

Real Estate and Economic Outlook

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National Association of REALTORS®**

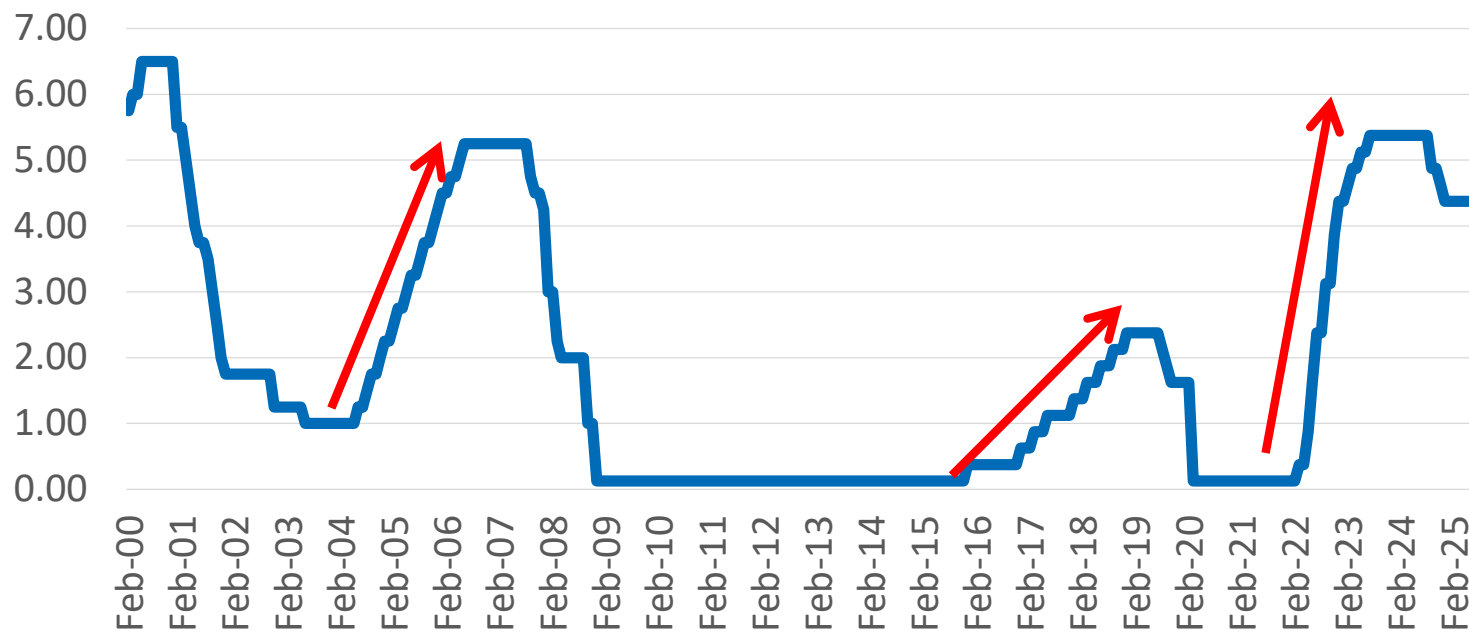


Federal Reserve Economic Forecast Downgraded for 2025

| | Previous Forecast in 2024 | Updated Forecast in March 2025 |
|-----------|------------------------------|--------------------------------------|
| GDP | +2.1% | Lowered to +1.7% |
| Inflation | +2.5% | Raised to +2.7% |

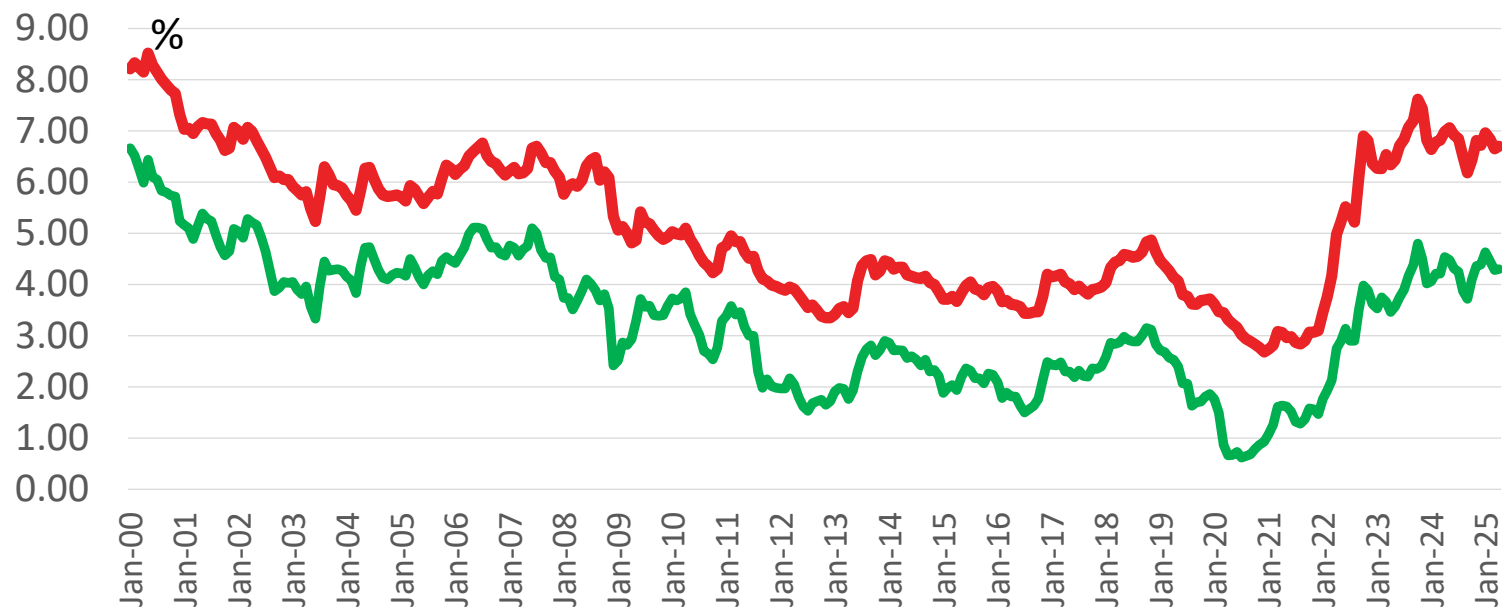
Source: Federal Reserve

Federal Reserve Fed Funds Rate



Source: Federal Reserve

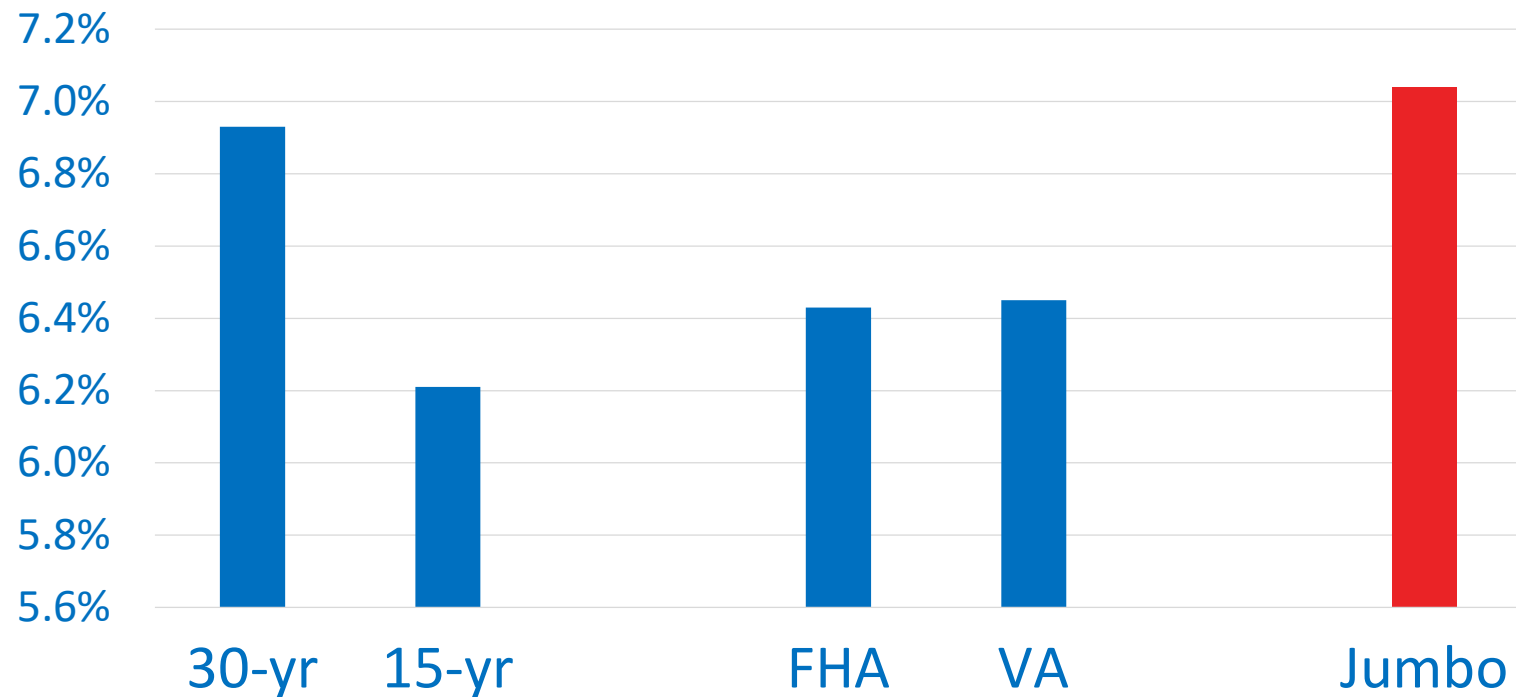
10-year Treasury (green) and Mortgage Rates (red)



Source: Federal Reserve and Freddie Mac Mortgage Rate



Average Mortgage Rate on June 10th



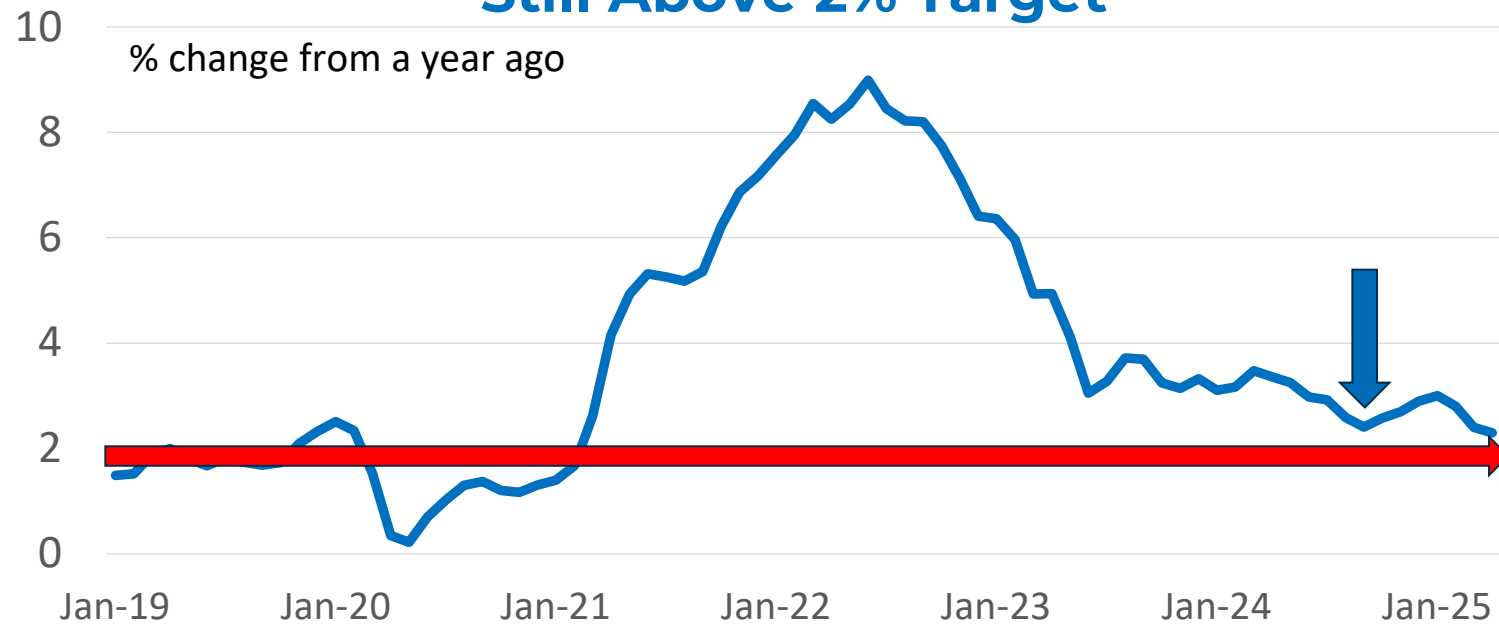
Source: Mortgage News Daily

Median Monthly Mortgage Payment for Recent Buyers Tough but No Longer Rising



Source: NAR using only principal and interest of median priced home

When Will the Fed Cut Rates? Consumer Price Inflation at 2.3% in April, Still Above 2% Target

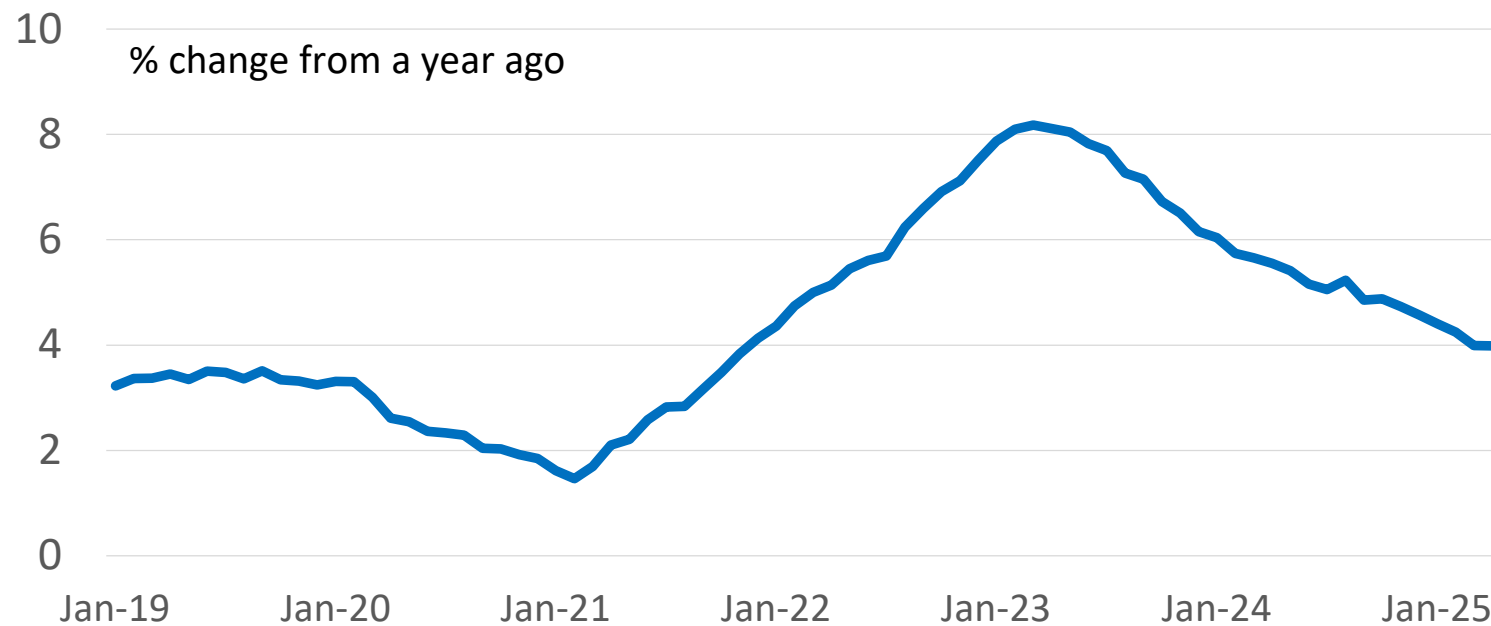


Source: BLS

Fed Rate Cuts Once Inflation Under Control

- Tariff ... **inflationary**
- Shelter Cost ... disinflationary
- Deregulation ... disinflationary
- Oil ... disinflationary
- Reciprocal Tariff to zero ... disinflationary
- Weaker Economy ... disinflationary
- Dumping and Weaker Dollar ... **inflationary**
- Pharmaceutical Drugs ... disinflationary

Housing Shelter Inflation is Decelerating (Egg Price is Irrelevant)



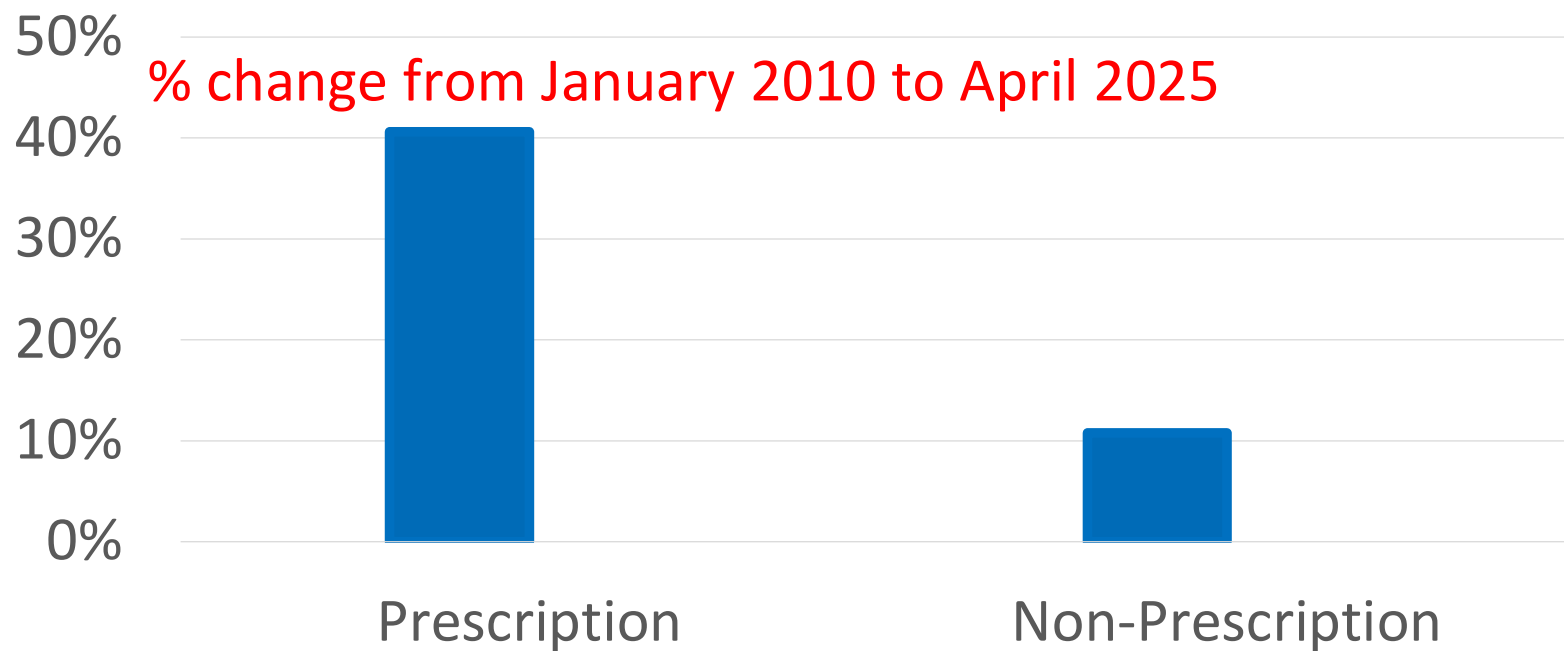
Source: BLS

Gasoline Price per Gallon Moving Towards Pre-COVID Prices



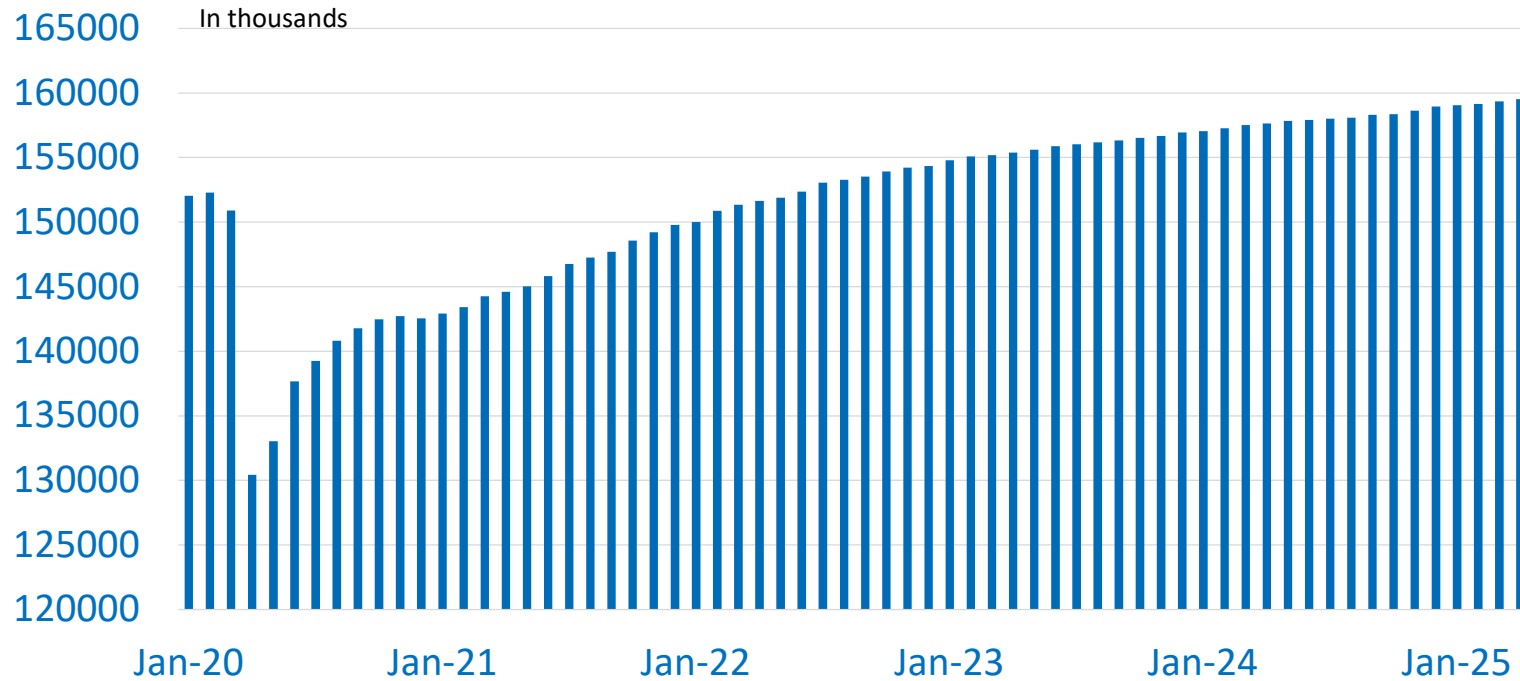
Source: Energy Information Administration

Prescription and Non-Prescription Drug Price Inflation: Future Pricing Impact?



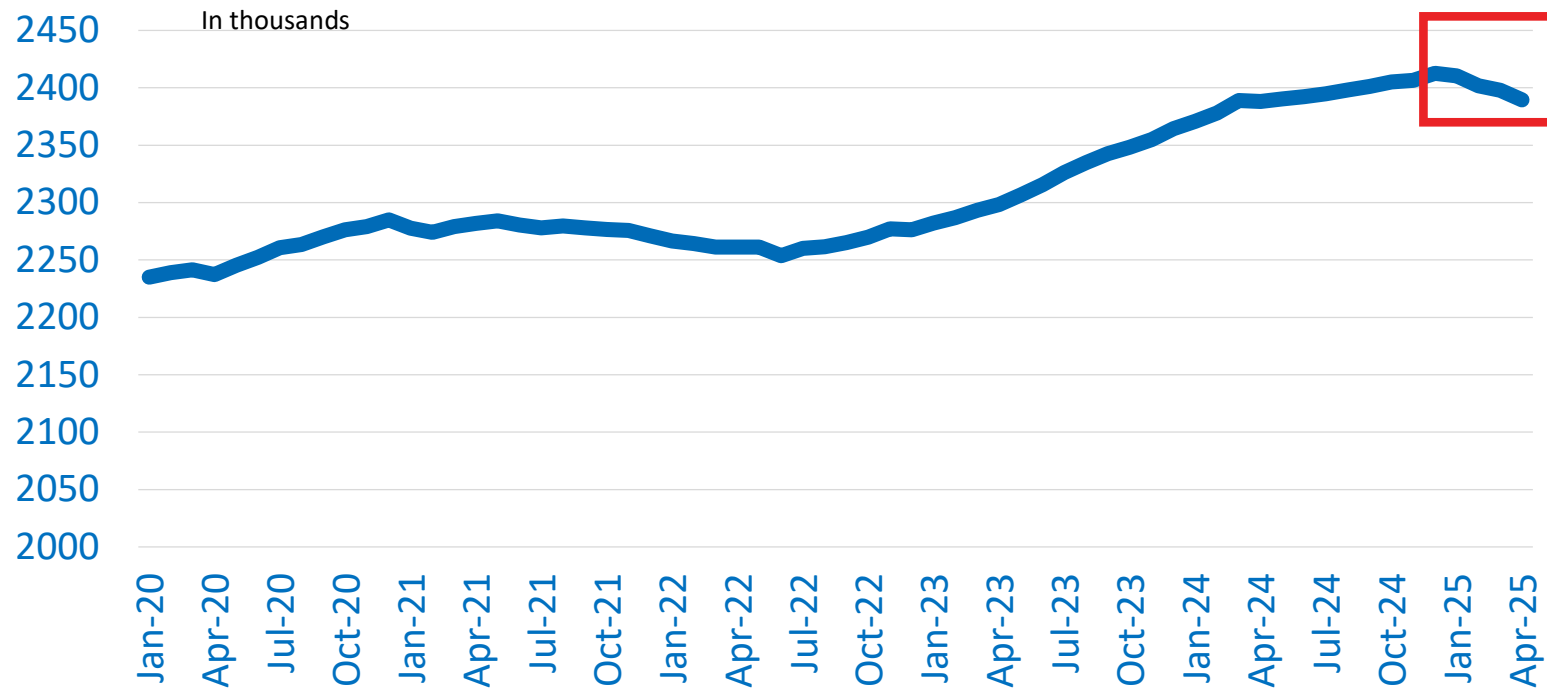
Source: BLS

Total Payroll Jobs (+7 Million from Pre-COVID)



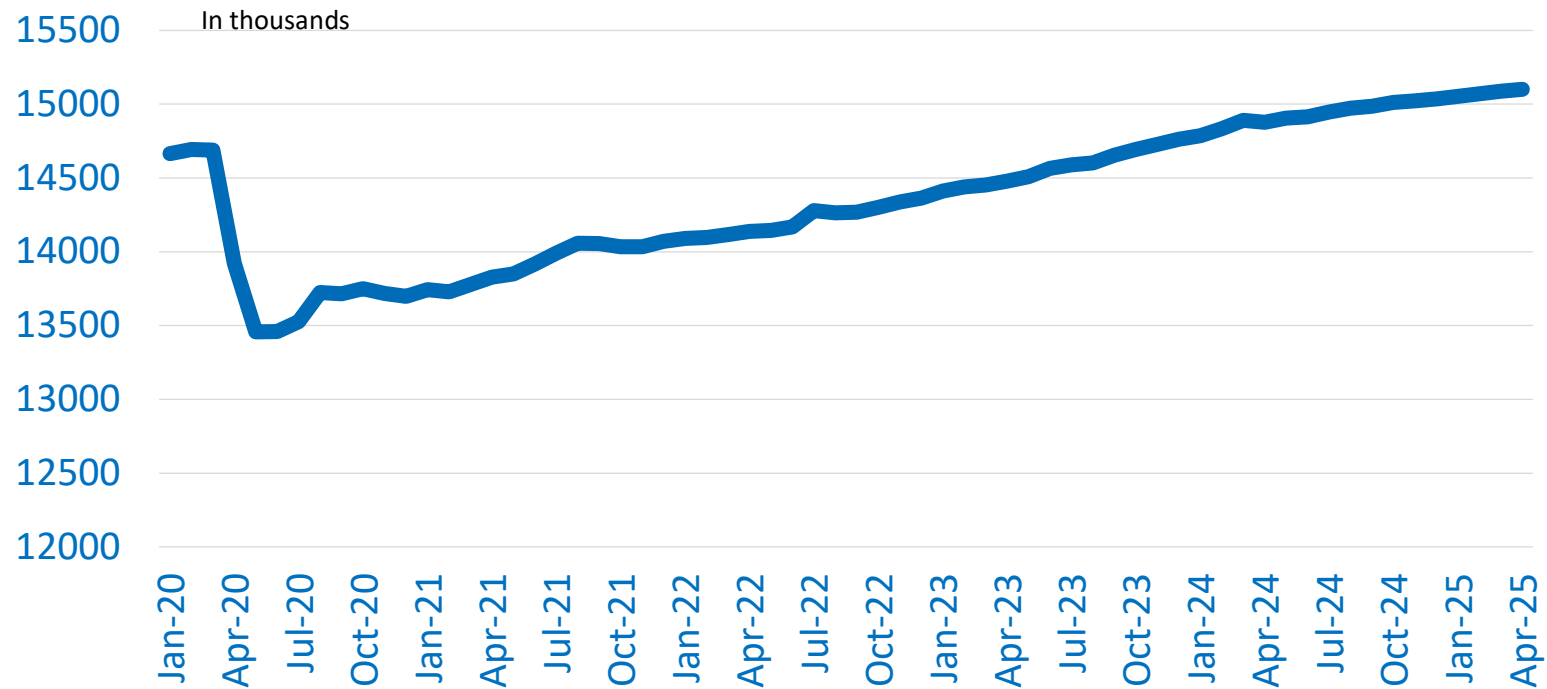
Source: BLS

DOGE Impact - Federal Government Employees



Source: BLS, excluding Decennial Temporary Census and Postal Workers

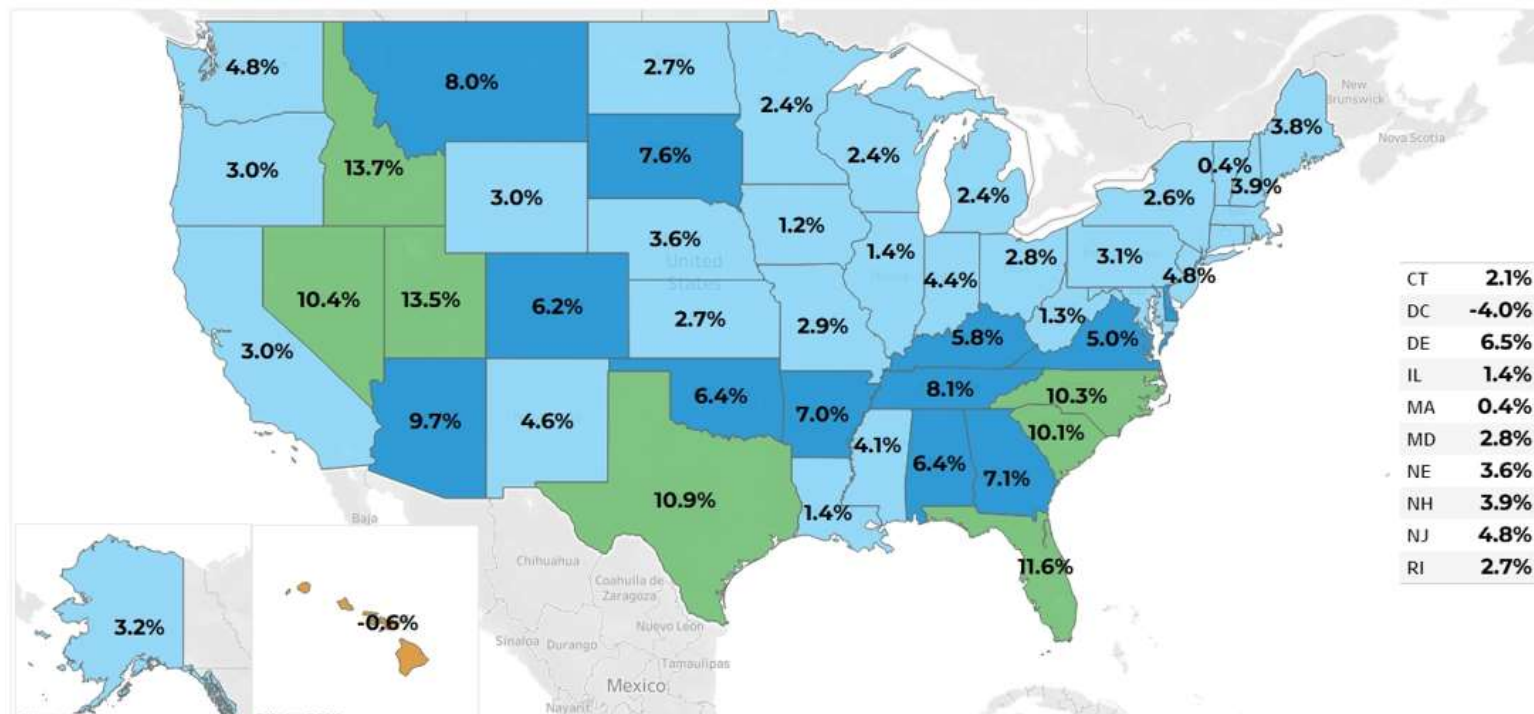
Local Government Employees



Source: BLS, excluding Decennial Temporary Census and Postal Workers

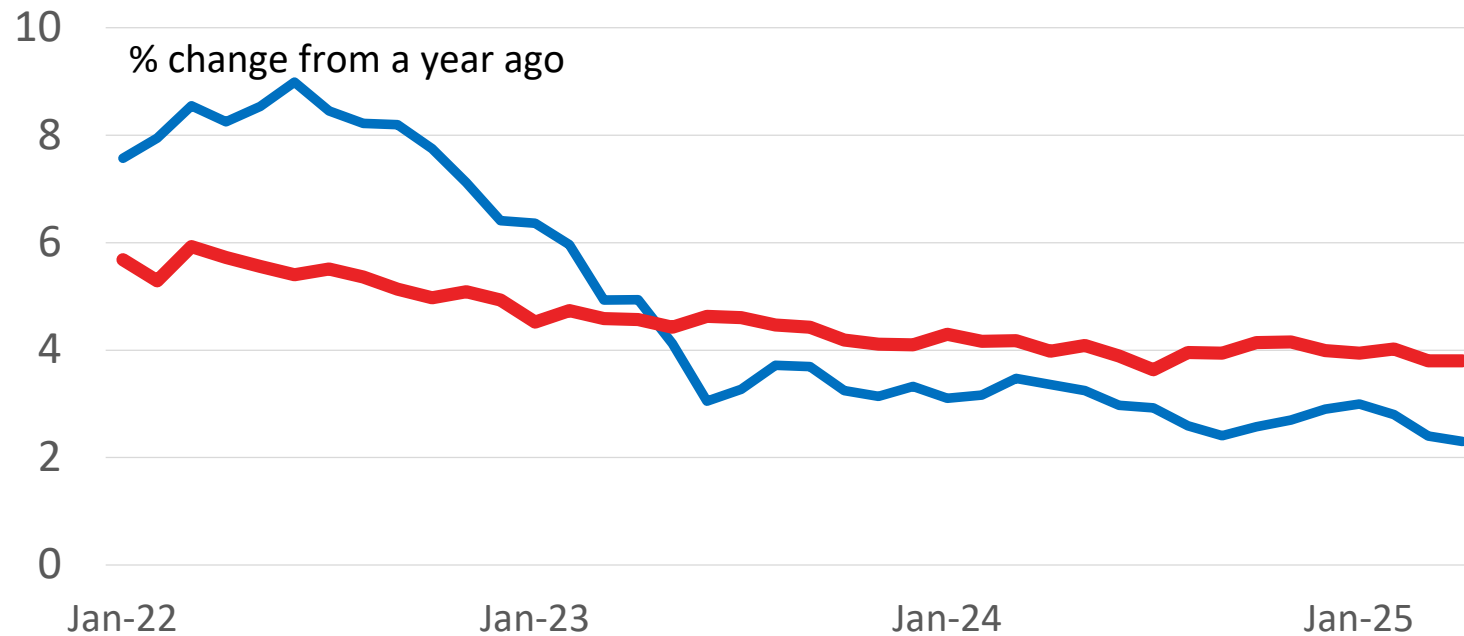
Job Gains Since Pre-COVID Record High Payroll Employment

% change from March 2020 to April 2025



Source: NAR Analysis of BLS data

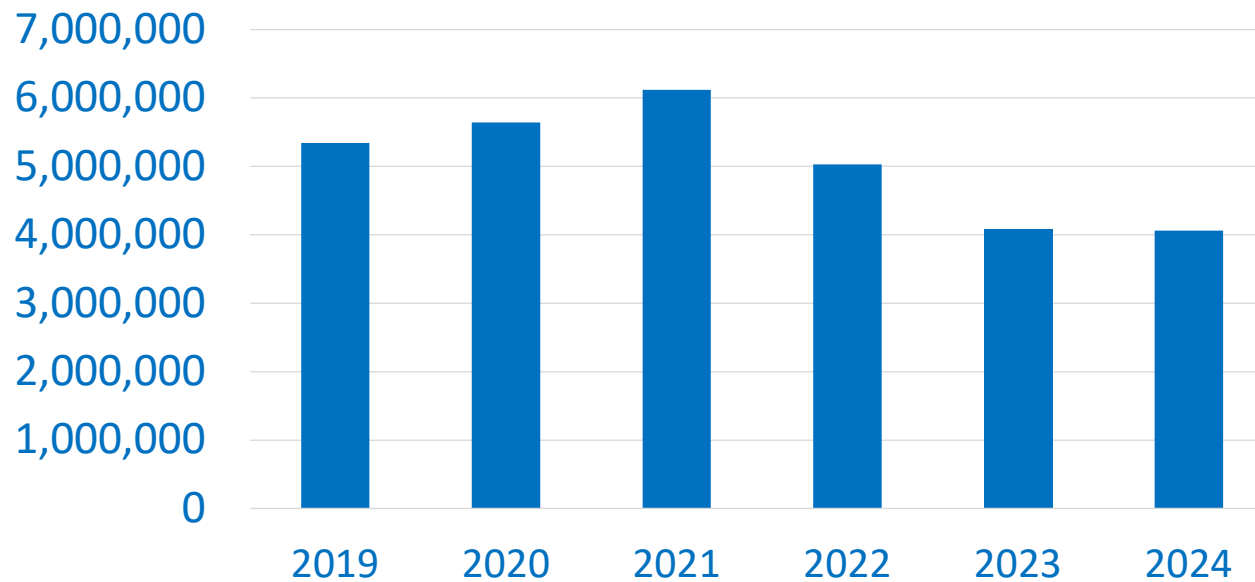
Wage Growth (red) 3.8% Outpacing Consumer Price (blue) at 2.3%



Source: BLS

Residential Real Estate

Existing-Home Sales ... Two of the Most Difficult Years



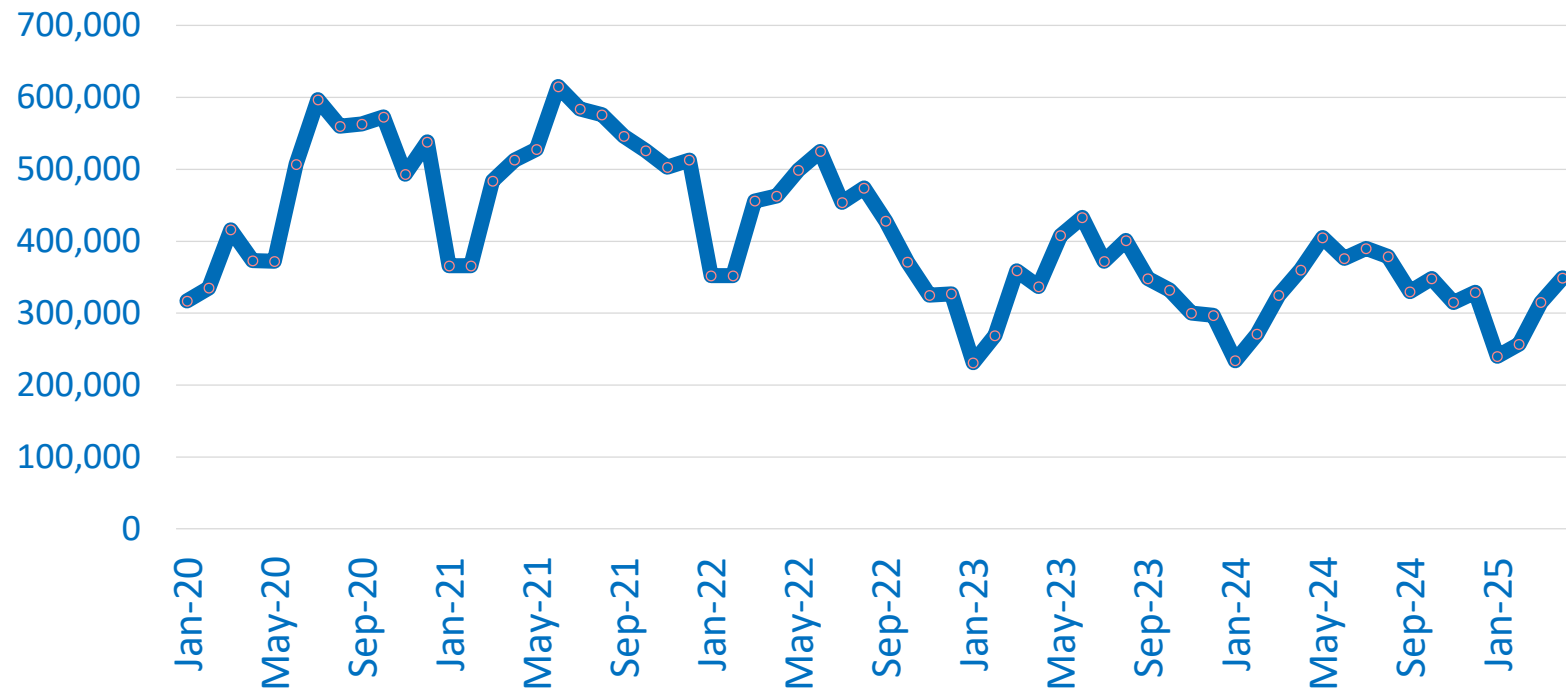
Source: NAR

Recent Monthly Existing-Home Sales Show No Recovery (seasonally adjusted annualized rate)



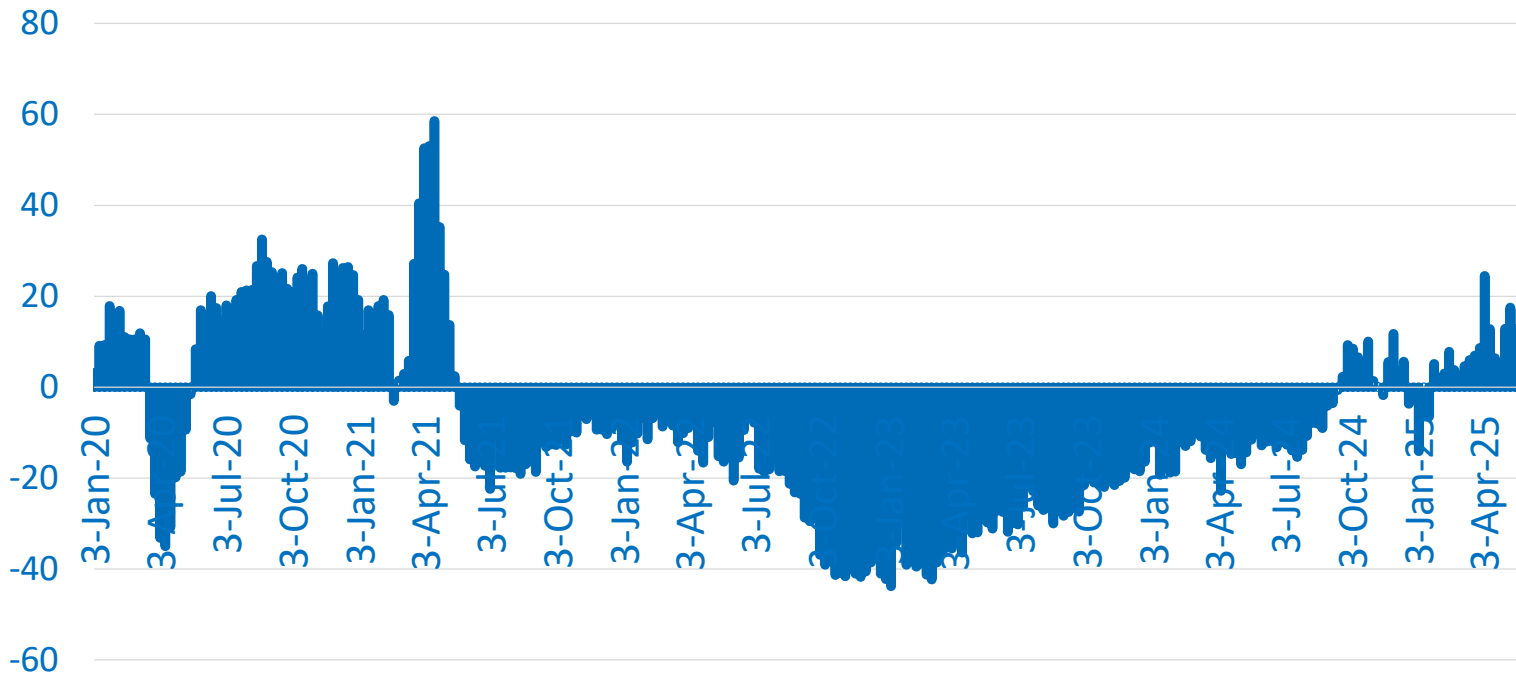
Source: NAR

Raw Existing-Home Sales, Not Seasonally Adjusted



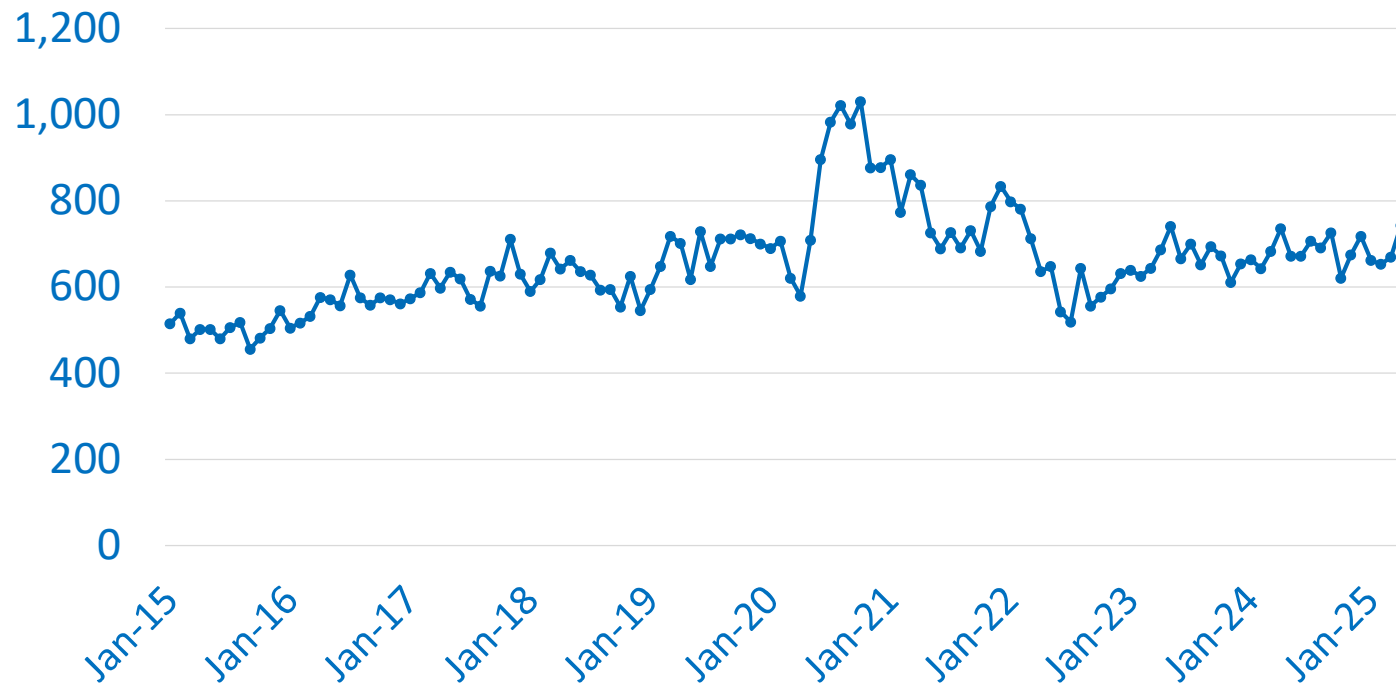
Source: NAR

Light Showing on Mortgage Applications to Buy a Home (% change from a year ago)



Source: NAR

Monthly New Home Sales at 3 year high (seasonally adjusted annualized rate)

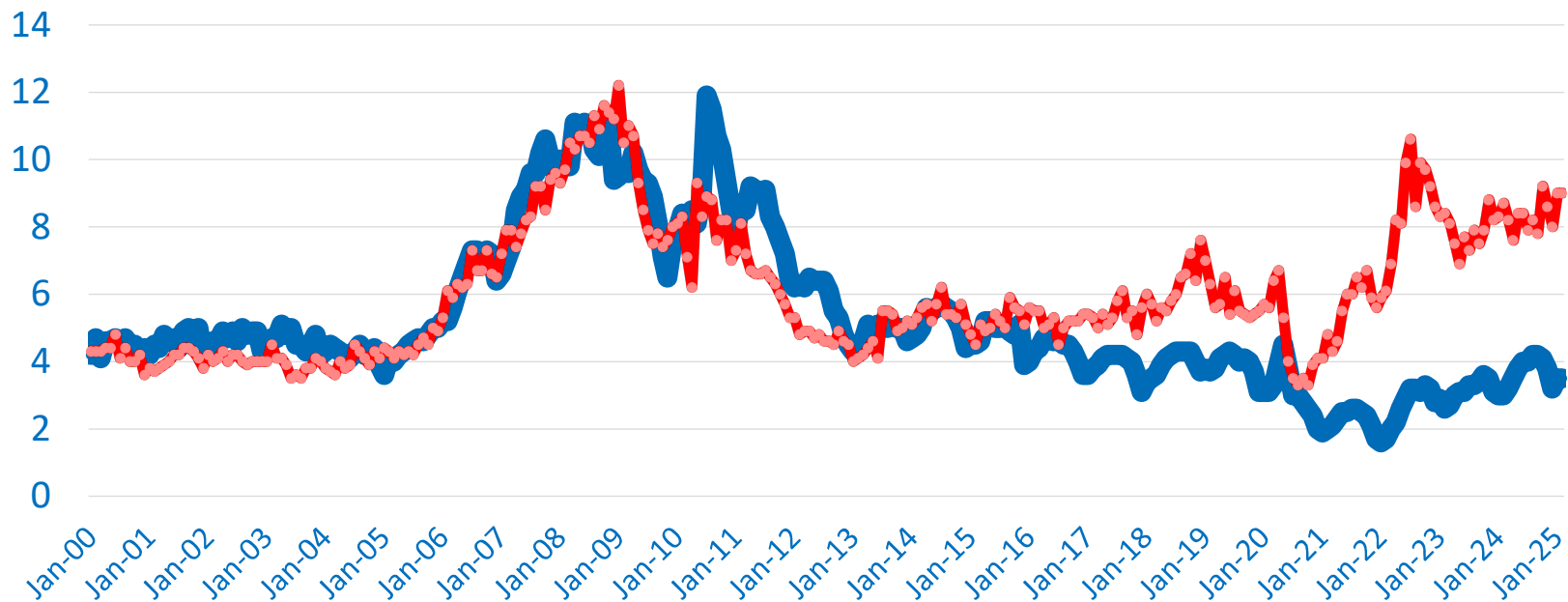


Source: HUD/Census

Months Supply of Inventory

New Homes (red) and Existing Homes (blue)

(How many months to exhaust the current inventory at current sales pace)



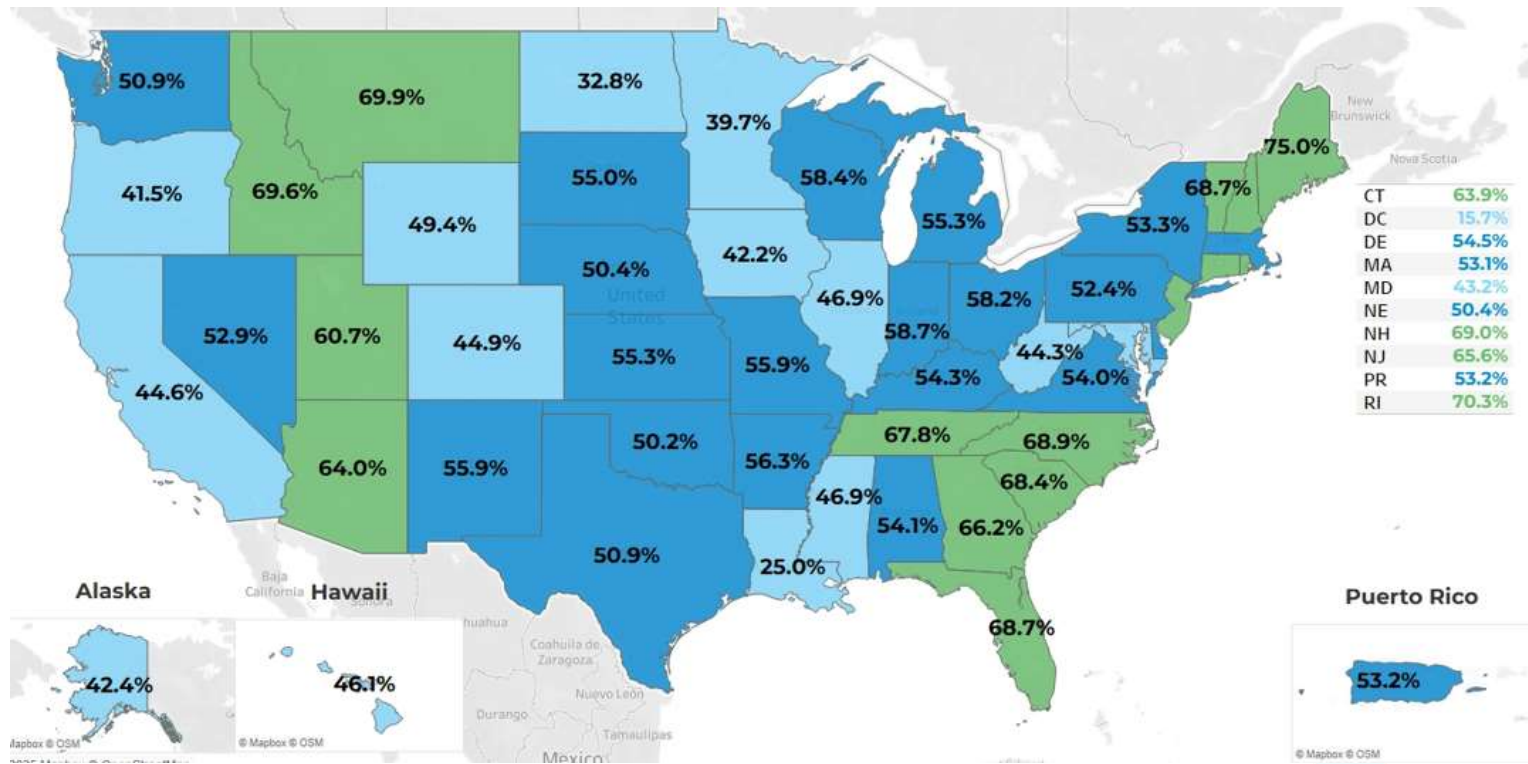
Source: NAR and Census

\$20,000 for Mortgage Rate Buydown or Reduction in Home Price

| | 5.75% rate | 7% rate |
|--|-------------------|----------------|
| Monthly Mortgage Payment \$400,000 loan | \$2334 | |
| Monthly Mortgage Payment \$380,000 loan | | \$2528 |

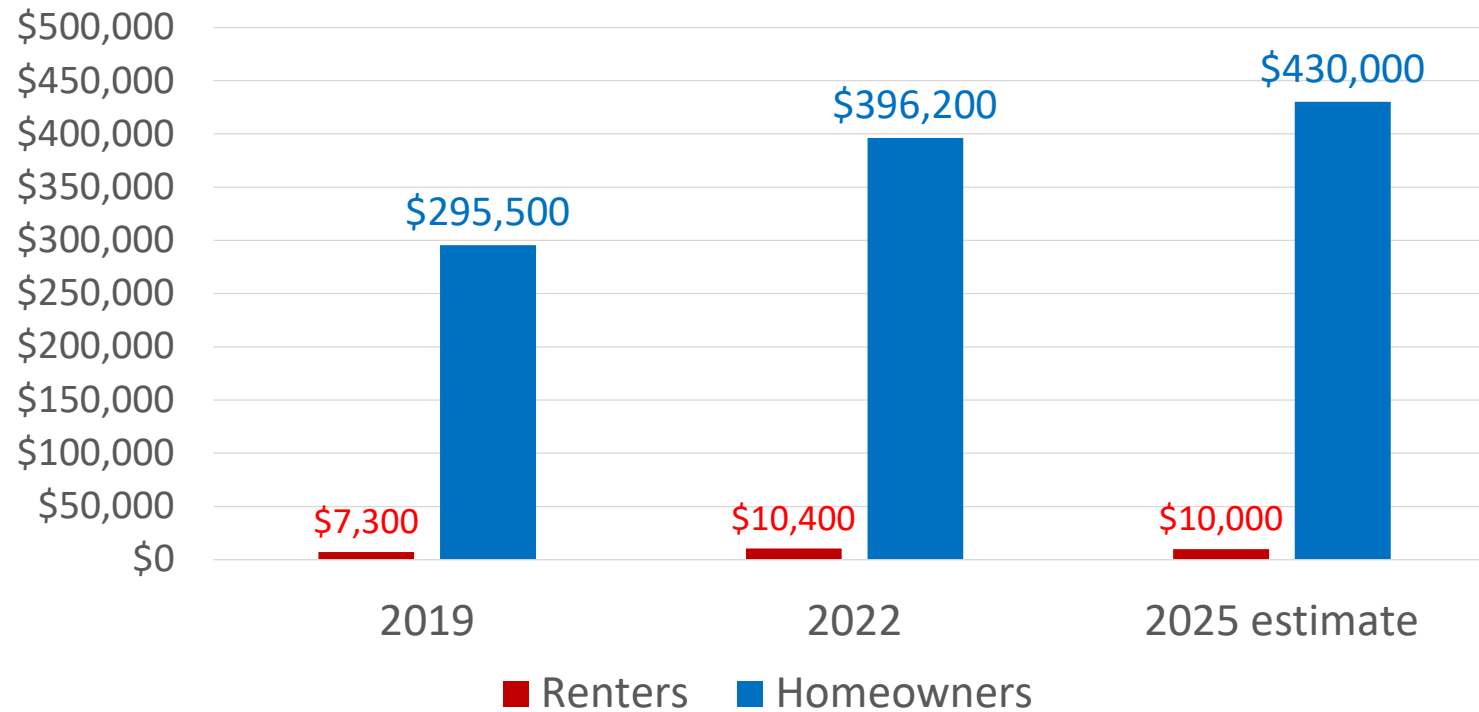
5-year Home Price Gains Since Pre-COVID

% change from 2020 Q1 to 2025 Q1



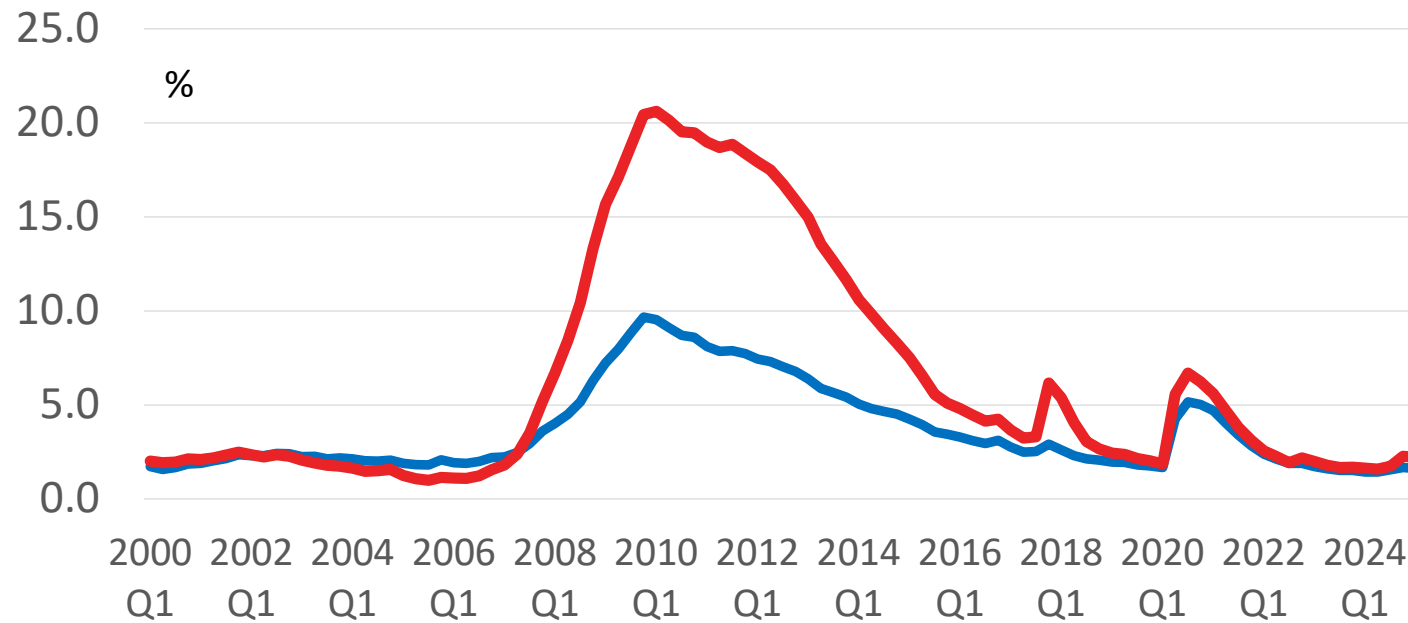
Source: NAR Analysis of FHFA data

Median Net Worth Between Owners and Renters



Source: Median Net Worth from Federal Reserve Survey of Consumer Finance

Mortgages in Seriously Delinquent Status U.S. (blue) vs. Florida (red) (3 months late or in foreclosure)



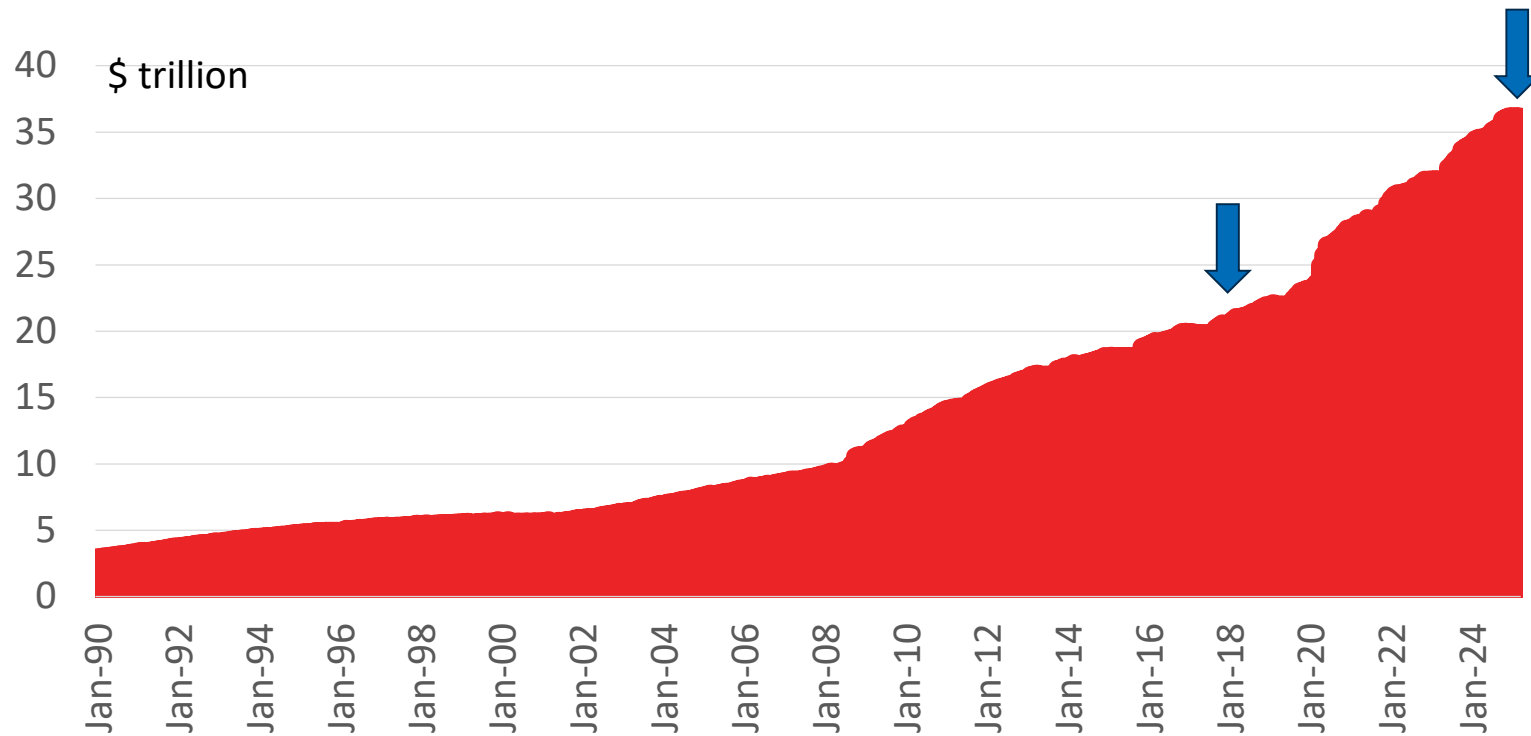
Source: Mortgage Bankers Association

Forecast and Risk

Nationwide Forecast

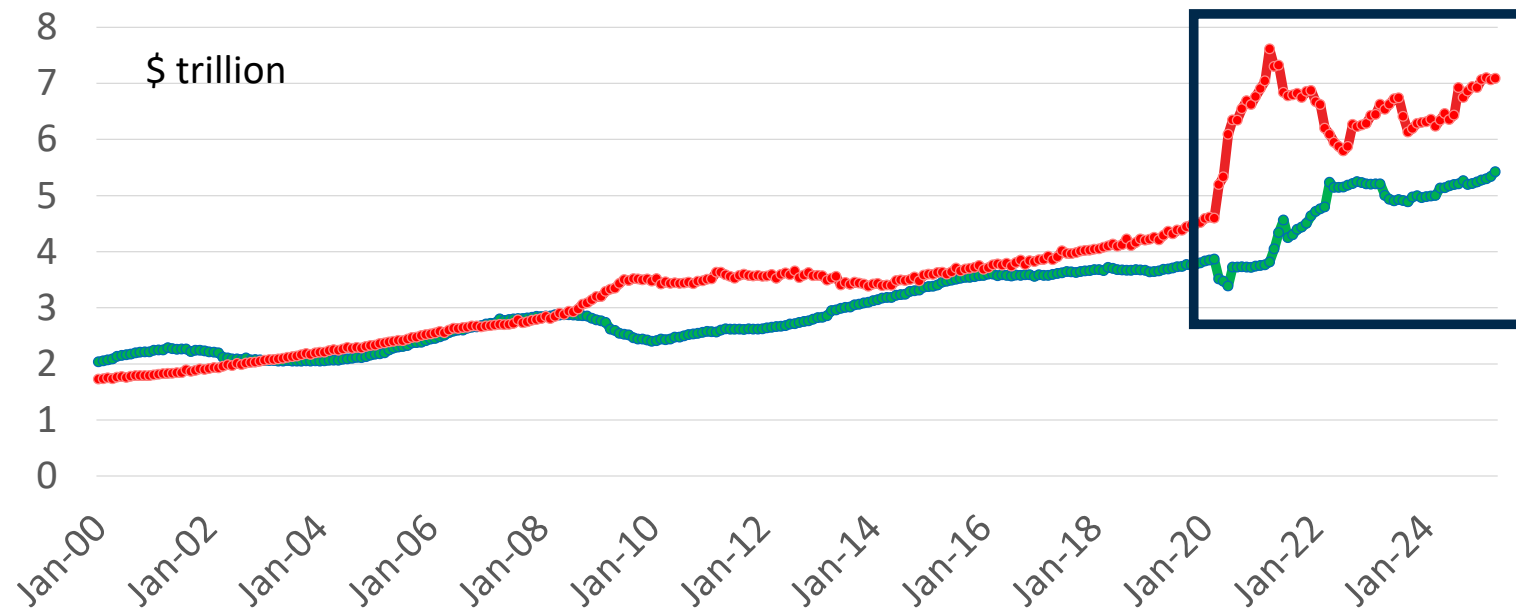
| | 2025 | 2026 |
|---------------------|-------------|-------------|
| Existing-Home Sales | +6% | +11% |
| New Home Sales | +10% | +5% |
| Median Home Price | 3% | 4% |
| Mortgage Rate | 6.7% | 6.1% |
| Job Gains | 1.6 million | 2.4 million |

Risk from National Debt



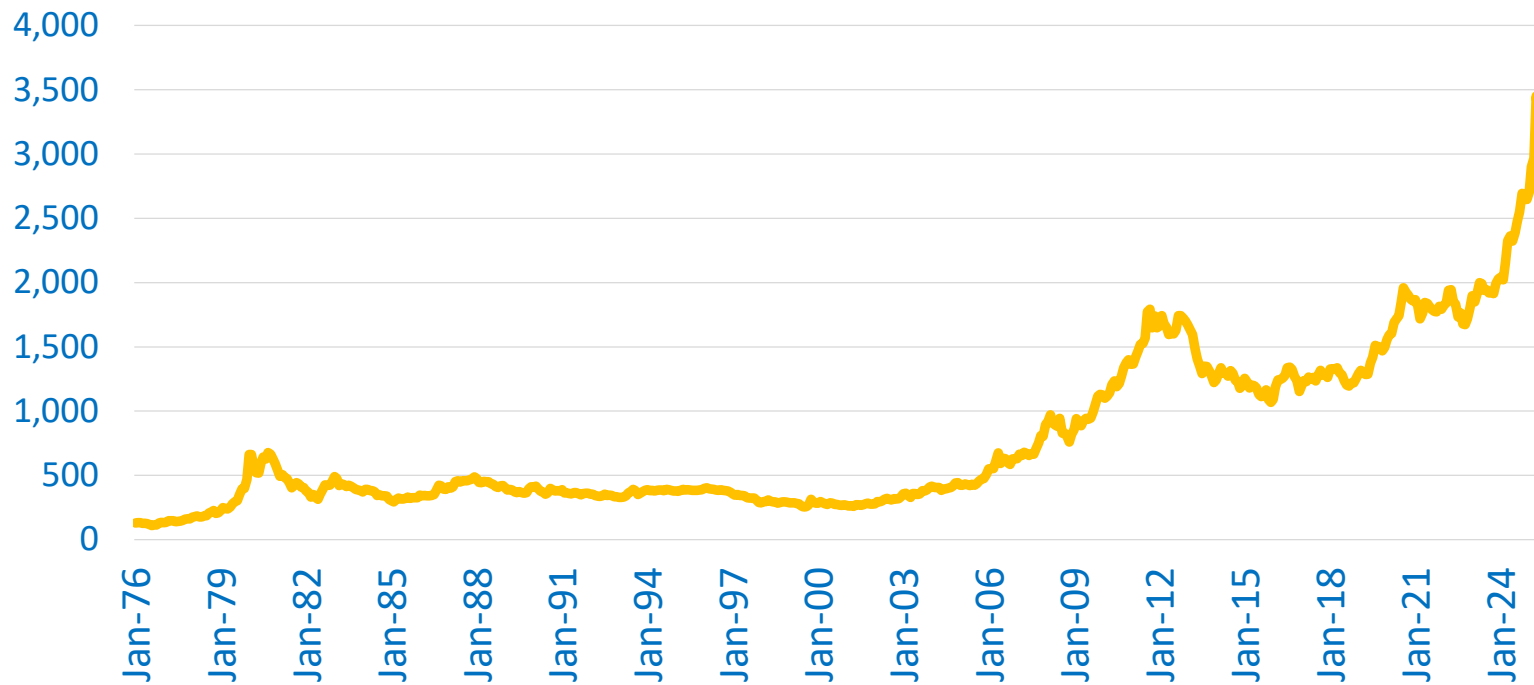
Source: U.S. Treasury

Government Outlay (Red) and Tax Revenue (Green)



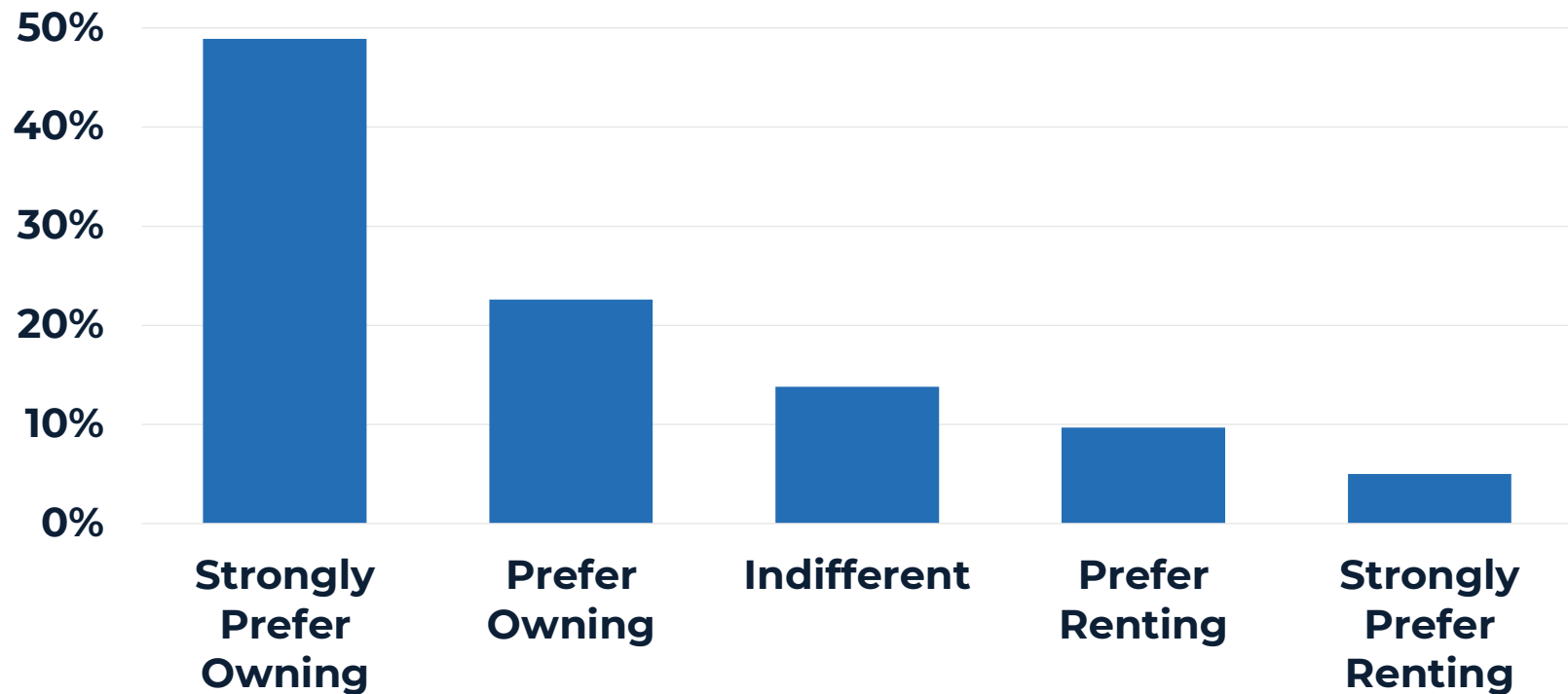
Source: U.S. Treasury

Gold Price - Reflection of Great Uncertainty



Source: Wall Street Journal

Renter Survey about Homeownership



Source: NY Federal Reserve Survey of Consumer Expectations (February 2025)

Thank You !