

# 50<sup>Years</sup> The Title Company of Jersey

*Established in 1972*

**May 2022**

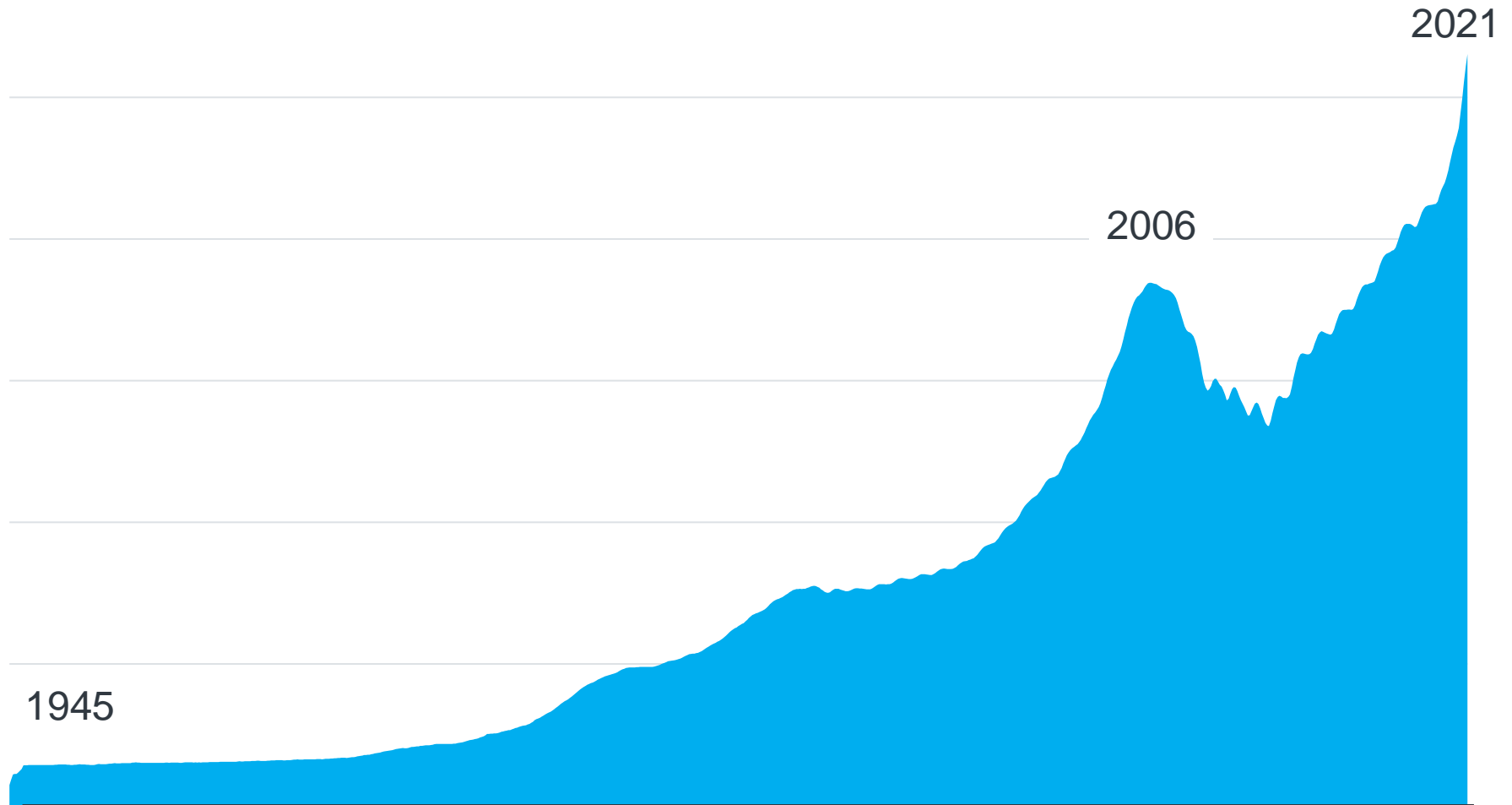




# Why We're Not Headed for a Housing Bubble

# Home Price Appreciation Since WWII

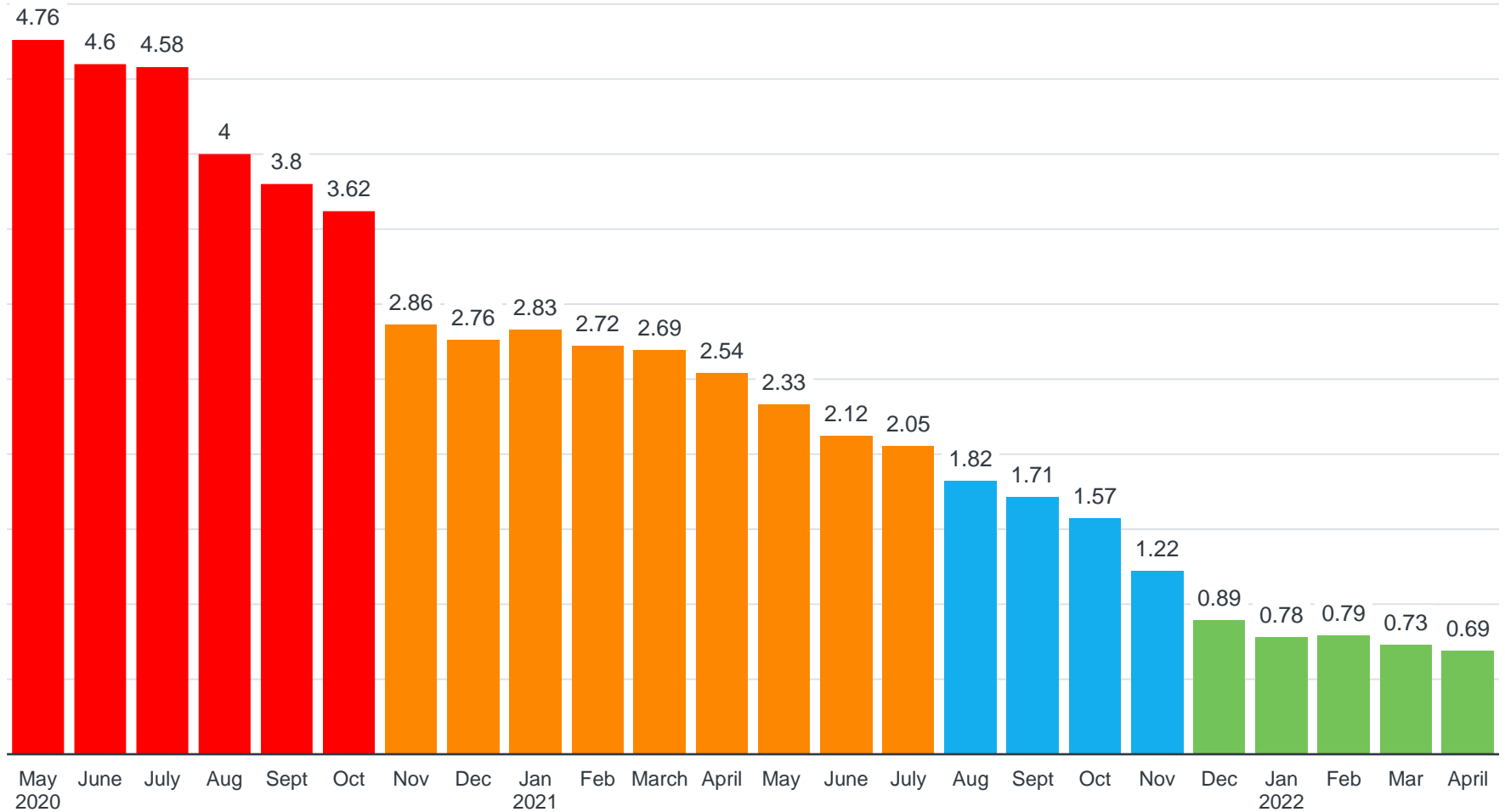
Historical Housing Market Data



Source: Robert Shiller Online Data

# Forbearance Number Edges Downward

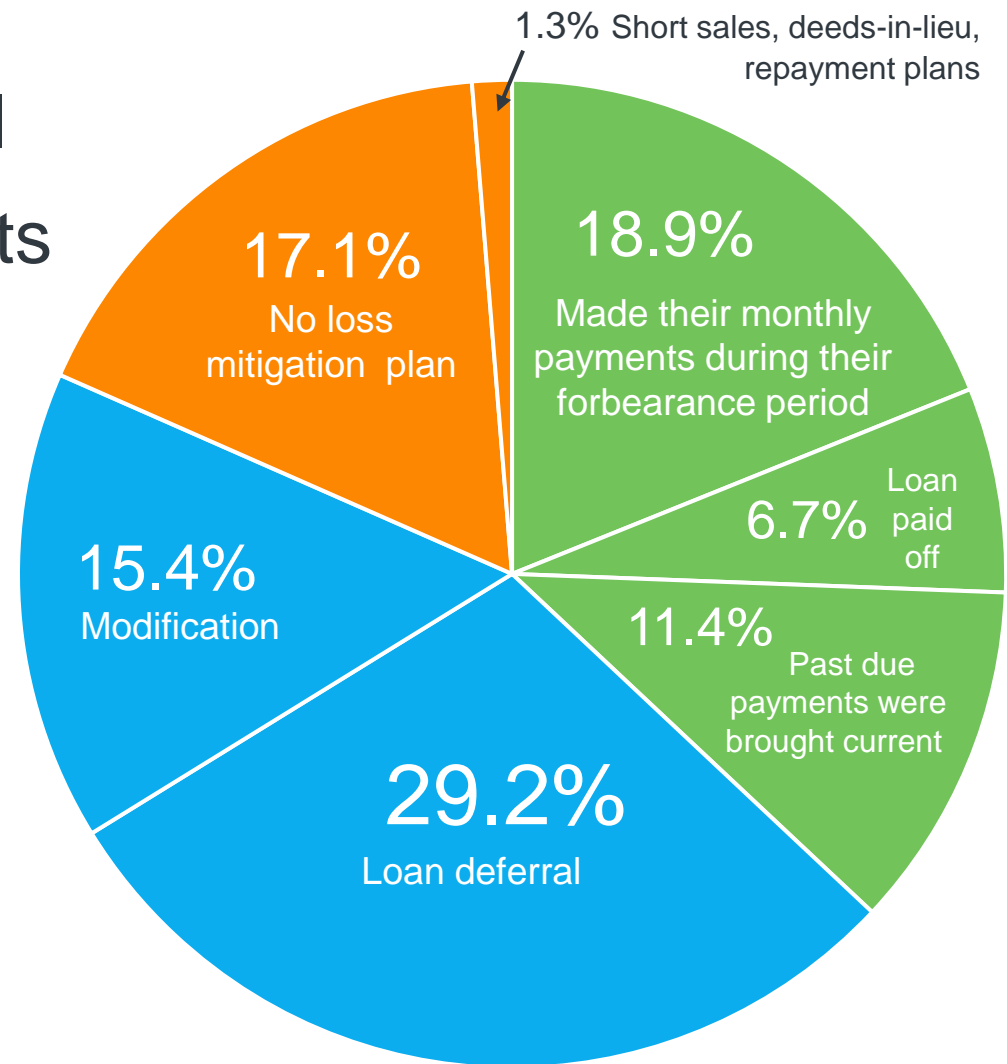
Monthly Number of Loans in Active Forbearance (in millions)



Source: Black Knight

# Loans Upon Exiting Forbearance Program

- 37% were paid in full
- 44.6% were work outs or repayment plans
- 18.4% were still in trouble



*Cumulative forbearance exits  
for the period from June 1, 2020  
through March 31, 2022*

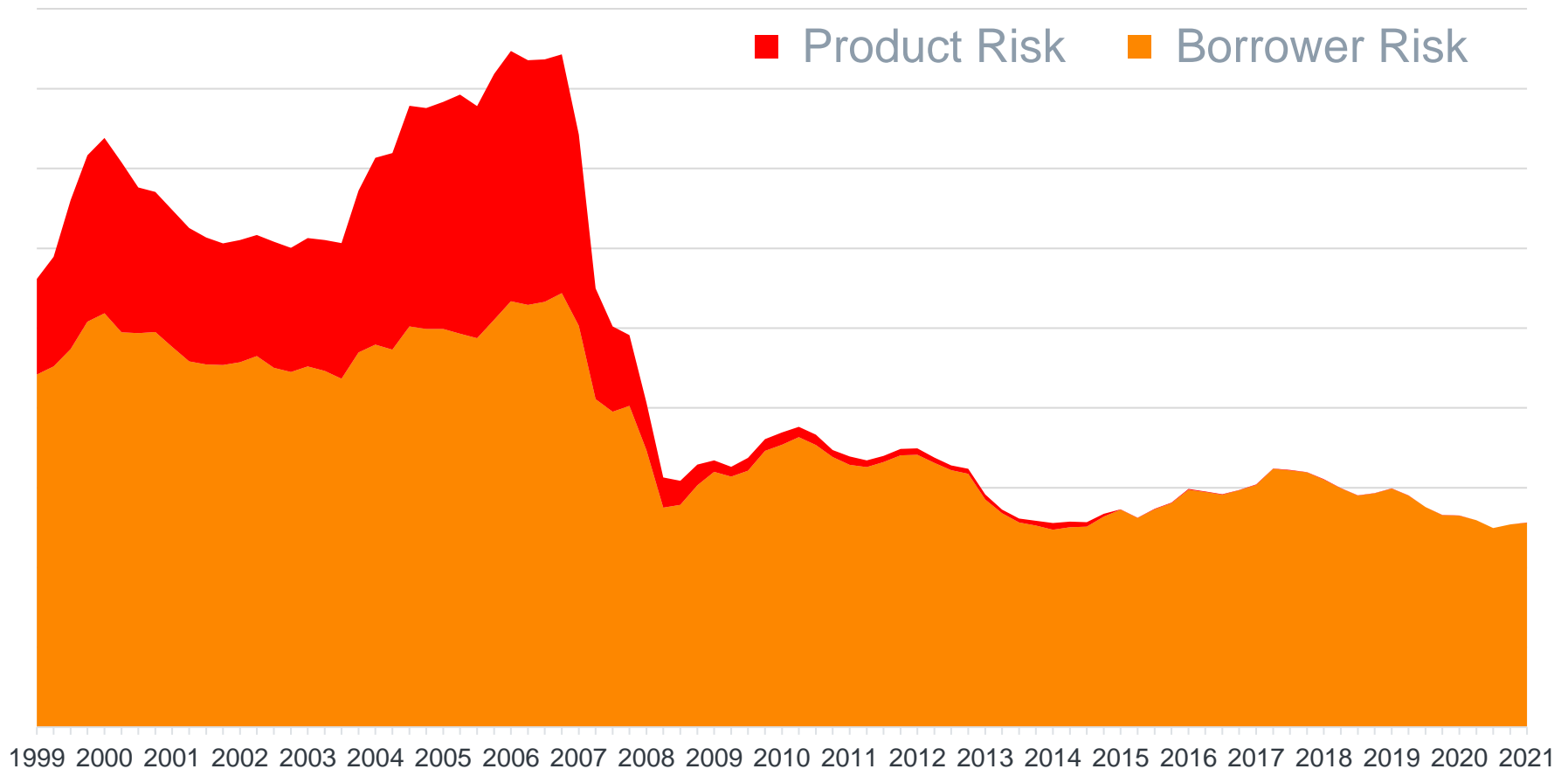


We have learned from history that prices can fall. The more important question is if it's going to happen right now. **And that's hard to say.**

- **Danielle Hale**, Chief Economist, [realtor.com](http://realtor.com)

# Lending Standards Nothing Like Early 2000s

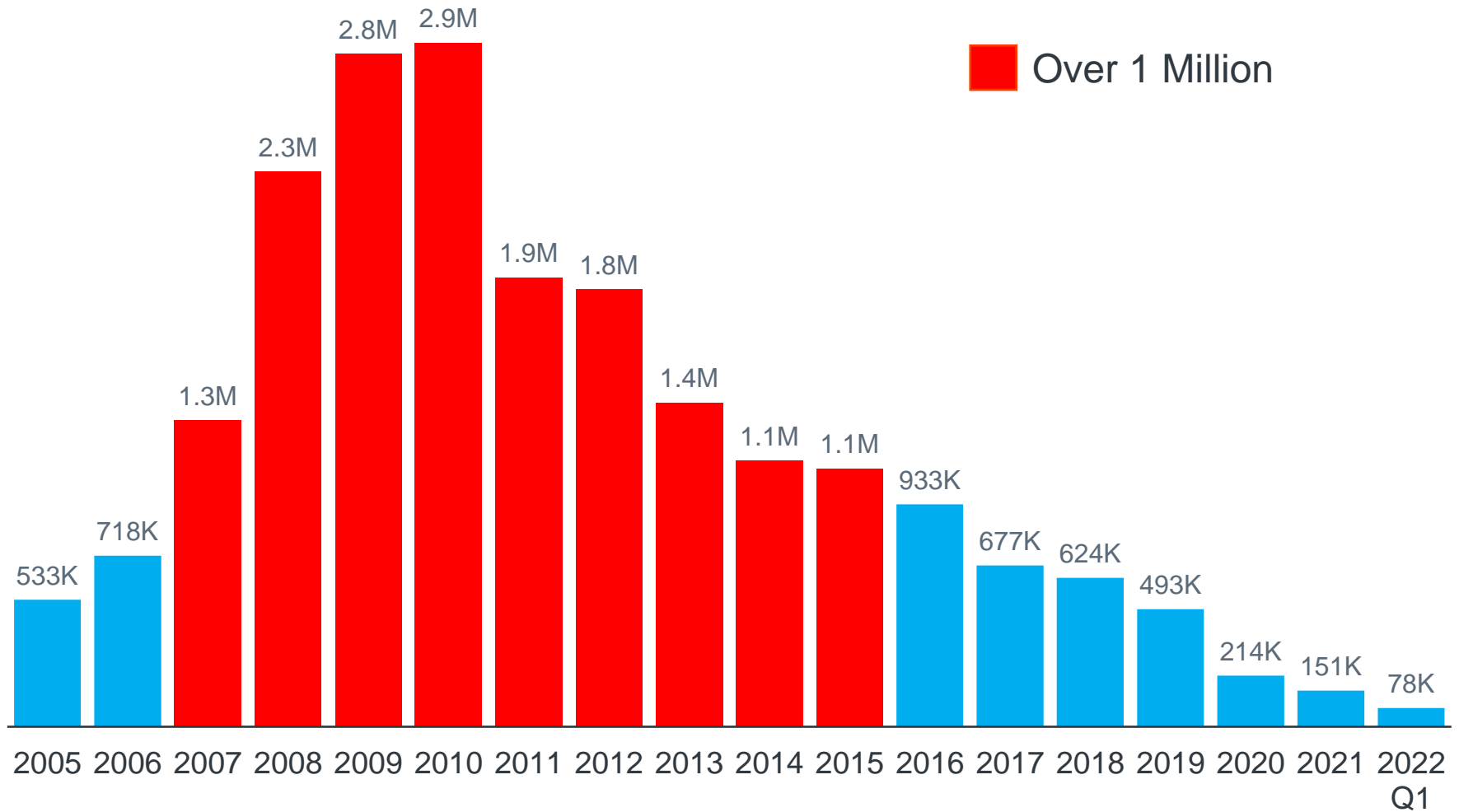
Default Risk in the Mortgage Market (1999-2021)



Source: Urban Institute

# Foreclosure Activity at an All-Time Low

U.S. Properties with Foreclosure Filings: ATTOM 2021 Year-End Report

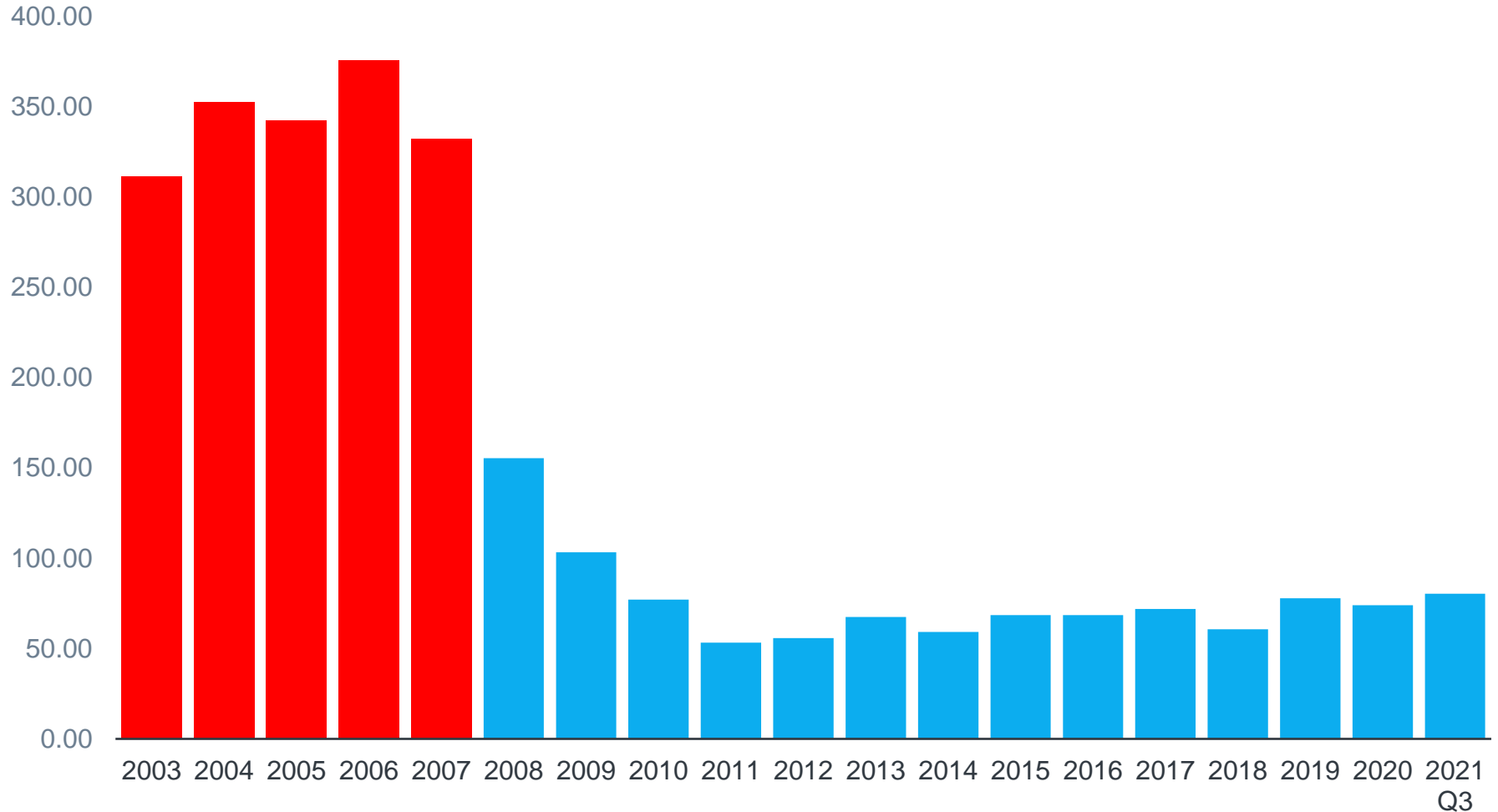


Source: ATTOM Data Solutions



# Lending Standards Tighter Since Crash

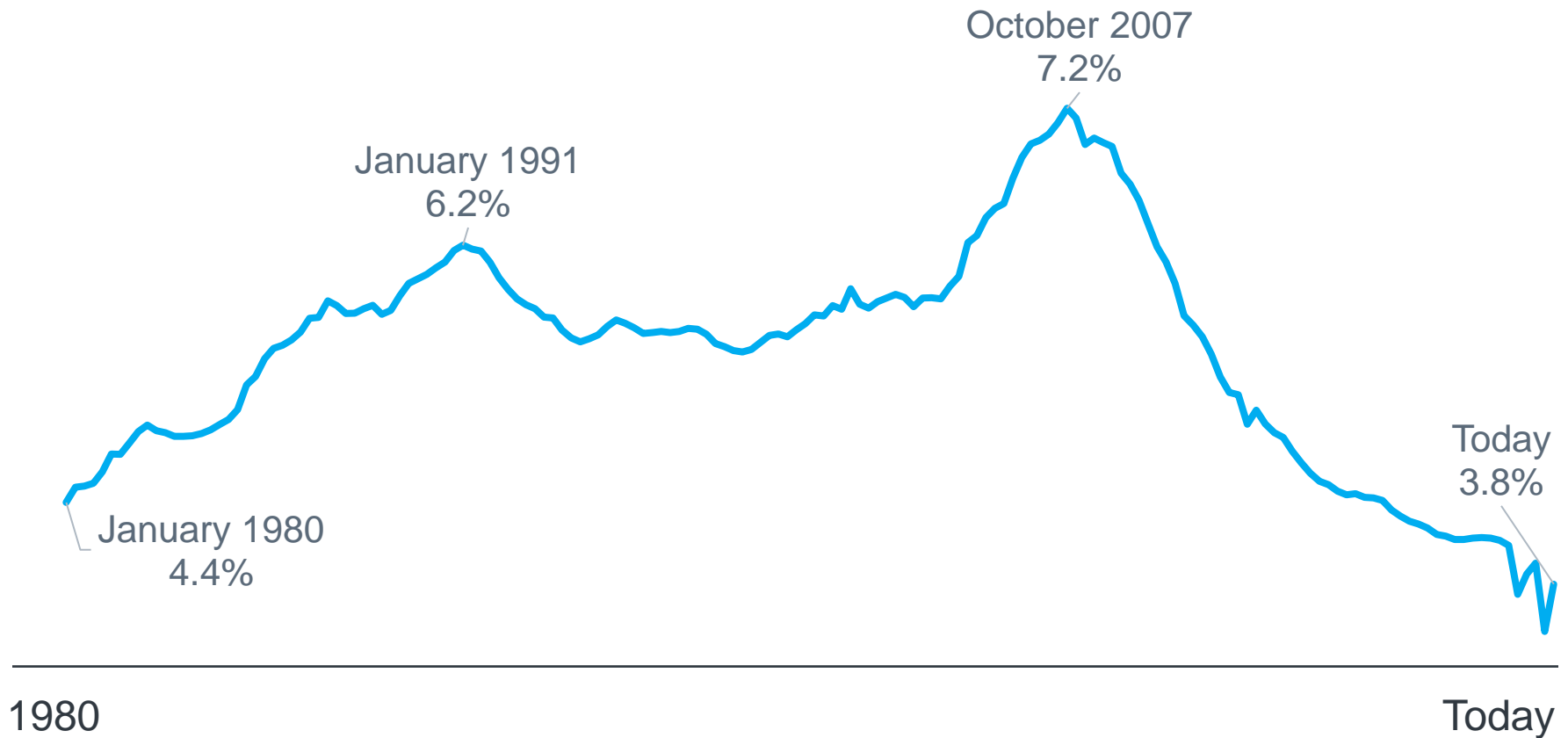
Volume of Loans in Billions with a Credit Score < 620



Source: Federal Reserve

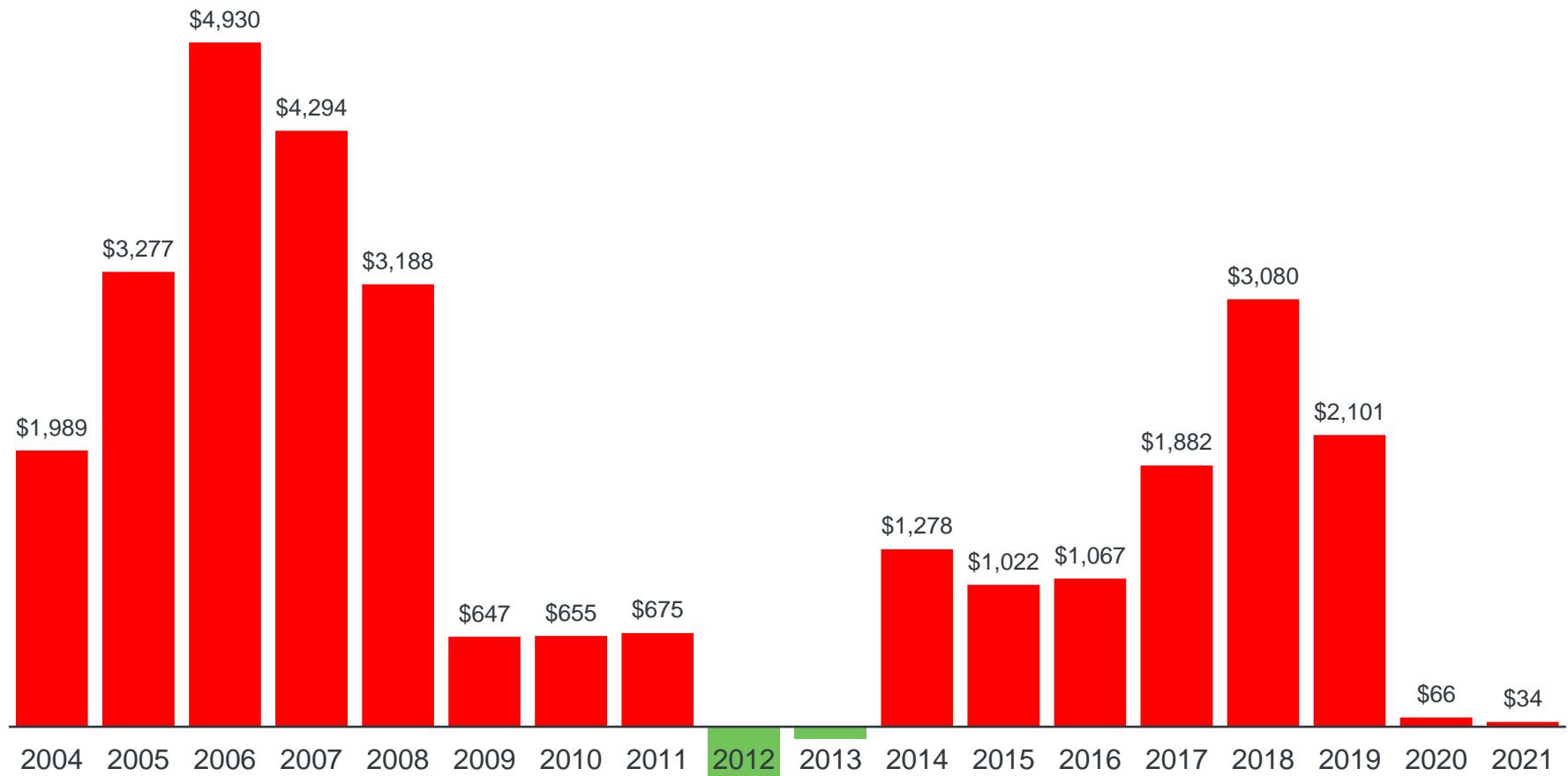
# Mortgage Debt Is Not a Challenge

Household Debt Service Ratio for Mortgages as a Percentage of Disposable Personal Income. (*Total quarterly required mortgage payments divided by total quarterly disposable personal income*)



# Mortgage Payments Virtually Unaffected

Difference in Annual Mortgage Payment for Cash-Out Refinances

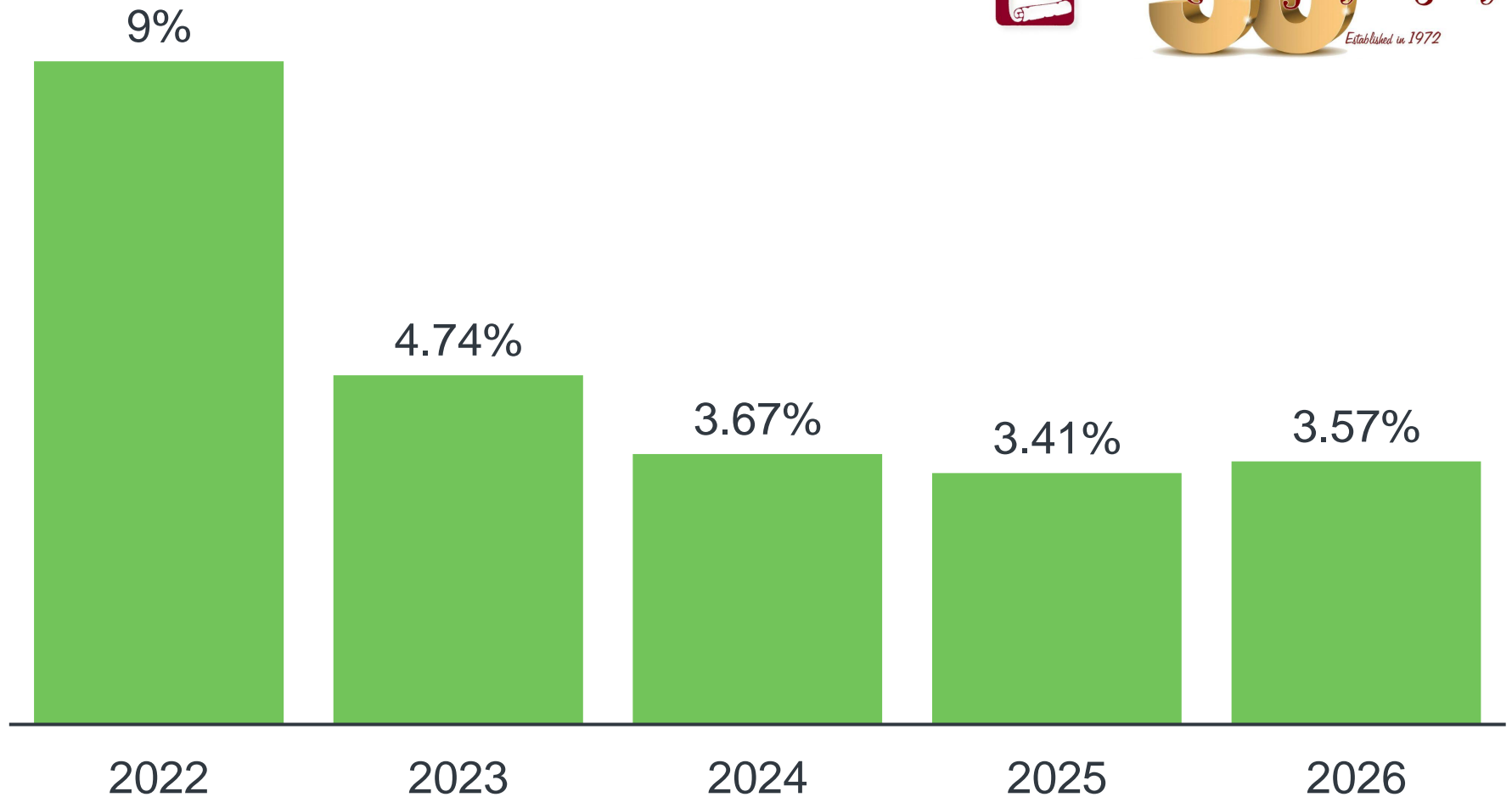




# What's Ahead?

# Estimated Home Price Performance

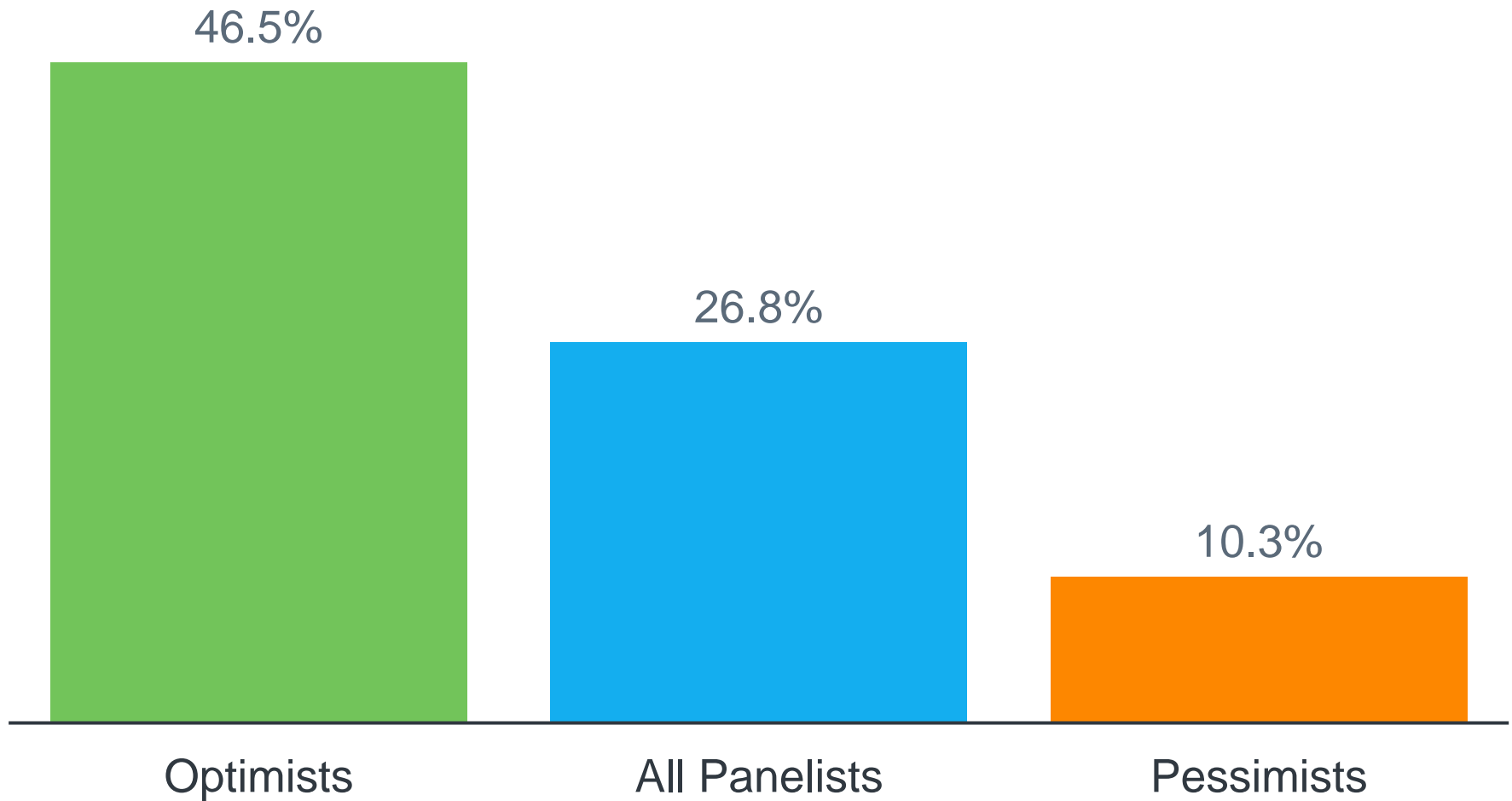
January to January, as Forecasted in Q1 2022



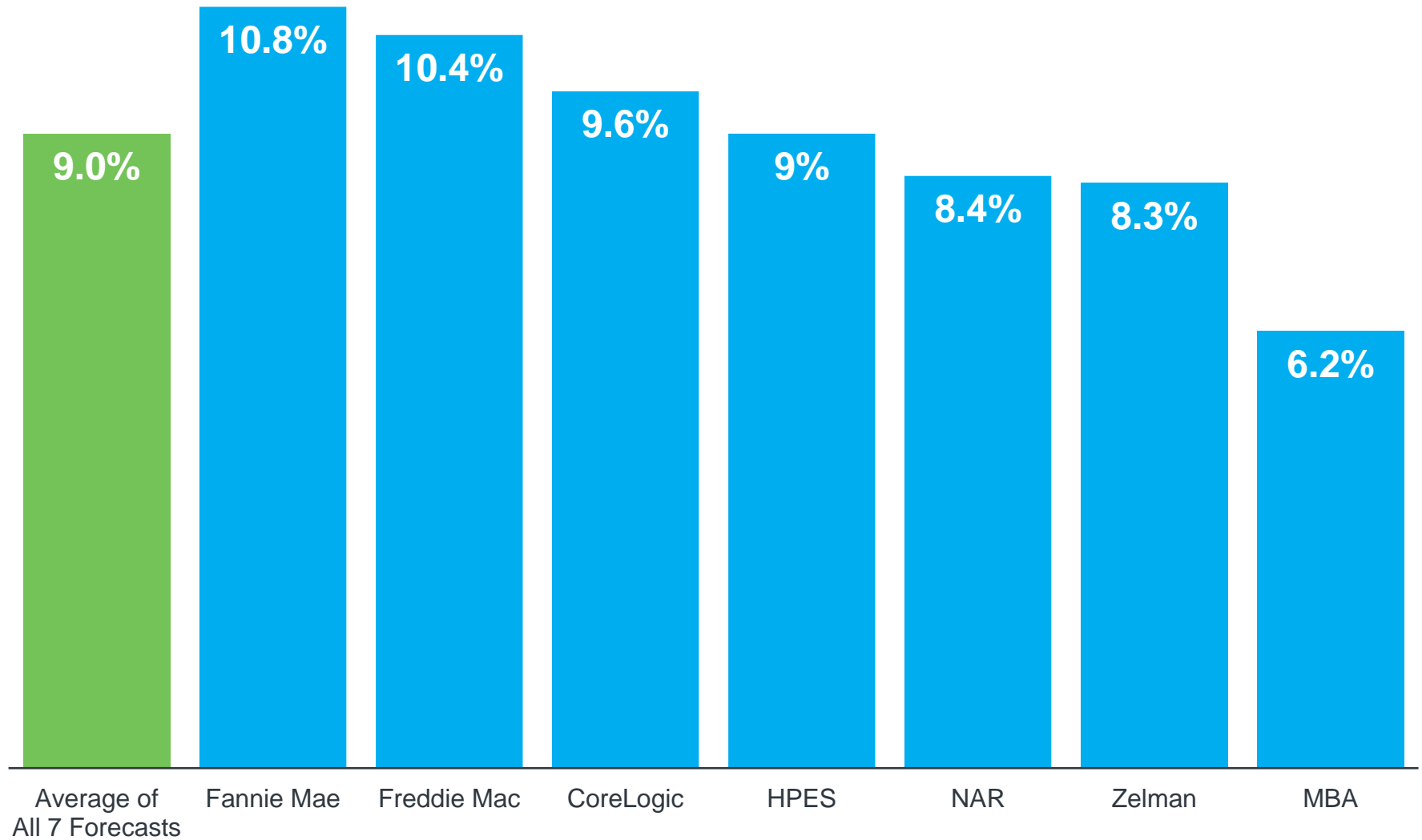
Source: HPES

# Cumulative House Appreciation by 2026

As Forecast in Q1 2022



# Home Price Forecasts for 2022





Based on the current estimate for the peak Fed Funds rate (3.25% to 4.0%), **the 30-year fixed mortgage will likely peak at between 5.0% and 5.7%. There is some variability in the relationship, so we might see rates as high as the low 6% range.** (This all depends on inflation and the Fed Funds rate - but I don't expect rates to move much higher than the current rate - although 6% is possible).

- **Bill McBride**, Author, Calculated Risk Blog





# Affordability



New data from the Harris Poll show  
**84% of Americans plan to cut back  
spending as a result of price spikes...**

More than 70% of respondents said  
they're feeling the effects of inflation the  
most in gas prices and groceries.

- Bloomberg

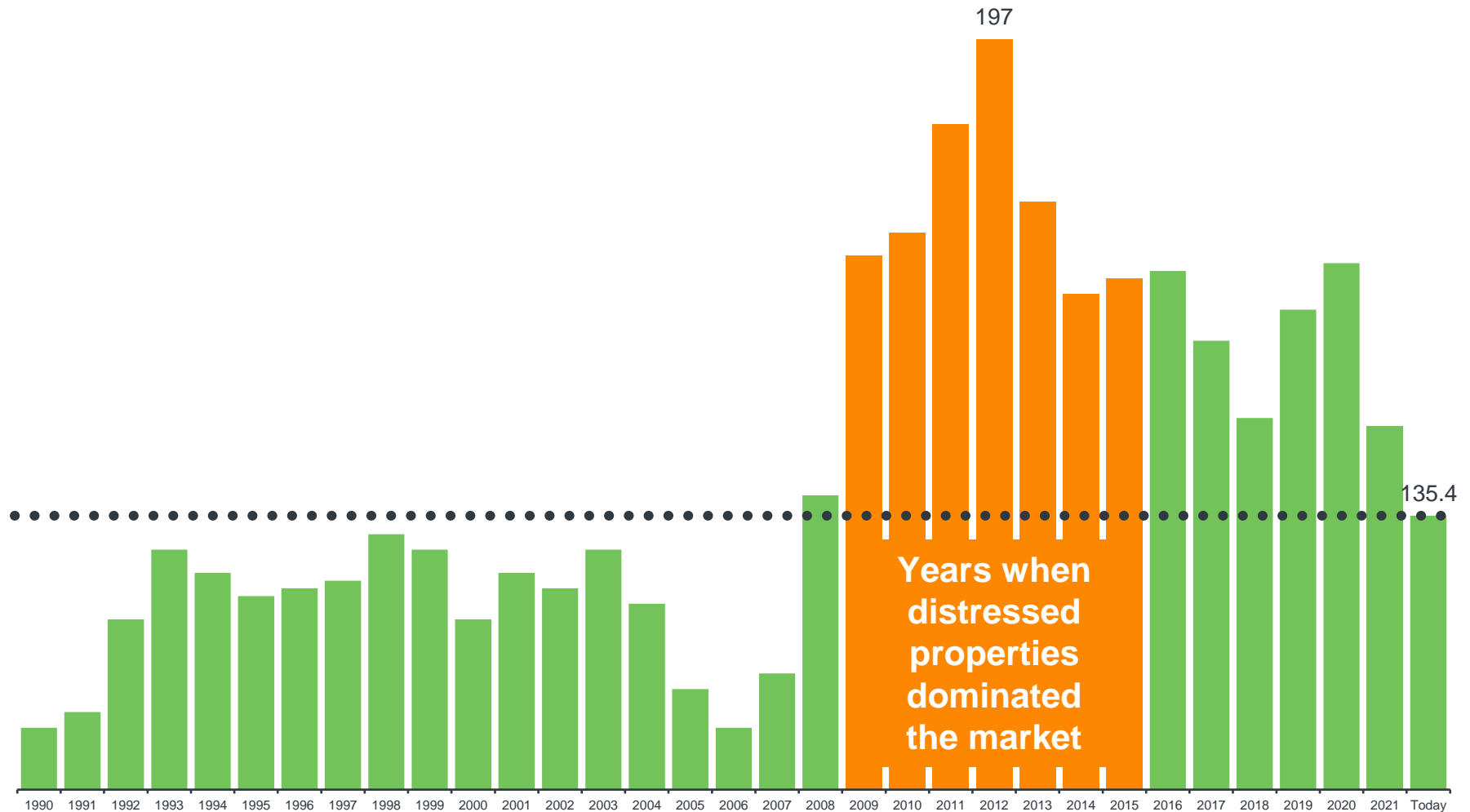
# Change in Mortgage Payment

Loan Amount of \$300K, Principal and Interest Payments Only\*

	January 2021	April 2021	July 2021	October 2021
Average Mortgage Rate	2.73%	3.06%	2.87%	3.07%
Monthly Payment*	\$1,221.55	\$1,274.54	\$1,243.88	\$1,276.17
	December 2021	January 2022	Current	Oct 2022?
Average Mortgage Rate	3.09%	3.44%	5.27%	5.5%
Monthly Payment*	\$1,279.42	\$1,337.11	\$1,660.33	\$1,703.37

# Affordability Approaching Historical Levels

Housing Affordability Index: 1990 to Today





The average consumer is spending an additional \$429 monthly for items other than shelter. Meanwhile, average weekly wages rose just \$212 per month, so the consumer is short by \$217 per month. . . . **This means that the average consumer will be looking for a home that is \$41,793 cheaper.**

- **Scholastica (Gay) Cororaton**, Research Economist, NAR



**Do I have a relevant  
market opinion  
based upon facts?**

# Resources



Slide(s)	Description	Link(s)
3	Price Appreciation Graph	<a href="http://www.econ.yale.edu/~shiller/data.htm">http://www.econ.yale.edu/~shiller/data.htm</a>
4	Forbearance Graph	<a href="https://www.blackknightinc.com/blog-posts/forbearance-plans-edge-higher/">https://www.blackknightinc.com/blog-posts/forbearance-plans-edge-higher/</a>
5	Loans Upon Exiting Forbearance	<a href="https://www.mba.org/news-research-and-resources/newsroom">https://www.mba.org/news-research-and-resources/newsroom</a>
6	Hale Quote	<a href="https://www.realtor.com/news/trends/why-home-prices-could-flatten-or-dip-this-year/">https://www.realtor.com/news/trends/why-home-prices-could-flatten-or-dip-this-year/</a>
7	Lending Standards: Default Risk	<a href="https://www.urban.org/policy-centers/housing-finance-policy-center/projects/housing-credit-availability-index">https://www.urban.org/policy-centers/housing-finance-policy-center/projects/housing-credit-availability-index</a>
8	Foreclosure Activity	<a href="https://www.attomdata.com/news/market-trends/foreclosures/attom-q1-2022-u-s-foreclosure-market-report/">https://www.attomdata.com/news/market-trends/foreclosures/attom-q1-2022-u-s-foreclosure-market-report/</a> <a href="https://www.attomdata.com/news/market-trends/foreclosures/attom-year-end-2021-u-s-foreclosure-market-report/">https://www.attomdata.com/news/market-trends/foreclosures/attom-year-end-2021-u-s-foreclosure-market-report/</a>

# Resources

Slide(s)	Description	Link(s)
9	Lending Standards: Volume of Loans	<a href="https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/xls/HHD_C_Report_2021Q3.xlsx">https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/xls/HHD_C_Report_2021Q3.xlsx</a>
10	Mortgage Debt	<a href="https://fred.stlouisfed.org/series/MDSP">https://fred.stlouisfed.org/series/MDSP</a>
11	Mortgage Payments	<a href="http://www.freddiemac.com/research/insight/20211029_refinance_trends.page">http://www.freddiemac.com/research/insight/20211029_refinance_trends.page</a>
13, 14	HPES Price Forecasts	<a href="https://pulsenomics.com/surveys/#home-price-expectations">https://pulsenomics.com/surveys/#home-price-expectations</a>
15	2022 Price Forecasts	<a href="https://www.mba.org/docs/default-source/research-and-forecasts/forecasts/mortgage-finance-forecast-apr-2022.pdf">https://www.mba.org/docs/default-source/research-and-forecasts/forecasts/mortgage-finance-forecast-apr-2022.pdf</a> <a href="https://cdn.nar.realtor/sites/default/files/documents/forecast-q2-2022-us-economic-outlook-04-27-2022.pdf">https://cdn.nar.realtor/sites/default/files/documents/forecast-q2-2022-us-economic-outlook-04-27-2022.pdf</a> <a href="https://www.fanniemae.com/media/43346/display">https://www.fanniemae.com/media/43346/display</a> <a href="https://www.freddiemac.com/research/forecast/20220418-quarterly-forecast-purchase-market-will-remain-solid-even-mortgage-rates-rise">https://www.freddiemac.com/research/forecast/20220418-quarterly-forecast-purchase-market-will-remain-solid-even-mortgage-rates-rise</a> <a href="https://pulsenomics.com/surveys/#home-price-expectations">https://pulsenomics.com/surveys/#home-price-expectations</a> <a href="https://www.corelogic.com/intelligence/u-s-home-price-insights/">https://www.corelogic.com/intelligence/u-s-home-price-insights/</a> <a href="https://www.zelmanassociates.com/">https://www.zelmanassociates.com/</a>



# Resources

Slide(s)	Description	Link(s)
16	McBride Quote	<a href="https://calculatedrisk.substack.com/p/how-high-will-mortgage-rates-rise?s=r">https://calculatedrisk.substack.com/p/how-high-will-mortgage-rates-rise?s=r</a>
18	Bloomberg Quote	<a href="https://www.bloomberg.com/news/articles/2022-04-12/how-high-is-inflation-most-americans-cut-back-spending-on-gas-food-sports">https://www.bloomberg.com/news/articles/2022-04-12/how-high-is-inflation-most-americans-cut-back-spending-on-gas-food-sports</a>
19	Change in Mortgage Payment	<a href="https://www.freddiemac.com/pmms">https://www.freddiemac.com/pmms</a> <a href="https://www.mortgagecalculator.net/">https://www.mortgagecalculator.net/</a>
20	Affordability Graph	<a href="https://www.nar.realtor/blogs/economists-outlook/">https://www.nar.realtor/blogs/economists-outlook/</a> <a href="https://www.nar.realtor/blogs/economists-outlook/housing-affordability-declines-in-february">https://www.nar.realtor/blogs/economists-outlook/housing-affordability-declines-in-february</a>
21	Cororaton Quote	<a href="https://www.nar.realtor/blogs/economists-outlook/rising-inflation-means-homebuyers-will-be-looking-for-homes-that-are-40000-cheaper">https://www.nar.realtor/blogs/economists-outlook/rising-inflation-means-homebuyers-will-be-looking-for-homes-that-are-40000-cheaper</a>



# Updates

# Resources

Slide(s)	Description	Link(s)
31, 51, 61	Confidence Index	<a href="https://www.nar.realtor/research-and-statistics/research-reports/realtors-confidence-index">https://www.nar.realtor/research-and-statistics/research-reports/realtors-confidence-index</a>
32-34, 42, 44, 45, 52-56	Existing Home Sales	<a href="https://www.nar.realtor/topics/existing-home-sales">https://www.nar.realtor/topics/existing-home-sales</a>
35-38	New Home Sales	<a href="http://www.census.gov/construction/nrs/pdf/newressales.pdf">http://www.census.gov/construction/nrs/pdf/newressales.pdf</a> <a href="http://www.census.gov/newhomesales">http://www.census.gov/newhomesales</a>
39	Total Home Sales	<a href="http://www.census.gov/construction/nrs/pdf/newressales.pdf">http://www.census.gov/construction/nrs/pdf/newressales.pdf</a> <a href="https://www.nar.realtor/topics/existing-home-sales">https://www.nar.realtor/topics/existing-home-sales</a>
40, 41	Pending Home Sales	<a href="https://www.nar.realtor/research-and-statistics/housing-statistics/pending-home-sales">https://www.nar.realtor/research-and-statistics/housing-statistics/pending-home-sales</a>
46-48	Case Shiller	<a href="https://www.spglobal.com/spdji/en/indices/indicators/sp-corelogic-case-shiller-20-city-composite-home-price-nsa-index/#news-research">https://www.spglobal.com/spdji/en/indices/indicators/sp-corelogic-case-shiller-20-city-composite-home-price-nsa-index/#news-research</a>
49	CoreLogic Price Forecast	<a href="https://www.corelogic.com/intelligence/u-s-home-price-insights/">https://www.corelogic.com/intelligence/u-s-home-price-insights/</a>
52-58	Inventory	<a href="https://www.nar.realtor/topics/existing-home-sales">https://www.nar.realtor/topics/existing-home-sales</a> <a href="http://www.census.gov/construction/nrs/pdf/newressales.pdf">http://www.census.gov/construction/nrs/pdf/newressales.pdf</a>

# Resources

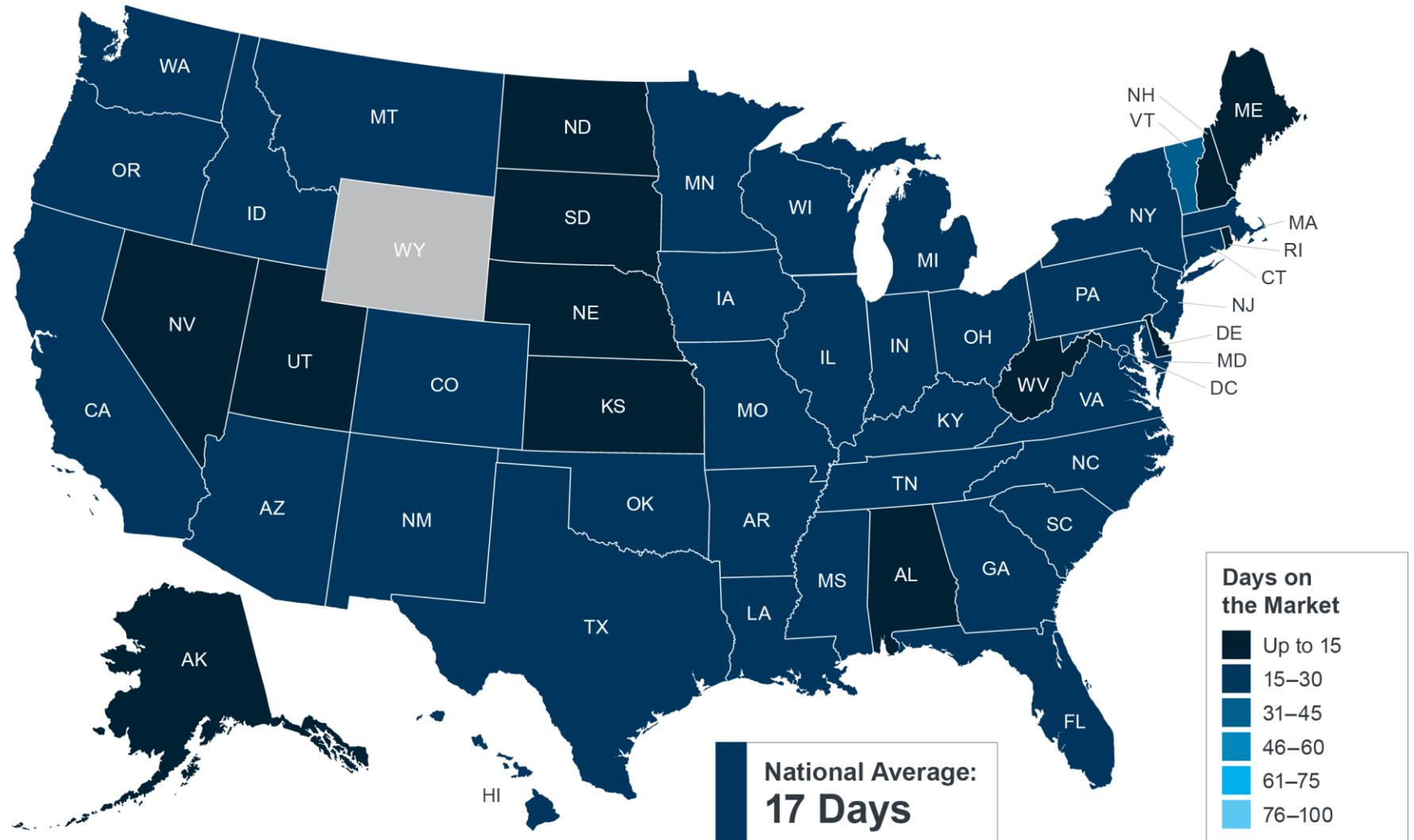
Slide(s)	Description	Link(s)
60	Showing Activity	<a href="https://www.showingtime.com/blog/march-2022-showing-index-results/">https://www.showingtime.com/blog/march-2022-showing-index-results/</a>
63, 64, 66, 67	Mortgage Rates	<a href="http://www.freddiemac.com/pmms/pmms_archives.html">http://www.freddiemac.com/pmms/pmms_archives.html</a> <a href="http://www.freddiemac.com/research/forecast/">http://www.freddiemac.com/research/forecast/</a>
65	Mortgage Rate Projections	<a href="http://www.freddiemac.com/research/forecast/">http://www.freddiemac.com/research/forecast/</a> <a href="http://www.fanniemae.com/portal/research-insights/forecast.html">http://www.fanniemae.com/portal/research-insights/forecast.html</a> <a href="https://www.mba.org/news-research-and-resources/research-and-economics/forecasts-and-commentary">https://www.mba.org/news-research-and-resources/research-and-economics/forecasts-and-commentary</a> <a href="https://www.nar.realtor/research-and-statistics">https://www.nar.realtor/research-and-statistics</a>
69, 70	Mortgage Credit Availability	<a href="https://www.mba.org/news-research-and-resources/newsroom">https://www.mba.org/news-research-and-resources/newsroom</a> <a href="https://www.mba.org/news-research-and-resources/research-and-economics/single-family-research/mortgage-credit-availability-index">https://www.mba.org/news-research-and-resources/research-and-economics/single-family-research/mortgage-credit-availability-index</a>



# Home Sales

# Average Days on the Market

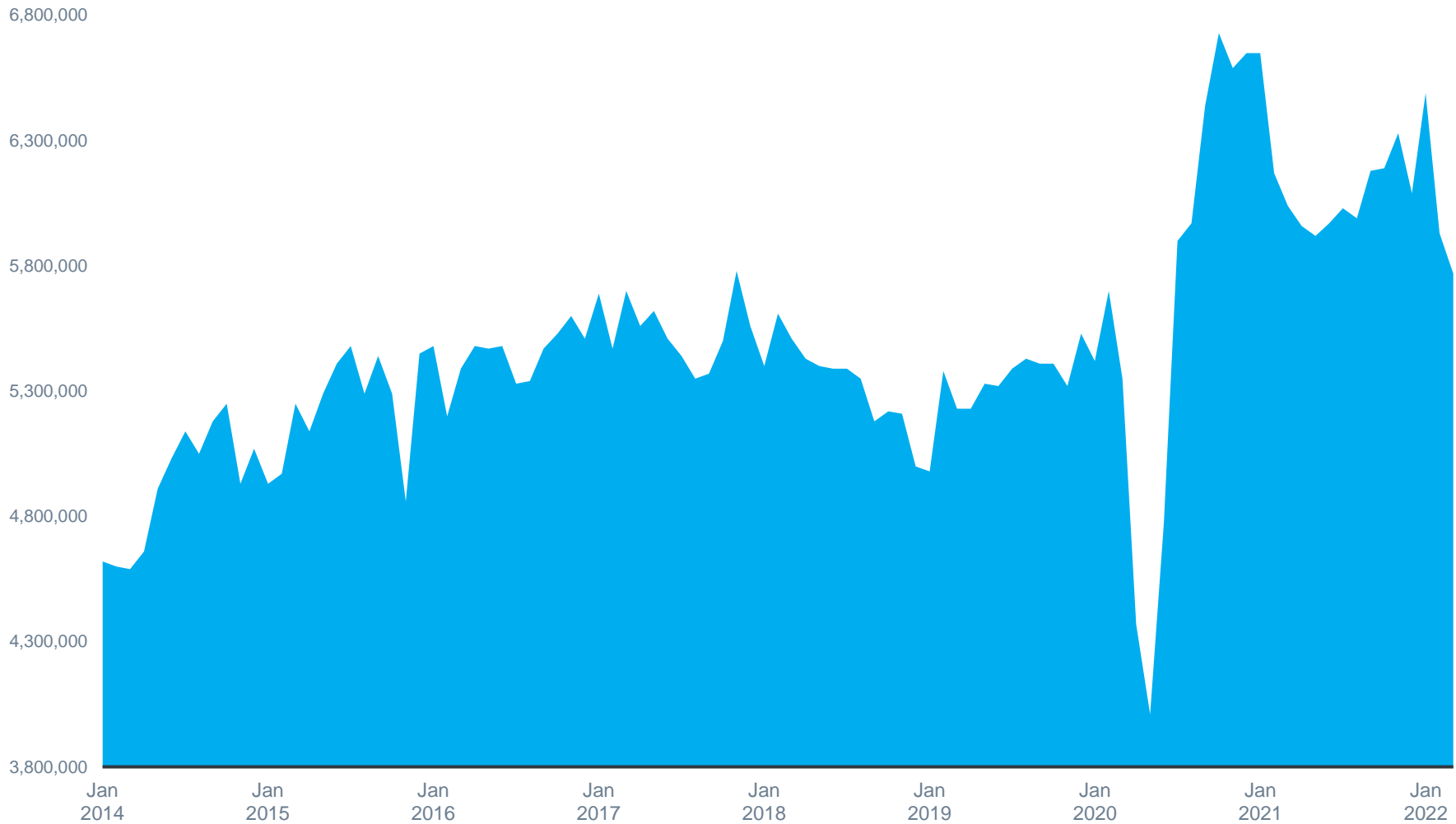
March 2022



Source: NAR

# Existing Home Sales

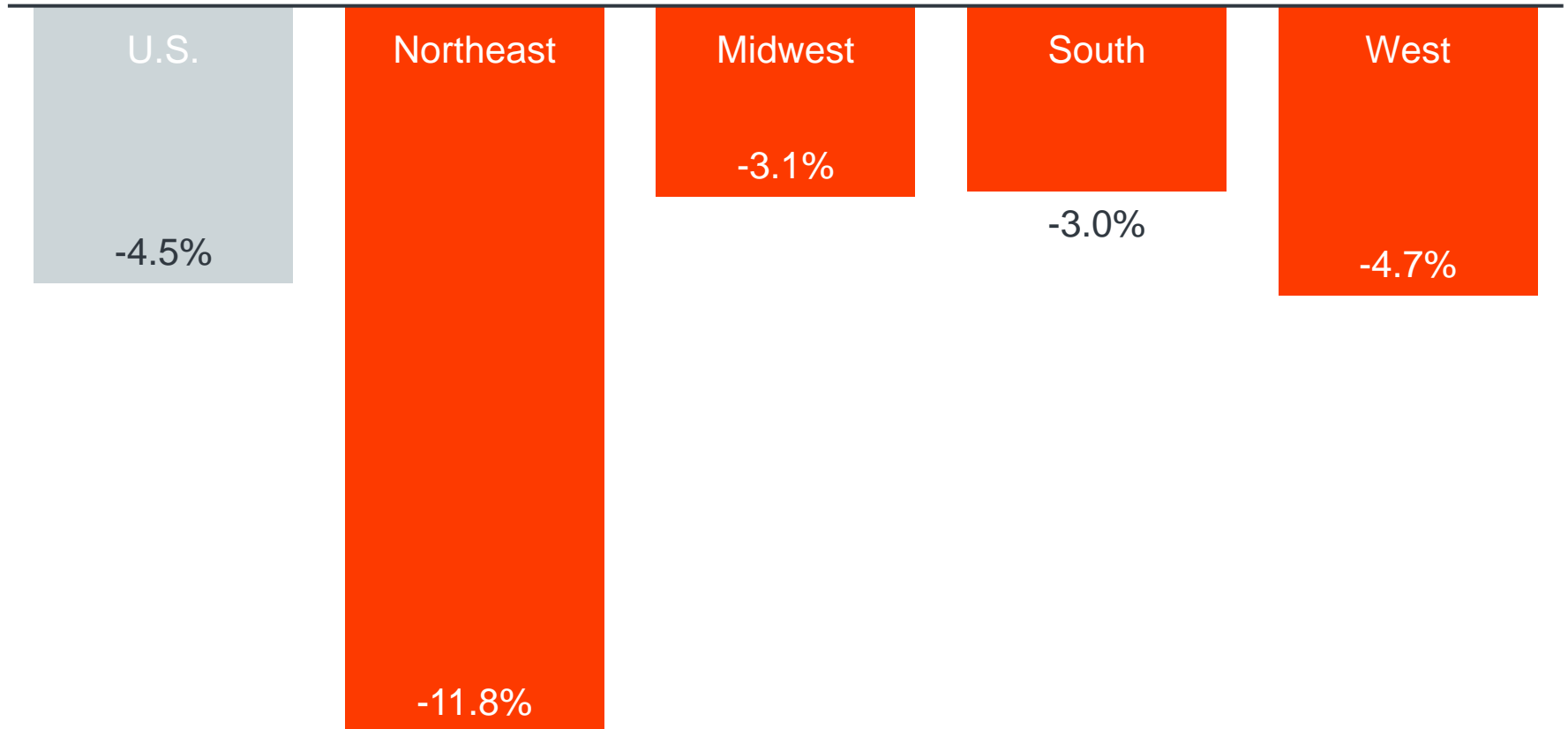
Since January 2014



Source: NAR

# Existing Home Sales

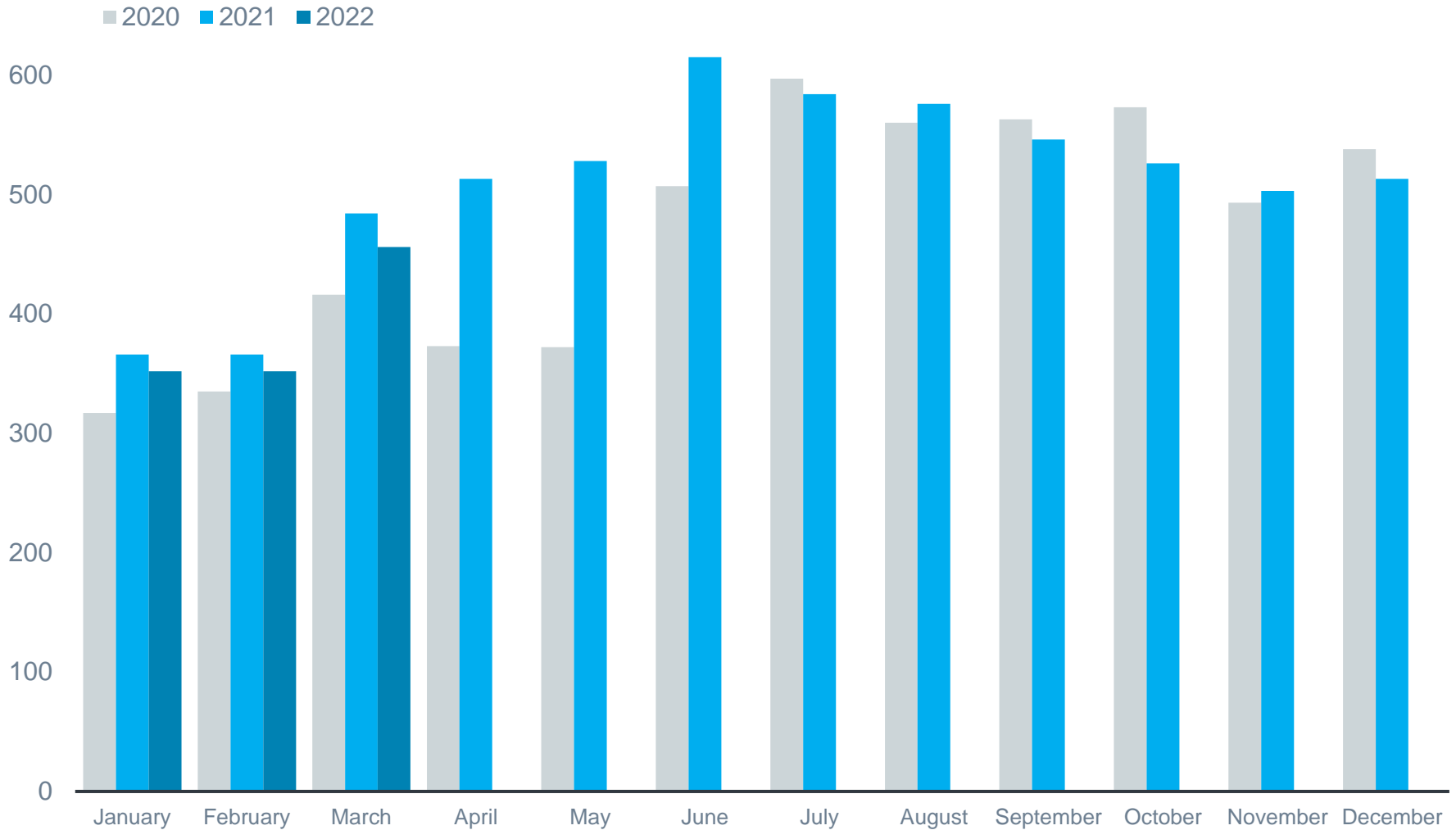
Year-Over-Year, by Region





# Existing Home Sales

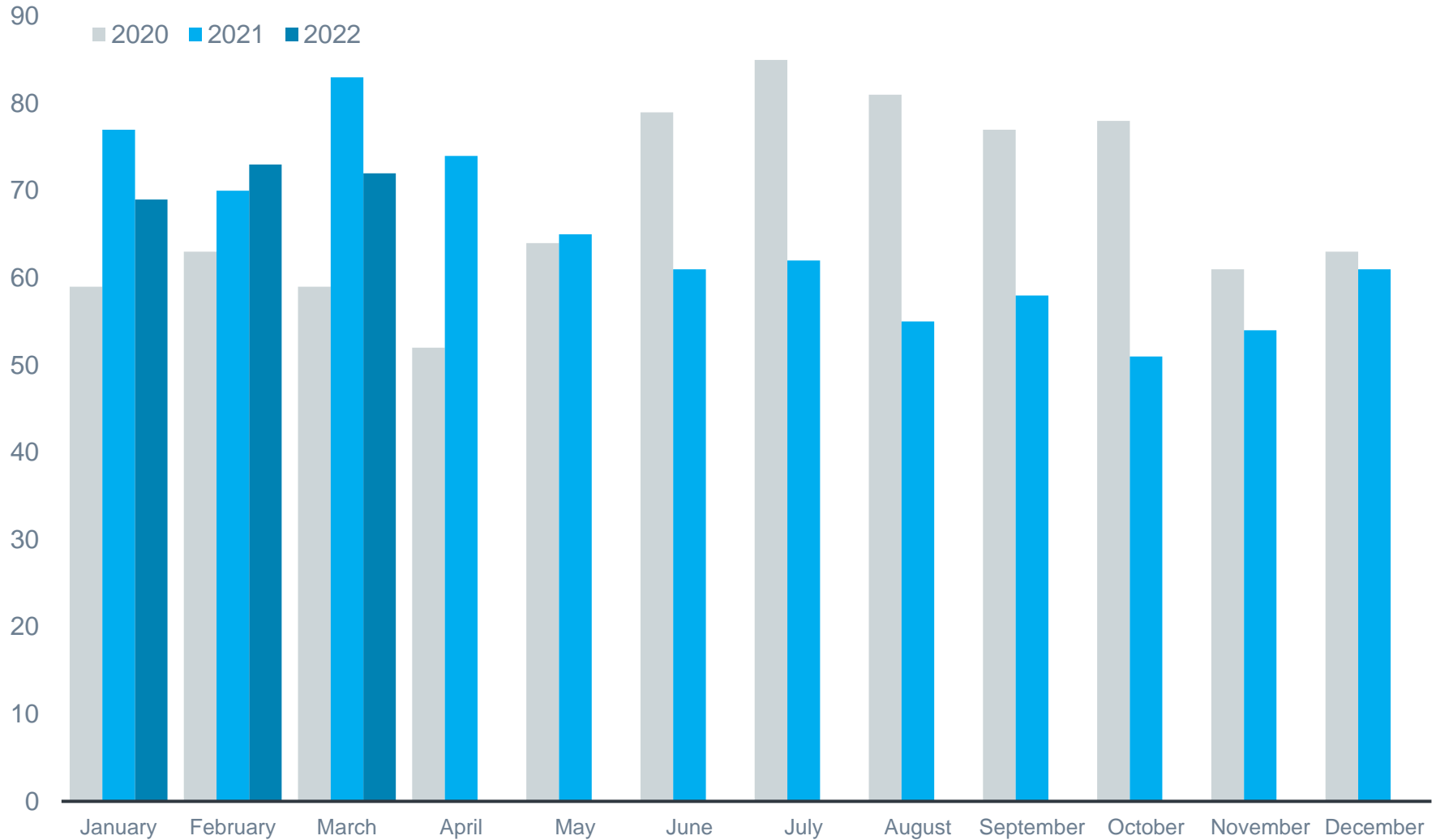
In Thousands



Source: NAR

# New Home Sales

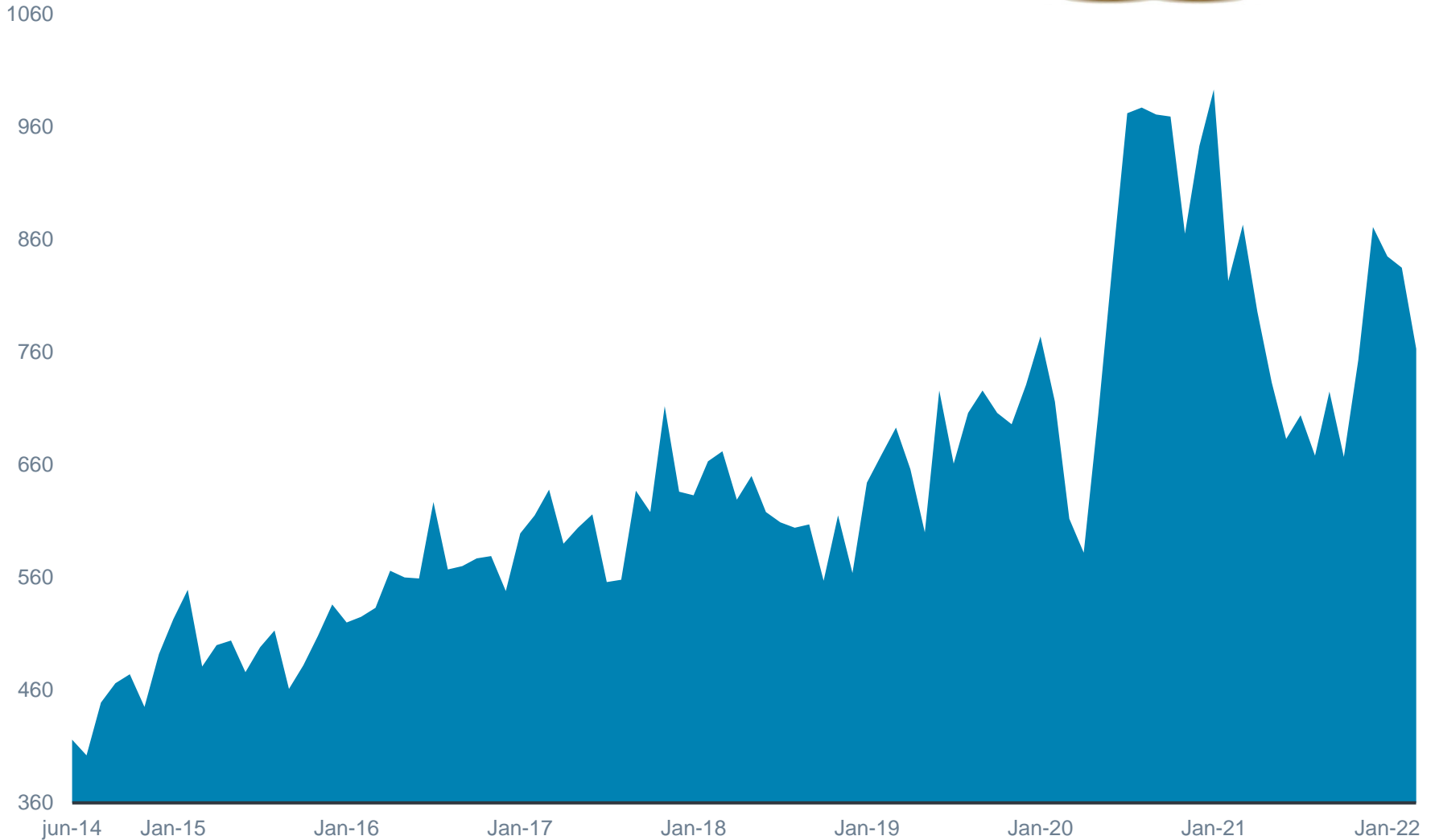
In Thousands



Source: Census

# New Home Sales

Annualized in Thousands



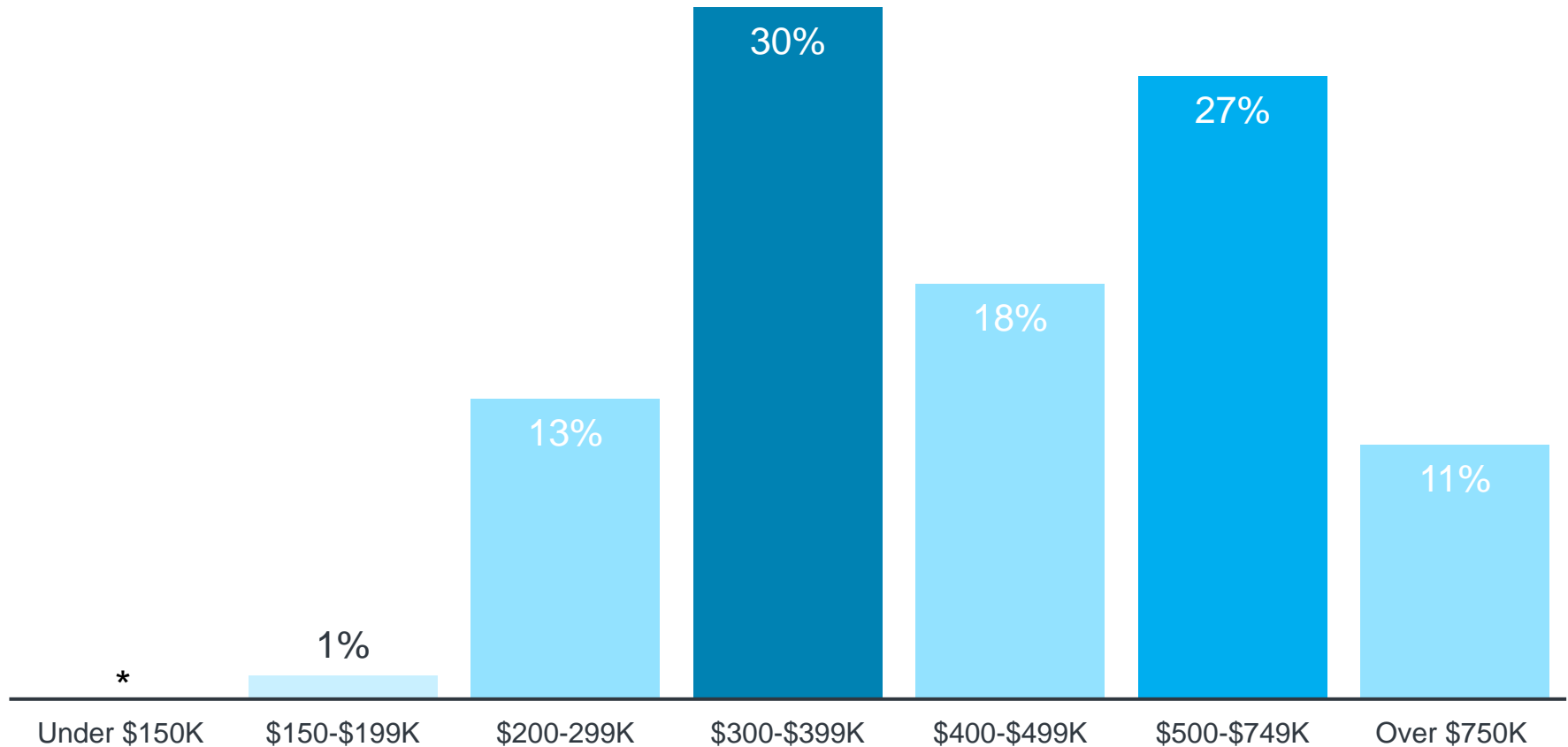
Source: Census

# New Home Sales

## Percent of Distribution by Price Range



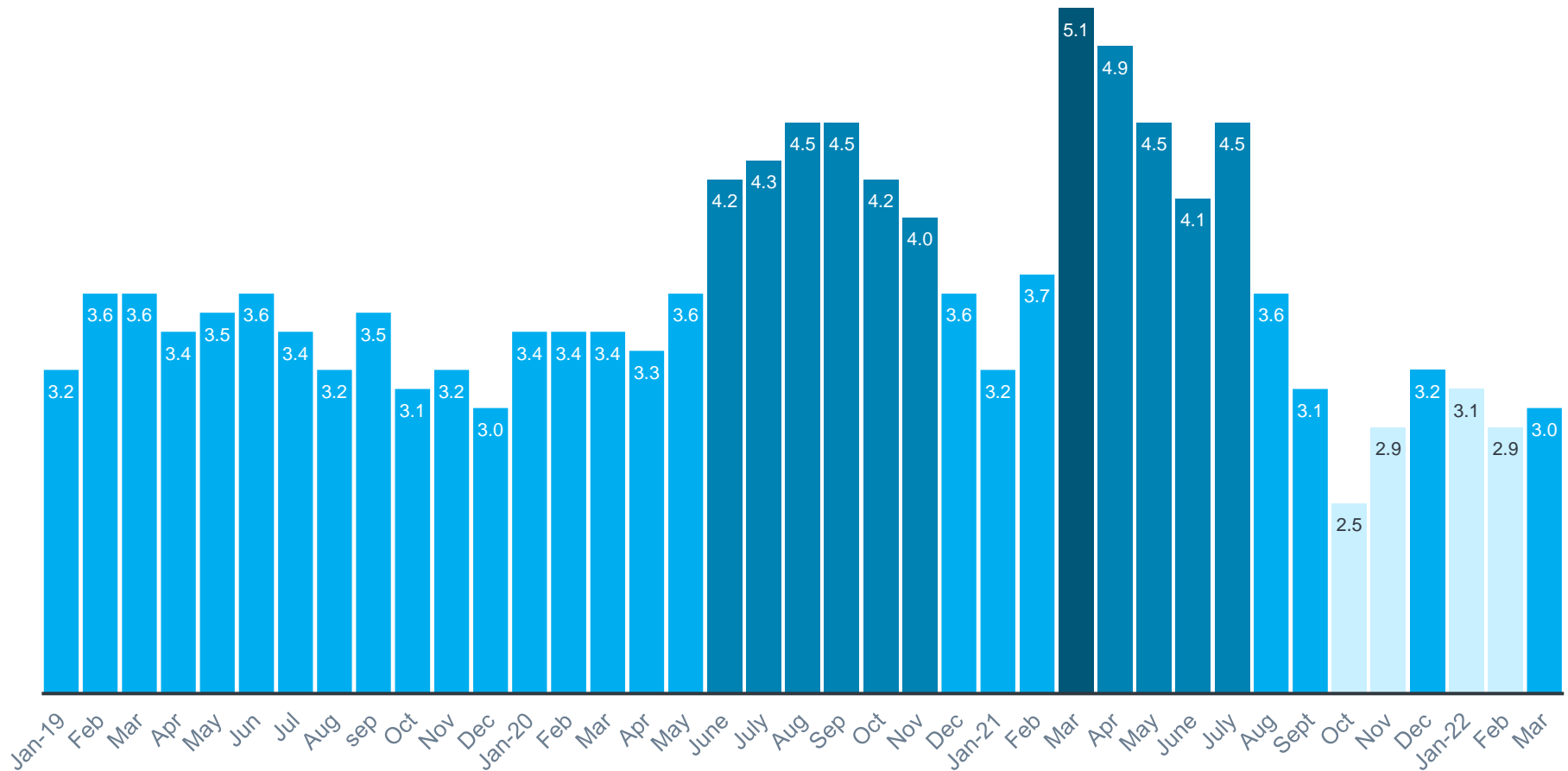
\* Less Than 500 Units or Less Than 0.5 Percent



Source: Census

# New Homes Selling Fast

Median Months from Completion to Sold

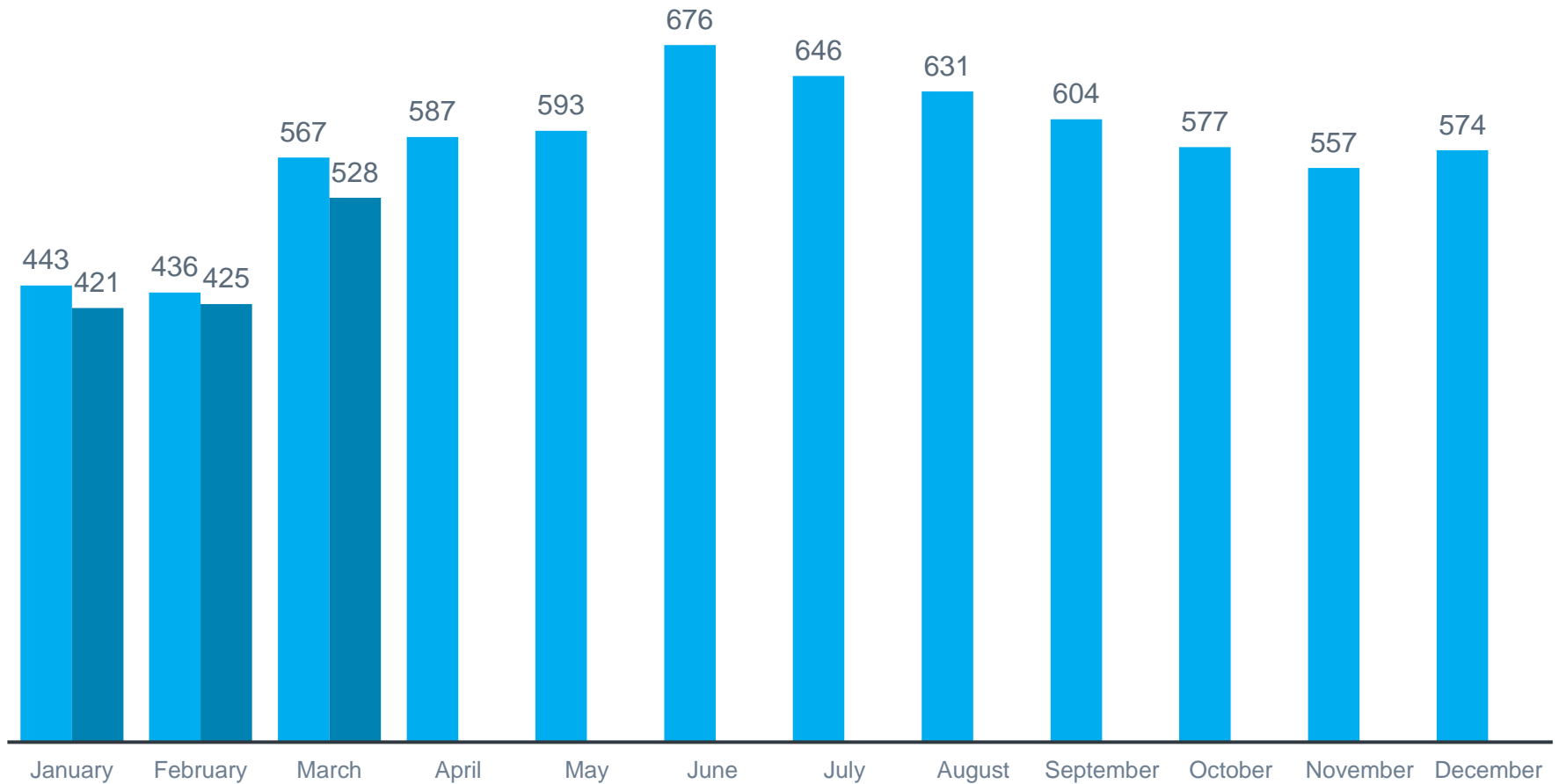


Source: Census

# Total Home Sales

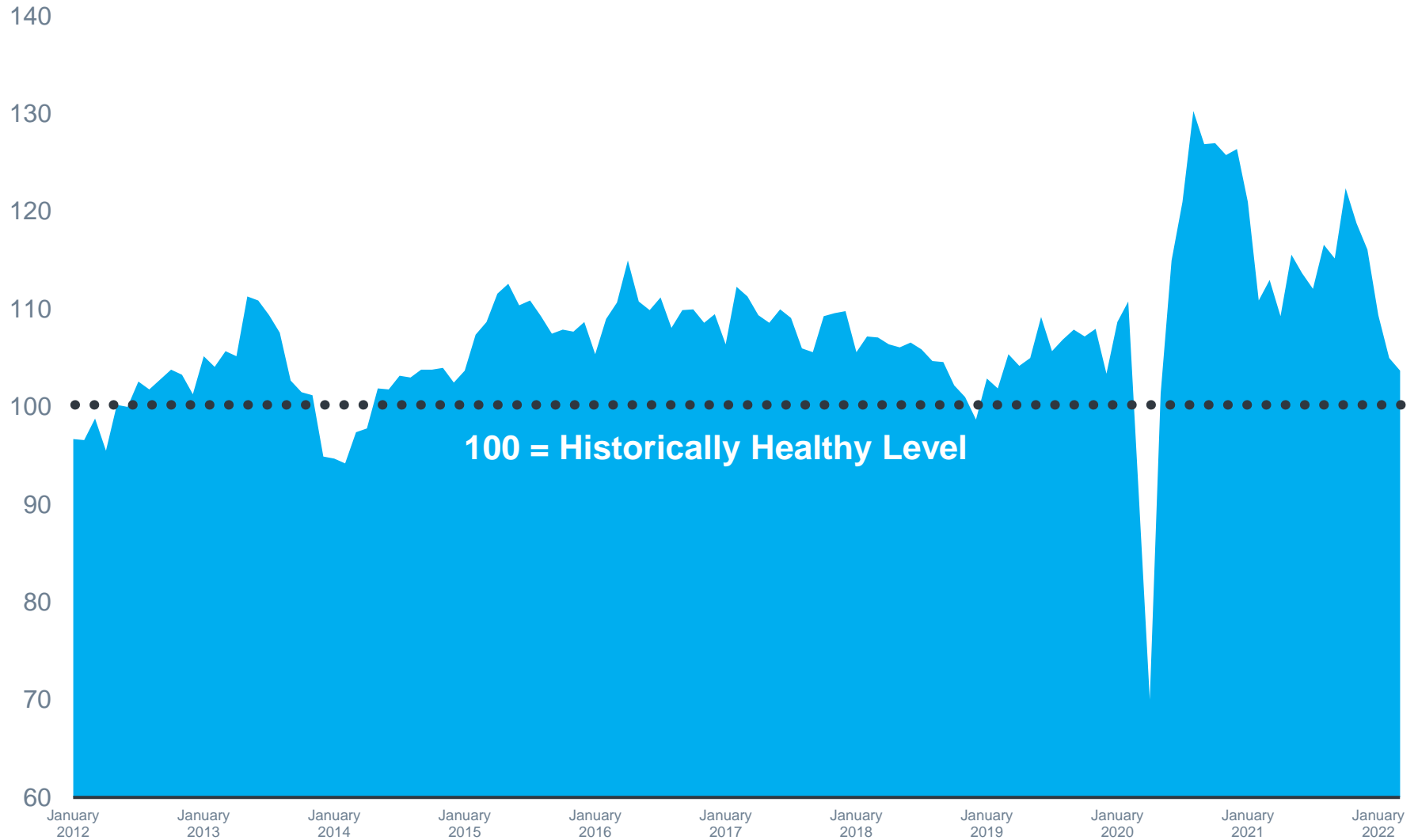
In Thousands

■ 2021 ■ 2022



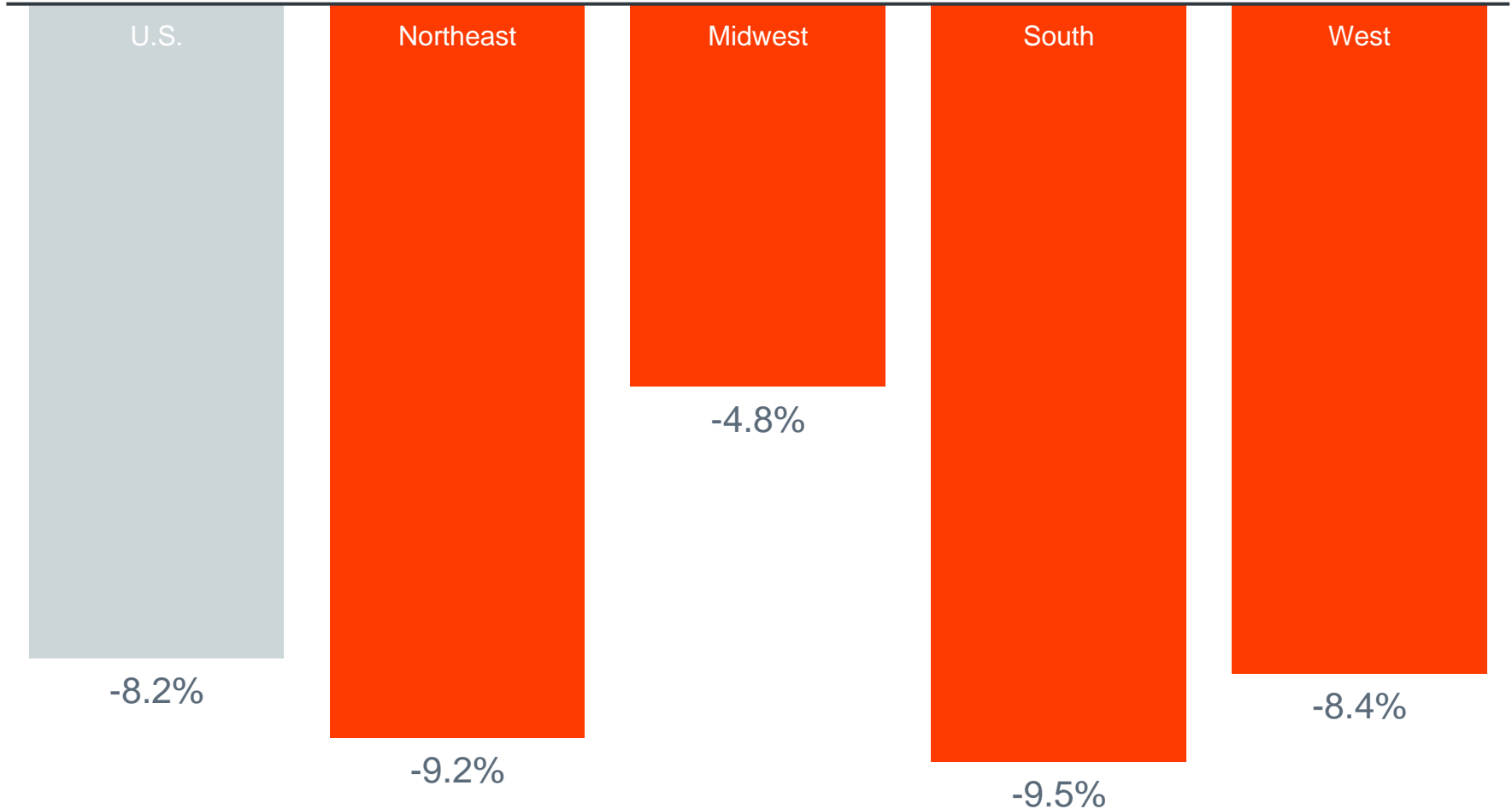
Source: Census

# Pending Home Sales



# Pending Home Sales

Year-Over-Year by Region

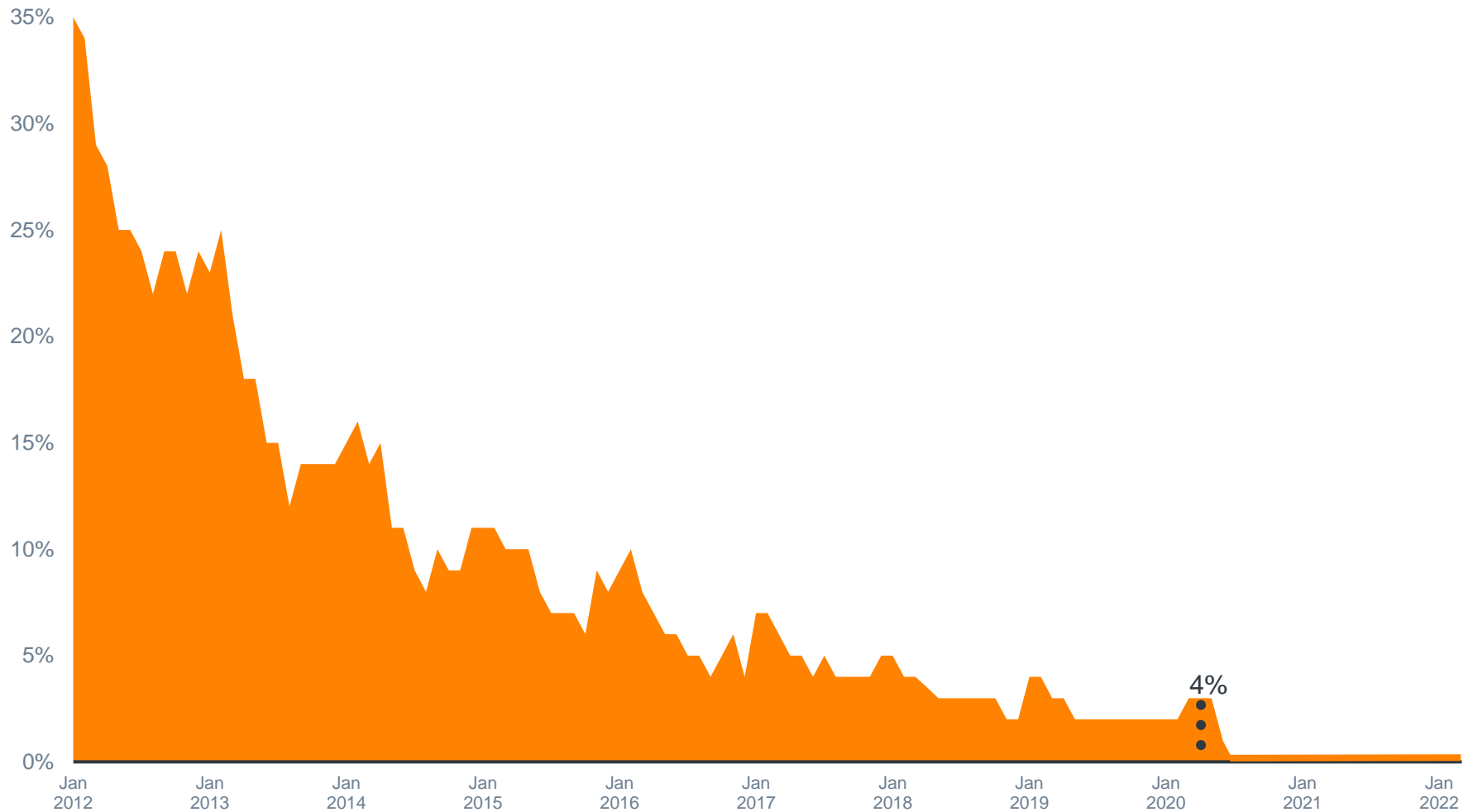


Source: NAR



# Percentage of Distressed Property Sales

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

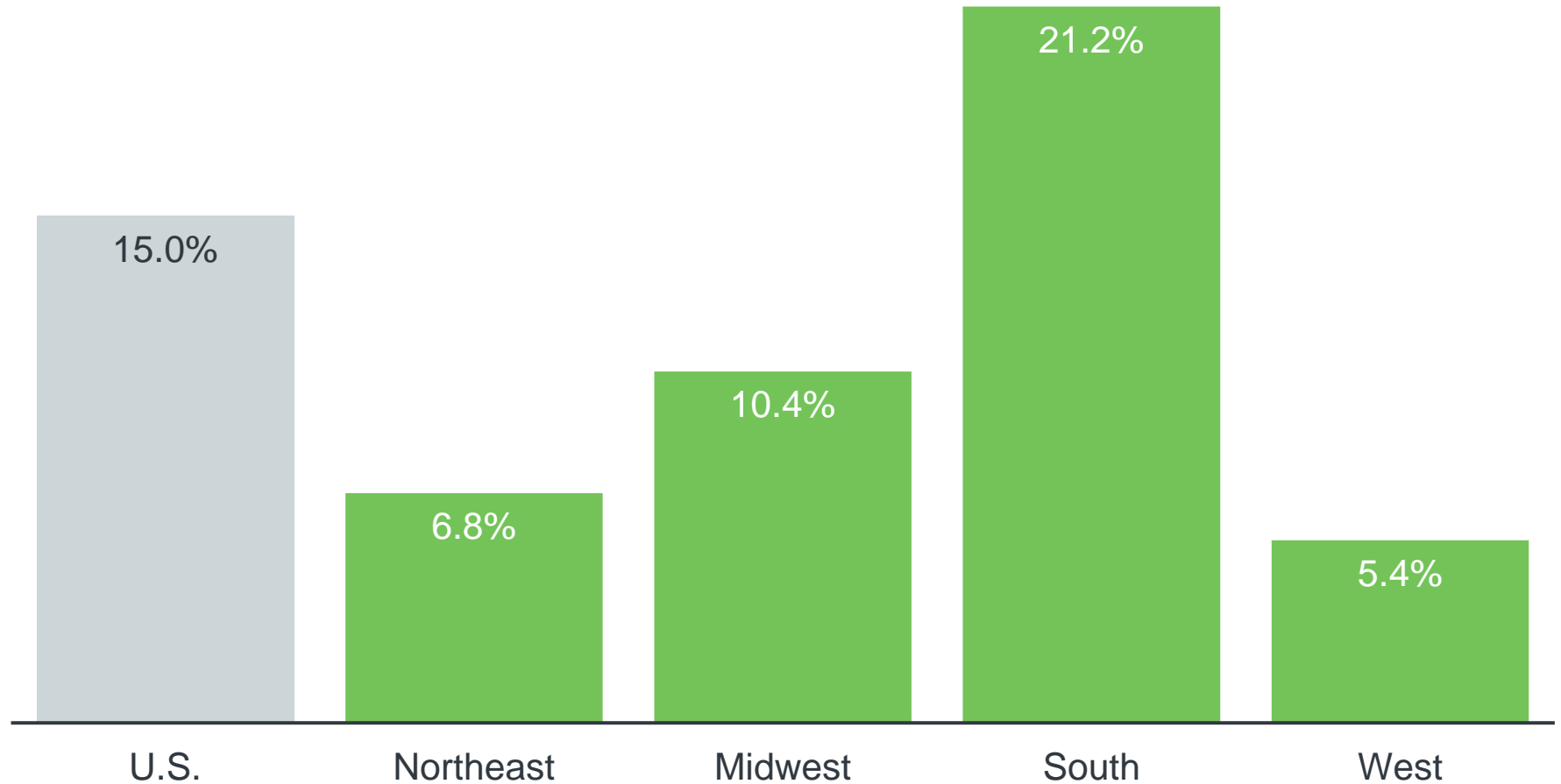




# Home Prices

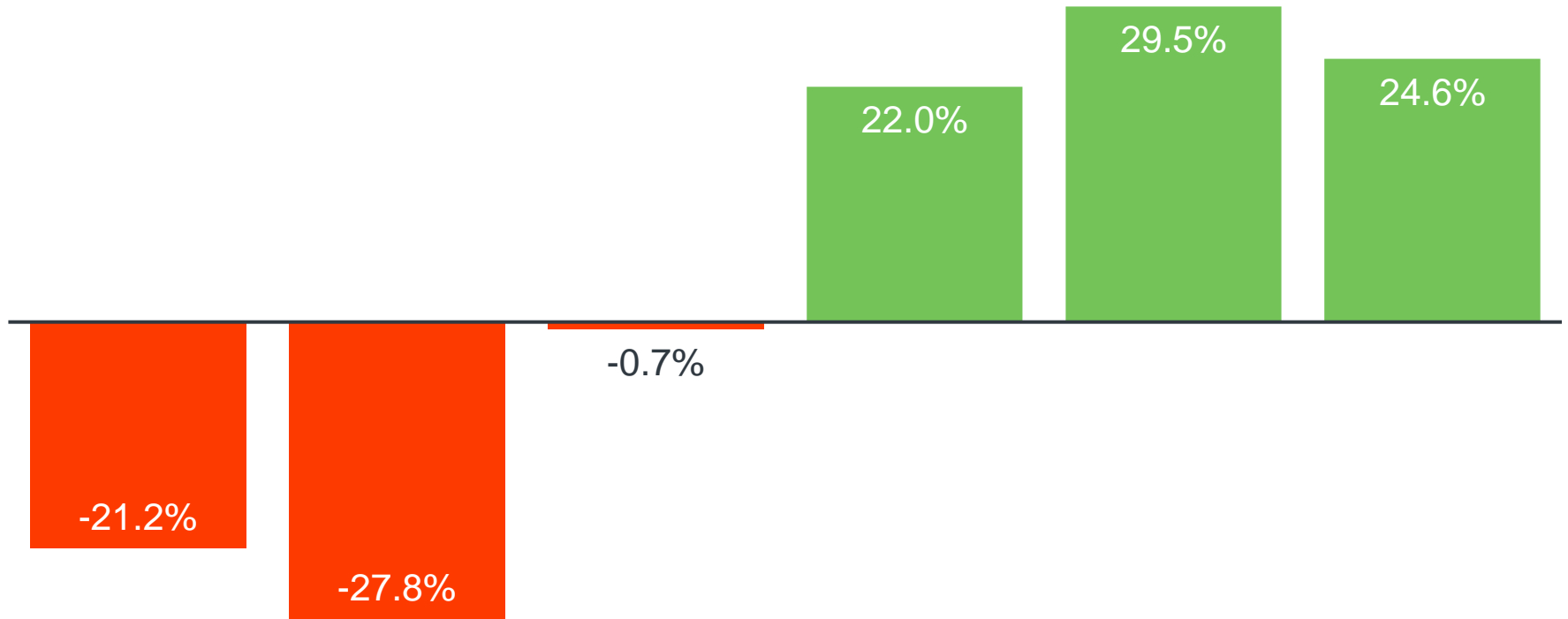
# Sales Price of Existing Homes

Year-Over-Year, by Region



# % Change in Sales

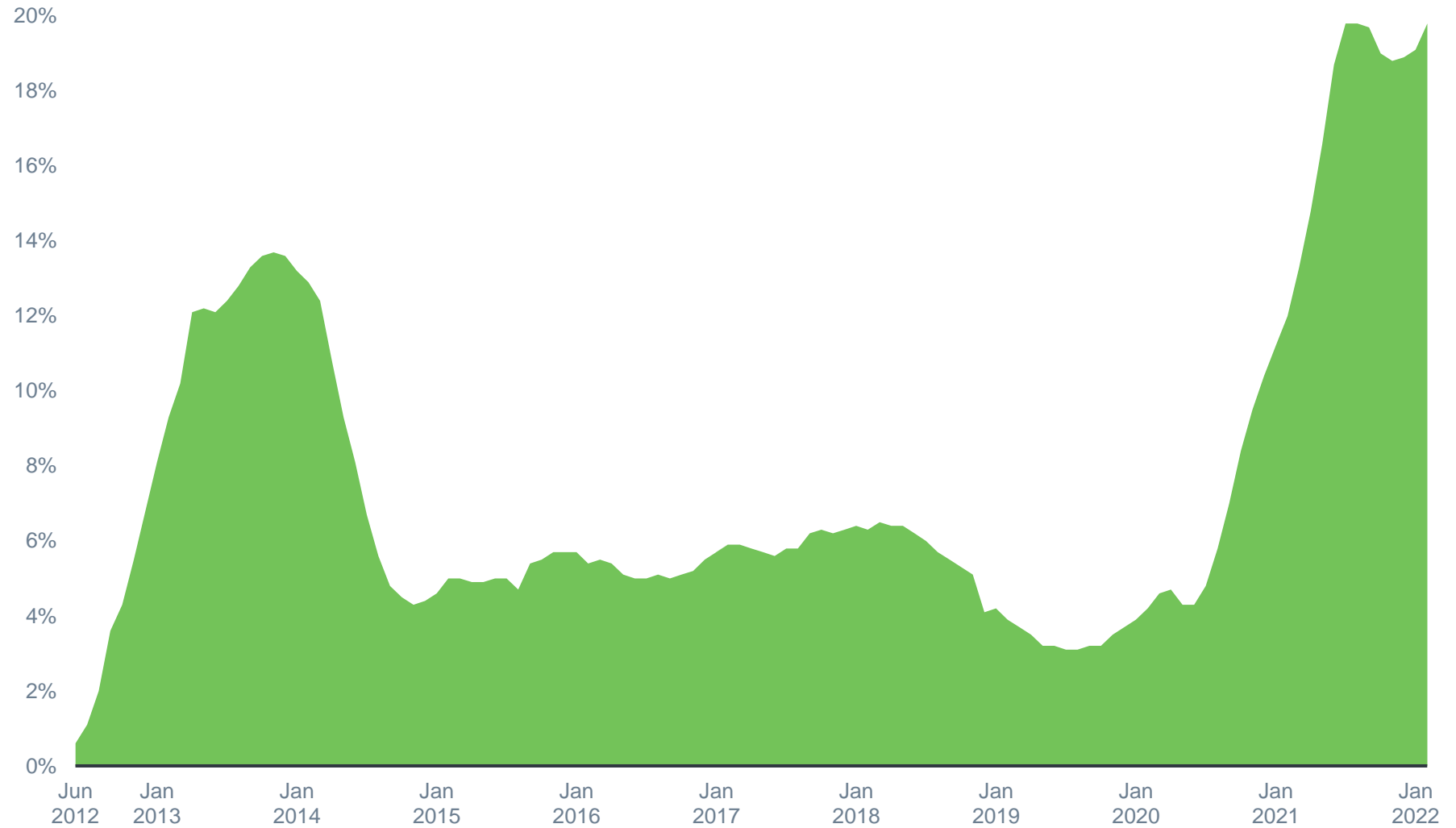
Year-Over-Year, by Price Range



	\$0-100K	\$100-250K	\$250-500K	\$500-750K	\$750K-1M	\$1M+
%	-21.2%	-27.8%	-0.7%	22.0%	29.5%	24.6%

# Change in Home Prices

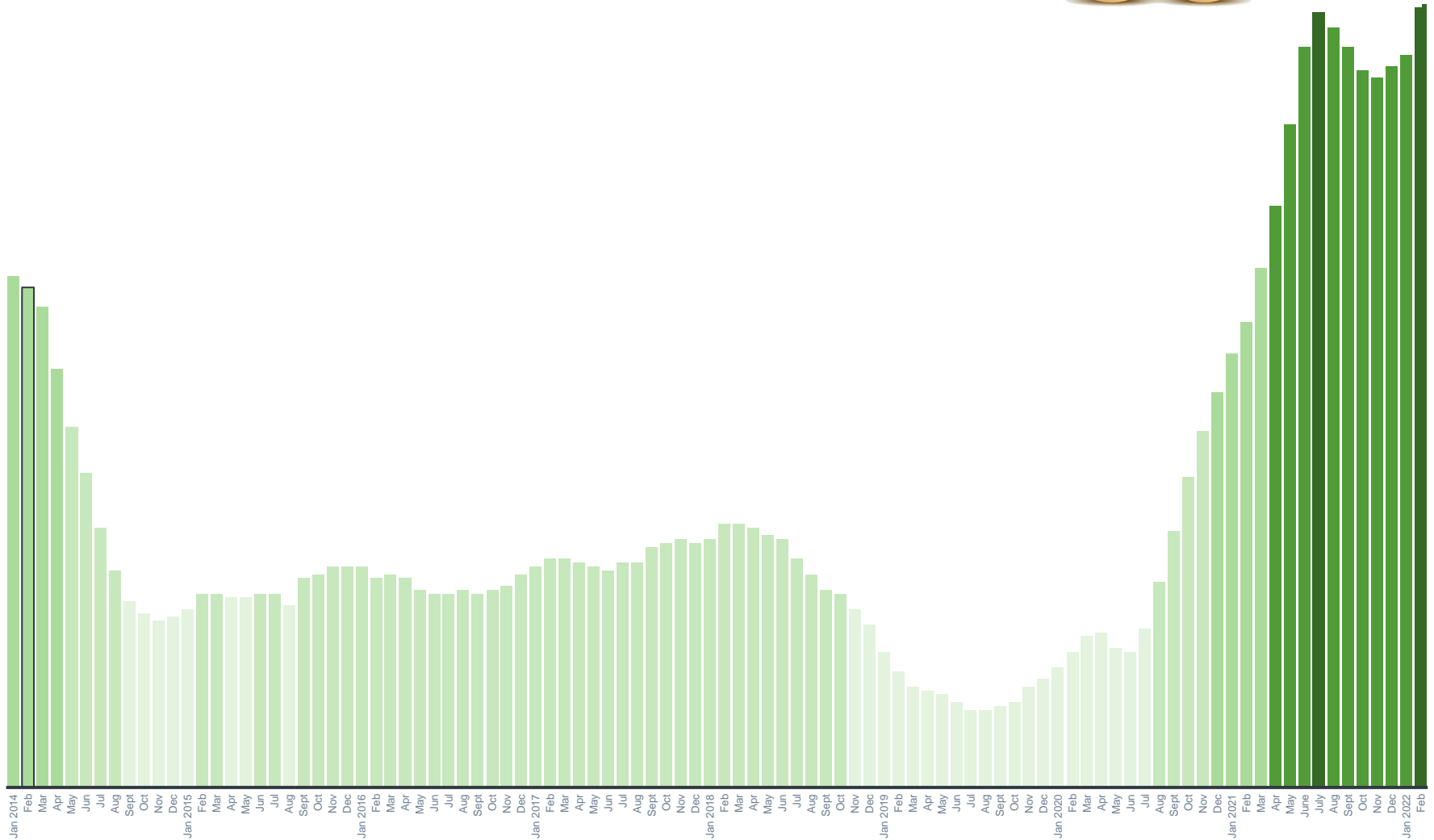
Year-Over-Year



Source: S&P Case-Shiller

# Change in Home Prices

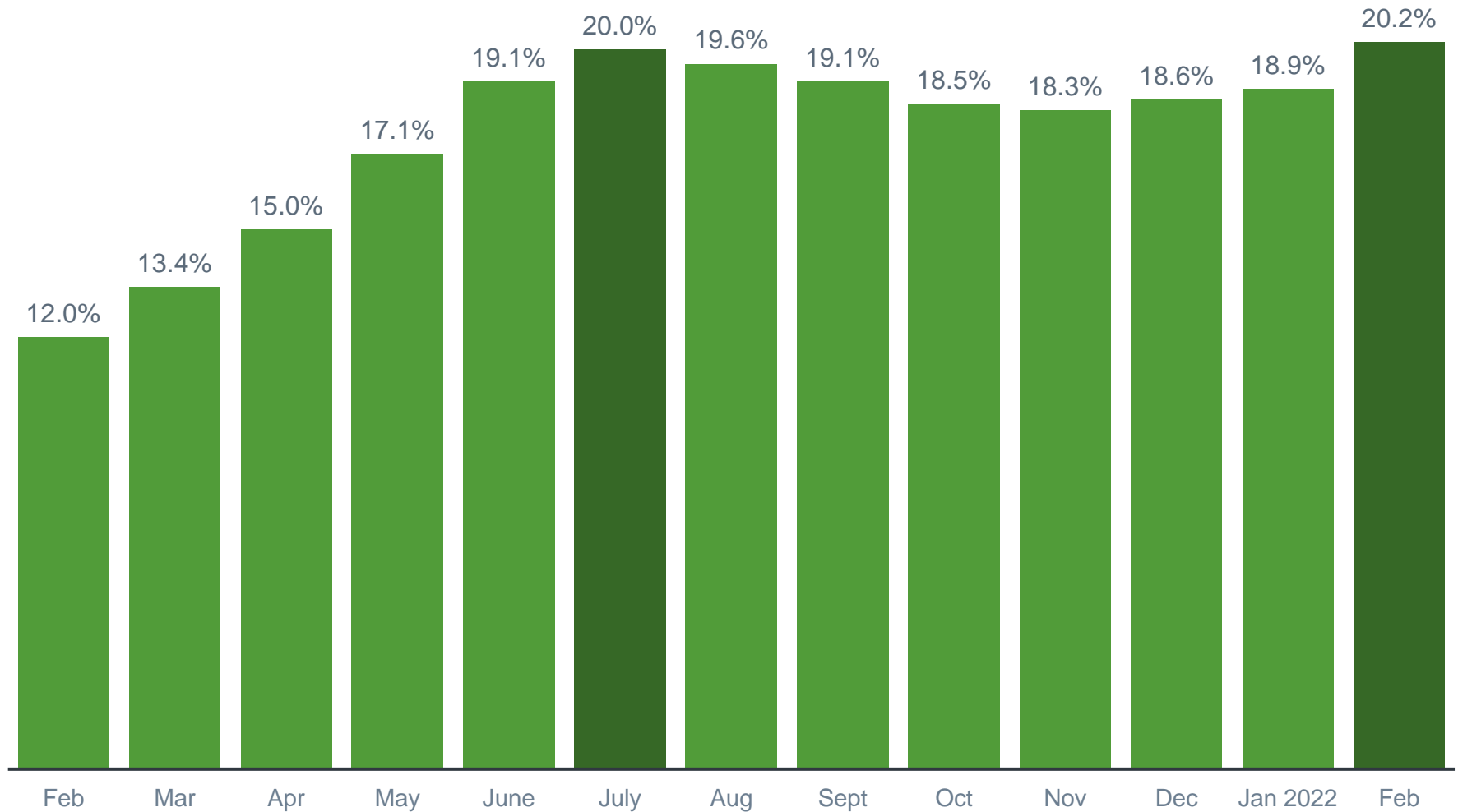
Year-Over-Year, 20 City Composite



Source: S&P Case-Shiller

# Change in Home Prices

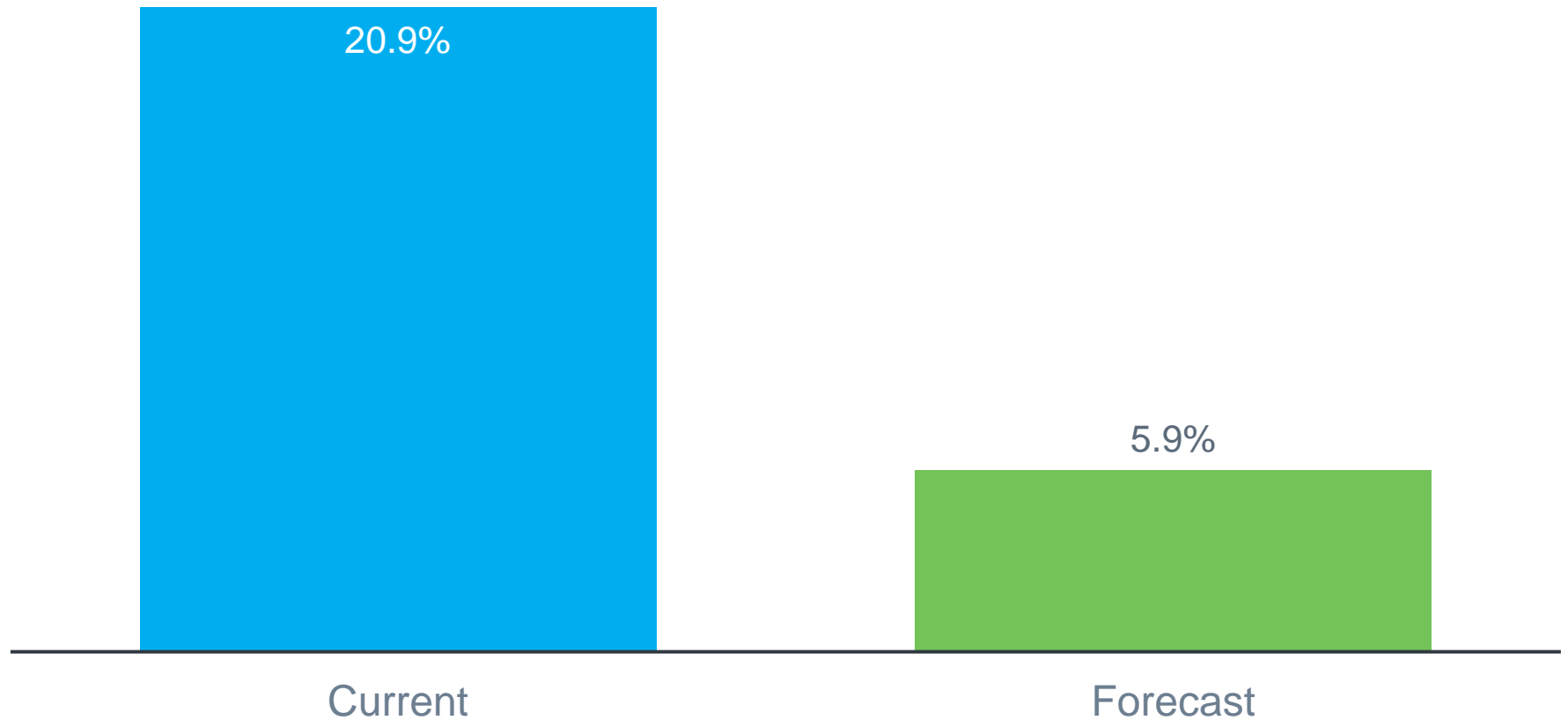
Year-Over-Year, 20 City Composite



Source: S&P Case-Shiller

# Year-Over-Year % Change in Price

March 2022



Source: CoreLogic

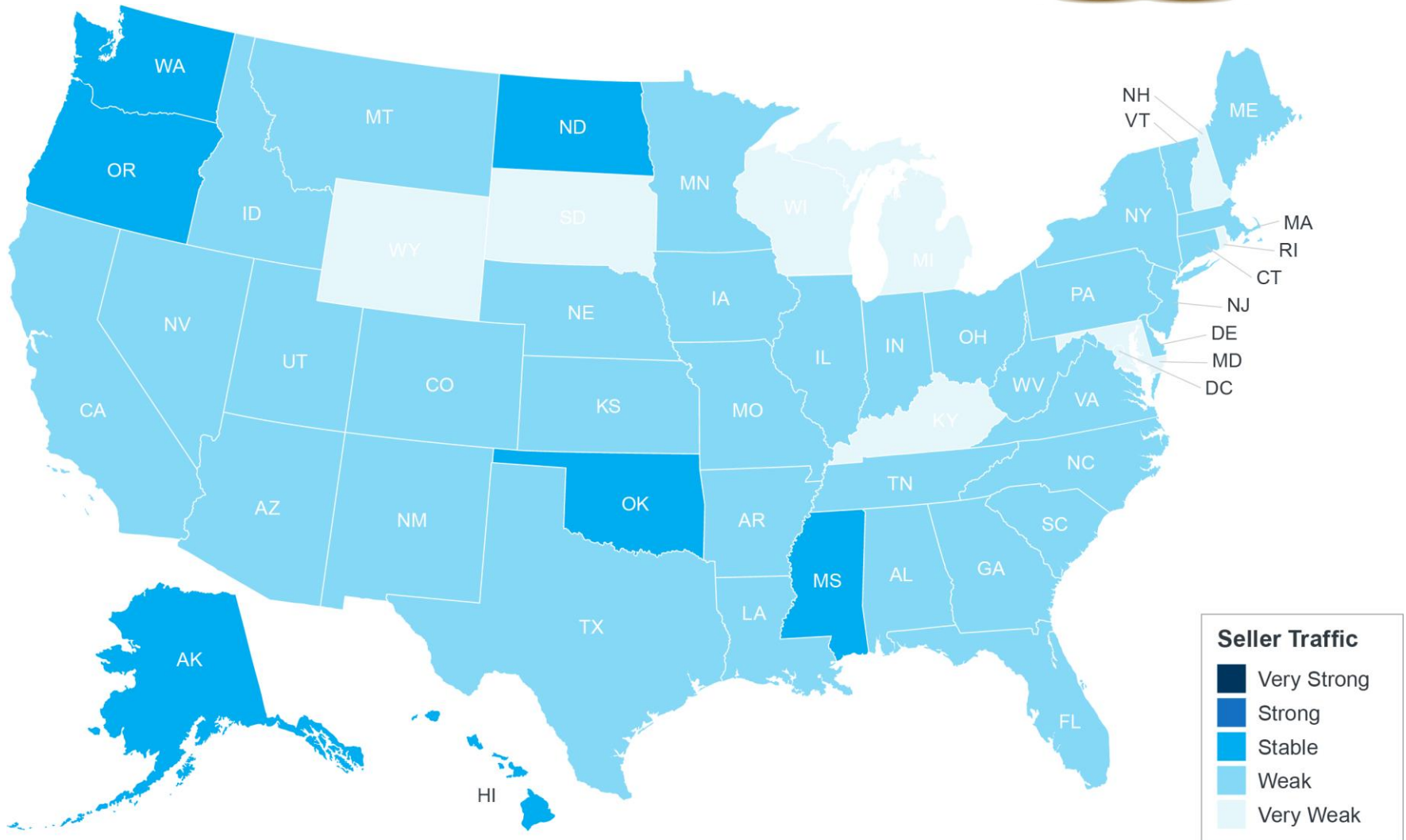




# Housing Inventory

# Seller Traffic Index

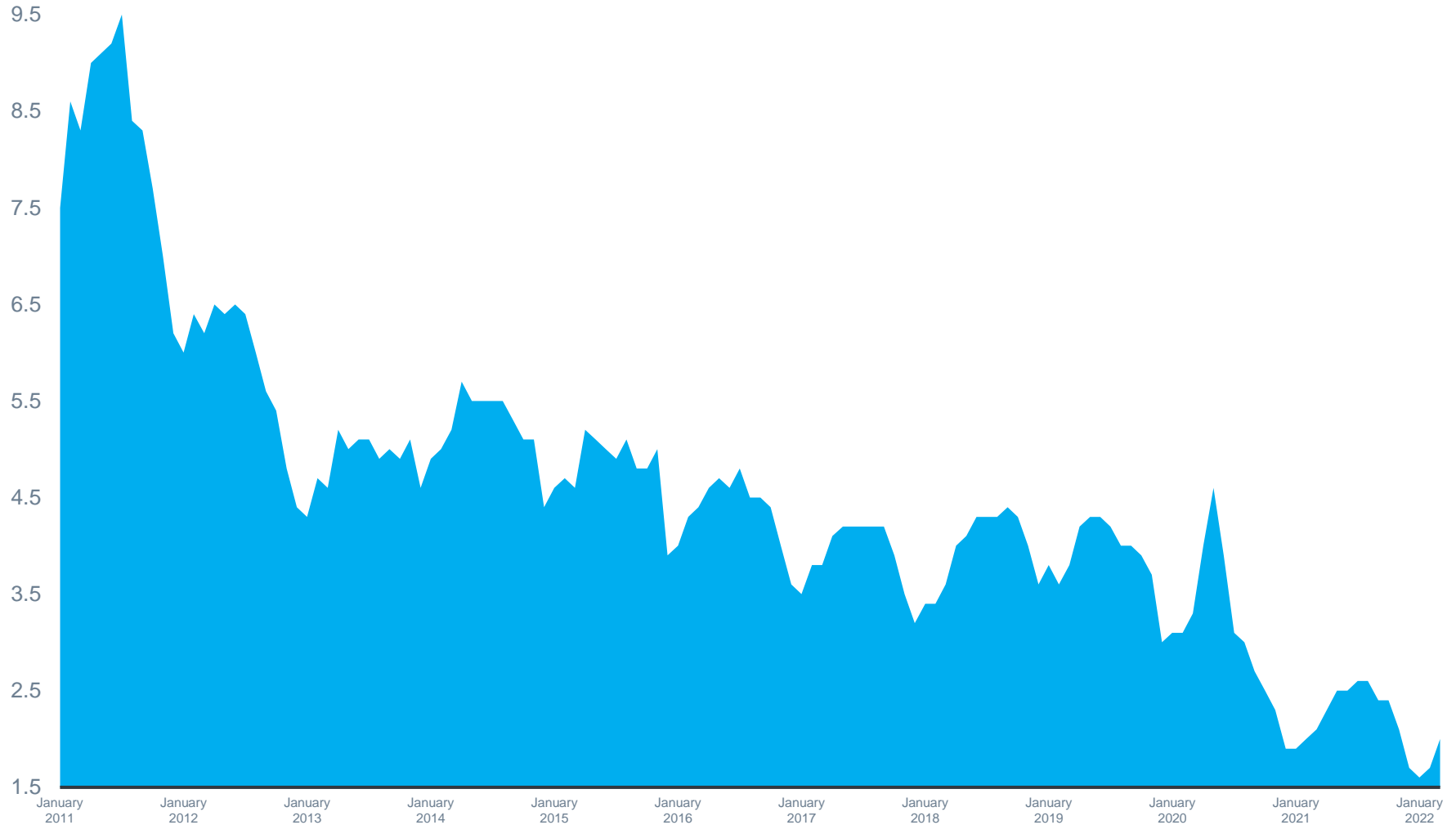
March 2022



Source: NAR

# Months Inventory of Homes for Sale

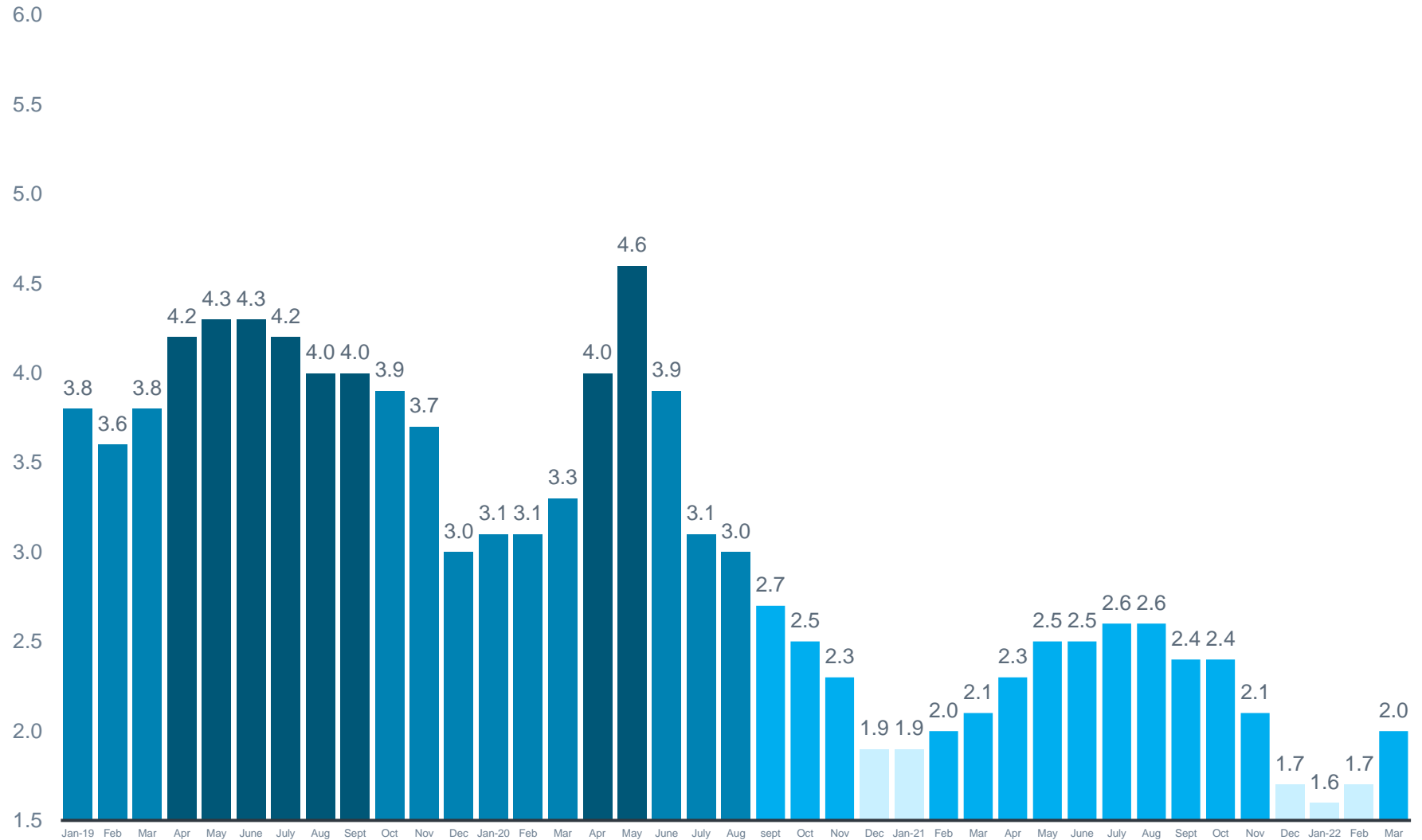
2011 - Today



Source: NAR

# Months Inventory of Homes for Sale

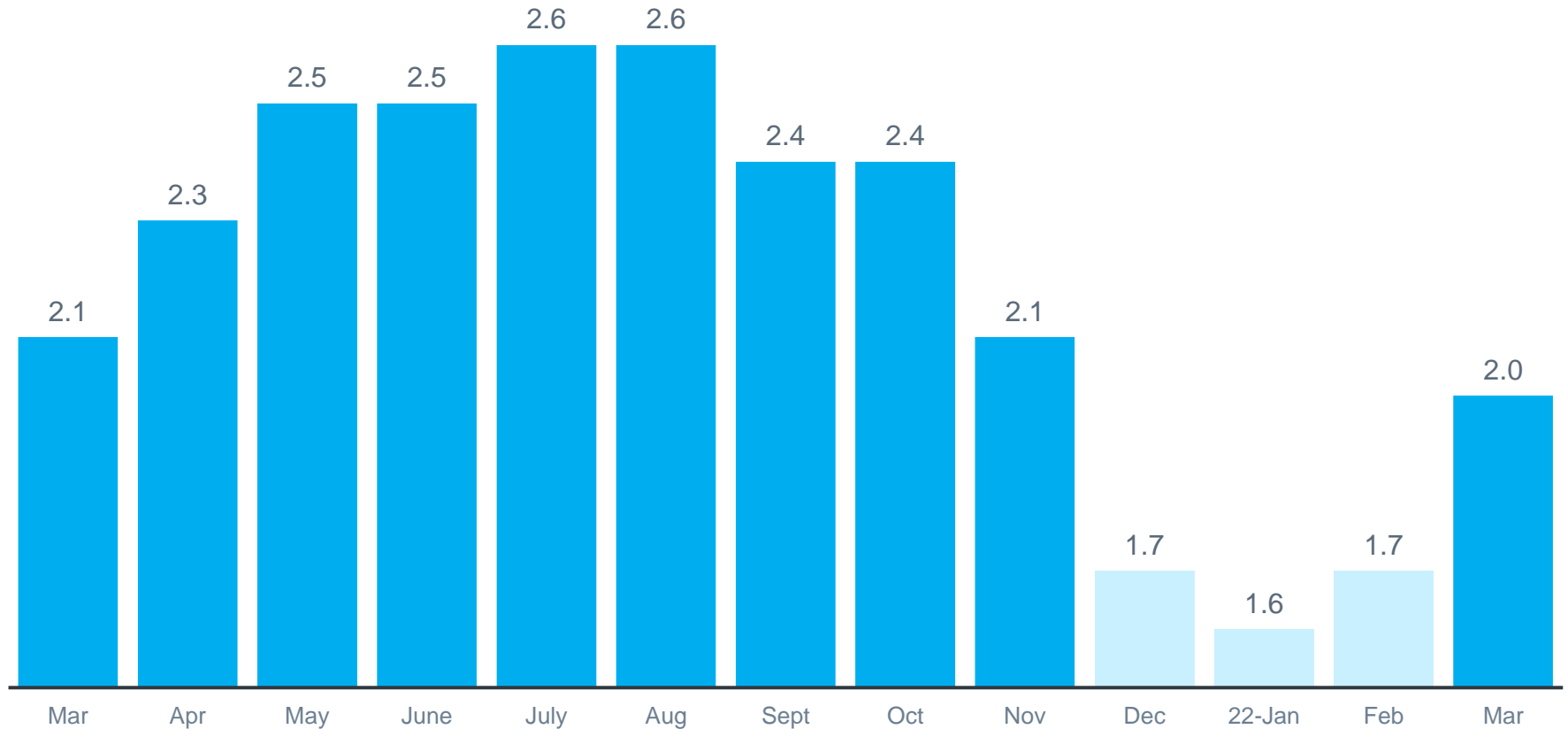
Since 2019



Source: NAR

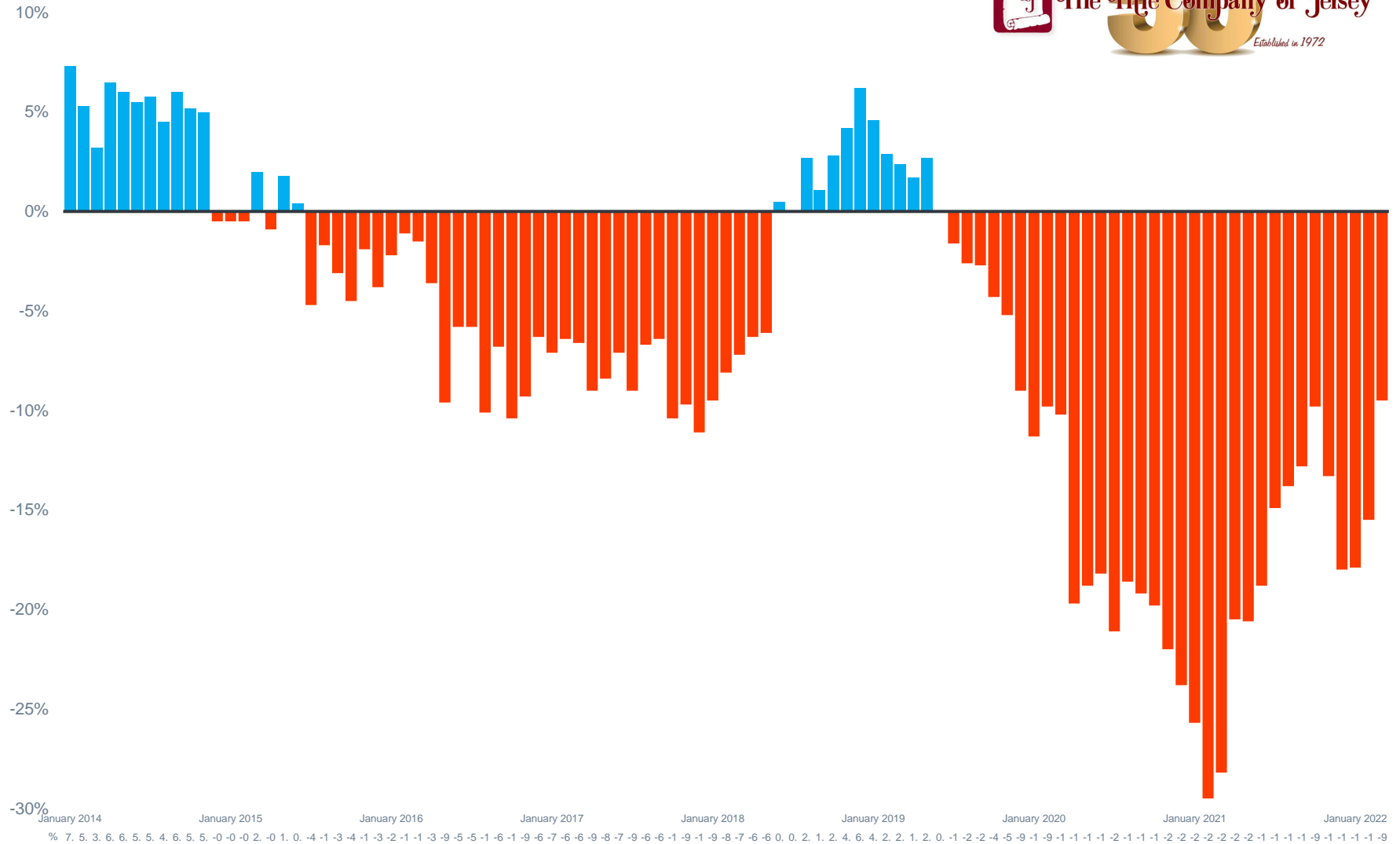
# Months Inventory of Homes for Sale

Last 12 Months



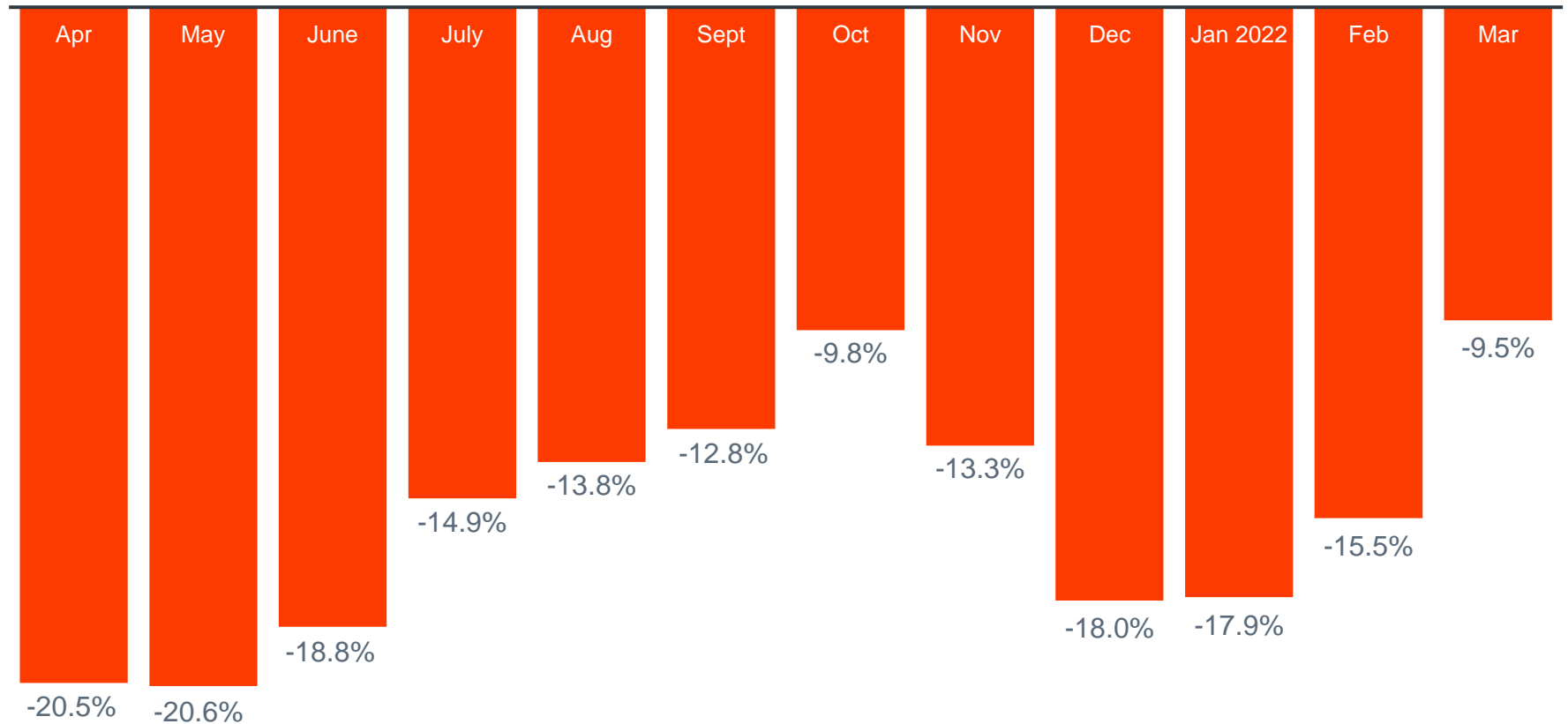
Source: NAR

# Year-Over-Year Inventory Levels



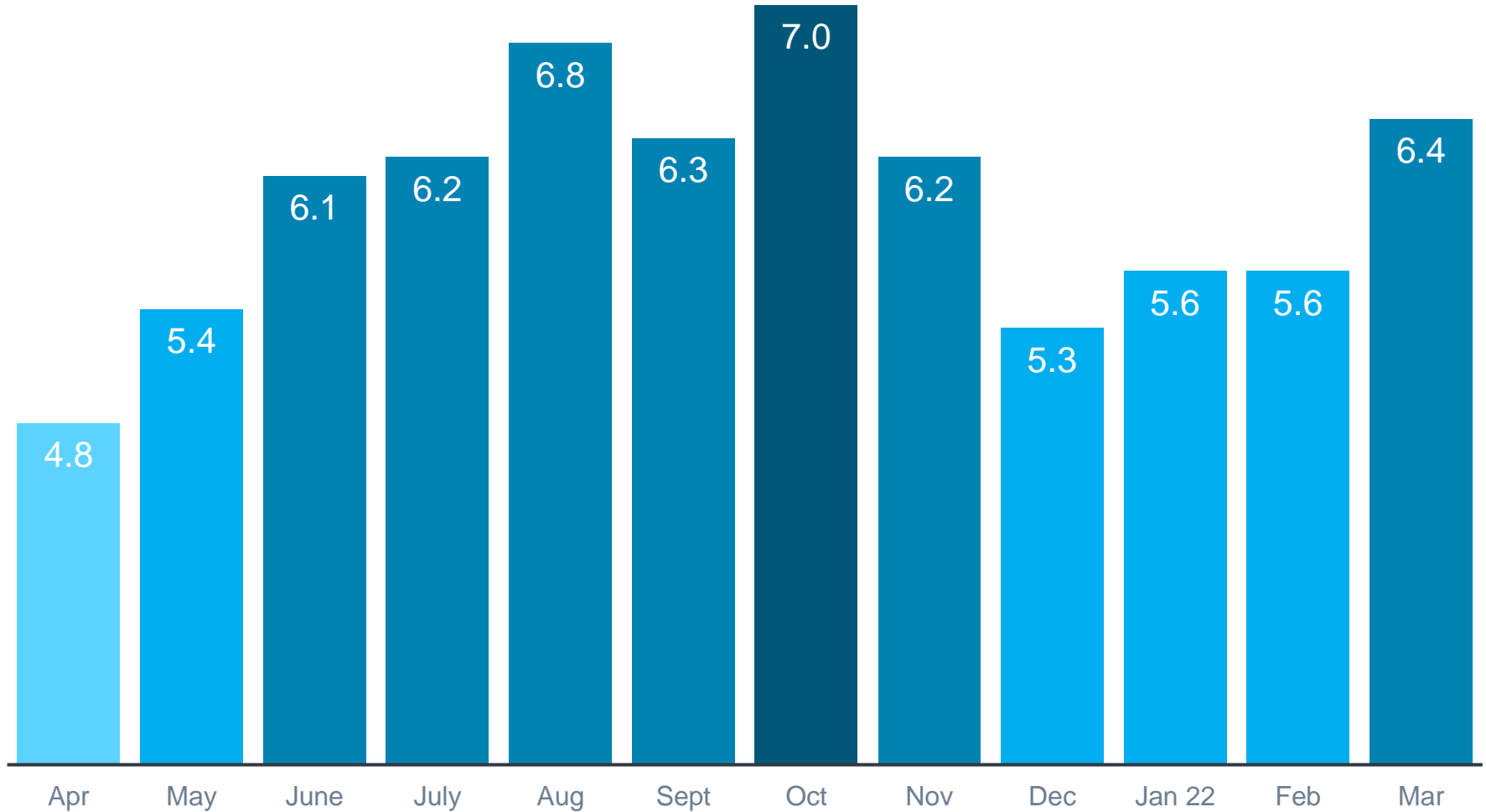
# Year-Over-Year Inventory Levels

Last 12 Months



# New Home Monthly Inventory

Seasonally Adjusted, Last 12 Months



Source: Census

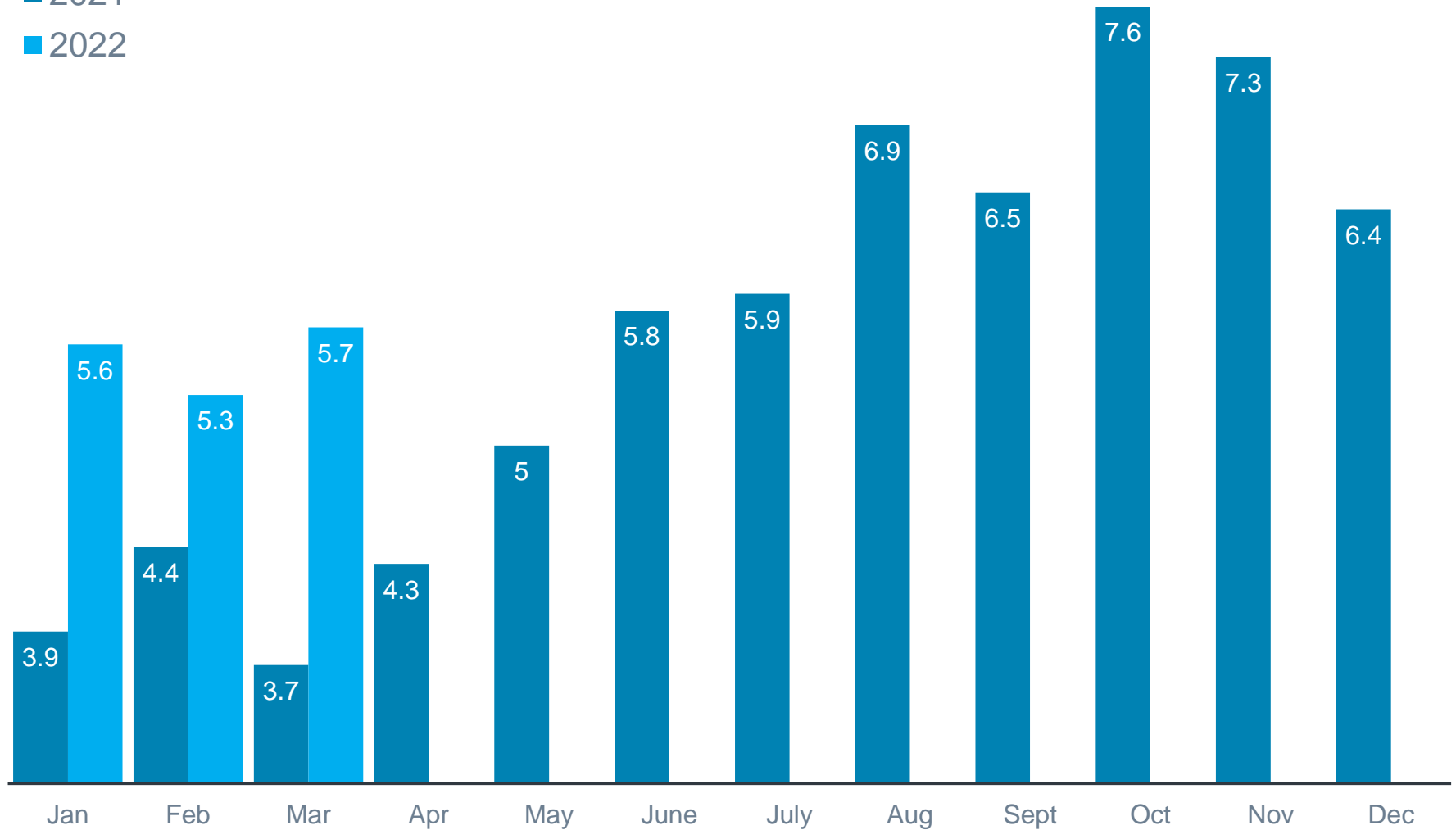


# New Home Monthly Inventory

Non-Seasonally Adjusted

■ 2021

■ 2022



Source: Census



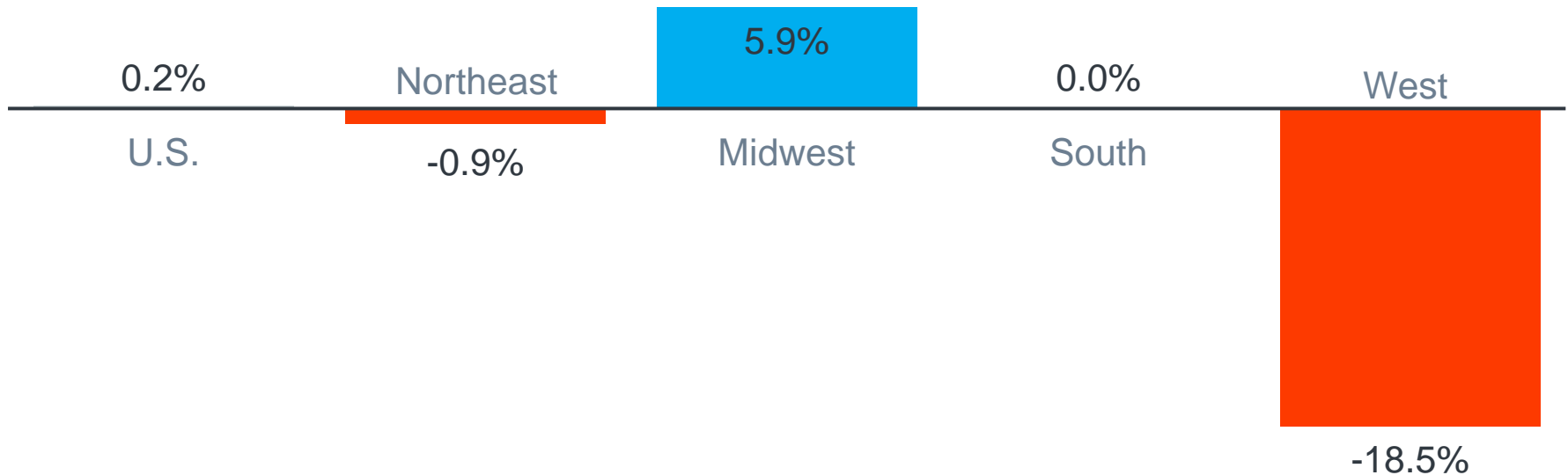
# Buyer Demand

# 121 Markets Nationwide See Double-Digit Home Showings Per Listing

*Year-Over-Year Increase in Showing Activity, March 2022*

**Michael Lane**, Vice President & General Manager, Showing Time

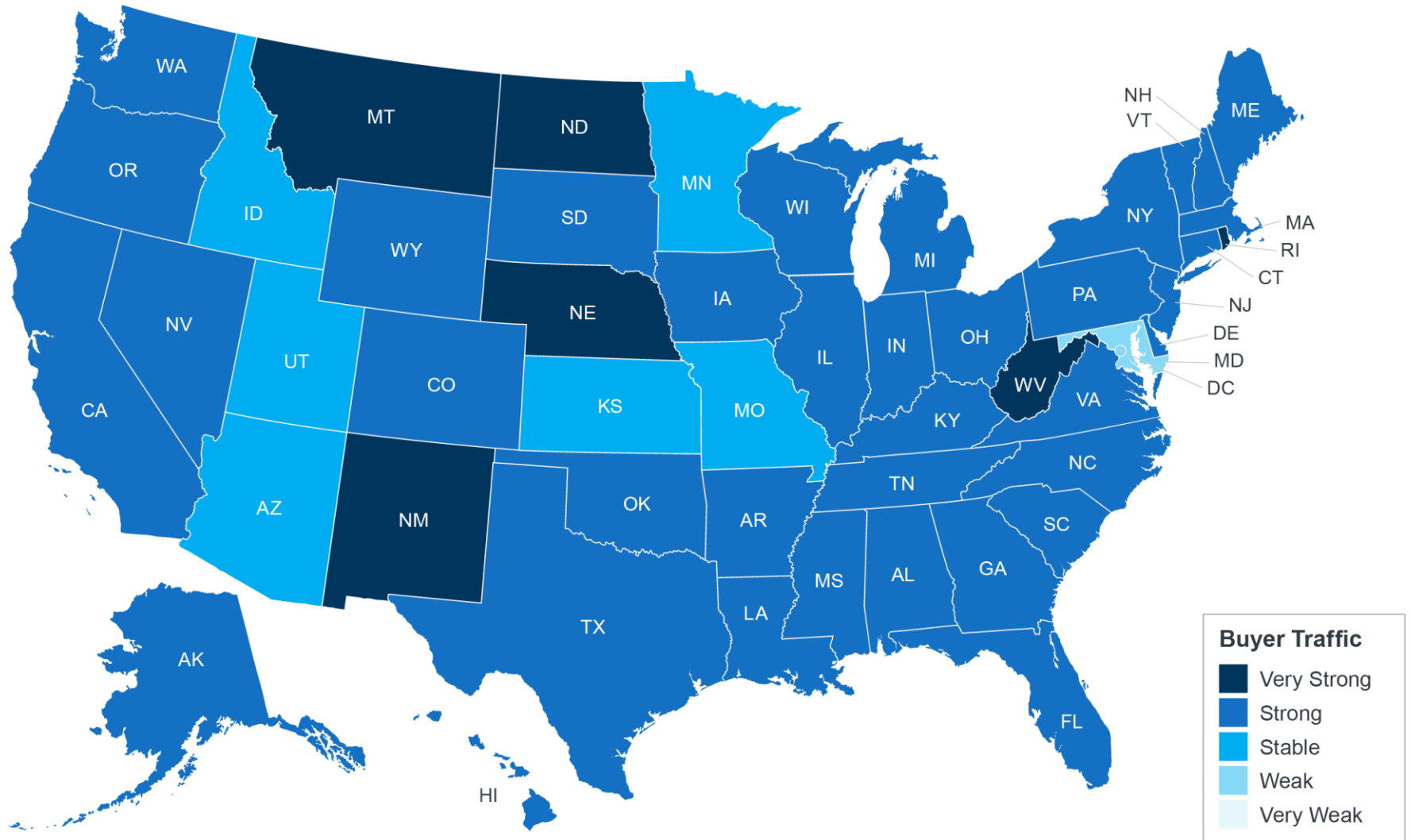
“We are sensing a slight slowdown in the Western region of the U.S. in year-over-year Showing Index values, although **there is still very strong activity. . . . The demand per listing is still at historically unprecedented levels, but for the first time in the last 12 months it is neutral.**”



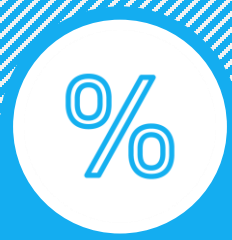
Source: ShowingTime

# Buyer Traffic Index

March 2022



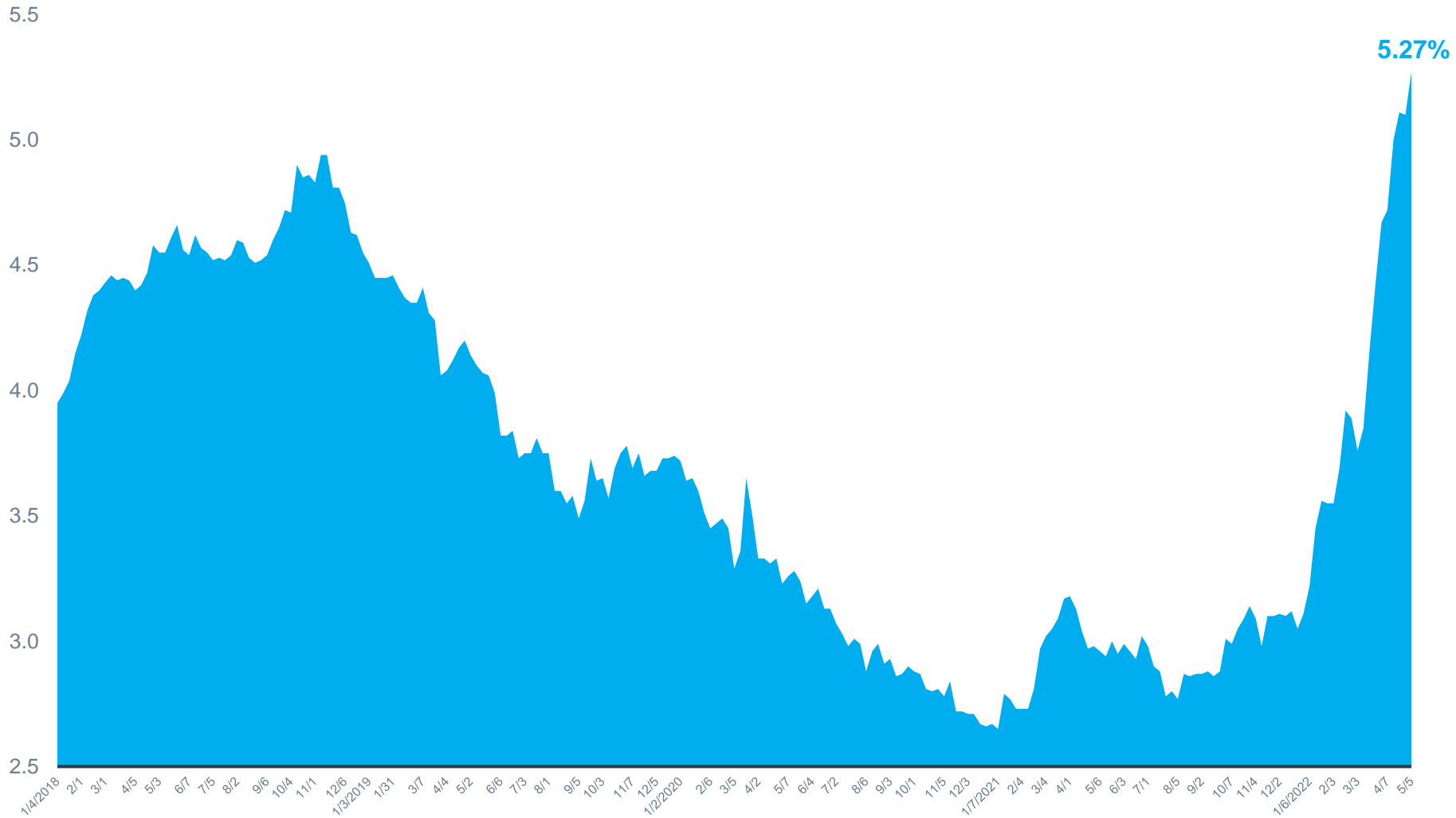
Source: NAR



# Mortgage Rates

# Mortgage Rates

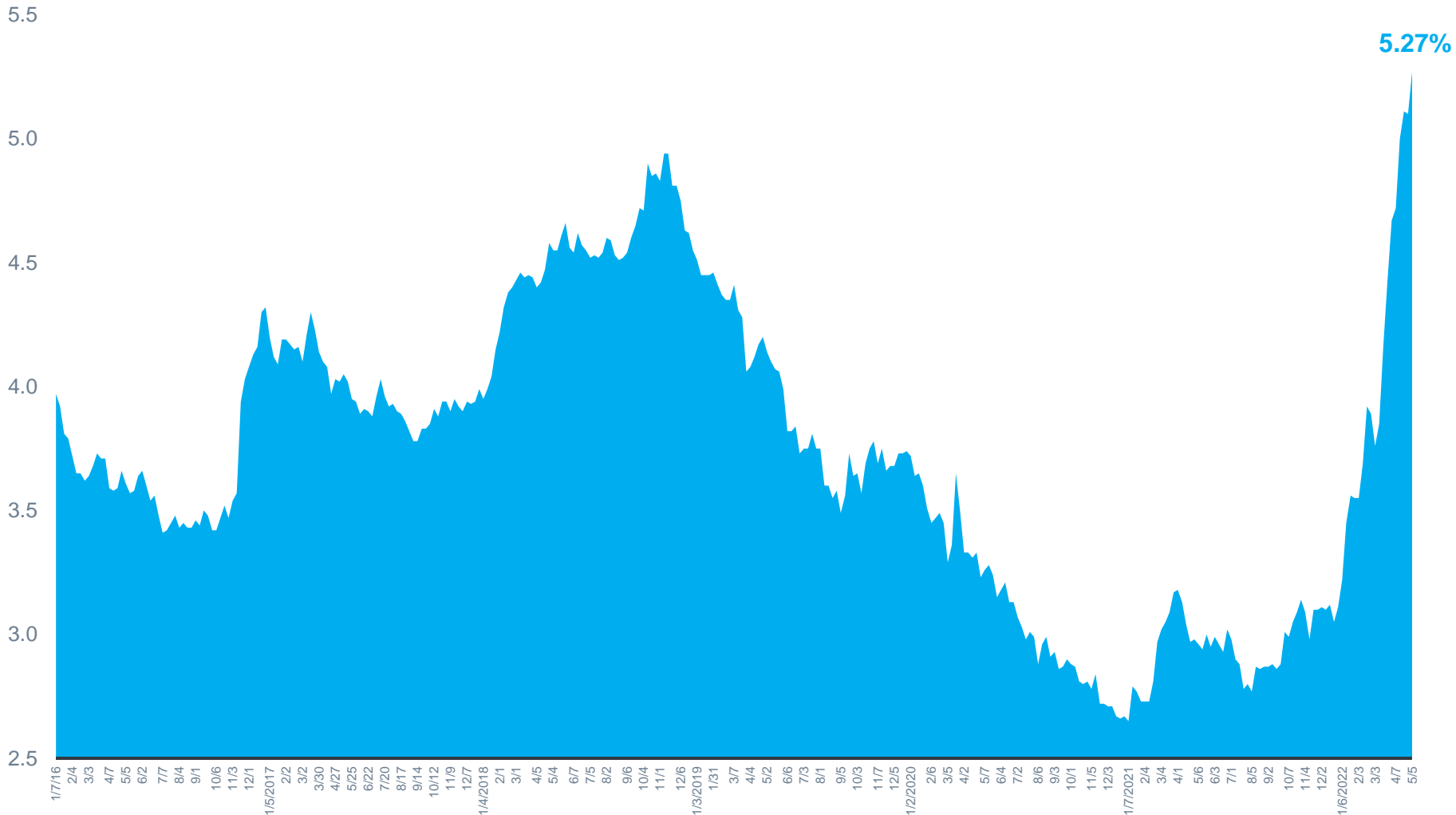
30-Year Fixed Rate, January 2018–Today



Source: Freddie Mac

# Mortgage Rates

30-Year Fixed Rate, January 2016–Today



Source: Freddie Mac

# Mortgage Rate Projections

April 2022

Quarter	Freddie Mac	Fannie Mae	MBA	NAR	Average of All Four
2022 3Q	4.8	4.5	4.8	5.2	<b>4.83%</b>
2022 4Q	5.0	4.5	4.8	5.3	<b>4.90%</b>
2023 1Q	5.0	4.5	4.8	5.3	<b>4.90%</b>
2023 2Q	5.0	4.5	4.8	5.4	<b>4.93%</b>



# Mortgage Rates

## 30-Year Fixed Rate

5.5

5.0

4.5

4.0

3.5

3.0

2.5

2018 2/1 3/1 4/5 5/3 6/7 7/5 8/2 9/6 10/4 11/1 12/6 2019 1/31 3/7 4/4 5/2 6/6 7/3 8/1 9/5 10/3 11/7 12/5 2020 2/6 3/5 4/2 5/7 6/4 7/2 8/6 9/3 10/1 11/5 12/3 2021 2/4 3/4 4/1 5/6 6/3 7/1 8/5 9/2 10/7 11/4 12/2 2022 2/3 3/3 4/7 5/5

January 2018 – Today  
Actual Interest Rates

4.8

5.0

5.0

5.0

Where Are They Going?

2022 Q3

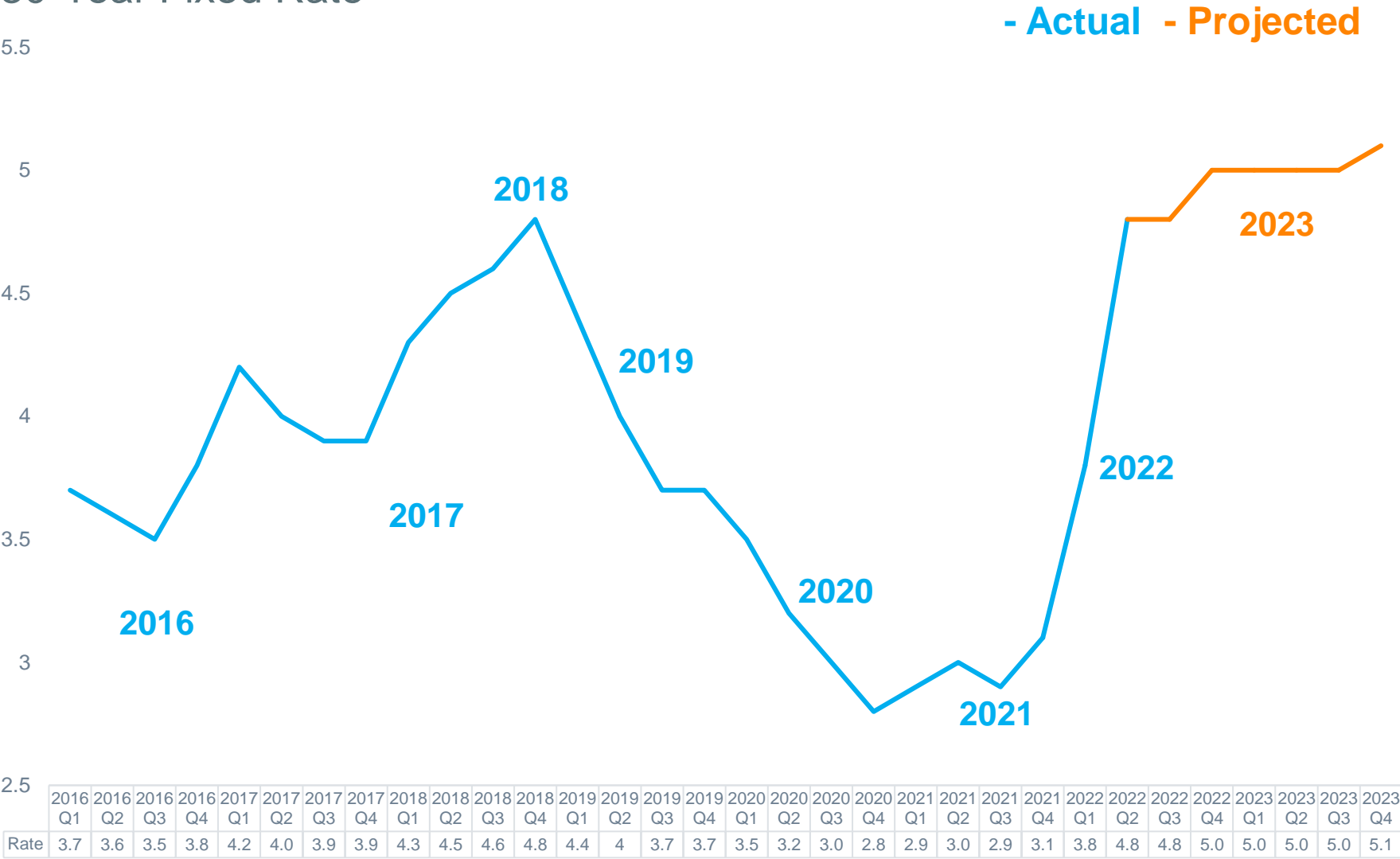
2022 Q4

2023 Q1

2023 Q2

# Mortgage Rates

30-Year Fixed Rate

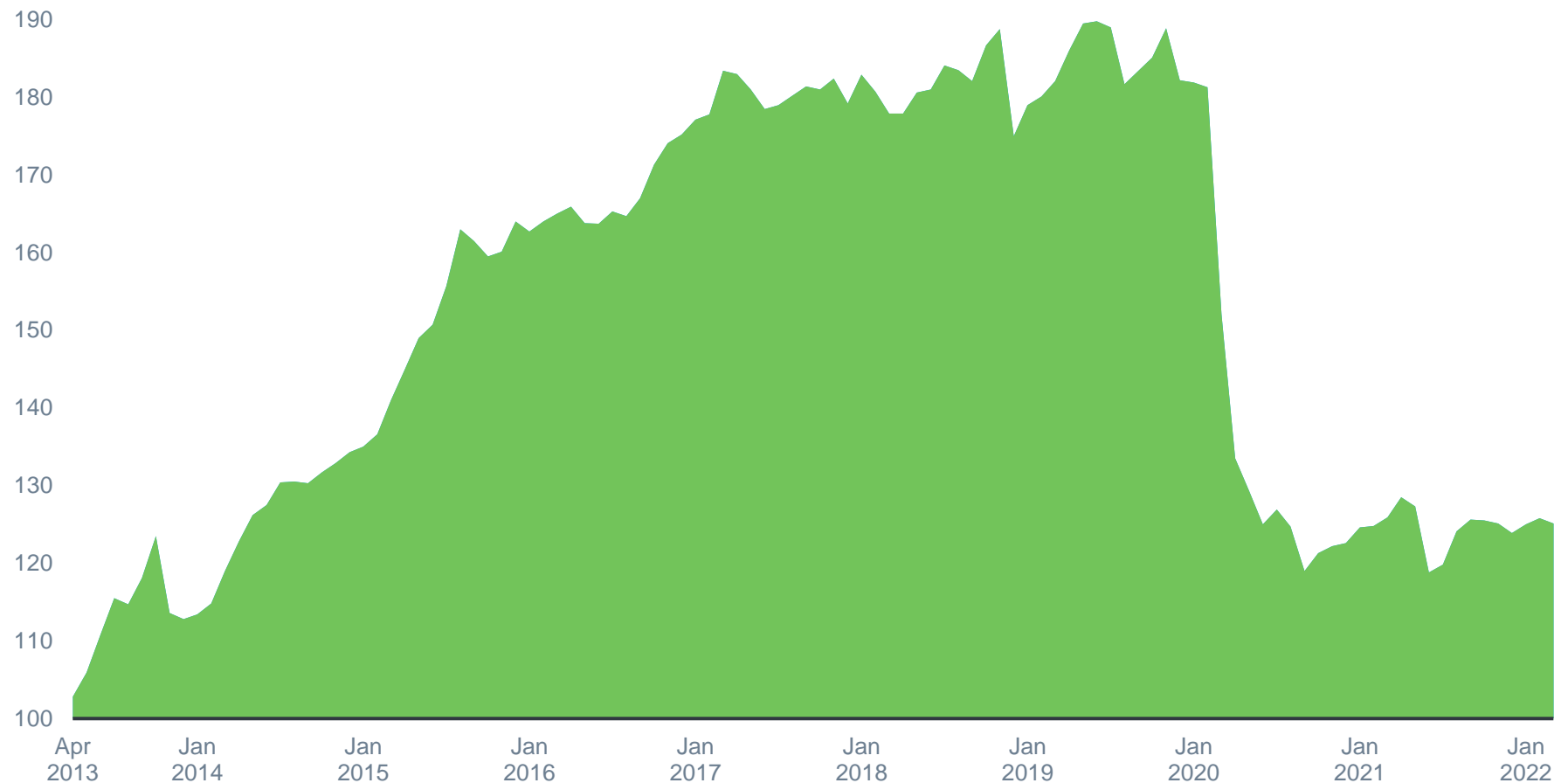




# Mortgage Credit Availability

# Mortgage Credit Availability Index (MCAI)

March 2022



Source: MBA

# Lending Standards Still Under Control

Historic Data for the Mortgage Credit Availability Index (MCAI)

