

2022 REALTORS®
LEGISLATIVE MEETINGS

HOME FRONT

PROTECTING RIGHTS.
EXPANDING ACCESS.
BUILDING PROSPERITY.

NATIONAL HARBOR, MD • MAY 1-6, 2022



NARLegislative



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Lawrence Yun

Chief Economist, NAR

Stagflation?

Inflation?

Housing Market

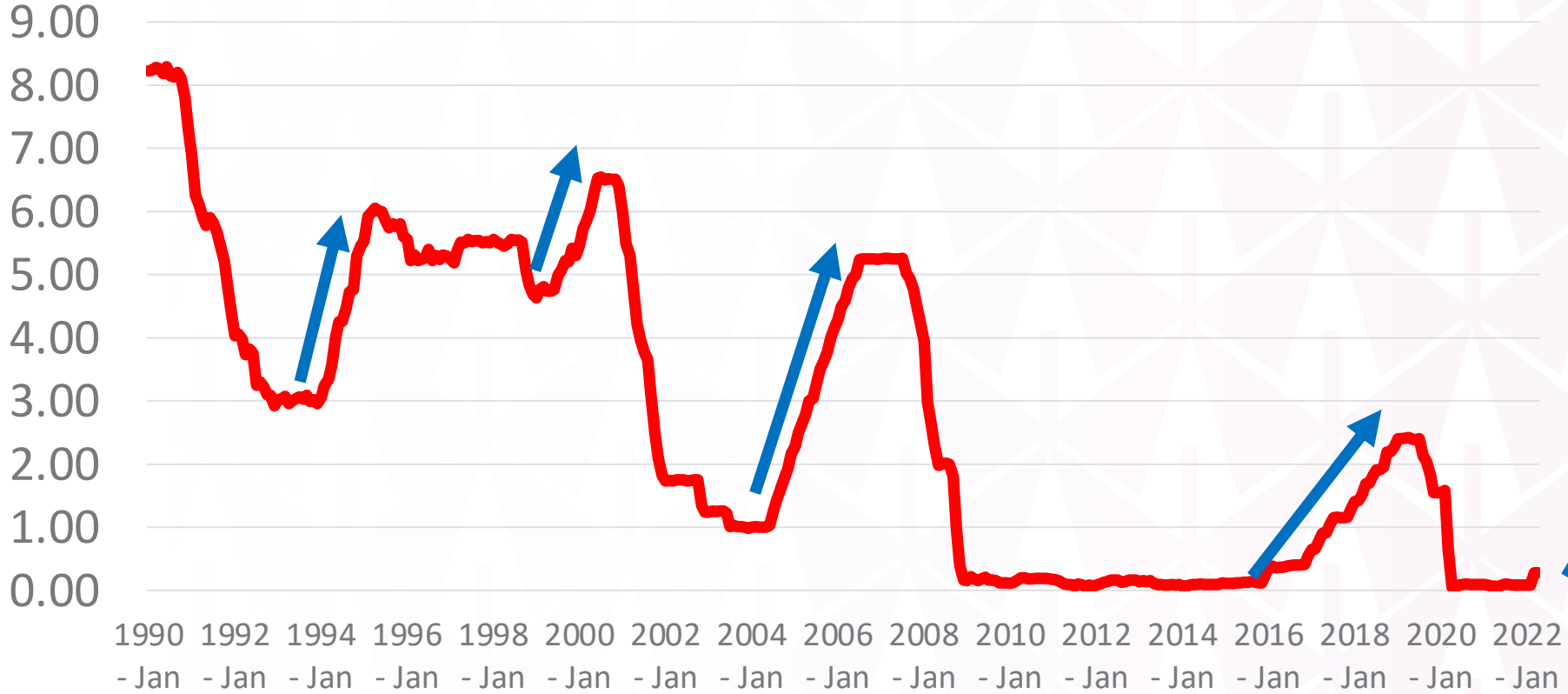
Bubble?

Recession?

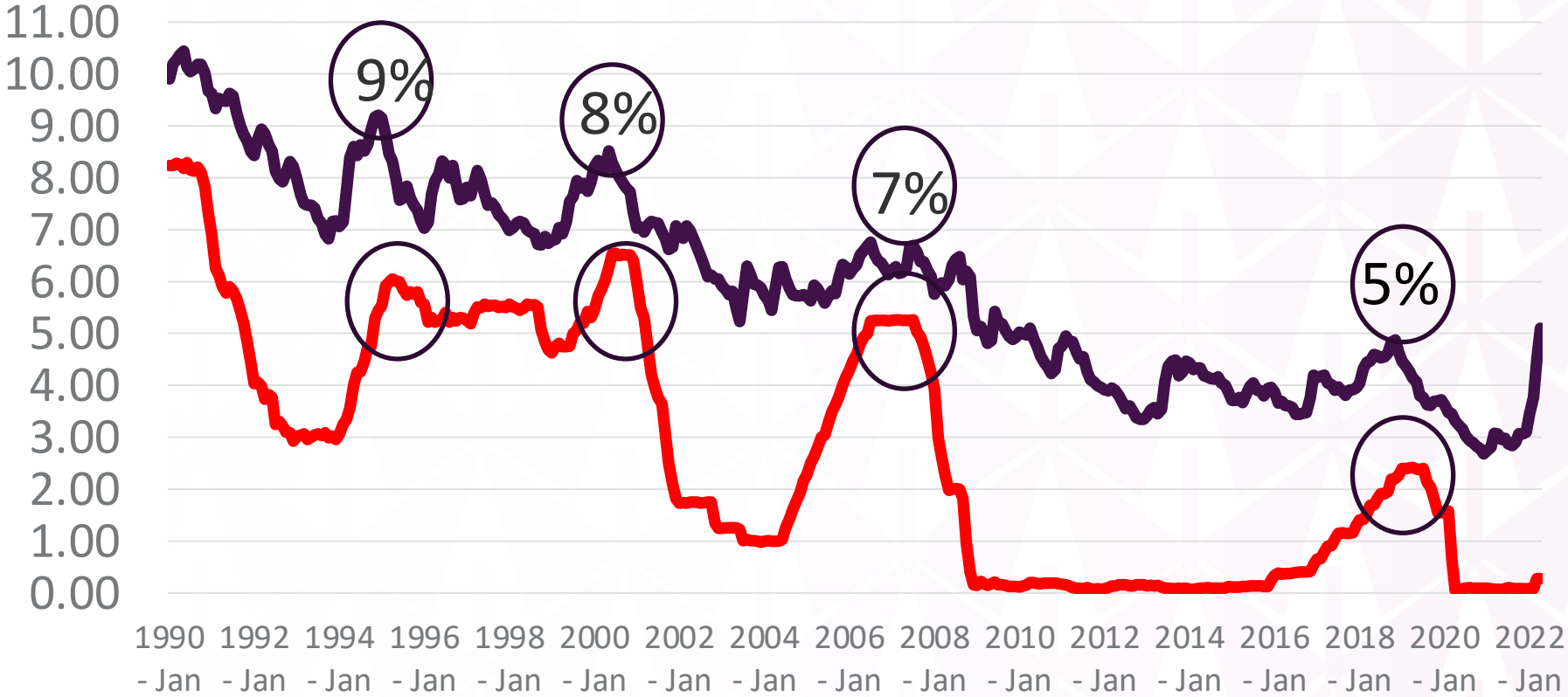
Long Bear Stock Market?

War !

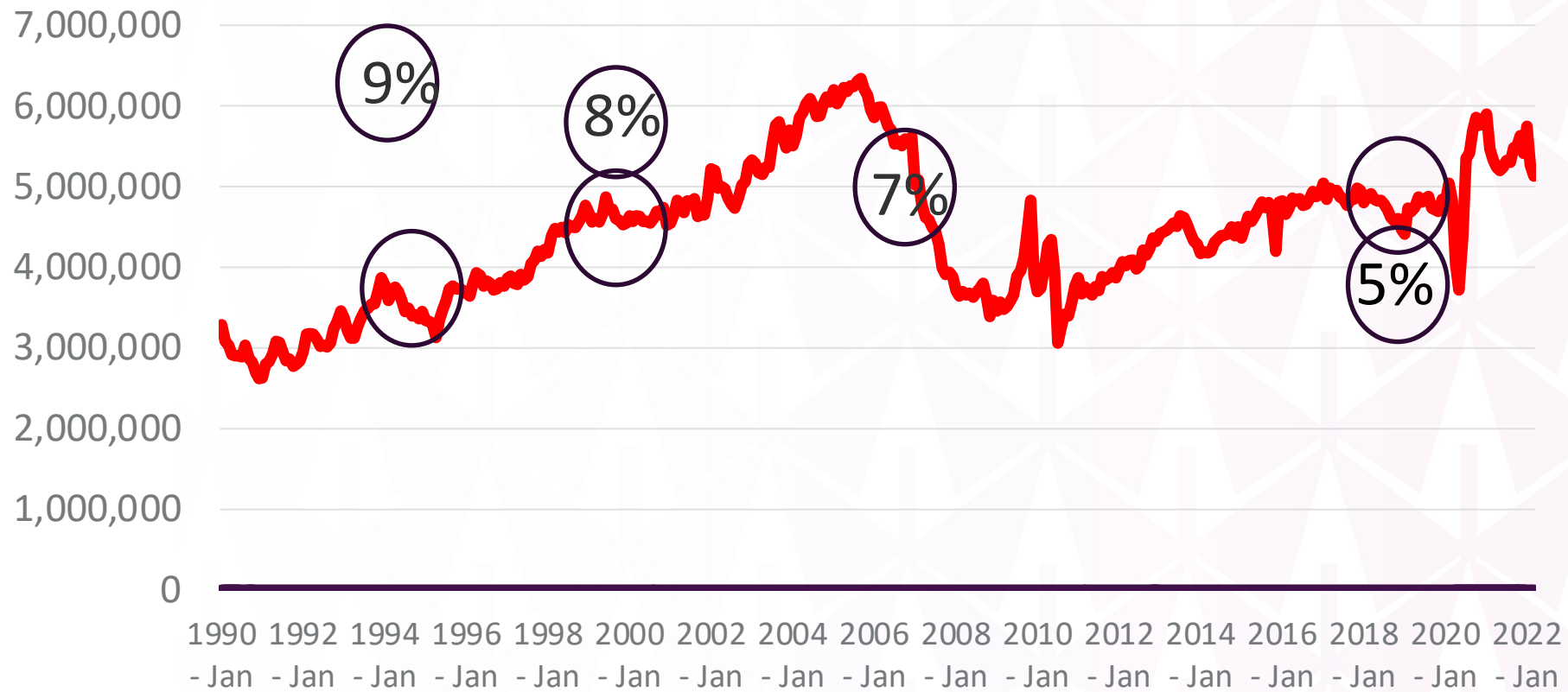
Fed Tightening of Fed Funds Rate (short-term interbank rate)



Mortgage Rates Sharply Higher in anticipation of Fed Tightening



Existing Home Sales and Mortgage Rate Increases



Monthly Mortgage Payment for Same House ... One year ago vs. Now

\$400,000 Loan

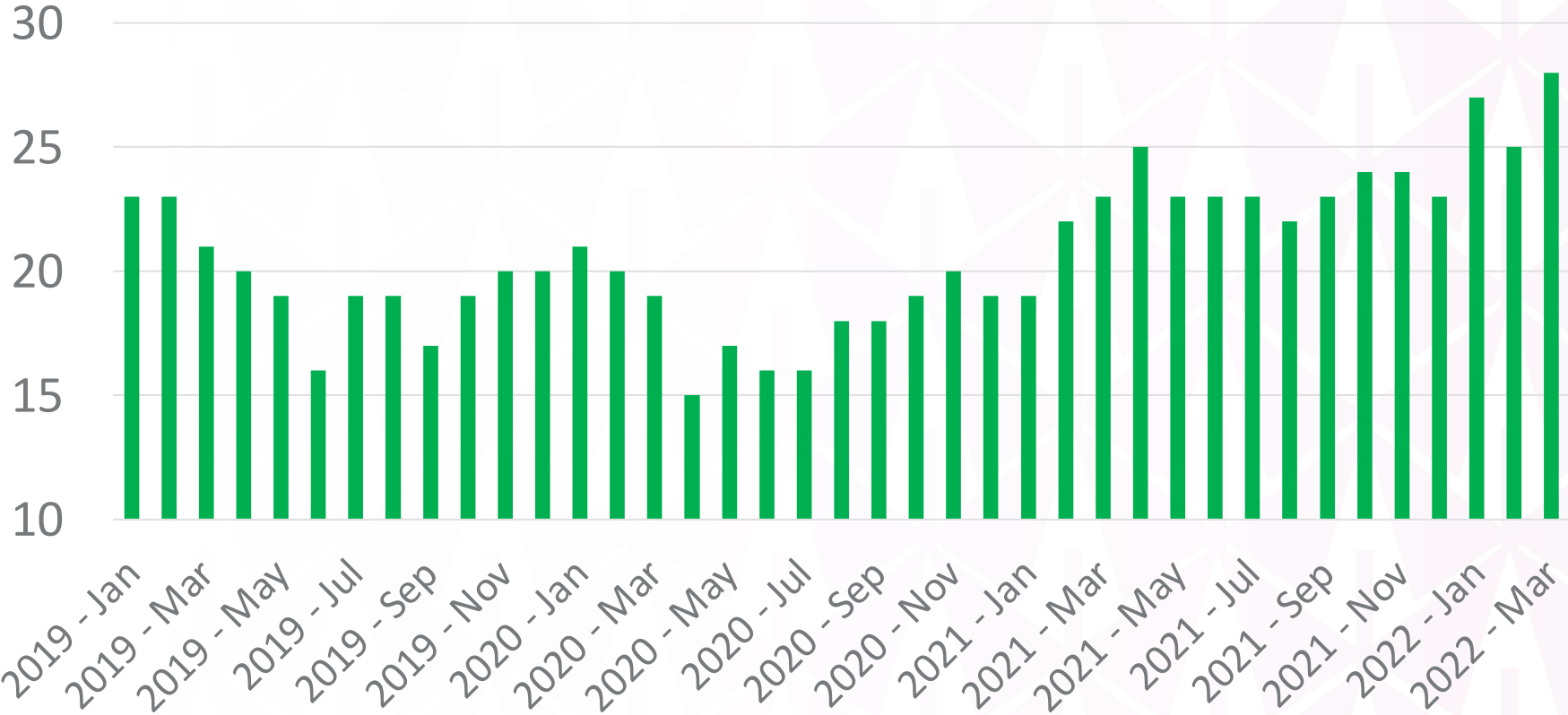
Mortgage Rate	Principal + interest
3%	\$1686
4%	\$1910
5%	\$2147
6%	\$2398
10%	\$3510

\$480,000 Loan

Mortgage Rate	Principal + interest
5.1%	\$2606

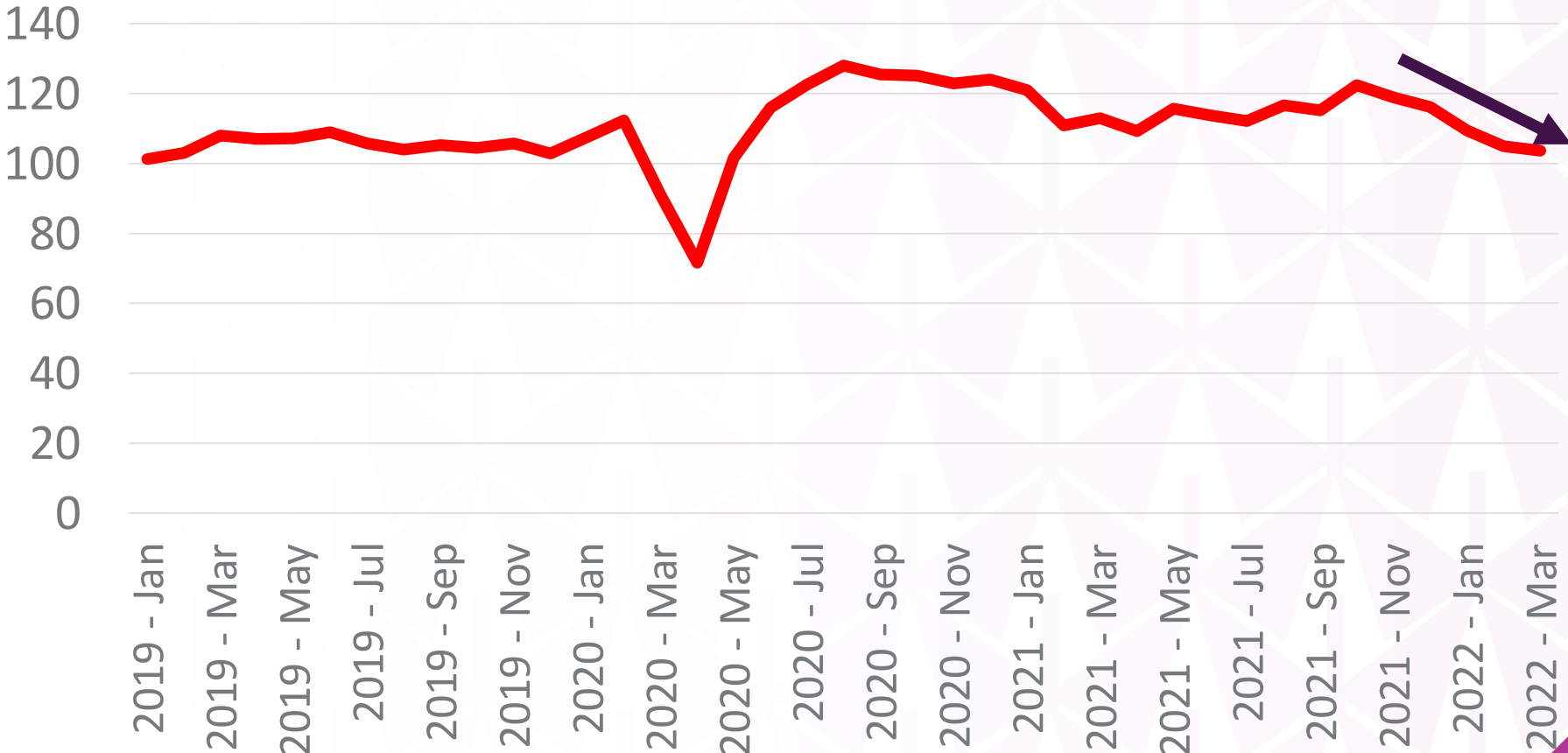
55% cost increase
in the American Dream

What about Cash Deals? ... highest since 2010-2012 period



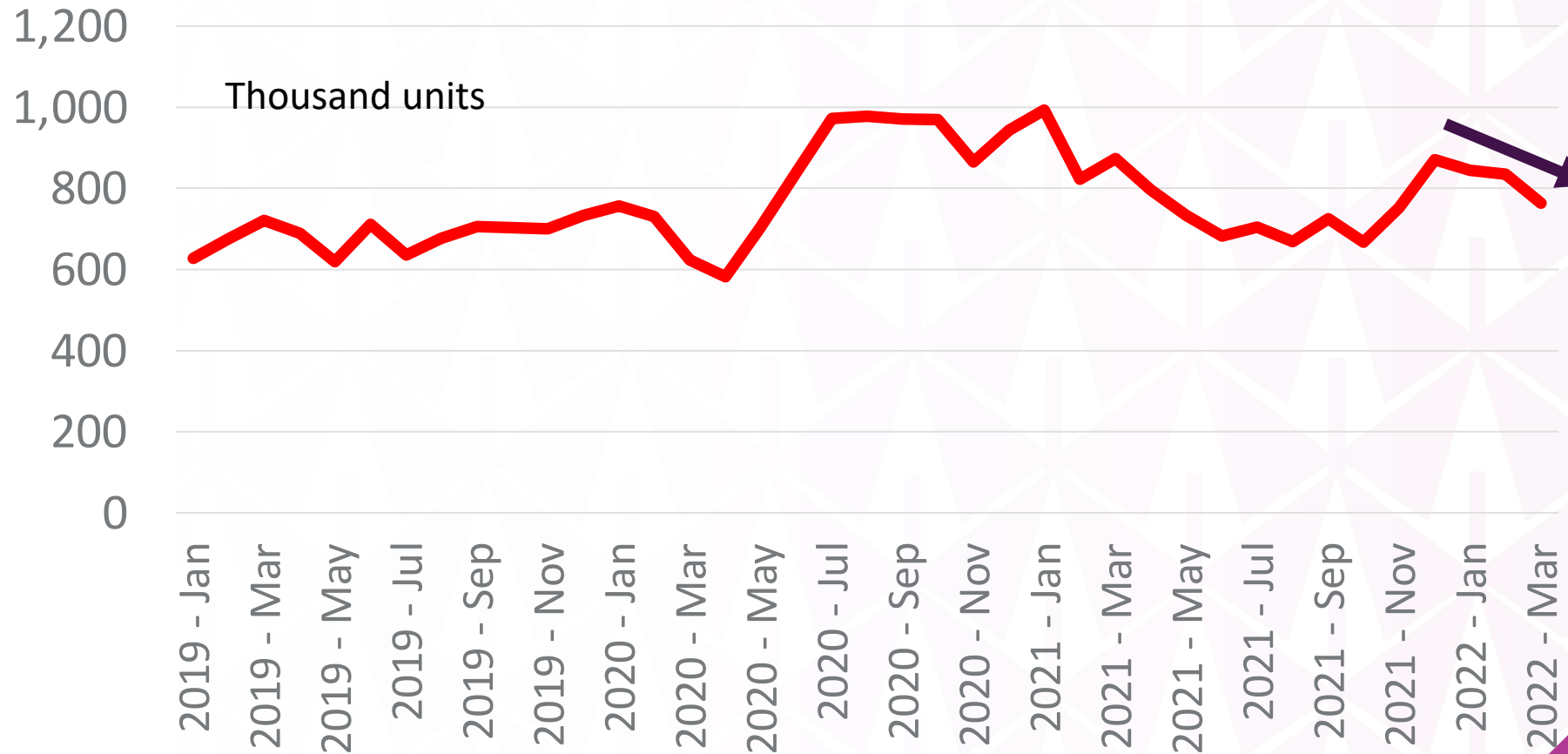
Source: NAR

Pending Contracts Falling



Source: NAR

Newly Constructed Single-Family Sales (contracts)



Source: HUD

Tabloid Headline: Who Stole the American Dream?



ExxonMobil



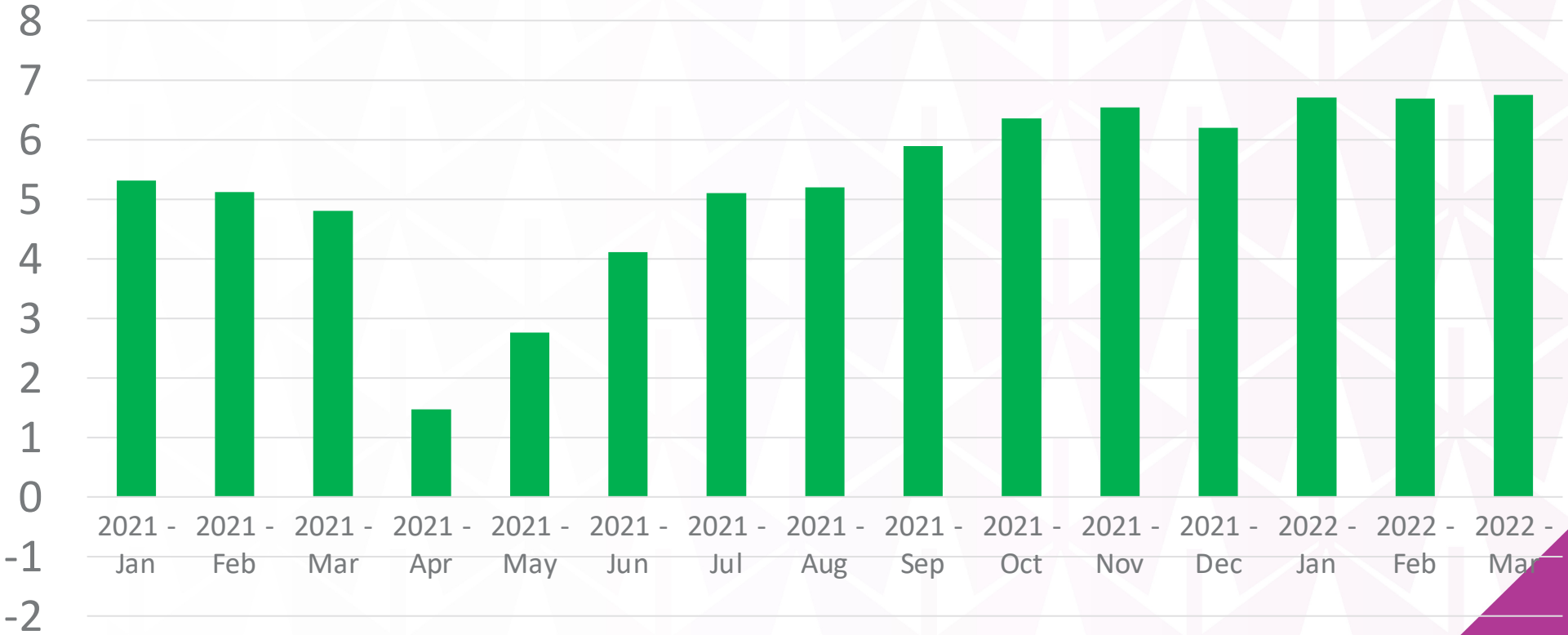
ConocoPhillips



TOTAL

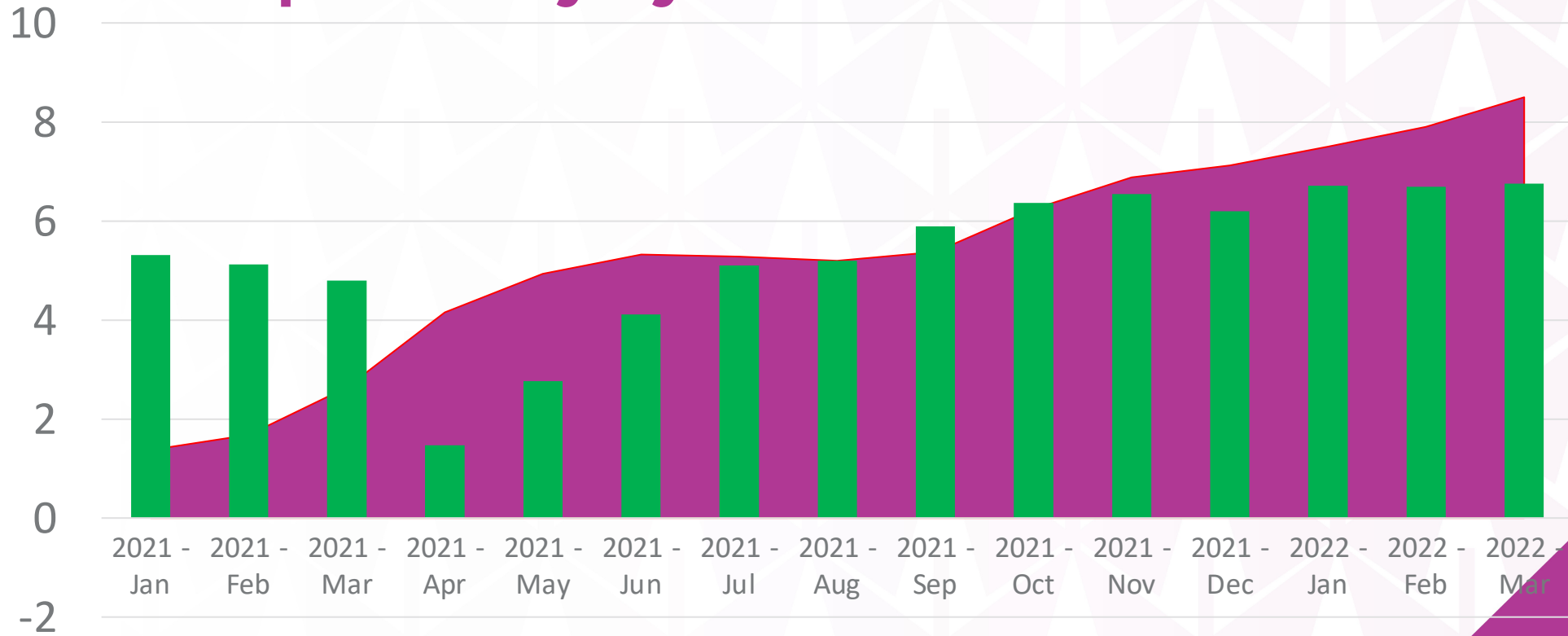


Wage Growth Rising by 6% ... Worker Shortage



Source: Bureau of Labor Statistics

Wage Growth Rising ... But Wiped Away by Consumer Price Inflation 8.5%



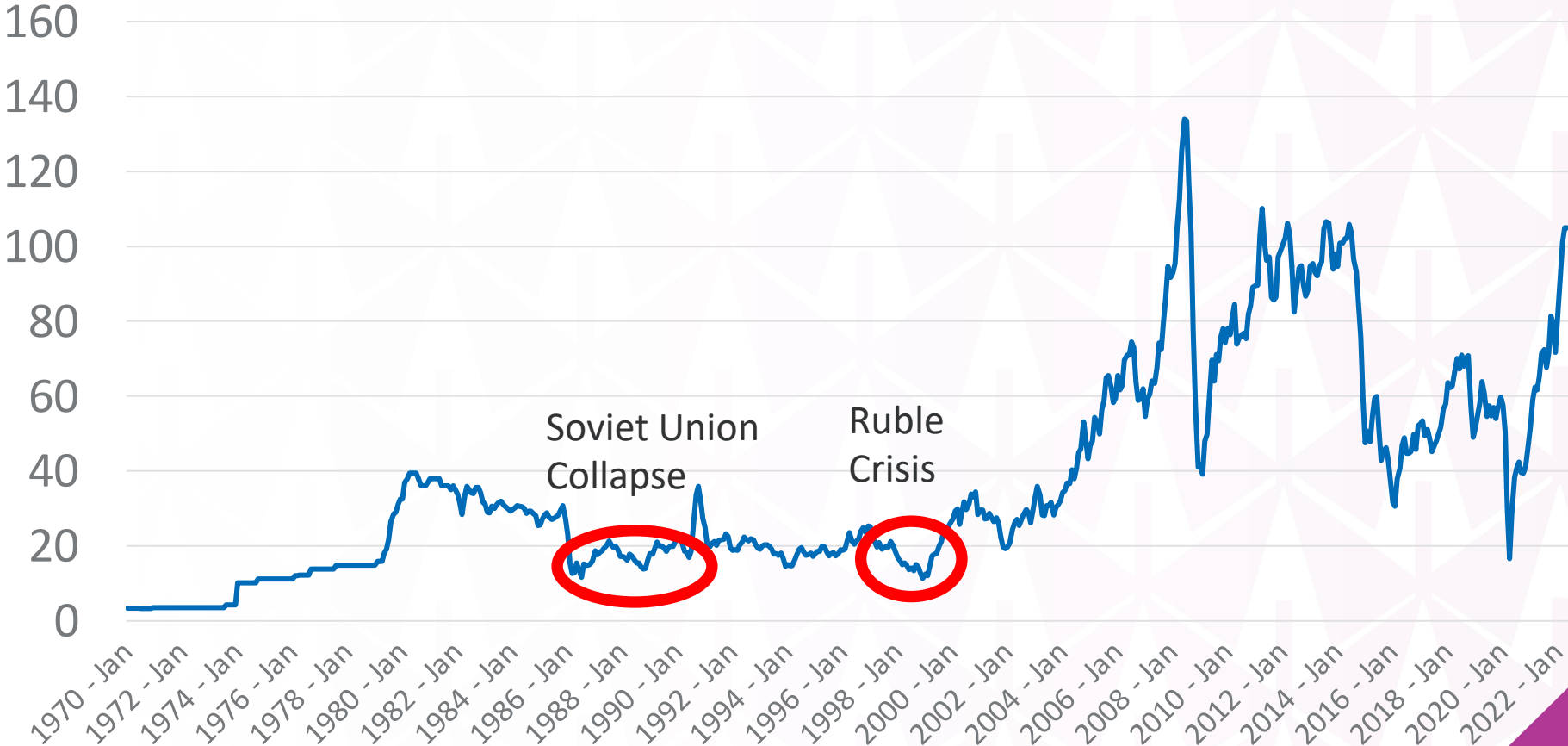
Source: Bureau of Labor Statistics

Which Inflation Component is Rising?

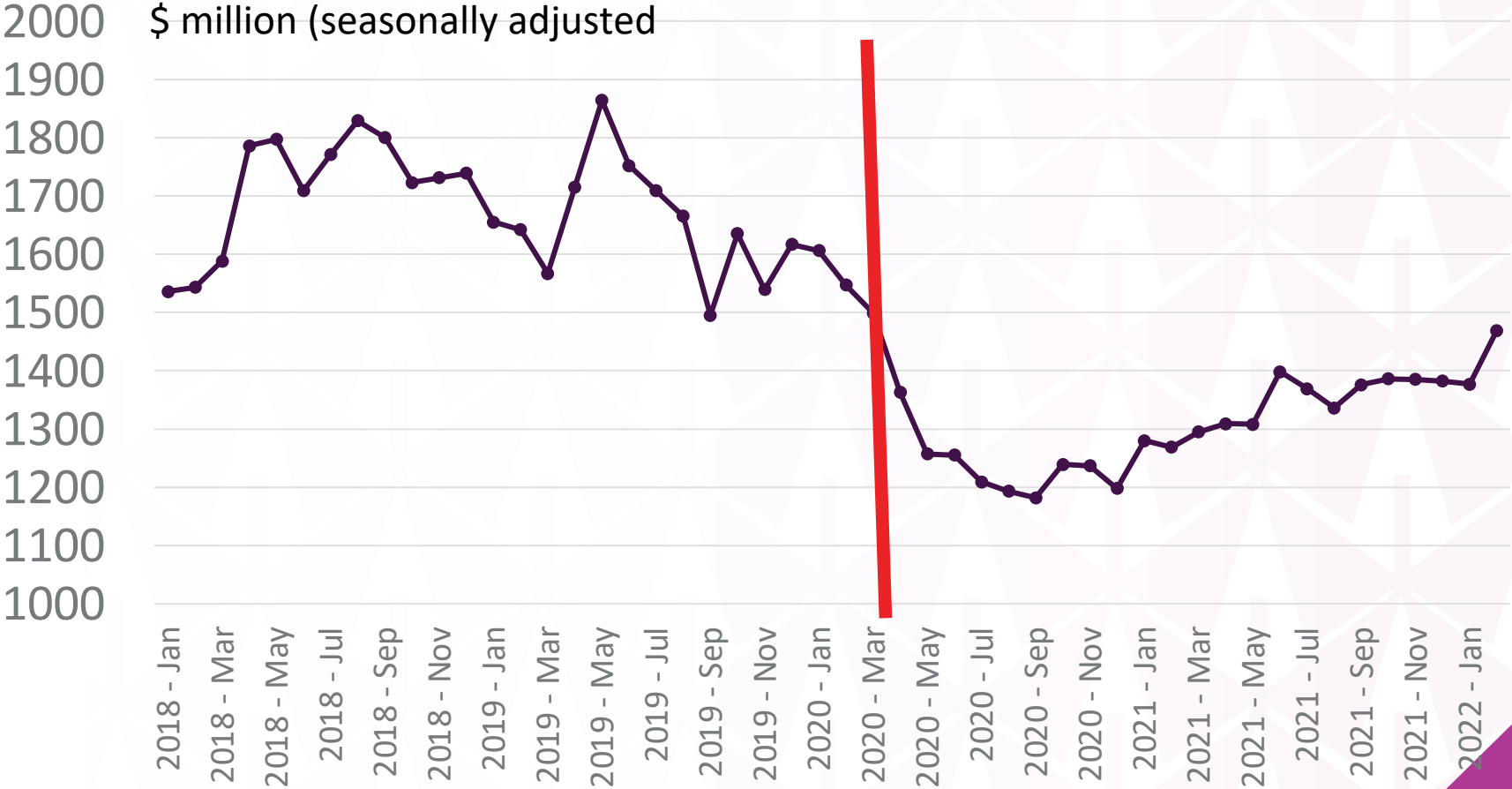
Item	% change from a year ago
Gasoline	48%
Used Car	35%
Airfare	24%
Electricity	11%
Grocery	10%
Clothes	7%
Rent	5%
Medical Service	3%

American Dream ... 55% ... not included

West Texas Crude Oil Price

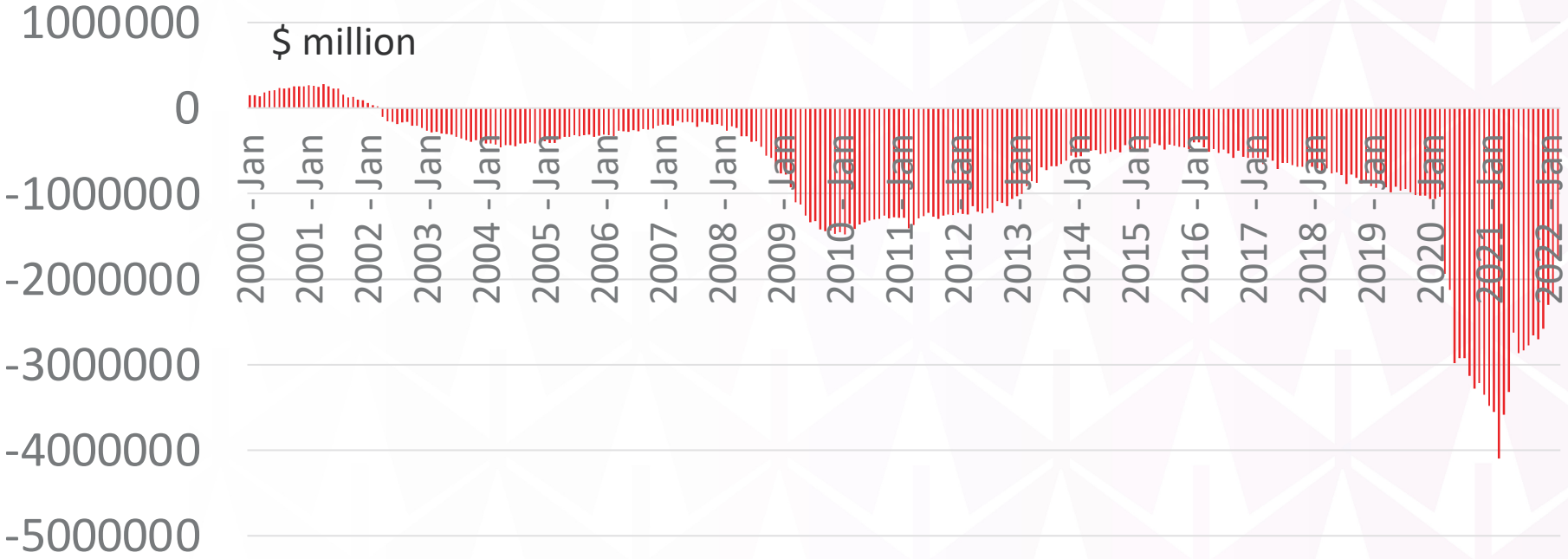


Shipments of Drilling Equipment in U.S.



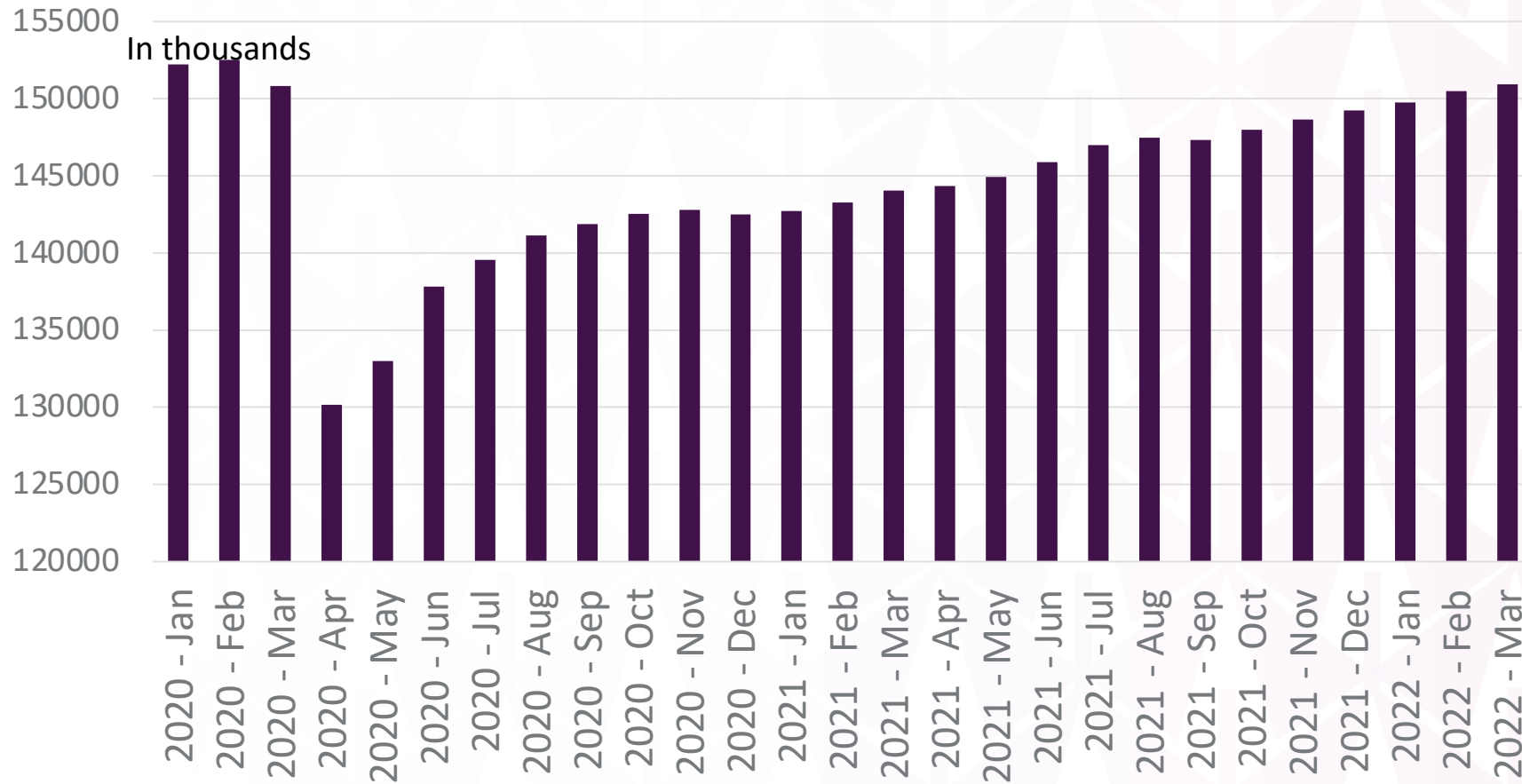
Source: Dept of Commerce

Federal Budget Deficit ... from “Free Money”



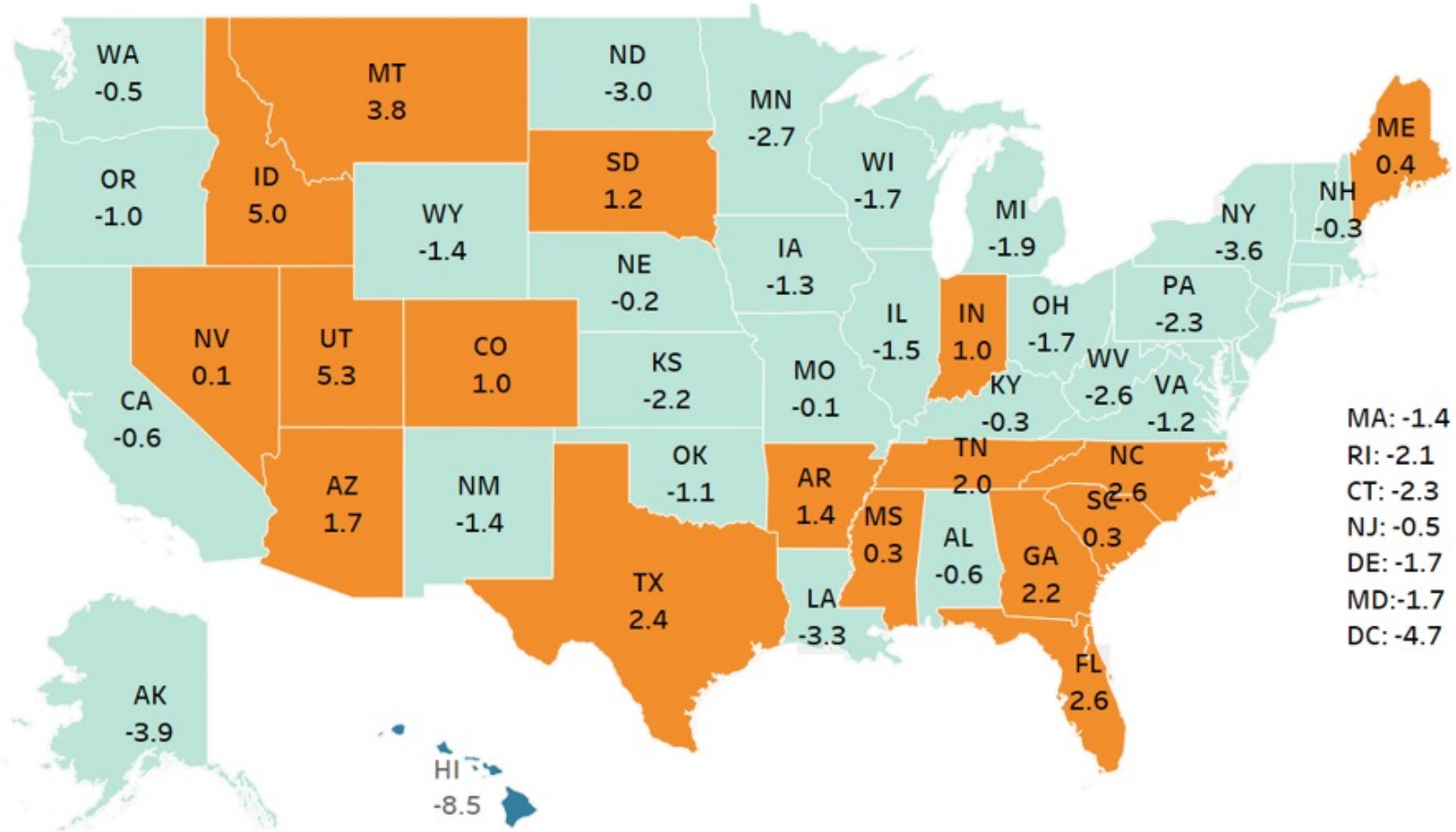
Source: CBO

Recession? Total Payroll Jobs keep Rising



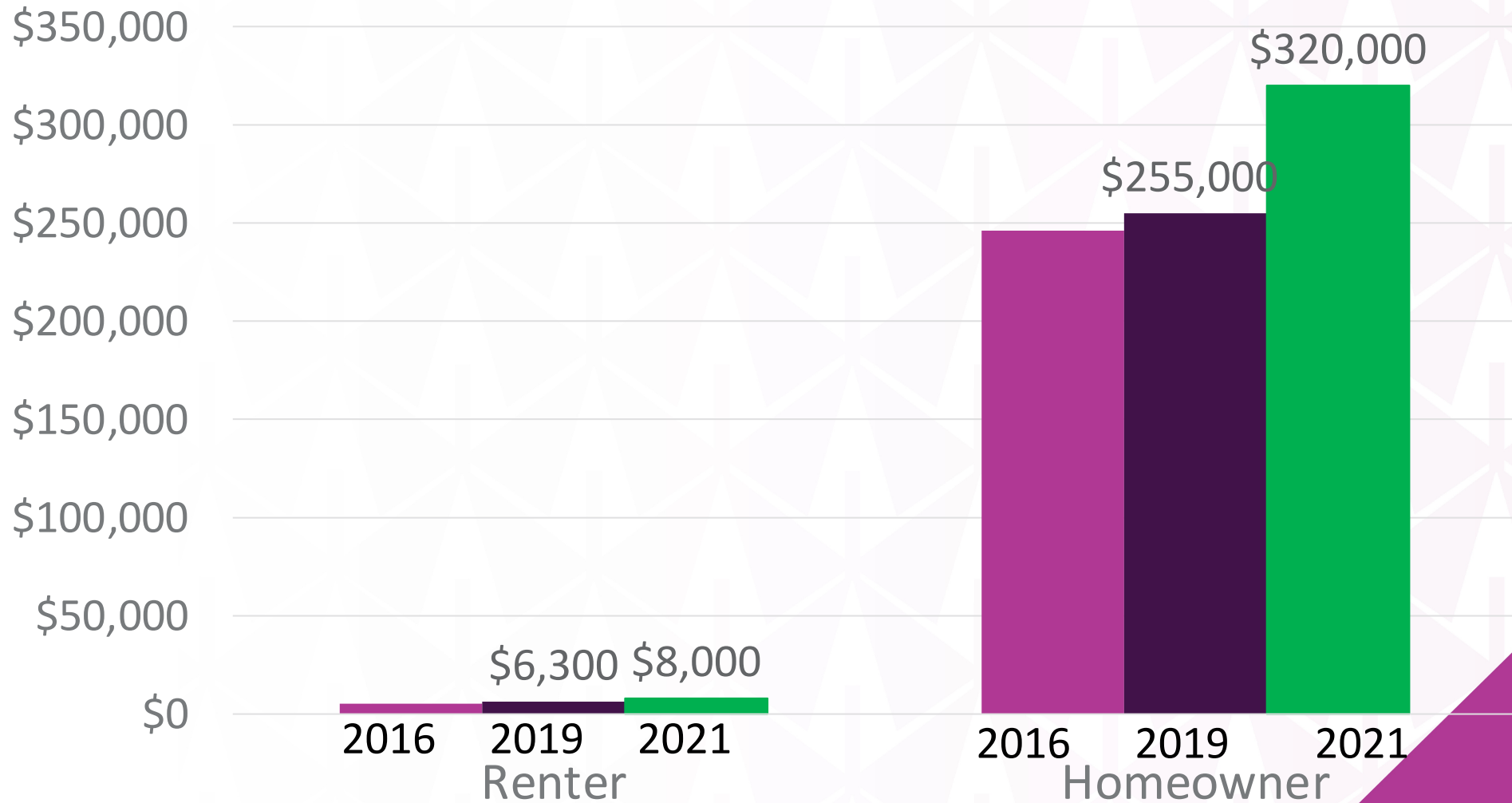
Source: Bureau of Labor Statistics

Recession? Job Growth Rate from Pre-covid Days



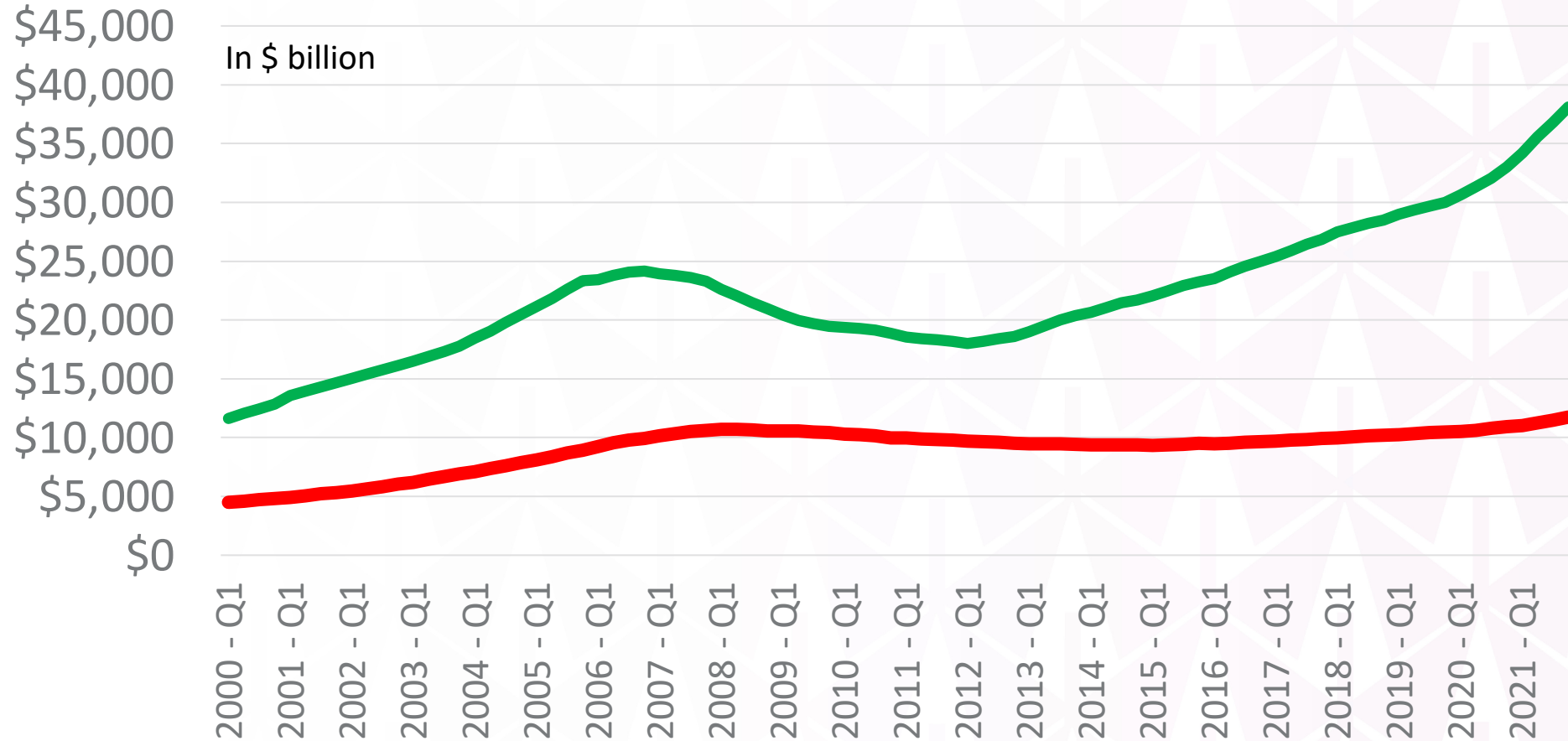
Source: Bureau of Labor Statistics

Household Wealth ... Renters vs. Homeowners



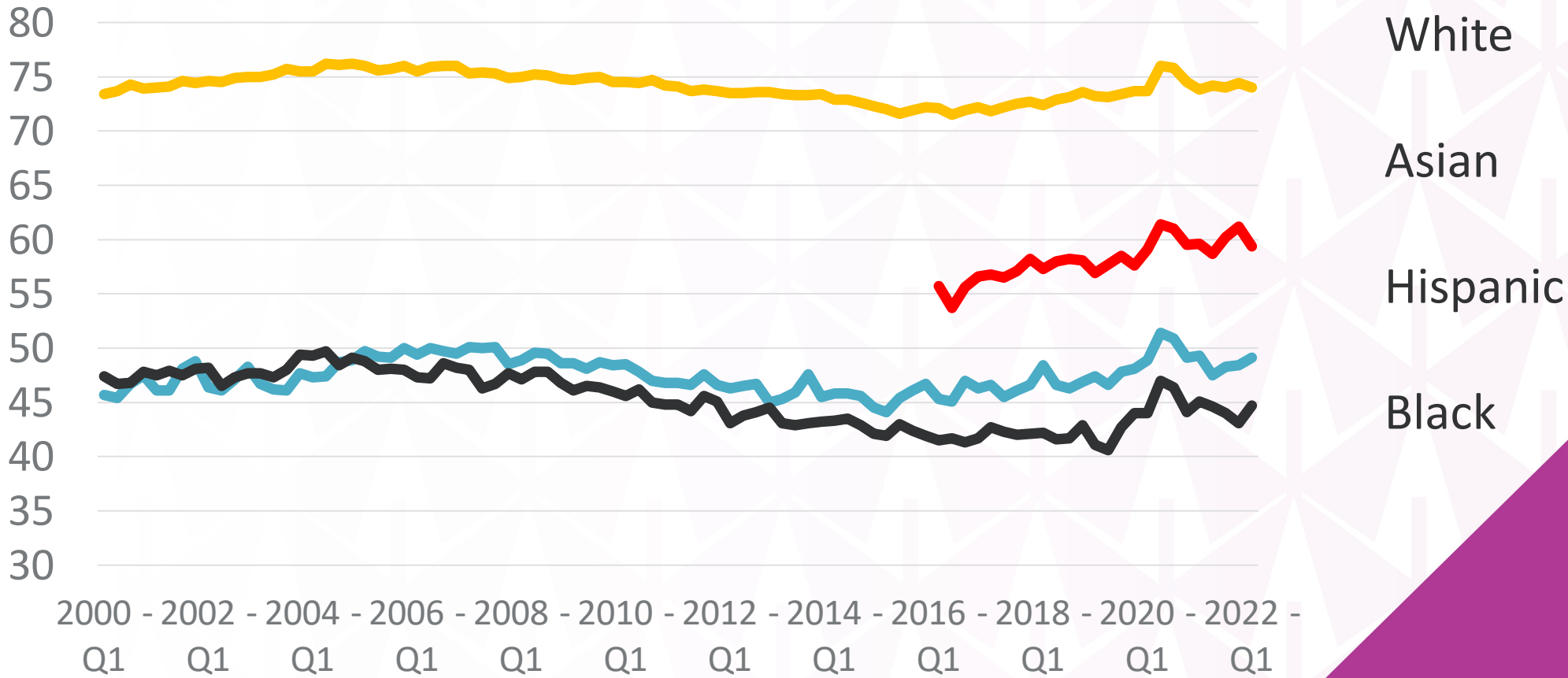
Source: Federal Reserve Survey of Household Finance; NAR estimate in 2021

Real Estate Asset vs. Mortgage Debt



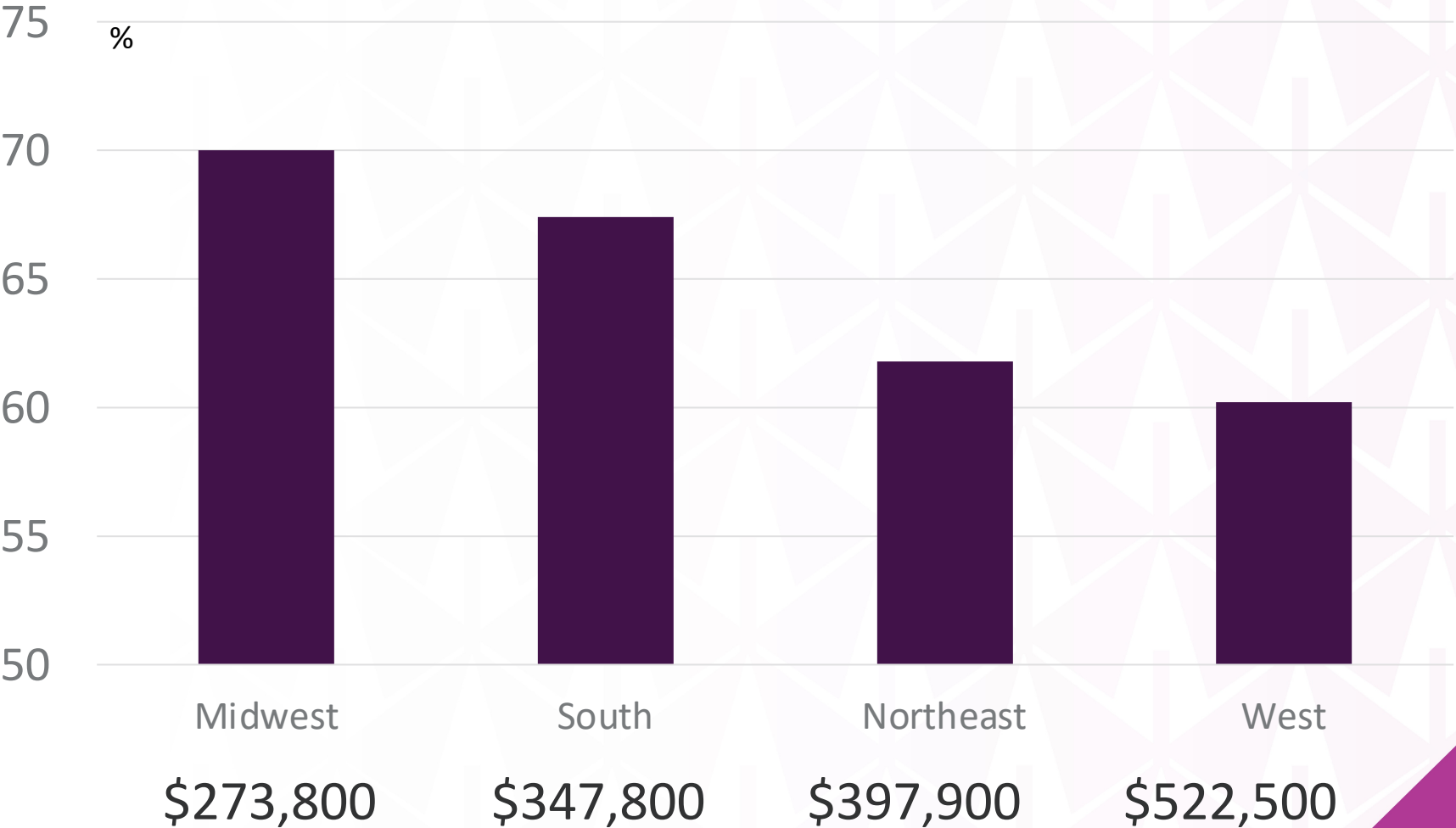
Source: Federal Reserve Survey of Household Finance

Homeownership Rate by Race/Ethnicity

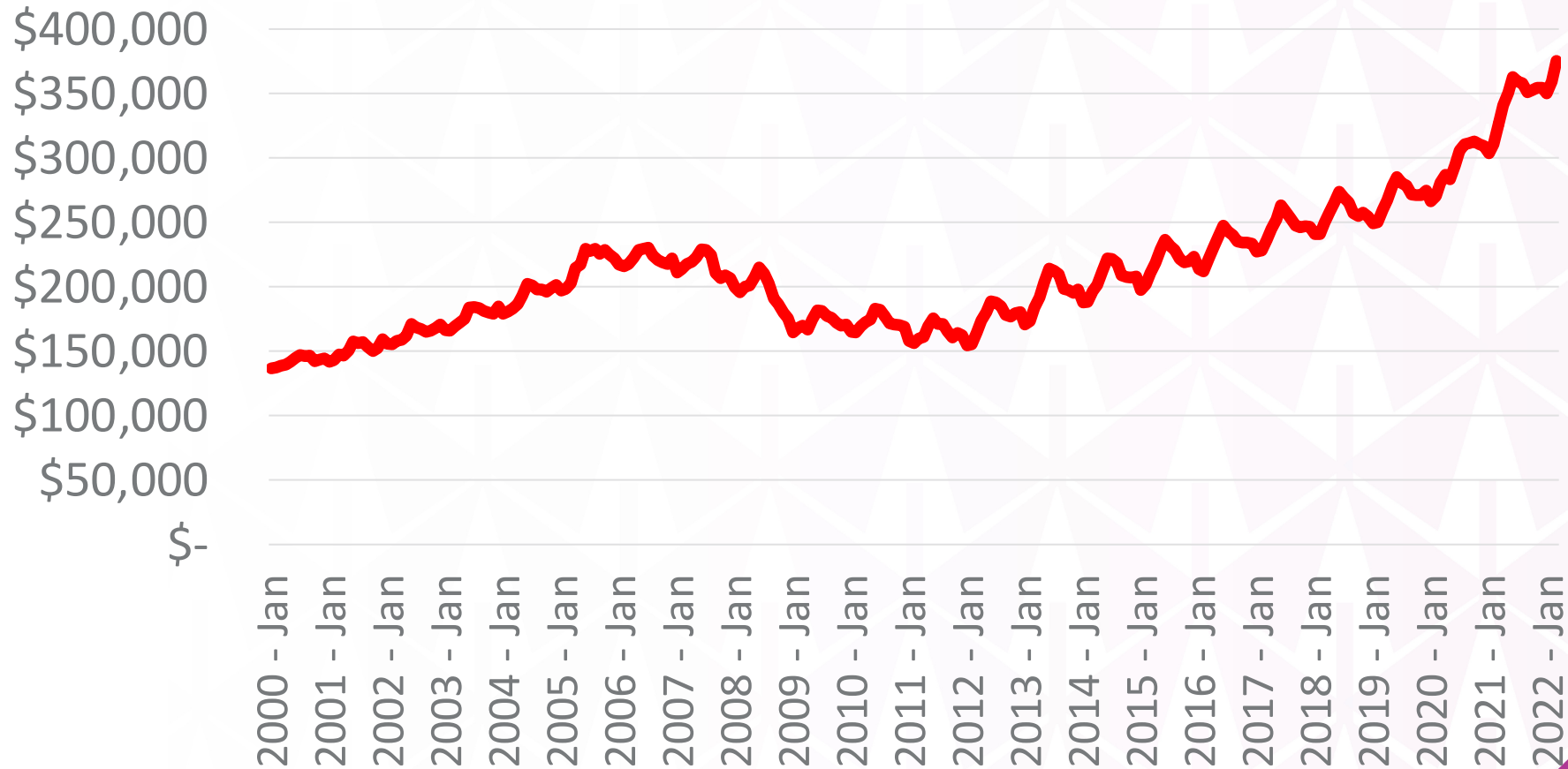


Source: Census

Homeownership Rate by Region and Median Home Price

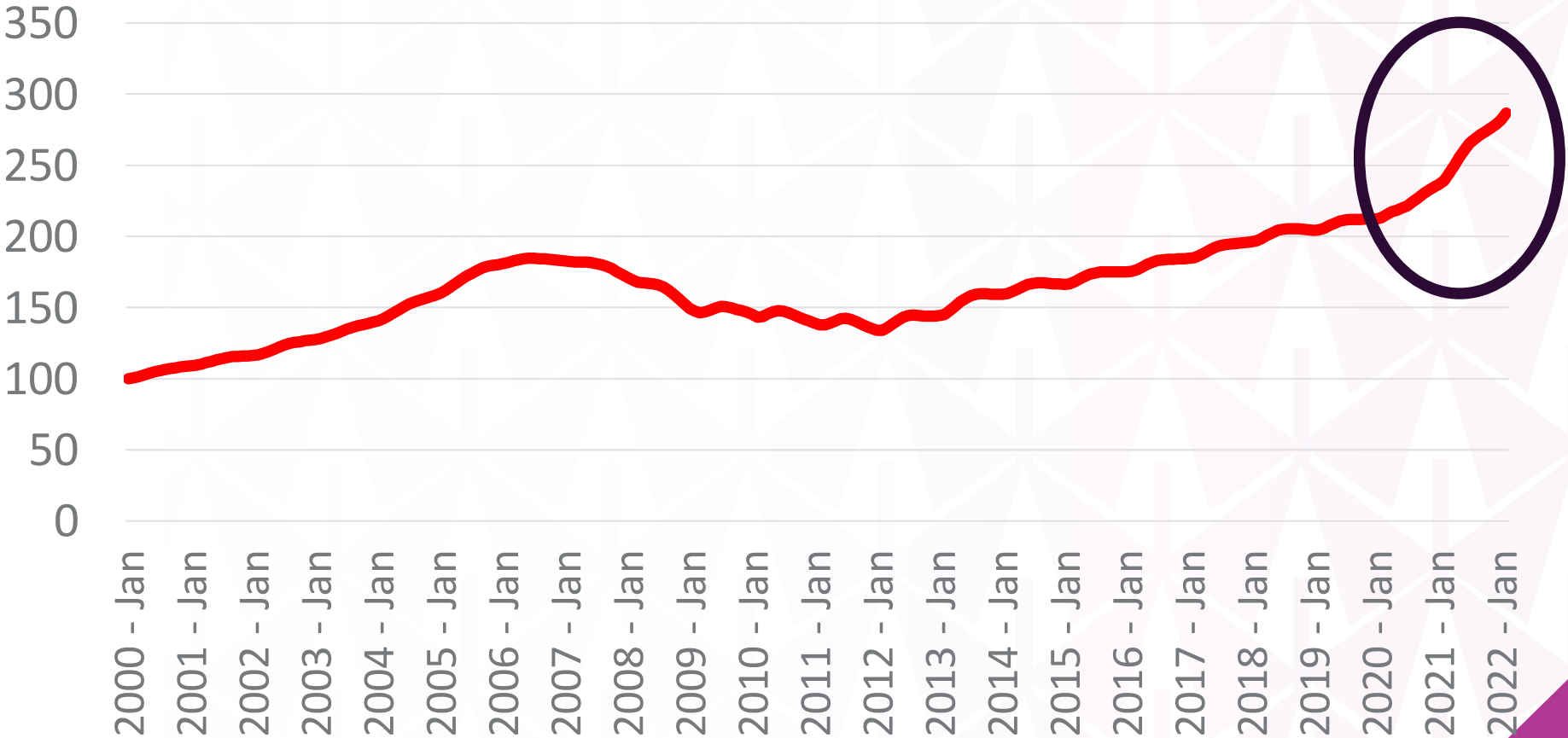


Median Home Price getting bubblish?



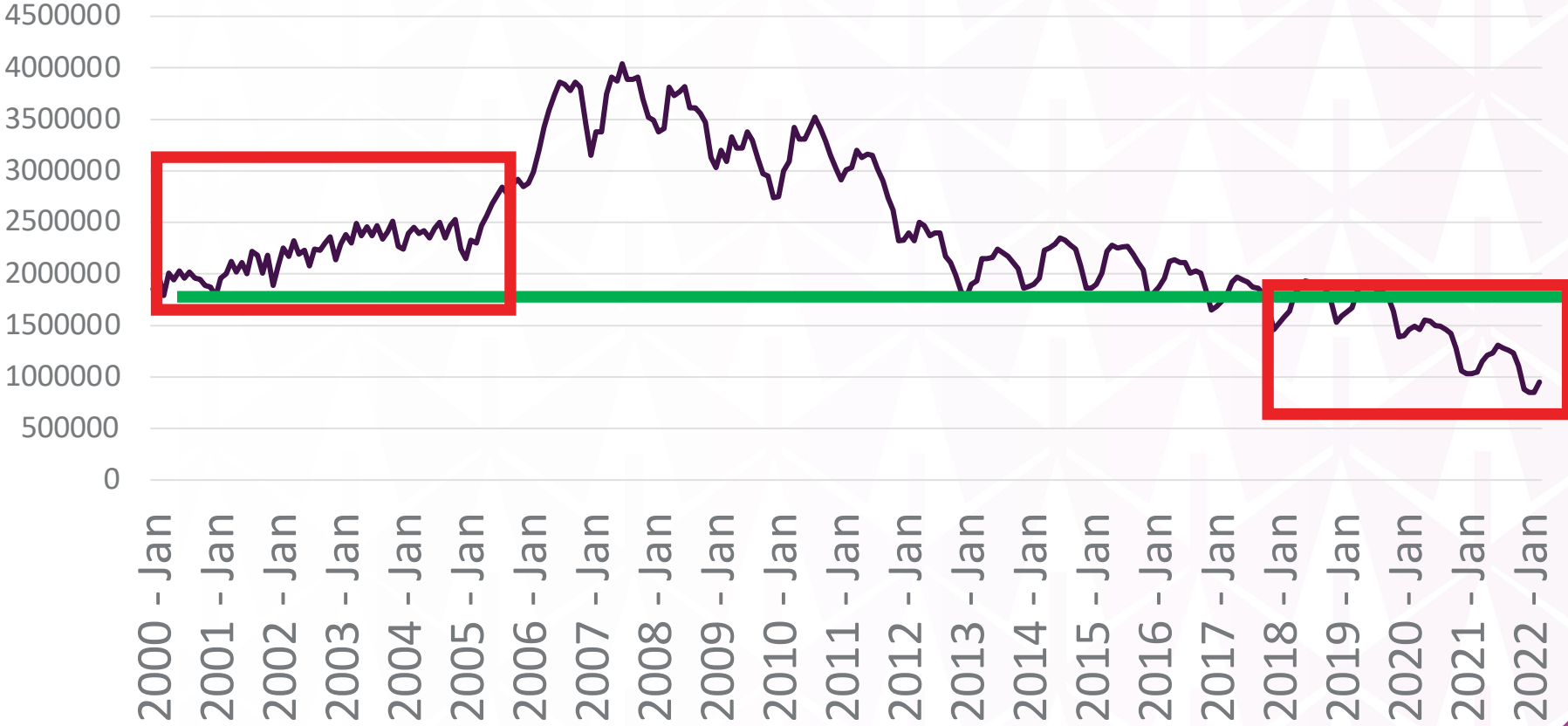
Source: NAR

CoreLogic Case-Shiller Index – parabolic upswing



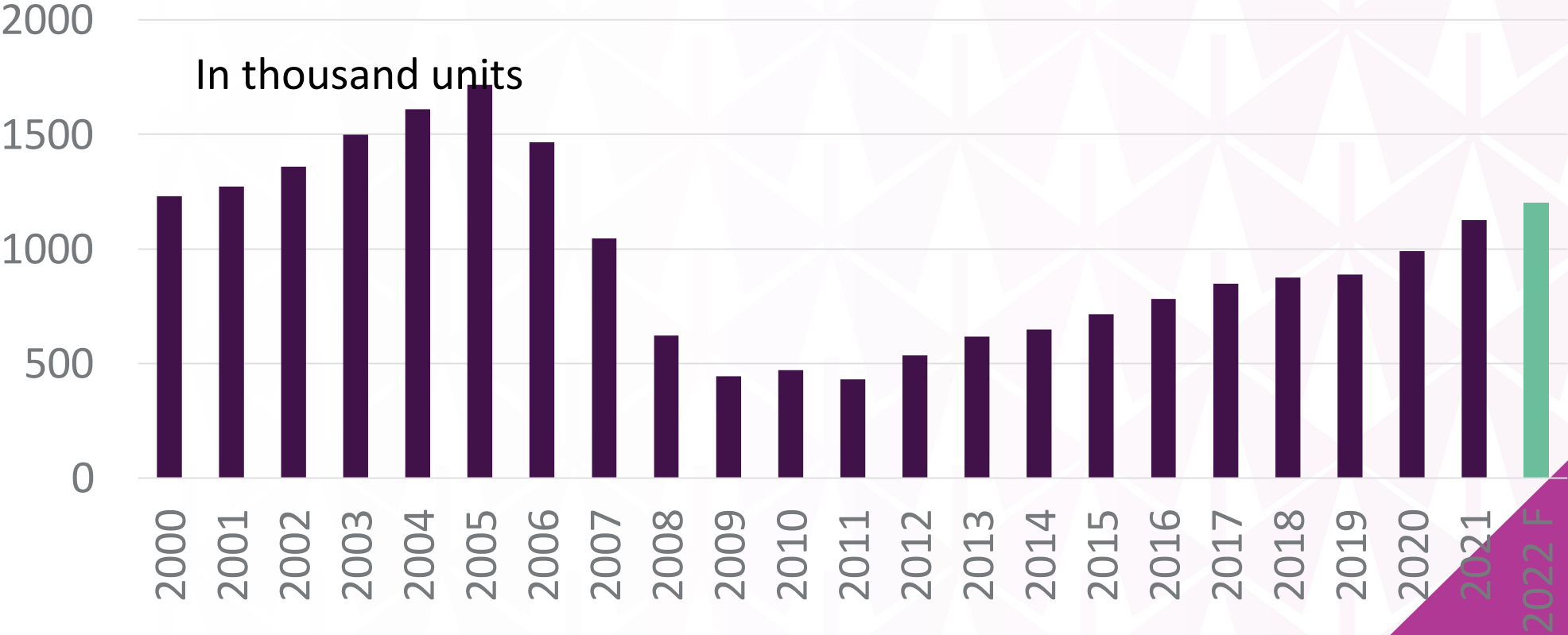
Source: CoreLogic

Inventory still at historic lows



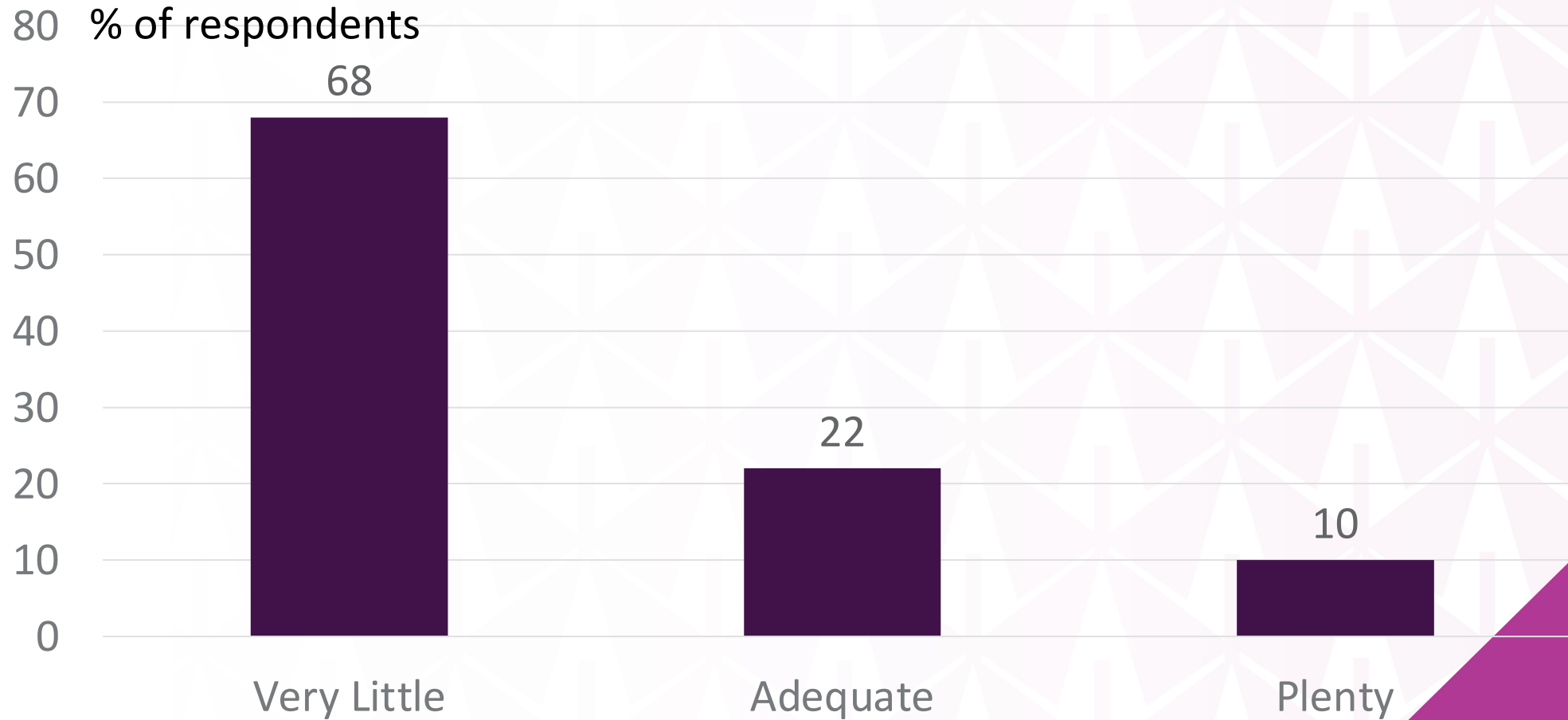
Source: NAR

Single-Family Housing Starts ... Recovering



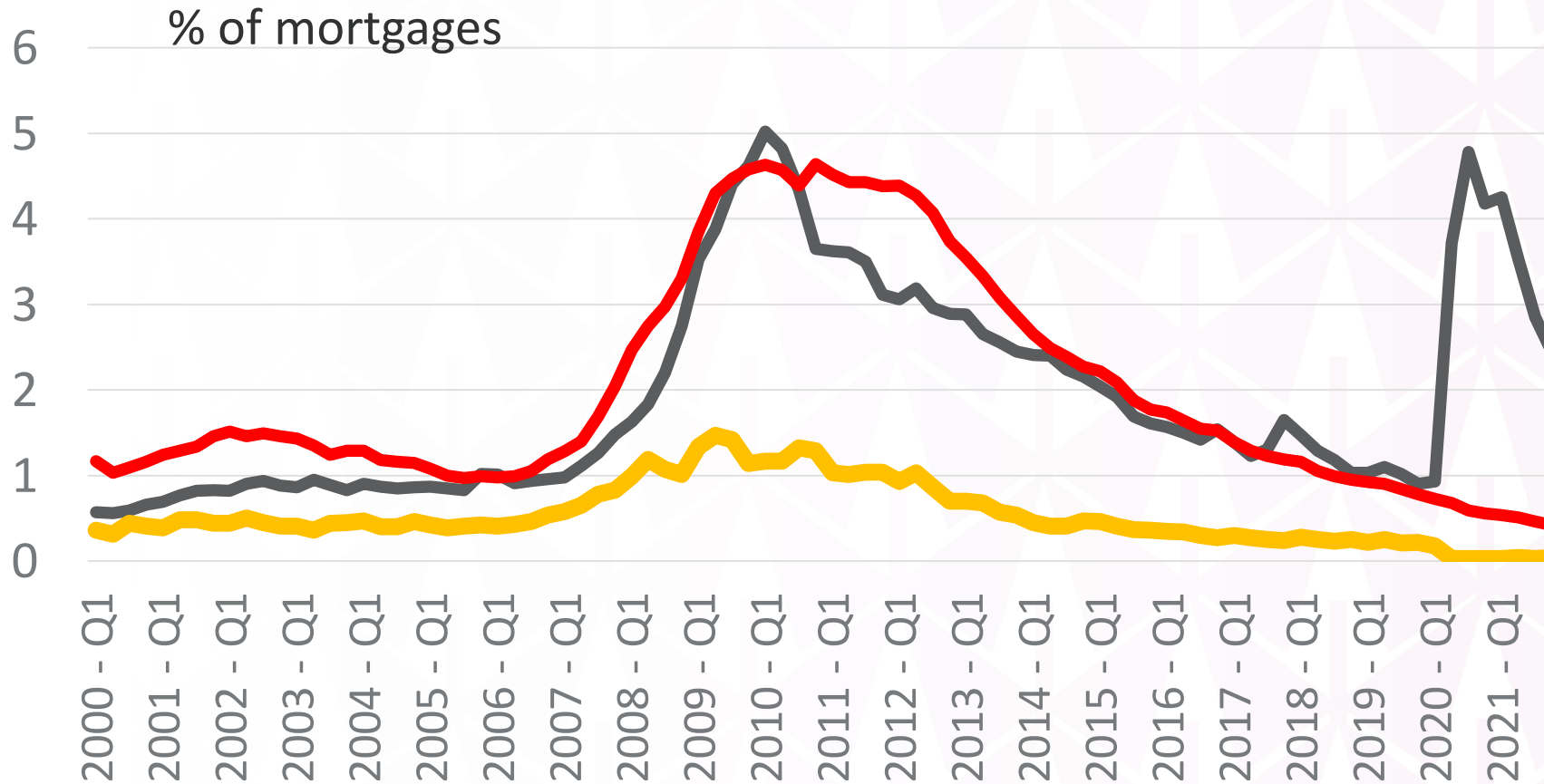
Source: HUD

Availability of Developed Residential Land Lots?



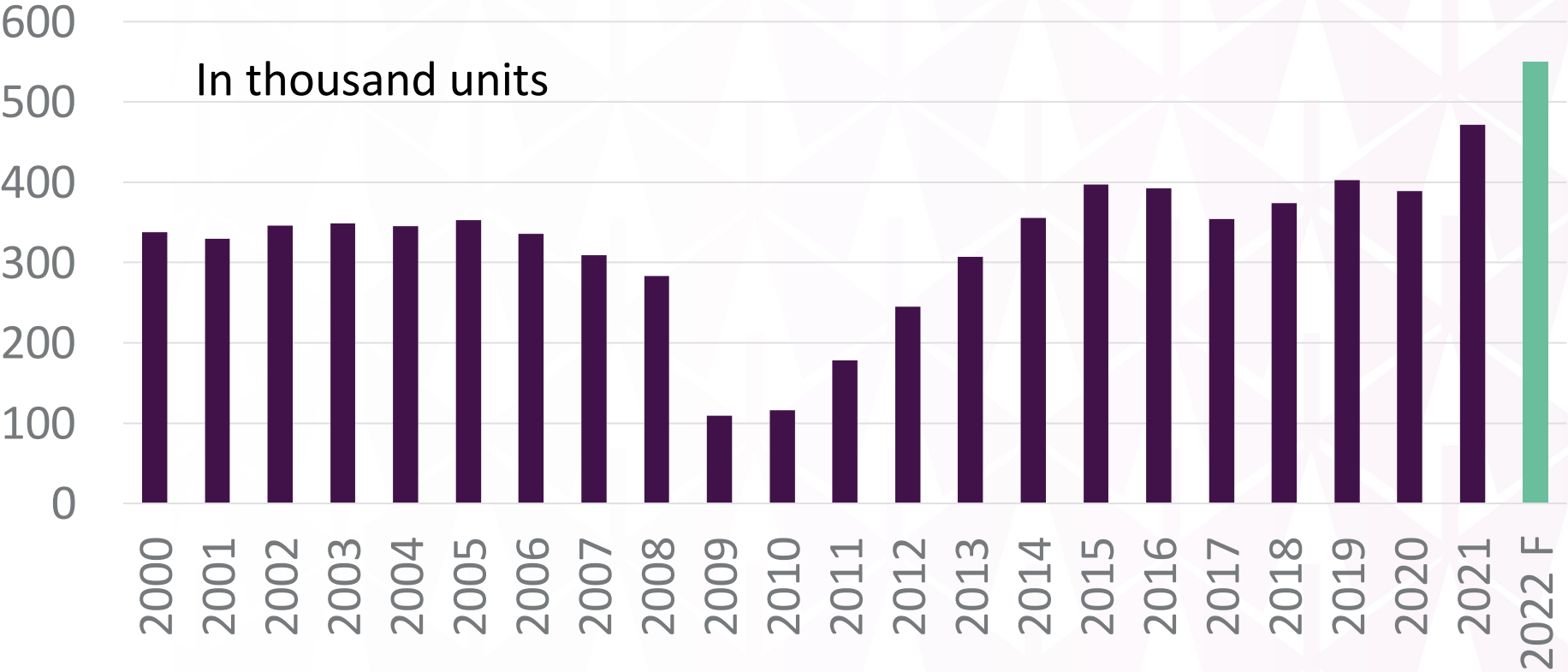
Source: RLI/NAR

Mortgage Delinquency (90+ days), Foreclosure Starts and Foreclosure Inventory



Source: Mortgage Bankers Association

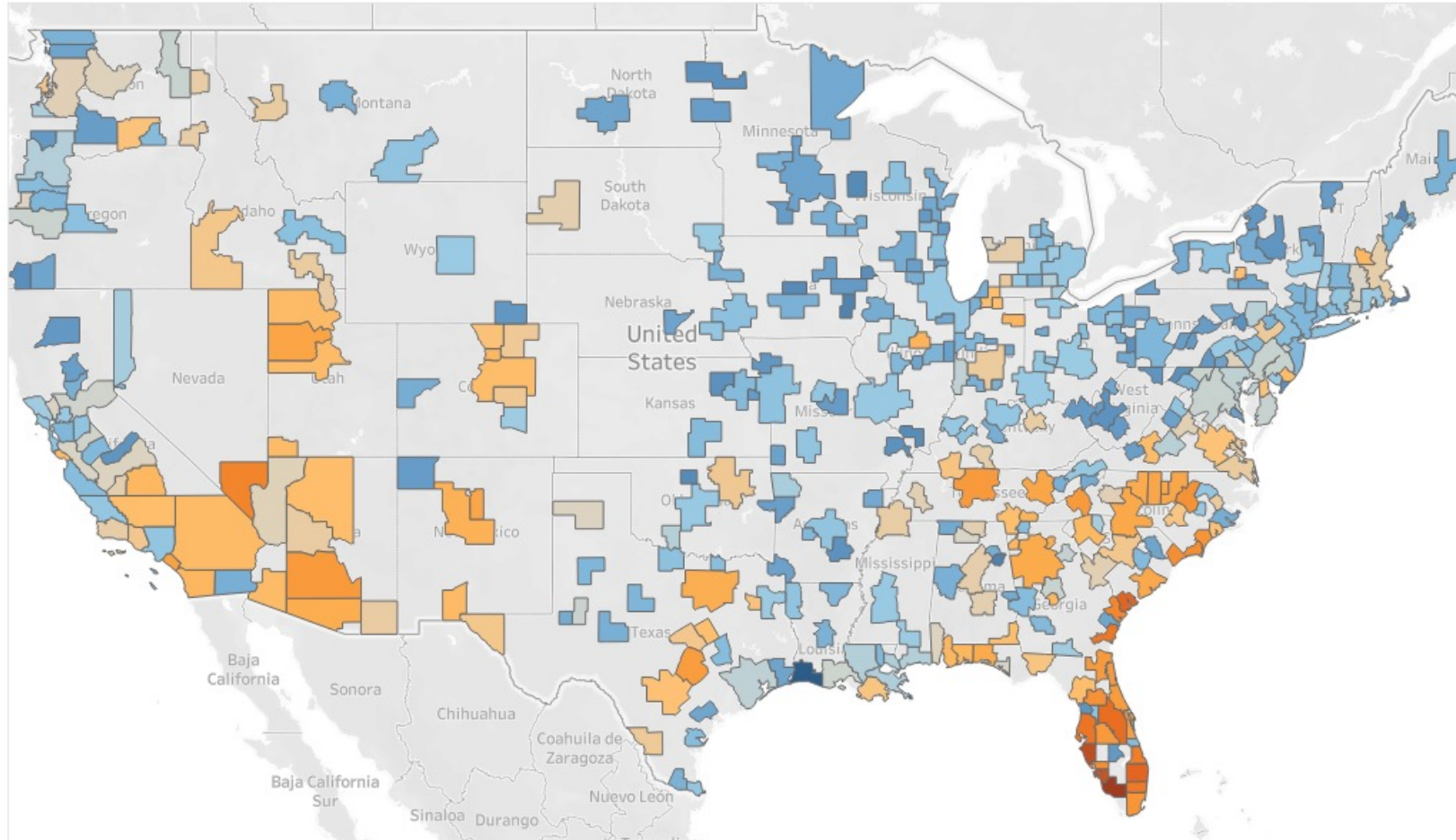
Multifamily Housing Starts ... Bursting Loose



Source: HUD

Rents Strongly Rising Just About Everywhere

34% of metro areas have double-digit apartment asking rent growth (orange areas)

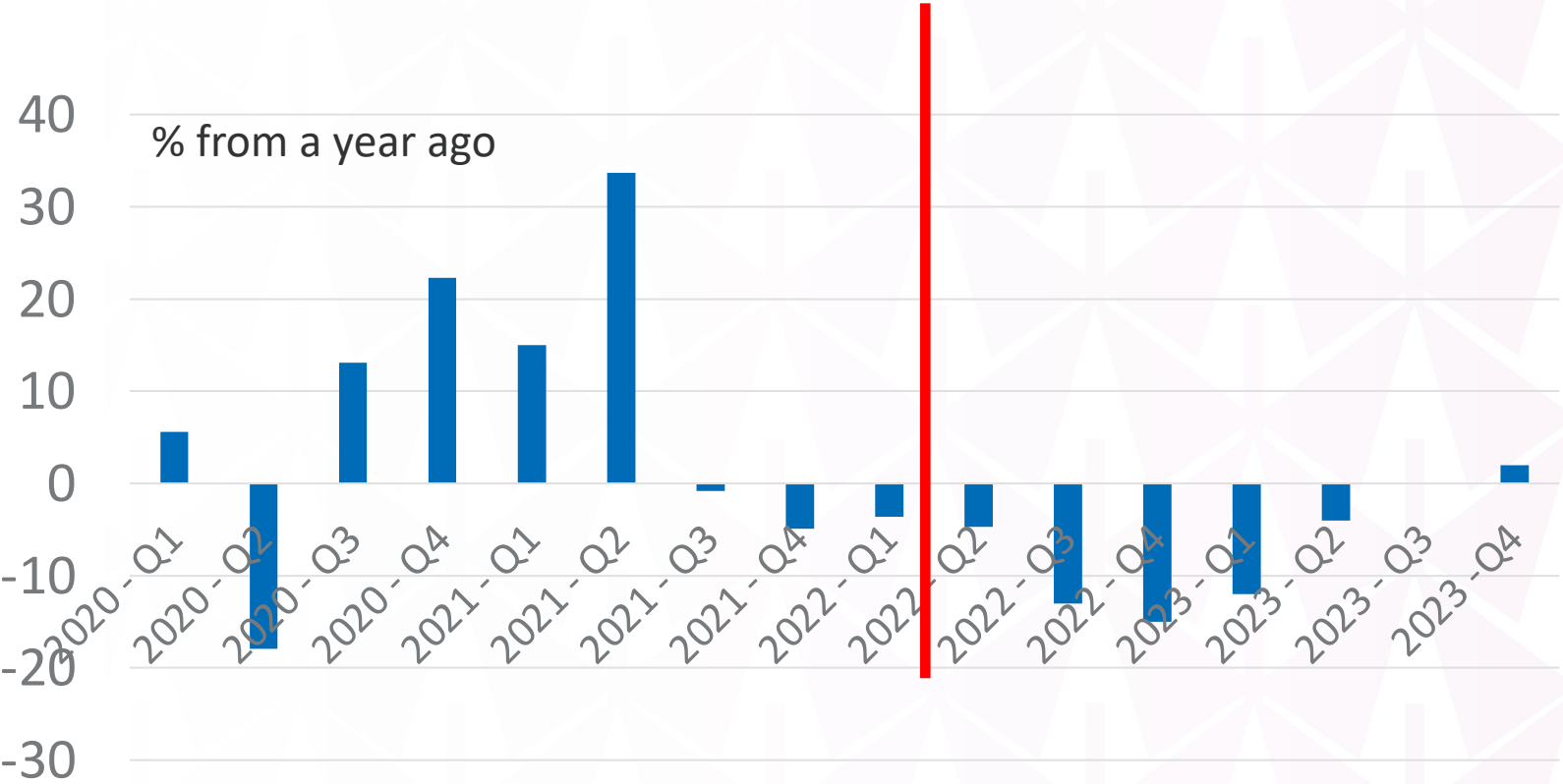


Consumer Expectations (February 2022)

Variable	1-year ahead	Annual average over 5 years
Home Price Growth	5.1%	2.0%
Rent Growth	6.6%	4.4%
Buying is Good Financial Investment	73.6%	N/A
Buying is Bad Financial Investment	6.6%	N/A

Source: NY Federal Reserve

Near-term Unit Sales Forecast



Annual Sales and Price Growth

Year	Unit Sales	Home Price	Dollar Volume
2017	+1.1%	+5.7%	+7%
2018	-3.1%	+4.9%	+2%
2019	0.0%	+4.9%	+5%
2020	+5.6%	+9.1%	+15%
2021	+8.5%	+16.9%	+25%
2022 forecast	-9%	+8%	-1%
2023 forecast	-1%	+4%	+3%

THANK YOU.

2022 REALTORS® LEGISLATIVE MEETINGS **MAY 1-6**
HOME FRONT 2022



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