

2019
housing

forecast



Table of Contents

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

2019 Market Summary

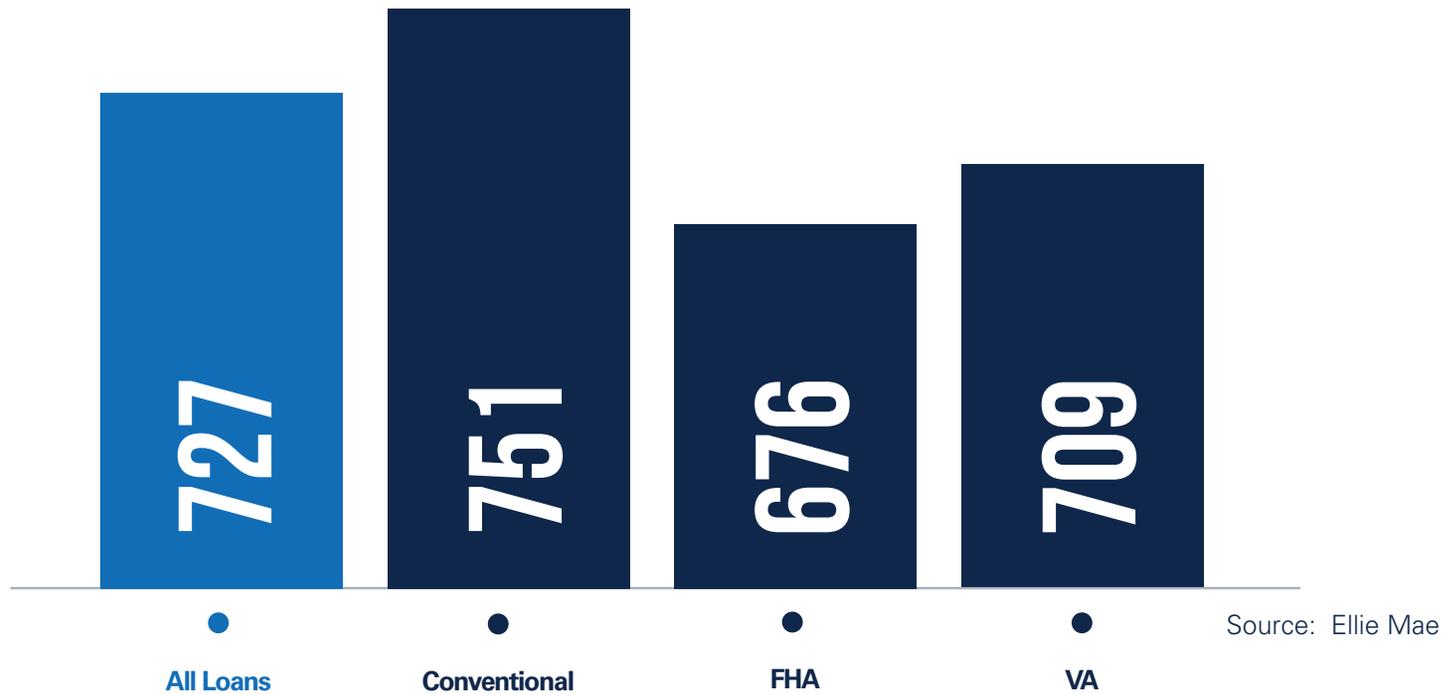
- Inventory will ease up
- Millennials and first-time homebuyers will drive the market
- 30-year rates above 5%
- Home appreciation will slow
- Huge value markets will suffer because of tax bill changes
- National rents will rise
- Mortgage market battle will continue to squeeze lenders out
- **Technology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

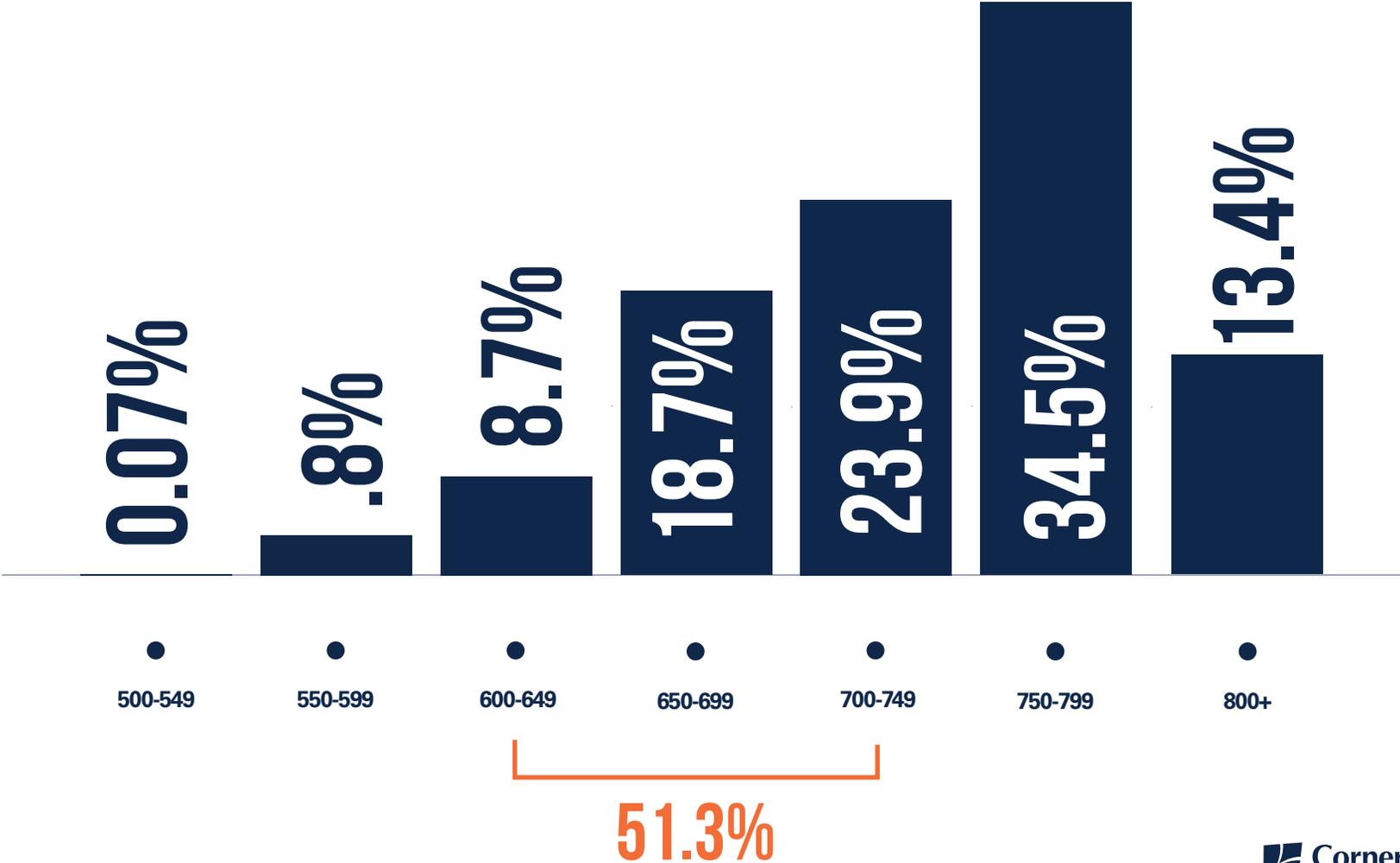
Average FICO® Score

for Closed Purchase Loans by Loan Type



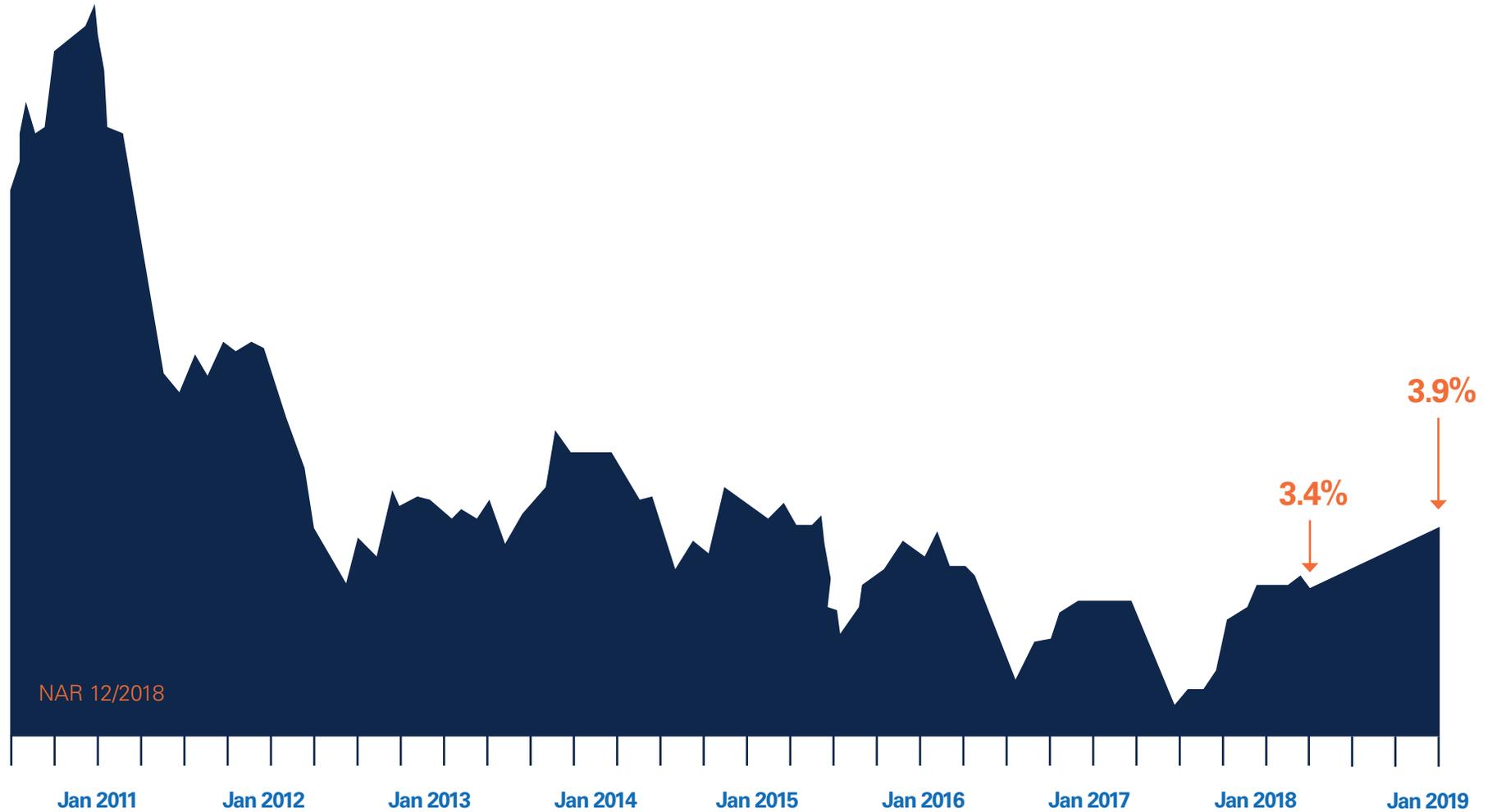
FICO® Score Distribution

(all closed loans as per Ellie Mae)



Months Inventory of Homes for Sale

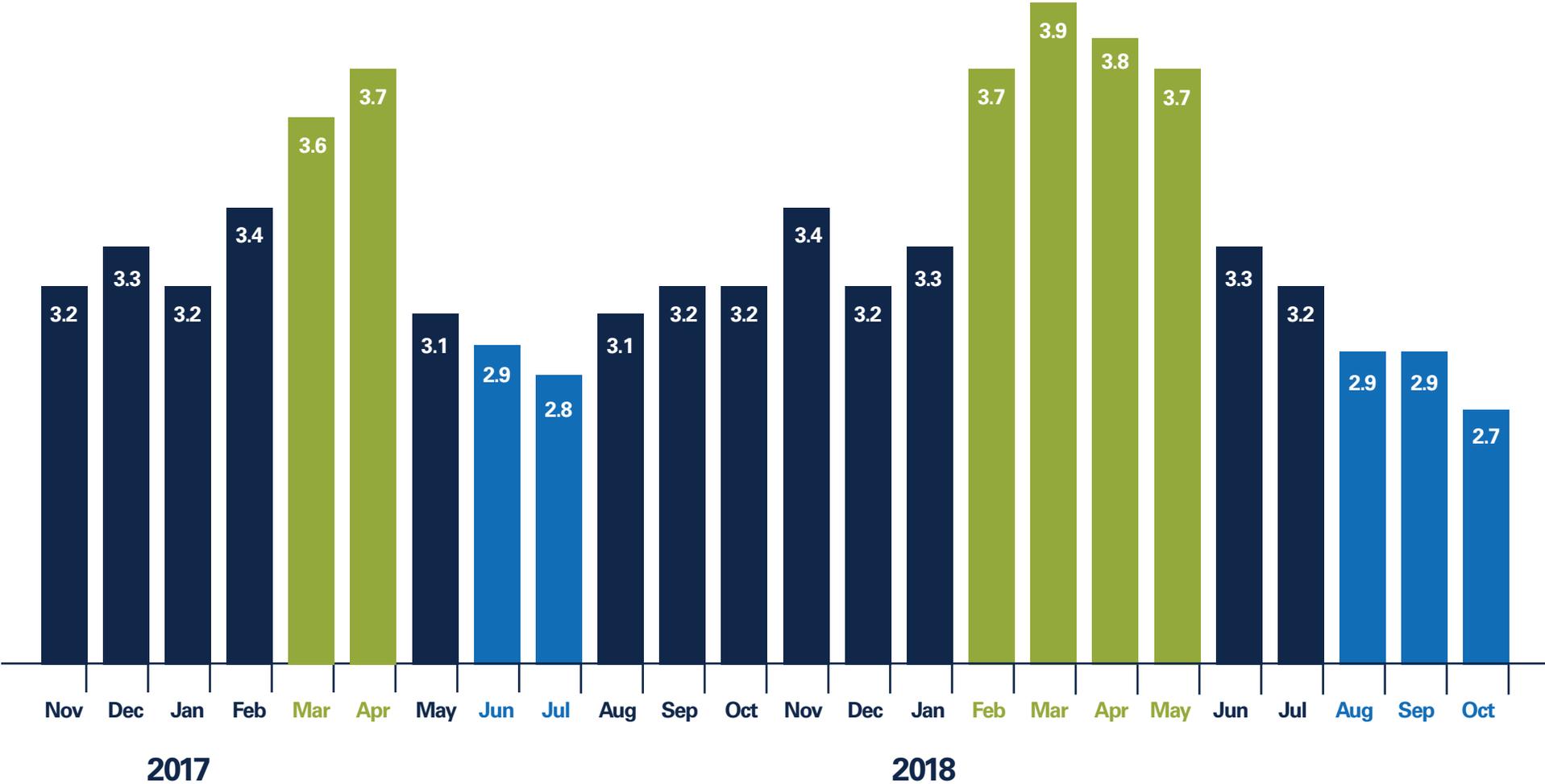
2011 - Today



New Homes Selling Fast

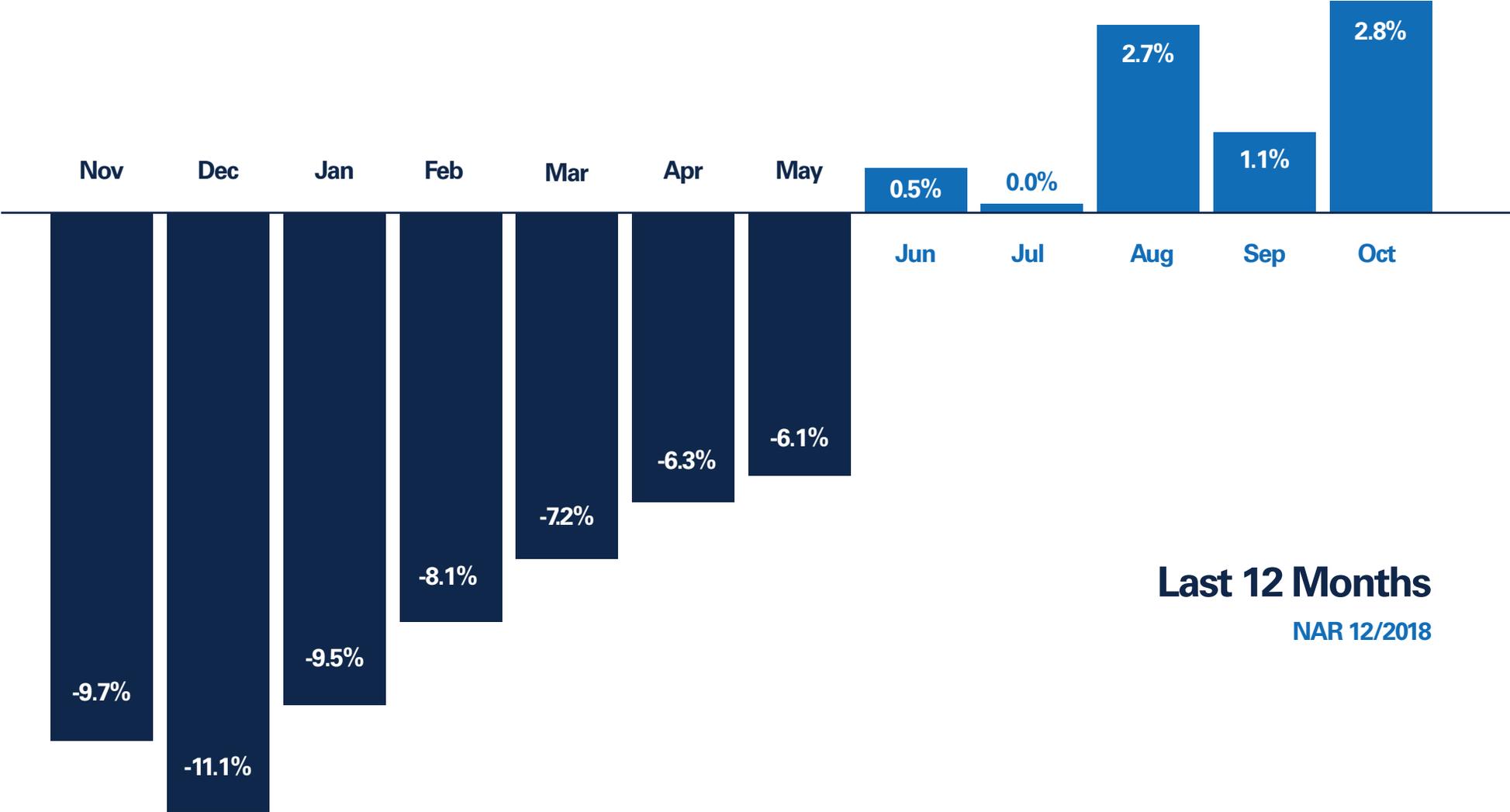
(median months from completion to sold)

Source: U.S. Census



Housing Supply

(year-over-year)

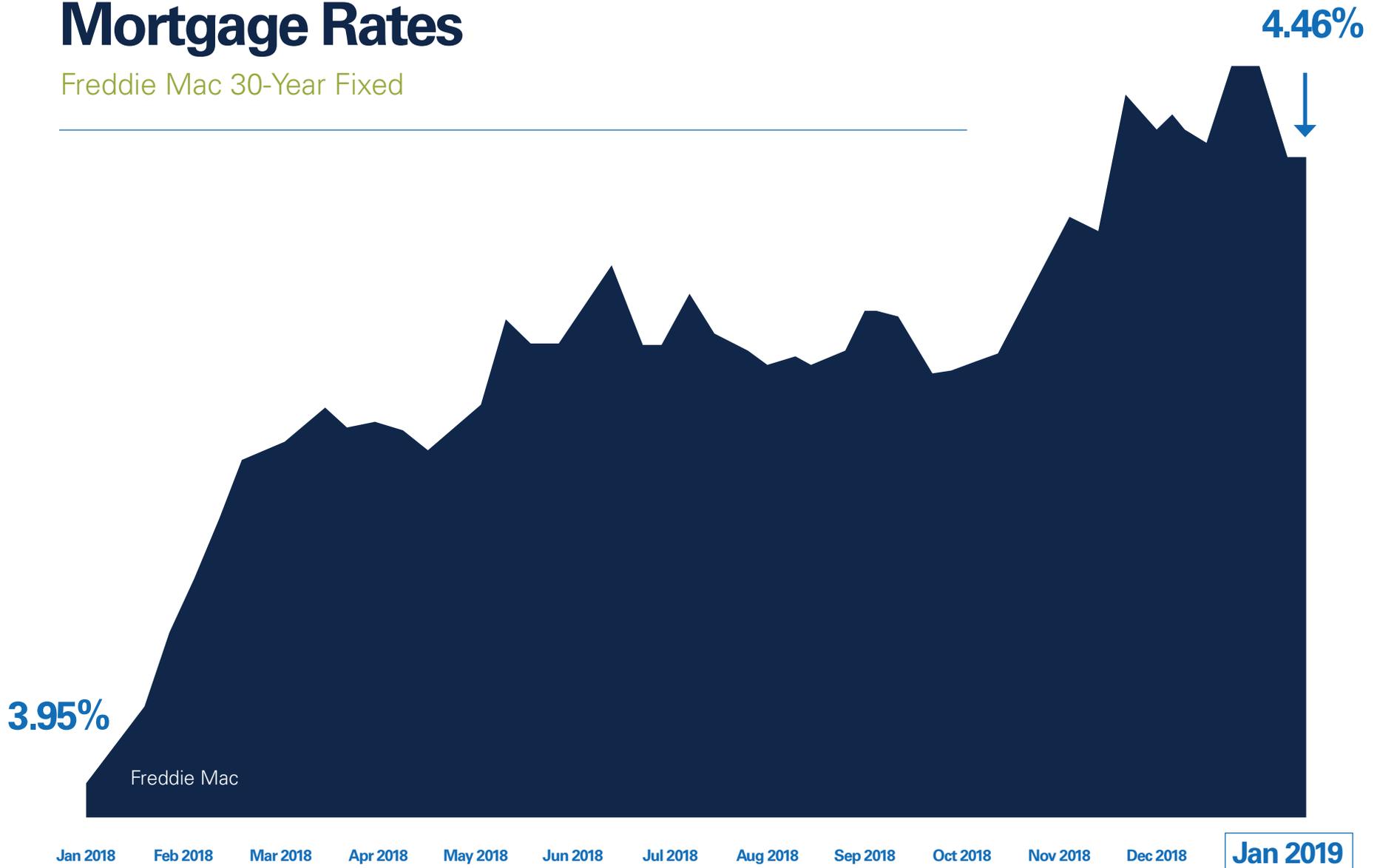


Last 12 Months

NAR 12/2018

Mortgage Rates

Freddie Mac 30-Year Fixed



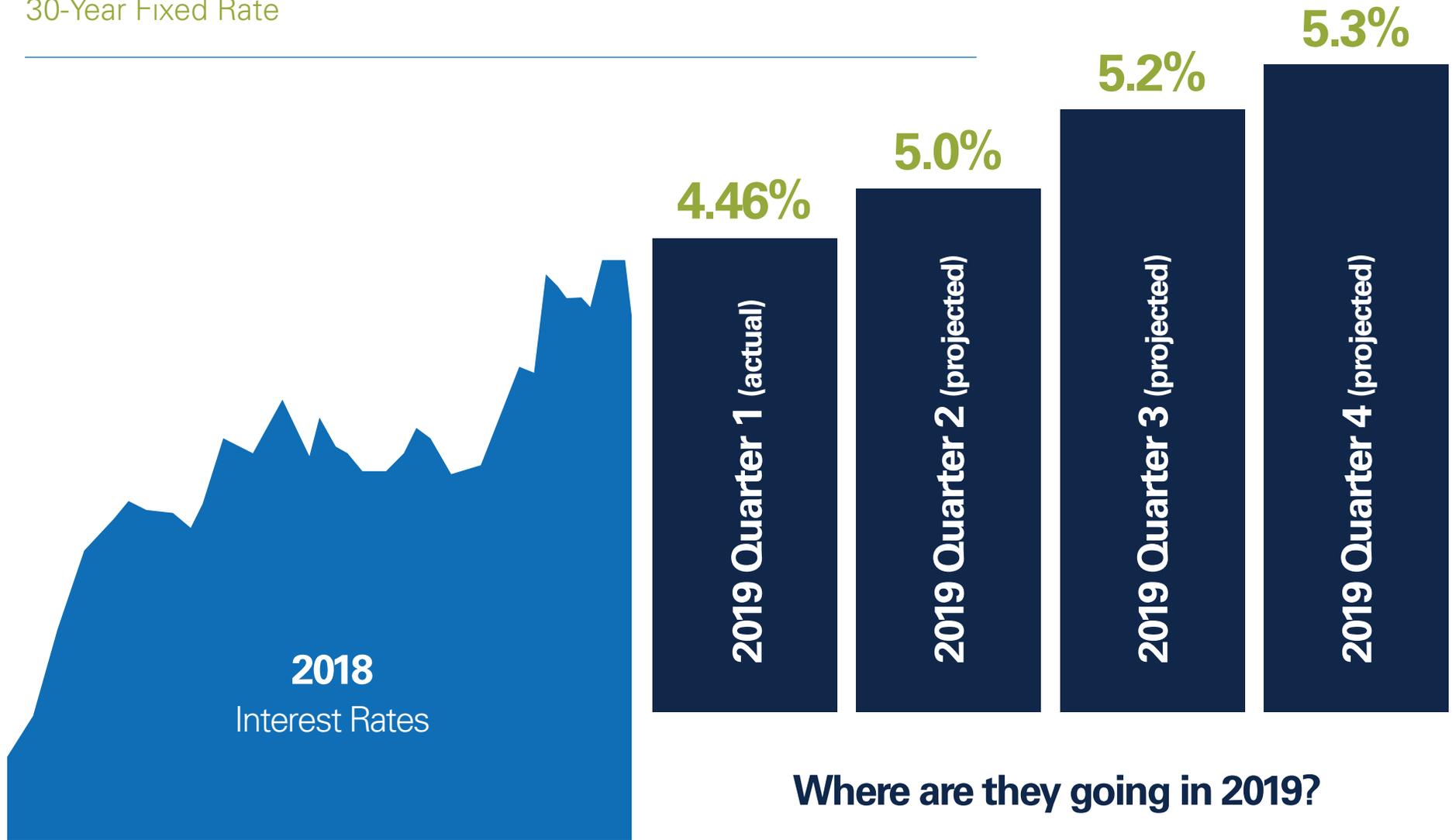
Mortgage Rate Projections

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

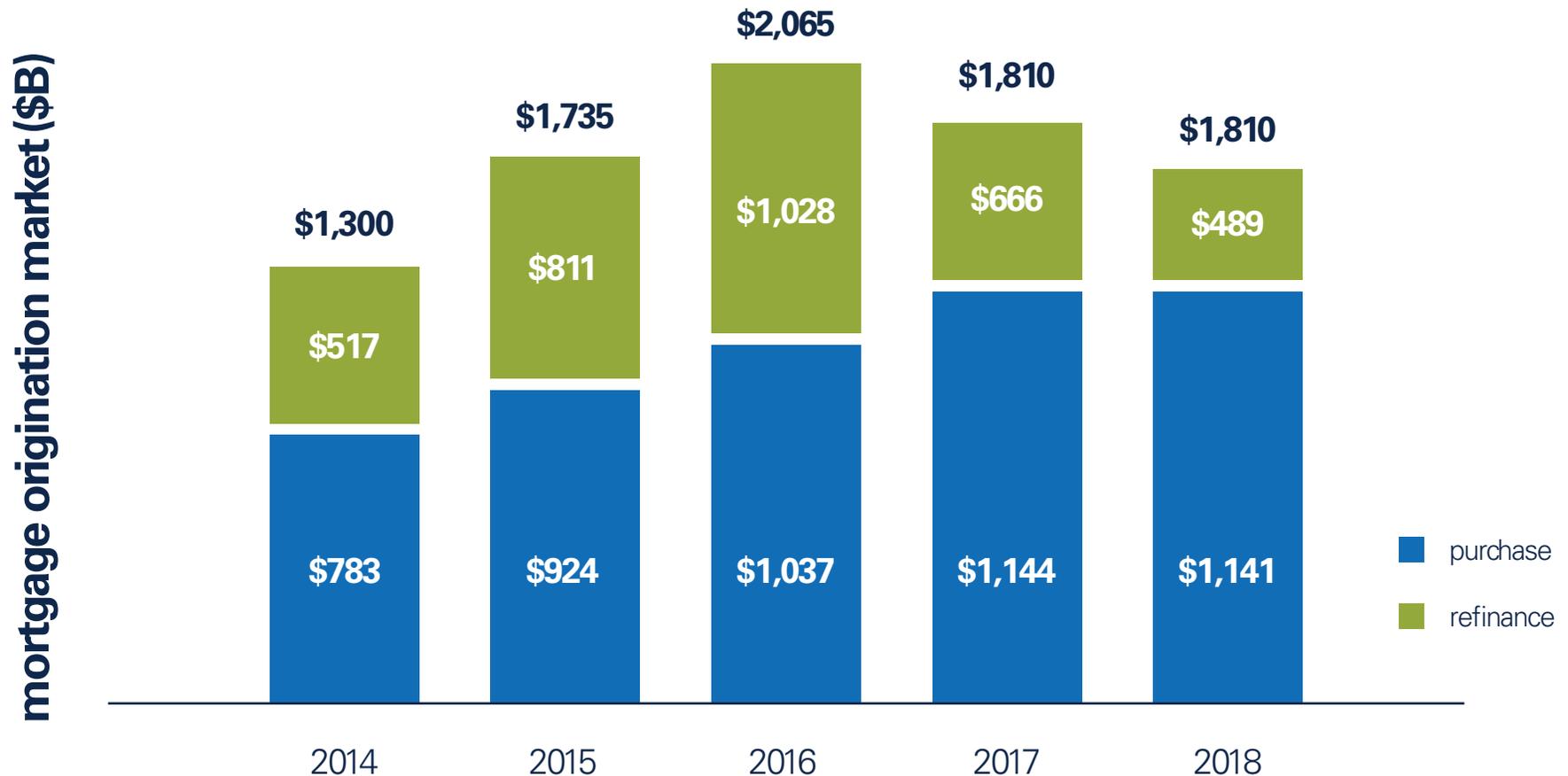


Where are they going in 2019?

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

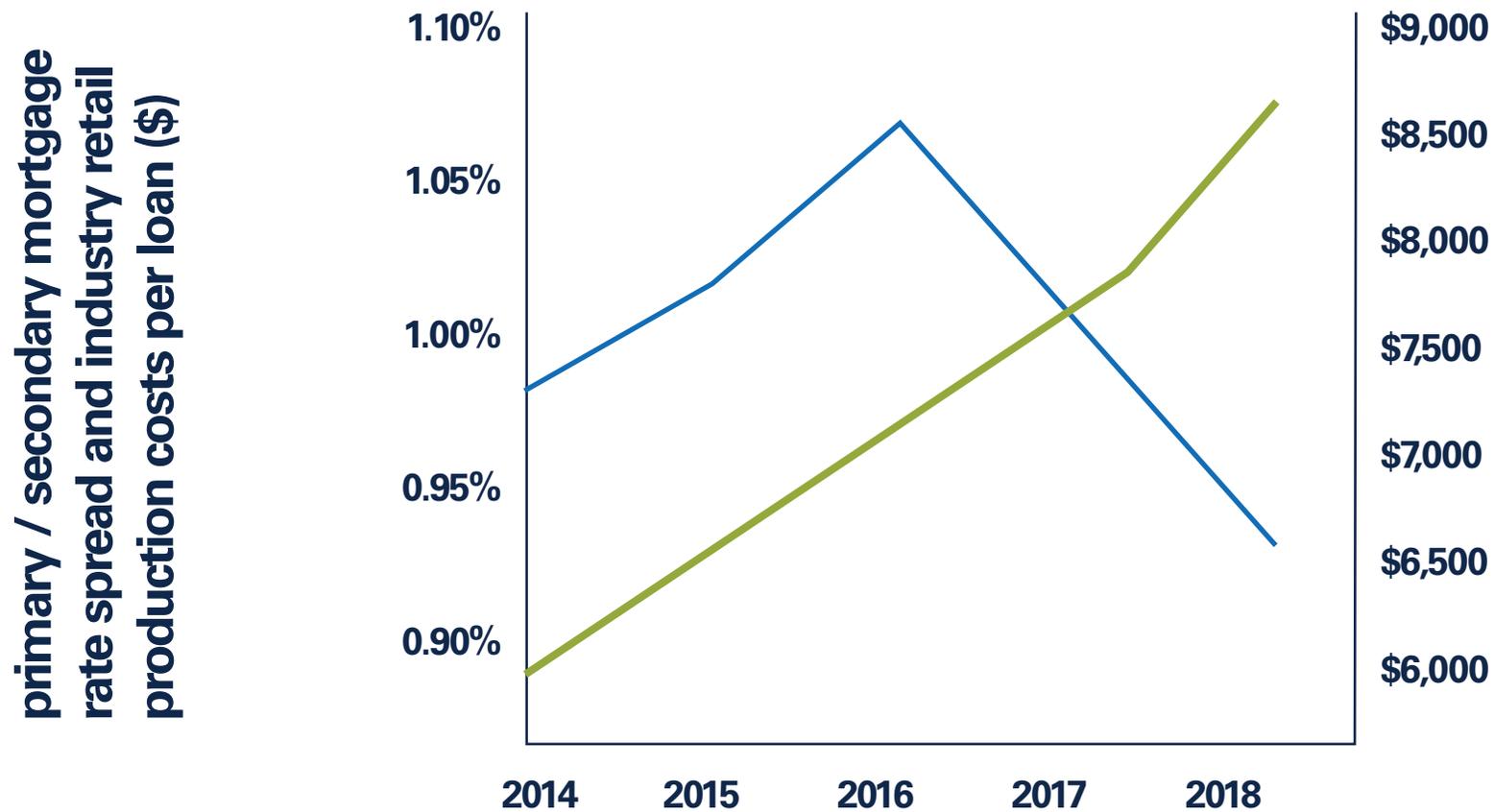
Source: JP Morgan Chase & Co.



A State of Transition: The Home Lending Industry

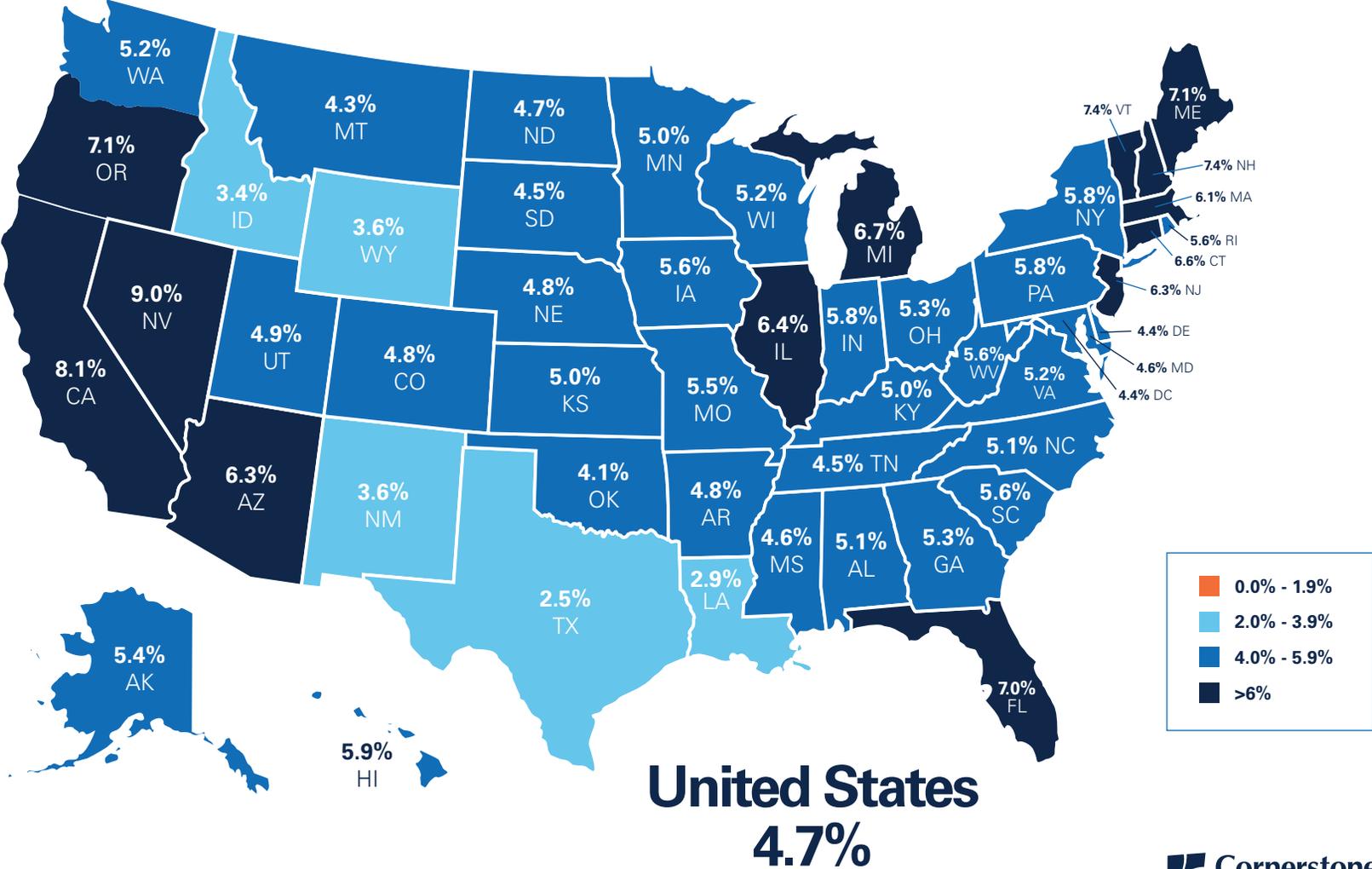
(cont.)

Source: JP Morgan Chase & Co.



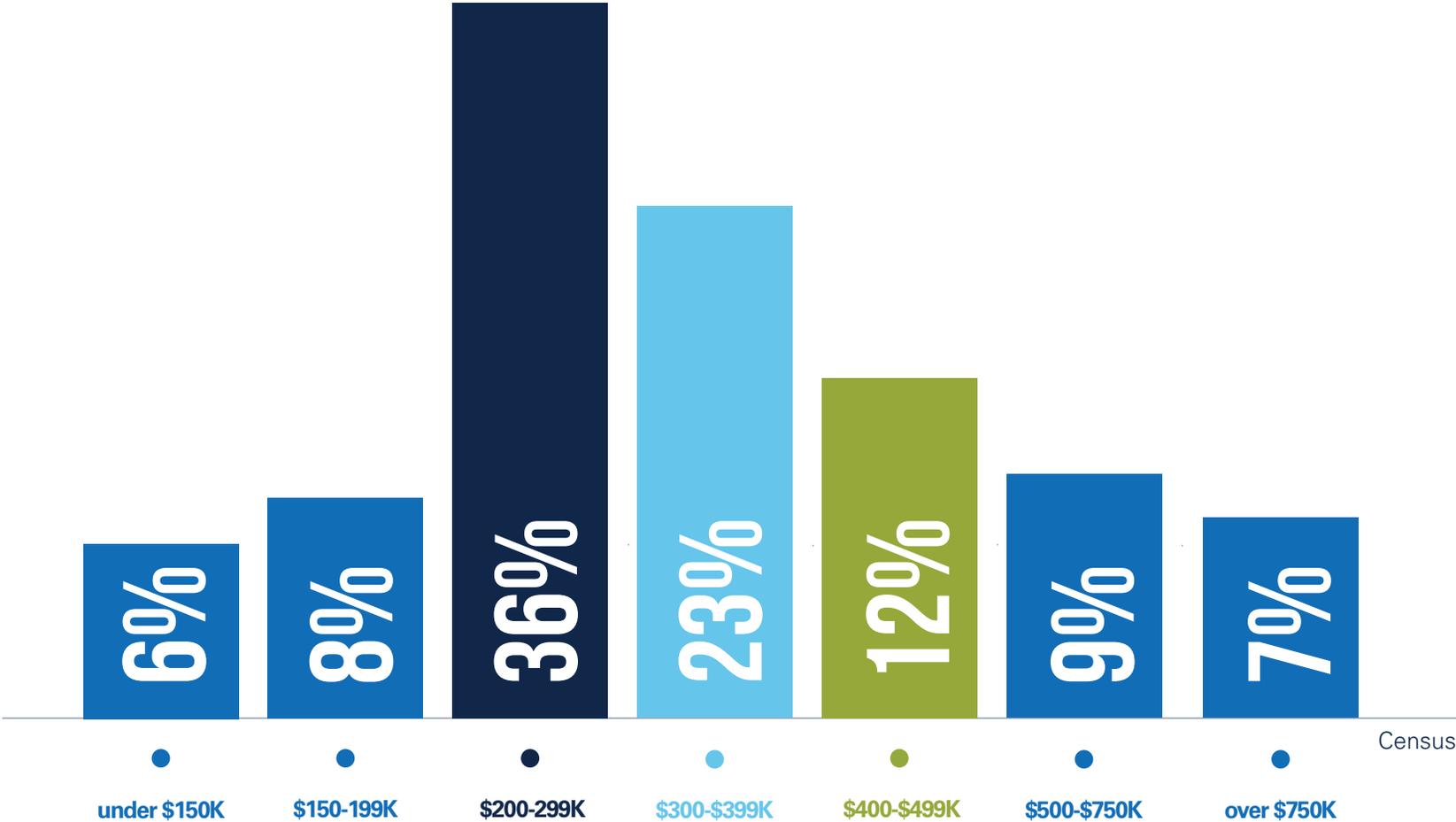
Forecasted Year-Over-Year Percentage Change in Price

Source: CoreLogic



New Home Sales

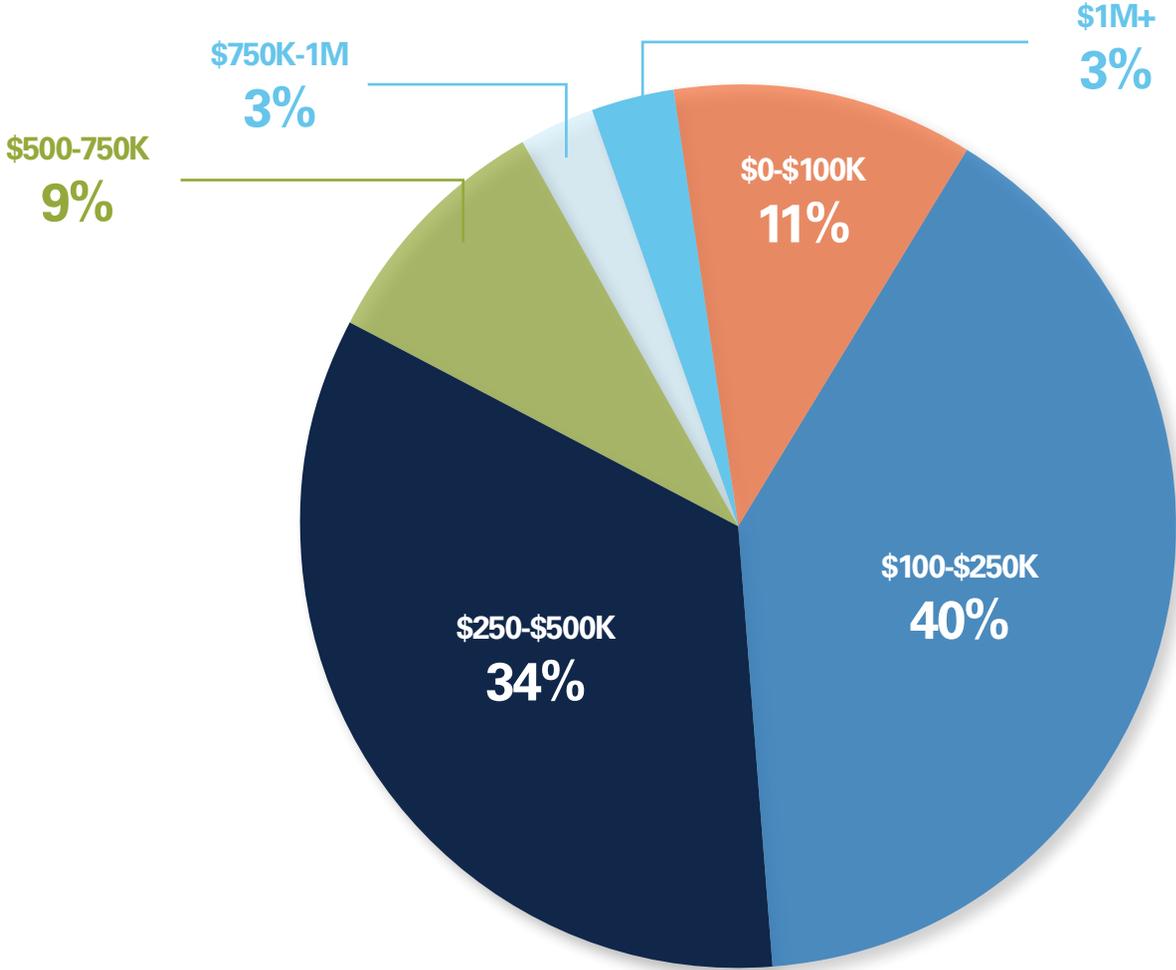
percentage of sales by price range



Census

Existing Home Sales

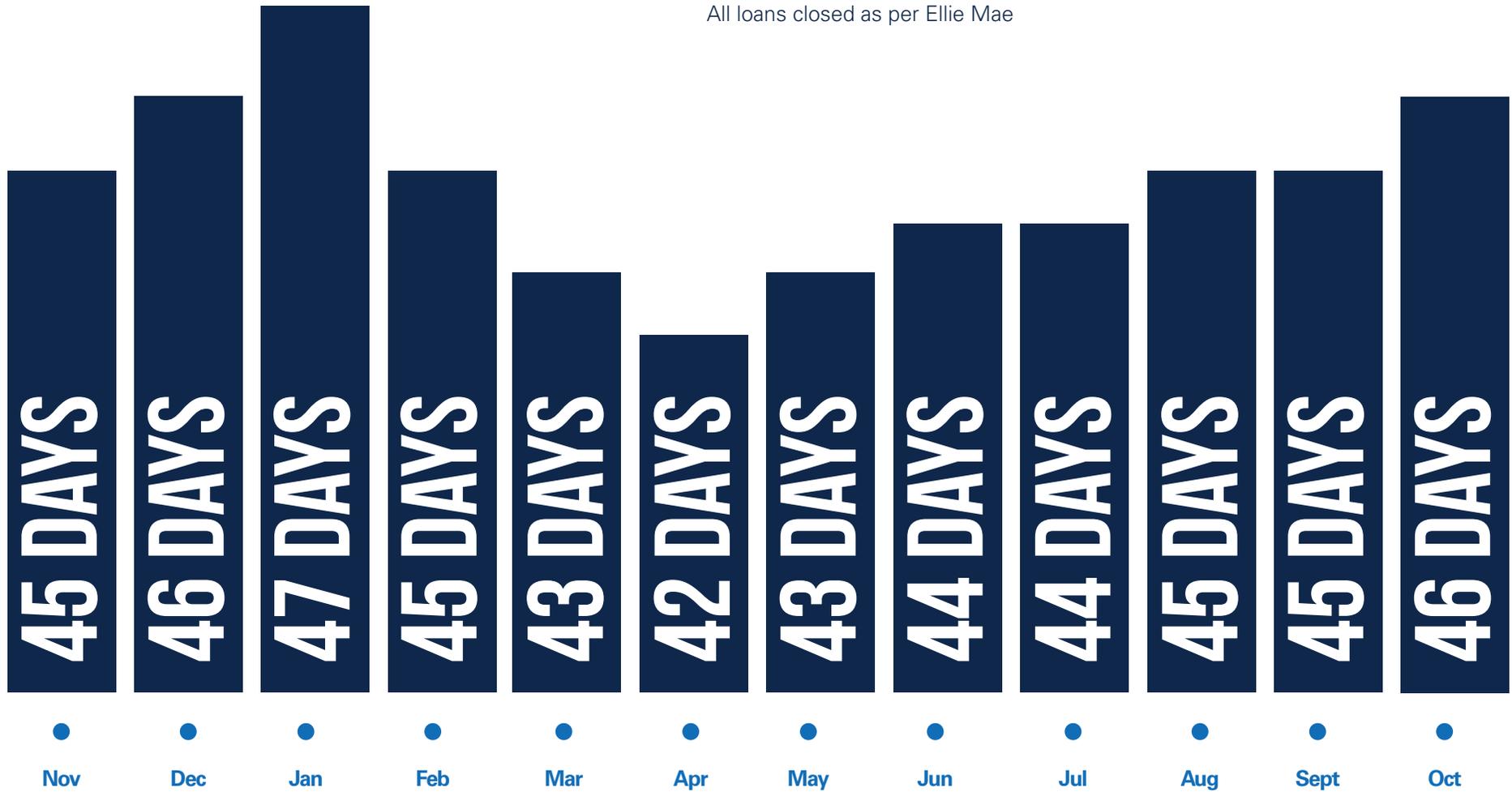
Source: NAR



Average Days to Close a Loan

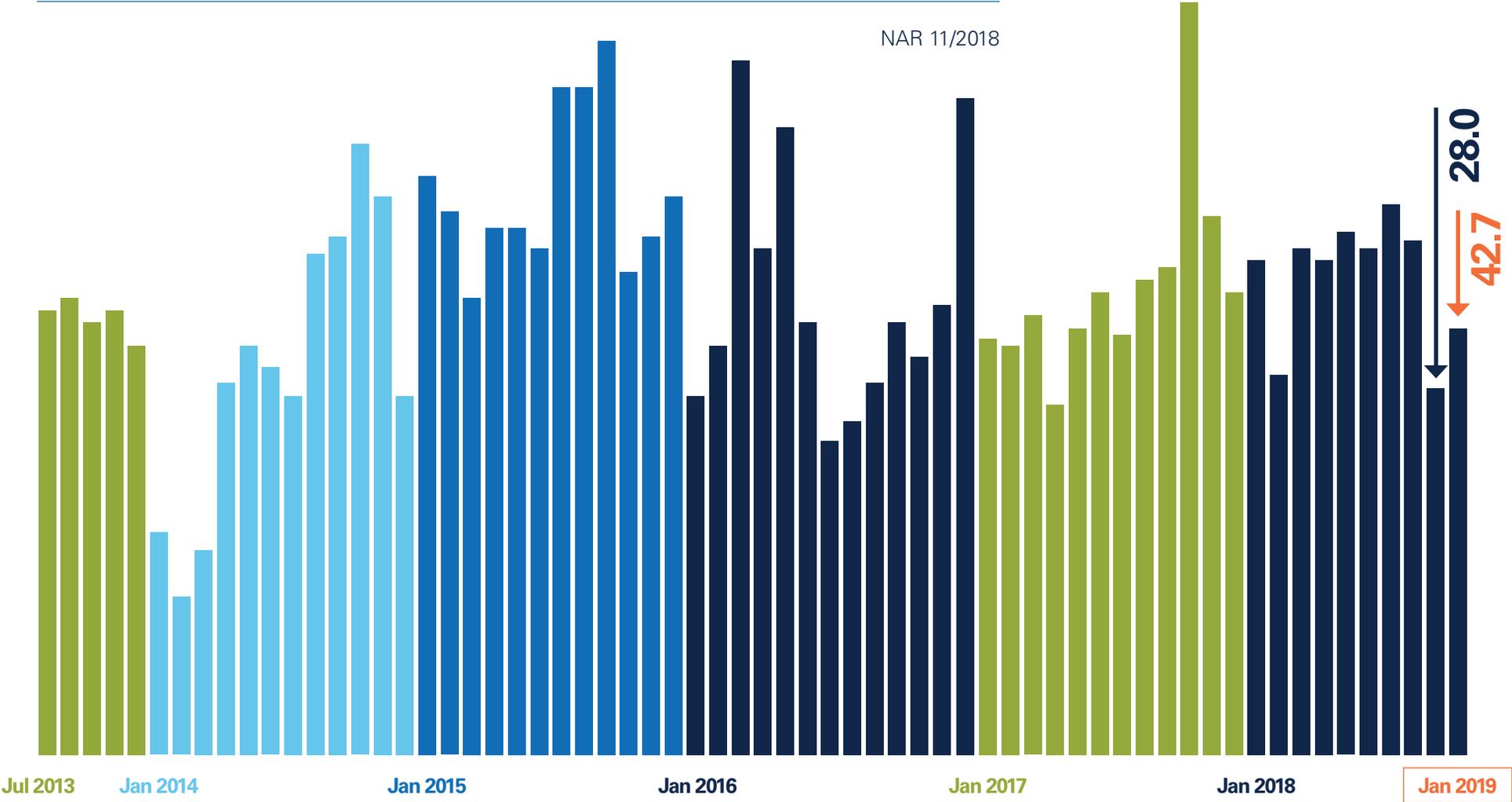
(last 12 months)

All loans closed as per Ellie Mae



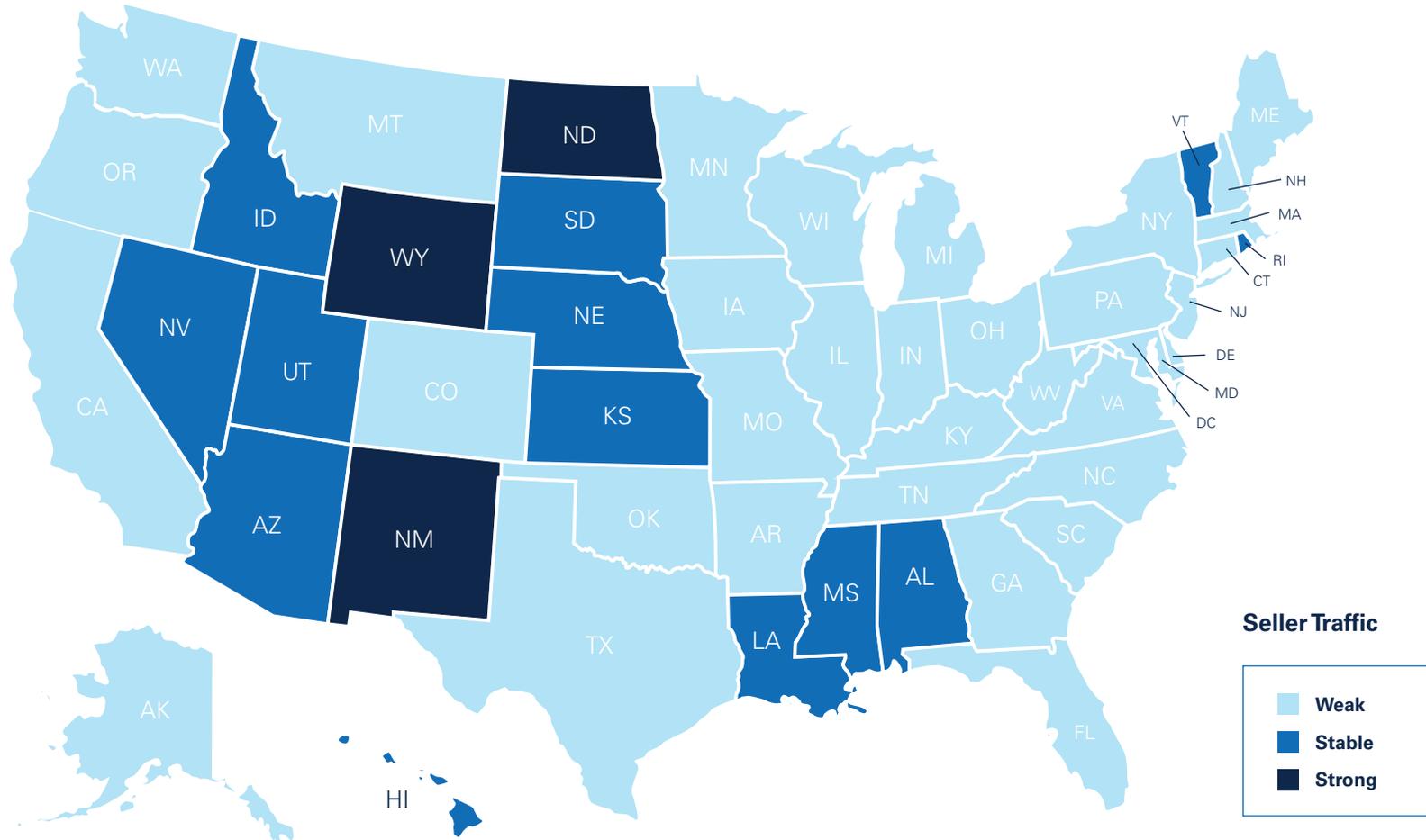
Foot Traffic

indicator of future sales



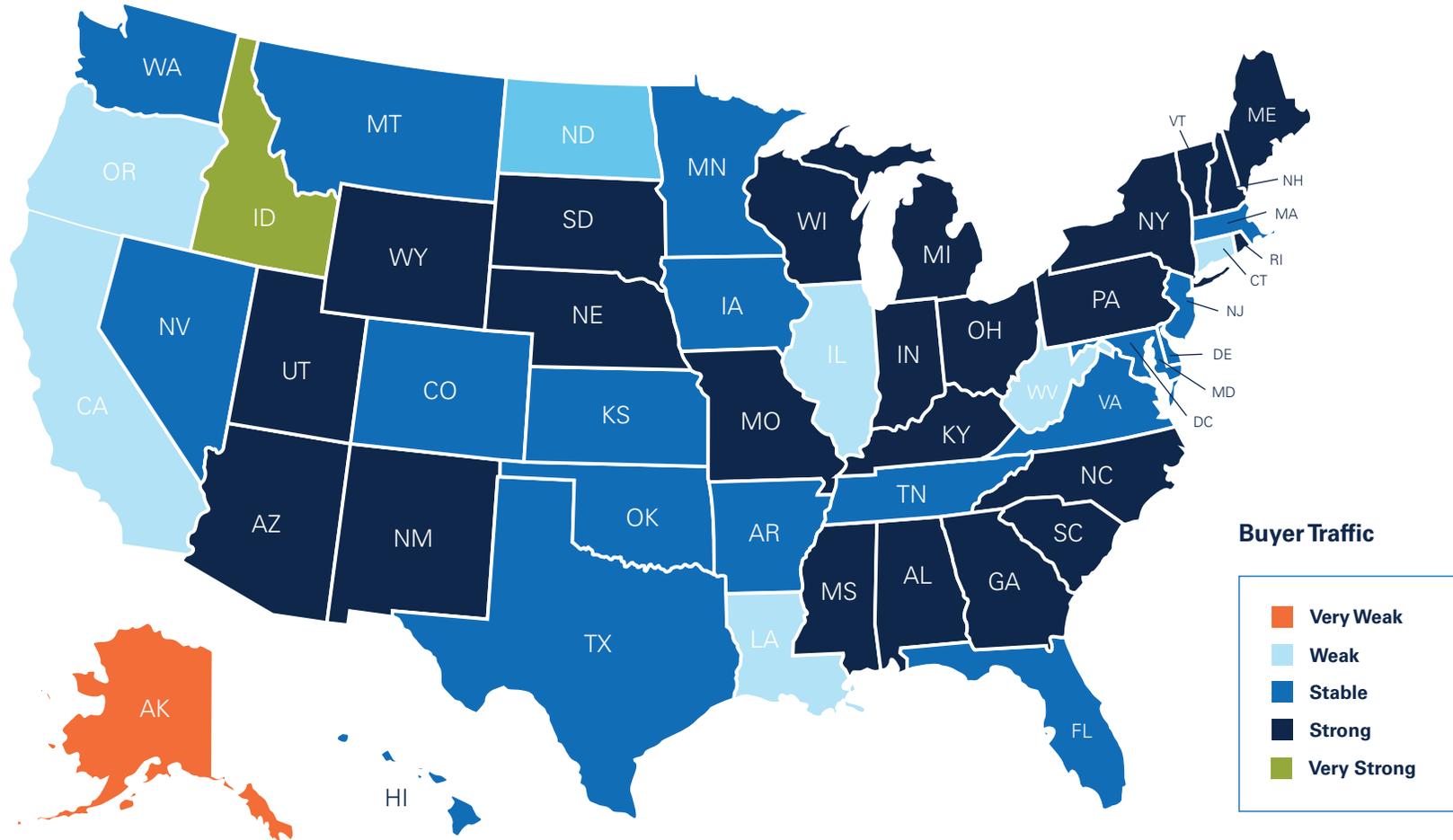
Seller Traffic

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!

