

THE HFA INSTITUTE 2025

Economic and Washington Briefing



National Council of State Housing Agencies



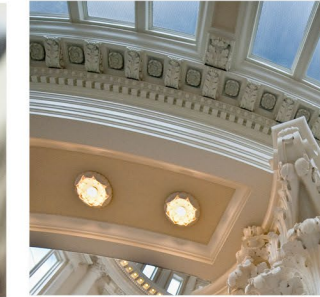
MRBs and Other Federal Homeownership Programs
JANUARY 15 – 17



Housing Credit
JANUARY 14 – 16



Section 8 and Other Federally Assisted Multifamily Housing
JANUARY 15 – 17



HOME and Housing Trust Fund
JANUARY 12 – 14



DISCUSSION LEADER

Garth Rieman, Director of Housing Advocacy and Strategic Initiatives |
National Council of State Housing Agencies

KEYNOTE PRESENTER

Michael Fratantoni, Chief Economist and Senior Vice President,
Research and Industry Technology | Mortgage Bankers Association

Economic and Mortgage Market Outlook Prepared for NCSHA

January 2025

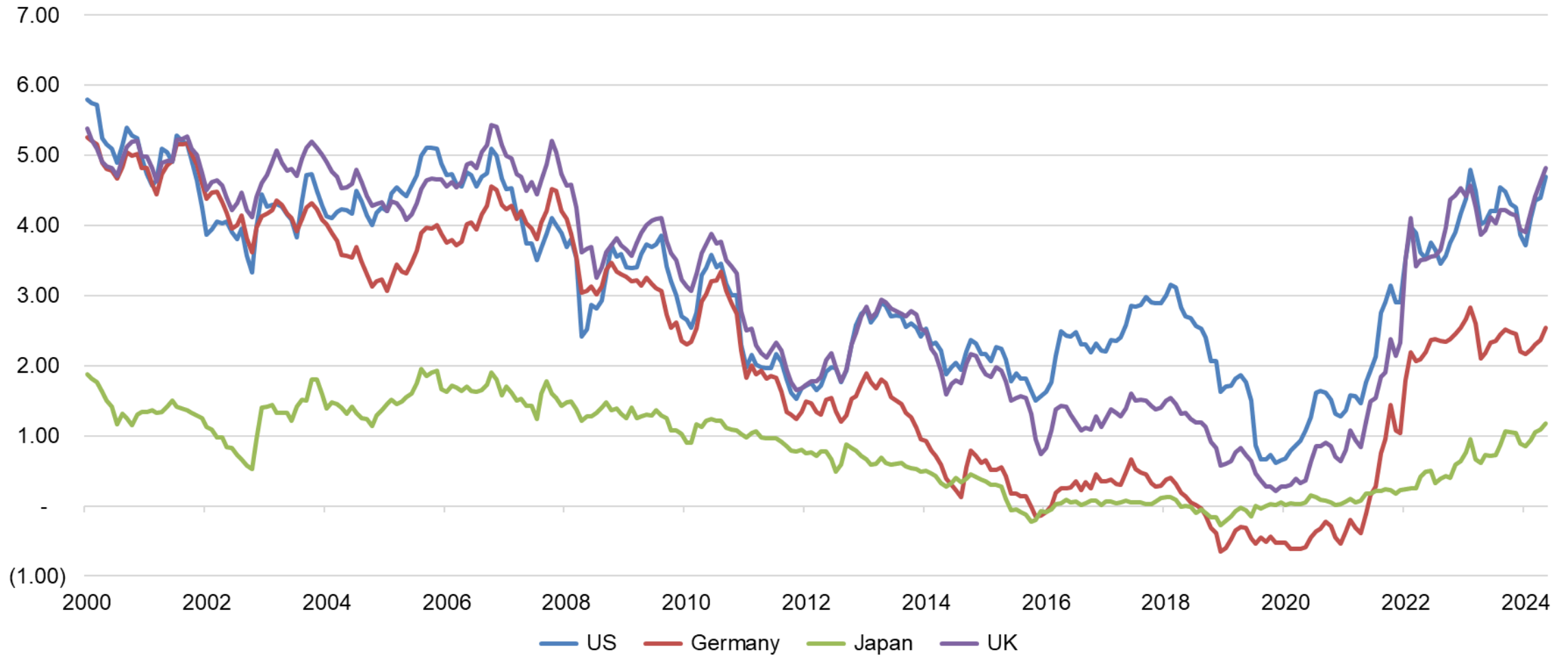
Presented by:

Mike Fratantoni, Ph.D., Chief Economist and Senior Vice President

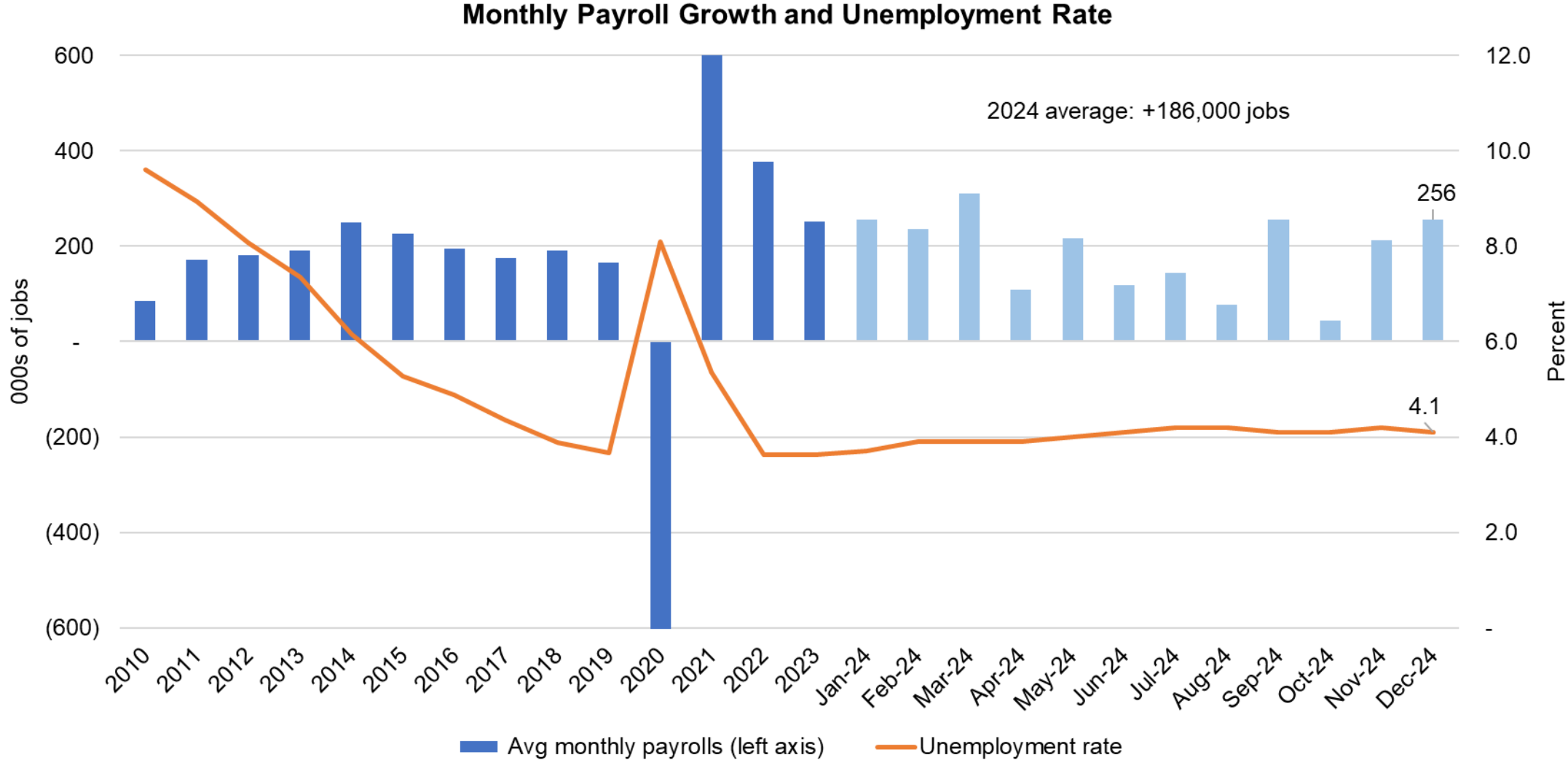


Global Yields Have Turned Higher

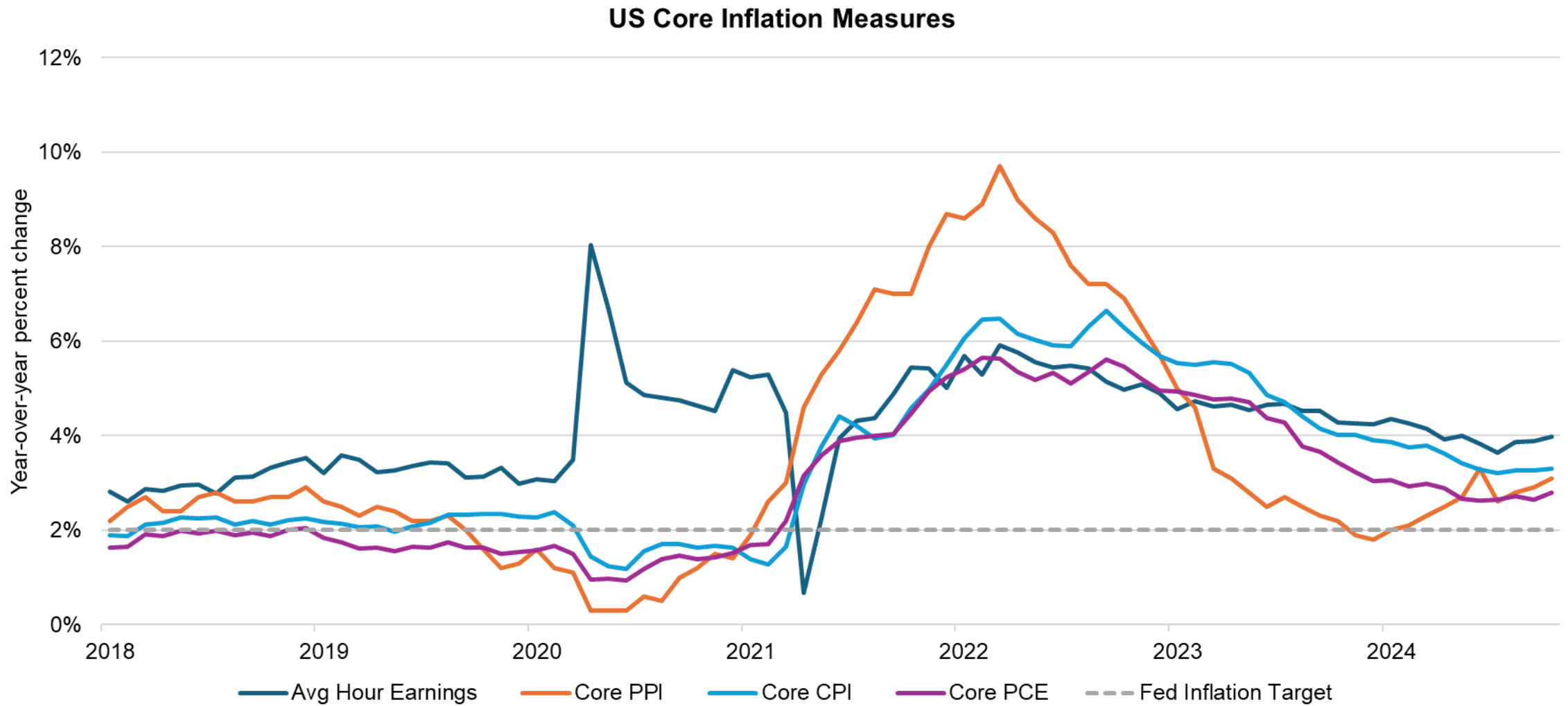
Comparison of 10-Year Bond Yields



U.S. Job Market: A Changing Picture?

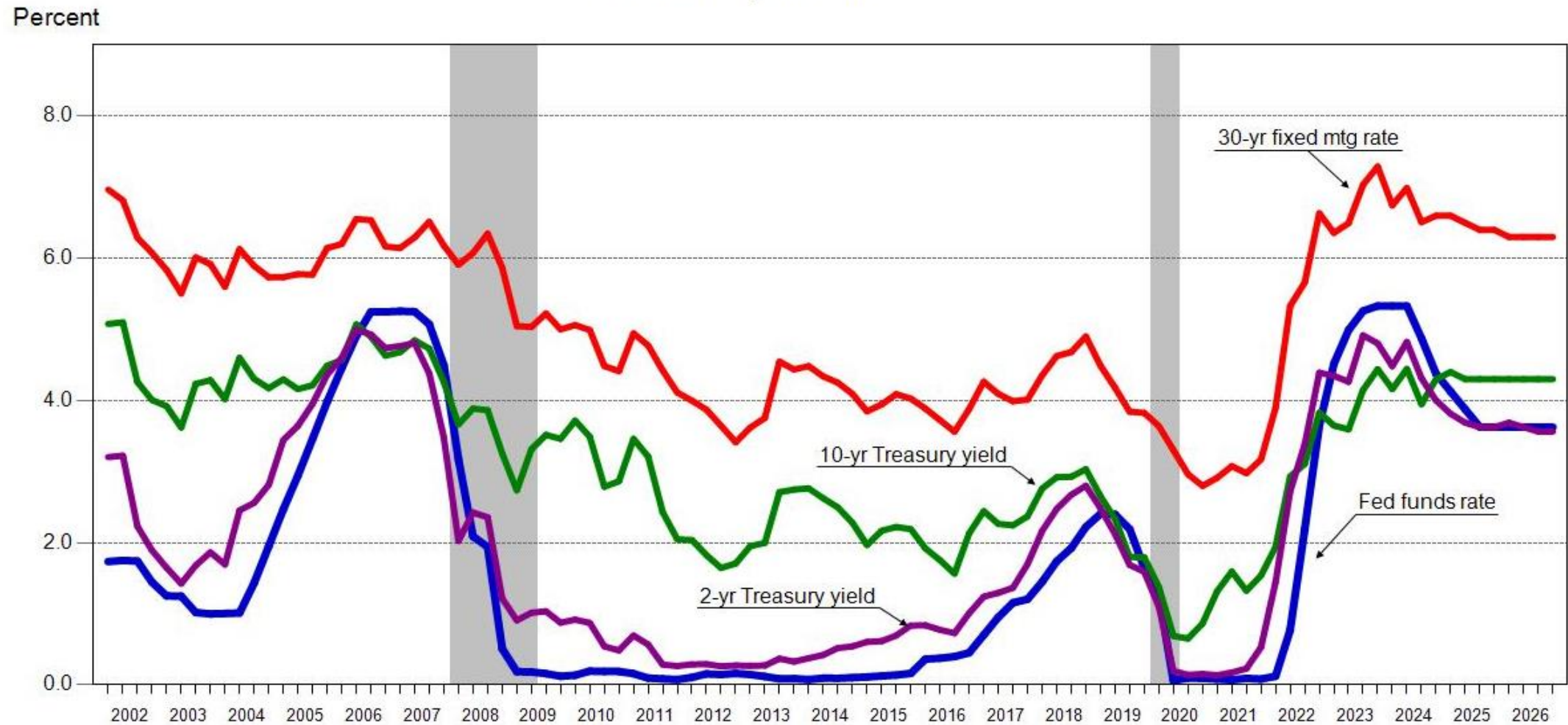


Latest Inflation News...



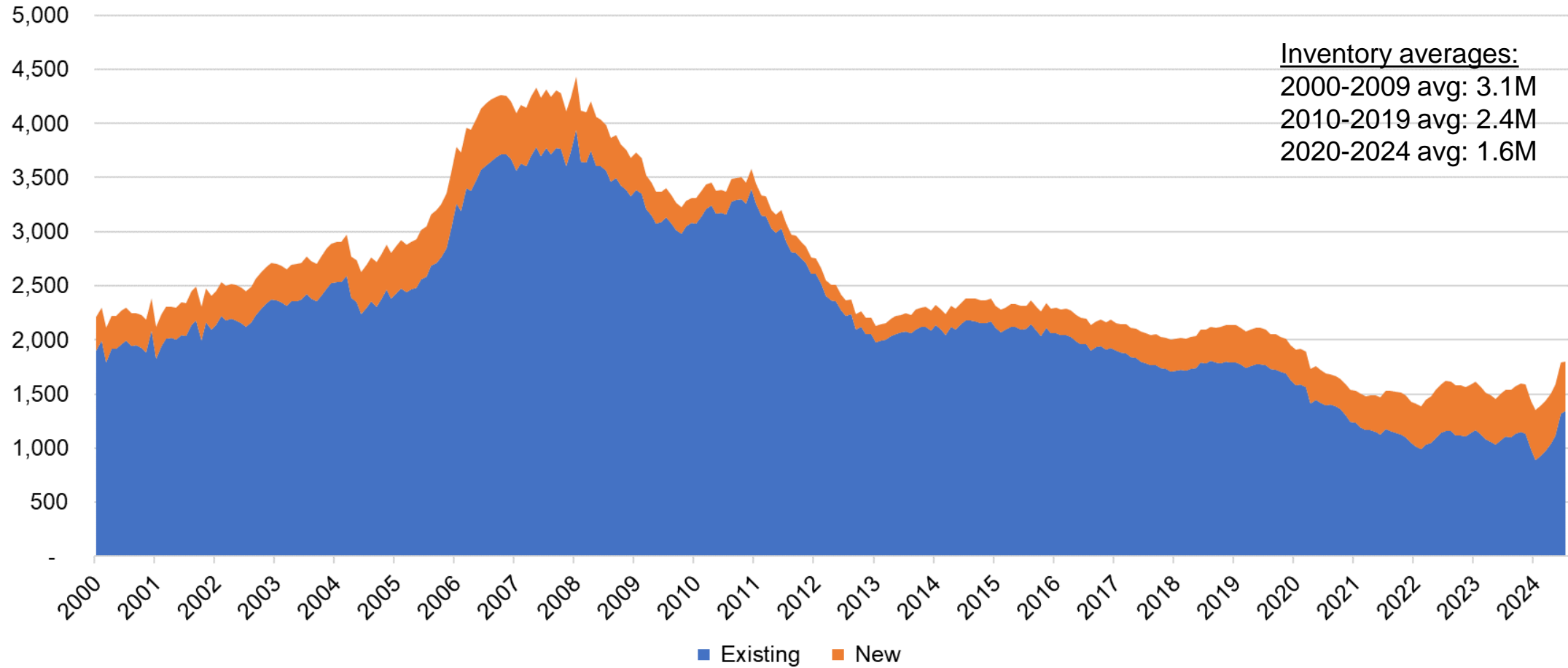
Rate Outlook: How Much More Will the Fed Cut?

Rate History and Forecast



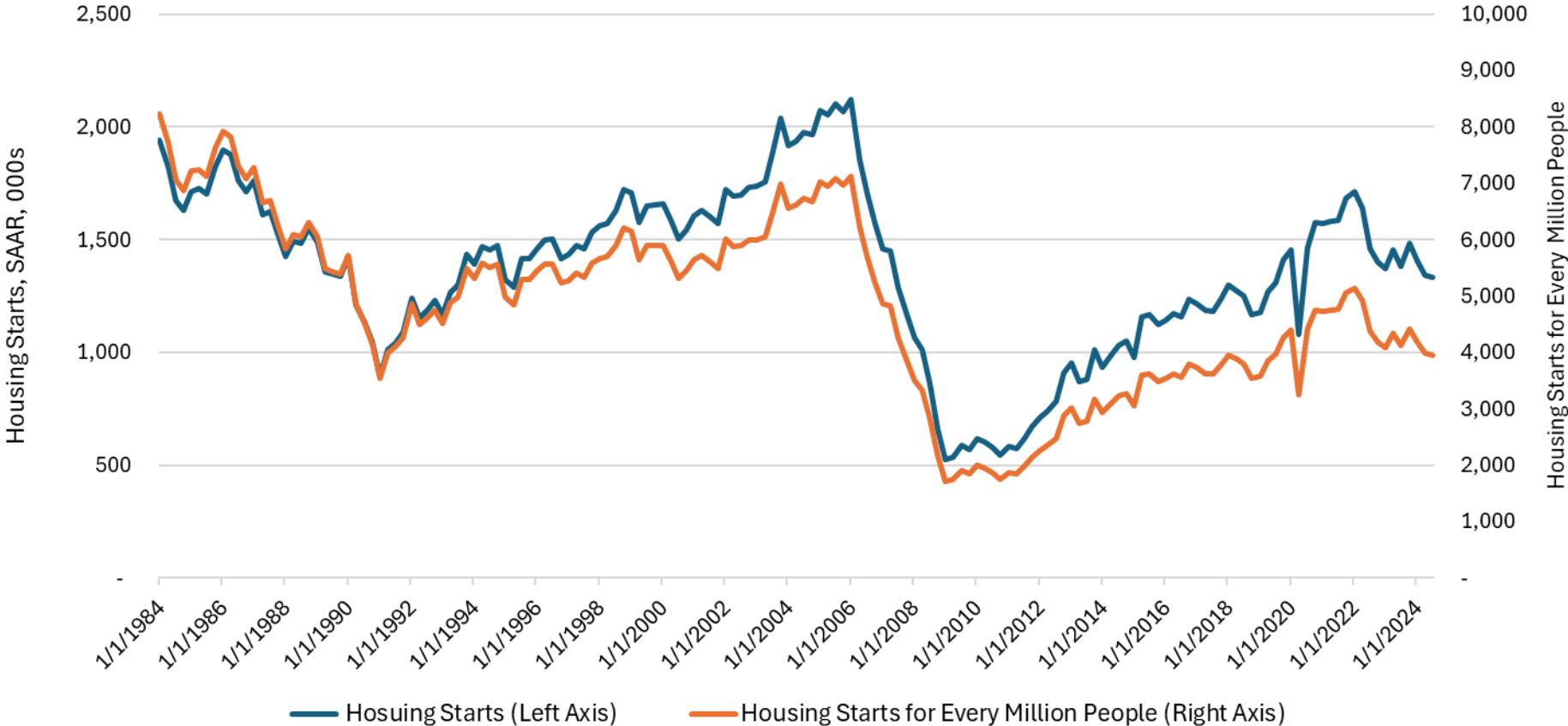
Housing Inventory Still Tight, But Growing

Housing Units Available for Sale
Seasonally adjusted, thousands



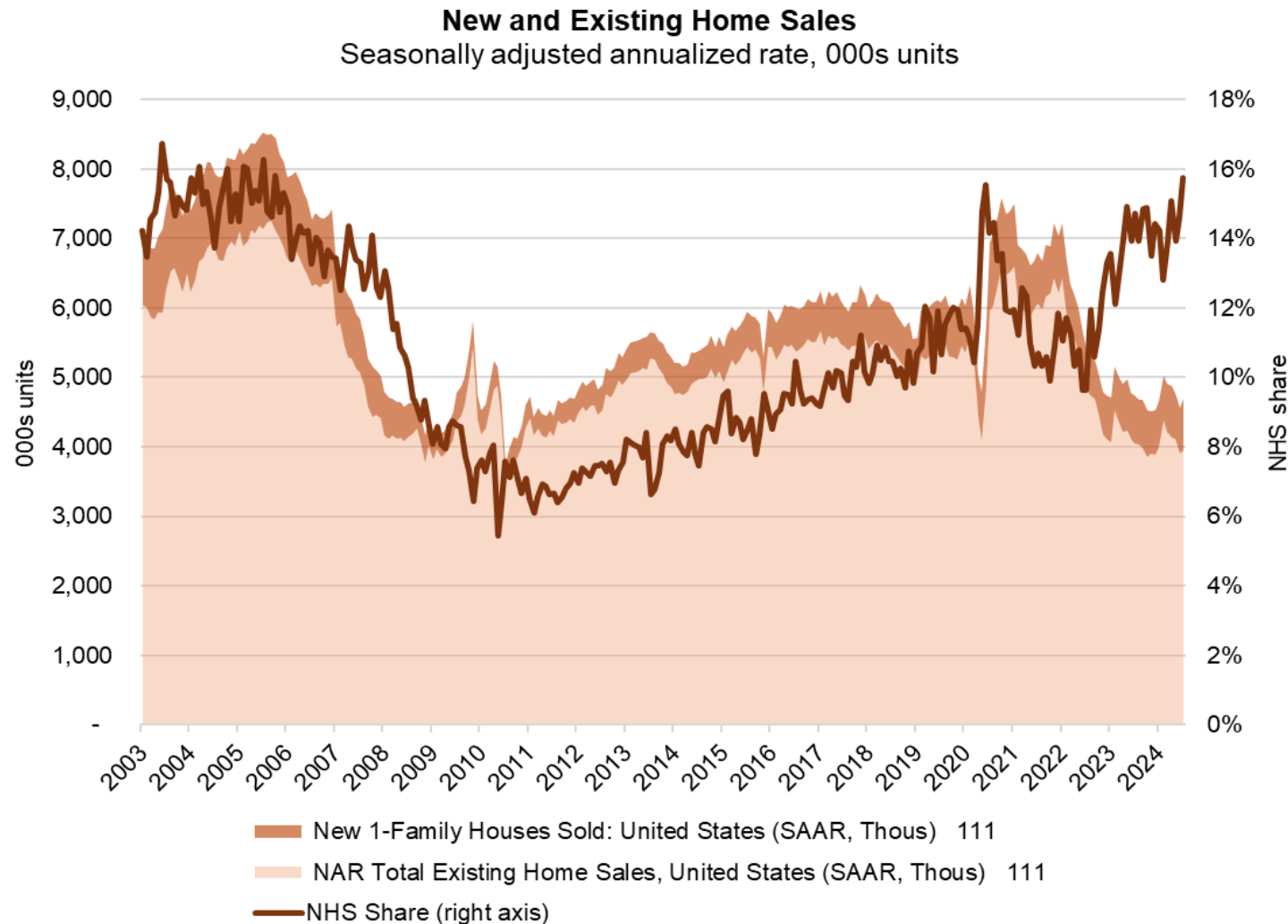
Builders Have Increased the Number of Units They are Building Since the Residential Construction Lows in the Early 2010s

Housing Starts and Housing Starts for Every One Million People
(Seasonally Adjusted Annual Rate)



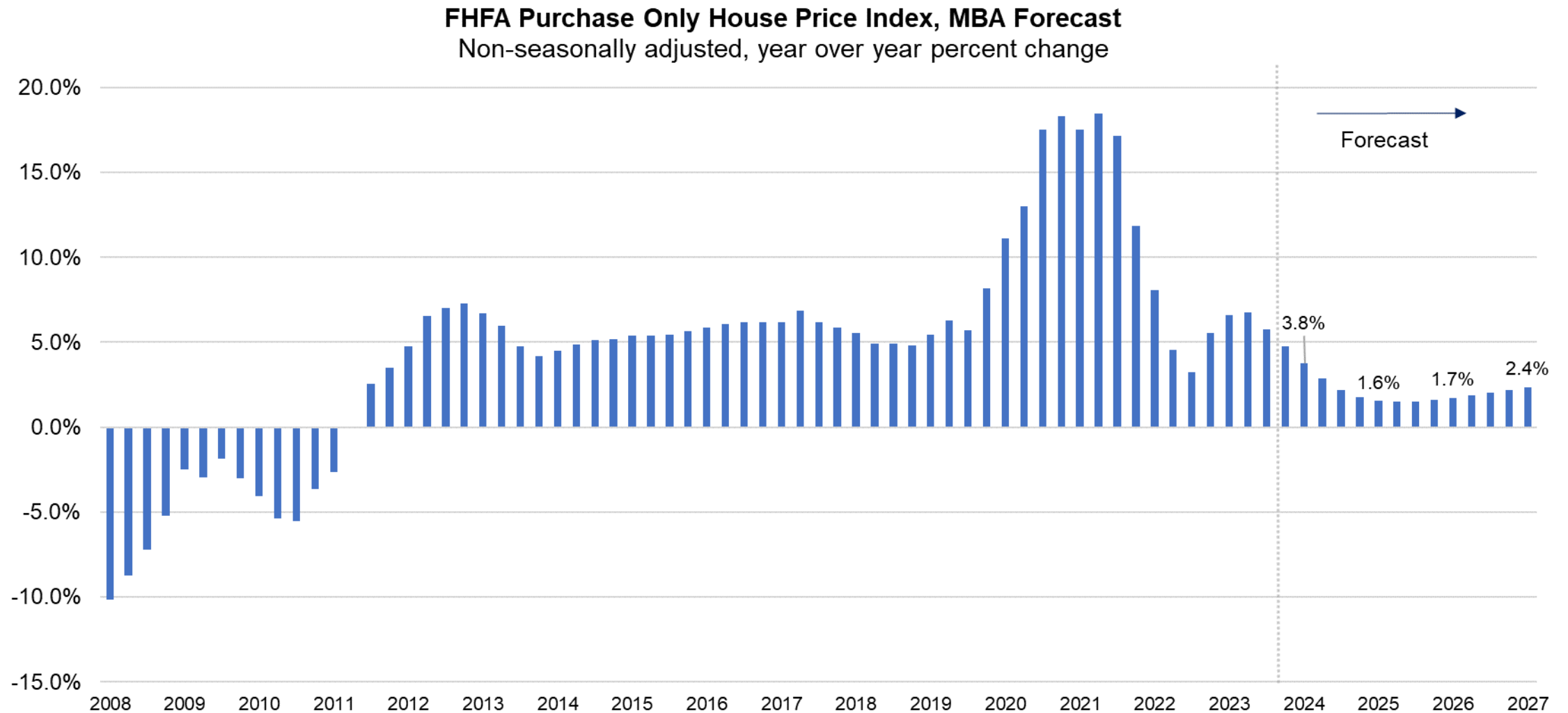
While housing starts have been trending up since the lows in the early 2010s, the number of starts for every million people is less than half of what it was 40 years ago.

Home Sales Remain Lower Than Any Point Since the Great Recession



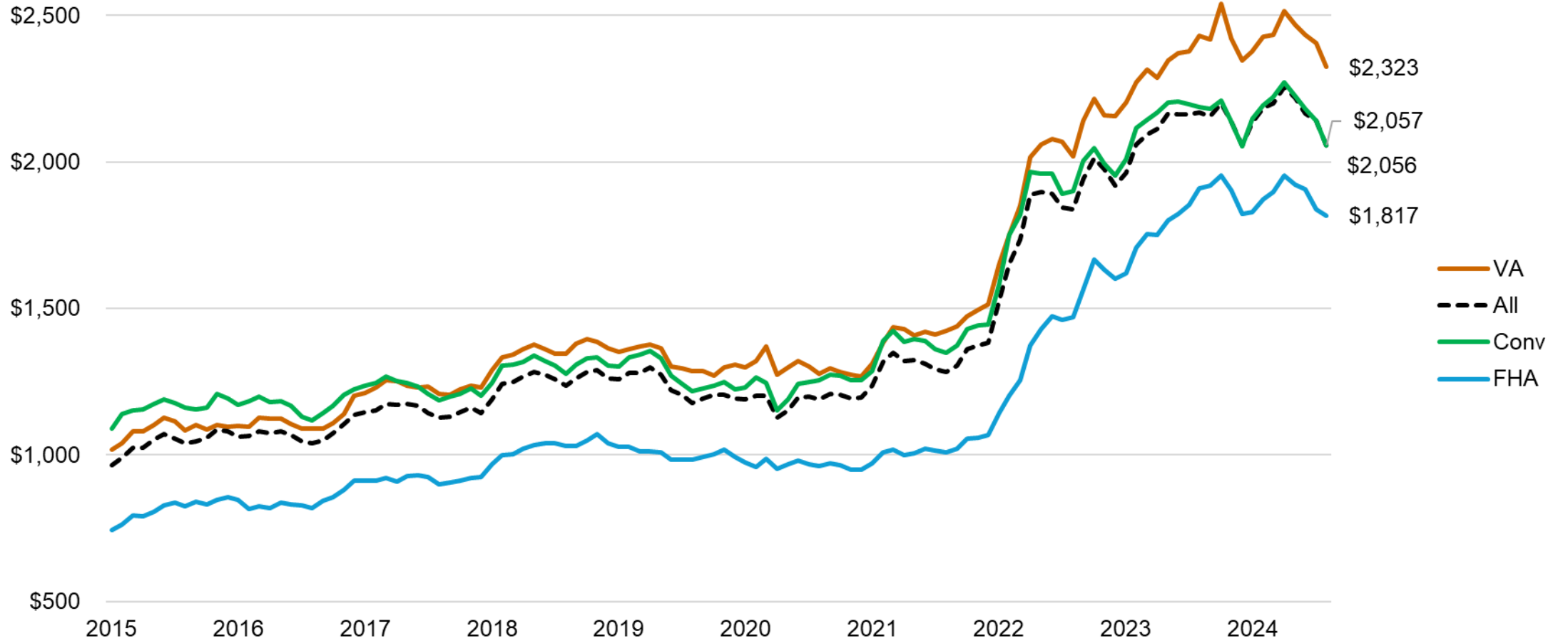
- Existing home sales remain low at approximately 4.0 million.
 - Why? Many homeowners have mortgage rates well below prevailing rates—they're “locked-in.”
 - Lock-in prevented [1.72 million transactions](#) from 2022Q2 to 2024Q2.
- New home sales have reached almost 16% of sales as builders have stepped up.
 - Building remains, among other factors, by constrained by [zoning restrictions](#), land availability, construction labor availability, and raw material prices.

House Price Appreciation Moderating But Expected to Remain Positive



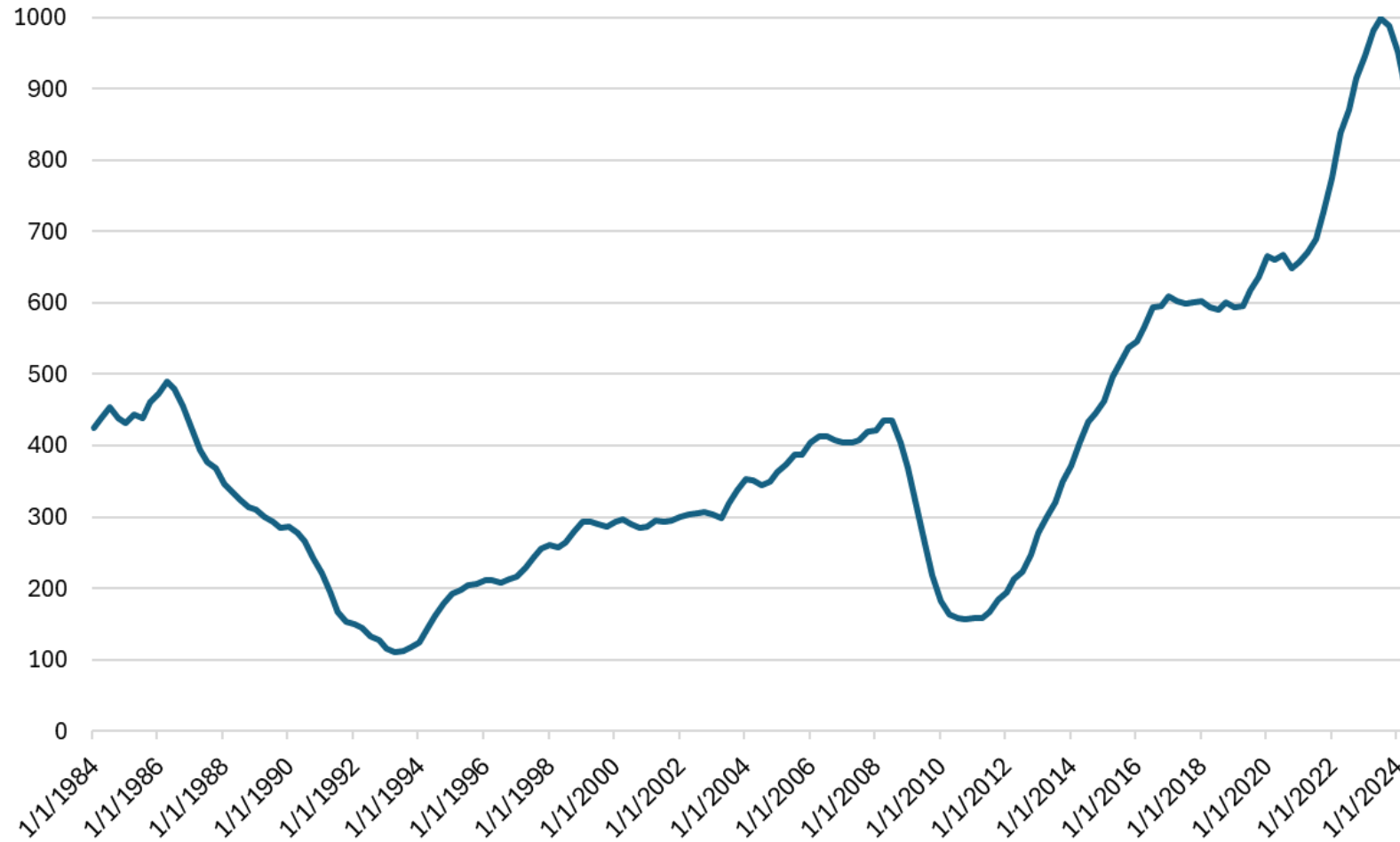
Affordability Still A Challenge

Median Home Purchase Payment by Loan Type



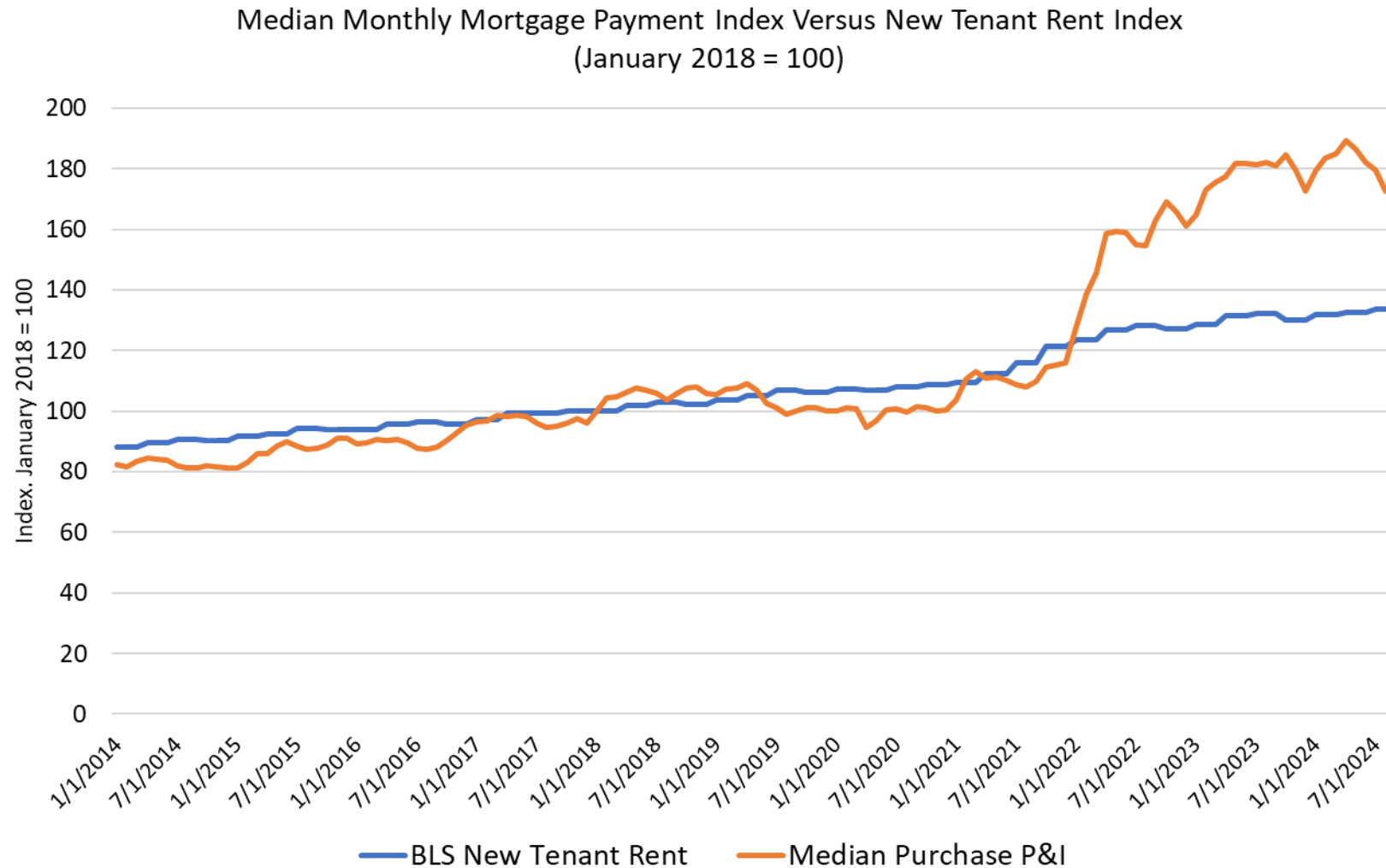
Multifamily Construction has Picked-up Dramatically

New Privately-Owned Housing Units Under Construction in 5+ Unit Buildings
(Seasonally Adjusted, Thousands)



- The pick-up in production has led directly to moderation in rent increases.
- However, affordability challenges remain most concentrated among lower-income households.

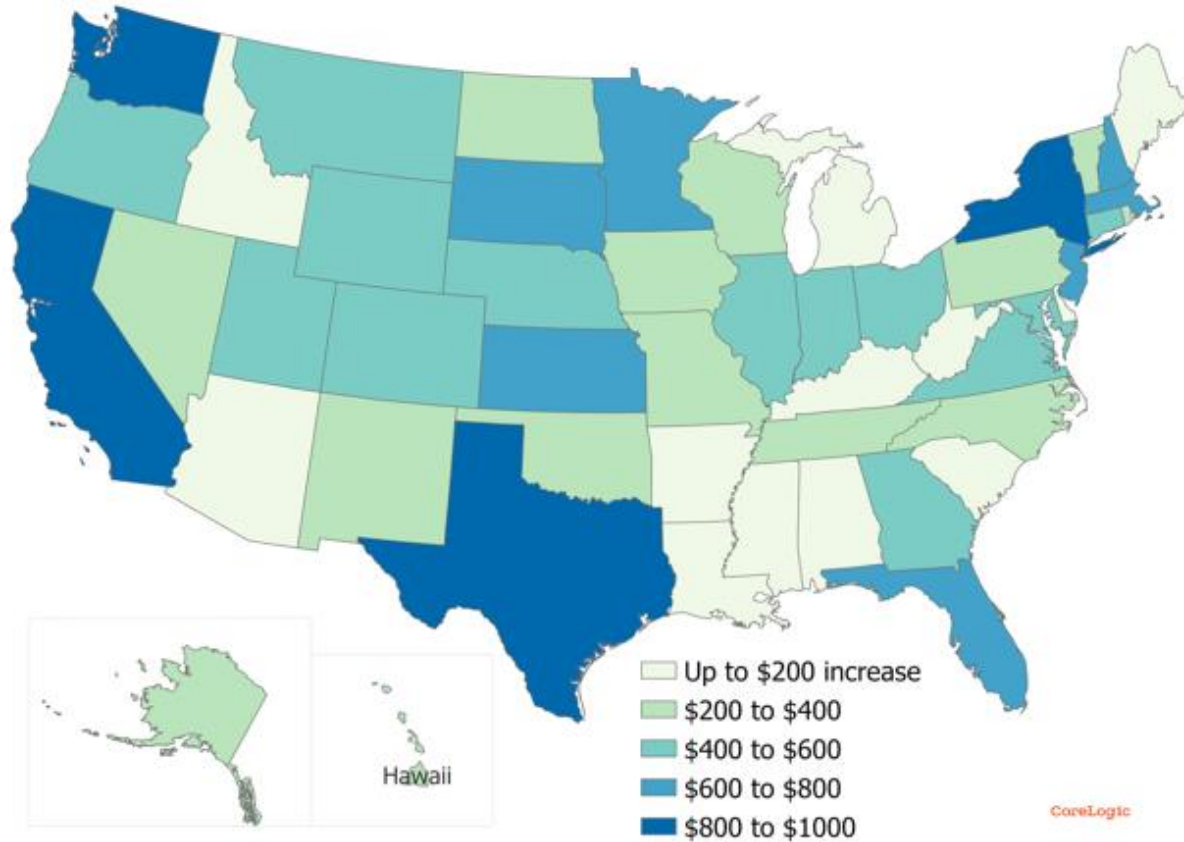
Mortgage Payments are Elevated Relative to Rents



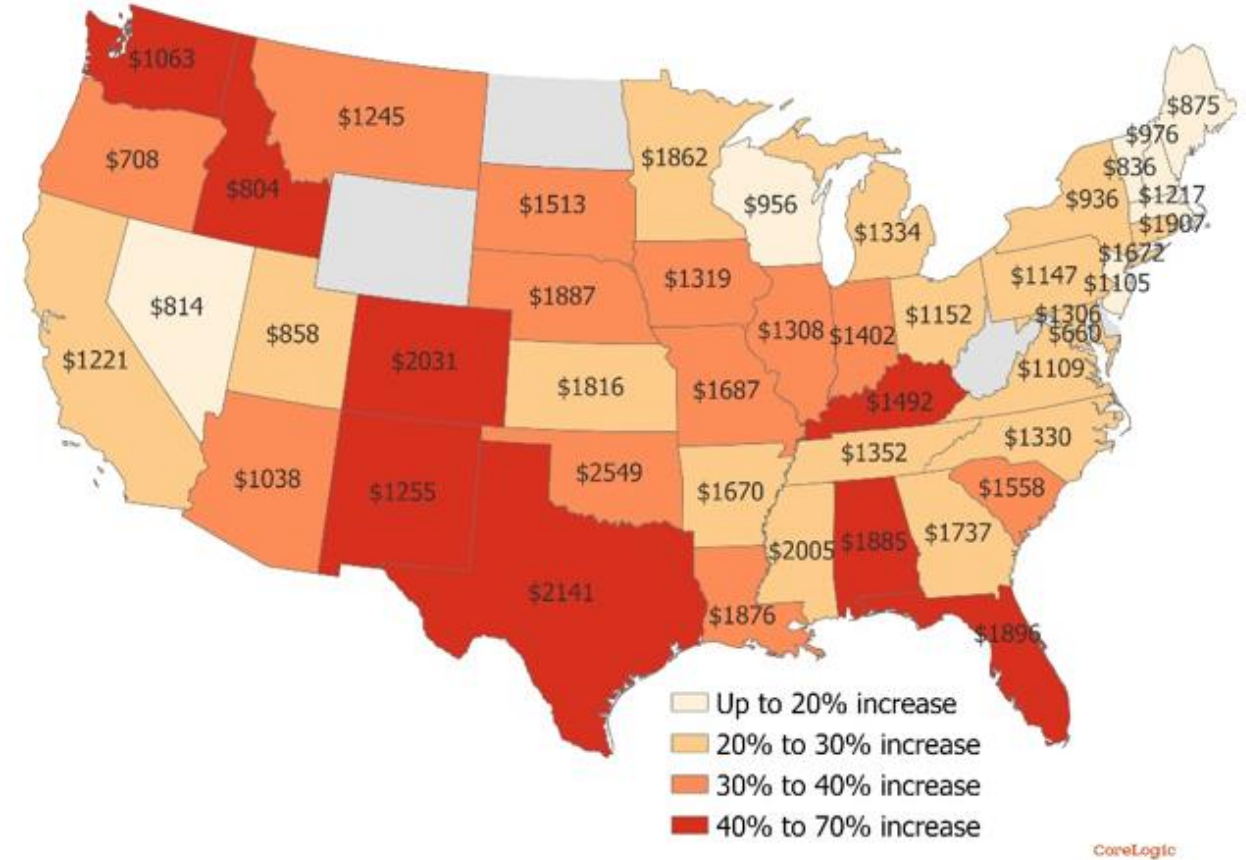
- The mortgage payment to rent ratio is elevated relative to where it was in the years leading up to the pandemic.
- While new tenant rents increased by 15% over the last two years, median mortgage principal and interest payments increased by 56%.
- Rent growth has moderated. From 2023 Q3 to 2024 Q3 it grew by 1%.

Taxes and Insurance Impacting Affordability for Owners

Change in Median Annual Tax Obligations from 2019

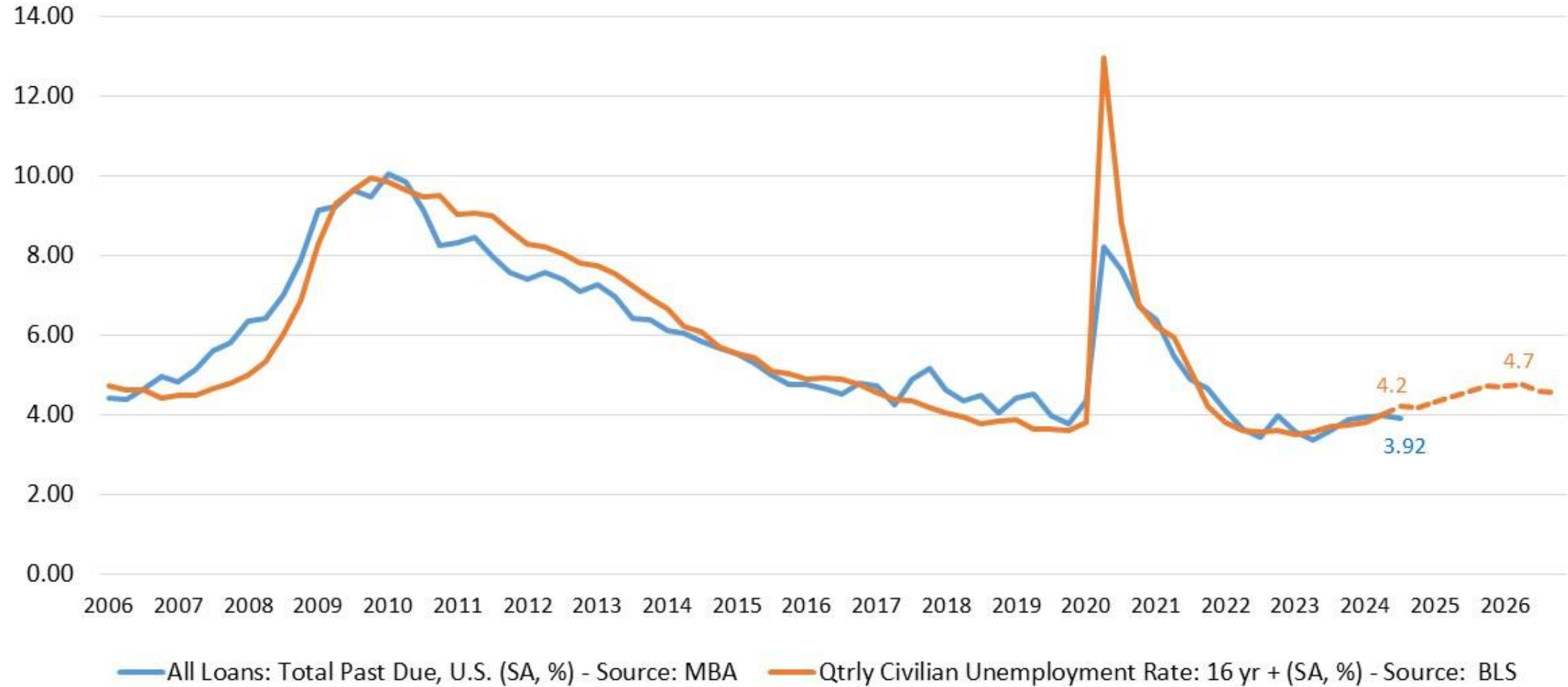


Homeowner Insurance Premium and change from 2021



Mortgage Delq. Rate Tracking with Unemployment Rate

Mortgage Delinquency Rate and Unemployment Rate
Seasonally adjusted, percent



Source: MBA's National Delinquency Survey: www.mba.org/nds; BLS

Contact Information and MBA Resources

Mike Fratantoni, Ph.D.

Chief Economist & Senior Vice President | Research and Industry Technology
(202) 557-2935; mfratantoni@mba.org

MBA Research: www.mba.org/research

Research Institute of Housing America (RIHA): www.housingamerica.org

MB Forecasts and Commentary: <https://www.mba.org/news-and-research/forecasts-and-commentary>

Chart of the Week: <https://www.mba.org/news-and-research/research-and-economics/chart-of-the-week>

MBA Member-Only Research Portal: <https://www.mba.org/news-and-research/research-and-economics/single-family-research/single-family-research-for-mba-members-only>

DISCUSSION LEADER

Garth Rieman, Director of Housing Advocacy and Strategic Initiatives | National Council of State Housing Agencies

PANELISTS

David Dworkin, President and Chief Executive Officer | National Housing Conference

Michael Fratantoni, Chief Economist and Senior Vice President, Research and Industry Technology | Mortgage Bankers Association

Bryan Greene, Vice President, Policy Advocacy | National Association of REALTORS®

Russell McIntyre, Senior Policy Analyst | CoreLogic