2021

Weekly Housing Market Monitor

August 2-5

National Association of REALTORS®
Research Group

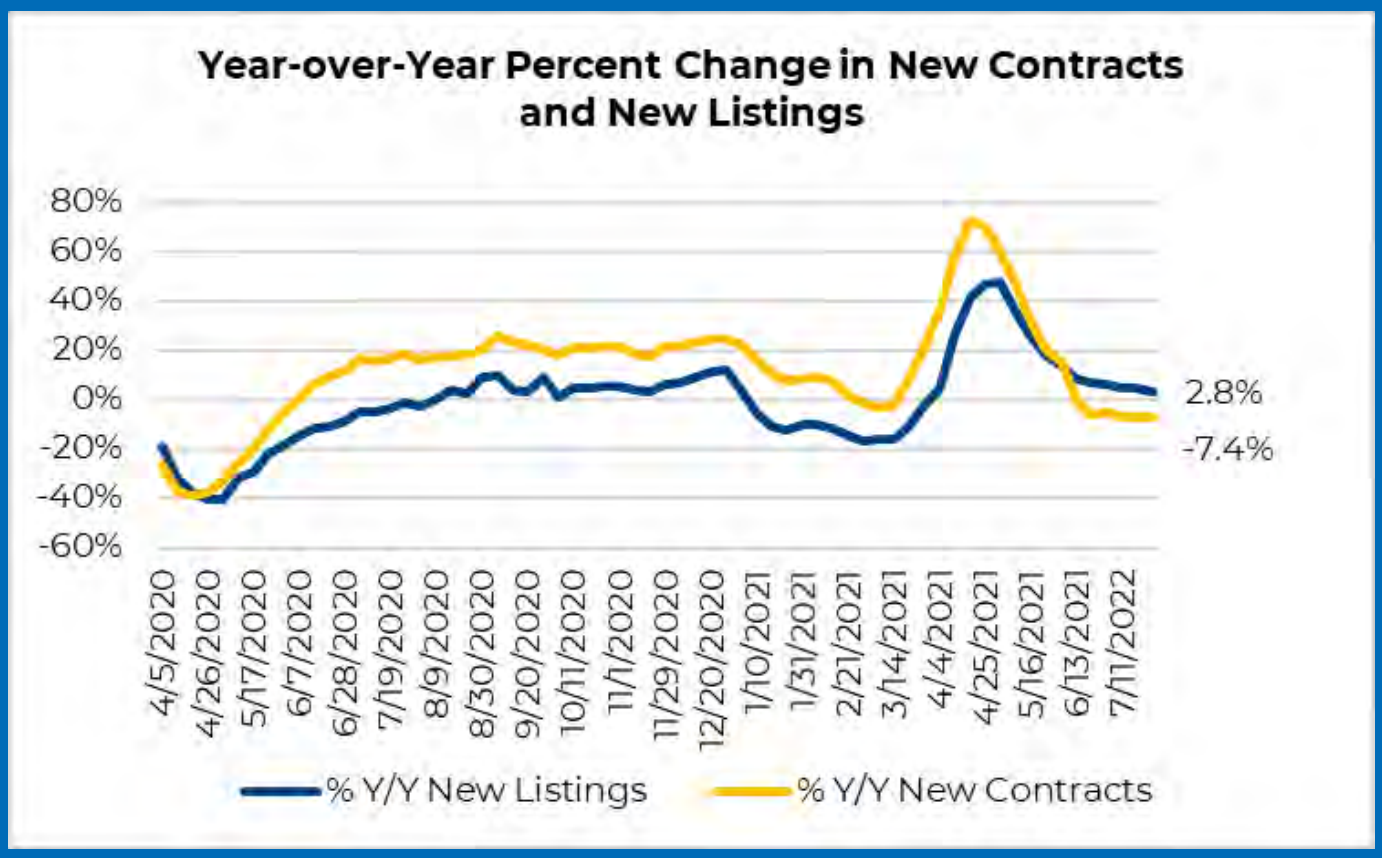
NATIONAL ASSOCIATION OF REALTORS®

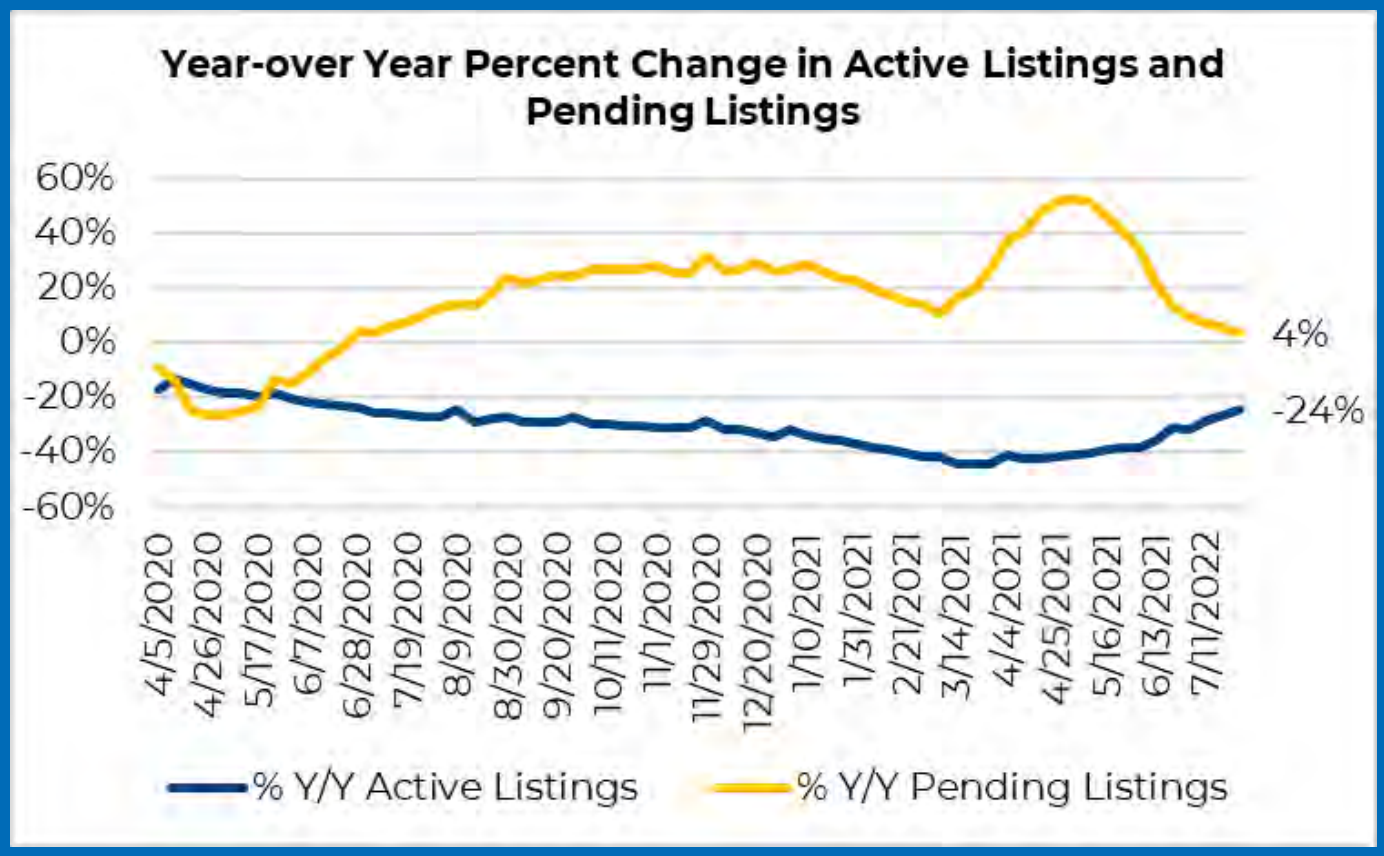
Weekly Housing Market Monitor

Preliminary Data: Pending Home Sales Decline 7% While New Listings Rise 3%

The demand-supply imbalance is narrowing. Preliminary data shows that contract signings during the four weeks fell by 7.4% from one year ago. On the other hand, new listings rose 2.8%.

The total active listings are down 24% from one year ago while total pending listings are just up 4% year-over-year.





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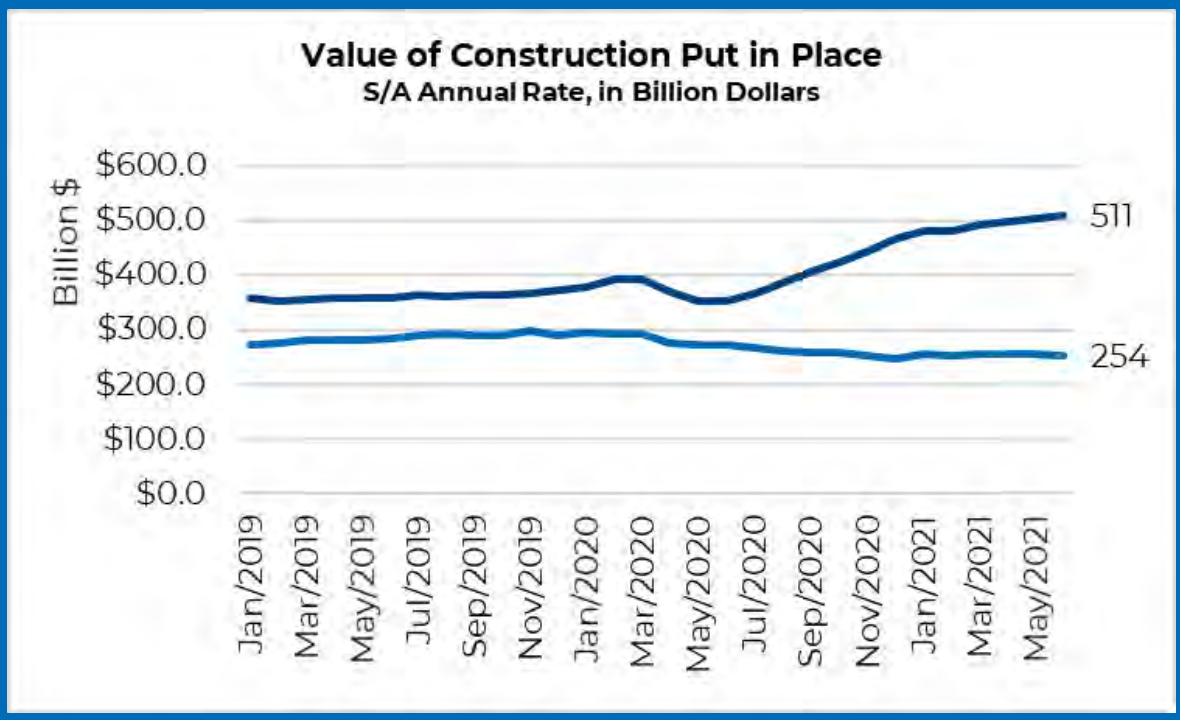
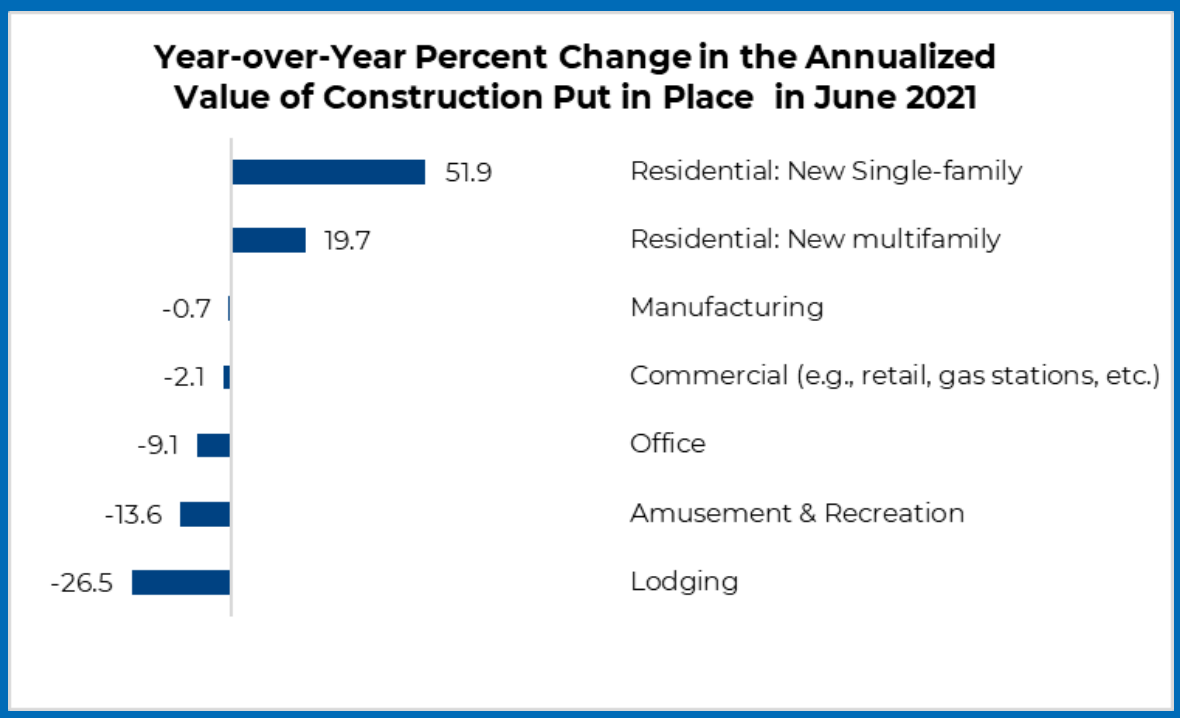
Value of Construction for Residential Properties up 44% While Commercial Declines 7%

The value of construction put in place for single-family and multifamily residential structures rose to a seasonalized annual rate of $511 billion, up 44% from one year ago. Single-family construction rose 52% while multifamily construction was up 20% year-over-year.

Meanwhile the value of construction put in place for non-residential structures declined by 7% with value of construction spending put in falling below year-ago levels in across all property types.

Commercial construction will at best stay flat in 2021 until vacancy rates on existing commercial space start falling and occupancy starts rising. Since the pandemic, 170 million square feet of office space has become unoccupied, with the vacancy rate at 17.2%.





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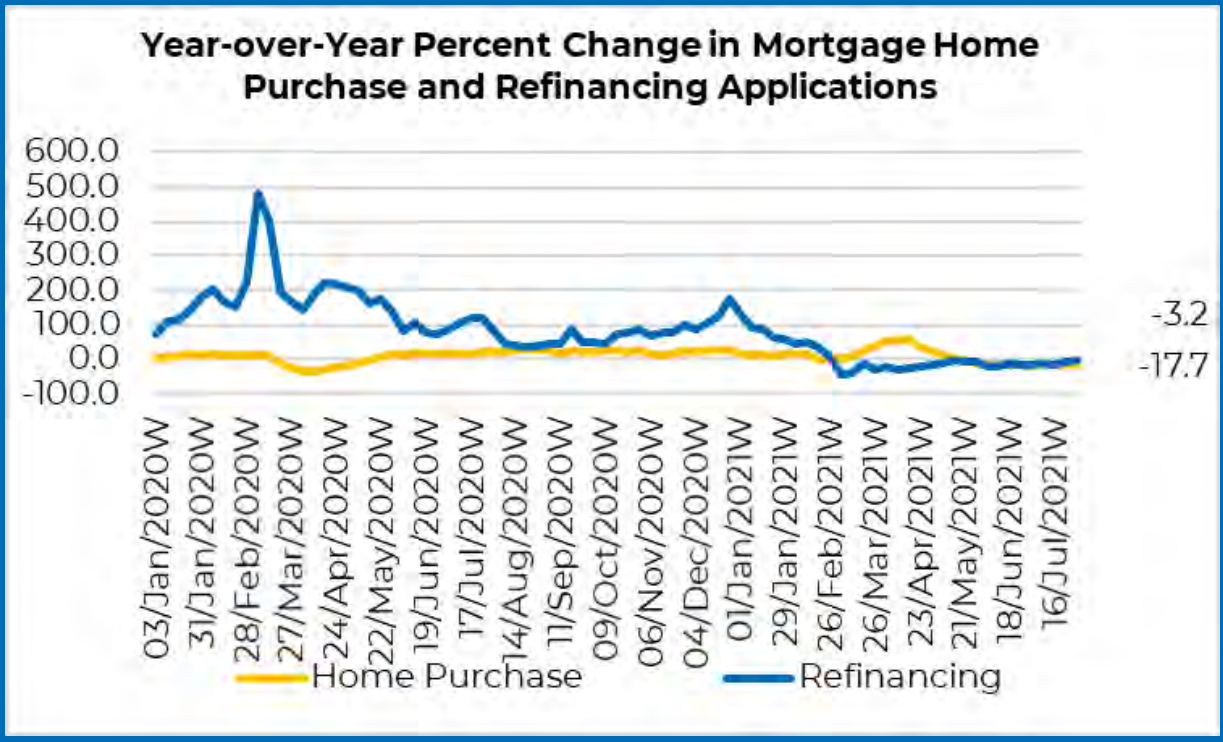
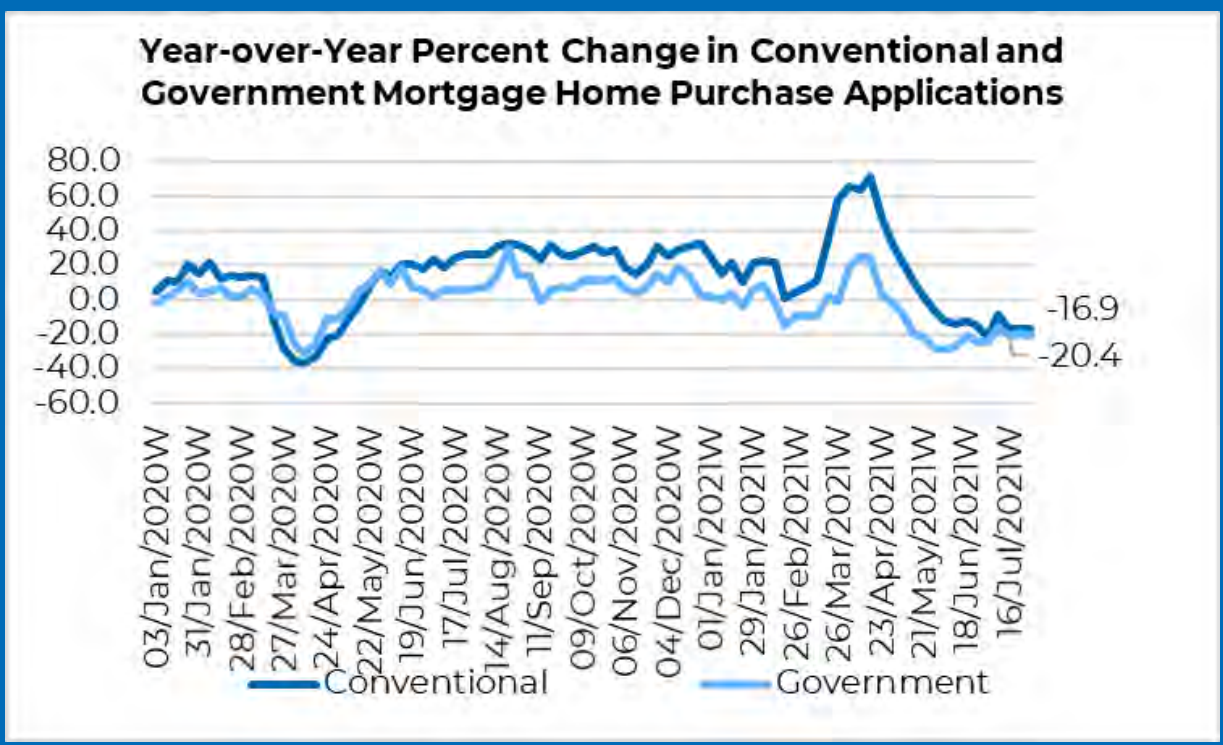
Weekly Mortgage Purchase Applications Declined 18% from Prior Week

With mortgage rates slightly up again to 2.8%, mortgage purchase applications declined 1.7% from the prior week and 17.7% from one year ago, according to the Mortgage Bankers Association's (MBA) Weekly Mortgage Applications Survey. Mortgage originations have declined even the 30-year fixed mortgage rate hovers at a historic low level due to the sharp rise in home prices that has eroded home affordability.

Both government-insured (FHA, VA, USDA) and conventional (includes Fannie Mae/Freddie Mac) home purchase loan applications fell from the prior week and from one year ago.

Refinancing applications also declined 1.7% from the prior week but are down 3.2% from one year ago.





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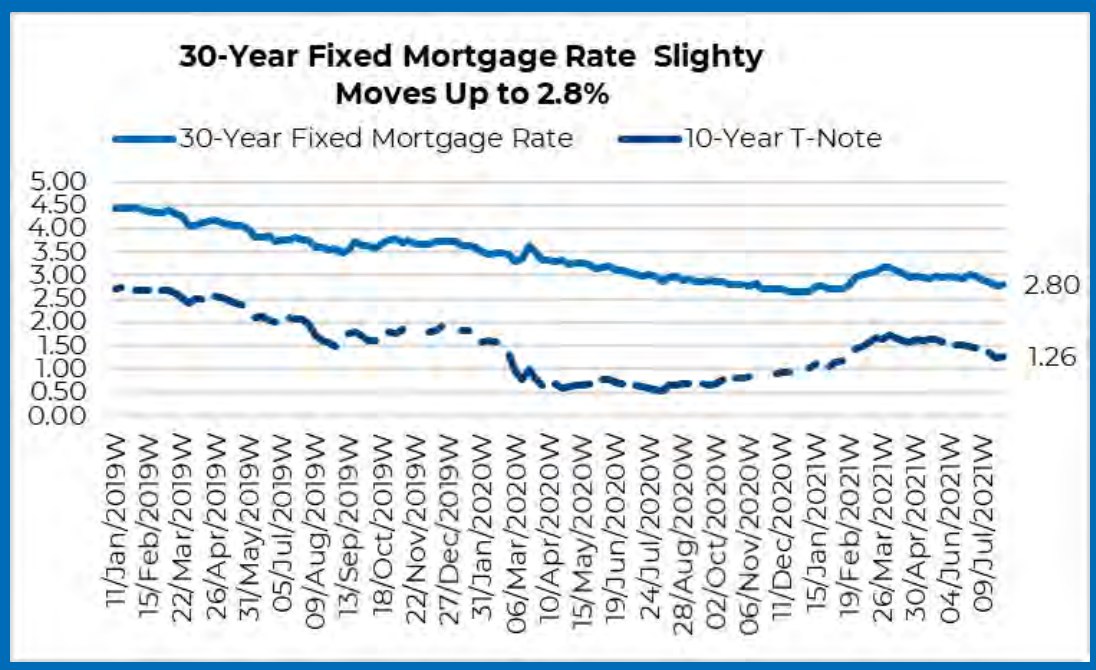
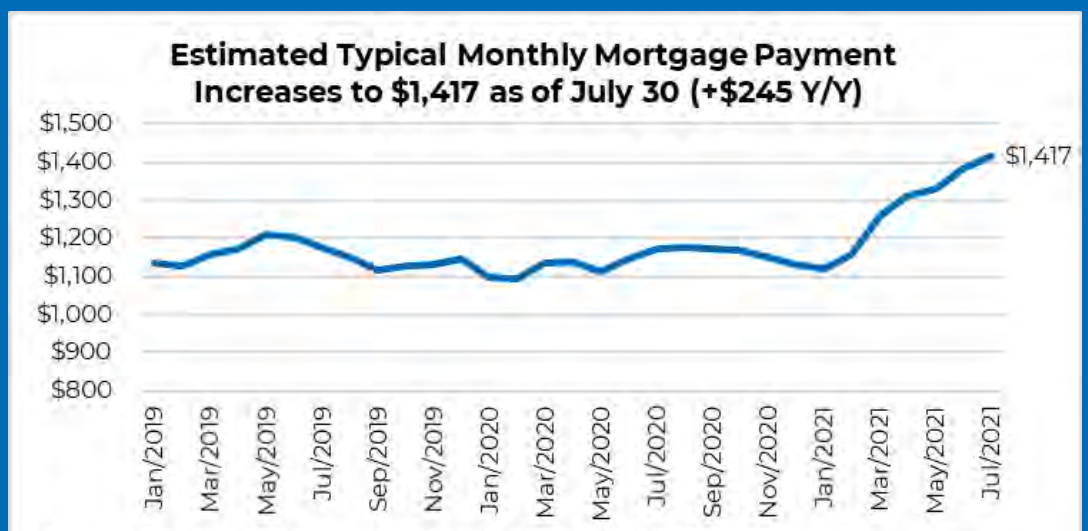
30-Year Fixed Mortgage Rate Slightly Up at 2.8%; Monthly Mortgage Payment Up $245 from a Year Ago

After 4 weeks of decline, the 30-year fixed mortgage rate nudged up a bit to 2.8%. The 10-year T-note stayed at 1.26%. The 10-year T-note has stayed at below 1.5% since July with investors becoming concerned about the impact of rising coronavirus delta variant cases on the economy, so investors are again buying these risk-free assets. On August 3, the CDC extended the eviction moratorium until October 3 in places with high levels of community transmission of COVID-19.

Even with mortgage rates falling, the estimated monthly mortgage payment as of July 30 rose to $1,417, up $245/month from one year ago, making a home purchase less affordable. In May, **NAR's Housing Affordability Index** fell to 151.7.

NAR Chief Economist Lawrence Yun expects the 30-year fixed mortgage rate to increase to 3.3% by the 4th quarter of 2021 and to average 3.6% in 2022.





Source of data: NAR calculations based on NAR, Freddie Mac, US Census Bureau data
Calculations based on average rate of 2.87% 30-year fixed rate + 0.7% points for week of July 30 and 10% downpayment and a forecasted estimated median existing home sales price of $377,121 estimated by applying the latest y/y price appreciation of 23.4% in June 2021 to the median existing home sales to estimate July prices.

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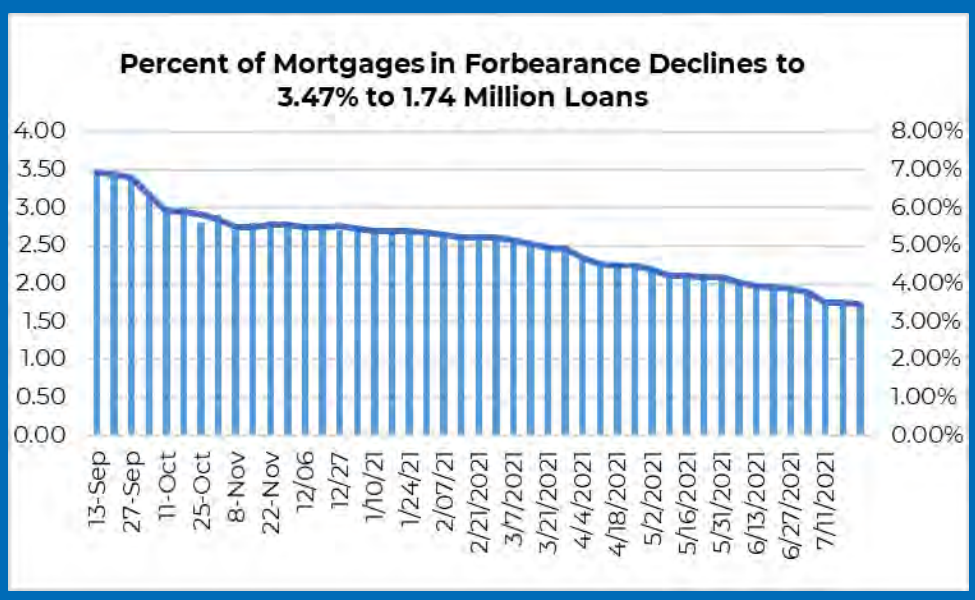
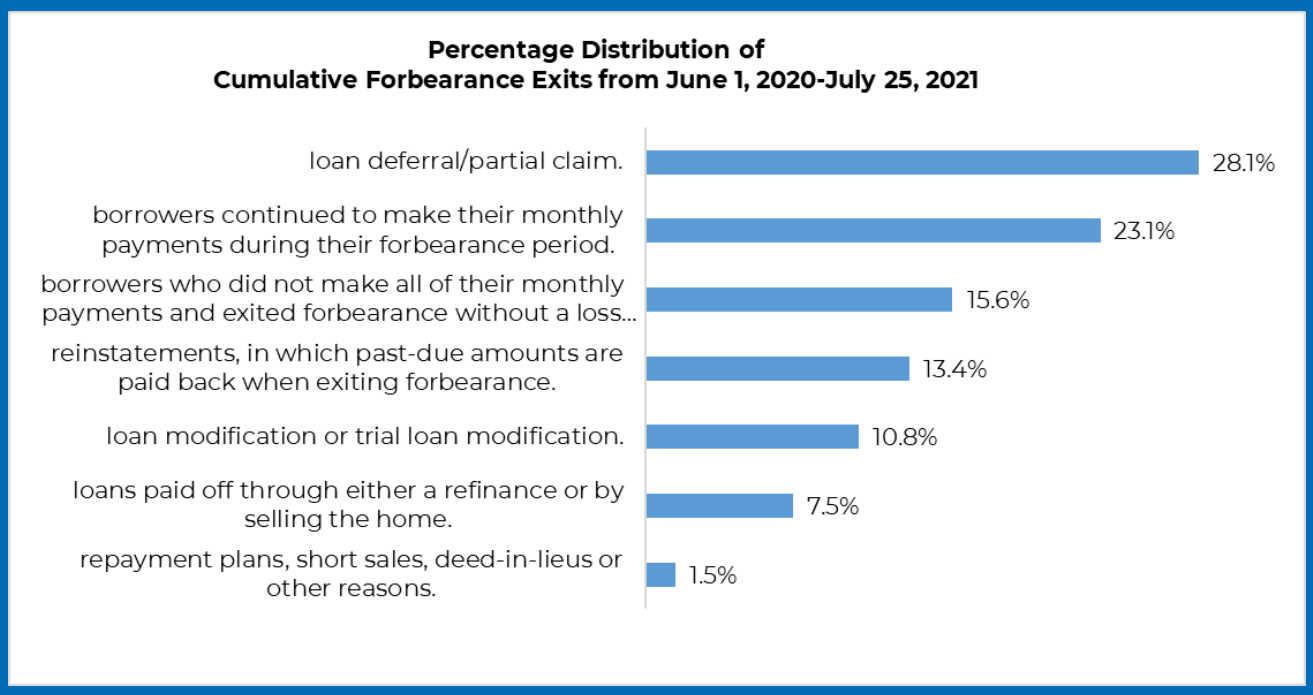
Fraction of Loans in Forbearance Declines to 3.47%

The fraction of loans in forbearance continued to trend downwards to 3.47% of total mortgages. The number of borrowers with loan forbearance stayed at 1.74 million, according to the Mortgage Bankers Association.

Most distressed borrowers are working out payment options with lenders to keep their homes, with 75.4% of homeowners in forbearance having a loss mitigation plan. Of the homeowners who exited forbearance during June 1, 2020—July 25, 2021, 7.4% exited forbearance by refinancing their home or selling their home and less than 2% ended in a short sale or deed-in-lieu (and other reasons).

However, 15.7% of borrowers have exited forbearance without a loss mitigation in place, which can put these borrowers in distress later. With an average of 2.49 million loans in forbearance during September 2020—July 25, 2021, that yields about 392,000 borrowers who exited without a loss mitigation plan. This is equivalent to only about 1 month of the current pace of existing-home sales (483,333) and should not cause a decline in home prices.





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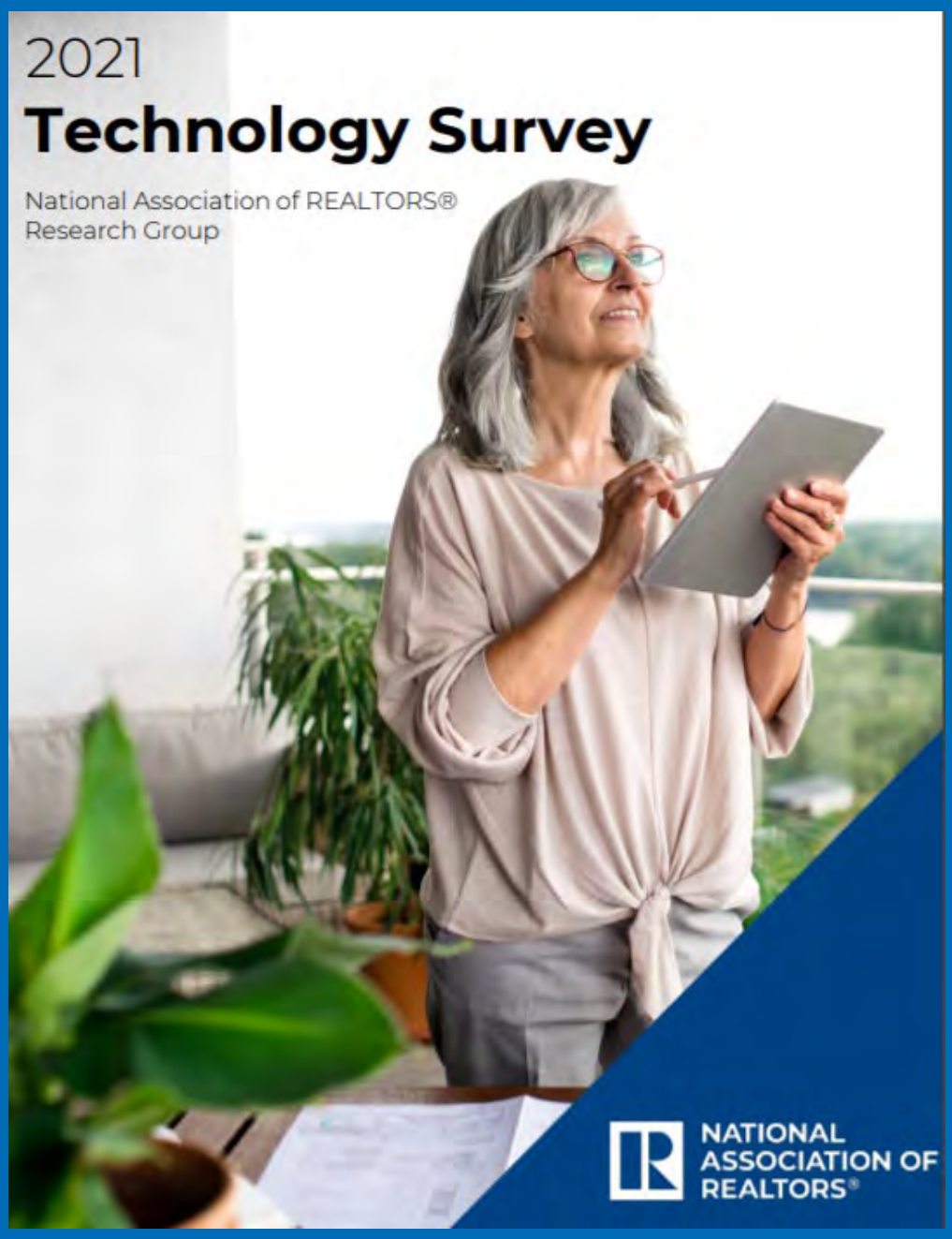
2021 REALTOR® Technology Survey

Thinking back on the last year, respondents found that the five most valuable technology tools used in their business were eSignature (78%), local MLS apps/technology (54%), social media (53%), lockboxes (48%), and video conferencing (39%).

In the next 12 months, respondents believe that the five technology tools they will use in their business will be eSignature (73%), social media (53%), local MLS apps/technology (47%), customer relationship management (44%), and lockboxes (43%).

In the next 2 years, respondents believed that the most impactful emerging technologies to their businesses will be drones (37%), cyber security (34%), 5G (31%), and virtual reality (30%).

Read the full report here.



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The National Association of REALTORS® is America's largest trade association, representing more than 1.4 million members, including NAR's institutes, societies and councils, involved in all aspects of the real estate industry. NAR membership includes brokers, salespeople, property managers, appraisers, counselors and others engaged in both residential and commercial real estate. The term REALTOR® is a registered collective membership mark that identifies a real estate professional who is a member of the National Association of REALTORS® and subscribes to its strict Code of Ethics. Working for America's property owners, the National Association provides a facility for professional development, research and exchange of information among its members and to the public and government for the purpose of preserving the free enterprise system and the right to own real property.

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