2026

NESTSEEKERS

MARKET REPORT

JUNE

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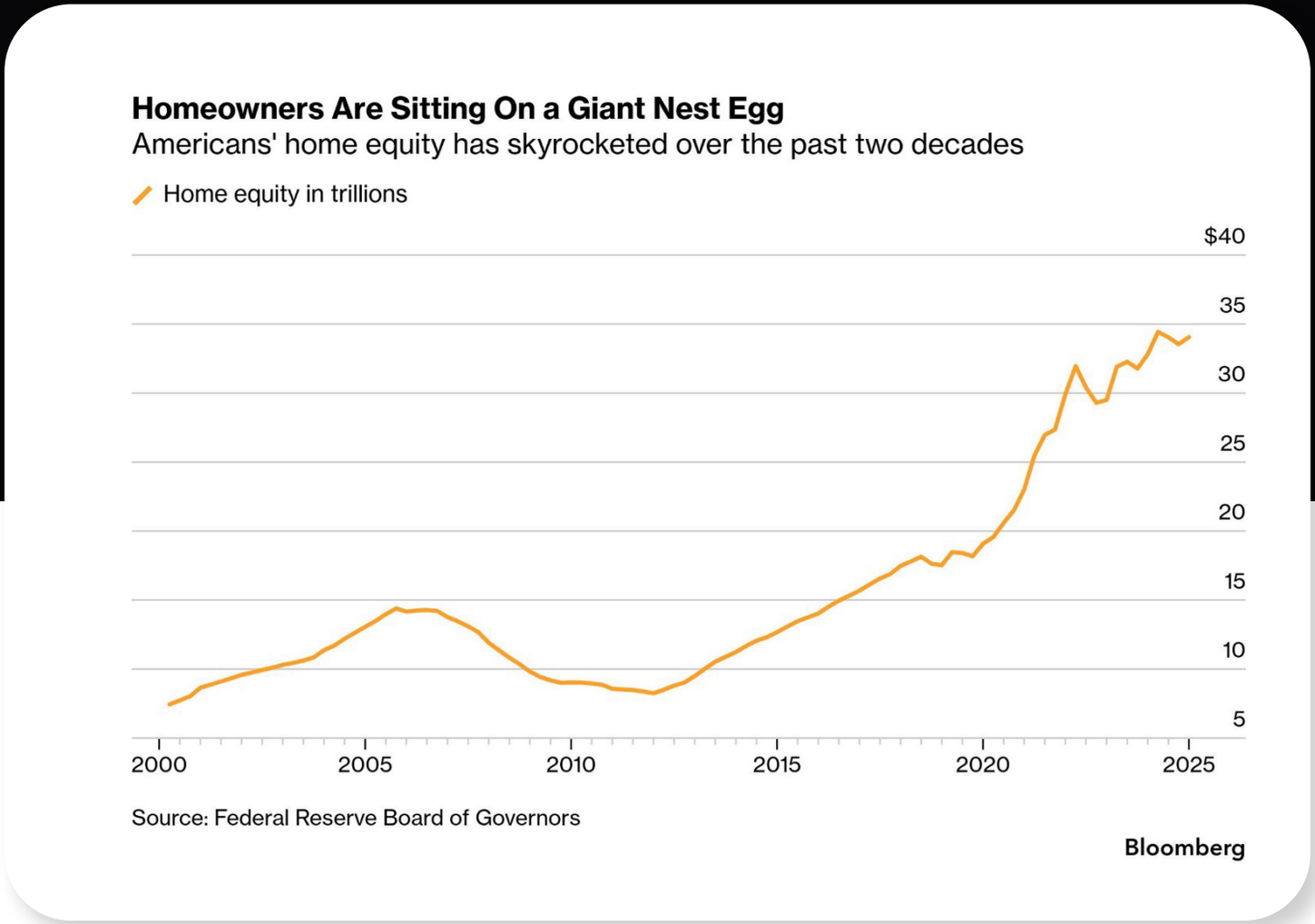
SVP, MANAGING DIRECTOR

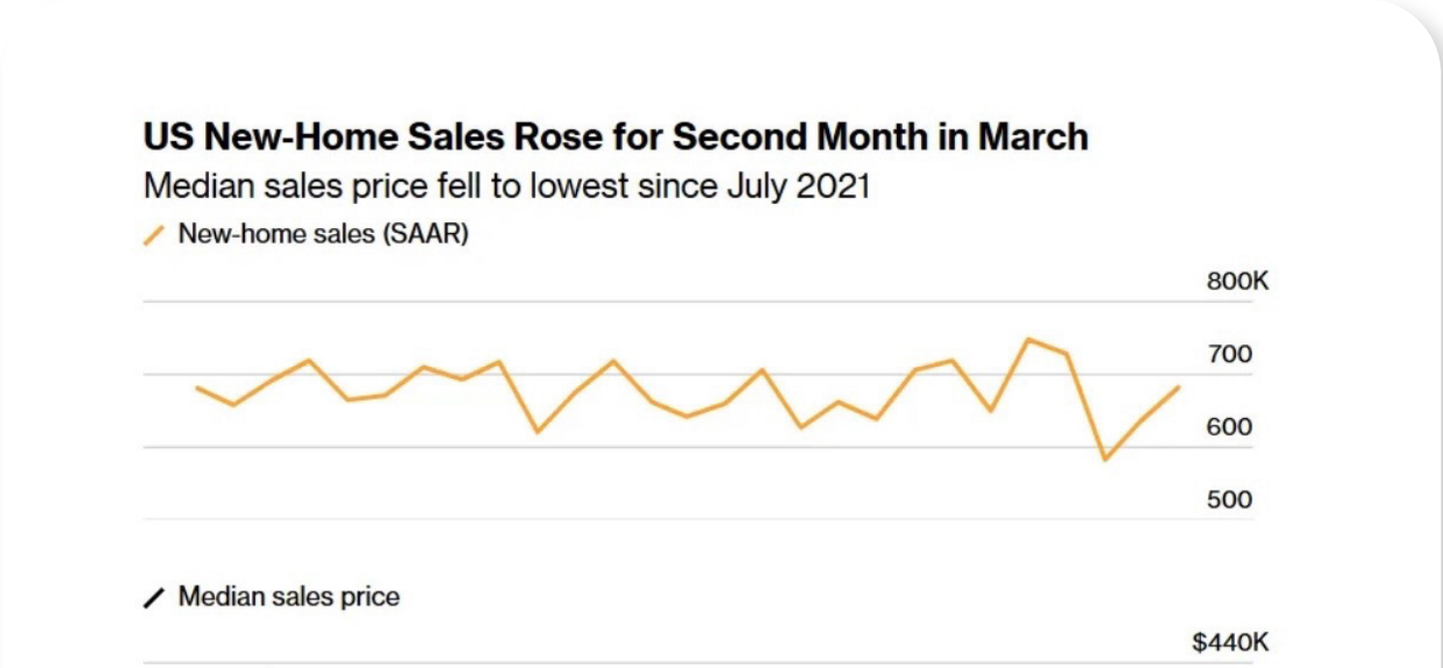
MARKET OVERVIEW

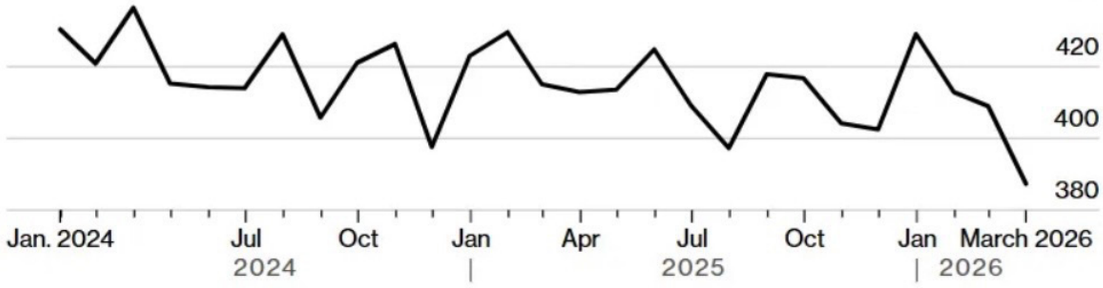
THE MARKET IS EVOLVING… ARE YOU READY TO CAPITALIZE?

THE U.S. HOUSING MARKET CONTINUES TO EVOLVE, AND WHILE TRANSACTION VOLUME REMAINS BELOW HISTORICAL NORMS, THE UNDERLYING FUNDAMENTALS TELL A MUCH DIFFERENT STORY. HOMEOWNERS HAVE ACCUMULATED UNPRECEDENTED LEVELS OF WEALTH THROUGH APPRECIATION, FINANCING OPTIONS CONTINUE TO EXPAND, AND BUYERS ARE SLOWLY REGAINING NEGOTIATING LEVERAGE. UNDERSTANDING THESE TRENDS IS CRITICAL TO ADVISING CLIENTS AND UNCOVERING NEW OPPORTUNITIES.

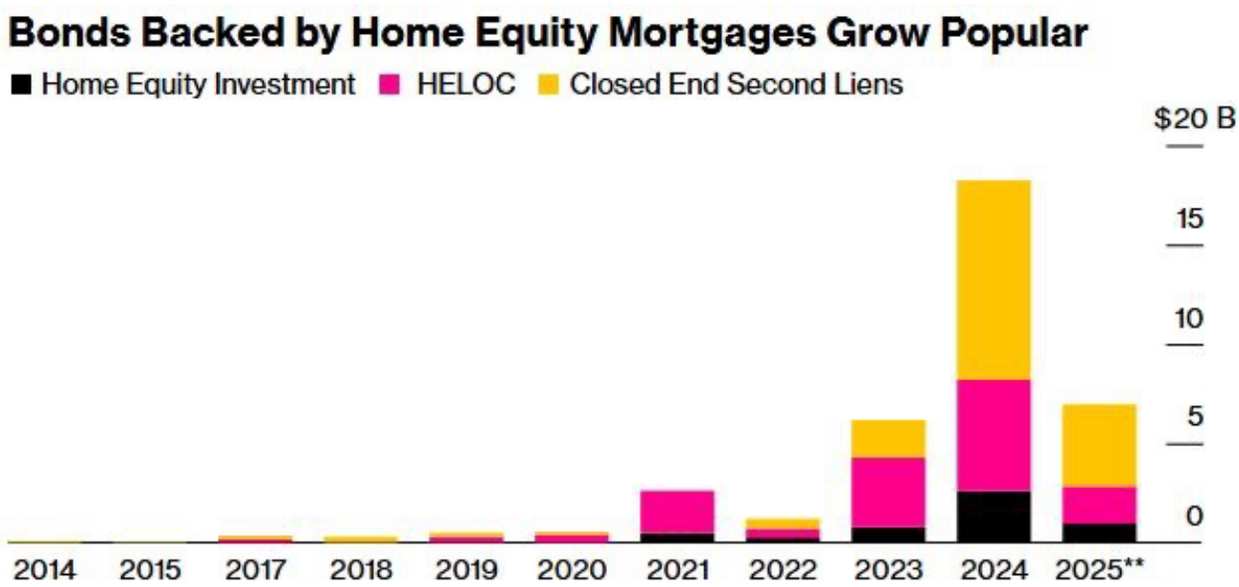


AMERICAN HOMEOWNERS ARE SITTING ON TRILLIONS OF DOLLARS IN HOME EQUITY, CREATING ONE OF THE STRONGEST HOUSEHOLD BALANCE SHEETS IN HISTORY. NEARLY HALF OF ALL MORTGAGED HOMES ARE CONSIDERED "EQUITY RICH," MEANING OWNERS HAVE AT LEAST 50% EQUITY IN THEIR PROPERTIES. THIS TREMENDOUS AMOUNT OF UNTAPPED WEALTH IS ALLOWING HOMEOWNERS TO FUND RENOVATIONS, PURCHASE SECOND HOMES, INVEST IN BUSINESSES, OR SIMPLY WEATHER PERIODS OF ECONOMIC UNCERTAINTY WITHOUT BEING FORCED TO SELL. FOR AGENTS, THIS REPRESENTS AN OPPORTUNITY TO EDUCATE CLIENTS THAT THEIR HOME IS MORE THAN JUST A PLACE TO LIVE, IT'S ONE OF THE MOST VALUABLE FINANCIAL ASSETS THEY OWN.



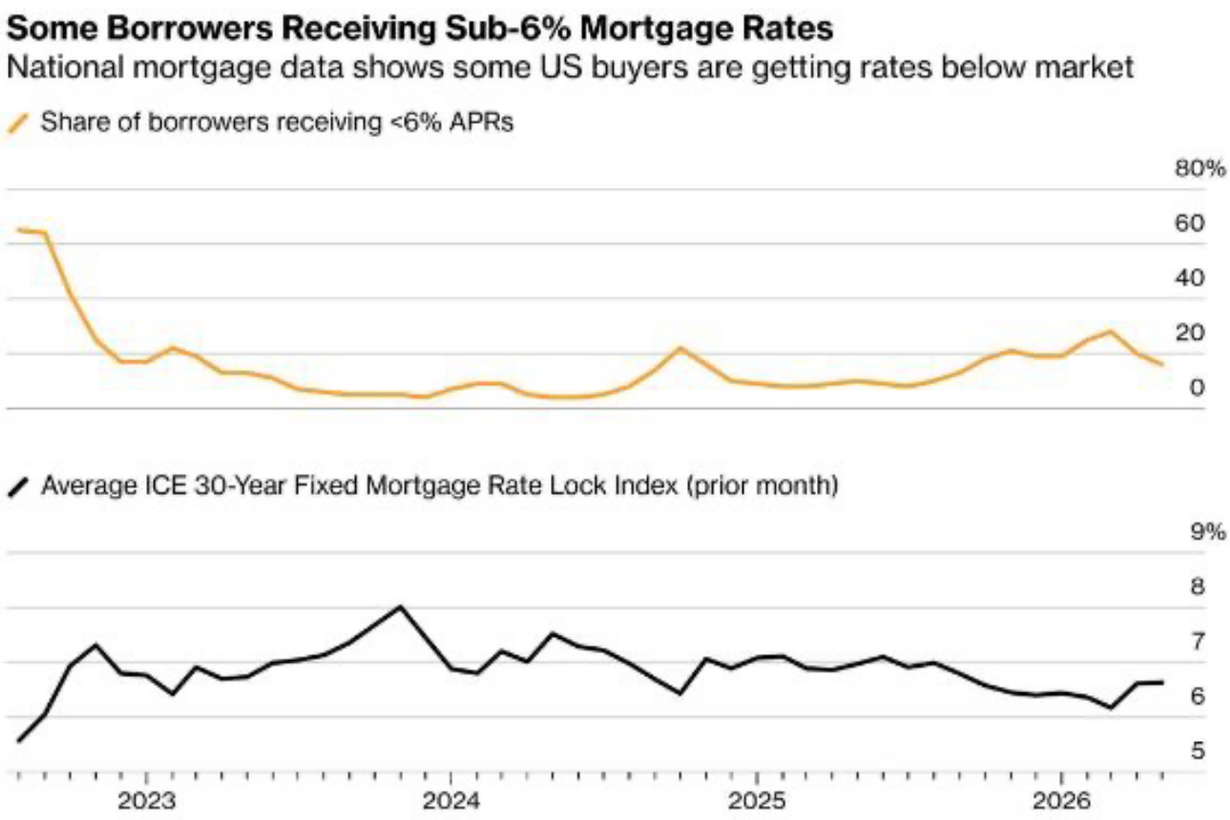


AT THE SAME TIME, HOMEOWNERS ARE STAYING IN THEIR HOMES LONGER THAN EVER BEFORE, LARGELY DUE TO YEARS OF HISTORICALLY LOW MORTGAGE RATES AND SIGNIFICANT ACCUMULATED EQUITY. THE RESULT HAS BEEN A STRUCTURALLY CONSTRAINED RESALE MARKET, EVEN AS INVENTORY HAS SLOWLY IMPROVED. INTERESTINGLY, SELLERS ARE NOW OUTNUMBERING BUYERS BY THE LARGEST MARGIN SEEN IN OVER A DECADE, ANOTHER STATISTIC THAT MAY SOUND ALARMING ON THE SURFACE, BUT ONE THAT ALSO REFLECTS NORMALIZATION AFTER YEARS OF EXTREME SELLER LEVERAGE AND HISTORICALLY LIMITED SUPPLY.



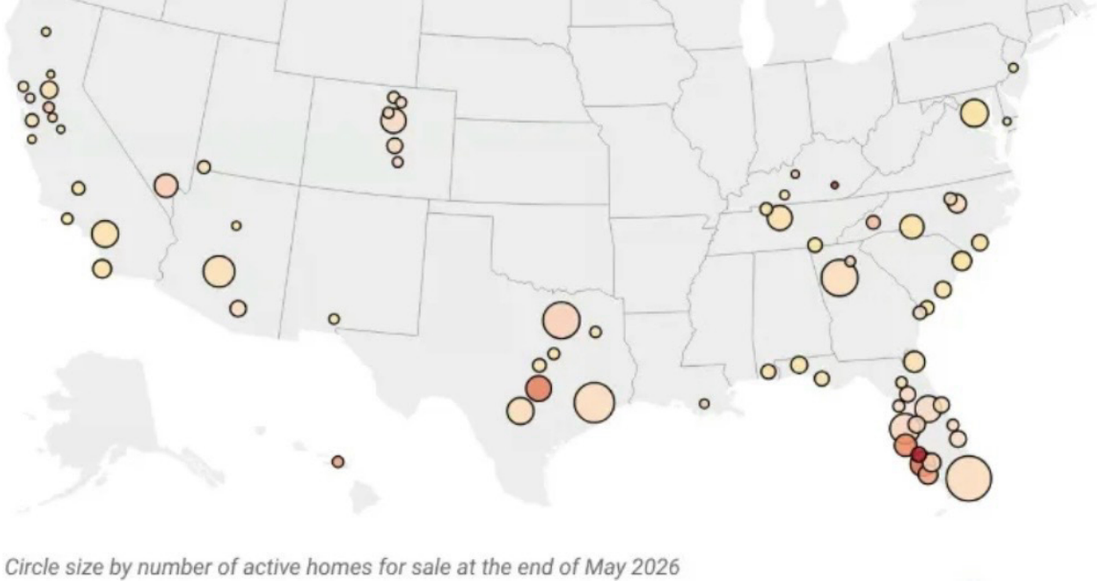
(SOURCE: BLOOMBERG)

WALL STREET HAS TAKEN NOTICE OF THIS ENORMOUS EQUITY POOL. FINANCIAL INSTITUTIONS AND INVESTMENT FIRMS ARE INCREASINGLY PACKAGING LOANS AND FINANCING PRODUCTS BACKED BY RESIDENTIAL HOME EQUITY INTO INVESTMENT SECURITIES, CREATING A RAPIDLY GROWING SEGMENT OF THE CAPITAL MARKETS. AS MORE CAPITAL FLOWS INTO THESE PRODUCTS, HOMEOWNERS GAIN ADDITIONAL FINANCING OPTIONS BEYOND TRADITIONAL REFINANCING OR HELOCS, WHILE INVESTORS GAIN EXPOSURE TO ONE OF THE STRONGEST ASSET CLASSES IN AMERICA. THIS GROWING LIQUIDITY REINFORCES HOUSING'S IMPORTANCE TO THE BROADER ECONOMY AND FURTHER INTEGRATES RESIDENTIAL REAL ESTATE INTO INSTITUTIONAL INVESTMENT STRATEGIES.



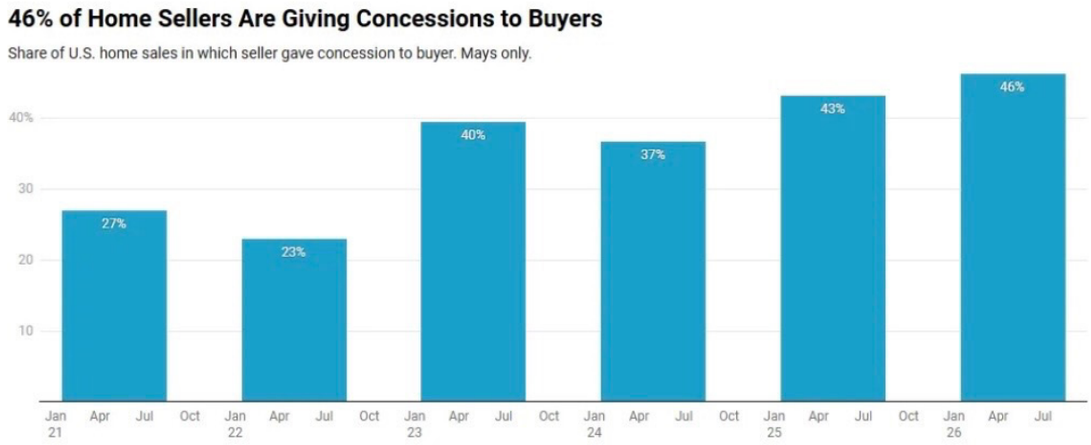
(SOURCE: BLOOMBERG)

WHILE AVERAGE MORTGAGE RATES CONTINUE TO FLUCTUATE IN THE MID-6% RANGE NATIONALLY, MANY BORROWERS ARE SUCCESSFULLY SECURING FINANCING BELOW 6% THROUGH LENDER INCENTIVES, ADJUSTABLE-RATE PRODUCTS, BUILDER PROGRAMS, AND SELLER-FUNDED RATE BUYDOWNS. THESE LOWER EFFECTIVE BORROWING COSTS ARE HELPING QUALIFIED BUYERS RETURN TO THE MARKET AFTER SITTING ON THE SIDELINES FOR MUCH OF THE PAST TWO YEARS. EVERY INCREMENTAL DECLINE IN FINANCING COSTS SIGNIFICANTLY IMPROVES AFFORDABILITY, EXPANDS PURCHASING POWER, AND INCREASES BUYER CONFIDENCE. AS MORE BUYERS QUALIFY FOR ATTRACTIVE FINANCING, COMPETITION FOR WELL-PRICED HOMES IS EXPECTED TO STRENGTHEN IN MANY MARKETS, EVEN AS OVERALL INVENTORY IMPROVES.



(SOURCE: REDFIN)

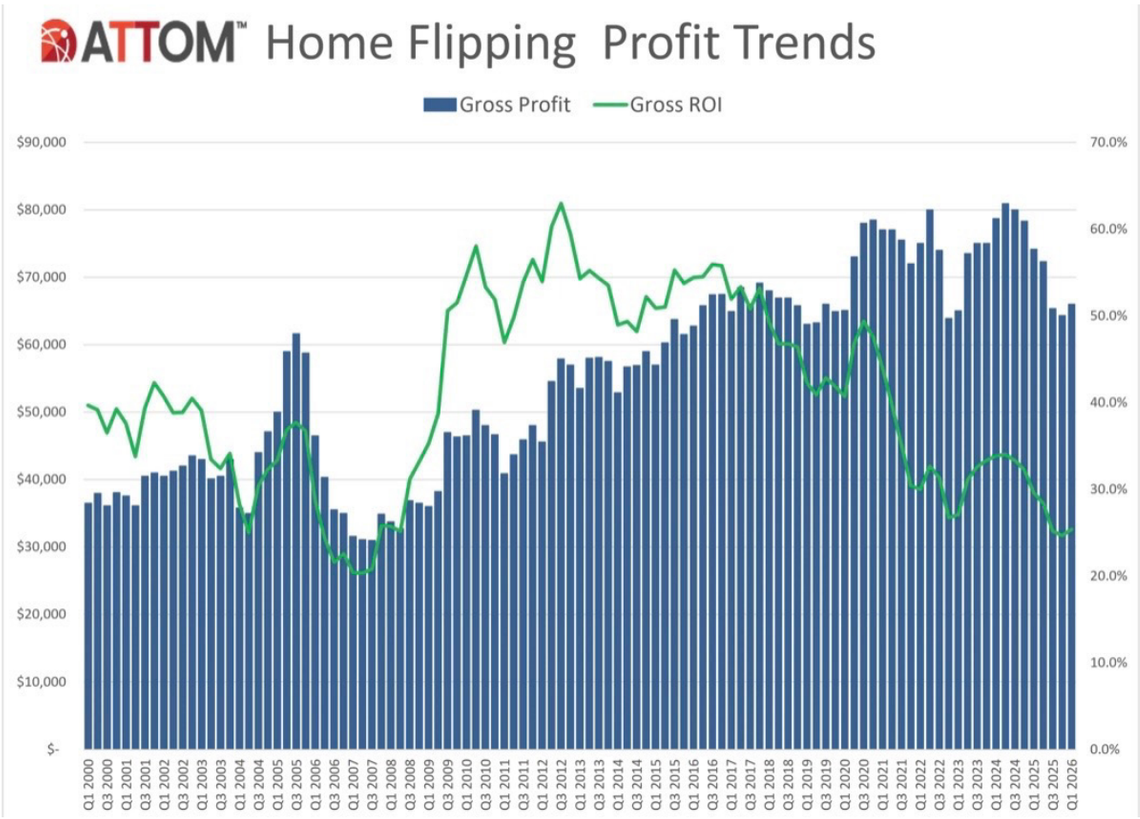
DESPITE HIGHER BORROWING COSTS AND INCREASED INVENTORY, NATIONAL HOME PRICES HAVE REMAINED RESILIENT BETWEEN MAY 2025 AND MAY 2026. MOST MARKETS CONTINUE POSTING MODEST YEAR-OVER-YEAR APPRECIATION RATHER THAN SIGNIFICANT DECLINES, HIGHLIGHTING THE ONGOING IMBALANCE BETWEEN LONG-TERM HOUSING SUPPLY AND DEMAND. WHILE CERTAIN SUN BELT MARKETS HAVE EXPERIENCED SOFTER PRICING, MANY NORTHEAST AND MIDWEST METROS CONTINUE SEEING STEADY APPRECIATION SUPPORTED BY LIMITED INVENTORY. FOR SELLERS, THIS MEANS VALUES REMAIN HISTORICALLY ELEVATED, WHILE BUYERS ARE BENEFITING FROM A HEALTHIER NEGOTIATING ENVIRONMENT THAN THEY EXPERIENCED DURING THE BIDDING WARS OF 2021 AND 2022.



(SOURCE RESICLUB)

ONE OF THE CLEAREST SIGNS OF TODAY'S SHIFTING MARKET IS THE GROWING USE OF SELLER CONCESSIONS. IN MAY, 46.2% OF HOME SELLERS OFFERED BUYERS INCENTIVES SUCH AS

CLOSING COST ASSISTANCE, REPAIR CREDITS, OR MORTGAGE-RATE BUYDOWNS WHICH IS THE HIGHEST SHARE EVER RECORDED FOR THE MONTH OF MAY. RATHER THAN VIEWING CONCESSIONS AS WEAKNESS, EXPERIENCED AGENTS RECOGNIZE THEM AS VALUABLE NEGOTIATING TOOLS THAT HELP TRANSACTIONS COME TOGETHER WHILE ALLOWING SELLERS TO PRESERVE HEADLINE PRICING. IN TODAY'S MARKET, CREATIVE DEAL STRUCTURING IS BECOMING JUST AS IMPORTANT AS PRICING STRATEGY, CREATING OPPORTUNITIES FOR KNOWLEDGEABLE AGENTS TO ADD TREMENDOUS VALUE TO BOTH BUYERS AND SELLERS.

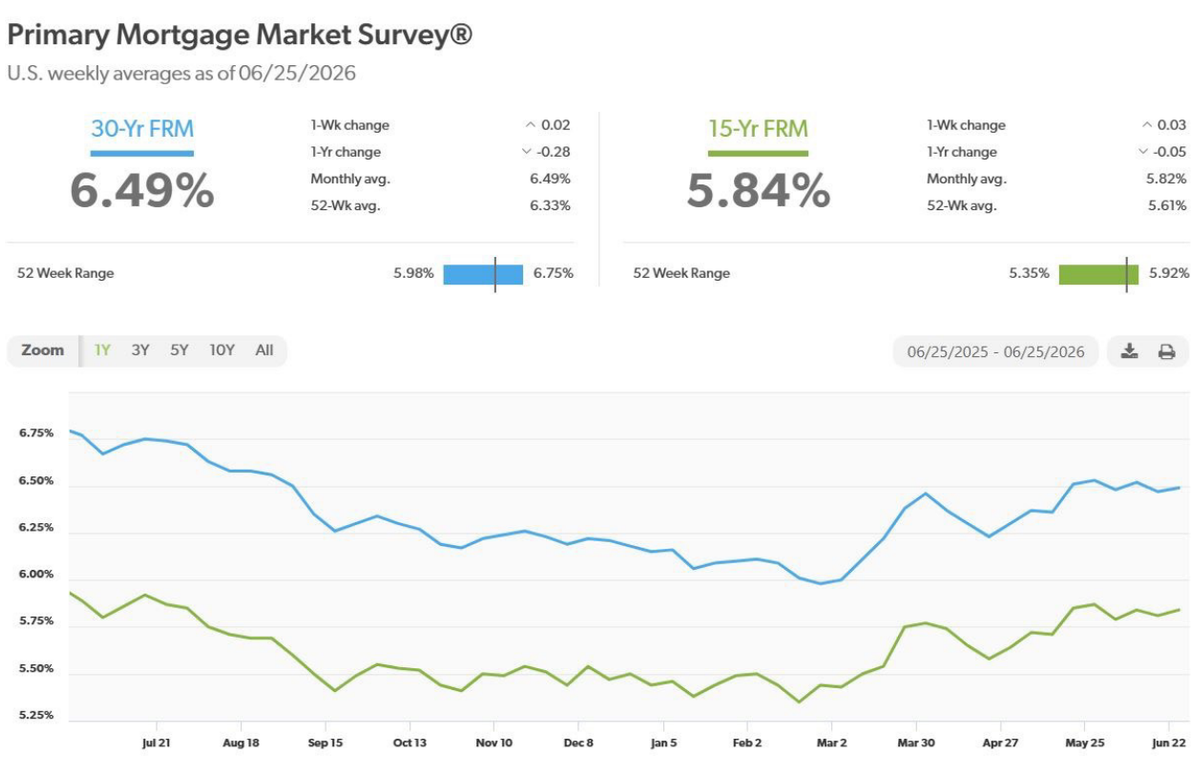


(SOURCE ATTOM)

AFTER SEVERAL YEARS OF COMPRESSED MARGINS DRIVEN BY RISING INTEREST RATES AND ELEVATED ACQUISITION COSTS, HOME-FLIPPING PROFITS ARE BEGINNING TO TREND UPWARD ONCE AGAIN. IMPROVING RENOVATION ECONOMICS, STABILIZING HOME VALUES, AND GREATER PRICING DISCIPLINE ARE HELPING EXPERIENCED INVESTORS GENERATE STRONGER RETURNS THAN THEY ACHIEVED DURING MUCH OF 2023 AND 2024. WHILE TODAY'S ENVIRONMENT STILL REWARDS CAREFUL UNDERWRITING OVER SPECULATION, THE IMPROVING PROFIT OUTLOOK MAY ENCOURAGE ADDITIONAL INVESTMENT ACTIVITY AND INCREASE THE SUPPLY OF RENOVATED HOMES ENTERING THE MARKET. FOR THOSE WORKING WITH INVESTORS, THIS COULD SIGNAL THE BEGINNING OF RENEWED TRANSACTION ACTIVITY IN VALUE ADD PROPERTIES AS MARKET CONDITIONS CONTINUE TO NORMALIZE.

MORTGAGE RATES

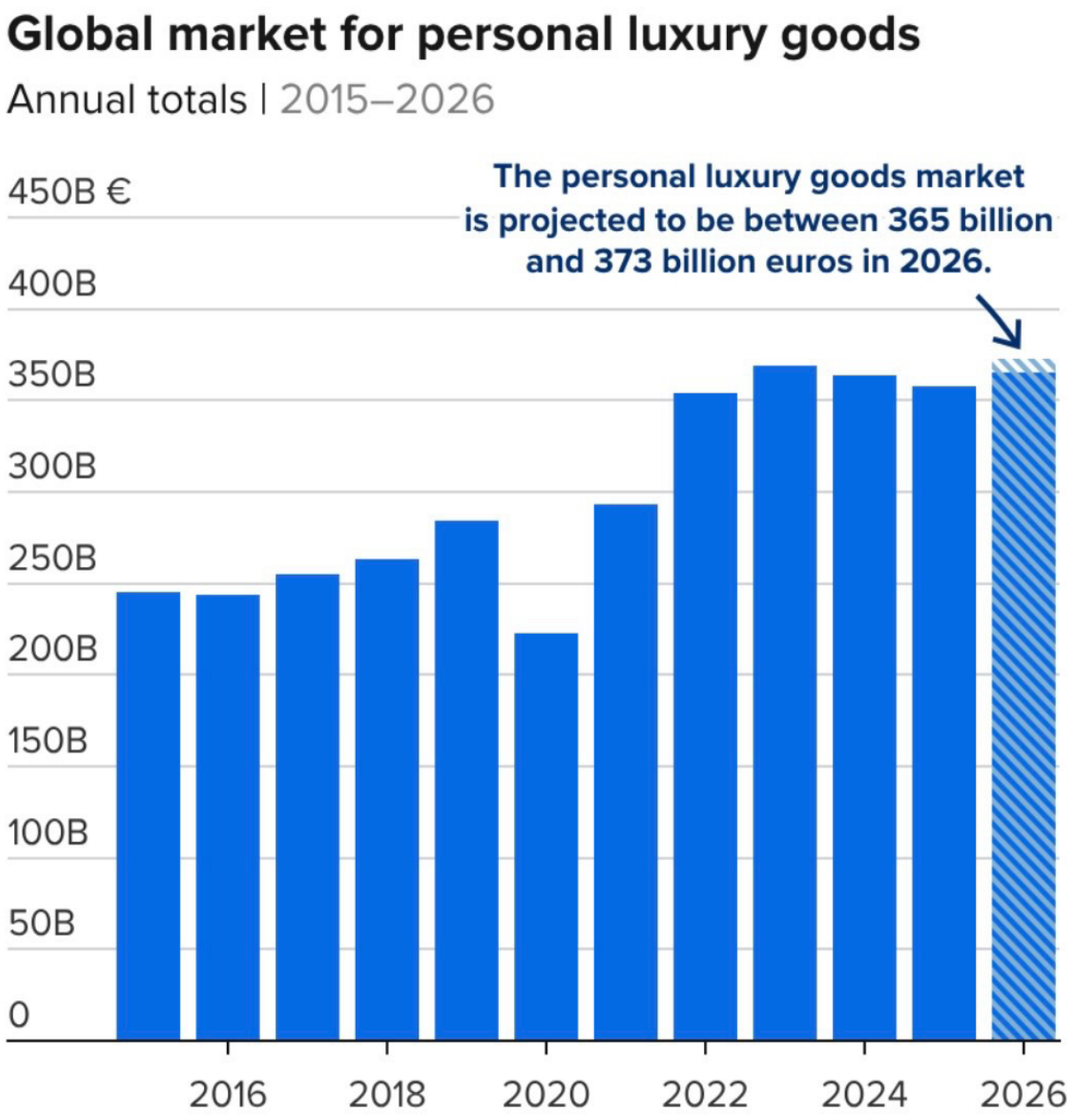
THE AVERAGE 30-YEAR FIXED MORTGAGE RATE WAS LITTLE CHANGED THIS WEEK AT 6.49%. RATES HAVE REMAINED RELATIVELY STABLE OVER THE LAST SIX WEEKS. MEANWHILE, PURCHASE ACTIVITY EASED MODESTLY AND REFINANCE ACTIVITY HAS CONTINUED TO PICK UP RECENTLY, REFLECTING BORROWERS' RESPONSIVENESS TO CURRENT RATE LEVELS



SOURCE: FREDDIEMAC

GLOBAL MARKET SNAPSHOTS AND HEADLINES

- BANK OF ENGLAND HOLDS BANK RATE AT 3.75%
- BANK OF CANADA KEEPS OVERNIGHT RATE AT 2.25%
- EUROPEAN CENTRAL BANK RAISES RATES ANOTHER 25 BASIS POINTS
- GLOBAL REAL ESTATE INVESTMENT VOLUMES RISE 20% YEAR-OVER-YEAR
- DATA CENTERS CONTINUE TO OUTPERFORM ALL COMMERCIAL PROPERTY SECTORS
- IMF PROJECTS GLOBAL ECONOMIC GROWTH OF 3.3% FOR 2026
- U.S. EXISTING HOME SALES RISE 3.2% TO A 4.17 MILLION ANNUAL PACE
- FIRST-TIME HOMEBUYERS ACCOUNT FOR 35% OF MAY HOME PURCHASES
- PORTUGAL HOME PRICES INCREASE 10.2% YEAR-OVER-YEAR, REACHING RECORD HIGH
- ITALY HOME PRICES RISE 4.4% YEAR-OVER-YEAR TO €2,196 PER SQUARE METER
- LUXURY HOME DEMAND REMAINS STRONG ACROSS MADRID AND BARCELONA DESPITE HIGHER



SOURCE: CNBC

ECONOMIC OUTLOOK – WHY IS HIGHER INFLATION DIFFERENT THIS TIME?

INFLATION IS ONCE AGAIN MAKING HEADLINES, BUT TODAY'S INFLATIONARY ENVIRONMENT IS VERY DIFFERENT FROM THE ONE THAT DISRUPTED THE HOUSING MARKET JUST A FEW YEARS AGO. UNDERSTANDING THAT DIFFERENCE CAN HELP BUYERS AND SELLERS MAKE MORE INFORMED REAL ESTATE DECISIONS.

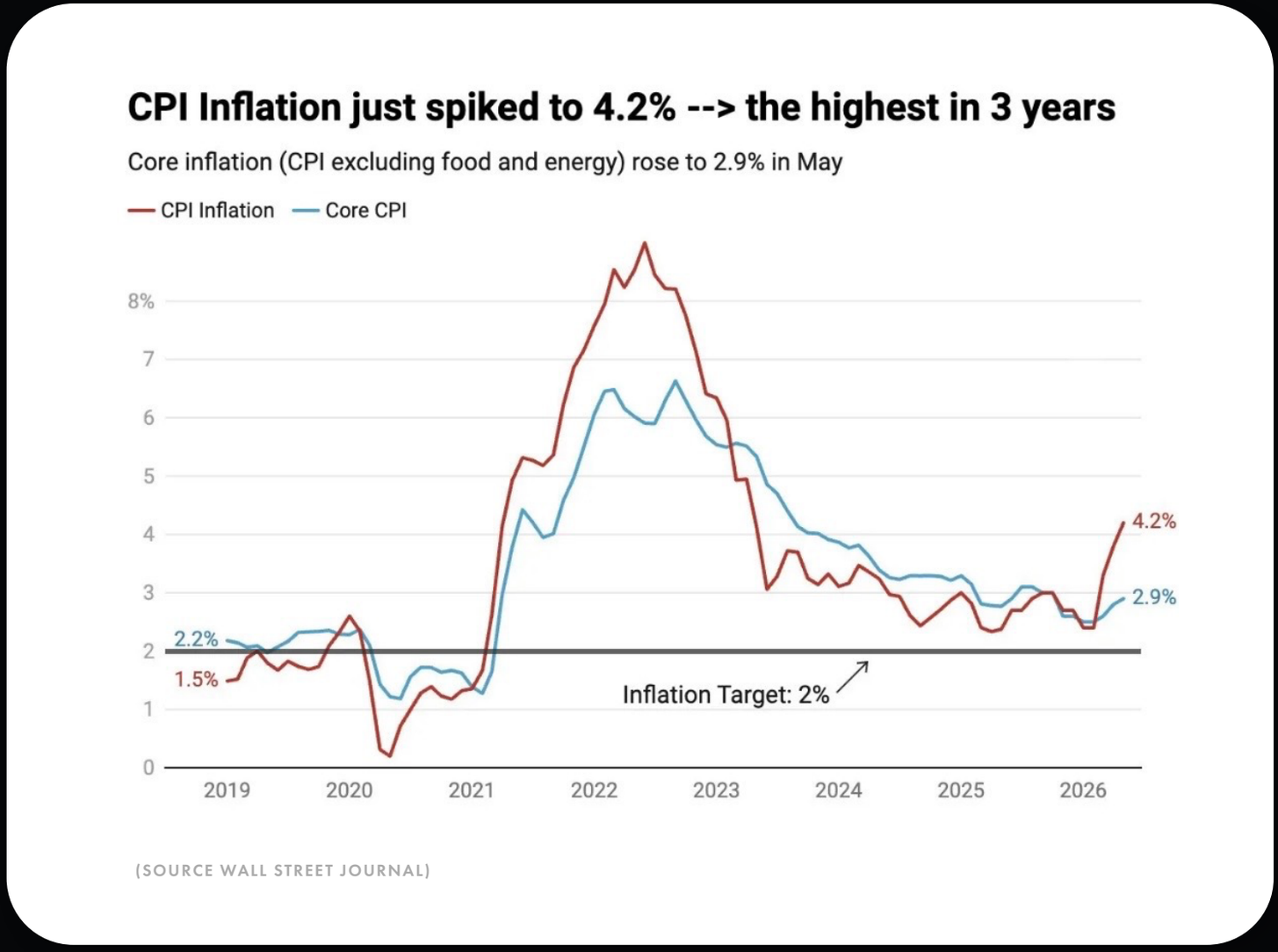
THE INFLATION SURGE FOLLOWING THE PANDEMIC WAS BROAD-BASED AND DEMAND-DRIVEN. TRILLIONS OF DOLLARS IN GOVERNMENT STIMULUS ENTERED THE ECONOMY WHILE INTEREST

RATES REMAINED NEAR HISTORIC LOWS. CONSUMERS HAD MORE MONEY TO SPEND, SUPPLY CHAINS STRUGGLED TO KEEP UP AND PRICES ROSE ACROSS NEARLY EVERY SECTOR. TO BRING INFLATION UNDER CONTROL, THE FEDERAL RESERVE RESPONDED WITH ONE OF THE FASTEST INTEREST RATE HIKING CYCLES IN HISTORY, SENDING MORTGAGE RATES SHARPLY HIGHER.

TODAY'S INFLATION IS VASTLY DIFFERENT.

RATHER THAN BEING FUELED BY EXCESSIVE CONSUMER DEMAND, MUCH OF THE CURRENT INFLATIONARY PRESSURE HAS BEEN DRIVEN BY HIGHER ENERGY PRICES. RISING OIL COSTS INCREASE TRANSPORTATION, MANUFACTURING, AND SHIPPING EXPENSES, WHICH EVENTUALLY FLOW THROUGH TO THE PRICES CONSUMERS PAY. WHILE THAT CERTAINLY AFFECTS INFLATION, IT IS FAR LESS WIDESPREAD THAN THE ECONOMIC CONDITIONS THAT EXISTED DURING THE PANDEMIC RECOVERY. IT IS A VERY IMPORTANT AND ENCOURAGING DISTINCTION.

ENERGY-DRIVEN INFLATION HAS HISTORICALLY BEEN MORE TEMPORARY BECAUSE OIL PRICES TEND TO FLUCTUATE WITH GLOBAL SUPPLY, GEOPOLITICAL EVENTS, AND PRODUCTION LEVELS. AS THOSE PRESSURES EASE, INFLATION CAN MODERATE WITHOUT REQUIRING THE AGGRESSIVE MONETARY POLICY THAT CHARACTERIZED THE LAST CYCLE.



IF INFLATION REMAINS CONCENTRATED IN ENERGY RATHER THAN SPREADING THROUGHOUT THE BROADER ECONOMY, FINANCIAL MARKETS MAY BECOME INCREASINGLY CONFIDENT THAT TODAY'S PRICE PRESSURES ARE TEMPORARY. THAT COULD HELP STABILIZE MORTGAGE RATES OVER TIME, IMPROVING AFFORDABILITY FOR BUYERS AND ENCOURAGING MORE ACTIVITY IN THE HOUSING MARKET.

MEANWHILE, TODAY'S HOUSING MARKET REMAINS FUNDAMENTALLY HEALTHY. HOMEOWNERS CONTINUE TO BENEFIT FROM RECORD LEVELS OF EQUITY, LENDING STANDARDS REMAIN STRONG, AND MANY BUYERS ARE FINDING OPPORTUNITIES THROUGH INCREASED INVENTORY AND SELLER CONCESSIONS.

WHILE NO MARKET IS WITHOUT UNCERTAINTY, UNDERSTANDING THE SOURCE OF INFLATION IS CRITICAL. UNLIKE THE BROAD ECONOMIC IMBALANCES OF A FEW YEARS AGO, TODAY'S INFLATION APPEARS MORE CONCENTRATED AND POTENTIALLY SHORTER-LIVED. IF ENERGY PRICES BEGIN TO STABILIZE, BOTH INFLATION AND MORTGAGE RATES COULD FOLLOW, CREATING A MORE FAVORABLE ENVIRONMENT FOR BUYERS, SELLERS, AND THE OVERALL HOUSING MARKET.

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The sale and purchase of a home is one of the most significant events that an individual will experience in their lifetime. It is more than the simple purchase of housing, for it directly impacts the hopes, dreams, aspirations, and economic destiny of those involved. It is for this reason that the Fair Housing Act and other federal and state laws were enacted to guarantee a right to a national housing market free from discrimination based on race, color, religion, sex, handicap, familial status, and national origin.