

TWENTY TWENTY TWO



**June**

*Housing Update*

# It's All About Mortgage Rates



# Mortgage Rates Stay Relatively Flat

June 2, 2022

Sam Khater, Chief Economist, *Freddie Mac*:

“Mortgage rates continued to inch downward this week but are still significantly higher than last year, affecting affordability and purchase demand. **Heading into the summer, the potential homebuyer pool has shrunk, supply is on the rise and the housing market is normalizing.** This is welcome news following unprecedented market tightness over the last couple years.”

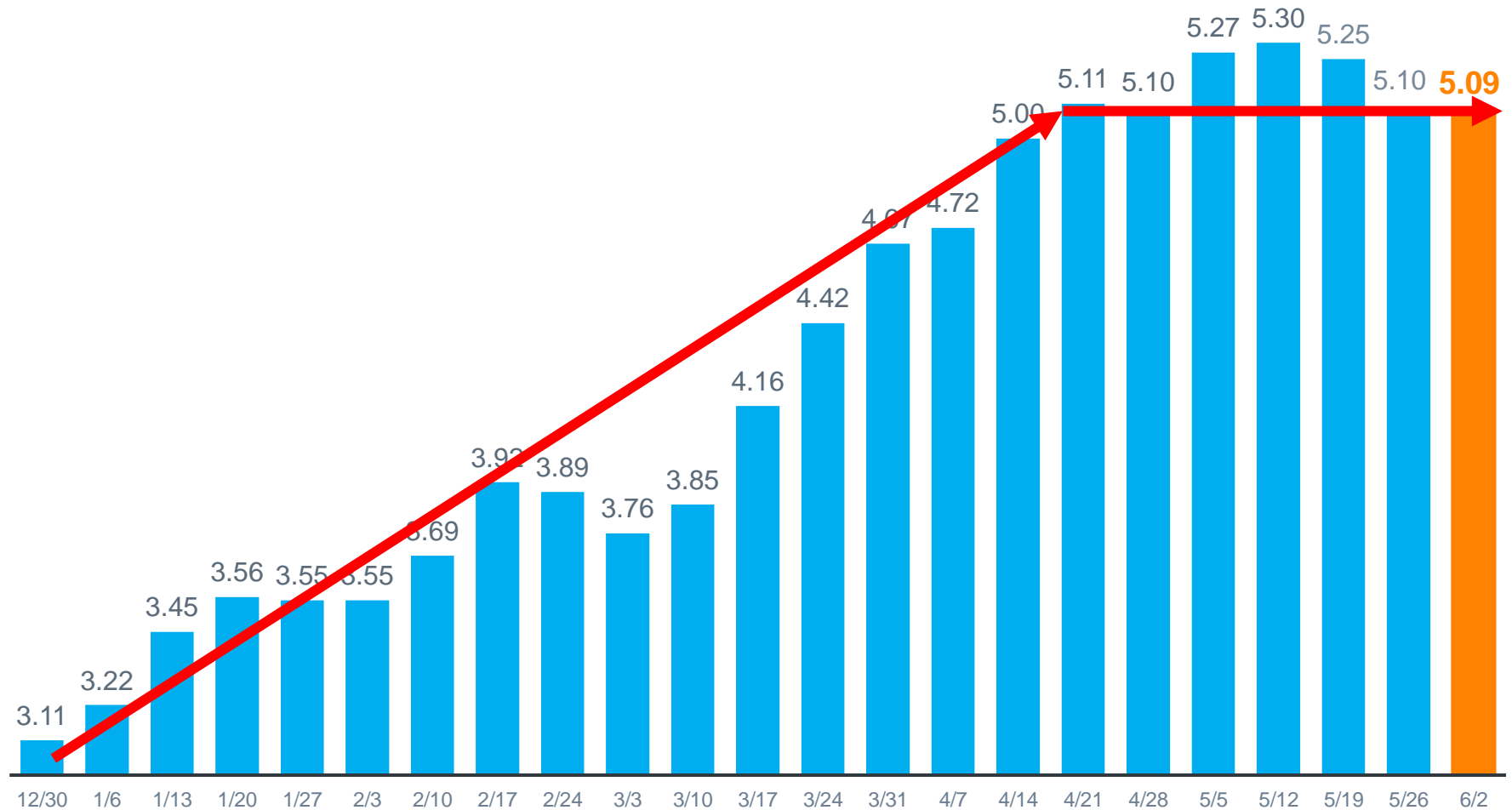
May 19, 2022

“Economic uncertainty is causing mortgage rate volatility. . . .”

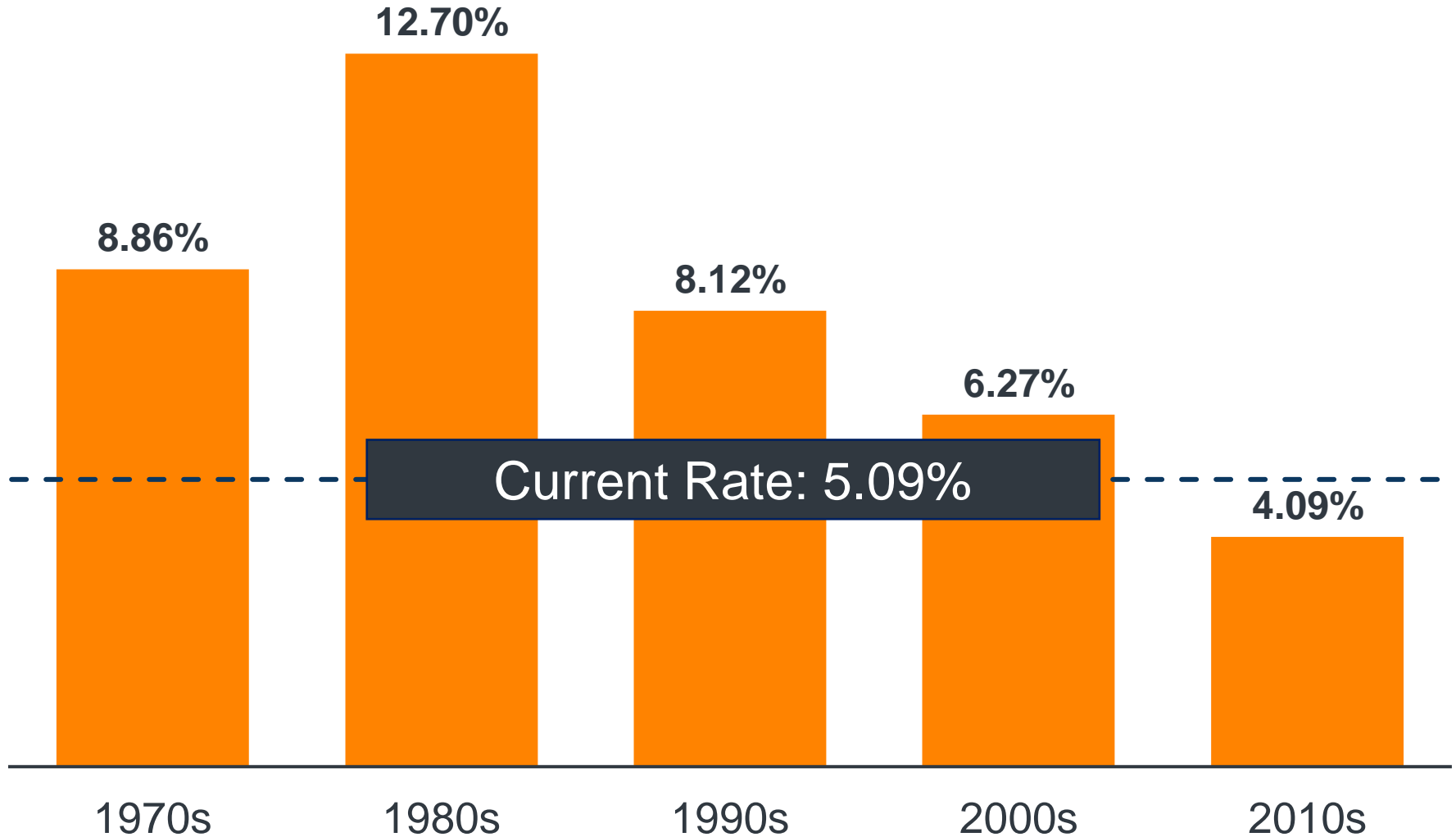
Primary Mortgage Market Survey®					
U.S. Weekly Averages As Of 06/02//2022					
30-Yr FRM		15-Yr FRM		5/1-Yr ARM	
5.09%	▼0.01 1-Wk	4.32%	▲0.01 1-Wk	4.04%	▲0.16 1-Wk
	▲2.10 1-yr		▲2.05 1-yr		▲1.40 1-yr
0.8 Fees/Points		0.8 Fees/Points		0.3 Fees/Points	

# Mortgage Rates

Freddie Mac 30-Year Fixed Rate, January 2022 – Today



# Current Mortgage Rate Compared to the Last 5 Decades



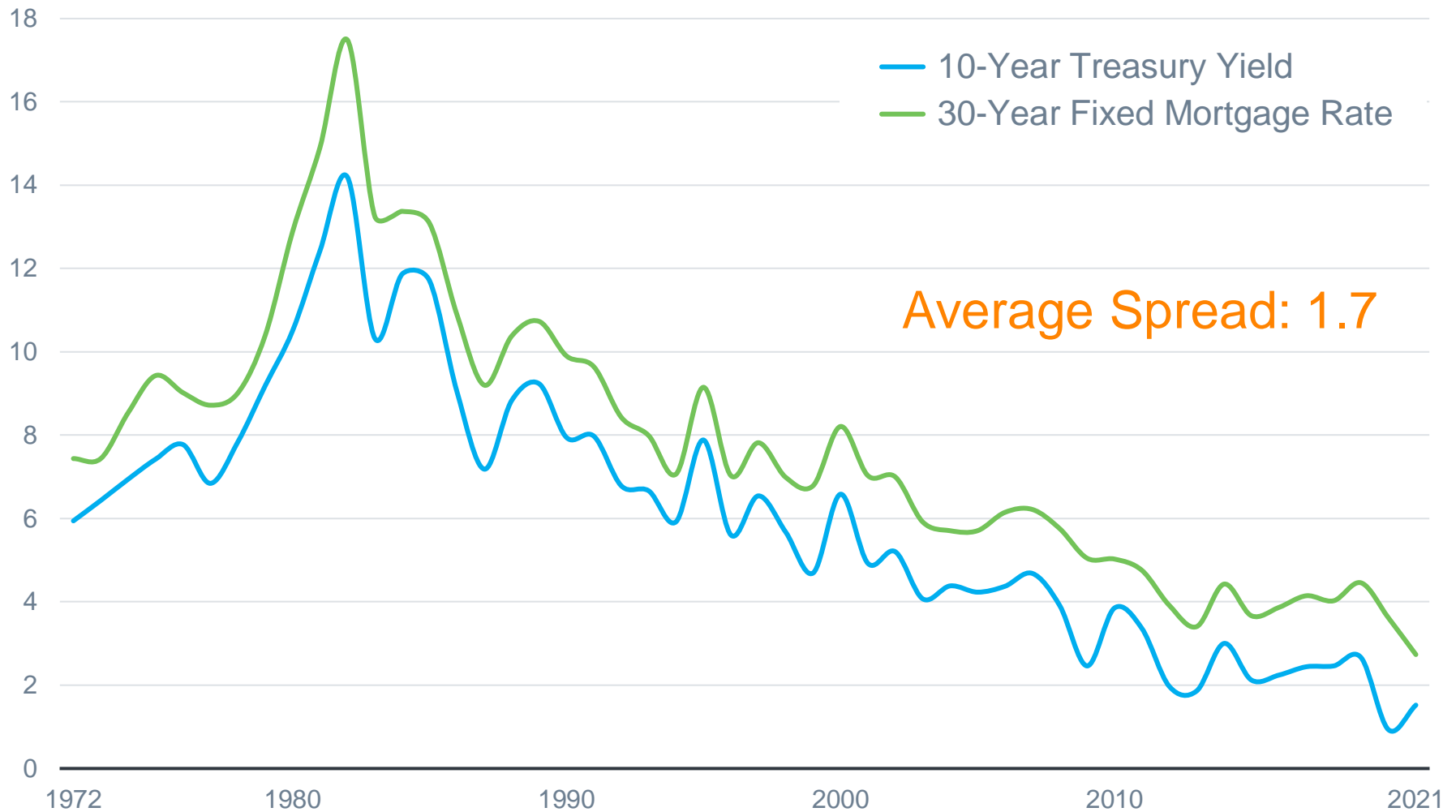


**PERFECT**

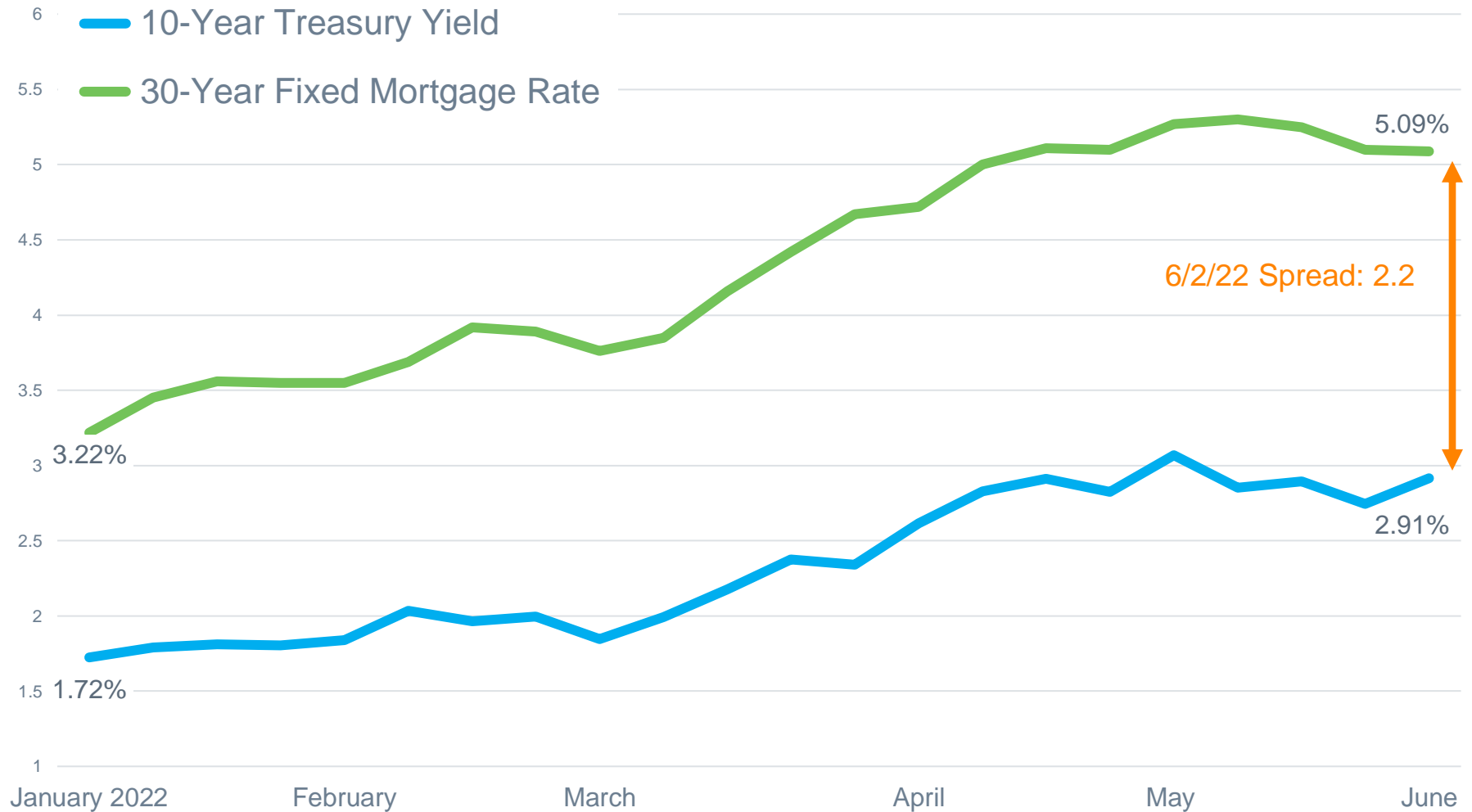
VS.

**EXPERT**

# For Almost 50 Years, the 30-year Mortgage Rate Has Moved in Unison with the 10-year Treasury Yield



# 30-Year Mortgage Rate vs. 10-Year Treasury Yield





# Are We in a Housing Market Correction?



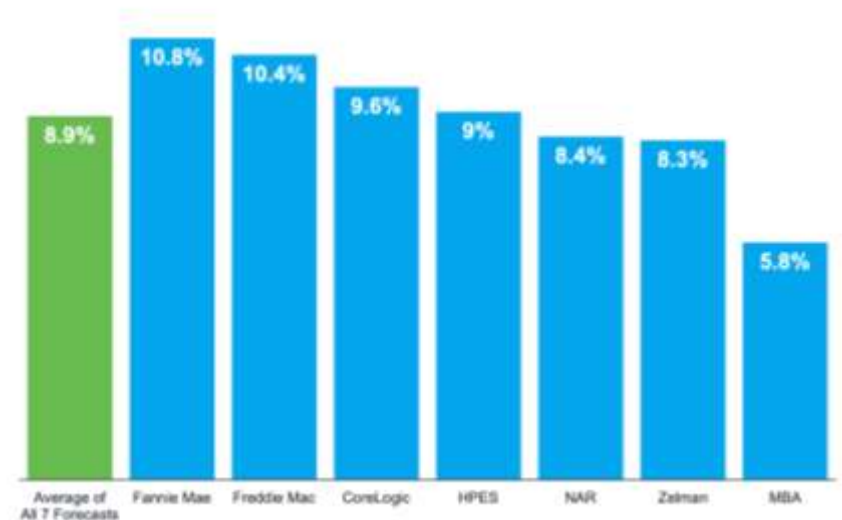


A correction is a decline of 10% or greater in the **price** of a security, asset, or financial market.

- Investopedia

YupSOLD.com

Home Price Forecasts for 2022





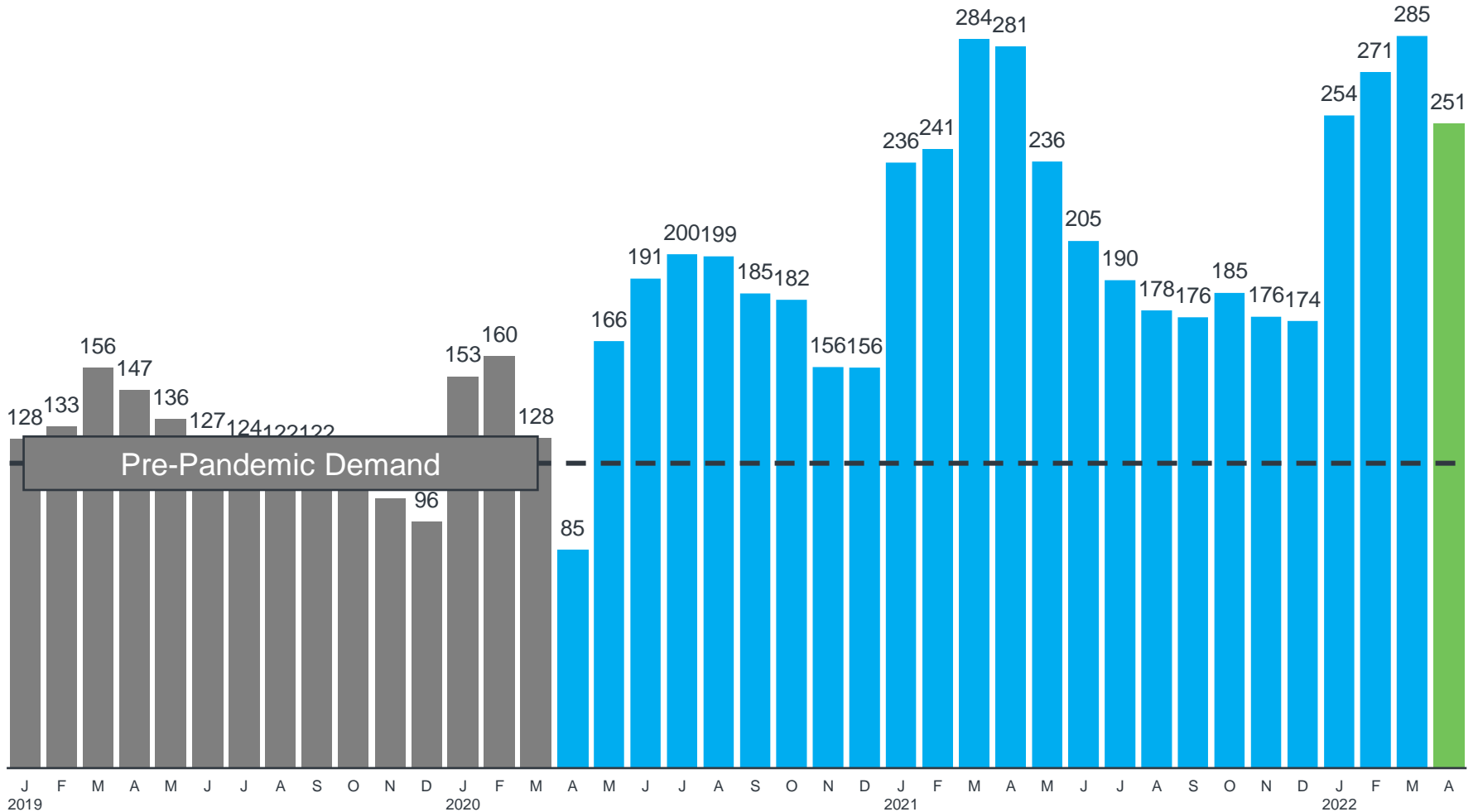
## **The housing market is at a turning point . . .**

We're starting to see signs of a new direction, but the ball is still in sellers' courts in most housing markets.

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

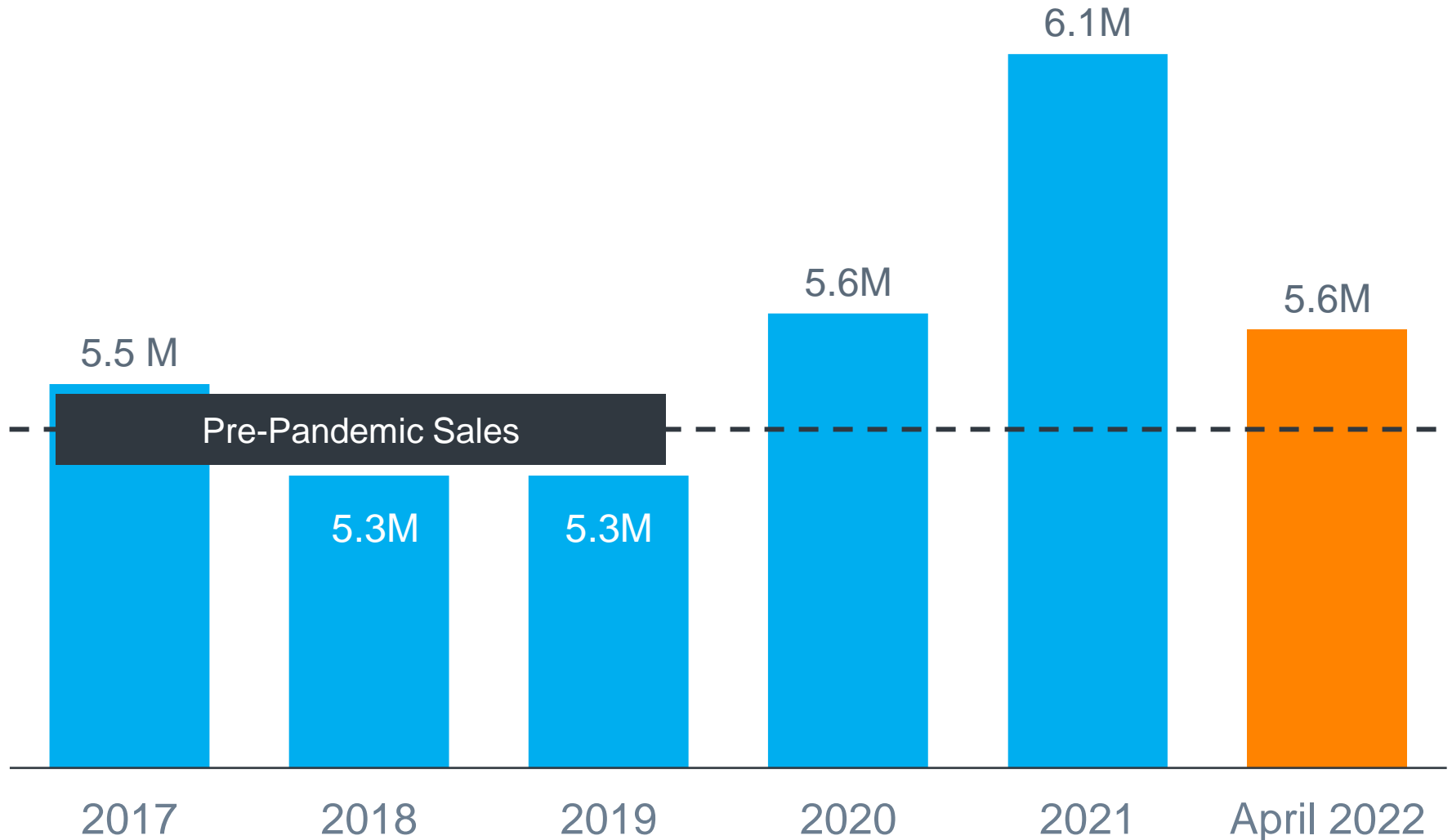
# Showings Skyrocketed the Last 2 Years

ShowingTime Monthly Index



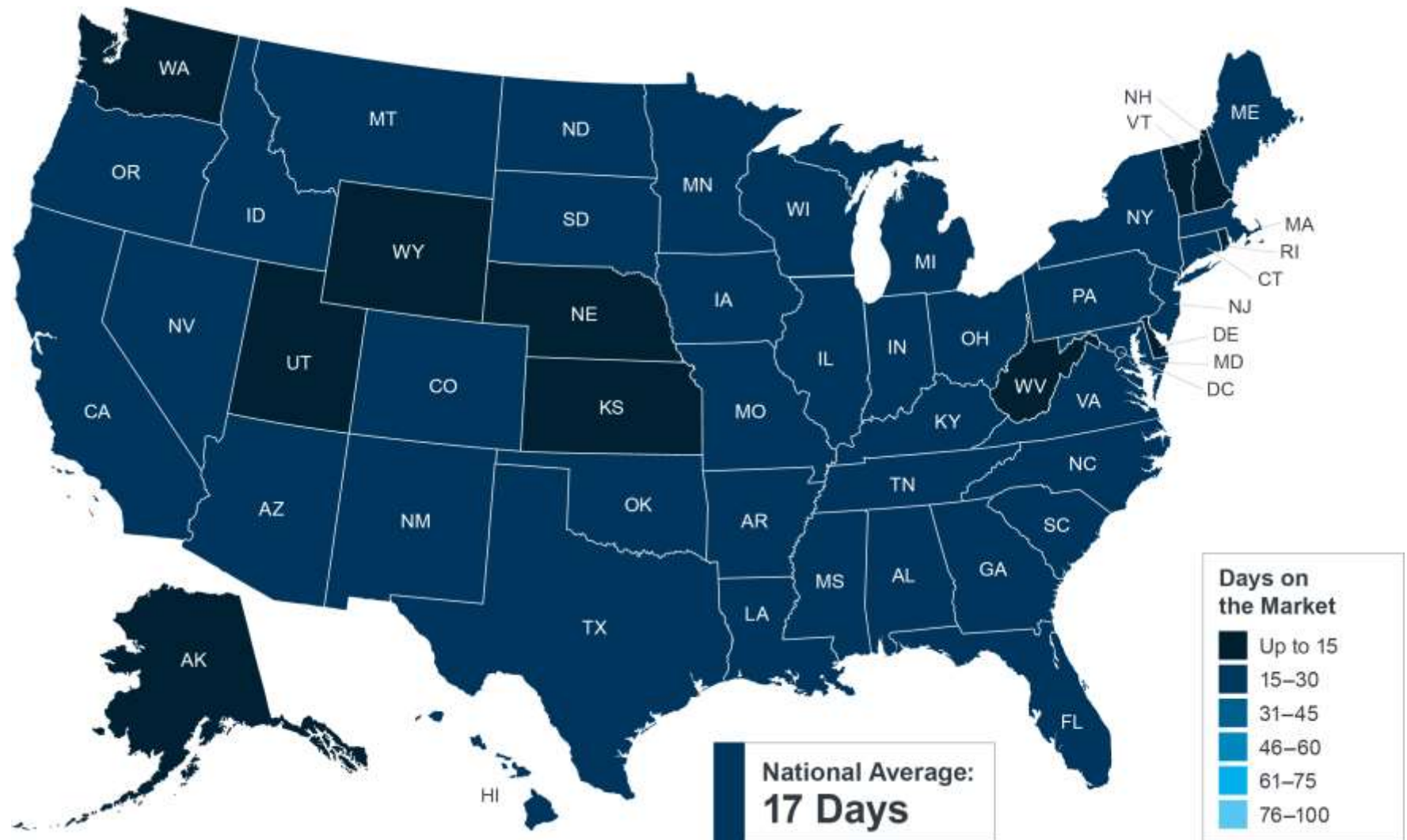
# Existing Home Sales

Seasonally Adjusted Annual Rate (in Millions)



# Average Days on the Market

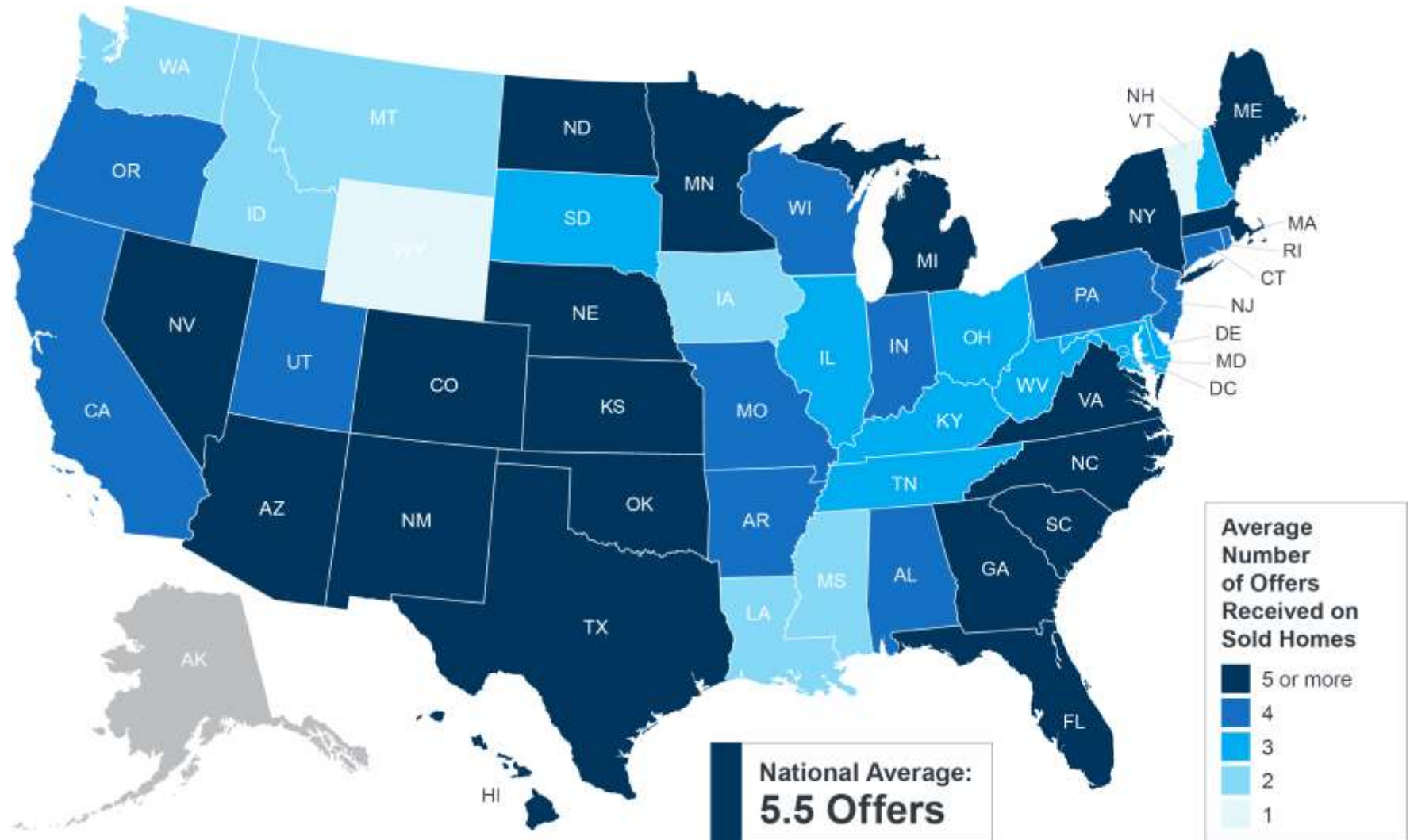
April 2022





# Average Number of Offers

April 2022



# What's Ahead?





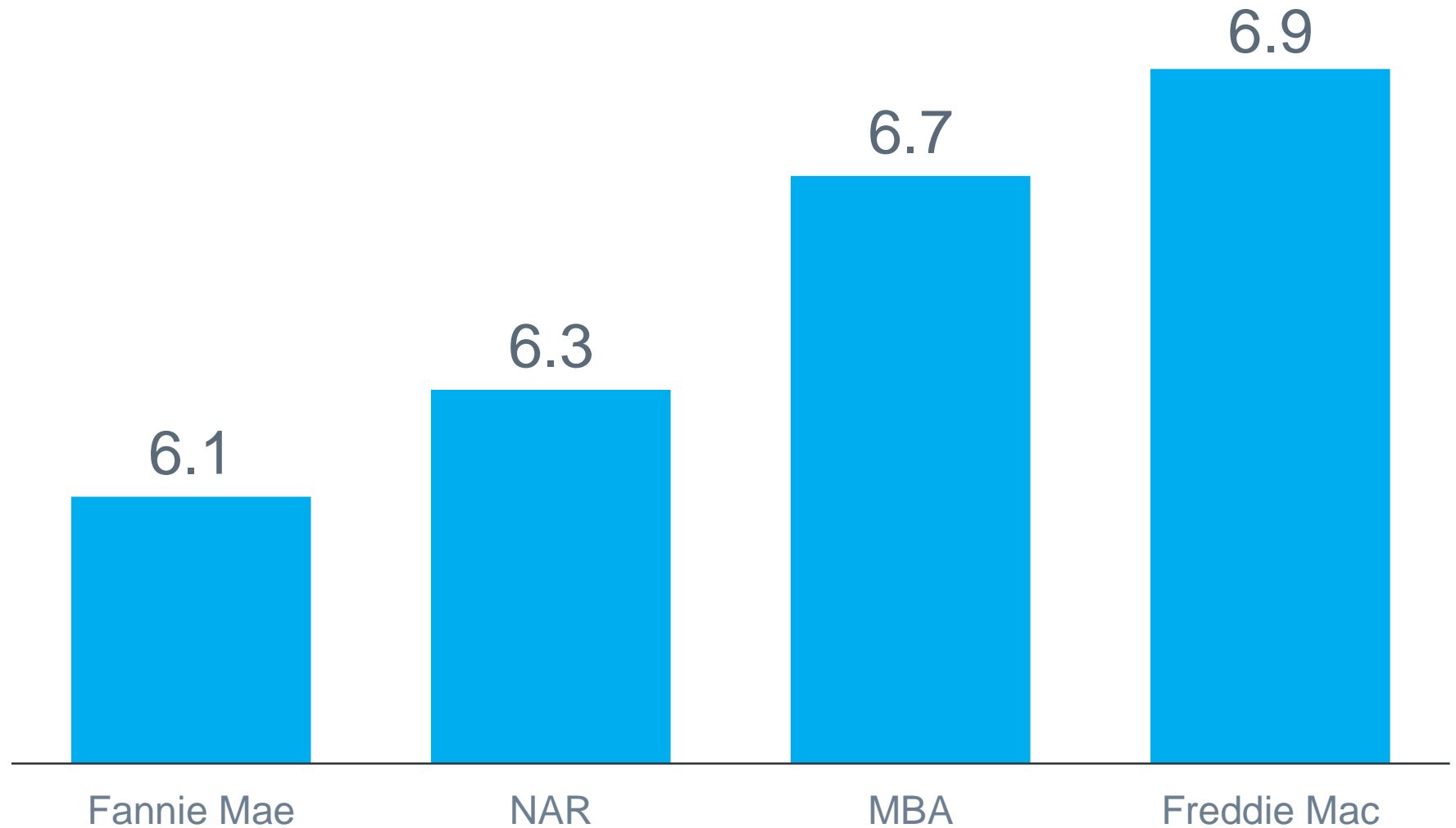


**Mortgage rates are likely to plateau near current levels. . . .** The financial markets have attempted to price in the impact of Fed actions over this cycle, and they are likely also pricing in the economic slowdown that will result. **Once we are past this rate spike and associated volatility, MBA expects that potential homebuyers may be more willing to re-enter the market.**

**- Mike Fratantoni, Chief Economist, MBA**

# 2022 Total Home Sales Forecasts

In Millions





. . . Experts don't believe the market is in a bubble or a crash is in the cards, like during the Great Recession. **The nation is still suffering from a housing shortage that has reached crisis proportions at a time when many millennials are reaching the age when they start to consider homeownership.** That's likely to keep prices high.

- **realtor.com**

**YupSOLD.com**

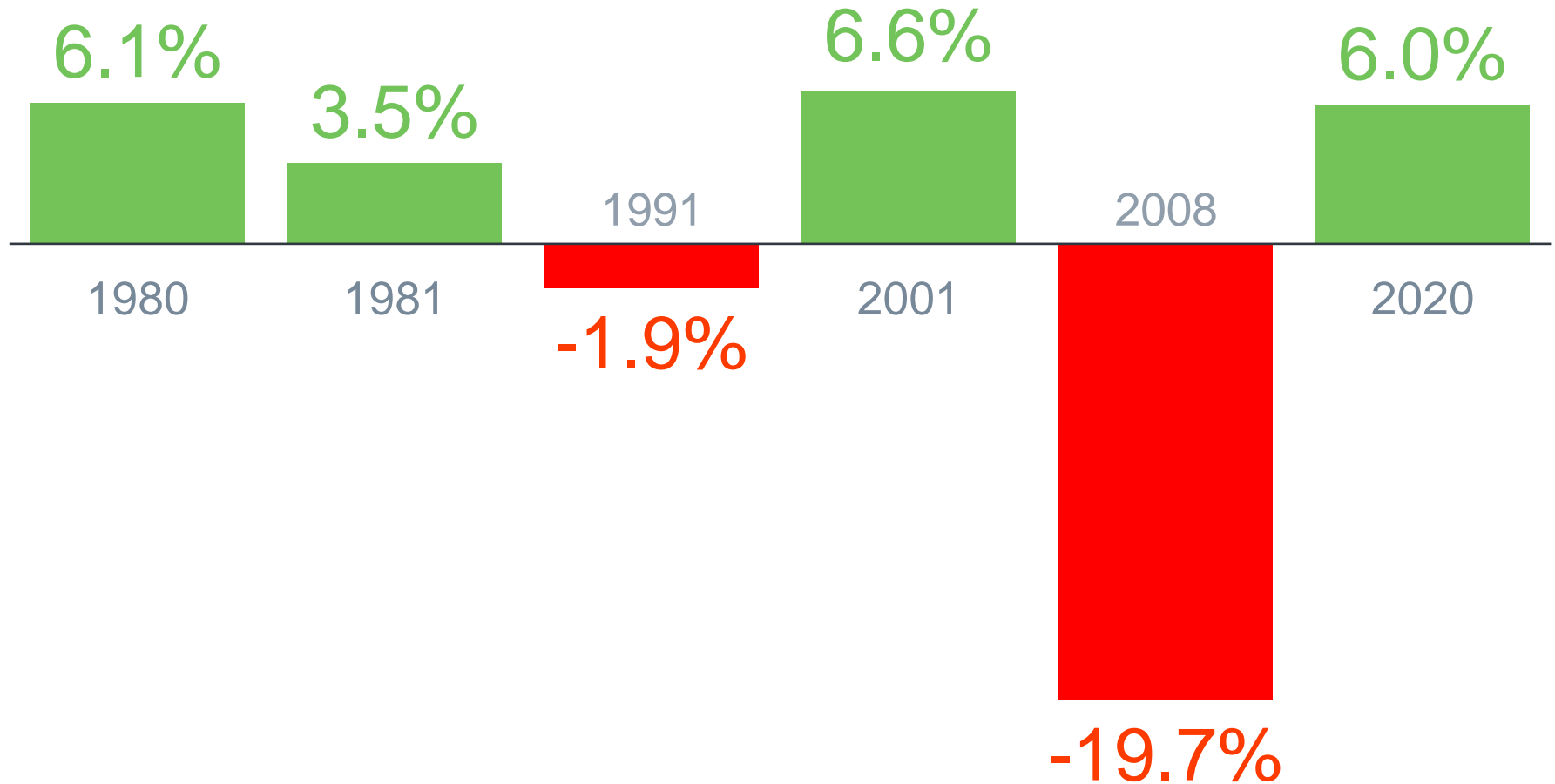
## What Is a Recession?

**The National Bureau of Economic Research (NBER)** defines a recession as:

**“a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in real GDP, real income, employment, industrial production, and wholesale-retail sales.”**

# Recession Doesn't Equal a Housing Crisis

Home Price Change During Last 6 Recessions





If you are looking to buy a home, I would still recommend you do so even at the higher interest rates because **we have no reason to believe that home prices will stop appreciating.** Home values going up is only a problem when you're trying to buy. When you own, it's a gift.

- Shivani Peterson, Mortgage Expert

# Summer Buyer & Seller Guides: Now Available



# Resources

Slide(s)	Description	Link(s)
3	Mortgage Rates Stay Flat	<a href="https://freddiemac.gcs-web.com/node/25371/pdf">https://freddiemac.gcs-web.com/node/25371/pdf</a> <a href="https://freddiemac.gcs-web.com/node/25281/pdf">https://freddiemac.gcs-web.com/node/25281/pdf</a>
4	Mortgage Rates	<a href="https://freddiemac.gcs-web.com/node/25371/pdf">https://freddiemac.gcs-web.com/node/25371/pdf</a> <a href="http://www.freddiemac.com/pmms/">http://www.freddiemac.com/pmms/</a>
5	Mortgage Rates by the Decade	<a href="http://www.freddiemac.com/pmms/pmms_archives.html">http://www.freddiemac.com/pmms/pmms_archives.html</a> <a href="https://freddiemac.gcs-web.com/node/25371/pdf">https://freddiemac.gcs-web.com/node/25371/pdf</a>
7-8	Mortgage Rates & Treasury Yields	<a href="https://www.freddiemac.com/pmms/pmms_archives">https://www.freddiemac.com/pmms/pmms_archives</a> <a href="https://www.macrotrends.net/2016/10-year-treasury-bond-rate-yield-chart">https://www.macrotrends.net/2016/10-year-treasury-bond-rate-yield-chart</a> <a href="https://www.wsj.com/market-data/quotes/bond/BX/TMUBMUSD10Y/historical-prices">https://www.wsj.com/market-data/quotes/bond/BX/TMUBMUSD10Y/historical-prices</a>
10	Investopedia Quote	<a href="https://www.investopedia.com/terms/c/correction.asp#:~:text=A%20correction%20is%20a%20decline,prices%20and%20providing%20buying%20opportunities">https://www.investopedia.com/terms/c/correction.asp#:~:text=A%20correction%20is%20a%20decline,prices%20and%20providing%20buying%20opportunities</a>
11	Hale Quote	<a href="https://www.realtor.com/news/trends/housing-market-showing-signs-of-correction-what-buyers-sellers-need-to-know/">https://www.realtor.com/news/trends/housing-market-showing-signs-of-correction-what-buyers-sellers-need-to-know/</a>



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Slide(s)	Description	Link(s)
12	Showings	<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>
13	Existing Home Sales	<a href="https://www.nar.realtor/research-and-statistics/housing-statistics/existing-home-sales">https://www.nar.realtor/research-and-statistics/housing-statistics/existing-home-sales</a> <a href="https://www.nar.realtor/newsroom/existing-home-sales-retract-2-4-in-april">https://www.nar.realtor/newsroom/existing-home-sales-retract-2-4-in-april</a>
14, 15	Confidence Index Maps	<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>
17	Fratantoni Quote	<a href="https://www.bankrate.com/mortgages/analysis/">https://www.bankrate.com/mortgages/analysis/</a>
18	2022 Total Home Sales Forecast	<a href="https://cdn.nar.realtor/sites/default/files/documents/forecast-q2-2022-us-economic-outlook-04-27-2022.pdf">https://cdn.nar.realtor/sites/default/files/documents/forecast-q2-2022-us-economic-outlook-04-27-2022.pdf</a> <a href="https://www.fanniemae.com/media/43571/display">https://www.fanniemae.com/media/43571/display</a> <a href="http://www.freddiemac.com/research/forecast/20220121_quarterly_economic_forecast.page">http://www.freddiemac.com/research/forecast/20220121_quarterly_economic_forecast.page</a> <a href="https://www.mba.org/docs/default-source/research-and-forecasts/forecasts/mortgage-finance-forecast-may-2022.pdf?">https://www.mba.org/docs/default-source/research-and-forecasts/forecasts/mortgage-finance-forecast-may-2022.pdf?</a>

# Resources

Slide(s)	Description	Link(s)
19	Realtor.com Quote	<a href="https://www.realtor.com/news/trends/housing-market-showing-signs-of-correction-what-buyers-sellers-need-to-know/">https://www.realtor.com/news/trends/housing-market-showing-signs-of-correction-what-buyers-sellers-need-to-know/</a>
20	What Is a Recession?	<a href="https://www.forbes.com/advisor/investing/what-is-a-recession/#:~:text=NBER%20has%20its%20own%20definition,and%20wholesale%2Dretail%20sales.%E2%80%9D">https://www.forbes.com/advisor/investing/what-is-a-recession/#:~:text=NBER%20has%20its%20own%20definition,and%20wholesale%2Dretail%20sales.%E2%80%9D</a>
21	Recession Doesn't Equal a Housing Crisis	<a href="https://www.corelogic.com/blog/2019/03/housing-recessions-and-recoveries.aspx">https://www.corelogic.com/blog/2019/03/housing-recessions-and-recoveries.aspx</a> <a href="https://www.thebalance.com/the-history-of-recessions-in-the-united-states-3306011">https://www.thebalance.com/the-history-of-recessions-in-the-united-states-3306011</a> <a href="https://www.corelogic.com/intelligence/find-stories/corelogic-hpi-posted-record-year-over-year-growth-in-2021/">https://www.corelogic.com/intelligence/find-stories/corelogic-hpi-posted-record-year-over-year-growth-in-2021/</a>
22	Peterson Quote	<a href="https://themortgagereports.com/92158/why-are-mortgage-rates-rising-in-2022-podcast">https://themortgagereports.com/92158/why-are-mortgage-rates-rising-in-2022-podcast</a>