



Years

The Title Company of Jersey

Established in 1972

June 2022



It's All About Mortgage Rates



Mortgage Rates Stay Relatively Flat

June 2, 2022

Sam Khater, Chief Economist, *Freddie Mac*:

“Mortgage rates continued to inch downward this week but are still significantly higher than last year, affecting affordability and purchase demand. **Heading into the summer, the potential homebuyer pool has shrunk, supply is on the rise and the housing market is normalizing.** This is welcome news following unprecedented market tightness over the last couple years.”

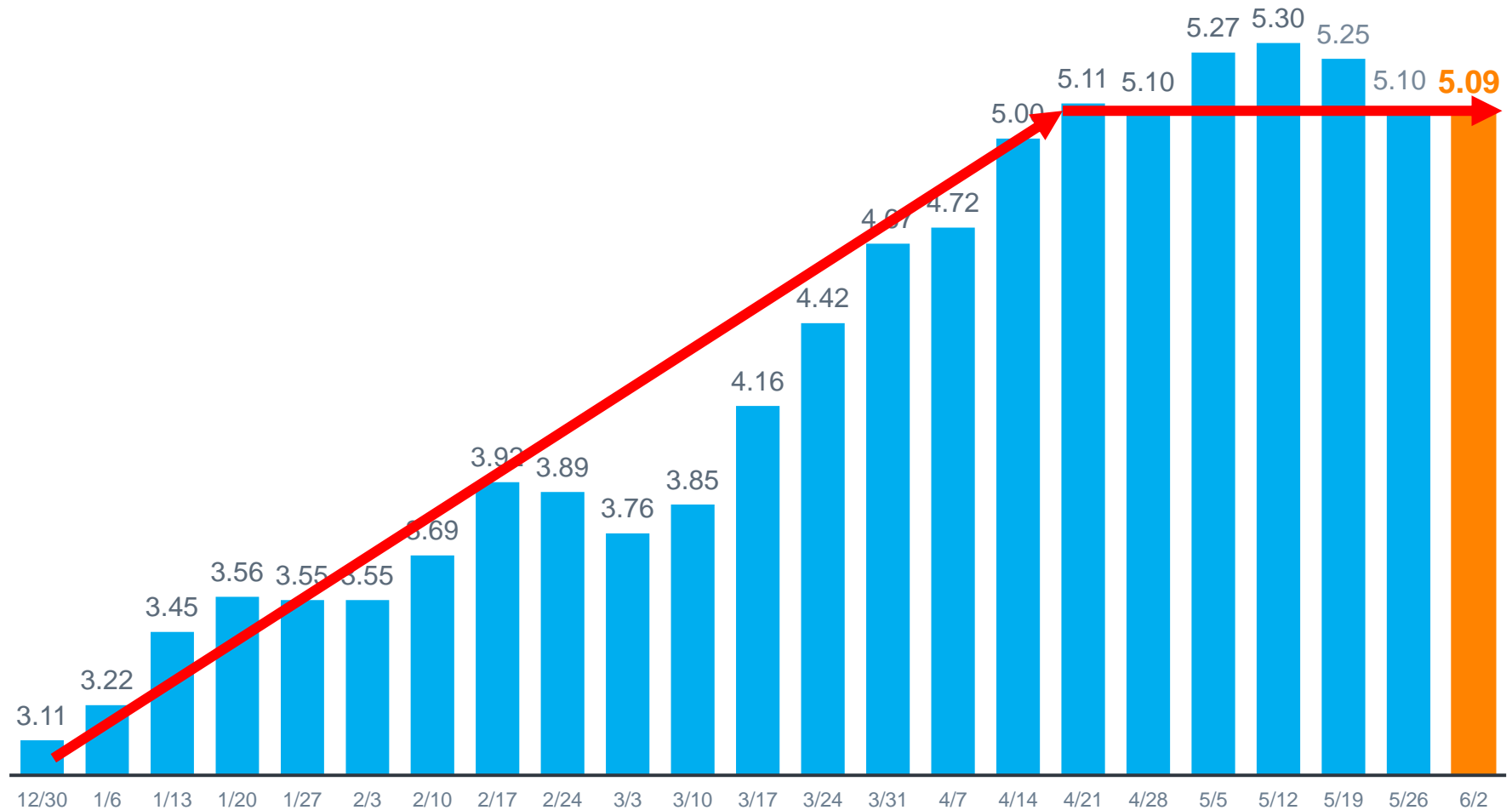
May 19, 2022

“Economic uncertainty is causing mortgage rate volatility. . . .”

Primary Mortgage Market Survey®					
U.S. Weekly Averages As Of 06/02//2022					
30-Yr FRM		15-Yr FRM		5/1-Yr ARM	
5.09%	▼0.01 1-Wk	4.32%	▲0.01 1-Wk	4.04%	▲0.16 1-Wk
	▲2.10 1-yr		▲2.05 1-yr		▲1.40 1-yr
0.8 Fees/Points		0.8 Fees/Points		0.3 Fees/Points	

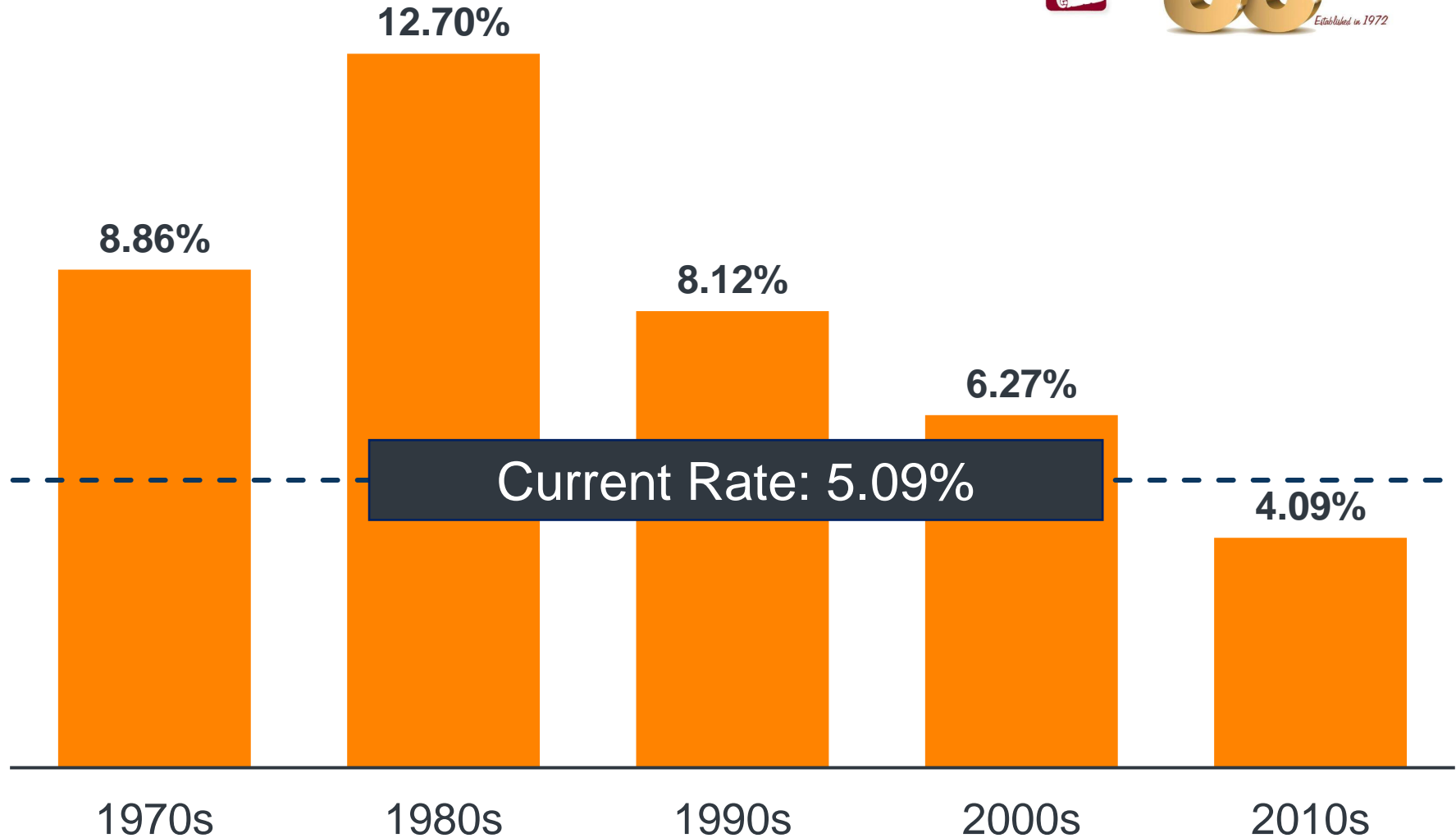
Mortgage Rates

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



Source: Freddie Mac

Current Mortgage Rate Compared to the Last 5 Decades



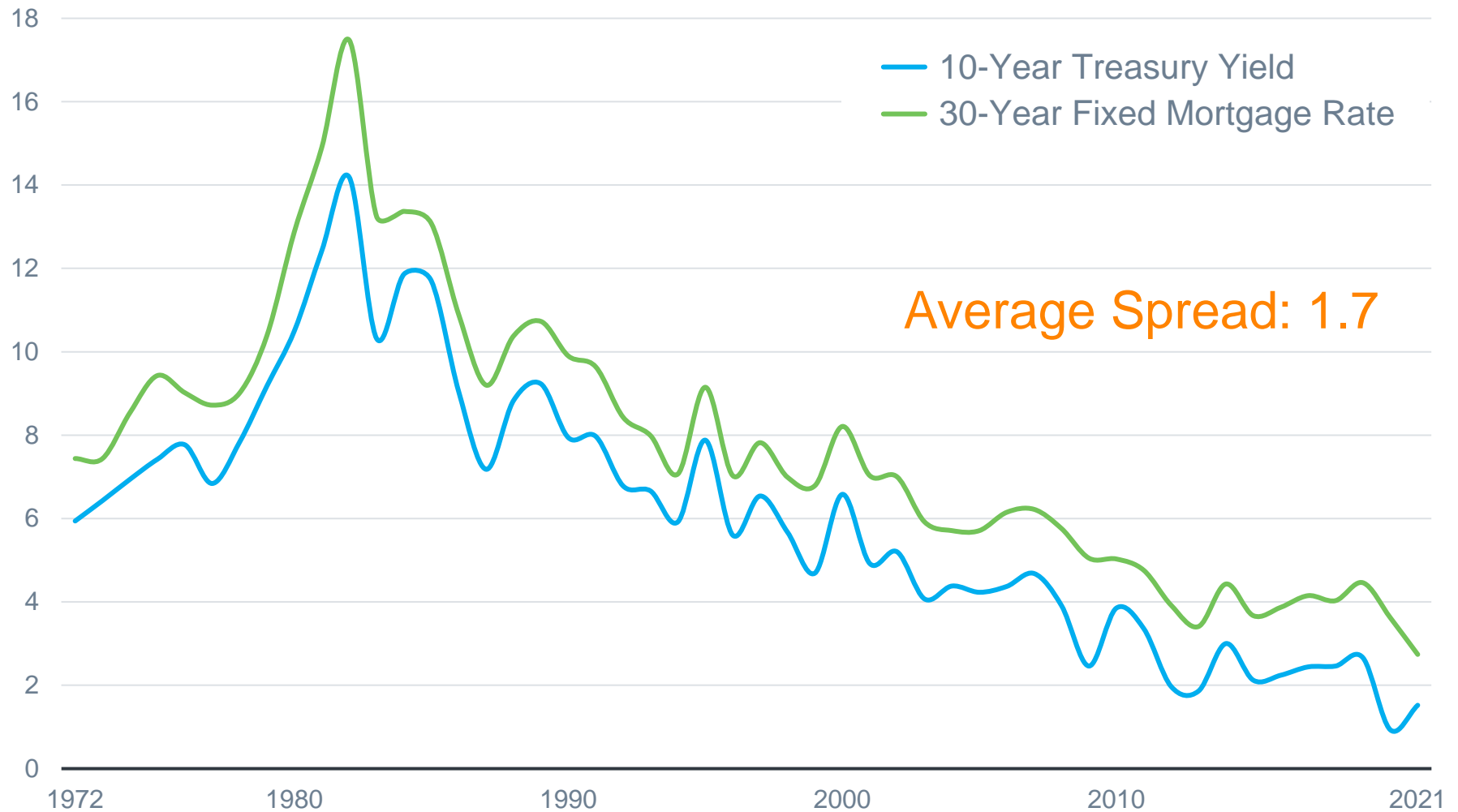


PERFECT

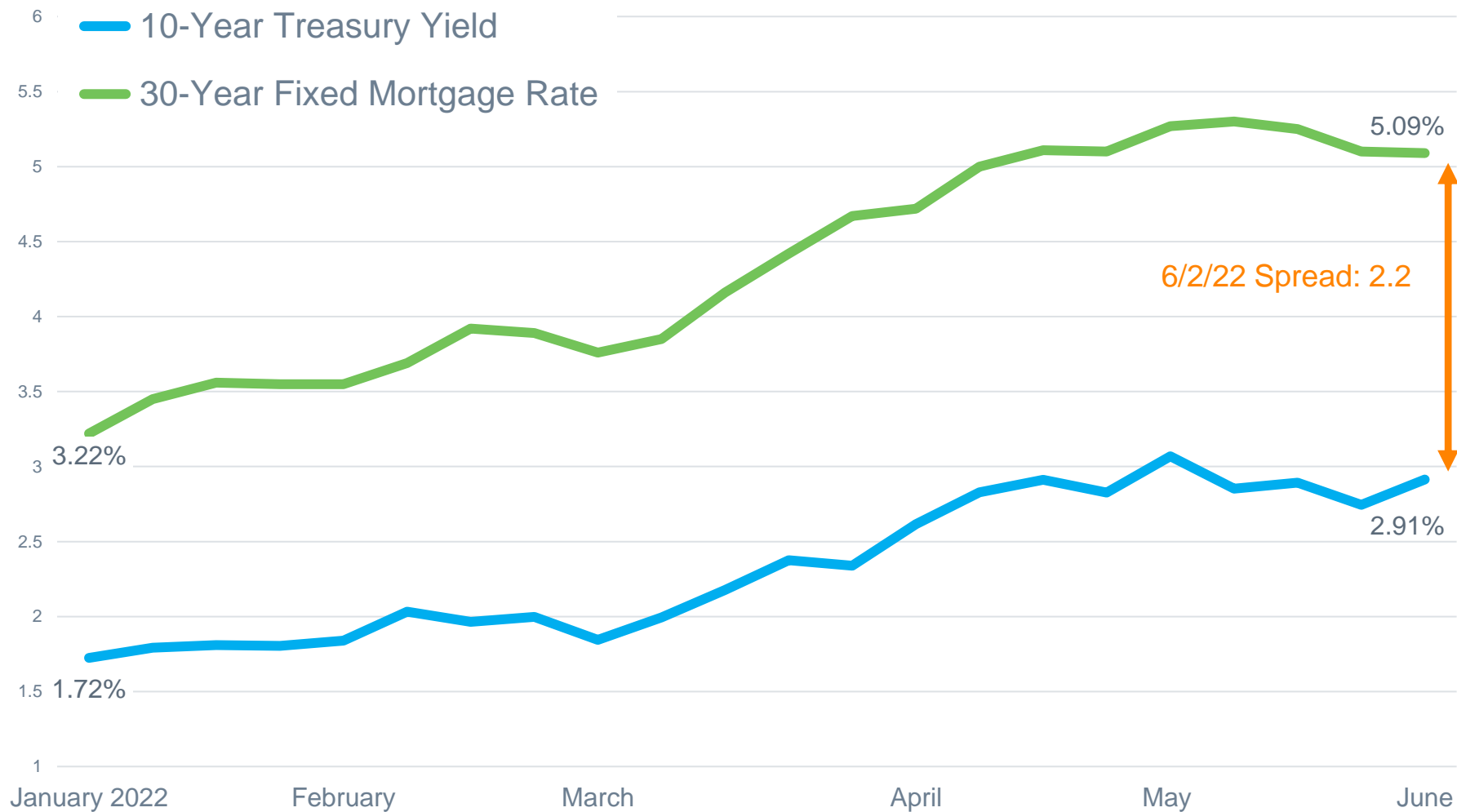
VS.

EXPERT

For Almost 50 Years, the 30-year Mortgage Rate Has Moved in Unison with the 10-year Treasury Yield



30-Year Mortgage Rate vs. 10-Year Treasury Yield



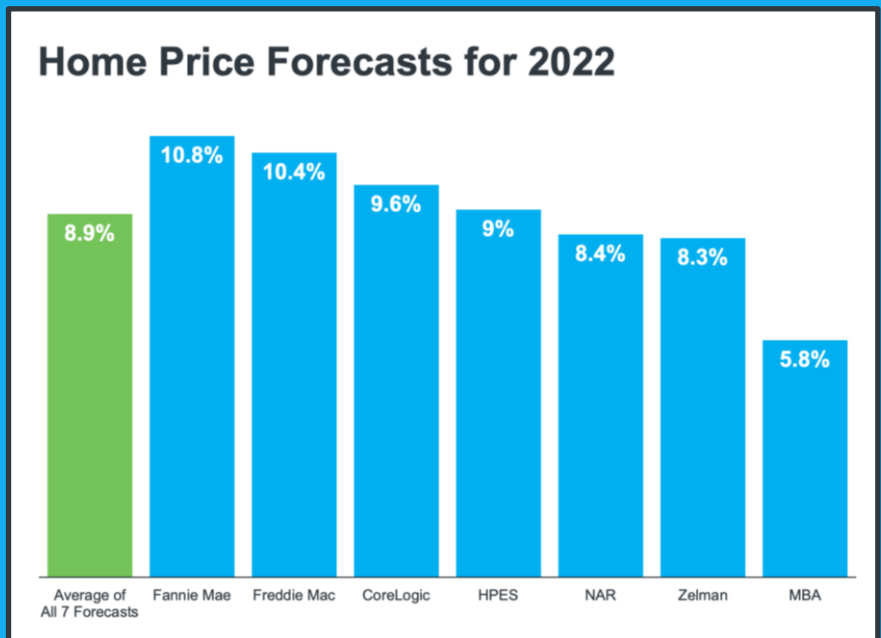
Are We in a Housing Market Correction?





A correction is a decline of 10% or greater in the **price** of a security, asset, or financial market.

- Investopedia





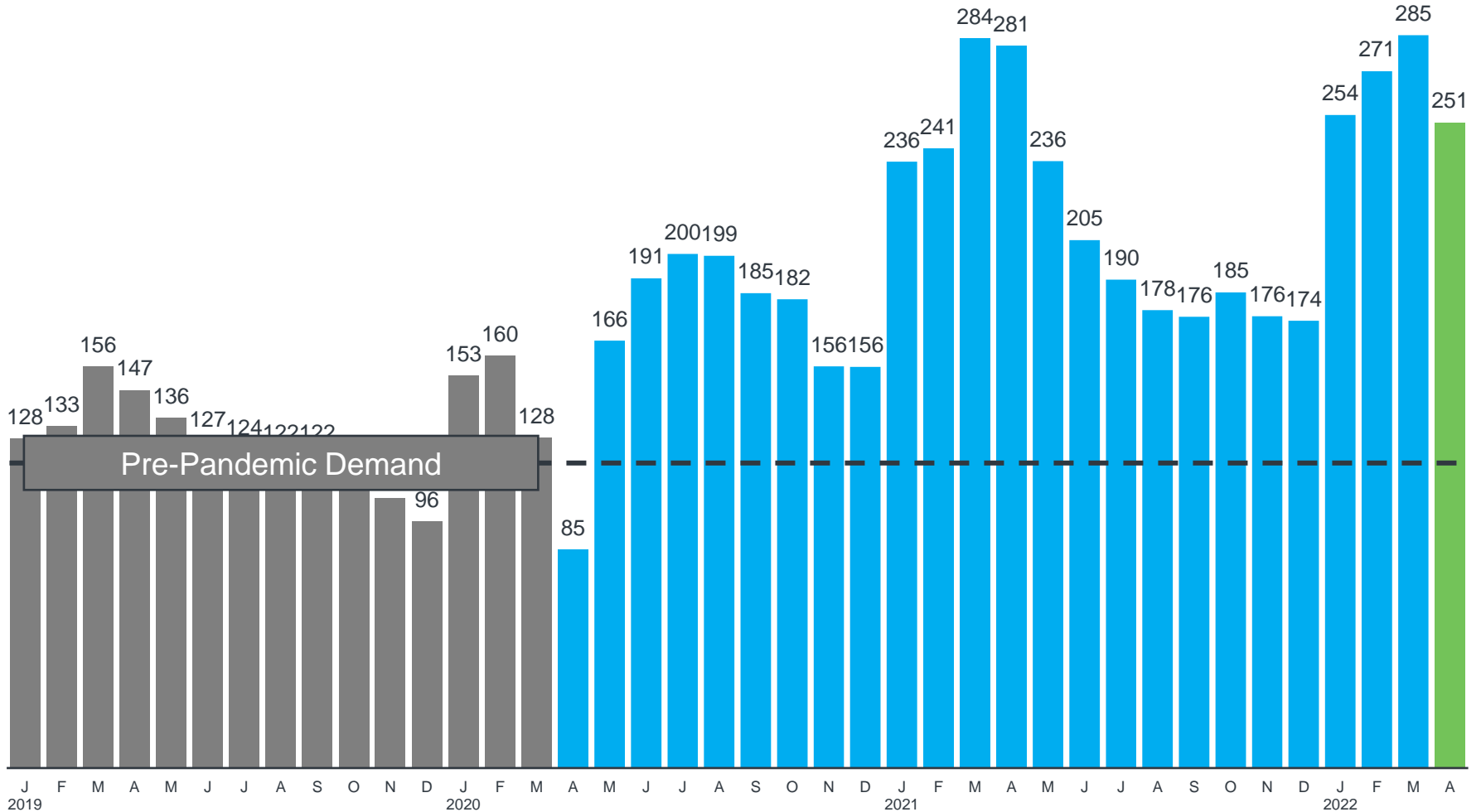
The housing market is at a turning point . . .

We're starting to see signs of a new direction, but the ball is still in sellers' courts in most housing markets.

- **Danielle Hale**, Chief Economist, [realtor.com](https://www.realtor.com)

Showings Skyrocketed the Last 2 Years

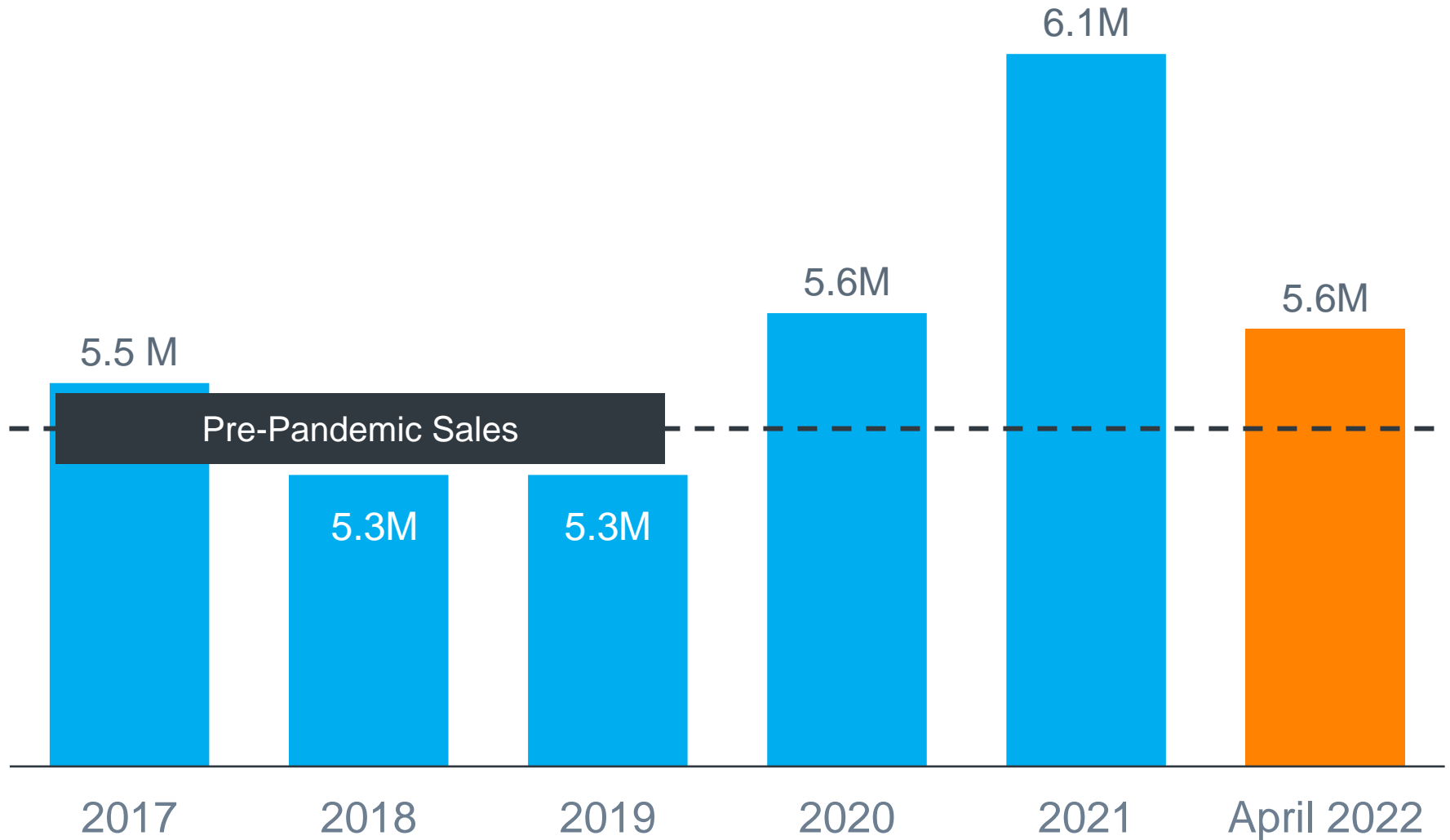
ShowingTime Monthly Index



Source: ShowingTime

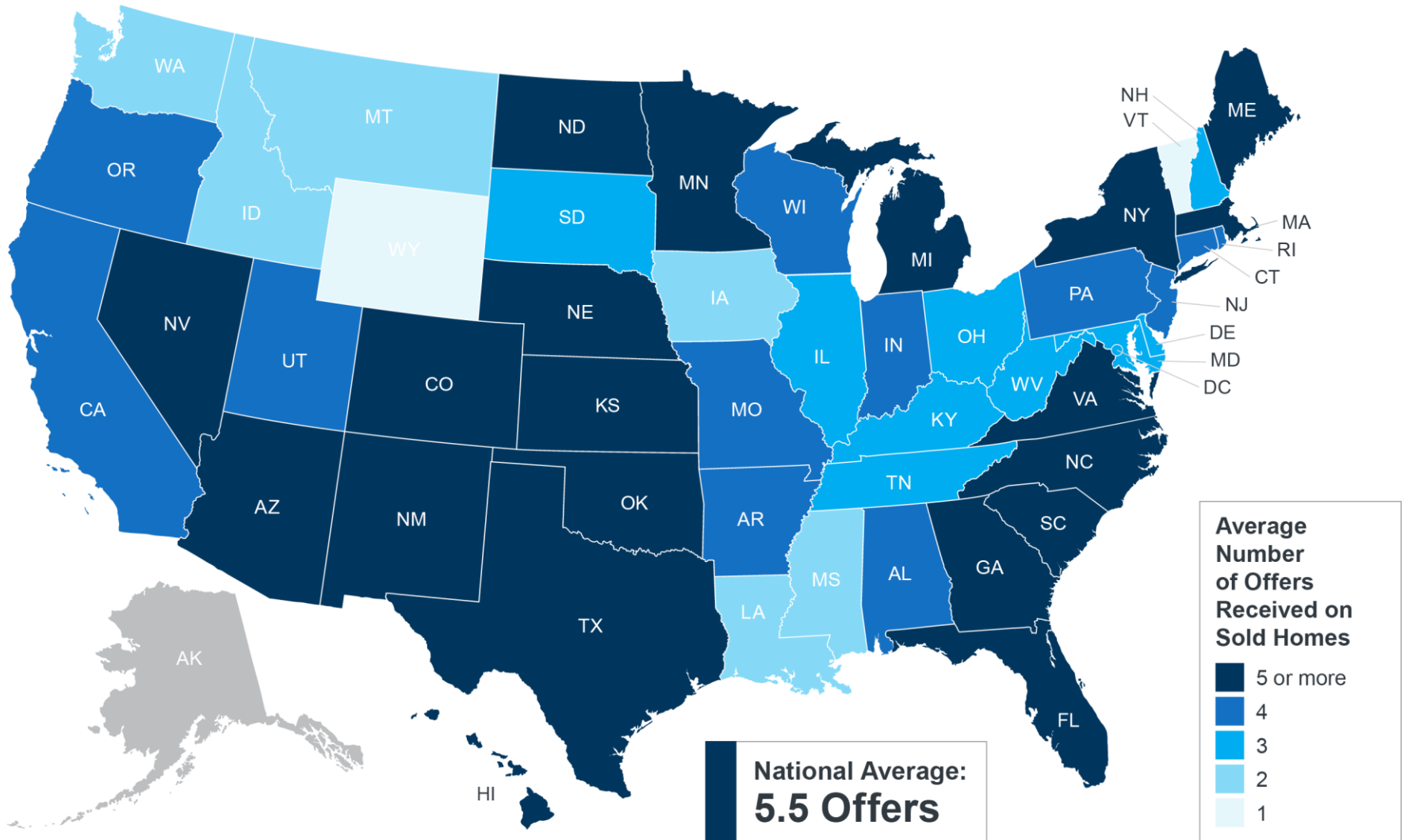
Existing Home Sales

Seasonally Adjusted Annual Rate (in Millions)



Average Number of Offers

April 2022



Source: NAR

What's Ahead?



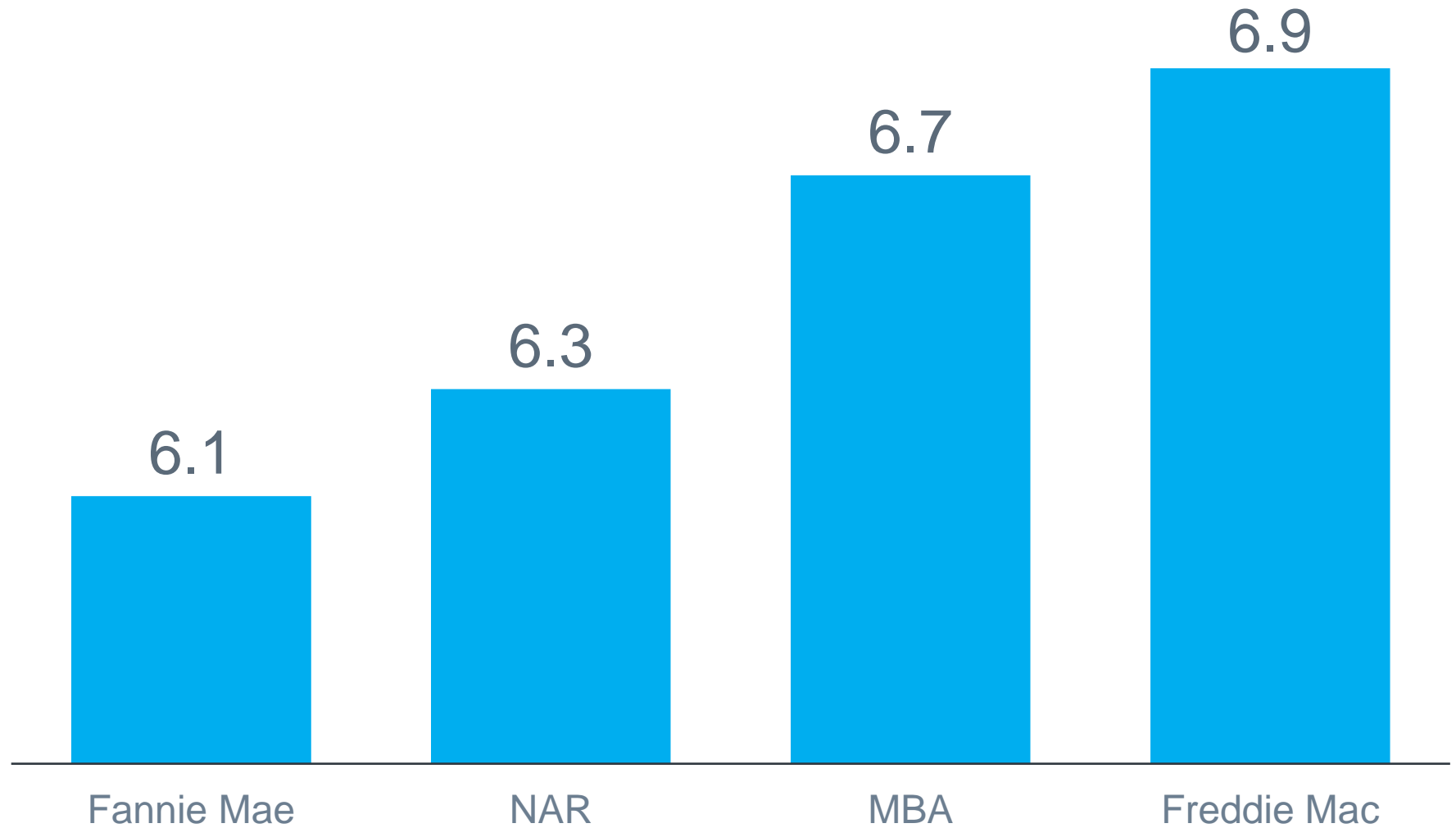


Mortgage rates are likely to plateau near current levels. . . . The financial markets have attempted to price in the impact of Fed actions over this cycle, and they are likely also pricing in the economic slowdown that will result. **Once we are past this rate spike and associated volatility, MBA expects that potential homebuyers may be more willing to re-enter the market.**

- Mike Fratantoni, Chief Economist, MBA

2022 Total Home Sales Forecasts

In Millions





. . . 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.

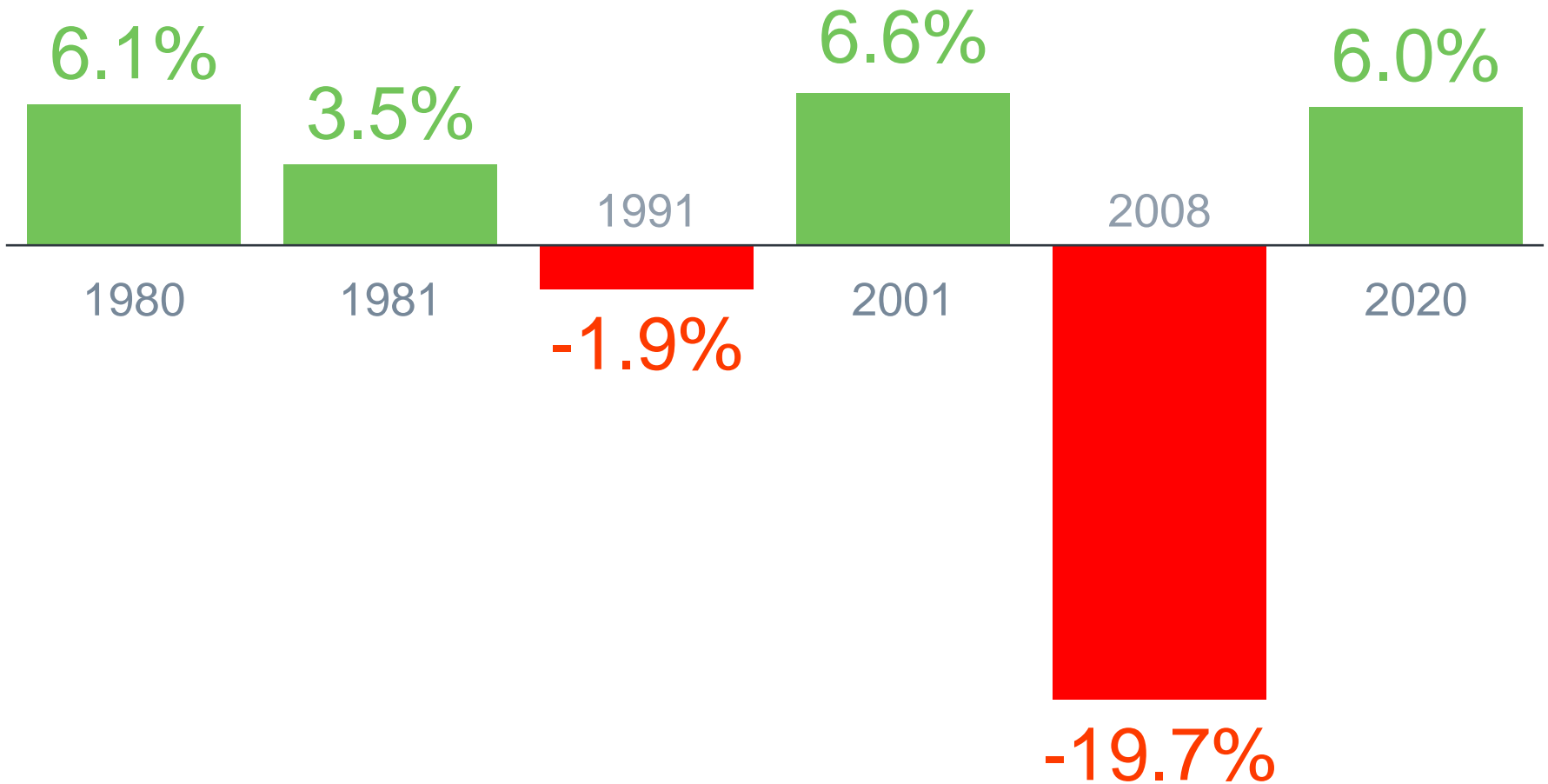
What Is a Recession?

The National Bureau of Economic Research (NBER) defines a recession as:

“a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in real GDP, real income, employment, industrial production, and wholesale-retail sales.”

Recession Doesn't Equal a Housing Crisis

Home Price Change During Last 6 Recessions





If you are looking to buy a home, I would still recommend you do so even at the higher interest rates because **we have no reason to believe that home prices will stop appreciating.** Home values going up is only a problem when you're trying to buy. When you own, it's a gift.

- Shivani Peterson, Mortgage Expert

Resources

Slide(s)	Description	Link(s)
3	Mortgage Rates Stay Flat	https://freddiemac.gcs-web.com/node/25371/pdf https://freddiemac.gcs-web.com/node/25281/pdf
4	Mortgage Rates	https://freddiemac.gcs-web.com/node/25371/pdf http://www.freddiemac.com/pmms/
5	Mortgage Rates by the Decade	http://www.freddiemac.com/pmms/pmms_archives.html https://freddiemac.gcs-web.com/node/25371/pdf
7-8	Mortgage Rates & Treasury Yields	https://www.freddiemac.com/pmms/pmms_archives https://www.macrotrends.net/2016/10-year-treasury-bond-rate-yield-chart https://www.wsj.com/market-data/quotes/bond/BX/TMUBMUSD10Y/historical-prices
10	Investopedia Quote	https://www.investopedia.com/terms/c/correction.asp#:~:text=A%20correction%20is%20a%20decline,prices%20and%200providing%20buying%20opportunities
11	Hale Quote	https://www.realtor.com/news/trends/housing-market-showing-signs-of-correction-what-buyers-sellers-need-to-know/

Resources

Slide(s)	Description	Link(s)
12	Showings	https://showingindex.stats.showingtime.com/docs/lmu/x/UnitedStates?src=page
13	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
14, 15	Confidence Index Maps	https://www.nar.realtor/research-and-statistics/research-reports/realtors-confidence-index
17	Fratantoni Quote	https://www.bankrate.com/mortgages/analysis/
18	2022 Total Home Sales Forecast	https://cdn.nar.realtor/sites/default/files/documents/forecast-q2-2022-us-economic-outlook-04-27-2022.pdf https://www.fanniemae.com/media/43571/display http://www.freddiemac.com/research/forecast/20220121_quarterly_economic_forecast.page https://www.mba.org/docs/default-source/research-and-forecasts/forecasts/mortgage-finance-forecast-may-2022.pdf?

Resources

Slide(s)	Description	Link(s)
19	Realtor.com Quote	https://www.realtor.com/news/trends/housing-market-showing-signs-of-correction-what-buyers-sellers-need-to-know/
20	What Is a Recession?	https://www.forbes.com/advisor/investing/what-is-a-recession/#:~:text=NBER%20has%20its%20own%20definition,and%20wholesale%2Dretail%20sales.%E2%80%9D
21	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/
22	Peterson Quote	https://themortgagereports.com/92158/why-are-mortgage-rates-rising-in-2022-podcast



Updates

Resources

Slide(s)	Description	Link(s)
32, 52, 62	Confidence Index	https://www.nar.realtor/research-and-statistics/research-reports/realtors-confidence-index
33-35, 43, 45, 46, 53-57	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
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://www.spglobal.com/spdji/en/indices/indicators/sp-corelogic-case-shiller-20-city-composite-home-price-nsa-index/#news-research
50	CoreLogic Price Forecast	https://www.corelogic.com/intelligence/u-s-home-price-insights/
53-59	Inventory	https://www.nar.realtor/topics/existing-home-sales http://www.census.gov/construction/nrs/pdf/newressales.pdf

Resources

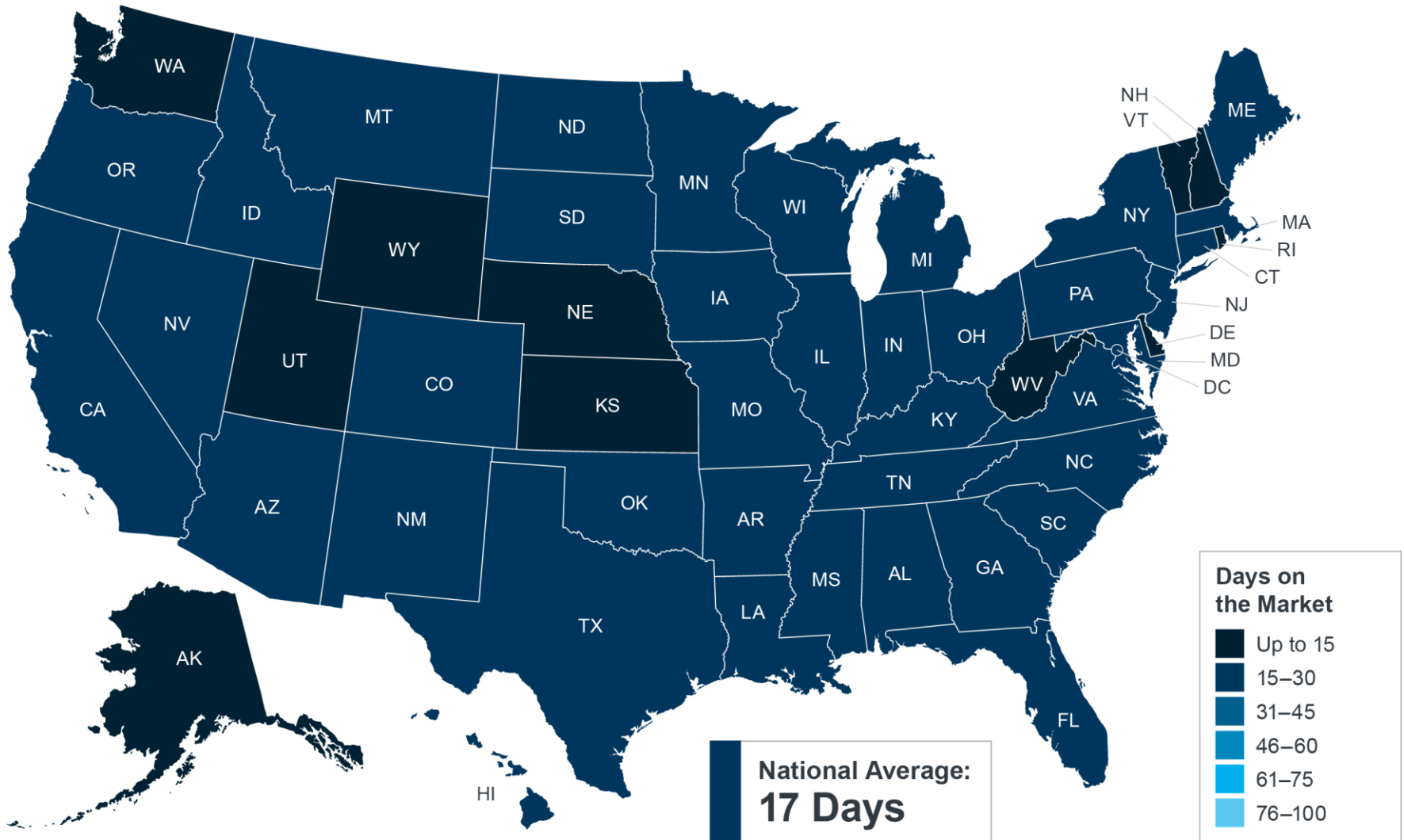
Slide(s)	Description	Link(s)
61	Showing Activity	https://www.showingtime.com/blog/april-2022-showing-index-results/
64, 65, 67, 68	Mortgage Rates	http://www.freddiemac.com/pmms/pmms_archives.html http://www.freddiemac.com/research/forecast/
66	Mortgage Rate Projections	http://www.freddiemac.com/research/forecast/ 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
70, 71	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



Home Sales

Average Days on the Market

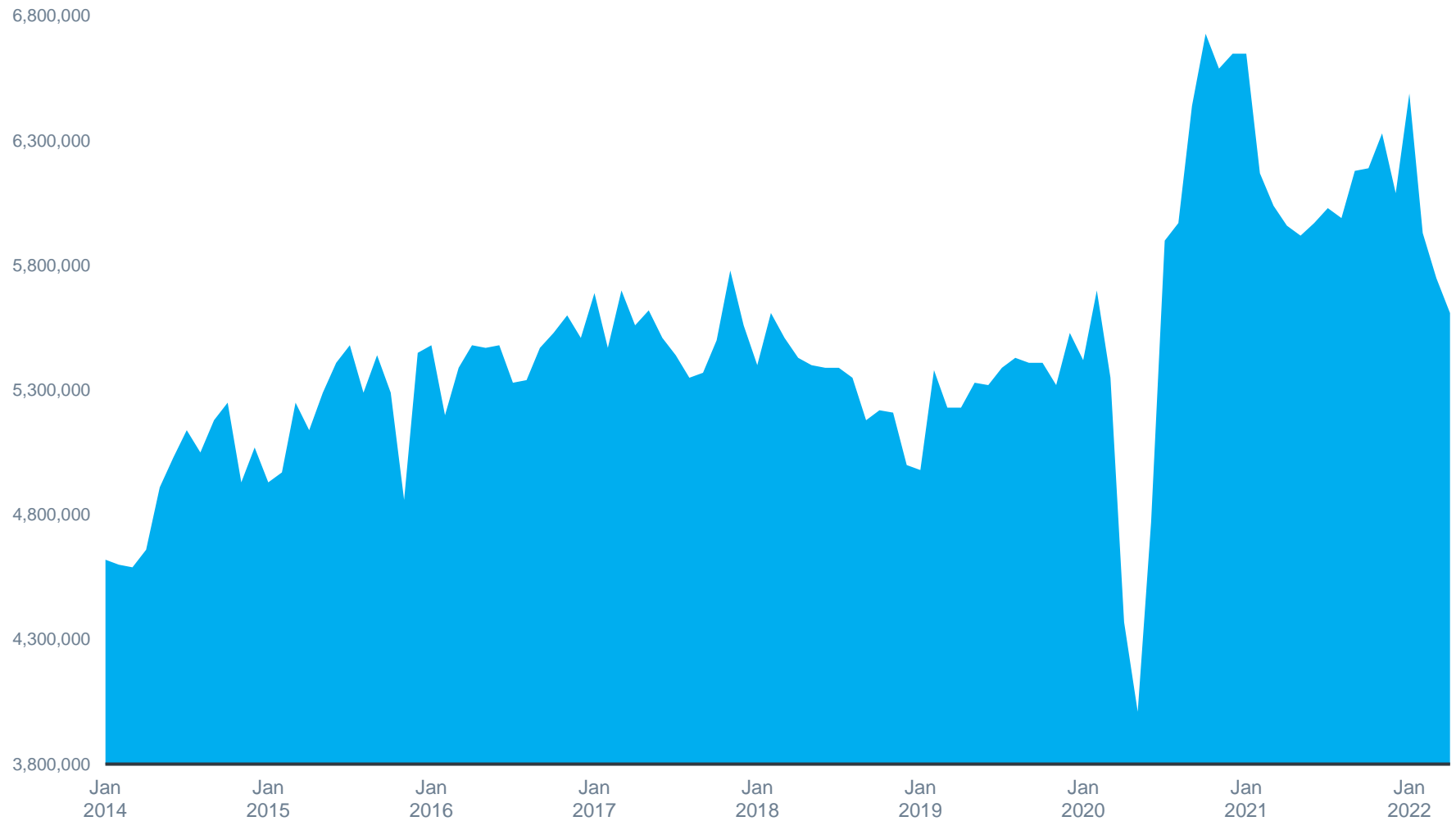
April 2022



Source: NAR

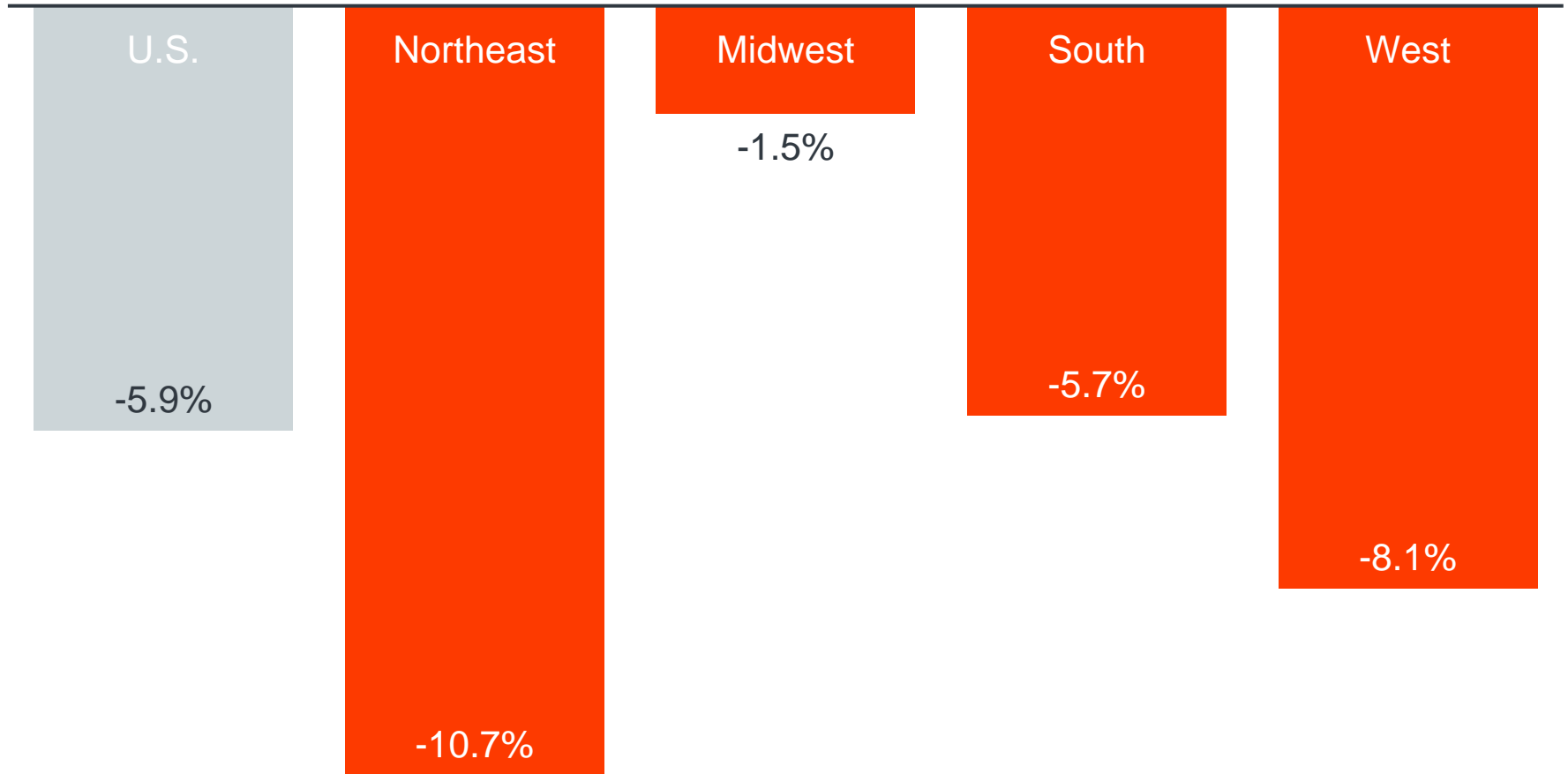
Existing Home Sales

Since January 2014



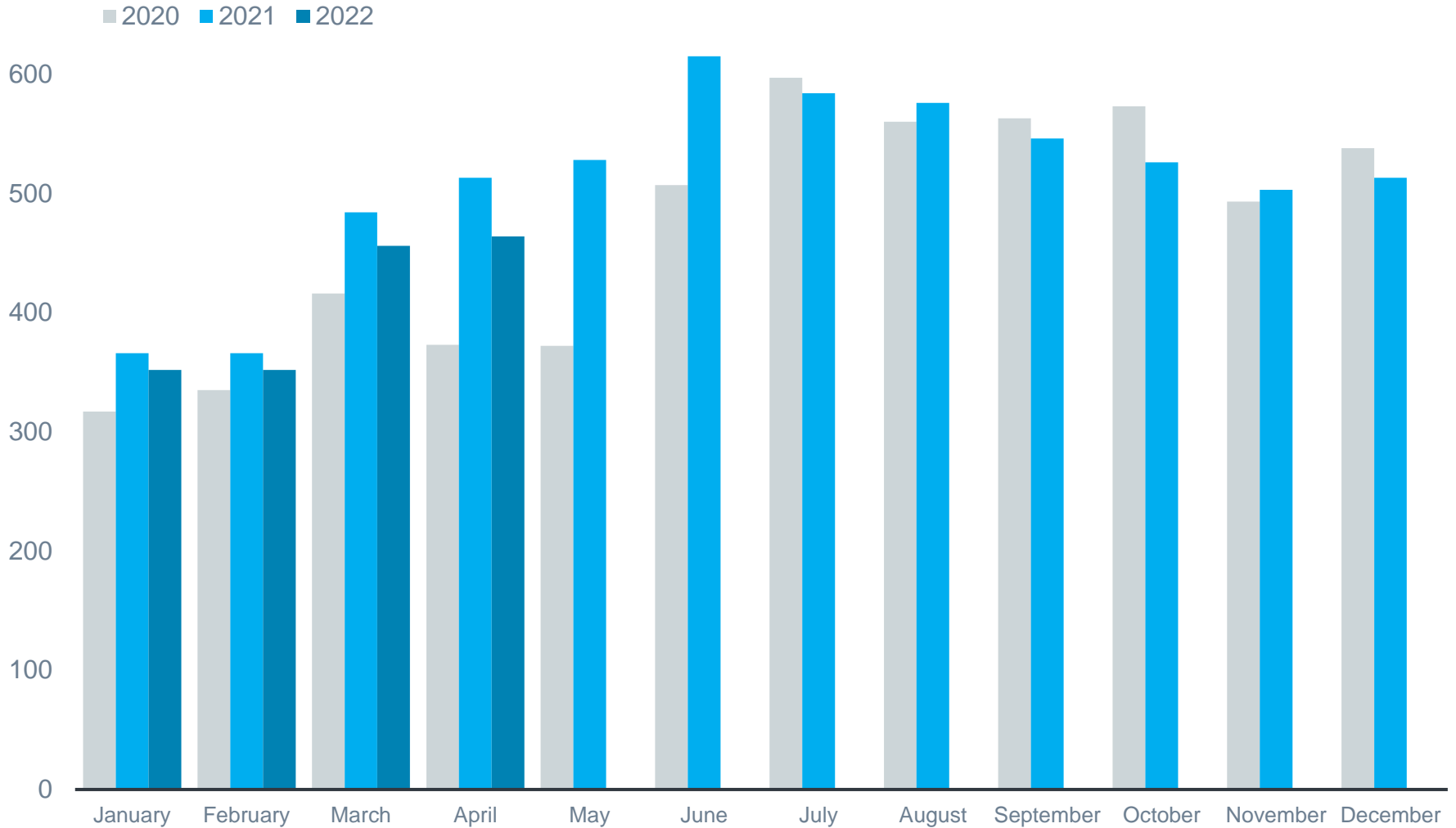
Existing Home Sales

Year-Over-Year, by Region



Existing Home Sales

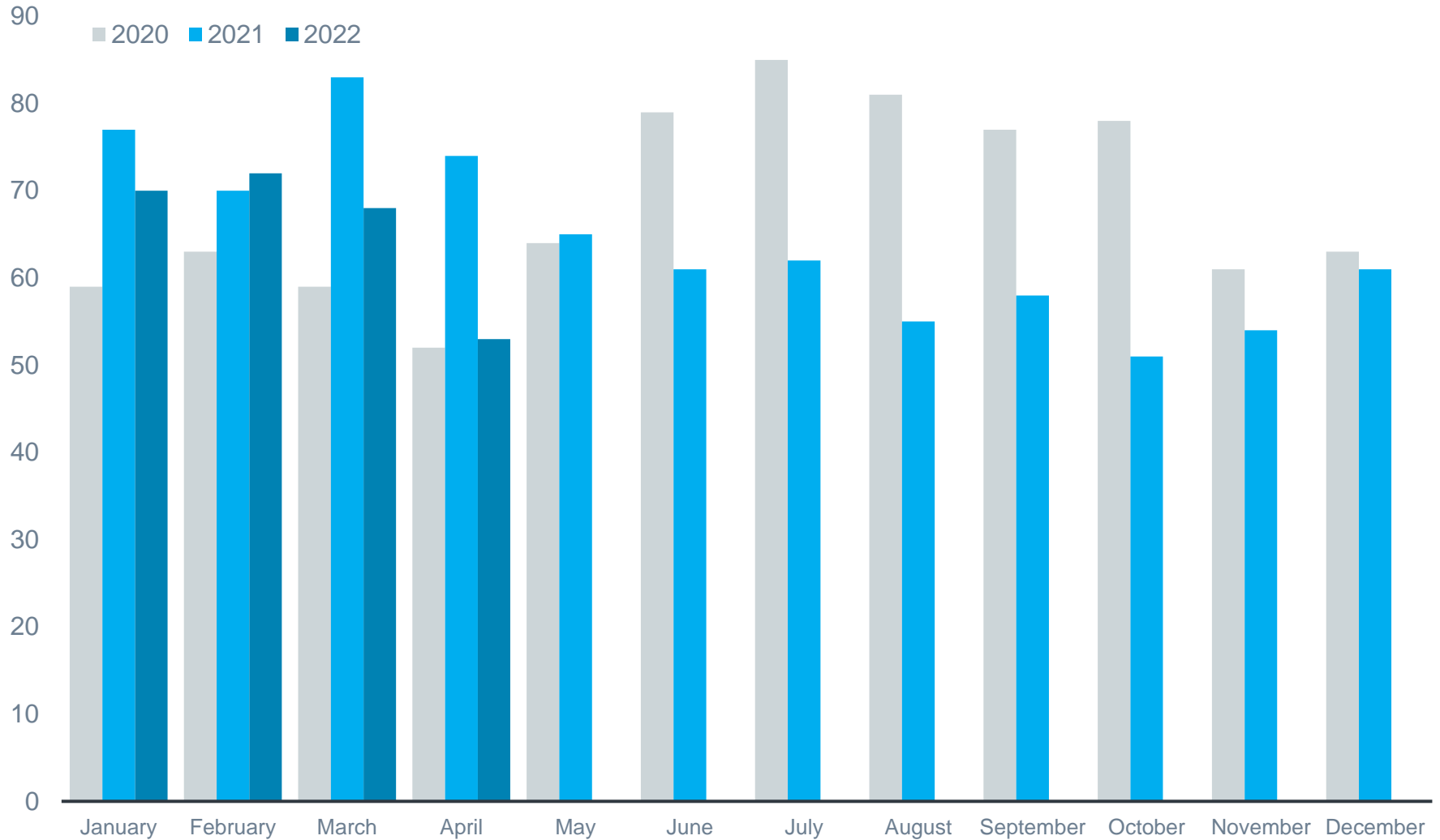
In Thousands



Source: NAR

New Home Sales

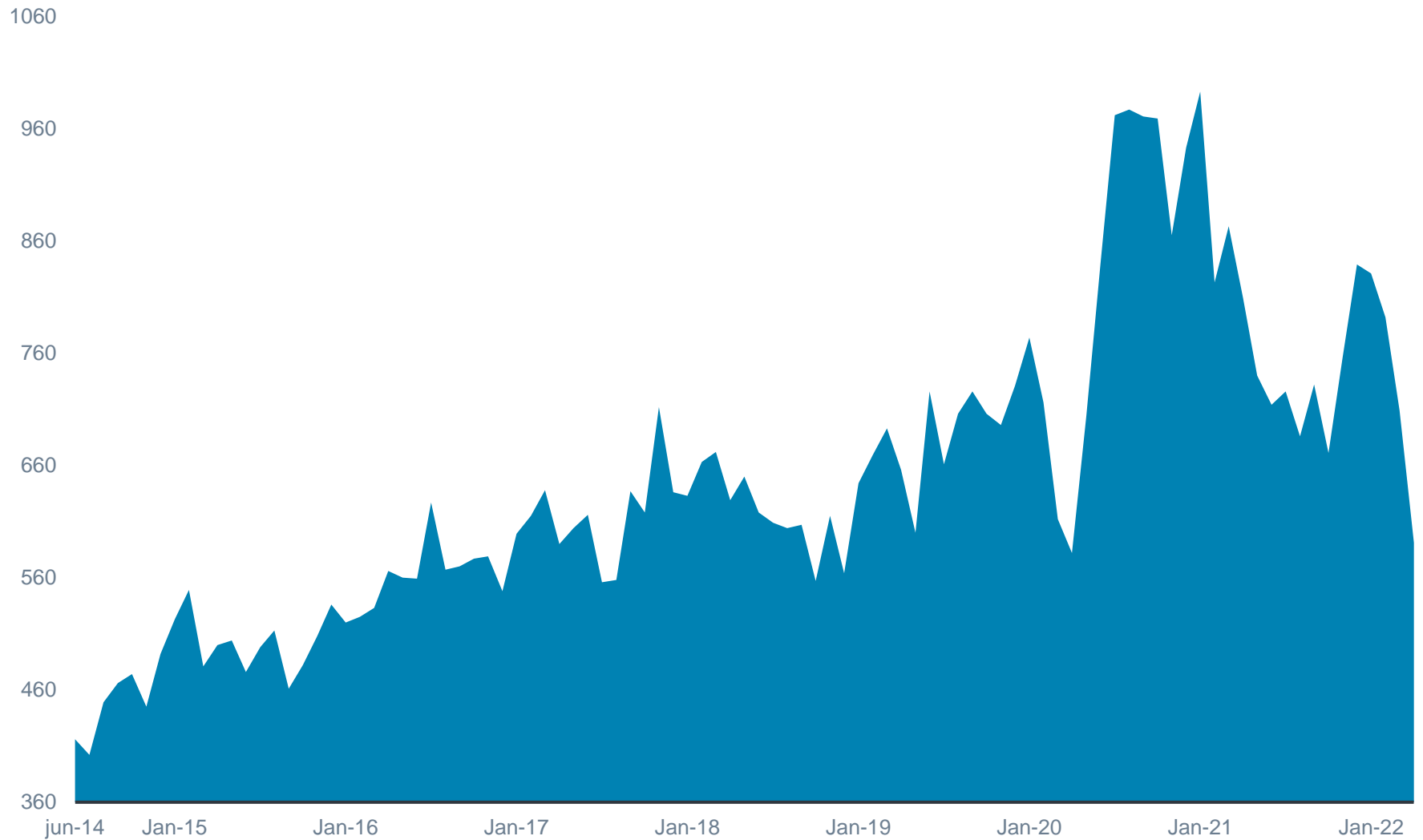
In Thousands



Source: Census

New Home Sales

Annualized in Thousands

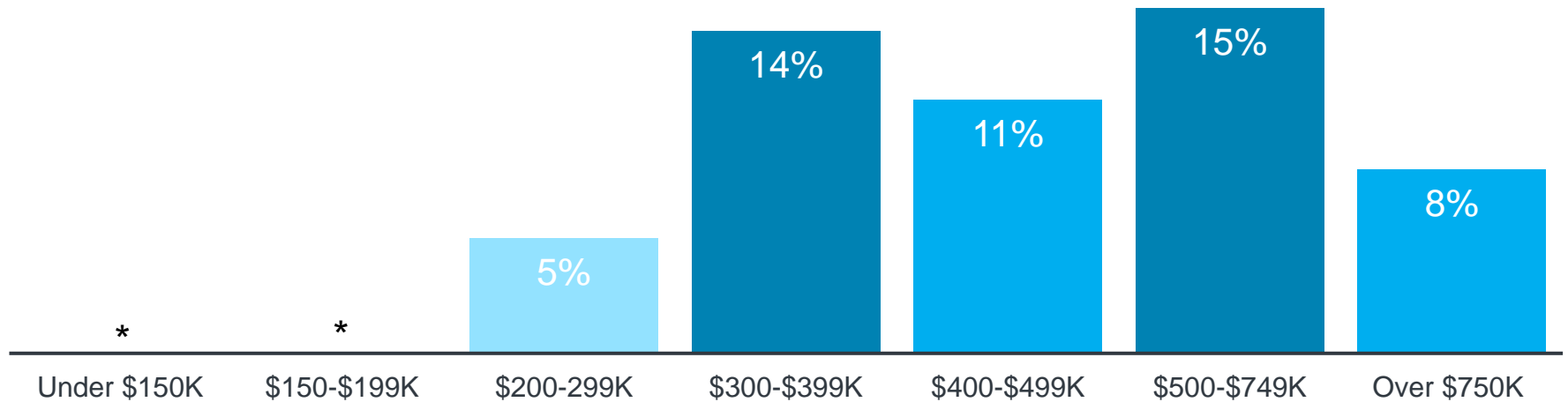


Source: Census

New Home Sales

Percent of Distribution by Price Range

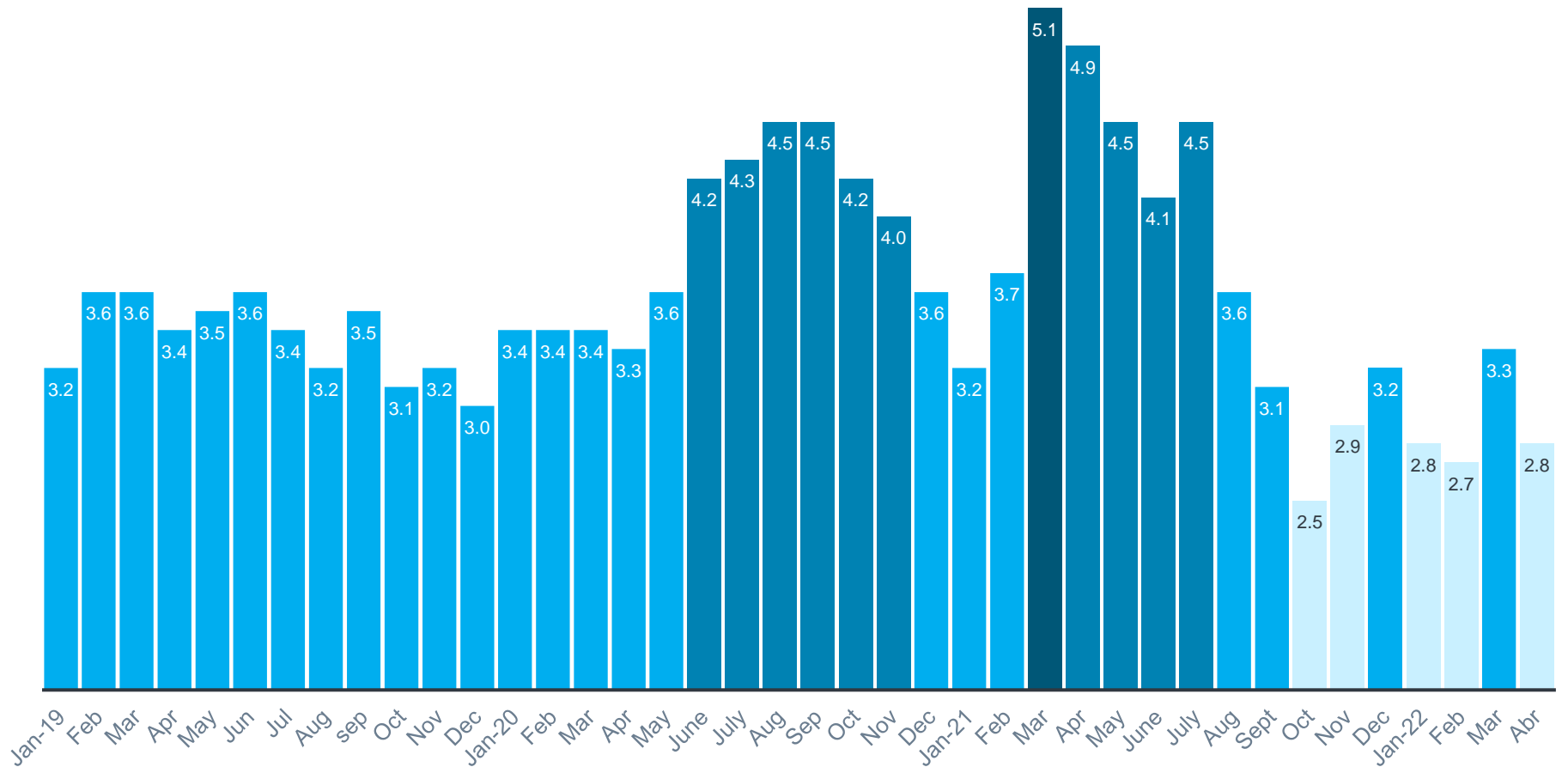
* Less Than 500 Units or Less Than 0.5 Percent



Source: Census

New Homes Selling Fast

Median Months from Completion to Sold

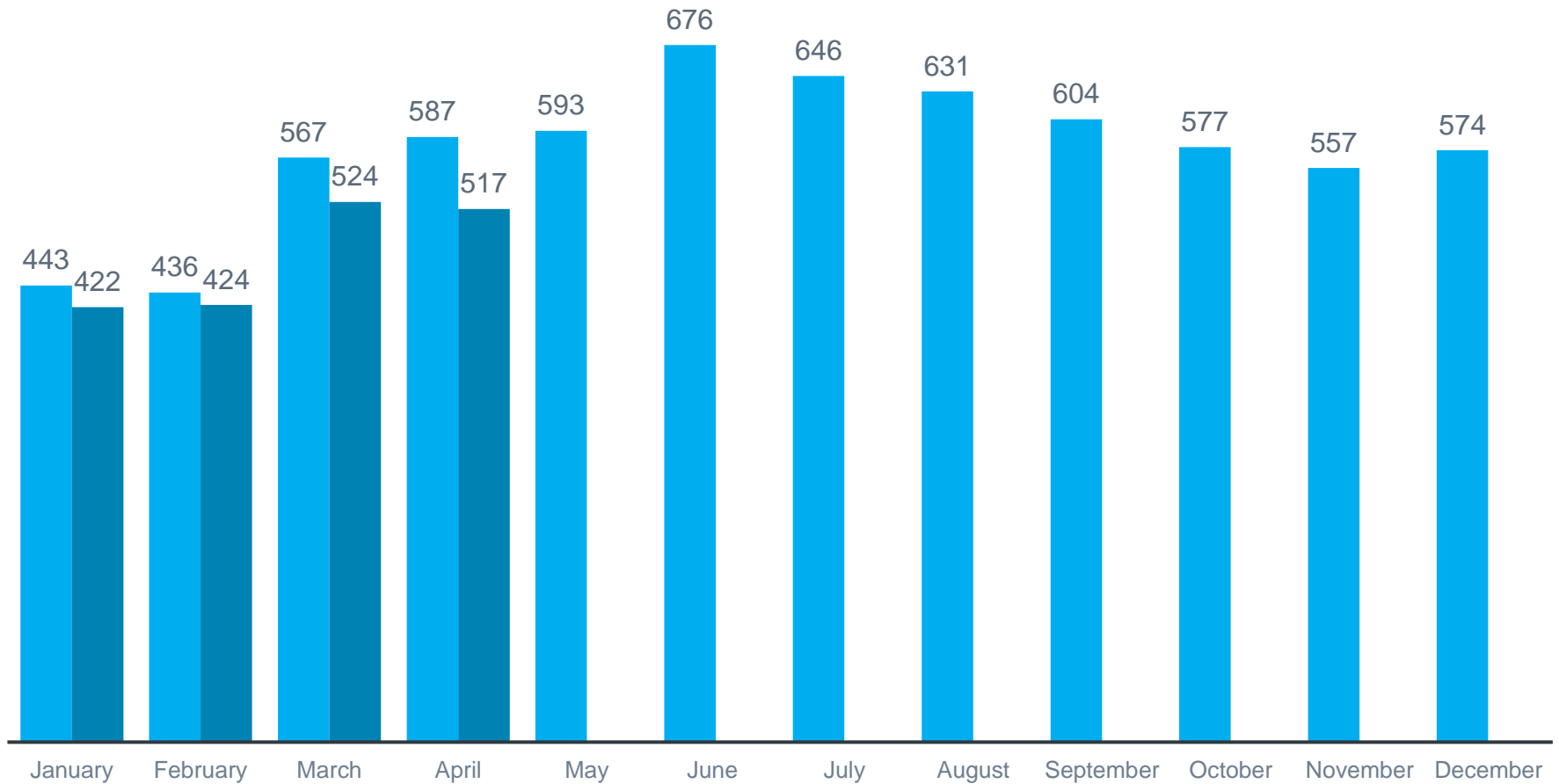


Source: Census

Total Home Sales

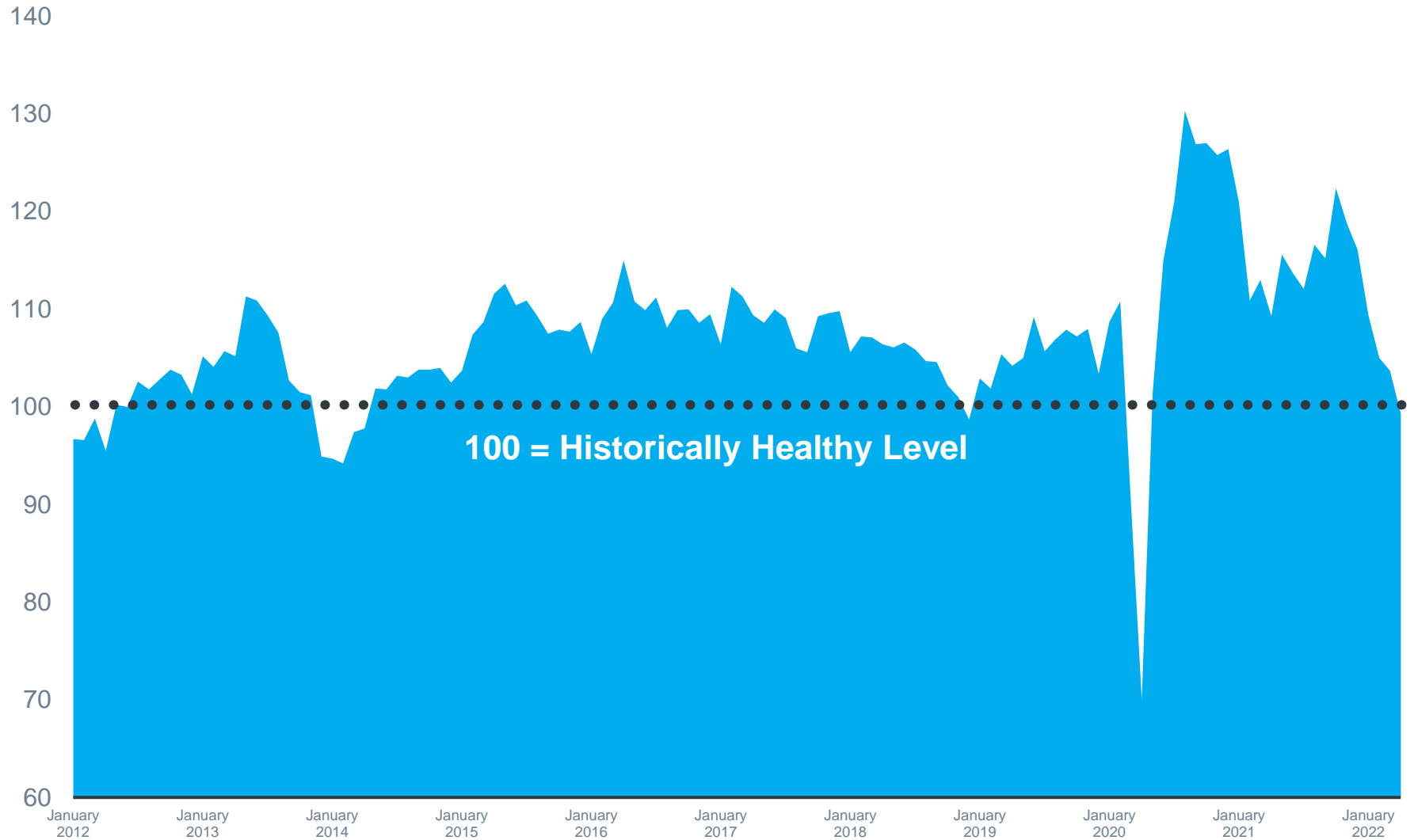
In Thousands

■ 2021 ■ 2022



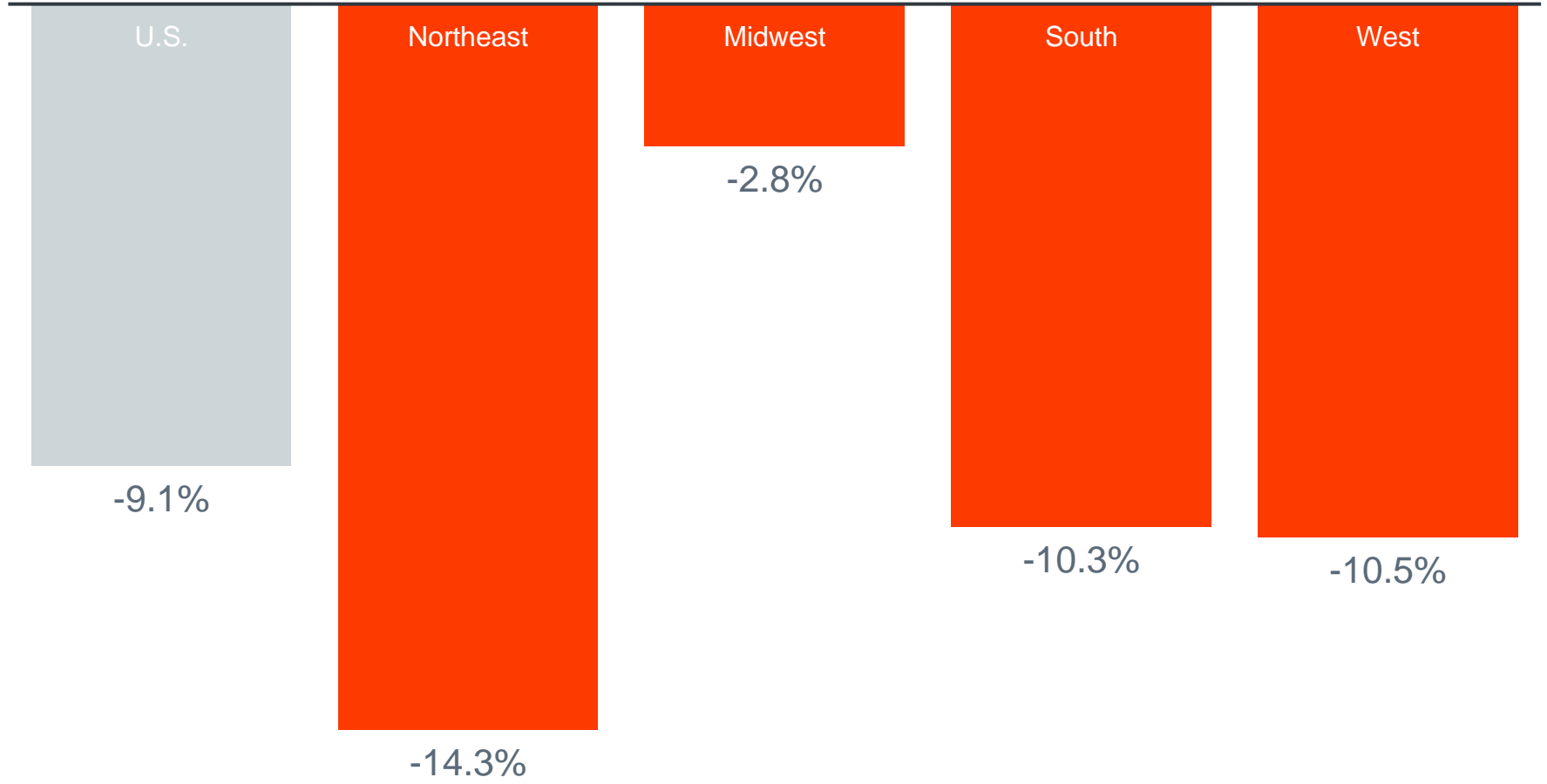
Source: Census

Pending Home Sales



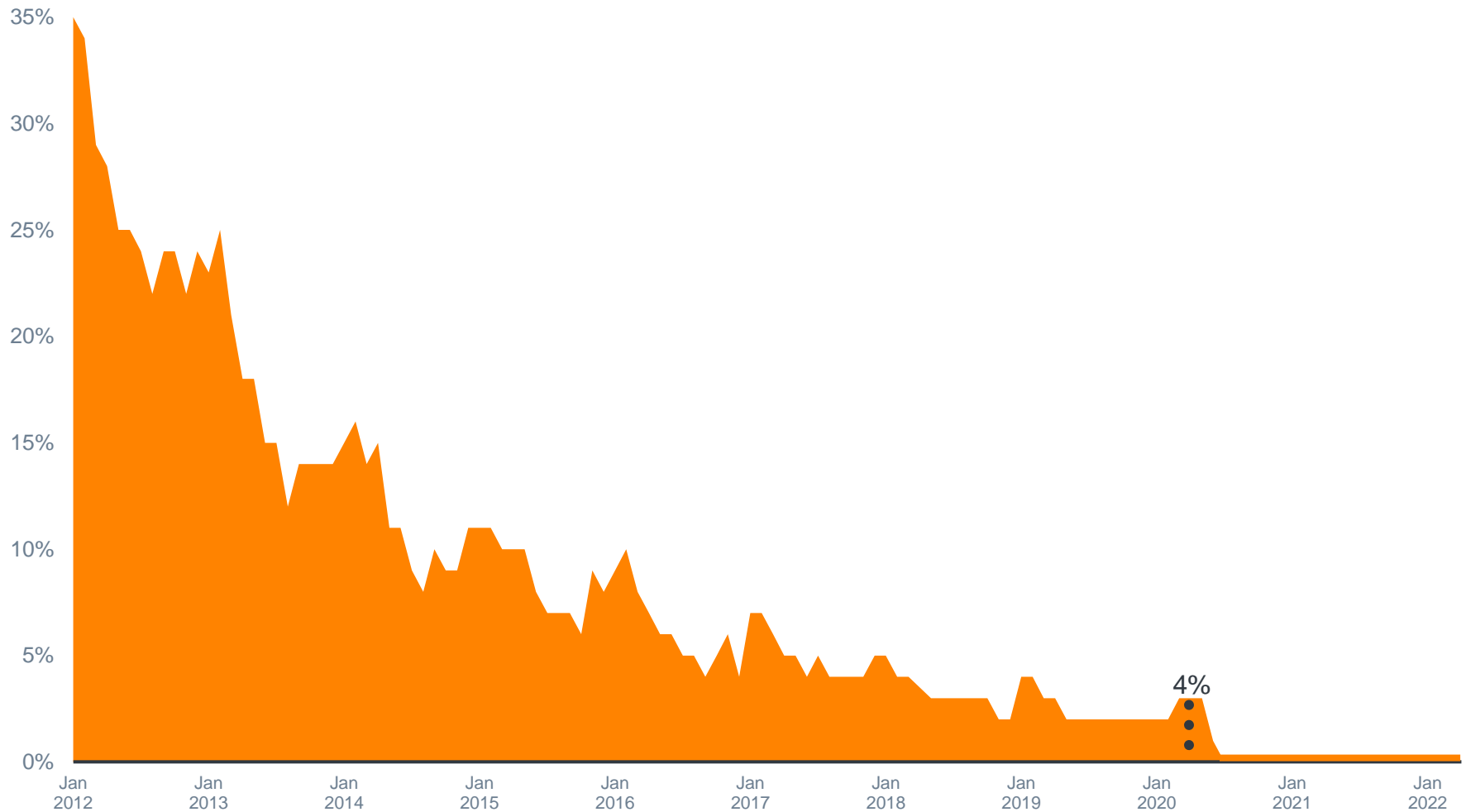
Pending Home Sales

Year-Over-Year by Region



Percentage of Distressed Property Sales

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

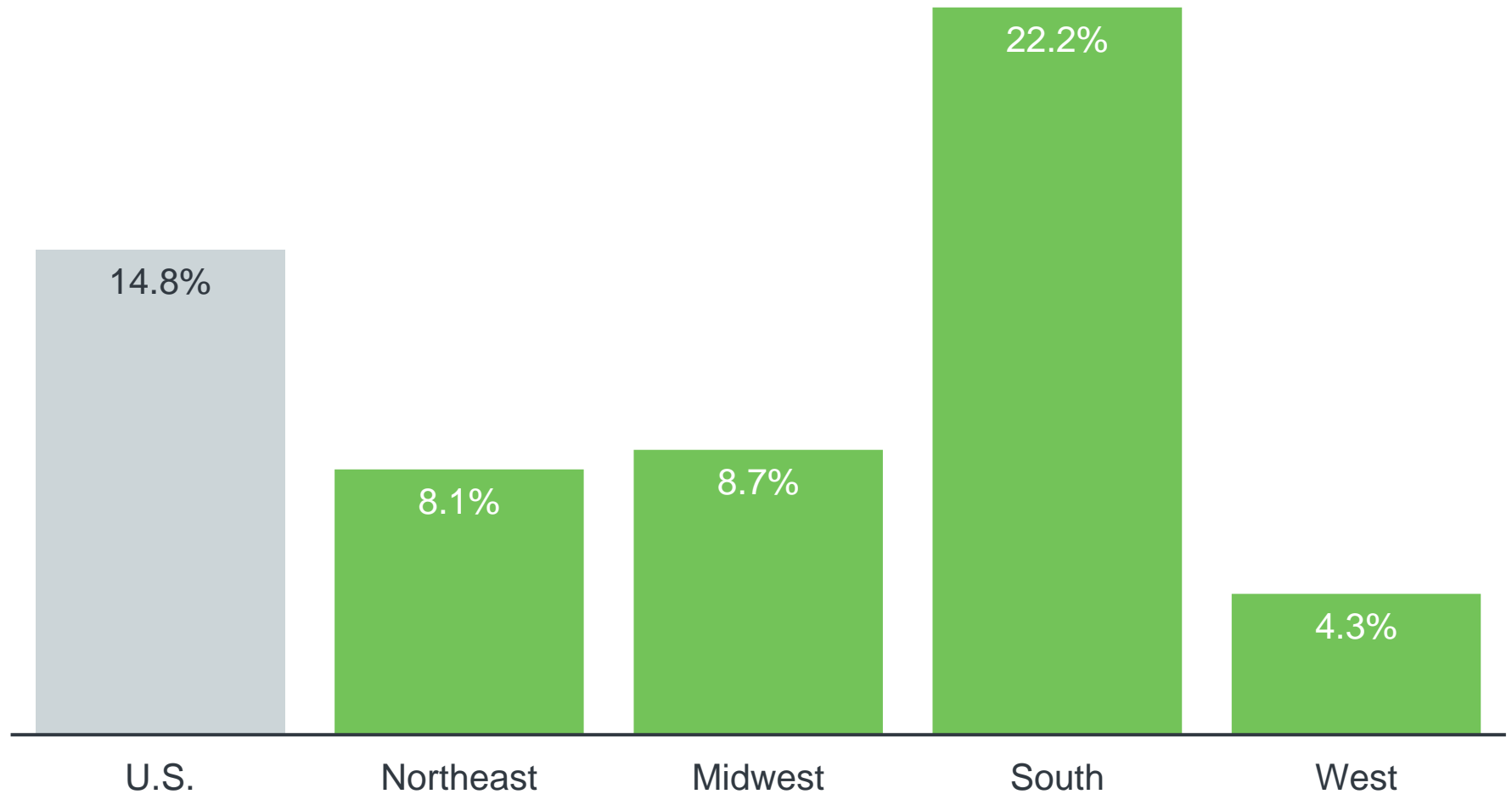




Home Prices

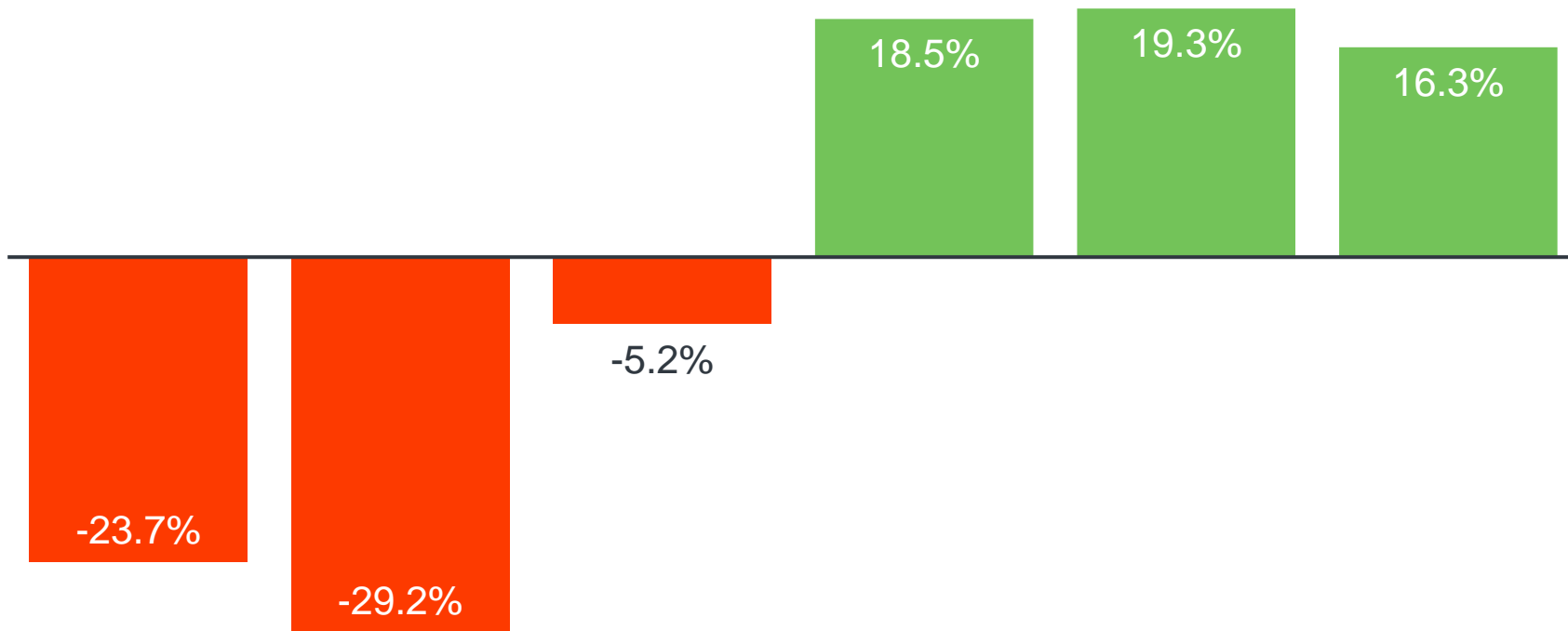
Sales Price of Existing Homes

Year-Over-Year, by Region



% Change in Sales

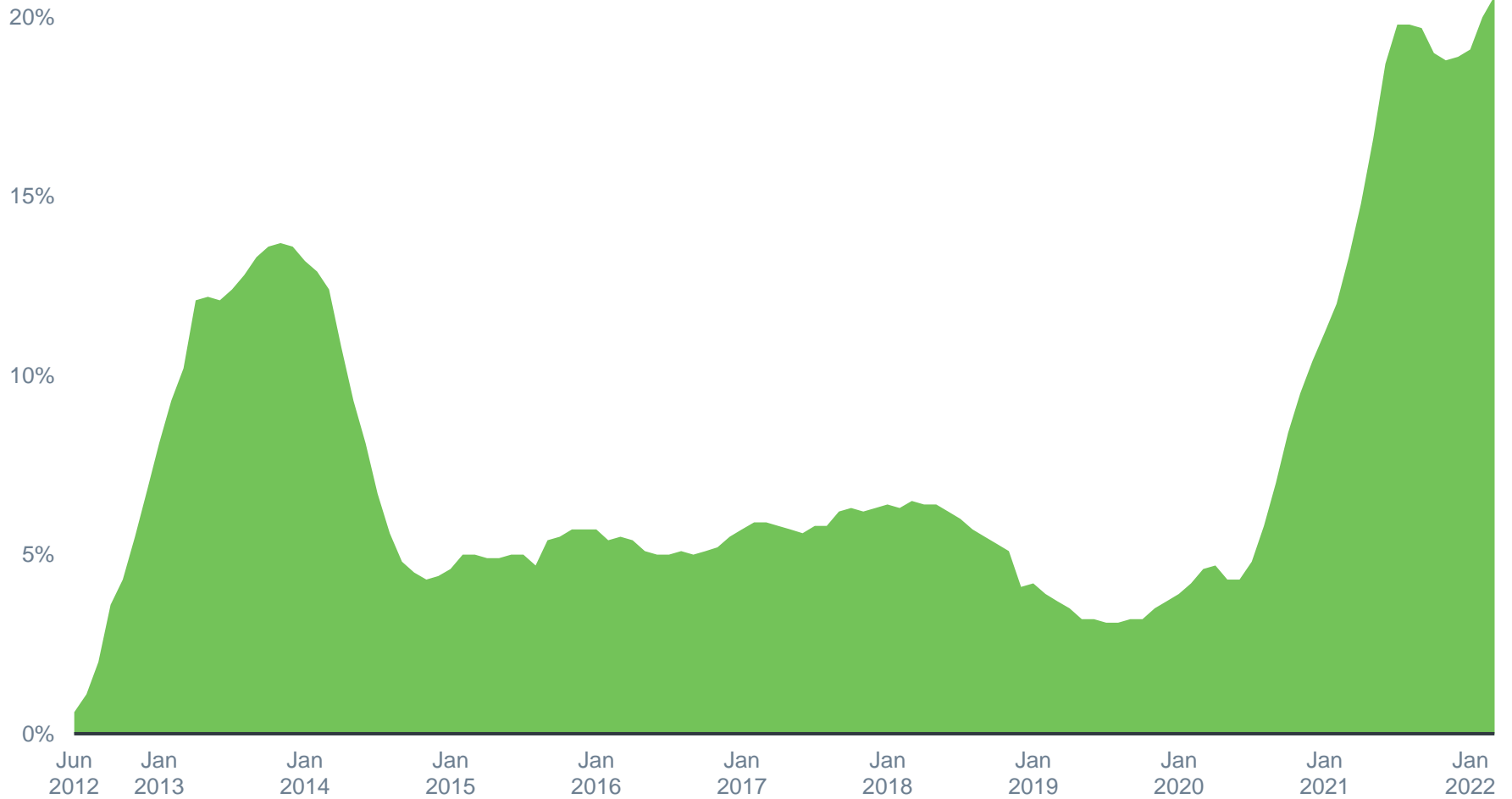
Year-Over-Year, by Price Range



	\$0-100K	\$100-250K	\$250-500K	\$500-750K	\$750K-1M	\$1M+
■ %	-23.7%	-29.2%	-5.2%	18.5%	19.3%	16.3%

Change in Home Prices

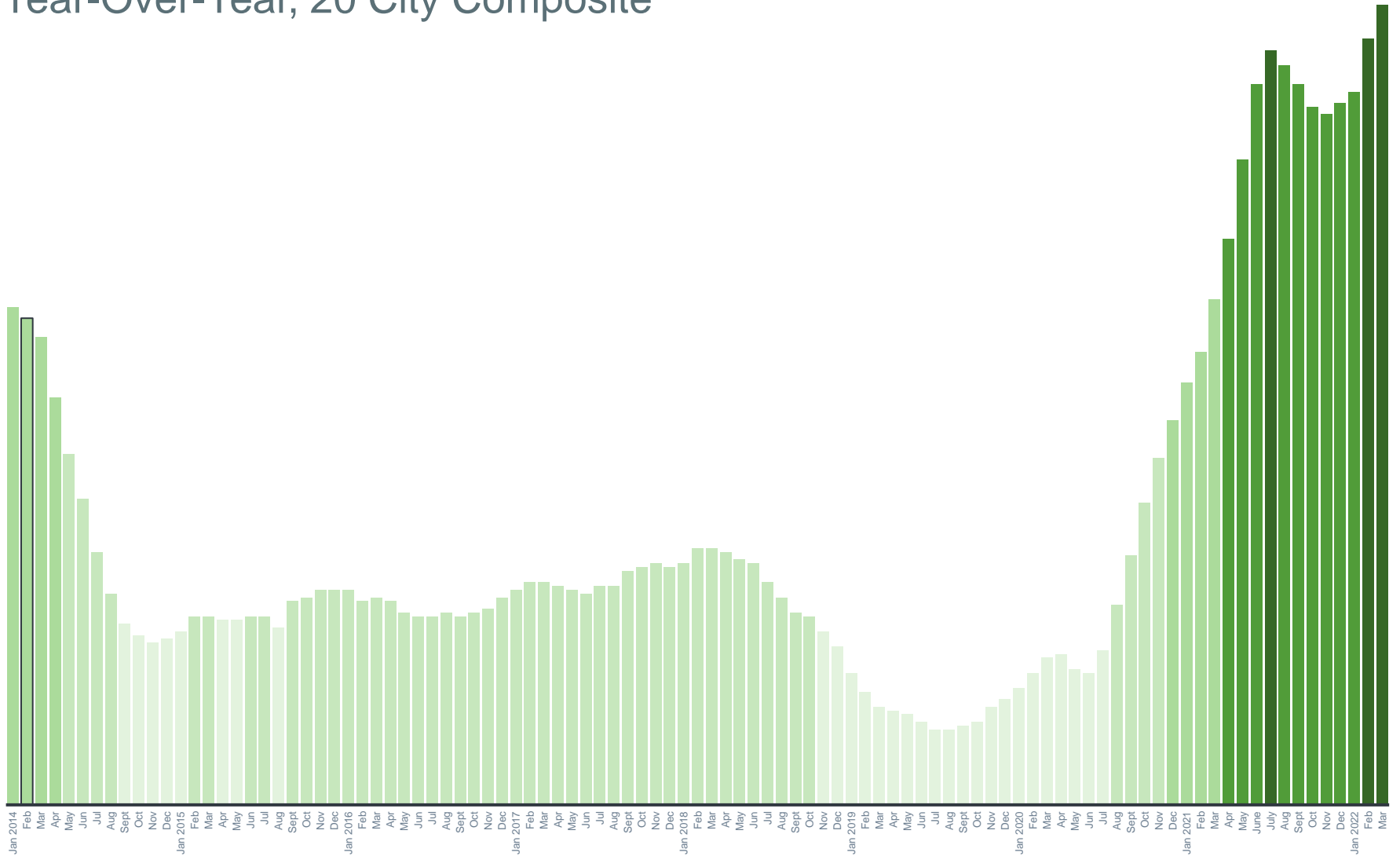
Year-Over-Year



Source: S&P Case-Shiller

Change in Home Prices

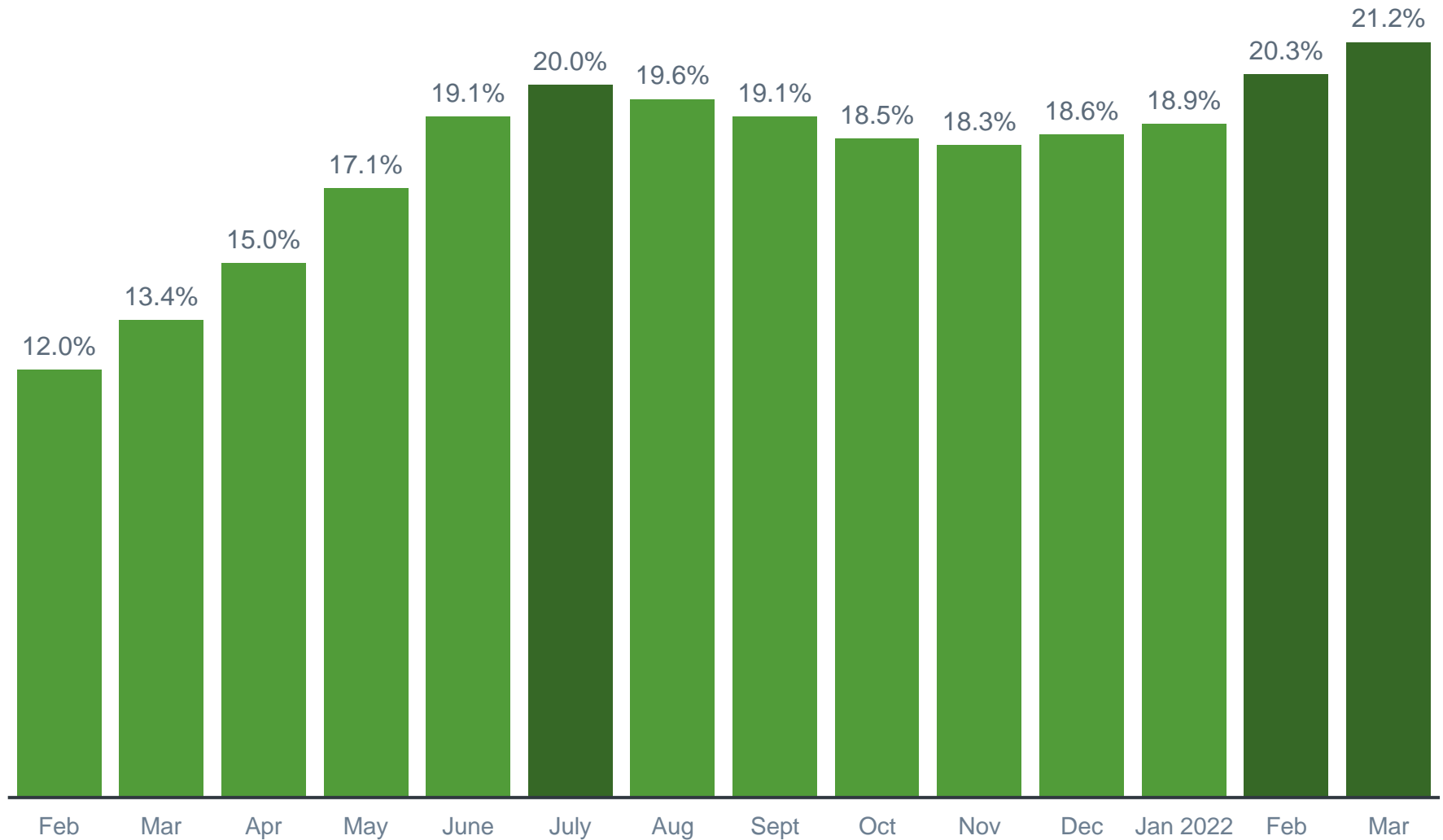
Year-Over-Year, 20 City Composite



Source: S&P Case-Shiller

Change in Home Prices

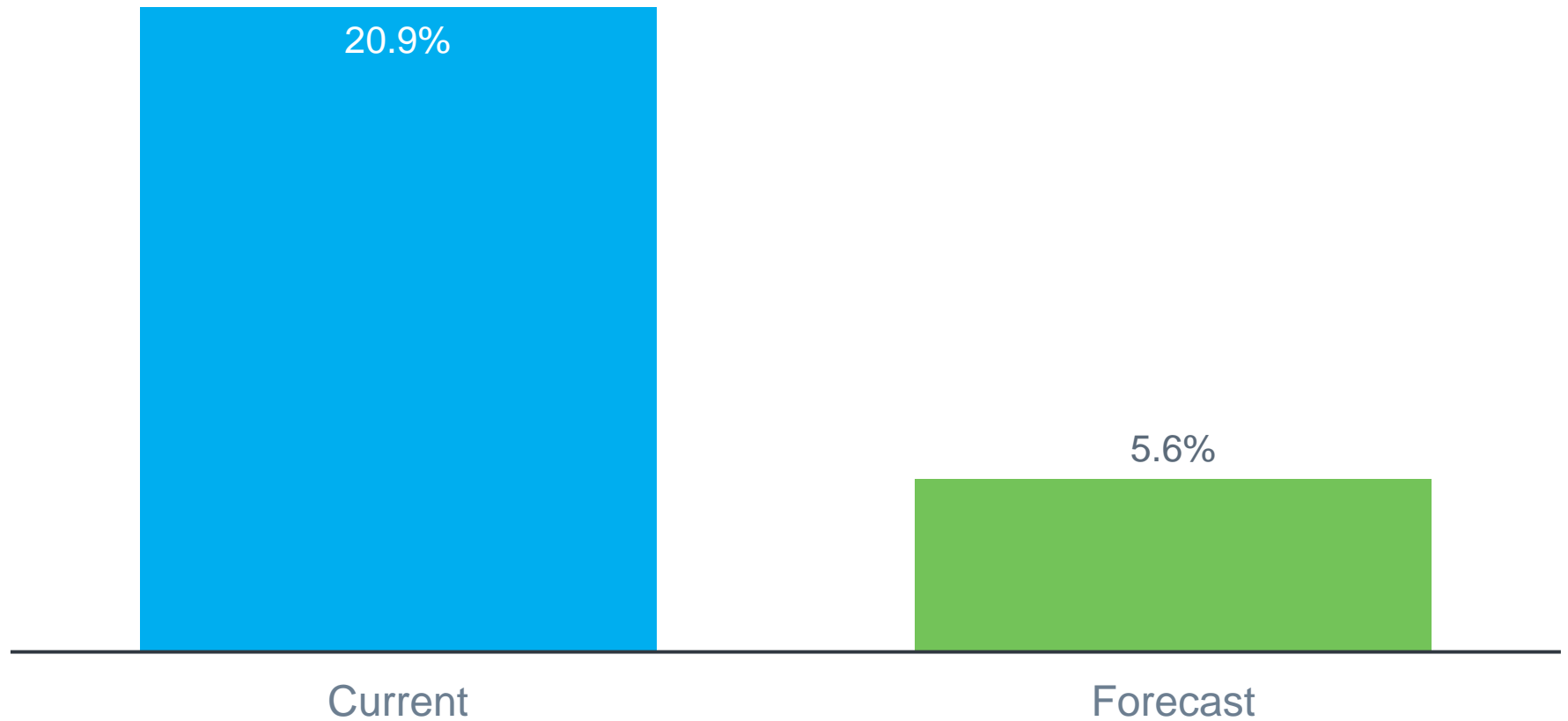
Year-Over-Year, 20 City Composite



Source: S&P Case-Shiller

Year-Over-Year % Change in Price

April 2022

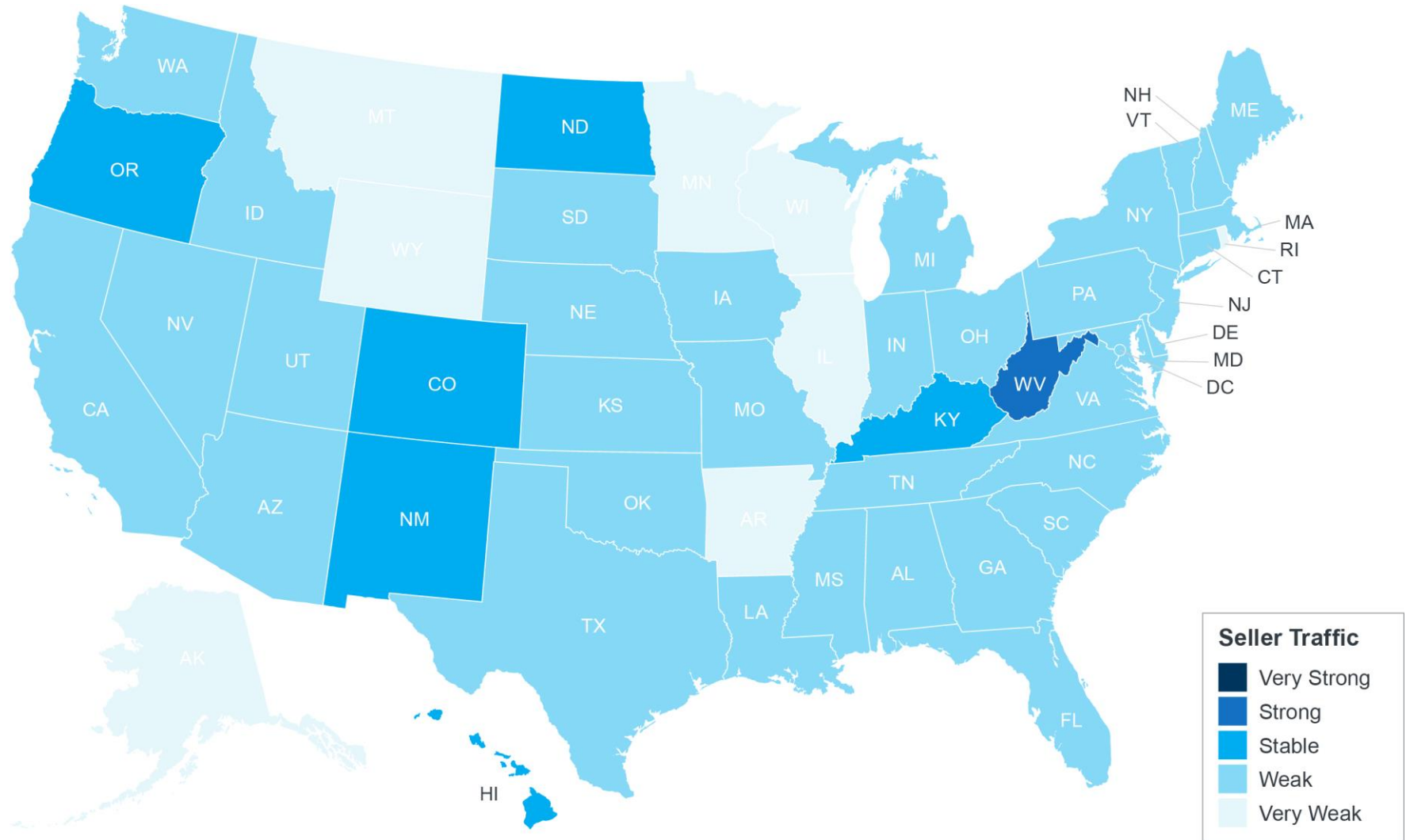




Housing Inventory

Seller Traffic Index

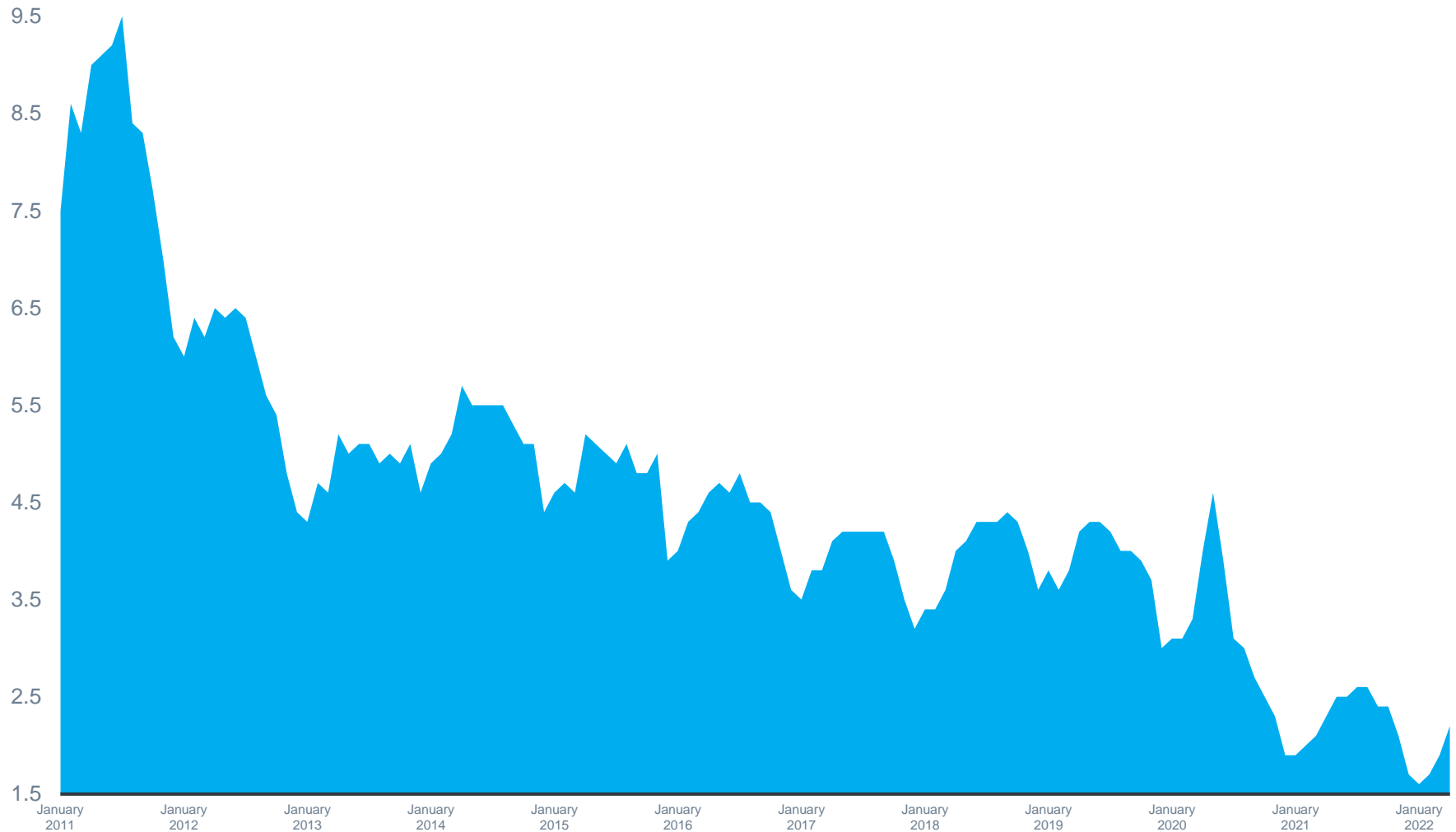
April 2022



Source: NAR

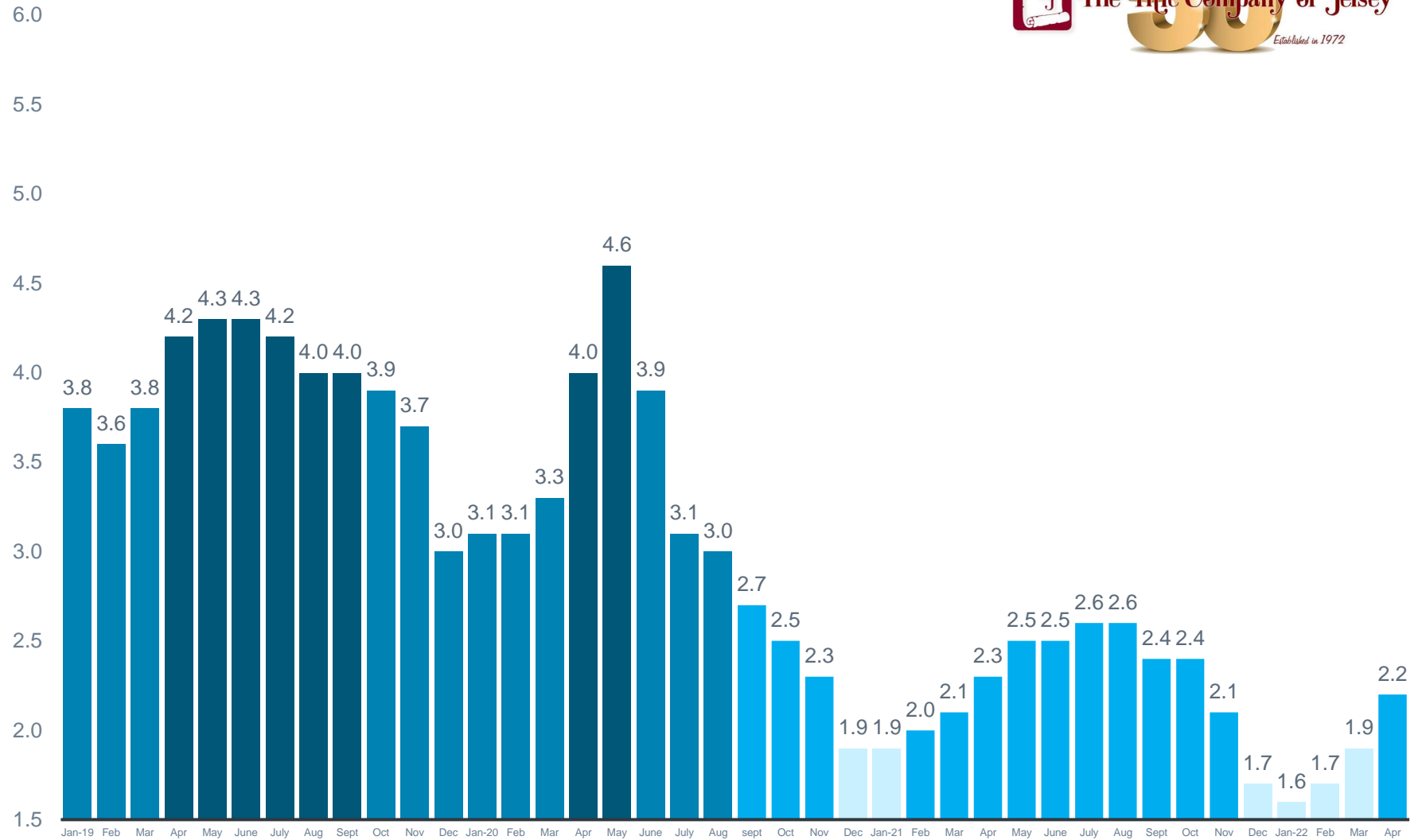
Months Inventory of Homes for Sale

2011 - Today



Months Inventory of Homes for Sale

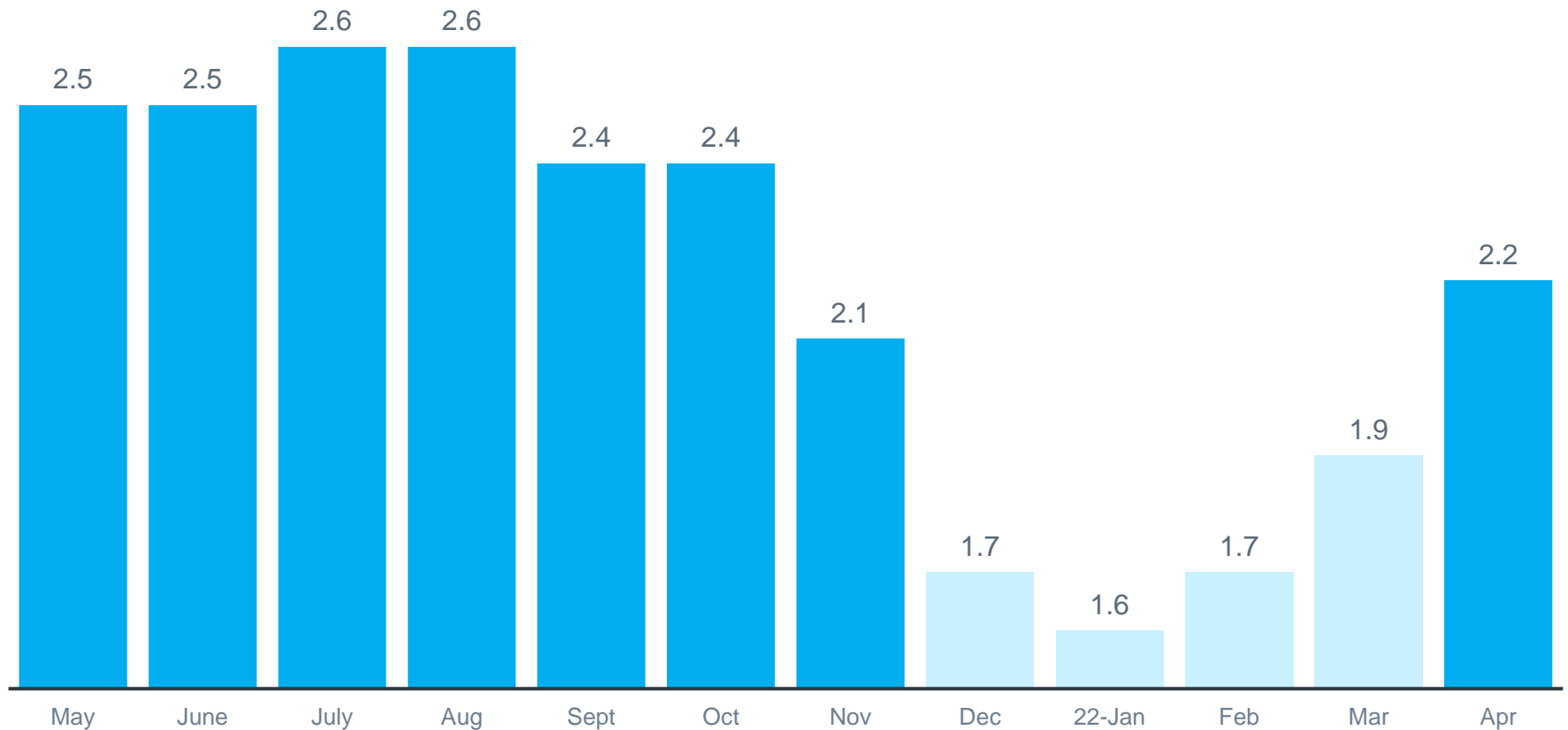
Since 2019



Source: NAR

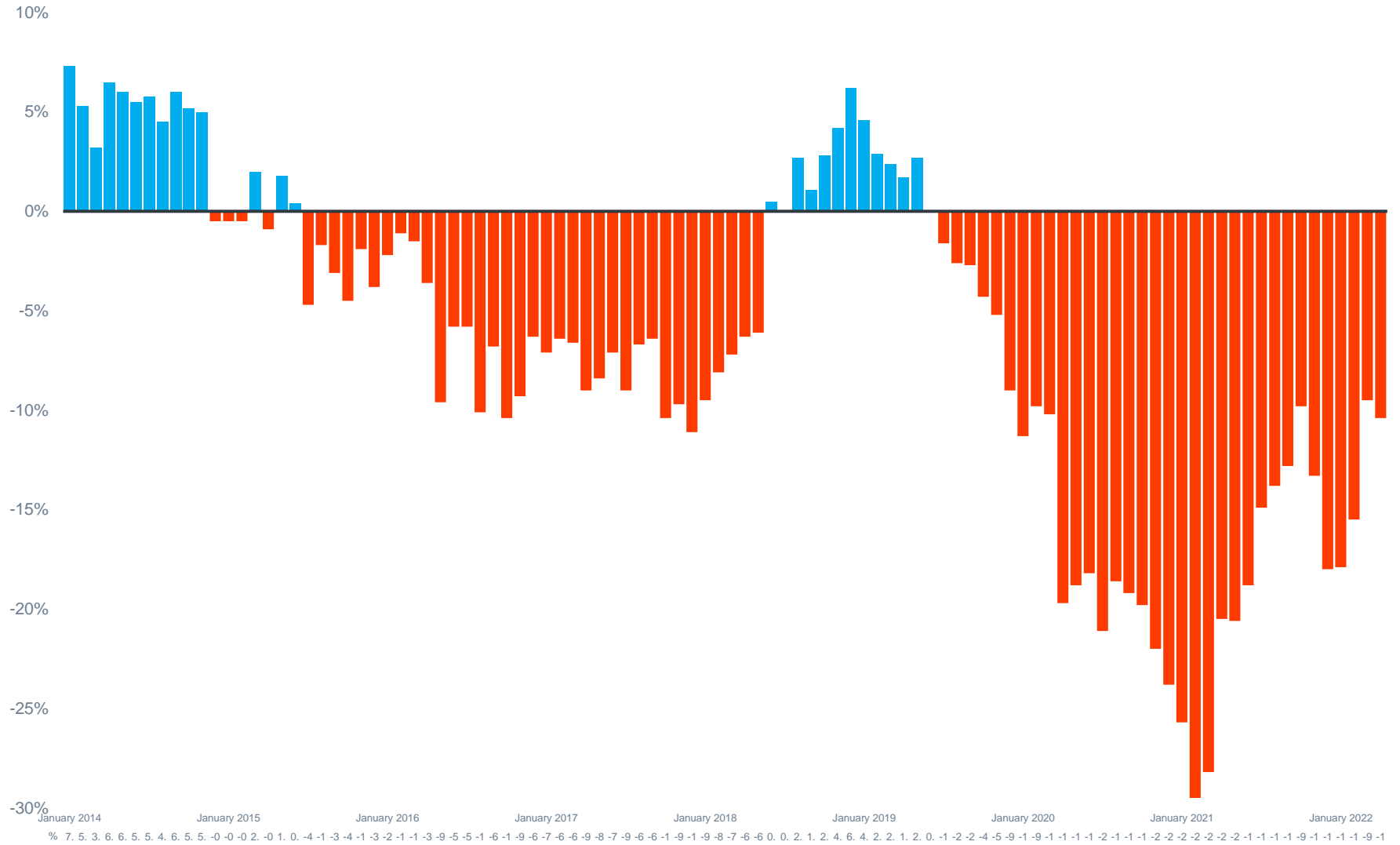
Months Inventory of Homes for Sale

Last 12 Months



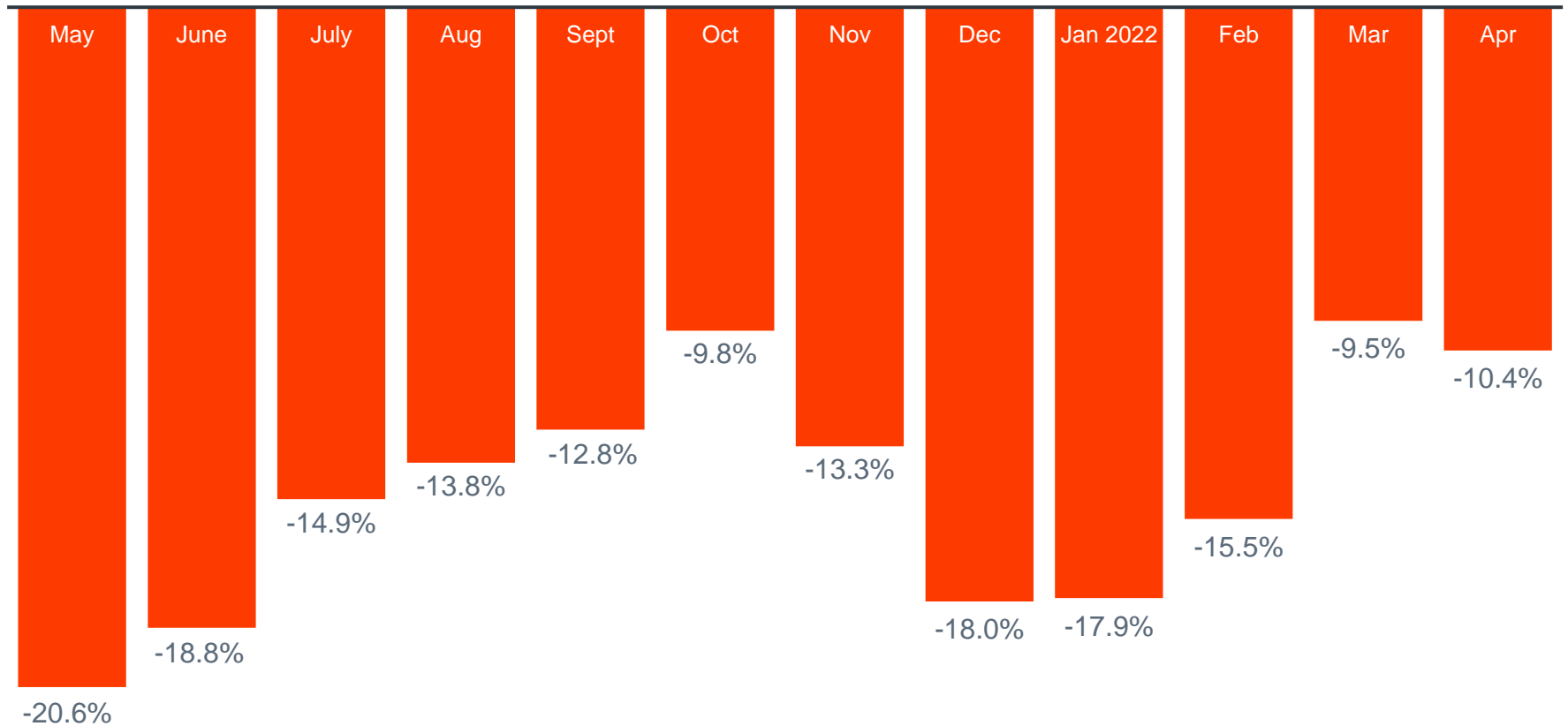
Source: NAR

Year-Over-Year Inventory Levels



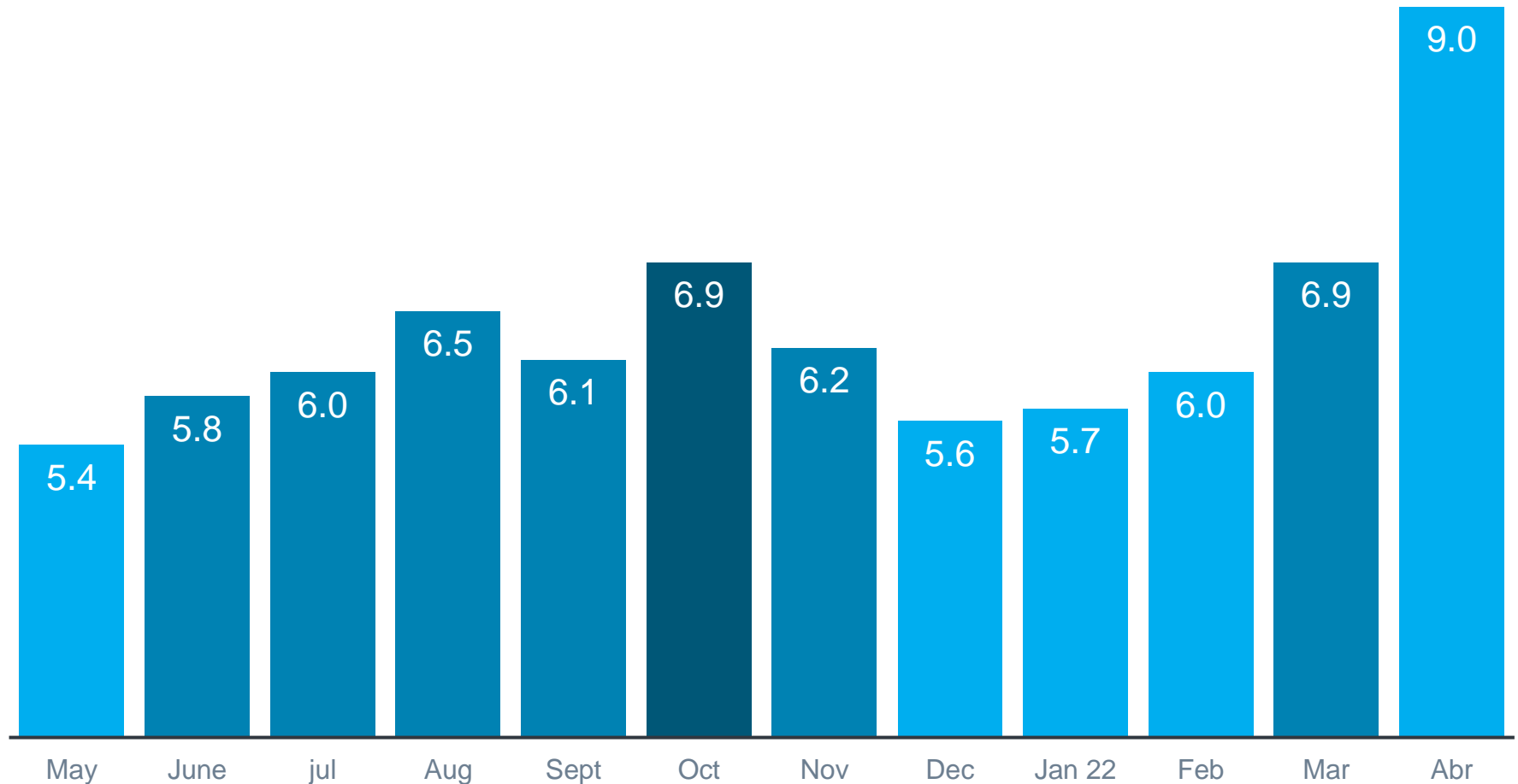
Year-Over-Year Inventory Levels

Last 12 Months



New Home Monthly Inventory

Seasonally Adjusted, Last 12 Months



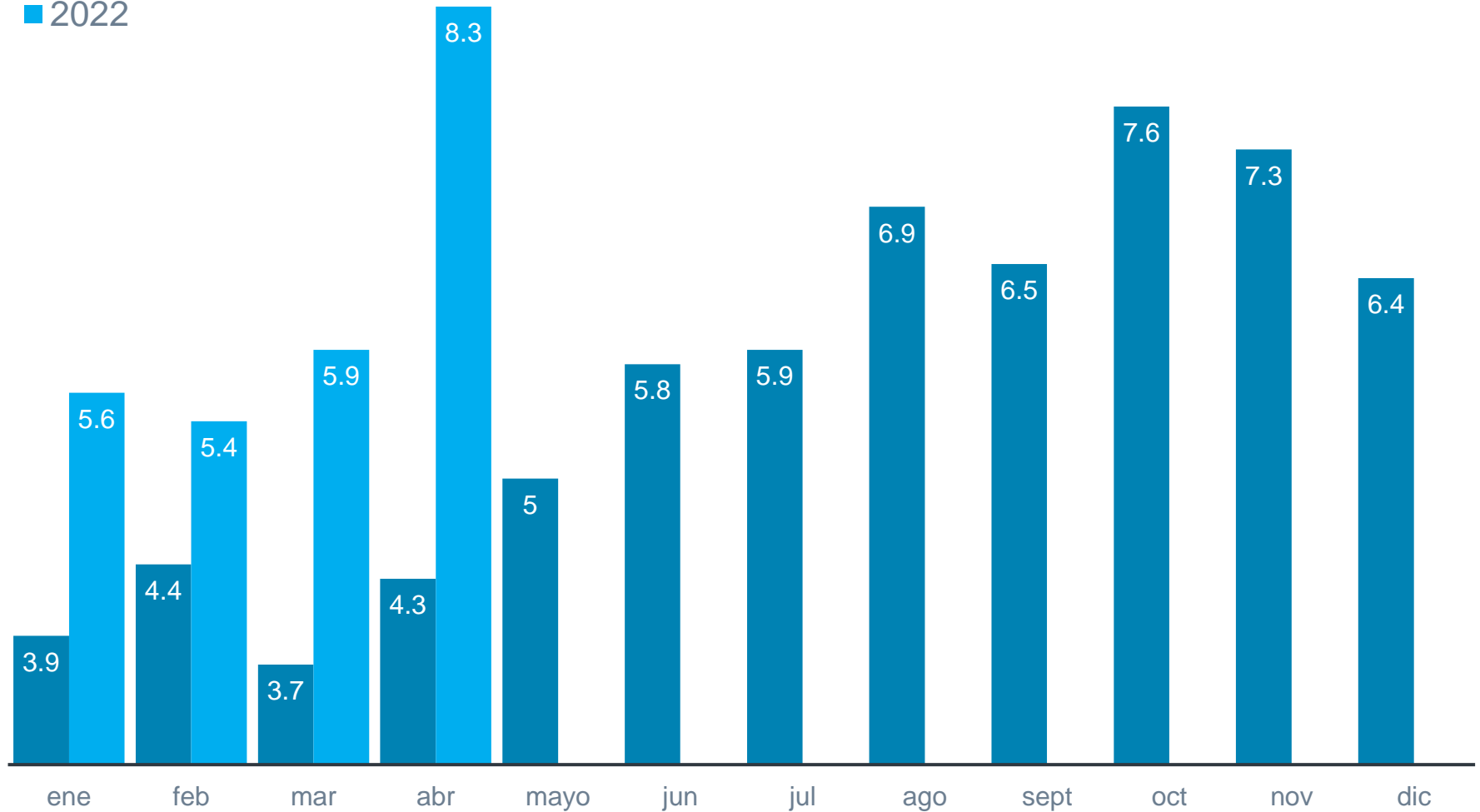
Source: Census

New Home Monthly Inventory

Non-Seasonally Adjusted

■ 2021

■ 2022



Source: Census



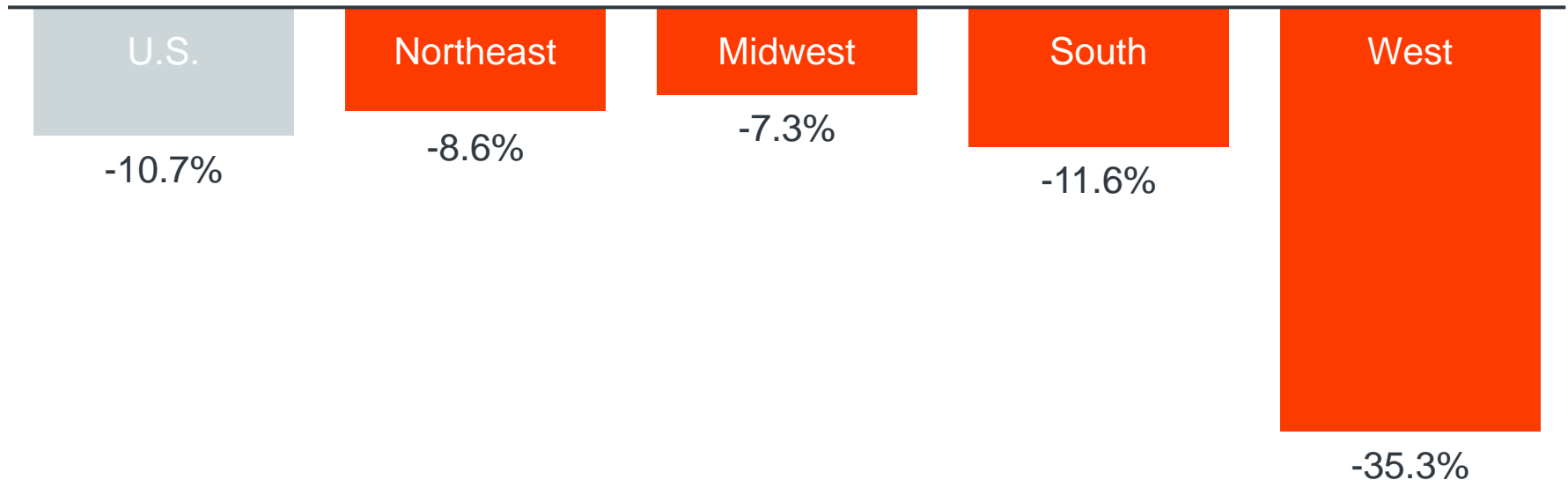
Buyer Demand

“Unusual” Slowdown in Activity Seen

Year-Over-Year Increase in Showing Activity, April 2022

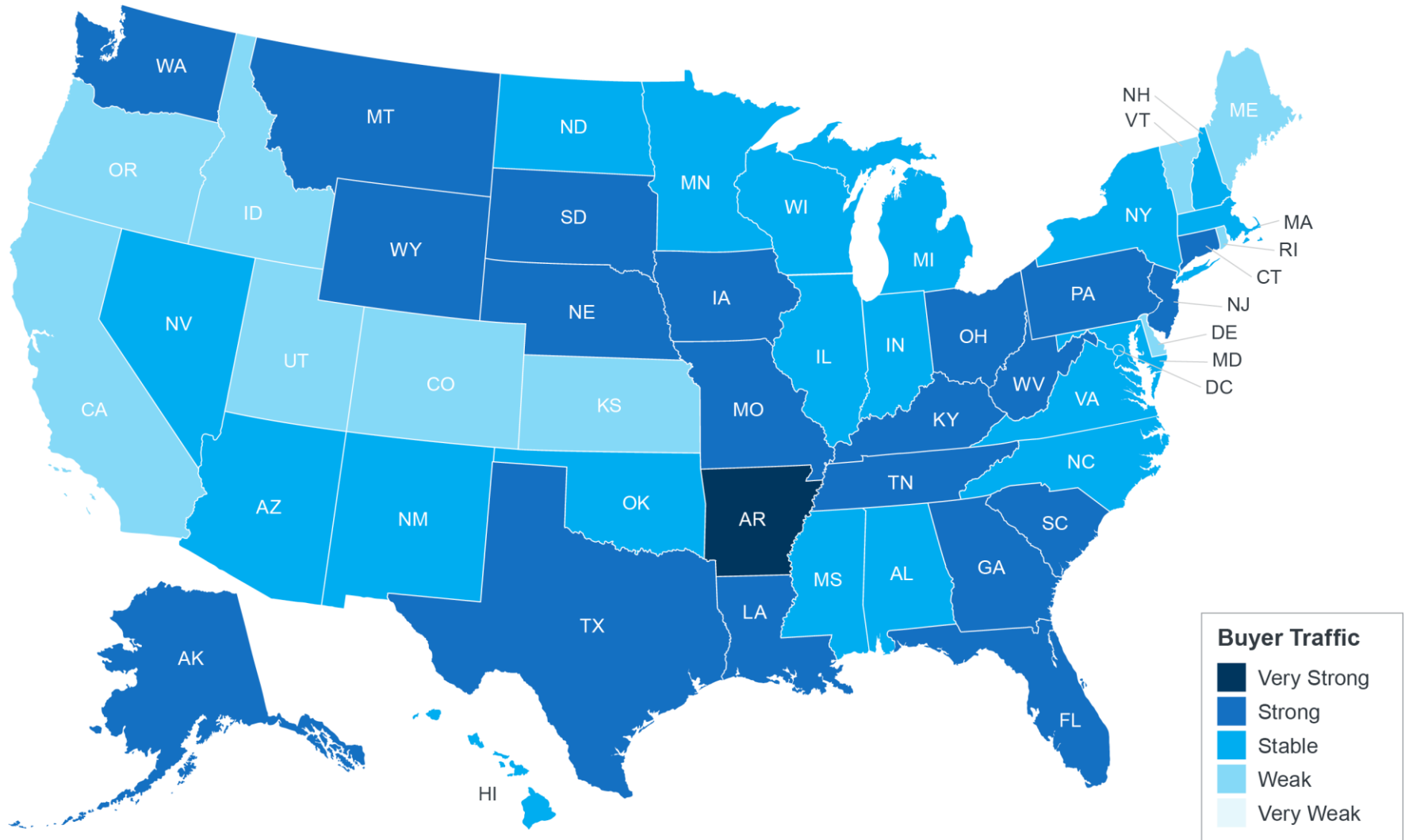
Michael Lane, Vice President & General Manager, Showing Time

“April buyer activity was rather unusual, since it typically matches March levels... But this year, April traffic was slower across all markets, pointing to competition softening. It contrasts with last year’s dynamic, when demand reached a feverish peak in April.”

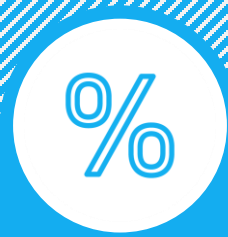


Buyer Traffic Index

April 2022



Source: NAR

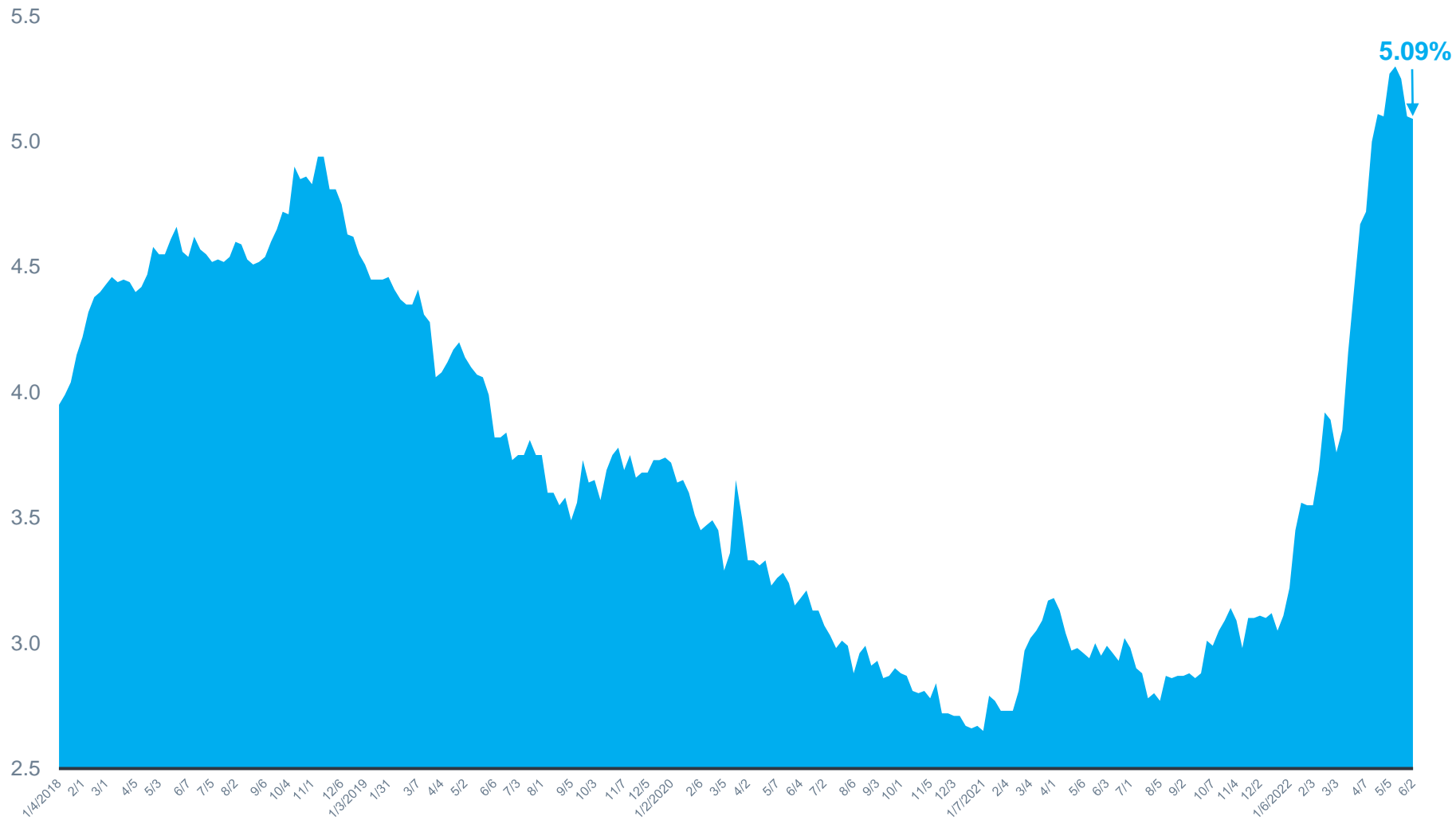


Mortgage Rates



Mortgage Rates

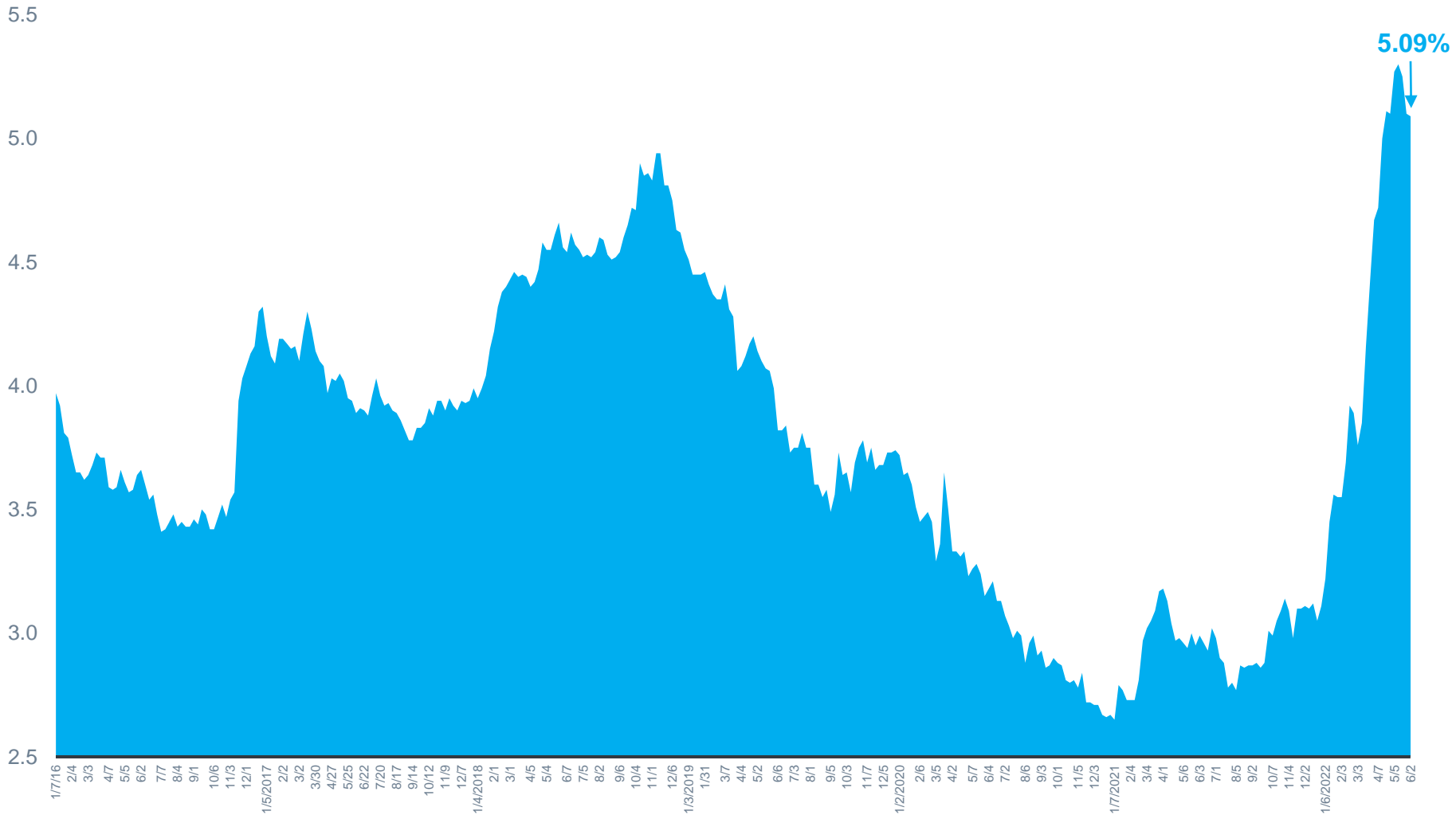
30-Year Fixed Rate, January 2018–Today



Source: Freddie Mac

Mortgage Rates

30-Year Fixed Rate, January 2016–Today



Source: Freddie Mac

Mortgage Rate Projections

May 2022

Quarter	Freddie Mac	Fannie Mae	MBA	NAR	Average of All Four
2022 4Q	5.0	5.1	5.0	5.3	5.1%
2023 1Q	5.0	5.1	5.0	5.3	5.1%
2023 2Q	5.0	5.0	5.0	5.4	5.1%
2024 3Q	5.0	5.0	4.8	-	4.93%

Mortgage Rates

30-Year Fixed Rate

5.5

5.0

4.5

4.0

3.5

3.0

2.5



5.0 5.0 5.0 5.0

Where Are They Going?

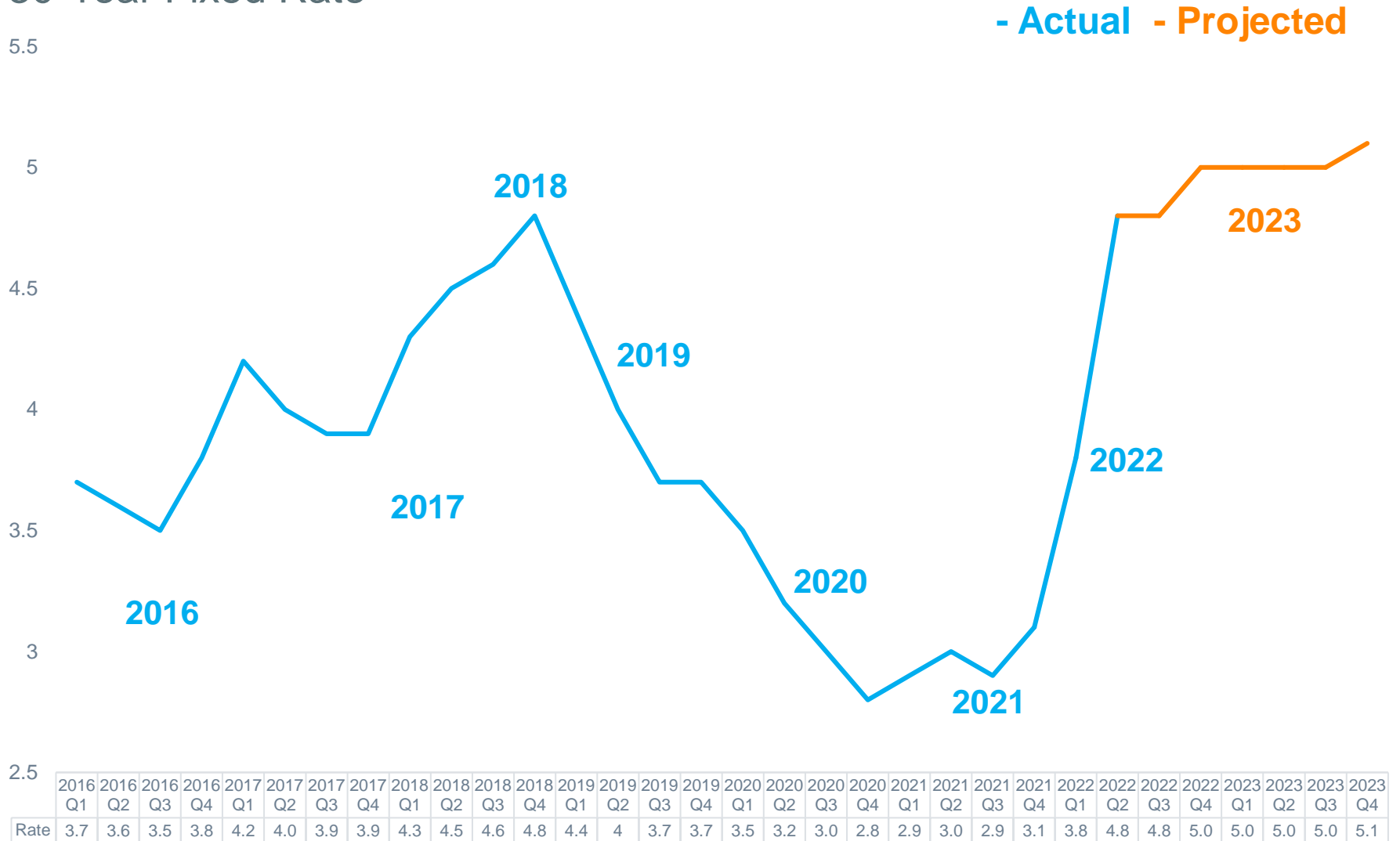
January 2018 – Today
Actual Interest Rates

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

2022 Q4 2023 Q1 2023 Q2 2023 Q3

Mortgage Rates

30-Year Fixed Rate

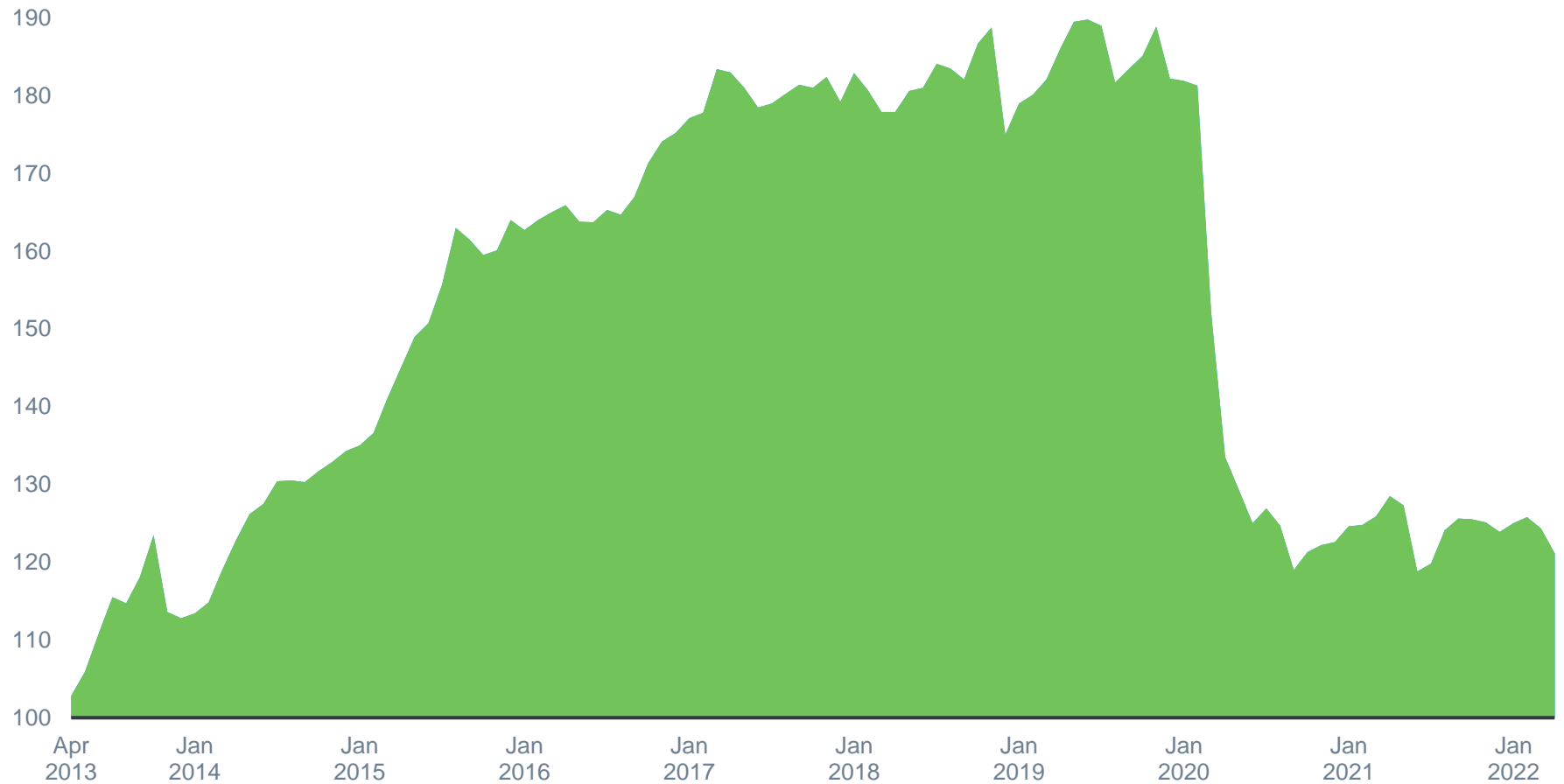




Mortgage Credit Availability

Mortgage Credit Availability Index (MCAI)

April 2022



Source: MBA

Lending Standards Still Under Control

Historic Data for the Mortgage Credit Availability Index (MCAI)

