

ROSS REALTY GROUP

KELLERWILLIAMS  
*Luxury*  
INTERNATIONAL

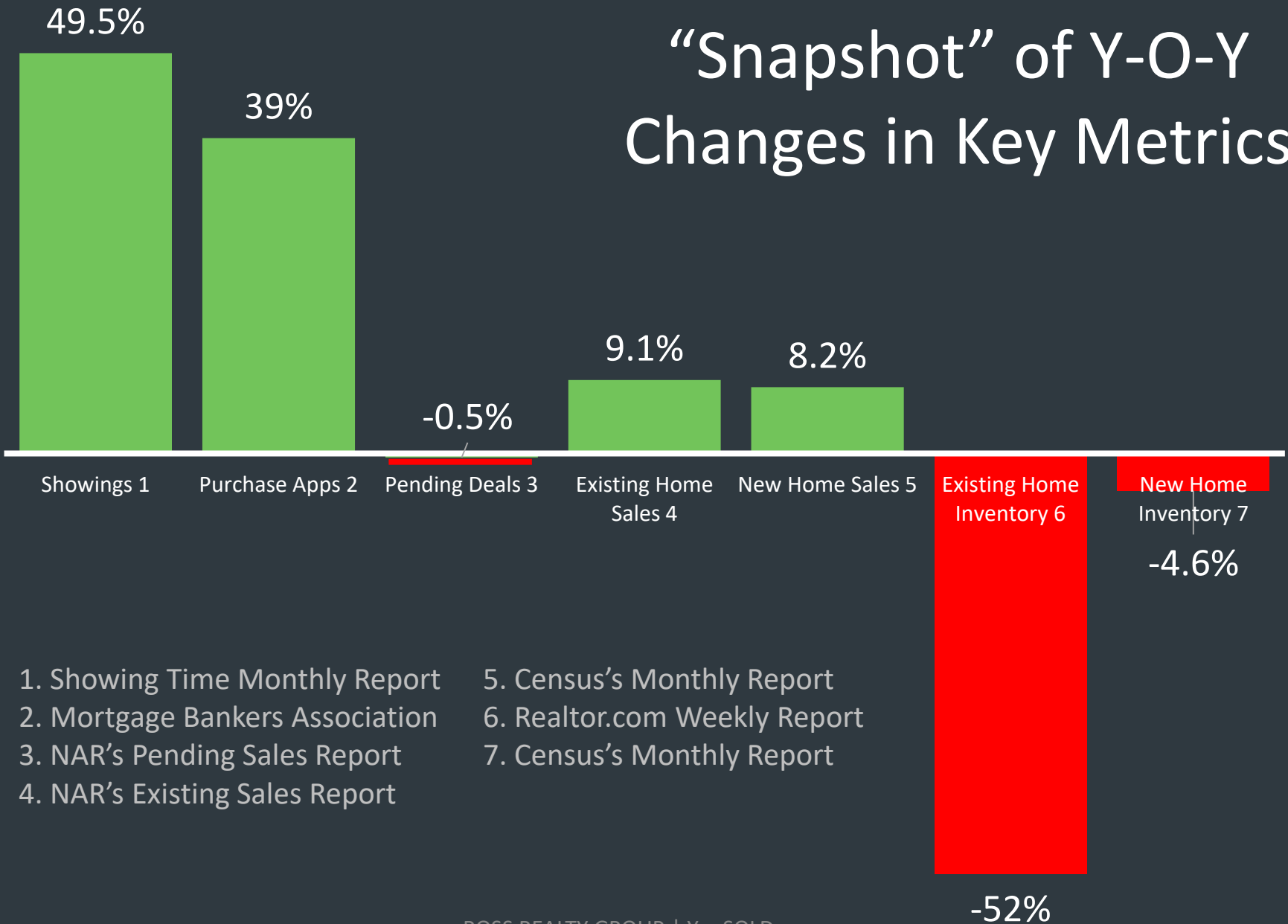
# HOUSING UPDATE



# APRIL 2021



# “Snapshot” of Y-O-Y Changes in Key Metrics

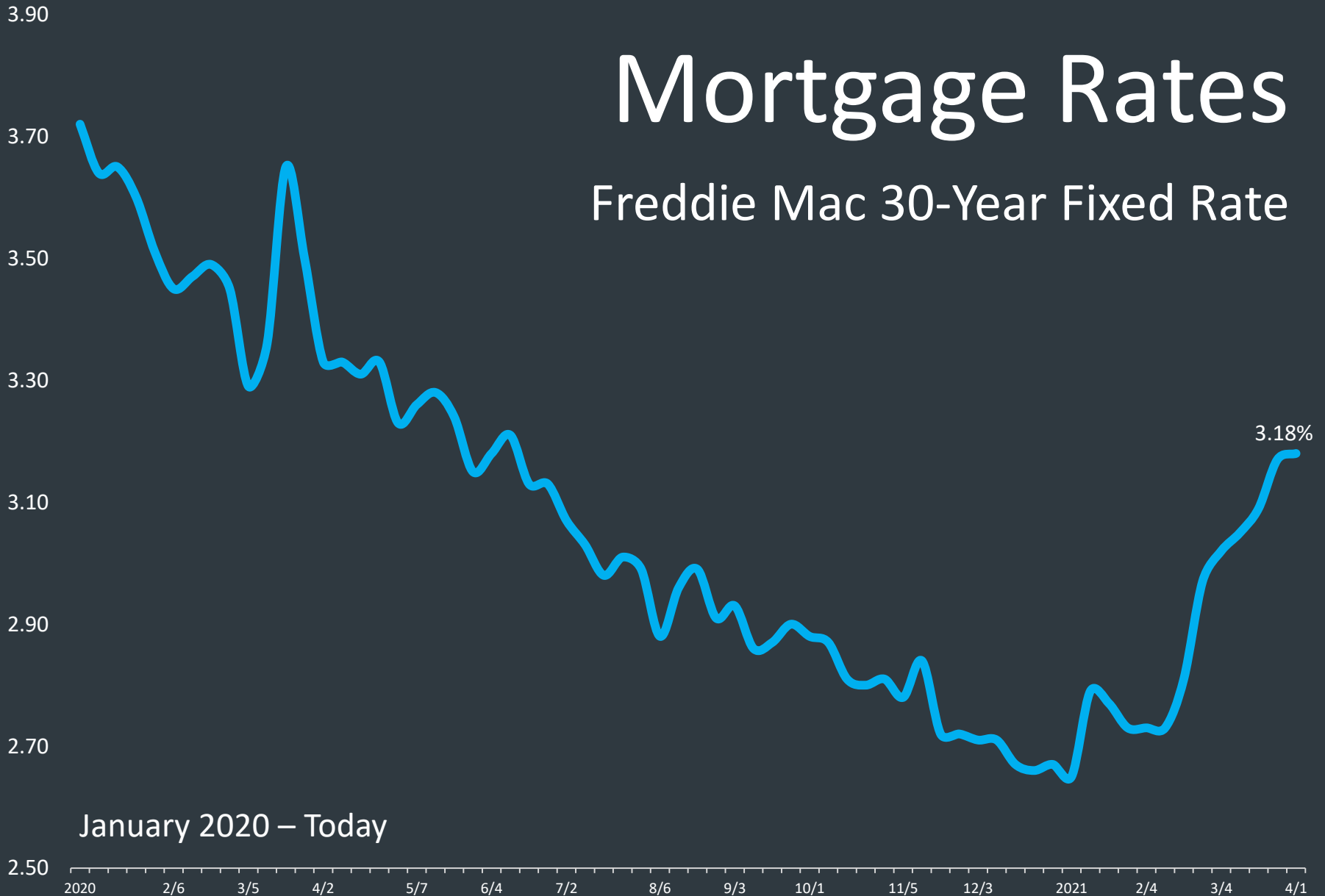


- 1. Showing Time Monthly Report
- 2. Mortgage Bankers Association
- 3. NAR’s Pending Sales Report
- 4. NAR’s Existing Sales Report

- 5. Census’s Monthly Report
- 6. Realtor.com Weekly Report
- 7. Census’s Monthly Report

# Mortgage Rates

## Freddie Mac 30-Year Fixed Rate



January 2020 – Today

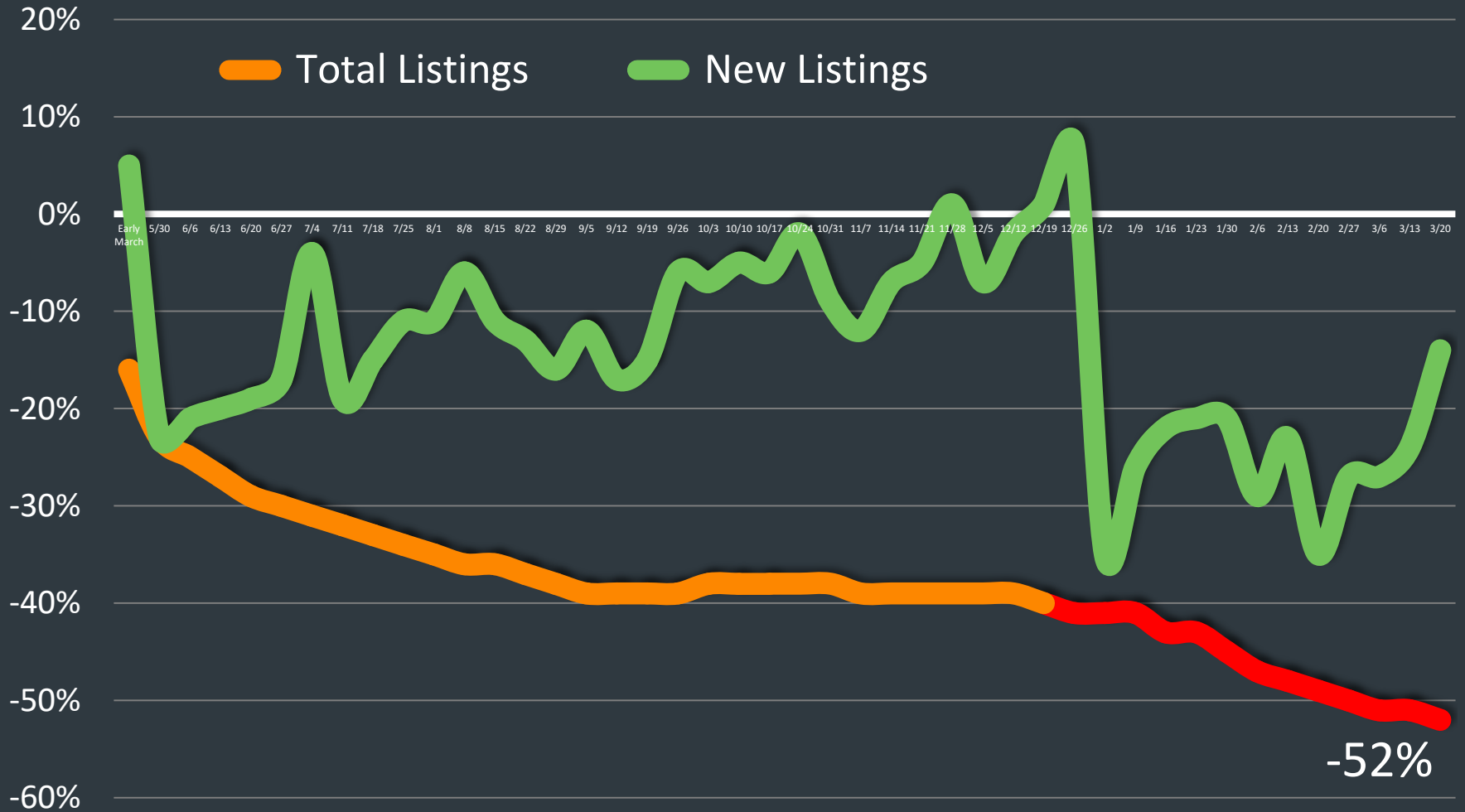
“Home sellers and home buyers have gotten really used to extremely low rates... Rates even in the 3% to 3.4% [range] remain extremely affordable by historical standards.”

George Ratiu

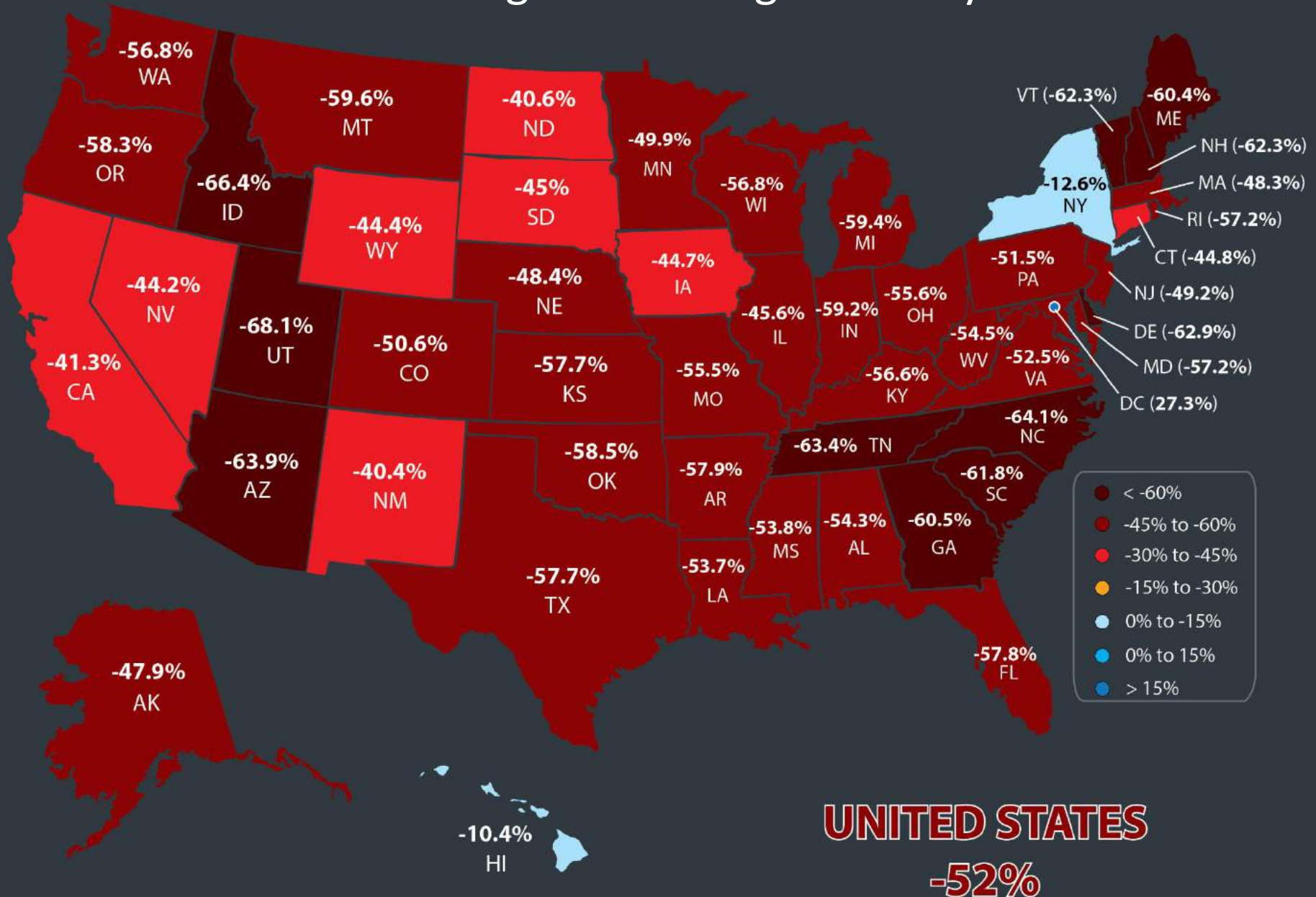
Senior Economist at realtor.com



# Year-Over-Year Change in Listings



# YOY Change in Housing Inventory



**UNITED STATES**  
**-52%**

“House prices nationwide recorded the largest annual and quarterly increase in the history of the FHFA HPI. Low mortgage rates, pent up demand from homebuyers, and a limited housing supply propelled every region of the country to experience faster growth in 2020 compared to a year ago despite the pandemic.”

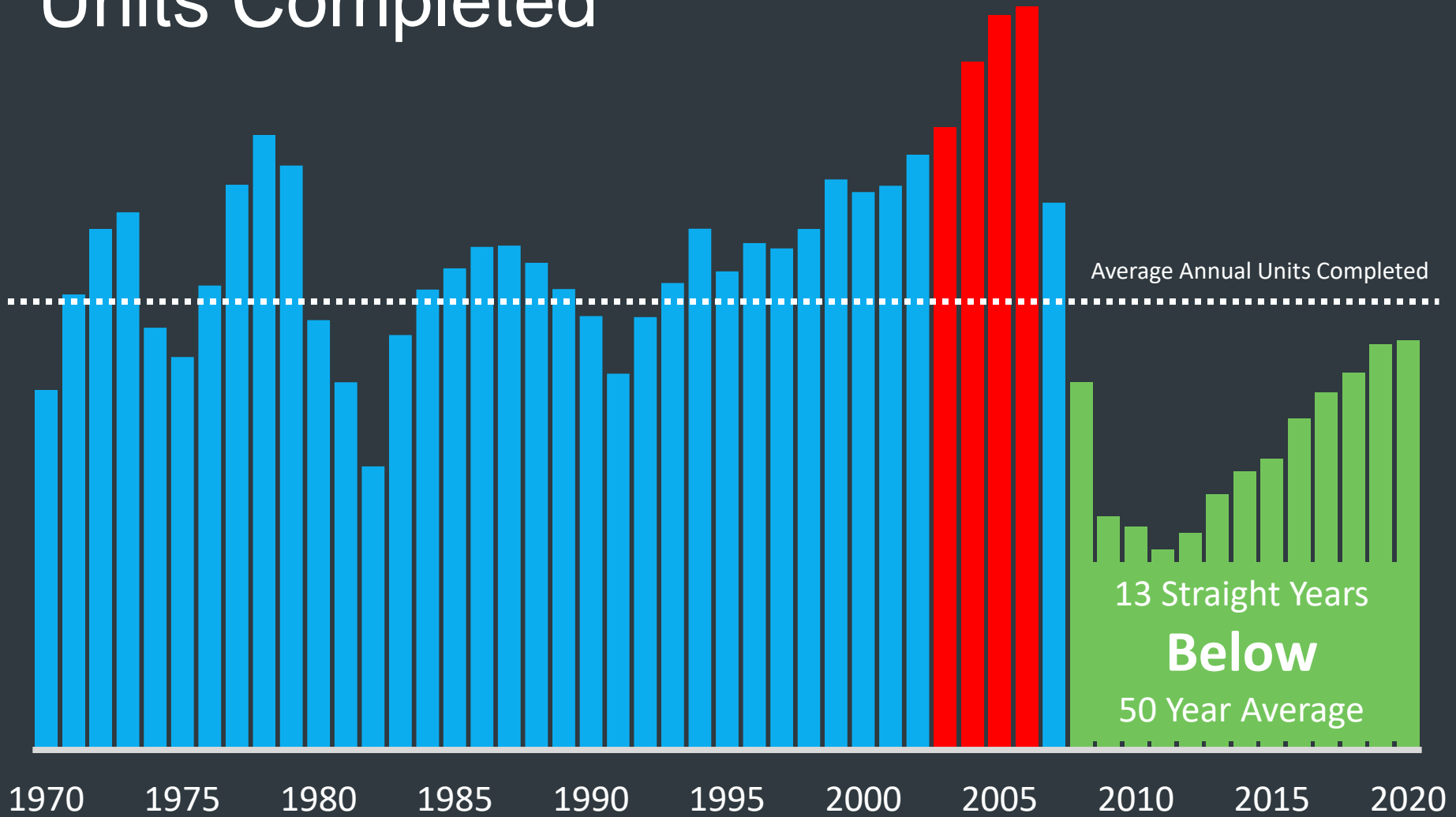
Dr. Lynn Fisher

Deputy Director of FHFA's Division  
of Research and Statistics



# Single-Family Housing Units Completed

4 Consecutive Years  
of Record Setting  
Number of Units





# Cash-Out Refis Surge to Highest Levels Since Financial Crisis

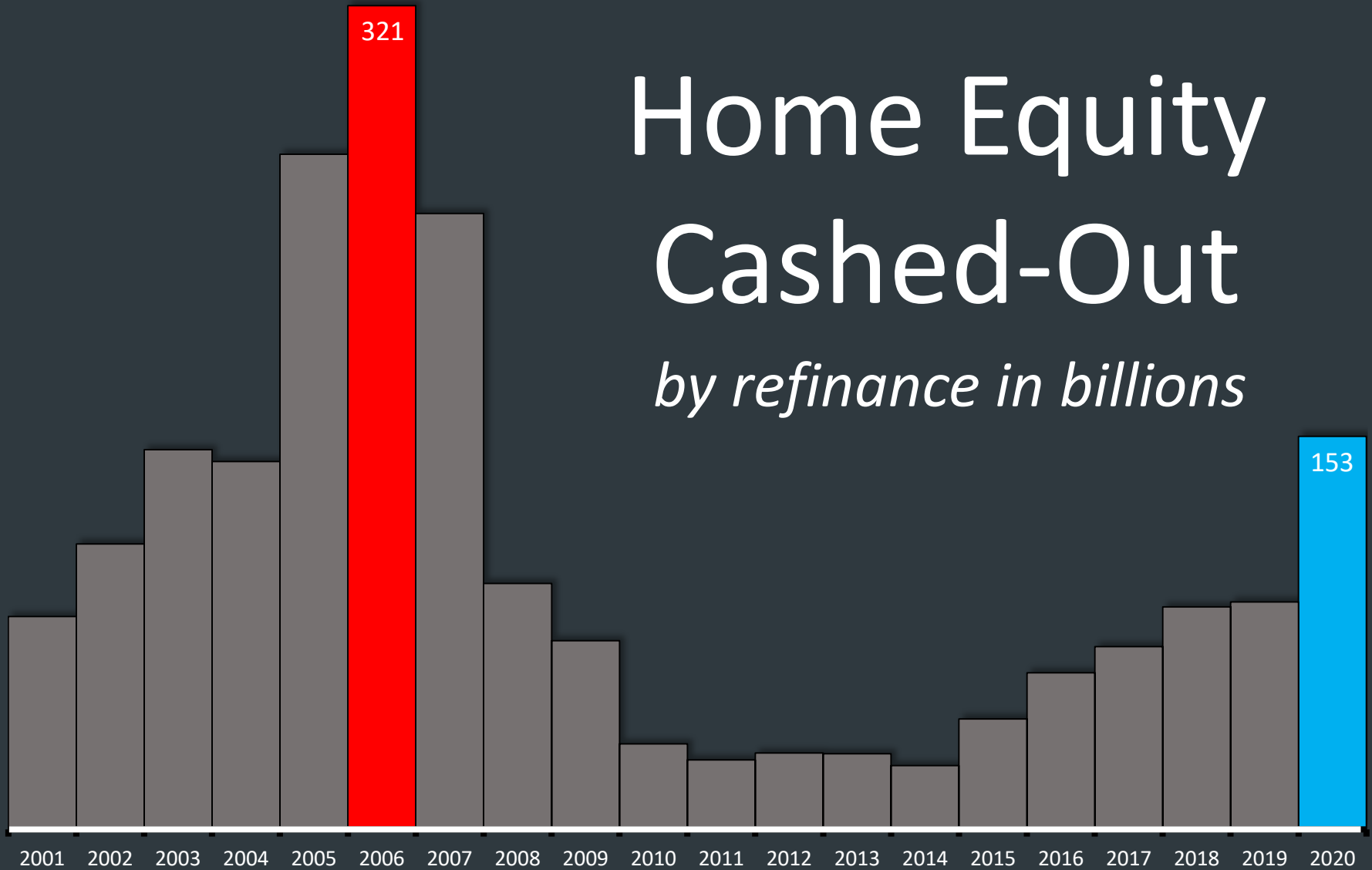
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House or ATM? Cash-Out  
Refinancing Spiked in 2020



# Are we seeing a cash-out refinance crisis?

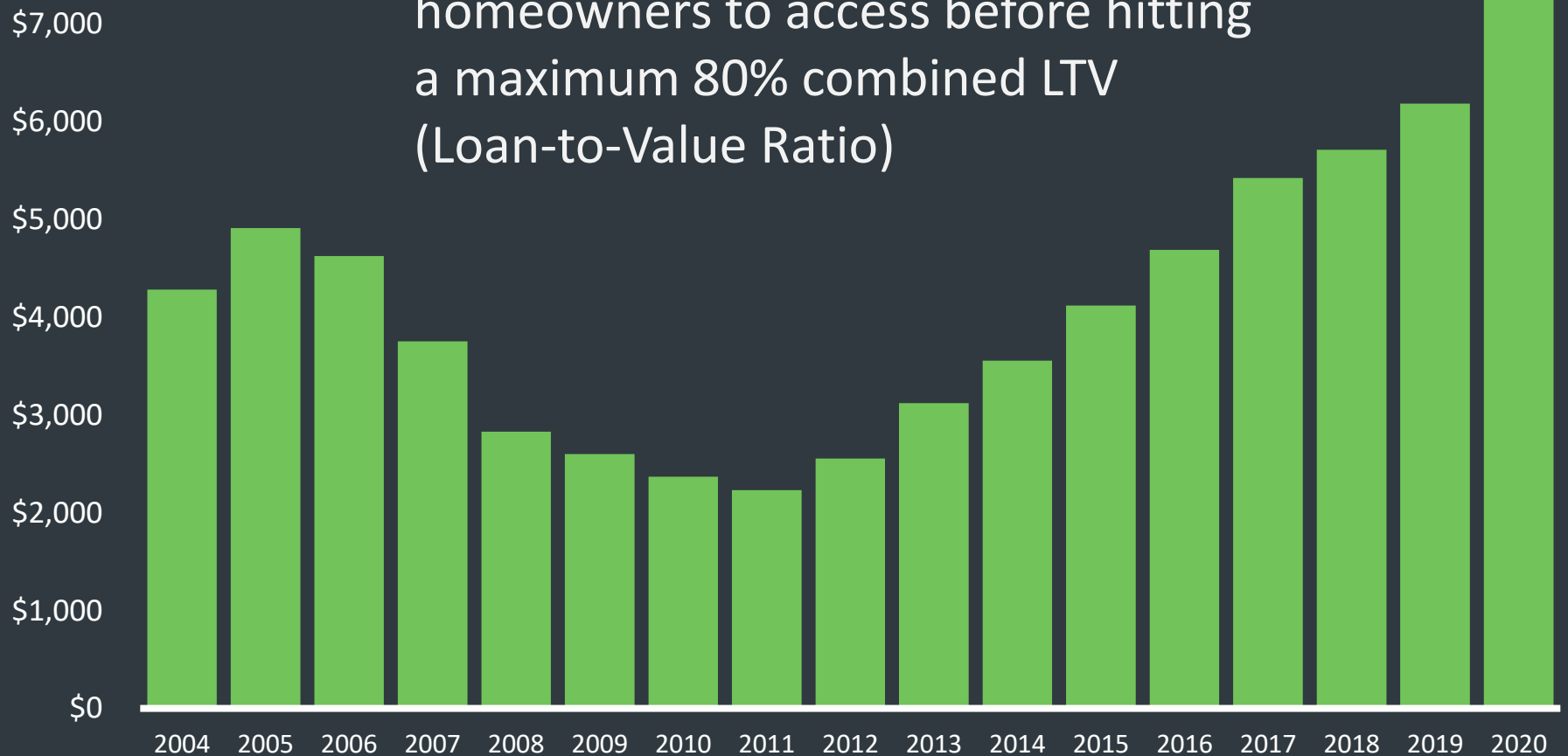
# Home Equity Cashed-Out *by refinance in billions*



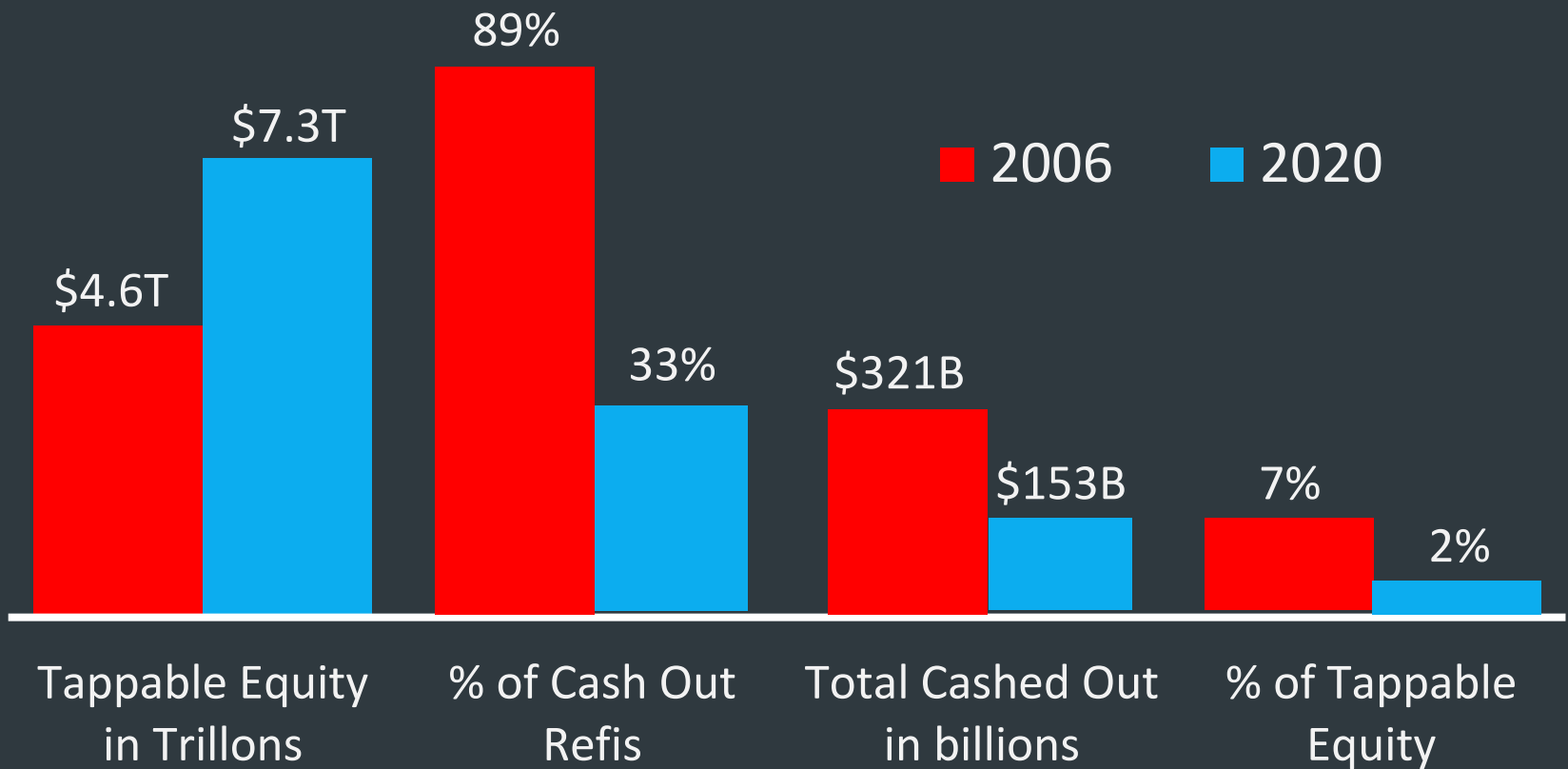
# Tappable Equity\* of U.S. Mortgage Holders Surging

\$8,000 *in billions*

\*Tappable Equity - the amount available for homeowners to access before hitting a maximum 80% combined LTV (Loan-to-Value Ratio)



# Regarding Cash-Out Refinances: 2020 Was Nothing Like 2006



“The residential real-estate market is on its biggest tear since 2006, just before the housing bubble burst and set off a global recession. **Yet in nearly every meaningful way, today’s market is the inverse of the previous boom.** In the mid-2000s, loose mortgage-lending standards enabled borrowers with poor credit histories to purchase homes beyond their means, sometimes with mortgages that required low payments in the early years of the loan...”

Wall Street Journal



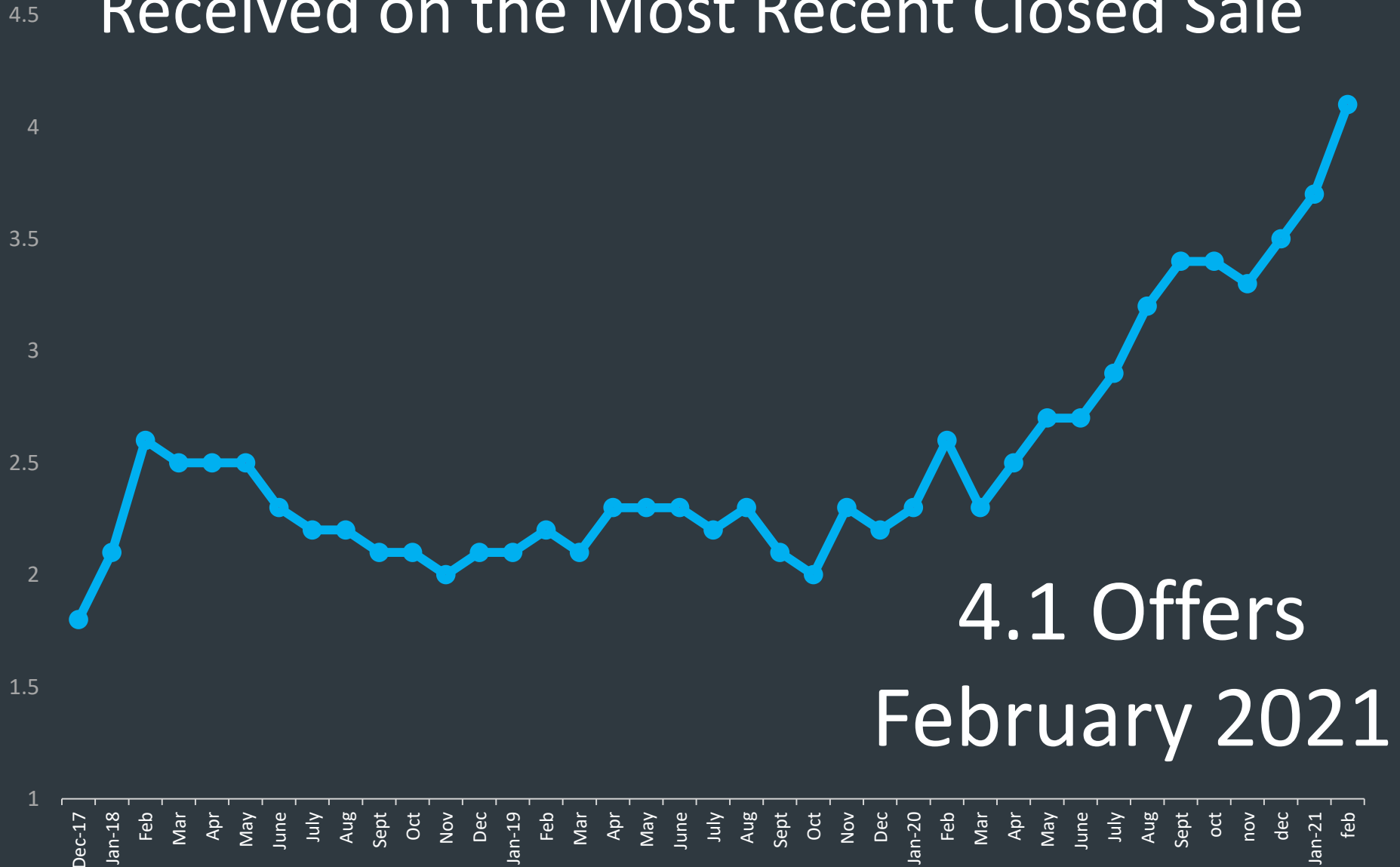
“With demand for homes outpacing new listings, buyer competition continues to intensify. On average, there were four offers per home sold (closed) in February, according to NAR’s latest February REALTORS® Confidence Index Report, a monthly survey of REALTORS® about their transactions. One year ago, there were two to three buyers for every home sold. The intense competition has led to double-digit price growth and properties selling in record time. To get back to a healthy supply level equivalent to 6 months of monthly demand, an additional 2.7 million homes should be on the market for sale.”

NAR



# Average Number of Offers

## Received on the Most Recent Closed Sale



4.1 Offers

February 2021

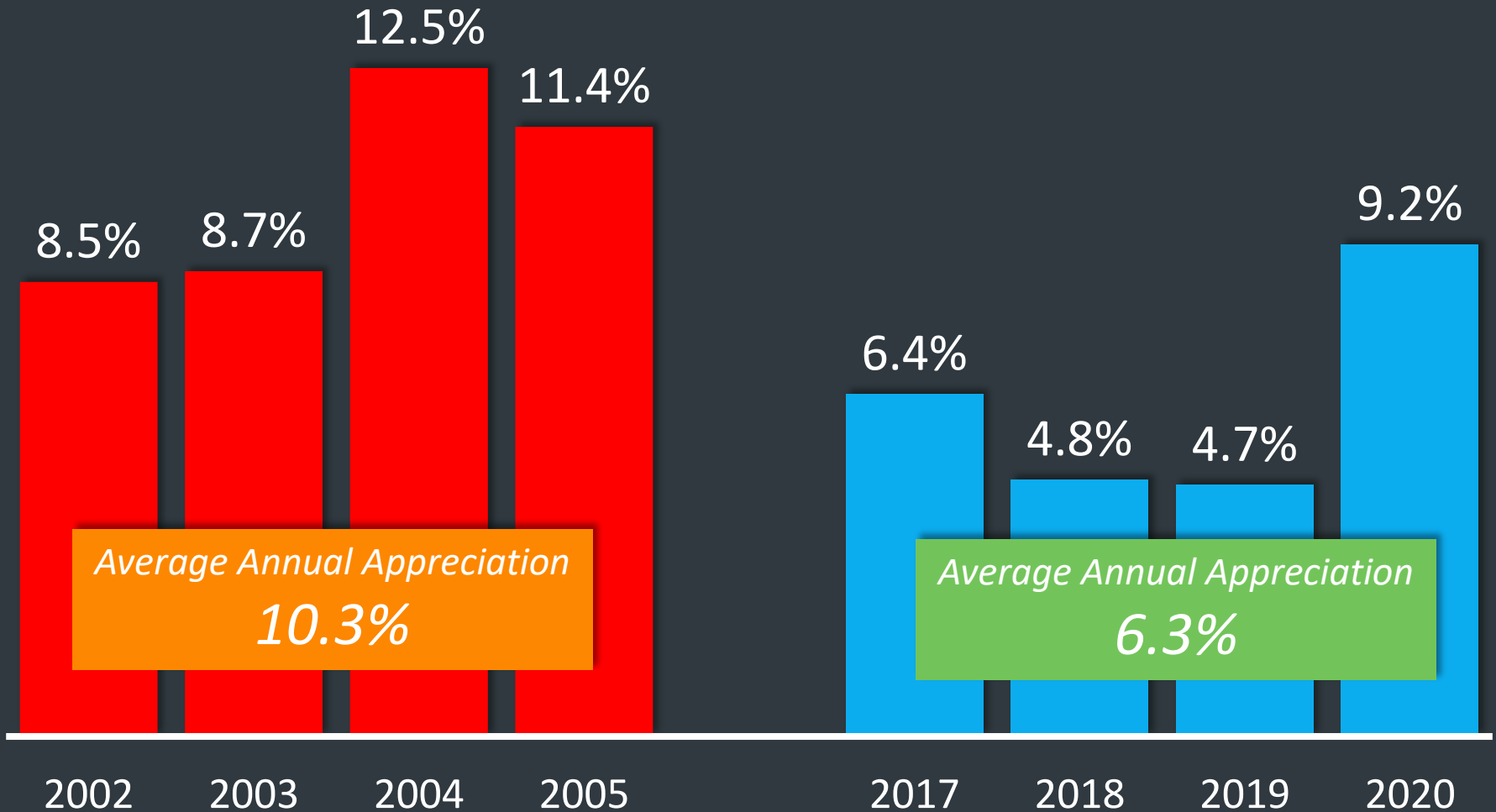


A young woman with curly brown hair is sitting at a desk in a bright, modern office. She is looking off to the side with a thoughtful expression, resting her chin on her hand. She is wearing a white shirt with a blue floral pattern and holding a smartphone in her other hand. The background is a large window with a view of a city street.

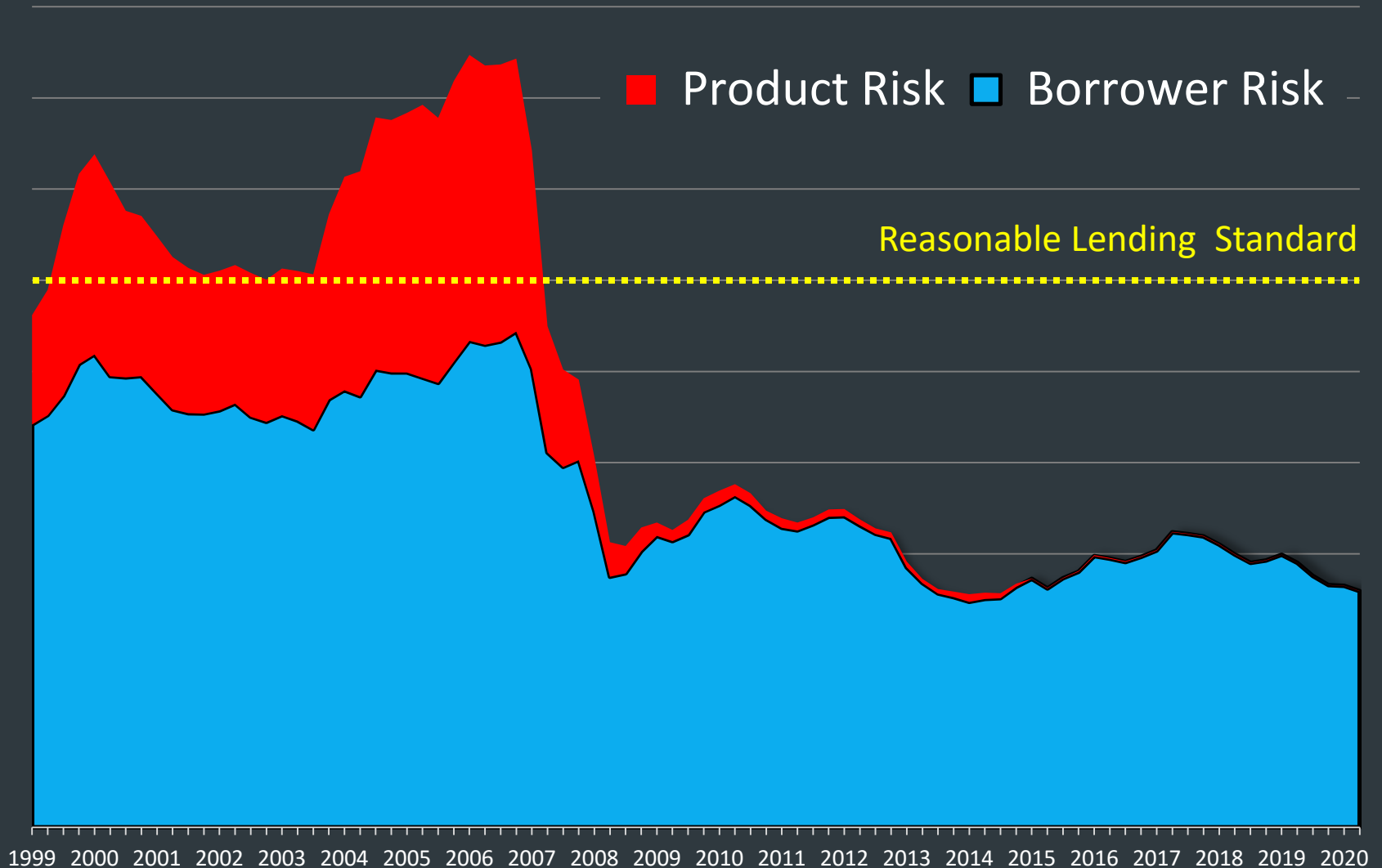
IS THIS  
LIKE  
THE LAST  
TIME?



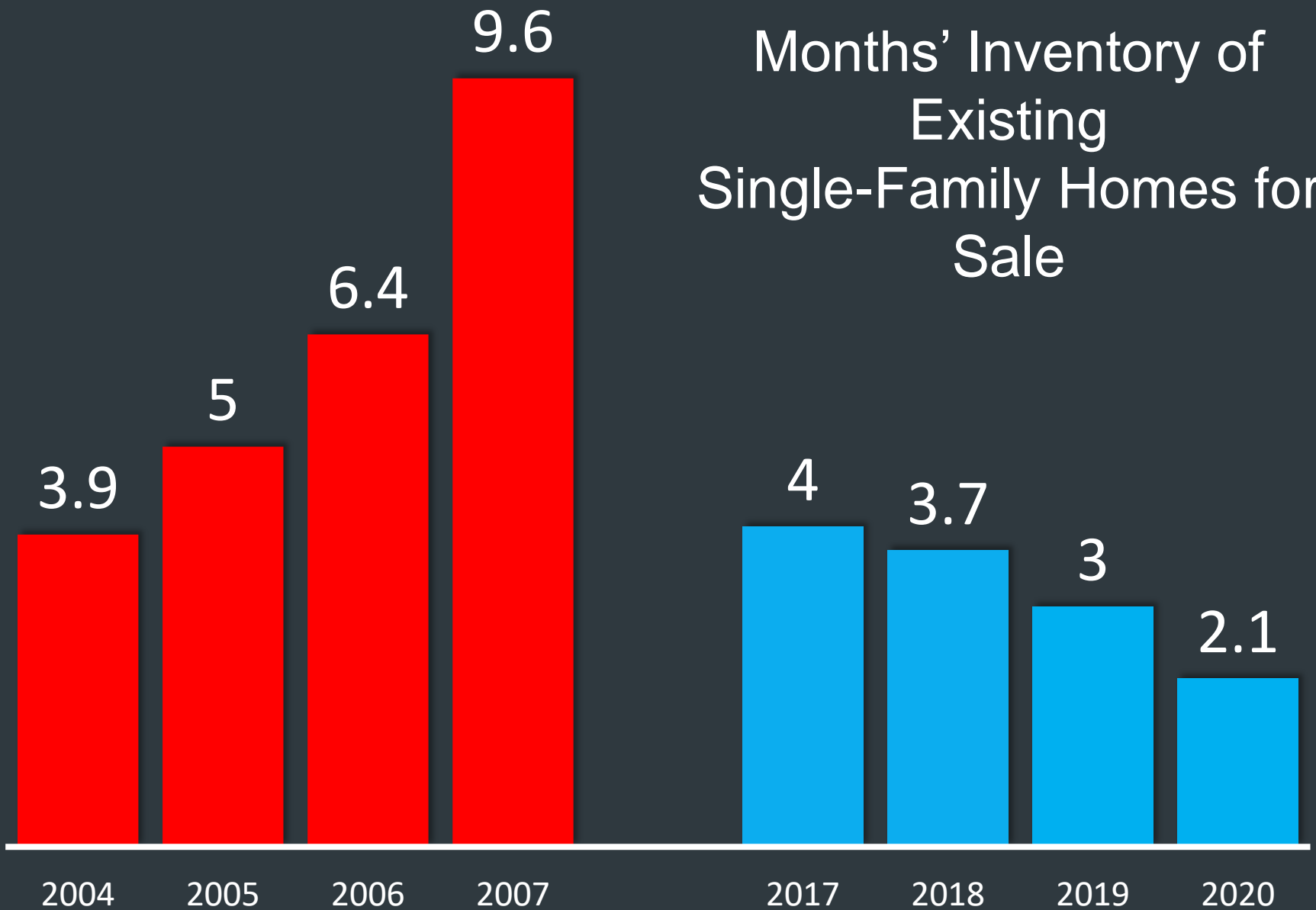
# Annual Home Price Appreciation



# Default Risk in the Mortgage Market (1999-2020)



# Months' Inventory of Existing Single-Family Homes for Sale



“It’s not just a sellers’ market, **it’s a super sellers’ market...** This is an incredibly competitive homebuying environment.”

Odeta Kushi

Deputy Chief Economist at First American



# American Home Equity Skyrockets

\$26,300

average gain in equity  
of mortgaged homes

\$204,000

current average equity  
of mortgaged homes

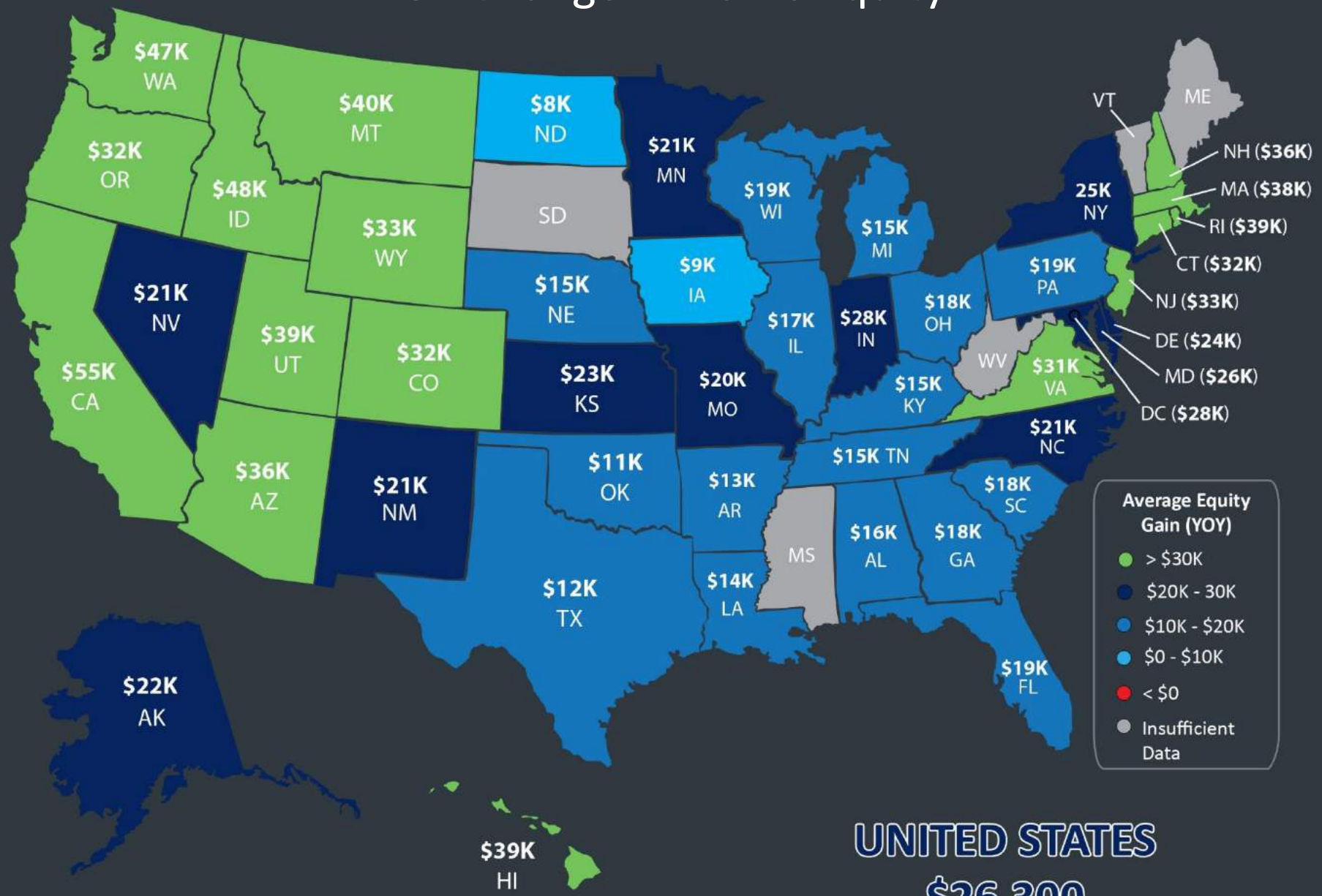
38.2%

of all homes are owned  
'free and clear'

16.2%

increase in equity  
totaling over \$1.5 trillion

# YOY Change in Home Equity



UNITED STATES  
\$26,300

“Imagine a situation where I'm trying to fill up a bathtub with water, but the drain is open. And the faucet is on. Think of the faucet being on as the flow of sales (listings) into the bathtub. And the drain at the bottom is the sales that have been closed and are sort of going out the other side. And at any point in time, the amount of water left in the bathtub is your inventory.

And so, what happens in the housing market is, we've got the faucet open at the top, we've got the drain open at the bottom. And once a month, we measure how much water is in the bathtub. Now, keeping this analogy going, the less open the drain is at the bottom, the more flow in the top, the more inventory or water is left in the tub at that measurement point.

Turn it the other way around, if the flow in the top is slower, but the drain is wide open, the level goes down and there's less inventory. And so, these are the dynamics at play. **The inventory measure, as its measured today, only measures at one point in time.**





But what's missing is a whole pile of water might have come into the bathtub and out the drain before you even knew it. And so there we look at measures like days on market, how fast or what is the velocity of markets. And what's happening today in our market is, the average days on market is 21 days, a lot of homes are flowing into the top of the bathtub and flowing out the other side before we even get a chance to measure them as part of the inventory.”

# Resources

Slide	Slide Title	Link
2	Changes in Key Metrics	<a href="http://www.showingtime.com/">www.showingtime.com/</a> <a href="http://www.mba.org">www.mba.org</a> <a href="http://www.nar.realtor">www.nar.realtor</a> <a href="https://www.nahb.org/">https://www.nahb.org/</a> <a href="https://www.realtor.com/research/weekly-housing-trends-view-data-week-nov-14-2020/">https://www.realtor.com/research/weekly-housing-trends-view-data-week-nov-14-2020/</a> <a href="https://www.census.gov/construction/nrs/pdf/newressales.pdf">https://www.census.gov/construction/nrs/pdf/newressales.pdf</a>
3	Mortgage Rates	<a href="http://www.freddiemac.com/pmms">http://www.freddiemac.com/pmms</a> <a href="https://freddiemac.gcs-web.com/node/22446/pdf">https://freddiemac.gcs-web.com/node/22446/pdf</a>
4	Ratiu Quote	<a href="https://www.realtor.com/news/trends/mortgage-rates-rise-past-three-percent/">https://www.realtor.com/news/trends/mortgage-rates-rise-past-three-percent/</a>
5	YOY Change in Listings	<a href="https://www.realtor.com/research/tag/housing-inventory/">https://www.realtor.com/research/tag/housing-inventory/</a>
6	Inventory Map	<a href="https://www.realtor.com/research/data/">https://www.realtor.com/research/data/</a>
7	Fisher Quote	<a href="https://www.fhfa.gov/AboutUs/Reports/Pages/US-House-Price-Index-Report-2020-Q4.aspx">https://www.fhfa.gov/AboutUs/Reports/Pages/US-House-Price-Index-Report-2020-Q4.aspx</a>
8	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>
10	Home Equity Cashed Out	<a href="http://www.freddiemac.com/research/datasets/refinance-stats/index.page">http://www.freddiemac.com/research/datasets/refinance-stats/index.page</a>
11	Tappable Equity	<a href="https://cdn.blackknightinc.com/wp-content/uploads/2021/03/Negative-and-Tappable-Equity.pdf">https://cdn.blackknightinc.com/wp-content/uploads/2021/03/Negative-and-Tappable-Equity.pdf</a>
12	Cash-Out Refinances 2020 vs. 2006	<a href="https://cdn.blackknightinc.com/wp-content/uploads/2021/03/Negative-and-Tappable-Equity.pdf">https://cdn.blackknightinc.com/wp-content/uploads/2021/03/Negative-and-Tappable-Equity.pdf</a> <a href="http://www.freddiemac.com/research/datasets/refinance-stats/index.page">http://www.freddiemac.com/research/datasets/refinance-stats/index.page</a>

# Resources

Slide	Slide Title	Link
13	WSJ Quote	<a href="https://economics.cmail20.com/t/ViewEmail/d/6DD5AA0E9F6529292540EF23F30FEDED/5323CD85A2087AFD22947492D9797BBC">https://economics.cmail20.com/t/ViewEmail/d/6DD5AA0E9F6529292540EF23F30FEDED/5323CD85A2087AFD22947492D9797BBC</a>
14	NAR Quote	<a href="https://www.nar.realtor/blogs/economists-outlook/buyer-competition-intensifies-4-offers-for-every-home-sold-in-february-2021">https://www.nar.realtor/blogs/economists-outlook/buyer-competition-intensifies-4-offers-for-every-home-sold-in-february-2021</a>
15	Average Number of Offers	<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	Home Price Appreciation	<a href="https://www.blackknightinc.com/black-knights-december-2019-mortgage-monitor-2/">https://www.blackknightinc.com/black-knights-december-2019-mortgage-monitor-2/</a>
18	Default Risk in the Mortgage Market	<a href="https://www.urban.org/policy-centers/housing-finance-policy-center/projects/housing-credit-availability-index">https://www.urban.org/policy-centers/housing-finance-policy-center/projects/housing-credit-availability-index</a>
19	Months' Inventory	<a href="http://www.nar.realtor">www.nar.realtor</a>
20	Kushi Quote	<a href="https://apnews.com/article/prices-home-prices-us-news-home-sales-f9d24edb7605dda55ca94d059a8b2b68">https://apnews.com/article/prices-home-prices-us-news-home-sales-f9d24edb7605dda55ca94d059a8b2b68</a>
21	American Home Equity Skyrockets	<a href="https://www.corelogic.com/blog/2021/3/pandemic-a-one-year-look-back.aspx">https://www.corelogic.com/blog/2021/3/pandemic-a-one-year-look-back.aspx</a> <a href="https://www.corelogic.com/insights-download/homeowner-equity-report.aspx">https://www.corelogic.com/insights-download/homeowner-equity-report.aspx</a> <a href="https://data.census.gov/cedsci/all?q=mortgage">https://data.census.gov/cedsci/all?q=mortgage</a>
22	Home Equity Map	<a href="https://www.corelogic.com/insights-download/homeowner-equity-report.aspx">https://www.corelogic.com/insights-download/homeowner-equity-report.aspx</a>
23-25	Fleming Quote	<a href="https://blog.firstam.com/economics/reconomy-podcast-is-the-speed-of-sales-sending-mixed-signals-about-housing-inventory">https://blog.firstam.com/economics/reconomy-podcast-is-the-speed-of-sales-sending-mixed-signals-about-housing-inventory</a>