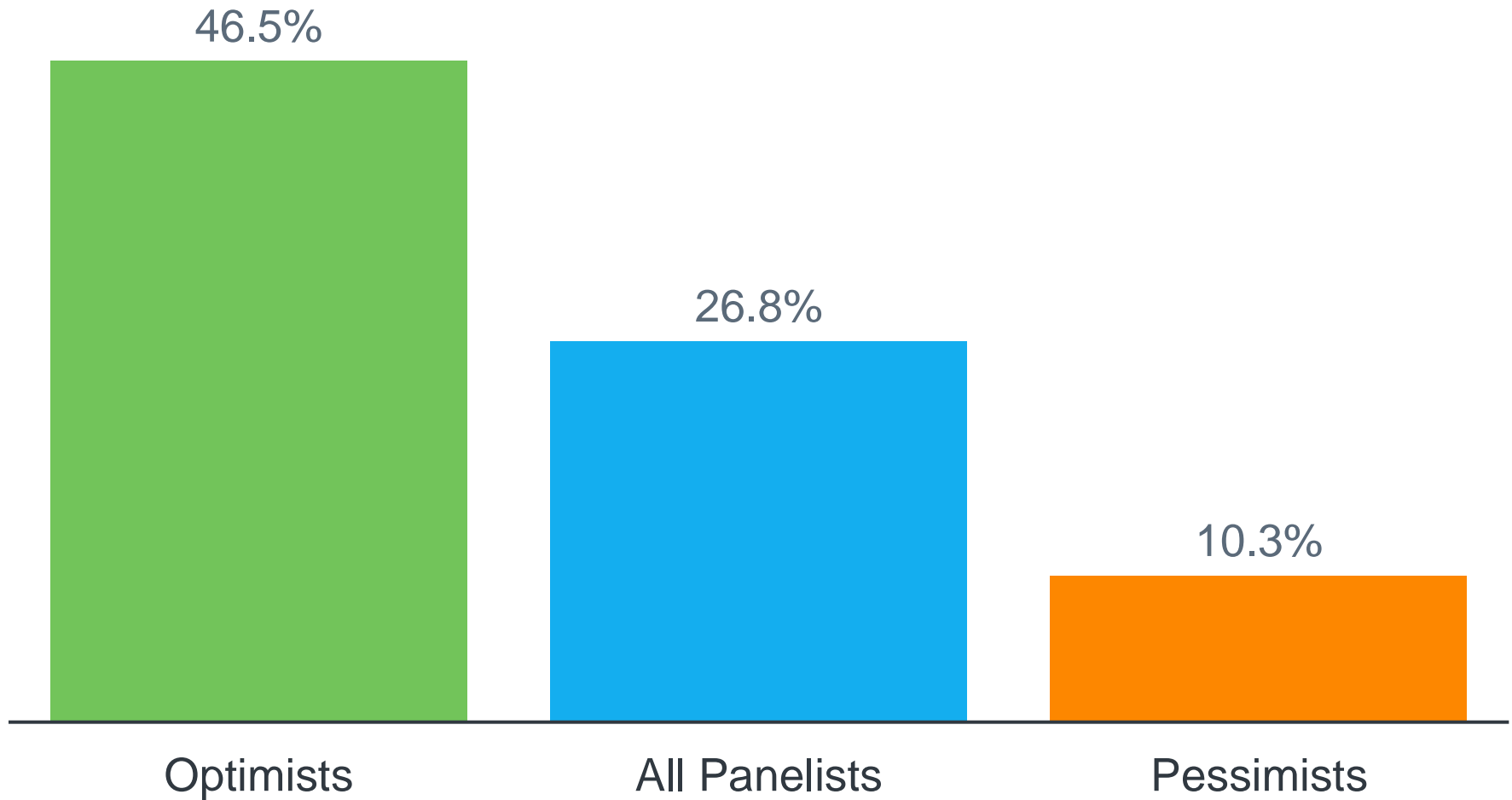
Estimated Home Price Performance

January to January, as Forecasted in Q1 2022

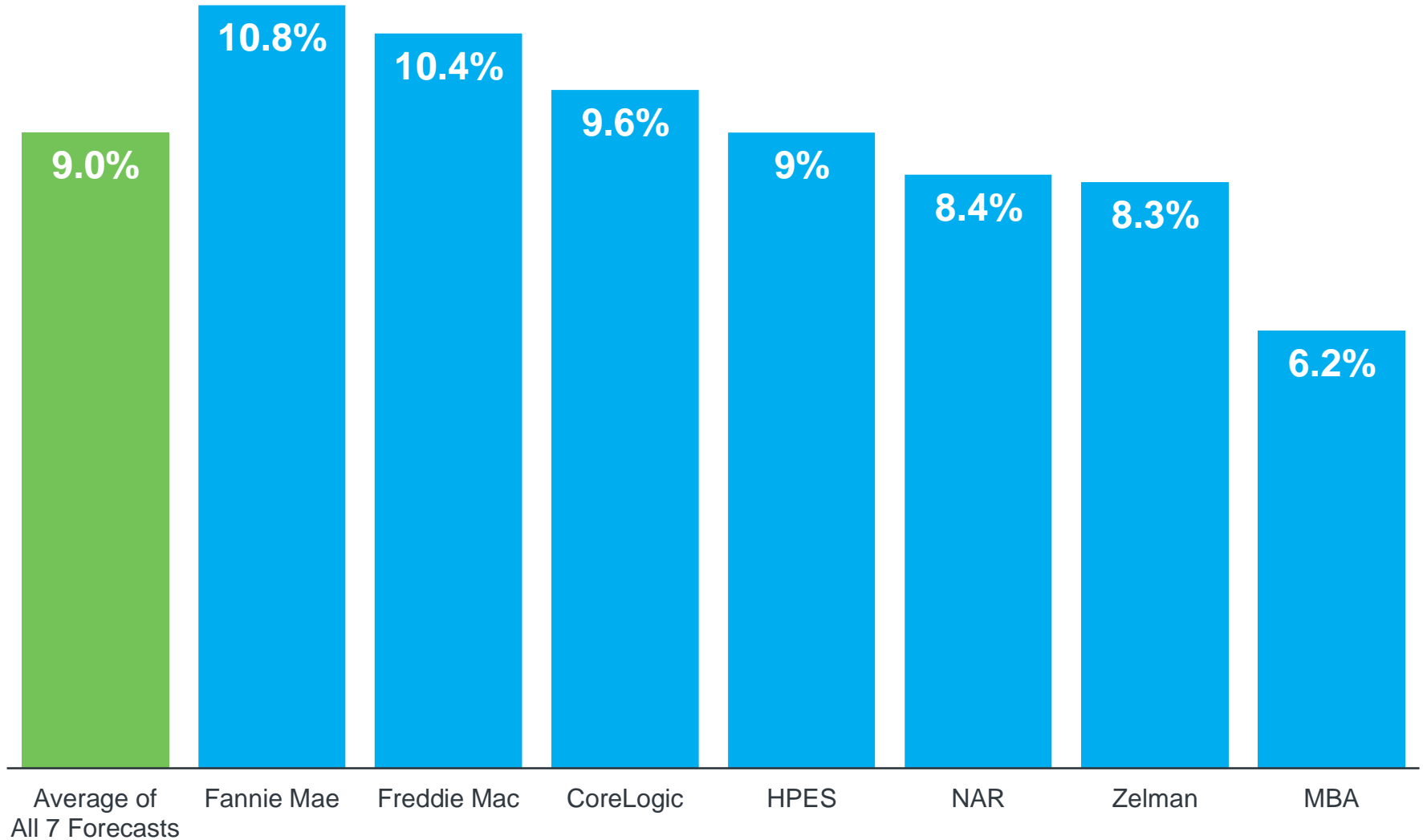


Cumulative House Appreciation by 2026

As Forecast in Q1 2022



Home Price Forecasts for 2022





Based on the current estimate for the peak Fed Funds rate (3.25% to 4.0%), **the 30-year fixed mortgage will likely peak at between 5.0% and 5.7%. There is some variability in the relationship, so we might see rates as high as the low 6% range.** (This all depends on inflation and the Fed Funds rate - but I don't expect rates to move much higher than the current rate - although 6% is possible).

- **Bill McBride**, Author, Calculated Risk Blog



Affordability



New data from the Harris Poll show
**84% of Americans plan to cut back
spending as a result of price spikes...**

More than 70% of respondents said
they're feeling the effects of inflation the
most in gas prices and groceries.

- Bloomberg

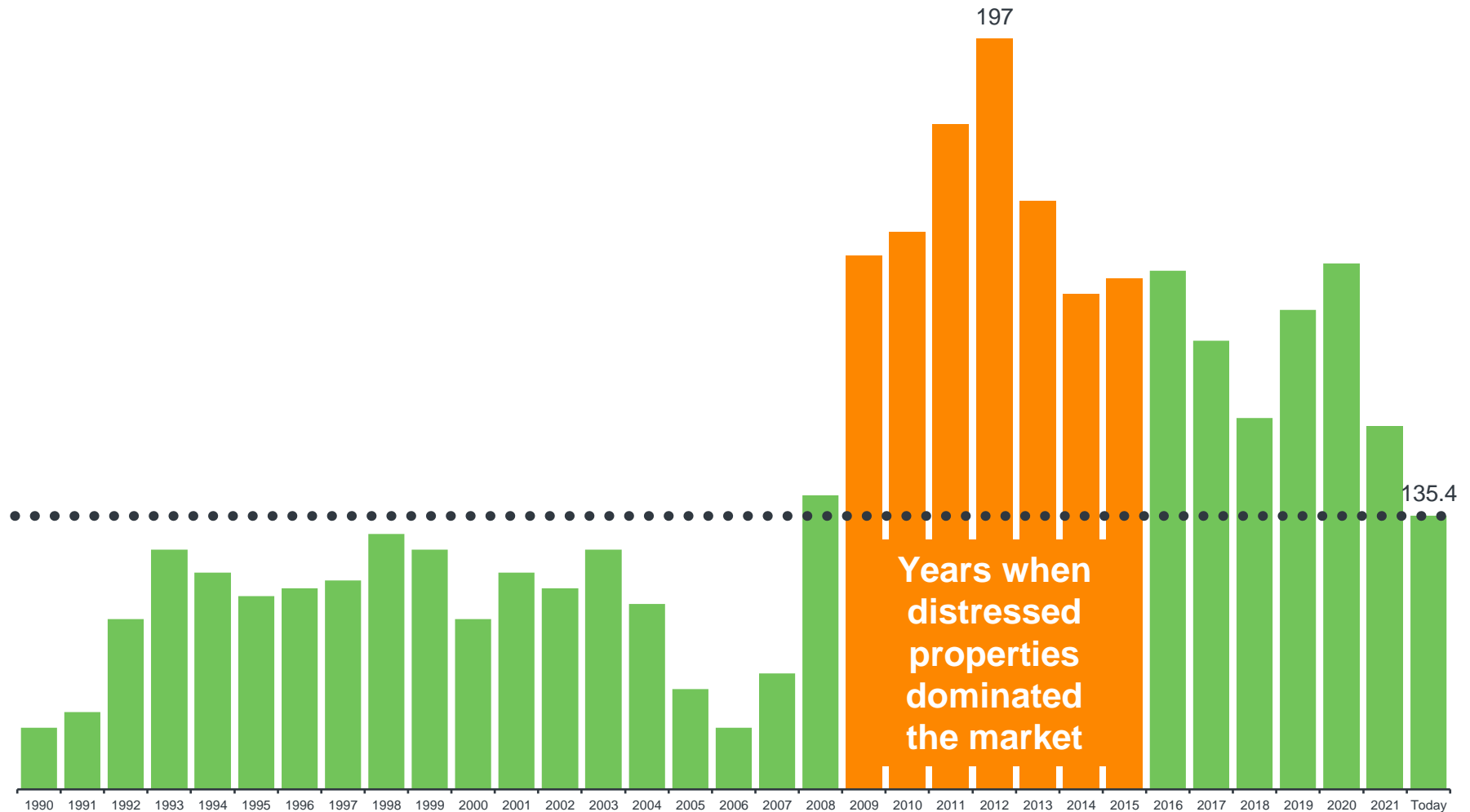
Change in Mortgage Payment

Loan Amount of \$300K, Principal and Interest Payments Only*

	January 2021	April 2021	July 2021	October 2021
Average Mortgage Rate	2.73%	3.06%	2.87%	3.07%
Monthly Payment*	\$1,221.55	\$1,274.54	\$1,243.88	\$1,276.17
	December 2021	January 2022	Current	Oct 2022?
Average Mortgage Rate	3.09%	3.44%	5.27%	5.5%
Monthly Payment*	\$1,279.42	\$1,337.11	\$1,660.33	\$1,703.37

Affordability Approaching Historical Levels

Housing Affordability Index: 1990 to Today





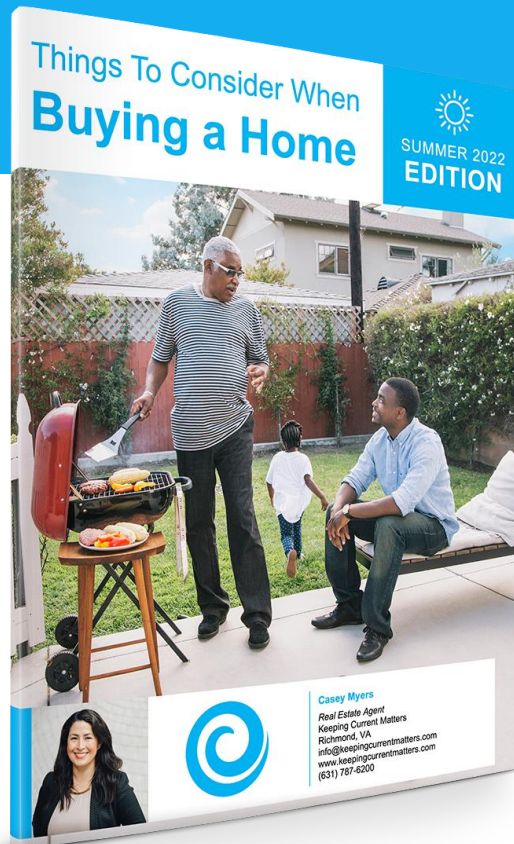
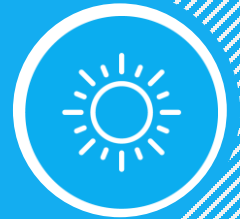
The average consumer is spending an additional \$429 monthly for items other than shelter. Meanwhile, average weekly wages rose just \$212 per month, so the consumer is short by \$217 per month. . . . **This means that the average consumer will be looking for a home that is \$41,793 cheaper.**

- **Scholastica (Gay) Cororaton**, Research Economist, NAR



**Do I have a relevant
market opinion
based upon facts?**

Summer Buyer & Seller Guides: June 3, 2022



Resources

Slide(s)	Description	Link(s)
3	Price Appreciation Graph	http://www.econ.yale.edu/~shiller/data.htm
4	Forbearance Graph	https://www.blackknightinc.com/blog-posts/forbearance-plans-edge-higher/
5	Loans Upon Exiting Forbearance	https://www.mba.org/news-research-and-resources/newsroom
6	Hale Quote	https://www.realtor.com/news/trends/why-home-prices-could-flatten-or-dip-this-year/
7	Lending Standards: Default Risk	https://www.urban.org/policy-centers/housing-finance-policy-center/projects/housing-credit-availability-index
8	Foreclosure Activity	https://www.attomdata.com/news/market-trends/foreclosures/attom-q1-2022-u-s-foreclosure-market-report/ https://www.attomdata.com/news/market-trends/foreclosures/attom-year-end-2021-u-s-foreclosure-market-report/

Resources

Slide(s)	Description	Link(s)
9	Lending Standards: Volume of Loans	https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/xls/HHD_C_Report_2021Q3.xlsx
10	Mortgage Debt	https://fred.stlouisfed.org/series/MDSP
11	Mortgage Payments	http://www.freddiemac.com/research/insight/20211029_refinance_trends.page
13, 14	HPES Price Forecasts	https://pulsenomics.com/surveys/#home-price-expectations
15	2022 Price Forecasts	https://www.mba.org/docs/default-source/research-and-forecasts/forecasts/mortgage-finance-forecast-apr-2022.pdf https://cdn.nar.realtor/sites/default/files/documents/forecast-q2-2022-us-economic-outlook-04-27-2022.pdf https://www.fanniemae.com/media/43346/display https://www.freddiemac.com/research/forecast/20220418-quarterly-forecast-purchase-market-will-remain-solid-even-mortgage-rates-rise https://pulsenomics.com/surveys/#home-price-expectations https://www.corelogic.com/intelligence/u-s-home-price-insights/ https://www.zelmanassociates.com/

Resources

Slide(s)	Description	Link(s)
16	McBride Quote	https://calculatedrisk.substack.com/p/how-high-will-mortgage-rates-rise?s=r
18	Bloomberg Quote	https://www.bloomberg.com/news/articles/2022-04-12/how-high-is-inflation-most-americans-cut-back-spending-on-gas-food-sports
19	Change in Mortgage Payment	https://www.freddiemac.com/pmms https://www.mortgagecalculator.net/
20	Affordability Graph	https://www.nar.realtor/blogs/economists-outlook/ https://www.nar.realtor/blogs/economists-outlook/housing-affordability-declines-in-february
21	Cororaton Quote	https://www.nar.realtor/blogs/economists-outlook/rising-inflation-means-homebuyers-will-be-looking-for-homes-that-are-40000-cheaper