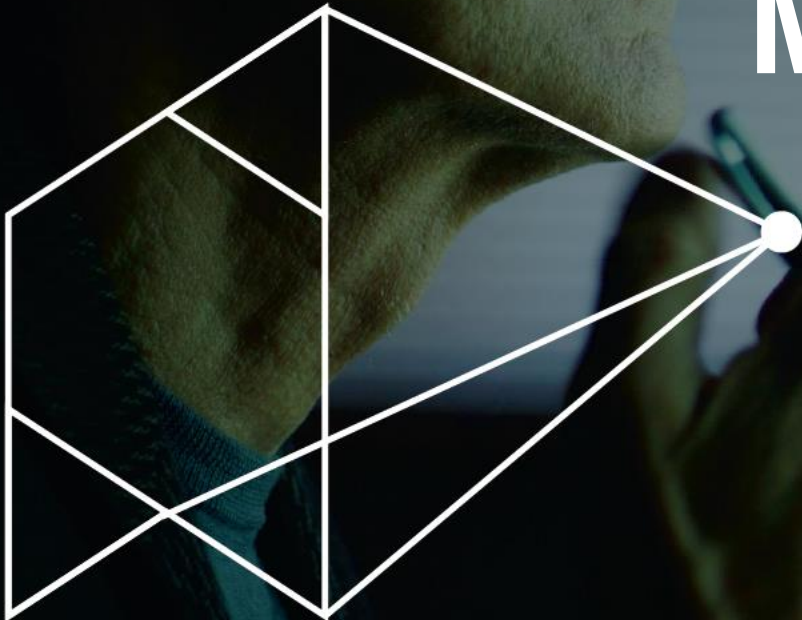


**RURAL RESEARCH
SYMPOSIUM**

Freddie Mac

Market Watch: Economic Insights and Market Segments - Macroeconomic Overview

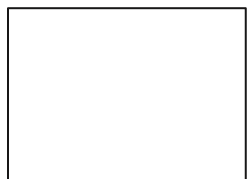




Inflation and
Recession Risk



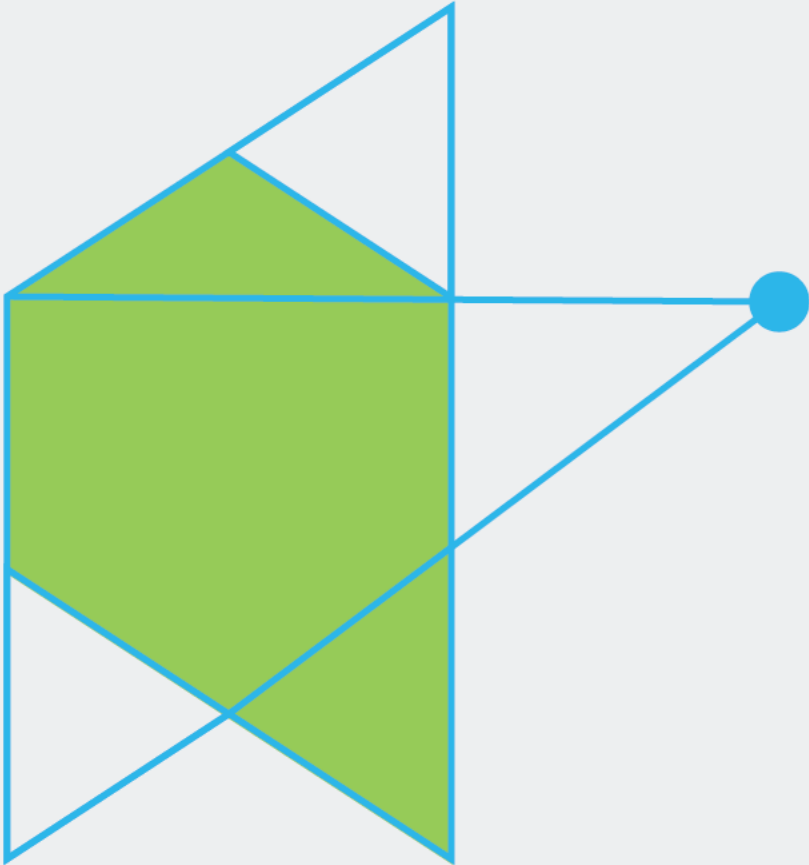
Outlook: Bend
Don't Break



You Can't Buy
What's Not For
Sale



Homebuyer
Demand and
Avocado Ghosts

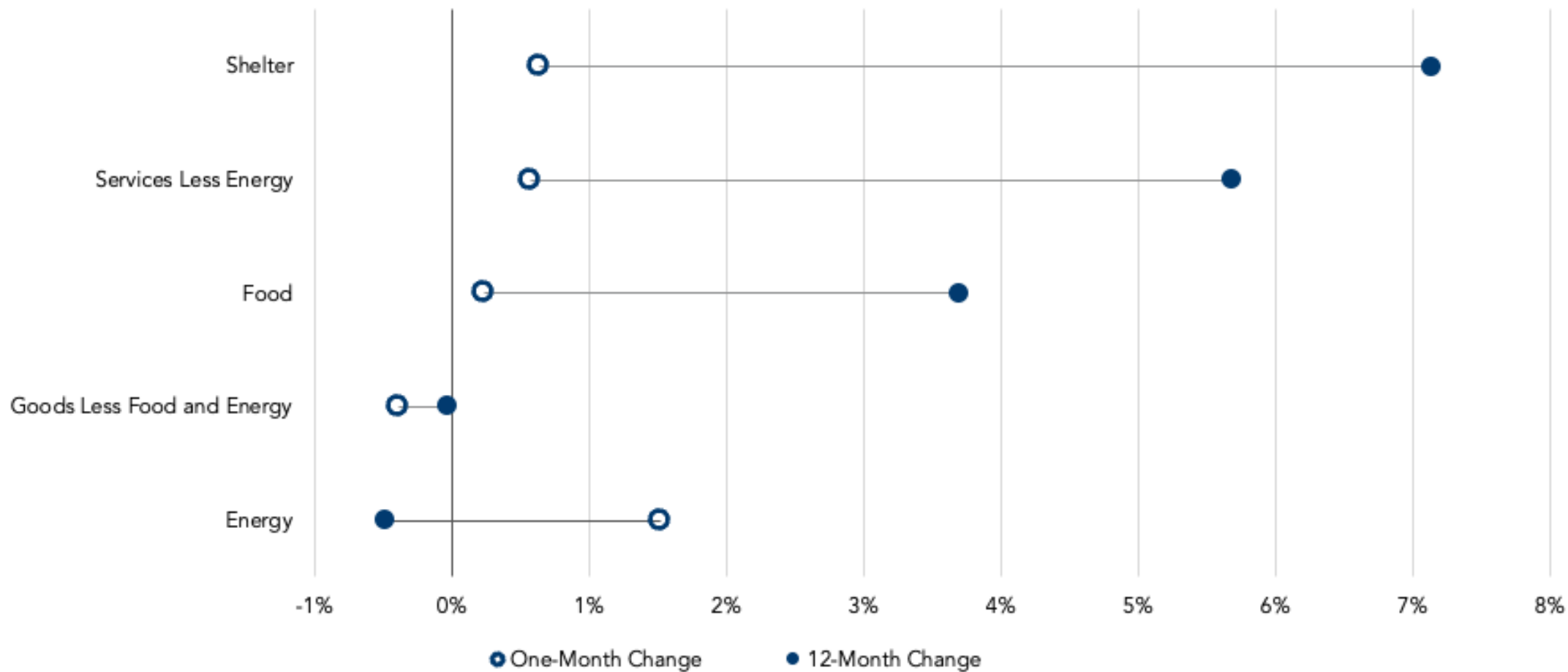


Patience is An Inflation-Fighting Virtue



Consumer Price Index Components

Month-over-Month and Year-over-Year % Change in Consumer Price Index Components (SA)

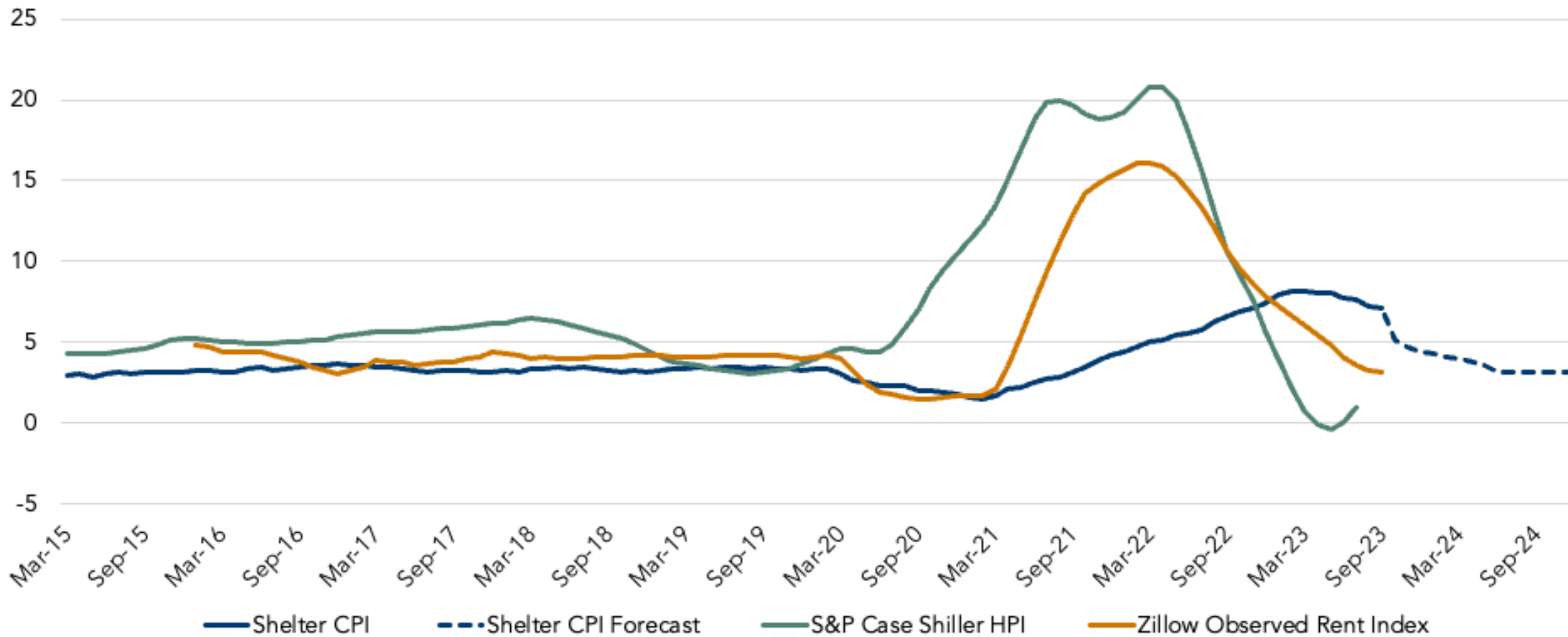


Source: Bureau of Labor Statistics, FRED, Sep. 2023



The Shelter Component of the CPI Lags Observed Rental and House Price Changes

CPI: Shelter, S&P/Case-Shiller HPI, ZORI, Yearly Growth, %

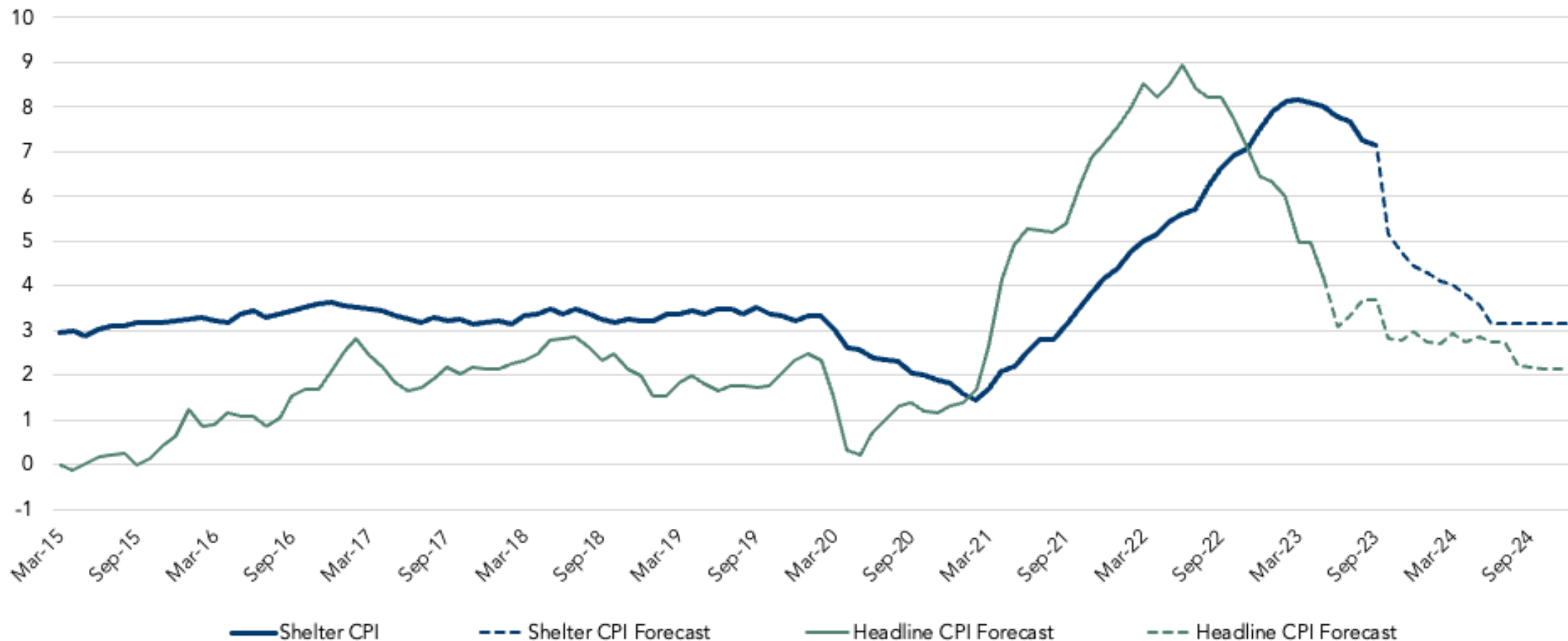


Source: First American Calculations, U.S. Bureau of Labor Statistics, S&P Dow Jones Indices LLC, Zillow, Sep. 2023



Shelter Inflation Poised to Bring Down Headline CPI

All Items CPI and Shelter CPI (Yearly Growth, %)

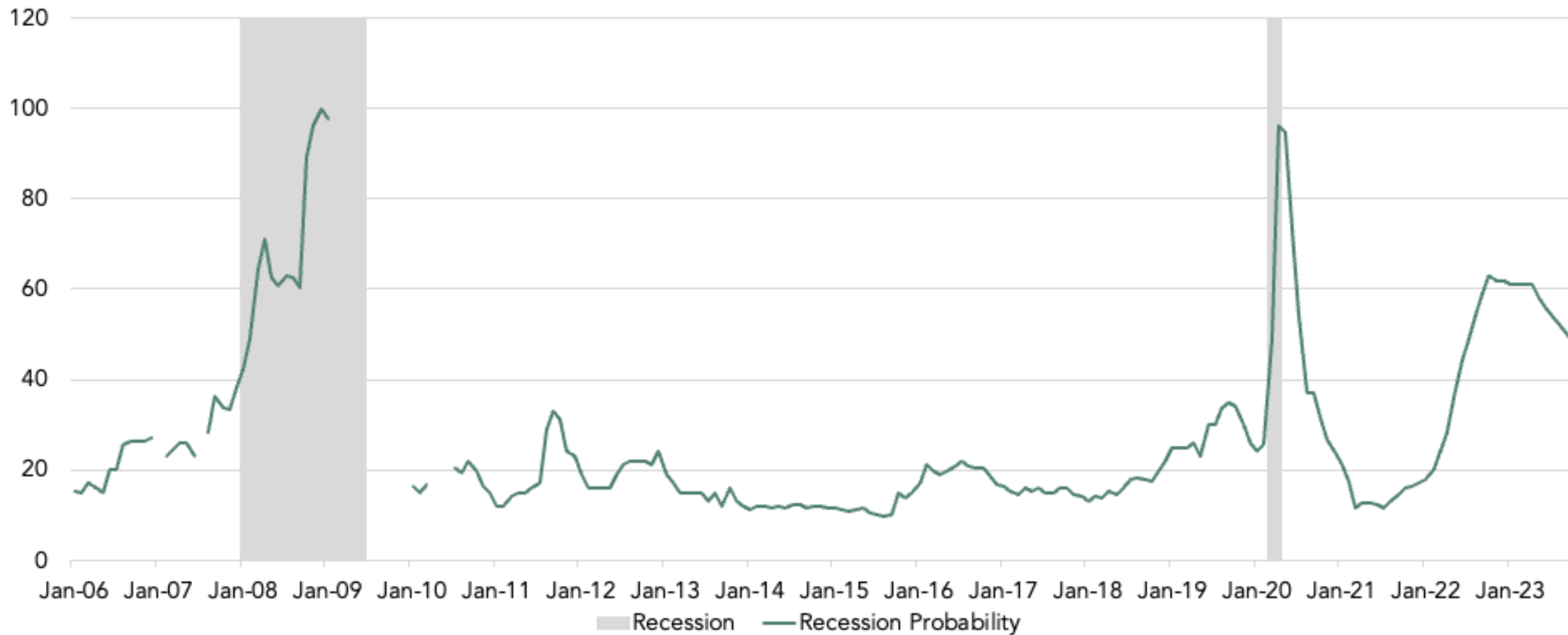


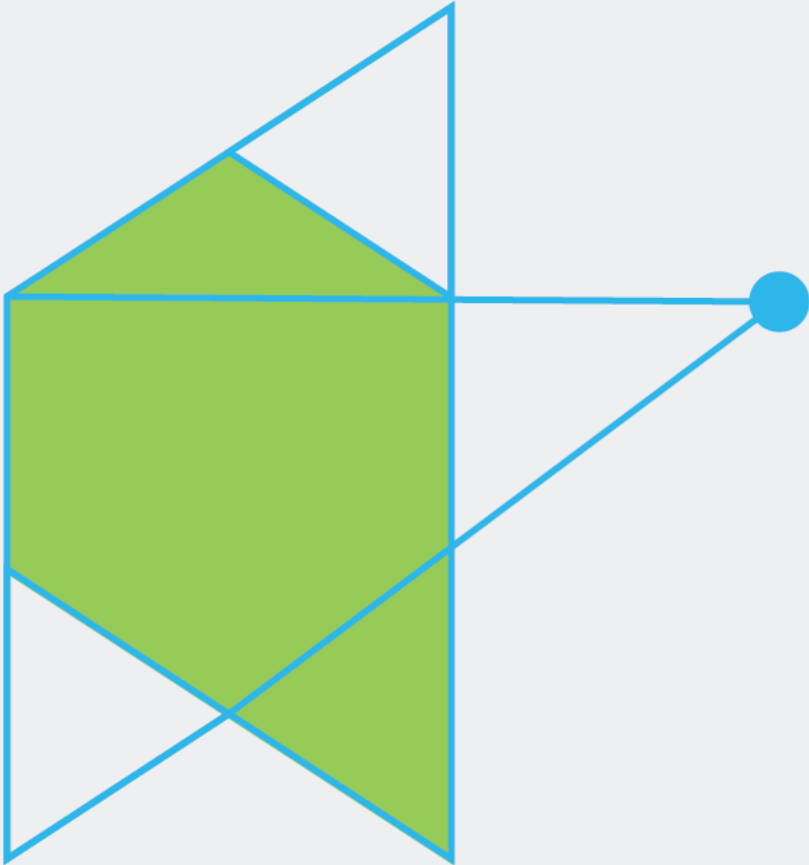
Source: First American Calculations, U.S. Bureau of Labor Statistics, Sep. 2023



Wisdom of the Economic-Crowd

Risk of Recession in the next 12 months, Wall Street Journal Survey of Economists



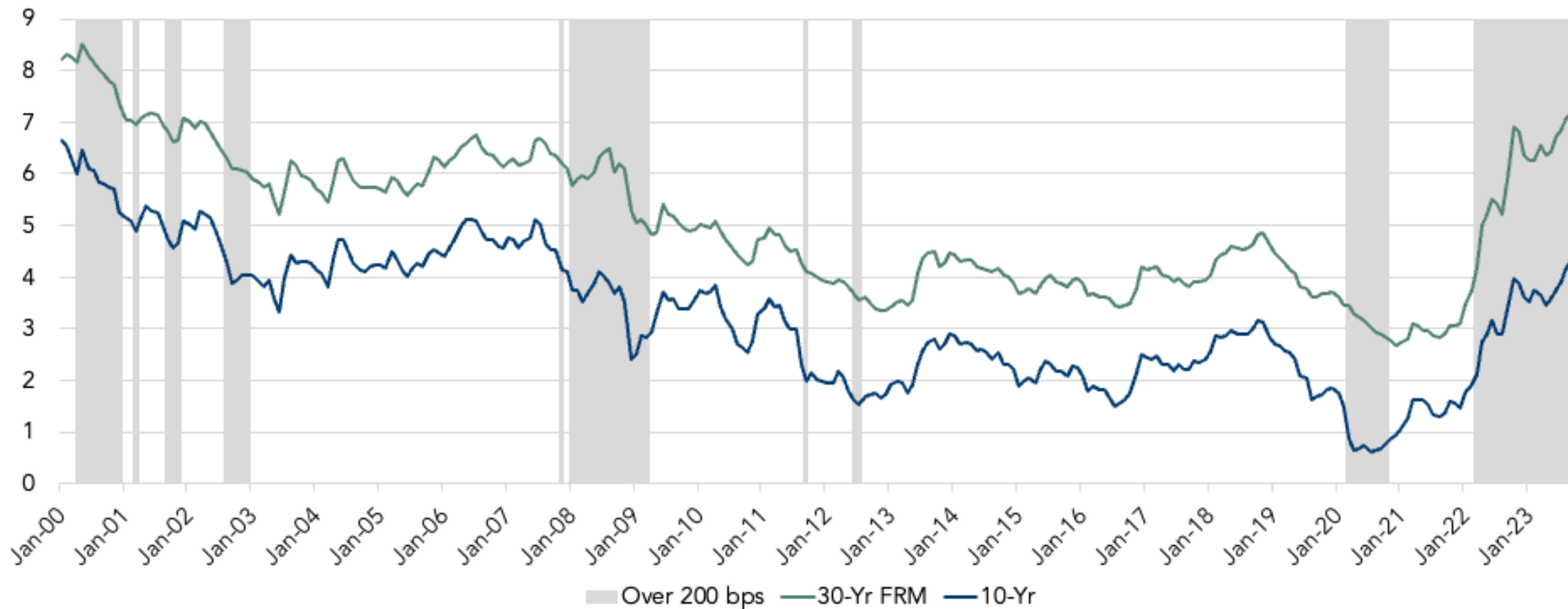


You Can't Buy What's Not
For Sale



Mind the Gap

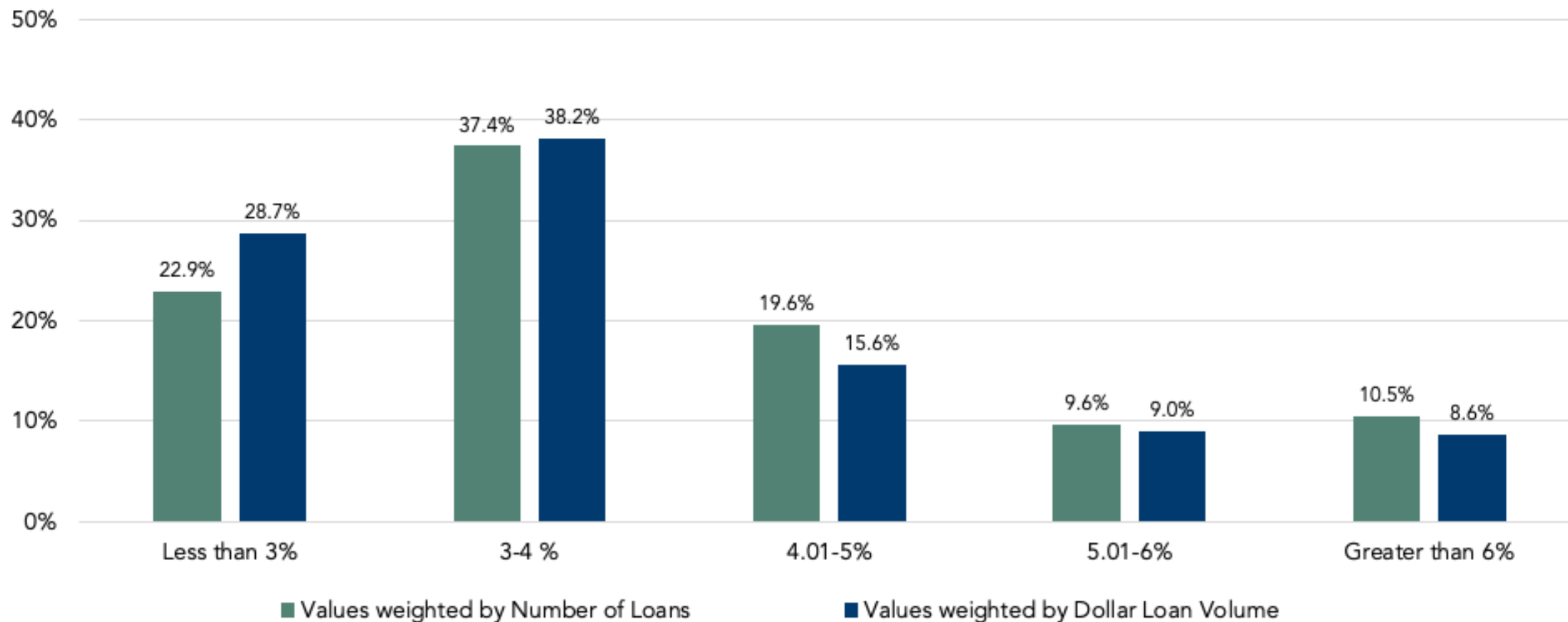
30-Year Fixed Rate Mortgage Average, Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity, NSA, %





Would You Want to Sell?

90 Percent of Mortgaged Homes Have a Rate At or Below 6 Percent



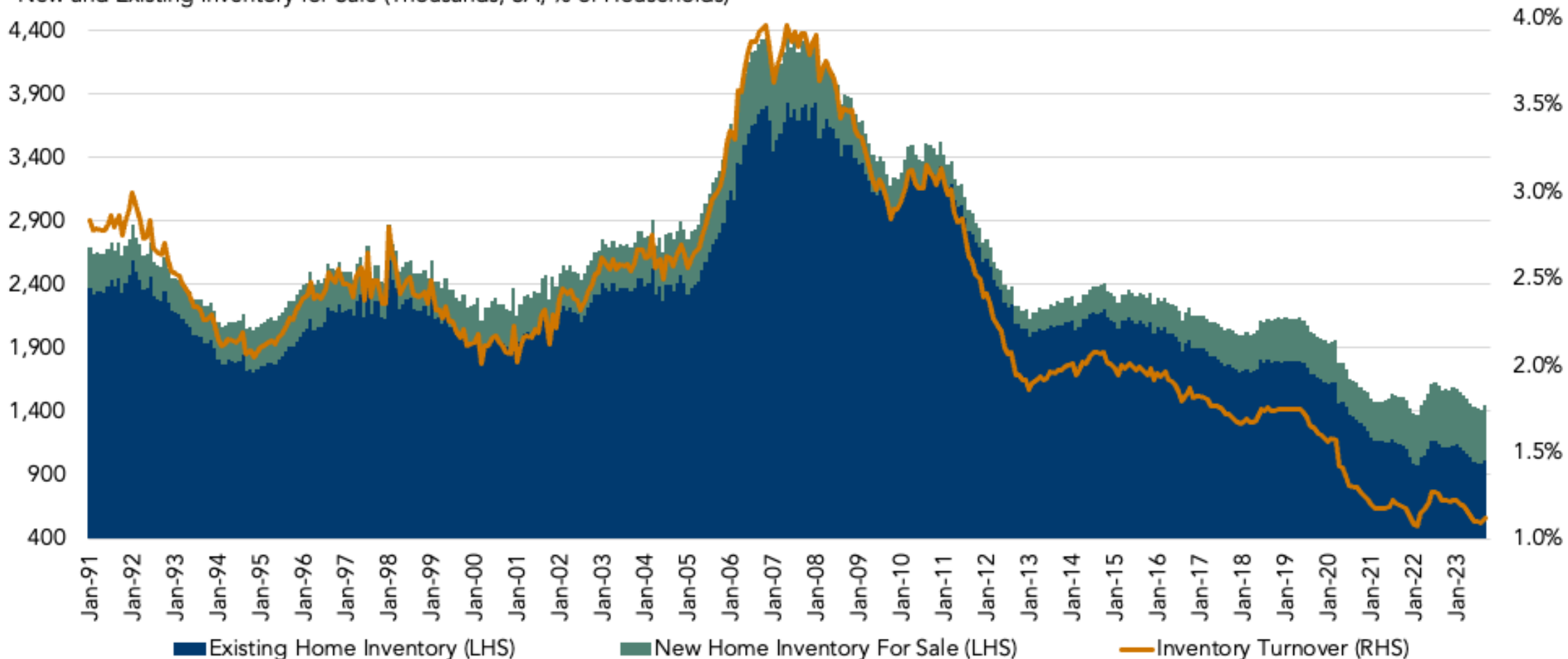
Source: NMDB, First American Calculations, Q2 2023



Historically Low Inventory

111 in Every 10,000 Homes Are For Sale

New and Existing Inventory for Sale (Thousands, SA, % of Households)

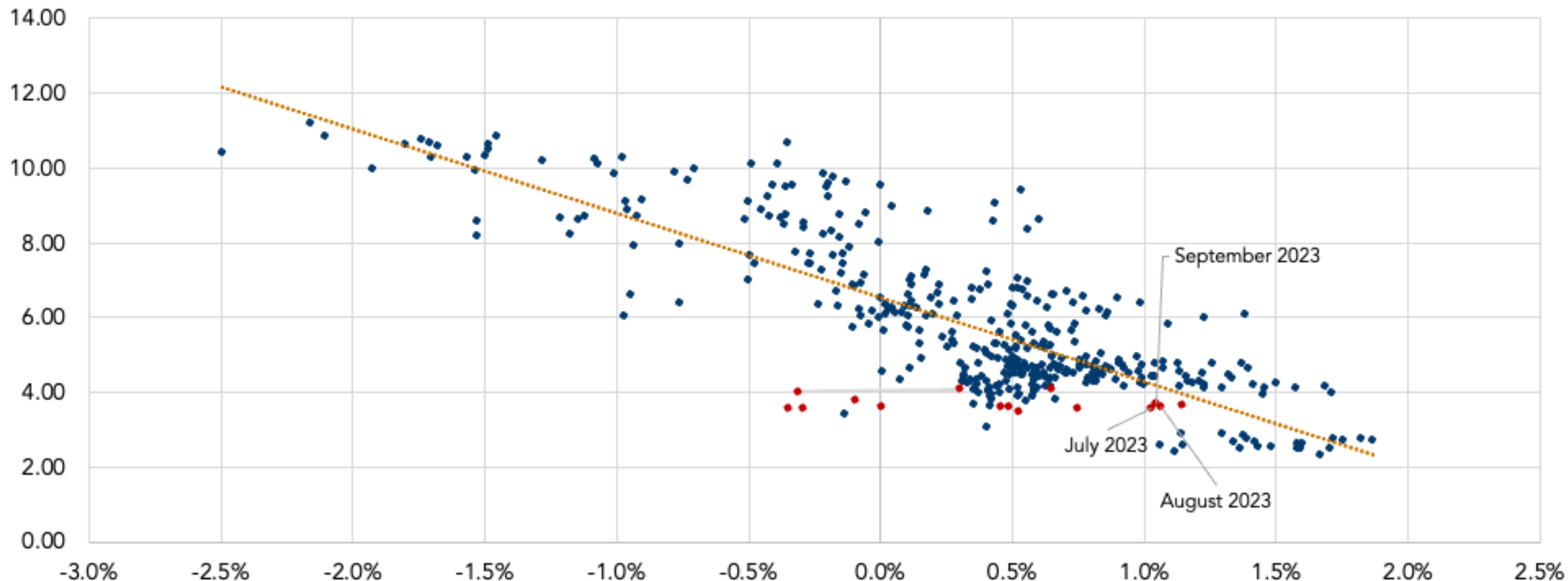


Source: NAR, Census, FRB St. Louis, First American Calculations, Sep. 2023



Total Months' Supply vs. Monthly Growth in House Prices

Months' Supply (Y-Axis) and Monthly Growth in Nominal House Prices (X-Axis), Seasonally Adjusted



Source: Source: NAR, Census, First American Data & Analytics, First American Calculations, Sep. 2023

Contact Us

First American's Office of Economic Research

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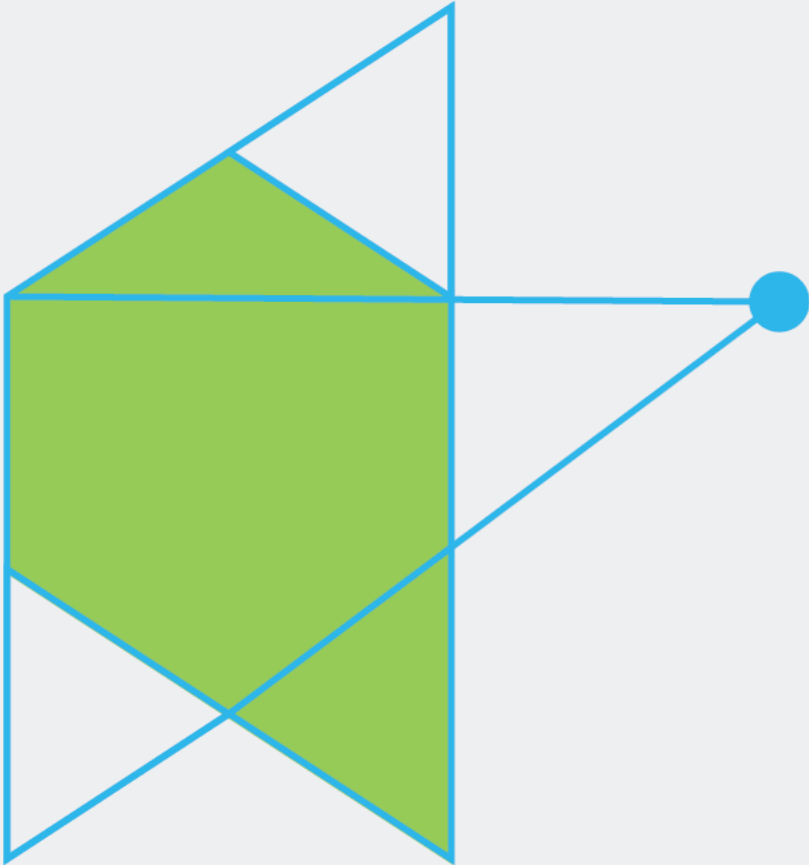
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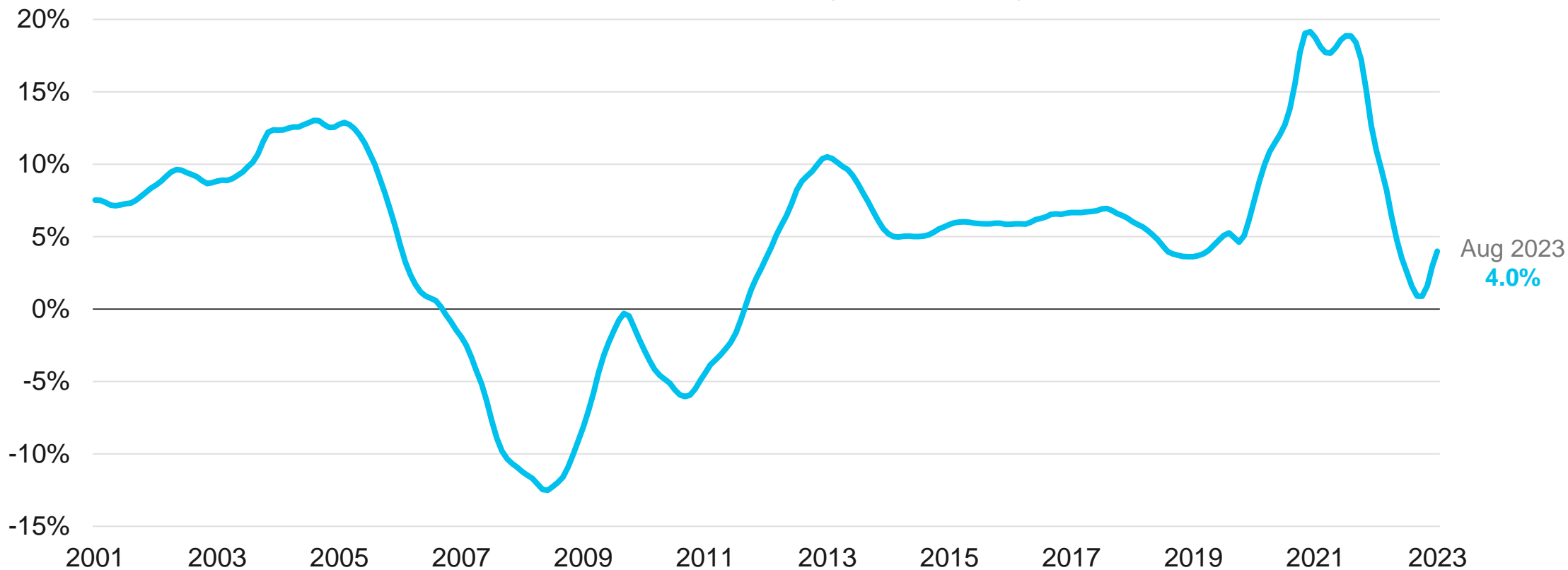


Homebuyer Demand and Avocado Ghosts



Despite Low Sales, Very Low and Declining Supply Has Led to a Strong Rebound in Home Prices

Freddie Mac House Price Index
U.S. Index, Percent Change from Year Ago



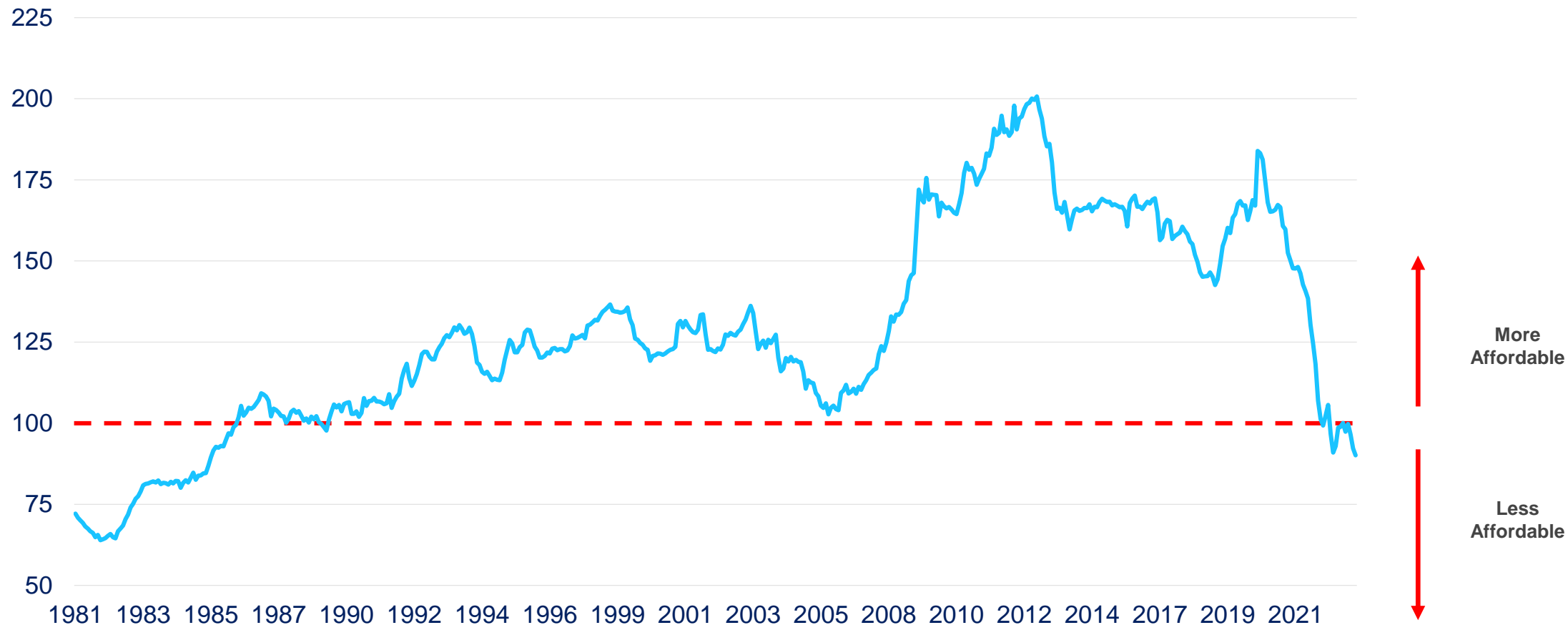
Source: Freddie Mac House Price Index

House Price growth dropped after interest rates increased in 2021-2022, but price growth is picking back up in recent data



High Mortgage Rates and House Prices Have Reduced Affordability and Stifled Homeownership

NAR Fixed Rate Housing Affordability Index

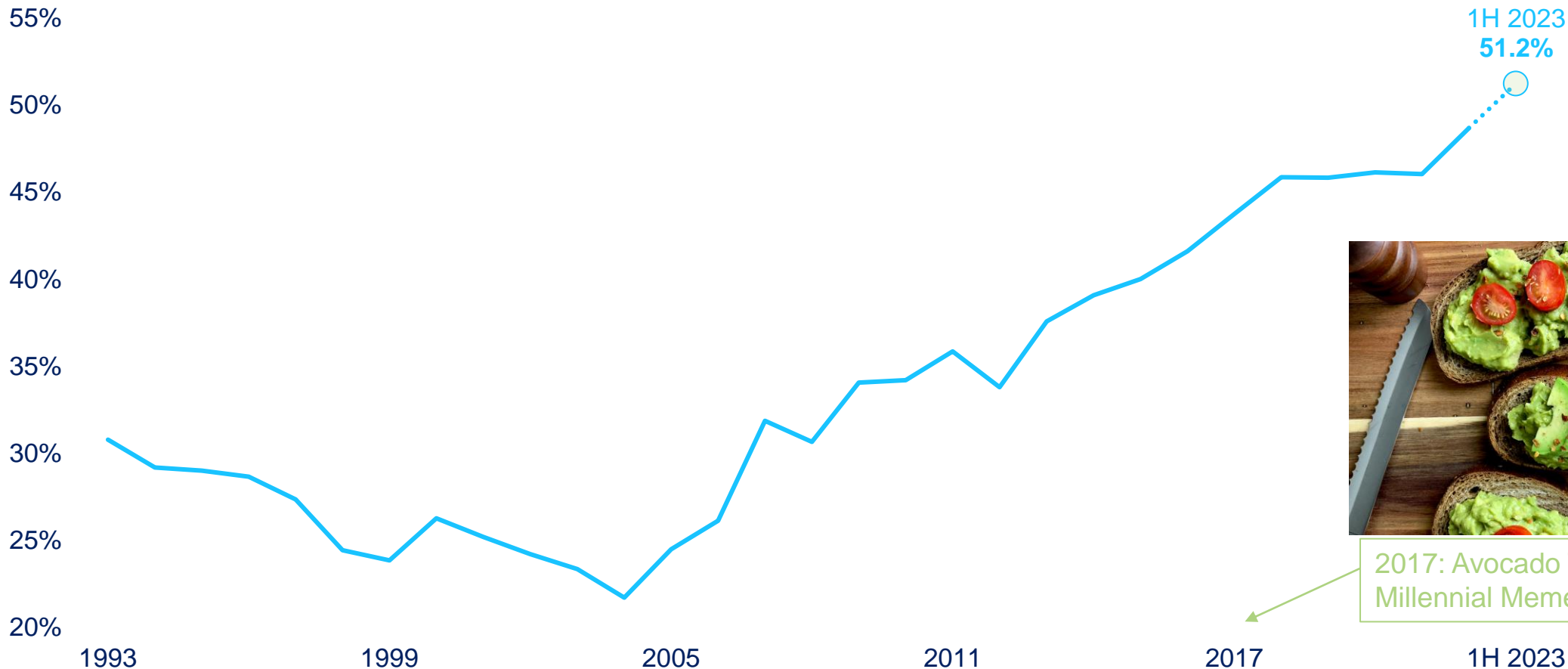


Source: National Association of Realtors®

Great Scott! Housing affordability index is the lowest since July 1985, when Back to the Future was the #1 movie in America



Freddie Mac Share of First-Time Homebuyers



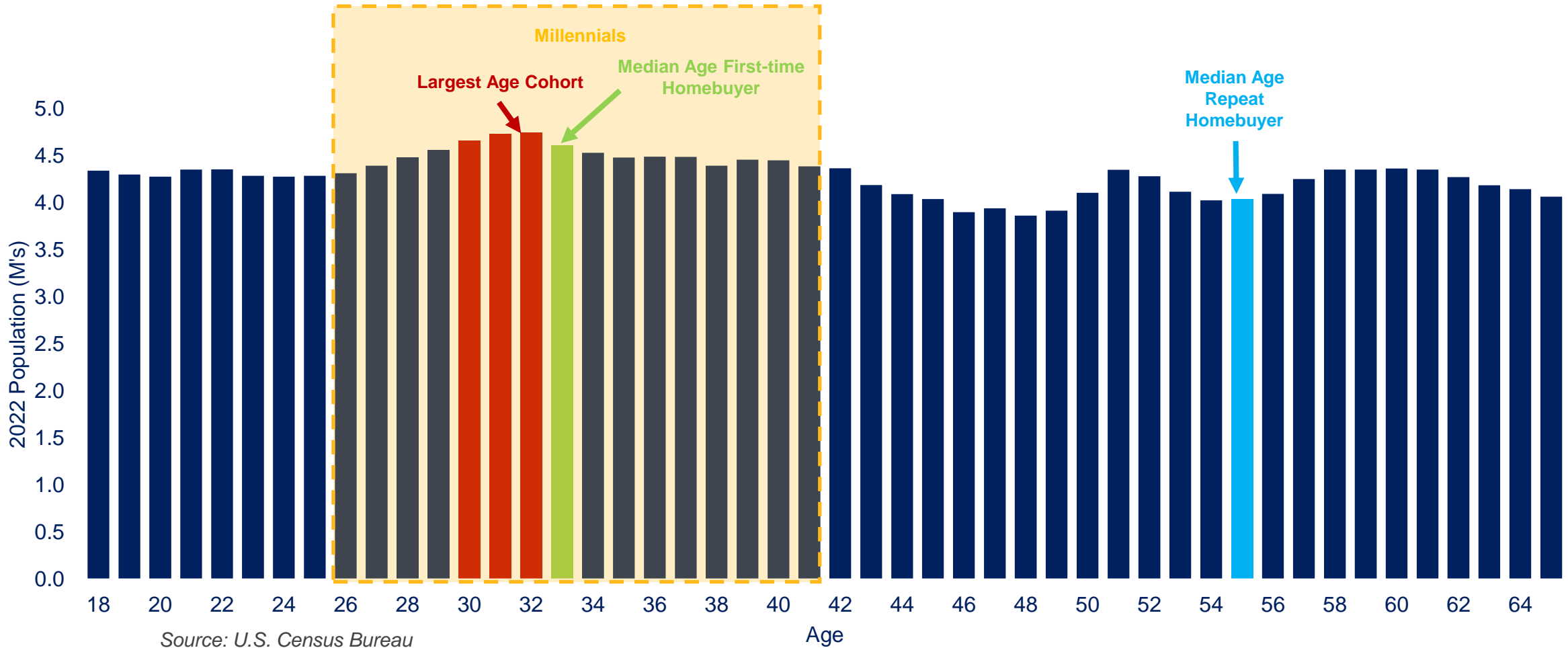
2017: Avocado Toast Eating Millennial Meme Originates

Source: Freddie Mac Economic and Housing Research

From 2017 through 2022 there were **12.6 million first time homebuyer** purchase mortgage originations in the U.S. Source: NMDB

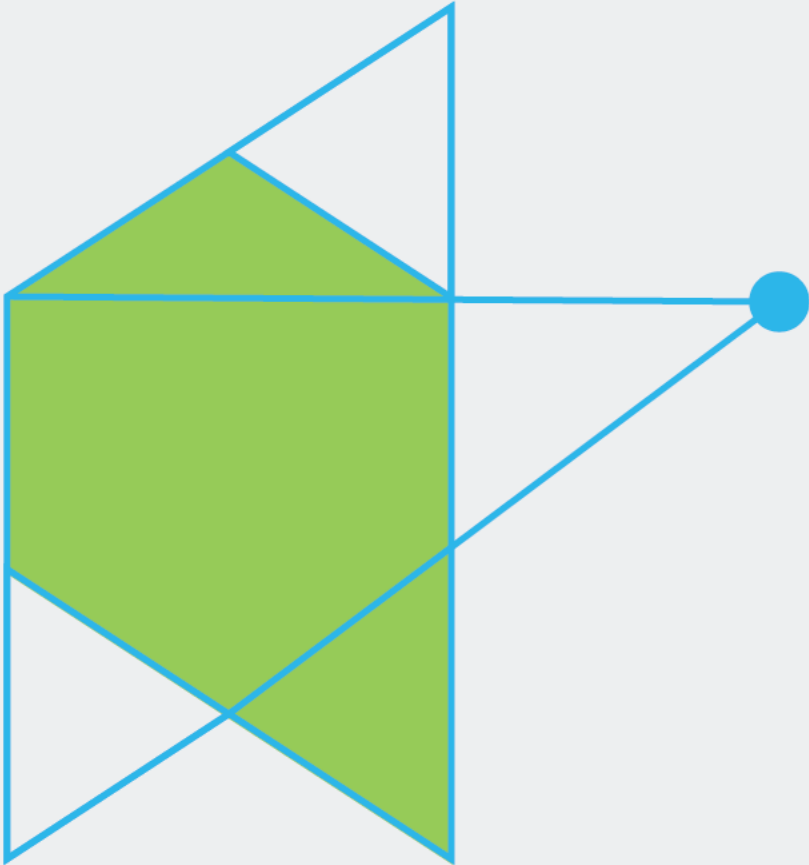


2022 U.S. Population



Source: U.S. Census Bureau

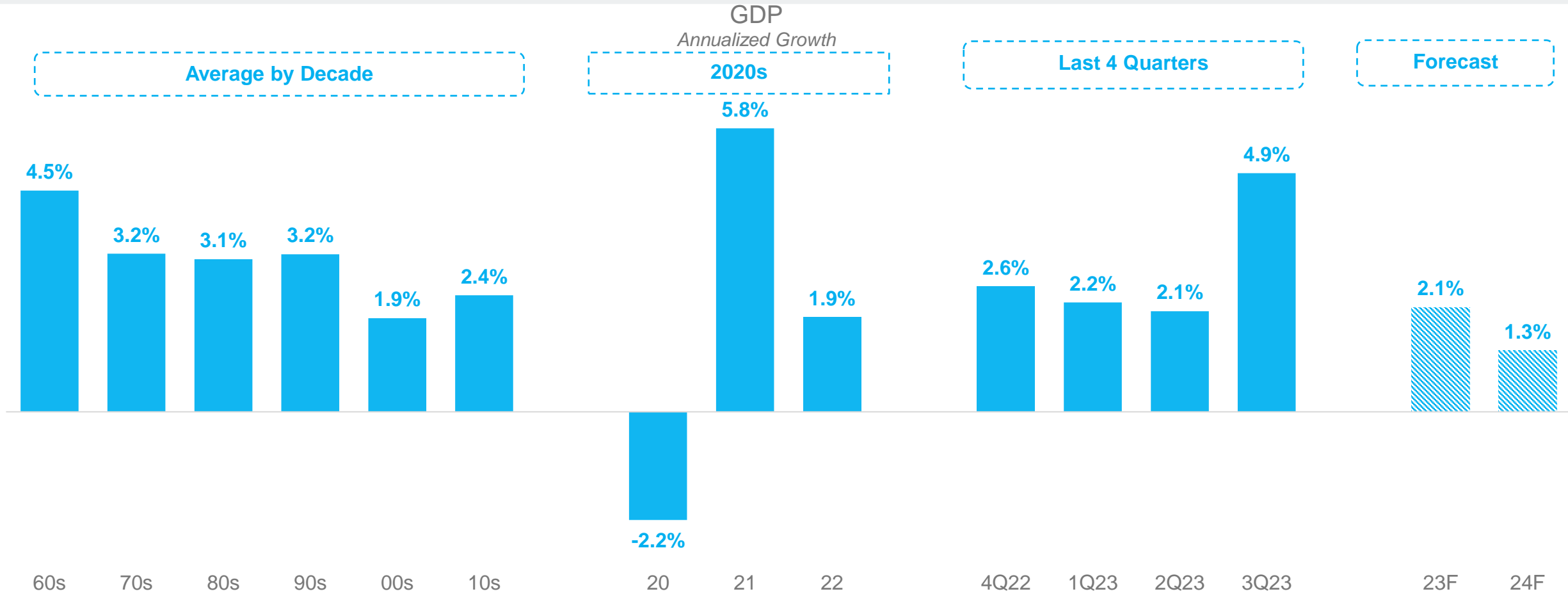
Millennials (ages 26-41 as of 2022) are now near the *peak homebuying age*



Outlook: Bend Don't Break



Economic Growth Continues to Increase at a Solid Pace, But Is Widely Expected to Slow Next Year



Source: Bureau of Economic Analysis, Moody's Baseline (October 2023)

The Congressional Budget Office estimates the potential output growth for the U.S. economy in 2023 was 1.8%, **well below the over 2% growth rate** in the first 3 quarters of 2023.



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