

# 2019 housing forecast



# Table of Contents

- |     |   |     |  |
|-----|---|-----|--|
| 3.  | 2019 Market Summary   | 15. | Forecasting Year-Over-Year Percentage Change in Price                  |
| 4.  | Projected Home Price Percentage Appreciation Going Forward      | 16. | New Home Sales   |
| 5.  | Average FICO <sup>®</sup> Score                                 | 17. | New Home Sales <i>(cont.)</i>  |
| 6.  | FICO <sup>®</sup> Score Distribution                            | 18. | Average Days to Close a Loan   |
| 7.  | Months Inventory of Homes for Sale                              | 19. | Foot Traffic <i>(Indicator of Future Sales)</i>                        |
| 8.  | New Homes Selling Fast  | 20. | Seller Traffic   |
| 9.  | Housing Supply  | 21. | Buyer Traffic  |
| 10. | Mortgage Rates <i>(Freddie Mac 30-Year Fixed)</i>               | 22. | Financial Technology Trends  |
| 11. | Mortgage Rate Projections                                       | 23. | Housing Forecast for Millennials <i>(they purchase the most homes)</i> |
| 12. | Mortgage Rates: Freddie Mac <i>(30-Year Fixed Rate)</i>         | 24. | January Housing Snapshot   |
| 13. | A State of Transition: The Home Lending Industry                | 25. | The Bottom Line  |
| 14. | A State of Transition: The Home Lending Industry <i>(cont.)</i> |     |  |

# 2019 Market Summary

- Inventory will ease up
- Millennials and first-time homebuyers will drive the market
- 30-year rates above 5%
- Home appreciation will slow
- Huge value markets will suffer because of tax bill changes
- National rents will rise
- Mortgage market battle will continue to squeeze lenders out
- **Technology will continue to shape the industry** <<<

# Projected Home **Price Percentage** Appreciation Going Forward

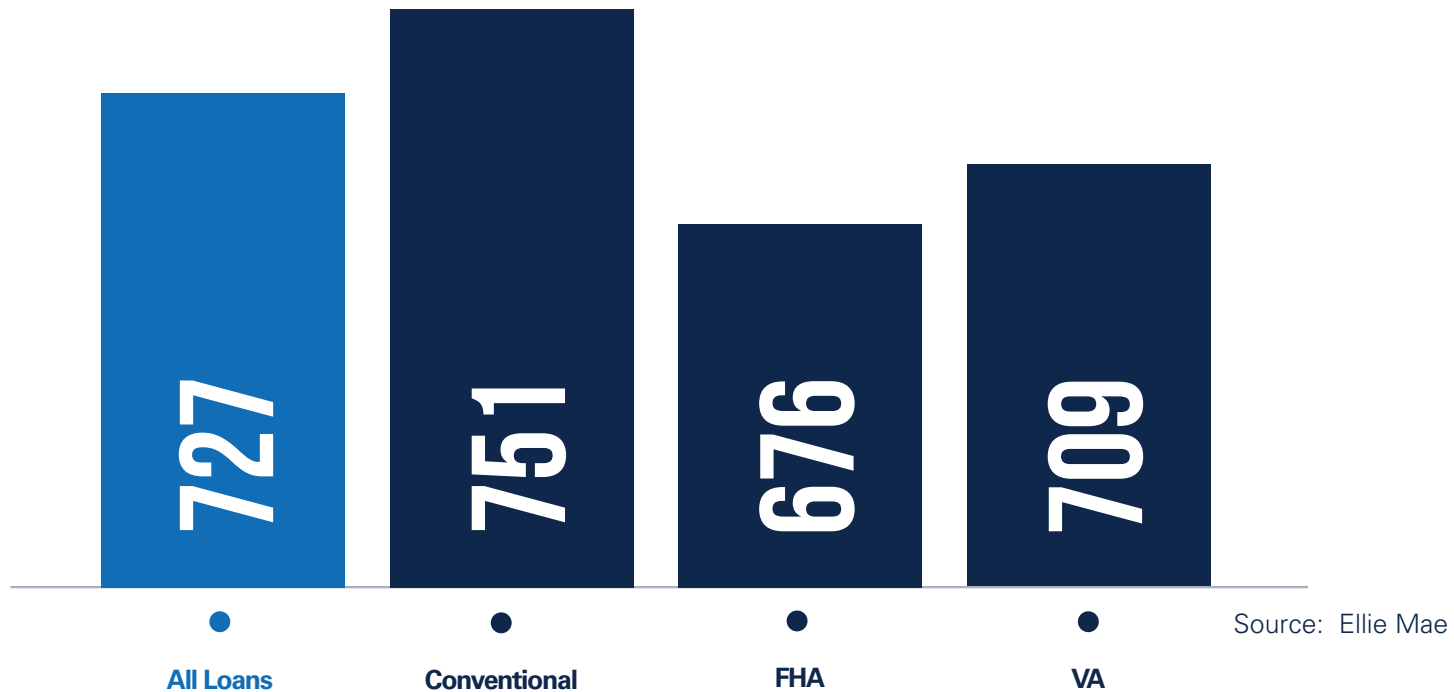
---

source	2019	2020
Home Price Expectation Survey	+3.8	+2.5
Zelman & Assoc.	+3.5	+3.3
Mortgage Bankers Association	+4.5	+3
Freddie Mac	+4.1	+2.7
National Association of Realtors	+2.2	+3.2
Fannie Mae	+4.2	+2.8

# Average FICO® Score

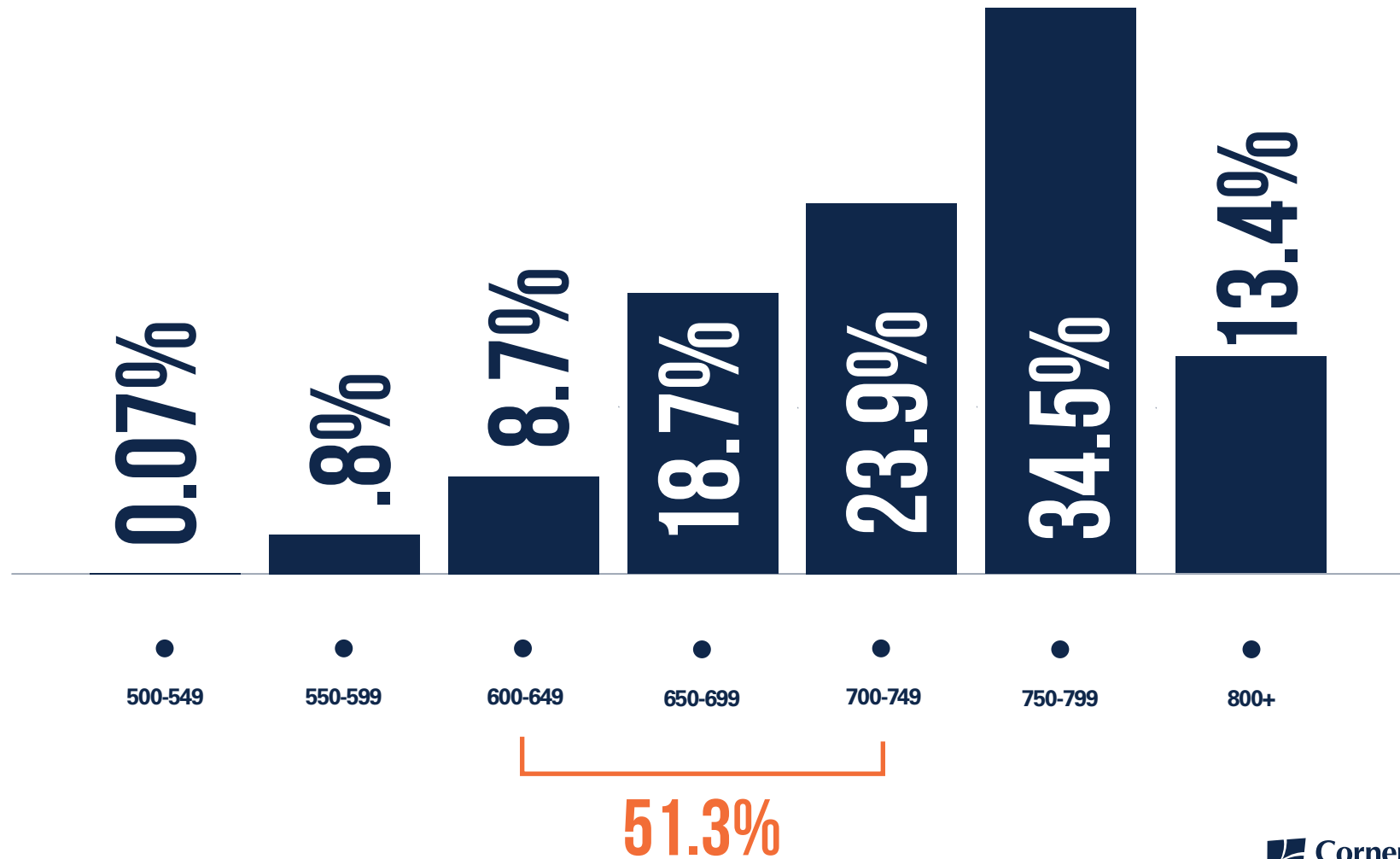
for Closed Purchase Loans by Loan Type

---



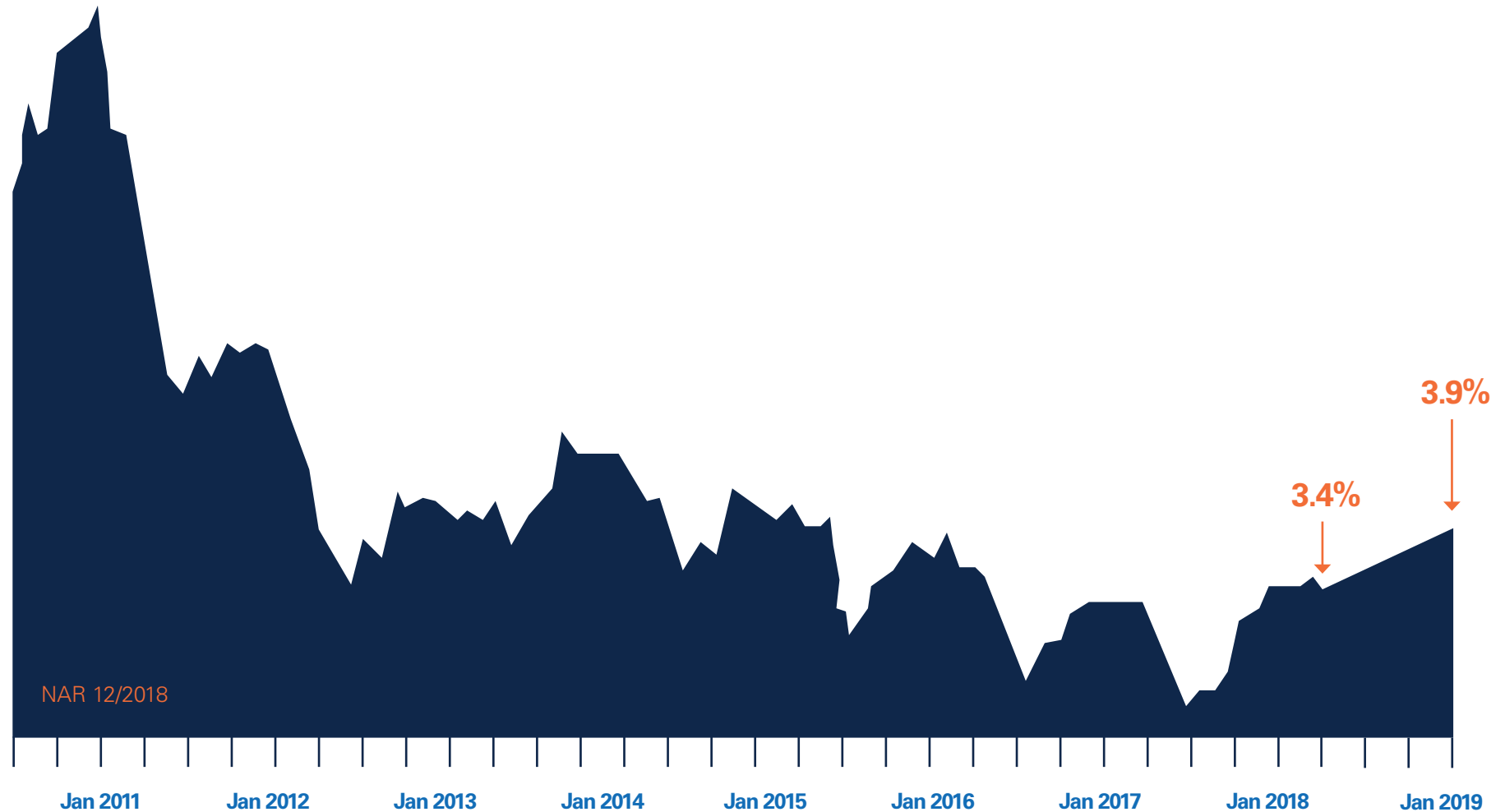
# FICO® Score Distribution

(all closed loans as per Ellie Mae)



# Months Inventory of Homes for Sale

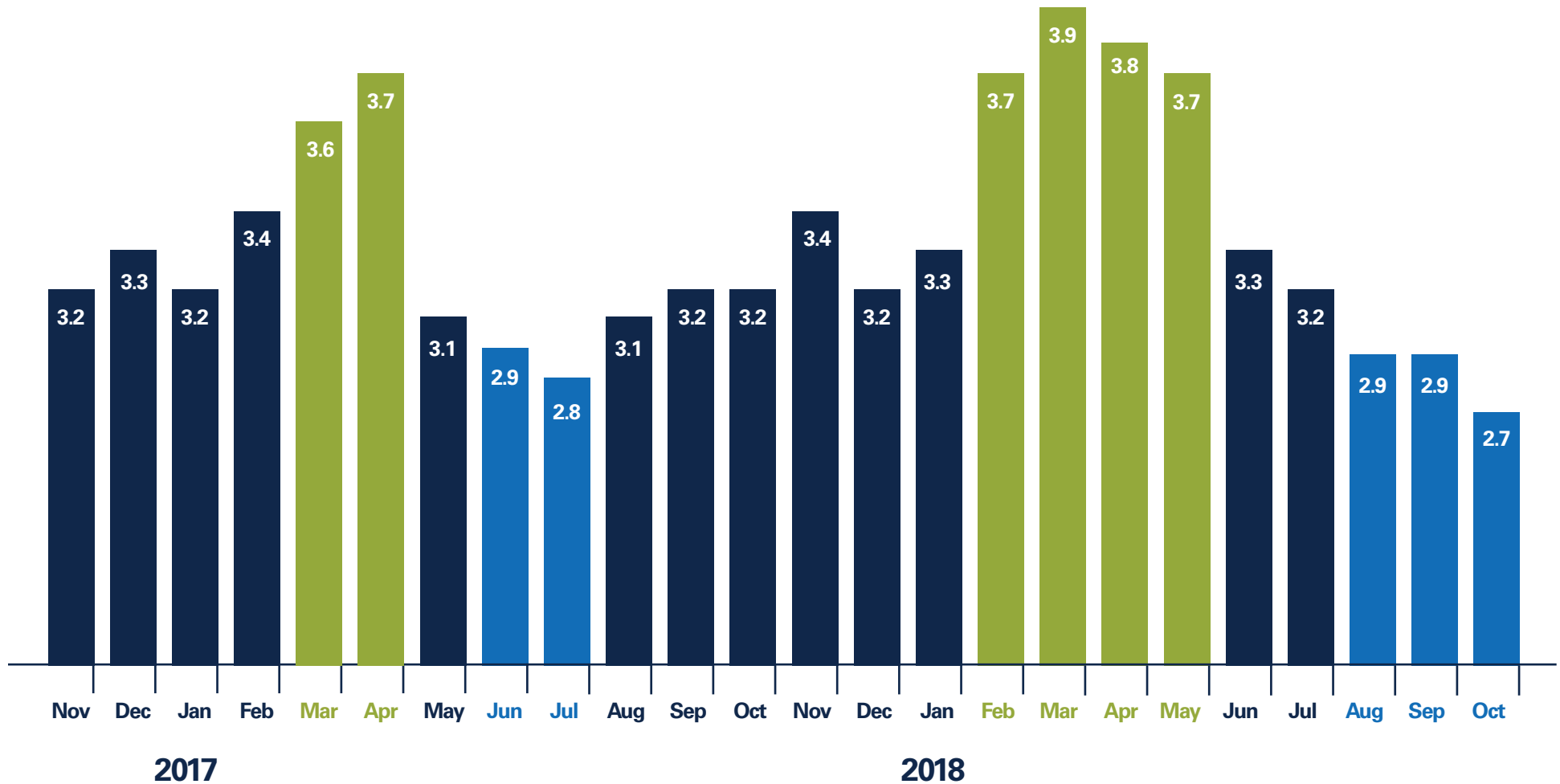
2011 - Today



# New Homes Selling Fast

(median months from completion to sold)

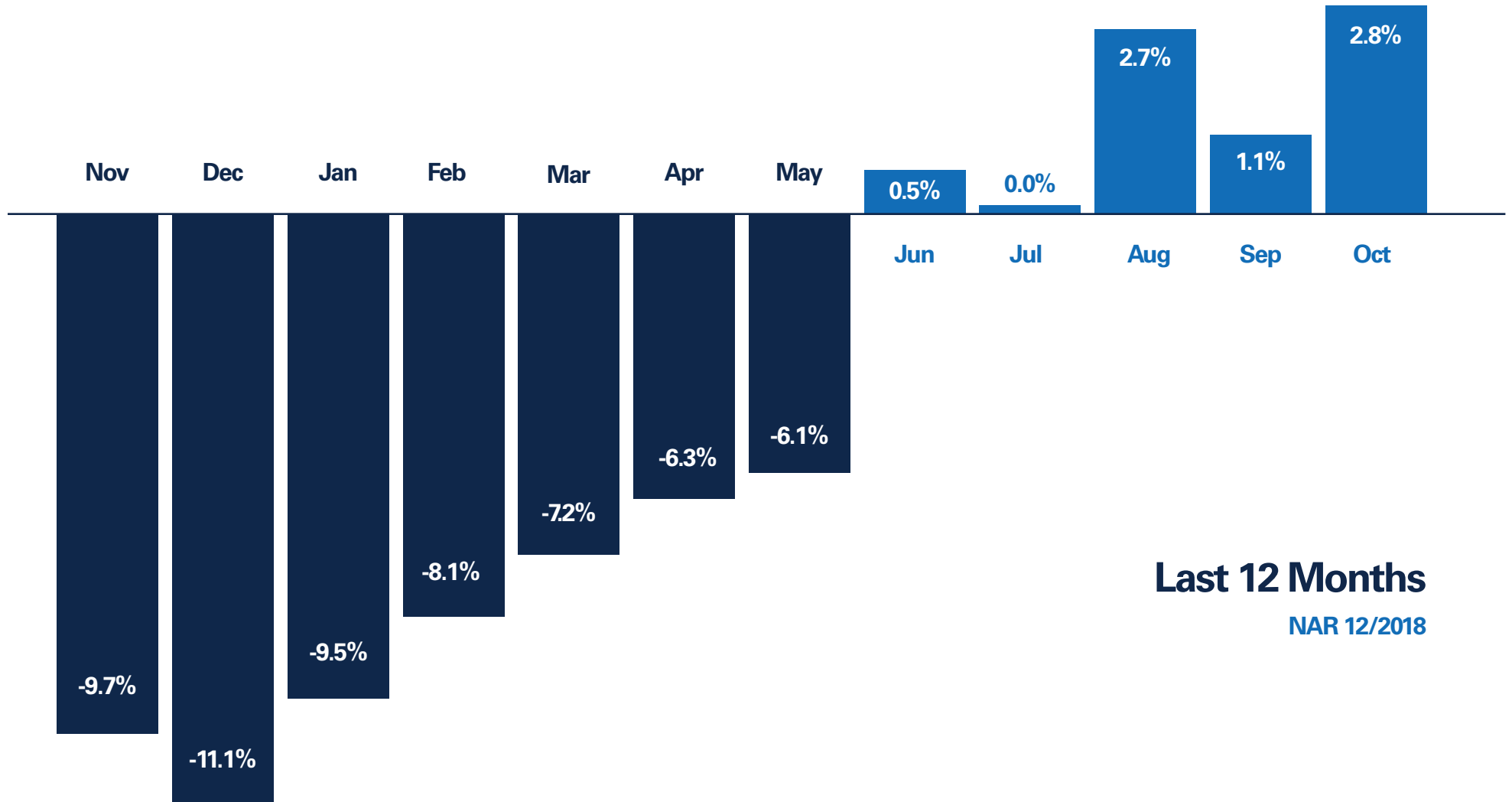
Source: U.S. Census





# Housing Supply

(year-over-year)

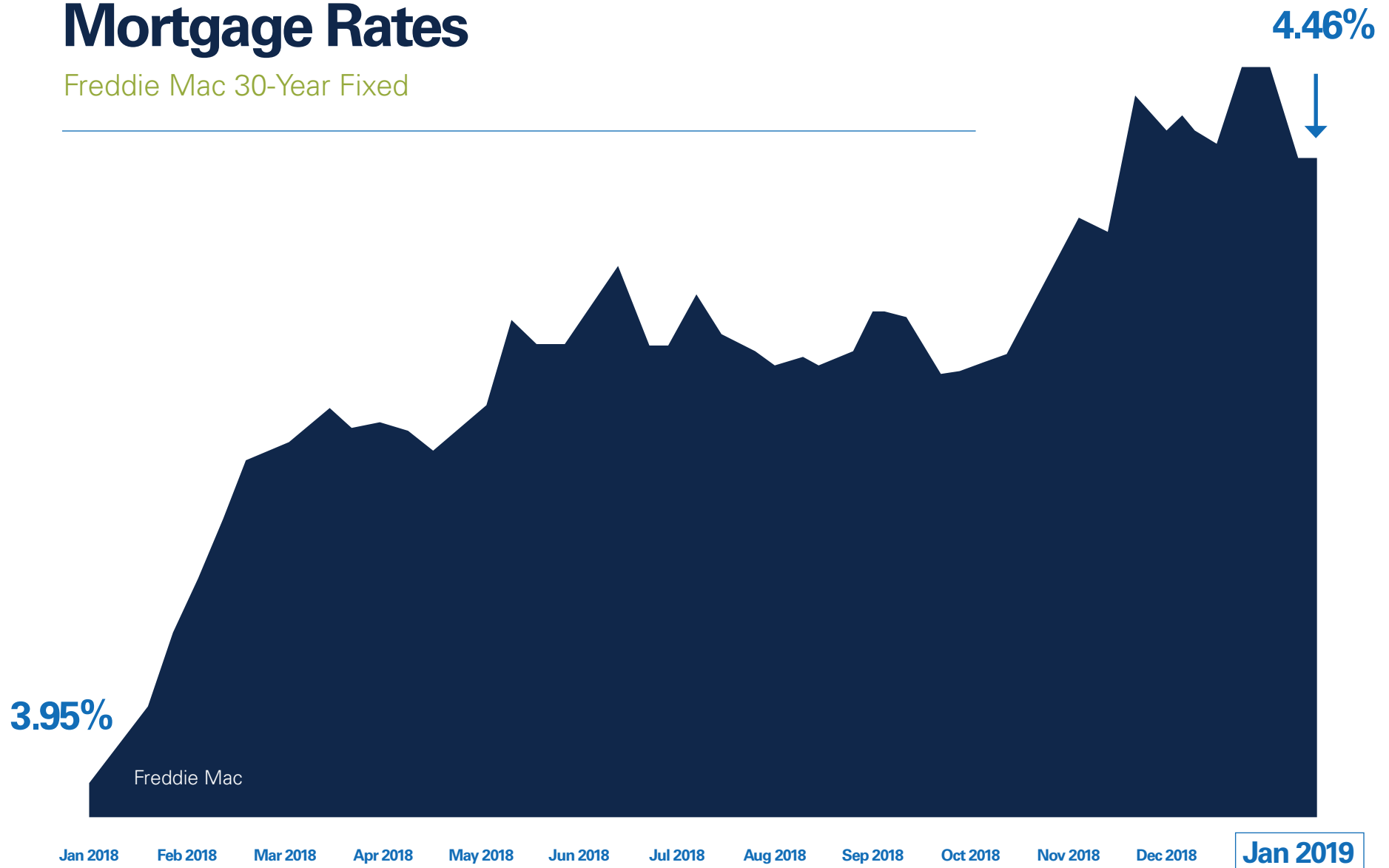


**Last 12 Months**

**NAR 12/2018**

# Mortgage Rates

Freddie Mac 30-Year Fixed



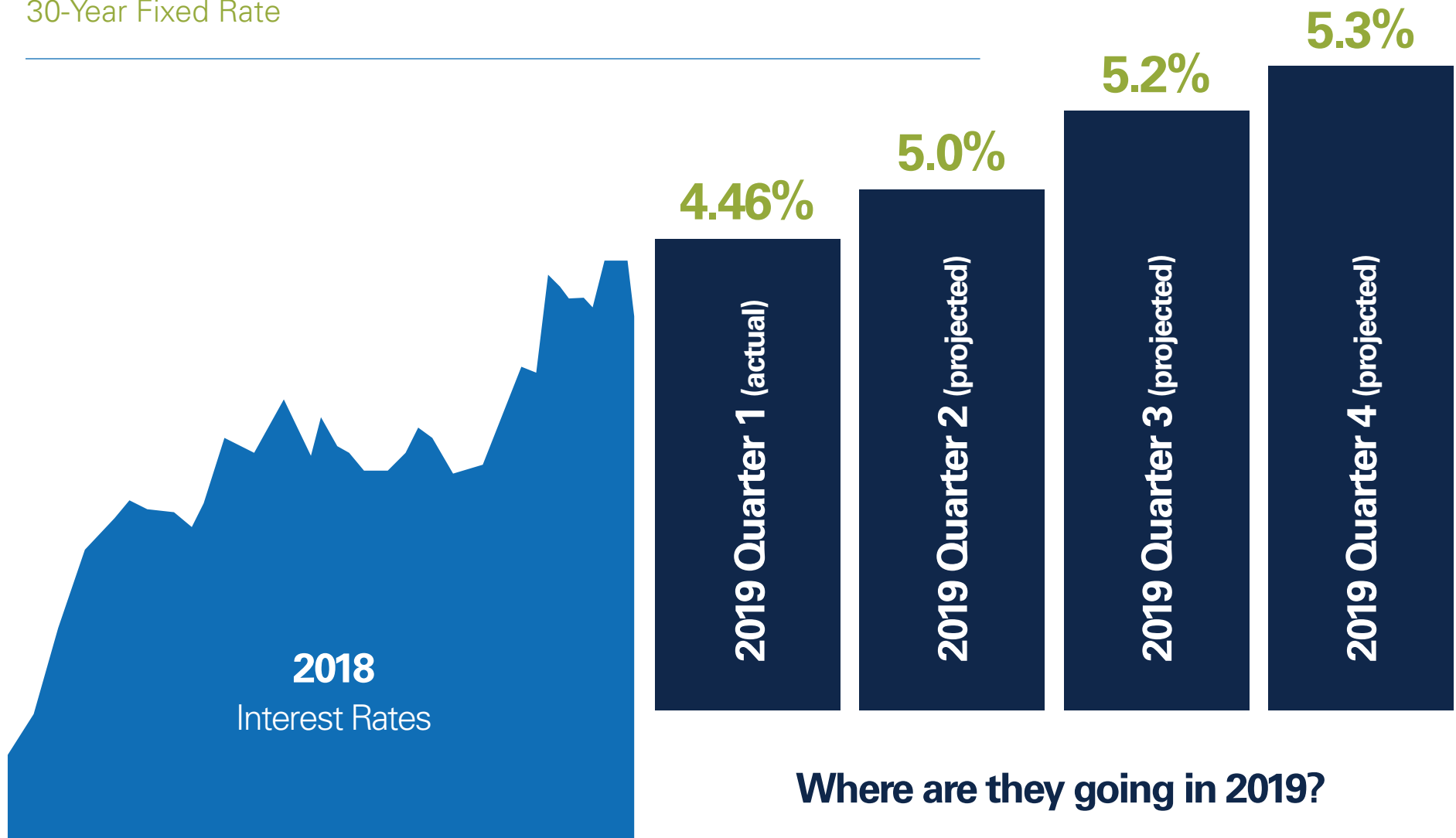
# Mortgage Rate Projections

Source: NAR

quarter	Freddie Mac	Fannie Mae	MBA	NAR	average
2019 1Q	4.9	4.9	5.0	5.0	4.95
2019 2Q	5.0	4.9	5.1	5.1	5.03
2019 3Q	5.2	5.0	5.1	5.2	5.13
2019 4Q	5.3	5.0	5.1	5.3	5.18

# Mortgage Rates: Freddie Mac

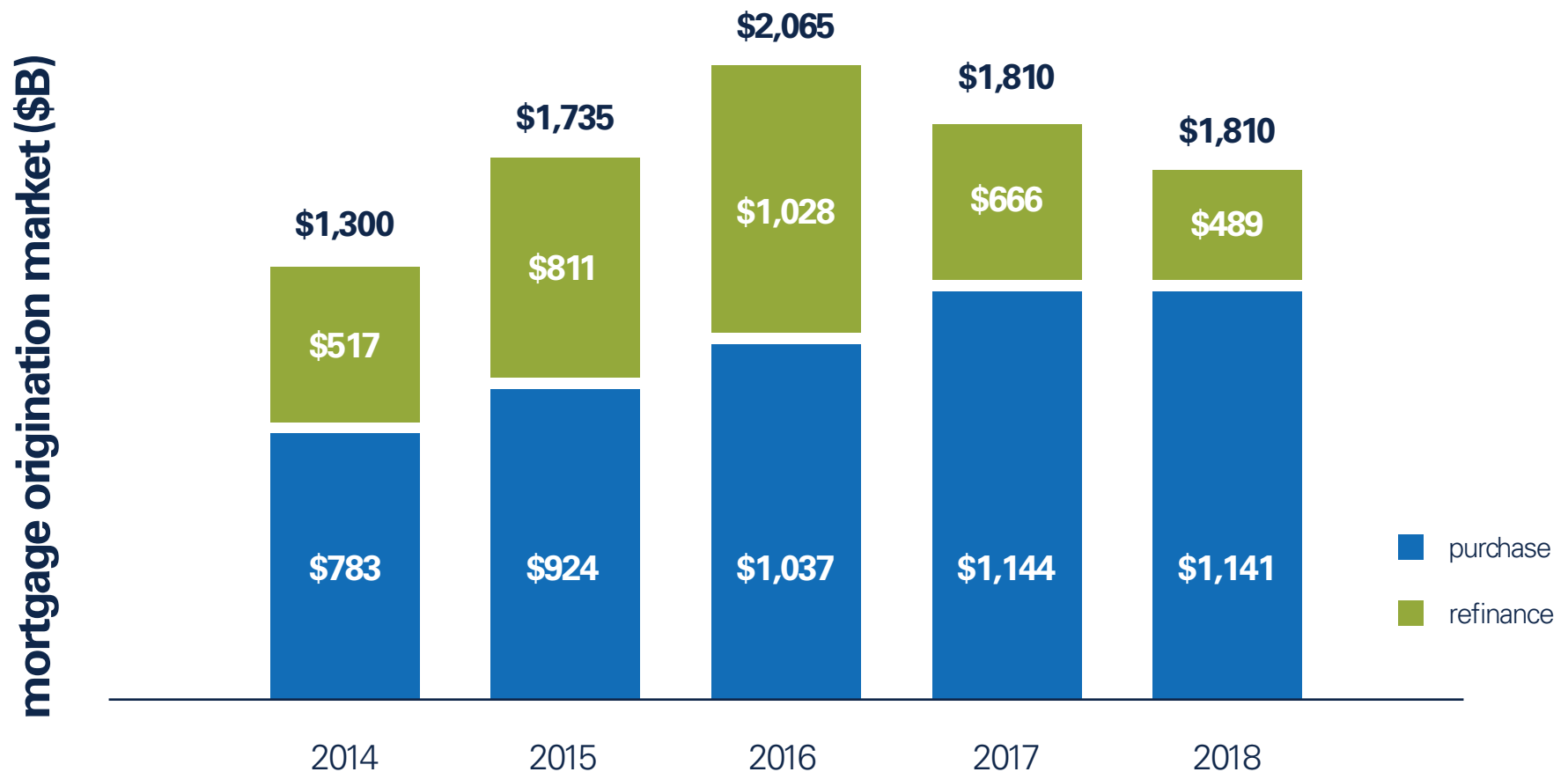
30-Year Fixed Rate



# A State of Transition: The Home Lending Industry

profitability remains challenged across the industry as origination volume continues to decrease, spreads compress, and production costs rise

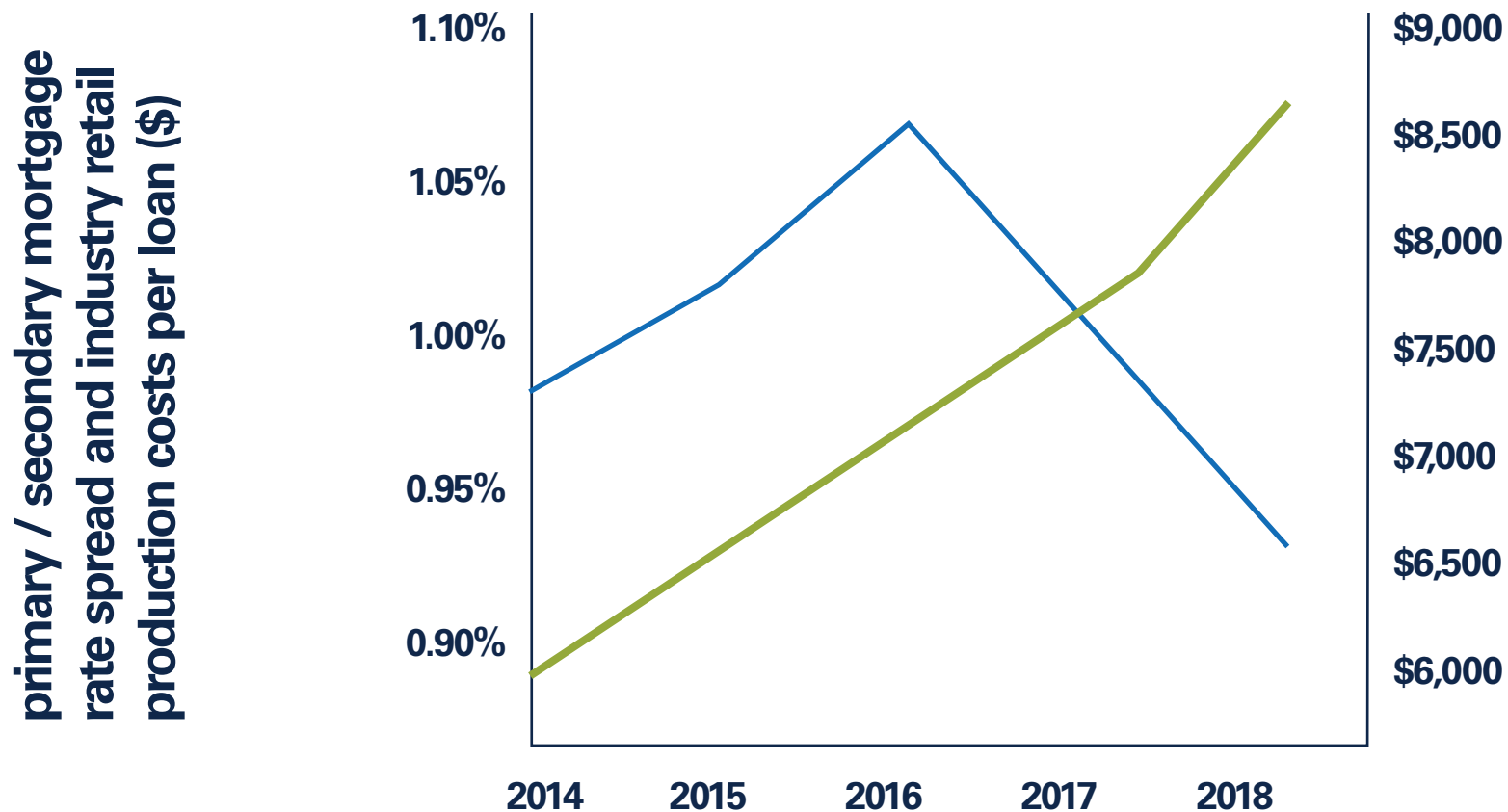
Source: JP Morgan Chase & Co.



# A State of Transition: The Home Lending Industry

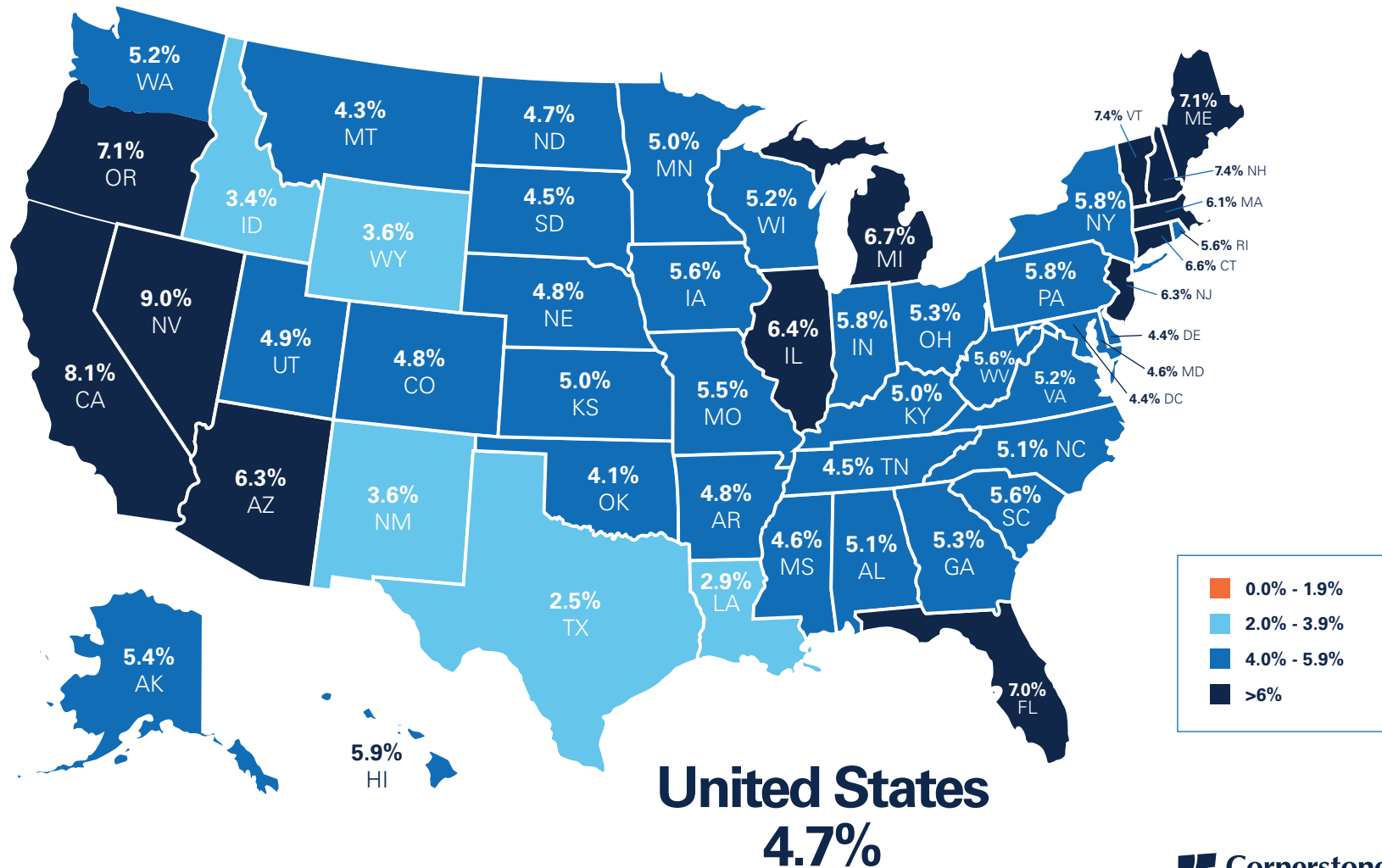
(cont.)

Source: JP Morgan Chase & Co.



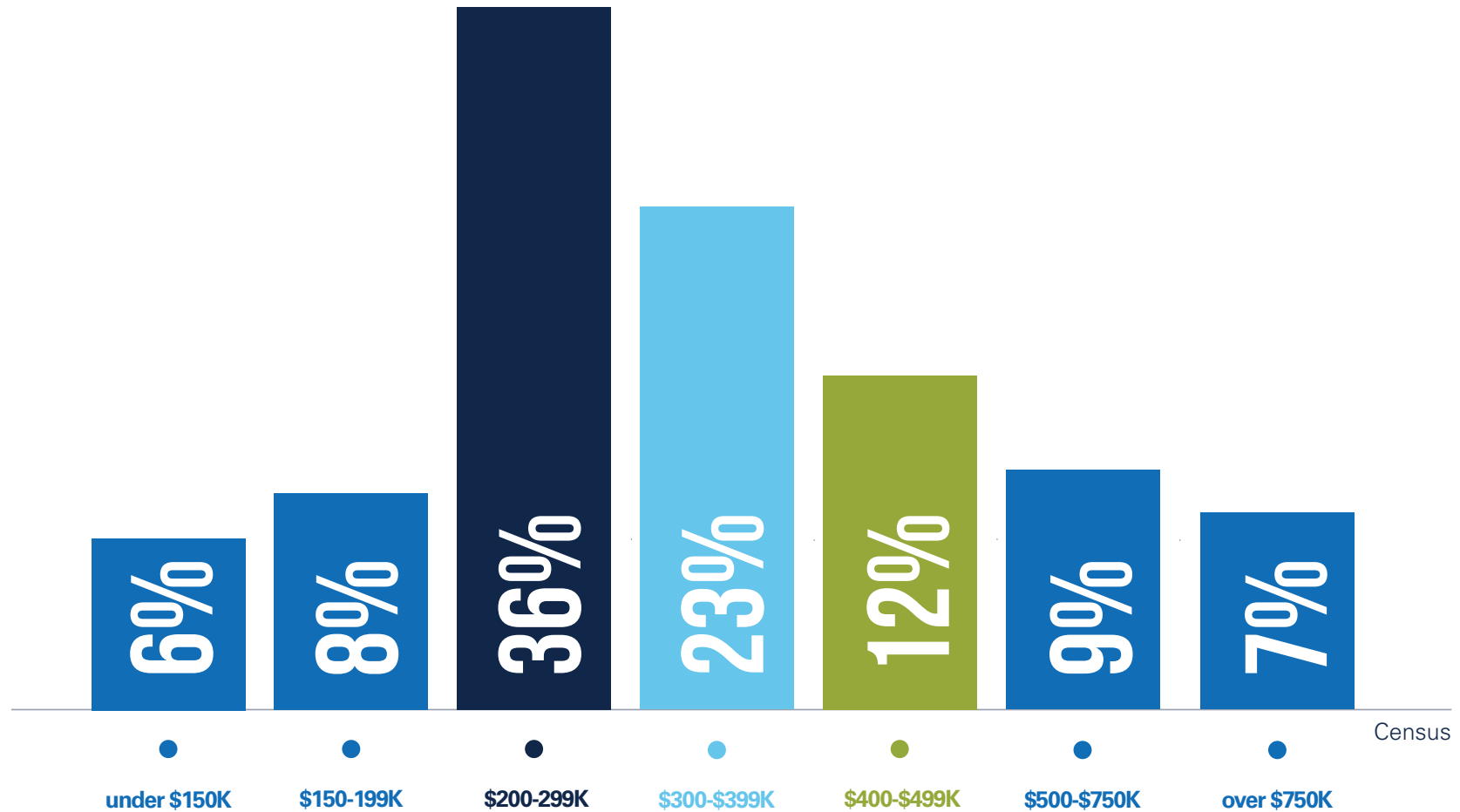
# Forecasted Year-Over-Year Percentage **Change in Price**

Source: CoreLogic



# New Home Sales

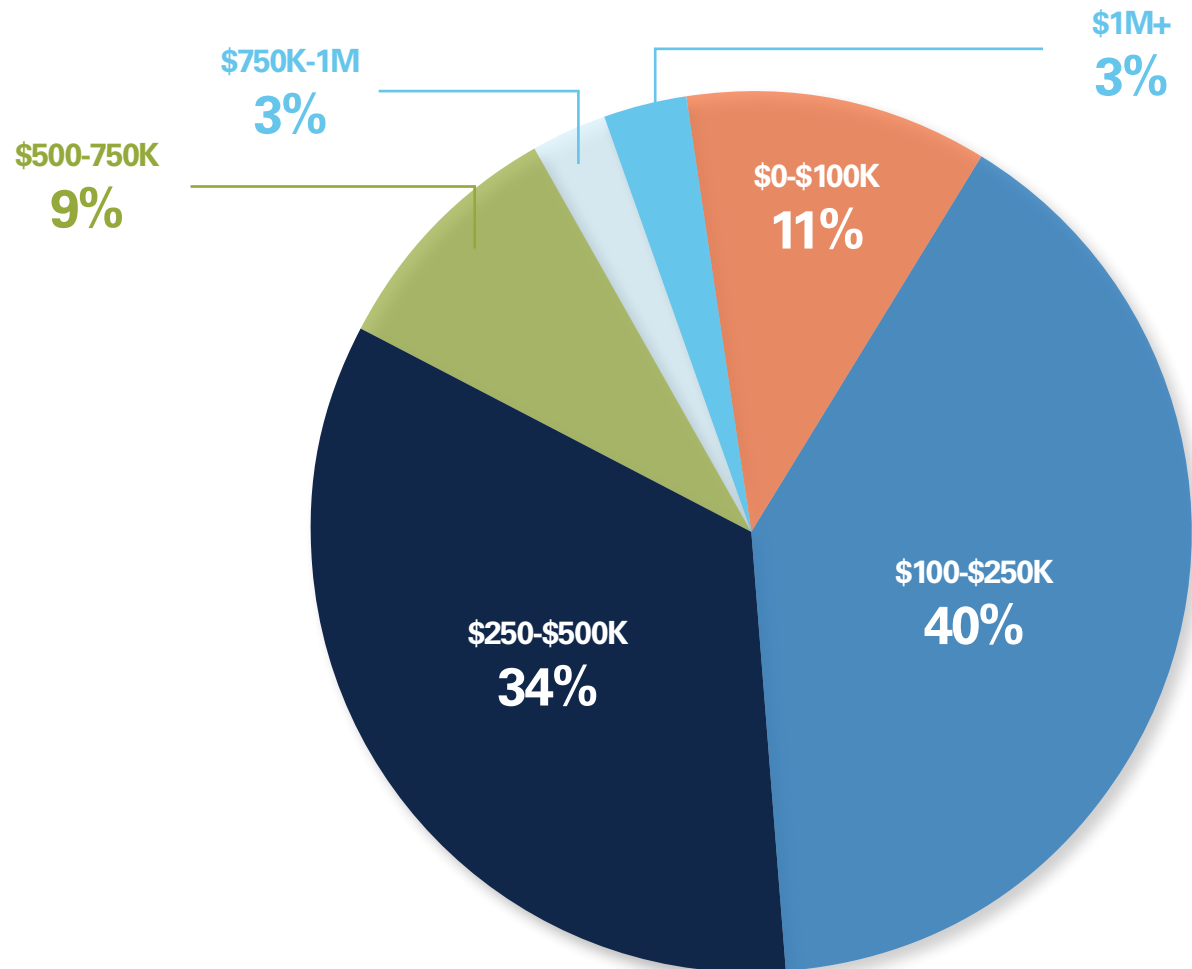
percentage of sales by price range





# Existing Home Sales

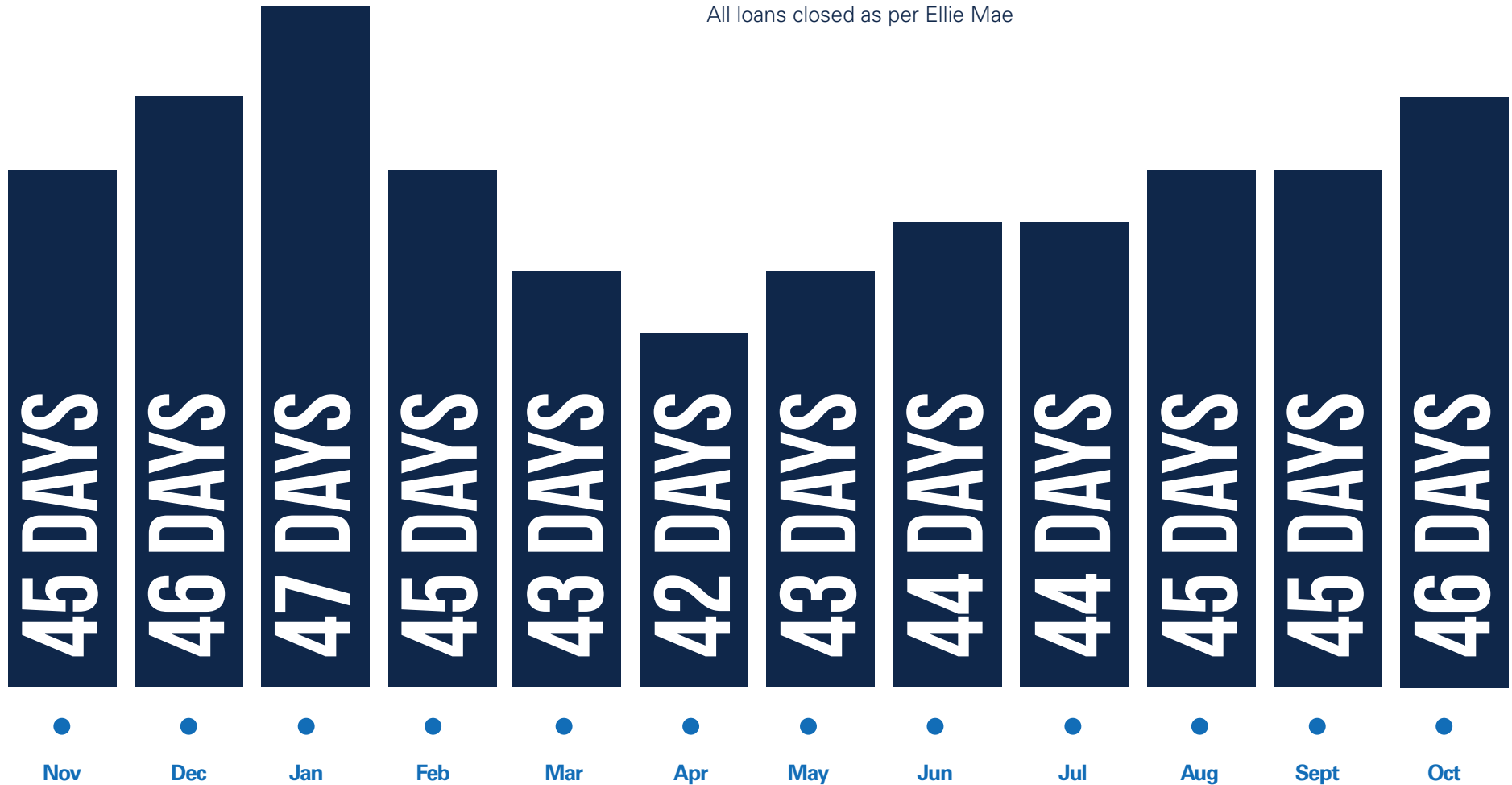
Source: NAR



# Average Days to Close a Loan

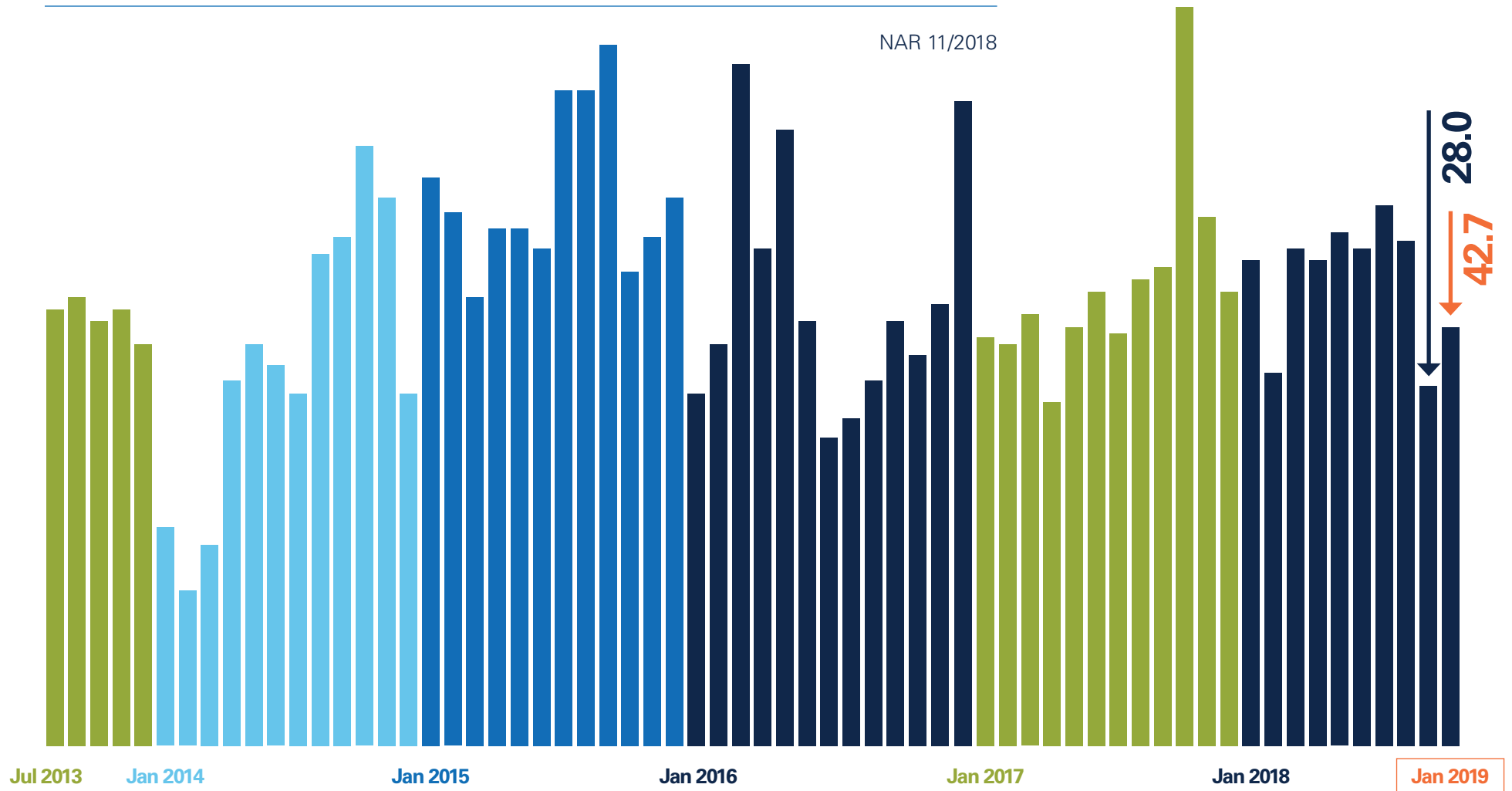
(last 12 months)

All loans closed as per Ellie Mae



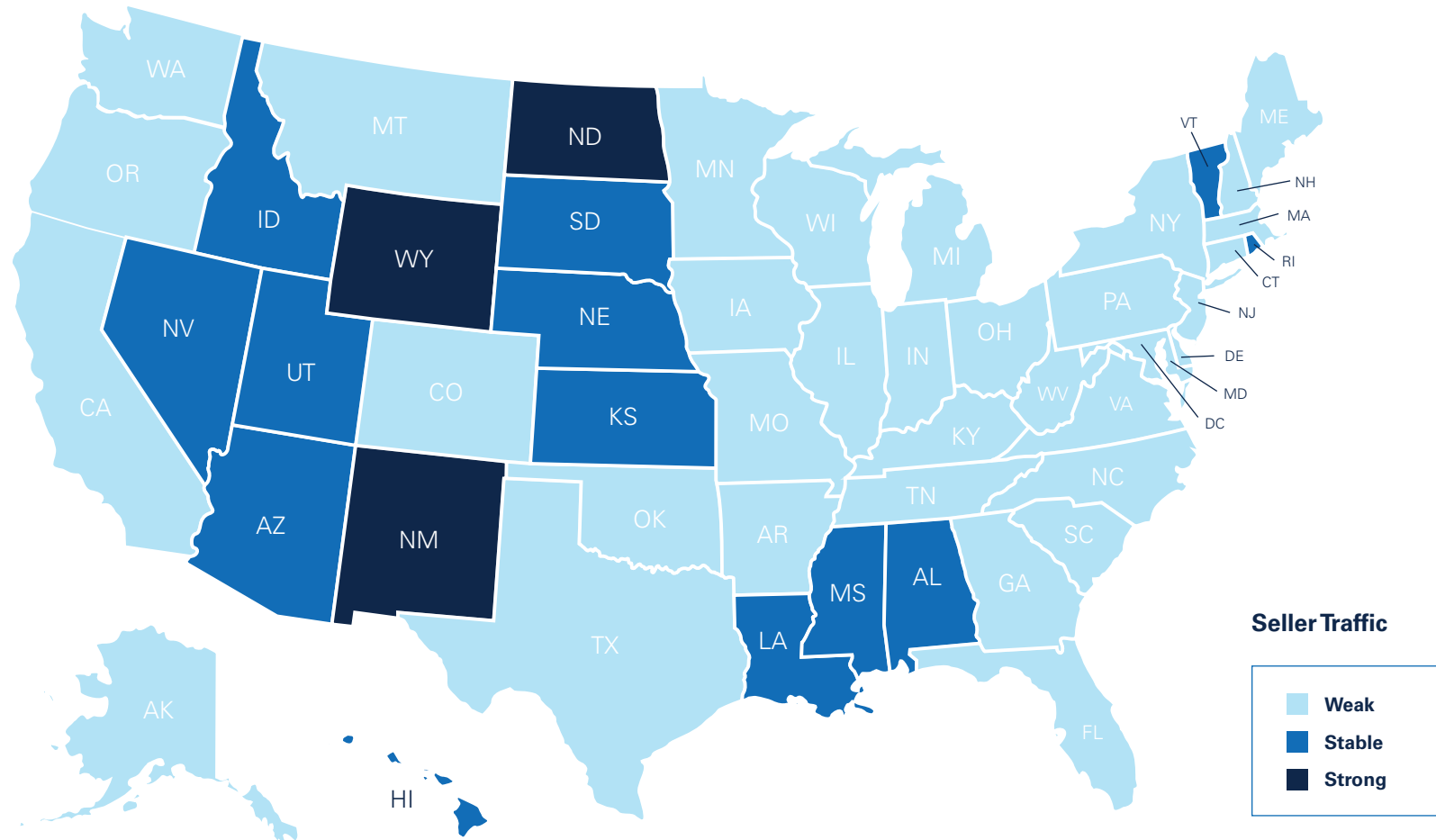
# Foot Traffic

indicator of future sales



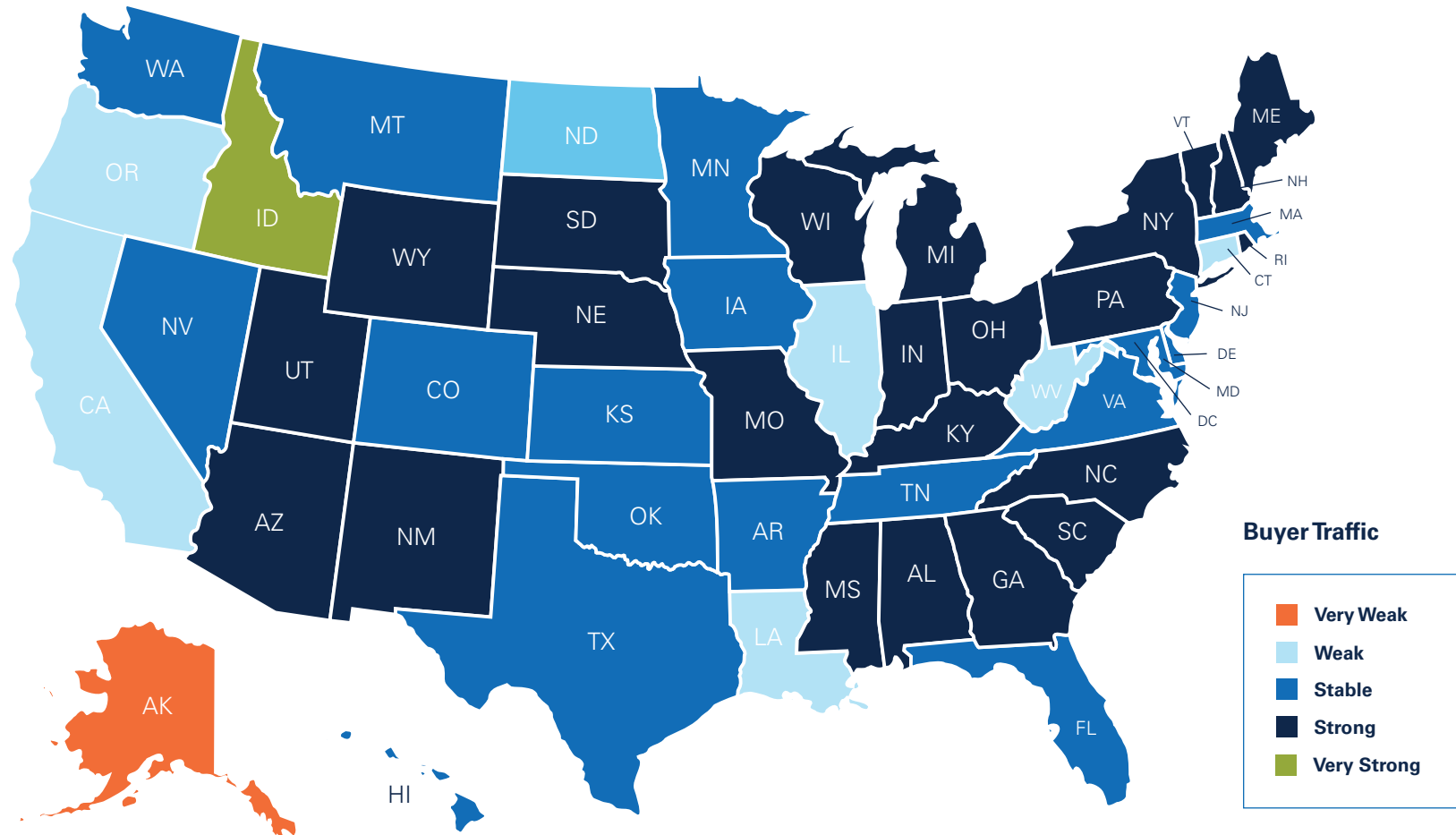
# Seller Traffic

Source: NAR



## Buyer Traffic

Source: NAR



# Financial Technology Trends

Which financial technology trends will have the most impact in helping homebuyers close their transactions faster and more efficiently over the next 12-24 months?

Source: First American

**Blockchain for pre-validated chains of title**

**2.08%**

**Cryptocurrency funded real estate transactions**

**1.19%**

**Remote online notarization and eClosings**

**34.03%**

**Secure collaboration and communication portals between all parties to the real estate transaction**

**44%**

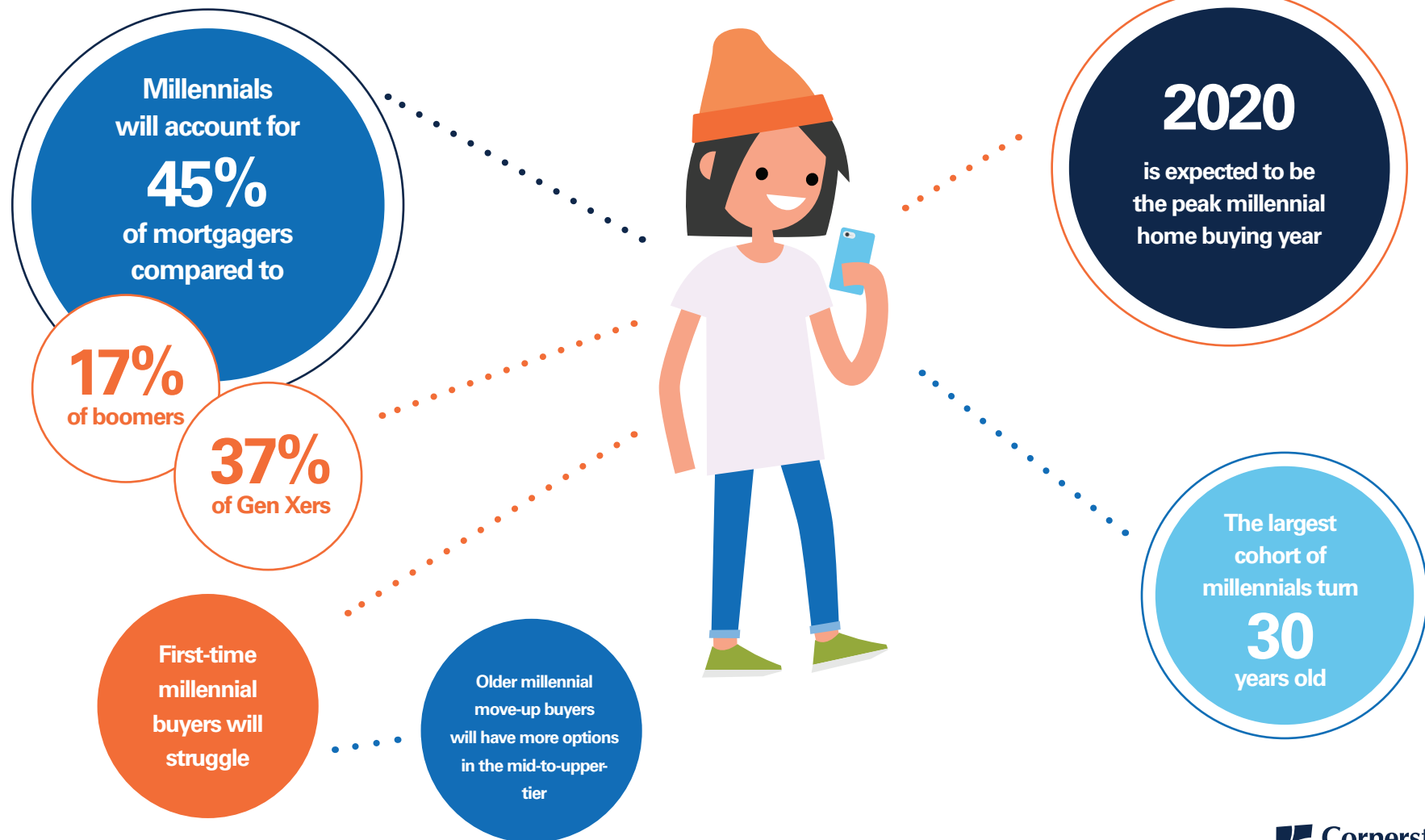
**Tools for process efficiency and automation of routine tasks (back-end robotic processing, customer service chat bots, voice-based virtual assistants, etc.)**

**18.13%**

# Housing Forecast for Millennials

millennials will purchase the most homes in 2019, 2020

Source: Realtor.com



# January Housing Snapshot

existing home sales

Source: NAR

# 4.94 million

## SALES



(MoM)

-1.2%



(YoY)

-8.5%



MEDIAN  
.....  
SALES PRICE

# \$247,500



(YoY)

2.8%

## INVENTORY

# 3.9 months\*

3.4 months in January 2018



# The Bottom Line

**Home prices will start to appreciate by historical norms** as we continue to head towards a more 'normal' market, rather than the 6% seen over the course of the last couple of years. **This is great news!** Homeowners looking to sell their home will have buyers, as more buyers will be able to afford them!

