

ROSS REALTY GROUP

KELLERWILLIAMS
Luxury
INTERNATIONAL

HOUSING UPDATE



JULY 2021

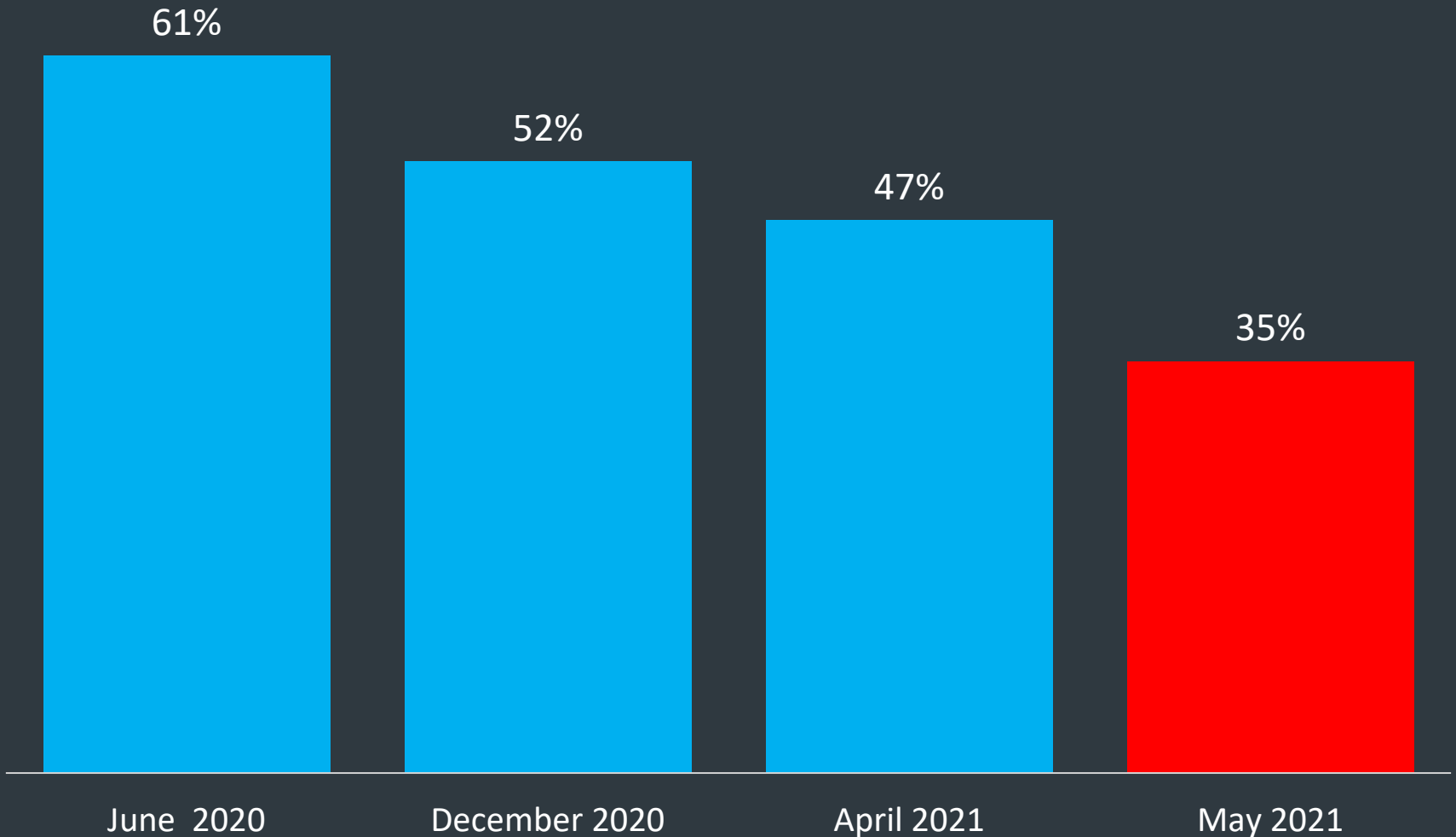


“This month’s overall homebuyer demand rating equaled 86 on a 0-100 scale, down from 88 last month and marking **the first sequential decline since November.**”

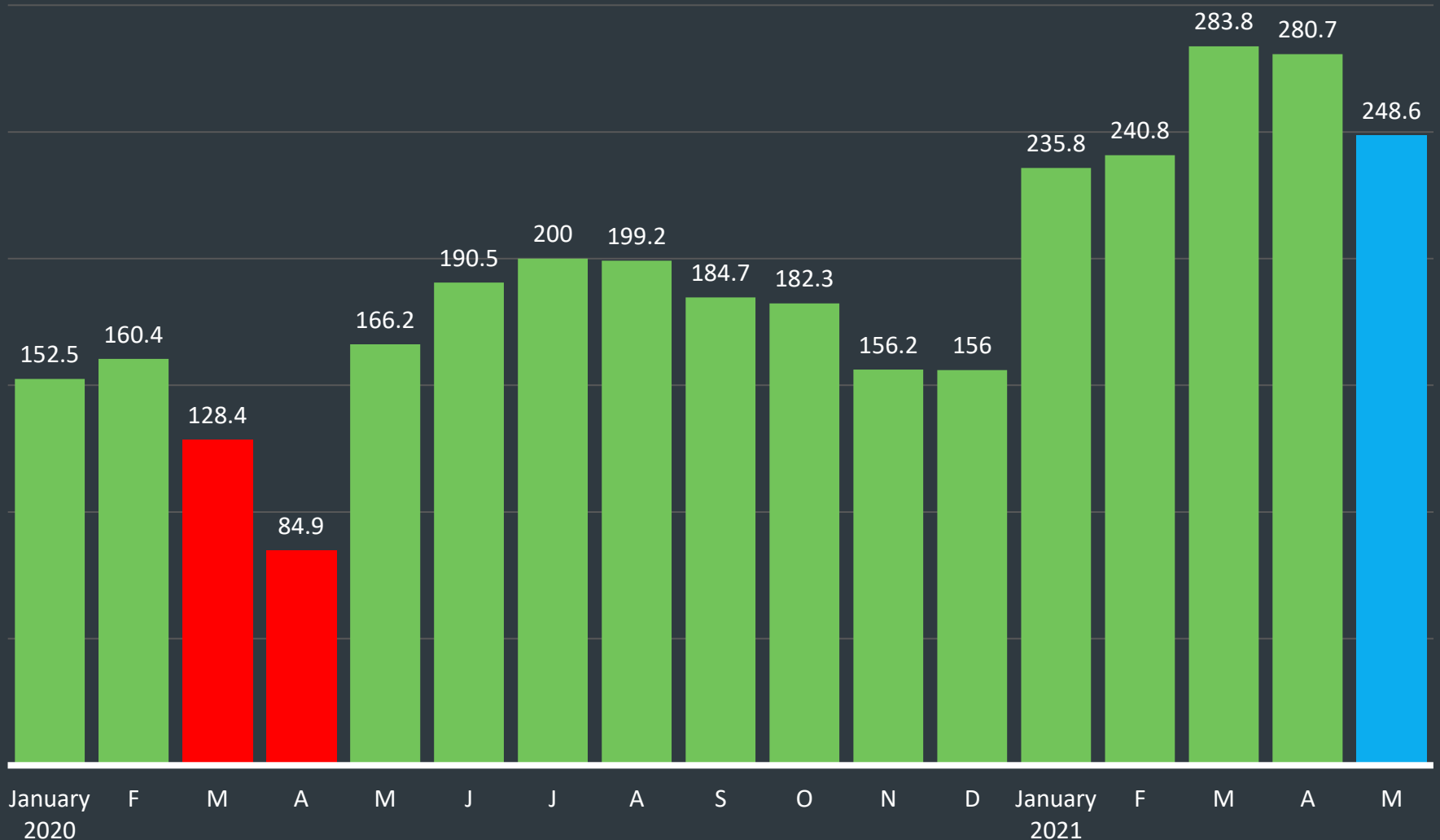
Zelman’s June Broker Report



Percent of Respondents Who Say It's a Good Time To Buy



Monthly ShowingTime Index



Realities of Buyer Fatigue

1. Record price appreciation
2. Extremely low inventory
3. Record high % sales over list price
4. Record low days on market
5. Historically low mortgage rates

Buyer Talking Points

1. Expect a turn in the market in the coming months – **it's already happening**
2. The market's still hyper-competitive
3. Summer is when serious buyers commit 100%
4. Don't get left behind

Months Inventory of Homes for Sale



American Home Equity Skyrocketed

\$33,400

average gain in equity
of mortgaged homes

\$216,000

current average equity
of mortgaged homes

38.2%

of all homes are owned
'free and clear'

19.6%

increase in equity
totaling over \$1.9 trillion

*“It looks like existing inventory is **starting to inch up**, which is good news for a housing market parched for more supply.”*

Odetta Kushi, Deputy Chief Economist at First American

*“We're seeing another significant week-over-week **gain in inventory** — great news for buyers!”*

Haus

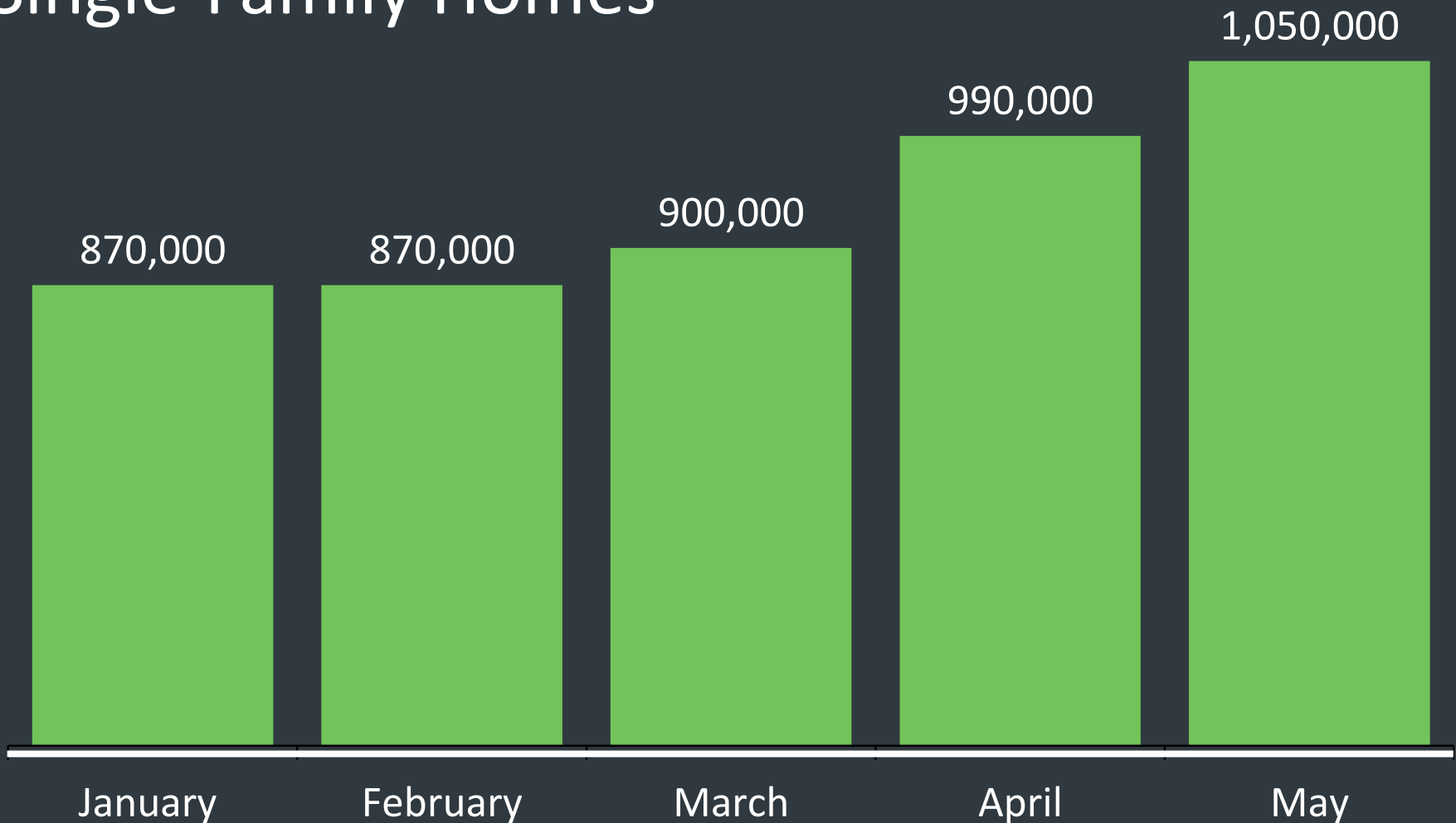
*“**Supply is expected to improve**, which will give buyers more options and help tamp down record-high asking prices for existing homes.”*

Lawrence Yun, Chief Economist at NAR

ROSS REALTY GROUP | YupSOLD.com

Inventory Levels

Single-Family Homes



“The improvement we saw in new listings growth from May to June shows sellers are entering the market historically later in the season, which could mean we'll see home buying continue into the fall as buyers jump at new opportunities.”

George Ratiu

Senior Economist at realtor.com



Seller Talking Points

1. Don't be (too) unrealistic
2. Wait, and you'll miss out on an extremely attractive market
3. It's never been a better time to sell
4. Price appreciation will moderate as rates and inventory rise later this year

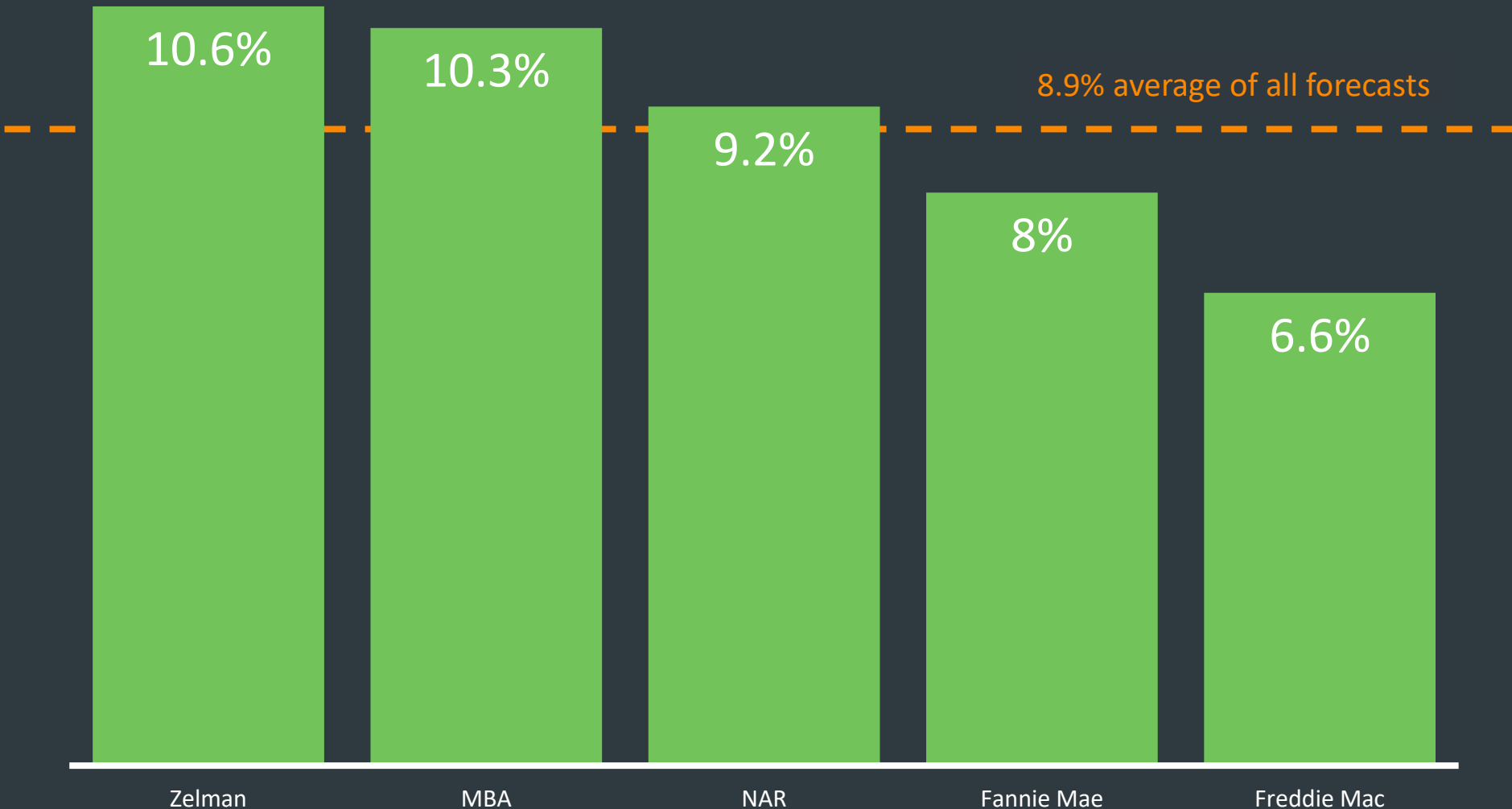
A man with grey hair and glasses, wearing a dark blue suit, white shirt, and patterned tie, is seated at a light-colored wooden table in a modern cafe. He is holding a colorful ceramic mug in his right hand and looking down at a newspaper or document on the table with his left hand. The background shows a large window with a view of a city street and buildings. A small vase with pink flowers sits on the table next to him. A white coffee cup is visible in the foreground, slightly out of focus.

Forecast: 2nd Half of 2021

Mortgage Rate Projections

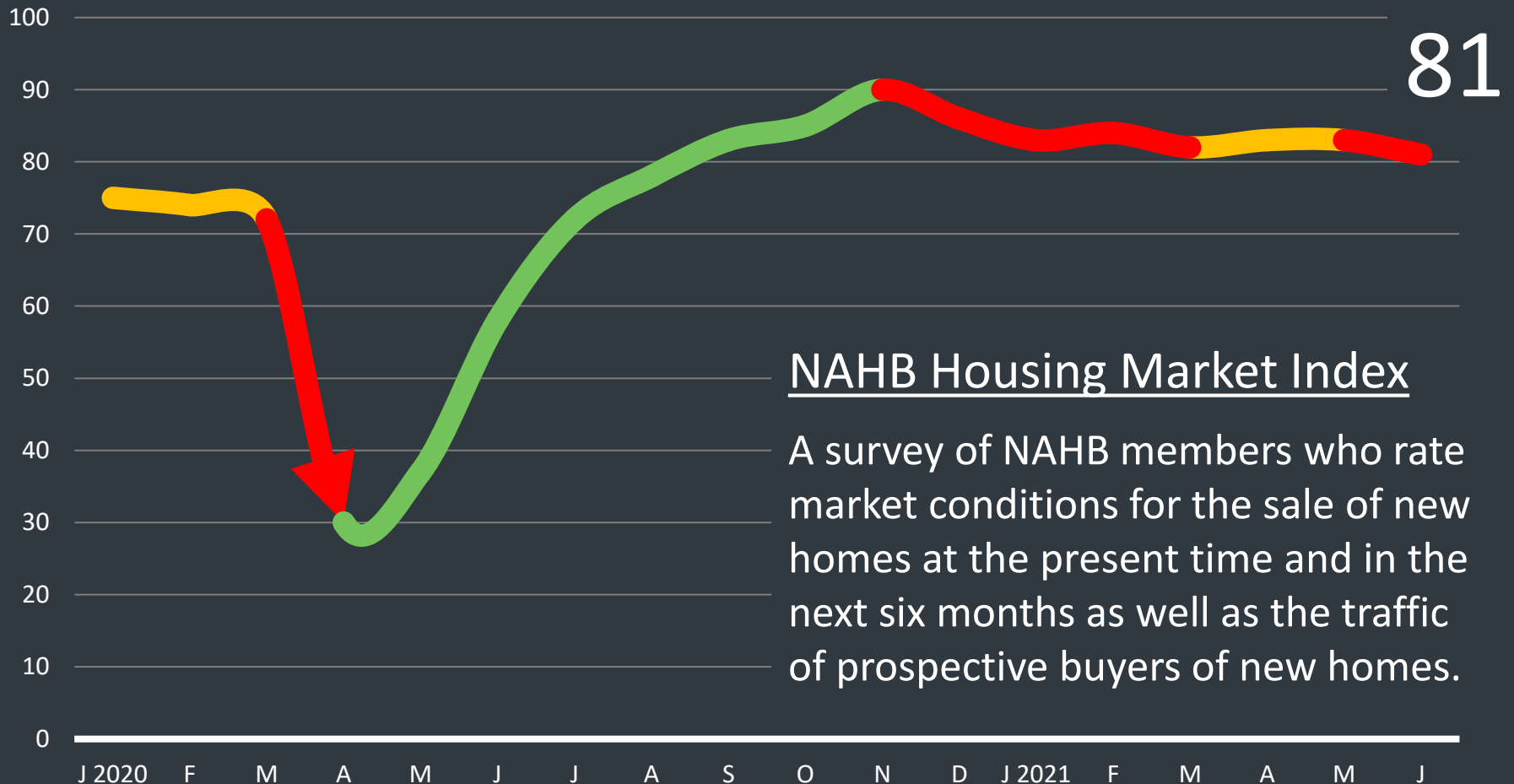
Quarter	Freddie Mac	Fannie Mae	MBA	NAR	Average of All Four
2021 3Q	3.3	3.0	3.2	3.2	3.17%
2021 4Q	3.4	3.2	3.5	3.4	3.37%
2022 1Q	3.5	3.2	3.7	3.5	3.47%
2022 2Q	3.6	3.3	3.9	3.5	3.57%

Home Price Forecasts 2021



Builder Confidence Slips a Bit

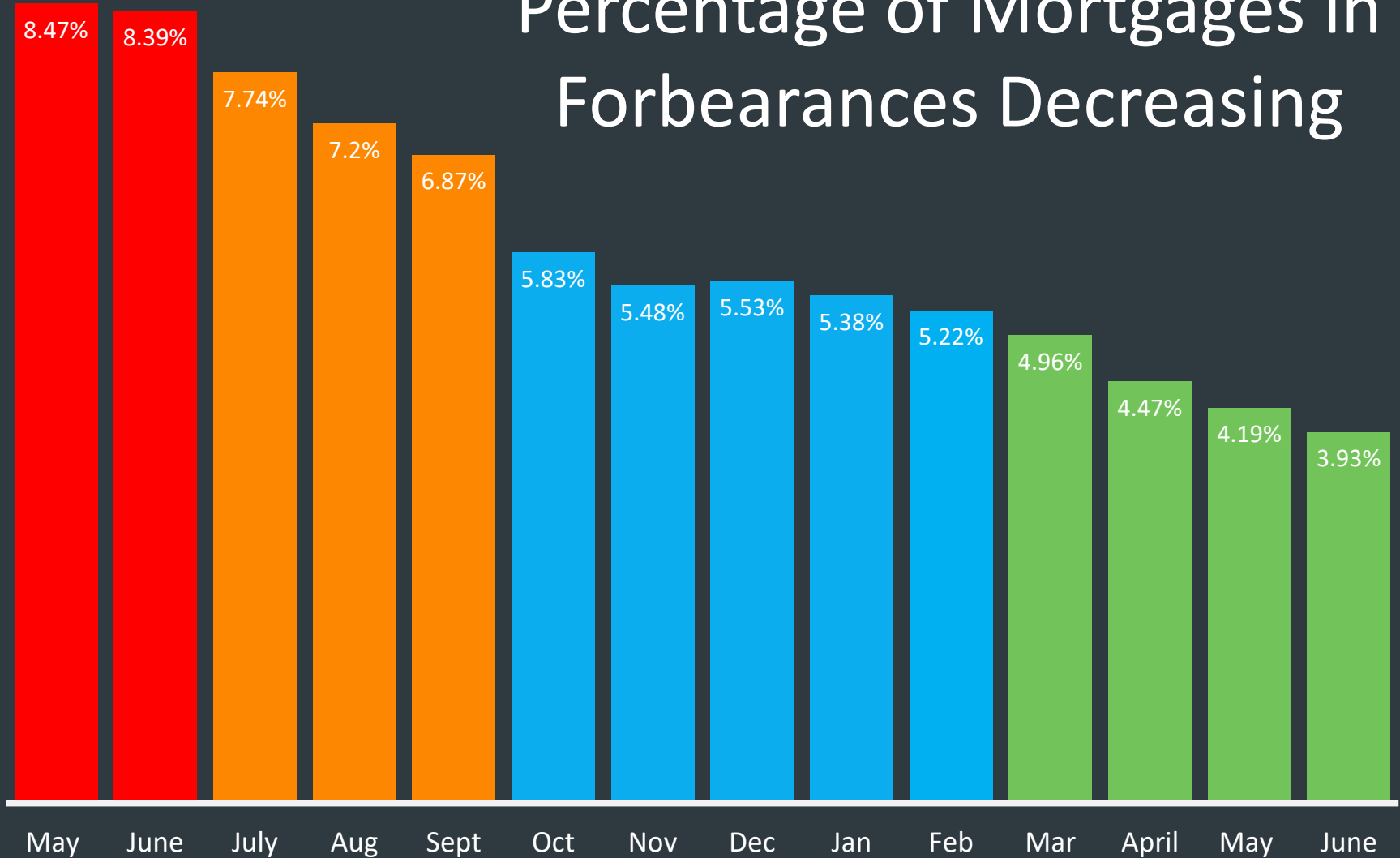
Because of Lumber, Labor, and Land Concerns



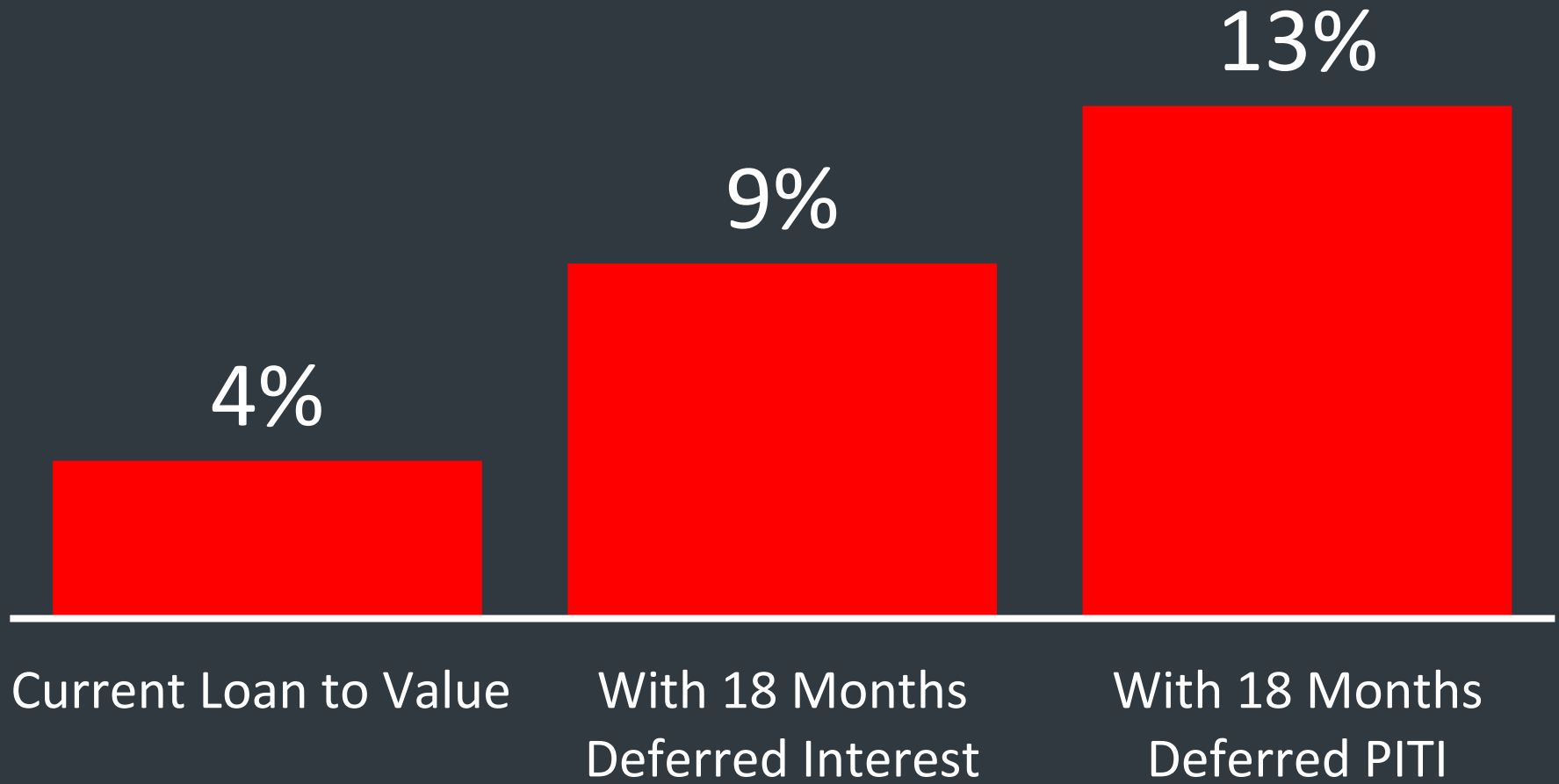
NAHB Housing Market Index

A survey of NAHB members who rate market conditions for the sale of new homes at the present time and in the next six months as well as the traffic of prospective buyers of new homes.

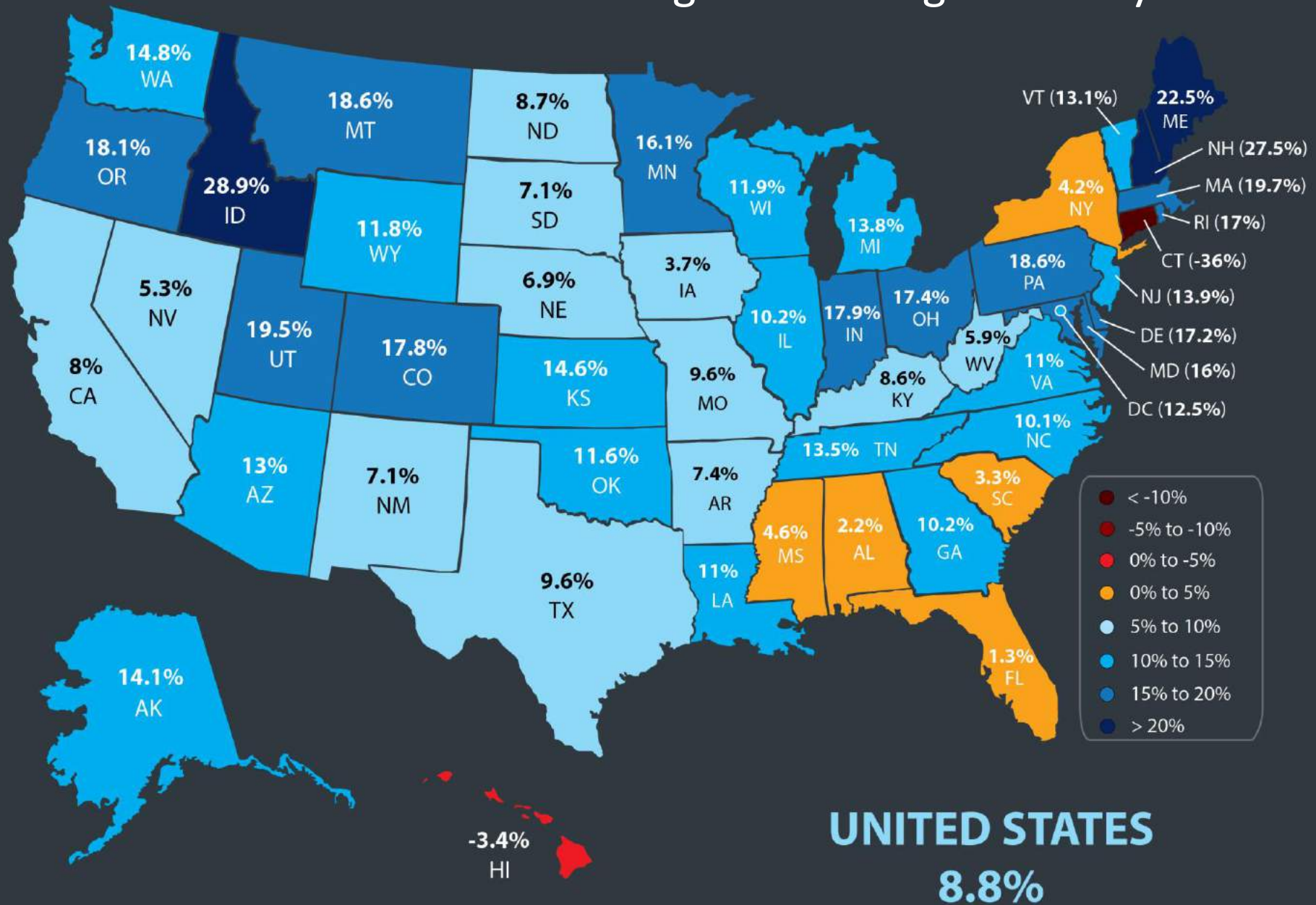
Percentage of Mortgages in Forbearances Decreasing



Share of Mortgages in Forbearance with Less Than 10% Equity



Month-Over-Month Change in Housing Inventory



“The only places where McBride told me he could envision a bubble bursting are locations where **urban residents bought second homes in a panic** - only to have the urban core quickly get vaccinated and normalize in 2021.”

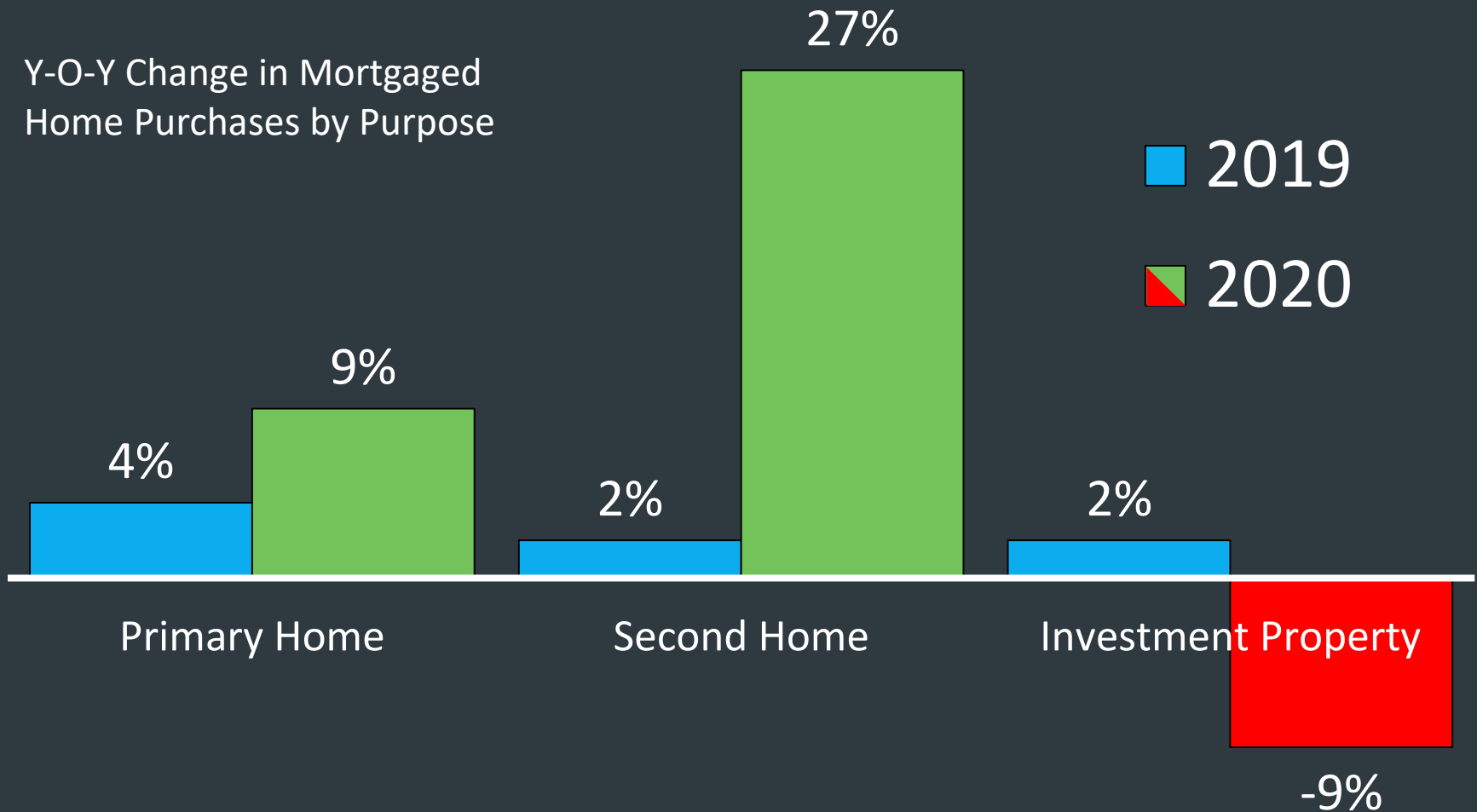
“We might see some price declines in the second home areas, like small towns in New England and other beach towns on the East Coast. **But even there, we just might see a shift where more people decide that they like owning second homes.**”

The Atlantic



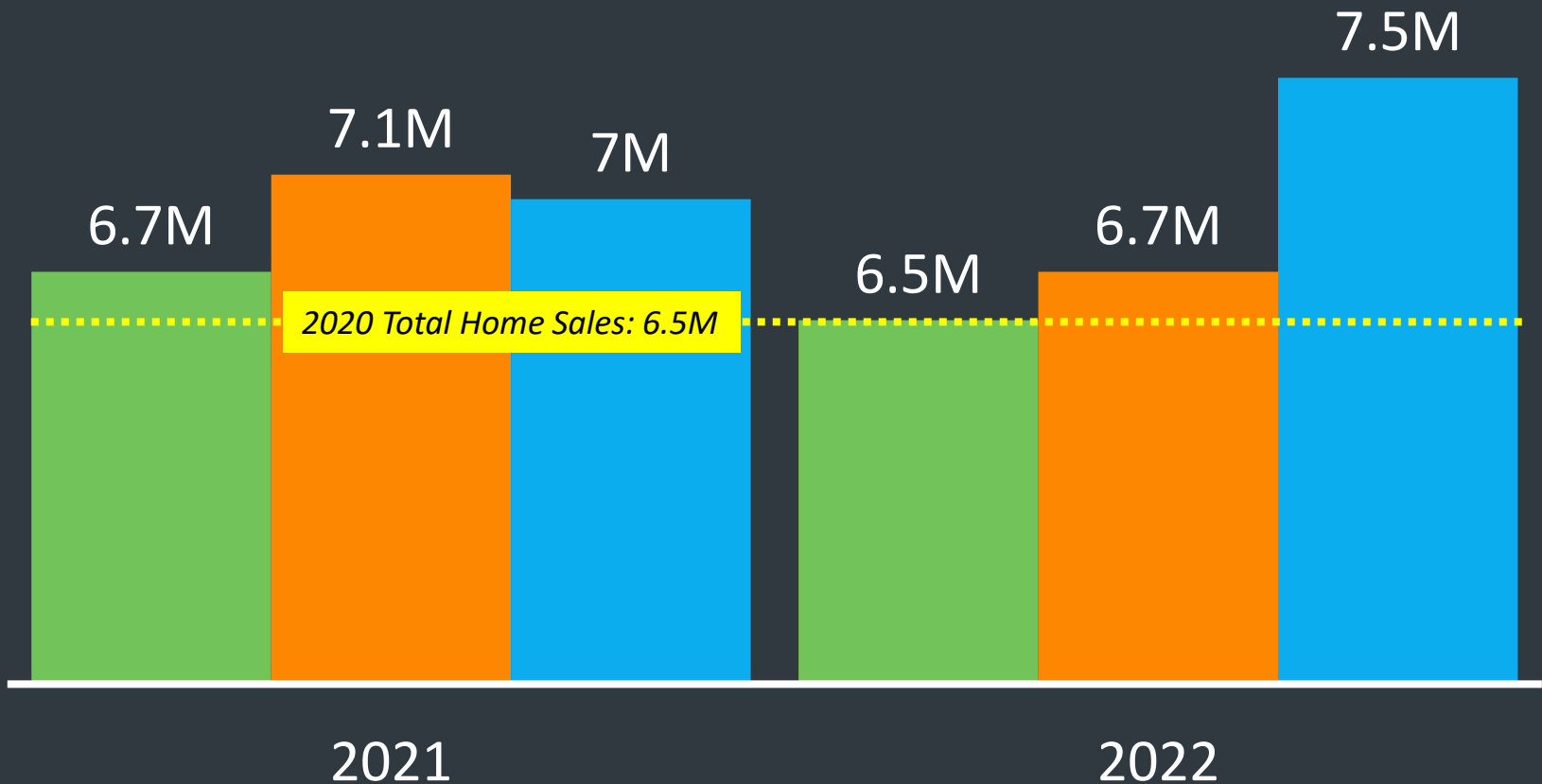
Second-Home Market Surged in 2020

Y-O-Y Change in Mortgaged
Home Purchases by Purpose



Home Sales Forecast To Increase Nicely in 2021 and Do Well in 2022

■ Fannie Mae ■ Freddie Mac ■ MBA



“Homebuyers—interest rates are still historically low, though they are inching up. Housing prices have spiked during the last six-to-nine months, but we don’t expect them to fall soon, and we believe they are more likely to keep rising. If you are looking to purchase a new home, conditions now may be better than 12 months hence...”

J.P. Morgan
Insights Report

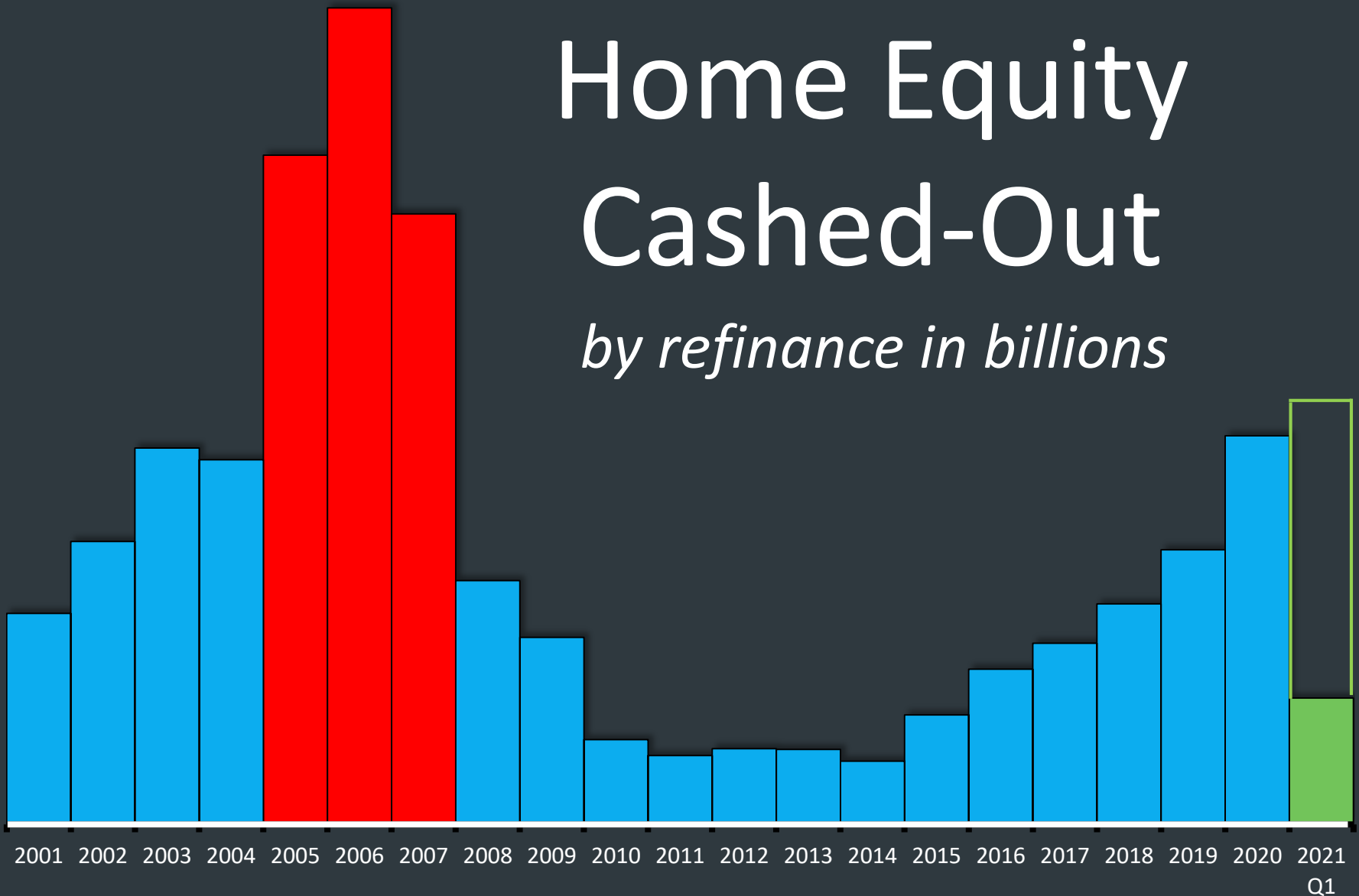


HEADLINES
DO MORE TO
TERRIFY
THAN TO
CLARIFY



Home Equity Cashed-Out

by refinance in billions



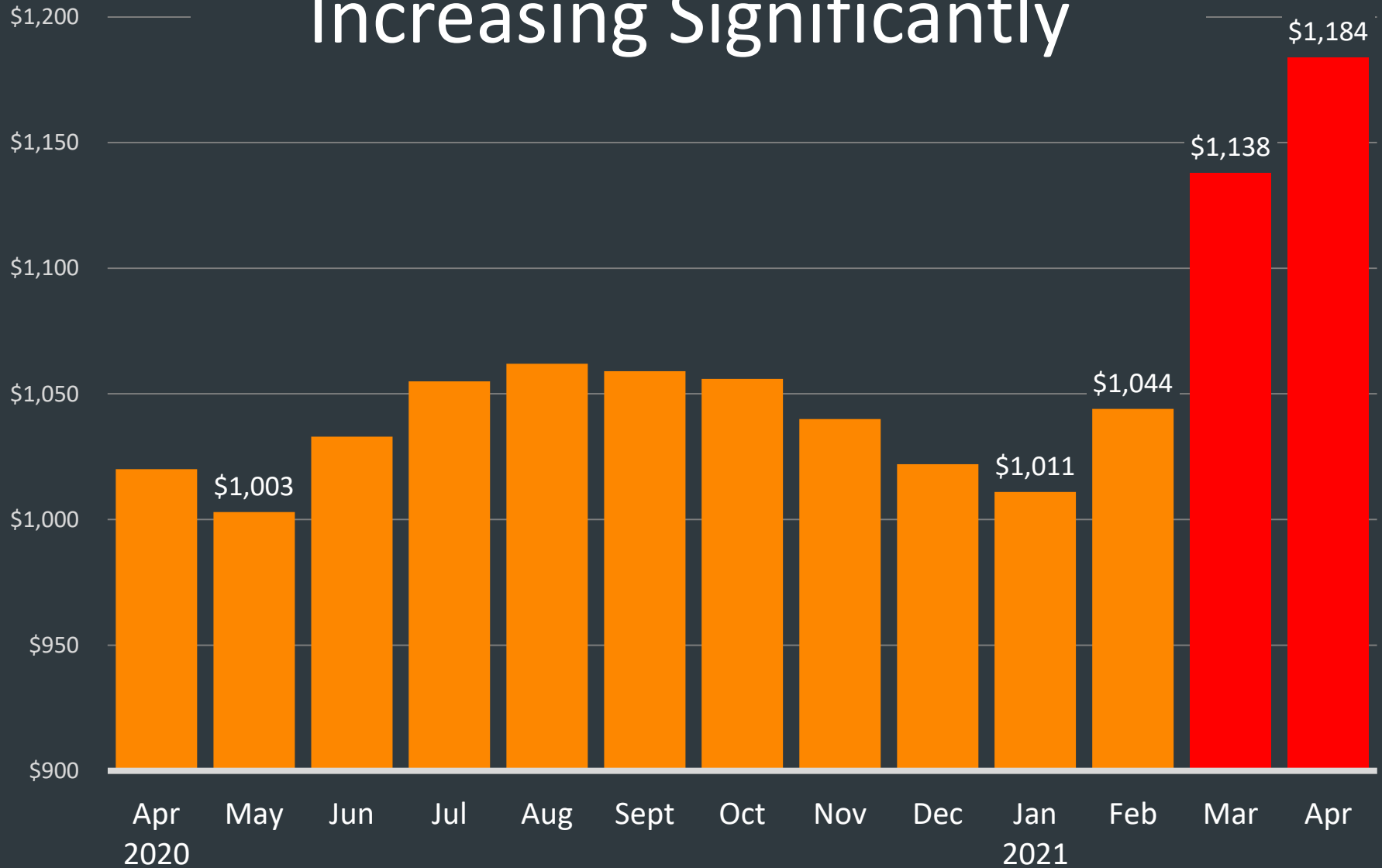
“For Q1 2021, the Net Equity Extraction was \$41 billion, or 0.8% of Disposable Personal Income. This is nothing like the amount of equity extraction during the housing bubble as a percent of DPI.”

Bill McBride

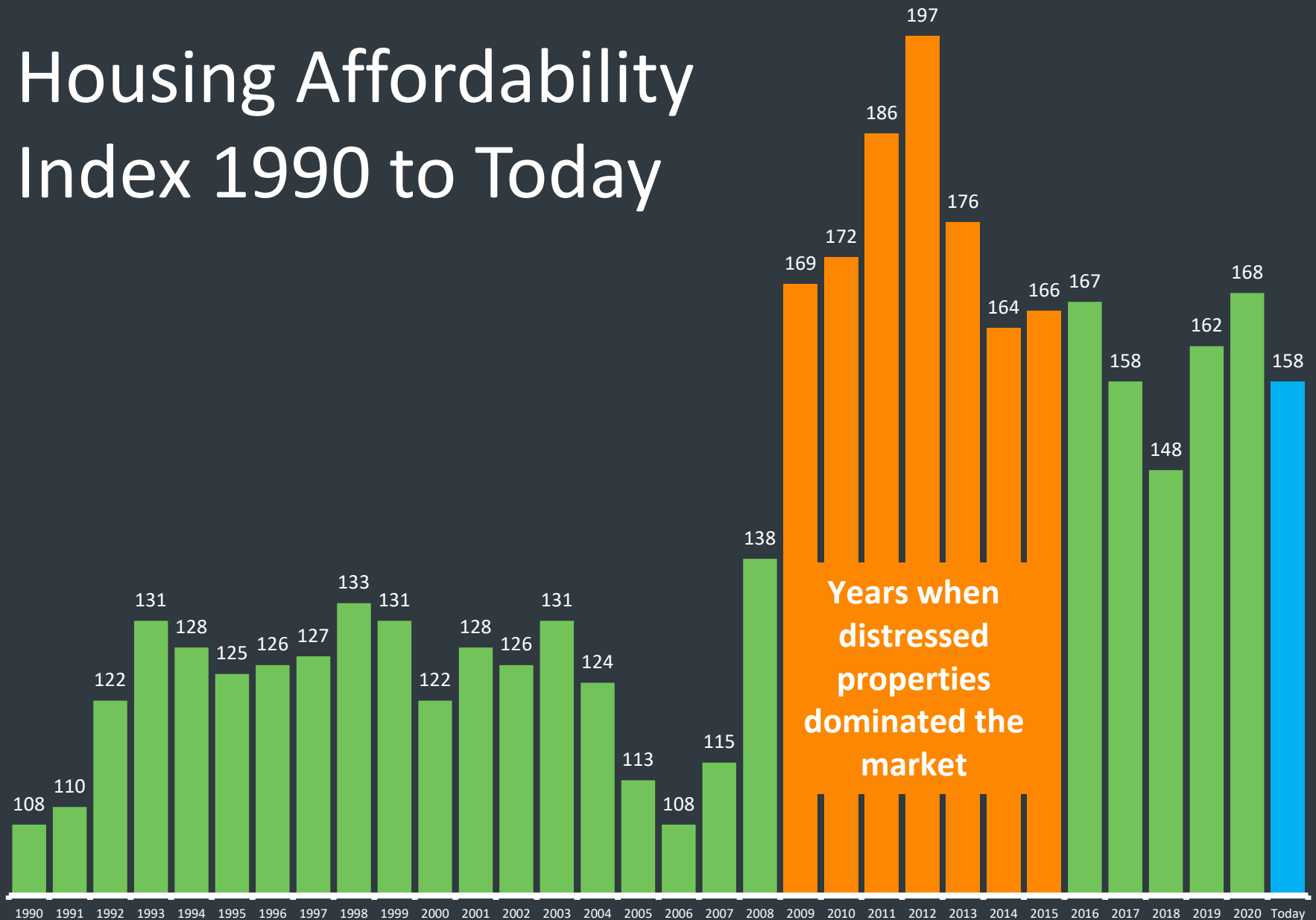
Calculated Risk



Monthly Mortgage Payments Increasing Significantly



Housing Affordability Index 1990 to Today



“These outsized increases have raised concerns that a home price bubble is emerging. However, conditions today are quite different than in the early 2000s, particularly in terms of credit availability. The current climb in house prices instead reflects strong demand amid tight supply, helped along by record-low interest rates.”

2021 State of the Nation's Housing

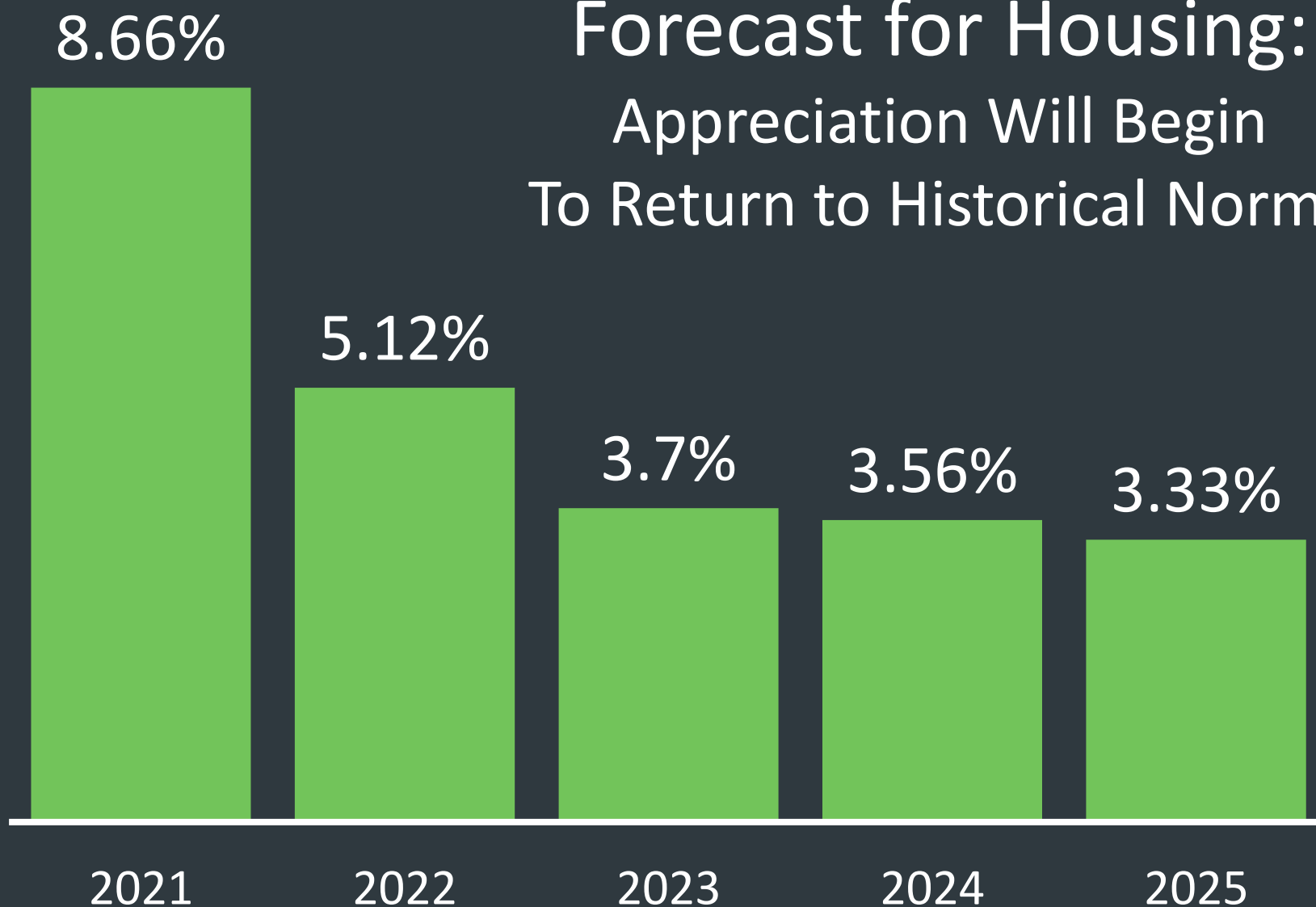
ROSS REALTY GROUP | YupSOLD.com





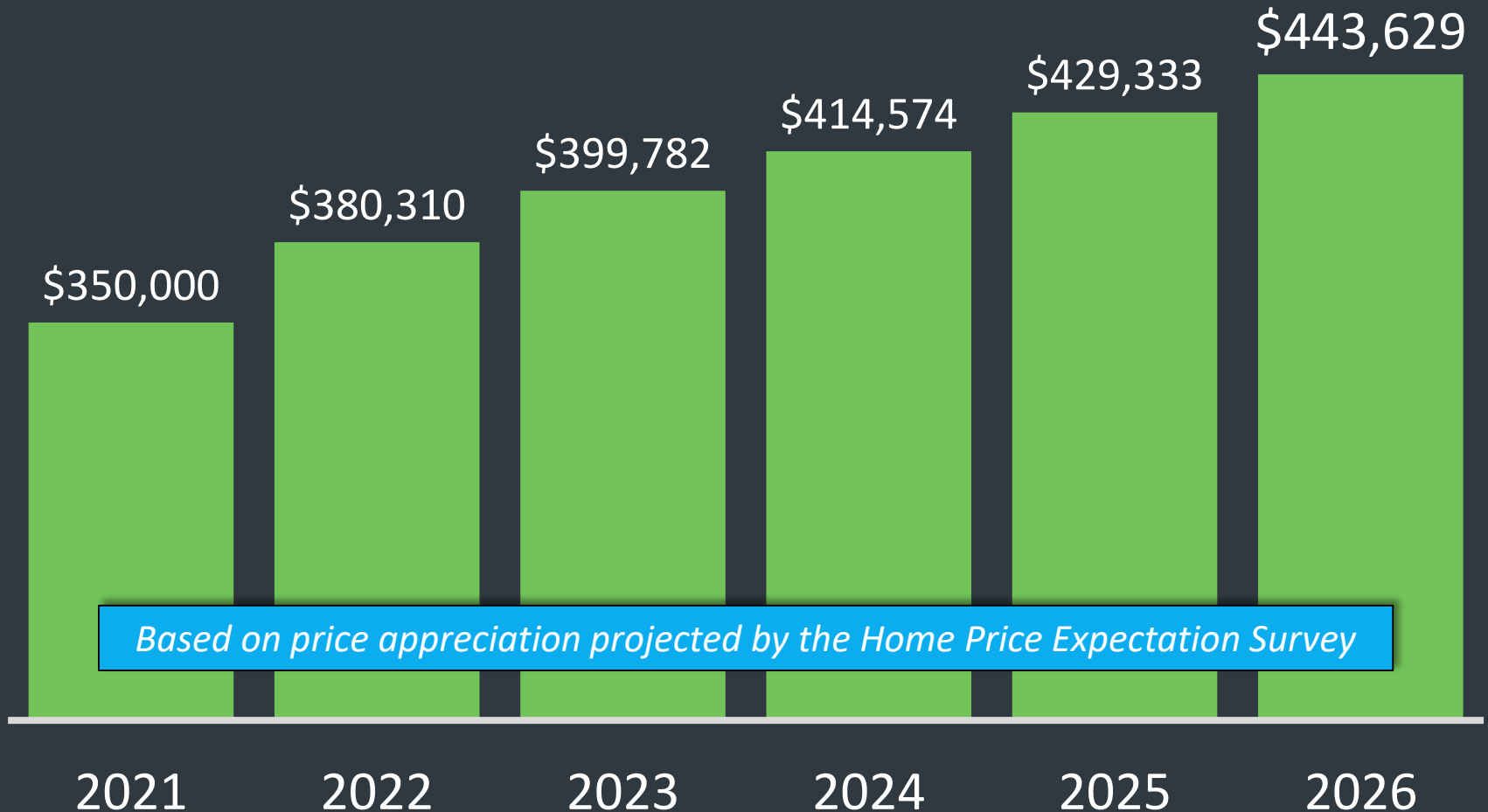
What's at Stake Right Now

Forecast for Housing: Appreciation Will Begin To Return to Historical Norms



\$93,629

potential growth in household wealth over the next five years based solely on increased home equity if you purchase a \$350K home in January 2021



Resources

Slide	Slide Title	Link
2	Zelman's June Broker Report Quote	zelmanassociates.com (subscription required)
3	Good Time To Buy	https://www.fanniemae.com/newsroom/fannie-mae-news/hpsi-dips-consumers-pessimism-toward-homebuying-conditions-sets-survey-record
4	Monthly ShowingTime Index	https://showingindex.stats.showingtime.com/docs/lmu/x/UnitedStates?src=page
5	Realities of Buyer Fatigue	https://www.theatlantic.com/ideas/archive/2021/05/us-housing-market-records/619029/
7	Months Inventory of Homes for Sale	https://www.nar.realtor/topics/existing-home-sales
8	American Home Equity Skyrocketed	https://www.corelogic.com/insights-download/homeowner-equity-report.aspx https://www.corelogic.com/insights-download/homeowner-equity-report.aspx https://data.census.gov/cedsci/all?q=mortgage
9	Expert Quotes	https://twitter.com/odetakushi/status/1407344750534041615 https://twitter.com/haus/status/1407322608496955396 https://www.nar.realtor/newsroom/existing-home-sales-experience-slight-skid-of-0-9-in-may
10	Inventory Levels	https://cdn.nar.realtor/sites/default/files/documents/ehs-05-2021-single-family-only-2021-06-22.pdf
11	Ratiu Quote	https://news.move.com/2021-07-01-Realtor-com-R-Housing-Report-New-Listings-Stage-a-Comeback-in-June-as-Home-Prices-Hit-a-New-High
14	Mortgage Rate Projections	http://www.freddiemac.com/research/forecast/20210414_quarterly_economic_forecast.page? https://www.fanniemae.com/media/40281/display https://www.mba.org/news-research-and-resources/research-and-economics/forecasts-and-commentary https://cdn.nar.realtor/sites/default/files/documents/forecast-Q2-2021-us-economic-outlook-04-29-2021.pdf

Resources

Slide	Slide Title	Link
15	Home Price Forecasts 2021	https://www.corelogic.com/insights-download/home-price-index.aspx https://cdn.nar.realtor/sites/default/files/documents/forecast-Q2-2021-us-economic-outlook-04-29-2021.pdf www.mba.org http://www.freddiemac.com/research/forecast/index.page https://news.move.com/2020-12-02-Realtor-com-R-2021-Housing-Forecast-Sellers-Will-Get-Top-Dollar-As-Buyers-Struggle-with-Affordability https://www.nar.realtor/newsroom/top-economic-and-housing-experts-predict-post-pandemic-rebound-with-continued-job-growth-stable
16	Builder Confidence	https://nahbnow.com/2021/06/rising-material-challenges-declining-builder-sentiment/
17	Mortgages in Forbearance	https://www.mba.org/news-research-and-resources/newsroom
18	Forbearance with <10% Equity	https://cdn.blackknightinc.com/wp-content/uploads/2021/06/BKI_MM_Apr2021_Report.pdf
19	MOM Change in Housing Inventory	https://www.realtor.com/research/data/
20	The Atlantic Quote	https://www.theatlantic.com/ideas/archive/2021/05/us-housing-market-records/619029/
21	Second-Home Market	https://www.zelmanassociates.com/research/reports/2021/05/real-estate-broker-survey-continued-price-surge-re (subscription required)
22	Home Sales Forecast	https://www.mba.org/news-research-and-resources/research-and-economics/forecasts-and-commentary https://www.fanniemae.com/research-and-insights/forecast http://www.freddiemac.com/research/forecast/20210414_quarterly_economic_forecast.page

Resources

Slide	Slide Title	Link
23	J.P. Morgan Quote	https://privatebank.jpmorgan.com/gl/en/insights/living/do-you-want-to-jump-into-the-us-housing-market
25	Home Equity Cashed-Out	http://www.freddiemac.com/research/datasets/refinance-stats/index.page
26	McBride Quote	https://www.calculatedriskblog.com/2021/06/mortgage-equity-withdrawal-in-q1-2021.html
27	Monthly Mortgage Payments	https://www.nar.realtor/blogs/economists-outlook/housing-affordability-declines-as-prices-continue-to-rise-and-incomes-fall
28	Housing Affordability Index	https://www.nar.realtor/blogs/economists-outlook/housing-affordability-declines-as-prices-continue-to-rise-and-incomes-fall
29	State of the Nation's Housing Quote	https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_State_Nations_Housing_2021.pdf
31, 32	Home Price Expectations Survey	https://pulsenomics.com/surveys/#home-price-expectations