

ROSS REALTY GROUP

KELLERWILLIAMS
Luxury
INTERNATIONAL

HOUSING UPDATE



OCTOBER 2021

“My sense is the Case-Shiller National annual growth rate of 19.7% is probably close to a peak, and that year-over-year price increases will slow later this year.”

Bill McBride

Calculated Risk



July 2021 Y-O-Y
House Appreciation

The Federal Housing Finance Agency
House Price Index

+19.2%

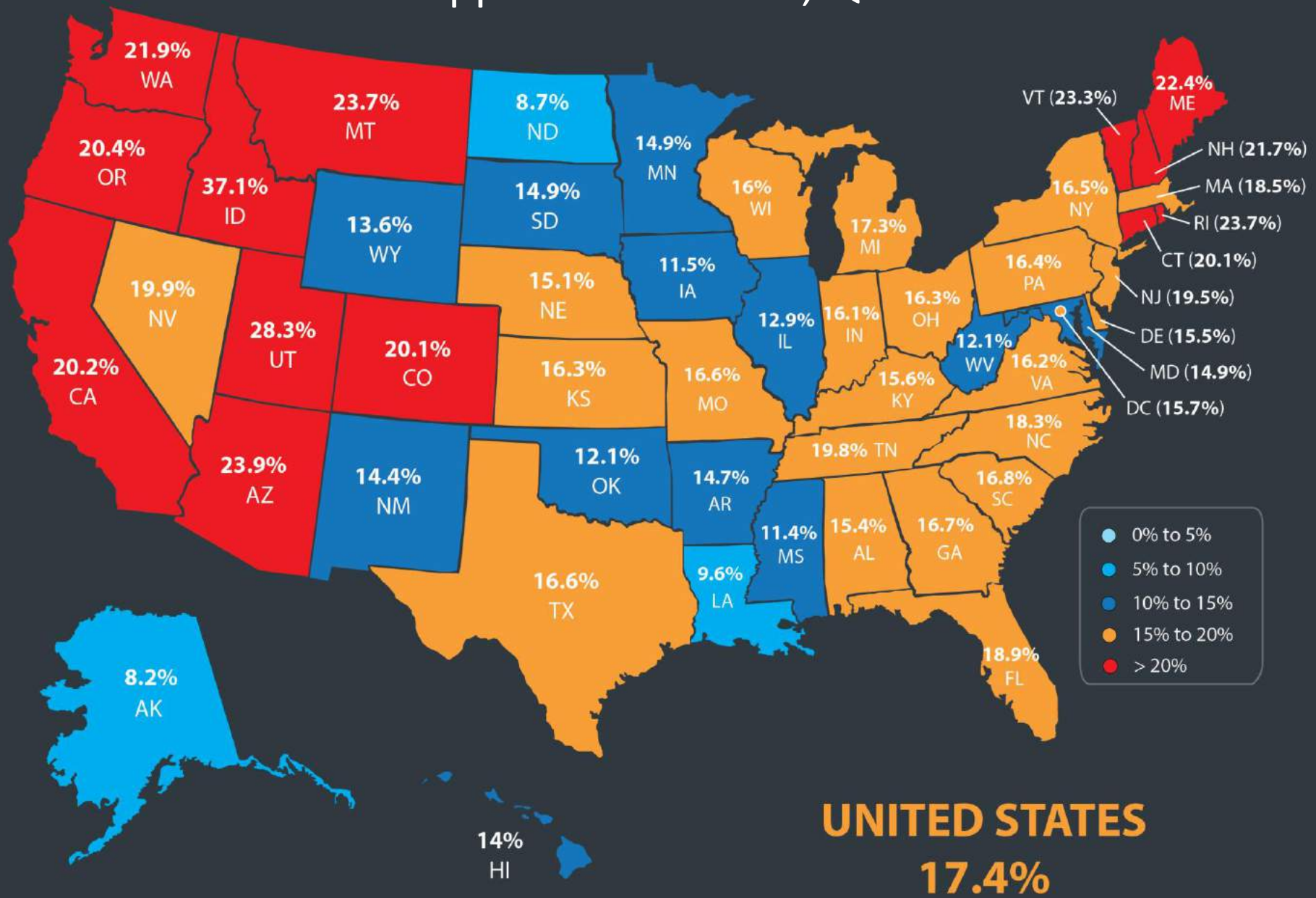
The CoreLogic
Home Price Insights Report

+18%

The S&P Case-Shiller U.S.
National Home Price Index

+19.7%

Price Appreciation – YOY, Q2 2021



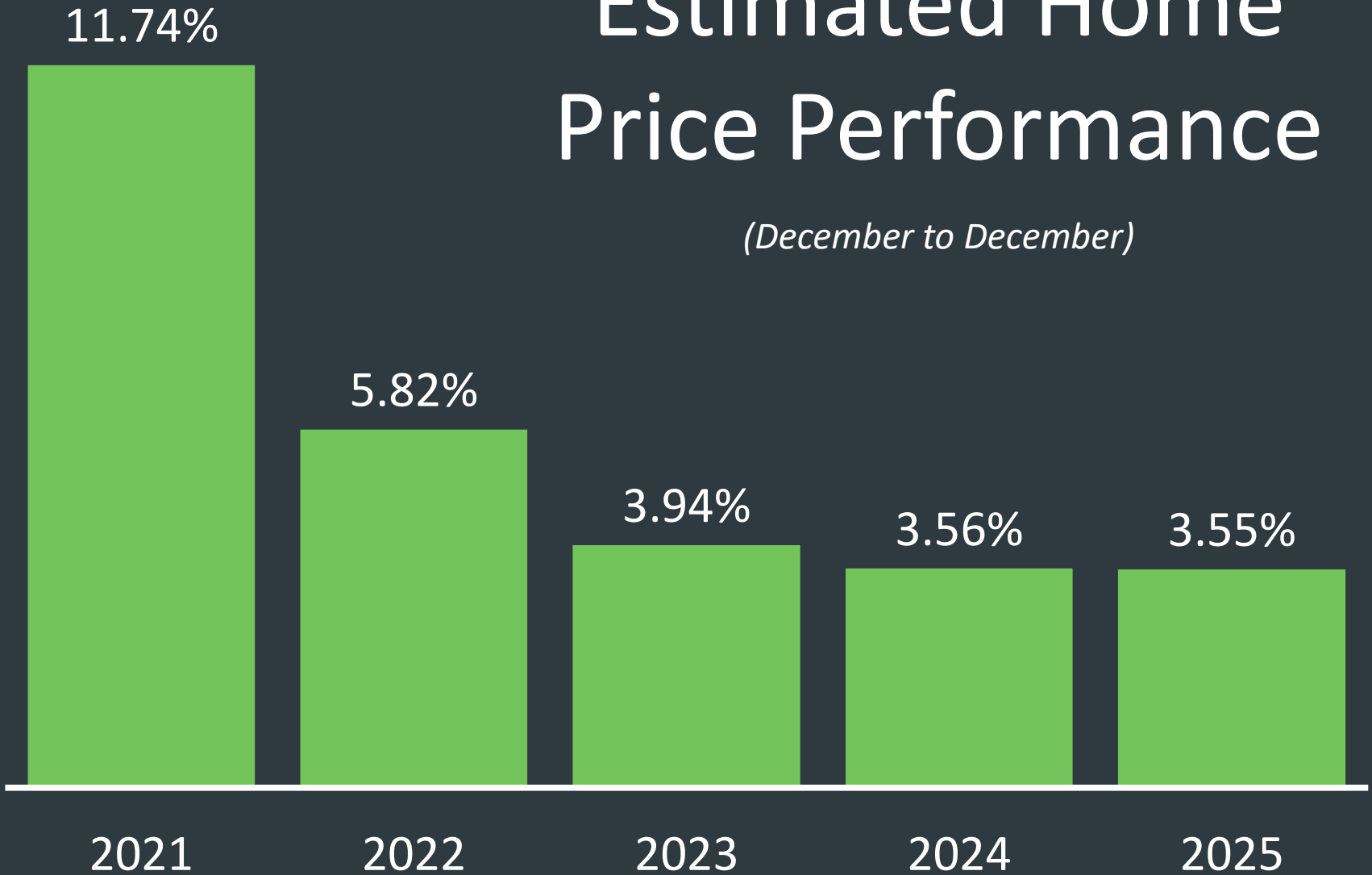
“Closings are set to decline roughly 10% year over year in 2nd half of 2021 and home price appreciation is on the cusp of flipping to a decelerating trend.”

Ivy Zelman
Zelman & Associates

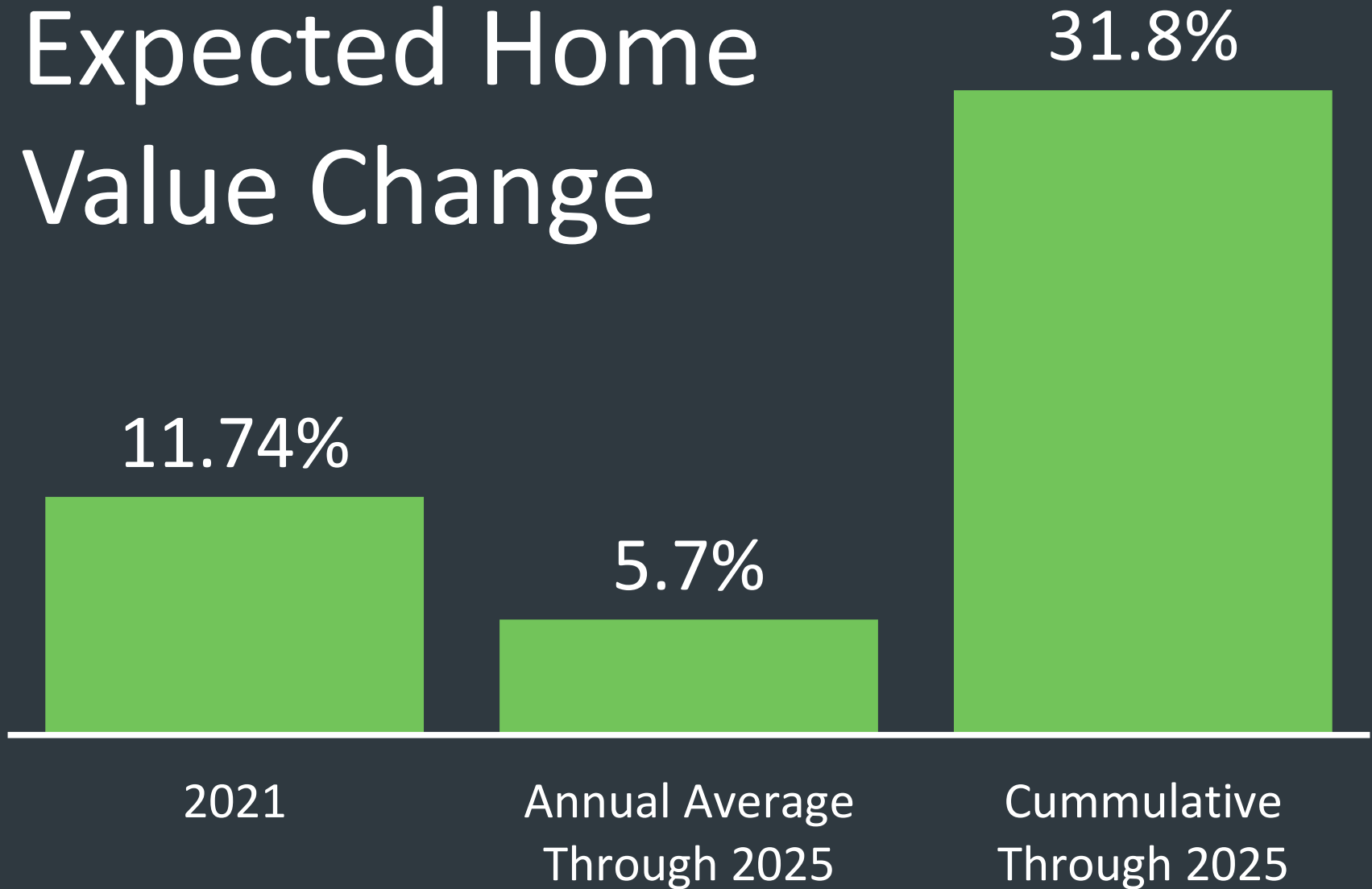


Estimated Home Price Performance

(December to December)



Expected Home Value Change





WHAT ABOUT THE 4TH QUARTER?

“Fall is usually the start of the slower season for the housing market, **but nothing is usual in today’s pandemic-driven housing market.** Potential homebuyers are seeing a slight rise in inventory and consequently rushing back into the fray.

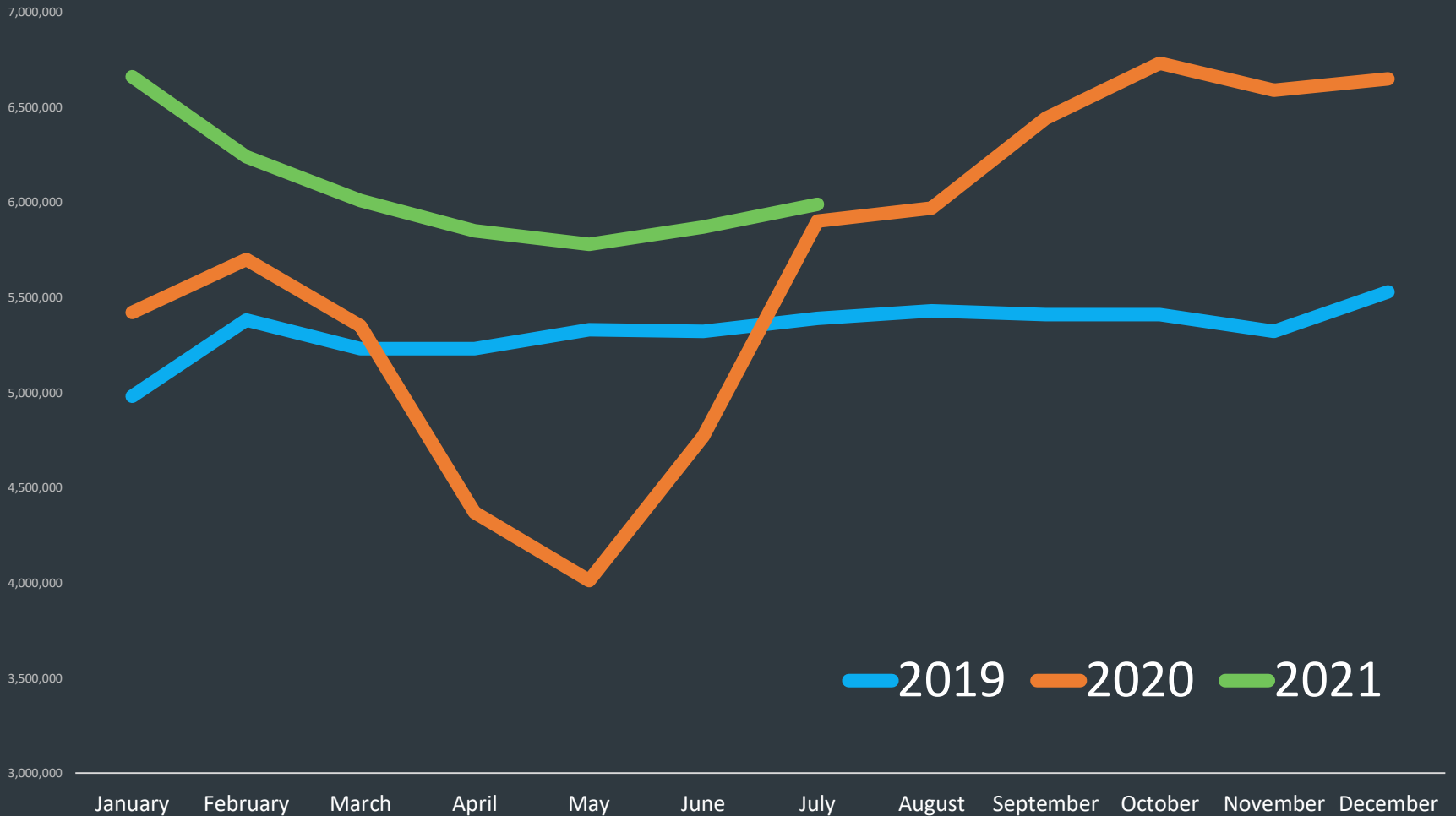
Mortgage applications to purchase a home jumped 7% last week from the previous week. . . . **That is the highest level since April of this year.**”

Diana Olick

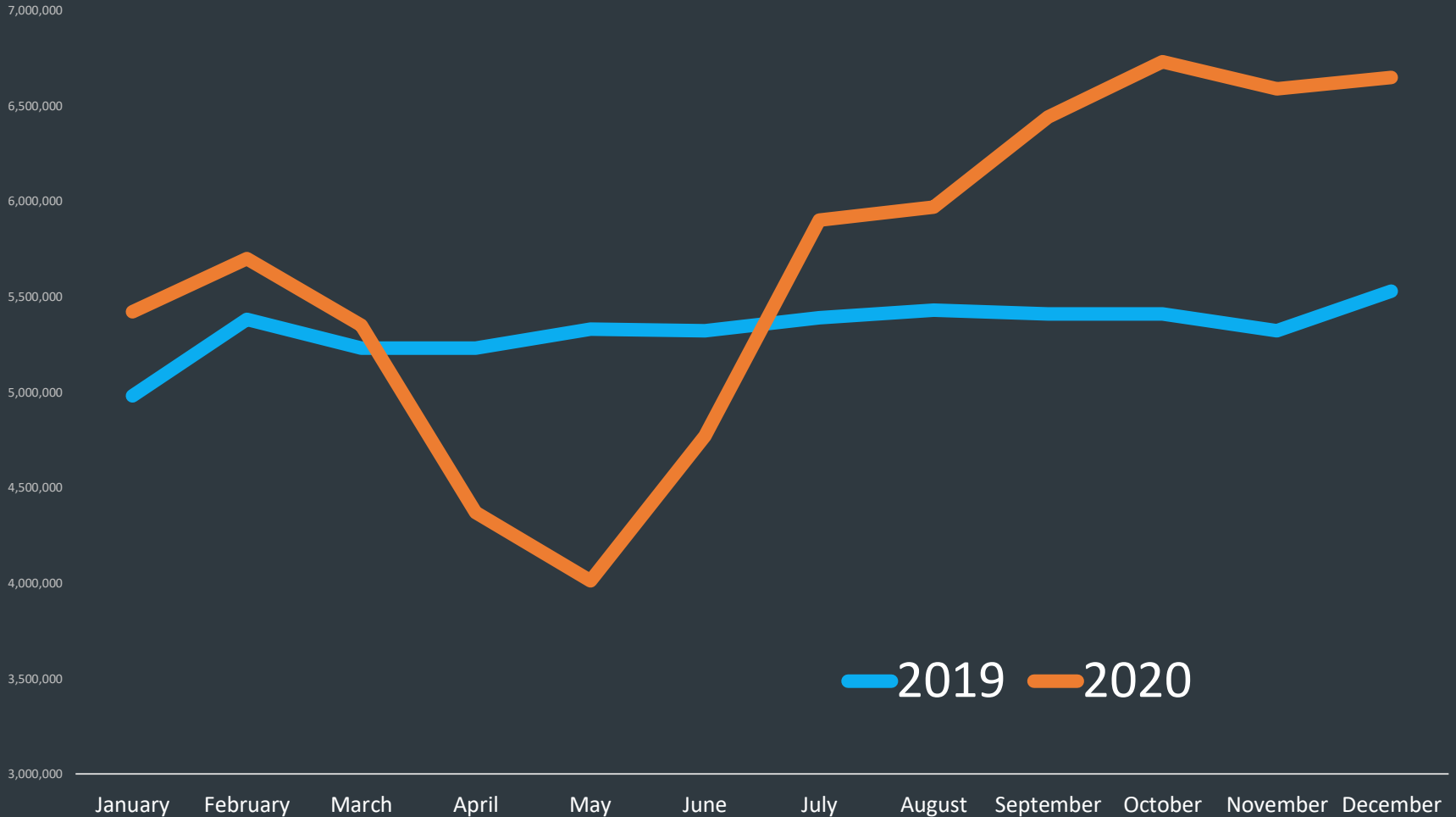
CNBC’s Real Estate Correspondent



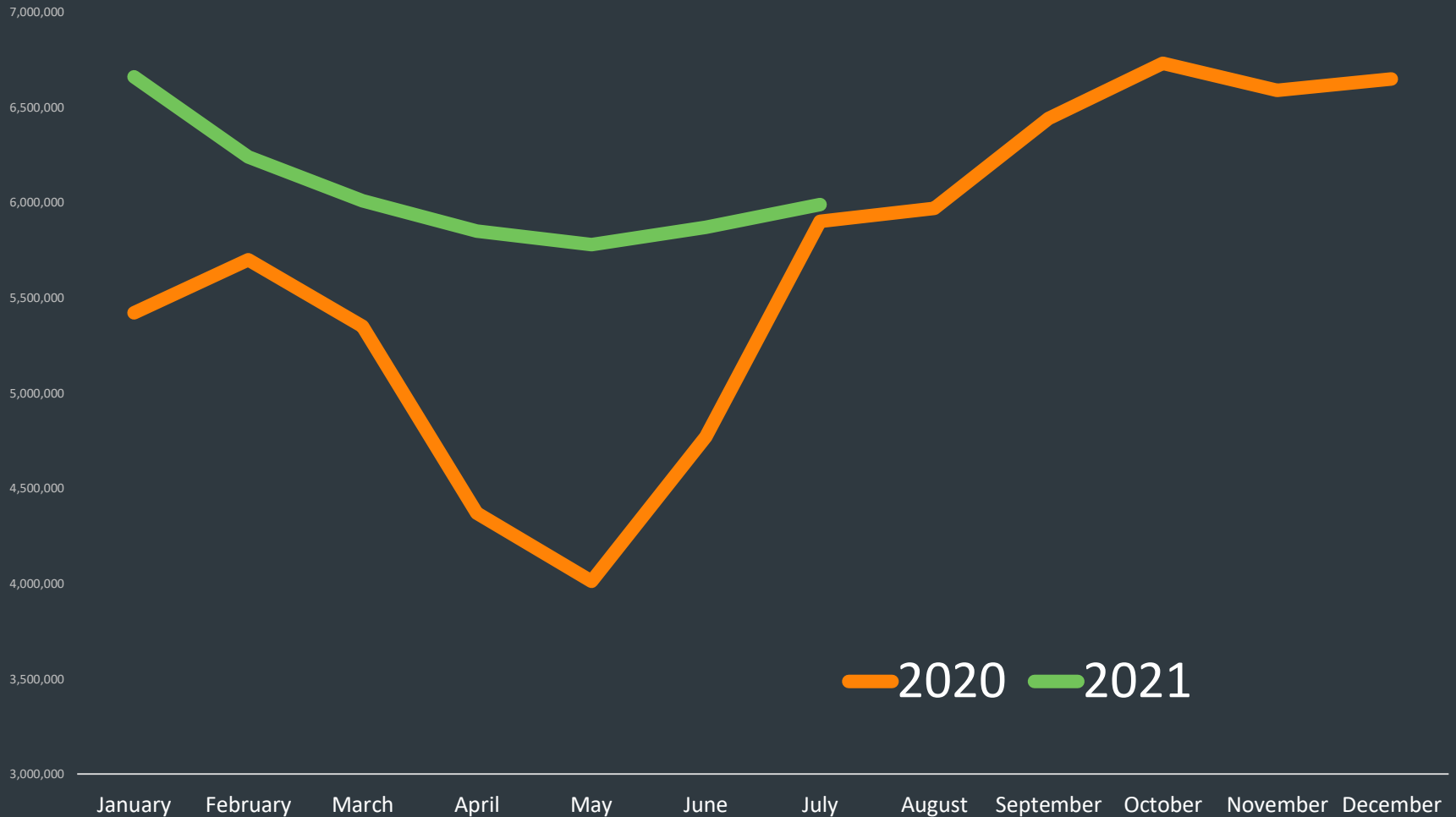
Home Sales Very Difficult To Forecast



2020 Was Nothing Like Normal 2019

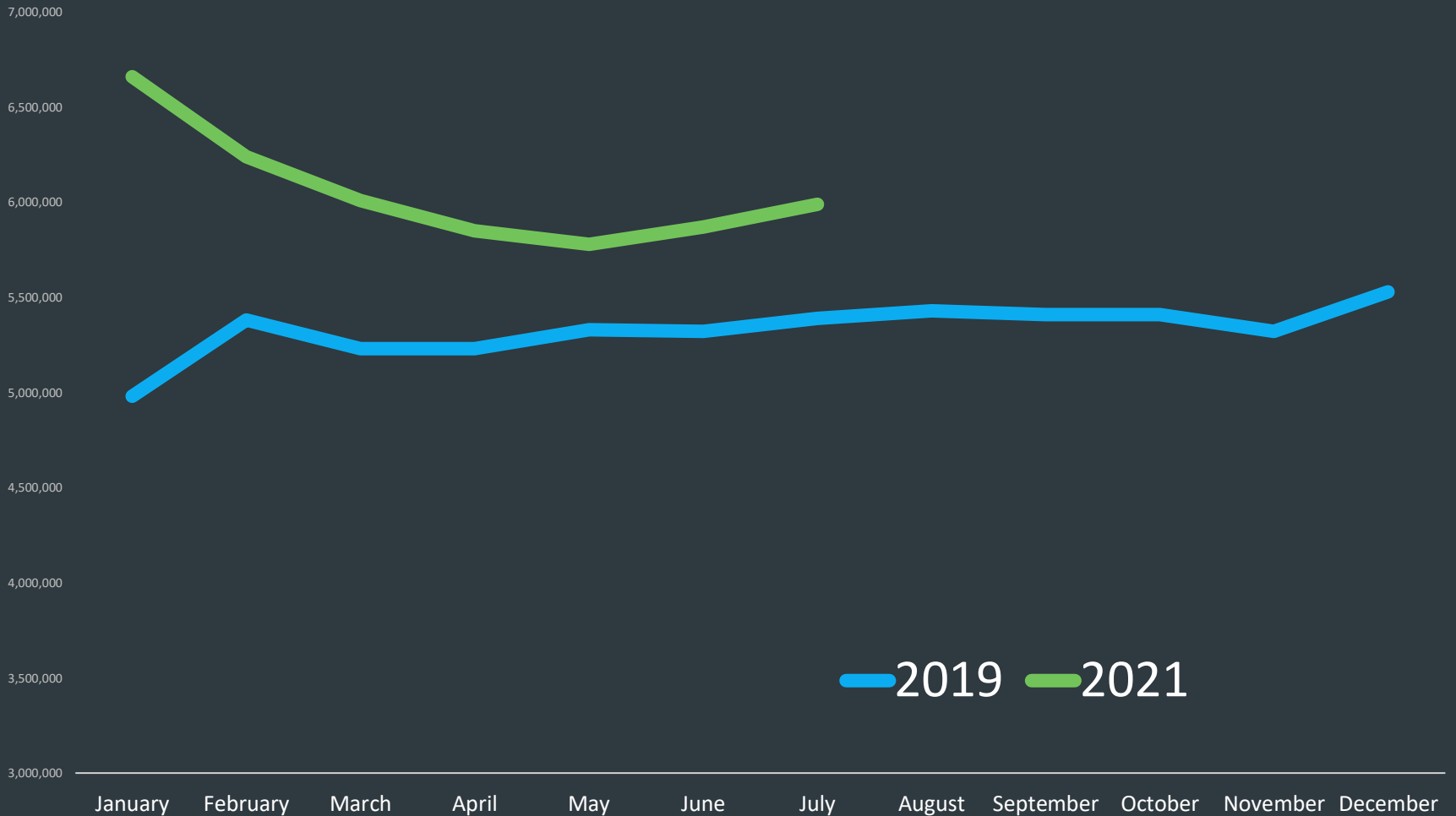


Why It Seems Things Are Slowing Down



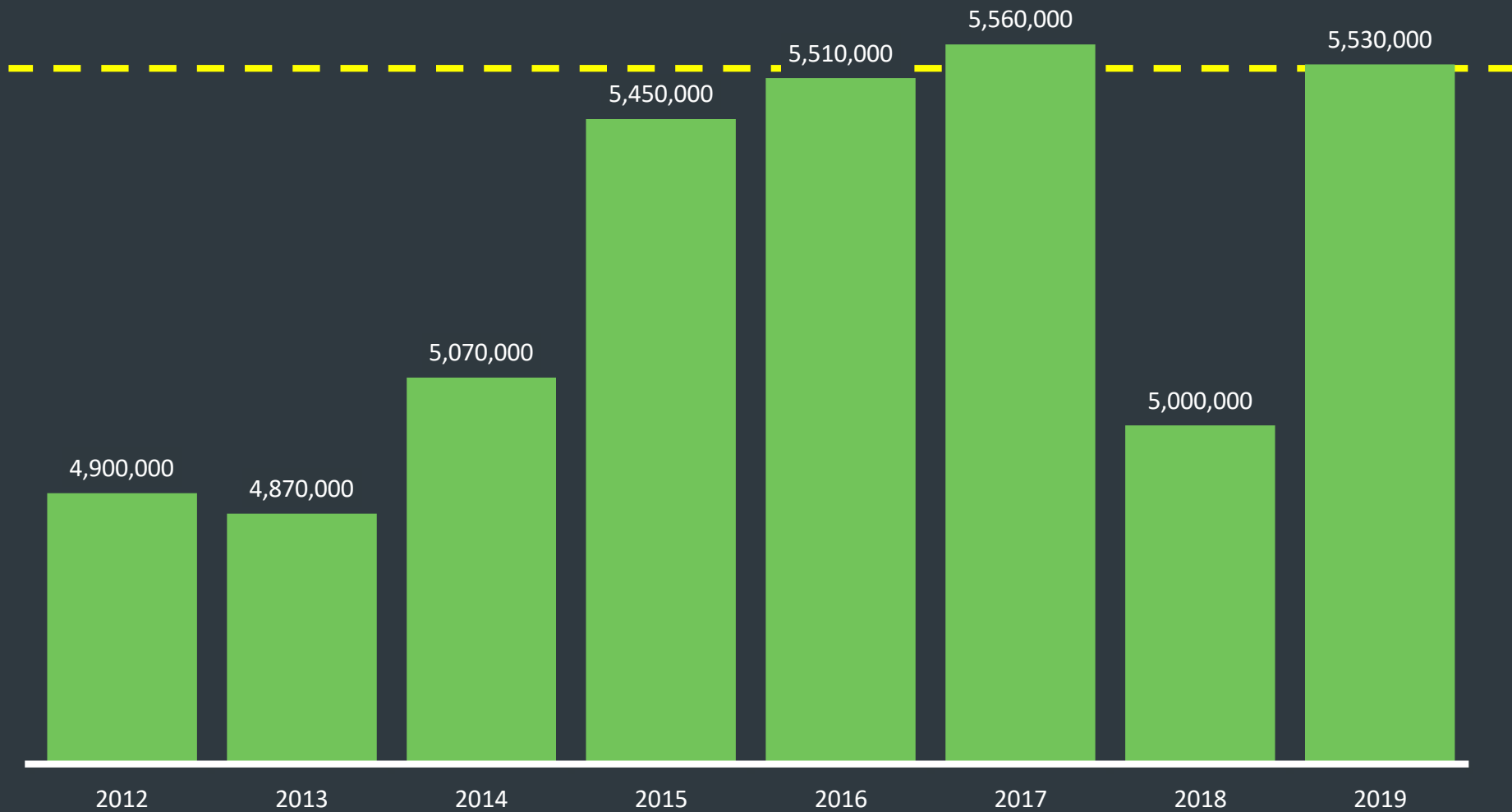
In Reality, We're Beating 2019...

which was a very good year

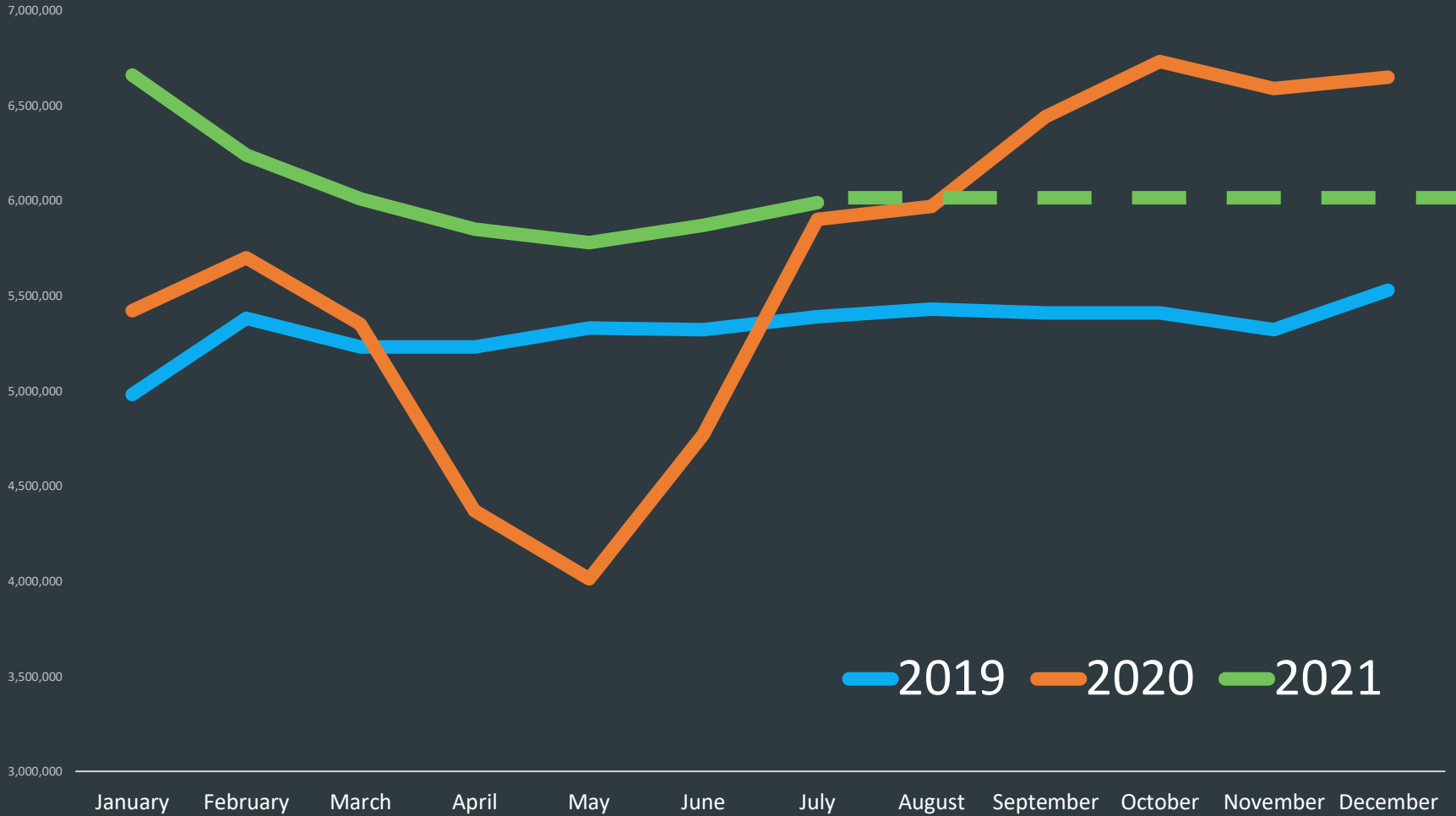


Existing Home Sales

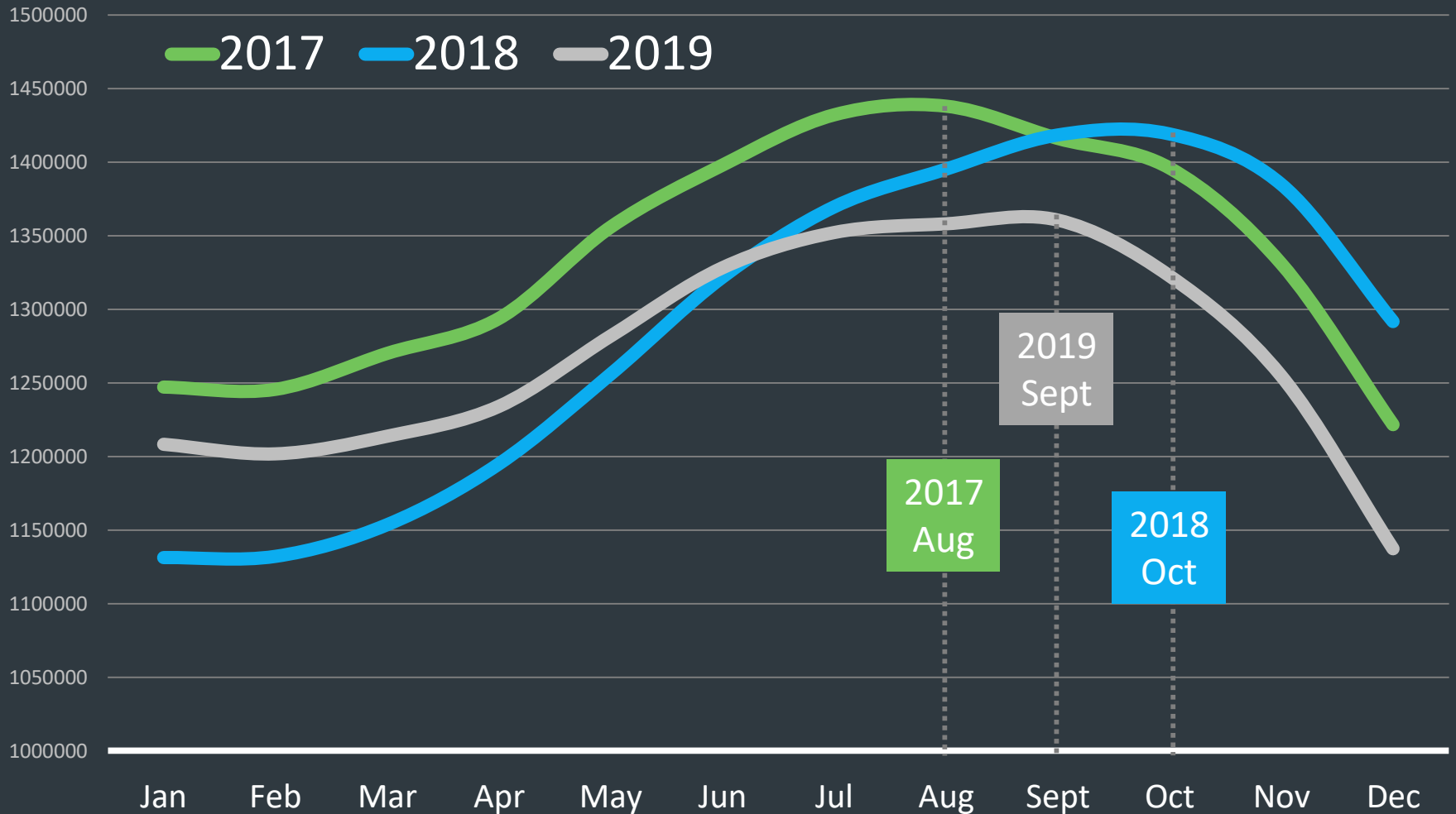
December numbers for each year



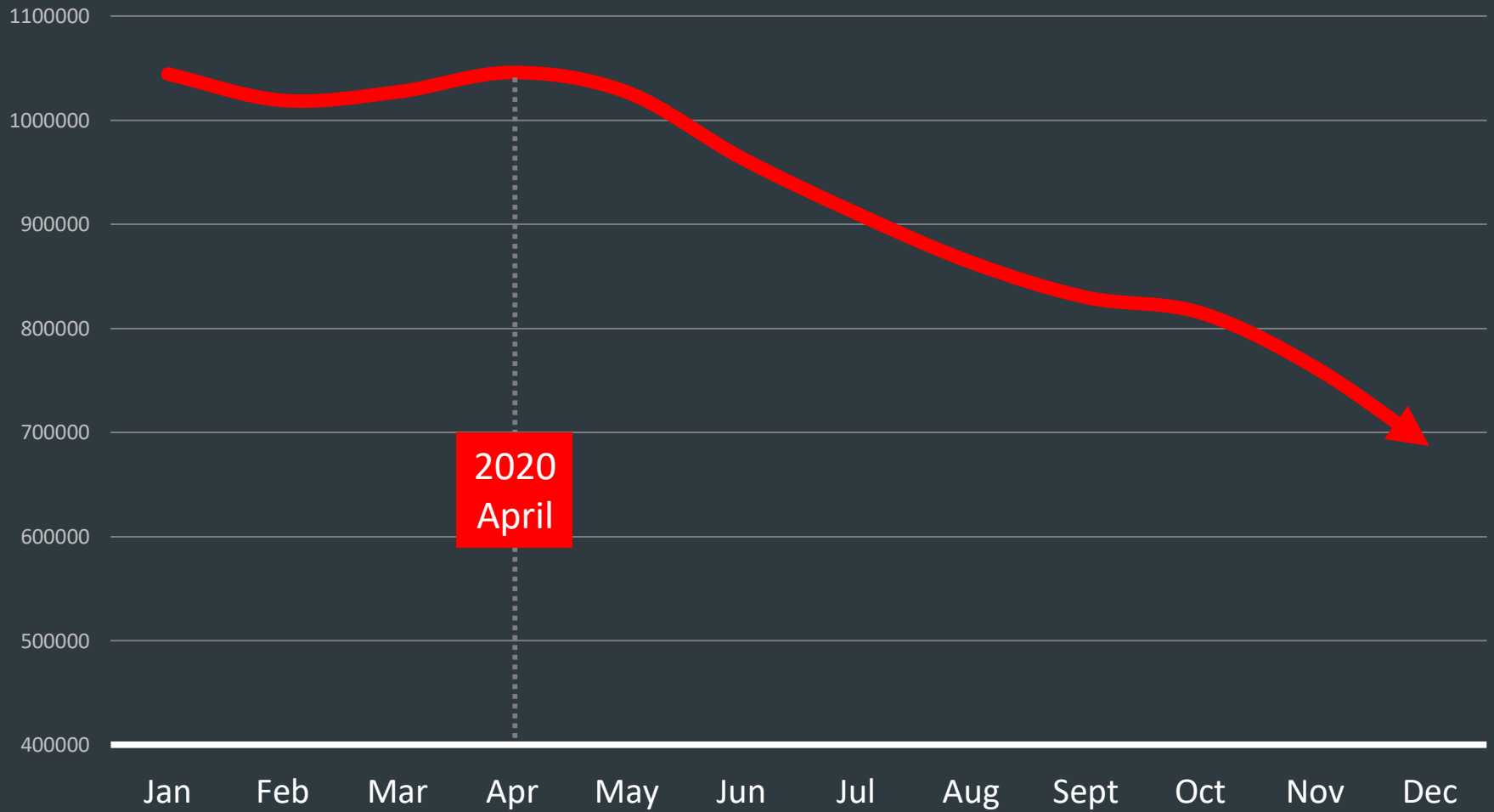
Home Sales Very Difficult To Forecast



Active Monthly Listing Count Peaks 2017-2019



Active Monthly Listing Count Peak 2020

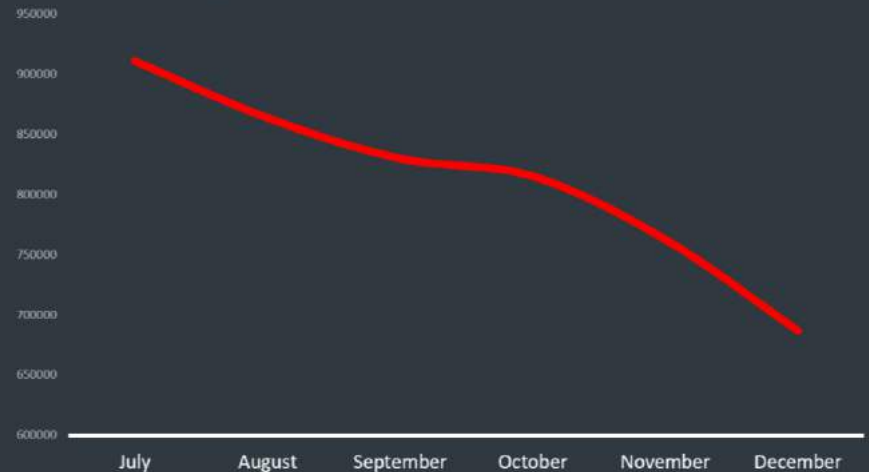


The Challenge Moving Forward:

Sales Last Half of 2020



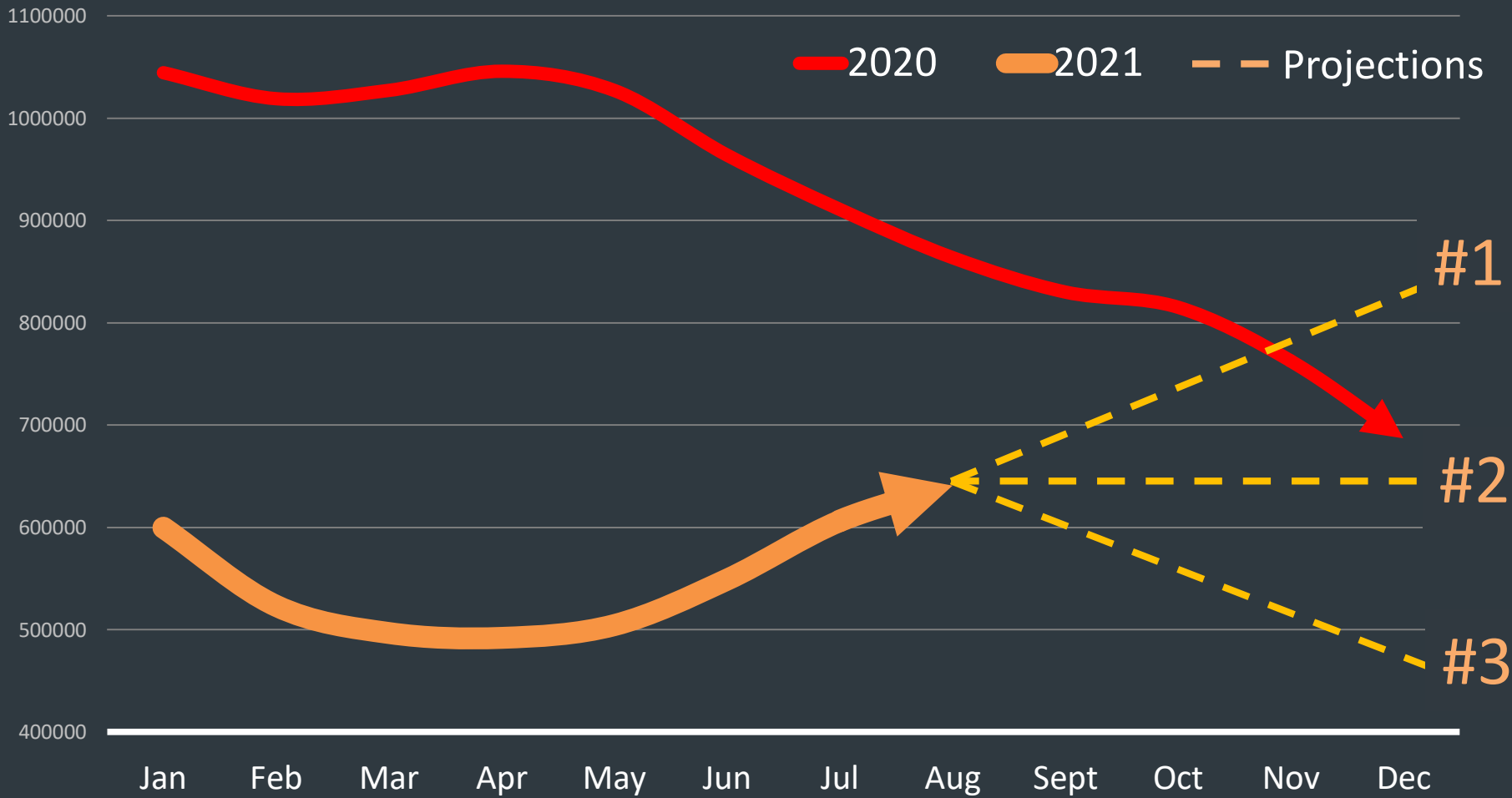
Listings Last Half of 2020



realtor.com

Closing the Listing Gap

When Will Listings Peak in 2021?



3 reasons listings may continue to increase throughout this fall and into the winter

- 1. Pent-up Selling Demand** - Homeowners may be more comfortable putting their homes on the market as more and more Americans are getting vaccinated.
- 2. New Construction Is Starting To Take Off** – There will be more options for current homeowners to consider when they sell. The lack of options has slowed many potential sellers in the past.
- 3. The End of Forbearance Will Create New Listings** – The end of the forbearance program will not lead to a wave of foreclosures for several reasons. Instead of going to foreclosure, homeowners will be able to sell their homes and have enough equity to more than cover the expenses of selling.

INTEREST RATES



OCTOBER 2021

“The single biggest risk to housing—**rising mortgage rates**—is a real possibility in the next year, and that could bring prices down. Further, other economic, financial, and confidence challenges could also result in a drop or flattening of home prices, even with solid buyers in place. But a drop or flattening in home prices is a far cry from the crash we saw during the Great Recession.”

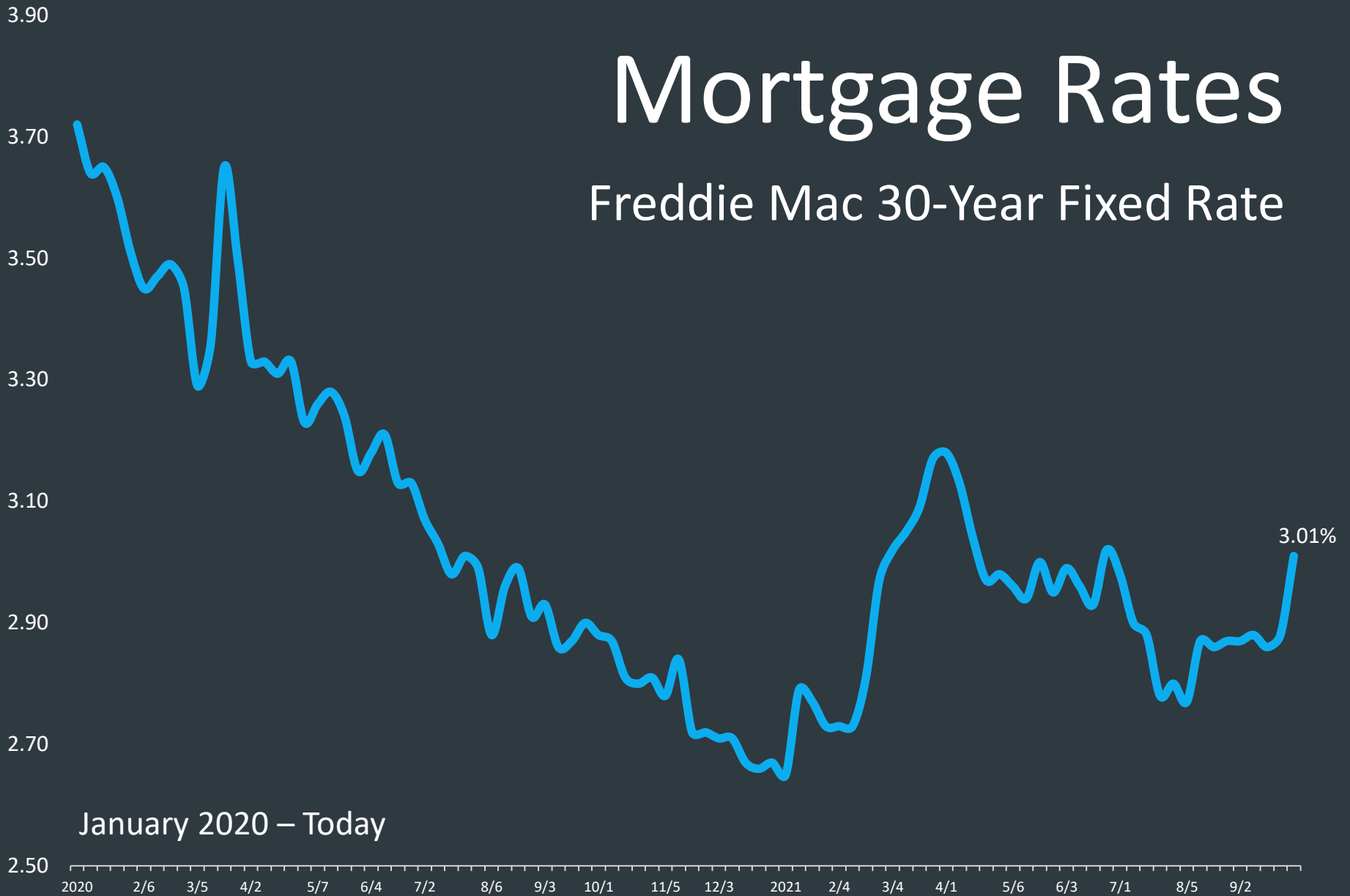
Ali Wolf

Chief Economist at Zonda



Mortgage Rates

Freddie Mac 30-Year Fixed Rate



January 2020 – Today

Mortgage Rates Jump Above Three Percent

“Many factors led to this increase, including the Federal Reserve communicating that it will taper its support of the capital markets, the broadening of inflation and emerging energy supply shortages which compound other labor and materials shortages.”

Sam Khater

Chief Economist at Freddie Mac



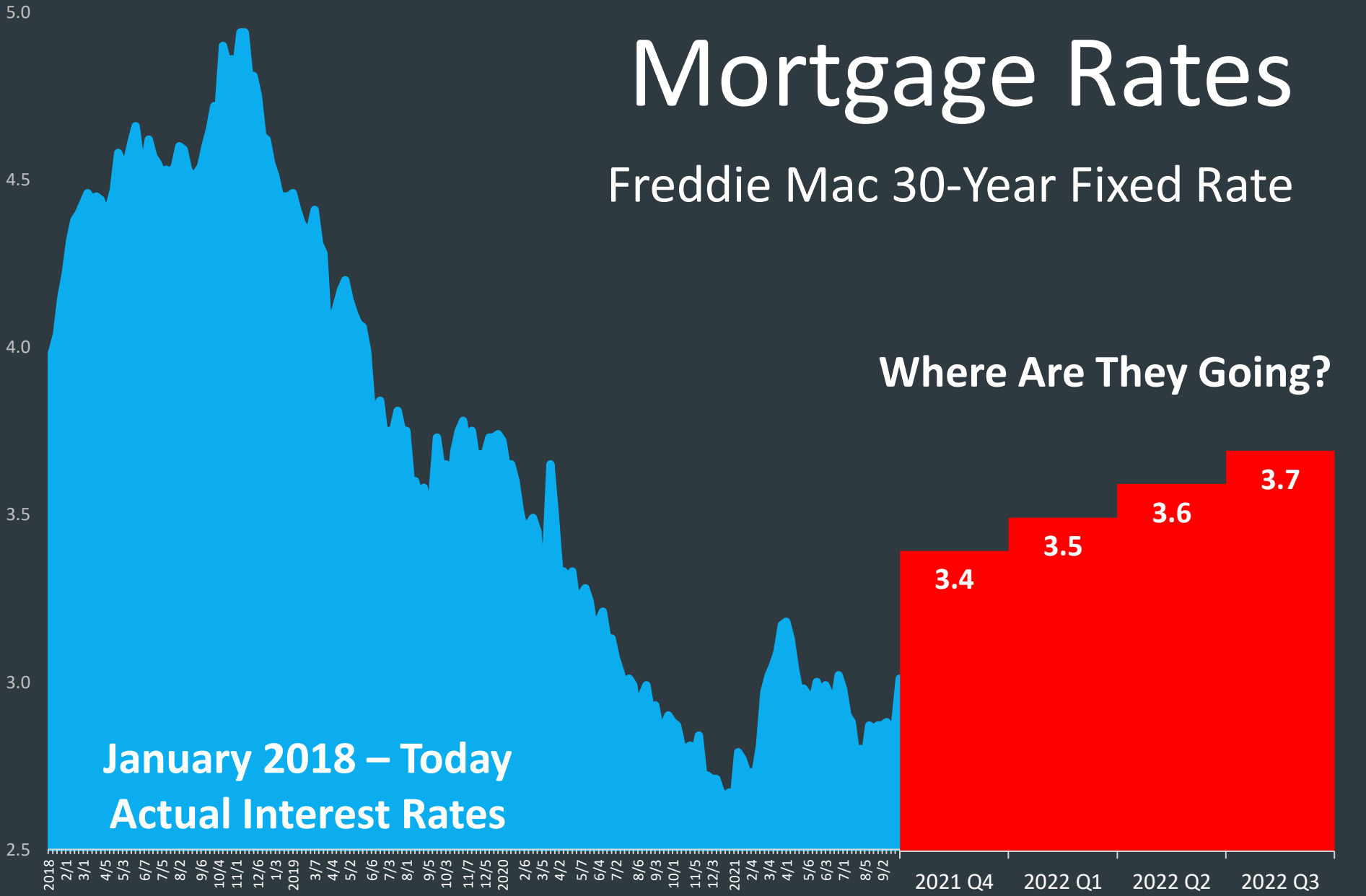
Mortgage Rate Projections

Quarter	Freddie Mac	Fannie Mae	MBA	NAR	Average of All Four
2021 4Q	3.4	2.9	3.1	3.3	3.18%
2022 1Q	3.5	3.0	3.4	3.4	3.33%
2022 2Q	3.6	3.1	3.6	3.5	3.45%
2022 3Q	3.7	3.1	3.8	3.6	3.55%

Mortgage Rates

Freddie Mac 30-Year Fixed Rate

Where Are They Going?



The Cost of Waiting

Buyer's Purchasing Power

Monthly Mortgage Payment (Principal and Interest)

		HOME LOAN AMOUNT				
		\$400,000	\$380,000	\$360,000	\$340,000	\$320,000
MORTGAGE INTEREST RATE	4.00%	\$1,910	\$1,814	\$1,719	\$1,623	\$1,528
	3.75%	\$1,852	\$1,760	\$1,667	\$1,575	\$1,482
	3.50%	\$1,796	\$1,706	\$1,617	\$1,527	\$1,437
	3.25%	\$1,741	\$1,654	\$1,567	\$1,480	\$1,393
	3.00%	\$1,686	\$1,602	\$1,518	\$1,433	\$1,349
	2.75%	\$1,633	\$1,551	\$1,470	\$1,388	\$1,306

Principal and interest payments rounded to the nearest dollar. Total monthly payment may vary based on loan specifications such as property taxes, insurance, HOA dues, and other fees. Interest rates used here are informational and for marketing purposes only. Consult your licensed Mortgage Advisor for current rates.

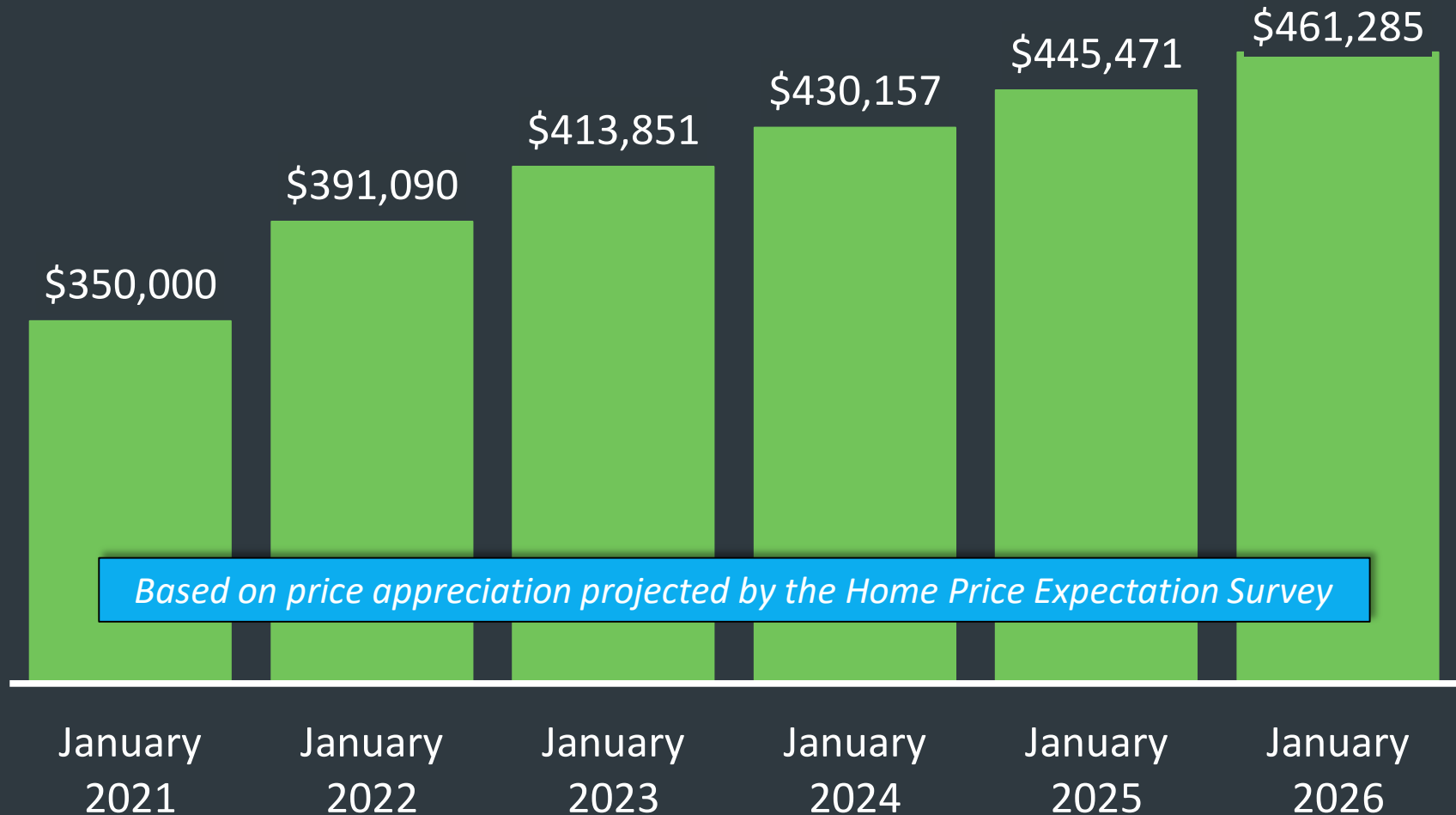
“Homeownership is one of the fundamental keys to accumulating wealth in America—hence why it has been integrally linked to achieving the American Dream...Not only can owning a home provide a roof over your head and a secure place to live, but because mortgage payments generally remain fixed while rents may rise over time, a home can also be a very effective hedge against inflation. Together, these features can give homeowners an enormous advantage over renters when it comes to accumulating wealth.”

DS News



\$111,285

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	McBride Quote	Subscriber Email
3	July 2021 YOY House Appreciation	https://www.corelogic.com/intelligence/u-s-home-price-insights/ https://www.fhfa.gov/AboutUs/Reports/ReportDocuments/FHFA-HPI-Monthly_9282021.pdf https://www.spglobal.com/spdji/en/documents/indexnews/announcements/20210928-1443774/1443774_cshomeprice-release-0928.pdf
4	Price Appreciation Map	https://www.fhfa.gov/DataTools/Tools/Pages/House-Price-Index-(HPI).aspx
5	Zelman Quote	Subscriber Email
6-7	Home Price Expectations	https://pulsenomics.com/surveys/#home-price-expectations
9	Olick Quote	https://www.cnbc.com/2021/09/15/mortgage-demand-from-homebuyers-jumps-to-highest-level-since-april-after-new-listings-rise-all-summer.html
10-13 15-19	Home Sales & Listings	https://www.realtor.com/research/data/

Resources

Slide	Slide Title	Link
22	Wolf Quote	https://fortune.com/2021/09/09/housing-bubble-2008-market-correction-great-recession/
23	Mortgage Rates	http://www.freddiemac.com/pmms
24	Khater Quote	https://freddiemac.gcs-web.com/node/23711/pdf
25	Mortgage Rate Projections	http://www.freddiemac.com/research/forecast/20210715_quarterly_economic_forecast.page? https://www.fanniemae.com/media/41126/display https://www.mba.org/news-research-and-resources/research-and-economics/forecasts-and-commentary https://cdn.nar.realtor/sites/default/files/documents/forecast-q3-2021-us-economic-outlook-07-29-2021_1.pdf
26	Freddie Mac Rates	http://www.freddiemac.com/pmms/pmms_archives.html http://www.freddiemac.com/research/forecast/20210715_quarterly_economic_forecast.page?
28	DS News	https://dsnews.com/daily-dose/09-09-2021/changing-the-meaning-of-equity-in-the-housing-industry
29	Potential Growth in Household Wealth	https://pulsenomics.com/surveys/#home-price-expectations