

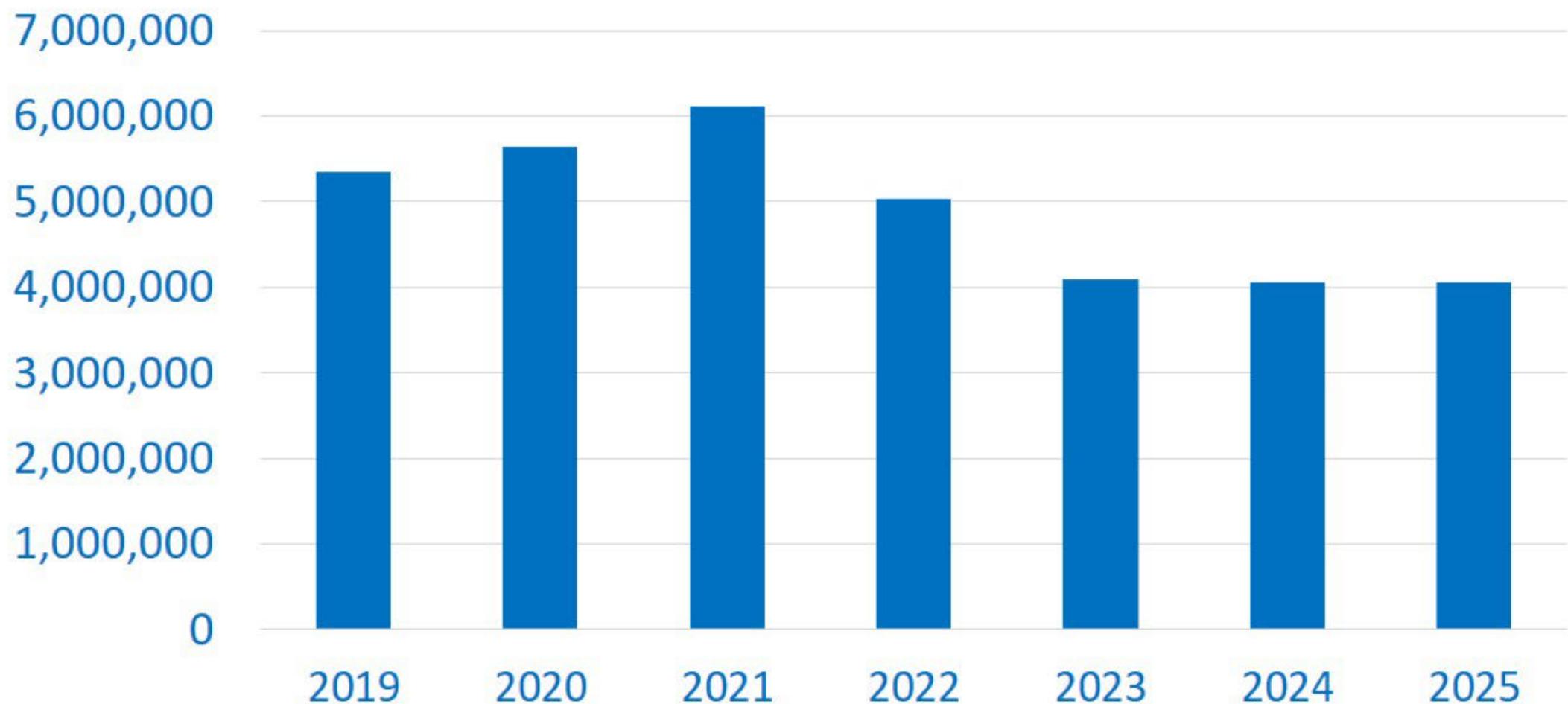
# Real Estate and Economic Outlook

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**Lawrence Yun, Ph.D.  
Chief Economist**

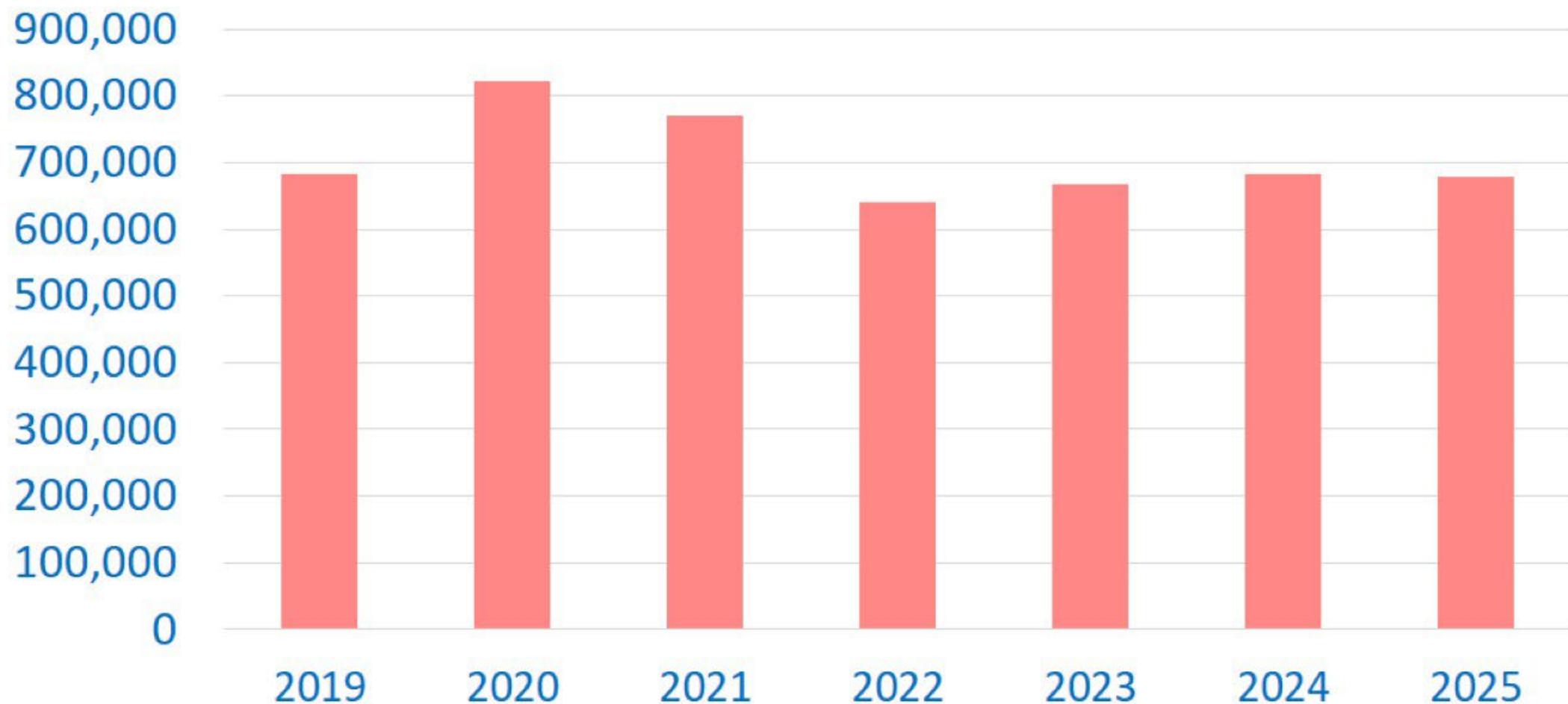
**National Association of REALTORS®**

**Existing-Home Sales ... up 0.1% year-to-date to October  
Three Subpar Years ... 75% of Pre-covid Activity**



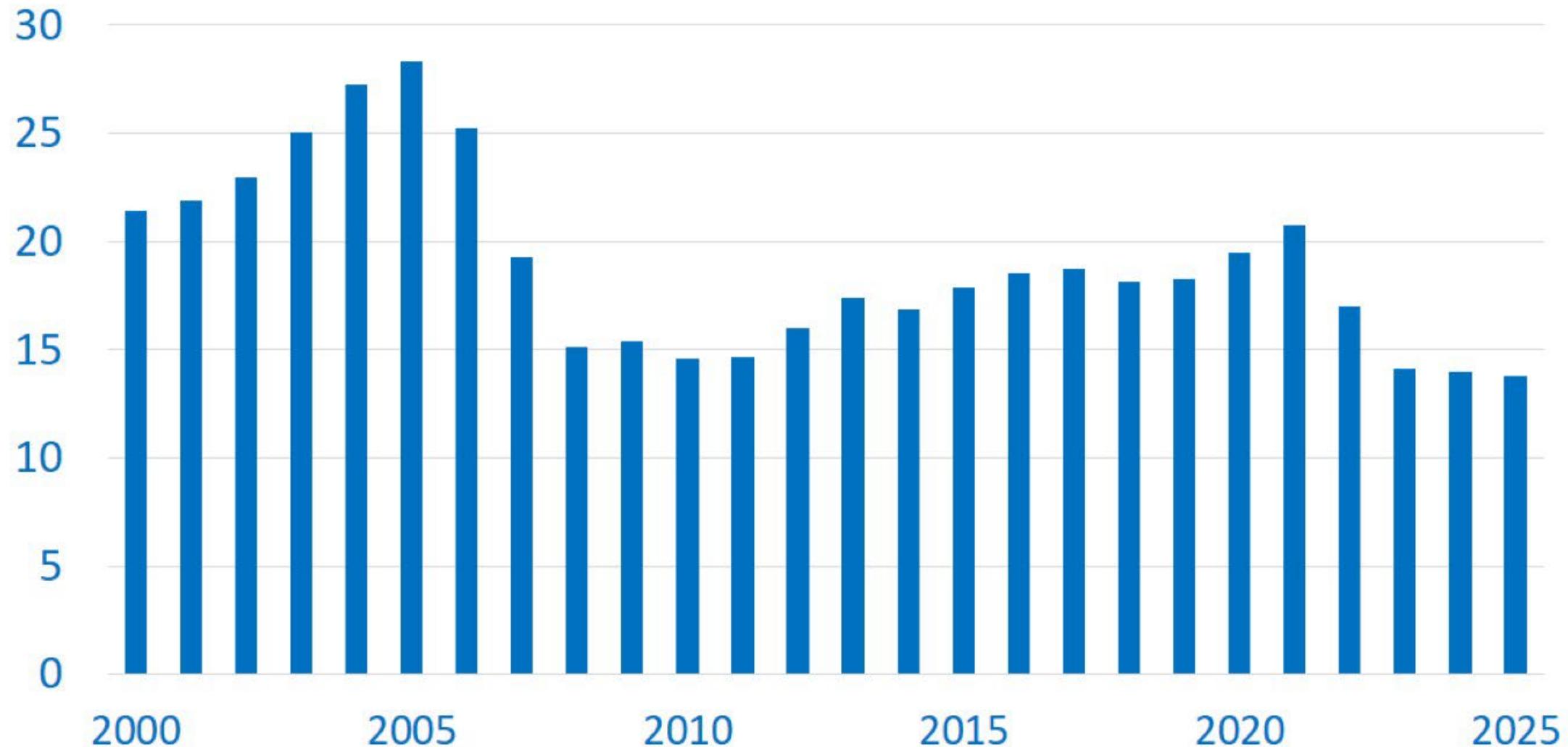
Source: NAR

## New Home Sales ... down 1.2% to year-to-date to August Back to Pre-Covid Sales Activity



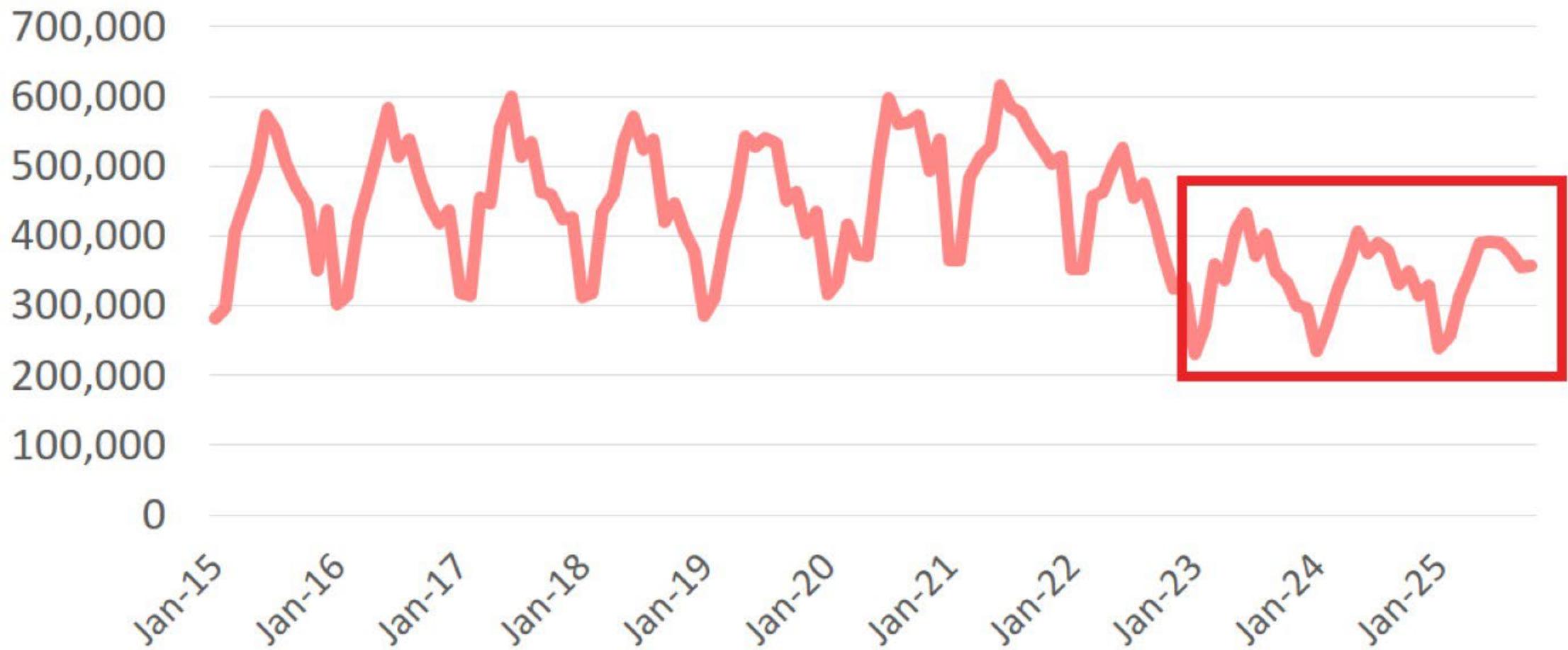
Source: Census

## Total Home Sales per 1000 residents ... All-time Low?



Source: NAR

## Monthly Raw Sales with Seasonal Fluctuations



Source: NAR

## Existing Home Sales – Seasonally Adjusted Annualized Rate



Source: NAR

# Inventory of Homes for Sale – below Pre-covid Levels

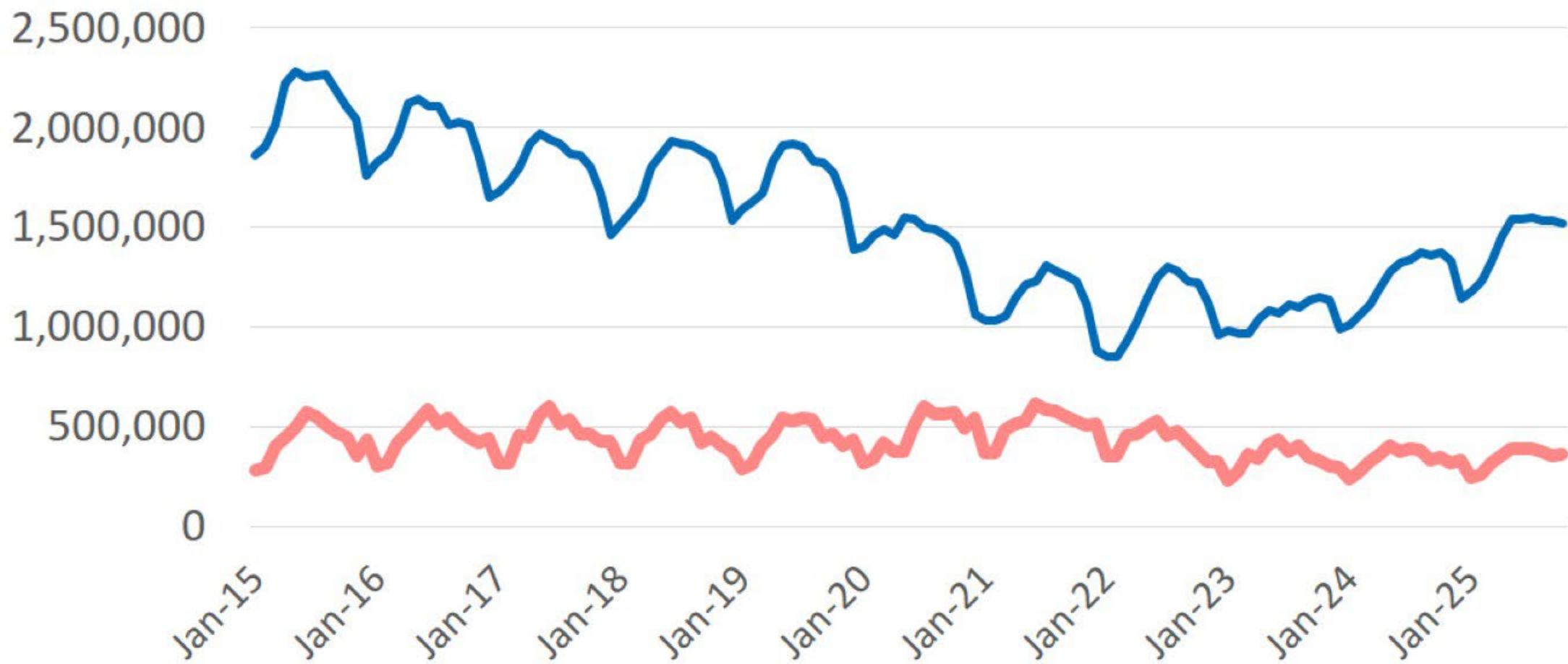
(Inventory usually declines from late Autumn to January)



Source: NAR

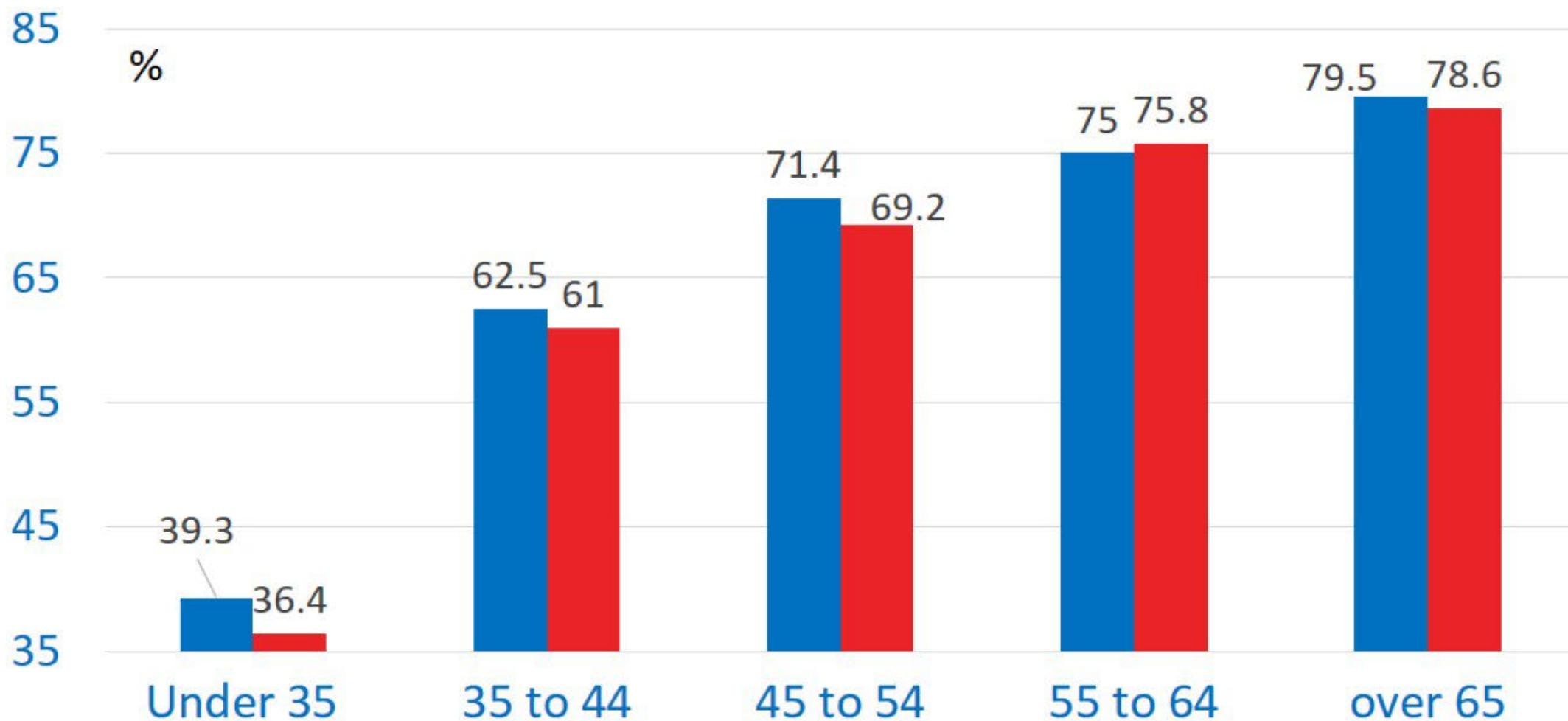
## Supply and Demand together in one graph

### Supply is larger than Demand ... does not mean oversupply



Source: NAR

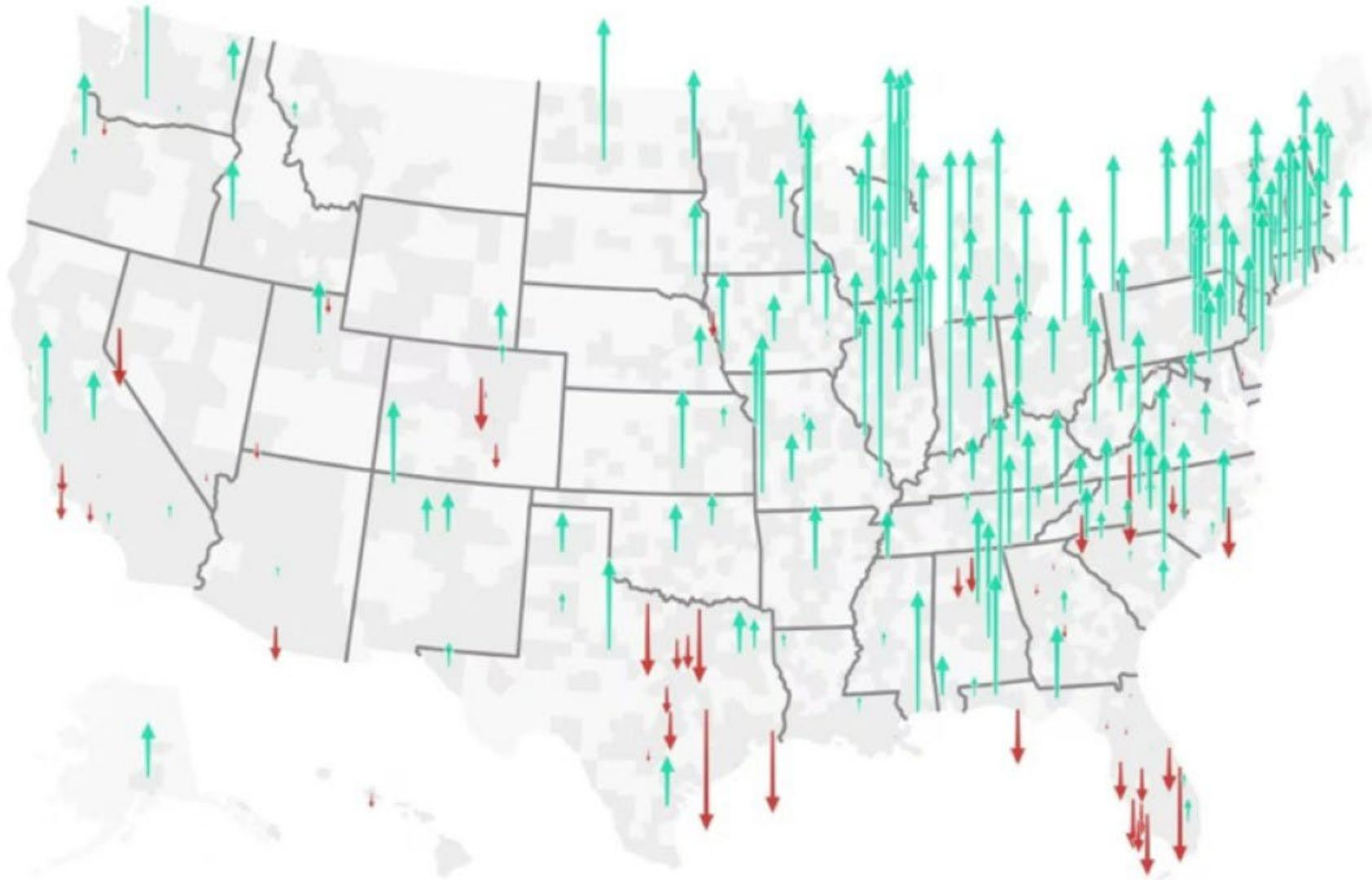
## Homeownership Rate by Age Group 2022 Peak vs. 2025 Q2



Source: Census

# 1-year Home Price Gains

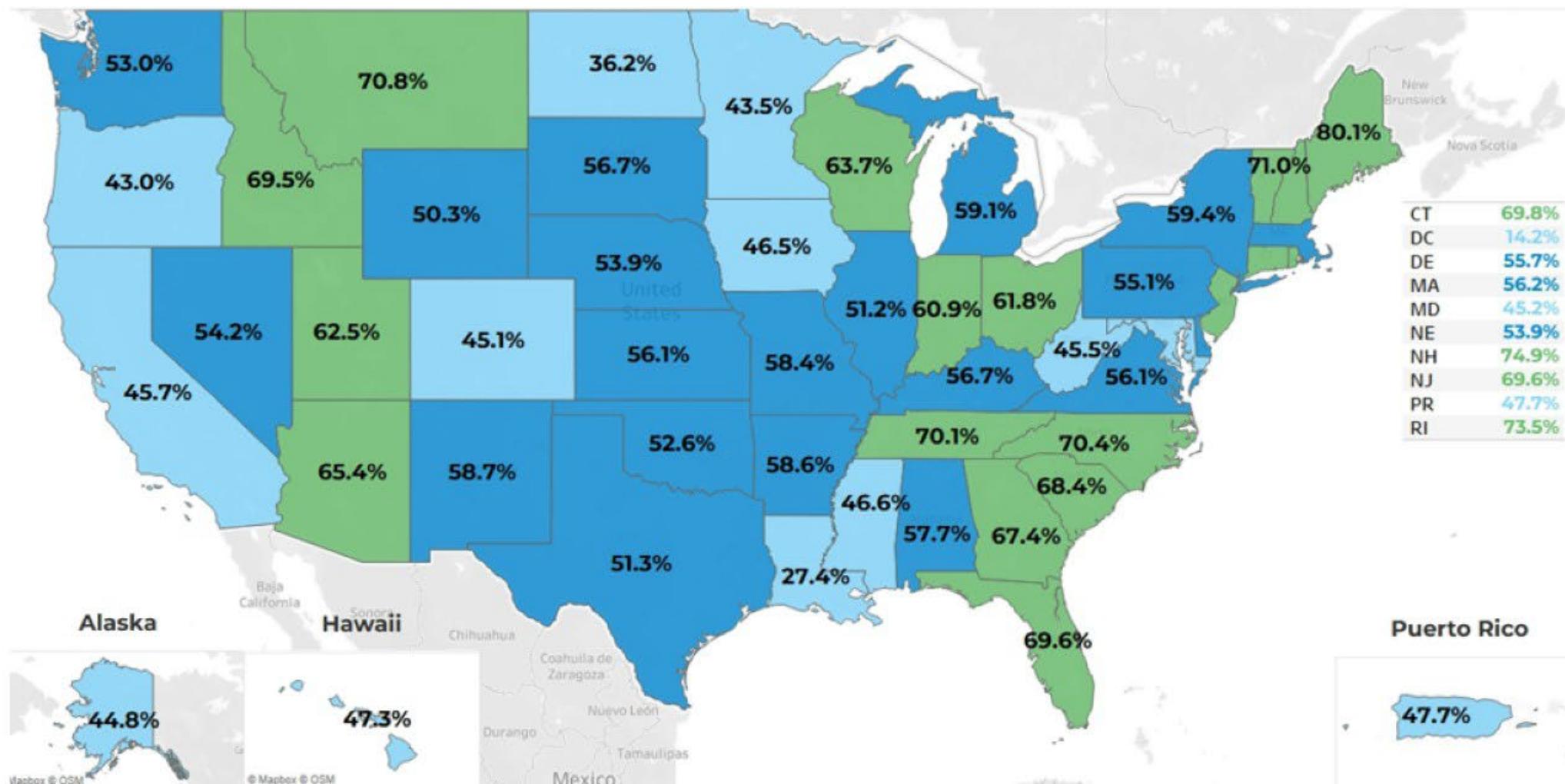
% change from 2024 Q3 to 2025 Q3



Source: NAR and realtor.com map using datawrapper

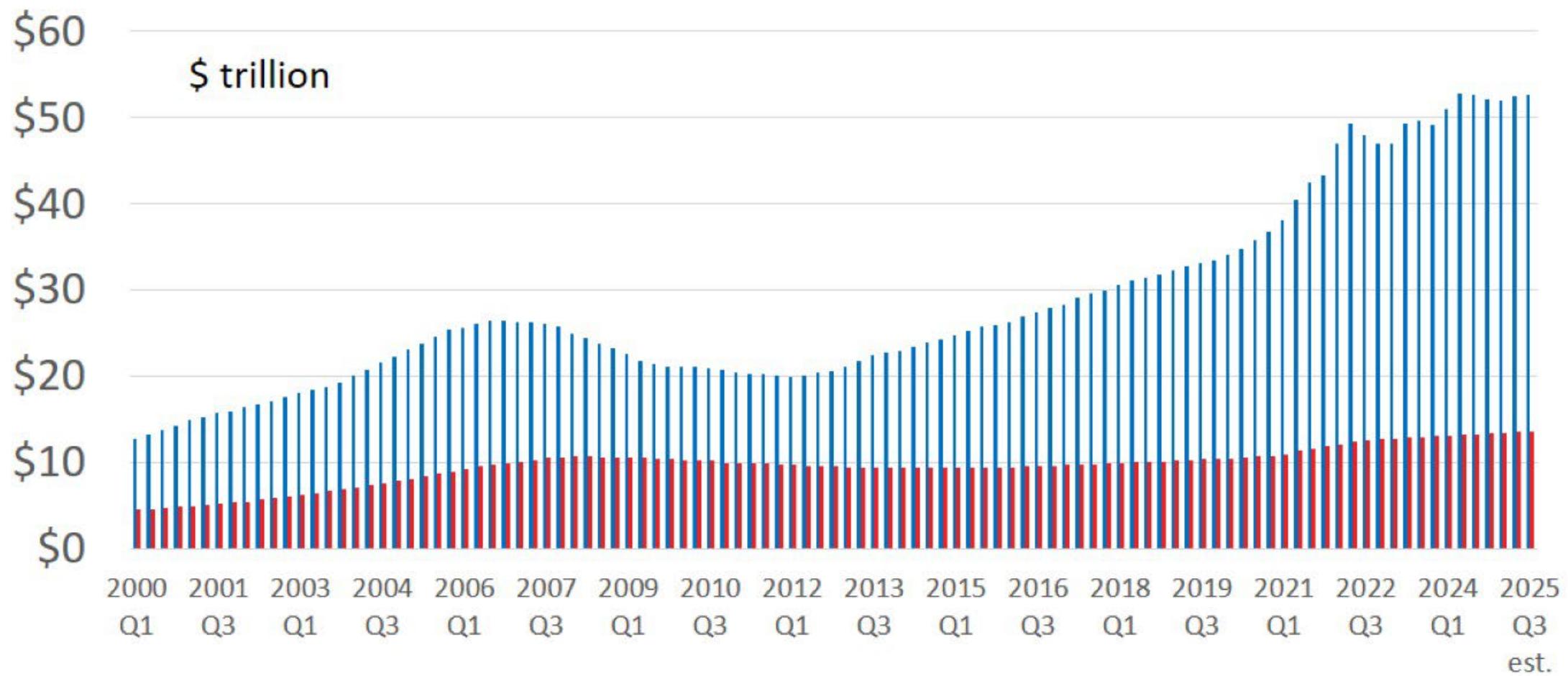
# 5-year Home Price Gains Since Pre-COVID

% change from 2020 Q1 to 2025 Q2



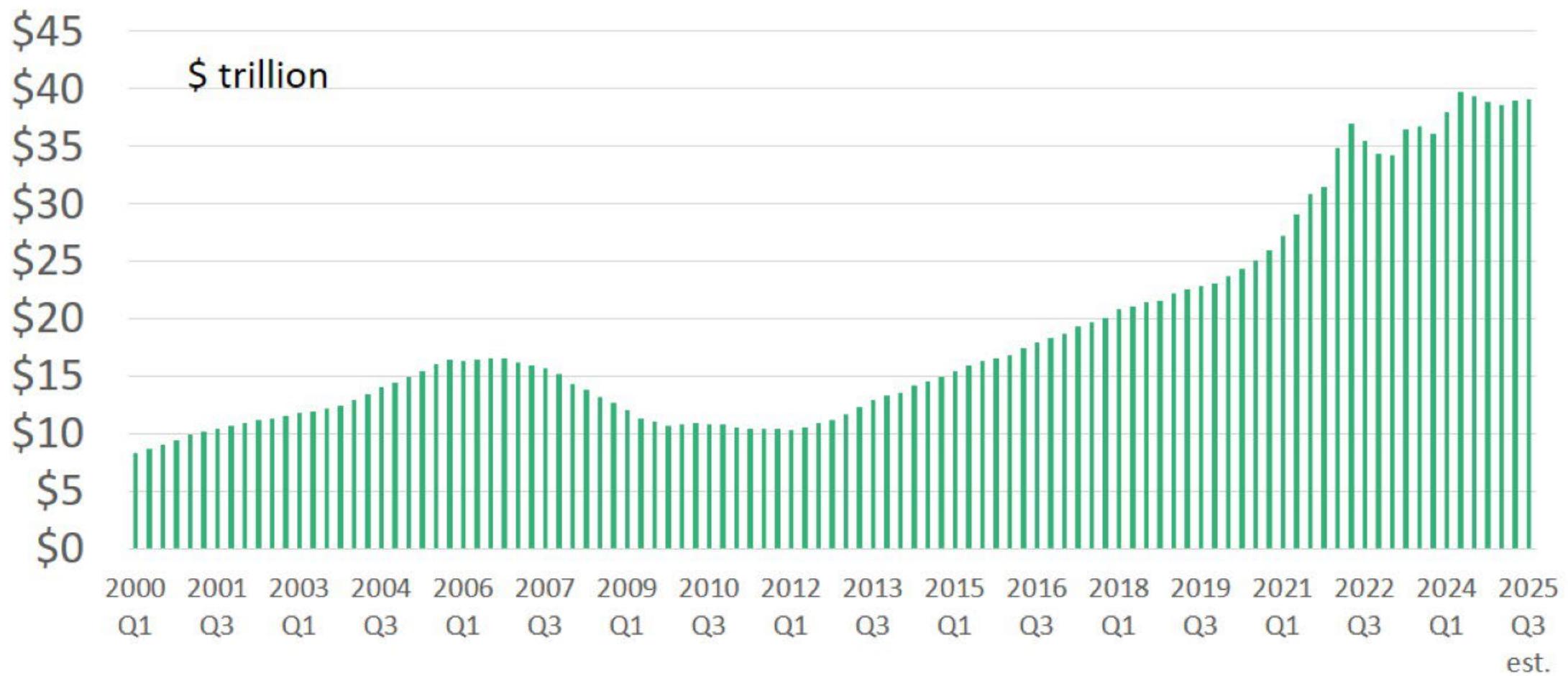
Source: NAR Analysis of FHFA data

## Record High Real Estate Asset Valuation (blue) and Record High Mortgage Debt (red)



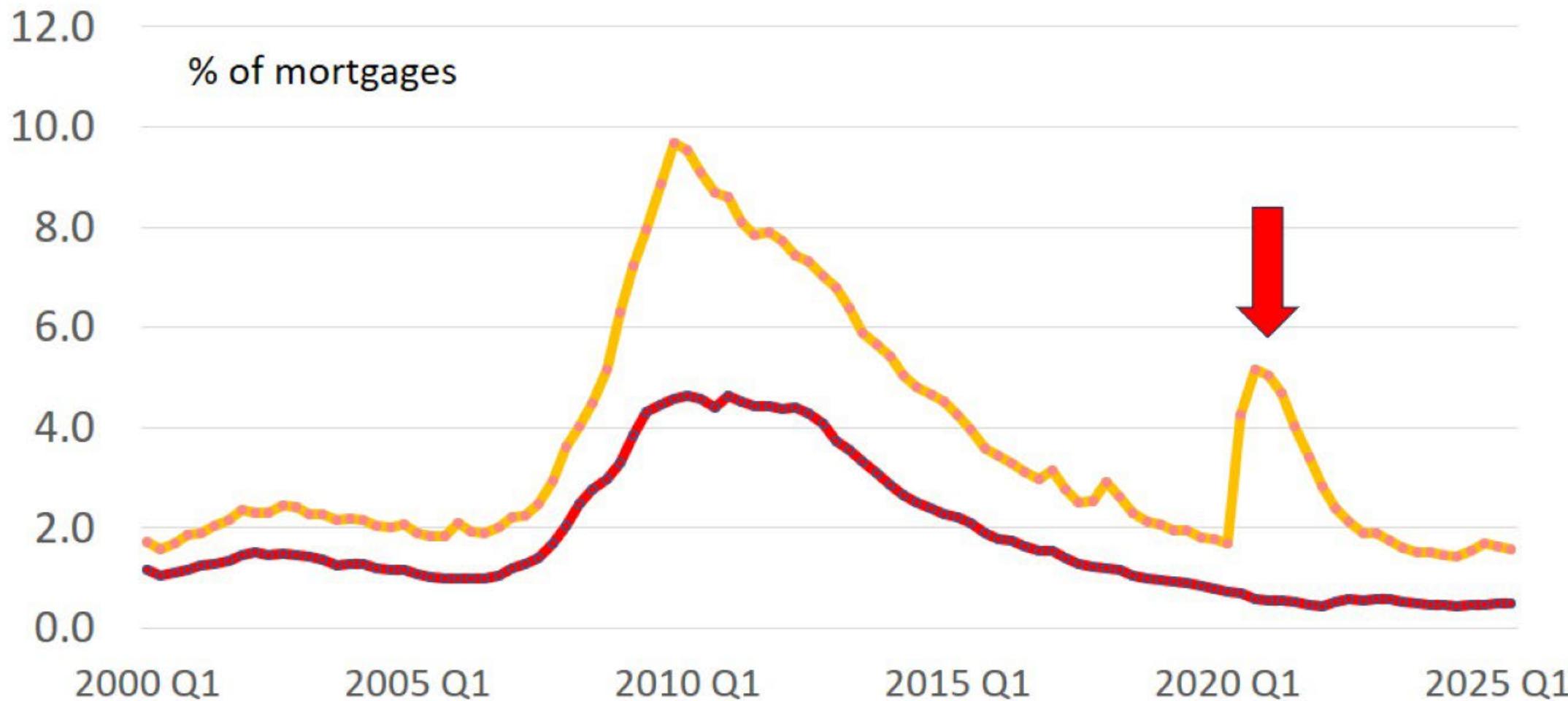
Source: Federal Reserve

# Real Estate Net Worth



Source: Federal Reserve

## Seriously Delinquent Mortgages and Foreclosure (90+ days late or in foreclosure)

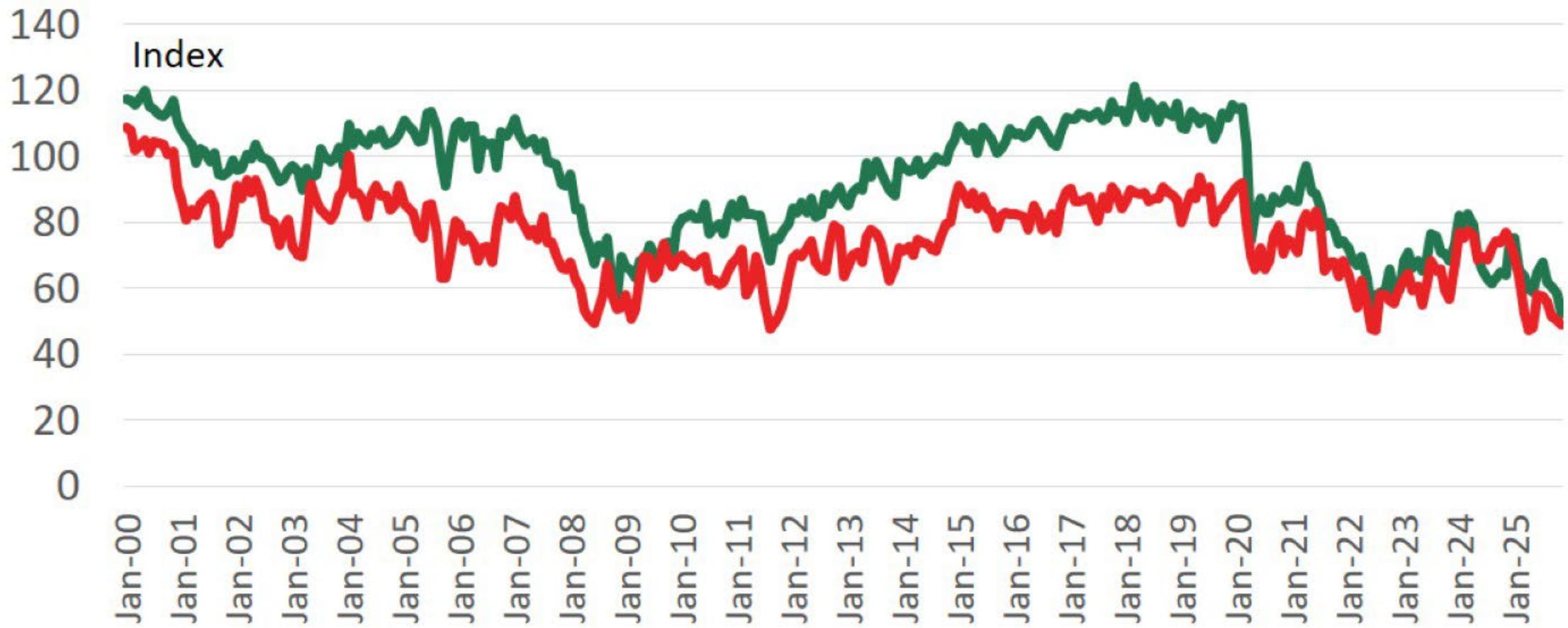


Source: Mortgage Bankers Association

## Forecast for 2026

- **Recession or No? Data blackout during Government Shutdown**
- **Stock Market High but overvalued?**
- **Job Gains weakening**
- **Consumers not happy now and about future**
- **Consumers are defaulting on loans (but not on mortgage loans)**
- **Lower Mortgage Rates Save the Day**

# Consumer Sentiment about Future and Present



Source: University of Michigan

## Auto Loan 90+ Days Delinquency



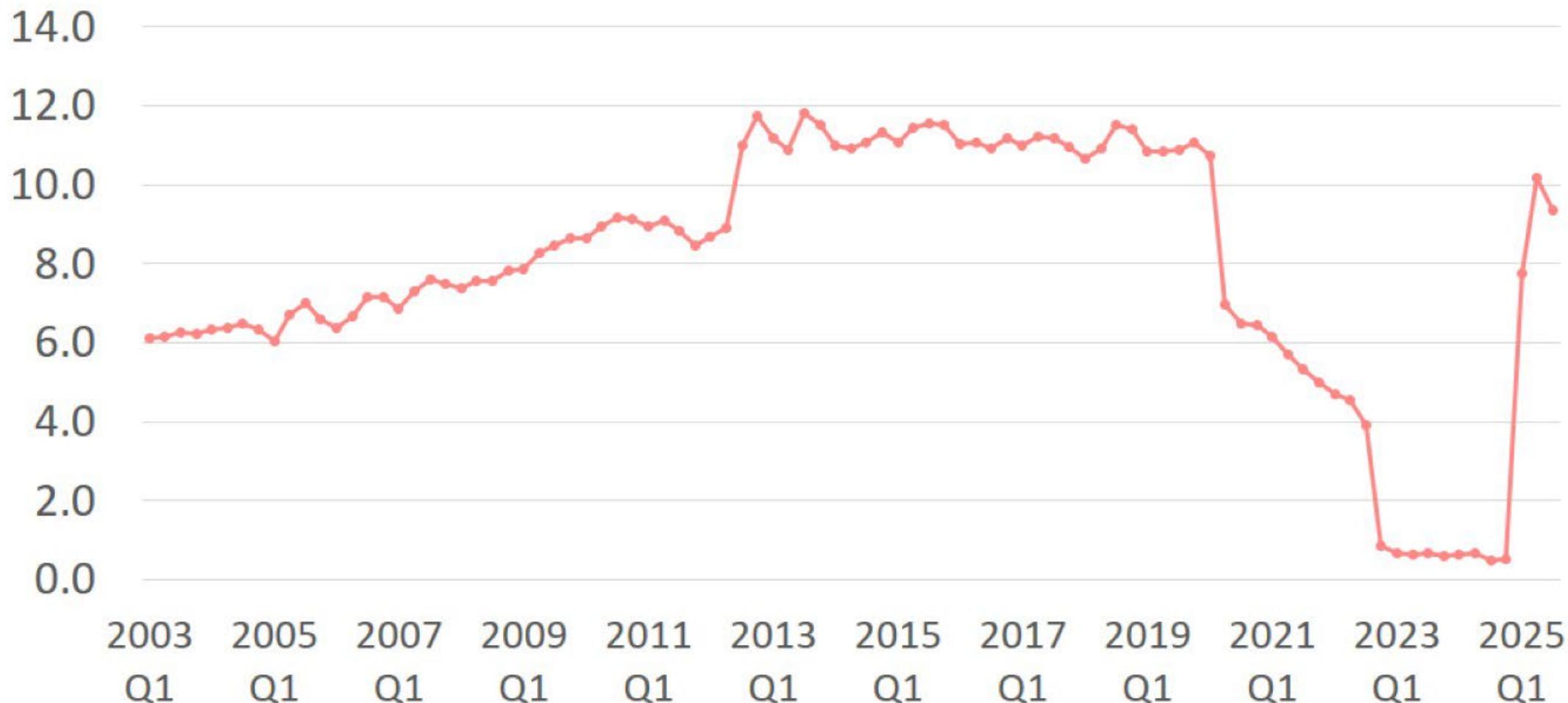
Source: Federal Reserve Bank of NY

## Credit Card 90+ Days Delinquency



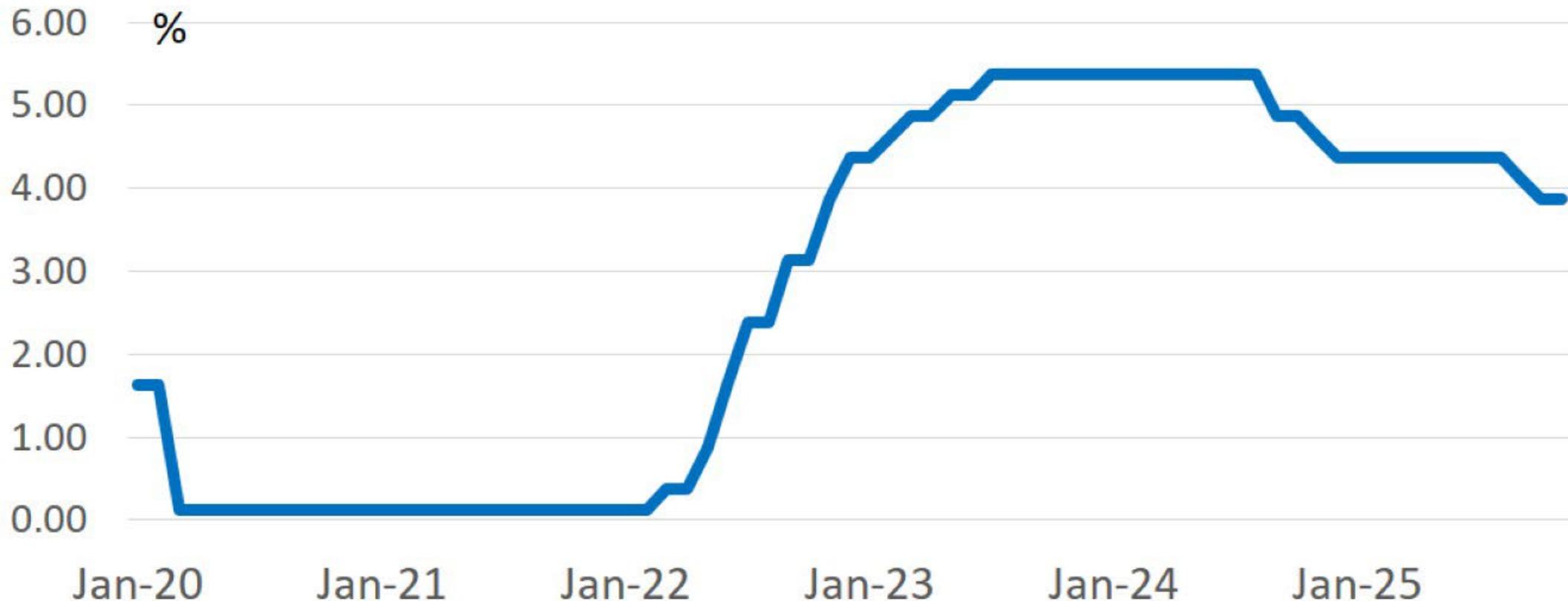
Source: Federal Reserve Bank of NY

## Student Debt 90+ Days Delinquency



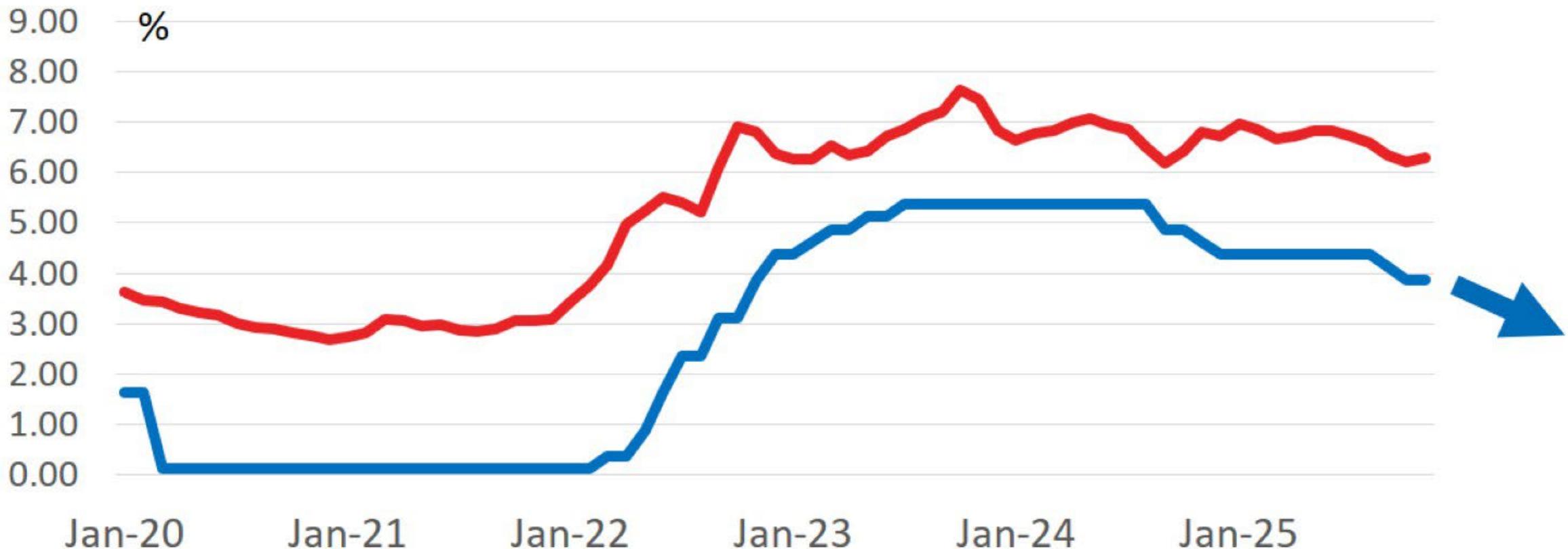
Source: Federal Reserve Bank of NY

# Federal Reserve cutting short-term Funds Rate



Source: Federal Reserve and Freddie Mac Mortgage Rate

## Mortgage Rates (red) Fed Funds Rate (blue)

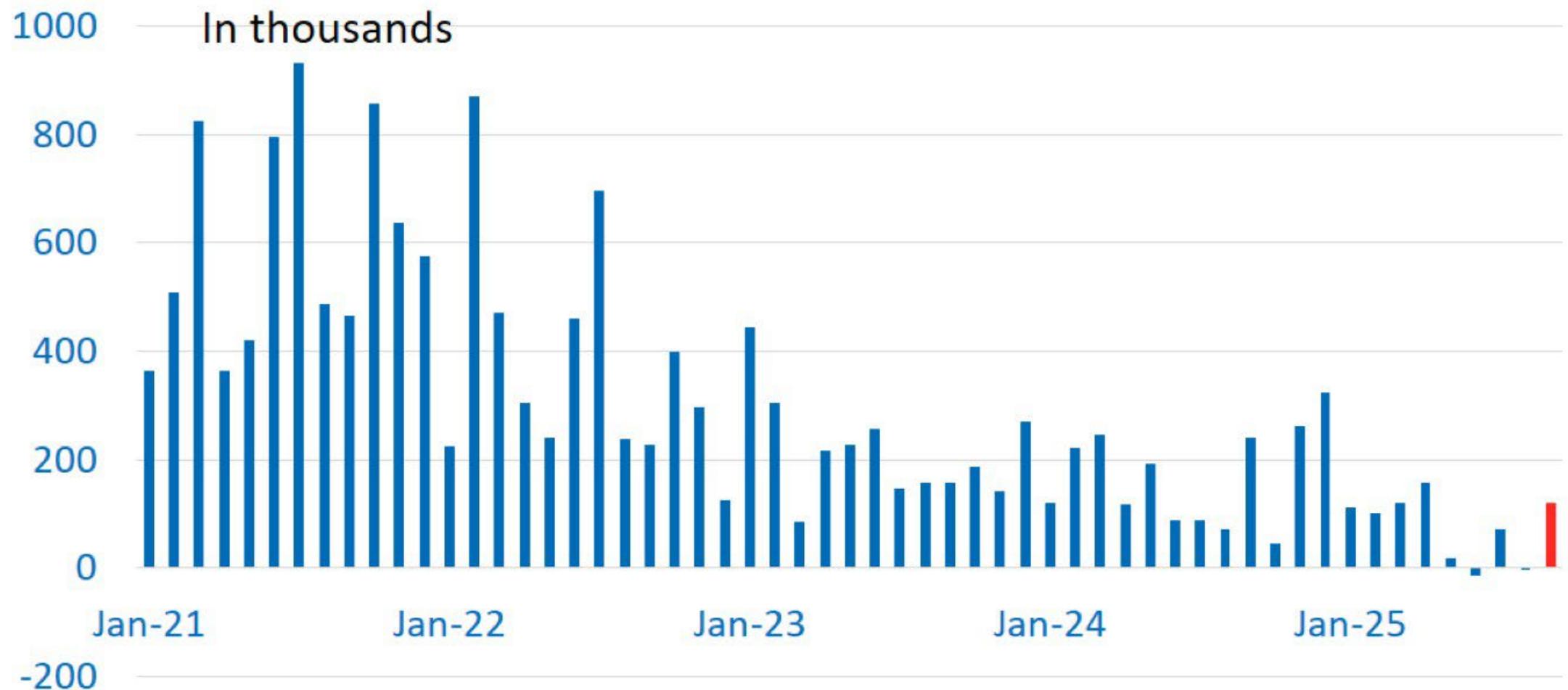


Source: Federal Reserve and Freddie Mac Mortgage Rate

# Impact to Mortgage Rates

- **Federal Reserve Rate Cut (on fed funds short-term rate)**
- **Federal Deficit and National Debt**
- **Supreme Court on Trump Tariffs (\$3 trillion revenue over decade)**
- **Inflation Rate**
- **Quantitative Tightening**
  - **net sale of mortgage-backed securities by the Fed**
- **Government guarantee (or non-guarantee) on mortgages**
- **Spread between 30-year Mortgage and 10-year Treasury**
- **Stock Market Crash**

## Monthly Job Changes

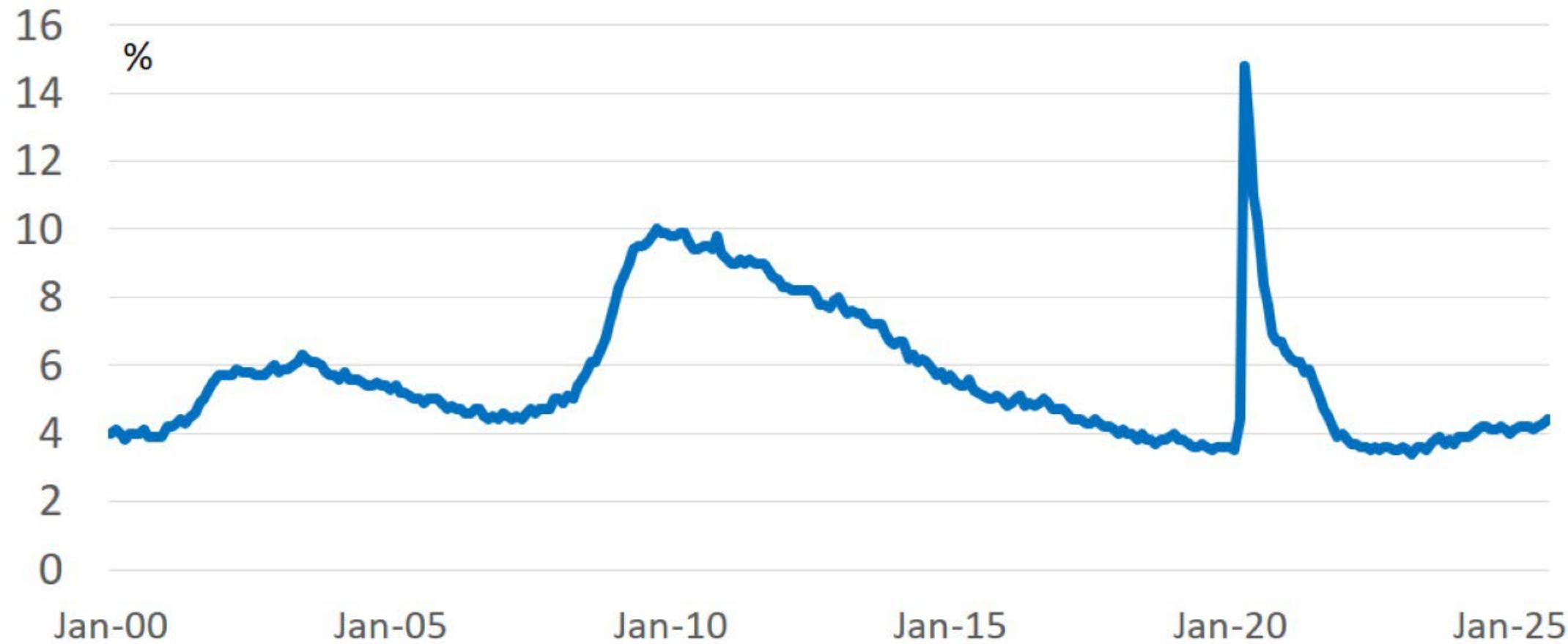


Source: BLS



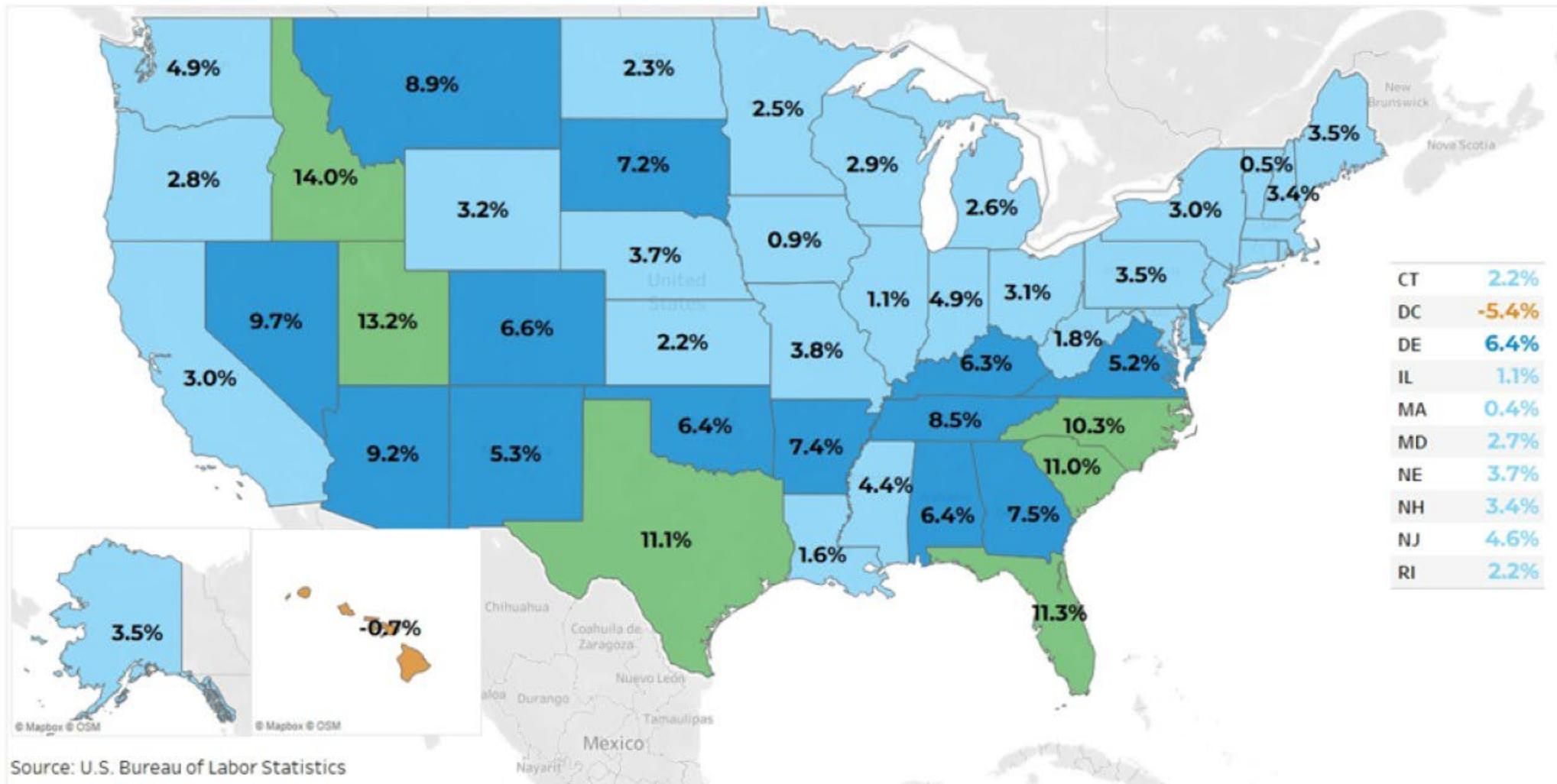
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# U.S. Unemployment Rate of 4.4% as of September



Source: BLS

# Job Gains Since Pre-COVID Record High Payroll Employment (% change from March 2020 to August 2025)



Source: NAR Analysis of BLS data

# Nationwide Forecast

	2025	2026
<b>Existing-Home Sales</b>	<b>+0%</b>	<b>+14%</b>
<b>New Home Sales</b>	<b>-2%</b>	<b>+5%</b>
<b>Median Home Price</b>	<b>+3%</b>	<b>+4%</b>
<b>Mortgage Rate</b>	<b>6.7%</b>	<b>6.0%</b>
<b>Job Gains</b>	<b>400,000 (not 2 million)</b>	<b>1.3 million (not 2 million)</b>
<b>Unemployment Rate</b>	<b>4.3%</b>	<b>4.5% (not 5.5%)</b>

# THANK YOU!