

The Impact of Monthly Housing Inventory on Home Prices



LESS THAN
6 MONTHS

**SELLERS
MARKET**

Home prices
will appreciate

BETWEEN
6-7 MONTHS

**NEUTRAL
MARKET**

Home prices
will only
appreciate with
inflation

GREATER THAN
7 MONTHS

**BUYERS
MARKET**

Home prices
will depreciate

“Title agents & real estate professionals indicate home buyers encouraged by unexpectedly lower mortgage rates in 2019 – a tailwind helping to boost demand and inspire existing homeowners to sell their homes.”

Mark Fleming

Chief Economist at First American



“Lower mortgage rates, higher wages and more homes for sale have helped counteract rising home prices, and ultimately, made it so that buyers are able to afford more than last year.”

Danielle Hale

realtor.com's Chief Economist



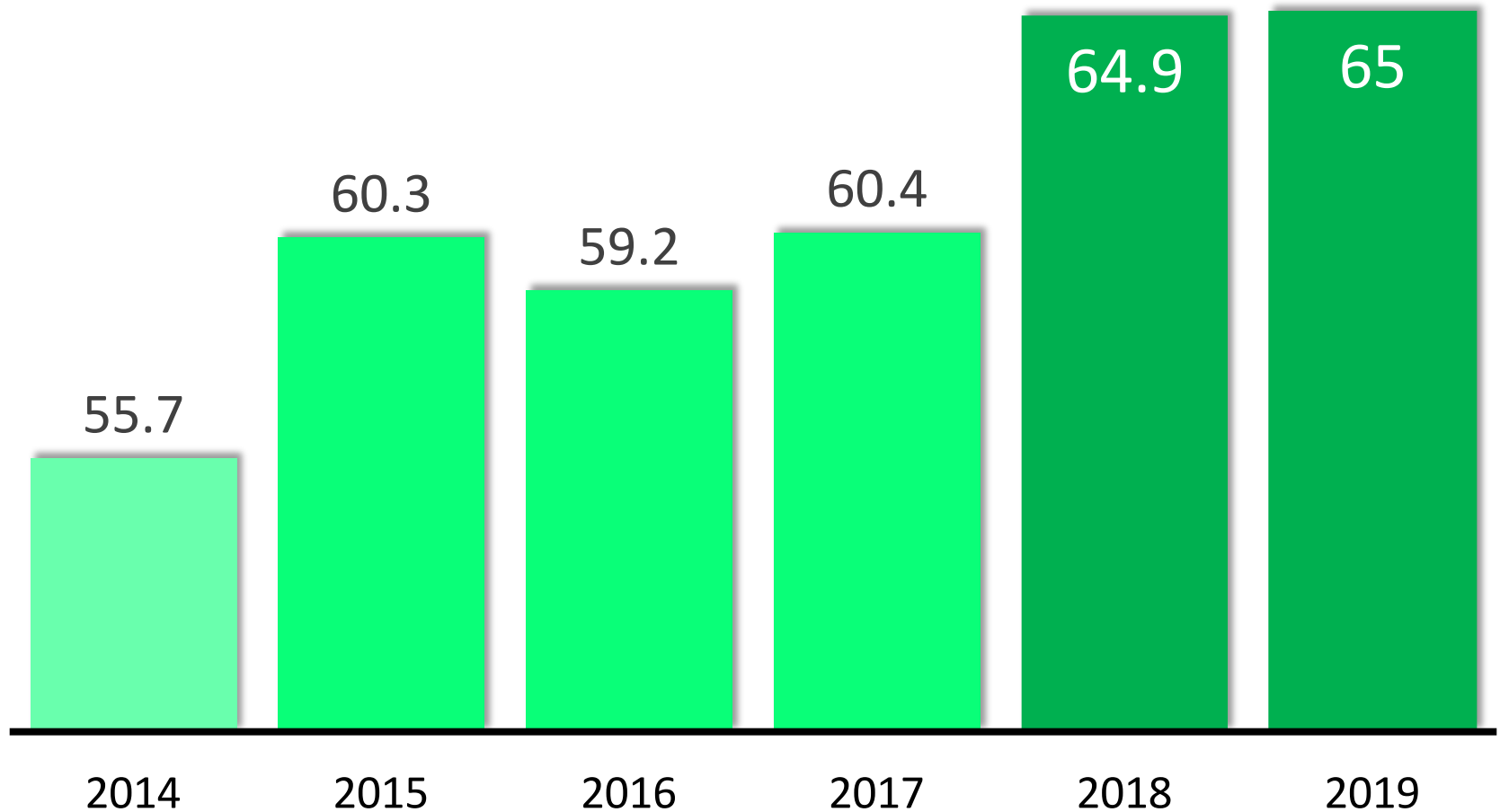
“With mortgage rates flat and inventory picking up, we expect more buyers to take advantage of easing housing market headwinds.”

Ralph McLaughlin

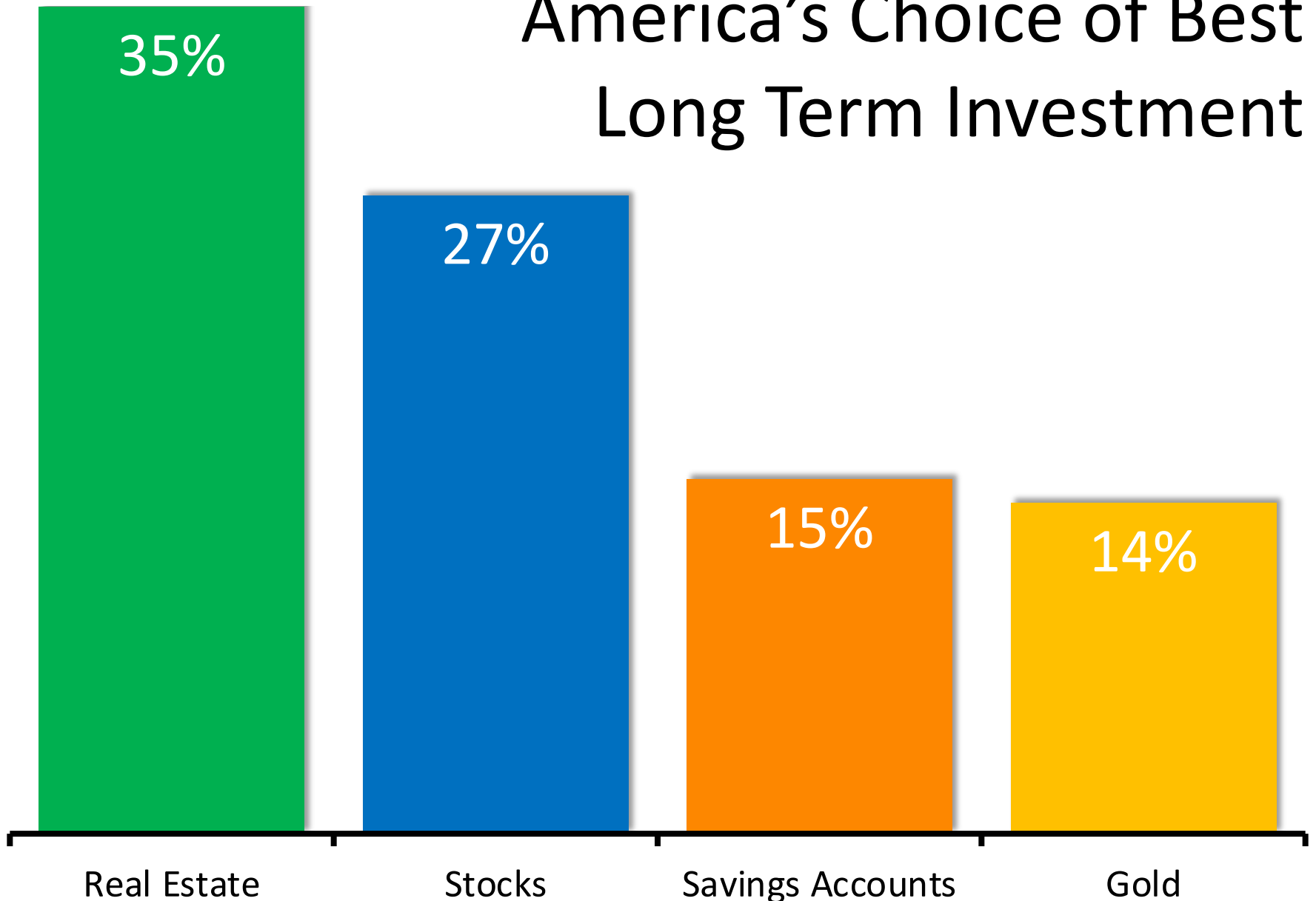
Deputy Chief Economist at CoreLogic



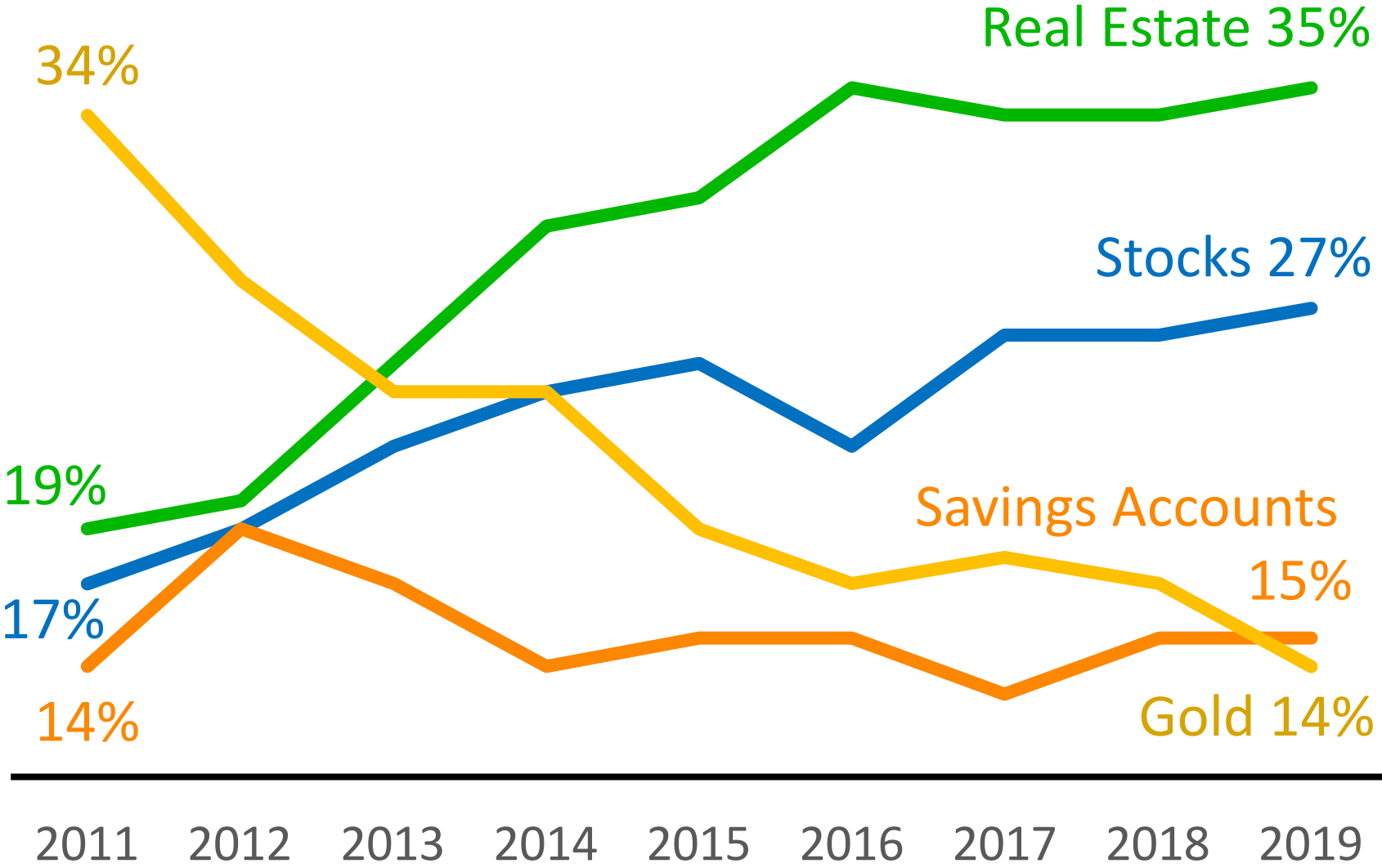
Percentage of Americans who see Homeownership as a Good Investment



America's Choice of Best Long Term Investment



America's Choice for Best Long-Term Investment



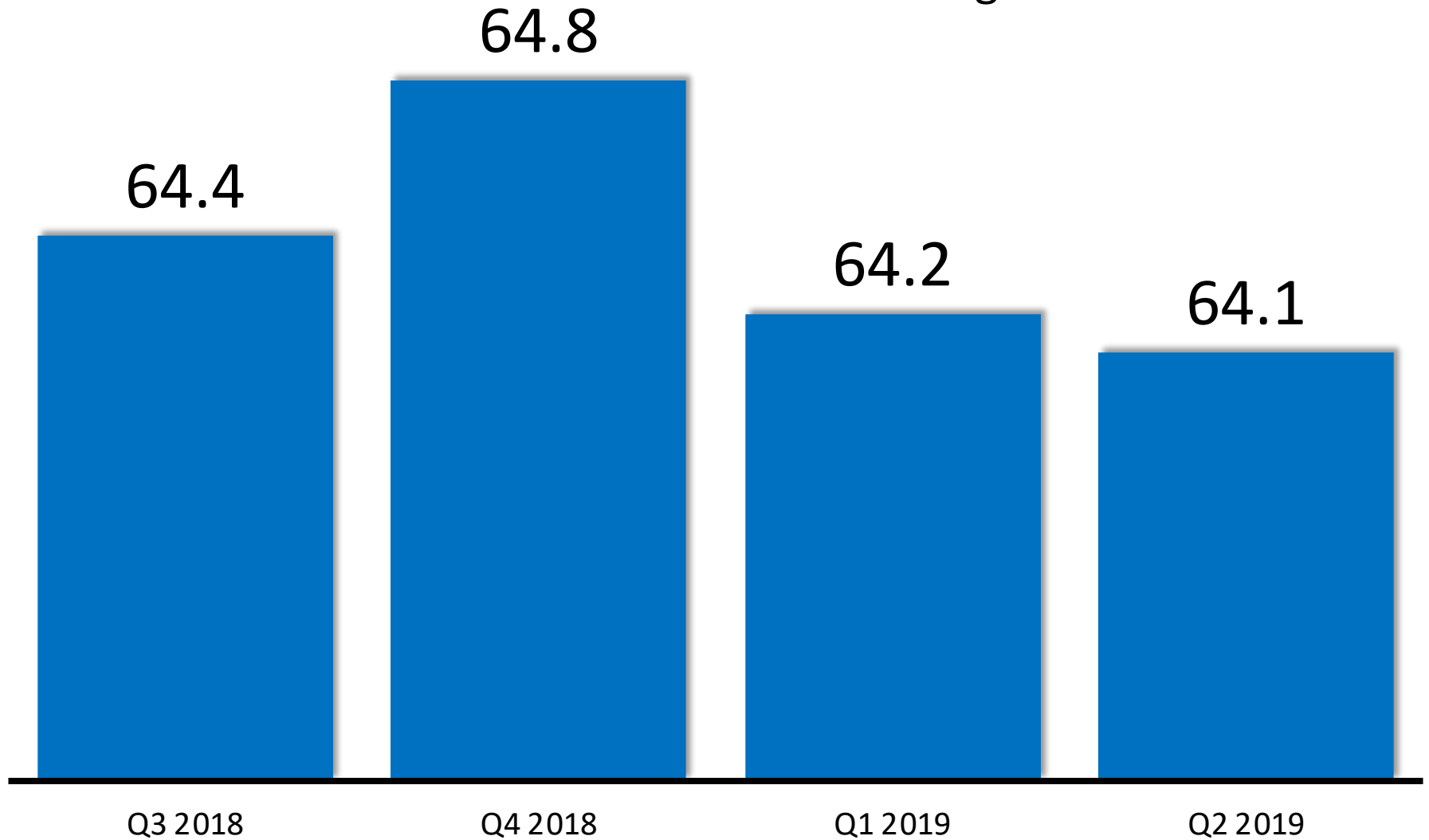
Reasons To Be Optimistic About Homeownership

- Strong Economy
- Unemployment Rate is low
- Wages are increasing
- Mortgage Rates still
at historical low
- Inventory is increasing



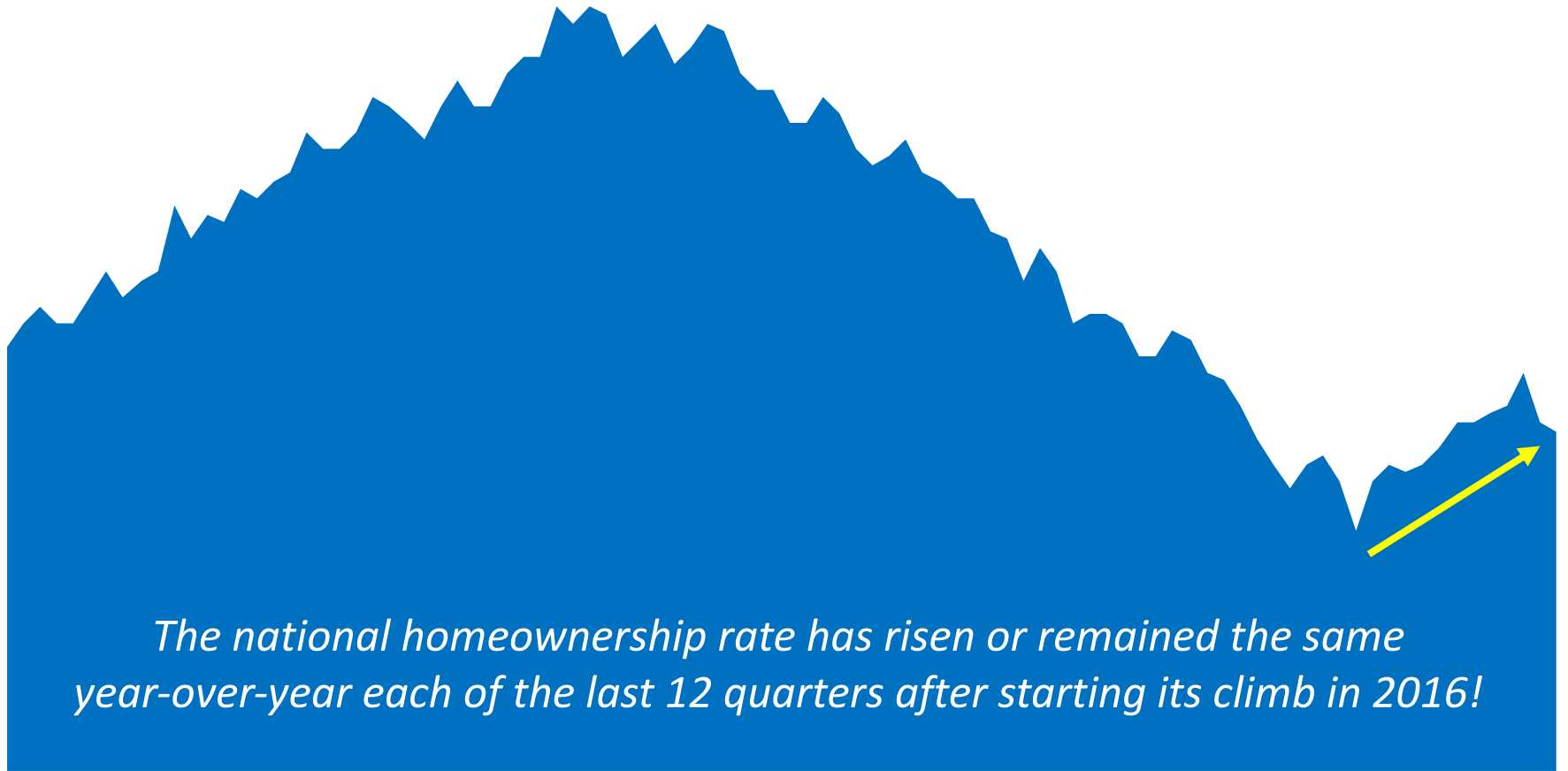
Homeownership Rates

Percentage Last 4 Quarters



U.S. Homeownership % Rates

Quarterly Results



The national homeownership rate has risen or remained the same year-over-year each of the last 12 quarters after starting its climb in 2016!

1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019

A Homeowner's Net Worth...

OVER 44X



greater
than a
renter's

\$319,200

\$143,500

is in home equity

Difference in 65+ Adults

NET WORTH

Homeowner vs. Renter

Joint Center of Housing Studies at Harvard University

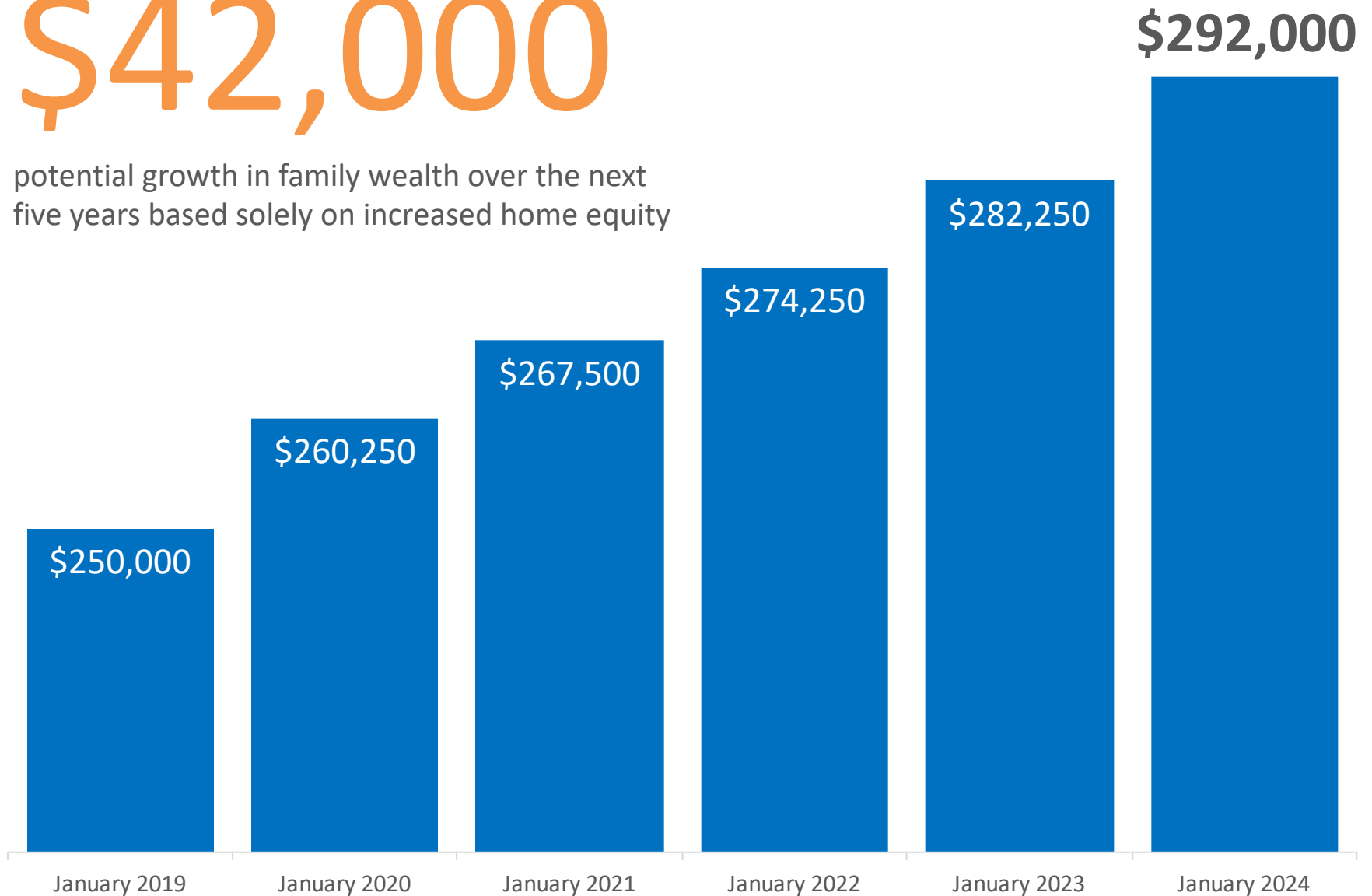
\$6,710

Homeowner

Renter

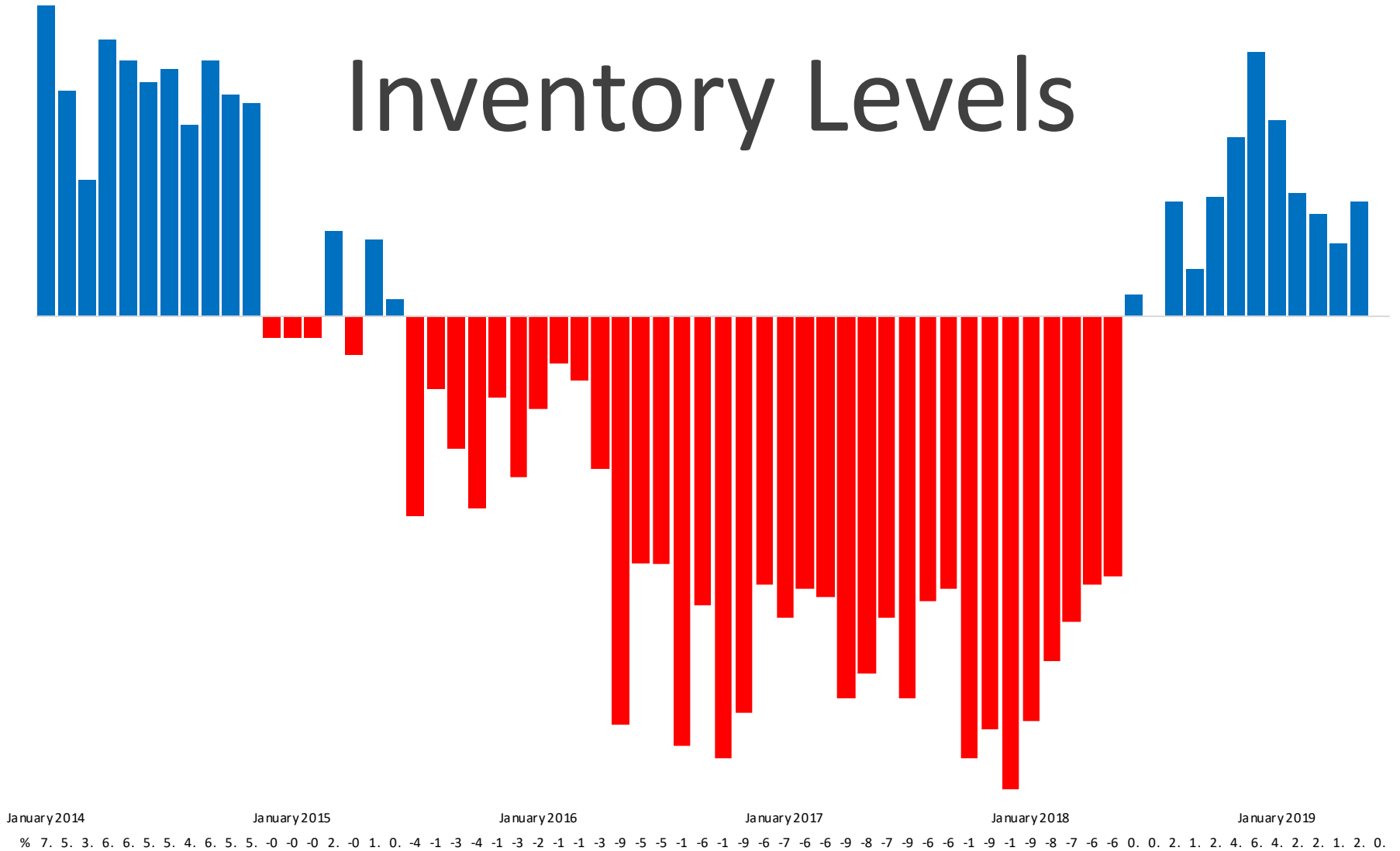
\$42,000

potential growth in family wealth over the next five years based solely on increased home equity



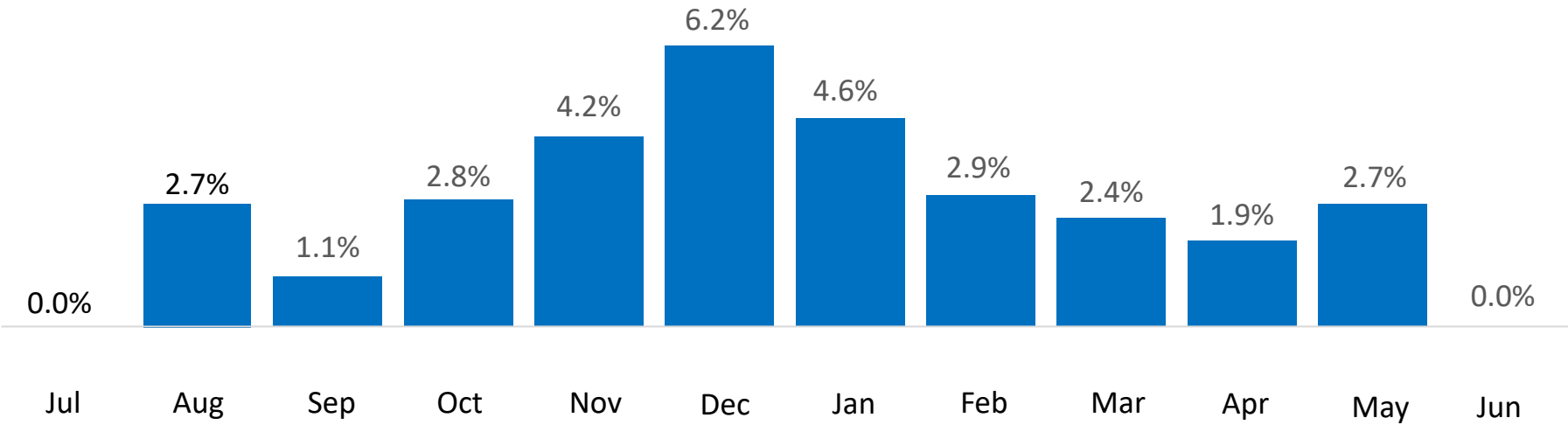
Increased home equity based on price appreciation projected by the Home Price Expectation Survey

Year-over-Year Inventory Levels



HOUSING SUPPLY

Year-Over-Year

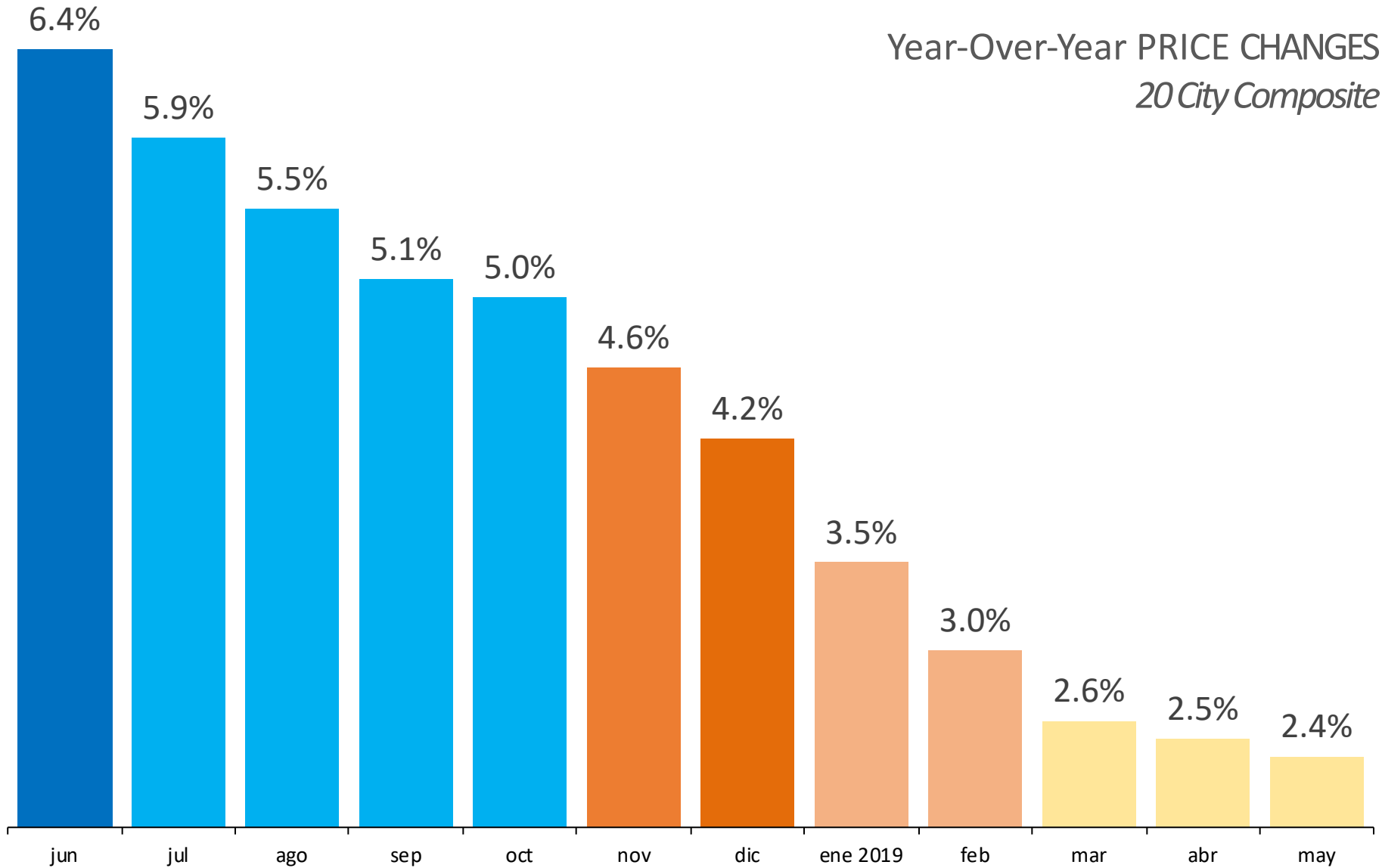


Last 12 Months

Case Shiller

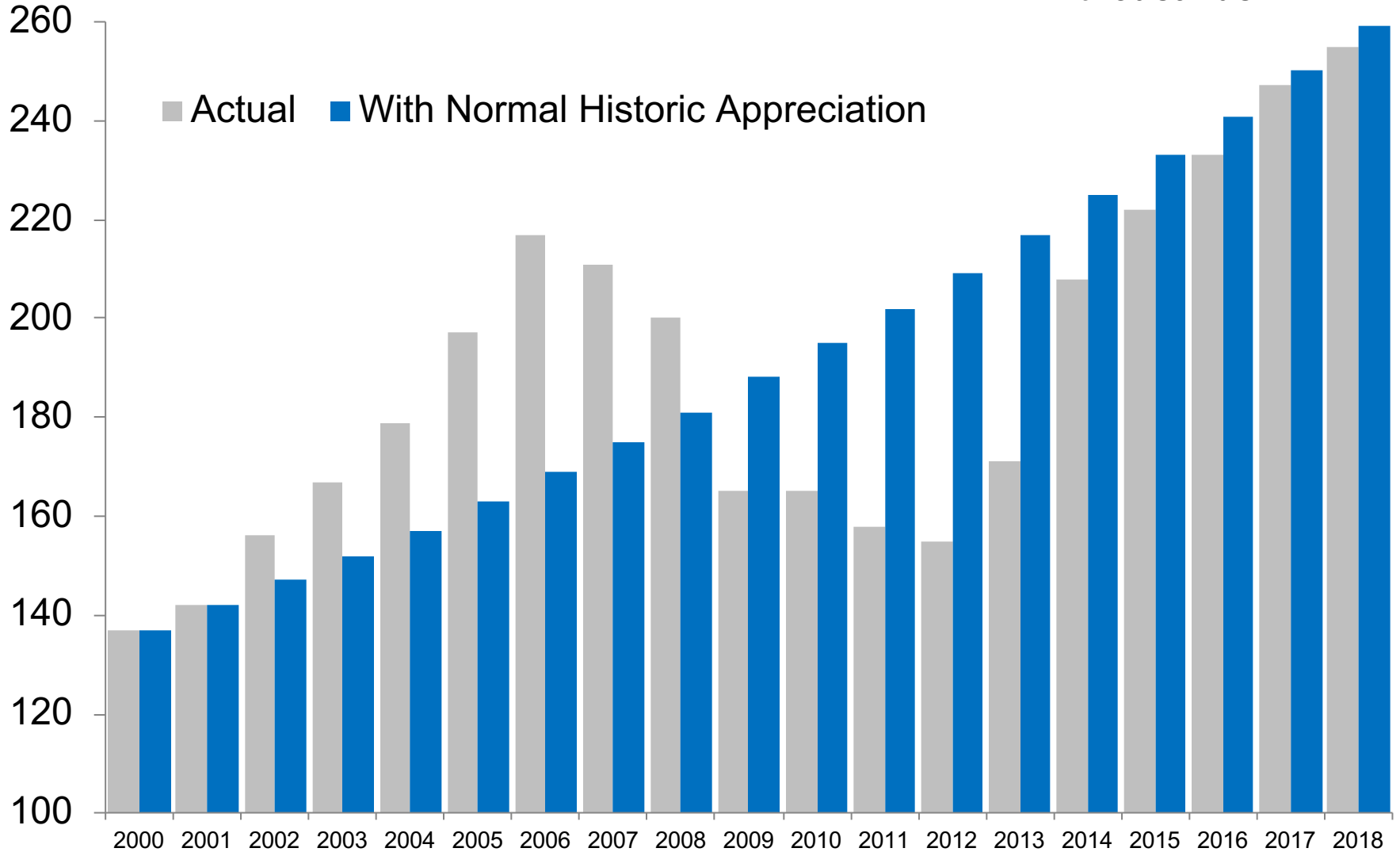
Year-Over-Year PRICE CHANGES

20 City Composite



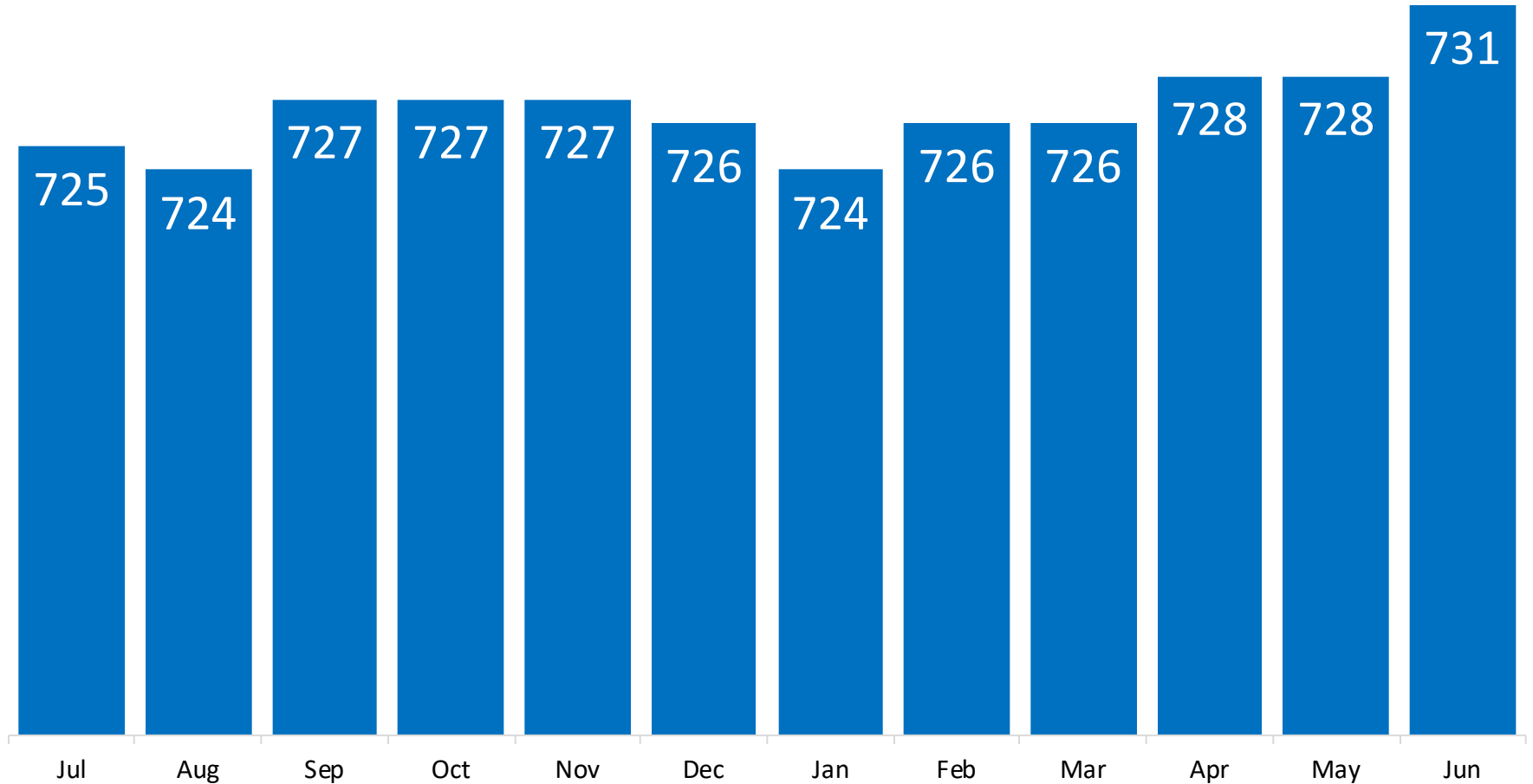
US Existing Home Median Sales Price

in thousands



FICO[®] Score Requirements

Last 12 months



The Difference Your Interest Rate Makes

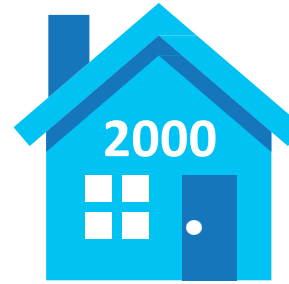
You Work Hard For The Money You Spend On Housing

If you wanted to keep your mortgage payment around **\$1,300 a month**



11.26%

\$1,300.08



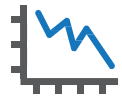
7.38%

\$1,300.84



4.81%

\$1,300.84



INTEREST RATE (DEC)



MORTGAGE PAYMENT*



HERE'S THE PRICE OF THE HOME YOU COULD AFFORD

\$133,750

\$188,250

\$247,500

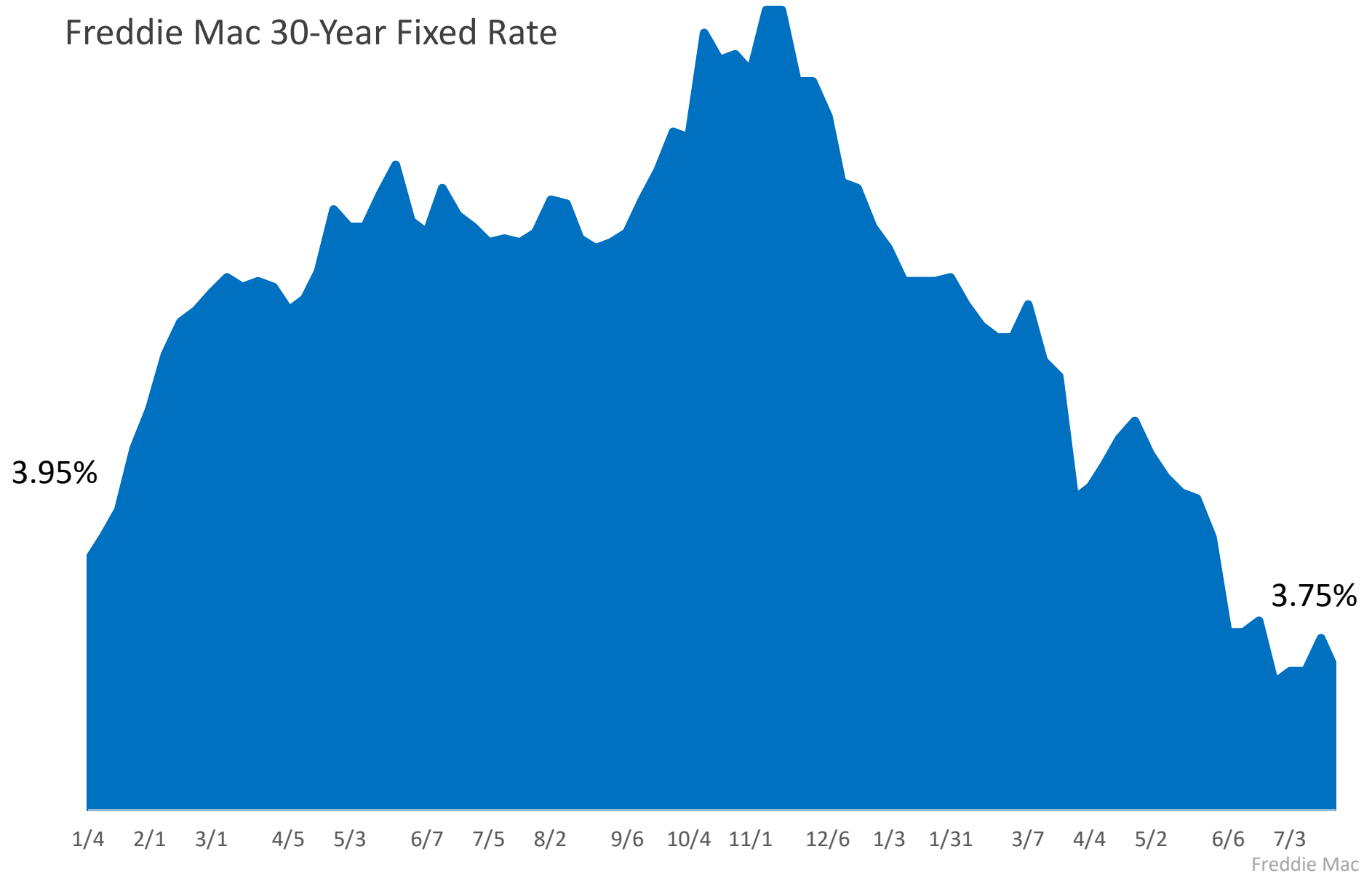
Interest Rates have come a long way in 30 years. Securing a mortgage now while rates are still low means you can get more house for your money. Even a small increase in rates drastically impacts your budget.

**Mortgage Payment is Principal & Interest Only*

Source: Freddie Mac

Mortgage Rates

Freddie Mac 30-Year Fixed Rate



Mortgage Rate Projections

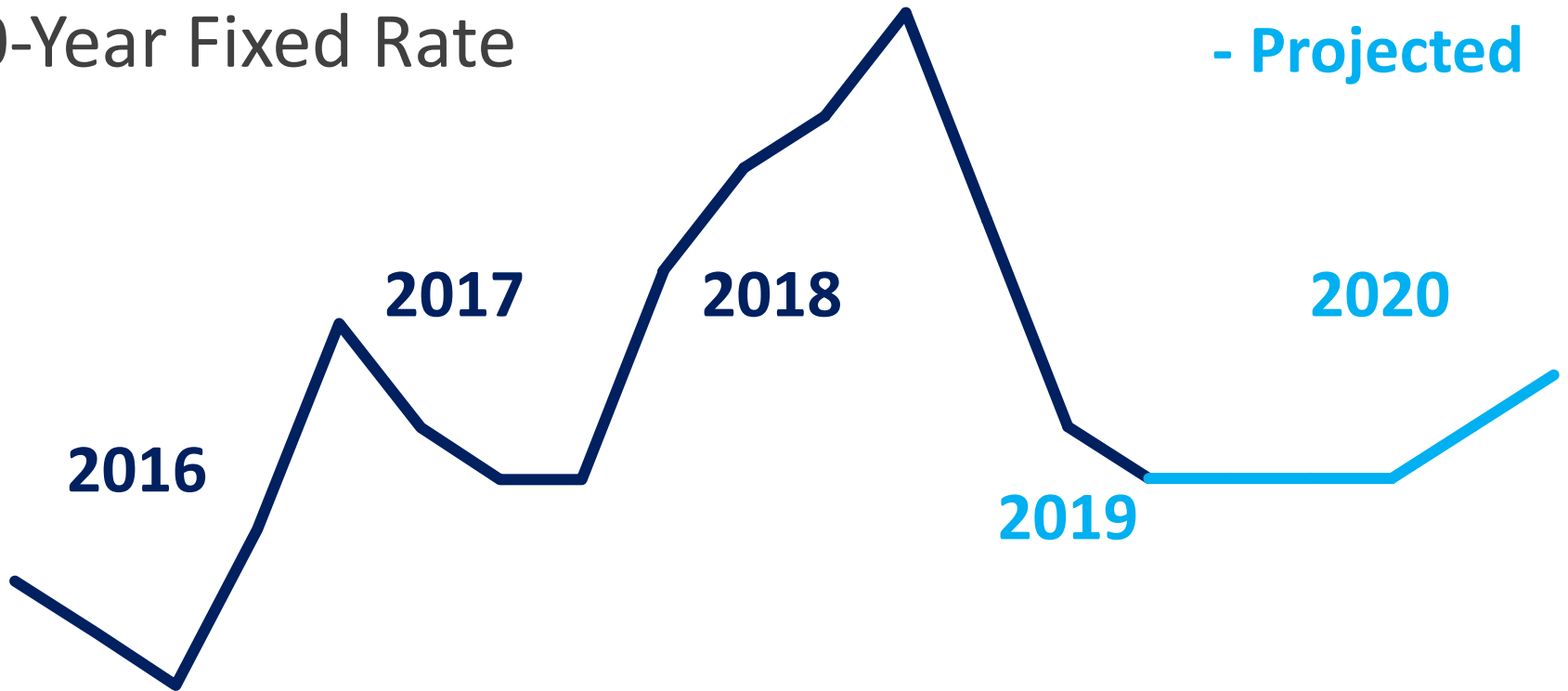
Quarter	Freddie Mac	Fannie Mae	MBA	NAR	Average of All Four
2019 3Q	3.9	3.7	3.9	3.8	3.82%
2019 4Q	3.9	3.7	3.9	3.8	3.82%
2020 1Q	3.9	3.7	3.9	3.9	3.85%
2020 2Q	3.9	3.7	3.9	4.0	3.87%

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
	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	3.9	3.9	3.9	3.9	4	4.1

Mortgage Rates

Freddie Mac

30-Year Fixed Rate

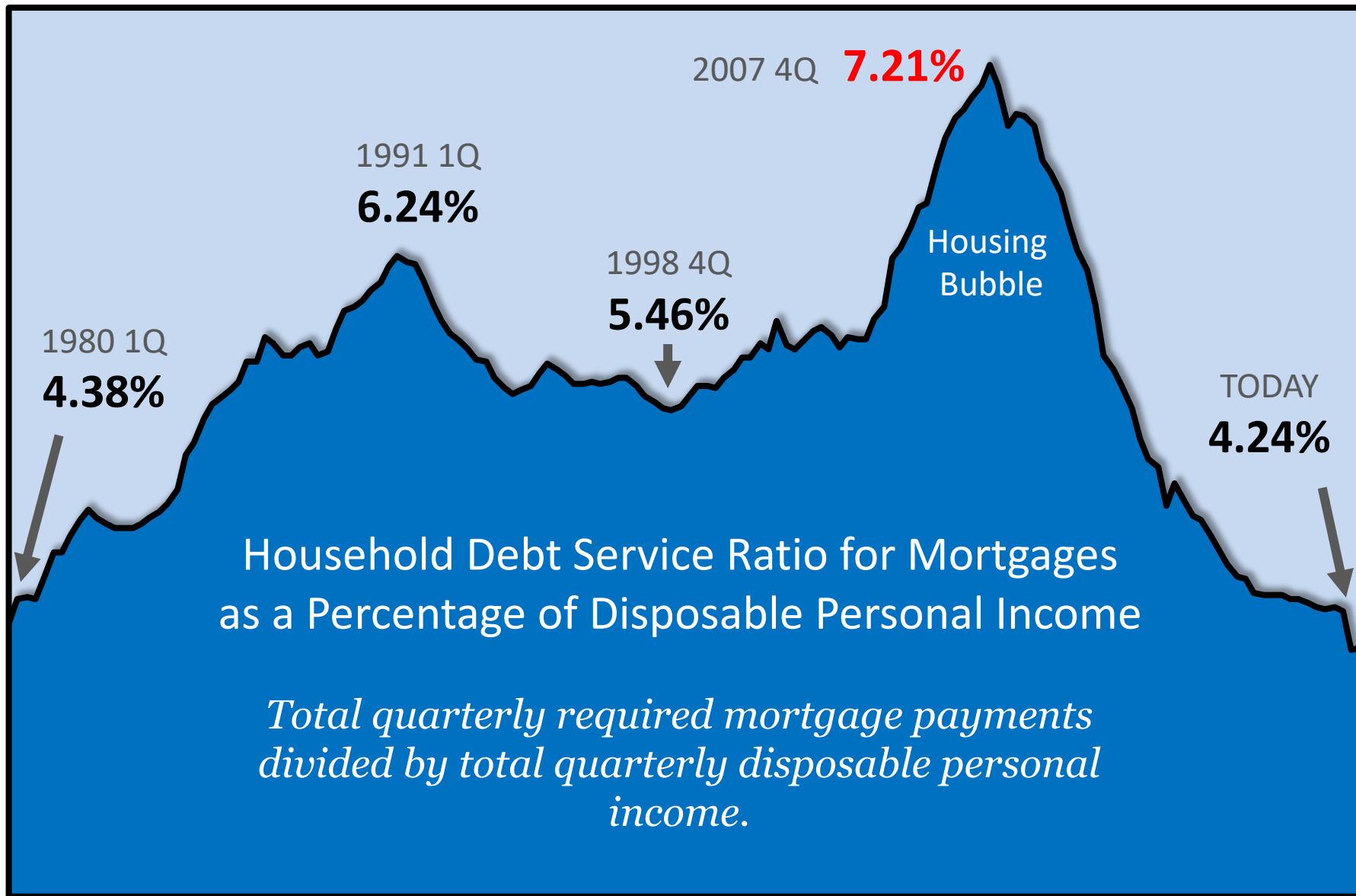
January 2018 – Today
Actual Interest Rates

Where Are They Going?

3.9 3.9 3.9 3.9

Q3 2019 Q4 2019 Q1 2020 Q2 2020

1/4 2/1 3/1 4/5 5/3 6/7 7/5 8/2 9/6 10/4 11/1 12/6 1/3 1/31 3/7 4/4 5/2 6/6 7/3



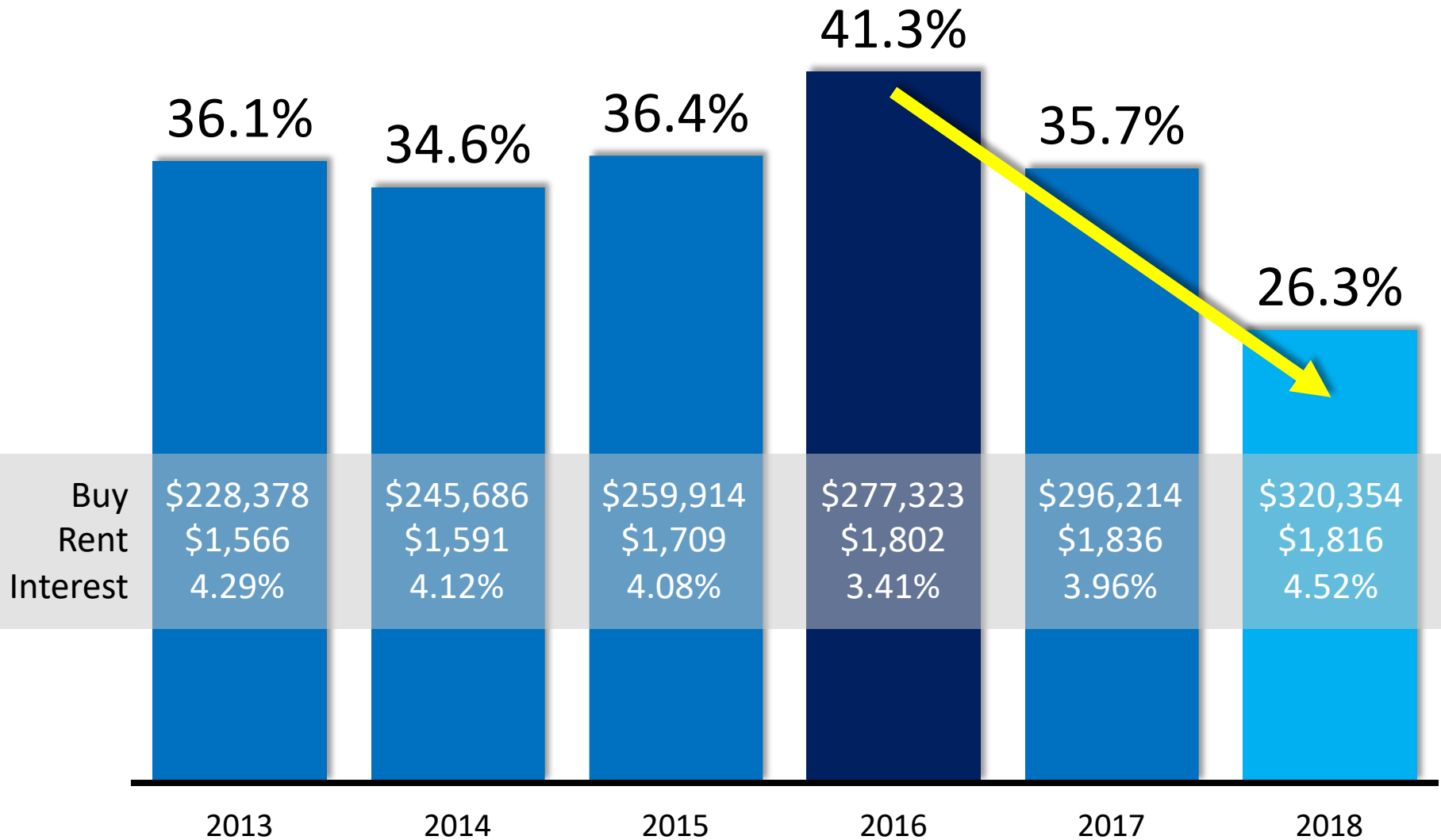
1980

TODAY

Median Asking **RENT** *since 1988*



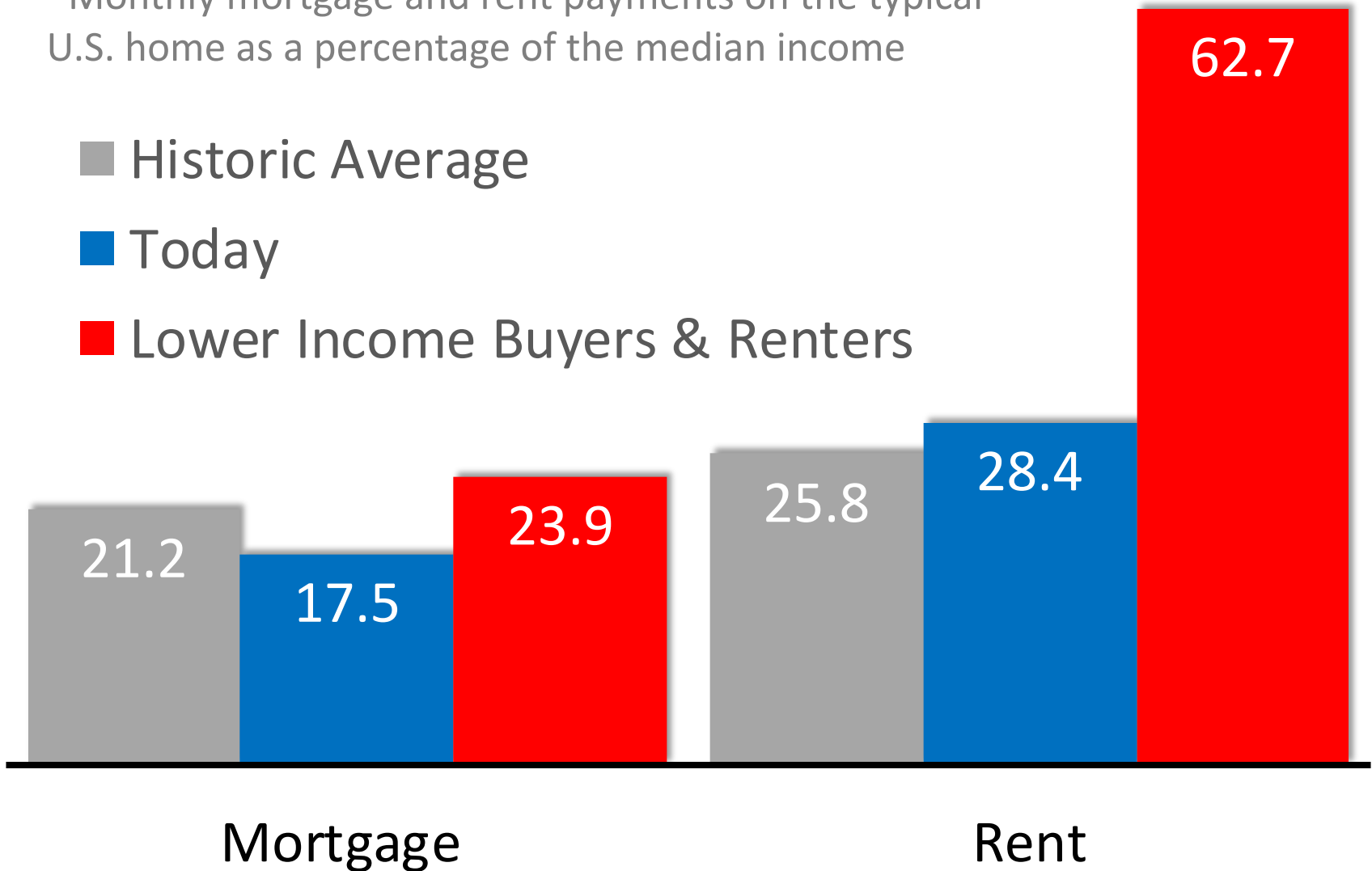
Buying Remains Cheaper than Renting in the US



Percentage of Income Needed*

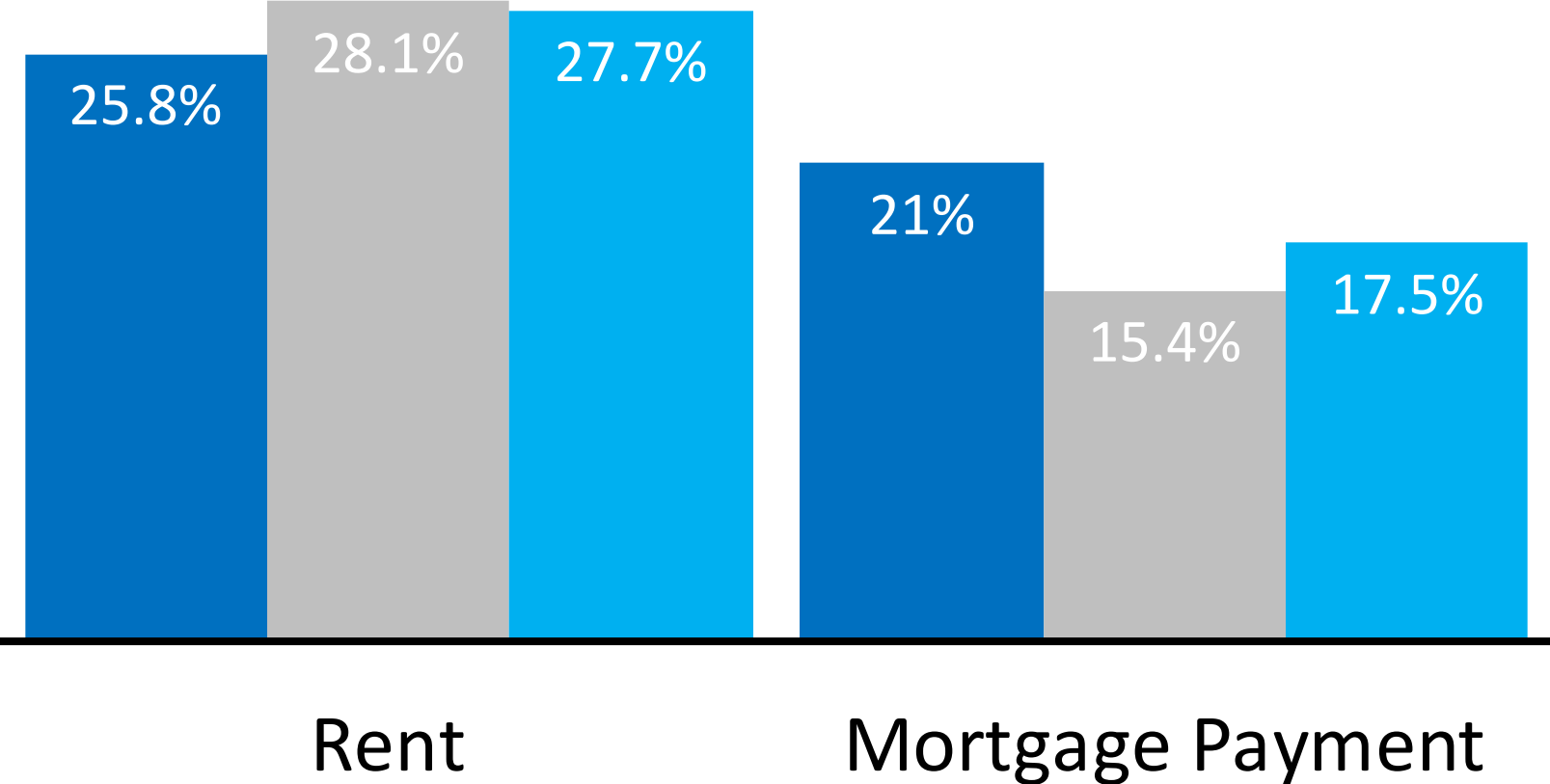
*Monthly mortgage and rent payments on the typical U.S. home as a percentage of the median income

- Historic Average
- Today
- Lower Income Buyers & Renters

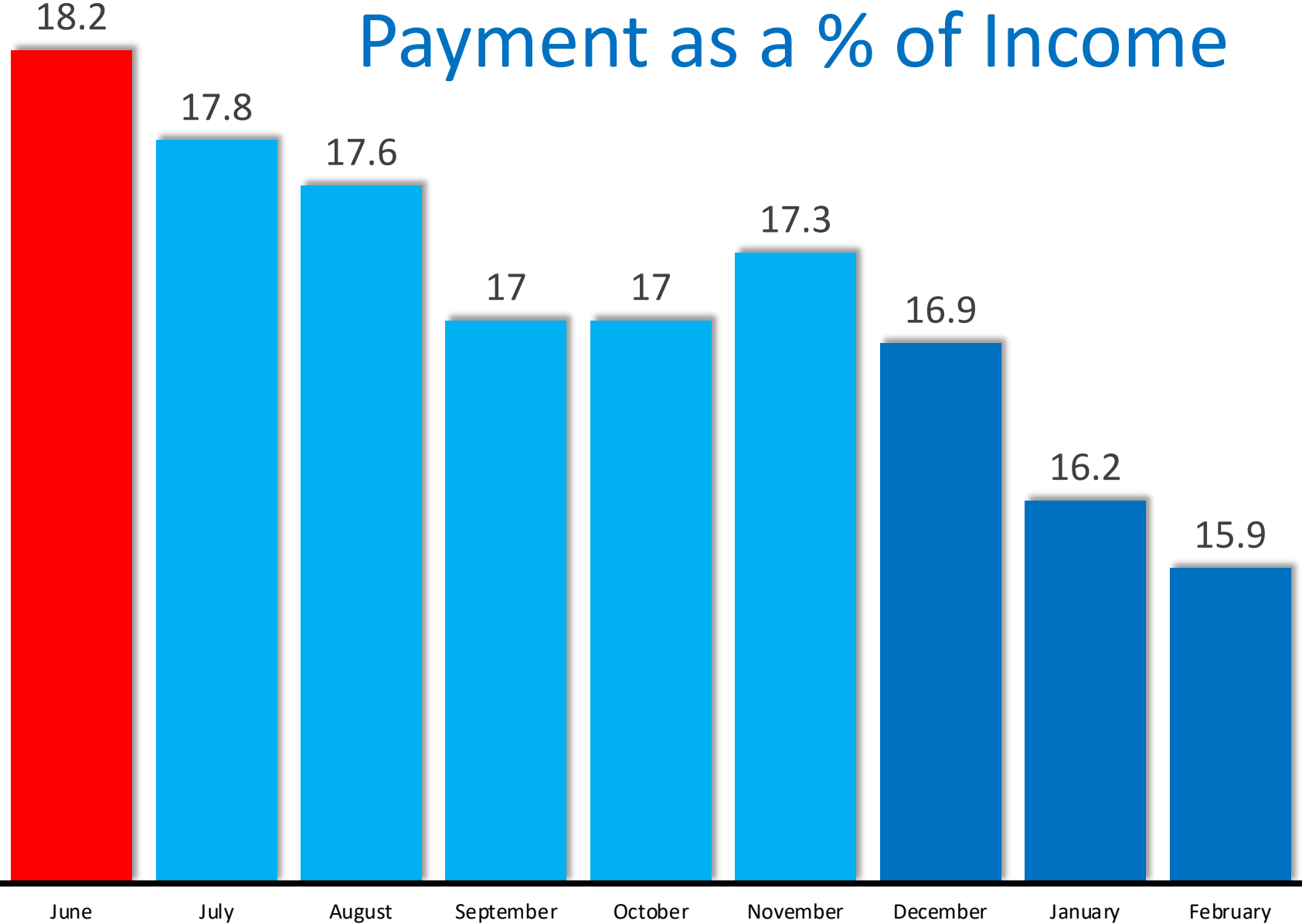


% of Income Required

■ Late 1980s & 1990s ■ 2017 ■ Today



Payment as a % of Income



18.2

17.8

17.6

17.3

17

17

Historic Norm

21.2%

17

16.1

16

16.4

16.4

16.6

Payment as a
% of Income

June

July

August

September

October

November

December

January

February

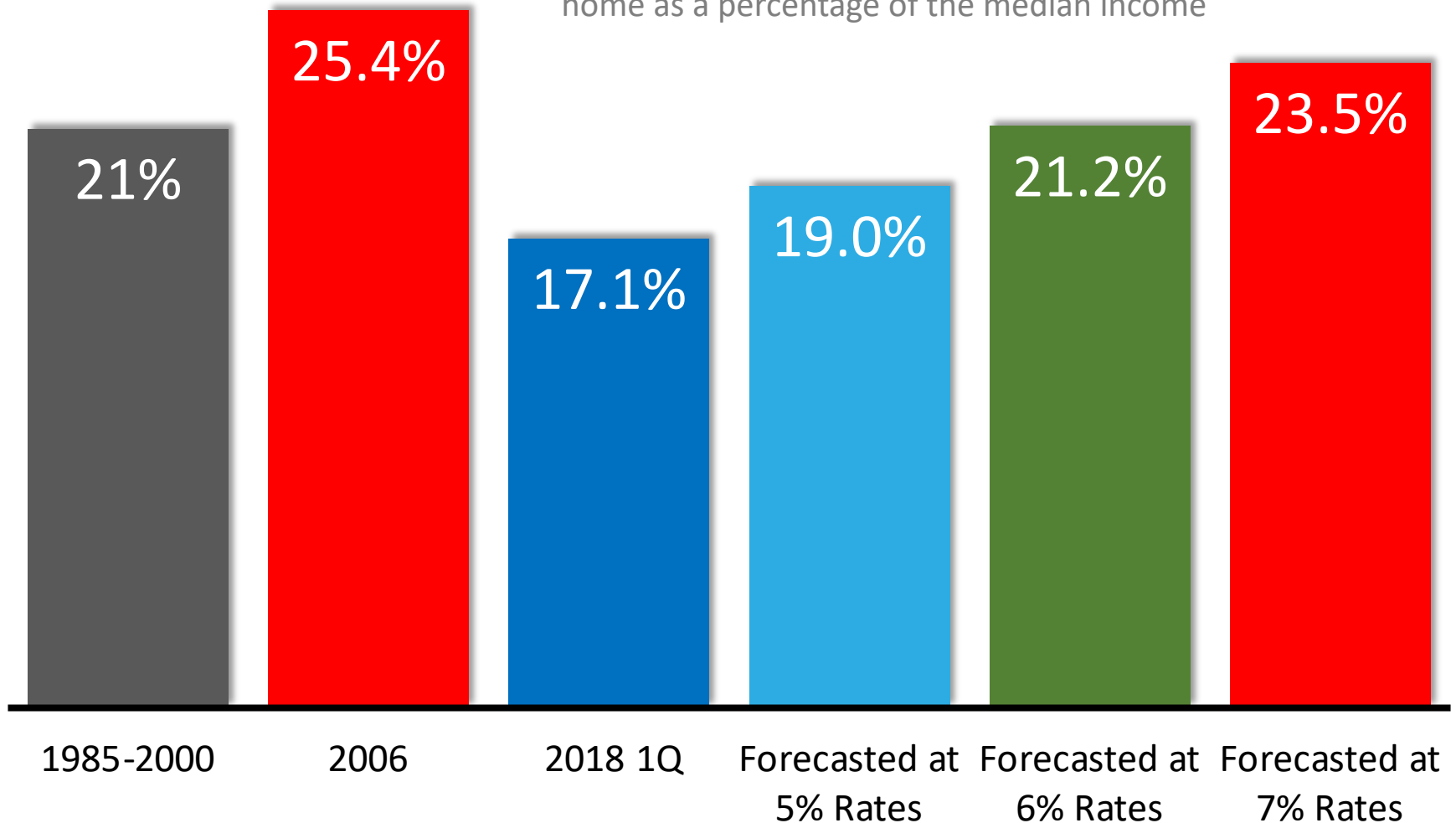
March

April

May

Mortgage Affordability*

*Monthly mortgage payments on the typical U.S. home as a percentage of the median income



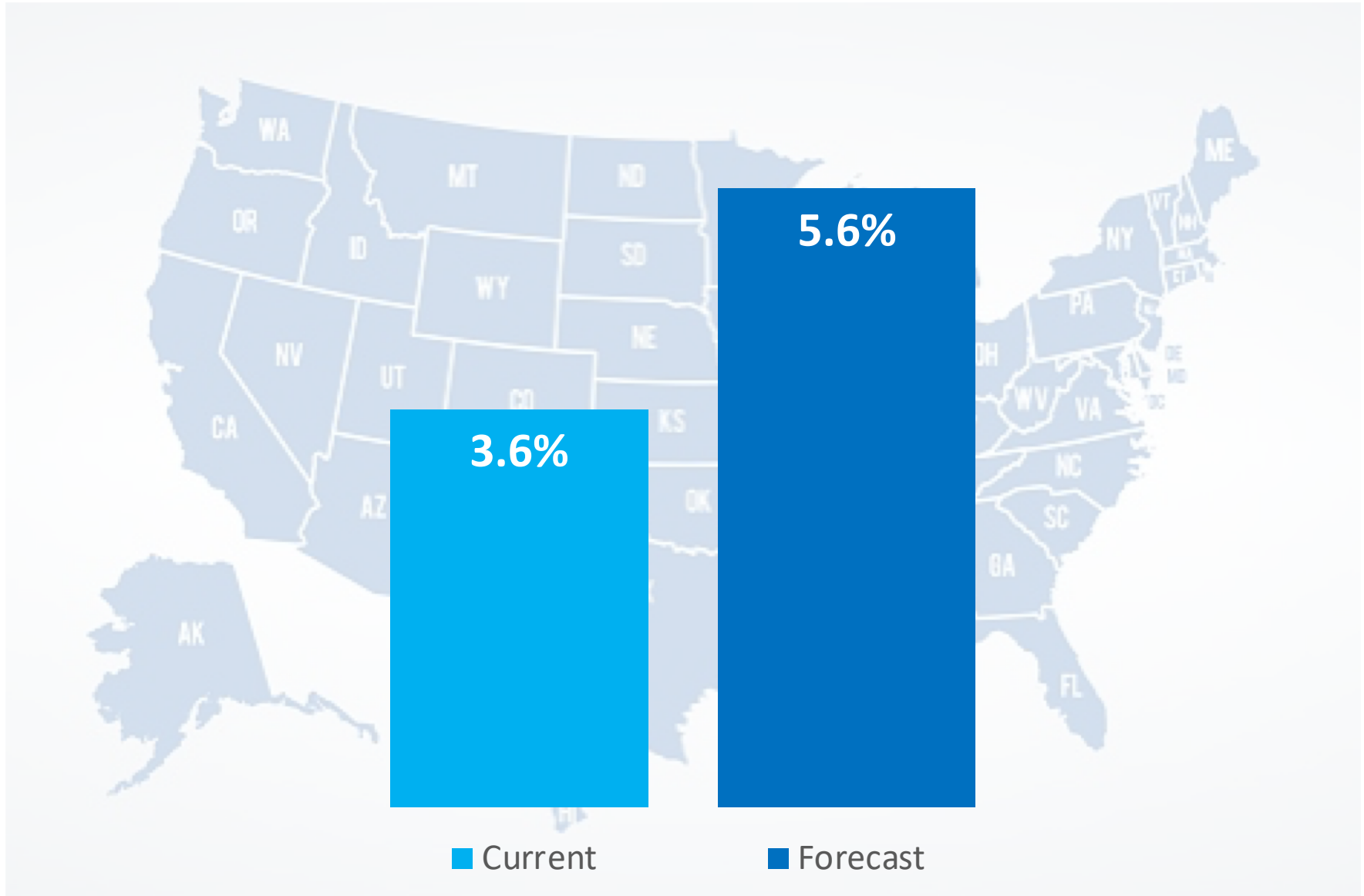
“If the 30-year, fixed-rate mortgage declines just a fraction more, consumer house-buying power would reach its highest level in almost 20 years.”

Mark Fleming

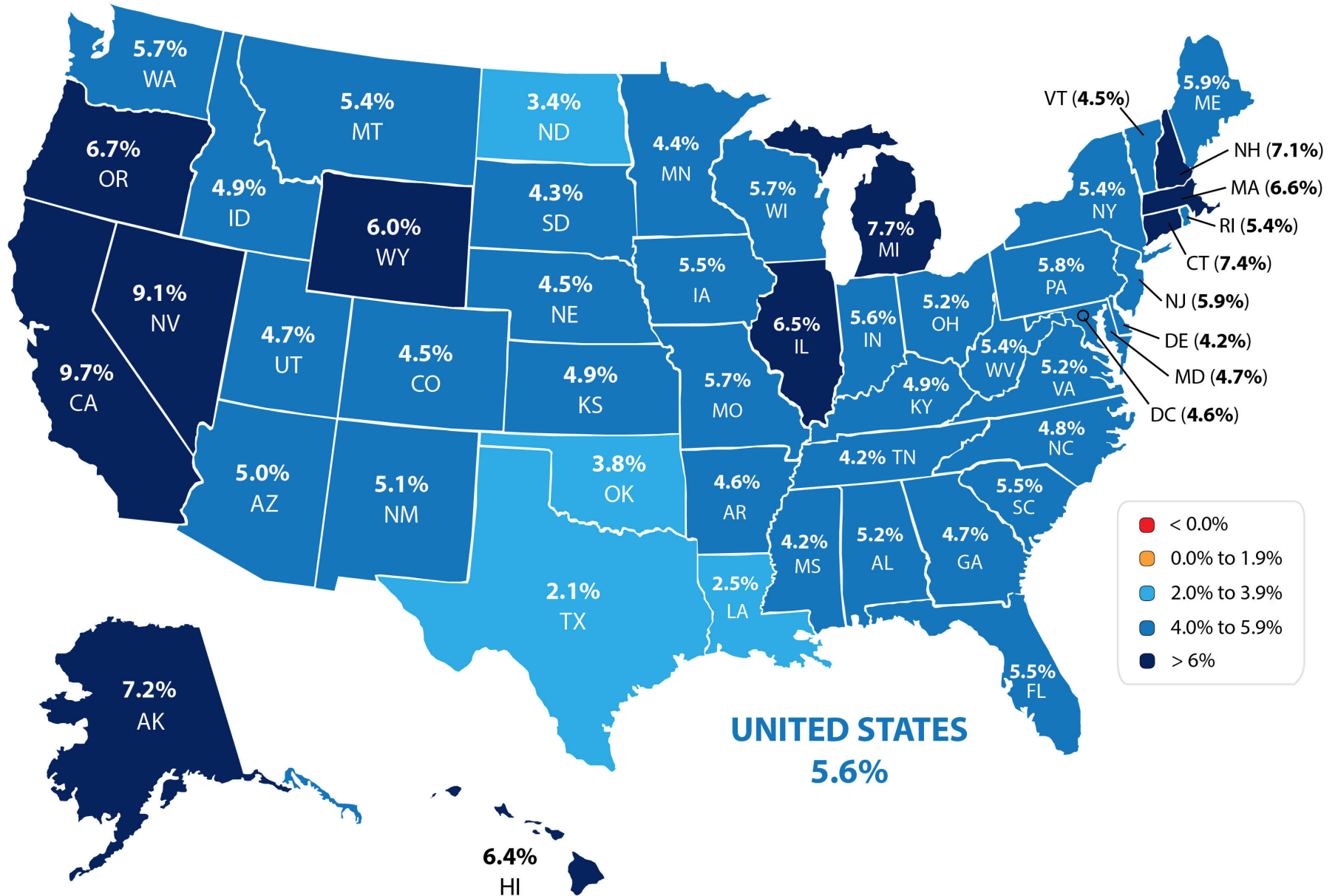
First American's Chief Economist



Year-Over-Year % Change in Price

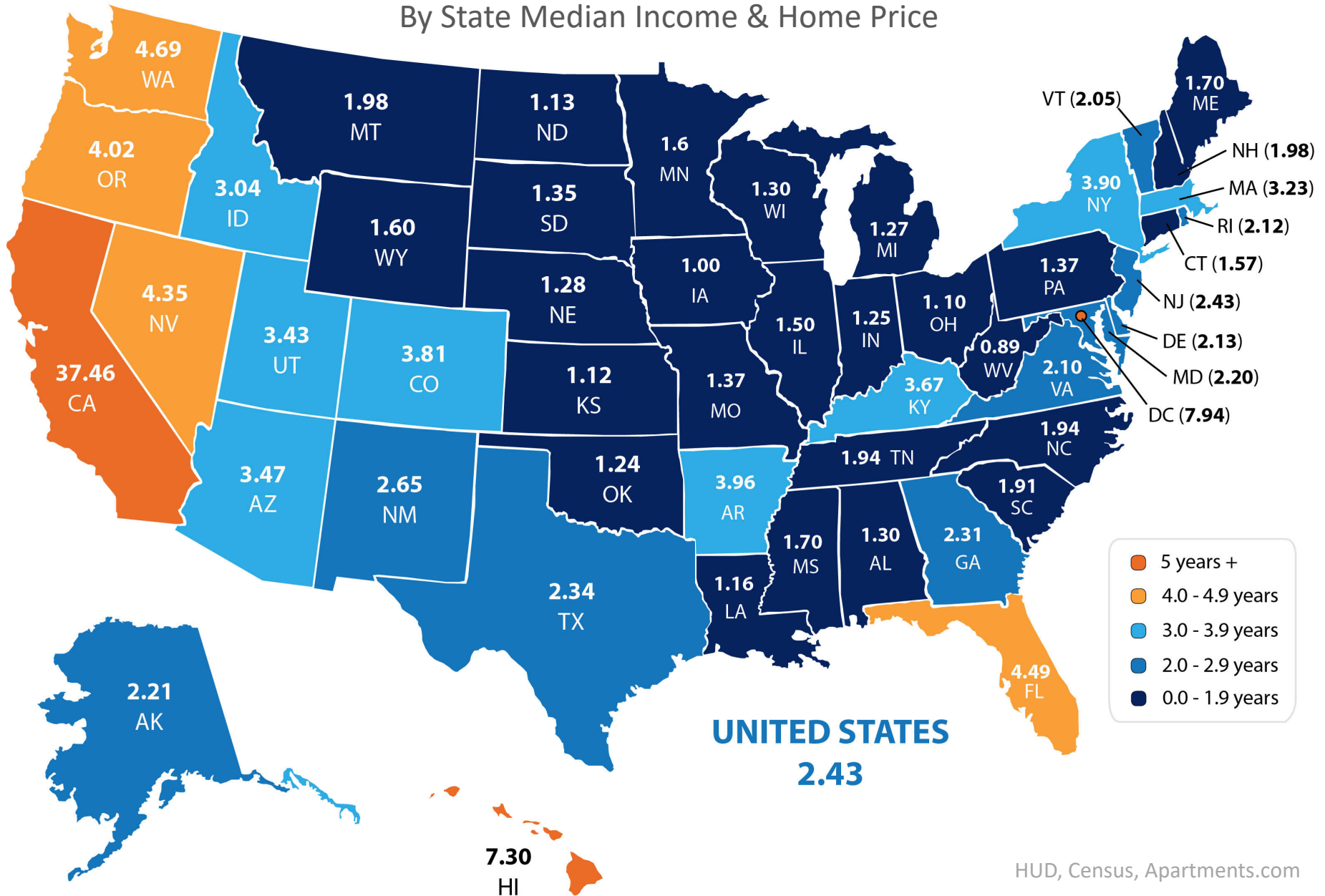


Forecasted Year-Over-Year % Change in Price



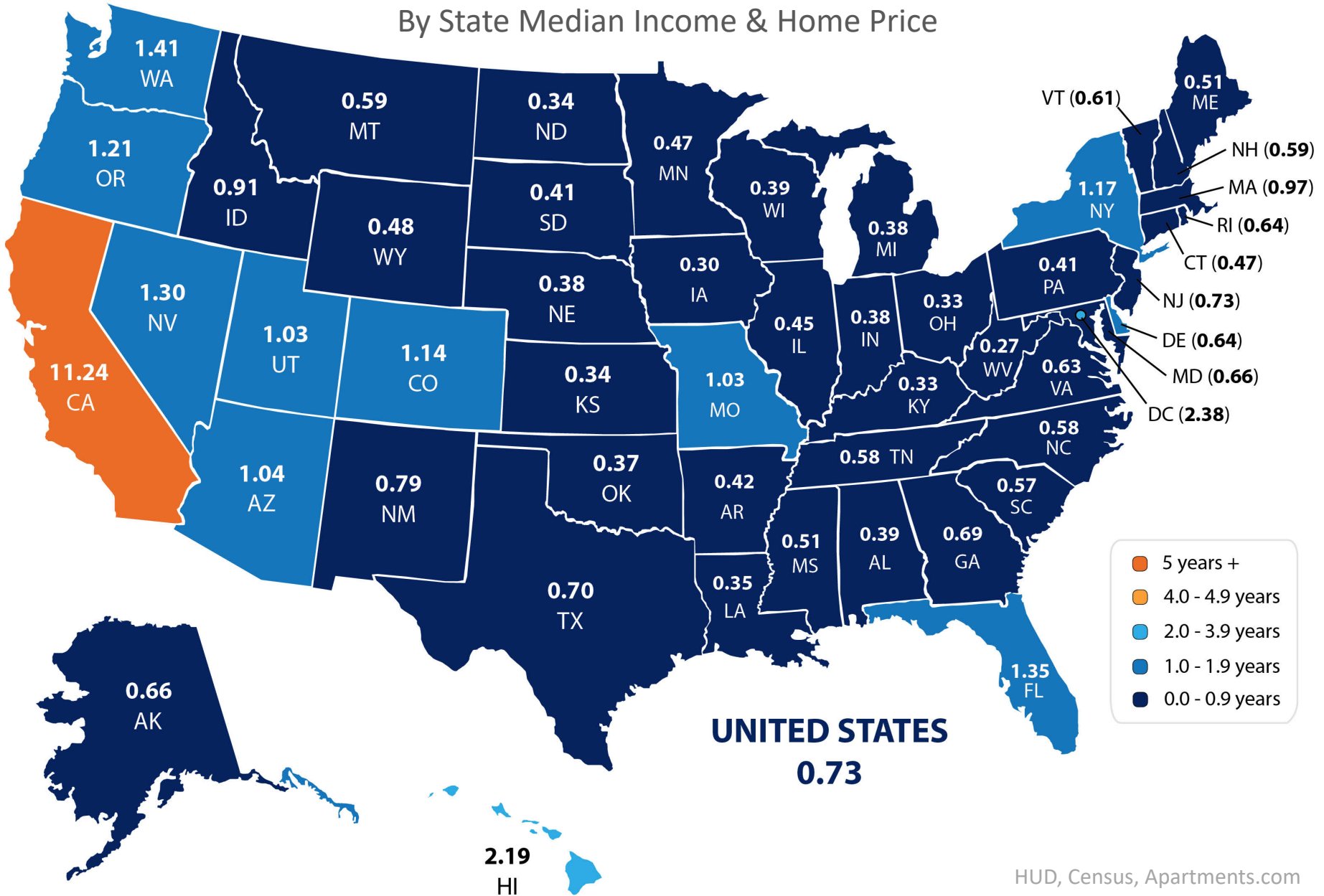
Years Needed To Save 10% Down

By State Median Income & Home Price



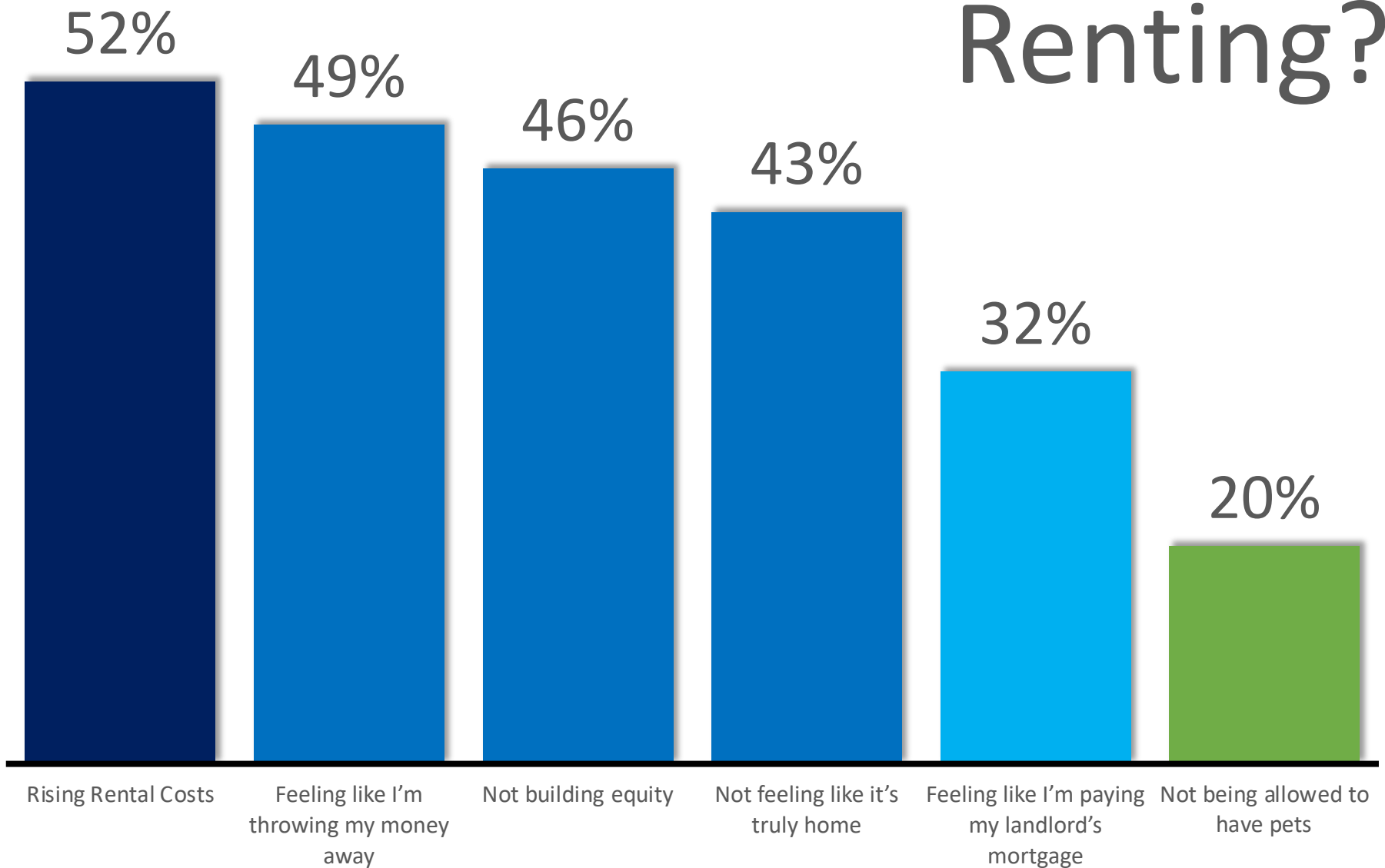
Years Needed To Save 3% Down

By State Median Income & Home Price



UNITED STATES
0.73

What Do You Dislike About Renting?



49%

of renters believe you need a
20% down payment
to buy a home

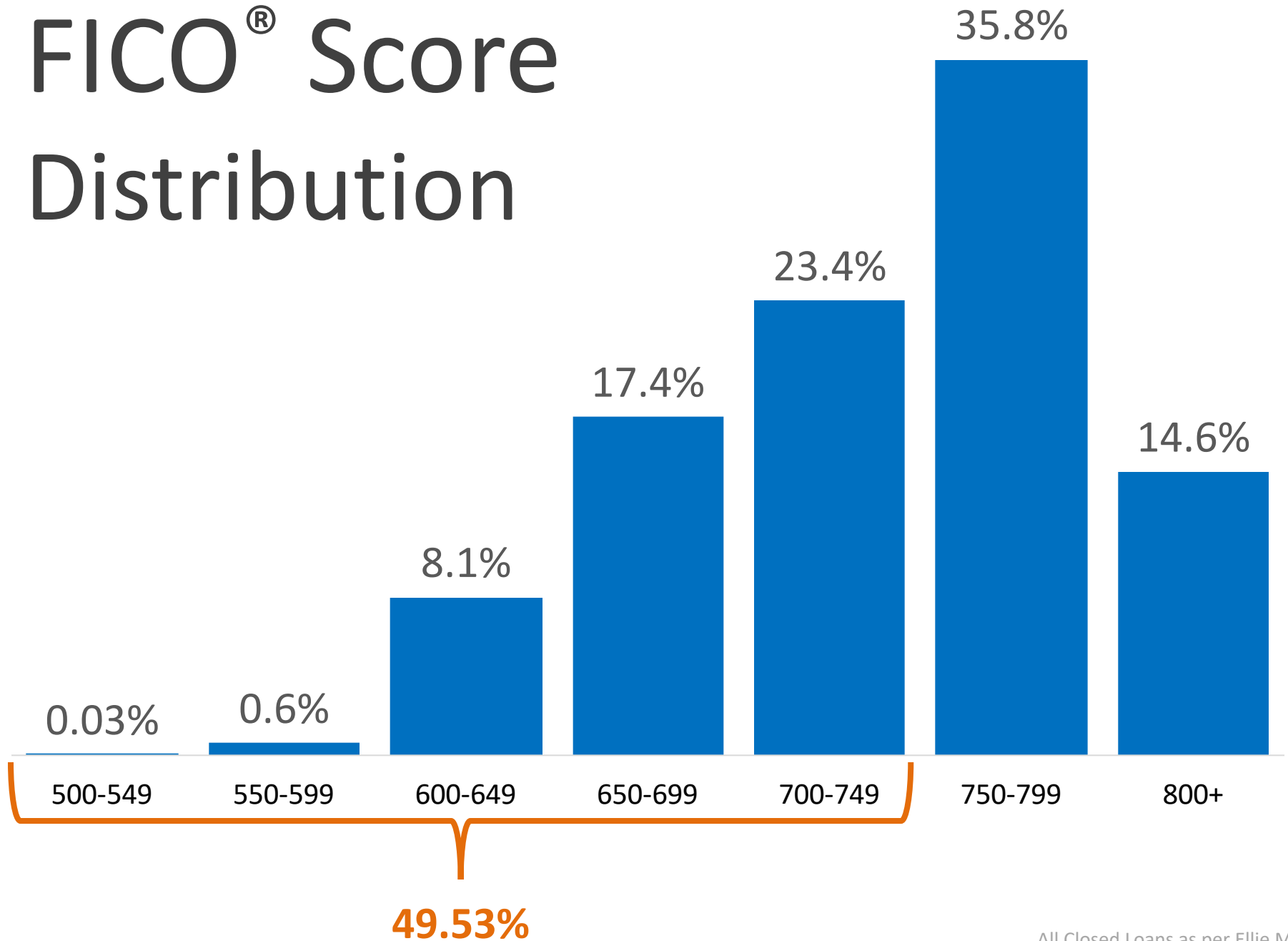
24%

of renters believe you need a

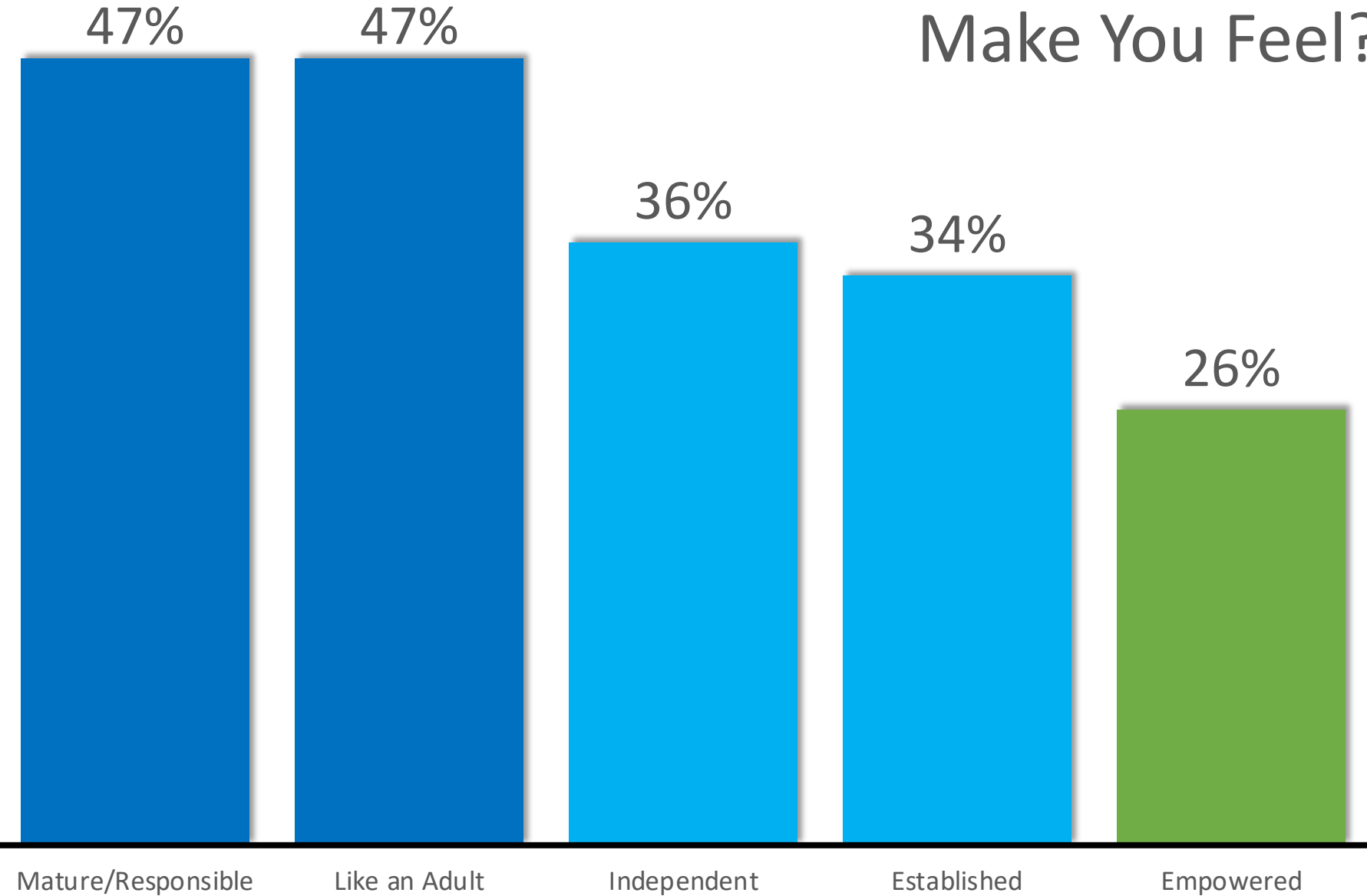
780-800 credit score

to be considered for a mortgage

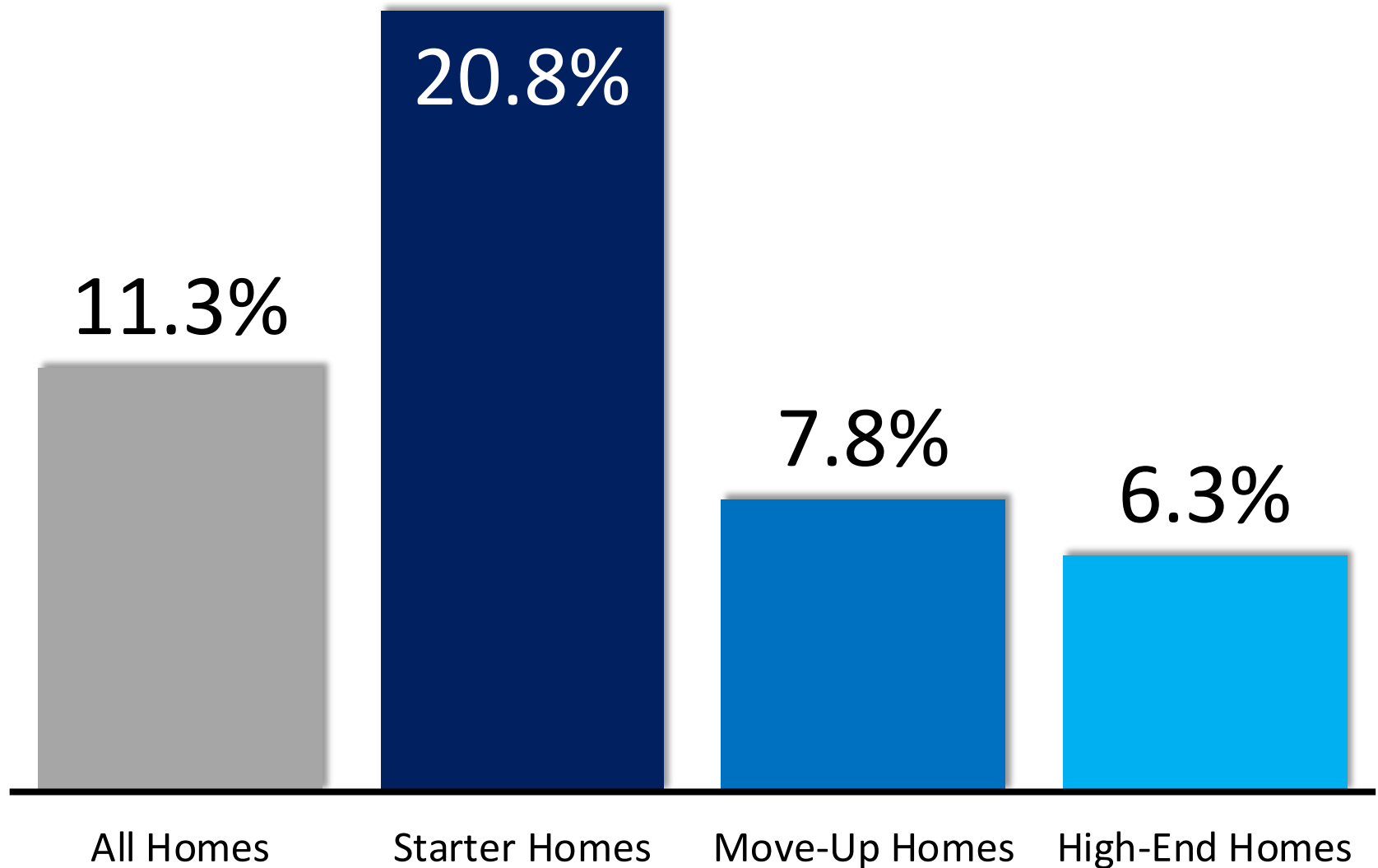
FICO[®] Score Distribution



How Does Buying A Home Make You Feel?



Percentage Share of INVESTOR Purchases



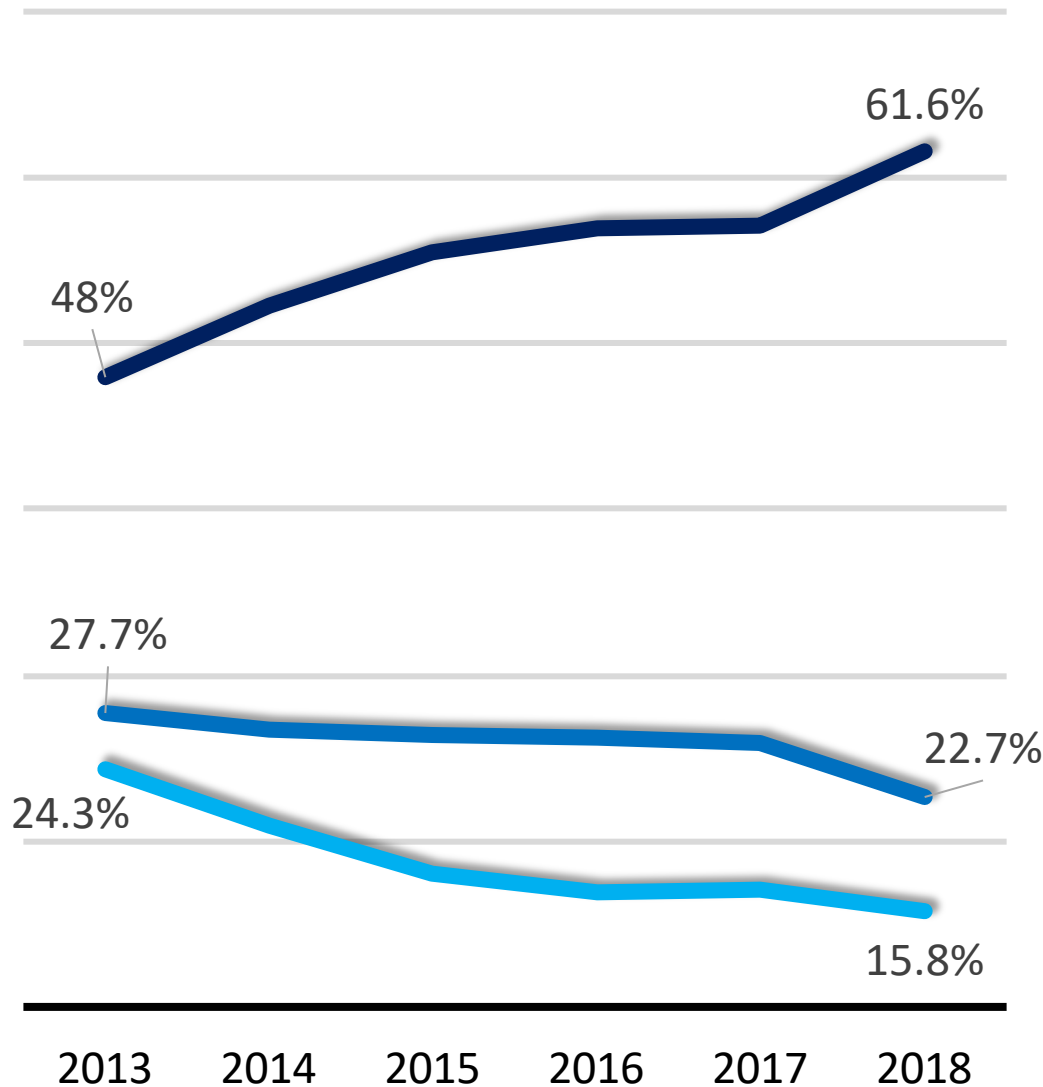
“Investor buying activity in the U.S. is at record highs. And our records go back confidently, about 20 years... What’s going on and why? Well, it turns out, it’s not the big institutional guys that are leading the increase in home buying. It’s actually the smaller guys. It’s those that have bought between one and ten properties over this 20 year period, they’re the ones that are really leading the increase in investor home buying.”

Ralph McLaughlin

Deputy Chief Economist at CoreLogic



Investor Purchases by Type of Investor



of Purchases over last 20 Years

- "Mom & Pop" (1-10)
- Professional (11-100)
- Institutional (>100)