2022 REALTORS®
LEGISLATIVE MEETINGS

HOME FRONT

PROTECTING RIGHTS. EXPANDING ACCESS. BUILDING PROSPERITY.

NATIONAL HARBOR, MD • MAY 1-6, 2022

NARLegislative

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Lawrence Yun

Chief Economist, NAR

Stagflation?

Inflation?

Housing Market Bubble?

Recession?

Long Bear Stock Market?

War !

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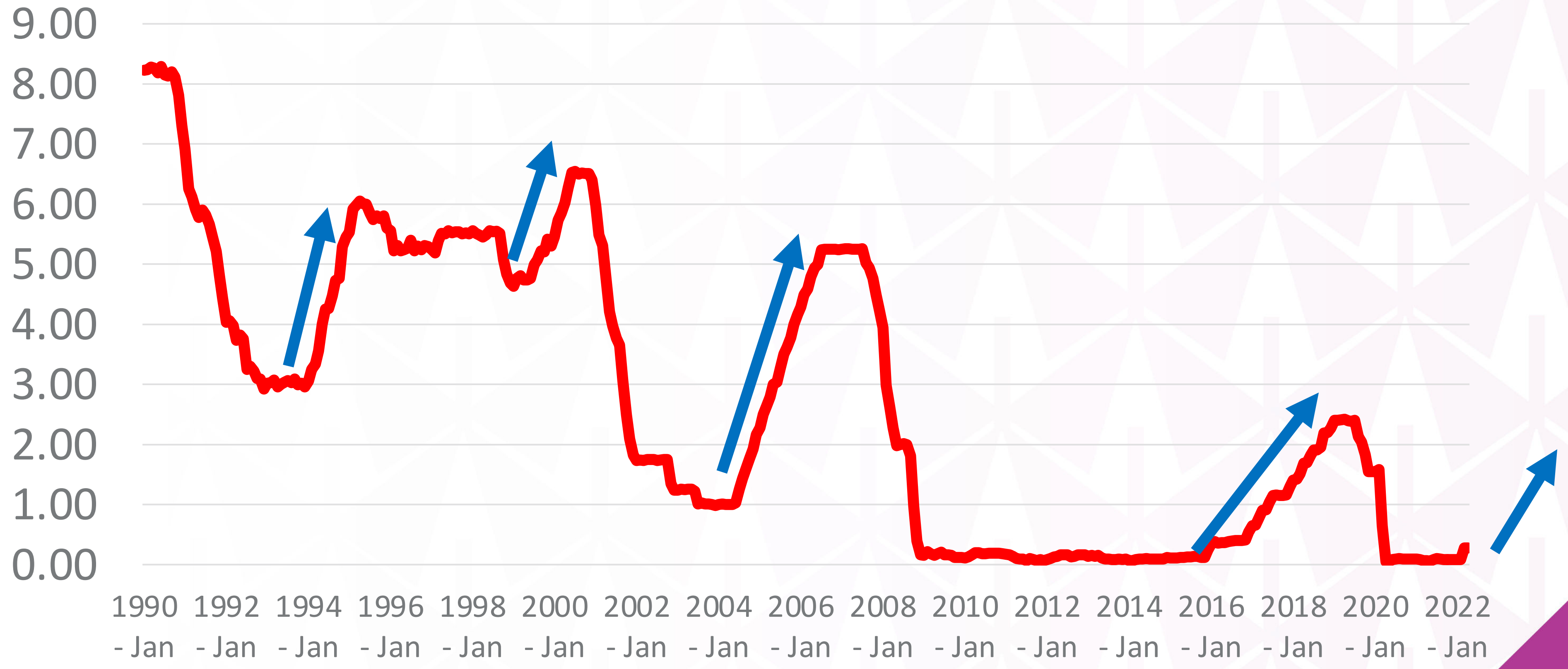
Fed Tightening of Fed Funds Rate (short-term interbank rate)



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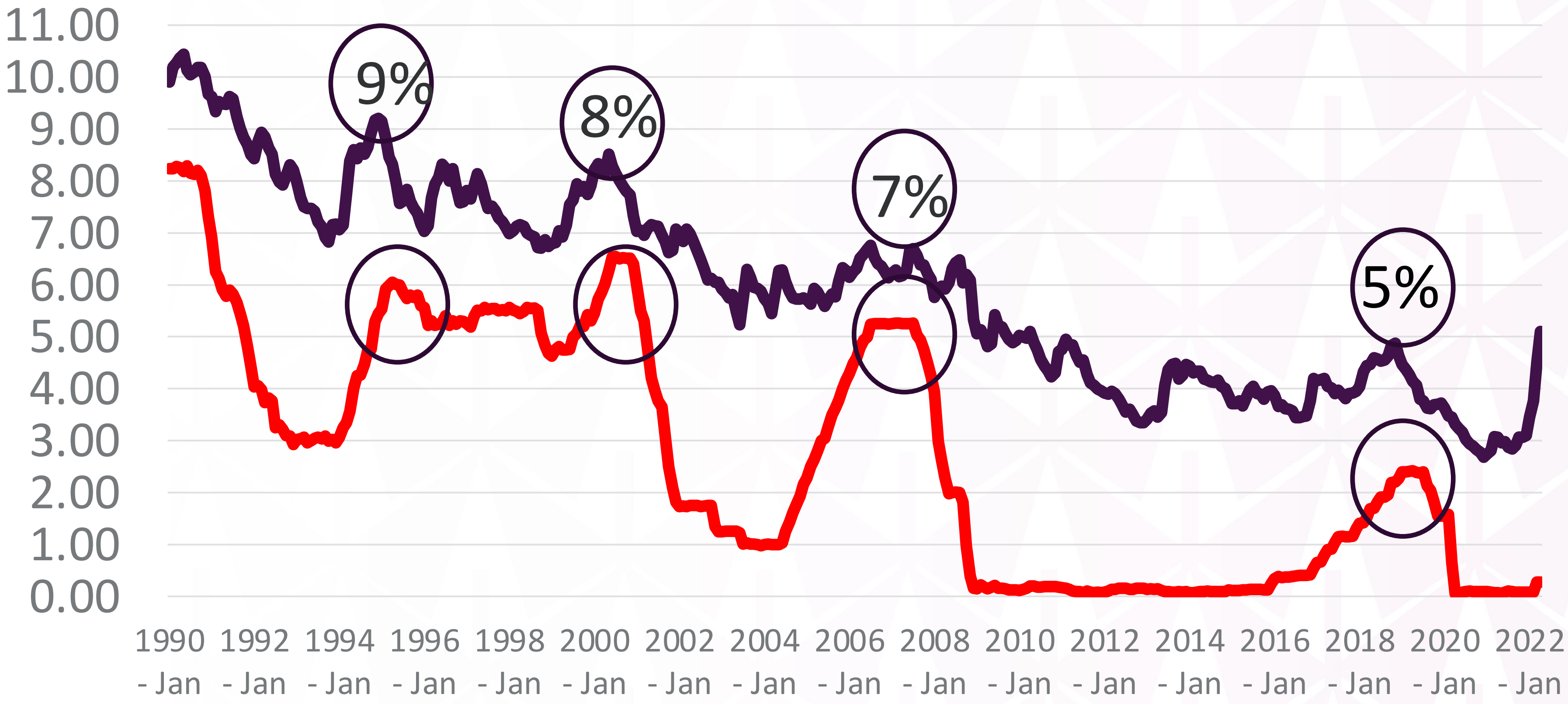
Mortgage Rates Sharply Higher in anticipation of Fed Tightening



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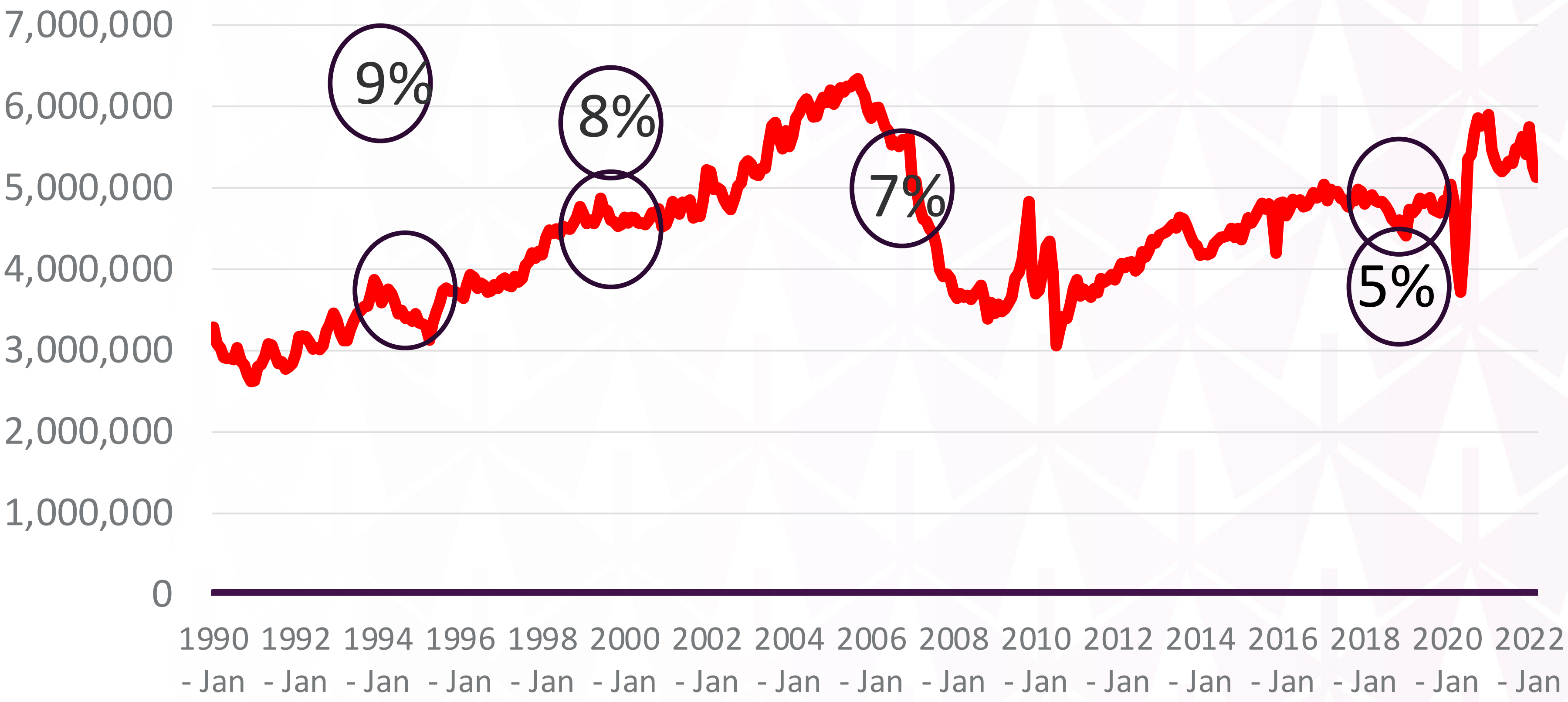
Existing Home Sales and Mortgage Rate Increases



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Monthly Mortgage Payment for Same House … One year ago vs. Now

$400,000 Loan

Mortgage Rate	Principal + interest
3%	$1686
4%	$1910
5%	$2147
6%	$2398
10%	$3510

$480,000 Loan

Mortgage Rate	Principal + interest
5.1%	$2606

55% cost increase
in the American Dream

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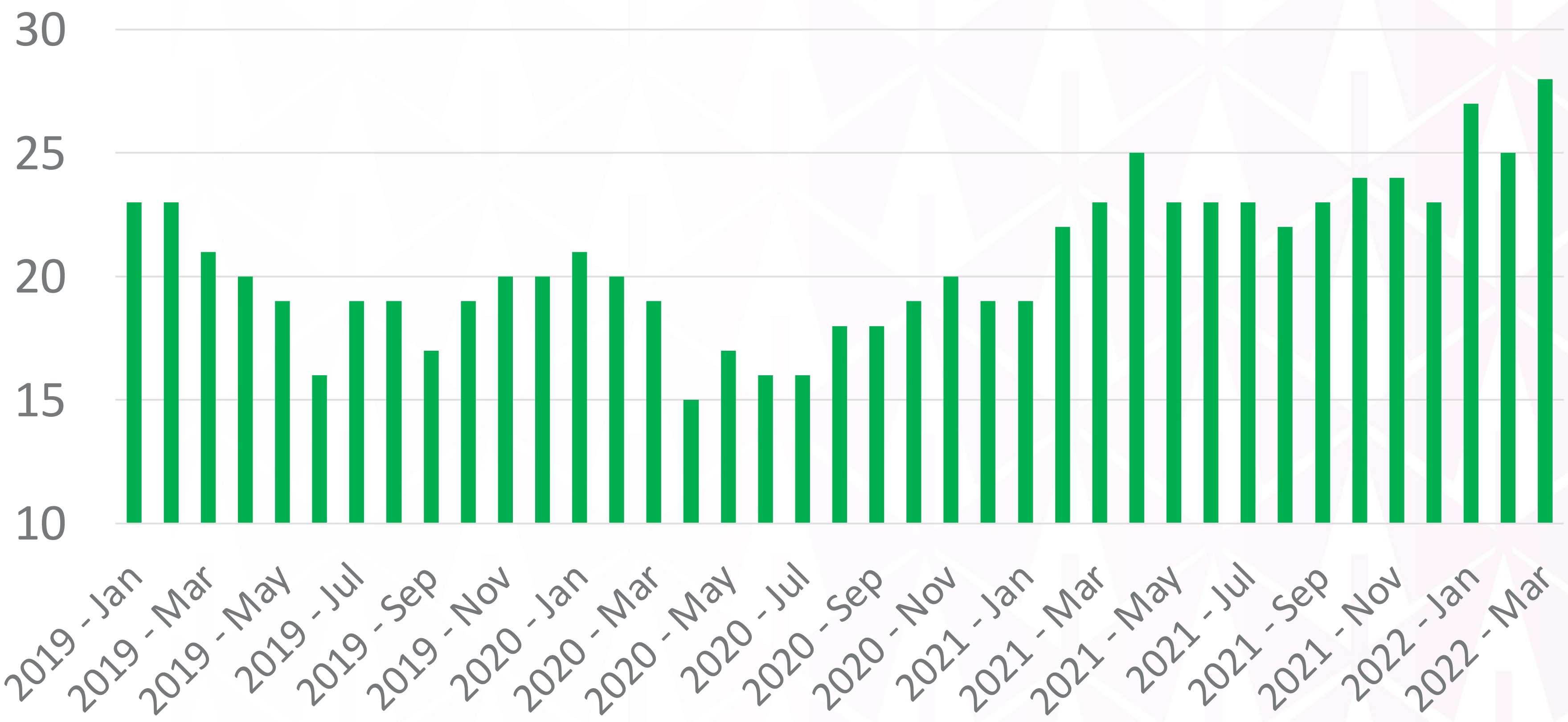
What about Cash Deals? … highest since 2010-2012 period



Source: NAR

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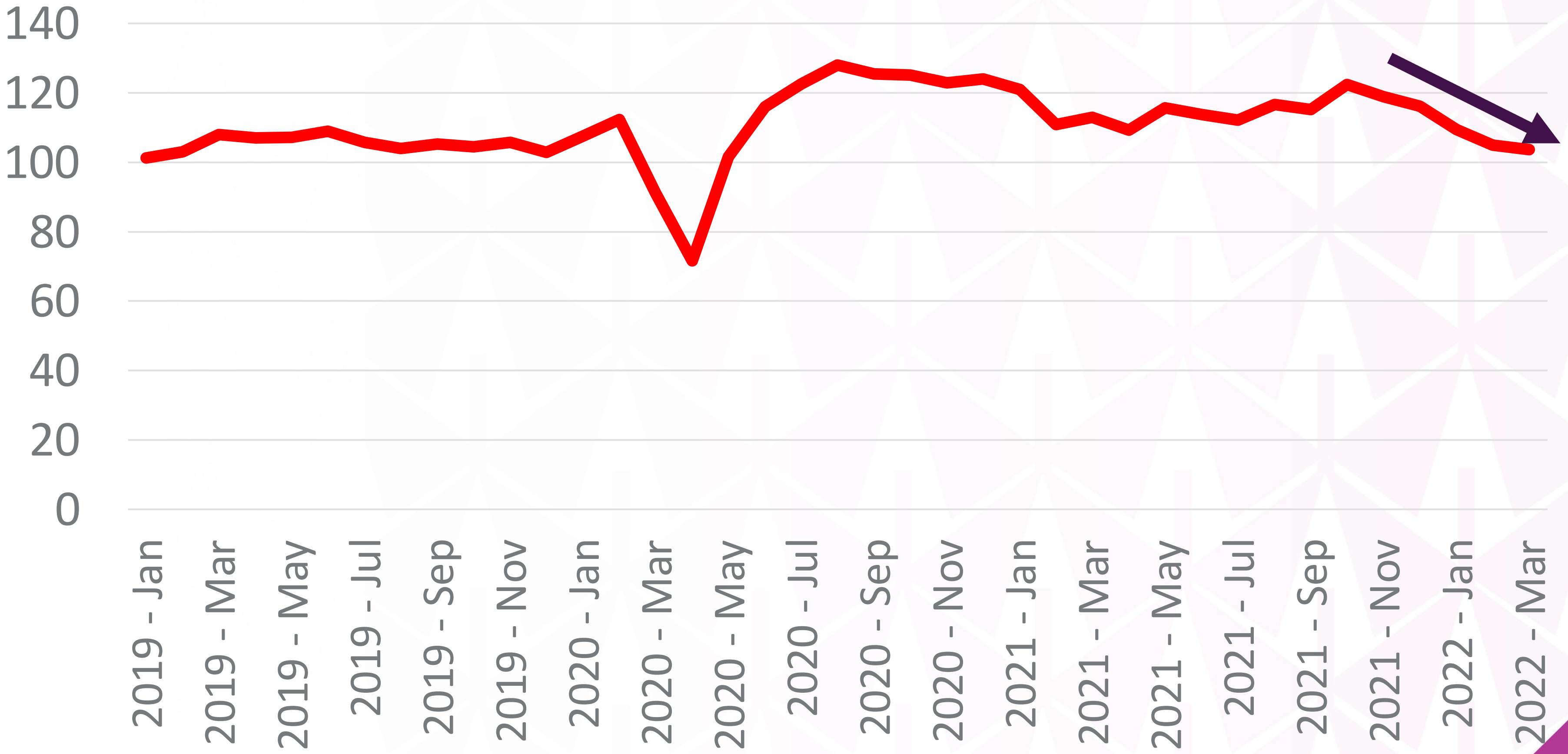
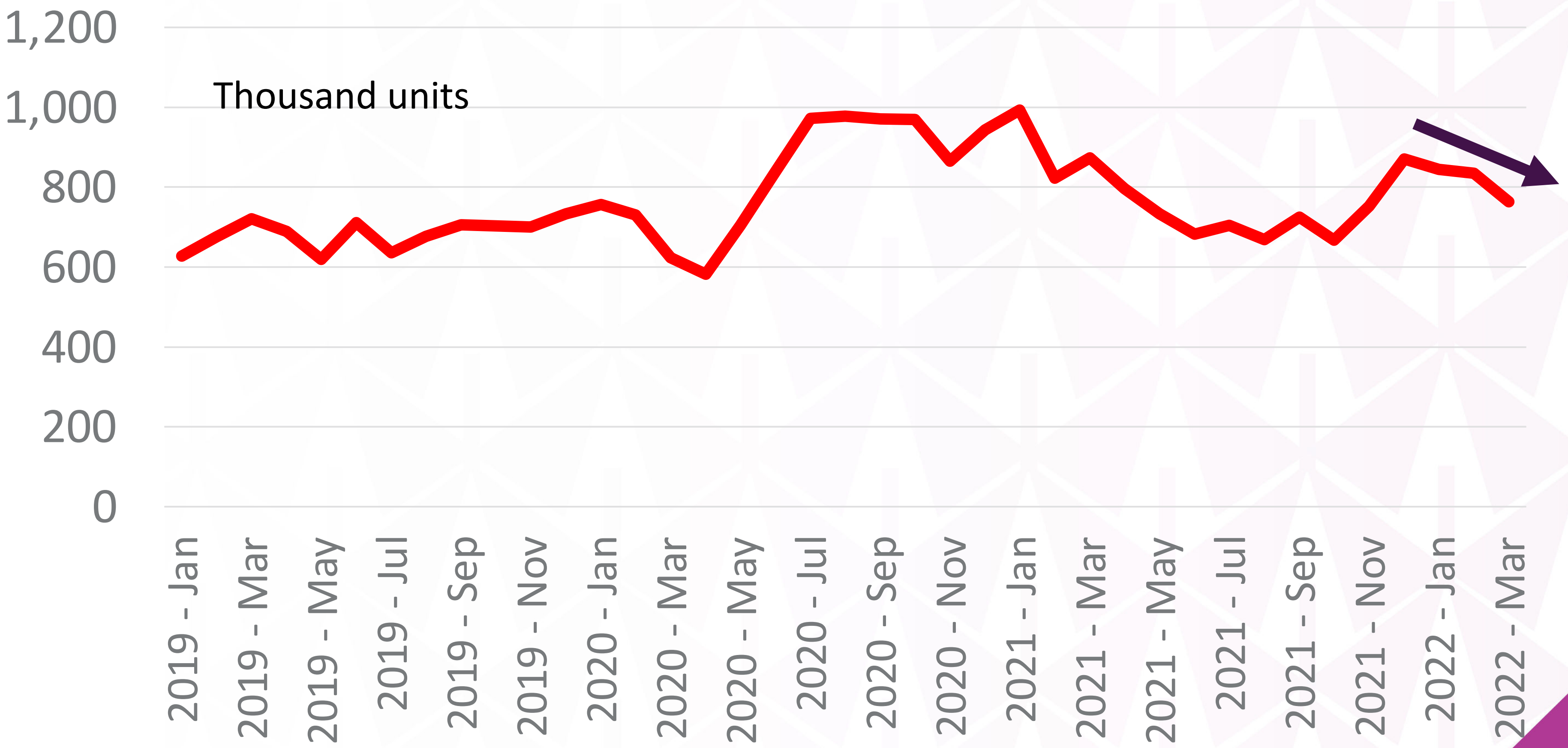
Pending Contracts Falling



Source: NAR

Newly Constructed Single-Family Sales (contracts)



Source: HUD

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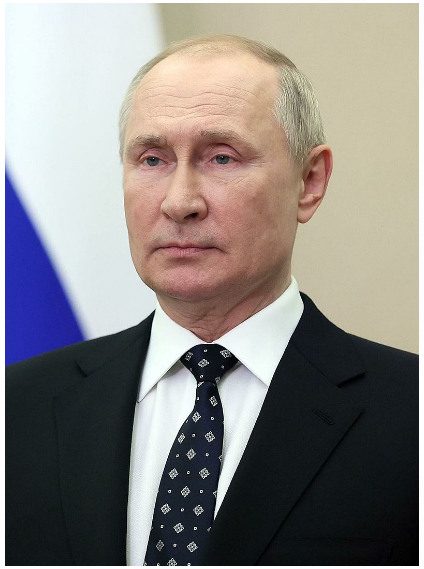
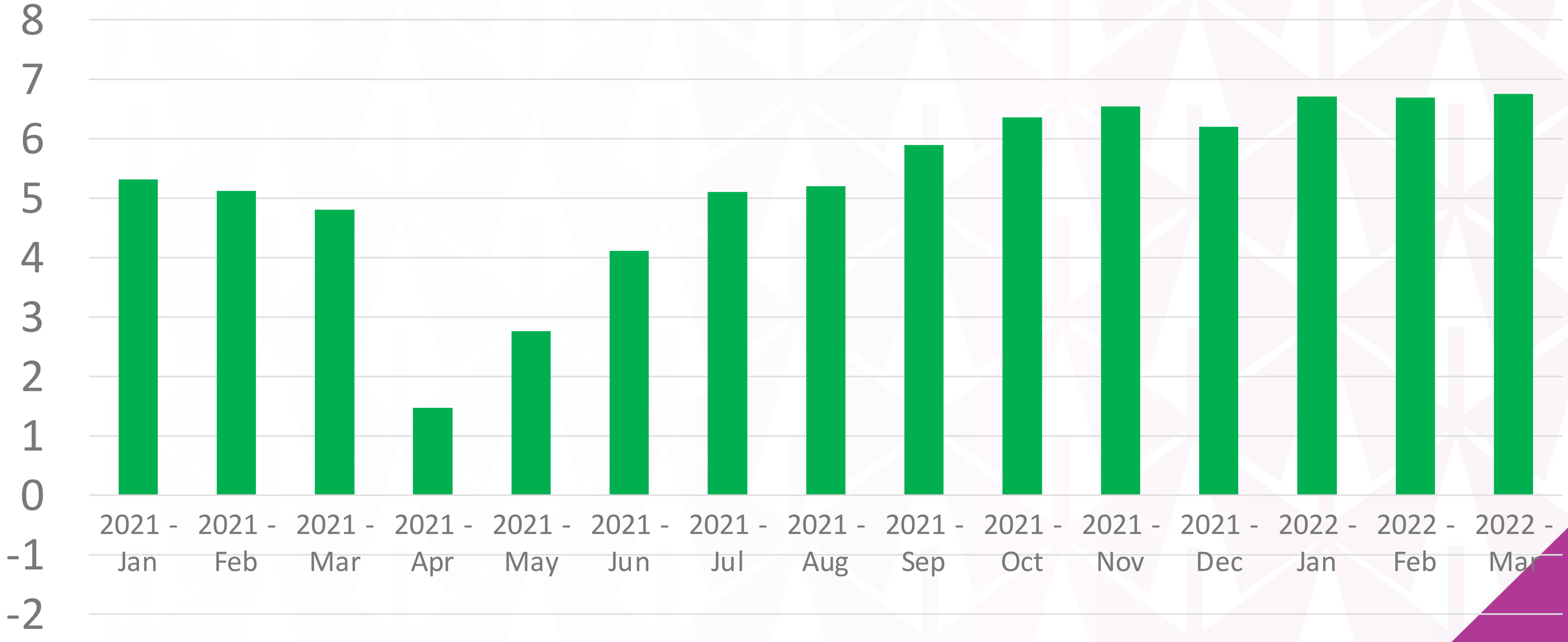
Tabloid Headline: Who Stole the American Dream?

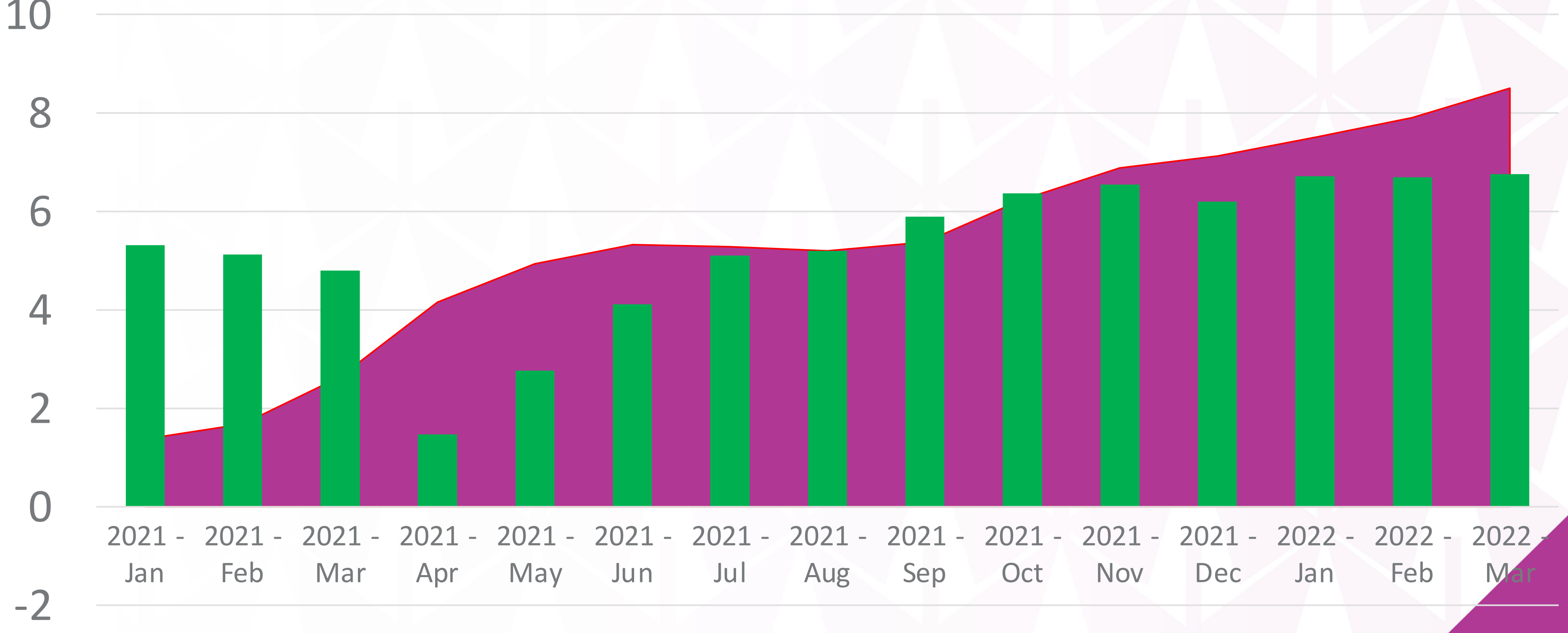


Wage Growth Rising by 6% … Worker Shortage



Source: Bureau of Labor Statistics

Wage Growth Rising …
But Wiped Away by Consumer Price Inflation 8.5%



Source: Bureau of Labor Statistics

Which Inflation Component is Rising?

Item	% change from a year ago
Gasoline	48%
Used Car	35%
Airfare	24%
Electricity	11%
Grocery	10%
Clothes	7%
Rent	5%
Medical Service	3%

American Dream … 55% … not included

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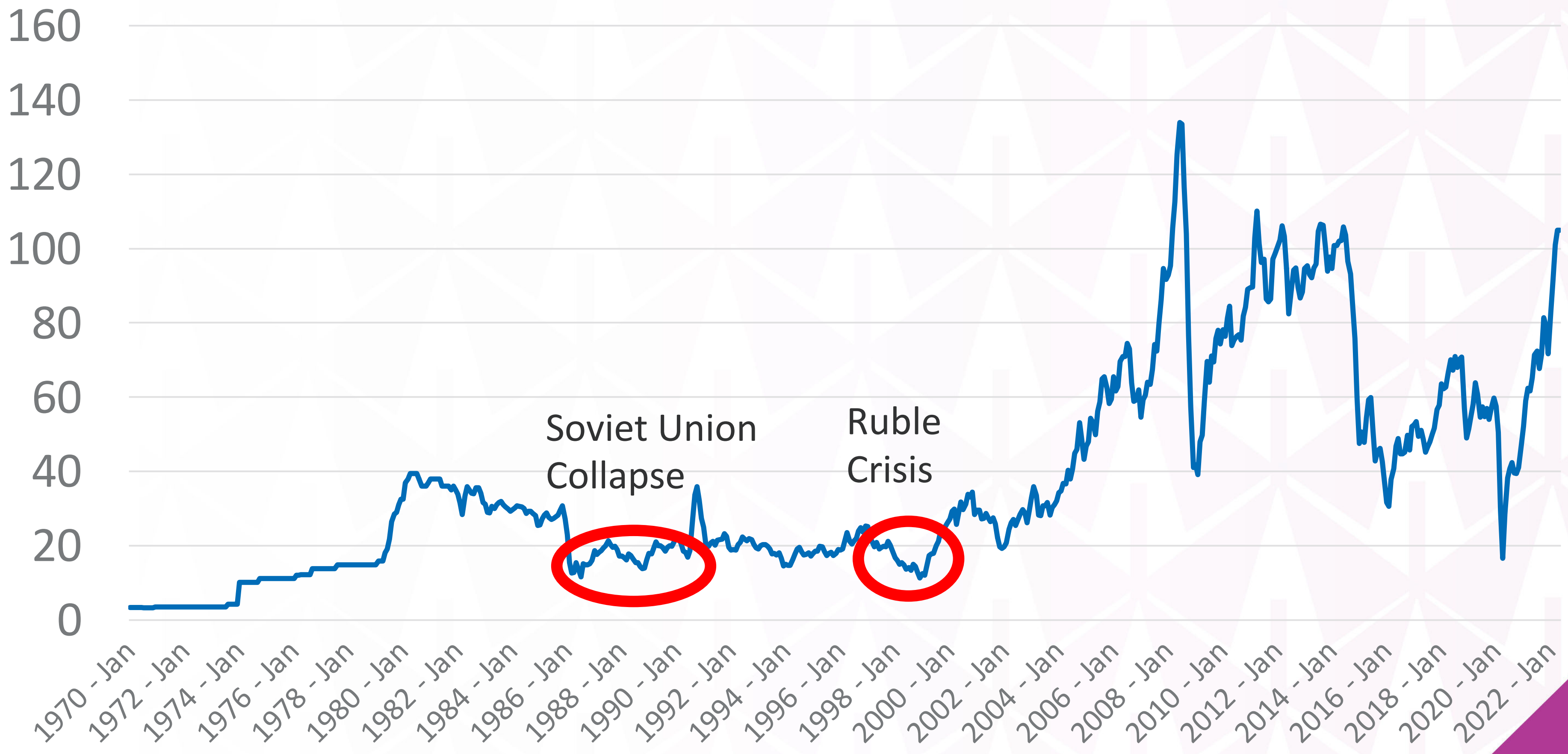
West Texas Crude Oil Price



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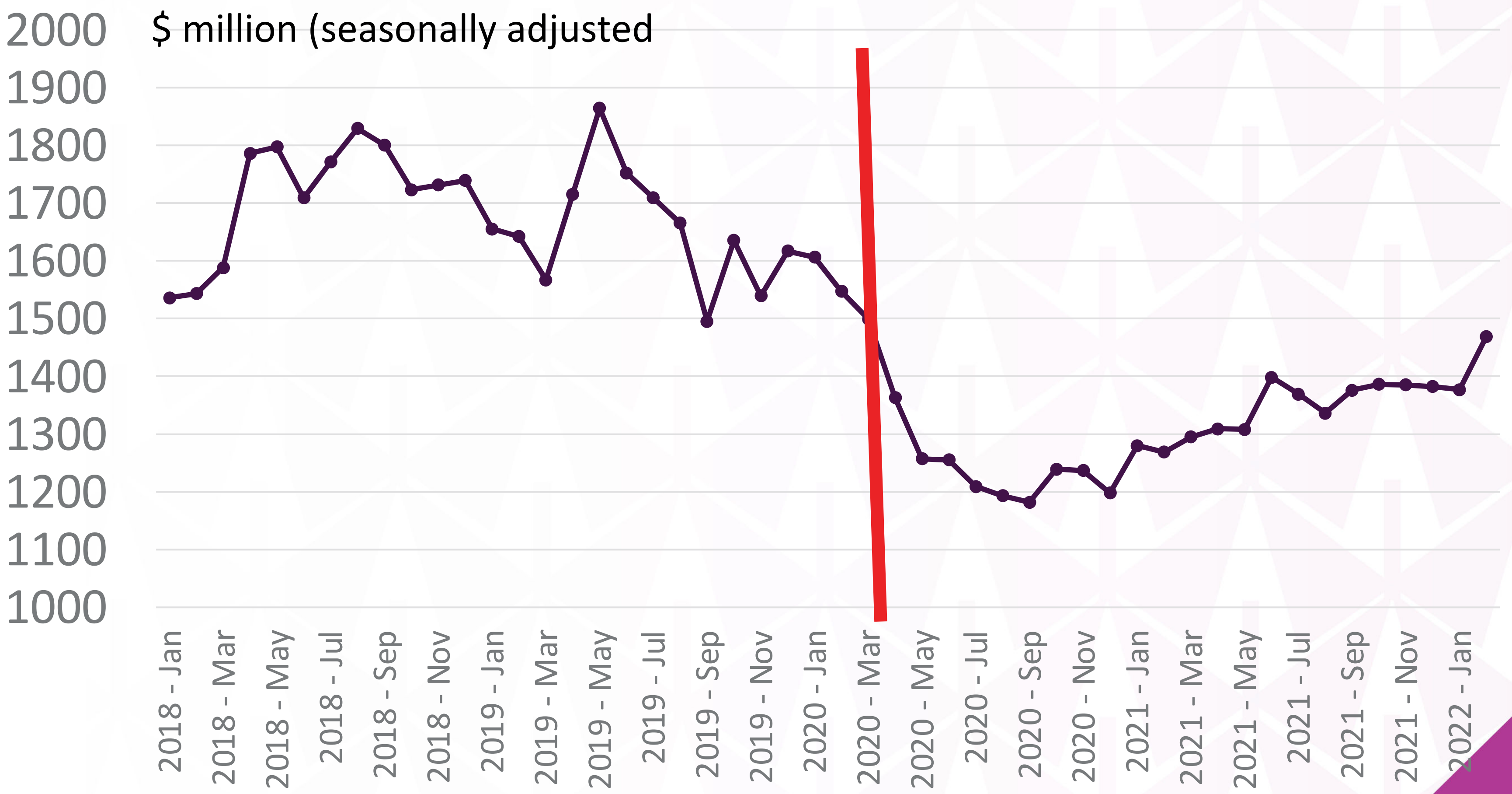
Shipments of Drilling Equipment in U.S.



Source: Dept of Commerce

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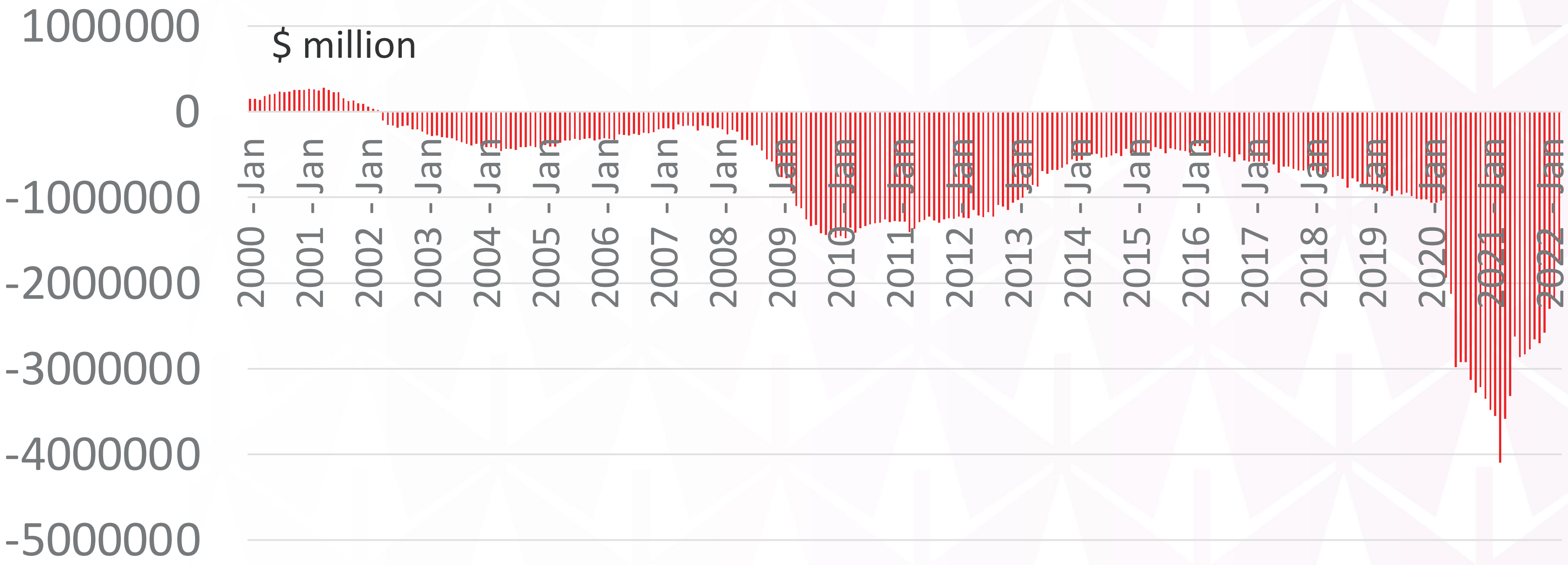
Federal Budget Deficit … from "Free Money"



Source: CBO

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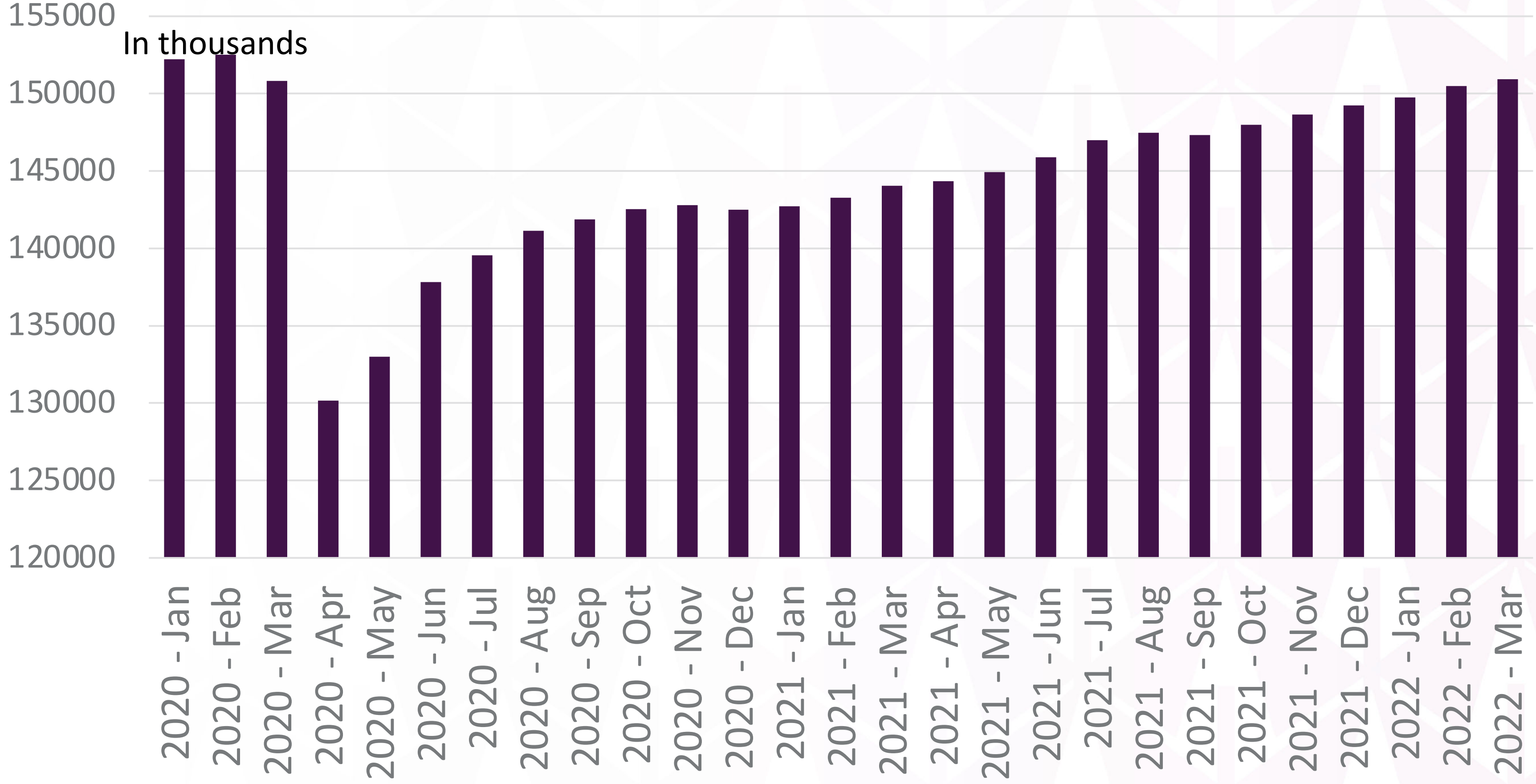
Recession? Total Payroll Jobs keep Rising



Source: Bureau of Labor Statistics

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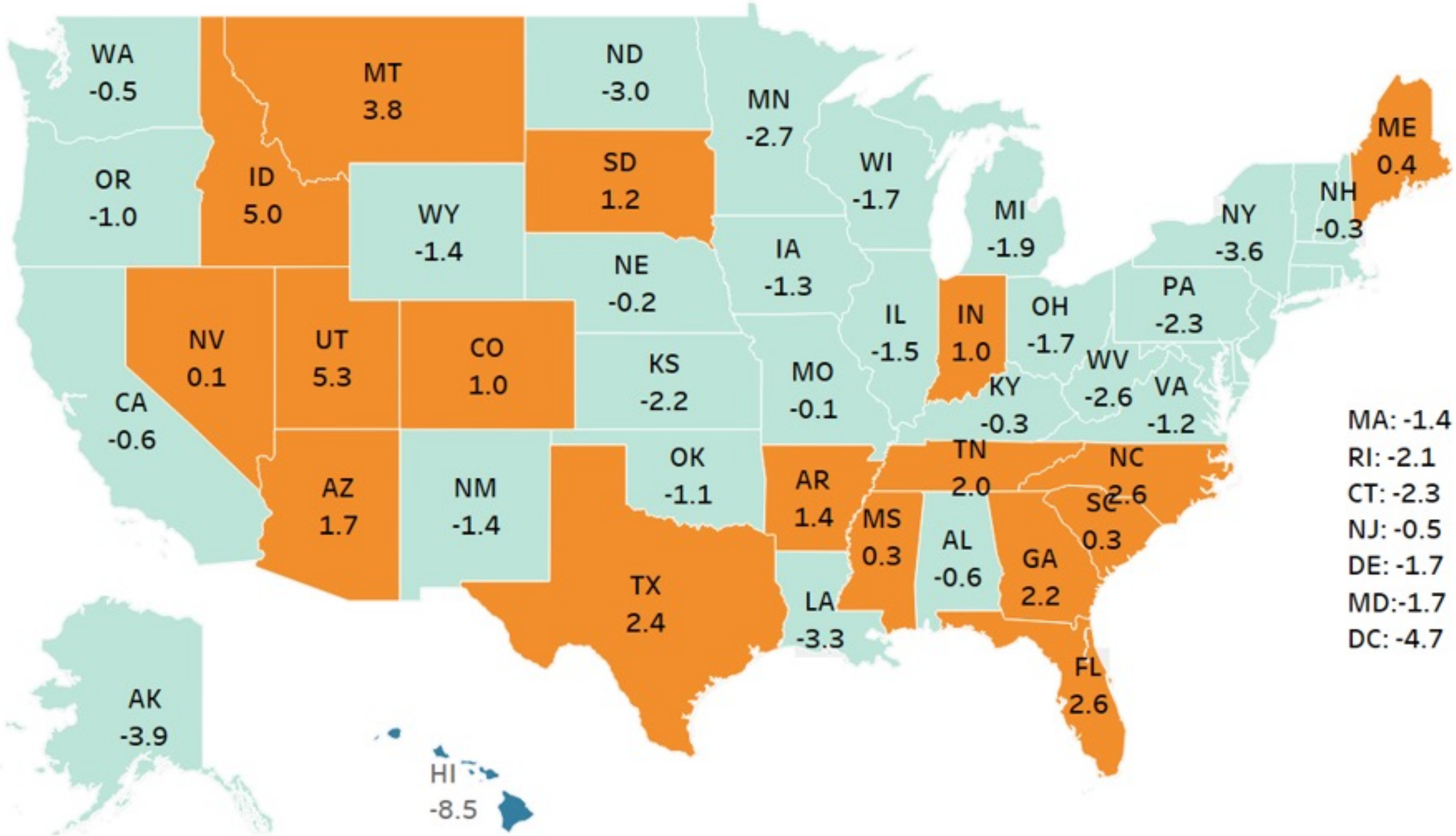
Recession? Job Growth Rate from Pre-covid Days



Source: Bureau of Labor Statistics

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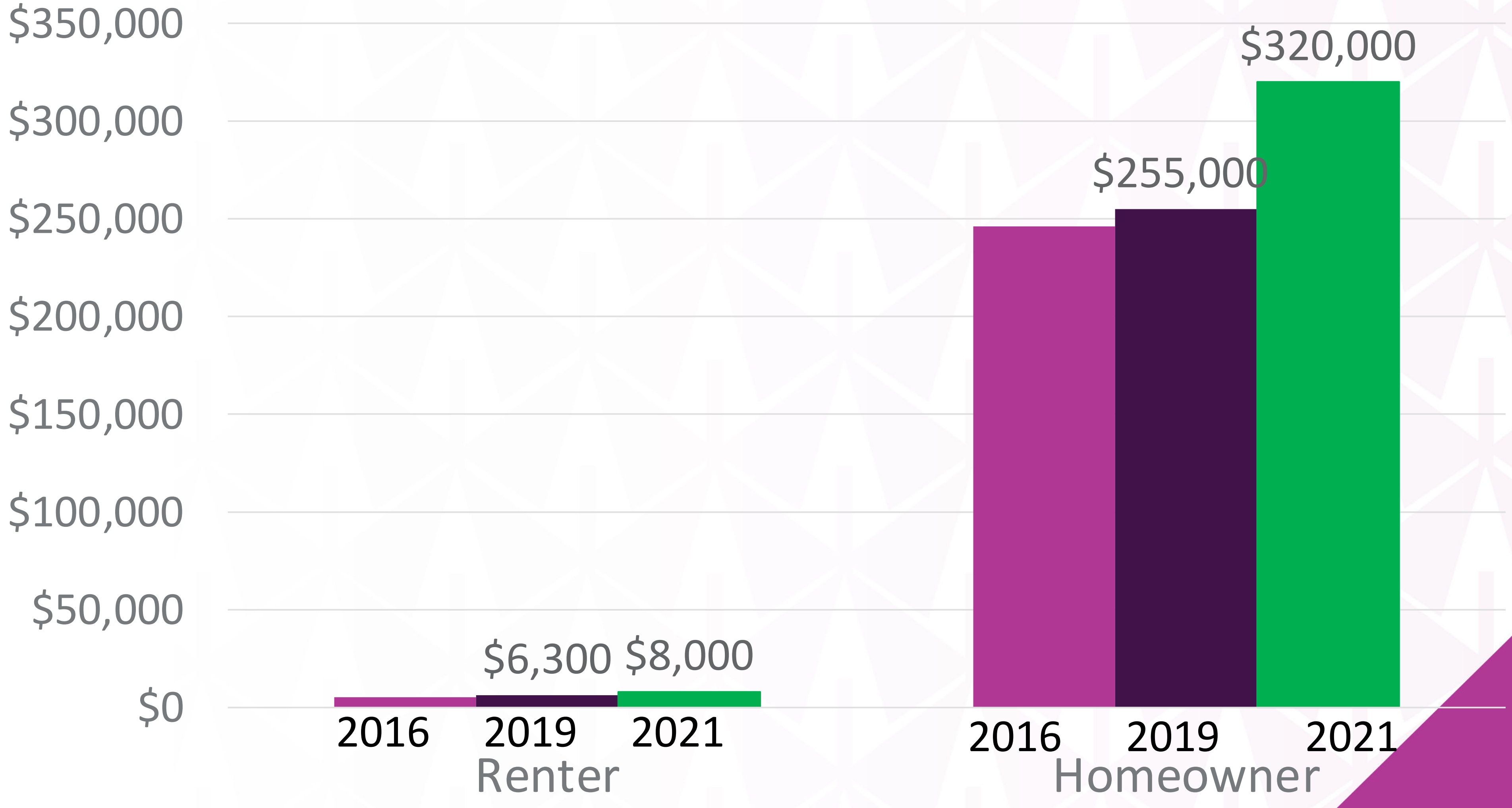
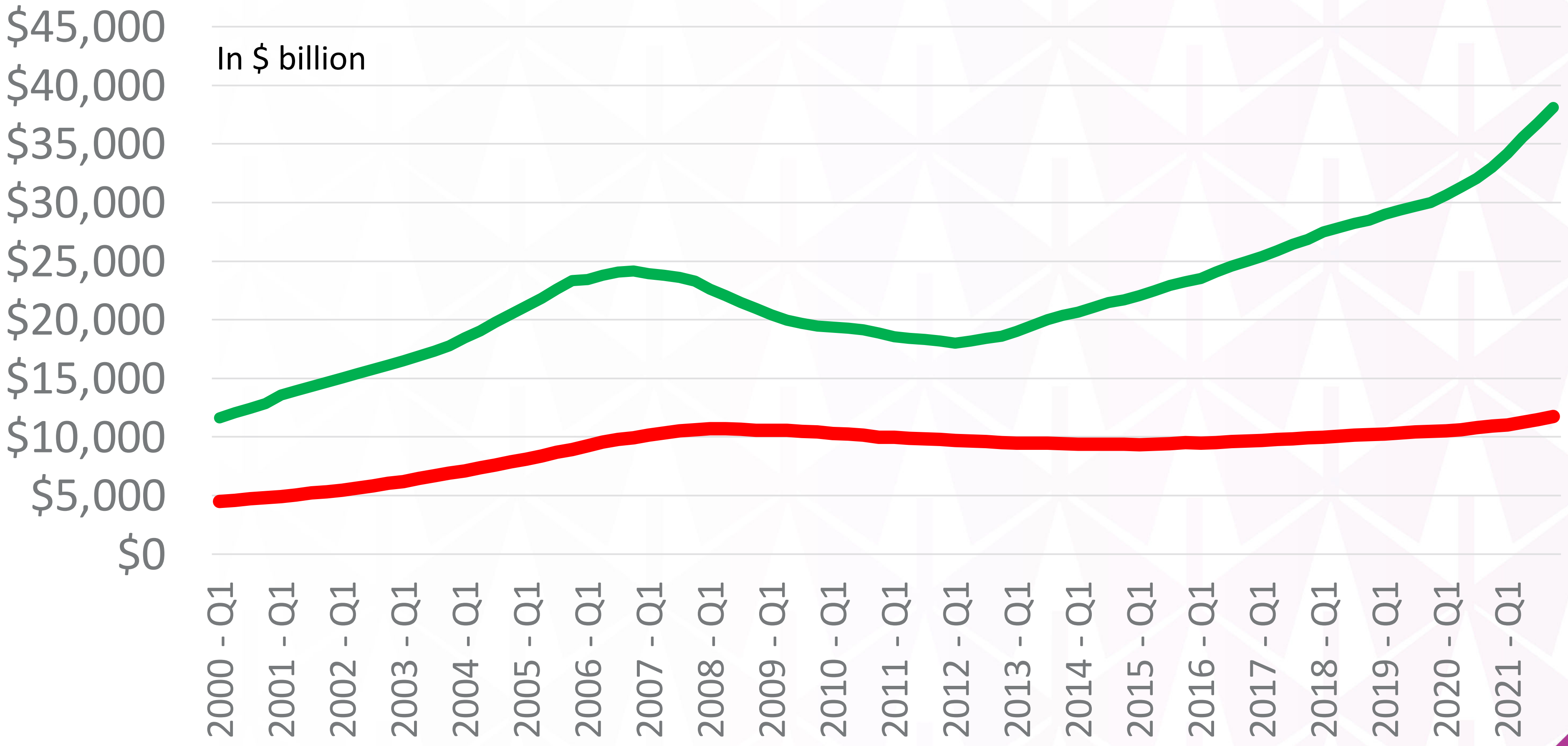
Household Wealth … Renters vs. Homeowners



Source: Federal Reserve Survey of Household Finance; NAR estimate in 2021

Real Estate Asset vs. Mortgage Debt



Source: Federal Reserve Survey of Household Finance

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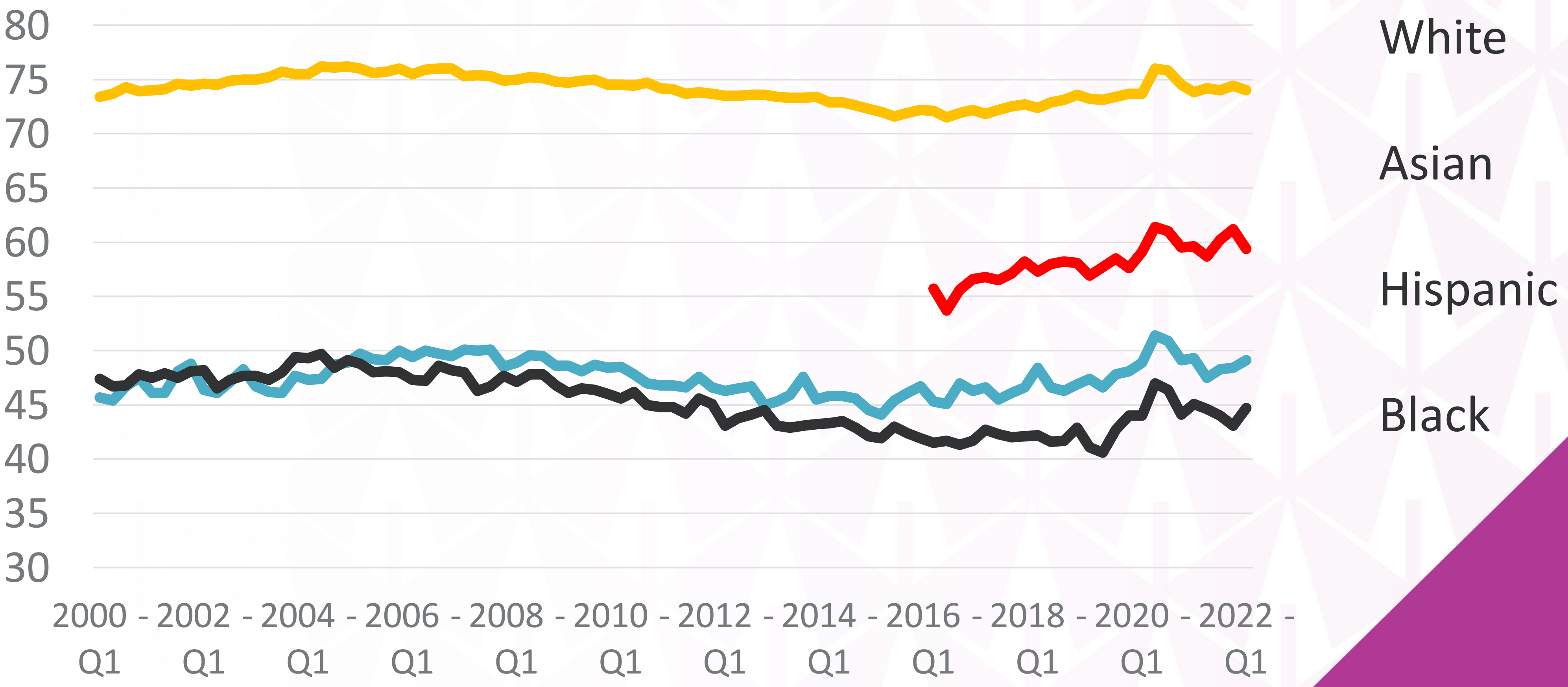
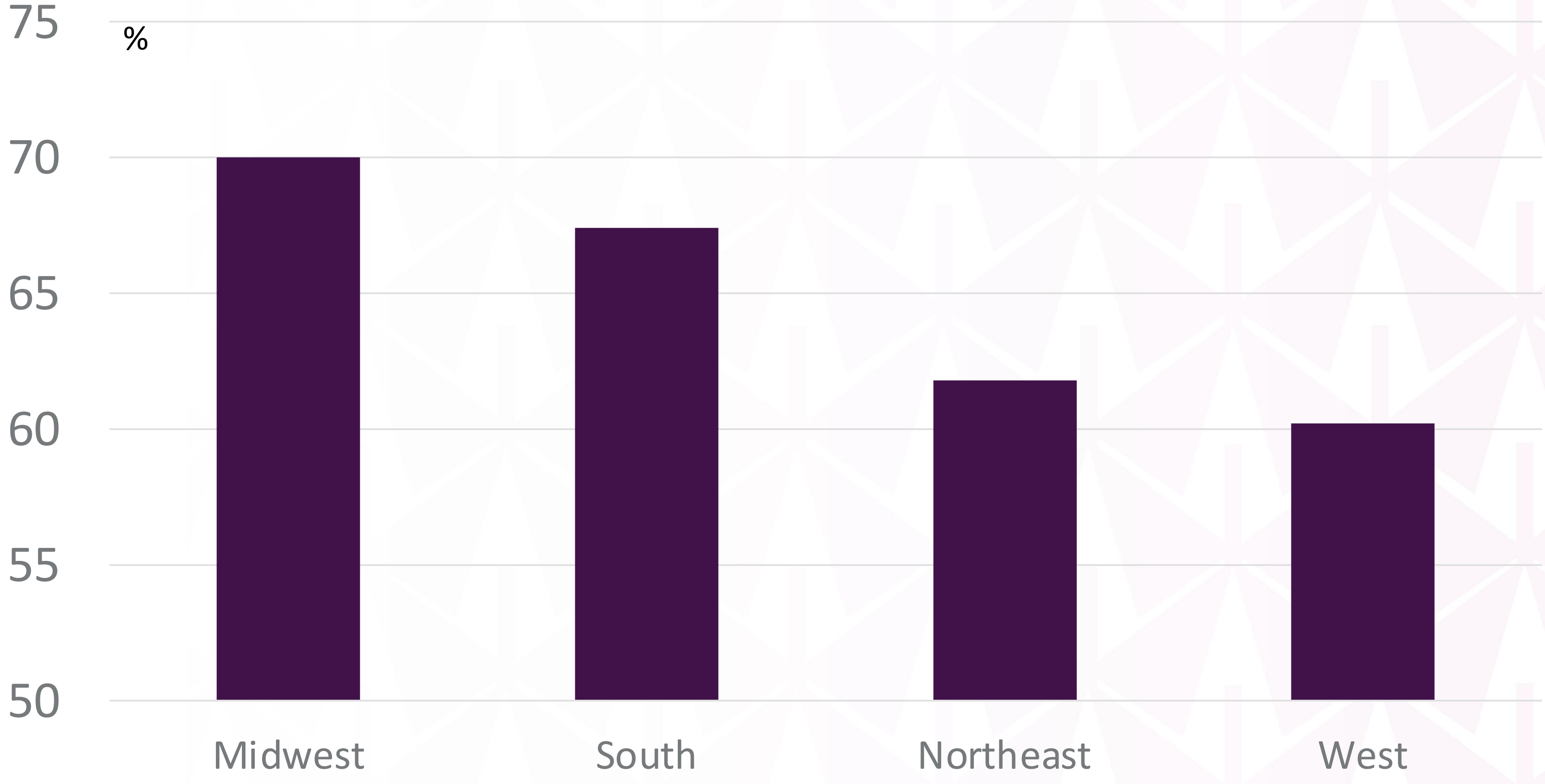
Homeownership Rate by Race/Ethnicity



Source: Census

Homeownership Rate by Region and Median Home Price



$273,800 $347,800 $397,900 $522,500

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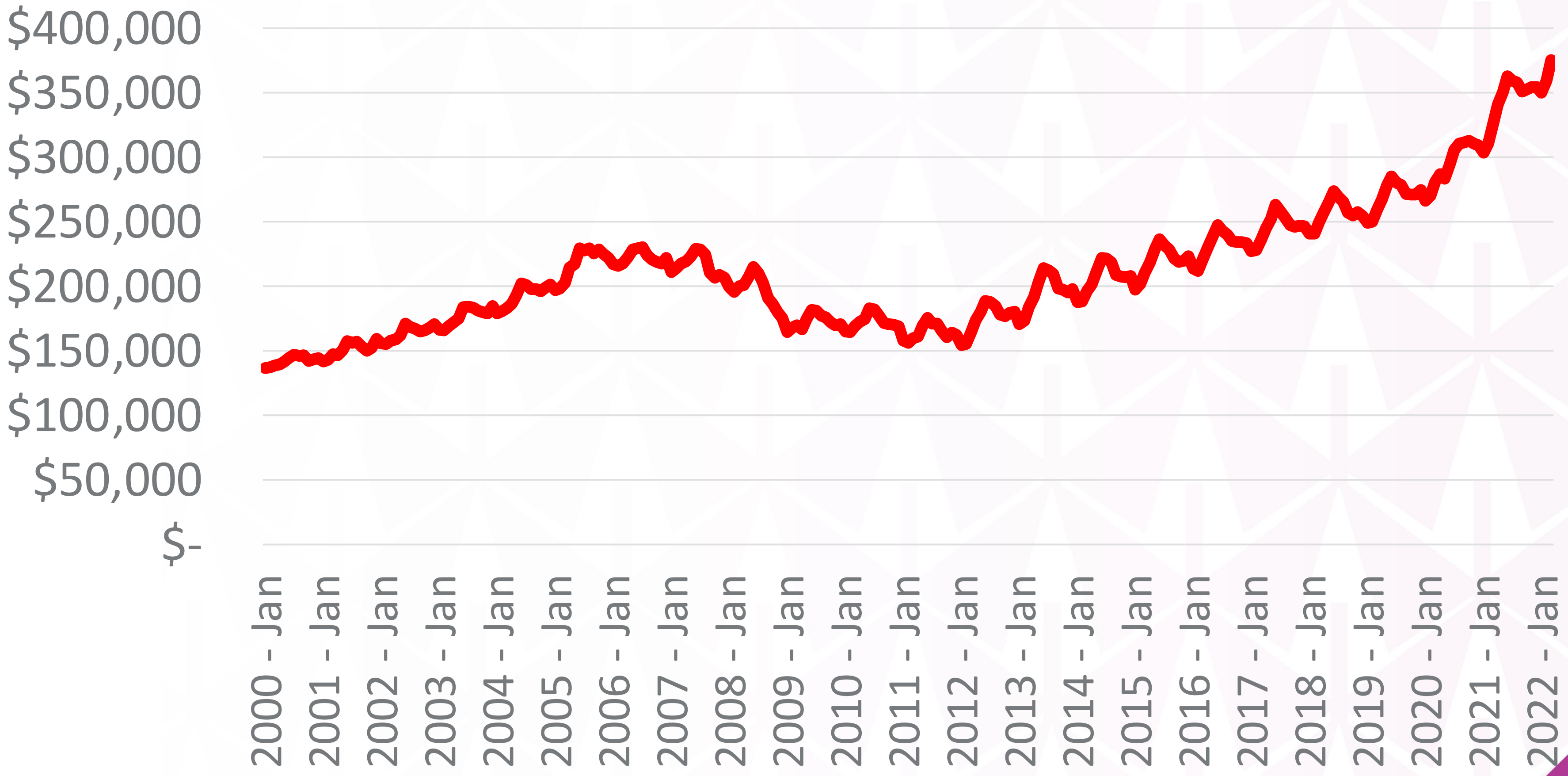
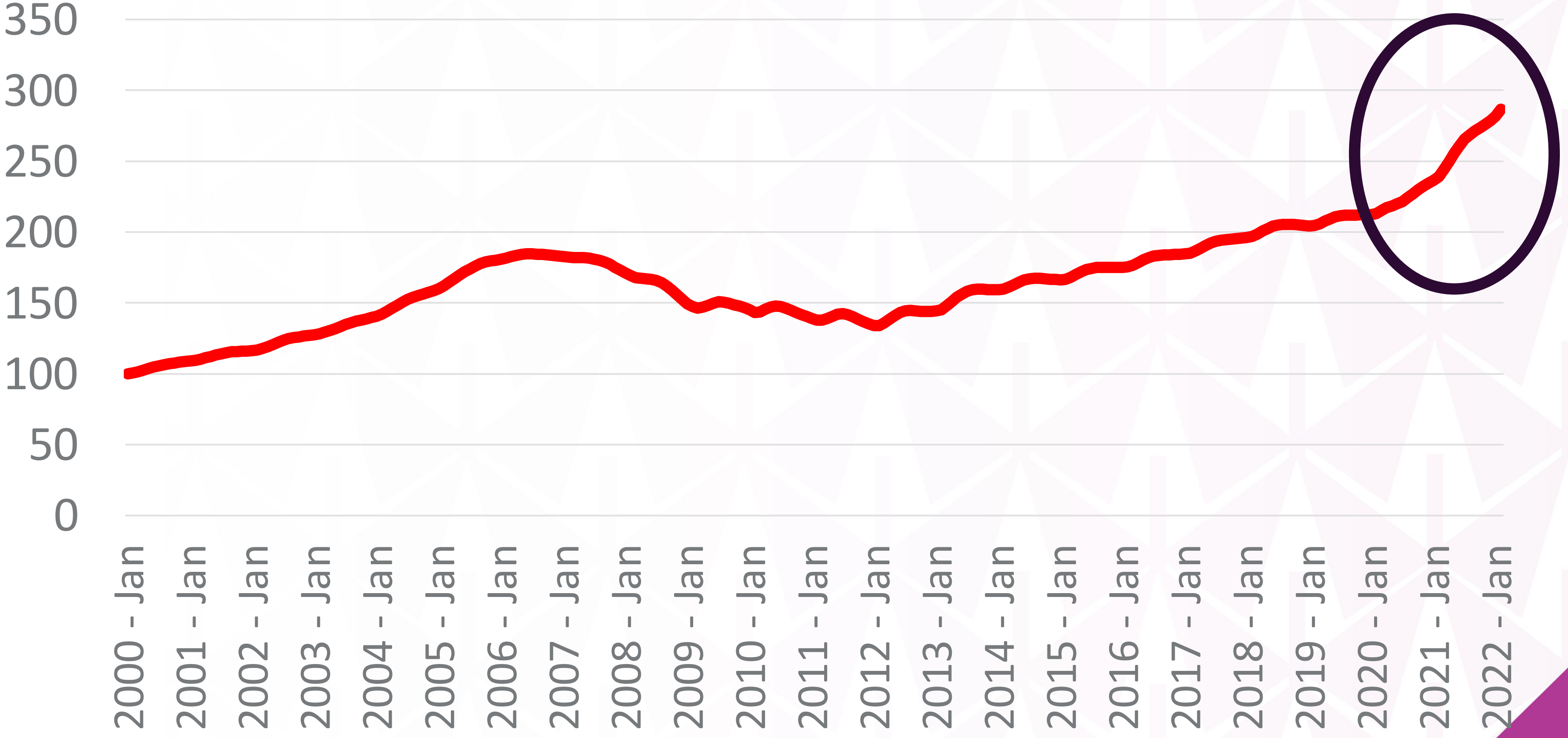
Median Home Price getting bubblish?



Source: NAR

CoreLogic Case-Shiller Index – parabolic upswing



Source: CoreLogic

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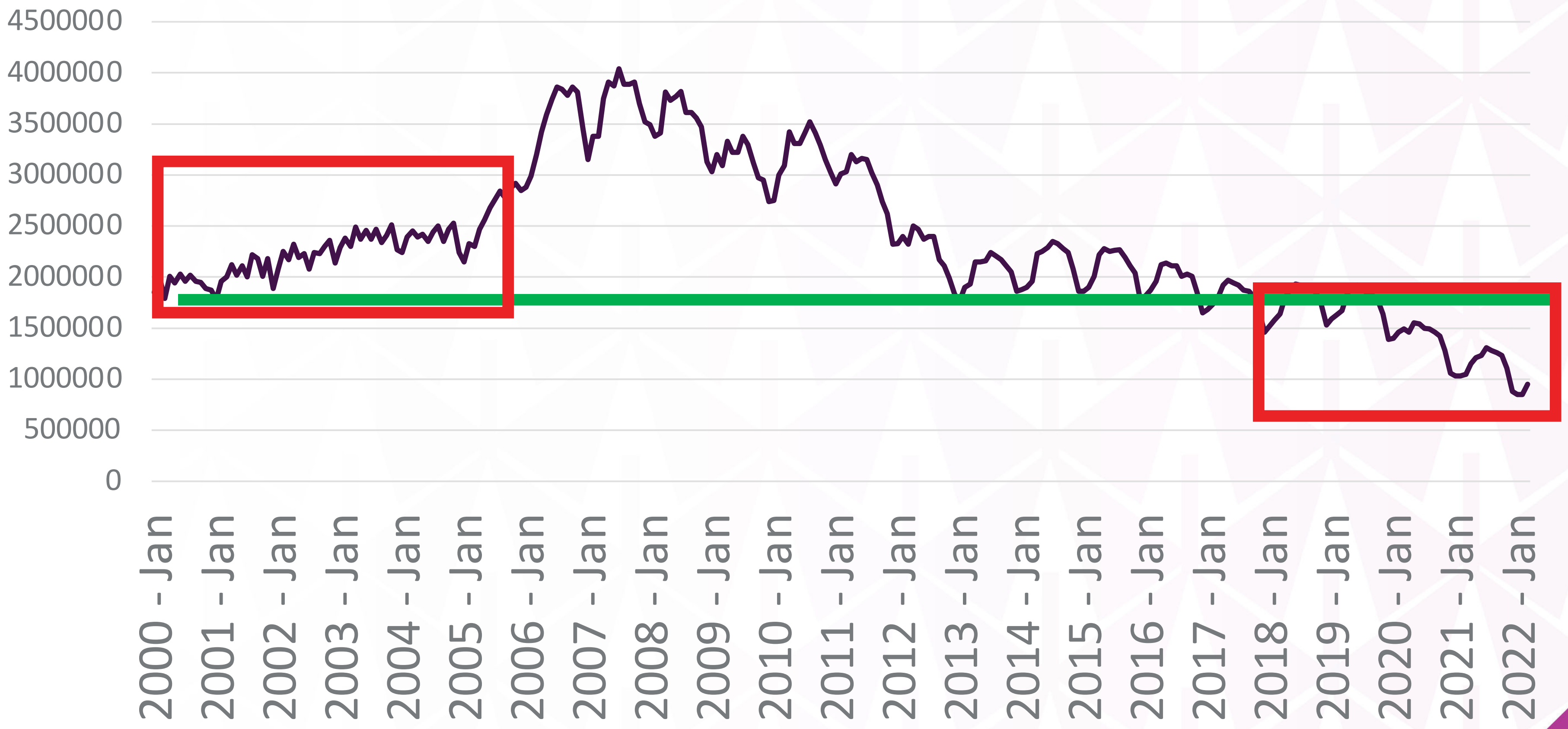
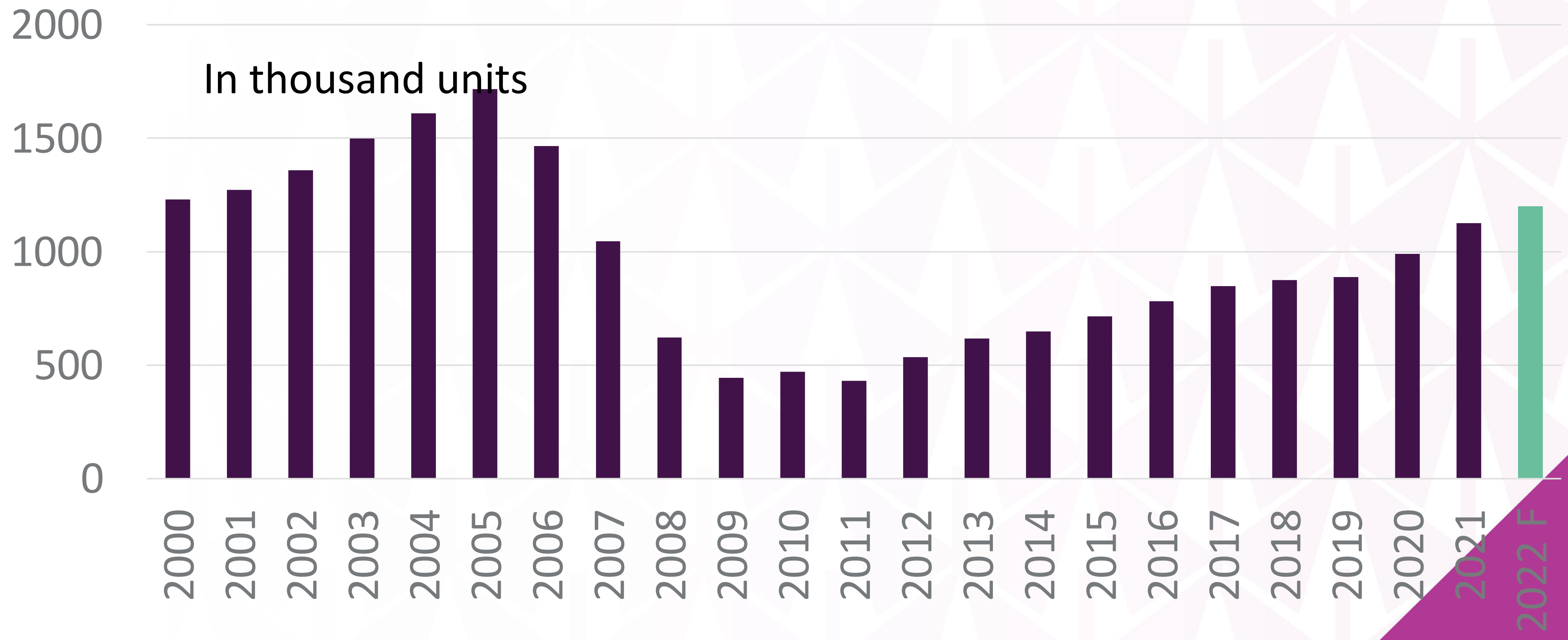
Inventory still at historic lows



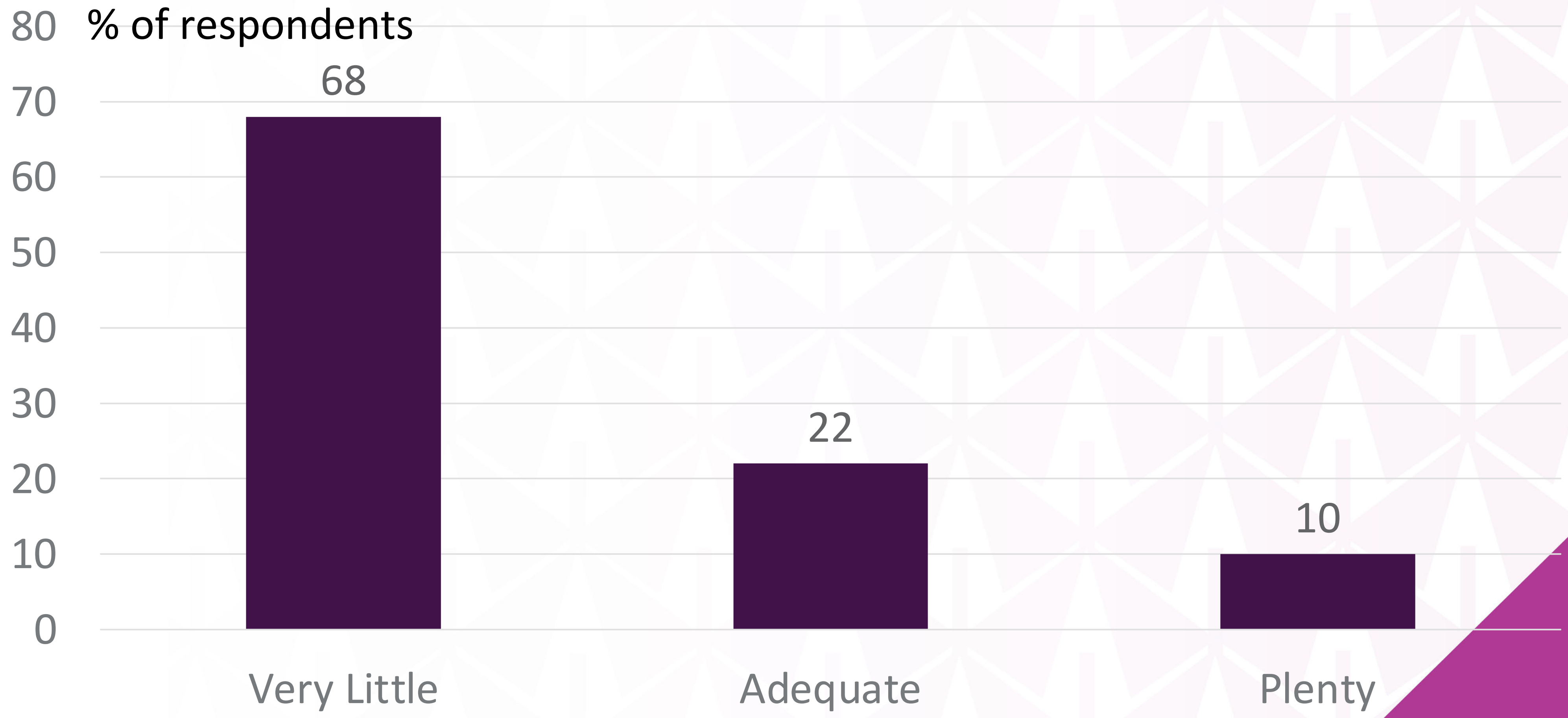
Source: NAR

Single-Family Housing Starts … Recovering



Source: HUD

Availability of Developed Residential Land Lots?



Source: RLI/NAR

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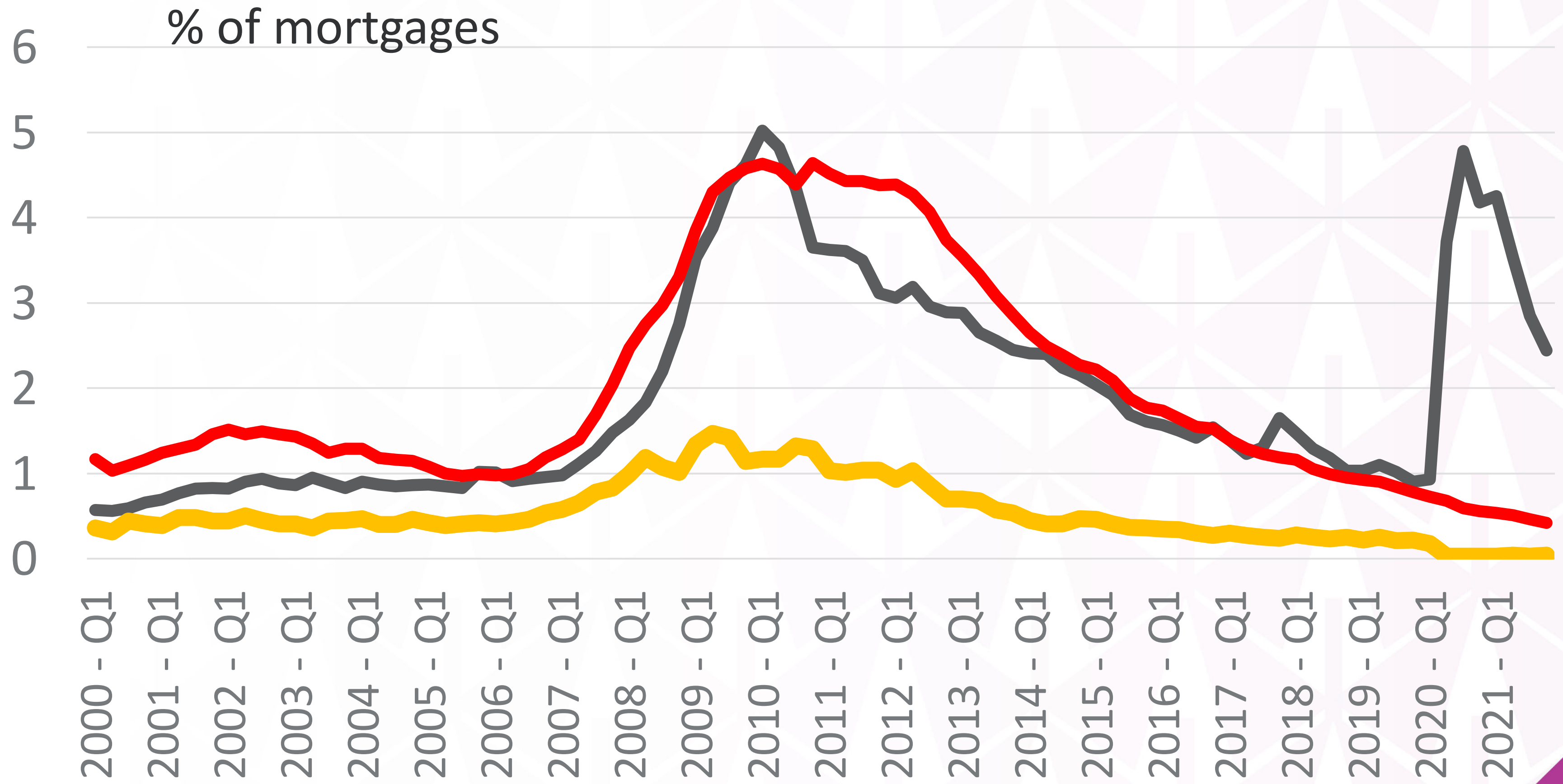
Mortgage Delinquency (90+ days), Foreclosure Starts and Foreclosure Inventory



Source: Mortgage Bankers Association

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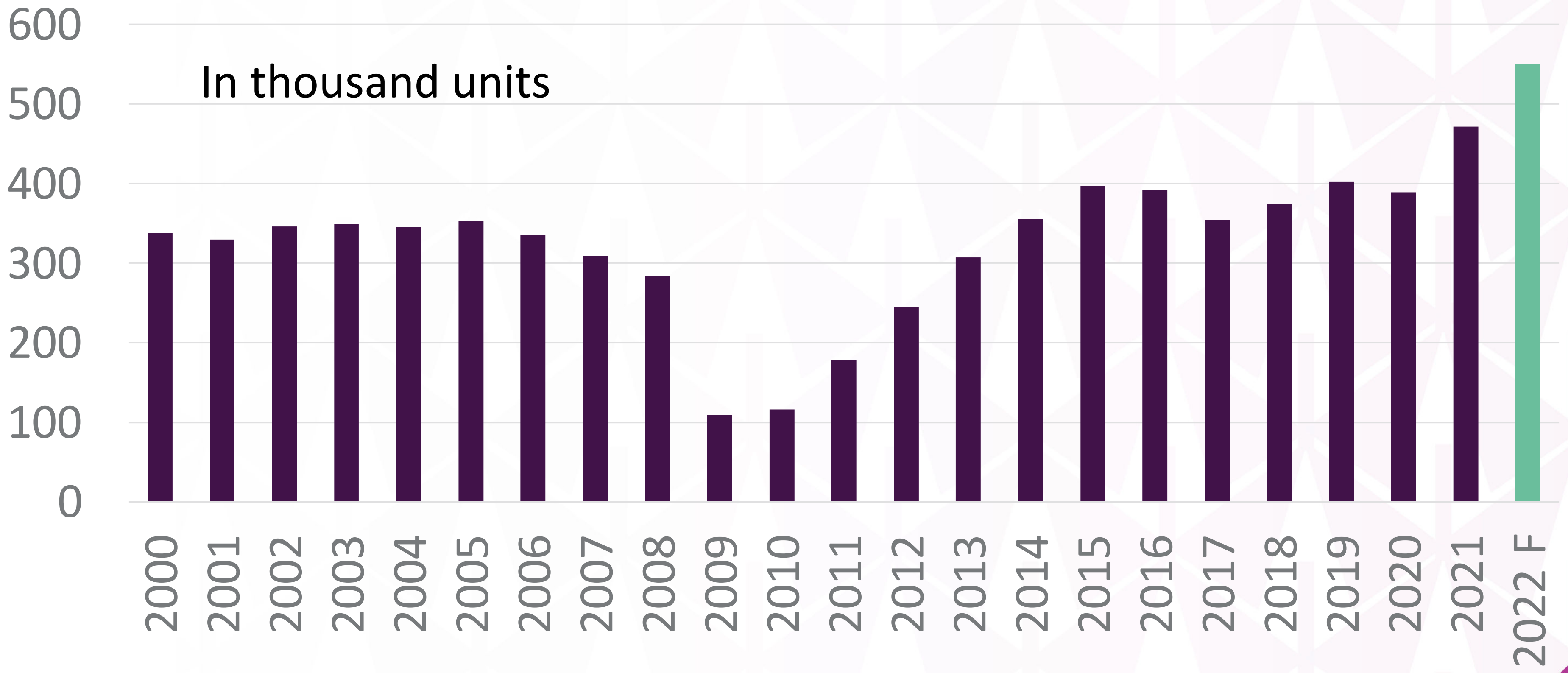
Multifamily Housing Starts … Bursting Loose



Source: HUD

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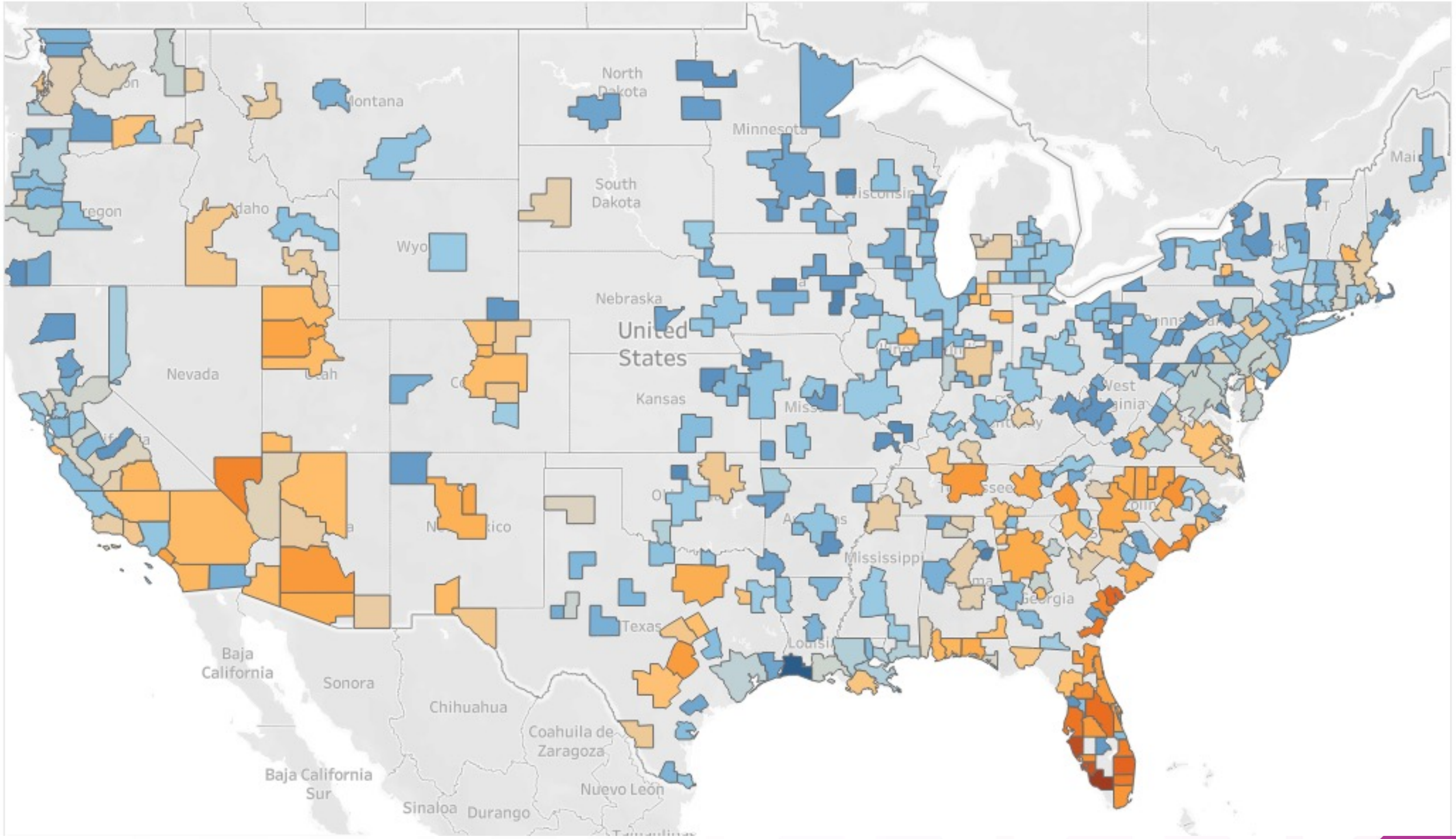
Rents Strongly Rising Just About Everywhere

34% of metro areas have double-digit apartment asking rent growth (orange areas)



Source: CoStar

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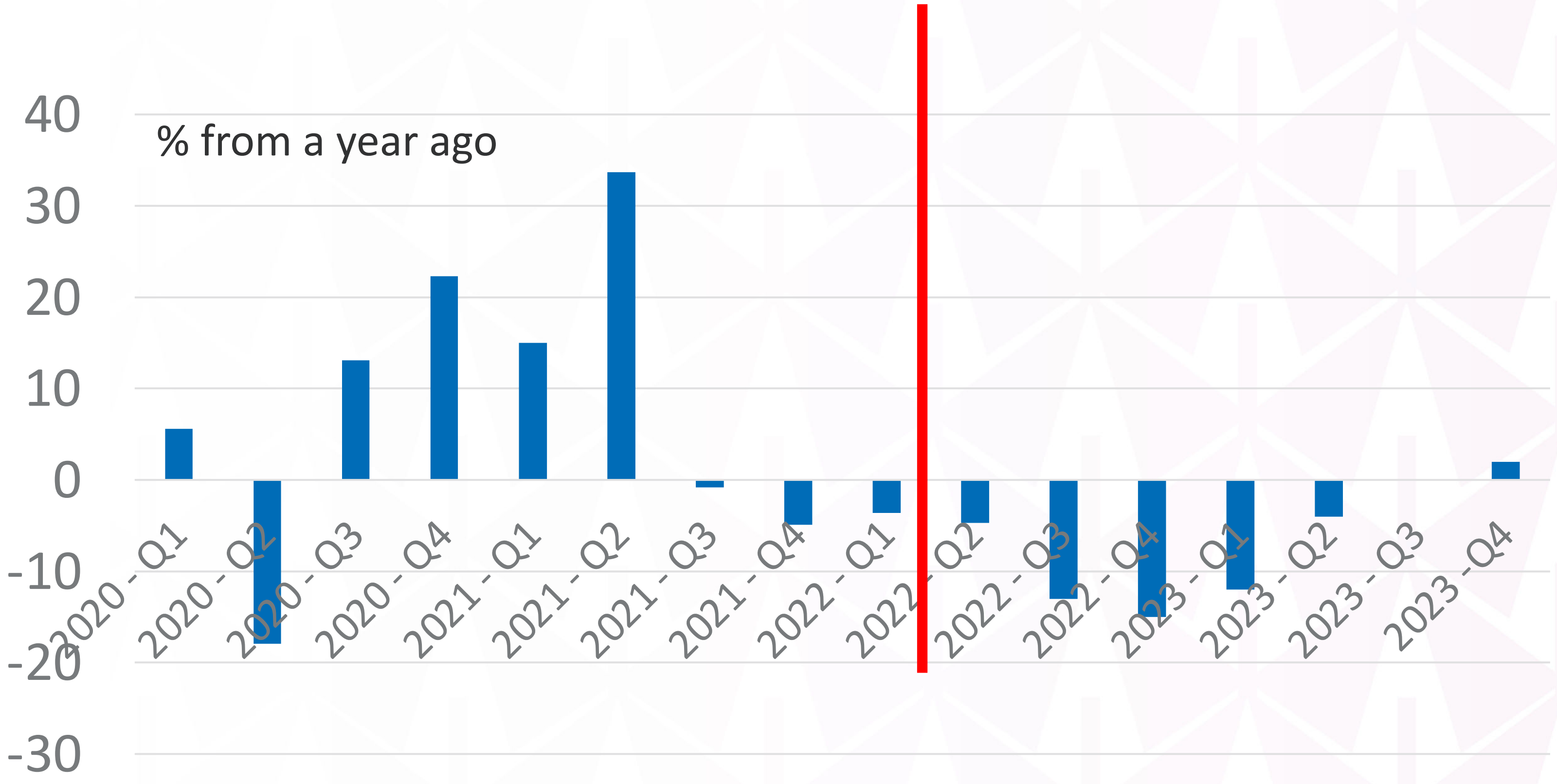
Consumer Expectations (February 2022)

Variable	1-year ahead	Annual average over 5 years
Home Price Growth	5.1%	2.0%
Rent Growth	6.6%	4.4%
Buying is Good Financial Investment	73.6%	N/A
Buying is Bad Financial Investment	6.6%	N/A

Source: NY Federal Reserve

Near-term Unit Sales Forecast



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Annual Sales and Price Growth

Year	Unit Sales	Home Price	Dollar Volume
2017	+1.1%	+5.7%	+7%
2018	-3.1%	+4.9%	+2%
2019	0.0%	+4.9%	+5%
2020	+5.6%	+9.1%	+15%
2021	+8.5%	+16.9%	+25%
2022 forecast	-9%	+8%	-1%
2023 forecast	-1%	+4%	+3%

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THANK YOU.

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HOME FRONT MAY 1-6 2022

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