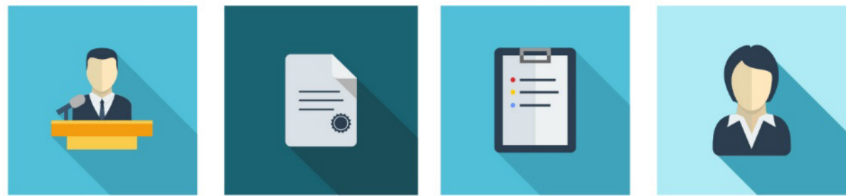
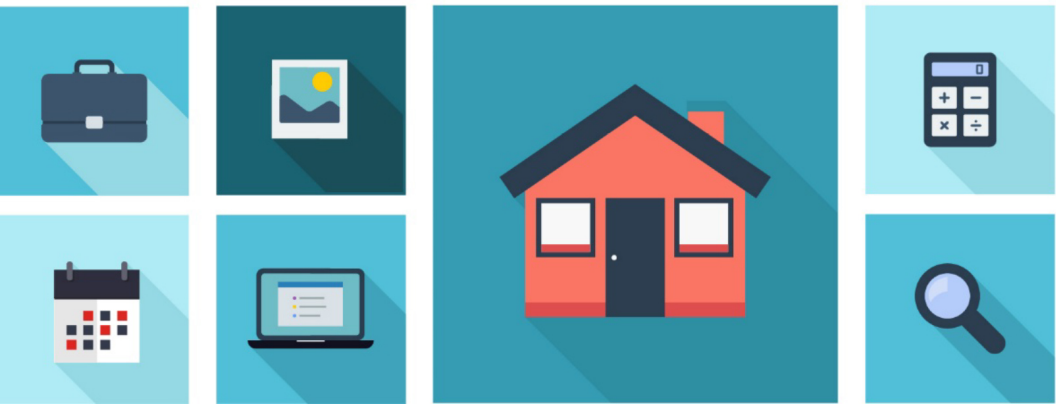


KEEPING CURRENT MATTERS



OCTOBER 2020



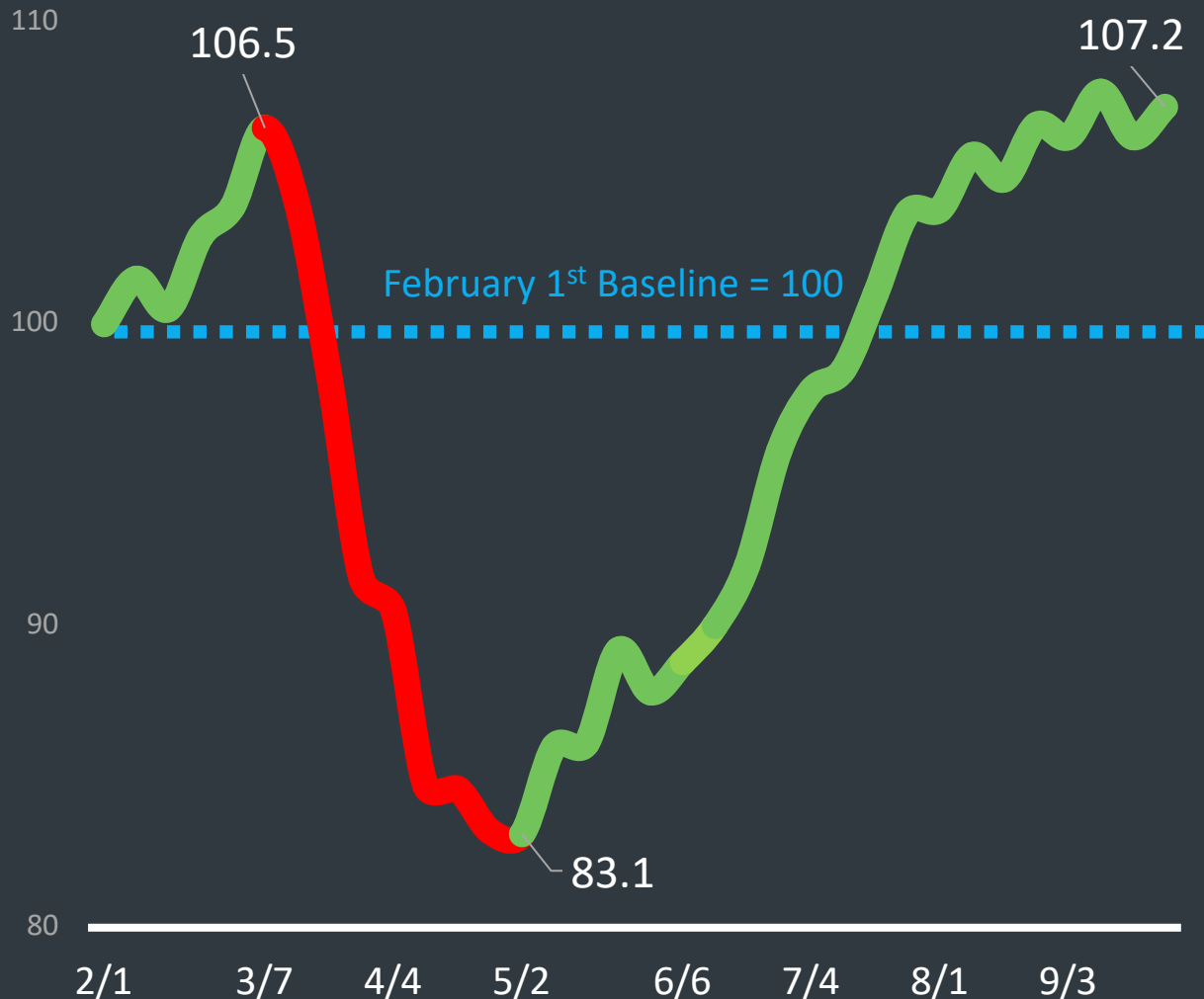
“Housing has experienced a strong V-shaped recovery and is now exceeding pre-pandemic levels.”

Mark Fleming

Chief Economist at First American



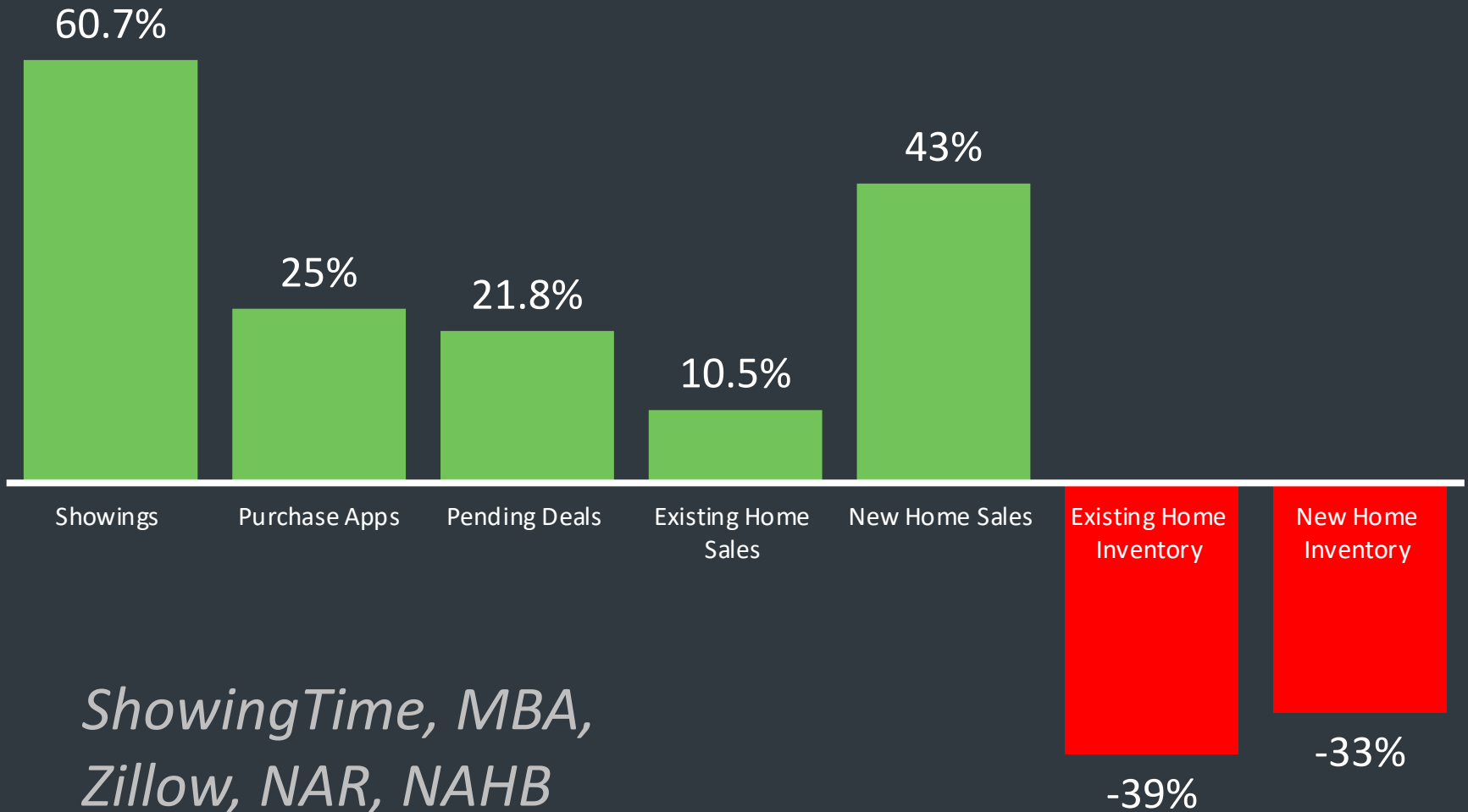
Housing Market Recovery Index



4 Components:

1. Demand
2. Supply
3. Price
4. Time on Market

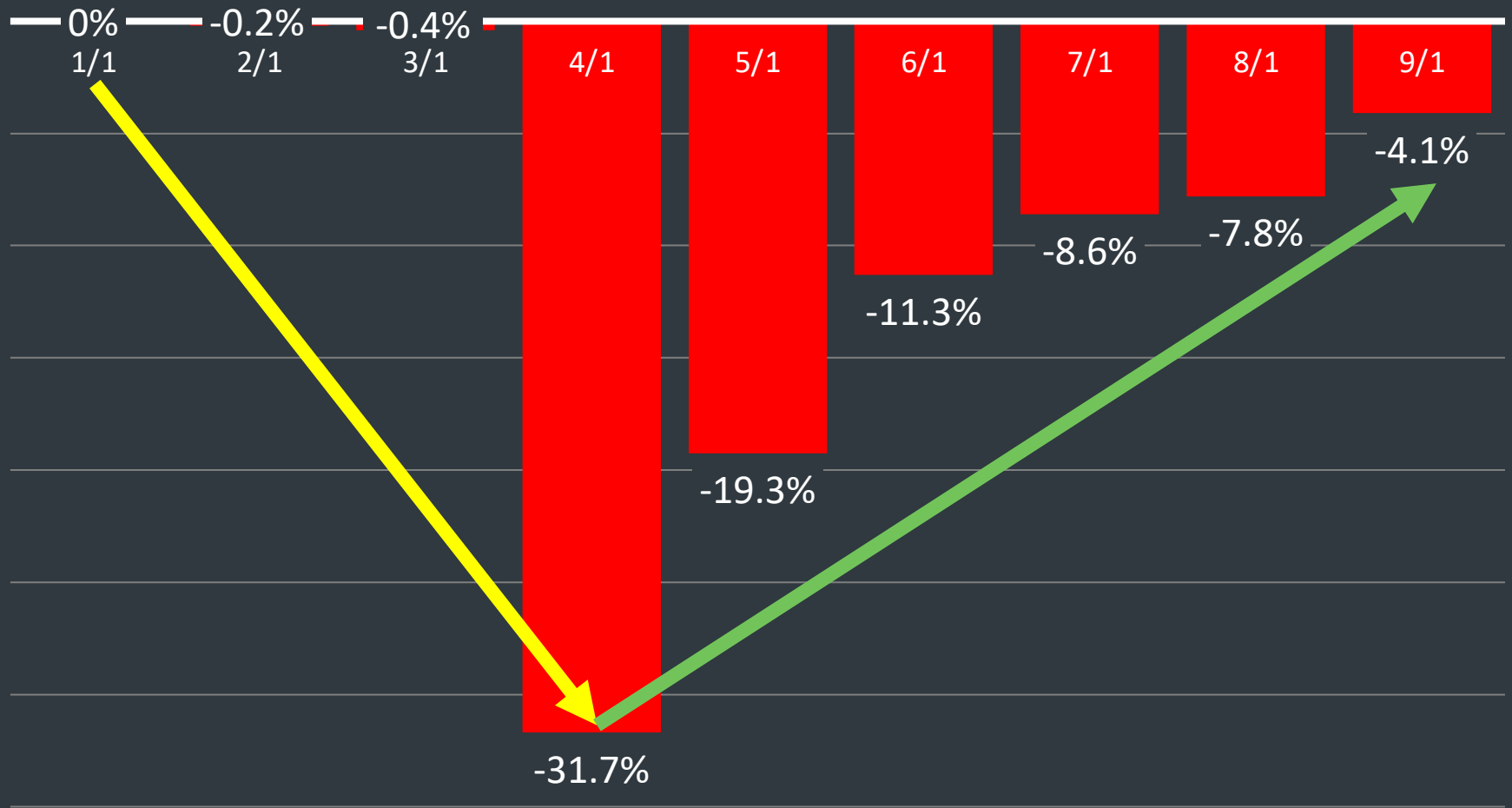
Year-Over-Year Changes in Key Metrics



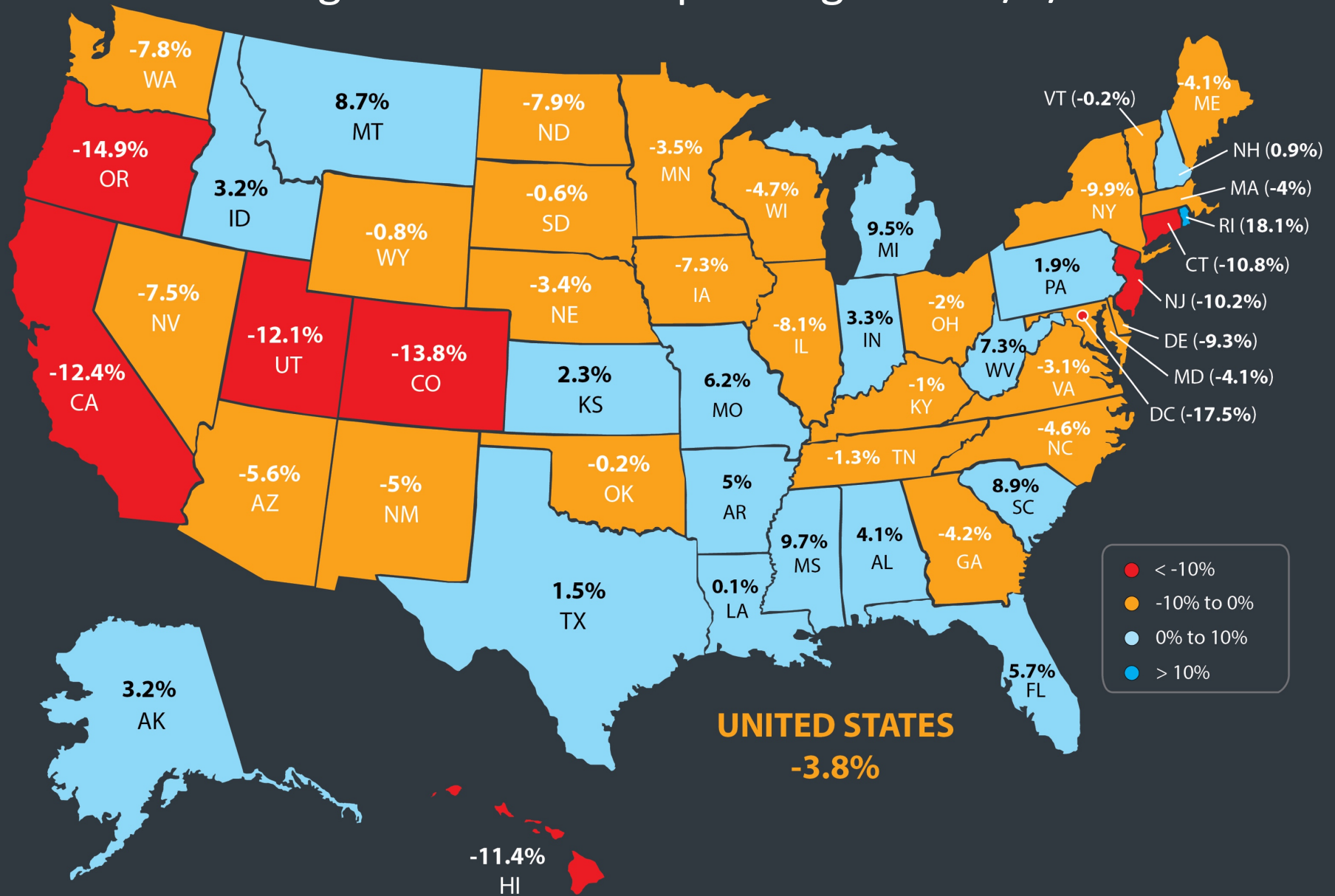


CAN WE KEEP THIS UP?

In the United States, total spending by all consumers as compared to 1/1/2020

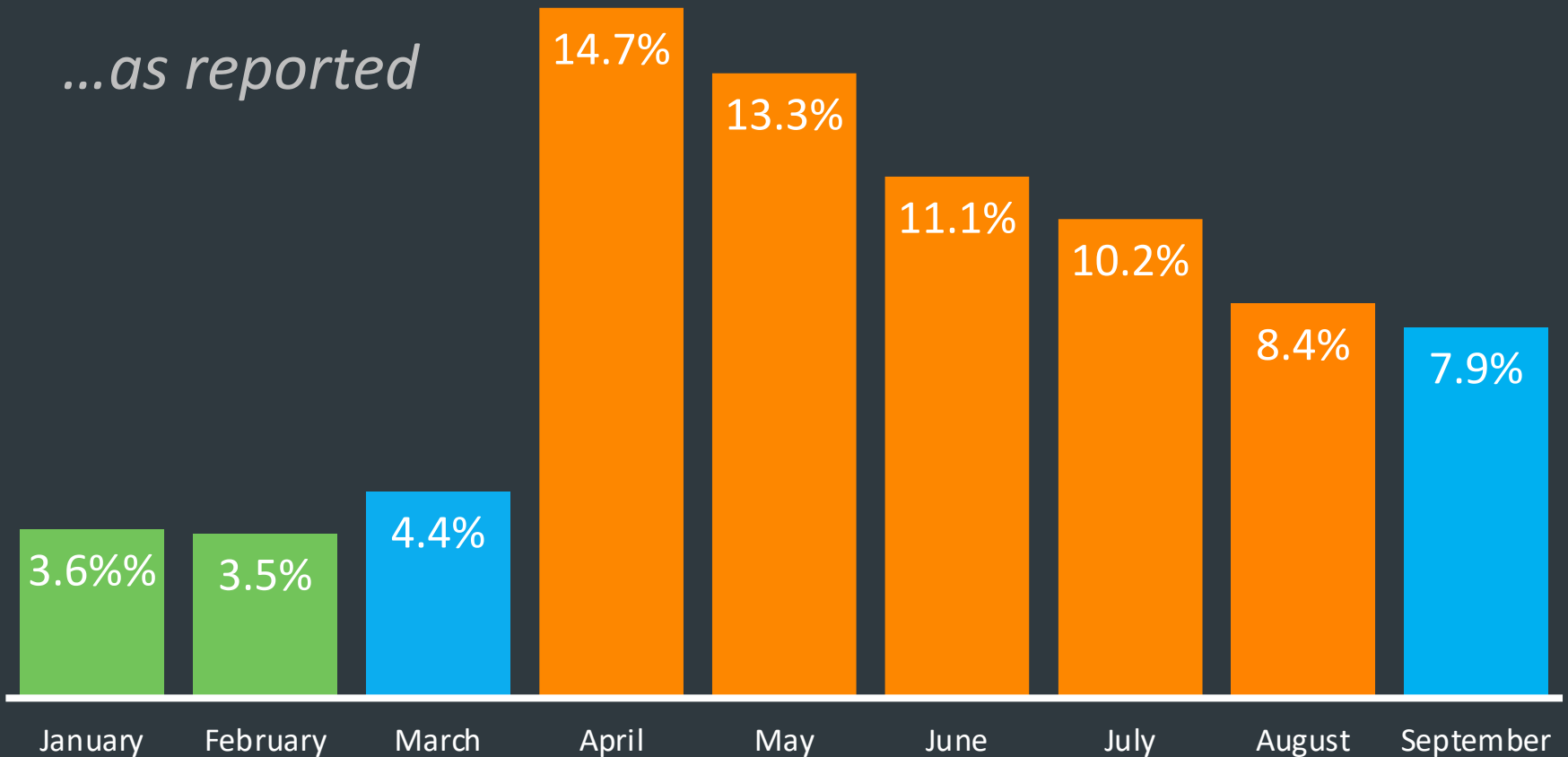


Change in Consumer Spending Since 1/1/20



BLS Unemployment Rate

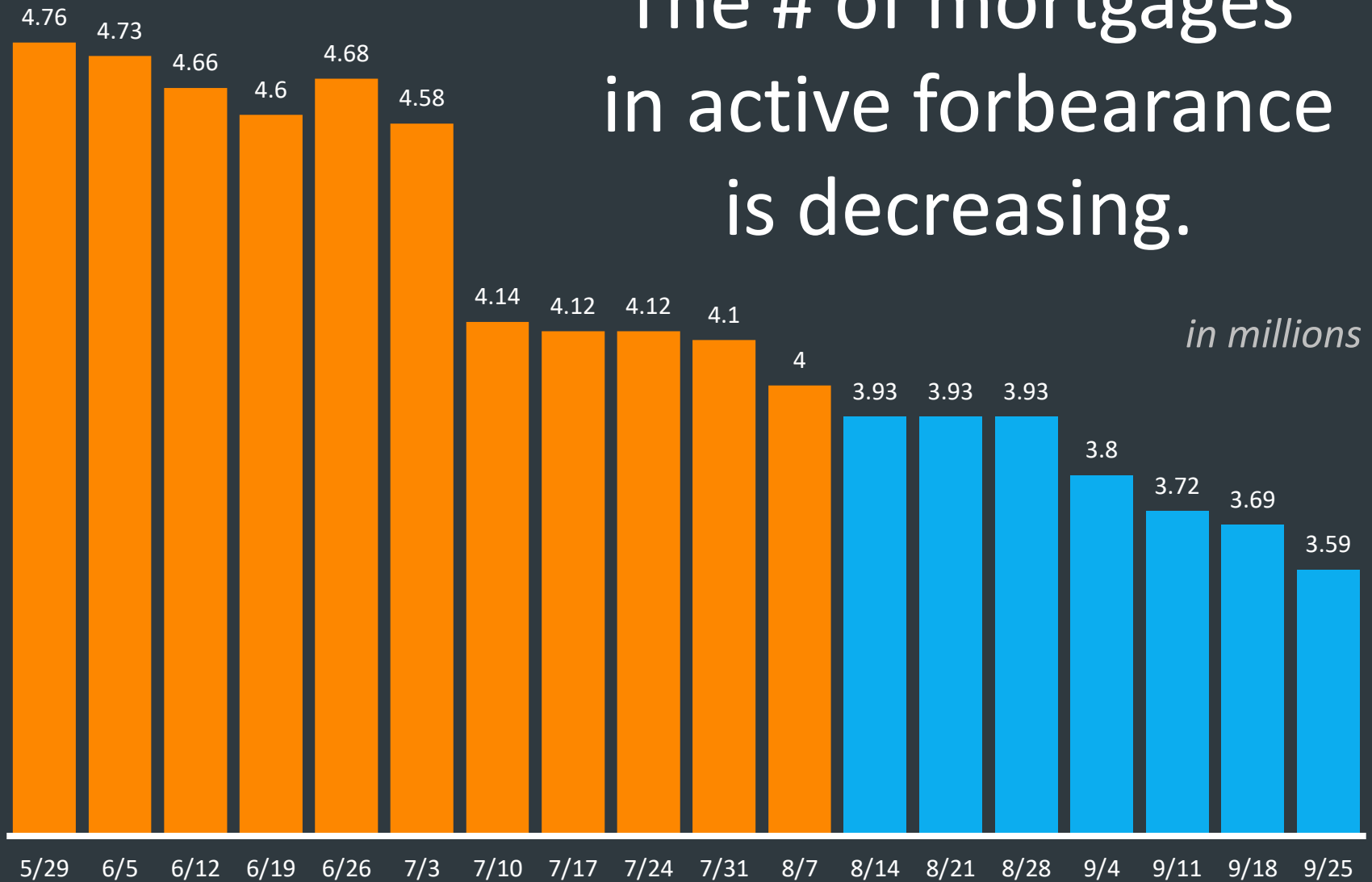
...as reported



Unemployment Comparison

Recession	# of Months Unemployment Greater Than or Equal to 9%
Great Depression	108 Months
Great Recession	30 Months
1980's Oil Recession	19 Months
2020 Recession	4 Months

The # of mortgages in active forbearance is decreasing.



INVENTORY

EQUITY

EXPERTS

Months Inventory of Homes for Sale

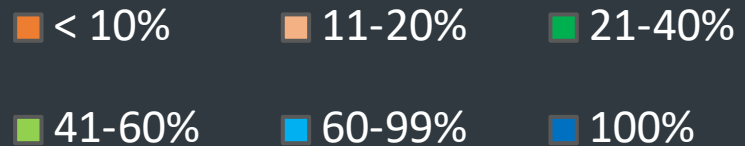
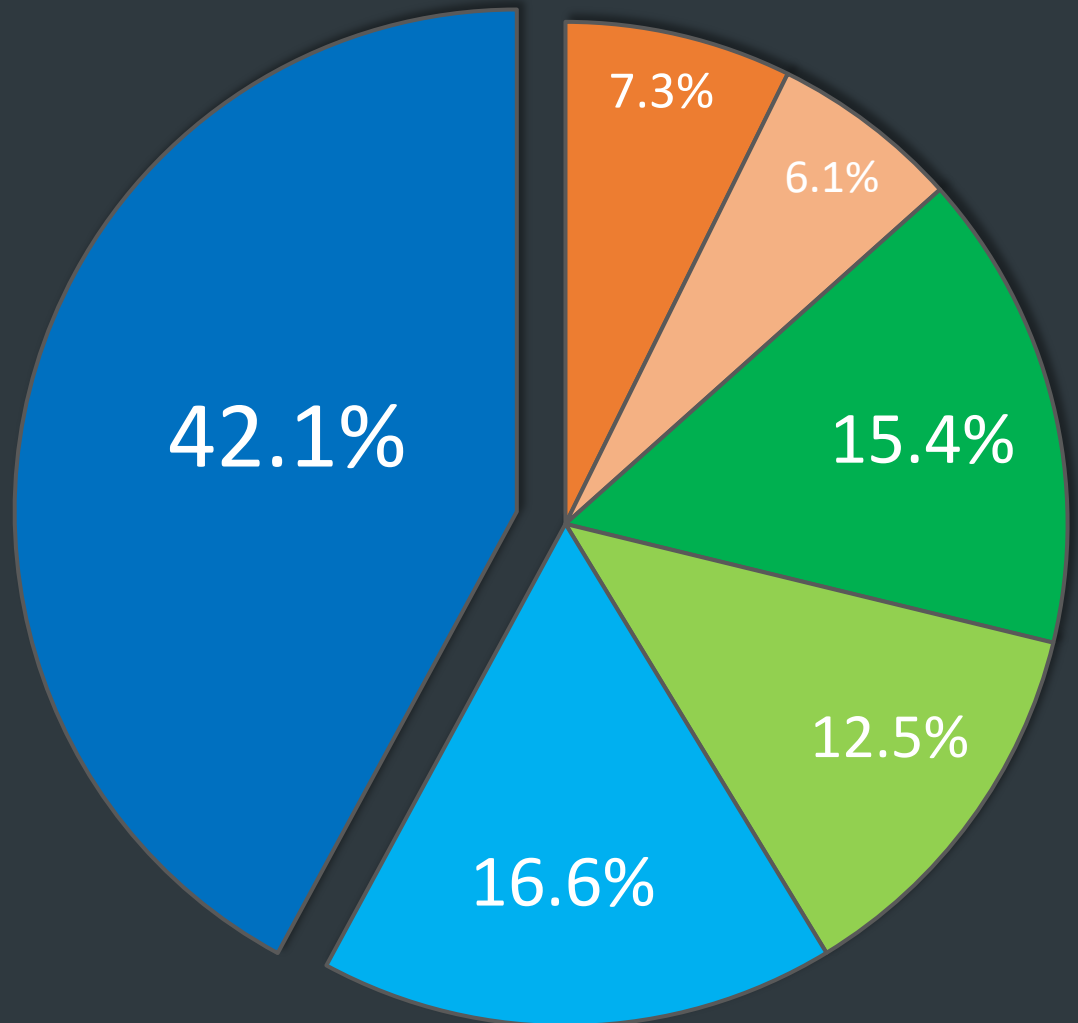


Buyers' Market
(> 7 Months)

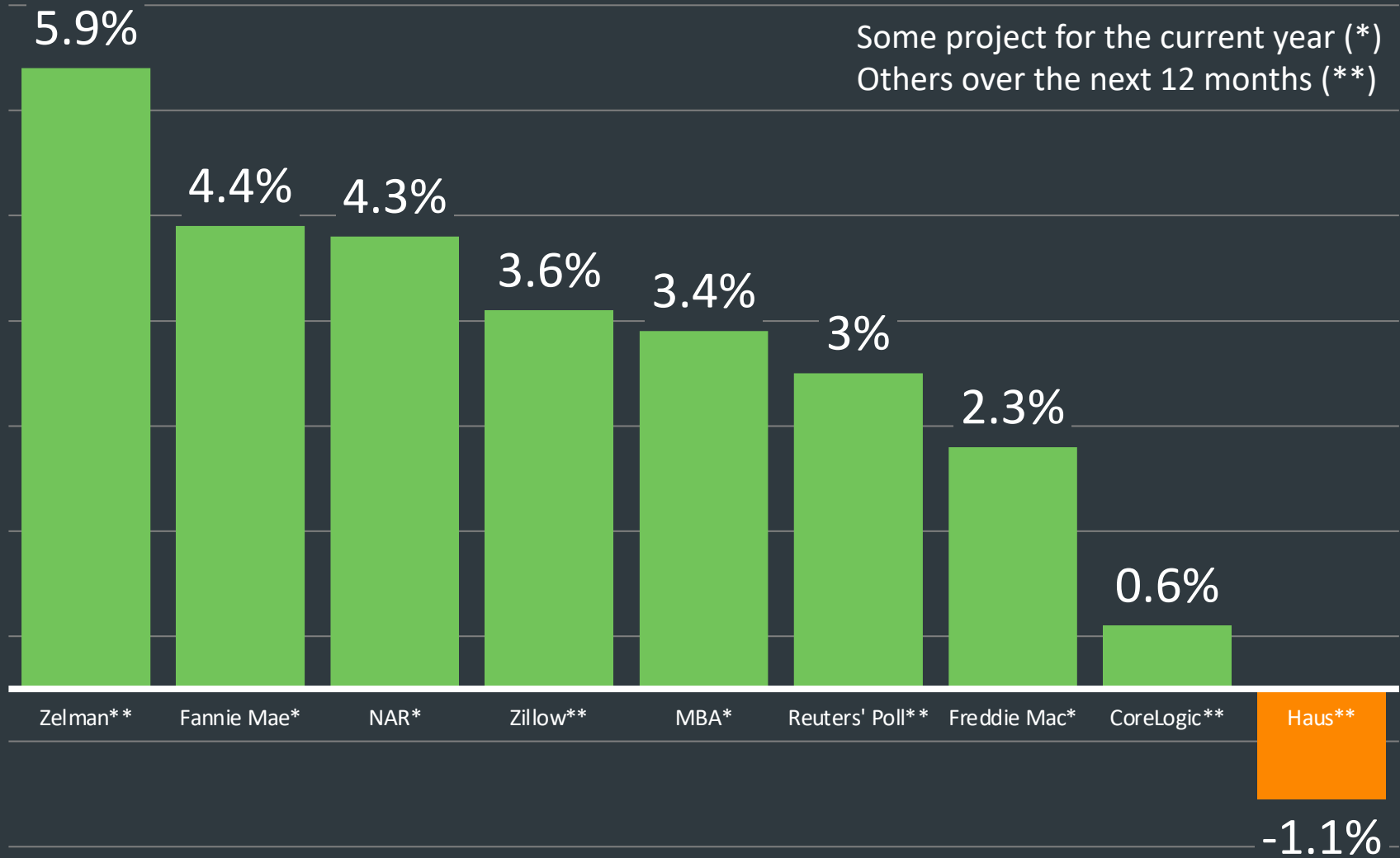
Neutral Market (6-7 Months)

Sellers' Market
(< 6 Months)

Percentage of Homeowner Equity 2020



Projections on Future Home Prices



“This is **very different** from the increase in delinquencies following the housing bubble. **Lending standards have been fairly solid** over the last decade, and most of these **homeowners have equity in their homes** - and they will be able to restructure their loans once (if) they are employed.”

Bill McBride
Calculated Risk



The One **Obstacle**...

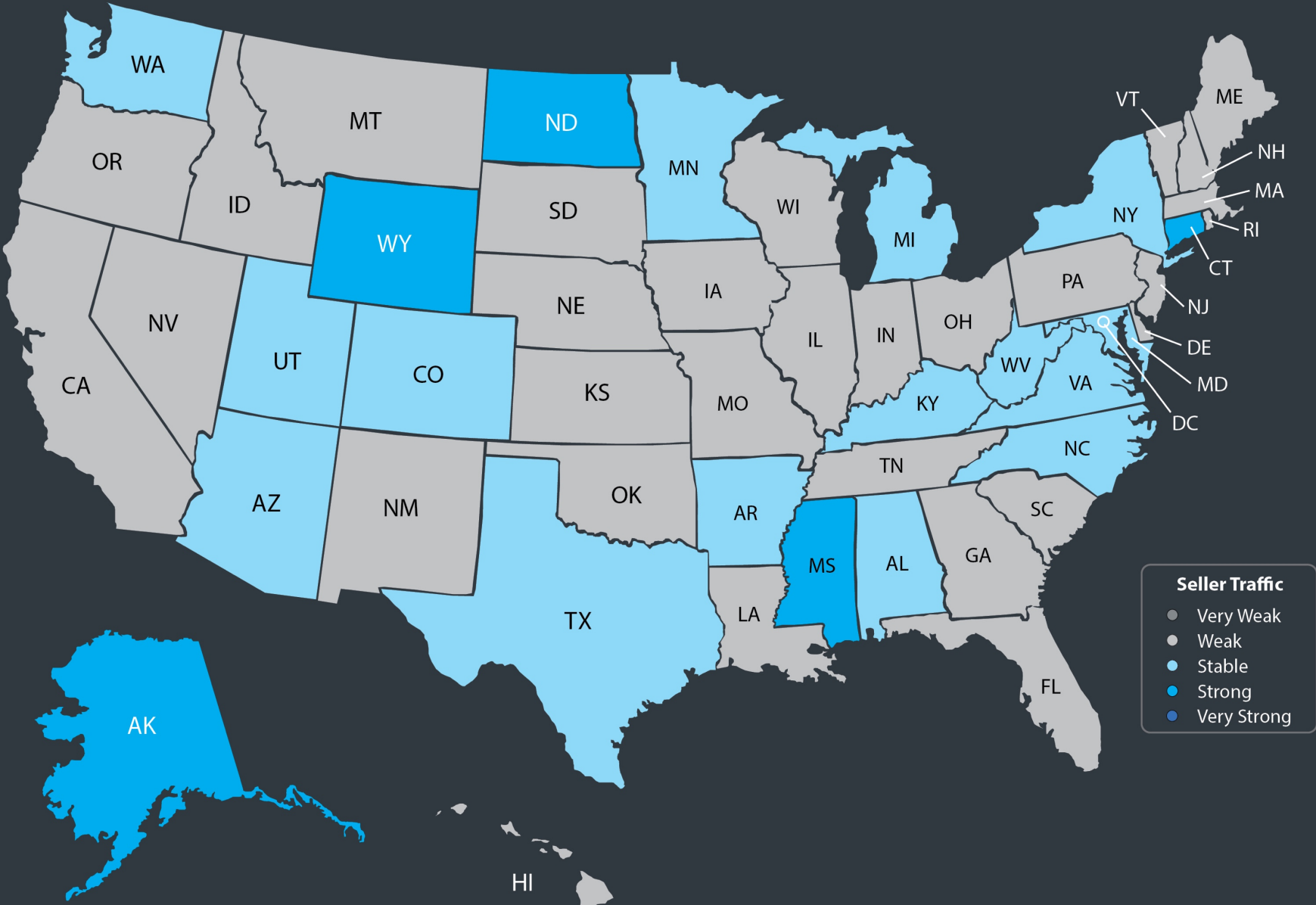
“Since the beginning of the COVID pandemic in March, **nearly 400,000 fewer homes have been listed compared to last year**, leaving a gaping hole in the U.S. housing inventory...

As a result, **home prices are accelerating at double last year's pace.**”

realtor.com



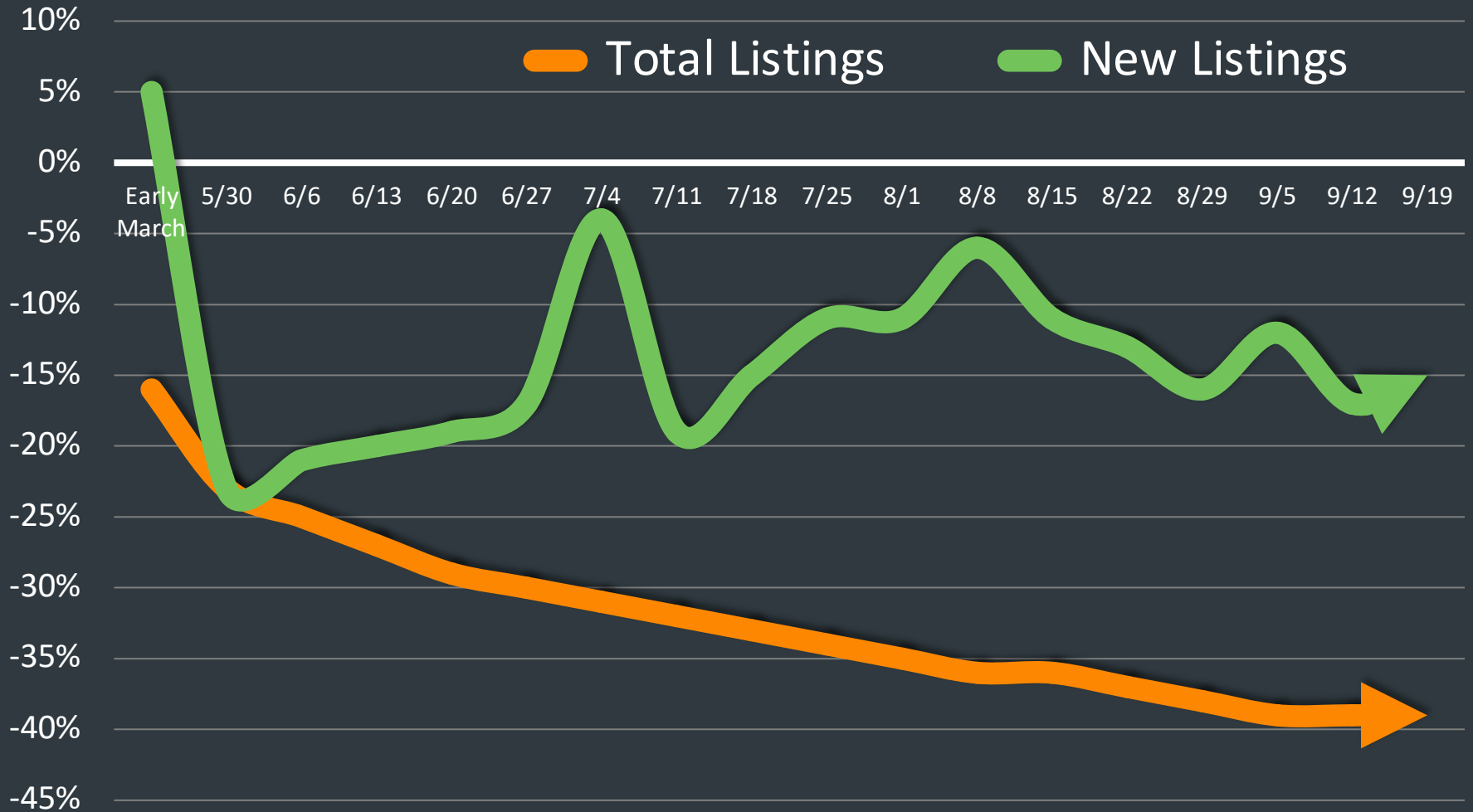
Seller Traffic Index



Seller Traffic

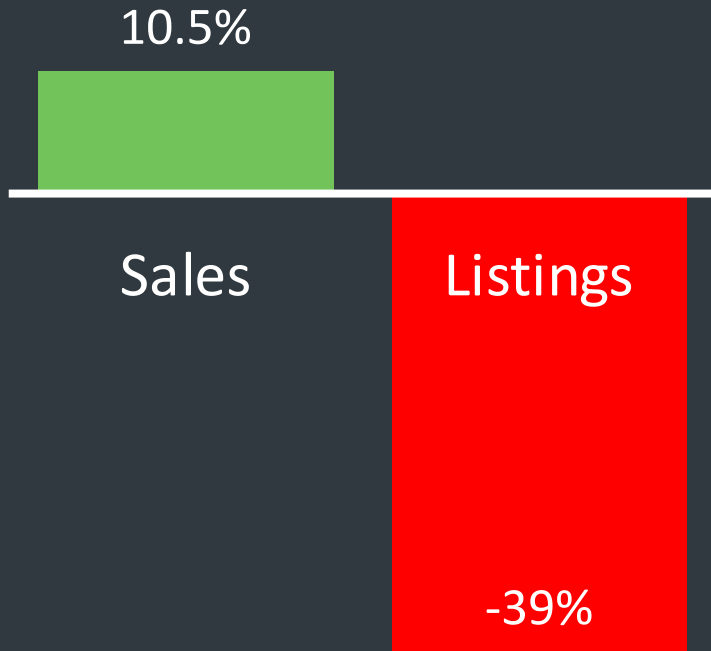
- Very Weak
- Weak
- Stable
- Strong
- Very Strong

Year-Over-Year Change in Listings



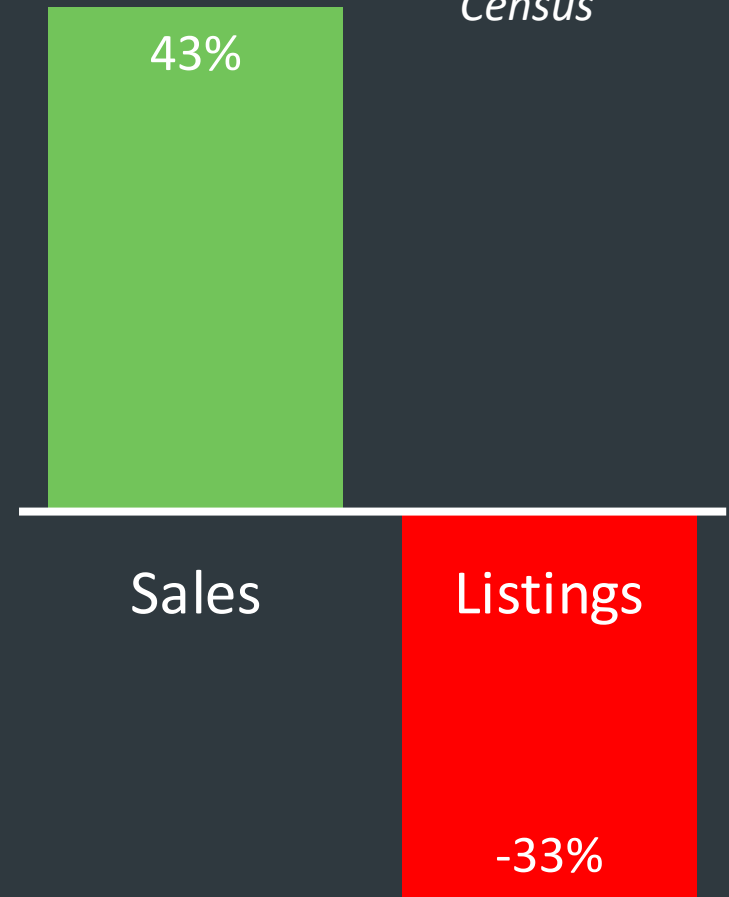
Existing Homes

National Association of Realtors



New Homes

Census



Suburban Areas Outperforming Urban Areas during Recovery

Category	Suburban Properties	Urban Properties
Price Acceleration	3.2%	2.3%
Properties Selling	11.4% faster	8% faster
# of Online Shoppers	+53.9%	+50.7%
# of Homes for Sale	-41.3%	-34.3%

“Builders we spoke with in the active adult space told us standing inventory numbers are low, and **some are tripling the number of standing inventory homes they produce to satisfy demand.** Some are also simplifying what they offer in their homes, a process that streamlines housing production and **keeps new home prices more attainable.”**

John Burns Consulting



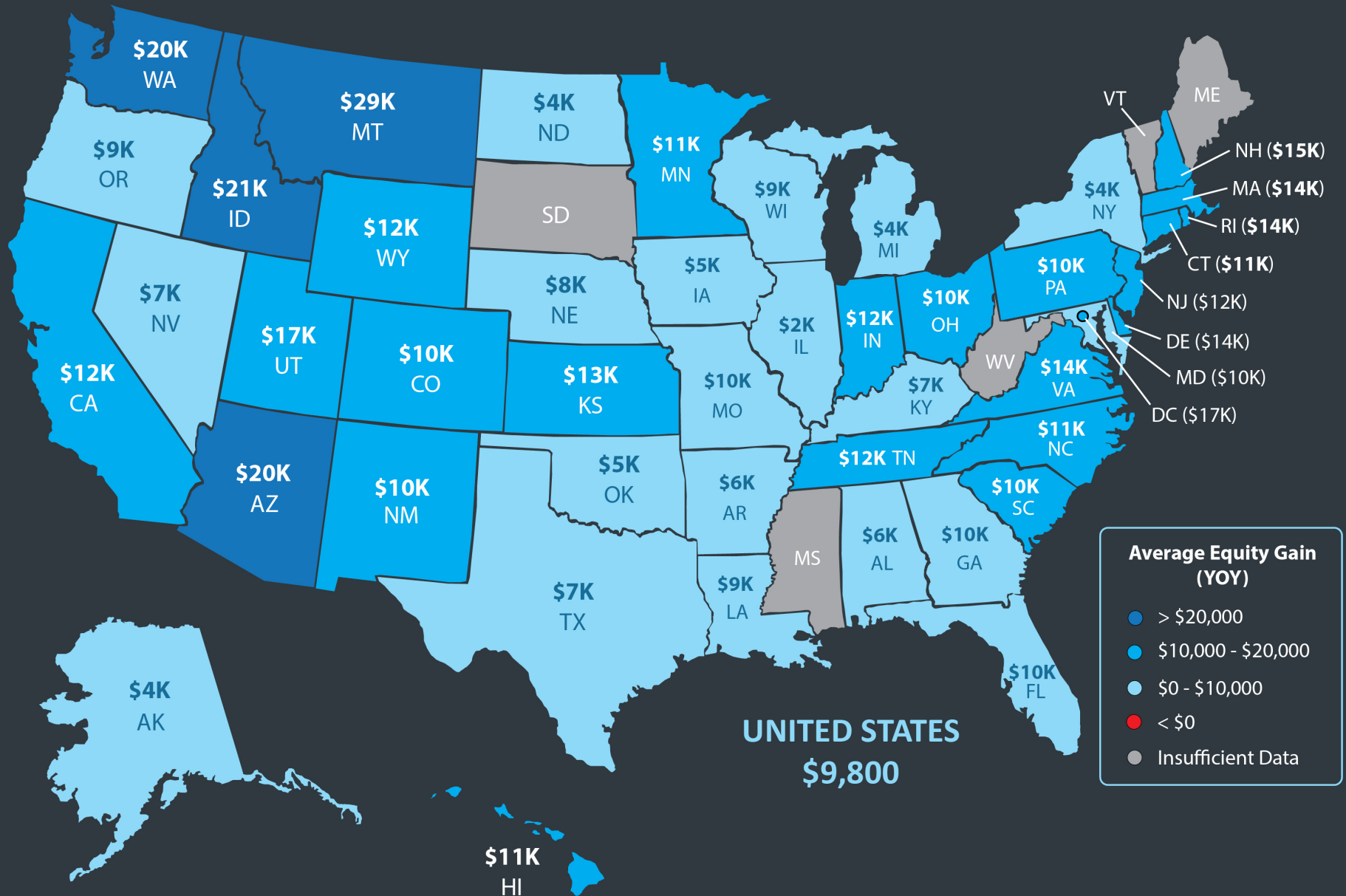
“As homeowners gain equity in their homes, they are more likely to consider **using that equity to purchase a larger or more attractive home** – the wealth effect of rising equity. In today’s housing market, fast rising demand against the limited supply of homes for sale has resulted in continued house price appreciation.”

Mark Fleming

Chief Economist at First American



Q2 2020 YOY Homeowner Equity Gain



"Truth is attainable by
laying **fact** upon **fact**."

Peter Kann

Former Publisher of WSJ



Resources

Slide	Slide Title	Link
2, 23	Fleming Quote	https://blog.firstam.com/economics/housing-market-potential-reaches-highest-level-since-2007
3	Housing Market Recovery Index	https://news.move.com/2020-09-24-Realtor-com-R-Weekly-Housing-Report-Nearly-400-000-Fewer-Homes-Have-Been-Listed-Since-the-Start-of-the-Pandemic
4	YOY Change in Key Metrics	www.showingtime.com/blog/august-2020-showing-index-results/ www.mba.org www.nar.realtor https://www.nahb.org/
6, 7	Consumer Spending	https://www.tracktherecovery.org/ https://opportunityinsights.org/
8	Unemployment Rate	https://www.bls.gov/news.release/pdf/empsit.pdf
9	Unemployment Comparison	www.thebalance.com/unemployment-rate-by-year-3305506 https://data.bls.gov/timeseries/LNS14000000?years_option=all_years
10	Active Forbearances	https://www.blackknightinc.com/blog-posts/forbearances-down-24-from-peak/
12	Months Inventory of Homes for Sale	nar.realtor https://www.nar.realtor/topics/existing-home-sales https://www.nar.realtor/newsroom/existing-home-sales-jump-6-5-in-february
13	Percentage of Homeowner Equity	https://www.realestateconsulting.com

Resources

Slide	Slide Title	Link
14	Future Home Prices	https://www.reuters.com/article/us-usa-property-poll/u-s-housing-set-to-ride-out-the-pandemics-economic-storm-reuters-poll-idUSKBN23T00R http://www.freddiemac.com/fmac-resources/research/pdf/202004-Forecast.pdf https://www.fanniemae.com/resources/file/research/emma/pdf/Housing_Forecast_071420.pdf https://www.nar.realtor/sites/default/files/documents/forecast-Q2-2020-us-economic-outlook-06-29-2020.pdf https://www.mba.org/news-research-and-resources/research-and-economics/forecasts-and-commentary www.zelmanassociates.com (subscription required) https://www.corelogic.com/insights-download/home-price-index.aspx https://www.zillow.com/research/zillow-weekly-market-report-27151/
15	McBride Quote	https://www.calculatedriskblog.com/2020/09/freddie-mac-mortgage-serious.html
17	realtor.com Quote	https://news.move.com/2020-09-24-Realtor-com-R-Weekly-Housing-Report-Nearly-400-000-Fewer-Homes-Have-Been-Listed-Since-the-Start-of-the-Pandemic
18	Seller Traffic Index Map	https://www.nar.realtor/research-and-statistics/research-reports/realtors-confidence-index
19	YOY Change in Listings	https://news.move.com/2020-09-24-Realtor-com-R-Weekly-Housing-Report-Nearly-400-000-Fewer-Homes-Have-Been-Listed-Since-the-Start-of-the-Pandemic
20	Existing Homes vs. New Homes	https://www.nar.realtor/newsroom/existing-home-sales-hit-highest-level-since-december-2006 https://twitter.com/dietz_econ
21	Suburban vs. Urban Areas	https://news.move.com/2020-09-25-Realtor-com-R-Deurbanization-Report-The-Grass-is-Greener-in-the-Suburbs
22	John Burns Consulting Quote	https://www.realestateconsulting.com/the-light-active-adult-buyer-is-back/
24	YOY Equity Gain Map	https://www.corelogic.com/insights-download/homeowner-equity-report.aspx

A close-up photograph of a computer keyboard. The central focus is a large, rectangular blue key with the word "UPDATE" printed in white, bold, sans-serif capital letters. The key is slightly raised and has a subtle gradient. Surrounding it are several other keys: to the left, a key with a closing curly brace "}" and an opening square bracket "["; above it, a key with a tilde "~" and an underscore "_"; to the right, a key with the number "4"; and below it, a large, empty space, likely for a spacebar or a large function key. The lighting is soft, creating gentle shadows and highlights on the keys' surfaces.

Resources

Slide	Slide Title	Link
32, 52, 64	Confidence Index	https://www.nar.realtor/research-and-statistics/research-reports/realtors-confidence-index
33-35, 43, 52-57	Existing Home Sales	https://www.nar.realtor/topics/existing-home-sales
36-39	New Home Sales	http://www.census.gov/construction/nrs/pdf/newressales.pdf http://www.census.gov/newhomesales http://www.census.gov/construction/nrs/pdf/newressales.pdf
40	Total Home Sales	http://www.census.gov/construction/nrs/pdf/newressales.pdf https://www.nar.realtor/topics/existing-home-sales
41,42	Pending Home Sales	https://www.nar.realtor/research-and-statistics/housing-statistics/pending-home-sales
47-49	Case Shiller	https://us.spindices.com/resource-center/press-room/
50	CoreLogic Forecasted YOY % Change in Price	https://www.corelogic.com/downloadable-docs/marketpulse/17-mktplse-0320-00-the-marketpulse-vol-9-issue-3-march-2020-screen-032420.pdf
53-59	Inventory	https://www.nar.realtor/topics/existing-home-sales http://www.census.gov/construction/nrs/pdf/newressales.pdf

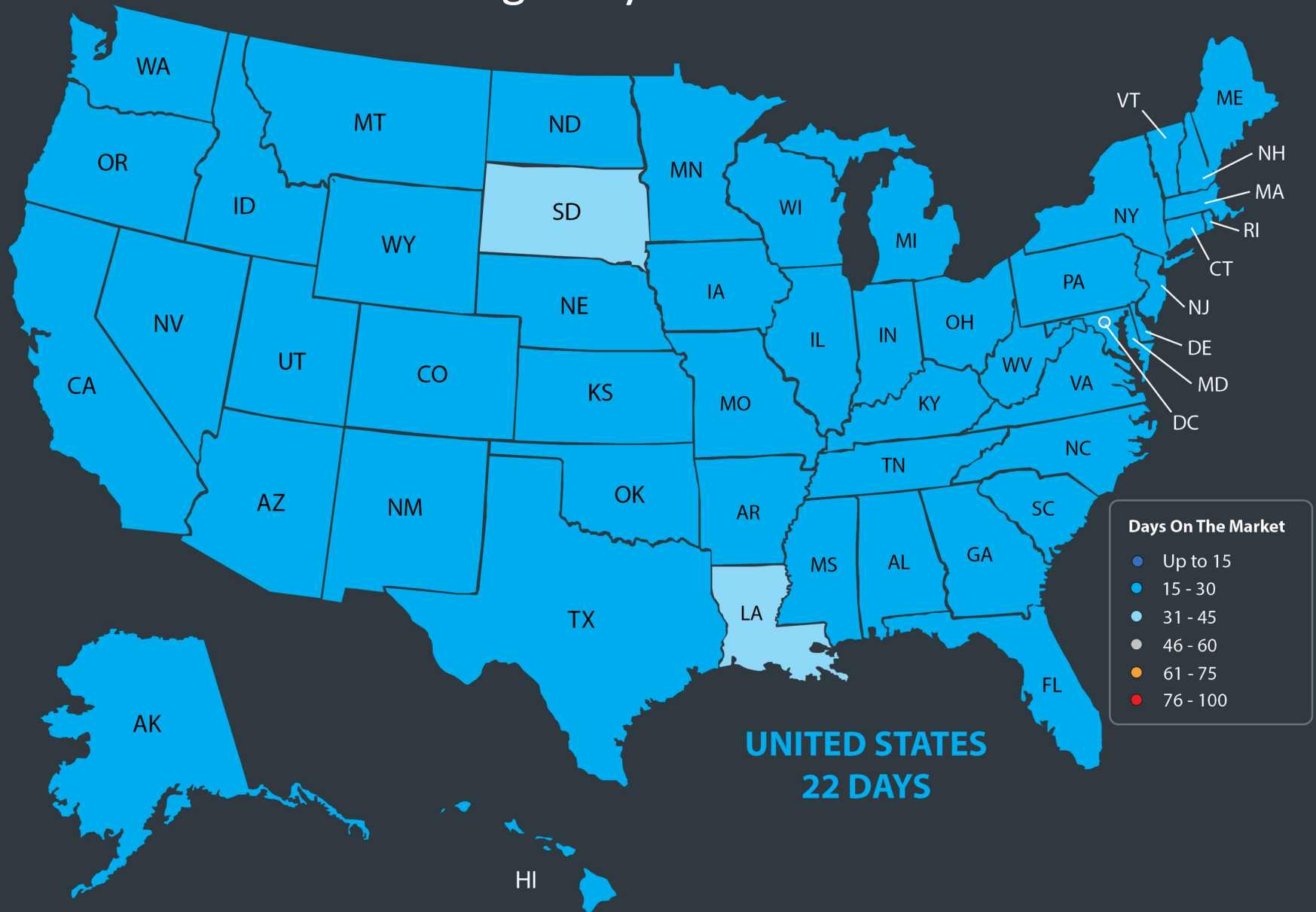
Resources

Slide	Slide Title	Link
61-63	Foot Traffic	http://nar.realtor/infographics/foot-traffic
66,67, 69,70	Mortgage Rates	http://www.freddiemac.com/pmms http://www.freddiemac.com/pmms/pmms_archives.html
68	Mortgage Rate Projections	http://www.freddiemac.com/research/forecast/ http://www.fanniemae.com/portal/research-insights/forecast.html https://www.mba.org/news-research-and-resources/research-and-economics/forecasts-and-commentary https://www.nar.realtor/research-and-statistics
72,73	Mortgage Credit Availability	https://www.mba.org/news-research-and-resources/newsroom https://www.mba.org/news-research-and-resources/research-and-economics/single-family-research/mortgage-credit-availability-index
74-78	Days To Close, FICO Scores, DTI	http://www.elliemae.com/resources/origination-insight-reports



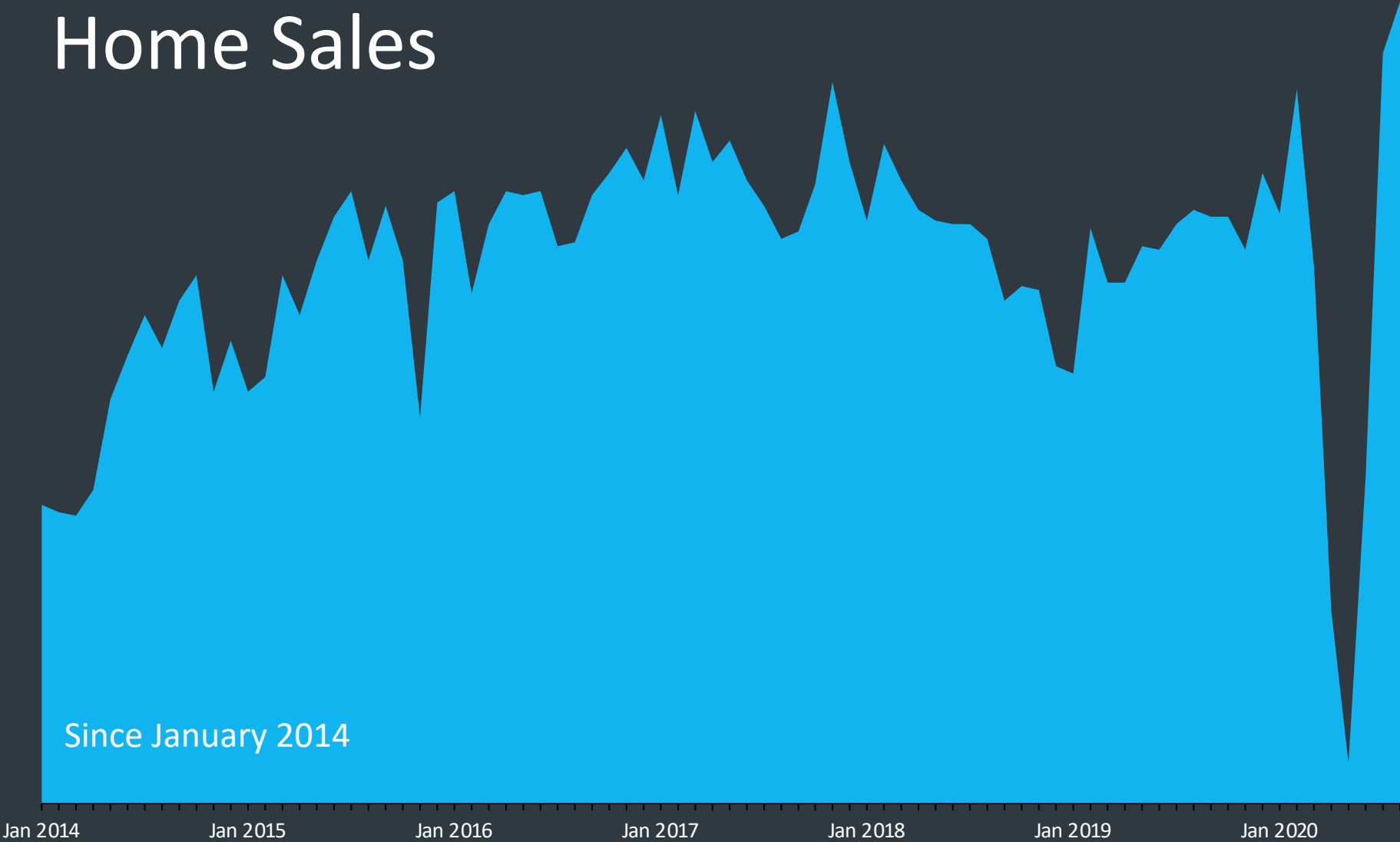
SALES

Average Days on the Market



EXISTING

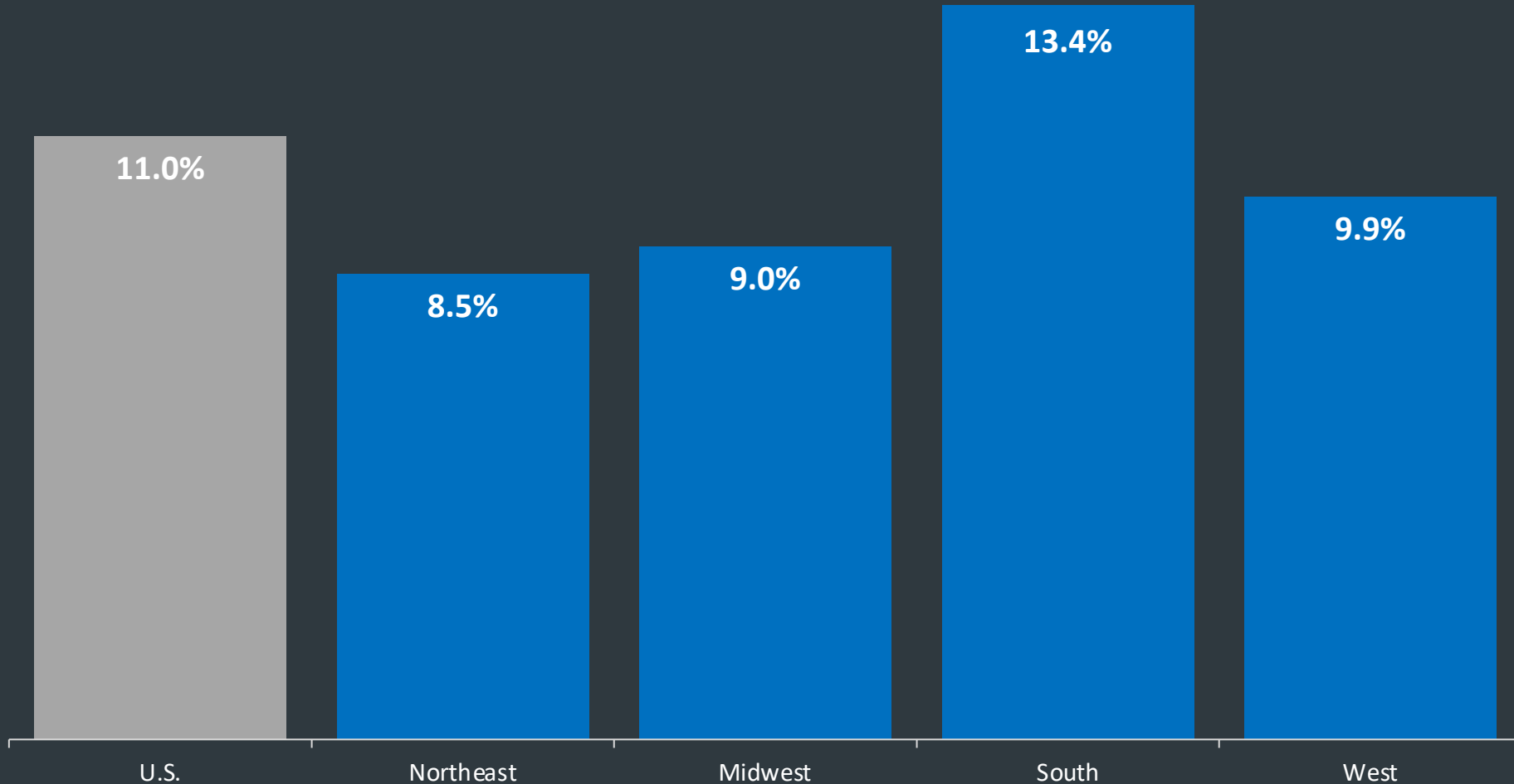
Home Sales



Since January 2014

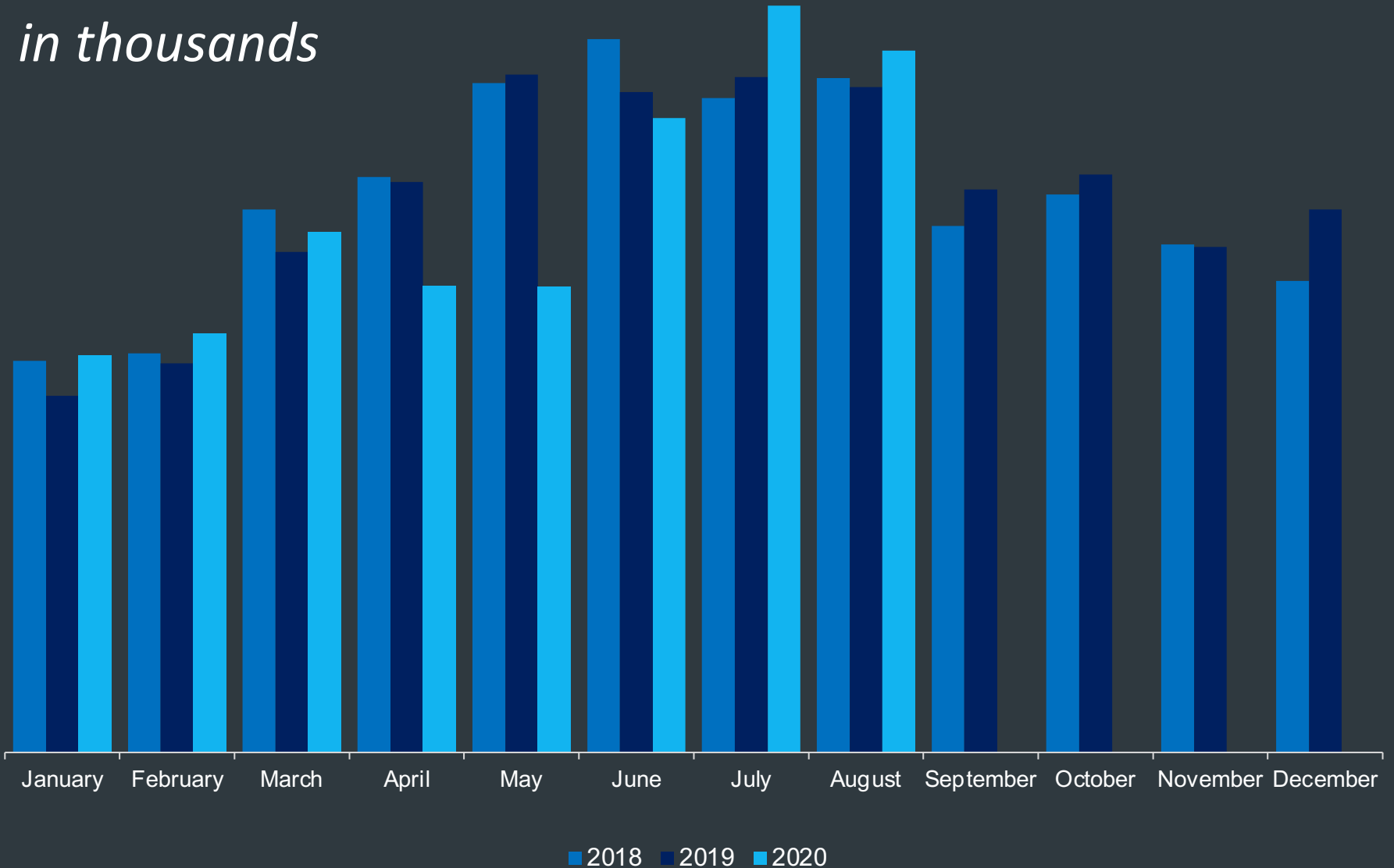
EXISTING Home Sales

Y-O-Y by region

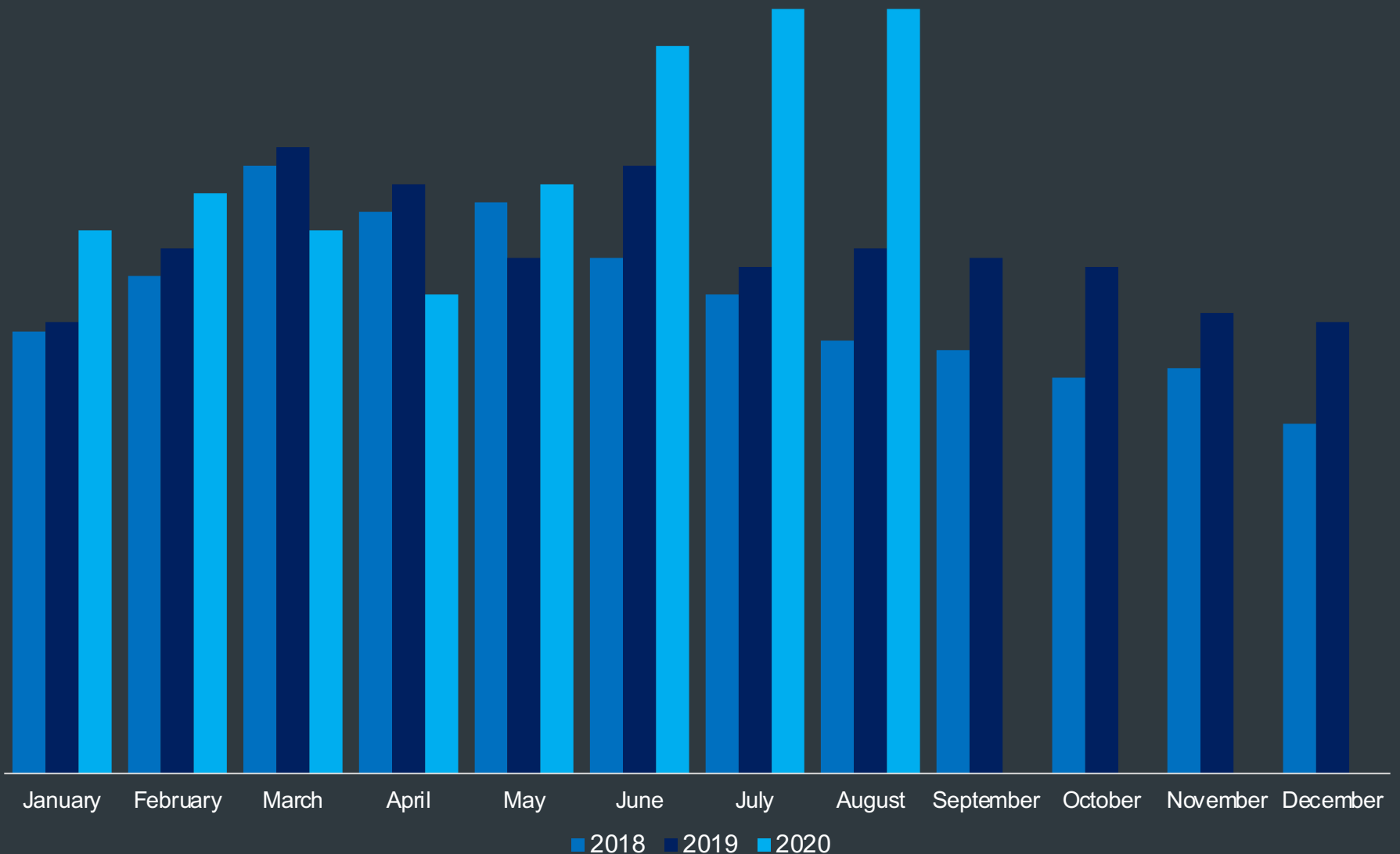


Existing Home Sales

in thousands

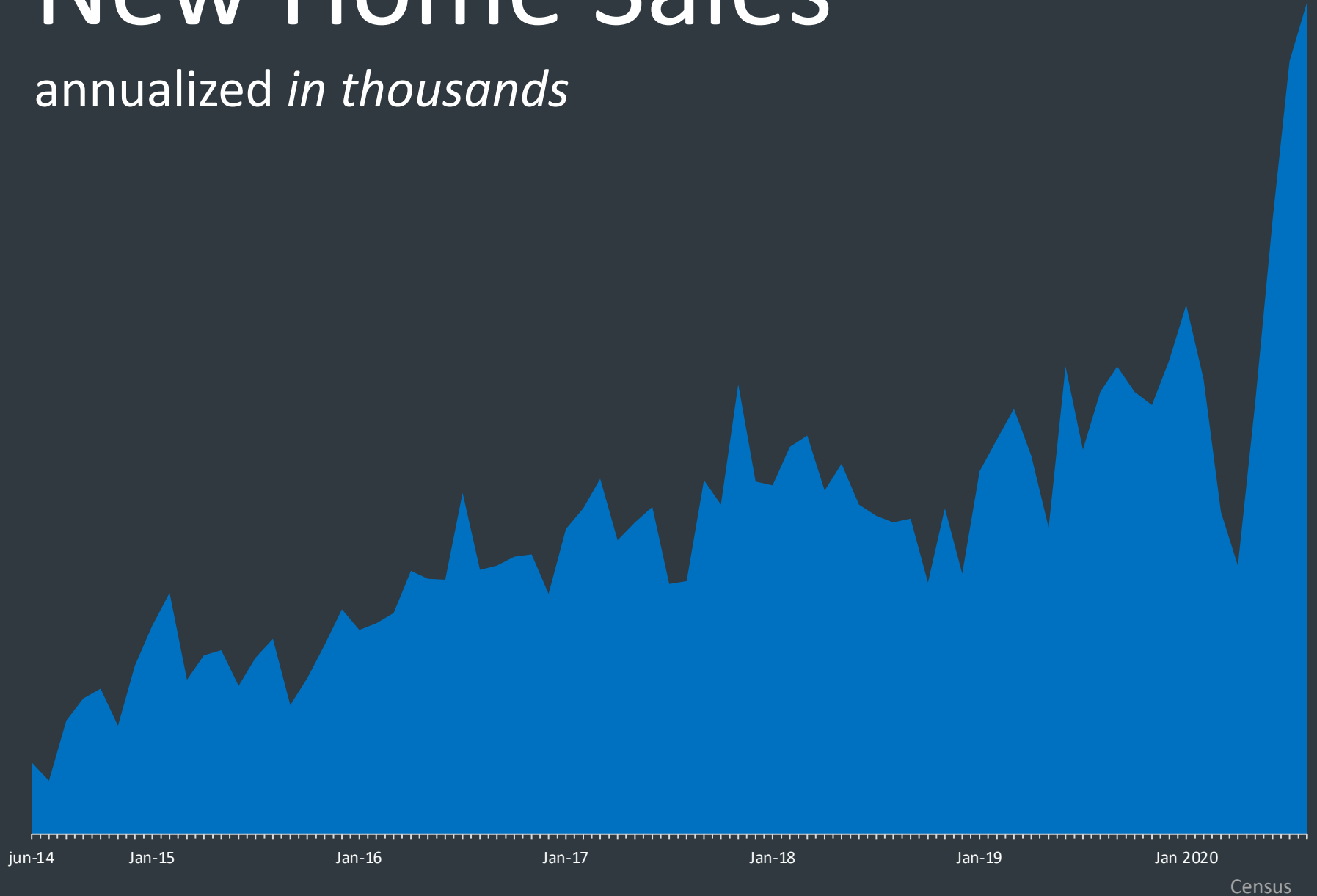


New Home Sales *in thousands*



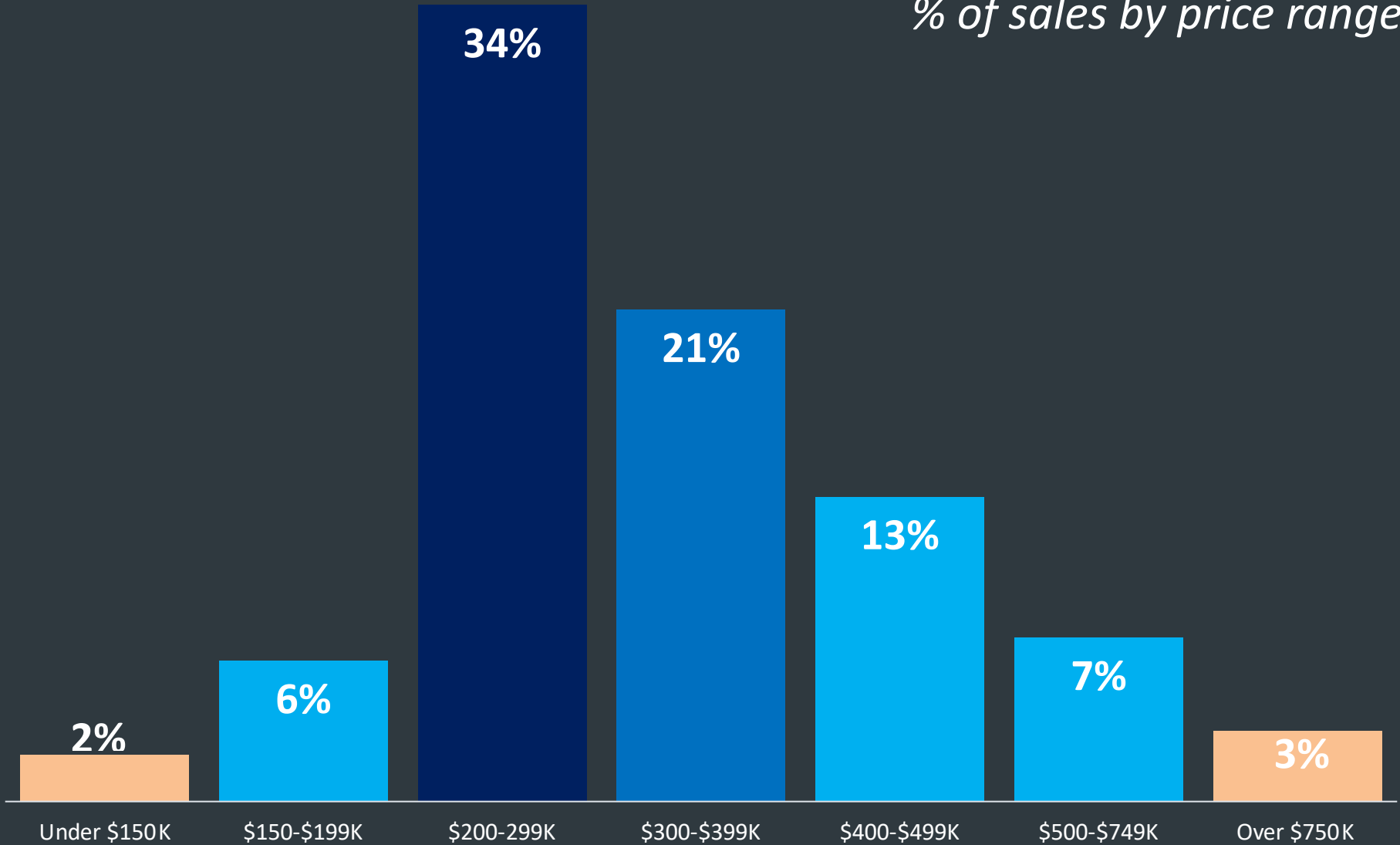
New Home Sales

annualized *in thousands*



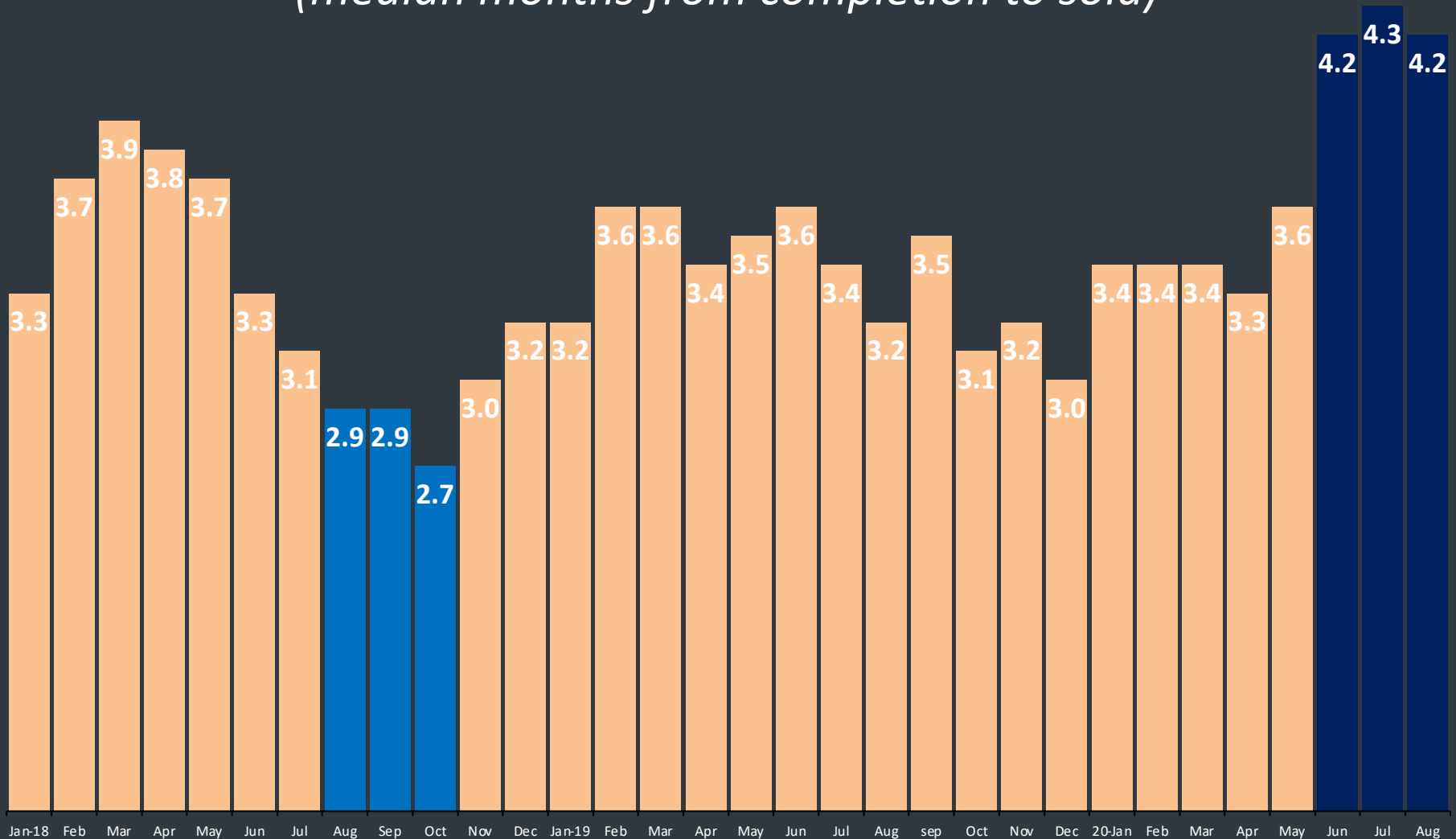
New Home Sales

% of sales by price range

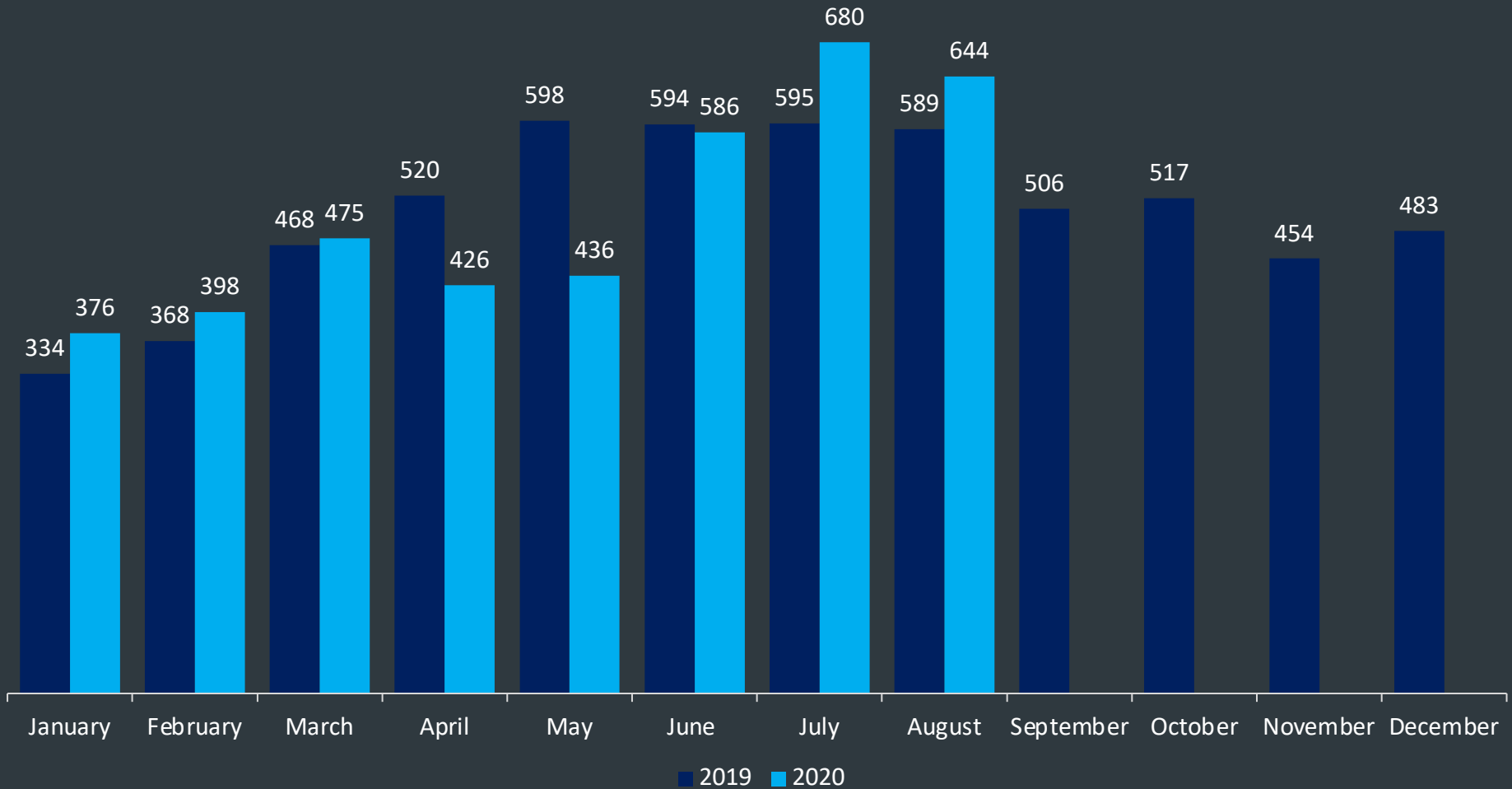


New Homes Selling Fast

(median months from completion to sold)

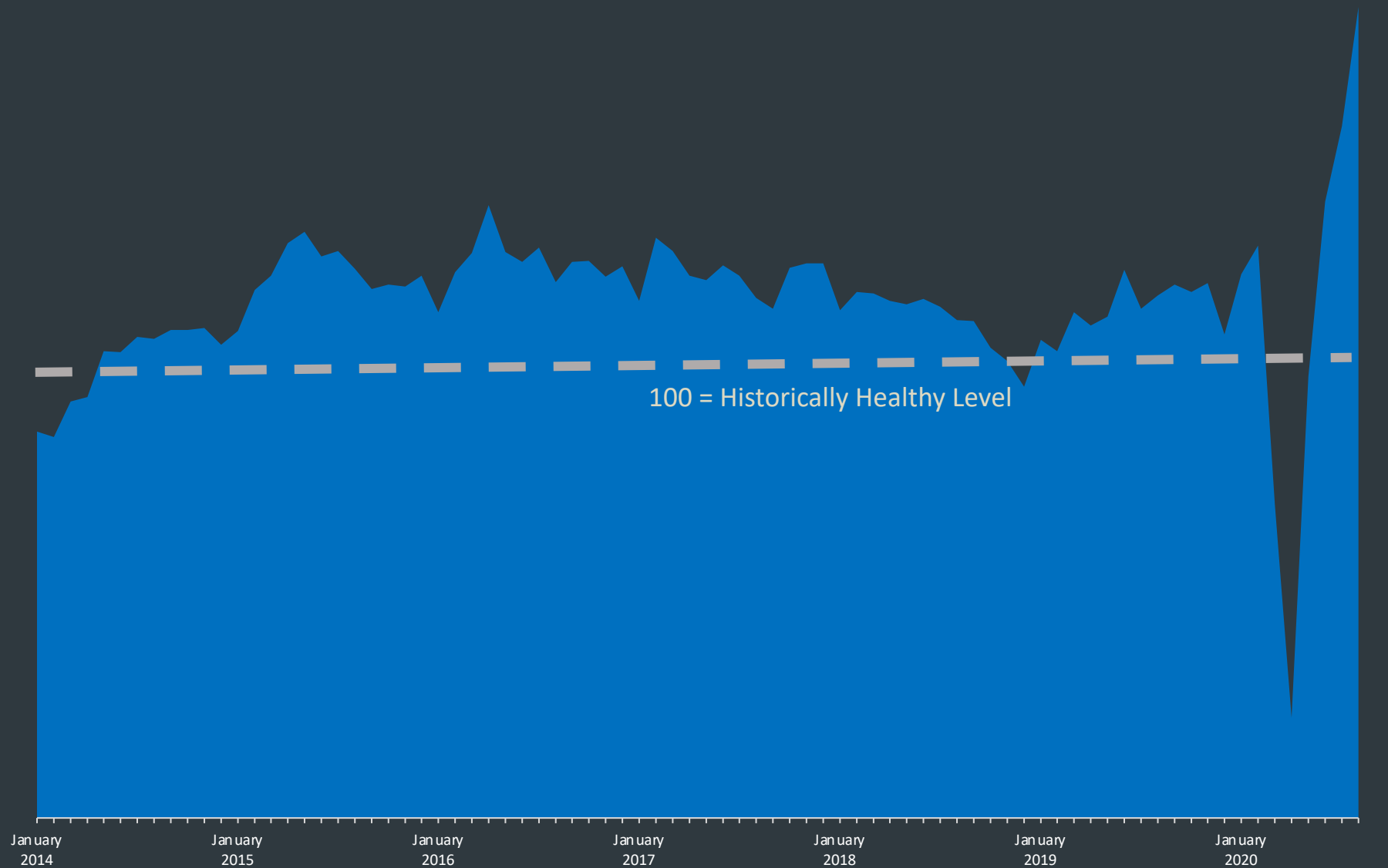


Total Home Sales *in thousands*



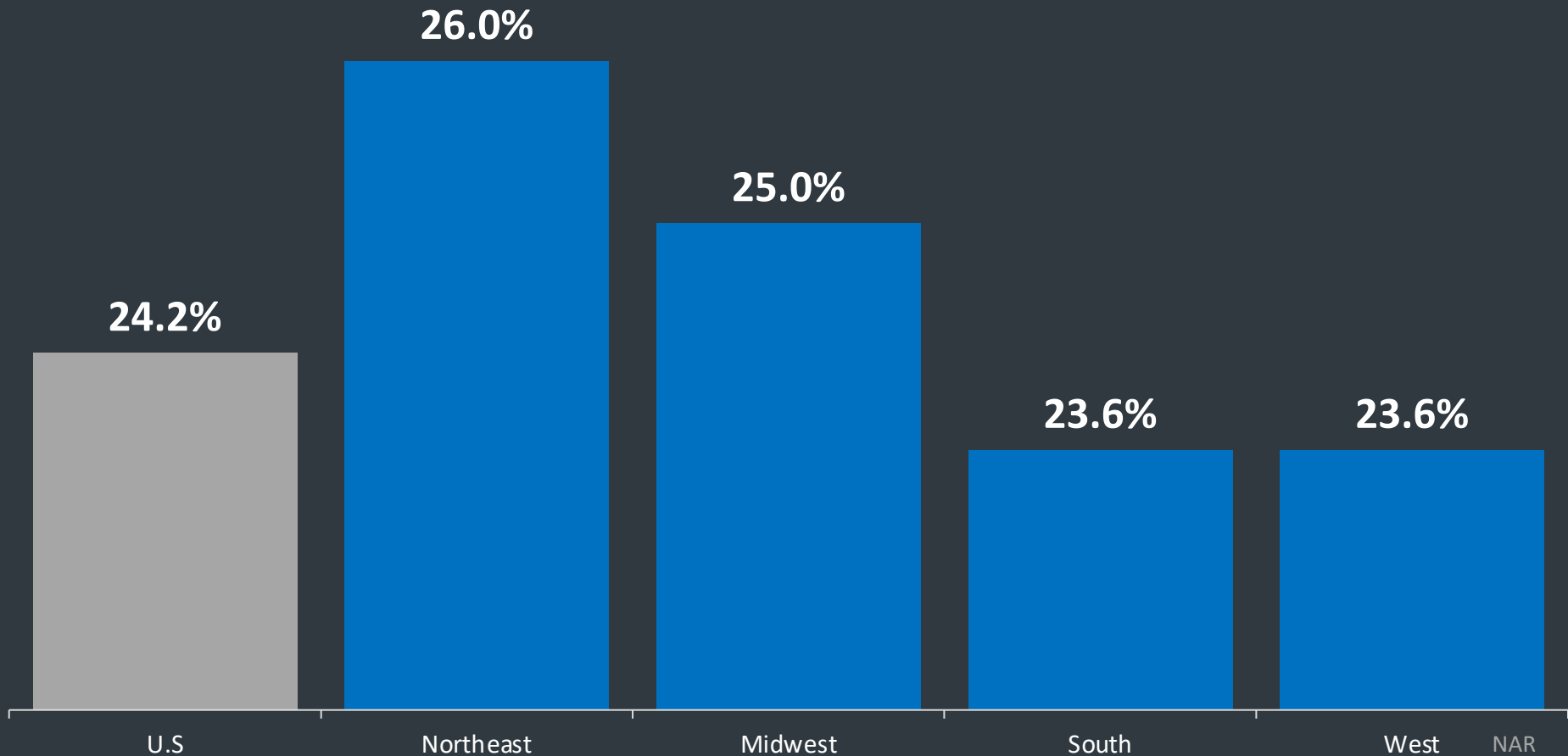
PENDING Home Sales

since 2014



Pending Home Sales

Year-Over-Year By Region

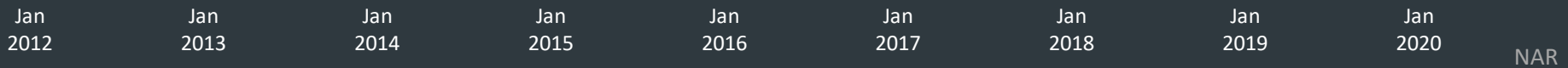


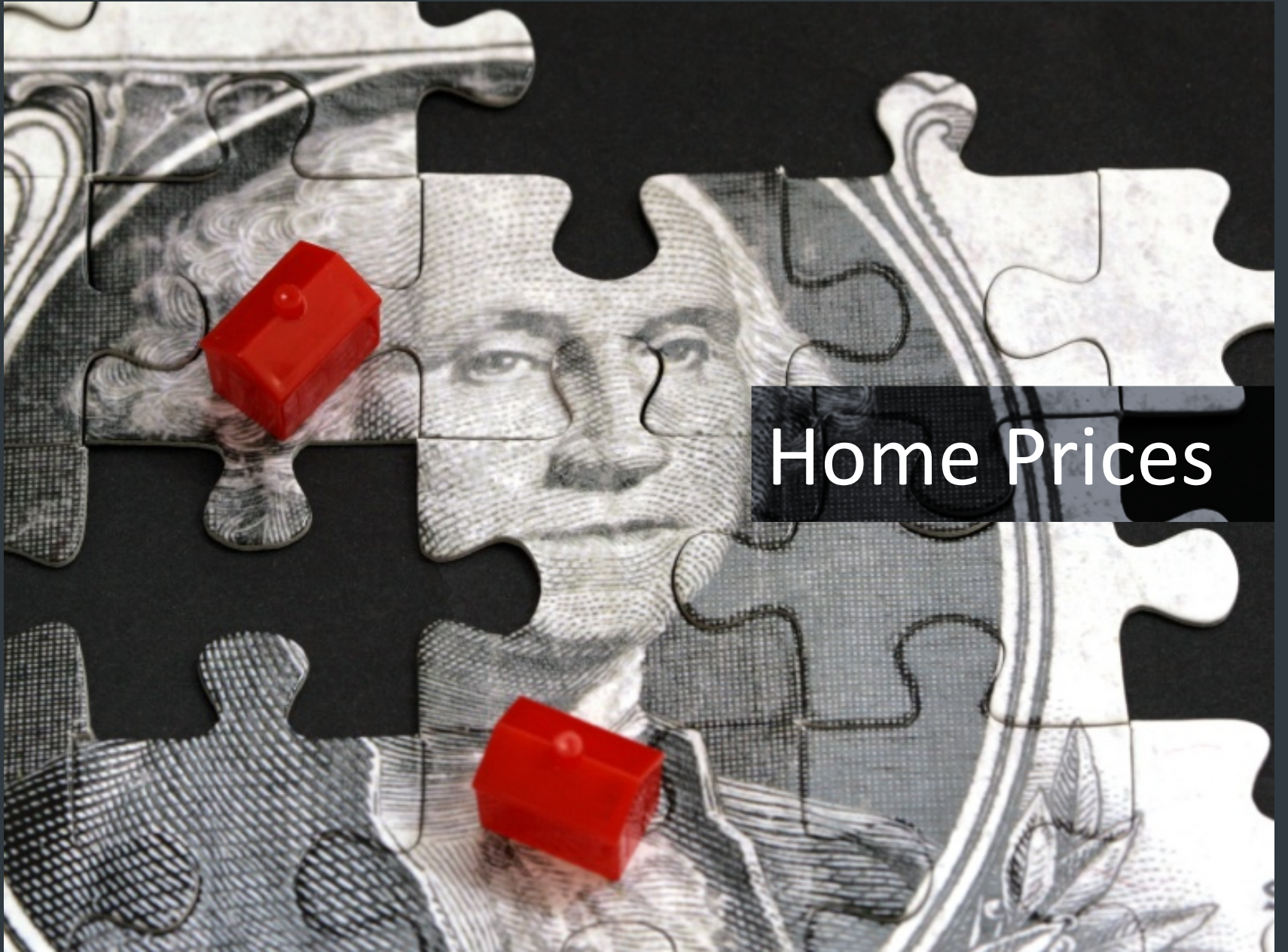
35%

Percentage of Distressed Property Sales

*Distressed sales – foreclosures and short sales
– represented less than 1% of sales in August*

January 2012 - Today

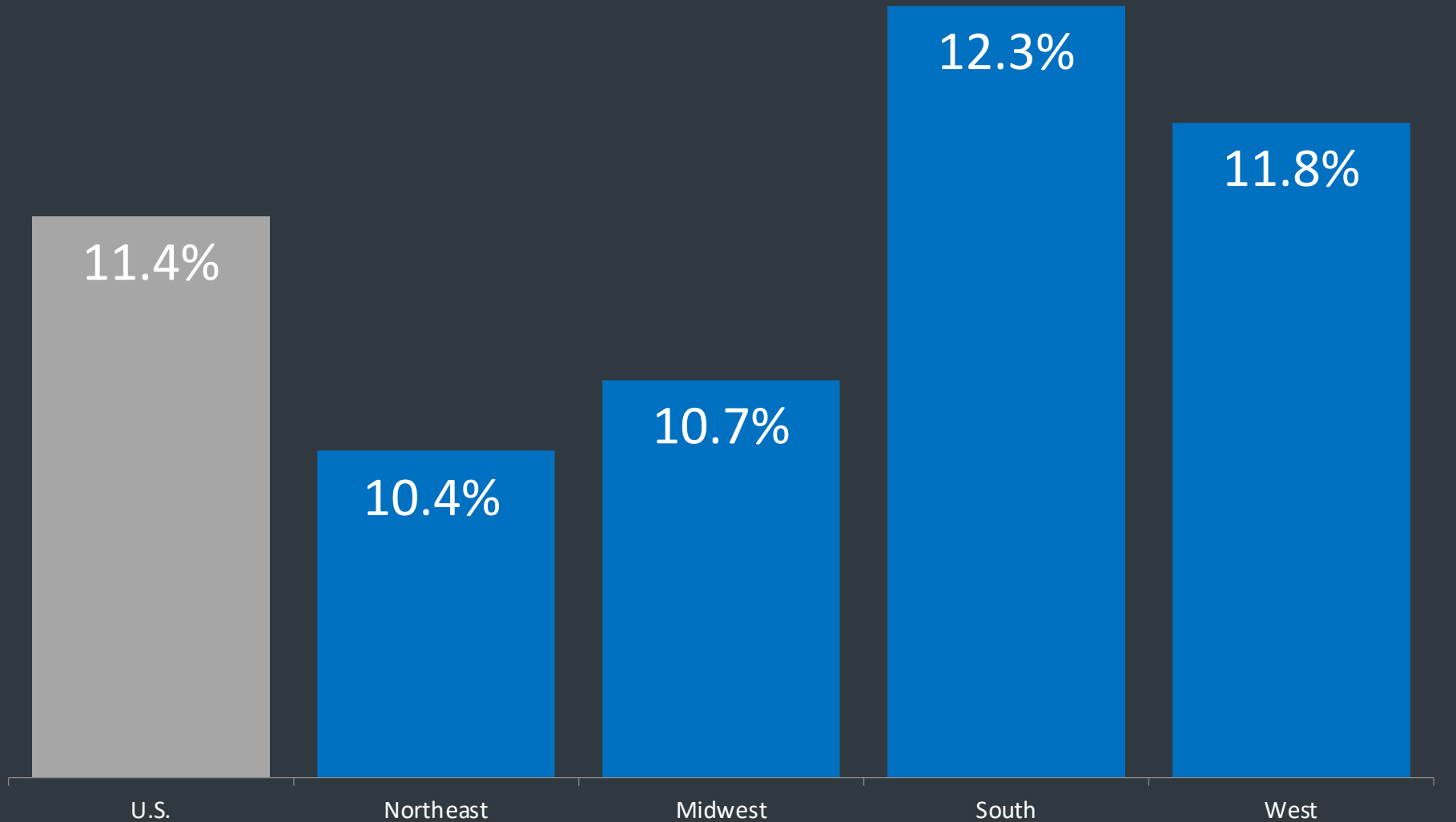




Home Prices

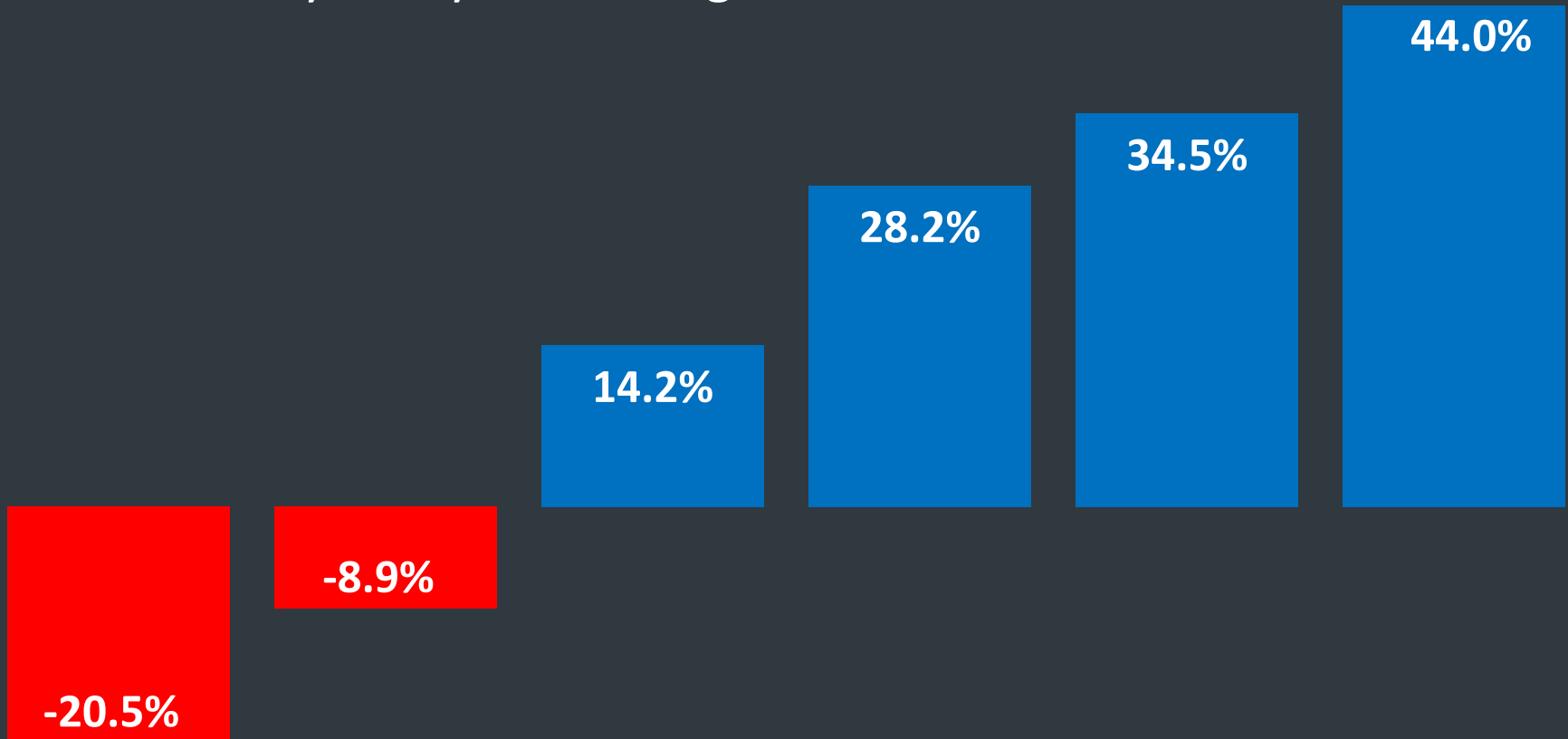
EXISTING Home Prices

Y-O-Y by region



% Change in Sales

from last year by Price Range



■ %

\$0-100K
-20.5%

\$100-250K
-8.9%

\$250-500K
14.2%

\$500-750K
28.2%

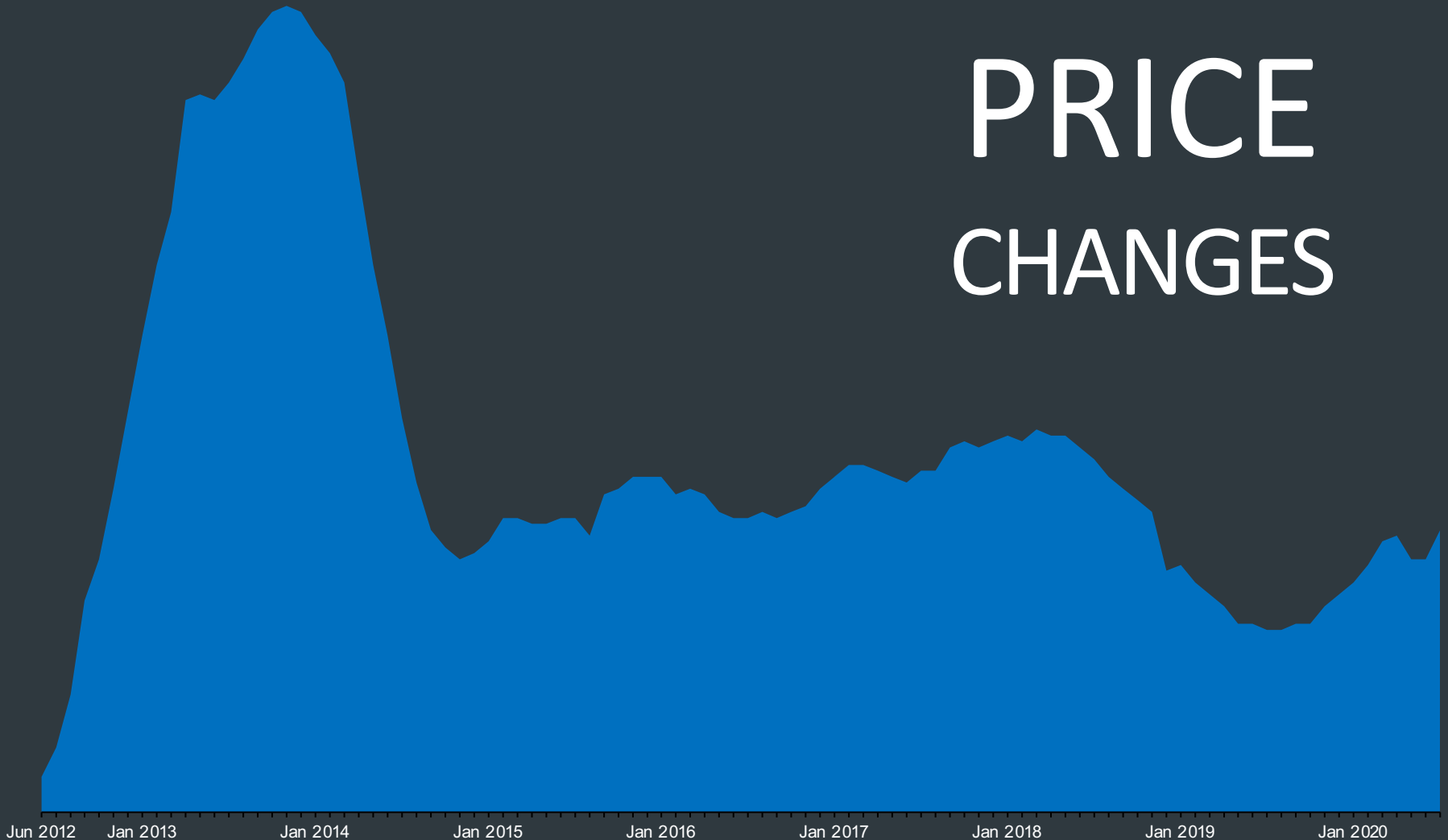
\$750K-1M
34.5%

\$1M+
44.0%

Case Shiller

Year-Over-Year

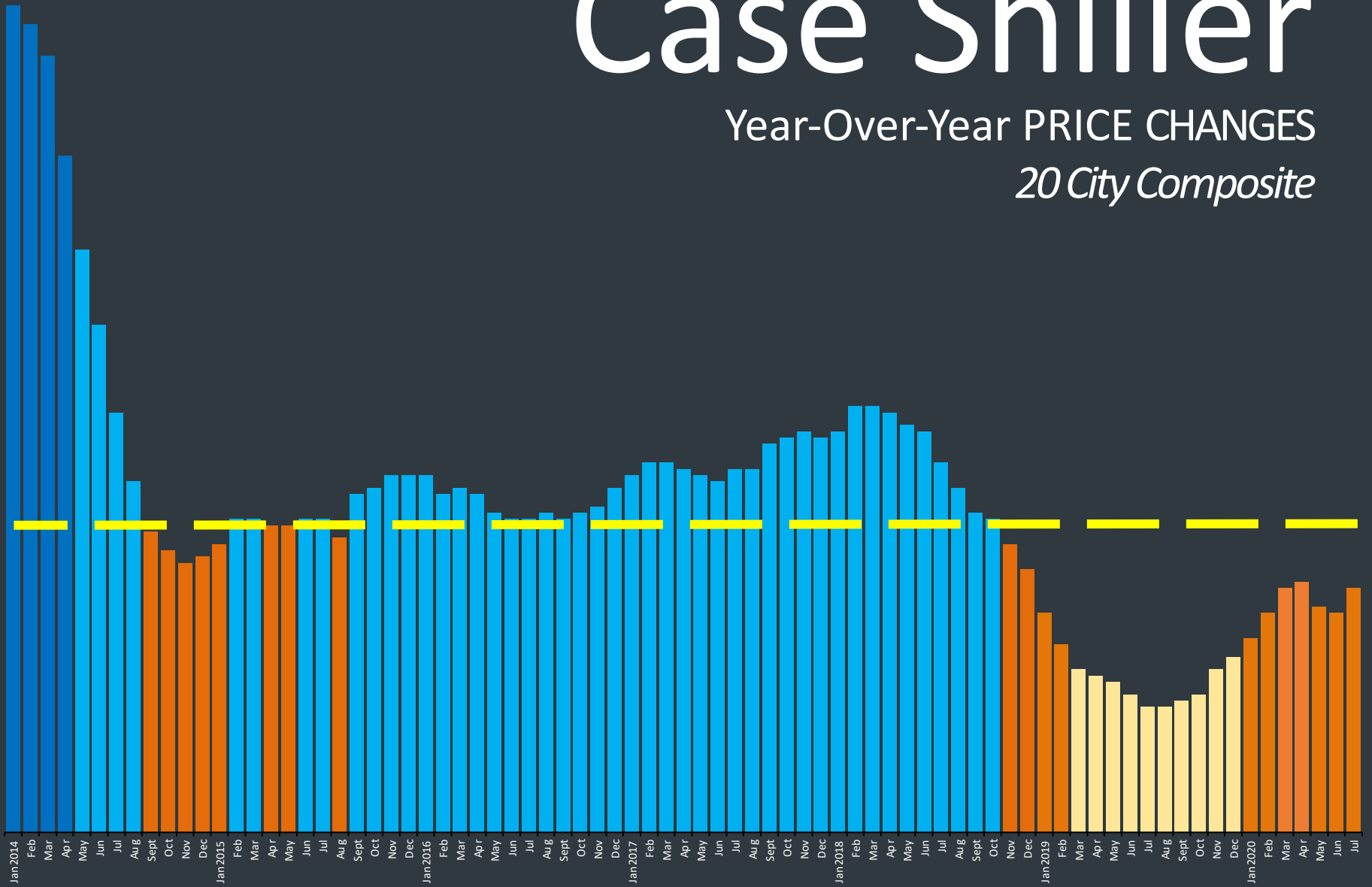
PRICE
CHANGES



Case Shiller

Year-Over-Year PRICE CHANGES

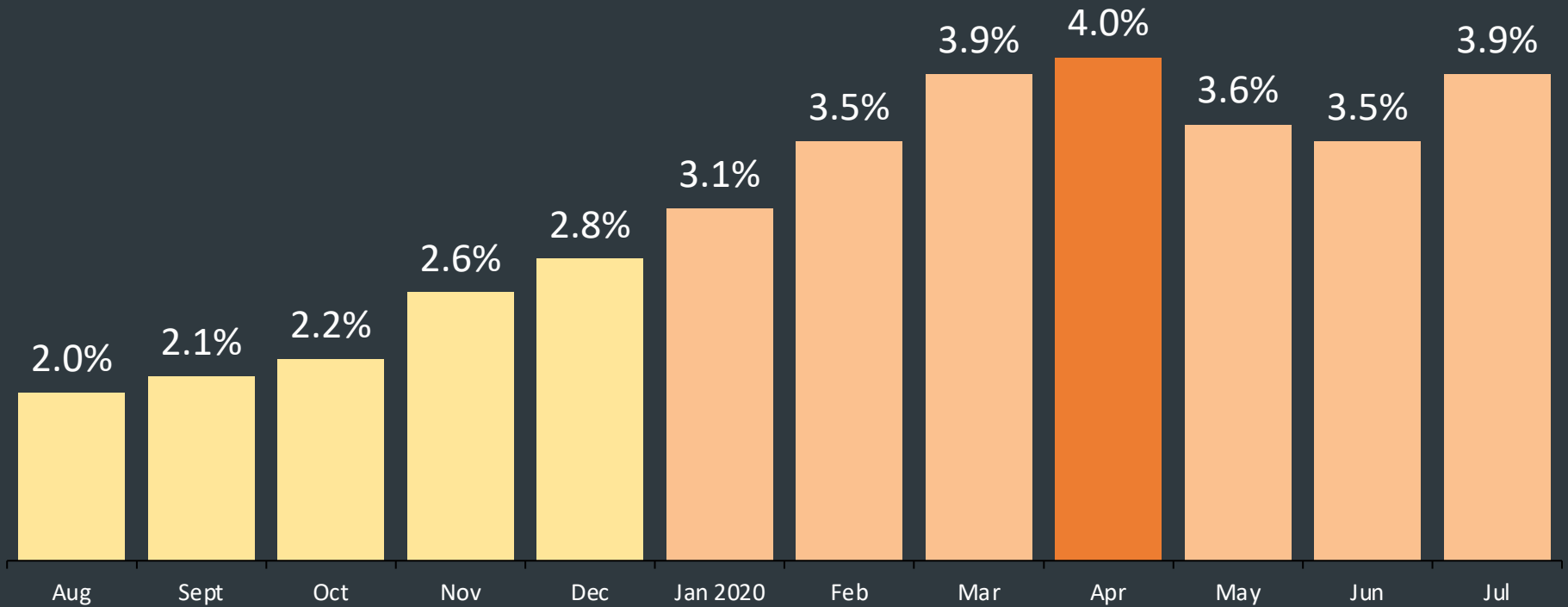
20 City Composite



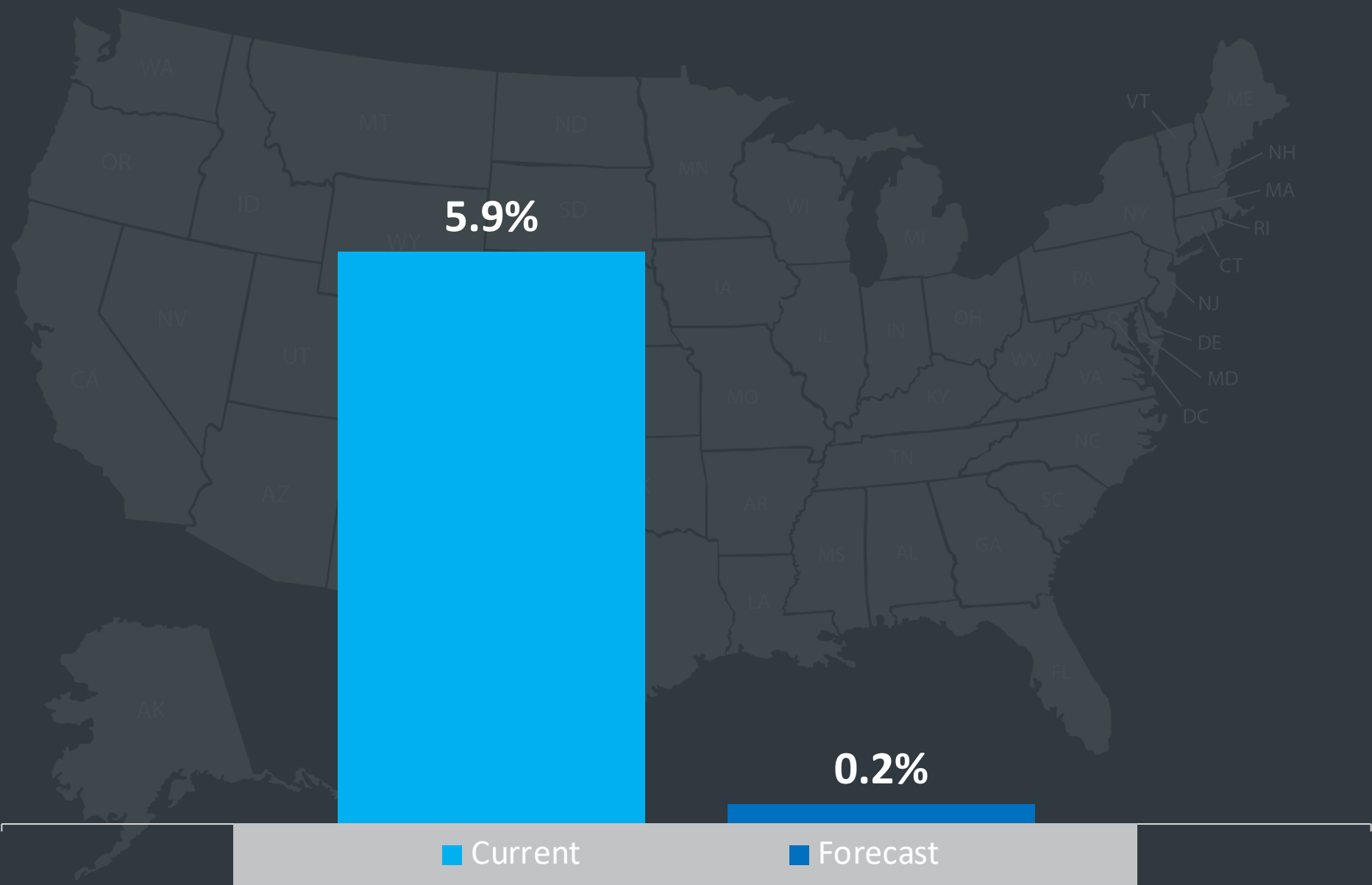
Case Shiller

Year-Over-Year PRICE CHANGES

20 City Composite



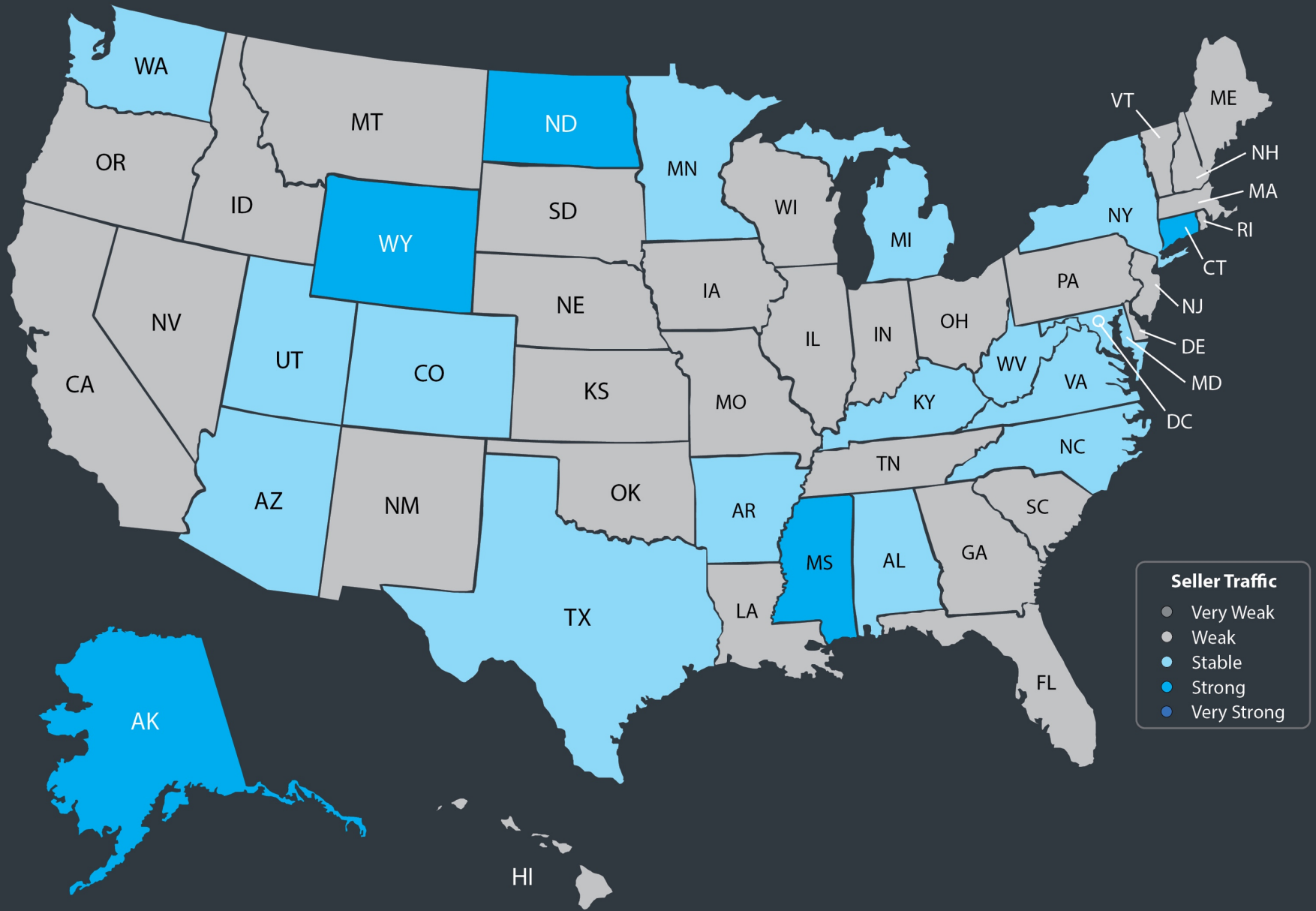
Year-Over-Year % Change in Price



HOUSING INVENTORY



Seller Traffic Index

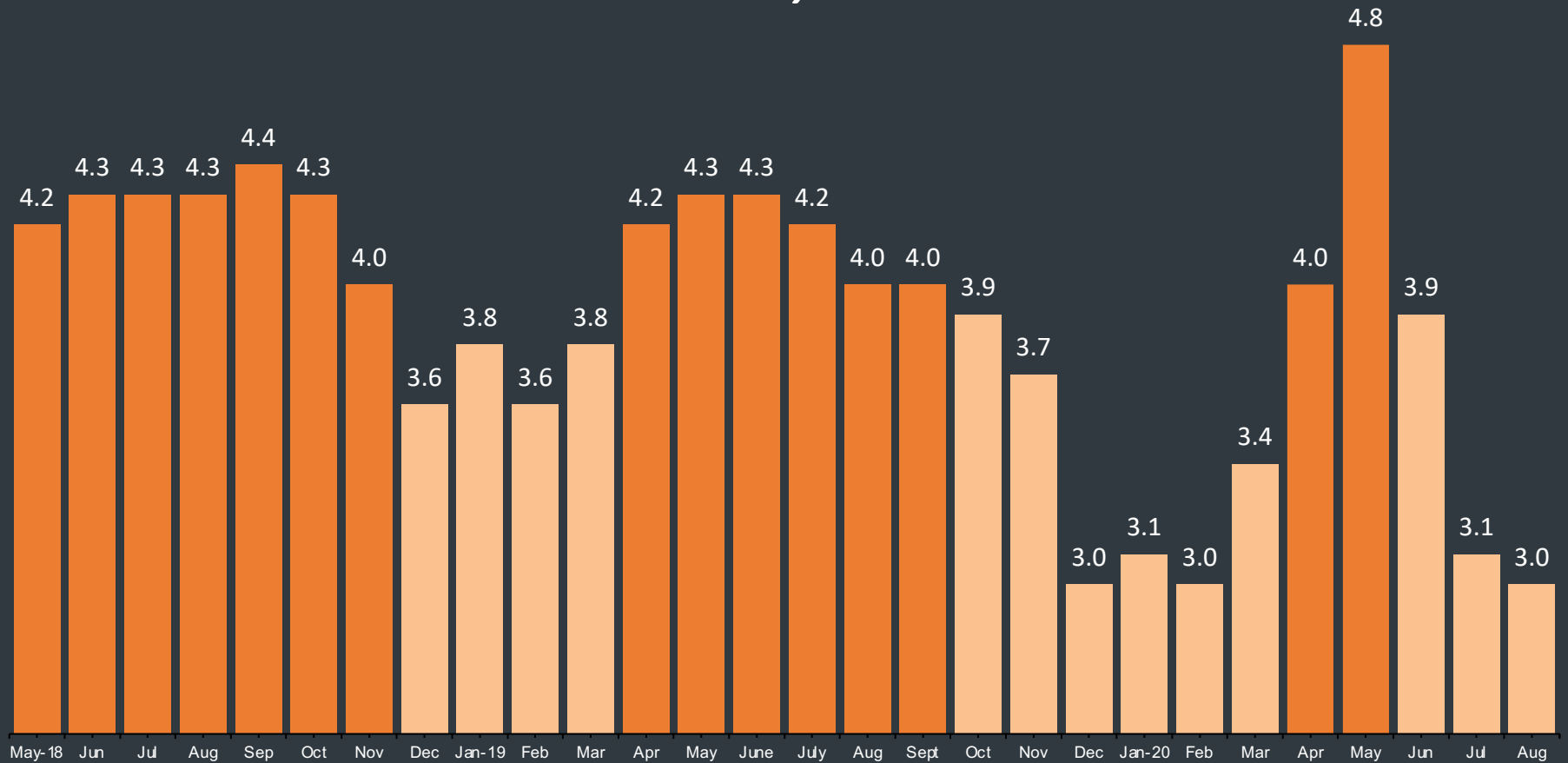


Months Inventory of HOMES FOR SALE 2011 - Today



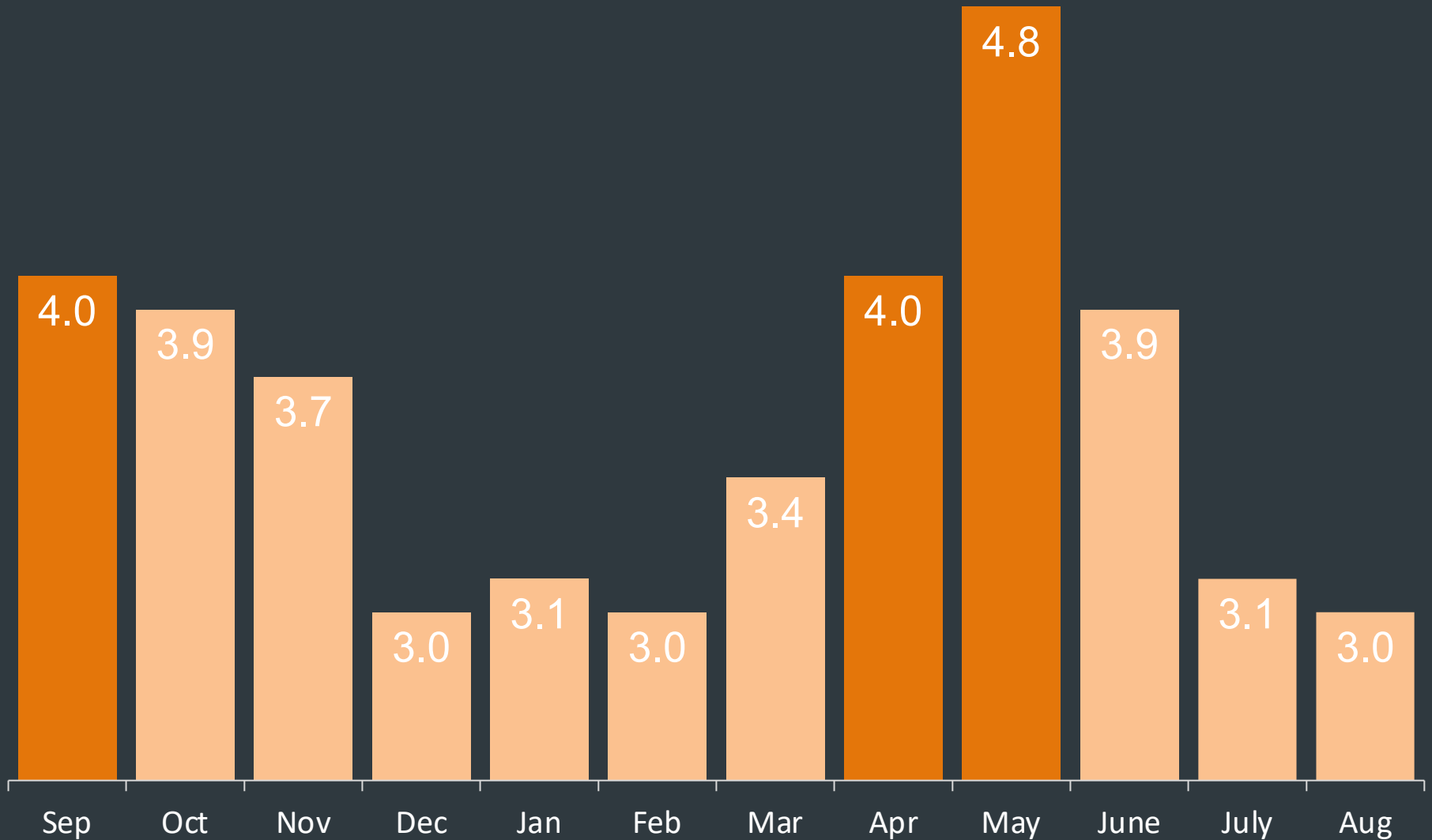
Months Inventory of HOMES FOR SALE

last 2 years



Months Inventory of HOMES FOR SALE

Last 12 Months



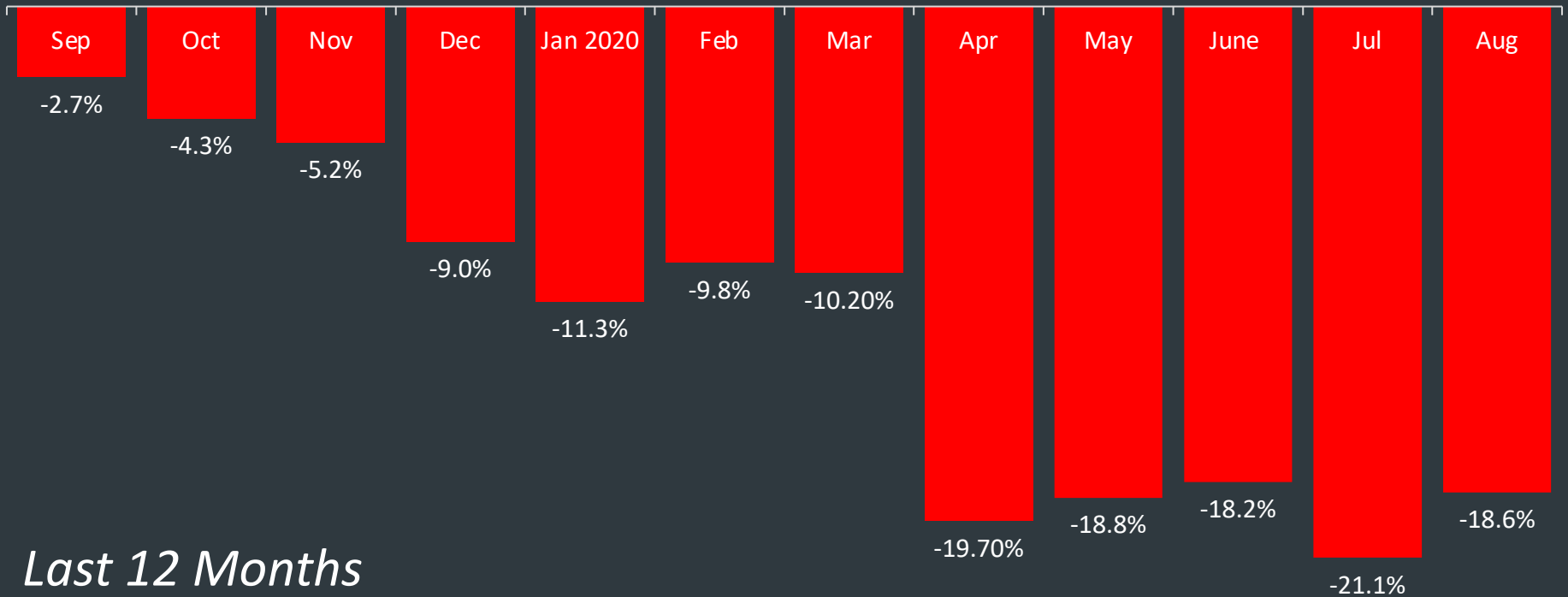


Year-over-Year Inventory Levels

January 2014 January 2015 January 2016 January 2017 January 2018 January 2019 January 2020

HOUSING SUPPLY

Year-Over-Year

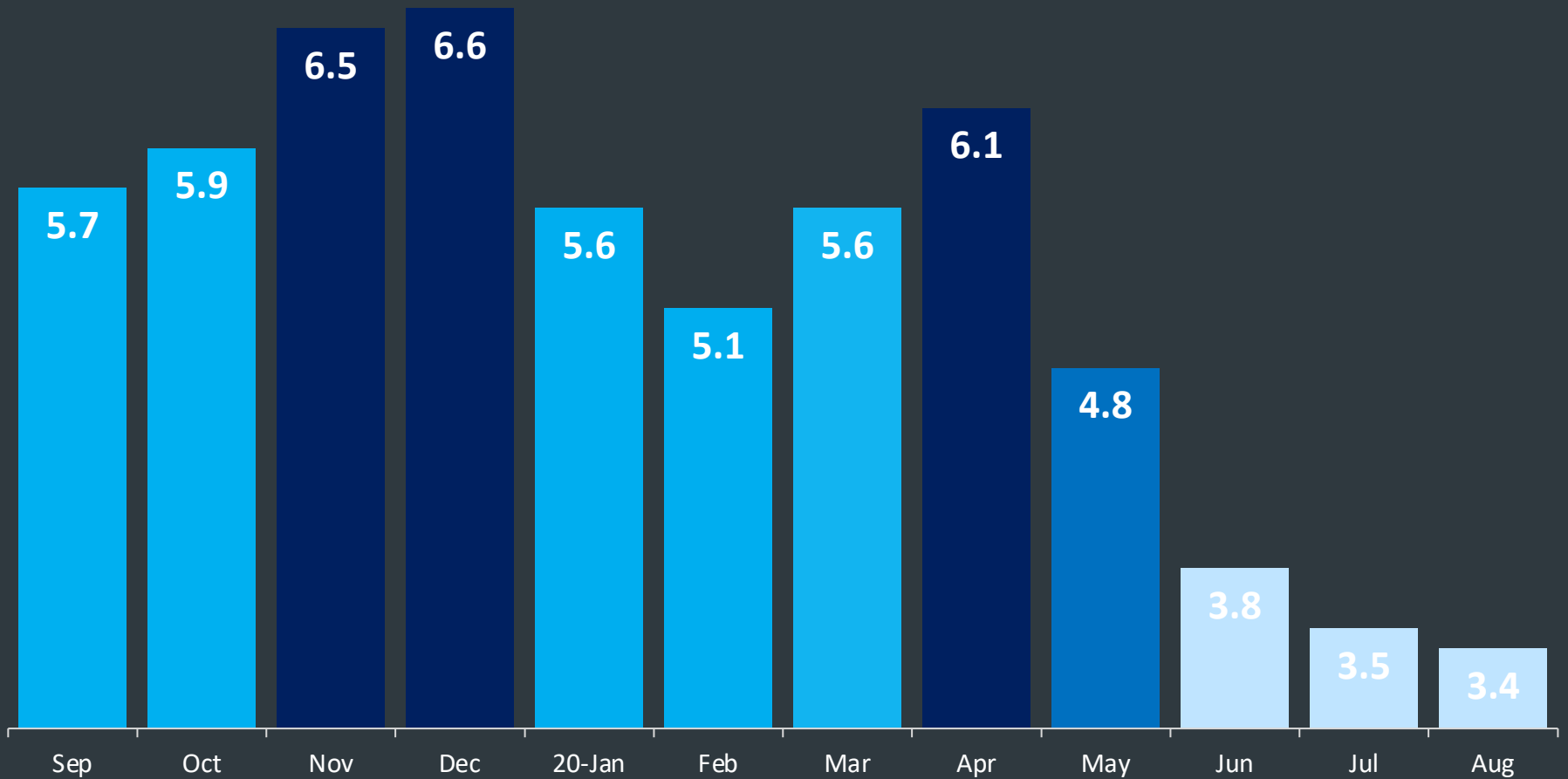


Last 12 Months

New Home Inventory

months supply

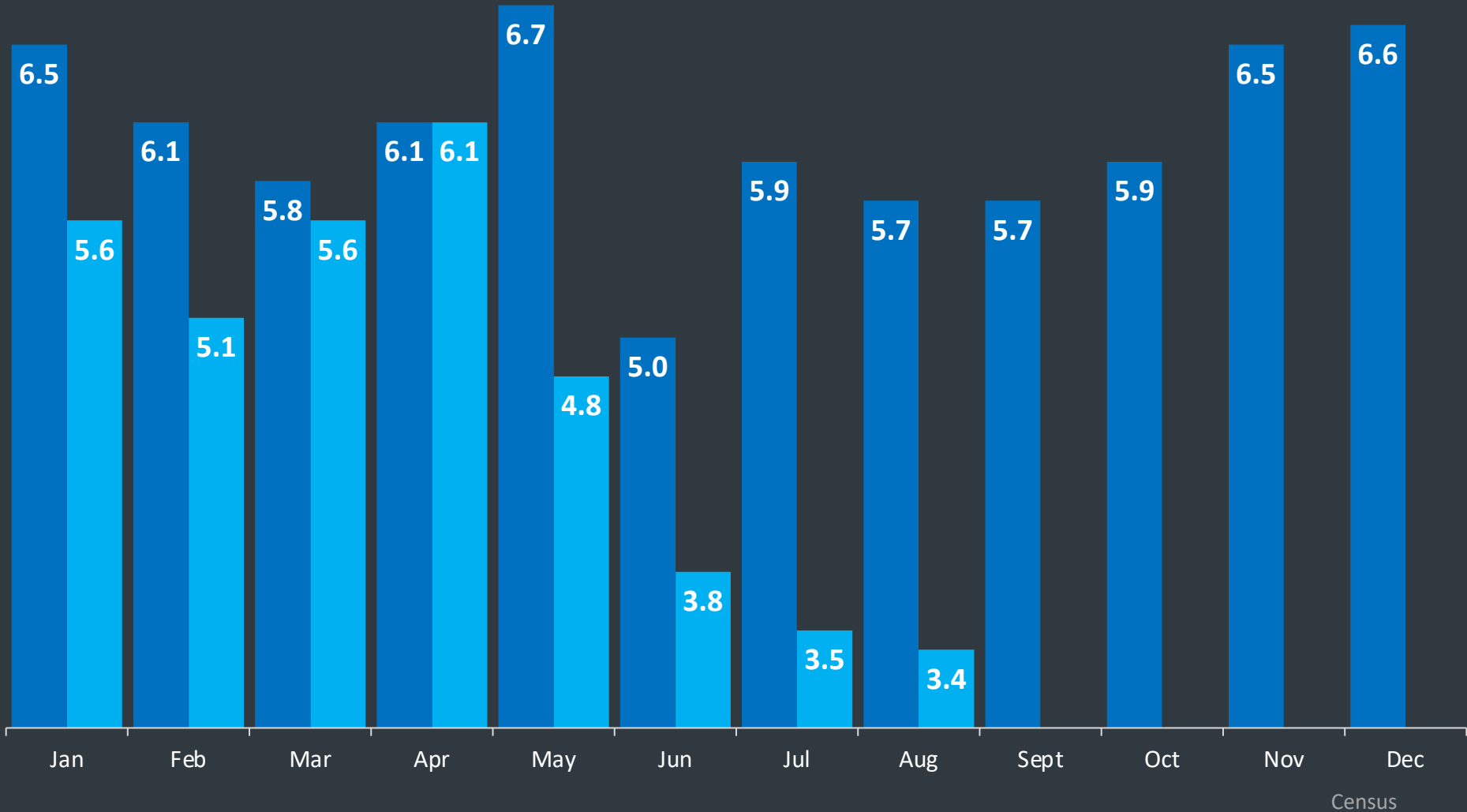
Last 12 Months



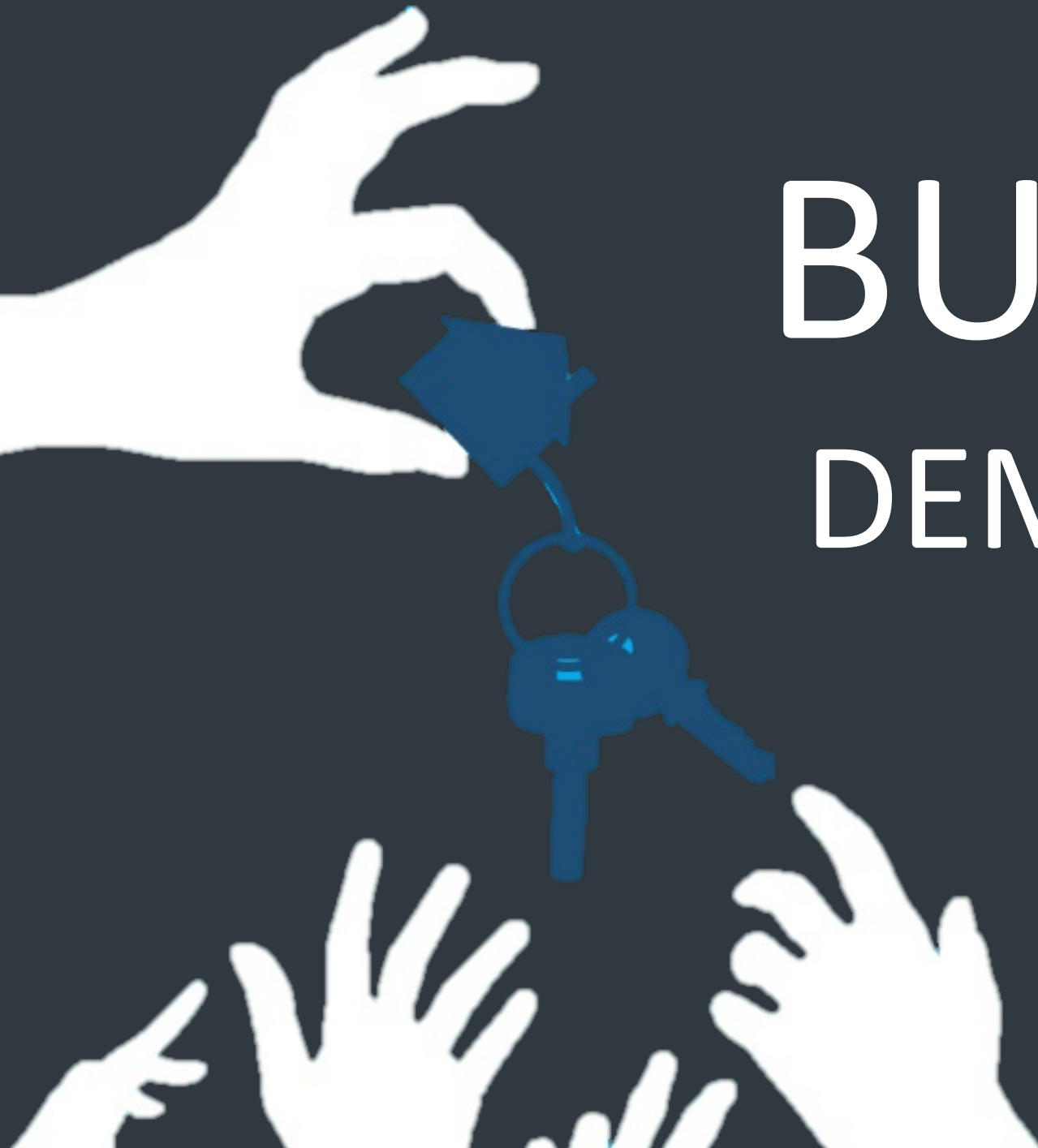
New Home Inventory

months supply

■ 2019 ■ 2020

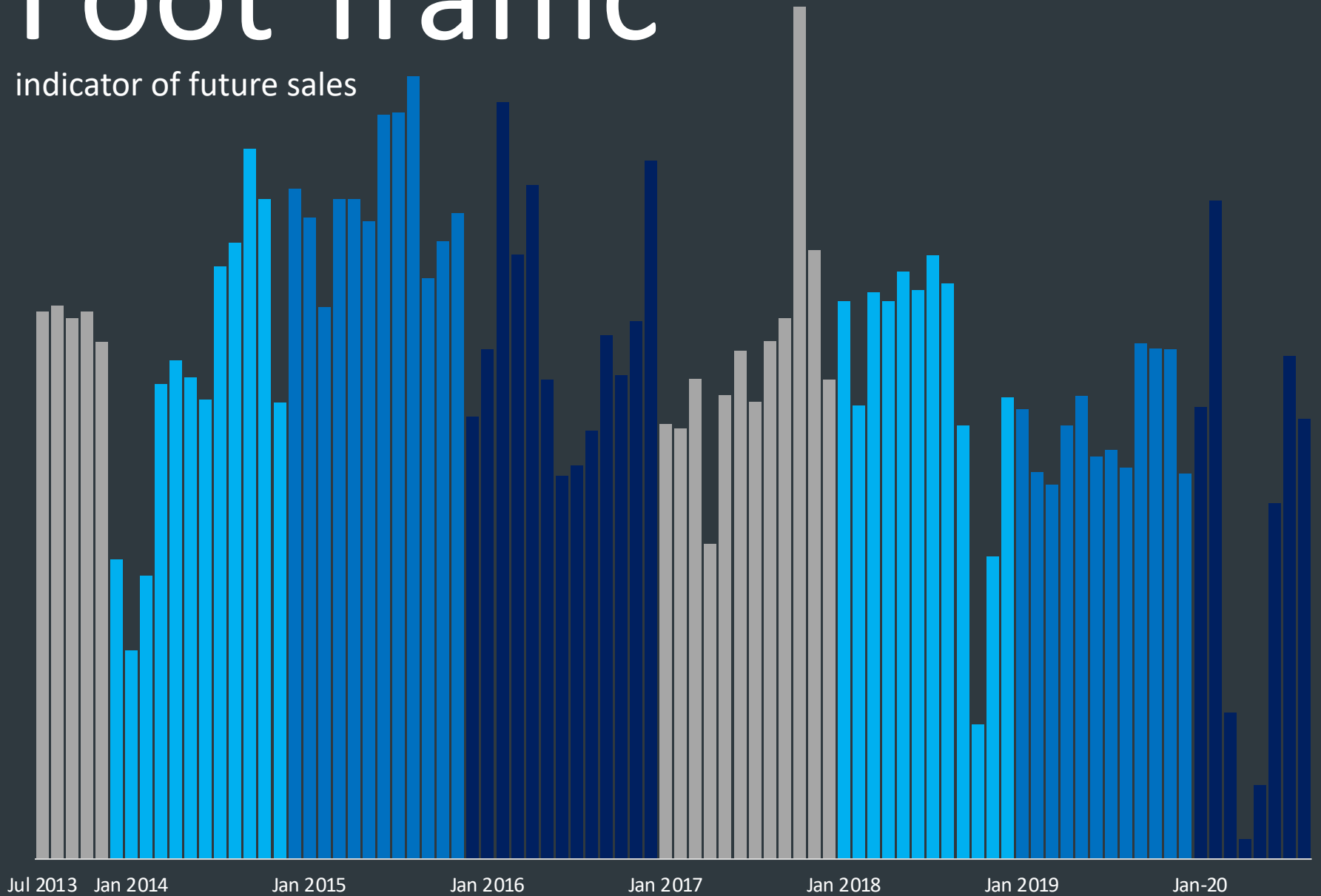


BUYER DEMAND



Foot Traffic

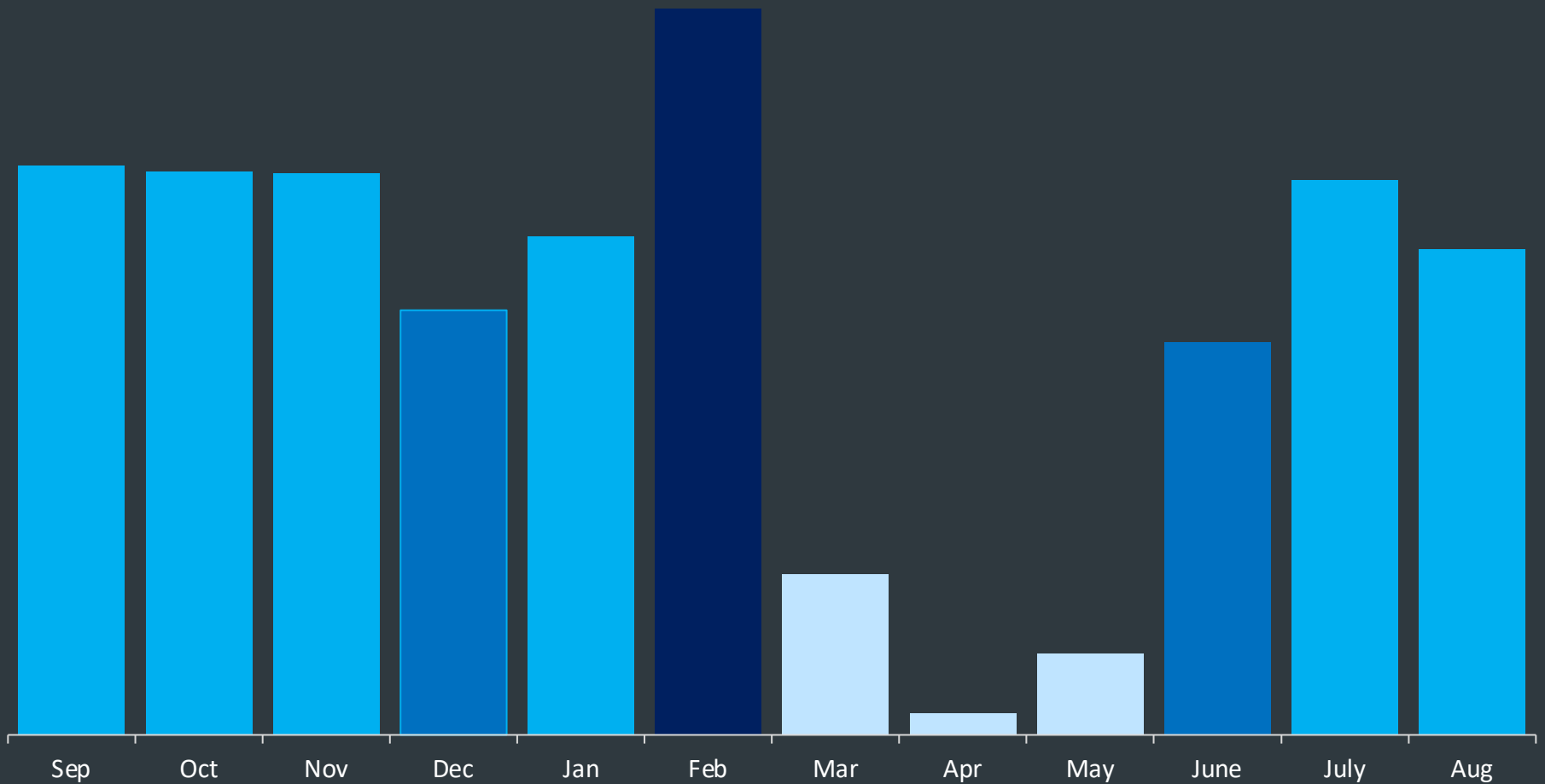
indicator of future sales



Foot Traffic

Last 12 Months

Indicator of future sales

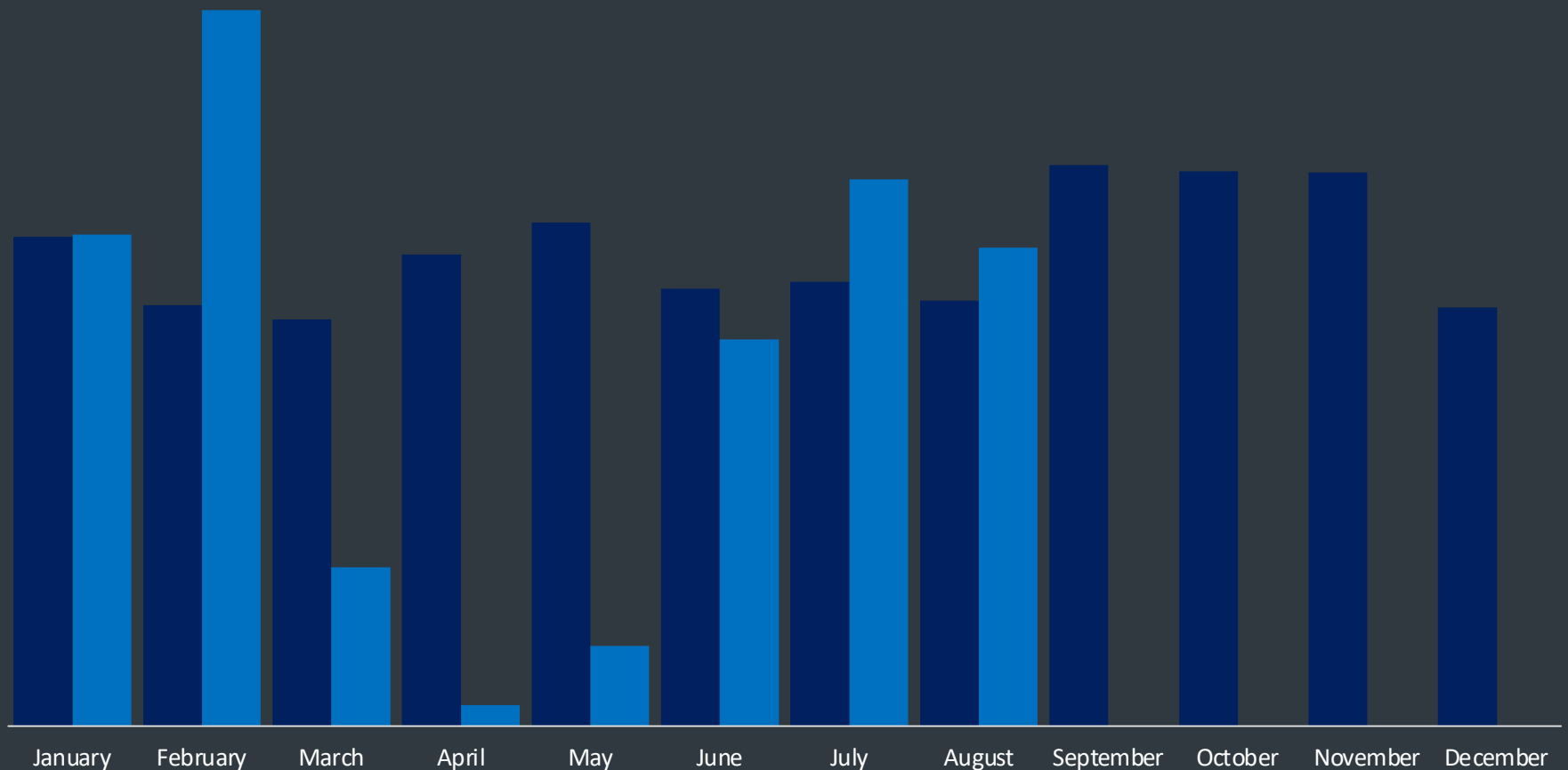


Foot Traffic

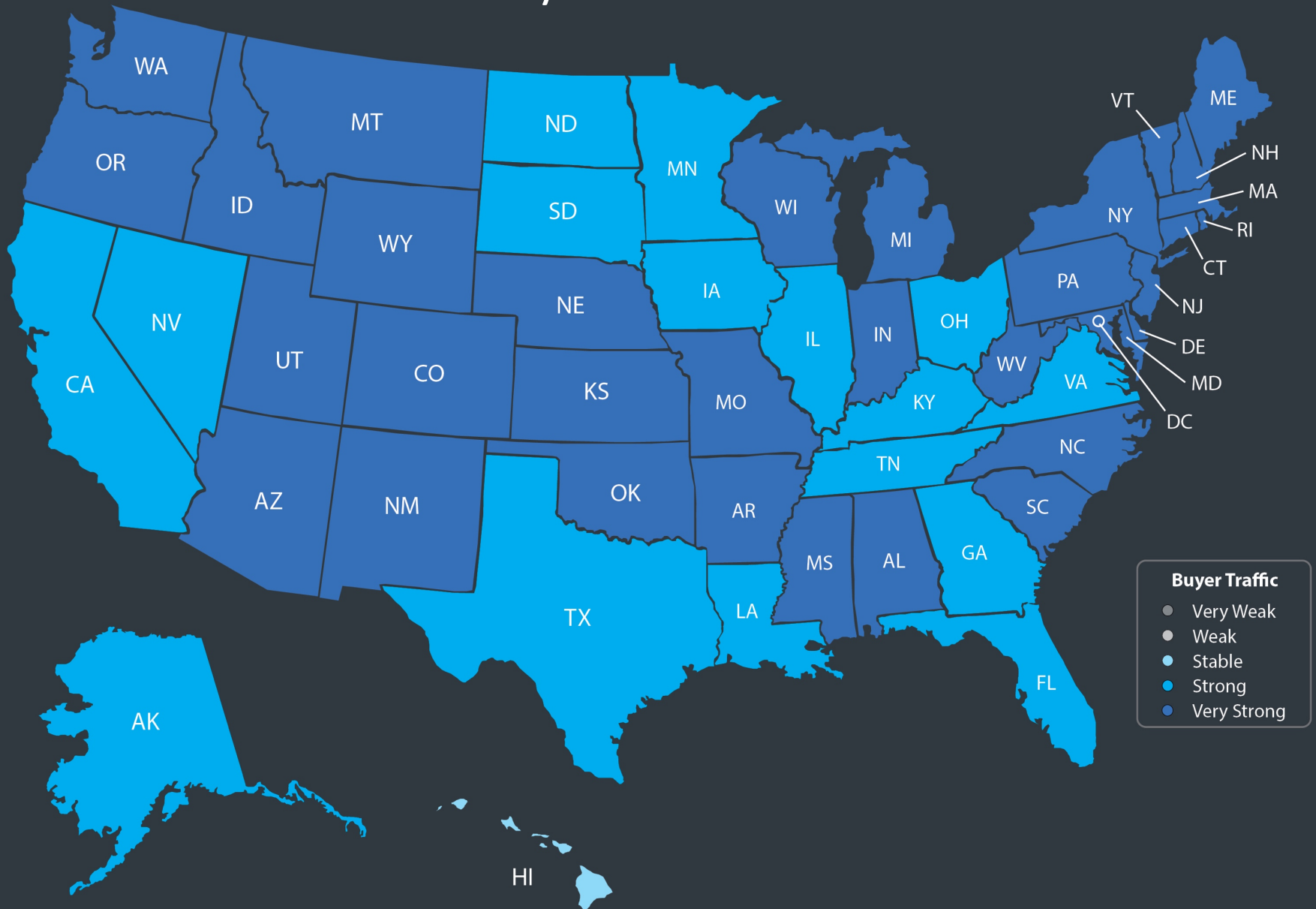
indicator of future sales

■ 2019

■ 2020



Buyer Traffic Index

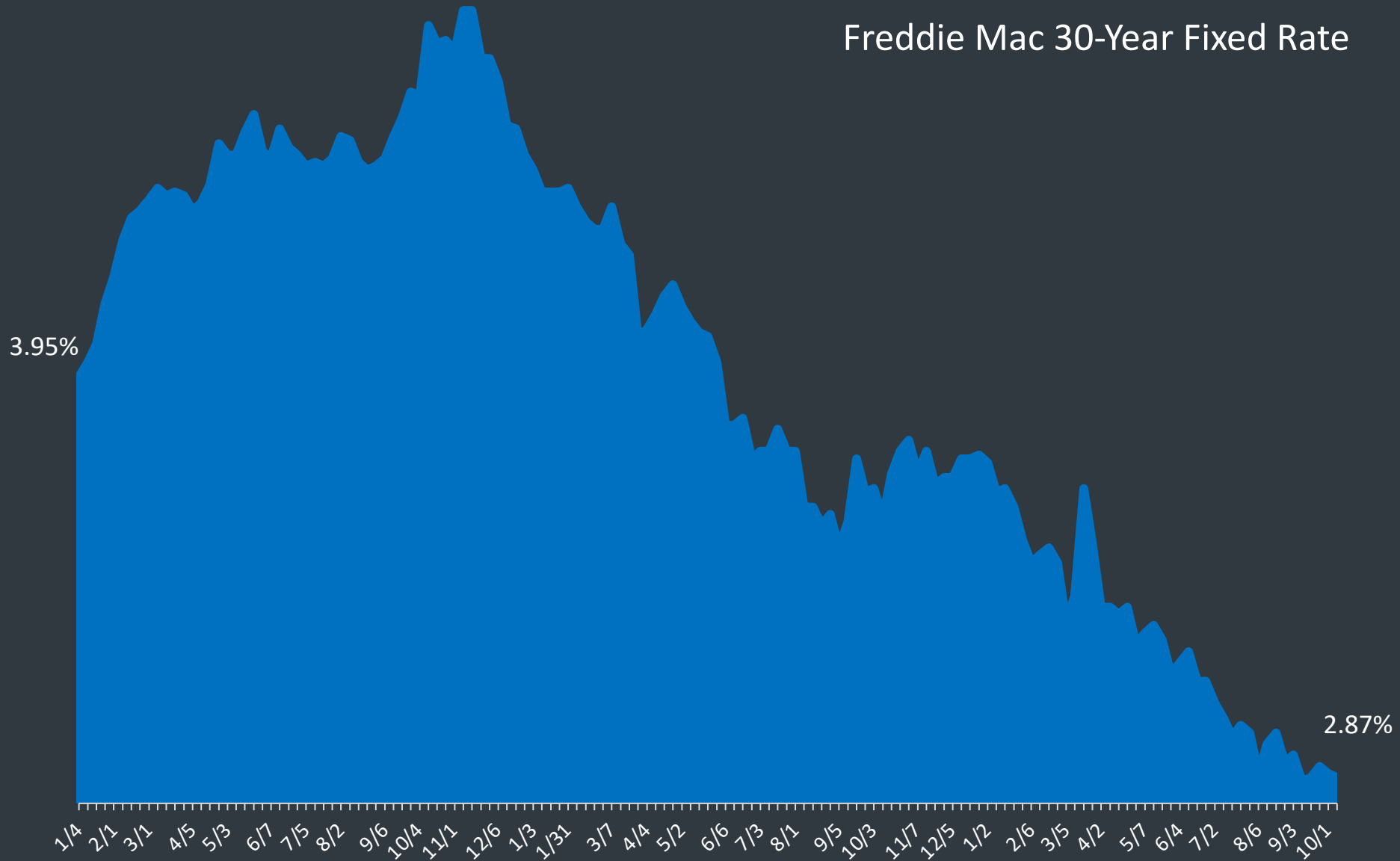


INTEREST RATES



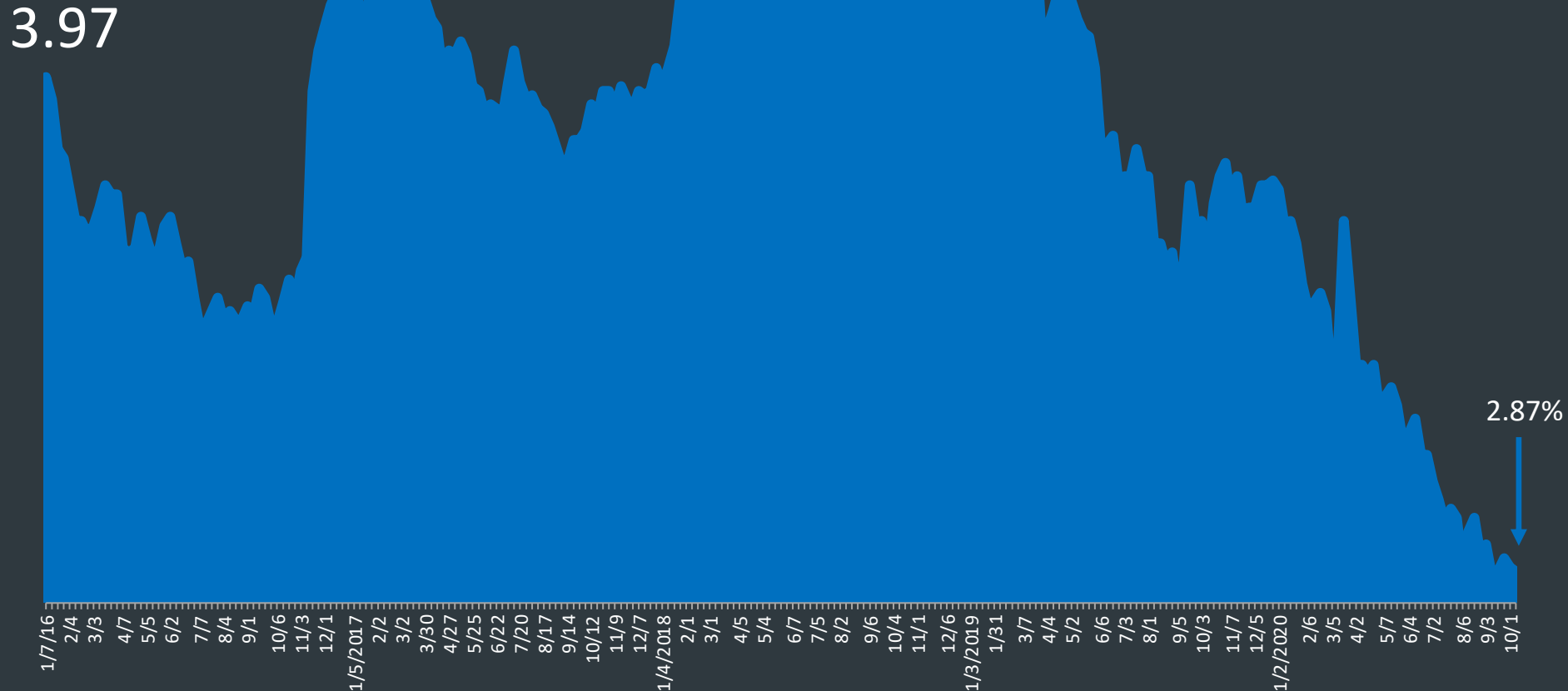
Mortgage Rates

Freddie Mac 30-Year Fixed Rate



30-Year Fixed

Rate Mortgages
from Freddie Mac



Mortgage Rate Projections

Quarter	Freddie Mac	Fannie Mae	MBA	NAR	Average of All Four
2020 3Q	3.3	3.0	3.0	3.0	3.07%
2020 4Q	3.3	2.8	3.1	2.9	3.02%
2021 1Q	3.2	2.8	3.1	3.1	3.05%
2021 2Q	3.2	2.7	3.2	3.1	3.05%

Mortgage Rates

Freddie Mac

30-Year Fixed Rate

- Actual
- Projected



	2016	2016	2016	2016	2017	2017	2017	2017	2018	2018	2018	2018	2019	2019	2019	2019	2020	2020	2020	2020	2021	2021	2021	2021
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Rate	3.7	3.6	3.5	3.8	4.2	4.0	3.9	3.9	4.3	4.5	4.6	4.8	4.4	4	3.7	3.7	3.5	3.4	3.3	3.3	3.2	3.2	3.2	3.2

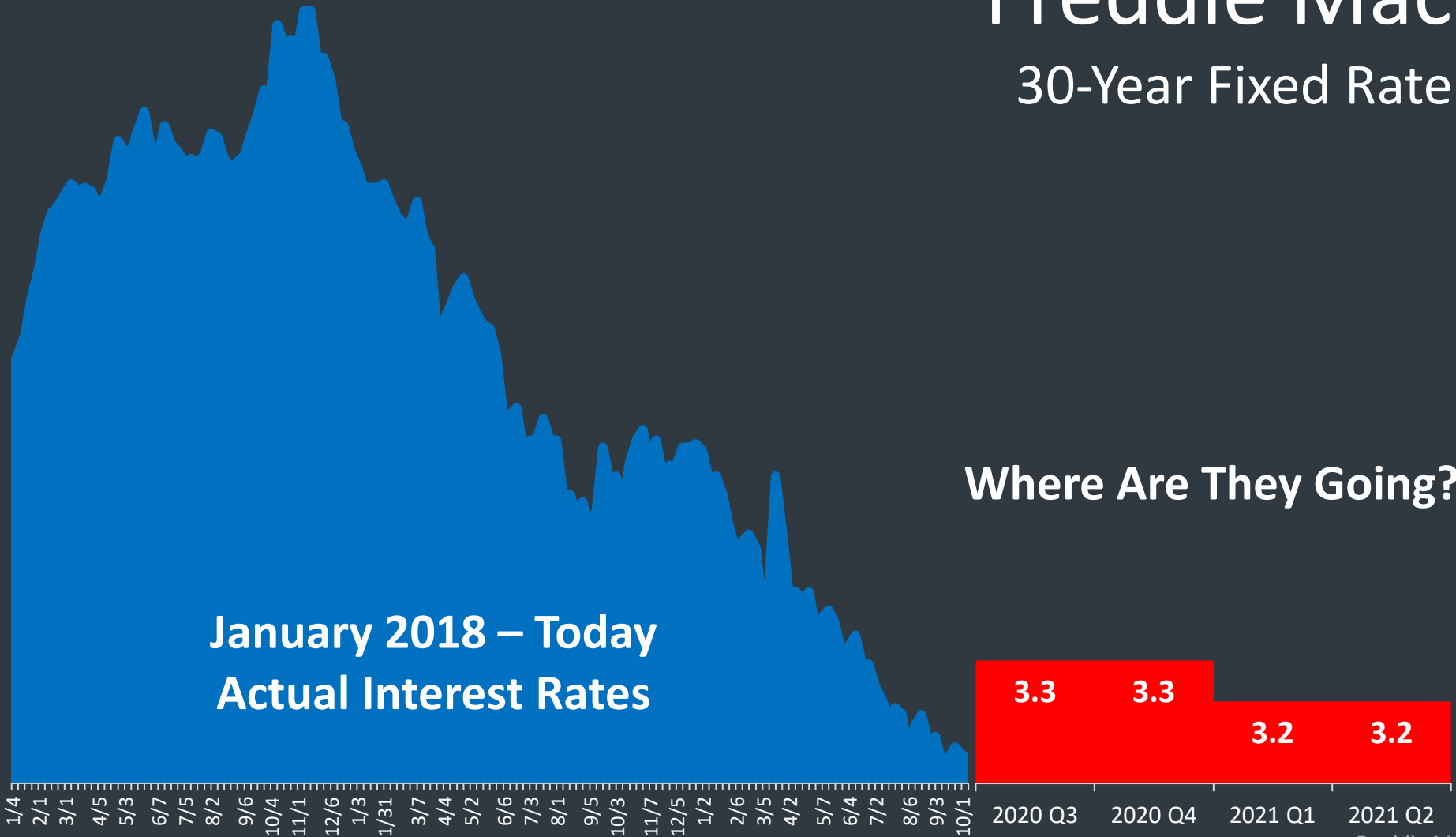
Mortgage Rates

Freddie Mac

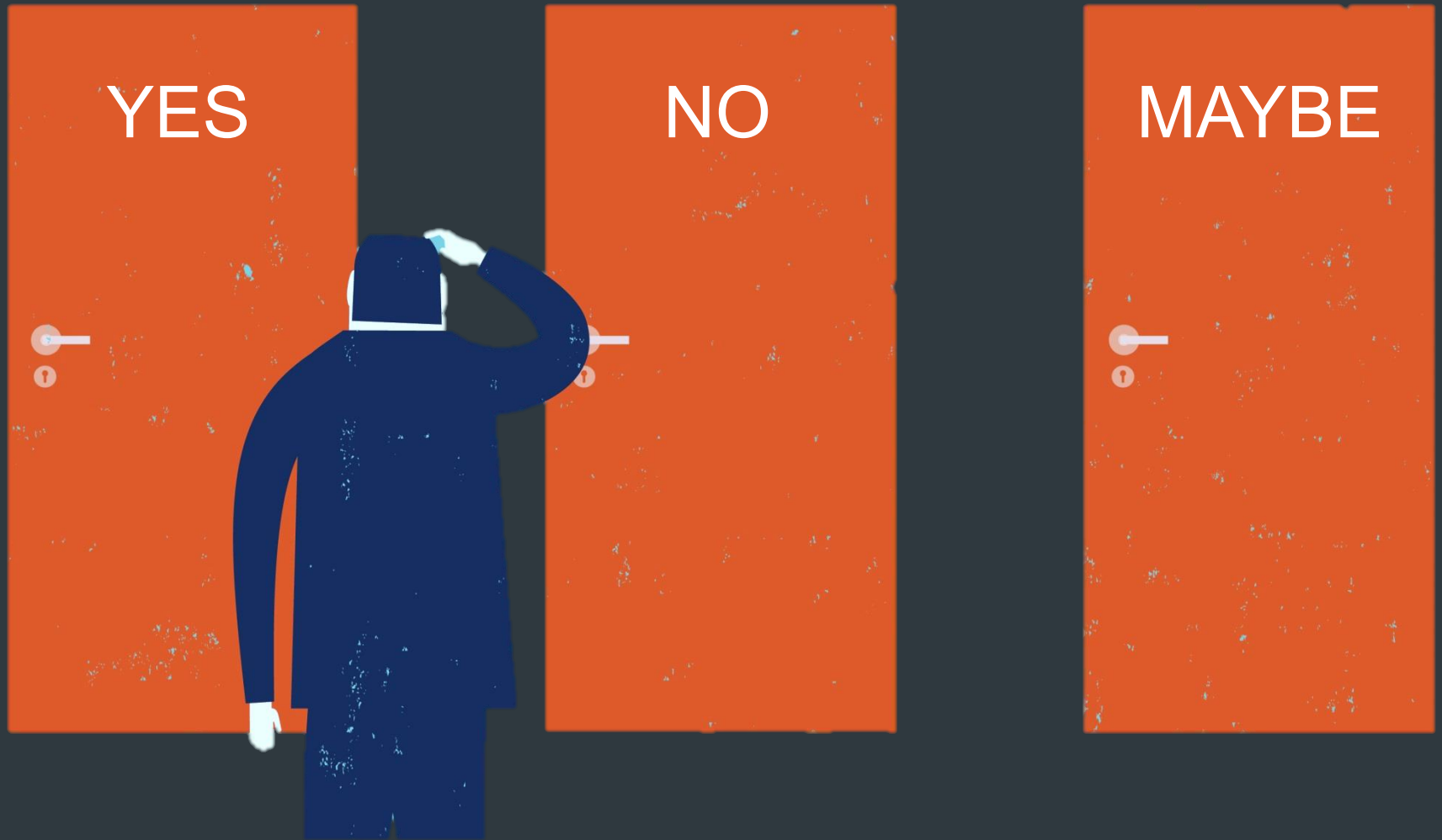
30-Year Fixed Rate

January 2018 – Today
Actual Interest Rates

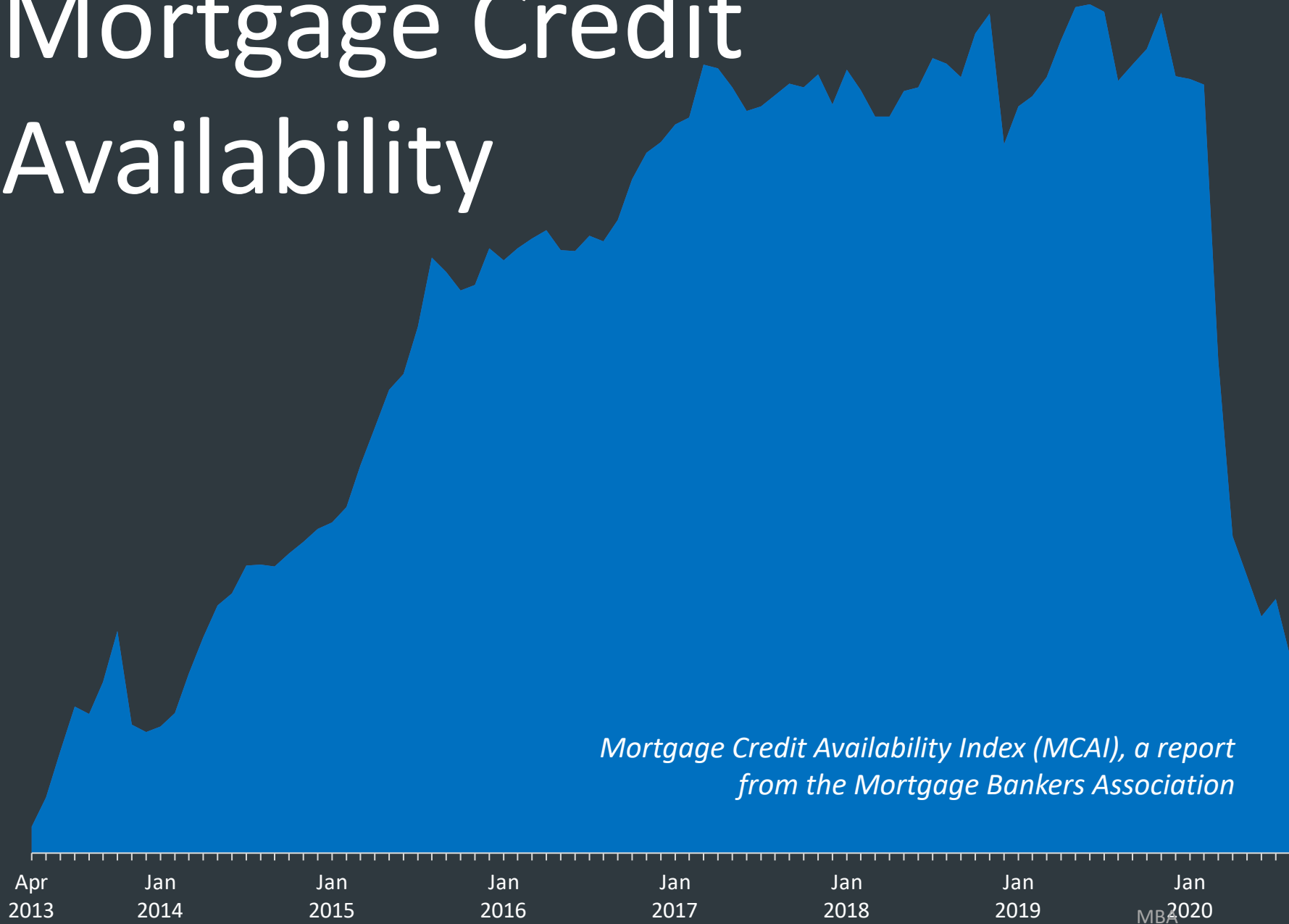
Where Are They Going?



Mortgage Credit Availability



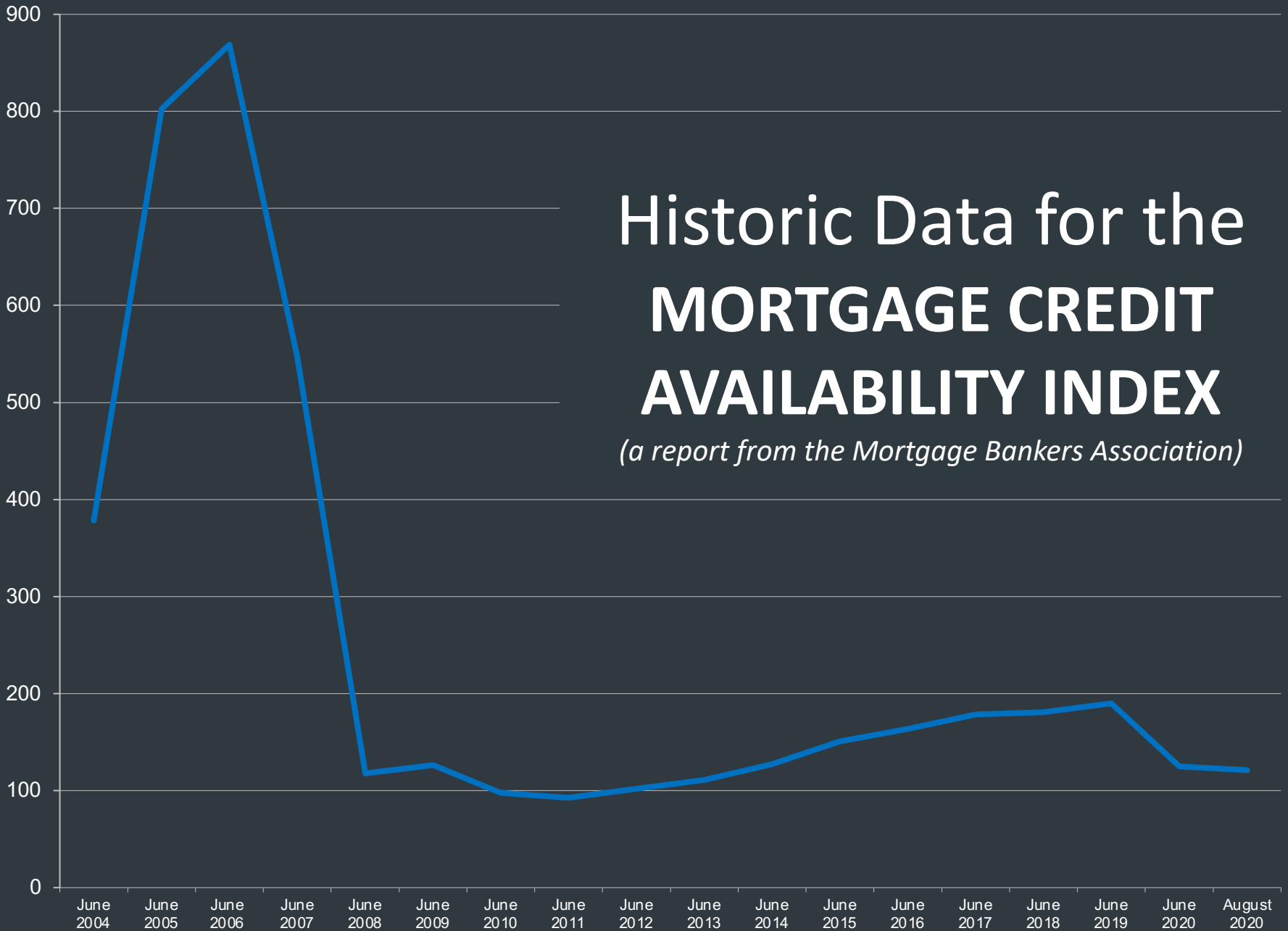
Mortgage Credit Availability



Mortgage Credit Availability Index (MCAI), a report from the Mortgage Bankers Association

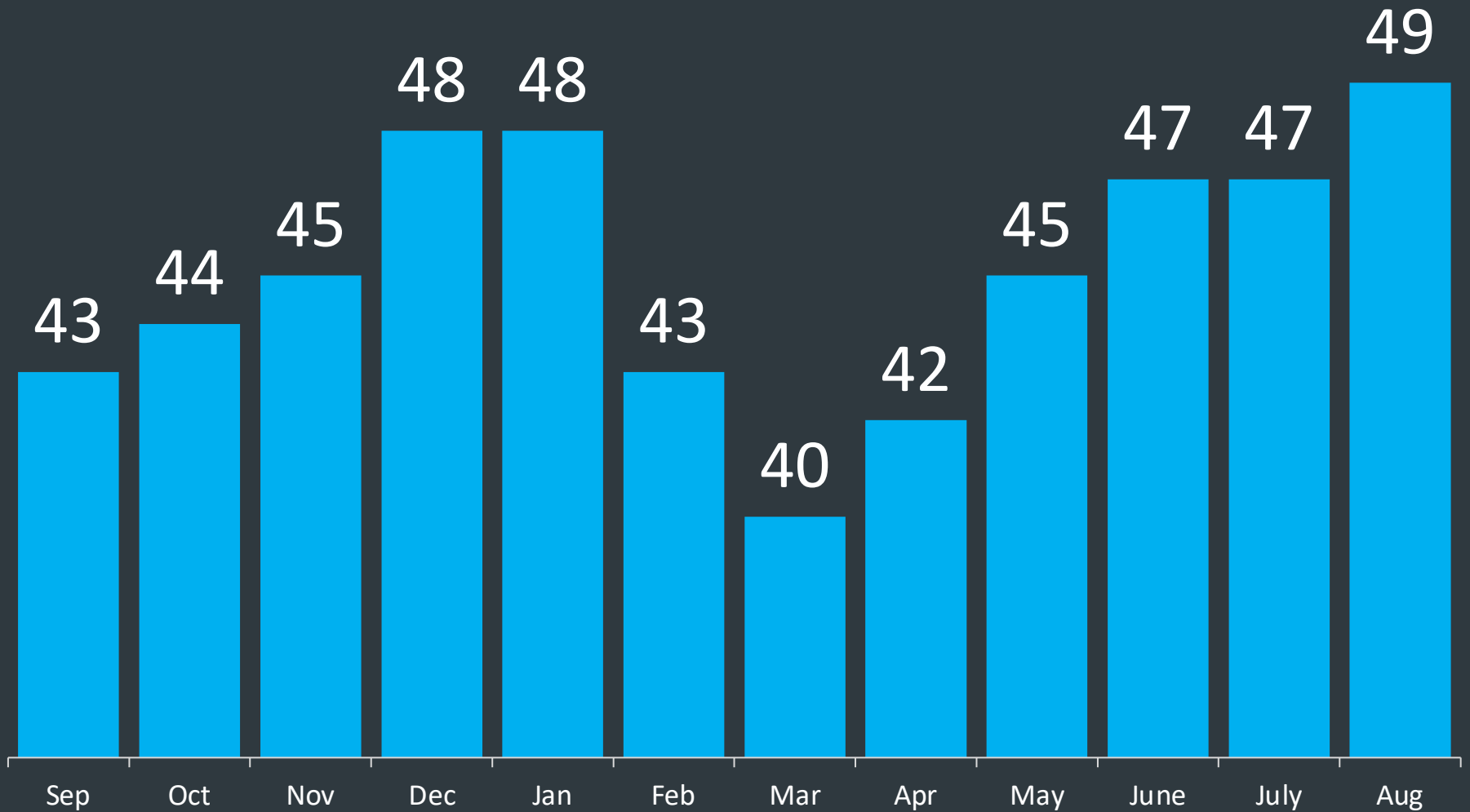
Historic Data for the **MORTGAGE CREDIT AVAILABILITY INDEX**

(a report from the Mortgage Bankers Association)



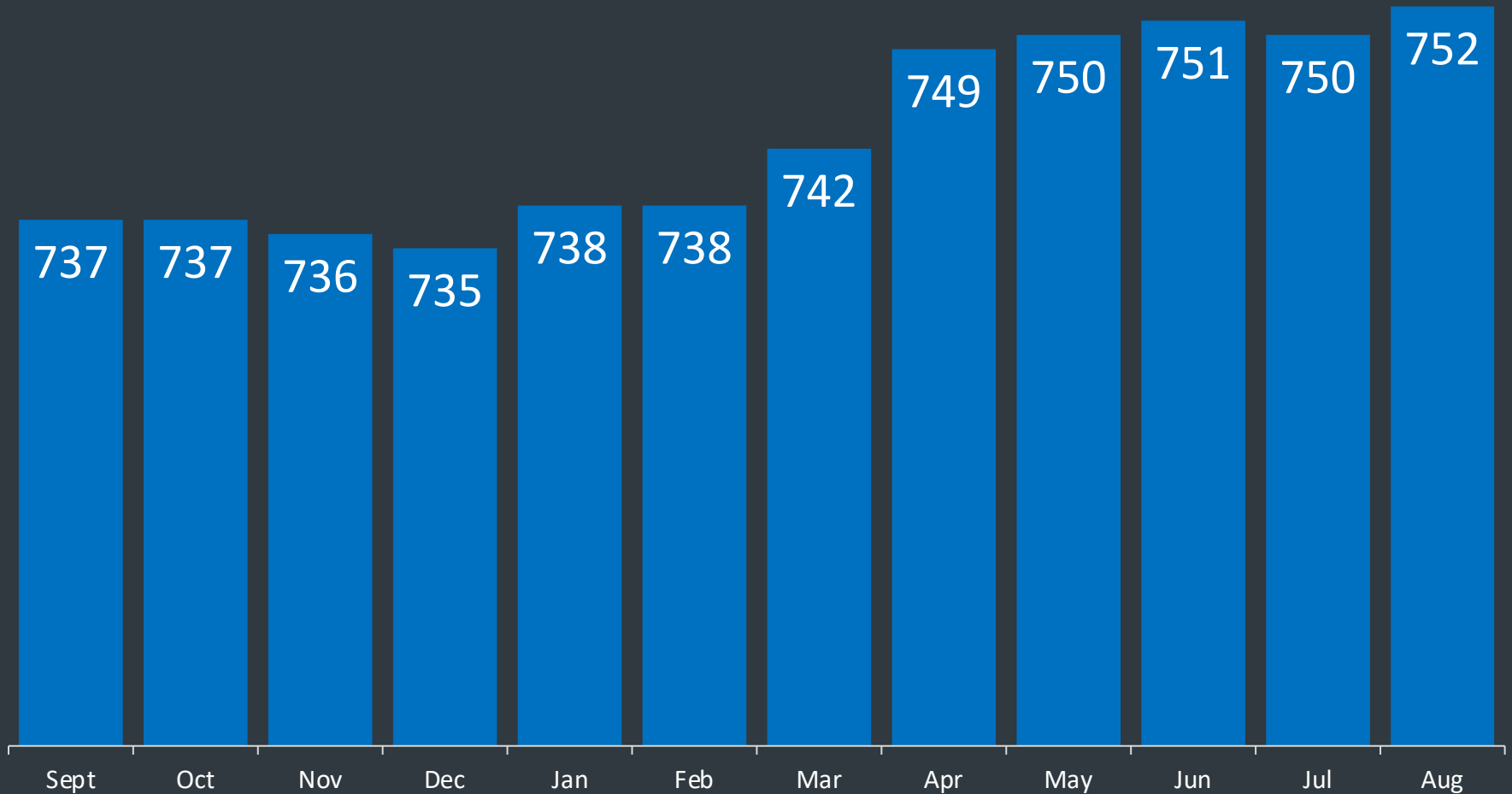
Average Days To Close A Loan

Last 12 Months

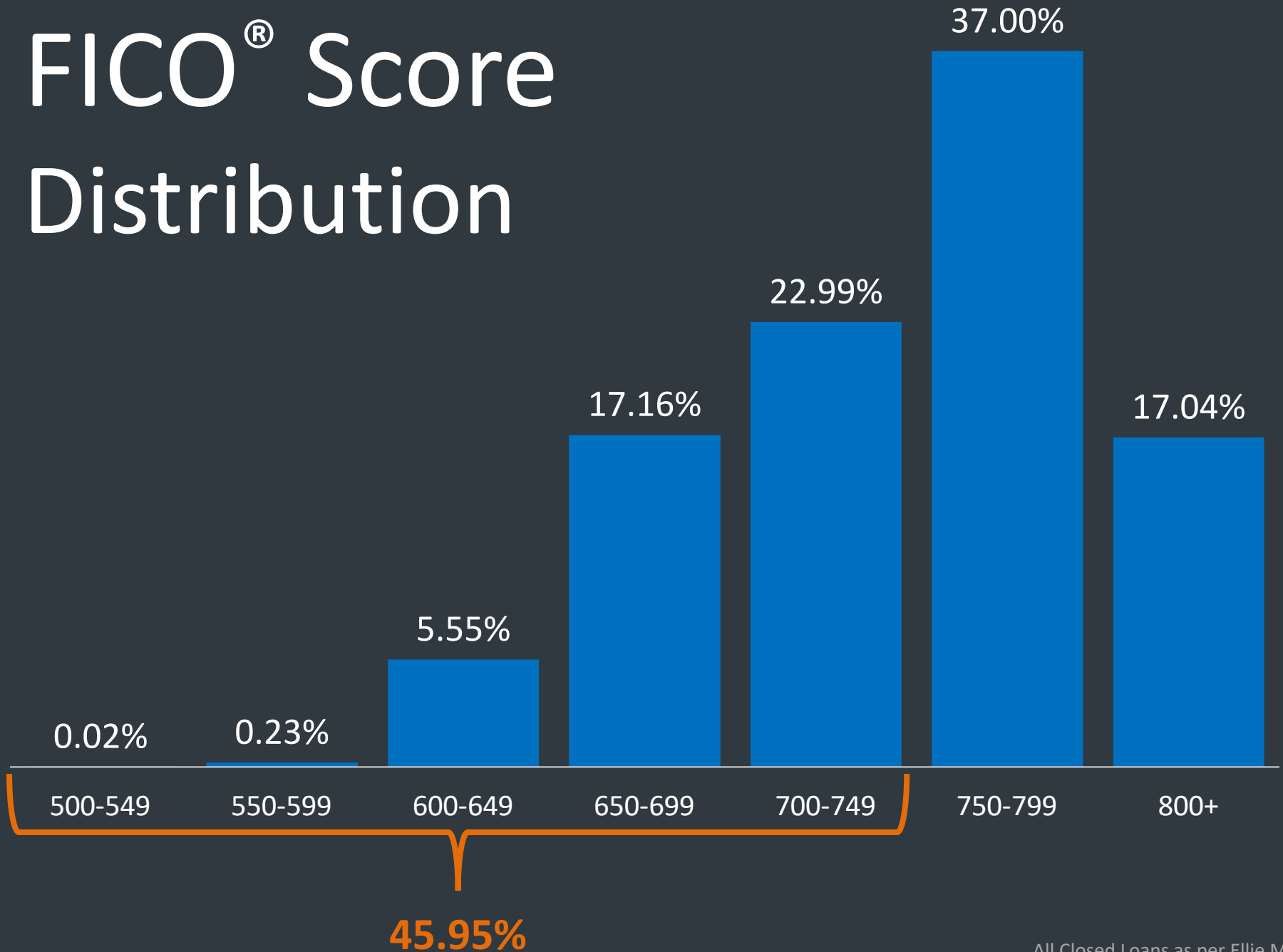


FICO[®] Score Requirements

Last 12 months

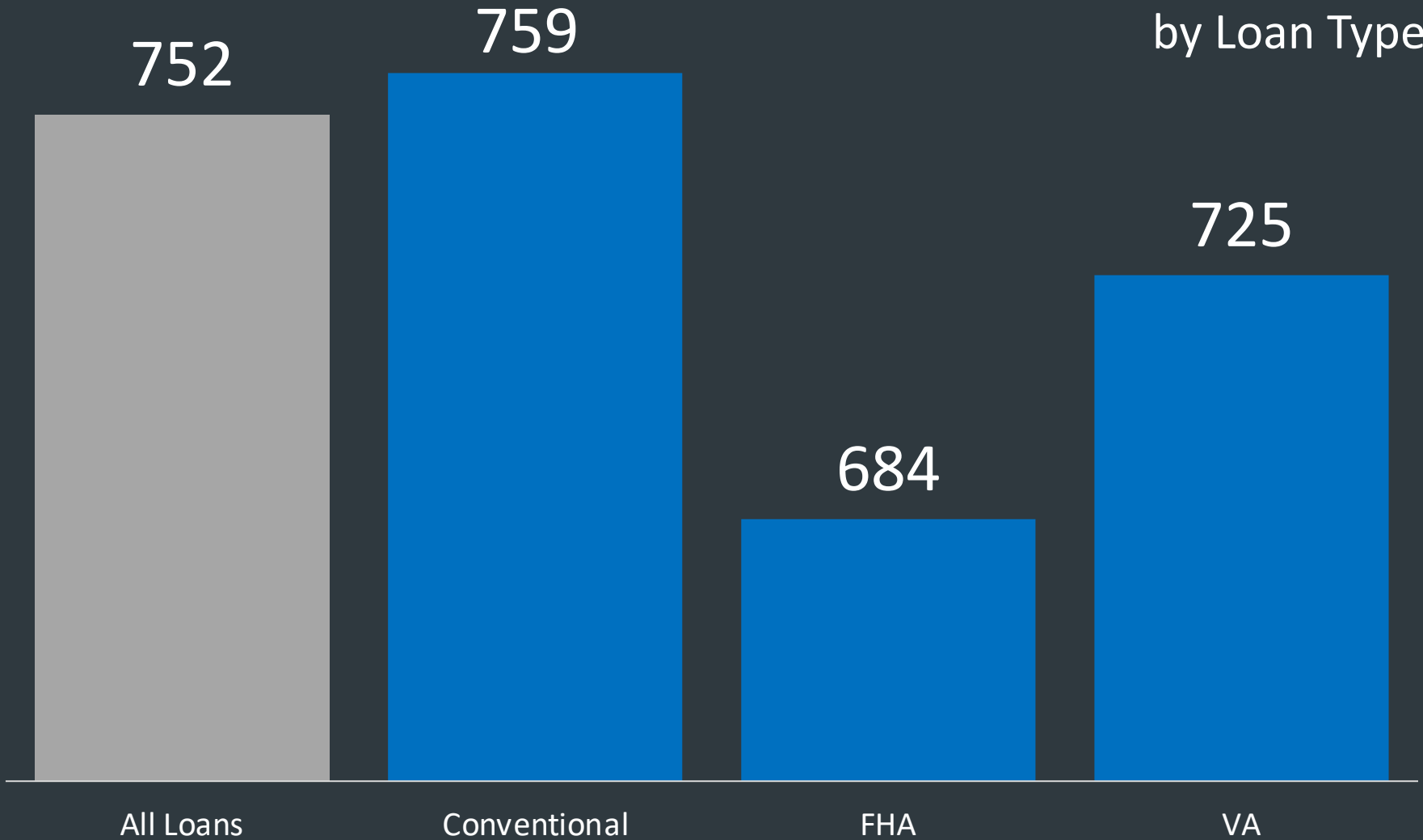


FICO[®] Score Distribution



Average FICO[®] Score

for Closed Purchase Loans
by Loan Type



Average Back End DTI

for Closed Purchase Loans by Loan Type

