

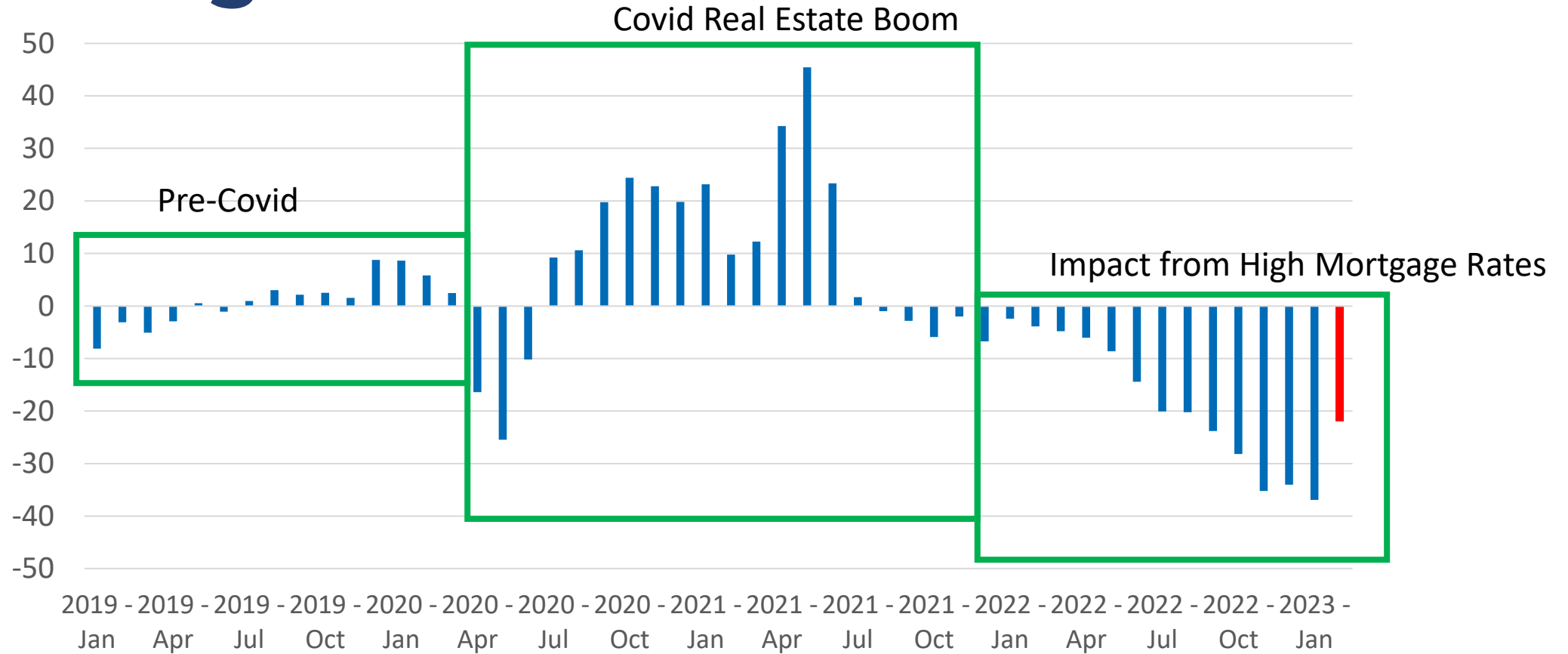
ECONOMIC AND REAL ESTATE OUTLOOK

**Lawrence Yun
Chief Economist
National Association of REALTORS®**

Plunging Mortgage Rate as automatic stabilizer to SVB collapse

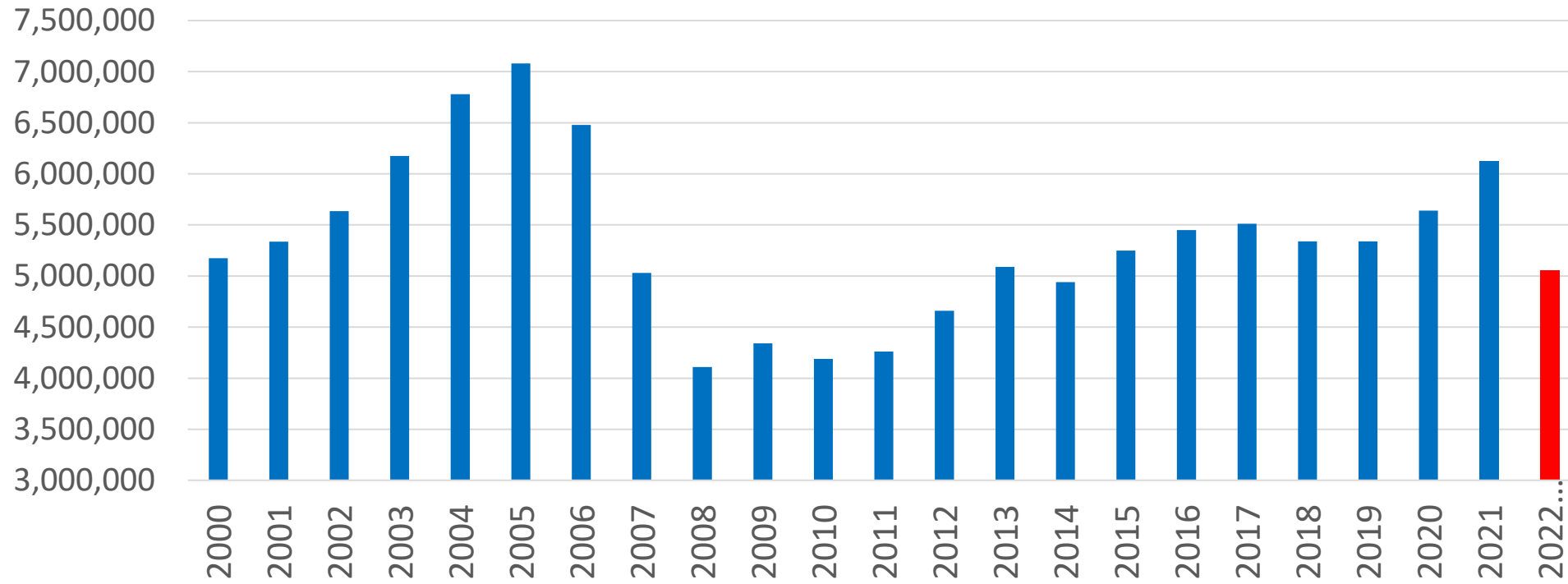
Date	10-year Treasury Yield	30-year Mortgage Rate (average)
Today Wednesday March 22 th	3.6% ???	6.75% ???
Friday March 10 th	3.70%	6.76%
Thursday March 9 th	3.93%	7.00%
Wednesday March 8 th	3.98%	7.05%
Tuesday March 7 th	3.97%	7.03%
Monday March 6 th	3.98%	6.99%

Existing Home Sales % change from a year ago



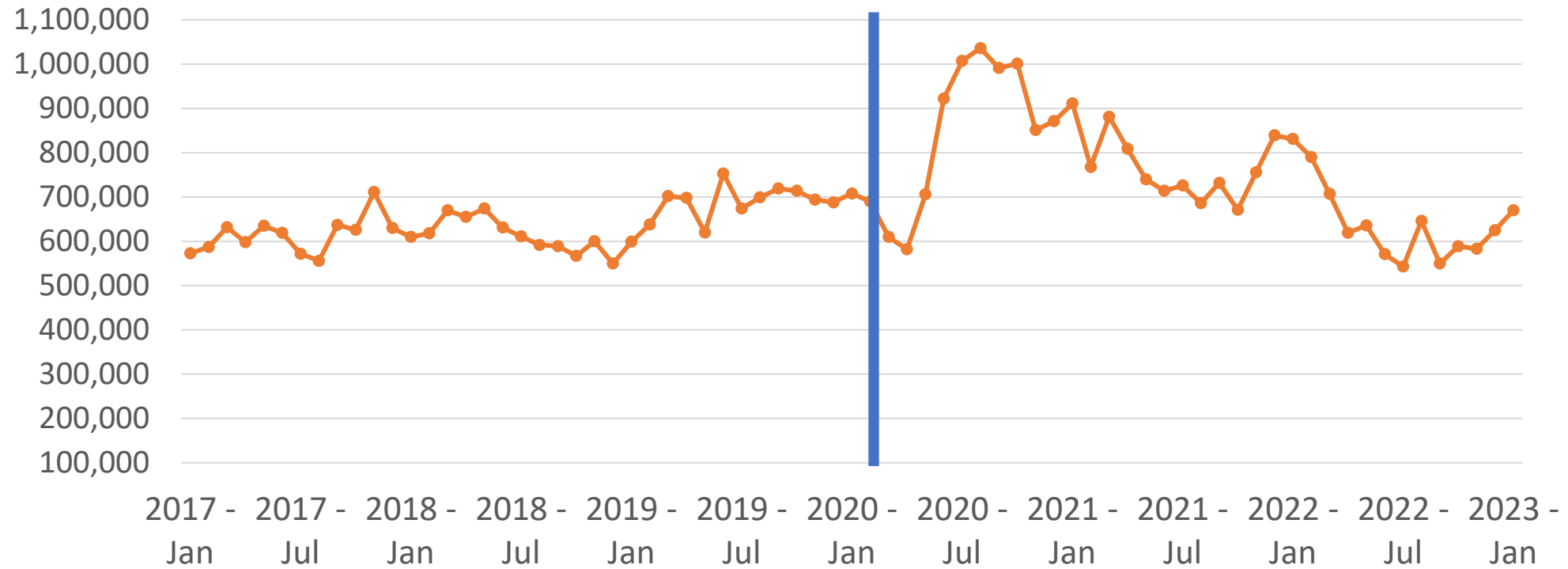
Source: NAR

Annual Existing Home Sales ... Down 18% in 2022 and lowest since 2014

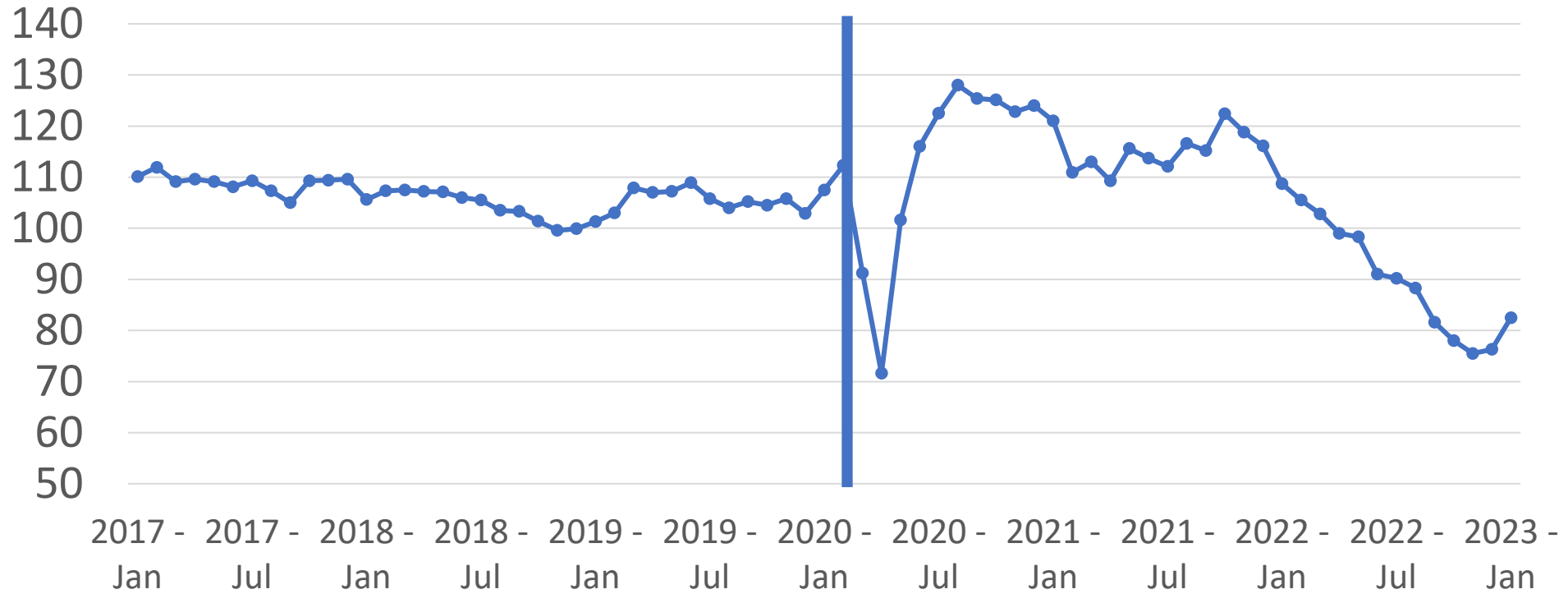


Source: NAR

Newly Constructed Home Sales ... up 7% in January

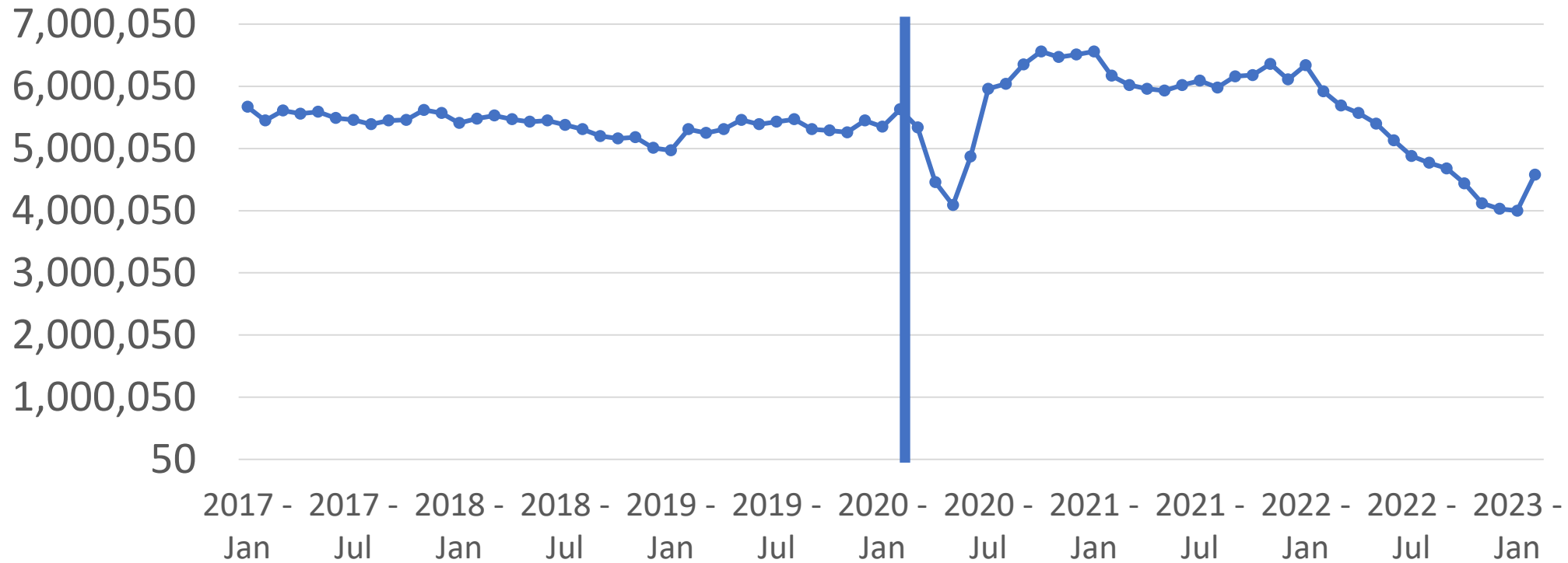


Pending Home Sales Index ... Up 8.1% in January

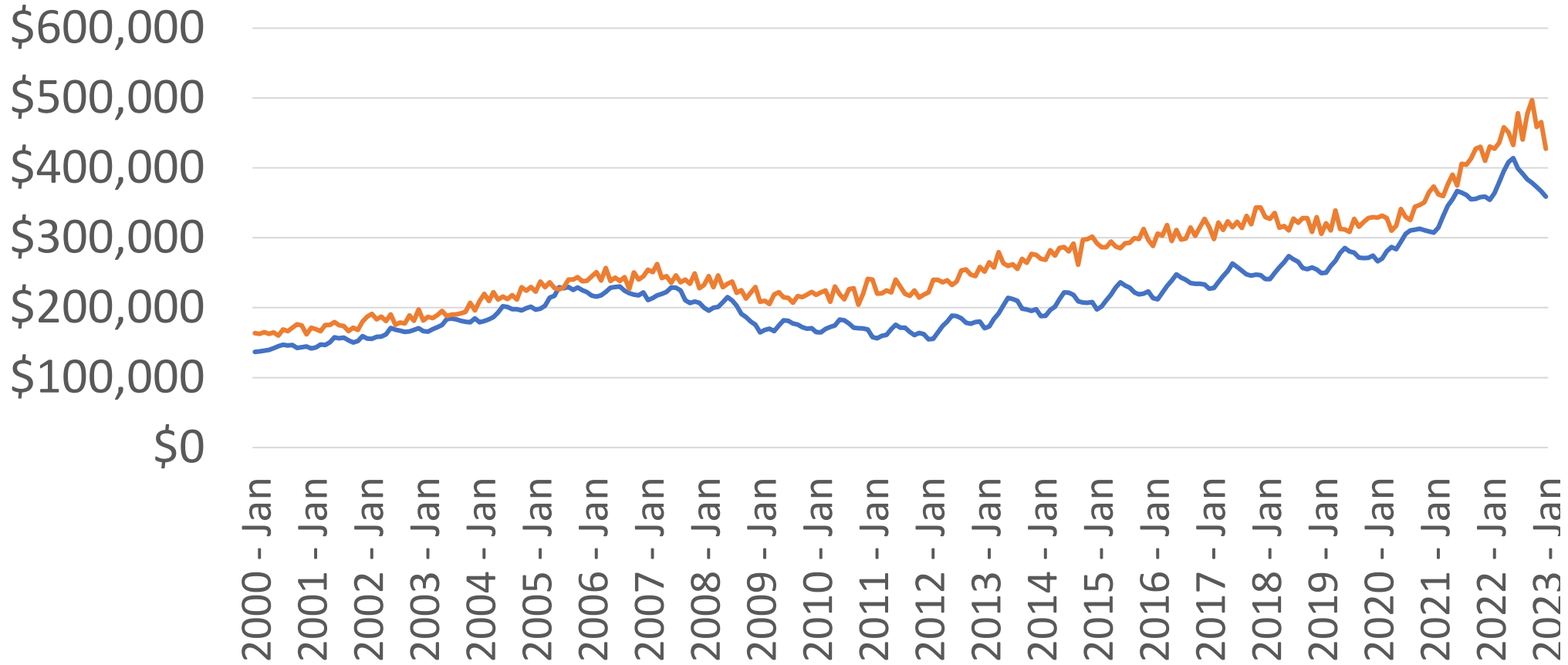


Existing Home Sales (Closings) ... Up 14.5% in February

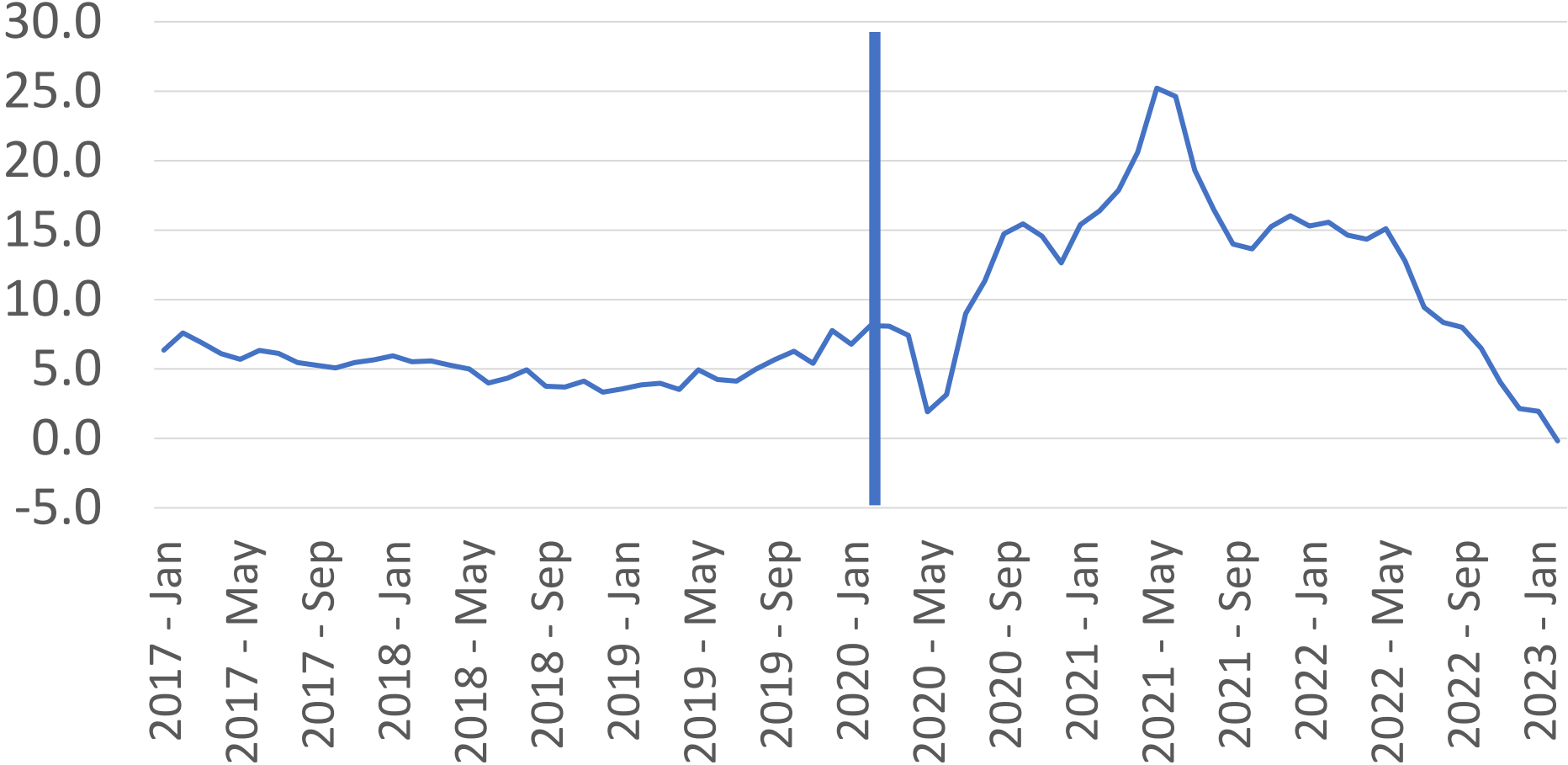
Seasonally Adjusted Annualized Sales



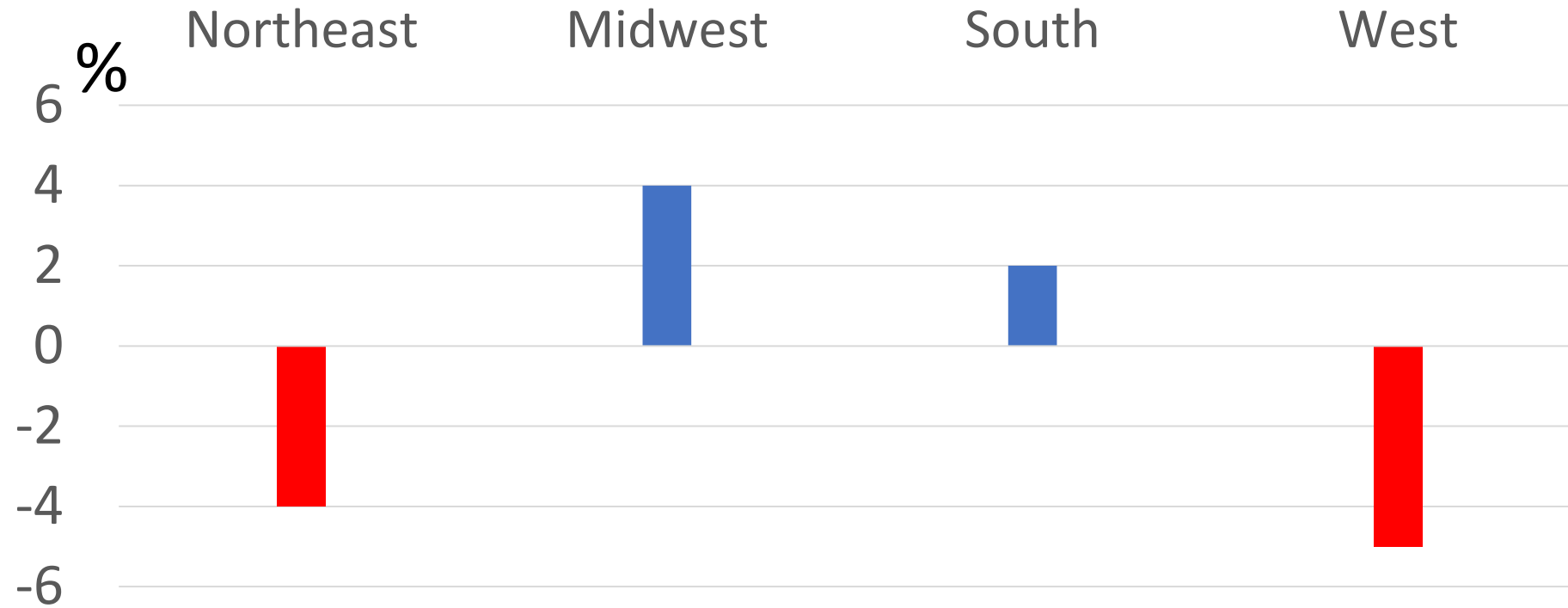
Median Home Price of New and Existing Home



Median Home Price % change from a year ago



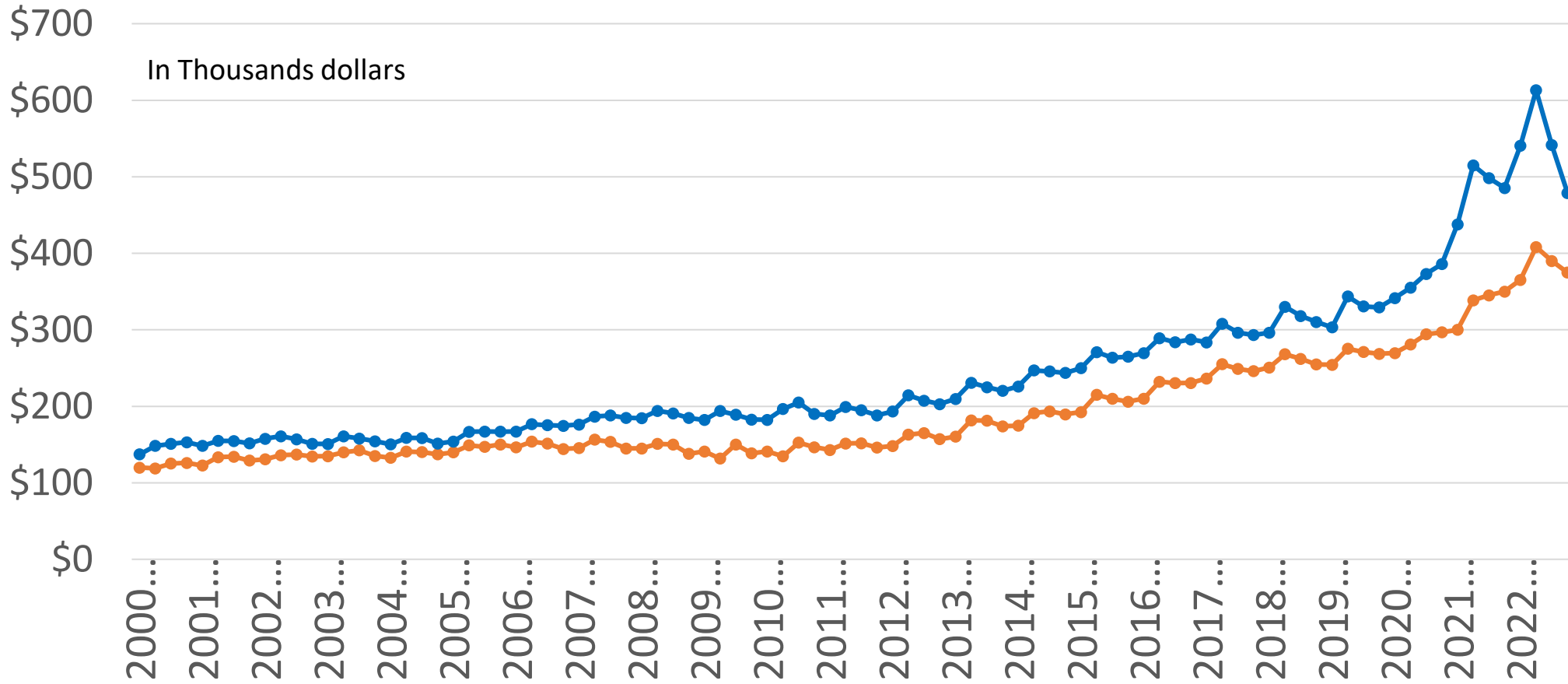
Median Home Price Change from a year ago to February



Price Negotiations in early March

Days on Market	Price Change from Original on still Active Listing	Price Change from Original on Closed Home
0 to 7	5.1%	4.1%
8 to 14	4.5%	4.8%
15 to 21	4.4%	5.4%
22 to 30	4.5%	6.0%
31 to 60	5.1%	6.9%
61 to 90	6.2%	8.5%
91 to 120	6.9%	10.1%
Over 120	9.2%	13.1%

Median Home Price: Austin and Dallas-Ft. Worth



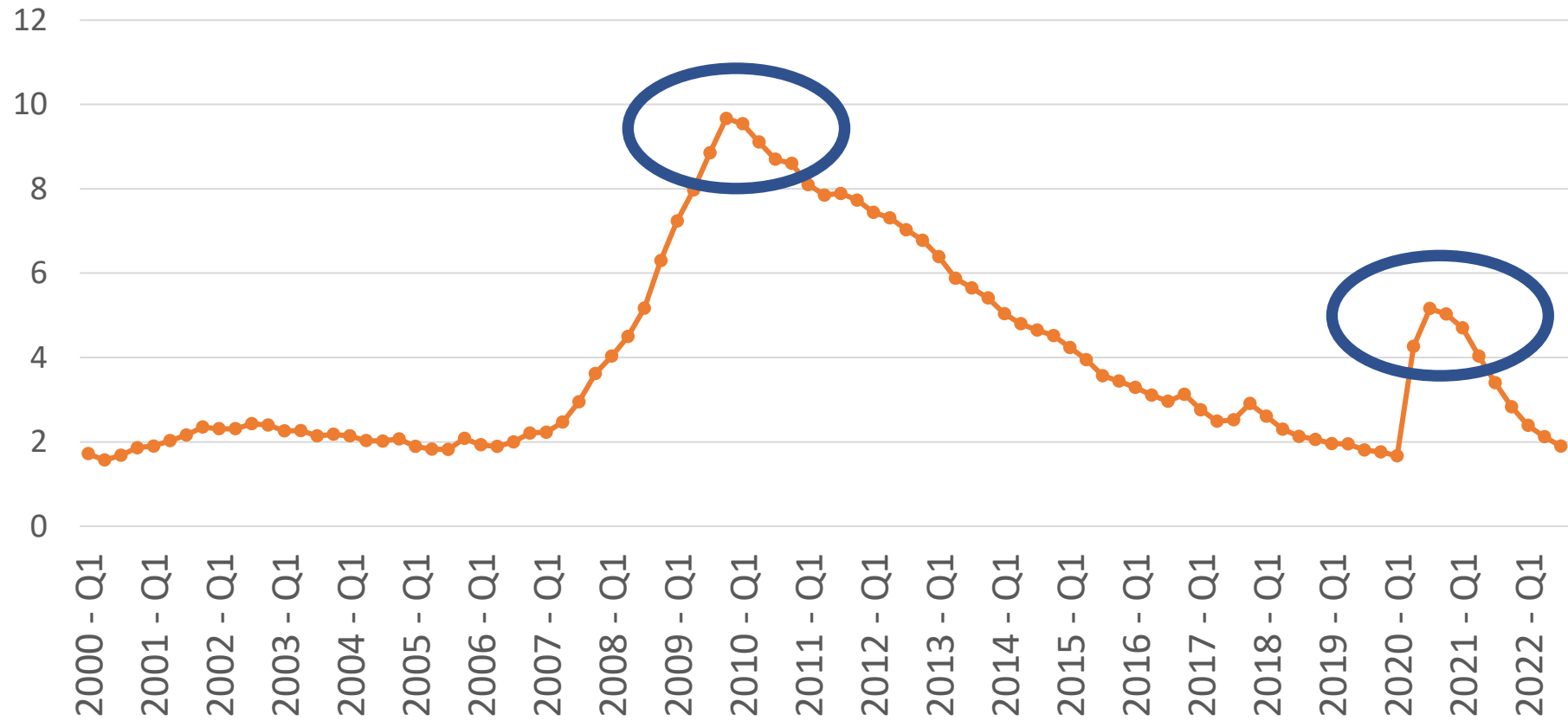
Source: NAR

Home Price Crashing Coming?

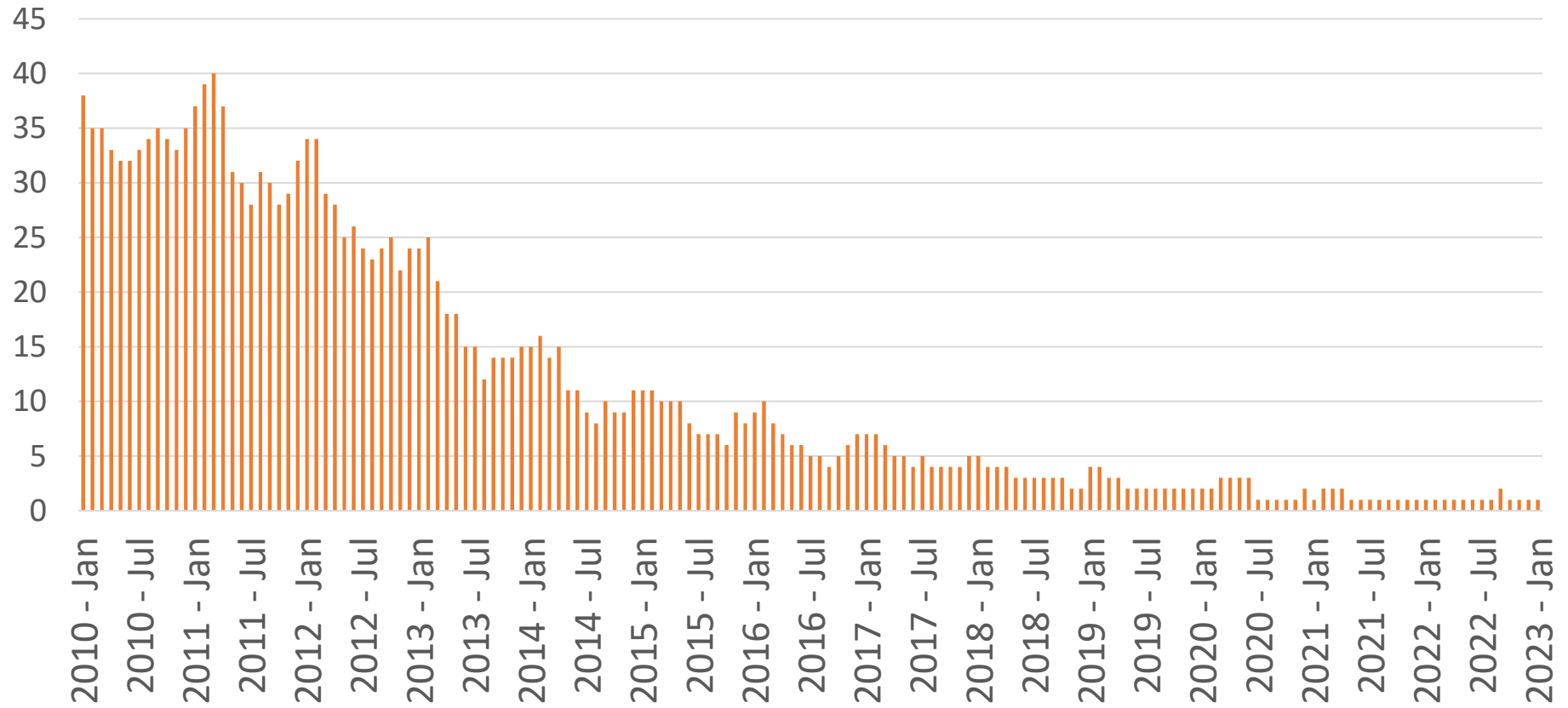
Key Variables	Last Housing Cycle	Current Housing Cycle
Job Cuts (net of gains and losses)	8 million	none
Total Payroll Jobs (W-2 salary jobs)	130 million	153 million
Total Jobs (Household survey)	138 million	158 million
Subprime Loans	Prevalent	Virtually none
5-year cumulative to new home construction before crash	7.65 million	4.6 million
Inventory on Market	3.8 to 4 million	1 to 1.2 million
Mortgage Delinquency	10.1%	3.6%
Homes in Foreclosure	4.6%	0.6%

Source: NAR Analysis of BLS, MBA, NAR data

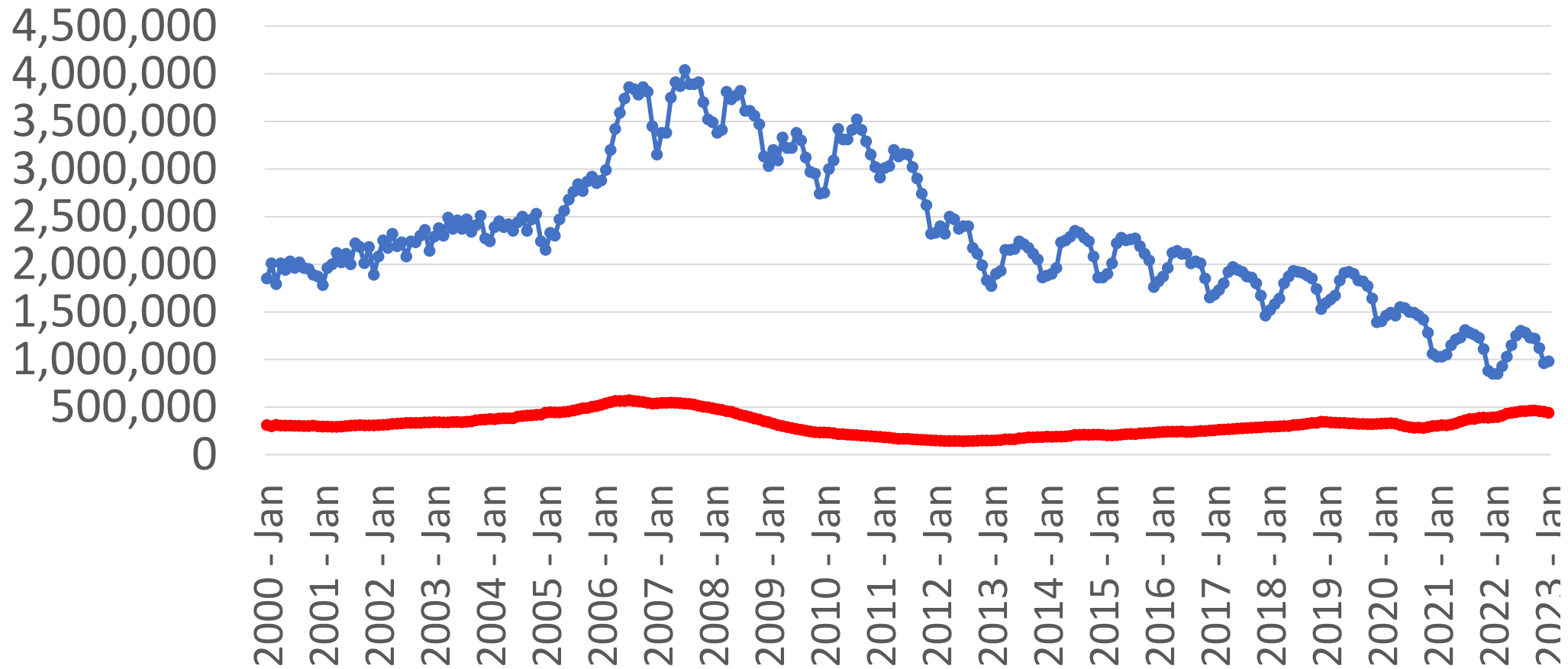
Mortgage Delinquency Rate by at least 90 days



Distressed Property Sales as % of Total (Short Sale or Foreclosures)



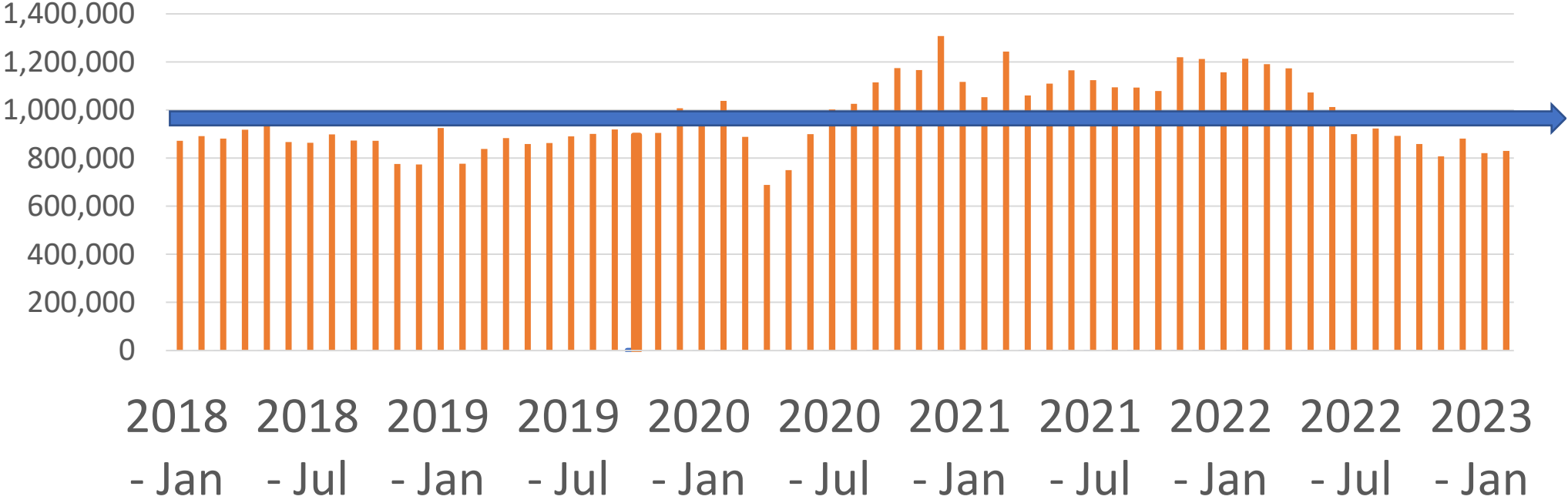
Inventory of Homes on Market: Existing in blue and Builders in red (lot, unfinished, finished)



Source: NAR and Census/HUD

Single Family Housing Starts

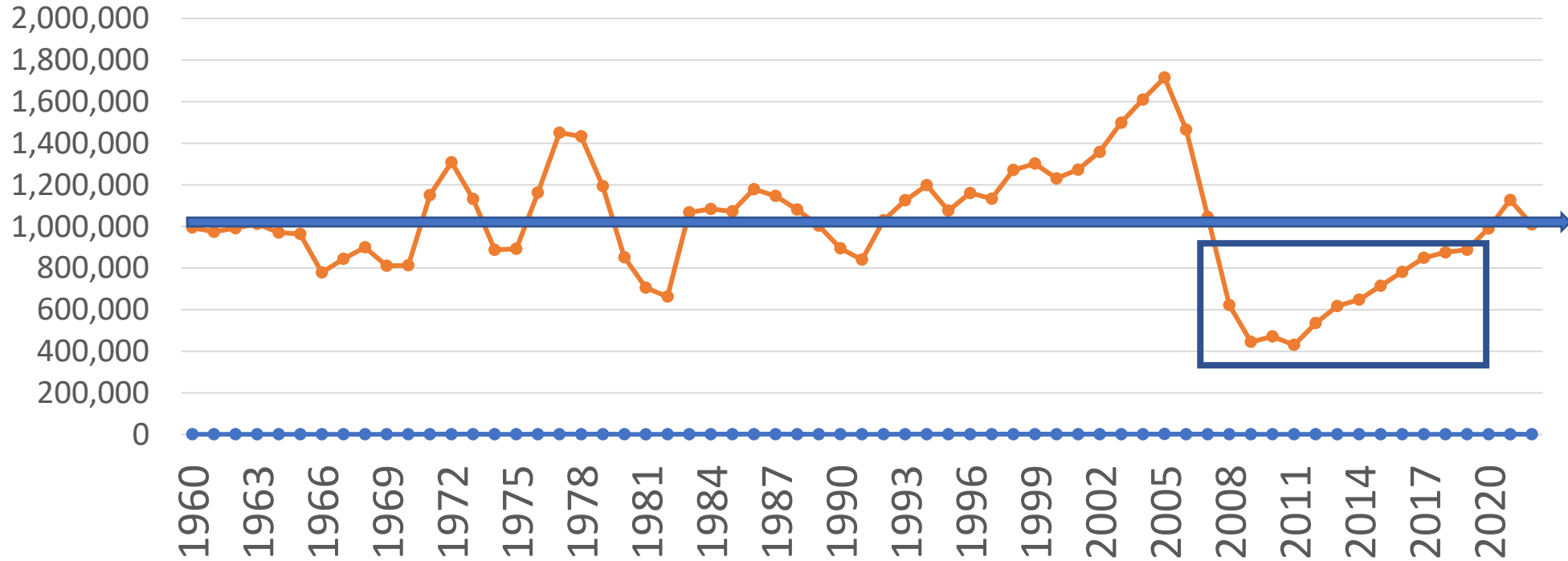
Historical average of 1.02 million per year



Source: Census/HUD

Long-term Single Family Housing Starts

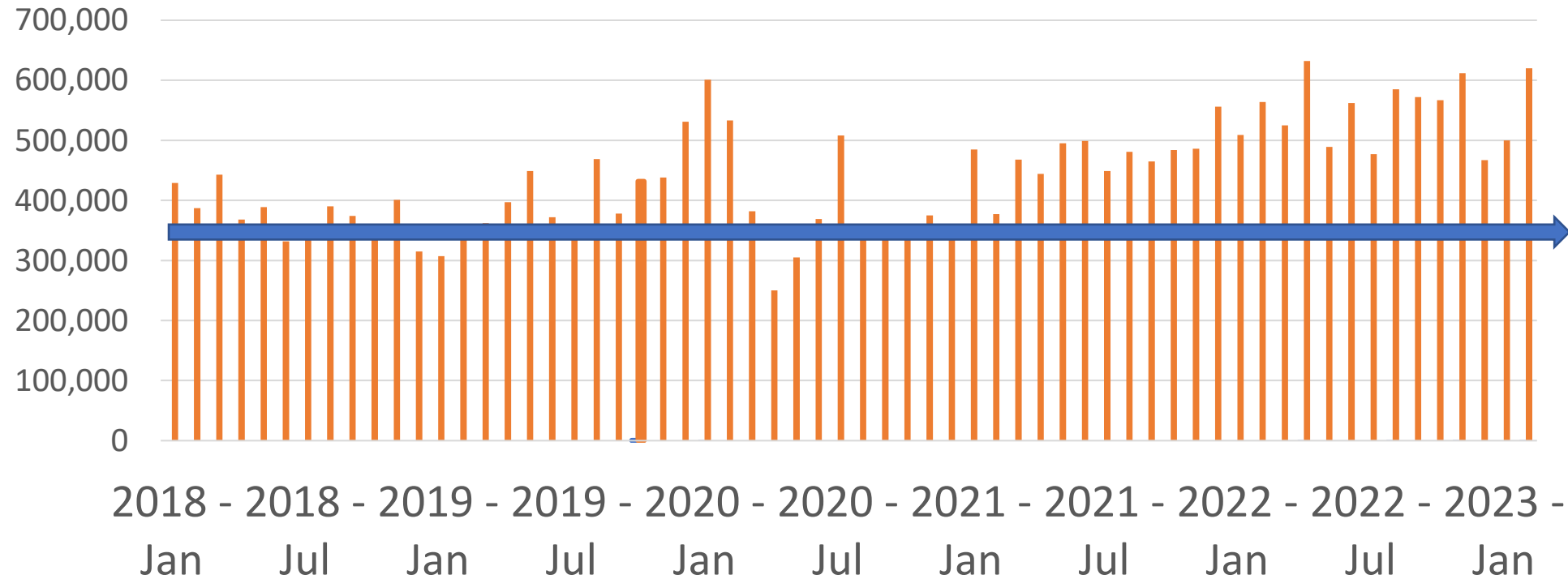
Historical average of 1.02 million per year



Source: Census/HUD

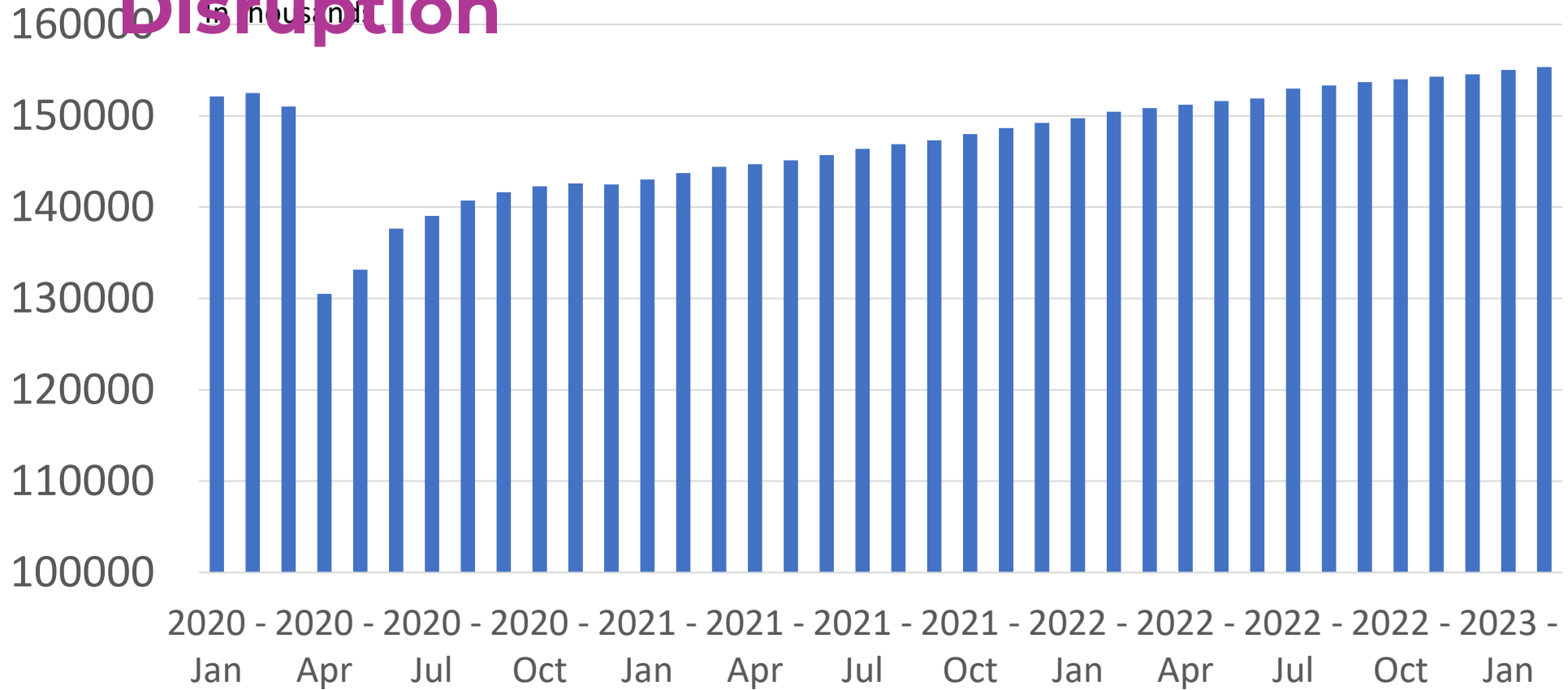
Multifamily Housing Starts

Historical average of 350,000 million per year

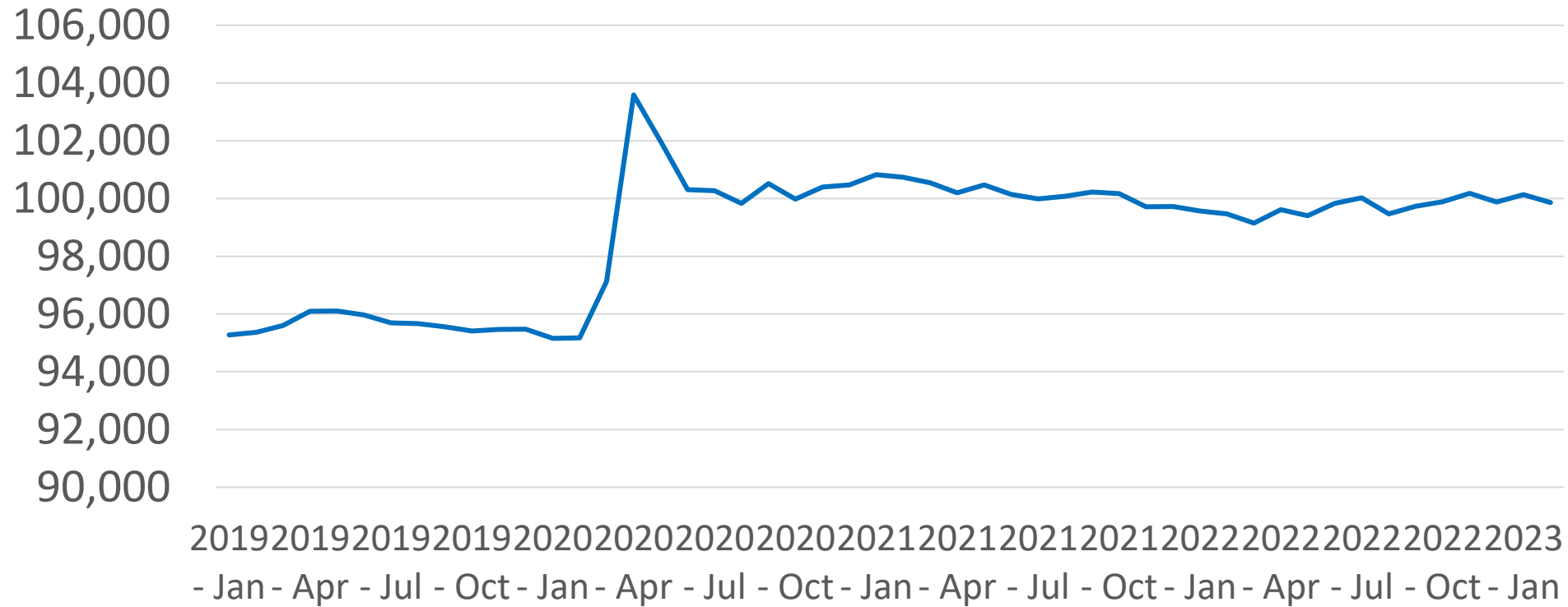


Source: Census/HUD

Record High Payroll Jobs after Covid Disruption

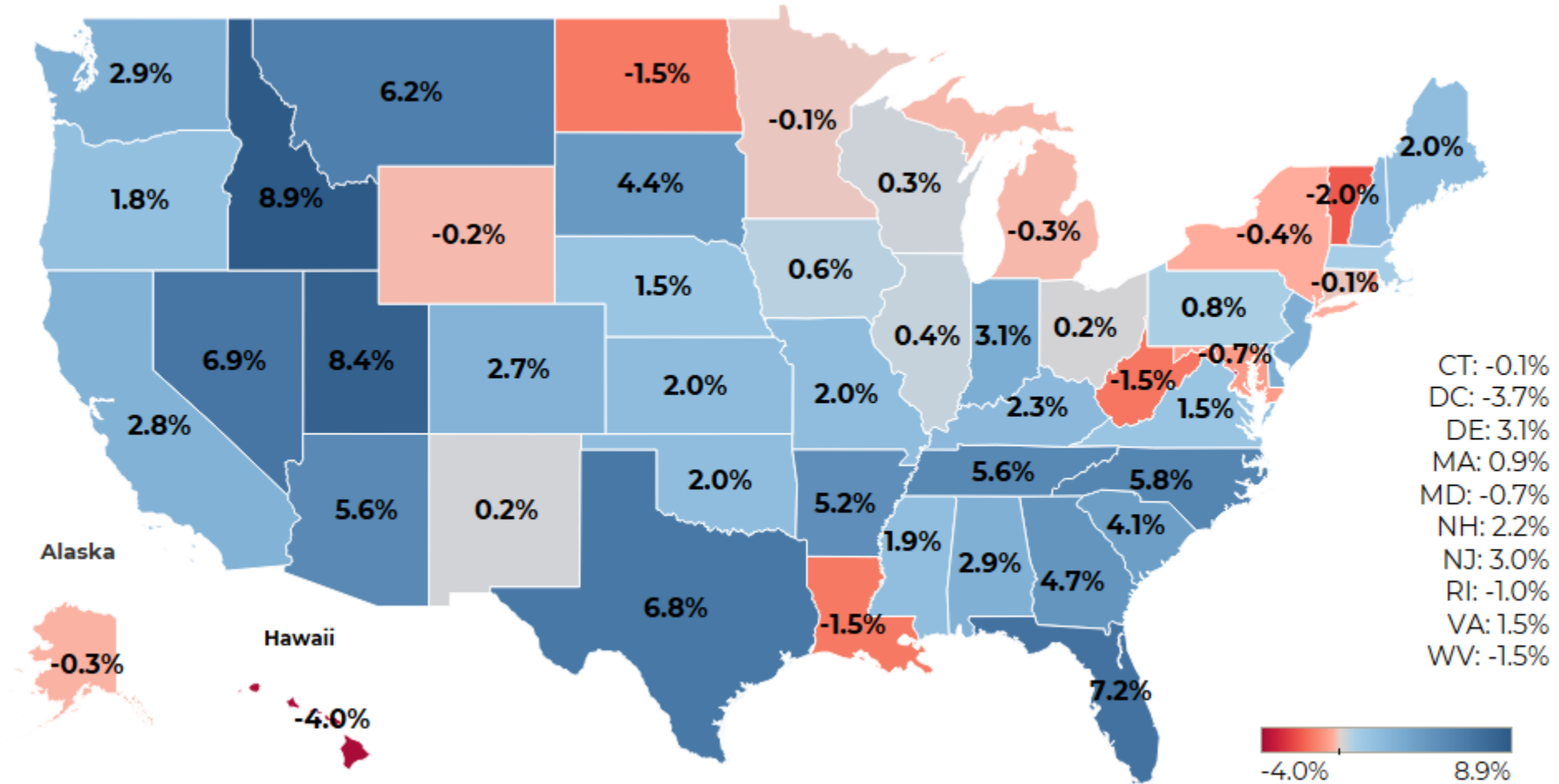


Elevated Out-of-Labor Force (out of unemployment statistics)

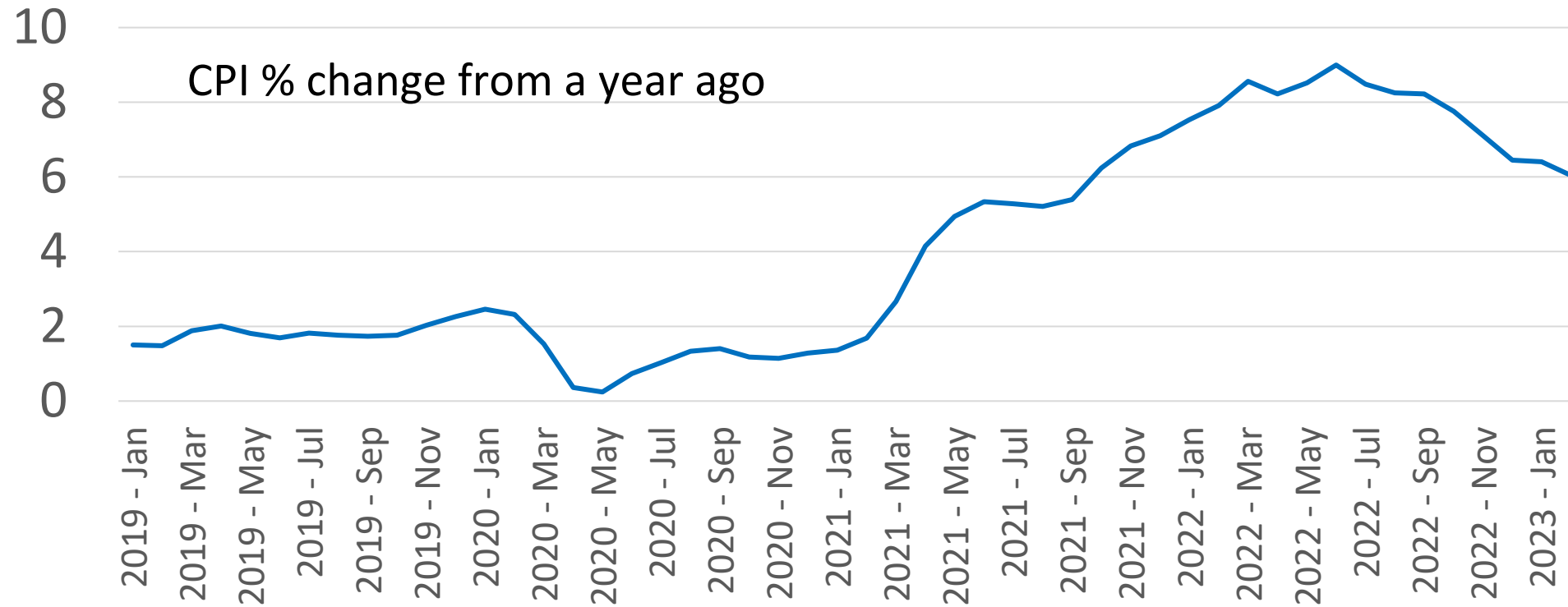


Job Gains Since Pre-Covid Record High Employment Conditions

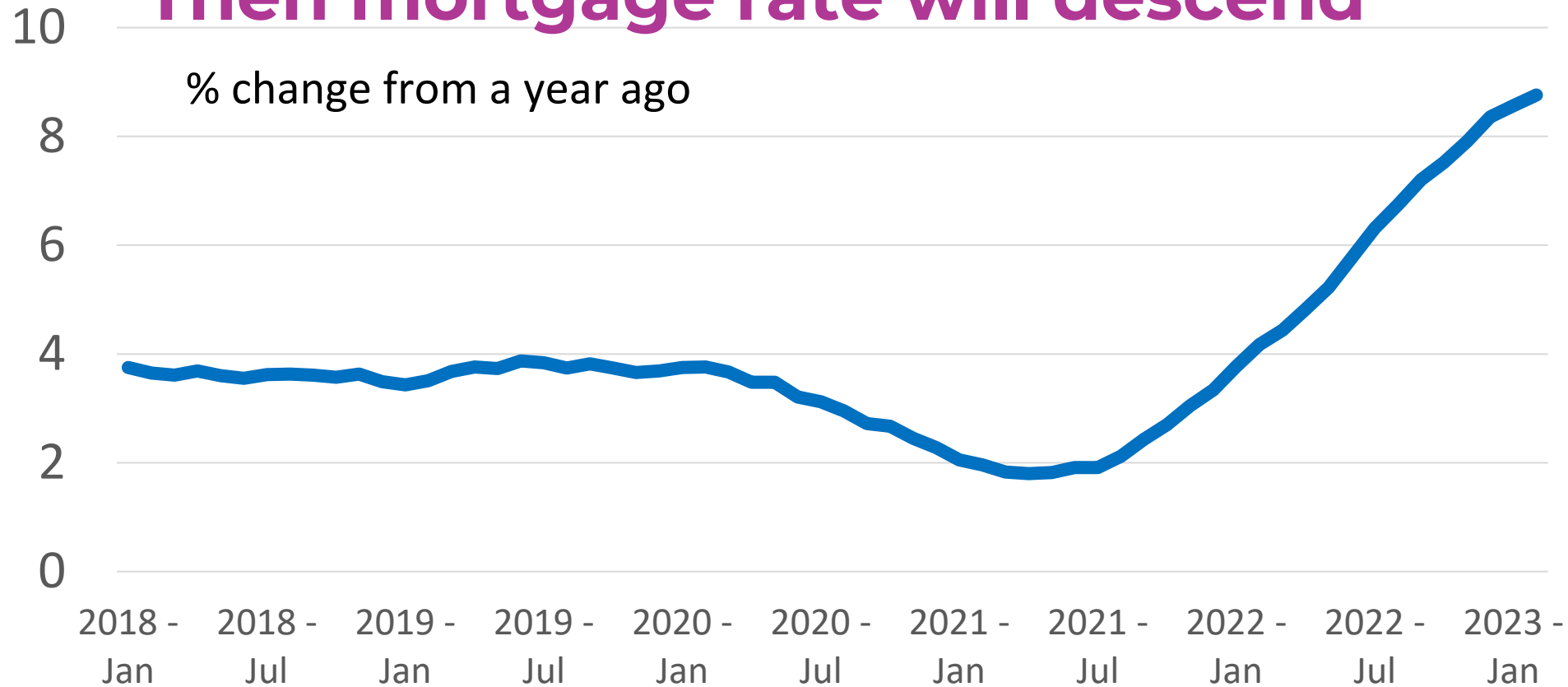
(% change from March 2020 to January 2023)



Calming or non-calming inflation?



When Rent Component will calm down ... Then mortgage rate will descend



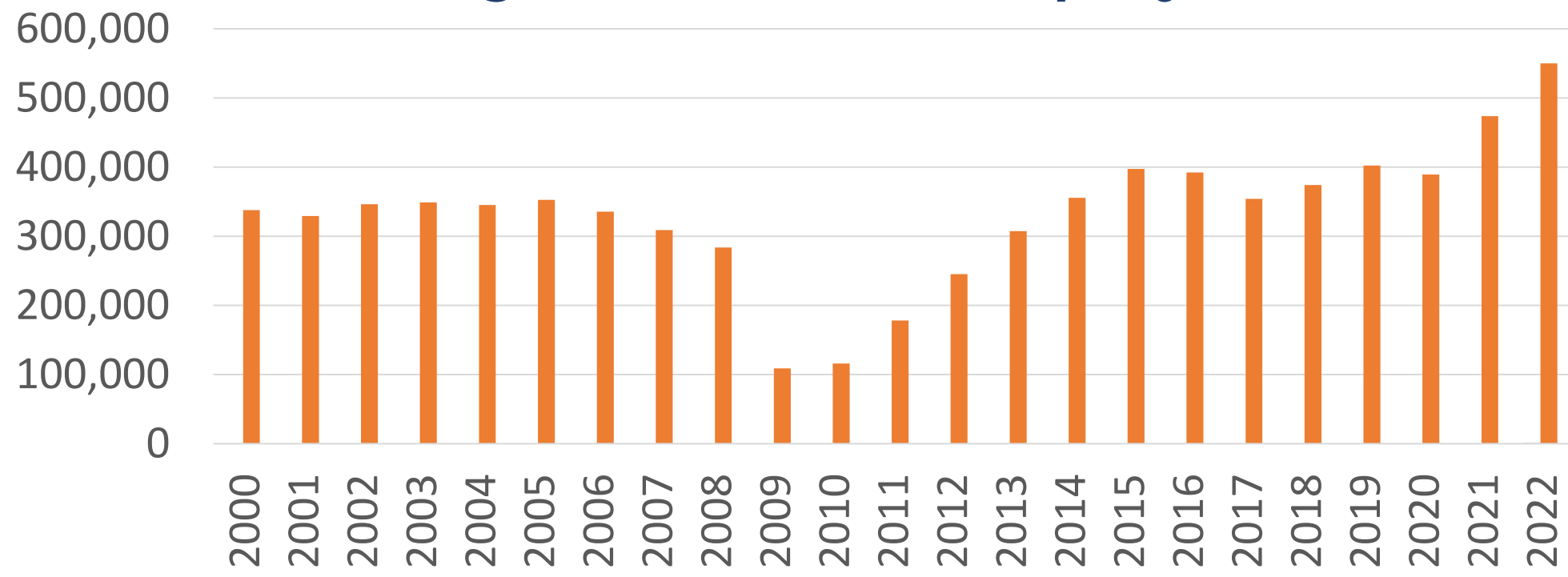
Source: BLS

Price Increases of Some Items and Services

Item	% change from a year ago in February
Eggs	55%
Airfare	26%
Car Insurance	15%
Gas utility	14%
Rent	9%
Tax Return Preparation	7%
Day Care	6%
Mass Transit	0%
Gasoline	-2%

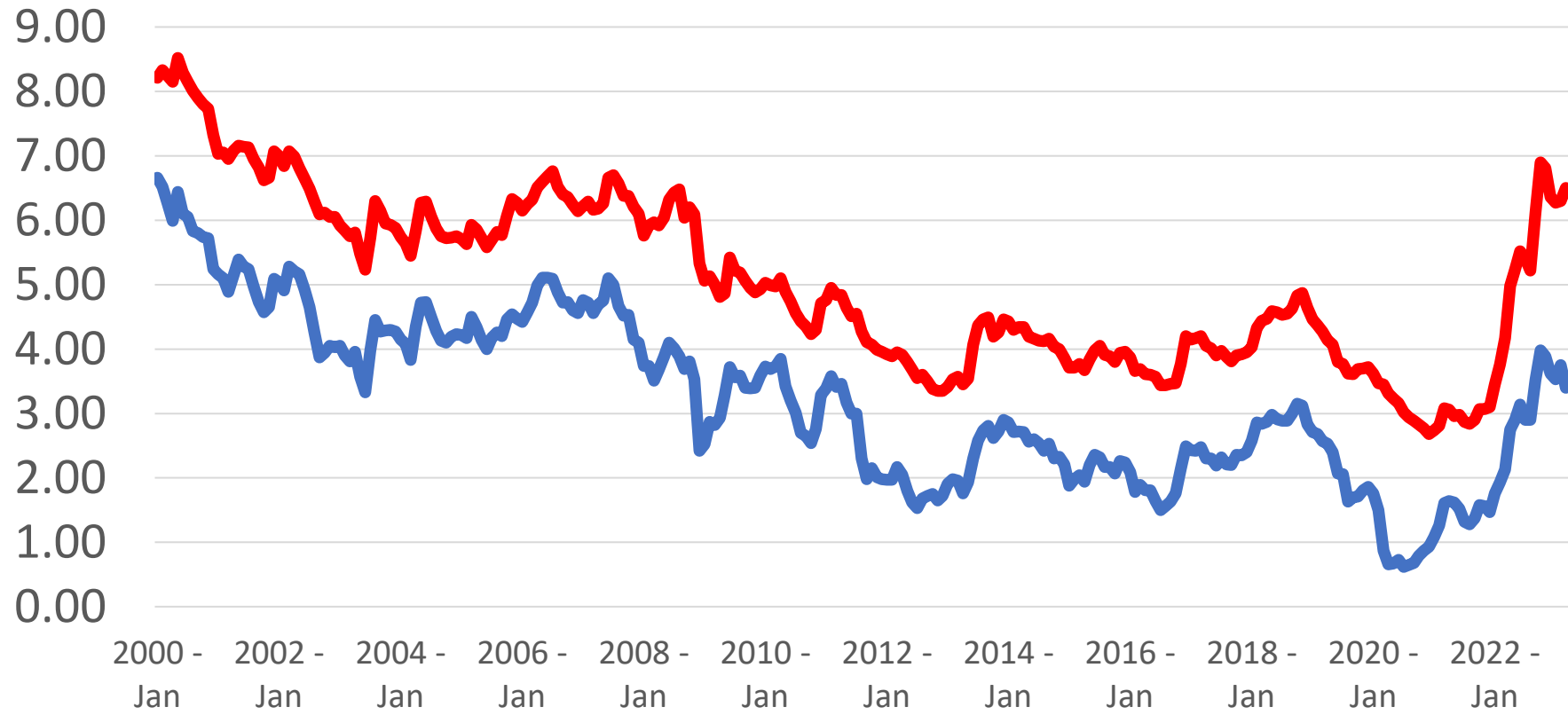
Robust Multifamily Housing Starts

Historical average of 375,000 million per year



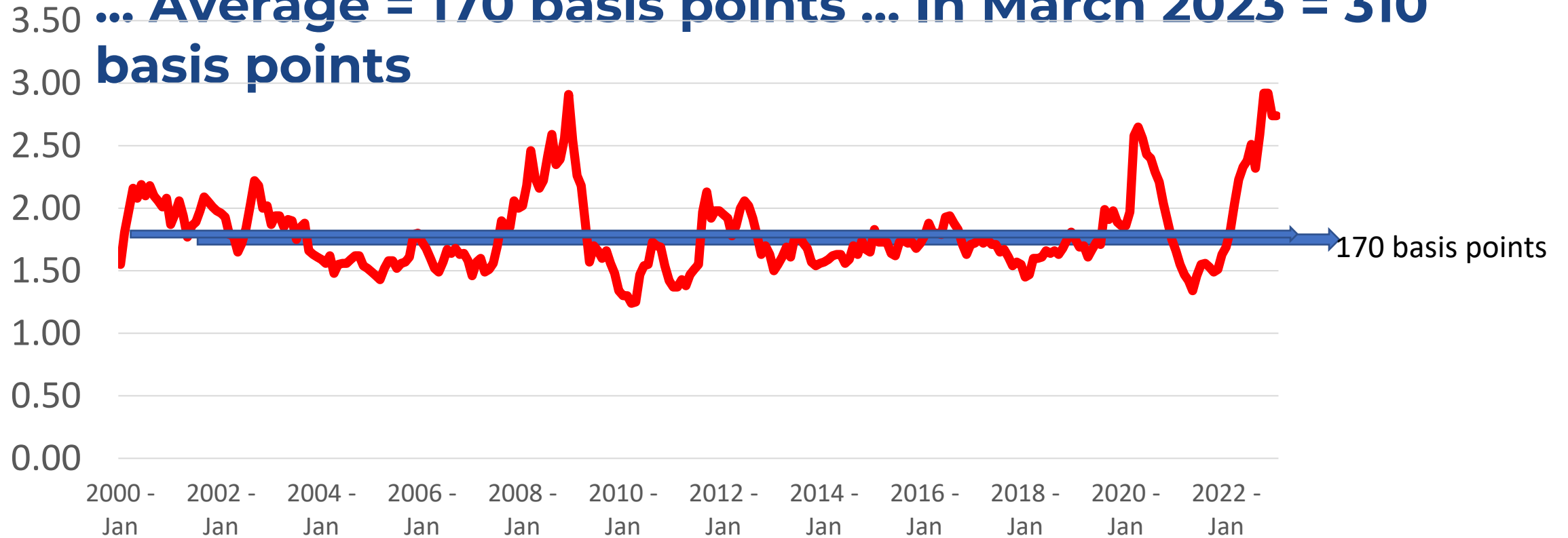
Source: Census/HUD

Long History: 10-year Treasury and 30-year Mortgage



Mortgage Rate to Descend as the Spread returns to Average

... Average = 170 basis points ... In March 2023 = 310 basis points



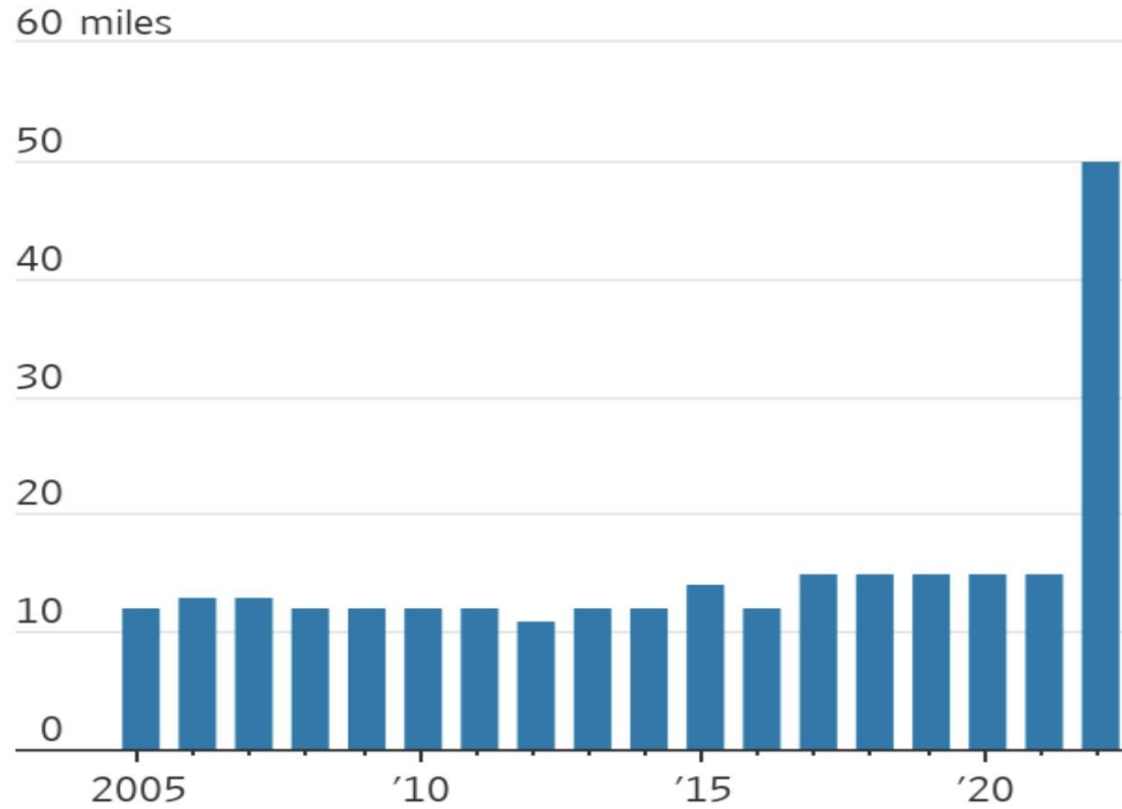
Mortgage Rate?

30-year Fixed Rate at 5.5% by the year end

Risks and Uncertainties

The Clash of Culture in the U.S.?

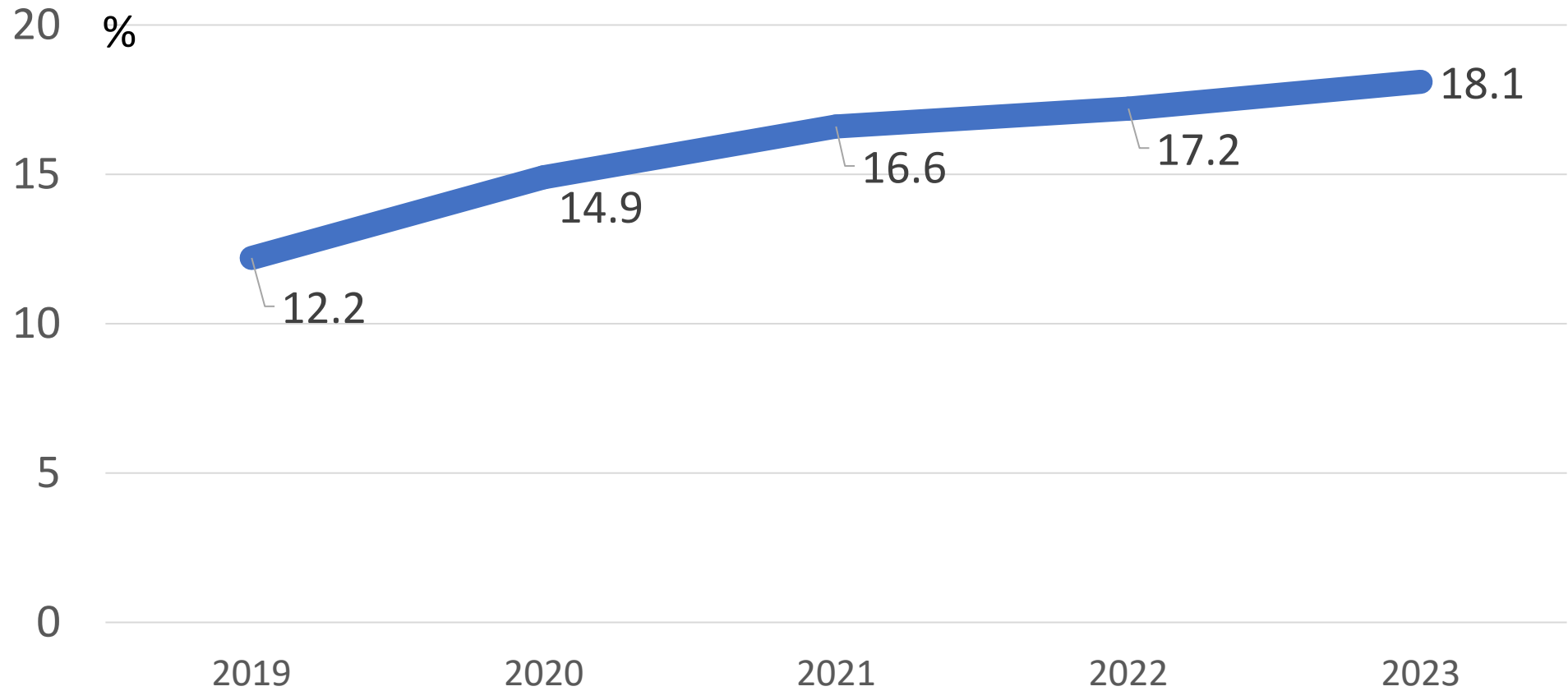
Median distance between recently purchased home and previous residence



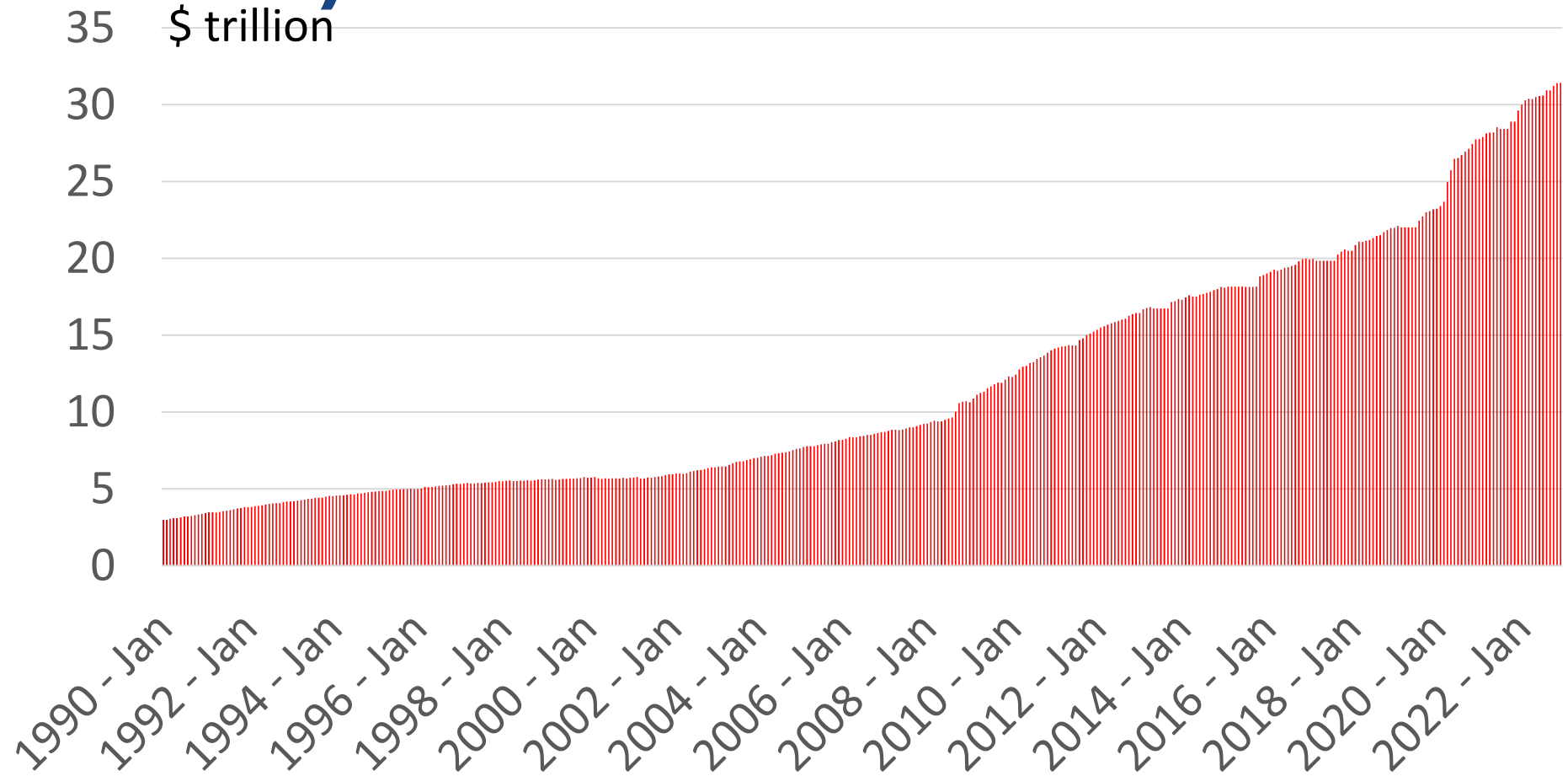
Note: Data are for years ended in June.

Source: National Association of Realtors

Office Vacancy Rate

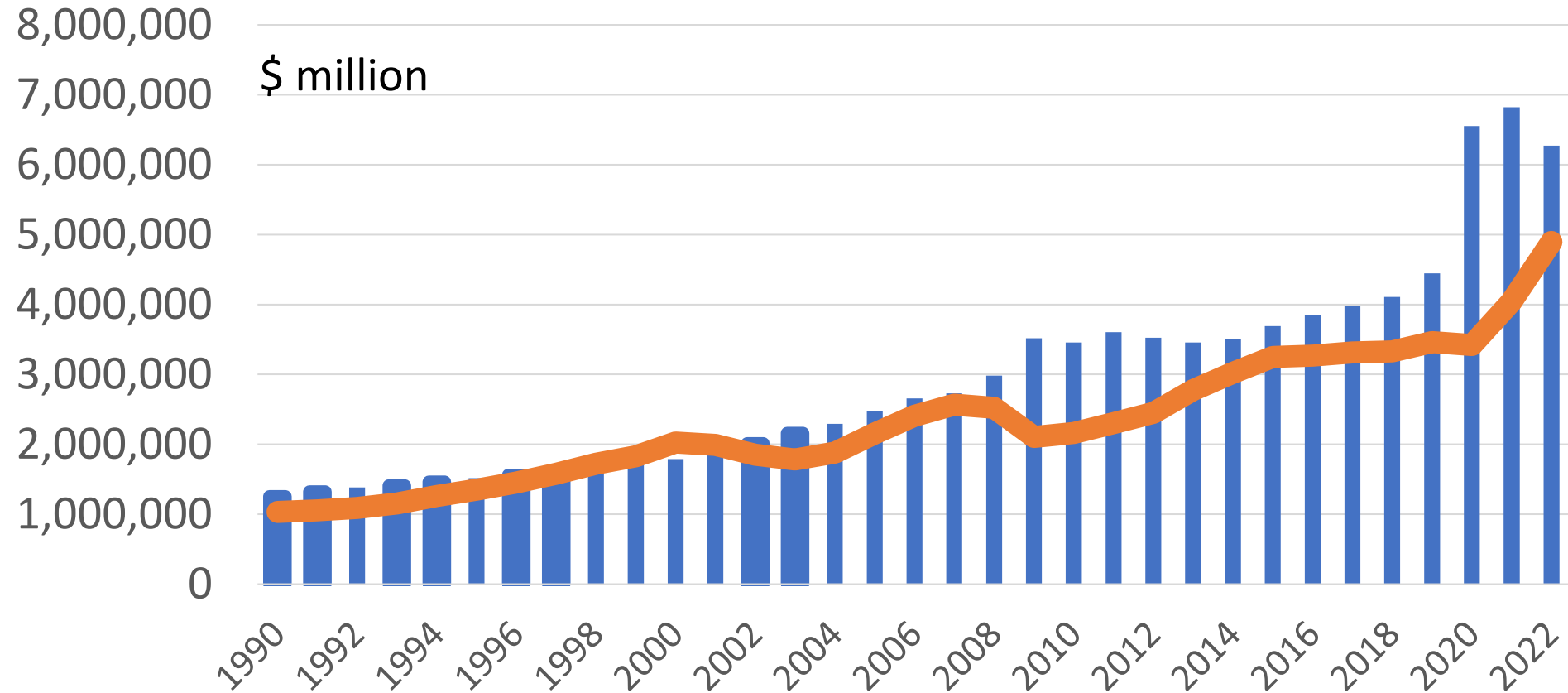


National Debt (cumulative of all deficits)



Source: U.S. Treasury

Why? Federal Outlay (blue bar) > Tax Receipts (orange line)



Source: U.S. Treasury

Annual Forecast

Year	Unit Sales	Home Price	Dollar Volume
2019	0.0%	+4.9%	+5%
2020	+5.6%	+9.1%	+15%
2021	+8.5%	+16.9%	+25%
2022	-17.8%	+10.2%	-8%
2023 forecast	-11%	-2%	-13%
2024 forecast	+18%	+3%	+21%

Source: NAR

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KANSAS CITY, MISSOURI



THANK YOU
!