



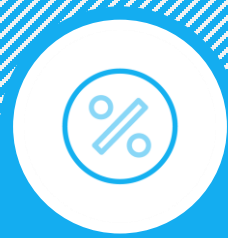
500 Years

The Title Company of Jersey

Established in 1972

April 2022

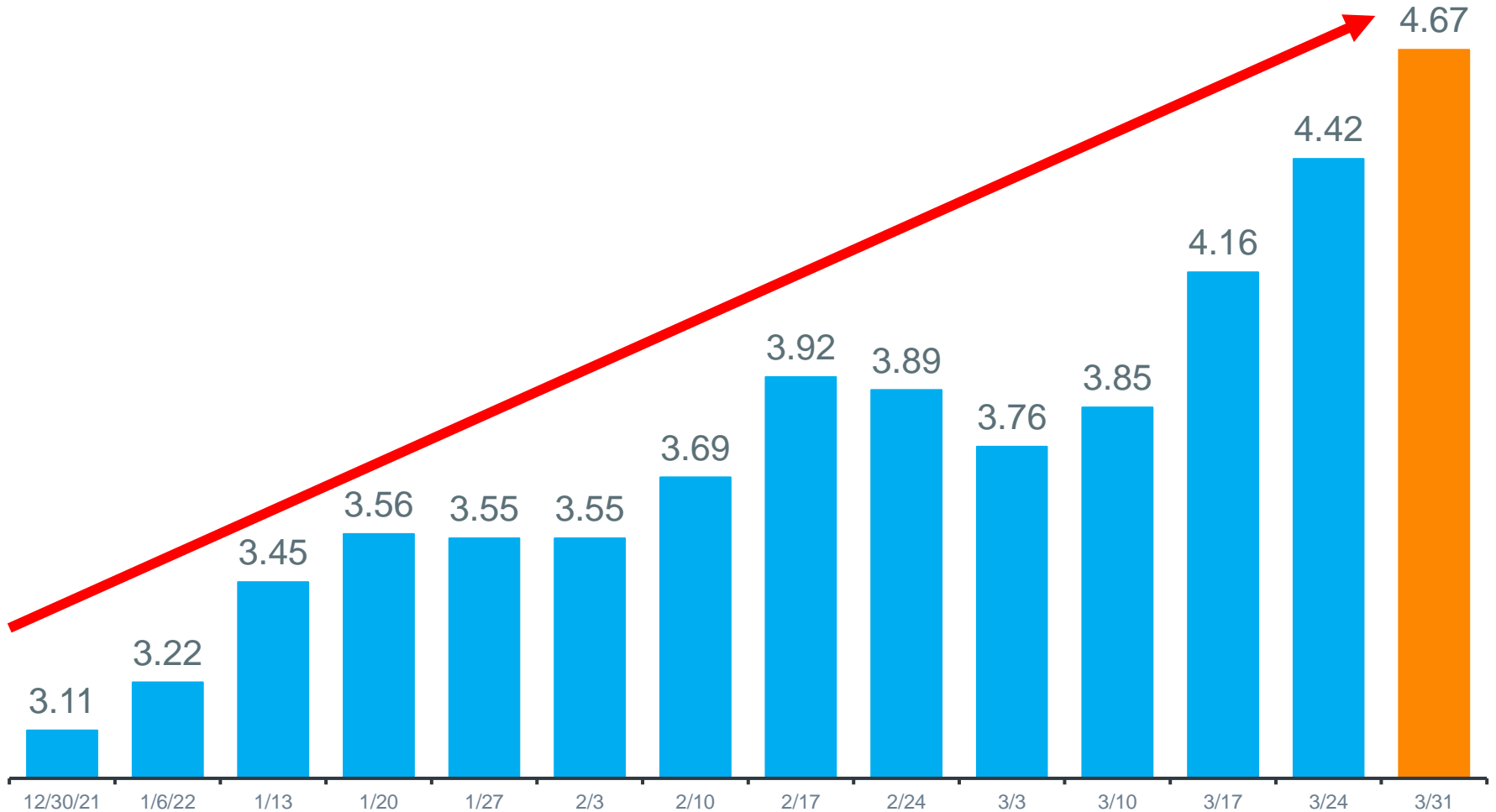




Impact of Rising Mortgage Rates on the Housing Market

Mortgage Rates Rising This Year

Freddie Mac Average 30-Year Fixed Rate: January 2022 – Today



Source: Freddie Mac



Mortgage rates are likely to continue to move higher throughout the balance of 2022, although the pace of rate increases is likely to moderate. . . . Much of the increase in rates in early 2022 is in anticipation of what will happen later this year, especially with Federal Reserve interest rate policy.

- **Len Kiefer**, Deputy Chief Economist, Freddie Mac

Impact of Rising Rates on Home Prices

Changes when mortgage rates rise by more than 1%

| Start Date | End Date | Months | Increase | Home Prices |
|------------|-----------|--------|----------|-------------|
| Oct 1993 | Dec 1994 | 14 | 2.38% | +3% |
| Jan 1996 | Sept 1996 | 8 | 1.2% | +2% |
| Oct 1998 | May 2000 | 19 | 1.81% | +13% |
| June 2003 | June 2004 | 12 | 1.06% | +13% |
| June 2005 | July 2006 | 13 | 1.18% | +7% |
| Nov 2012 | Dec 2013 | 13 | 1.11% | +11% |
| Average | | 13 | 1.46% | +8% |

Impact of Rising Rates on Housing

Changes when mortgage rates rise by more than 1%

| Start Date | End Date | Months | Increase | Home Prices | Home Sales |
|------------|-----------|--------|----------|-------------|------------|
| Oct 1993 | Dec 1994 | 14 | 2.38% | +3% | -11% |
| Jan 1996 | Sept 1996 | 8 | 1.2% | +2% | -2% |
| Oct 1998 | May 2000 | 19 | 1.81% | +13% | -2% |
| June 2003 | June 2004 | 12 | 1.06% | +13% | 2% |
| June 2005 | July 2006 | 13 | 1.18% | +7% | -14% |
| Nov 2012 | Dec 2013 | 13 | 1.11% | +11% | -2% |
| Average | | 13 | 1.46% | +8% | -5% |

Impact of Rising Rates on Housing

Changes when mortgage rates rise by more than 1%

| Dates | Months | Increase | Final Rate | Home Prices | Home Sales |
|--------------|--------|--------------|-------------|-------------|-------------|
| 10/93-12/94 | 14 | 2.38% | 9.2% | +3% | -11% |
| 1/96-9/96 | 8 | 1.2% | 8.23% | +2% | -2% |
| 10/98-5/2020 | 19 | 1.81% | 8.52% | +13% | -2% |
| 6/03-6/04 | 12 | 1.06% | 6.29% | +13% | 2% |
| 6/05-7/06 | 13 | 1.18% | 6.76% | +7% | -14% |
| 11/12-12/13 | 13 | 1.11% | 4.46% | +11% | -2% |
| Average | 13 | 1.46% | 7.24% | +8% | -5% |

Impact of Rising Rates on Housing

Changes when mortgage rates rise by more than 1%

| Dates | Months | Increase | Final Rate | Home Prices | Home Sales |
|-------------|--------|----------|------------|-------------|------------|
| 1/96-9/96 | 8 | 1.2% | 8.23% | +2% | -2% |
| 10/98-5/20 | 19 | 1.81% | 8.52% | +13% | -2% |
| 6/03-6/04 | 12 | 1.06% | 6.29% | +13% | 2% |
| 6/05-7/06 | 13 | 1.18% | 6.76% | +7% | -14% |
| 11/12-12/13 | 13 | 1.11% | 4.46% | +11% | -2% |
| Average | 13 | 1.27% | 6.85% | +9% | -4% |

Impact of Rising Rates on Housing

Changes when mortgage rates rise by more than 1%

| Dates | Months | Increase | Final Rate | Home Prices | Home Sales | Months Inventory |
|-------------|--------|----------|------------|-------------|------------|------------------|
| 1/96-9/96 | 8 | 1.2% | 8.23% | +2% | -2% | N/A |
| 10/98-5/20 | 19 | 1.81% | 8.52% | +13% | -2% | N/A |
| 6/03-6/04 | 12 | 1.06% | 6.29% | +13% | 2% | 5 |
| 6/05-7/06 | 13 | 1.18% | 6.76% | +7% | -14% | 4.5 |
| 11/12-12/13 | 13 | 1.11% | 4.46% | +11% | -2% | 4.8 |
| Average | 13 | 1.27% | 6.85% | +9% | -4% | 4.8 |



While higher short-term interest rates will push up mortgage rates, I expect some of this impact to be mitigated eventually through lower inflation. . . . Thus, **I expect the 30-year fixed mortgage rate to continue to rise, although we aren't likely to see the big jumps that occurred over the past few weeks.**

- Nadia Evangelou, Director of Forecasting, NAR



History suggests that when rates rise, there is an initial bump in home prices as many move quickly to buy a home before rates increase further. But after that period, home prices slow. Freddie Mac analysis shows that a 1% increase in mortgage rates results in home price appreciation that is 4 percentage points lower. For instance, a 1% increase in mortgage rates would change home price growth from 11% to 7%.

- Freddie Mac



With rates rising and expected to rise through 2023, it makes sense to obtain a purchase or refinance mortgage if you are in good standing.

- **Len Kiefer**, Deputy Chief Economist, Freddie Mac



Spring Housing Market Update



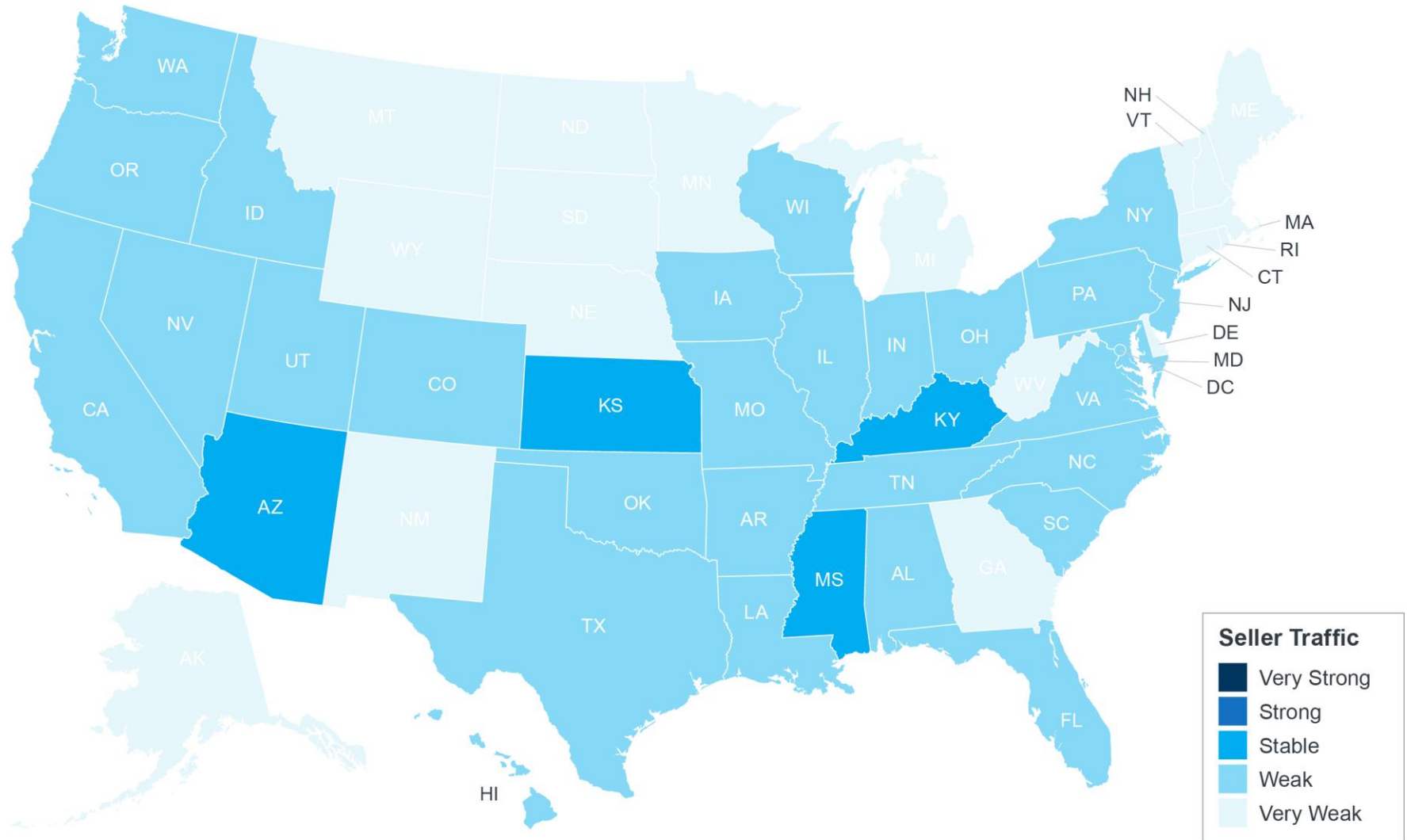


We keep watching for it, . . . but there are absolutely no signs of a market slowdown anywhere in the data. **If anything, we're seeing the market continue to heat up.**

- Altos Research

Seller Traffic Index

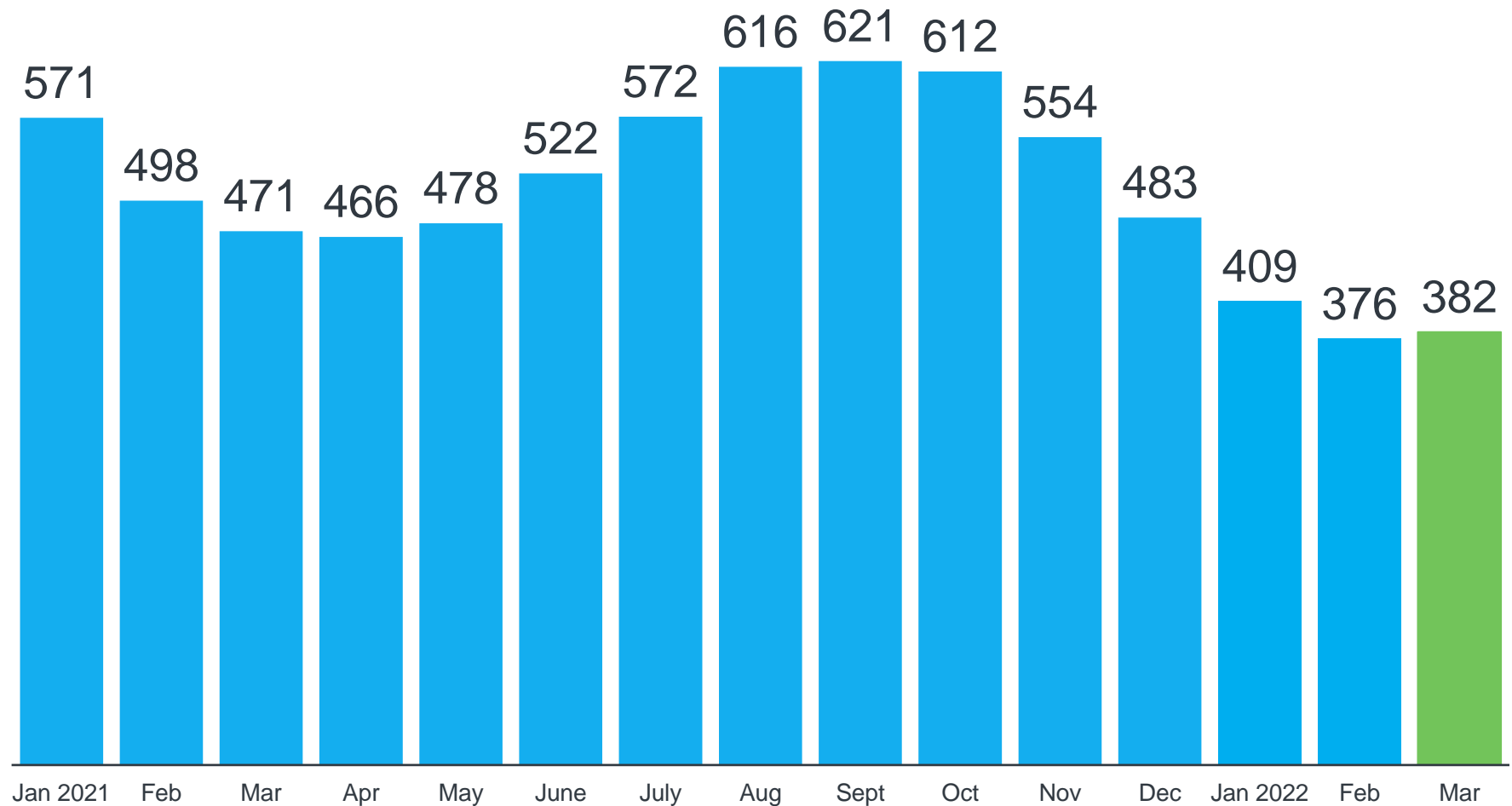
February 2022



Source: NAR

Active Listings Increased for First Time in 6 Months

Active Monthly Listing Counts (in thousands)



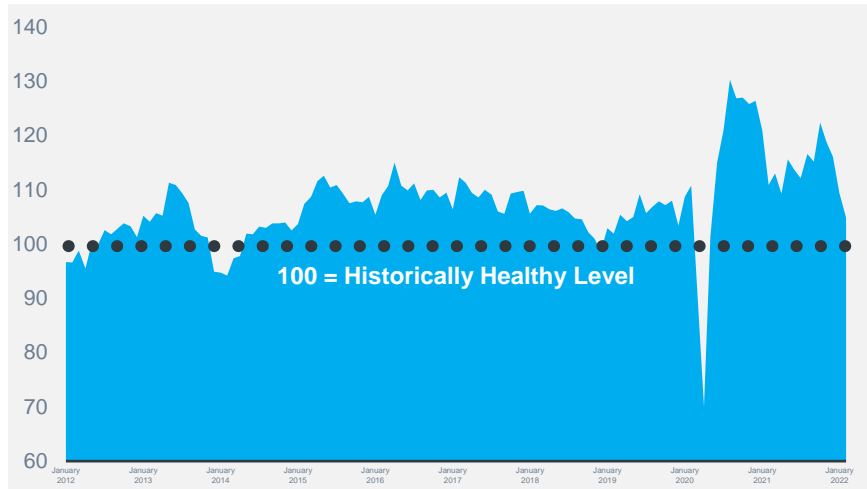


Now, more industry insiders are throwing out their previous forecasts and replacing them with more bullish short-term outlooks. **Indeed, some experts say the 2022 spring housing market might go down as one of the most competitive on record.**

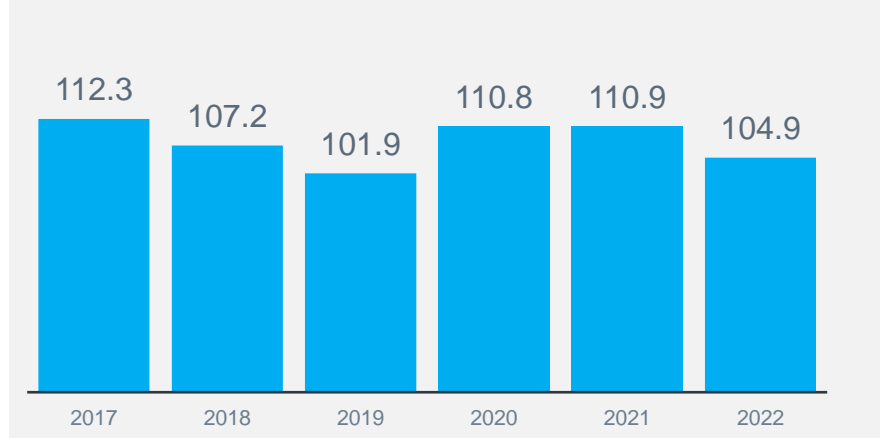
- Lance Lambert, Editorial Director, Fortune

Pending Home Sales

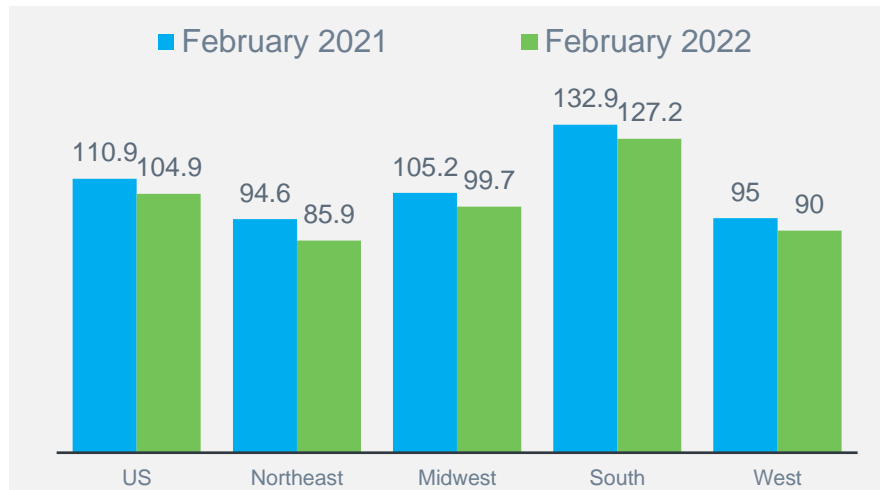
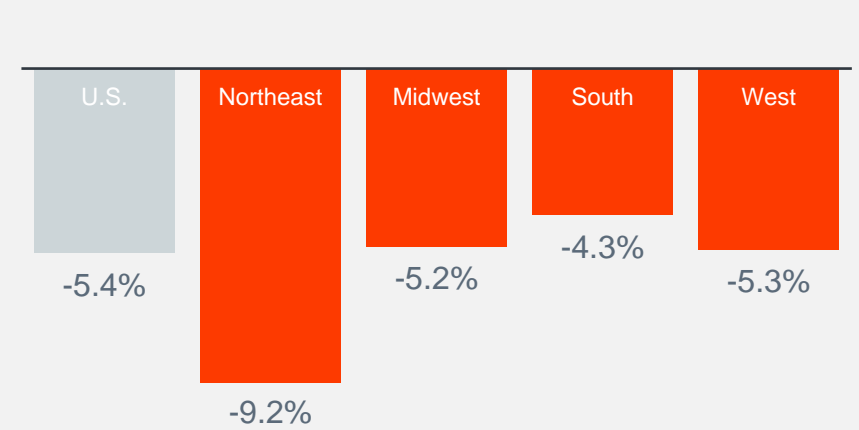
100 = Historically Healthy Level



Over the Last 6 Februaries

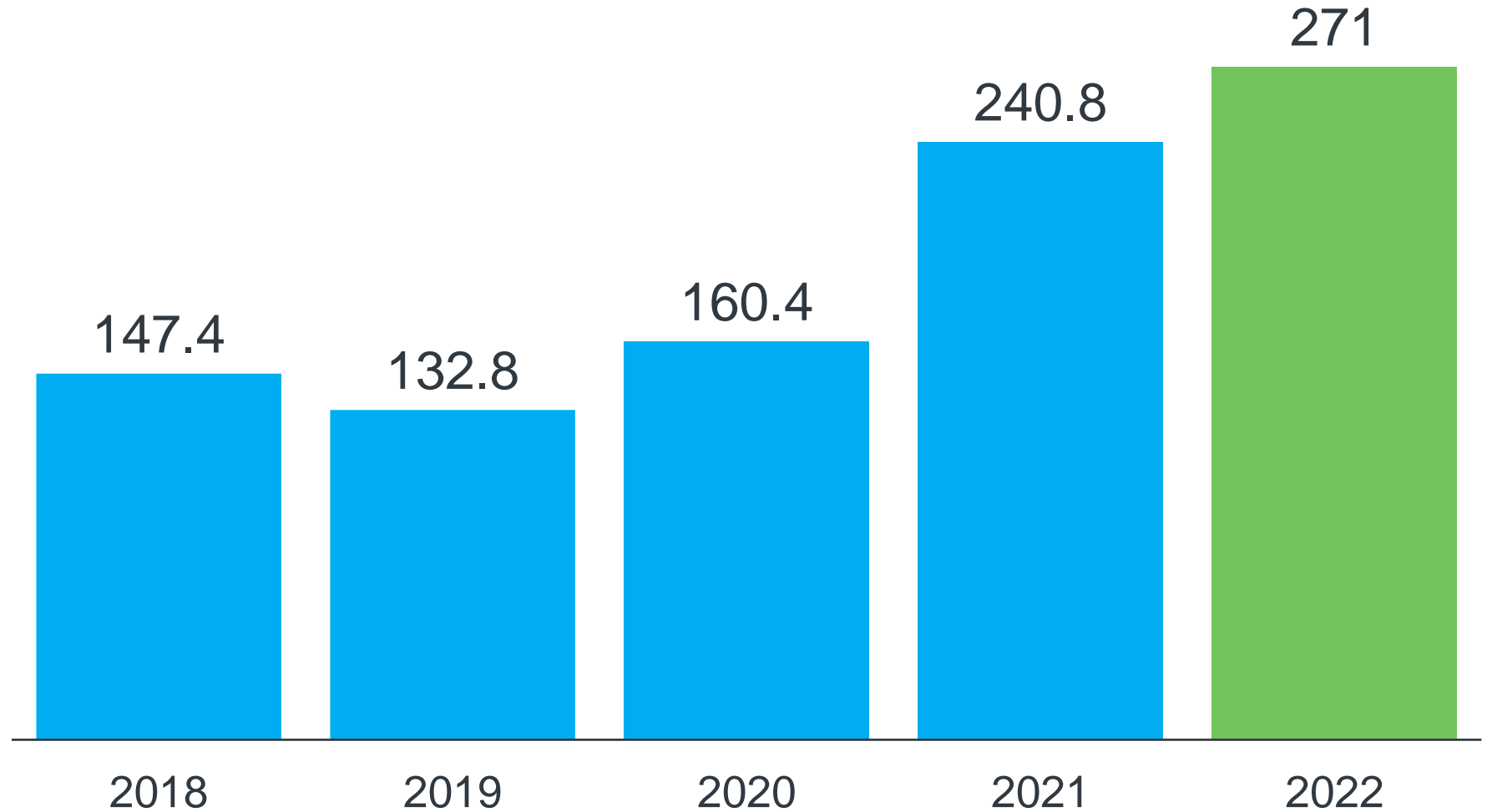


Year-Over-Year, Seasonally Adjusted Annual Rate



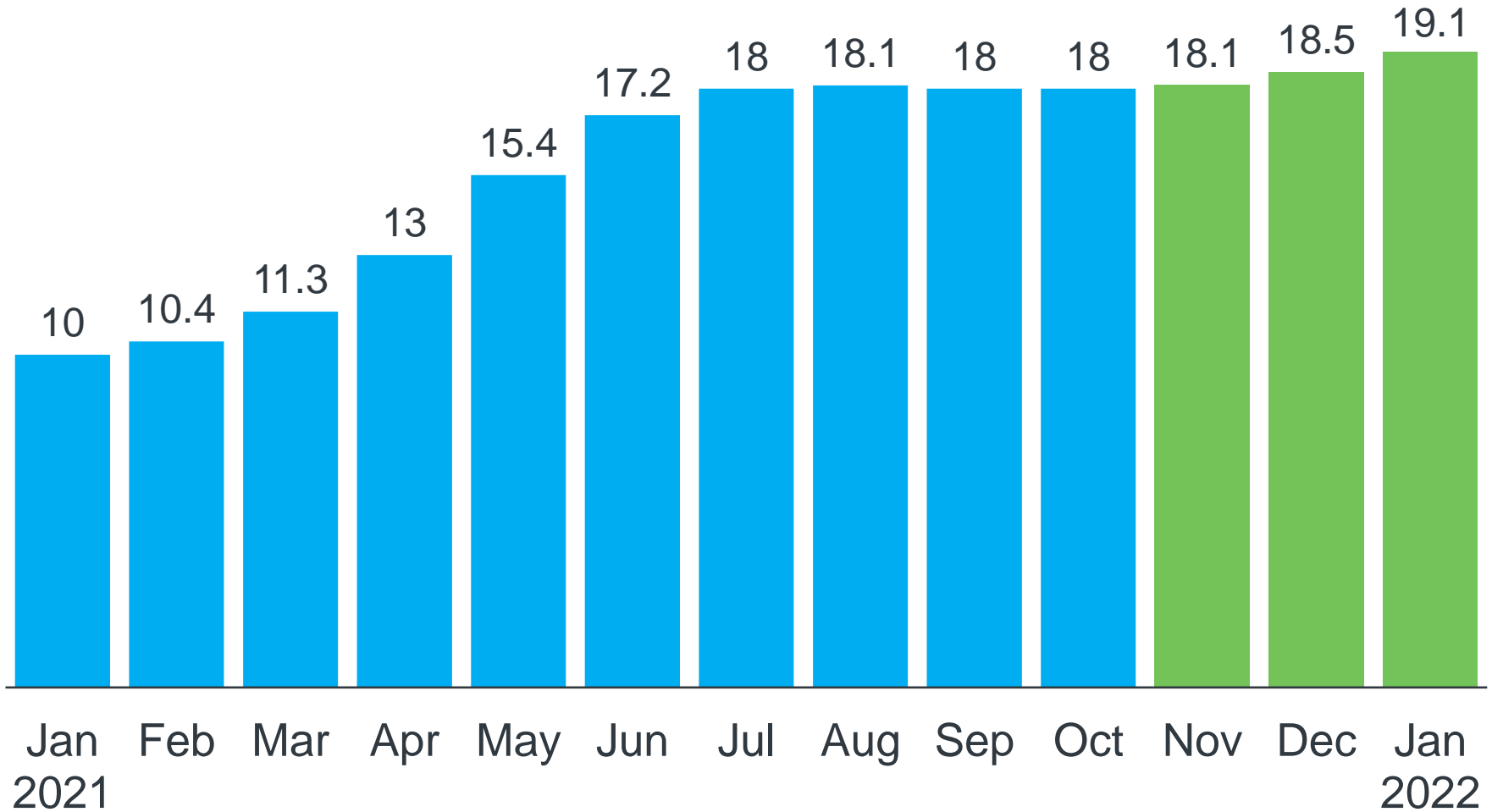
Showings Exceed Pre-Pandemic Numbers

Showing Index over the Last 5 Februarys



Price Appreciation Accelerating

% Year-Over-Year Price Increases (Monthly)

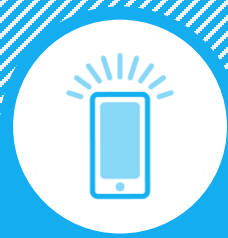




Last fall we observed that home prices, although continuing to rise quite sharply, had begun to decelerate. Even that modest deceleration was on pause in January.

The 19.2% year-over-year change for January was the fourth-largest reading in 35 years of history.

- **Craig J. Lazzara**, Managing Director, S&P DJI

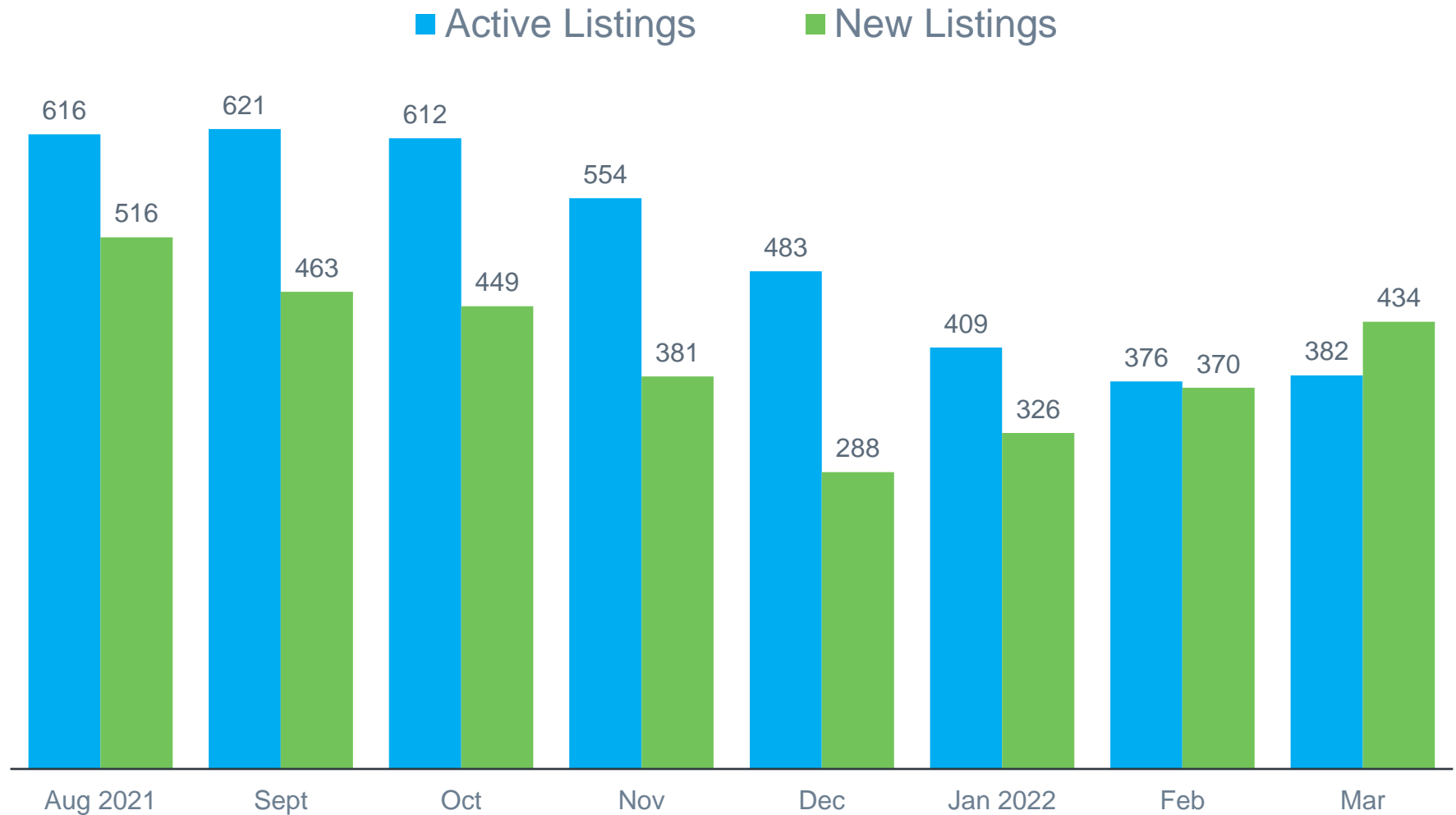


**Five slides every agent
should have on their
phone this spring**



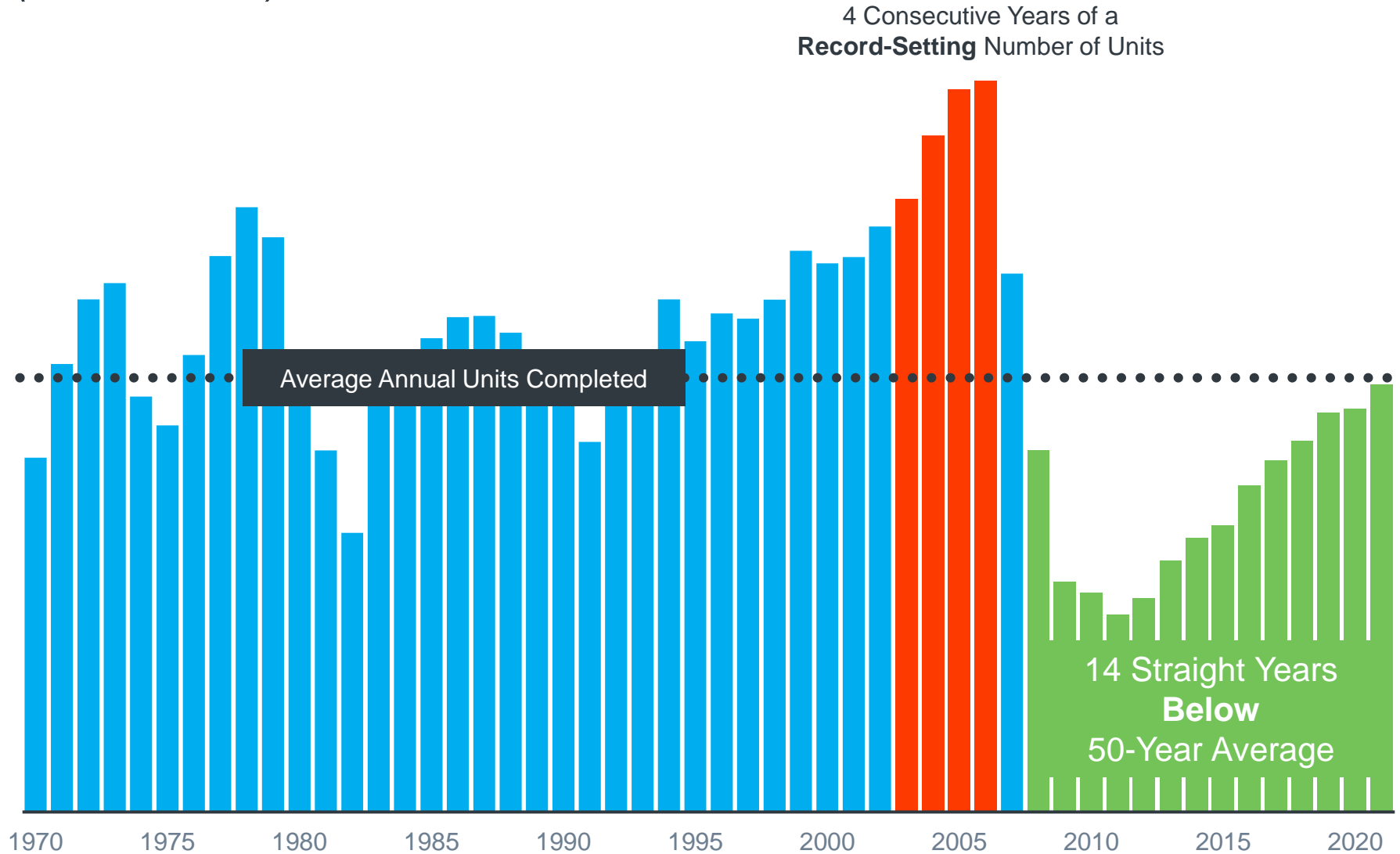
More New Listings than Active Listings

Active and New Listings by Month



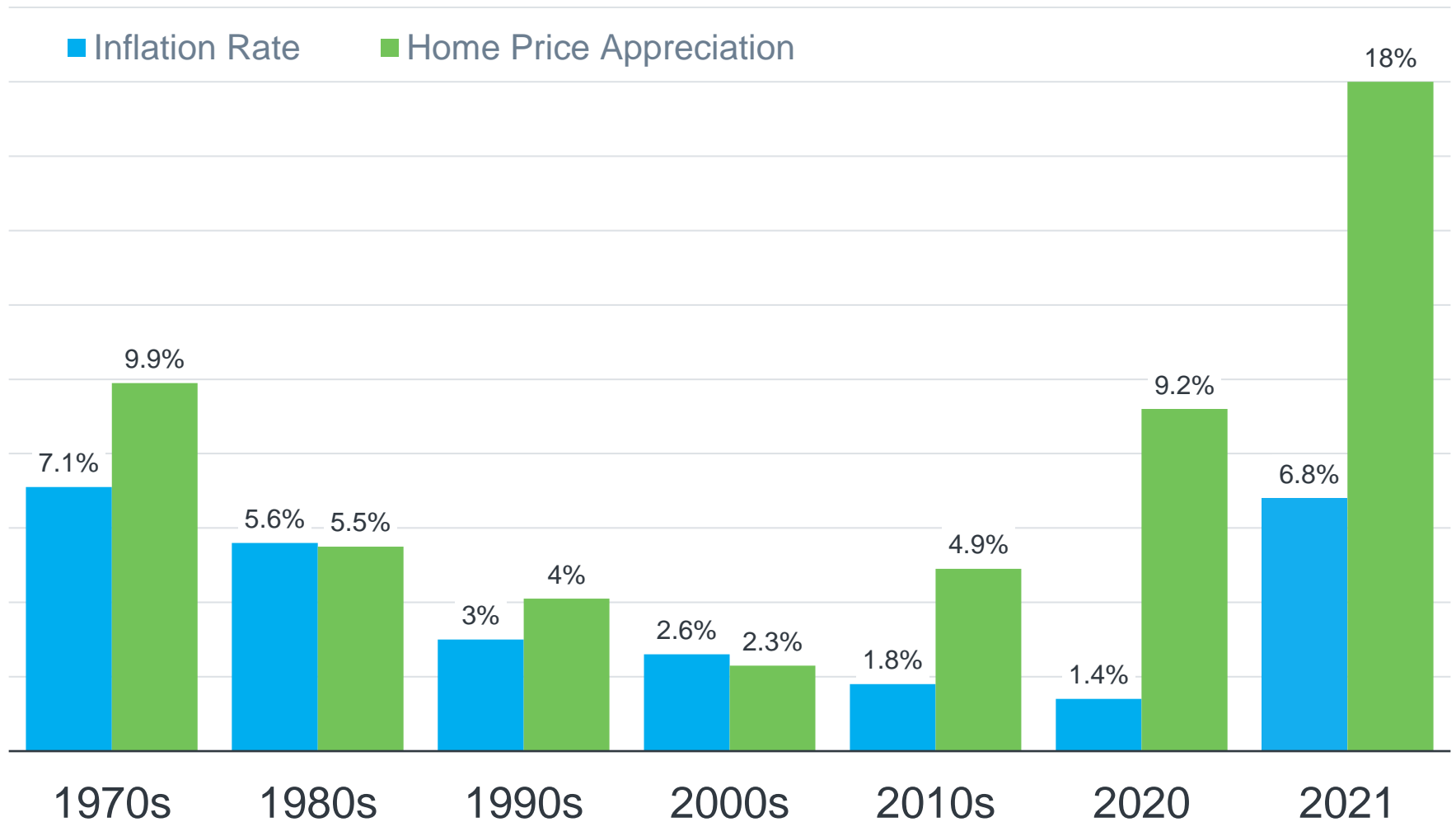
Single-Family Housing Units Completed

(in thousands)



Homeownership: a Hedge Against Inflation

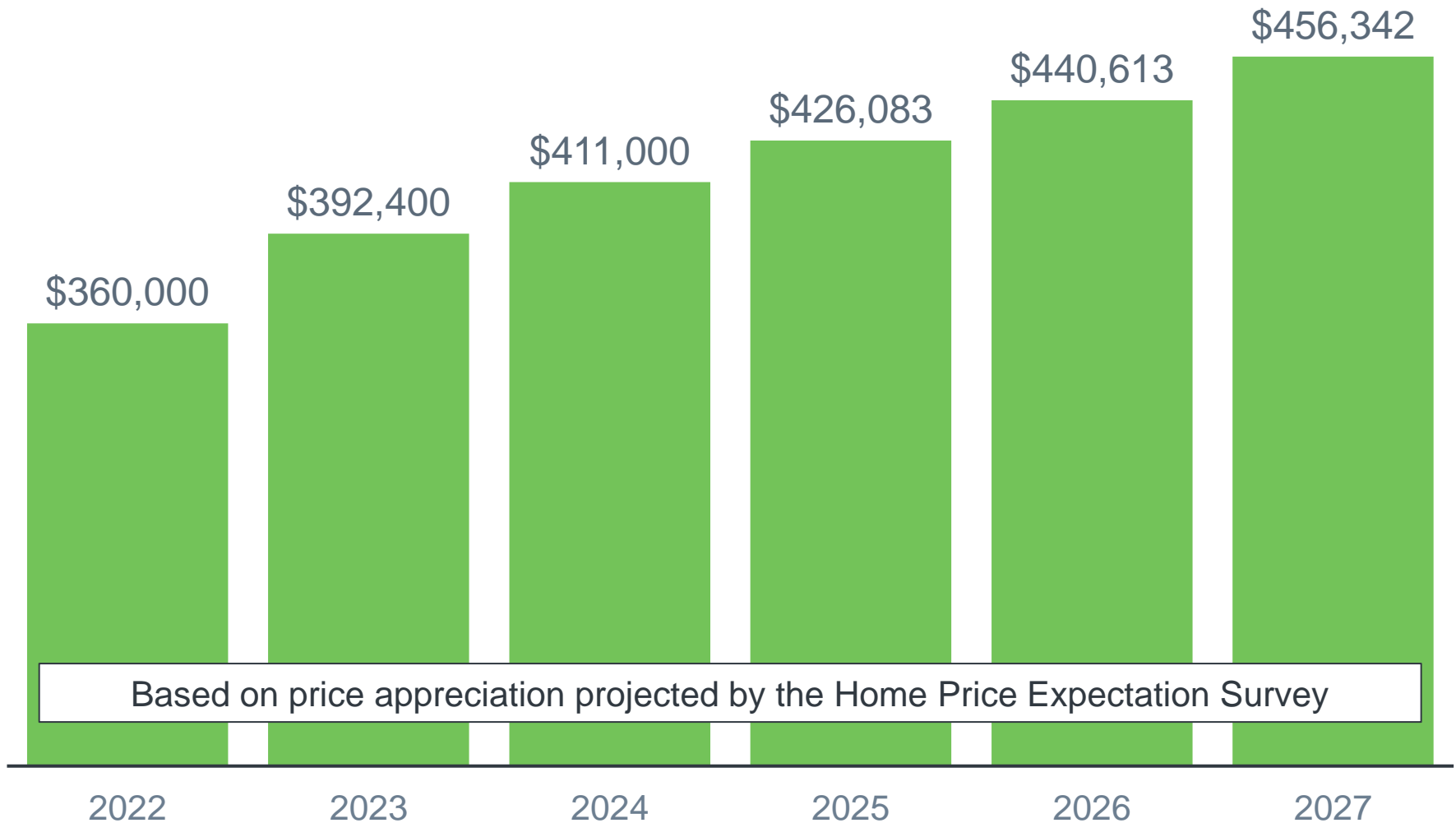
Home Price Appreciation vs. Consumer Price Increases over the Decades



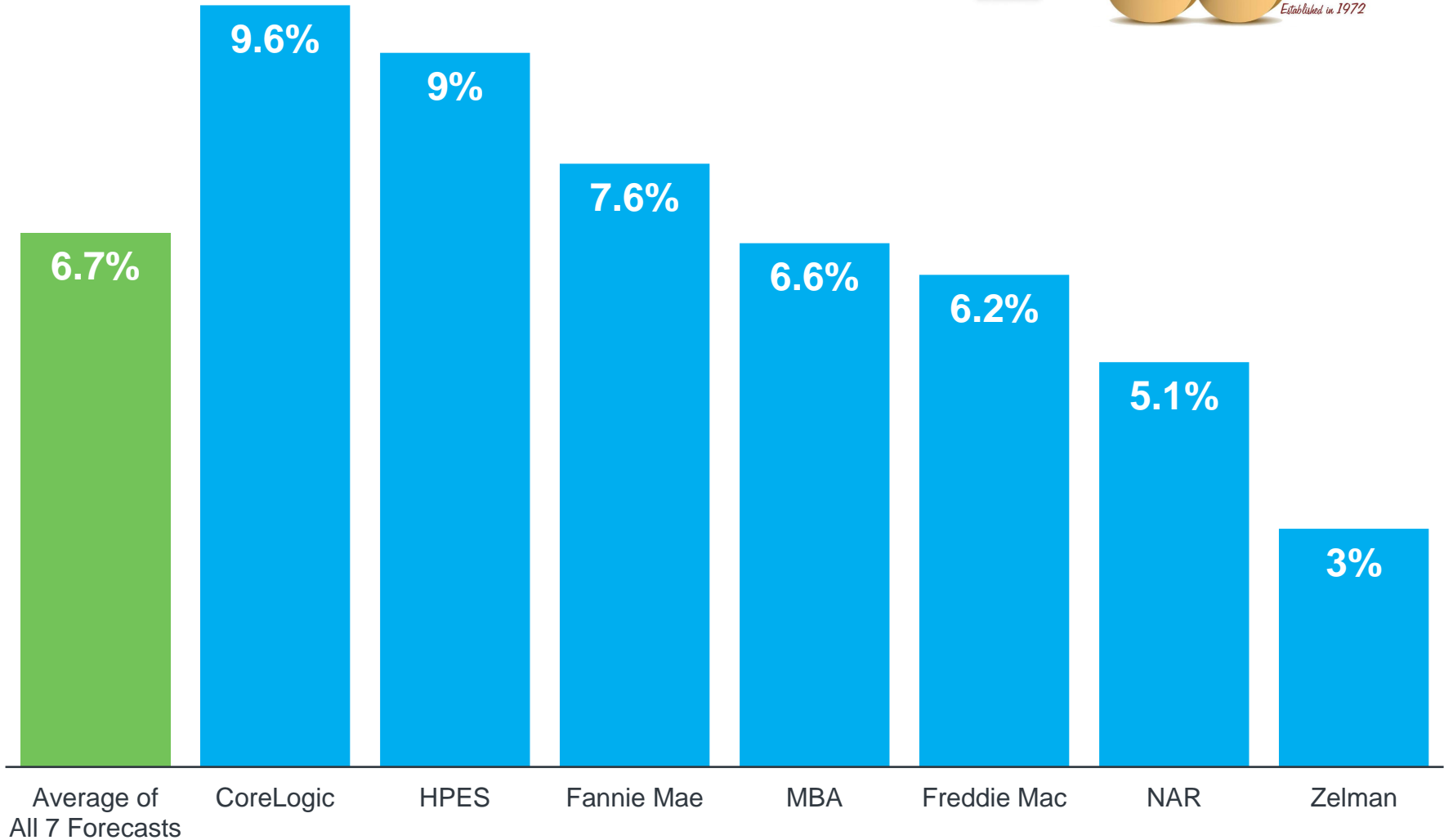
Source: NAR, CoreLogic, Consumer Price Index

\$96,342

Potential growth in household wealth over the next 5 years based solely on increasing home equity if you purchased a \$360K home in January 2022



Home Price Forecasts for 2022



Resources



| Slide(s) | Description | Link(s) |
|----------|------------------------|---|
| 3 | Mortgage Rates Rising | https://freddiemac.gcs-web.com/node/24976/pdf http://www.freddiemac.com/pmms/ |
| 4 | Kiefer Quote | https://www.bankrate.com/mortgages/march-2022-mortgage-rate-outlook/ |
| 5-9 | Impact of Rising Rates | http://www.freddiemac.com/research/insight/20180223_increasing_mortgage_rates.page |
| 10 | Evangelou Quote | https://www.bankrate.com/mortgages/march-2022-mortgage-rate-outlook/ |
| 11 | Freddie Mac Quote | https://myhome.freddiemac.com/blog/homeownership/what-s-driving-home-price-growth-2022 |
| 12 | Kiefer Quote | https://www.bankrate.com/mortgages/march-2022-mortgage-rate-outlook/ |
| 14 | Altos Research Quote | https://twitter.com/AltosResearch/status/1498428094109077508 |
| 15-16 | Traffic Index Maps | https://www.nar.realtor/research-and-statistics/research-reports/realtors-confidence-index |

Resources



| Slide(s) | Description | Link(s) |
|----------|---------------------------------------|--|
| 17, 24 | Listings | https://www.realtor.com/research/data/ |
| 18 | Lambert Quote | https://fortune.com/2022/02/07/zillow-our-2022-housing-forecast-is-way-off-home-prices-now-set-to-spike/ |
| 19 | Pending Home Sales | https://www.nar.realtor/newsroom/pending-home-sales-dwindle-4-1-in-February https://www.nar.realtor/blogs/economists-outlook/pending-home-sales-weaken-4-1-in-february-2022 |
| 20 | Showings | https://www.showingtime.com/blog/february-2022-showing-index-results/ |
| 21 | Price Appreciation | https://www.corelogic.com/intelligence/u-s-home-price-insights/ |
| 22 | Lazzara Quote | https://www.spglobal.com/spdji/en/documents/indexnews/announcements/20220329-1451063/1451063_cshomeprice-release-0329.pdf |
| 25 | Single-Family Housing Units Completed | www.census.gov/construction/nrc/xls/co_cust.xls |

Resources



| Slide(s) | Description | Link(s) |
|----------|--|--|
| 26 | Homeownership: Hedge Against Inflation | https://cdn.nar.realtor/sites/default/files/documents/2021-11-12-residential-economic-issues-and-trends-lawrence-yun-presentation-slides-11-12-2021.pdf https://www.bls.gov/news.release/archives/cpi_01132021.pdf https://www.corelogic.com/intelligence/find-stories/home-prices-topple-expectations-surging-at-the-end-of-2020/ |
| 27 | Equity Gains (HPES) | https://pulsenomics.com/surveys/#home-price-expectations |
| 28 | Home Price Forecasts for 2022 | https://www.mba.org/news-research-and-resources/research-and-economics/forecasts-and-commentary https://cdn.nar.realtor/sites/default/files/documents/forecast-Q1-2022-us-economic-outlook-01-27-2022.pdf https://www.fanniemae.com/research-and-insights/forecast http://www.freddiemac.com/research/forecast/20220121_quarterly_economic_forecast.page https://pulsenomics.com/surveys/#home-price-expectations https://www.corelogic.com/intelligence/find-stories/corelogic-hpi-posted-record-year-over-year-growth-in-2021/ |



Updates



Resources



| Slide(s) | Description | Link(s) |
|--------------------------|--------------------------|---|
| 36, 56, 66 | Confidence Index | https://www.nar.realtor/research-and-statistics/research-reports/realtors-confidence-index |
| 37-39, 47, 49, 50, 57-61 | Existing Home Sales | https://www.nar.realtor/topics/existing-home-sales |
| 40-43 | New Home Sales | http://www.census.gov/construction/nrs/pdf/newressales.pdf http://www.census.gov/newhomesales |
| 44 | Total Home Sales | http://www.census.gov/construction/nrs/pdf/newressales.pdf https://www.nar.realtor/topics/existing-home-sales |
| 45, 46 | Pending Home Sales | https://www.nar.realtor/research-and-statistics/housing-statistics/pending-home-sales |
| 51-53 | Case Shiller | https://www.spglobal.com/spdji/en/indices/indicators/sp-corelogic-case-shiller-20-city-composite-home-price-nsa-index/#news-research |
| 54 | CoreLogic Price Forecast | https://www.corelogic.com/intelligence/u-s-home-price-insights/ |
| 57-63 | Inventory | https://www.nar.realtor/topics/existing-home-sales http://www.census.gov/construction/nrs/pdf/newressales.pdf |

Resources

| Slide(s) | Description | Link(s) |
|----------------|------------------------------|--|
| 65 | Showing Activity | https://www.showingtime.com/blog/february-2022-showing-index-results/ |
| 68, 69, 71, 72 | Mortgage Rates | http://www.freddiemac.com/pmms/pmms_archives.html http://www.freddiemac.com/research/forecast/ |
| 70 | 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 |
| 74, 75 | 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 |

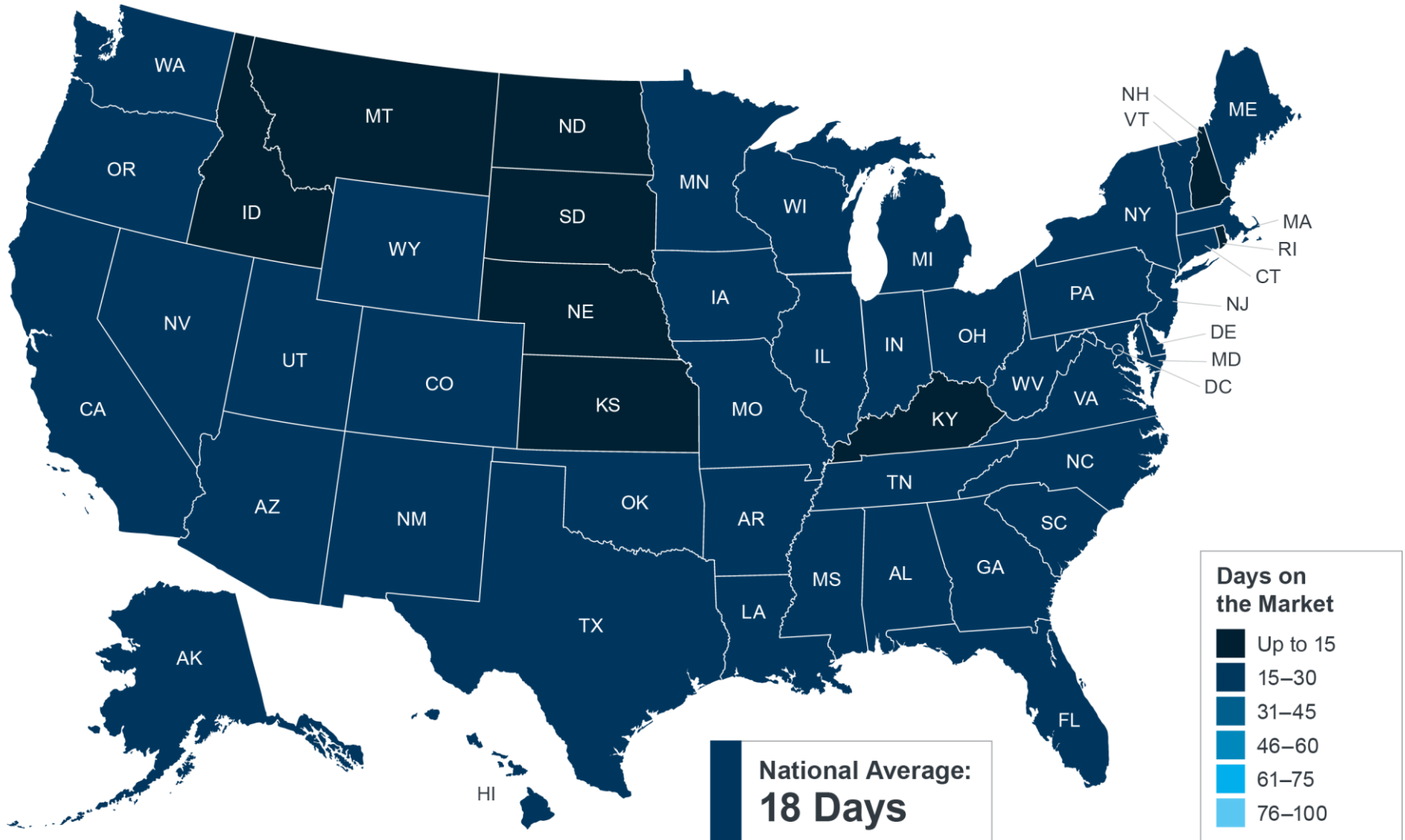


Home Sales



Average Days on the Market

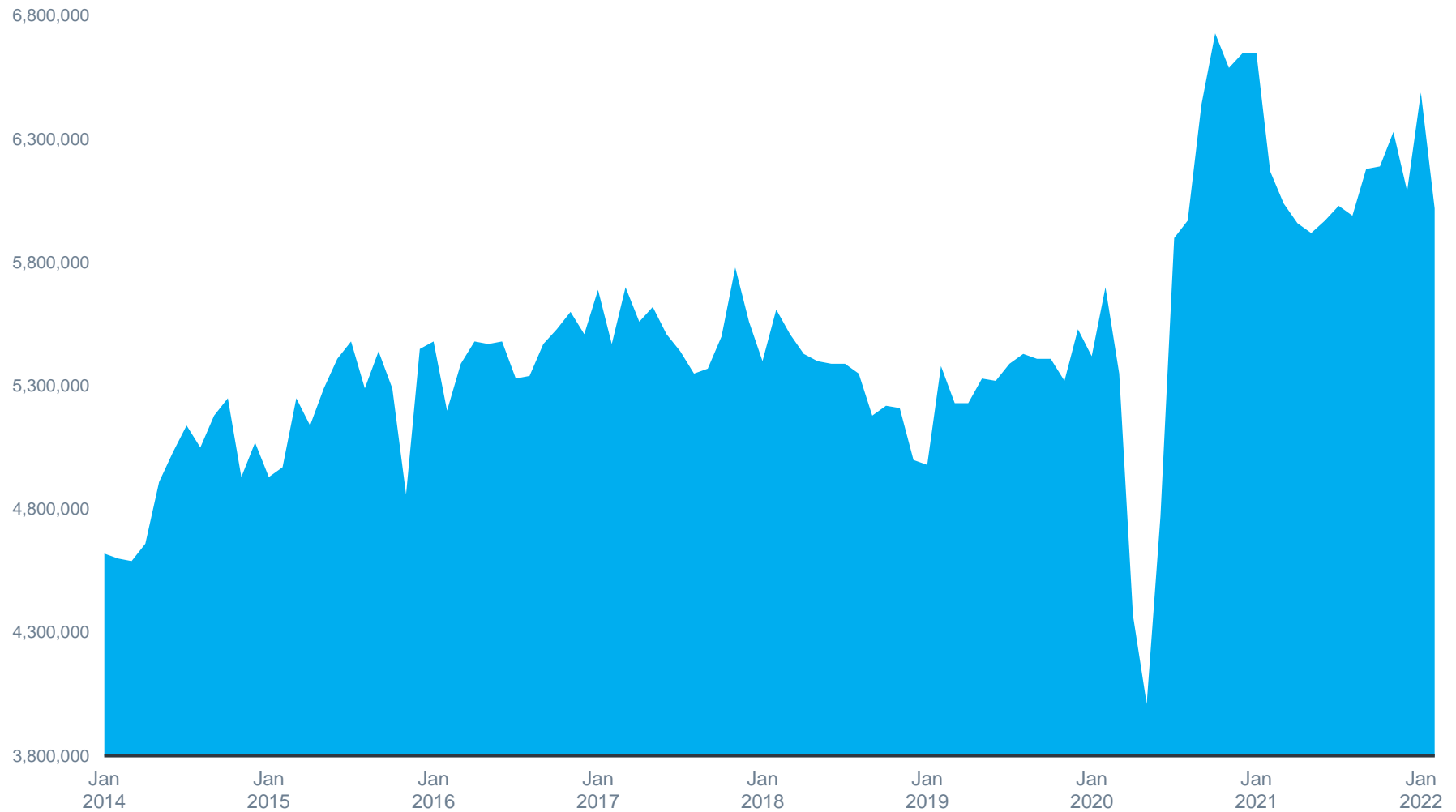
February 2022



Source: NAR

Existing Home Sales

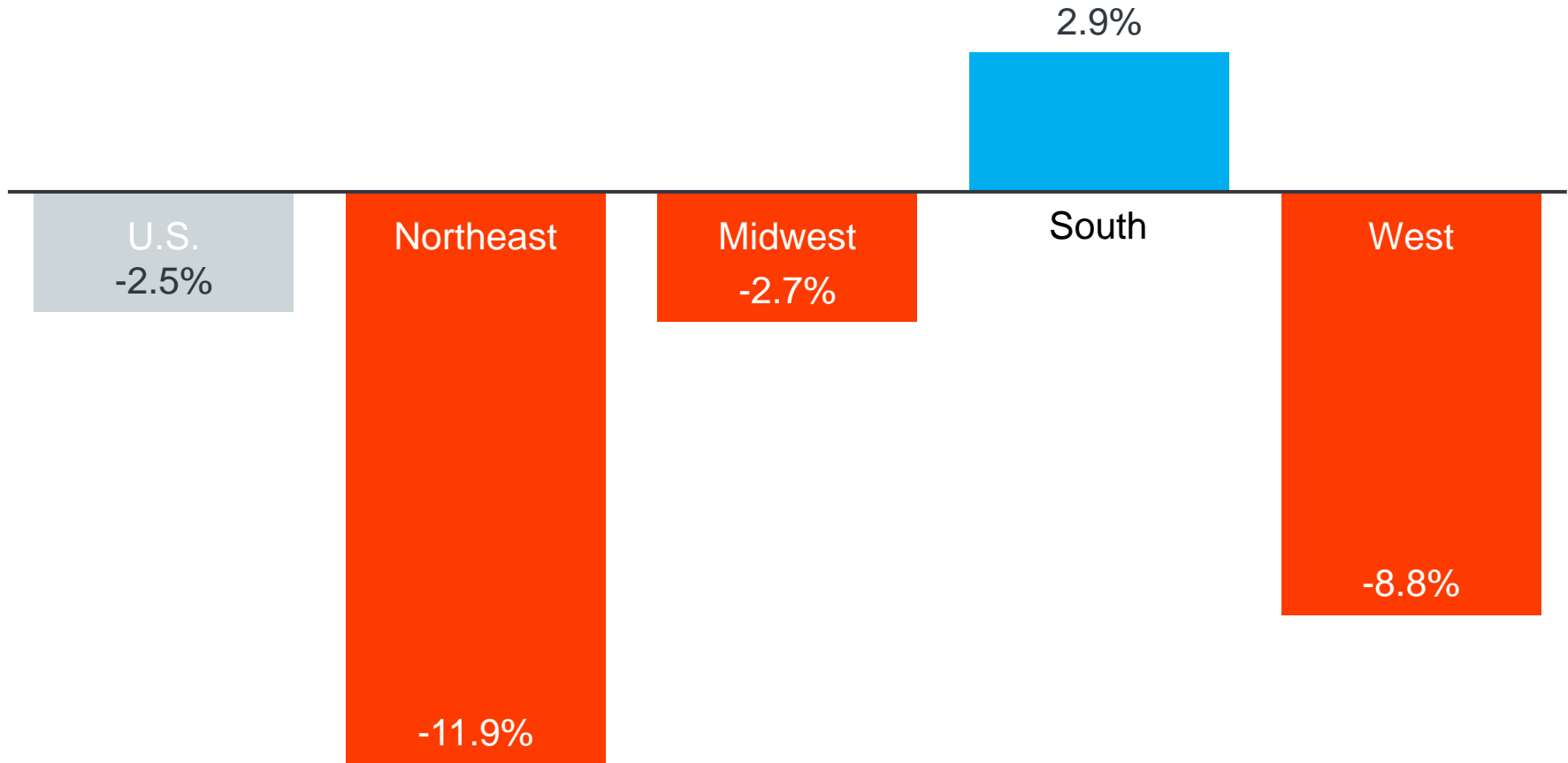
Since January 2014



Source: NAR

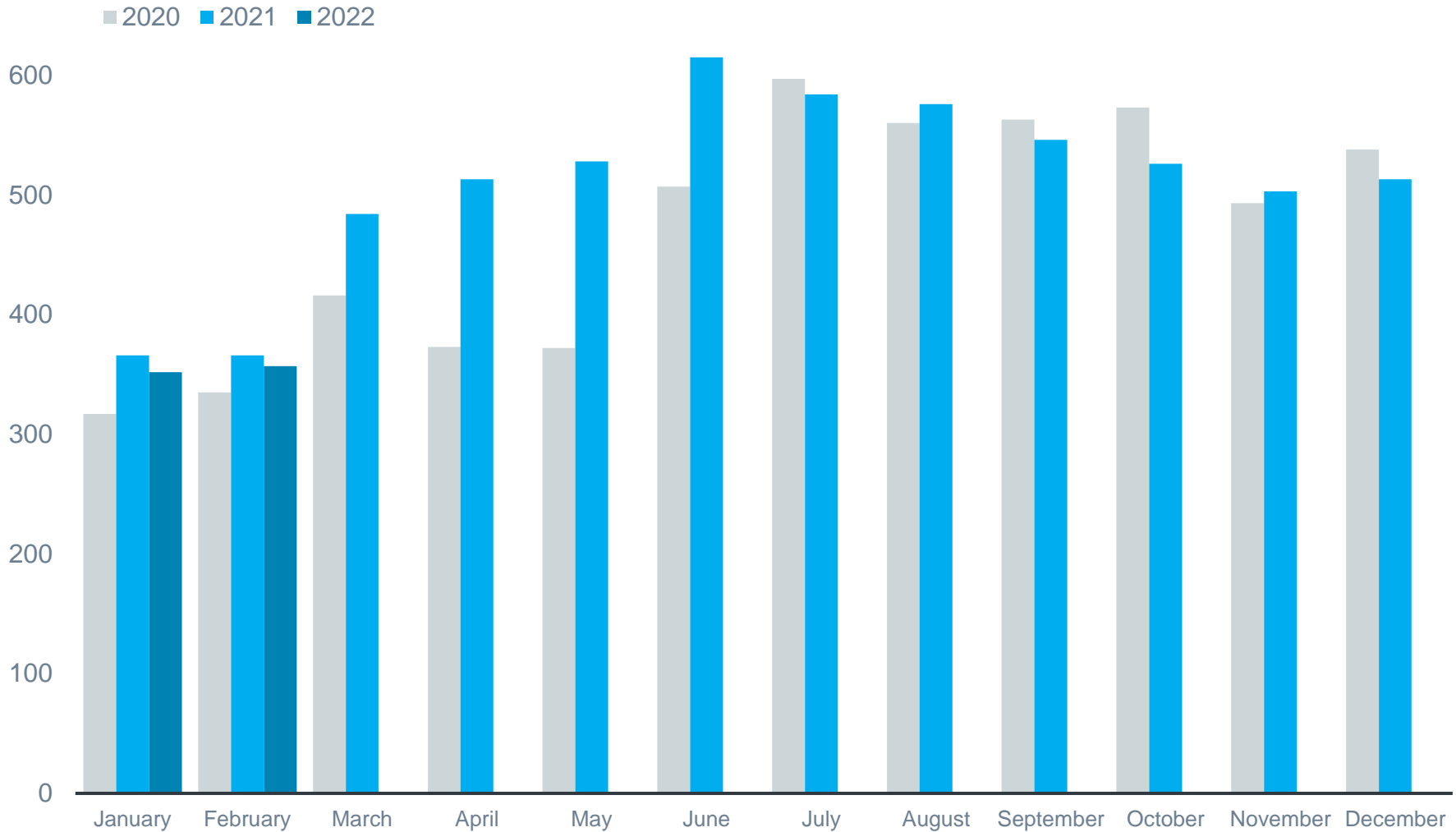
Existing Home Sales

Year-Over-Year, by Region



Existing Home Sales

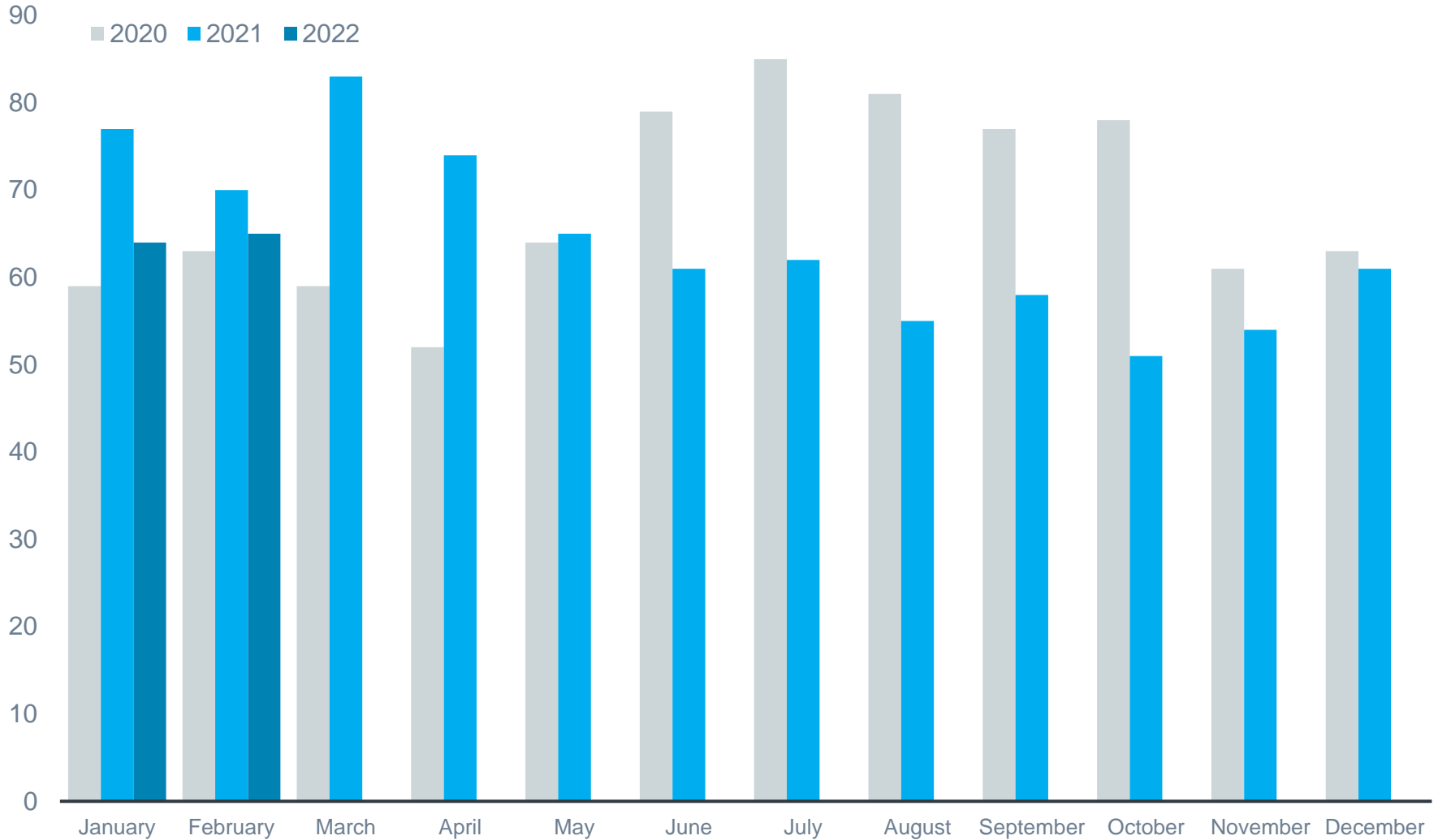
In Thousands



Source: NAR

New Home Sales

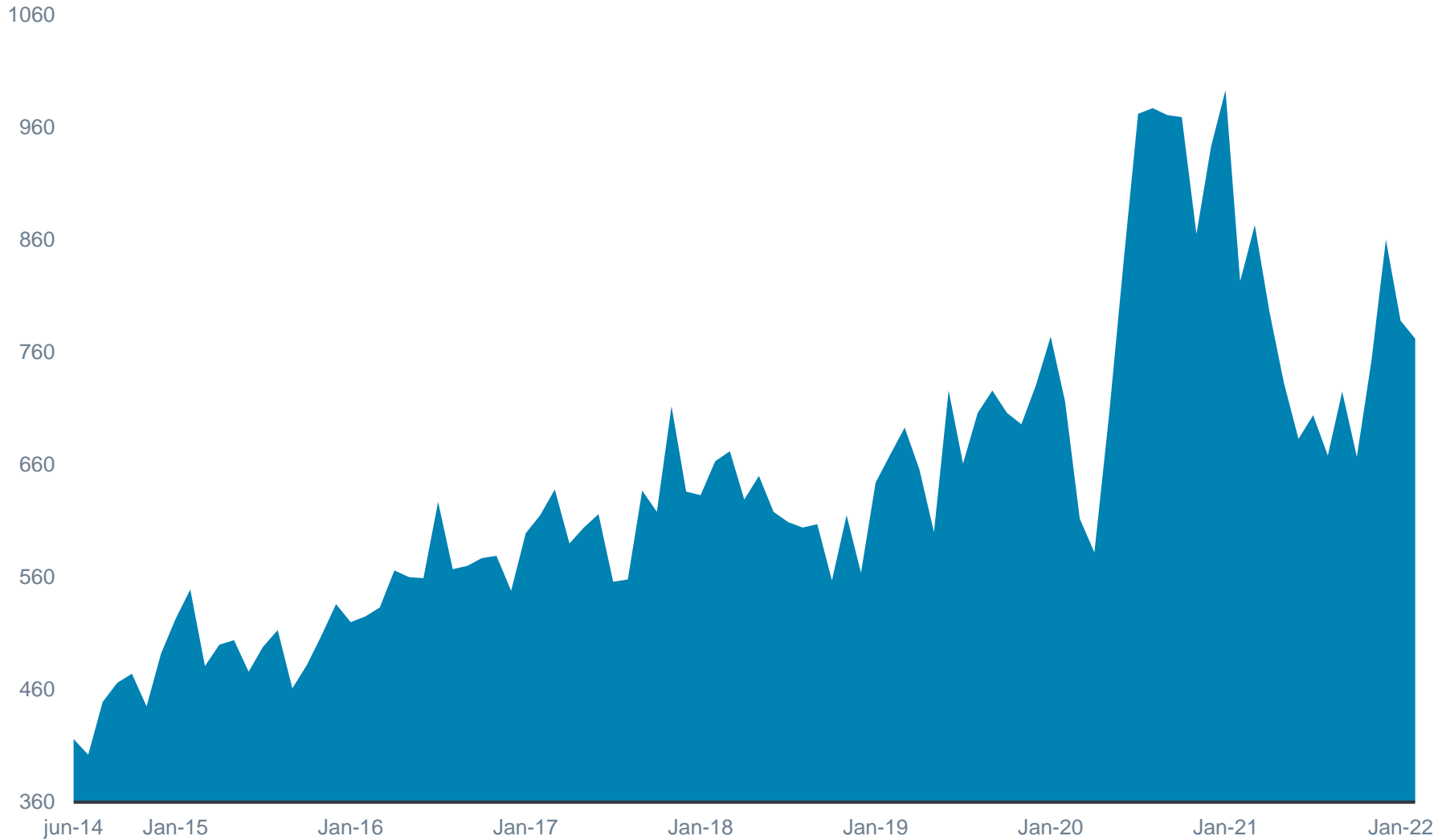
In Thousands



Source: Census

New Home Sales

Annualized in Thousands



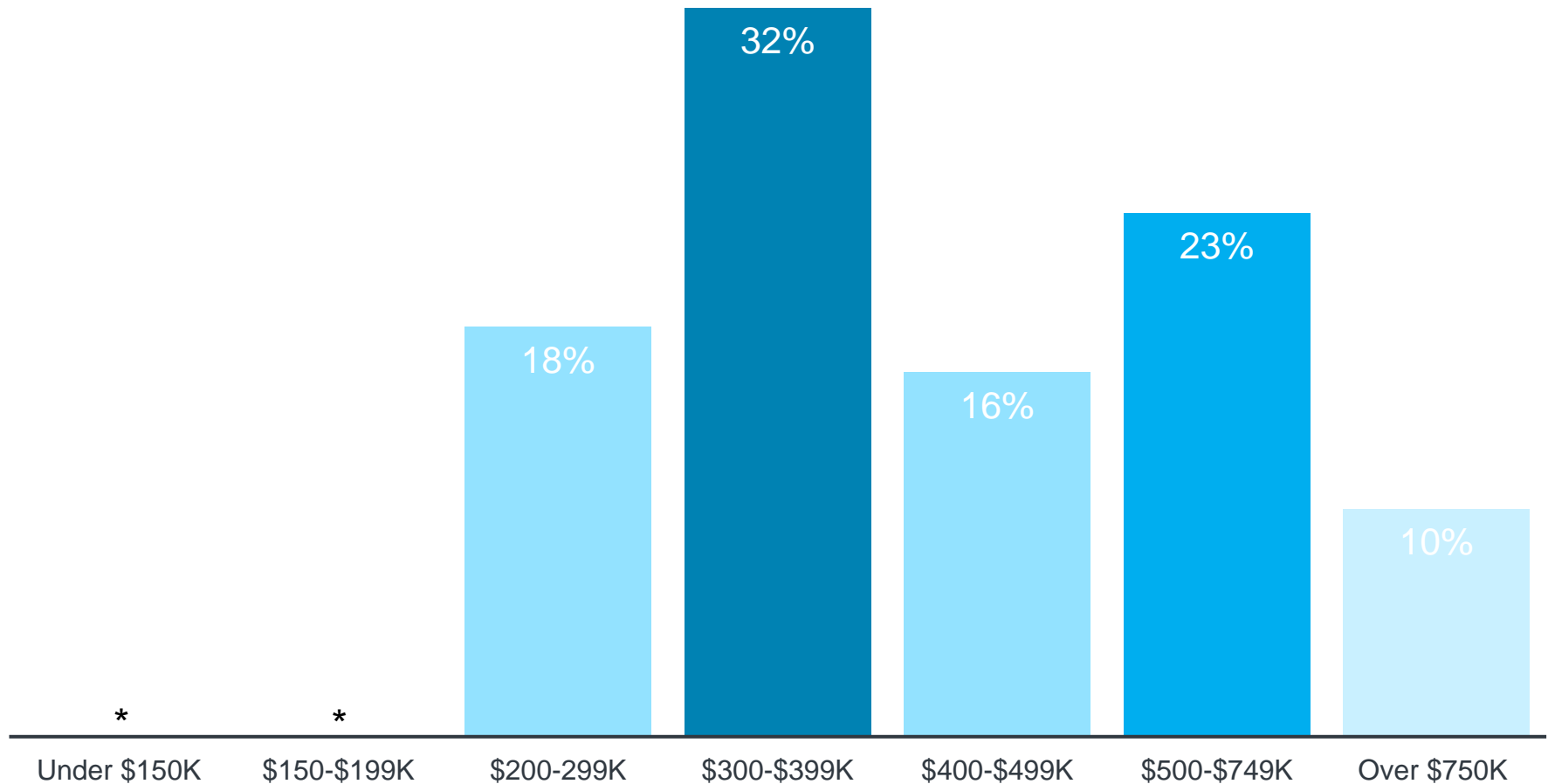
Source: Census

New Home Sales

Percent of Distribution by Price Range



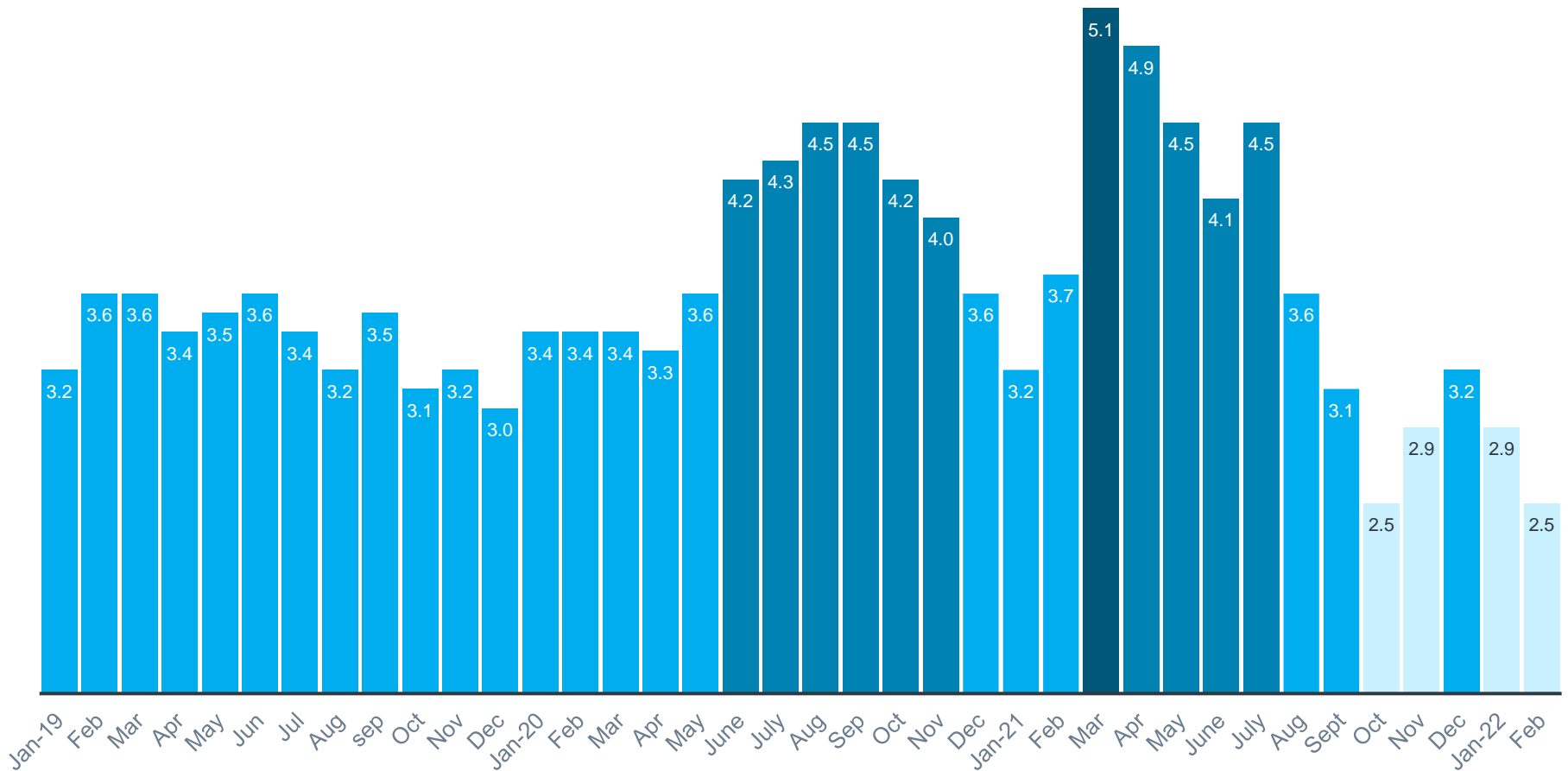
* Less Than 500 Units or Less Than 0.5 Percent



Source: Census

New Homes Selling Fast

Median Months from Completion to Sold

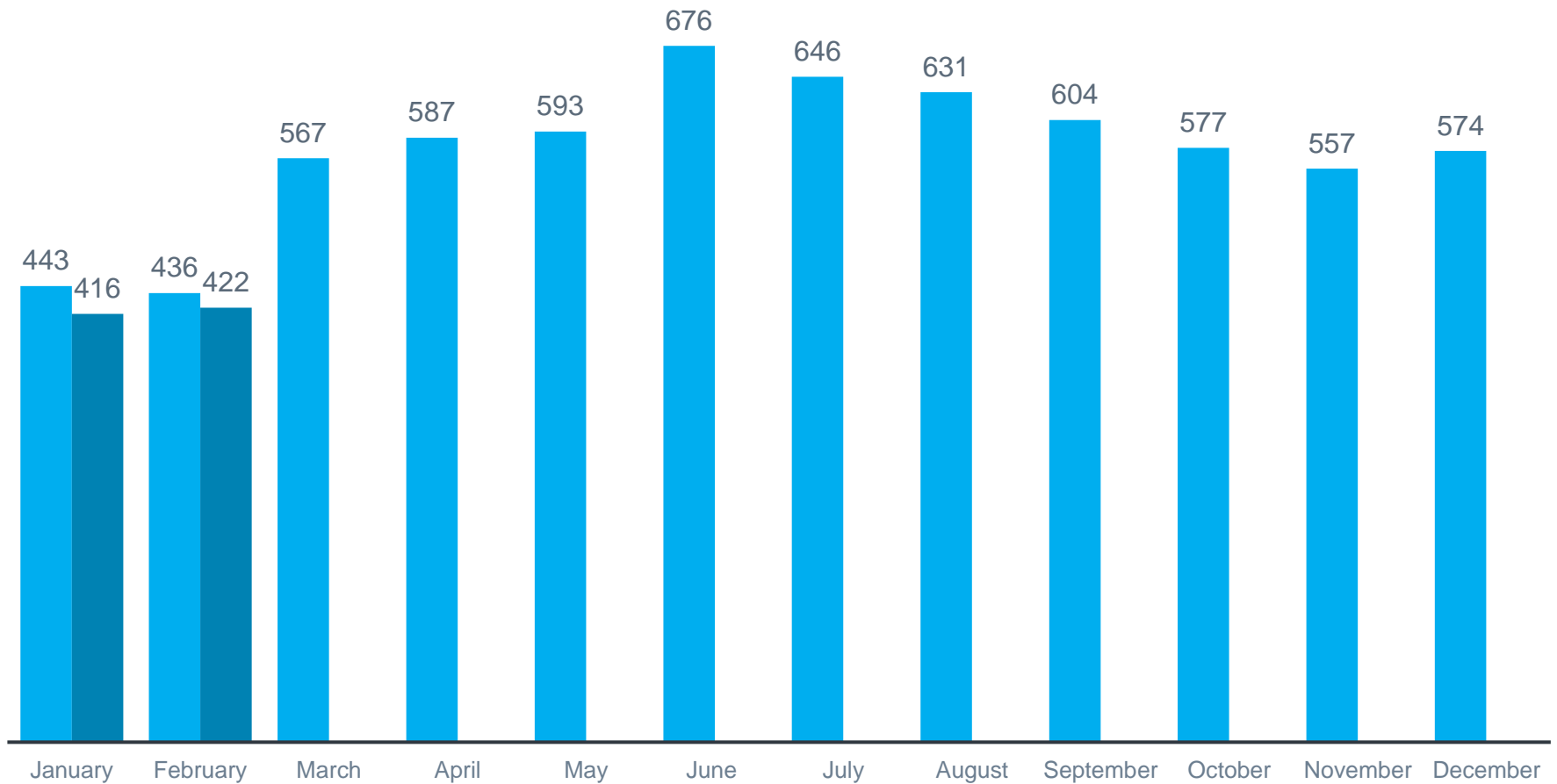


Source: Census

Total Home Sales

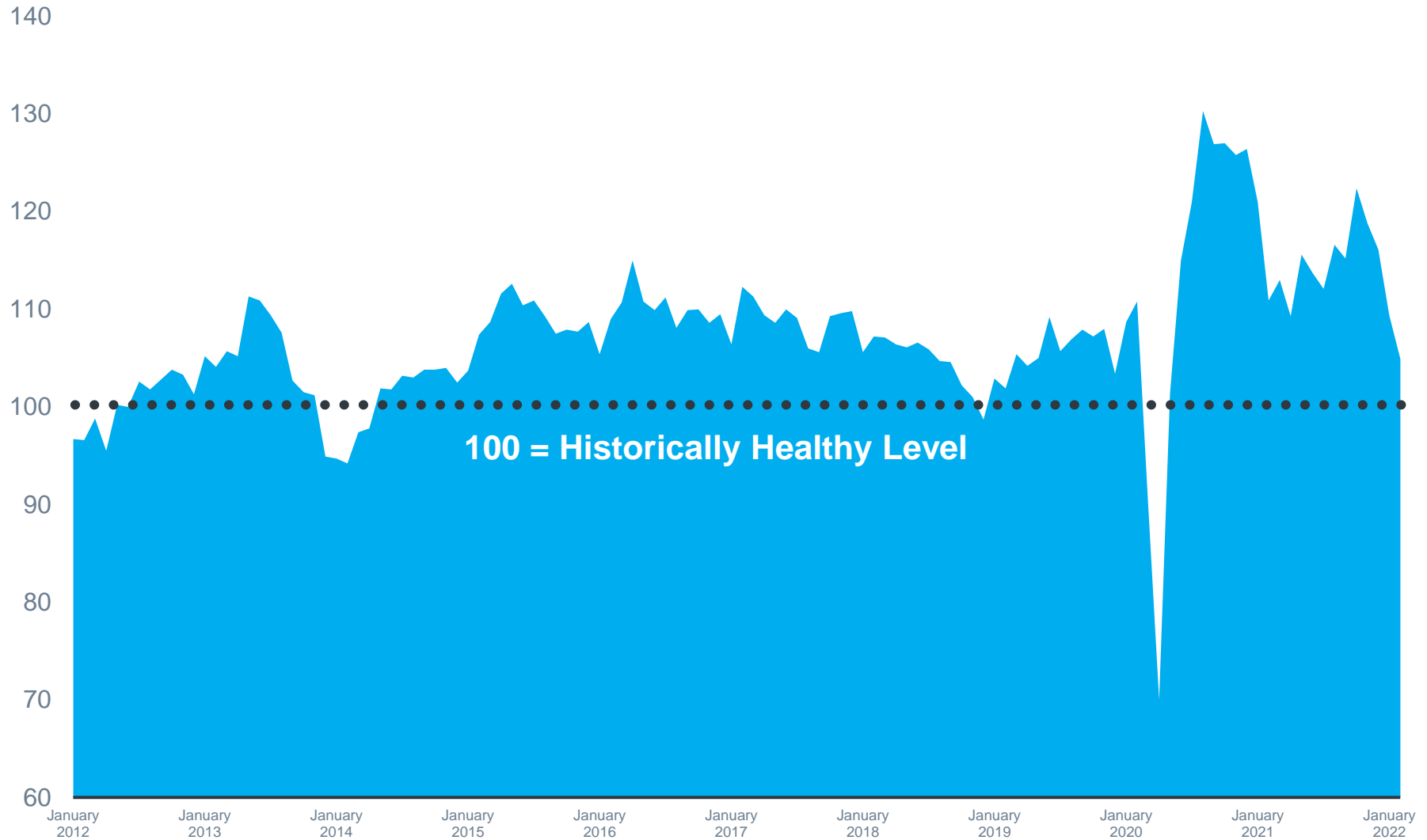
In Thousands

■ 2021 ■ 2022



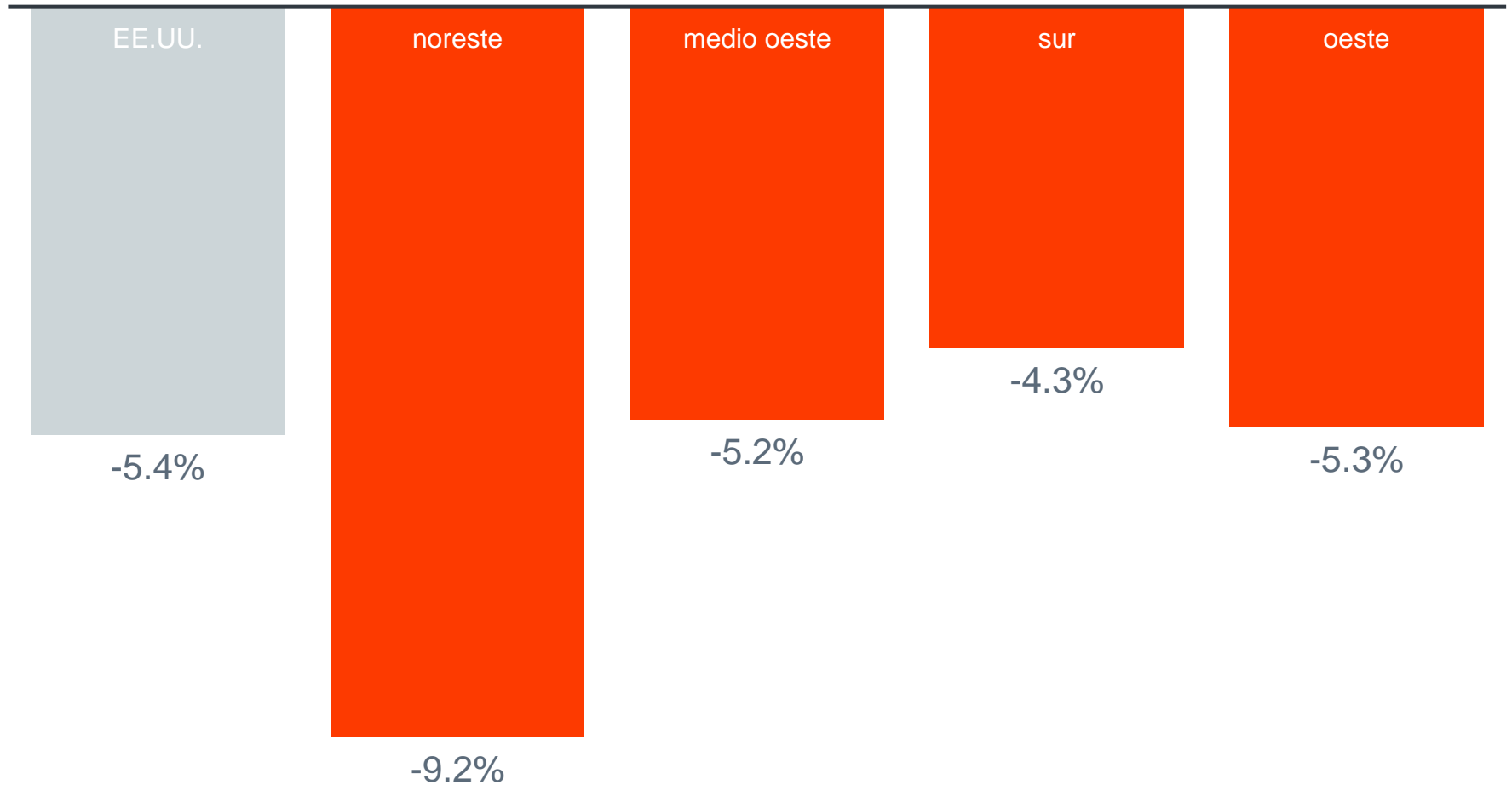
Source: Census

Pending Home Sales



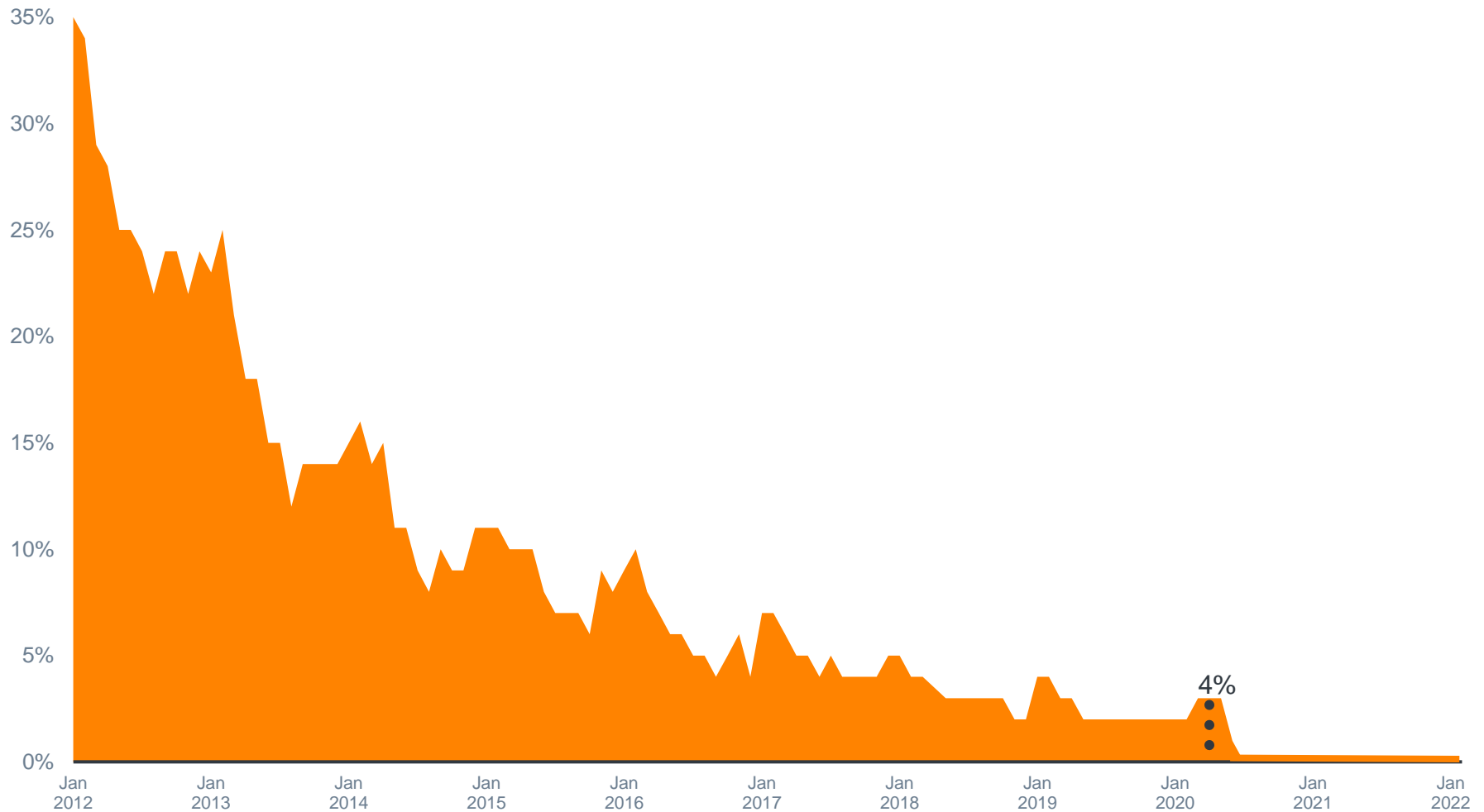
Ventas de casas que aún están pendientes

año tras año por región



Percentage of Distressed Property Sales

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



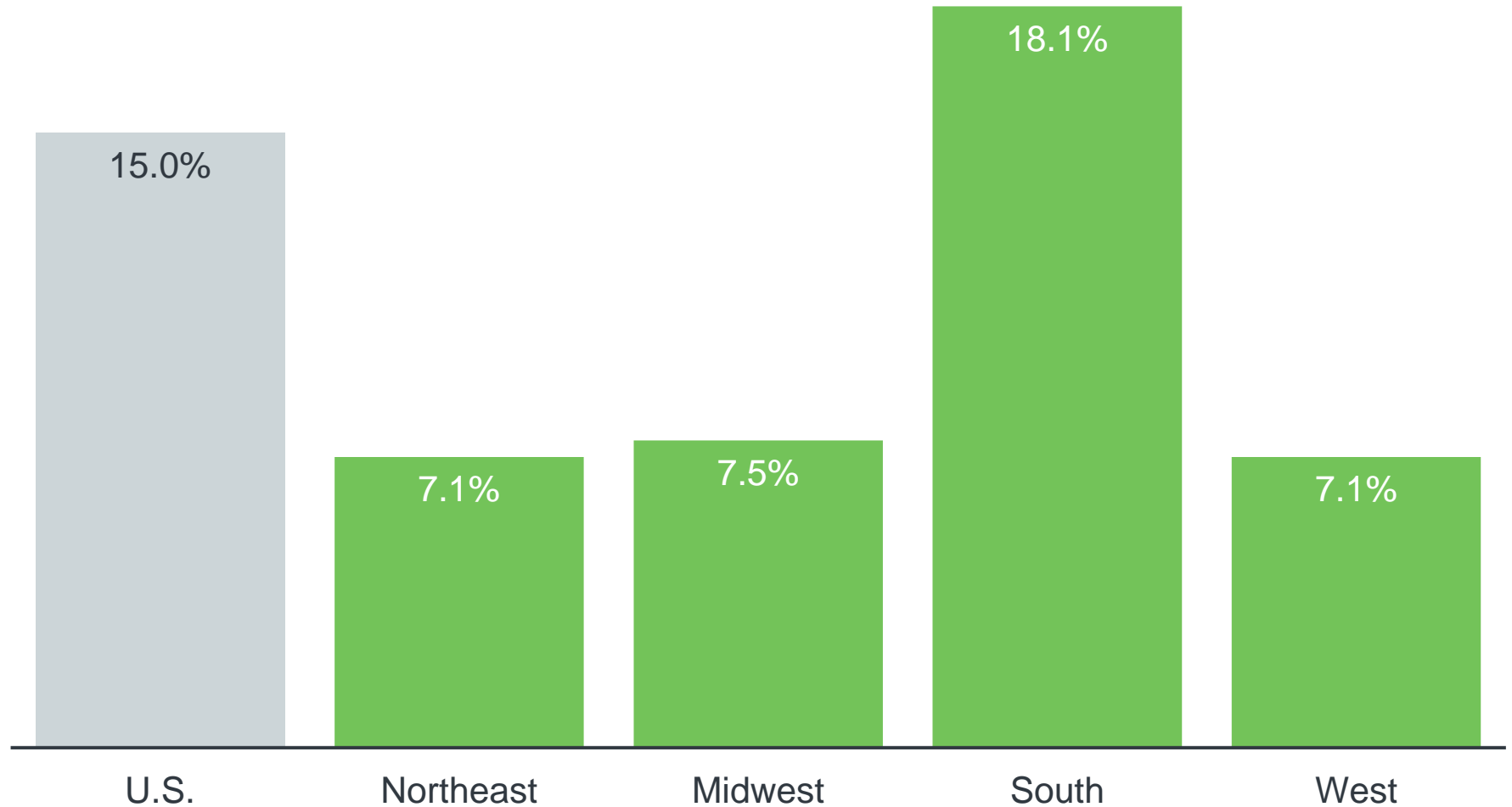


Home Prices



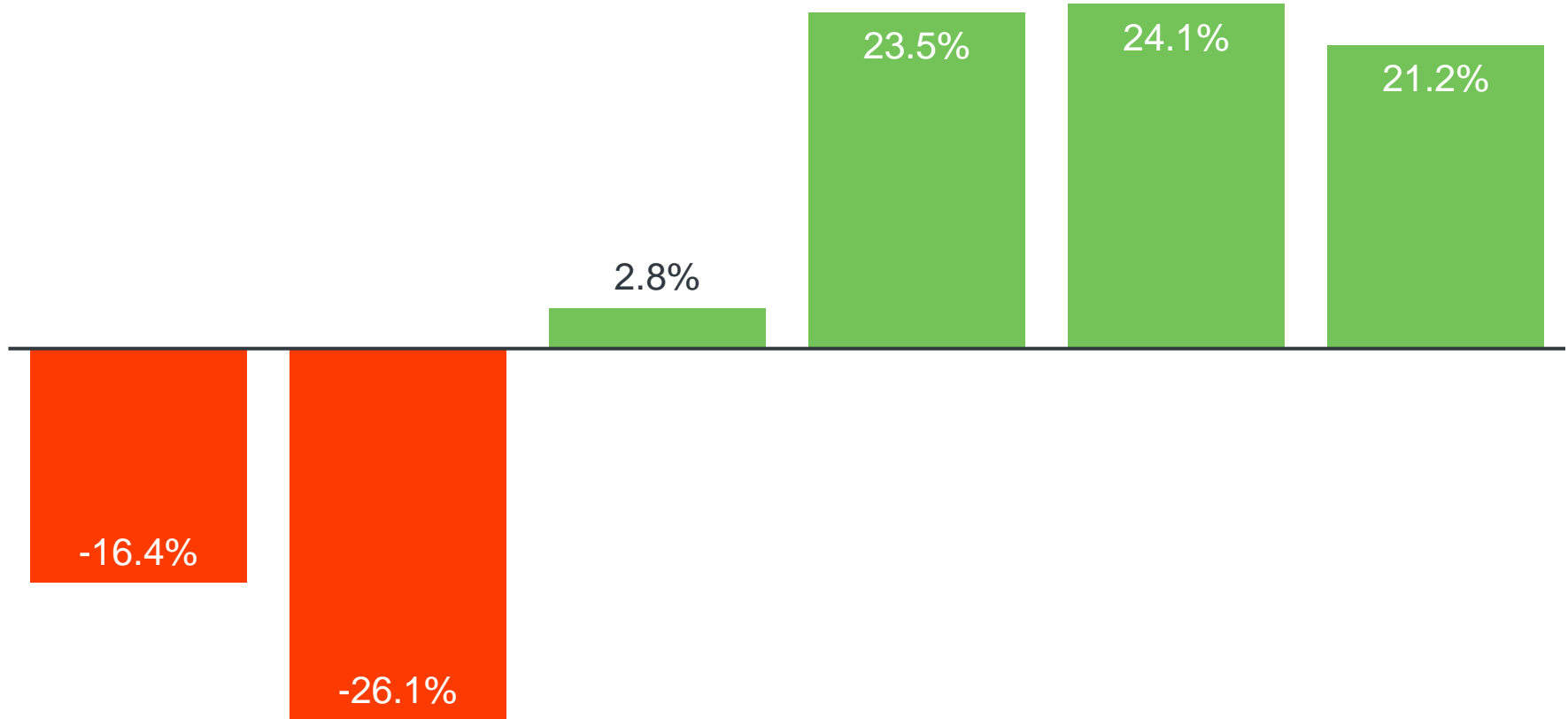
Sales Price of Existing Homes

Year-Over-Year, by Region



% Change in Sales

Year-Over-Year, by Price Range

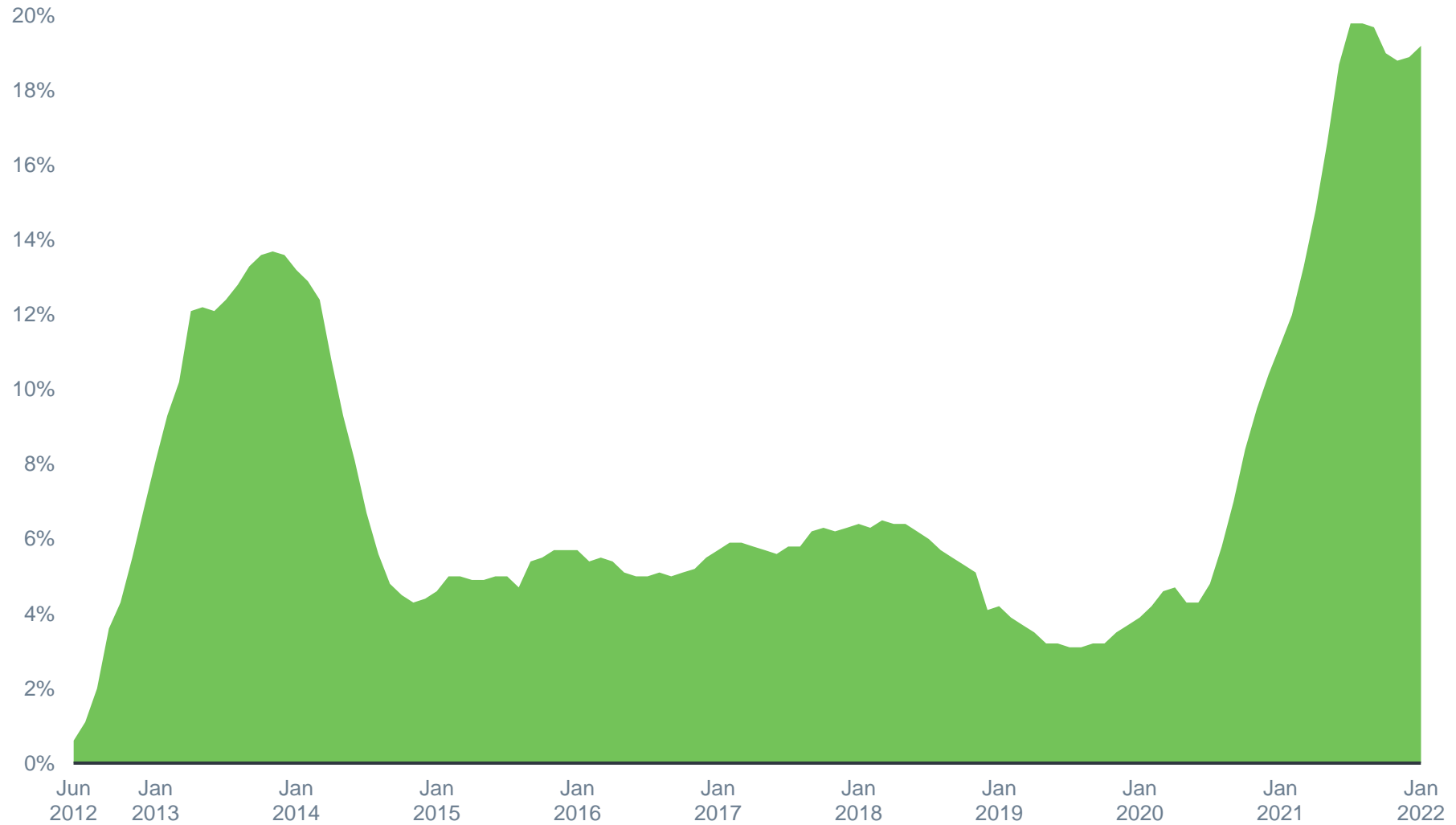


| | \$0-100K | \$100-250K | \$250-500K | \$500-750K | \$750K-1M | \$1M+ |
|---|----------|------------|------------|------------|-----------|-------|
| % | -16.4% | -26.1% | 2.8% | 23.5% | 24.1% | 21.2% |

Source: NAR

Change in Home Prices

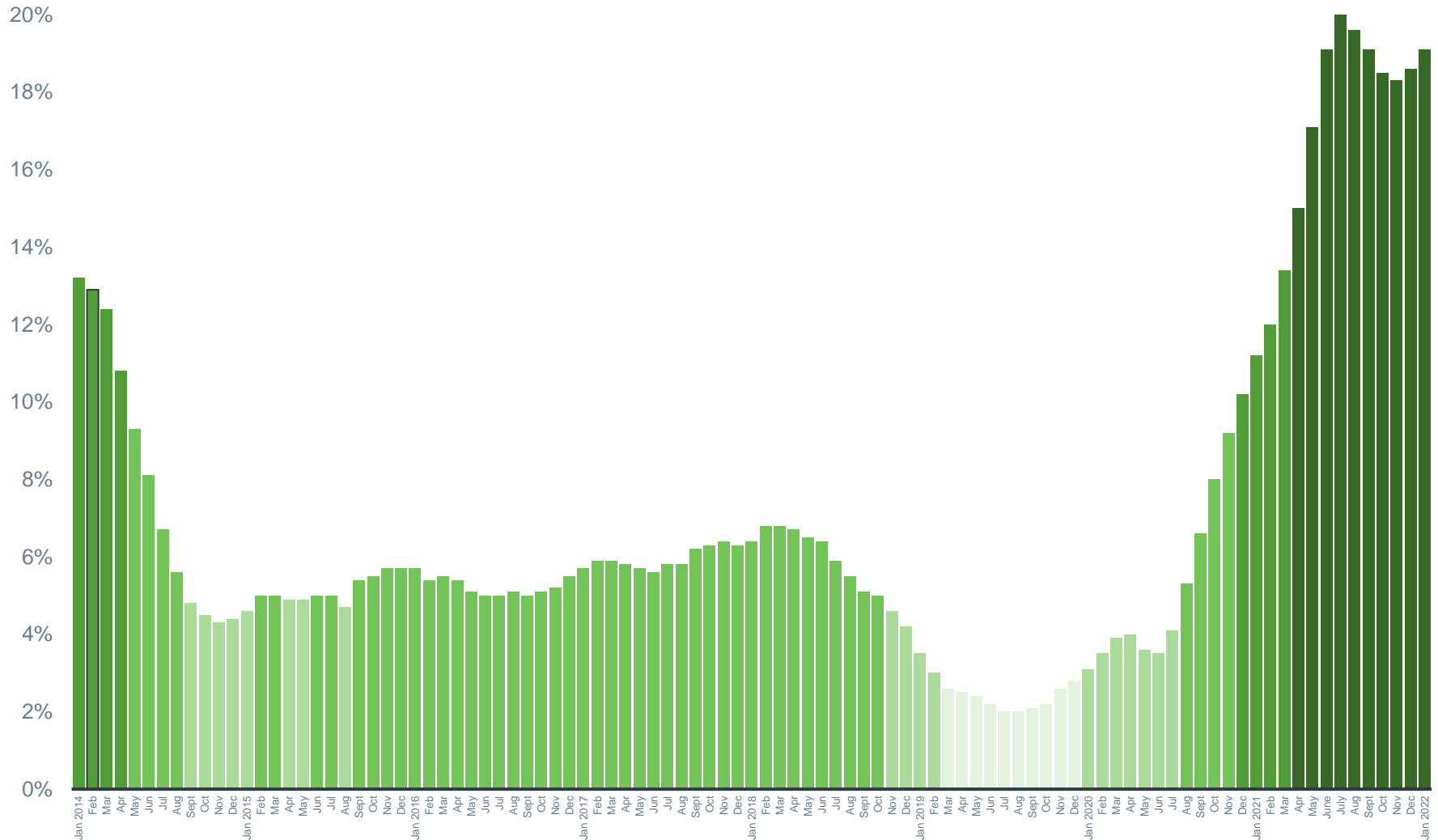
Year-Over-Year



Source: S&P Case-Shiller

Change in Home Prices

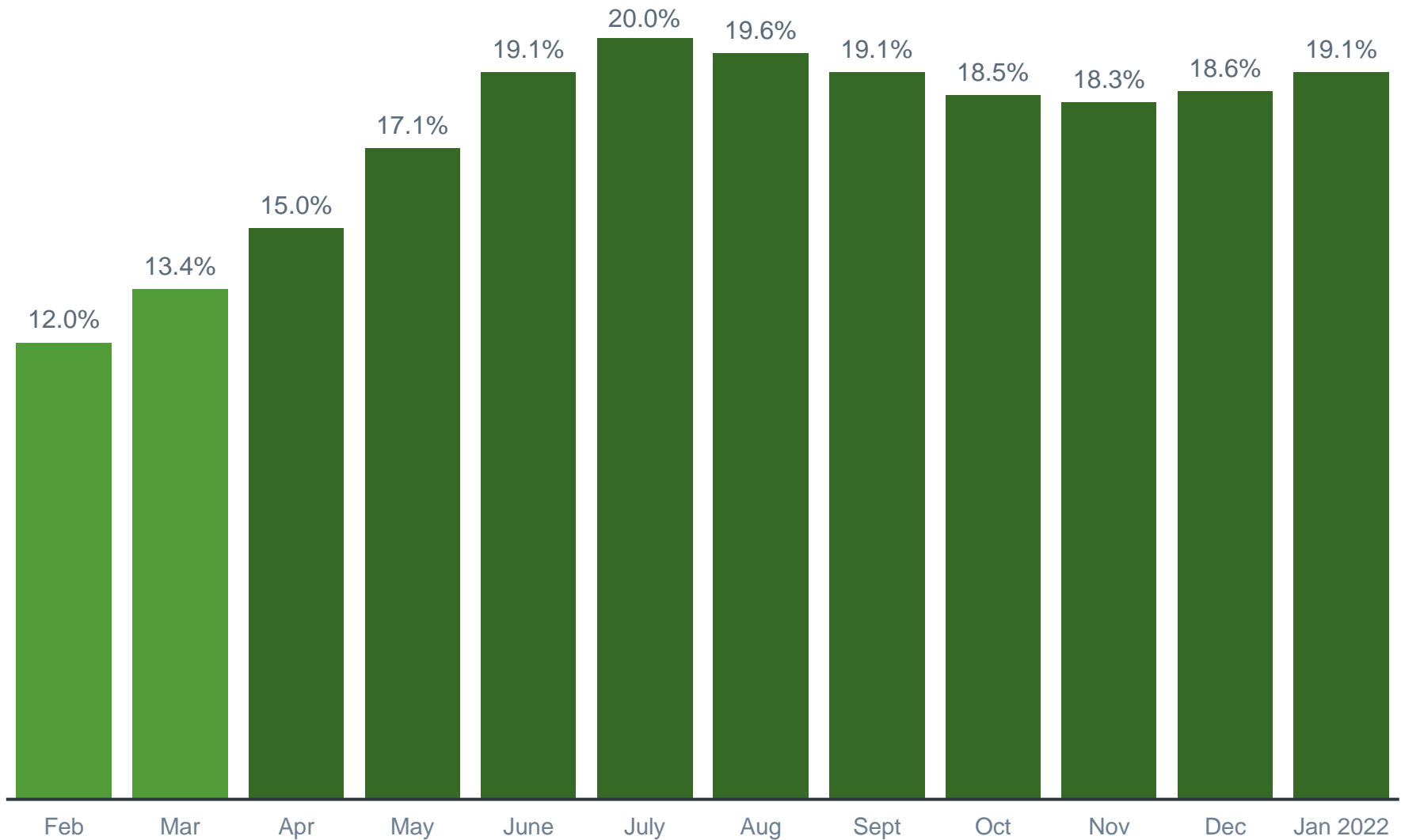
Year-Over-Year, 20 City Composite



Source: S&P Case-Shiller

Change in Home Prices

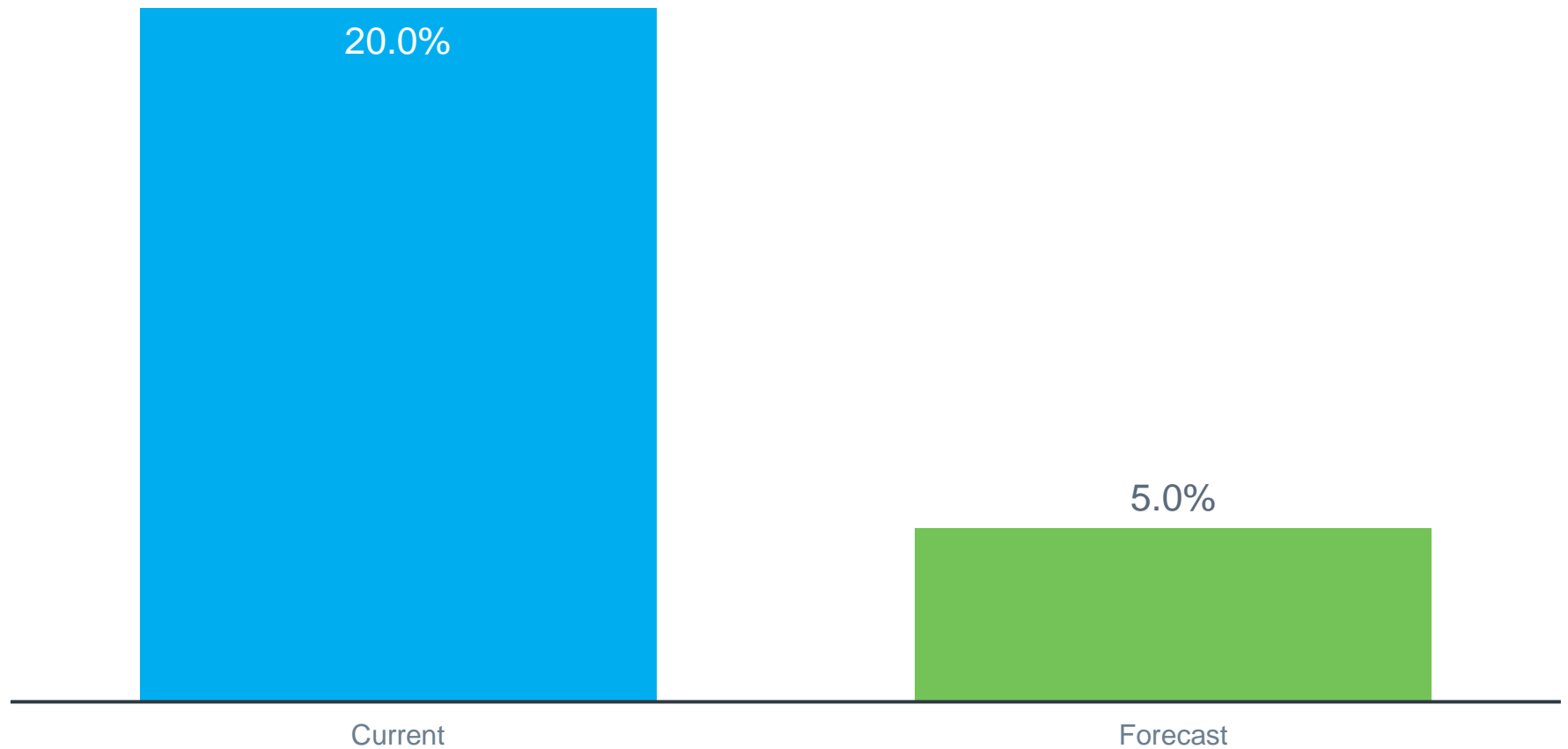
Year-Over-Year, 20 City Composite



Source: S&P Case-Shiller

Year-Over-Year % Change in Price

February 2022



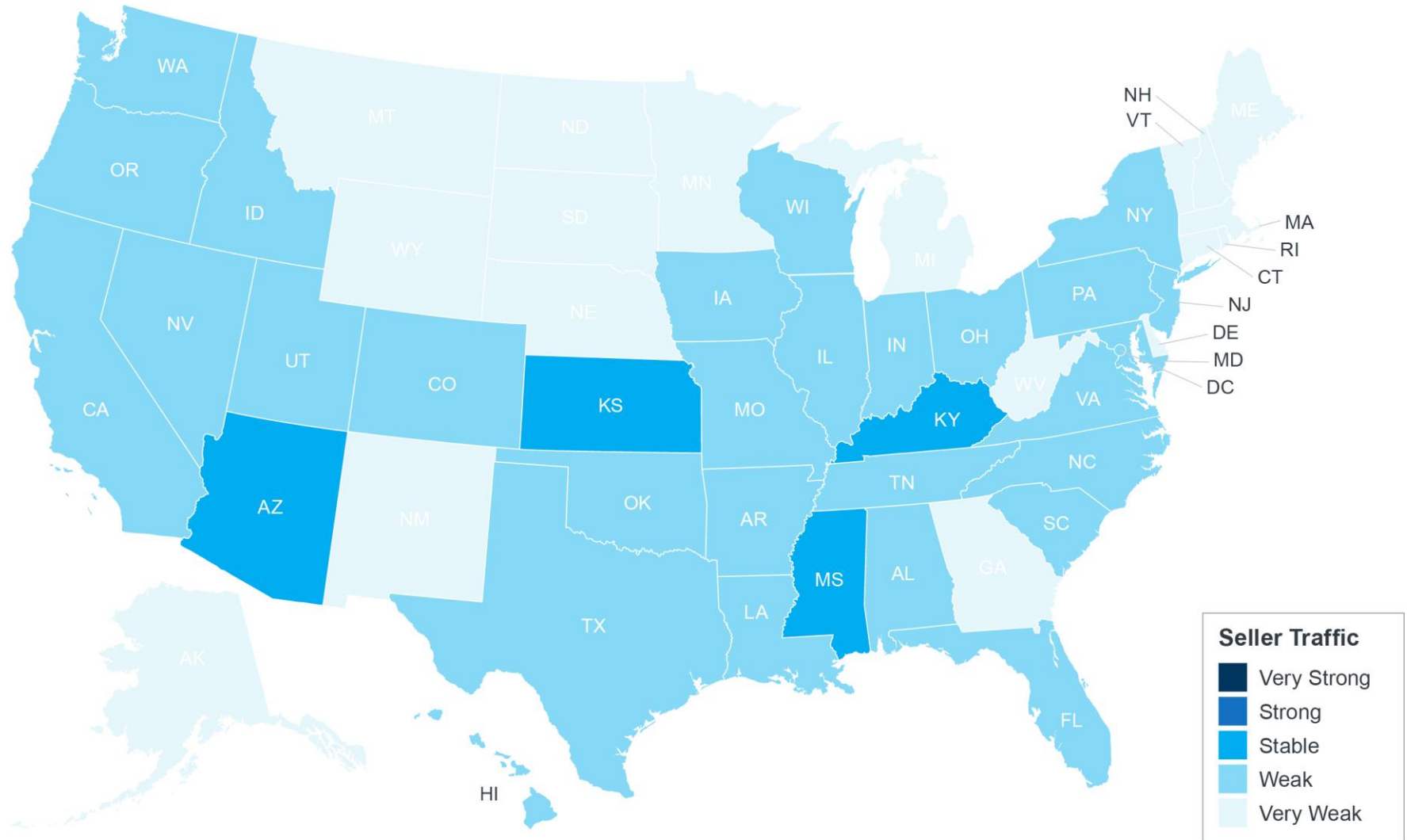


Housing Inventory



Seller Traffic Index

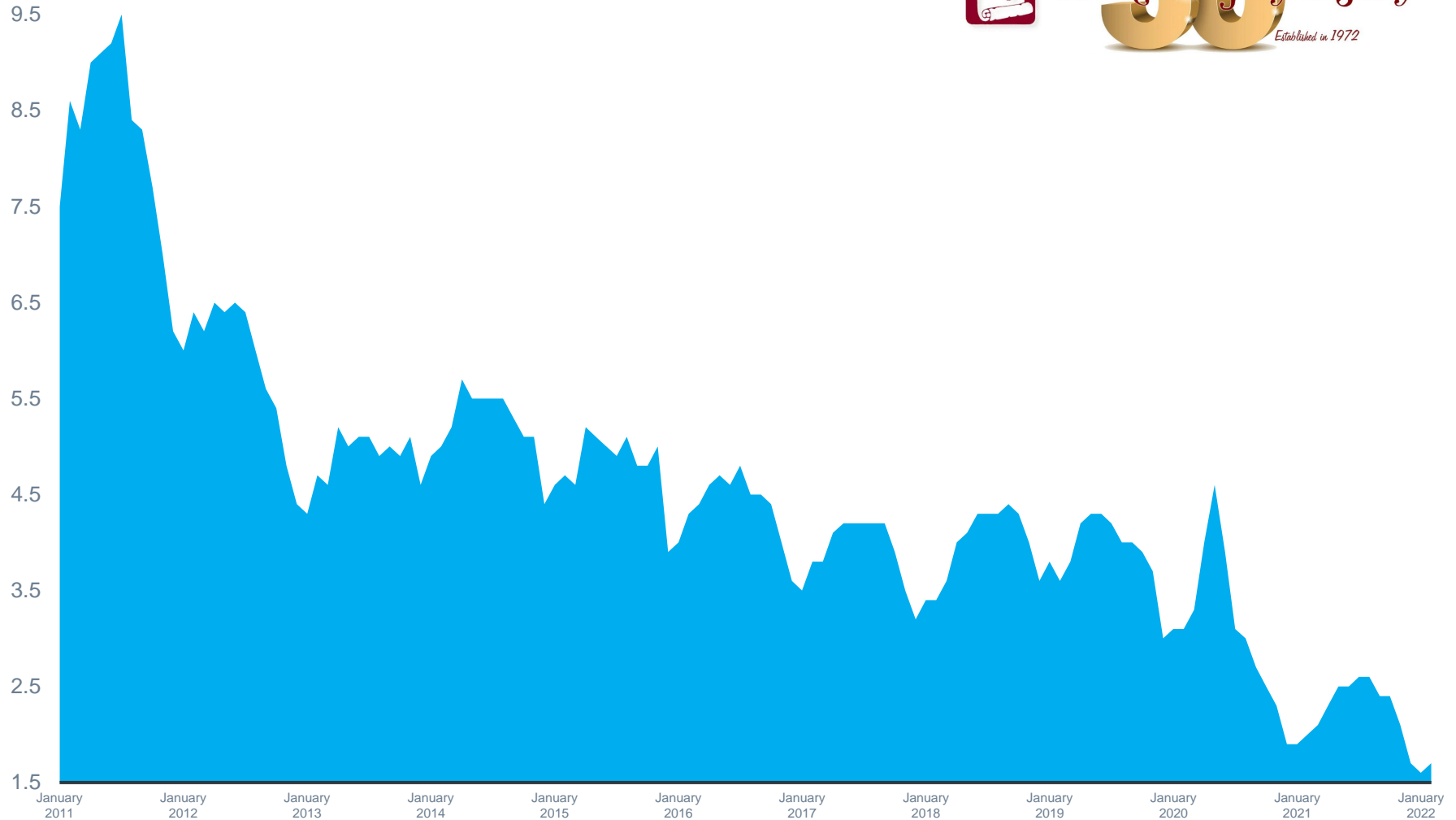
February 2022



Source: NAR

Months Inventory of Homes for Sale

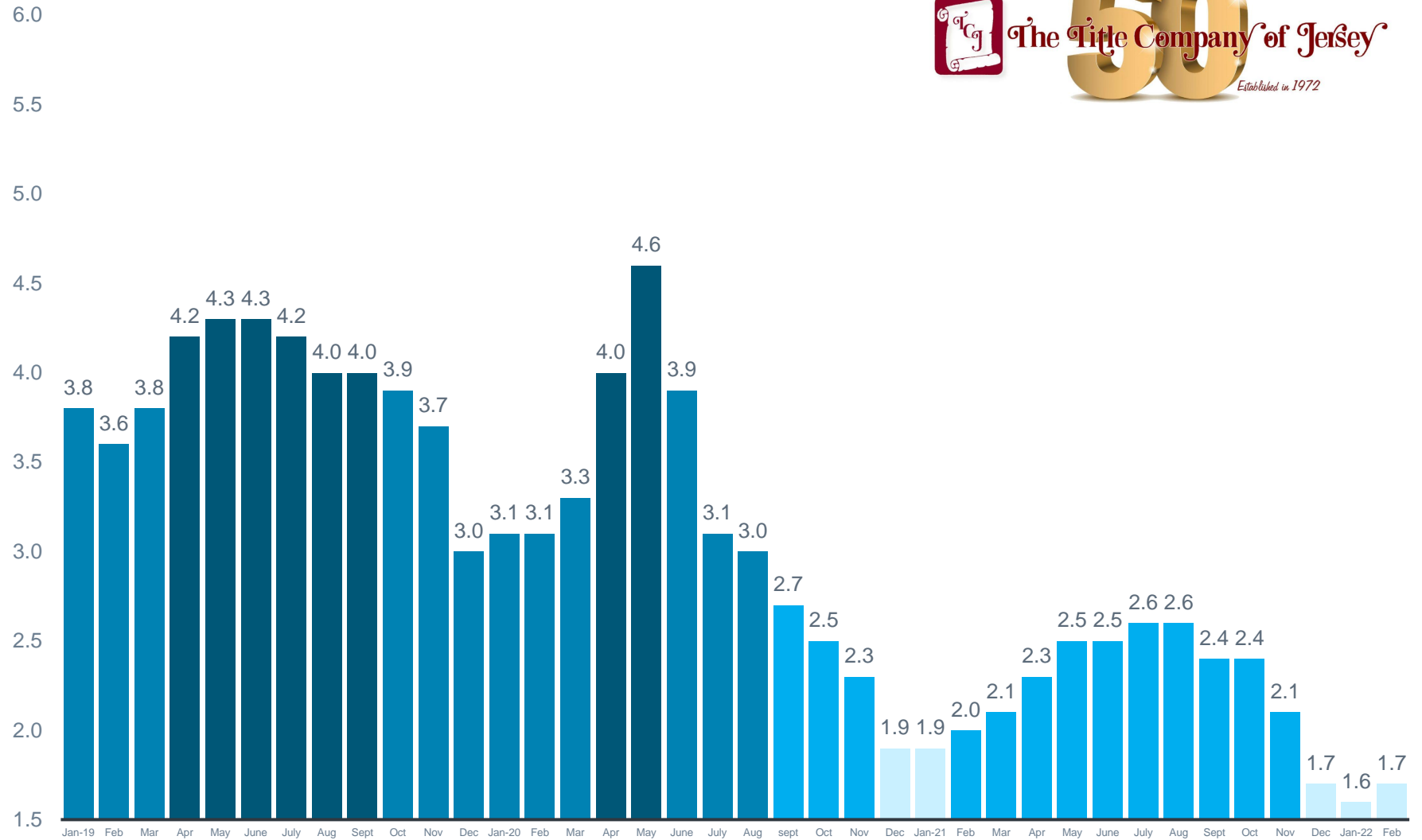
2011 - Today



Source: NAR

Months Inventory of Homes for Sale

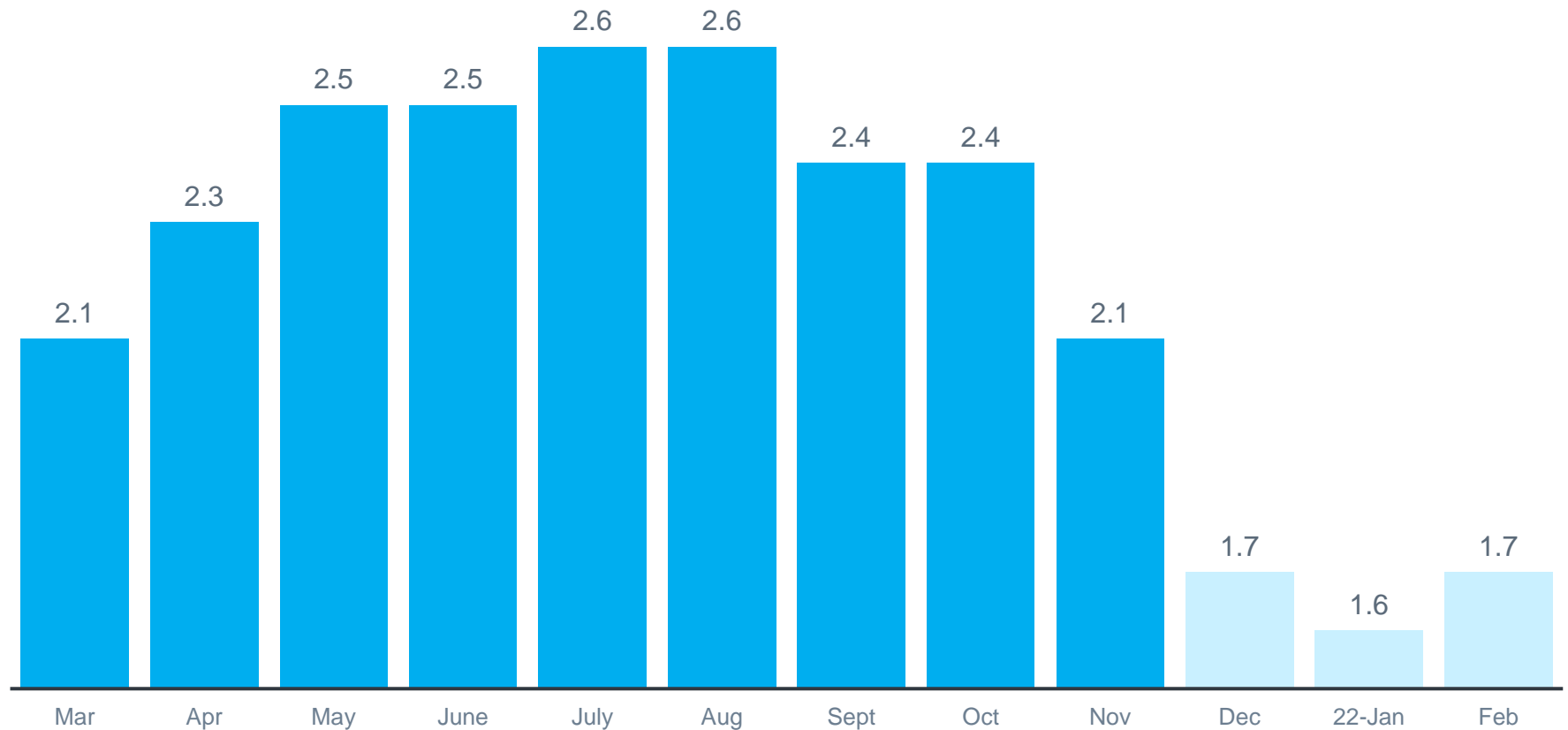
Since 2019



Source: NAR

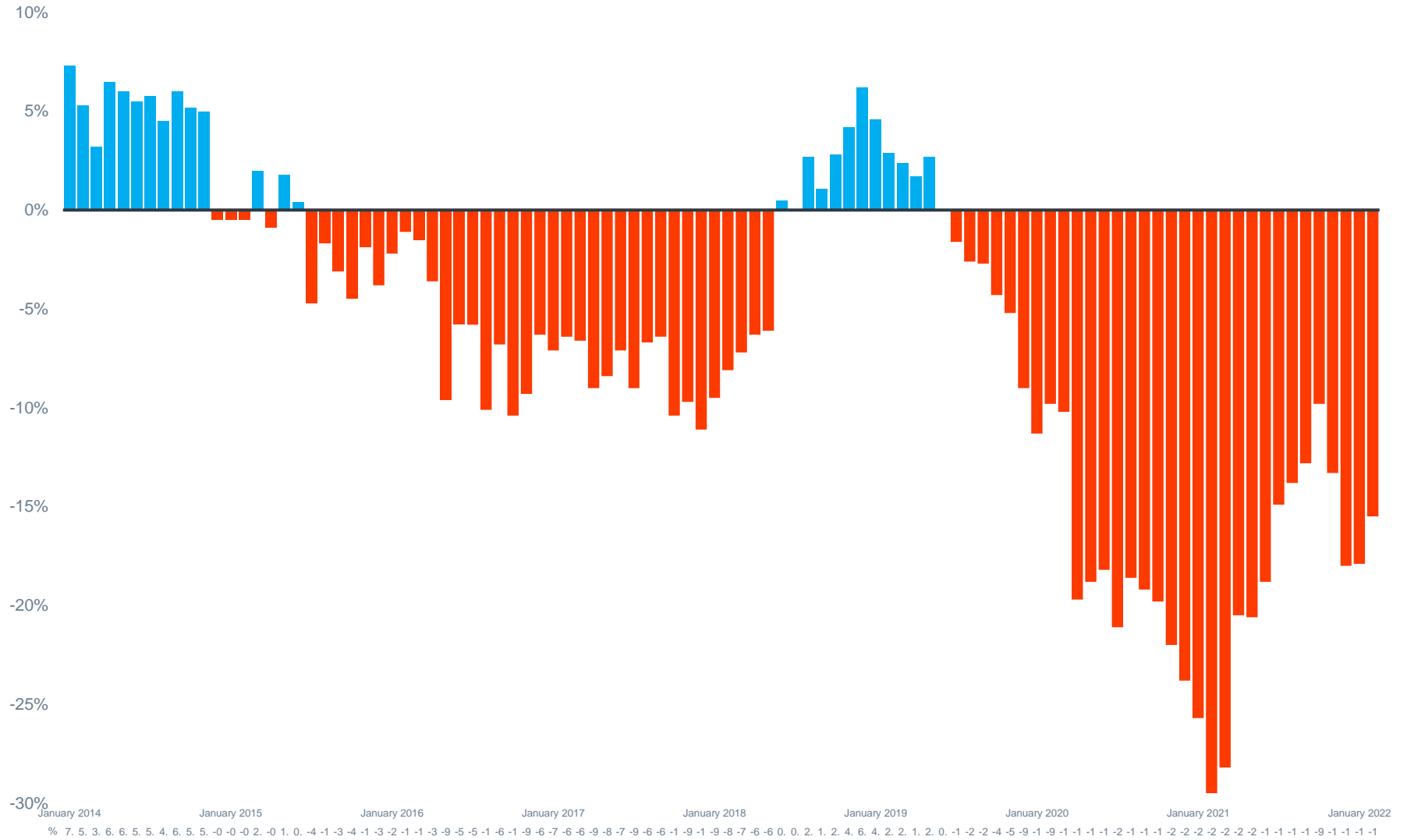
Months Inventory of Homes for Sale

Last 12 Months



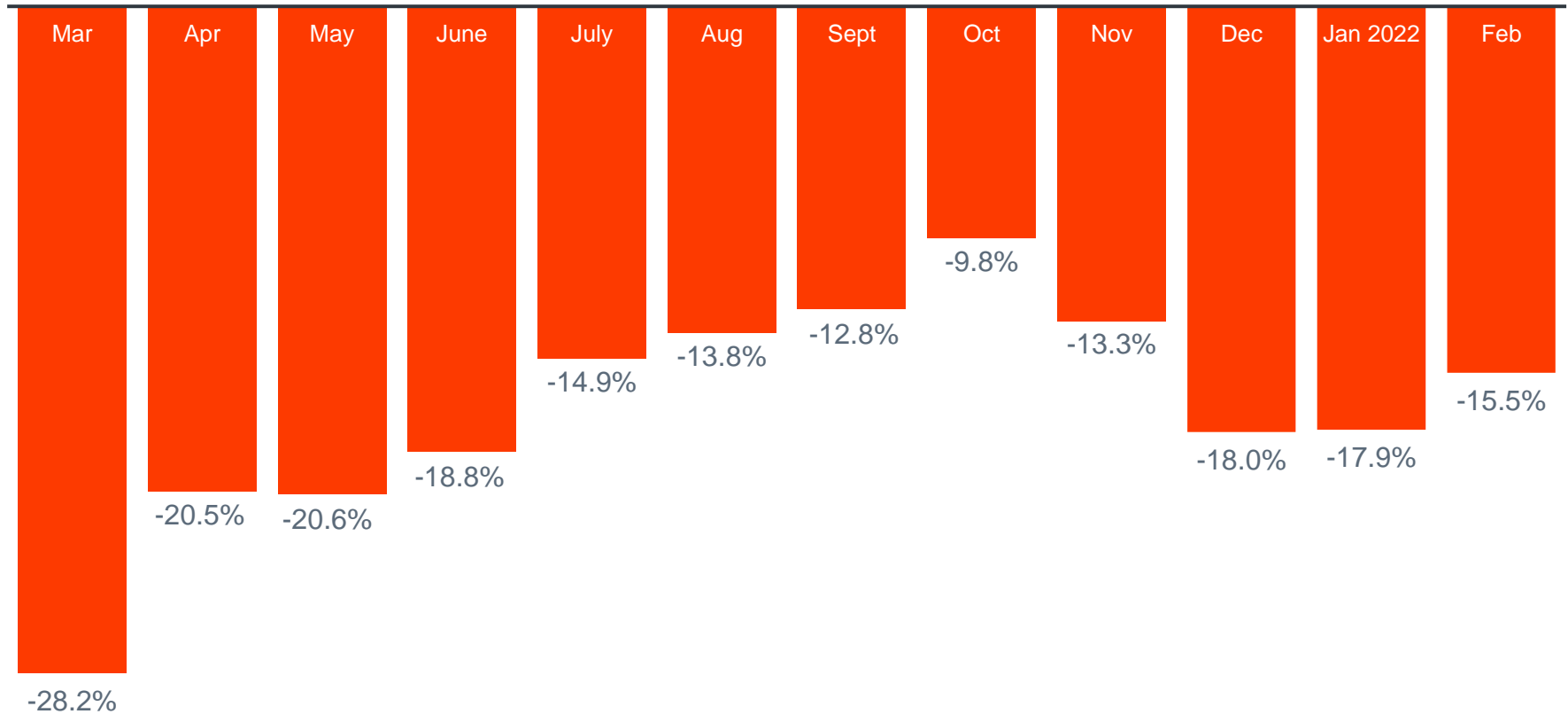
Source: NAR

Year-Over-Year Inventory Levels



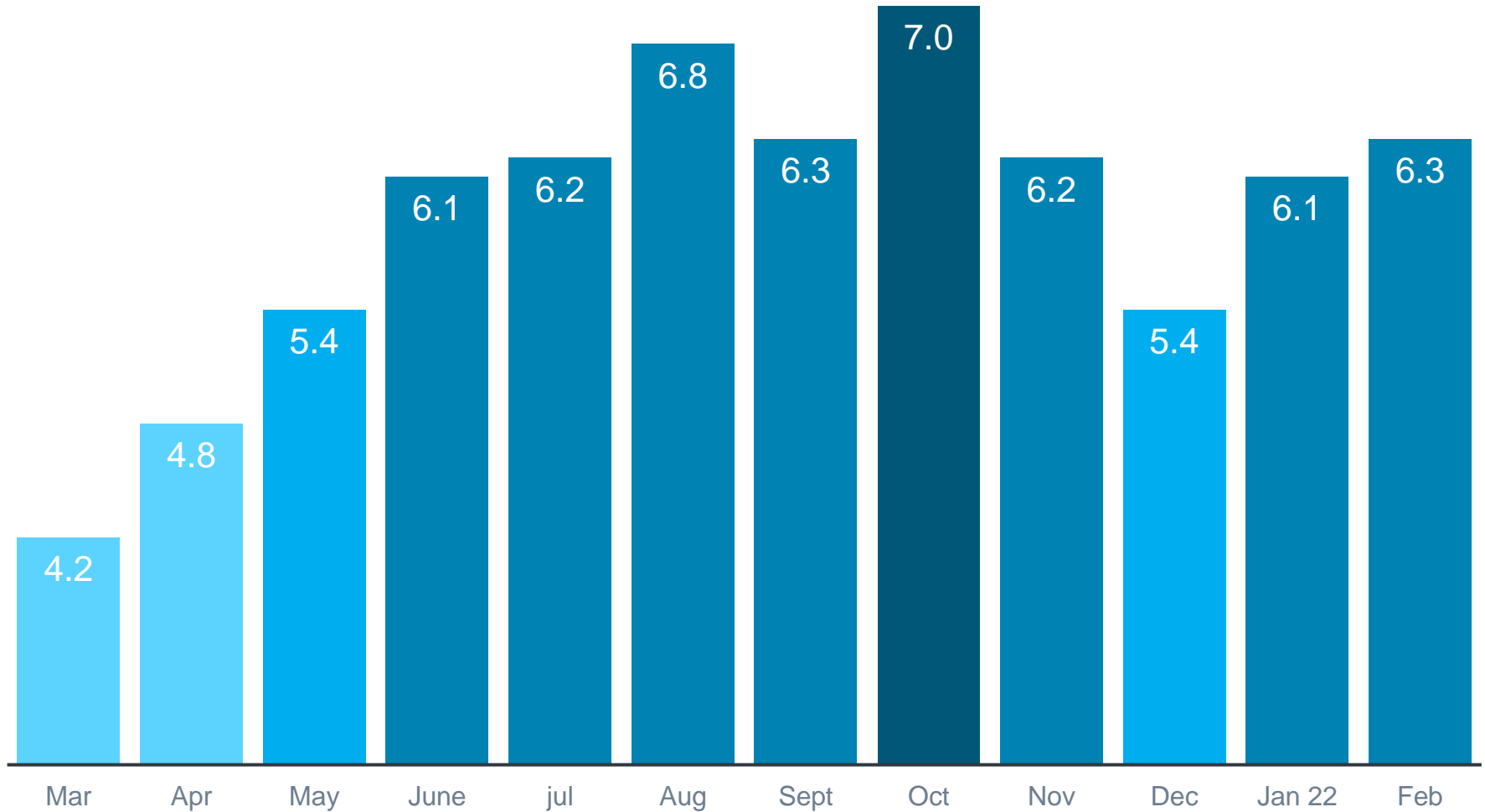
Year-Over-Year Inventory Levels

Last 12 Months



New Home Monthly Inventory

Seasonally Adjusted, Last 12 Months

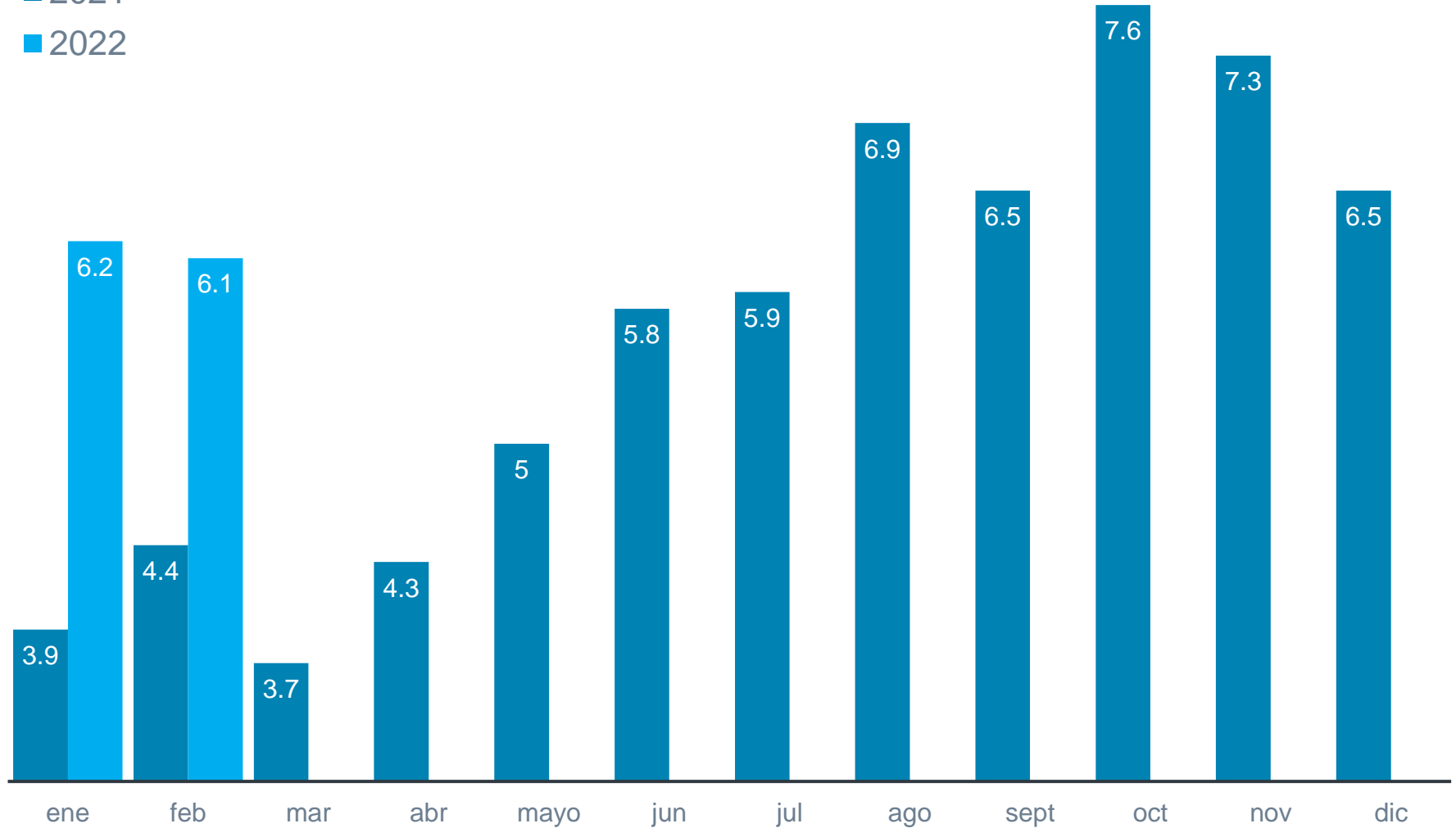


Source: Census

New Home Monthly Inventory

Non-Seasonally Adjusted

■ 2021
■ 2022



Source: Census



Buyer Demand

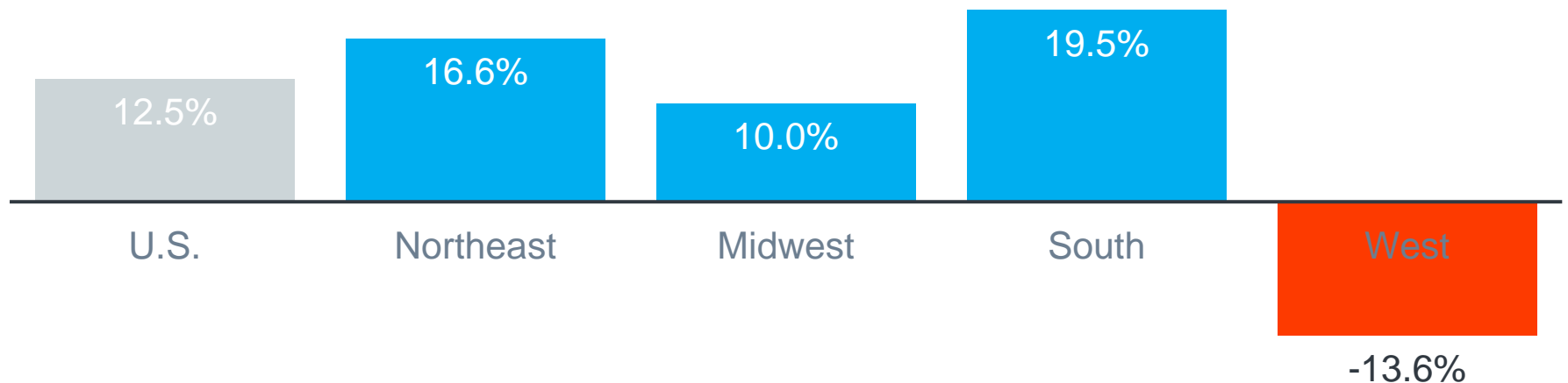


Showing Activity Jumps in February as 109 Markets Record Double-Digit Showings Per Listing

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

Michael Lane, Vice President & General Manager, Showing Time

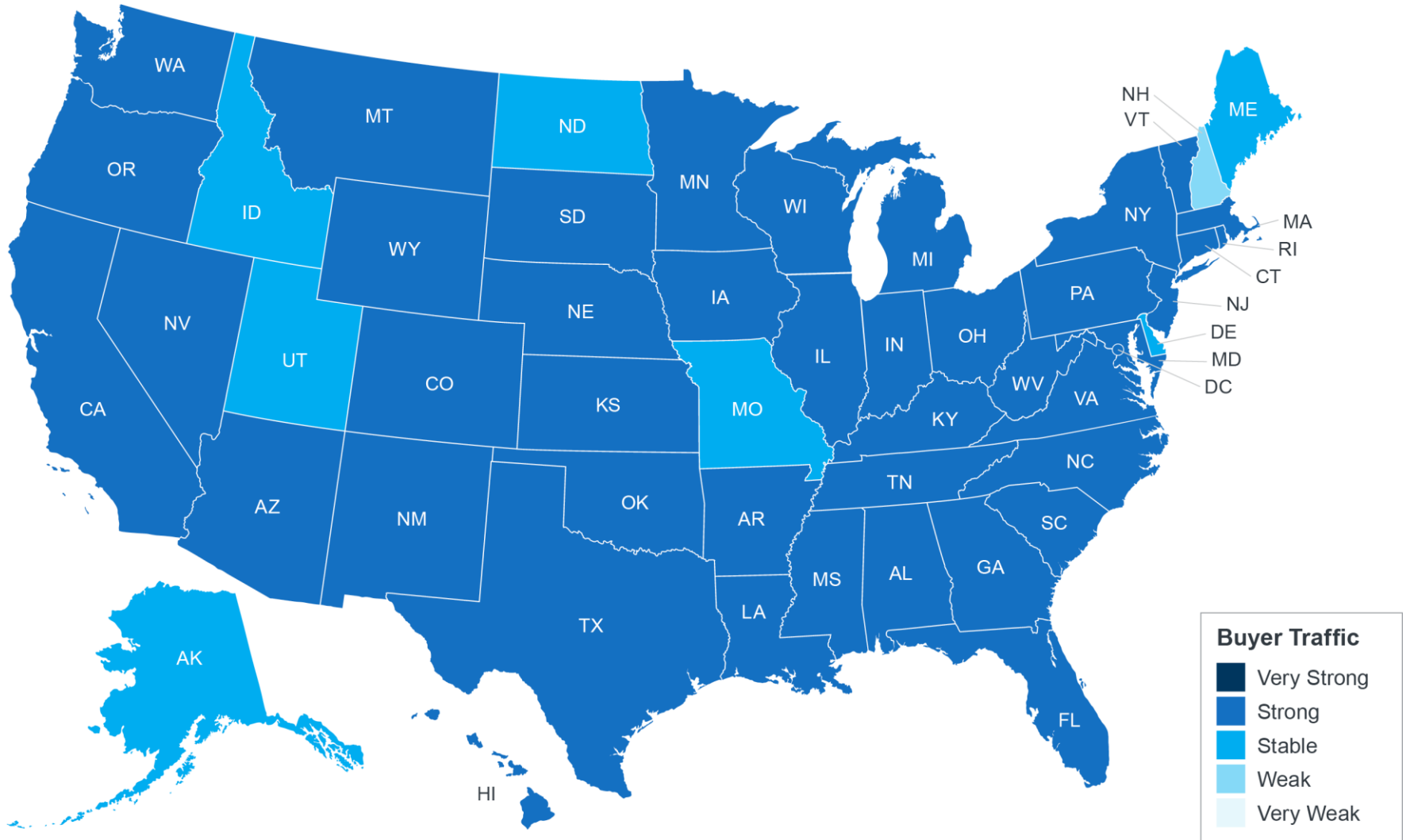
“Seeing 109 markets with such impressive buyer traffic is remarkable... A year ago, we were amazed to see 75 markets hit double digits in showings per listing. The heightened activity is widespread, with 17 states having at least one market averaging in double digits.”



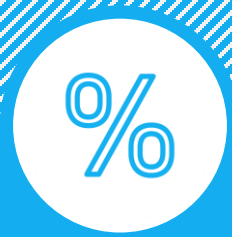
Source: Showing Time

Buyer Traffic Index

February 2022



Source: NAR

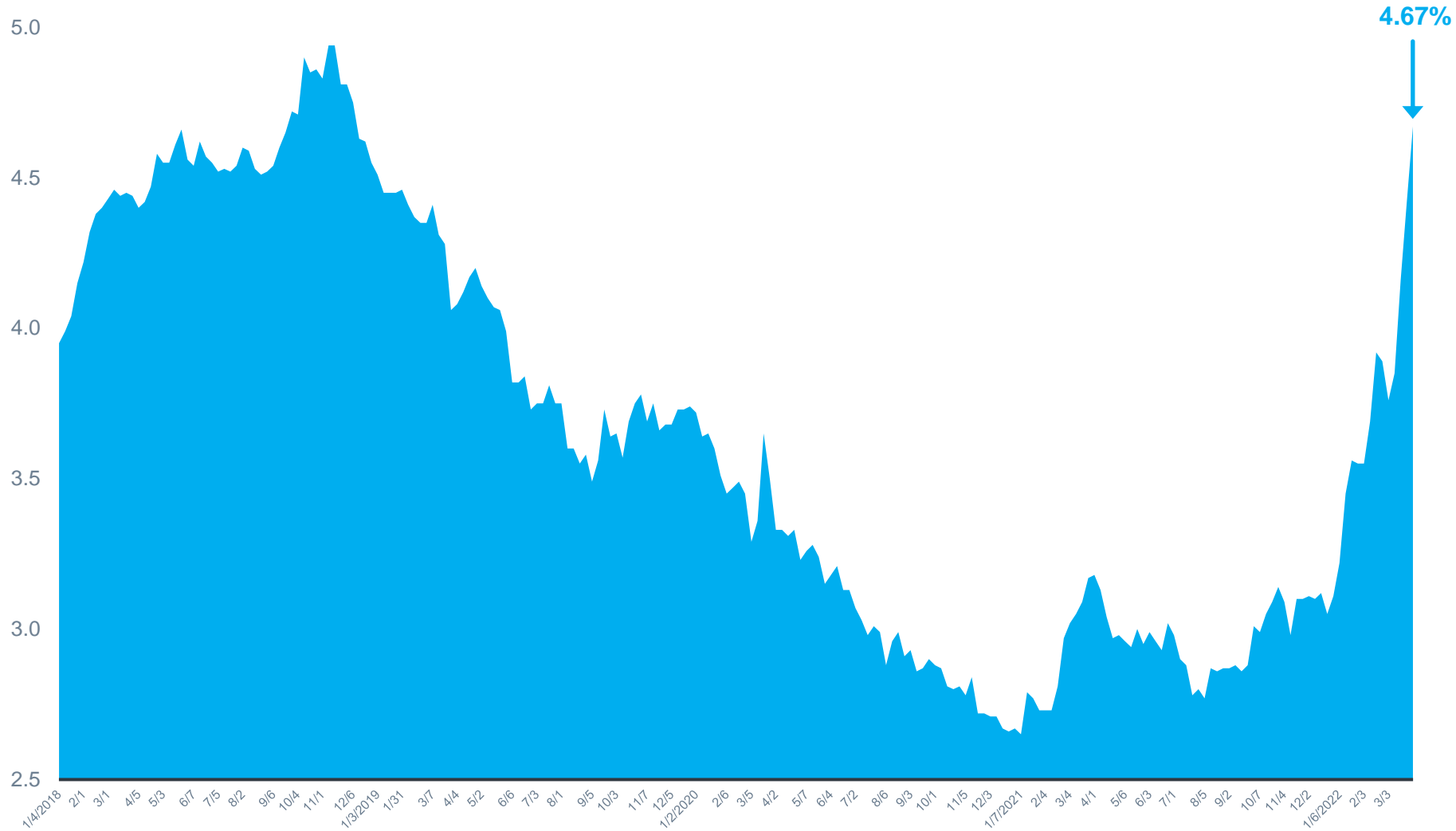


Mortgage Rates



Mortgage Rates

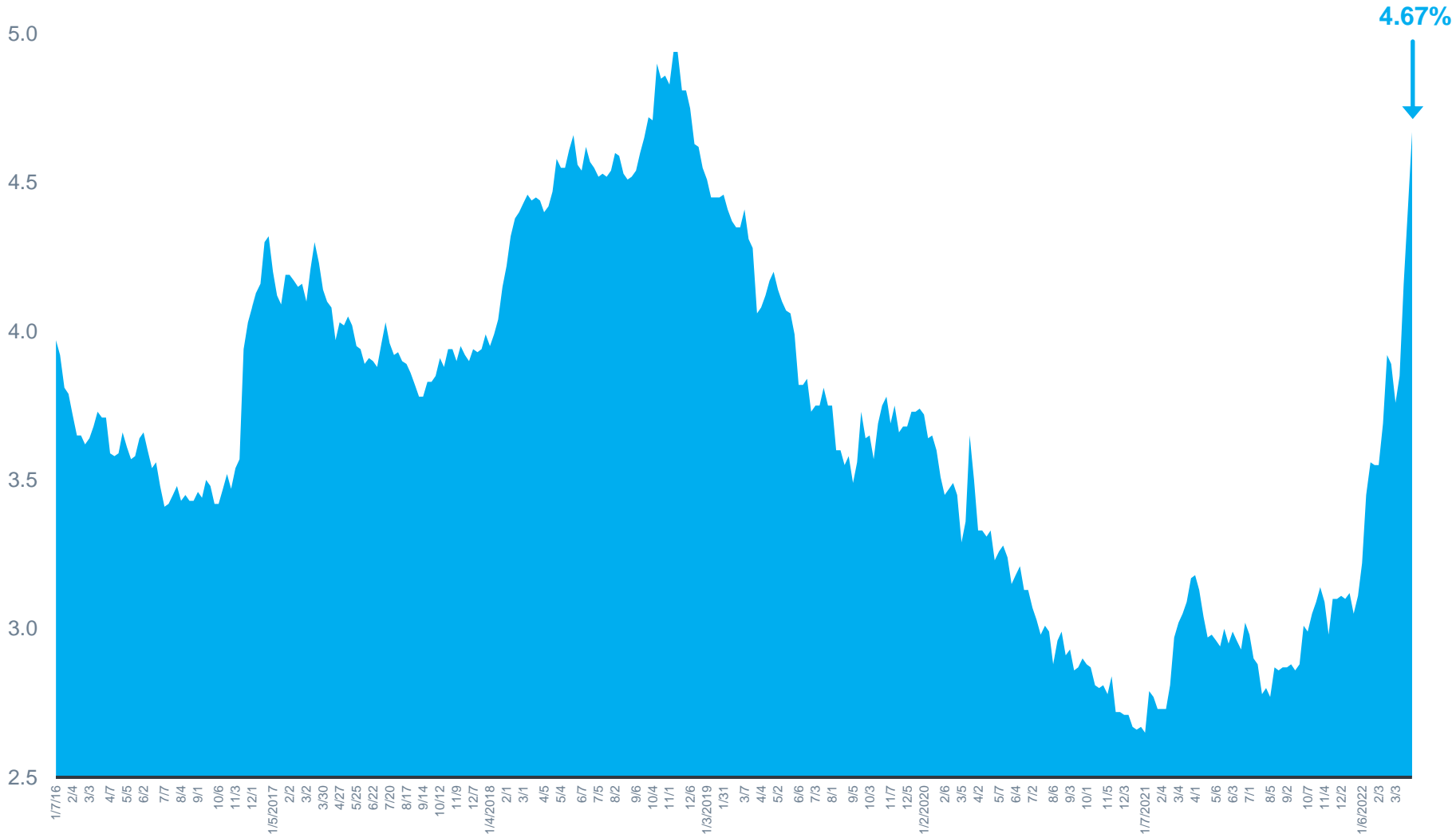
30-Year Fixed Rate, January 2018–Today



Source: Freddie Mac

Mortgage Rates

30-Year Fixed Rate, January 2016–Today



Source: Freddie Mac

Mortgage Rate Projections

March 2022

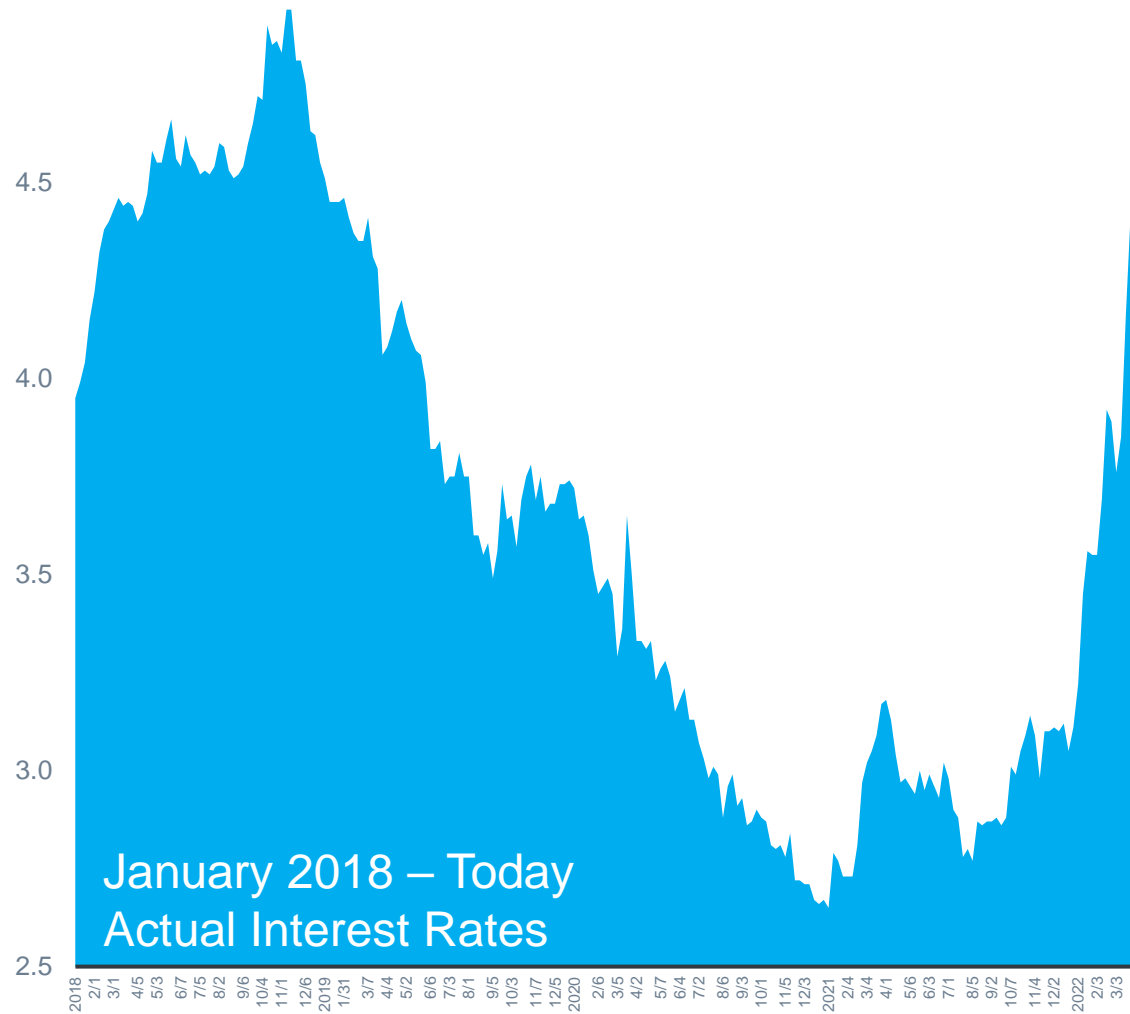


| Quarter | Freddie Mac | Fannie Mae | MBA | NAR | Average of All Four |
|---------|-------------|------------|-----|-----|---------------------|
| 2022 3Q | 3.7 | 3.8 | 4.4 | 3.7 | 3.90% |
| 2022 4Q | 3.7 | 3.9 | 4.5 | 3.9 | 4.00% |
| 2023 1Q | 3.8 | 3.9 | 4.5 | 4.0 | 4.05% |
| 2023 2Q | 3.9 | 3.9 | 4.5 | 4.0 | 4.07% |

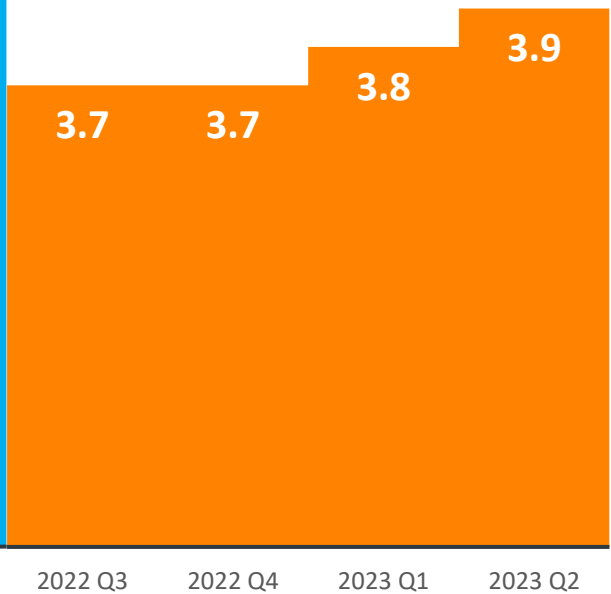
Mortgage Rates

30-Year Fixed Rate

5.0

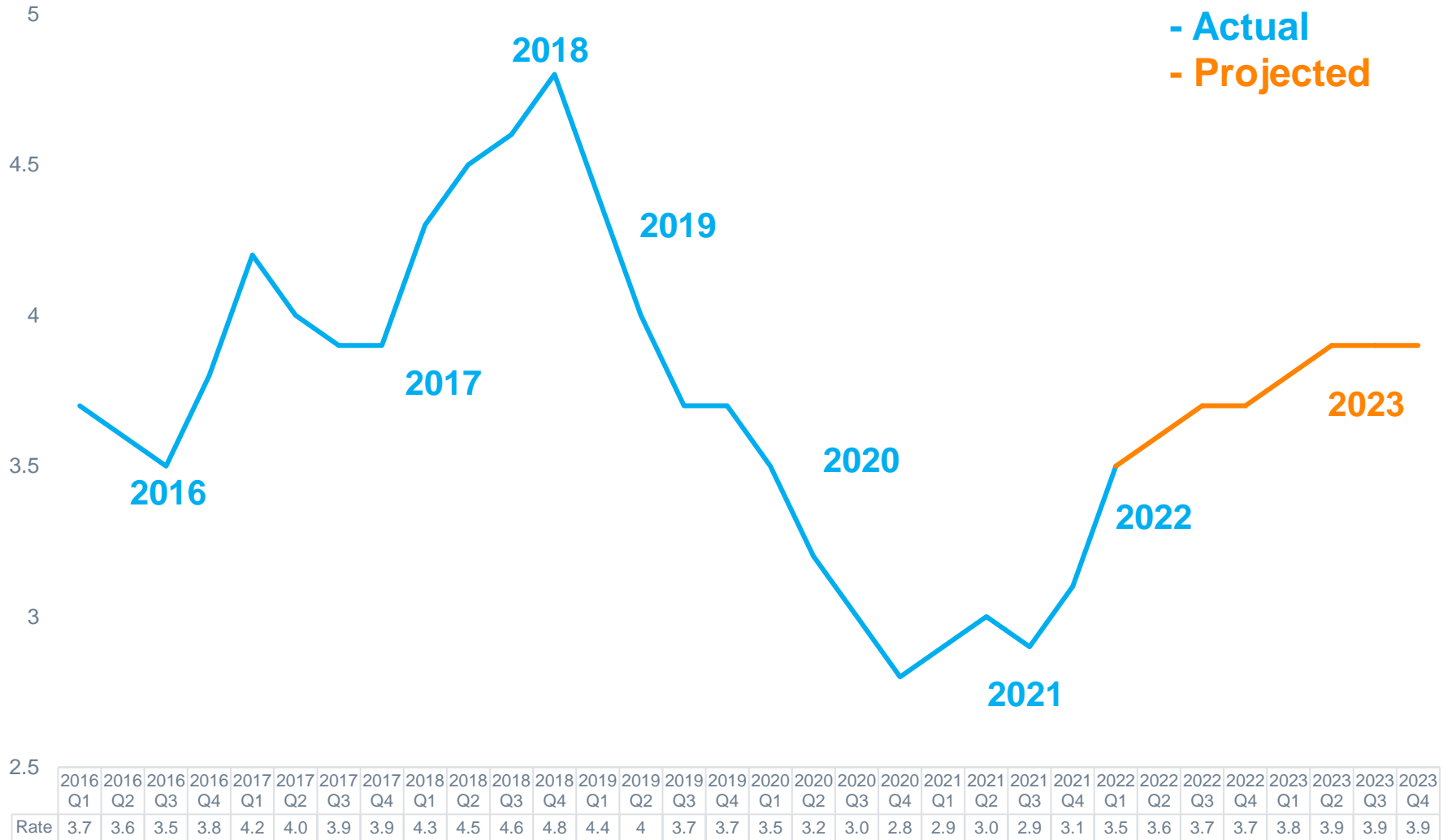


Where Are They Going?



Mortgage Rates

30-Year Fixed Rate



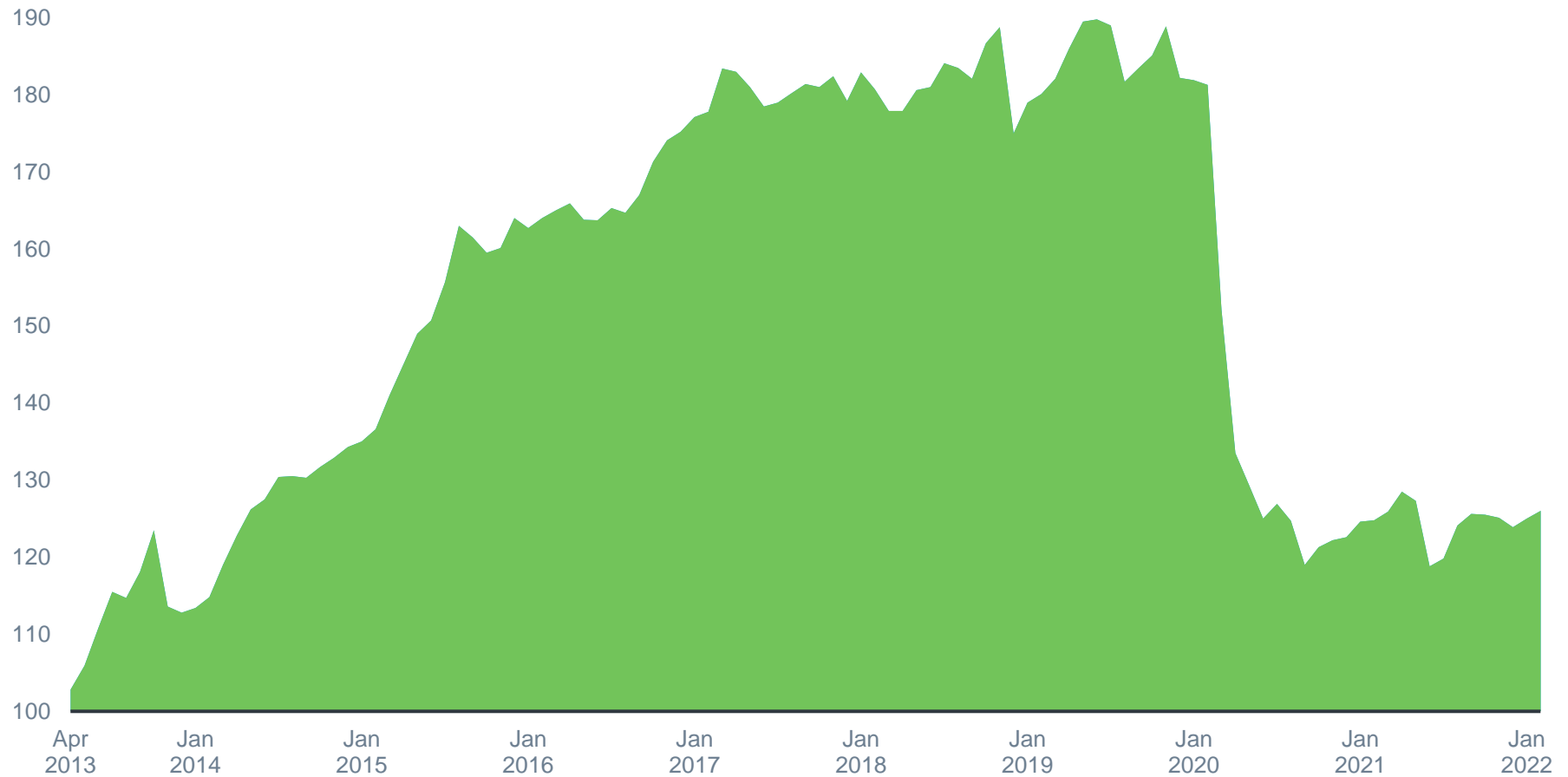


Mortgage Credit Availability



Mortgage Credit Availability Index (MCAI)

February 2022



Lending Standards Still Under Control

Historic Data for the Mortgage Credit Availability Index (MCAI)

