



50 *Years*

The Title Company of Jersey

Established in 1972

December 2022



What's Happening with Mortgage Rates?

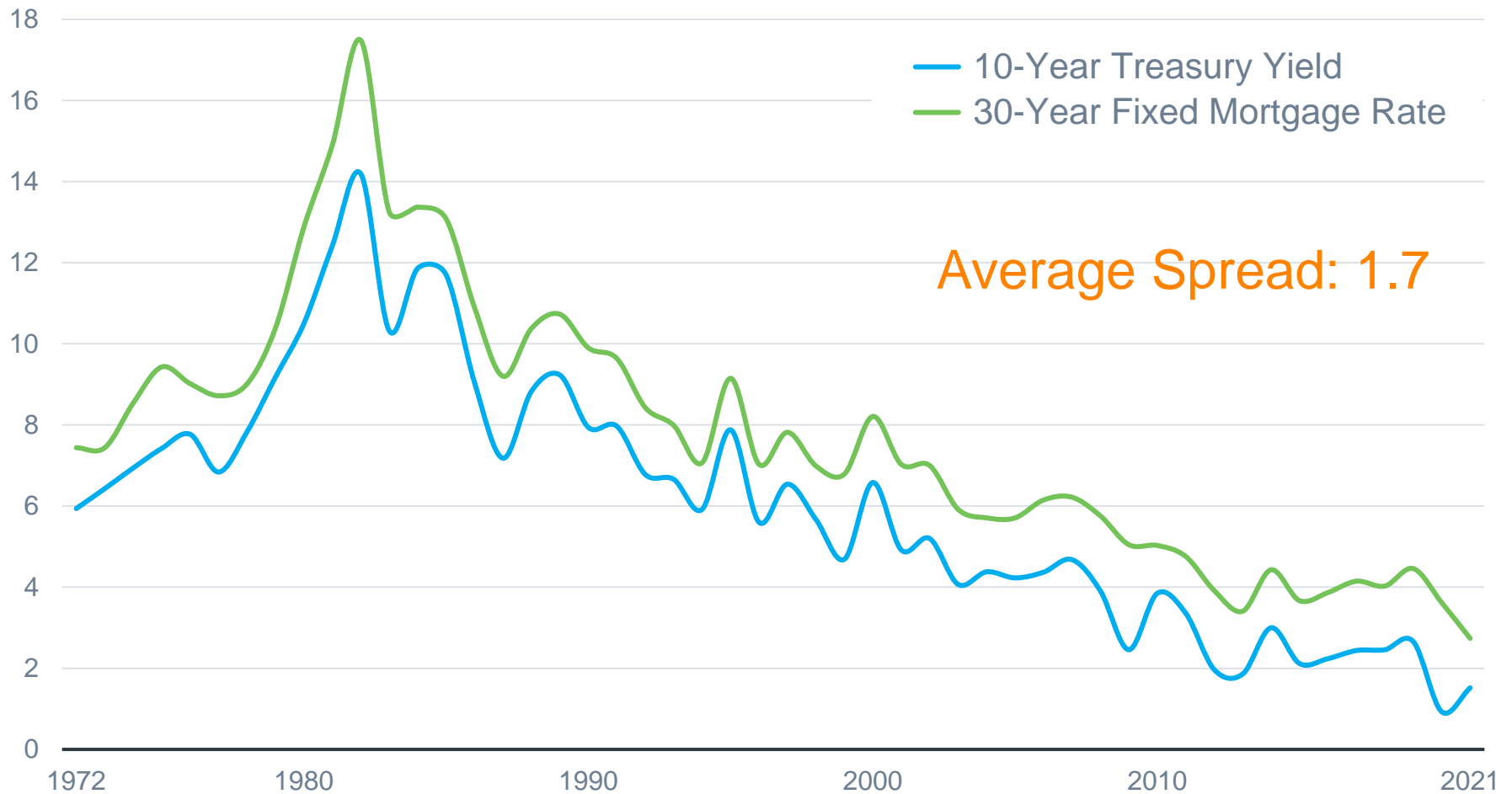




A return to a **normal spread** between the government borrowing rate and the home purchase borrowing rate will bring the 30-year mortgage rates down to around 6%.

- **Lawrence Yun**, Chief Economist, NAR

For Almost 50 Years, the 30-Year Mortgage Rate Has Moved in Unison with the 10-Year Treasury Yield



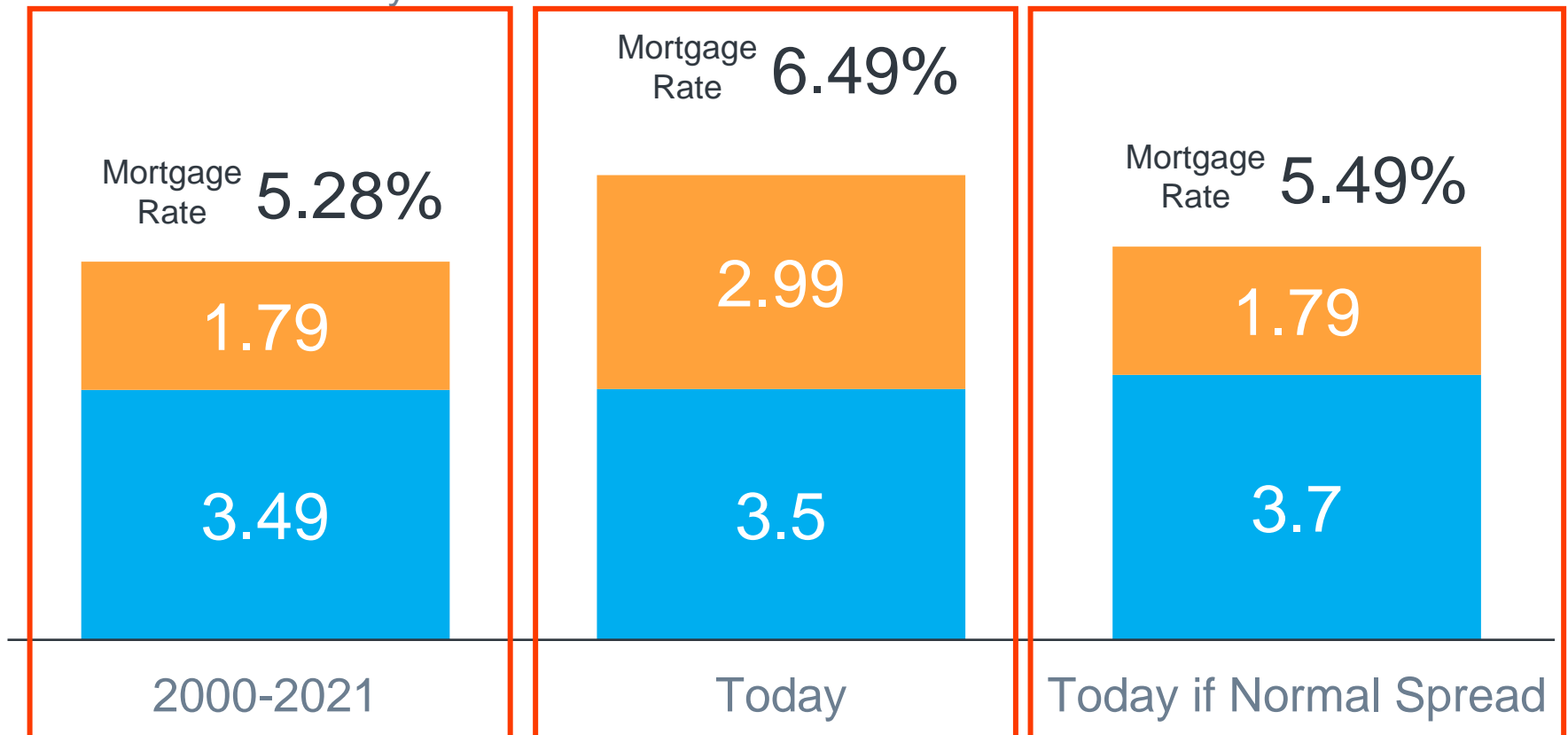
10-Year Treasury Yield



Why Are Mortgage Rates Not 5.5%?

The Increase in the Spread Above the 10-Year Yield Is Now Dramatic

- Spread (Difference Between the Mortgage Rate and the 10-Year Yield)
- 10-Year Treasury Yield





The housing market is expected to face continued uncertainty heading into 2023 as consumers, financial markets, and policymakers work through their respective challenges in today's economy.

- **Ali Wolf**, Chief Economist, Zonda



Because we see a slowdown, and we see the inflation comparisons start to become more and more favorable, you'll start to see that inflation number move lower, lower, lower, lower. And as a result, **mortgage rates should move similarly on a downward trajectory—probably giving us around 5%, below 5% within the next six months.**

- **Barry Habib**, MBS Highway

Don't Trust the Headlines Without the Proper Context



Uncertainty certain
Look out below What happened? downgrade debt
FALLING Stock market falls Now what? Drop-off
U.S. credit rating lowered Average investors suffering
Debt disaster **Street takes a plunge** debt Mark
Fed speaks, market listens plung
Floored again debt
Debt Crashing chaos' debt
resume sell-off: Dow falls 519



Diana Olick

@DianaOlick



#Homeowners have lost \$1.5 trillion in equity since May, as home prices drop [cnb.cx/3t9VCCw](https://www.cnbc.com/3t9VCCw)
@Black_KnightInc #housing #realestateinvesting

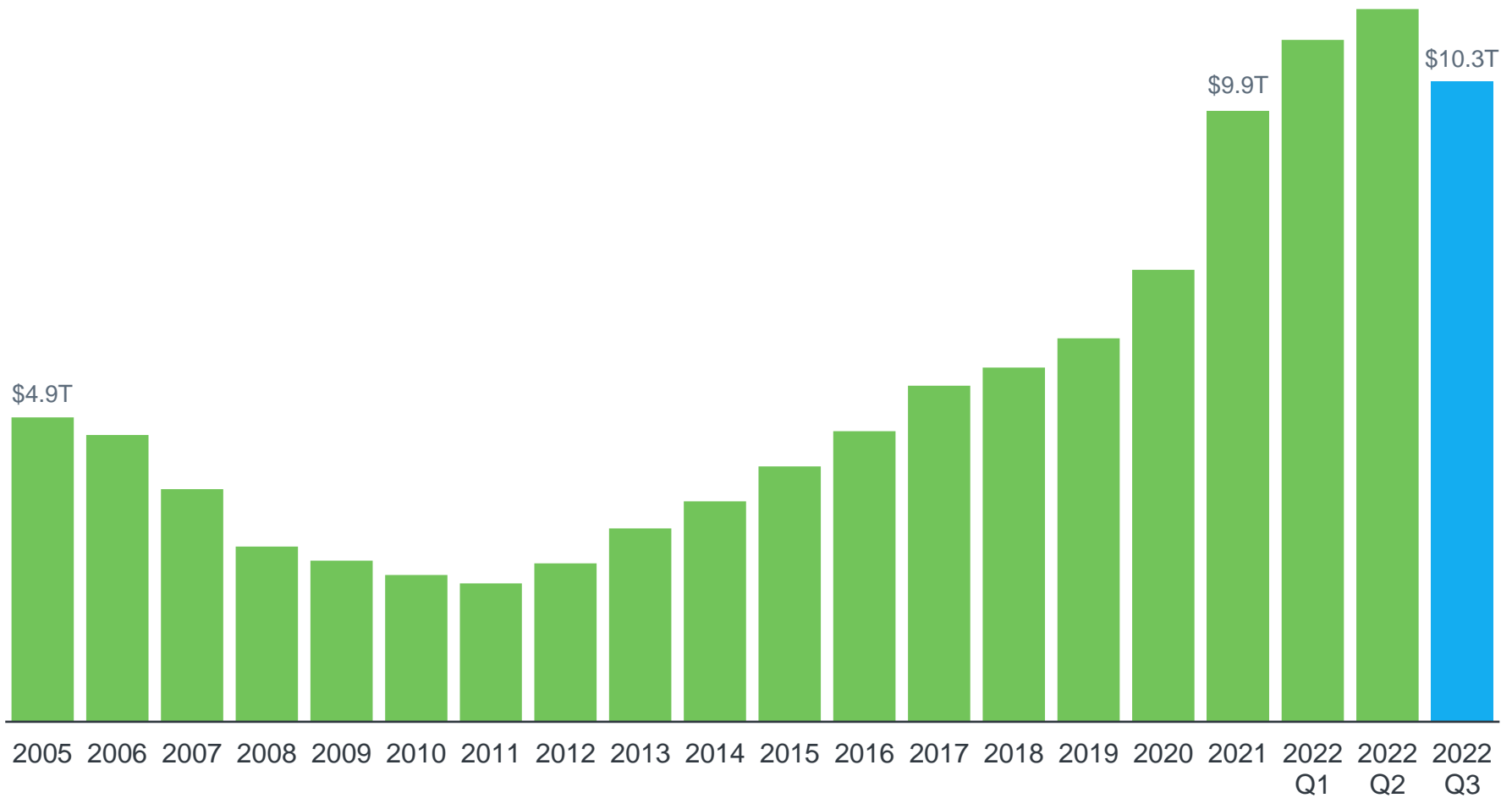


cnbc.com

Homeowners have lost \$1.5 trillion in equity since May, as home prices drop
As home prices fall, homeowners are losing equity at the fastest pace in over a decade.

Drop in Tappable Equity Put in Perspective

Amount of equity available for homeowners to access before hitting a maximum 80% combined LTV in trillions still \$400M above last year



Source: Black Knight



Homeowners have very high levels of tappable home equity today, providing a cushion to withstand potential price declines, **but also preventing housing distress from turning into a foreclosure. . . .** the result will likely be more of a foreclosure ‘trickle’ than a ‘tsunami.’

- **Ksenia Potapov**, Economist, First American, 11/15/2022

ECONOMY

Household debt soars at fastest pace in 15 years as credit card use surges, Fed report says

PUBLISHED TUE, NOV 15 2022-11:00 AM EST | UPDATED TUE, NOV 15 2022-5:37 PM EST



Jeff Cox
@JEFF.COX.7528
@JEFFCOXCNBCCOM

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KEY POINTS

- Households increased debt at the fastest pace in 15 years due to hefty increases in credit card usage and mortgage balances.
- The credit card balance collectively rose more than 15% from the same period in 2021, the largest annual jump in more than 20 years, according to the New York Fed.
- The increase stems from “a combination of robust consumer demand and higher prices,” a Fed official said.



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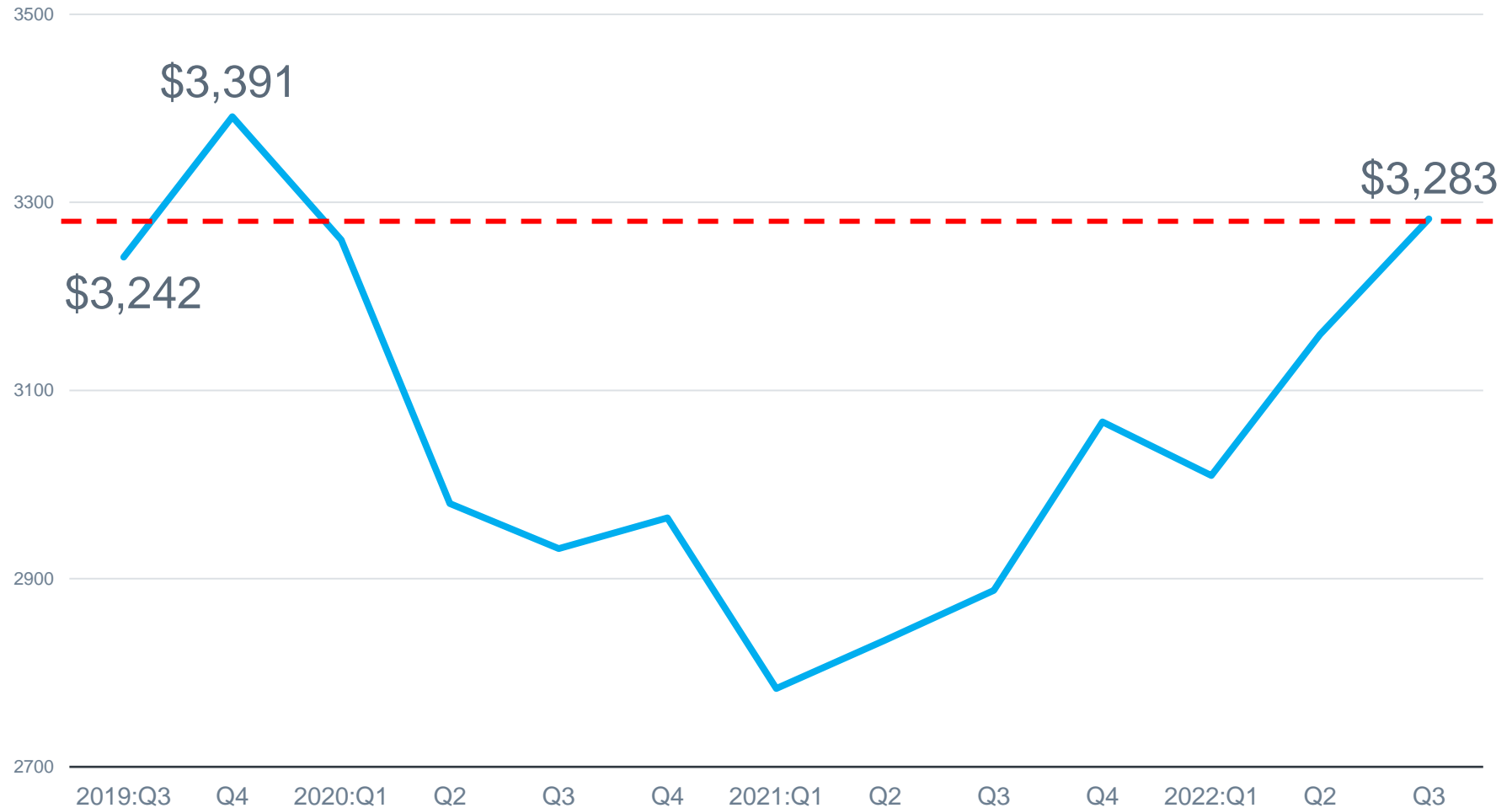
STATE STREET GLOBAL
SPDR ADVISORS

HOW TO OBTAIN
PROSPERITY & OTHER
IMPORTANT INFORMATION



Credit Card Balances Near 2019 Levels

Average American Credit Card Balance



Source: NY Fed

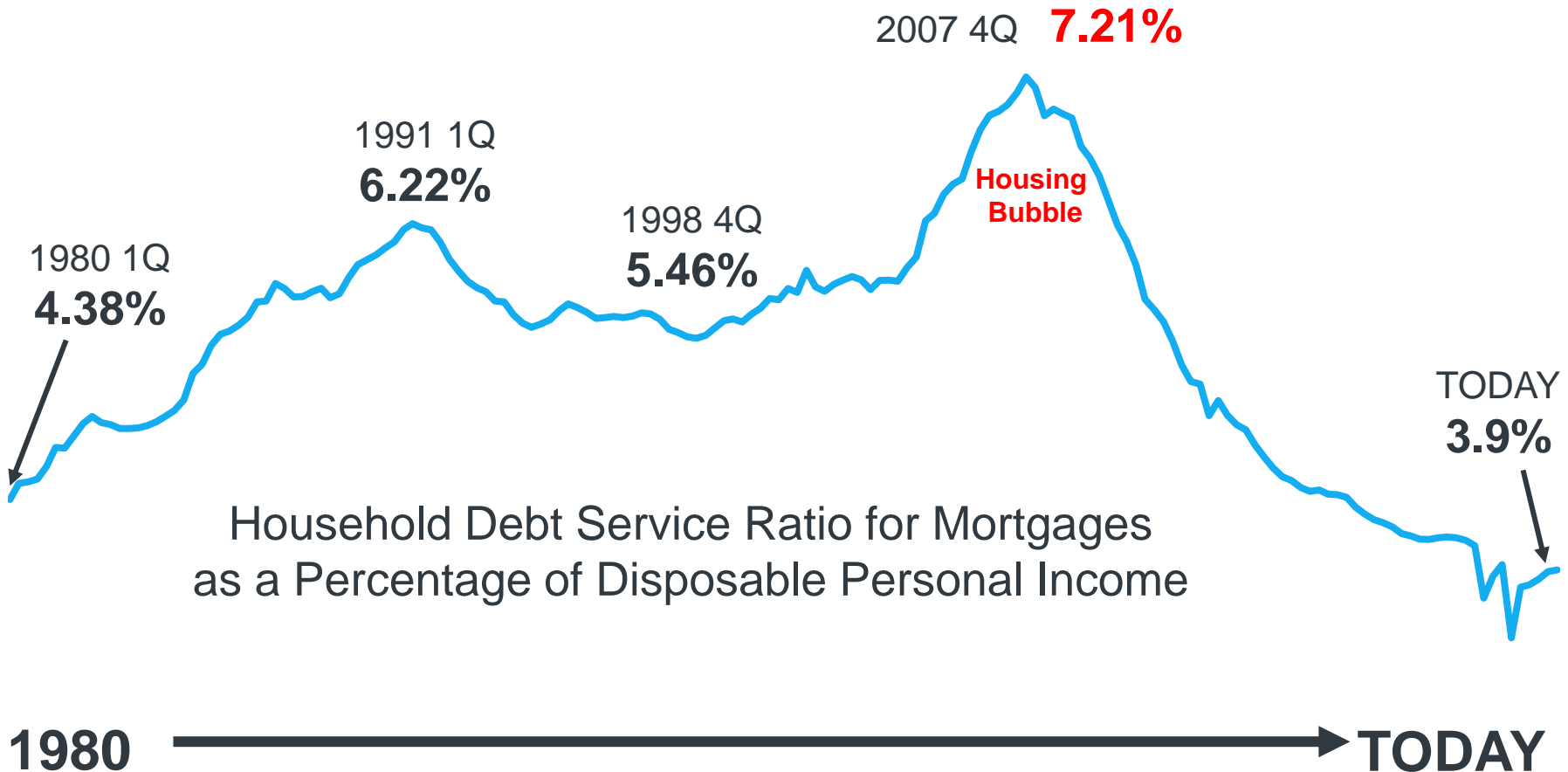


Though delinquency rates are rising they remain low by historical standards and suggest consumers are managing their finances through the period of increasing prices.

- Liberty Street Economics Blog, 11/15/2022

Mortgage Debt-To-Income Ratio near Historic Lows

Total quarterly required mortgage payments divided by total quarterly disposable personal income.



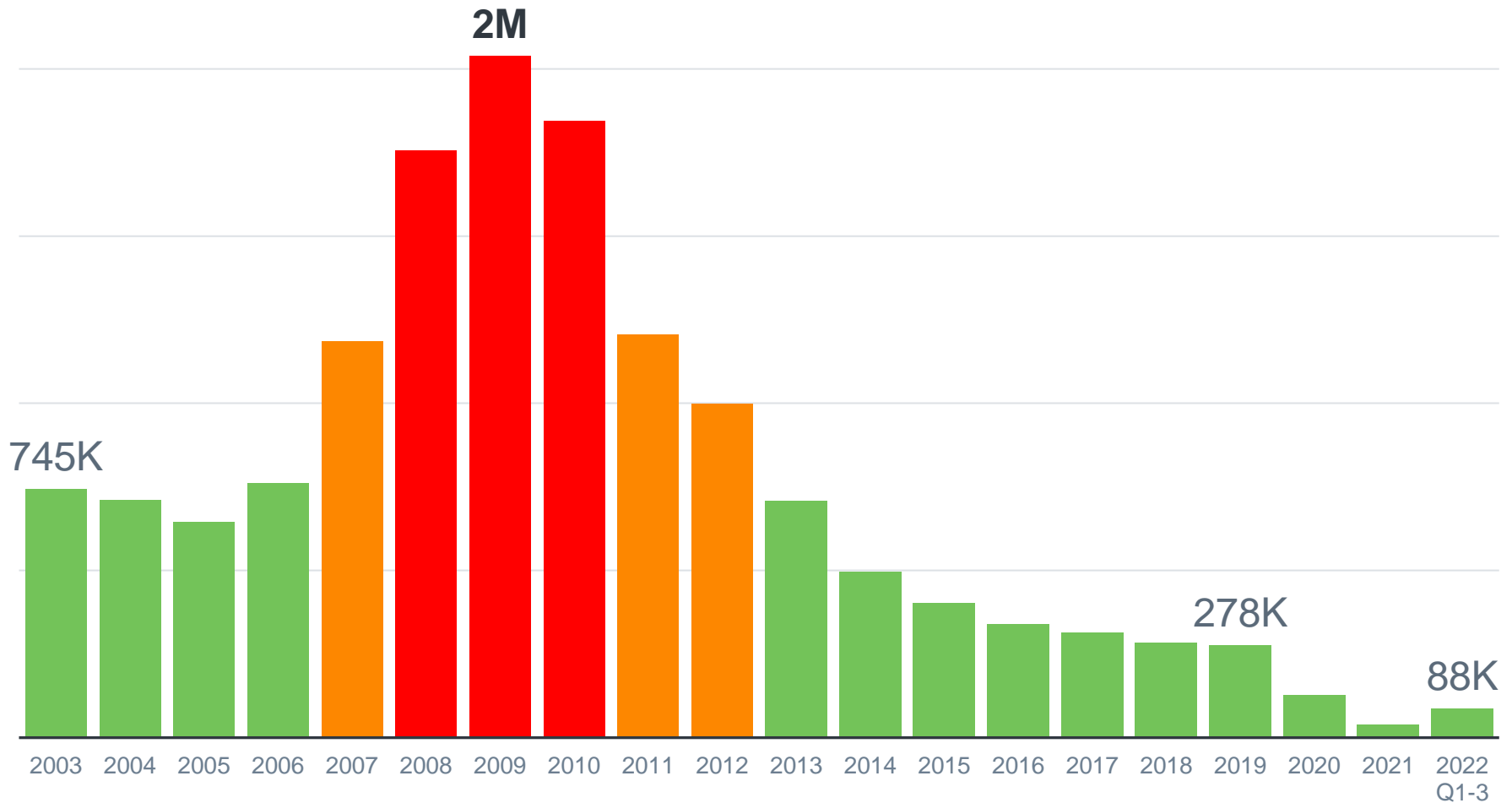


For the second quarter in a row, the mortgage delinquency rate fell to its lowest level since MBA's survey began in 1979 – declining to 3.45%. Foreclosure starts and loans in the process of foreclosure also dropped in the third quarter to levels further below their historical averages.

- **Marina Walsh**, VP of Industry Analysis, MBA, 11/2022

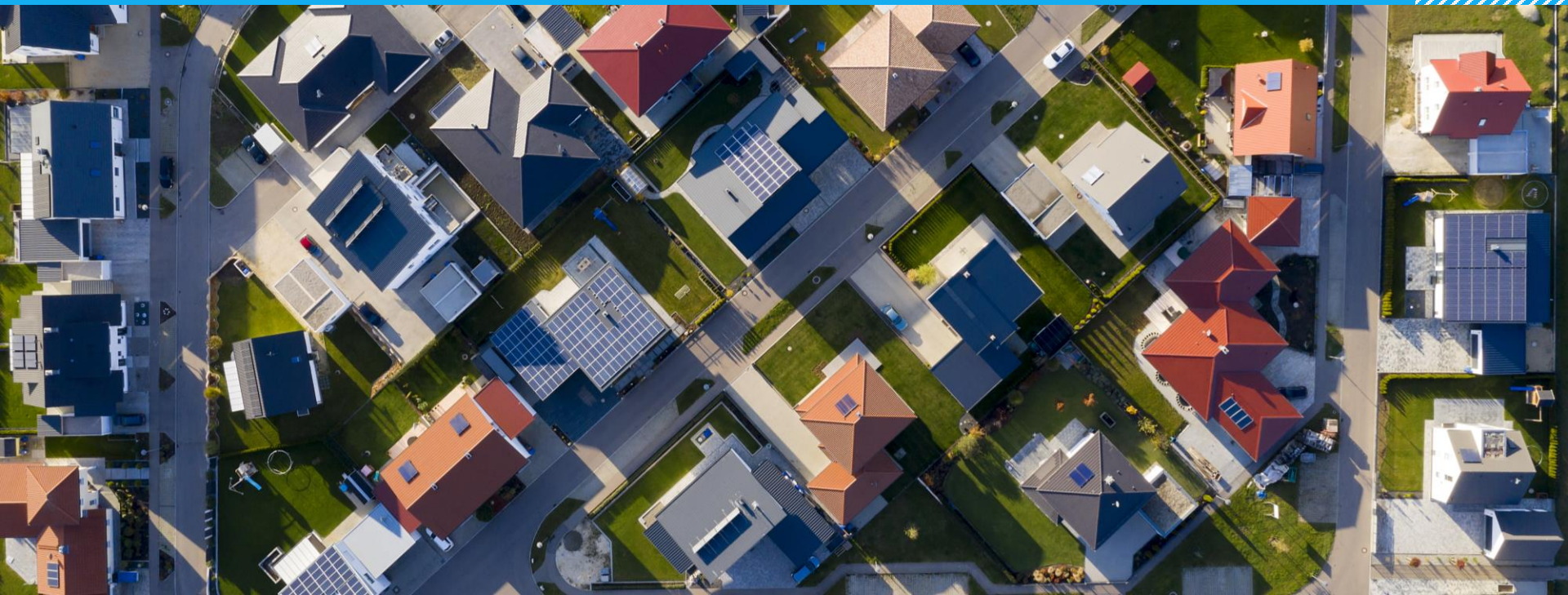
Foreclosures Up, but near Record Lows

Number of Consumers with New Foreclosures



Source: NY Fed

2023 Housing Market Forecast



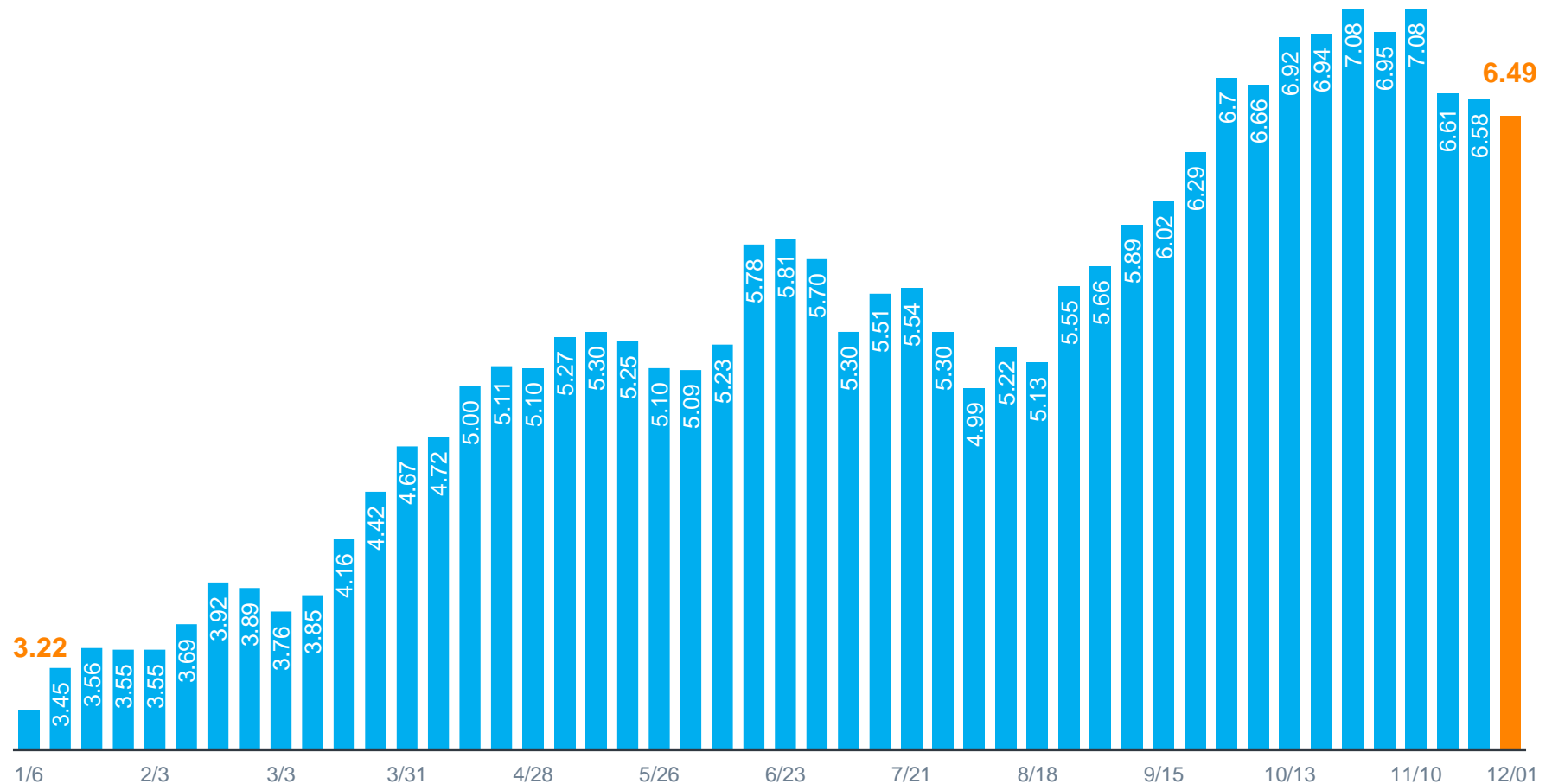


I'd say if you are a homebuyer, somebody or a young person looking to buy a home, you need a bit of a reset. **We need to get back to a place where supply and demand are back together and where inflation is down low again, and mortgage rates are low again.**

- **Jerome Powell**, Chair, Federal Reserve (*Quoted in June of 2022*)

2022 Defined by Rising Mortgage Rates

Freddie Mac 30-Year Fixed Rate: January 2022–Today



Source: Freddie Mac

Mortgage Rate Projections

November 2022



Quarter	Freddie Mac	Fannie Mae	MBA	NAR	Average of All Four
2023 Q1	6.60%	7.00%	6.20%	6.50%	6.58%
2023 Q2	6.50%	6.90%	5.60%	6.40%	6.35%
2023 Q3	6.40%	6.70%	5.40%	6.30%	6.20%
2023 Q4	6.20%	6.50%	5.20%	6.10%	6.00%

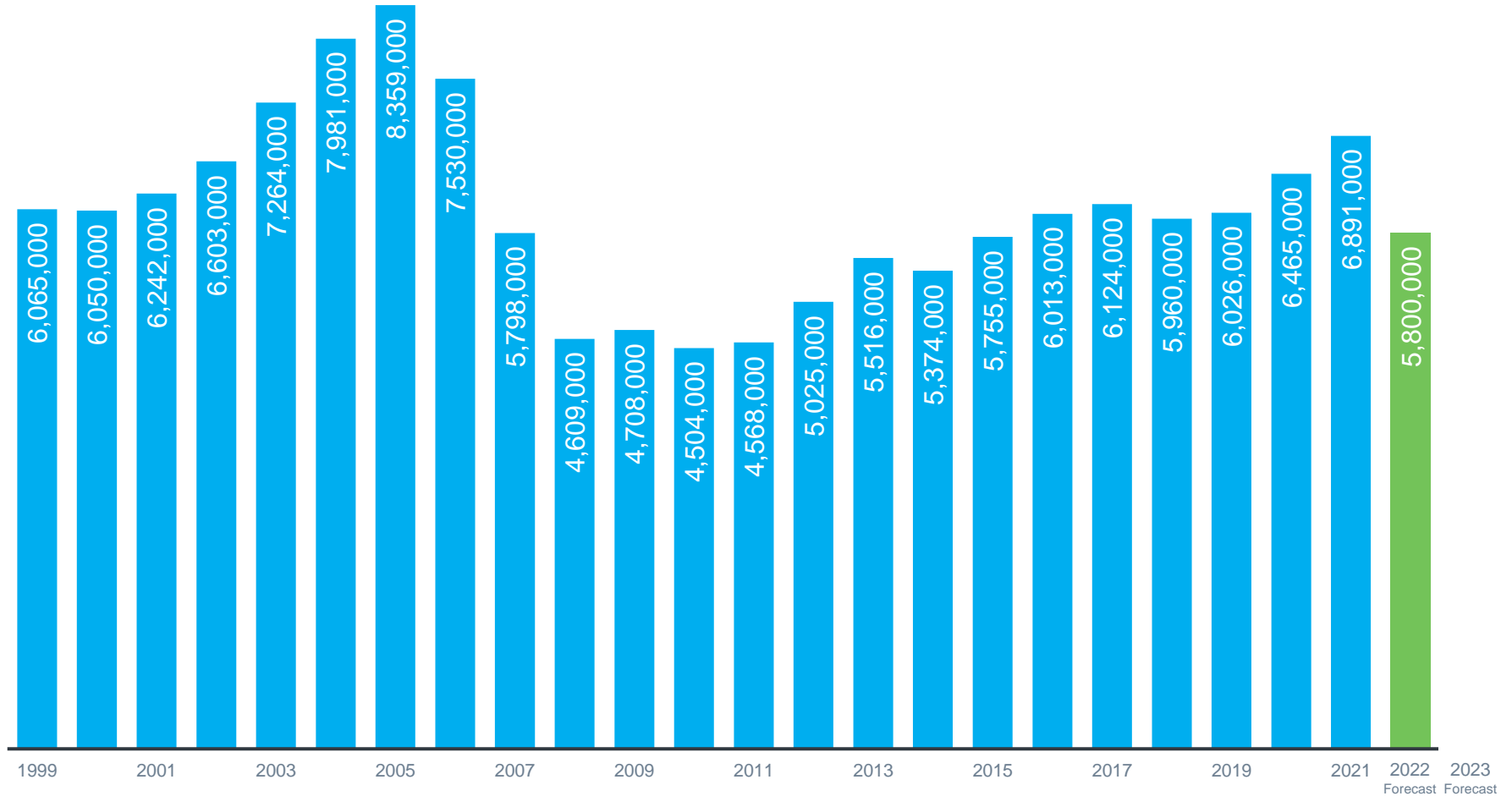


. . . mortgage rates could pull back
meaningfully next year **if inflation
pressures ease.**

- **Greg McBride**, Chief Financial Analyst, Bankrate

Total Home Sales

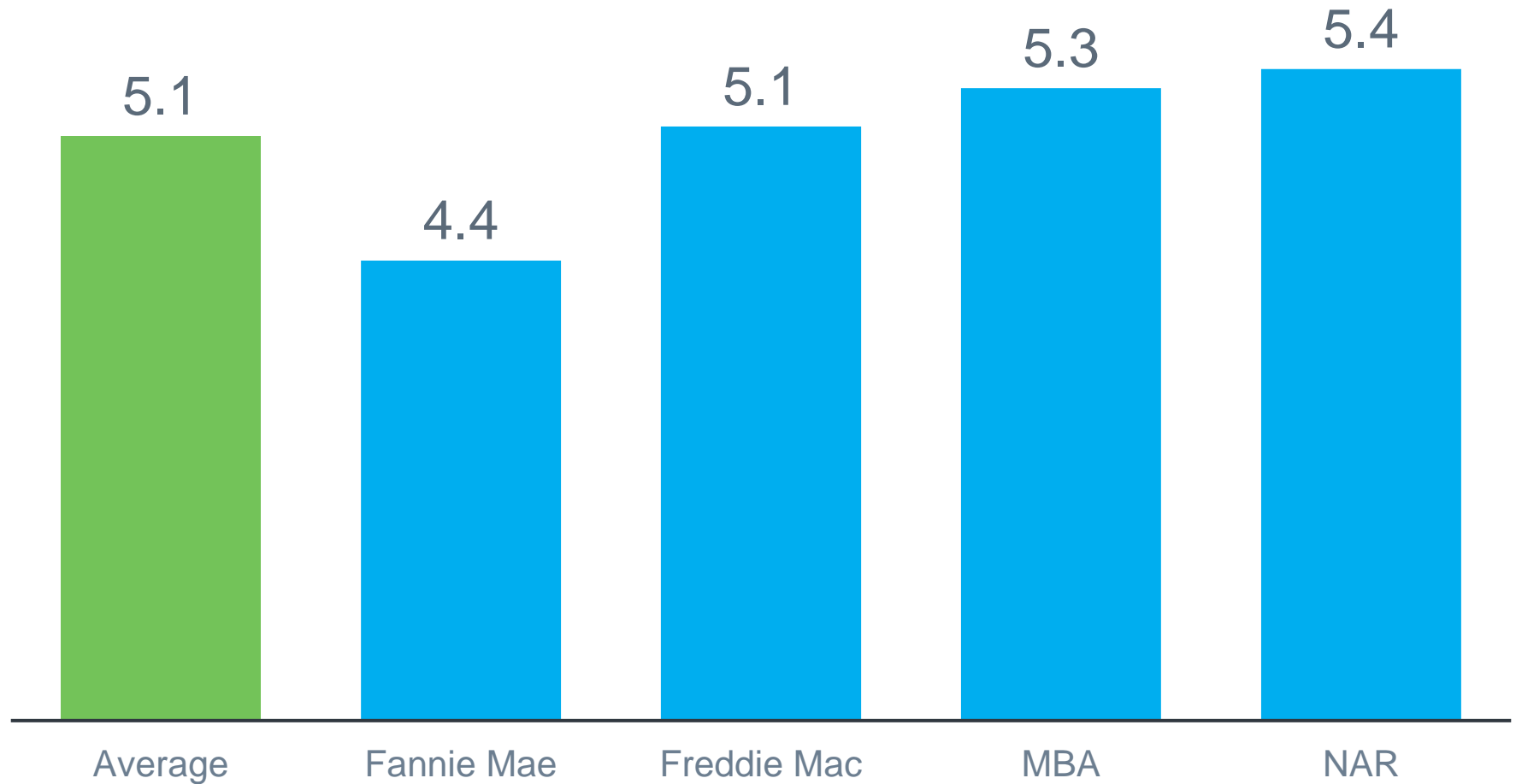
1999 – October 2022



Source: Census, NAR

2023 Total Home Sales Forecasts

In Millions



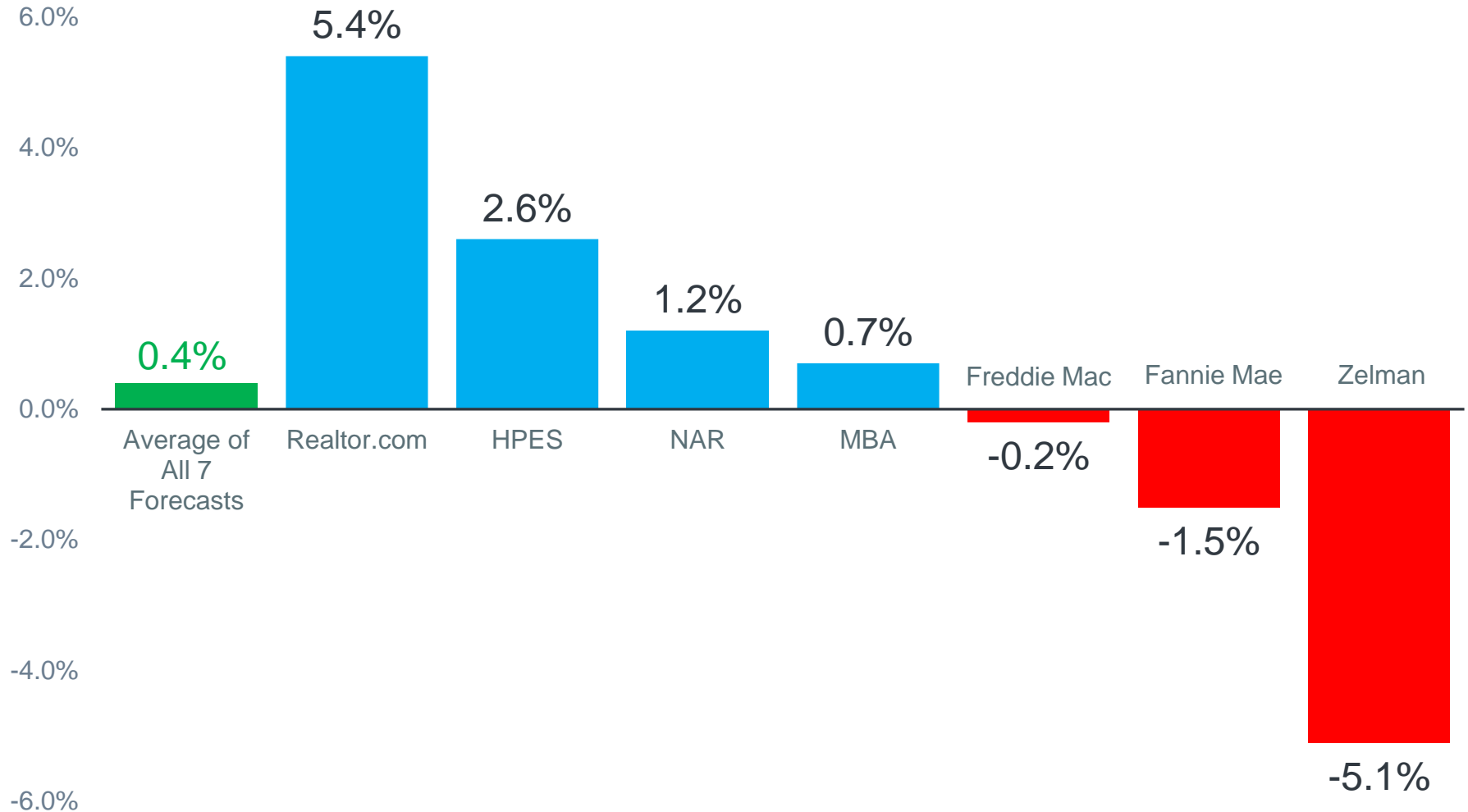


The upcoming months should see a return of buyers, as mortgage rates appear to have already peaked and have been coming down since mid-November.

- **Lawrence Yun**, Chief Economist, NAR

Home Price Forecasts for 2023

Latest Forecasts from Each Entity





The housing market, once adjusted to the new normal of higher mortgage rates, will benefit from continued strong demographic-driven demand relative to an overall, long-run shortage of supply.

- **Mark Fleming**, Chief Economist, First American



From our perspective, the good news is that demographics remain favorable for housing, so the sector appears well-positioned to help lead the economy out of what we expect will be a brief recession.

- **Doug Duncan**, Senior VP and Chief Economist, Fannie Mae

Resources

Slide(s)	Description	Link(s)
3	Yun Quote, Rates	https://www.nar.realtor/newsroom/home-prices-rose-year-over-year-in-98-of-metro-areas-in-third-quarter-of-2022
4	Rates & 10-Year Treasury Over Time Graph	https://www.freddiemac.com/pmms/pmms_archives https://www.macrotrends.net/2016/10-year-treasury-bond-rate-yield-chart
5	10-Year Treasury Graph	https://www.wsj.com/market-data/quotes/bond/BX/TMUBMUSD10Y/historical-prices
6	Current Rates & 10-Year Treasury Graph	https://www.cnbc.com/quotes/US10Y https://www.freddiemac.com/home
7	Wolf Quote	https://www.builderonline.com/data-analysis/a-look-at-the-relationship-between-the-10-year-treasury-and-30-year-mortgage-rate_o
8	Habib Quote	https://www.mauldineconomics.com/download/global-macro-update-transcript-barry-habib
10	Olick Tweet	https://twitter.com/DianaOlick/status/1589695349308166145
11	Tappable Equity Graph	https://www.blackknightinc.com/wp-content/uploads/2022/11/BKI_MM_Sept2022_Report.pdf

Resources

Slide(s)	Description	Link(s)
12	Potapov Quote	https://blog.firstam.com/economics/will-foreclosures-rise-as-the-housing-and-labor-markets-cool
13	CNBC Headline	https://www.cnn.com/2022/11/15/household-debt-soars-at-fastest-pace-in-15-years-as-credit-card-use-surges-fed-report-says.html
14	Credit Card Balances Graph	https://libertystreeteconomics.newyorkfed.org/2022/11/balances-are-on-the-rise-so-who-is-taking-on-more-credit-card-debt/
15	Liberty Street Economics Quote	https://libertystreeteconomics.newyorkfed.org/2022/11/balances-are-on-the-rise-so-who-is-taking-on-more-credit-card-debt/
16	Mortgage Debt-To-Income Graph	https://www.federalreserve.gov/releases/housedebt/default.htm

Resources

Slide(s)	Description	Link(s)
18	Foreclosures Graph	https://www.newyorkfed.org/microeconomics/hhdc
20	Powel Quote	https://fortune.com/2022/06/16/housing-market-reset-federal-reserve-could-see-home-prices-fall/
21	Mortgage Rates Graph	https://freddiemac.gcs-web.com/node/26346/pdf http://www.freddiemac.com/pmms/
22	Mortgage Rates Forecast	https://www.fanniemae.com/media/45306/display https://cdn.nar.realtor/sites/default/files/documents/forecast-q4-2022-us-economic-outlook-09-28-2022.pdf https://www.freddiemac.com/research/forecast/20221021-quarterly-forecast-rapidly-rising-rates-declining-demand-driving-housing-market https://www.mba.org/docs/default-source/research-and-forecasts/forecasts/mortgage-finance-forecast-nov-2022.pdf
23	McBride Quote	https://www.bankrate.com/real-estate/housing-market-predictions-2023/#home-values

Resources

Slide(s)	Description	Link(s)
24	Home Sales Since 1999 Graph	https://www.nar.realtor/topics/existing-home-sales https://cdn.nar.realtor/sites/default/files/documents/ehs-10-2022-overview-2022-11-18.pdf https://www.census.gov/construction/nrs/pdf/newressales.pdf https://cdn.nar.realtor/sites/default/files/documents/forecast-q4-2022-us-economic-outlook-09-28-2022.pdf
25	Home Sales Forecasts	https://www.fanniemae.com/media/45306/display https://cdn.nar.realtor/sites/default/files/documents/forecast-q4-2022-us-economic-outlook-09-28-2022.pdf https://www.freddiemac.com/research/forecast/20221021-quarterly-forecast-rapidly-rising-rates-declining-demand-driving-housing-market https://www.mba.org/docs/default-source/research-and-forecasts/forecasts/mortgage-finance-forecast-nov-2022.pdf
26	Yun Quote, Rates Forecast	https://twitter.com/NAR_Research/status/1597970968298782720?s=20&t=RM8XMxPm_1ZkD0xfSe4N6Q

Resources

Slide(s)	Description	Link(s)
27	Home Price Forecasts Graph	https://news.move.com/2022-11-30-Realtor-com-R-Housing-Forecast-Homebuying-Costs-Arent-Coming-Down-in-2023 https://www.fanniemae.com/media/44911/display https://cdn.nar.realtor/sites/default/files/documents/forecast-q4-2022-us-economic-outlook-09-28-2022.pdf https://pulsenomics.com/surveys/#home-price-expectations https://www.zelmanassociates.com/ (by subscription) https://www.mba.org/docs/default-source/research-and-forecasts/forecasts/mortgage-finance-forecast-oct-2022.pdf?sfvrsn=d32917_1
28	Fleming Quote	https://blog.firstam.com/economics/why-the-housing-market-may-begin-to-stabilize-in-2023
29	Duncan Quote	https://www.fanniemae.com/newsroom/fannie-mae-news/economy-still-expected-enter-and-exit-modest-recession-2023



Updates

Resources

Slide(s)	Description	Link(s)
40	Confidence Index	https://www.nar.realtor/research-and-statistics/research-reports/realtors-confidence-index
41-43, 51, 53, 54, 60-65	Existing Home Sales	https://www.nar.realtor/topics/existing-home-sales
44-47	New Home Sales	http://www.census.gov/construction/nrs/pdf/newressales.pdf http://www.census.gov/newhomesales
48	Total Home Sales	http://www.census.gov/construction/nrs/pdf/newressales.pdf https://www.nar.realtor/topics/existing-home-sales
49, 50	Pending Home Sales	https://www.nar.realtor/research-and-statistics/housing-statistics/pending-home-sales
55-57	Case Shiller	https://www.spglobal.com/spdji/en/indices/indicators/sp-corelogic-case-shiller-20-city-composite-home-price-nsa-index/#news-research
58	CoreLogic Price Forecast	https://www.corelogic.com/intelligence/u-s-home-price-insights/

Resources

Slide(s)	Description	Link(s)
60-67	Inventory	https://www.nar.realtor/topics/existing-home-sales http://www.census.gov/construction/nrs/pdf/newressales.pdf https://www.realtor.com/research/data/
69	Showing Activity	https://www.showingtime.com/blog/october-2022-showing-index-results/
71, 72, 74, 75	Mortgage Rates	http://www.freddiemac.com/pmms/pmms_archives.html http://www.freddiemac.com/research/forecast/
73	Mortgage Rate Projections	http://www.freddiemac.com/research/forecast/ http://www.fanniemae.com/portal/research-insights/forecast.html https://www.mba.org/news-research-and-resources/research-and-economics/forecasts-and-commentary https://www.nar.realtor/research-and-statistics
77, 78	Mortgage Credit Availability	https://www.mba.org/news-research-and-resources/newsroom https://www.mba.org/news-research-and-resources/research-and-economics/single-family-research/mortgage-credit-availability-index

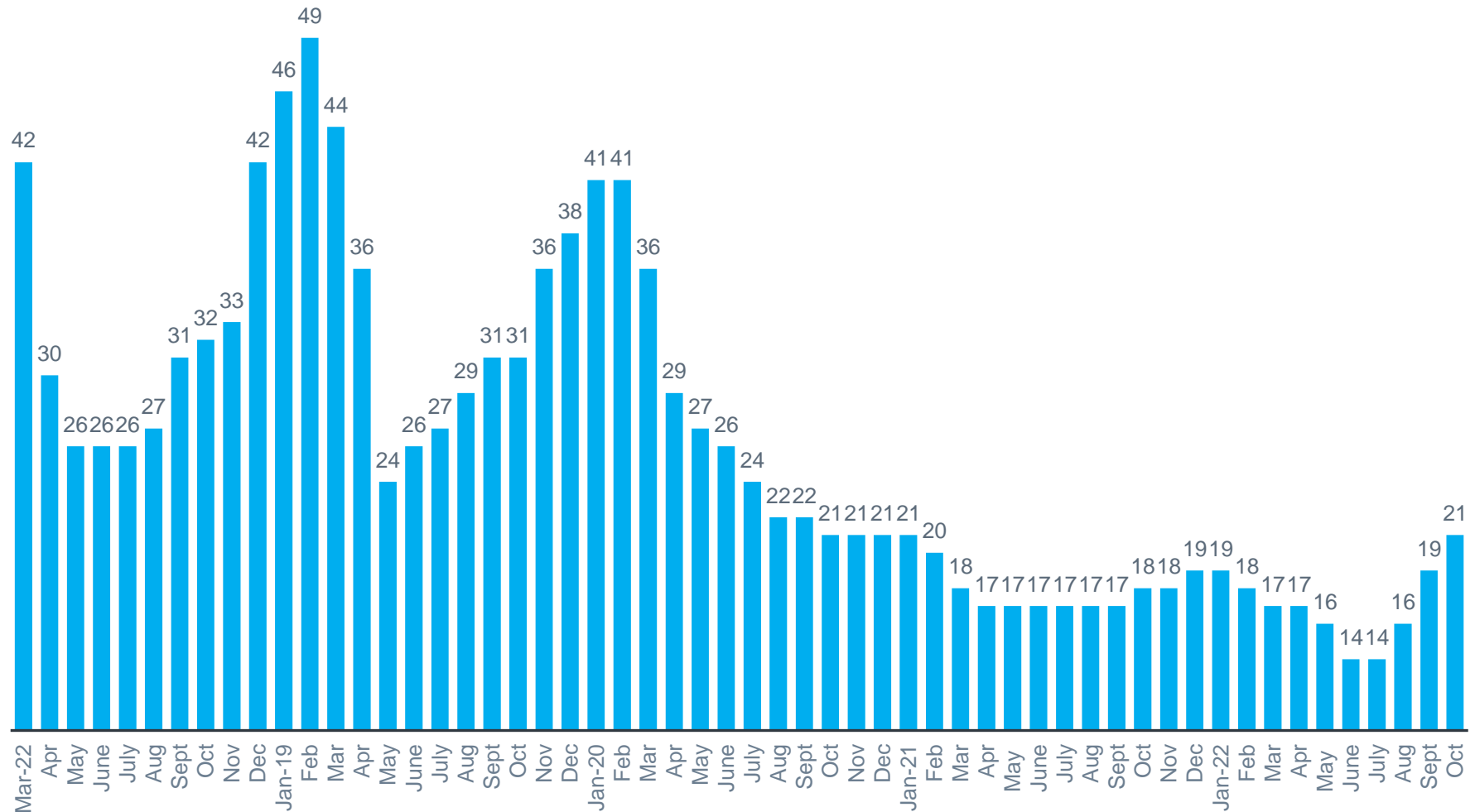


Home Sales



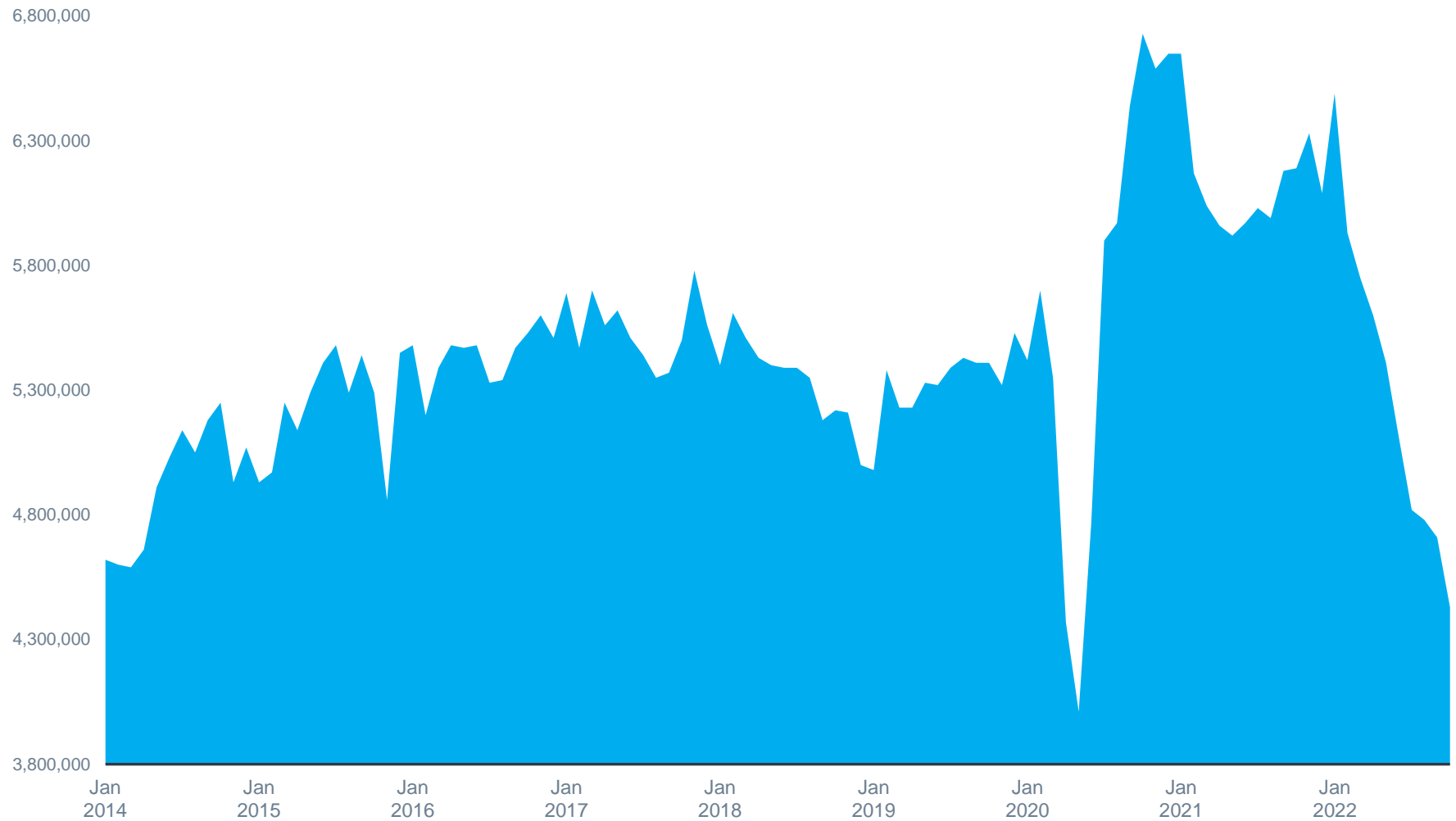
Average Days on the Market

October 2022



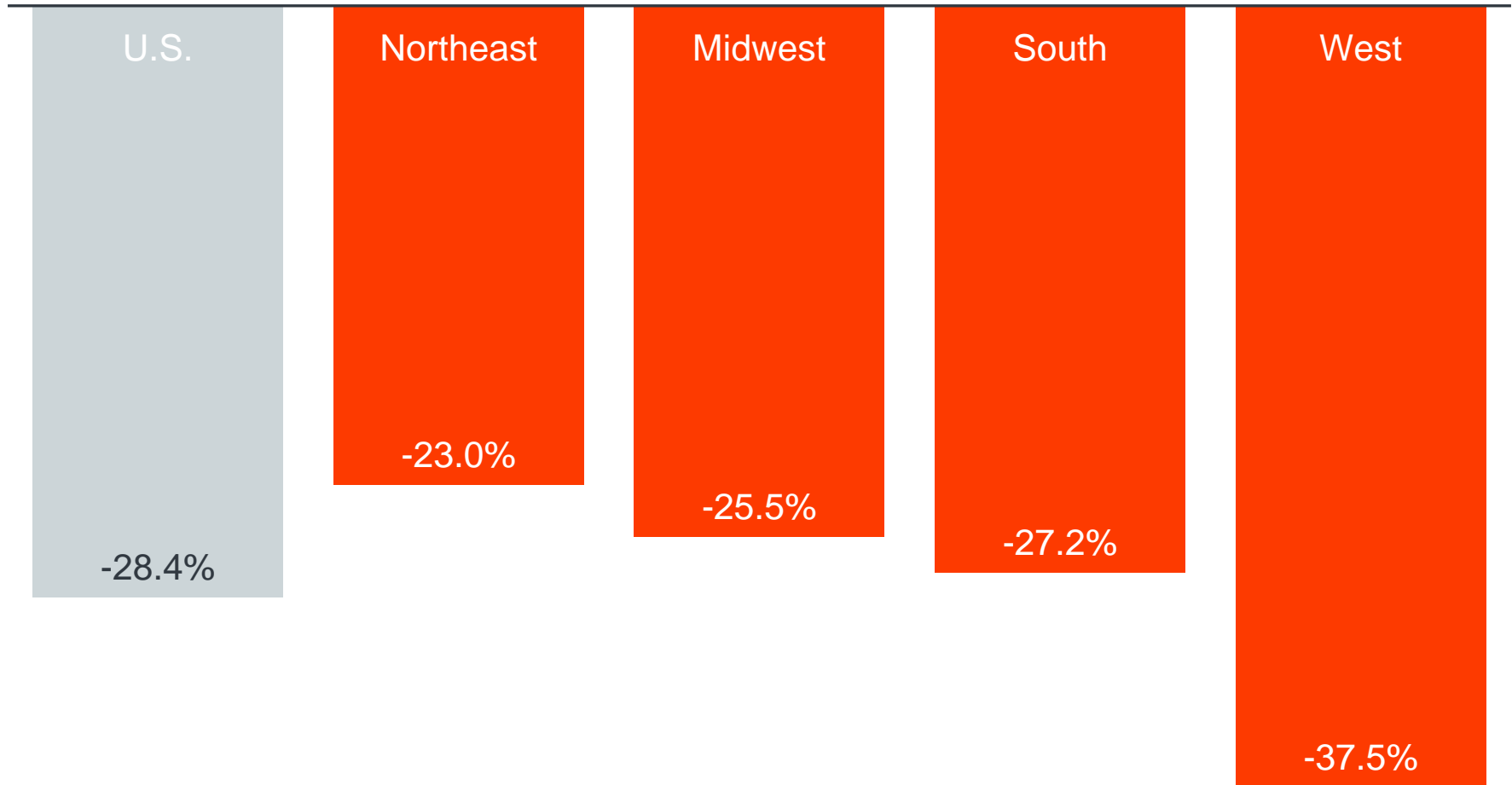
Existing Home Sales

Since January 2014



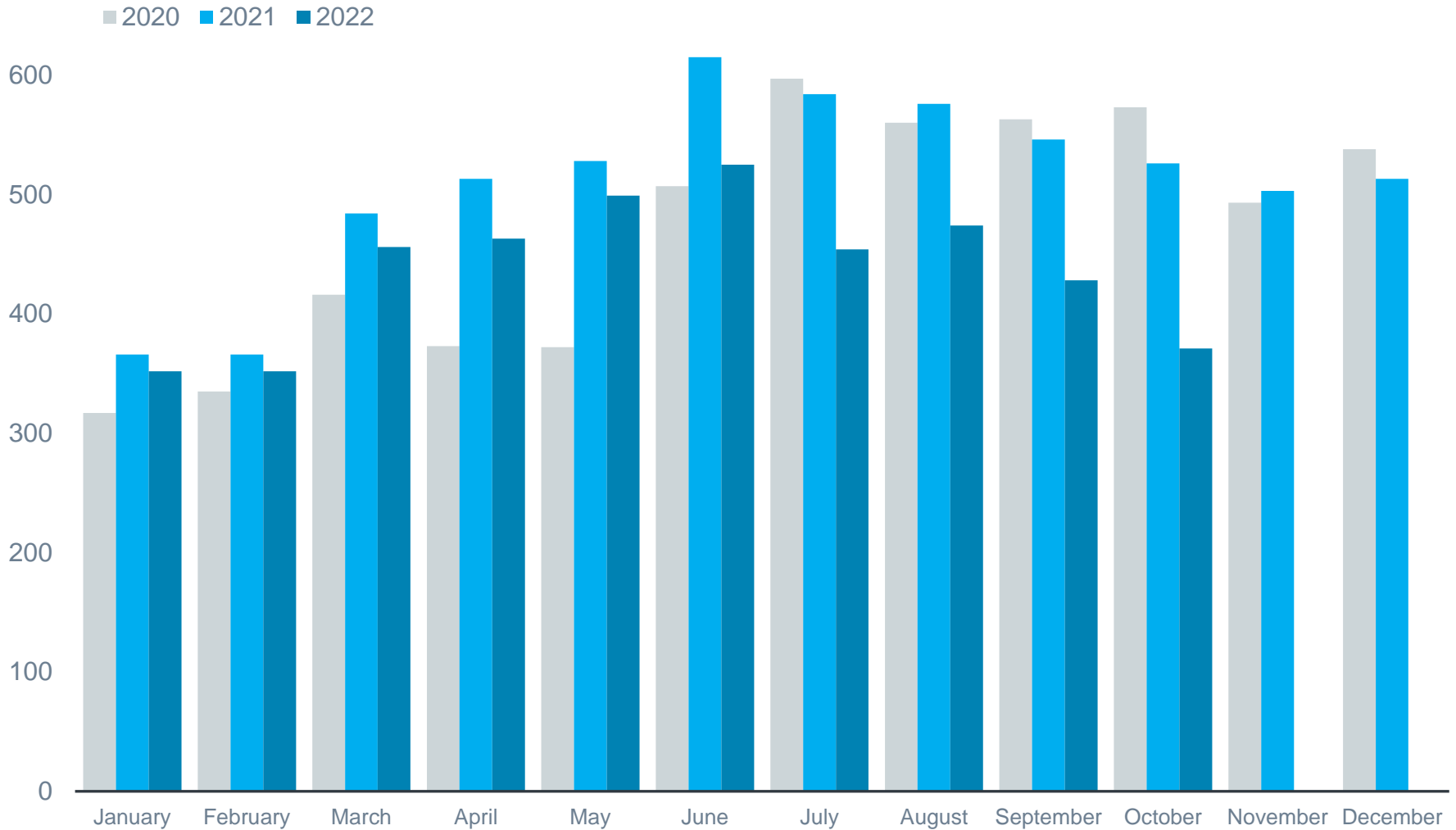
Existing Home Sales

Year-Over-Year, by Region



Existing Home Sales

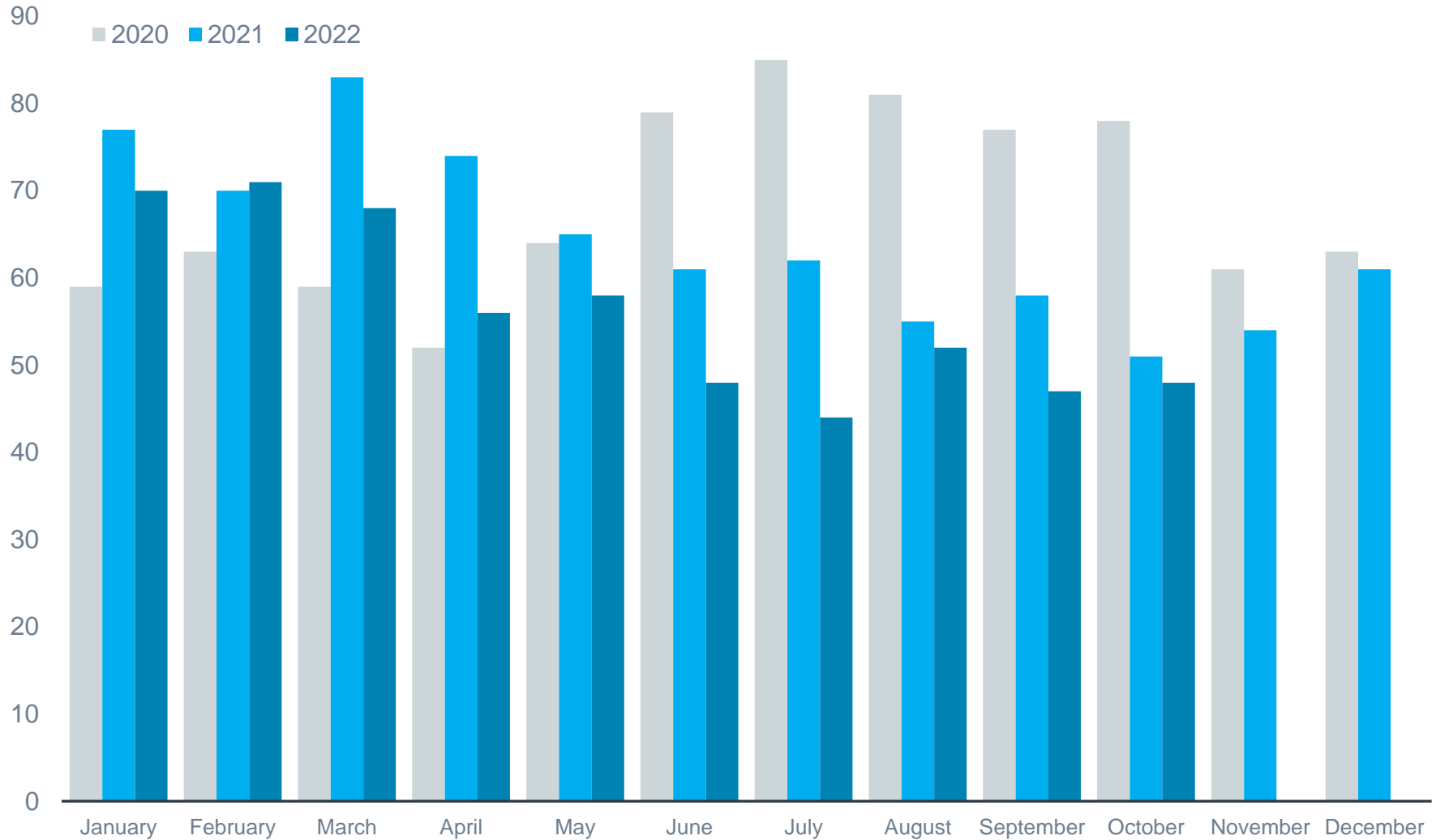
In Thousands



Source: NAR

New Home Sales

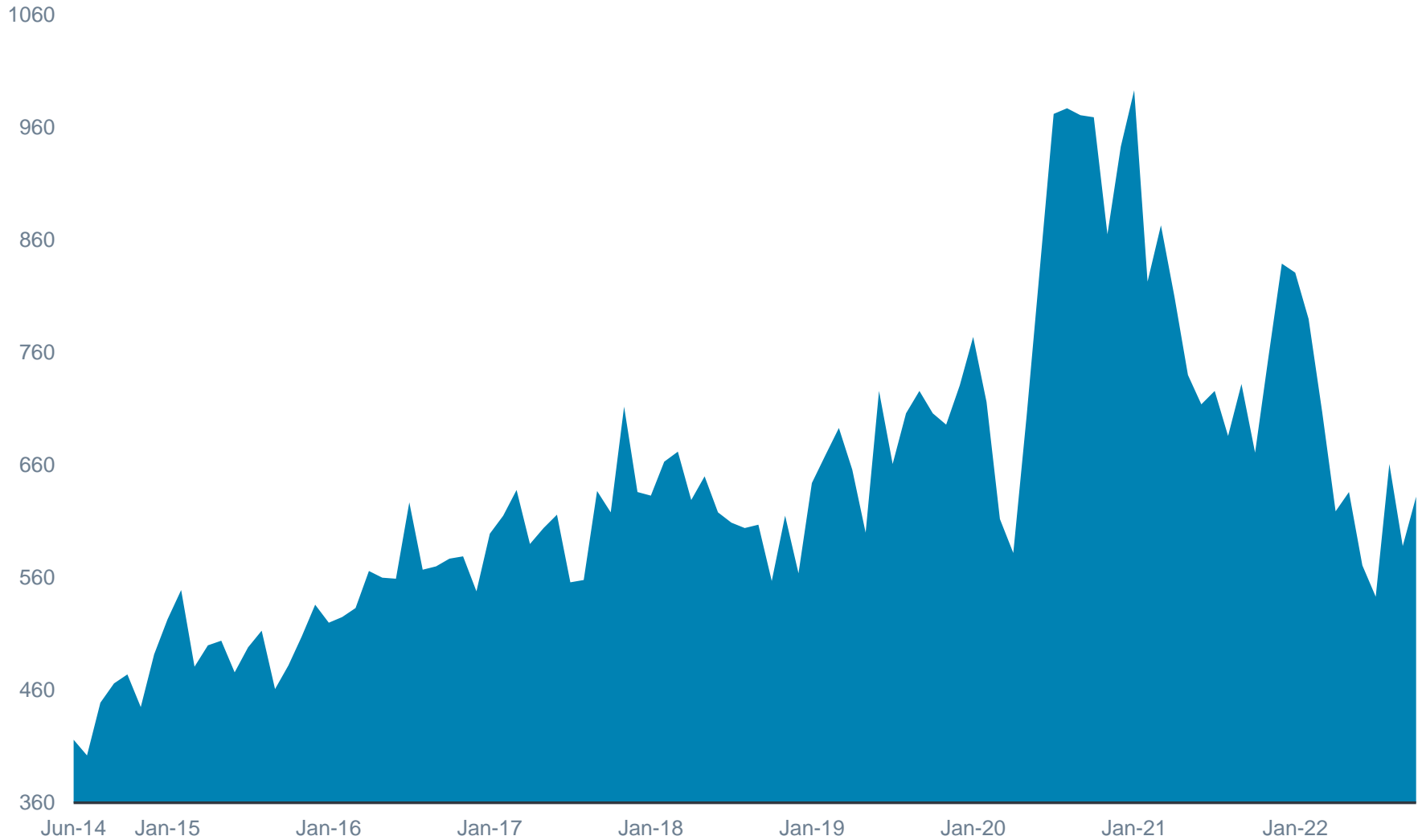
In Thousands



Source: Census

New Home Sales

Annualized in Thousands

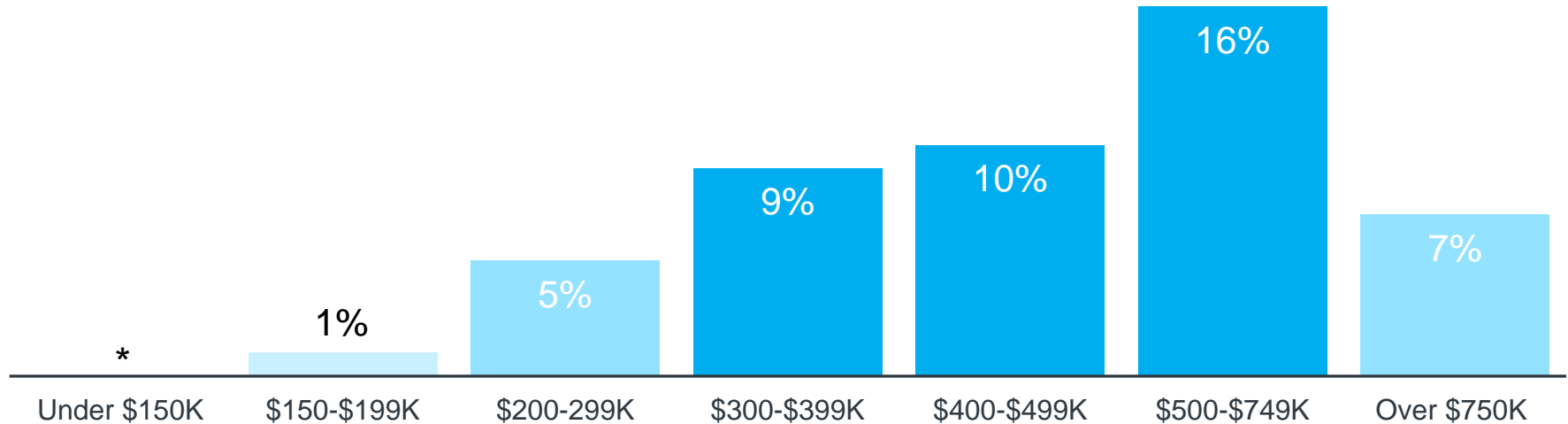


Source: Census

New Home Sales

Percent of Distribution by Price Range

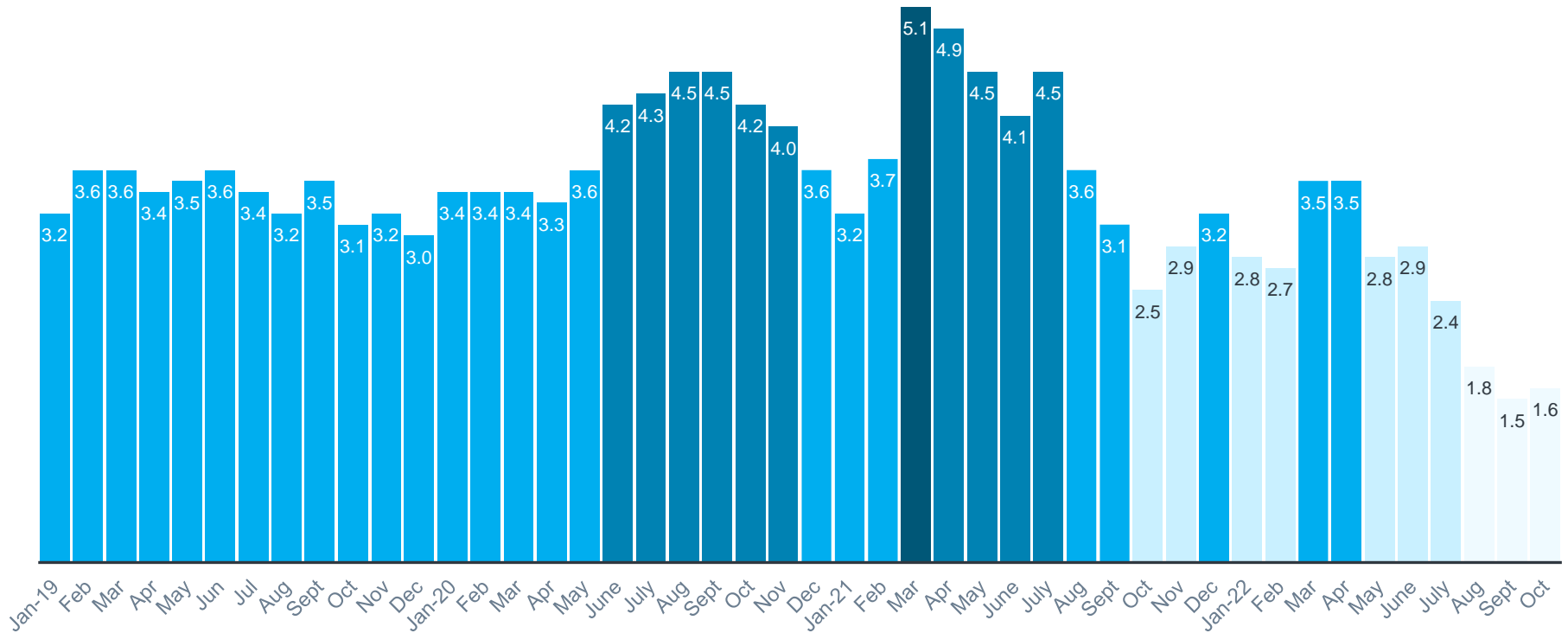
* Less Than 500 Units or Less Than 0.5 Percent



Source: Census

New Homes Selling Fast

Median Months from Completion to Sold

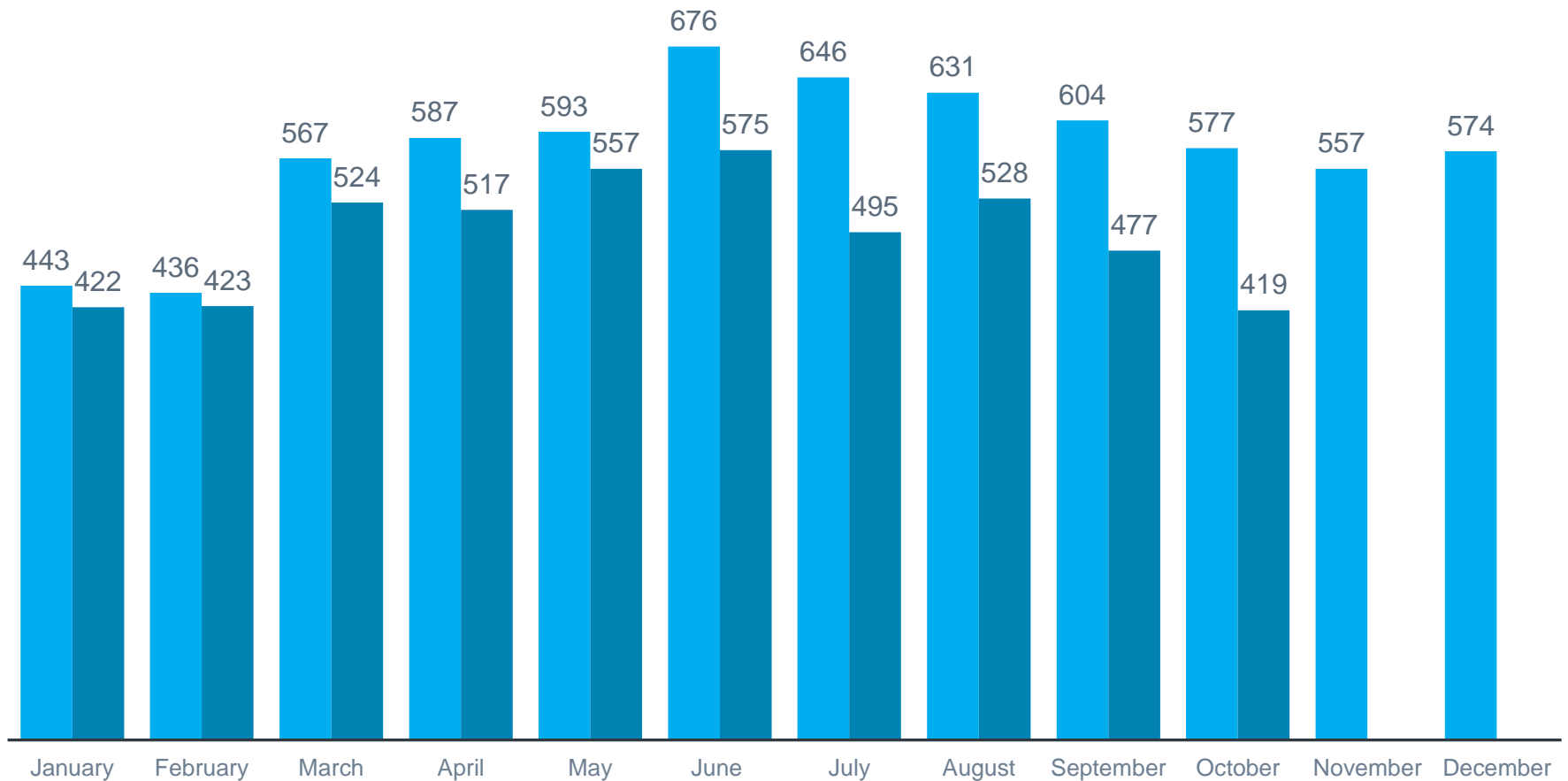


Source: Census

Total Home Sales

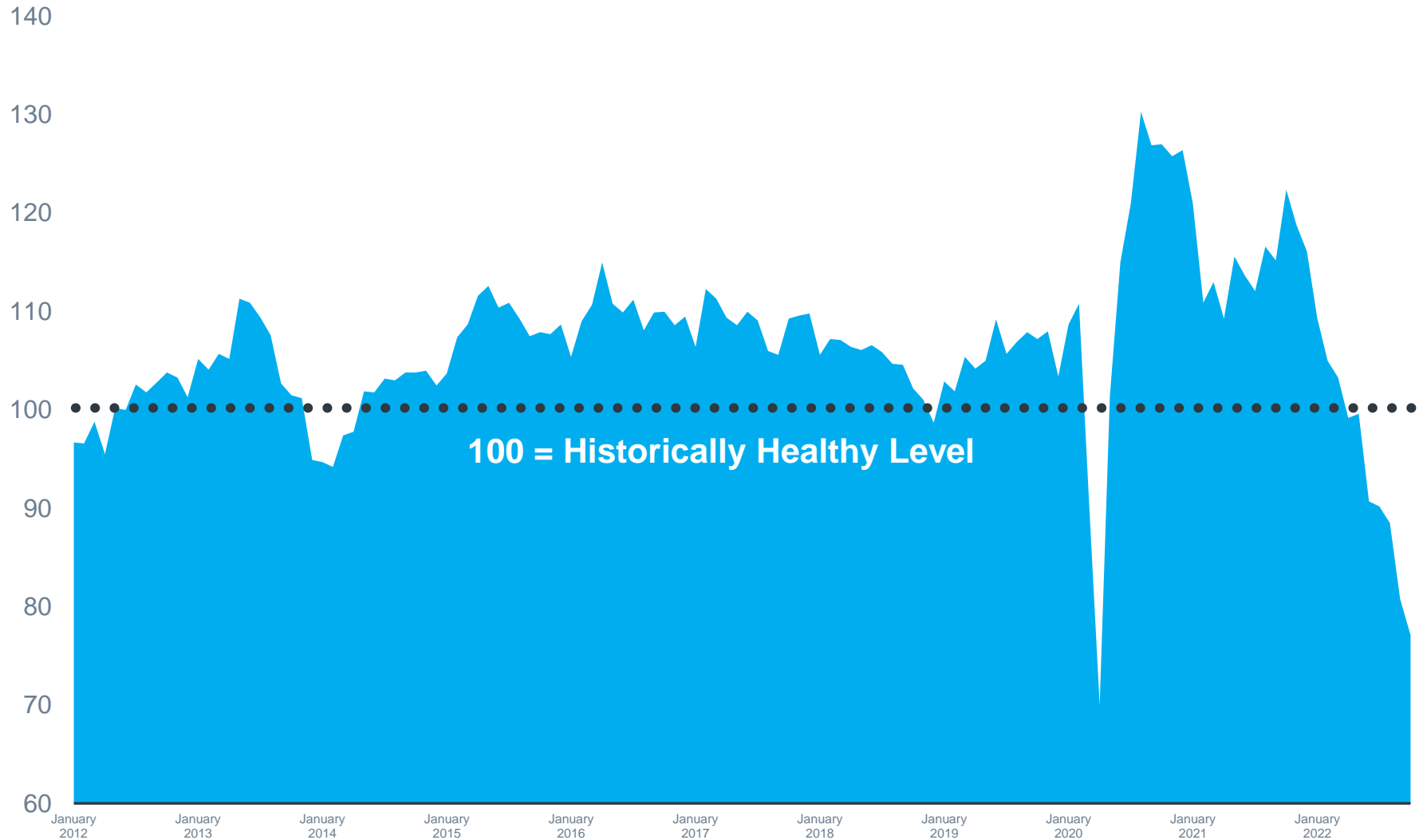
In Thousands

■ 2021 ■ 2022



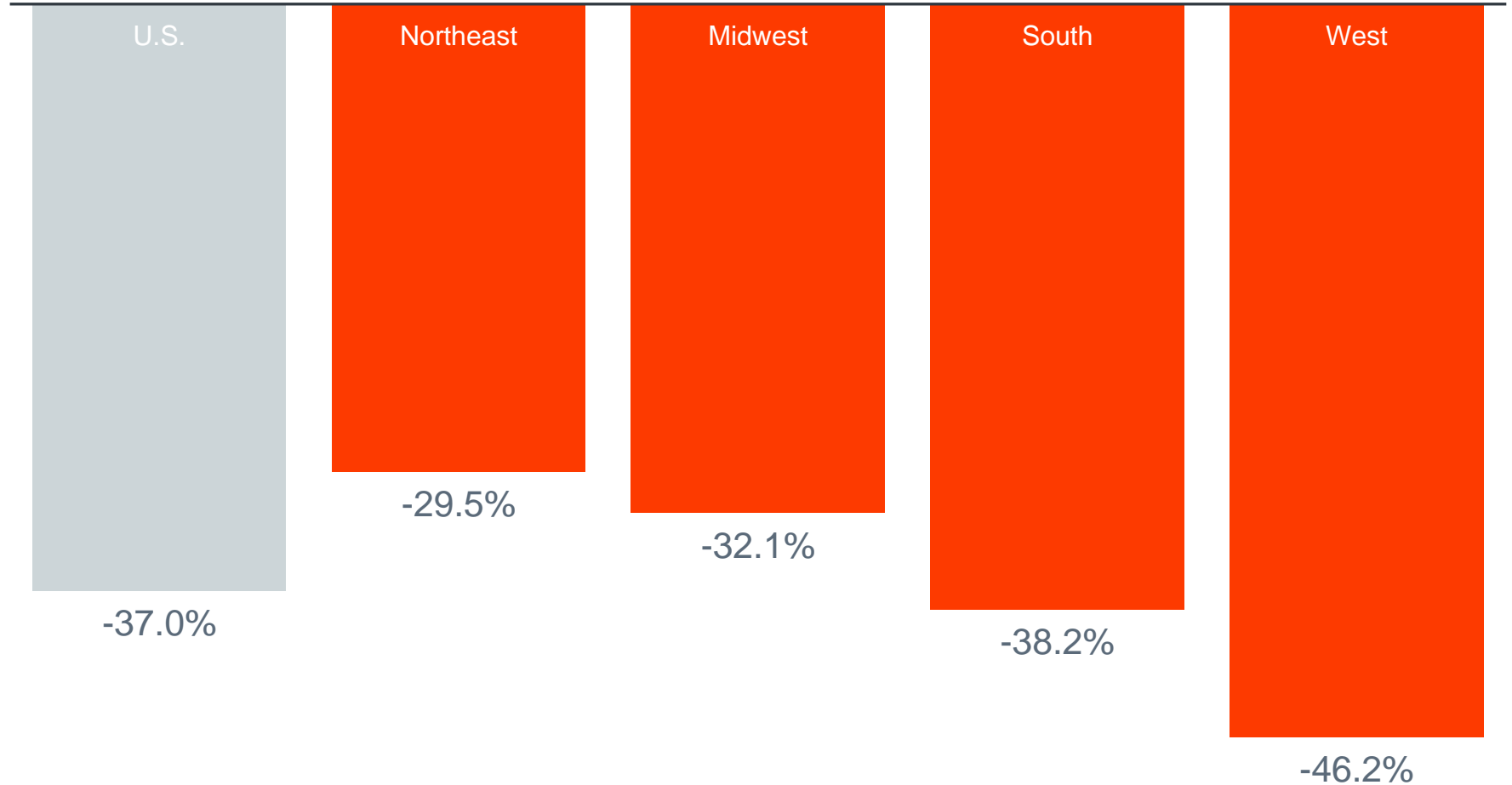
Source: Census

Pending Home Sales



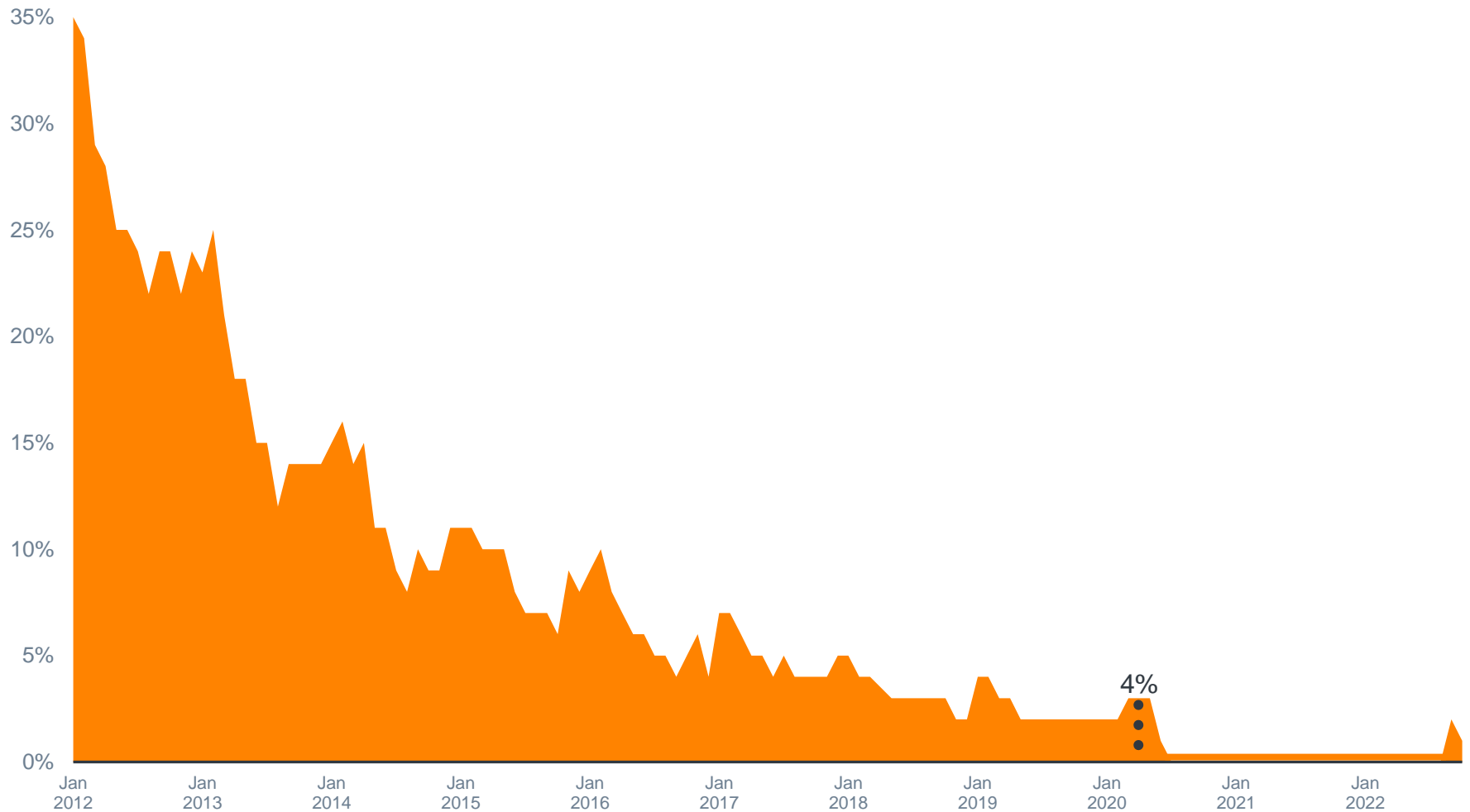
Pending Home Sales

Year-Over-Year by Region



Percentage of Distressed Property Sales

Distressed Sales (*Foreclosures and Short Sales*) represented 2% of Sales in September.

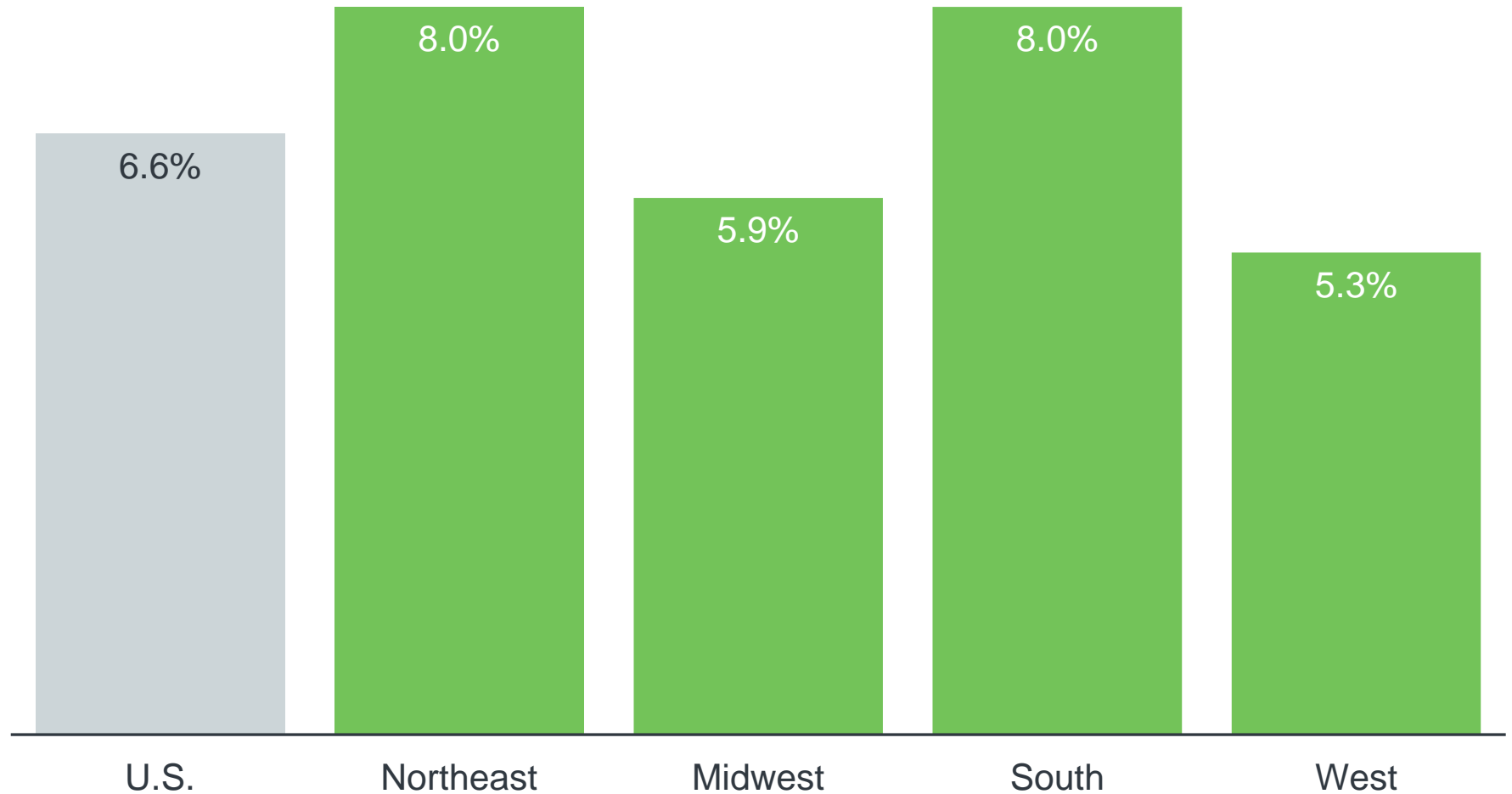




Home Prices

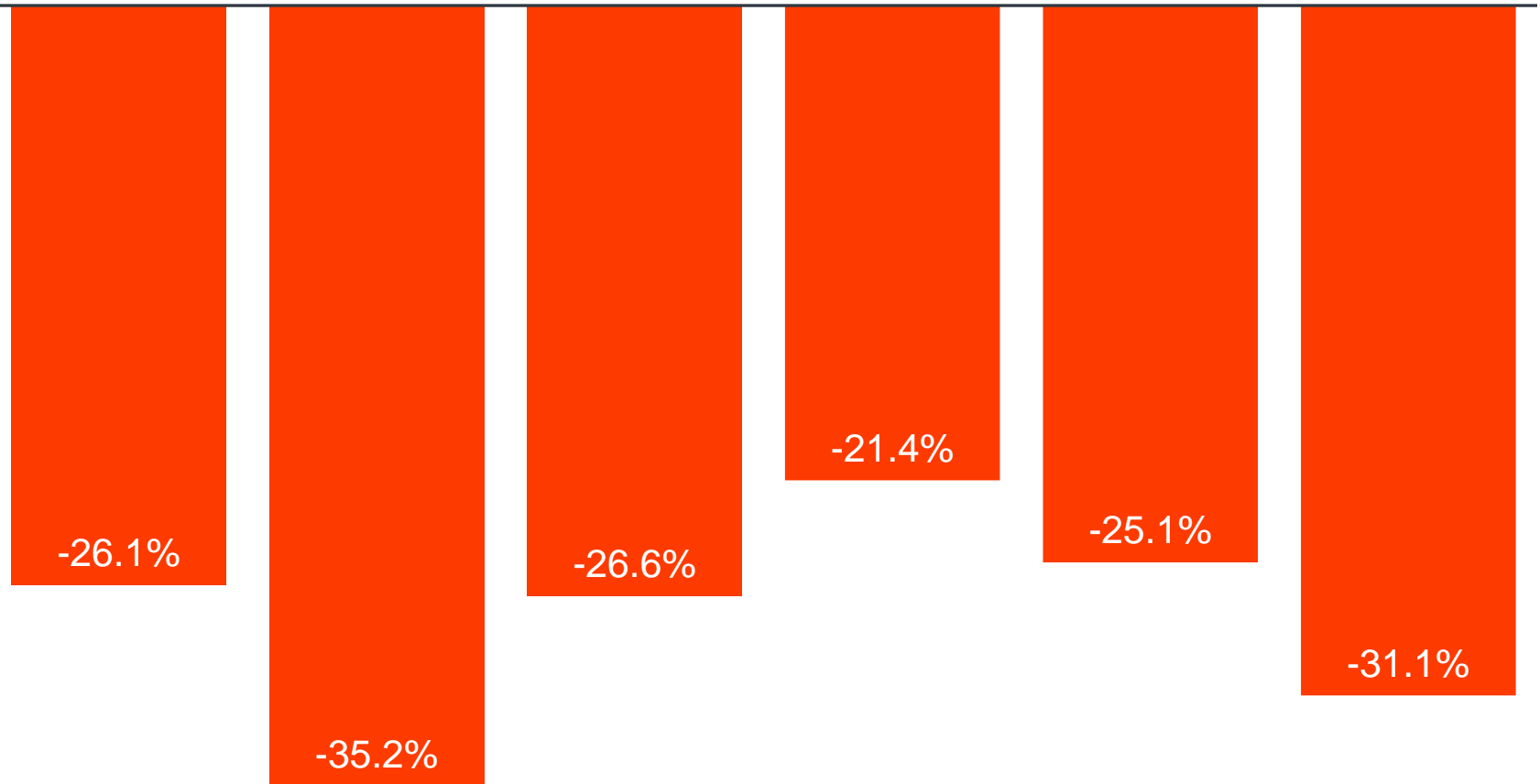
Sales Price of Existing Homes

Year-Over-Year, by Region



% Change in Sales

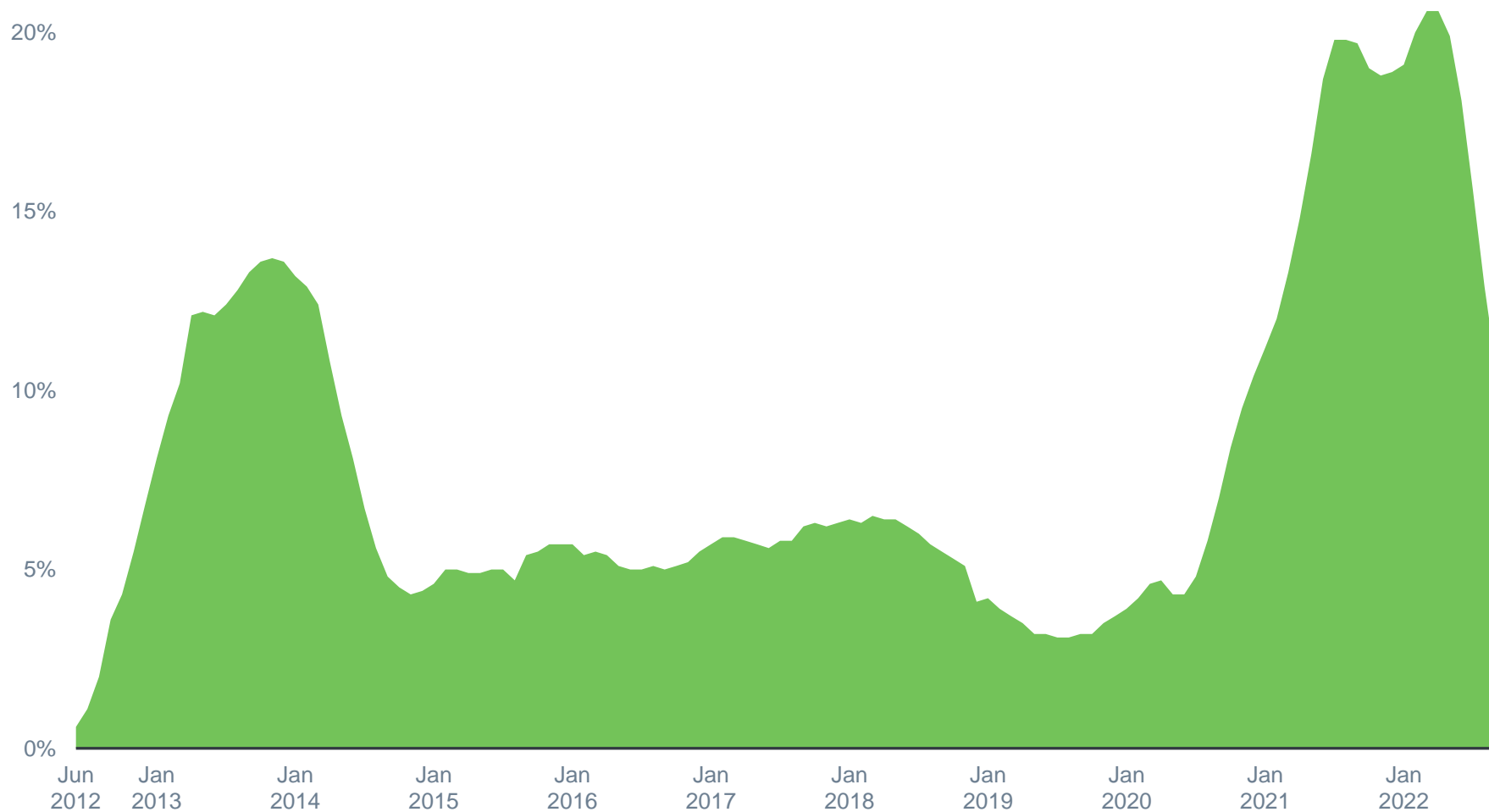
Year-Over-Year, by Price Range



	\$0-100K	\$100-250K	\$250-500K	\$500-750K	\$750K-1M	\$1M+
■ %	-26.1%	-35.2%	-26.6%	-21.4%	-25.1%	-31.1%

Change in Home Prices

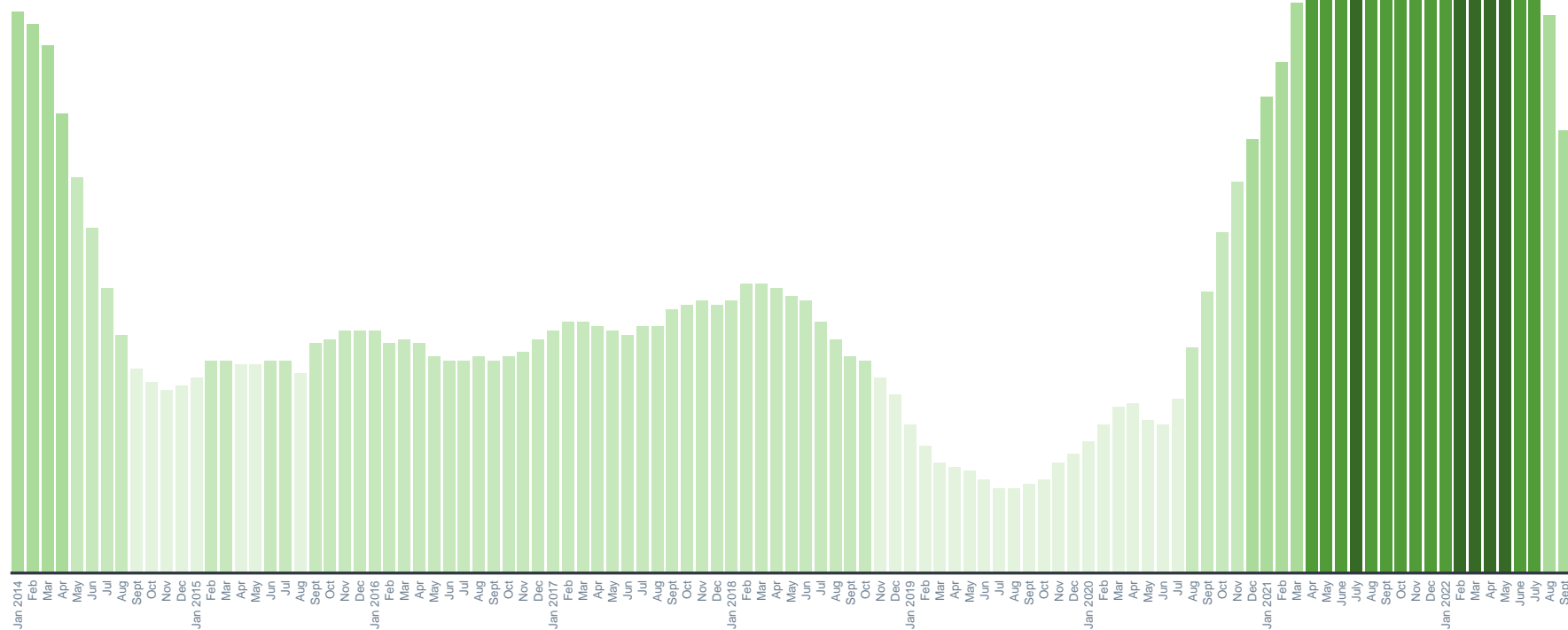
Year-Over-Year



Source: S&P Case-Shiller

Change in Home Prices

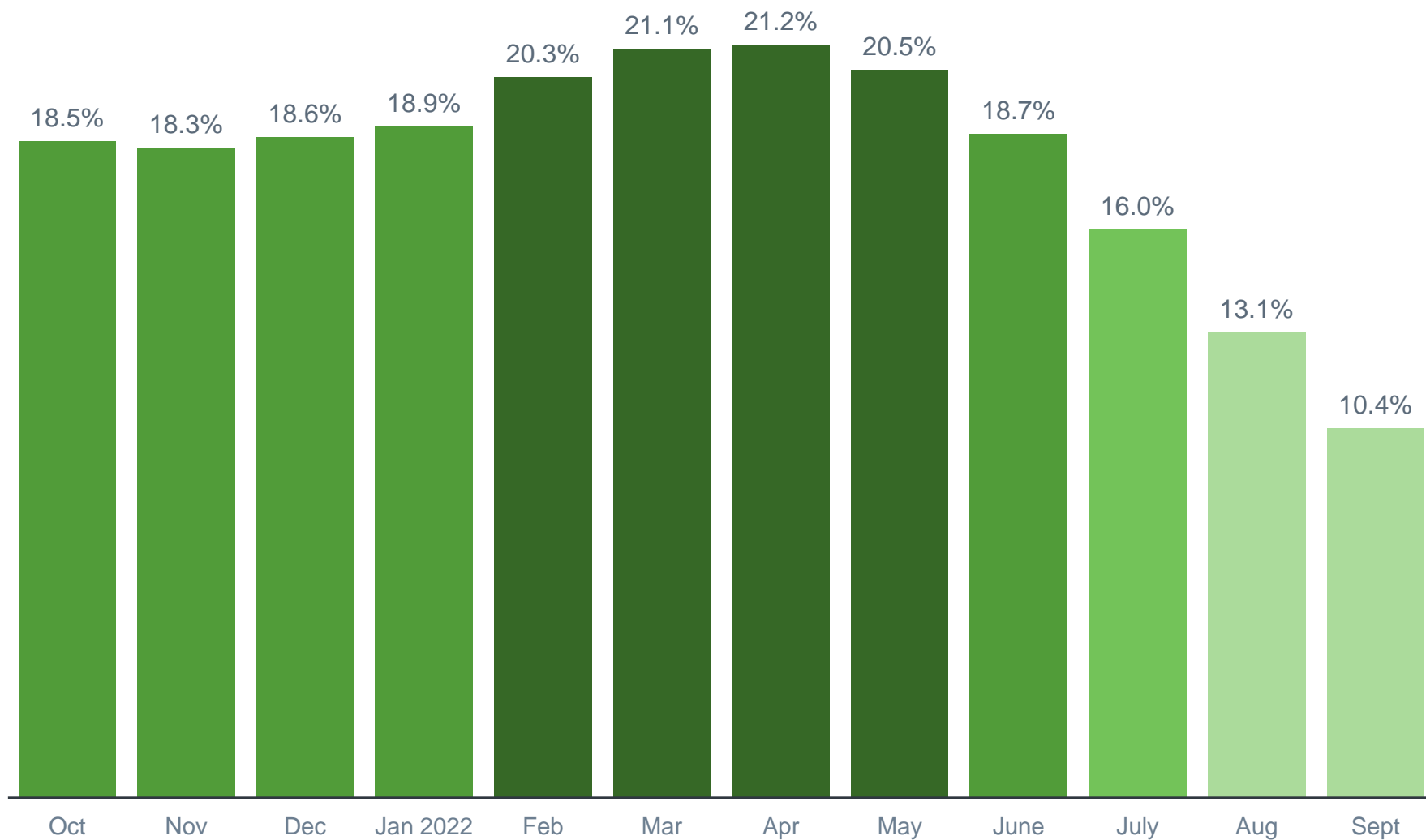
Year-Over-Year, 20 City Composite



Source: S&P Case-Shiller

Change in Home Prices

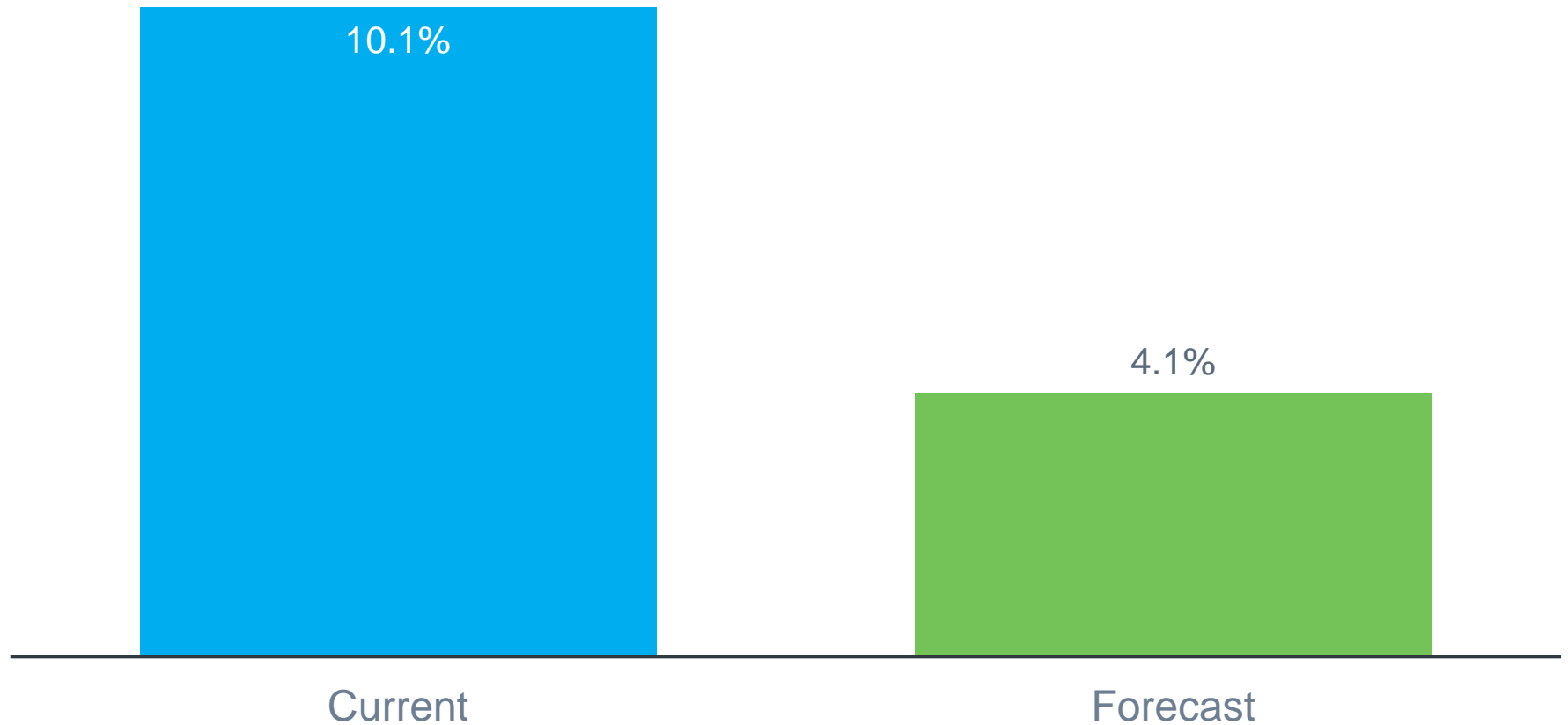
Year-Over-Year, 20 City Composite



Source: S&P Case-Shiller

Year-Over-Year % Change in Price

October 2022

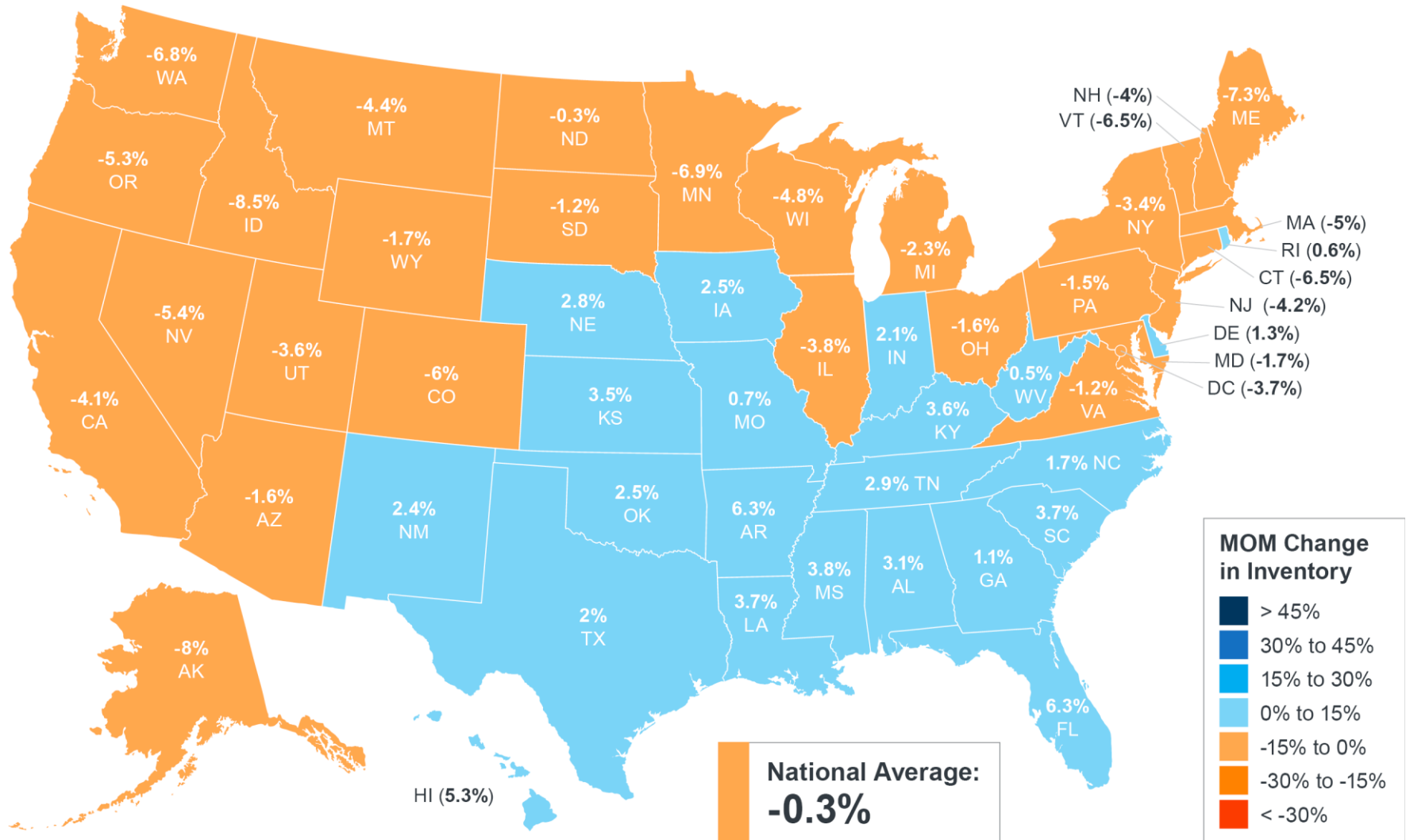




Housing Inventory

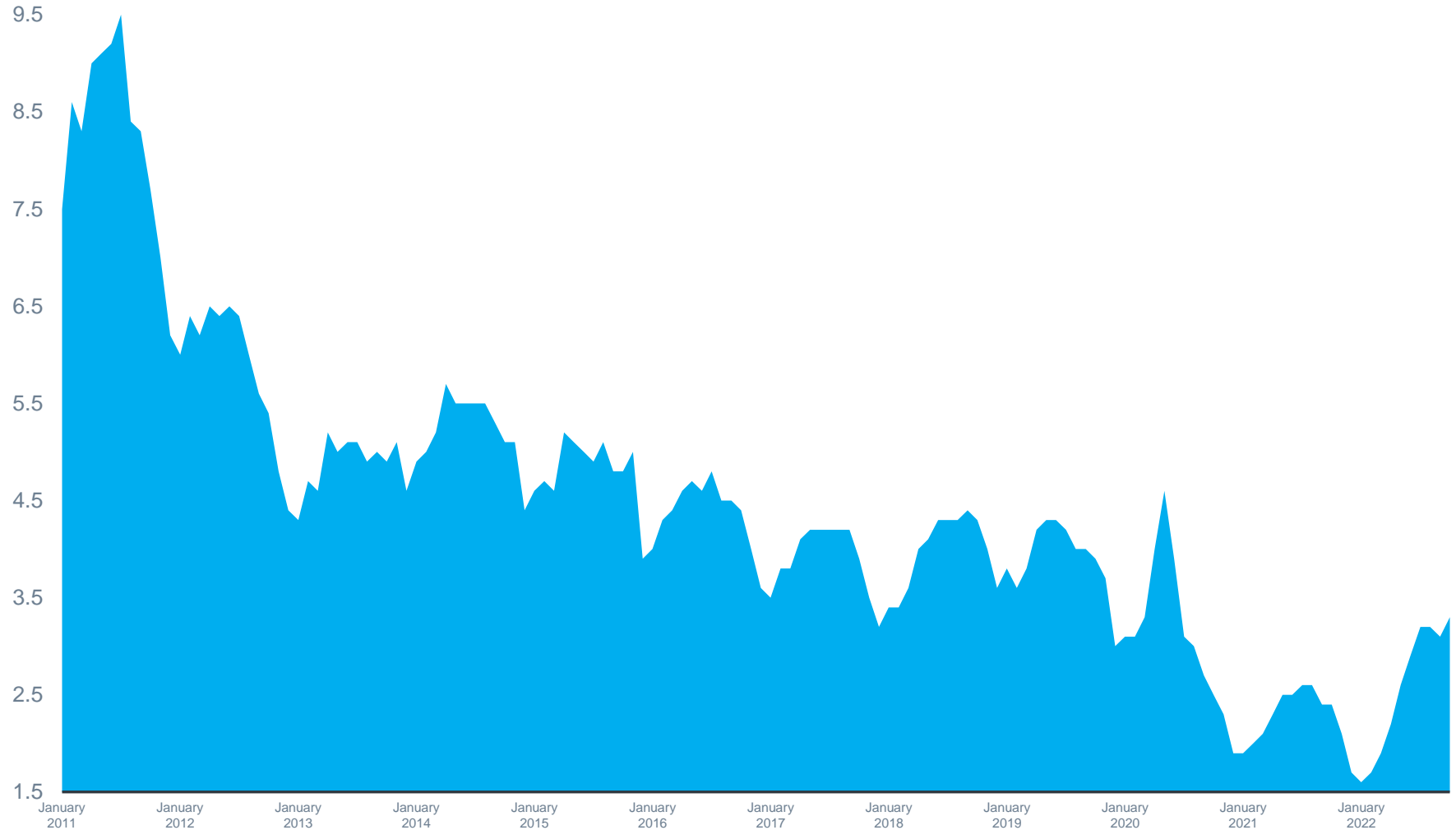
Change in Inventory

Month-Over-Month, November 2022



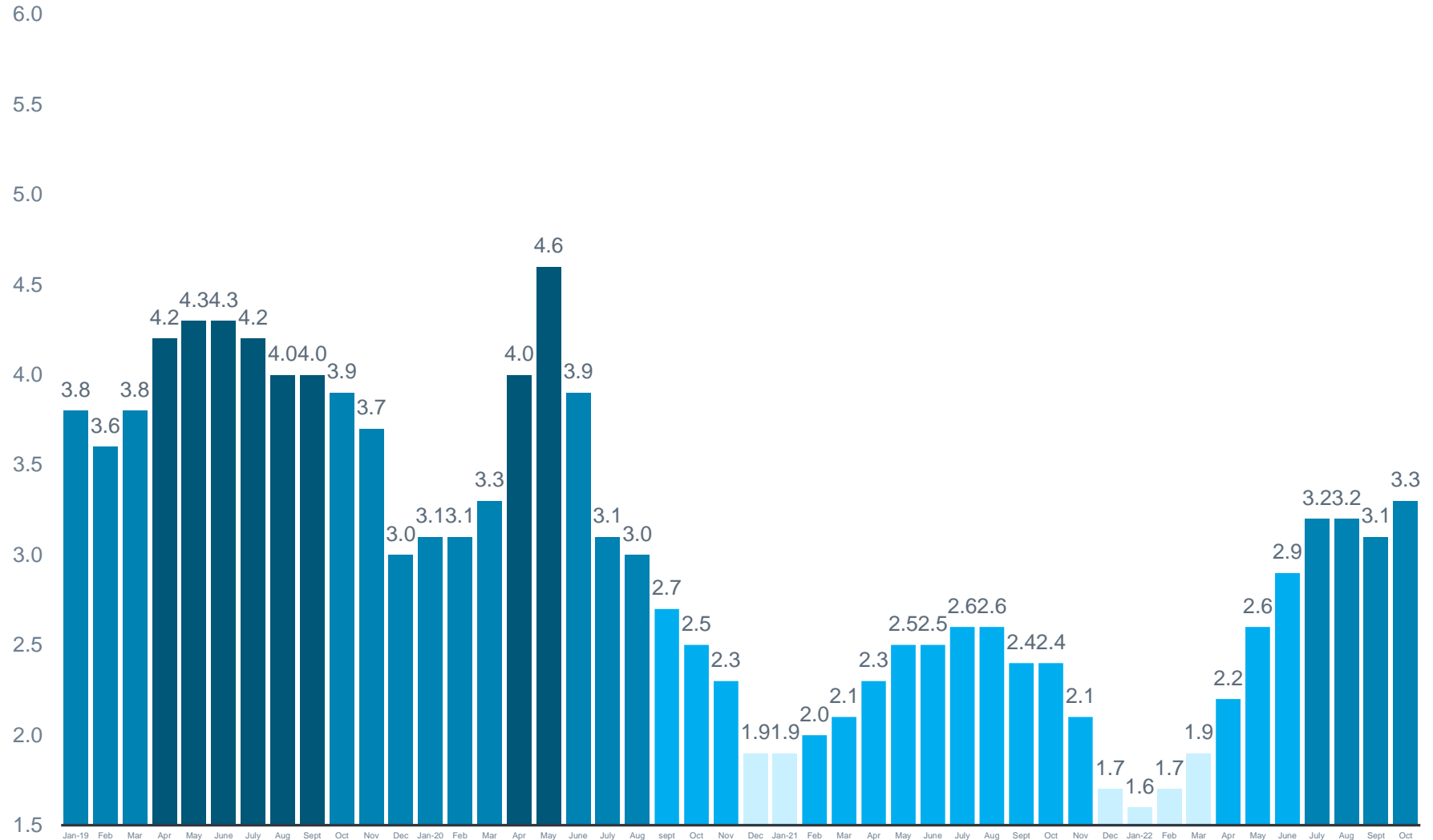
Months Inventory of Homes for Sale

2011 - Today



Months Inventory of Homes for Sale

Since 2019



Source: NAR

Months Inventory of Homes for Sale

Last 12 Months

6

5

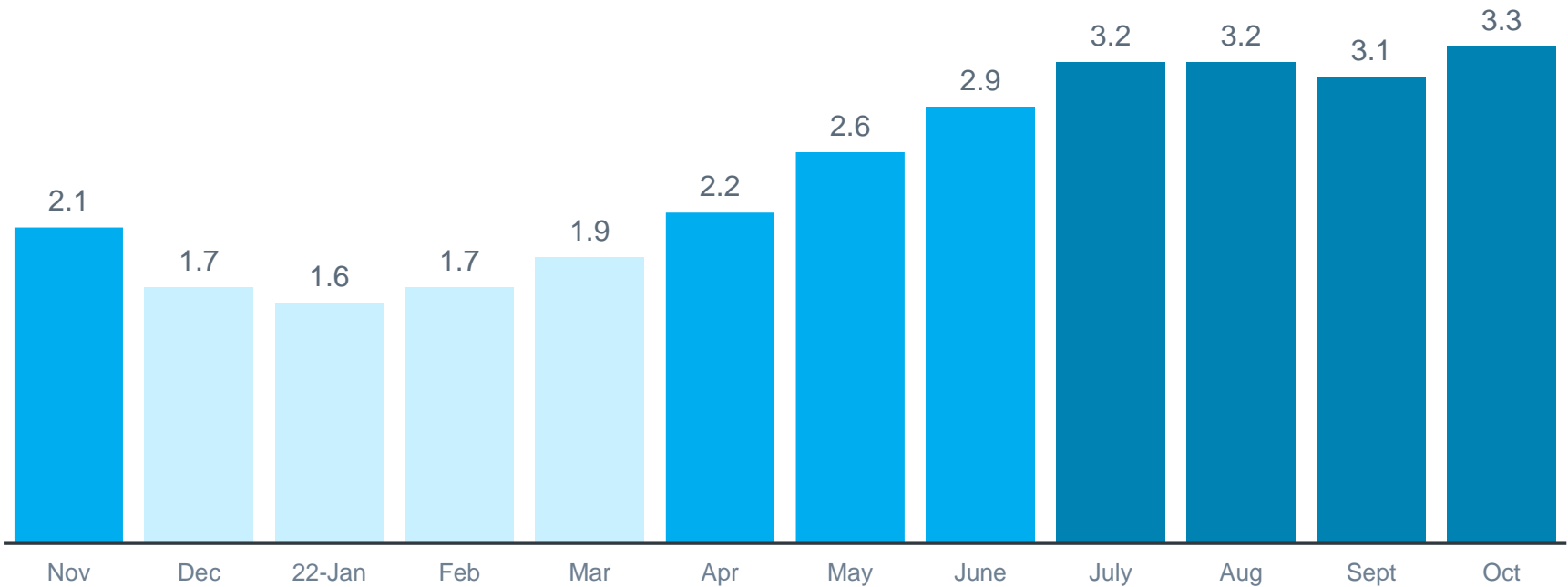
4

3

2

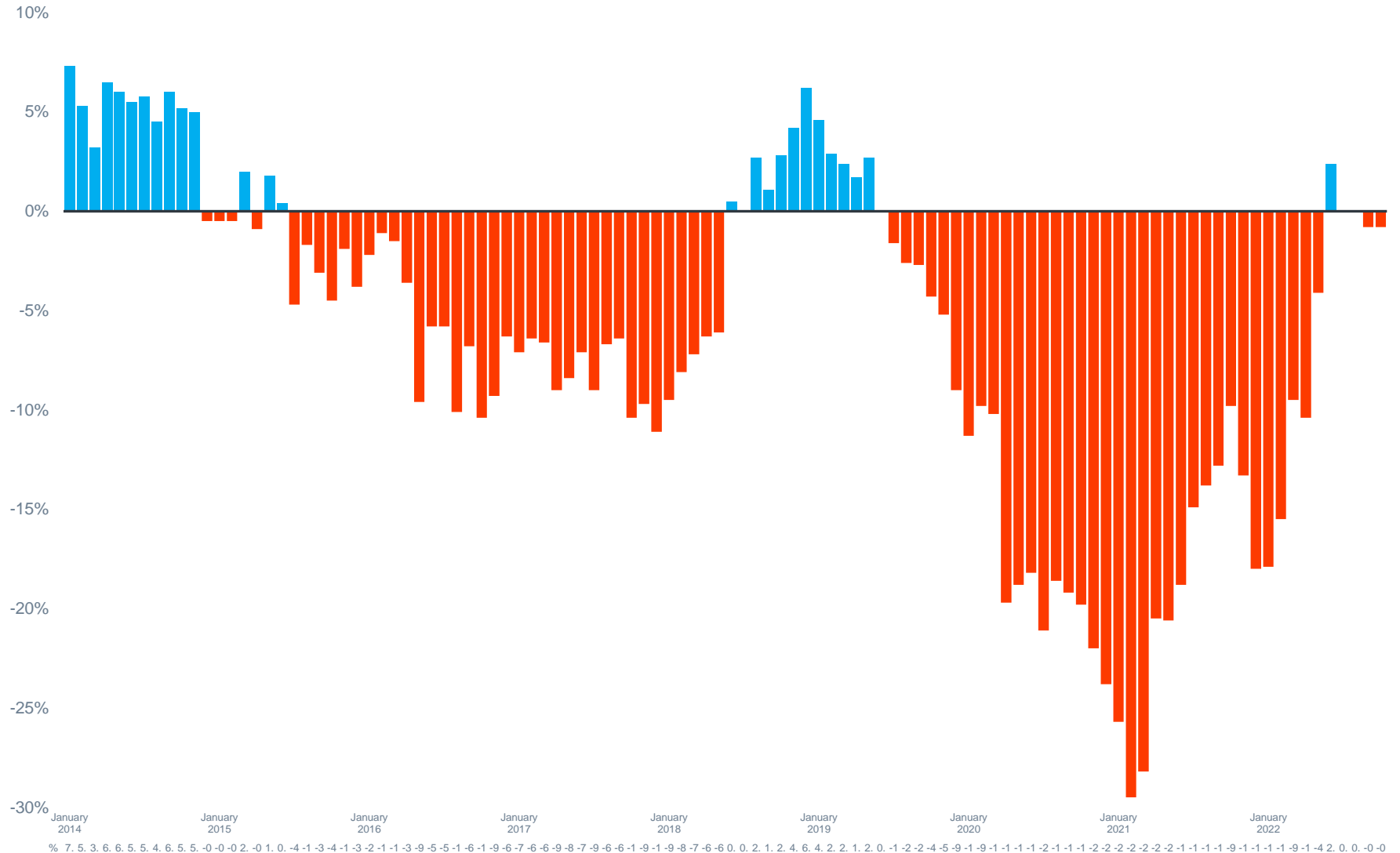
1

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Source: NAR

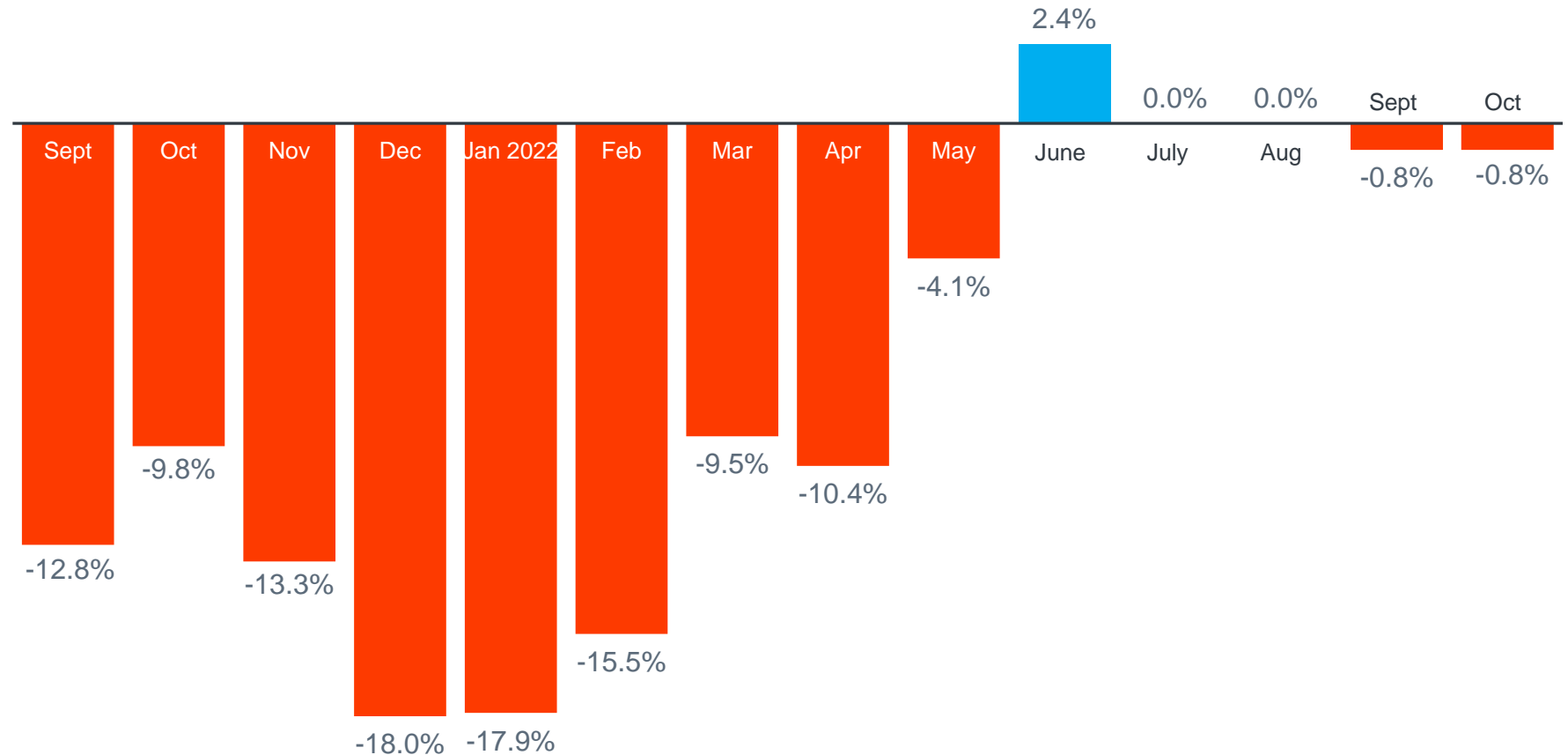
Year-Over-Year Inventory Levels



Source: NAR

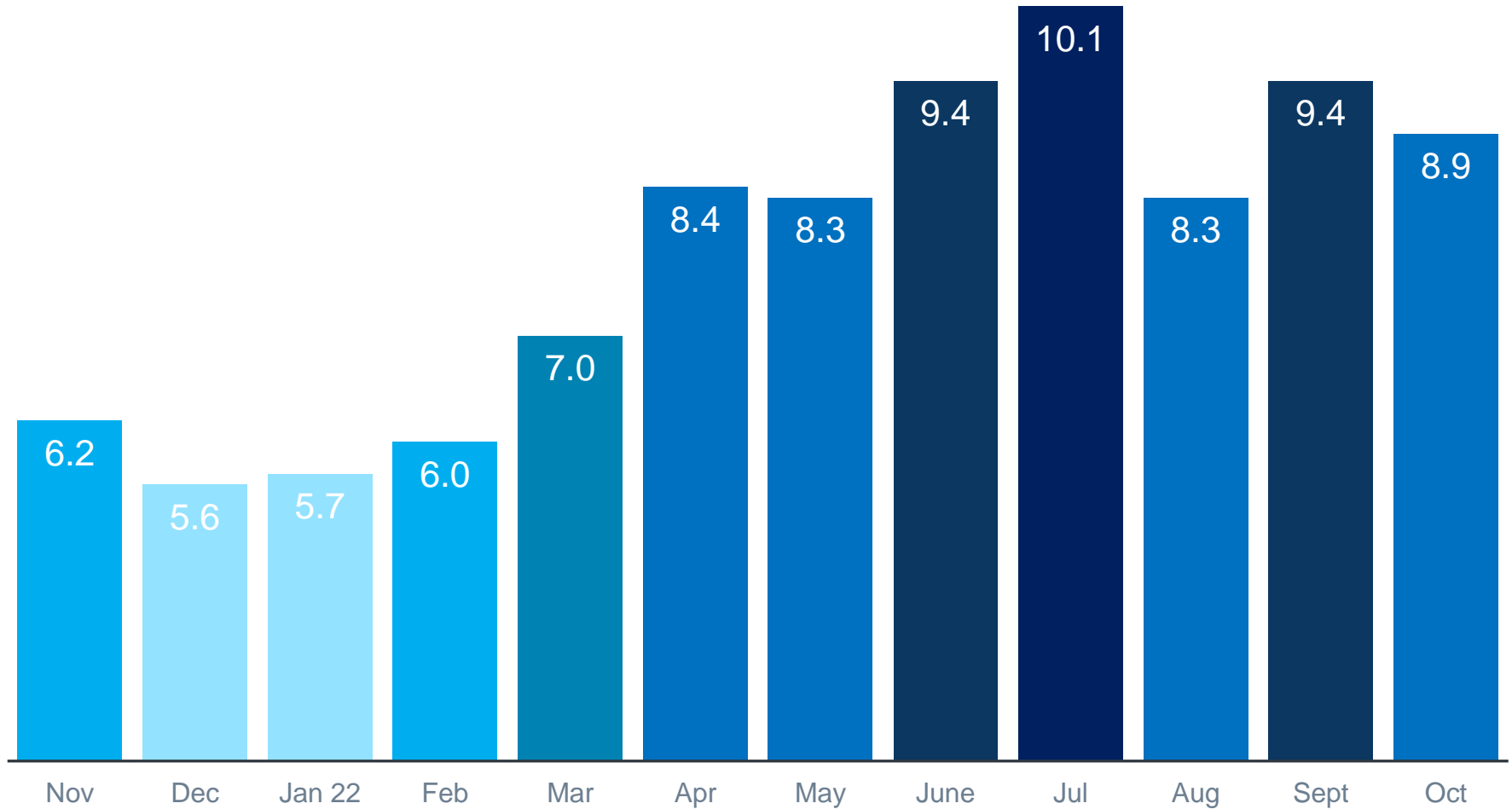
Year-Over-Year Inventory Levels

Last 12 Months



New Home Monthly Inventory

Seasonally Adjusted, Last 12 Months



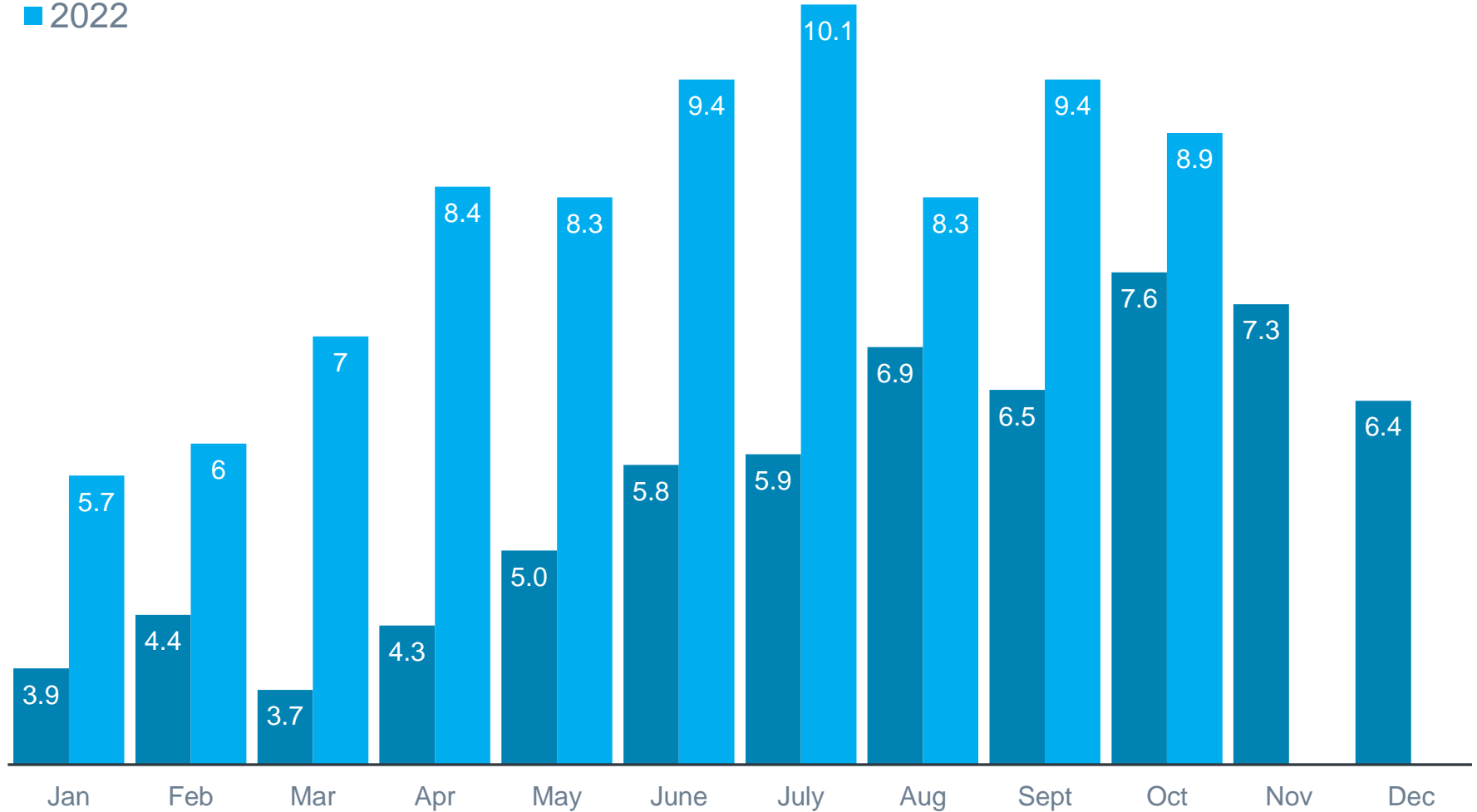
Source: Census

New Home Monthly Inventory

Non-Seasonally Adjusted

■ 2021

■ 2022



Source: Census



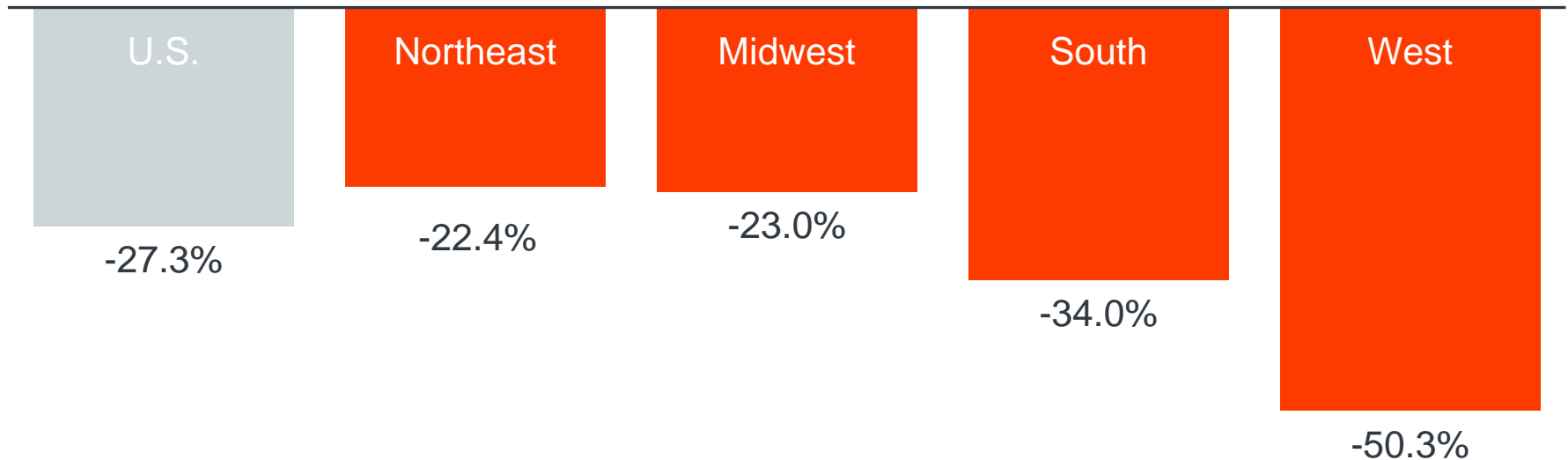
Buyer Demand

Home Showing Traffic Continues Decline Amid Challenging Market

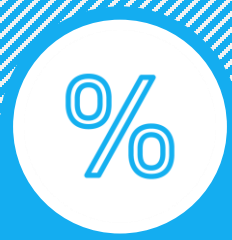
Year-Over-Year Increase in Showing Activity, October 2022

Michael Lane, Vice President & General Manager, Showing Time

“With fewer new listings hitting the market in October and buyers who continue to struggle with affordability challenges, it seems both sides are sitting out this market cooldown.”



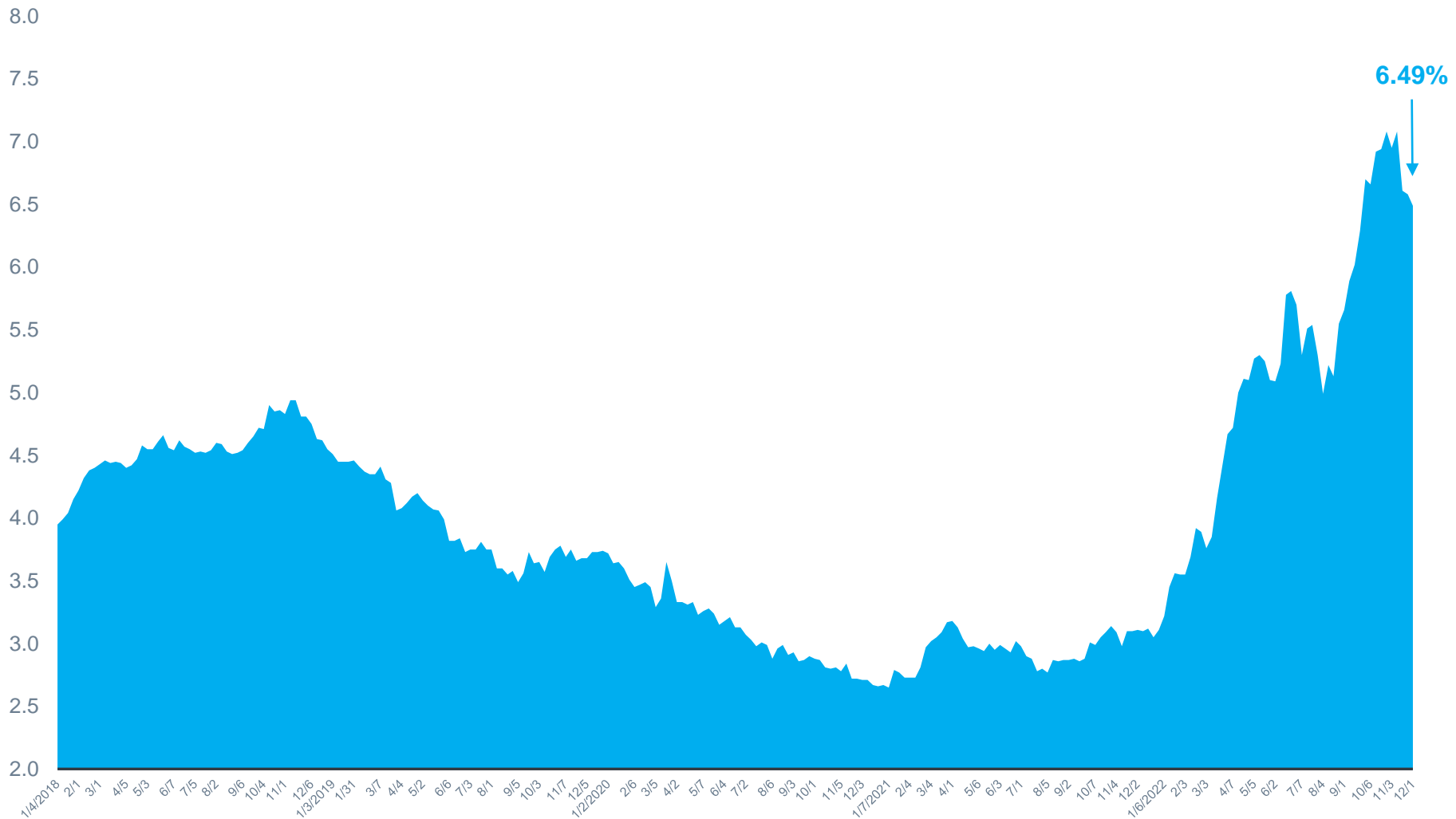
Source: ShowingTime



Mortgage Rates

Mortgage Rates

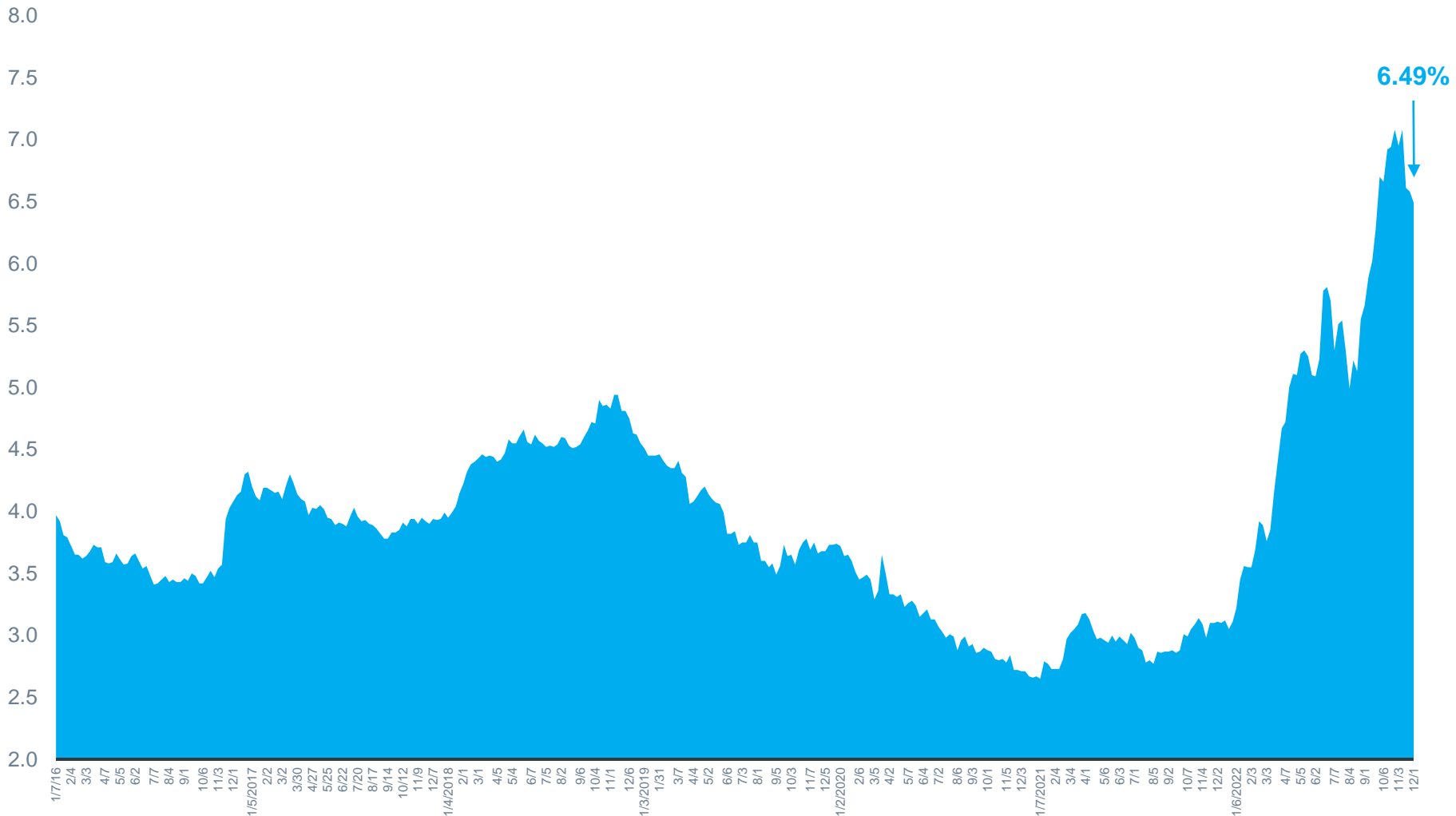
30-Year Fixed Rate, January 2018–Today



Source: Freddie Mac

Mortgage Rates

30-Year Fixed Rate, January 2016–Today



Source: Freddie Mac

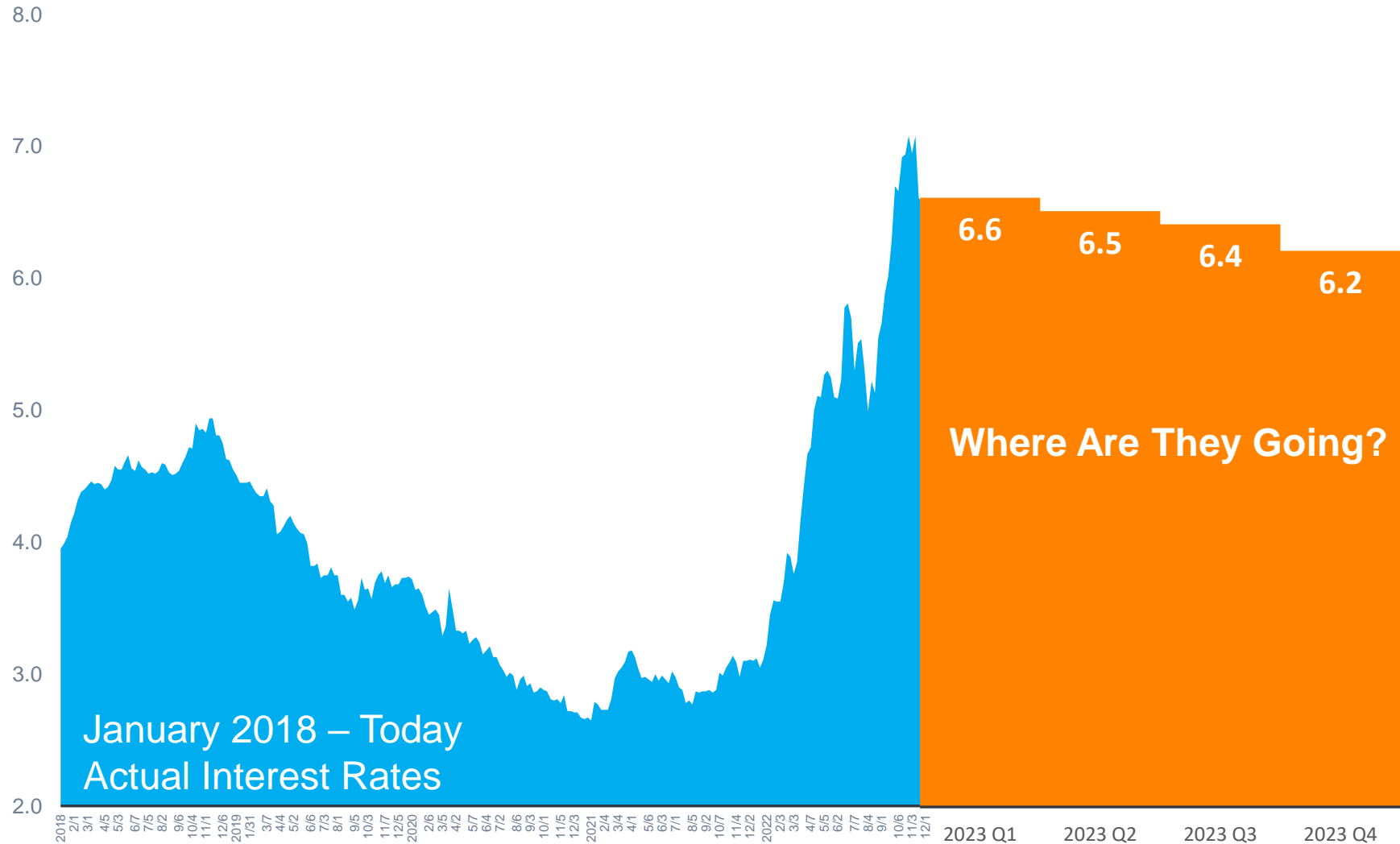
Mortgage Rate Projections

November 2022

Quarter	Freddie Mac	Fannie Mae	MBA	NAR	Average of All Four
2023 Q1	6.60%	7.00%	6.20%	6.50%	6.58%
2023 Q2	6.50%	6.90%	5.60%	6.40%	6.35%
2023 Q3	6.40%	6.70%	5.40%	6.30%	6.20%
2023 Q4	6.20%	6.50%	5.20%	6.10%	6.00%

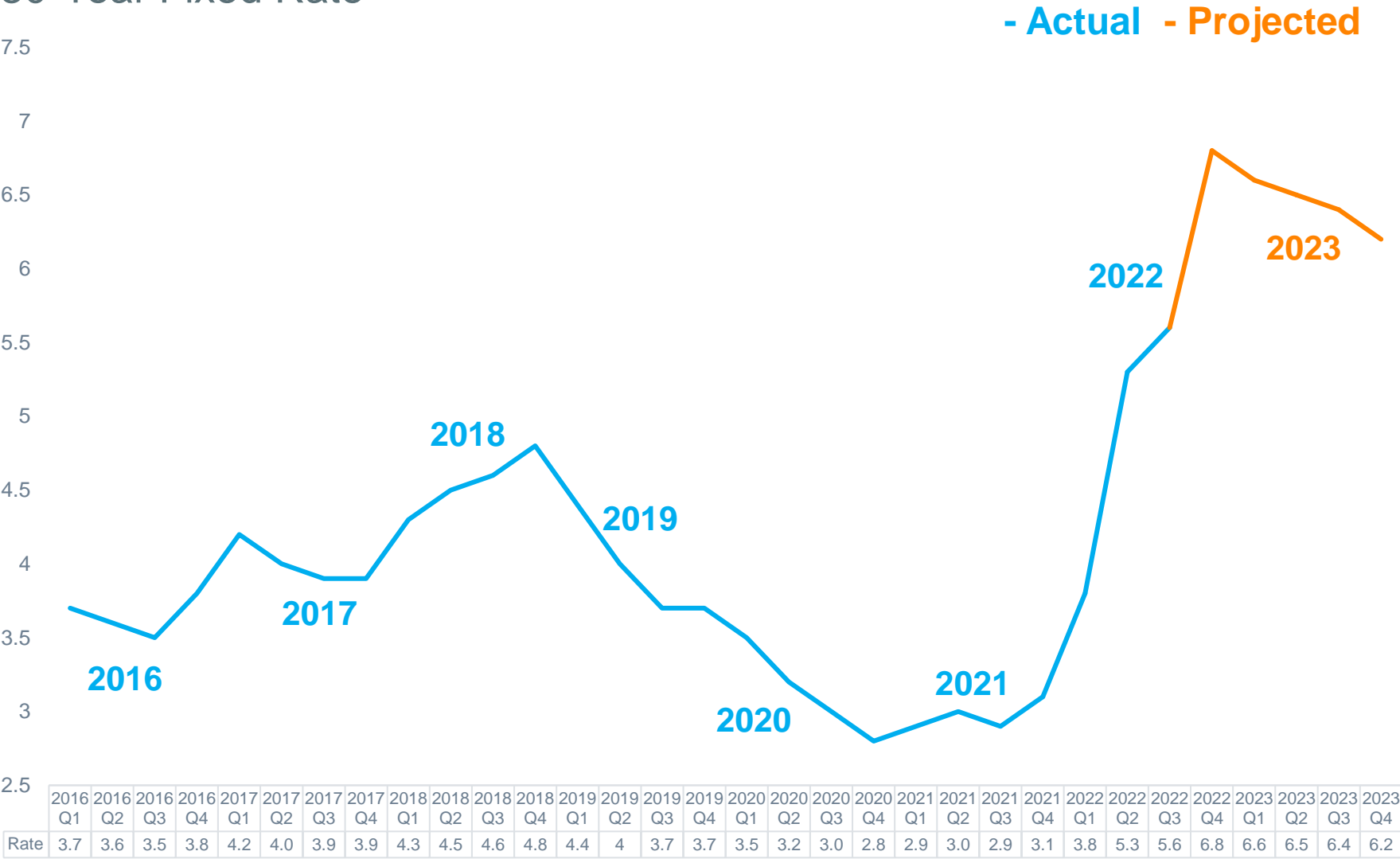
Mortgage Rates

30-Year Fixed Rate



Mortgage Rates

30-Year Fixed Rate

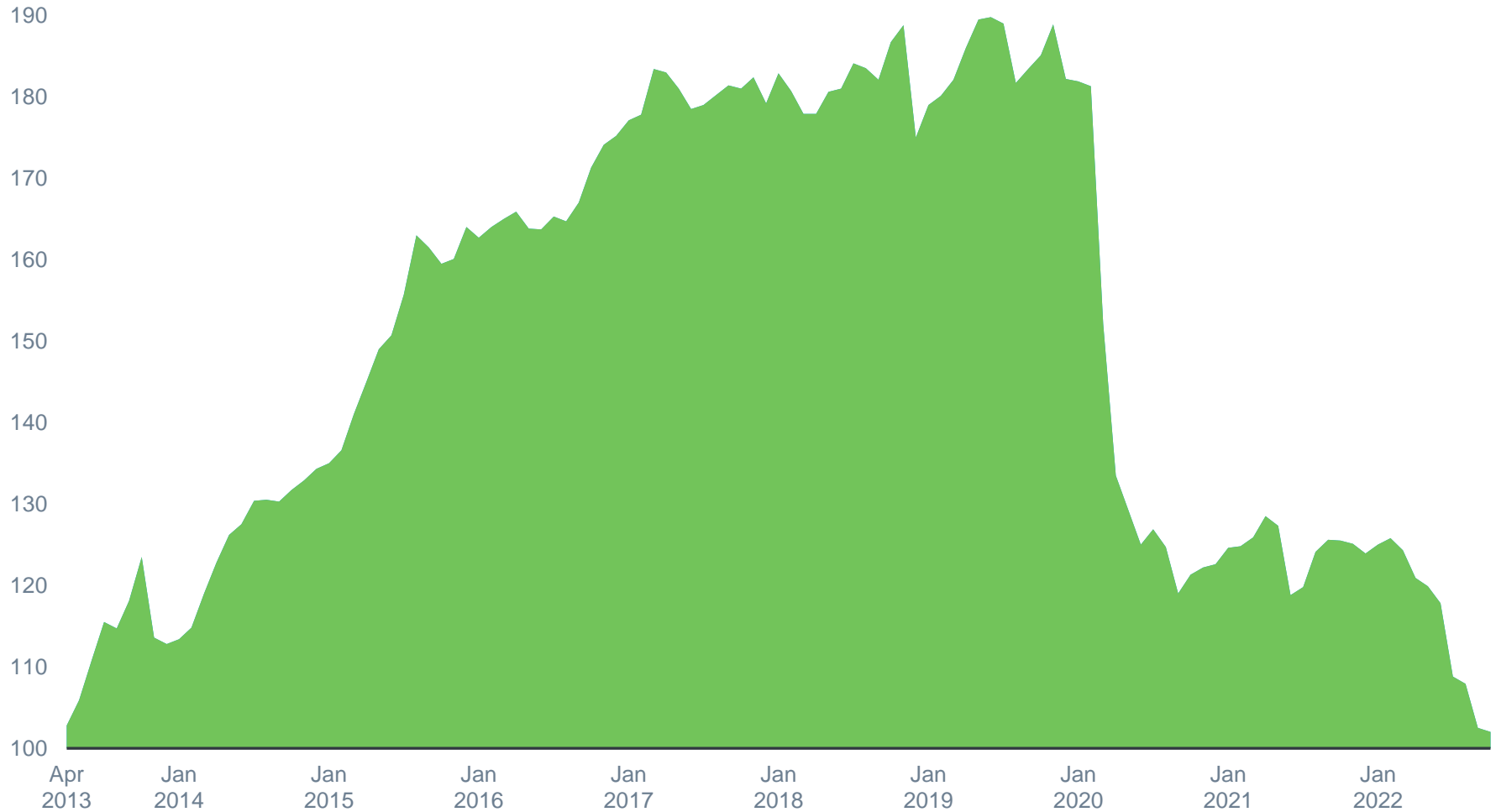




Mortgage Credit Availability

Mortgage Credit Availability Index (MCAI)

October 2022



Source: MBA

Lending Standards Still Under Control

Historic Data for the Mortgage Credit Availability Index (MCAI)

