

# KEEPING CURRENT MATTERS

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JANUARY 2015



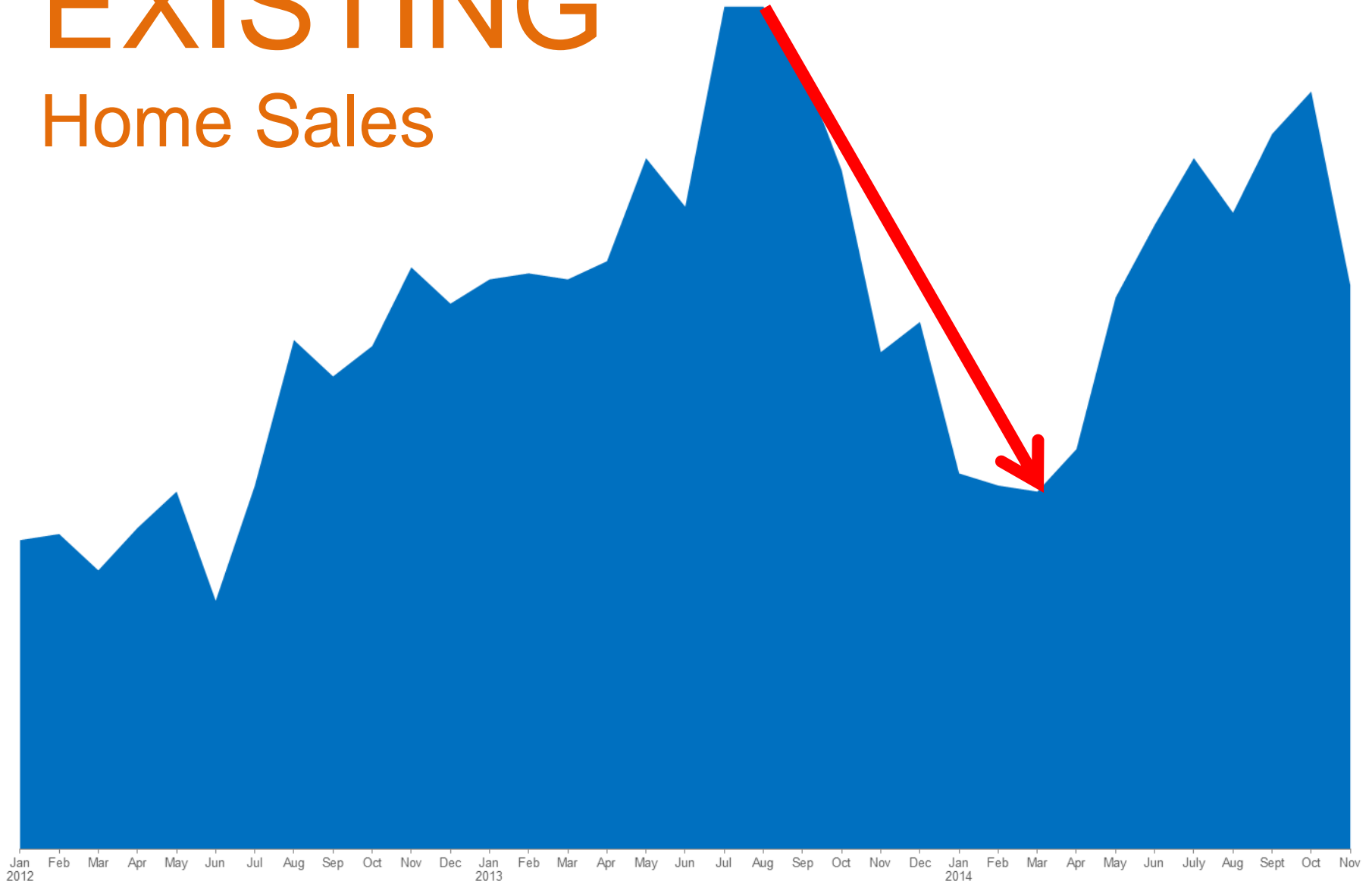
# EXISTING

## Home Sales

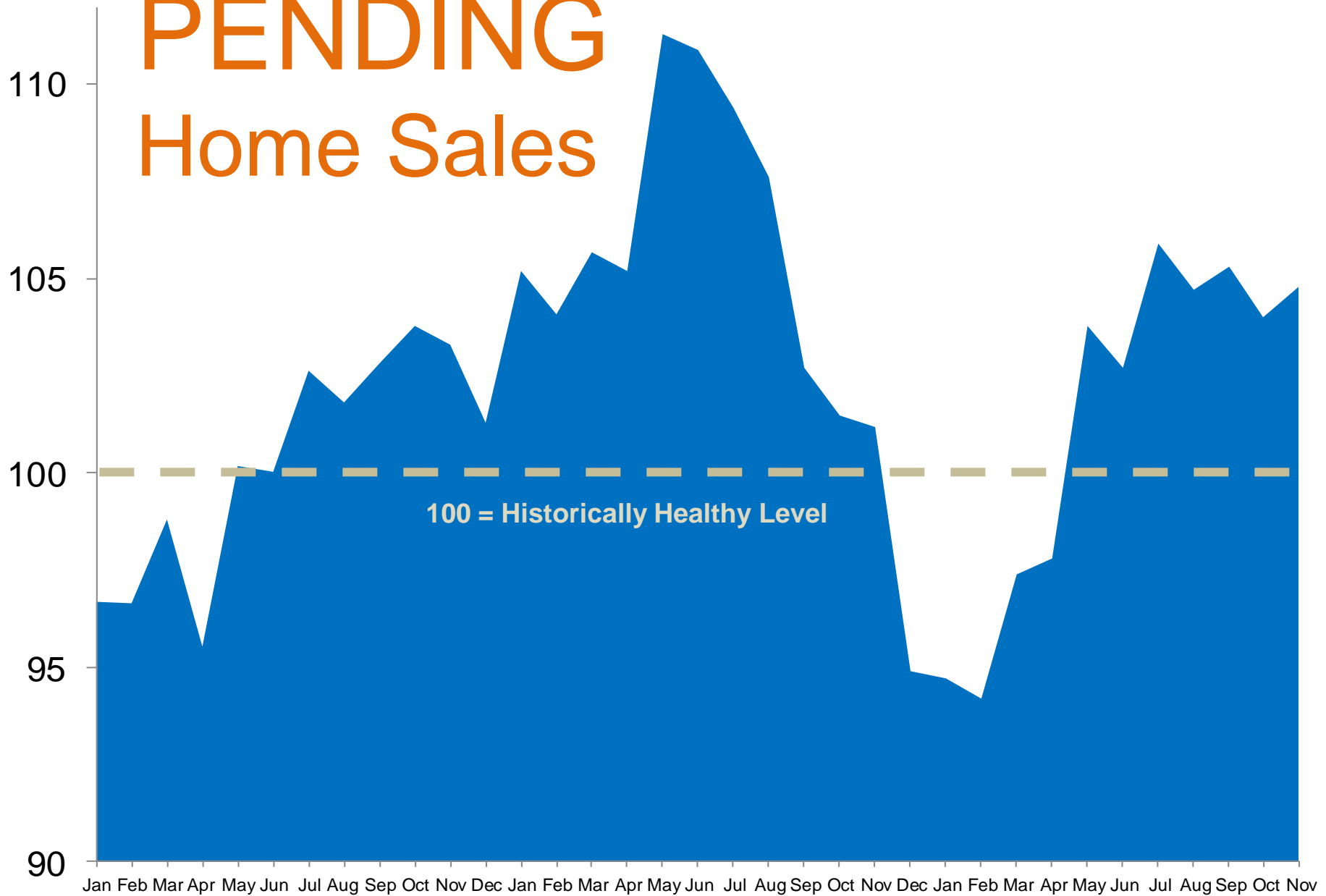


# EXISTING

## Home Sales



# PENDING Home Sales

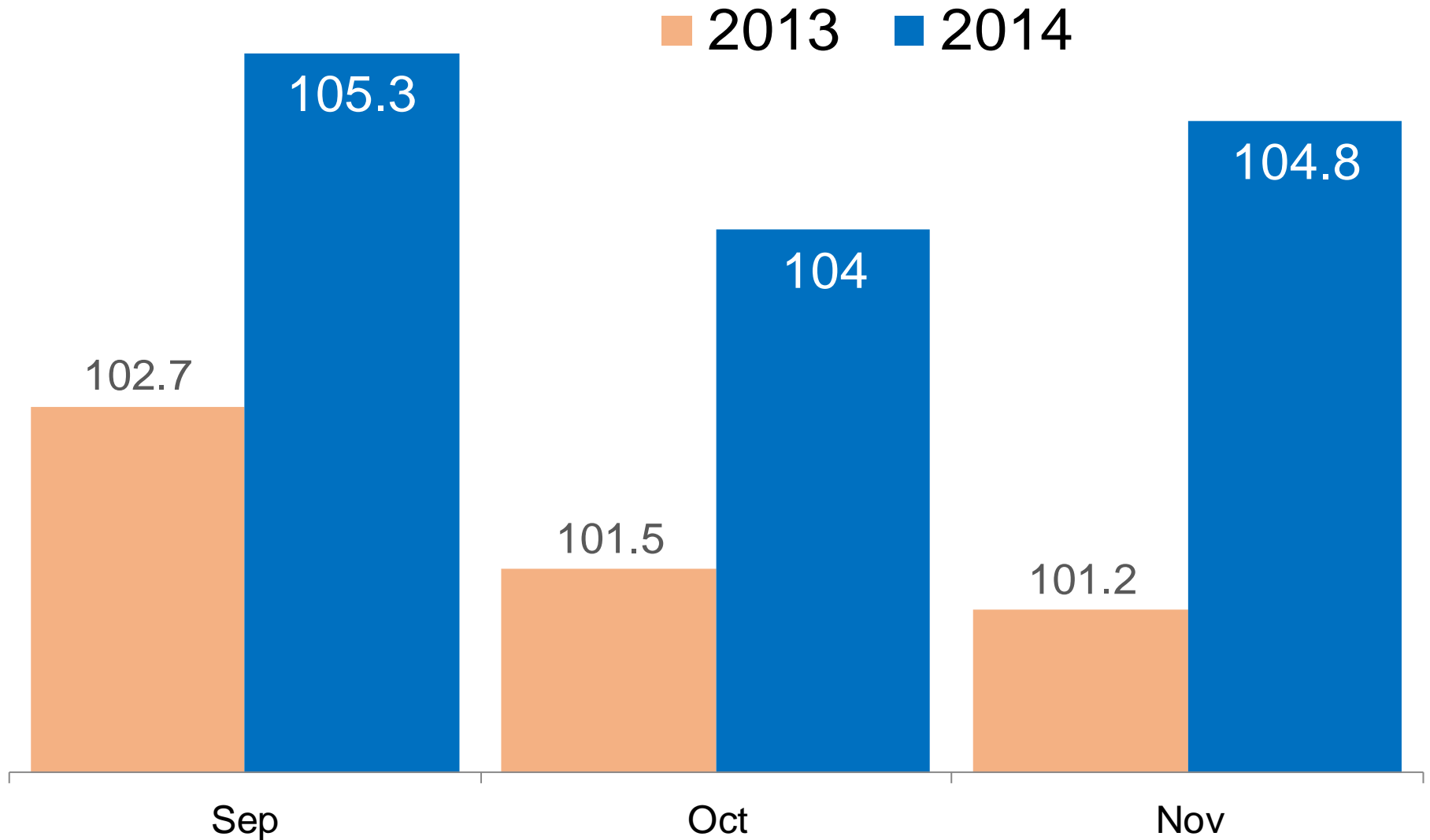


# PENDING

## Home Sales

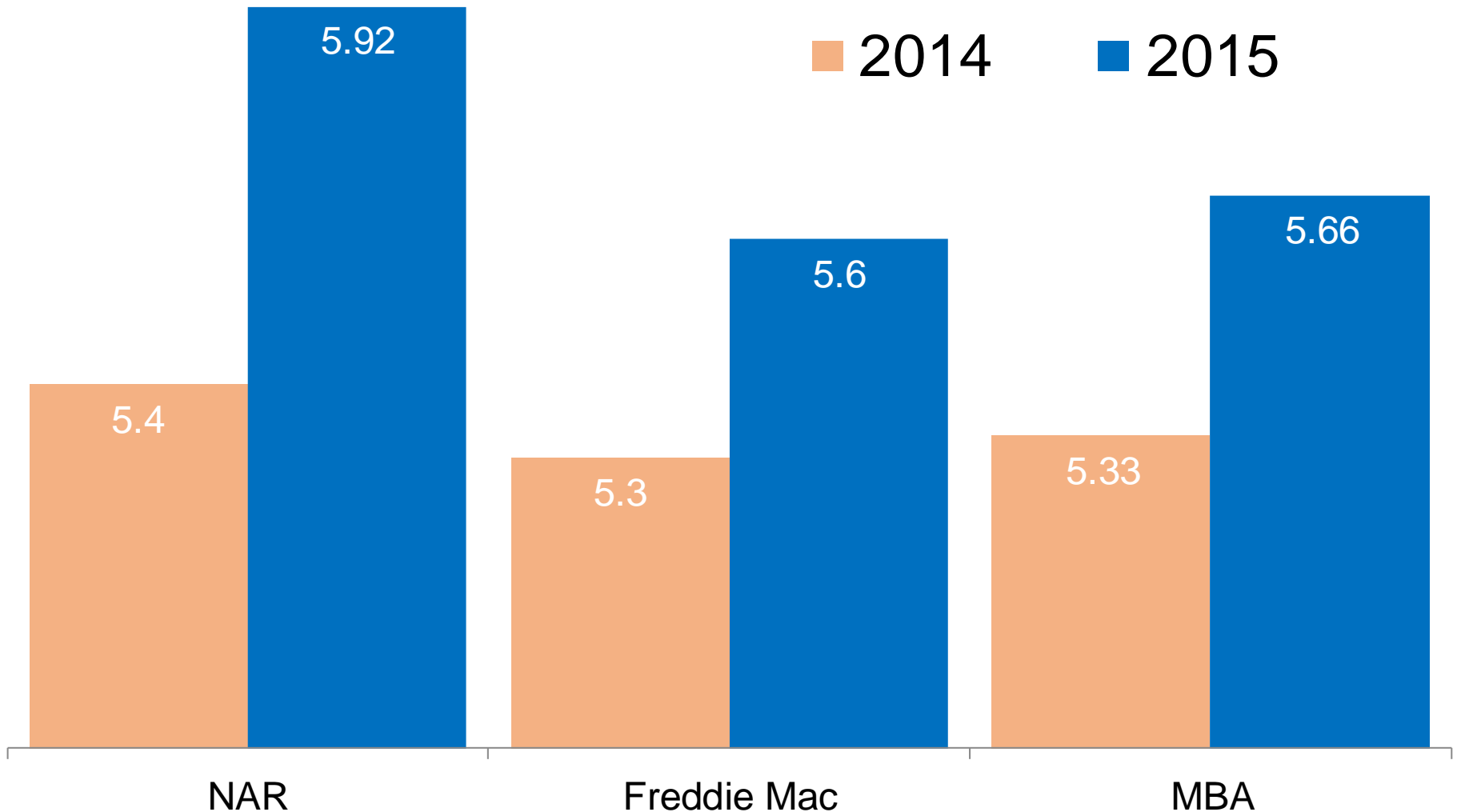


# PENDING Home Sales



# 2014 Home Sales & 2015 Projections

(Existing & New Construction in millions)



# HOME PRICES

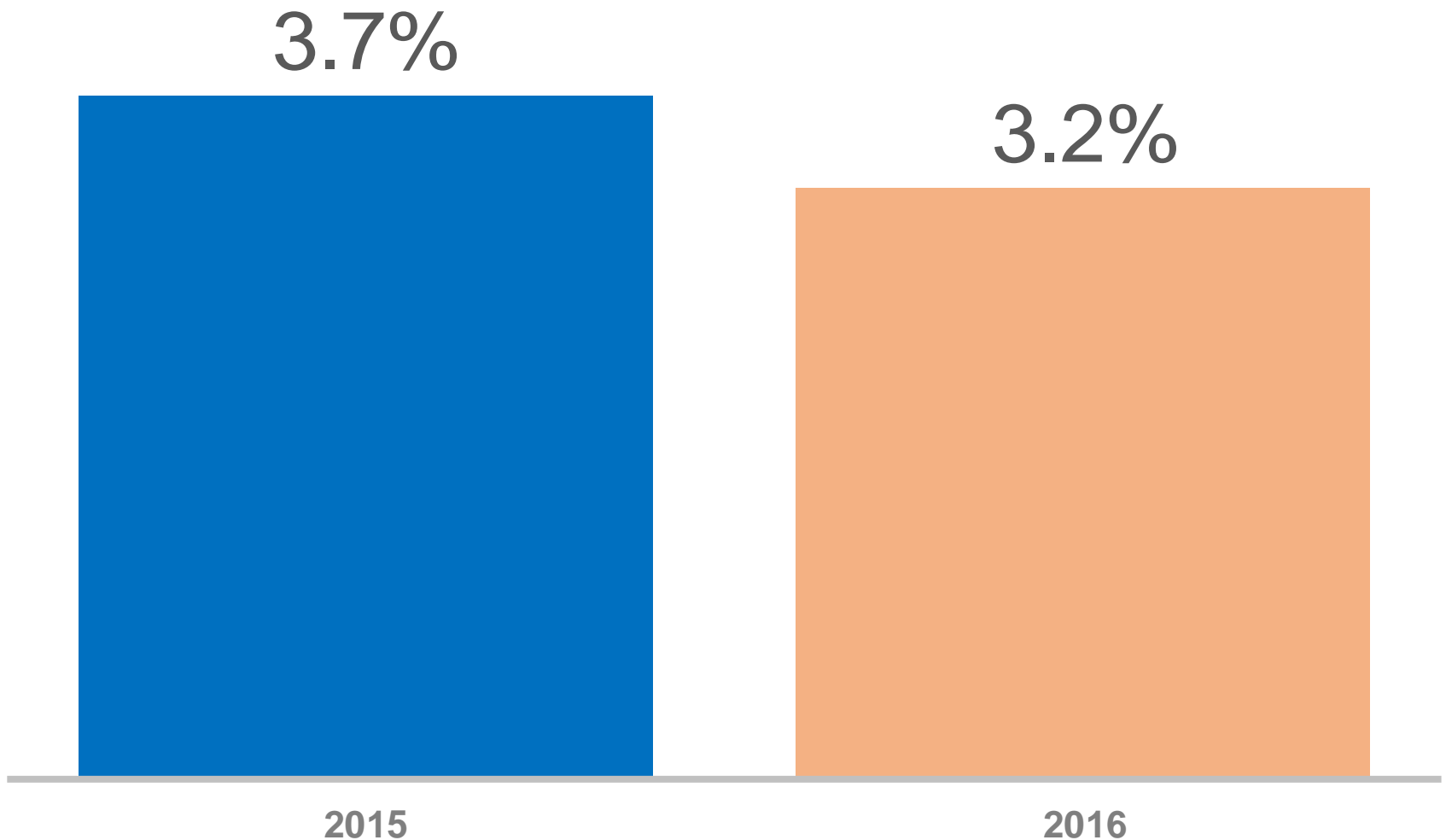


# Case Shiller

Year-Over-Year PRICE CHANGES



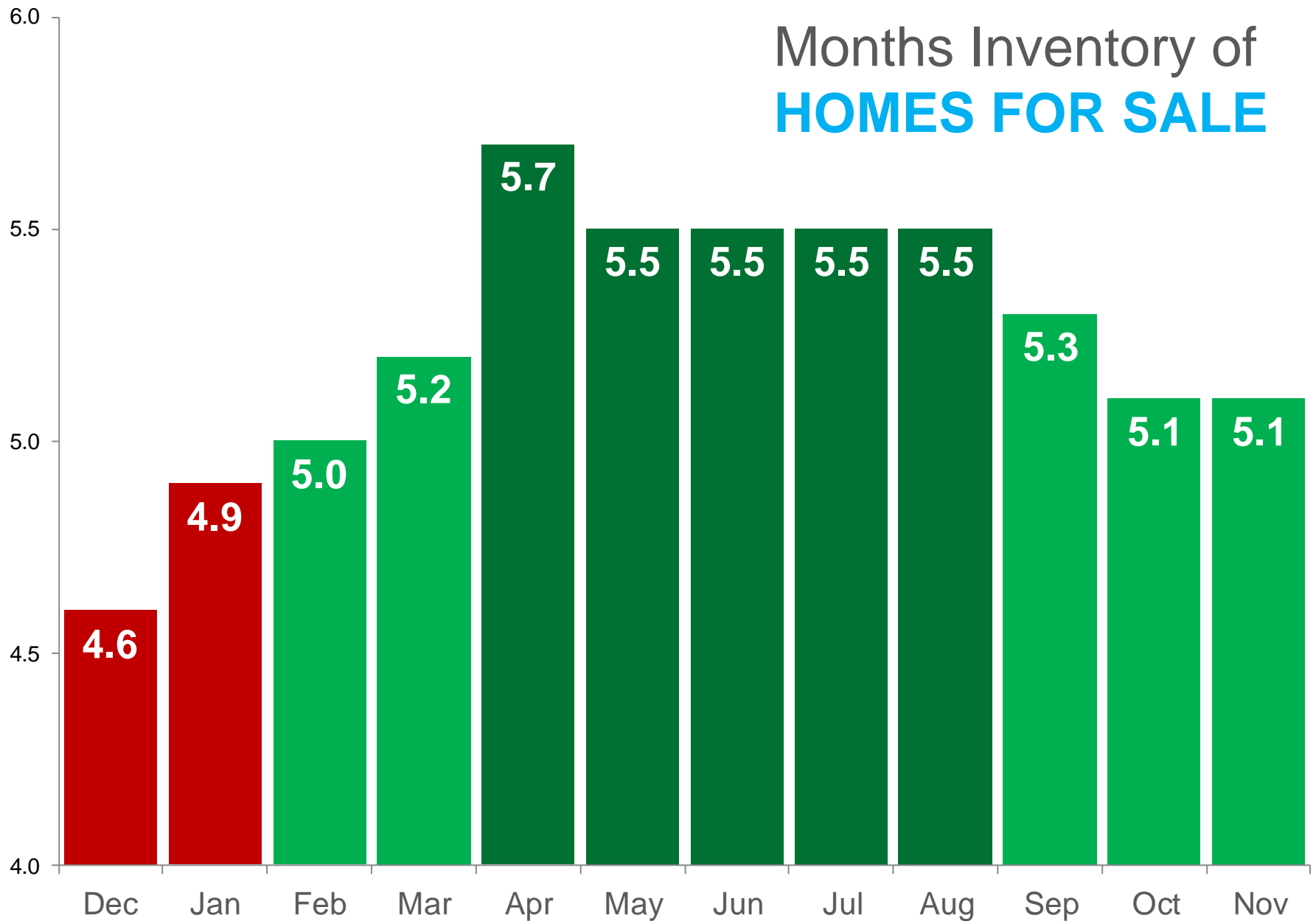
# Projected Home Appreciation



\*Mean Percentage

Home Price Expectation Survey 2014 4Q

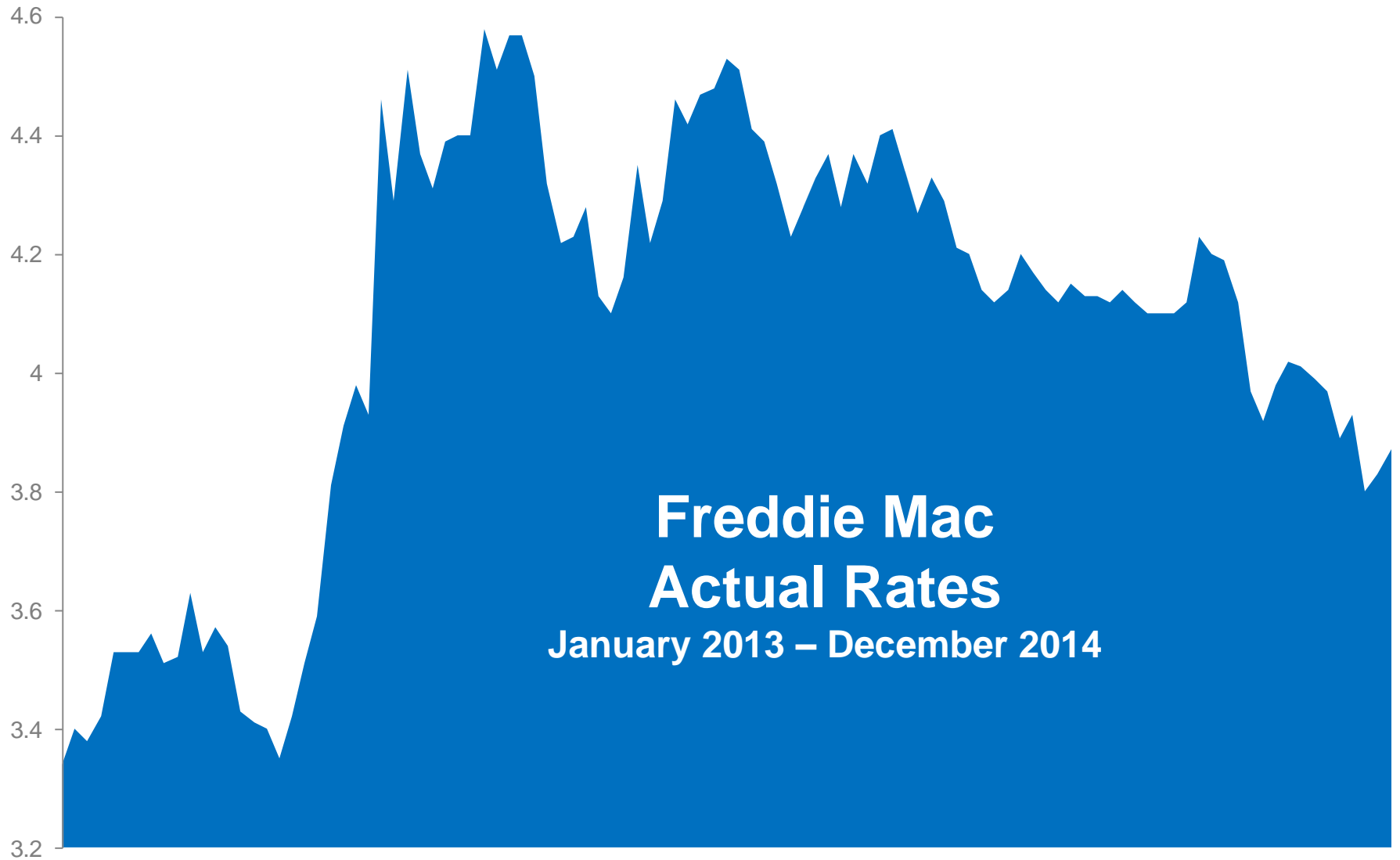
# Months Inventory of **HOMES FOR SALE**





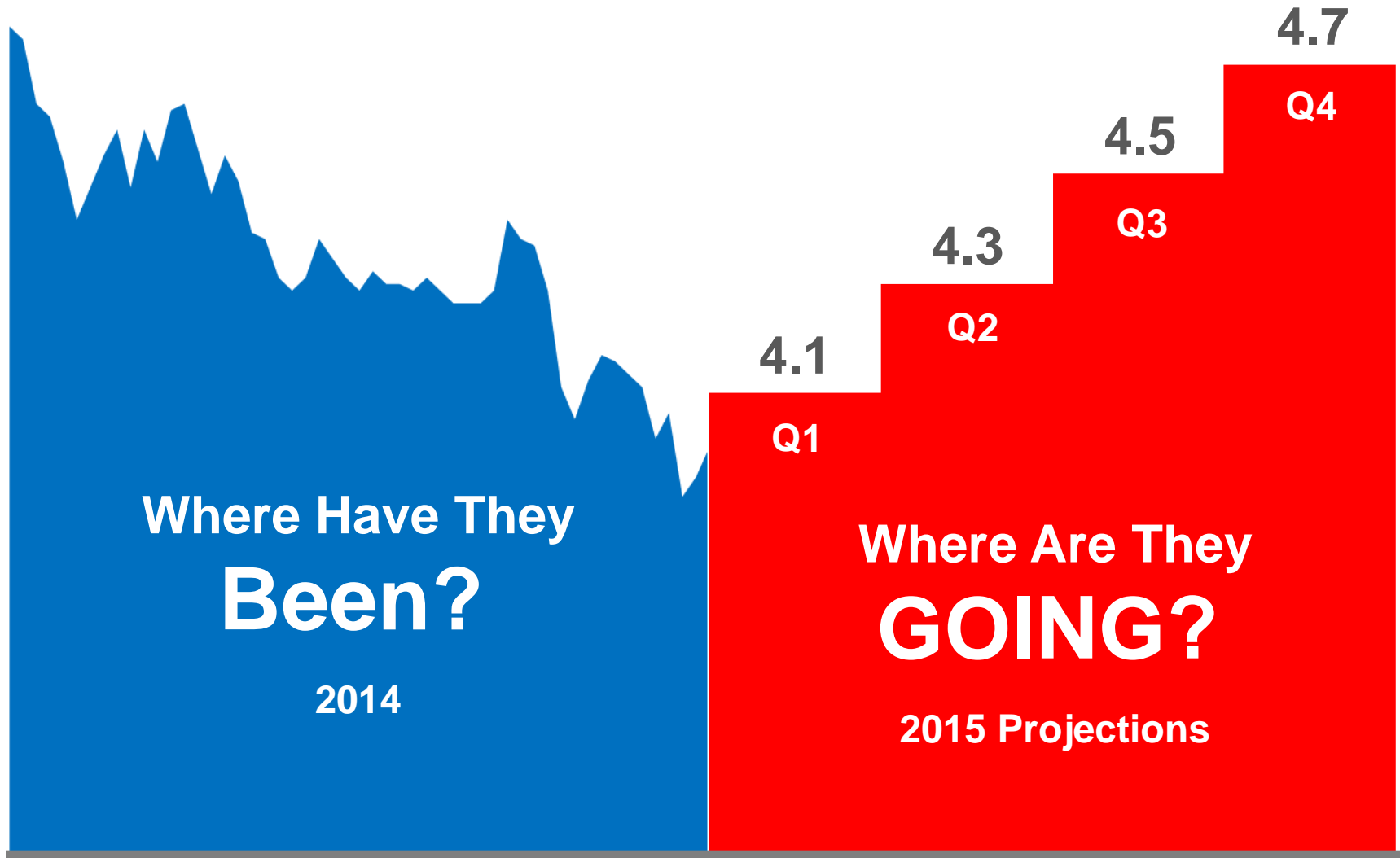
**Mortgage  
Interest  
Rates**

# 30 Year Fixed Rate Mortgages



# Mortgage Rates

Freddie Mac 30 Year Fixed Rate



# Mortgage Rate Projections

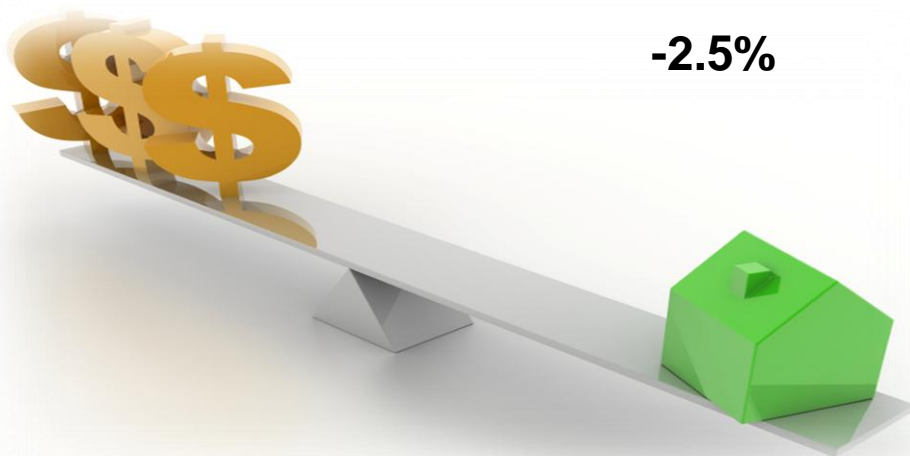


Quarter	Fannie Mae	Freddie Mac	MBA	NAR	Average of all four
2015 1Q	4.0%	4.1%	4.4%	4.2%	4.25%
2015 2Q	4.1%	4.3%	4.6%	4.5%	4.38%
2015 3Q	4.2%	4.5%	5.0%	4.9%	4.65%
2015 4Q	4.3%	4.7%	5.1%	5.4%	4.88%

# Buyer's Purchasing Power

**RATE**

<b>5.25</b>	\$ 2,208	\$ 2,154	\$ 2,098	\$ 2,044	\$ 1,988
<b>5.00</b>	\$ 2,148	\$ 2,094	\$ 2,040	\$ 1,986	\$ 1,932
<b>4.75</b>	\$ 2,086	\$ 2,034	\$ 1,982	\$ 1,930	<b>\$ 1,878</b>
<b>4.50</b>	\$ 2,026	\$ 1,976	\$ 1,926	<b>\$ 1,874</b>	\$ 1,824
<b>4.25</b>	\$ 1,968	\$ 1,919	<b>\$ 1,869</b>	\$ 1,820	\$ 1,771
<b>4.00</b>	\$ 1,910	<b>\$ 1,862</b>	\$ 1,814	\$ 1,766	\$ 1,719
<b>3.75</b>	<b>\$ 1,852</b>	\$ 1,806	\$ 1,760	\$ 1,714	\$ 1,667
	<b>\$ 400,000</b>	<b>\$ 390,000</b>	<b>\$ 380,000</b>	<b>\$ 370,000</b>	<b>\$ 360,000</b>
		<b>-2.5%</b>	<b>-5%</b>	<b>-7.5%</b>	<b>-10%</b>



Principal and Interest Payments  
rounded to the nearest dollar amount.

# Infographics



Reasons to Own



Purchasing Power



Reasons to Sell



Historic Mortgage Rates by Decade

Decade	Average Rate	Payment
1970s	8.86%	\$1,589
1980s	12.7%	\$2,166
1990s	8.12%	\$1,484
2000s	6.29%	\$1,237
Nov. 2014	4.01%	\$956





MILLENNIALS

“By the end of 2015 millennials will become the largest home-buying age group...As this generation matures, they will become a home-buying force to be reckoned with.”



Dr. Stan Humphries, Zillow Chief Economist

“Households headed by millennials will see significant growth as a reflection of economic gains...Next year's addition of 2.75 million jobs and increased household formation will be the two key factors driving first-time buyer sales.”



“Employers have started hiring...wages may rise for many, according to a recent forecast from the Hay Group, which predicts the average salary will rise 5.4% this year.”



Rachel Emma Silverman in the Wall Street Journal

# 46%

of all buyers were  
first time buyers

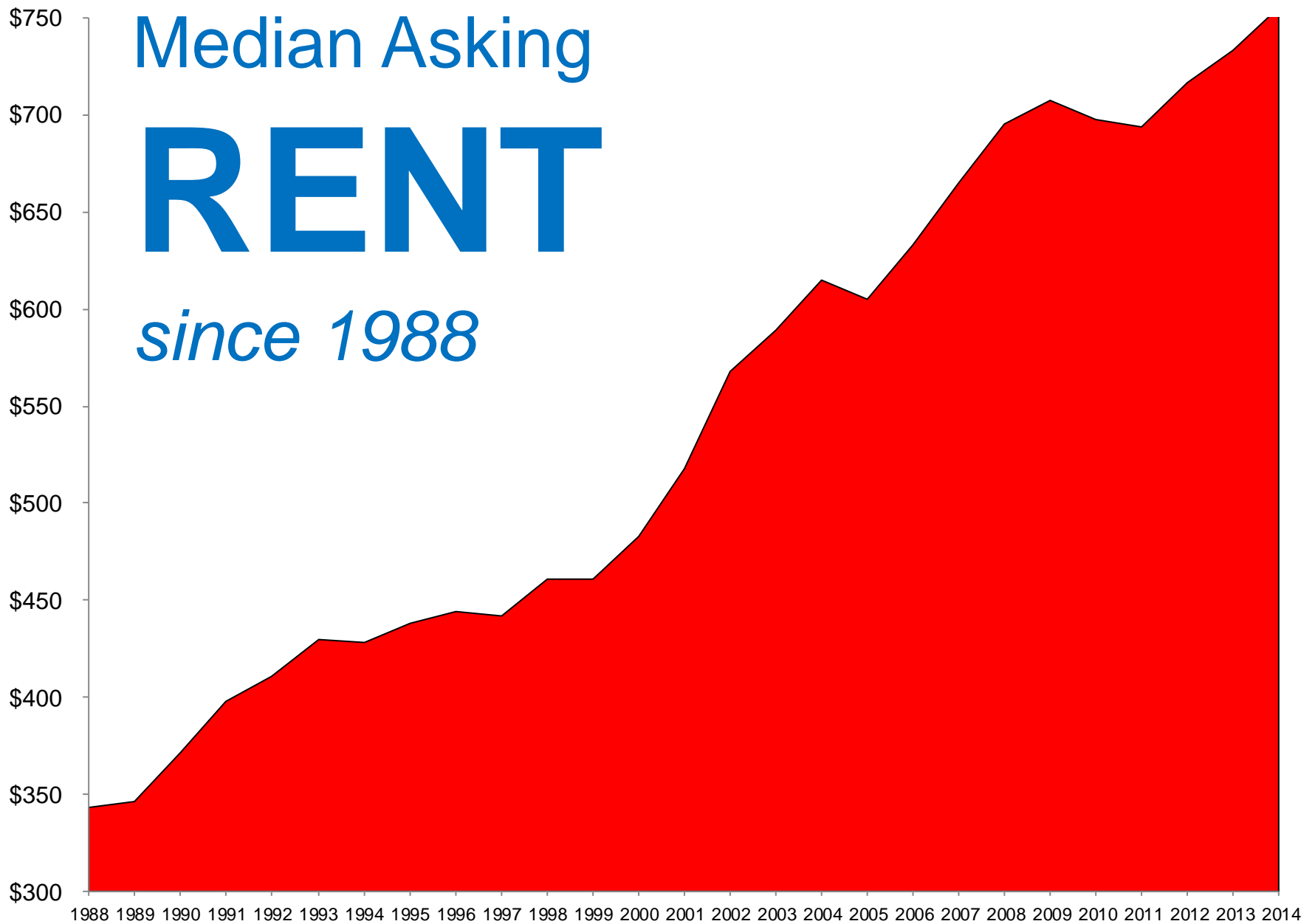
...according to the **First-Time Buyer Mortgage Share Index** by AEI's International Center on Housing Risk

“Household formations in 2014 through September are already at their highest rate since 2005.”

Neil Dutta, Head of Economics at Renaissance Macro Research



Median Asking  
**RENT**  
*since 1988*



“Landlords have ramped up rents by the fastest pace in six years, with national vacancy rates the lowest in two decades.”



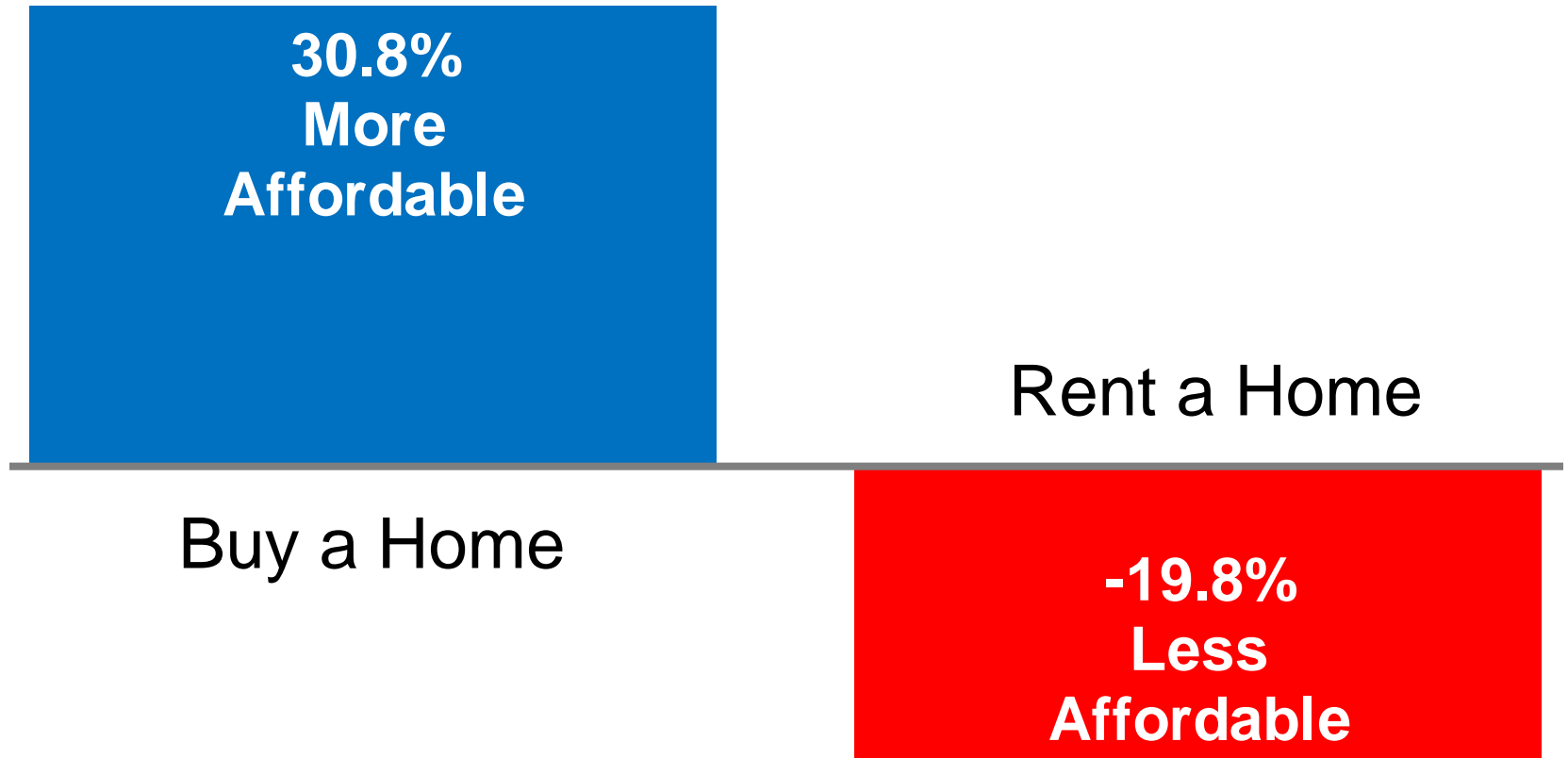
Ruth Mantell, Economics Reporter at MarketWatch

“Another increase in total rent paid similar to that seen this year isn't out of the question. In fact, it's probable.”



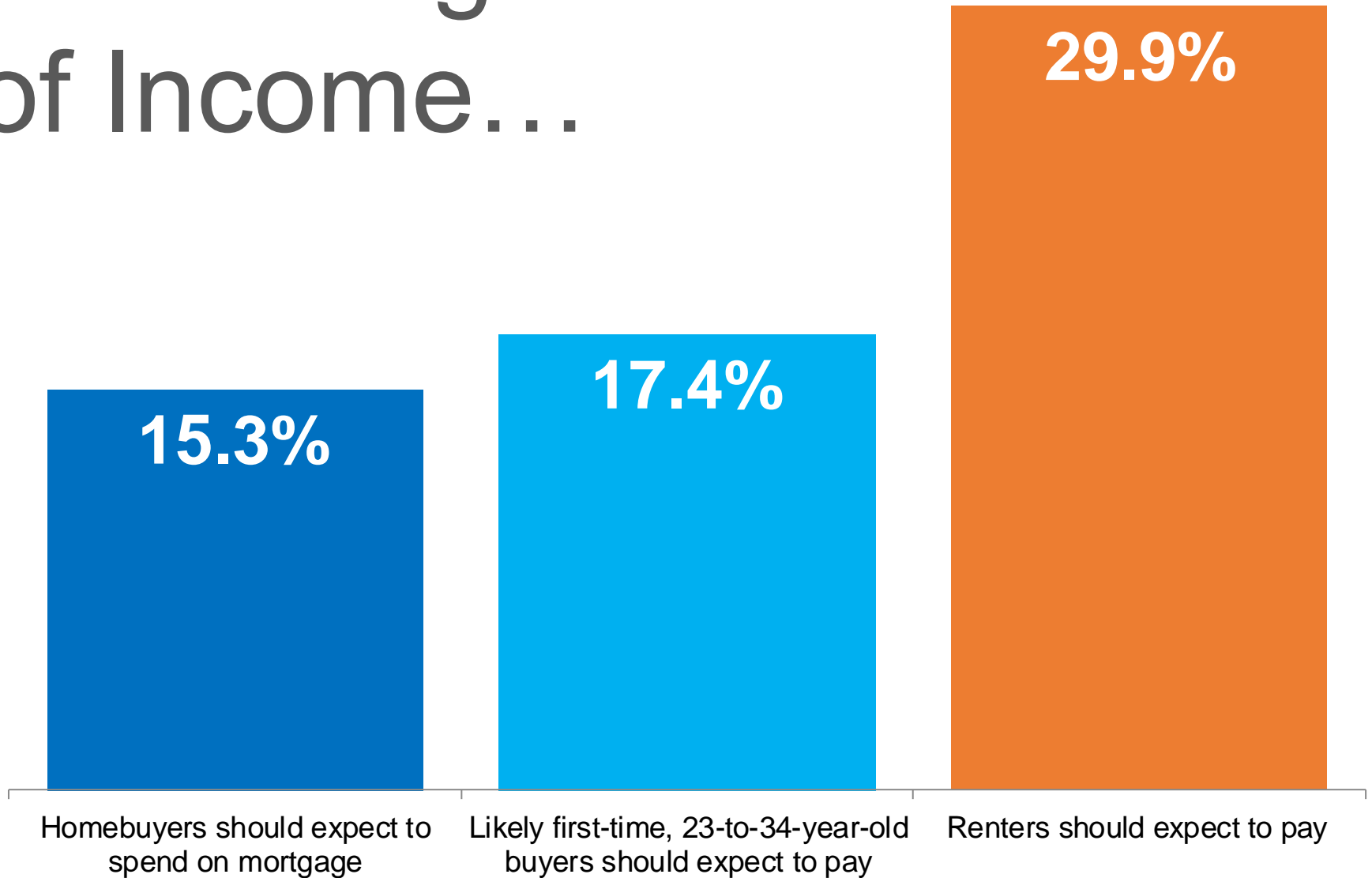
Zillow Chief Economist Stan Humphries

# More or Less Affordable?



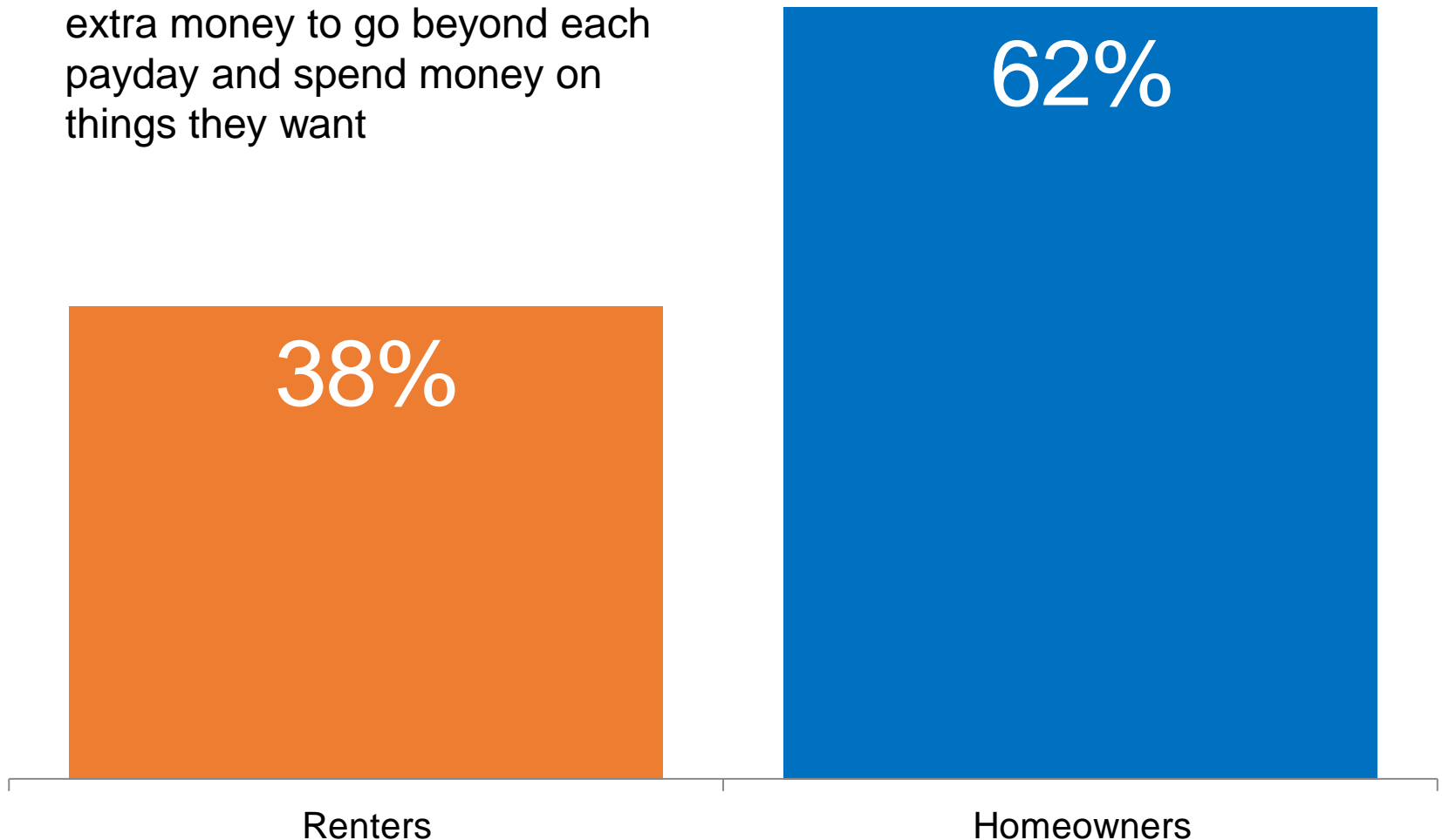
...in the third quarter than it was in the pre-bubble years (1985 -1999)

# Percentage of Income...



# Who is More 'COMFORTABLE' Financially?

Comfortable is defined as having extra money to go beyond each payday and spend money on things they want



“With a 30-year fixed rate mortgage, you'll have the certainty and stability of knowing what your mortgage payment will be for the next 30 years – unlike rents, which will continue to rise over the next three decades.”



Christina Boyle, SVP at Freddie Mac



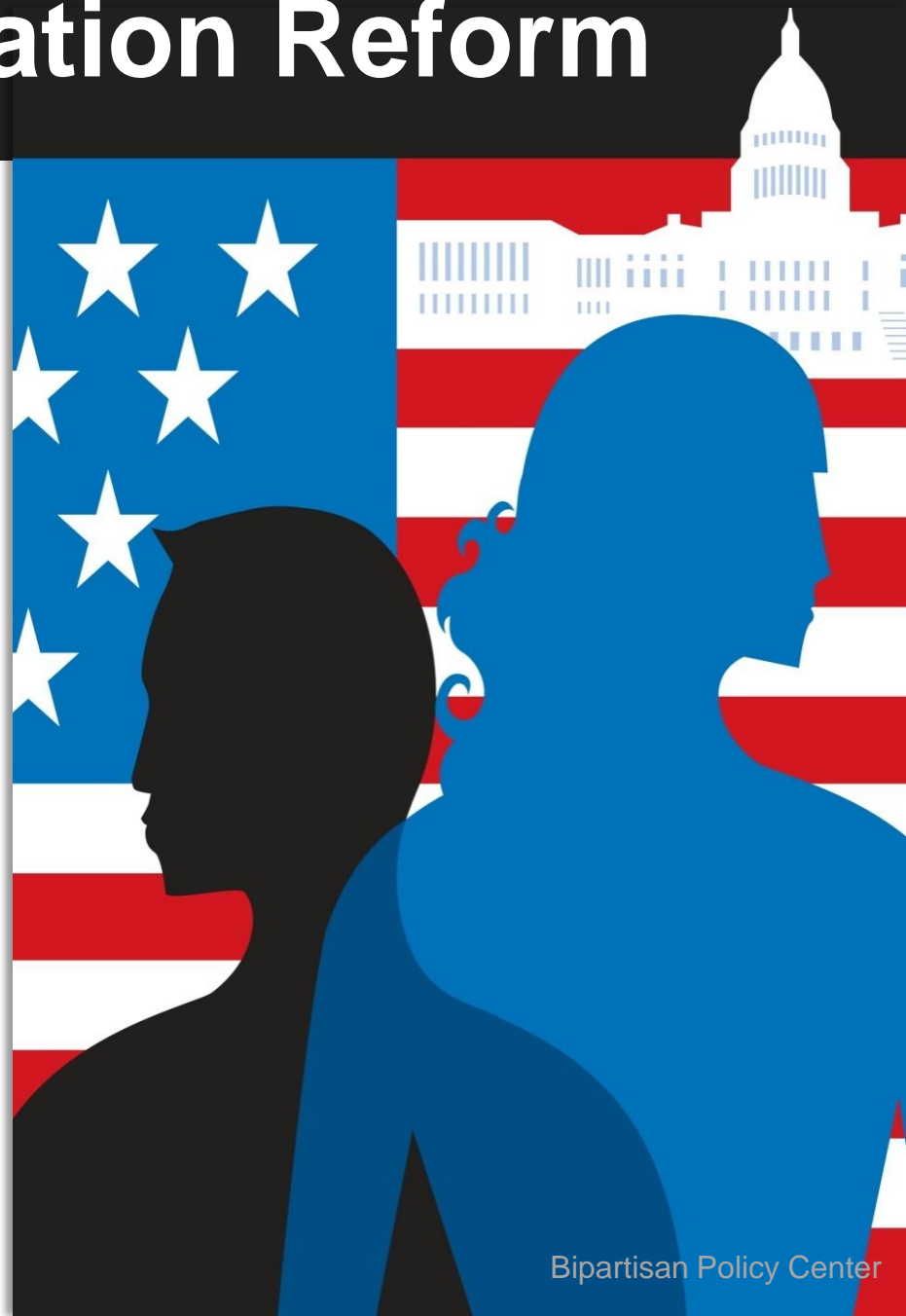
**LATINO FAMILIES**

# Impact of Immigration Reform

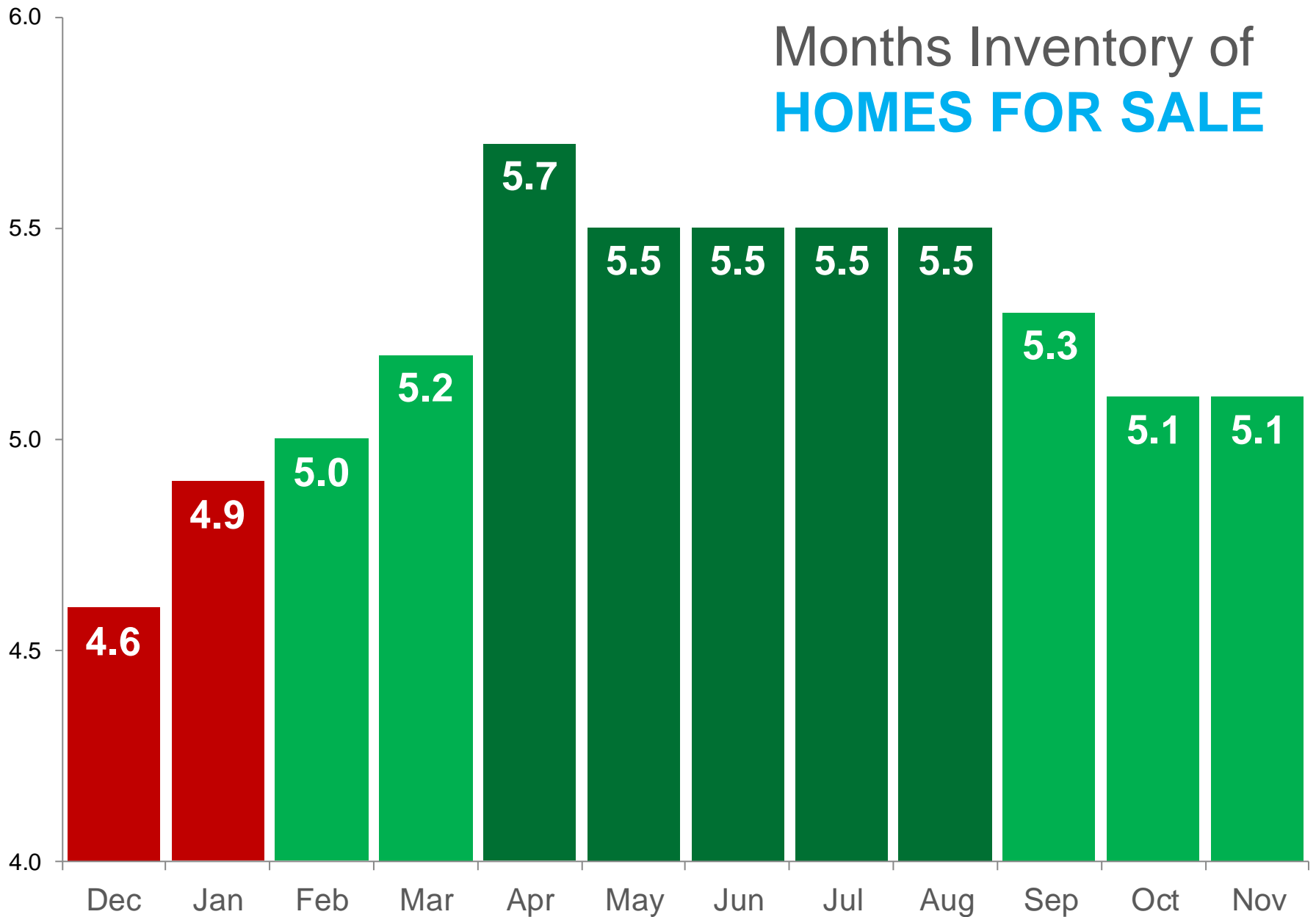
*“Demand for housing units increases as new immigrants enter the economy and form households, accelerating the current housing recovery and fueling growth in this sector of the economy.”*

**\$68B**

*Projected annual increase in spending  
on residential construction*



# Months Inventory of **HOMES FOR SALE**



# The Second Time HOMEBUYER



Date	Mortgage	Interest Rate*	P&I**
Today	\$300,000	4%	\$1,432.25
2015 4Q	\$312,000	5%	\$1,674.88
Difference in Monthly Payment			<b>\$242.63</b>

*Average Commitment Rate per Freddie Mac    \*\*Principal and Interest Payment*



Date	Mortgage	Interest Rate*	P&I**
Today	\$500,000	4%	\$2,387.08
2015 4Q	\$520,000	5%	\$2,791.47
Difference in Monthly Payment			<b>\$404.39</b>

*\*Average Commitment Rate per Freddie Mac*

*\*\*Principal and Interest Payment*



Date	Mortgage	Interest Rate*	P&I**
Today	\$700,000	4%	\$3,341.91
2015 4Q	\$728,000	5%	\$3,908.06
Difference in Monthly Payment			<b>\$566.15</b>

*Average Commitment Rate per Freddie Mac    \*\*Principal and Interest Payment*



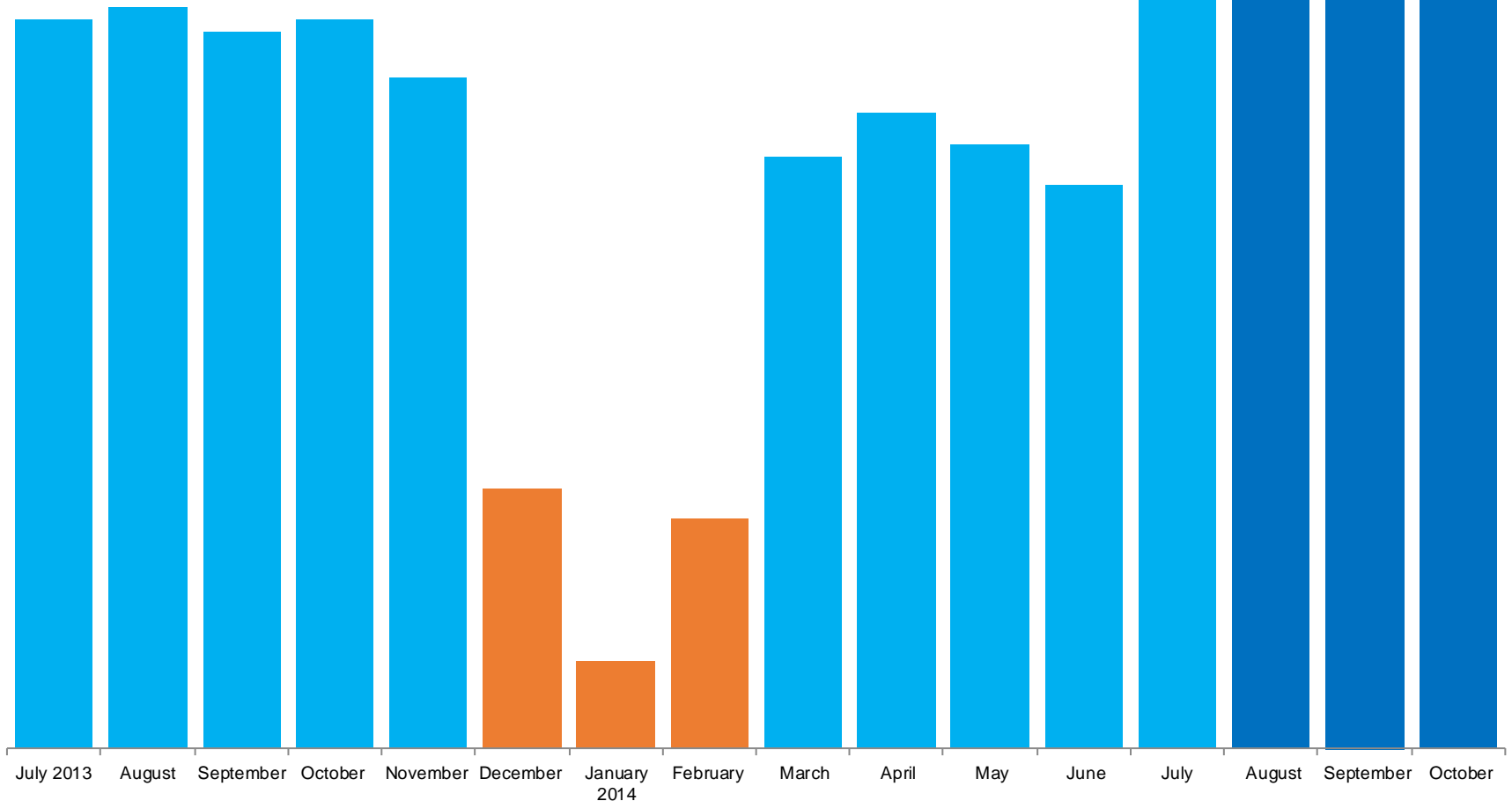
Date	Mortgage	Interest Rate*	P&I**
Today	\$1M	4%	\$4,774.15
2015 4Q	\$1.04M	5%	\$5,582.94
Difference in Monthly Payment			<b>\$808.79</b>

*Average Commitment Rate per Freddie Mac    \*\*Principal and Interest Payment*



# Foot Traffic

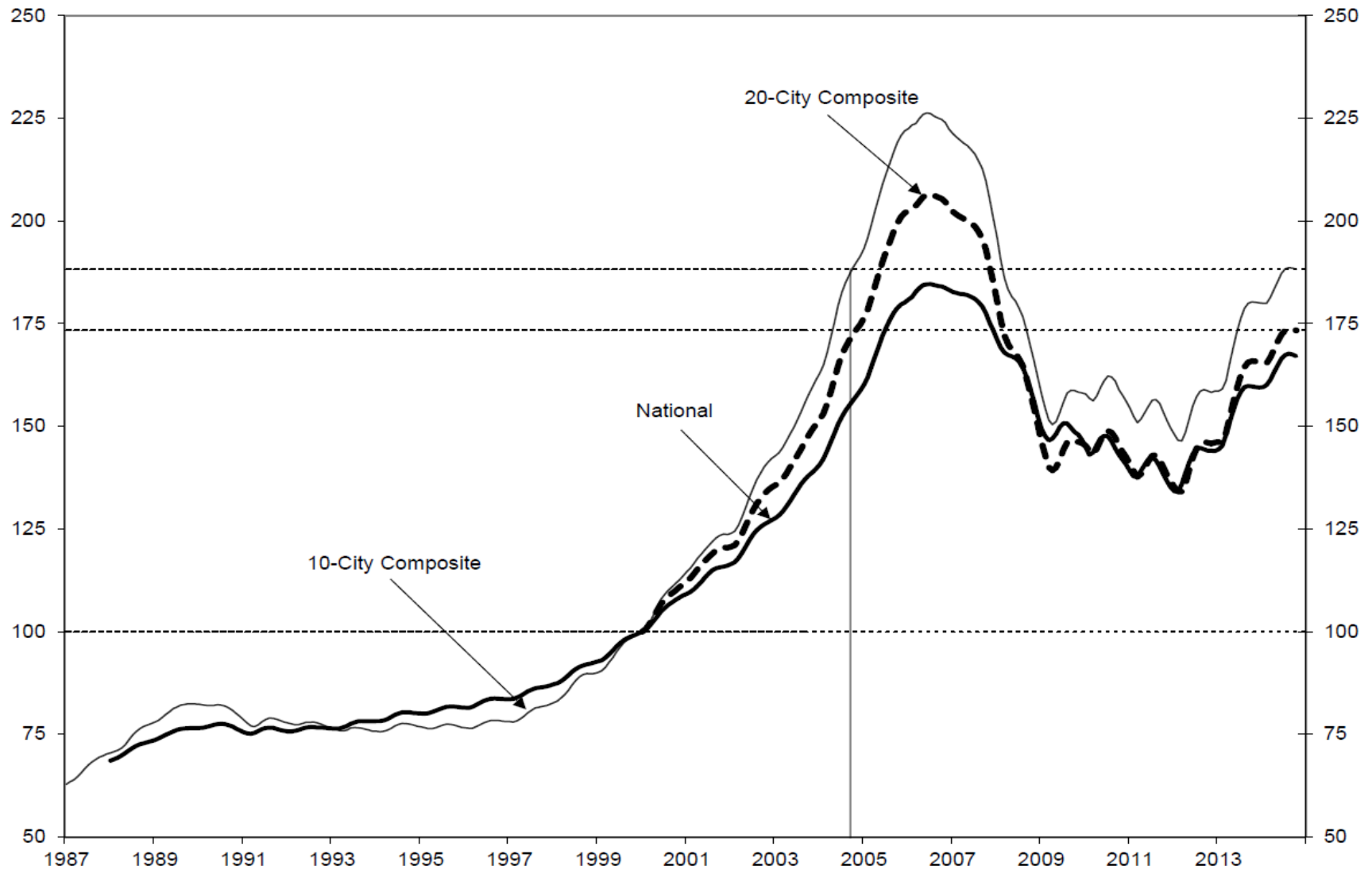
(indicator of future sales)



# Case Shiller



# S&P Case-Shiller Home Price Indices



# Months Inventory of **HOMES FOR SALE**



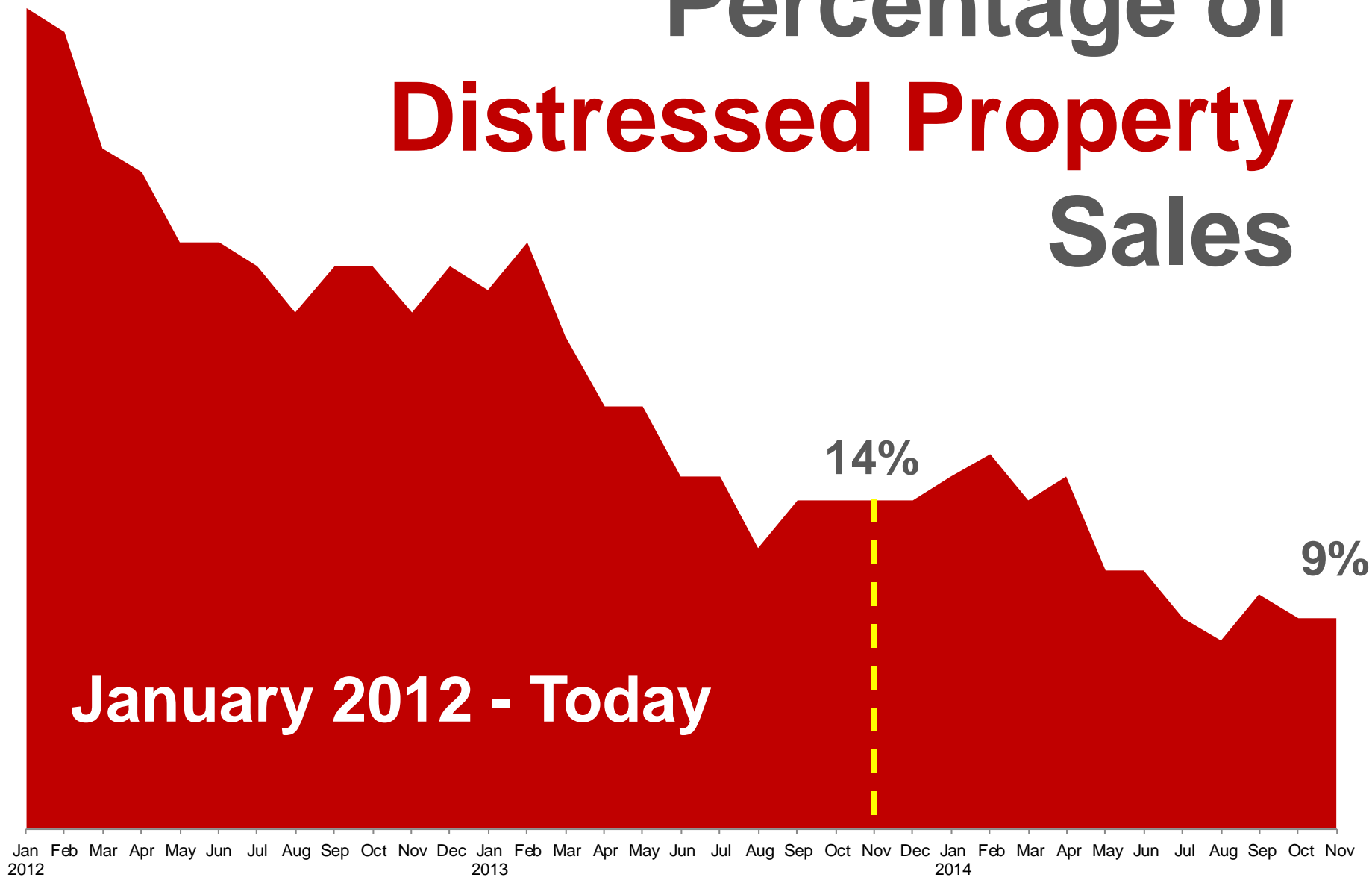
# Months Inventory of **HOMES FOR SALE**





35%

# Percentage of Distressed Property Sales



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