

TWENTY TWENTY TWO



July

Housing Update

Economic Slowdown





Recession Fears Surge Among CEOs Survey Suggests

Three-quarters of global CEOs say we are in a recession or will be in the next 12-18 months, according to a new survey.

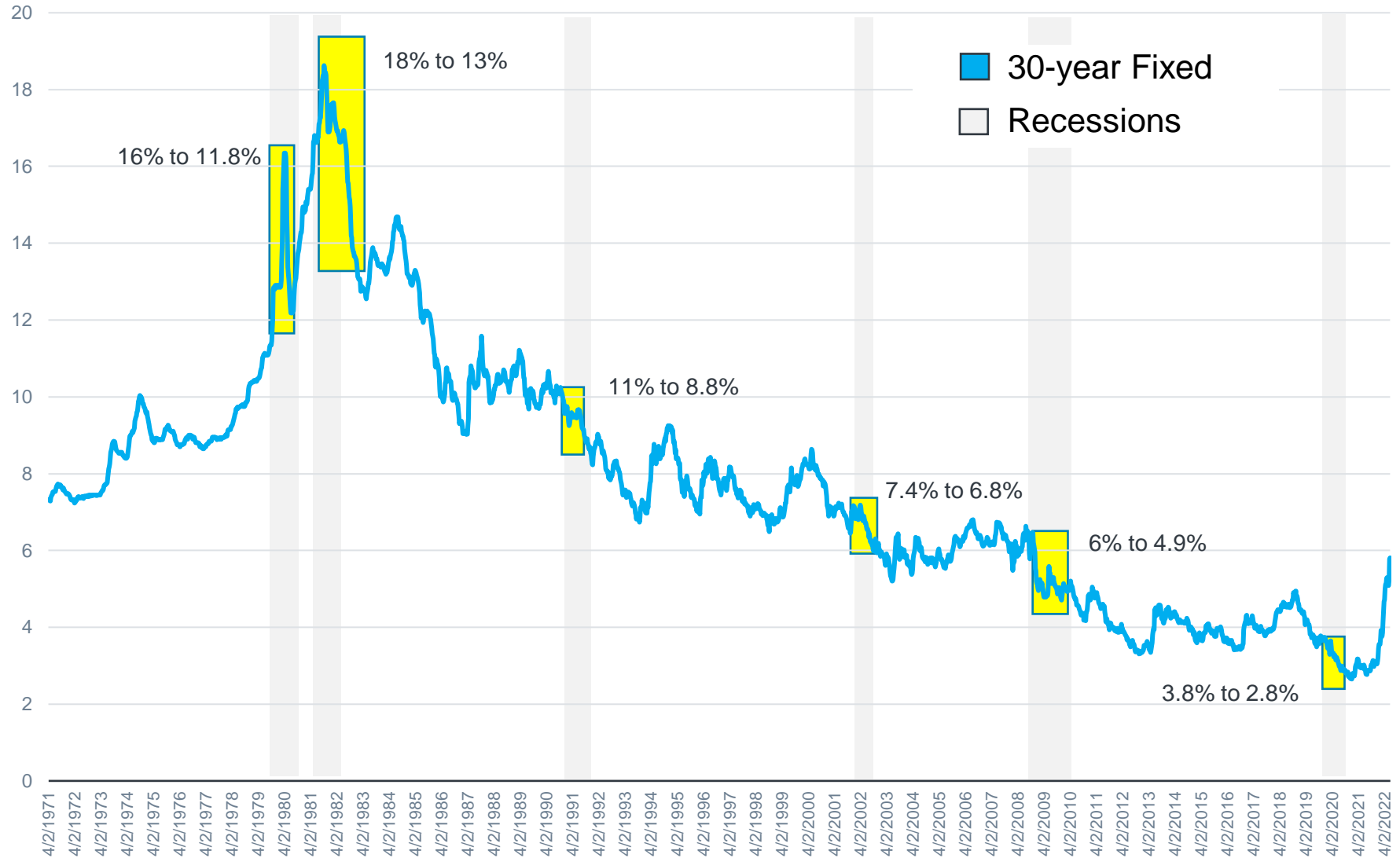
- The Wall Street Journal









Throughout history, during a recessionary period, interest rates go up at the beginning of the recession. But in order to come out of a recession, interest rates are lowered to stimulate the economy moving forward. **Historically, we have seen a repeated uptick in interest rates followed by lowered interest rates.**

- Mortgage Specialist

Mortgage Rates & Recessions



Mortgage Rates & Recessions

Name	Period Range	Duration (months)	Mortgage Rates
1980 Recession	Jan 1980 – July 1980	6 months	16% to 11.8% 
1981–1982 Recession	July 1981 – Nov 1982	1 year, 4 months	18% to 13% 
Early 1990s Recession	July 1990 – Mar 1991	8 months	11% to 8.8% 
Early 2000s Recession	Mar 2001 – Nov 2001	8 months	7.4% to 6.8% 
Great Recession	Dec 2007 – June 2009	1 year, 6 months	6% to 4.9% 
COVID-19 Recession	Feb 2020 – April 2020	2 months	3.8% to 2.8% 

Source: Wikipedia, Mortgage Specialist



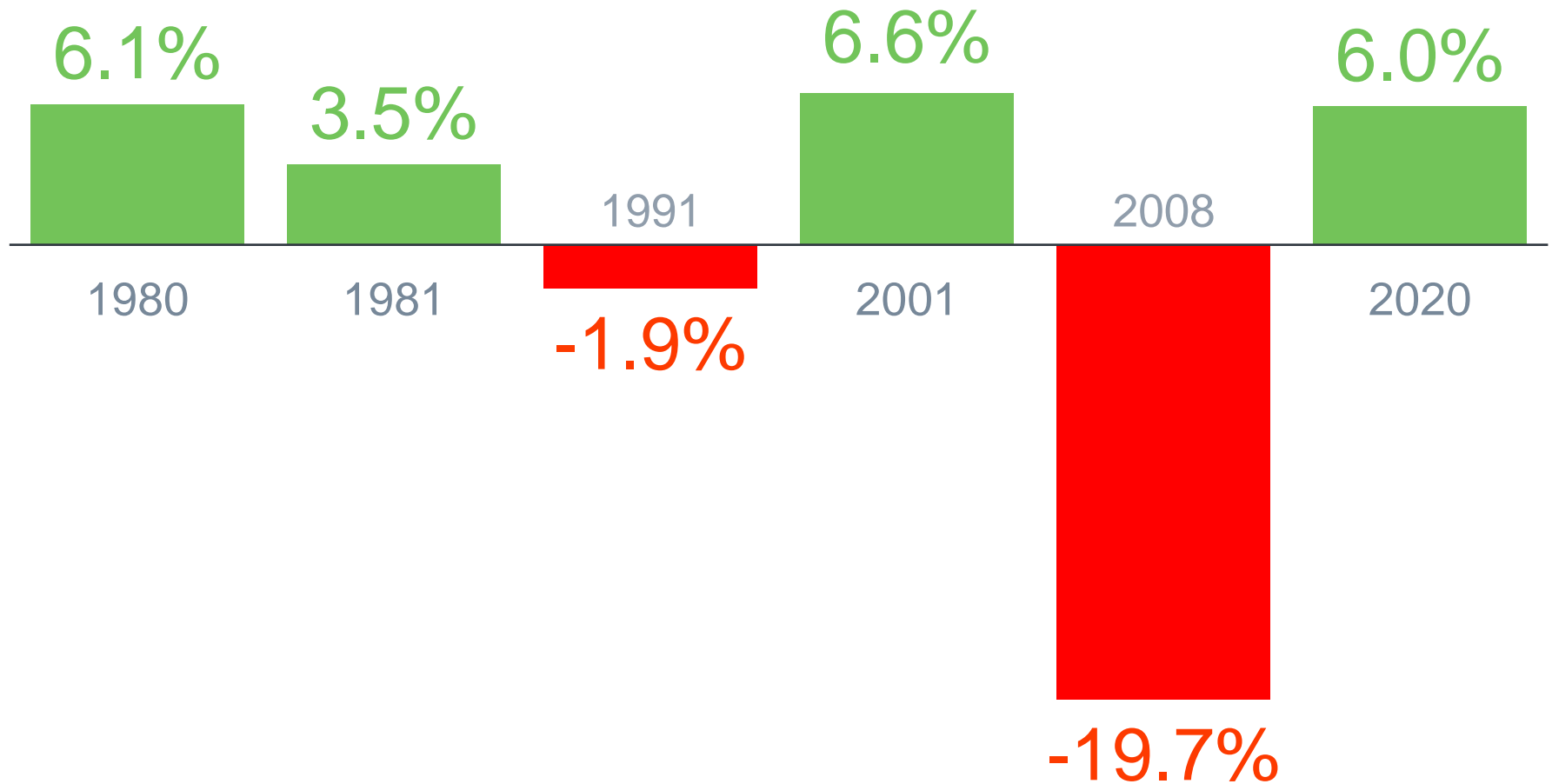
Over the past five recessions, mortgage rates have fallen an average of 1.8 percentage points from the peak seen during the recession to the trough.

And in many cases, they continued to fall after the fact as it takes some time to turn things around even when the recession is technically over.

- Fortune

Recession Doesn't Equal a Housing Crisis

Home Price Change During Last 6 Recessions



Inventory Update



The Breakdown

1. Offers Received



2. Offers over Asking



3. Sales



4. Inventory





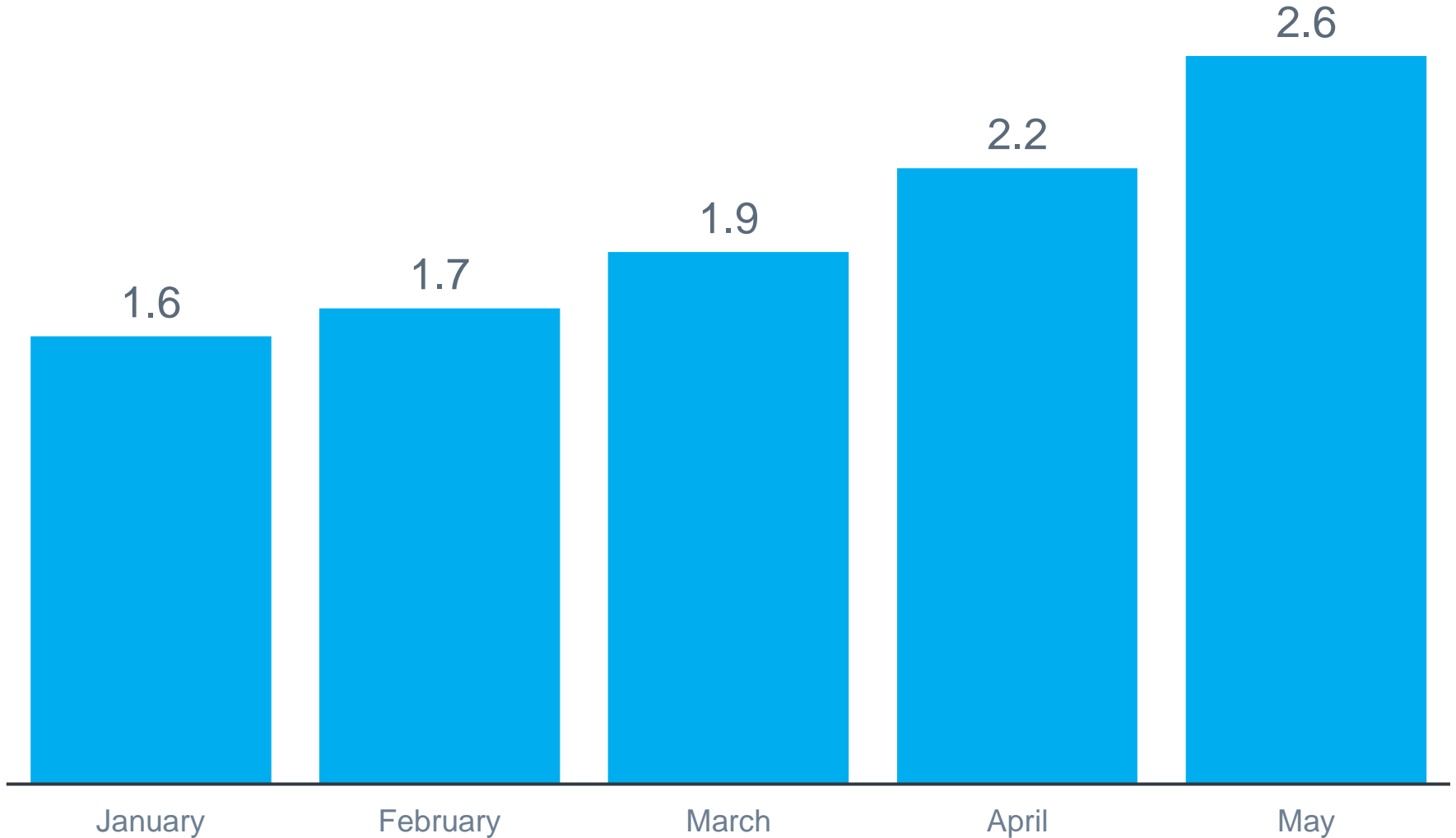
There has been a pickup in the inventory that we've seen recently, but it's not from a big increase in new listings . . . but rather a slowdown in the pace of sales.

And remember that months' supply measures the inventory of sale relative to the pace of sales. Same inventory, fewer sales, means more months' supply.

- Mark Fleming, Chief Economist, First American

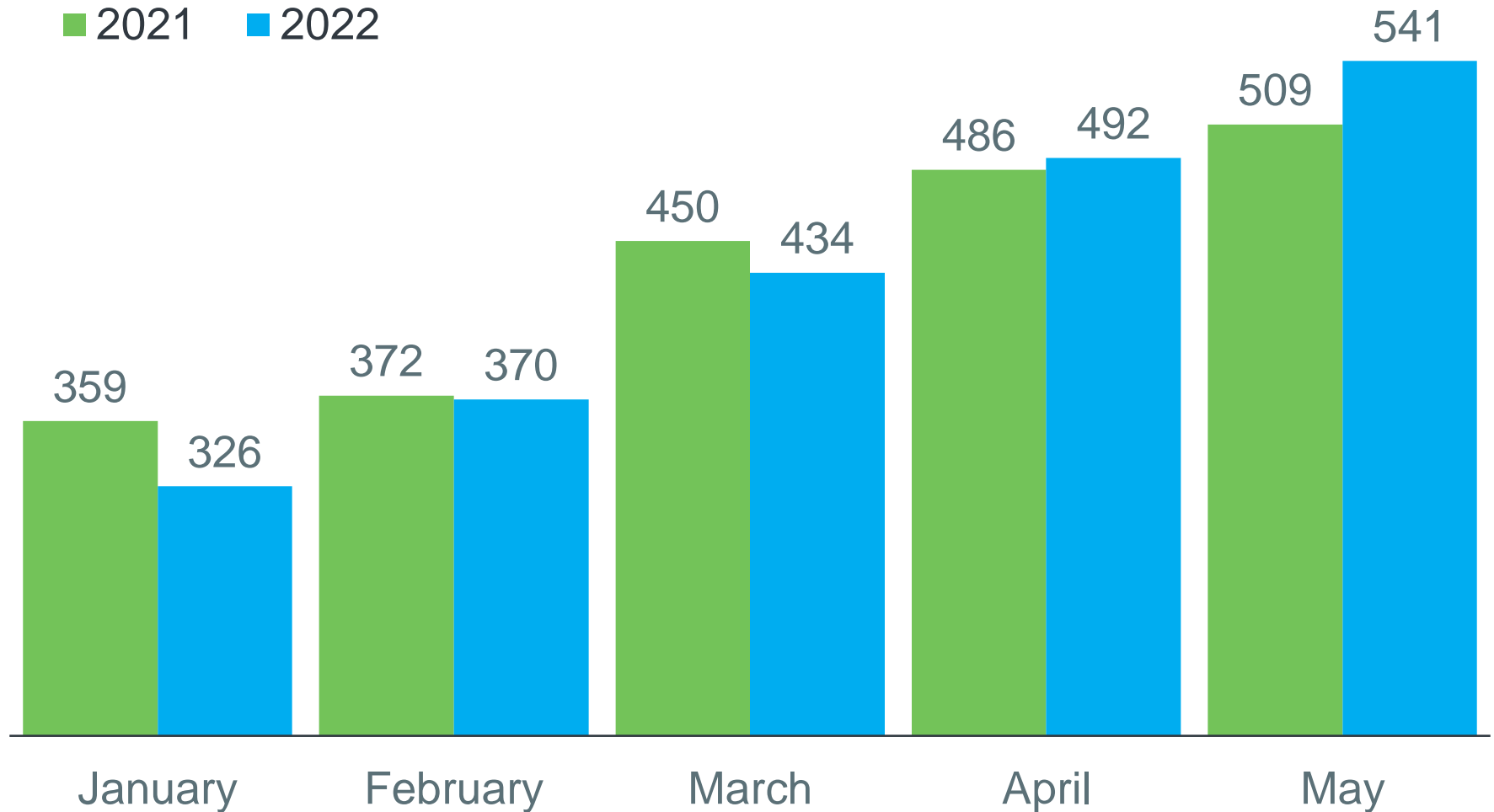
Months Inventory of Homes for Sale

January – May 2022



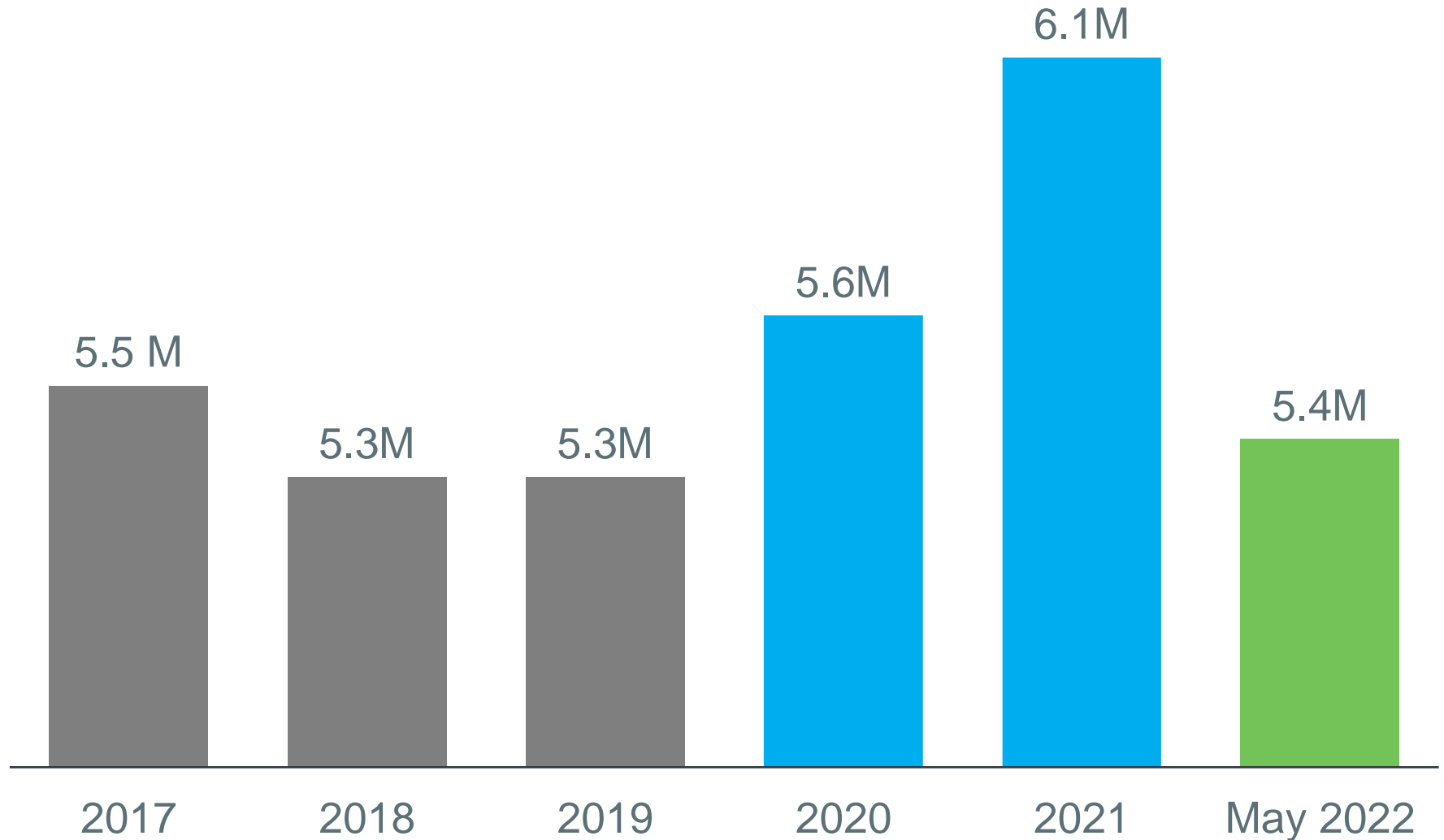
New Monthly Listing Counts

In Thousands



Existing Home Sales

Seasonally Adjusted Annual Rate (in Millions)





Home sales have essentially **returned to the levels seen in 2019** – prior to the pandemic – after two years of gangbuster performance.

- Lawrence Yun, Chief Economist, NAR

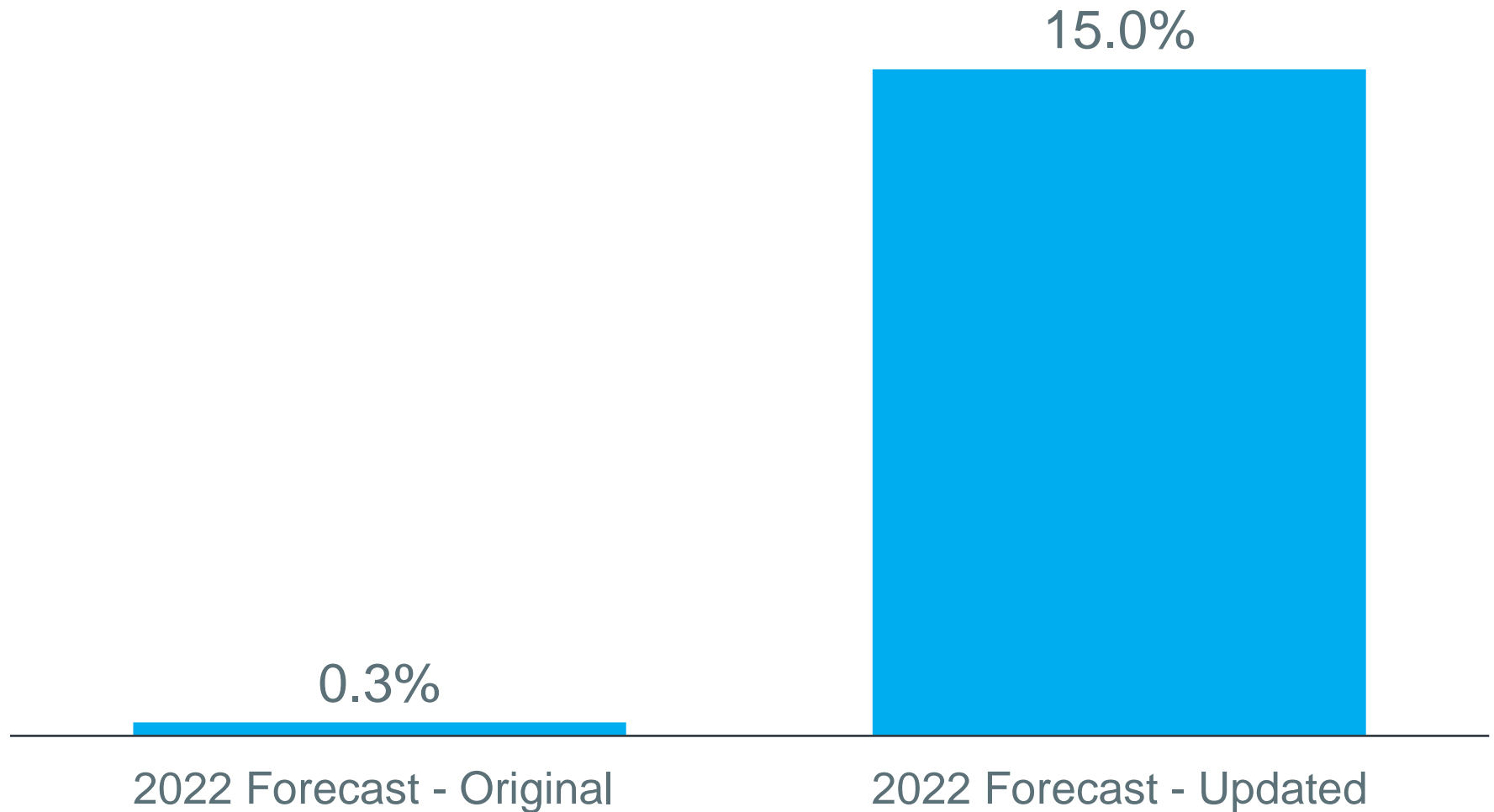


Active inventory continued to grow, rising 21% above one year ago. . . .

In other words, we're starting to add more options, but the market needs even more before home shoppers have a selection that's roughly equivalent to the pre-pandemic housing market.

- Danielle Hale, Chief Economist, Realtor.com

2022 Forecast Update: Inventory





We should start to see less competition, fewer bidding wars and, therefore, less upward price pressure. In fact, a simple analysis shows that a one-month increase in the months' supply results in a 3% decline in annualized house price growth. And our preliminary house price index is already **showing moderation in house prices in April.**

- Mark Fleming, Chief Economist, First American

Should I buy a home right now?



National and Local Headlines:

FINANCE • HOUSING

The cooling housing market enters into the Great Deceleration

BY LANCE LAMBERT
May 28, 2022 4:05 AM EDT

Home prices decelerate, as the housing market downshifts

by Liz Hughes June 02, 2022

REAL ESTATE

Buying a home at the wrong time can backfire big time. Here's why it may pay to wait.

Maurie Backman The Motley Fool

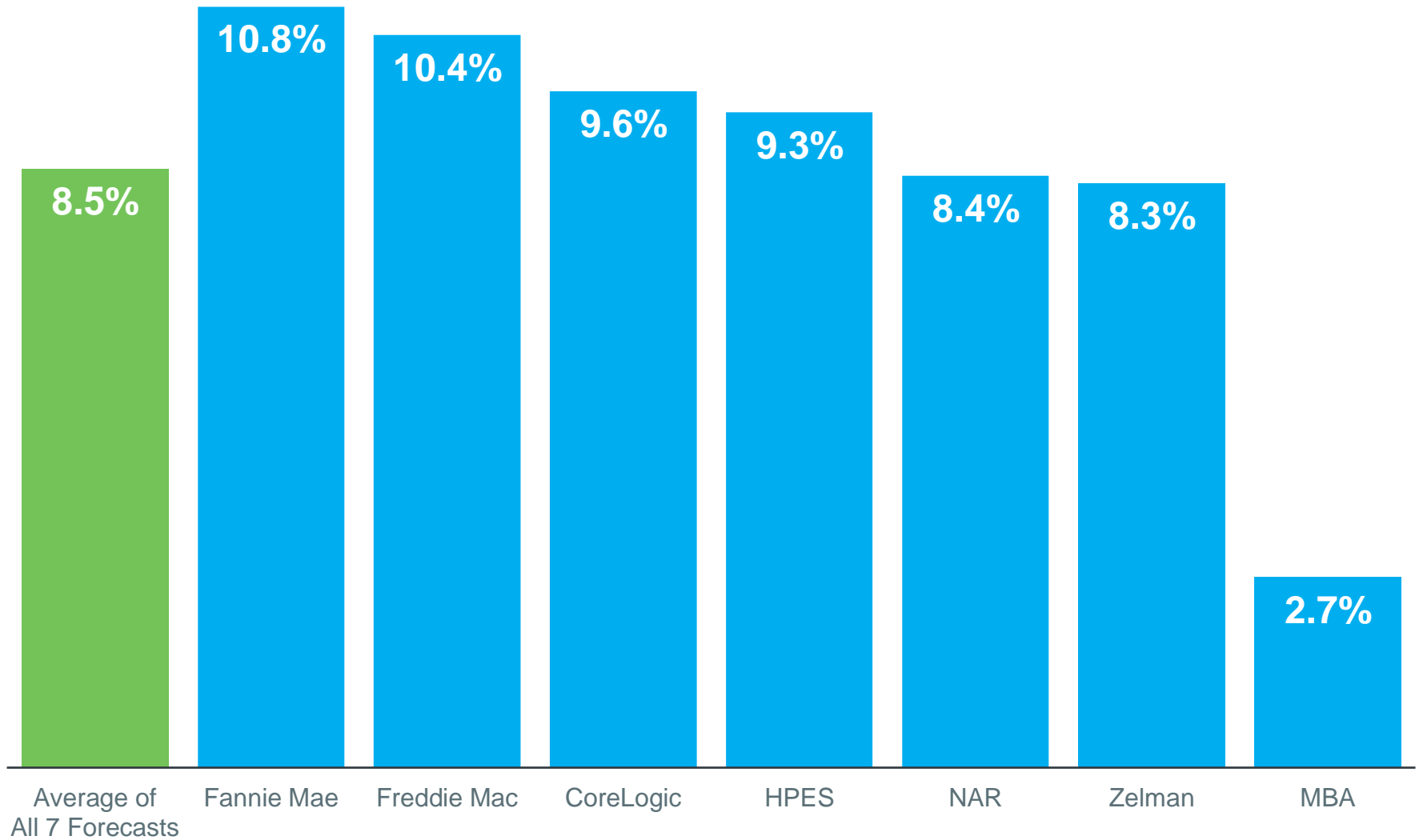
Published 6:00 a.m. ET June 18, 2022



Decelerating home prices
Do not mean
Depreciating home prices

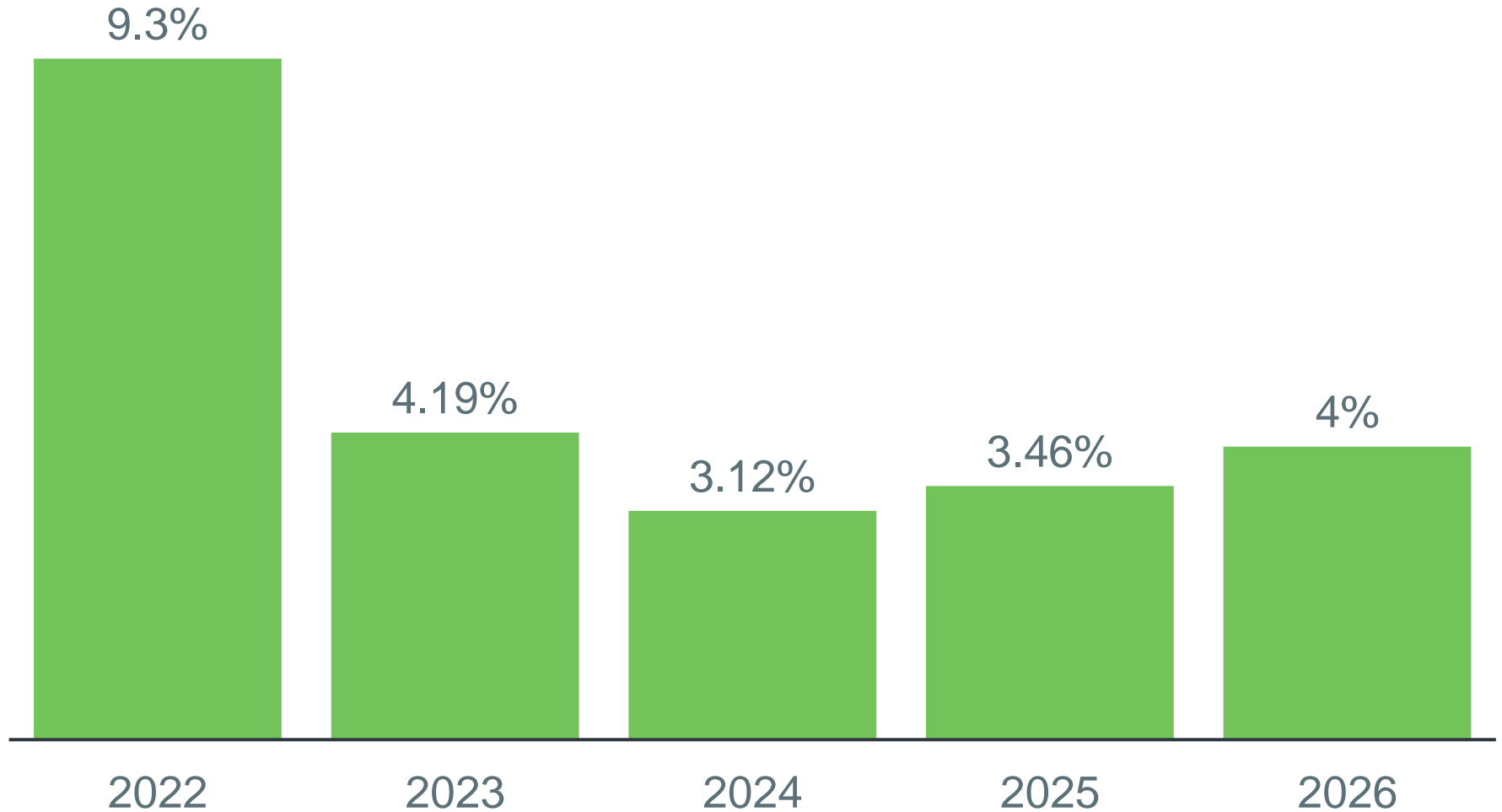


Home Price Forecasts for 2022



Estimated Home Price Performance

December to December, as Forecast in Q2 2022

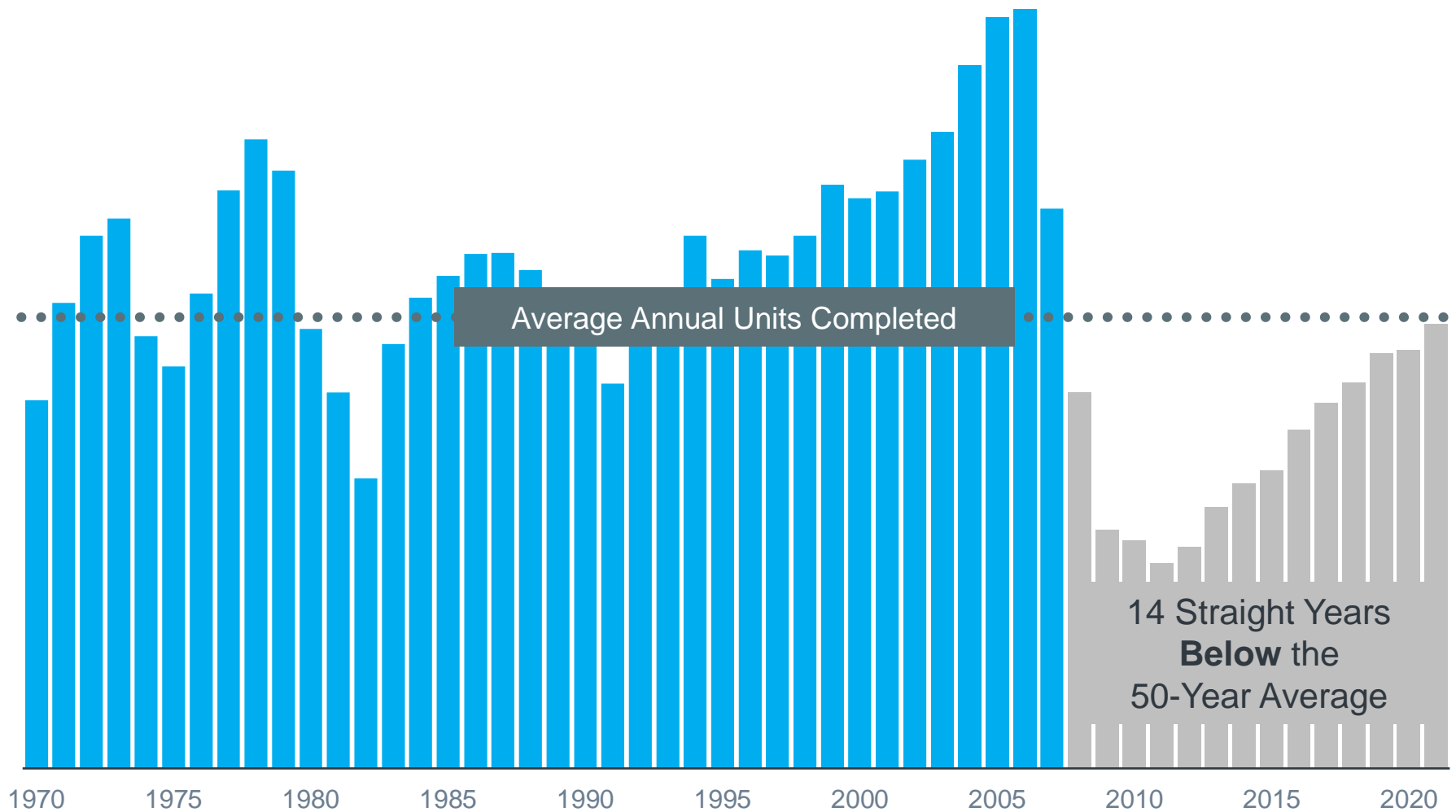




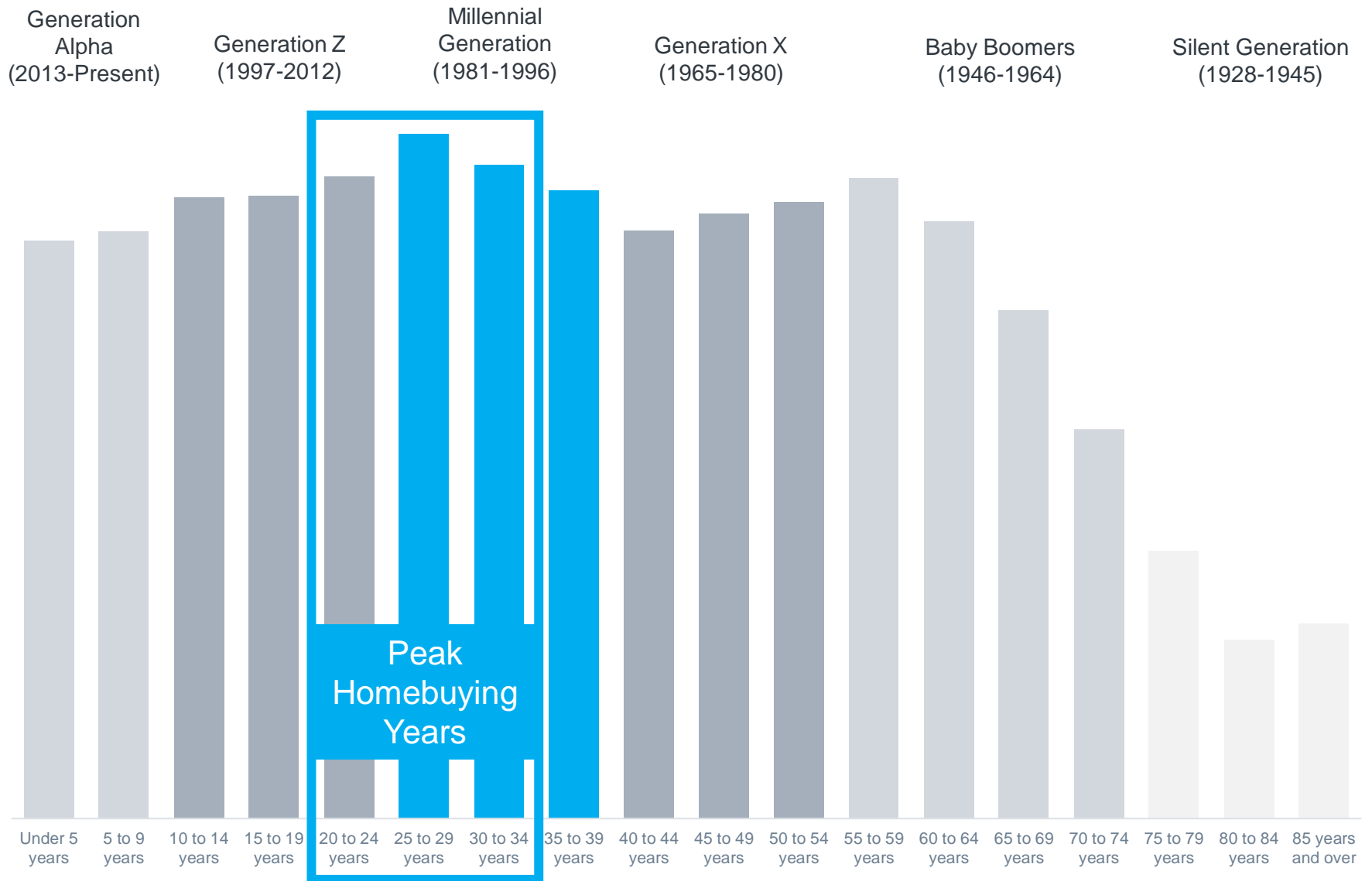
The root issue of what drives house prices almost always is supply and demand. . . .
now interest rates affect that. When interest rates go up, guess what, fewer buyers. The demand goes down thus prices are going to soften or not be as cray-cray as they have been. And that's what we're seeing right now.

- David Ramsey, Personal Finance Personality

Single-Family Housing Units Completed



U.S. Population by Generation





... 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

Resources

Slide(s)	Description	Link(s)
3	WSJ Quote	https://www.wsj.com/articles/recession-fears-surge-among-ceos-survey-suggests-11655458200
4	Mortgage Specialist Quote	https://mtg-specialists.com/2022/05/11/recession-interest-rates-and-real-estate/
5-6	Mortgage Rates & Recessions	http://www.freddiemac.com/pmms/ https://mtg-specialists.com/2022/05/11/recession-interest-rates-and-real-estate/ https://en.wikipedia.org/wiki/List_of_recessions_in_the_United_States
7	Fortune Quote	https://fortune.com/2019/06/19/next-recession-assets-mortgage-rates/
8	Recession Doesn't Equal a Housing Crisis	https://www.corelogic.com/blog/2019/03/housing-recessions-and-recoveries.aspx https://www.thebalance.com/the-history-of-recessions-in-the-united-states-3306011 https://www.corelogic.com/intelligence/find-stories/corelogic-hpi-posted-record-year-over-year-growth-in-2021/

Resources

Slide(s)	Description	Link(s)
10	The Breakdown	https://cdn.nar.realtor/sites/default/files/documents/2022-05-realtors-confidence-index-06-21-2022.pdf
11	Fleming Quote - Inventory	https://blog.firstam.com/economics/the-reconomy-podcast-heres-how-we-know-that-housing-supply-is-still-low
12	Months Inventory	https://www.nar.realtor/topics/existing-home-sales https://www.nar.realtor/newsroom/existing-home-sales-fell-3-4-in-may-median-sales-price-surpasses-400000-for-the-first-time
13	New Monthly Listings	https://www.realtor.com/research/data/
14	Existing Home Sales	https://www.nar.realtor/research-and-statistics/housing-statistics/existing-home-sales https://www.nar.realtor/newsroom/existing-home-sales-retract-2-4-in-april
15	Yun Quote	https://www.nar.realtor/newsroom/existing-home-sales-fell-3-4-in-may-median-sales-price-surpasses-400000-for-the-first-time
16	Hale Quote	https://www.realtor.com/research/weekly-housing-trends-view-data-week-june-18-2022/

Resources

Slide(s)	Description	Link(s)
17	Inventory Forecast Update	https://news.move.com/2022-06-13-Realtor-com-R-2022-Forecast-Update-Real-Estate-Gets-a-Refresh-from-the-Frenzy
18	Fleming Quote - Prices	https://blog.firstam.com/economics/the-reconomy-podcast-heres-how-we-know-that-housing-supply-is-still-low
20	Headlines	https://fortune.com/2022/05/26/the-cooling-housing-market-enters-into-the-great-deceleration/ https://bostonagentmagazine.com/2022/06/02/home-prices-decelerate-as-the-housing-market-downshifts/ https://www.usatoday.com/story/money/personalfinance/real-estate/2022/06/18/why-you-should-delay-buying-home/50369959/

Resources

Slide(s)	Description	Link(s)
22	Price Forecasts	https://www.fanniemae.com/media/43571/display https://www.freddiemac.com/research/forecast/20220418-quarterly-forecast-purchase-market-will-remain-solid-even-mortgage-rates-rise https://www.corelogic.com/intelligence/find-stories/corelogic-hpi-posted-record-year-over-year-growth-in-2021/ https://pulsenomics.com/surveys/#home-price-expectations https://cdn.nar.realtor/sites/default/files/documents/forecast-q2-2022-us-economic-outlook-04-27-2022.pdf https://www.zelmanassociates.com/ (with subscription) https://www.mba.org/docs/default-source/research-and-forecasts/forecasts/mortgage-finance-forecast-june-2022.pdf?sfvrsn=e3eb1d80_1
23	HPES	https://pulsenomics.com/surveys/#home-price-expectations
24	Ramsey Quote	https://www.youtube.com/watch?v=NDDwGqTVAdU

Resources

Slide(s)	Description	Link(s)
25	Single-Family Housing Units Completed	www.census.gov/construction/nrc/xls/co_cust.xls
26	Population by Generation	https://data.census.gov/cedsci/table?q=United%20States&t=Populations%20and%20People&g=0100000US&tid=ACST5Y2020.S0101 https://www.nar.realtor/newsroom/nar-report-shows-share-of-millennial-home-buyers-continues-to-rise
27	Realtor.com Quote	https://www.realtor.com/news/trends/housing-market-showing-signs-of-correction-what-buyers-sellers-need-to-know/