



HARRISON

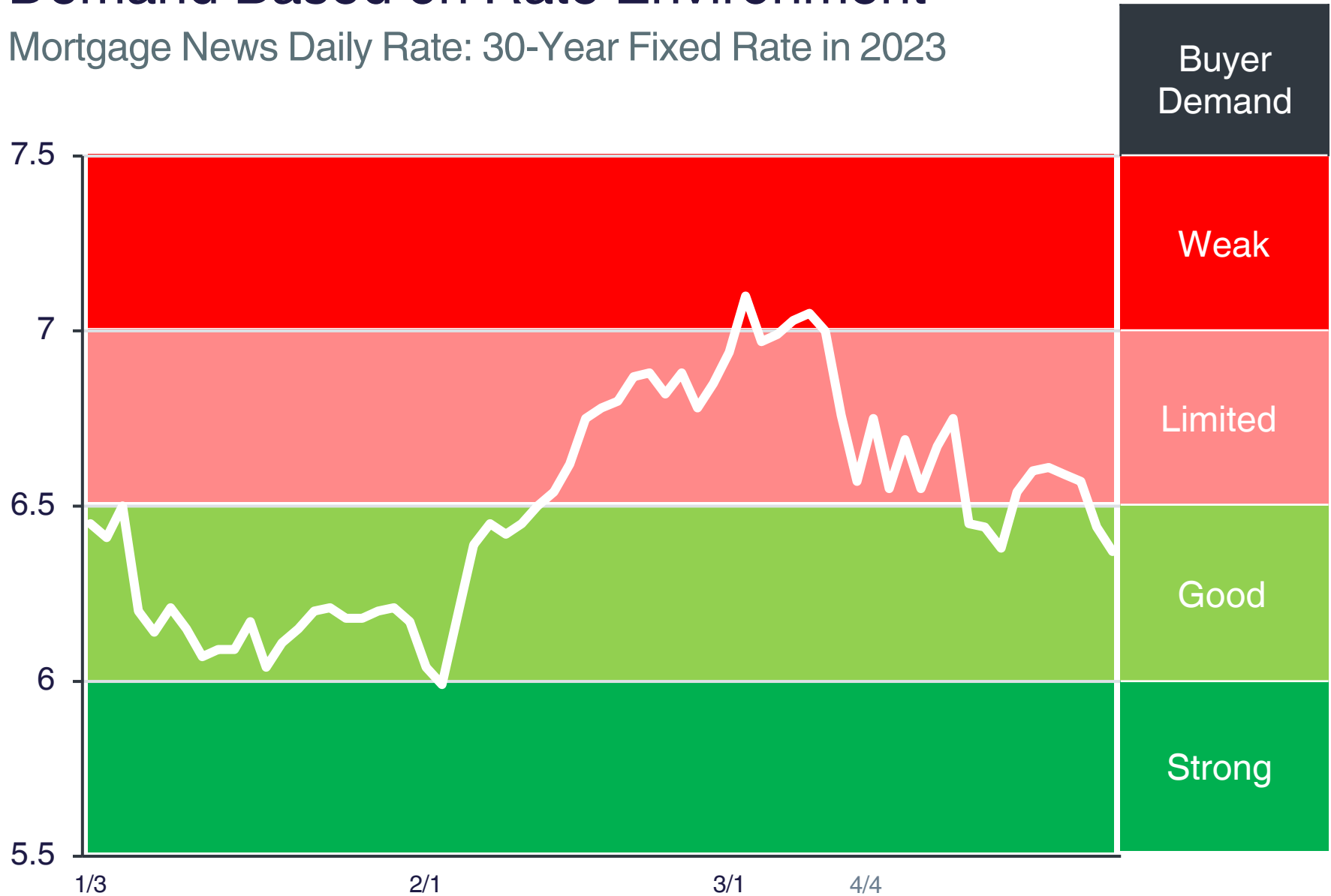
— REAL ESTATE GROUP —

Market Report April 2023



Demand Based on Rate Environment

Mortgage News Daily Rate: 30-Year Fixed Rate in 2023



Source: KCM Analysis, Mortgage News Daily






Turbulence in the financial markets is putting significant downward pressure on rates, which should benefit borrowers in the short-term.

-Sam Khater , Chief Economist, Freddie Mac


What's Happening with Home Prices?






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U.S. housing prices could plunge 20%, Dallas Fed warns

 **MONEY
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BY AIMEE PICCHI
NOVEMBER 16, 2022 / 4:10 PM / MONEYWATCH




  

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There are now 210 U.S. housing markets at risk of 15% to 20% home price declines, says Moody's

BY LANCE LAMBERT
September 13, 2022 at 5:33 AM EDT




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U.S. home prices could fall as much as 20% next year

 **MONEY
WATCH**

BY KHRISTOPHER J. BROOKS
OCTOBER 25, 2022 / 4:26 PM / MONEYWATCH



Neuroscientists have found that people spend about 90% of their lives using what's called "narrative circuitry" rather than direct experience.

In other words, we spend 90% of our lives telling ourselves what is happening.

Home Price Appreciation

January 2023 Year-Over-Year Appreciation in Top 20 Cities

U.S. National: 3.8%

Metro	% Change	Metro	% Change
Atlanta	8.4%	Miami	13.8%
Boston	4.2%	Minneapolis	1.7%
Charlotte	8.1%	New York	5.2%
Chicago	4.8%	Phoenix	0.0%
Cleveland	4.8%	Portland	-0.5%
Dallas	5.0%	San Diego	-1.4%
Denver Detroit	1.0%	San Francisco	-7.6%
	3.2%	Seattle	-5.1%
Las Vegas	0.4%	Tampa	10.5
Los Angeles	0.9%	Washington, D.C.	2.4%

Source: S&P Case-Shiller, 3/28/2023



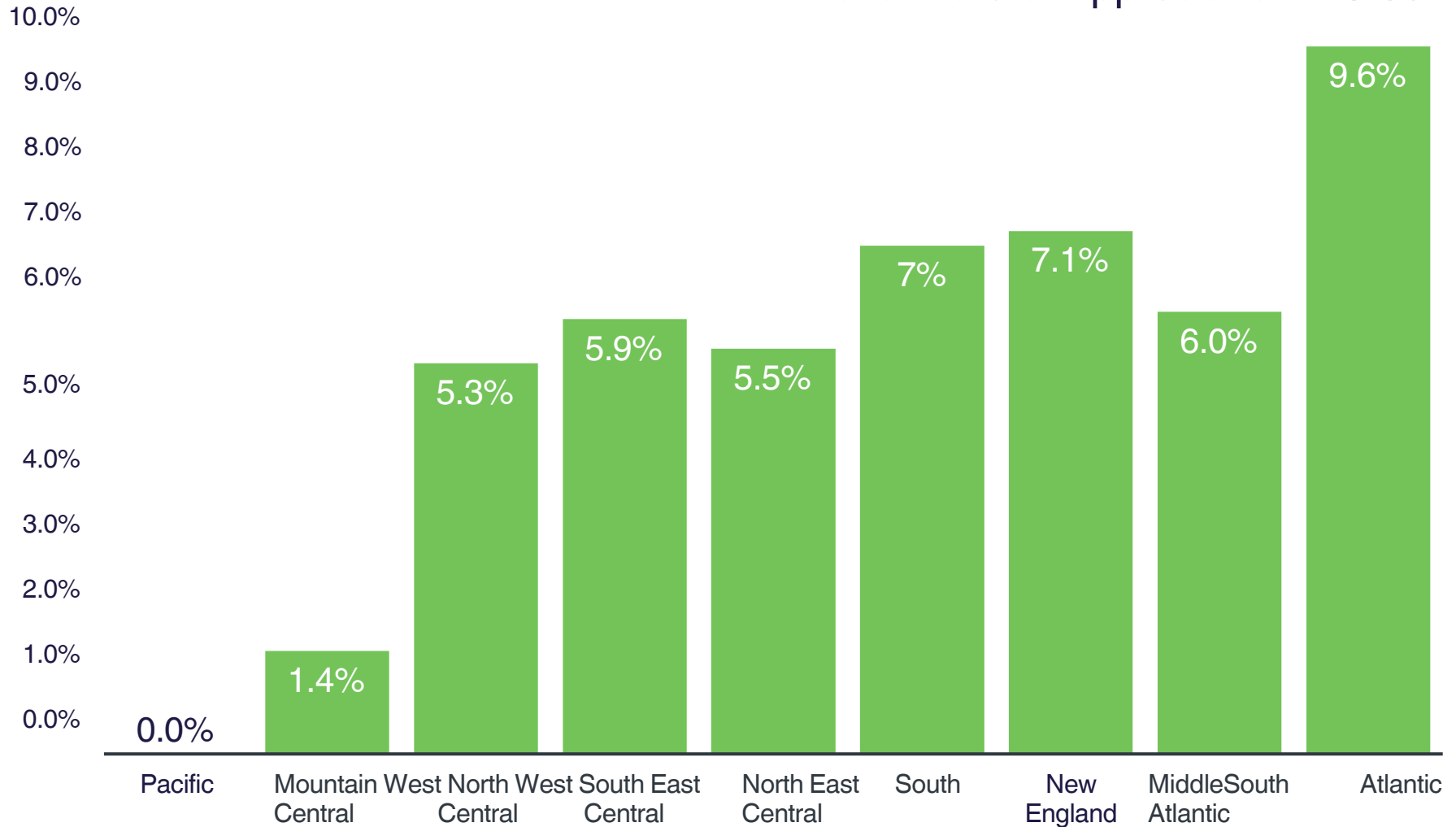
Declines in the West are due to
the tech industry slowdown
and a severe lack of affordability
after decades of undersupply.

-Selma Hepp , Chief Economist, CoreLogic

Year-Over-Year Price Appreciation

January by Region

National Rate of Appreciation: 5.3%



Source: FHFA, 3/28/2023

Home Price Movement

January 2023 Month-Over-Month% Appreciation in Top 20 Cities

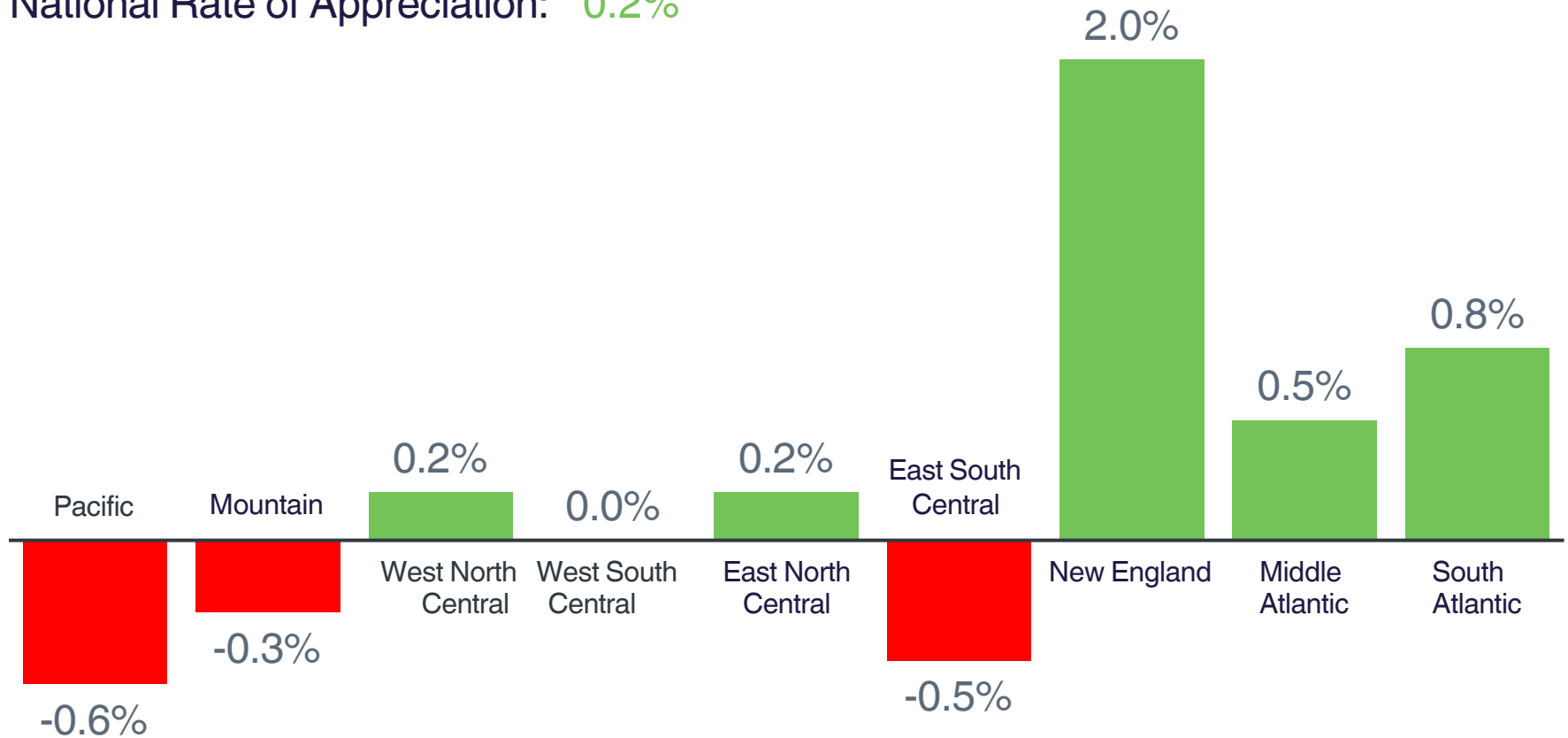
U.S. National: **-0.2%**

Metro	% Change	Metro	% Change
Atlanta	0.0%	Miami	0.1%
Boston	0.3%	Minneapolis	-0.2%
Charlotte	0.2%	New York	-0.2%
Chicago	0.0%	Phoenix	-0.8%
Cleveland	0.1%	Portland	-0.6%
Dallas	-0.6%	San Diego	-0.6%
Denver	-1.0%	San Francisco	-0.8%
Detroit	-0.1%	Seattle	-1.5%
Las Vegas	-1.1%	Tampa	-0.3%
Los Angeles	-0.3%	Washington, D.C.	-0.3%

Month-Over-Month Price Change

January 2023 by Region

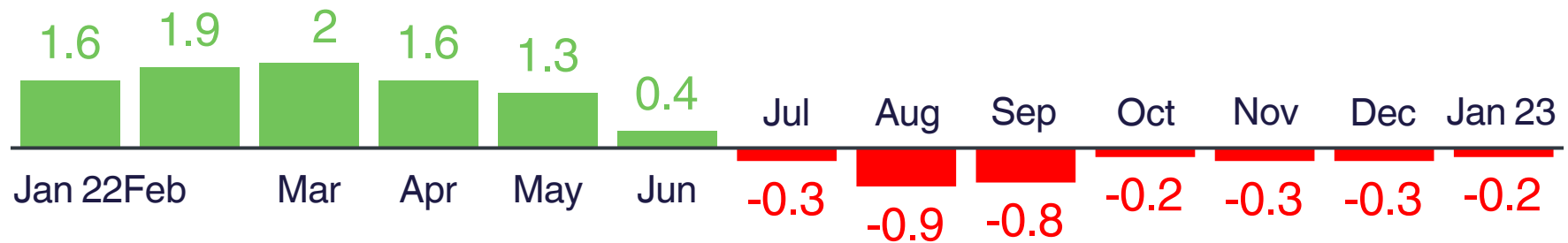
National Rate of Appreciation: 0.2%



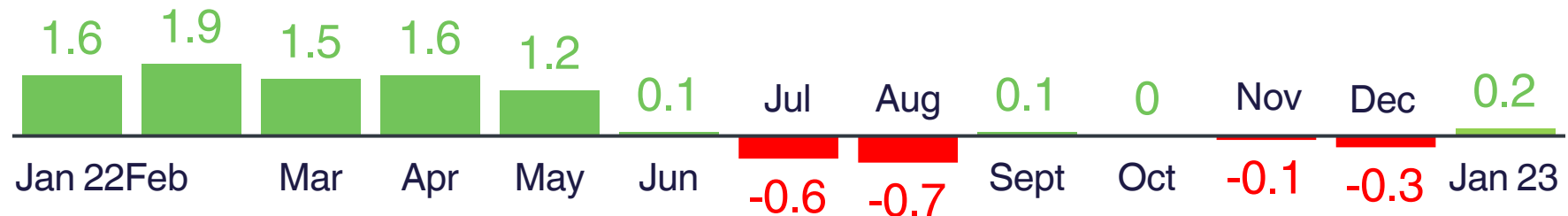
Have Home Value Declines Stabilized?

M-O-M % Change in Home Values (Seasonally Adjusted)

Case-Shiller



FHFA





All in, home prices nationally
are now down 2.6% from their
2022 peak.

-Black Knight ,February Monthly Mortgage Monitor



Moody's Analytics repeat sales
HPI are down 2% from their
peak last July.

-Mark Zandi , Chief Economist, Moody's Analytics

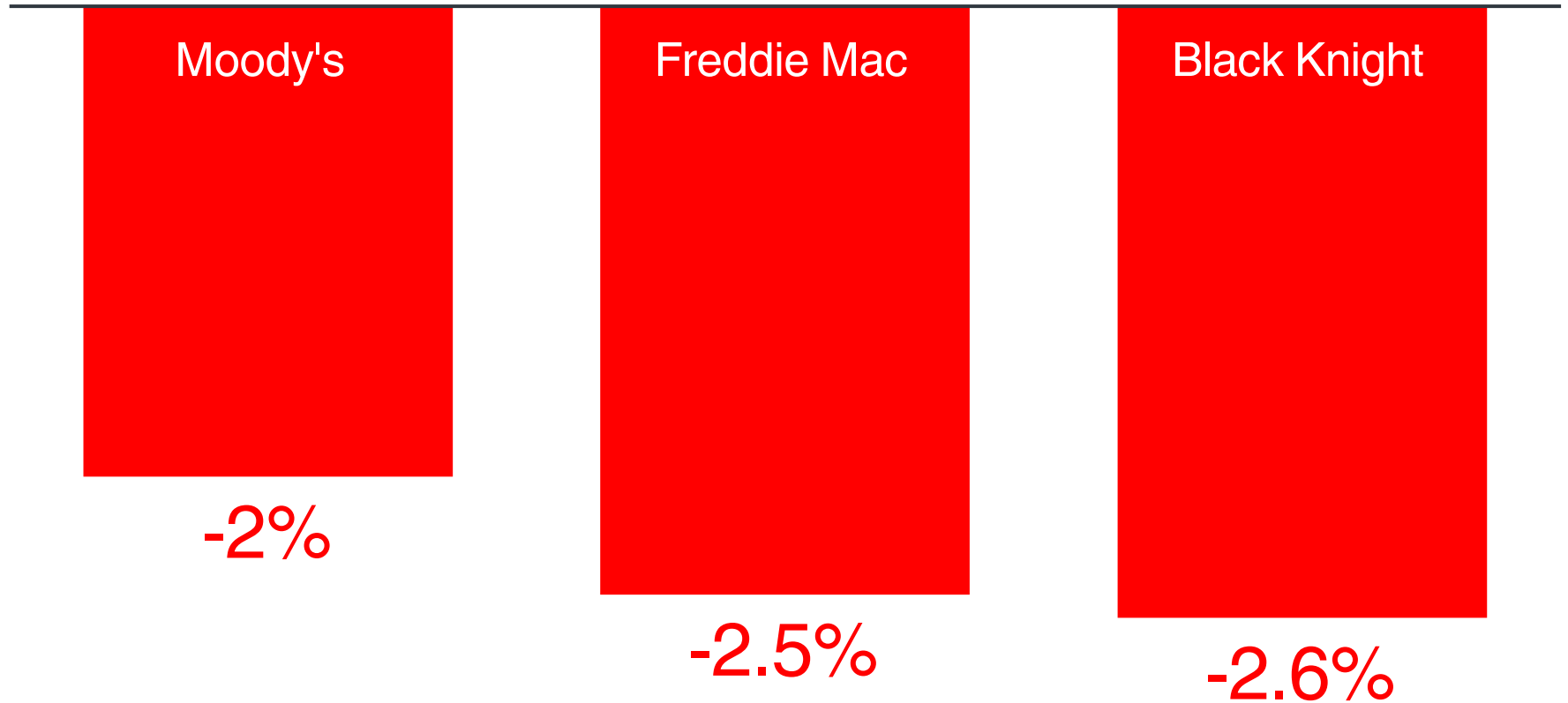


Freddie Mac reported that its
“National” Home Price Index . .
. is down 2.5% from its June
2022 peak.

-Bill McBride , Founder, Calculated Risk Blog

How Much Have Prices Fallen from Peak?

The Drop in Home Values Since the June Peak (Through February 2023)



Source: Moody's Analytics, Freddie Mac, Black Knight

Will We See Affordability Improve This Year?

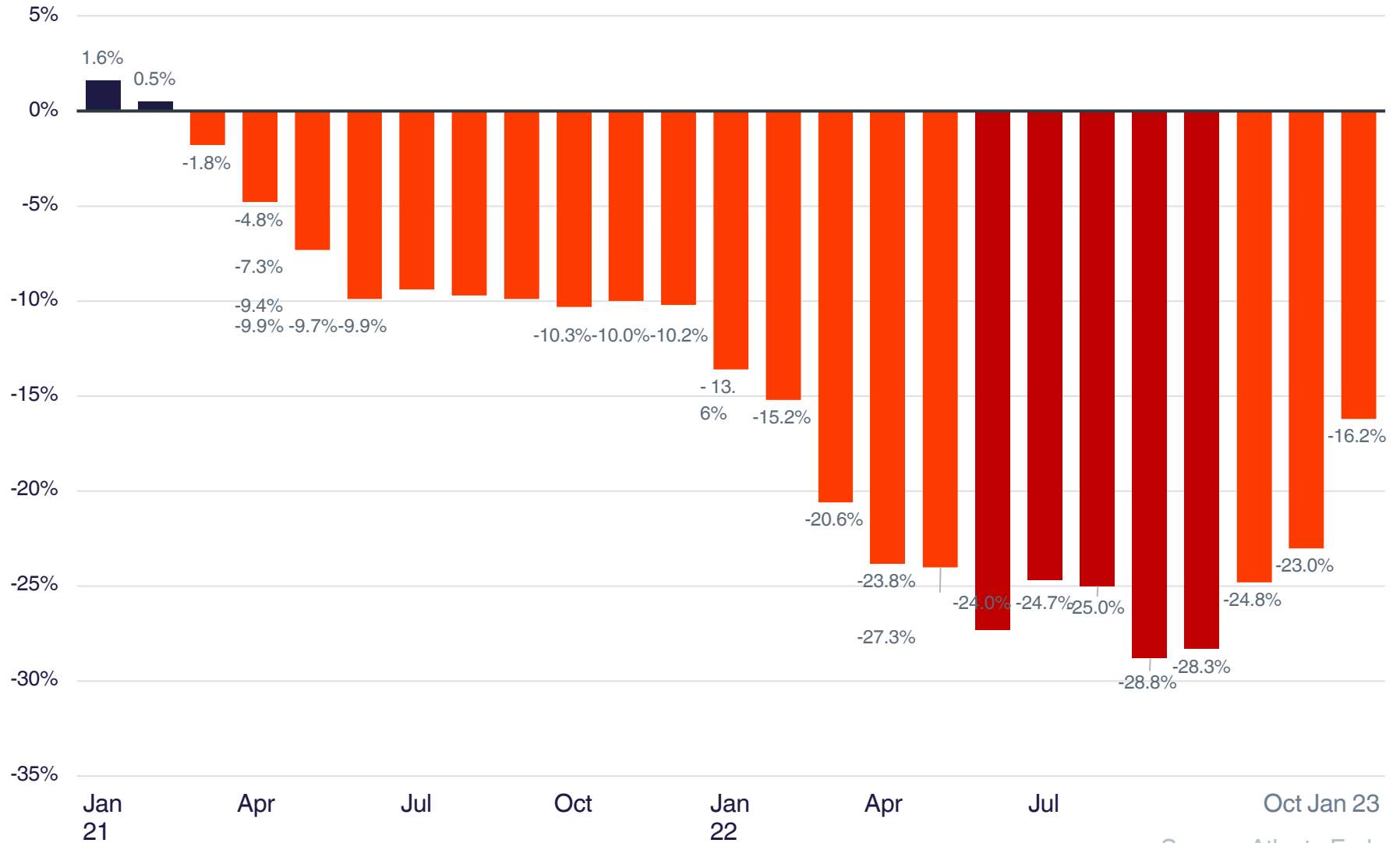




Each downward tick in mortgage rates is met with increased buyer demand, as many eager home shoppers take advantage of the slightly lower cost of financing a home.

-Hannah Jones ,Economic Data Analyst, Realtor.com

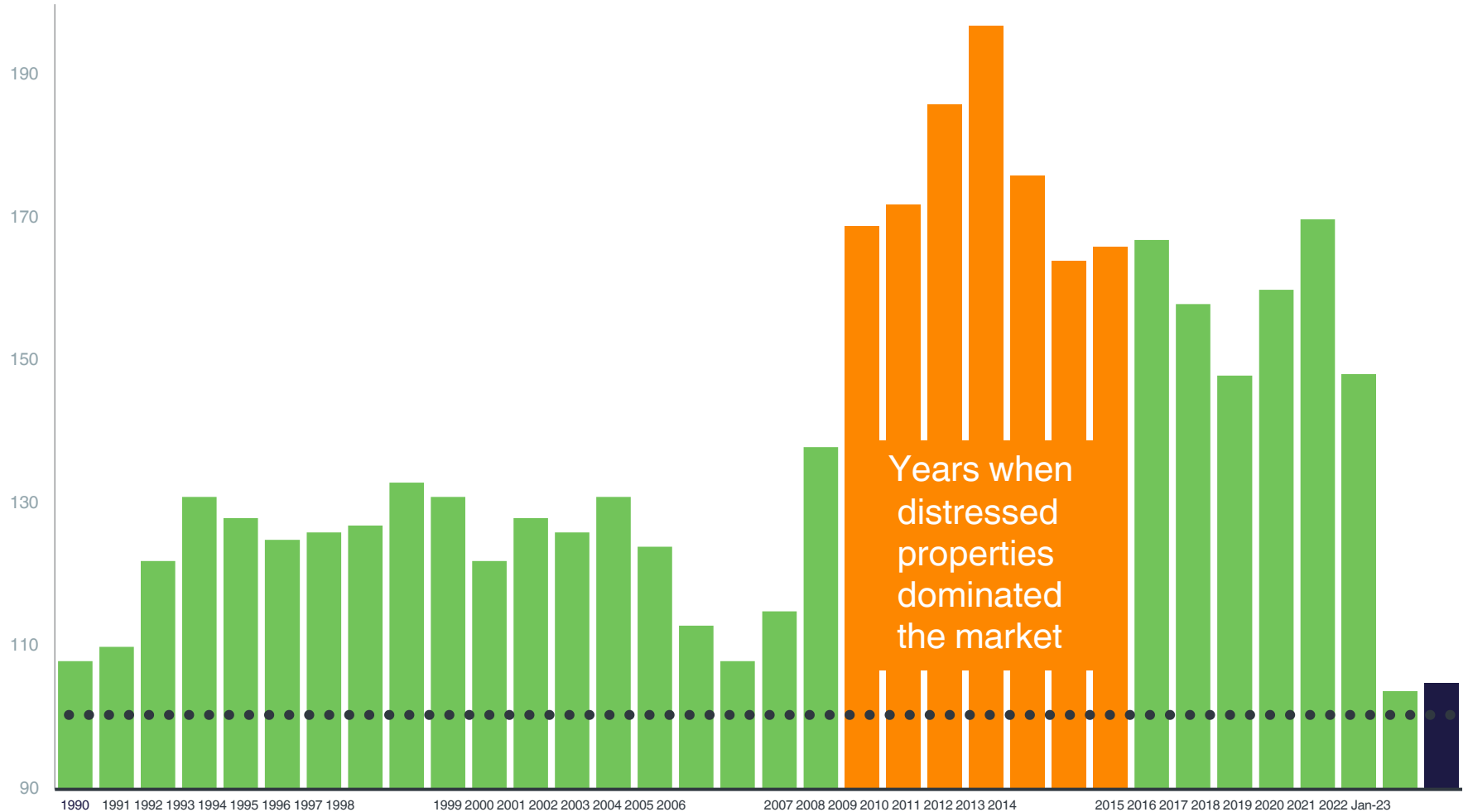
Home Ownership Affordability YOY Decline



Source: Atlanta Fed

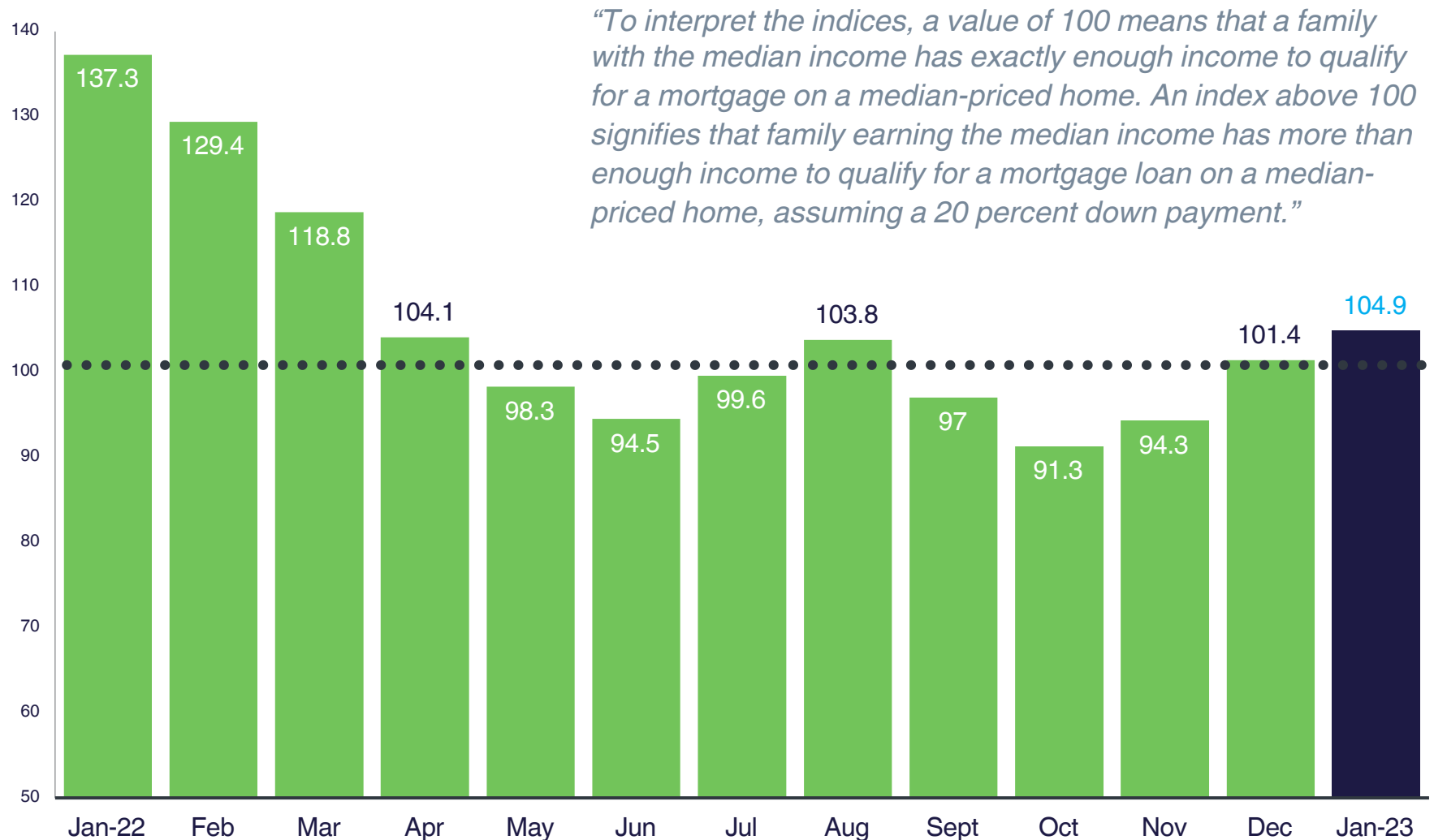
Affordability at Historic Levels

Housing Affordability Index, 1990 to Today



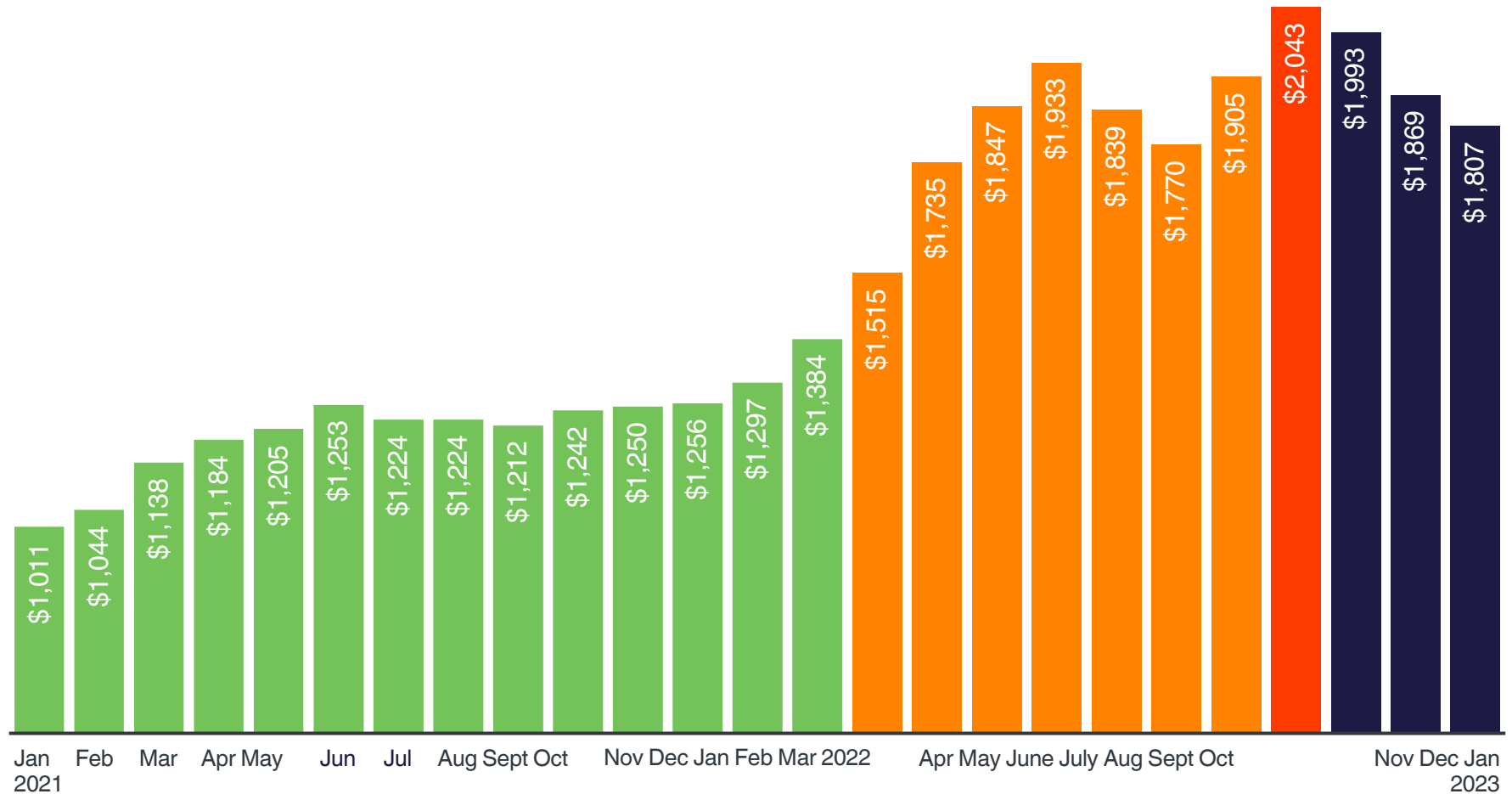
Affordability Historically Low

Housing Affordability Index



Monthly Mortgage Payments

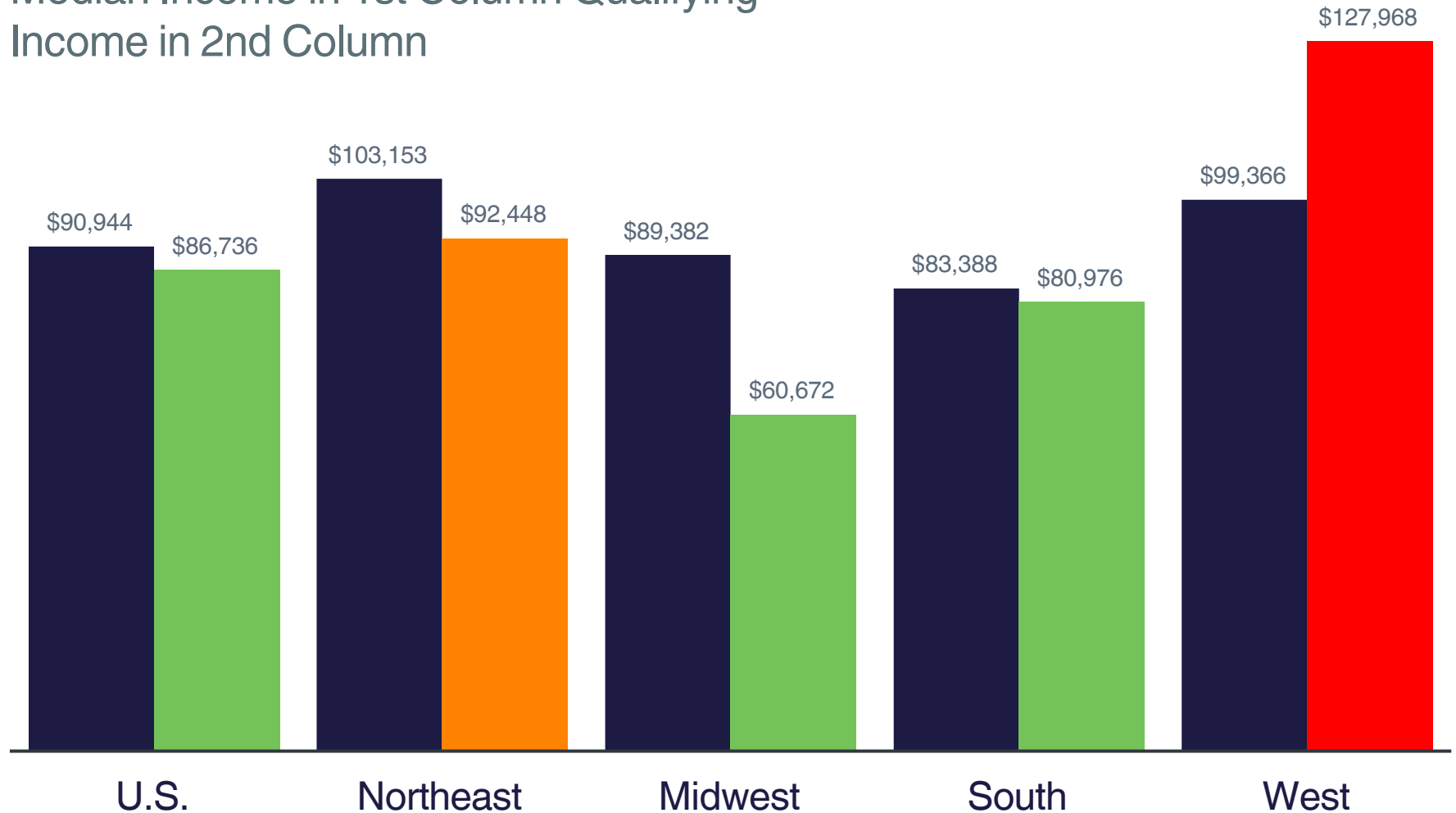
January 2021 – January 2023



Source: NAR

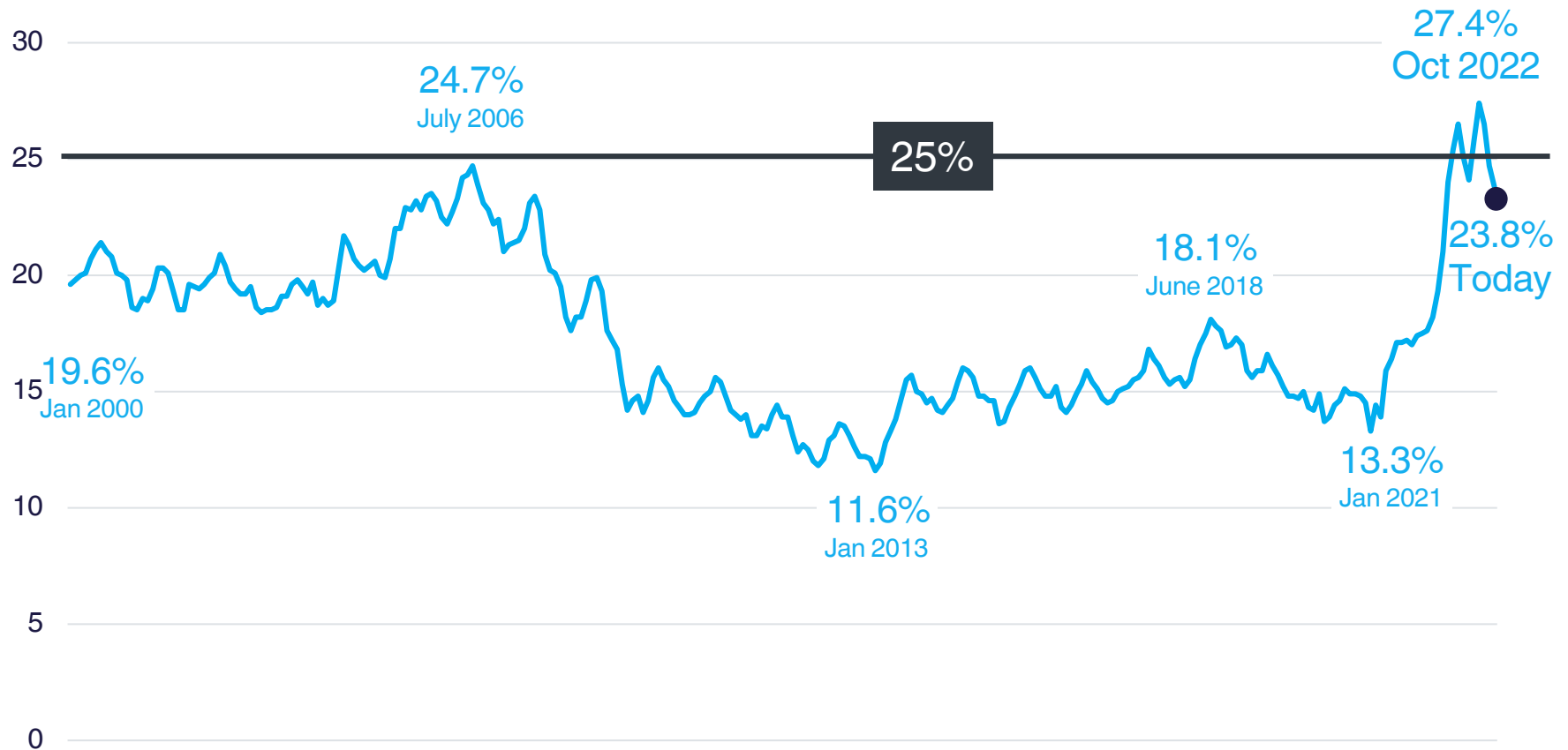
Median Household Income vs. Qualifying Income

Median Income in 1st Column
Qualifying Income in 2nd Column



Mortgage Payment-to-Income Ratio (2000-2023)

Assumes a 30-Year Fixed Rate Mortgage with a 20% Down Payment on a Median-Priced Home with a Median Income (P&I payment to income)





However, this rate drop was enough to make homebuying affordable again for many Americans.

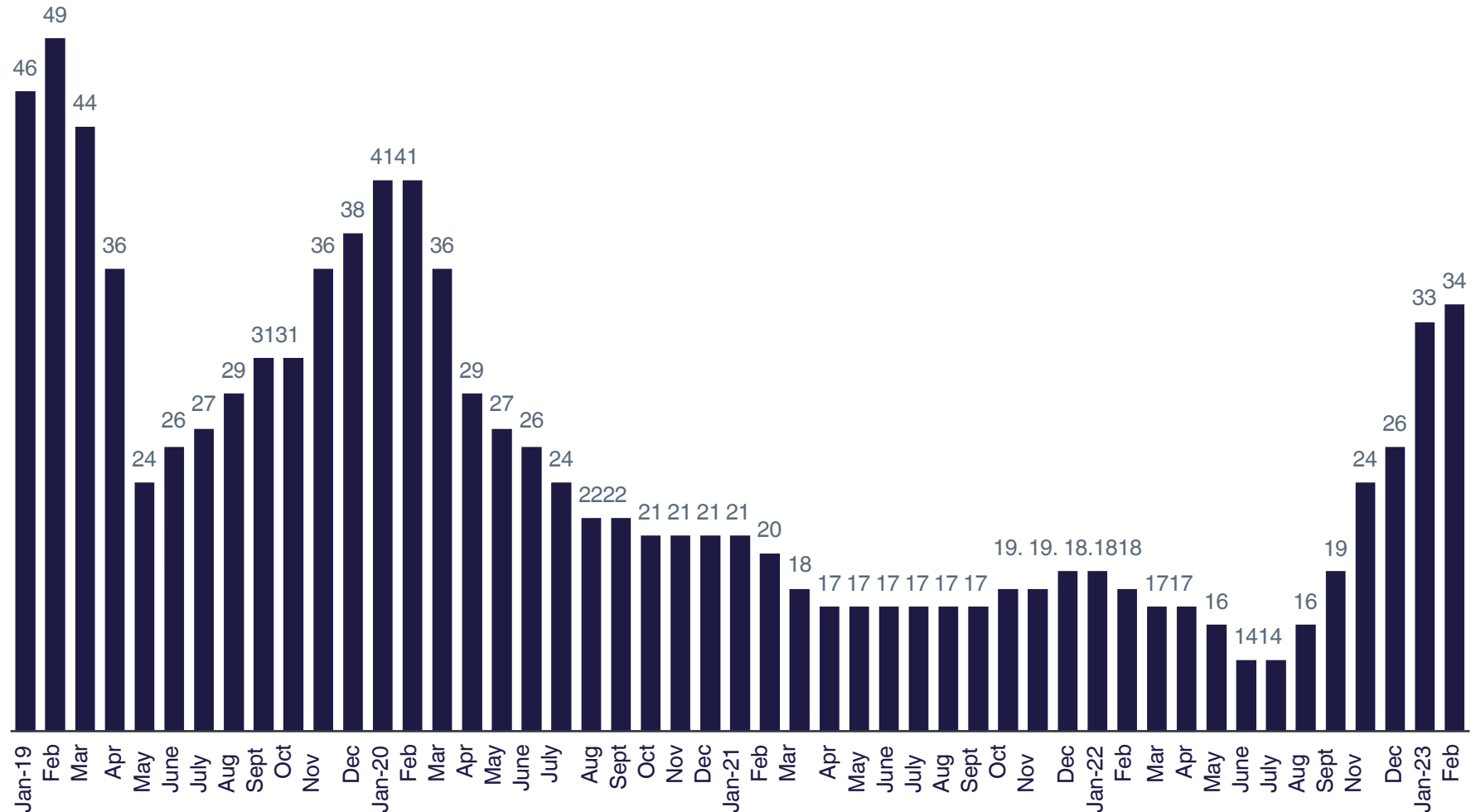
-Nadia Evangelou , Director of Real Estate Research, NAR



Home Sales

Average Days on the Market

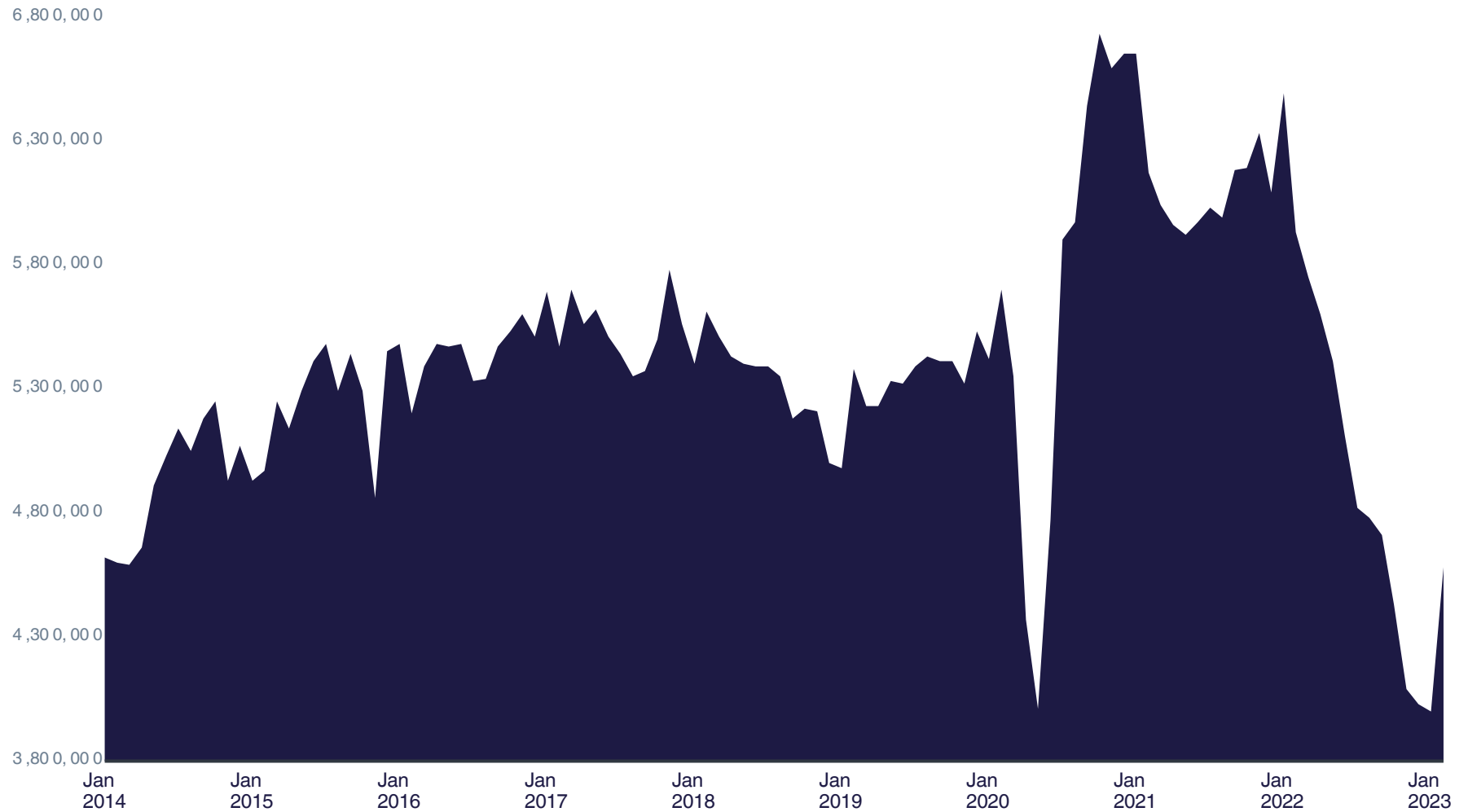
February 2023



Source: NAR

Existing Home Sales

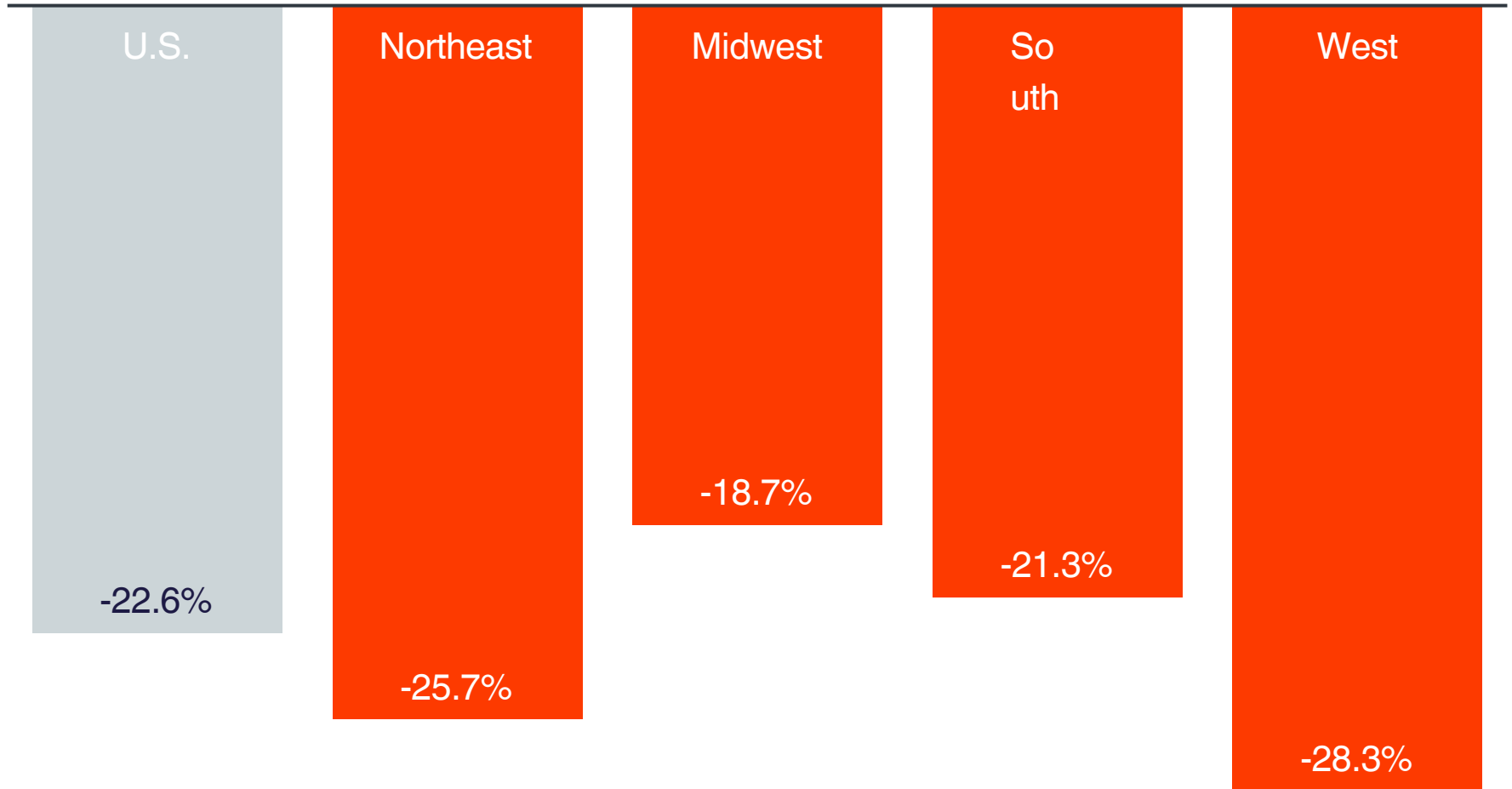
Since January 2014



Source: NAR

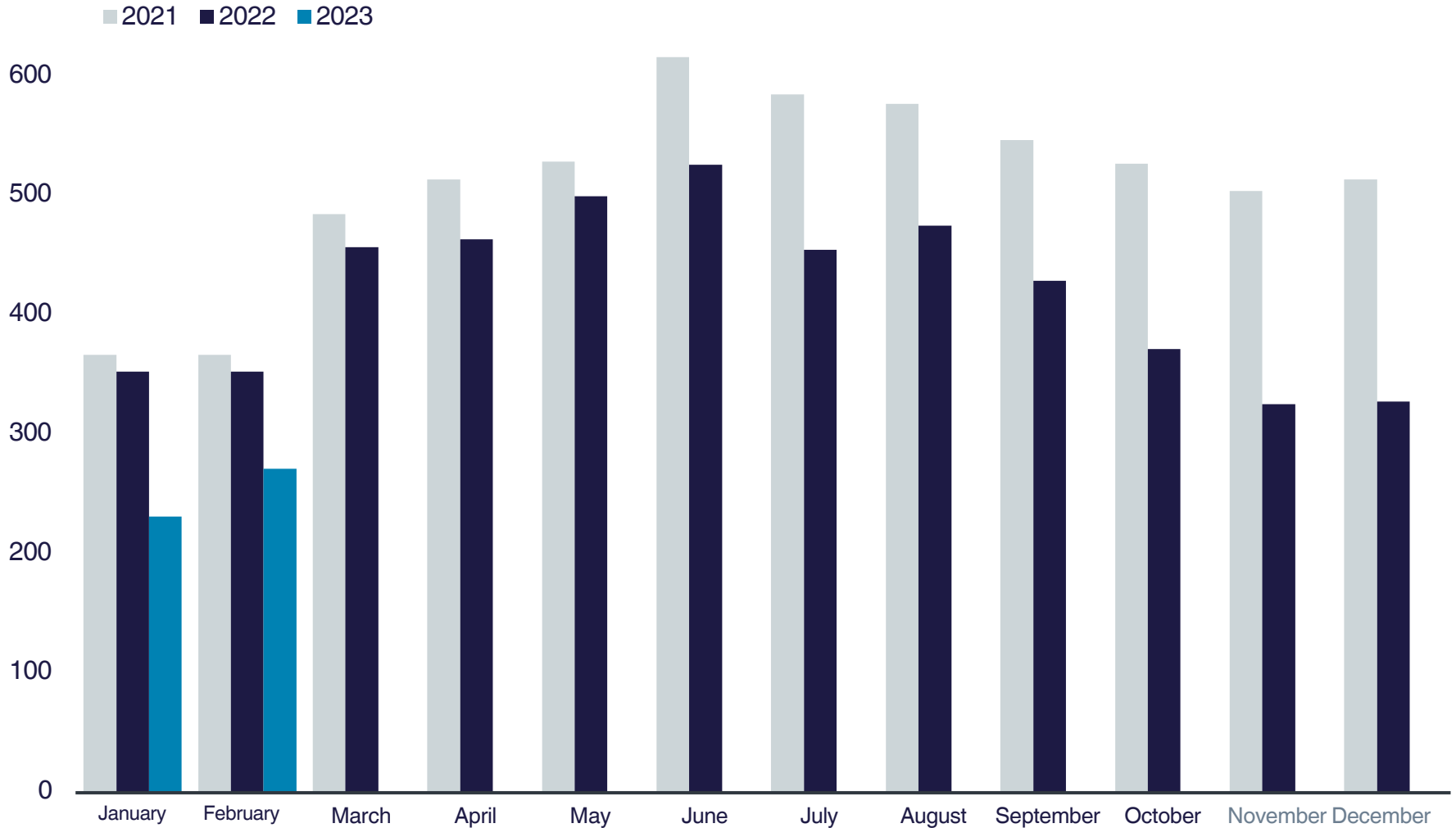
Existing Home Sales

Year-Over-Year, by Region



Existing Home Sales

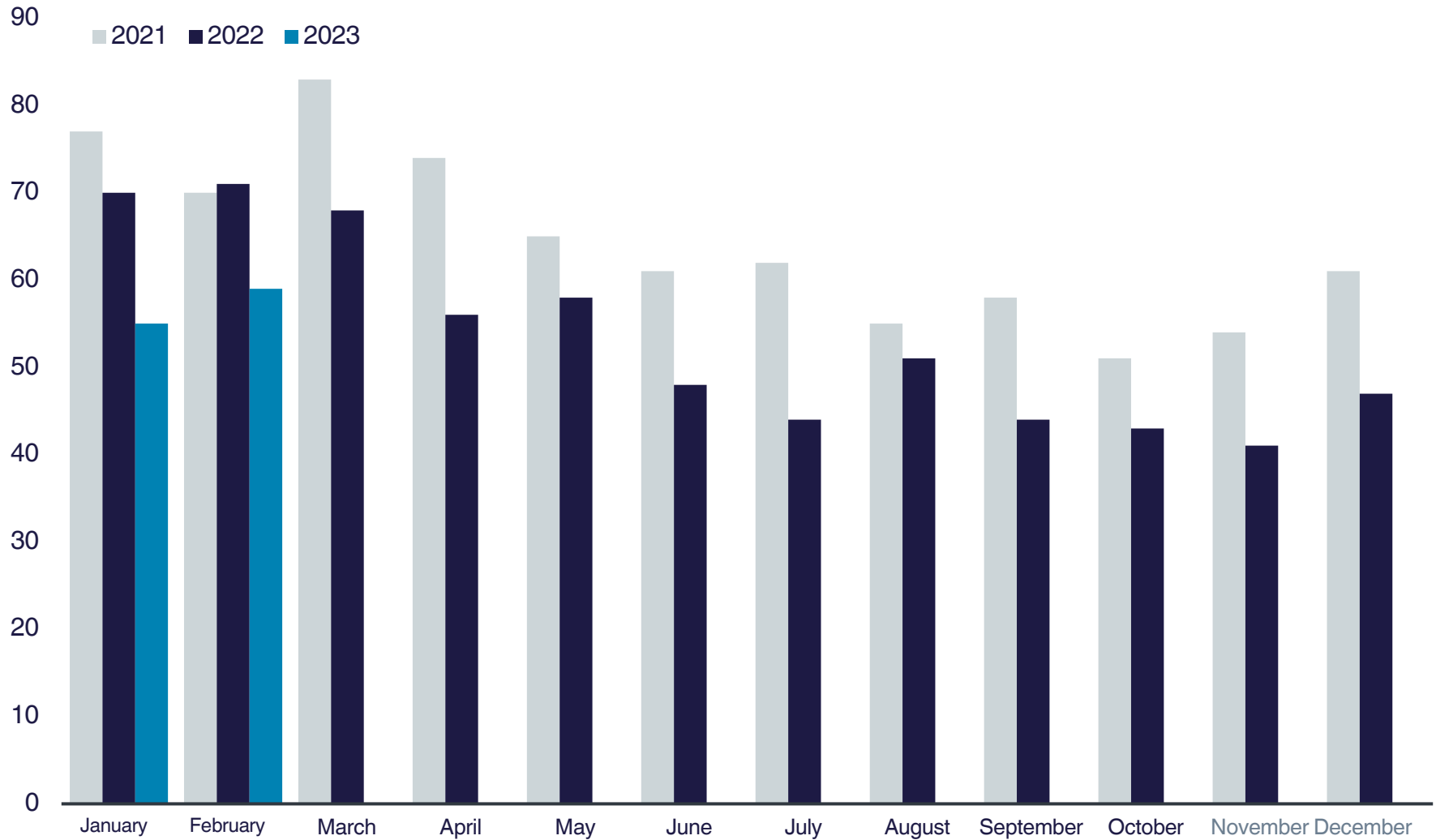
In Thousands



Source: NAR

New Home Sales

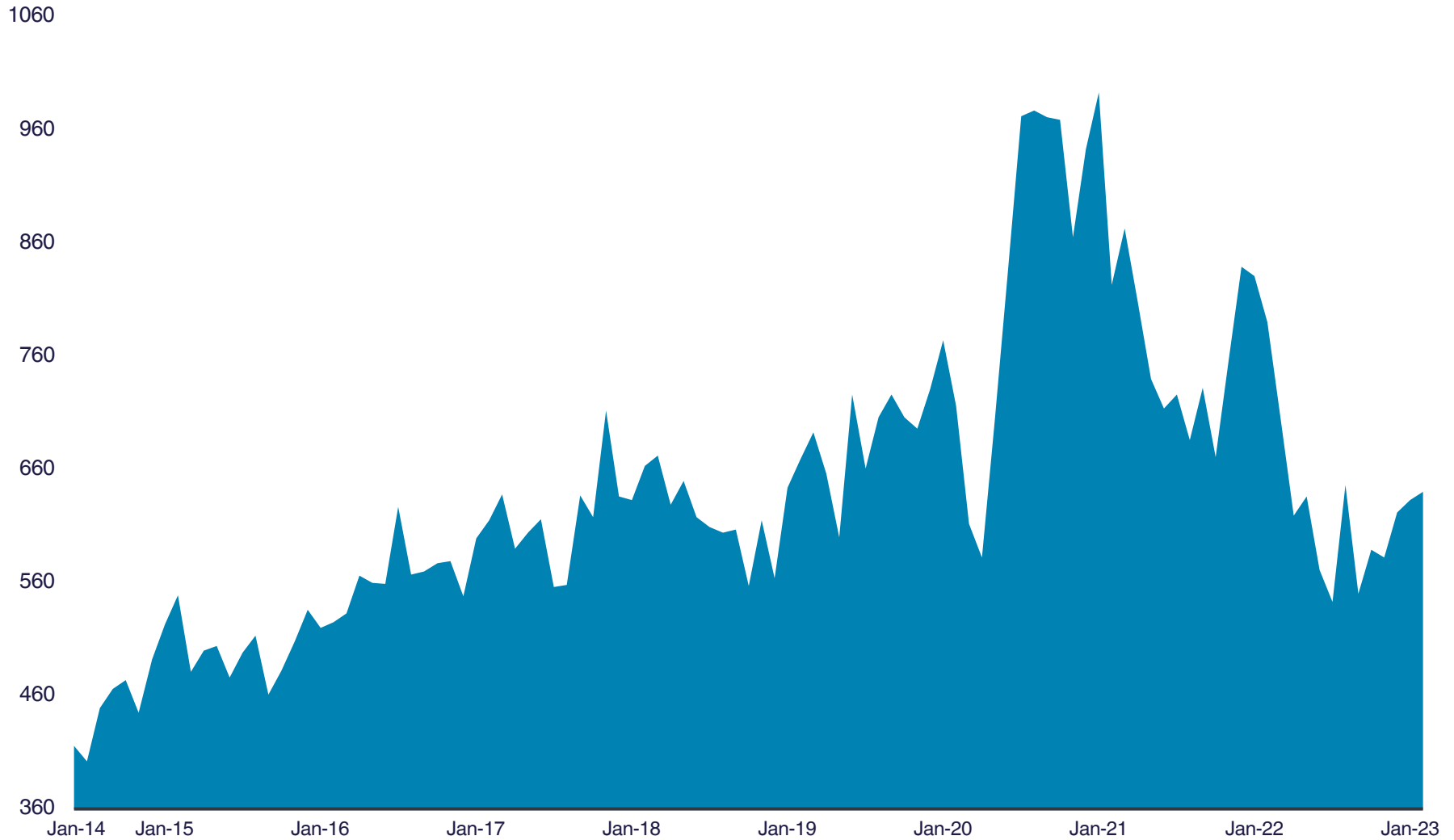
In Thousands



Source: Census

New Home Sales

Annualized in Thousands

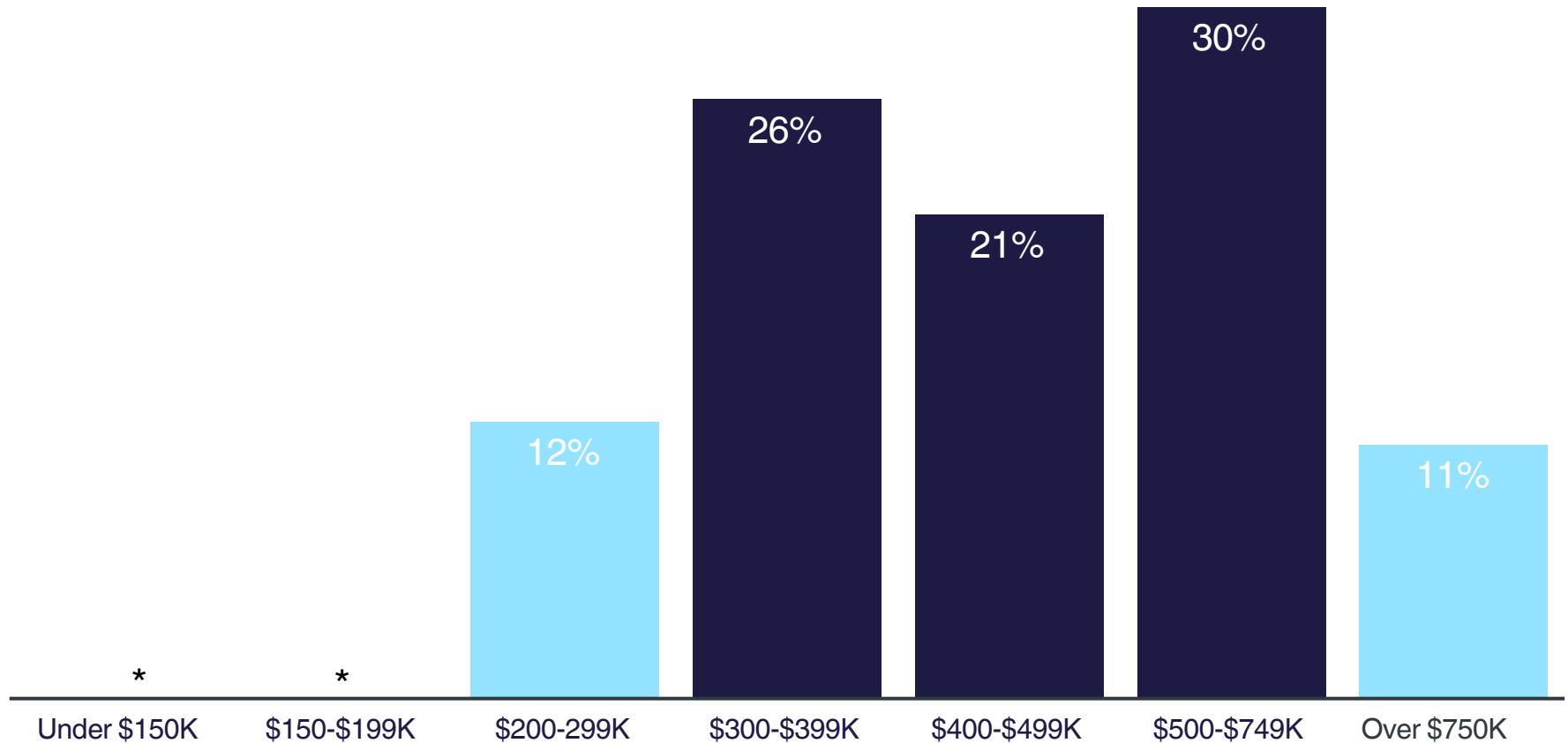


Source: Census

New Home Sales

Percent of Distribution by Price Range

** Less Than 500 Units or Less Than 0.5 Percent*

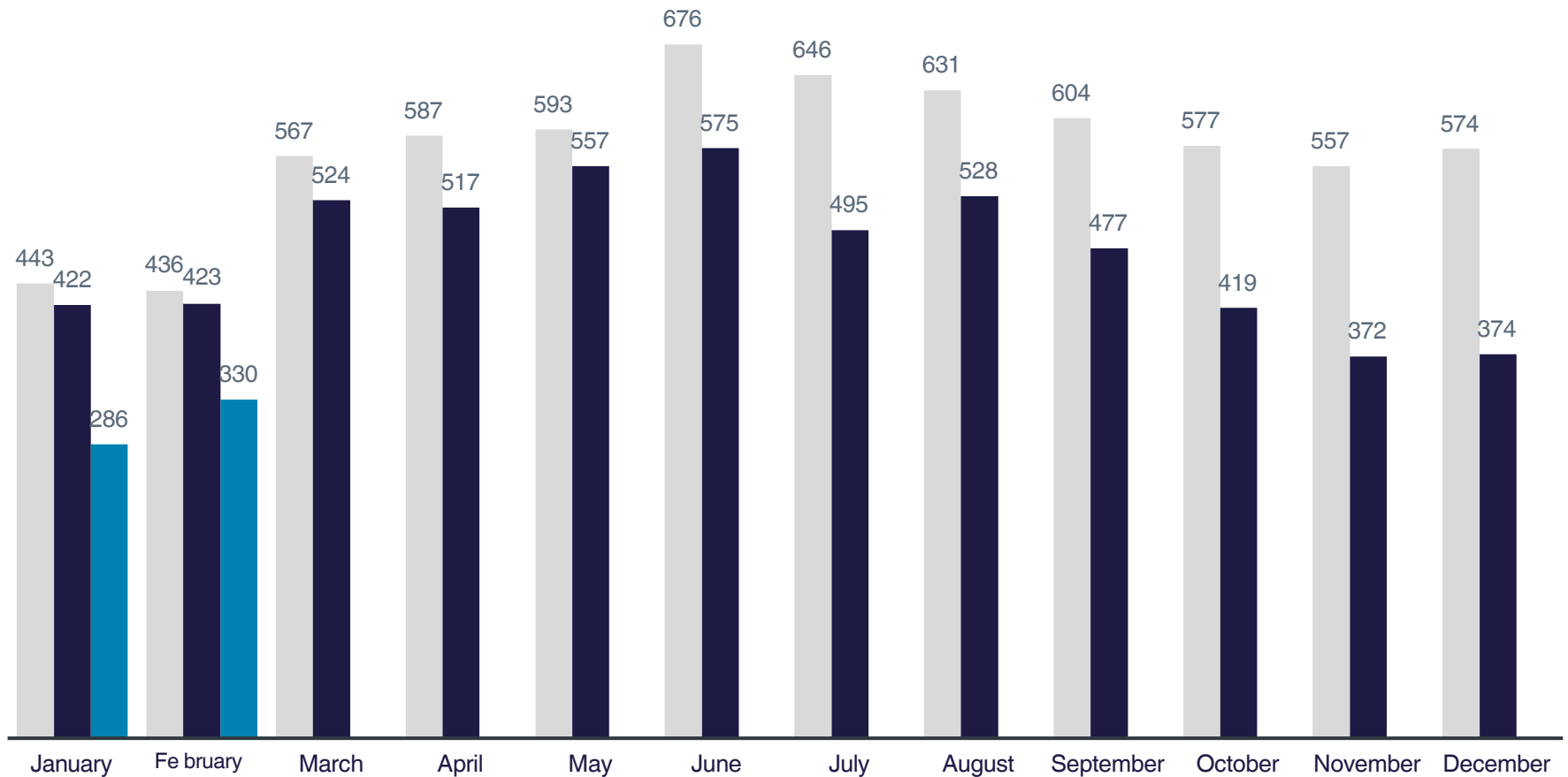


Source: Census

Total Home Sales

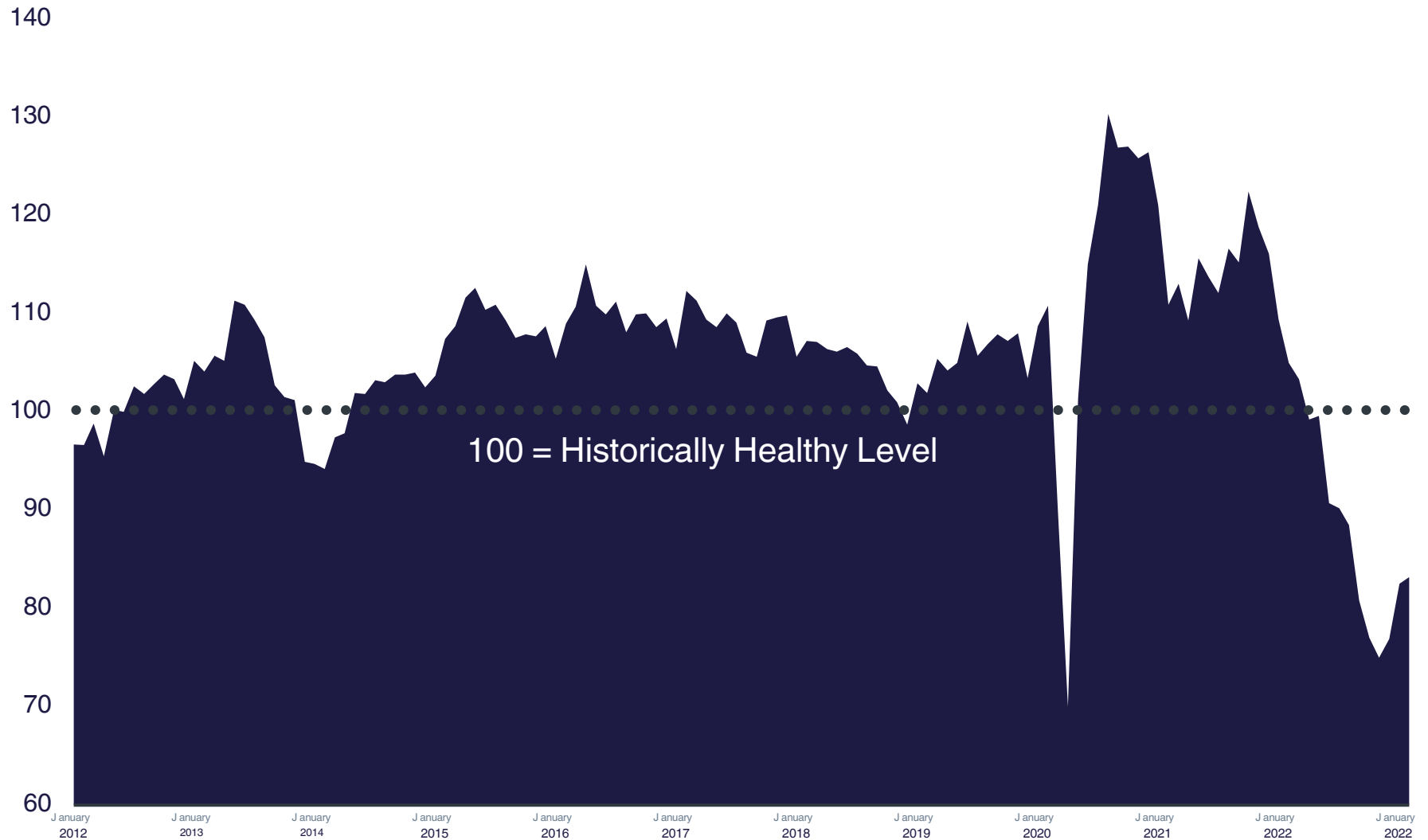
In Thousands

■ 2021 ■ 2022 ■ 2023



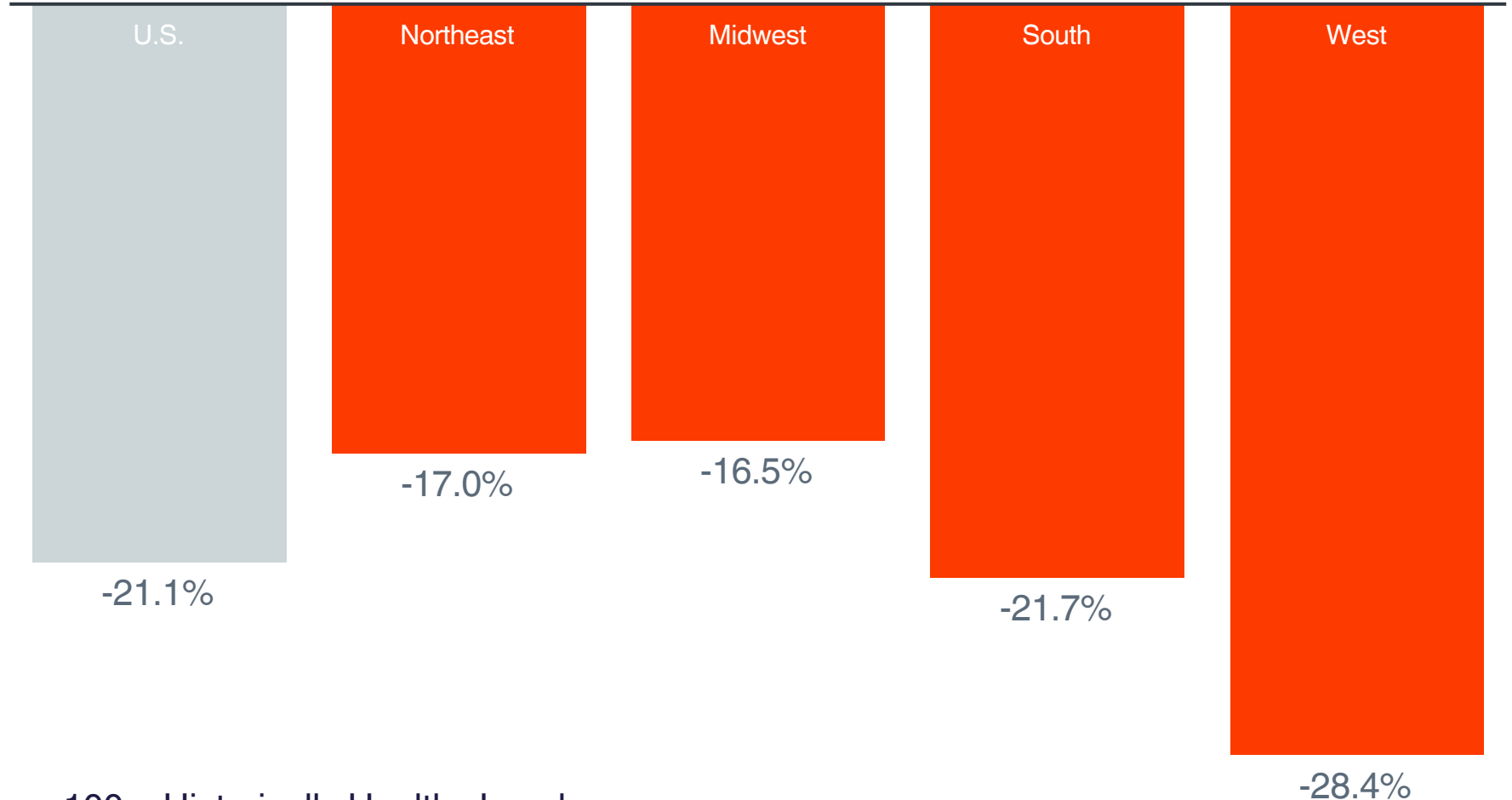
Source: Census

Pending Home Sales



Pending Home Sales

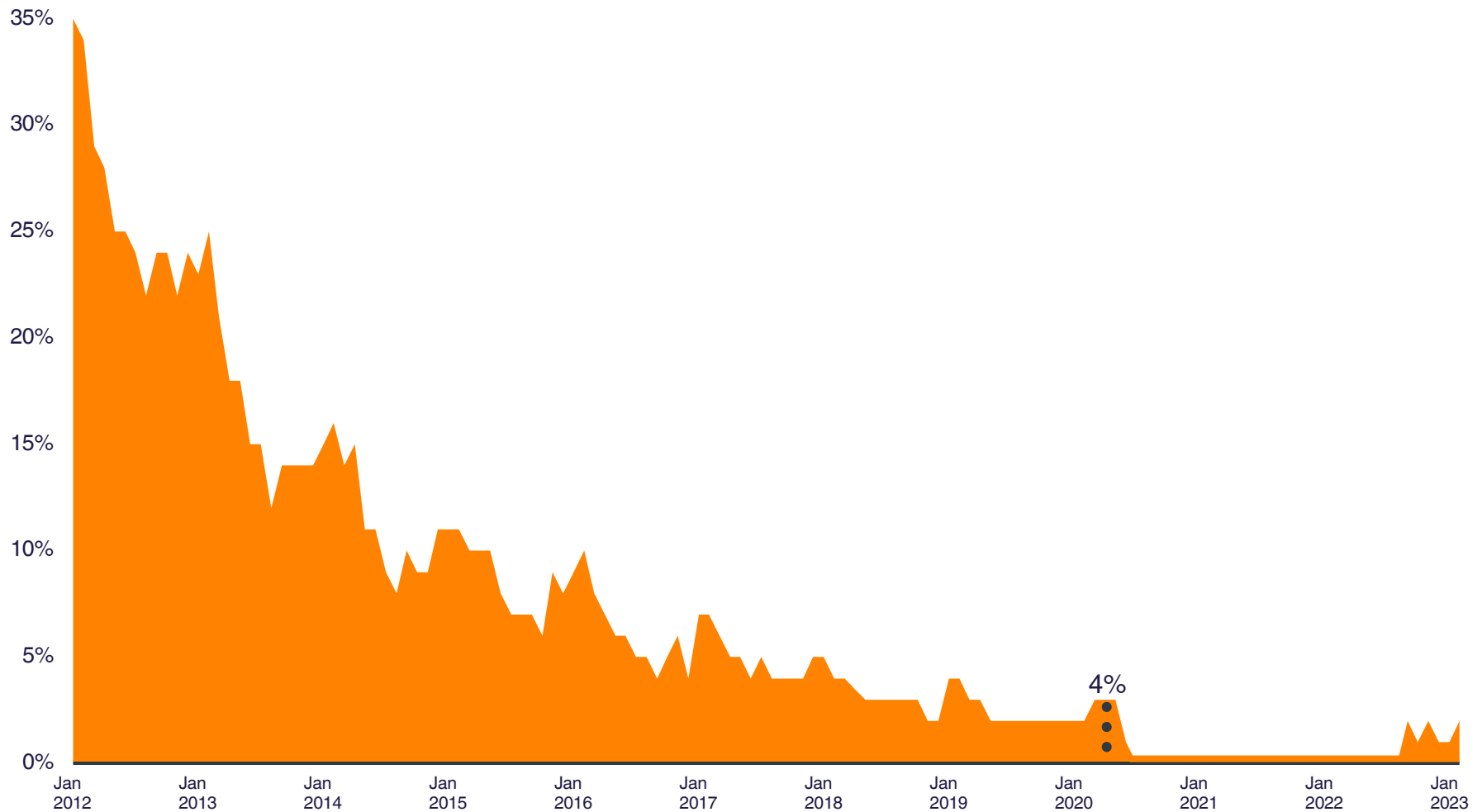
Year-Over-Year by Region



100 = Historically Healthy Level

Percentage of Distressed Property Sales

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

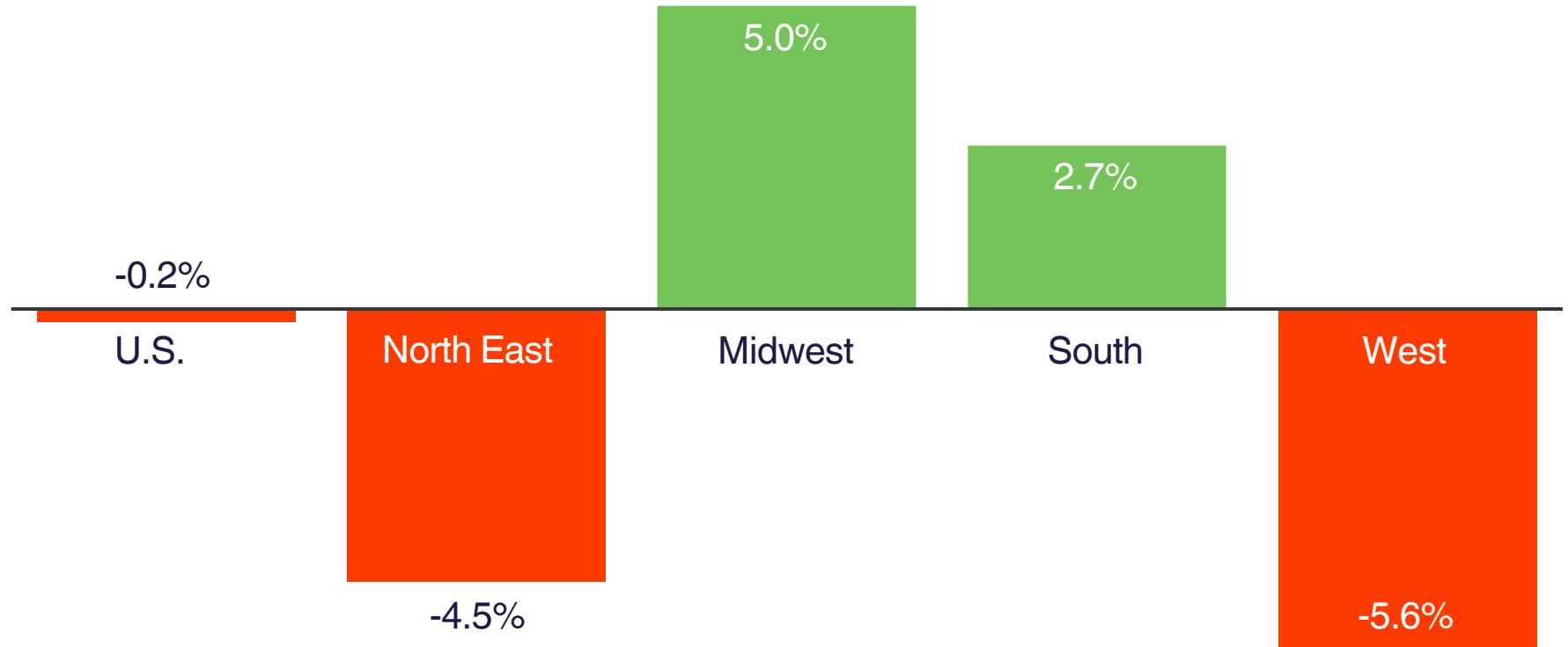




Home Prices

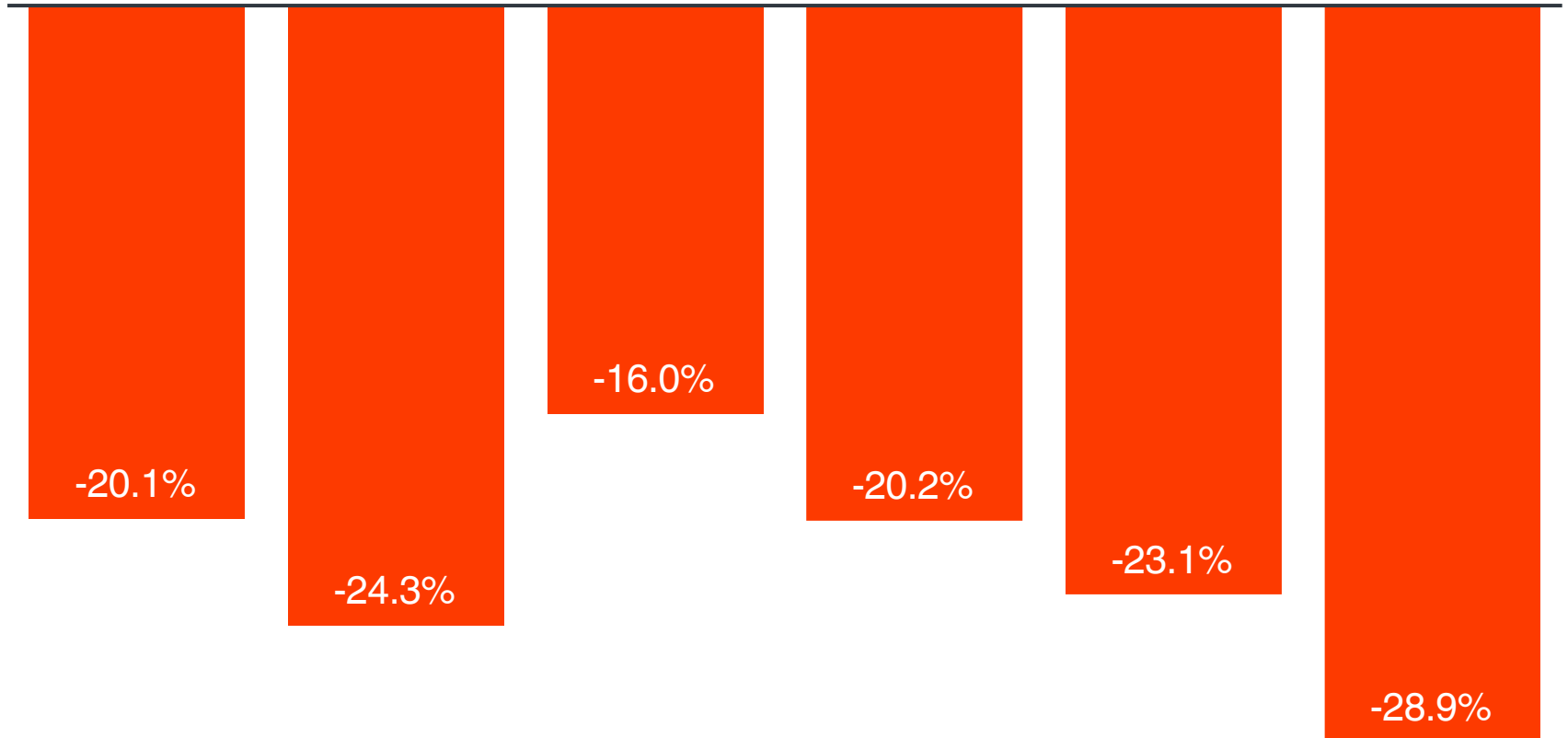
Sales Price of Existing Homes

Year-Over-Year, by Region



% Change in Sales

Year-Over-Year, by Price Range

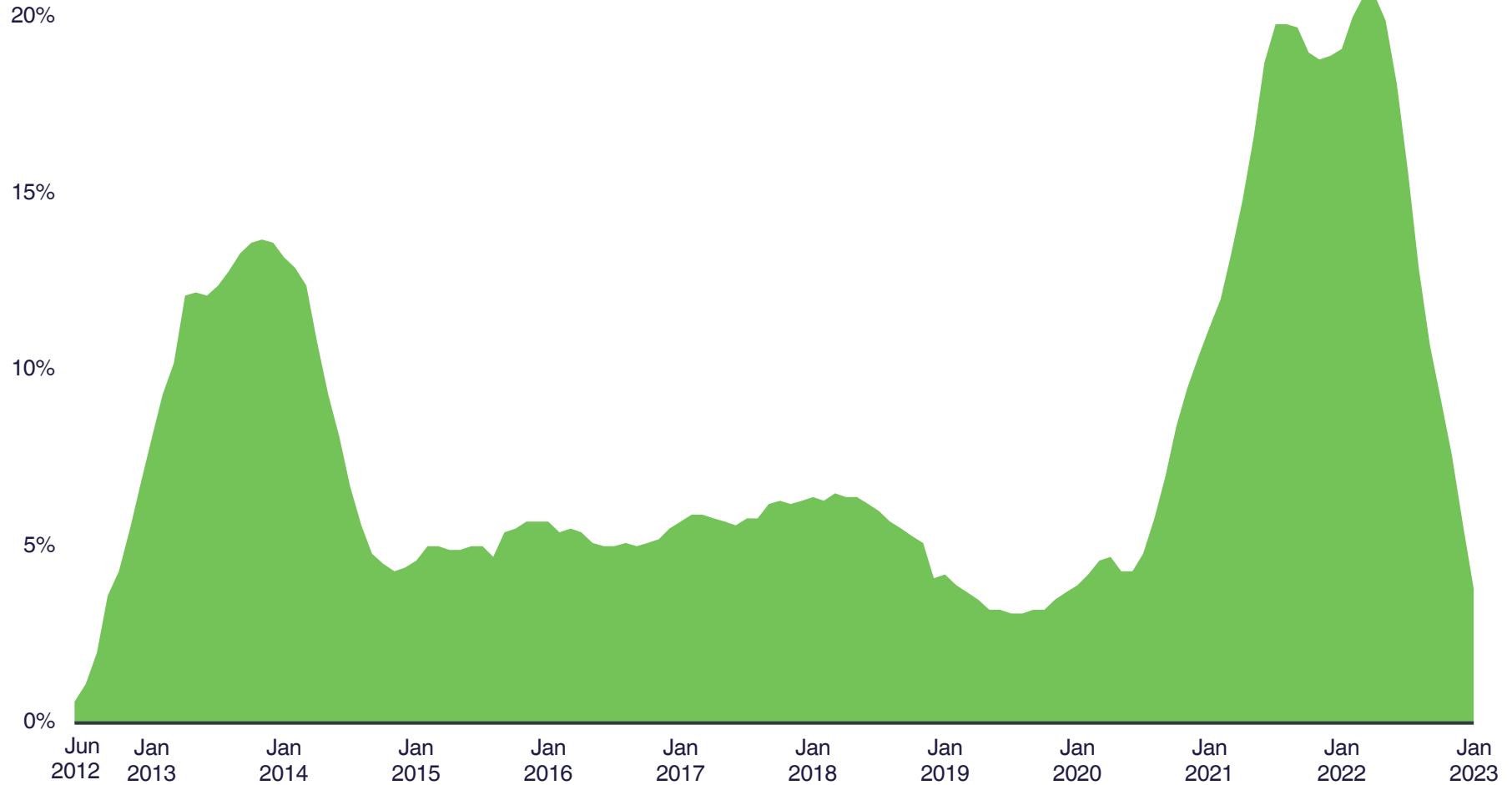


	\$0-100K	\$100-250K	\$250-500K	\$500-750K	\$750K-1M	\$1M+
■ %	-20.1%	-24.3%	-16.0%	-20.2%	-23.1%	-28.9%

Source: NAR

Change in Home Prices

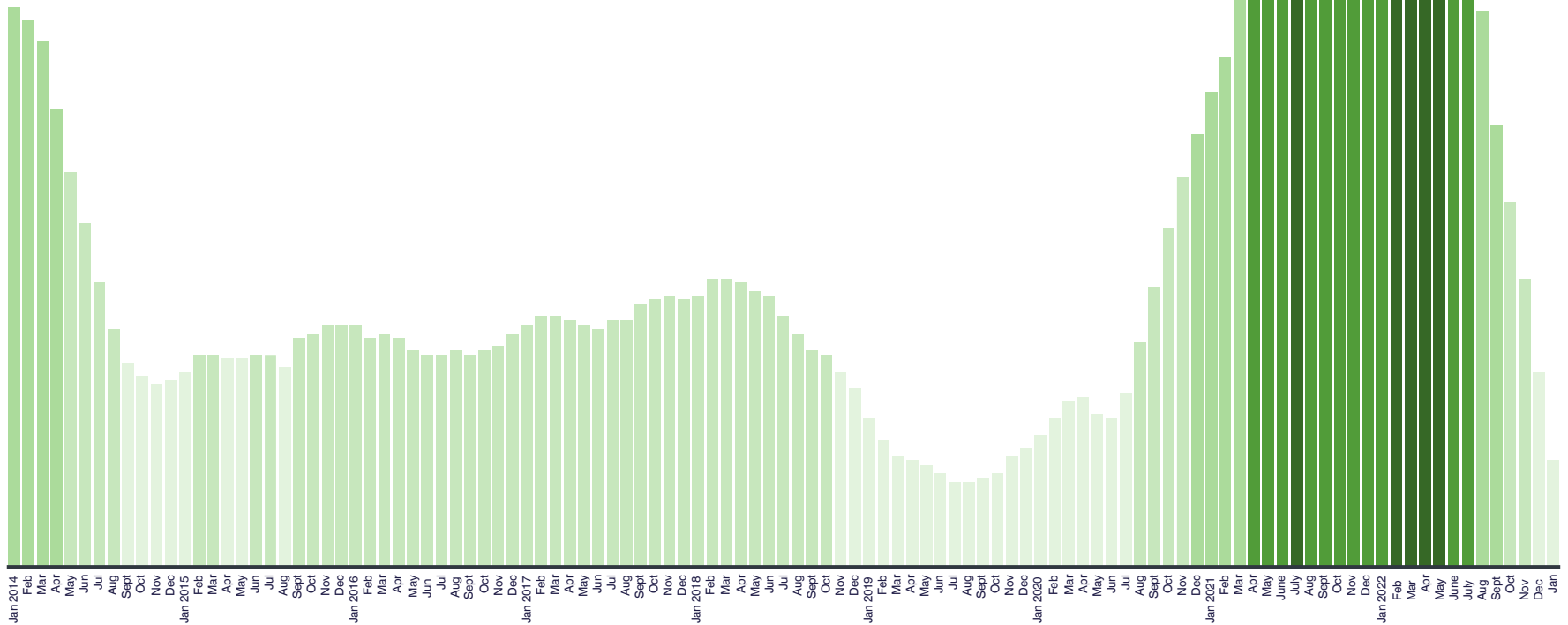
Year-Over-Year



Source: S&P Case-Shiller

Change in Home Prices

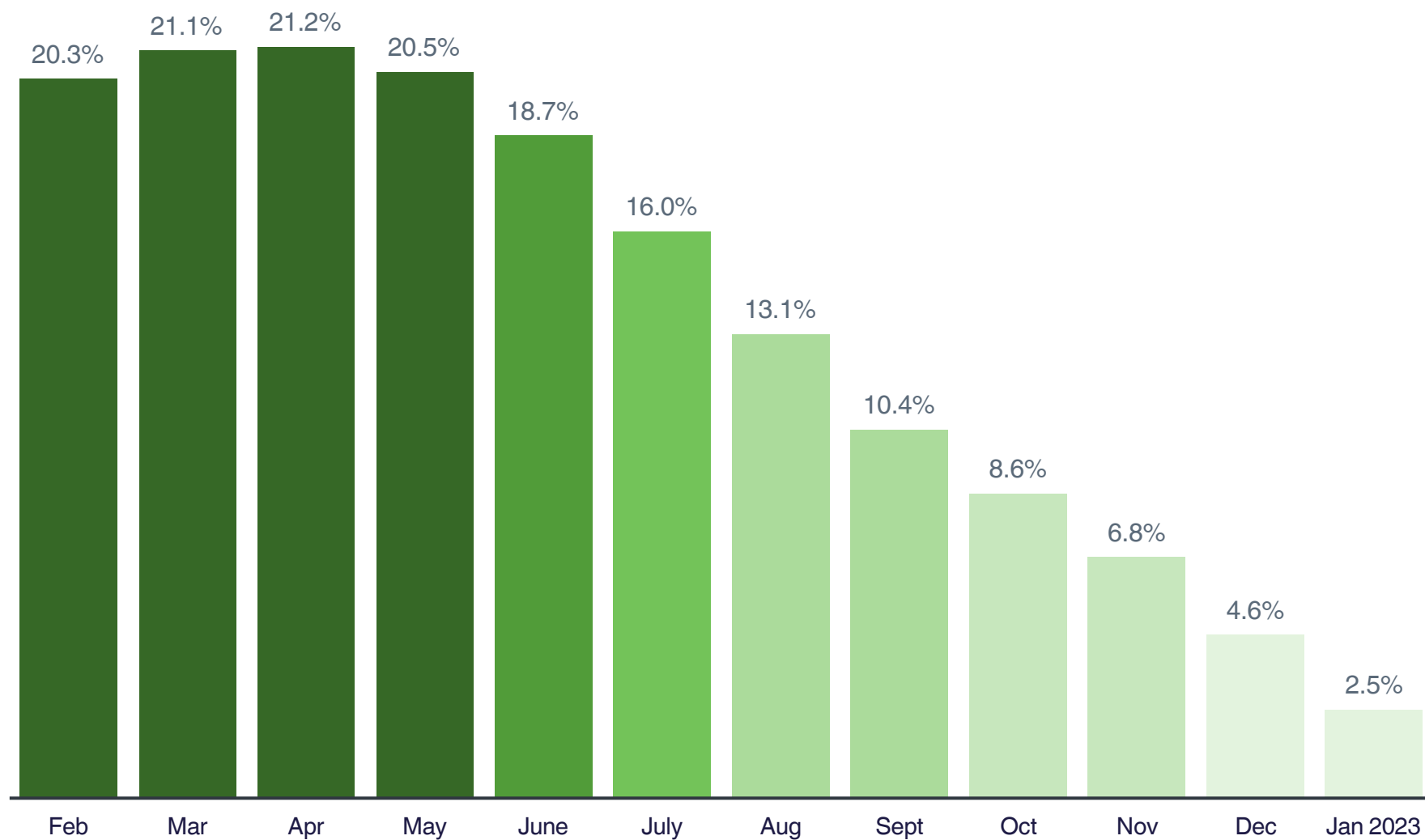
Year-Over-Year, 20 City Composite



Source: S&P Case-Shiller

Change in Home Prices

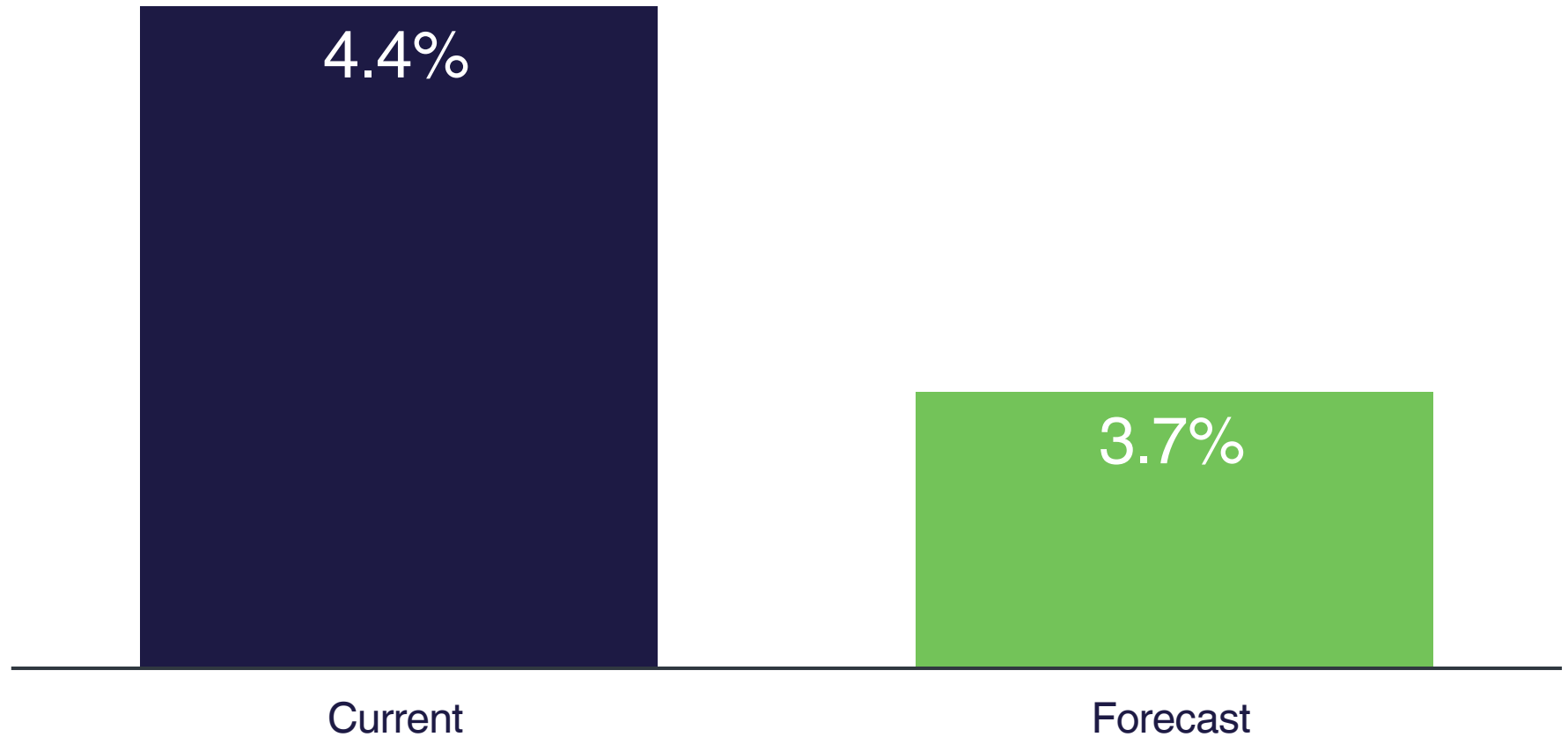
Year-Over-Year, 20 City Composite



Source: S&P Case-Shiller

Year-Over-Year % Change in Price

February 2023

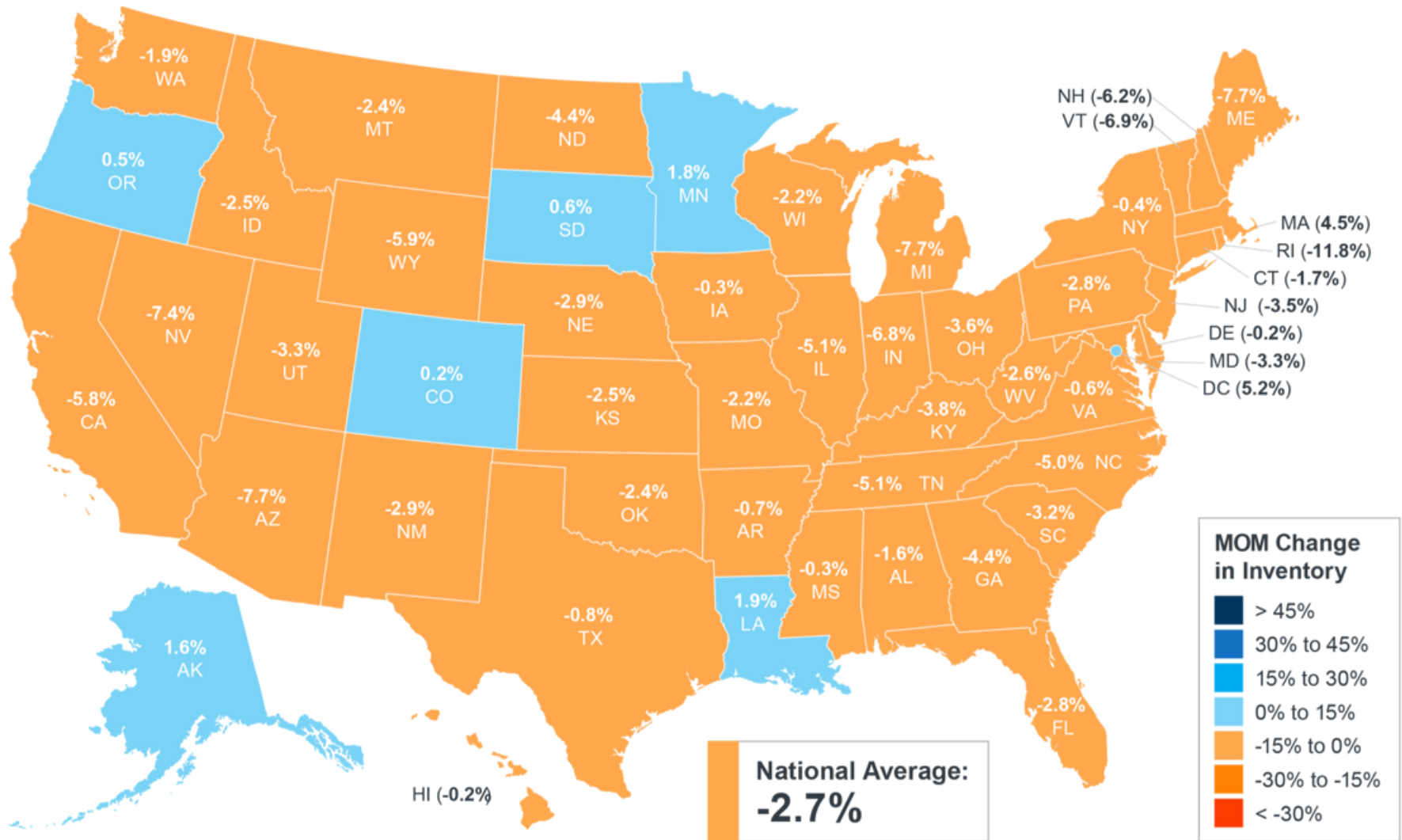




Housing Inventory

Change in Inventory

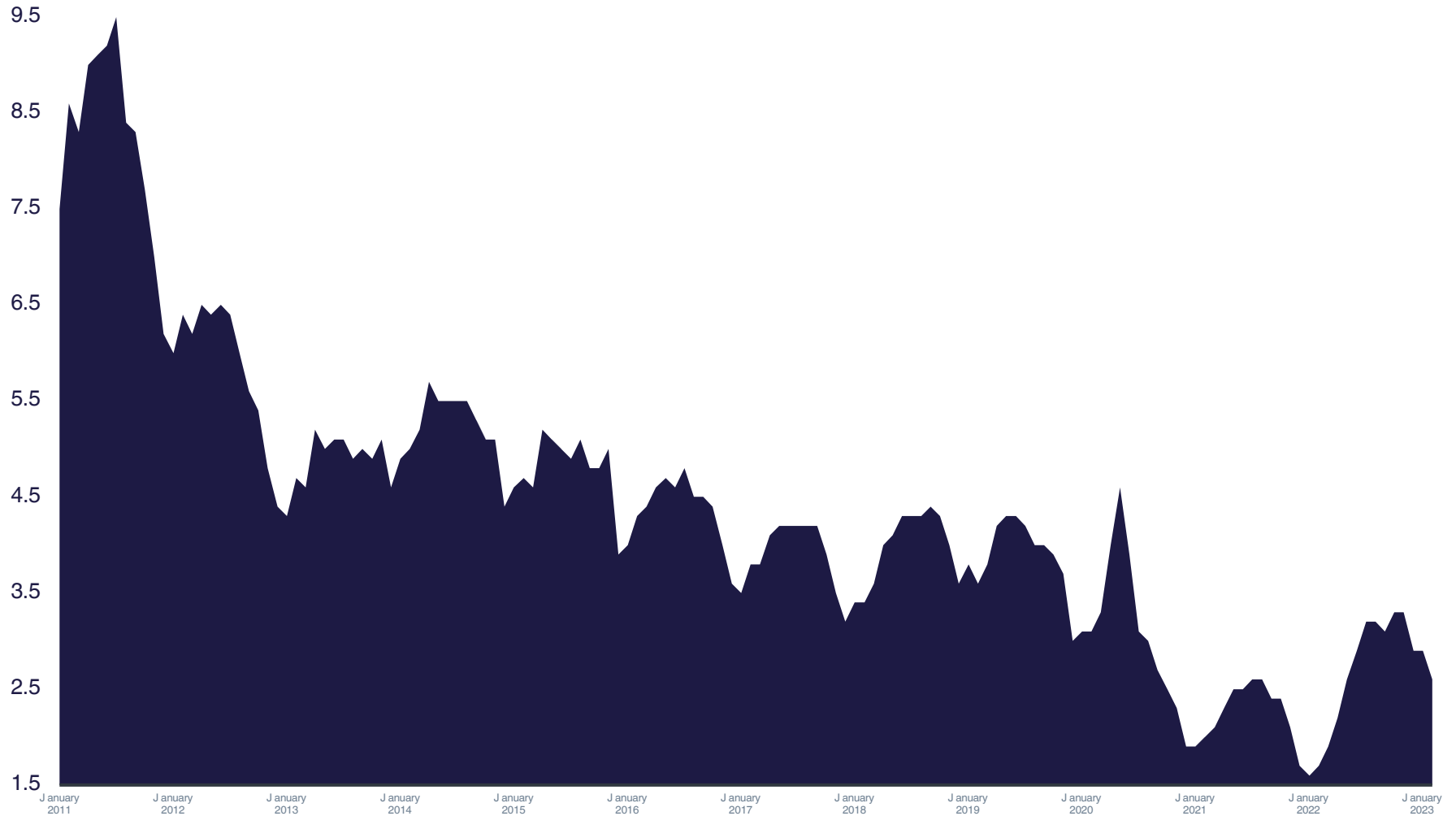
Month-Over-Month, March 2023



Source: realtor.com

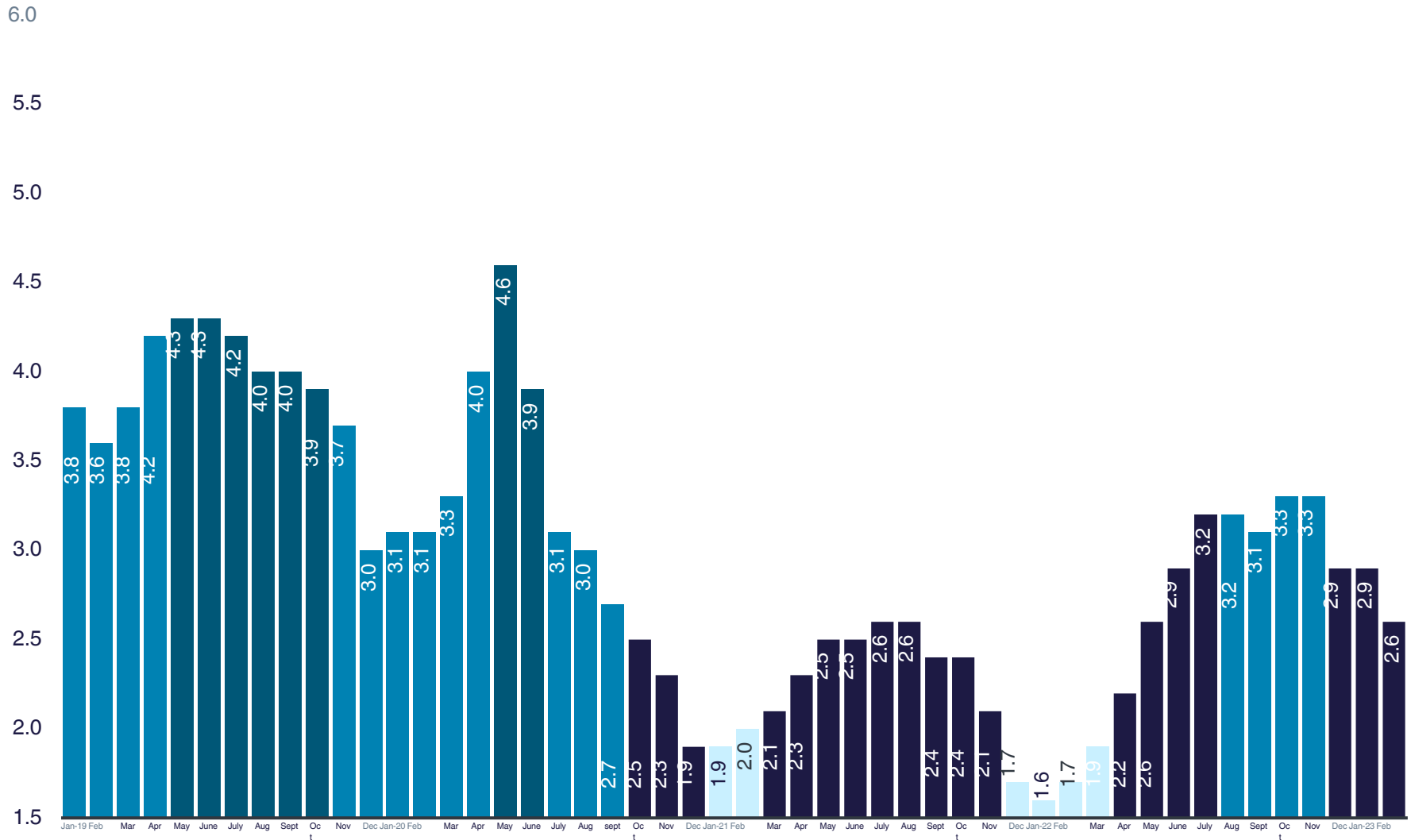
Months Inventory of Homes for Sale

2011 -Today



Months Inventory of Homes for Sale

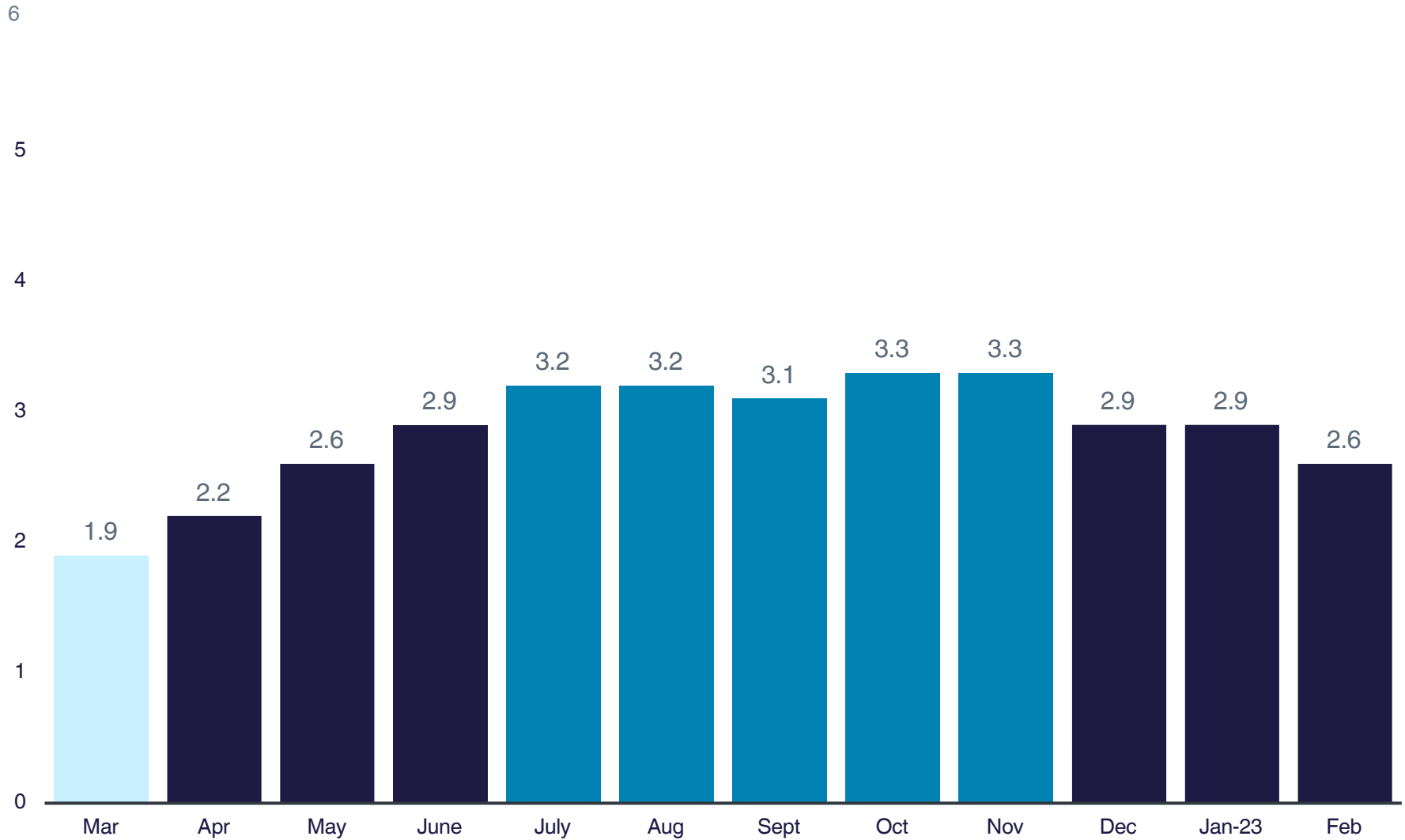
Since 2019



Source: NAR

Months Inventory of Homes for Sale

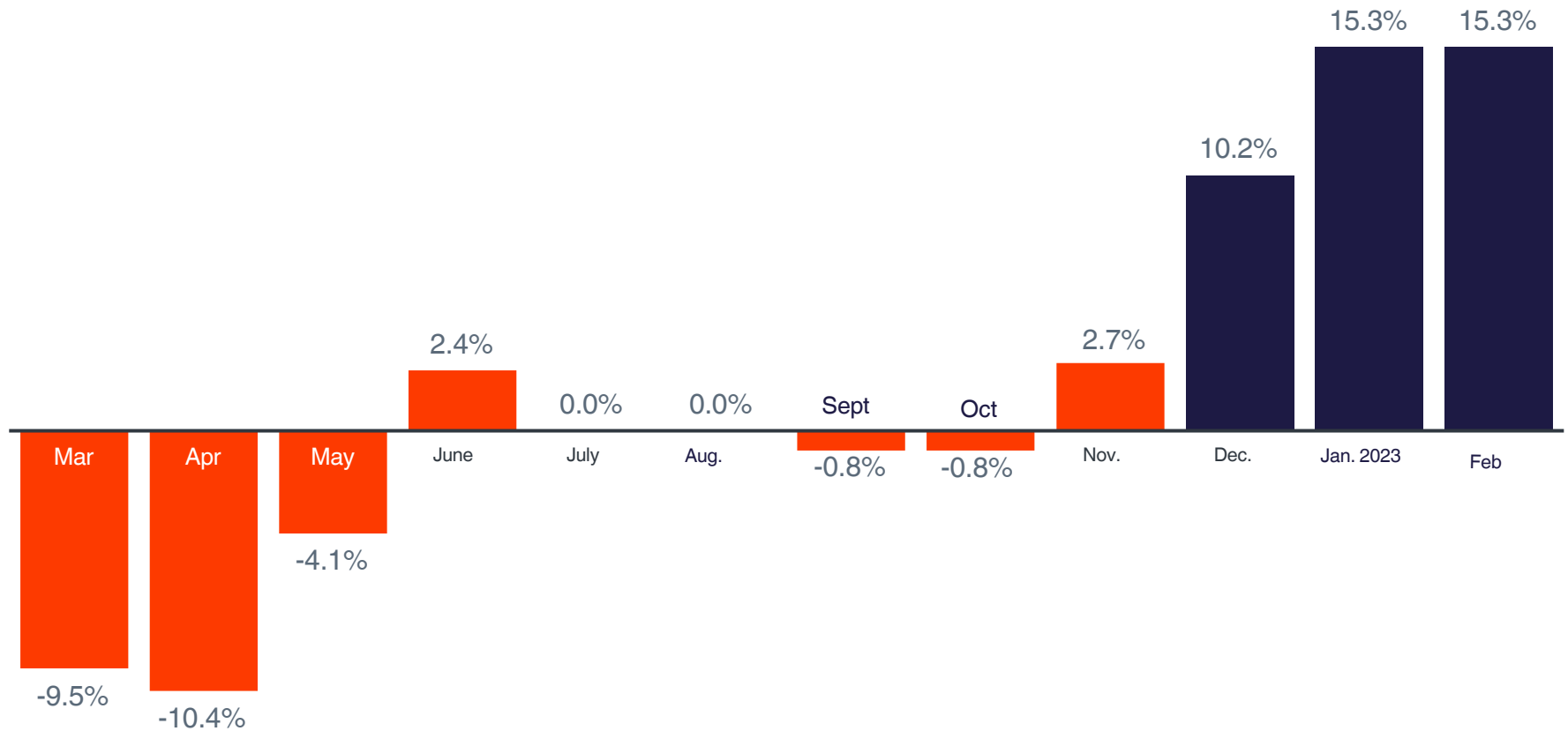
Last 12 Months



Source: NAR

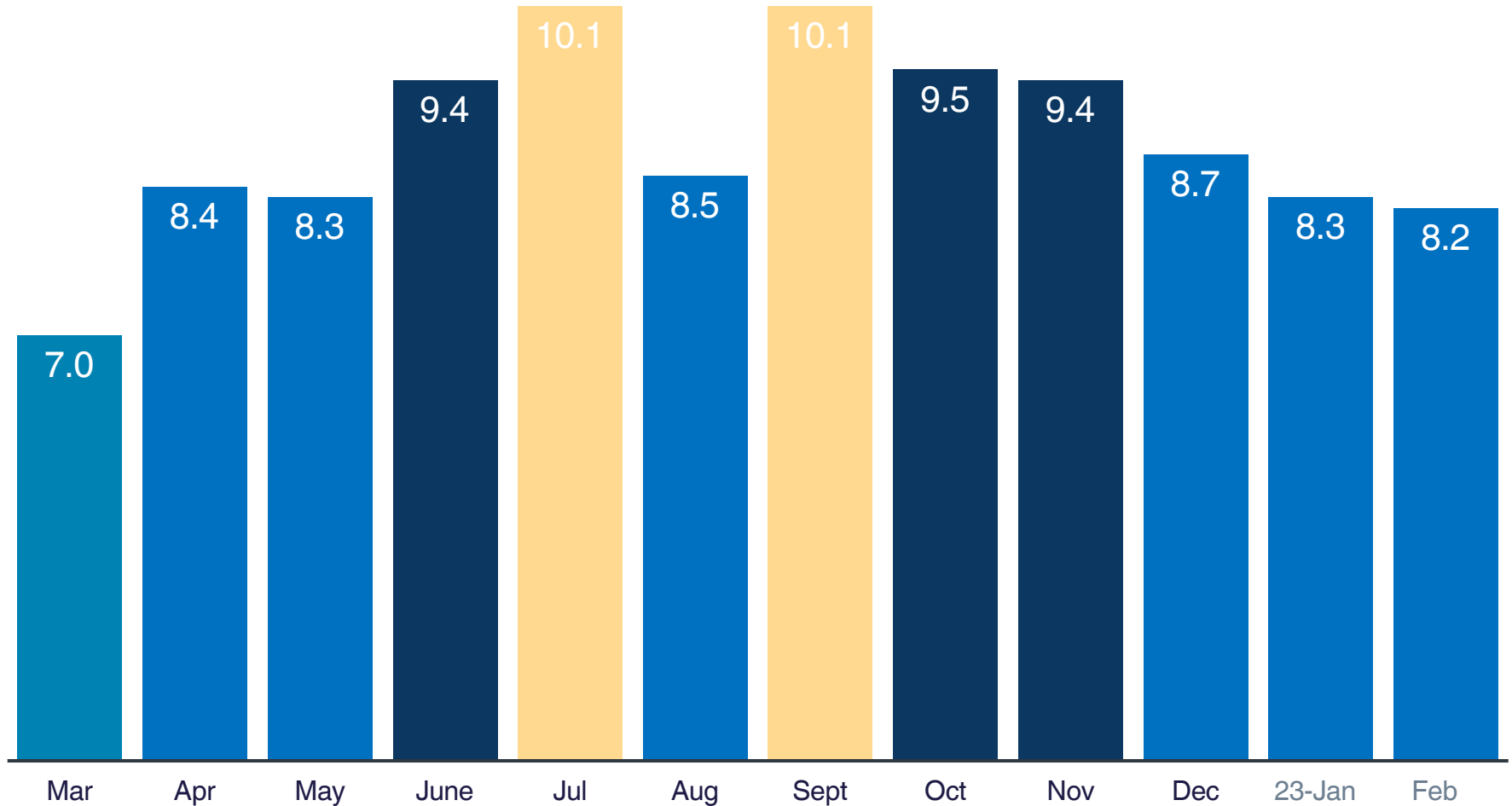
Year-Over-Year Inventory Levels

Last 12 Months



New Home Monthly Inventory

Seasonally Adjusted, Last 12 Months



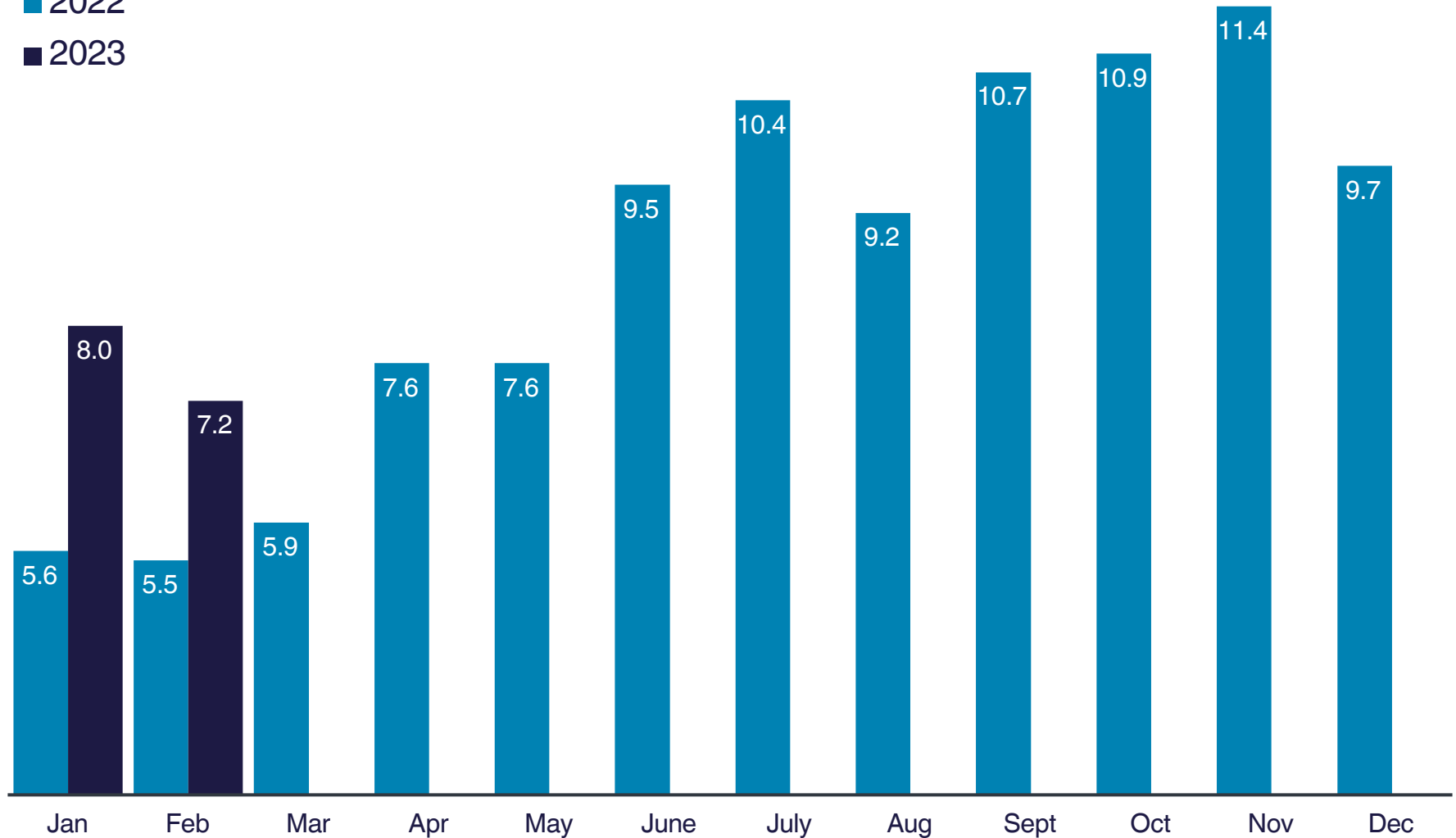
Source: Census

New Home Monthly Inventory

Non-Seasonally Adjusted

■ 2022

■ 2023



Source: Census



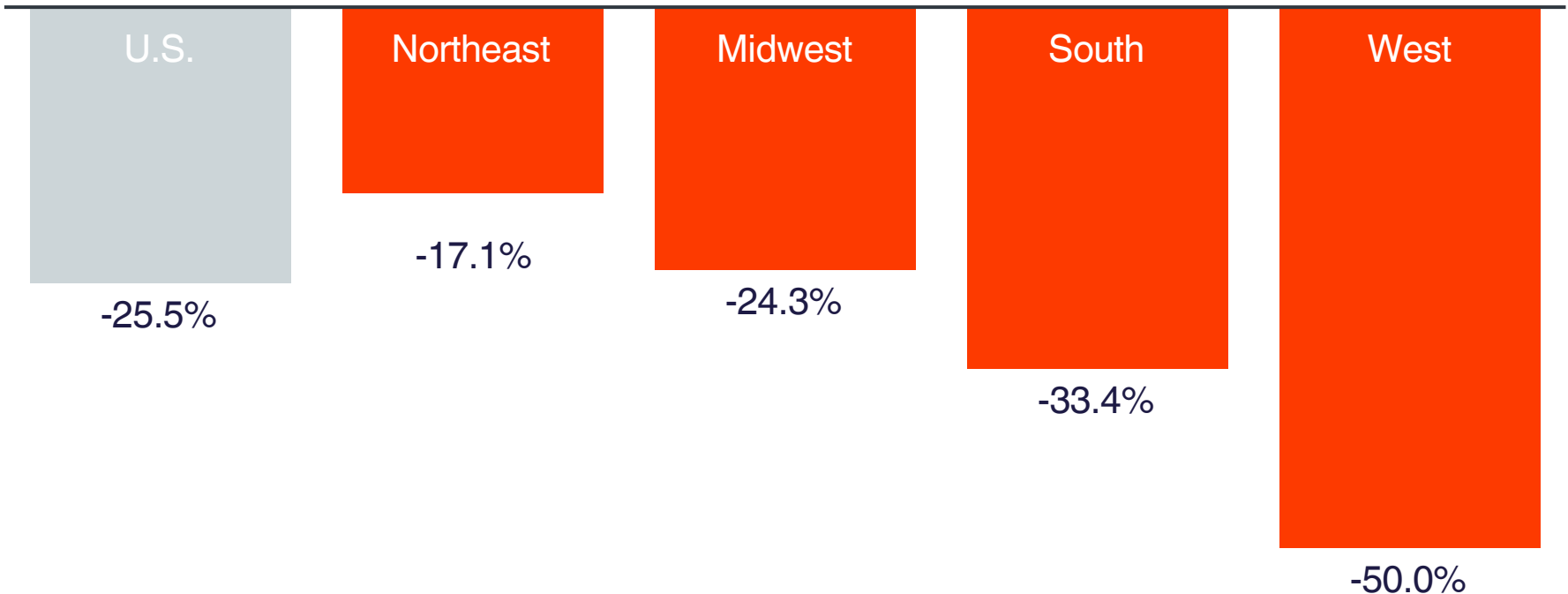
Buyer Demand

Buyer Activity Continues to Normalize

Year-Over-Year Increase in Showing Activity, February 2023

Michael Lane, Vice President & General Manager, ShowingTime+

Home shoppers did venture out in February in similar numbers relative to January, even as yearly pending sales were down. What happens next with mortgage rates will have a huge impact on market activity this spring.



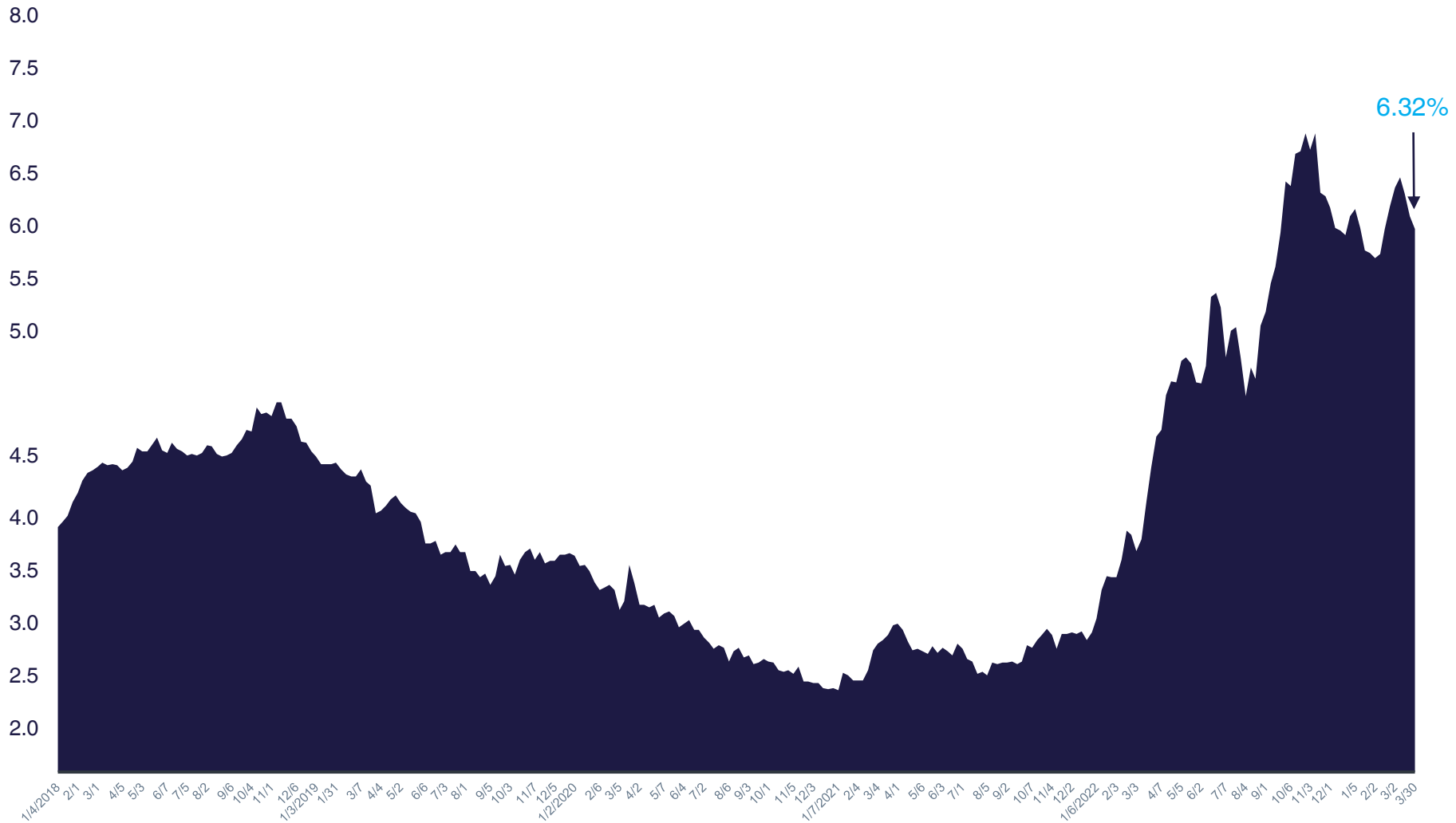
Source: ShowingTime



Mortgage Rates

Mortgage Rates

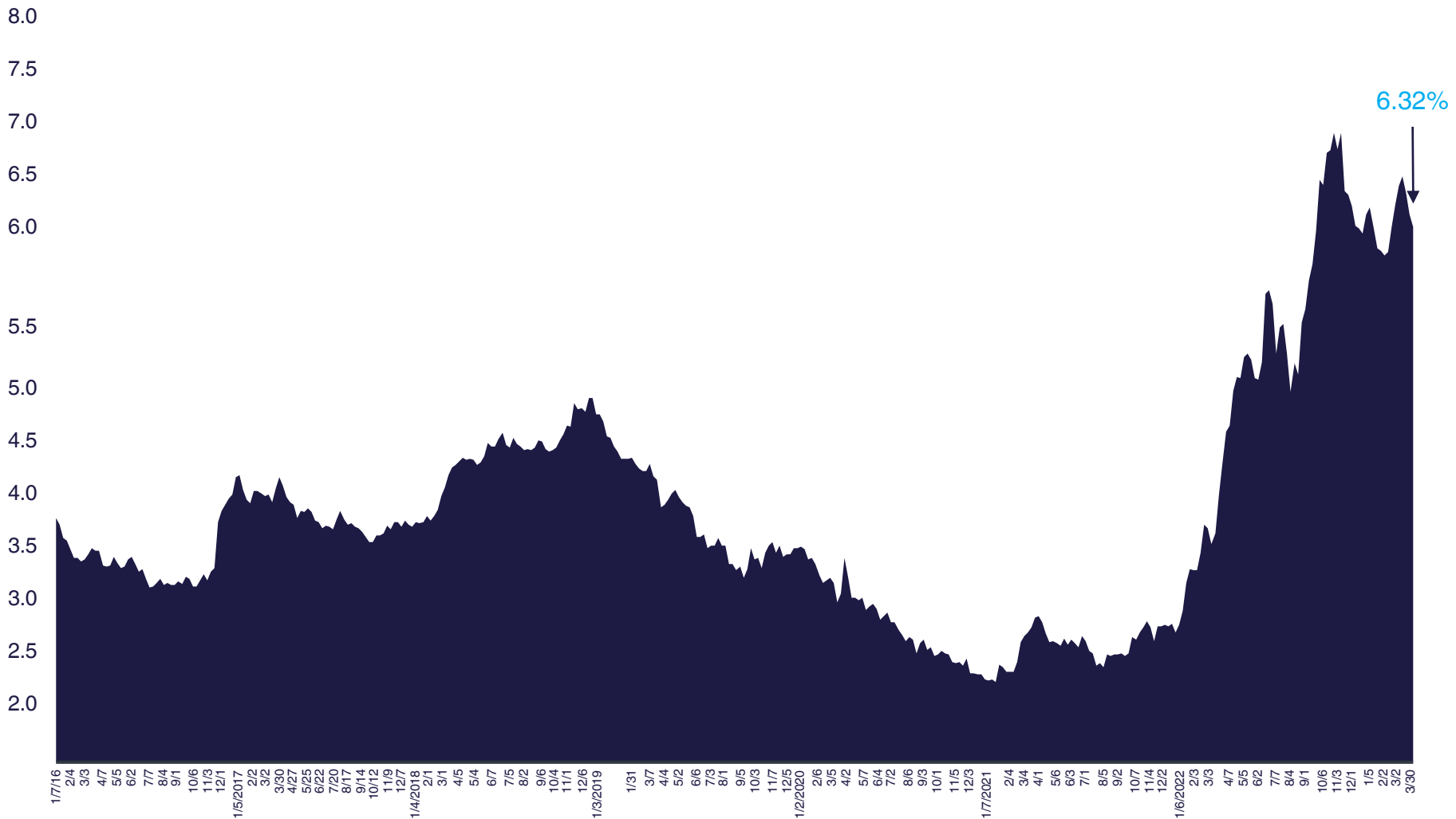
30-Year Fixed Rate, January 2018–Today



Source: Freddie Mac

Mortgage Rates

30-Year Fixed Rate, January 2016–Today



Source: Freddie Mac

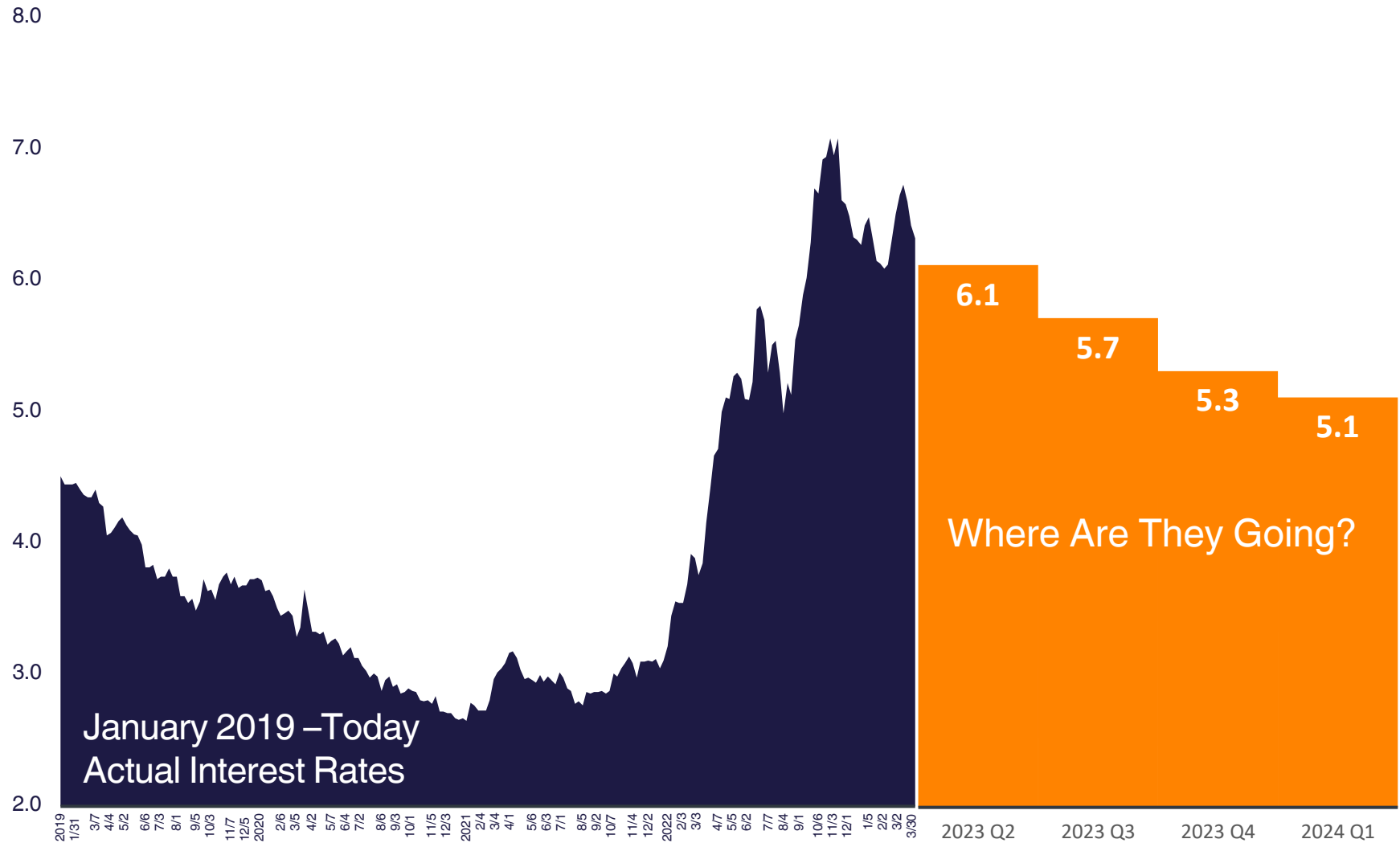
Mortgage Rate Projections

April 2023

Quarter	Fannie Mae	MBA	NAR	Average of All Three
2023 Q2	6.60%	6.10%	6.30%	6.33%
2023 Q3	6.60%	5.70%	5.90%	6.07%
2023 Q4	6.40%	5.30%	5.60%	5.77%
2024 Q1	6.20%	5.10%	5.40%	5.57%

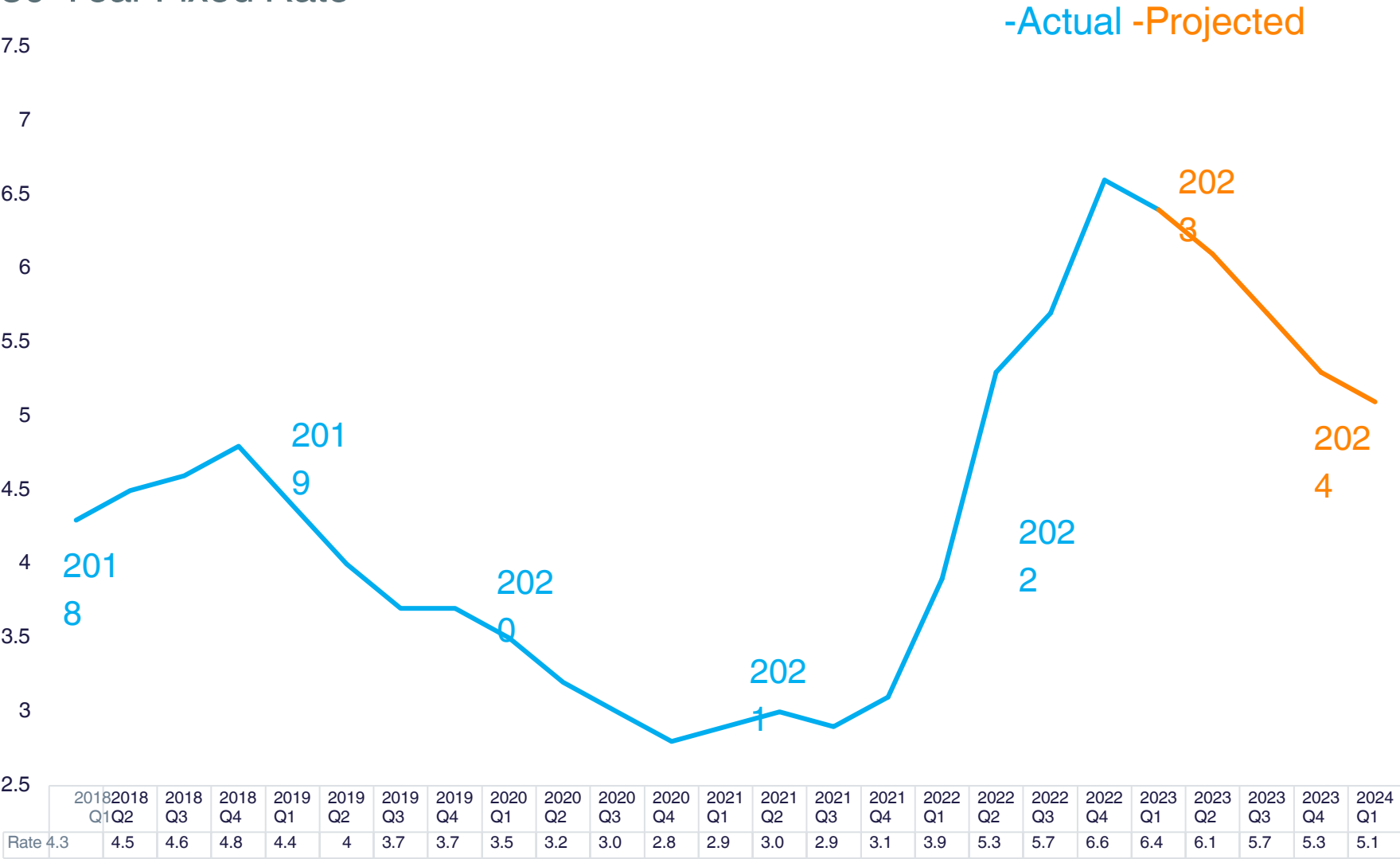
Mortgage Rates

30-Year Fixed Rate



Mortgage Rates

30-Year Fixed Rate

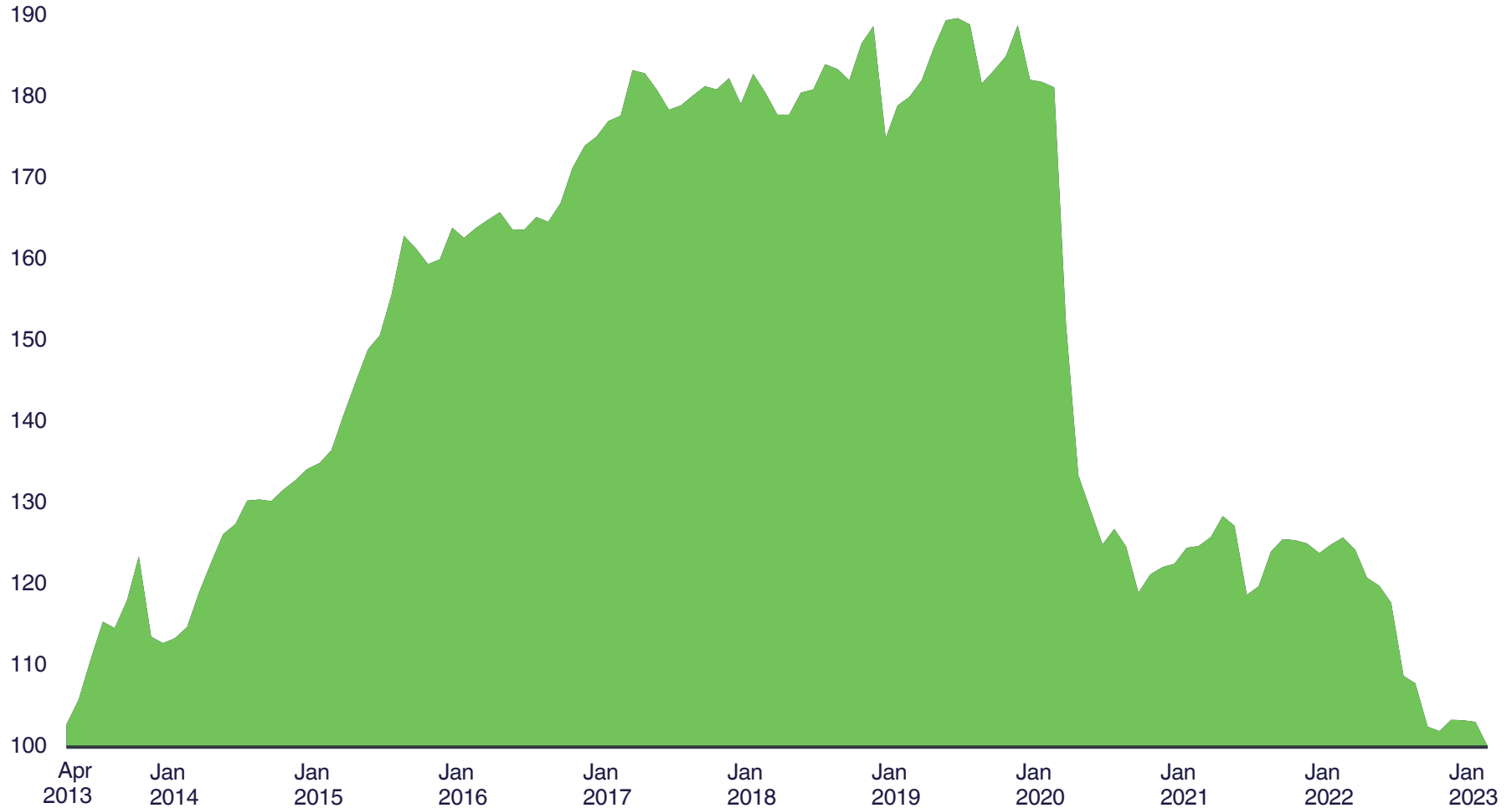




Mortgage Credit Availability

Mortgage Credit Availability Index (MCAI)

February 2023



Source: MBA

Lending Standards Still Under Control

Historic Data for the Mortgage Credit Availability Index (MCAI)

