



**50** *Years*  
**The Title Company of Jersey**  
*Established in 1972*

**October 2022**





When the **economic uncertainty** dust settles, those buyers and sellers who were on the sideline will jump back in the housing game. Demographic trends support elevated purchase demand in the years to come, so it's a question of when, not if, for the housing market.

- **Mark Fleming**, Chief Economist, First American



# Will Mortgage Rates Keep Rising?



FINANCE · HOUSING

## The U.S. housing market stares down an even bigger economic shock—mortgage rates near 7%

BY LANCE LAMBERT

September 26, 2022 at 5:29 PM EDT

## Mortgage rates reach highest level since 2008



By [Anna Bahney](#), CNN Business

Published 10:24 AM EDT, Thu September 8, 2022

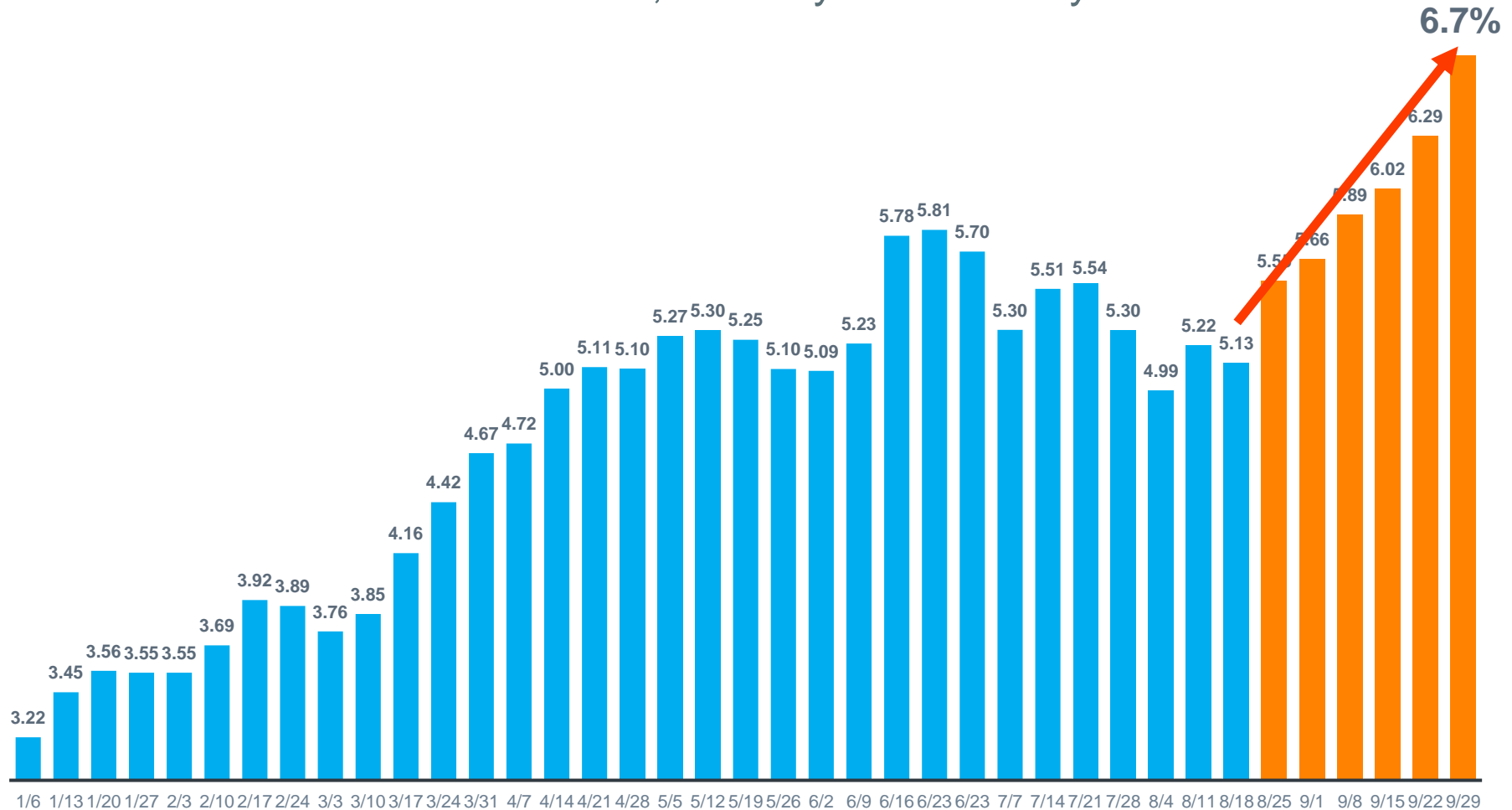
THE EXCHANGE

SHARE [f](#) [t](#) [in](#) [✉](#)

## 30-year fixed-rate mortgage jumps over 7 percent

# Mortgage Rates Rise for the 6th Consecutive Week

Freddie Mac 30-Year Fixed Rate, January 2022–Today



Source: Freddie Mac

# Mortgage Rates Rise for the 6th Consecutive Week

September 29, 2022

Sam Khater, Chief Economist, *Freddie Mac*:

**The uncertainty and volatility in financial markets is heavily impacting mortgage rates.** Our survey indicates that the range of weekly rate quotes for the 30-year fixed-rate mortgage has more than doubled over the last year.

Primary Mortgage Market Survey®					
U.S. Weekly Averages As Of 09/29//2022					
30-Yr FRM		15-Yr FRM		5/1-Yr ARM	
<b>6.70%</b>	^0.41 1-Wk	<b>5.96%</b>	^0.52 1-Wk	<b>5.30%</b>	^0.33 1-Wk
	^3.69 1-yr		^3.68 1-yr		^2.82 1-yr
0.9 Fees/Points		1.3 Fees/Points		0.4 Fees/Points	



**The aim of Fed tightening is to curtail demand in an effort to tame inflation, & when it comes to the housing market, the Fed's actions are working.**

Home sales, both new and existing, are falling, builders have cut back production in response to rapidly declining affordability . . . and annual house price growth has slowed from the peak of nearly 21% in March of this year to 16.7% in July.

- **Odetta Kushi**, Deputy Chief Economist, First American





While even two months ago rates above 7% may have seemed unthinkable, at the current pace, we can expect rates to surpass that level in the next three months.

- **George Ratiu**, Senior Economist, [realtor.com](https://www.realtor.com)



There is no doubt that the increasing mortgage rate will make homebuying even more challenging, . . . **buyers may still find opportunities, as these changes coincide with the time of the year when buyers have historically found the best market conditions to obtain more bargaining power.**

- Jiayi Xu, Economist, [realtor.com](http://realtor.com)



While mortgage rates are expected to continue to drift higher over the coming months, **much of the rapid increase in rates is likely behind us**. . . . Nationally, while month-over-month house prices may decline, **annual house price declines are not expected**, given the ongoing supply-demand imbalance and continued strength in the labor market.

- **Mark Fleming**, Chief Economist, First American

# What's Ahead for Home Prices?



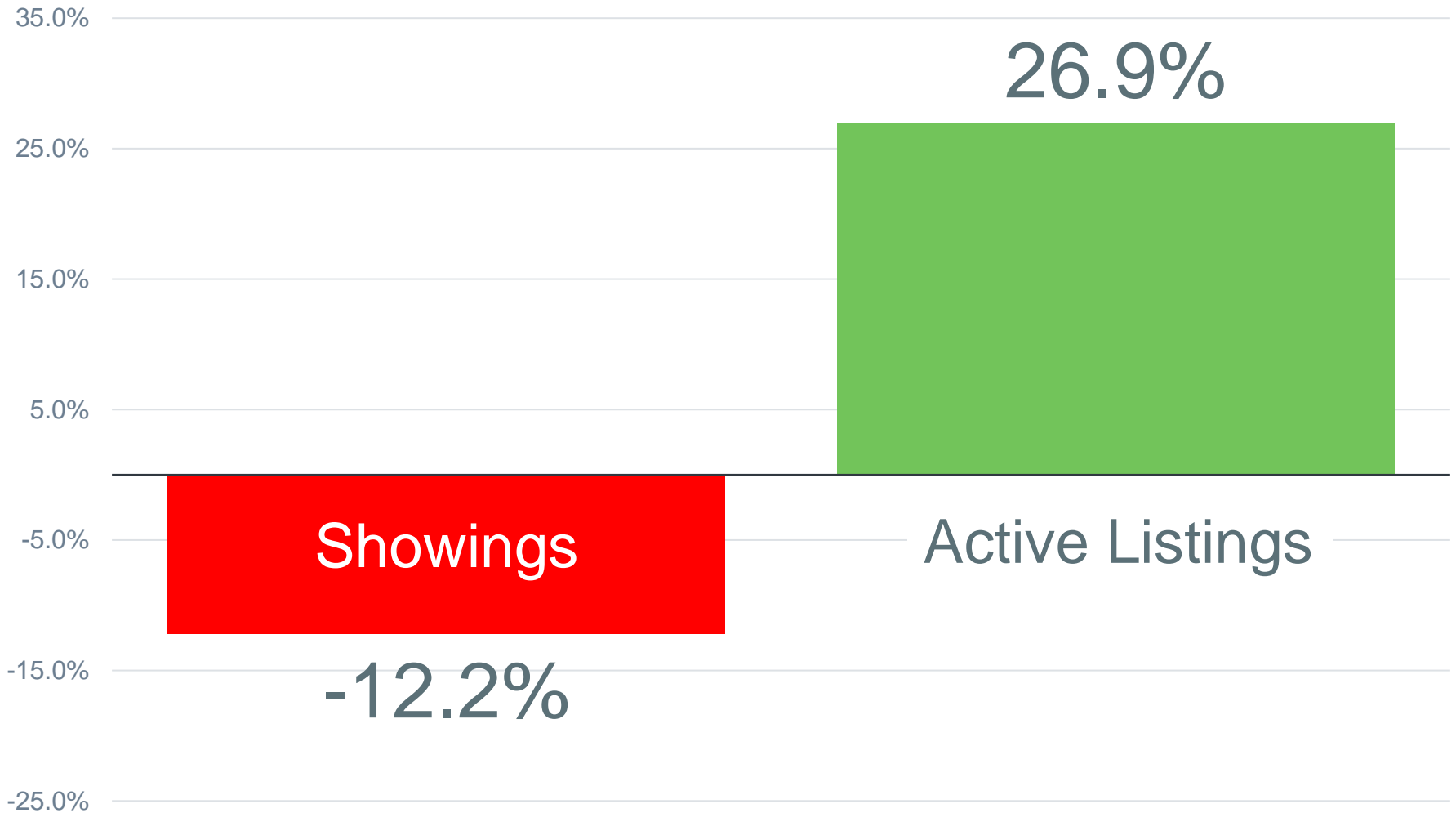


The root issue of what drives house prices almost always is **supply and demand . . .**

- David Ramsey, Personal Finance Personality

# Supply & Demand Ratio Changing Quickly

Year-Over-Year Comparisons





# What Are Experts Saying Right Now?



Ivy Zelman projects U.S. house prices will fall 4% in 2023, and then another 5% decline in 2024.

- Ivy Zelman, CEO, Zelman & Associates





Not surprisingly, deals are not getting done, with sales of new and existing homes declining for over half a year. Given that demand is cooling due to high borrowing costs, incomes falling behind inflation and the still-limited supply pipeline, **it is becoming increasingly clear that prices have to decline to restore market liquidity and balance.**

- **George Ratiu**, Senior Economist, [realtor.com](https://www.realtor.com)



While the markets considered overvalued may need to adjust to the not-so-new reality of higher mortgage rates, **housing market fundamentals still support a moderation of annualized house price appreciation rather than a sharp decline.**

- **Mark Fleming**, Chief Economist, First American



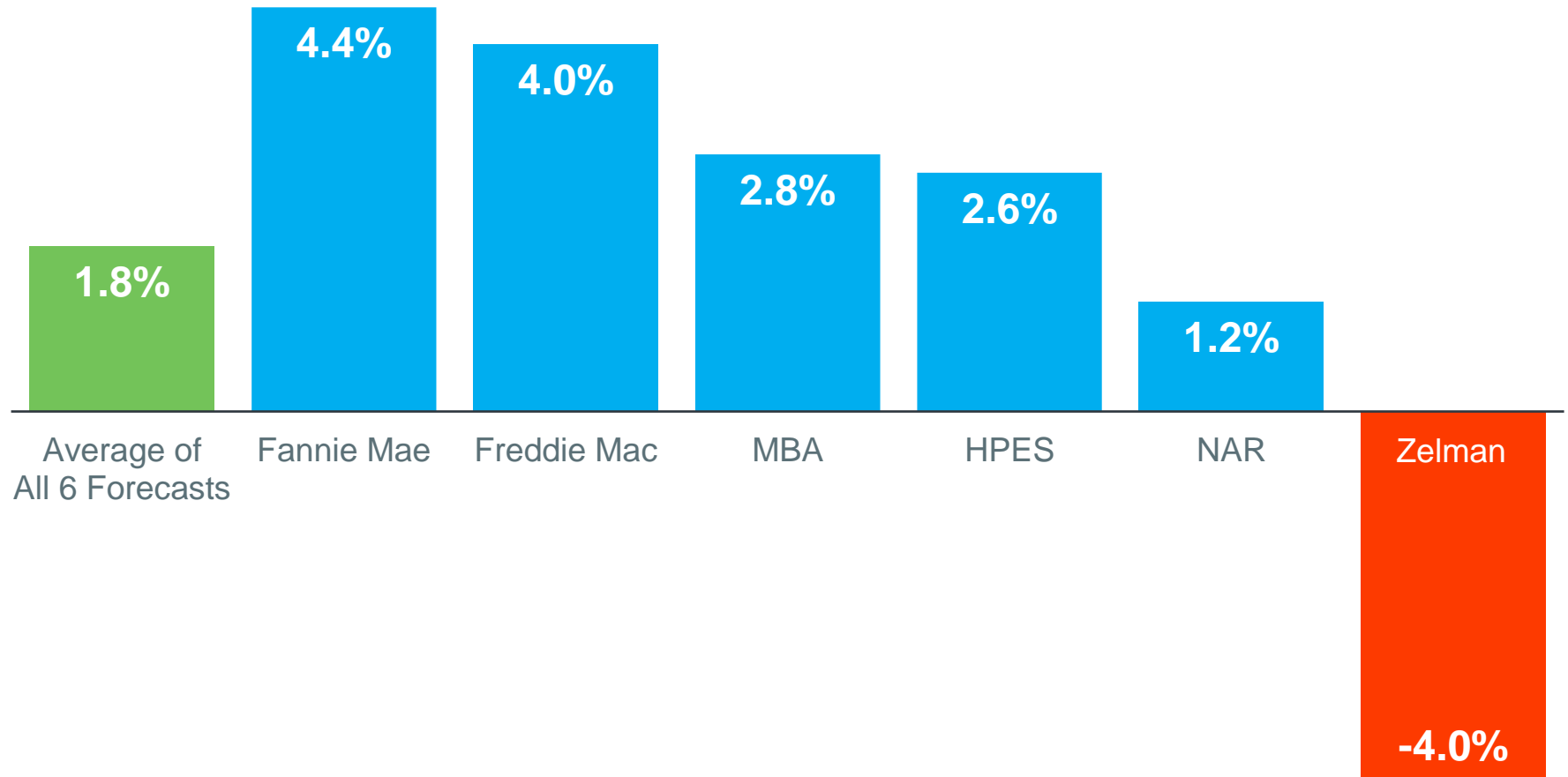
**We're not at risk of a collapse today in the financial system like we were before.** It's true - housing may be a little frothy. So housing prices may come down or they may plateau but not to the extent it happened.

- **John Paulson,**  
Billionaire Hedge Fund Manager Who Called 2008 Crash

# 2023 Home Price Forecast

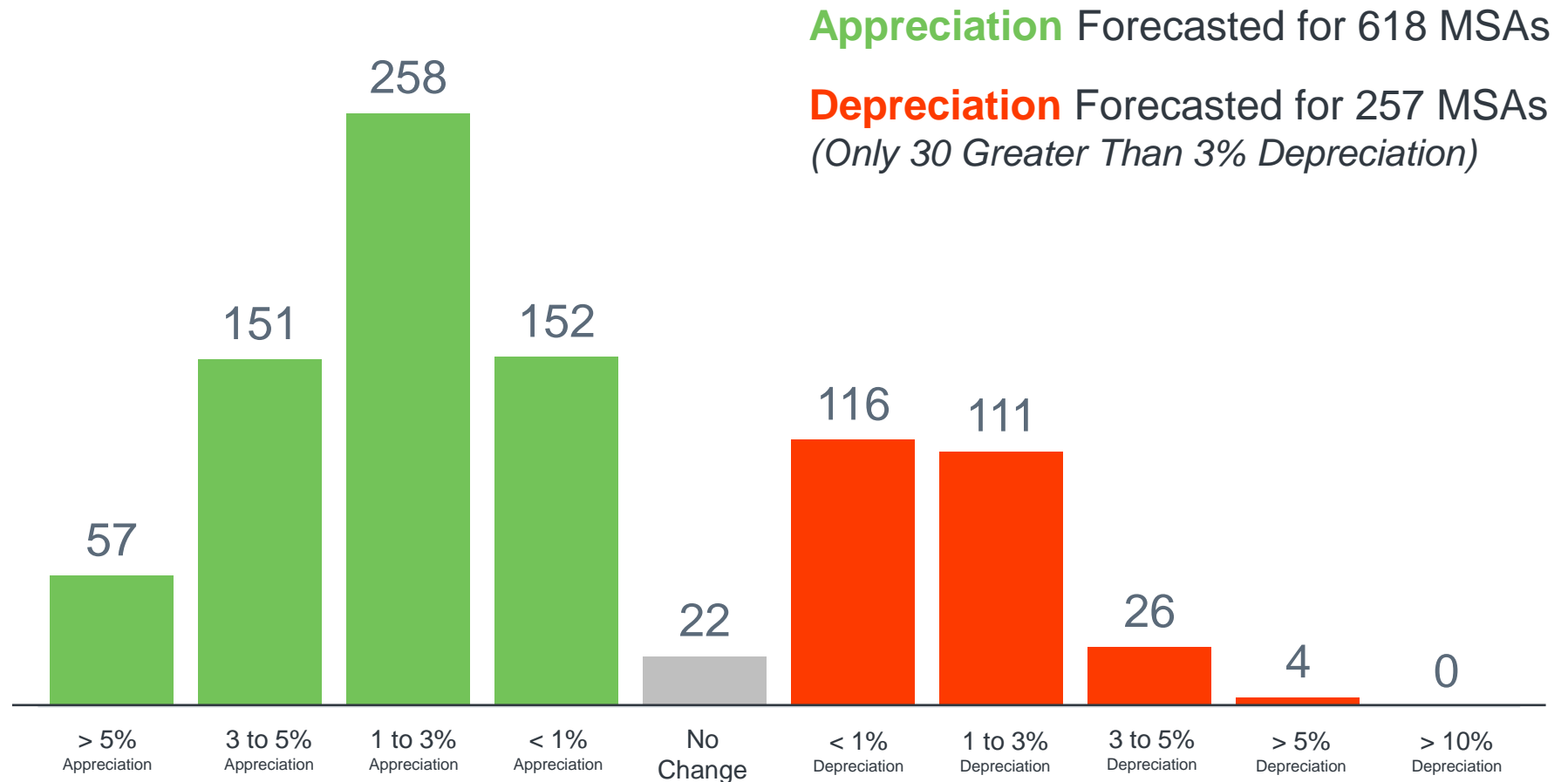
# Home Price Forecasts for 2023

Latest Forecasts from Each Entity



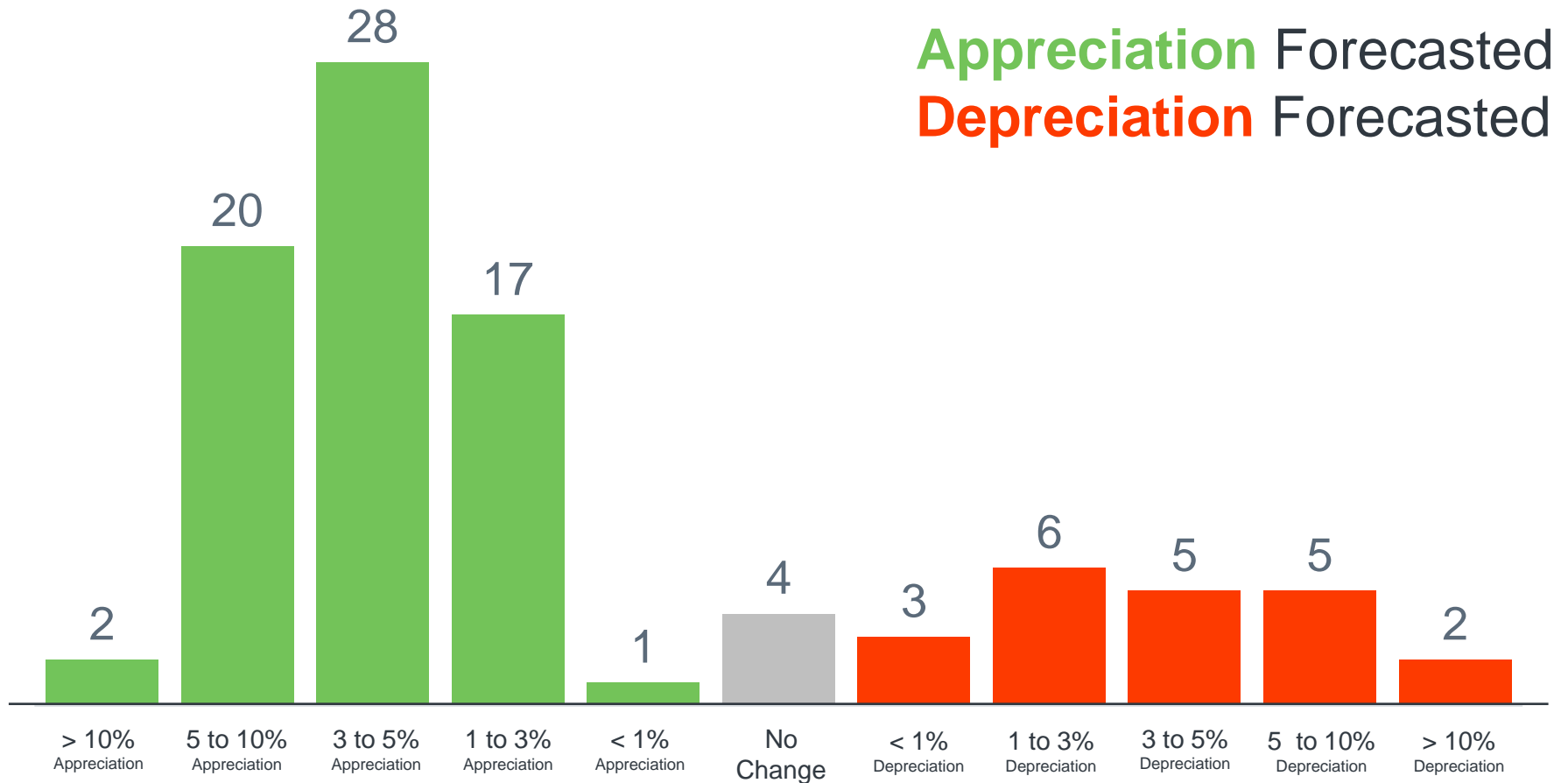
# Appreciation/Depreciation Forecast 8/2023

Number of MSAs Forecast for Levels of Price Change



# Appreciation/Depreciation Forecast 2023

Number of Analysts Forecasting Levels of Price Change

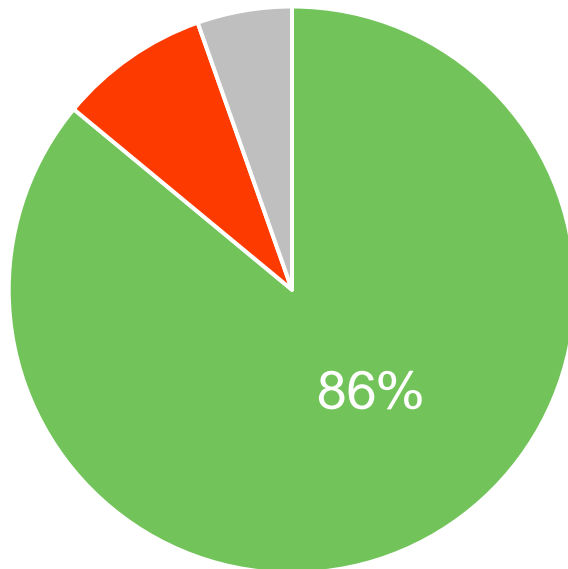


# Forecasts 2024 Through 2026

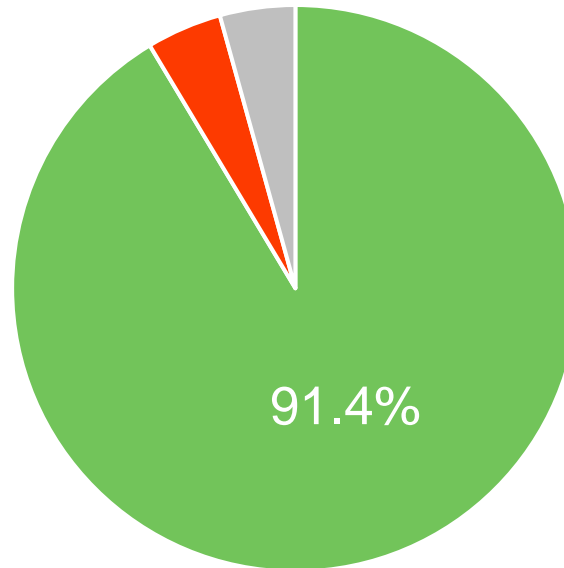


Percent of Analysts Forecasting Appreciation or Depreciation

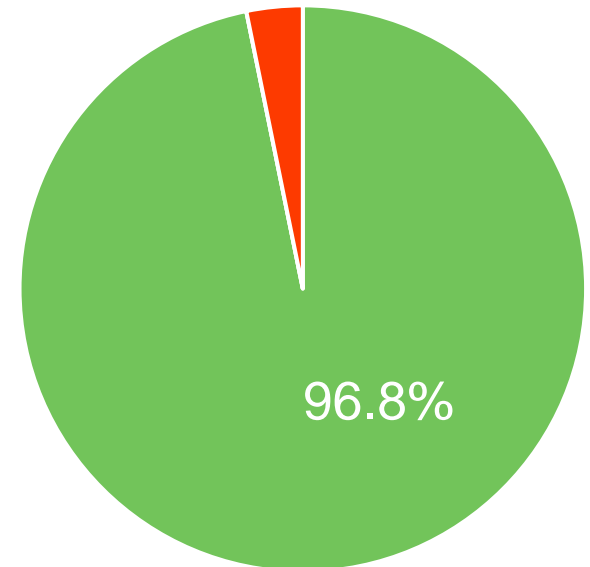
2024



2025



2026



**Appreciation** Forecasted    **Depreciation** Forecasted    **No Change** Forecasted



What's your story?



# Why Equity Is the Shining Star of the Housing Market





U.S. households own \$41 trillion in owner-occupied real estate, just over \$12 trillion in debt, and the remaining ~\$29 trillion in equity. The national "LTV" in Q2 2022 was 29.5%, the lowest since 1983. . . . **Homeowners had an average of \$320,000 in inflation-adjusted equity in their homes in Q2 2022, an all-time high.**

- **Odeta Kushi**, Deputy Chief Economist, First American

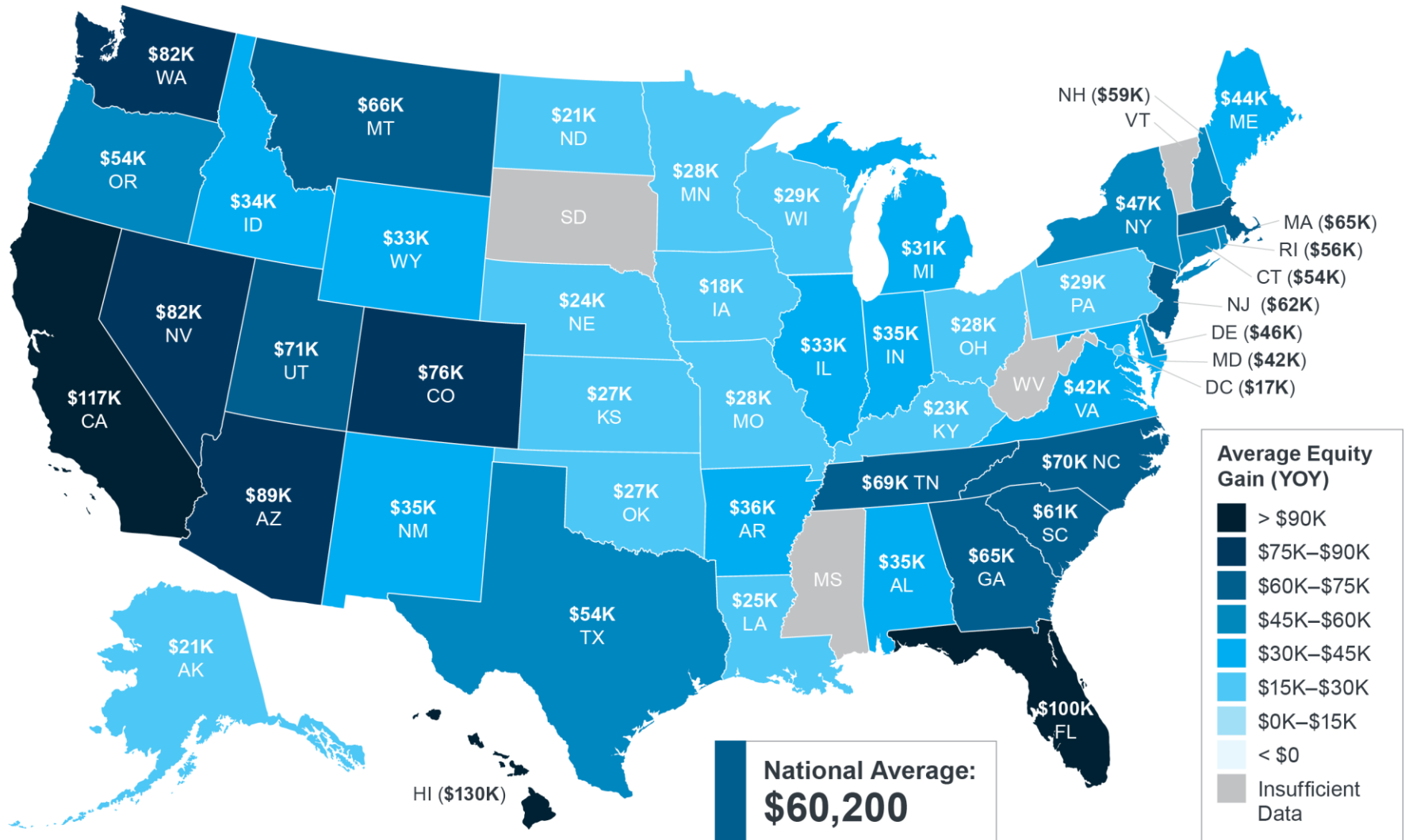


For many households, home equity is the only source of wealth creation. **As a result, recent record gains in equity and record declines in loan-to-value ratios will provide many owners with a financial buffer in case economic conditions worsen.** In addition, record equity continues to provide fuel for housing demand, particularly if households are relocating to more affordable areas.

- **Selma Hepp**,  
Interim Lead of the Office of the Chief Economist, CoreLogic

# Homeowner Equity Gains

Year-Over-Year, Q2 2022



Source: CoreLogic

# CoreLogic 2022 Q2 Home Equity Report

\$60.2K

Average equity gain  
for U.S. homeowners  
with mortgages

27.8%

Year-Over-Year percentage  
increase in equity for U.S.  
homeowners with mortgages

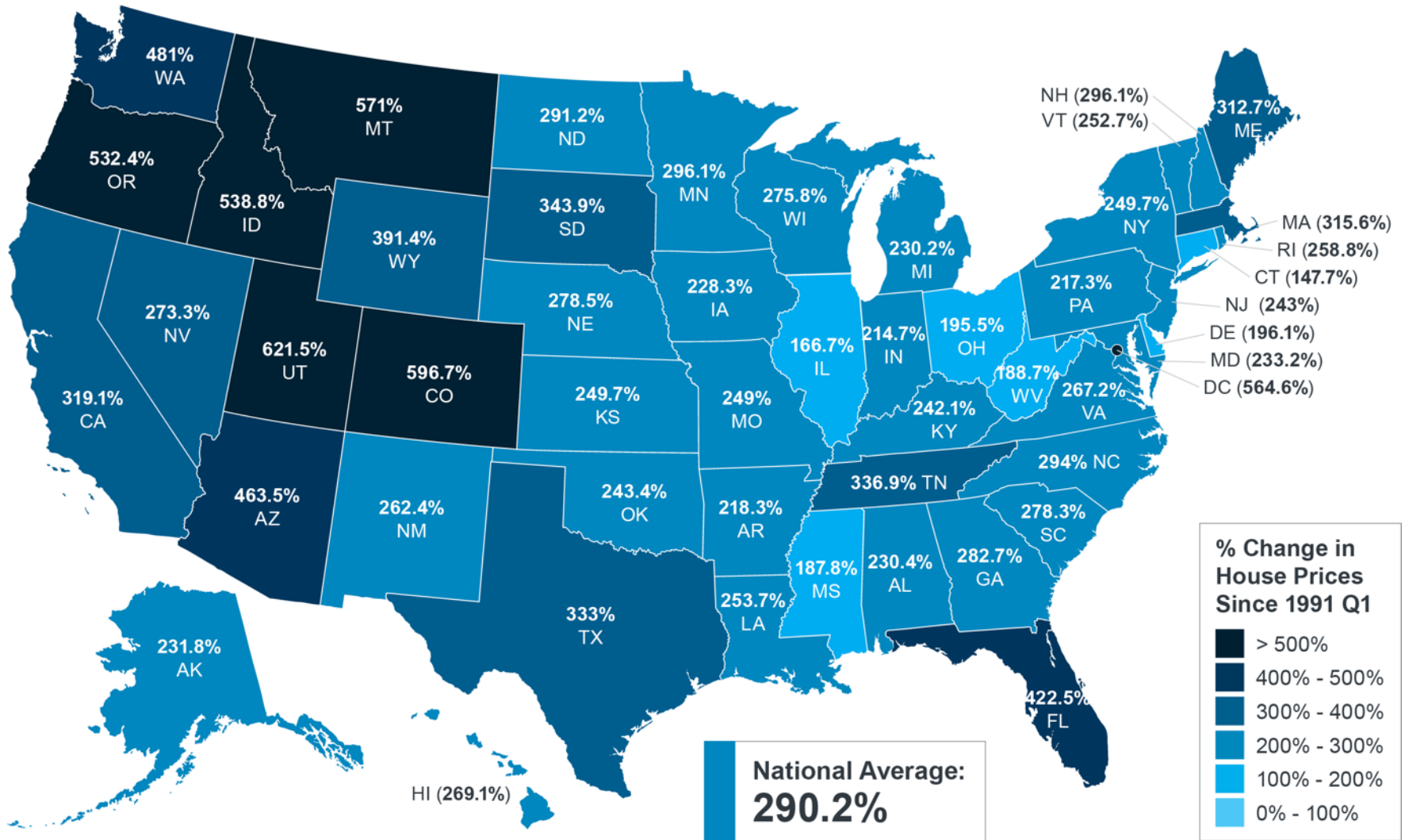
\$3.6T

Year-Over-Year total  
increase in equity for U.S.  
homeowners with mortgages

*“The total average equity per borrower has now reached almost **\$300,000**, the highest in the data series.”*

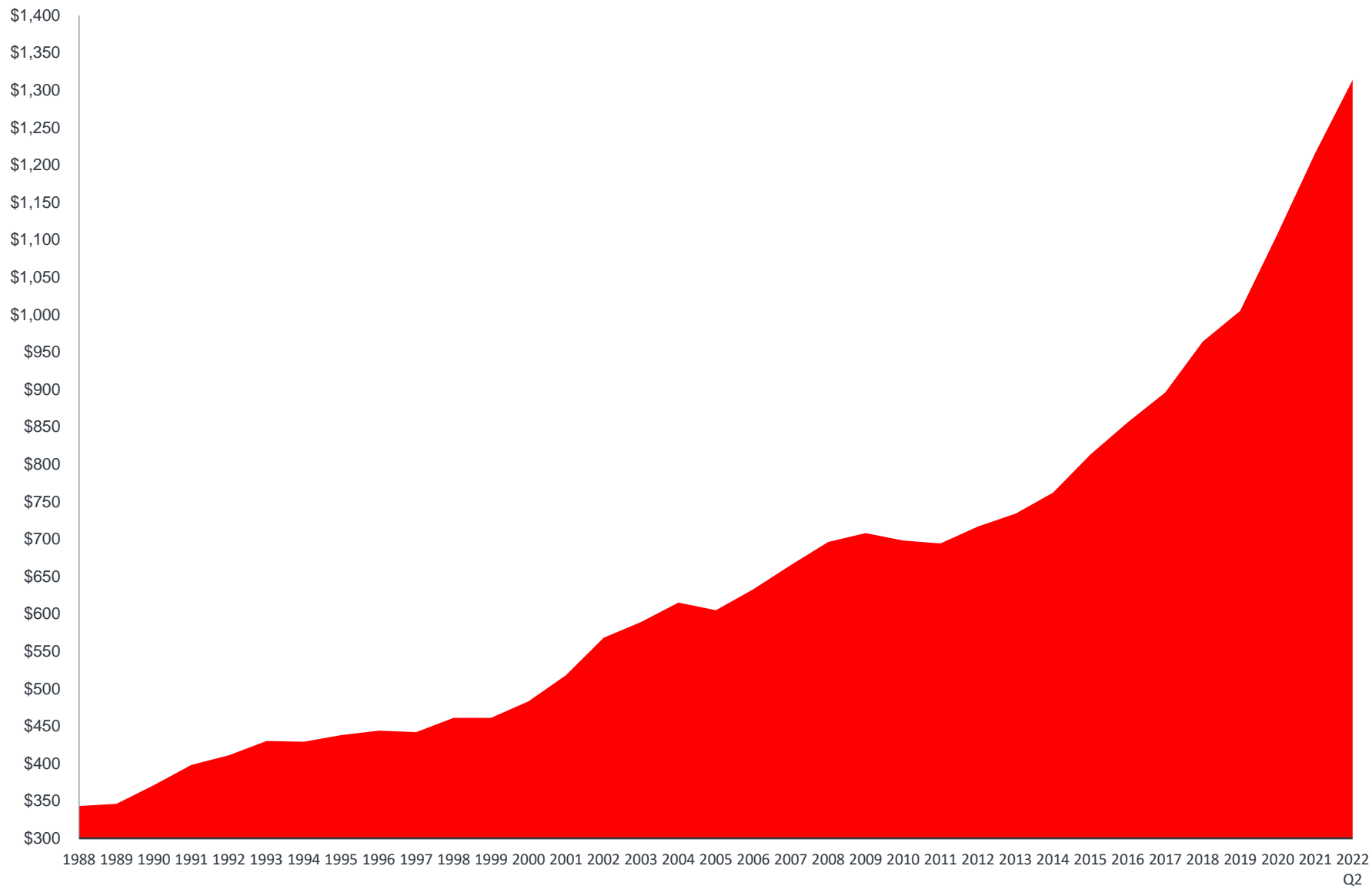
# Percent Change in Home Prices

Since Q1 1991, Q2 2022



Source: FHFA

# Median Asking Rent Since 1988



Source: Census



# Homeownership Changes Lives



**Security & Stability**



**Privacy**



**Personalization &  
Home Improvements**



**Health Benefits**



**Financial Education**



**Civic Participation**

# Resources

Slide(s)	Description	Link(s)
2	Fleming Quote, Economic Uncertainty	<a href="https://blog.firstam.com/economics/author/mark-fleming">https://blog.firstam.com/economics/author/mark-fleming</a>
5	Headlines	<a href="https://twitter.com/awealthofcs/status/1574742023965446144">https://twitter.com/awealthofcs/status/1574742023965446144</a> <a href="https://fortune.com/2022/09/26/housing-market-real-estate-prices-interest-mortgage-rate-highest-since-2002/">https://fortune.com/2022/09/26/housing-market-real-estate-prices-interest-mortgage-rate-highest-since-2002/</a> <a href="https://www.cnbc.com/video/2022/09/27/30-year-fixed-rate-mortgage-jumps-over-7-percent.html?&amp;qsearchterm=mortgage%20rates">https://www.cnbc.com/video/2022/09/27/30-year-fixed-rate-mortgage-jumps-over-7-percent.html?&amp;qsearchterm=mortgage%20rates</a> <a href="https://www.cnn.com/2022/09/08/homes/mortgage-rates-september-8/index.html">https://www.cnn.com/2022/09/08/homes/mortgage-rates-september-8/index.html</a>
6	Mortgage Rates Graph	<a href="https://freddiemac.gcs-web.com/node/25916/pdf">https://freddiemac.gcs-web.com/node/25916/pdf</a> <a href="http://www.freddiemac.com/pmms/">http://www.freddiemac.com/pmms/</a>
7	Khater Quote	<a href="https://freddiemac.gcs-web.com/node/25961/pdf">https://freddiemac.gcs-web.com/node/25961/pdf</a>
8	Kushi Quote, Housing Market	<a href="https://twitter.com/odetakushi/status/1572651388135669760">https://twitter.com/odetakushi/status/1572651388135669760</a> <a href="https://twitter.com/odetakushi/status/1572651390090248192">https://twitter.com/odetakushi/status/1572651390090248192</a>

# Resources

Slide(s)	Description	Link(s)
9	Ratiu Quote, Rates	<a href="https://www.cnn.com/2022/09/29/homes/mortgage-rates-september-29/index.html">https://www.cnn.com/2022/09/29/homes/mortgage-rates-september-29/index.html</a>
10	Xu Quote	<a href="https://www.realtor.com/news/trends/column-homebuyers-have-hard-the-bad-news-heres-the-good/">https://www.realtor.com/news/trends/column-homebuyers-have-hard-the-bad-news-heres-the-good/</a>
11	Fleming Quote, Forecasting	<a href="https://www.firstam.com/news/2022/overvalued-markets-increasing-20220927.html">https://www.firstam.com/news/2022/overvalued-markets-increasing-20220927.html</a>
13	Ramsey Quote	<a href="https://www.youtube.com/watch?v=NDDwGqTVAdU">https://www.youtube.com/watch?v=NDDwGqTVAdU</a>
14	Supply & Demand Graph	<a href="https://www.showingtime.com/blog/august-2022-showing-index-results/">https://www.showingtime.com/blog/august-2022-showing-index-results/</a> <a href="https://news.move.com/2022-09-29-Realtor-com-R-September-Housing-Report-Fall-Home-Shoppers-Find-More-Options-Amid-Still-High-Listing-Prices">https://news.move.com/2022-09-29-Realtor-com-R-September-Housing-Report-Fall-Home-Shoppers-Find-More-Options-Amid-Still-High-Listing-Prices</a>
16	Zelman Quote	<a href="https://macrohive.libsyn.com/ivy-zelman-on-the-coming-us-housing-crisis">https://macrohive.libsyn.com/ivy-zelman-on-the-coming-us-housing-crisis</a>
17	Ratiu Quote, Prices	<a href="https://themreport.com/daily-dose/09-27-2022/cost-homeownership-prohibitively-high">https://themreport.com/daily-dose/09-27-2022/cost-homeownership-prohibitively-high</a>

# Resources

Slide(s)	Description	Link(s)
18	Fleming Quote, Housing Market	<a href="https://blog.firstam.com/economics/where-is-housing-overvalued">https://blog.firstam.com/economics/where-is-housing-overvalued</a>
19	Paulson Quote	<a href="https://twitter.com/NickTimiraos/status/1574458786214948865">https://twitter.com/NickTimiraos/status/1574458786214948865</a>
21	Price Forecasts Graph	<a href="https://www.fanniemae.com/media/44466/display">https://www.fanniemae.com/media/44466/display</a> <a href="https://www.freddiemac.com/research/forecast/20220720-quarterly-forecast-market-slowdown-will-continue-high-rates-and-prices-exacerbate">https://www.freddiemac.com/research/forecast/20220720-quarterly-forecast-market-slowdown-will-continue-high-rates-and-prices-exacerbate</a> <a href="https://cdn.nar.realtor/sites/default/files/documents/forecast-q4-2022-us-economic-outlook-09-28-2022.pdf">https://cdn.nar.realtor/sites/default/files/documents/forecast-q4-2022-us-economic-outlook-09-28-2022.pdf</a> <a href="https://pulsenomics.com/surveys/#home-price-expectations">https://pulsenomics.com/surveys/#home-price-expectations</a> <a href="https://www.zelmanassociates.com/">https://www.zelmanassociates.com/</a> (subscription required) <a href="https://www.mba.org/docs/default-source/research-and-forecasts/forecasts/mortgage-finance-forecast-sep-2022.pdf">https://www.mba.org/docs/default-source/research-and-forecasts/forecasts/mortgage-finance-forecast-sep-2022.pdf</a>
22	Appreciation/Depreciation Forecast Graph, MSA	<a href="https://www.zillow.com/research/data/">https://www.zillow.com/research/data/</a>
23, 24	Appreciation/Depreciation Forecast Graphs	<a href="https://pulsenomics.com/surveys/#home-price-expectations">https://pulsenomics.com/surveys/#home-price-expectations</a>

# Resources

Slide(s)	Description	Link(s)
27	Kushi Quote, Equity	<a href="https://twitter.com/odetakushi/status/1569338892830265344">https://twitter.com/odetakushi/status/1569338892830265344</a> <a href="https://twitter.com/odetakushi/status/1569338906604359685">https://twitter.com/odetakushi/status/1569338906604359685</a>
28-30	Home Equity Report	<a href="https://www.corelogic.com/intelligence/homeowner-equity-insights/">https://www.corelogic.com/intelligence/homeowner-equity-insights/</a>
31	Change in Home Prices Since 1991 Map	<a href="https://www.fhfa.gov/DataTools/Tools/Pages/House-Price-Index-(HPI).aspx">https://www.fhfa.gov/DataTools/Tools/Pages/House-Price-Index-(HPI).aspx</a>
32	Median Asking Rent Graph	<a href="http://www.census.gov/housing/hvs/files/currenthvspress.pdf">http://www.census.gov/housing/hvs/files/currenthvspress.pdf</a>
33	Homeownership Changes Lives	<a href="https://contentimages.o-prod.unison.com/images/press/2021-Unison-SOTAH-Report.pdf">https://contentimages.o-prod.unison.com/images/press/2021-Unison-SOTAH-Report.pdf</a> <a href="https://www.fortunebuilders.com/benefits-of-homeownership/">https://www.fortunebuilders.com/benefits-of-homeownership/</a>



# Updates

# Resources

Slide(s)	Description	Link(s)
42	Confidence Index	<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>
43-45, 53, 55, 56, 62-67	Existing Home Sales	<a href="https://www.nar.realtor/topics/existing-home-sales">https://www.nar.realtor/topics/existing-home-sales</a>
46-49	New Home Sales	<a href="http://www.census.gov/construction/nrs/pdf/newressales.pdf">http://www.census.gov/construction/nrs/pdf/newressales.pdf</a> <a href="http://www.census.gov/newhomesales">http://www.census.gov/newhomesales</a>
50	Total Home Sales	<a href="http://www.census.gov/construction/nrs/pdf/newressales.pdf">http://www.census.gov/construction/nrs/pdf/newressales.pdf</a> <a href="https://www.nar.realtor/topics/existing-home-sales">https://www.nar.realtor/topics/existing-home-sales</a>
51, 52	Pending Home Sales	<a href="https://www.nar.realtor/research-and-statistics/housing-statistics/pending-home-sales">https://www.nar.realtor/research-and-statistics/housing-statistics/pending-home-sales</a>
57-59	Case Shiller	<a href="https://www.spglobal.com/spdji/en/indices/indicators/sp-corelogic-case-shiller-20-city-composite-home-price-nsa-index/#news-research">https://www.spglobal.com/spdji/en/indices/indicators/sp-corelogic-case-shiller-20-city-composite-home-price-nsa-index/#news-research</a>
60	CoreLogic Price Forecast	<a href="https://www.corelogic.com/intelligence/u-s-home-price-insights/">https://www.corelogic.com/intelligence/u-s-home-price-insights/</a>
62-69	Inventory	<a href="https://www.nar.realtor/topics/existing-home-sales">https://www.nar.realtor/topics/existing-home-sales</a> <a href="http://www.census.gov/construction/nrs/pdf/newressales.pdf">http://www.census.gov/construction/nrs/pdf/newressales.pdf</a>

# Resources

Slide(s)	Description	Link(s)
71	Showing Activity	<a href="https://www.showingtime.com/blog/august-2022-showing-index-results/">https://www.showingtime.com/blog/august-2022-showing-index-results/</a>
73, 74, 76, 77	Mortgage Rates	<a href="http://www.freddiemac.com/pmms/pmms_archives.html">http://www.freddiemac.com/pmms/pmms_archives.html</a> <a href="http://www.freddiemac.com/research/forecast/">http://www.freddiemac.com/research/forecast/</a>
75	Mortgage Rate Projections	<a href="http://www.freddiemac.com/research/forecast/">http://www.freddiemac.com/research/forecast/</a> <a href="http://www.fanniemae.com/portal/research-insights/forecast.html">http://www.fanniemae.com/portal/research-insights/forecast.html</a> <a href="https://www.mba.org/news-research-and-resources/research-and-economics/forecasts-and-commentary">https://www.mba.org/news-research-and-resources/research-and-economics/forecasts-and-commentary</a> <a href="https://www.nar.realtor/research-and-statistics">https://www.nar.realtor/research-and-statistics</a>
79, 80	Mortgage Credit Availability	<a href="https://www.mba.org/news-research-and-resources/newsroom">https://www.mba.org/news-research-and-resources/newsroom</a> <a href="https://www.mba.org/news-research-and-resources/research-and-economics/single-family-research/mortgage-credit-availability-index">https://www.mba.org/news-research-and-resources/research-and-economics/single-family-research/mortgage-credit-availability-index</a>

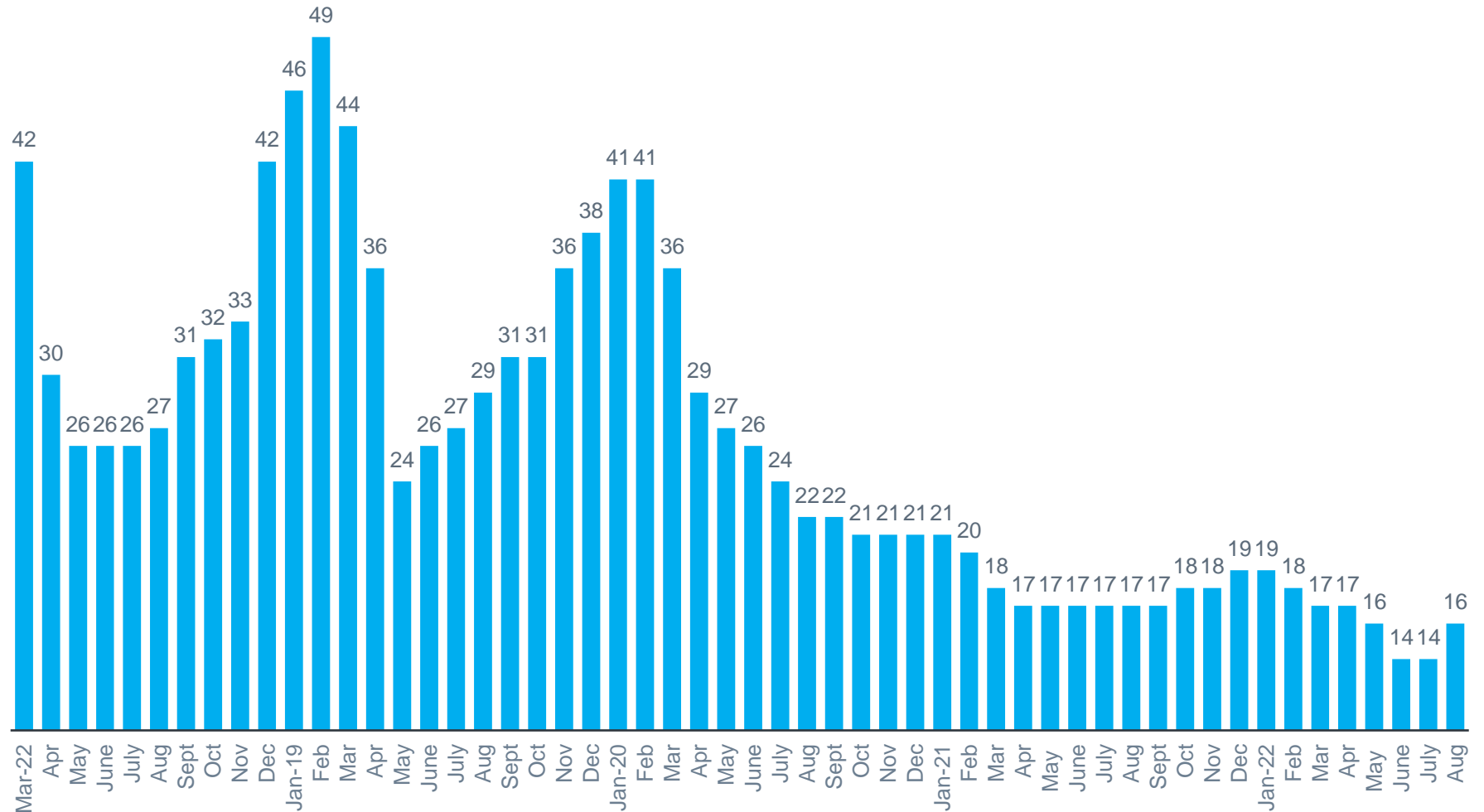




# Home Sales

# Average Days on the Market

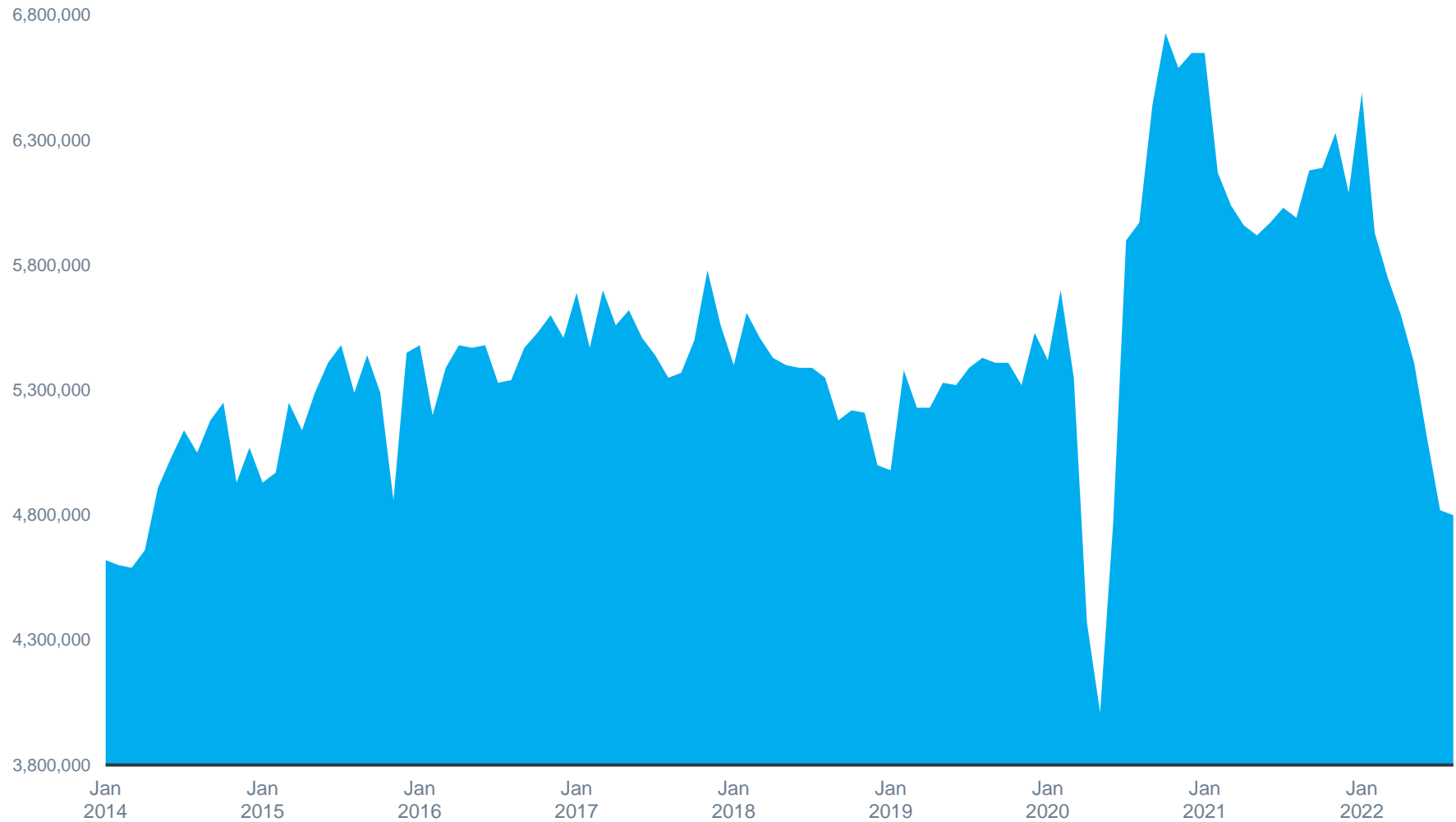
August 2022



Source: NAR

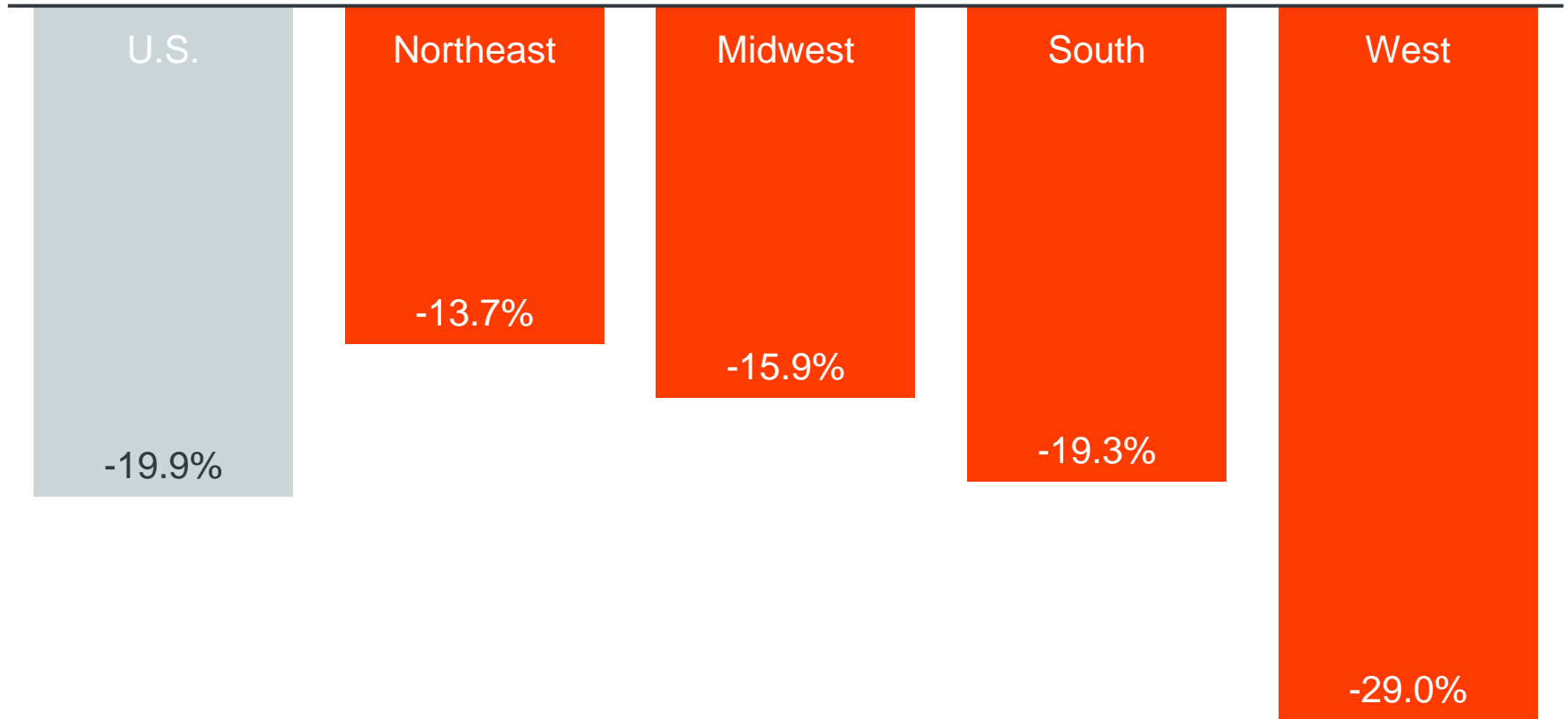
# Existing Home Sales

Since January 2014



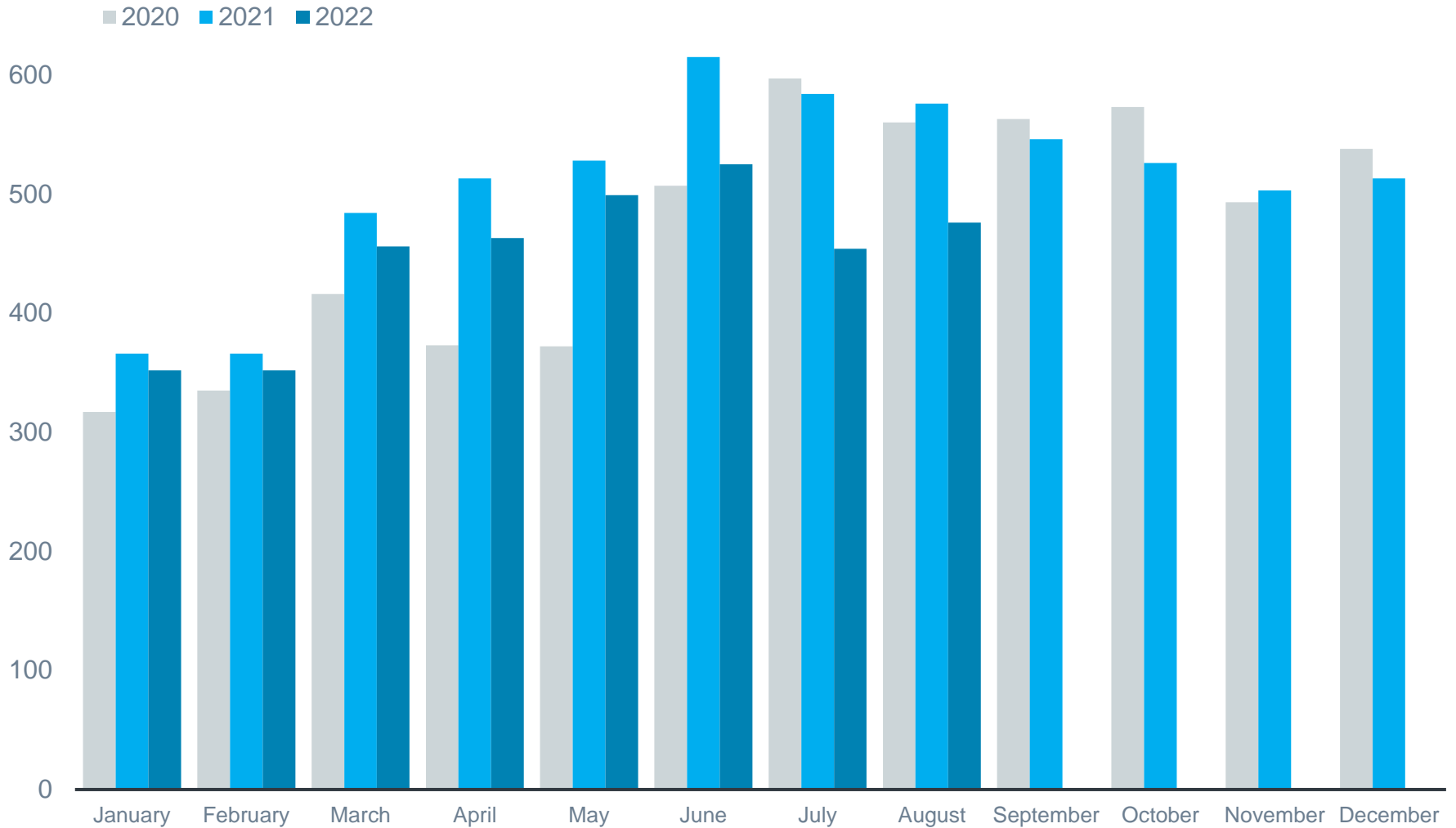
# Existing Home Sales

Year-Over-Year, by Region



# Existing Home Sales

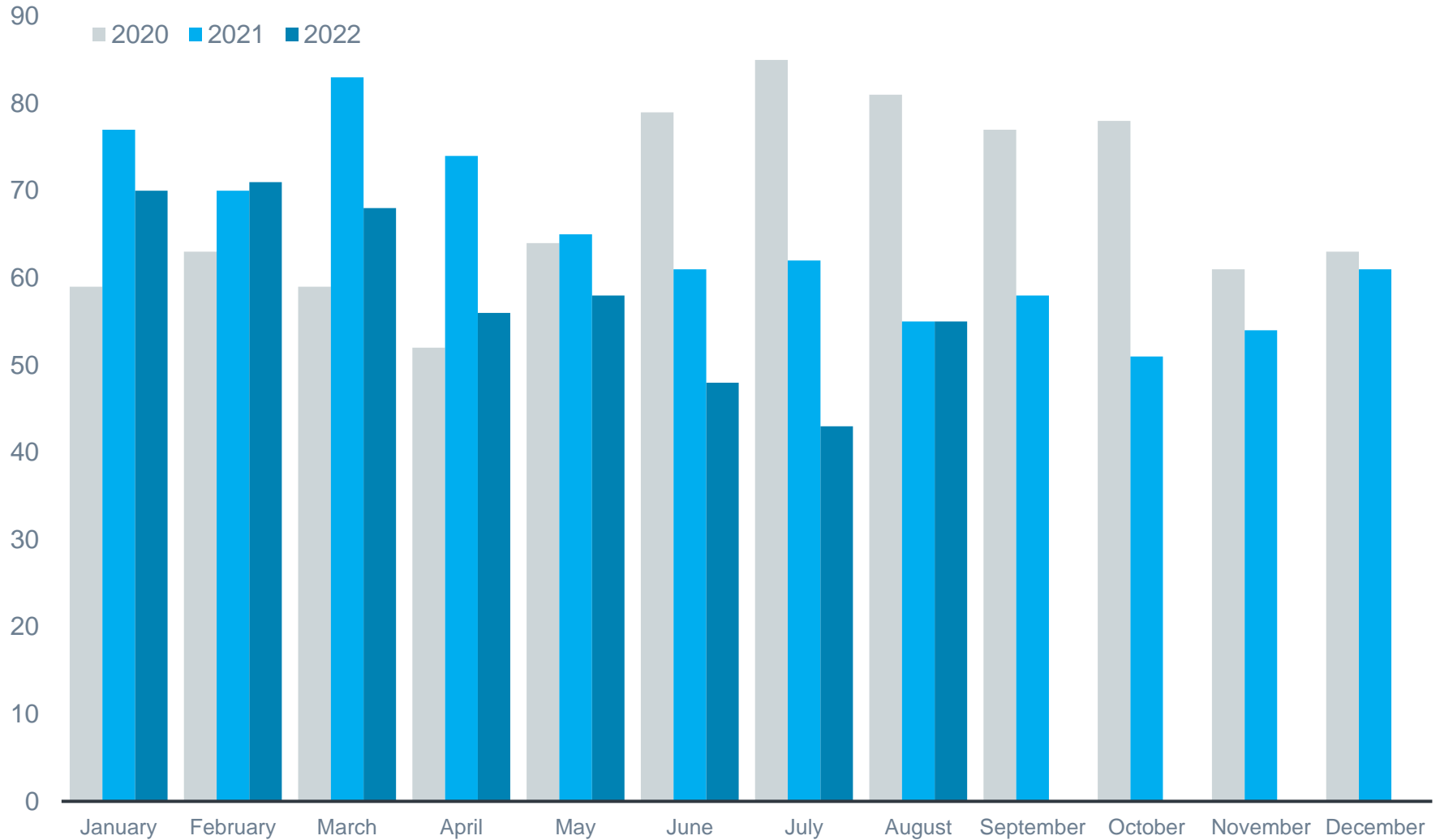
In Thousands



Source: NAR

# New Home Sales

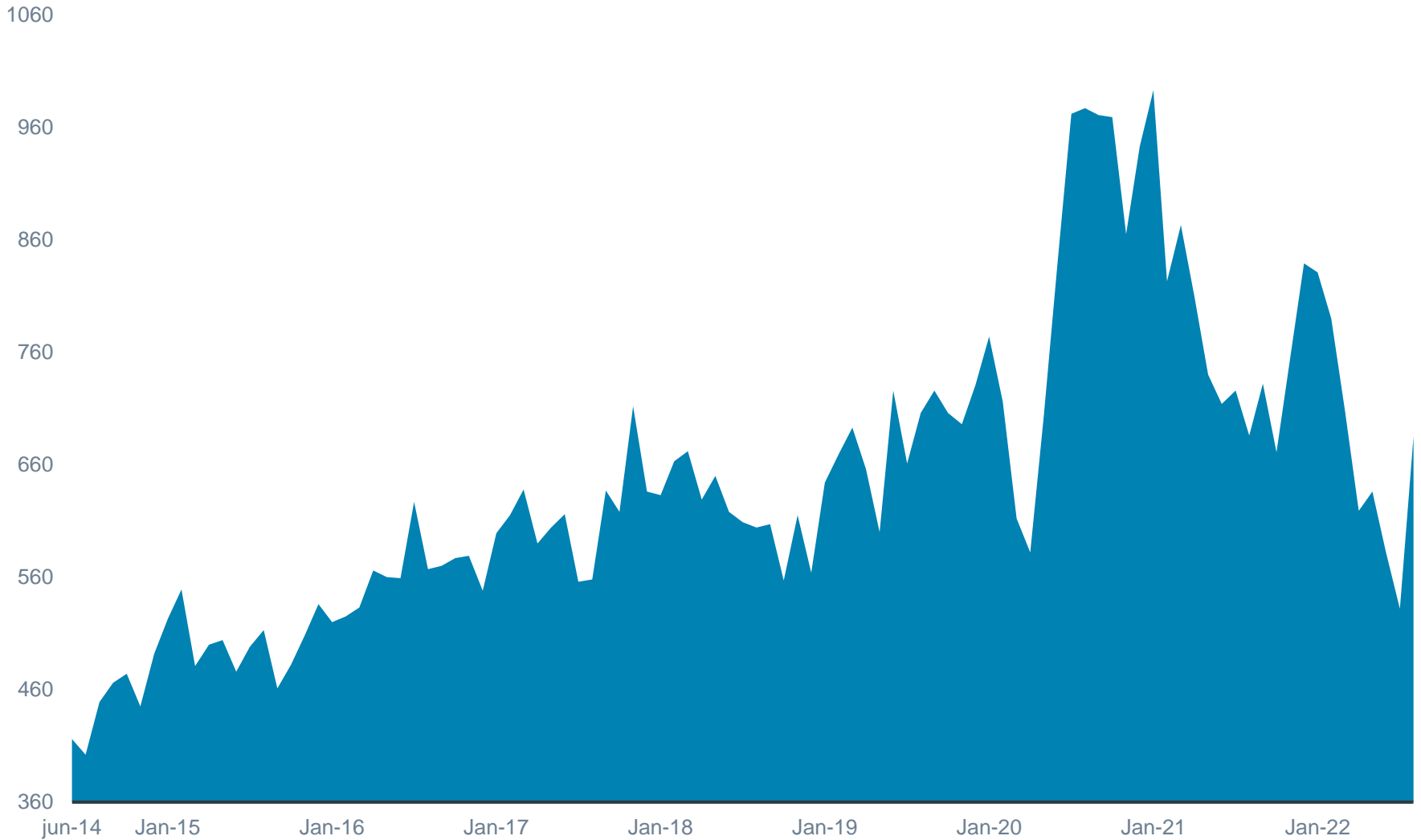
In Thousands



Source: Census

# New Home Sales

Annualized in Thousands

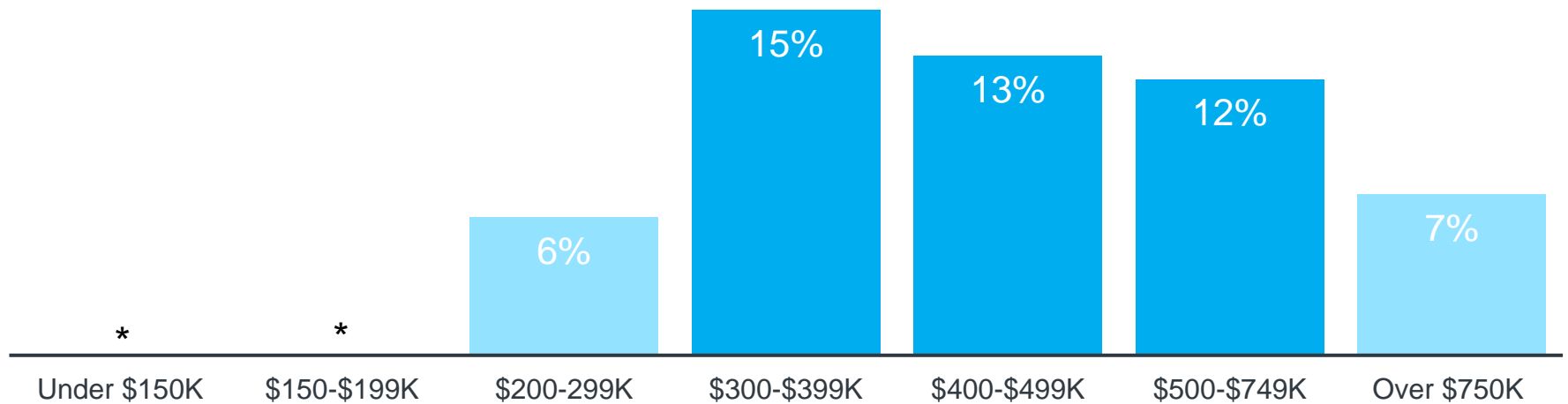


Source: Census

# New Home Sales

## Percent of Distribution by Price Range

\* Less Than 500 Units or Less Than 0.5 Percent

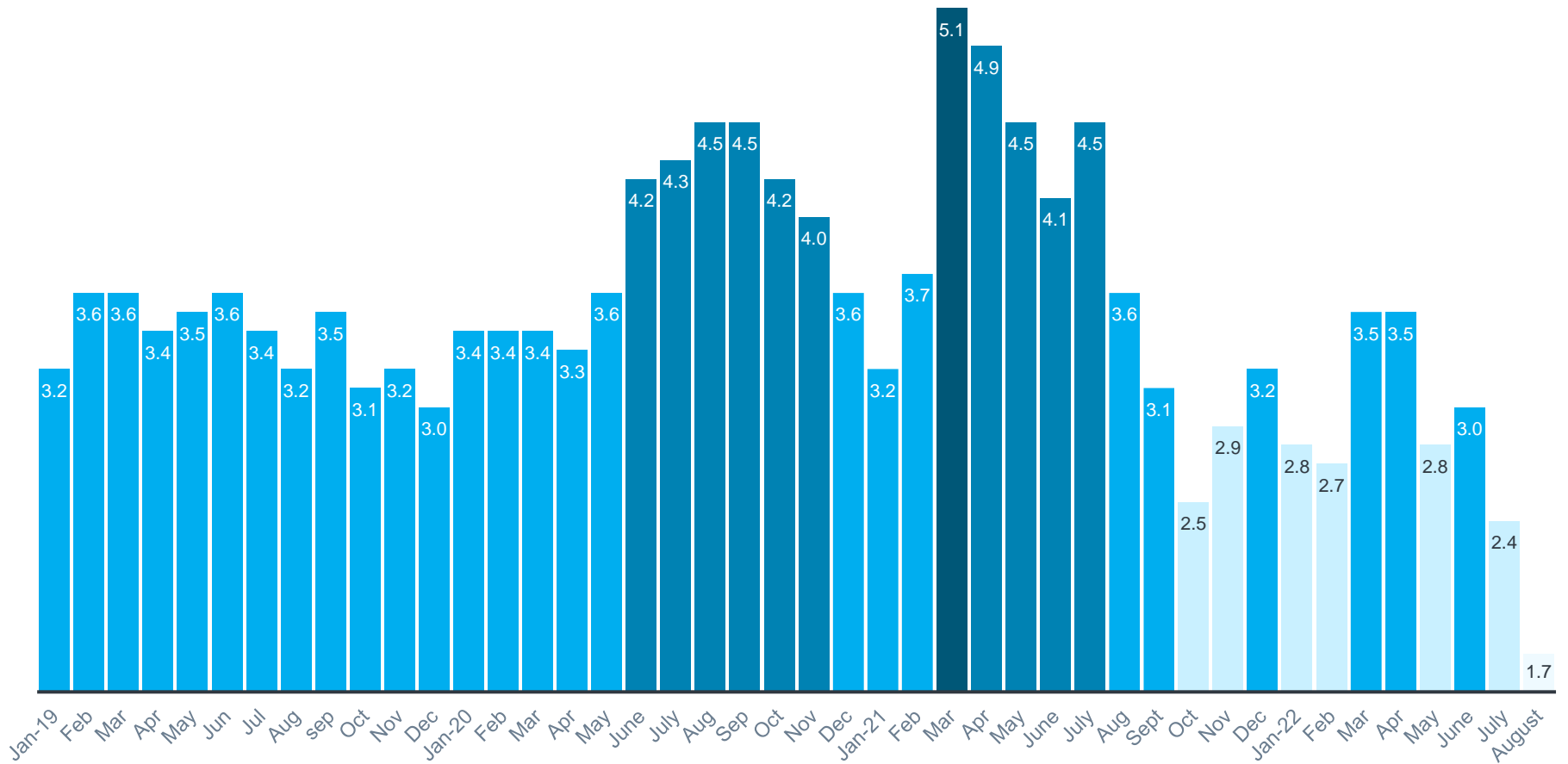


Source: Census



# New Homes Selling Fast

Median Months from Completion to Sold



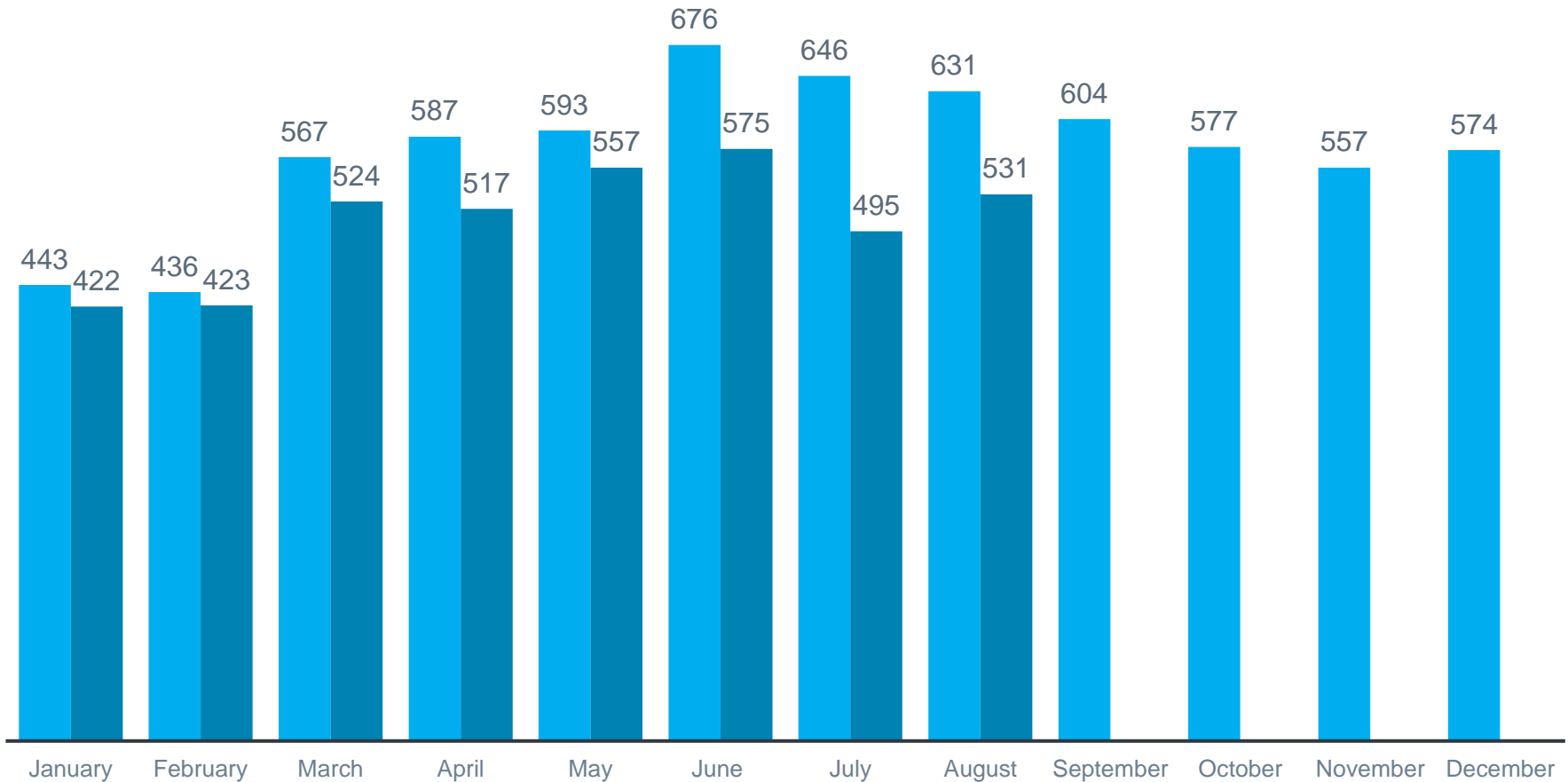
Source: Census

# Total Home Sales

In Thousands

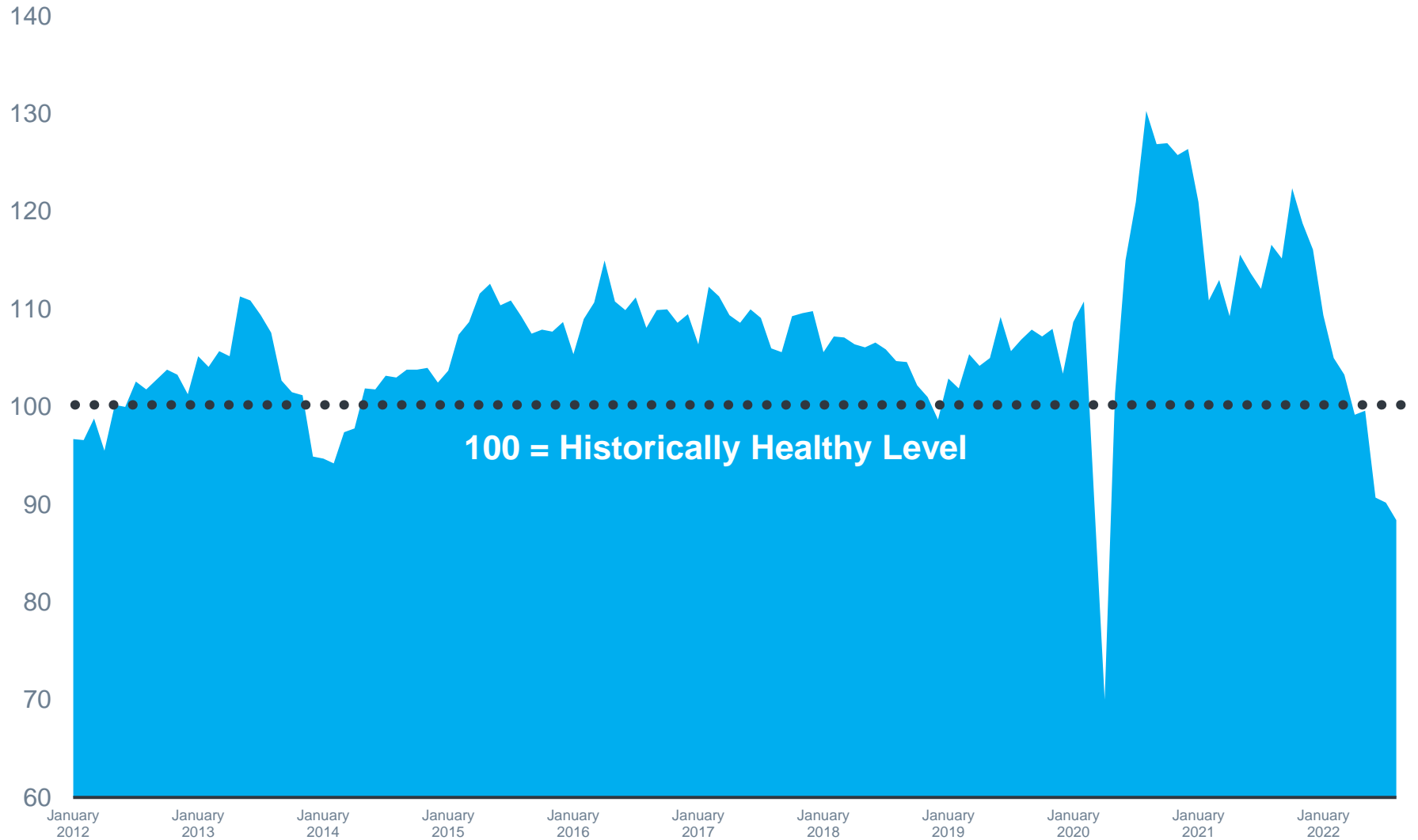


■ 2021 ■ 2022



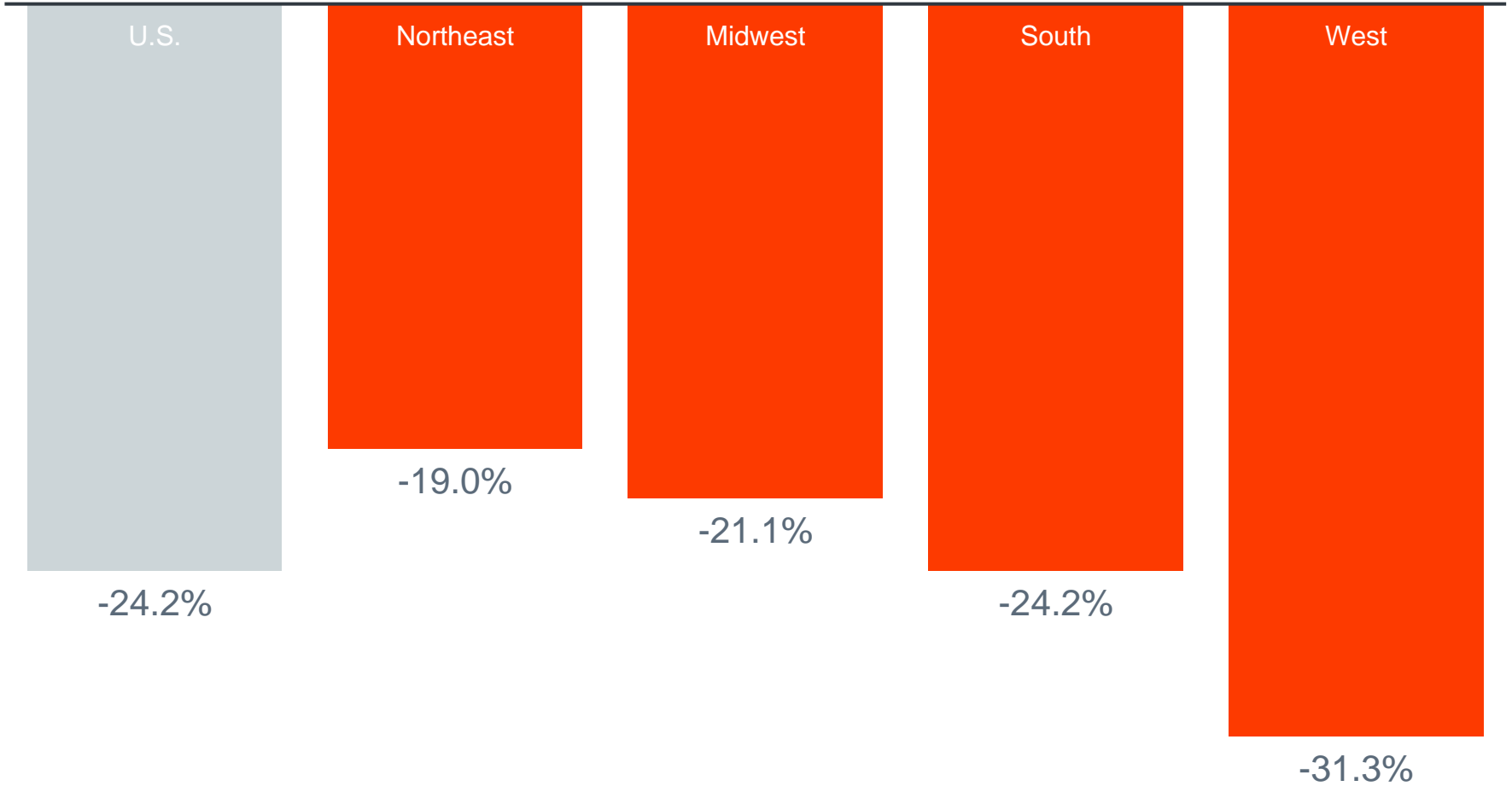
Source: Census

# Pending Home Sales



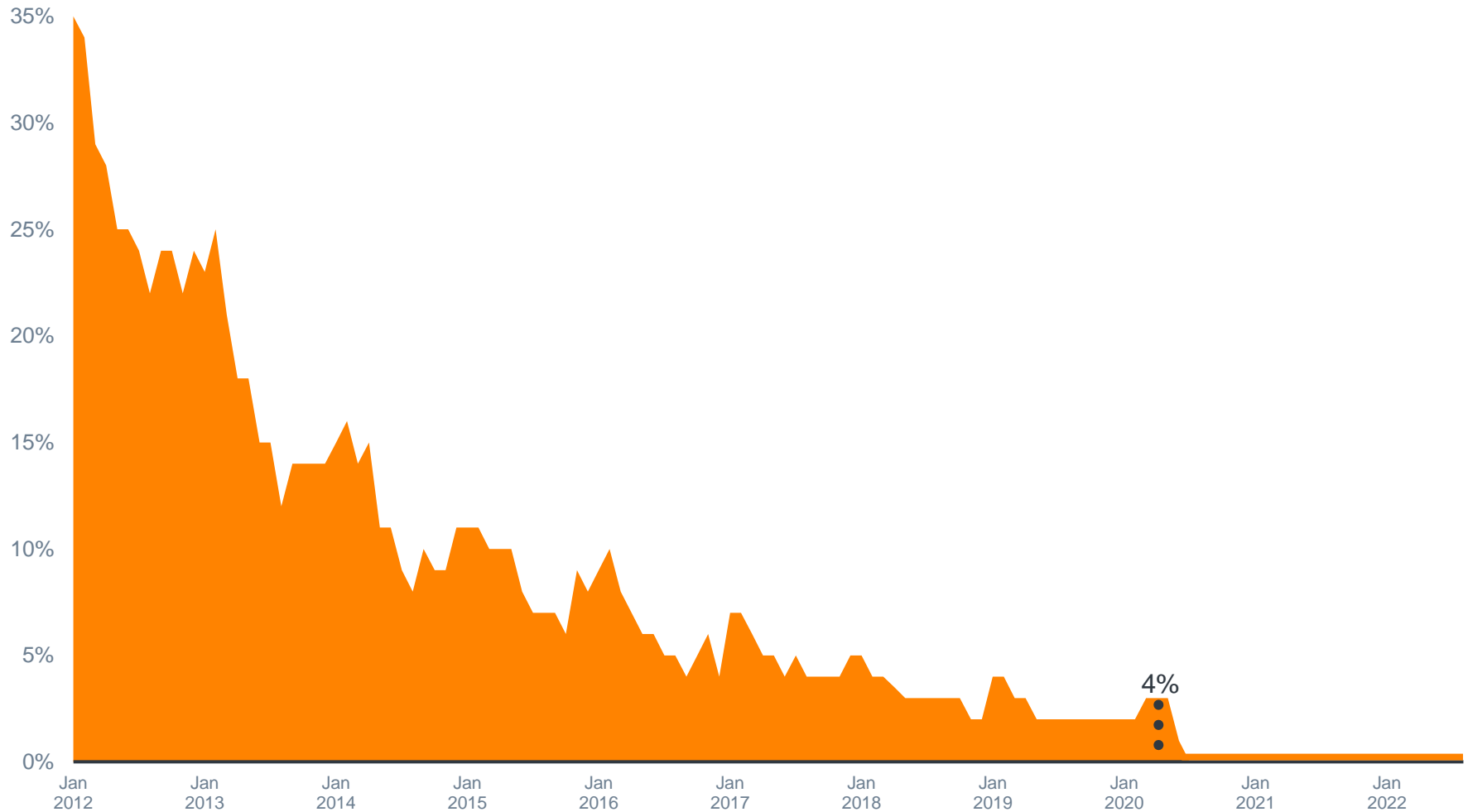
# Pending Home Sales

Year-Over-Year by Region



# Percentage of Distressed Property Sales

Distressed Sales (*Foreclosures and Short Sales*) represented Less Than 1% of Sales in August

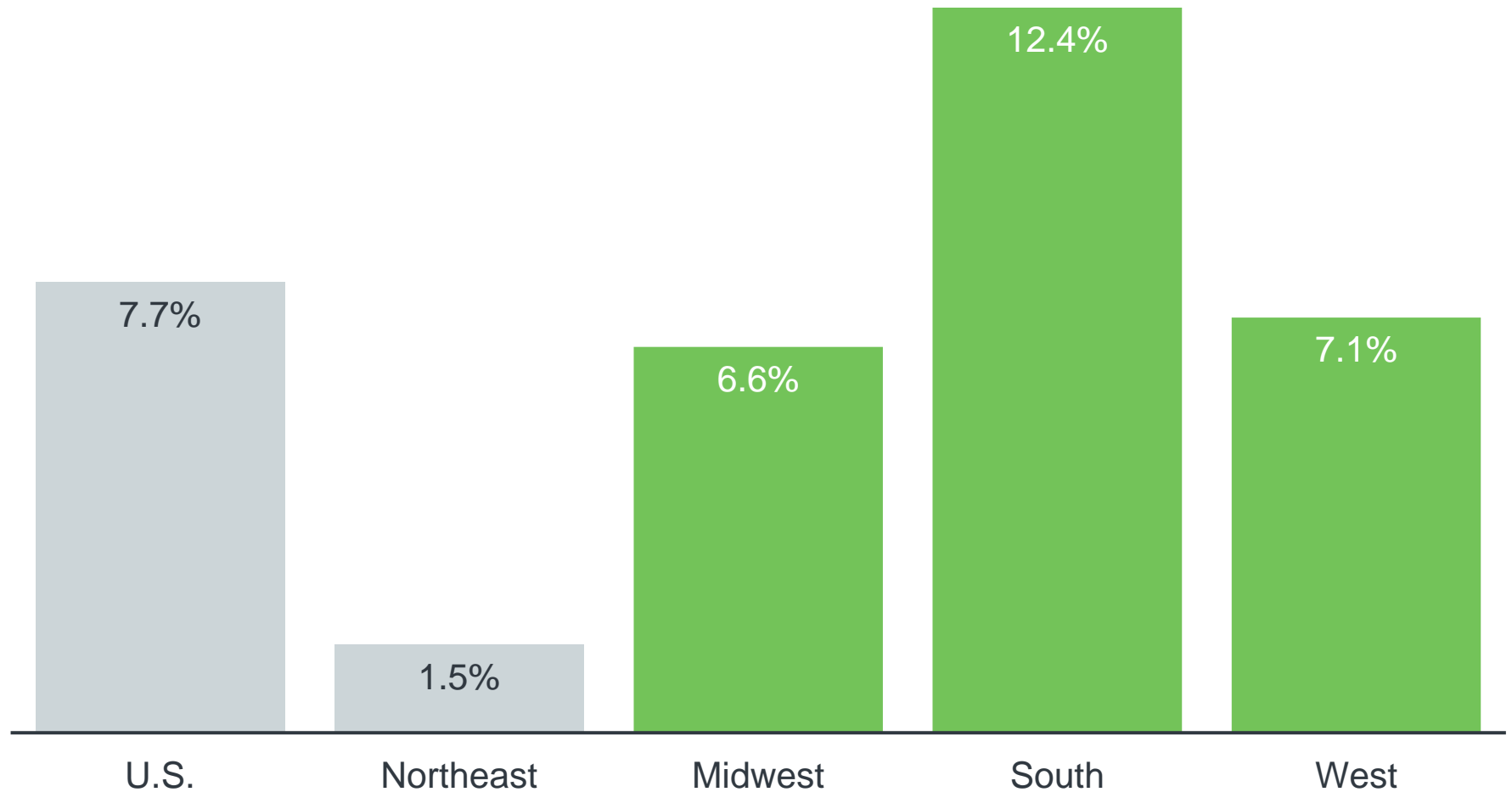




# Home Prices

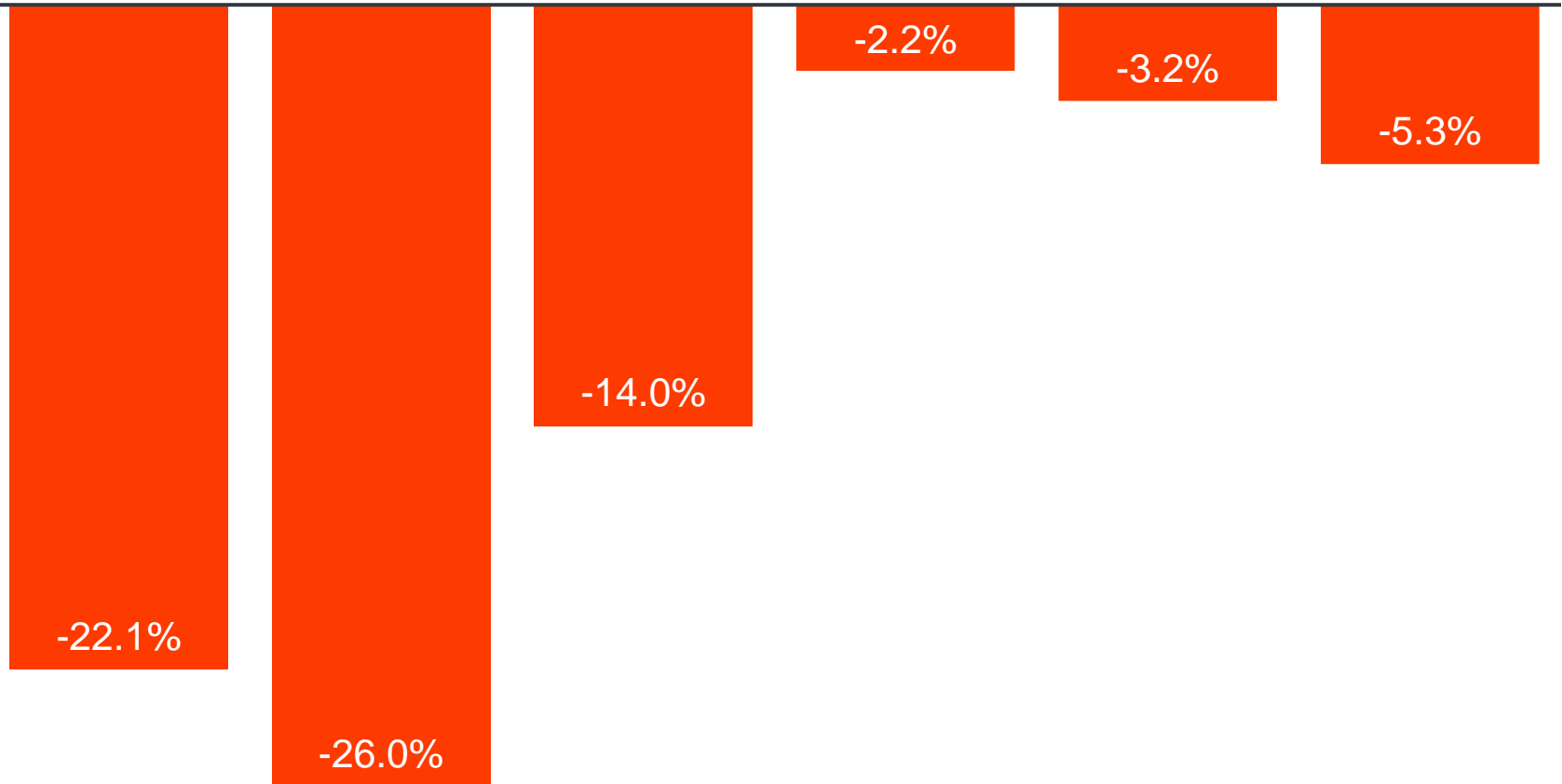
# Sales Price of Existing Homes

Year-Over-Year, by Region



# % Change in Sales

Year-Over-Year, by Price Range



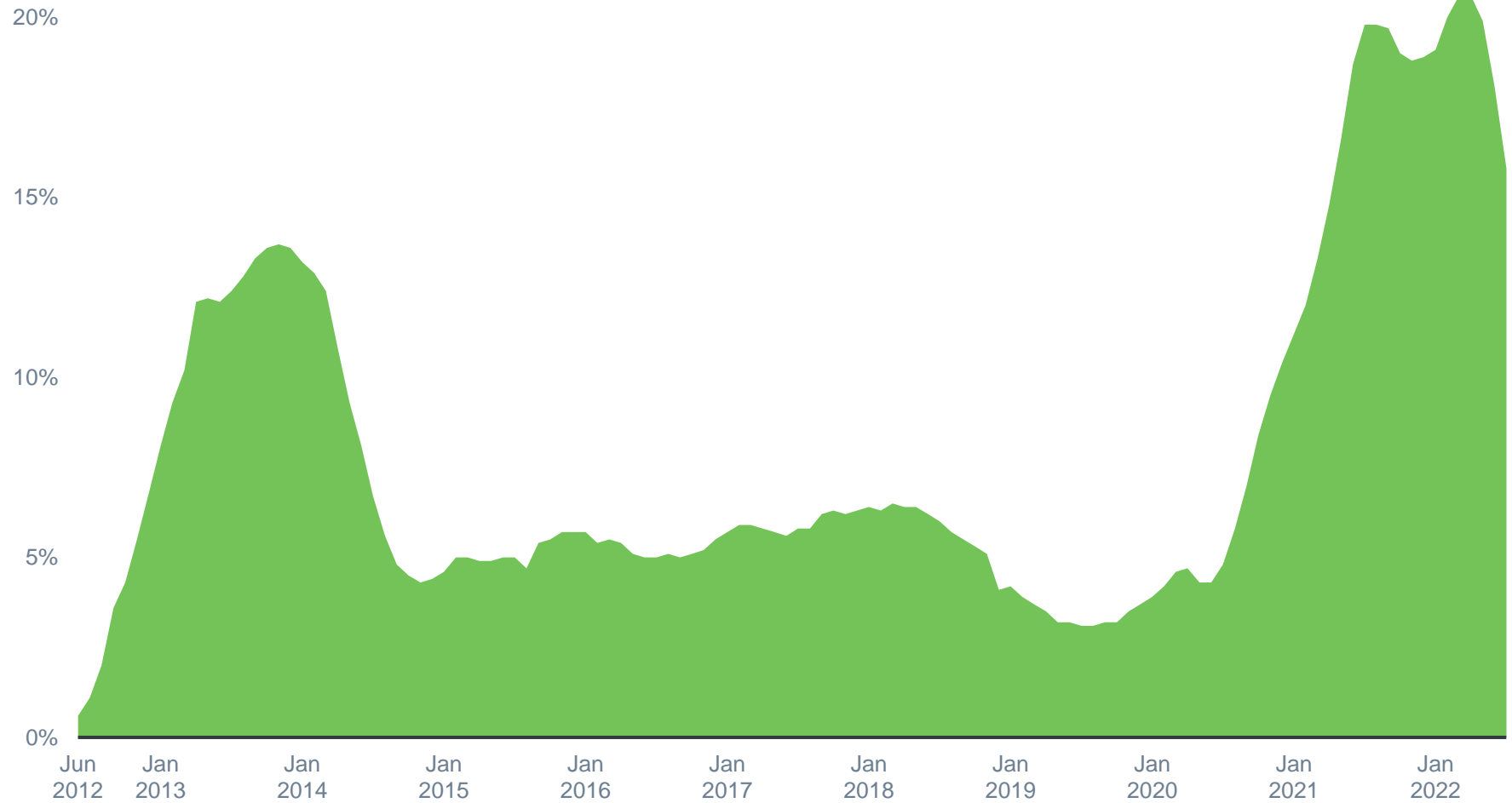
	\$0-100K	\$100-250K	\$250-500K	\$500-750K	\$750K-1M	\$1M+
■ %	-22.1%	-26.0%	-14.0%	-2.2%	-3.2%	-5.3%

Source: NAR



# Change in Home Prices

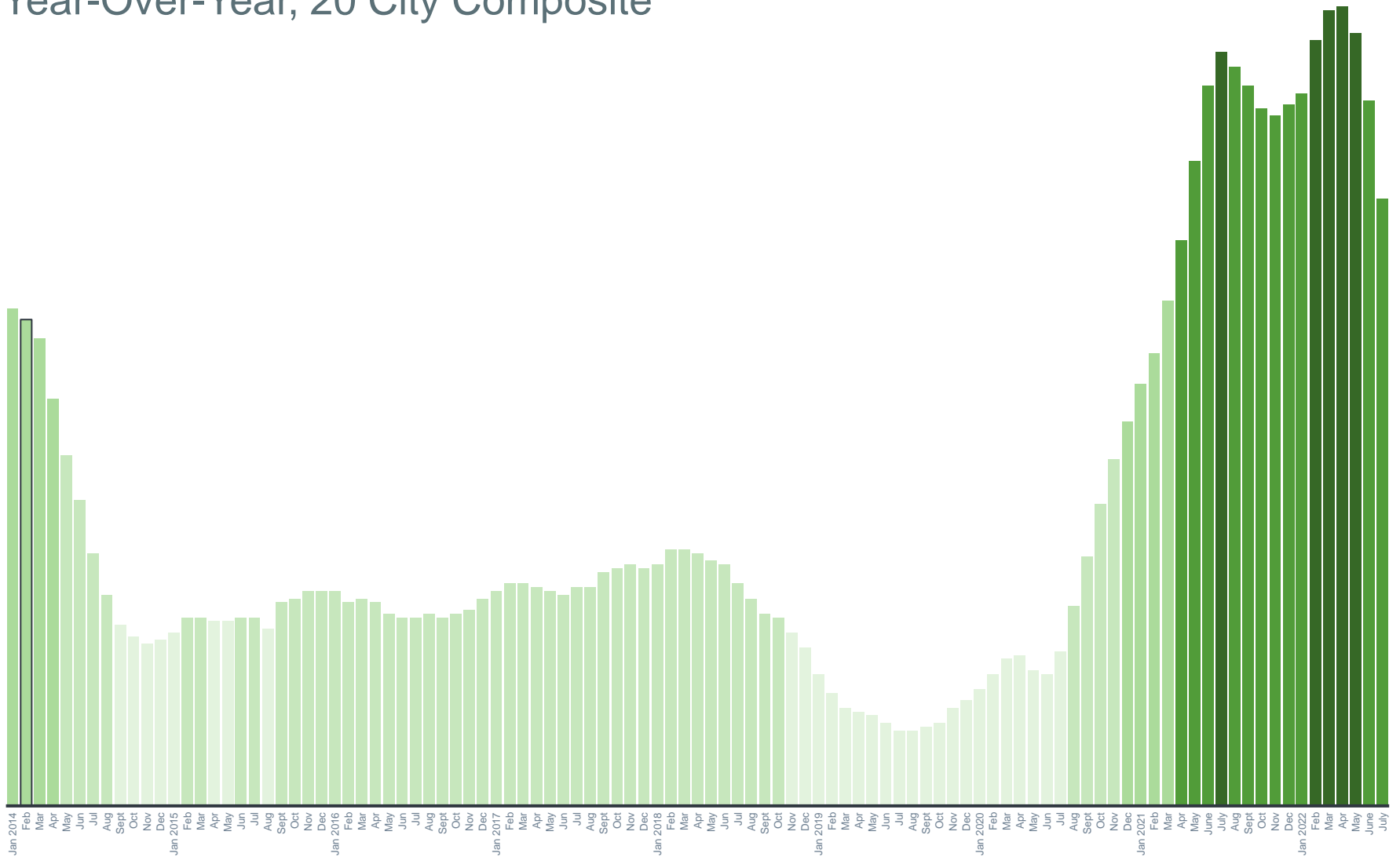
Year-Over-Year



Source: S&P Case-Shiller

# Change in Home Prices

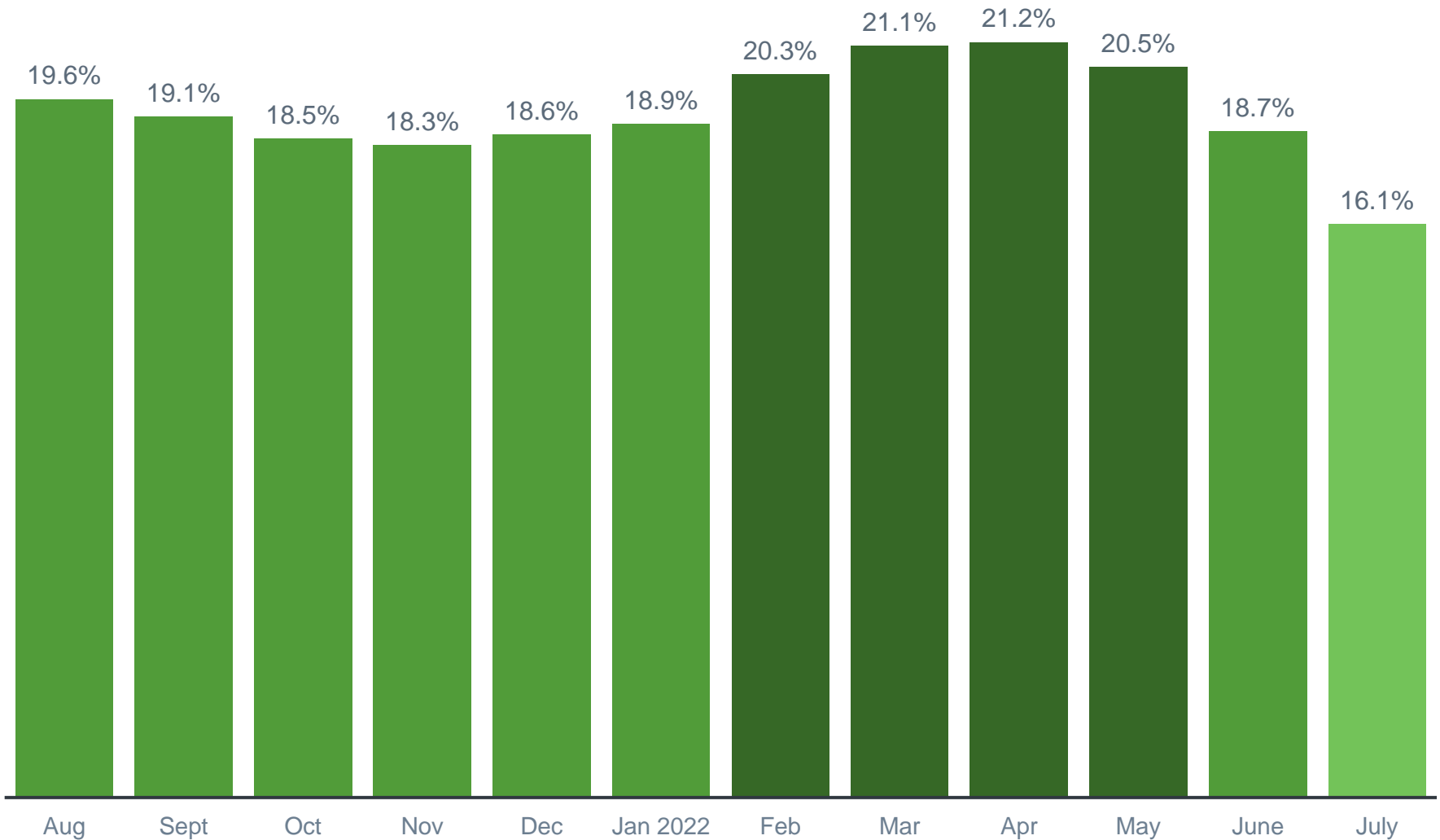
Year-Over-Year, 20 City Composite



Source: S&P Case-Shiller

# Change in Home Prices

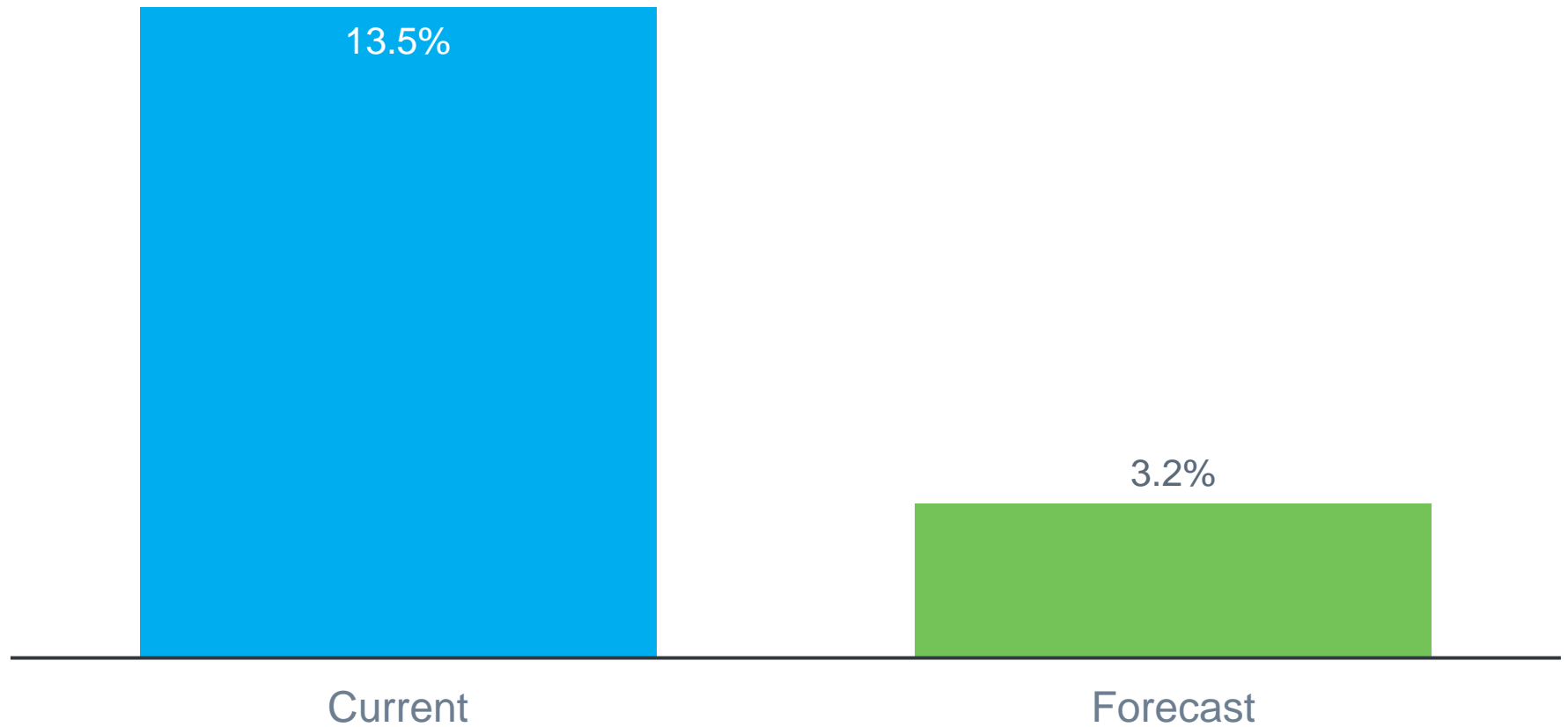
Year-Over-Year, 20 City Composite



Source: S&P Case-Shiller

# Year-Over-Year % Change in Price

August 2022

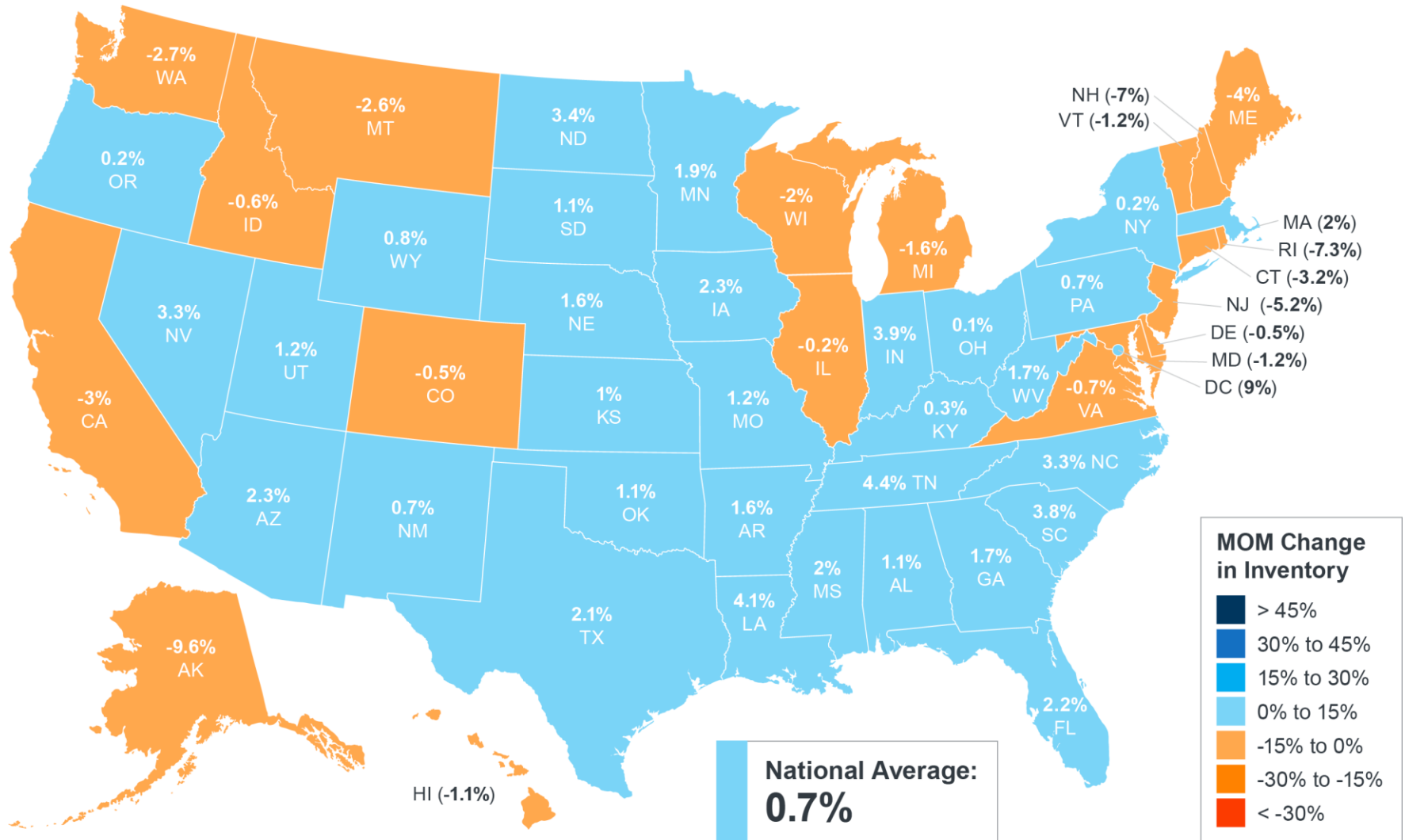




# Housing Inventory

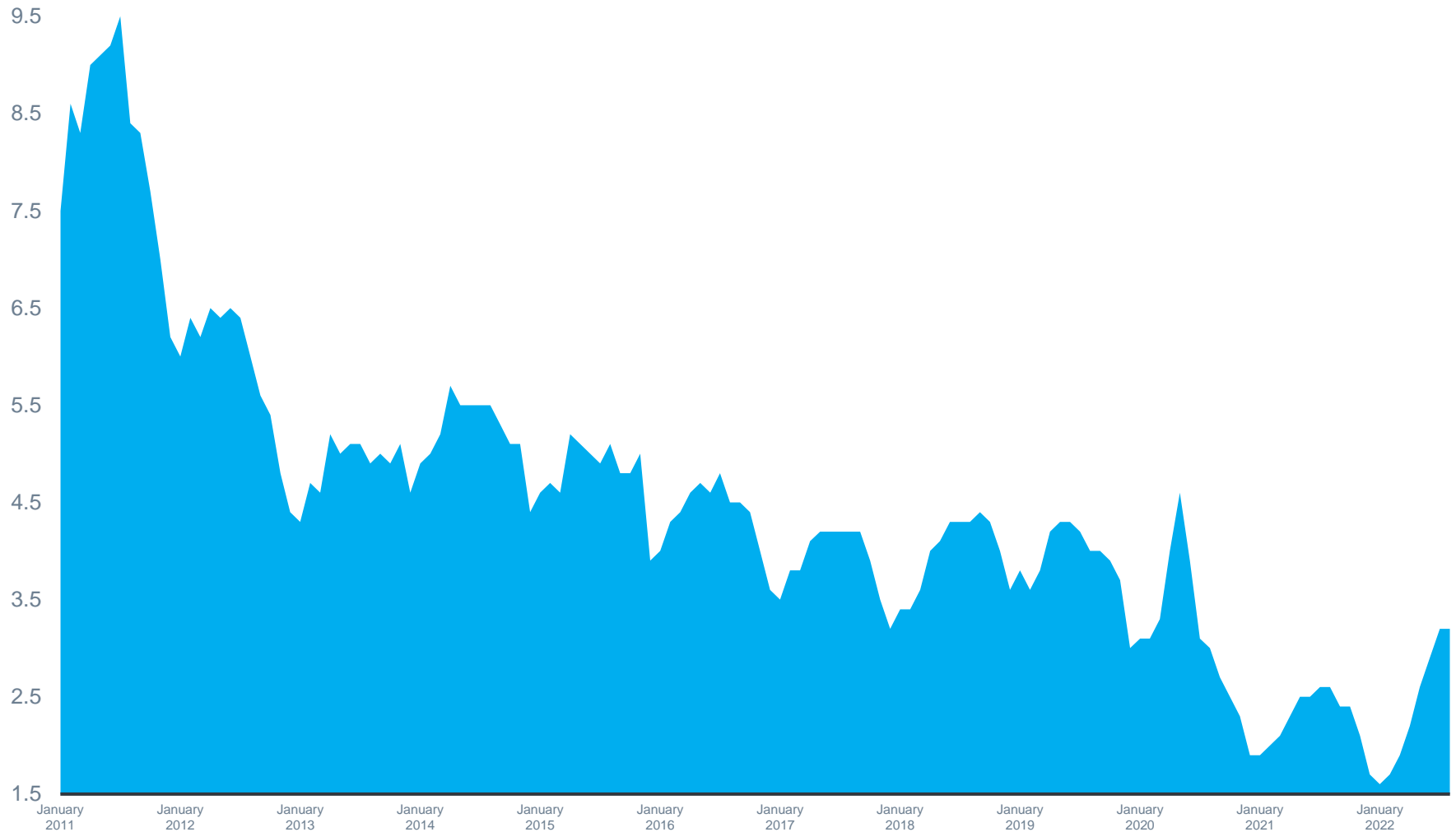
# Change in Inventory

Month-Over-Month, September 2022



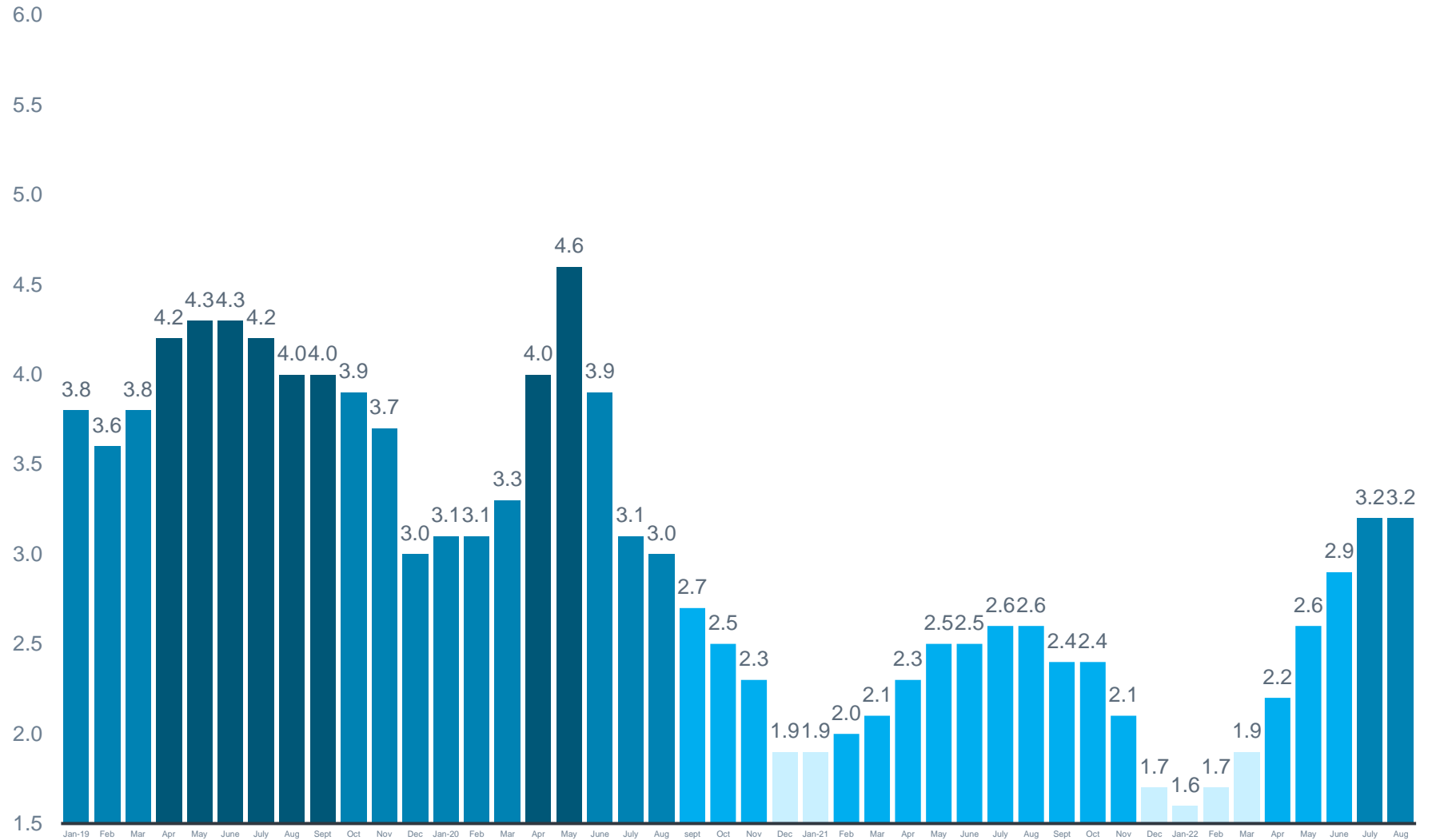
# Months Inventory of Homes for Sale

2011 - Today



# Months Inventory of Homes for Sale

Since 2019

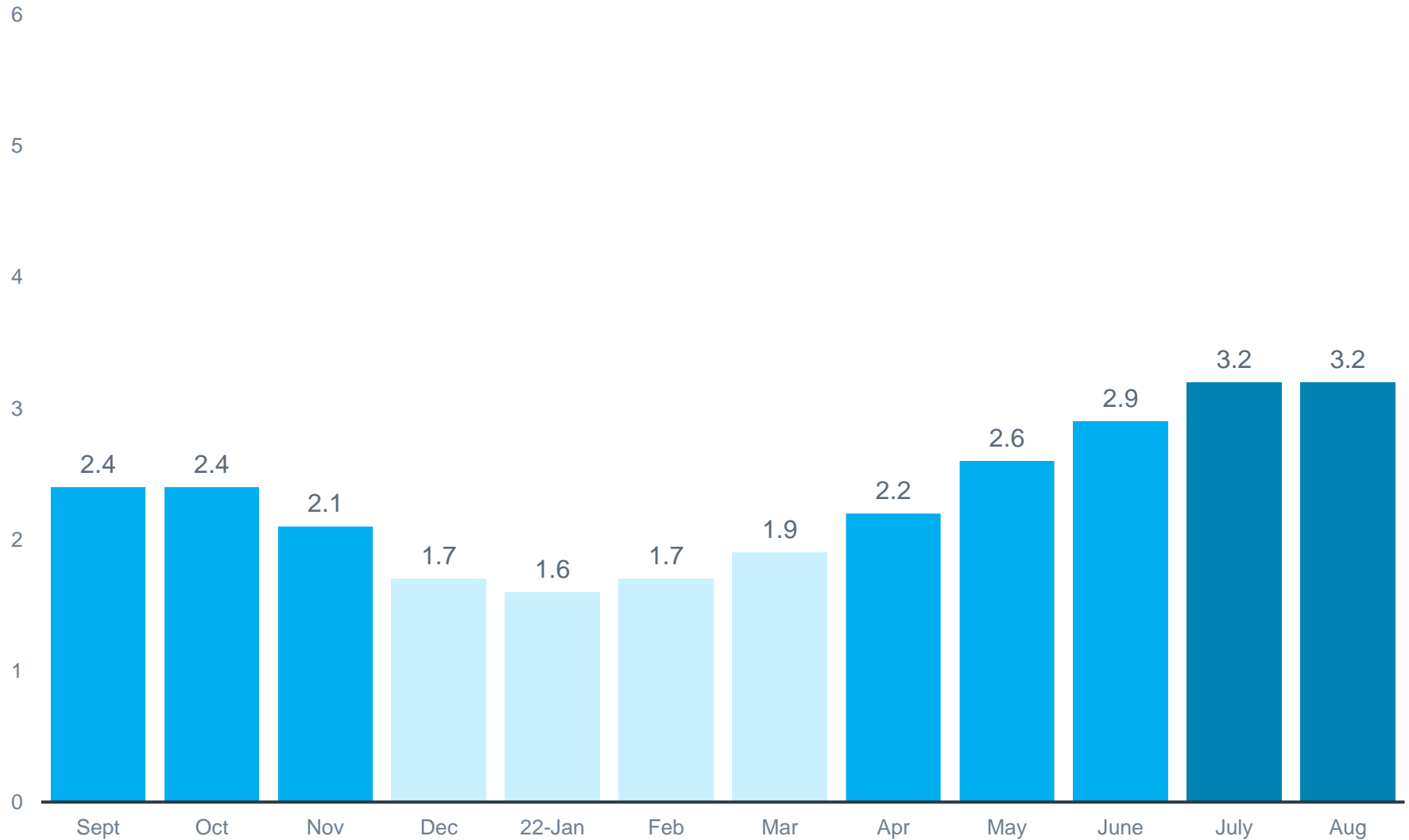


Source: NAR



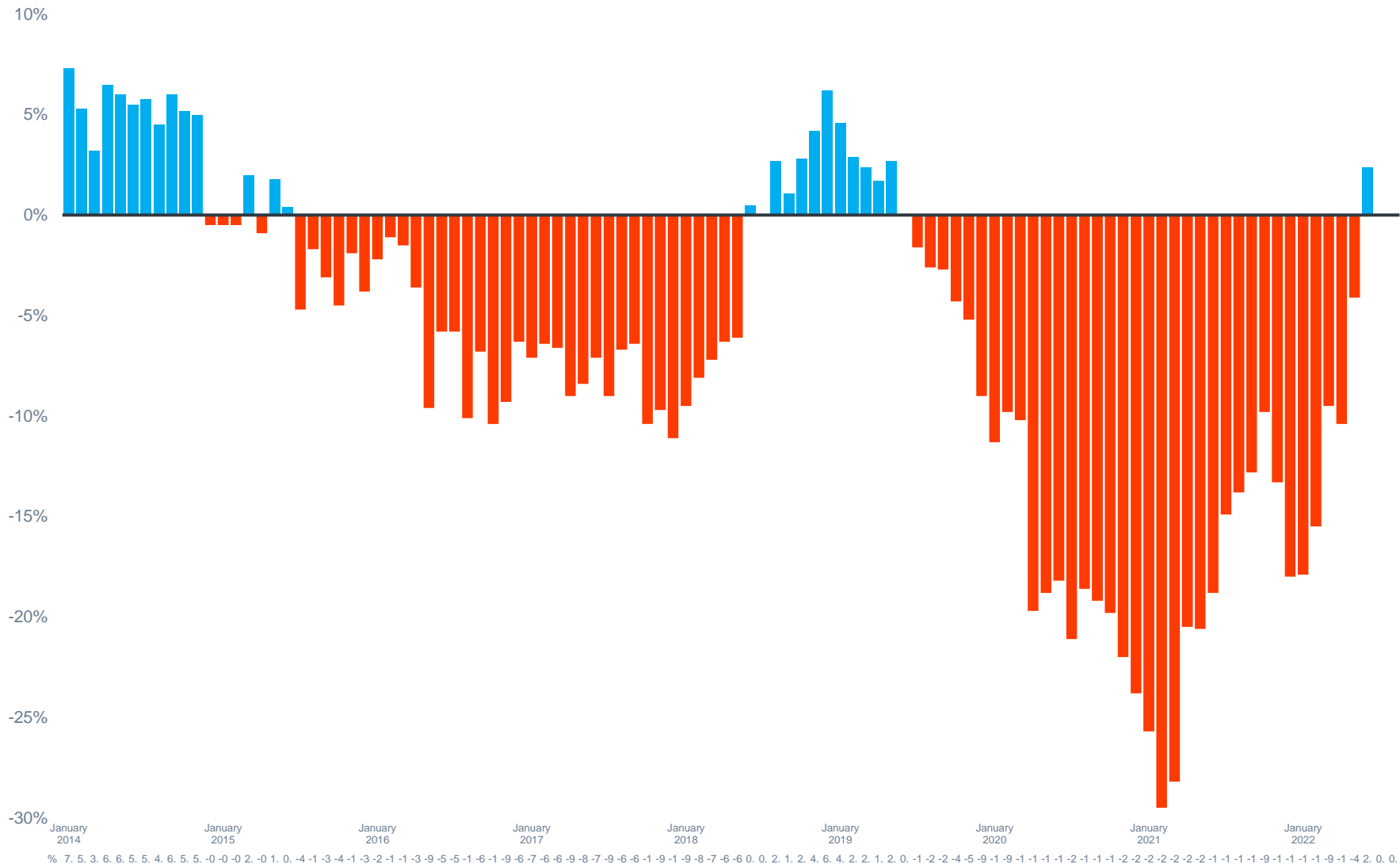
# Months Inventory of Homes for Sale

Last 12 Months



Source: NAR

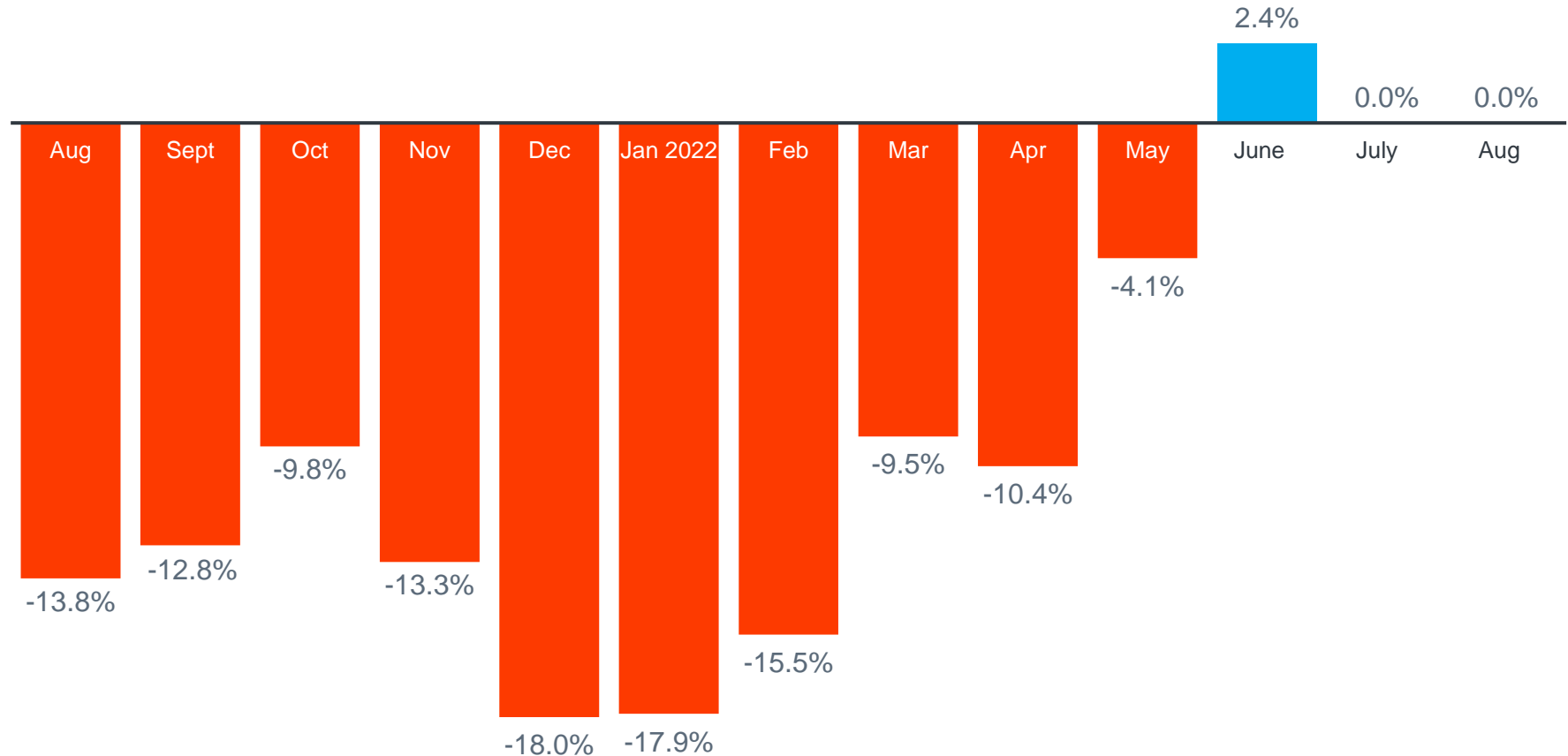
# Year-Over-Year Inventory Levels



Source: NAR

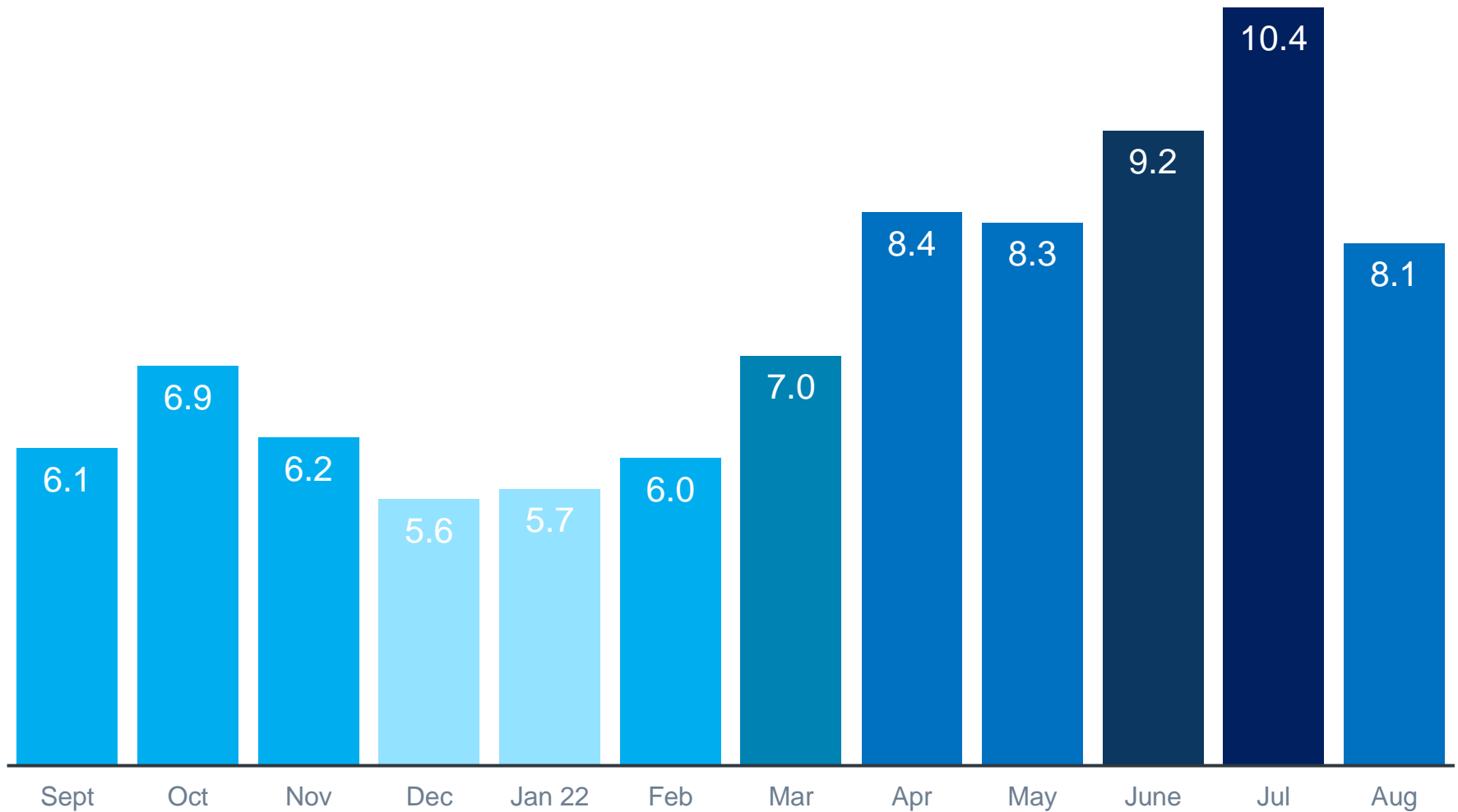
# Year-Over-Year Inventory Levels

Last 12 Months



# New Home Monthly Inventory

Seasonally Adjusted, Last 12 Months



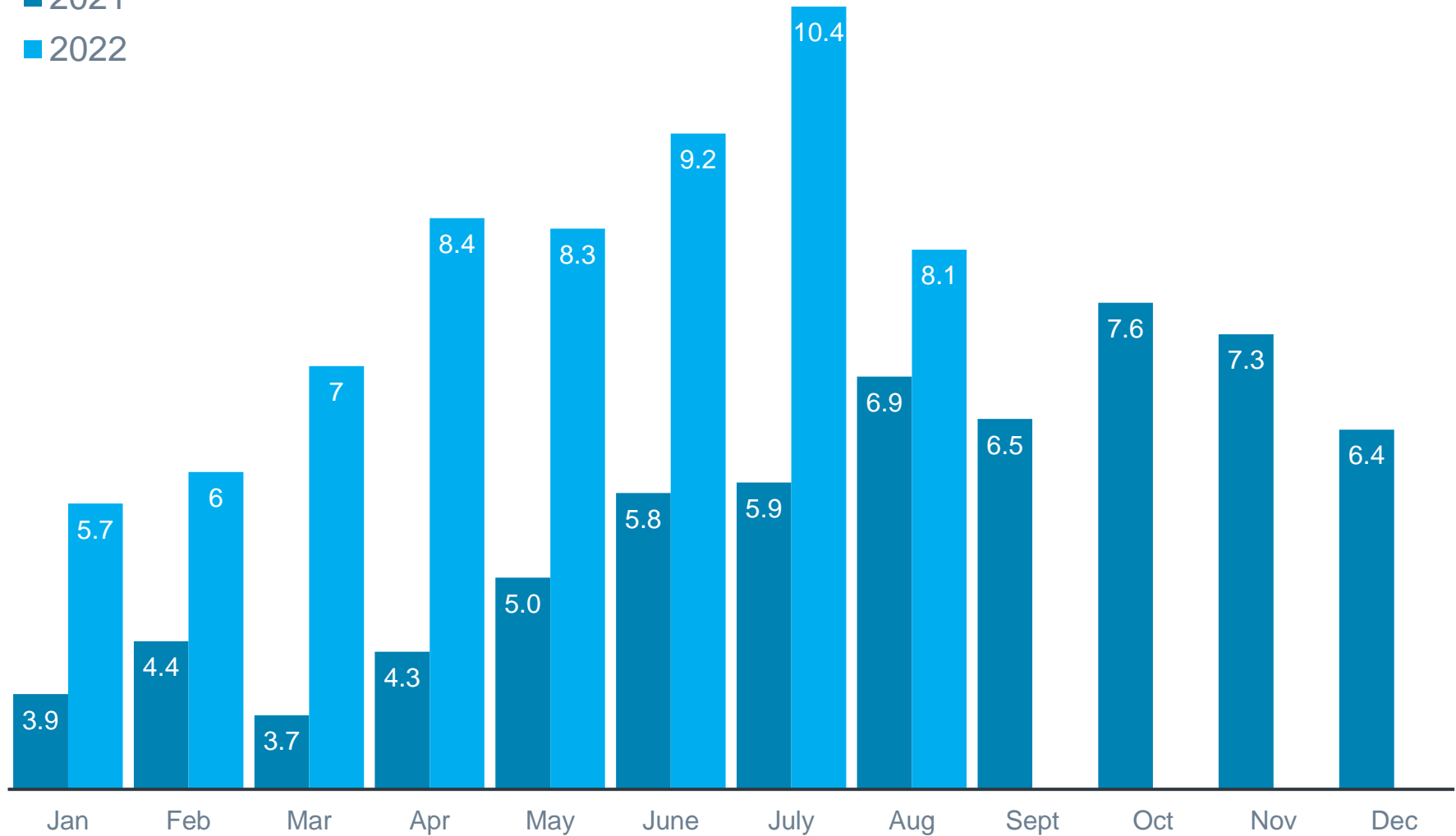
Source: Census

# New Home Monthly Inventory



Non-Seasonally Adjusted

- 2021
- 2022



Source: Census



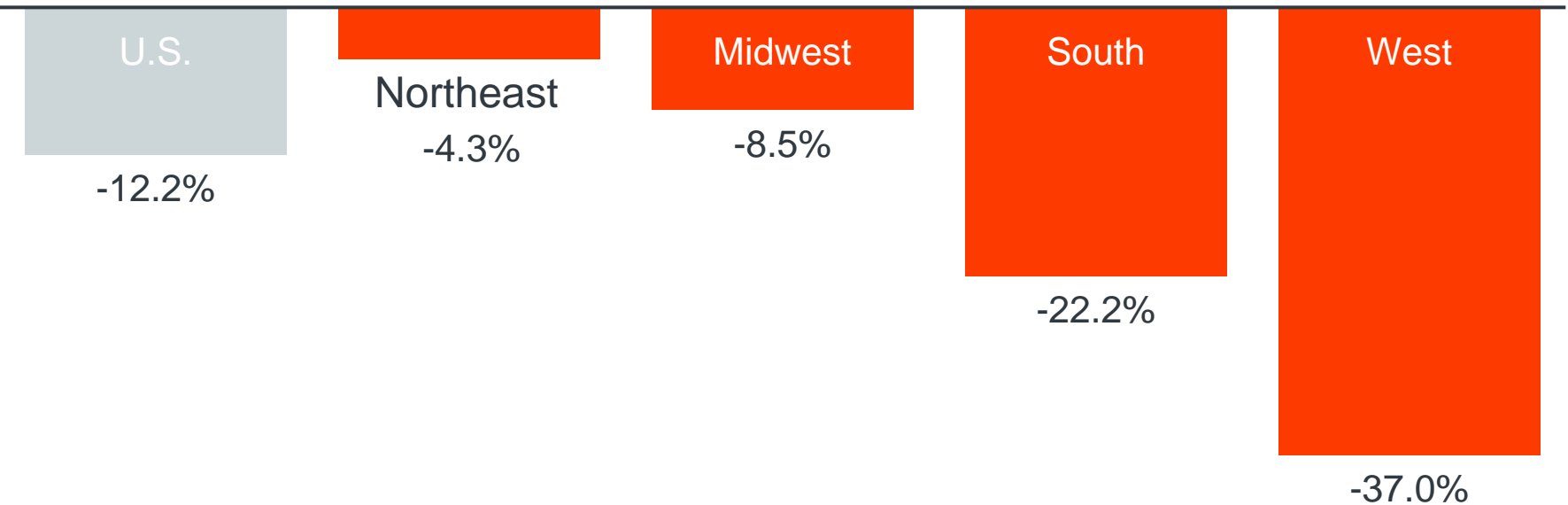
# Buyer Demand

# End of Summer Sees Continued Slowdown of Home Showing Activity

*Year-Over-Year Increase in Showing Activity, August 2022*

**Michael Lane**, Vice President & General Manager, Showing Time

“The more moderate pace at which home showings are slowing down and the increase in markets that saw more showings per listing this month are signs that the market may be starting to find a new balance. Buyers will continue to see less competition for homes and have more time to tour homes they like and consider their options.”



Source: ShowingTime

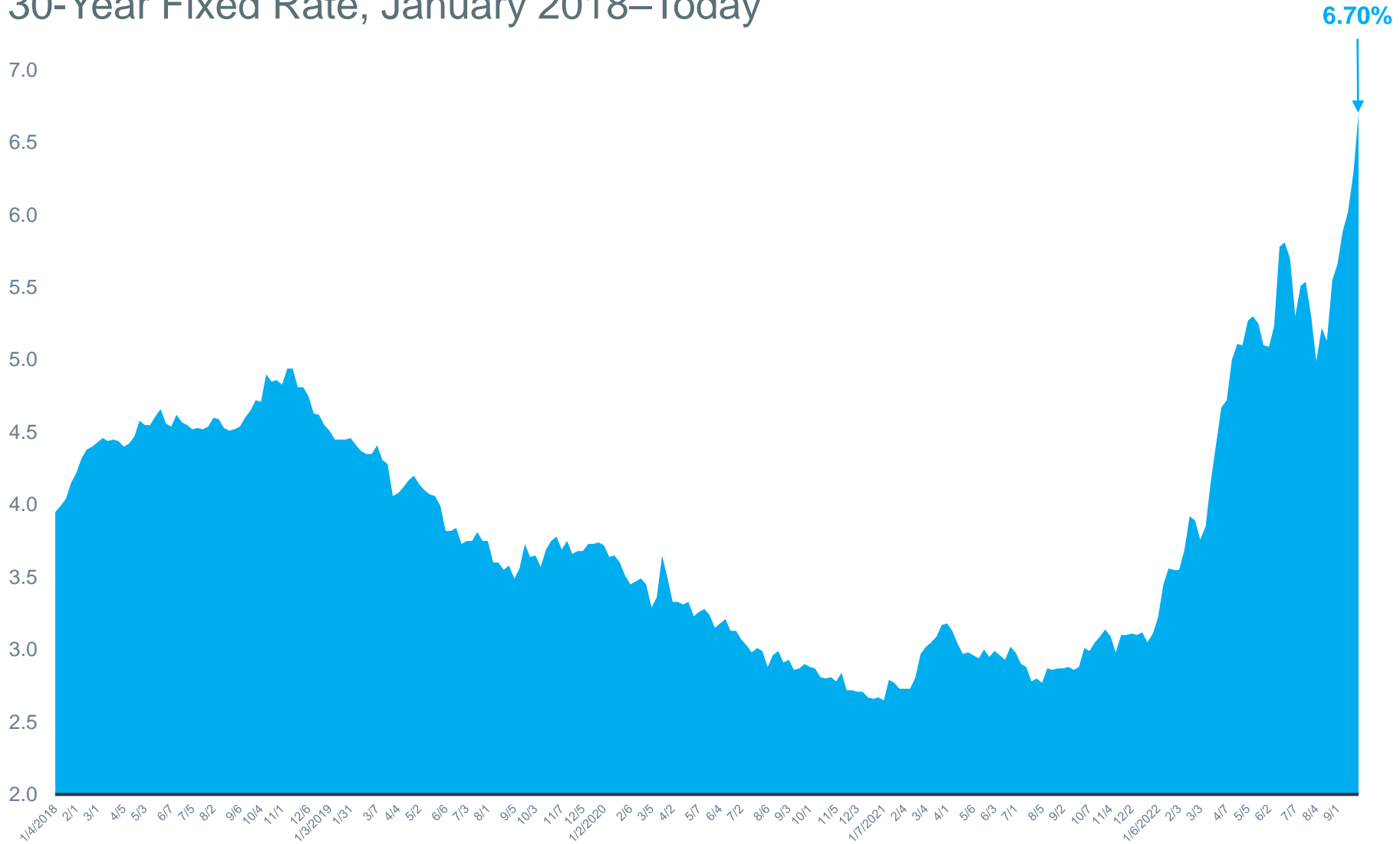


# Mortgage Rates



# Mortgage Rates

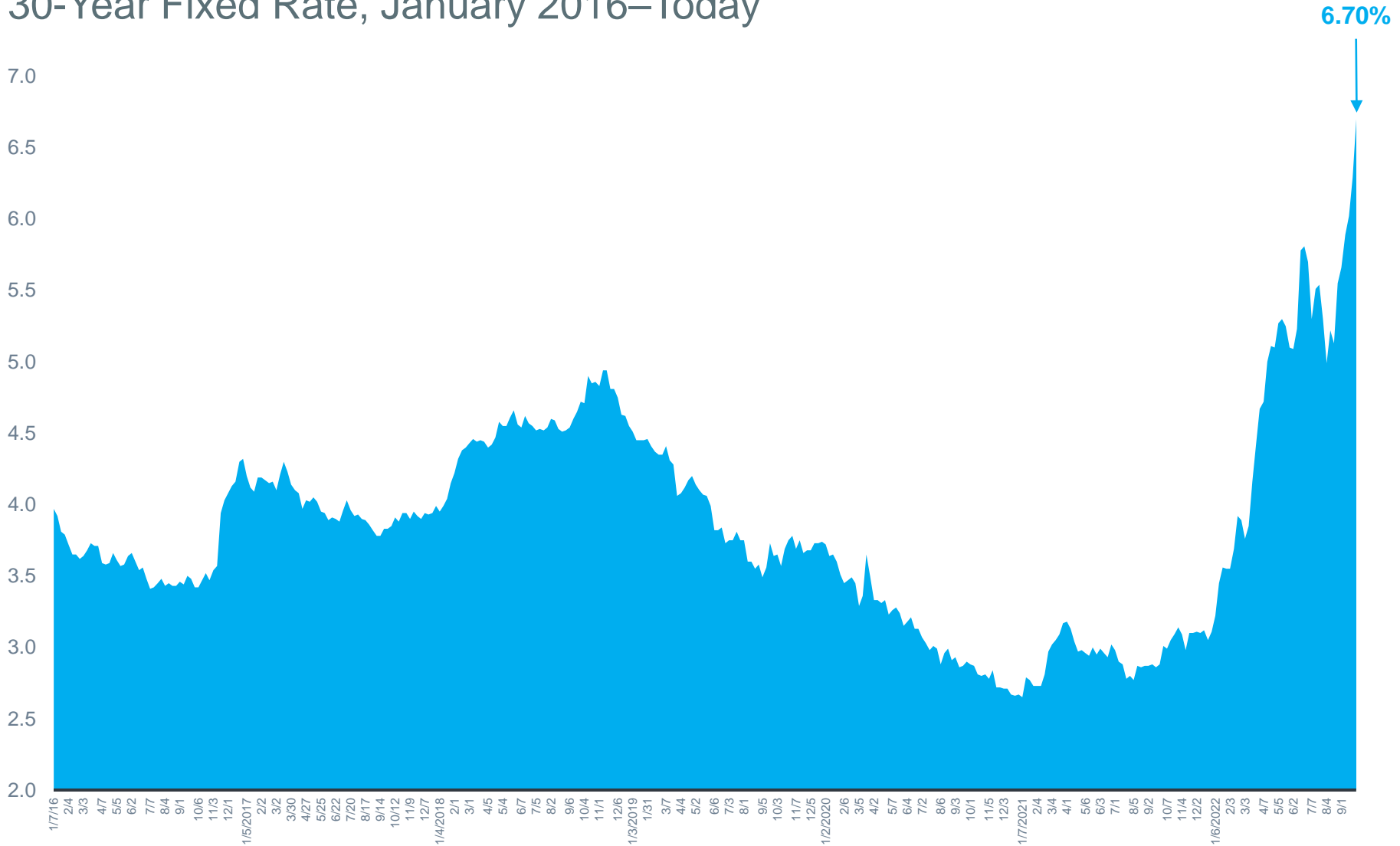
30-Year Fixed Rate, January 2018–Today



Source: Freddie Mac

# Mortgage Rates

30-Year Fixed Rate, January 2016–Today



Source: Freddie Mac

# Mortgage Rate Projections

October 2022

Quarter	Freddie Mac	Fannie Mae	MBA	NAR	Average of All Four
2023 1Q	5.2	5.7	5.3	6.5	<b>5.68%</b>
2023 2Q	5.2	5.6	5.3	6.4	<b>5.63%</b>
2023 3Q	5.0	5.6	5.1	6.3	<b>5.50%</b>
2023 4Q	5.0	5.5	5.0	6.1	<b>5.40%</b>

# Mortgage Rates



## 30-Year Fixed Rate

7.0

6.5

6.0

5.5

5.0

4.5

4.0

3.5

3.0

2.5

2.0

2018 2/1 3/1 4/5 5/3 6/7 7/5 8/2 9/6 10/4 11/1 12/6 2019 1/31 3/7 4/4 5/2 6/6 7/3 8/1 9/5 10/3 11/7 12/5 2020 2/6 3/5 4/2 5/7 6/4 7/2 8/6 9/3 10/1 11/5 12/3 2021 2/4 3/4 4/1 5/6 6/3 7/1 8/5 9/2 10/7 11/4 12/2 2022 2/3 3/3 4/7 5/5 6/2 7/7 8/4 9/1

January 2018 – Today  
Actual Interest Rates

5.2

5.2

5.0

5.0

Where Are They Going?

2023 Q1

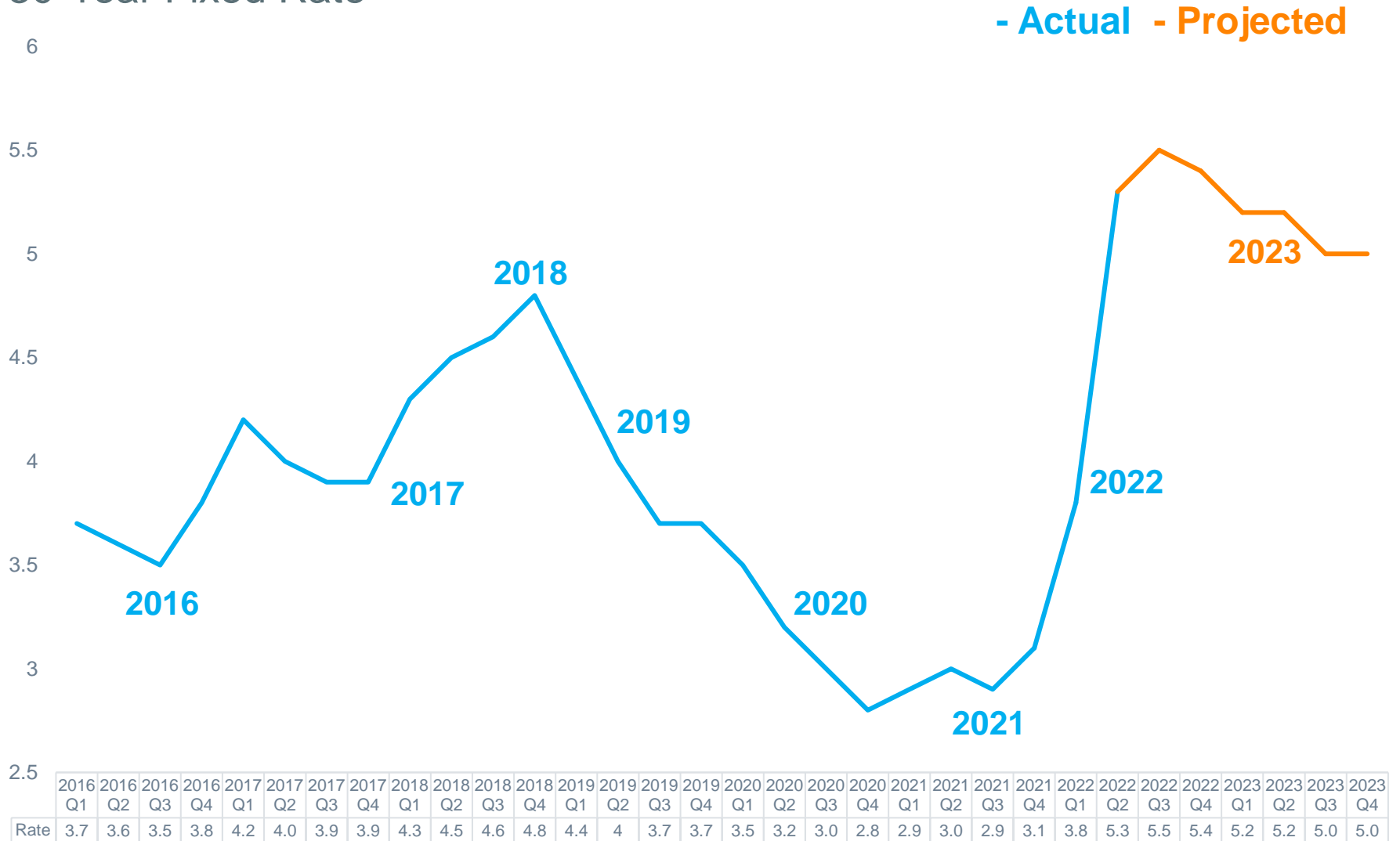
2023 Q2

2023 Q3

2023 Q4

# Mortgage Rates

## 30-Year Fixed Rate

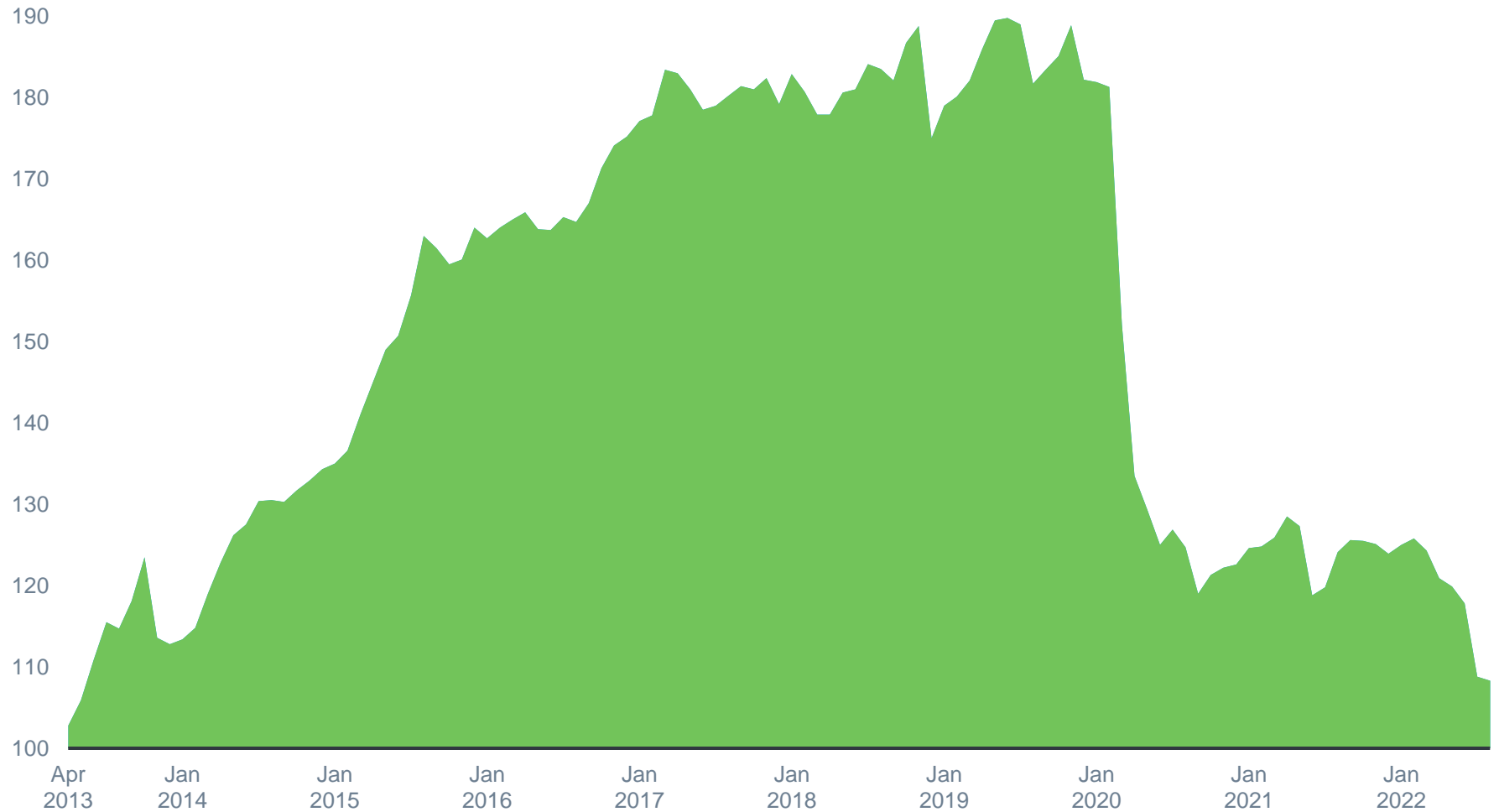




# Mortgage Credit Availability

# Mortgage Credit Availability Index (MCAI)

August 2022



# Mortgage Credit Availability Index (MCAI)

August 2022

