



US Housing Analysis and Forecast

 **JOHN BURNS**
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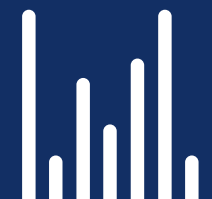
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Data note: The † symbol indicates that we check for updated data quarterly or annually.

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Housing is off to a slow start in 2025 amid inventory growth and policy uncertainty.

The economic backdrop for housing is still solid, but uncertainty is growing.

As long as the economy stays strong, the Fed and the bond market expect rates to remain high this year.

Inflation ticked up this month, a further incentive for the Federal Reserve to keep benchmark interest rates high.

Core inflation, which strips out volatile food and energy categories, rose 0.45% month over month in January. This is the fastest MOM growth rate since April of 2023.

The Federal Reserve now clearly sees more risk to price stability than employment, and Chair Powell noted in early February that the Fed “does not need to be in a hurry to adjust [its] policy stance [interest rates].”

As a result, the bond market anticipates minimal change in 10-year rates over the near term. This informs our expectations of mortgage rates, which we expect will average 6.6% in 2025 and keep affordability poor.

Recent employment data revisions paint a clearer picture of the labor market.

For several months, we’ve observed a growing gap between the U.S. Bureau of Labor Statistics’ (BLS) 2 primary measures of employment, likely driven by undercounting recent population growth due to immigration.

Annual benchmark revisions to employment data in February confirmed this thesis. Large January 2025 spikes in the estimated size of the labor force reflect an adjustment to new baseline population figures rather than actual MOM growth. Note that historical labor force estimates from the BLS are not adjusted to new benchmarks, so employment data series that rely on these estimates should not be directly compared to their own history.

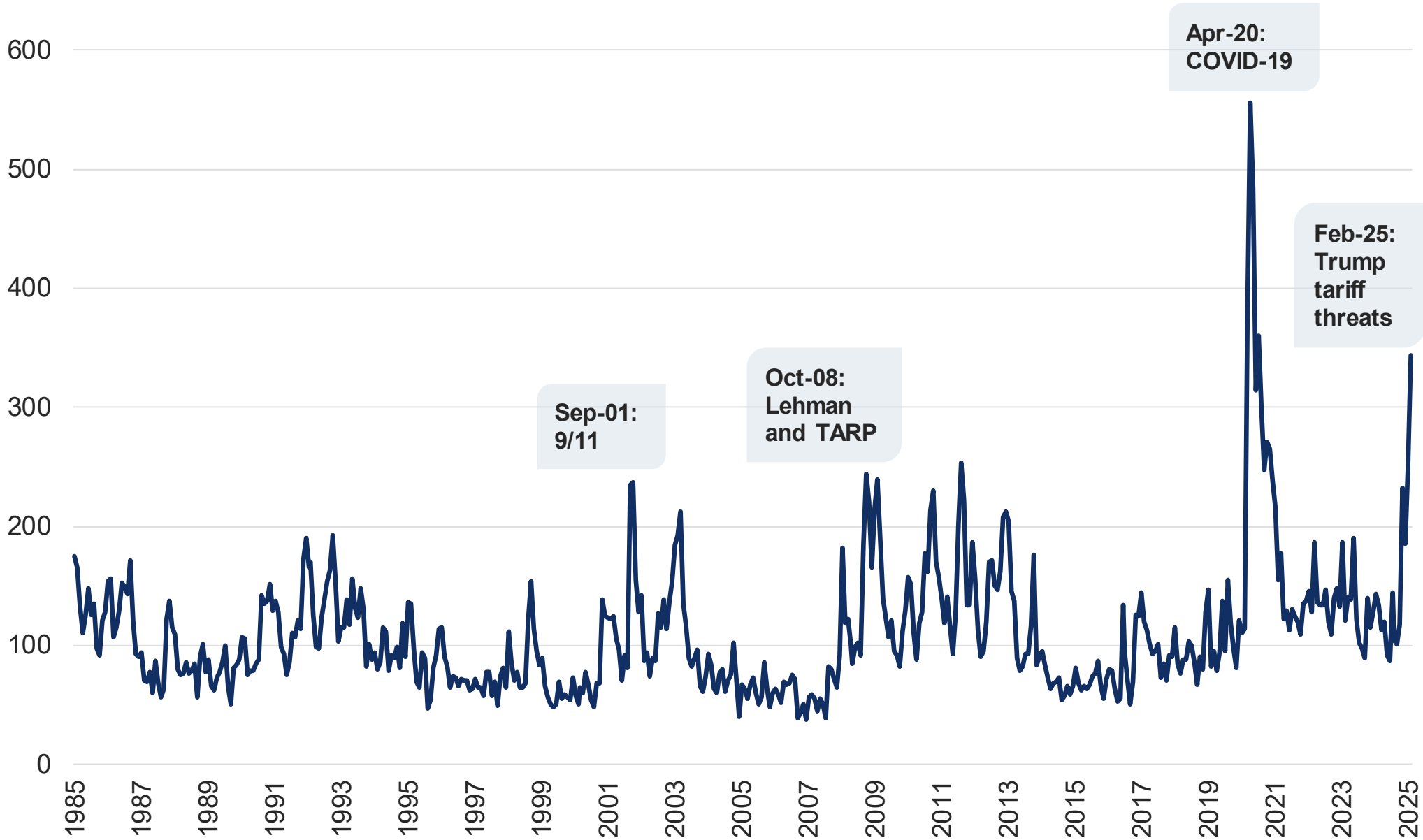
Despite downward revisions to non-farm employment totals, employment growth in 2024 remained solid at **+1.3% YOY** growth. The US economy added another 143K jobs MOM in January.



The outlook for the economy is clouded by political uncertainty.

US Economic Policy Uncertainty Index

Index; not seasonally adjusted — Current = 343.3



Despite being only one month into its second term, the Trump administration has already enacted or proposed several major policy shifts. Economic writer and Bloomberg contributor Kyla Scanlon, who spoke at our New York Housing Outlook in November 2023, recently described the new US economic strategy as “FAFOnomics,” short for F*** Around and Find Out Economics.

Scanlon argues that this approach uses economic unpredictability to influence America’s global economic relationships. We published our take on what this means for homebuilders, rental operators, and real estate investors in our newsletter and on our website [here](#).

The Economic Policy Uncertainty Index, which quantifies uncertainty via text analysis of major US newspapers, rose to the highest levels since 2020 and higher than anything seen during the first Trump term. Trade policy, in particular, remains uncertain as tariffs on nations like Mexico and Canada have been announced, walked back, and rescheduled.

Note: The US Economic Policy Uncertainty Index is constructed using newspaper coverage of policy-related economic uncertainty, scheduled federal tax expirations, and forecaster disagreement on key economic indicators.

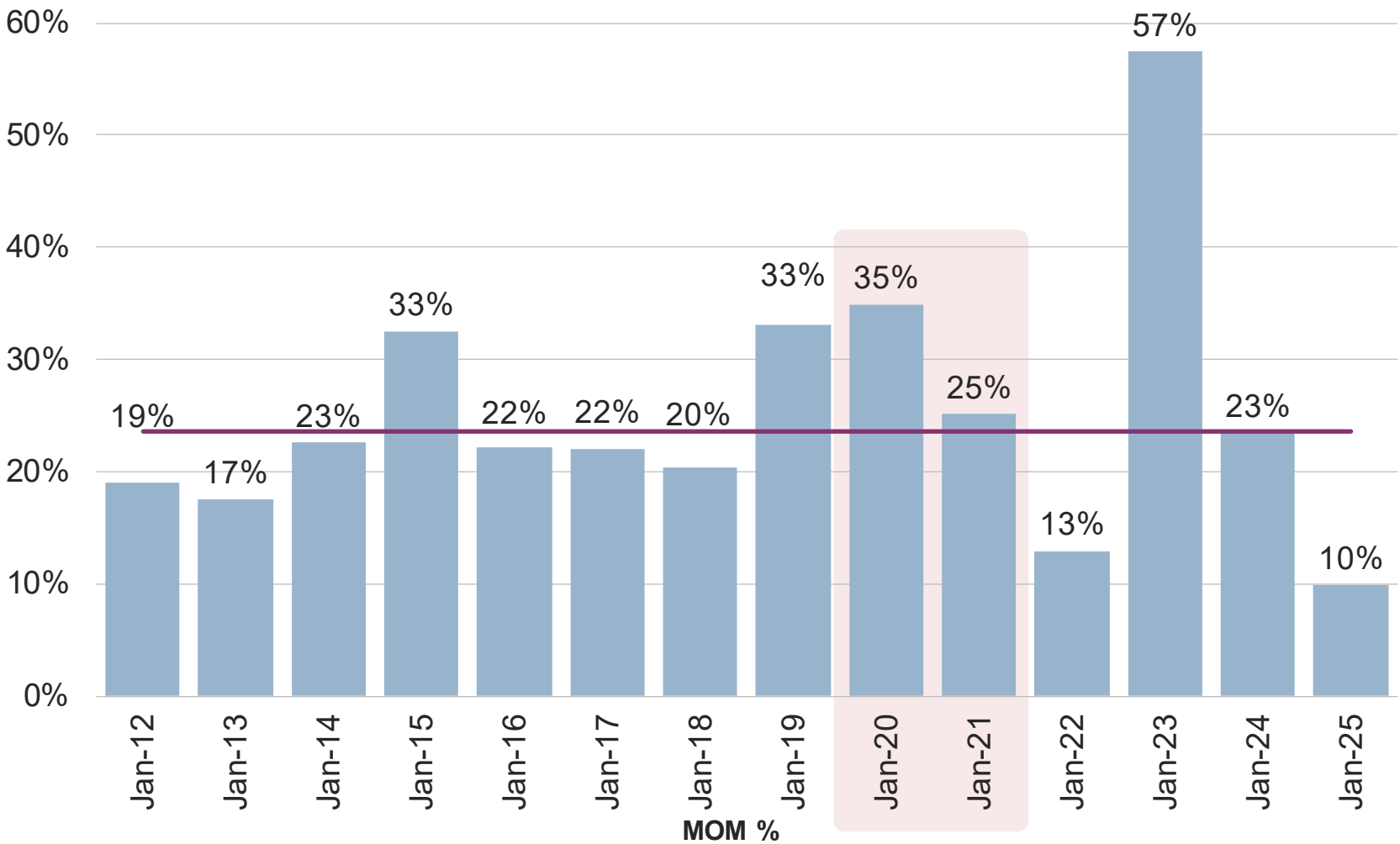
Sources: Baker, Scott R., Bloom, Nick and Davis, Stephen J.; John Burns Research and Consulting, LLC (Data: Feb-25, Pub: Feb-25)

Housing is off to a slow start in 2025.

Our February *Homebuilder Survey* revealed that builders saw a slower-than-expected lift in sales in January. New home sales per community rose just **+10% MOM**, well behind the **+24% MOM** growth that is considered seasonally normal historically. Sales also fell **-5%** year over year (YOY).

New Home Net Sales per Community MOM % Change

— Average for January during 2012–2019 = 24% Covid pandemic



Total unsold inventory (new home and existing) remains +14% higher than 1 year ago and is much higher in Sunbelt markets where builders have a larger market share. Nationally, nearly 1 in 4 single-family homes for sale (24%) is a new home that has been completed or is actively under construction (spec inventory), just slightly below the all-time high of 26% in 2022.

New home inventory should come down as builders work through inventory this spring. However, watch for resale inventory to continue rising as lock-in eases gradually.

Rising resale inventory has also slowed home price growth: existing home price appreciation slowed to **+3.3% YOY** in January, down from **+5.8% YOY** one year ago.

Source: John Burns Research and Consulting, LLC, independent survey of ~17% of all US new home sales, NSA (Data: Jan-25, Pub: Feb-25)

Full-year 2024 data is now in for all metrics we forecast, and we've extended our forecasts out to 2028.

We expect muted growth for housing in 2025. Our forecasts assume:

- **+1.1% employment growth** as less immigration keeps a lid on total job growth.
- **6.6% mortgage rates** on average as the Fed keeps rates higher for longer inflation concerns



Our for-sale market forecasts

+0% YOY flat new home sales aided by heavy incentive use. Expect larger builders to outperform.

+1% YOY new home price appreciation (net of incentives). Markets outside the Sunbelt will drive growth in overall new home prices nationally.

+2% YOY existing home price appreciation, also driven by growth in low-supply regions outside of the Sunbelt

-3% YOY single-family starts as builders work through elevated unsold spec inventory

- **Build-to-rent (BTR) starts** supported growth in overall single-family starts last year. BTR starts declined slightly according to 4Q24 released in February, particularly in the Sunbelt, supporting our call for a slowdown in construction activity in 2025. See pages **358–360**.
- We took a deep dive into rental trends, including recently released BTR data, in our February all-client webinar, which clients can view **here**.

Our rental market forecasts

+3.0% single-family rent growth, a slight slowdown from 2024 as some newly-listed resale inventory becomes SFR supply, particularly in Sunbelt markets.

+1.5% apartment rent growth nationally as strength in the Northeast/Midwest/West Coast offset weak rent growth in the Sunbelt.

-7% multifamily starts, driven by 4 main headwinds:

- Weak rent growth and occupancy in markets where it is easiest to build and where supply has risen the fastest (Sunbelt)
- High borrowing costs limit the ability of developers to get “shovels in the ground.”
- Limited construction labor, as the start-and-stop nature of multifamily development results in less consistent work for contractors who may give preference to single-family construction work
- Potential tariffs impacts on construction materials. Our building products team released estimates of the likely impact of tariffs on material costs in our **client-exclusive newsletter sent** out on February 13.



Forecasts and risks

Forecasts

Our key housing forecasts: February 2025

	2020	2021	2022	2023	2024	Current*	2025P	2026P	2027P	2028P
New home sales (single-family) ¹	822K	771K	641K	666K	683K	698K	680K	710K	745K	765K
% GROWTH =	+20%	-6%	-17%	+4%	+3%	+7%	0%	+4%	+5%	+3%
New Home Price Appreciation, Net	--	--	--	--	--	--	+1.0%	+2.9%	+3.4%	+3.6%
Single-family permits ¹	979K	1.12M	974K	920K	981K	992K	960K	1.00M	1.04M	1.06M
% GROWTH =	+14%	+14%	-13%	-6%	+7%	-2%	-2%	+4%	+4%	+2%
Multifamily permits ¹	492K	622K	707K	591K	490K	491K	440K	490K	540K	580K
% GROWTH =	-6%	+26%	+14%	-16%	-17%	-4%	-10%	+11%	+10%	+7%
TOTAL PERMITS ¹	1.47M	1.74M	1.68M	1.51M	1.47M	1.48M	1.40M	1.49M	1.58M	1.64M
% GROWTH =	+6%	+18%	-3%	-10%	-3%	-3%	-5%	+6%	+6%	+4%
Single-family housing starts ¹	991K	1.13M	1.01M	948K	1.01M	1.05M	980K	1.02M	1.06M	1.08M
% GROWTH =	+12%	+14%	-11%	-6%	+7%	-3%	-3%	+4%	+4%	+2%
Multifamily housing starts ¹	389K	474K	547K	472K	355K	449K	330K	370K	410K	440K
% GROWTH =	-3%	+22%	+16%	-14%	-25%	-8%	-7%	+12%	+11%	+7%
Manufactured Housing Starts ¹	94K	106K	113K	89K	103K	104K	100K	104K	108K	110K
% GROWTH =	0%	+12%	+7%	-21%	-3%	+7%	-3%	+4%	+4%	+2%
TOTAL HOUSING STARTS ¹	1.47M	1.71M	1.67M	1.51M	1.47M	1.60M	1.41M	1.49M	1.58M	1.63M
% GROWTH =	+6%	+16%	-2%	-9%	-3%	+6%	-4%	+6%	+6%	+3%
Existing home sales closings ¹	5.64M	6.12M	5.03M	4.09M	4.06M	4.24M	4.19M	4.28M	4.40M	4.53M
% GROWTH =	+6%	+9%	-18%	-19%	-1%	+9%	+3%	+2%	+3%	+3%
Resale home appreciation (Burns Home Value Index™) Dec. vs. Dec.	+11.5%	+17.7%	+3.9%	+5.4%	+3.6%	+3.3%	+2.3%	+3.5%	+3.9%	+4.0%
Housing Cost to Income Ratio	27.5%	31.9%	40.2%	40.6%	40.4%	41.2%	38.9%	38.6%	38.9%	39.0%
Burns Under/Overpriced Market Index™	-15.0%	-1.1%	24.6%	25.8%	25.2%	27.4%	20.4%	19.5%	20.4%	20.8%
Apartment Rent Index (Dec. vs. Dec.)							+1.5%	+2.7%	+3.3%	+3.4%
Single-family rent growth (Burns Single-Family Rent Index™) Dec. vs. Dec.	+5.9%	+7.6%	+5.8%	+4.0%	+3.6%	+3.6%	+3.0%	+3.3%	+3.7%	+3.7%
Repair and Remodel Total Spend % Growth	+6.6%	+10.6%	+7.8%	-4.0%	+1.1%		+1.1%	+4.2%	+3.5%	
Key Assumptions	2020	2021	2022	2023	2024	Current*	2025P	2026P	2027P	2028P
30-yr. conforming FRM (Annual Avg.)	3.1%	3.0%	5.3%	6.8%	6.7%	7.0%	6.6%	6.3%	6.3%	6.3%
Job growth	-5.8%	+2.9%	+4.3%	+2.2%	+1.3%	+1.3%	+1.1%	+0.8%	+0.6%	+0.3%
Median Household Income growth (Nominal)	-1.0%	+4.1%	+5.5%	+8.2%	+3.6%	+3.5%	+3.3%	+3.9%	+3.8%	+3.4%

1. Current value is a seasonally adjusted annual rate

Source: John Burns Research and Consulting, LLC (Pub: Feb-25)

*Most recent data available as of publishing date. Data sources that have updated after cutoff date will be reflected in Burns Interactive Dashboard.

Columns ending in *P* denote our forecasts for the year. Our volume forecasts reflect our estimate for the non-seasonally adjusted, trailing-12-month total of permits/starts/sales as of December each year. Percentages reflect YOY growth as of December, except income, job growth, and mortgage rates, which reflect annual averages.

Our housing thesis (February 2025)



Our 2025 forecast

+0% (flat) new home sales and +1.0% new home price appreciation (net of incentives)

- We expect mortgage rates to average ~6.6% in 2025, marking the third consecutive year at or near 7%, which will keep demand muted.
- Total inventory (new + resale) is rising, up +14% YOY, with the Sunbelt (FL/TX) seeing the largest gains.
- Builders will likely maintain sales in the first half of 2025 via incentives (e.g., rate buydowns). Still, higher supply—especially in builder-heavy Sunbelt markets—could pressure pricing and pace later in the year.
- Larger builders are generally better positioned to handle continuing affordability headwinds, while smaller builders may face more constraints given slimmer margins and heavier competition.



Labor market

The labor market remains solid. We expected continued strength, but elevated rates and potential policy shifts could weigh on growth in 2025.

- 143K jobs were added in January, capping a strong year of job growth and reinforcing that the Fed has achieved a “soft landing.”
- Unemployment remains low at 4.0%, though slower immigration into 2025 will likely limit incremental job gains.
- We expect **+1.1%** job growth on average in 2025, down from **+1.3%** in 2024, reflecting a still-healthy economy but cooler hiring trends.



Inflation and the Federal Reserve

Inflation is still above the Fed’s 2% target, with bond markets pricing in increased inflation risk in 2025 and beyond.

- Inflation rose +3.0% YOY in January and remains sticky (little change over the last several months).
- Housing still accounts for the bulk of YOY inflation but is normalizing. Housing inflation tracks rents closer than home prices due to measurement quirks, which should continue to put downward pressure on inflation in the coming months.
- Personal Consumption Expenditures (PCE), the Fed’s preferred inflation gauge, is closer to the target at +2.6%. Housing is a much smaller share of PCE relative to CPI.
- President Trump began his term with a slew of executive orders that could have inflationary impacts, including tariffs. The implications for inflation remain uncertain, though additional restrictions could push prices higher if broadly enacted.

Scenarios most likely to play out for the for-sale housing industry



New Homes

We forecast that single-family starts will fall -3% in 2025.

- Builders are lowering their starts, given elevated inventory levels (new and resale) in heavy homebuilding markets and the persistent affordability challenges of ~7% mortgage rates.

The supply backdrop going into 2025 is much different than 2024.

- Resale supply has ticked up and is at or above 2019 levels in many markets, particularly those where homebuilders have a significant presence.
- New home supply is also at the highest level since 2007. This wasn't as much of an issue when existing inventory was low, but builders are now competing with significant new and resale supply.

+0% (flat) new home sales and +1.0% new home price appreciation (net of incentives)

- Builders will maintain their sales, likely via heavy incentive use, particularly in the Sunbelt (~75% of new home sales). Larger builders will outperform and may grow sales, while smaller private builders are more likely to see year-over-year sales declines.



Resale Market

We forecast resale sales will rise +3% to 4.2M in 2025 off a low base in 2024.

There is a floor to housing demand (and supply on the sell side) as households continue to purchase due to life stage changes. The lock-in effect is also slowly waning, which supports transaction volumes.

- Affordability will remain stretched as mortgage rates likely hold firm above 6% and spreads remain elevated. Sellers have also been reluctant to drop prices thus far, which is slowing transactions and causing inventory to build in some markets.

We expect **+2.3%** price appreciation in 2025 as still-elevated rates / the lock-in effect keep inventory low.

- We are watching for rates to dip below the ~5.5% range, though we don't expect this in the near term. The lock-in effect should have less influence on existing owners over time, thus introducing pent-up listings into the market—a headwind to resale price appreciation in some markets.
- Investors selling without increasing their purchasing activity would also add to the net supply, which we watch closely.

Scenarios most likely to play out for the rental housing industry



Apartments

We forecast that apartment rents will rise **+1.5% in 2025.**

- Strength in the economy/labor market should continue to fuel household formation (and therefore rent growth) in 2025.
- Rent growth will vary considerably by market. Supply-side pressure will weigh on rent growth, particularly in Sunbelt markets where apartment construction has boomed this cycle.
- These markets are at risk of rent declines, given elevated deliveries and more competition.

We forecast multifamily starts will fall **-7% in 2025 to 320K.**

- Construction pulled back significantly last year amid higher financing costs. Higher-for-longer rates in 2025 will likely keep apartment investors on the sidelines.
- Even if capital becomes more accessible, it will take time for multifamily construction to ramp up significantly.



Single-Family Rental (SFR)

We forecast that single-family rents will accelerate **+3.0% YOY in 2025.**

- Rapid monthly payment growth in the for-sale market has helped keep current SFR tenants in place who can no longer afford to buy.
 - The lock-in effect has also helped keep new SFR inventory low, supporting rent growth.
 - Capital seeking safety, yield, and inflation hedge may also help support SFR relative to for-sale housing.

We are wary of potential SFR supply increases given rising for-sale inventory levels.

- Greater for-sale supply is already resulting in greater SFR inventory as some sellers opt to list for rent instead.

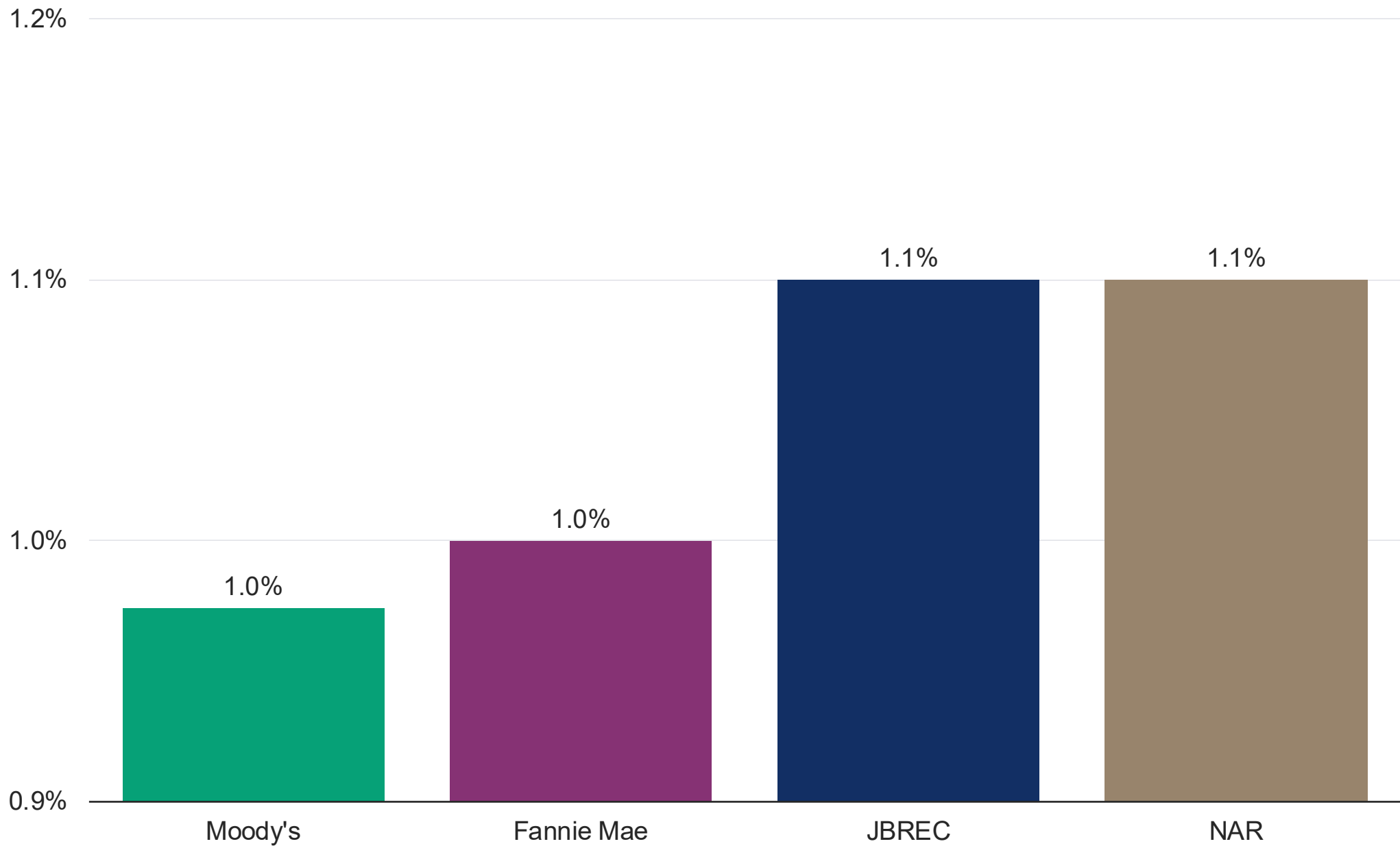
- Increases in SFR and build-to-rent (BTR) supply will weigh on rent growth in growing Sunbelt markets.

BTR construction and rent growth will lag behind multifamily recovery due to geographic concentration.

- Expect a slight decline in BTR starts as capital costs remain high and inventory rises in regions where the bulk of BTR construction is concentrated (Sunbelt).
- National BTR rent growth will likely lag behind national apartment rent growth in 2025 due to the geographic concentration of BTR.

Our key assumptions for 2025: we are in line with NAR on job growth.

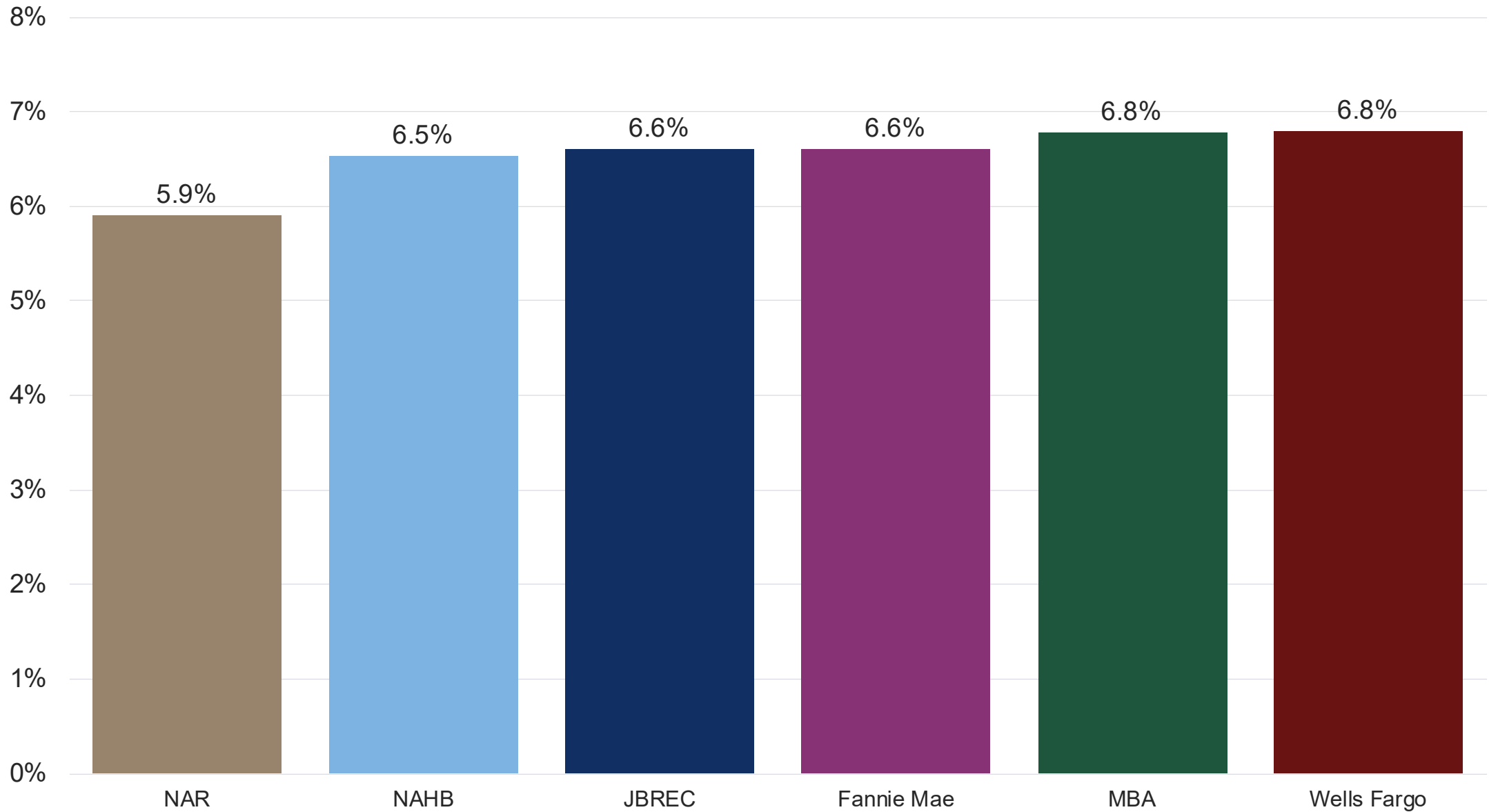
2025 Nonfarm Payroll YOY % Growth



Sources: Moody's (Feb-25); Fannie Mae (Jan-25); NAR (Oct-24); John Burns Research and Consulting, LLC (Pub: Feb-25)

Key assumptions for 2025: we are above NAHB and below MBA on mortgage rates.

2025 Annual Average 30-Year Fixed Mortgage Rates



NAR (Oct-24); NAHB (Feb-25); Fannie Mae (Jan-25); MBA (Jan-25) Wells Fargo (Dec-24);

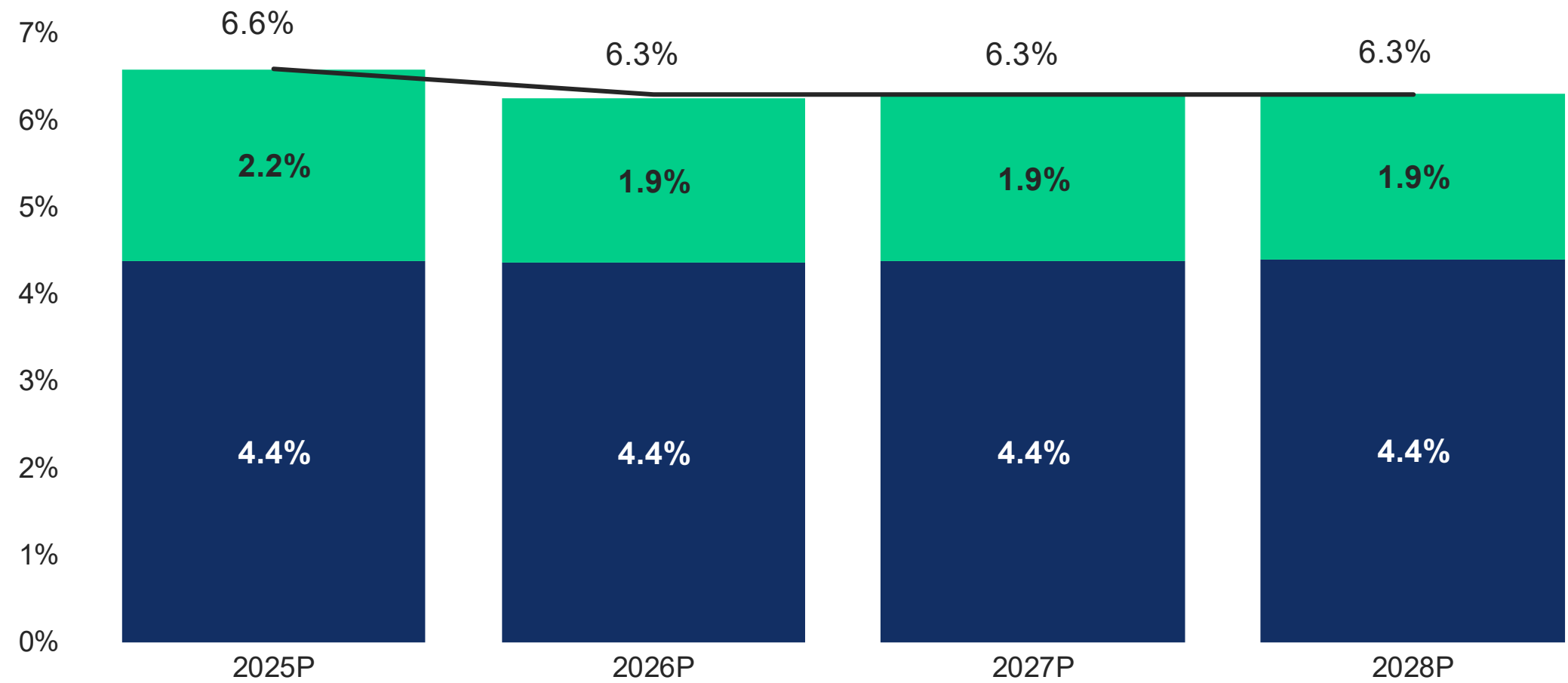
Source: John Burns Research and Consulting, LLC (Pub: Feb-25)

We base our mortgage rate forecast on market pricing for 10-year treasuries and our view of the mortgage premium.

Annual Average 30-Year Fixed Conforming Mortgage Rate Forecast

12-month average

- 30-year fixed rate conforming mortgage spread
- Bond market 10-year Treasury expectations (Bloomberg: FWCM)
- JBREC 30-year fixed rate conforming mortgage forecast

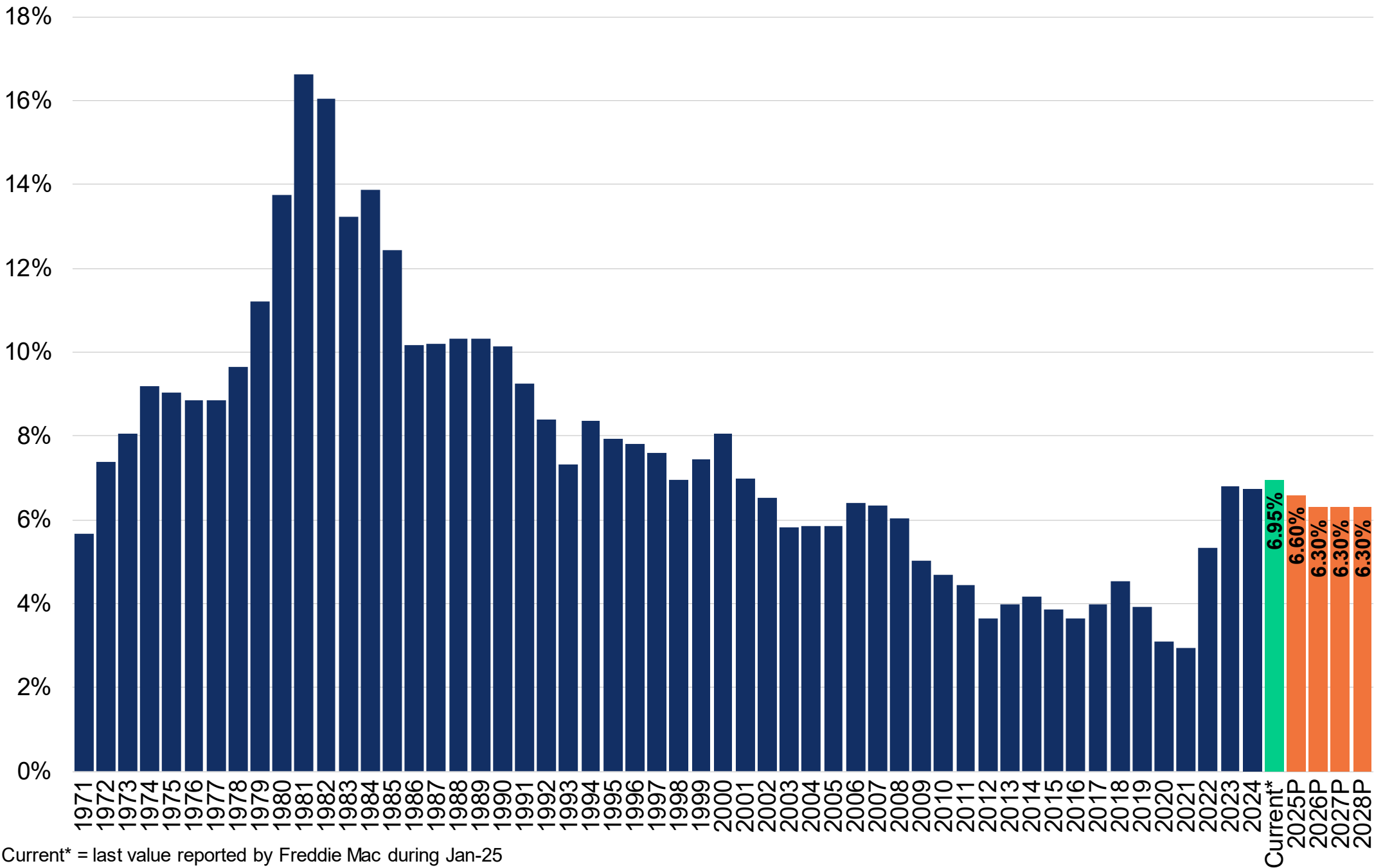


Note: Currently, the spread for mortgage rates over the 10-year Treasury is higher than normal (typically 190bps). The elevated spread is due to uncertainty around interest rates and less demand for mortgage-backed securities since the Fed stopped purchasing MBS in 2022. We expect the spread to normalize in the coming years as interest rates stabilize.

Sources: Bloomberg; John Burns Research and Consulting, LLC (Data: Feb-25, Pub: Feb-25)

The bond market expects mortgage rates will average 6.6% in 2025.

Annual Average 30-Year Fixed Mortgage Rates

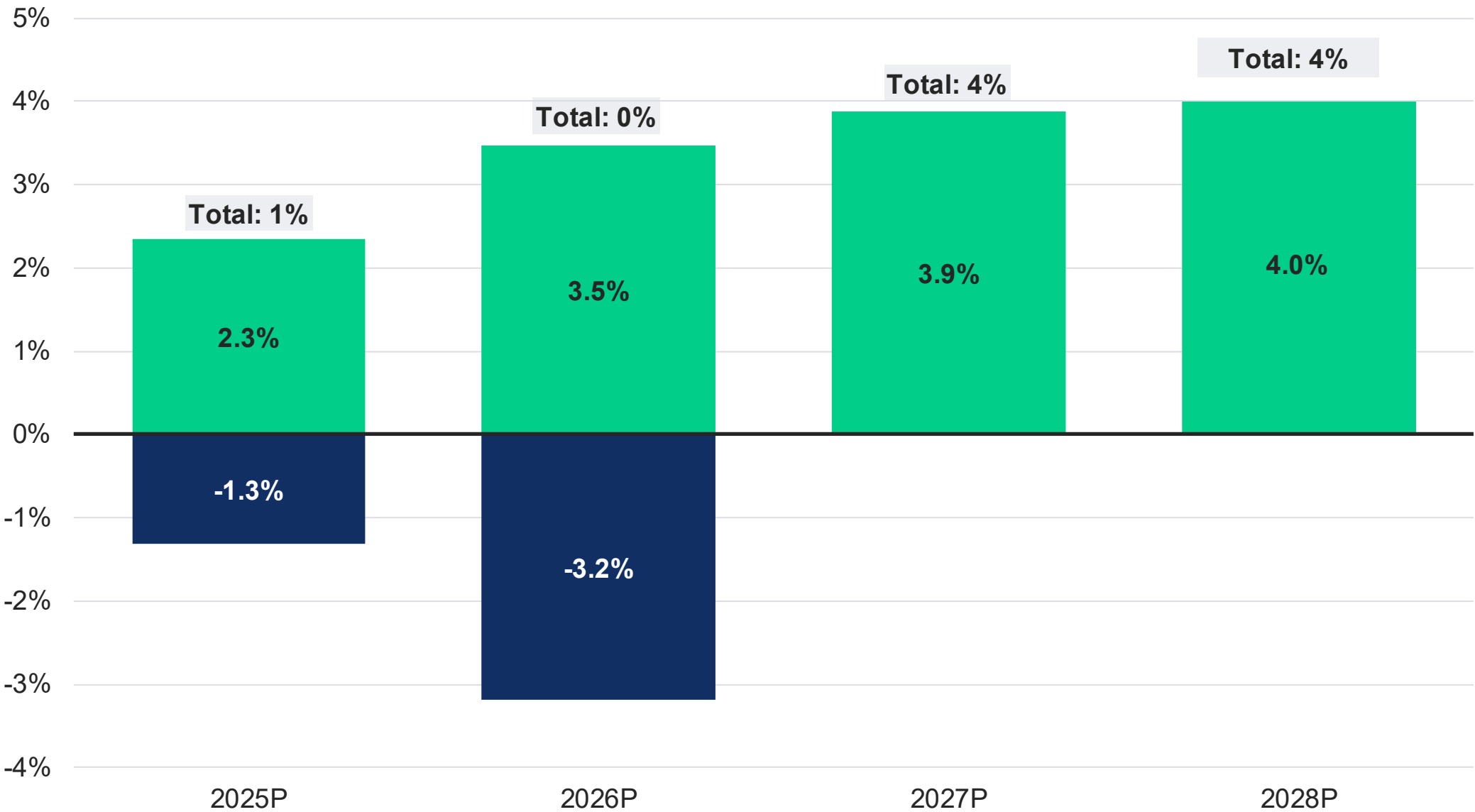


Current* = last value reported by Freddie Mac during Jan-25
Sources: Freddie Mac; John Burns Research and Consulting, LLC forecasts (Data: Feb-25, Pub: Feb-25)

Mortgage payments will rise +1% YOY in 2025 and remain flat in 2026.

Year-over-Year Mortgage Payment Change

Median existing home value* ■ Change attributed to price ■ Change attributed to interest rate

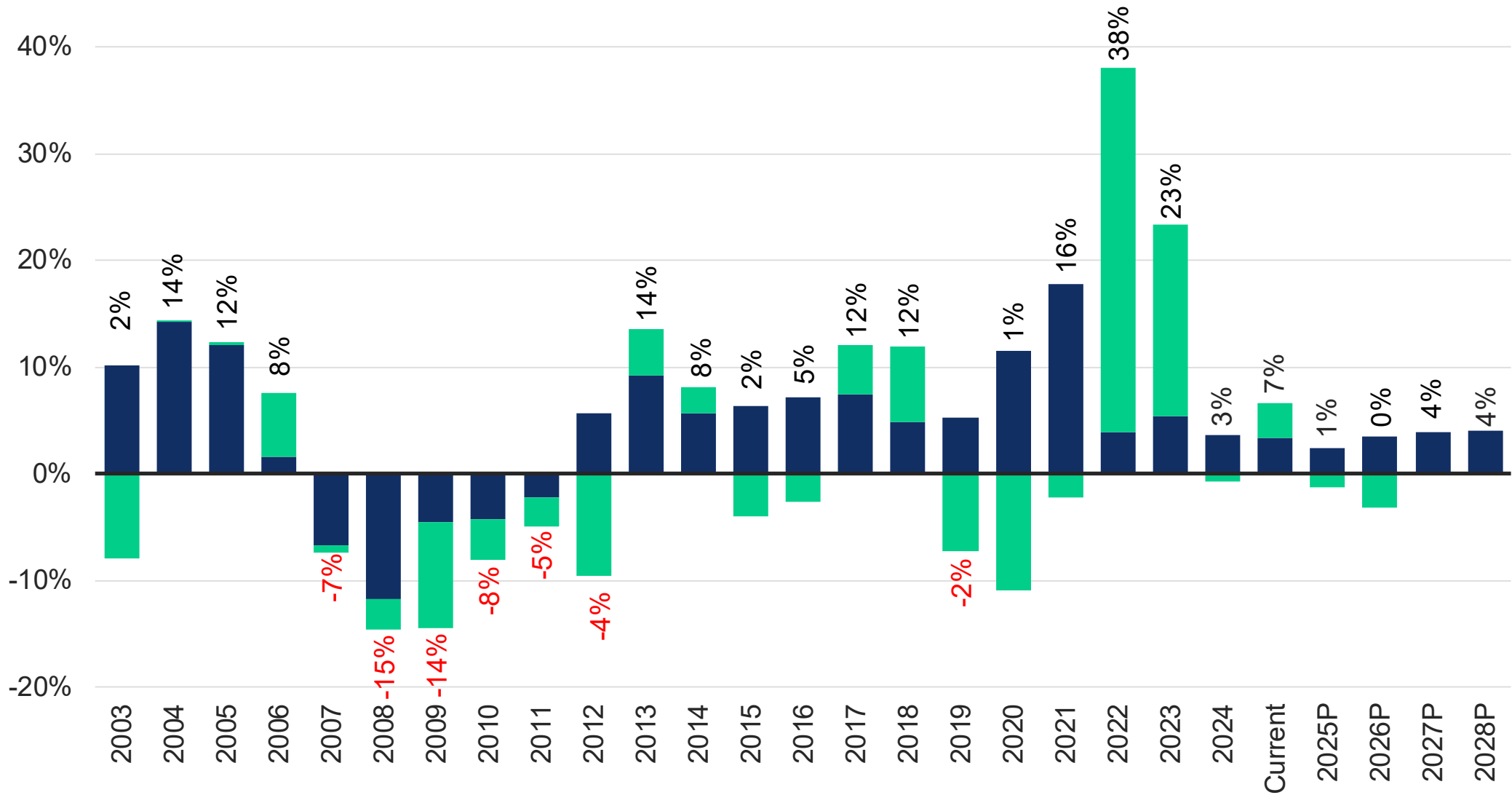


*Principal and interest payments only, based on Burns Home Value Index appreciation rates (indexed to median existing home value in 2000) and forecasted mortgage rates.
Sources: Freddie Mac; John Burns Research and Consulting, LLC (Data: Jan-25, Pub: Feb-25)

Mortgage payments will rise +1% in 2025 as prices increase and mortgage rates stay elevated.

Year-over-Year Mortgage Payment Change

Median existing home value* ■ Change attributed to price ■ Change attributed to interest rate

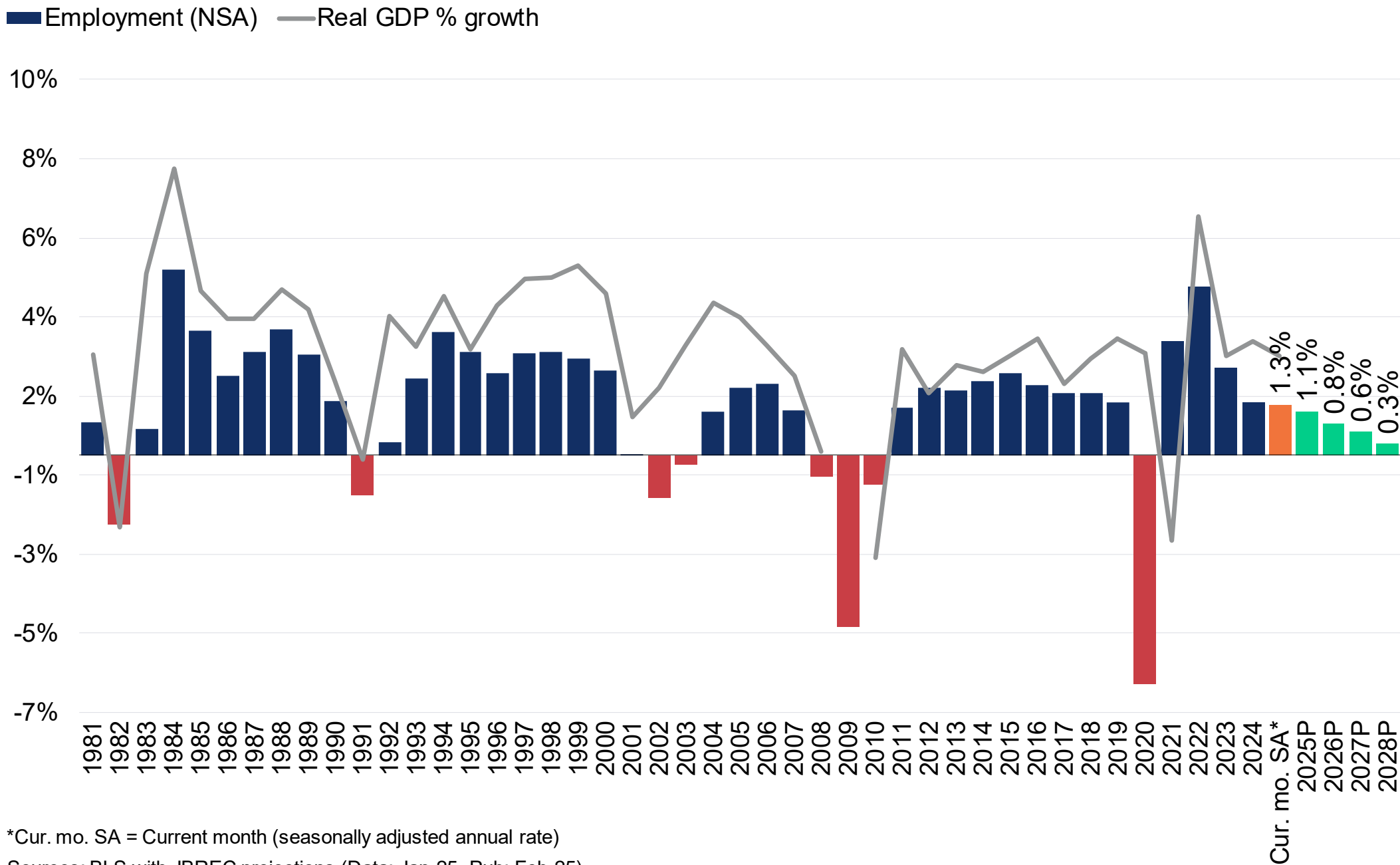


*Principal and interest payments only, based on Burns Home Value Index™ appreciation rates (indexed to median existing home value in 2000) and forecasted mortgage rates.

Sources: Freddie Mac; John Burns Research and Consulting, LLC (Data: Jan-25, Pub: Feb-25)

We expect employment will rise +1.1% in 2025, slightly below historical norms during a strong economy, as less immigration slows hiring.

National Employment Annual Growth Rates



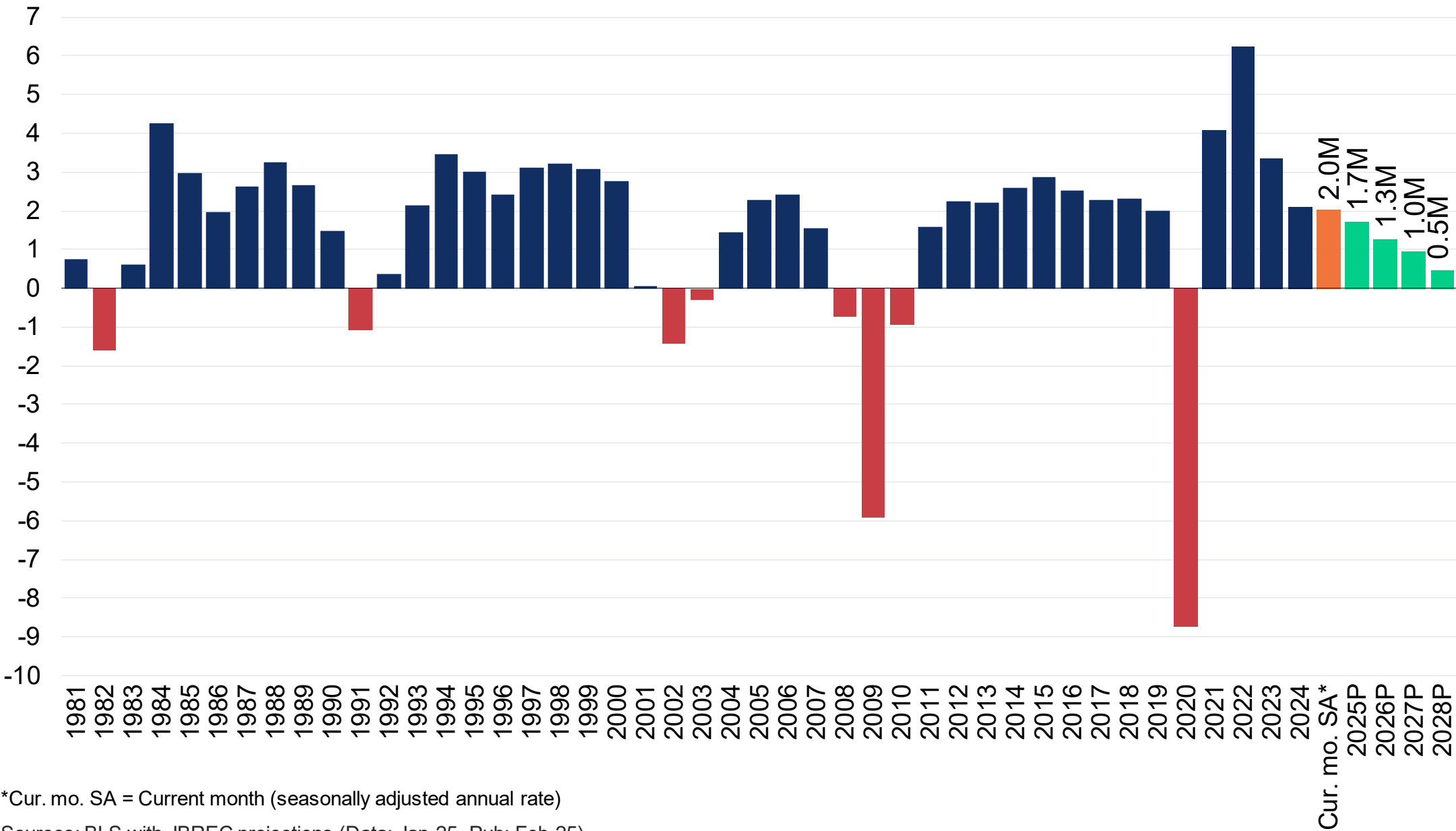
*Cur. mo. SA = Current month (seasonally adjusted annual rate)

Sources: BLS with JBREC projections (Data: Jan-25, Pub: Feb-25)

We expect the economy to gain 1.7M jobs in 2025. We expect less immigration in 2025 relative to 2024, which should slow job growth YOY.

National Employment Annual Growth

Millions



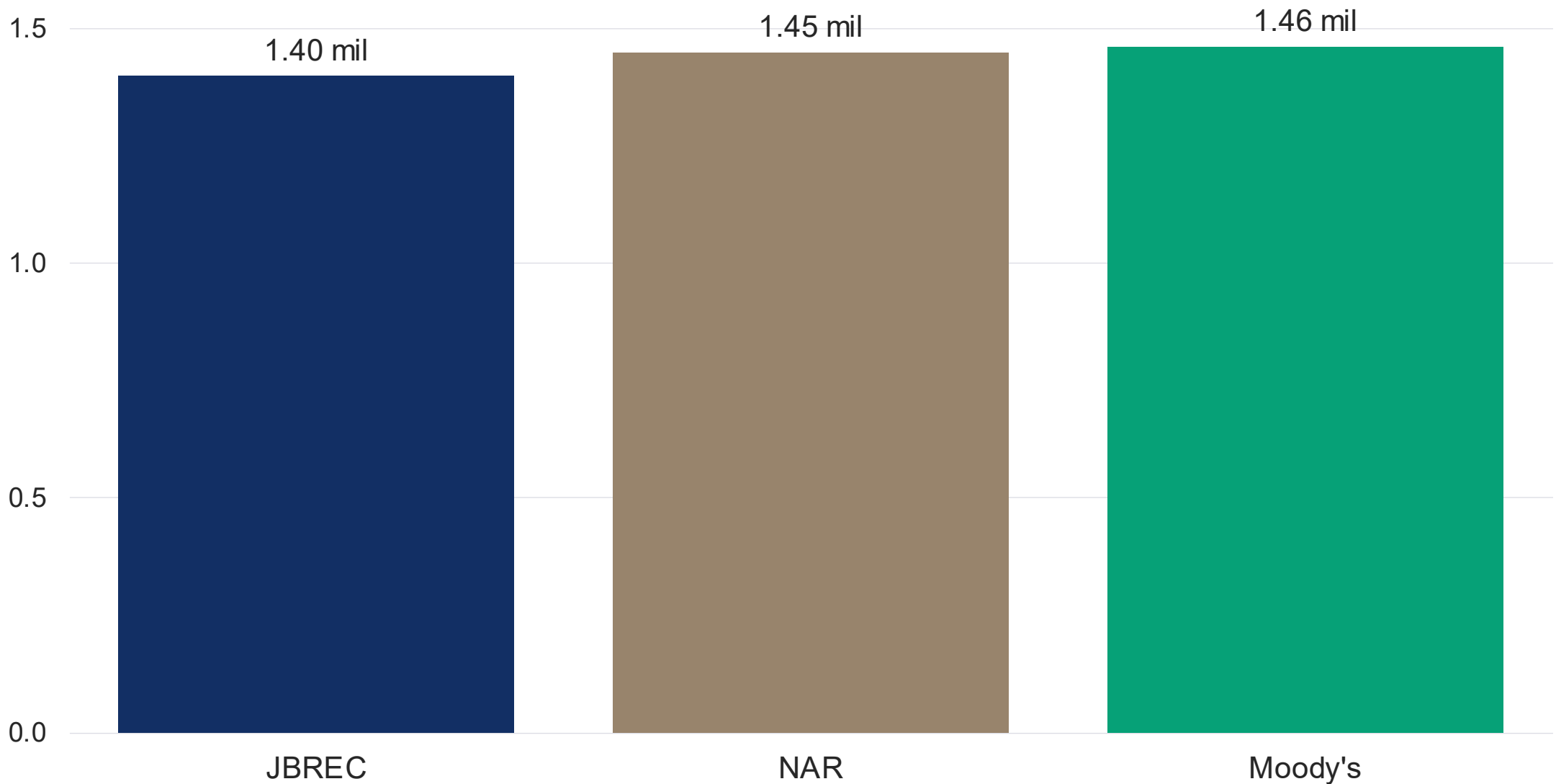
*Cur. mo. SA = Current month (seasonally adjusted annual rate)

Sources: BLS with JBREC projections (Data: Jan-25, Pub: Feb-25)

Our 2025 total permits forecast is below NAR's and Moody's.

2025 Total Permits Forecast*

Millions



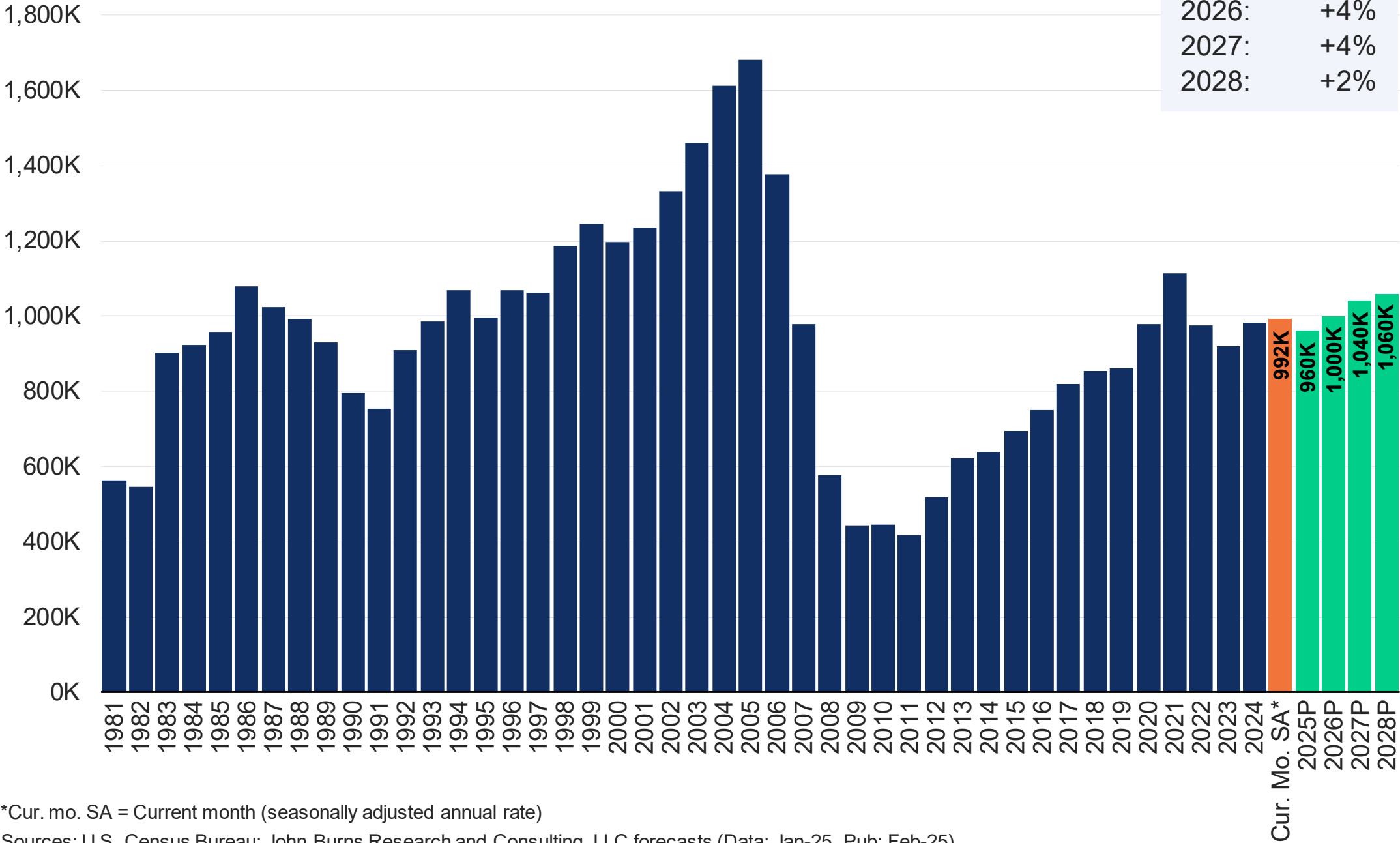
We forecast permits at the metro level using both qualitative and quantitative inputs. Our national forecasts are a rollup of our metro forecasts, which gives us added confidence.

*NAR is forecasted starts. The difference between starts and permits is minimal and is primarily a timing issue. Starts are not available at the MSA level.

Sources: NAR (Oct-24); Moody's (Feb-25); John Burns Research and Consulting, LLC (Pub: Feb-25)

We forecast single-family permits will fall -2% in 2025 before rising through 2028.

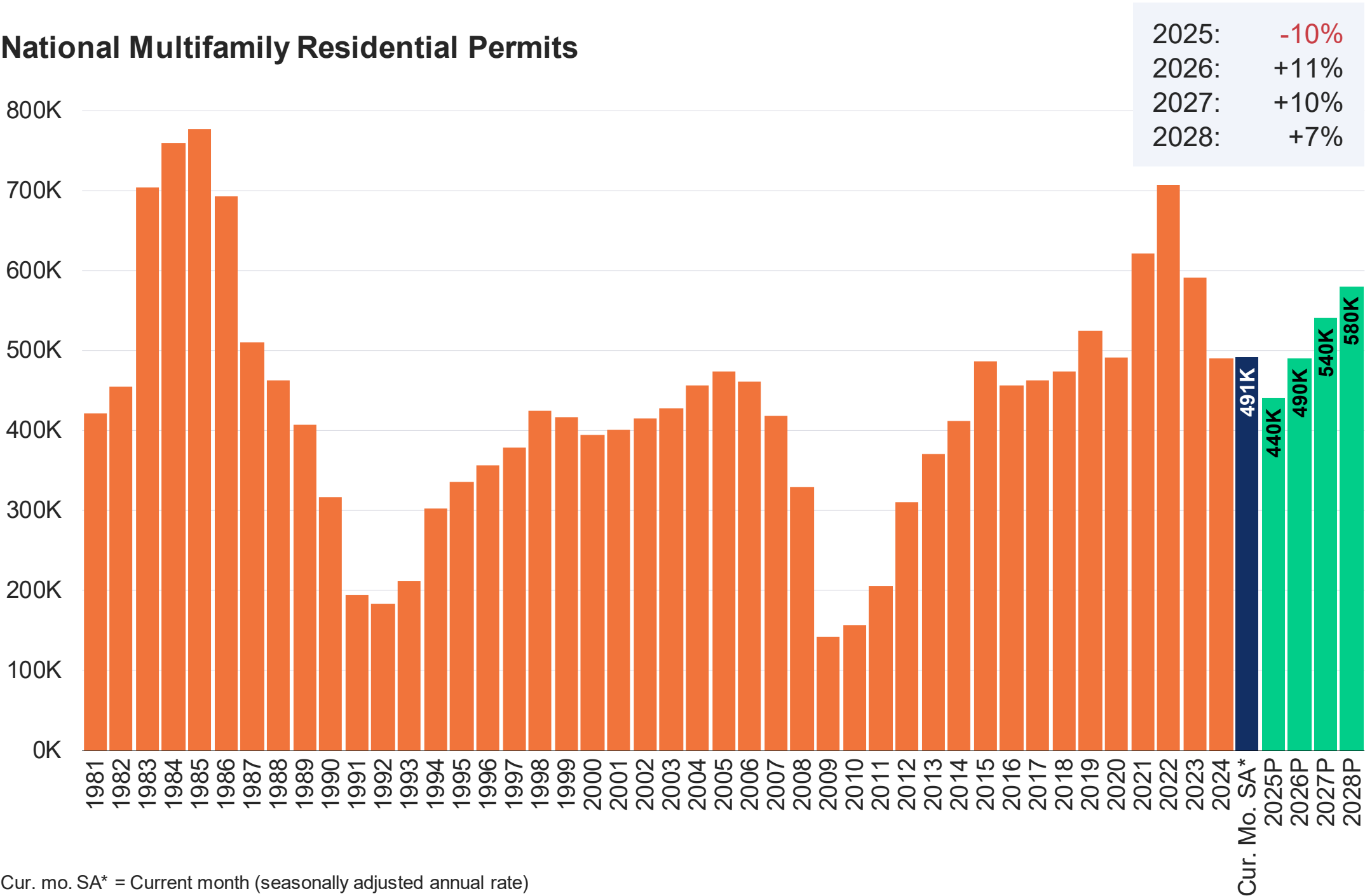
National Single-Family Residential Permits



*Cur. mo. SA = Current month (seasonally adjusted annual rate)
Sources: U.S. Census Bureau; John Burns Research and Consulting, LLC forecasts (Data: Jan-25, Pub: Feb-25)
See Terms and Conditions of Use and License for full details. Prepared exclusively for client management: Dan Noma

We forecast multifamily permits will fall -10% in 2025 before rising through 2028.

National Multifamily Residential Permits

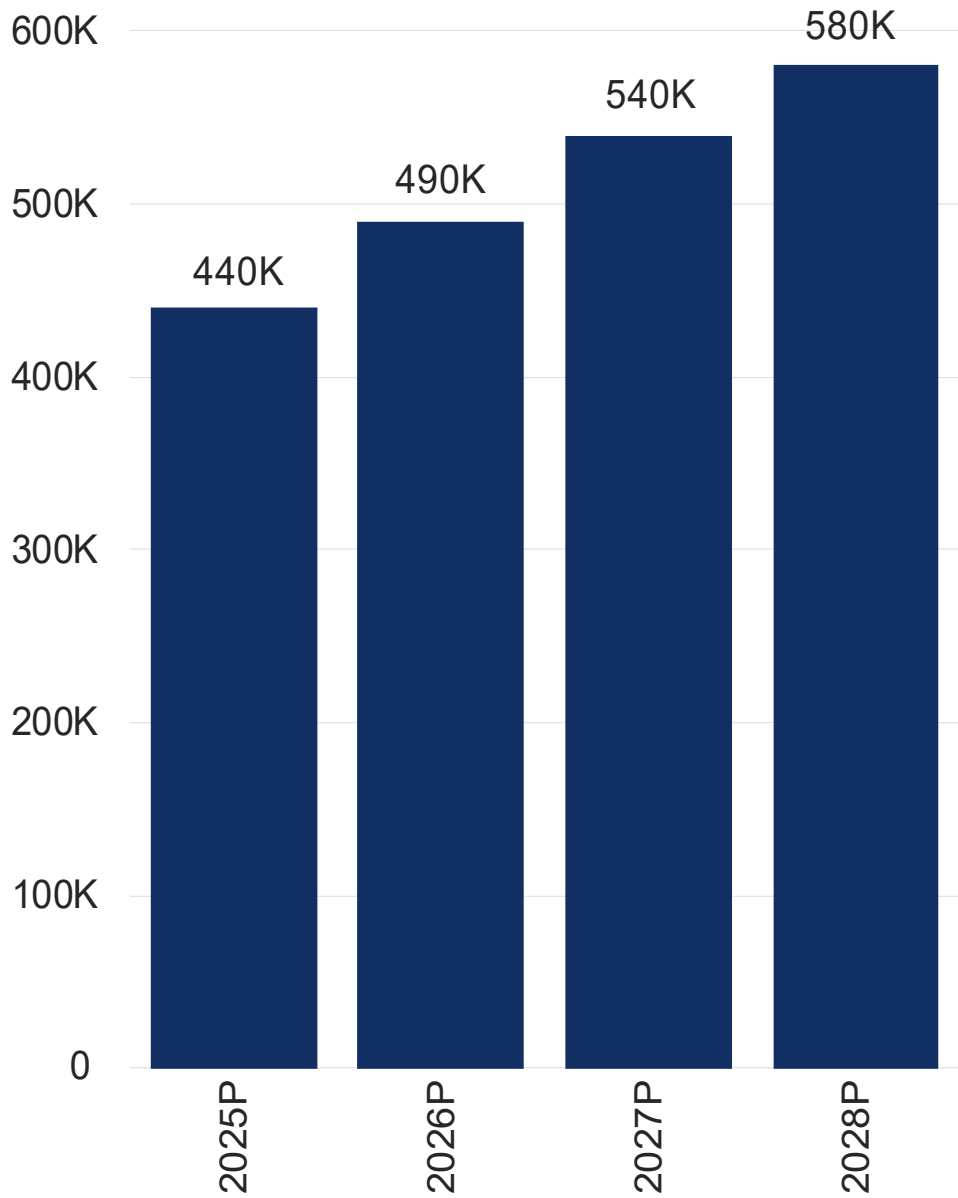


Cur. mo. SA* = Current month (seasonally adjusted annual rate)

Sources: U.S. Census Bureau; John Burns Research and Consulting, LLC forecasts (Data: Jan-25, Pub: Feb-25)

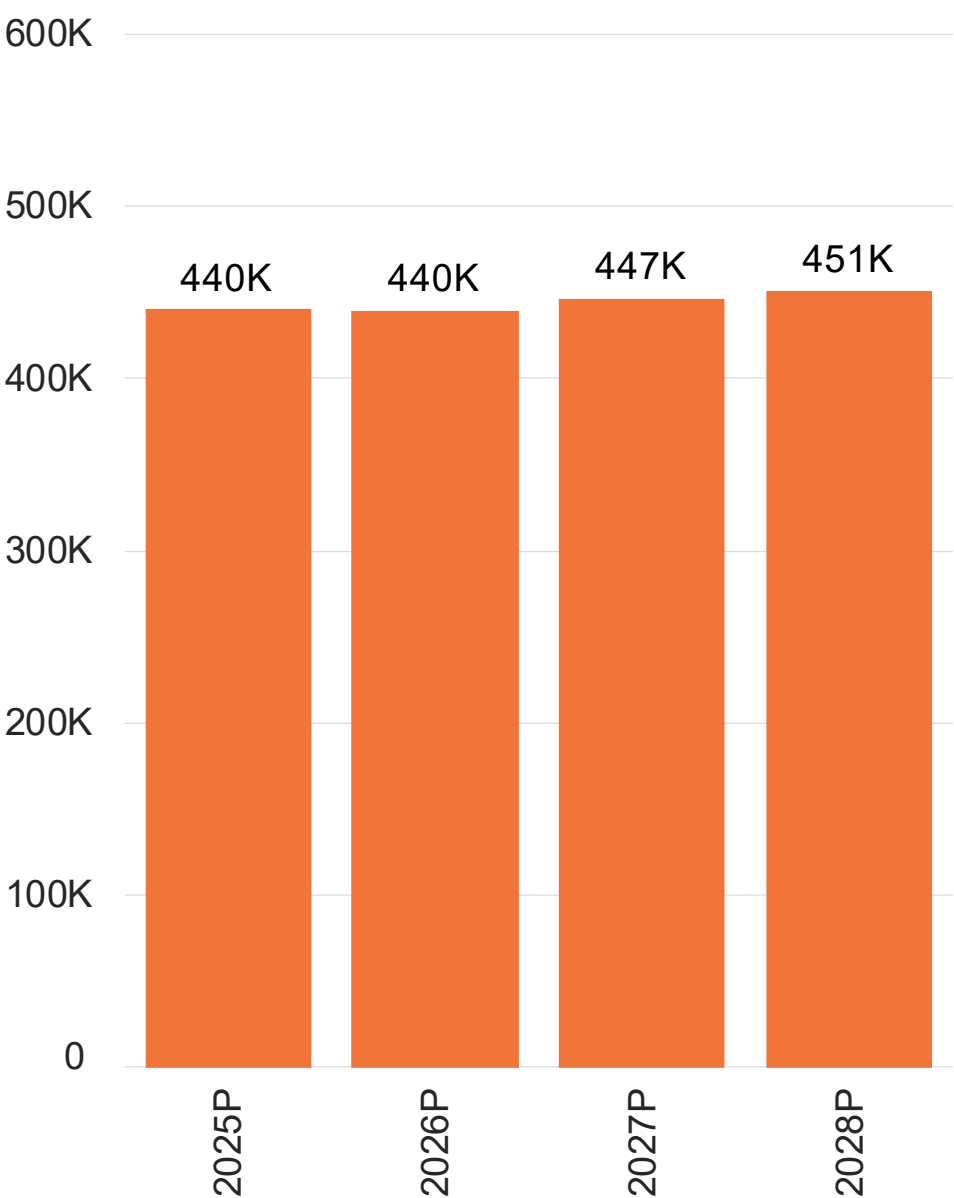
We are more bullish than other forecasters on multifamily permits through 2028. In 2025, we project multifamily permits to fall to 440K.

JBREC National Multifamily Residential Permit Forecast



Source: John Burns Research and Consulting, LLC (Pub: Feb-25)

Moody's National Multifamily Residential Permit Forecast

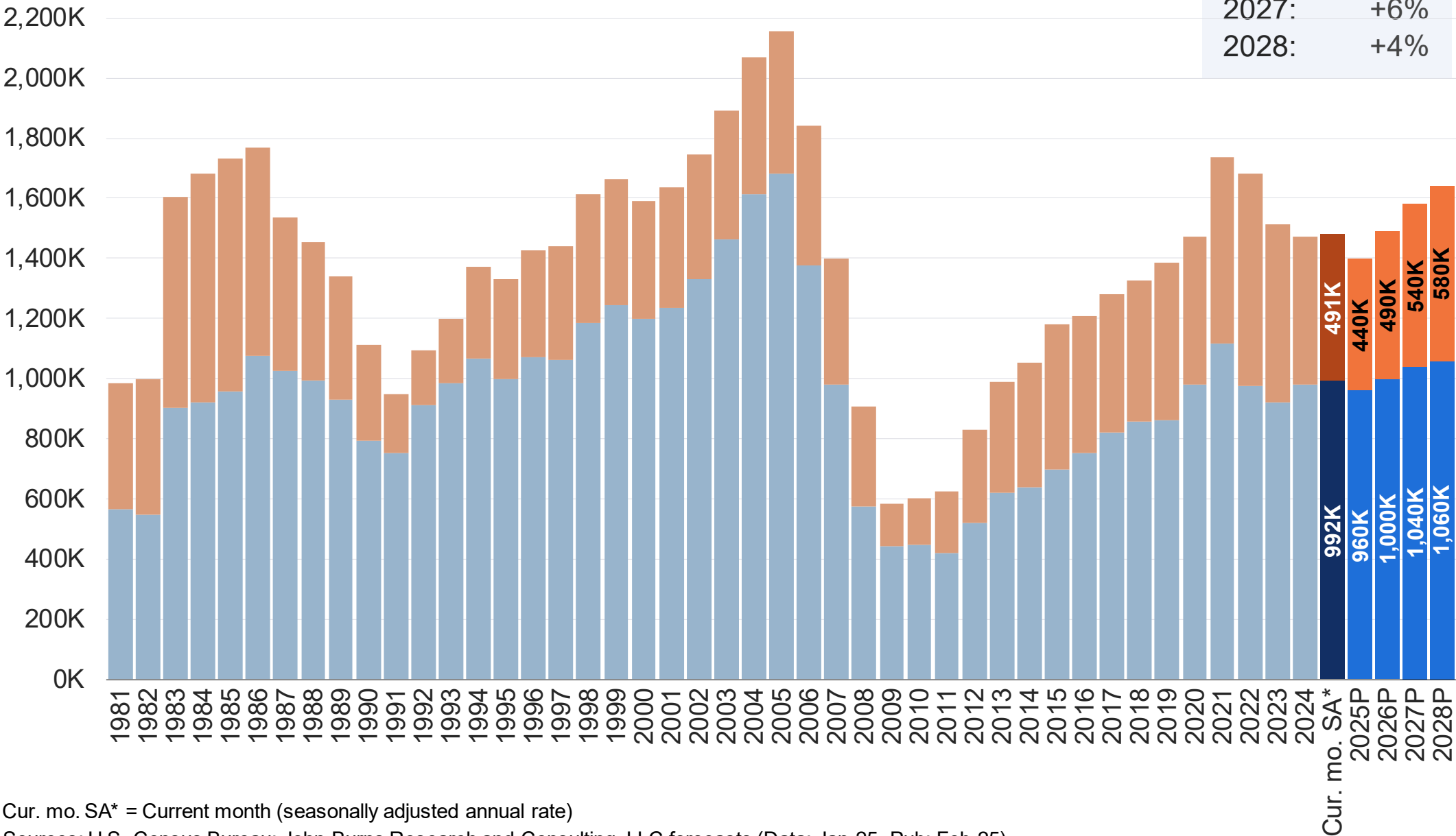


Source: Moody's Analytics

We forecast that total permits will fall to 1.40M in 2025 before rising through 2028.

National Residential Permits

Single-family Multifamily



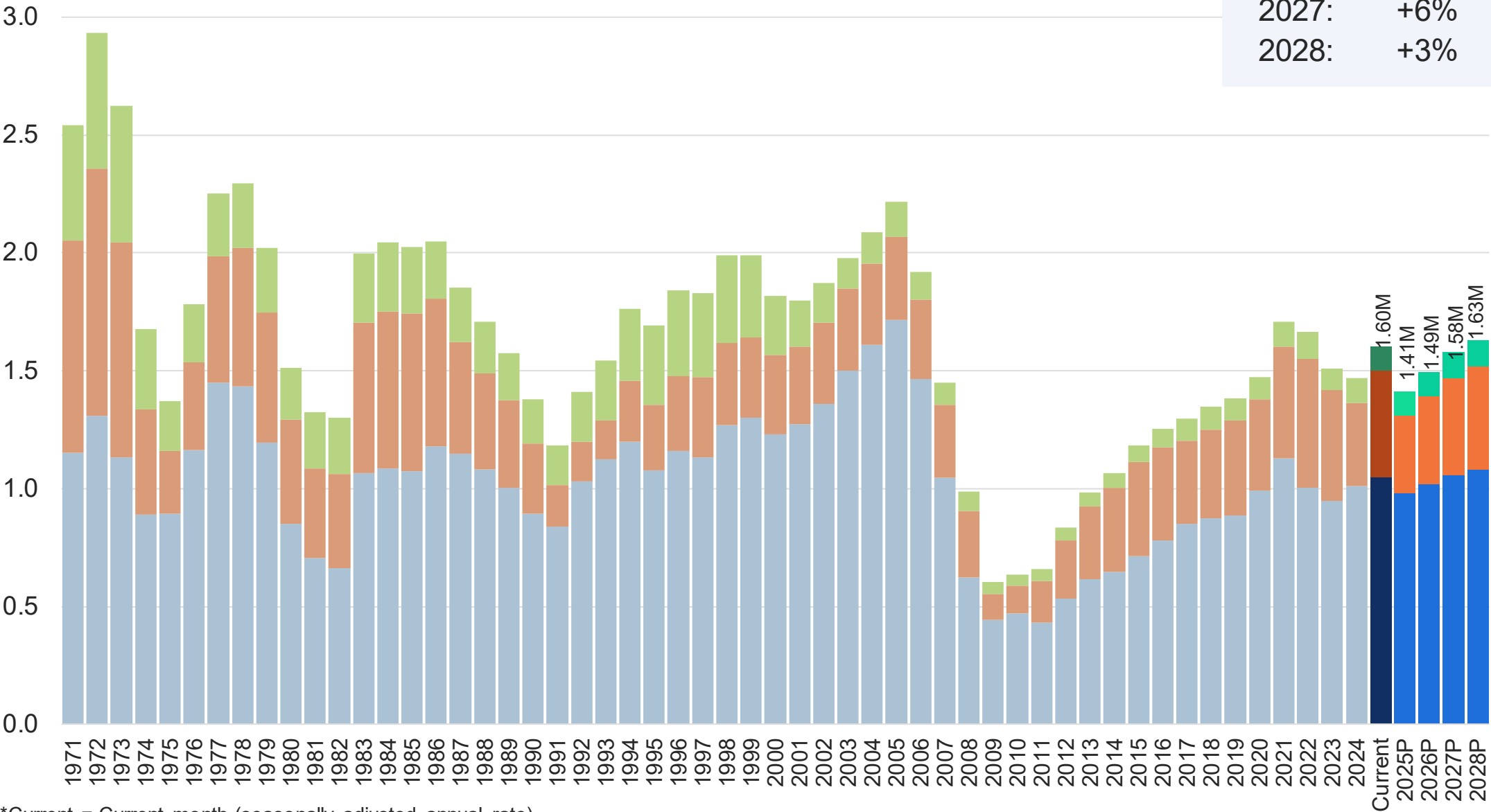
Cur. mo. SA* = Current month (seasonally adjusted annual rate)

Sources: U.S. Census Bureau; John Burns Research and Consulting, LLC forecasts (Data: Jan-25, Pub: Feb-25)

We expect total starts (including manufactured) will fall -4% in 2025 before rising through 2028.

National Housing Starts

Millions ■ Single-family starts ■ Multifamily starts ■ Manufactured housing starts

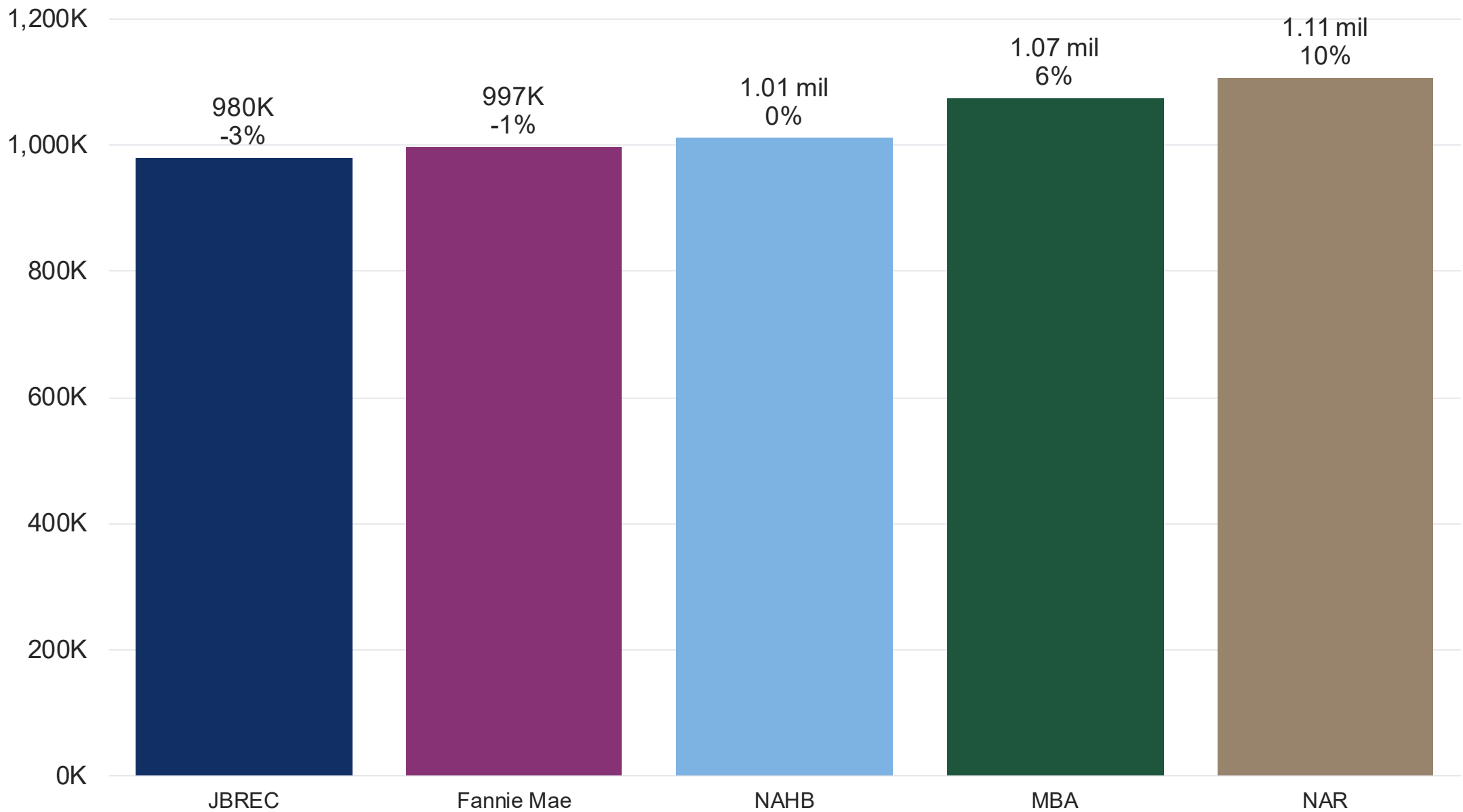


*Current = Current month (seasonally adjusted annual rate)

Source: John Burns Research and Consulting, LLC (Data: Dec-24, Pub: Feb-25)

We forecast that single-family starts will fall -3% YOY to 980K in 2025. We are below all other forecasters on single-family starts.

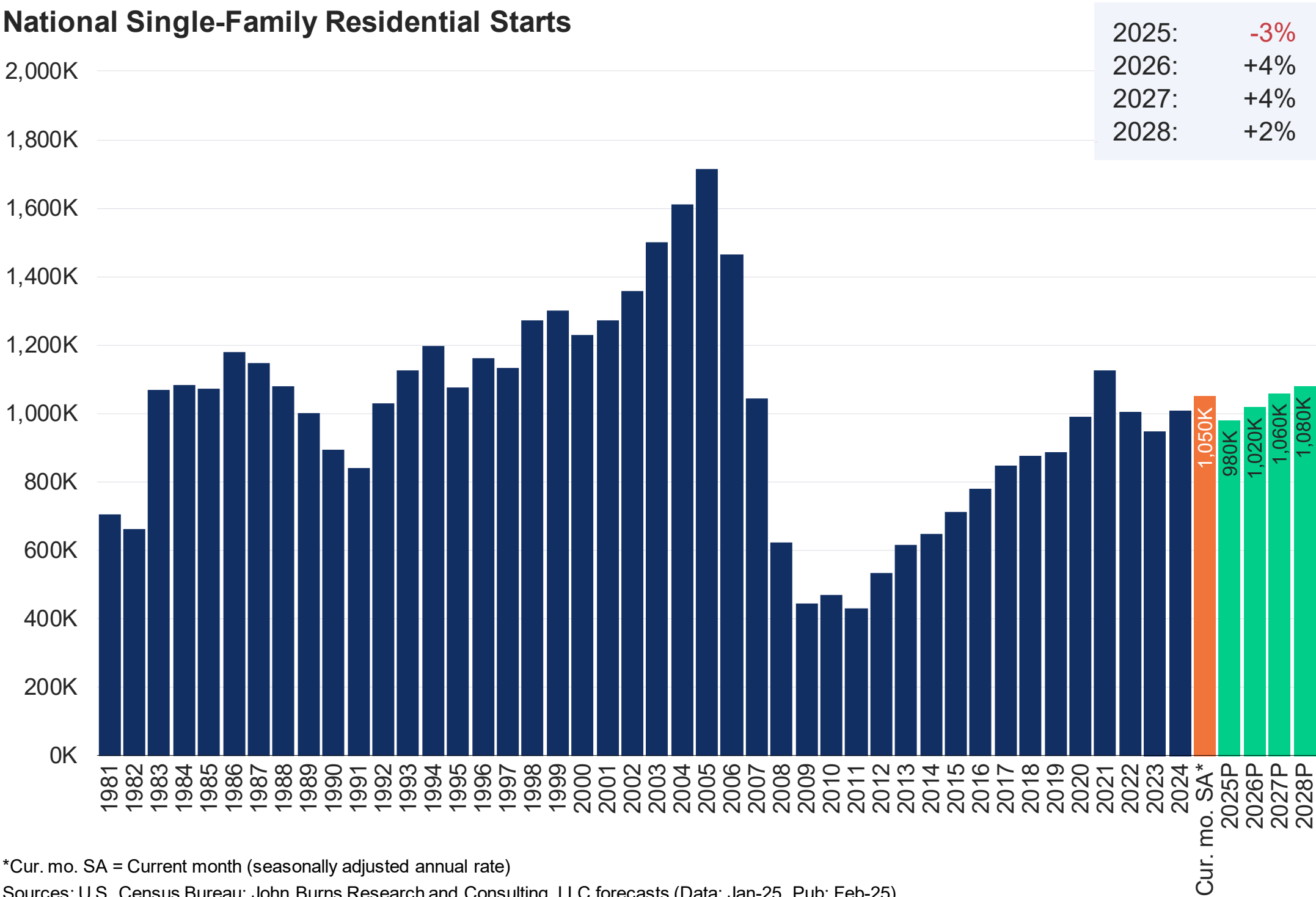
2025 Single-Family Starts Forecast Comparison



Note: All forecasts are standardized to 1009.4K total for 2024.
Sources: Fannie Mae (Jan-25); NAHB (Feb-25); MBA (Jan-25); NAR (Oct-24);
Source: John Burns Research and Consulting, LLC (Pub: Feb-25)

We forecast that single-family starts will fall -3% YOY to 980K in 2025.

National Single-Family Residential Starts

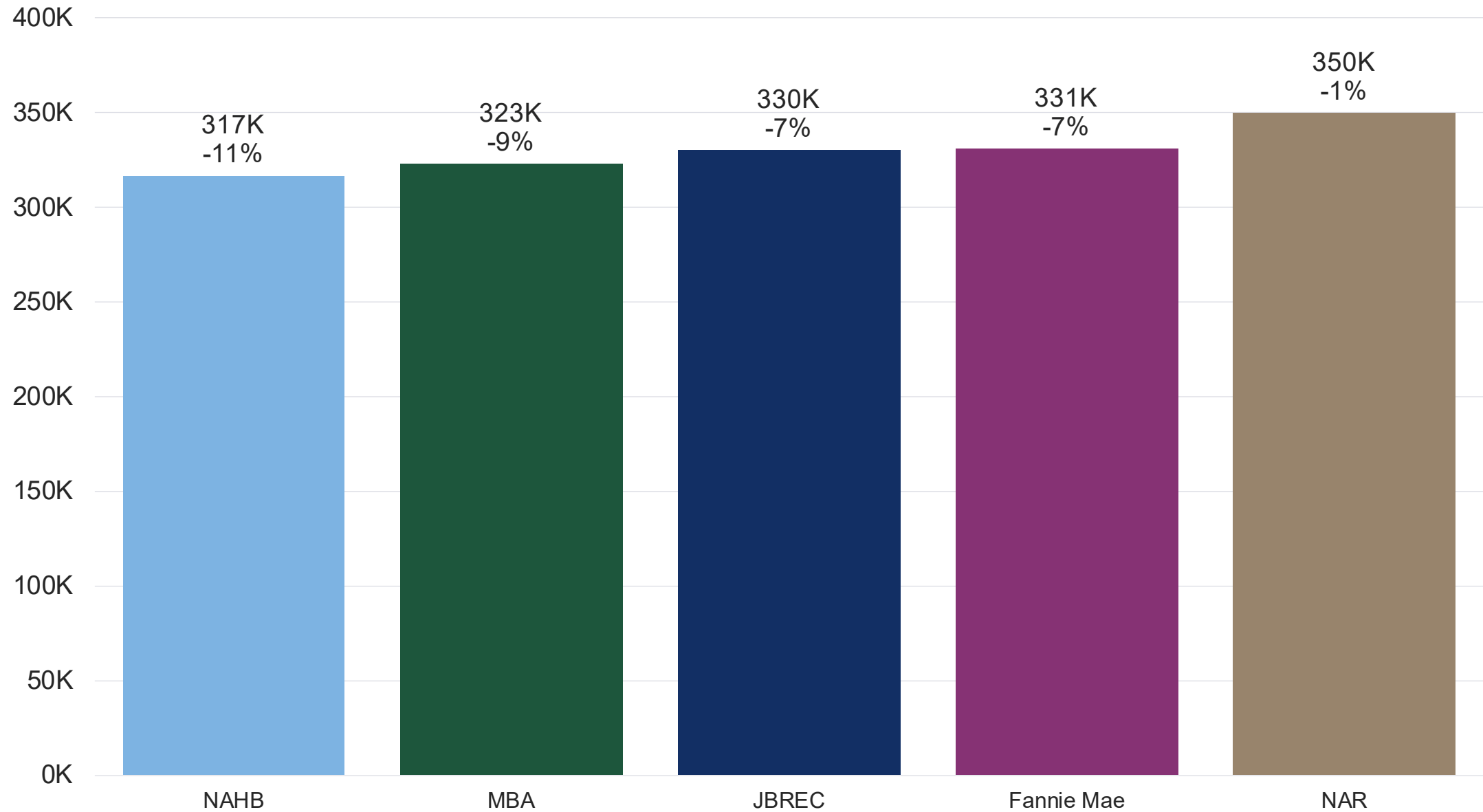


*Cur. mo. SA = Current month (seasonally adjusted annual rate)

Sources: U.S. Census Bureau; John Burns Research and Consulting, LLC forecasts (Data: Jan-25, Pub: Feb-25)

We forecast that multifamily starts will fall to 330K in 2025.
We are above NAHB and MBA on multifamily starts for 2025.

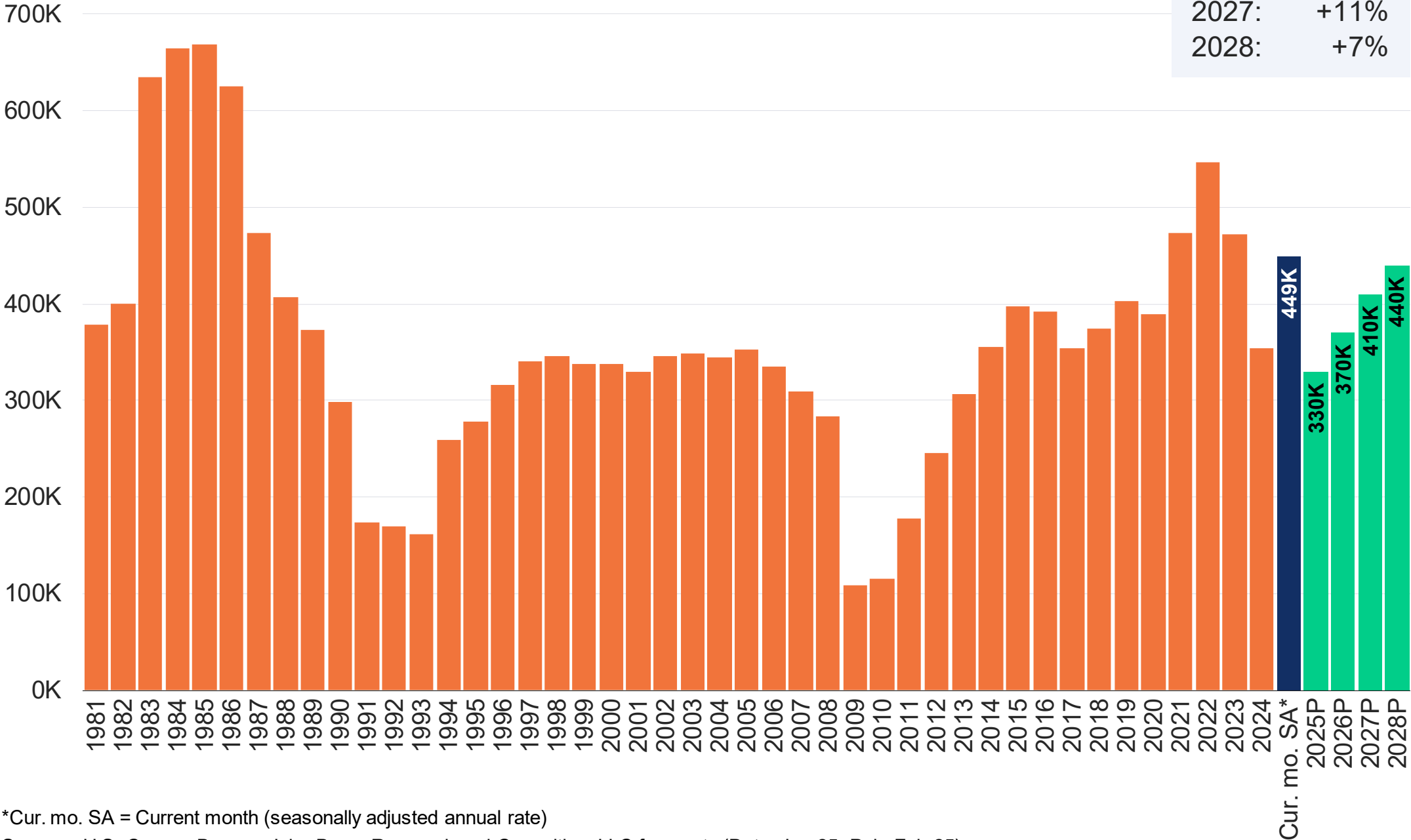
2025 Multifamily Starts Forecast Comparison



Note: All forecasts are standardized to 354.7K total for 2024.
Sources: NAHB (Feb-25); MBA (Jan-25); Fannie Mae (Jan-25); NAR (Oct-24);
Source: John Burns Research and Consulting, LLC (Pub: Feb-25)

We forecast that multifamily starts will fall to 330K in 2025 before rising through 2028.

National Multifamily Residential Starts



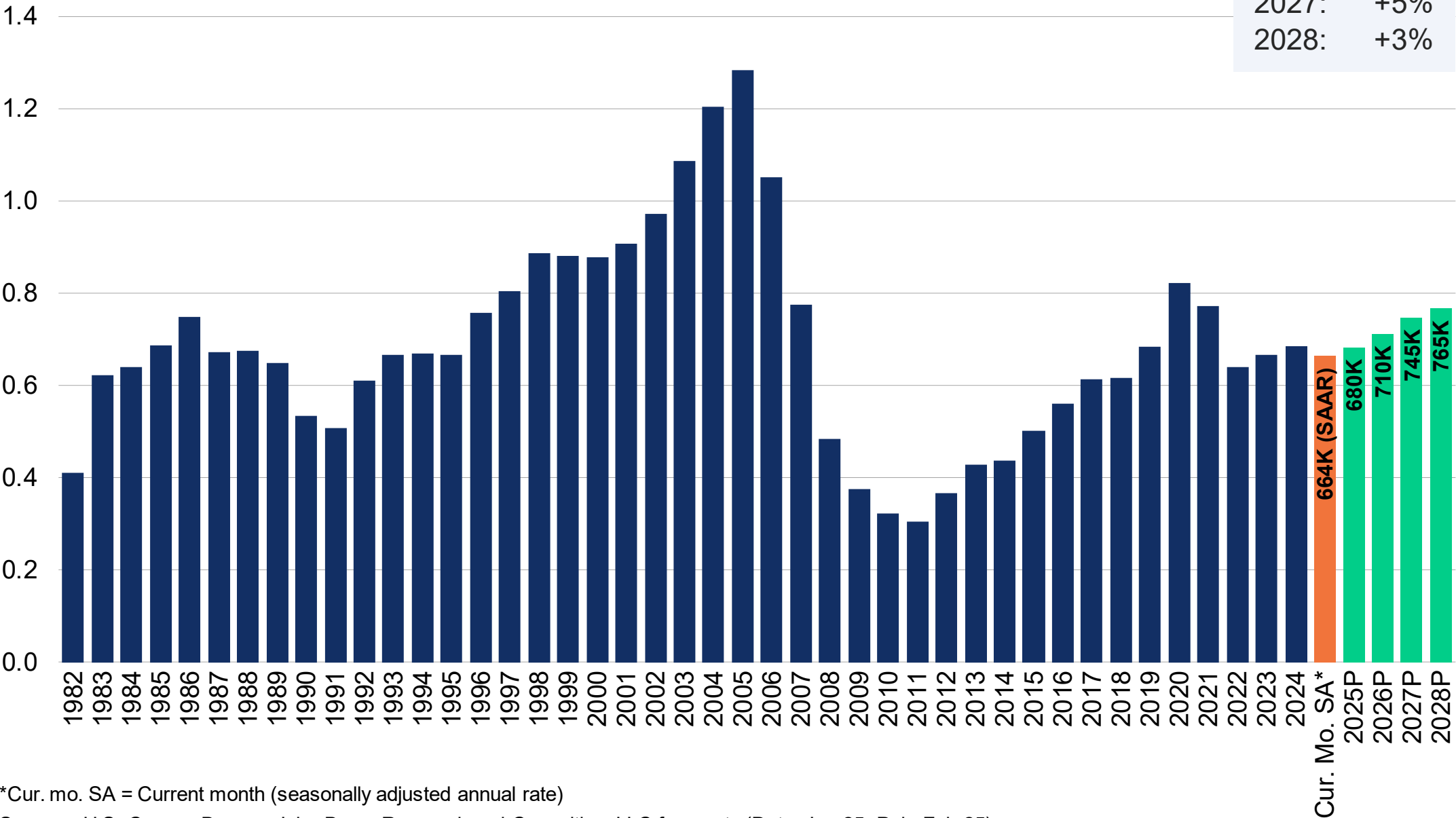
*Cur. mo. SA = Current month (seasonally adjusted annual rate)

Sources: U.S. Census Bureau; John Burns Research and Consulting, LLC forecasts (Data: Jan-25, Pub: Feb-25)

We forecast that new single-family home sales will remain flat YOY in 2025 before rising through 2028.

National New Single-Family Home Sales

Millions

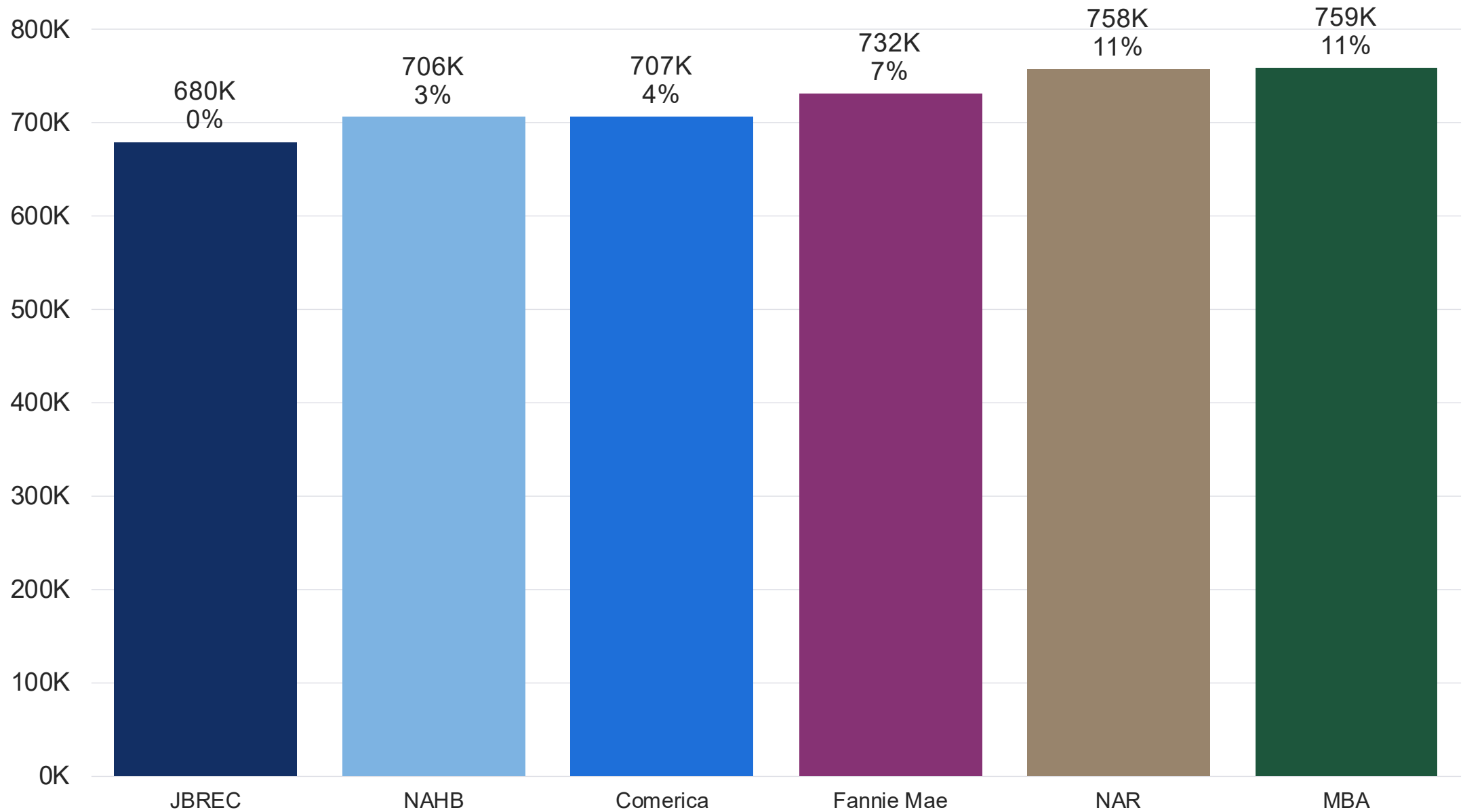


*Cur. mo. SA = Current month (seasonally adjusted annual rate)

Sources: U.S. Census Bureau; John Burns Research and Consulting, LLC forecasts (Data: Jan-25, Pub: Feb-25)

We expect new home sales will remain flat YOY in 2025.
Our forecast is below all other forecasters.

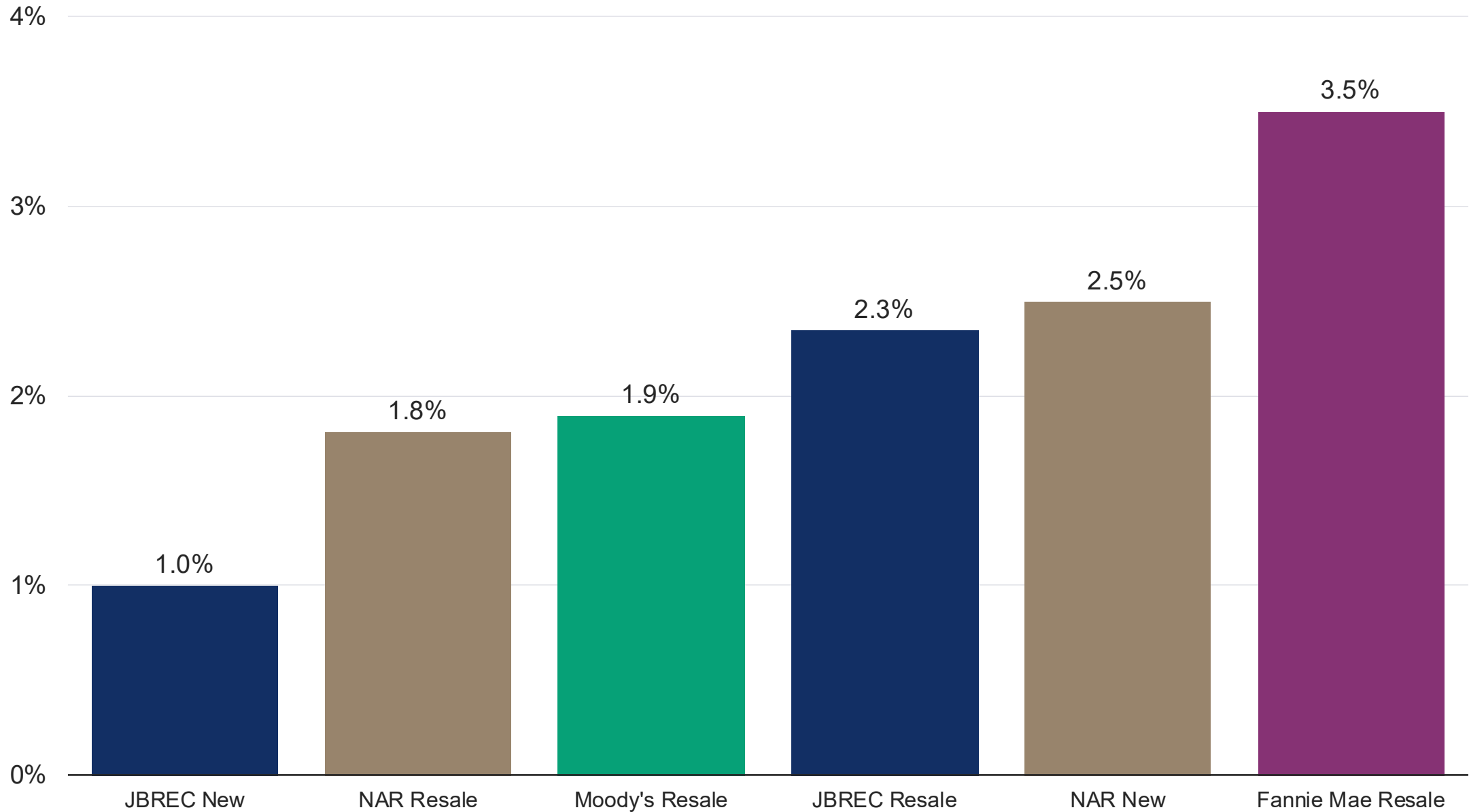
2025 New Home Sales Forecast Comparison



Note: All forecasts are standardized to 683K total for 2024.
Sources: NAHB (Feb-25); Comerica (Feb-25); Fannie Mae (Jan-25); NAR (Oct-24); MBA (Jan-25);
Source: John Burns Research and Consulting, LLC (Pub: Feb-25)

We forecast +1.0% price appreciation for new homes (net of incentives) and +2.3% for resale homes in 2025.

2025 Price Appreciation

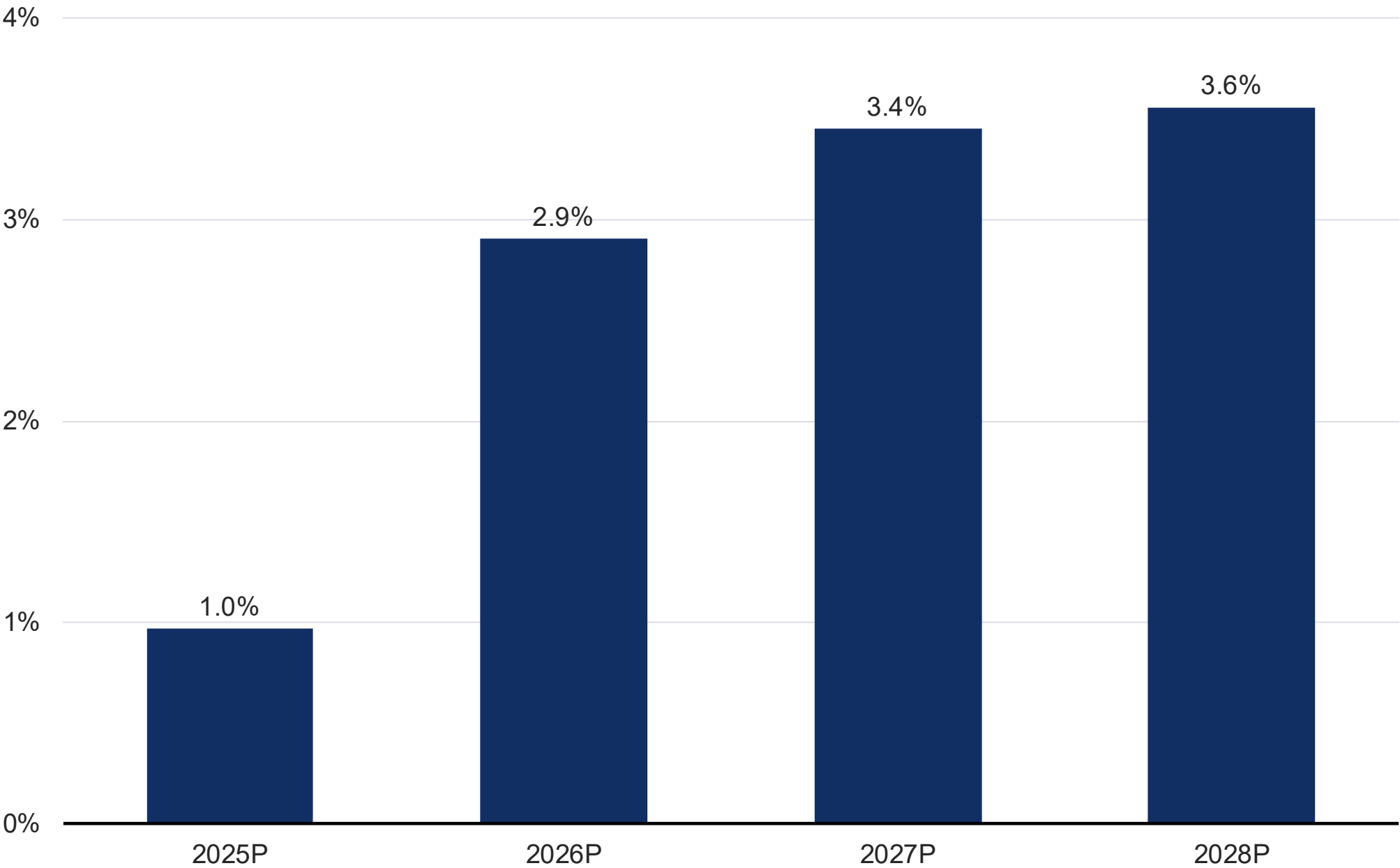


Note: Our new home price forecast is net of incentives.
Sources: NAR (Oct-24); Moody's (Feb-25); NAR (Oct-24); Fannie Mae (Jan-25); John Burns Research and Consulting, LLC (Pub: Feb-25)

We project new home prices (net of incentives) will rise +1.0% in 2025.

National New Home Price Appreciation Forecast

Per community, net of incentives



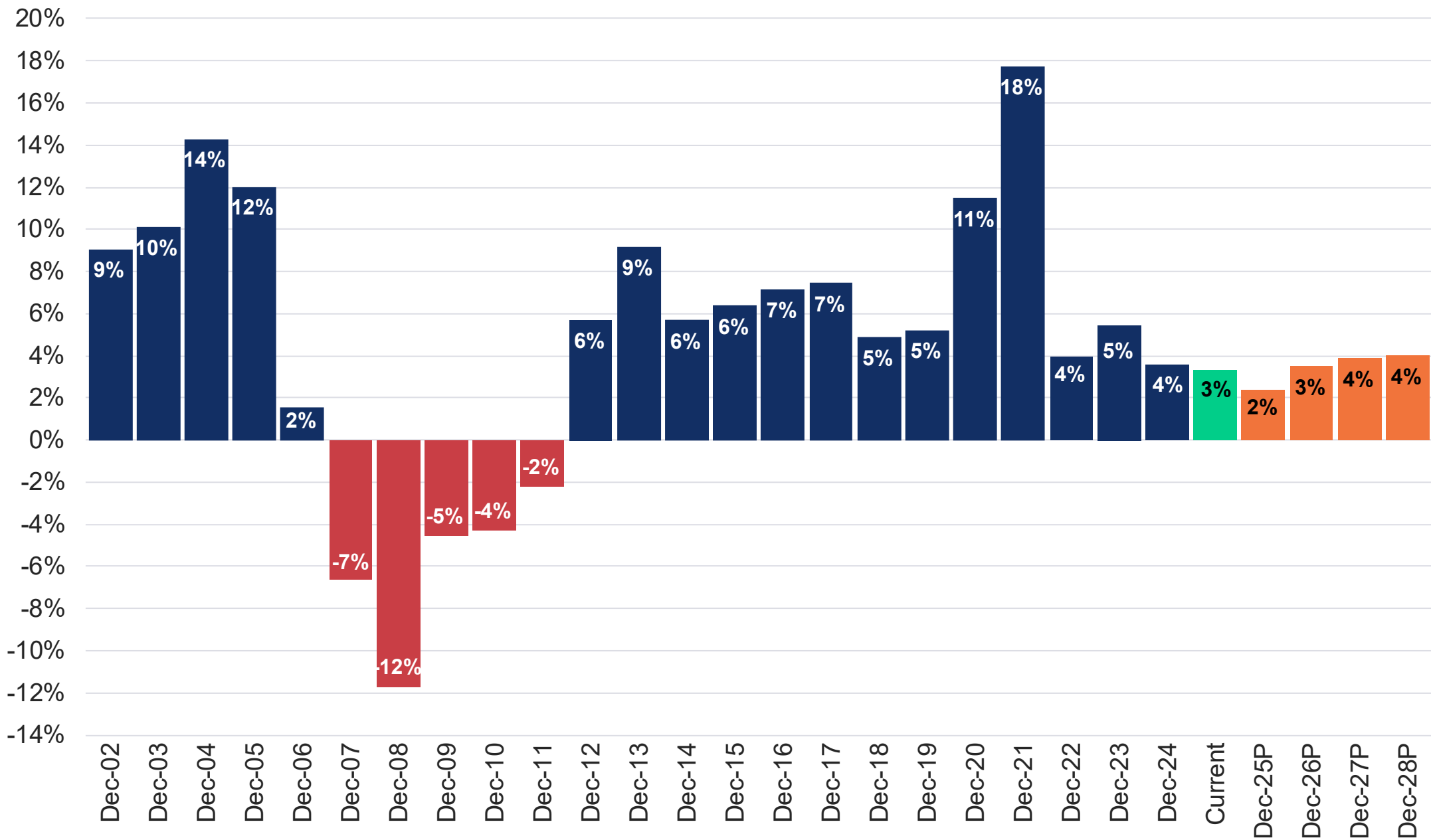
Our national forecast is a rollup of metros, and we expect price movements will vary significantly by market.

Source: John Burns Research and Consulting, LLC (Pub: Feb-25)

We forecast that resale home prices will rise +2% in 2025.

Burns Home Value Index™

Resale home prices, year-end YOY % change



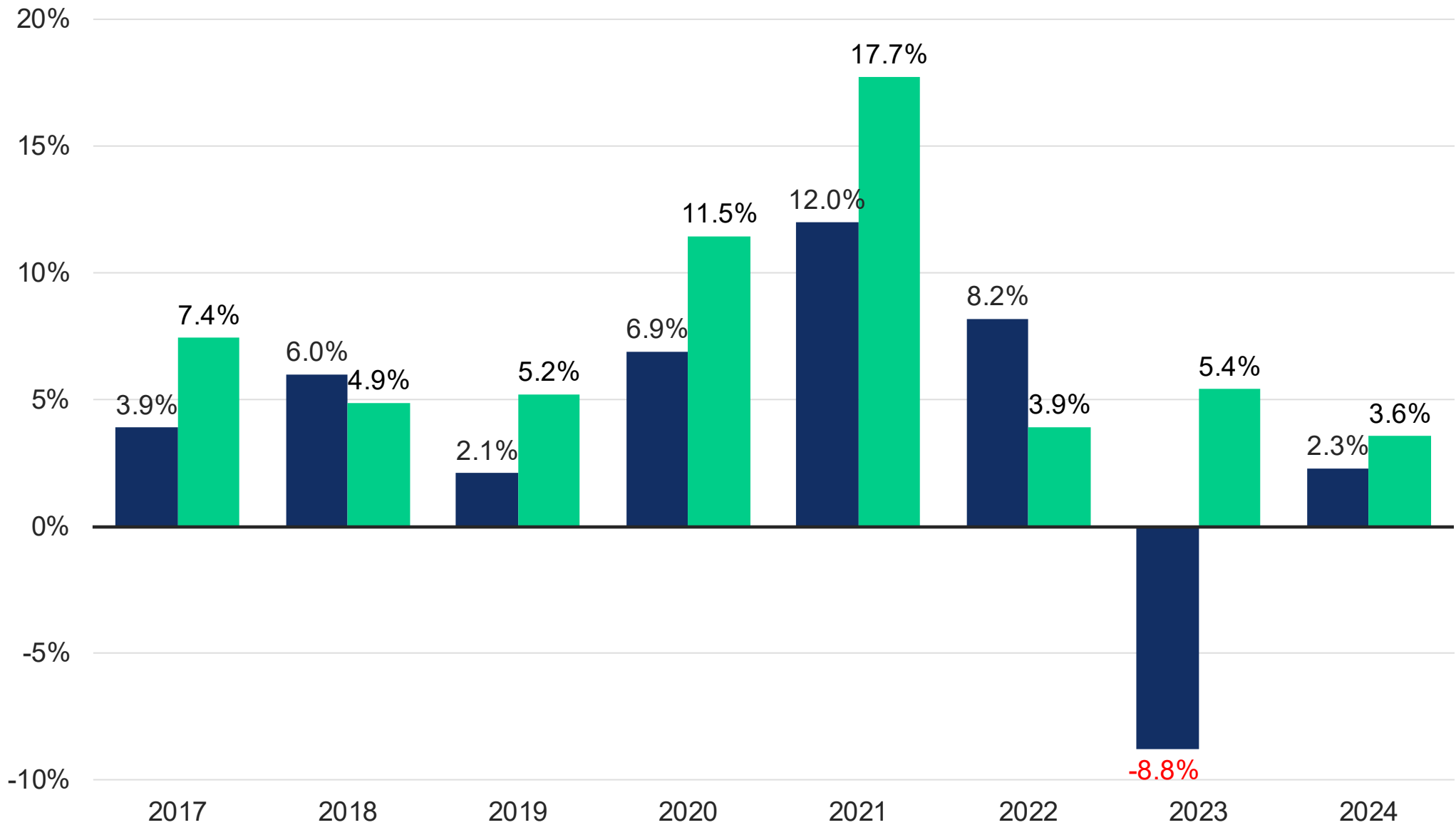
Note: 'National' here is a rollup of 150 markets which may differ from National rollups of other data points, based on market coverage.

Source: John Burns Research and Consulting, LLC (Data: Jan-25, Pub: Feb-25)

Our start-of-year forecasts are typically within a few percentage points of actuals.

Forecast Accuracy: Burns Home Value Index™ YOY % Change (National)

Resale home price appreciation (YOY % change) ■ JBREC forecast at start of year ■ Actual growth



Like nearly all forecasters, our 2023 start-of-year forecasts assumed a likely recession due to the impact of the fastest rate hike cycle in history.

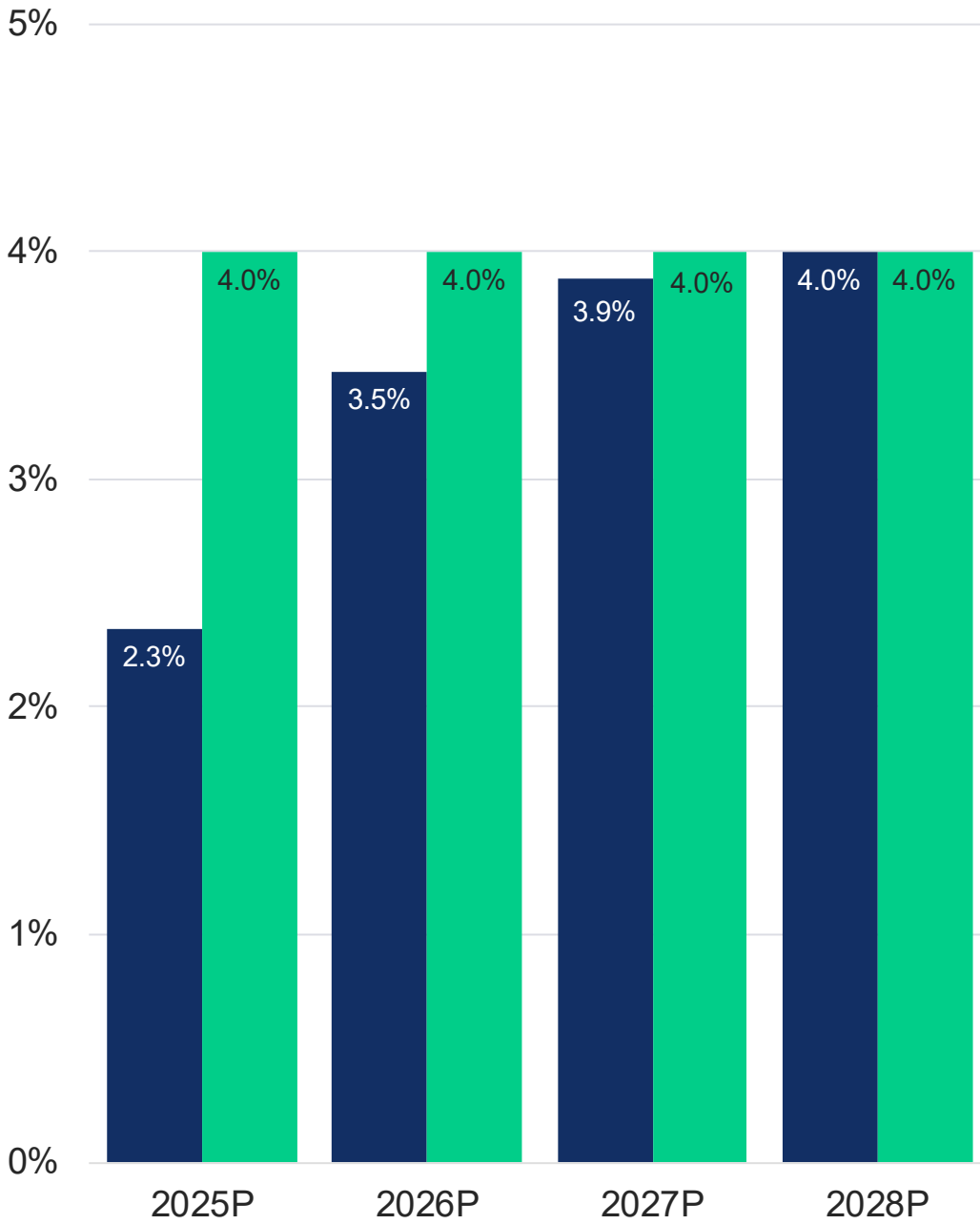
- Higher rates cooled demand but curtailed supply to an even greater extent by locking in owners with low existing rates, which supported prices in 2023.

As a part of creating this report, we review fresh economic and housing data each month and update our forecasts accordingly.

Our price appreciation forecasts for 2025 are below consensus.

Projected Home Price Appreciation (Q4/Q4)

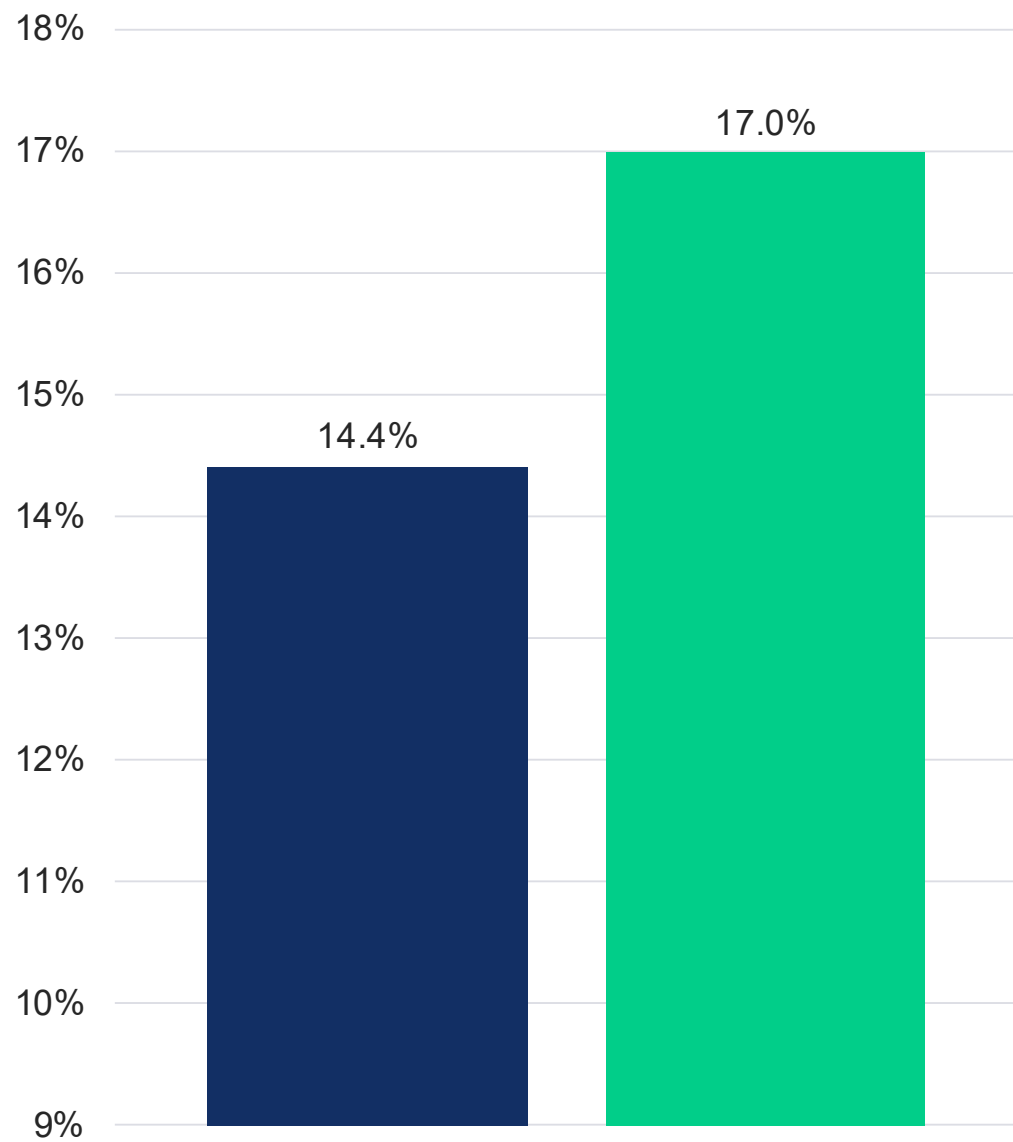
■ John Burns ■ Fannie Mae Home Price Expectations Survey



Projected Home Price Appreciation

Cumulative through 2028

■ John Burns ■ Fannie Mae Home Price Expectations Survey



We project a +14 price increase through 2028, below the +17% consensus of 100+ economists.

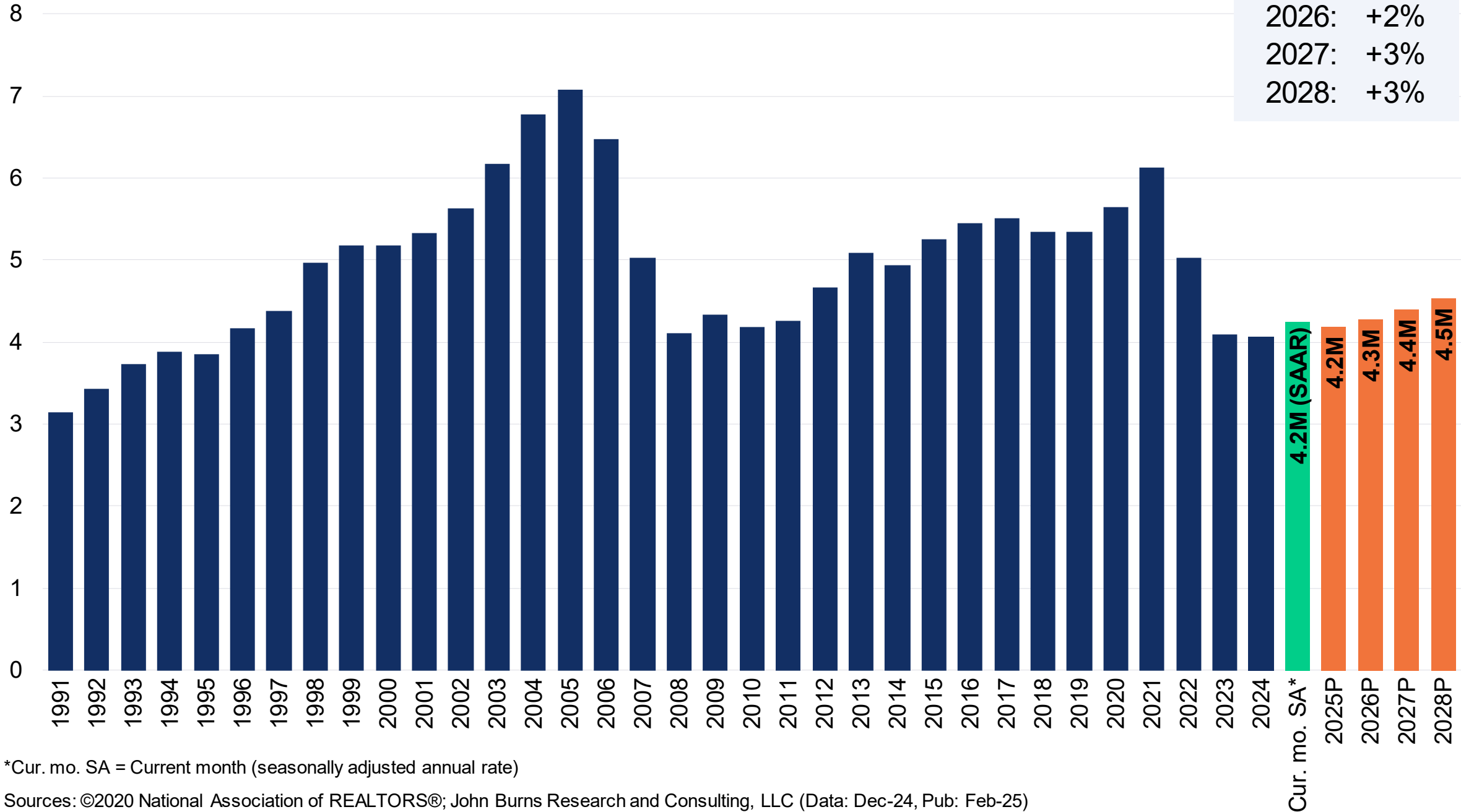
The average 4-year cumulative price growth from 1981 to 2024 is +21%, according to our Burns Home Value Index™.

Sources: John Burns Research and Consulting, LLC; Zillow Pulsenomics Home Price Expectations Survey (Data: 4Q24; Pub: Feb-25)

We forecast that existing home sales will remain low relative to history in 2025.

National Existing Home Sale Closings

Millions



We forecast that existing home sales will increase slightly YOY in 2025 due to:

- Gradually waning lock-in effect
- Easy comparison to historic low for home sales in 2024

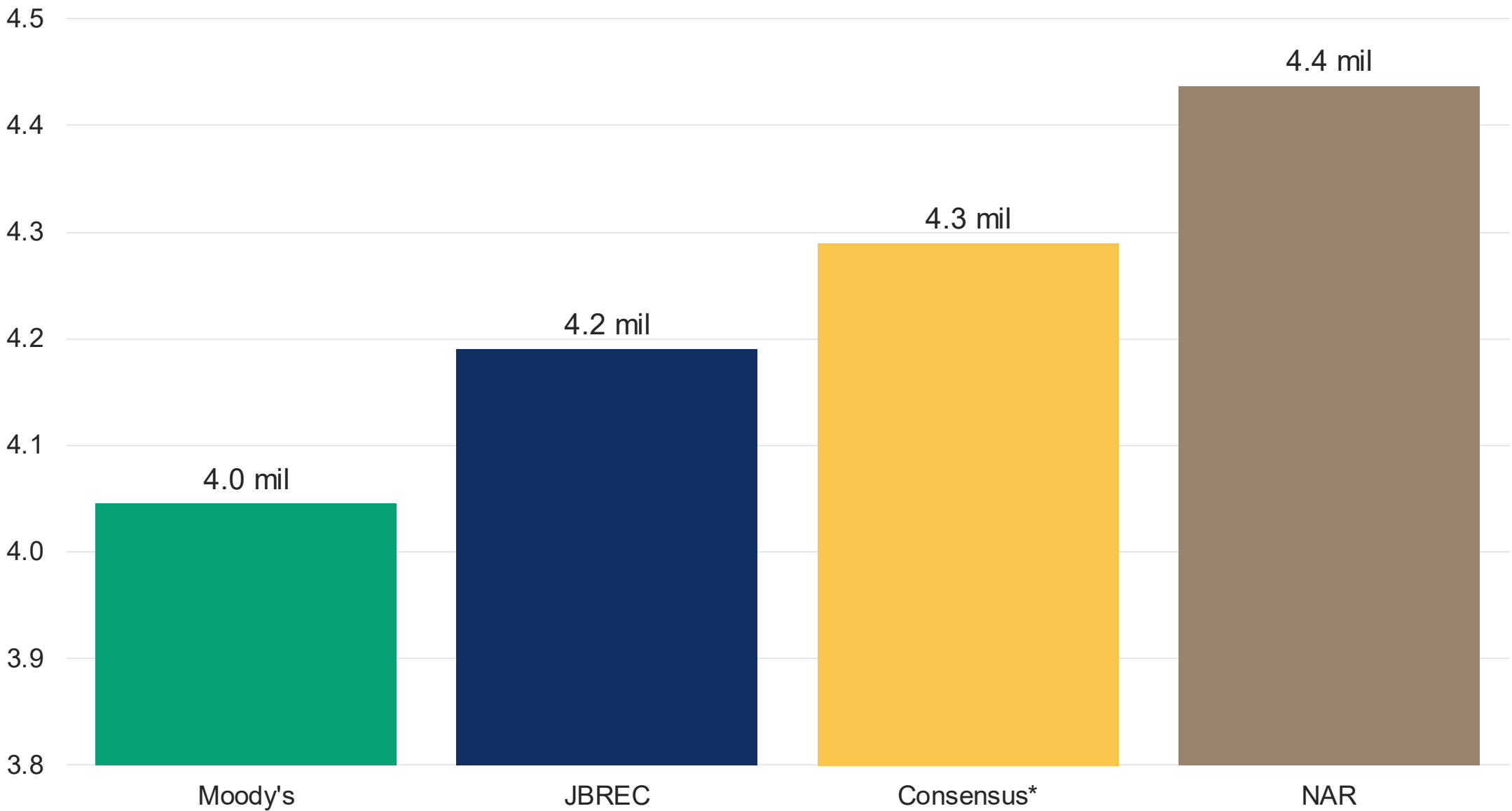
*Cur. mo. SA = Current month (seasonally adjusted annual rate)

Sources: ©2020 National Association of REALTORS®; John Burns Research and Consulting, LLC (Data: Dec-24, Pub: Feb-25)

Our existing home sales forecast is below consensus.

2025 JBREC vs. Moody's and NAR Resale Sale Closings Forecast

Millions



Note: All forecasts are standardized to 4.06M total for 2024.

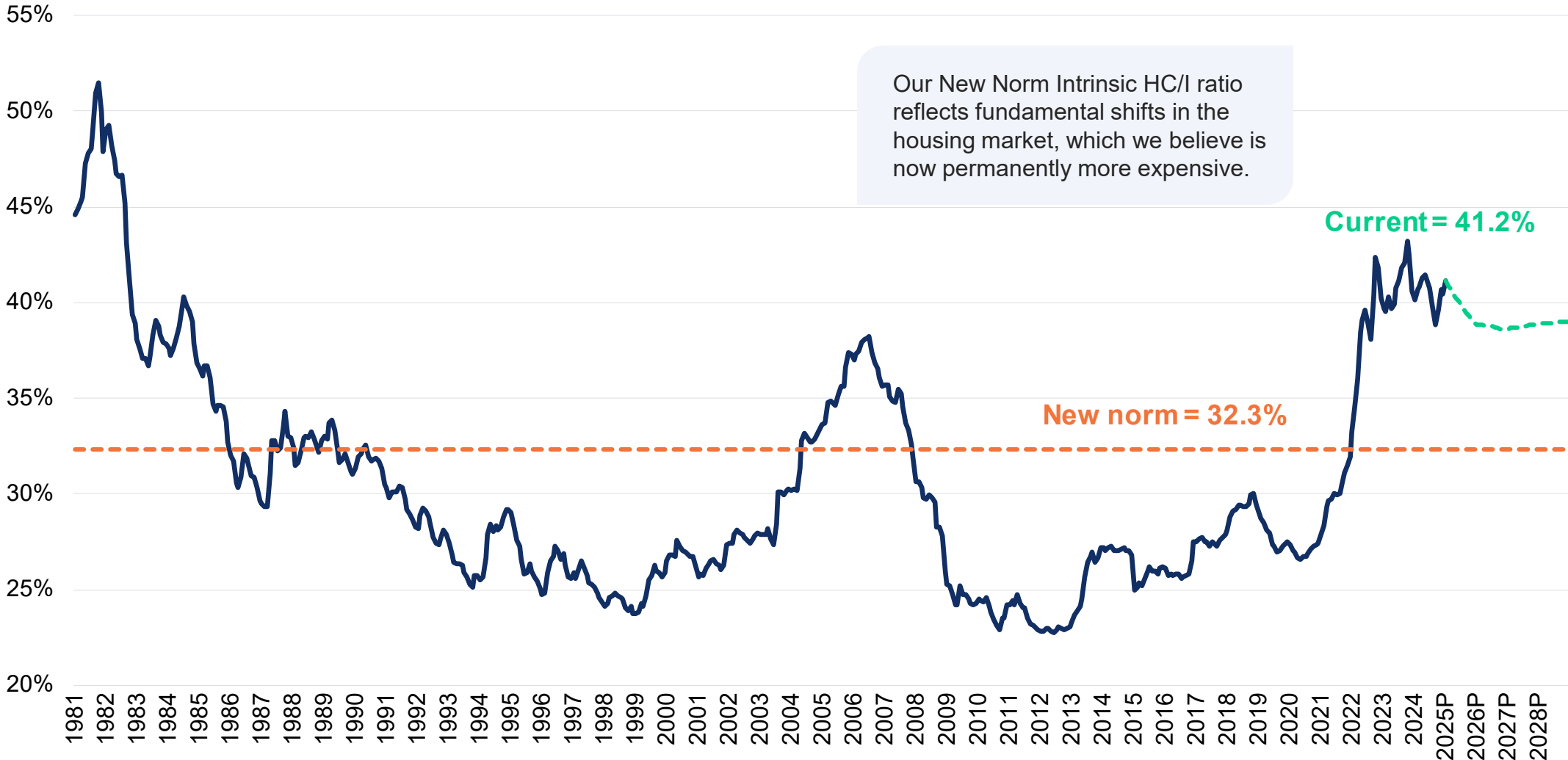
*Numerous banks and industry groups

Sources: Moody's (Feb-25); NAR (Oct-24); John Burns Research and Consulting, LLC (Pub: Feb-25)

Our Burns Affordability Index™ is at 41.2%, near the highest level since the early 1980s.

Burns Affordability Index™

Housing-cost-to-income ratio



Our Burns Affordability Index shows the typical monthly housing-cost-to-income (HC/I) ratio for a homebuyer purchasing at today's rates.

Use caution when comparing affordability today to the early 1980s, when assumable mortgages were much more common and high-LTV loans were rarer.

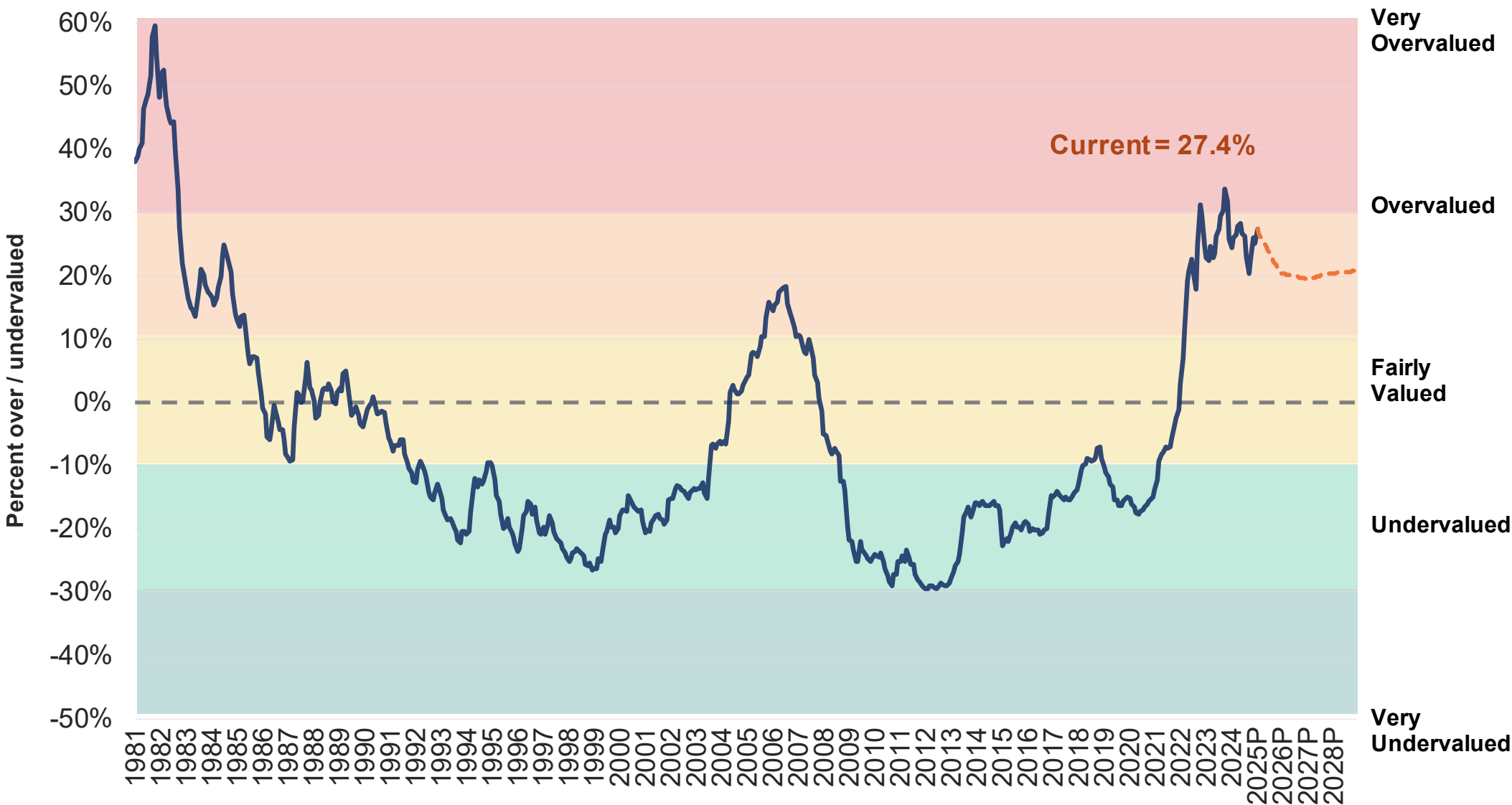
We calculate the housing cost to income ratio (HC/I ratio) by dividing the market's median monthly housing costs by 125% of the median income. Housing cost assumes the purchase of a home equal to the market's median-priced existing home with a 10% down payment and a 30-year, fixed-rate mortgage. Payment includes PITI (principal, interest, taxes and insurance) plus mortgage insurance. To determine the intrinsic HC/I ratio, we look at the long-term trend of the market's HC/I ratio, with an emphasis on recent history and our forecasts. This intrinsic adjuster (the spread between the intrinsic HC/I ratio and the historical median HC/I ratio) is representative of fundamental shifts in several markets we feel are now permanently more/less expensive due to increased/decreased demand or limited supply.

Source: John Burns Research and Consulting, LLC (Data: Jan-25; Pub: Feb-25)

Nationally, homes are 27% overpriced at current mortgage rates and home prices.

Burns Under/Overpriced Market Index™
% overvalued / undervalued compared to intrinsic value

— Burns Under/Overpriced Market Index
- - - Burns Under/Overpriced Market Index (Forecast)



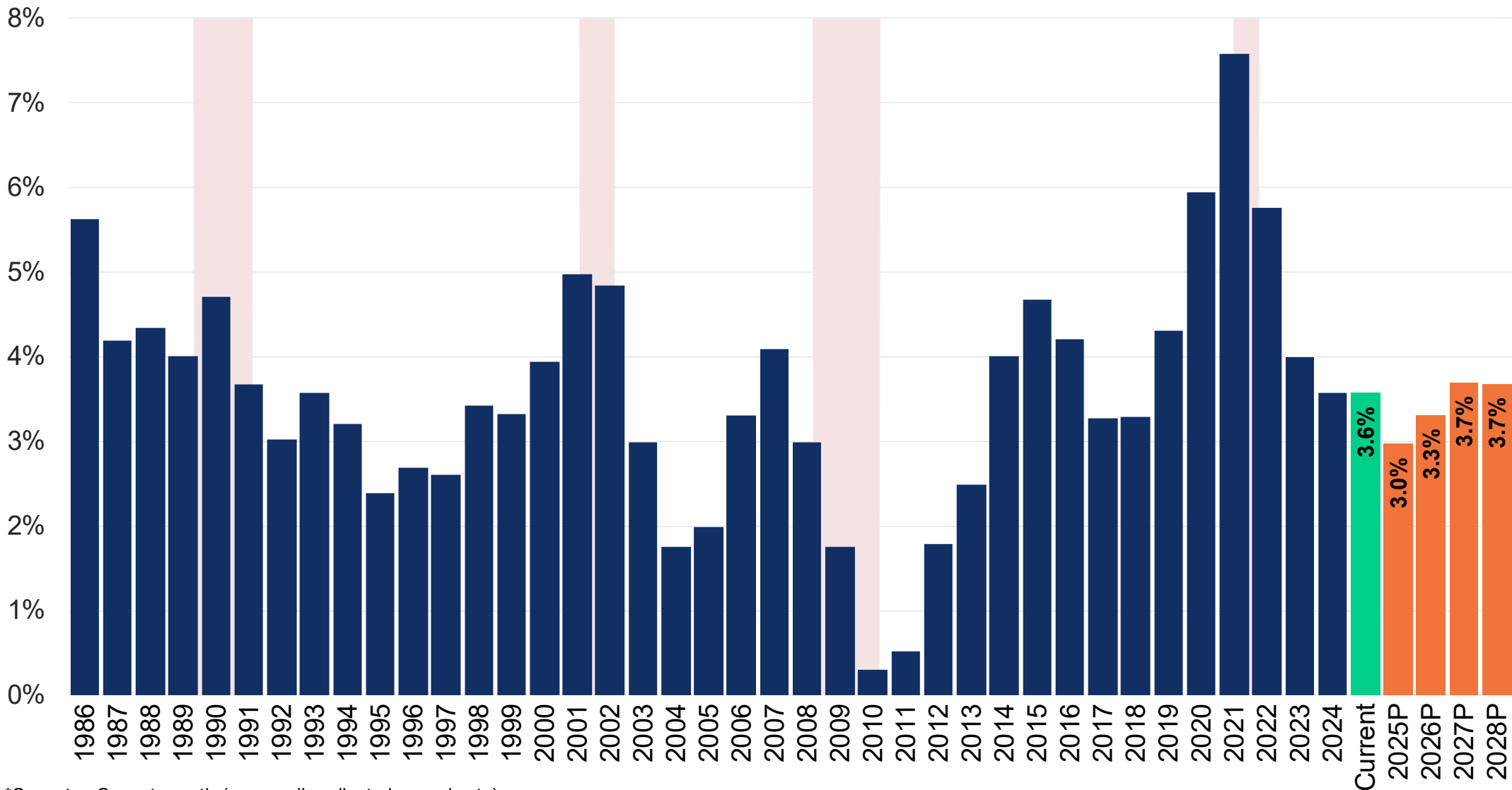
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Source: John Burns Research and Consulting, LLC (Data: Jan-25; Pub: Feb-25)

We forecast that single-family rents will grow +3.0% in 2025.

National Single-Family Rent Index™

YOY % growth, 99 market rollup



*Current = Current month (seasonally adjusted annual rate)

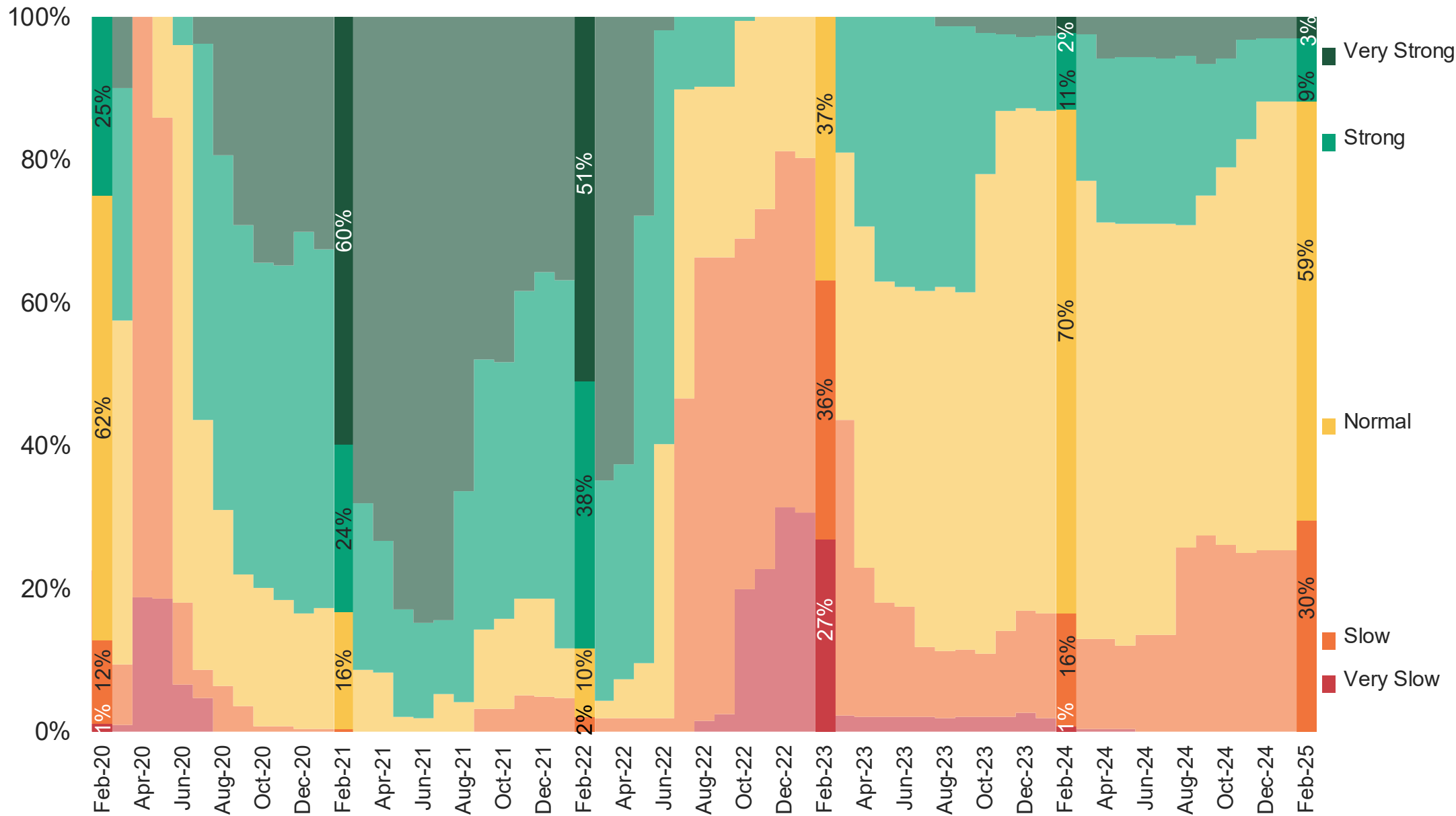
Note: Burns Single-Family Rent Index™ is a measure of new lease effective rent. We calculate the US roll-up based on a weighted average of 99 markets. We've enhanced our Burns Single-Family Rent Index™ with more listings data via adding a new source. This data provides more realtime responsiveness in our index, though we still use multi-month smoothing to limit volatility. These changes impact all 99 markets in our single-family rental research, with some markets more affected than others - changes can be seen from January 2020 through current. 'National' here is a rollup of 99 markets which may differ from National rollups of other data points, based on market coverage.

Source: John Burns Research and Consulting, LLC (Data: Dec-24, Pub: Feb-25)

Current market conditions: 30% of markets are Slow.

Current Market Conditions

50 top housing markets



Sales and pricing conditions are Strong or Very Strong in 12% of markets. 59% of markets are Normal, which reflects 2–3 sales per community per month with rising net prices.

Current market conditions are weighted by new home revenue (new home median price * single-family permits TTM). This calculation allows for a more accurate representation of how the US is performing as it factors in market size.

Percentages may not add up to 100% due to rounding, as some months less than 50 markets are rated.

Source: John Burns Research and Consulting, LLC (Pub: Feb-25)



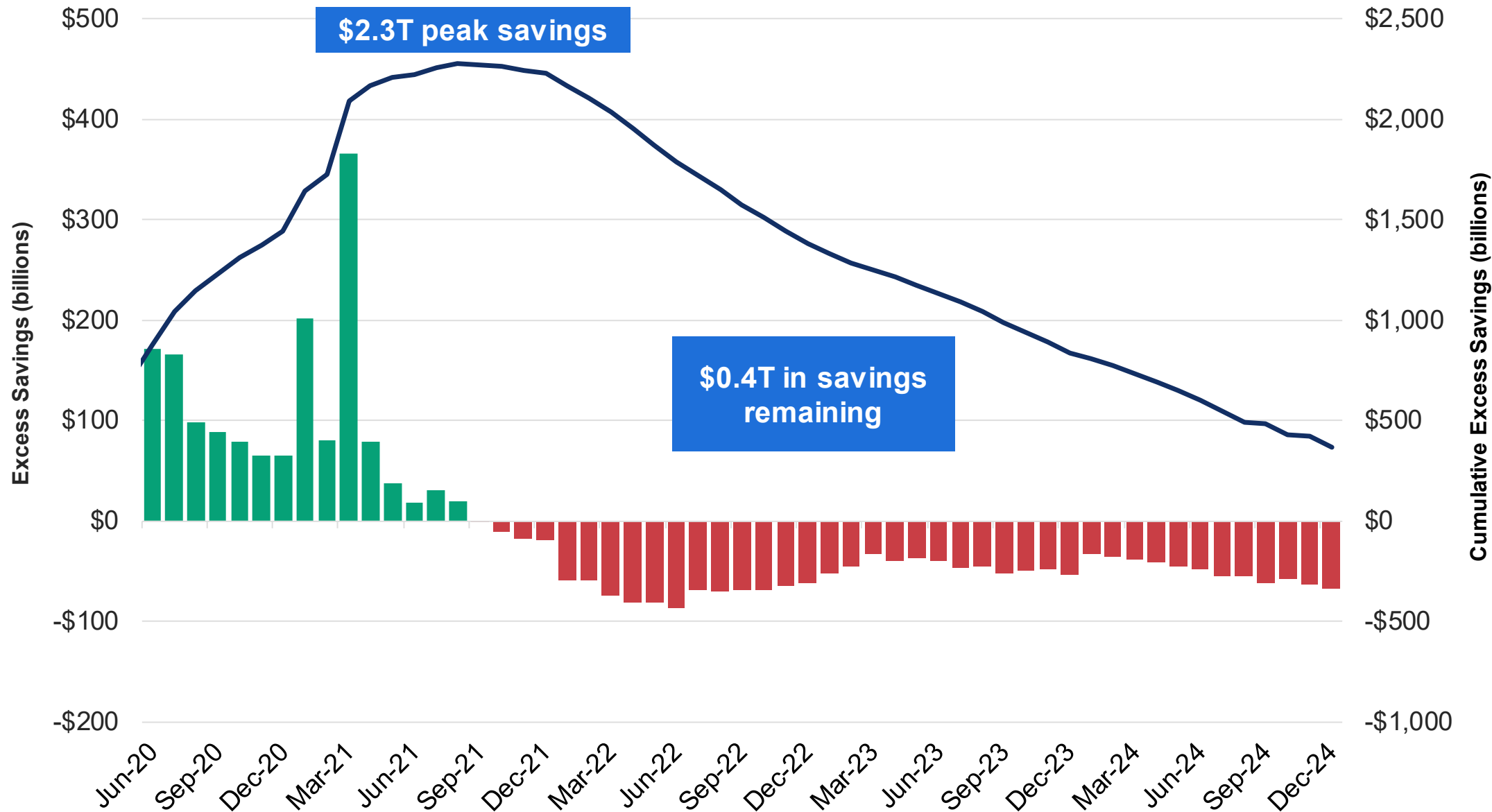
Forecasts and risks

Government shifts

\$364B in excess savings remain unspent.

Excess Savings

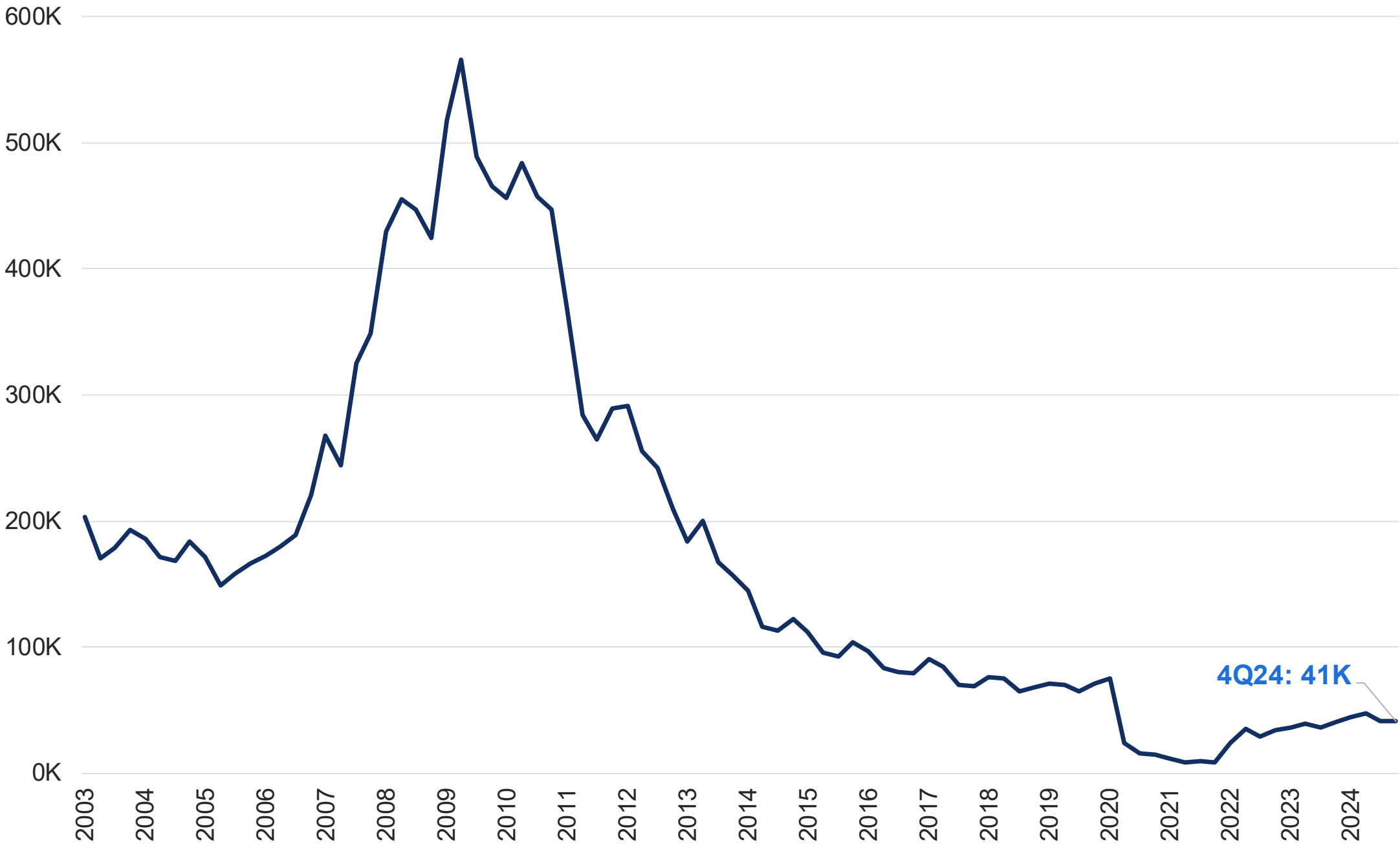
Relative to pre-Covid trend (2015–2019) — Cumulative savings



Note: The underlying consumer income and spending data was revised heavily in October 2024.
Sources: Bureau of Economic Analysis, John Burns Research and Consulting, LLC (Data: Dec-24)

Foreclosure starts remain low relative to history.

Foreclosure Starts



Source: New York Federal Reserve; John Burns Research and Consulting, LLC (Data: 4Q24, Pub: Feb-25)

The Fed held rates in January.

The Fed’s December forecasts imply additional rate cuts by year-end 2025.

The Fed cut held rates at 4.25%-4.50% in January after cutting rates -25bps in December.

FOMC projections from December 2024 suggest the federal funds rate will drop to 3.9% in 2025, signaling two potential additional rate cuts this year.

The Federal Open Market Committee (FOMC) is the branch of the Federal Reserve Board that determines the direction of monetary policy and the federal funds rate. It consists of 12 members: 7 are governors, and 5 are presidents of the Fed’s regional branches.

2025 FOMC Meeting Dates
Jan 28-29
March 18-19*
May 6-7
June 17-18*
July 29-30
Sep 16-17*
Oct-28-29
Dec 9-10*

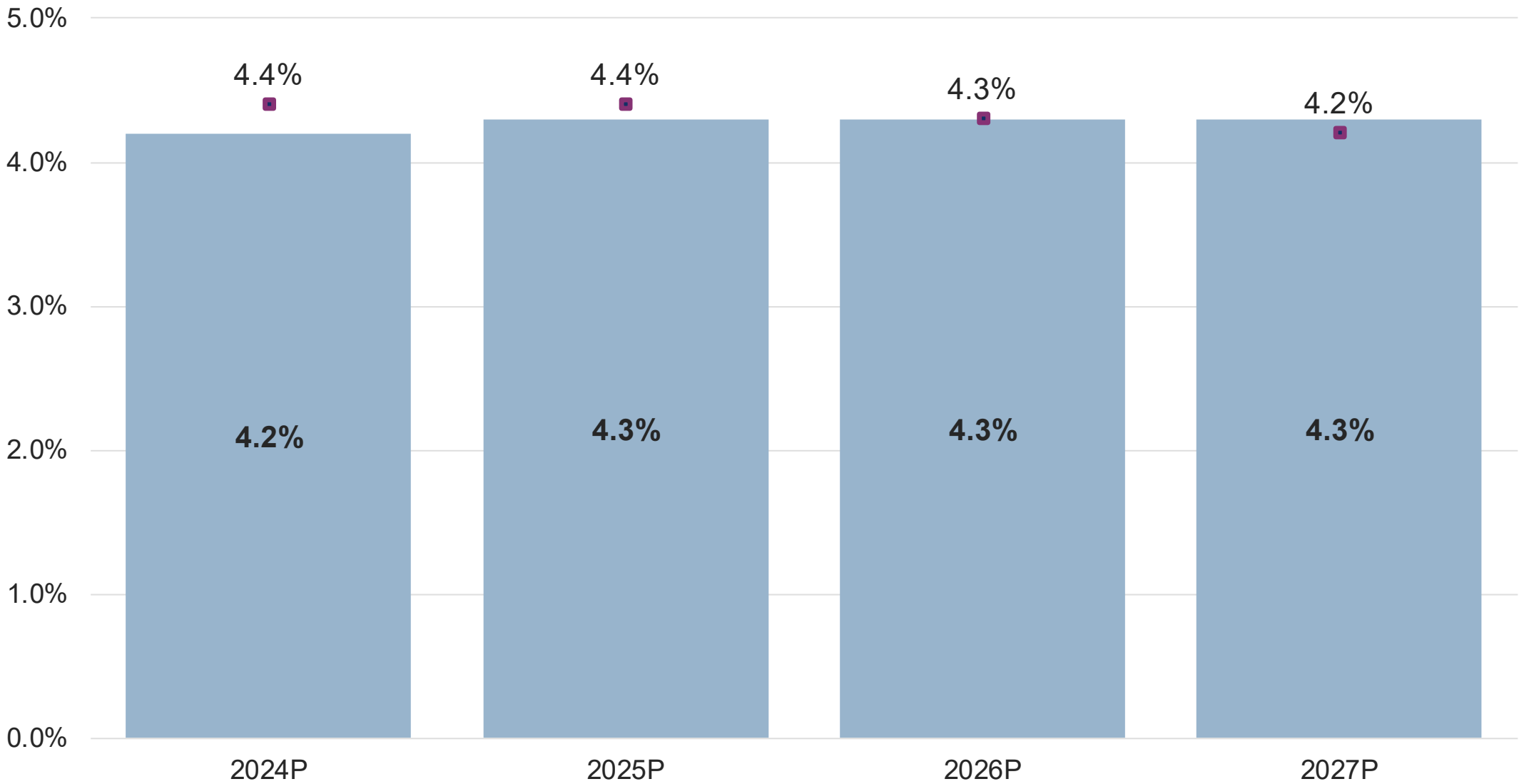
*Meeting associated with a Summary of Economic Projections



The Fed projects unemployment will rise to 4.3% by year-end 2025, below their September 2024 projection.

Federal Reserve Projection: Unemployment Rate

■ Current projection (Dec.) ■ Prior projection (Sep.)



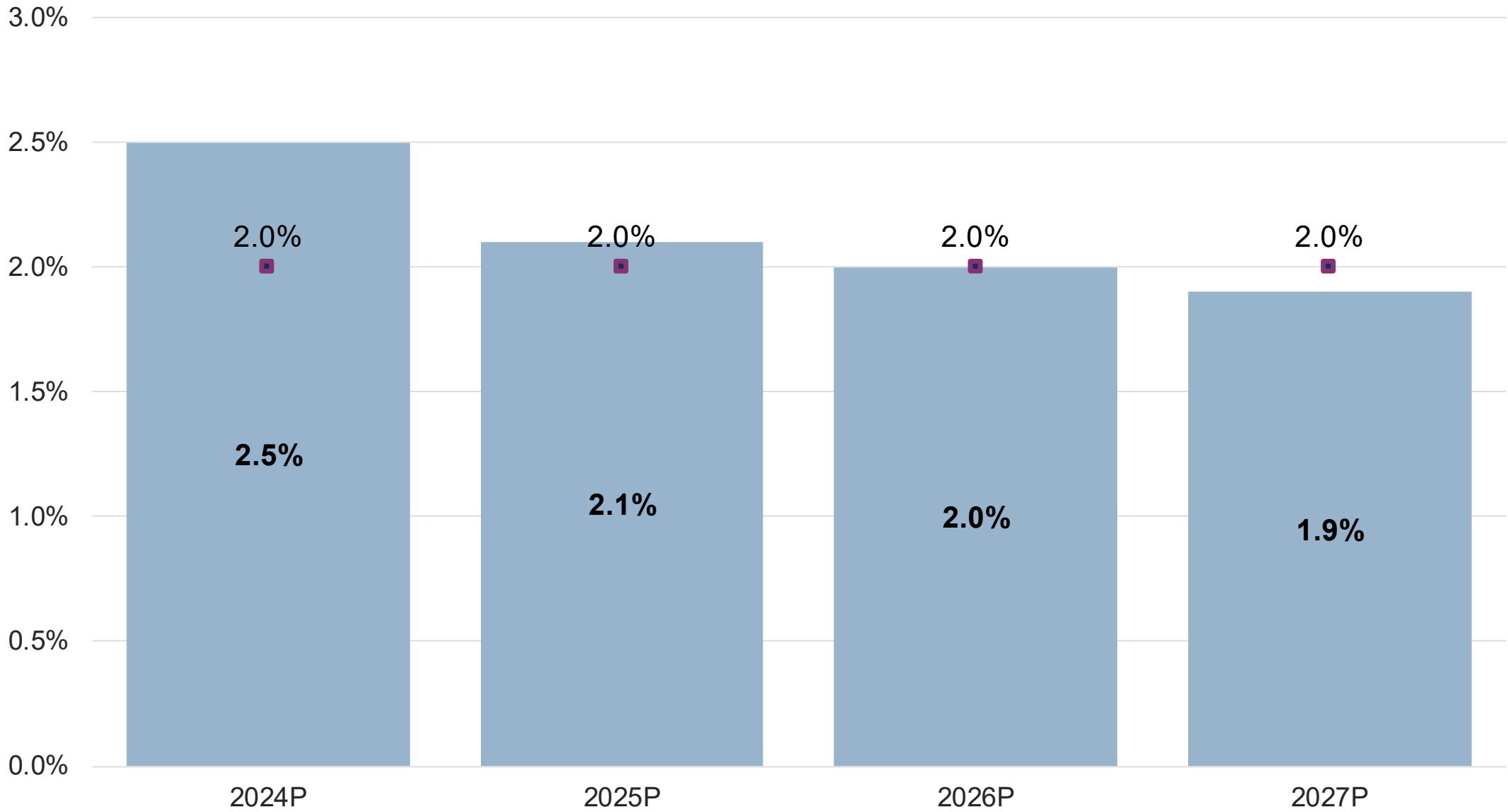
Note: Economic projections represent the median of all projections received from Federal Reserve Board members and Federal Reserve Bank presidents under their assumptions of projected appropriate monetary policy and reflect estimates as of the 4th quarter of each year.

Source: Federal Reserve (Data: Dec-24, Pub: Feb-25)

The Fed raised its real GDP growth projection to +2.1% for 2025. Real GDP growth is projected to decline slightly through 2027.

Federal Reserve Projection: Real GDP Growth YOY

■ Current projection (Dec.) ■ Prior projection (Sep.)



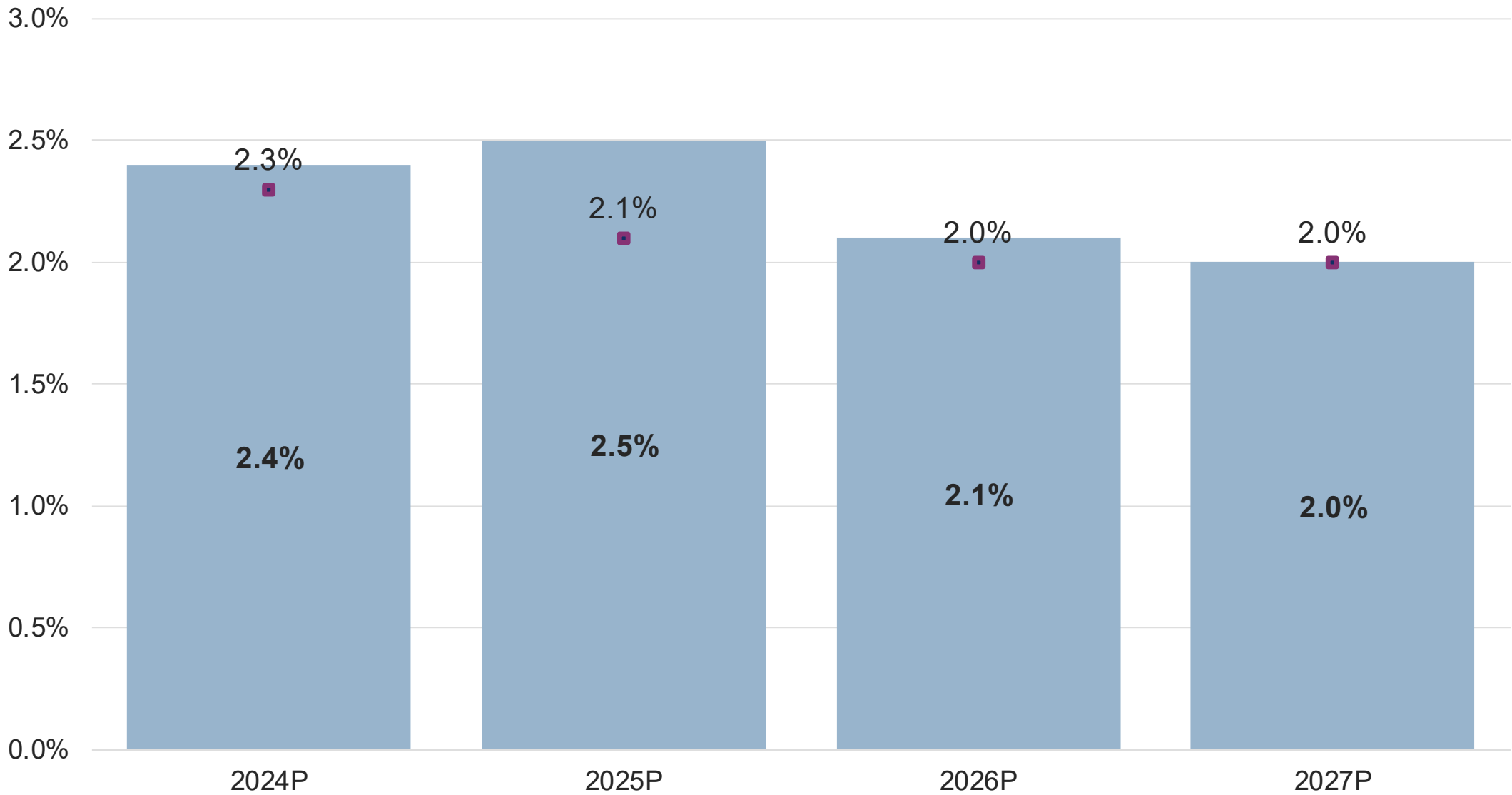
Note: Economic projections represent the median of all projections received from Federal Reserve Board members and Federal Reserve Bank presidents under their assumptions of projected appropriate monetary policy and reflect estimates as of the 4th quarter of each year

Source: Federal Reserve (Data: Dec-24, Pub: Feb-25)

Year-over-year growth in Personal Consumption Expenditures (PCE) is the Fed’s preferred measure of inflation. The Fed expects PCE growth to slow to their +2% YOY target by year-end 2027.

Federal Reserve Projection: Personal Consumption Expenditures

■ Current projection (Dec.) ■ Prior projection (Sep.)



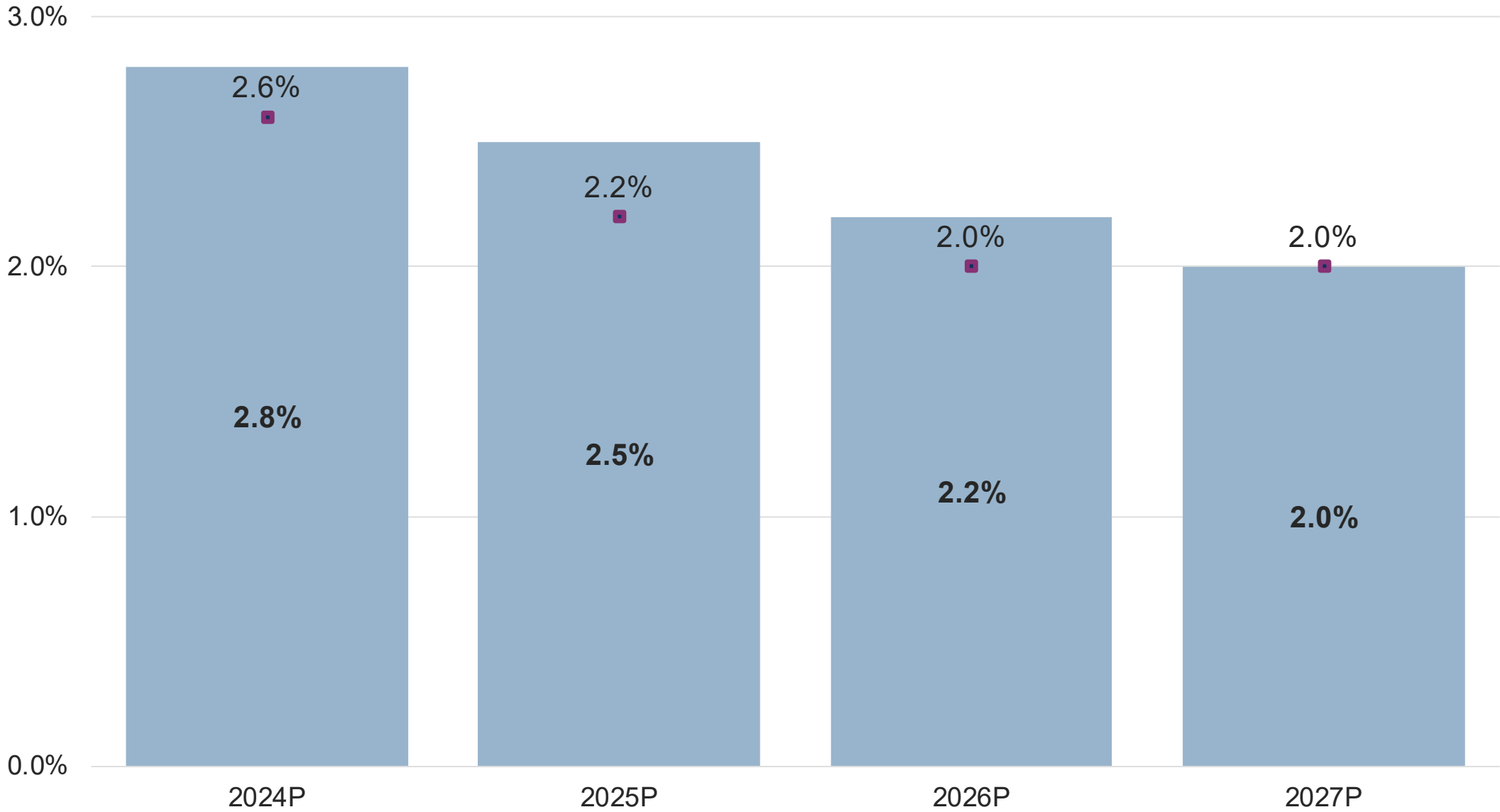
Note: Economic projections represent the median of all projections received from Federal Reserve Board members and Federal Reserve Bank presidents under their assumptions of projected appropriate monetary policy and reflect estimates as of the 4th quarter of each year.

Source: Federal Reserve (Data: Dec-24, Pub: Feb-25)

The Fed expects Core Personal Consumption Expenditures (PCE) growth, which excludes volatile food and energy categories, to slow to their +2% target by year-end 2027.

Federal Reserve Projection: Core Personal Consumption Expenditures

■ Current projection (Dec.) ■ Prior projection (Sep.)



Note: Economic projections represent the median of all projections received from Federal Reserve Board members and Federal Reserve Bank presidents under their assumptions of projected appropriate monetary policy and reflect estimates as of the 4th quarter of each year.

Source: Federal Reserve (Data: Dec-24, Pub: Feb-25)

The Fed expects to cut interest rates to 3.9% in 2025 and expects to continue cutting rates through 2027.

Federal Reserve Projection: Federal Funds Rate

■ Current projection (Dec.) ■ Prior projection (Sep.)

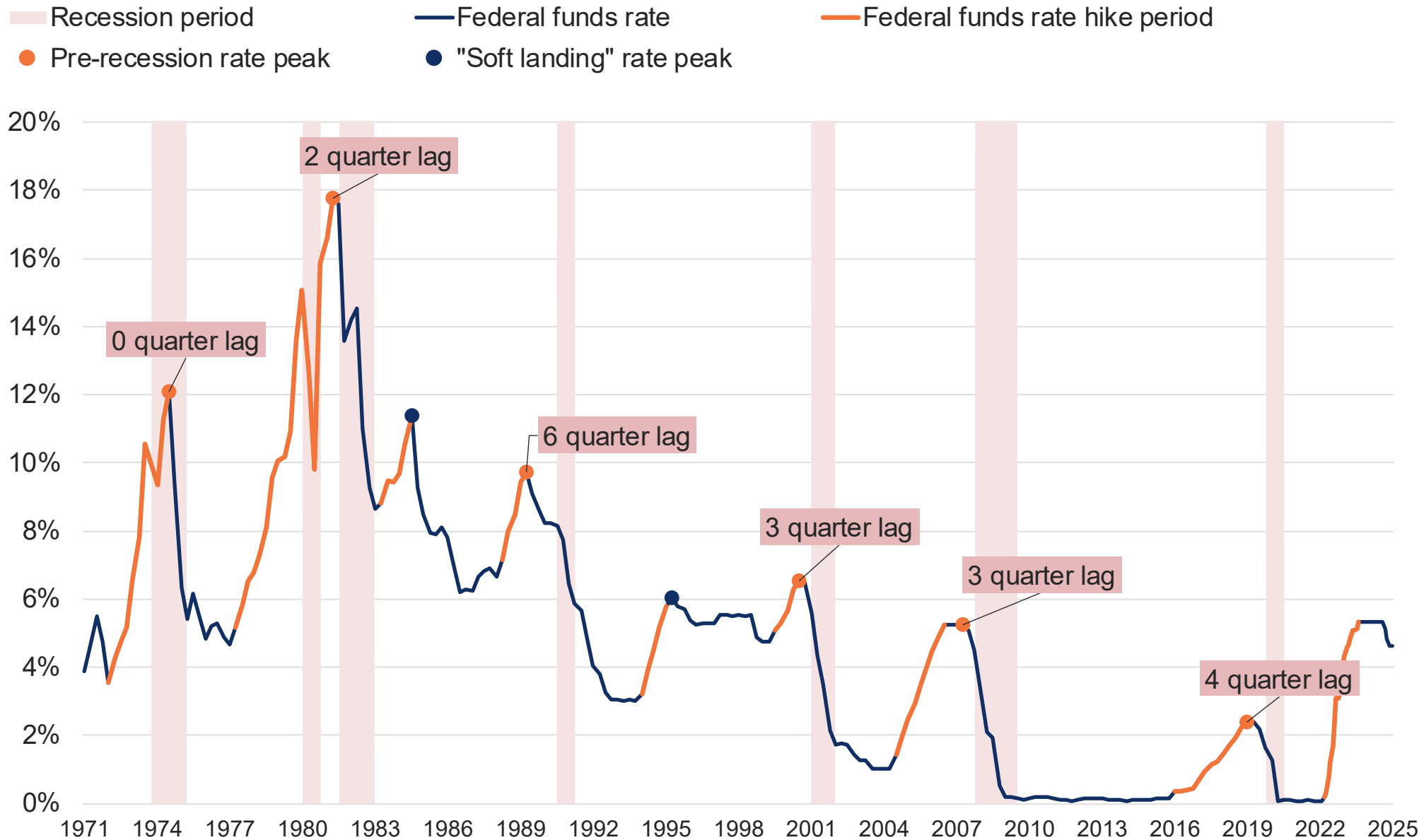


Note: Economic projections represent the median of all projections received from Federal Reserve Board members and Federal Reserve Bank presidents under their assumptions of projected appropriate monetary policy and reflect estimates as of the 4th quarter of each year.

Source: Federal Reserve (Data: Dec-24, Pub: Feb-25)

A recession has followed within 18 months of 6 of the past 8 rate hike cycles. The average lag time between rate peaks and the start of recessions is 3 quarters (9 months).

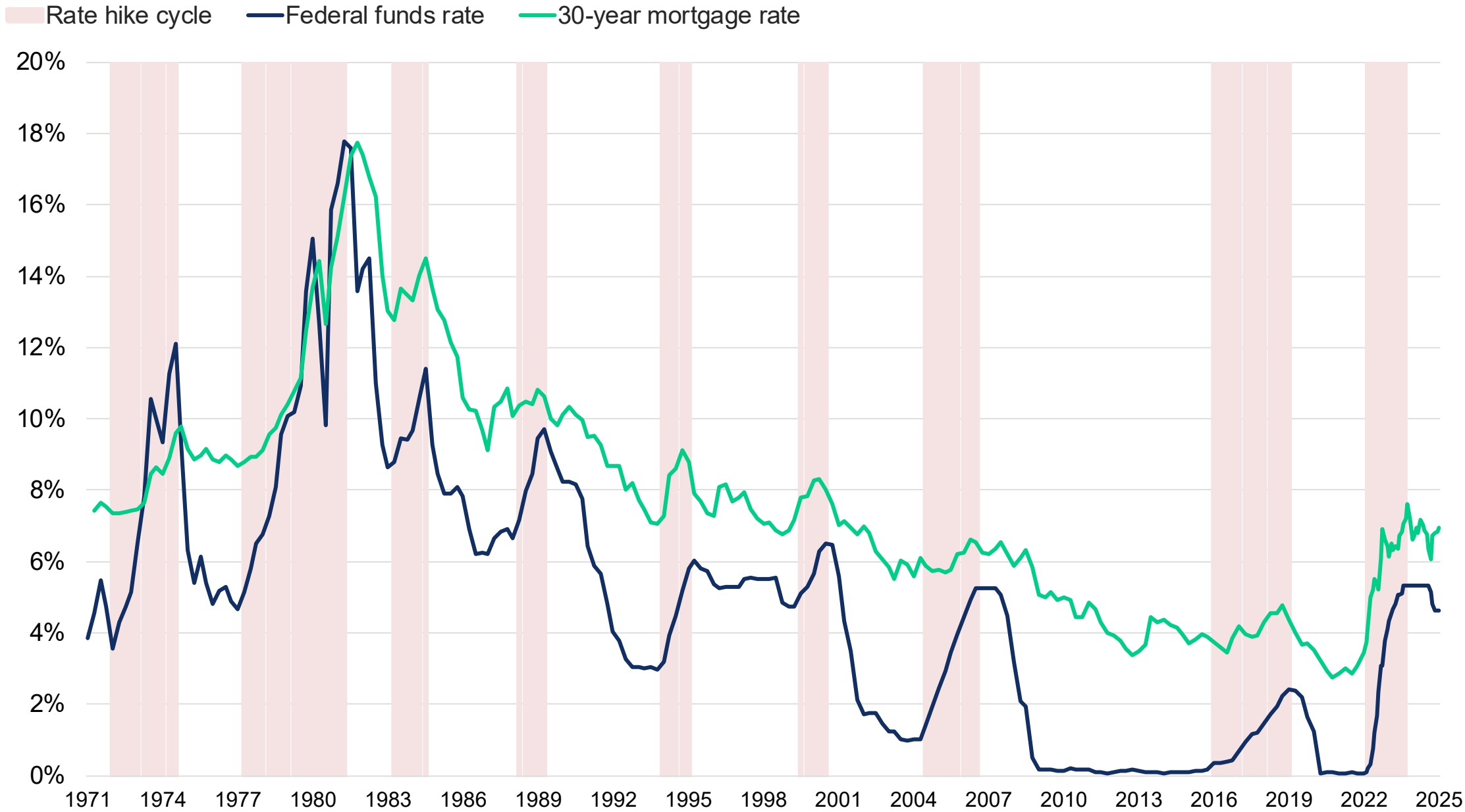
Rate Hikes and Recessions



Source: Federal Reserve; Freddie Mac; John Burns Research and Consulting (Data: Jan-25, Pub: Feb-25)

The federal funds rate and mortgage rates are related, but the relationship is not 1:1. On average, a 100 bps federal funds rate hike drove mortgage rates 43 bps higher over the last 9 rate hike cycles.

Fed Funds Rate vs. 30-Year Mortgage Rate



Rate Hike Cycle	Change in Fed Funds Rate	Change in 30 Yr. Mortgage Rate
71–74	8.55	2.26
77–80	12.63	7.43
83–84	2.59	1.73
88–89	2.57	0.28
94–95	2.81	0.62
99–00	1.42	0.23
04–06	3.81	0.67
16–19	2.04	0.64
22–23	5.13	2.90
Avg. Prior 8 Rate Hike Cycles	4.62	1.86

Quarterly Avg. Effective Fed Funds Rate and Quarterly Avg. 30 Yr. Mortgage

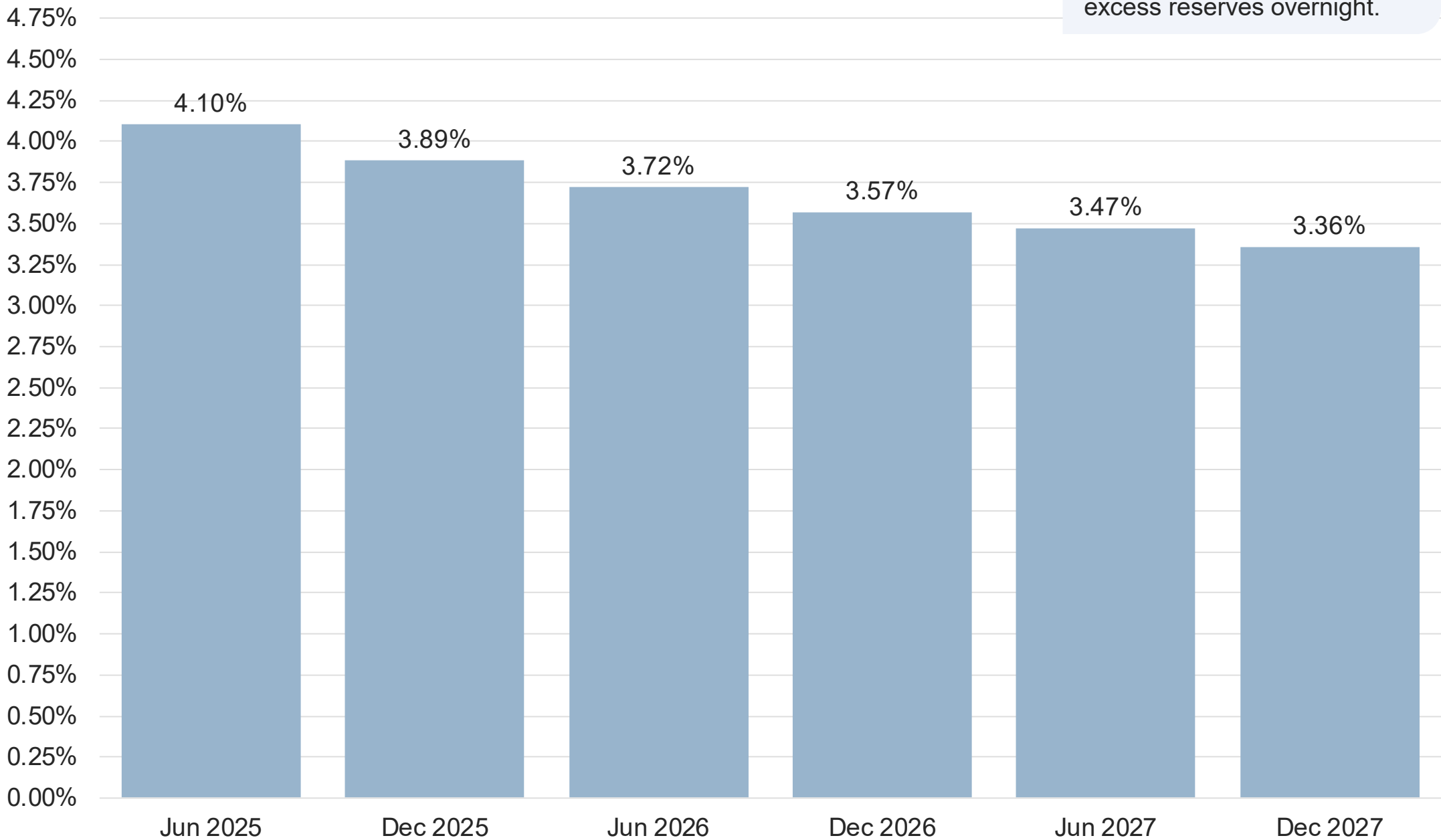
Source: Federal Reserve; Freddie Mac; John Burns Research and Consulting (Data: Jan-25, Pub: Feb-25)

Most economists expect the Fed Funds rate to average 4.1% by June 2025.

WSJ Economist Survey: Federal Funds Rate Forecast

Midpoint range of expectations

The federal funds rate is the interest rate that banks charge each other to borrow or lend excess reserves overnight.



Source: Wall Street Journal Survey of Economists (Data: Jan-25, updated quarterly†) Pub: Feb-25



Forecasts and risks

Forecast risks

Depth and severity of past economic recessions

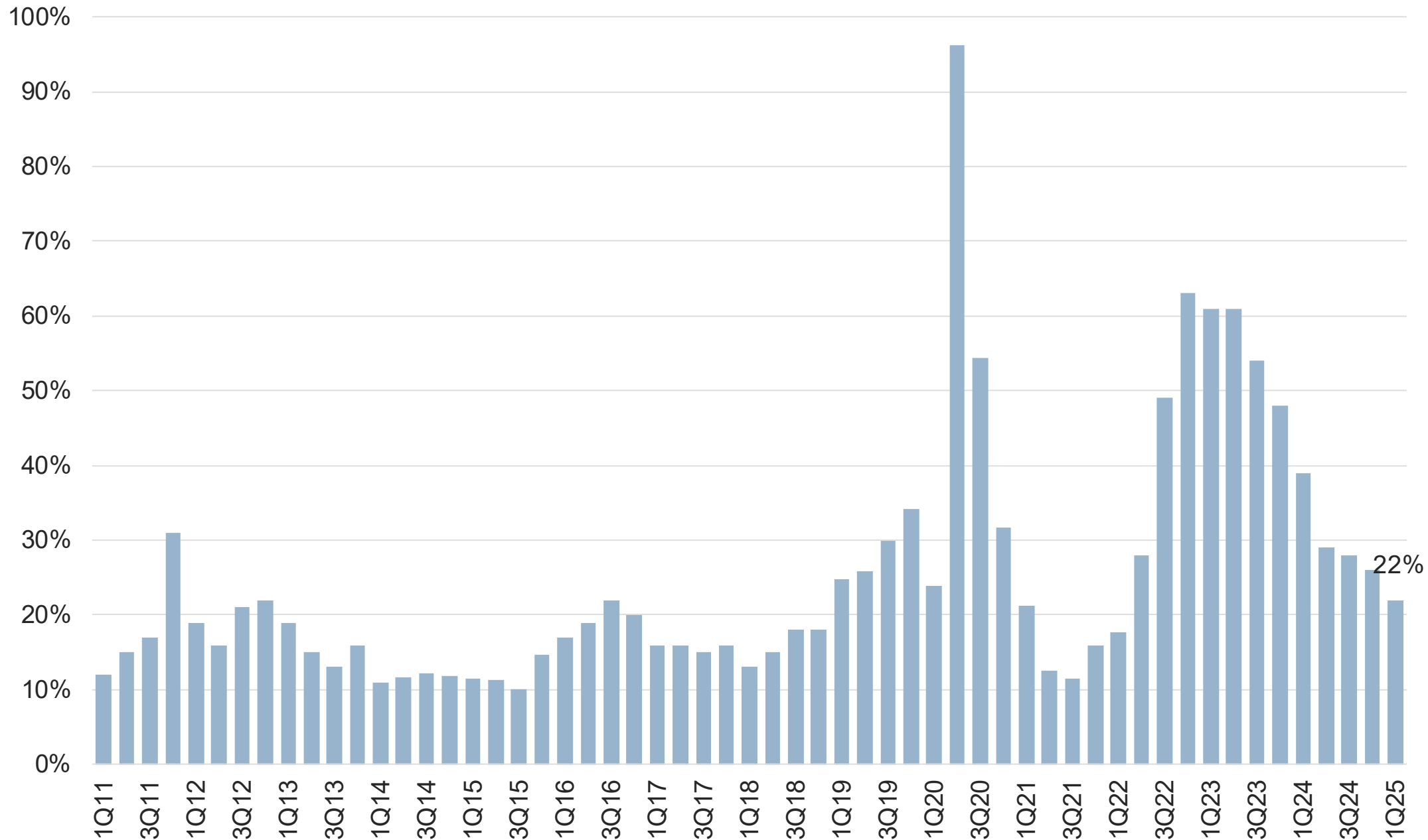
Recession	1969–1970	1973–1975	1980	1981–1983	1990–1991	2001	2008–2009	2020
Employment	-3%	-4%	-2%	-5%	-3%	-4%	-7%	-14%
Existing sales	1%	-3%	-22%	-18%	-1%	0%	-43%	-1%
New home sales	-11%	-33%	-35%	-32%	-25%	-2%	-71%	1%
Existing home prices	4%	11%	10%	-1%	-7%	-3%	-23%	11%
Single-family permits	-14%	-43%	-41%	-37%	-29%	-5%	-75%	1%
Multifamily permits	-12%	-79%	-24%	-25%	-57%	-7%	-73%	-2%
Severity and Causes	Federal Reserve raising interest rates	Economic stagnation caused by oil crisis and fall of gold standard (Bretton Woods system)	Federal Reserve increased interest rates to thwart rising inflation.	Iranian Revolution caused spike in oil prices; Federal Reserve tightening cycle	Federal Reserve raised interest rates to ward off rising inflation.	Dot.com boom/bust and September 11 attacks	Subprime mortgage lending and housing speculation; credit market freeze; Lehman bankruptcy	COVID-19 pandemic causes millions of job losses; choppy recovery as nation reopens.

We show this table to highlight how the economy and the housing market responded to prior recessions.

Source: John Burns Research and Consulting, LLC (Data: Dec-22, Pub: Feb-25)

The odds of a recession in the next 12 months remain elevated at 22% in 1Q25, according to economists.

WSJ Recession Probability in the Next 12 Months



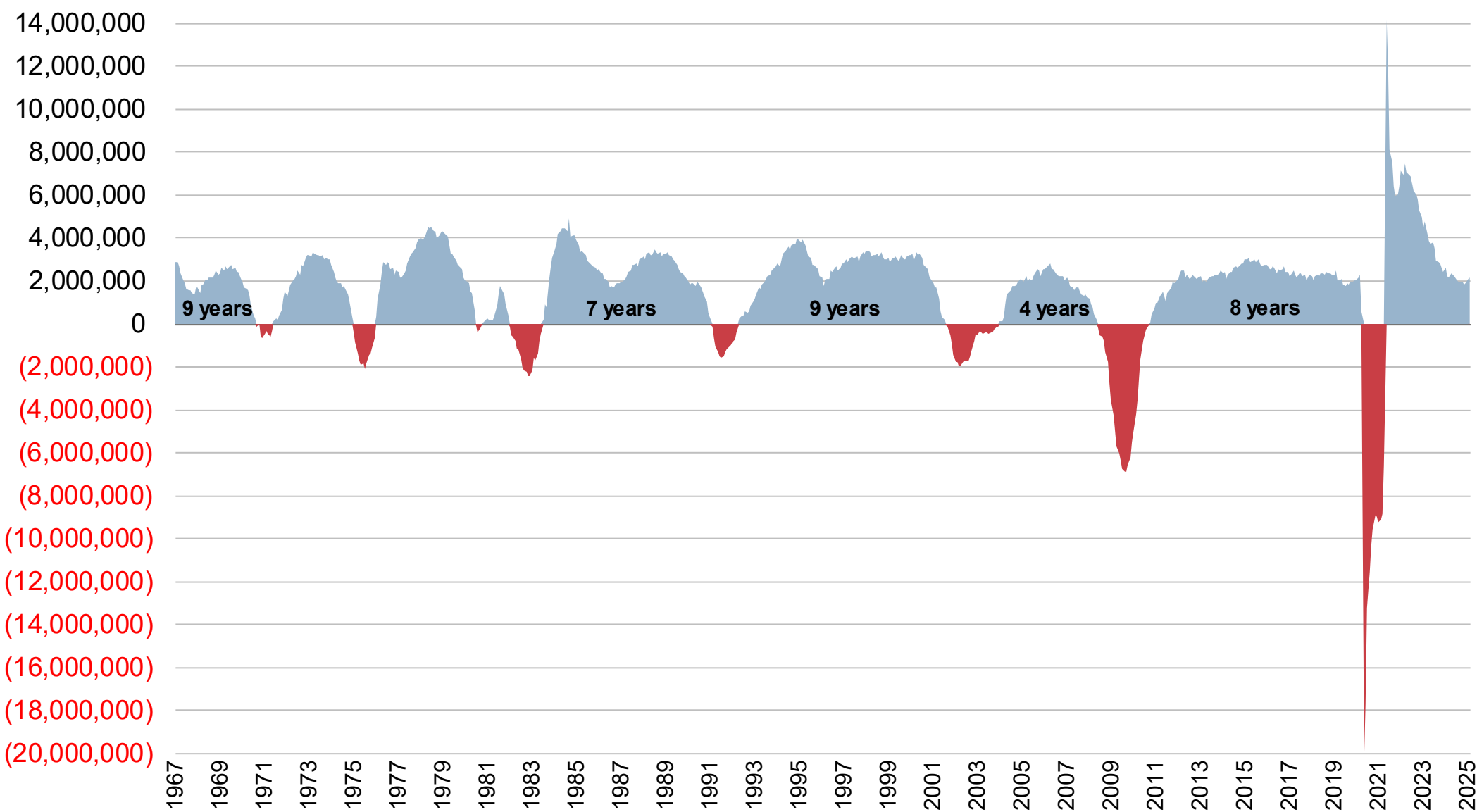
Source: Wall Street Journal (Data: 1Q25, updated quarterly†)

Pub: Feb-25

Covid ended 8+ years of employment expansion, but job growth has fully recovered.

Historical Job Growth

■ Years of positive YOY job growth



Payrolls fell from a peak of 153M to 130M in 2020. All jobs lost in 2020 have been recovered.

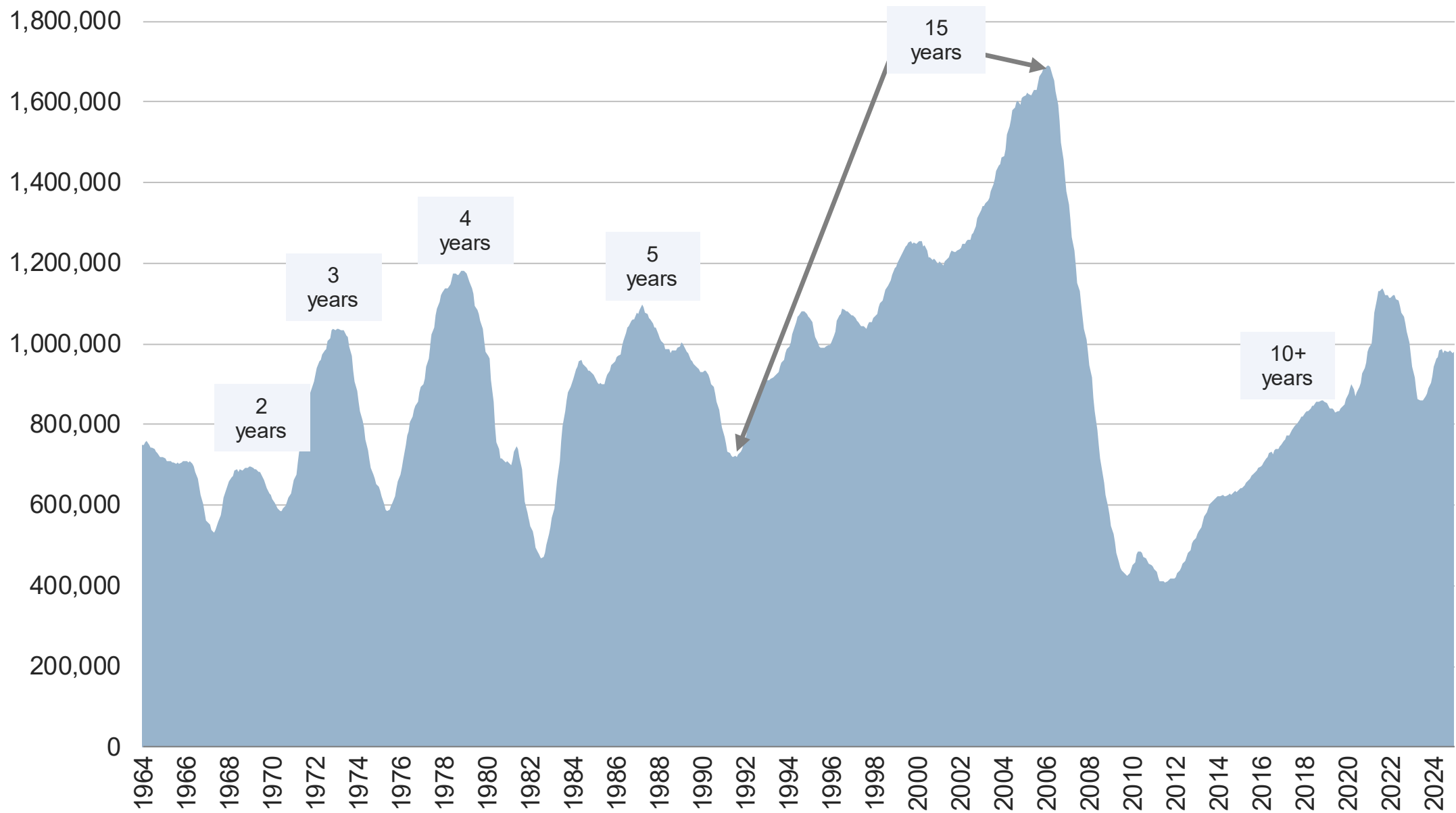
Source: BLS (Data: Jan-25, Pub: Feb-25)

Note: Job growth is the year-over-year change (NSA)

Housing expansions (as measured by single-family permit volumes) typically last 2 to 5 years. The most recent recovery lasted 10 years.

National Housing Expansion Length: Single-Family Permits

Non-seasonally adjusted, trailing-12-month total

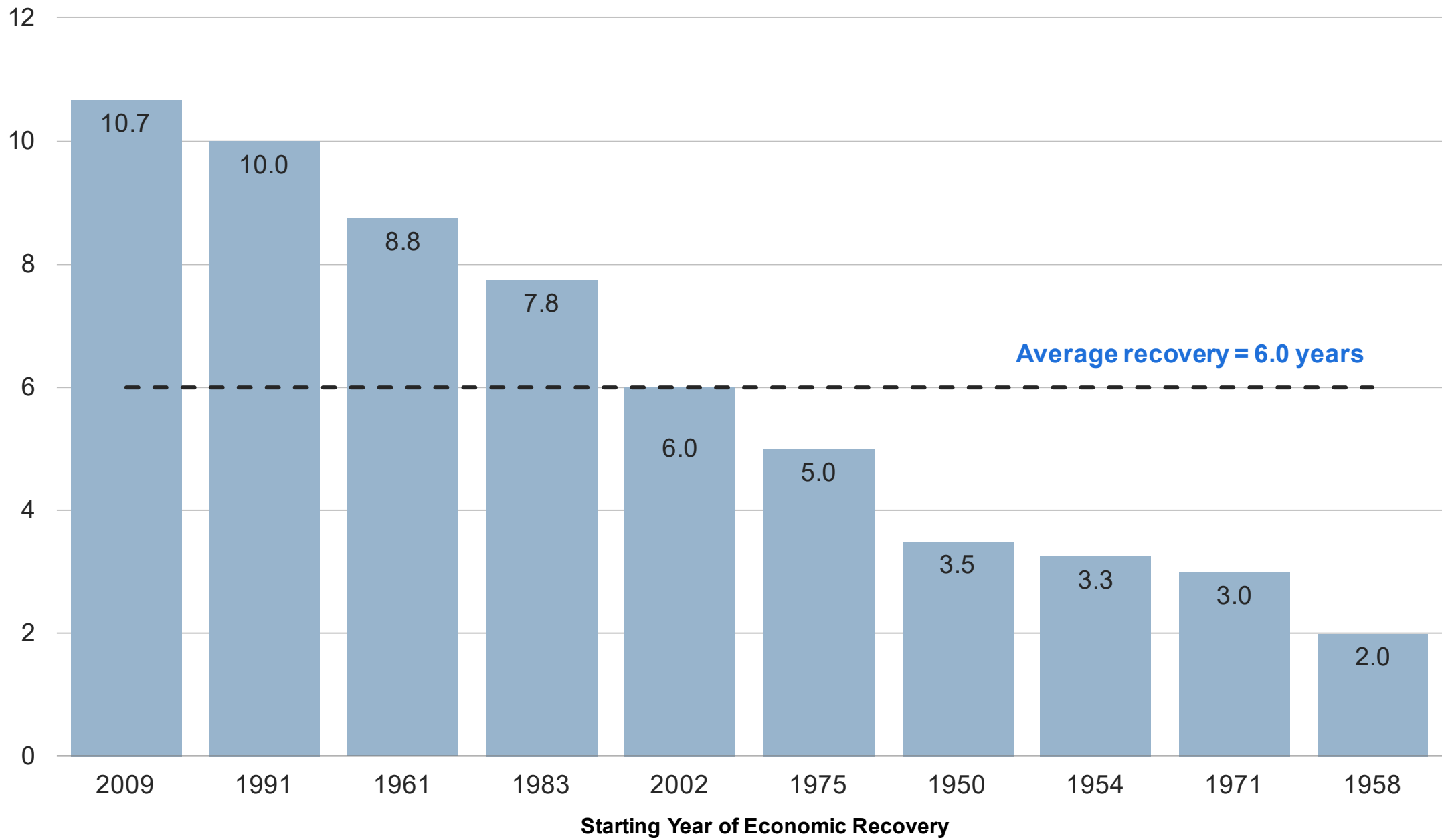


Sources: U.S. Census Bureau; John Burns Research and Consulting, LLC (Data: Dec-24, updated quarterly†) Pub: Feb-25

The economic expansion that ended in February 2020 was the longest on record.

Historical Length of US Economic Recovery

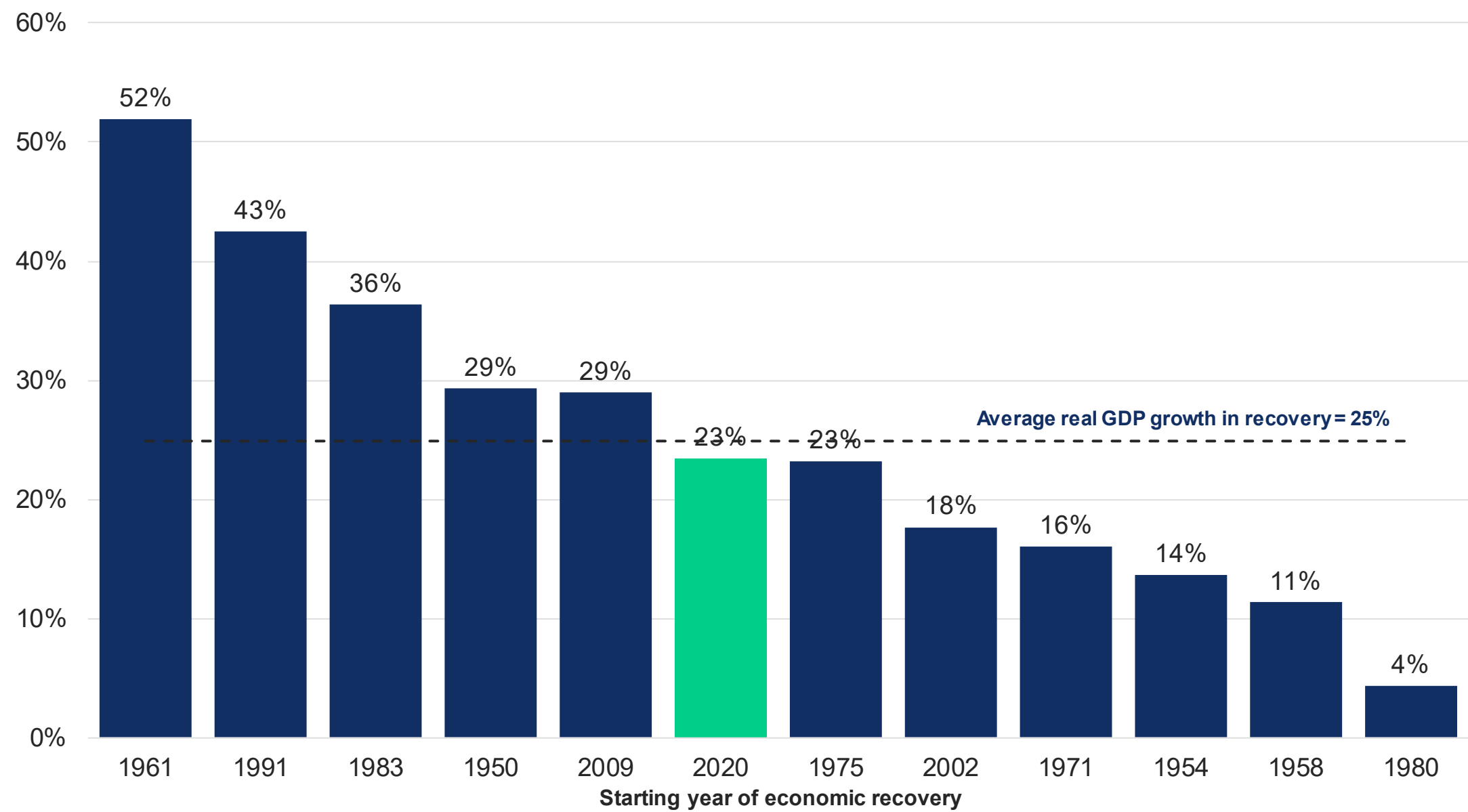
Length of expansion cycle in years



Sources: National Bureau of Economic Research; BEA, John Burns Research and Consulting, LLC (Pub: Feb-25)

Real GDP grows 25% on average during an economic expansion, with significant variation.

Real GDP Growth in US Economic Recovery



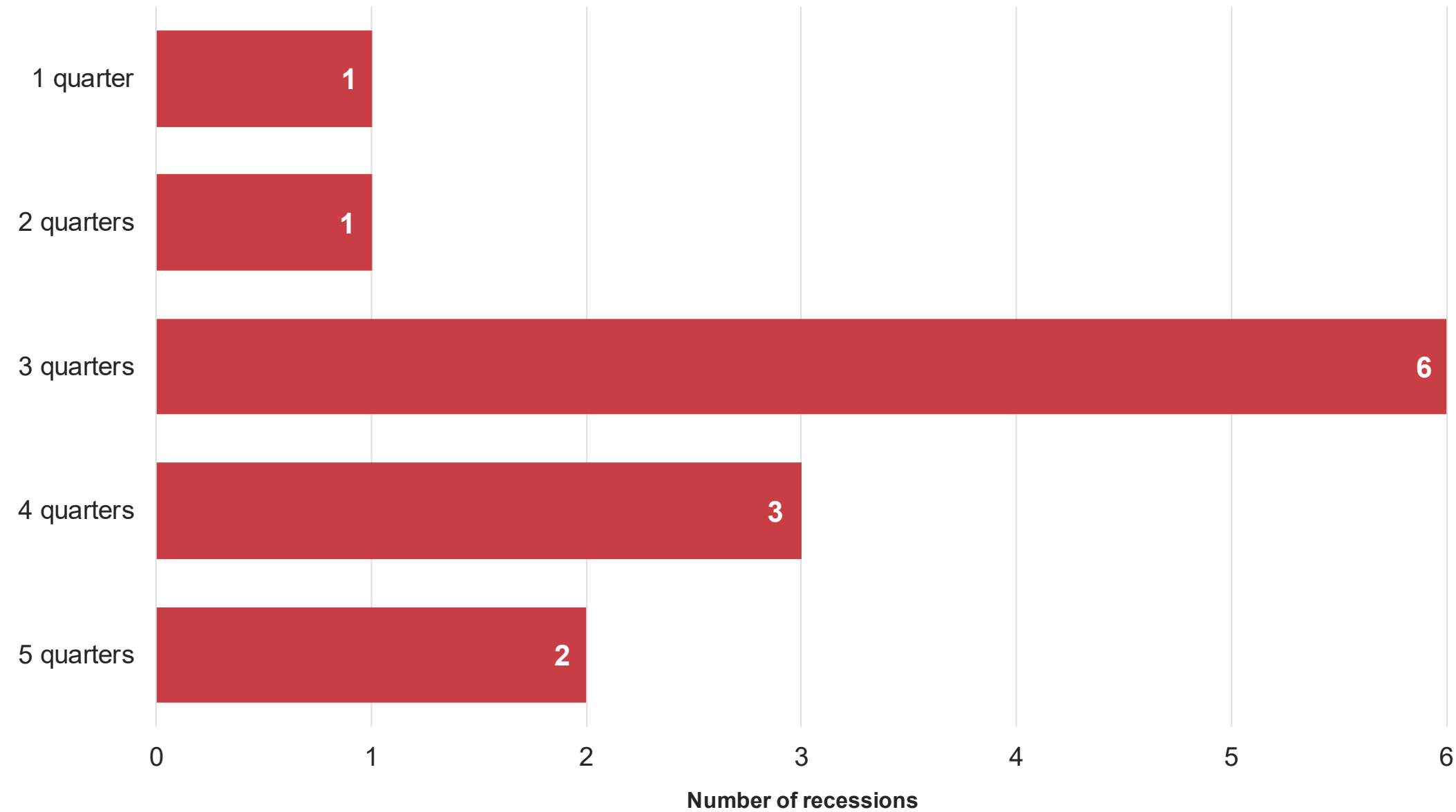
Note: We show real GDP here as inflation varies greatly over the last 60+ years.
Source: National Bureau of Economic Research, BEA, John Burns Research and Consulting, LLC (Data: 4Q24, updated quarterly†)

Pub: Feb-25

Since 1937, the average length of a US recession has been 3.3 quarters (around 10 months). Of the 13 US recessions since 1937, 6 lasted 3 quarters (9 months).

Length of US Recessions since 1937

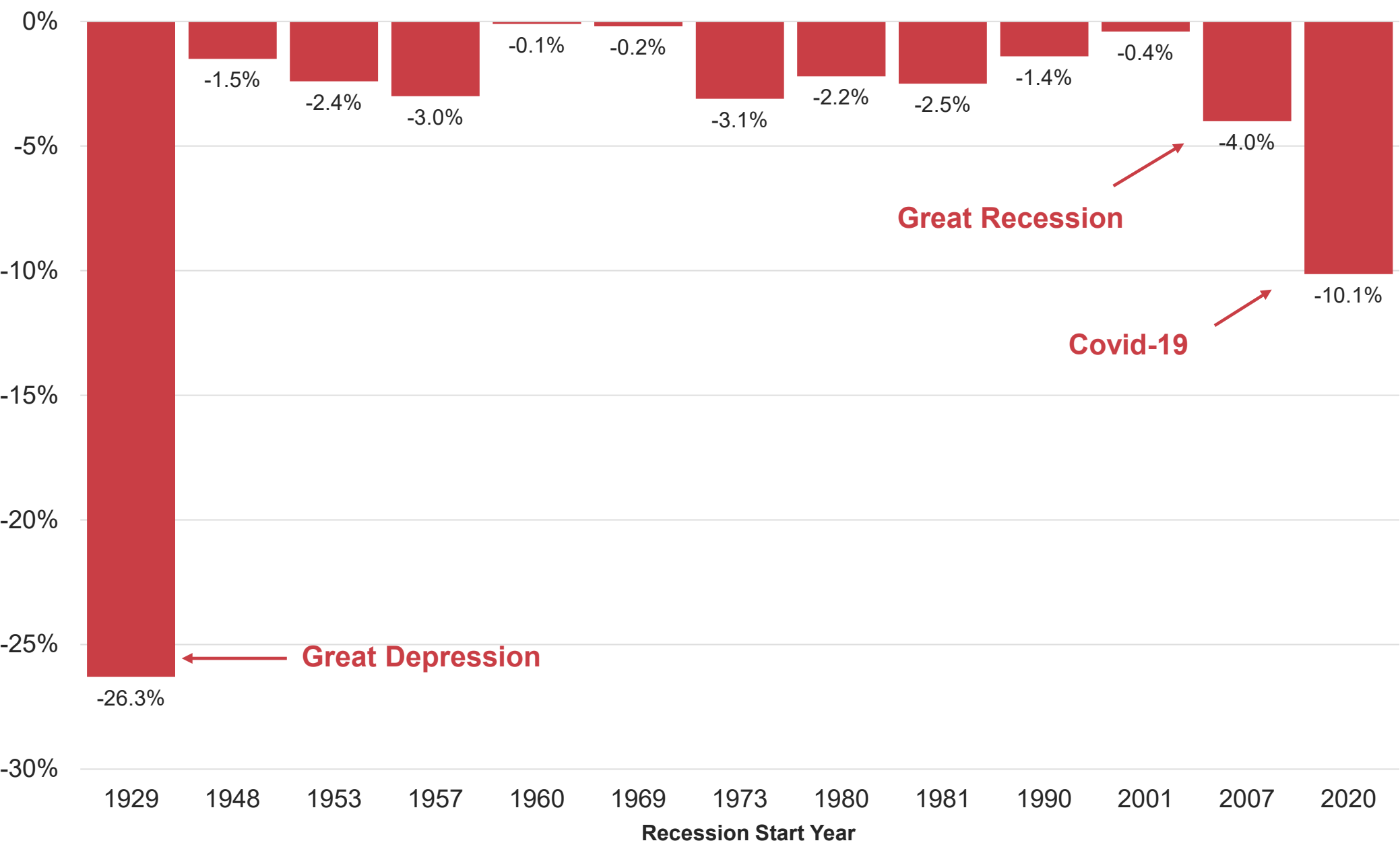
■ Length of recession



Source: National Bureau of Economic Research; John Burns Research and Consulting, LLC (Pub: Feb-25)

GDP fell -10% between 1Q20 and 2Q20, more than double the decline seen during the Great Recession.

GDP Decline from Peak to Trough during Recessions

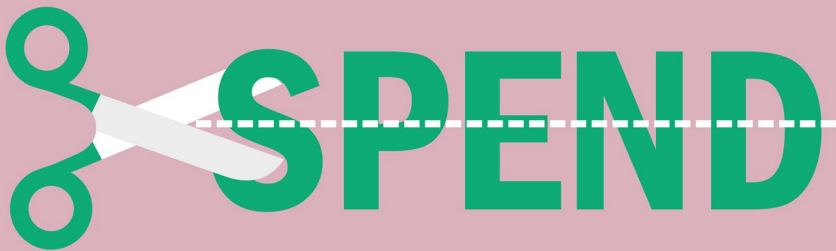


Source: Bureau of Economic Analysis (Pub: Feb-25)

Speculative investing—often fueled by debt—has preceded 11 of the last 12 recessions.

Government Post-War Spending Cuts

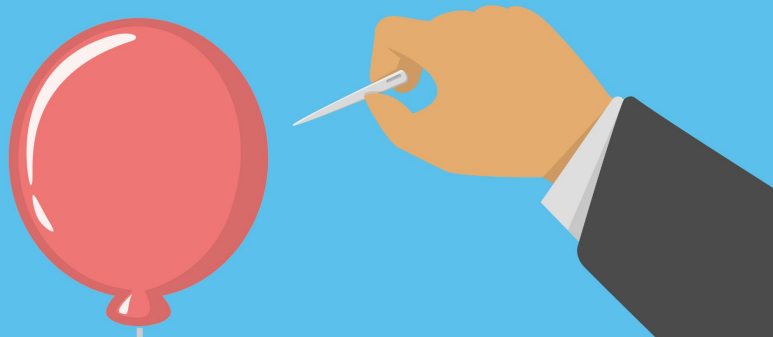
After running up big deficits/debts



1. **1937–38:** Post-New Deal
2. **1945:** End of WWII
3. **1948–49:** Post-WWII
4. **1953–54:** Post-Korean War
5. **1969–70:** First Vietnam War cutback

Speculative Bubbles

Usually fueled by debt



- ✓ 1. **1929–33:** Consumers borrow to buy stocks
- ✓ 2. **1957–58:** Asian flu of 1957 killed over 1 million worldwide; consumers amass credit card debts
- ✓ 3. **1980–82:** Bank loans to developers and Latin America; oil price spikes
- ✓ 4. **1990–91:** Junk bonds for leveraged buyouts; real estate speculation fueled by S&L lending; Japanese debt-induced recession
- ✓ 5. **2001:** Tech stock speculation
- ✓ 6. **2007–2009:** Housing speculation fueled by subprime
- ✓ = **Current condition in today's economy**

Note: *Global recessions as defined by the International Monetary Fund. **We grouped the double-dip recessions. We excluded the small recession in the 1960s. The other recession was 1973–75 caused by oil spikes, removal of US dollar tied to gold, and wage controls. US defense spending cuts contributed to the 1990s recession.

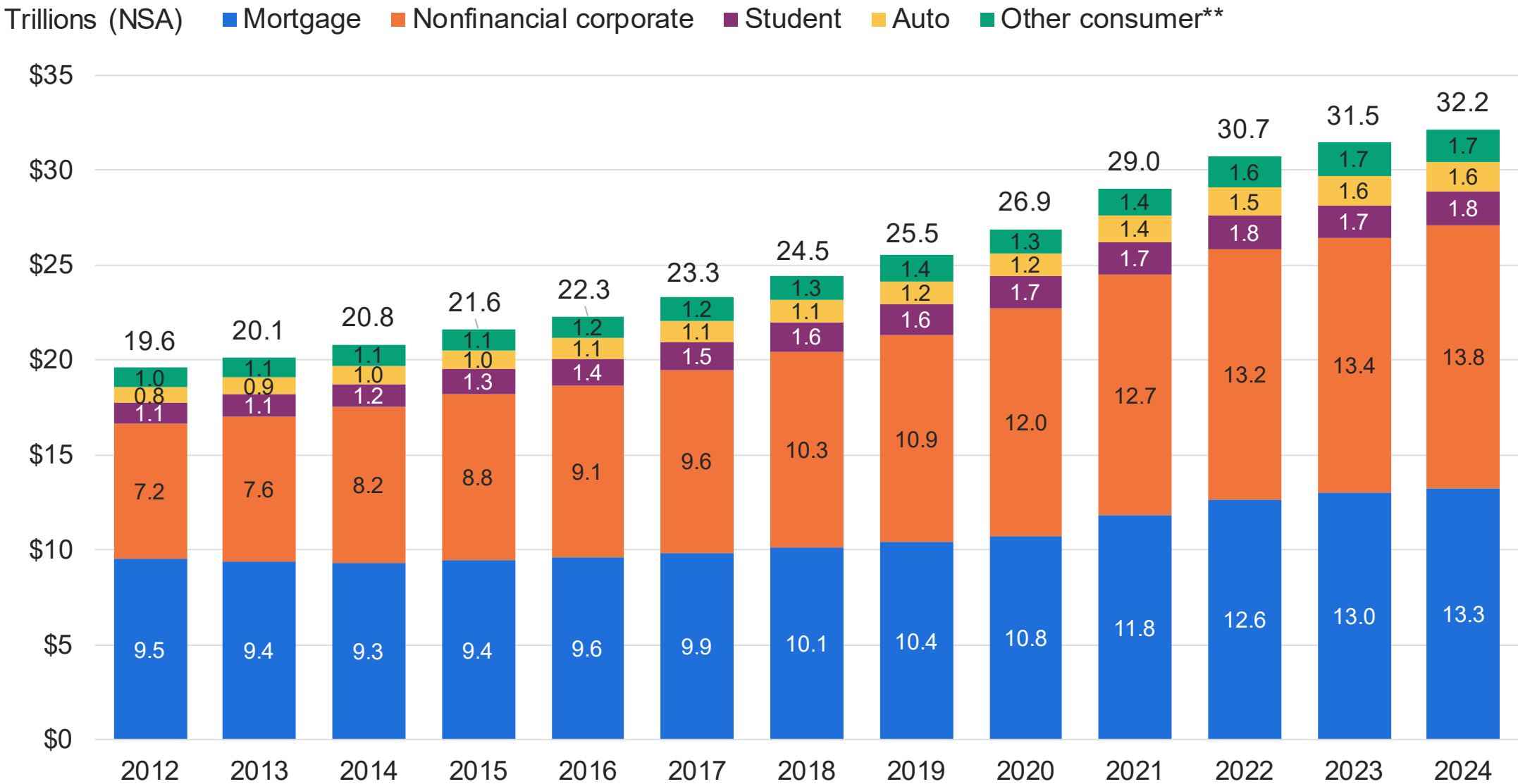
Sources: National Bureau of Economic Research; John Burns Research and Consulting, LLC (updated quarterly†)

Pub: Feb-25

US business and consumer debt has increased +64% since 2012.

We view debt buildup as a hindrance to long-term economic growth.

Changes in American Business and Consumer Debt



Credit acts as a stimulus in the near term but inevitably leads to overleverage and rising risk. Since 2012, mortgage debt is up +39%, and student debt is up +68%. Corporate debt has nearly doubled.

*Nonfinancial corporate debt = Debt securities (Bonds) + Loans; The following types of financial companies are excluded from the nonfinancial corporate total: US chartered depository institutions, foreign banking offices in the US, GSEs, Agency- and GSE-backed mortgage pools, ABS issuers, REITs, Broker Dealers, funding companies, credit unions, property-casualty and life insurance companies.

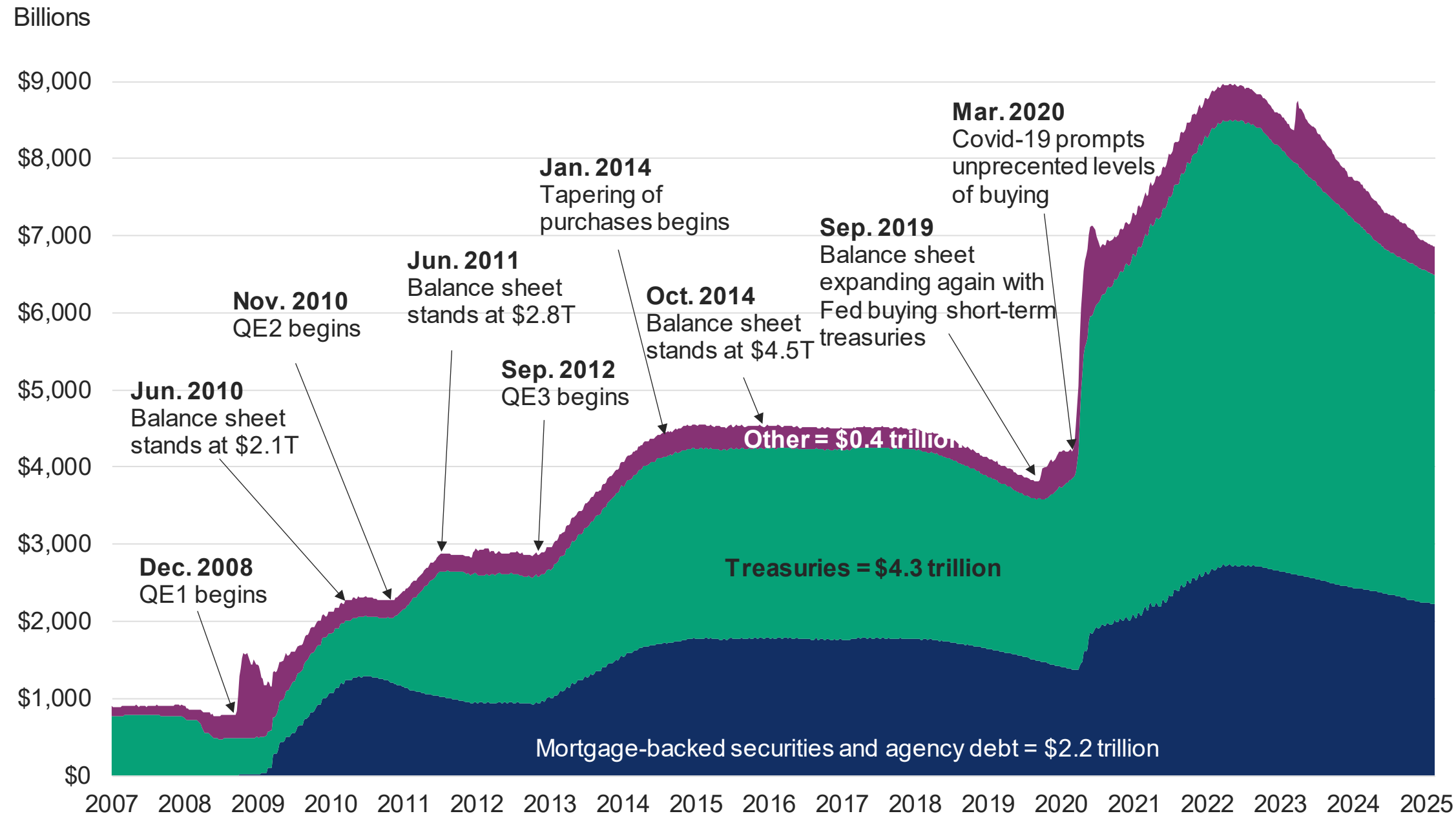
**Includes credit card and other consumer debt

Source: Federal Reserve, John Burns Research and Consulting, LLC (Data: 3Q24, updated quarterly†)

Pub: Feb-25

Assets are rolling off the Fed’s balance sheet after spiking in March/ April 2023 due to the rollout of emergency bank lending programs.

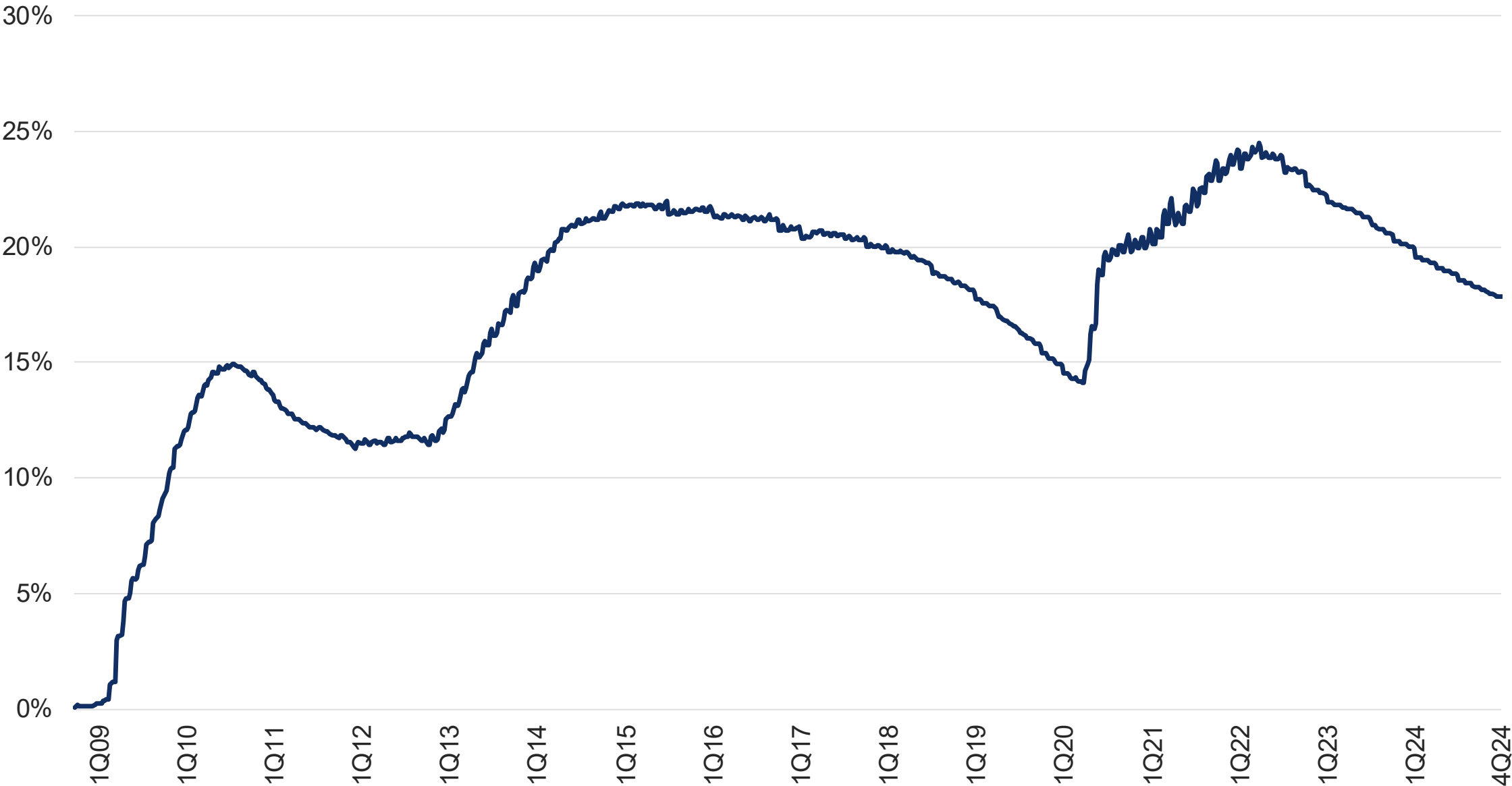
Federal Reserve Assets



The Federal Reserve owns 18% (2.2T) of the \$13T of outstanding consumer mortgage debt. This percentage is falling as the Fed shrinks its balance sheet.

Share of Consumer Mortgage Debt Owned by the Federal Reserve

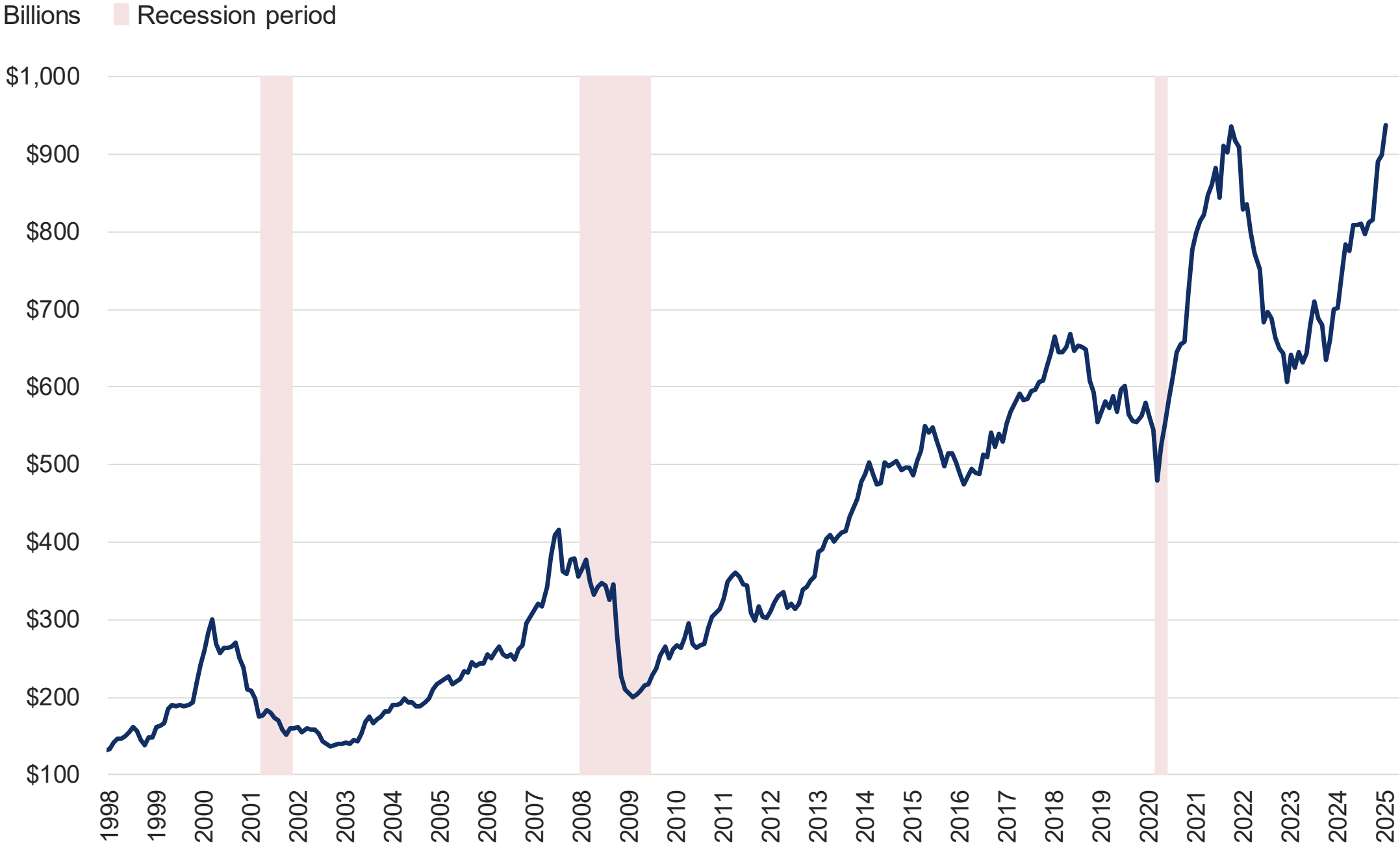
— Fed-owned mortgage debt = 18%



Sources: Federal Reserve Board; NY Federal Reserve Consumer Credit Panel/Equifax; John Burns Research and Consulting, LLC (Data: 4Q24, updated quarterly†) Pub: Feb-25

Margin debt is rising.

NYSE Margin Debt

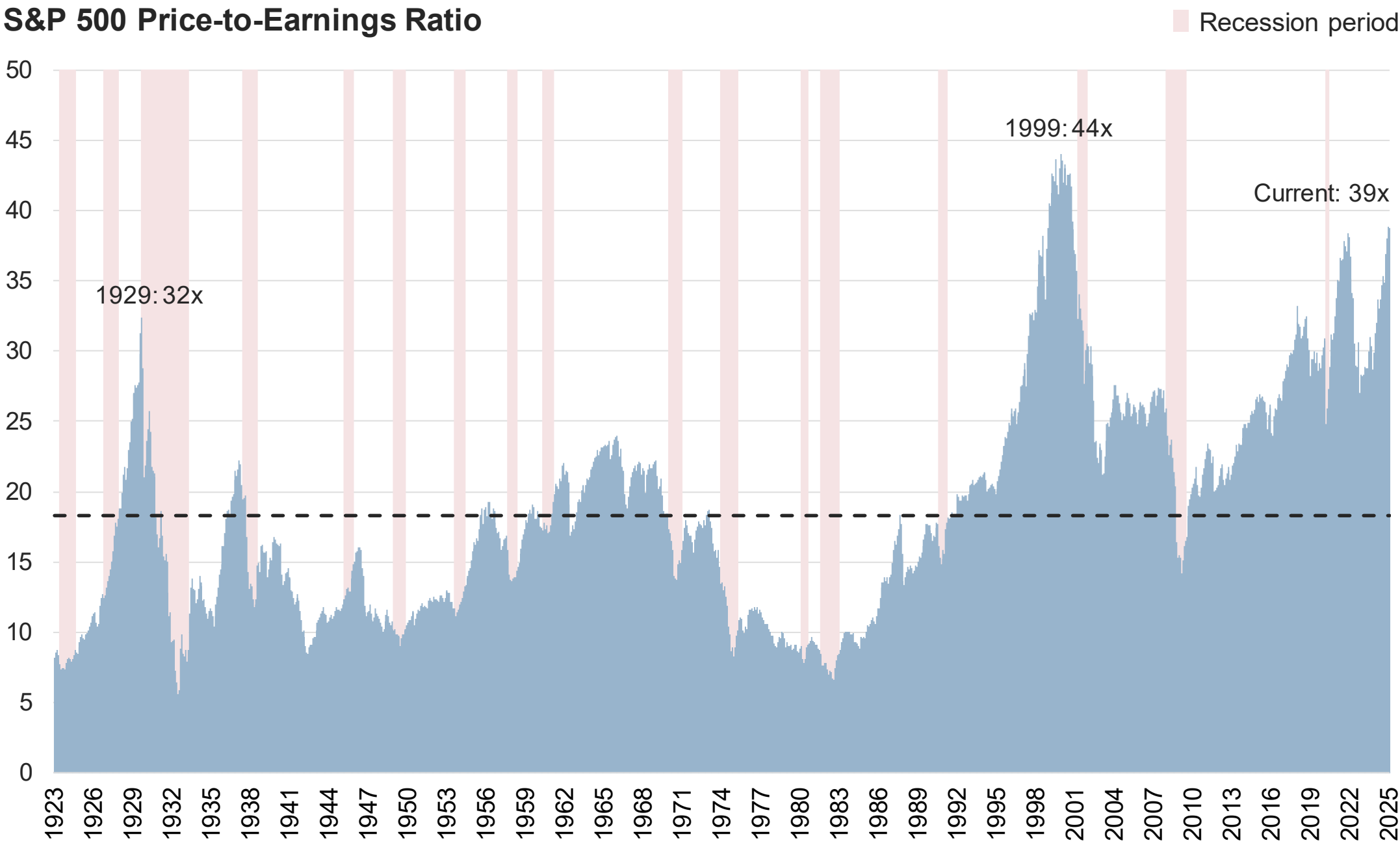


Margin debt allows investors to purchase stock without covering the entire cost upfront. The rapid rise in margin debt on the NYSE corresponded with stock market prices at record highs, signaling that riskier investor behavior may have been supporting stock prices.

Sources: FINRA; NYSE; John Burns Research and Consulting, LLC (Data: Jan-25, updated quarterly†) Pub: Feb-25

Stock price valuations are high, at 39x earnings.

S&P 500 Price-to-Earnings Ratio



Note: The Cyclically Adjusted Price to Earnings Ratio, also known as CAPE or the Shiller PE Ratio, is a valuation measure which adjusts past company earnings by inflation to present a snapshot of stock market affordability at a given point in time. CAPE uses the last 10 years of earnings to calculate the ratio. The ratio may be artificially inflated due to weakened earnings in the last recession. The Tax Cuts and Jobs Act, effective 2018-2025, is being priced into the forward earnings of S&P 500 companies while not being captured in the historical earnings. This mismatch is likely skewing the ratio.

*Historical average: 1920 through current

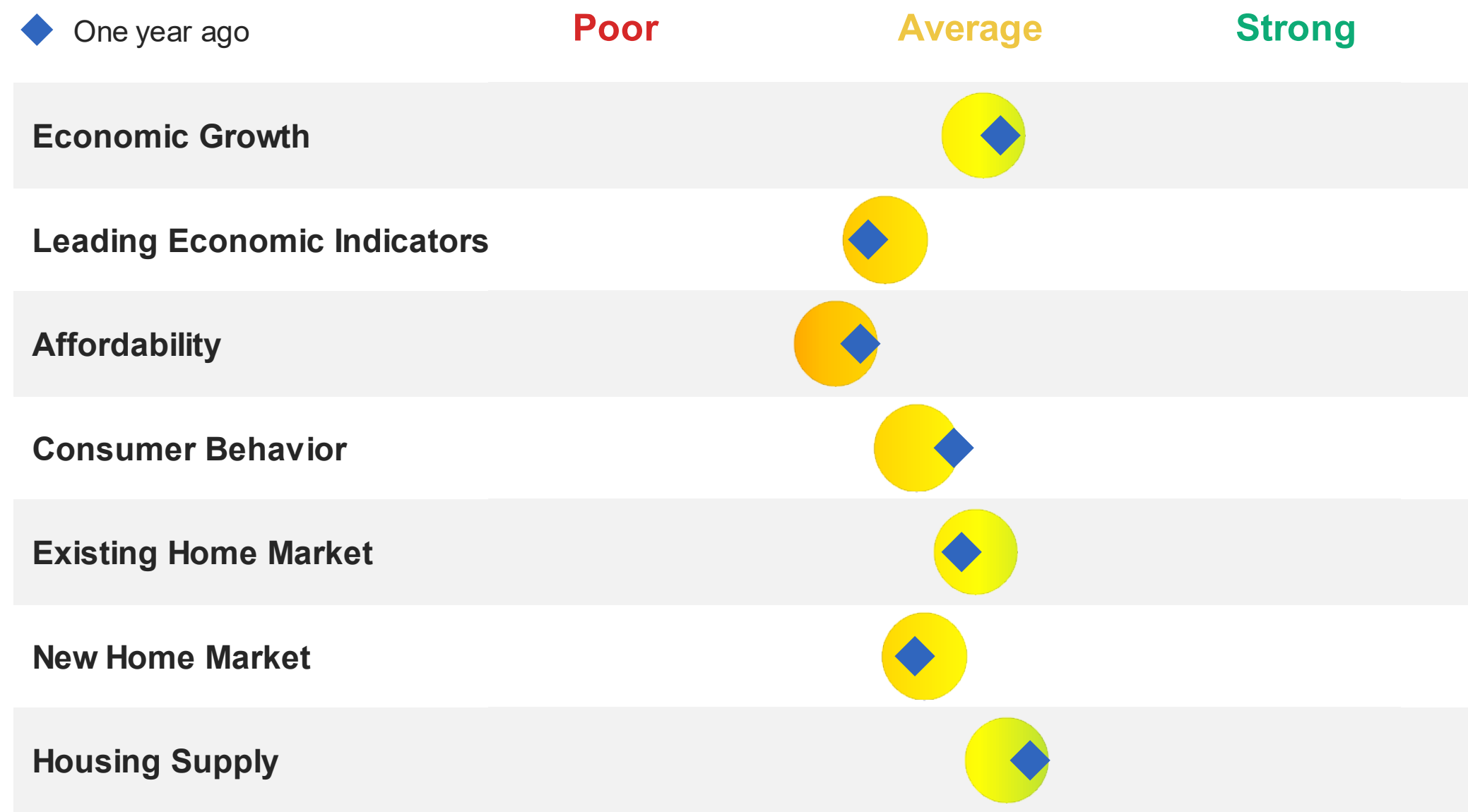
Source: DQYDJ.com (Data: Jan-25, updated quarterly†) Pub: Feb-25



Data at a glance

Inflated home prices and elevated mortgage rates are keeping affordability poor.

Economic Snapshot



Wages rose +4.2% YOY on average, outpacing YOY inflation.

Economic Growth Indicators								
Spending Indicators	Grade	Period	Statistic	Direction	Min	Avg	Max	1st Year
Real GDP (annualized)	Weak	4Q24	2.3%	Decreasing	-28.1%	3.2%	35.2%	1947
Retail and Food Service Sales	Weak	Dec-24	3.9%	Decreasing	-19.9%	4.7%	52.5%	1993
Personal Income Growth, nominal	Weak	Dec-24	5.3%	Decreasing	-11.4%	6.6%	31.6%	1947
Personal Income Excluding Government Transfers, real	Weak	Dec-24	2.7%	Decreasing	-6.0%	3.0%	8.9%	1960
Average Wage Growth	Strong	Dec-24	4.2%	Decreasing	1.6%	3.8%	6.7%	1997
Hourly Earnings Growth	Strong	Jan-25	4.1%	Decreasing	1.8%	3.1%	6.6%	2007
Personal Savings Rate (6 Month Average)	Poor	Dec-24	4.2%	Decreasing	2.0%	8.4%	19.7%	1959

Overall grade based on a percentage rank against history. SA = seasonally adjusted annual rate; NSA = not seasonally adjusted
Direction is in comparison to the most recent data for the prior month’s statistic. A positive number that says “Decreasing” means that the number was more “positive” last month, and vice versa. Due to revisions, the prior month’s data may change. As a result, this month’s direction indicated may not coincide with the statistics reported in the prior month.

Labor market indicators are strengthening.

Economic Growth Indicators								
Demand Indicators	Grade	Period	Statistic	Direction	Min	Avg	Max	1st Year
Nonfarm Payroll Change (YOY), NSA	Average	Jan-25	2,149,000	Increasing	-20,170,000	1,498,459	14,151,000	1940
Nonfarm Payroll Rate, NSA	Weak	Jan-25	1.4%	Increasing	-13.4%	2.0%	16.4%	1940
Total Payroll Monthly Emp. Growth (SA)	Average	Jan-25	143,000	Decreasing	-20,471,000	125,141	4,631,000	1939
Private Sector Payroll Monthly Emp. Growth (SA)	Average	Jan-25	111,000	Decreasing	-19,553,000	106,147	4,612,000	1939
Gov. Sector Payroll Monthly Emp. Growth (SA)	Strong	Jan-25	32,000	Decreasing	-918,000	18,994	486,000	1939
Job Openings	Excellent	Dec-24	7,600,000	Decreasing	2,232,000	5,422,612	12,182,000	2000
Job Quits	Strong	Dec-24	3,197,000	Increasing	1,555,000	2,835,896	4,515,000	2000
Total Population Growth	Strong	2023	1.1%	Increasing	0.4%	1.0%	1.4%	1968
Employment Growth-to-Permit Ratio	Average	Dec-24	1.4	Increasing	-14.3	1.0	8.9	1959
Total Employment-to-Households Ratio	Excellent	Dec-24	1.20	Decreasing	1.03	1.15	1.26	1967
Total Households Growth Rate	Weak	4Q24	1.1%	Increasing	0.0%	1.3%	3.1%	1967
Owned Households		4Q24	87,653,843	Increasing				1967
- Growth Rate	Weak	4Q24	0.6%	Increasing	-0.7%	1.4%	3.7%	1967
Rented Households		4Q24	45,896,756	Increasing				1967
- Growth Rate	Strong	4Q24	1.9%	Increasing	-1.4%	1.3%	4.3%	1967
Growth in Residential Electric Customers	Average	Nov-24	1,302,116	Decreasing	170,907	1,158,084	1,997,071	1991

A high number of quits indicates confidence in the labor market.

Overall grade based on a percentage rank against history. SA = seasonally adjusted annual rate; NSA = not seasonally adjusted
Direction is in comparison to the most recent data for the prior month's statistic. A positive number that says "Decreasing" means that the number was more "positive" last month, and vice versa. Due to revisions, the prior month's data may change. As a result, this month's direction indicated may not coincide with the statistics reported in the prior month.

Inflation rose +3.0% YOY.

Economic Growth Indicators								
Efficiency Indicators	Grade	Period	Statistic	Direction	Min	Avg	Max	1st Year
Productivity	Weak	4Q24	1.2%	Decreasing	-6.3%	2.0%	20.7%	1967
Capacity Utilization	Weak	Dec-24	77.6%	Increasing	64.7%	80.0%	89.4%	1967
Malaise Indicators								
Unemployment Rate	Excellent	Jan-25	4.0%	Decreasing	2.5%	5.7%	14.8%	1948
Average Length of Unemployment (Weeks)	Poor	Jan-25	22.0	Decreasing	7.1	16.5	40.7	1948
Median Length of Unemployment (Weeks)	Poor	Jan-25	10.4	No Change	2.2	9.0	25.2	1967
Labor Force Unemployed (27 weeks & over)	Average	Jan-25	0.8%	Decreasing	0.1%	1.0%	4.4%	1948
U-6 Unemployment Rate	Excellent	Jan-25	7.5%	No Change	6.6%	10.1%	22.9%	1994
Initial Jobless Claims	Excellent	Jan-25	219,000	Increasing	162,000	365,293	5,946,000	1967
Civilians Not in the Labor Force but Who Currently Want a Job	Average	Nov-24	5,604,500	Increasing	4,396,750	5,486,681	7,565,833	1994
Labor Force Participation Rate Ages 20-64	Strong	Jan-25	78.7%	Increasing	74.4%	77.7%	80.1%	1980
Inflation Indicators								
PCE	Average	Dec-24	2.6%	Increasing	-1.5%	3.3%	11.6%	1960
Core PCE	Average	Dec-24	2.8%	Decreasing	0.6%	3.2%	10.2%	1960
Core CPI	Average	Jan-25	3.3%	Increasing	0.6%	3.7%	13.6%	1958
CPI All Items	Average	Jan-25	3.0%	Increasing	-15.8%	3.3%	23.7%	1914

Overall grade based on a percentage rank against history. SA = seasonally adjusted annual rate; NSA = not seasonally adjusted
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Source: John Burns Research and Consulting, LLC (Pub: Feb-25)

Small business optimism is improving.

Leading Economic Indicators								
Early Indicator Indices	Grade	Period	Statistic	Direction	Min	Avg	Max	1st Year
Financial Stress Index	Excellent	Dec-24	-0.8	Decreasing	-1.1	0.0	5.7	1990
Corporate Credit Spreads	Strong	Jan-25	1.7%	Decreasing	0.0%	2.3%	13.1%	1980
Early Job Growth Indicators								
Manpower Net Employment Outlook	Excellent	1Q25	34.0%	No Change	-2.0%	17.1%	48.0%	1989
Planned Job Cuts	Average	Jan-25	49,795	Increasing	14,875	70,388	671,129	1999
Average Hours Worked per Week	Poor	Jan-25	33.5	Decreasing	33.0	34.9	38.8	1964
Temporary Employed Workers (YOY % Change)	Poor	Jan-25	-6.1%	Decreasing	-34.0%	2.9%	43.4%	1991
Vistage CEO Confidence Index	Strong	4Q24	100.8	Increasing	48.7	92.8	115.6	2003
Chief Executive Magazine CEO Confidence Index	Excellent	Jan-25	1.3	Increasing	0.3	1.2	1.5	2002
Small Business Optimism Index	Excellent	Jan-25	103.2	Increasing	82.7	97.9	108.2	1974
Early Spending Indicators								
Capital Goods New Orders	Weak	Dec-24	0.5%	Increasing	-27.8%	5.6%	56.0%	1969
Architecture Billings Index	Poor	Dec-24	44.1	Decreasing	29.5	50.6	62.4	1995
ISM Manufacturing Index (6mo Avg)	Weak	Jan-25	48.4	Increasing	33.1	52.9	73.5	1948
ISM Non-Manufacturing Business Activity Index (6mo Avg)	Weak	Jan-25	53.5	Increasing	41.0	54.8	63.8	1997
Crude Oil Price (Current \$)	Average	Jan-25	\$75	Increasing	\$20	\$73	\$201	1983
Tougher Standards on Business Loans - Large Firms	Average	4Q24	0.0%	Decreasing	-32.4%	7.8%	83.6%	1990
Tougher Standards on Business Loans - Small Firms	Weak	4Q24	13.3%	Increasing	-25.7%	7.8%	74.5%	1990

Overall grade based on a percentage rank against history. SA = seasonally adjusted annual rate; NSA = not seasonally adjusted

Direction is in comparison to the most recent data for the prior month's statistic. A positive number that says "Decreasing" means that the number was more "positive" last month, and vice versa. Due to revisions, the prior month's data may change. As a result, this month's direction indicated may not coincide with the statistics reported in the prior month.

Source: John Burns Research and Consulting, LLC (Pub: Feb-25)

Homebuilder stocks rose slightly YOY.

Leading Economic Indicators								
Stock and Bond Market Indicators	Grade	Period	Statistic	Direction	Min	Avg	Max	1st Year
10-year Treasury		Jan-25	4.5%	Decreasing	0.5%	5.8%	15.8%	1962
2-year Treasury		Jan-25	4.2%	Decreasing	0.1%	5.0%	16.7%	1976
Interest Rate Spread	Weak	Jan-25	0.3%	Increasing	-2.0%	0.9%	2.8%	1976
S&P 500 (YOY % Change)	Excellent	Jan-25	24.7%	Increasing	-44.8%	8.7%	53.7%	1961
ITB ETF (YOY % Change)	Average	Jan-25	7.3%	Increasing	-59.8%	11.5%	134.6%	2007
S&P Super Homebuilding (YOY % Change)	Average	Jan-25	3.4%	Increasing	-58.5%	16.9%	149.6%	1995

Overall grade based on a percentage rank against history. SA = seasonally adjusted annual rate; NSA = not seasonally adjusted
Direction is in comparison to the most recent data for the prior month’s statistic. A positive number that says “Decreasing” means that the number was more “positive” last month, and vice versa. Due to revisions, the prior month's data may change. As a result, this month’s direction indicated may not coincide with the statistics reported in the prior month.

Mortgage rates rose to 7.0% in January. Affordability is poor; the housing-cost-to-income ratio is near all-time highs, per our Burns Affordability Index™.

Affordability								
Home Payment Ratios	Grade	Period	Statistic	Direction	Min	Avg	Max	1st Year
Burns Affordability Index	Weak	Jan-25	41.2%	Increasing	22.7%	32.3%	43.2%	1985
Burns Under/Overpriced Market Index	Overvalued	Jan-25	27.4%	Increasing	-29.6%		33.8%	1985
Monthly Homeownership Costs Minus Monthly Single-Family Rents		Dec-24	\$1,059	Decreasing	-\$218	\$180	\$1,225	2000
Fixed, 30-year conventional mortgage	Average	Jan-25	7.0%	Increasing	2.7%	7.7%	18.5%	1971
5-year adjustable rate mortgage	Poor	Jan-25	6.5%	Increasing	2.6%	4.5%	7.9%	1999
Fixed/Adjustable Spread	Excellent	Jan-25	0.4%	Increasing	-0.5%	0.7%	1.6%	1999
Fixed/10-year Spread	Poor	Jan-25	2.4%	Increasing	0.5%	1.8%	4.1%	1971
Fed Funds Rate	Average	Jan-25	4.3%	Decreasing	0.1%	4.6%	19.1%	1954
Home Equity								
Percentage of Mortgages Underwater	Excellent	3Q24	1.8%	Increasing	1.7%	10.0%	25.7%	2009

Overall grade based on a percentage rank against history. SA = seasonally adjusted annual rate; NSA = not seasonally adjusted
Direction is in comparison to the most recent data for the prior month's statistic. A positive number that says "Decreasing" means that the number was more "positive" last month, and vice versa. Due to revisions, the prior month's data may change. As a result, this month's direction indicated may not coincide with the statistics reported in the prior month.

Consumer sentiment is poor despite low unemployment. The Misery Index, a sum of unemployment and inflation, remained at 7.0 in January.

Consumer Behavior								
Confidence	Grade	Period	Statistic	Direction	Min	Avg	Max	1st Year
Consumer Confidence SA	Strong	Jan-25	104.1	Decreasing	25.3	95.9	144.7	1967
Consumer Sentiment Index	Poor	Feb-25	67.8	Decreasing	50.0	84.7	112.0	1978
Misery Index (Unemployment + Inflation)	Weak	Jan-25	7.0	Increasing	5.1	8.6	15.0	1985
Debt								
Revolving Cons. Credit per Household (inflation adjusted)	Weak	Dec-24	\$10,438	Increasing	\$203	\$7,155	\$13,178	1968
Consumer Credit Growth Rate	Strong	Dec-24	0.8%	Increasing	-14.3%	8.1%	108.1%	1969
Household Debt Service Payments as a Percent of Disposable Personal Income	Strong	3Q24	11.3%	Increasing	9.1%	11.9%	15.8%	1980

Overall grade based on a percentage rank against history. SA = seasonally adjusted annual rate; NSA = not seasonally adjusted

Direction is in comparison to the most recent data for the prior month's statistic. A positive number that says "Decreasing" means that the number was more "positive" last month, and vice versa. Due to revisions, the prior month's data may change. As a result, this month's direction indicated may not coincide with the statistics reported in the prior month.

Resale home price growth is slowing.

Existing Home Market								
Home Price Appreciation	Grade	Period	Statistic	Direction	Min	Avg	Max	1st Year
Resale Appreciation - Burns Home Value Index YOY % Change)	Weak	Jan-25	3.3%	Decreasing	-12.1%	4.6%	18.5%	1982
S&P/Case-Shiller Tiered Home Price Indices								
High-Tier Home Price Index	Strong	4Q24	6.5%	Increasing	-17.2%	4.0%	24.9%	2003
Mid-Tier Home Price Index	Average	4Q24	5.7%	Increasing	-15.9%	4.1%	17.1%	2003
Low-Tier Home Price Index	Excellent	4Q24	11.4%	Increasing	-19.2%	4.0%	13.9%	2003
NAR Single-Family Median Home Price		Dec-24	\$409,300	Increasing	\$19,700	\$143,554	\$432,900	1968

Existing Home Market								
Sales Volumes	Grade	Period	Statistic	Direction	Min	Avg	Max	1st Year
Annual Sales Volume, SA	Average	Dec-24	4,240,000	Increasing	1,370,000	4,064,927	7,260,000	1968
Existing Home Inventory for Sale, NSA	Excellent	Dec-24	1,150,000	Decreasing	850,000	2,243,836	4,040,000	1982
Months Supply of Unsold Homes, SA	Excellent	Dec-24	3.3	Decreasing	1.6	6.4	13.8	1982
Mrtg Bankers Purchase Index SA	Poor	Feb-25	153.1	Decreasing	75.0	245.9	495.6	1989
Pending Home Sales Index, SA	Poor	Dec-24	74.2	Decreasing	70.0	101.5	130.3	2001
Homeownership Rate	Strong	4Q24	65.7%	Decreasing	0.0%	63.1%	69.0%	1967

Overall grade based on a percentage rank against history. SA = seasonally adjusted annual rate; NSA = not seasonally adjusted
Direction is in comparison to the most recent data for the prior month's statistic. A positive number that says "Decreasing" means that the number was more "positive" last month, and vice versa. Due to revisions, the prior month's data may change. As a result, this month's direction indicated may not coincide with the statistics reported in the prior month.

Housing supply indicators are strengthening.

Housing Supply								
Single-Family	Grade	Period	Statistic	Direction	Min	Avg	Max	1st Year
Single-Family Permits, SA	Strong	Dec-24	992,000	Increasing	337,000	894,086	1,798,000	1960
Single-Family Starts, SA	Average	Dec-24	1,050,000	Increasing	353,000	1,014,622	1,823,000	1959
Homeowner Vacancy Rate	Excellent	4Q24	1.1%	Increasing	0.7%	1.6%	2.9%	1913
Multifamily	Grade	Period	Statistic	Direction	Min	Avg	Max	1st Year
Multifamily Permits, SA	Average	Dec-24	491,000	Decreasing	106,000	479,212	1,385,000	1960
Multifamily Starts, SA	Strong	Dec-24	449,000	Increasing	58,000	417,602	1,144,000	1959
Manufactured Housing Placements	Grade	Period	Statistic	Direction	Min	Avg	Max	1st Year
Manufactured Housing Placements	Strong	Dec-24	104,000	Decreasing	40,000	177,002	390,000	1980
Totals	Grade	Period	Statistic	Direction	Min	Avg	Max	1st Year
Total Starts, SA	Average	Dec-24	1,499,000	Increasing	478,000	1,432,225	2,494,000	1959
Total Permits, SA	Strong	Dec-24	1,483,000	Decreasing	513,000	1,373,297	2,419,000	1960
Total Housing Stock		4Q24	146,979,670	Increasing	63,509,188	108,361,231	146,979,670	1966
- Growth Rate	Strong	4Q24	1.0%	Decreasing	0.0%	1.5%	3.9%	1913
New Housing Units Completed, SA	Weak	Dec-24	1,544,000	Decreasing	520,000	1,400,909	2,299,000	1968
Total New Homes Completed and Shipped	Average	Dec-24	1,648,000	Decreasing	564,000	1,512,789	2,380,000	1980
Employment Growth-to-New Homes Completed and Shipped Ratio	Average	Dec-24	1.3	Increasing	-16.0	0.9	9.3	1980

High numbers in this table are considered Poor.

Overall grade based on a percentage rank against history. SA = seasonally adjusted annual rate; NSA = not seasonally adjusted
Direction is in comparison to the most recent data for the prior month's statistic. A positive number that says "Decreasing" means that the number was more "positive" last month, and vice versa. Due to revisions, prior month's data may change. As a result, this month's direction indicated may not coincide with the statistics reported in the prior month.

New home inventory is elevated, and sales are increasing.

High inventory numbers here are considered poor.

New Home Market								
Sales	Grade	Period	Statistic	Direction	Min	Avg	Max	1st Year
NAHB Housing Market Index	Weak	Jan-25	47	Increasing	8	52	90	1985
New Sales Volume, SA	Strong	Dec-24	698,000	Increasing	270,000	657,605	1,389,000	1964
New Home Inventory for Sale, NSA	Poor	Dec-24	496,000	Increasing	142,000	317,308	570,000	1963
Months Supply of Unsold New Homes, SA	Poor	Dec-24	8.9	Increasing	3.4	6.1	11.6	1963
Months of Homes Completed, SA	Weak	Dec-24	2.1	Increasing	0.5	1.8	5.6	1973
Months of Homes Under Const., SA	Poor	Dec-24	4.9	Increasing	2.1	3.5	6.8	1973
Months of Homes Not Started, SA	Excellent	Dec-24	1.8	Increasing	0.5	1.0	2.1	1973

Overall grade based on a percentage rank against history. SA = seasonally adjusted annual rate; NSA = not seasonally adjusted

Direction is in comparison to the most recent data for the prior month's statistic. A positive number that says "Decreasing" means that the number was more "positive" last month, and vice versa. Due to revisions, prior month's data may change. As a result, this month's direction indicated may not coincide with the statistics reported in the prior month.



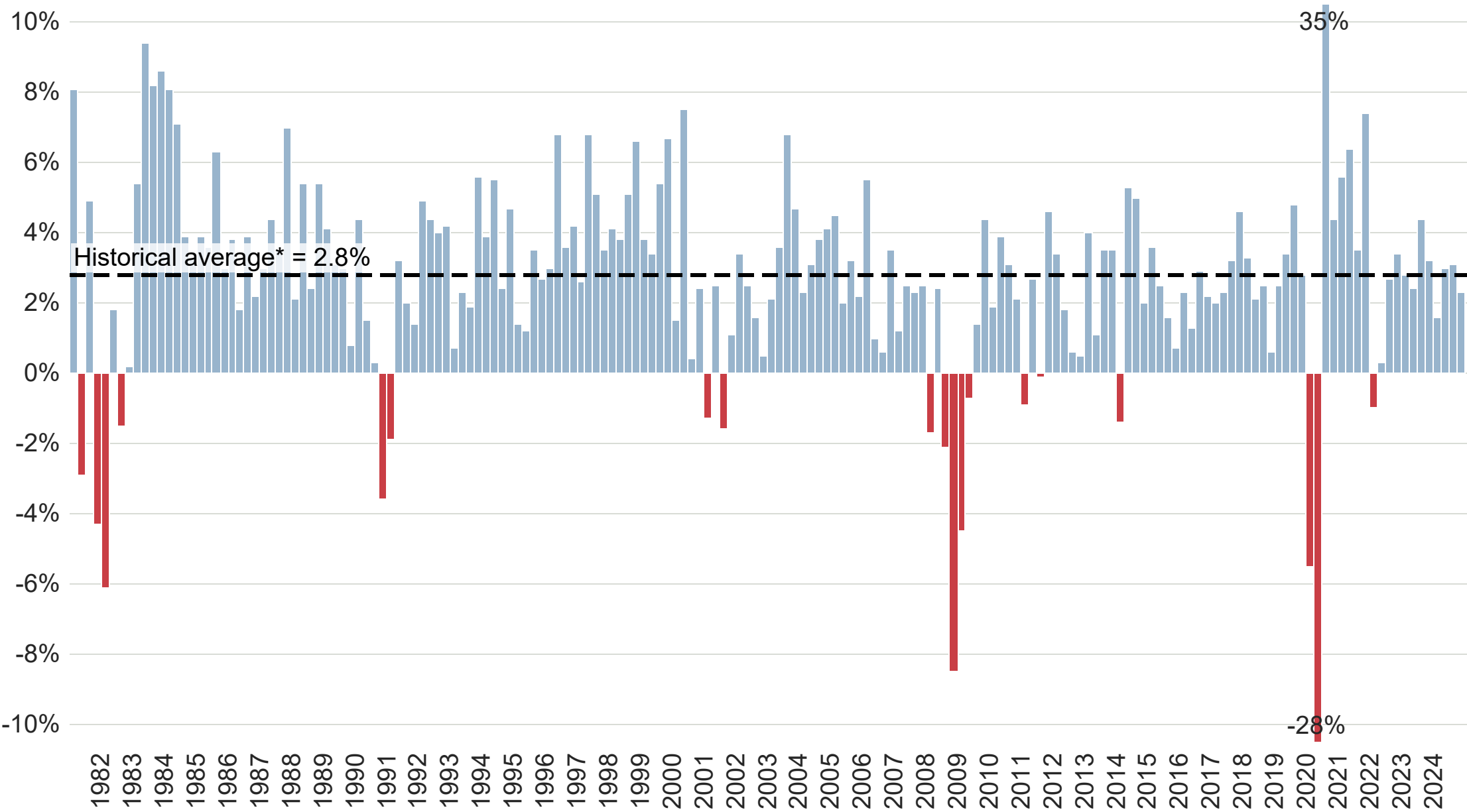
Demand

Economic growth indicators

Real GDP rose +2.3% (annualized) in 4Q24.

Real GDP

Seasonally adjusted annualized rate QOQ % change

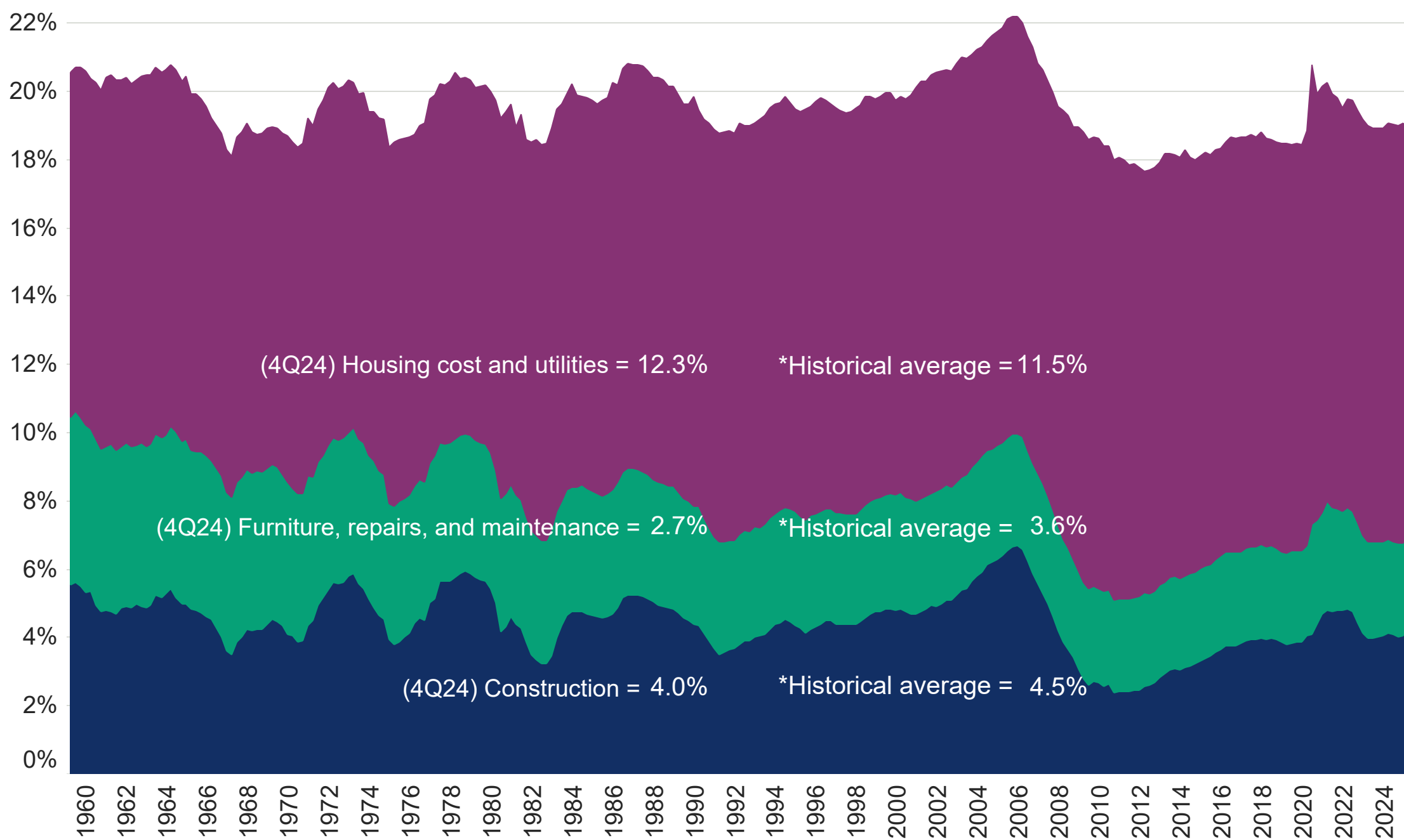


Real GDP rose +2.3% in 4Q24 on an annualized basis, below the +2.8% historical average.

Note: Due to the impact of Covid-19, the annualized QOQ change in GDP was -29.9% in 2Q20 and +35.3% in 3Q20.
Source: Bureau of Labor Statistics (Data: 4Q24, Pub: Feb-25)
*Historical average: 1981 through current

Housing accounts for around one-fifth of GDP.

Housing as Percentage of GDP



The share of GDP tied to housing is at 19.1%, below the historical average of 19.6%.

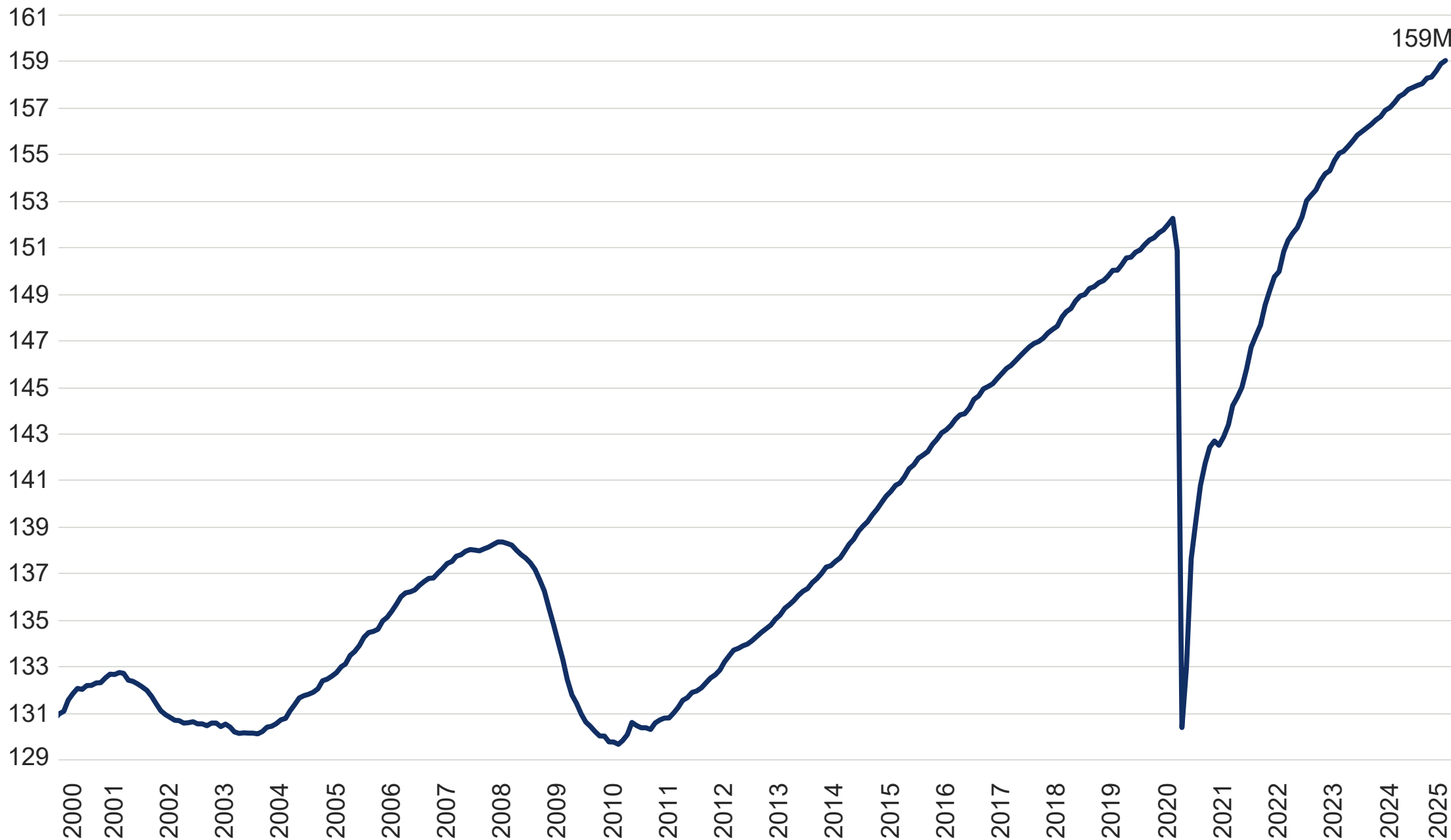
Source: Bureau of Economic Analysis (Data: 4Q24, Pub: Feb-25)

*Historical average: 1Q59 through current

Total payroll employment is growing.

Total Payroll Employment

Millions, SA



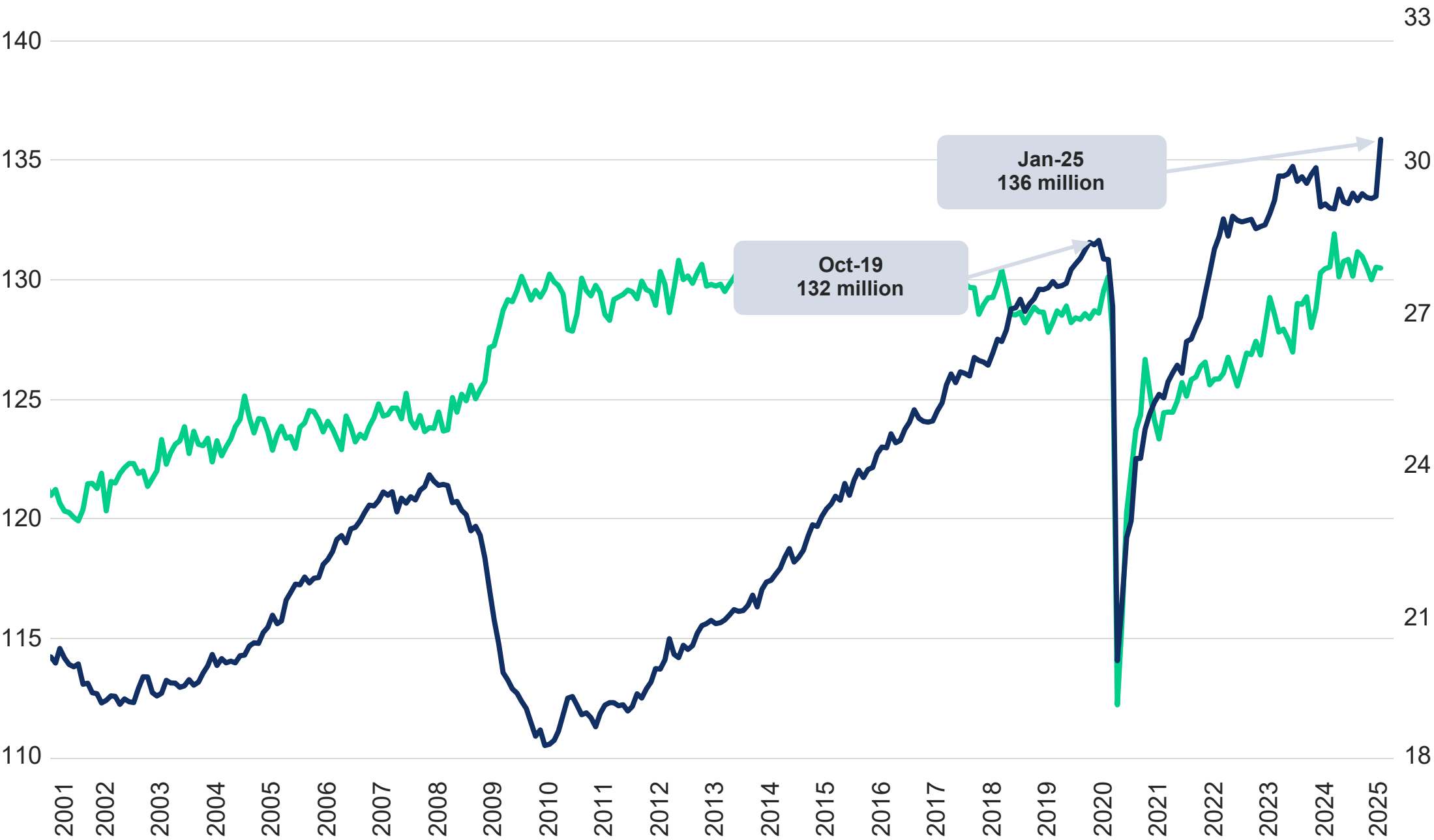
Total payroll employment rose to 159M in January.

Source: Bureau of Labor Statistics (Data: Jan-25, Pub: Feb-25)

The number of full-time workers is at record highs.

Labor Force: 16 Years and Older

Seasonally adjusted, millions — Full-time (left-axis) — Part-time (right-axis)



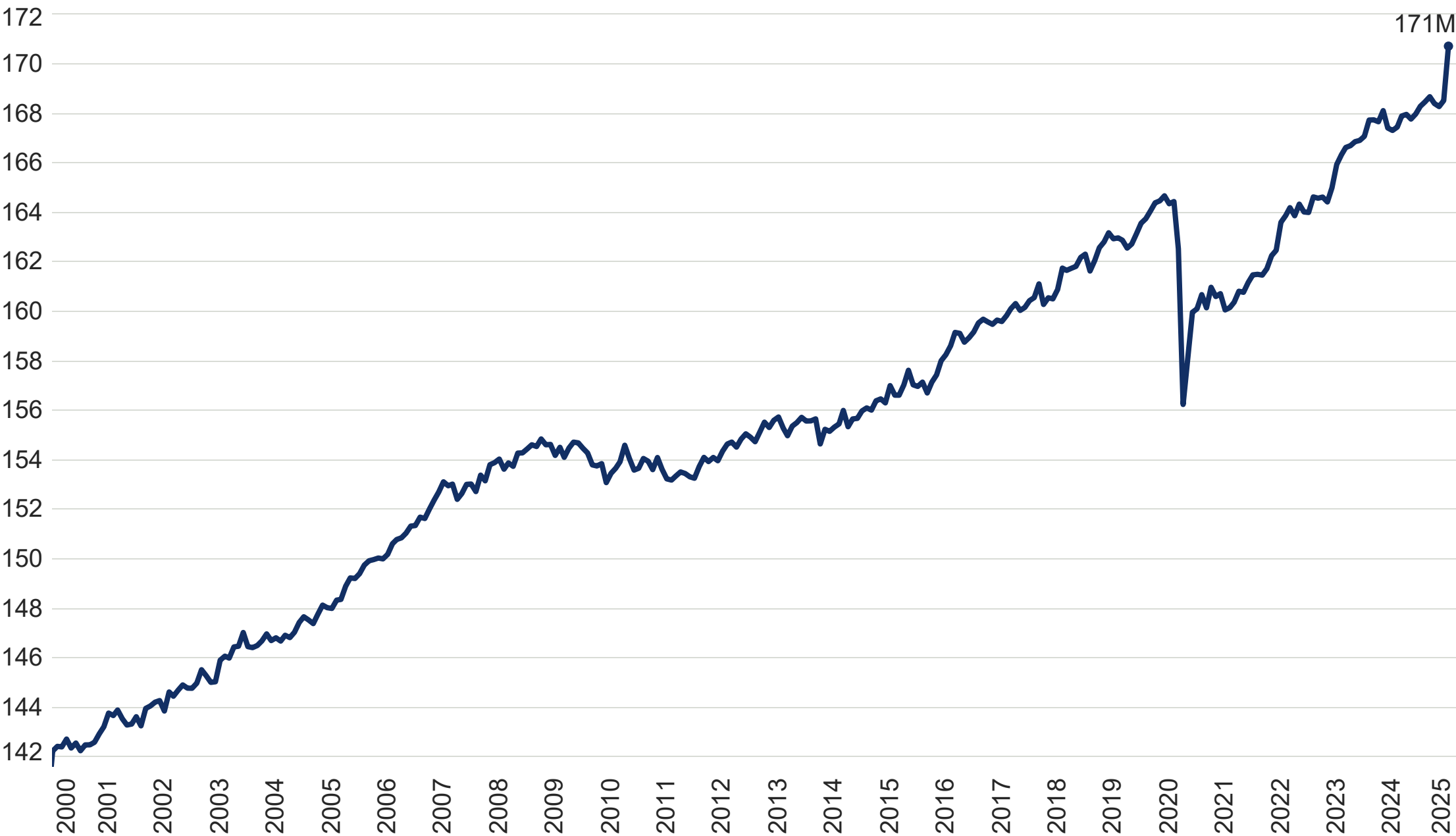
Workers generally need full-time work to have the confidence to take on and qualify for a mortgage. The apparent +2 million jump in employment in January 2025 was primarily due to annual data revisions to population and labor force benchmarks, rather than an actual surge in hiring.

Sources: Bureau of Labor Statistics; John Burns Research and Consulting, LLC (Data: Jan-25, Pub: Feb-25)

At 171M, the civilian labor force is at an all-time high.

Civilian Labor Force Level

Seasonally adjusted, millions



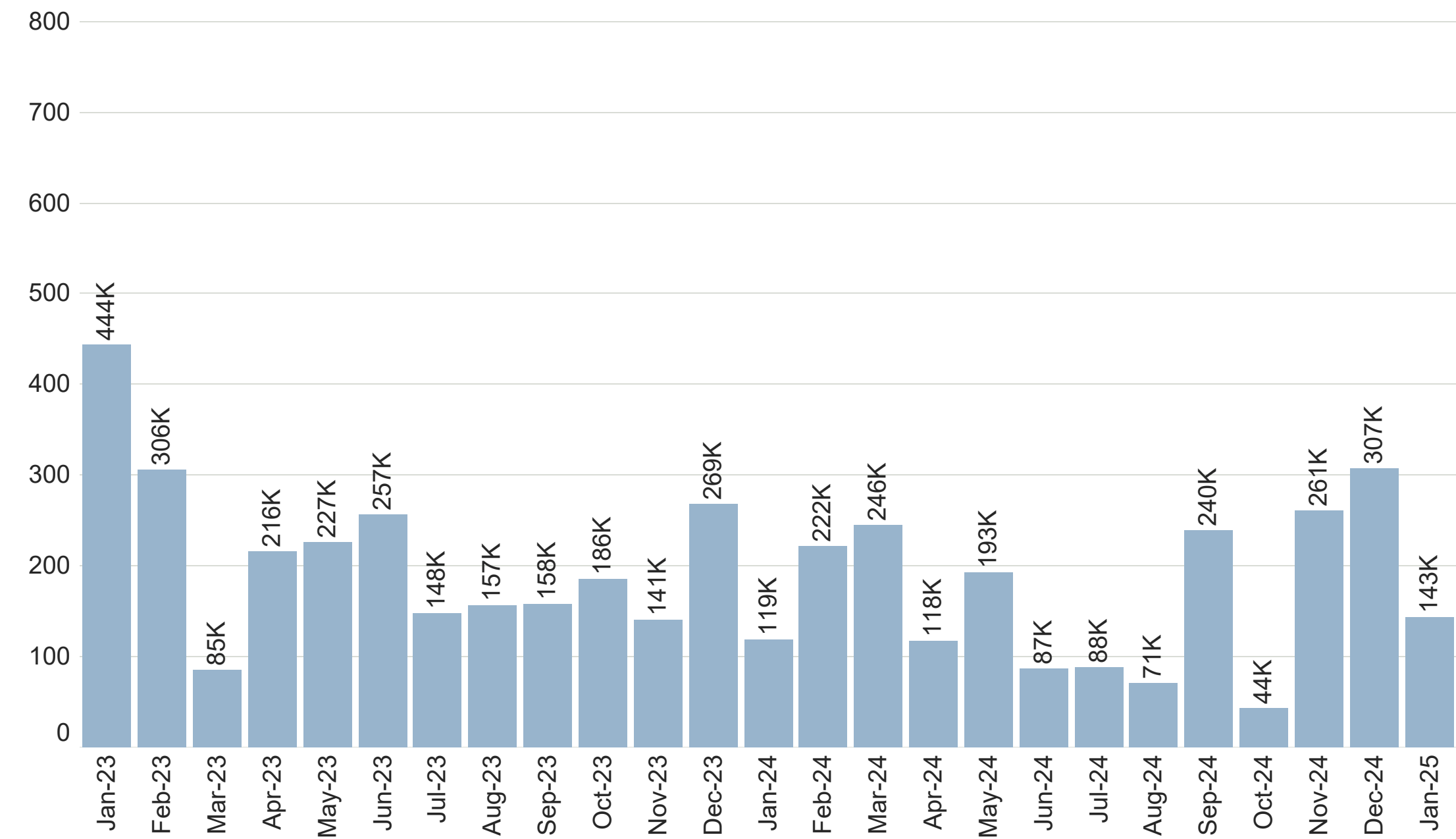
A growing labor force supports growth of the overall US economy. The apparent +2 million jump in employment in January 2025 was primarily due to annual data revisions to population and labor force benchmarks, rather than an actual surge in hiring.

Sources: Bureau of Labor Statistics; John Burns Research and Consulting, LLC (Data: Jan-25, Pub: Feb-25)

Employment fell month over month.

Monthly Payroll Employment Growth

Thousands, SA



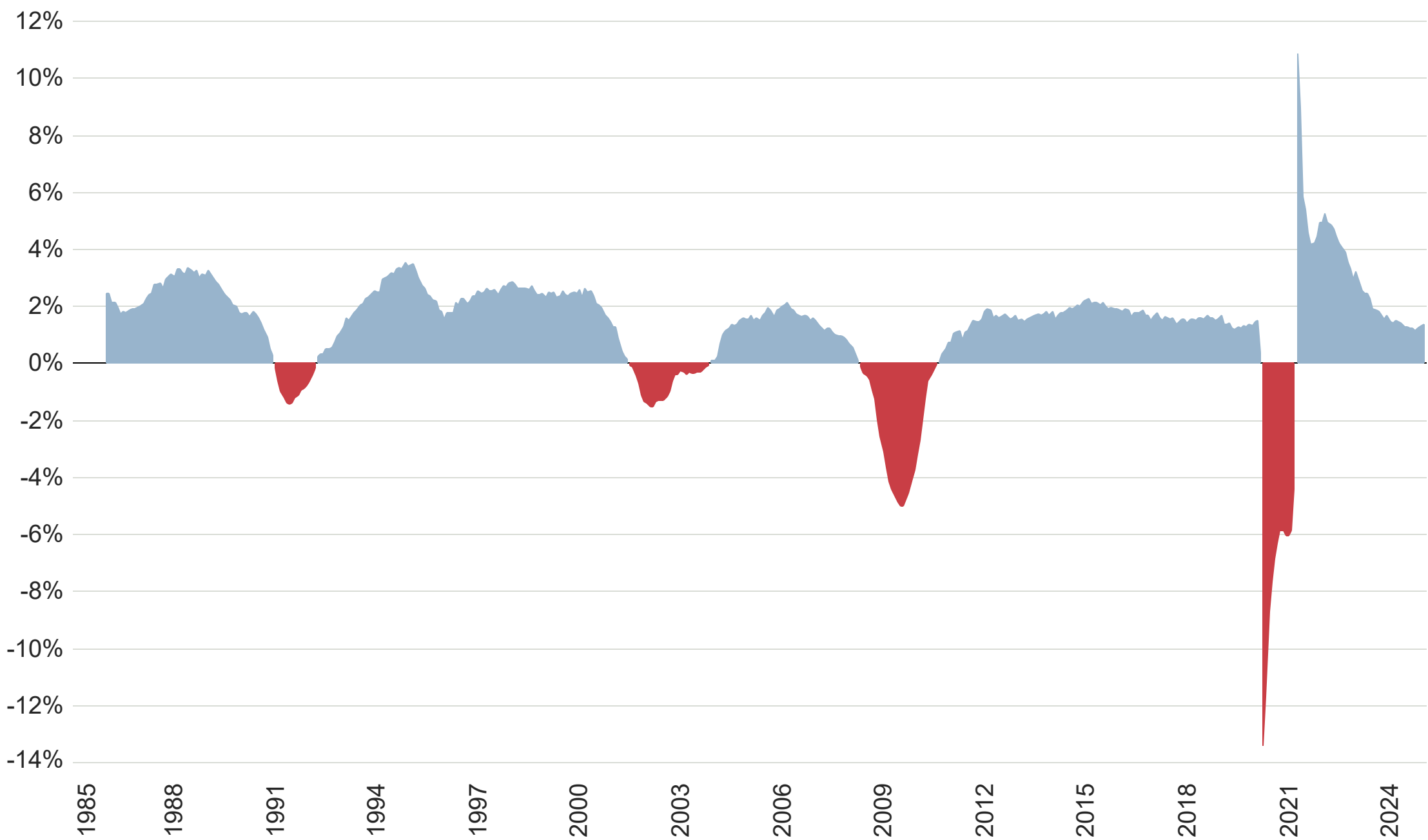
The US economy gained 143K jobs in January. October employment numbers were impacted by strikes and hurricanes.

Source: Bureau of Labor Statistics (Data: Jan-25, Pub: Feb-25)

Employment growth is slowing YOY but remains healthy.

Payroll Employment

YOY % change, NSA Current YOY = 1.4%



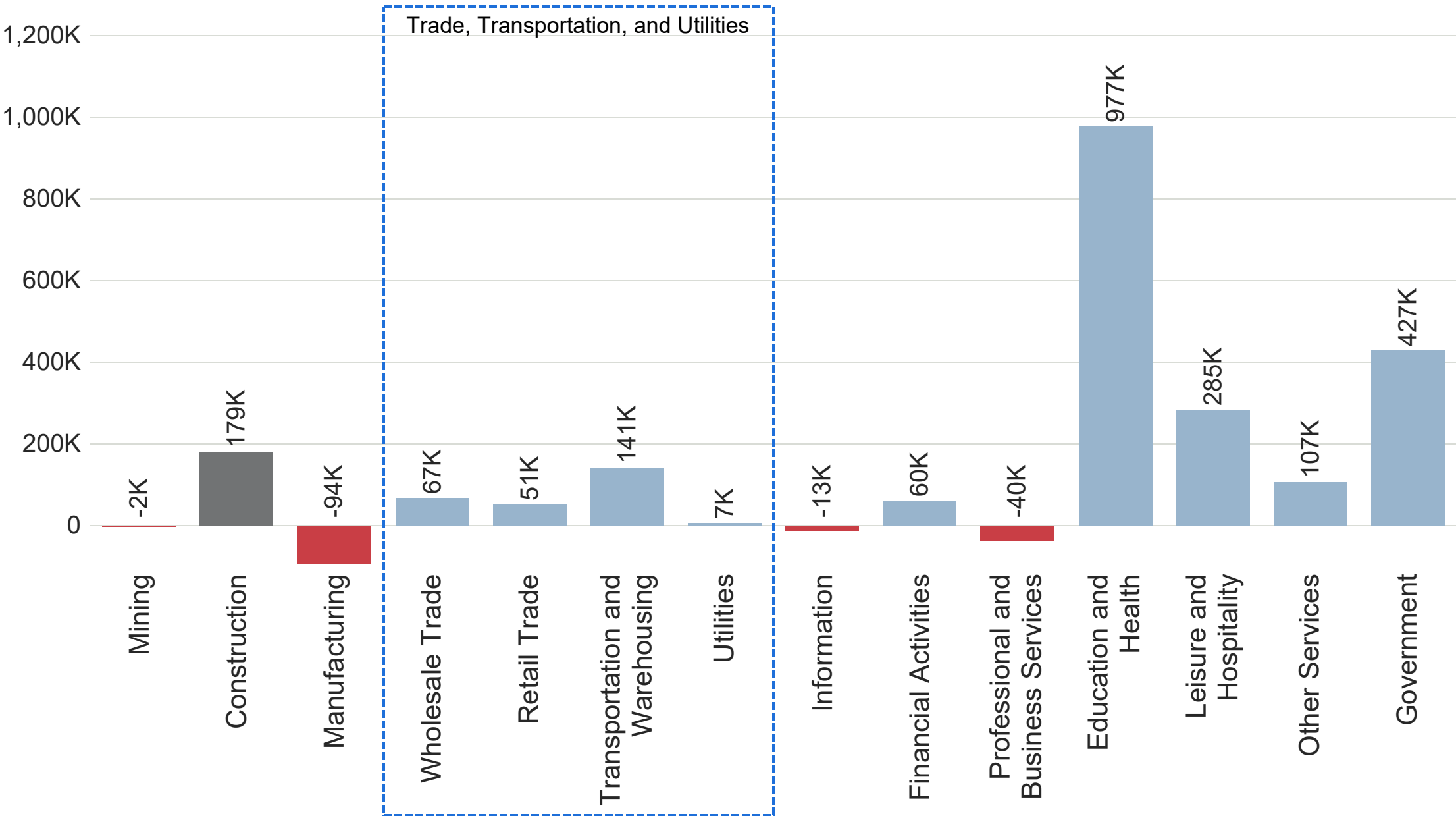
Total US employment rose +1.4% in January.

Source: Bureau of Labor Statistics (Data: Jan-25, Pub: Feb-25)

All but 4 sectors gained jobs YOY.

Job Growth by Sector

YOY (NSA), thousands Goods-producing industries Service-providing industries

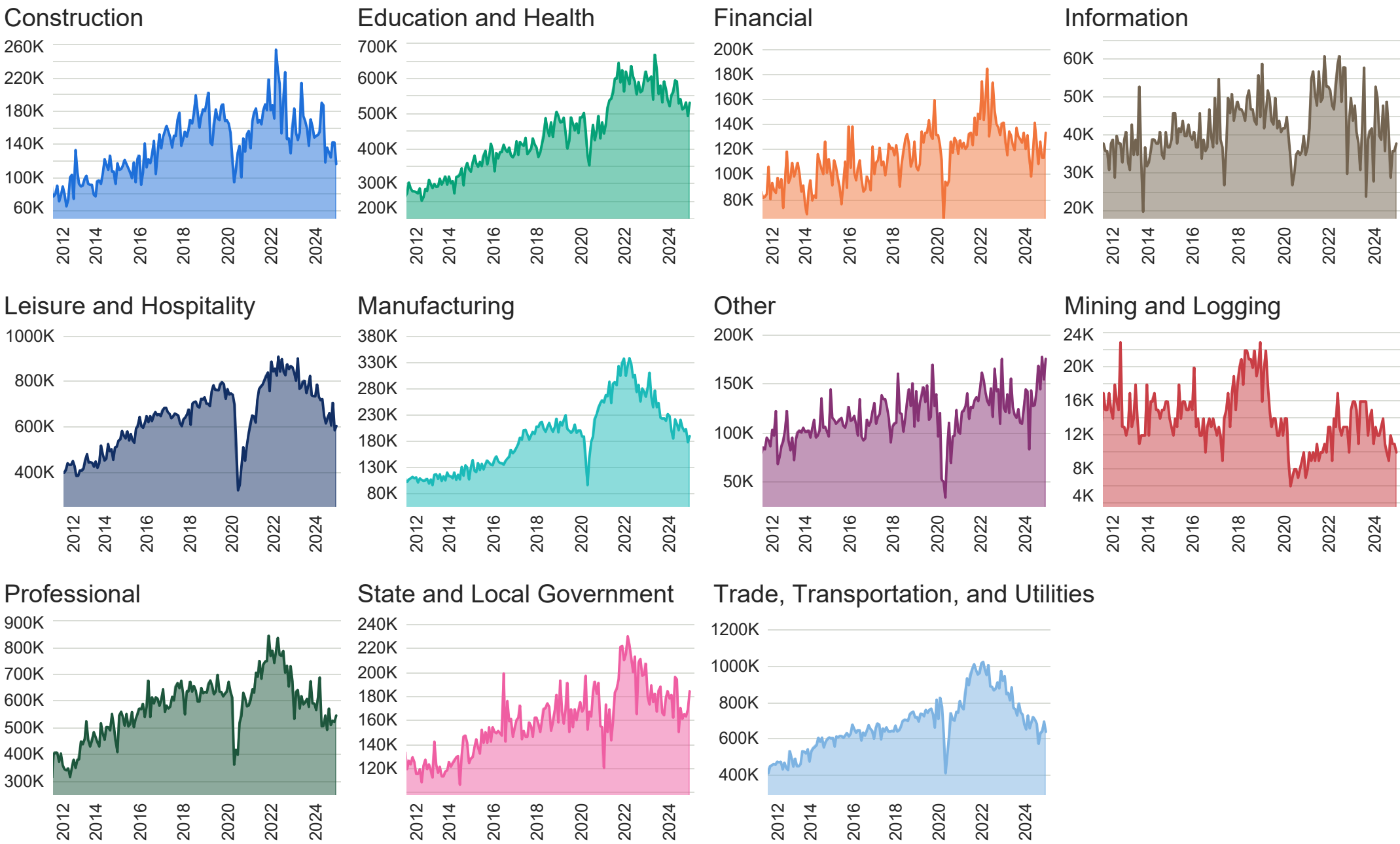


The manufacturing sector lost -94K jobs YOY.

Source: Bureau of Labor Statistics (Data: Jan-25, Pub: Feb-25)

Quits are declining in most sectors.

Job Quits by Industry, SA



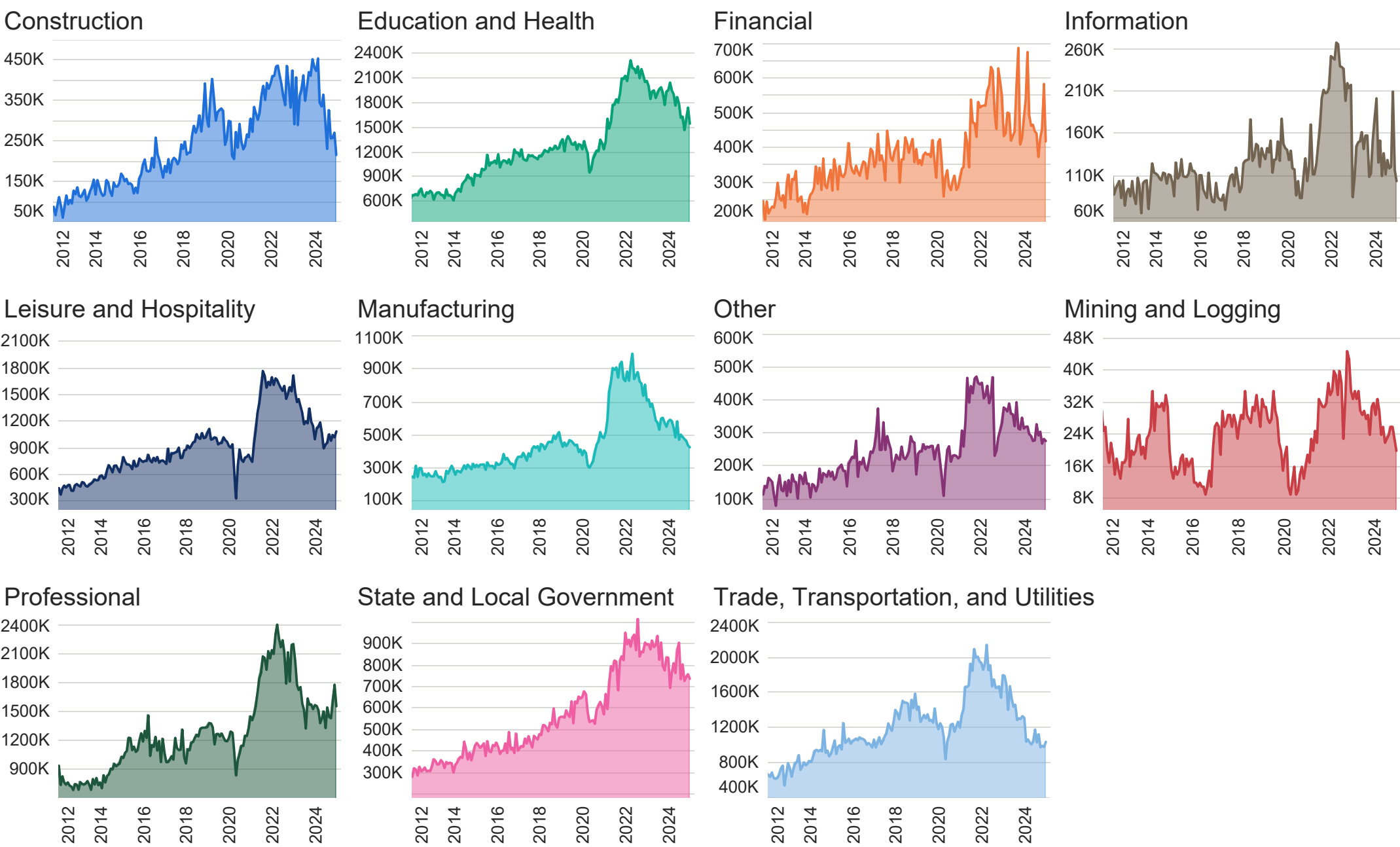
Quits are below 2019 levels in most sectors. A decline in job quits traditionally indicates a decrease in the level of confidence in employment opportunities among labor market participants.

Source: Bureau of Labor Statistics (Data: Dec-24, Pub: Feb-25)

Note: Job quits are the total number of quits that occurred during the entire month.

Job openings are falling from all-time highs in most sectors.

Job Openings by Industry, SA

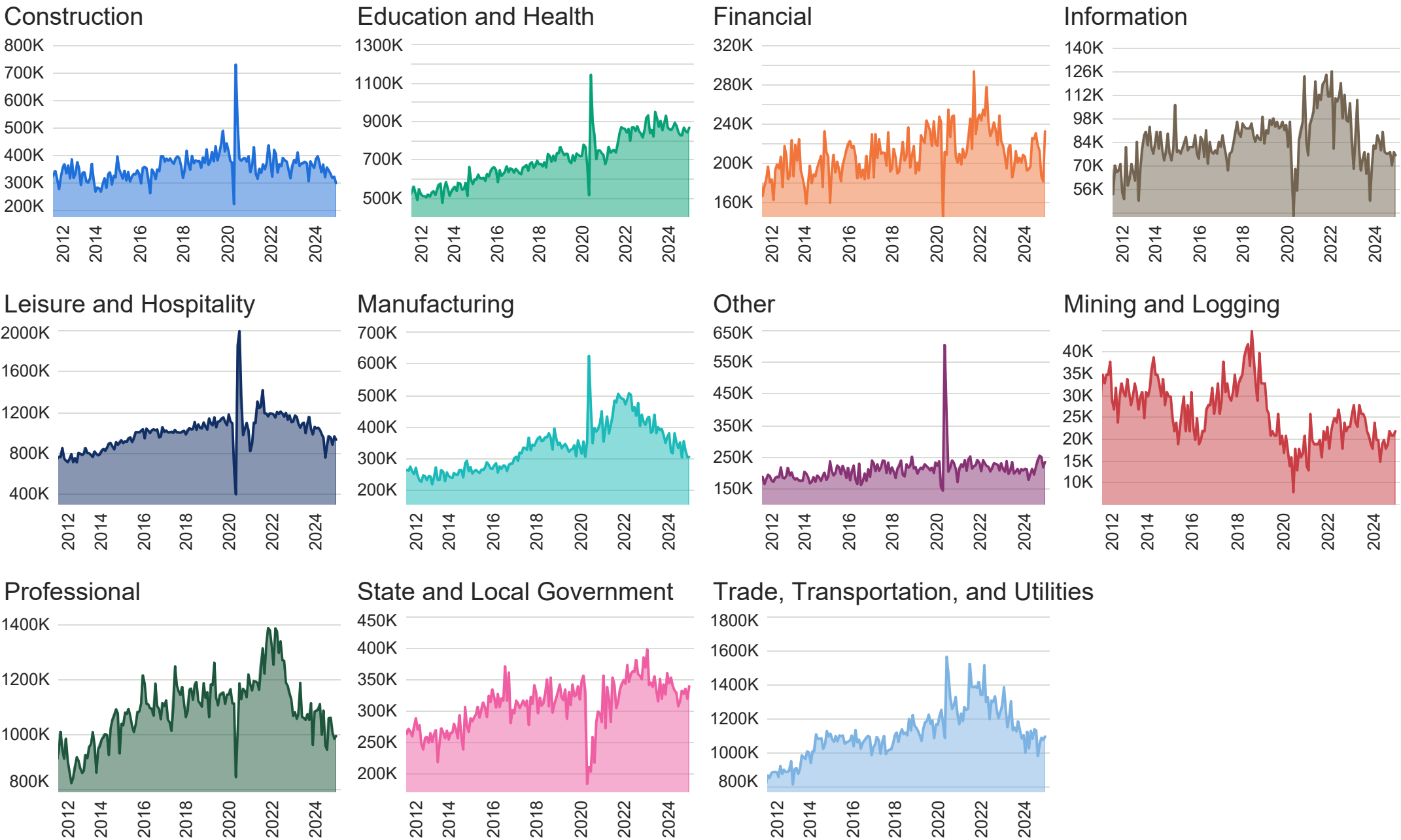


Job openings indicate the level of unmet demand for workers.

Source: Bureau of Labor Statistics (Data: Dec-24, Pub: Feb-25) Note: Job openings are the total number of openings that occurred during the entire month.

Hiring is slowing in most sectors.

Job Hires by Industry, SA



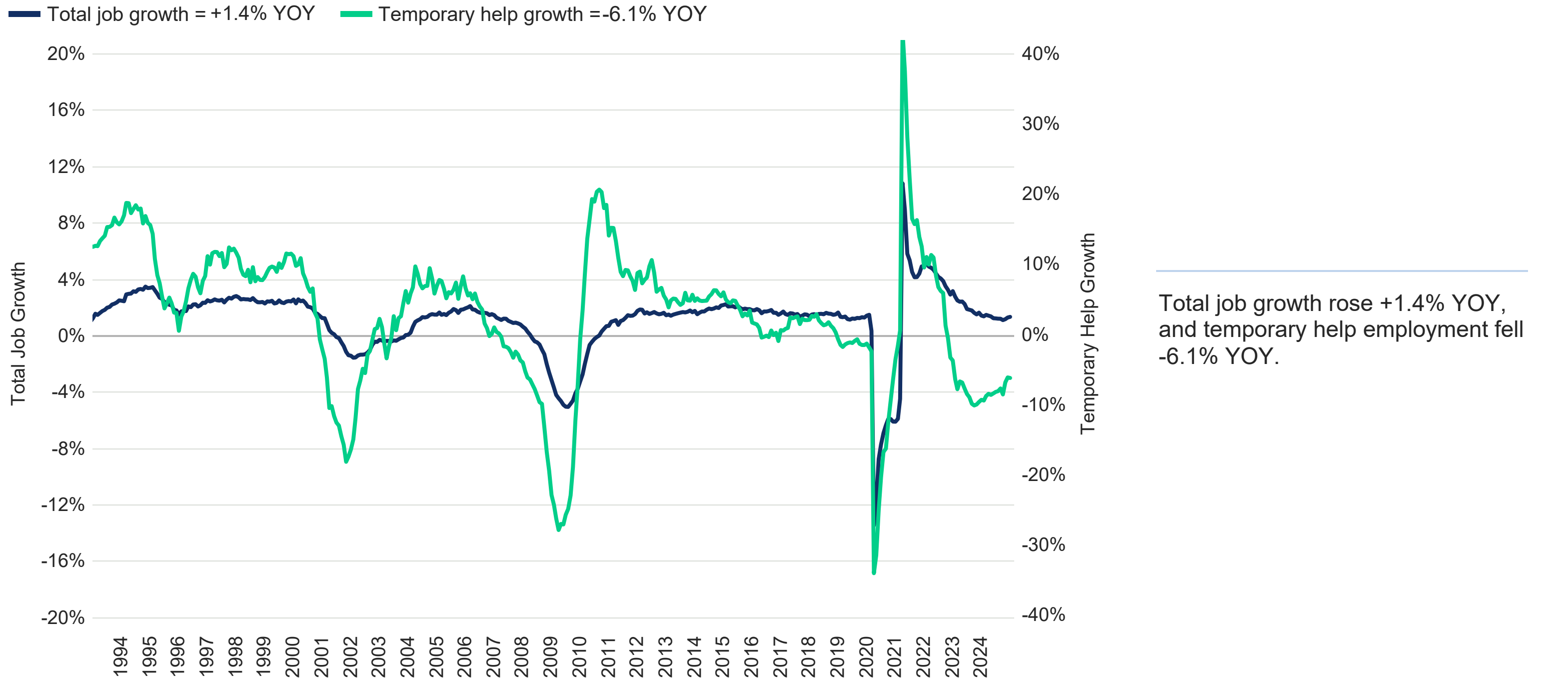
Hiring is slowing in some sectors, including Construction; Information; Manufacturing; and Professional.

Source: Bureau of Labor Statistics (Data: Dec-24, Pub: Feb-25)

Note: Job hires are the total number of hires that occurred during the entire month.

Temporary jobs are declining as workers find full-time employment.

Total Job Growth vs. Temporary Help Employment



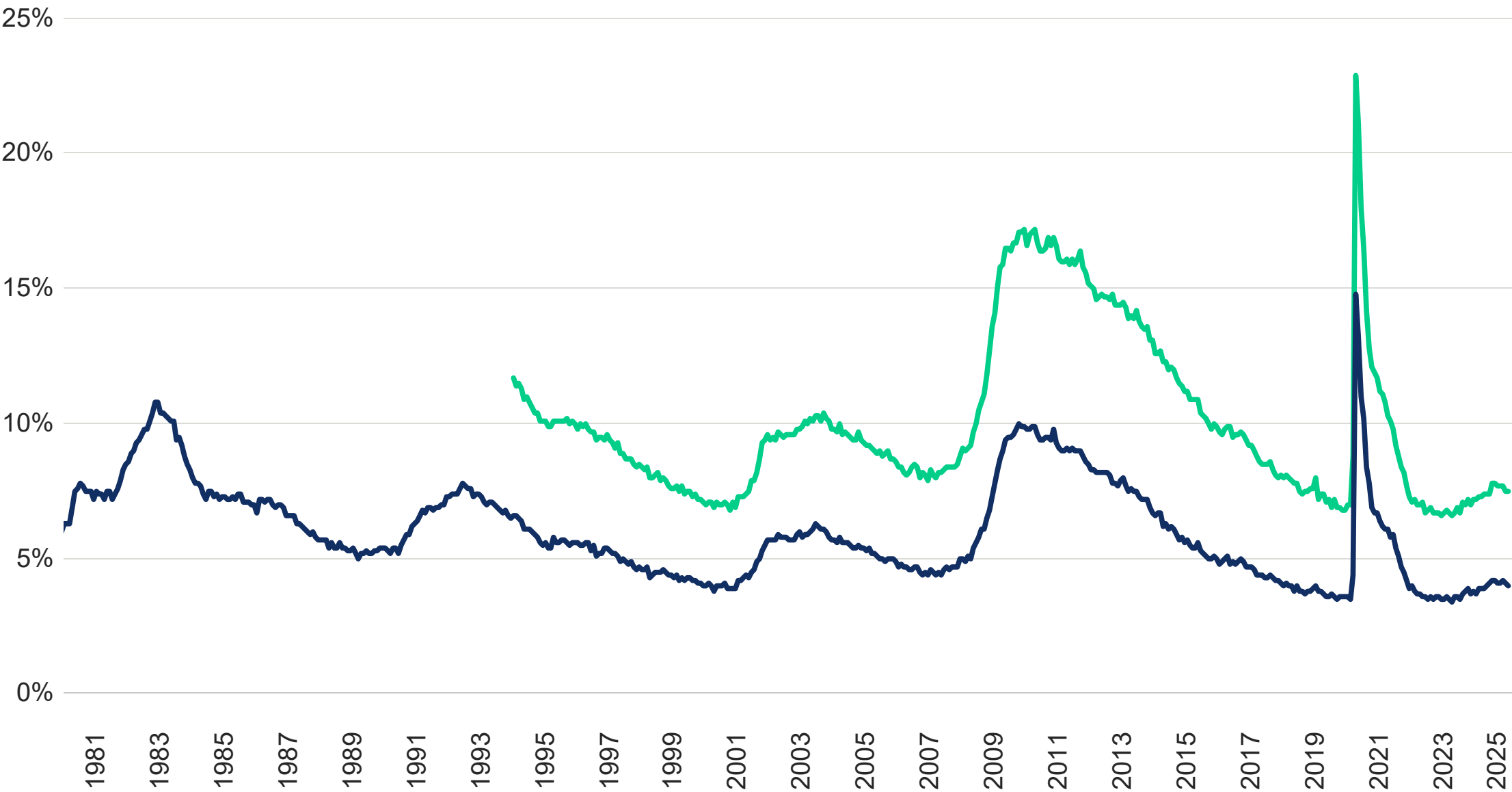
Source: Bureau of Labor Statistics (Data: Jan-25, Pub: Feb-25)

Unemployment is historically low but has risen from 2023 levels.

Labor Force Unemployment Rate (SA)

Official unemployment rate = 4.0% U-6 unemployment rate = 7.5%

The U-6 unemployment rate is a broader measure of unemployment that covers part-time workers who would like full-time work and those who have given up looking for work.



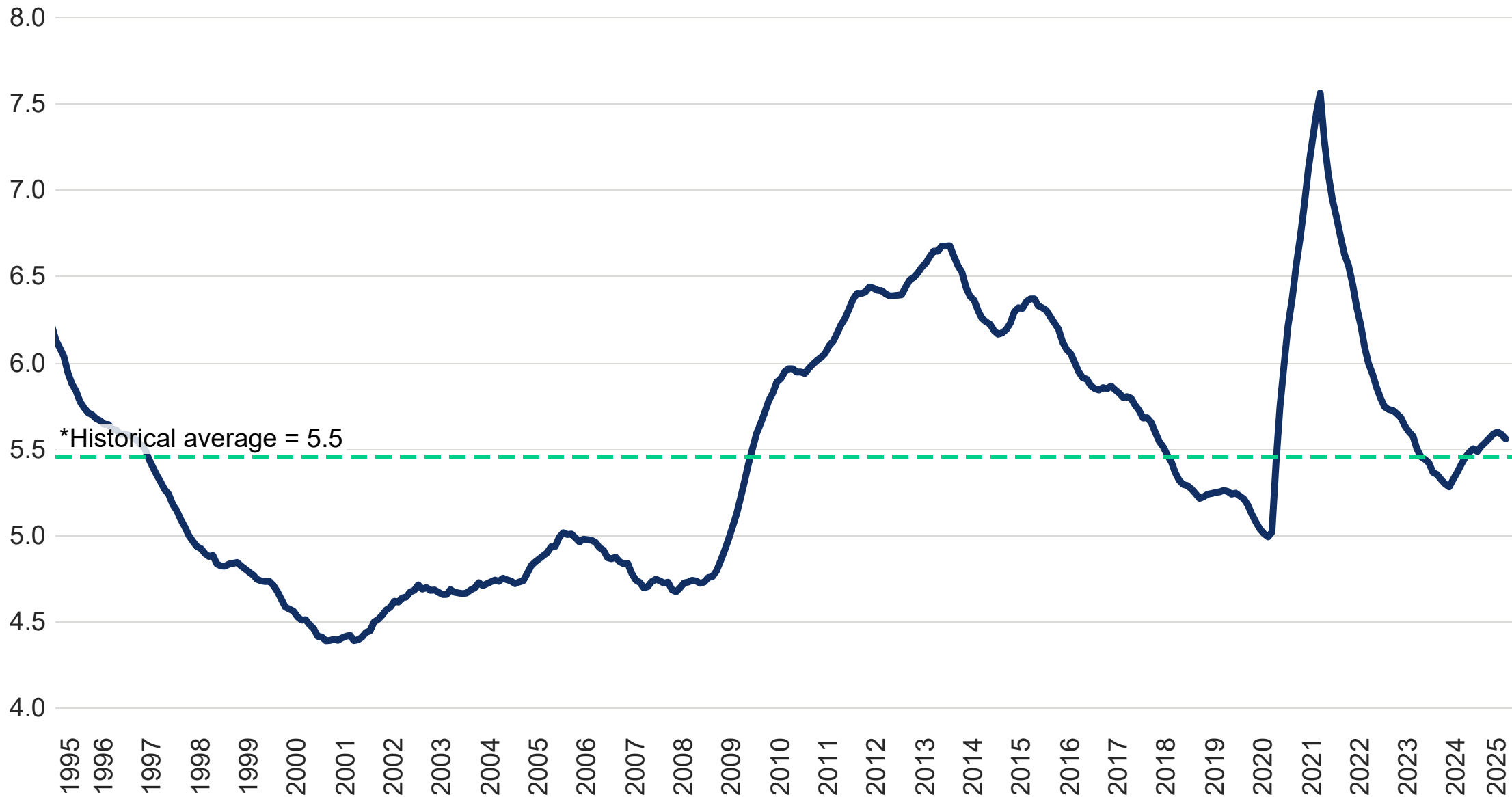
The unemployment rate fell to 4.0% in January. The U-6, a broader measure of unemployment that captures underemployment and discouraged workers, remained flat at 7.5%.

Source: Bureau of Labor Statistics (Data: Jan-25, Pub: Feb-25)

There are 5.6 million people who are not in the labor force but who currently want a job.

Civilians Not in Labor Force but Who Currently Want a Job

12-month moving average, NSA, millions Current stat: 5.6



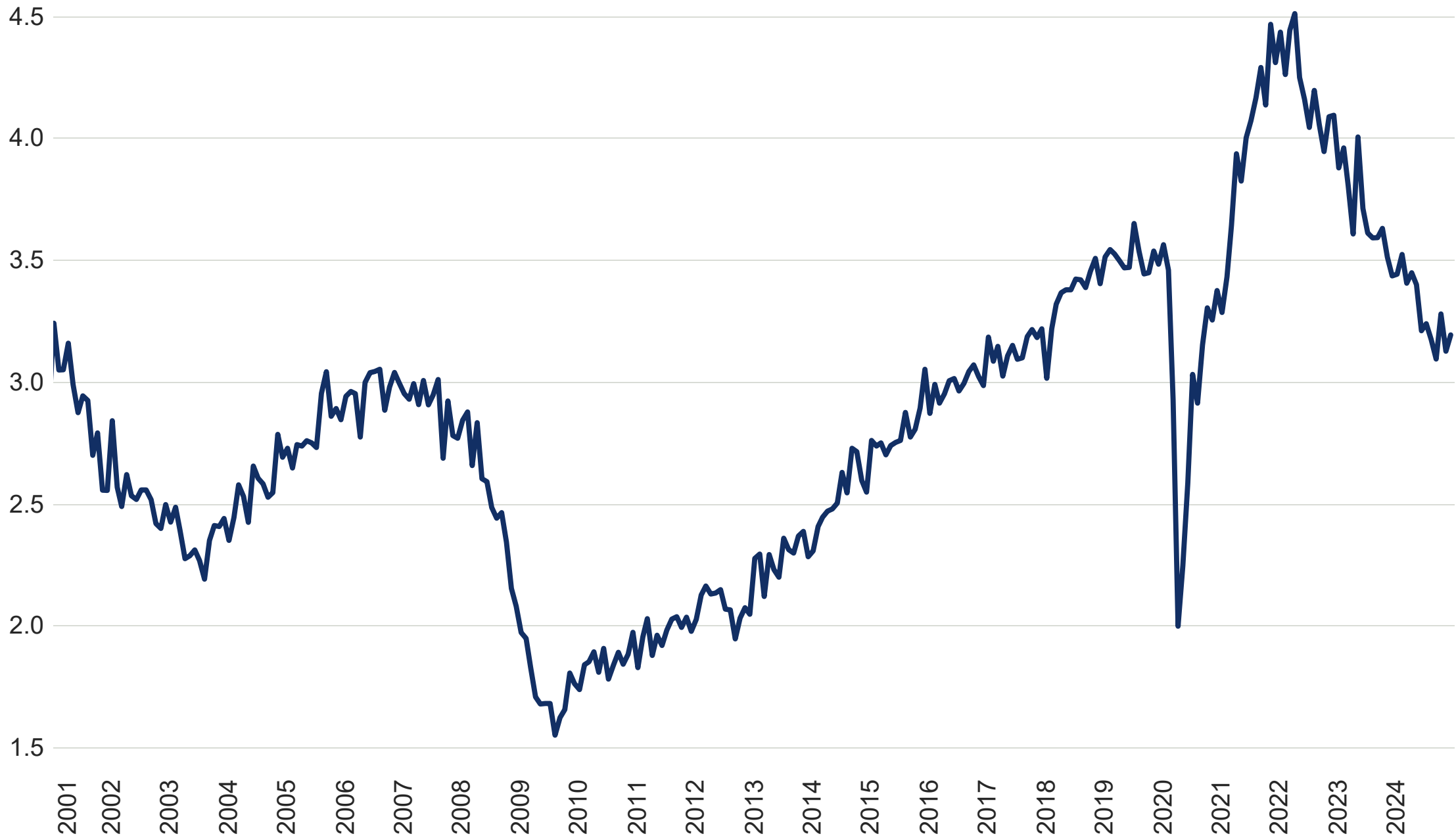
This category includes discouraged workers and workers “marginally attached” to the labor force, such as those who have searched for work this year but have not in the past 4 weeks.

Sources: Bureau of Labor Statistics; John Burns Research and Consulting, LLC (Data: Jan-25, Pub: Feb-25)

Job quits have fallen below 2019 levels.

Job Quits

— Millions, SA = 3.2 (-7% YOY)



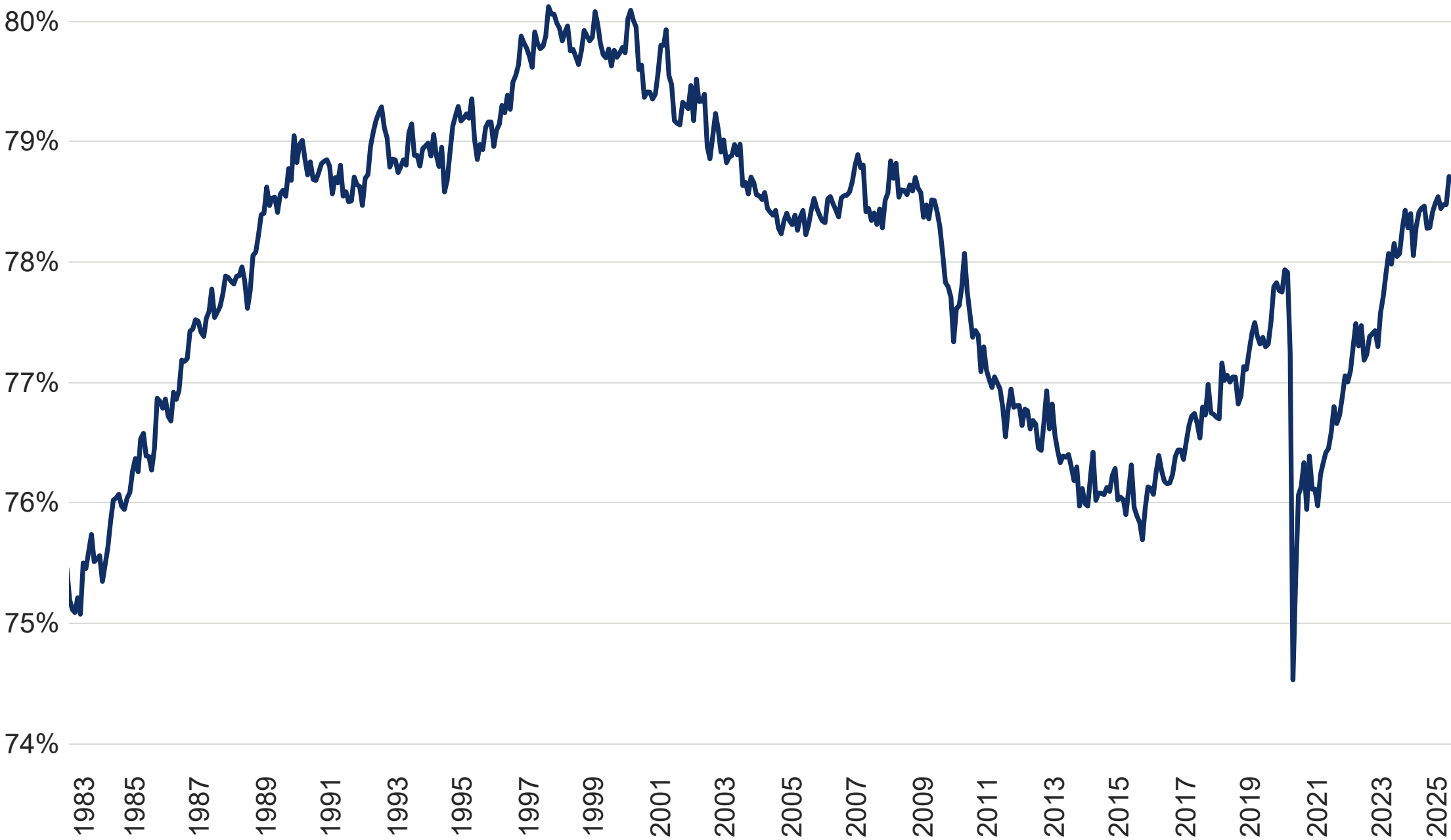
The number of people who quit their job is -7% below one year ago. A high number of voluntary job quits indicates a healthy economy.

Source: Bureau of Labor Statistics (Data: Dec-24, Pub: Feb-25)

Prime working-age labor force participation is above pre-pandemic levels.

Labor Force Working-Age Participation Rate Ages 20–64

Seasonally adjusted



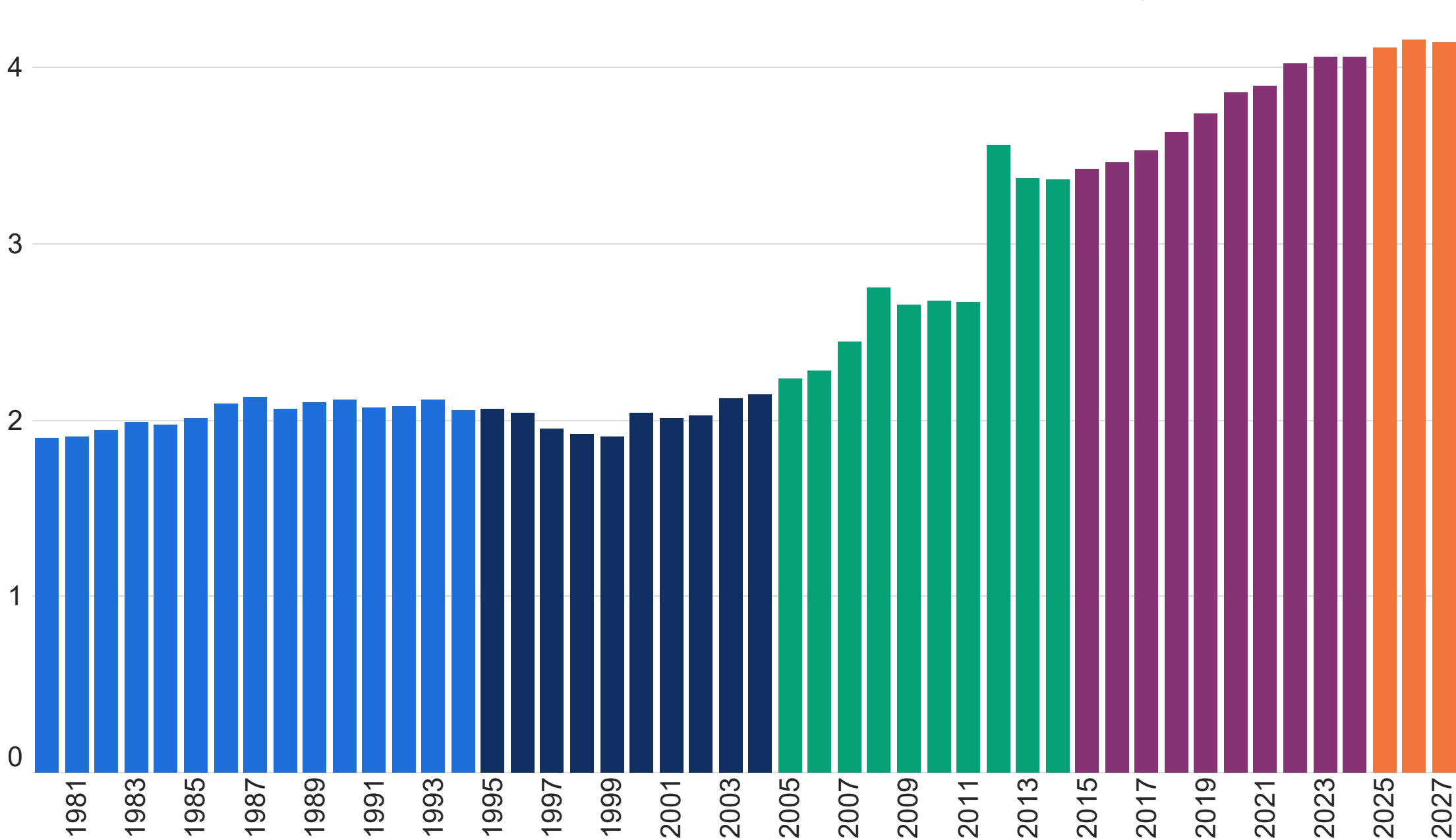
High prime working-age labor force participation indicates labor market strength.

Sources: Bureau of Labor Statistics; John Burns Research and Consulting, LLC (Data: Jan-25, Pub: Feb-25)

Retirement-age population explosion began in 2012.

Retirement Age Population (Number of People Turning 65 Each Year)

Millions ■ Pre-1930s ■ 1930s Savers ■ 1940s Achievers ■ 1950s Innovators ■ 1960s Equalers

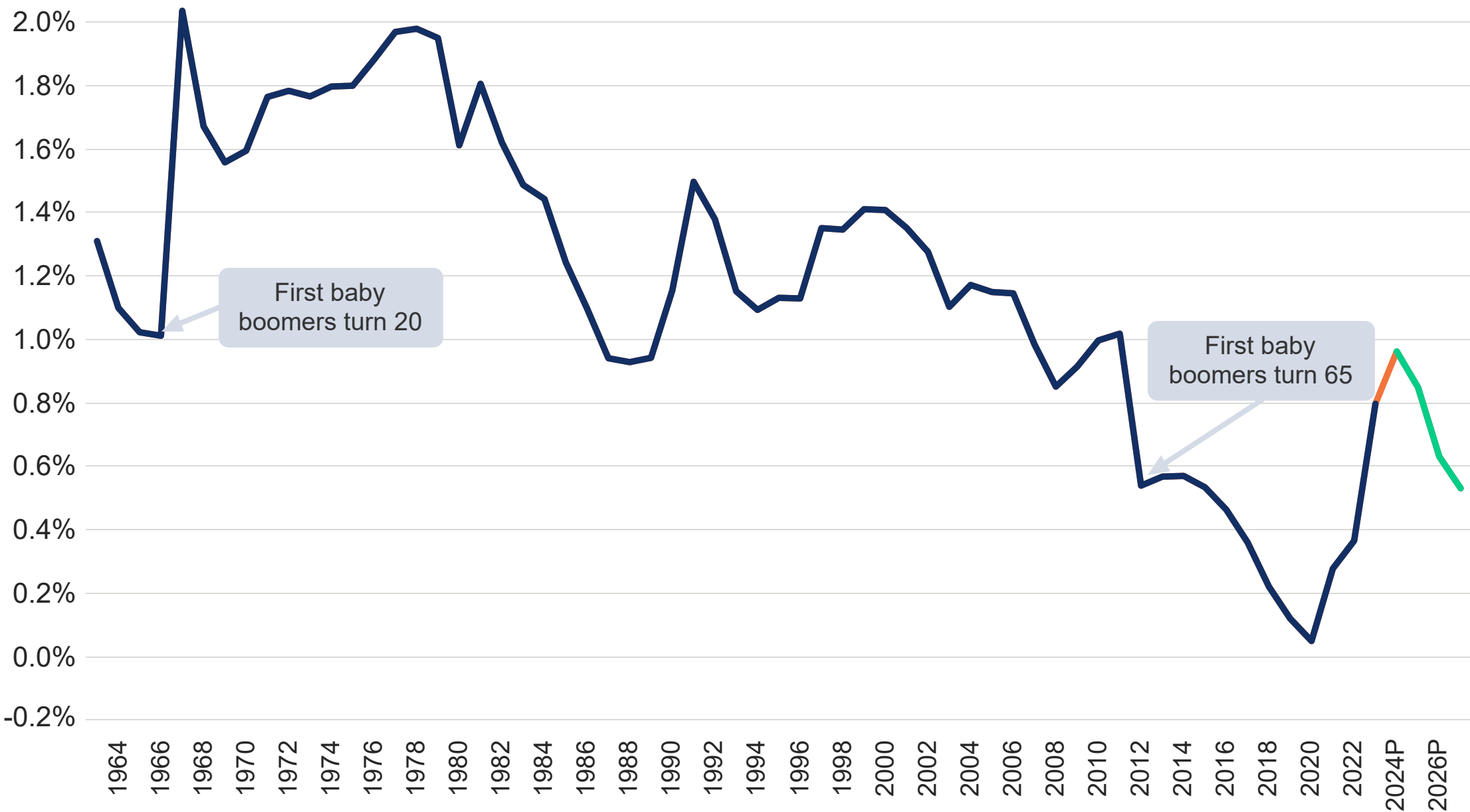


Labor force participation has declined relative to the early 2000s as the retiree population started exploding in 2012. By the mid-2020s, twice as many people will celebrate their 65th birthday than in the 1980s/90s.

Note: Names reference age groupings from our Demographics book *Big Shifts Ahead*; 65-year-old population as of July 1 each year.
Sources: Census Bureau intercensal population estimates; JBREC estimates and projections for 2010 and later
Pub: Feb-25

US working-age population growth accelerated to the highest level in over a decade due to a surge in net immigration.

Annual Growth of 20- to 64-Year-Old Population



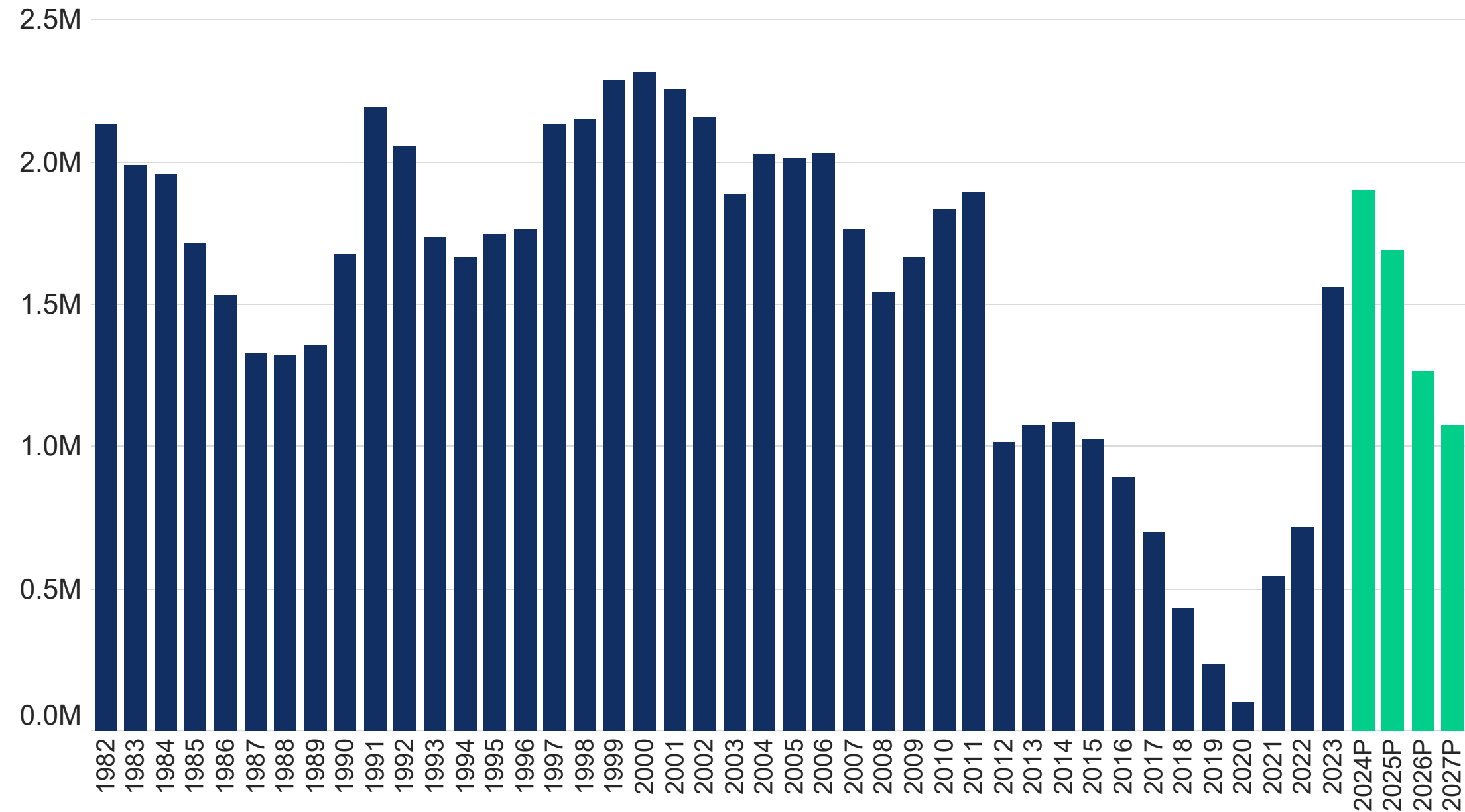
When baby boomers entered the labor force, they increased the population growth rate of 20- to 64-year-olds. As they retire, the population of working-age Americans falls. Rebounding immigration is aiding population growth in the near term.

*See our Demographics Analysis and Forecast report for more insights.
Sources: Census Bureau intercensal population estimates; JBREC estimates and projections for 2010 and later.
Pub: Feb-25

Immigration is boosting the working-age population in the US.

Growth of Population Aged 20–64

Millions

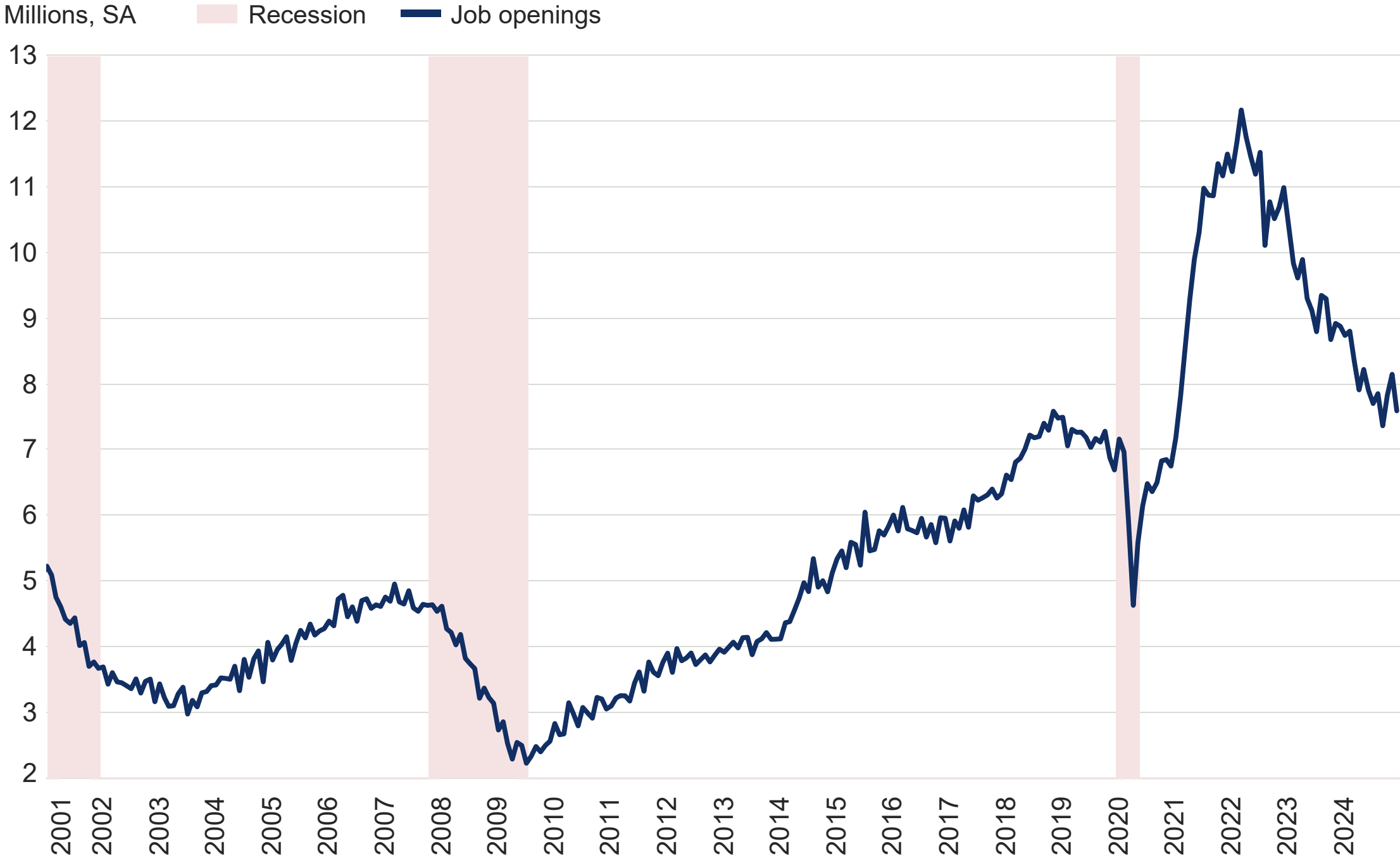


The population growth of prime-age workers (20–64) had slowed due to retirement but is growing once again because of immigration, the majority of which tends to be in this age range.

*See our Demographics Analysis and Forecast report for more insights.
Sources: Census Bureau intercensal population estimates; JBREC estimates and projections for 2010 and later.

Job openings have fallen from their 2022 peak.

Job Openings



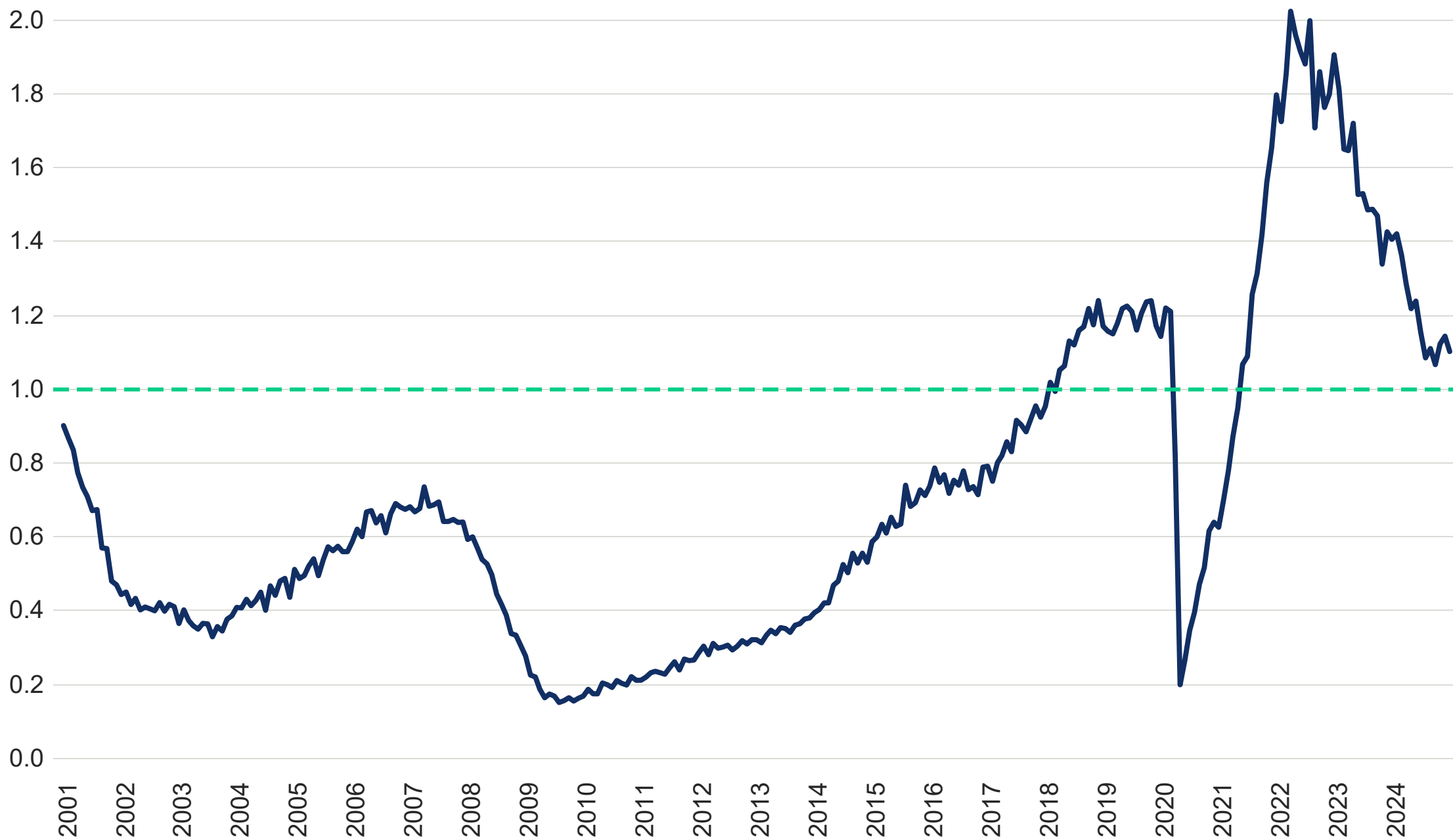
As of December, 7.5M jobs were available to workers with the requisite skills.

Source: Bureau of Labor Statistics (Data: Dec-24, Pub: Feb-25)

There are 1.1 job openings per unemployed person.

Job Openings per Unemployed Person

Seasonally adjusted



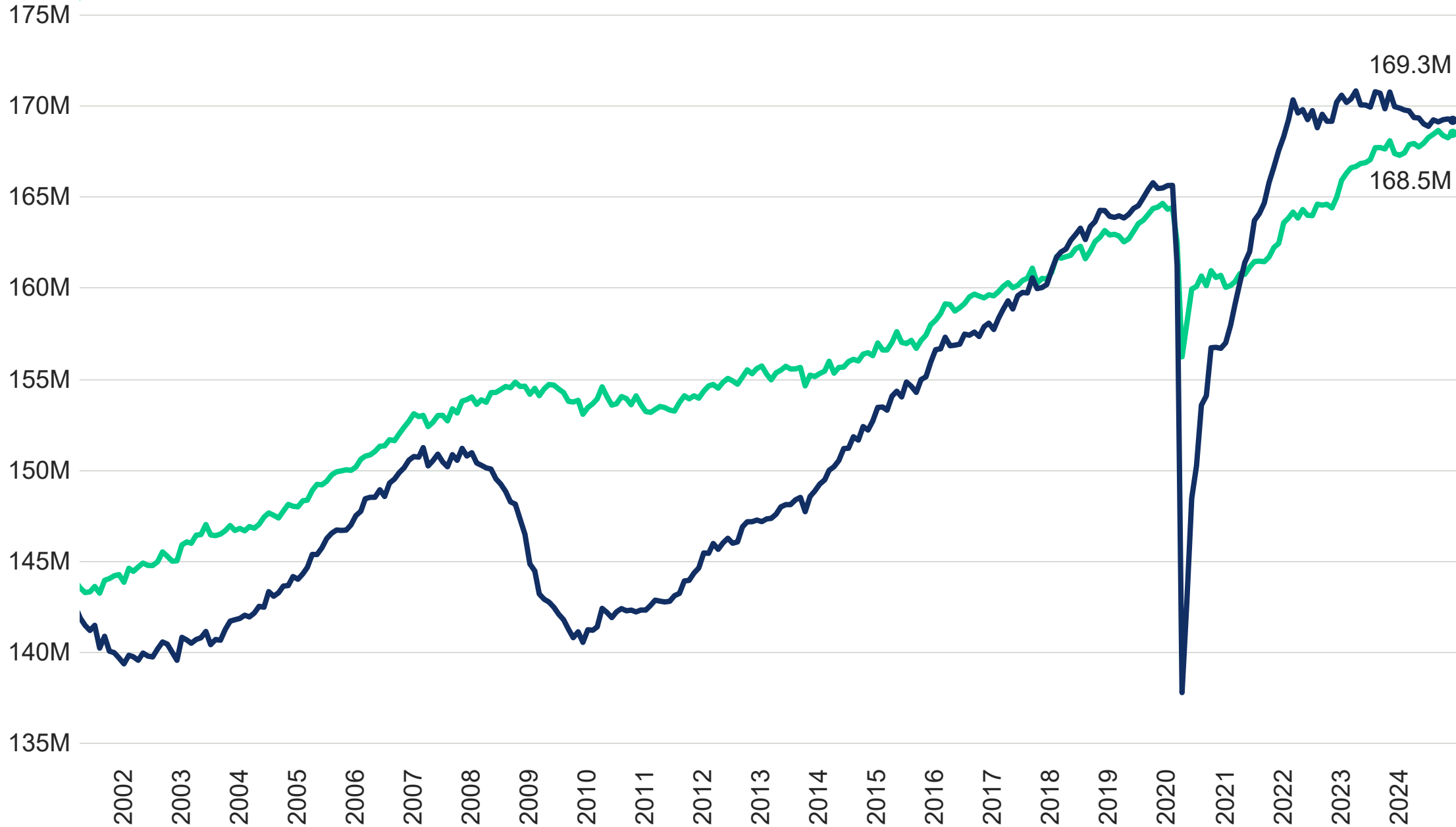
A ratio above 1.0 indicates a tight labor market, since there are more job openings than workers available to fill them.

Source: Bureau of Labor Statistics (Data: Dec-24, Pub: Feb-25)

Softening labor market conditions have brought labor demand and supply back into balance.

Total Employed Labor Force vs. Labor Demand

Seasonally adjusted, millions Labor Demand (Employed + Openings) Labor Supply (Labor Force)



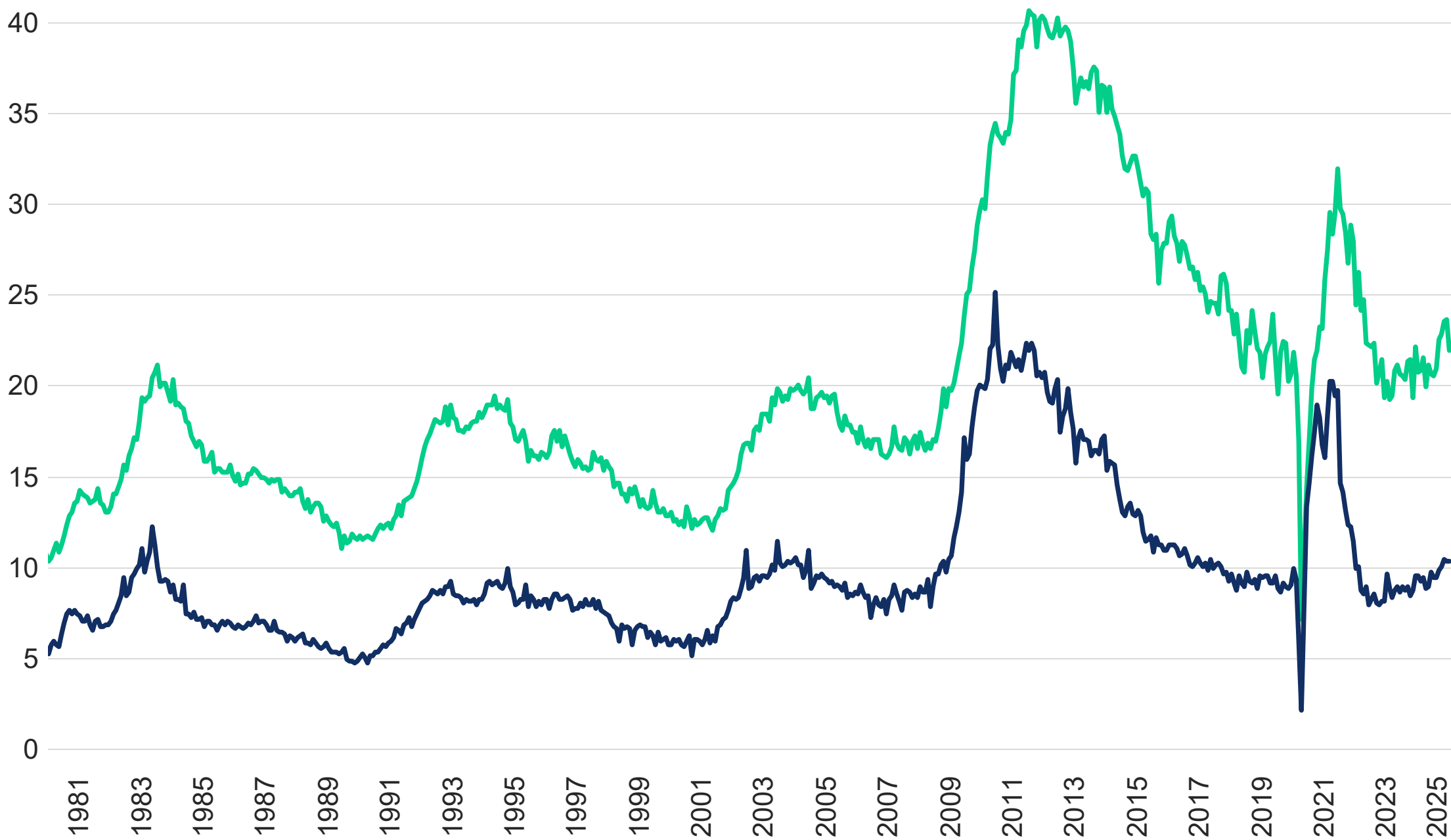
Labor demand (employed persons + job openings) slightly exceeds labor supply (labor force); however, the gap has narrowed in recent months, indicating a softening labor market. There are 800 thousand more jobs available than there are workers to fill them.

Sources: Bureau of Labor Statistics; John Burns Research and Consulting, LLC (Data: Dec-24, Pub: Feb-25)

The median length of unemployment remained at 10.4 weeks.

Length of Unemployment

Weeks, SA — Average = 22.0 weeks — Median = 10.4 weeks

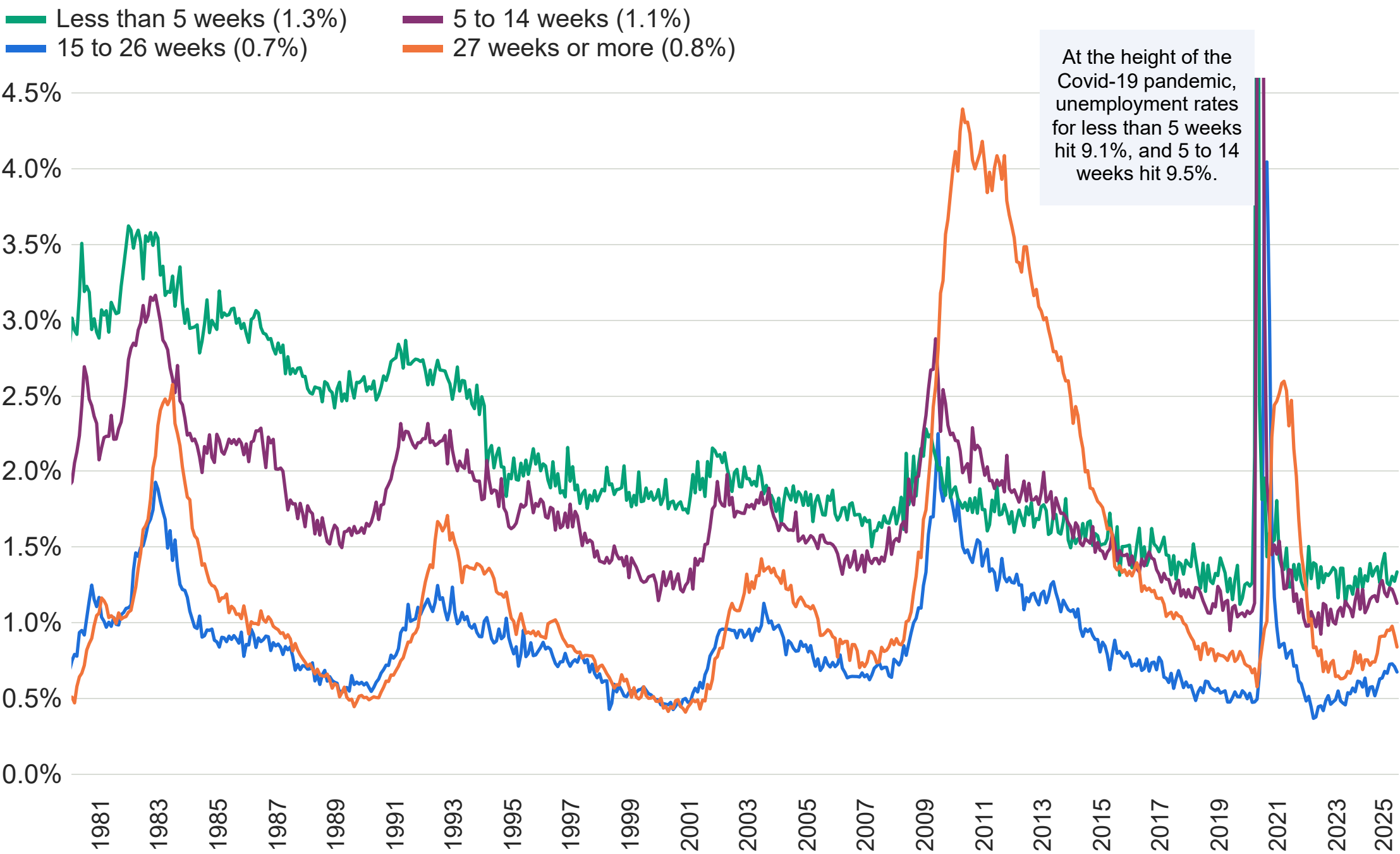


Average length of unemployment is higher than the median due to the subset of workers who are unable to find jobs for extended periods of time, which brings up the average.

Source: Bureau of Labor Statistics (Data: Jan-25, Pub: Feb-25)

Most job losses occurred fewer than 5 weeks ago.

Percentage of Labor Force That Is Unemployed by Duration (SA)



1.34% of the labor force has been unemployed for fewer than 5 weeks.

Source: Bureau of Labor Statistics (Data: Jan-25, Pub: Feb-25)

Unemployment is higher for younger age groups.

Unemployment Rate by Age

- 16 to 19 years old

(11.8%)
- 20 to 24 years old

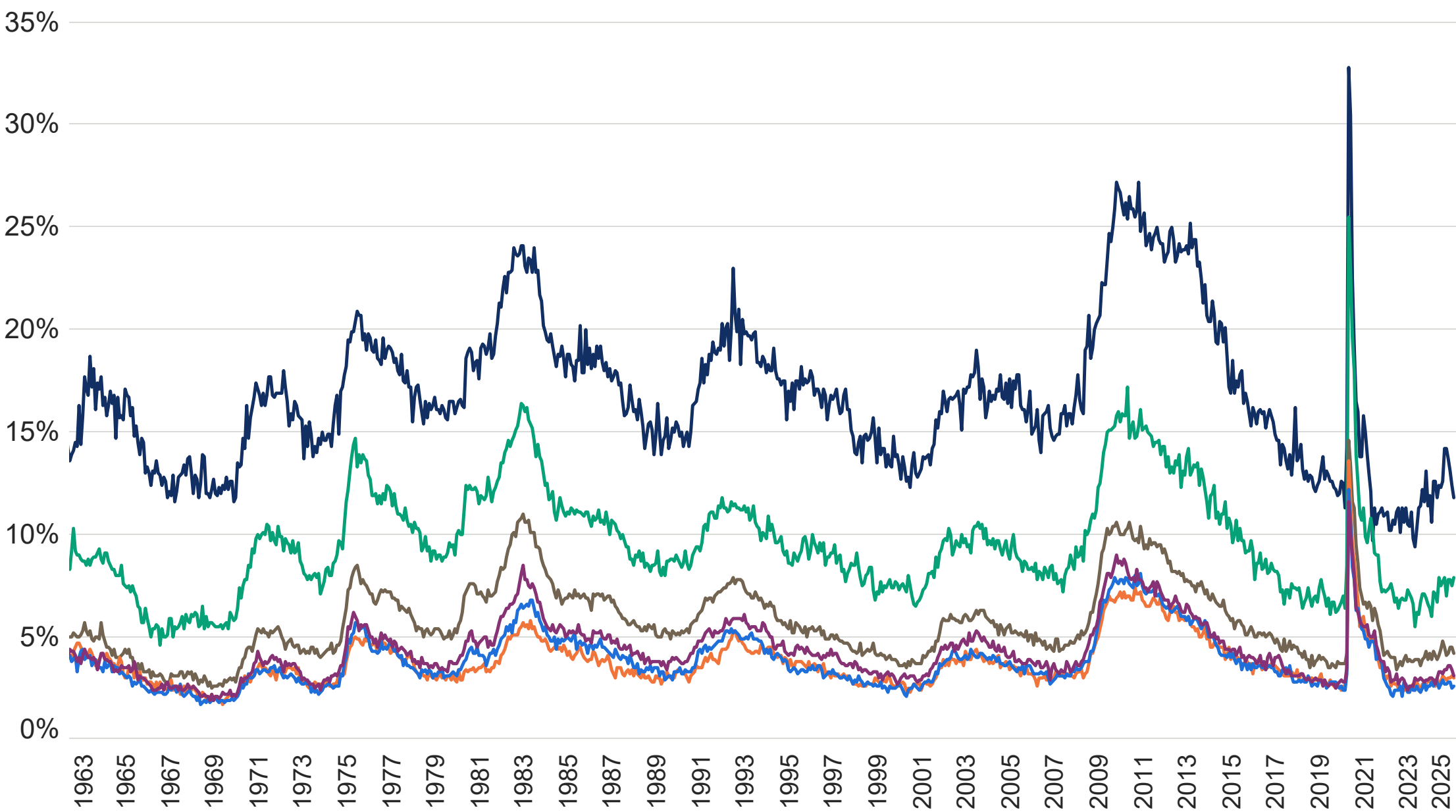
(7.9%)
- 25 to 34 years old

(4.2%)
- 35 to 44 years old

(3.1%)
- 45 to 54 years old

(2.6%)
- 55 years and over

(3.0%)

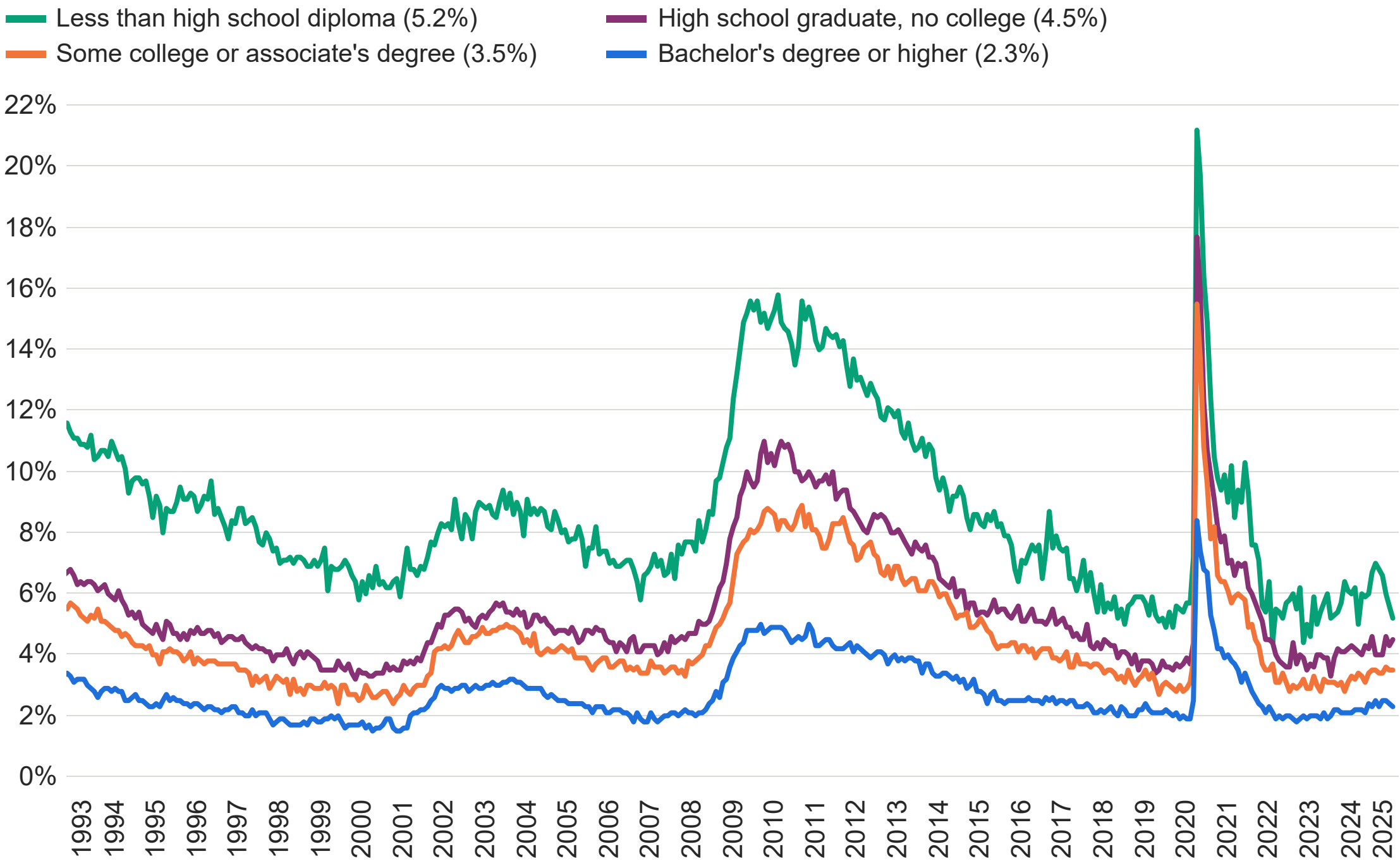


The unemployment rate is low by historical standards for prime working-age groups.

Source: Bureau of Labor Statistics (Data: Jan-25, Pub: Feb-25)

Unemployment is significantly lower for higher-educated workers.

Unemployment Rate by Level of Education (SA)



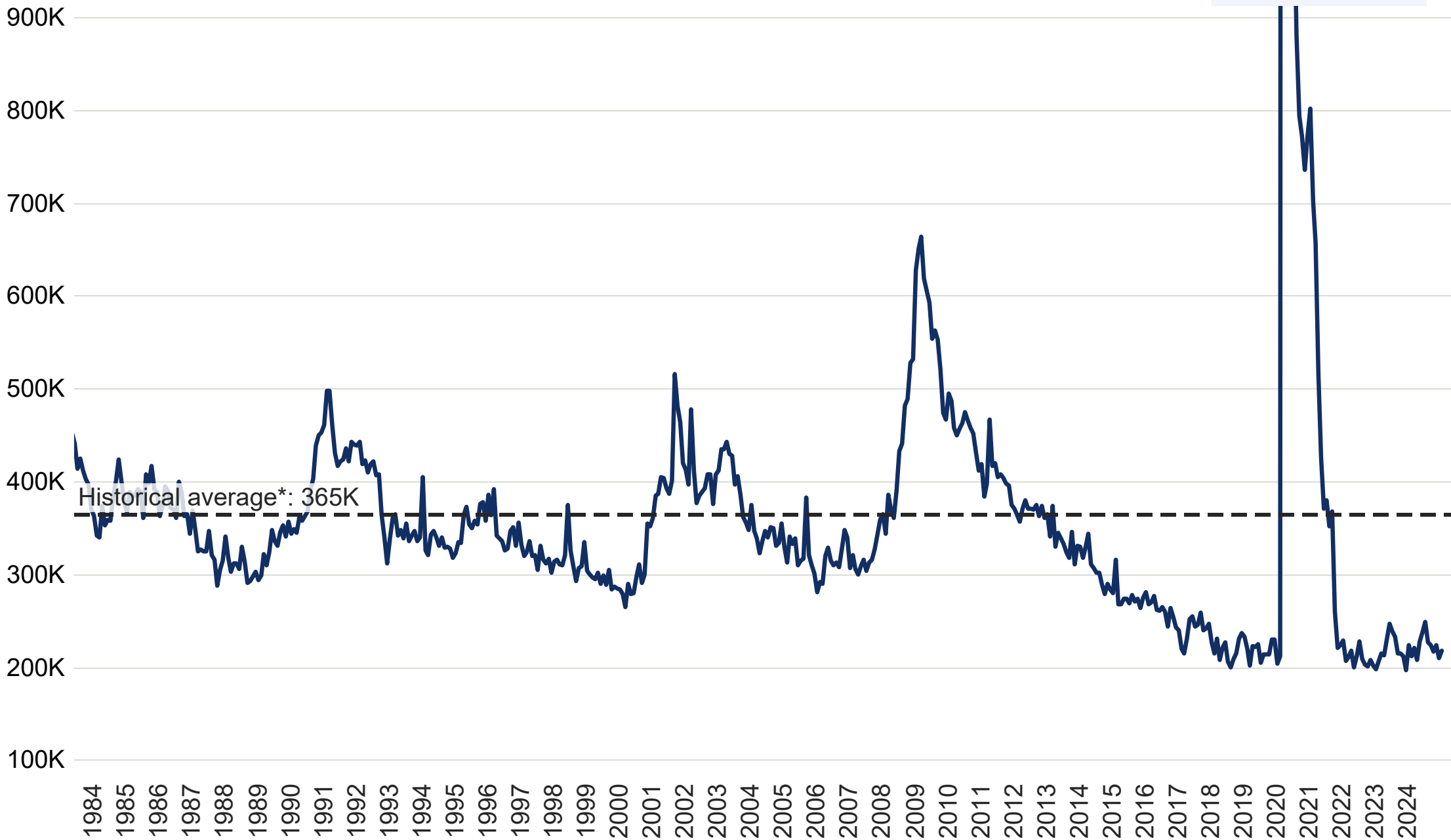
The unemployment rate is significantly lower for workers with a bachelor's degree or higher (2.3%), who are more likely to be able to work from home.

Source: Bureau of Labor Statistics (Data: Jan-25, Pub: Feb-25)

Weekly jobless claims remain low relative to history.

Initial Jobless Claims

Seasonally adjusted — Current initial jobless claims = 219K



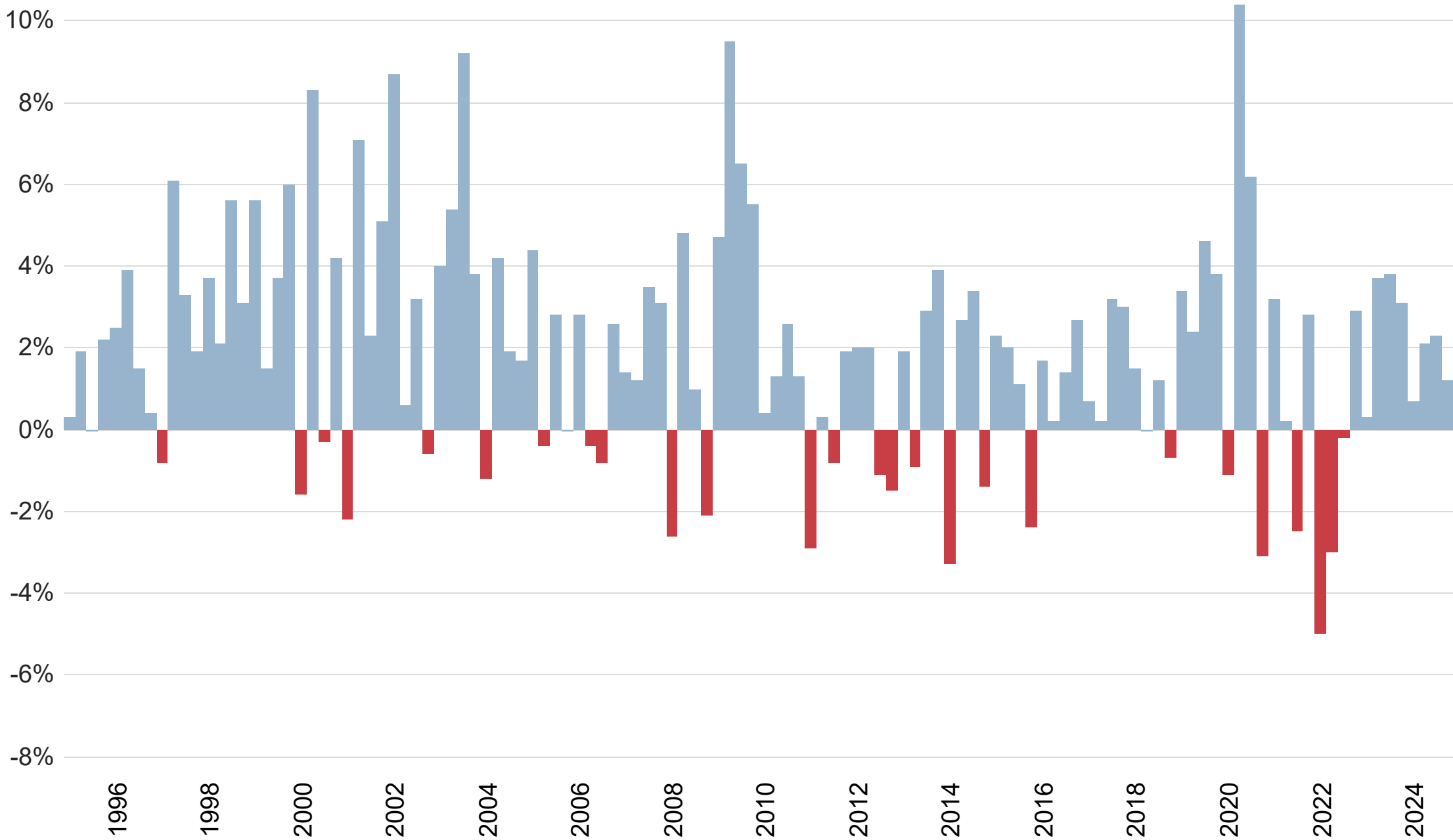
Initial jobless claims are a leading indicator of labor market strength since they are released weekly and typically capture inflections earlier than monthly employment data.

Source: Department of Labor (Data: Jan-25, Pub: Feb-25) *Historical average: Jan-67 through current

Productivity rose +1% in 4Q 2024.

Nonfarm Business Labor Productivity

Output per hour (% YOY)



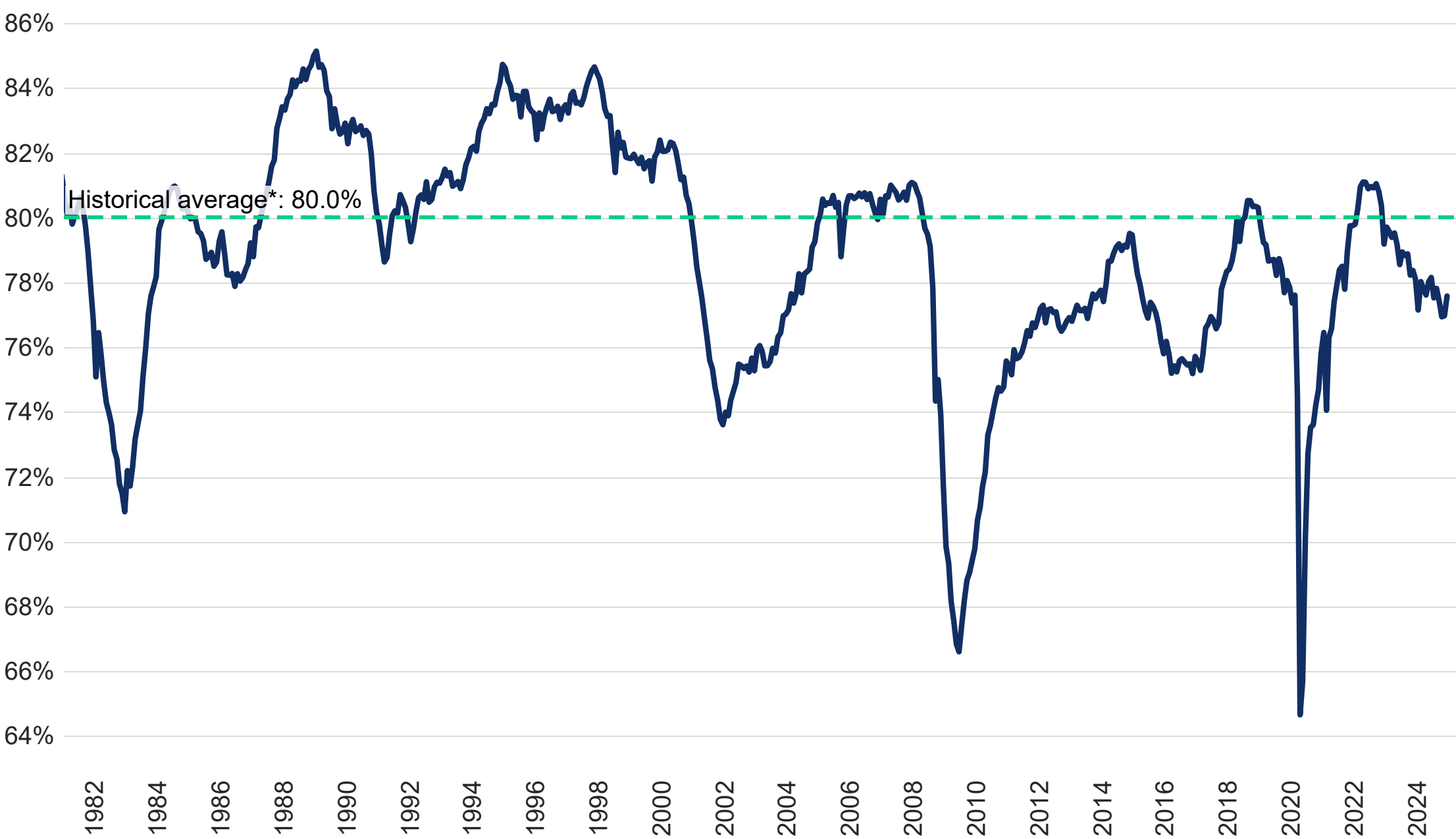
Productivity is measured by dividing business output (a subset of GDP) by the total number of workers.

Source: Bureau of Labor Statistics (Data: 4Q24, Pub: Feb-25)

Capacity utilization increased to 78% in December.

Capacity Utilization (Index Value)

Current US capacity = 77.6%



Capacity utilization measures the amount of current output from the economy compared to its potential, without building additional infrastructure to produce more goods. A rise in capacity utilization means that businesses are opening previously shut factories and are beginning to gear up for a recovery in demand.

Source: Federal Reserve (Data: Dec-24, Pub: Feb-25)

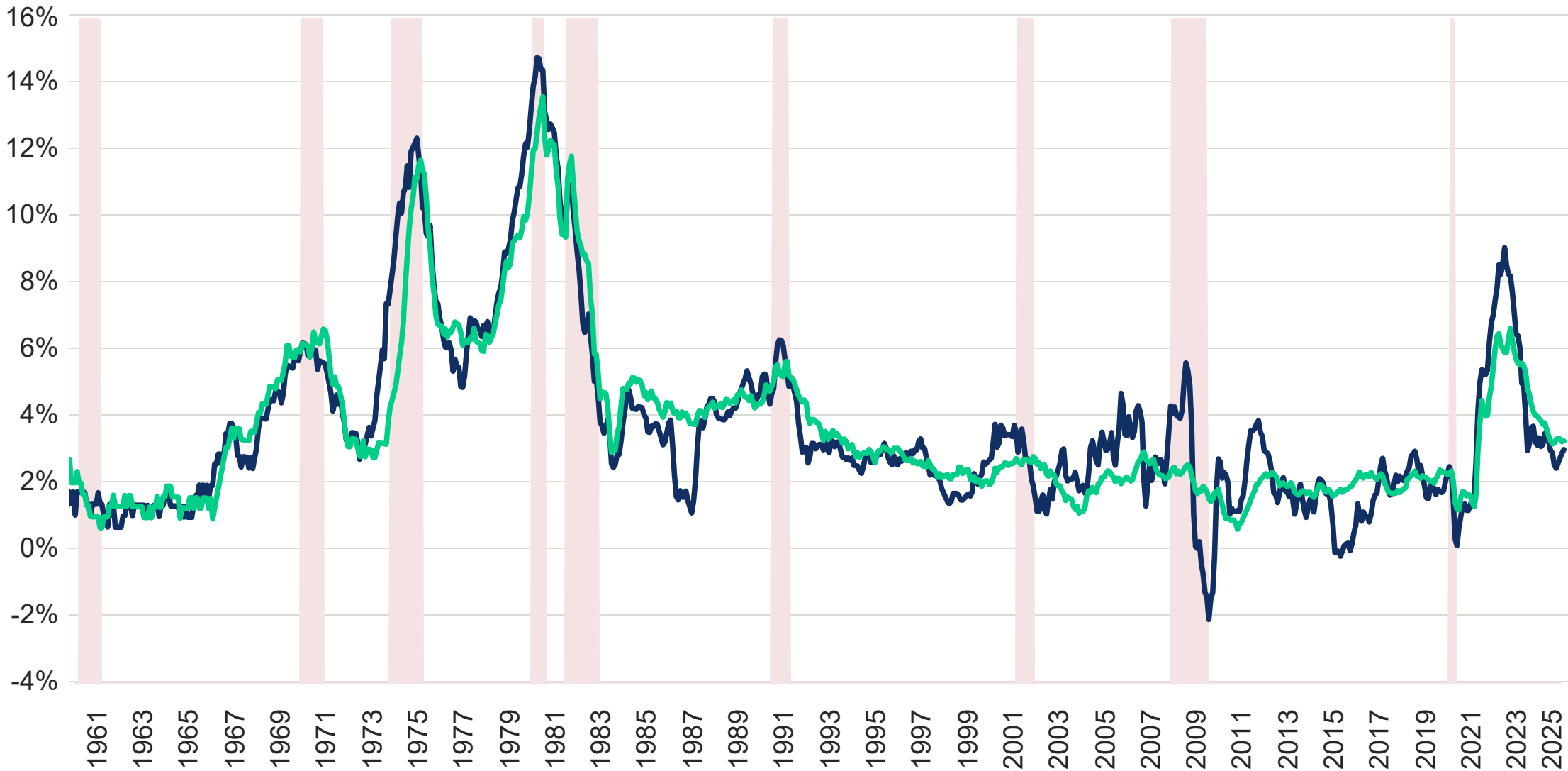
*Historical average: Jan-67 through current

CPI All Items rose to 3.0% YOY in January, while Core CPI rose to 3.3% YOY.

Inflation

Core CPI excludes goods with high price volatility, such as food and energy.

YOY % change ■ CPI All Items = 3.0% ■ Core CPI = 3.3% ■ Recession



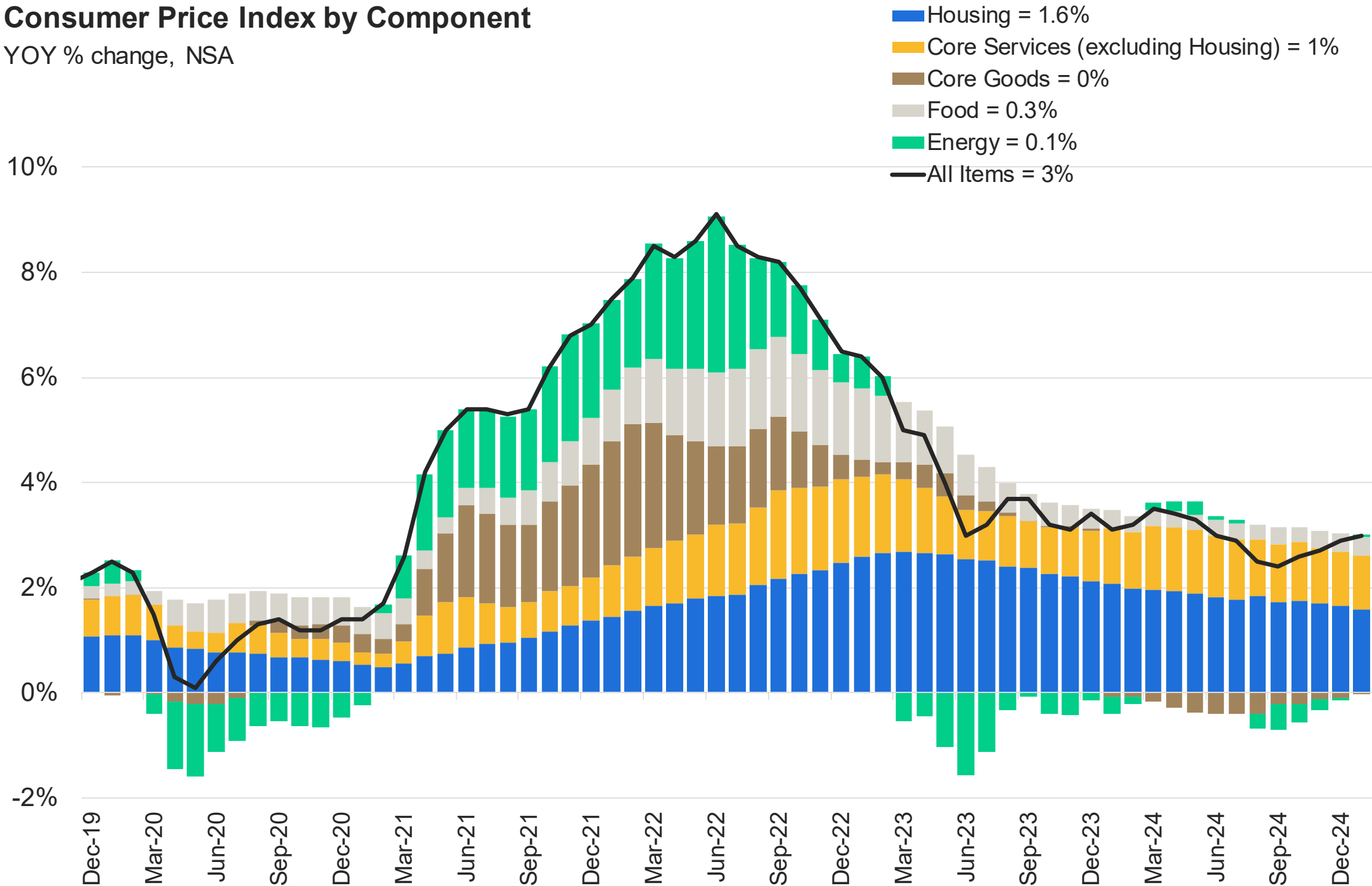
CPI All Items measures overall inflation by tracking the average change in prices for all goods and services, while Core CPI excludes volatile items like food and energy to provide a more stable inflation trend.

Source: Bureau of Labor Statistics (Data: Jan-25, Pub: Feb-25)

Housing and services are the largest drivers of inflation today.

Consumer Price Index by Component

YOY % change, NSA



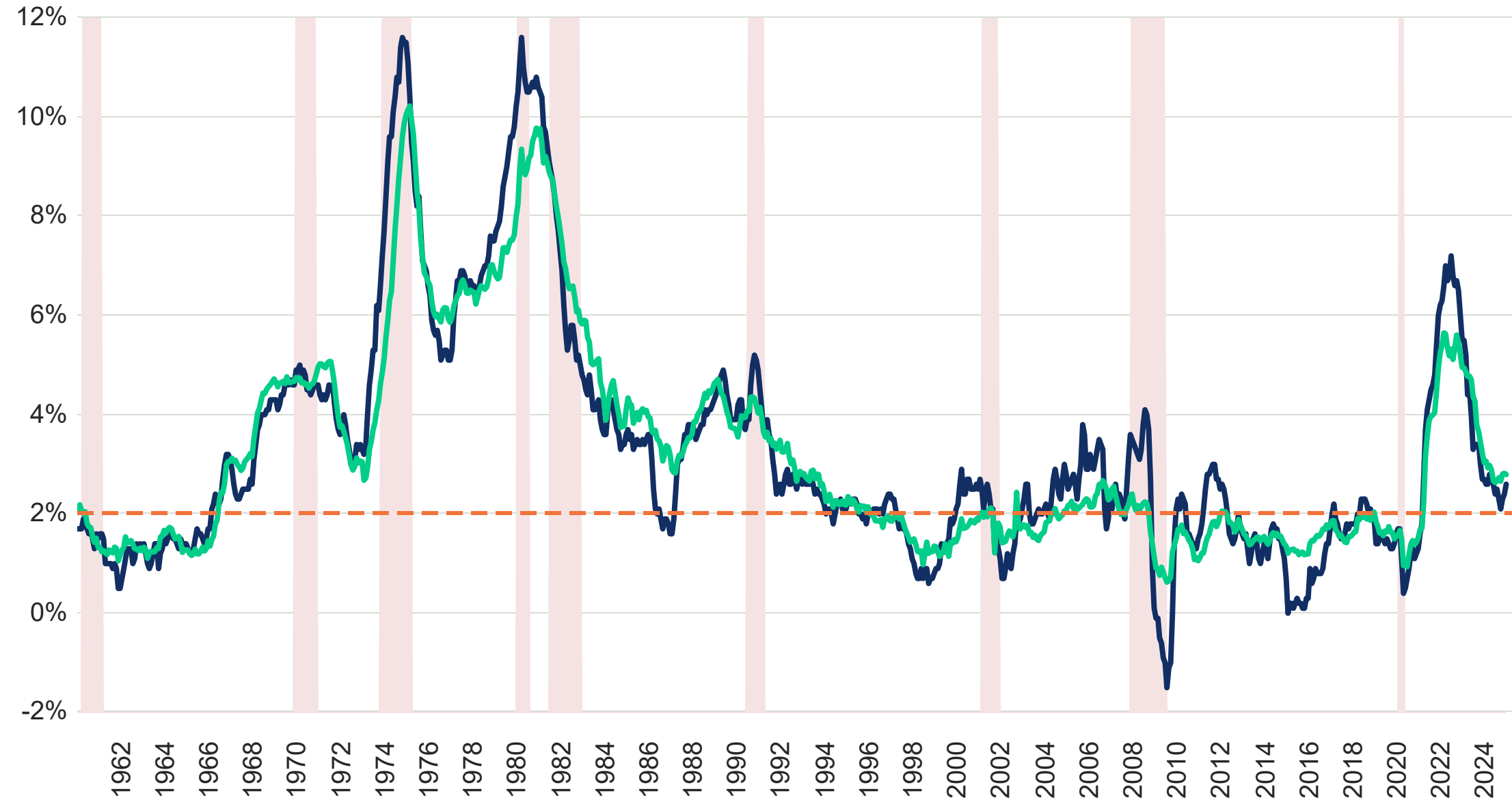
The housing inflation calculation that the Fed relies on has a built-in lag of 12–18 months. The Fed is optimistic that slower rent growth this year, following some actual rent declines in 2023, should continue to put downward pressure on CPI.

Sources: Bureau of Labor Statistics; John Burns Research and Consulting, LLC (Data: Jan-25, Pub: Feb-25)

The Personal Consumption Expenditures (PCE) price index is 2.6%.

Personal Expenditures Price Index

YOY % change — PCE Price Index YOY (SA) = 2.6% — Core PCE Price Index YOY (SA) = 2.8%
— Fed target rate — Recession



The Fed views the Personal Consumption Expenditures (PCE) price index as a more accurate measure of inflation. The Fed sets its 2% inflation target based on the PCE. The most recent print is at 2.6%.

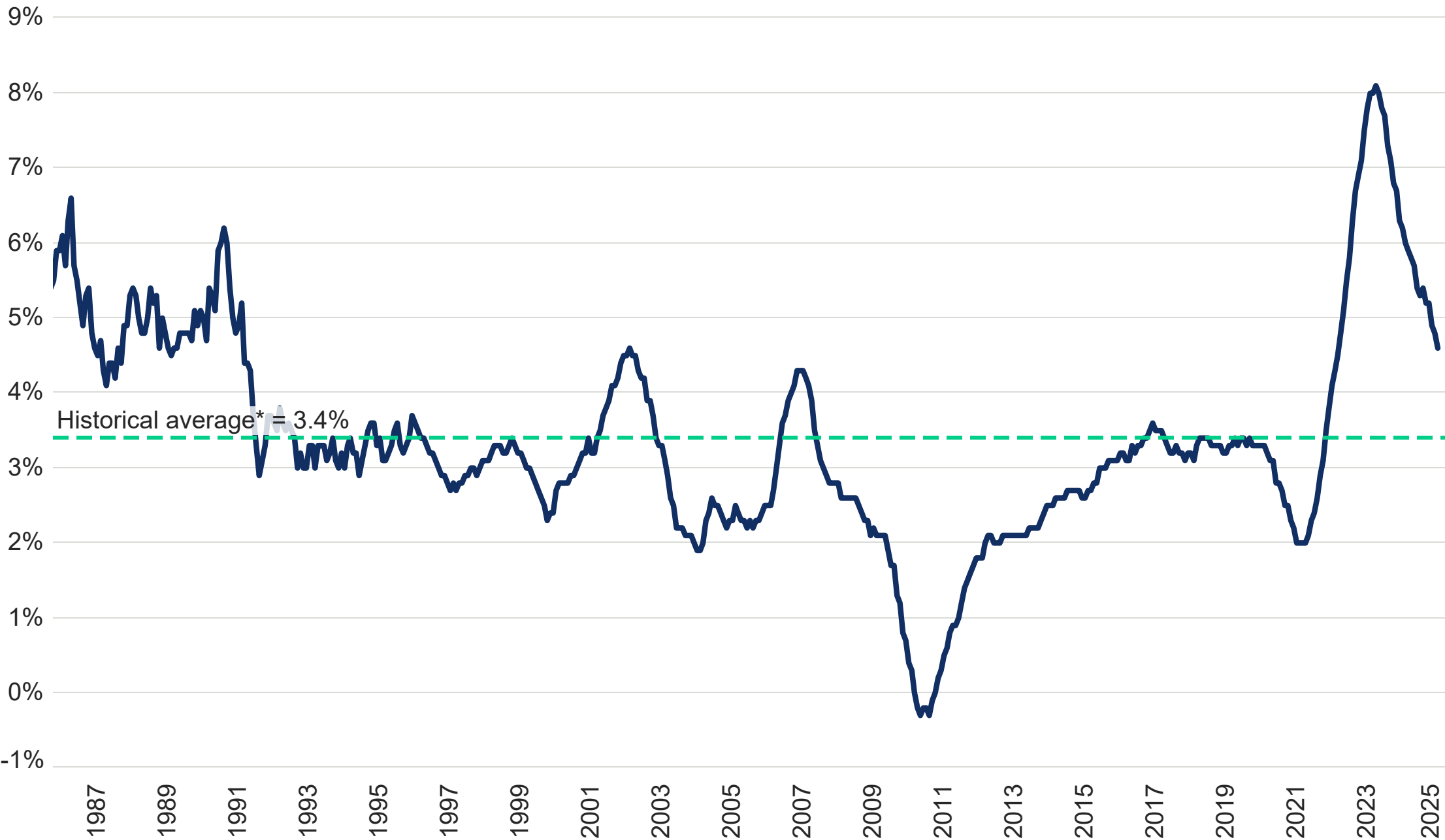
Note: PCE includes a broader range of expenditures than the CPI and is weighted based on what goods businesses are selling rather than what households are buying.

Source: Bureau of Economic Analysis (Data: Dec-24, Pub: Feb-25)

Owners' equivalent rent of primary residence increased +4.6% YOY.

Owners' Equivalent Rent of Primary Residence, Rate of Inflation

Current YOY % change = 4.6%



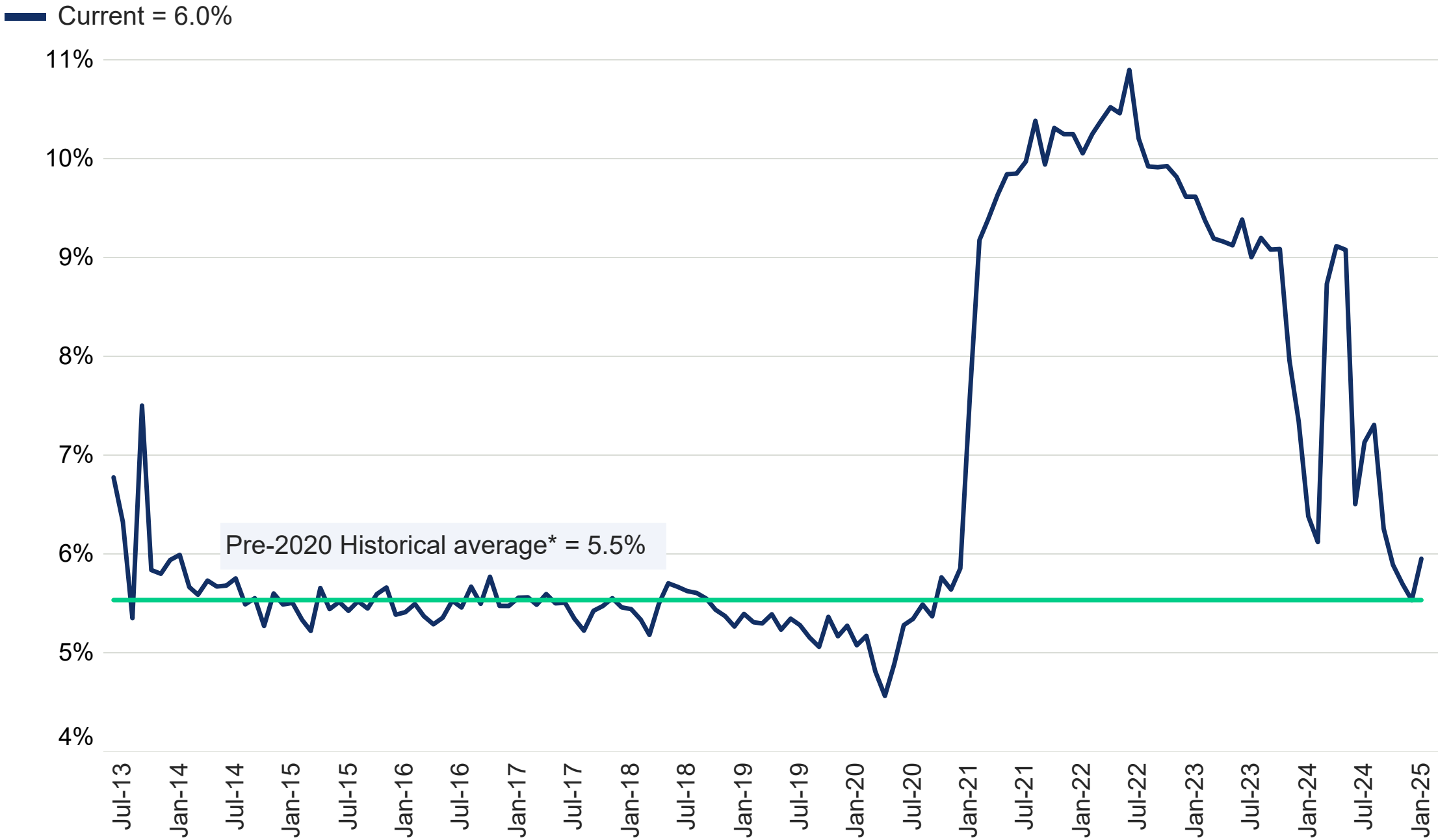
This measures the amount a homeowner would pay to rent or would earn from renting his or her home in a competitive market. This metric accounts for 25.4% of the CPI weighting.

Source: Bureau of Labor Statistics (Data: Jan-25, Pub: Feb-25)

*Historical average: Dec-83 through current

Rent inflation expectations have fallen from 2022 highs.

Rent: 12-Month Inflation Expectations



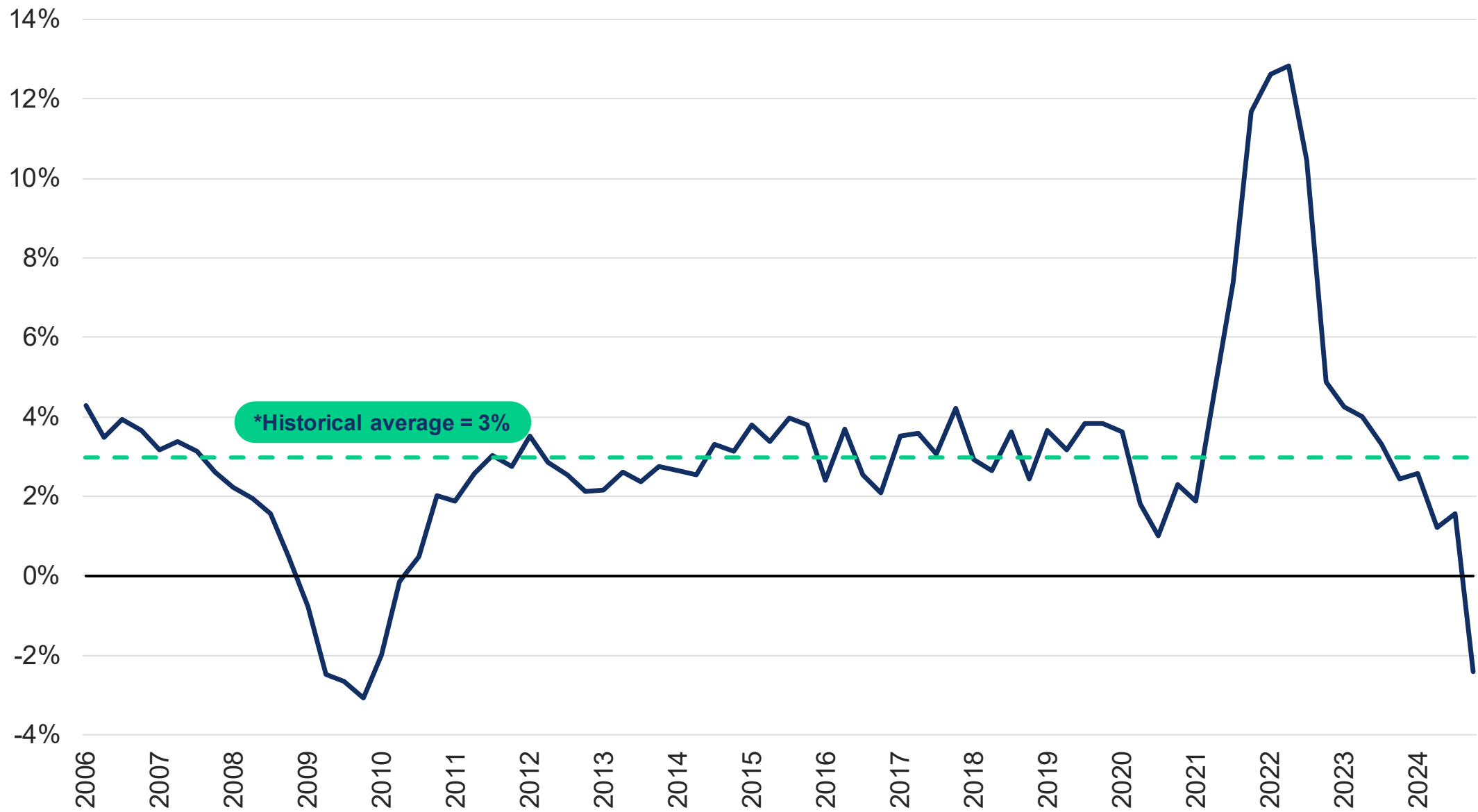
Consumers are wary of inflation and believe rents will rise +6% over the next 12 months.

*Historical average: Jun-13 through Dec-19
Source: Survey of Consumer Expectations, © 2013-2021 Federal Reserve Bank of New York (Data: Jan-25, Pub: Feb-25)

Rents for new tenants decreased -2.4% YOY in 4Q24.

New Tenant Rent Index

YOY % change — Current = -2.4%



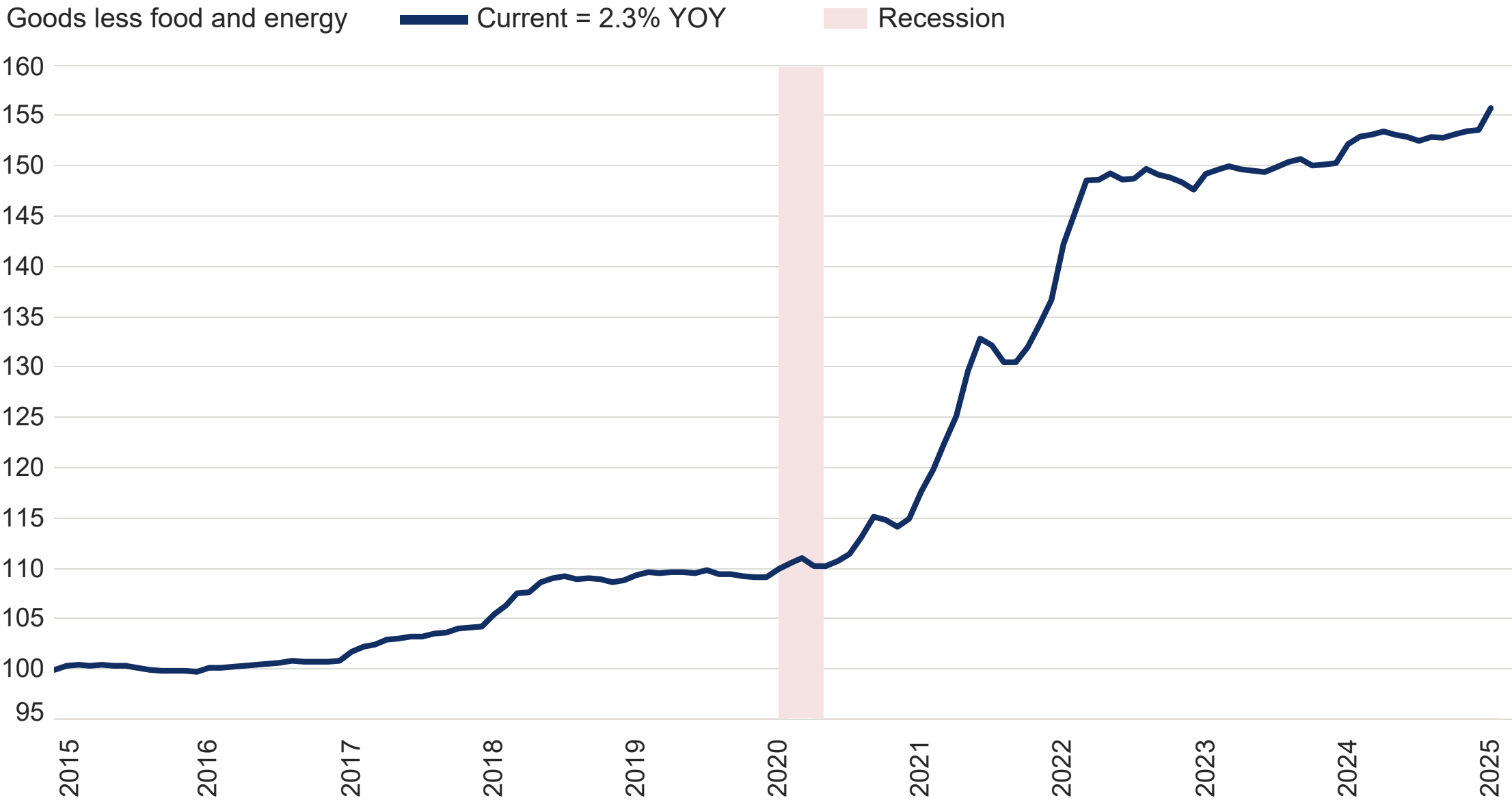
This BLS index uses a subset of rent inflation data (only renters who change units) to provide a more current view of rent trends for the combined single-family and multifamily rental market.

Note: This index uses a subset of the data the Consumer Price Index (CPI) uses, namely the first survey observations after new renters move into their units. This index is a more accurate and timely view of rental inflation and leads CPI: Rent data by ~12 months. Data is representative of the entire rental market, including multifamily and single-family rental units.

Sources: Bureau of Labor Statistics; John Burns Research and Consulting, LLC (Data: 4Q24, updated quarterly†) Pub: Feb-25

Prices for inputs to residential construction have increased +2.3% YOY as of January.

Producer Price Index: Inputs to Residential Construction



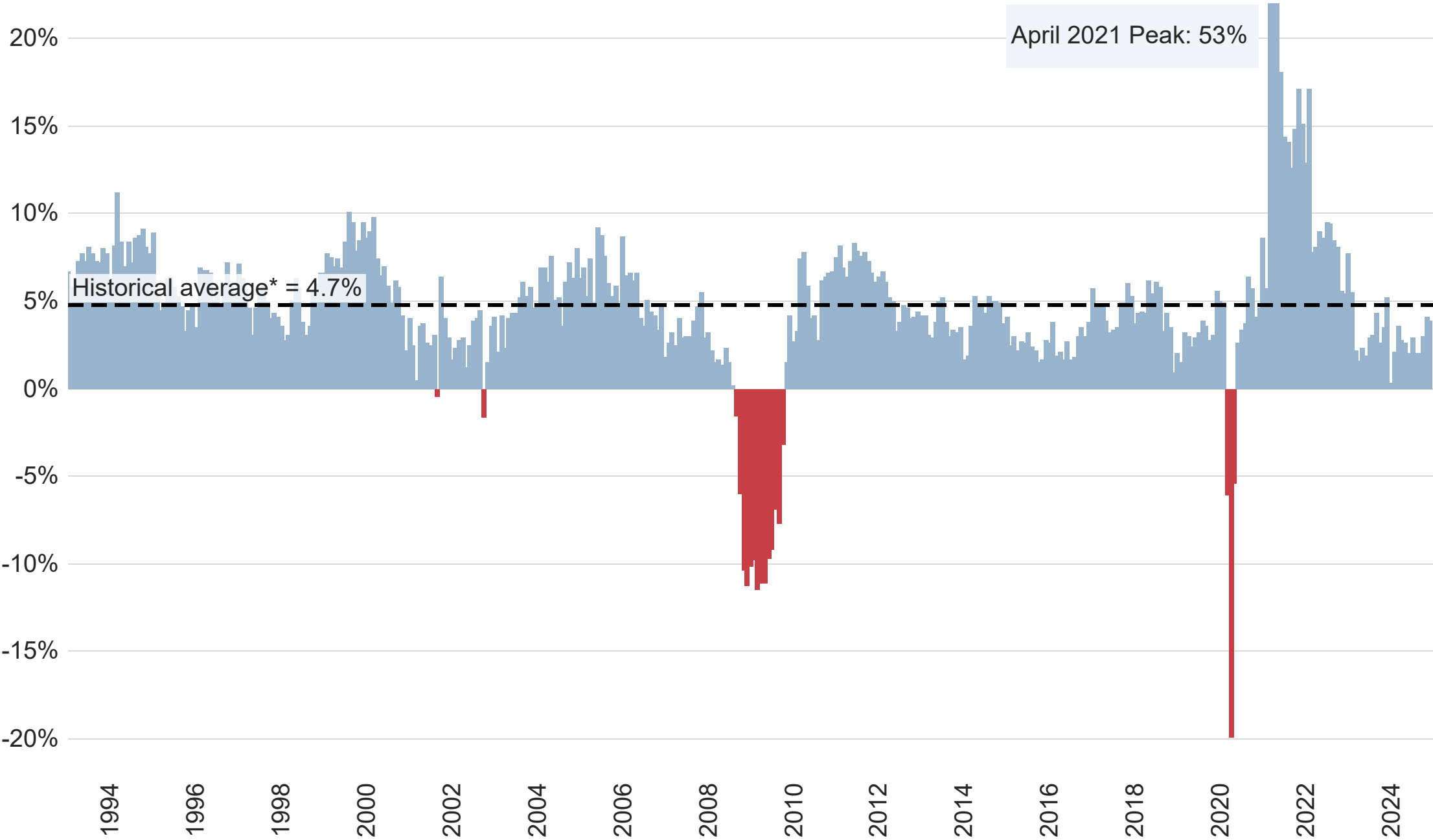
Note: The Producer Price Index tracks changes in the price of more than 100 components of residential construction. This includes material inputs for most types of building products and additional costs like retailer margins.

Source: Bureau of Labor Statistics (Data: Jan-25, Pub: Feb-25)

Retail and food services sales rose +4% YOY.

Retail and Food Services Sales

YOY % change (SA)



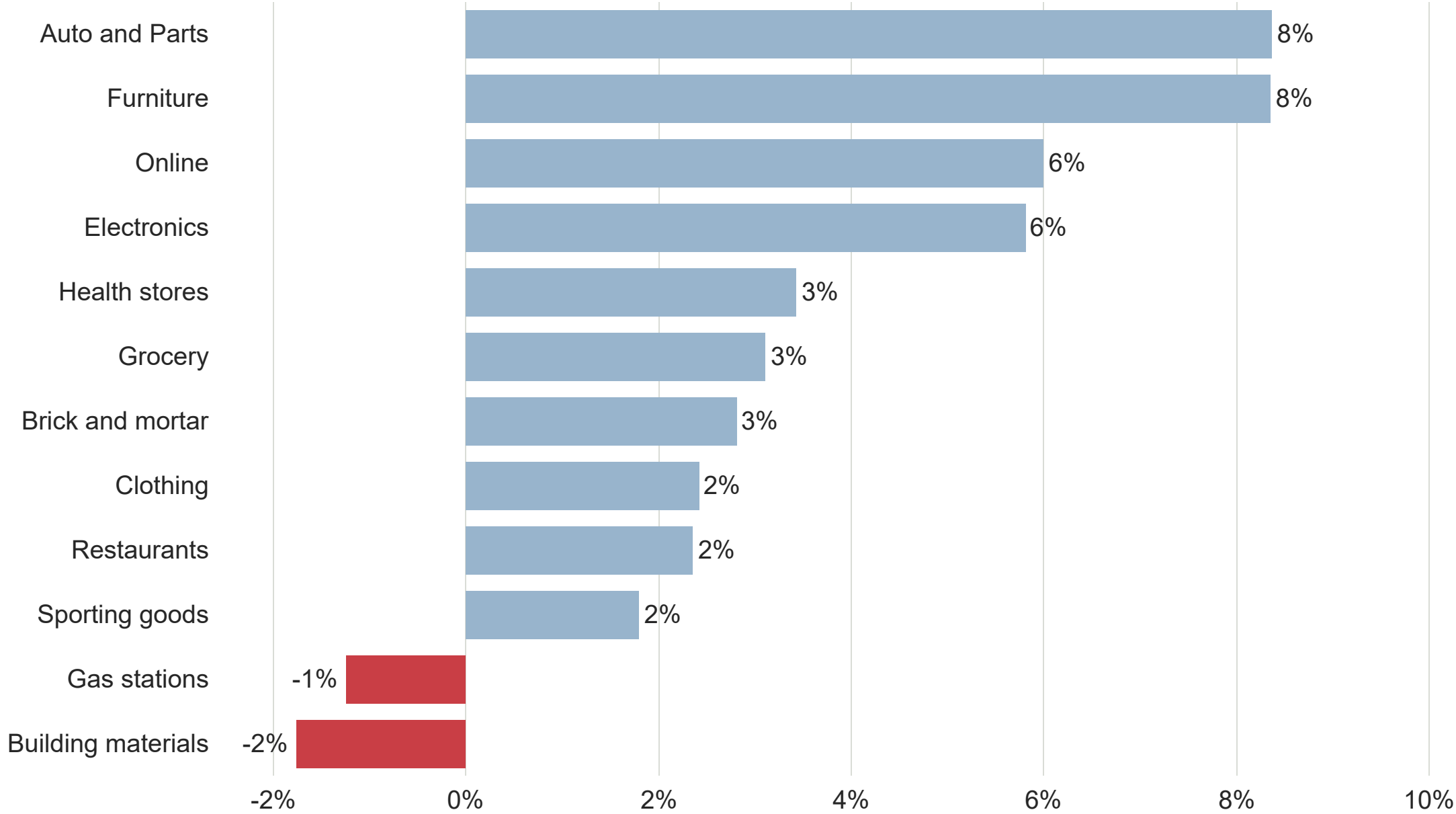
Source: Census Bureau (Data: Dec-24, Pub: Feb-25)

*Historical average: Jan-93 through current

Online sales rose +6% YOY, a sign of consumer strength.

Retail Sales Components YOY % Change

Seasonally adjusted

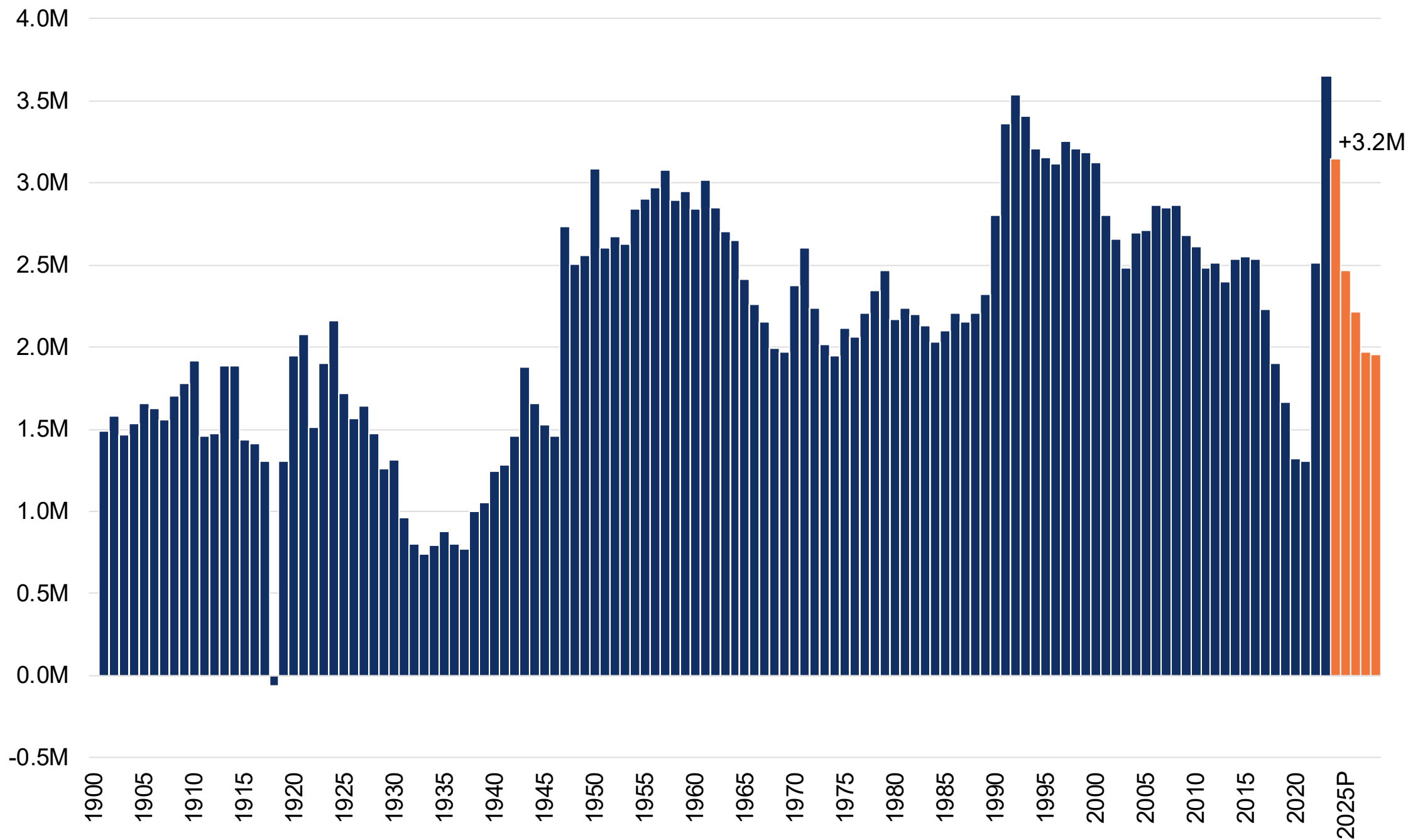


Spending at gas stations is down -1% YOY.

Brick and mortar contains general merchandise stores and miscellaneous store retailers.
Source: Census Bureau (Data: Dec-24, Pub: Feb-25)

The population growth rate has gradually slowed since peaking in 1992.

US Annual Net Population Growth



Population growth slowed dramatically during the pandemic but has rebounded to pre-pandemic levels. The US population grew +3.6M in 2023, the largest one-year increase in US history, primarily driven by immigration.

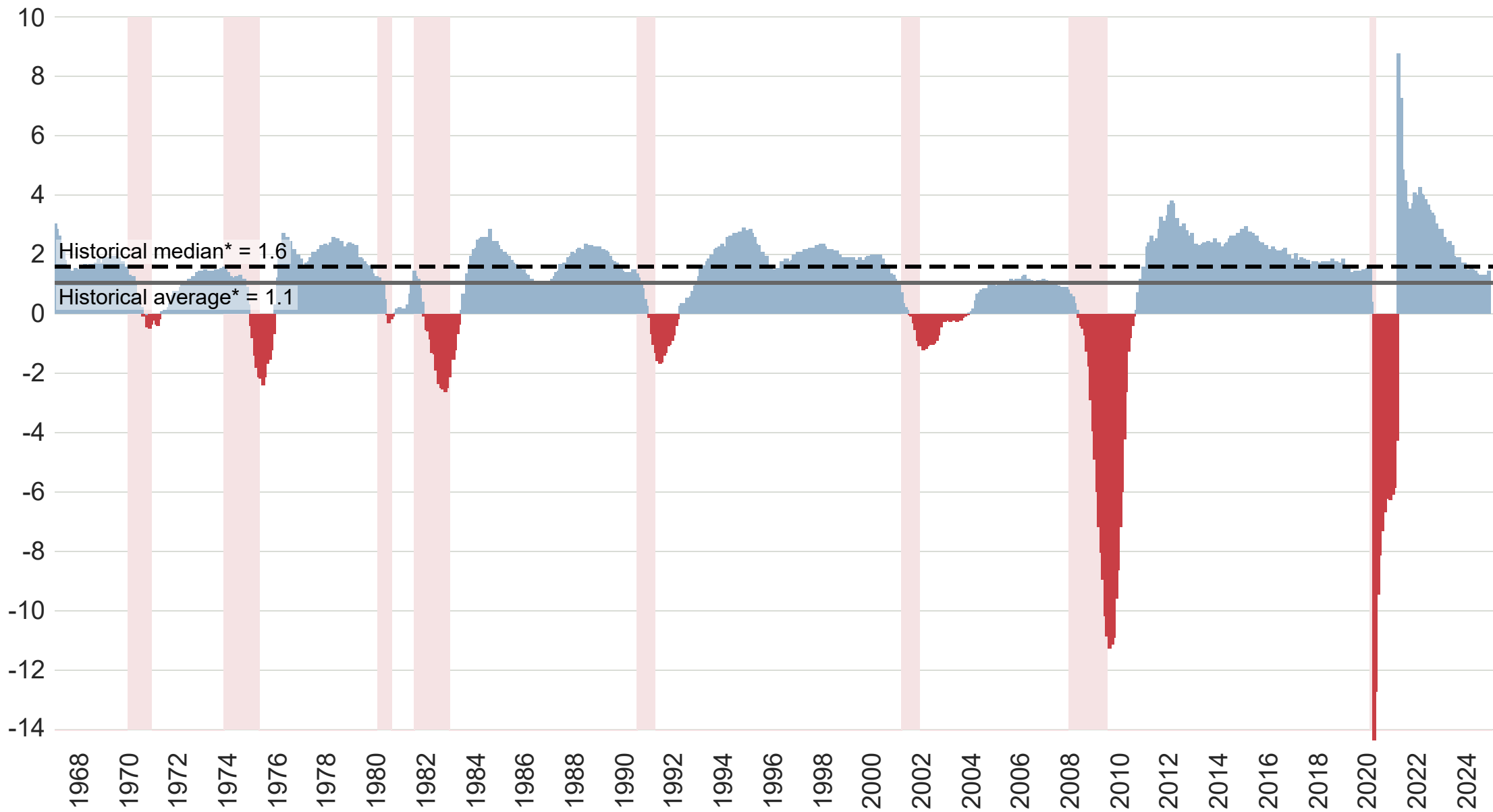
Sources: U.S. Census Bureau; John Burns Research and Consulting, LLC (Data: Dec-23, Pub: Feb-25)

The employment-to-permit (E/P) ratio improved to 1.4 in December.

Employment Growth to Total Permits Ratio

Current = 1.4 Recession

Note: The E/P ratio hit **-11** during the Great Recession as construction activity slowed and employment went negative.

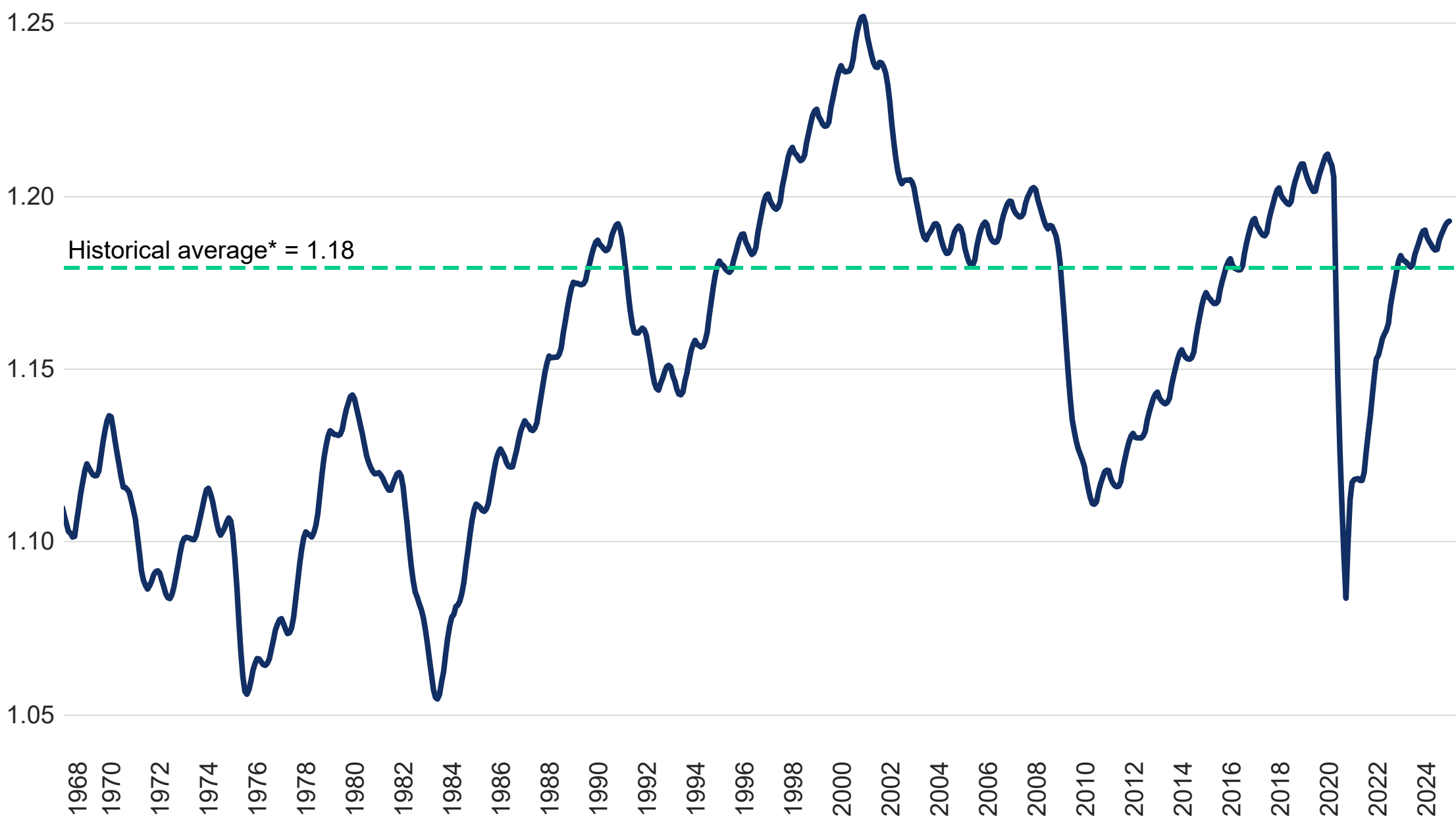


*Historical average and median: Jul-65 through current
Sources: Bureau of Labor Statistics; Census Bureau; John Burns Research and Consulting, LLC (Data: Dec-24, Pub: Feb-25)

The employment-to-households ratio is moderating.

Total Employment-to-Households Ratio

Rolling 6-month average = 1.19

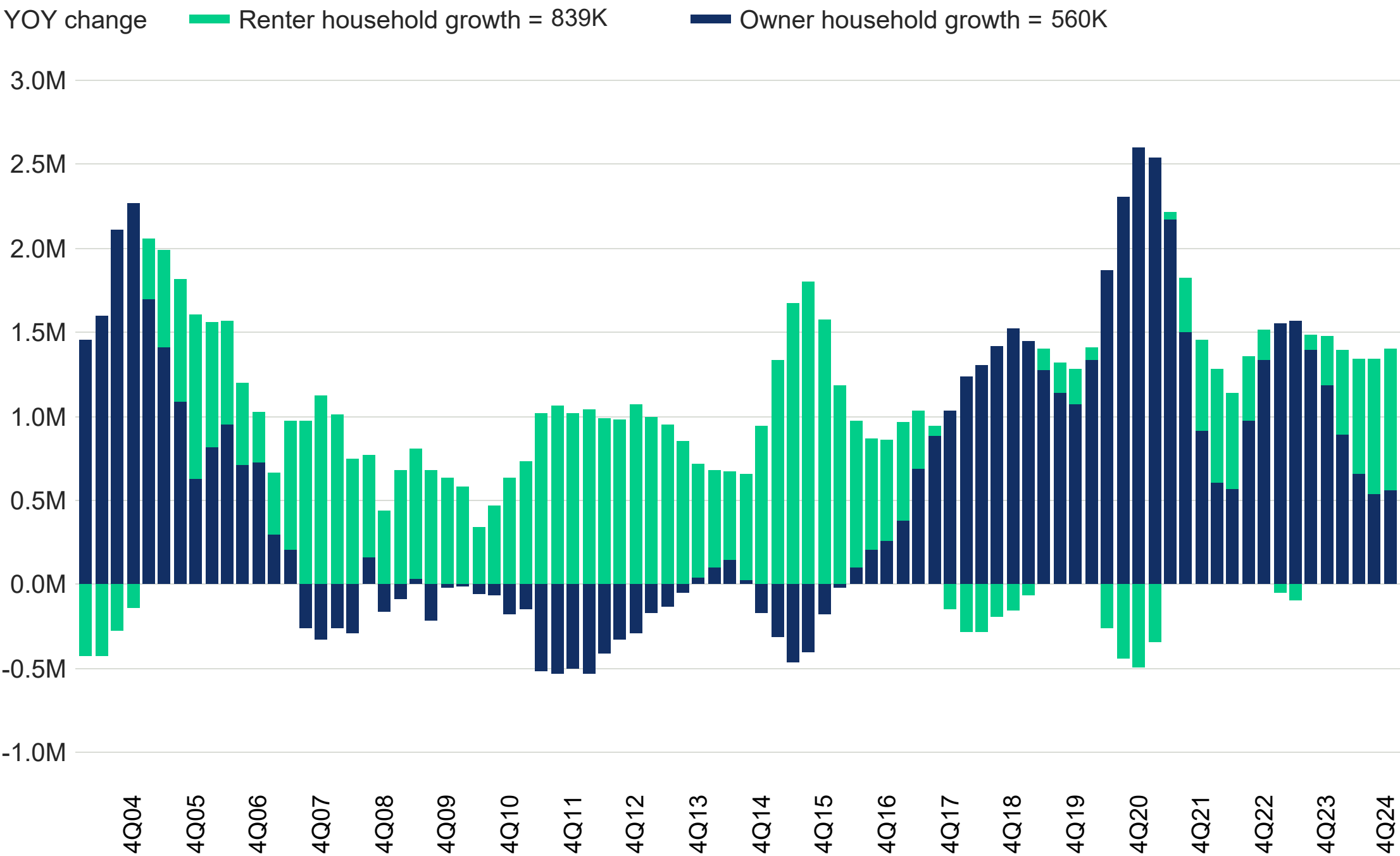


As the unemployment rate drops and people work later in life, the jobs-to-households ratio increases. The current ratio of 1.19 is below the recent 2019 peak of 1.21.

*Historical average: Jan-90 through current
Sources: Bureau of Labor Statistics; Census Bureau; John Burns Research and Consulting, LLC (Data: Dec-24, Pub: Feb-25)

The total number of households grew by 1.4M YOY in 4Q24.

Total Household Growth



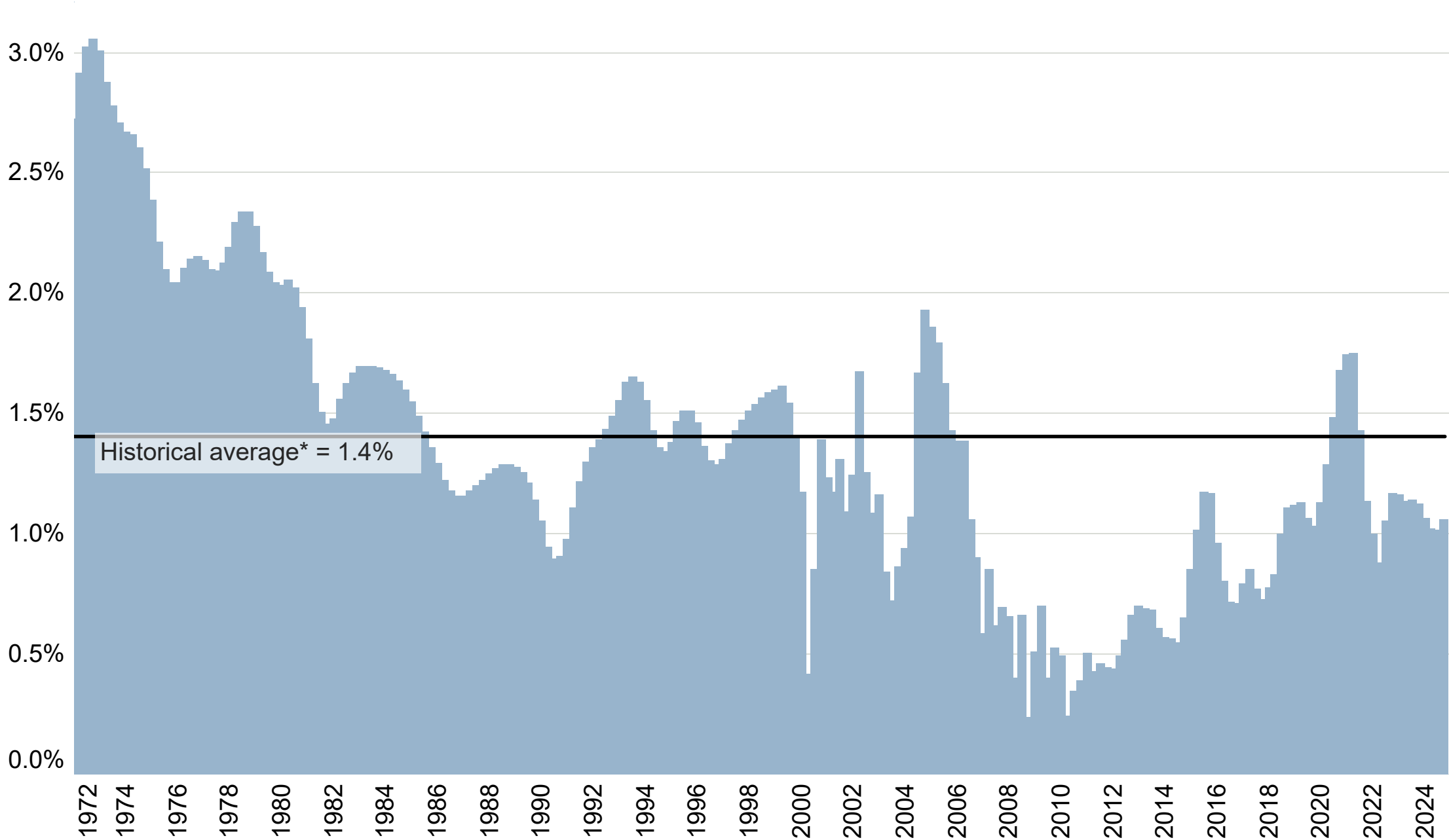
In 4Q24, owned households increased by 560K units and rented households increased by 839K units.

Sources: Census Bureau; John Burns Research and Consulting, LLC (Data: 4Q24, Pub: Feb-25)

The total number of households rose +1.1% YOY.

Total Household Growth

YOY % change



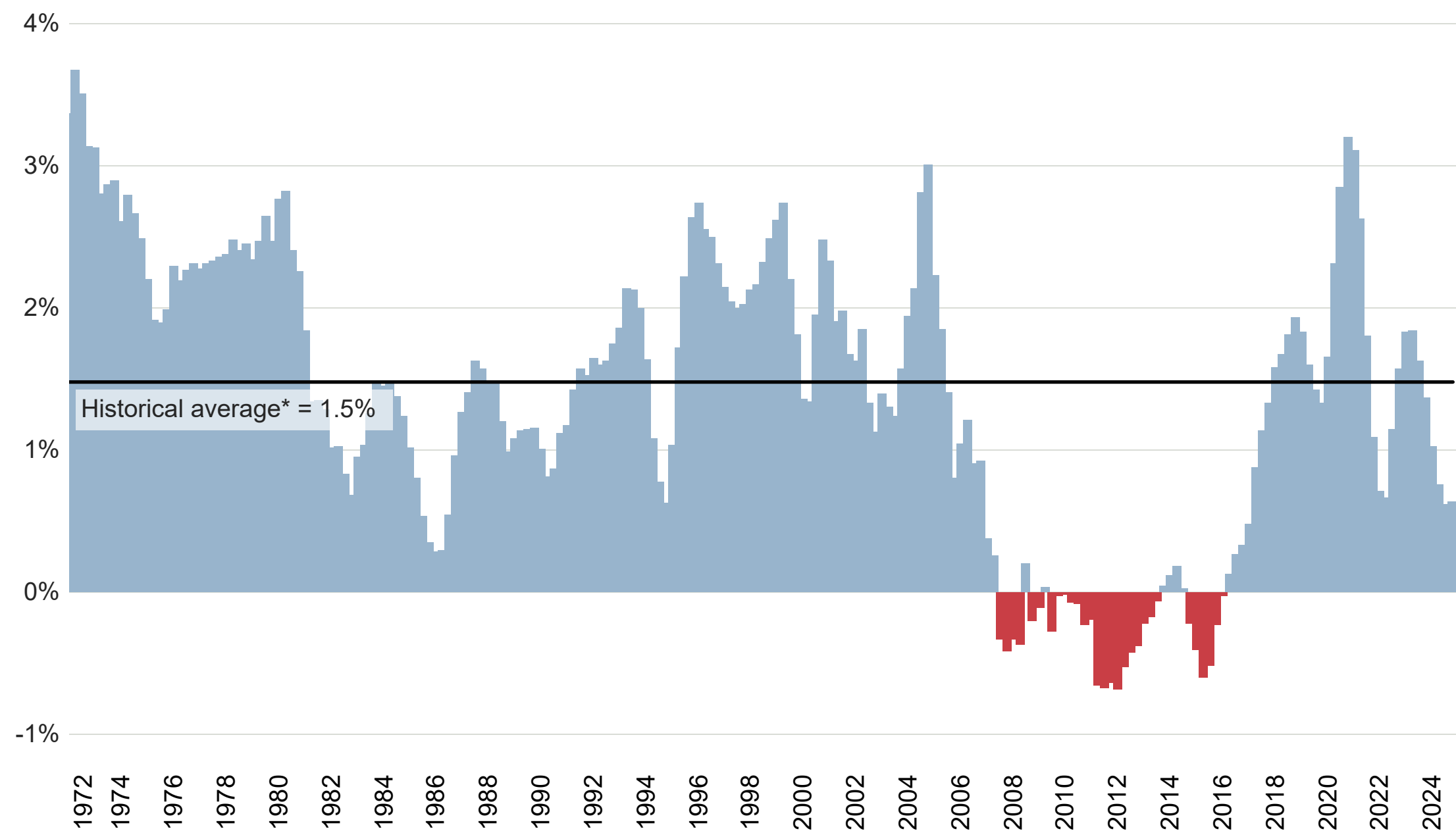
Total households rose +1.1% YOY in 4Q24, below the 1.4% historical average.*

Sources: Census Bureau; John Burns Research and Consulting, LLC (Data: 4Q24, Pub: Feb-25) *Historical average: 2Q68 through current

The total number of owned households rose YOY.

Total Owned Household Growth

YOY % change



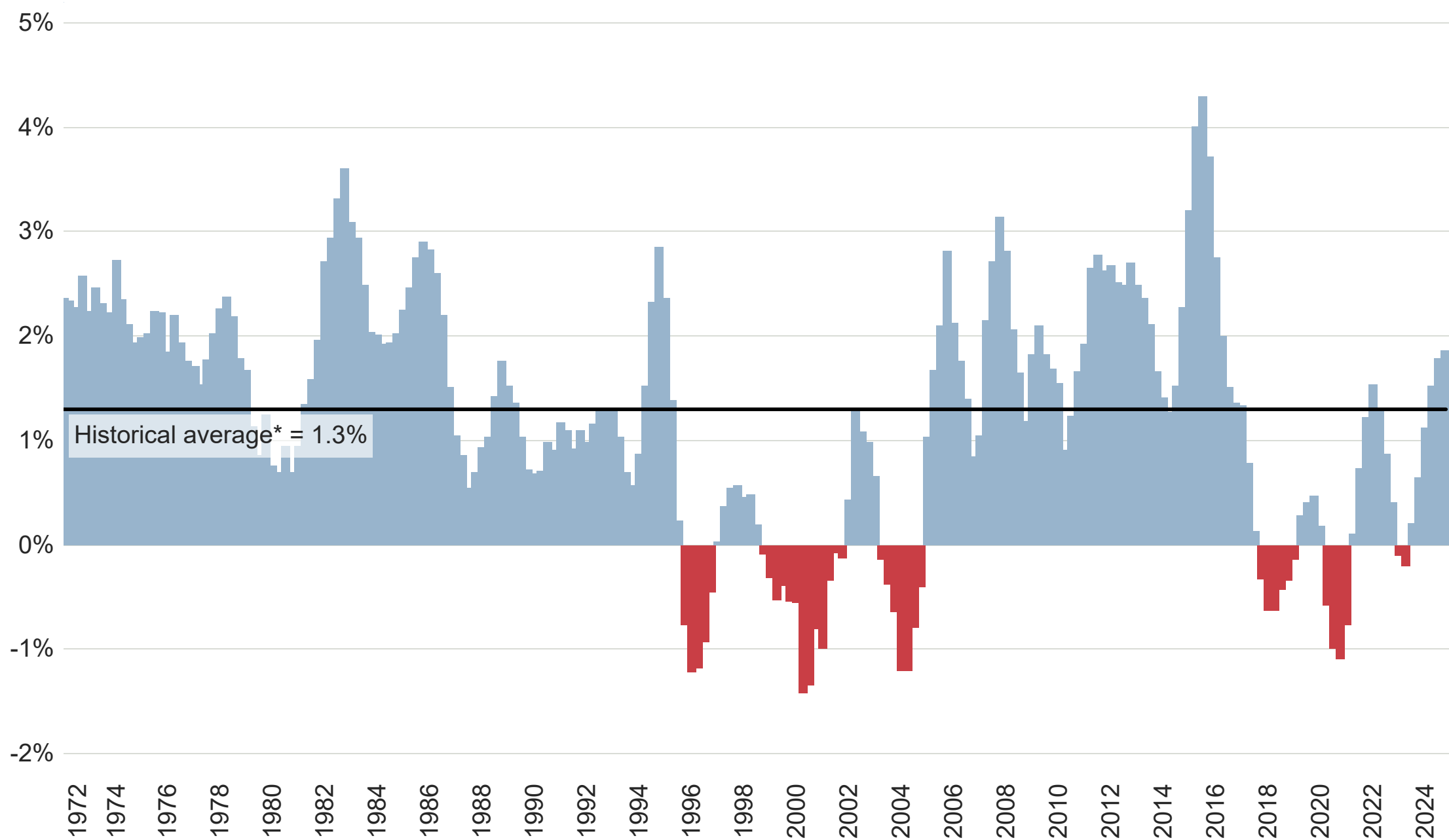
The number of owned households increased by +0.6% YOY in 4Q24, below the 1.5% historical average.*

Sources: Census Bureau; John Burns Research and Consulting, LLC (Data: 4Q24, Pub: Feb-25) *Historical average: 2Q68 through current

The total number of renter households rose YOY.

Total Renter Households

YOY % change



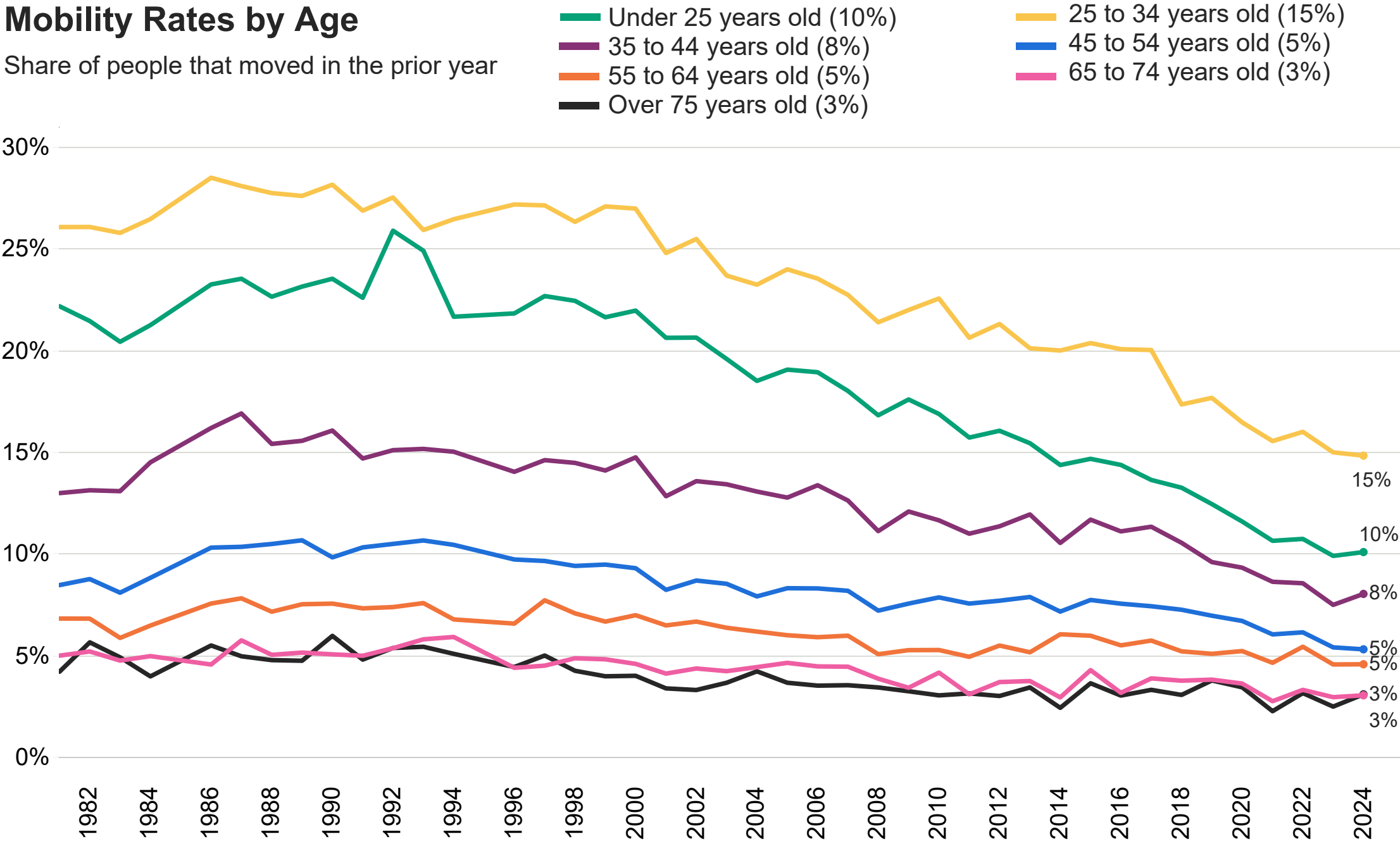
The number of renter households increased by +1.8% YOY in 4Q24, above the 1.3% historical average.*

Sources: Census Bureau; John Burns Research and Consulting, LLC (Data: 4Q24, Pub: Feb-25) *Historical average: 2Q68 through current

Declining mobility rates suppress turnover and related building products spending.

Mobility Rates by Age

Share of people that moved in the prior year



Sources: Census Bureau; Current Population Survey (Data: 2024, Pub: Feb-25)

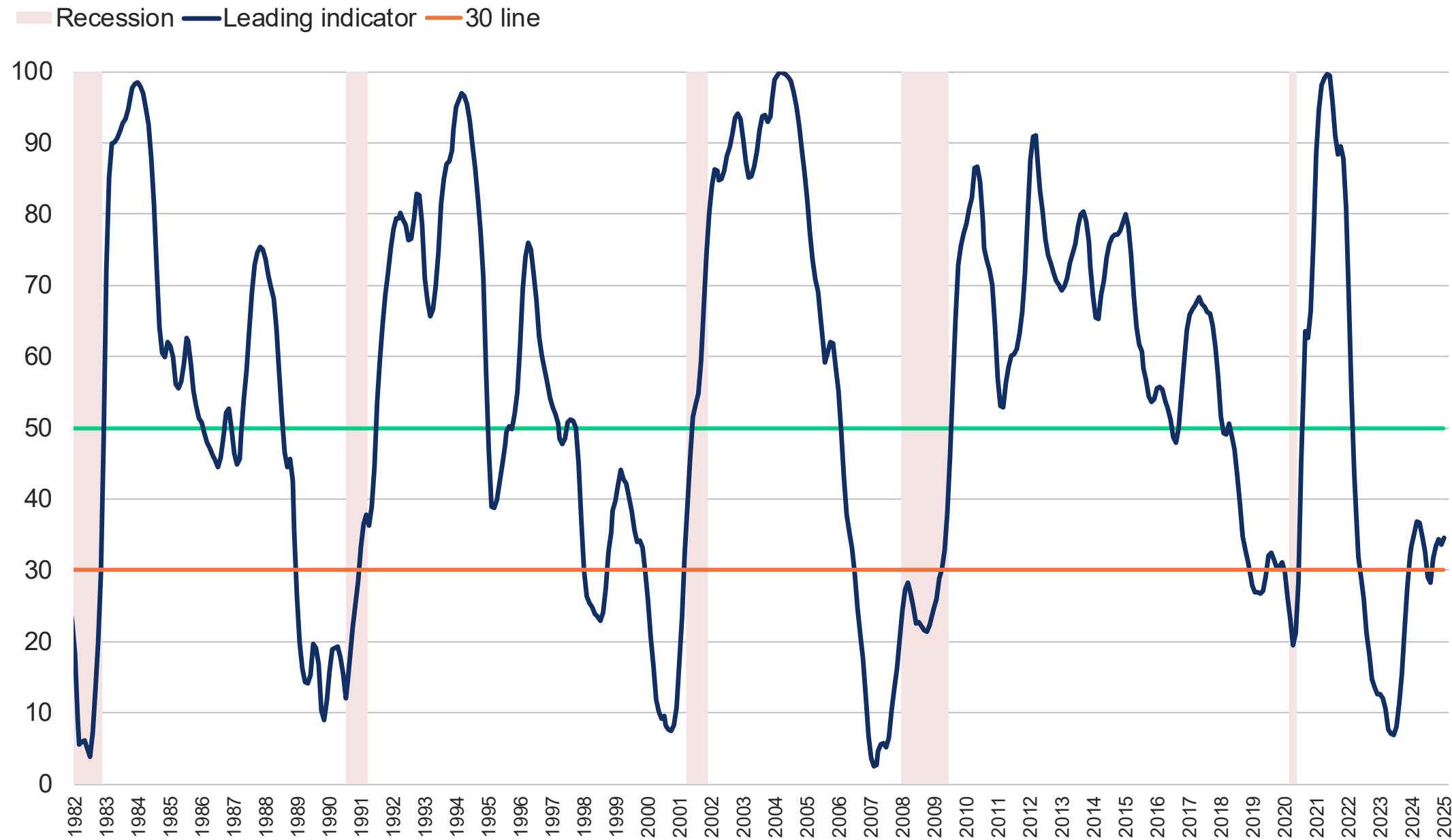


Demand

Leading economic indicators

Our leading economic indicator rose to 35.

Burns Economic Leading Indicator



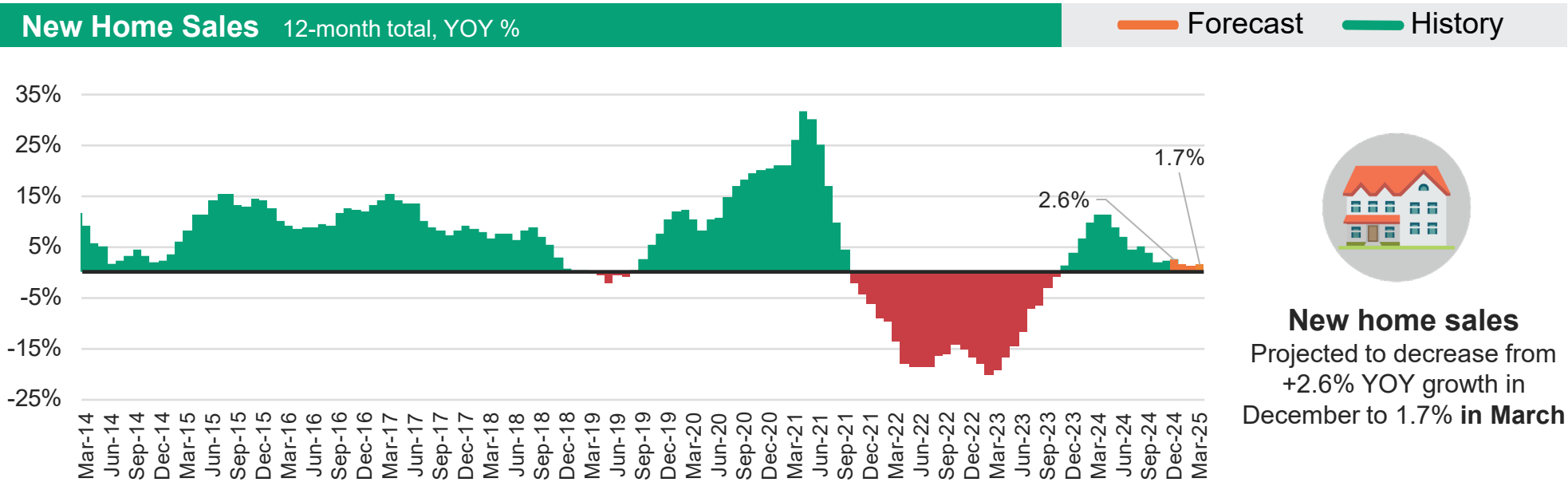
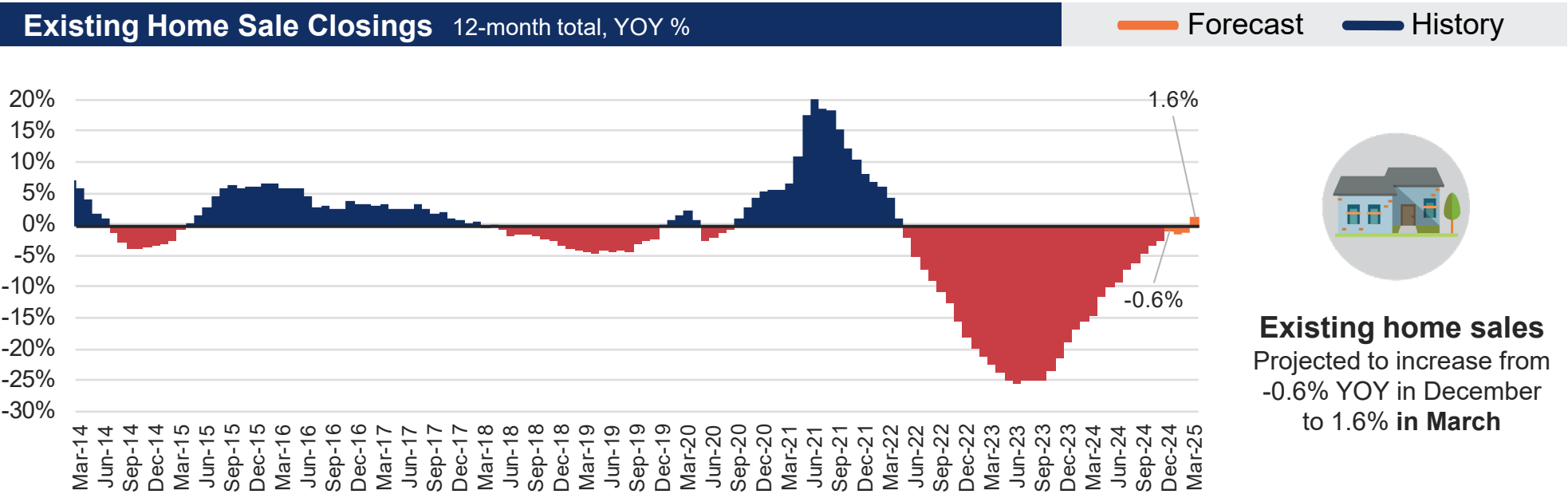
Historically, a recession has followed every time our indicator has dropped below 30.

A forward-looking component of the Burns Economic Performance Index™ with data back to 1953 provides a lead on recession events as well as an early indication of coming growth cycles. We did a 64-year back test of this data, which shows a normal risk of recession in any given year on average to be 27% 2 years out and 50% four years out. The 30 line equates to a 75% 2-year likelihood of recession.

Source: John Burns Research and Consulting, LLC (Pub: Feb-25)

Burns Predictive Analytics: 3-month sales forecast

Forecasts based on Google search trends



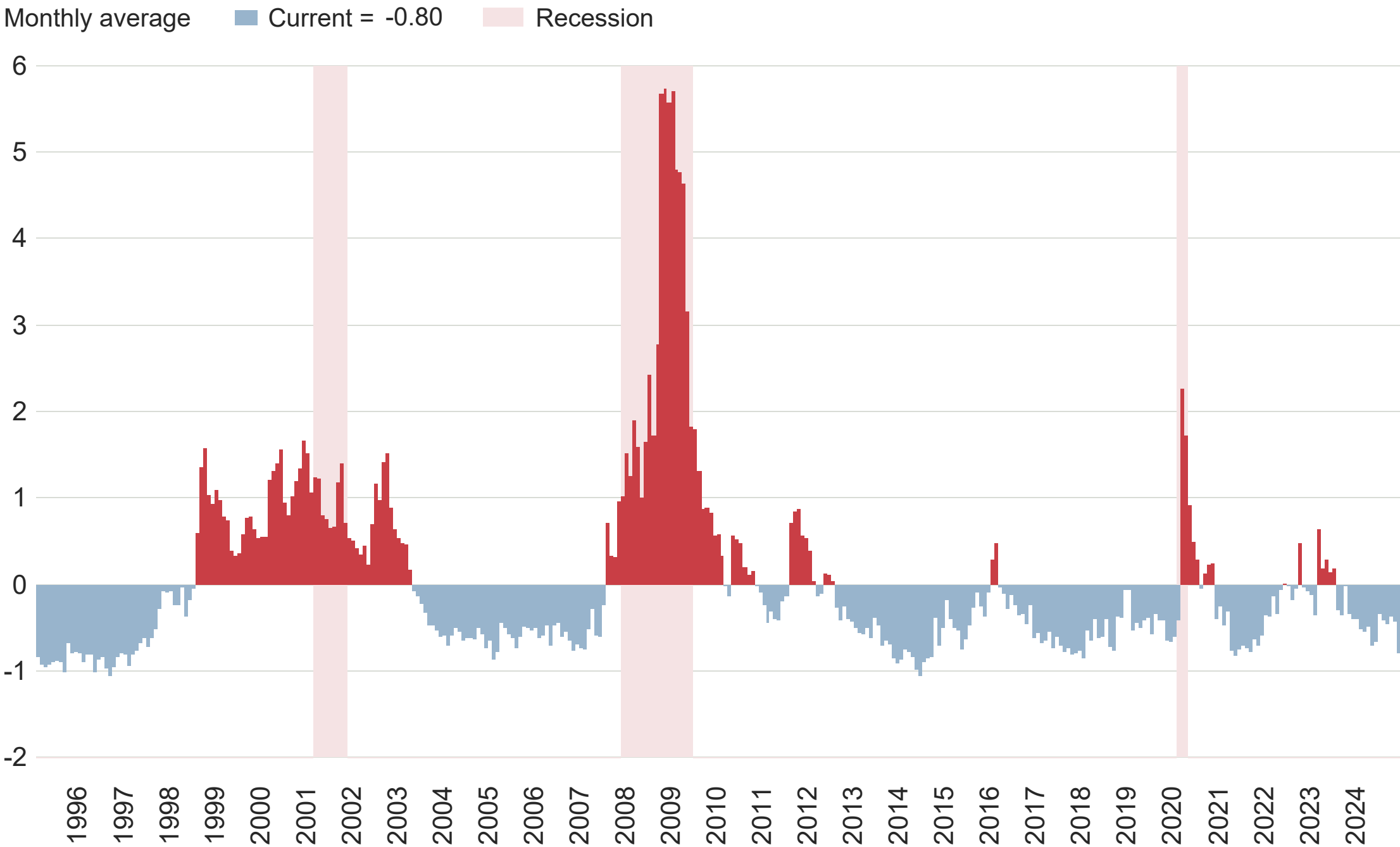
Note: To forecast sales, we use a proprietary model based on the trends of several Google search terms/categories that have proven to strongly correlate to housing demand. Based on historical back testing, our existing home sale closings forecast accurately predicts next month's sales volume within 0.4% of actual 68% of the time (standard deviation is 0.4%), and our new home sales forecast is within 0.8% of actual 68% of the time. For more detail about our back testing results, see our methodology page here.

Disclaimer: We obtained search trends data from the Google Trends website. Google did not participate in our analysis. JBREC inferences are not associated with any Google statements.

Sources: John Burns Research and Consulting, LLC; Google Trends (Pub: Feb-25)

The Financial Stress Index is negative, which indicates normal conditions.

Kansas City Financial Stress Index

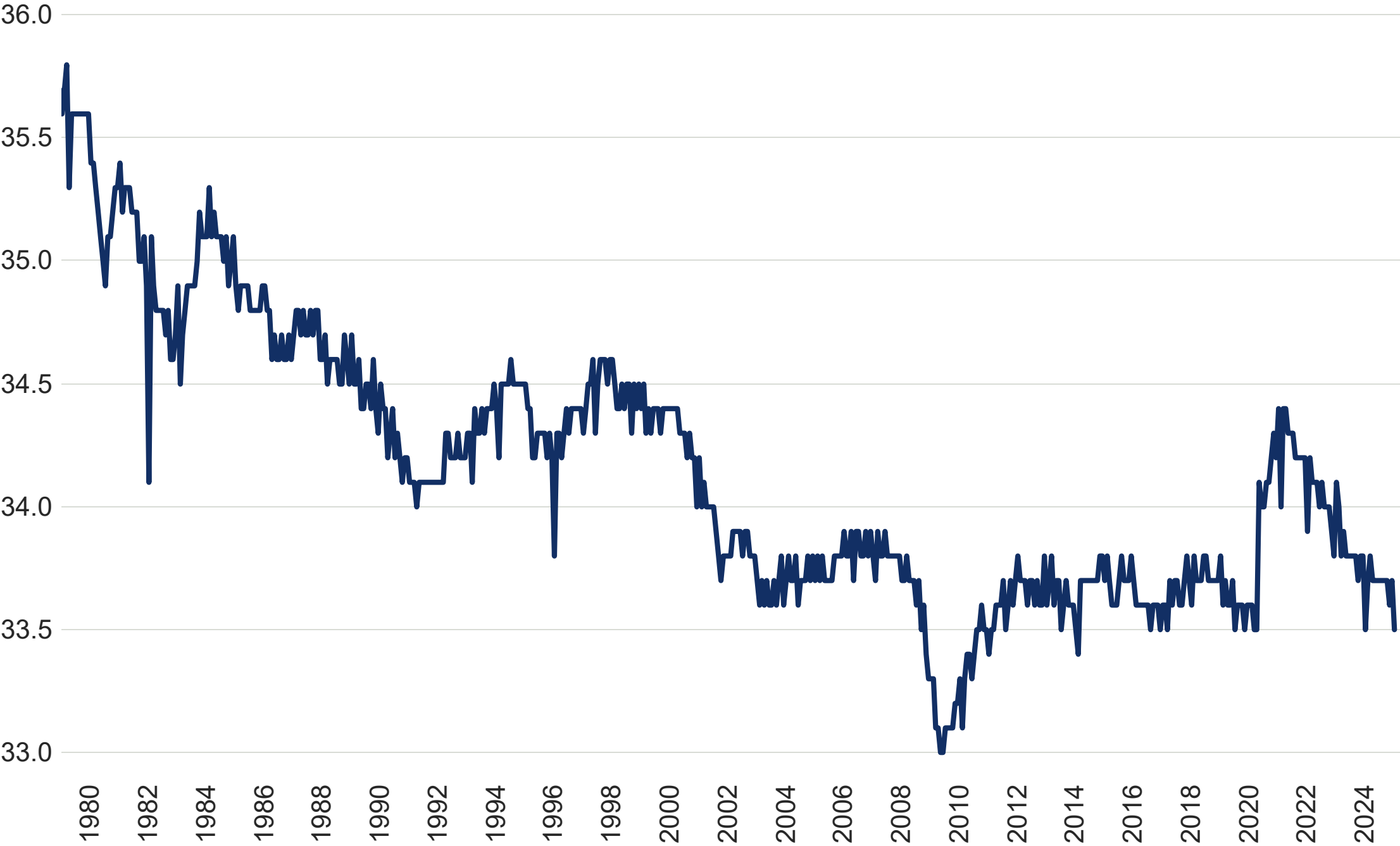


On the Financial Stress Index, zero represents normal conditions, and a value above zero means higher stress.

Sources: Federal Reserve Bank of Kansas City; NBER; John Burns Research and Consulting, LLC (Data: Dec-24, Pub: Feb-25)

Average hours worked per week totaled 34 in January.

Average Hours Worked per Week

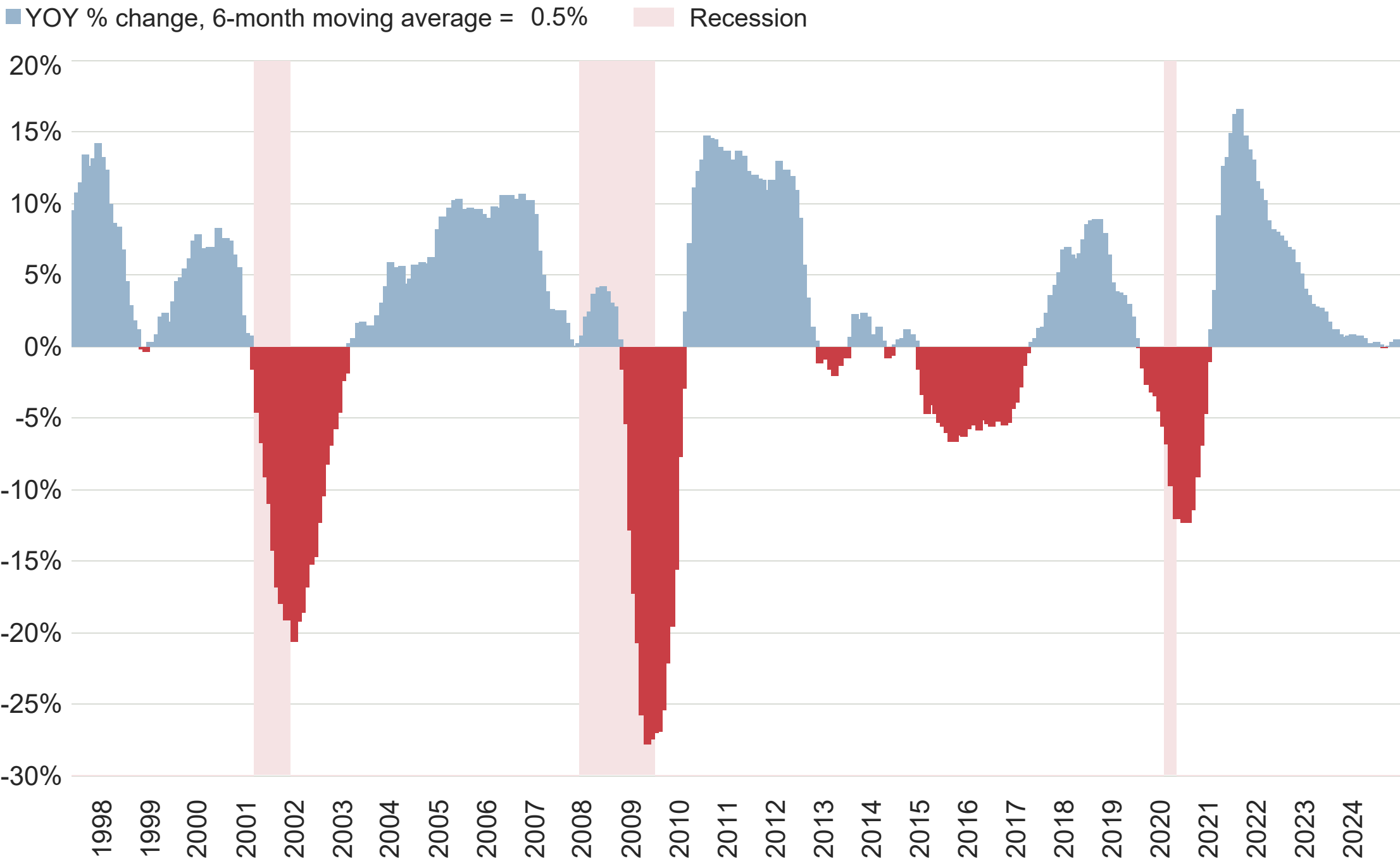


This data reflects hours worked per week for production and nonsupervisory employees.

Source: Census Bureau (Data: Jan-25, Pub: Feb-25)

New orders for capital goods remained flat YOY.

Capital Goods New Orders, Nondefense excluding Aircraft



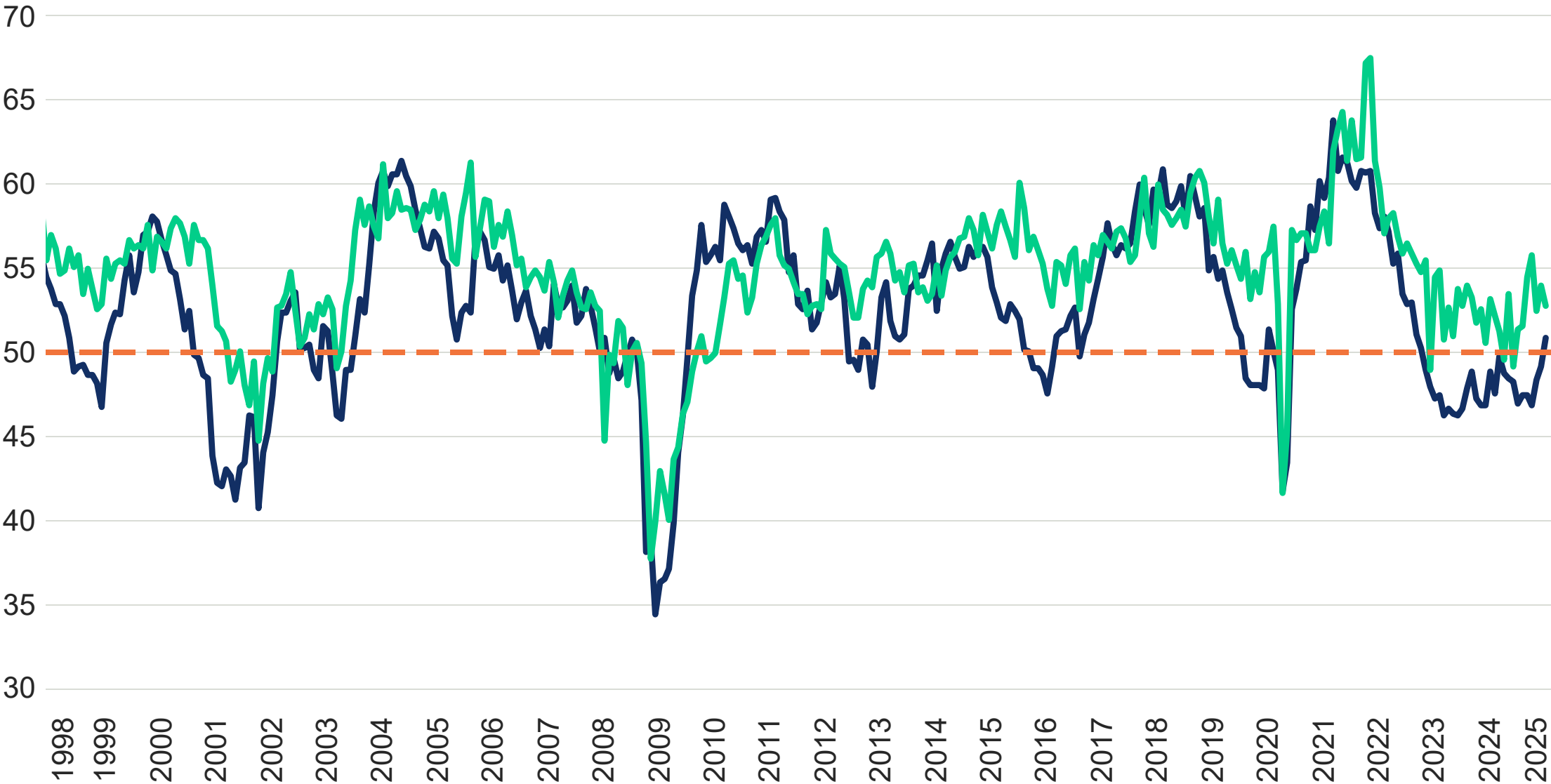
Source: Federal Reserve (Data: Dec-24, Pub: Feb-25)

Business activity fell slightly in January.

Institute for Supply Management (ISM) Indices

The indices, which monitor employment, production inventories, new orders, and supplier deliveries, are based on surveys of manufacturing and non-manufacturing firms. An index value greater than 50 signals growth.

ISM Purchasing Managers' Index (PMI) = 50.9 ISM Non-Manufacturing Index (Business Activity) = 52.8



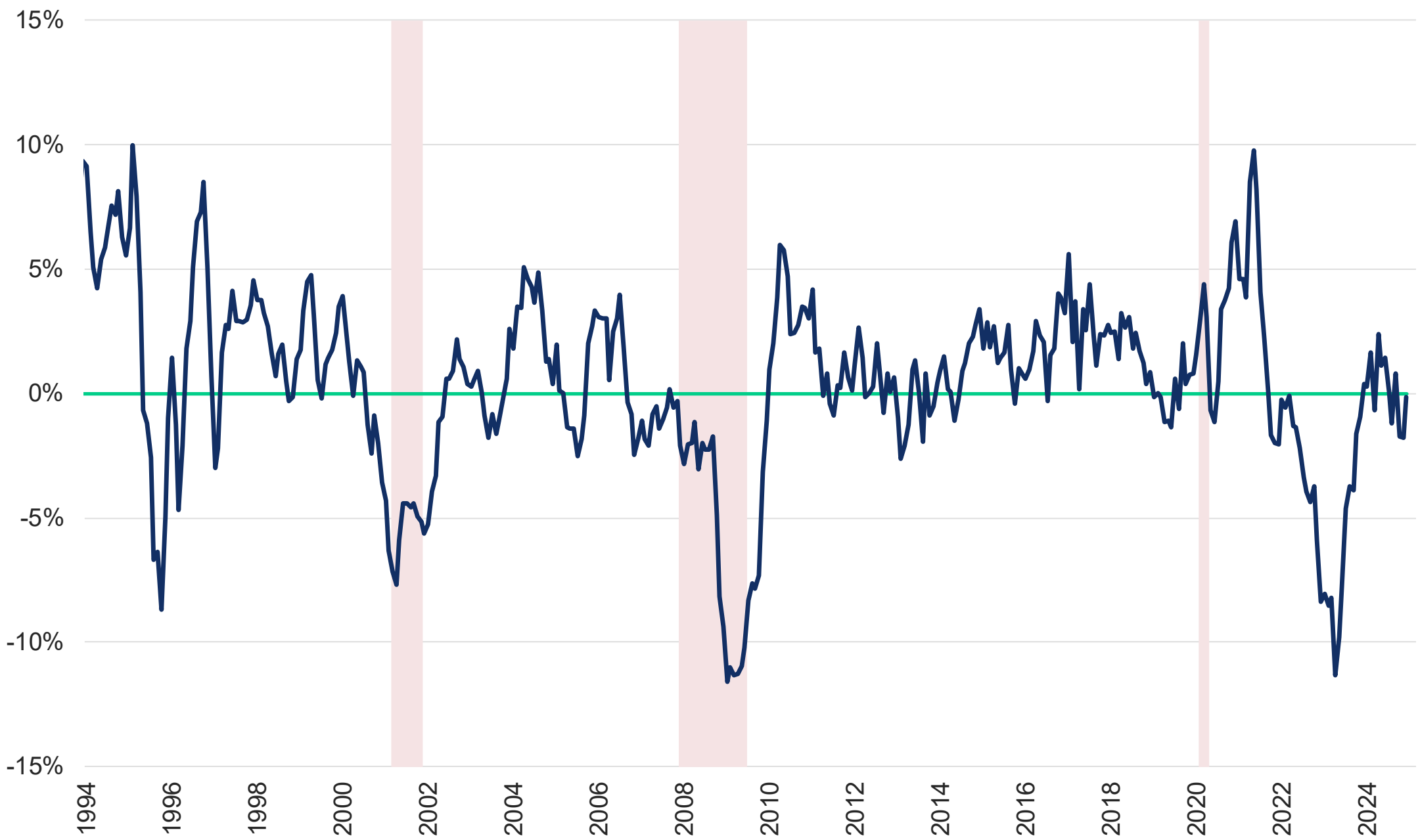
The Purchasing Managers' Index (a proxy for manufacturing activity) rose to 50.9. An index value greater than 50 signals growth.

Source: Institute for Supply Management (Data: Jan-25, Pub: Feb-25)

Shipments of cardboard boxes were flat YOY.

Industry Shipments of Corrugated (Cardboard) Boxes

YOY % change (3-month average), billions of sq. Recession Current = -0.1%

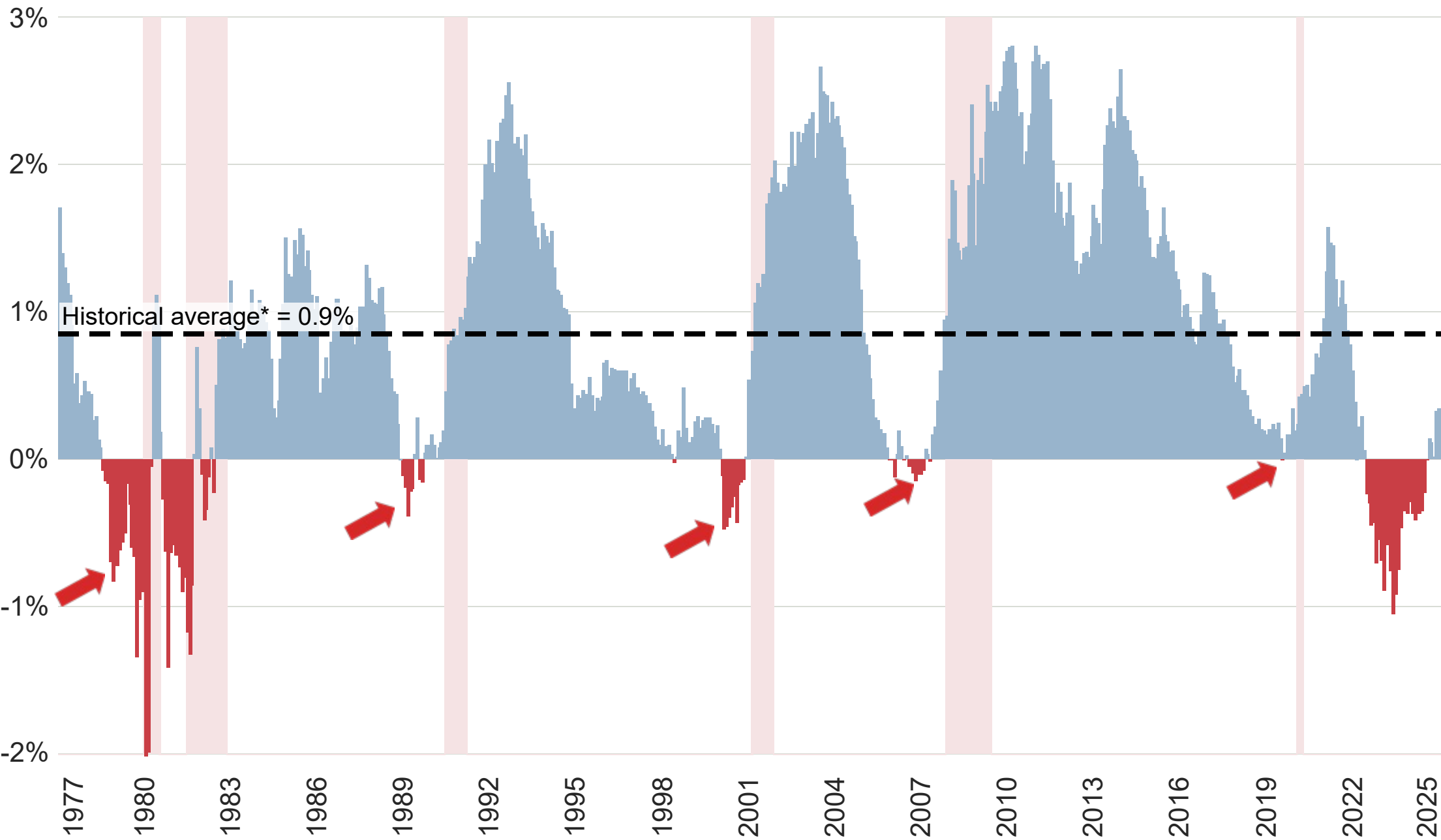


Shipments of cardboard boxes are a good proxy of demand for goods across the economy.

The spread between the 10-year and 2-year Treasury is positive.

Treasury Interest Rate Spread: 10-Year vs. 2-Year

Current value = 0.34% Recession

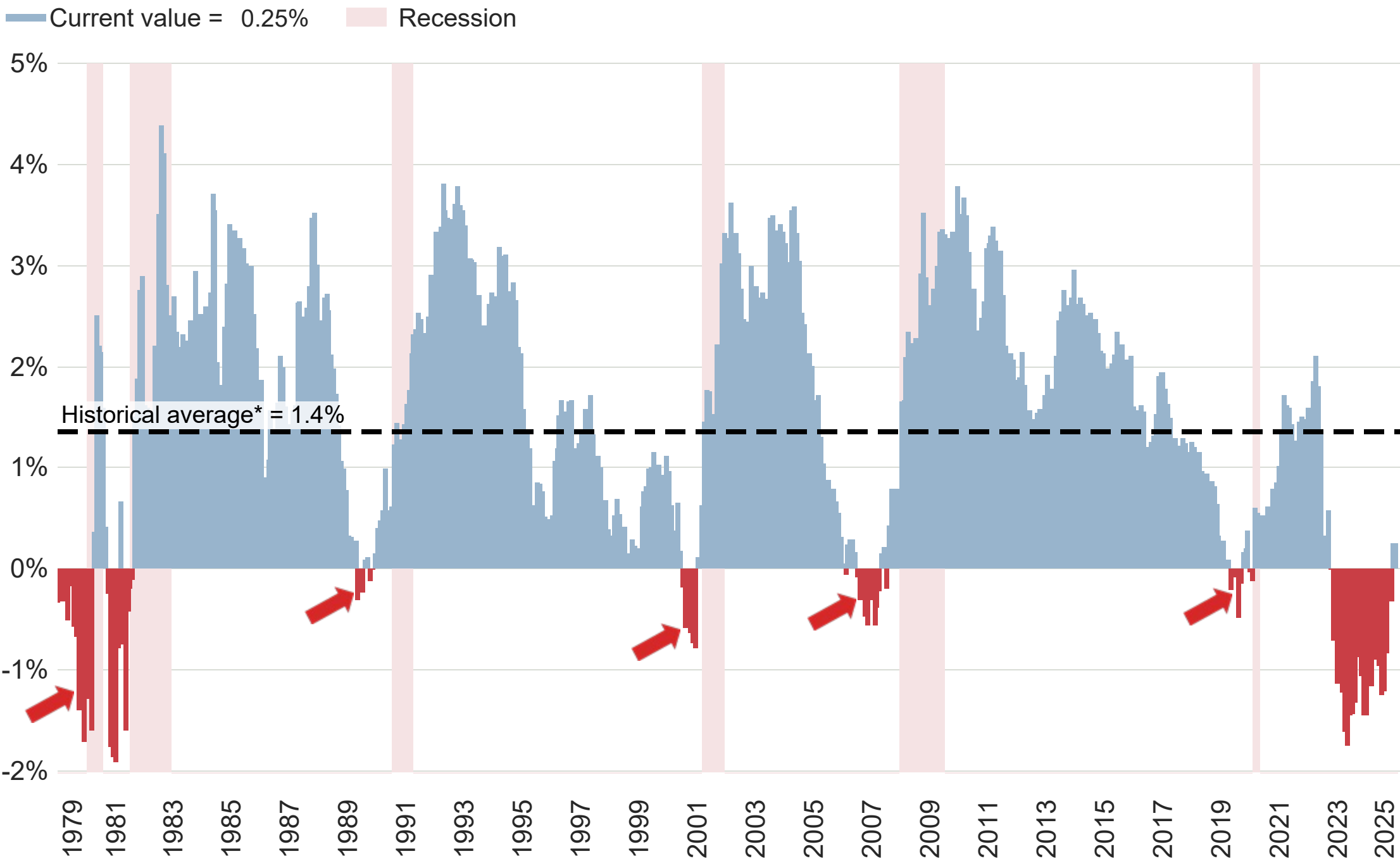


The ten-year vs. two-year spread is at 34bps. An interest rate spread below 0% (inverted yield curve) is usually an early predictor of a recession.

Source: Federal Reserve (Data: Jan-25, Pub: Feb-25) *Historical average: Feb-54 through current

The spread between the 10-year and 3-month Treasury is positive.

Treasury Interest Rate Spread: 10-Year vs. 3-Month



The ten-year vs. three-month spread is at 25bps. An interest rate spread below 0% (inverted yield curve) is usually an early predictor of a recession.

Source: Federal Reserve (Data: Jan-25, Pub: Feb-25)

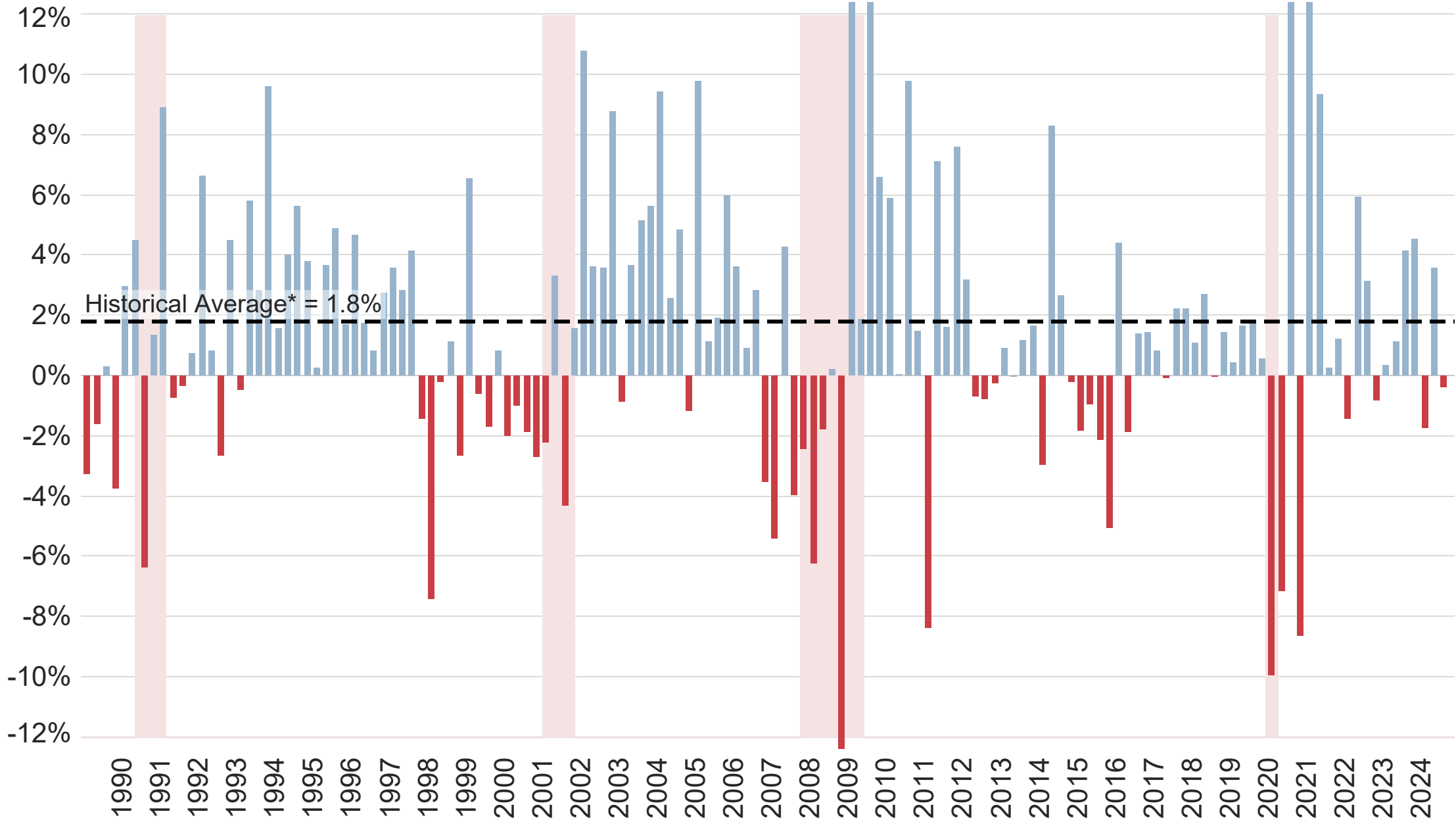
*Historical average: Feb-54 through current

Corporate profits were flat YOY in 3Q24.

Corporate Profits

YOY % change, quarterly; with inventory valuation adjustment and capital consumption adjustment

Recession

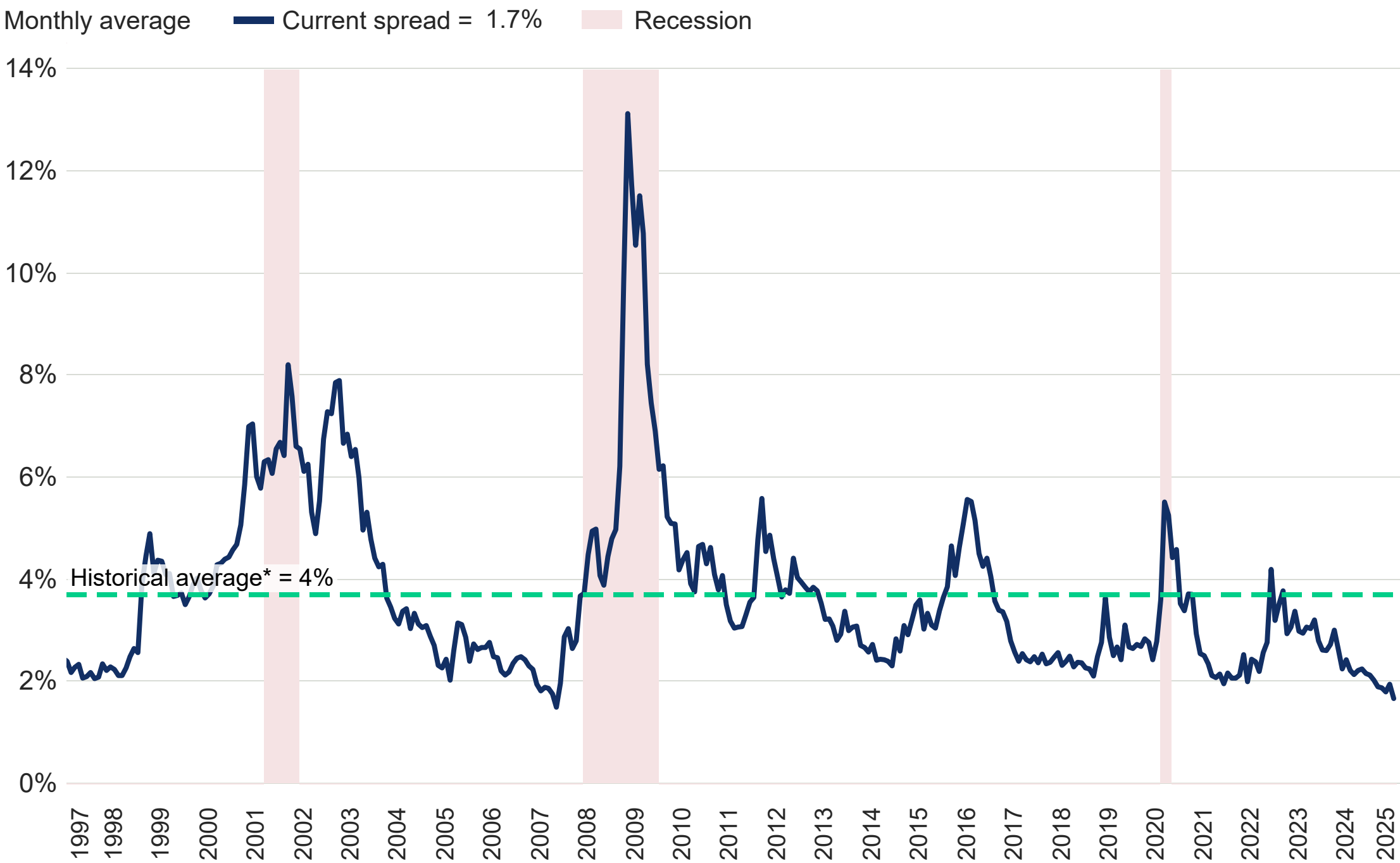


Corporate profits remained flat at 0% growth in 3Q24 on an annualized basis.

*Note: Historical average: 2Q 1960 through current
Sources: Bureau of Economic Analysis; John Burns Research and Consulting, LLC (Data: 3Q24, Pub: Feb-25)

Risk premiums are falling and remain below the historical average.

Corporate Credit Spread (Investment Grade vs. High Yield)



Increases in the credit spread precede distress in the economy and eventual recessions.

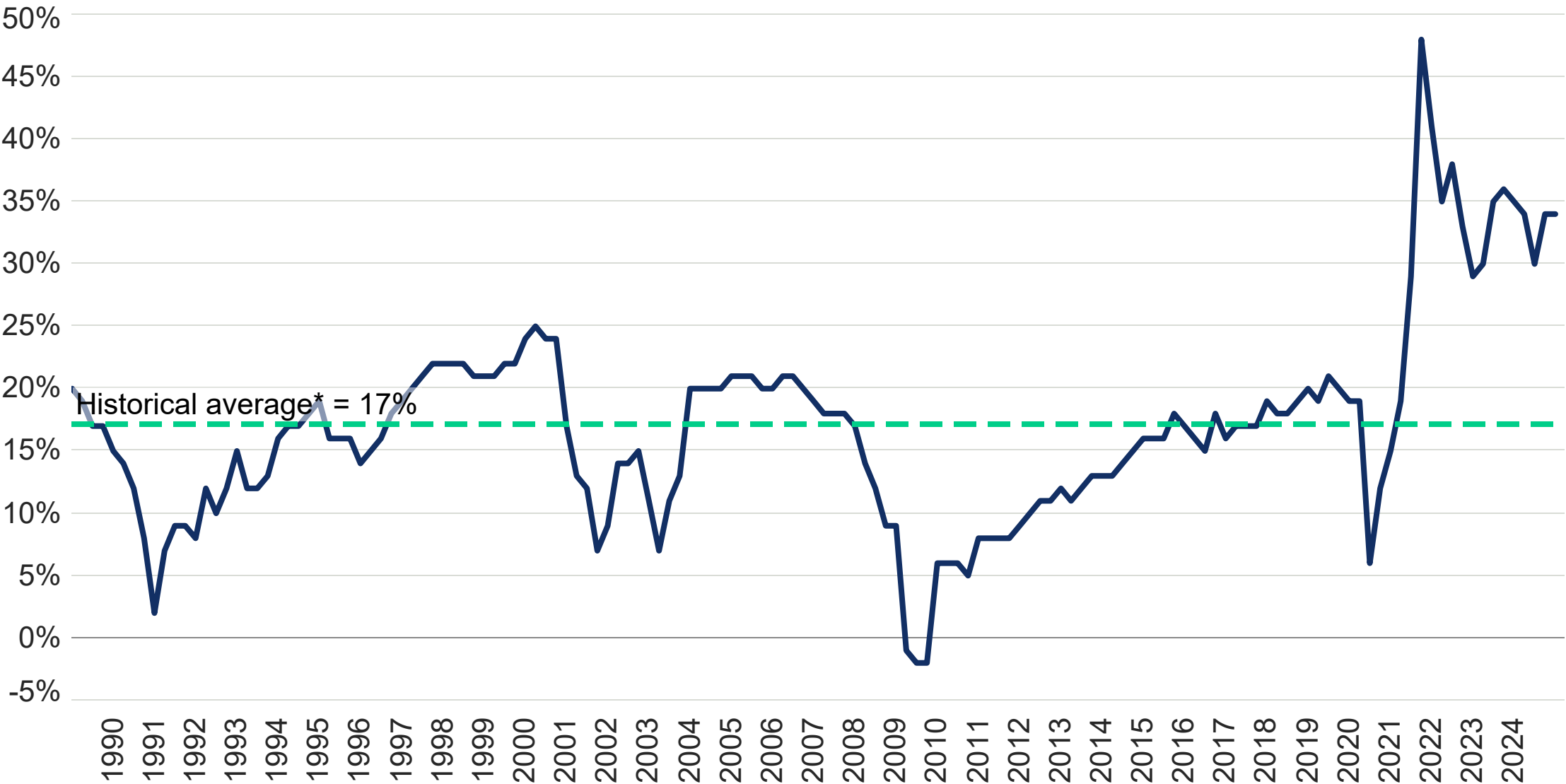
Sources: BofA Merrill Lynch; John Burns Research and Consulting, LLC (Data: Jan-25, Pub: Feb-25) *Historical average: Jan-97 through current

Employers are looking to add to their workforce next quarter.

ManpowerGroup Net Employment Outlook

Seasonally adjusted

The Net Employment Outlook is derived by taking the percentage of employers anticipating an increase in hiring activity and subtracting from this the percentage of employers expecting a decrease in hiring activity. The survey looks at hiring confidence for approximately 6,000 US employers.



A net 34% of US employers are looking to add to their workforce in 1Q25, down from 48% in 4Q21.

Source: U.S. Manpower Employment Group Outlook Survey (Data: 1Q25, Pub: Feb-25)

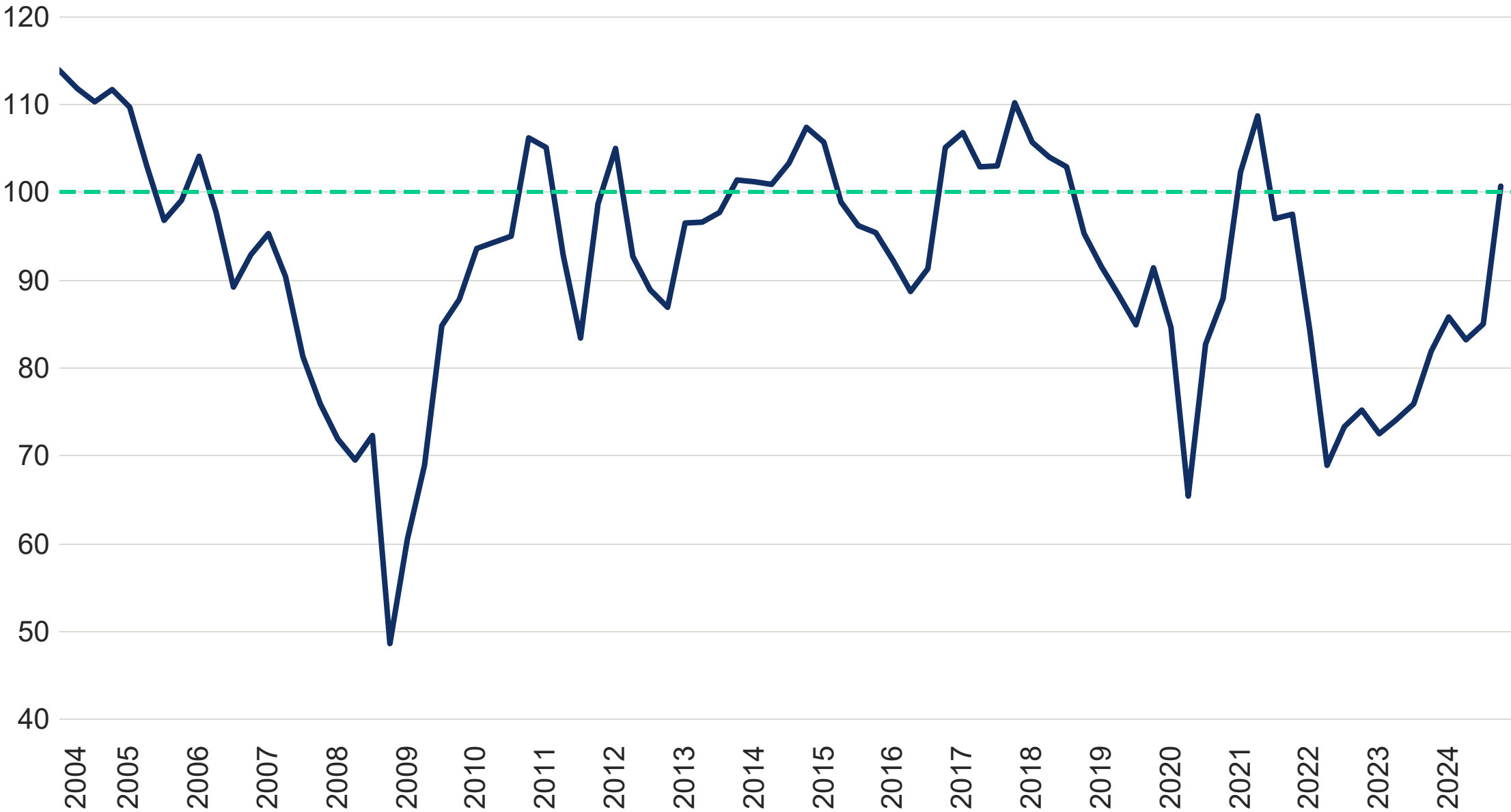
*Historical average: 1Q89 through current

Confidence rose +23% YOY among CEOs of small and mid-sized businesses.

Vistage CEO Confidence Index™

Survey of more than 1,500 CEOs of small to mid-sized businesses across the country.

Current = 101



Small and mid-sized business CEO confidence rose +23% YOY as of 4Q24, but confidence remains below the long-term historical average.

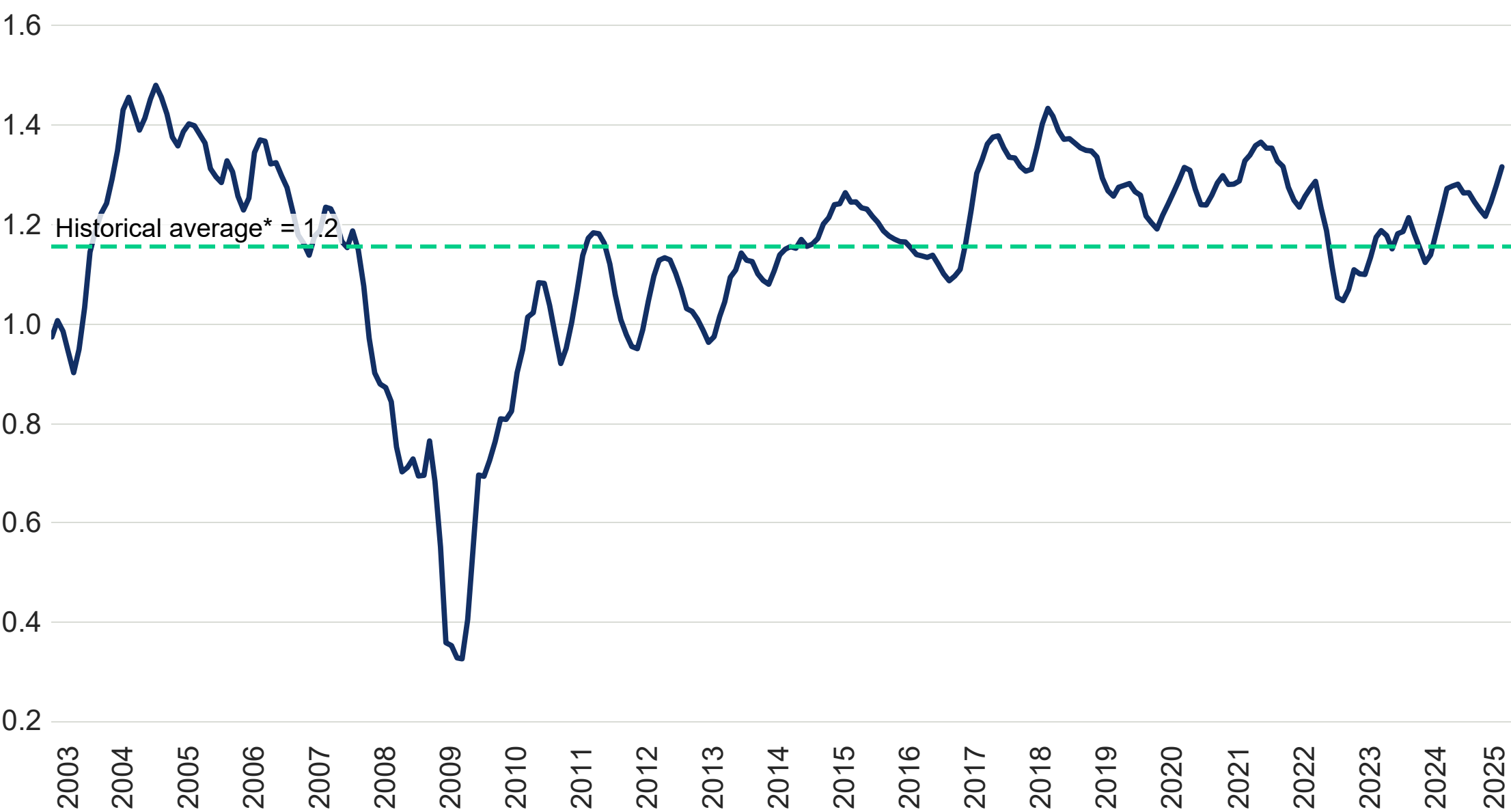
Note: An index value above 100 suggest that more CEOs find conditions favorable than unfavorable.
Source: Vistage (Data: 4Q24, Pub: Feb-25)
*Historical average: 2Q03 through current

CEO confidence is rising.

CEO Confidence Index: 1-Year Outlook

The CEO Confidence Index sets the 1.0 value to October 2002 (when polling began); the higher the value, the greater the CEO optimism.

3-month average



The index gauges CEOs' expectations for business conditions over the next 12 months. A value of 1.0 on the index reflects 2002-level optimism.

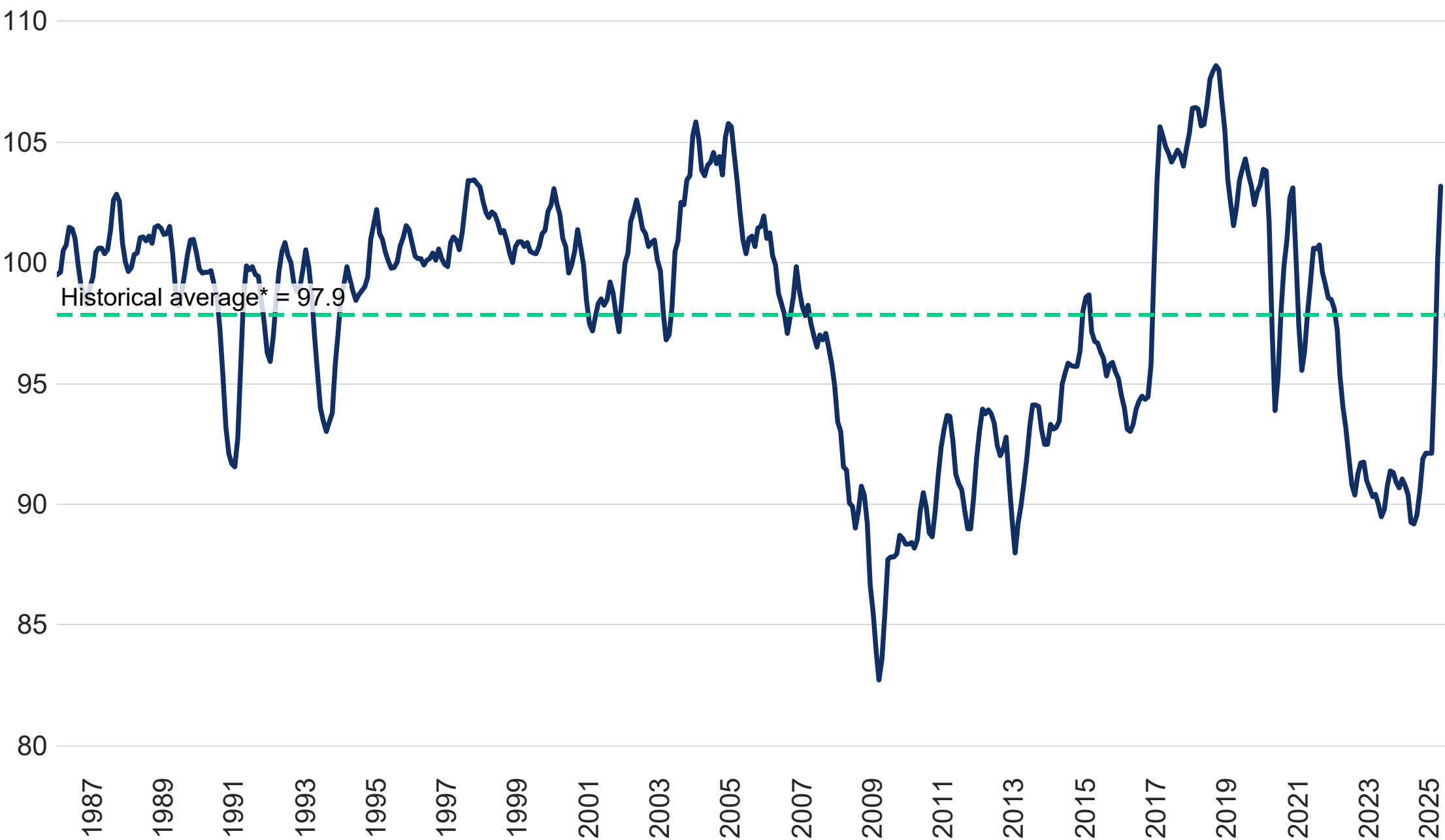
Source: Chief Executive Magazine (Data: Jan-25, Pub: Feb-25)

*Historical average: Oct-02 through current

Small business optimism is rising.

Small Business Optimism Index

3-month moving average; Index value (1986 = 100)



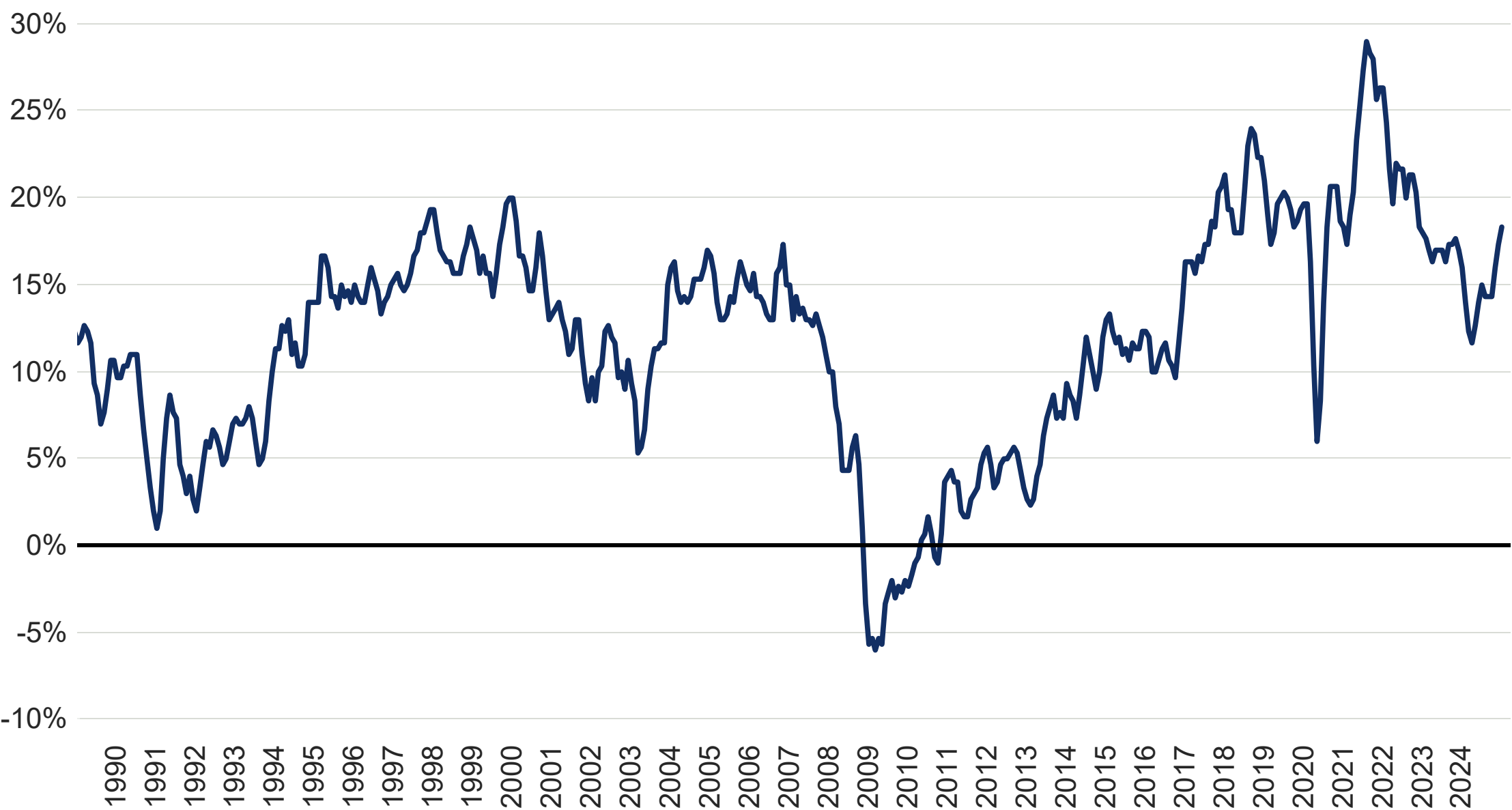
Source: National Federation of Independent Business (Data: Jan-25, Pub: Feb-25)

*Historical average: Oct-74 through current

18% more small businesses plan to expand hiring than reduce hiring over the next three months.

Small Business Hiring Plans Index

3 mo. average; net hiring planned for next 3 months (% planning to increase - % planning to decrease)

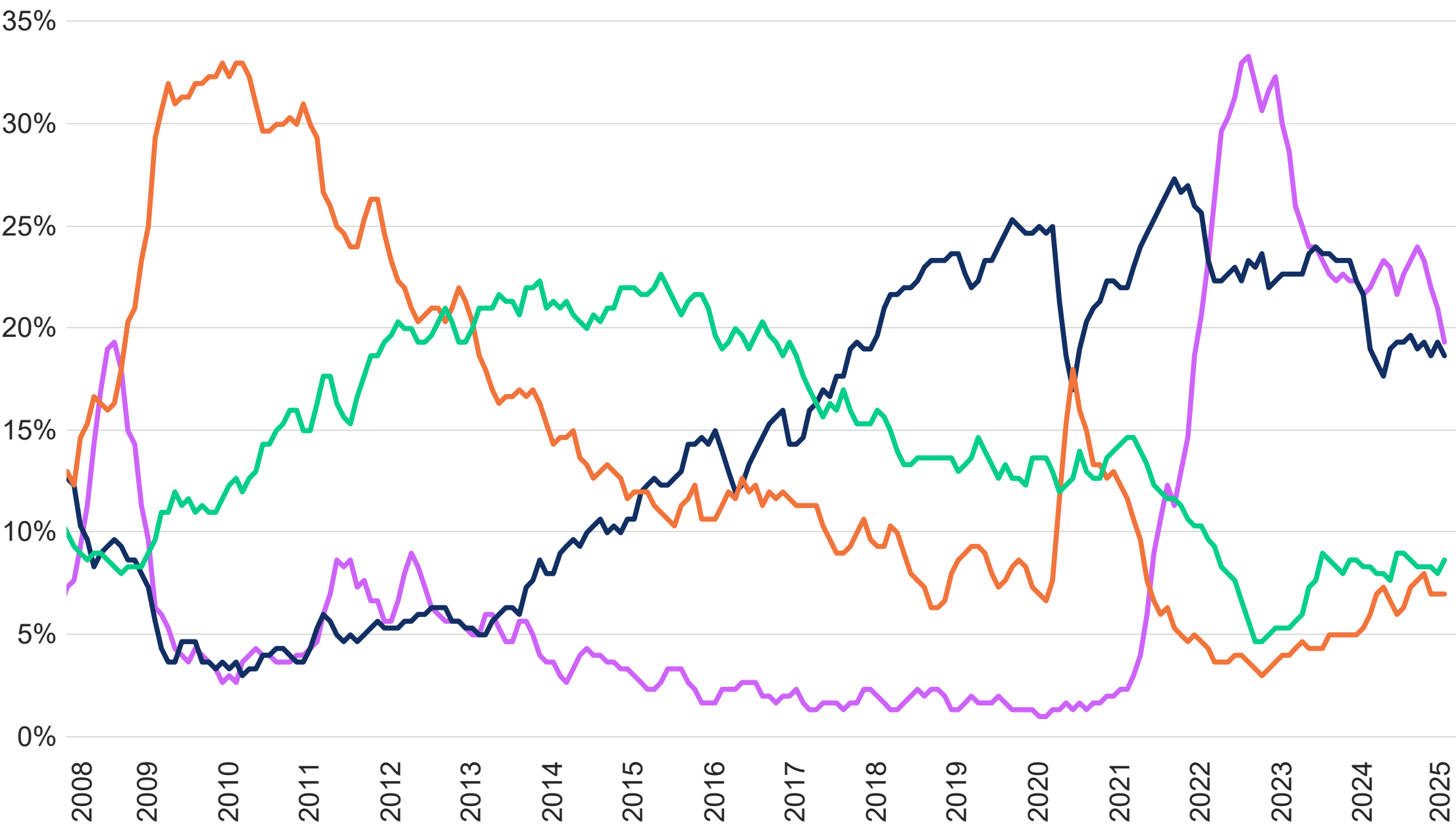


Source: National Federation of Independent Business (Data: Jan-25, Pub: Feb-25)

Inflation and labor quality are the biggest issues facing small businesses.

Single Most Important Problem for Small Businesses

3-month avg. — Quality of labor = 19% — Government requirements = 9% — Poor sales = 7% — Inflation = 19%



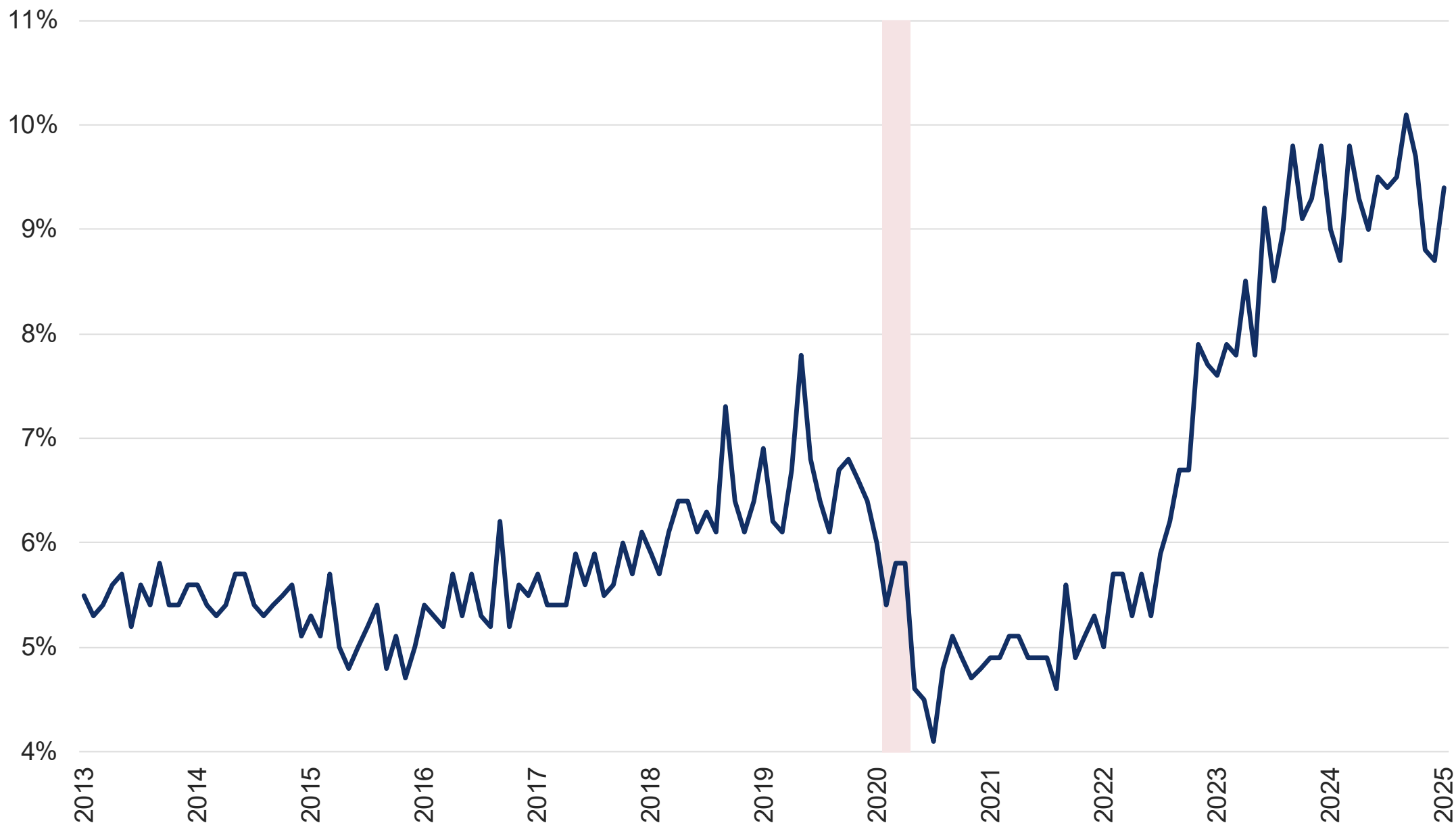
With inflation concerns easing, both the quality of labor and inflation are now the top challenges facing small businesses.

This graph shows the percentage of survey respondents that said one of the charted items was their single most important problem. Sources: National Federation of Independent Business; John Burns Research and Consulting, LLC (Data: Jan-25, Pub: Feb-25)

Small businesses are now paying 9% interest on short-term loans.

Interest Rate Paid on Short-Term Loans for Small Businesses

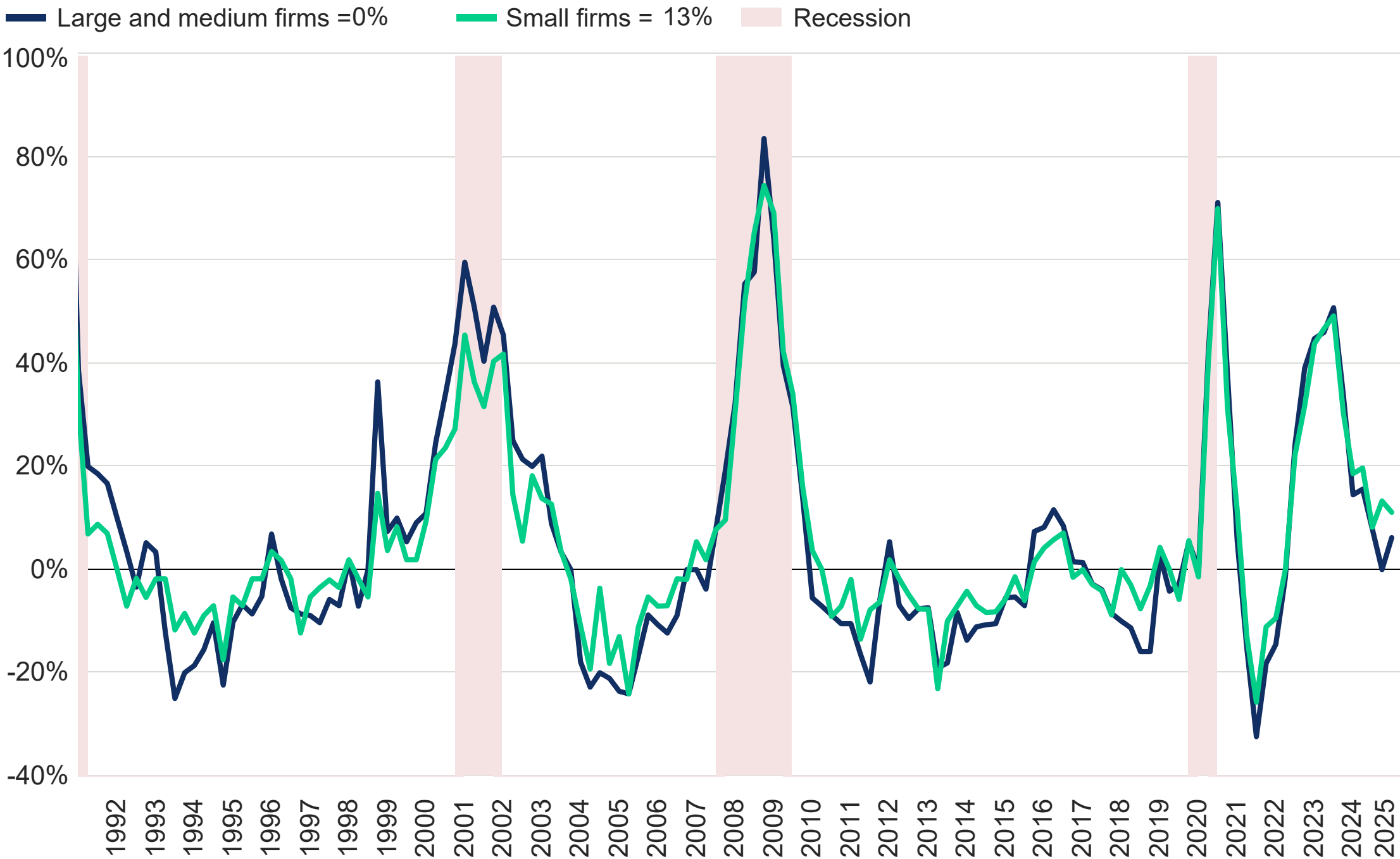
Seasonally adjusted Recession Current = 9.4%



Rising capital costs for small businesses will slow hiring and investment.

Lending standards for small business loans are tightening.

Net % of Large US Banks Reporting Tougher Standards of Business Loans



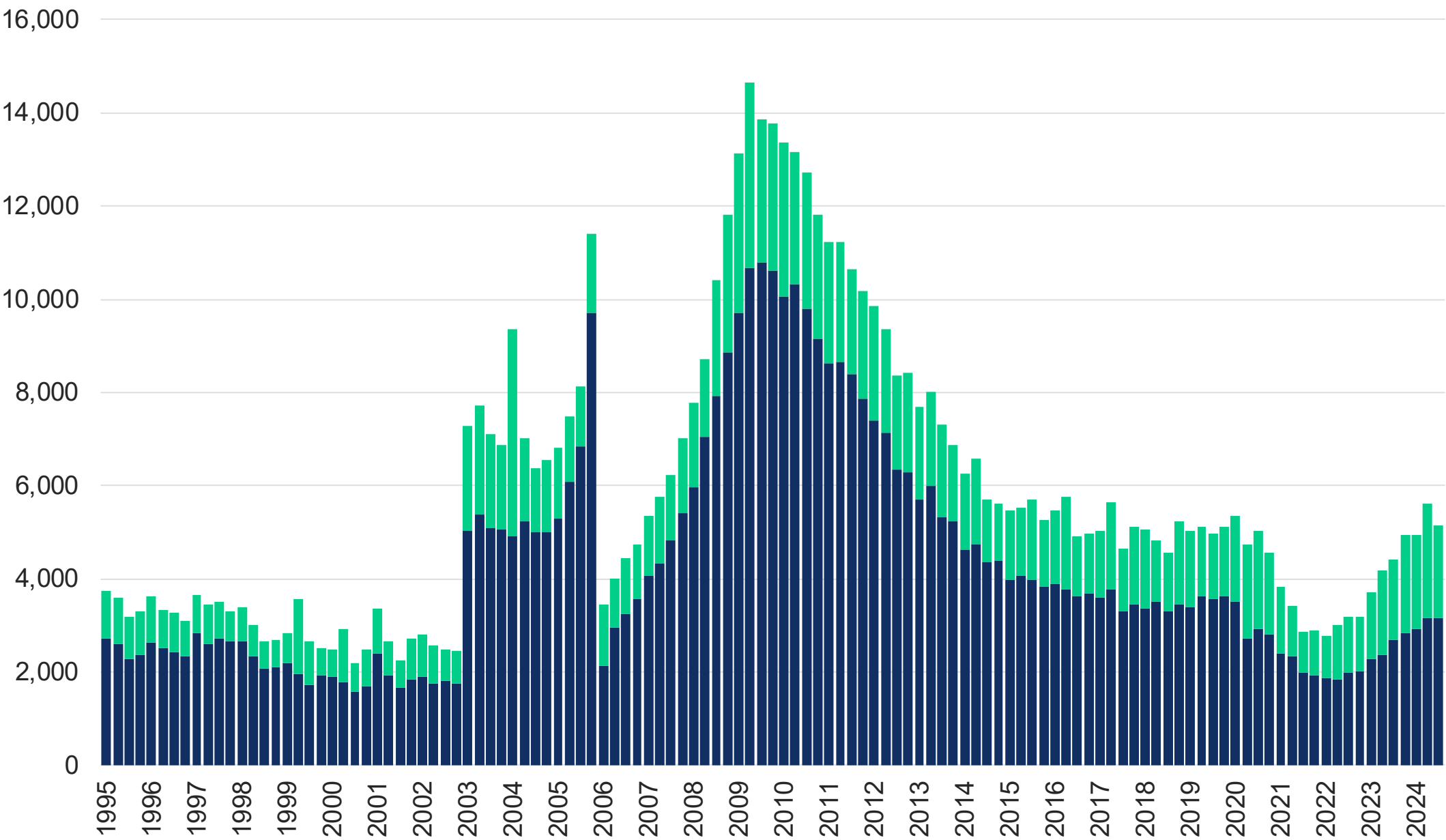
Large banks are tightening credit standards for small business loans.

Source: Federal Reserve/Board of Governors (Data: 4Q24, Pub: Feb-25)

Bankruptcy filings are at pre-Covid levels.

New Bankruptcy Cases: Chapter 7 and 11 Business Filings

■ Chapter 7 bankruptcy filings = 3,167 (18% YOY) ■ Chapter 11 bankruptcy filings = 1,984 (15% YOY)



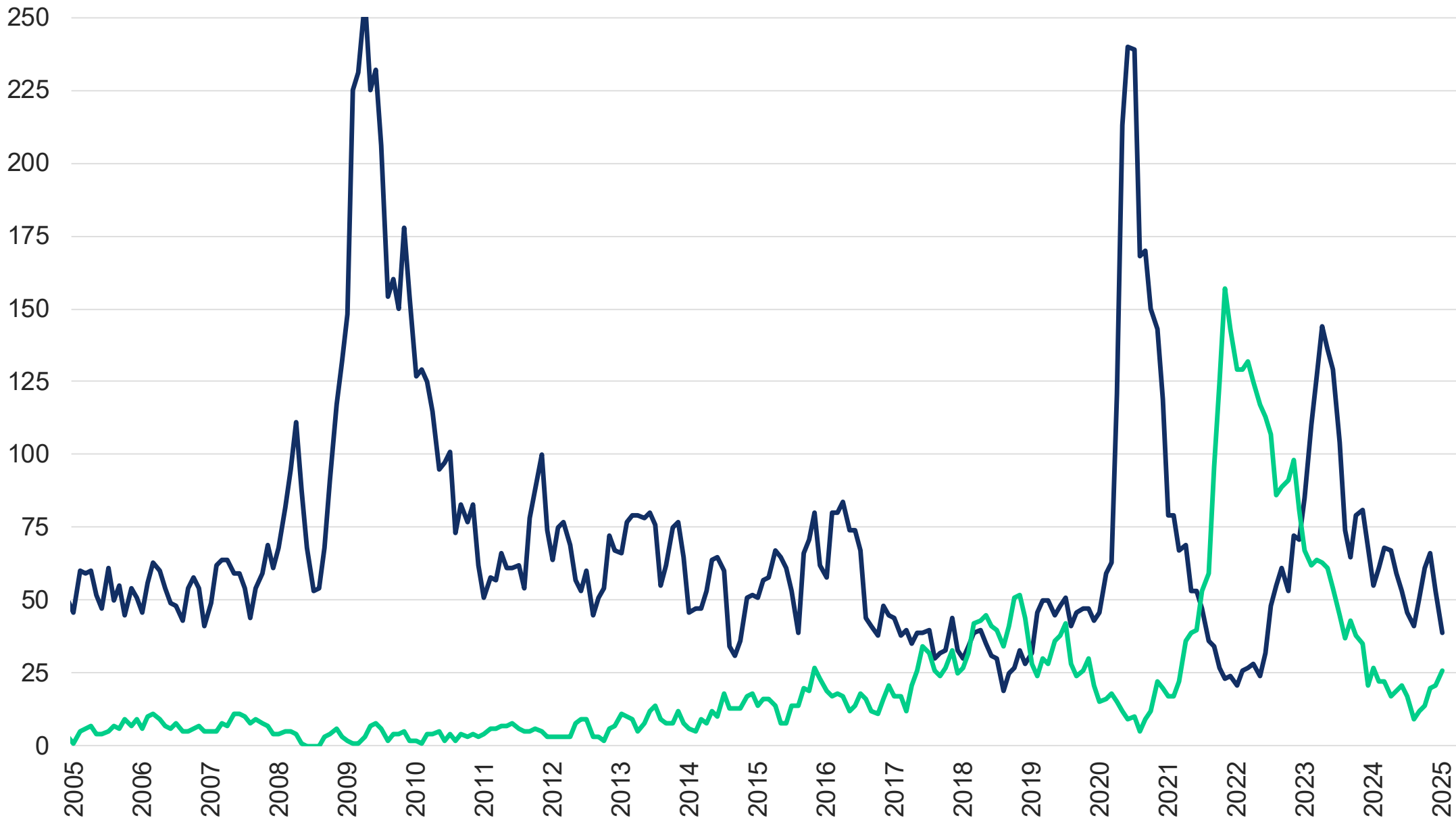
Rising bankruptcy rates can lead to tighter credit conditions and decreased investor confidence.

Sources: Administrative Office of the United States Courts Statistical Division; Bloomberg; John Burns Research and Consulting, LLC (Data: 3Q24) Pub: Feb-25

Mentions of ‘job cuts’ and ‘labor shortages’ have fallen from early-2023 highs.

Job Cuts and Labor Shortage Mentions in S&P 500 Earnings Calls

3-month rolling sum — Job cuts = 39 — Labor shortage = 26

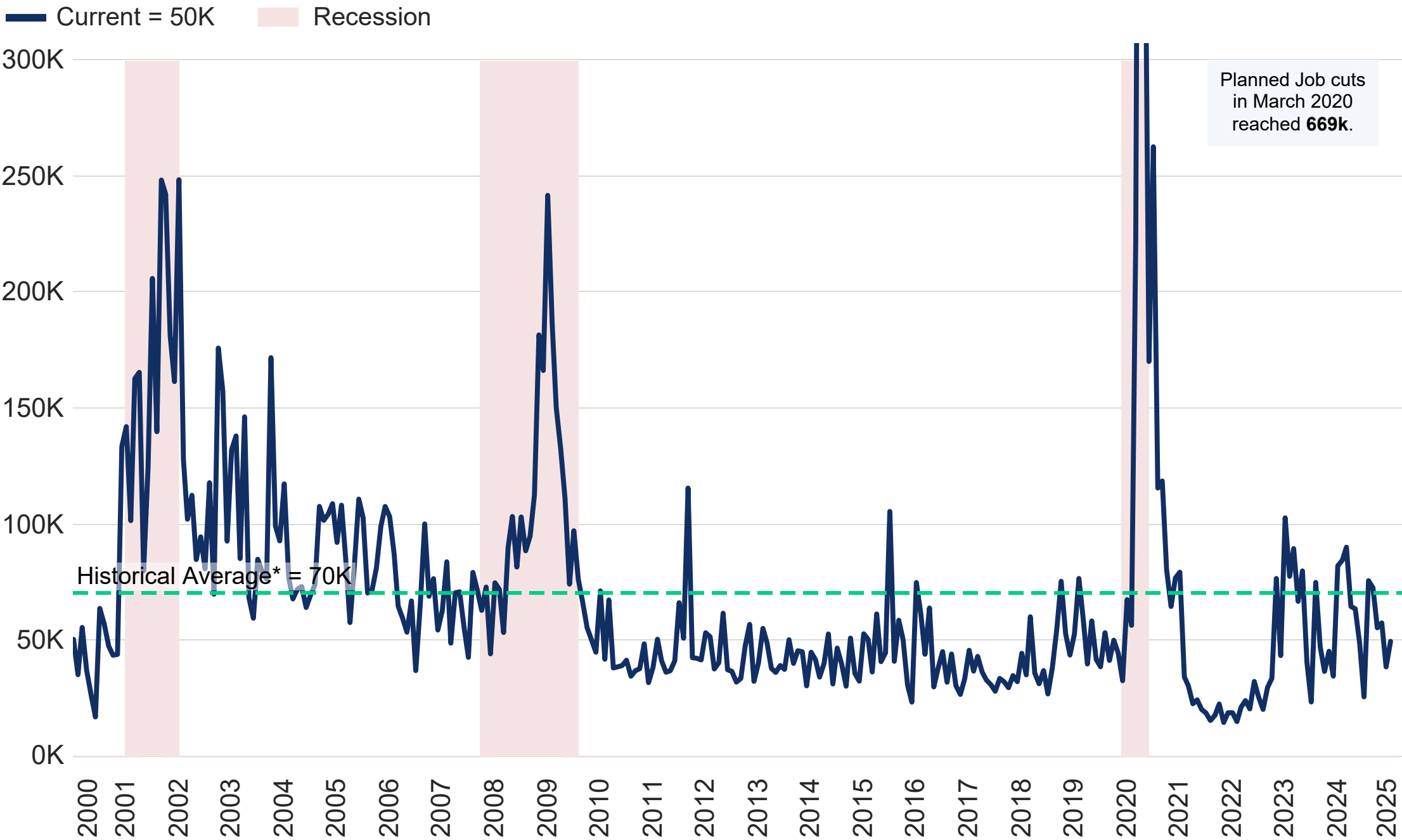


Fewer mentions of “job cuts” and “labor shortages” in earnings calls suggest a more balanced market relative to the whipsaw of 2020 through early 2023.

Sources: Bloomberg; John Burns Research and Consulting, LLC (Data: Jan-25, Pub: Feb-25)

Planned job cuts rose to 50K in January.

Planned Job Cuts



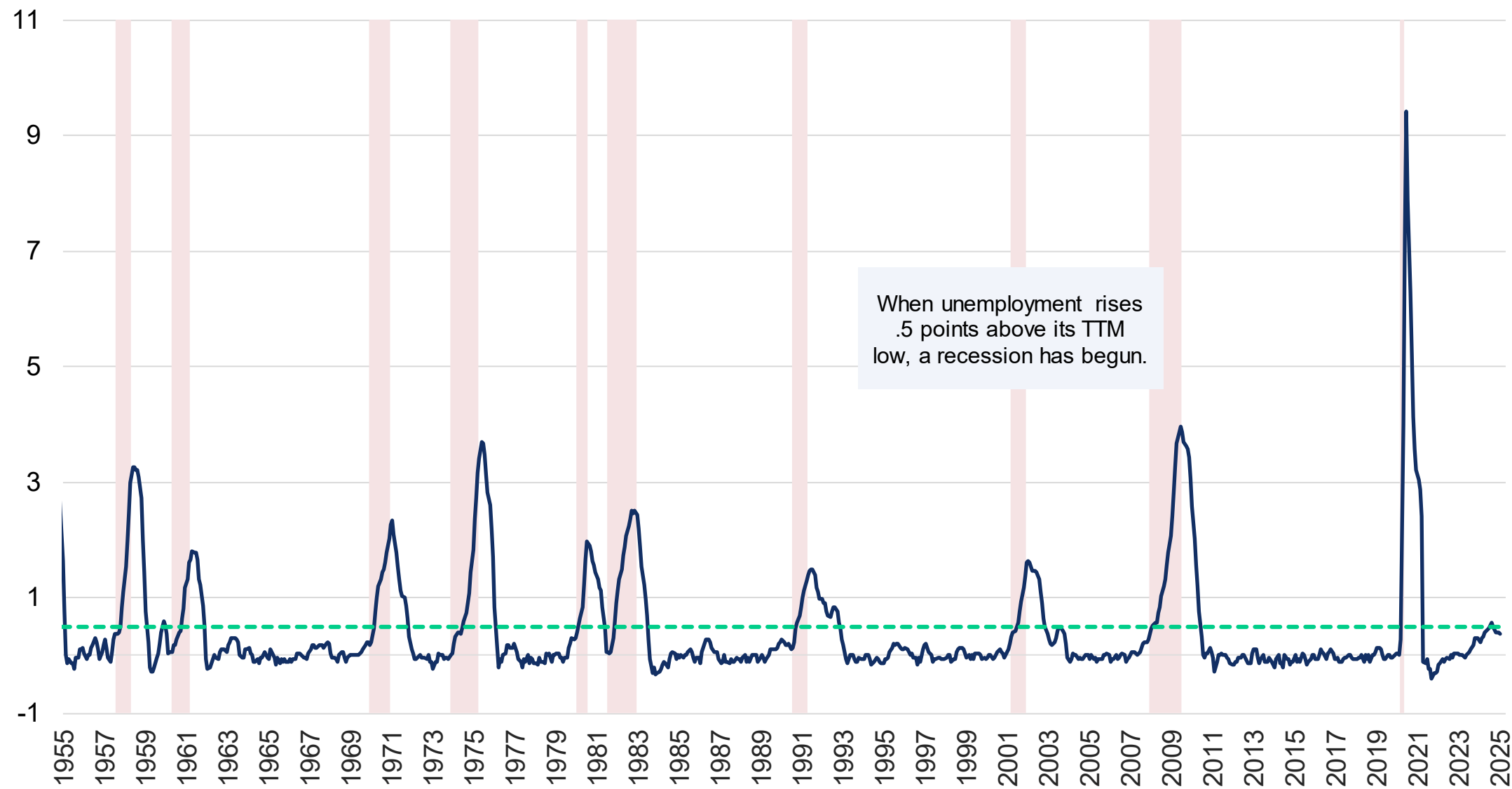
Planned job cuts are a leading indicator of employment trends.

Note: *Historical average: Jan-2000 through current
Sources: Challenger, Gray & Christmas, Inc.; John Burns Research and Consulting, LLC (Data: Jan-25, Pub: Feb-25)

The Sahm Recession Indicator has fallen below the 0.5 threshold, implying reduced recession concerns.

Sahm Recession Indicator

The Sahm Indicator is the 3-month moving average of the U3 unemployment rate less its lowest point in the preceding 12 months. ■ Recession — SAHM Indicator - - - 0.5 benchmark



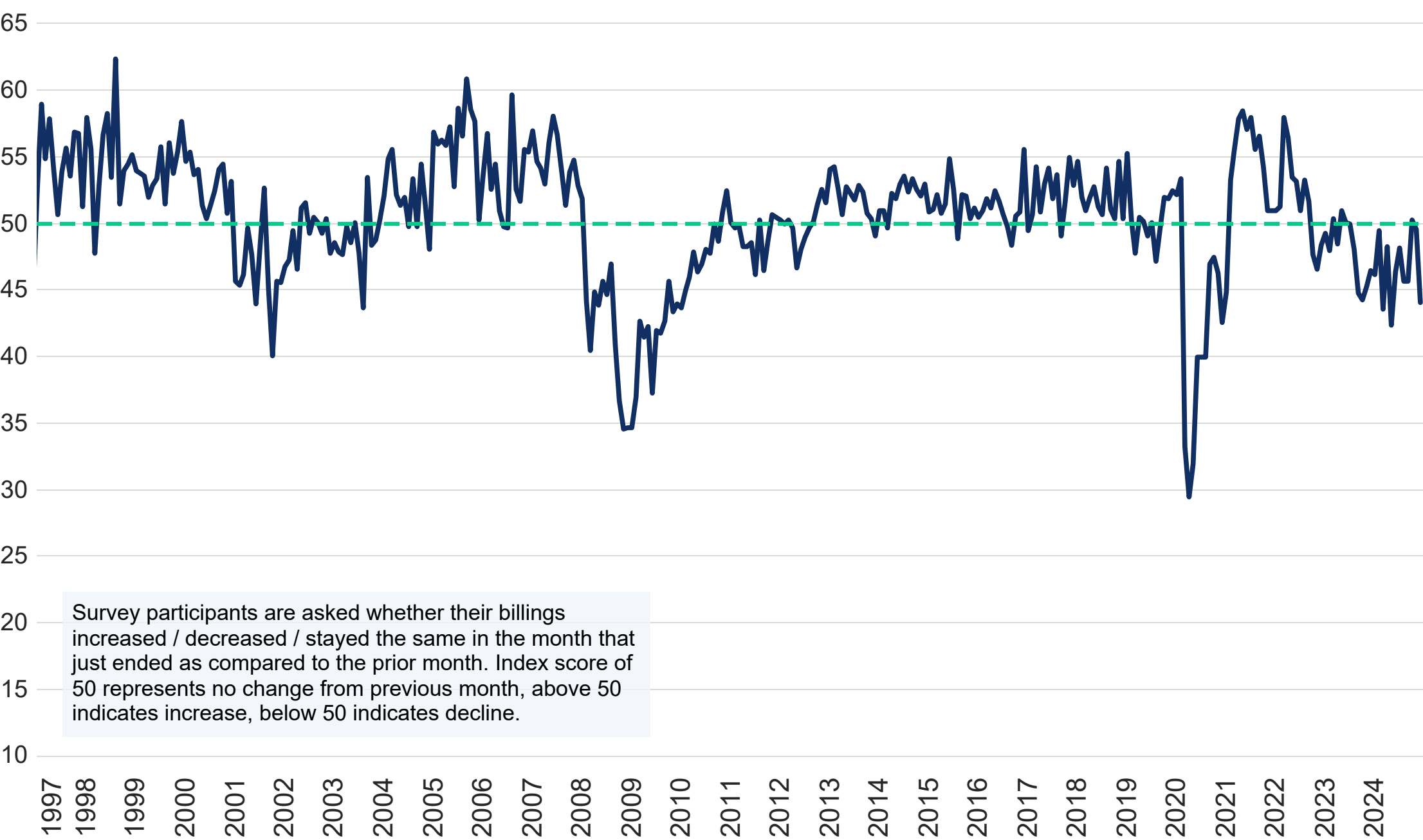
Historically, rapid spikes in unemployment have preceded recessionary periods. The indicator compares the current unemployment rate (U3) to its own history over the preceding 12 months.

Source: FRED (Data: Jan-25, Pub: Feb-25)

The Architecture Billings Index fell to 44.

Architecture Billings Index

Current = 44.1



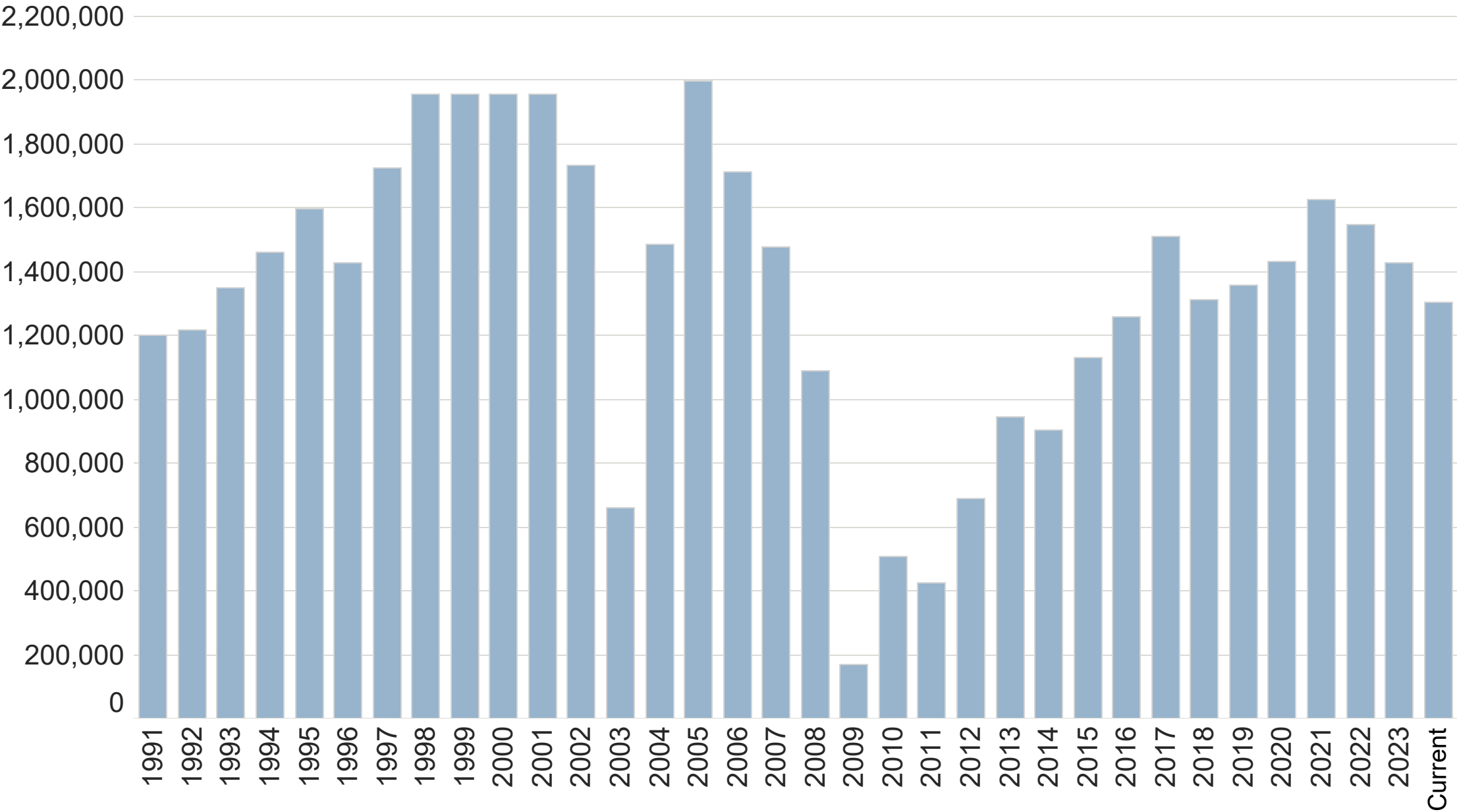
Survey participants are asked whether their billings increased / decreased / stayed the same in the month that just ended as compared to the prior month. Index score of 50 represents no change from previous month, above 50 indicates increase, below 50 indicates decline.

The Architecture Billings Index is a leading indicator for commercial real estate construction. A value above 50 indicates an increase in billings, while a value below 50 indicates a decline.

Source: The American Institute of Architects (Data: Dec-24, Pub: Feb-25) *Historical average: Jan-97 through current

Electric customer growth rose +0.9% YOY in November on a trailing-twelve-month basis.

Growth in Residential Electric Customers



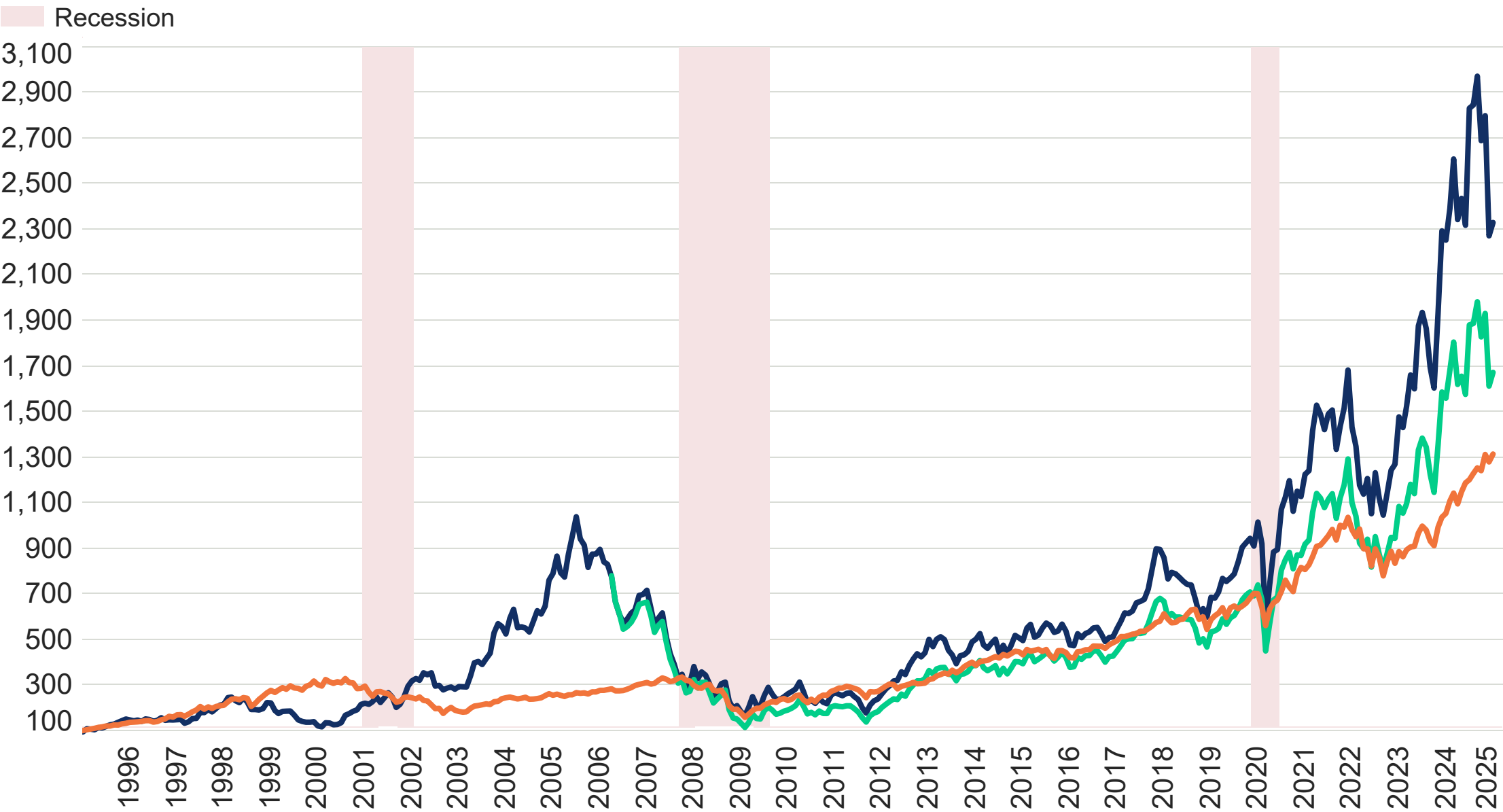
Growth residential electric customers is a proxy for household formation.

Note: 2001 data is smoothed; current data is a trailing 12-month average.
Sources: Energy Information Administration; John Burns Research and Consulting, LLC (Data: Nov-24, Pub: Feb-25)

Homebuilder stocks are up +3% on a year-over-year basis.

Stock Market Indices

■ S&P Super Homebuilder Index = 2,331 (3% YOY) ■ ITB ETF = 1,674 (7% YOY) ■ S&P 500 = 1,315 (25% YOY)

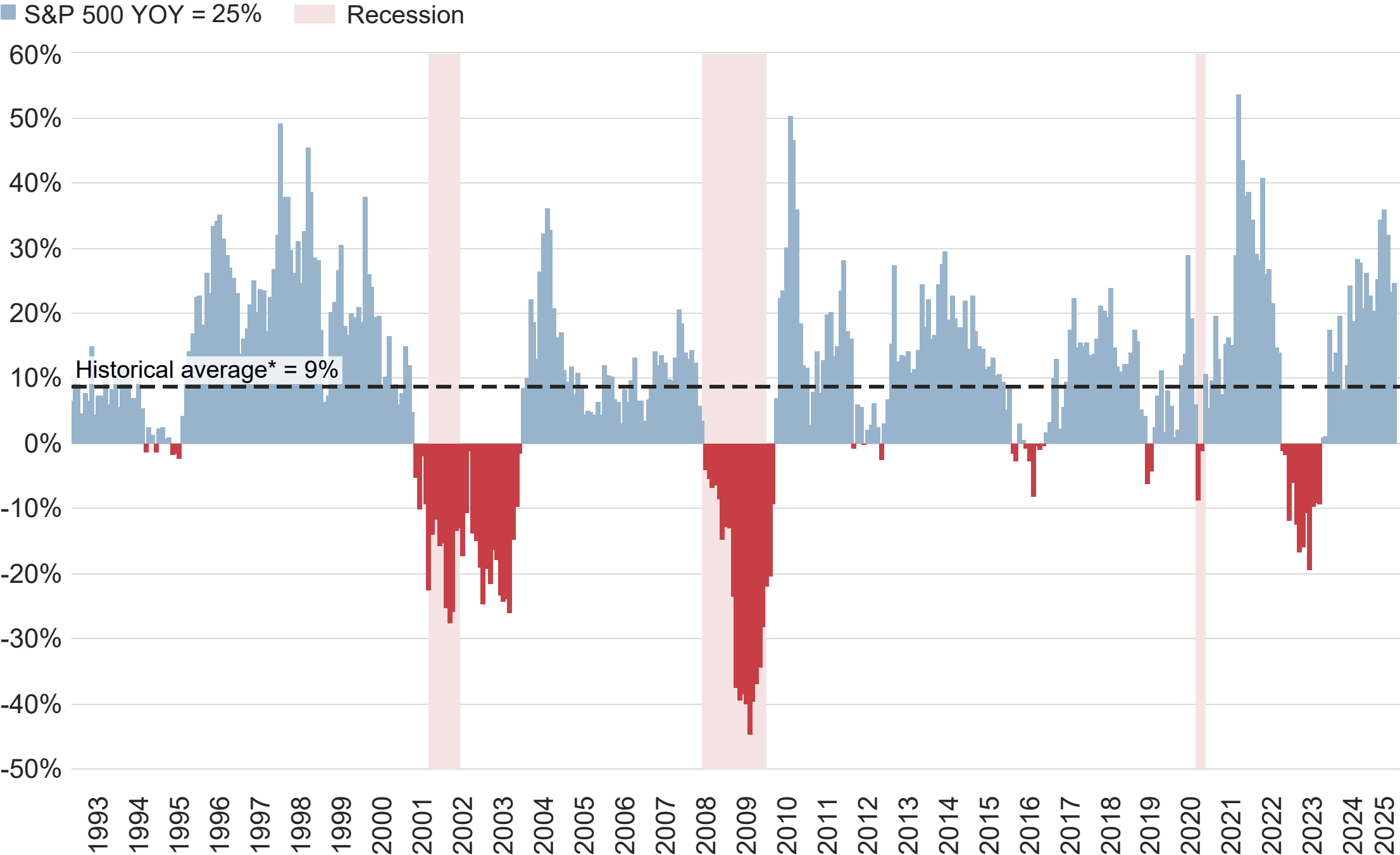


Homebuilder stocks are falling from their peak in September 2024 due to headwinds from high rates, rising inventory, and policy uncertainty.

Note: The S&P Super Homebuilder Index consists of home builders and housing-related stocks, such as building product manufacturers. The ITB Index has a greater concentration of home builders. S&P Super Homebuilder Index and S&P 500 Indexed to 100 in Dec-1994, ITB ETF indexed to S&P Super Homebuilding Index value in May 2006.
Sources: S&P and Bloomberg L.P. (Data: Jan-25, Pub: Feb-25)

The S&P 500 stock index rose +25% YOY.

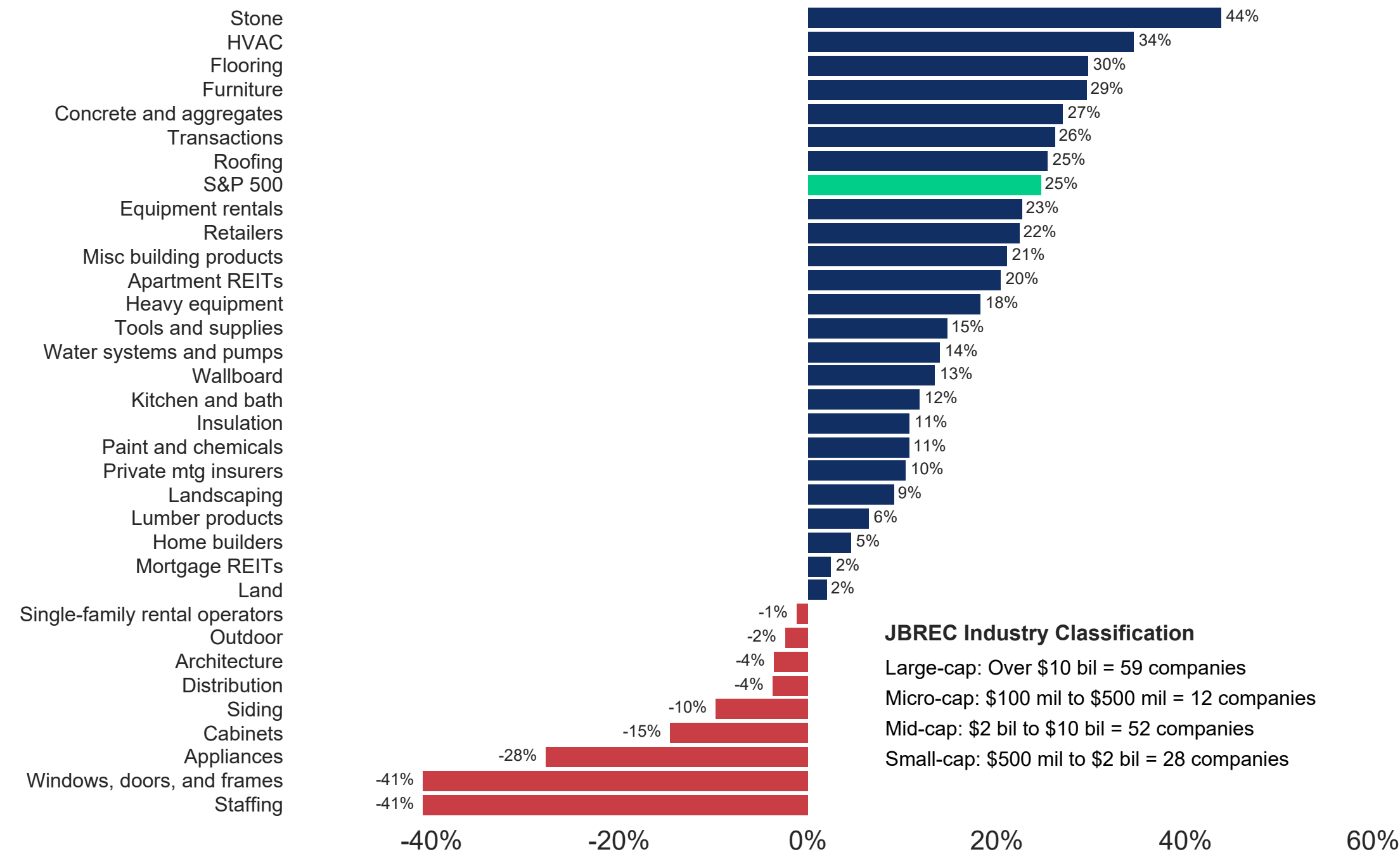
S&P 500 YOY Growth %



Sources: S&P and Bloomberg L.P. (Data: Jan-25, Pub: Feb-25)

Stock prices rose for 24 out of 33 housing-dependent industries YOY.

Weighted Average YOY Stock Price Appreciation for Housing-Dependent Industries

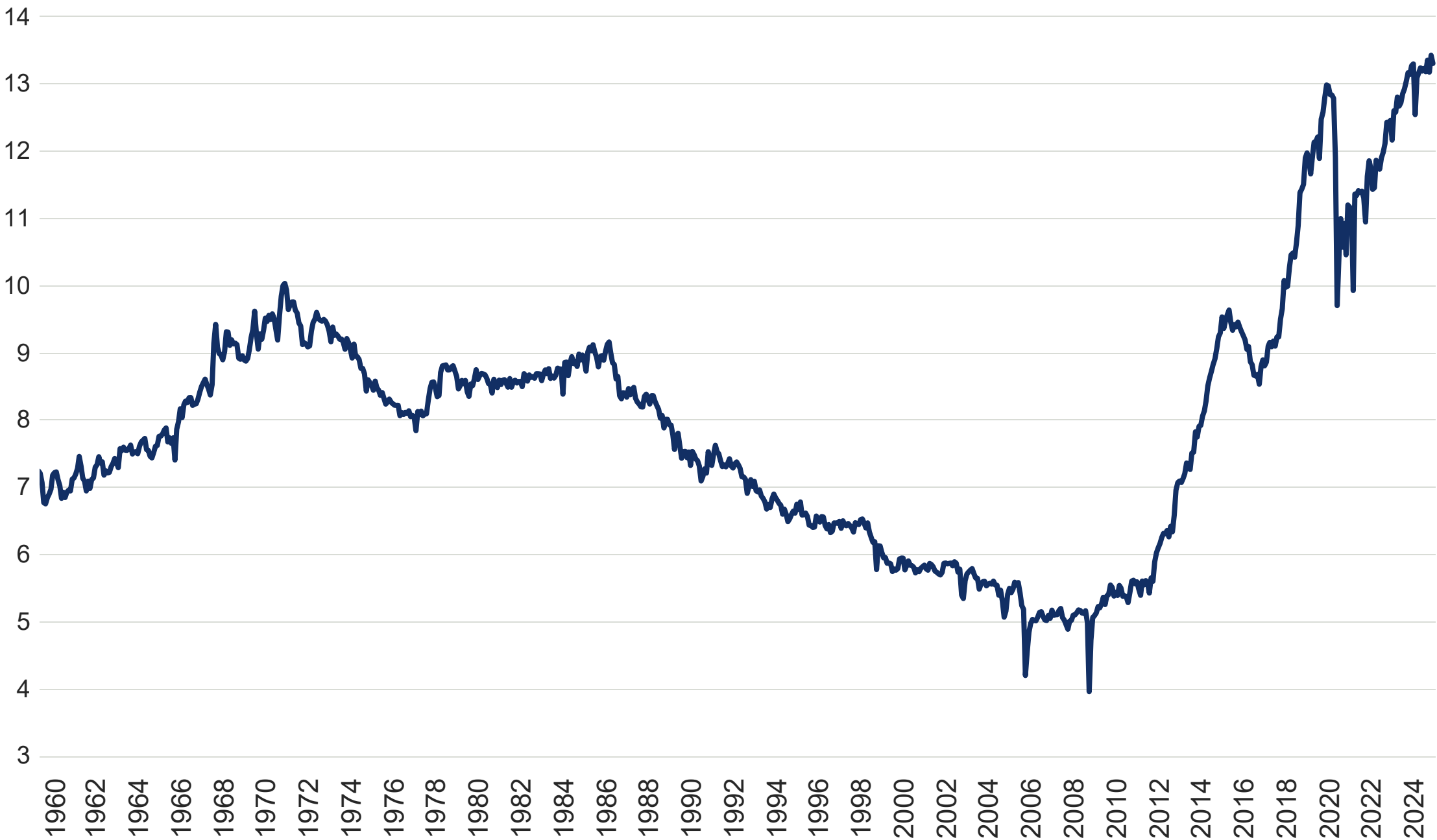


Sources: John Burns Research and Consulting, LLC; Bloomberg (Data: Jan-25, Pub: Feb-25)

Crude oil production is near all-time highs.

Monthly Crude Oil Production

Millions of barrels per day



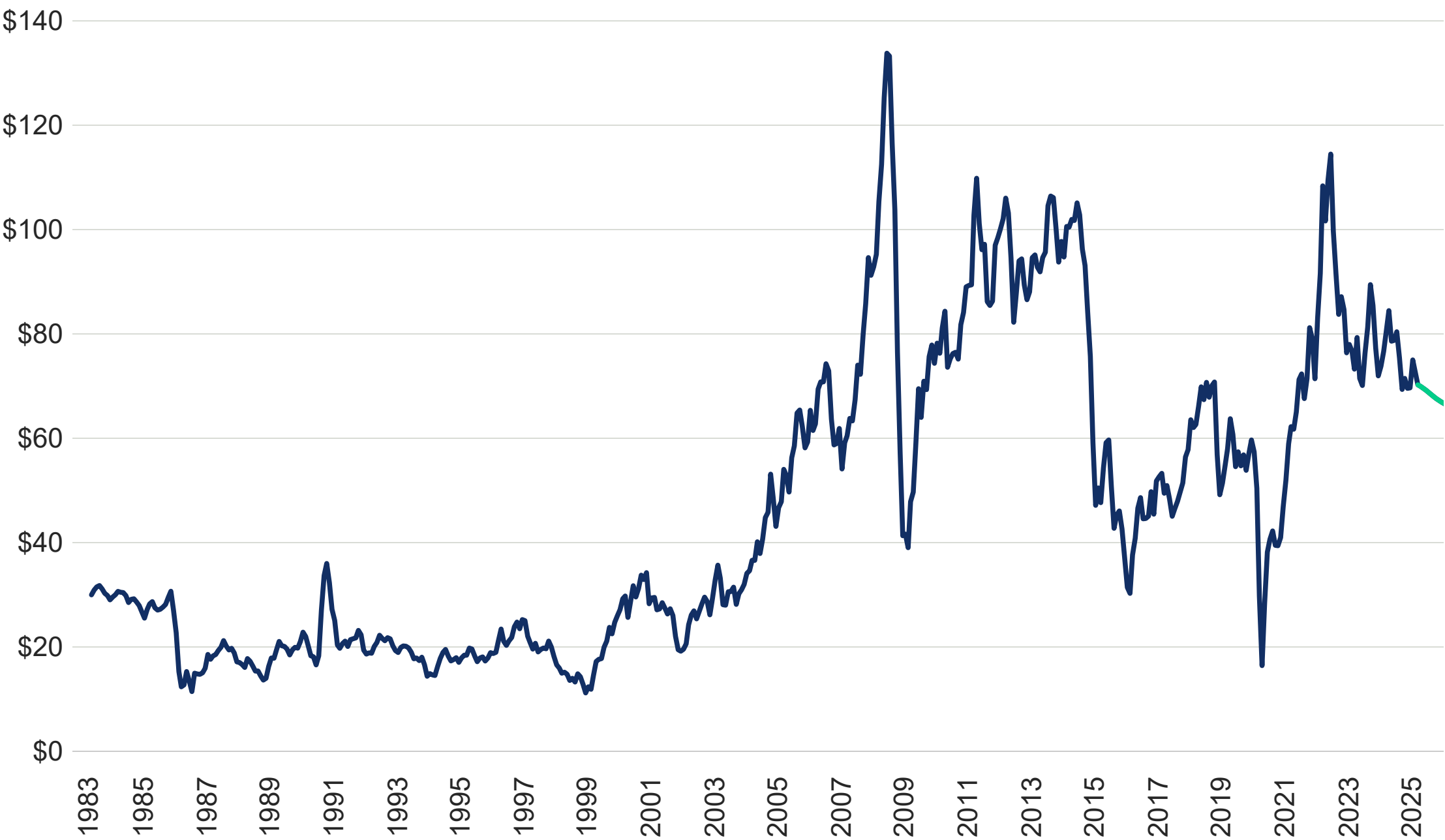
Oil production fell to 13.3 million barrels per day, above the 2019 peak.

Source: Department of Energy (Data: Nov-24, Pub: Feb-25)

Crude oil prices increased to \$75.

Inflation-Adjusted Crude Oil Price

WTI inflation-adjusted price Current = \$75.14 WTI Crude Oil Futures curve



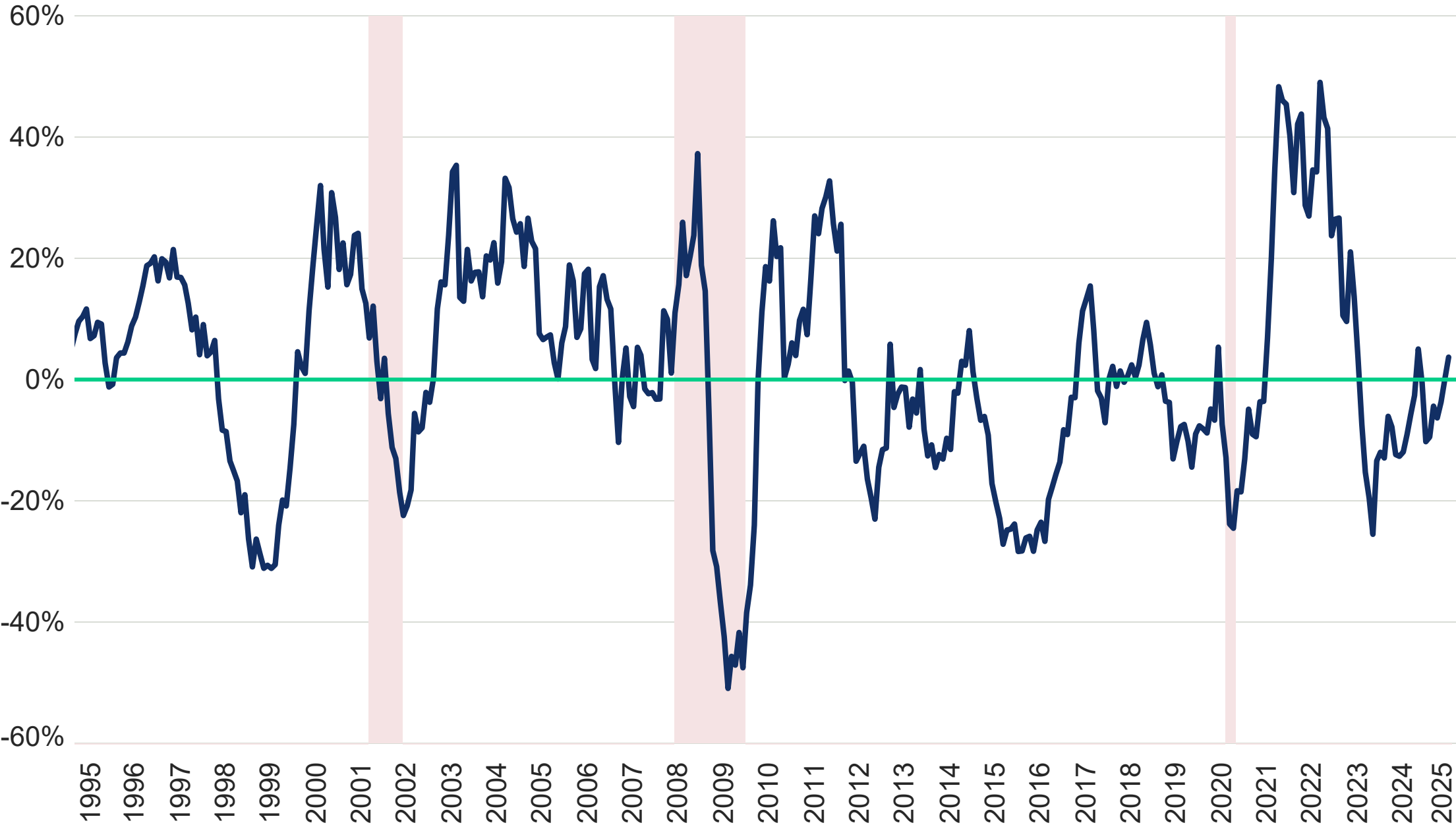
The current futures curve indicates that market participants believe prices will fall into 2025.

Sources: West Texas Intermediate Spot Price; Bloomberg (Data: Jan-25, Pub: Feb-25) *Historical average: May-83 through current

Commodity prices rose slightly YOY.

Bloomberg Commodities Index

YOY % change — Current = 3.8% Recession



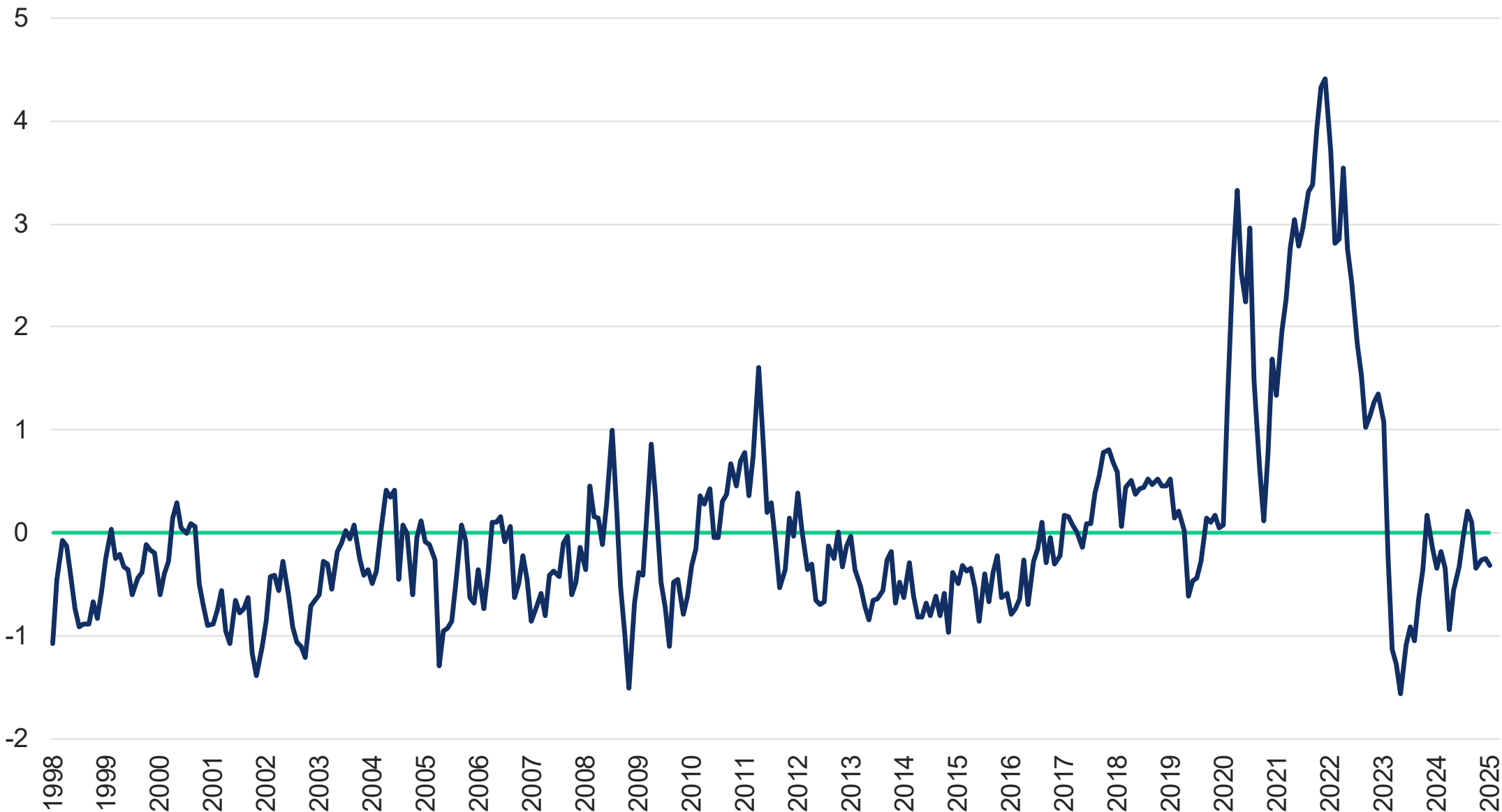
Lower commodity prices are typically a bearish indicator for growth and vice versa. The Bloomberg Commodities Index rose 4% YOY.

Six categories weighted: Energy (30%), Grains (22%), Precious Metals (17%), Industrial Metals (18%), Sugar/Coffee/Cotton (7%), Livestock (6%)
Sources: Bloomberg; John Burns Research and Consulting, LLC (Data: Jan-25, Pub: Feb-25)

Global supply chain pressures fell slightly in January.

Global Supply Chain Pressure Index (GSCPI)

Standard deviations from average value — Current = -0.31



The Global Supply Chain Pressure Index decreased to -0.31 in January.

Note: The GSCPI integrates commonly used metrics to provide a comprehensive view of potential supply chain disruptions. Global transportation costs are measured by employing data from the Baltic Dry Index (BDI) and the Harpex index, as well as airfreight cost indices from the U.S. Bureau of Labor Statistics. The GSCPI also uses several supply chain-related components from Purchasing Managers' Index (PMI) surveys, focusing on manufacturing firms across 7 economies: China, the euro area, Japan, South Korea, Taiwan, the United Kingdom, and the United States.

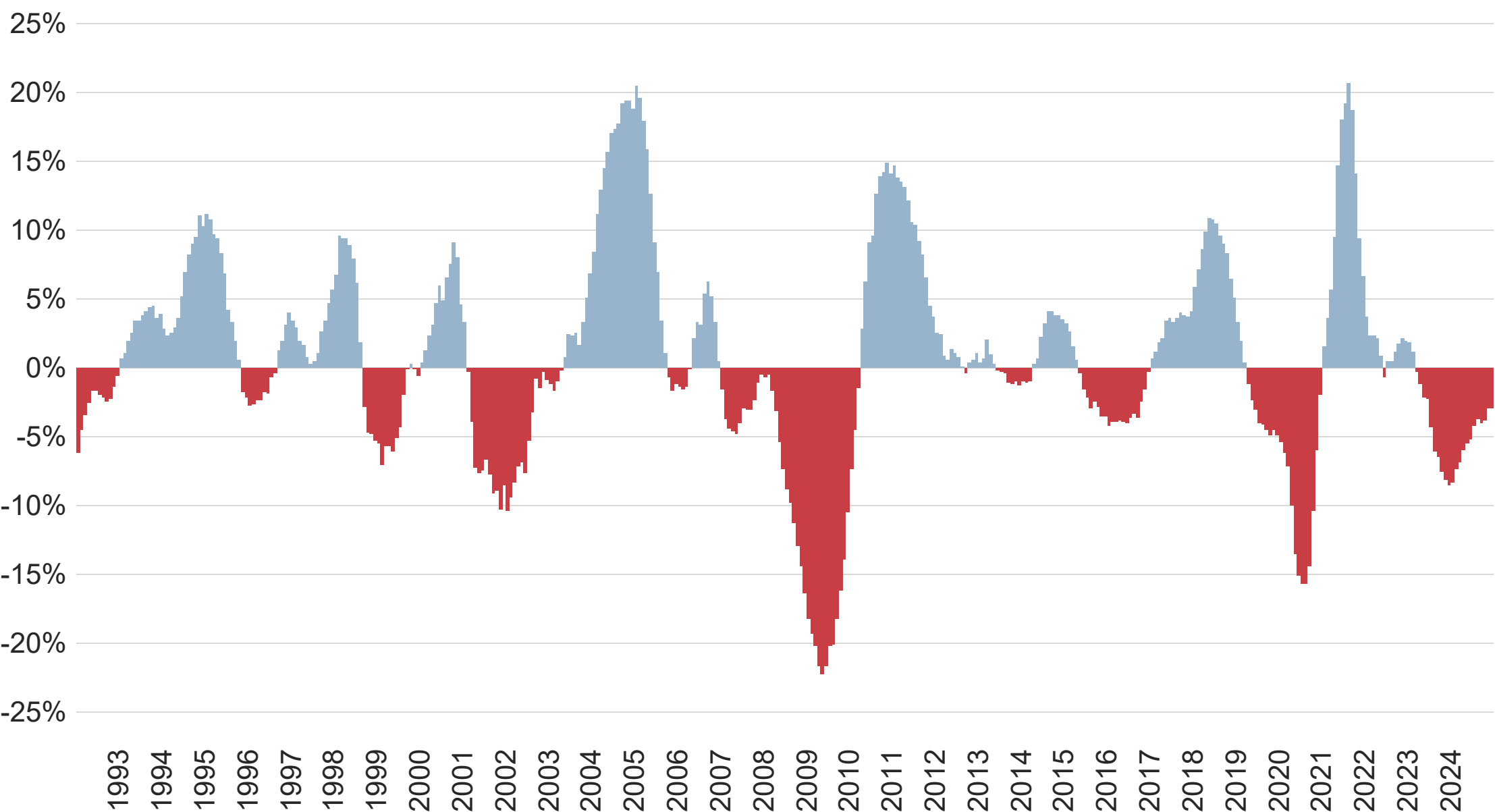
Sources: Federal Reserve Bank of New York; John Burns Research and Consulting, LLC (Data: Jan-25, Pub: Feb-25)

The Cass Freight Index fell -3.0% YOY.

Cass Freight Index

The Cass Freight Index is a measure of North American freight volumes.

YOY change; 6-month moving average Current = -3.0%



The Cass Freight Index measures freight volume domestically. The higher the index value, the more shipment activity.

Sources: Cass Information Systems; John Burns Research and Consulting, LLC (Data: Dec-24, Pub: Feb-25)



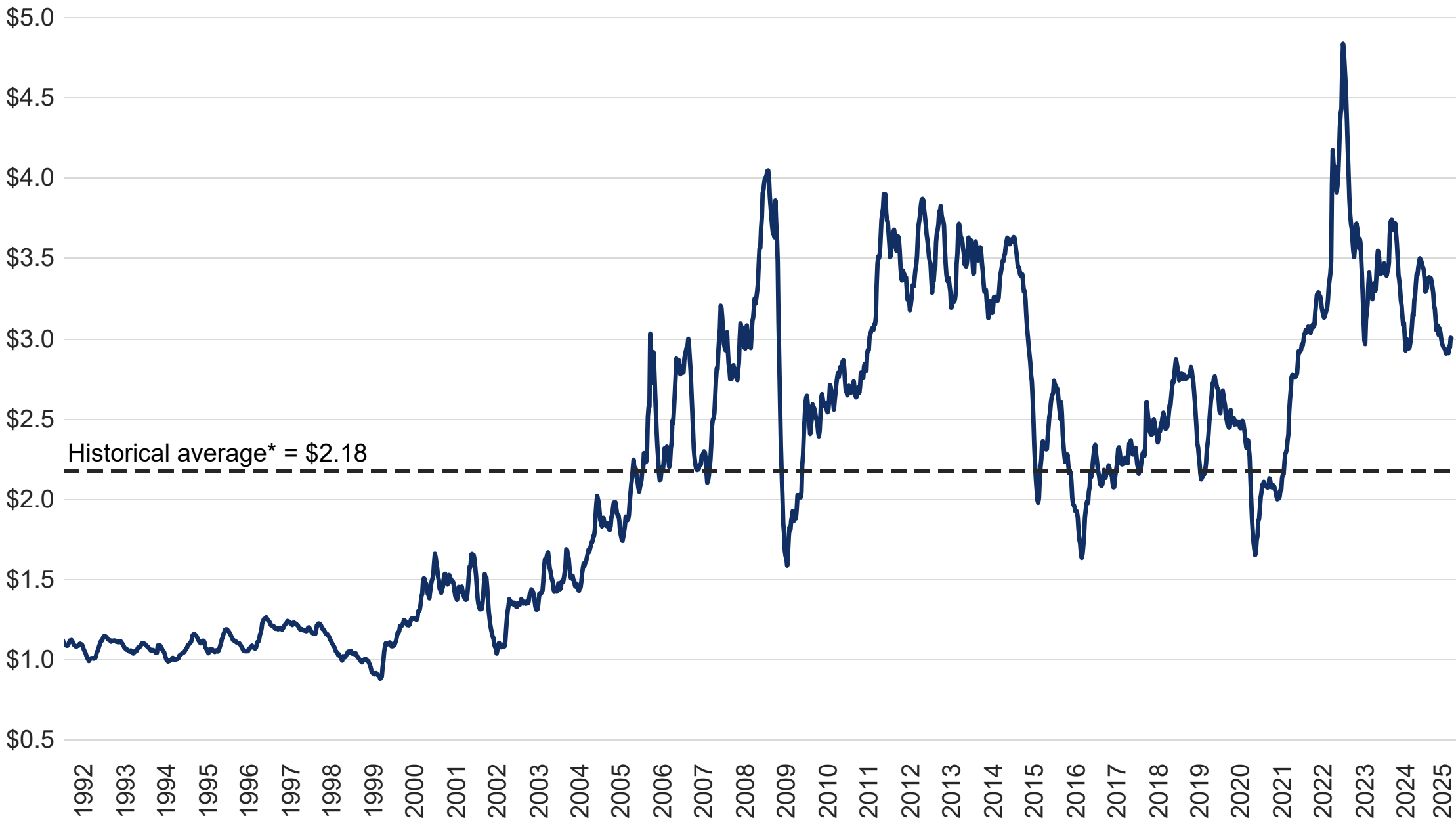
Demand

Consumer behavior

As of January 27, gas prices rose +1% YOY to \$3.01.

Weekly Regular Conventional Retail Gasoline Prices

Dollars per gallon (nominal) — Current gas price = \$3.01 (1% YOY)



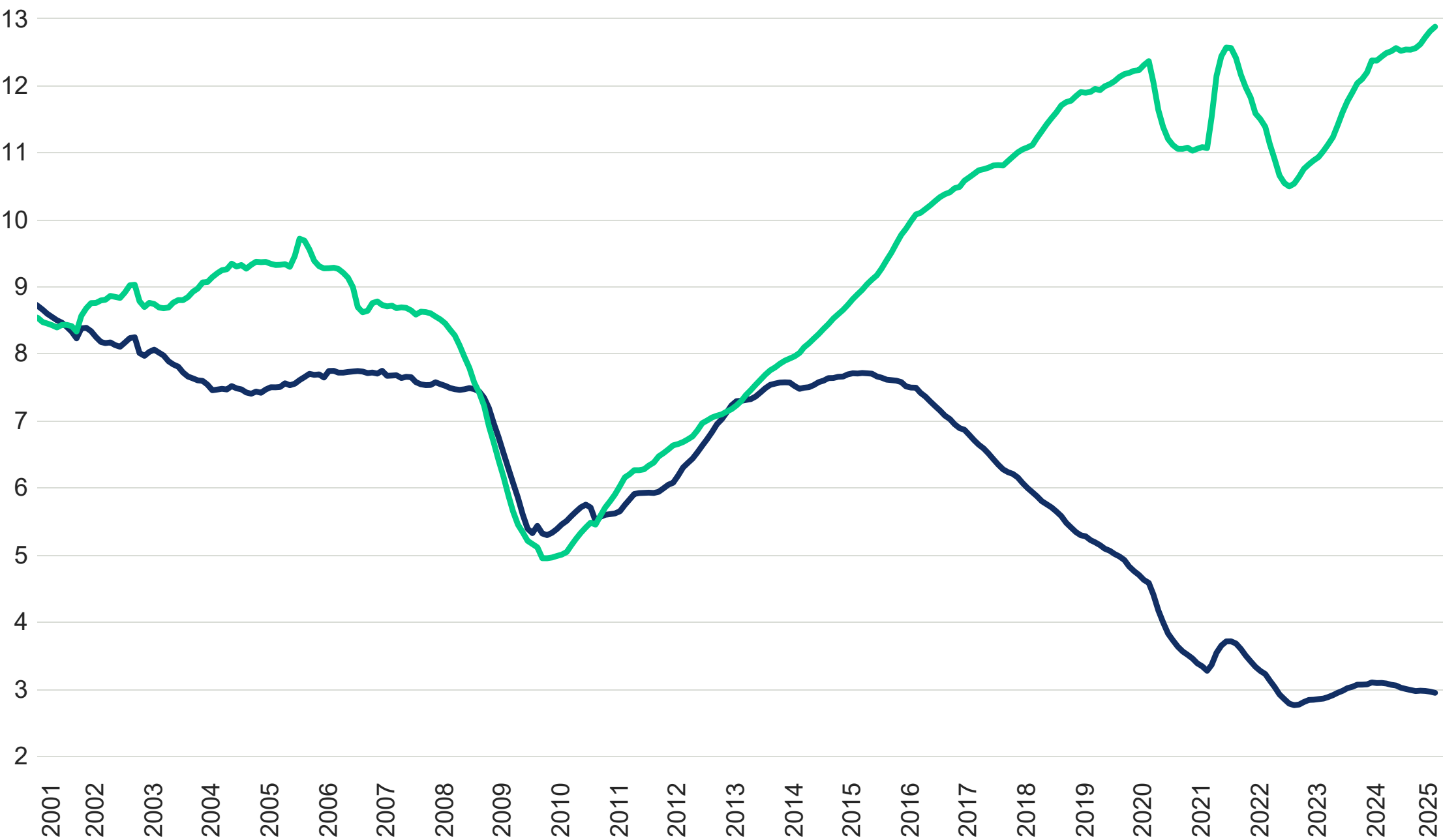
*Historical average: Adjusted for inflation, Aug-90 through current.
Sources: Energy Information Administration; John Burns Research and Consulting, LLC (Data: Jan-25, Pub: Feb-25)

Truck sales are growing.

Vehicle Sales

Annualized, millions, 12-month average (SA)

Car sales Truck sales



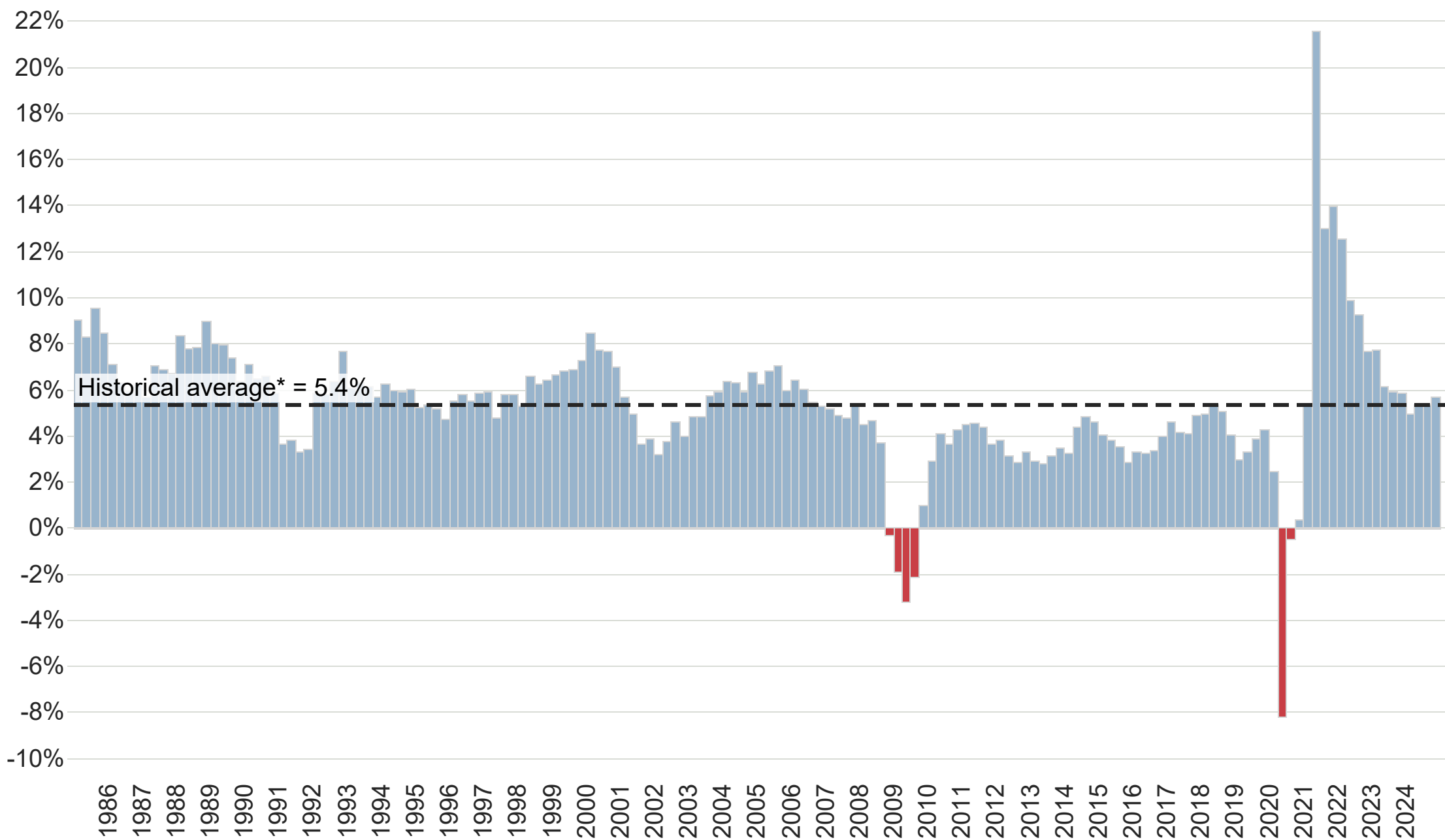
Car sales fell -5% YOY, and truck sales rose +4% YOY as of January on an annualized 12-month average.

Source: Bureau of Economic Analysis (Data: Jan-25, Pub: Feb-25)

Consumer spending increased +6% YOY in 4Q24.

GDP Consumer Spending (Nominal)

YOY% change — Personal consumption = 5.7%



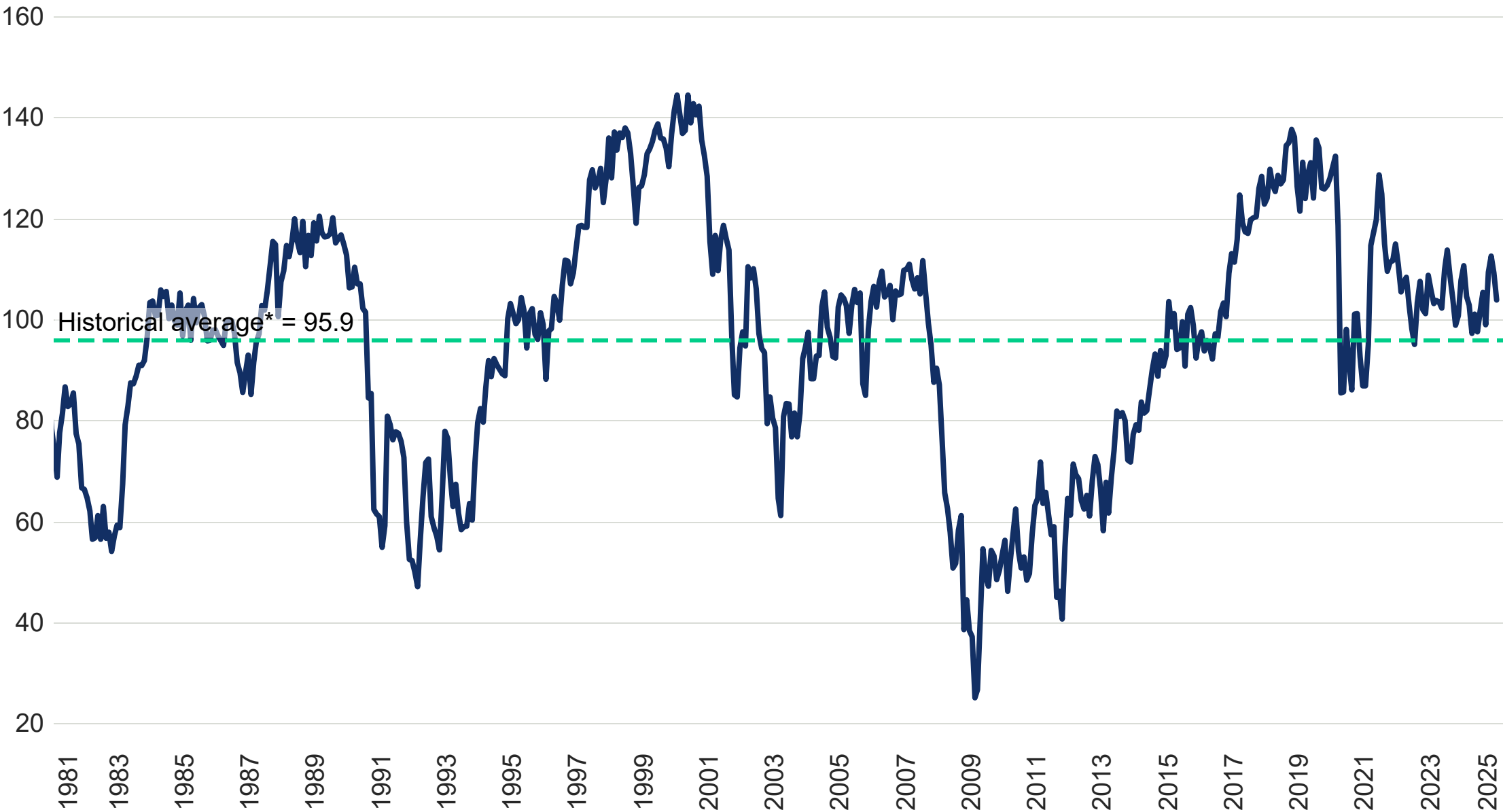
Consumer spending drives nearly 70% of the US economy.

Sources: Bureau of Economic Analysis; John Burns Research and Consulting, LLC (Data: 4Q24, Pub: Feb-25) *Historical average 1Q85 through current

Consumer confidence fell -6% YOY in January.

Consumer Confidence

Consumer Confidence = 104.1 Note: 1985 = 100



Note: The Consumer Confidence and Sentiment indices generally track each other. Consumer confidence measures consumers' 6-month forward expectations for business, employment, and income.

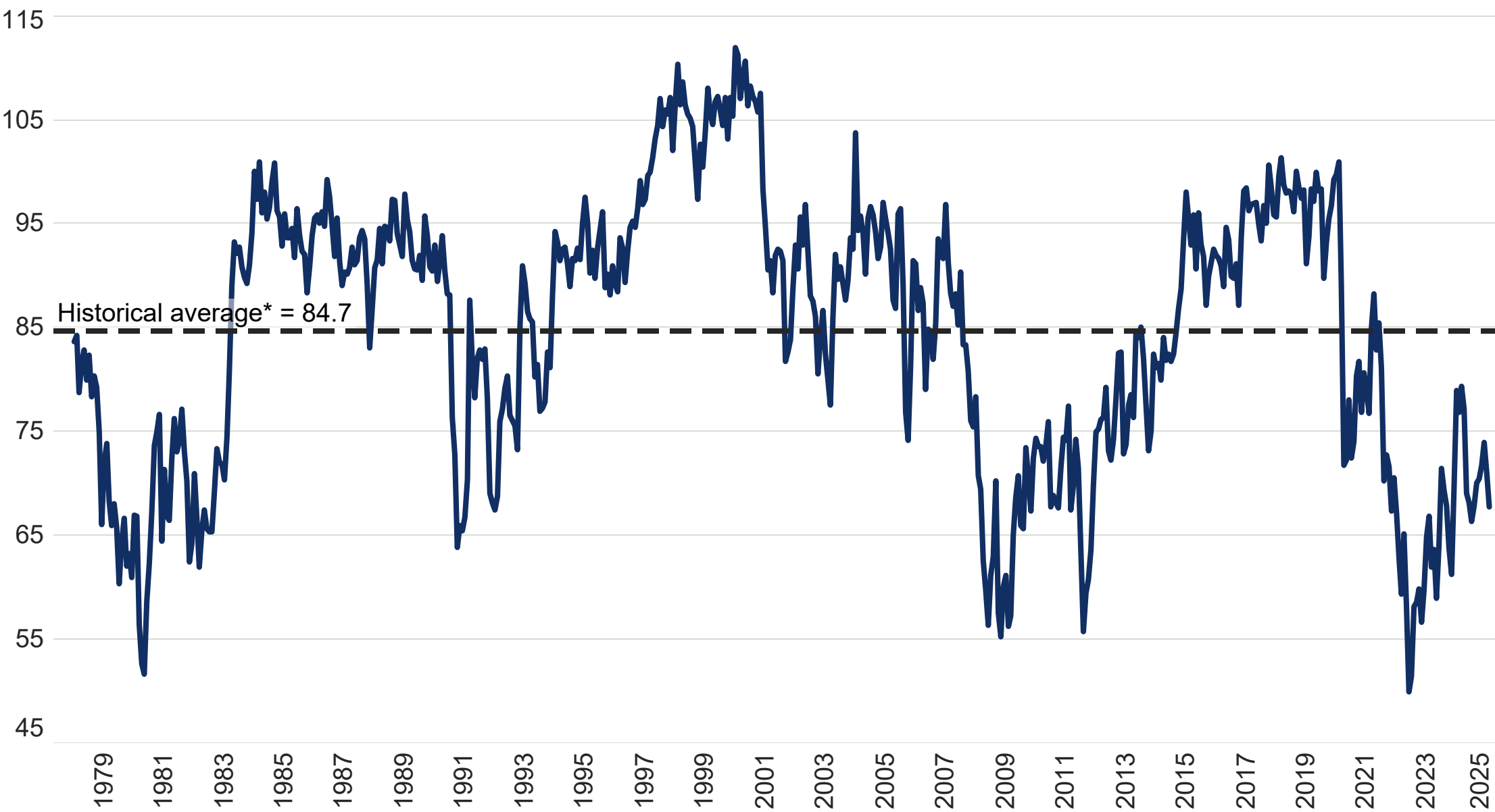
Source: Conference Board (Data: Jan-25, Pub: Feb-25)

*Historical average Feb-67 through current

Consumer sentiment is falling and remains low relative to history.

Consumer Sentiment

Current = 67.80



Note: The Consumer Confidence and Sentiment indices generally track each other. Consumer sentiment measures consumers' 12-month forward expectations for business and personal finance.

Source: University of Michigan Survey of Consumer Sentiment (Data: Feb-25, Pub: Feb-25)

*Historical average Mar-78 through current

Consumer 12-month inflation expectations remained at 3.0% in January.

Median Inflation Expectations

One-year-ahead expectation Inflation expectations = 3.0%



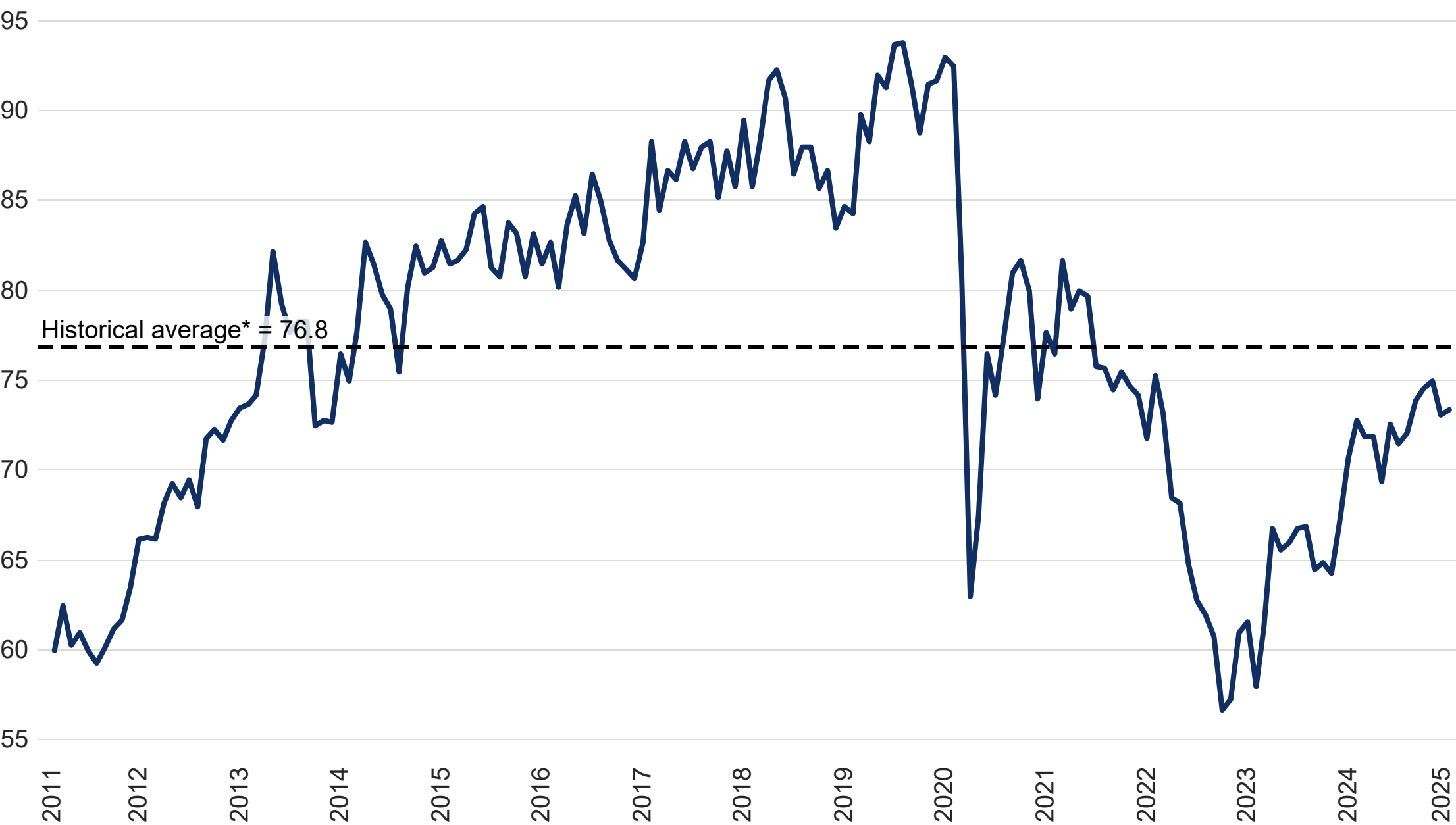
Central banks place high importance on these results because they give insight into future consumer spending.

Source: Survey of Consumer Expectations, © 2013-2021 Federal Reserve Bank of New York (Data: Jan-25, Pub: Feb-25)

Home purchase sentiment remains low relative to history.

National Housing Survey: Home Purchase Sentiment Index

Home Purchase Sentiment Index (HPSI) = 73



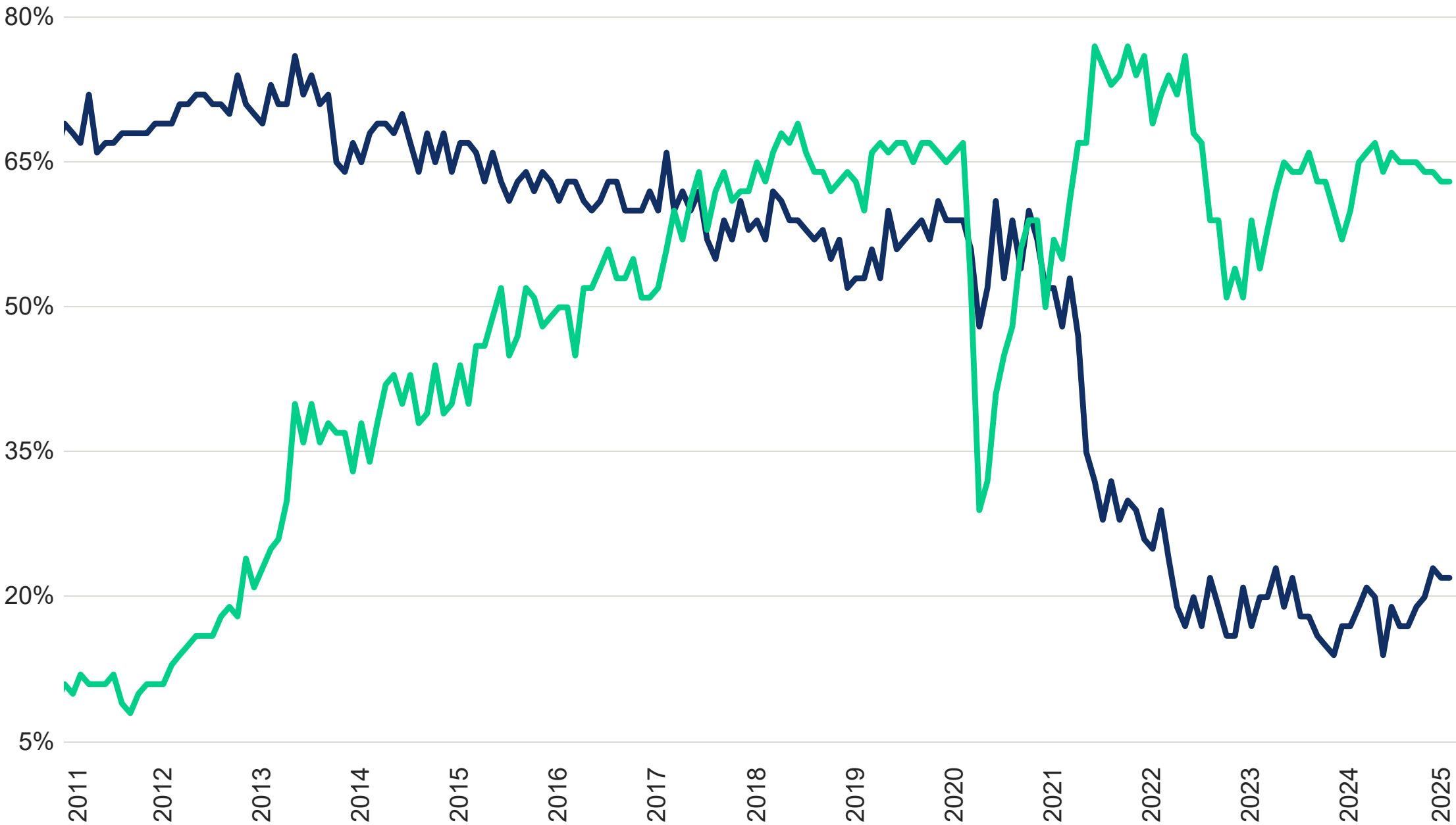
The Fannie Mae Home Purchase Sentiment Index (HPSI) remained at 73 in January. This index tracks consumer attitudes about the housing market.

Note: HPSI indexed to 60 in Mar-11. The sample size is roughly 1,000 Americans, 18 years or older, who are surveyed via telephone.
Source: Fannie Mae National Housing Survey (Data: Jan-25, Pub: Feb-25)
*Historical average: Mar-11 through current.

Only 22% of consumers believe that now is a good time to buy a house.

National Housing Survey: Consumer Sentiment

Good time to buy = 22% Good time to sell = 63%



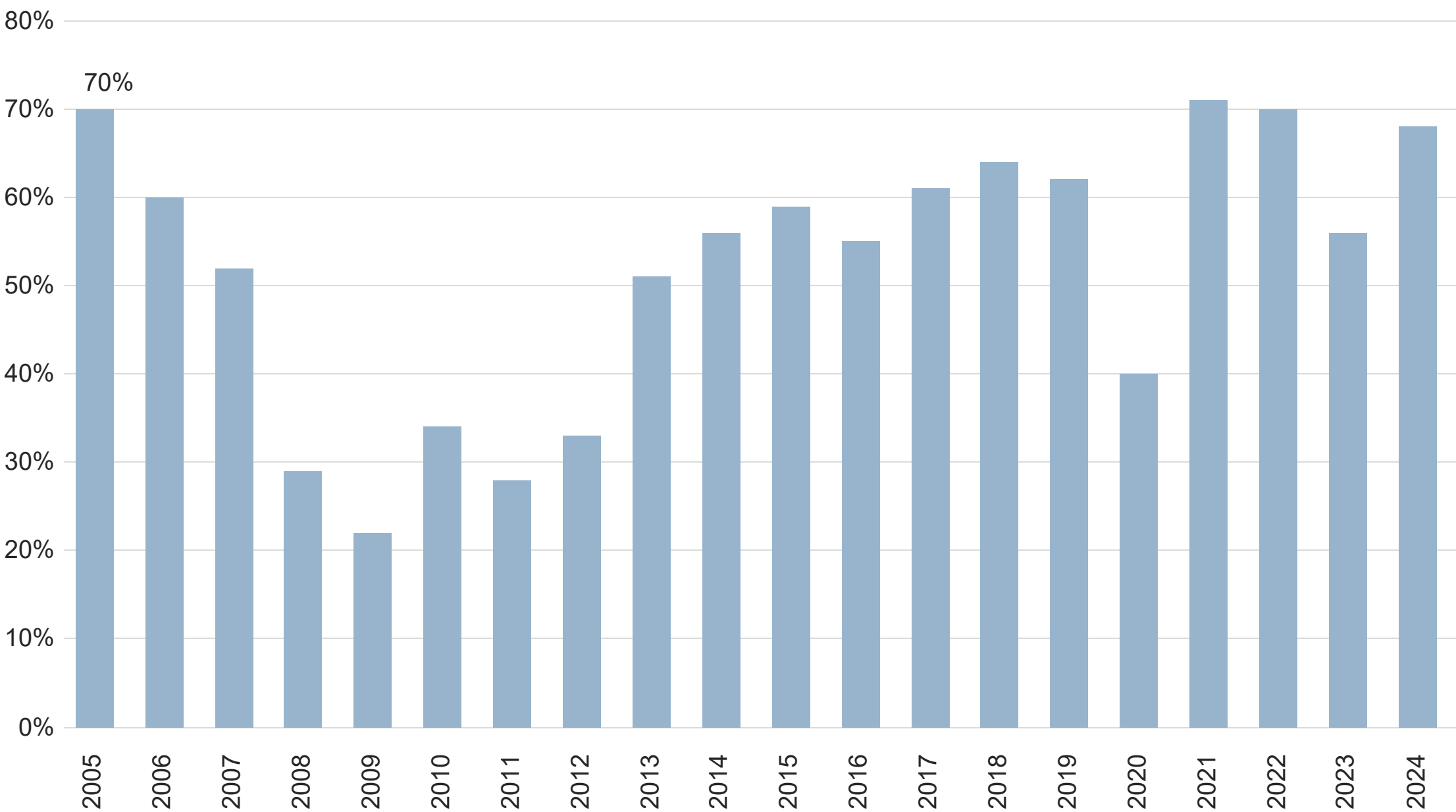
63% of consumers believe that now is a good time to sell a house, down from a recent high of 77%.

Note: The sample size is roughly 1,000 Americans, 18 years or older, who are surveyed via telephone.
Source: Fannie Mae National Housing Survey (Data: Jan-25, Pub: Feb-25)

Most Americans expect home prices to increase over the next year.

Share of Americans Expecting Local Home Price Increases

Survey participants were asked: "Over the next year, do you think that the average price of houses in your area will increase, stay the same, or decrease?"

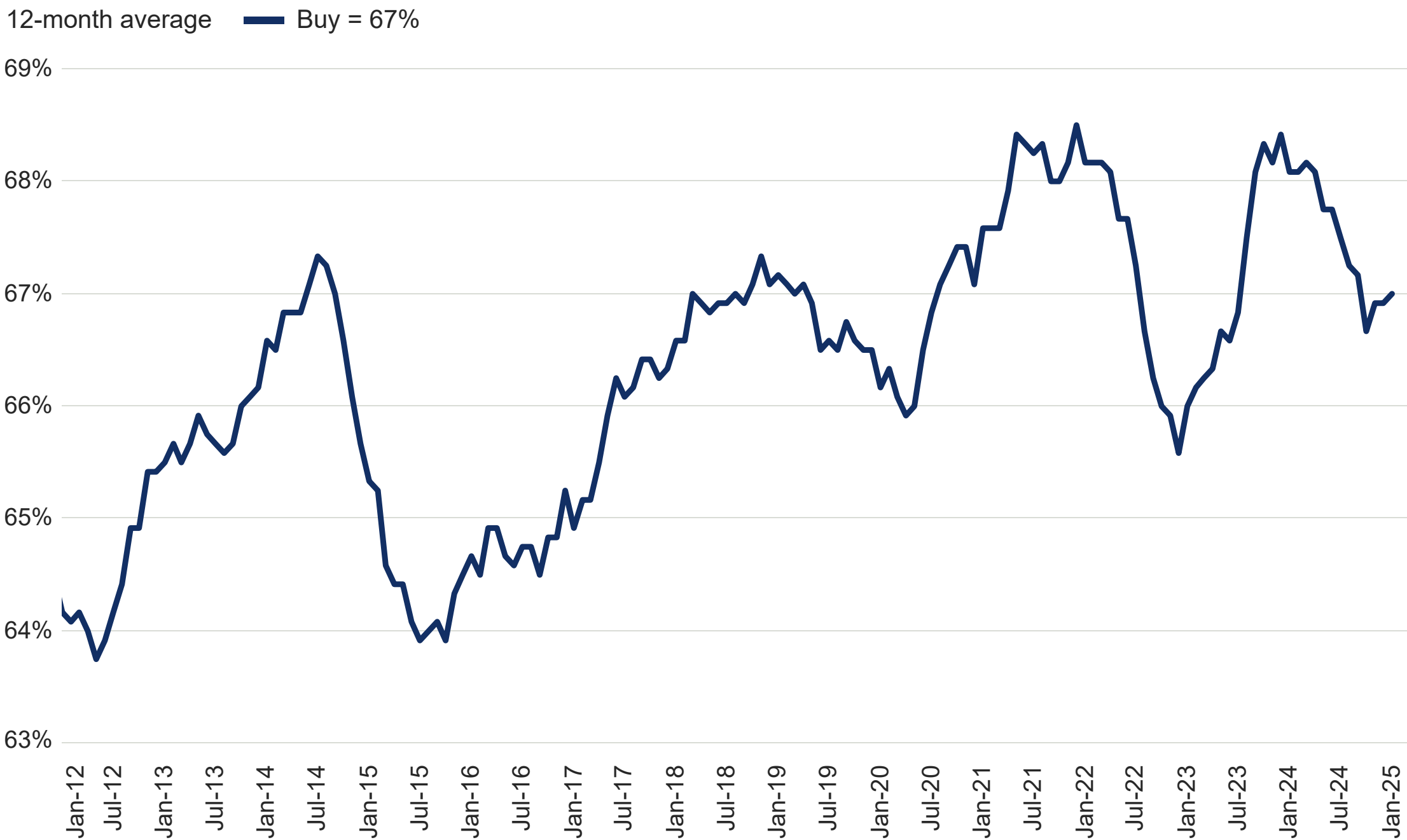


68% of Americans expect local home prices to increase over the next year, up from 56% in 2023.

Sources: Gallup; John Burns Research and Consulting, LLC (Data: Apr-24, Pub: Feb-25)

Consumers still prefer to buy vs. rent.

National Housing Survey: Consumer Preference if They Were Going to Move



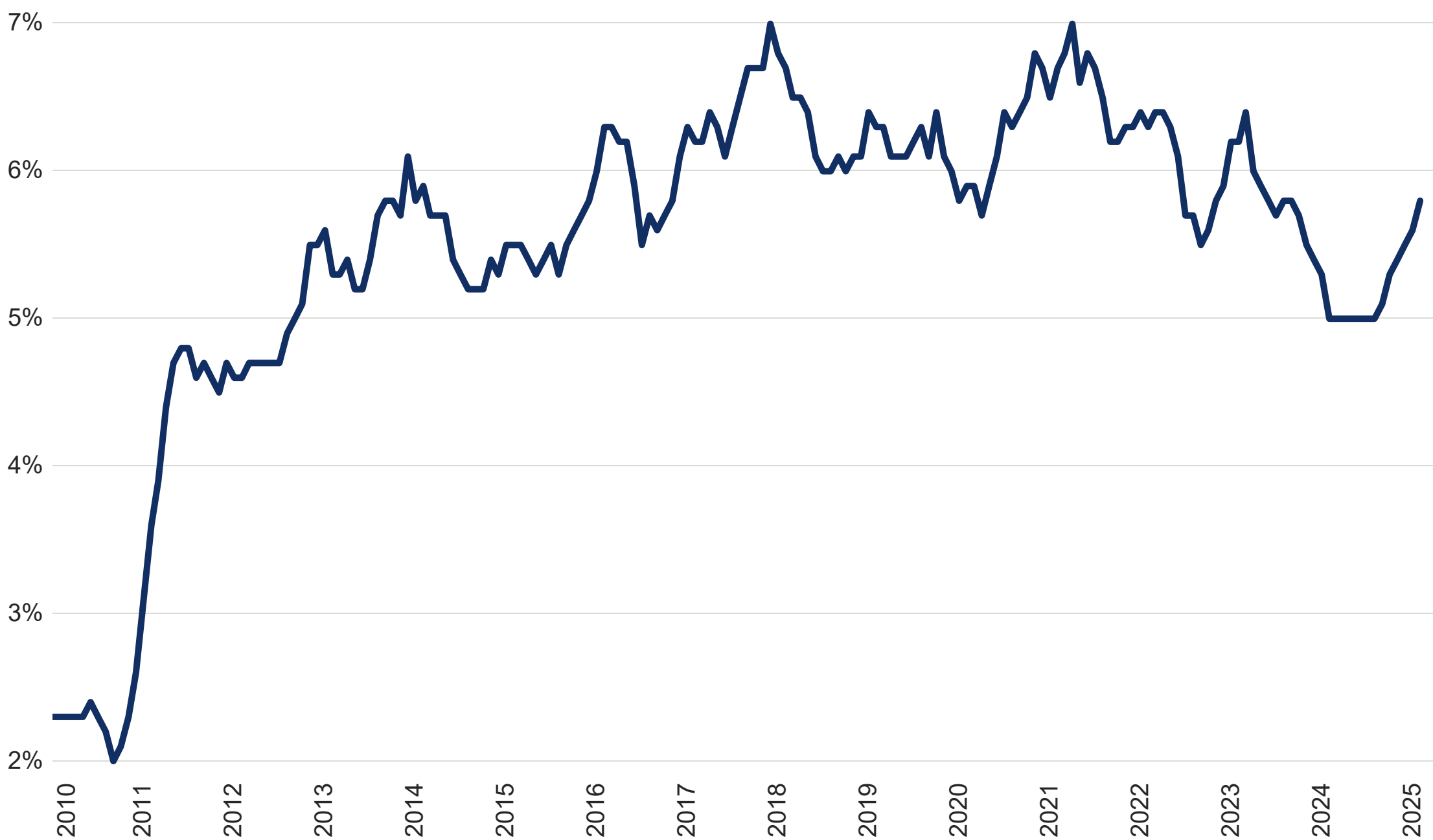
67% of consumers said they would buy if they were going to move today.

Note: The sample size is roughly 1,000 Americans, 18 years or older, who are surveyed via telephone.
Source: Fannie Mae National Housing Survey (Data: Jan-25, Pub: Feb-25)

6% of respondents are planning to buy a home in the next 6 months.

Percent of Respondents Planning to Purchase a Home in Next 6 Months

6-month average

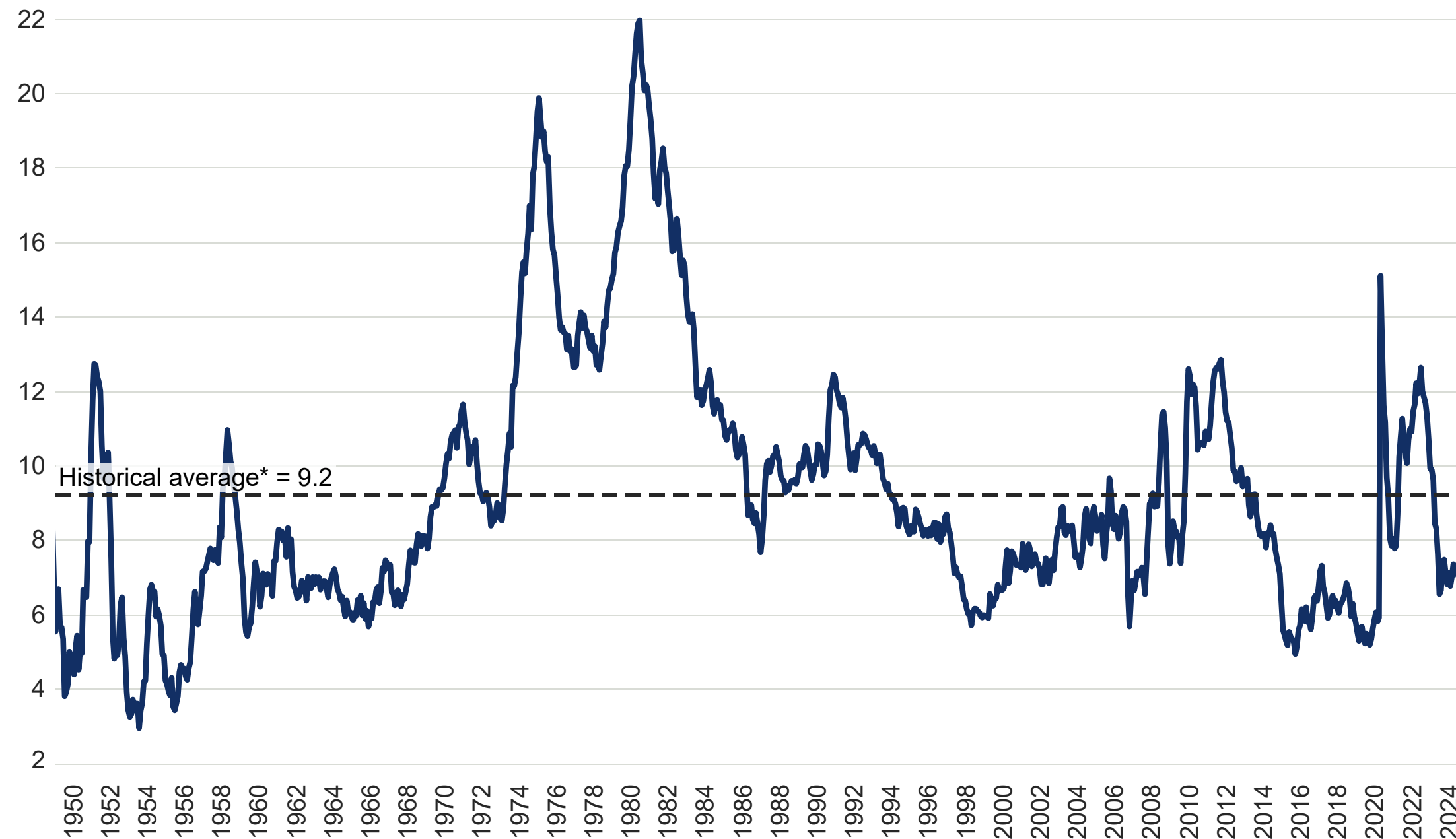


Source: Conference Board (Data: Feb-25, Pub: Feb-25)

The Misery Index remained at 7.0 in January.

Misery Index (Inflation + Unemployment)

— Misery Index = 7.0



When the index is higher (caused by higher unemployment and worsening inflation), there are greater economic and social costs.

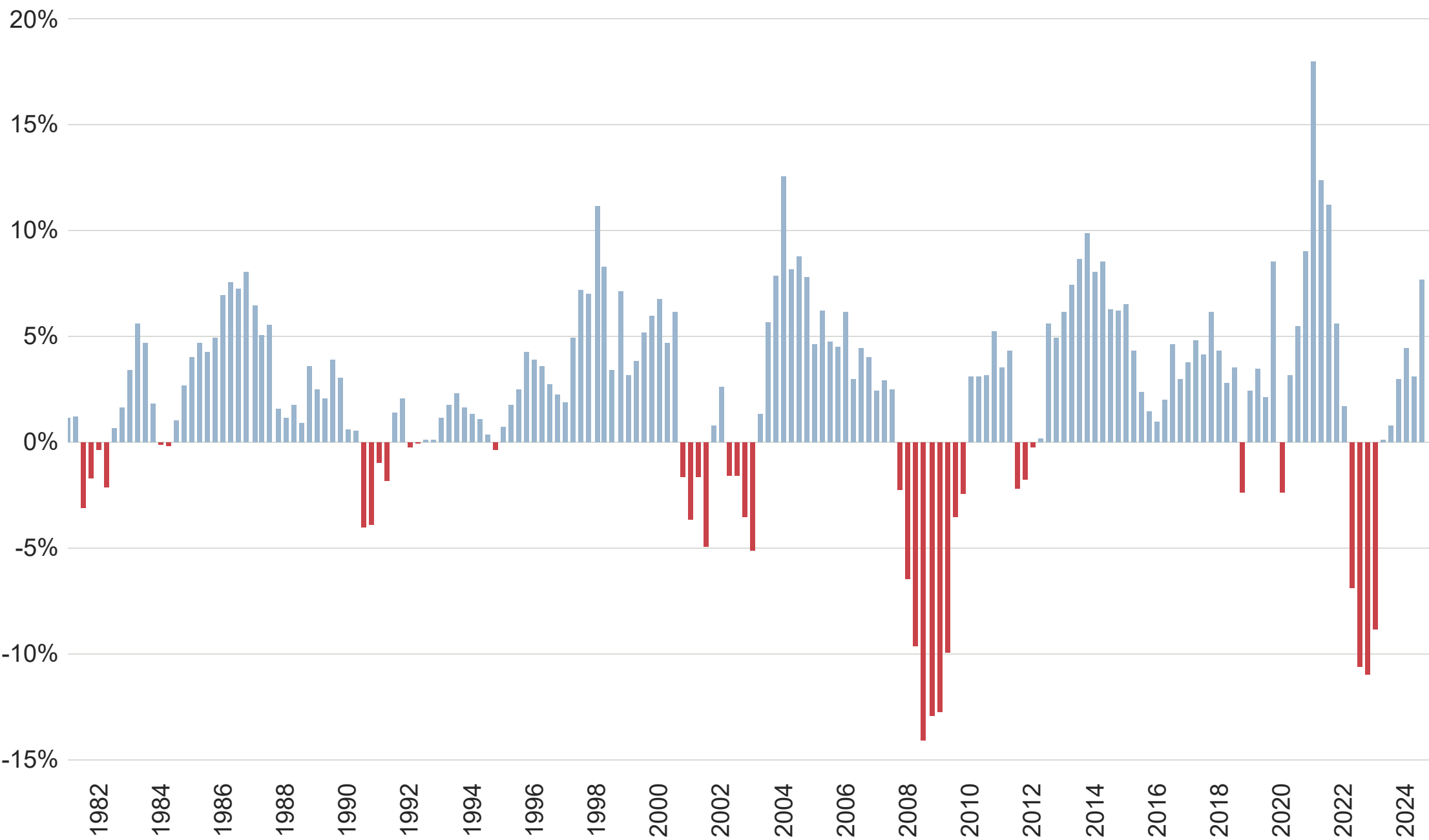
Source: Bureau of Labor Statistics (Data: Jan-25, Pub: Feb-25)

*Historical average: 1948 through current

Net worth per household is up +8% from last year.

Inflation Adjusted Net Worth per Household

YOY % change



US inflation-adjusted net worth per household rose +8% YOY in 3Q24.

Source: Federal Reserve (Data: 3Q24, Pub: Feb-25)



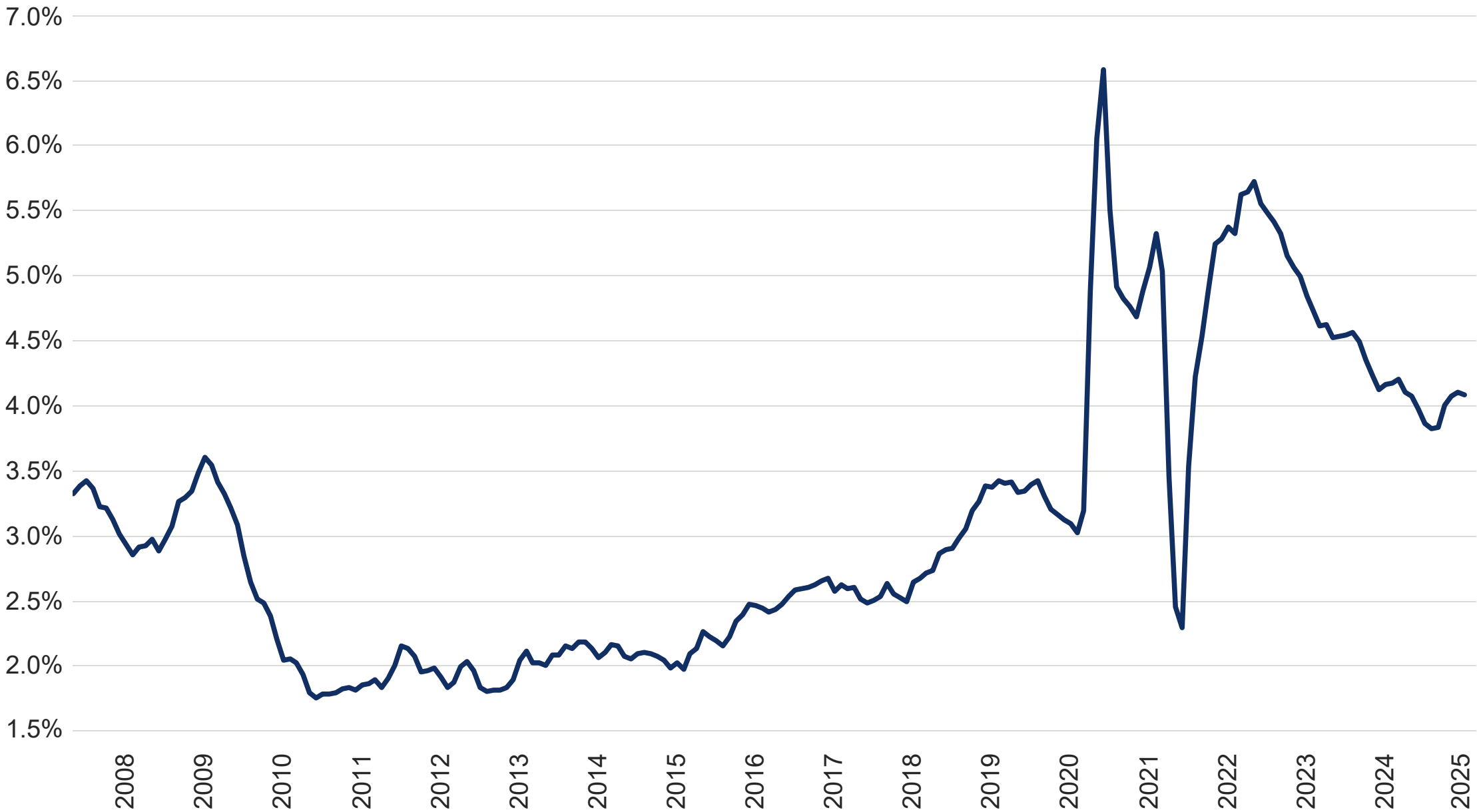
Affordability

Consumer finance

Hourly earnings rose +4.0% YOY.

Total Hourly Earnings YOY Growth

Three-month moving average, seasonally adjusted

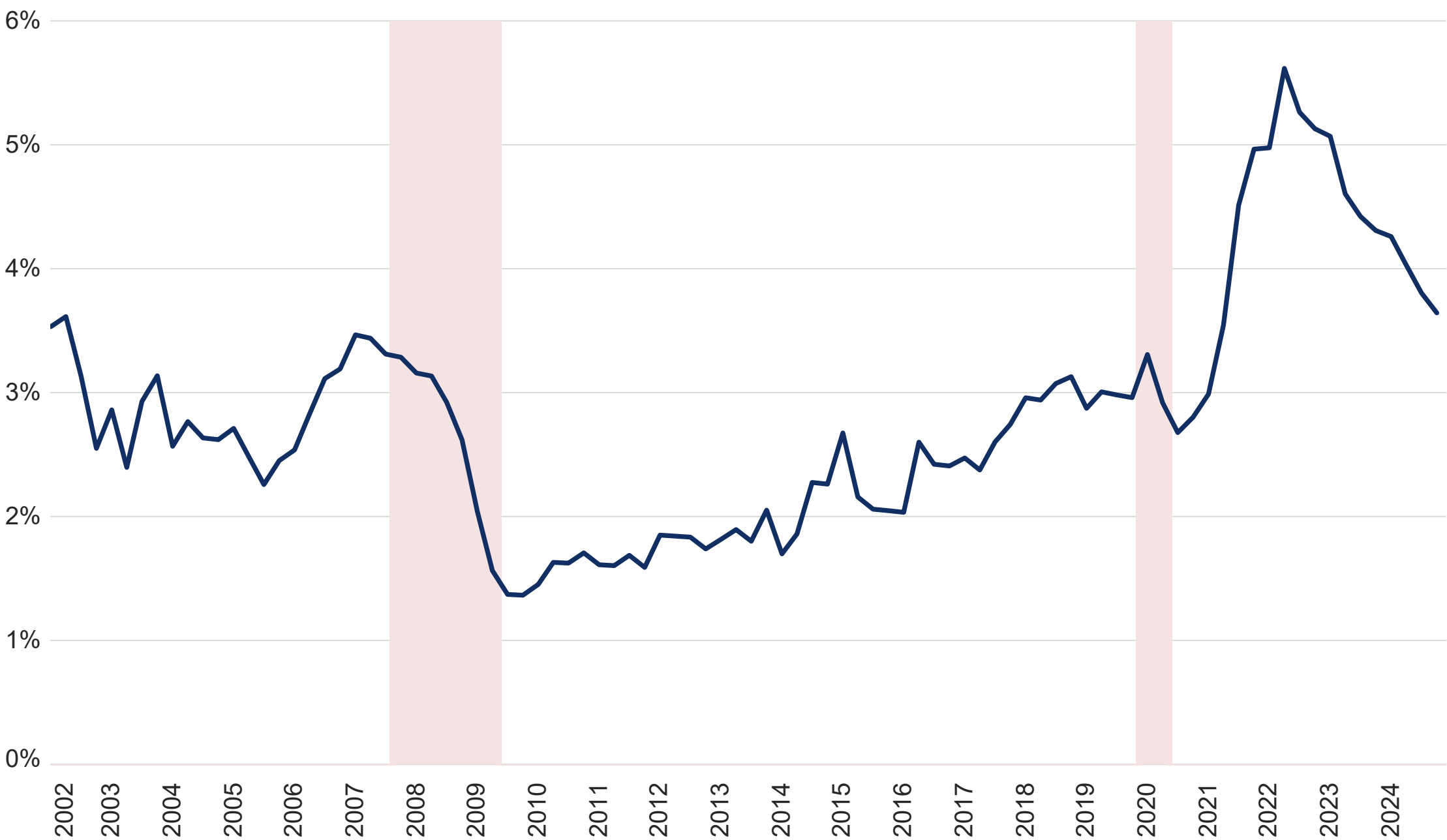


This wage gauge does not control for compositional shifts in the labor force, so clean comparisons over time are difficult. For example, average hourly earnings can fall just because more low-paid workers were hired.
Source: Bureau of Labor Statistics (Data: Jan-25, Pub: Feb-25)

Wages for private industry workers rose +3.6% YOY.

Employment Cost Index: Wages and Salaries—Private Industry Workers

— Employment Cost Index YOY % = 3.6% Recession

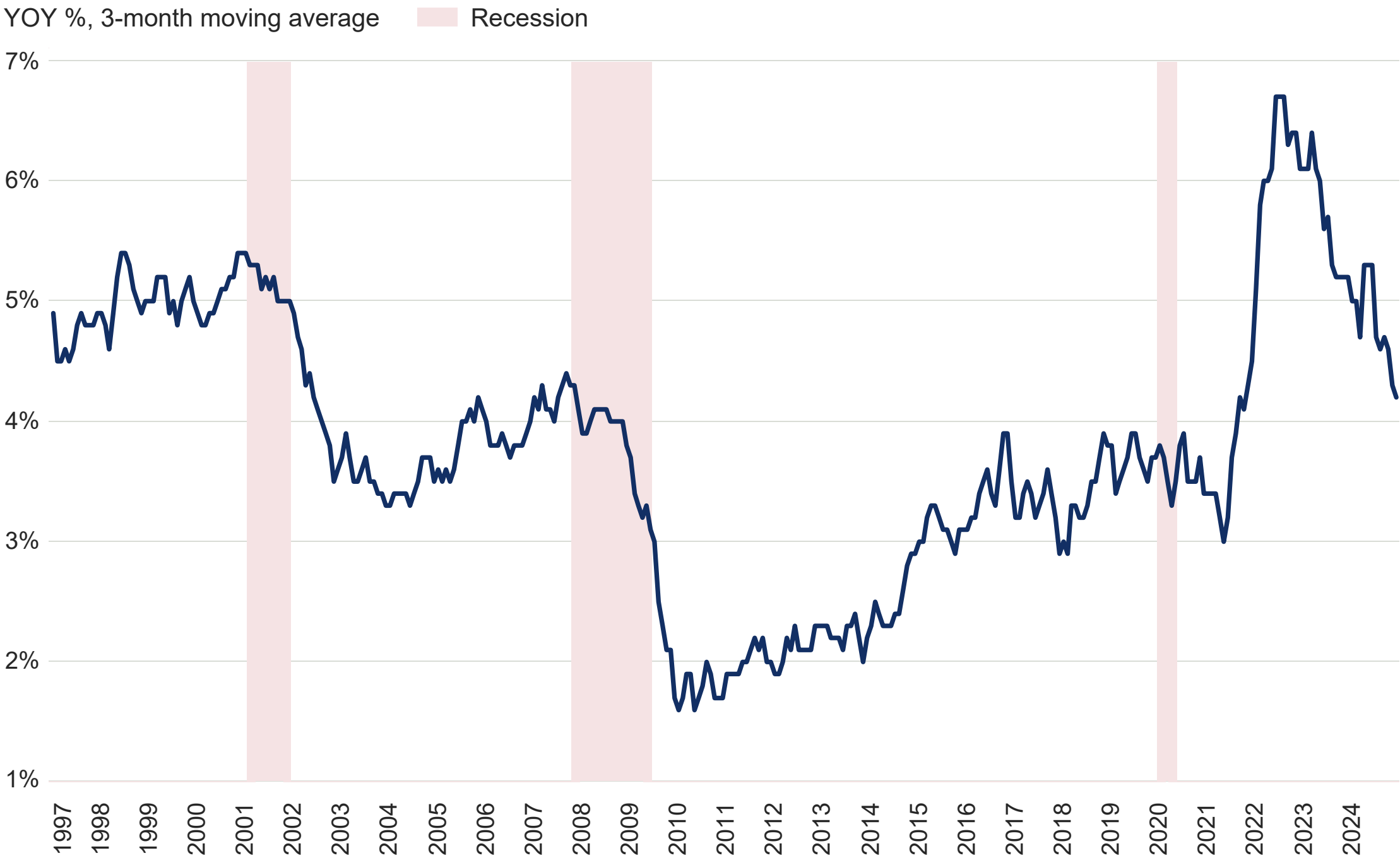


The Employment Cost Index is a comprehensive wage measure that controls for employment shifts among occupations and industry categories.

Source: Bureau of Labor Statistics and Federal Reserve Bank of St. Louis's calculations (Data: 4Q24, Pub: Feb-25)

Wages rose +4% YOY according to the Atlanta Fed.

Atlanta Federal Reserve Board Wage Growth Tracker



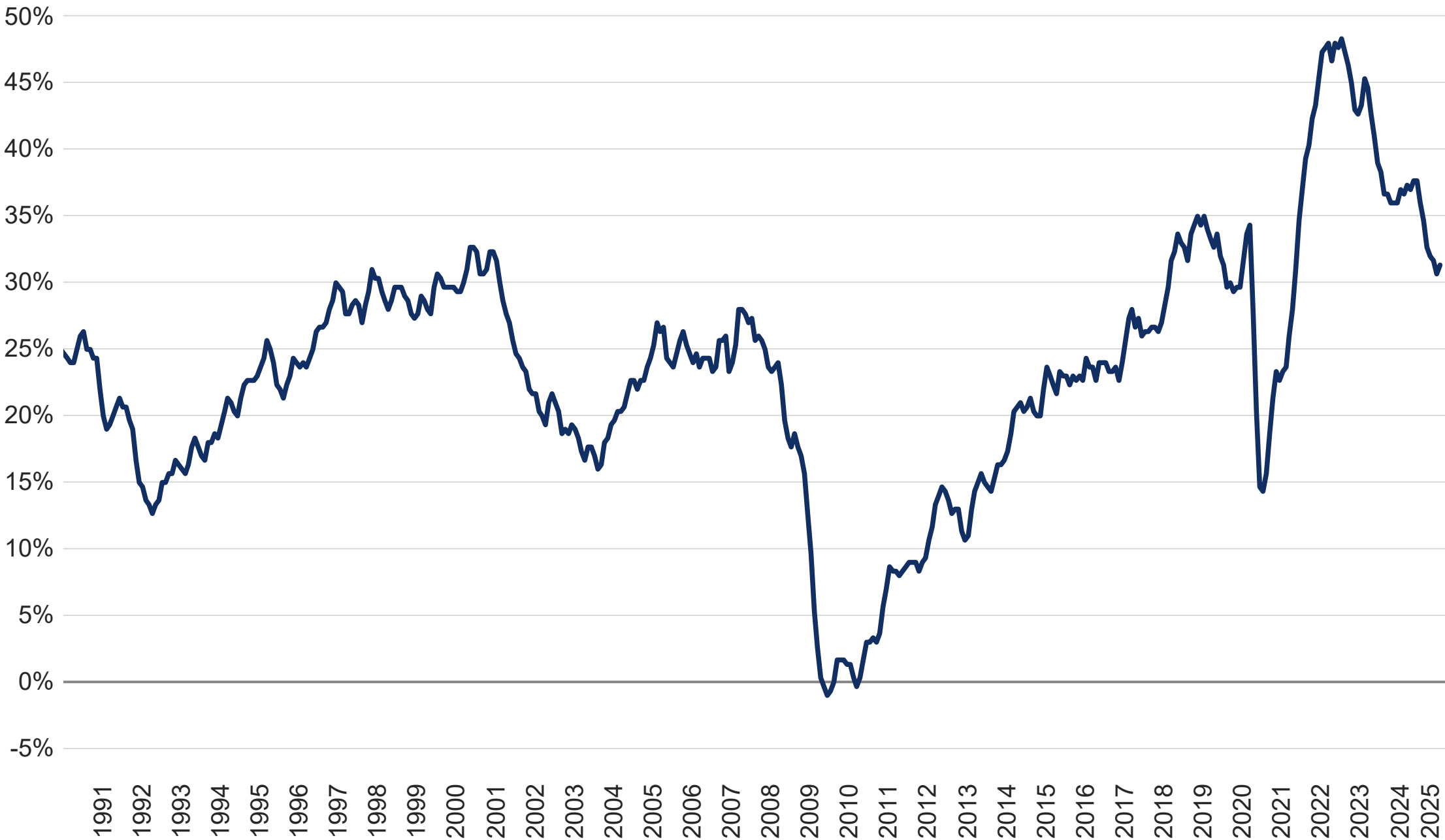
This wage gauge strips out wage outliers on both the high and low end of earners for a more accurate measure of middle-class wage growth.

Source: Current Population Survey, Bureau of Labor Statistics and Federal Reserve Bank of Atlanta's calculations (Data: Dec-24, Pub: Feb-25)

31% of small businesses plan to raise compensation, below 37% one year ago.

Small Business Compensation Index

Net % of small businesses that raised compensation during last 3 months (% who increased less % who decreased)



Small businesses make up about 50% of private sector jobs.

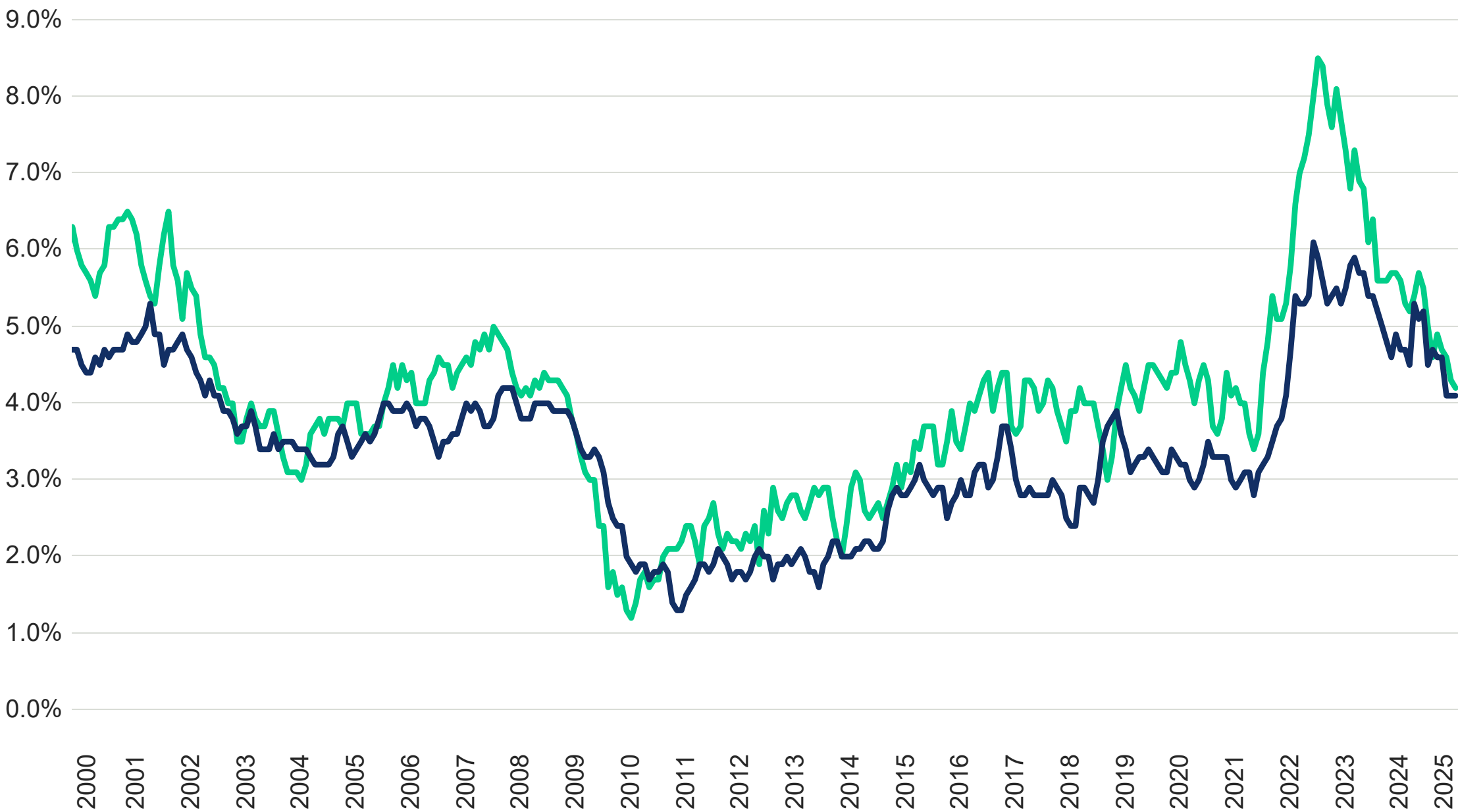
Source: National Federation of Independent Business (Data: Jan-25, Pub Date: Feb-25)

Wage growth is slowing for job switchers and stayers.

Wage Growth for Job Switchers and Stayers

3-month moving average

Stayed in same job Switched job



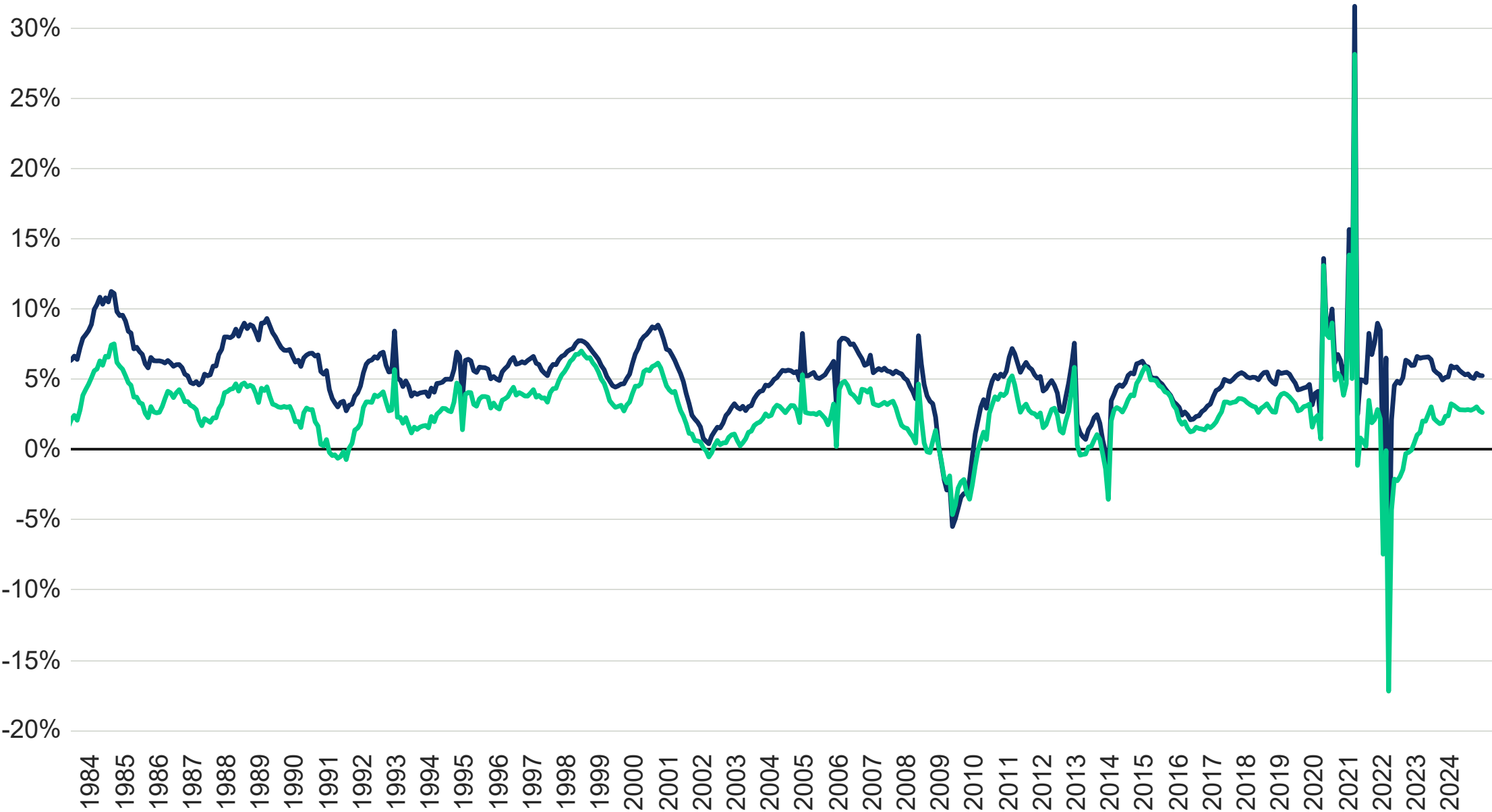
Wages rose +4.2% YOY for workers who switched jobs and +4.1% YOY for workers who stayed in the same job.

Source: Federal Reserve Bank of Atlanta (Data: Jan-25, Pub: Feb-25)

Real personal income rose +2.7% YOY.

Personal Income

YOY % change — Nominal personal income growth = 5.3% — Real personal income growth = 2.7%



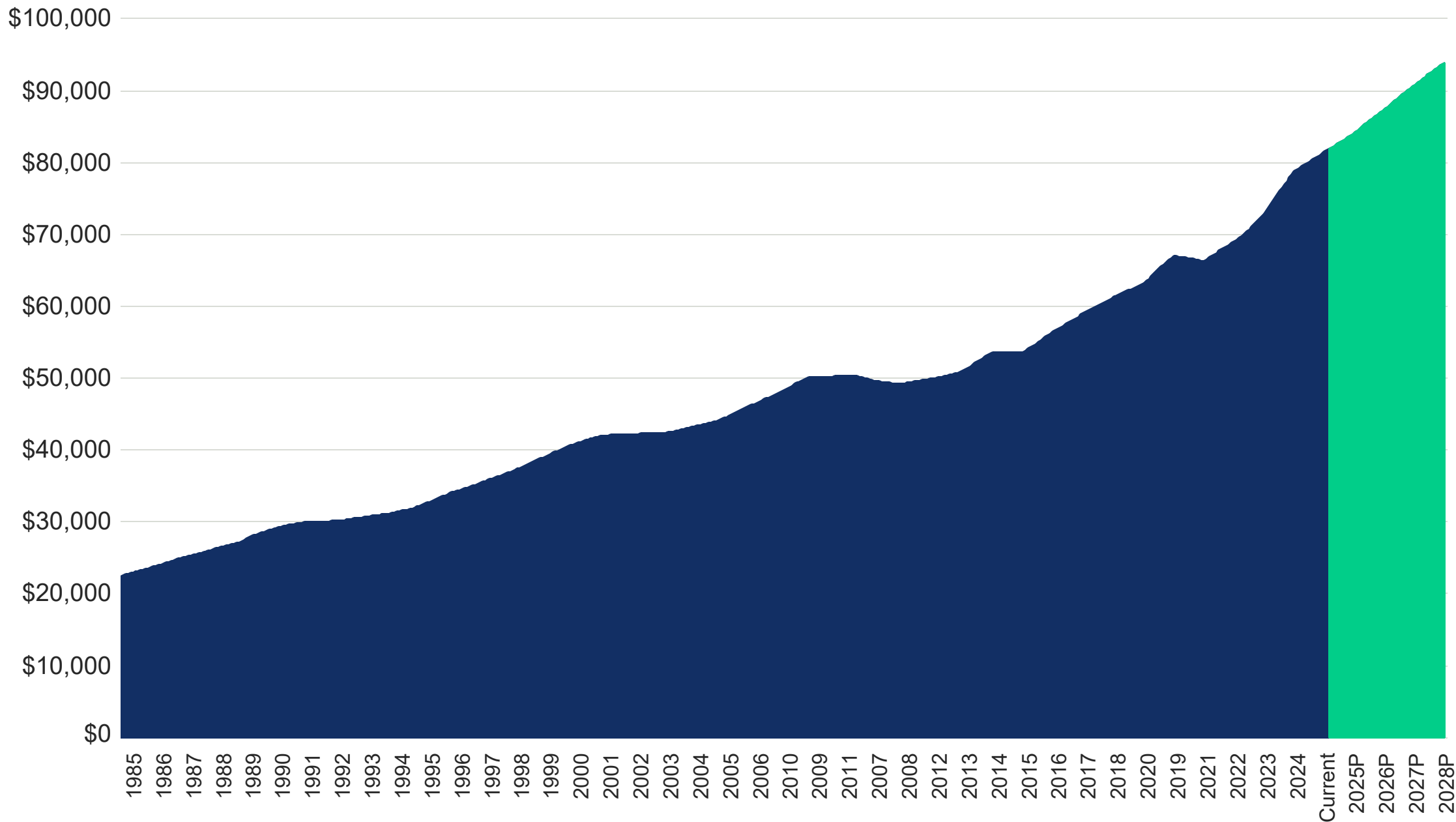
Real income measured using chained 2017 dollars. Real personal income growth adjusts for inflation and excludes government transfers, like welfare and social security.

Source: Bureau of Economic Analysis (Data: Dec-24, Pub: Feb-25)

Median household income increased +3% YOY to \$82K.

Median Household Income

— Current = \$81,782 (3% YOY)

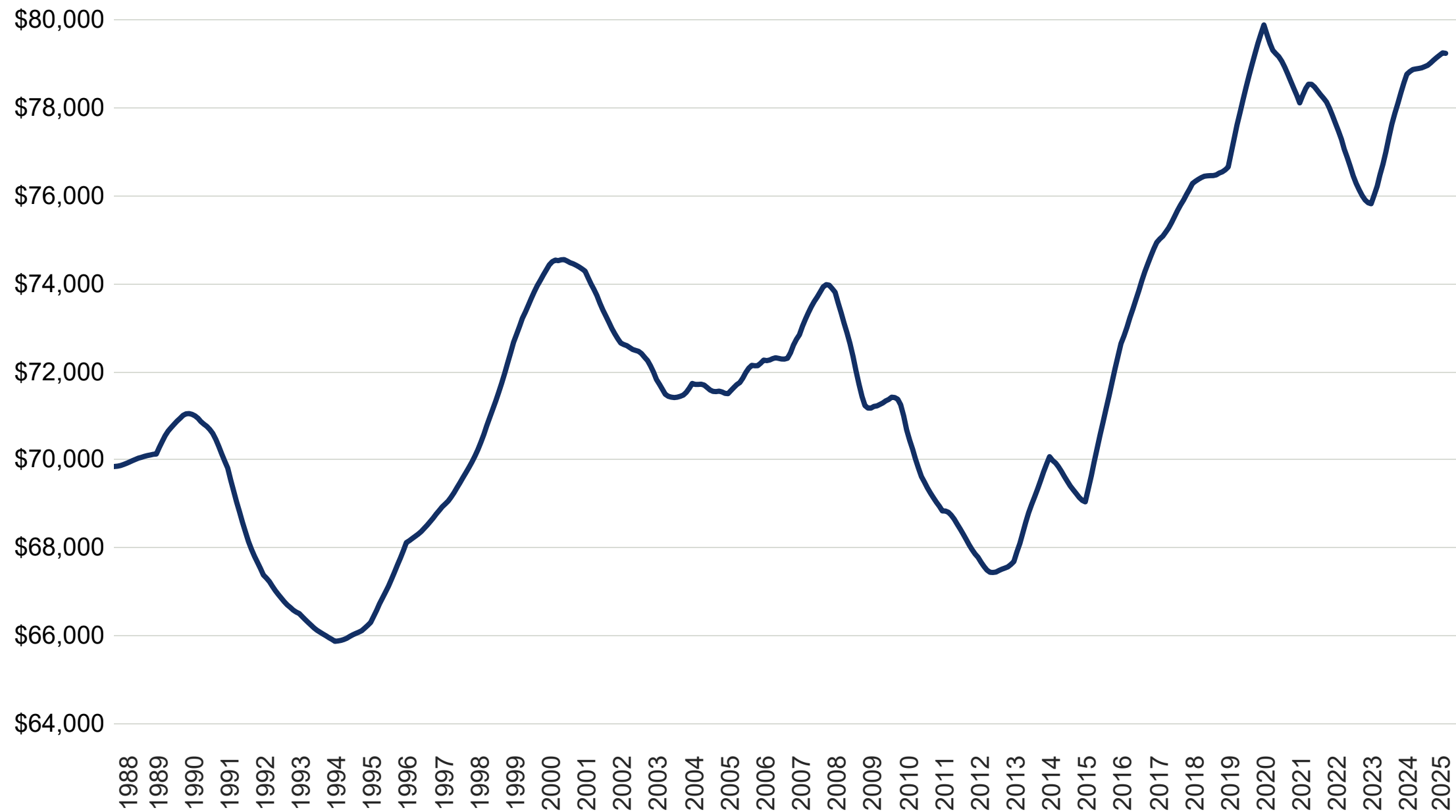


Sources: John Burns Research and Consulting, LLC; Census Bureau; Moody's Analytics (Data: Jan-25, Pub: Feb-25)

Inflation-adjusted household incomes are below the 2019 peak.

Real Median Household Income

Real Median Household Income YOY % = 0.5%



Inflation-adjusted income is \$79K, down from a high of \$80K in 2019. High inflation caused real incomes to fall for middle-class households.

Note: Median income is inflation-adjusted to 2023 dollars (2023-chained).

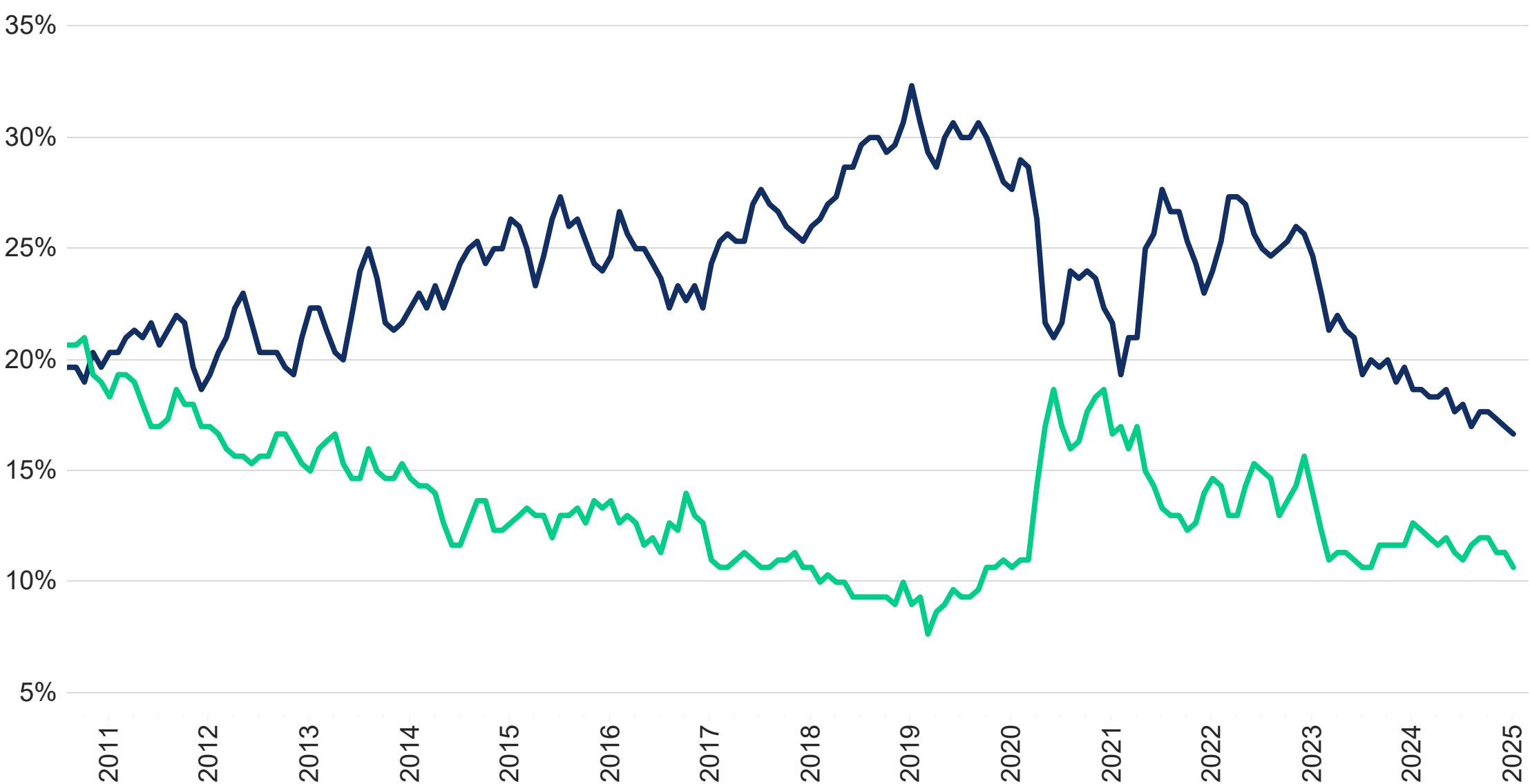
Sources: John Burns Research and Consulting, LLC; Census Bureau; Moody's Analytics (Data: Jan-25, Pub: Feb-25)

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17% of consumers said their household income is significantly higher than it was one year ago.

National Housing Survey: Household Income Compared to 12 Months Ago

3-month moving average ■ Significantly higher = 17% ■ Significantly lower = 11%



Note: The sample size is roughly 1,000 Americans, 18 years or older, who are surveyed via telephone.

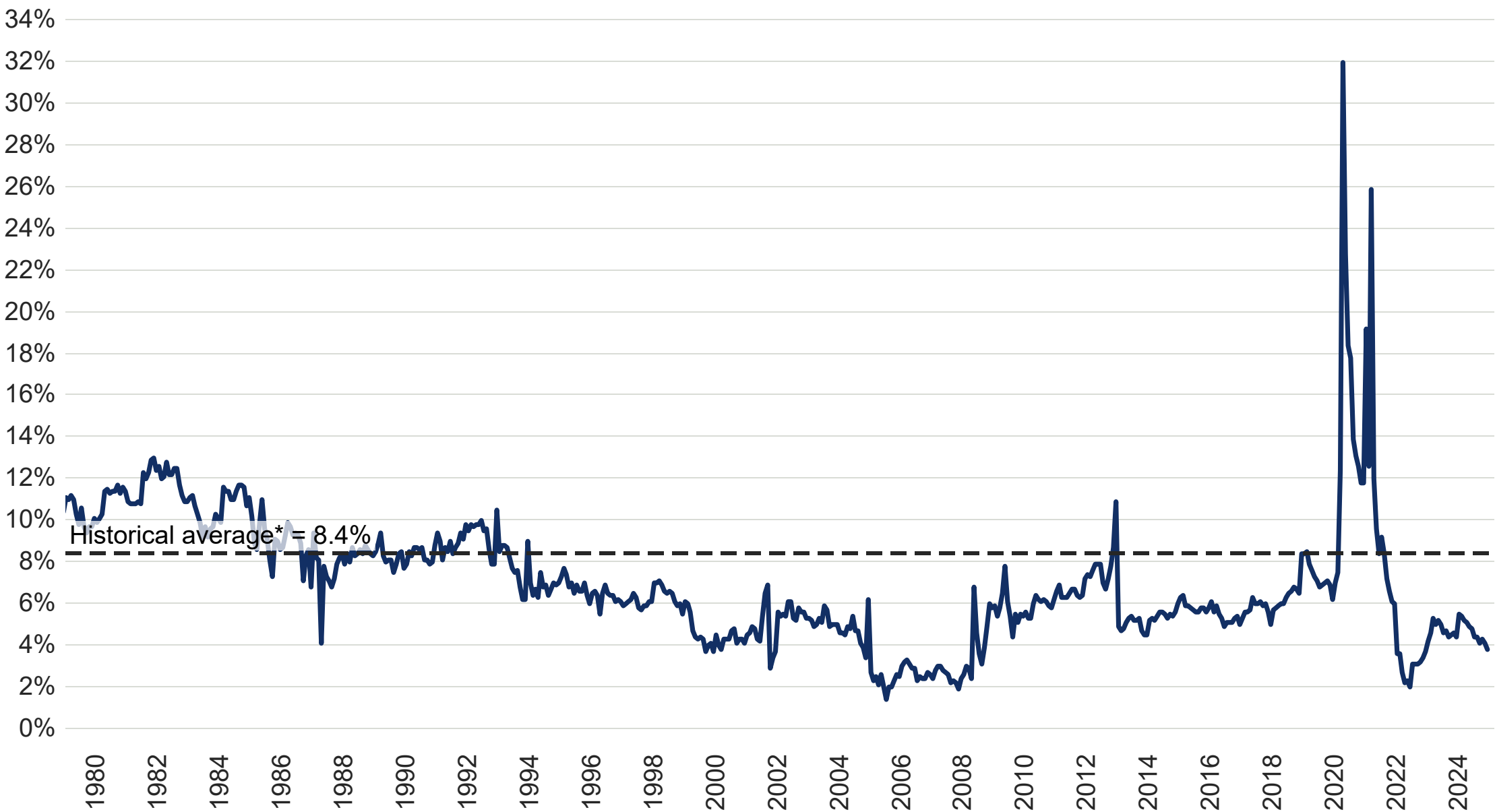
Source: Fannie Mae National Housing Survey (Data: Jan-25, Pub: Feb-25)

The personal savings rate fell to 3.8% in December.

Personal Savings Rate

Personal savings rate = 3.8%

Note: The PSR is the ratio of monthly savings to personal disposable income.



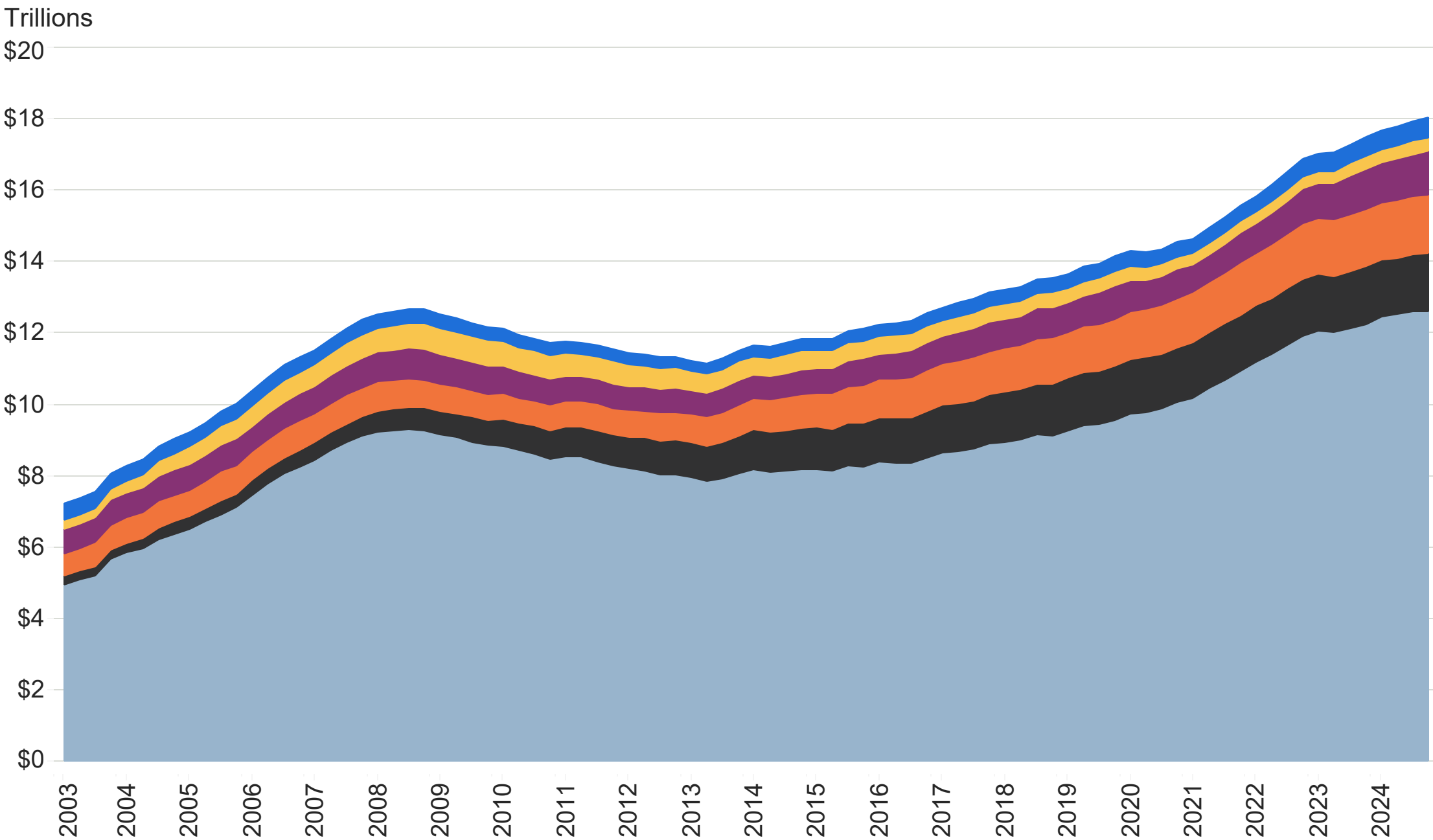
Source: Bureau of Economic Analysis (Data: Dec-24, Pub: Feb-25)

*Historical average: Jan-59 through current

Mortgages represent 70% of consumer debt.

Total Debt Balance and Composition

Mortgage = 70% Student loan = 9% Auto loan = 9% Credit card = 7% HE revolving = 2% Other = 3%

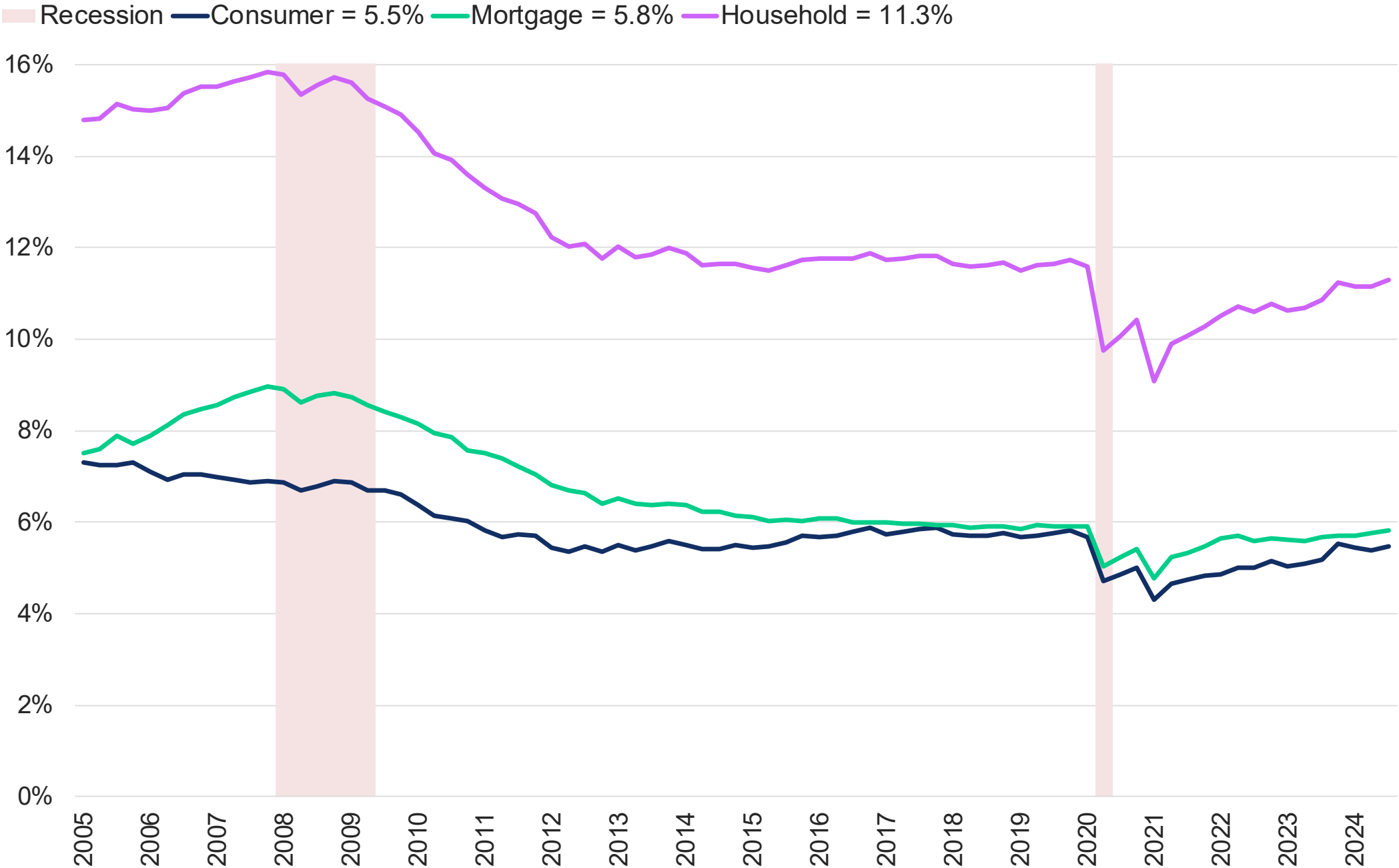


Student loans, a major hindrance to homeownership, have taken a larger share—at 9% compared to 3% in 2003.

Sources: NY Federal Reserve Consumer Credit Panel/Equifax; John Burns Research and Consulting, LLC (Data: 4Q24, Pub: Feb-25)

Household debt service payments have returned to pre-pandemic levels.

Debt Service Payments as a Percent of Disposable Personal Income

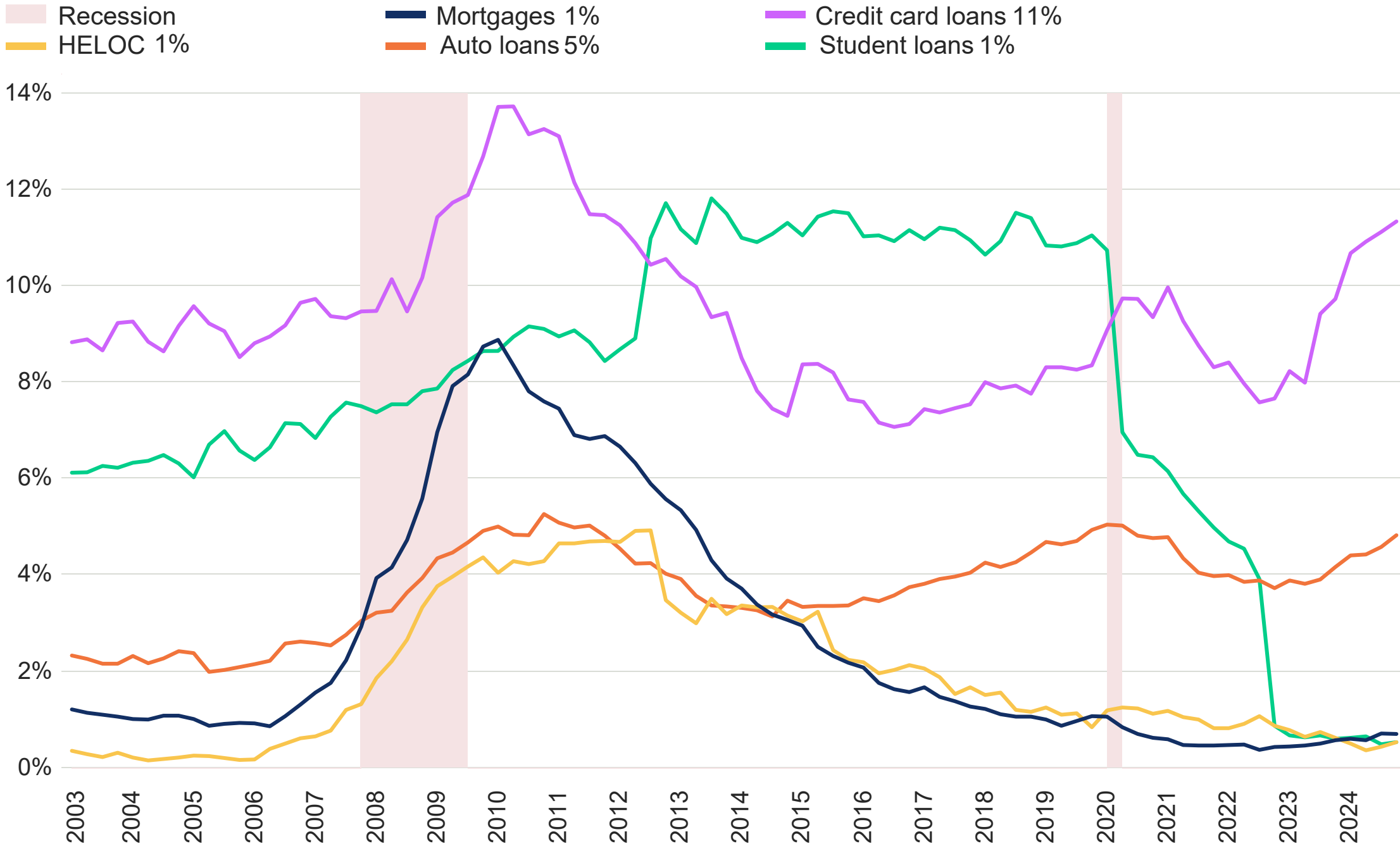


Changes in interest rates, lending standards, and economic conditions have contributed to a decrease in debt service payments post-GFC. This measure accounts for all households, including those without a mortgage.

*Note: Consumer and mortgage debt service payments sum to household debt service payments.
Sources: Federal Reserve; John Burns Research and Consulting, LLC (Data: 3Q24, updated quarterly†) Pub: Feb-25

Credit card delinquency is at the highest level since 2012.

Share of Loans 90+ Days Delinquent by Type



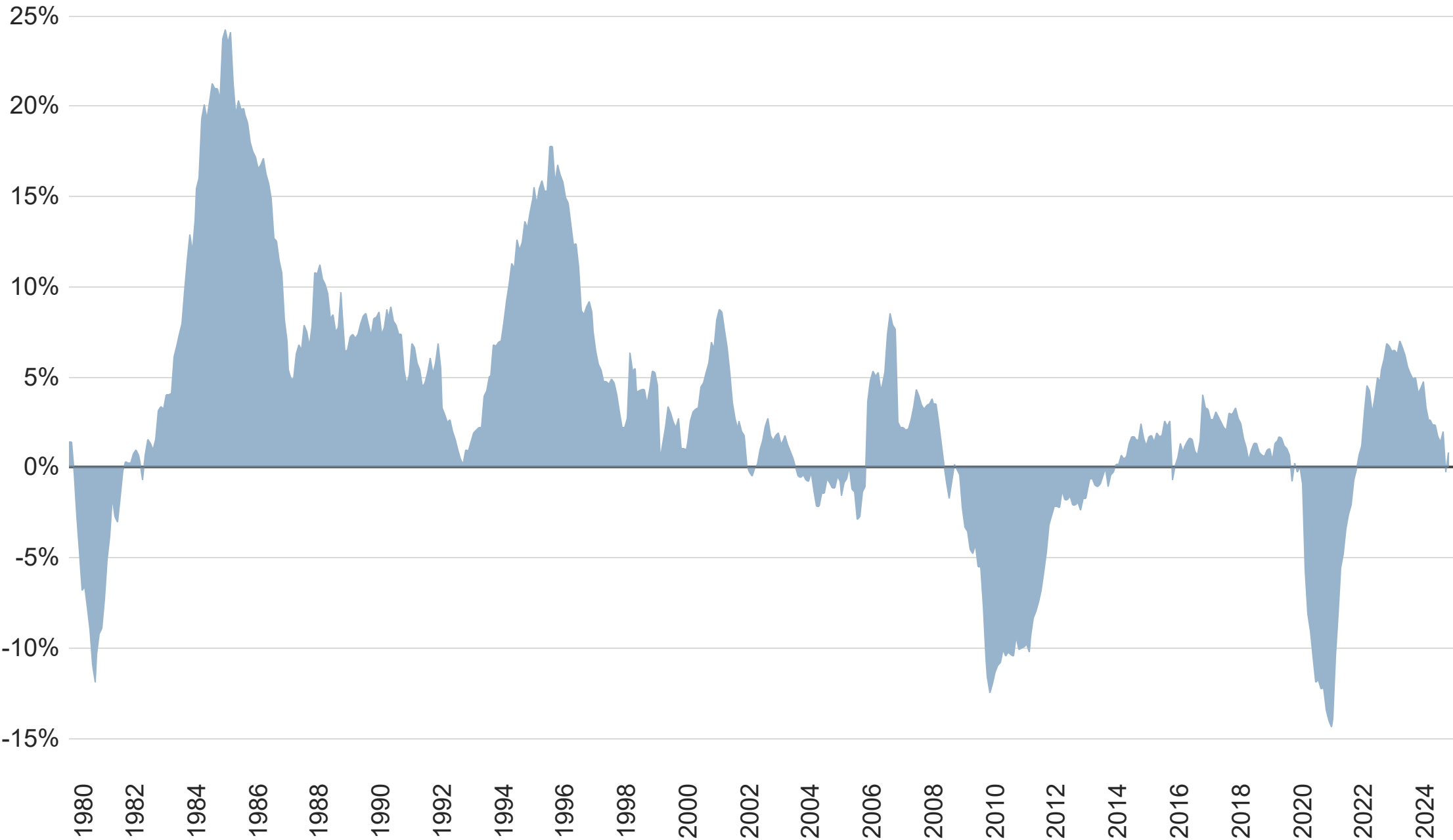
More credit card loans are 90+ days delinquent than any other loan type. Mortgage and student loan delinquencies remain historically low. Student loan delinquencies plummeted due to emergency forbearance.

Source: New York Fed Consumer Credit Panel/Equifax; John Burns Research and Consulting, LLC (Data: Dec-24, Pub: Feb-25)

Consumer credit outstanding per household rose +1% YOY.

Revolving Consumer Credit Outstanding per Household

YOY change, inflation adjusted Current = 1%



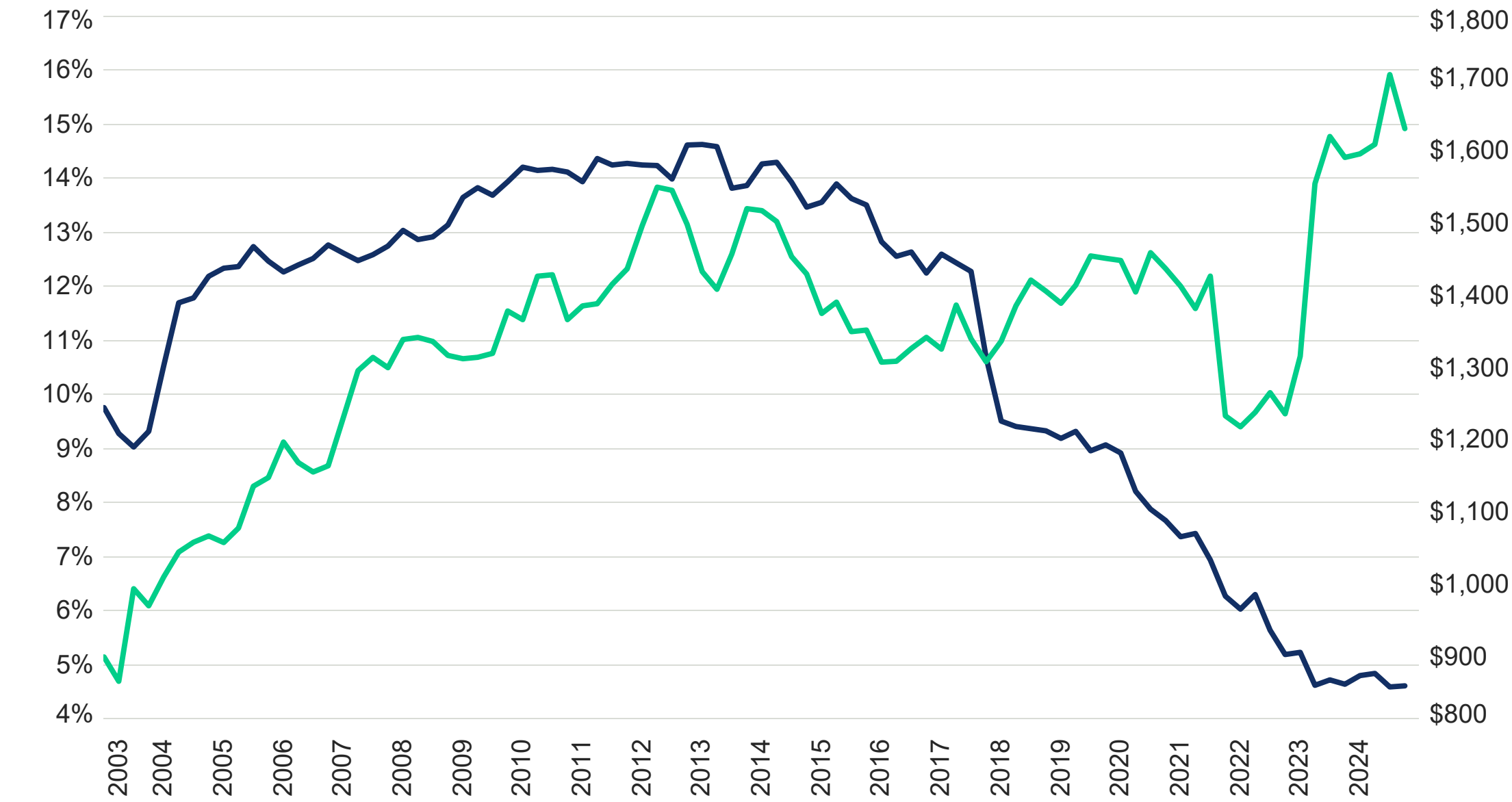
Increases in revolving consumer credit outstanding per household indicate greater consumer strength but also greater risk in the event of a major recession.

Sources: Federal Reserve; John Burns Research and Consulting, LLC (Data: Dec-24, Pub: Feb-25)

New credit reporting regulations spiked average collection amounts.

Third-Party Collections

■ % of consumers in collection (left axis) = 4.6% ■ Average collection amount per person (right axis) = \$1,631



4.6% of consumers have at least one loan account in third-party collections, the lowest level in our data going back to 2003.

Note: The share of consumers in collections dropped significantly in 4Q17 as a result of a change in required reporting practices that impacted collections accounts, known as the National Consumer Assistance Plan. The plan, which came into effect during the second half of 2017, prohibited reporting debts that were from medical collections less than 180 days old.

Sources: NY Federal Reserve Consumer Credit Panel/Equifax; John Burns Research and Consulting, LLC (Data: 4Q24, Pub: Feb-25)



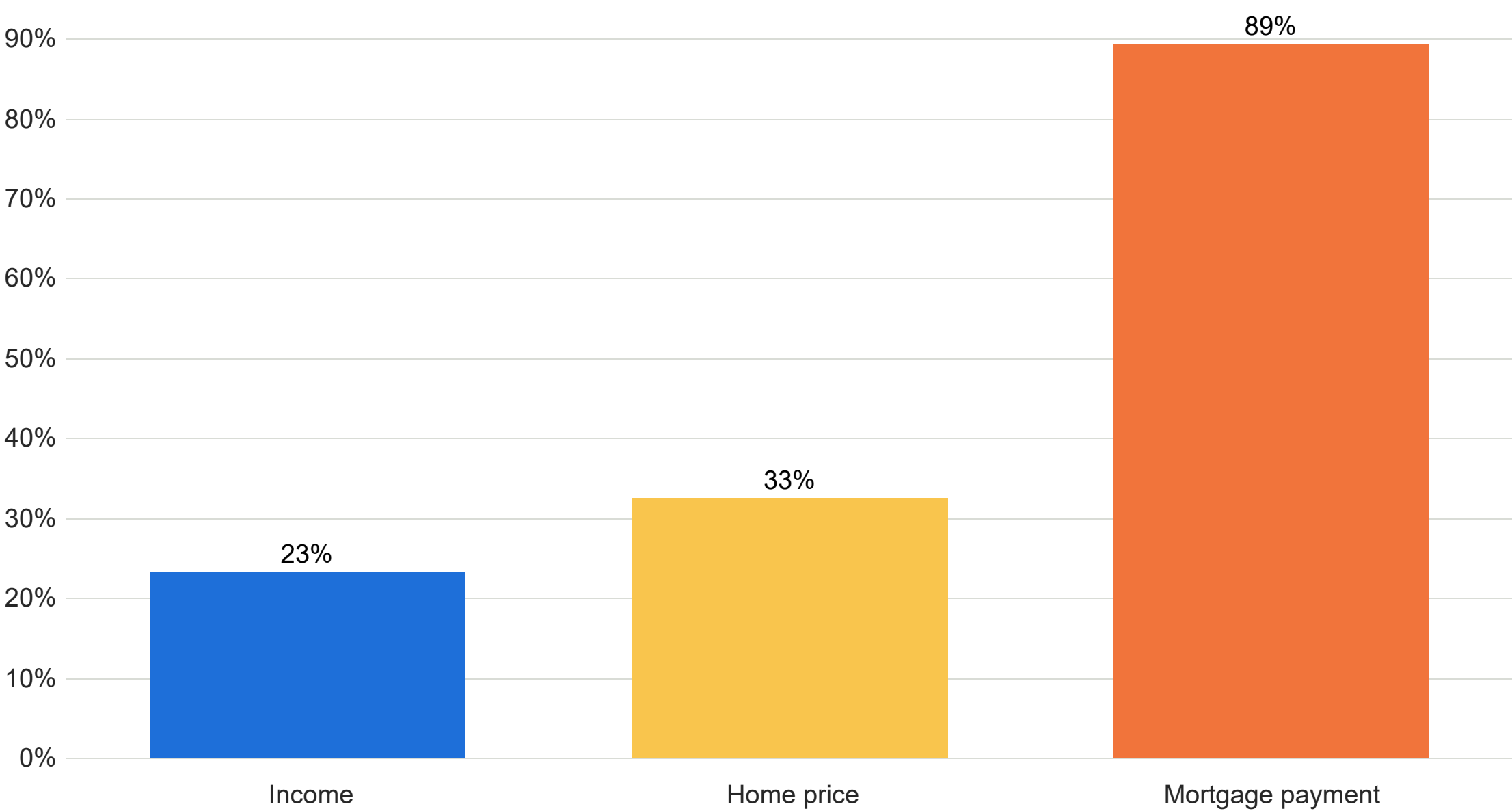
Affordability

Housing affordability

Payments rose much faster than prices and incomes due to rate increases.

Income, Home Price, and Mortgage Payment Growth

From 2020 lows — Income — Home price — Mortgage payment



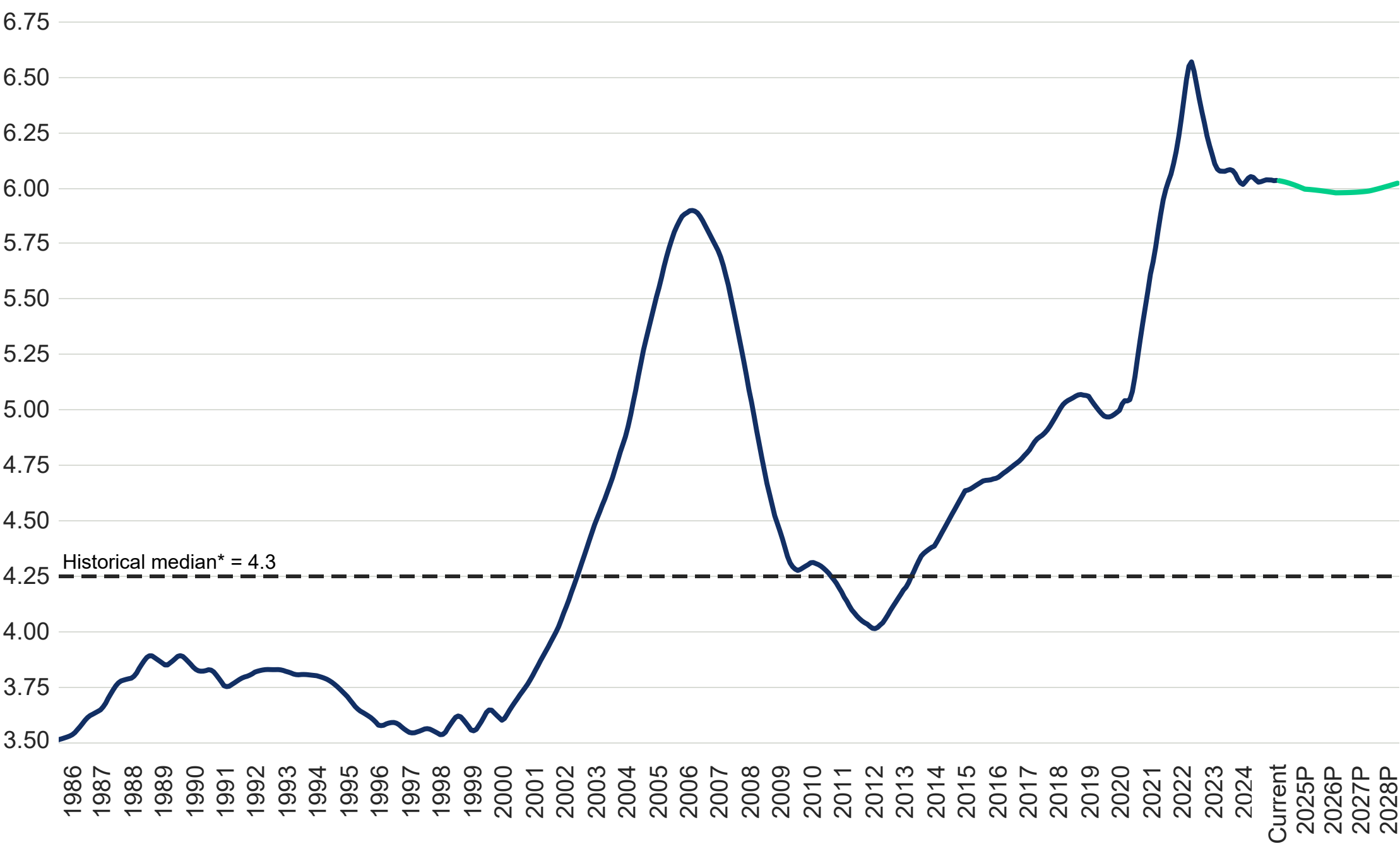
Mortgage payments have increased +89% since the 2020 lows, while median incomes only gained +23%. The disparity between home price and income growth has contributed to worsening affordability since 2020.

Our definition of median housing payment assumes the purchase of a home at 80% of the market’s median-priced resale home, 5% down payment, and a 30-year, fixed-rate mortgage. Payment is PITI and includes mortgage insurance. We divide the median housing payment by the median income to calculate the ratio.

Source: John Burns Research and Consulting, LLC (Data: Jan-25, Pub: Feb-25)

The median home-value-to-income ratio sits at 6.0, which we expect to fall.

Median Home-Value-to-Income Ratio



We expect incomes to rise faster than home prices, which will drive the home-value-to-income ratio lower.

Source: John Burns Research and Consulting, LLC (Data: Jan-25, Pub: Feb-25)

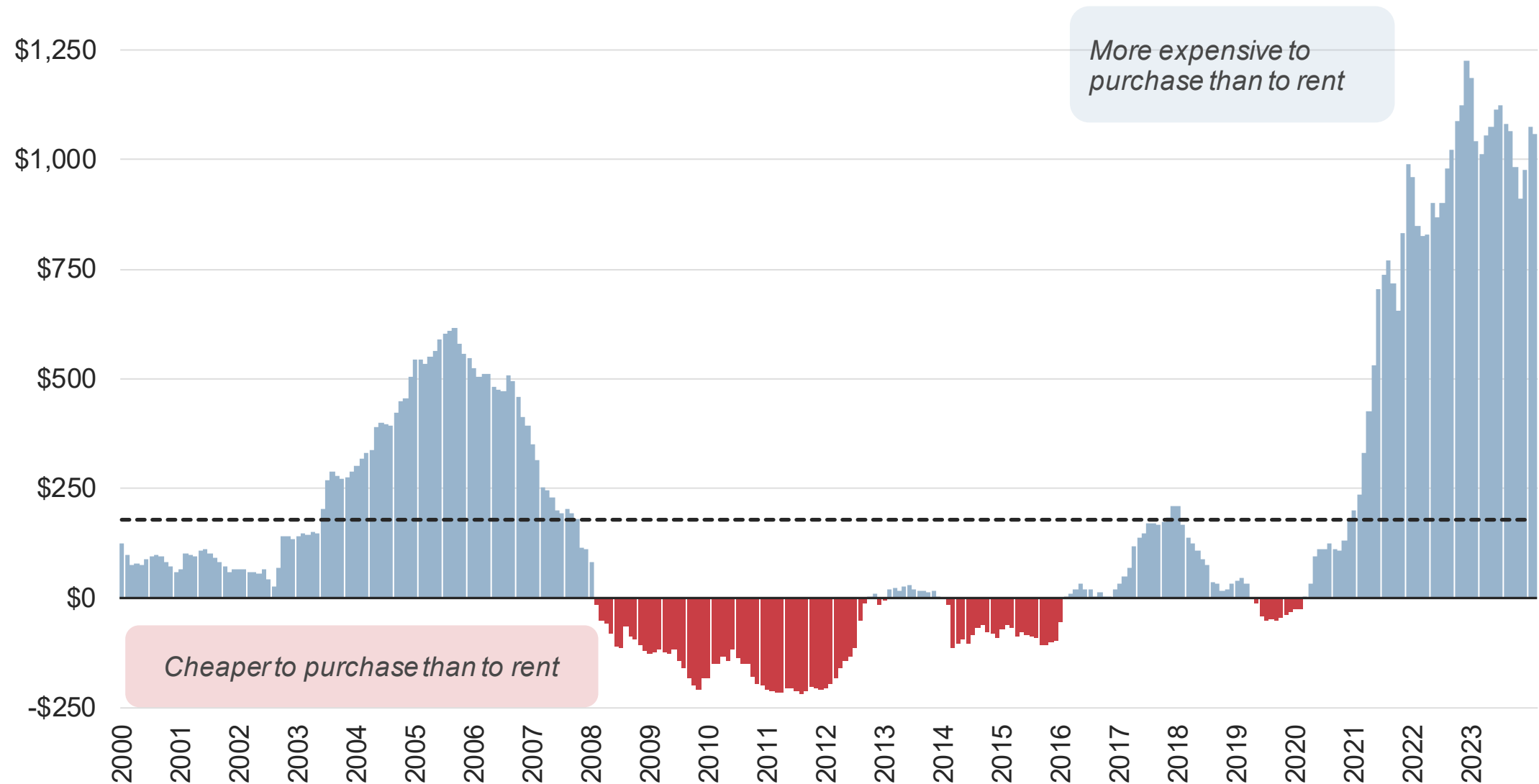
*Historical median: Jan-85 through current

Nationally, the monthly mortgage payment for a typical single-family starter home exceeds rent. It is \$1,059 more expensive to purchase.

National Cost of Purchasing† vs. Renting Single-Family Starter Home

Monthly mortgage payment + maintenance for single-family starter home vs. monthly rent

■ / ■ Purchase premium - - - - Historical average = \$180



On paper, renting is cheaper than purchasing nationally. Many tenants lack the down payment or FICO score necessary to qualify under today’s underwriting standards or prefer to rent.

Also, for-sale inventory remains low across most markets, particularly homes within the price range of entry-level buyers.

Notes

†Instead of comparing the market medians of price and rent (which is not an apples-to-apples comparison), we analyzed what an entry-level home price would be in this market and determined what that home would rent for. We define an entry-level home as one that sold for a price equal to 80% of the market’s median sales price. Using this definition, we set a point-in-time home price and rent in August 2023. Assuming that the entry-level home trends with market medians, we then trend the prices and rents with our Burns Home Value Index™ and our Burns Single-Family Rent Index™ appreciation rates throughout history.

Home payment, entry-level home (mortgage): 5% down payment, 30-year fixed-rate mortgage, PITI (principal, interest, taxes, and insurance) payment, plus mortgage insurance payment.

Housing Costs: Monthly home payments plus annual maintenance costs range from 0.85% to 1.25% of the home price set in 2014, historically adjusted for inflation and factored in monthly.

Note: A negative number means that it costs less to purchase and maintain a home than to rent an equivalently valued home

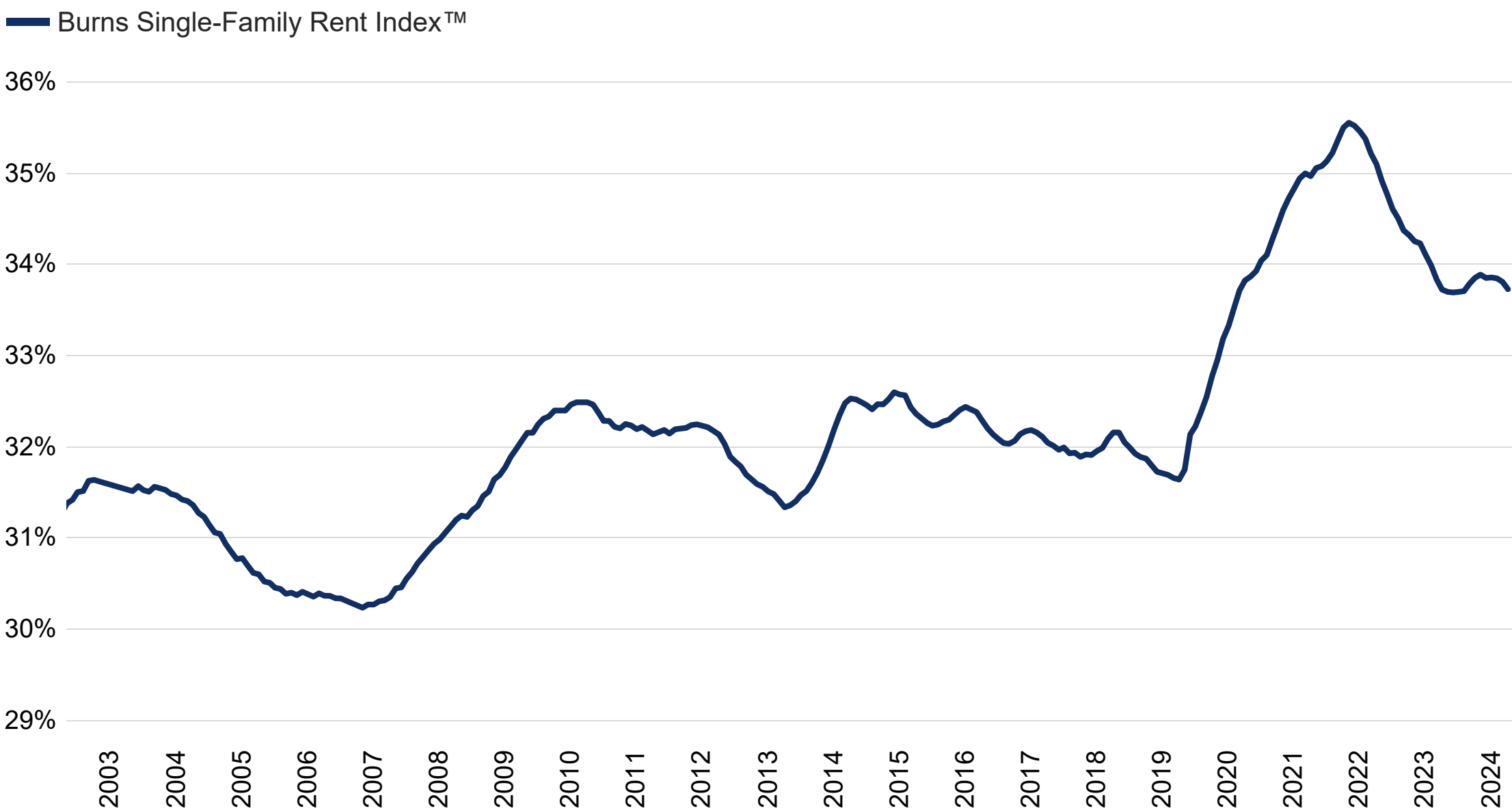
†National rollup is a weighted average of 99 markets.

Historical average: Jan-00 through current.

Source: John Burns Research and Consulting, LLC (Data: Dec-24, Pub: Feb-25)

Rent-to-income ratios fell to 34% for SFR.

Asking Rents as % of Median Household Income

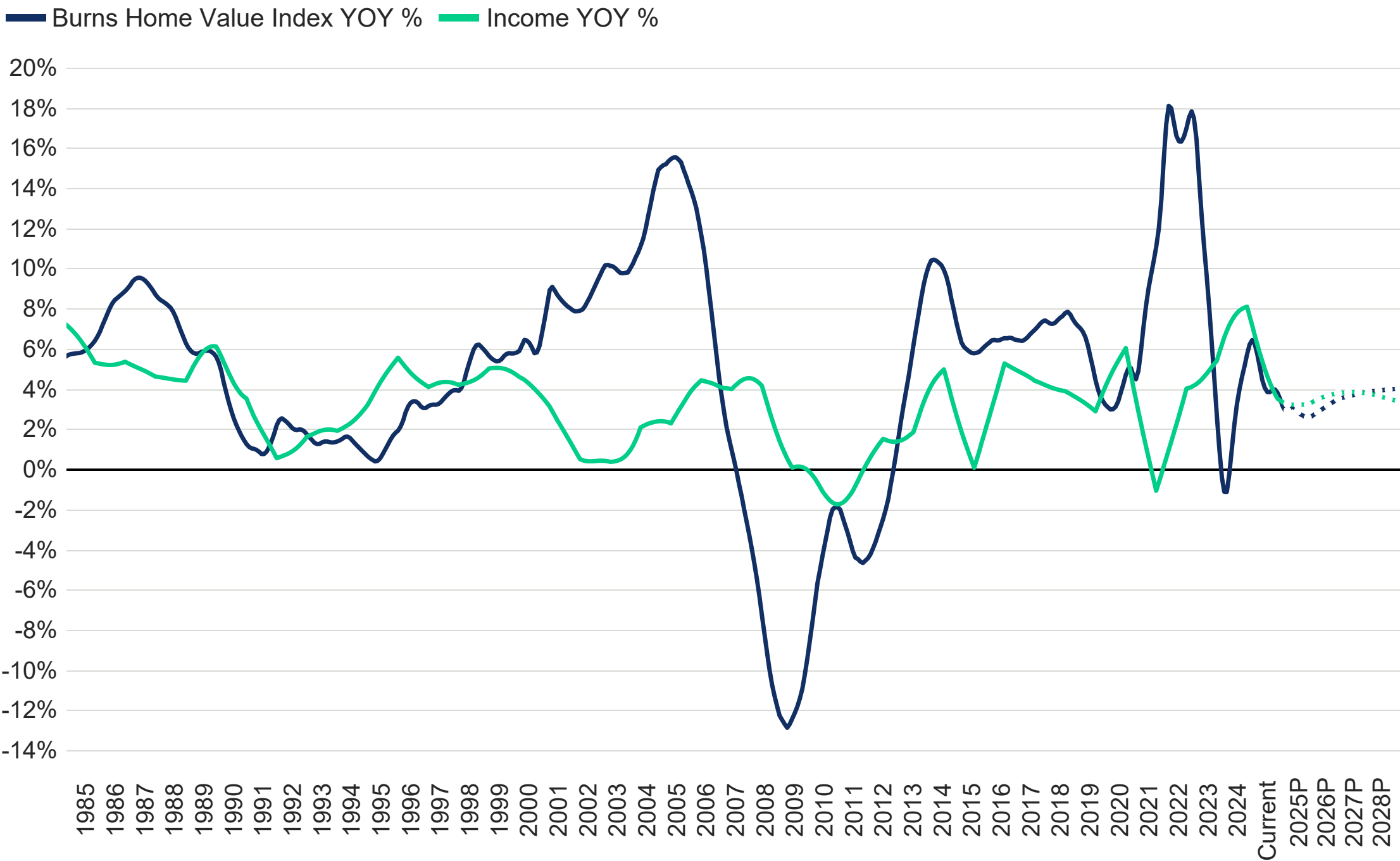


Typical single-family rents are 34% of median household income.

Note: The Burns Single-Family Rent Index models historical and current single-family rent trends. The index tracks the median single-family home listed for rent on the open market and represents new leases, not renewals. We've enhanced our Burns Single-Family Rent Index™ with more listings data via adding a new source. Please see the "US Single-Family Rent Growth" page in our Forecasts section for more information. Please note that Burns Single-Family Rent Index here is a rollup of 99 markets which may differ from National rollups of other data points, based on market coverage.

Incomes will appreciate faster than home prices through 2027.

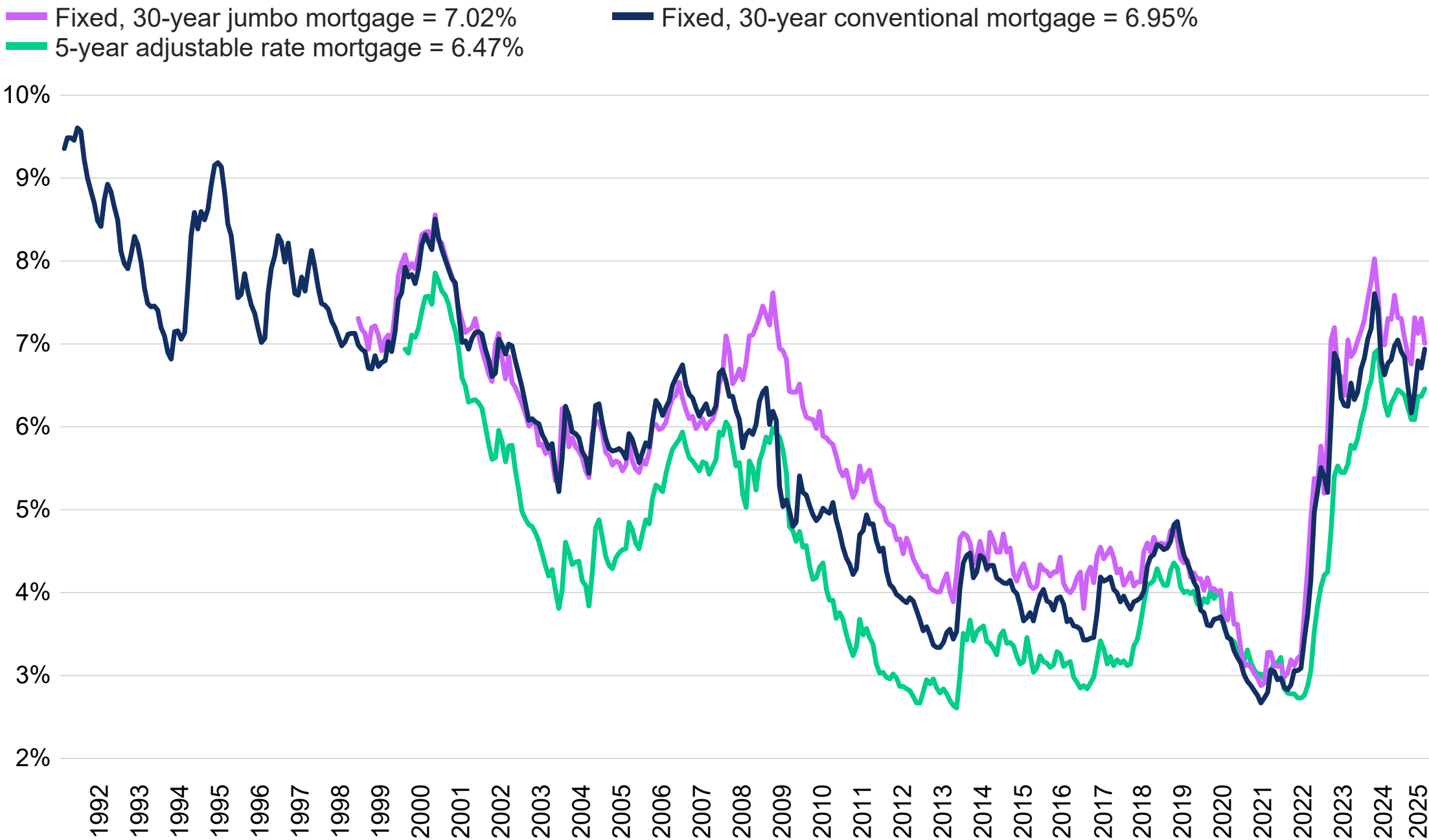
Home Value Growth vs. Income Growth



We expect incomes to appreciate faster than home prices through 2027 as home price growth slows.

The 30-year fixed conventional mortgage rate rose to 6.95% in January.

Mortgage Rates

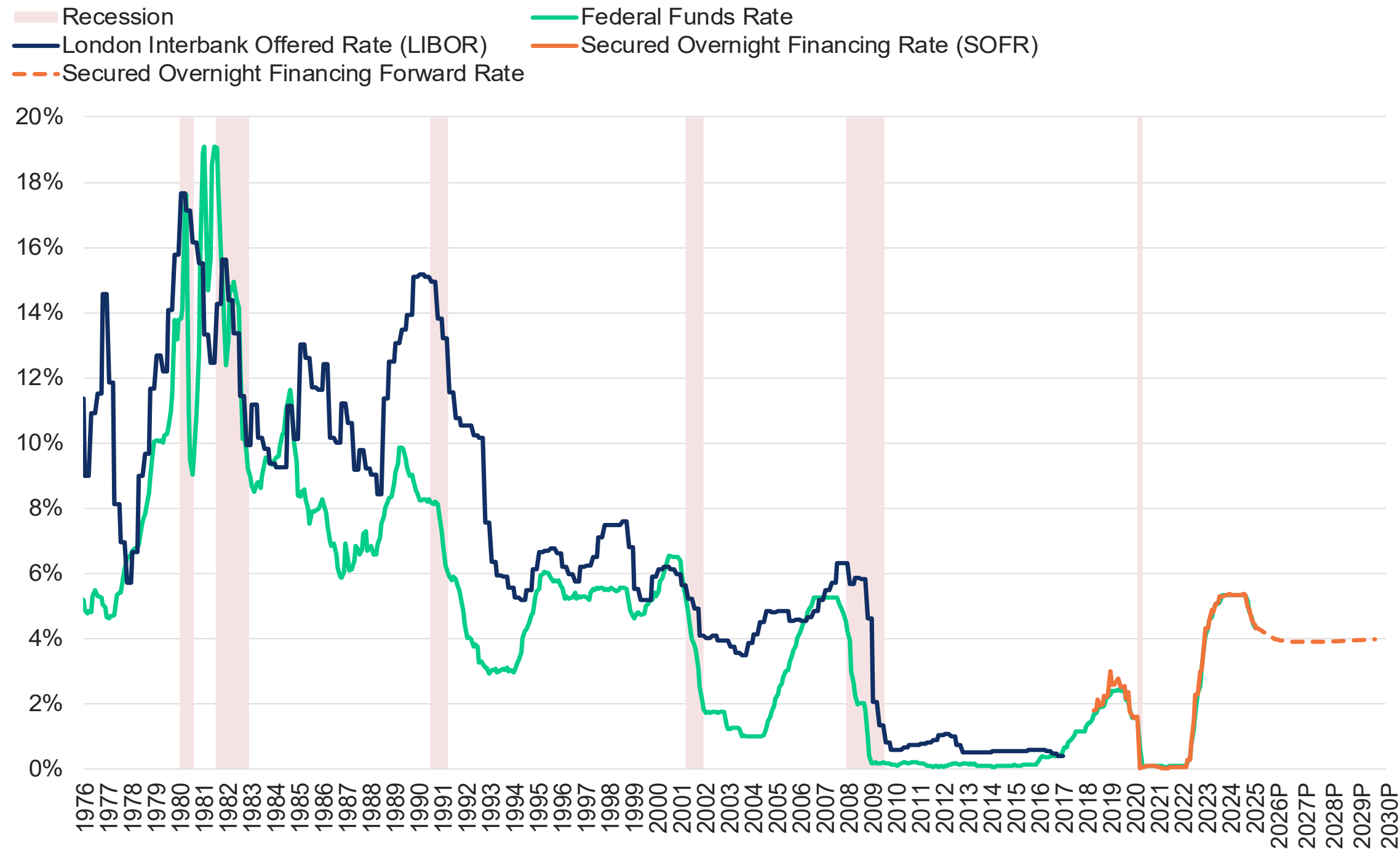


Note: the 5-year adjustable rate mortgage is the 5/1 rate, which is a 5 year fixed rate that adjusts annually.

Sources: Bankrate.com; MBA; Freddie Mac; FFIEC (Data: Jan-25, Pub: Feb-25)

SOFR is near its highest level since replacing LIBOR in 2018.

Secured Overnight Financing Rate



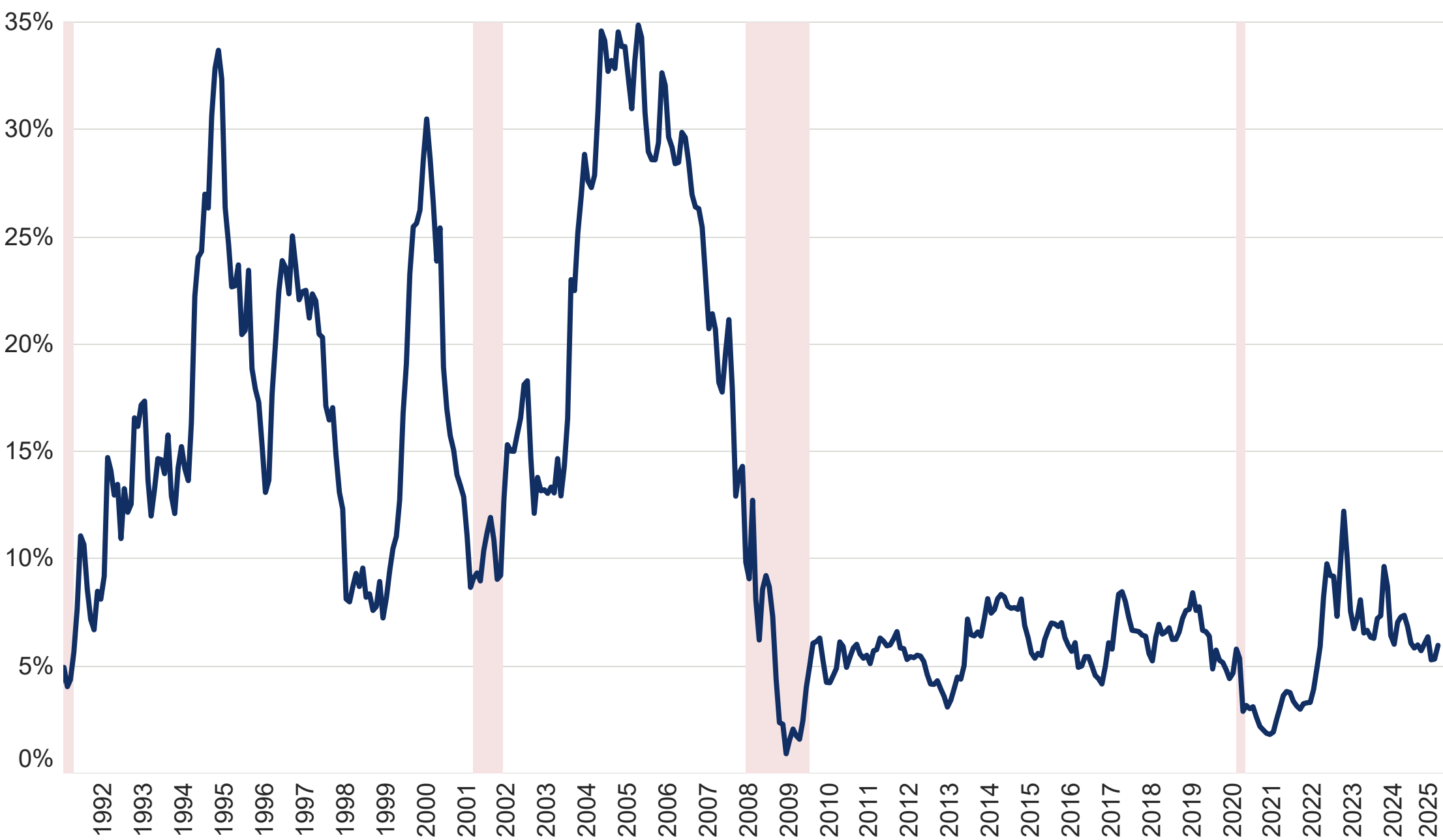
Secured Overnight Financing Rate (SOFR), a measure of overnight borrowing costs for banks and institutions, decreased to 4.4% in January. Many adjustable-rate mortgages are indexed to SOFR.

Sources: Bloomberg; Federal Reserve Bank of New York; John Burns Research and Consulting, LLC (Data: Jan-25, Pub: Feb-25)

ARMs remain low relative to history.

Adjustable Rate Mortgages as a % Newly Issued Mortgages

Recession Current percent of adjustable loans = 6.0%



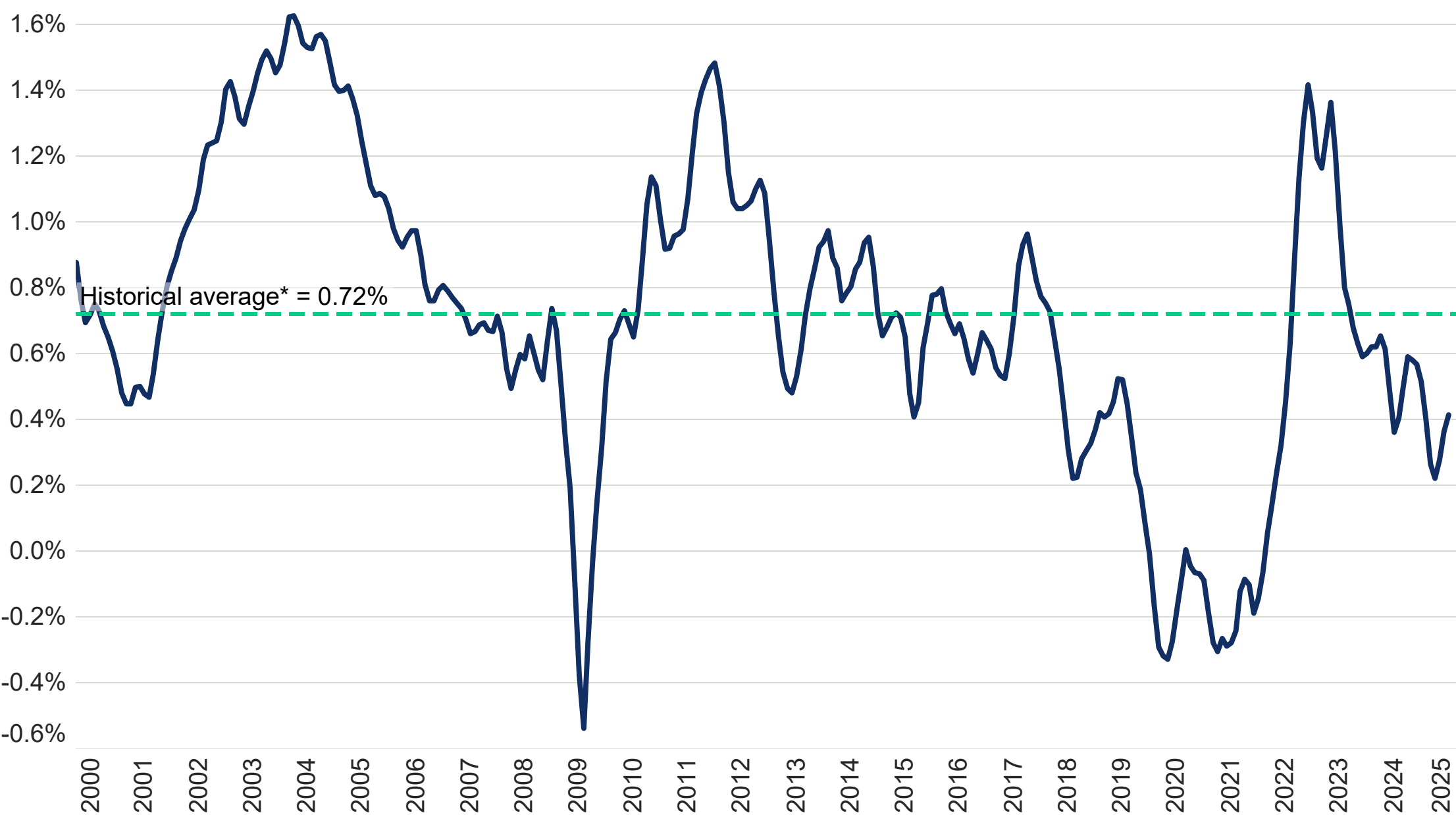
Source: MBA (Data: Feb-25, Pub: Feb-25)

The current percent of adjustable loans is 6.0%. ARMs are now subject to more stringent underwriting requirements after the financial crisis.

The spread between the 30-yr fixed rate and ARMs is below the historical average.

Interest Rate Spread: Fixed vs. Adjustable Rate Mortgage

3-month moving average



The current 30-year FRM to 5-year ARM spread is 42bps, up from 36bps last year.

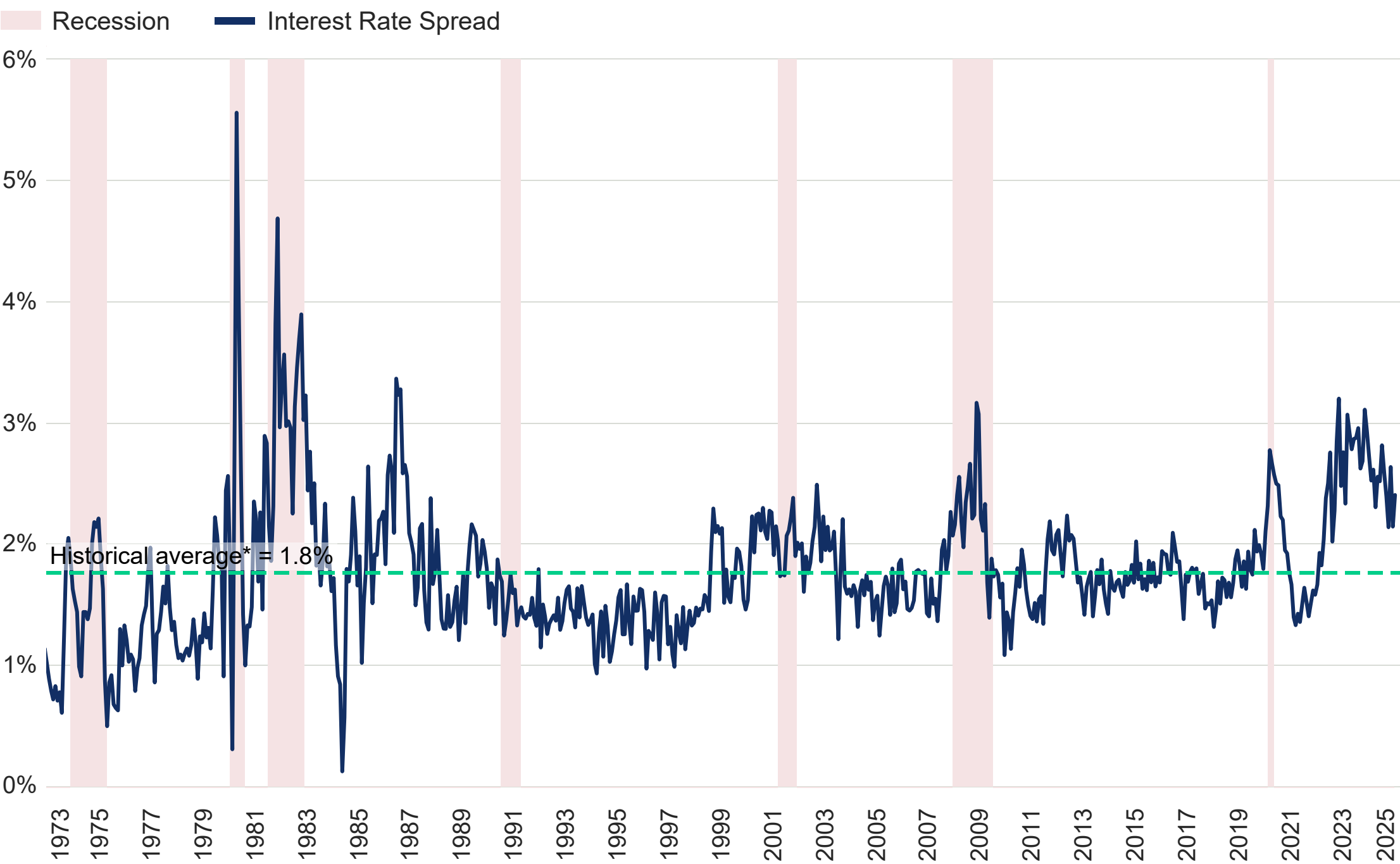
Note: the adjustable rate mortgage is the 5/1 rate, which is a 5 year fixed rate that adjusts annually.

Sources: Freddie Mac; FFIEC (Data: Jan-25, Pub: Feb-25)

*Historical average Mar-05 through current

The spread between the 30-yr fixed rate and the 10-yr Treasury rate is elevated.

Interest Rate Spread: 30-Yr. Fixed vs. 10-Yr. Treasury



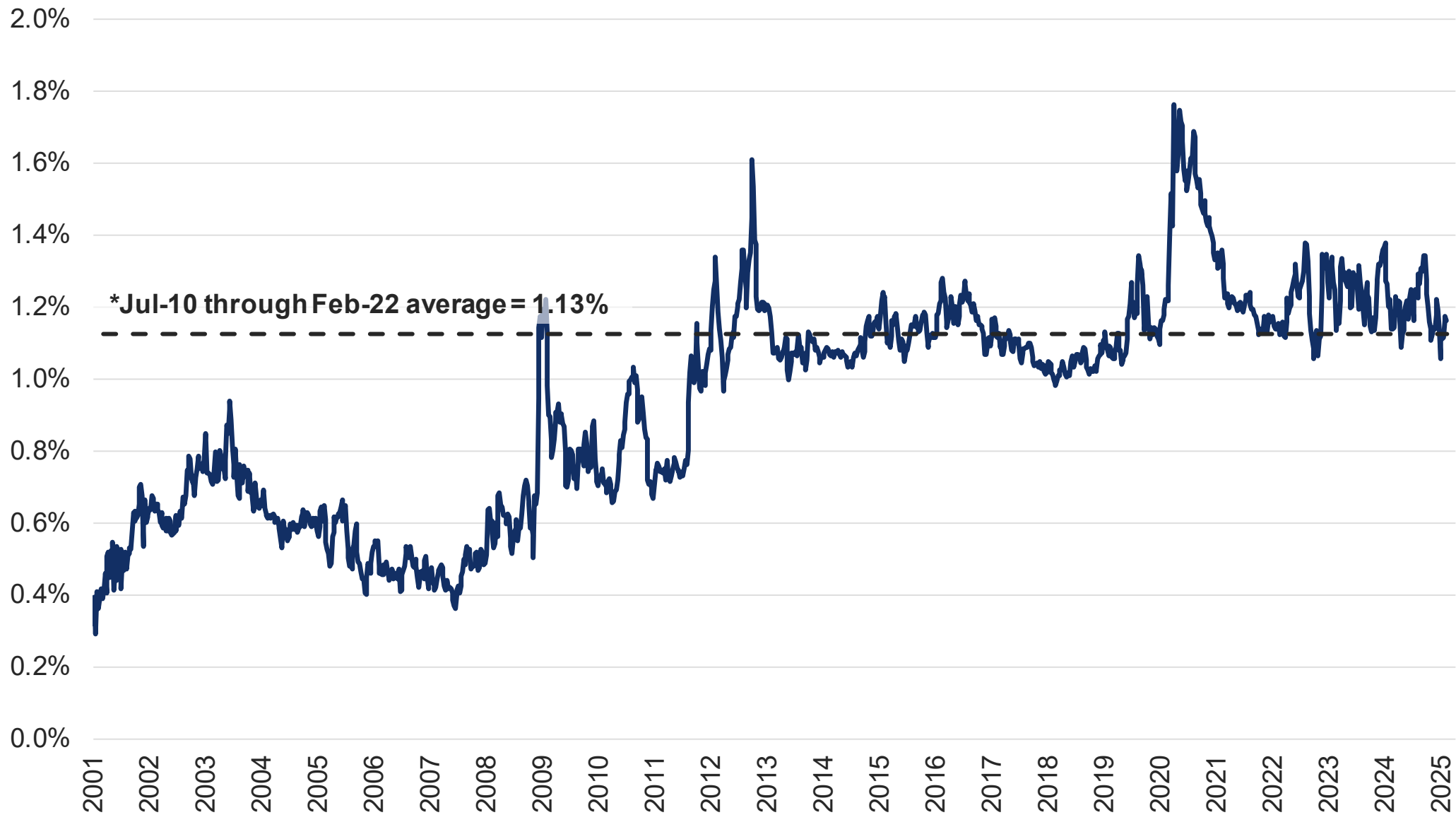
The spread between the 30-year fixed rate and 10-year Treasury fell -32bps YOY to 2.41%.

Source: Freddie Mac, Federal Reserve (Data: Jan-25, Pub: Feb-25) *Historical average Apr-71 through current

The primary-secondary spread is permanently higher than pre-2010 due to Dodd-Frank Act requirements, averaging 1.13% since 2010.

Primary-Secondary Spread

— Current = 1.16%



Note: We show the July 2010 through February 2022 average to compare today to post-Dodd-Frank and pre-2022 rate hike cycle conditions.
Sources: Bloomberg; John Burns Research and Consulting, LLC (Data: Feb-25, Pub: Feb-25)

Primary-secondary spread

The primary-second spread is calculated as the spread between mortgage rates for consumers and mortgage-backed security yields for investors.

This component represents the cost of servicing a mortgage and complying with associated regulations, including:

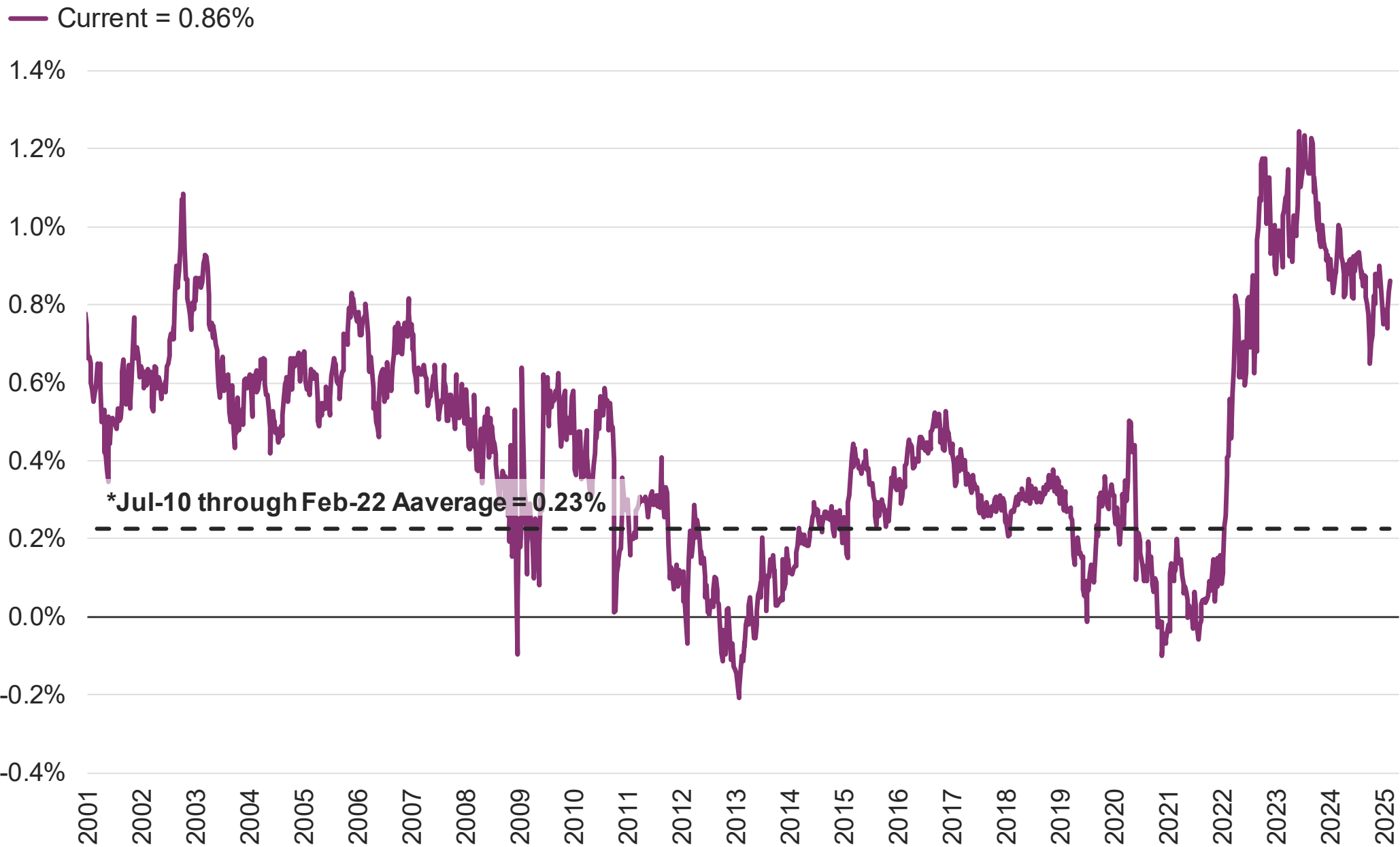
- Fees charged by GSEs for loan securitization + rule compliance
- Qualified Mortgage (QM) + Ability-to-Repay rule compliance
- Borrower protections/communications

Higher demand for lenders' services can also push primary mortgage rates higher, widening the spread over MBS yields (and vice versa).

Lenders may also demand higher premiums if there is a high chance that rates fall during the underwriting process.

The implied prepayment spread is elevated due to high rates, which increases the chances of prepayment if rates fall.

Implied Prepayment / Duration Spread



Implied prepayment/duration spread

The implied prepayment spread is calculated by estimating the risk of potential mortgage prepayments on mortgage-backed security cash flows.

This spread component compensates investors for:

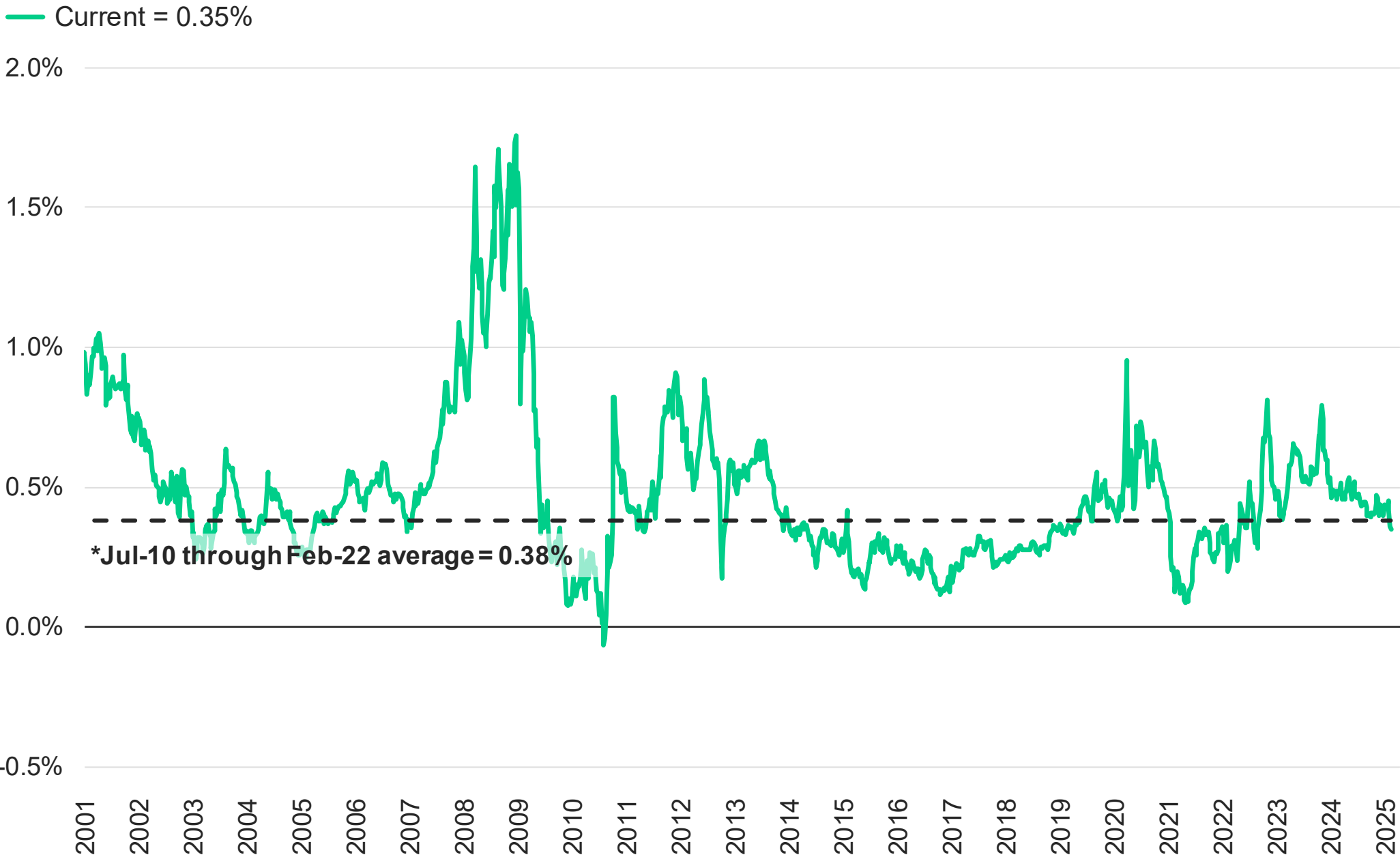
- Potential lost interest payments due to repayment
- Potential duration risk (i.e., the risk of lower returns upon reinvestment).

The rise in interest rates in 2022 increased the risk that newly issued mortgages would be prepaid since higher current rates entail a greater likelihood of lower rates in the future. As rates come down, this spread component should come in gradually.

Note: We show the July 2010 through February 2022 average to compare today to post-Dodd-Frank and pre-2022 rate hike cycle conditions.
Sources: Bloomberg; John Burns Research and Consulting, LLC (Data: Feb-25, Pub: Feb-25)

The option-adjusted spread is slightly below historical norms.

Option Adjusted Spread



Option-adjusted spread

The option-adjusted spread (OAS) is calculated as the spread between mortgage-backed security yields and the 10-year Treasury yield after adjusting for prepayment risk. Therefore, the OAS reflects the *risk-adjusted* yield of mortgage-backed securities.

The OAS tends to increase during times of interest rate and economic volatility and decrease during times of relative market stability.

The OAS also broadly reflects market demand for mortgage-related assets; higher demand = lower OAS, and lower demand = higher OAS. The Fed stopped buying mortgage-backed securities in early 2022, which has structurally lowered market demand for MBS and pushed up the OAS.

Note: We show the July 2010 through February 2022 average to compare today to post-Dodd-Frank and pre-2022 rate hike cycle conditions.

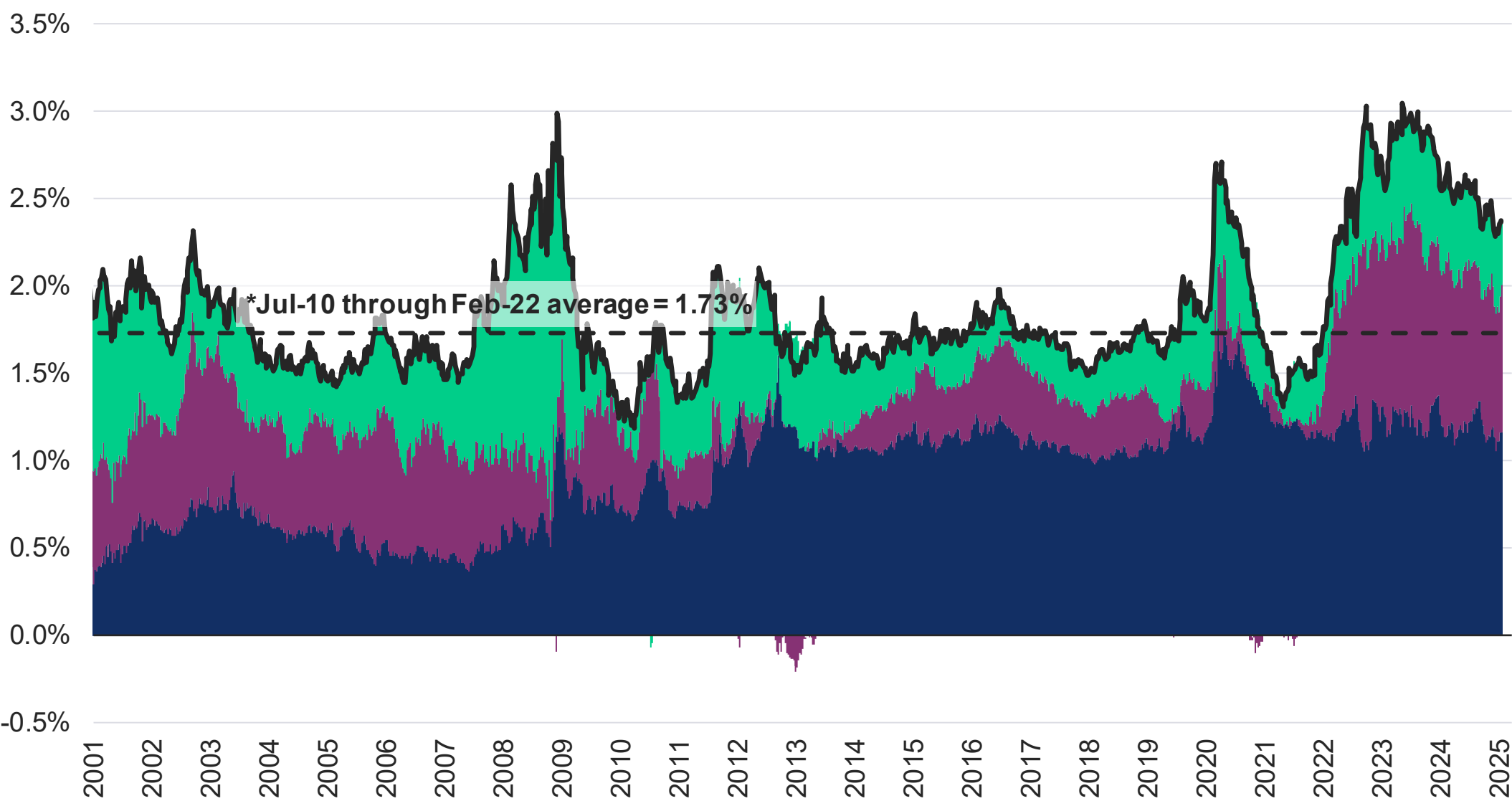
Sources: Bloomberg; John Burns Research and Consulting, LLC (Data: Feb-25, Pub: Feb-25)

Mortgage rate spreads are elevated relative to history by ~64bps, due mostly to increased prepayment risk.

Components of Mortgage Rate Spread (30-Year Fixed Mortgage Rate - 10-Year Treasury Rate)

■ Primary-secondary spread ■ Implied prepayment/duration spread ■ Option adjusted spread

Current mortgage spread = 2.37% — Total mortgage rate spread



Primary-secondary spread

This component represents the cost of servicing a mortgage and complying with associated regulations.

Prepayment/duration spread

This component represents the risk of mortgages being paid off early via a surge in homeowners opting to sell or refinance.

Option-adjusted spread

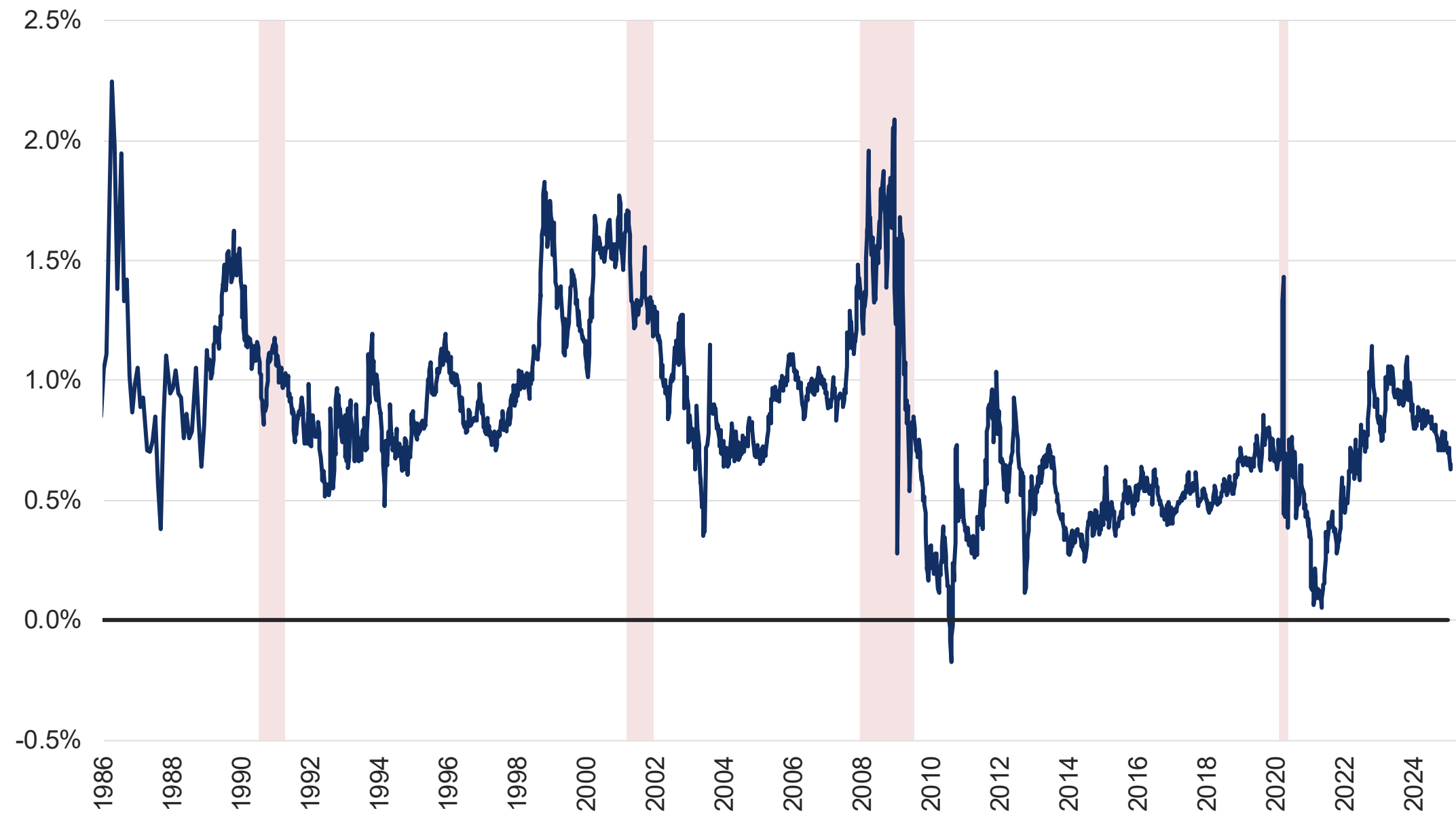
This component represents the risk-adjusted yield of mortgage-backed securities after factoring in prepayment risk and reflects demand for mortgage-related assets.

Note: We show the July 2010 through February 2022 average to compare today to post-Dodd-Frank and pre-2022 rate hike cycle conditions.
Sources: Bloomberg; John Burns Research and Consulting, LLC (Data: Feb-25, Pub: Feb-25)

The MBS risk premium is falling as mortgage prepayment risk falls.

MBS Risk Premium

Bloomberg US MBS Index, 10 Yr. Treasury Recession MBS Risk Premium = 0.65%



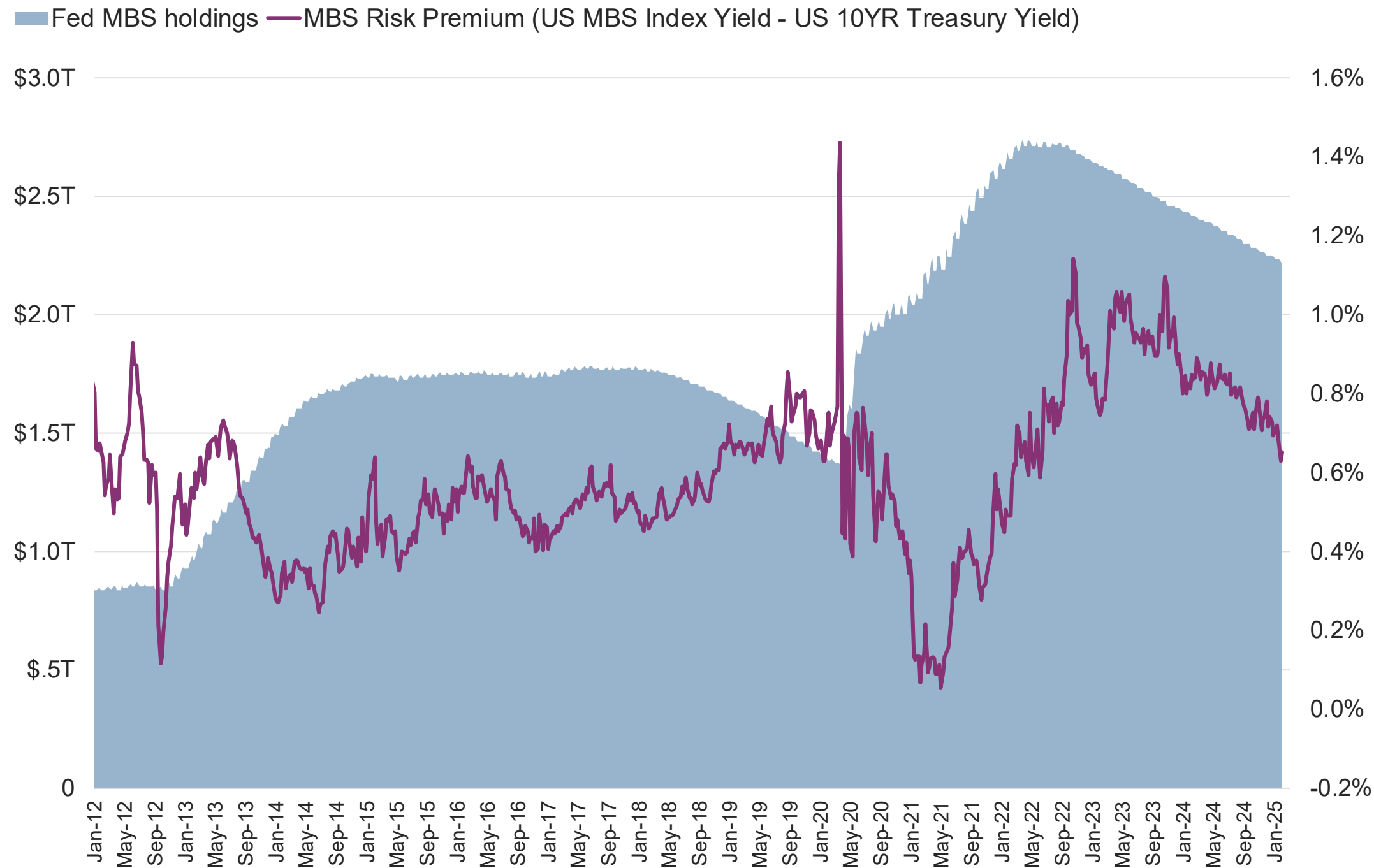
Sources: Bloomberg; John Burns Research and Consulting, LLC (Data: Jan-25, Pub: Feb-25)

MBS yields are impacted by both prepayment risk and market demand for mortgage-backed products.

A declining risk premium can indicate improving market conditions or lower perceived risk, reducing concerns about housing market distress and broader economic instability.

The MBS risk premium tends to move inversely to Fed MBS holdings.

MBS Risk Premium vs. Fed MBS Holdings



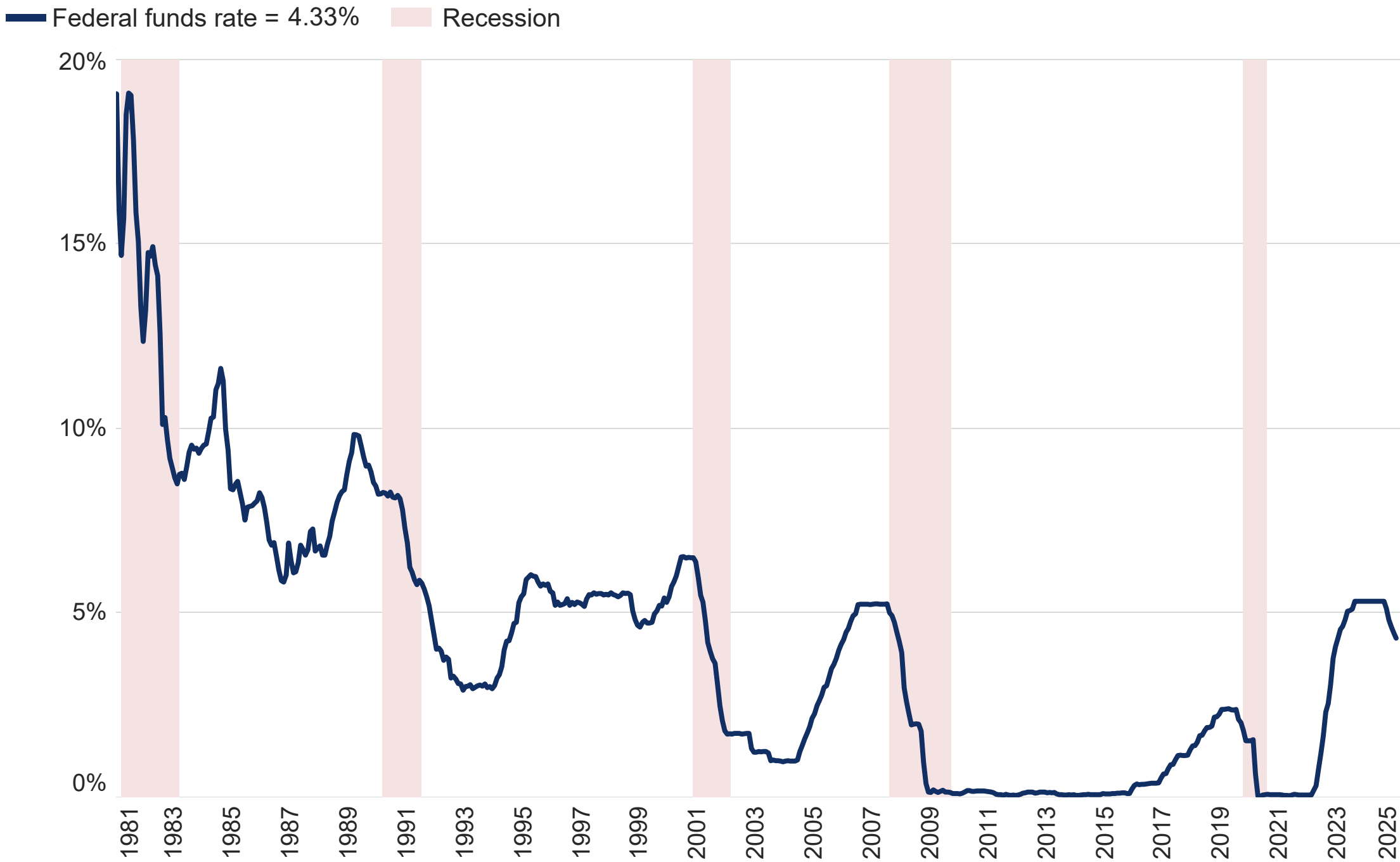
Fed purchases of mortgage-backed securities tend to lower the MBS premium over 10-year Treasuries.

The Fed is no longer purchasing MBS, which is pushing up the MBS risk premium.

Sources: Bloomberg; Federal Reserve Bank of St. Louis; John Burns Research and Consulting, LLC (Data: Jan-25, Pub: Feb-25)

The Fed held rates in January.

Federal Funds Rate (Effective)



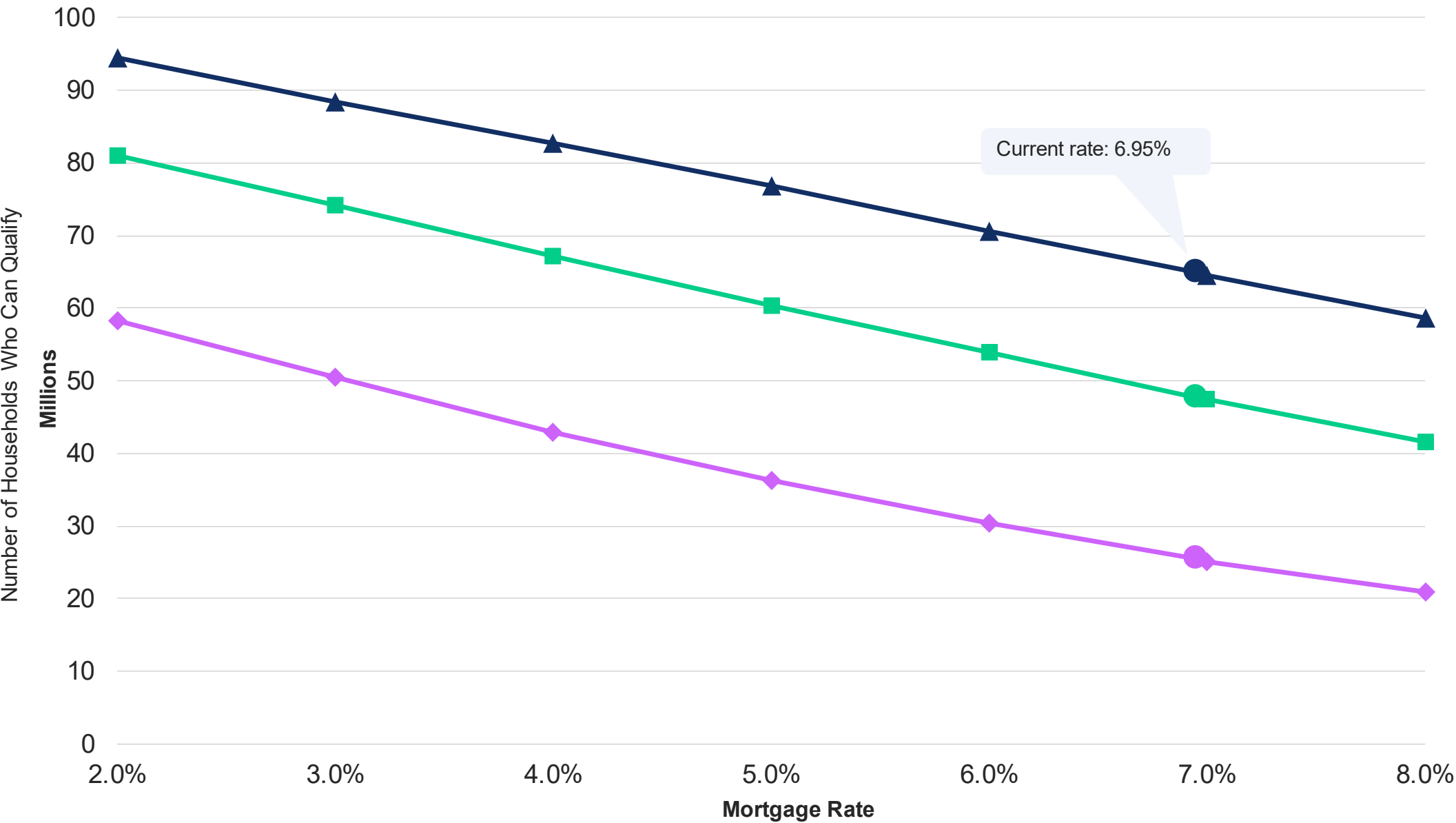
The Fed kept interest rates unchanged in January. Note that we show the effective monthly average rate, which will lag official rate changes.

Source: Federal Reserve (Data: Jan-25, Pub: Feb-25)

If rates fall to 5%, 12.5M more households will be able to afford a \$400K mortgage.

National Mortgage Rate Sensitivity

▲ \$300K mortgage ■ \$400K mortgage ◆ \$600K mortgage



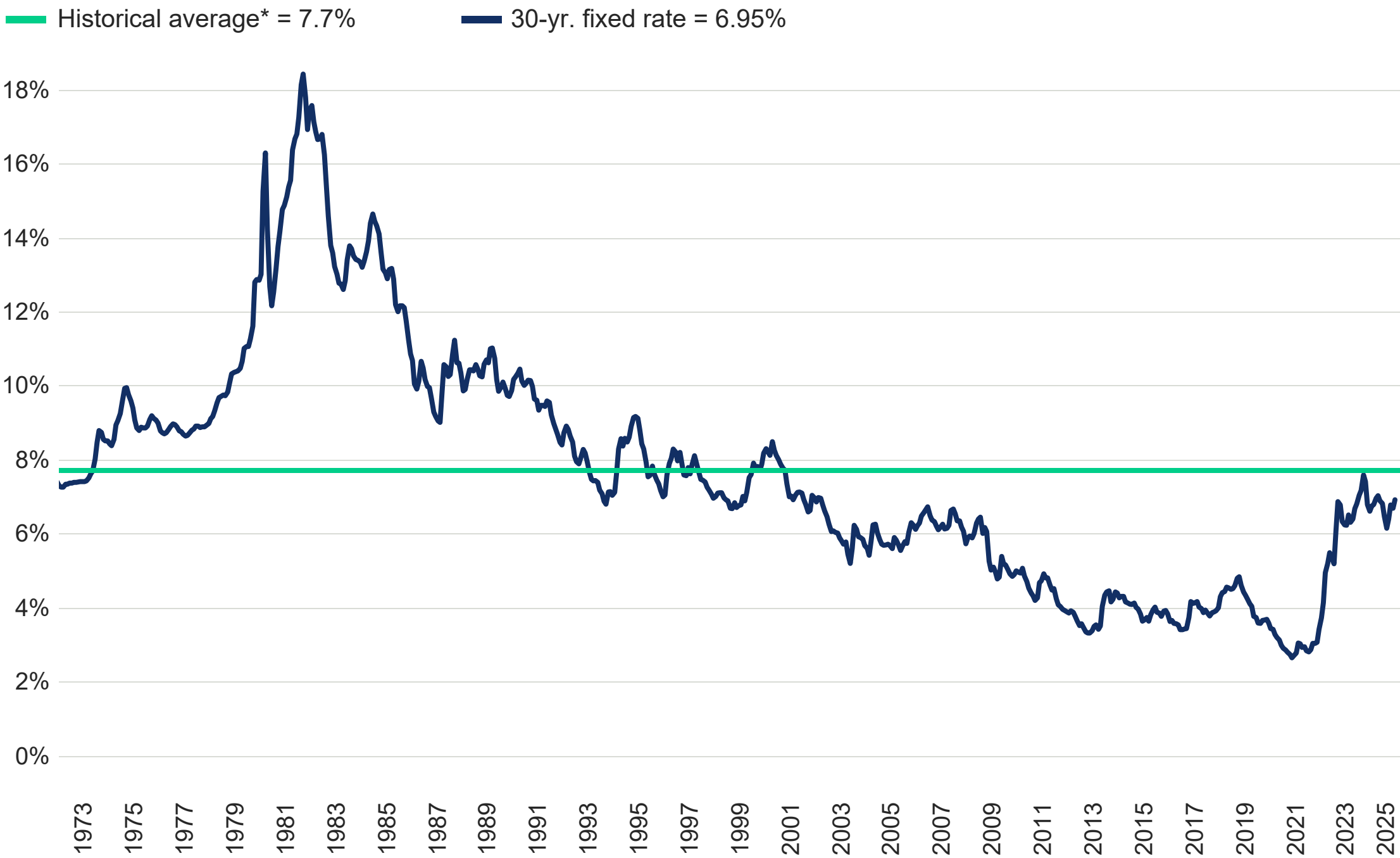
At current rates, 36% of households (48M) can afford a \$400K mortgage, and only 19% (25.5M) can afford a \$600K mortgage.

*Note: Assumes mortgage payments represent one-third of median household income (in 2023 inflation adjusted dollars).

Source: John Burns Research and Consulting, LLC (Data: Jan-25, Pub: Feb-25)

Mortgage rates rose to 6.95% in January.

30-Year Mortgage Rate

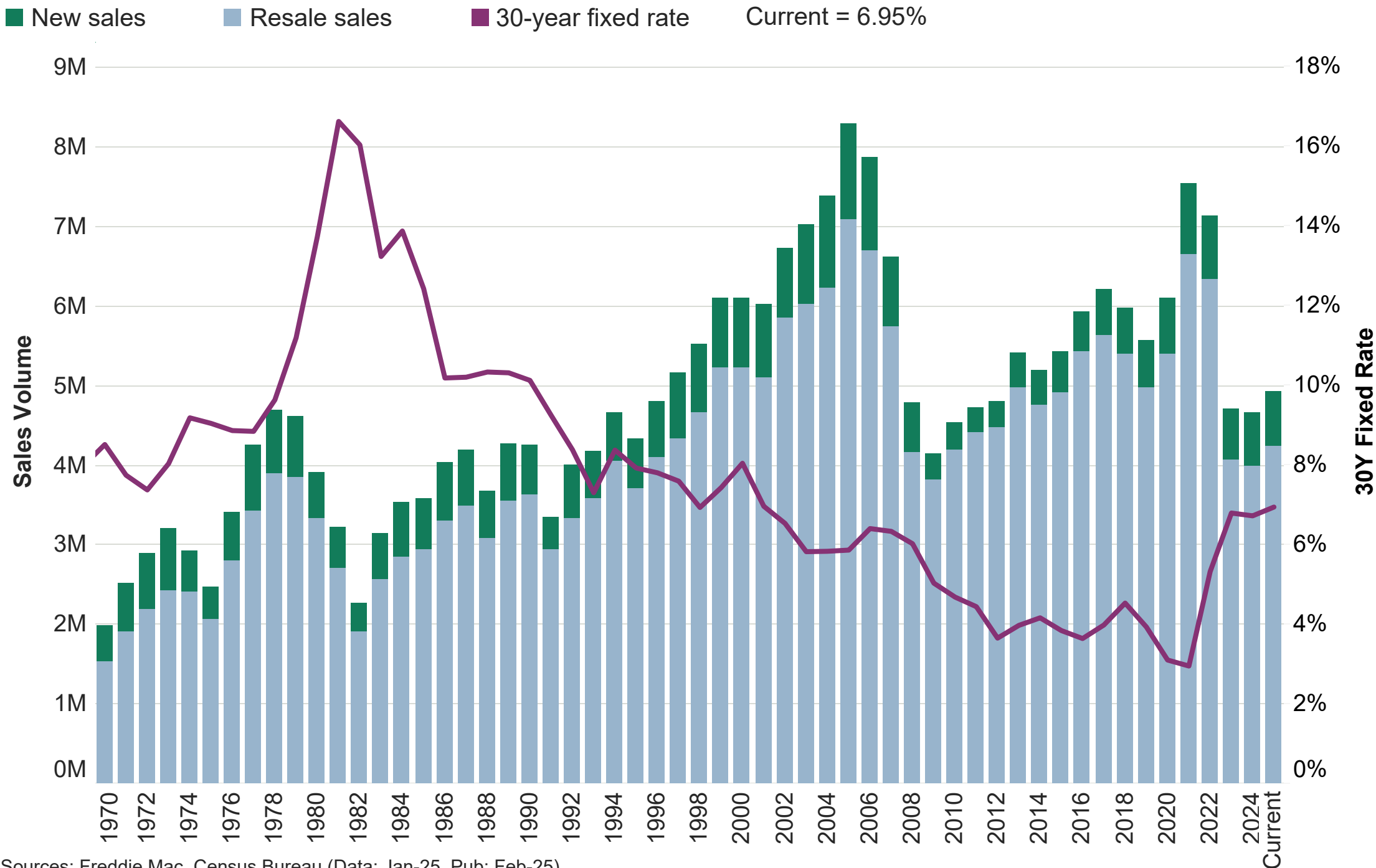


Mortgage rates have averaged 7.7% since 1973.

Sources: Freddie Mac; JBREC (Data: Jan-25, Pub: Feb-25)

Historically, homes continue to transact in high mortgage rate environments.

30-Year Mortgage Rate and Home Transactions



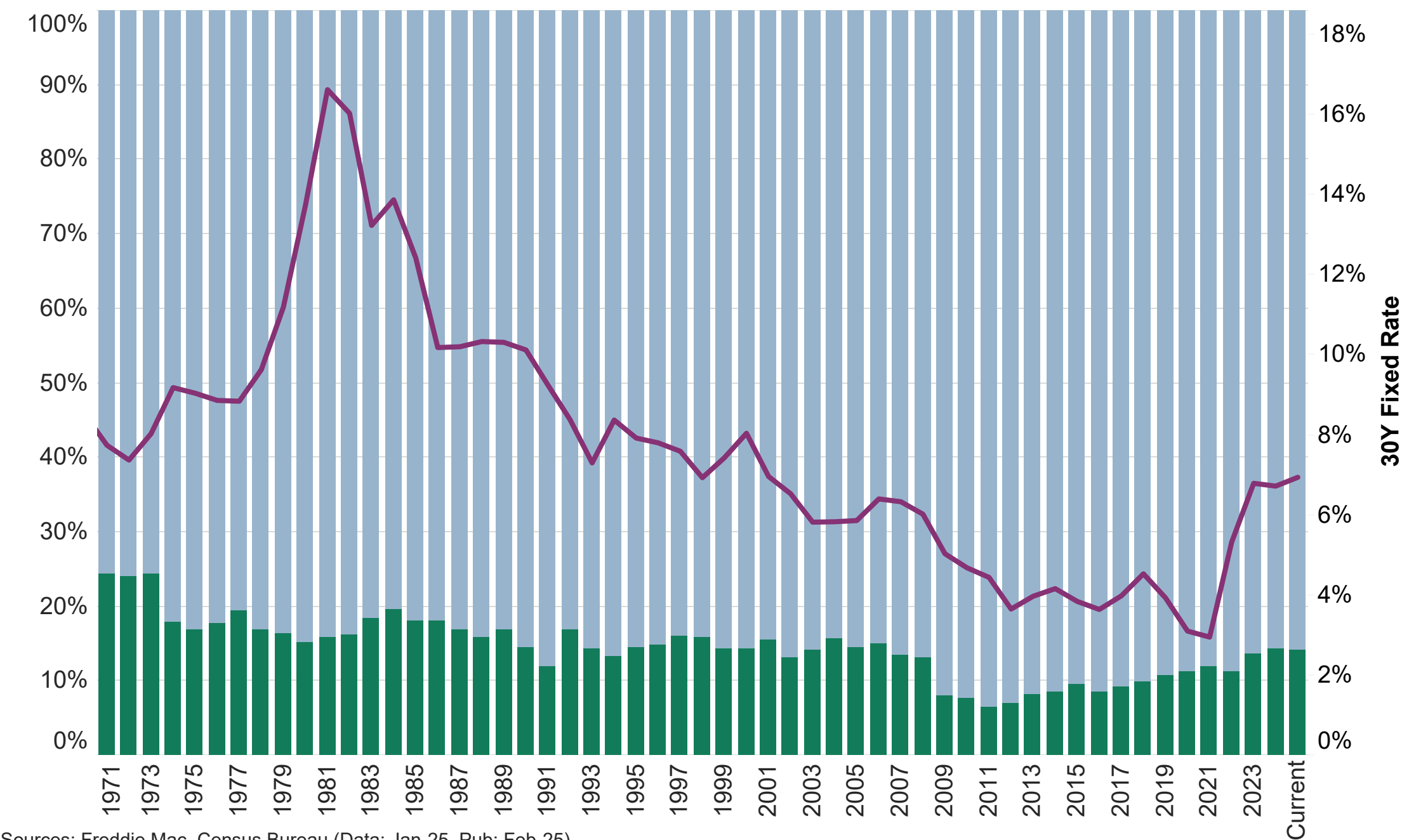
Steadily declining mortgage rates have boosted home sales over the last several decades, but homes have historically continued to transact even in much higher mortgage rate environments.

Sources: Freddie Mac, Census Bureau (Data: Jan-25, Pub: Feb-25)

New homes represent 14% of all home sales.

30-Year Mortgage Rate and Home Transactions

New sales = 14% Resale sales = 86% 30-year fixed rate = 6.95%

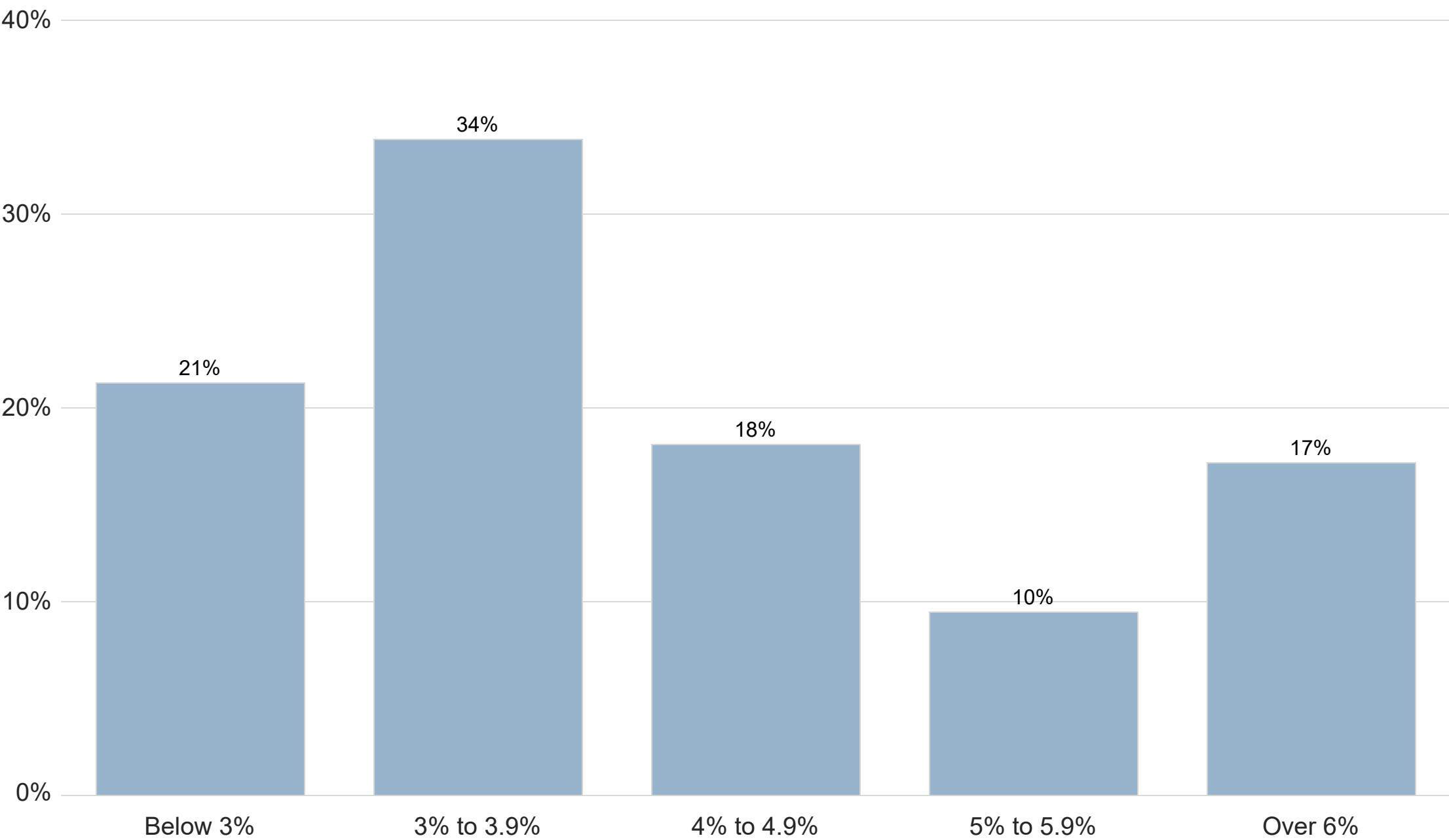


Historically, new homes represent around 16% of total transactions.

Sources: Freddie Mac, Census Bureau (Data: Jan-25, Pub: Feb-25)

73% of outstanding mortgages are locked in at rates less than 5%.

Distribution of Outstanding Primary Residential Mortgages by Interest Rate

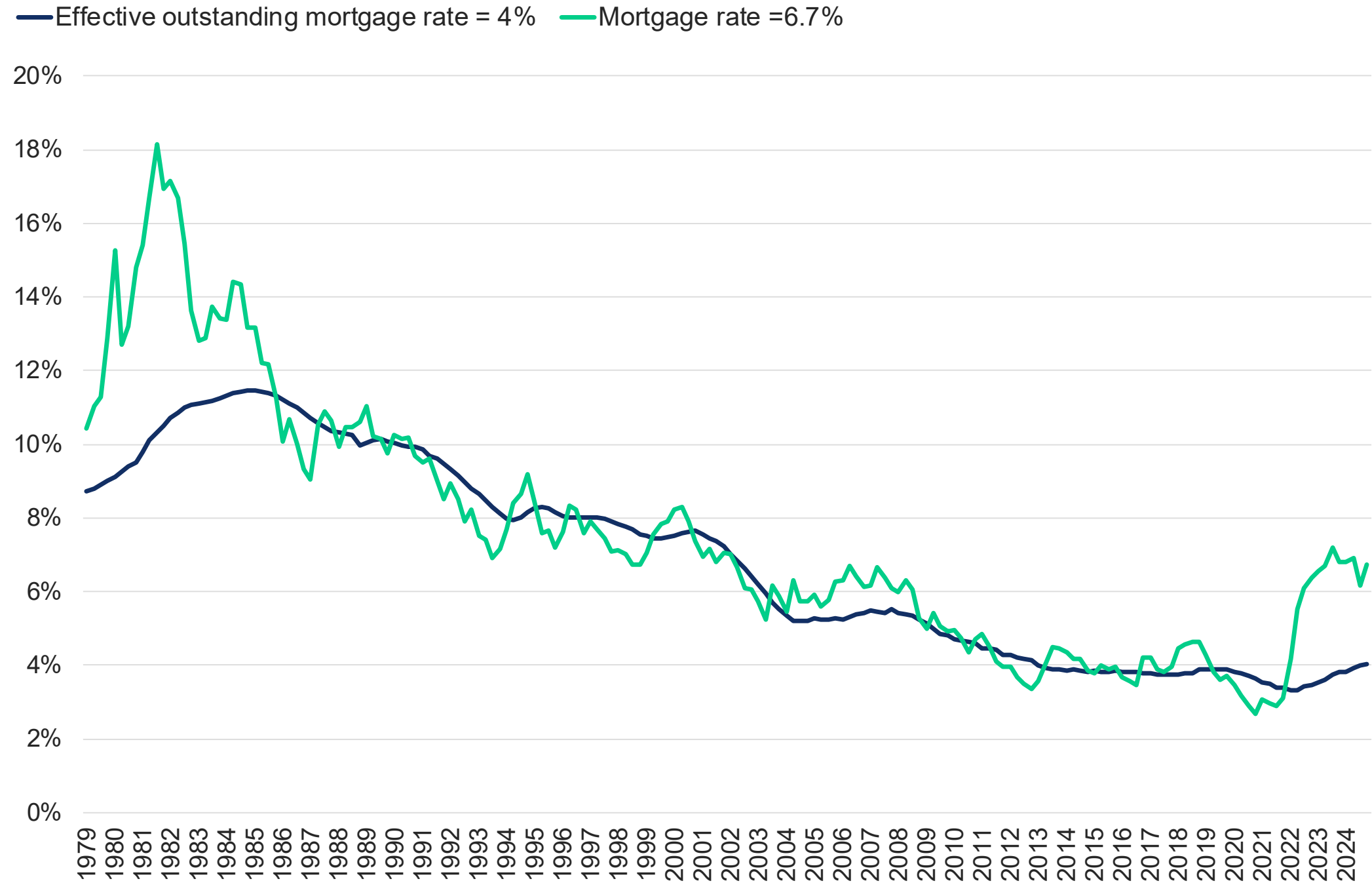


Higher rates make it more difficult to move up or refinance.

Source: Federal Housing Finance Agency (Data: 3Q24, Pub: Feb-25)

The effective mortgage rate on outstanding loans increased to 4.0% in 4Q24.

Mortgage Rates vs. Effective Outstanding Mortgage Rates

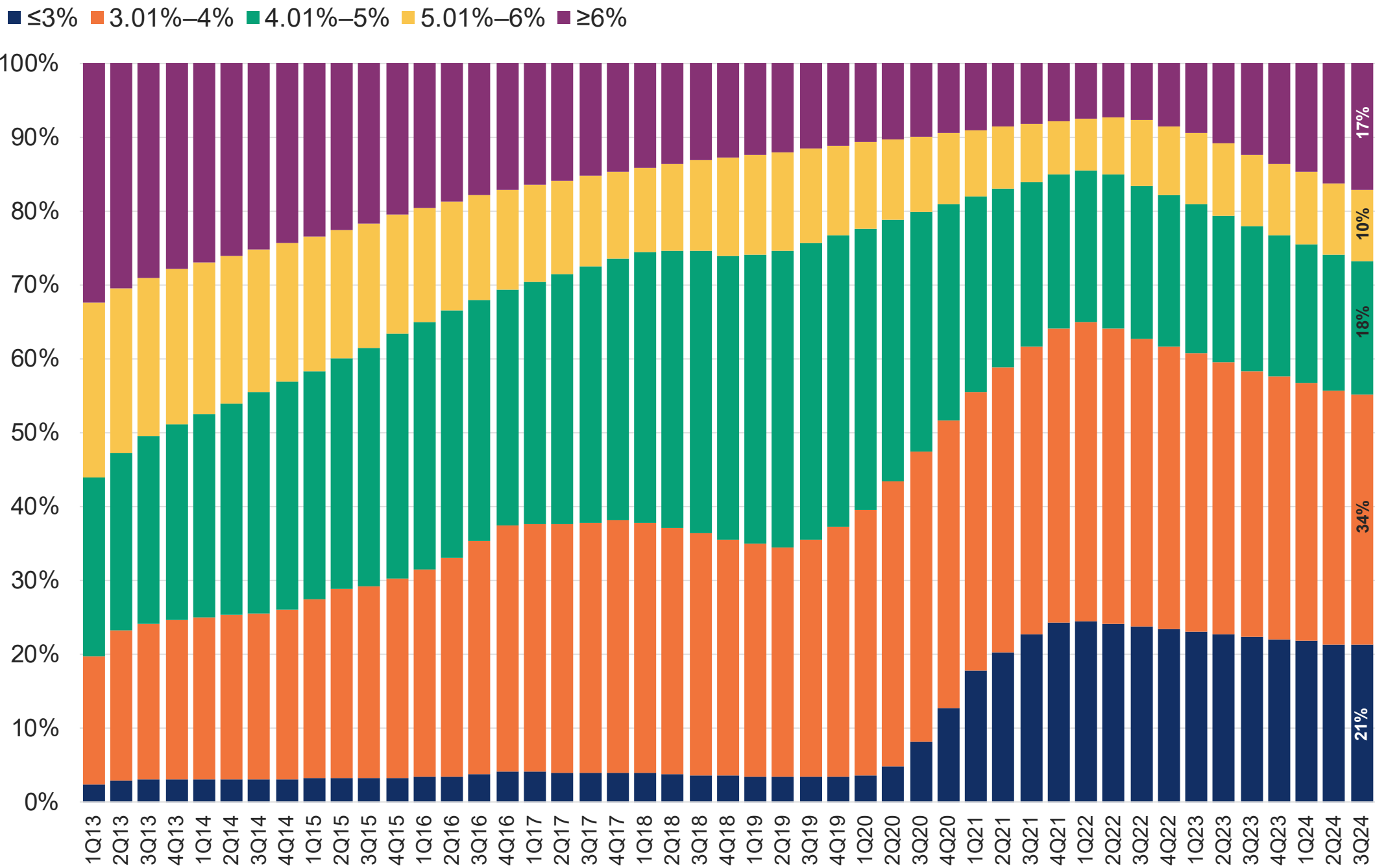


Homeowners locked in at low rates are less likely to sell, which is keeping inventory low.

Sources: Bureau of Economic Analysis, Freddie Mac, John Burns Research and Consulting, LLC (Data: 4Q24, updated quarterly†) Pub: Feb-25

83% of borrowers have a mortgage rate below 6%.

Share of Mortgage Loans Outstanding by Mortgage Rate



We are past the peak lock-in days of 1Q22, when 92% of borrowers had a mortgage rate below 6%.

Source: FHFA; National Mortgage Database (NMDB); John Burns Research and Consulting, LLC (Data: 3Q24, updated quarterly†) Pub: Feb-25



Affordability

Underwriting metrics and mortgage banking

Mortgage access to credit overview

Indicator	Most Recent	Value	Historical Average	Starting Period	Source	Loosening(+) / Tightening(-)*
% Mortgages Originated by Non-Banks	Oct-24	77%	60%	2012	AEI	+
% Private Label Mortgage Origination Volume	4Q24	4%	9%	2002	Urban Institute	-
% FHA/VA Mortgage Origination Volume	4Q24	24%	17%	2002	Urban Institute	+
% Mortgages Originated < 660 Credit Score	4Q24	8%	11%	2003	FRBNY	-
Median Credit Score at Mortgage Origination	4Q24	774	752	2000	FRBNY	-
% Consumers Saying "Easy" to Obtain Mortgage	Jan-25	46%	50%	2010	Fannie Mae	-
% Purchase Loans with CLTV > 90%	Oct-24	53%	55%	2012	AEI	-
% Purchase Loans with DTI = 42%	Oct-24	51%	40%	2012	AEI	+
Net % of Banks Easing Credit Standards for HELOCs	4Q24	0%	5%	2008	Loan Officer Survey	-
Net % of Banks Increasing HELOC Disbursements	4Q24	13%	16%	2008	Loan Officer Survey	-
						Totals
						- 7
						+ 3

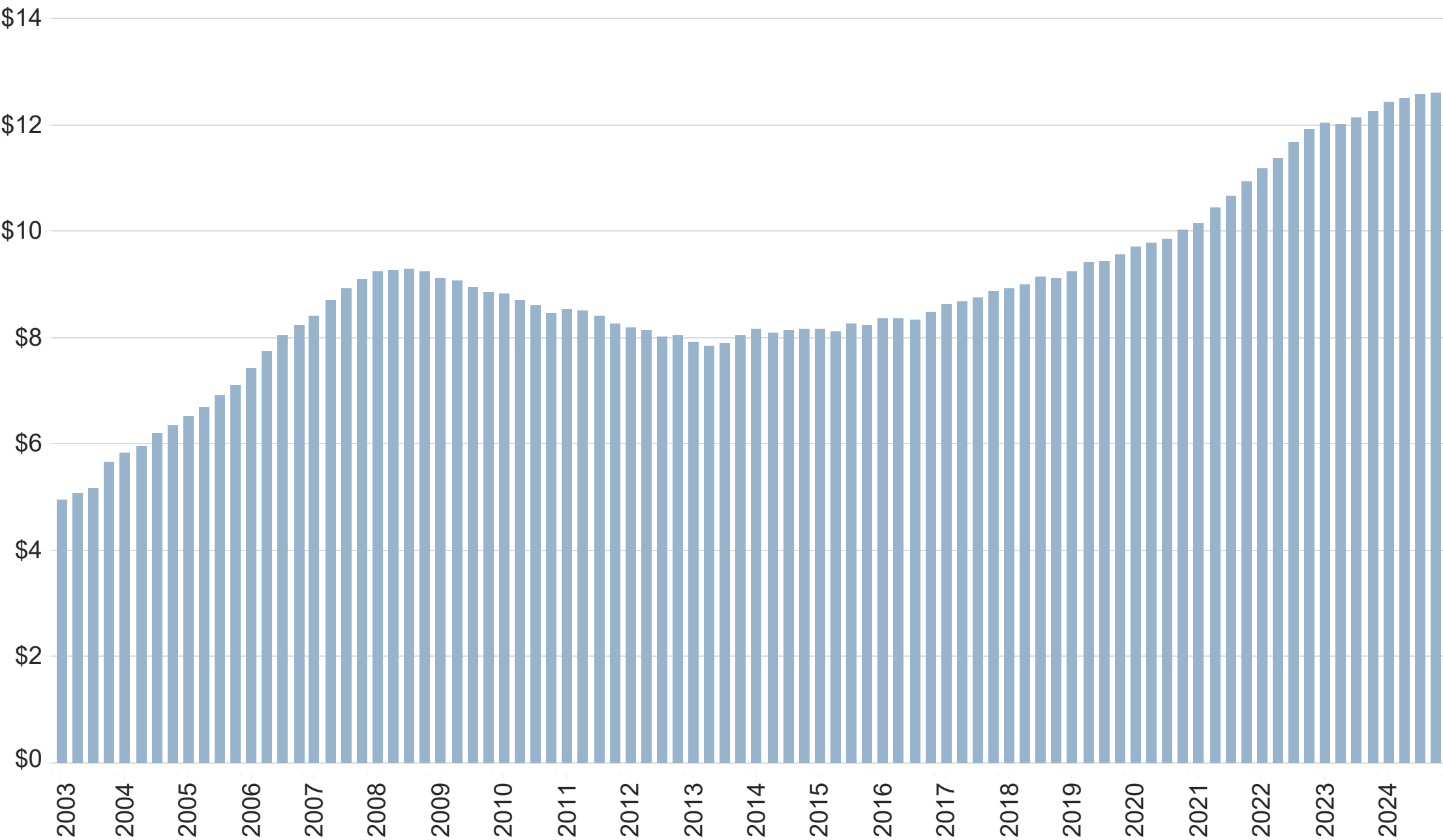
These indicators reflect the current tightening or loosening of mortgage credit conditions, highlighting shifts in lender confidence and financial market stability. Most indicators are tightening.

*Note: + indicates loosening and - indicates tightening.
**Based on the following periods: 1990–1992; 2000–2003; 2005–2007; 2013–2016
Sources: AEI; Fannie Mae; Federal Reserve; Urban Institute (Pub: Feb-25)

Consumer mortgage debt is at an all-time high.

Mortgage Debt Balance

■ Current = \$12.6 trillion



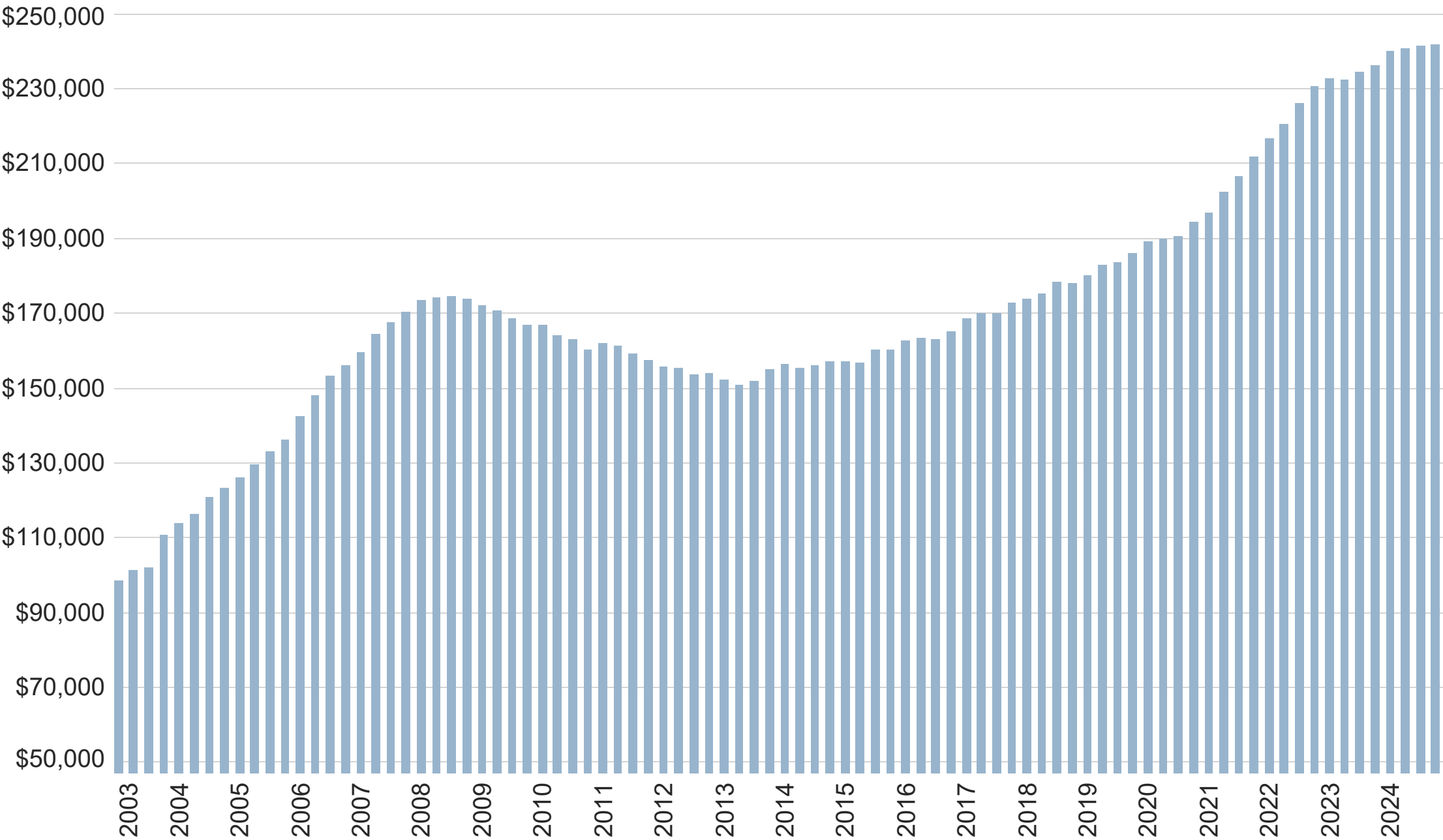
Total consumer mortgage debt is now \$12.6 trillion, a record high.

Sources: NY Federal Reserve Consumer Credit Panel/Equifax; John Burns Research and Consulting, LLC (Data: 4Q24, Pub: Feb-25)

Average mortgage debt per household has risen along with home prices.

Average Mortgage Debt per Household with a Mortgage

■ Current = \$241,704



The average mortgage debt per household with a mortgage is \$242K, an all-time high.

Sources: NY Federal Reserve Consumer Credit Panel/Equifax; John Burns Research and Consulting, LLC (Data: 4Q24, Pub: Feb-25)

Mortgage credit availability is historically low (100 = March 2012 levels).

Mortgage Credit Availability Index



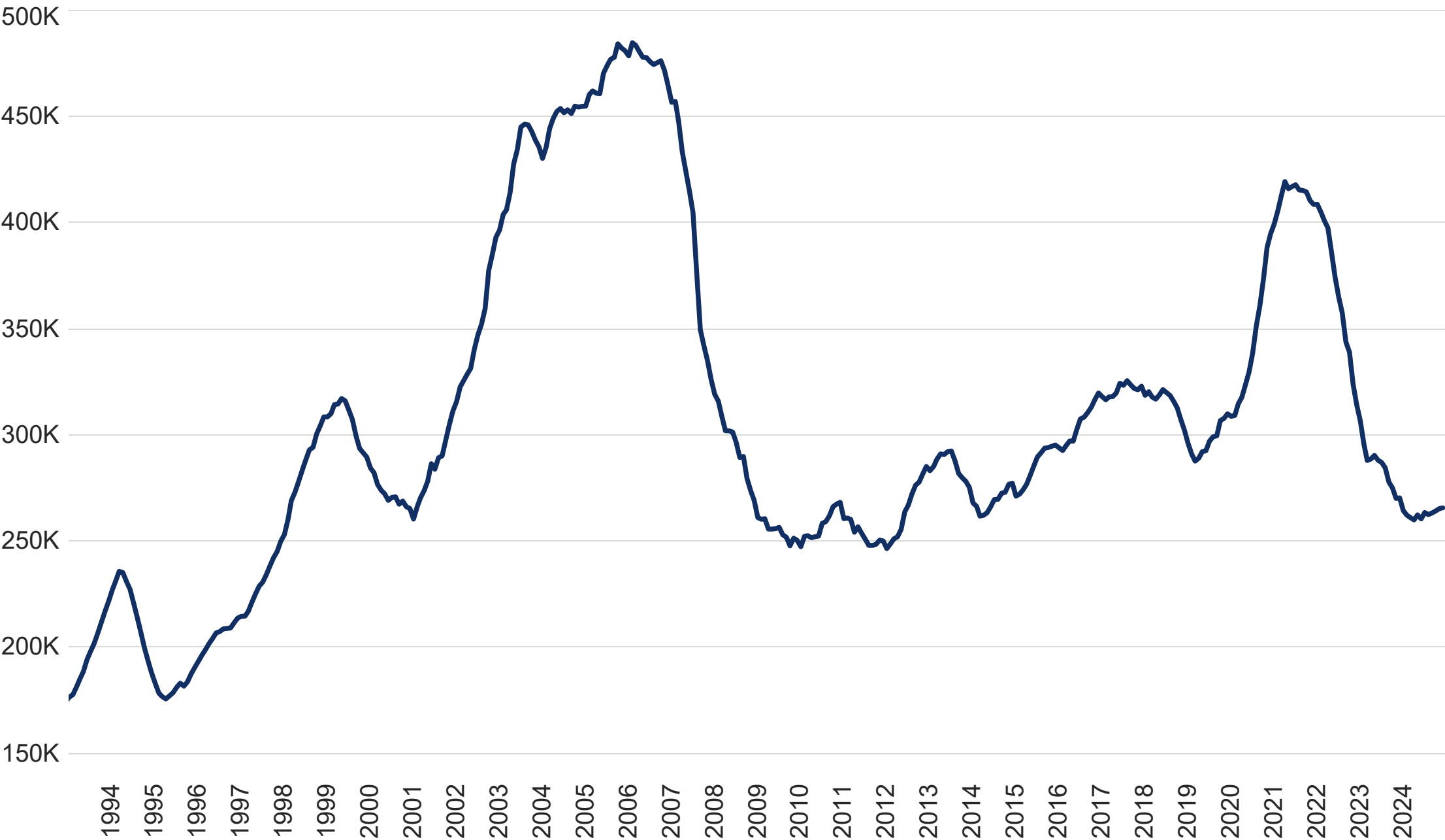
The Mortgage Credit Availability Index remains low at 97 in December. A low index value represents a tight supply of available mortgage programs.

Note: 100 = March 2012
Source: Mortgage Bankers Association (Data: Dec-24, Pub: Feb-25)

Nonbank mortgage broker employment has fallen -37% from the 2021 peak.

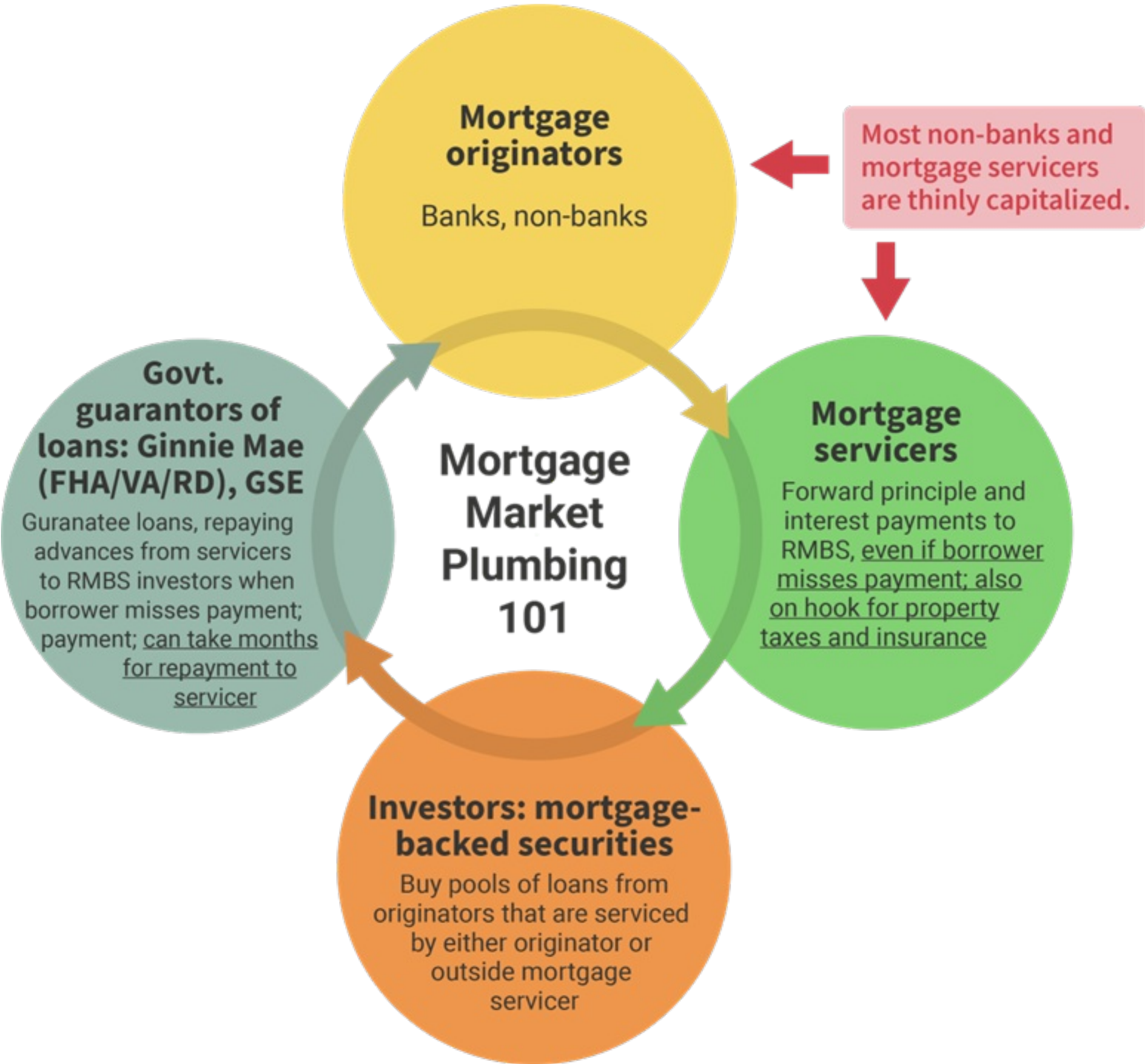
Nonbank Mortgage Broker Employment

— Current = 266K



Mortgage industry employment tends to move inversely with mortgage rates. Falling rates could lead to higher mortgage broker employment.

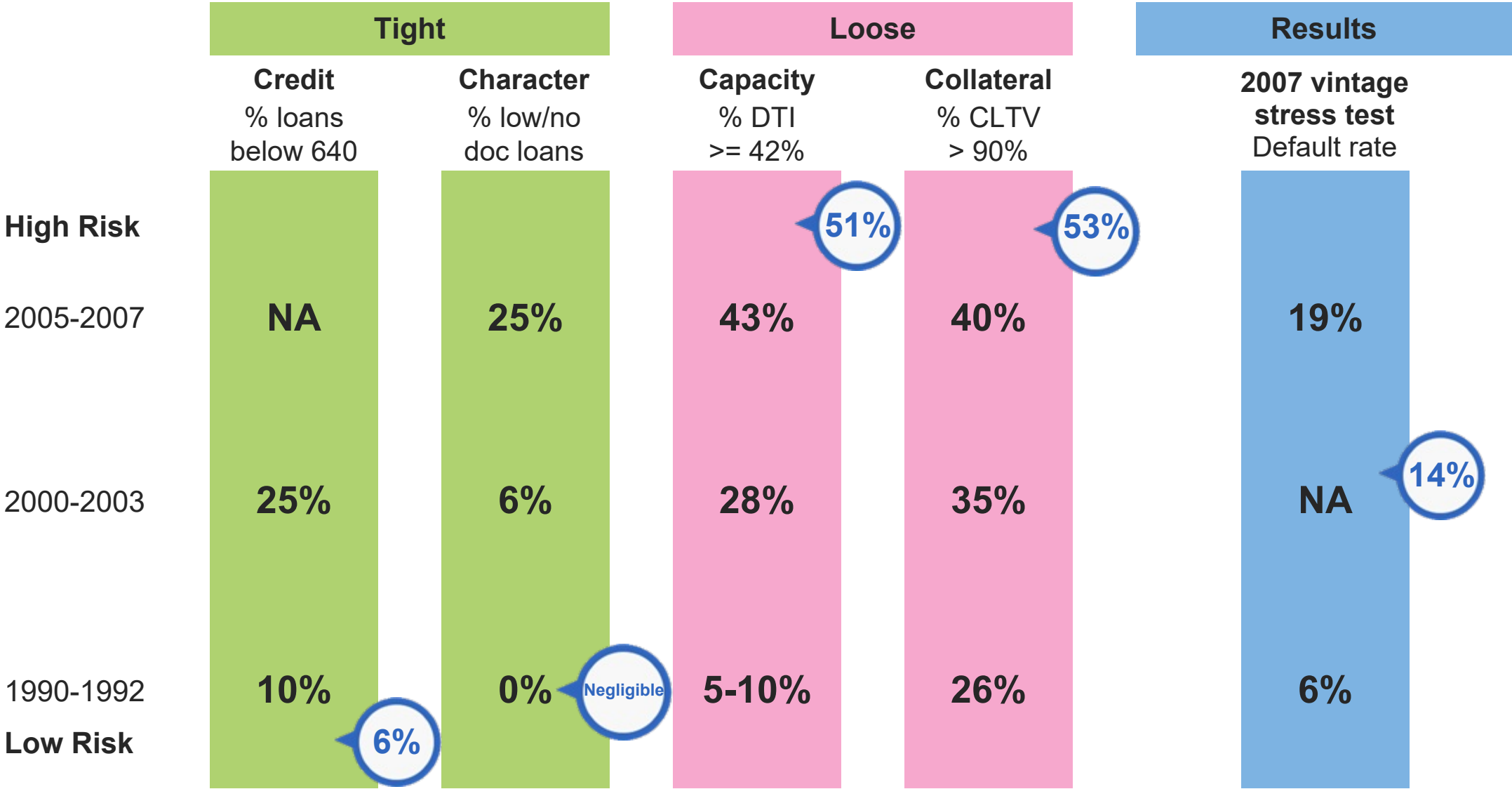
Source: Bureau of Labor Statistics (Data: Dec-24, Pub: Feb-25)



Mortgage originators and mortgage services are most at risk during a large job-loss recession.

Lending standards on government-backed loans: 64% of all loans

○ Current value



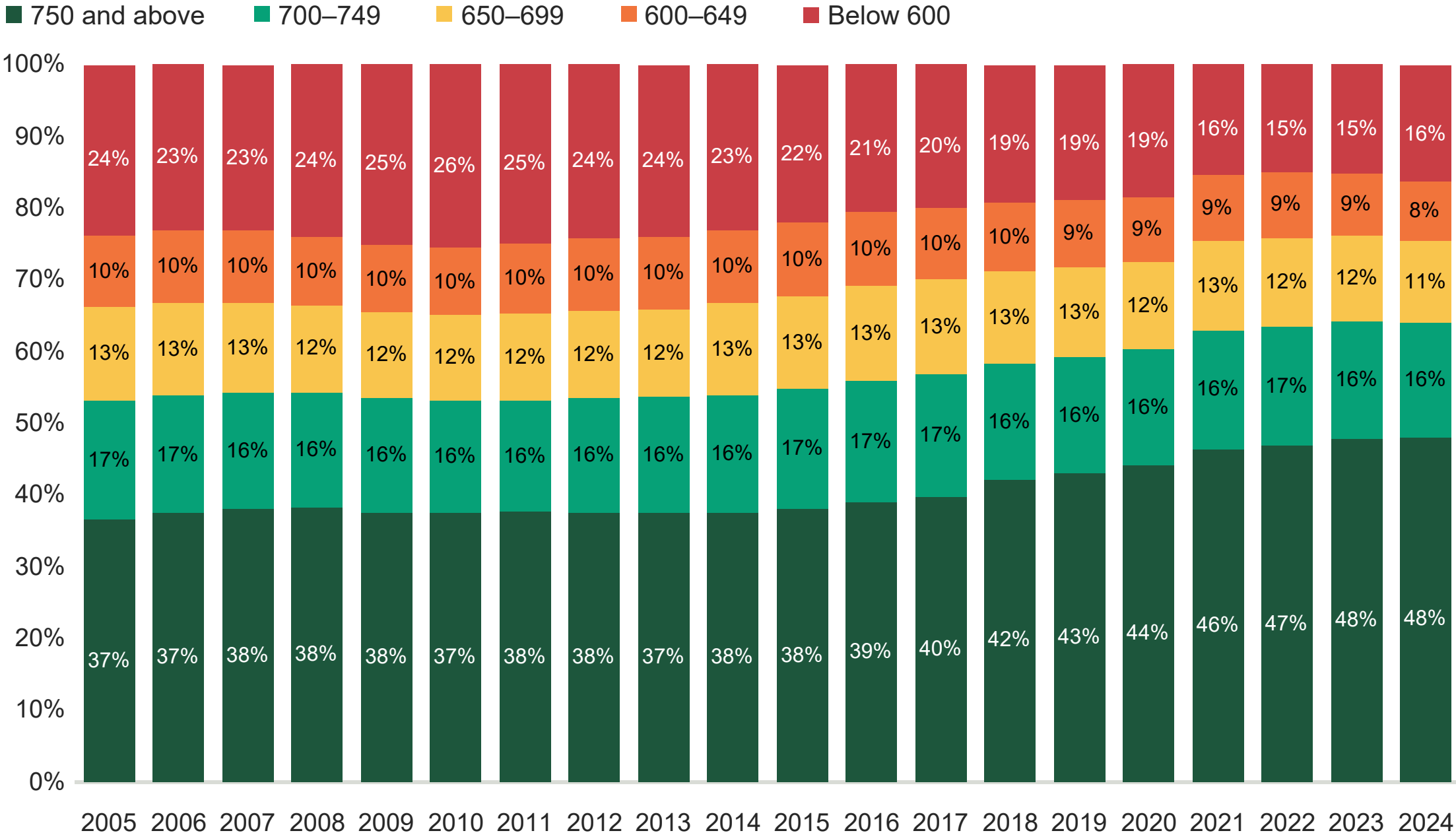
Current lending standards are tight on credit and documentation, but not on DTI and LTV.

Note: This chart only includes primary purchase loans guaranteed by the five government agencies (Fannie Mae, Freddie Mac, FHA, VA, and RHS). These loans currently account for 64% of all primary purchase loans (by count). Our current percentage of low/no document loans is based on JBREC analysis. The DTI numbers shown above include only back-end DTI percentages.

Sources: American Enterprise Institute; John Burns Research and Consulting, LLC (Data: Oct-24, Pub: Feb-25)

Just 15% of consumers have a credit score below 600.

National FICO™ Score Distribution for All Consumers



Consumers have slowly rebuilt their credit profiles. In 2024, 64% had FICO scores above 700, and 84% had FICO scores above 600.

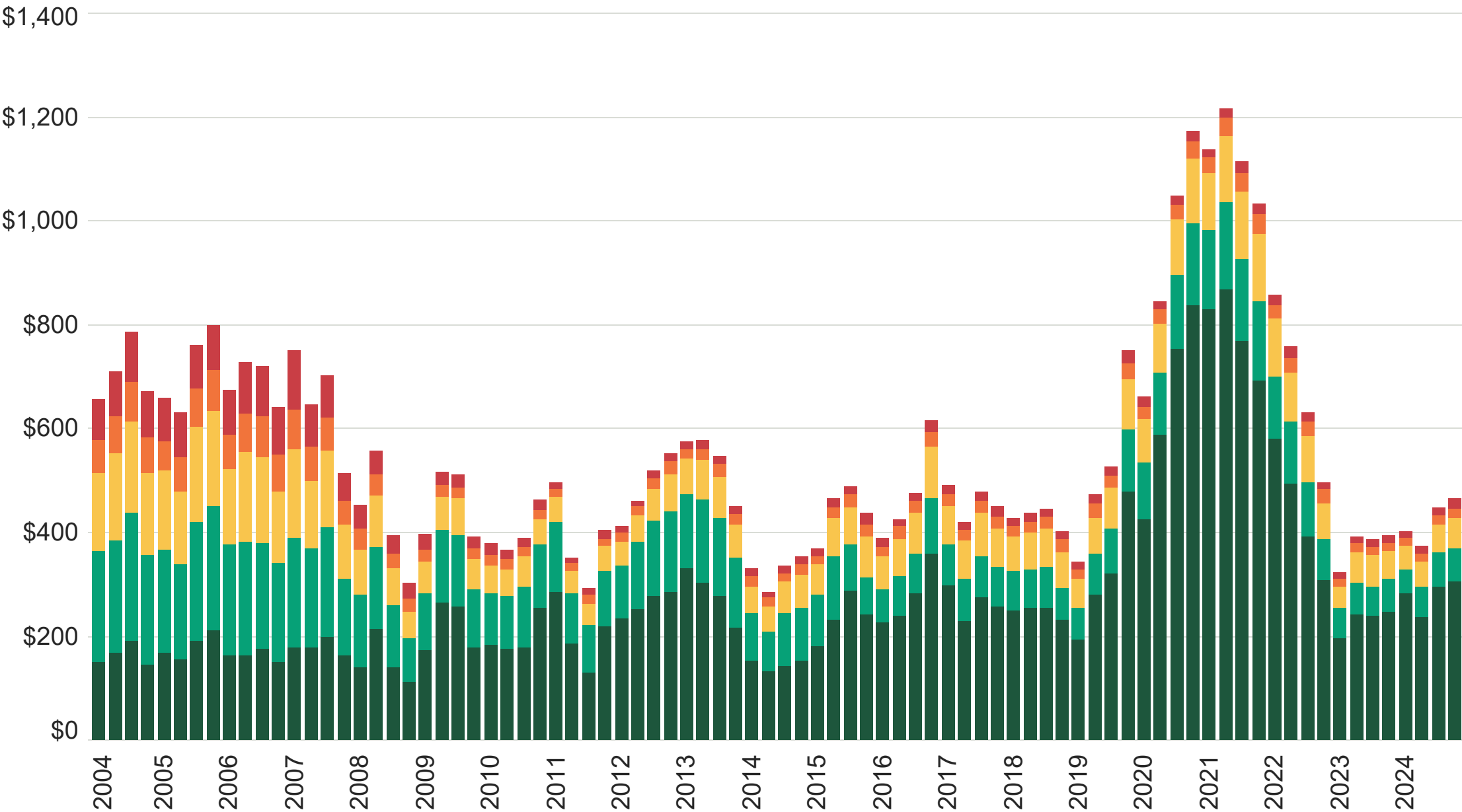
Scores are based on the following five categories in order of weighting: payment history (35%), amounts owed (30%), length of credit history (15%), new credit (10%), and types of credit used (10%).

Source: FICO™ Banking Analytics Blog (Data: 2024, Pub: Feb-25)

79% of mortgages originated in 4Q24 went to borrowers with 720+ credit scores.

Mortgage Originations by Credit Score*

Billions (USD) Share in parentheses: 760+ (65%) 720-759 (14%) 660-719 (12%) 620-659 (4%) <620 (4%)



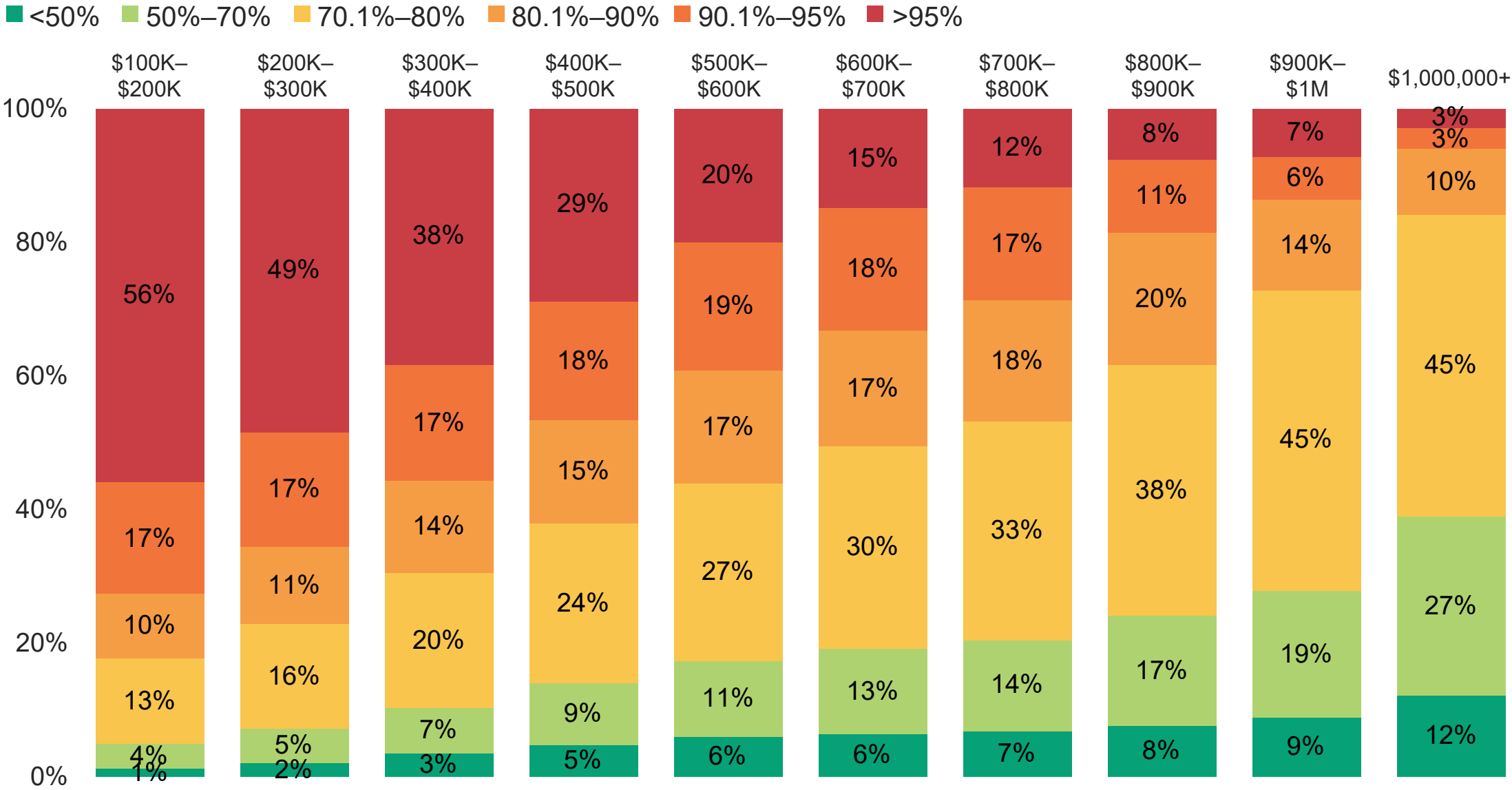
In 1Q07, 15% of mortgage originations were to subprime borrowers with a credit score of <620. As of 4Q24, only 4% of mortgages went to borrowers with a credit score less than 620.

*Credit Score is Equifax Riskscore 3.0.

Source: FRBNY Consumer Credit Panel/Equifax (Data: 4Q24, Pub: Feb-25)

LTV is higher among cheaper homes, influenced by lower down payment requirements and entry buyers' limited cash.

Loan-to-Value Distribution by Price



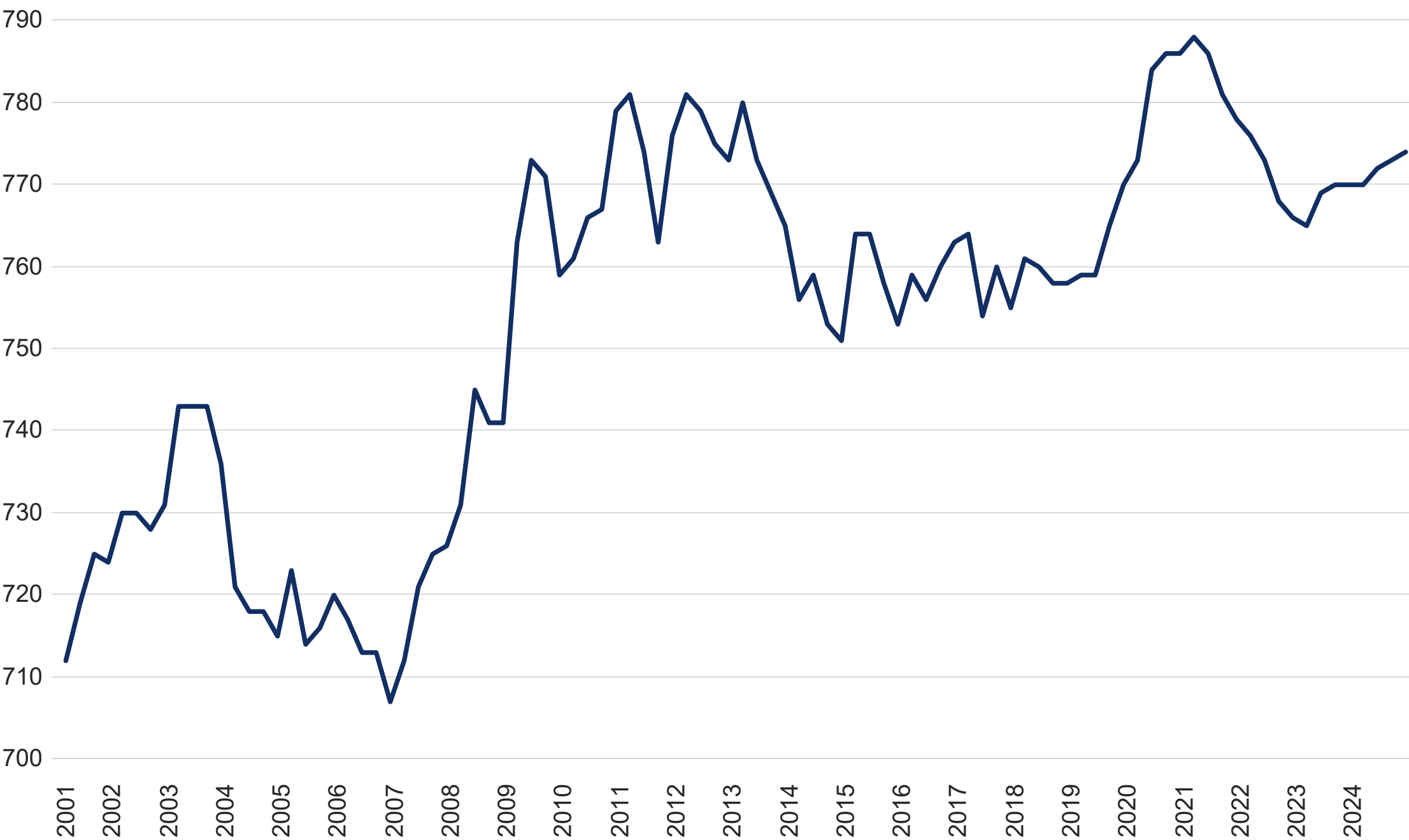
Current LTV Distribution by Price

More than half of the homes priced between \$100K–\$200K have an LTV of 95%+, compared to just 15% of homes in the \$600K–\$700K price range.

Note: Data represents a nationally-representative sample of loan locks between 10/01/2024 and 12/31/2024.
Sources: Optimal Blue, LLC: www.optimalblue.com; John Burns Research and Consulting, LLC (Data: 4Q24, Pub: Feb-25)

Median credit scores at origination are much higher today than pre-GFC.

Median Credit Score at Mortgage Origination*

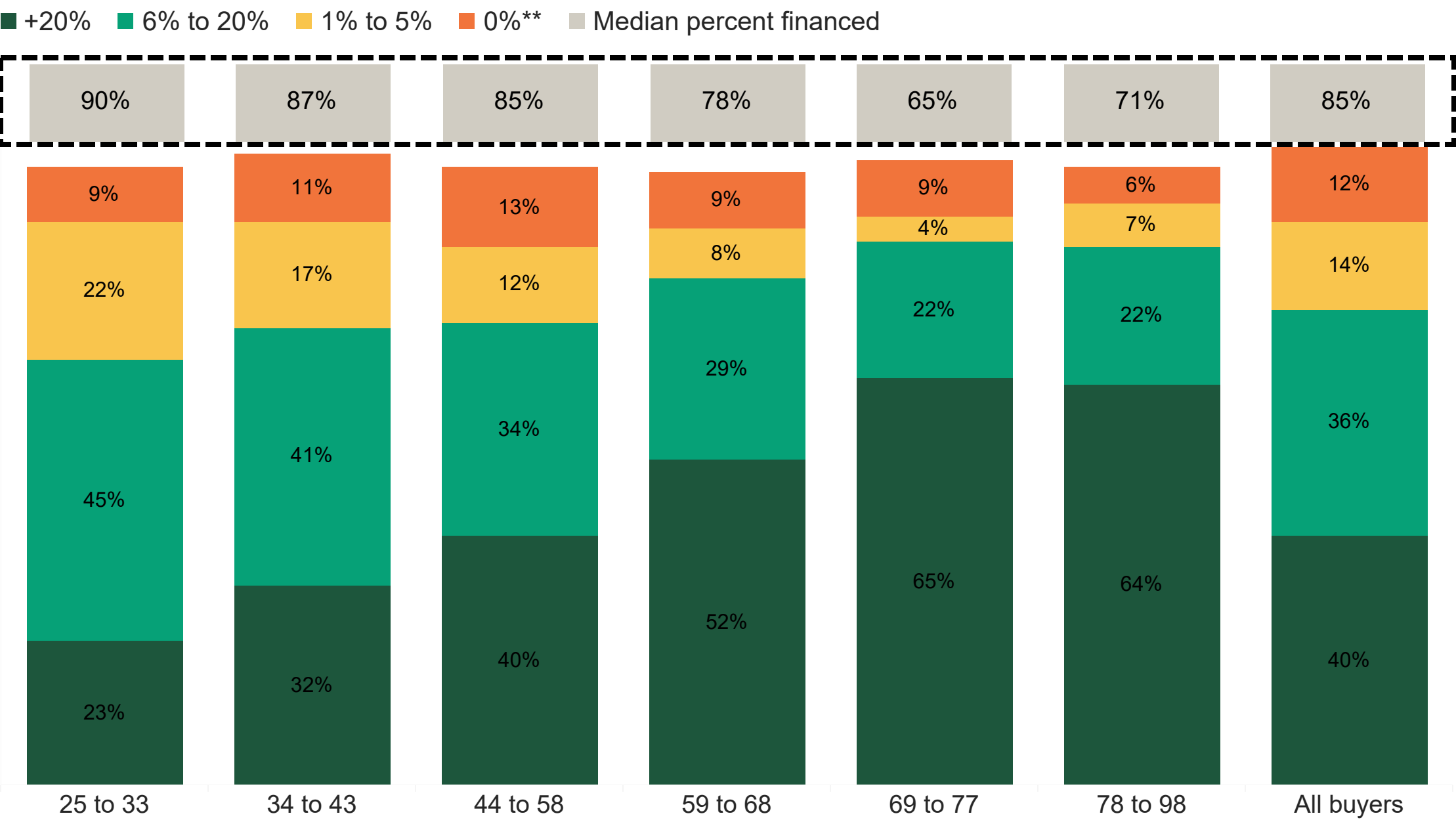


The median credit score at mortgage origination fell to 707 during the heyday of 2006. Since then, creditors have tightened standards. As of 4Q24, median score at origination was 774.

Source: FRBNY Consumer Credit Panel/Equifax (Data: 4Q24, Pub: Feb-25) *Credit Score is Equifax Riskscore 3.0. Mortgages include first liens only.

Older buyers tend to put down larger down payments.

Down Payment as Percent of Home Value by Age of Home Buyer*



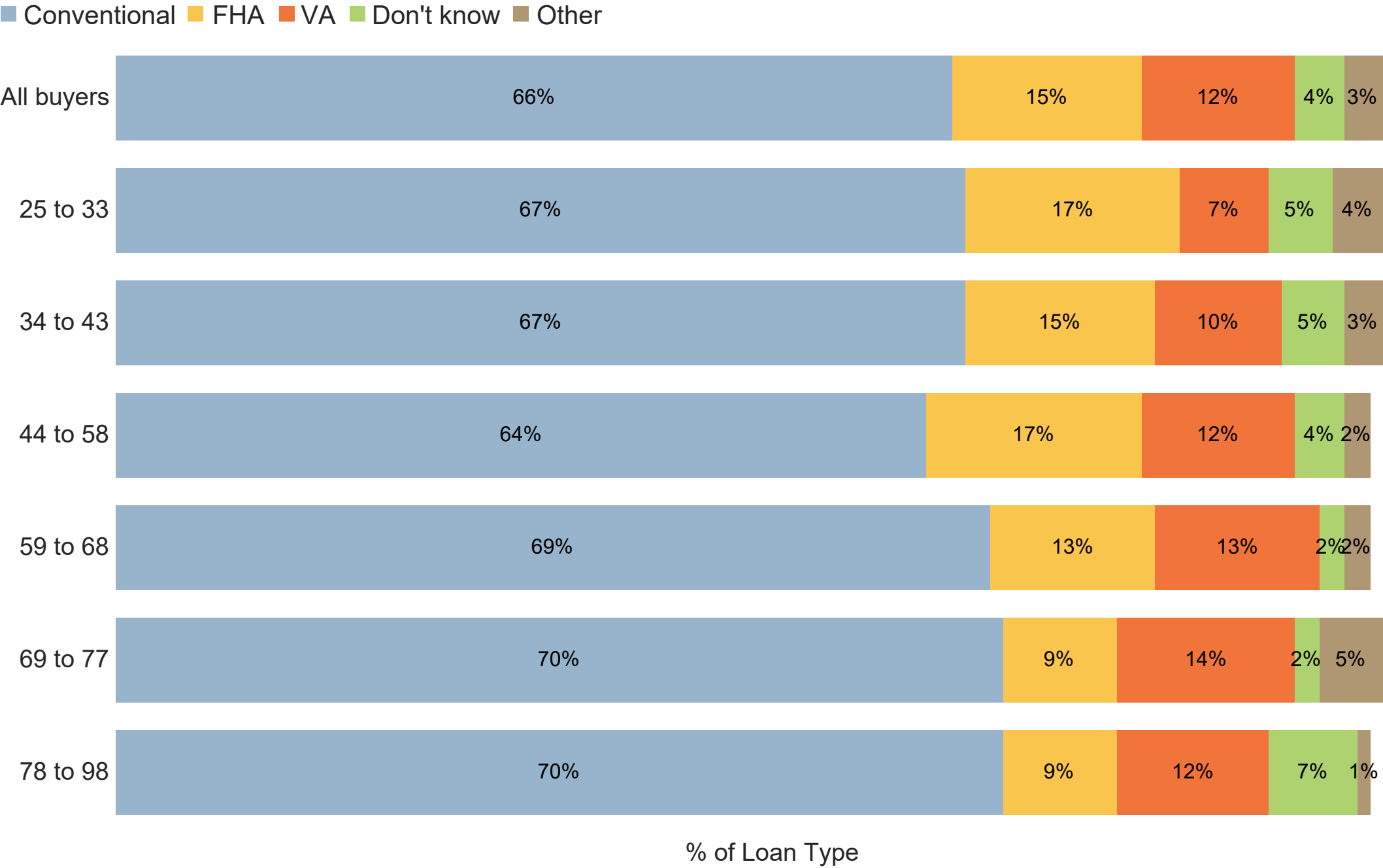
26% of all home buyers who use a mortgage are putting 5% or less down. The figure jumps to 31% among those 33 and younger. Only 13% of 69- to 77-year-olds have an LTV of +95%.

*Percentages only include homes that were purchased with a mortgage.
**0%: Financed the entire purchase price with a mortgage

Source: ©2024 National Association of REALTORS® Home Buyer and Seller Generational Trends (Data: 2024, Pub: Feb-25)

Conventional financing is the most common among all age groups.

Percent of Loan Type by Age of Home Buyer

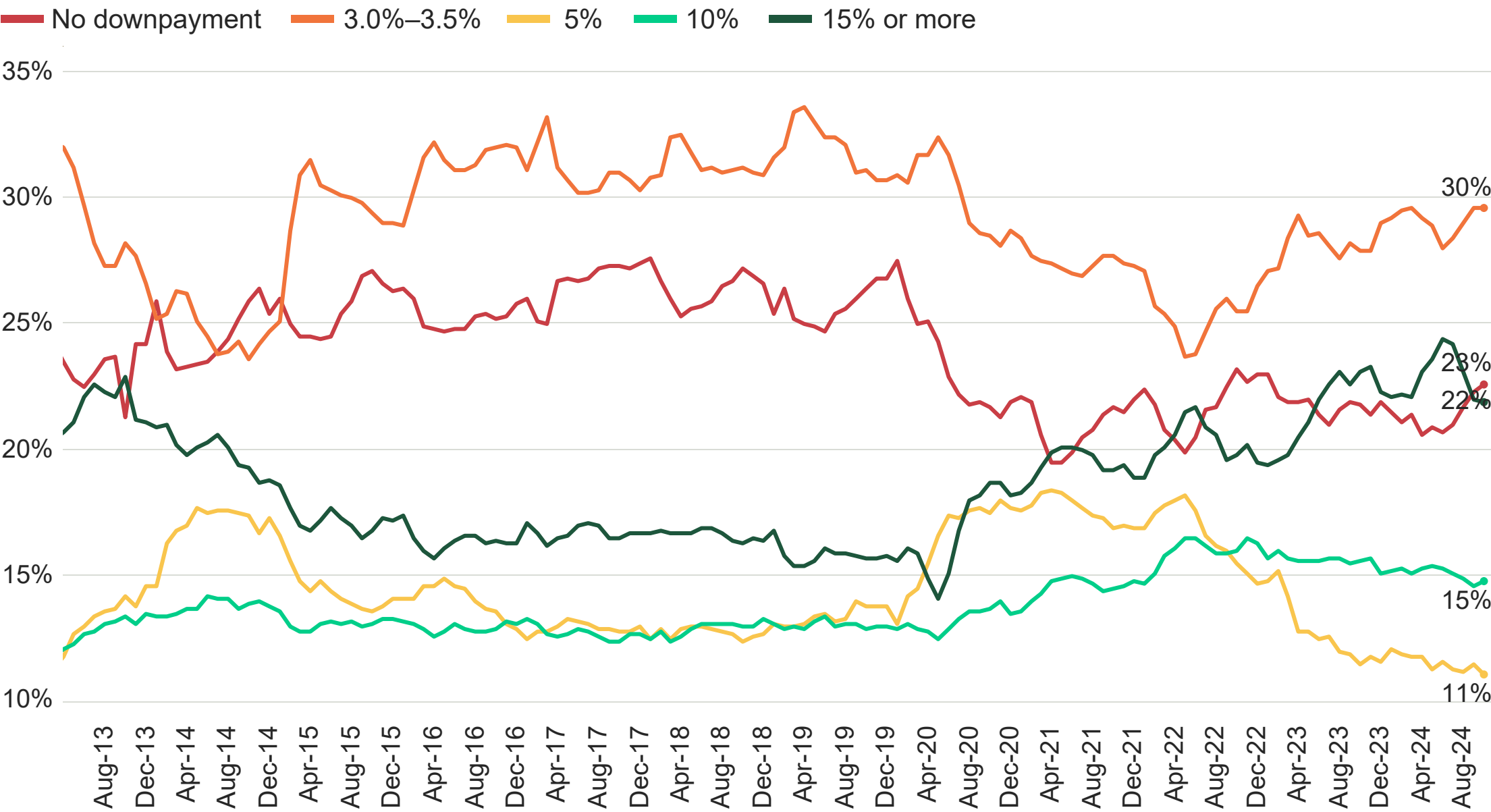


Younger buyers are more likely to use FHA financing because of lower down payment requirements.

Source: ©2024 National Association of REALTORS® Home Buyer and Seller Generational Trends (Data: 2024, Pub: Feb-25)

The share of buyers putting 3.0%–3.5% down is rising.

Share of First-Time Purchase Loans by Level of Down Payment



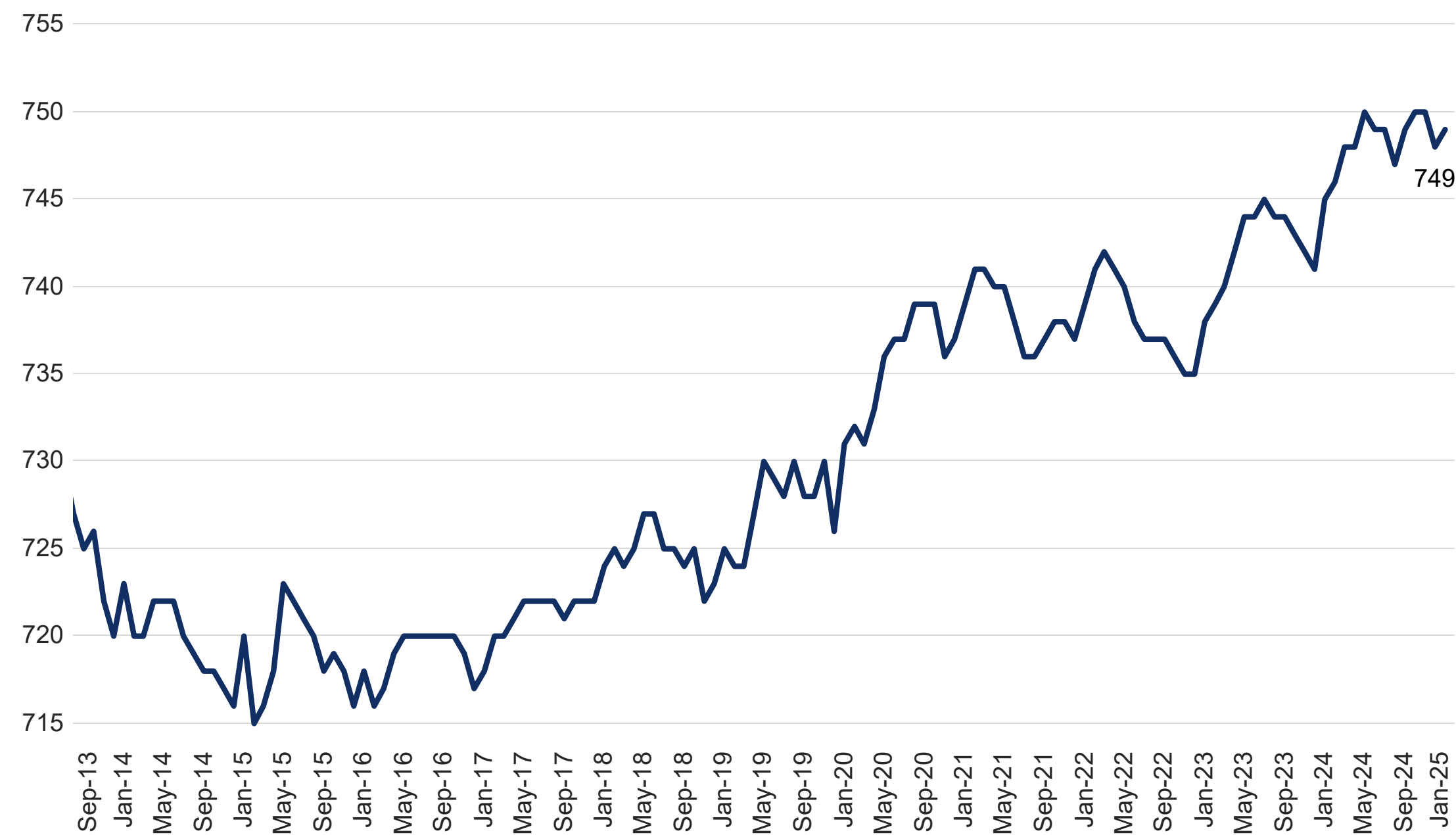
Most first-time buyers (30%) put down 3.0%–3.5% of the purchase price for the down payment.

Note: Calculated for primary home purchase loans with a government guarantee and reported CLTV. Borrowers with downpayment assistance and CLTVs of 95% or greater are assumed to have no downpayment. Terms and conditions of the downpayment assistance programs vary by program, but in most cases they allow borrowers to offset the downpayment entirely.

Source: AEI (Data: Oct-24, Pub: Feb-25)

FICO scores are near their all-time high among borrowers who locked in their mortgage.

National Median FICO Score



The median FICO score of purchase loan locks is 749, up from 715 in 2015.

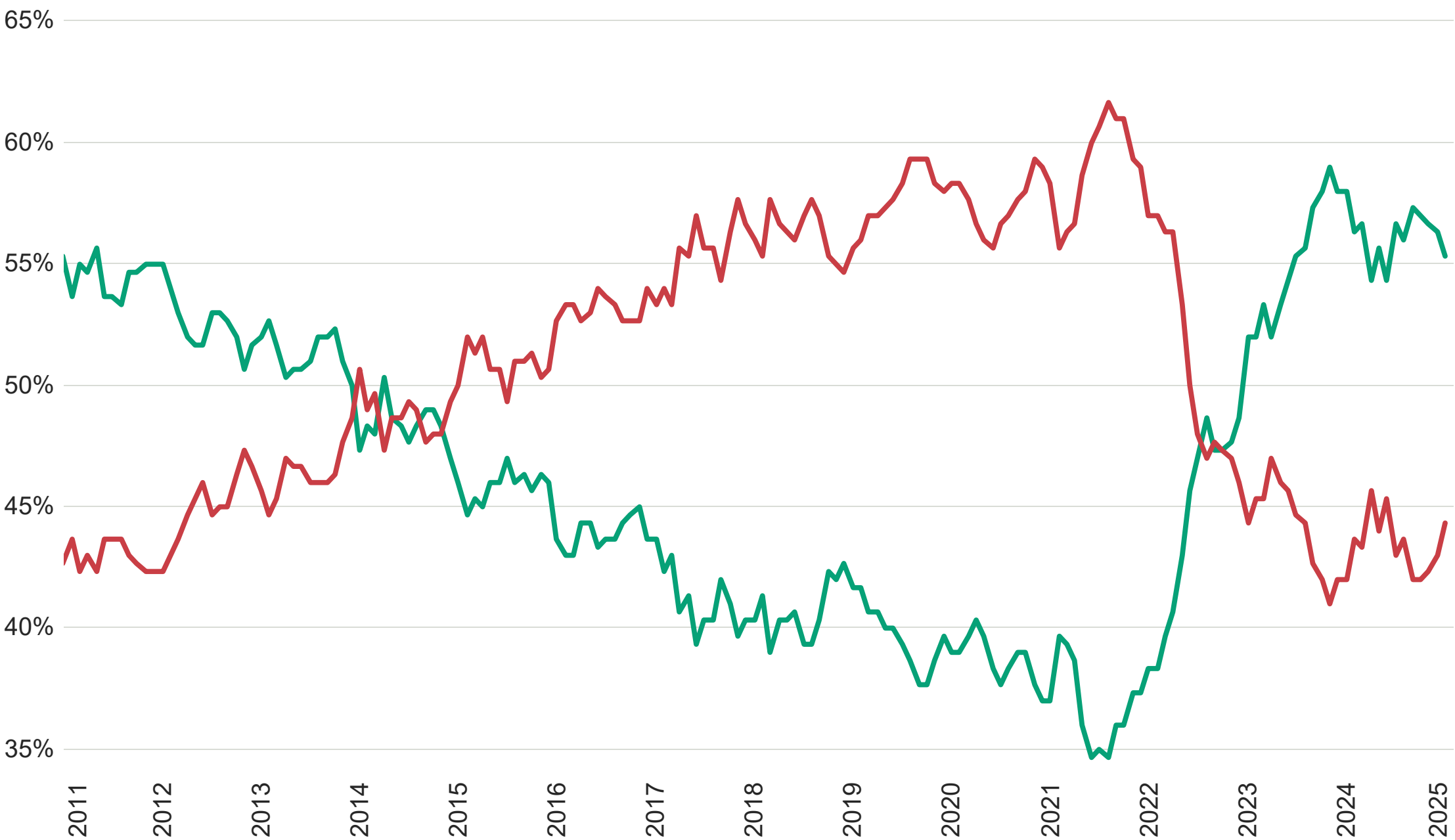
Note: National Median FICO is the median representative FICO (as defined by Optimal Blue) of purchase loan locks Optimal Blue tracks, representing about 40% of all loan origination, for single-family and townhomes.

Source: Optimal Blue, LLC www.optimalblue.com; John Burns Research and Consulting, LLC (Data: Jan-25, Pub: Feb-25)

Most consumers believe it is difficult to get a mortgage today.

National Housing Survey: Ability to Get a Mortgage Today

3-month moving average — Easy = 44% — Difficult = 55%

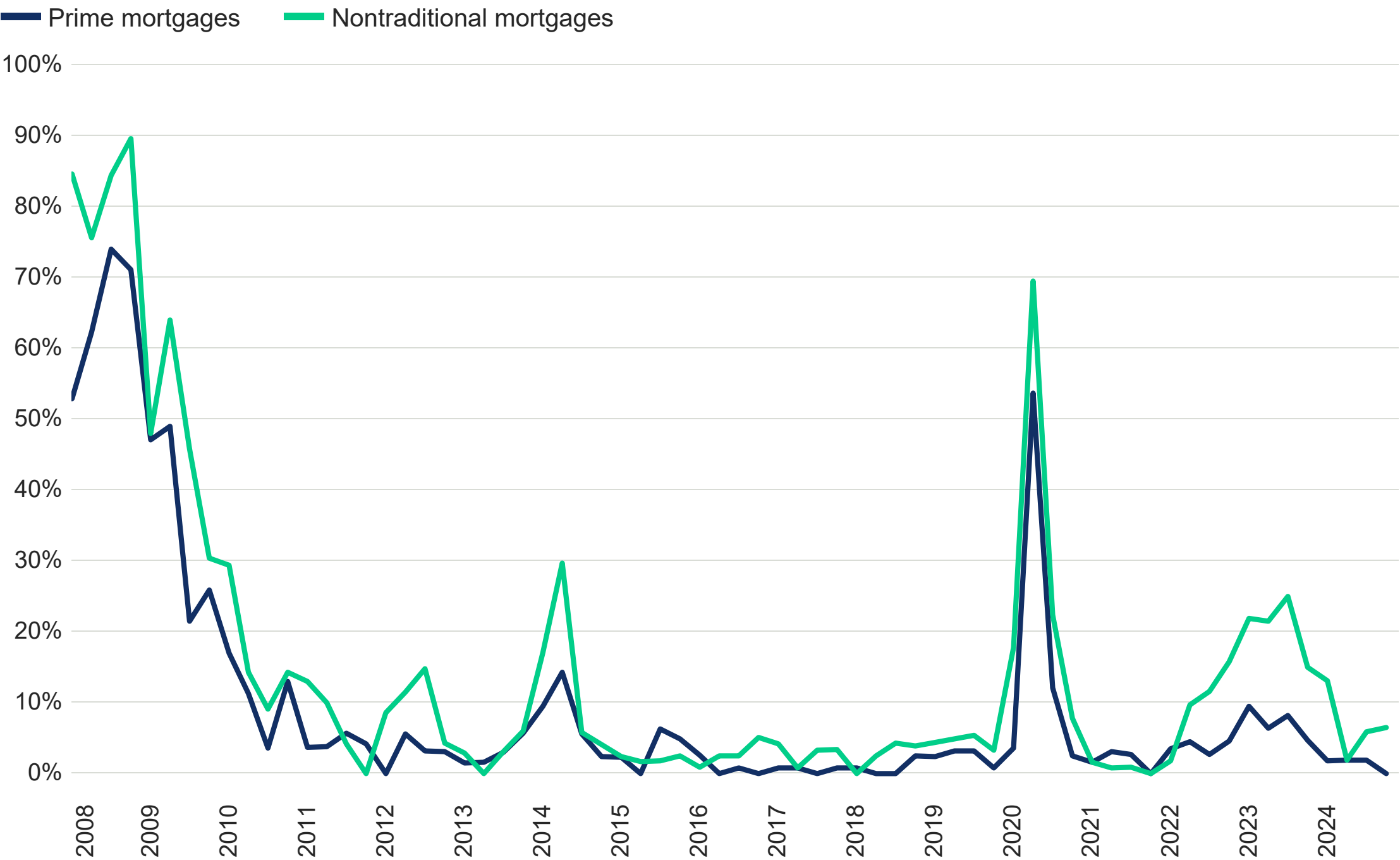


44% of consumers surveyed believe it will be easy to get a mortgage today, compared to 55% of consumers who believe it will be difficult.

Source: Fannie Mae National Housing Survey (Data: Jan-25, Pub: Feb-25)

Banks are loosening standards for residential purchase mortgages.

Percentage of Banks Tightening Standards for Residential Purchase Mortgage Loans

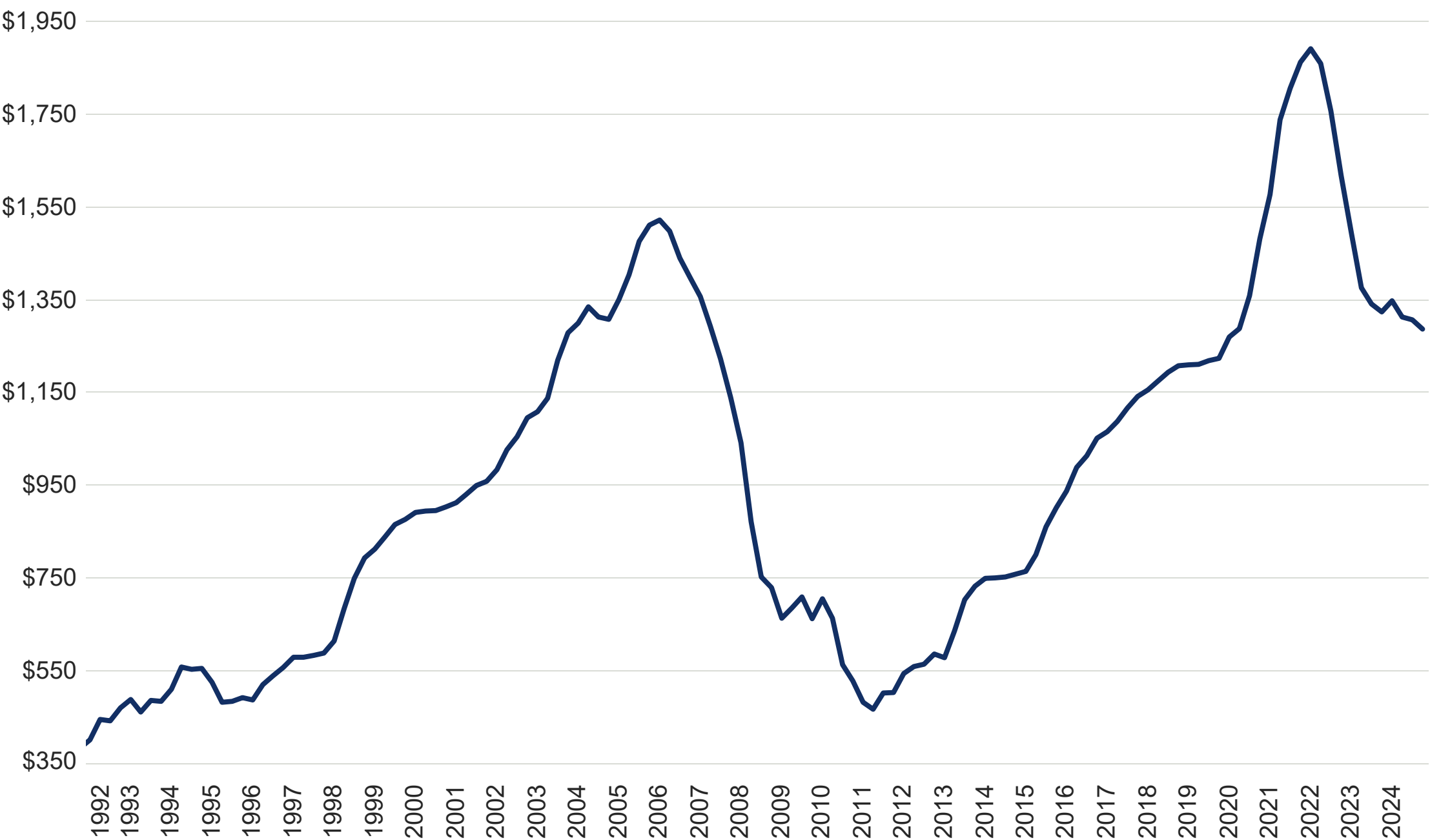


Sources: Federal Reserve Senior Loan Officer Survey (big banks only); John Burns Research and Consulting, LLC (Data: 4Q24, Pub: Feb-25)

Purchase mortgage originations fell -3% YOY by dollar value.

Rolling Annual Purchase Mortgage Originations

Dollars (billions)

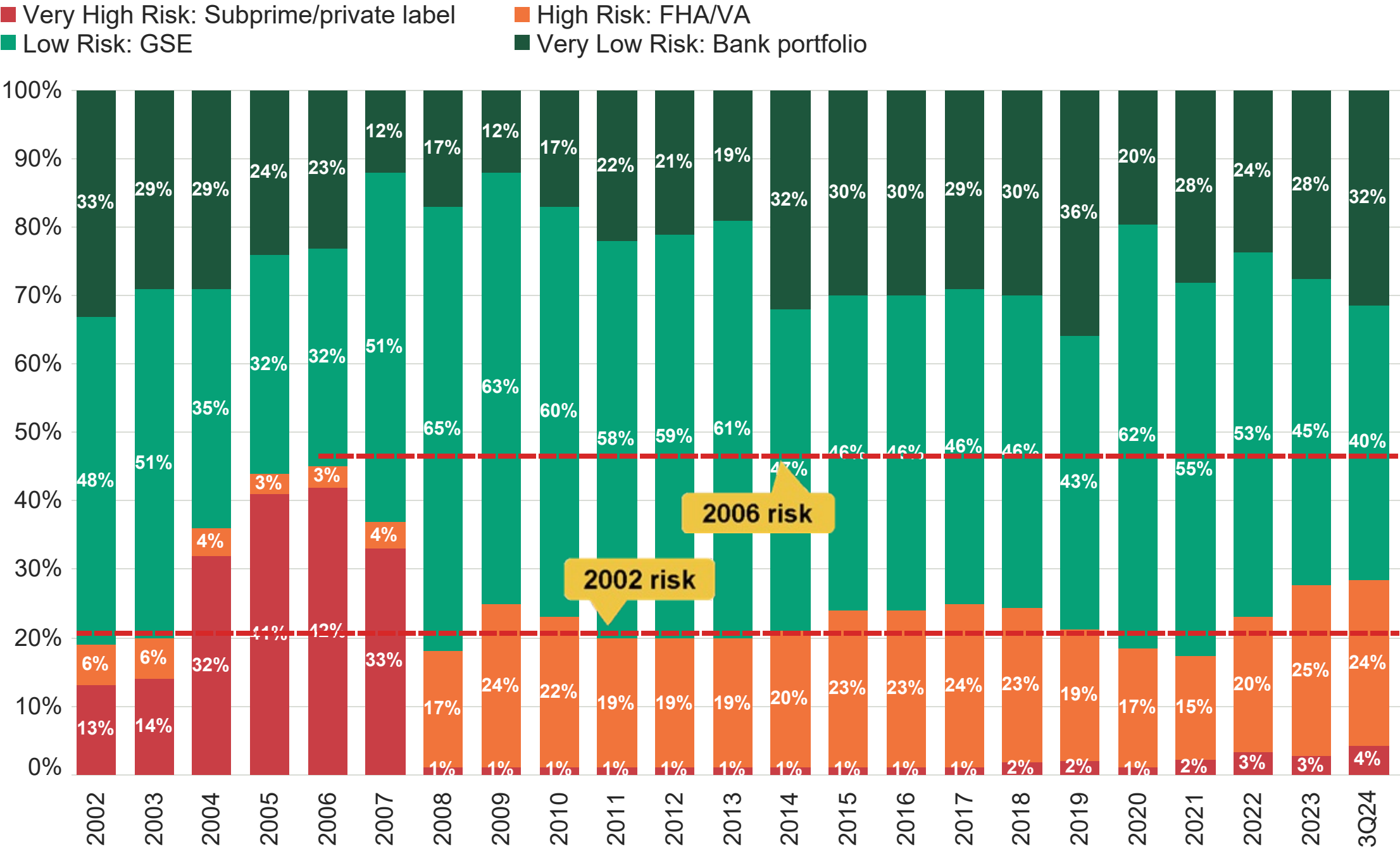


Declining purchase mortgage originations signal falling demand for homes. The dollar value of originations is falling from the 2Q22 peak.

Source: Mortgage Banker Association, John Burns Research and Consulting, LLC (Data: 4Q24, Pub: Feb-25)

Just 4% of loans originated in 3Q24 are considered Very High Risk.

First Lien Mortgage Origination Volume by Loan Type



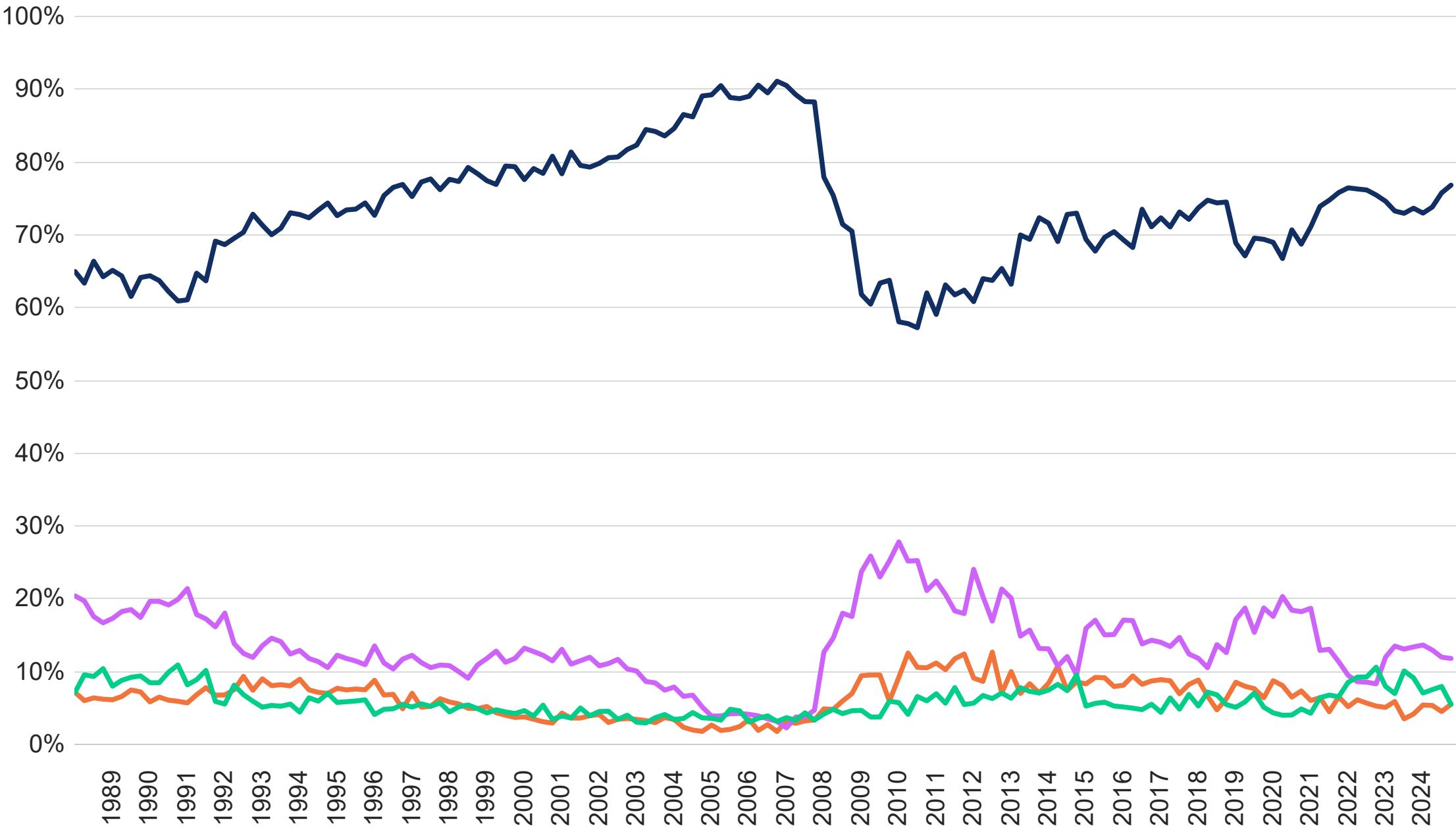
The share of GSE originations rose to 40%, and portfolio loan share fell to 32% in 3Q24.

Source: Inside Mortgage Finance; Urban Institute; John Burns Research and Consulting, LLC (Data: 3Q24, Pub: Feb-25)

Most new homes are sold with jumbo or conventional loans.

New Home Sales Share by Type of Financing

Conventional & Jumbo = 77% FHA Insured = 12% VA Guaranteed = 6% Cash = 6%



The share of conventional and jumbo loans was 77% in 4Q24, down from peak levels of 91% in 2007.

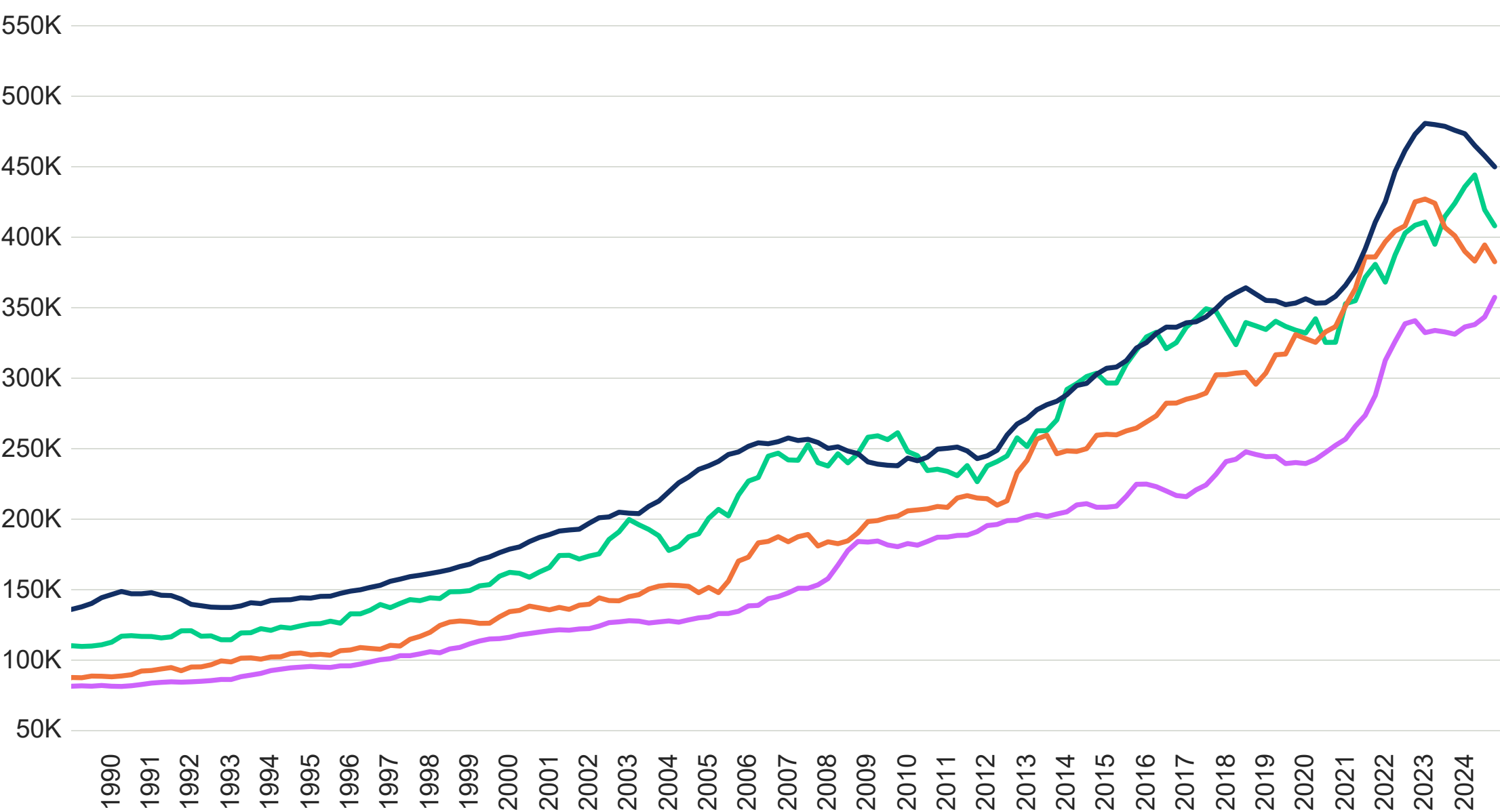
Source: Census Bureau, John Burns Research and Consulting, LLC (Data: 4Q24, Pub: Feb-25)

New homes sold with FHA financing sell for -23% below conventional financing.

Median New Home Sales Price by Type of Financing

4-quarter rolling average

Conventional = \$450,100 FHA Insured = \$357,525 VA Guaranteed = \$382,775 Cash = \$408,250



Sources: Census Bureau; John Burns Research and Consulting, LLC (Data: 4Q24, Pub: Feb-25)
Includes houses reporting other types of financing. Beginning in 2008, also includes Rural Housing Service.

Presidential power and mortgage lending



Federal officials ultimately decide how aggressive mortgage lending will be through regulation of the VA, FHA, GSEs, and banks.

Default rates of Freddie Mac’s 2007 loans

Default Rates of Freddie Mac’s 2007 Loans

Risk Bucket	FICO	CLTV	Total DTI	Default Rate
Very low	≥ 770	61–70%	≤33%	0.8%
Low	720–769	76–80%	34–38%	4.2%
Medium	690–719	81–85%	39–43%	9.3%
High	660–689	91–95%	44–50%	22.7%
Very high	620–659	>95%	>50%	45.8%

We now have good data on how various categories of borrowers perform in a downturn.

Riskiest mortgages

Note: Default rates represent cumulative defaults through year-end 2012 for Freddie Mac’s 2007 vintage of acquired loans. The loans included in the calculation are all primary owner-occupied, 30-year fixed-rate, fully amortizing, full-documented, home purchase loans.

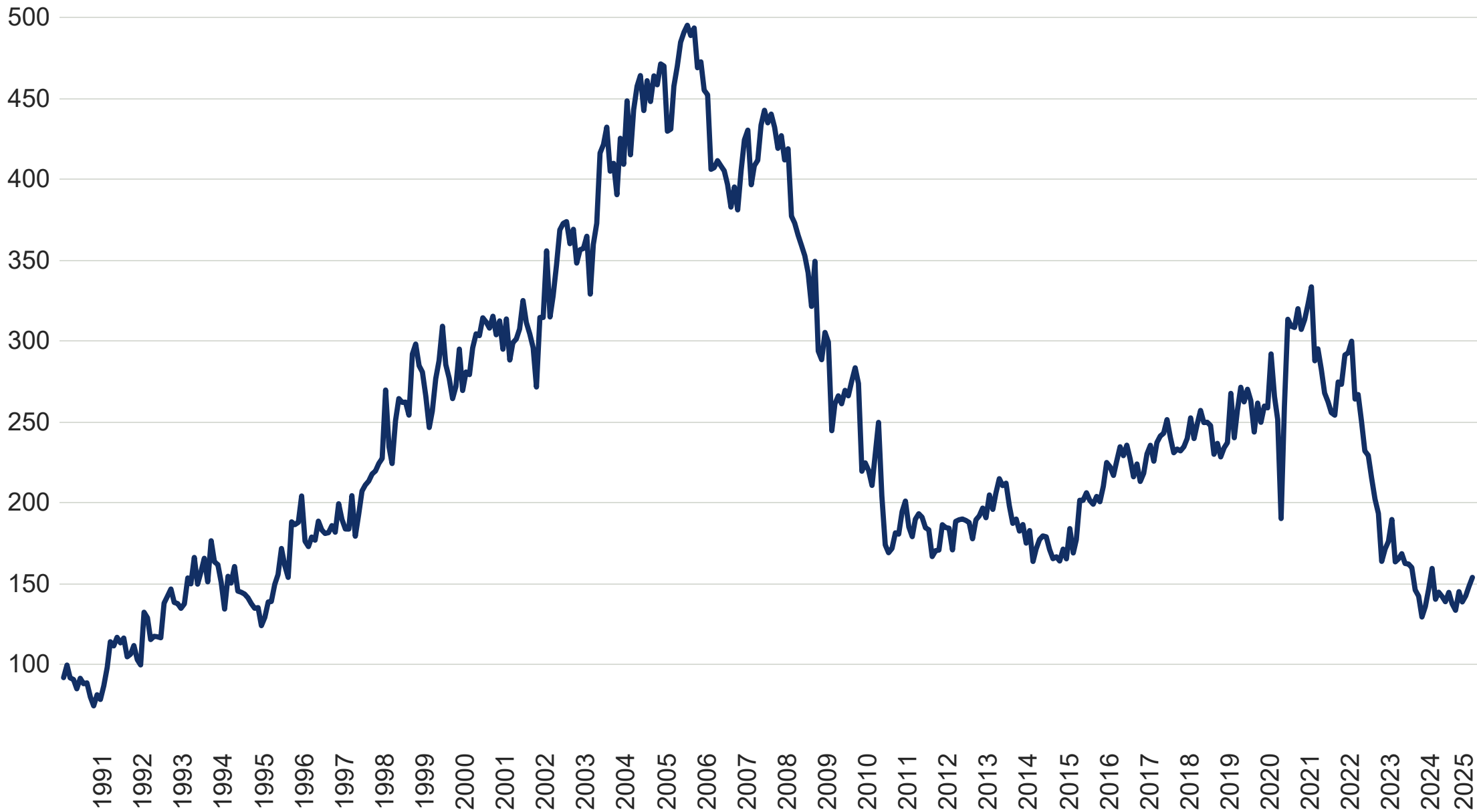
Source: American Enterprise Institute (Pub: Feb-25)

The Purchase Mortgage Applications Index remains low relative to history.

Purchase Mortgage Application Index

Seasonally adjusted monthly values

Note: The index does not capture cash transactions and thus understates activity.

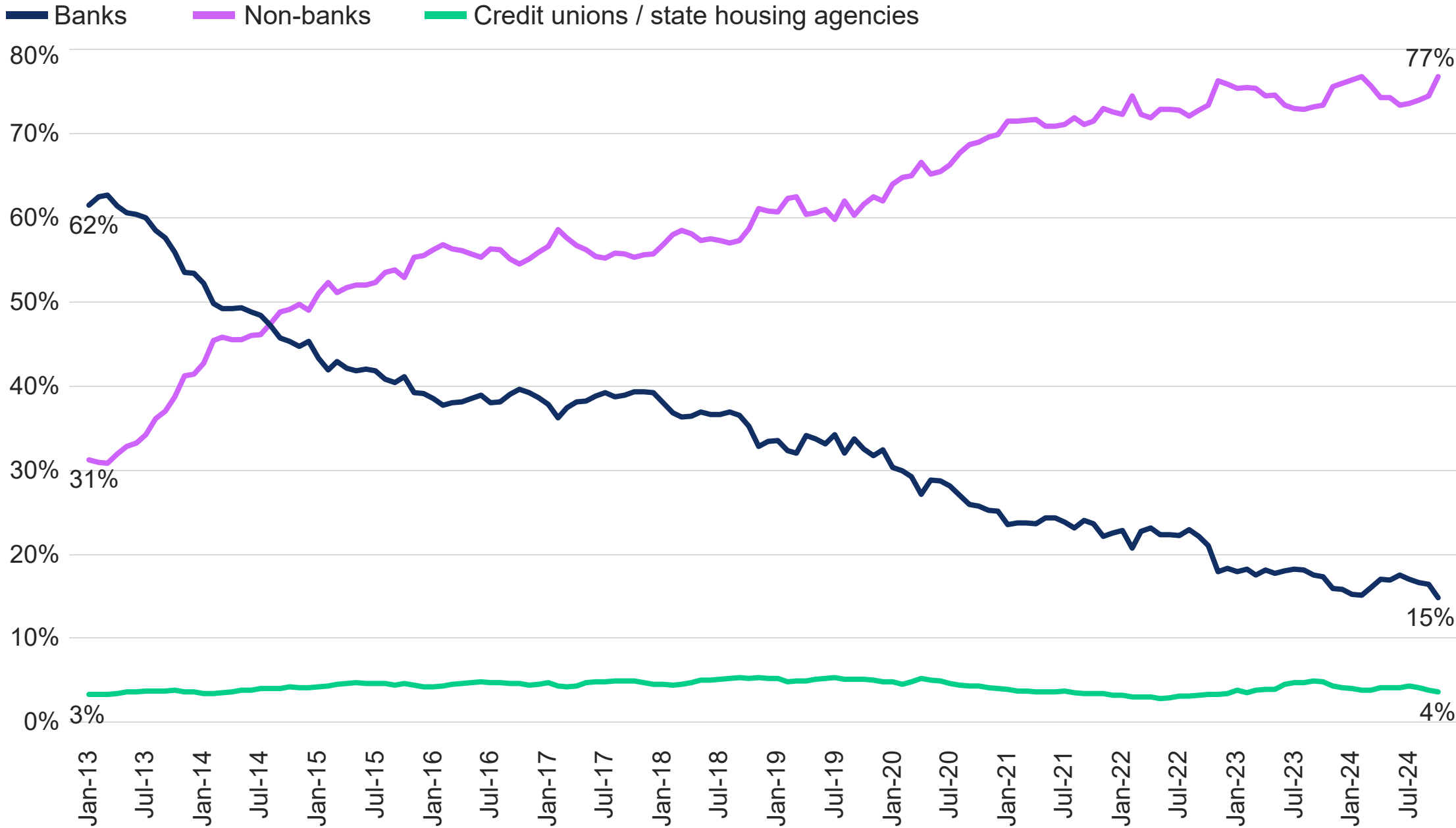


The index serves as an indicator of home-buying activity, reflecting consumer confidence and housing market trends. The Purchase Mortgage Applications Index fell -4% YOY.

Source: MBA (Data: Jan-25, Pub: Feb-25)

Nonbank firms originate 77% of agency mortgage originations.

Origination Shares by Lender Type



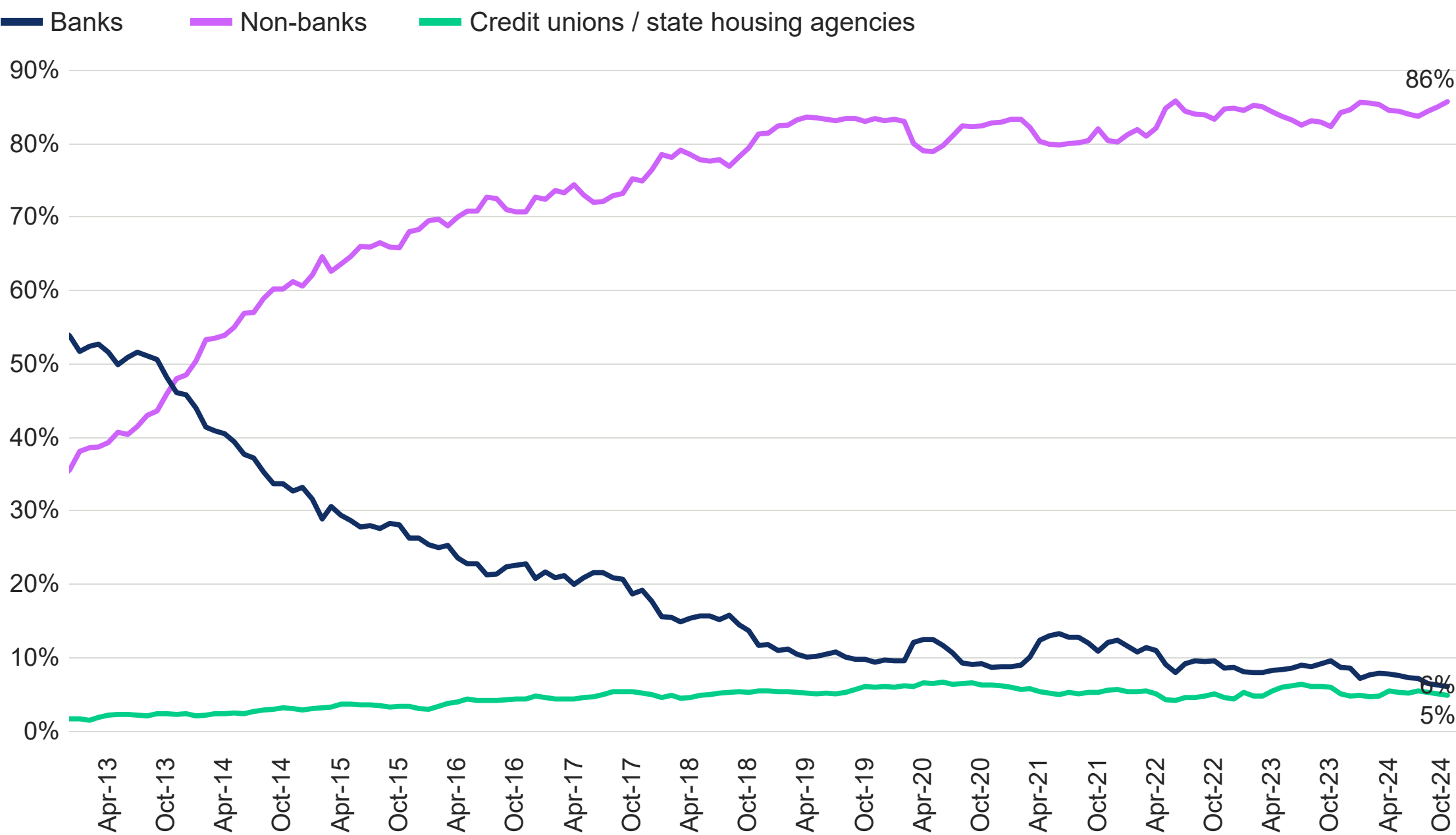
Non-banks (firms such as Rocket Mortgage and PennyMac) account for the most agency mortgage originations, at 77%. Tighter restrictions on capital reserves for large banks such as Wells Fargo have caused the drop in originations, with non-banks taking more risk.

*Agency = Freddie Mae, Freddie Mac, FHA, VA, and RHS. Origination shares represent the percentage of the total number of loan originations

Sources: AEI International Center on Housing Risk; John Burns Research and Consulting, LLC (Data: Oct-24, Pub: Feb-25)

Nonbank firms originate 86% of FHA loans.

FHA Origination Shares by Lender Type

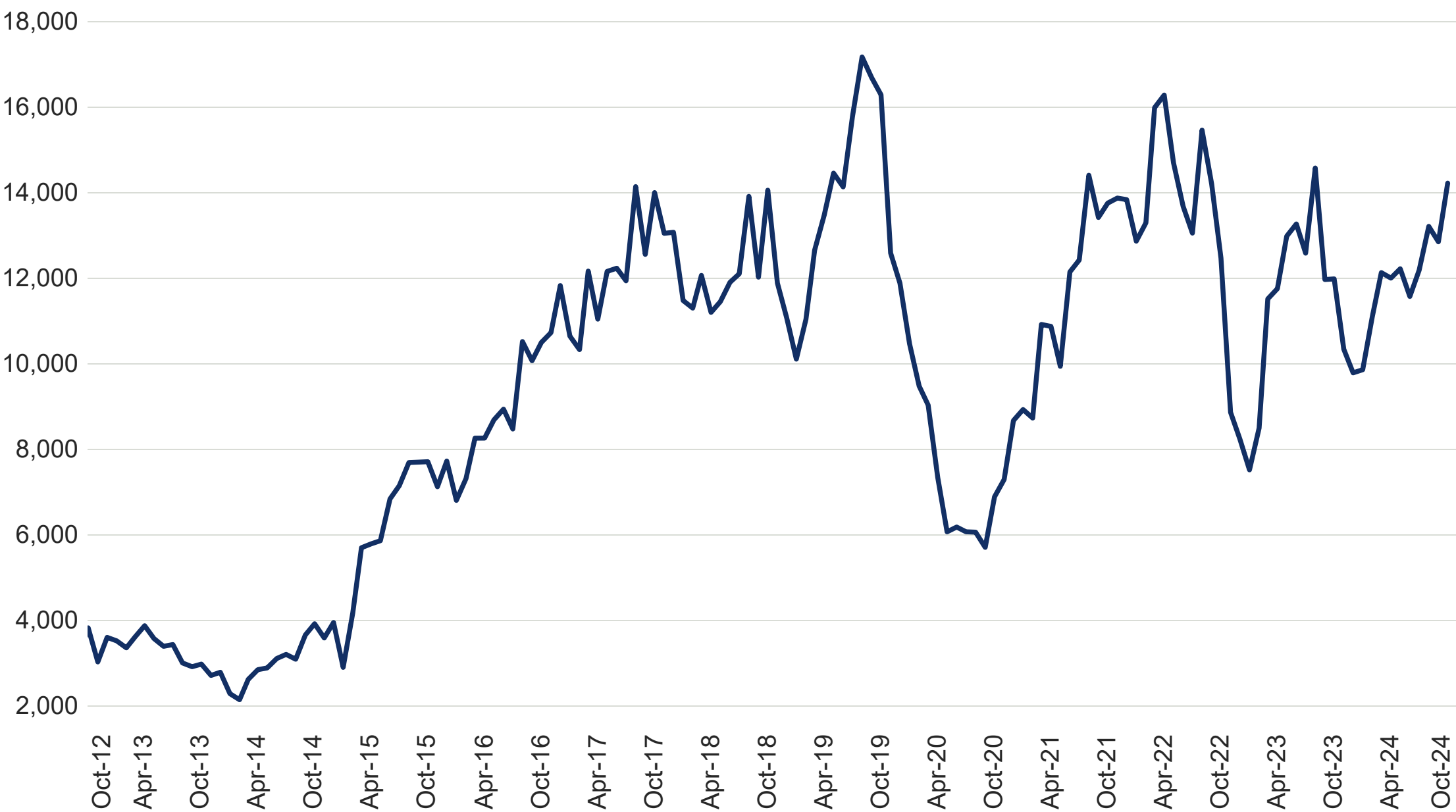


Non-banks (firms such as Rocket Mortgage and PennyMac) represent most FHA loans, at 86%. Tighter restrictions on large banks such as Wells Fargo and Bank of America have caused the drop in originations, with non-banks taking more risk.

Note: Origination shares represent the percentage of the total number of loan originations.
Sources: AEI International Center on Housing Risk; John Burns Research and Consulting, LLC (Data: Oct-24, Pub: Feb-25)

FHA cash-out refinance volume is falling.

FHA Cash-Out Refinance Count



FHA cash-out volume rose +18.7% YOY. Cash-out refinance activity can increase the risk of default during times of market stress.

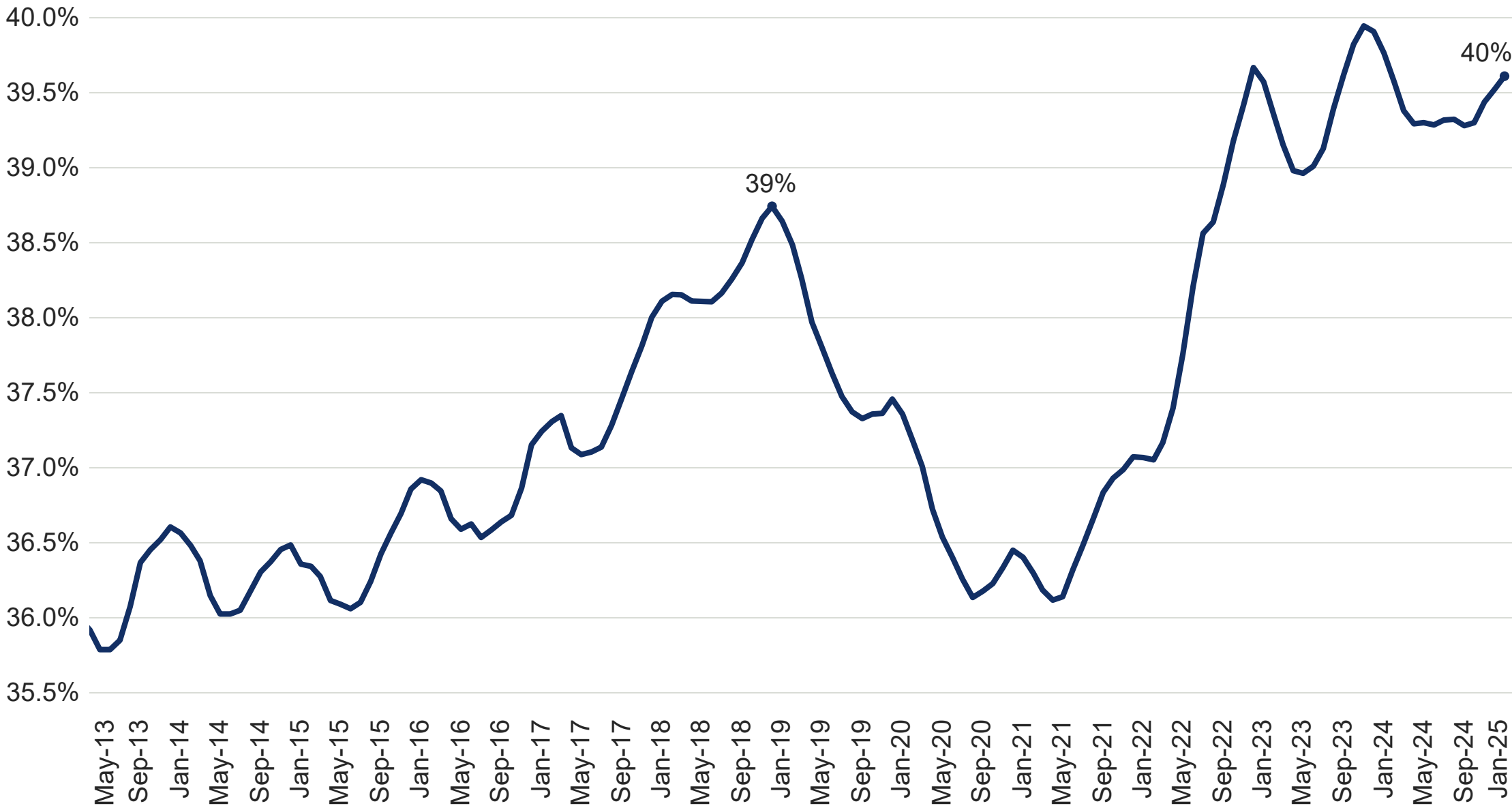
Note: Counts refers to the number of Cash-out Refis Loans from the FHA.

Sources: AEI International Center on Housing Risk; John Burns Research and Consulting, LLC (Data: Oct-24, Pub: Feb-25)

The median debt-to-income ratio is rising.

National Median Debt-to-Income Ratio

3-month rolling average



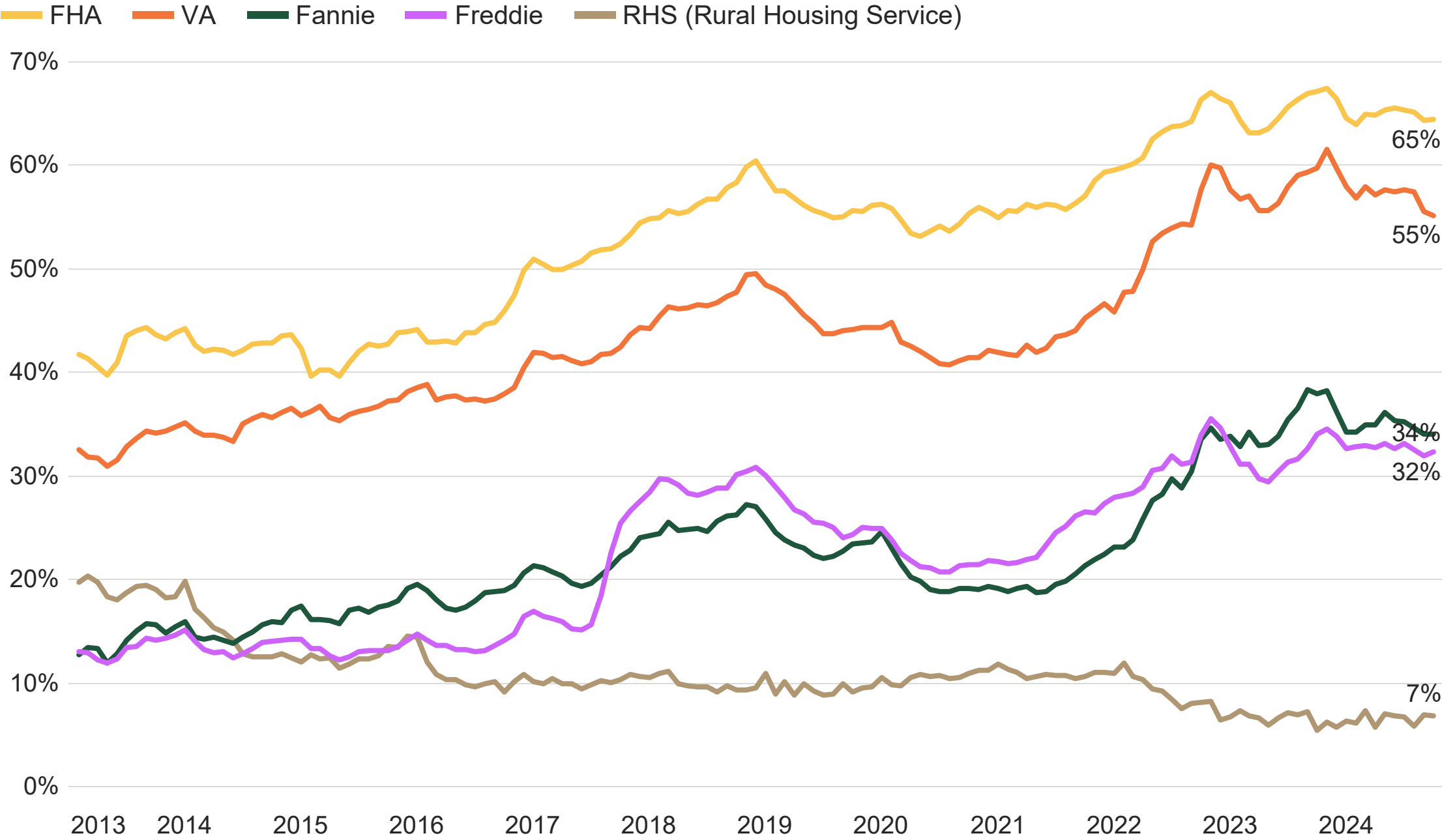
The national median DTI ratio (back end) for purchase loan originations is 40%, above the 2019 peak.

Note: National Median DTI is the median DTI of purchase loan originations Optimal Blue tracks, representing about 30% of all loan origination, for single-family and townhomes.

Source: Optimal Blue, LLC www.optimalblue.com; John Burns Research and Consulting, LLC (Data: Jan-25, Pub: Feb-25)

The share of high debt-to-income ratio (>43%) loans is rising.

Purchase Loans with Total Debt to Income Greater than 43%



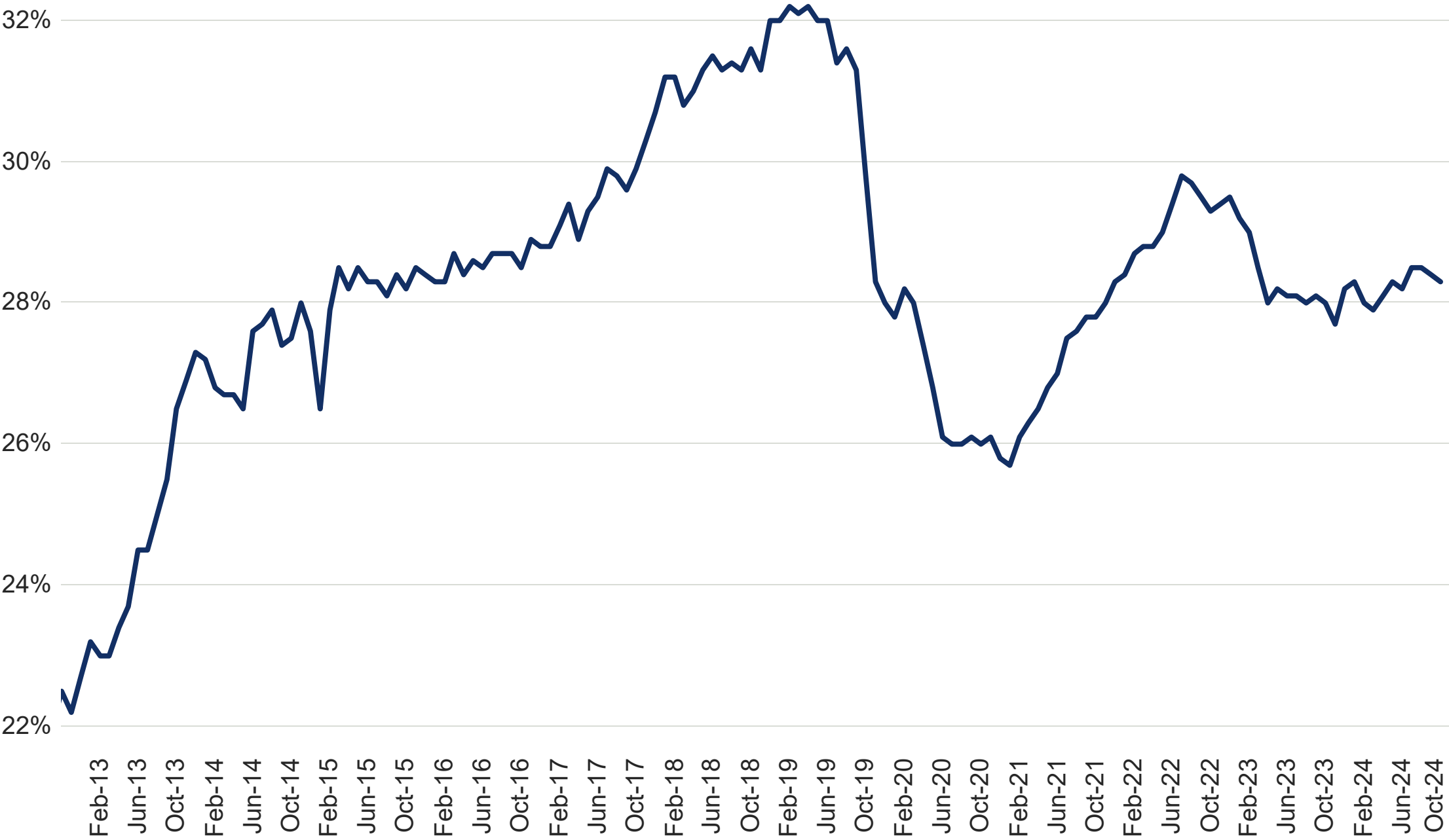
An increasing share of government-sponsored purchase loans have a high debt-to-income (DTI) ratio. 65% of FHA-insured loans have a DTI ratio greater than 43%.

Note: Data pertains to purchase loans for primary owner-occupied properties.

Sources: AEI International Center on Housing Risk; John Burns Research and Consulting, LLC (Data: Oct-24, Pub: Feb-25)

28% of cash-out refinance loans would default in a GFC-level stress event.

FHA Cash-Out Refinance Mortgage Risk Index

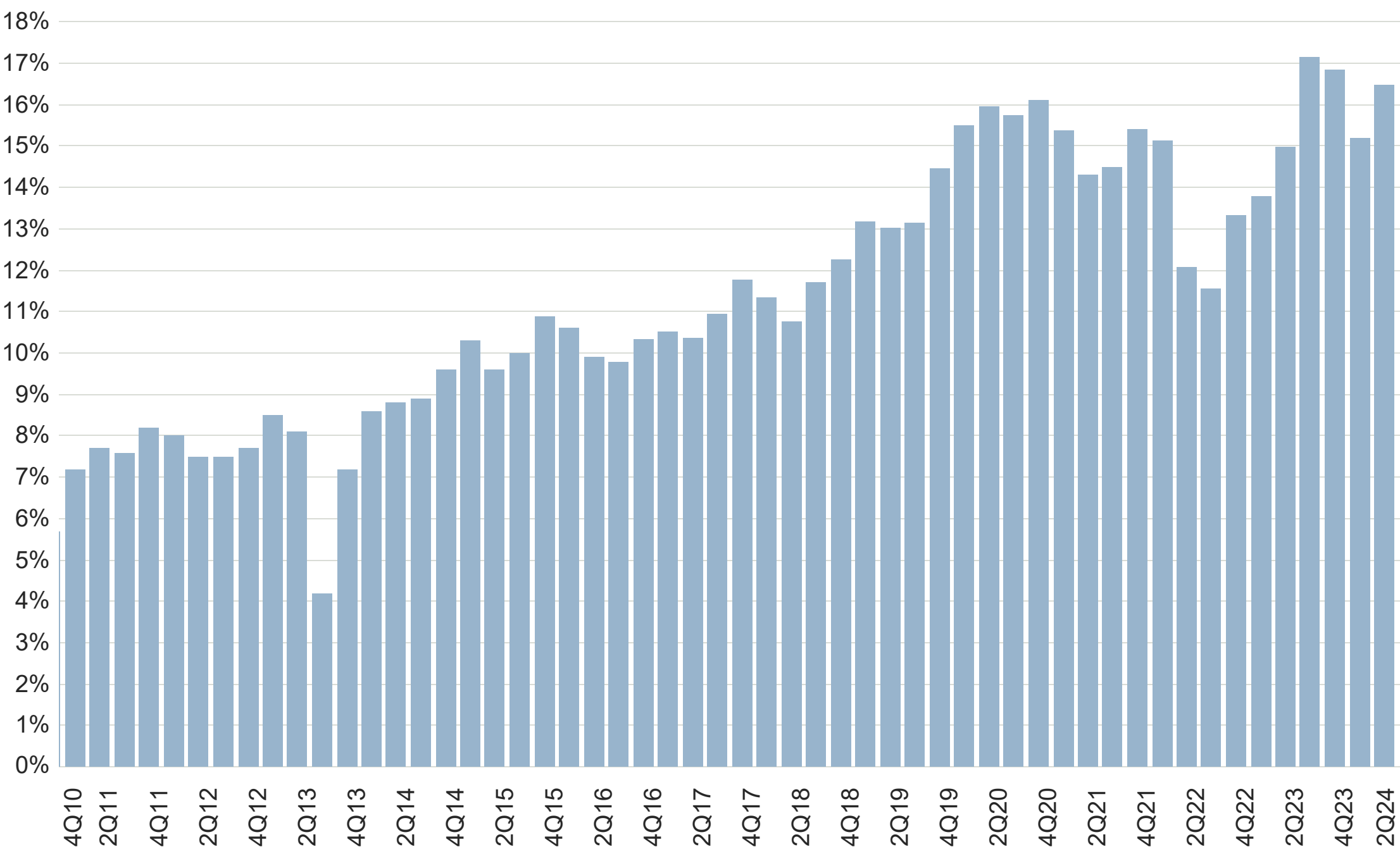


The AEI Refinance Cash-Out Mortgage Risk Index measures the percentage of cash-out refinance loans that would default under similar market stress conditions to the 2008 housing crisis. Currently, 28% of cash-out refinance mortgages are projected to default in a stress event.

Sources: AEI International Center on Housing Risk; John Burns Research and Consulting, LLC (Data: Oct-24, Pub: Feb-25)

1 in 6 FHA borrowers use additional government assistance.

Share of FHA Mortgage Originations Using Government Assistance

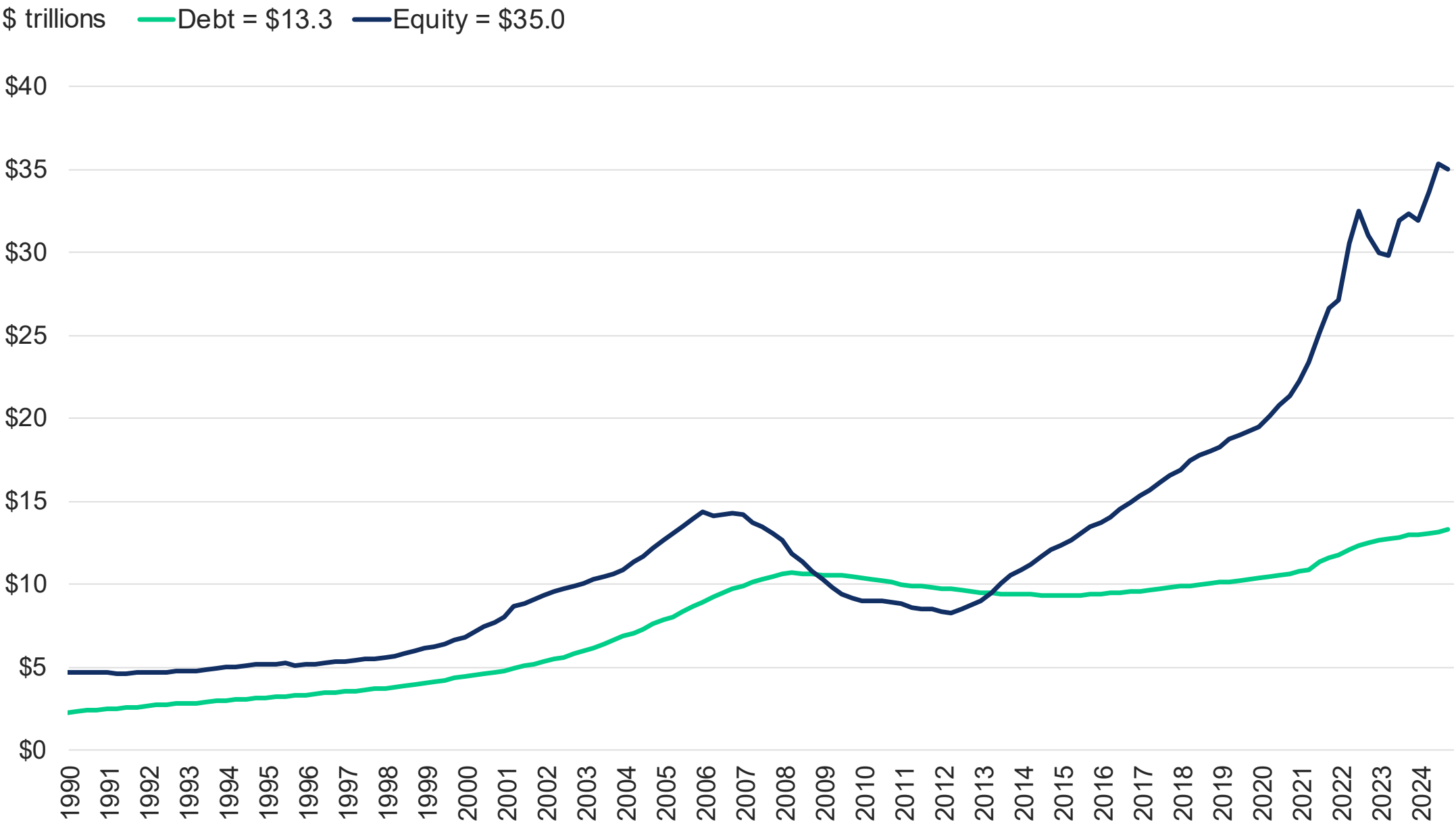


16% of FHA mortgage originations continue to use additional government assistance to help cover home purchase costs, above 2020 levels, indicating support for these riskier borrowers.

Sources: U.S. Department of Housing and Urban Development (Data: 2Q24, Pub: Feb-25)

Homeowners collectively have \$35.0 trillion in equity, a combination of rising home values and older homeowners paying off their debt.

Value of Owner-Occupied Real Estate

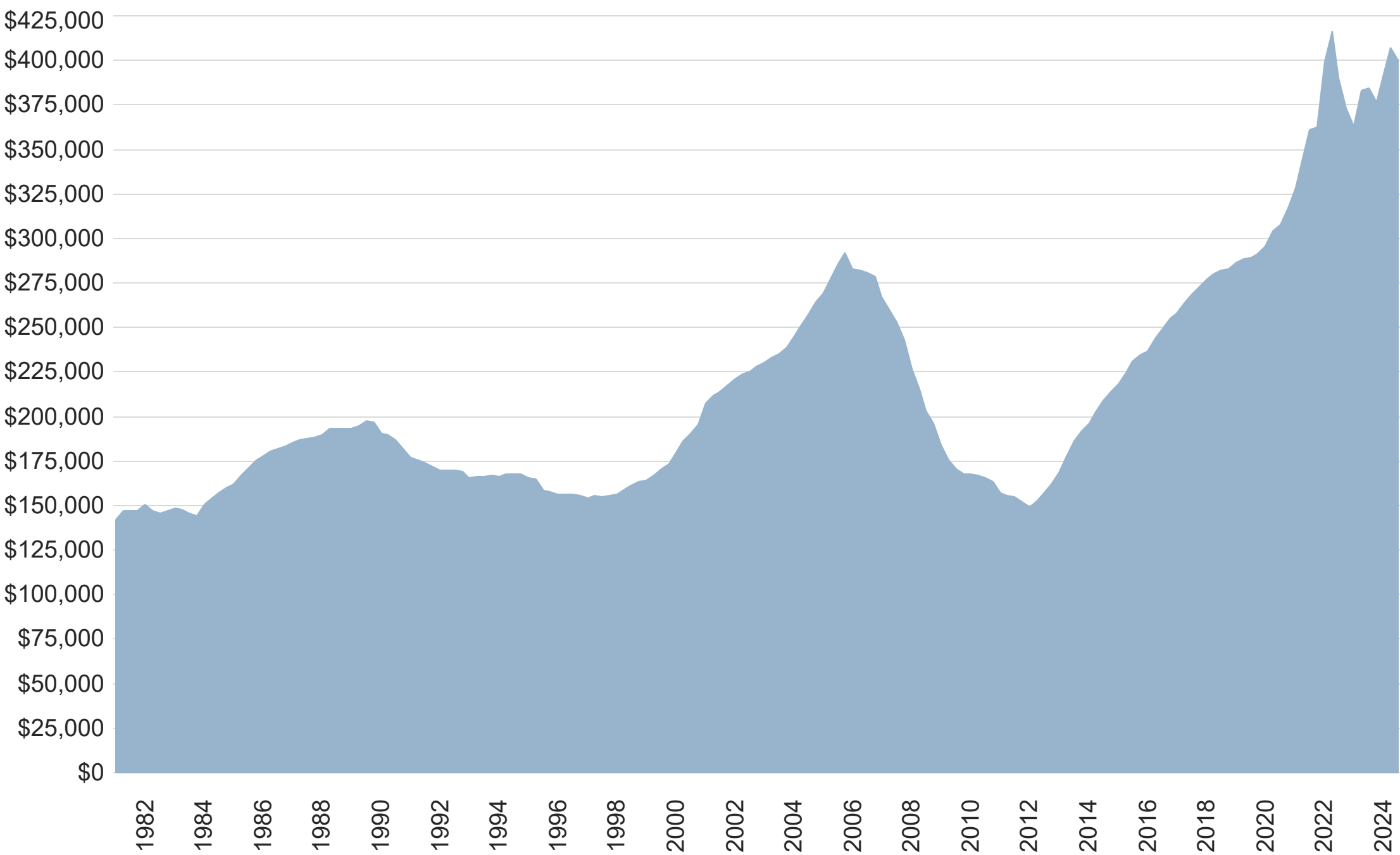


Equity declined slightly in late 2022 but has started to rise again.

Note: Debt includes 1-4-family residential mortgages owed by households and nonprofit organizations.
Sources: Federal Reserve; John Burns Research and Consulting, LLC (Data: 3Q24, updated quarterly†) Pub: Feb-25

Homeowner equity has risen sharply since 2019.

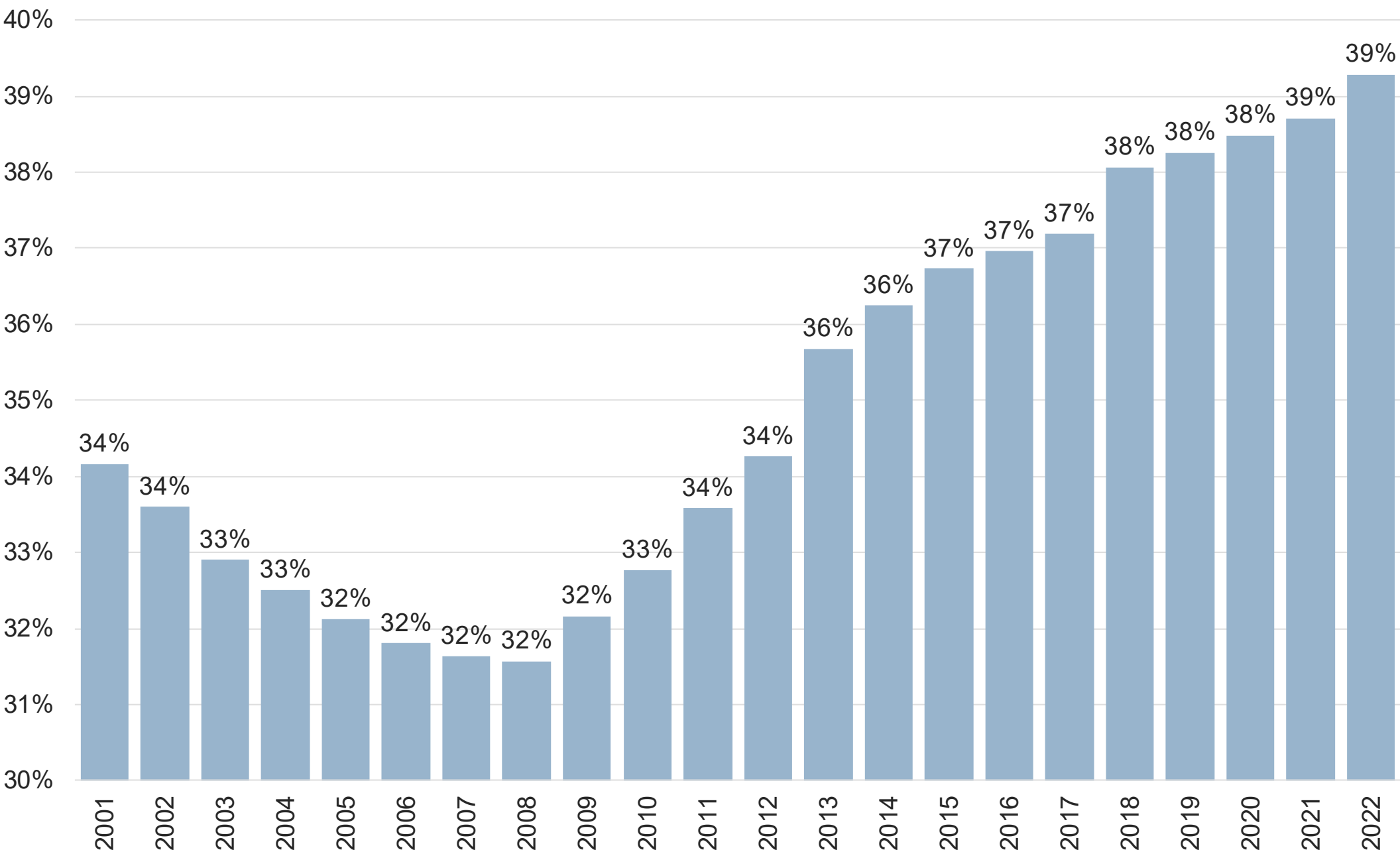
Inflation-Adjusted Homeowner Equity per Owned Household



Homeowners have an average of \$400K in equity in their homes as of 3Q24, near an all-time high.

39% of homeowners did not have a mortgage as of 2022.

Share of Owned Homes without a Mortgage

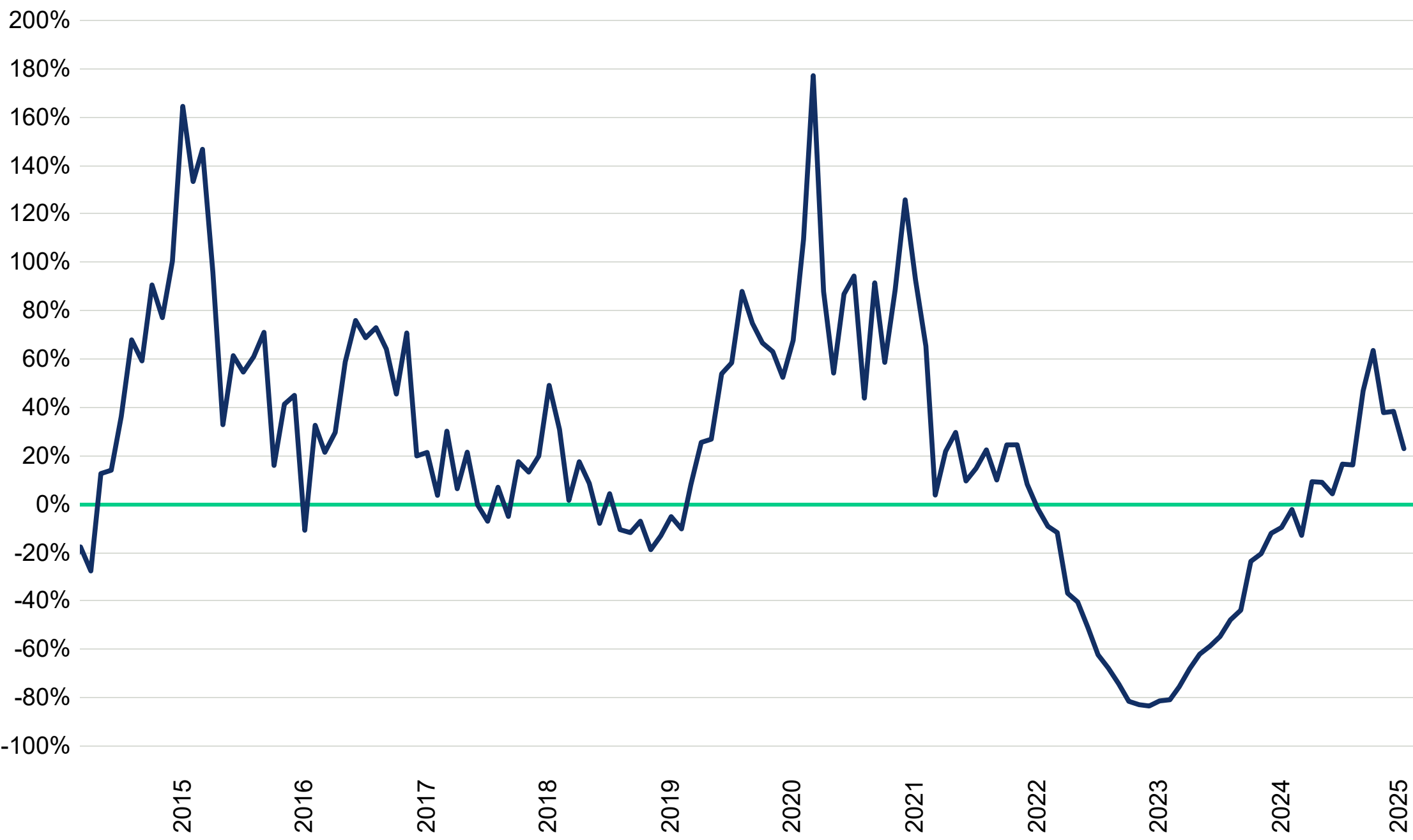


Home equity has surged, particularly as older homeowners pay off their mortgages to own free and clear.

Source: John Burns Research and Consulting tabulations of US Census Bureau American Communities Survey 1-Year Estimates (Data: 2022) Pub: Feb-25

The number of cash-out refinance loan locks rose +23% YOY.

Cash-Out Refinance Loan Lock Volume, YOY % change

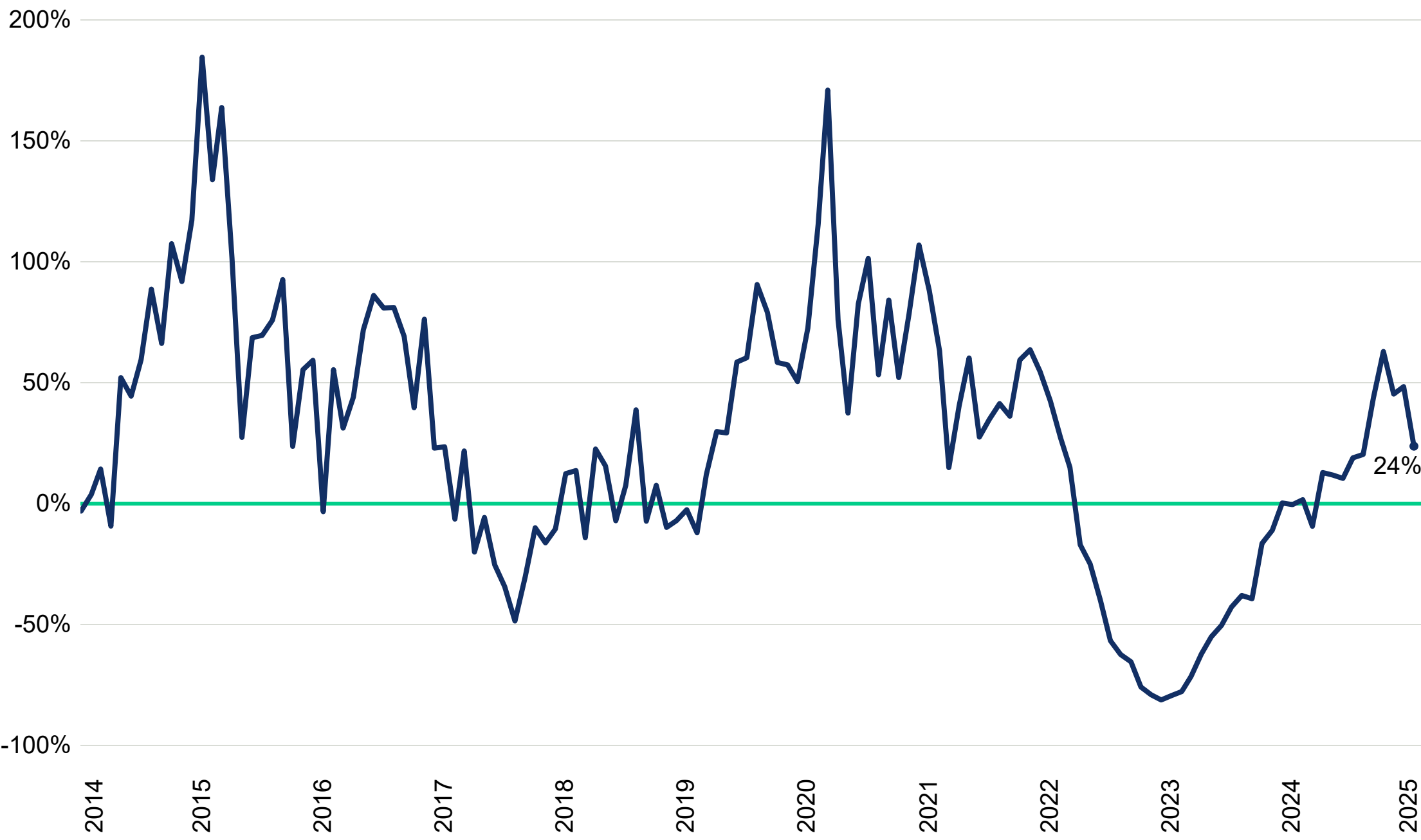


Weekly data on loan lock activity is available on our Burns Interactive Dashboards

Note: Cash-Out Refi totals as tracked by Optimal Blue, for single-family and townhomes.
Source: Optimal Blue, LLC www.optimalblue.com; John Burns Research and Consulting, LLC (Data: Jan-25, Pub: Feb-25)

The total dollar amount cashed out via refinance rose +24% YOY.

Dollar Amount Cashed Out via Refinance, YOY % change

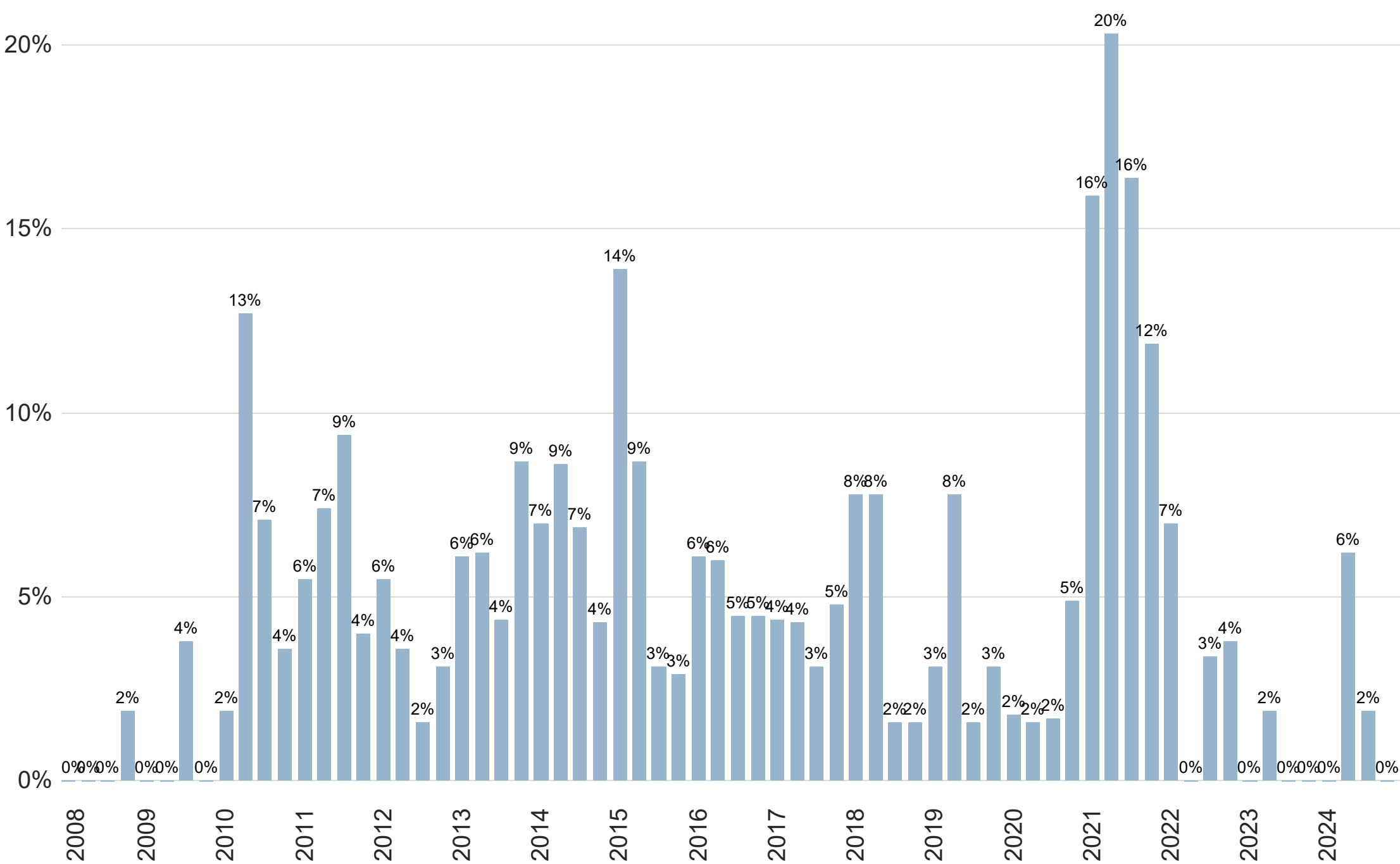


The amount cashed out via refinance rose +24% YOY. Weekly data on loan lock activity is available on our Burns Interactive Dashboards.

Note: Cash-Out Refi total dollars as tracked by Optimal Blue, for single-family and townhomes.
Source: Optimal Blue, LLC www.optimalblue.com; John Burns Research and Consulting, LLC (Data: Jan-25, Pub: Feb-25)

0% of banks are easing credit standards for HELOCs.

Percentage of Banks Easing Credit Standards of HELOCs

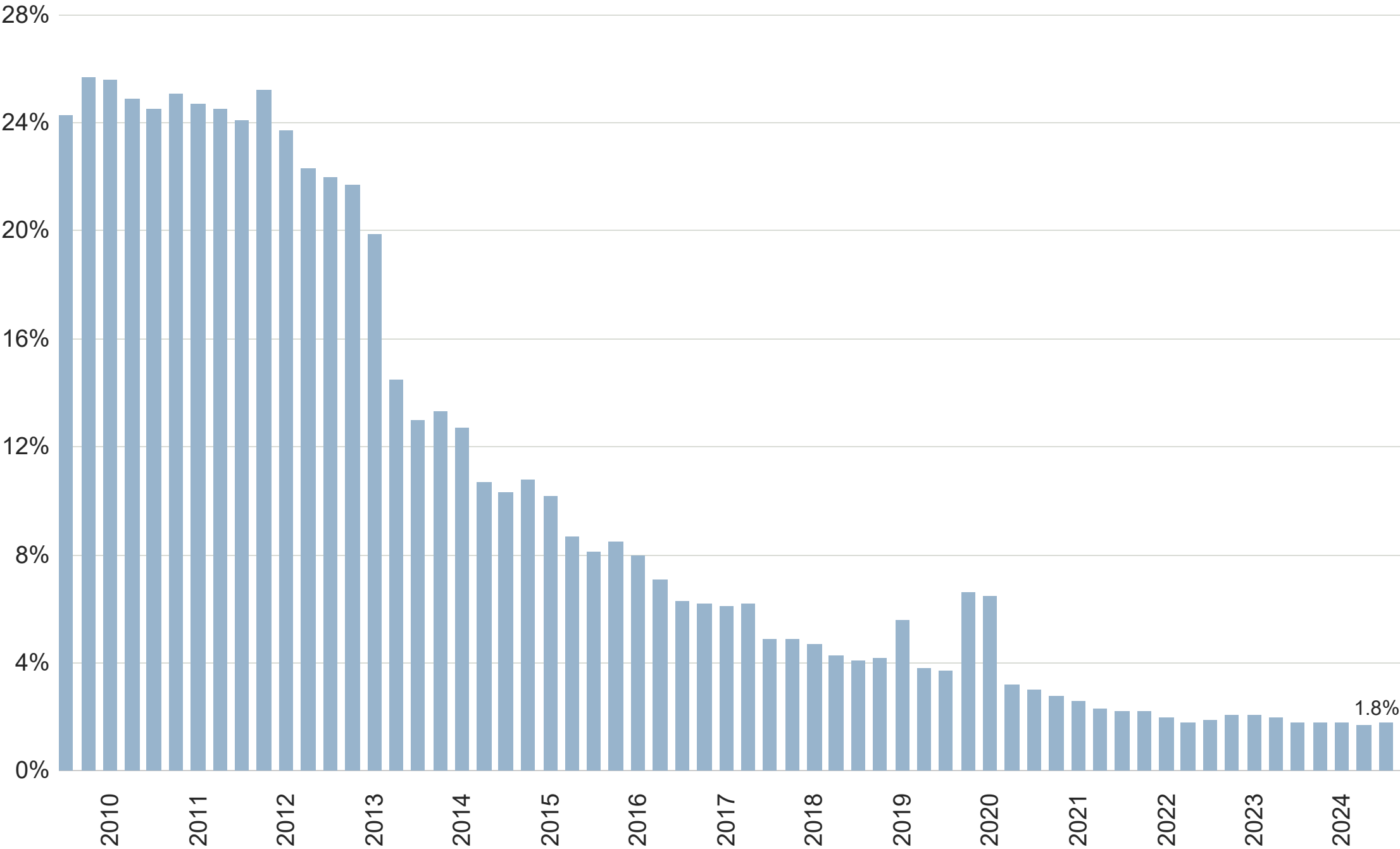


In 4Q24, 0% of banks reported easing credit standards for HELOCs, same as 0% in 4Q23.

Sources: Federal Reserve Senior Loan Officer Survey (big banks only); John Burns Research and Consulting, LLC (Data: 4Q24, Pub: Feb-25)

There are very few negative equity homes relative to history.

Percentage of Negative Equity Homes

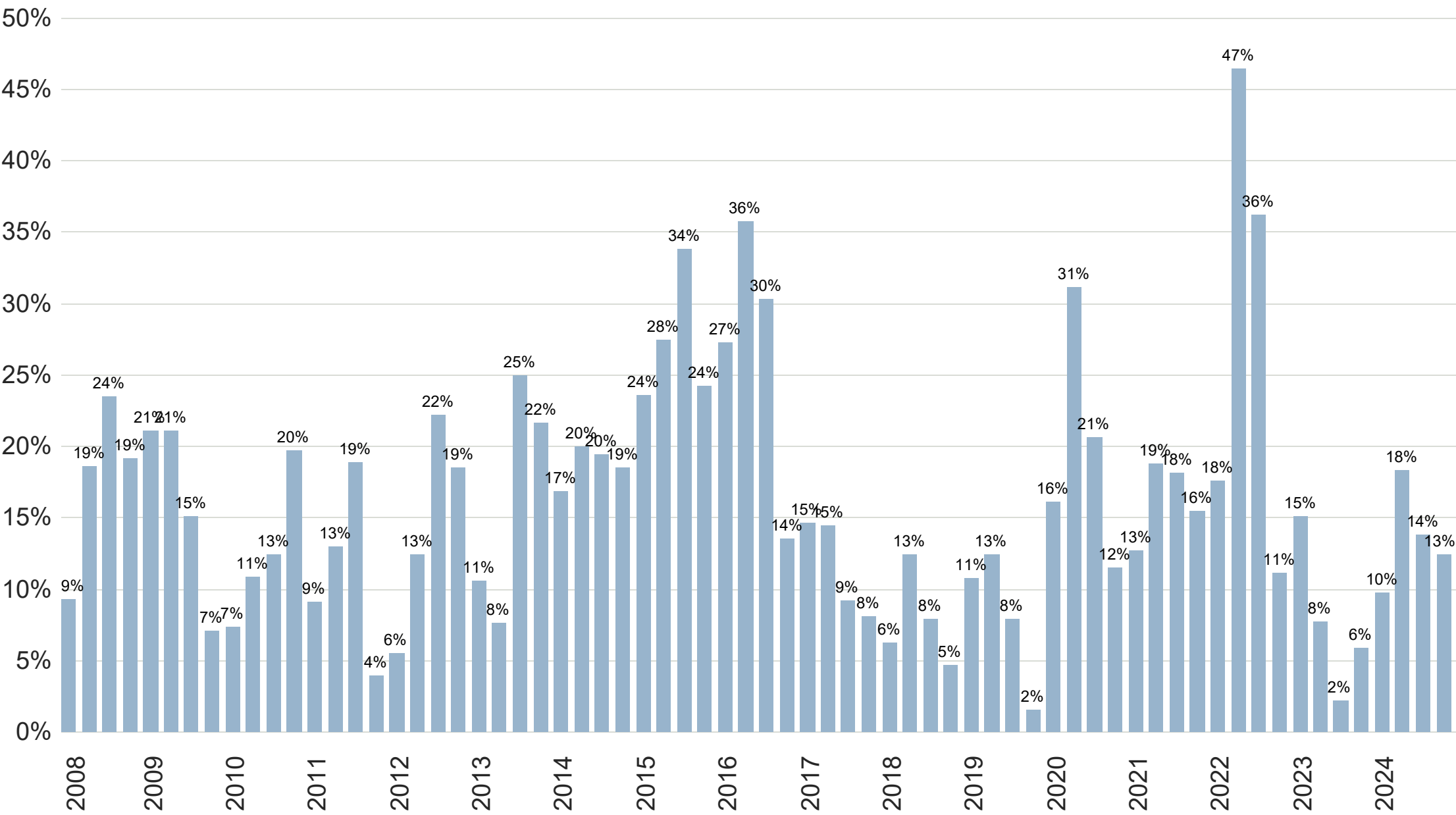


Nationally, the number of negative equity mortgages stayed the same YOY to 2% of total mortgages.

Source: CoreLogic (Data: 3Q24, Pub: Feb-25)

HELOC lending from banks is rising YOY.

Percentage of Banks Reporting Increased HELOC Disbursements



In 4Q24, 13% of banks reported increased HELOC disbursements, up from 6% in 4Q23.

The question asked was: *Apart from normal seasonal variation, how has demand for revolving home equity lines of credit changed over the past three months? (Please consider only funds actually disbursed as opposed to requests for new or increased lines of credit.)*

Sources: Federal Reserve Senior Loan Officer Survey (big banks only); John Burns Research and Consulting, LLC (Data: 4Q24, Pub: Feb-25)



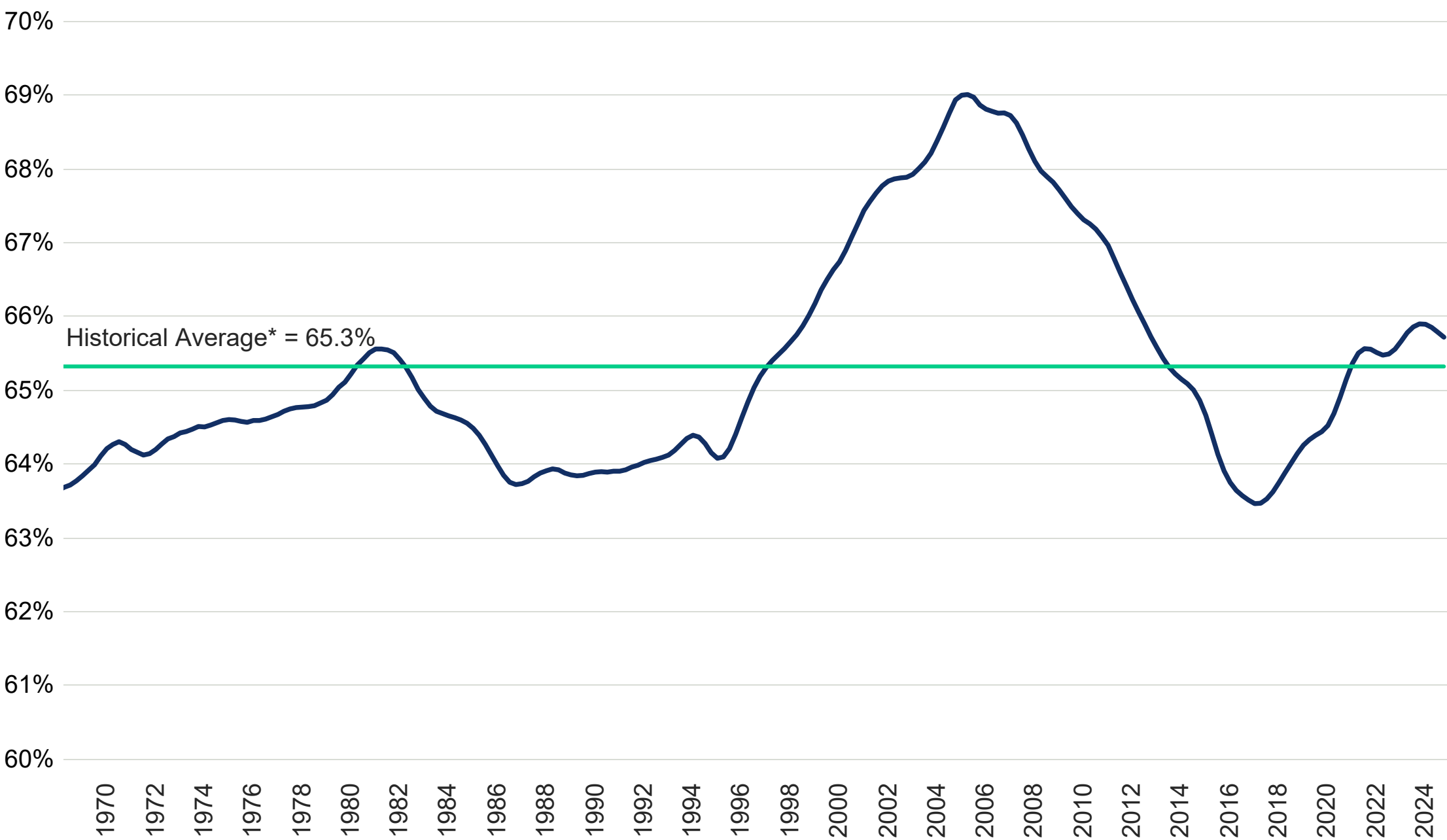
Affordability

First-time buyers and
homeownership

Homeownership rates are above the historical average.

Homeownership Rate

4-quarter average — Homeownership rate = 65.7%



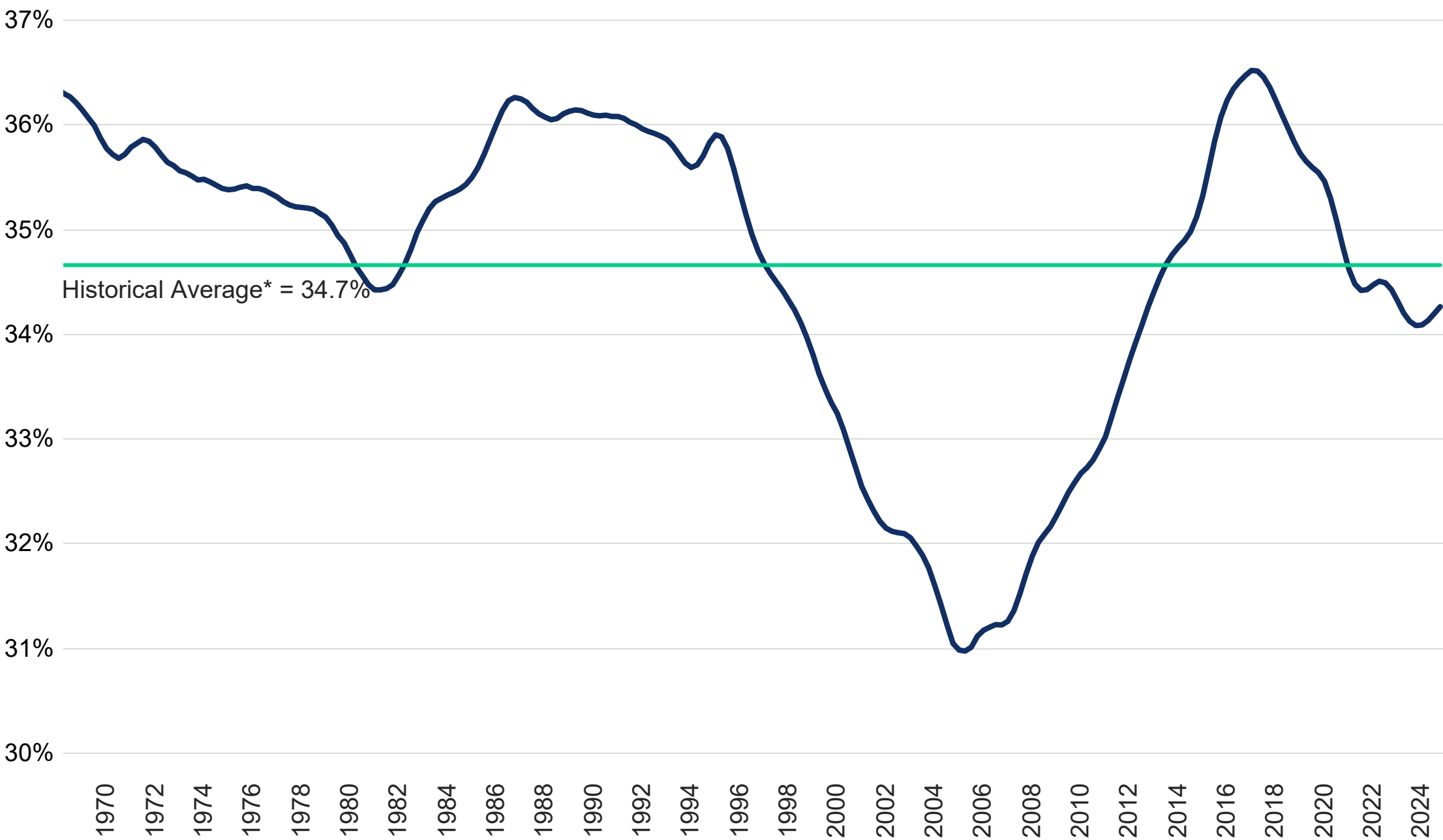
At 65.7% in 4Q24, the homeownership rate is above its historical average.

Sources: Census Bureau; John Burns Research and Consulting, LLC (Data: 4Q24, Pub: Feb-25) *Historical average: 2Q68 through current

Rentership rates are below the historical average.

Rentership Rate

4-quarter average — Rentership rate = 34.3%

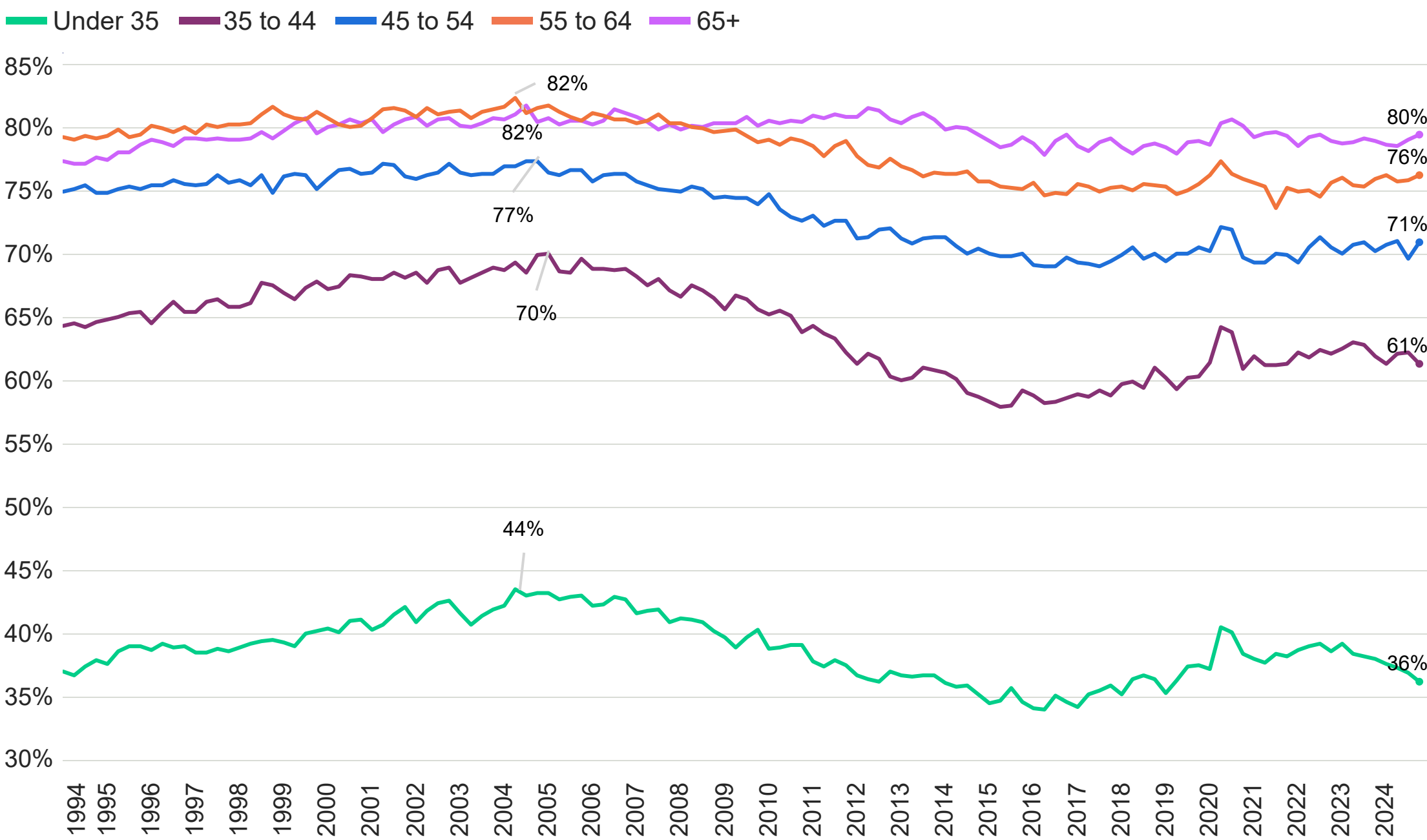


At 34.3% in 4Q24, the rentership rate is below its historical average.

Sources: Census Bureau; John Burns Research and Consulting, LLC (Data: 4Q24, Pub: Feb-25) *Historical average: 2Q68 through current

Homeownership has been flat to rising in recent years for most groups.

Homeownership Rate by Age



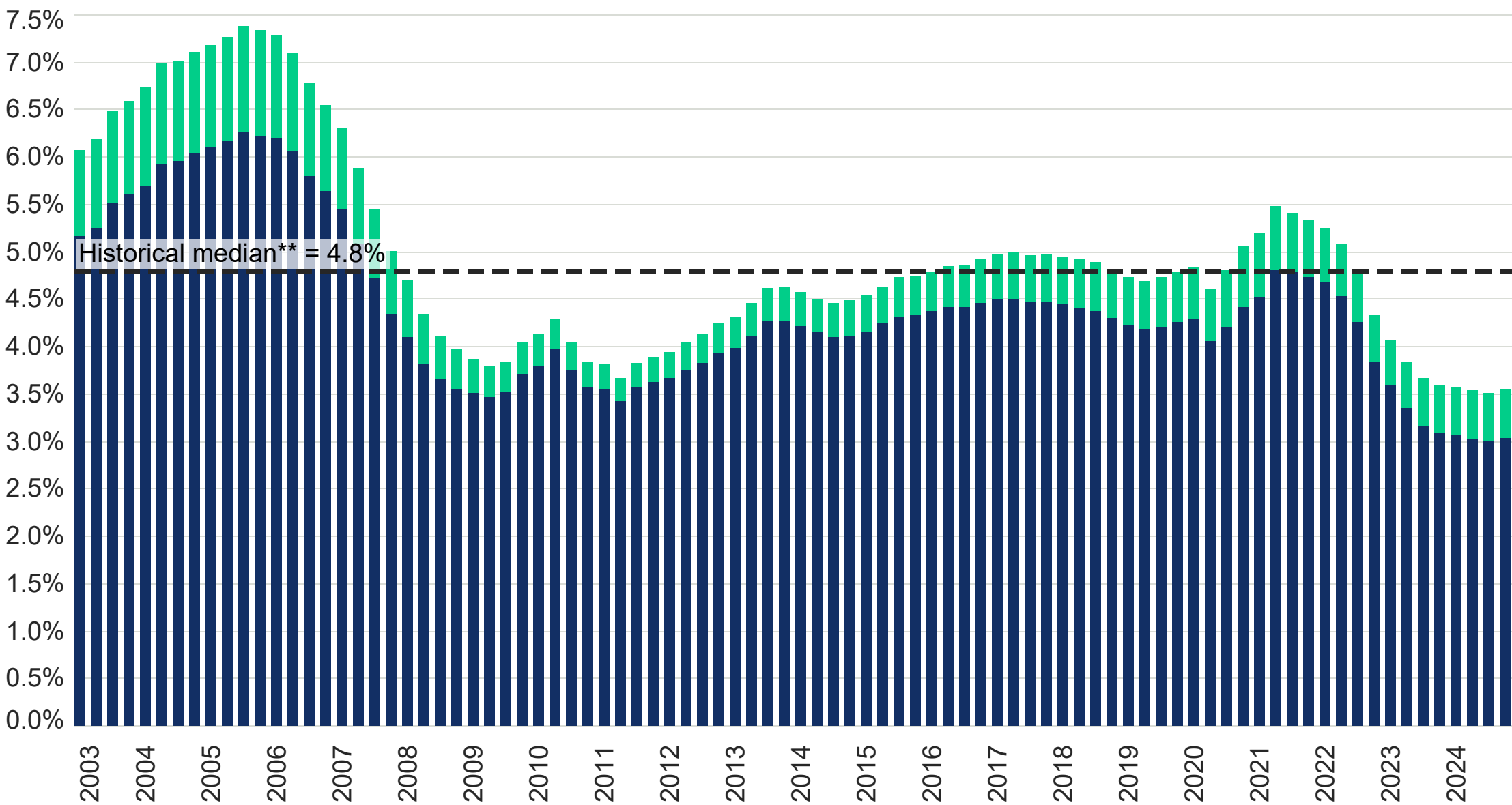
Note: The pandemic complicated the Census Bureau's collection process in 2020. We advise using caution in comparing data from this time period.

Source: Census Bureau, Housing Vacancies and Homeownership Survey (Data: 4Q24 updated quarterly, Pub: Feb-25)

Sales as a percentage of total households were steady at 3.5% in 4Q24.

Homes Sold as % of Households

Existing homes sold* as a % of households = 3.0% New homes sold as a % of households = 0.5%



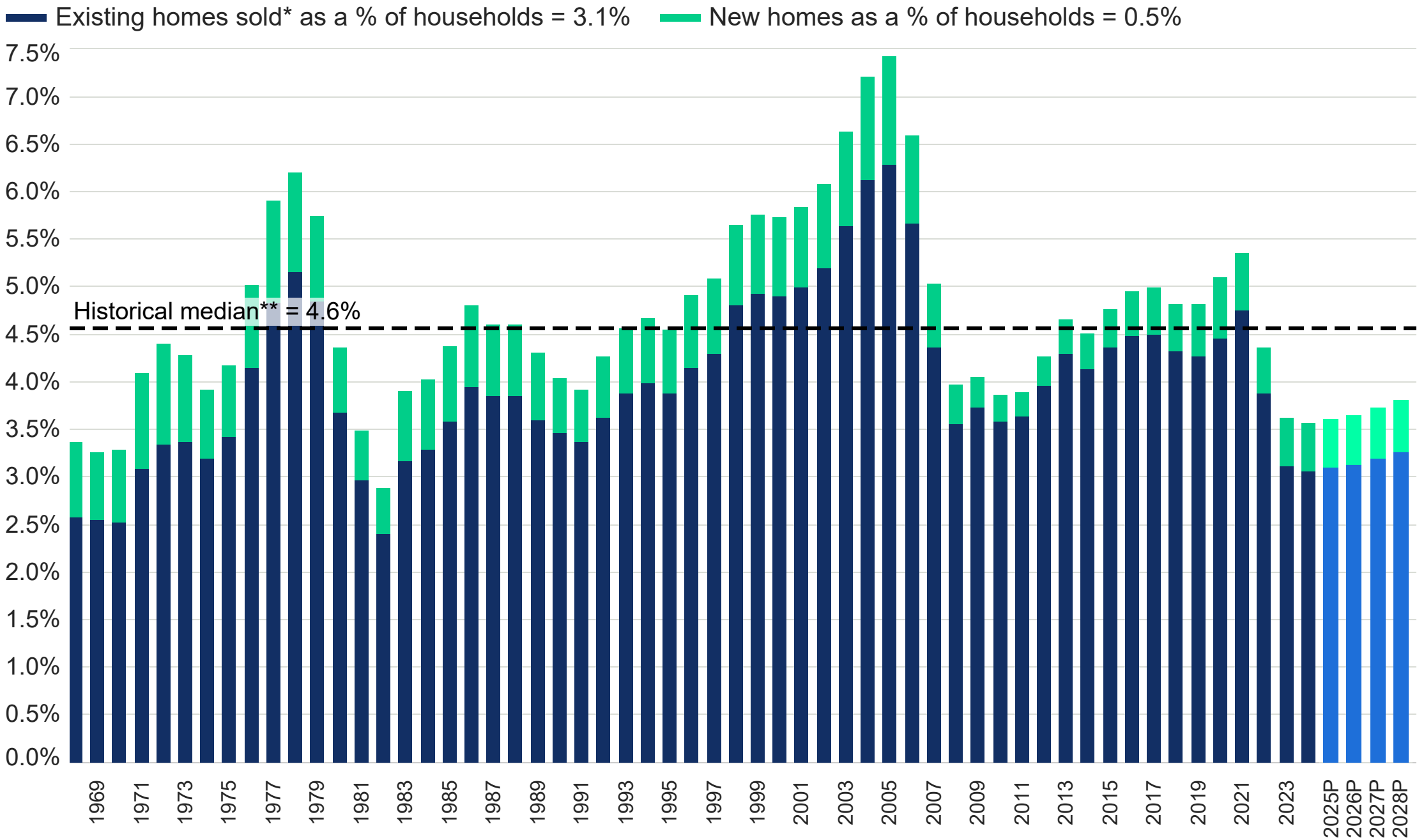
*Existing home sale closings **Historical median: 2Q00 through current

Note: The pandemic complicated the Census Bureau's collection process in 2020. We advise using caution in comparing data from this time period.

Sources: NAR; Census Bureau; John Burns Research and Consulting, LLC (Data: Dec-24, Pub: Feb-25)

The ratio of homes sold to total households was 3.6% in 2024.

Homes Sold as % of Households

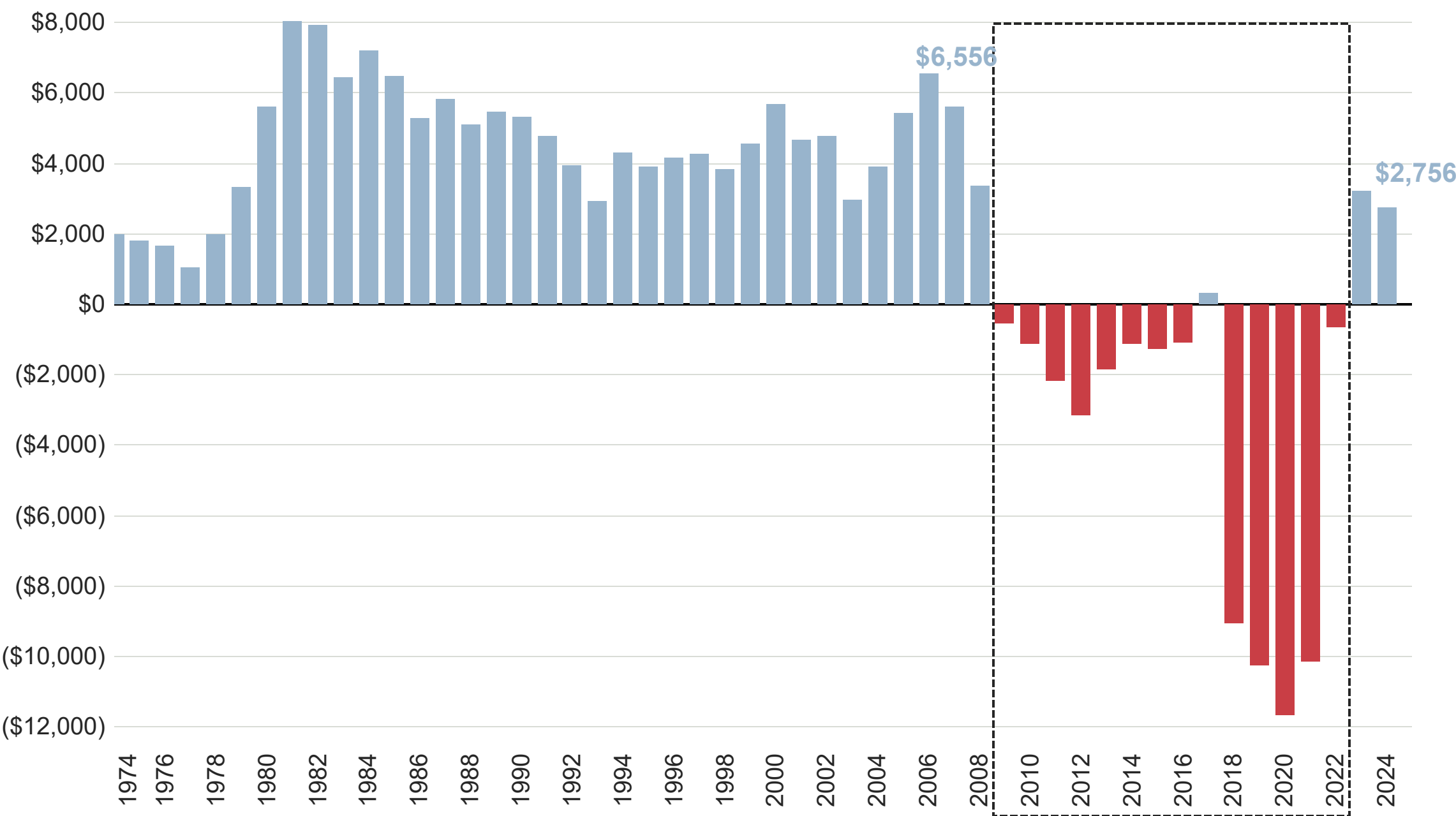


*Existing home sale closings **Historical median: 1968 through current

Sources: NAR; Census Bureau; John Burns Research and Consulting, LLC (Data: 2024, Pub: Feb-25)

Homeownership again offers notable tax advantages.

Mortgage Interest and Property Taxes in Excess of Standard Tax Deduction*



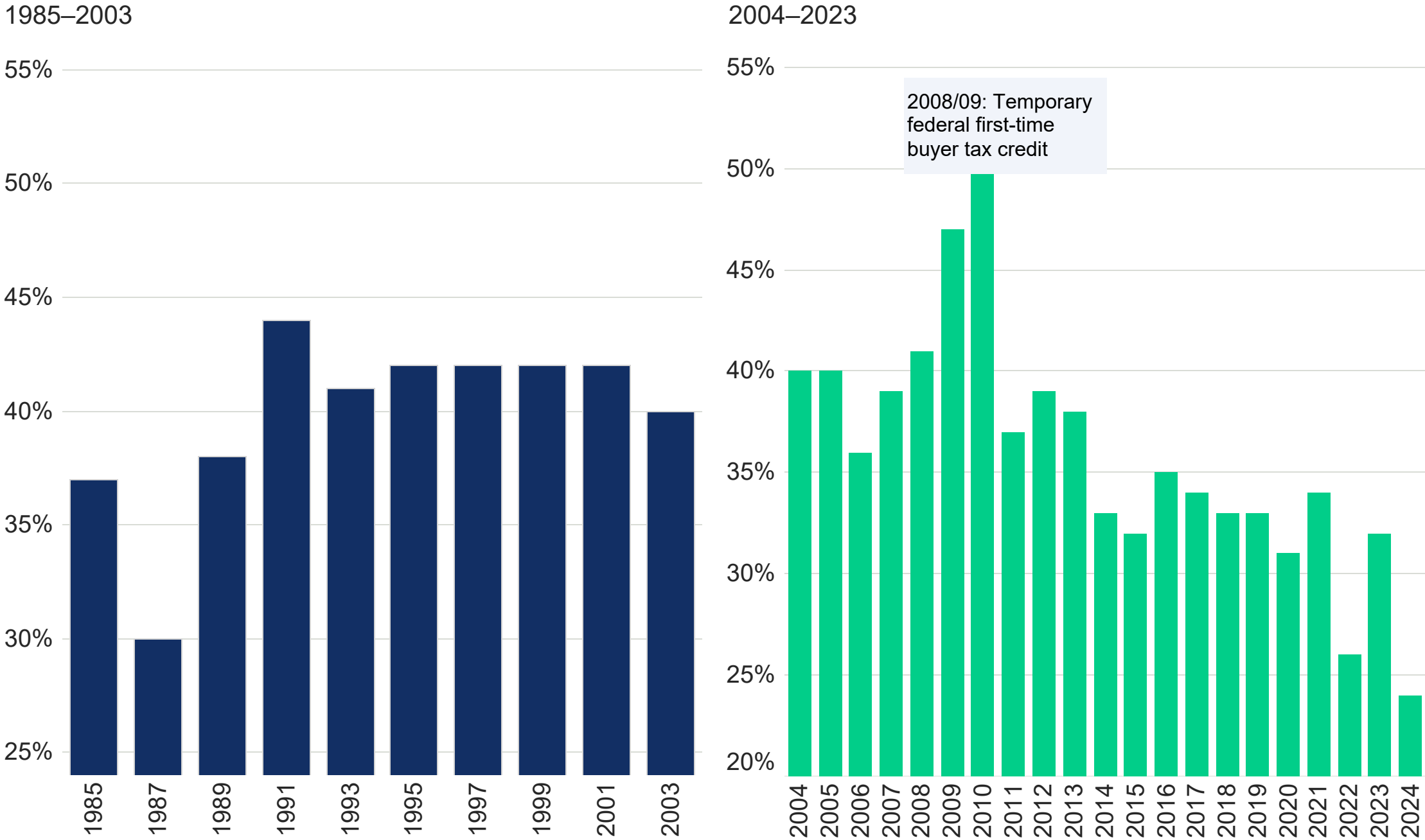
Given higher interest rates in 2024, mortgage interest and property taxes will exceed the standard deduction for the typical homebuyer who purchased in 2024 by \$2,756.

*Assumes a married couple with a mortgage equal to 95% of median home price and a 1.5% property tax rate.

Source: John Burns Research and Consulting, LLC (Data: 2024, Pub: Feb-25)

The share of existing homes sold to first-time buyers fell to 24% in 2024.

Share of Existing Homes Sold to First-Time Buyers

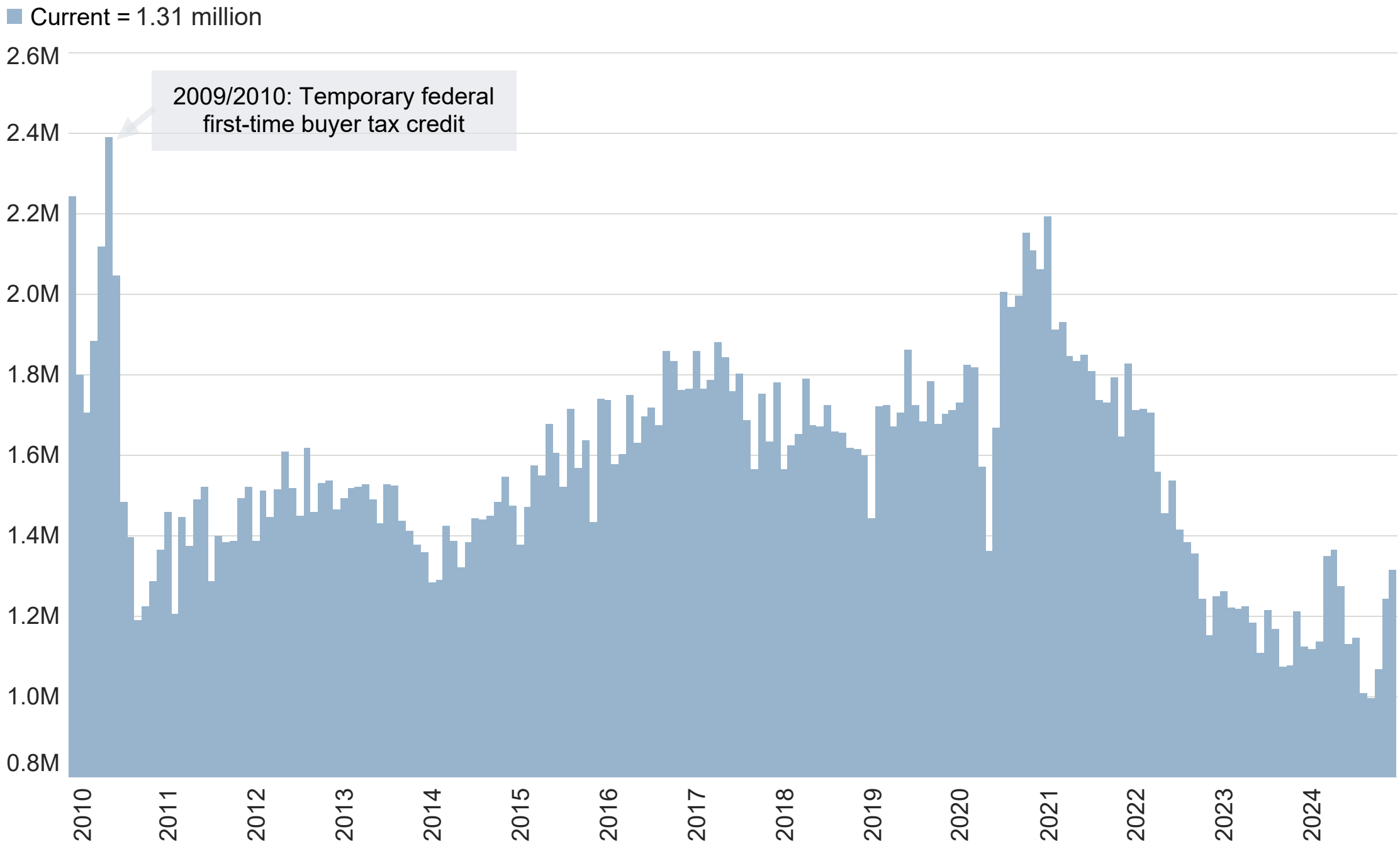


Peak share was reached in 2010 when 50% of buyers were first-time buyers due to temporary tax credits.

Sources: NAR; John Burns Research and Consulting, LLC (Data: 2024, Pub: Feb-25)

The number of existing homes sold to first-time buyers rose in December.

Existing Sales to First-Time Home Buyers (SAAR)

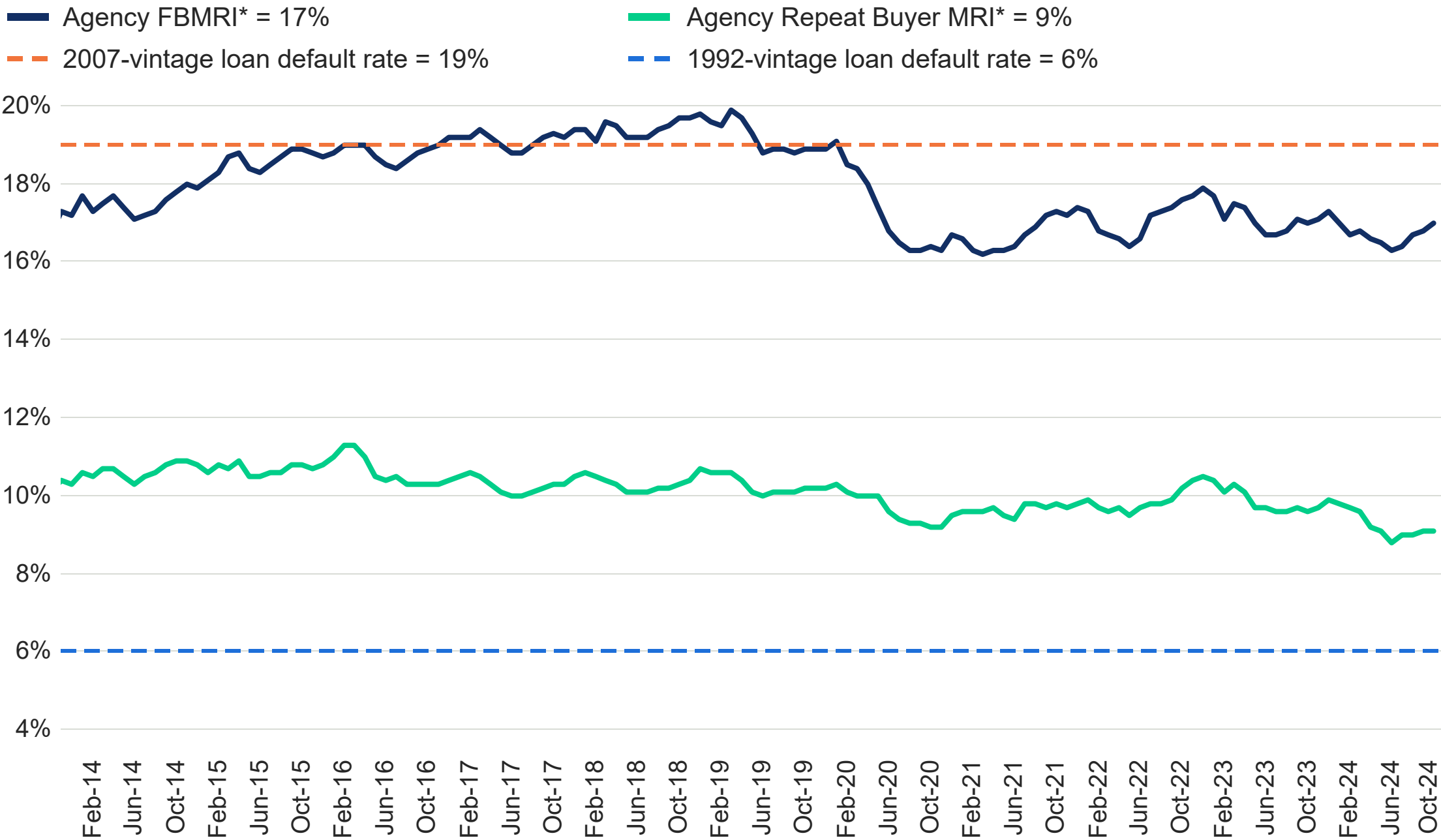


First-time buyers are more rate sensitive than other buyer types.

Sources: NAR; John Burns Research and Consulting, LLC (Data: Dec-24, Pub: Feb-25)

17% of first-time buyers with GSE-backed loans would default under a GFC-like crisis.

Existing Sales to First-Time Home Buyers (SAAR)



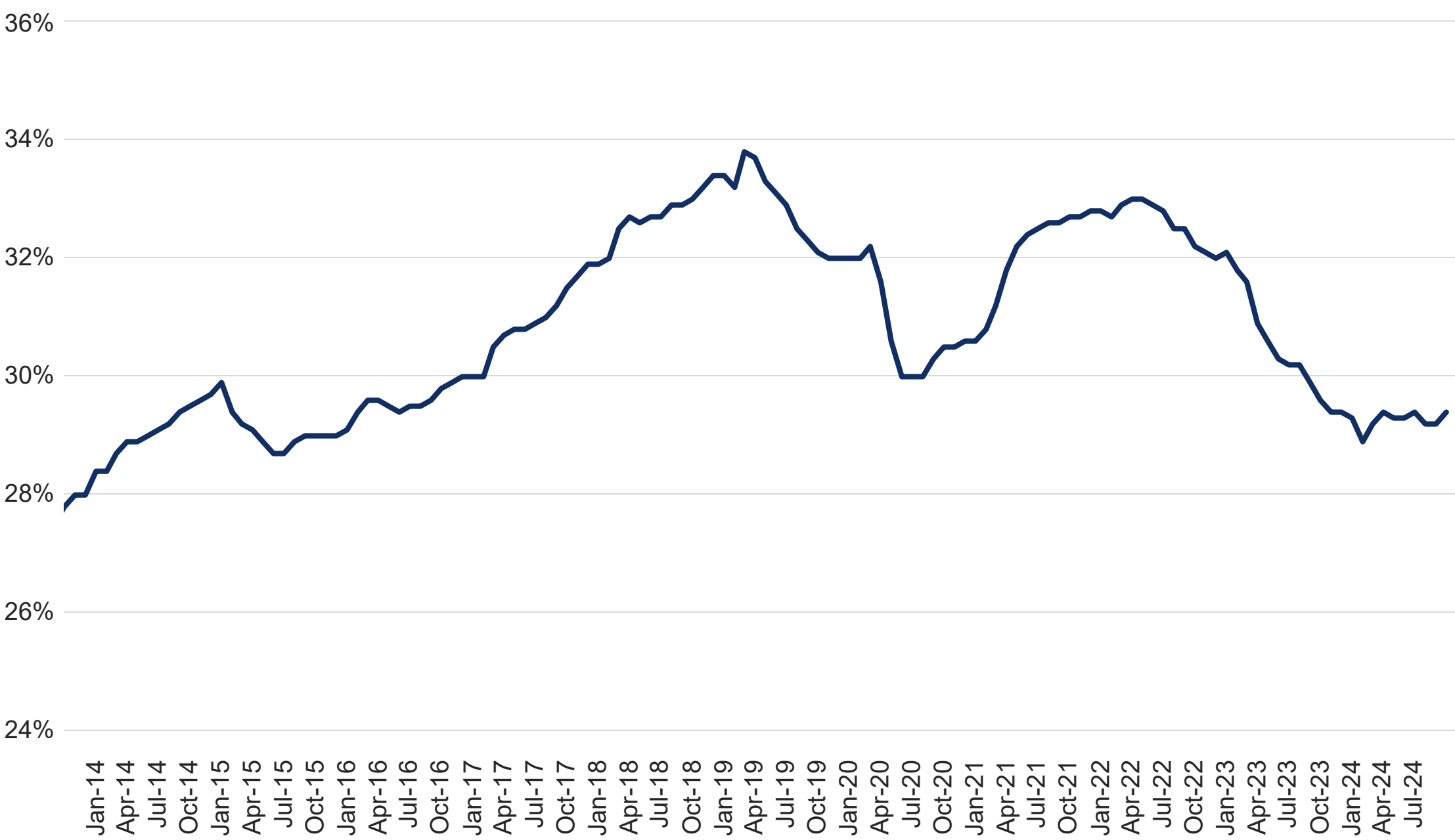
The First-Time Buyer Mortgage Risk Index (17% in October) estimates the share of first-time-buyer mortgages that would default in a stress event similar to the 2008 financial crisis. First-time buyers are riskier than repeat buyers (current default risk is 9%). For context, loans made in 1992 had a 6% default rate, while 2007-vintage loans had a 19% default rate.

*Agency includes Fannie Mae, Freddie Mac, FHA, RHS, and VA.
Source: AEI International Center on Housing Risk (Data: Oct-24, Pub: Feb-25)

29% of buyers with an FHA loan would default during a GFC-like stress event.

FHA First-Time Buyer Risk Index

— Index = 29%



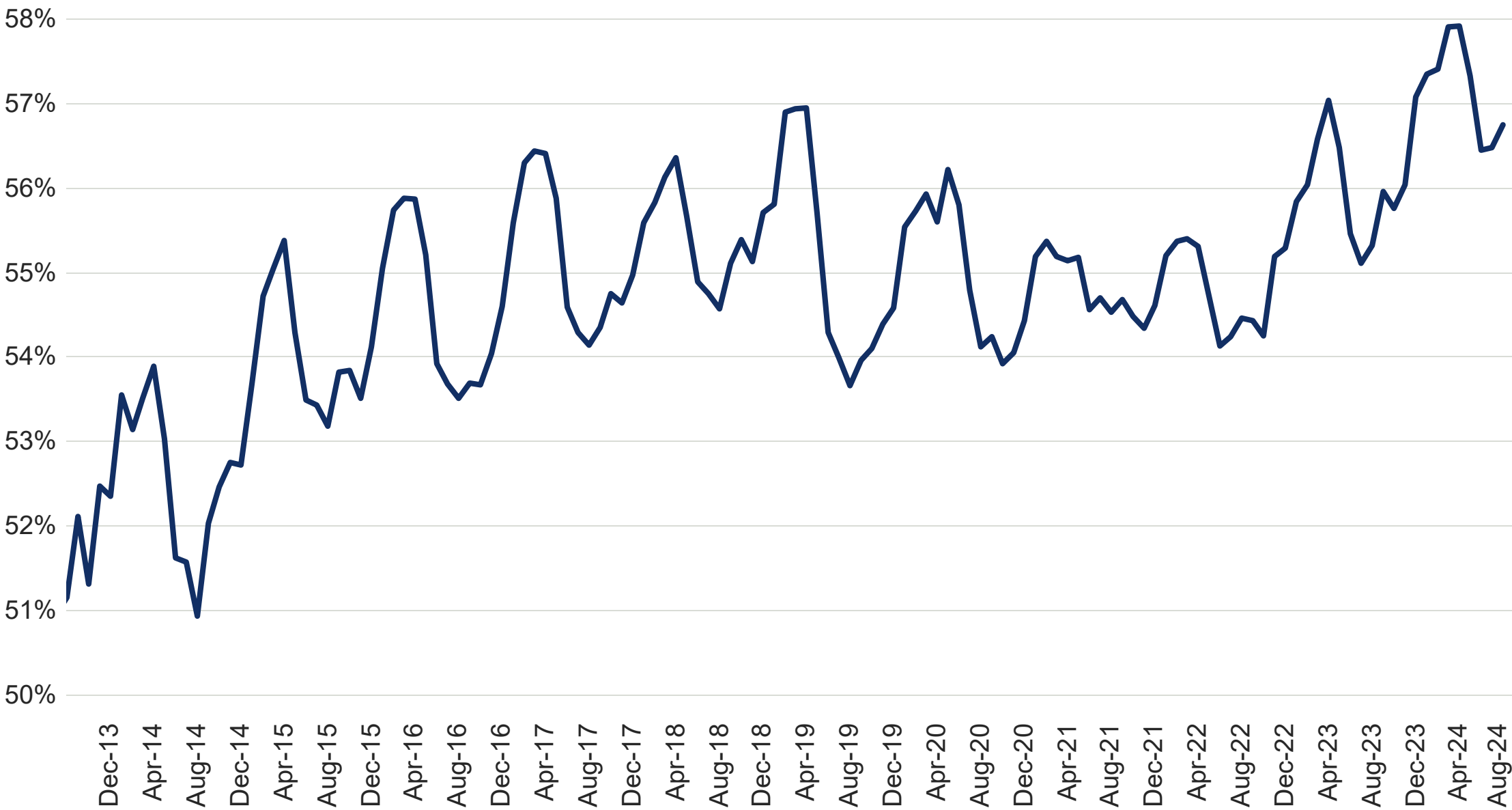
Recent credit tightening is lowering first-time-buyer default risk. The index measures the percentage of FHA first-time home buyers who would default in the event of a recession like the 2008 financial crisis.

Sources: AEI International Center on Housing Risk; John Burns Research and Consulting, LLC (Data: Oct-24, Pub: Feb-25)

57% of purchase mortgages are made by first-time buyers.

First-Time Buyer Mortgage Share Index

Combined FBMSI* = 57%



AEI collects data for nearly all home purchase loans. Per AEI data, first-time buyers were 57% of primary-owner-occupied home purchase mortgages.

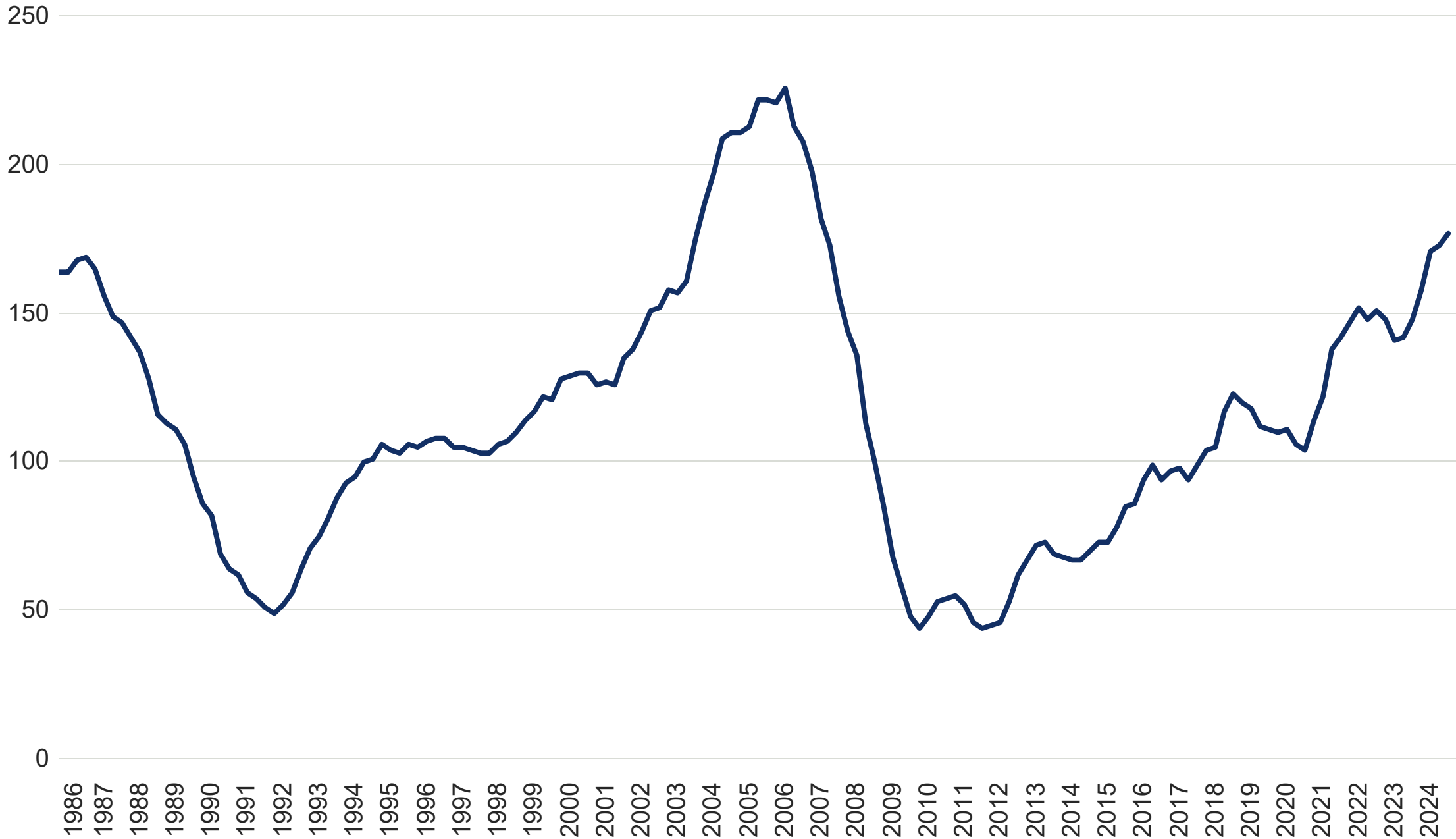
*Includes agency (Fannie Mae, Freddie Mac, FHA, RHS, and VA) and private loans. AEI's result is different from the one in NAR's report because the NAR analysis includes total transactions (first-time, repeat, investors, and cash), while AEI considers only homes bought with a mortgage (excluding cash buyers).

Source: AEI International Center on Housing Risk (Data: Aug-24, Pub: Feb-25)

Townhome starts rose +20% YOY.

Townhome Starts

Thousands, trailing 12-month total (SA)

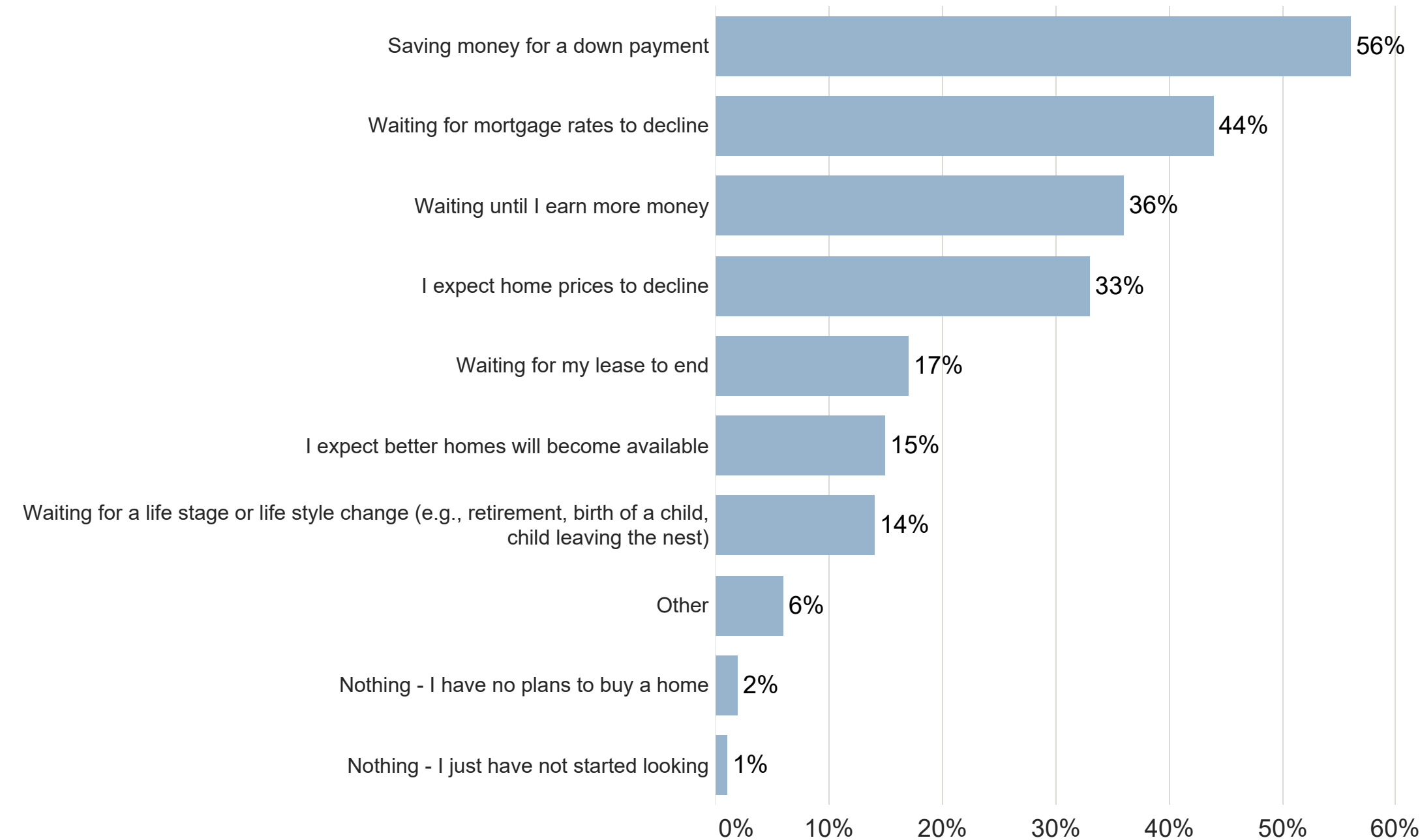


Includes both for-sale and built-for-rent single-family attached units.

Source: Census Bureau; John Burns Research and Consulting, LLC (Date: 3Q24, Pub: Feb-25)

Saving money for a down payment is the largest barrier to homeownership.

Main Reasons Renters Do Not Currently Own



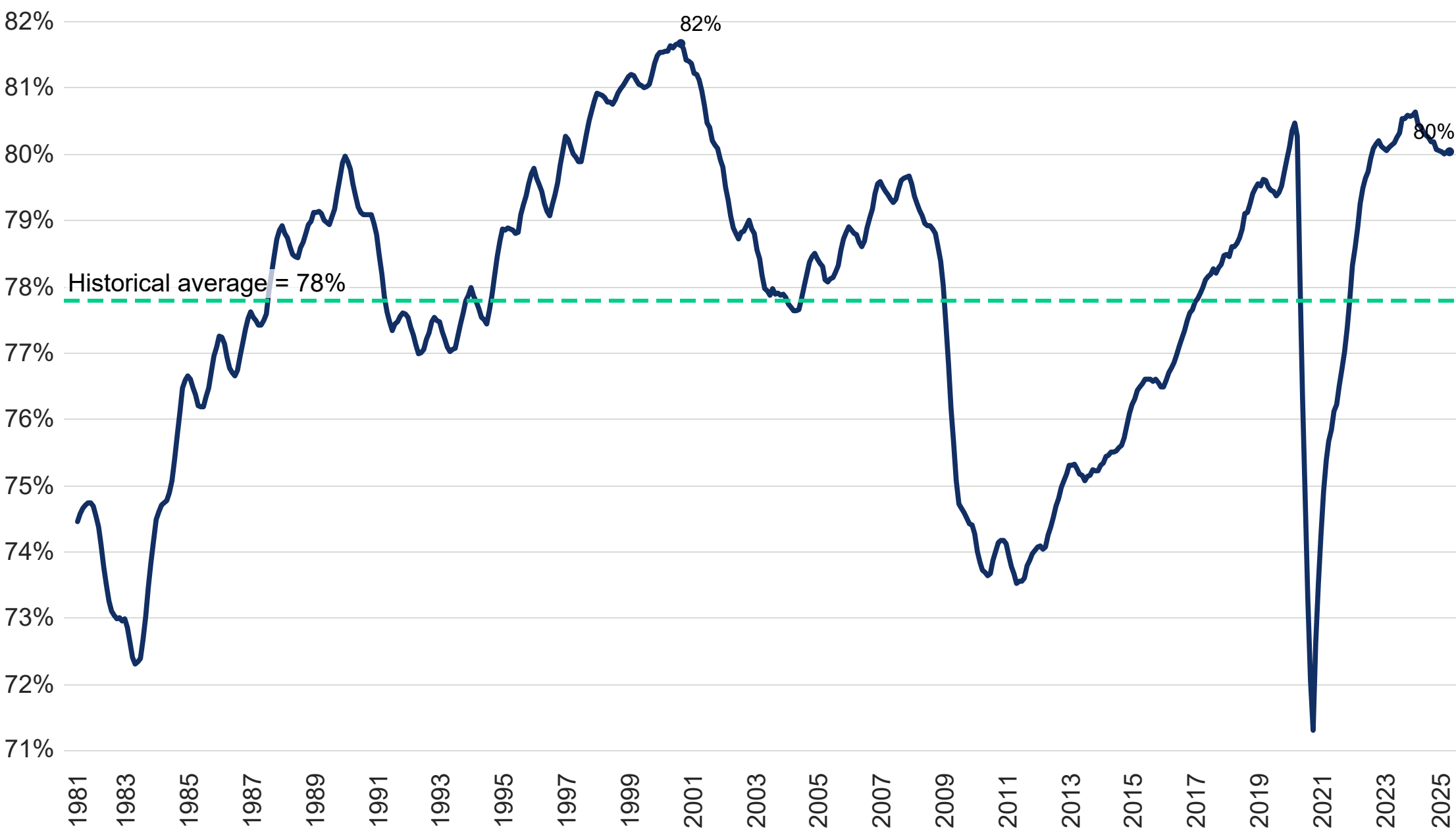
According to our New Home Trends Institute survey, the top reason given for renters not owning a home is saving money for a down payment.

*Survey of 1,247 homeowners and renters. Respondents were instructed to select all that applied. Results will not total to 100%.
Source: New Home Trends Institute by John Burns Research and Consulting, LLC (Data: Sep-24, Pub: Feb-25)

Employment among young workers is near its highest level since 2001.

Employment to Population for 25–34 Year-Olds

6-month average, NSA

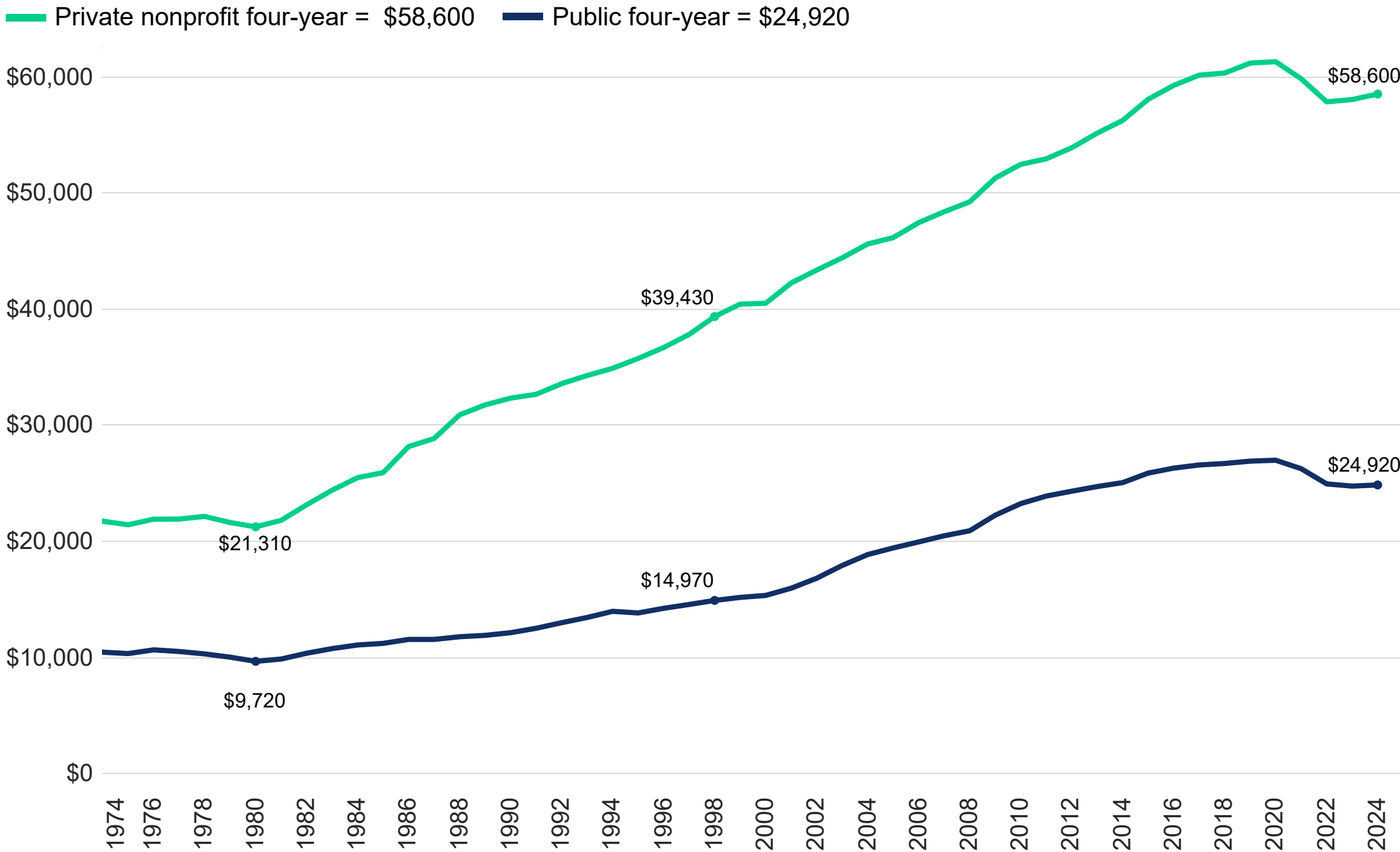


Source: Bureau of Labor Statistics (Data: Jan-25, Pub: Feb-25)

The employment-to-population ratio for ages 25–34 is at 80%, higher than any time since 2001, barring February 2020 and December 2023 (81%).

The cost of college is starting to drop after decades of rising costs.

Annual College Tuition and Fees plus Room and Board in 2023 Dollars

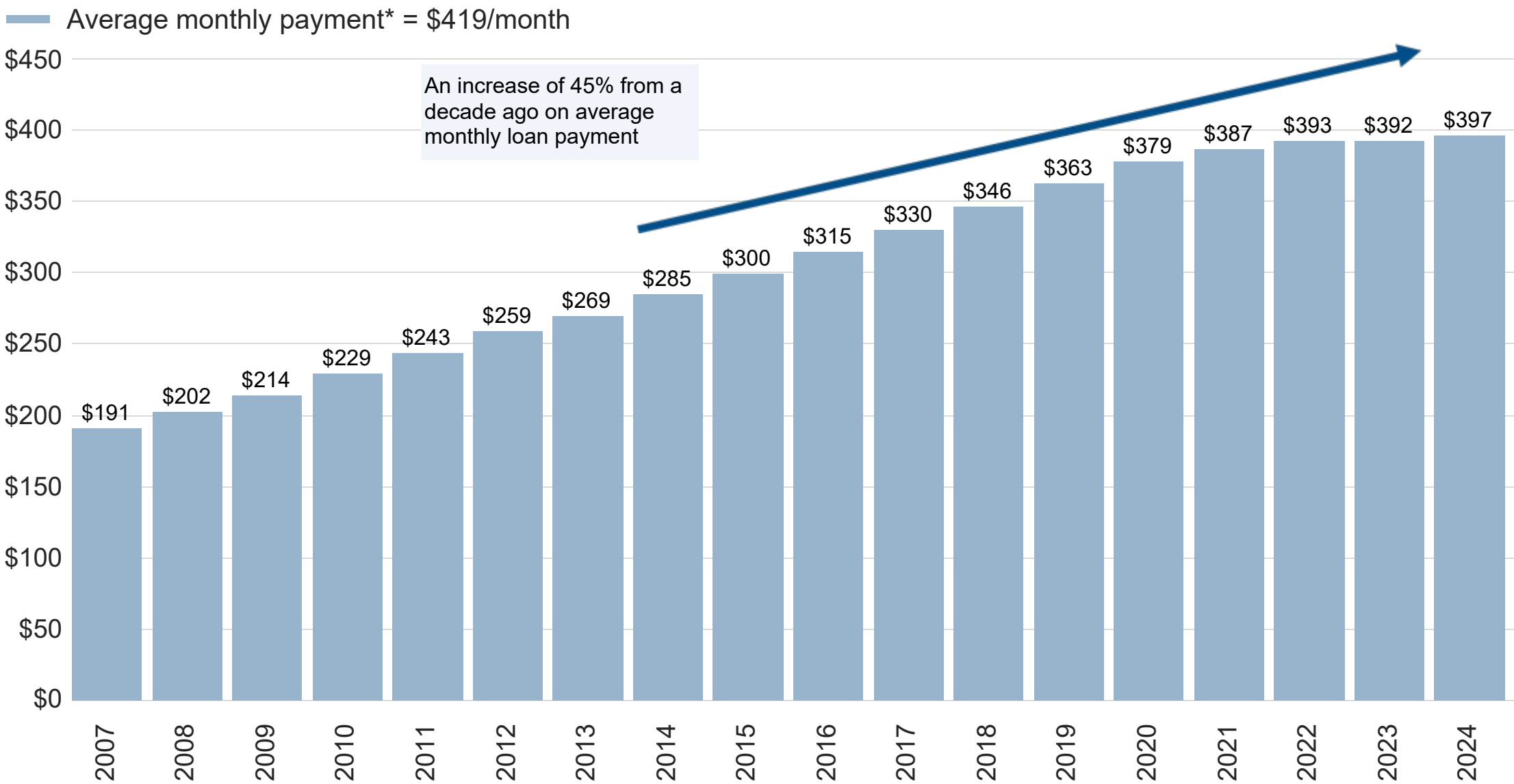


Since 1998, college costs have increased +49% at private nonprofit colleges and +66% at public colleges, on an inflation-adjusted basis.

Source: College Board; John Burns Research and Consulting, LLC (Data: 2024, Pub: Feb-25)

Rising student debt is a major obstacle to buyers saving for a down payment.

Student Loans



We estimate that student loans are responsible for \$83B of lost revenue for the housing industry in 2014. For more information, log into your [client portal](#) and download our student debt white paper.

Note: In March 2020, the U.S. Department of Education (ED) froze federal student loan repayments due to Covid-19 and resumed federal student loan repayments in October 2023.

*Payment calculation assumes a 4.73% average interest rate and a 10-year average loan term.

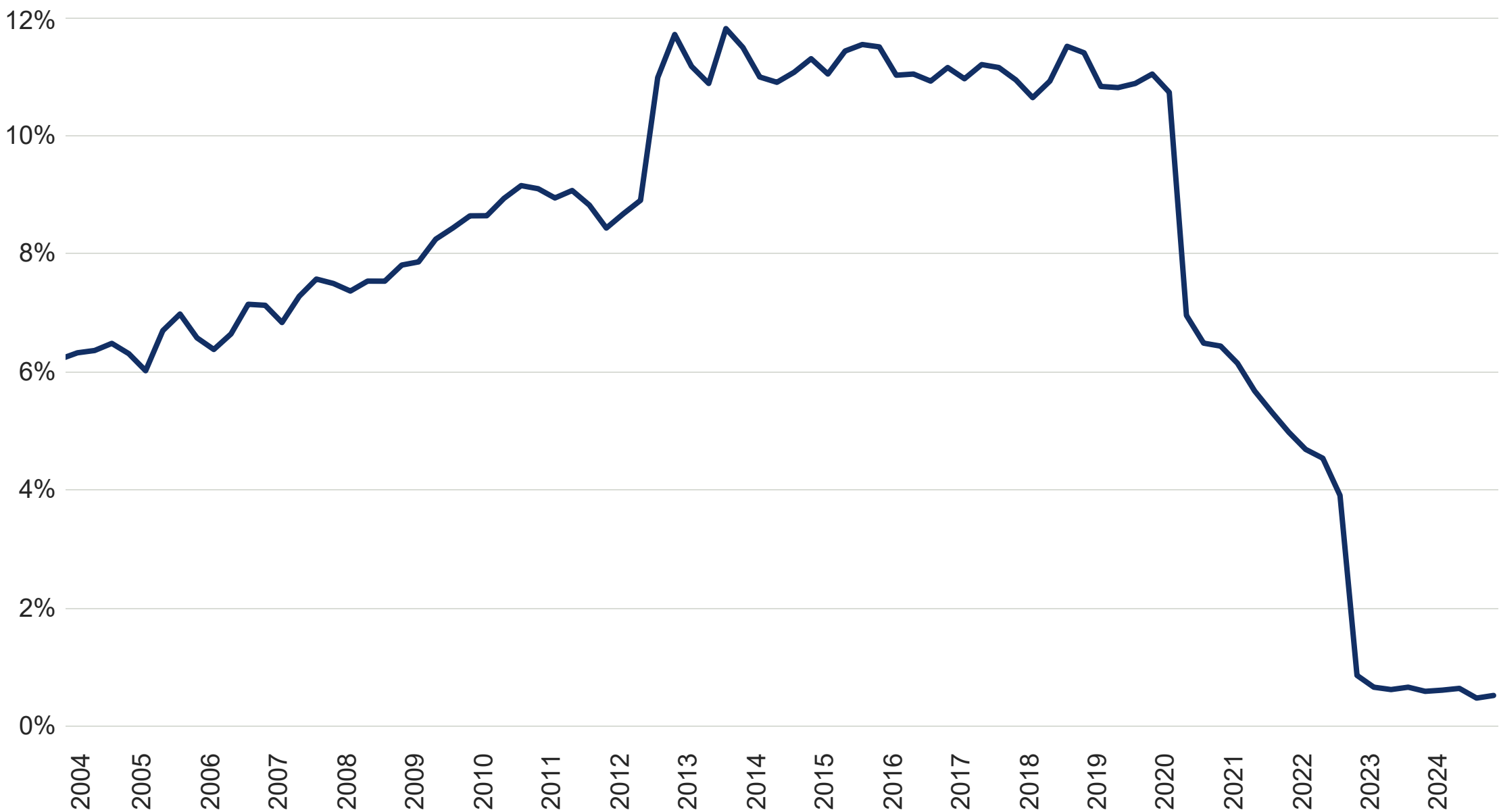
**Data corresponds to the federal fiscal year or at the end of each quarter listed by Federal Fiscal Year. Each Federal Fiscal Year begins October 1 and ends September 30. Q1 ends 12/31, Q2 ends 3/31, Q3 ends 6/30, and Q4 ends 9/30.

Sources: U.S. Department of Education, Federal Student Aid Office; John Burns Research and Consulting, LLC (Data: 4Q24**, Pub: Feb-25)

Student loan delinquency plummeted due to forbearance.

Total Student Loan

■ % of balance 90 days delinquent = 0.5%



As of 4Q24, just 0.5% of student loan debt is 90+ days delinquent due to federal forbearance.

Note: This data underreports total student loan debt. The Consumer Credit Panel does not capture loans that have originated but have not yet been reported by the servicer to credit bureaus, nor does it capture loans that are transferred between servicers.

Sources: NY Federal Reserve Consumer Credit Panel/Equifax; John Burns Research and Consulting, LLC (Data: 4Q24, Pub: Feb-25)



Affordability

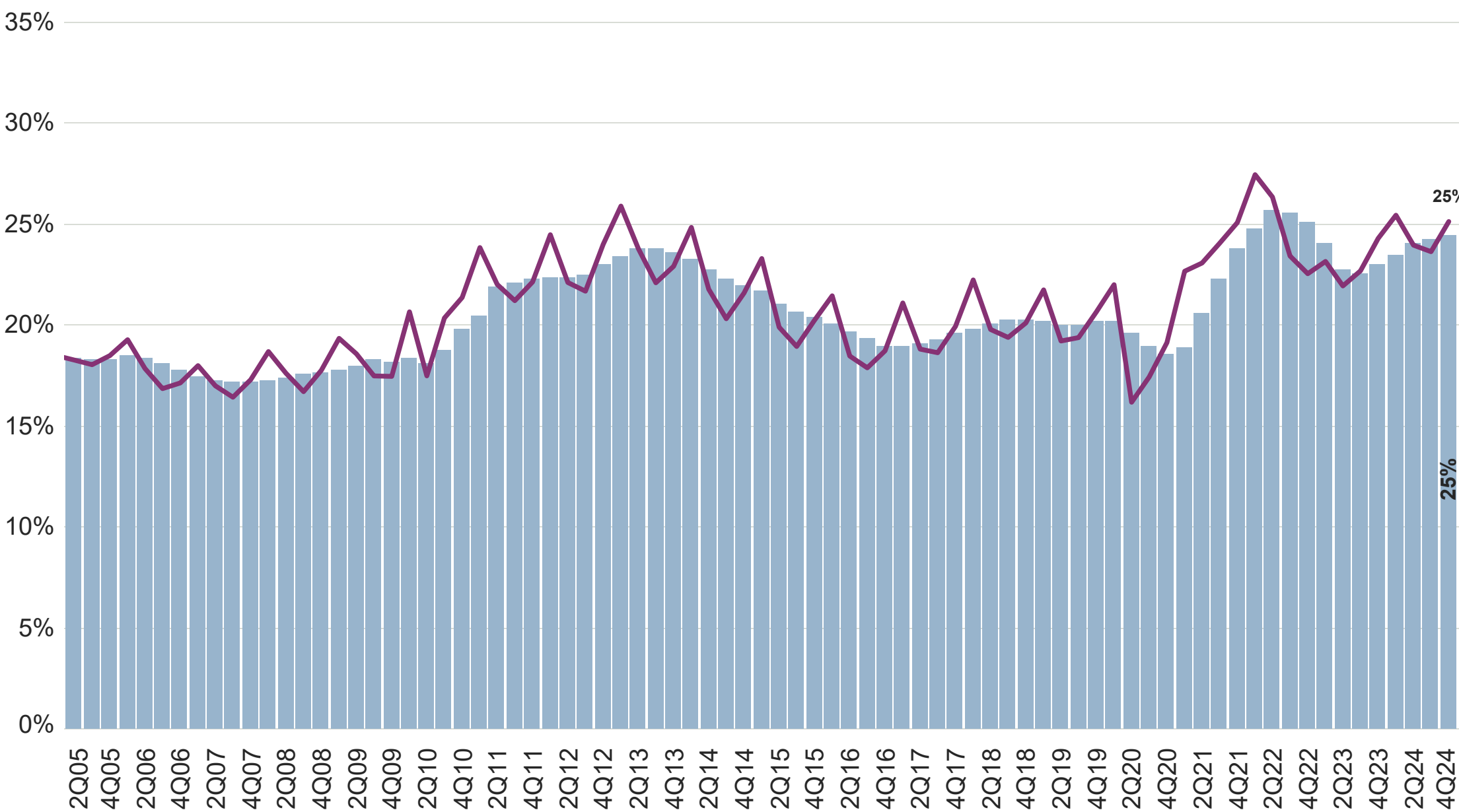
Investor activity

Investors account for 25% of all home purchases.

Investor Percentage of Home-Buying Activity

135 metro areas

Investor % of purchases Investor % of purchases, trailing 12 months



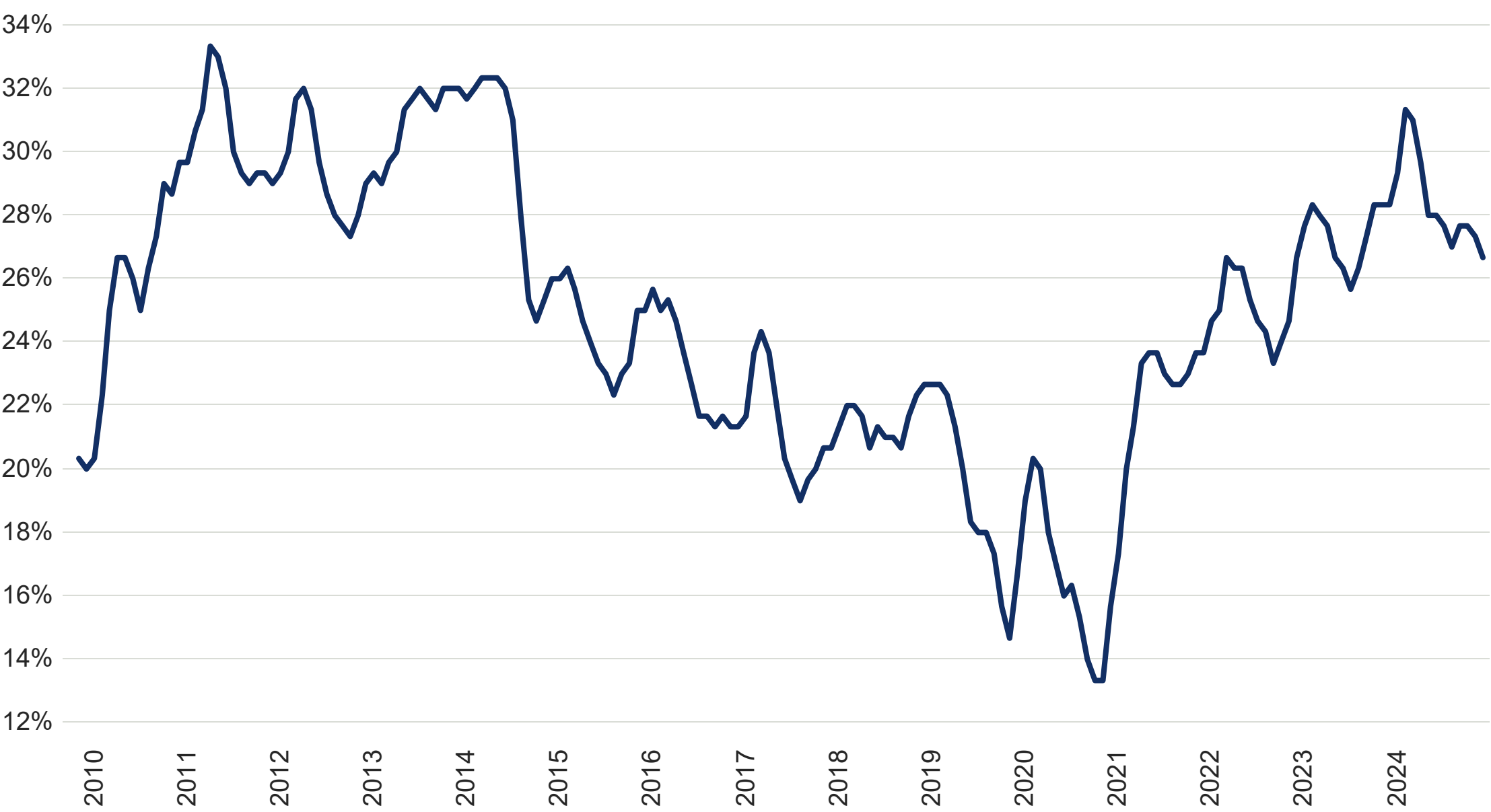
The investor share of home purchases ticked up to 25% in 4Q24.

Source: JBREC analysis of public records data for transactions and ownership (Data: 4Q24, Pub: Feb-25)

All-cash sales are elevated as a share of existing home sale closings.

Share of Existing Home Sale Closings to All-Cash Buyers

3-month average — Percentage of all-cash buyers = 27%

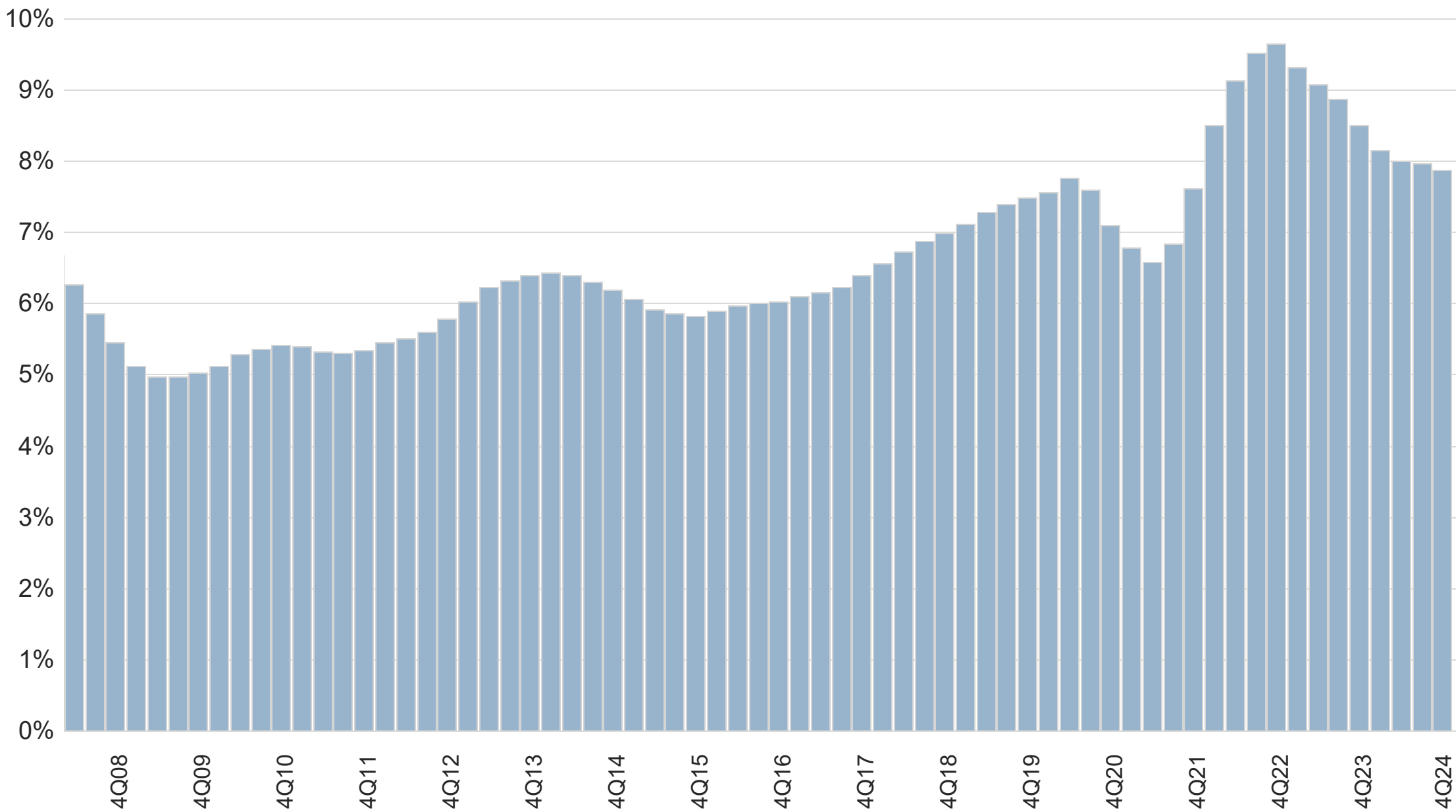


All-cash sales are 27% of existing home transactions.

Note: NAR began tracking this data point in November 2009.
Source: ©2022 National Association of REALTORS® (Data: Dec-24, Pub: Feb-25)

Flipped homes are falling as a share of existing home sale closings.

Percentage of Home Flips to Total Existing Home Sale Closings (TTM Average)



In 4Q24, home flips made up 8% of total sales on a trailing-12-month basis.

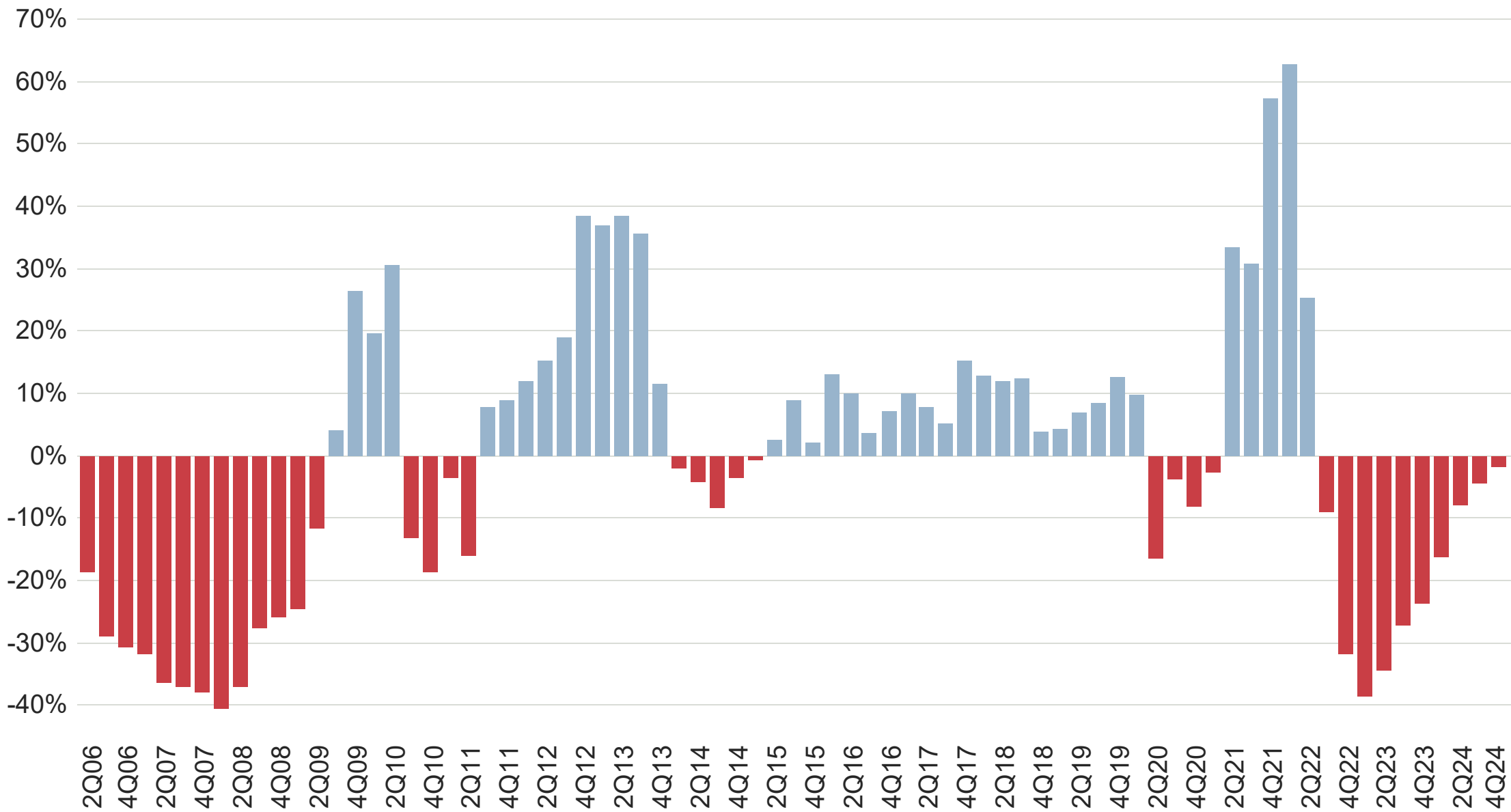
Note: US data rollup of 99 metros. Includes existing detached and attached single family home sales where the second sale was recorded within 12 months of the first sale ("flipped"). The non-disclosure (such as Texas) state counts seem high and may include non-arms length transactions parading as flipped homes.

Source: JBREC analysis of public records data for transactions and ownership (Data: 4Q24, Pub: Feb-25)

Flipped home transactions fell YOY.

Flipped Home Transactions YOY Growth Rate

YOY% = -2%



Flipped home transactions decreased -2% YOY in 4Q24.

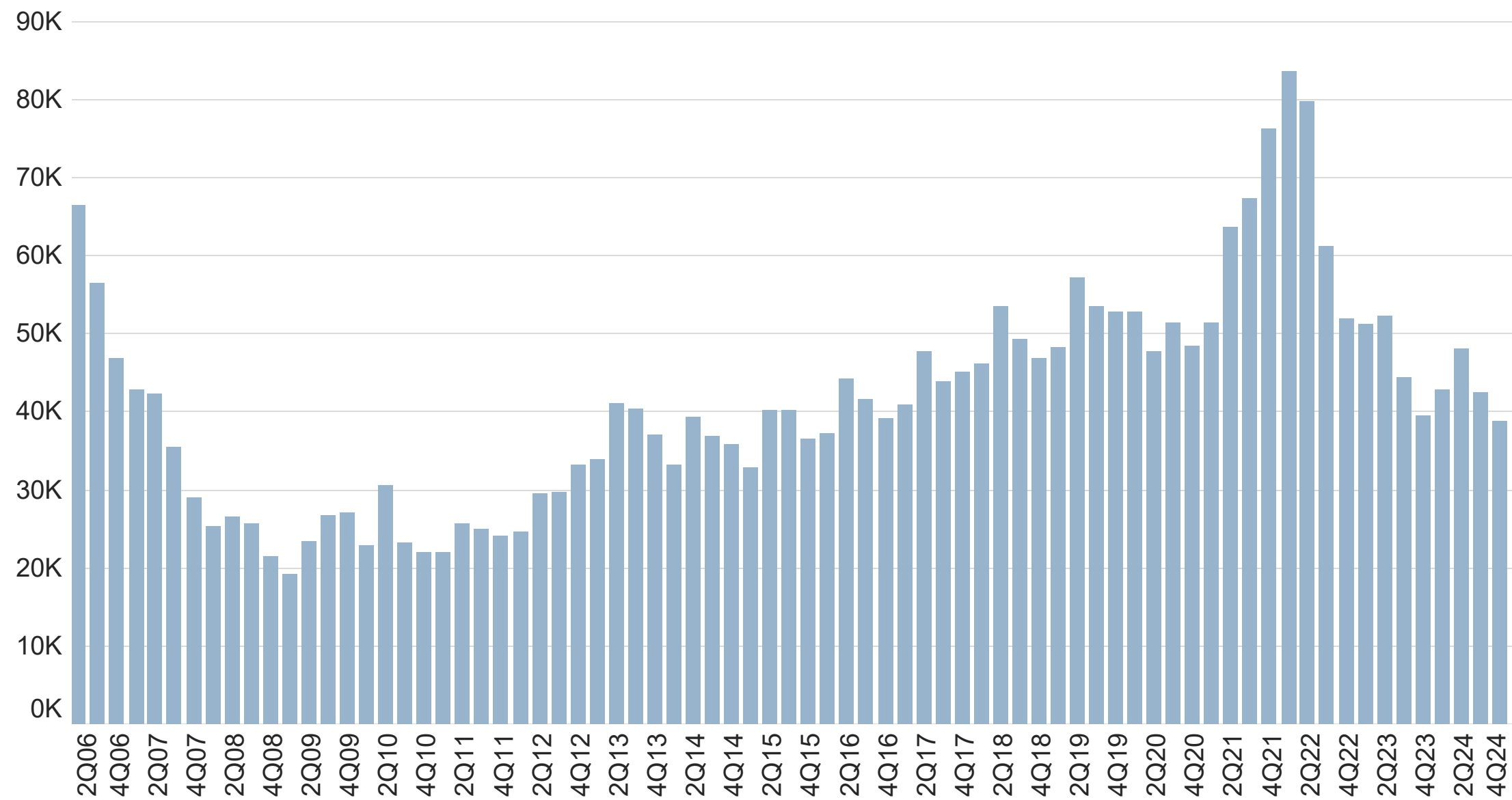
Note: US data rollup of 99 metros. Includes existing detached and attached single family home sale closings where the second sale was recorded within 12 months of the first sale ("flipped"). The non-disclosure (such as Texas) state counts seem high and may include non-arms length transactions parading as flipped homes.

Source: JBREC analysis of public records data for transactions and ownership (Data: 4Q24, Pub: Feb-25)

Flipped home transactions are falling.

Flipped Home Transactions

Current = 39K (-1.8% YOY)



Flipped home transactions decreased YOY to 39K in 4Q24 across 99 metros.

Note: US data rollup of 99 metros. Includes existing detached and attached single family home sale closings where the second sale was recorded within 12 months of the first sale ("flipped"). The non-disclosure (such as Texas) state counts seem high and may include non-arms length transactions parading as flipped homes.

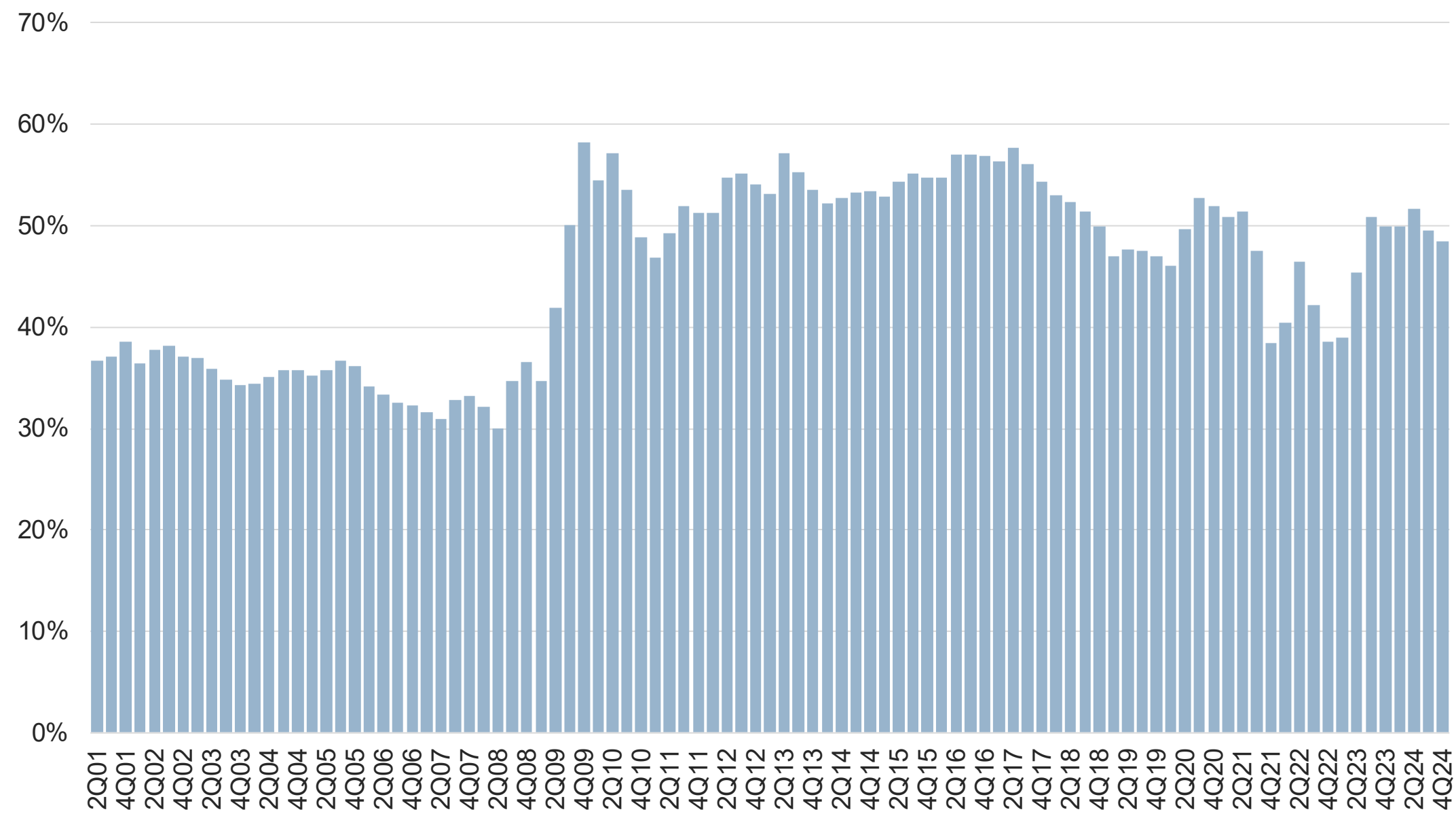
Source: JBREC analysis of public records data for transactions and ownership (Data: 4Q24, Pub: Feb-25)

The average capital gain on flipped homes was 48% in 4Q24.

Average Capital Gain Percentage on Flipped Homes

Sale price minus purchase price; does not equate to profit

Current = 48%



Rising home prices have benefited flippers, who have seen their average capital gain rise. Note that this is not a measure of profit since it does not consider repair costs.

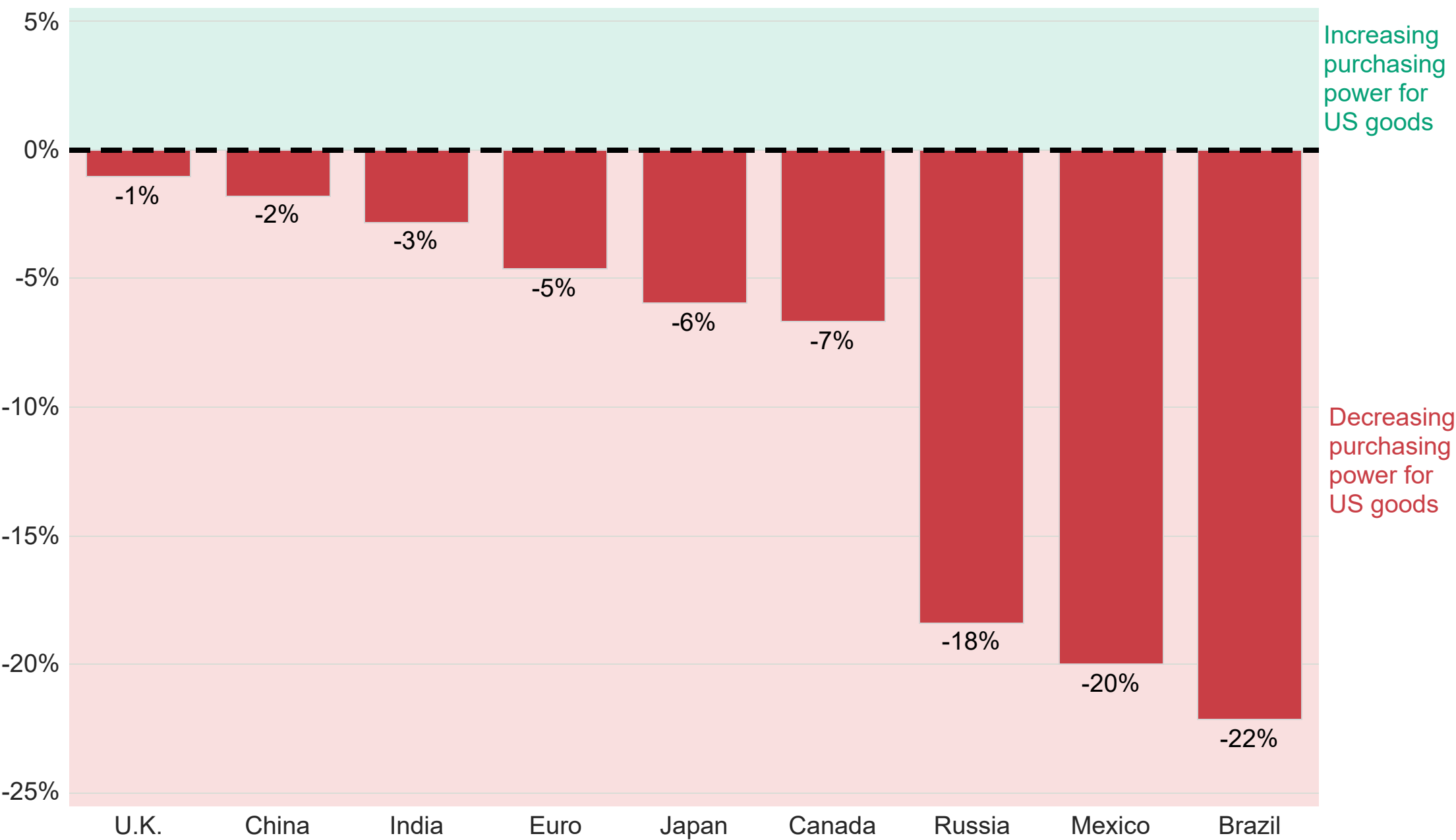
Note: US data rollup of 99 metros. Includes existing detached and attached single family home sale closings where the second sale was recorded within 12 months of the first sale ("flipped"). The non-disclosure (such as Texas) state counts seem high and may include non-arms length transactions parading as flipped homes.

Source: JBREC analysis of public records data for transactions and ownership (Data: 4Q24, updated quarterly+) Pub: Feb-25

Most major currencies have weakened in comparison to the US dollar (USD).

Strength of National Currency Relative to US Dollar

3-month average, YOY change in exchange rate



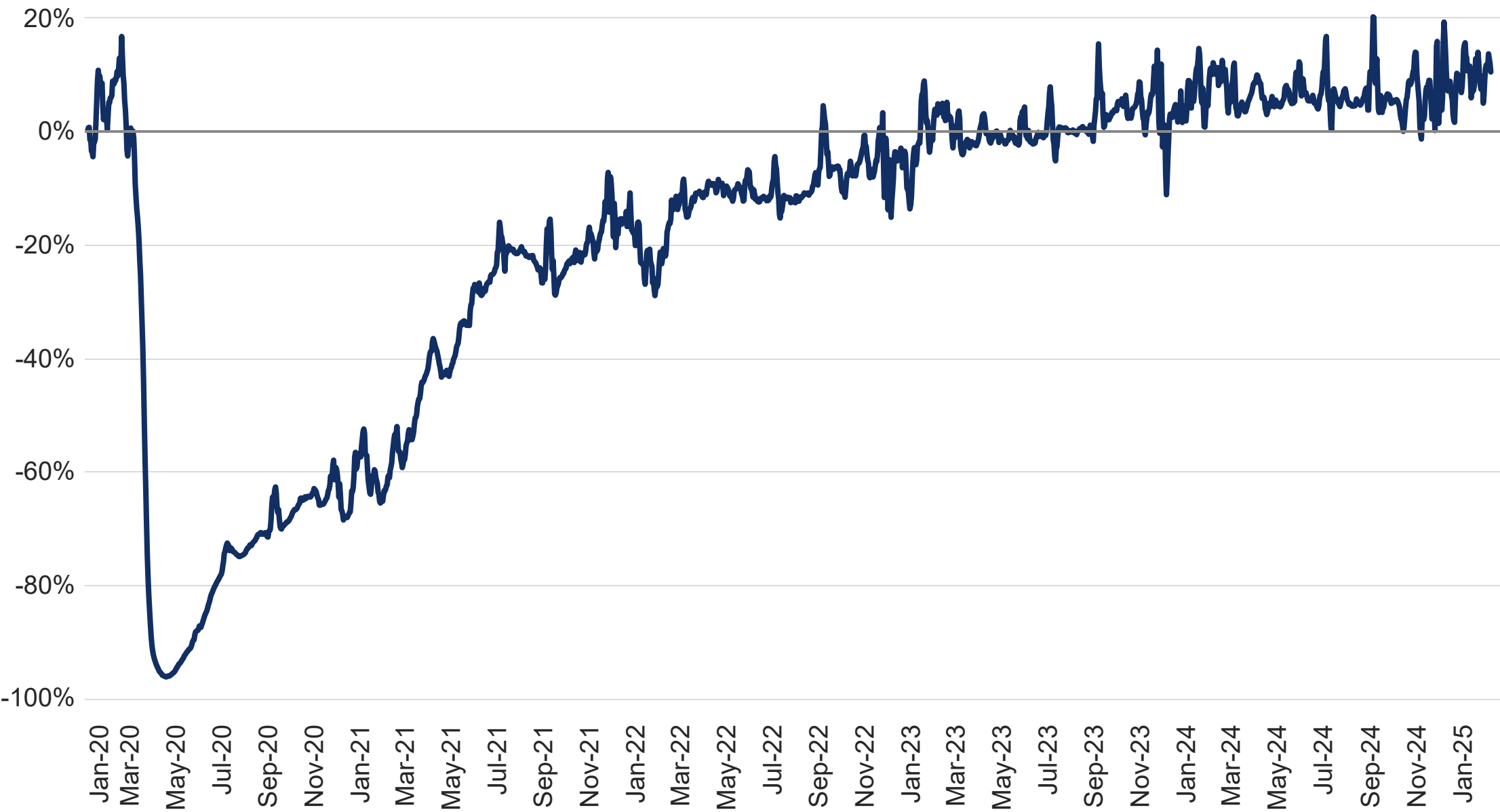
A foreign currency weaker than USD makes US goods more expensive for foreign buyers, all else being equal. US goods (homes, for instance) are now 7% more expensive for Canadian buyers YOY.

Source: Bloomberg (Data: Jan-25, Pub: Feb-25)

Passenger throughput at US airports has normalized.

Airport Passengers

7-day average as a % of 2019 same date baseline*



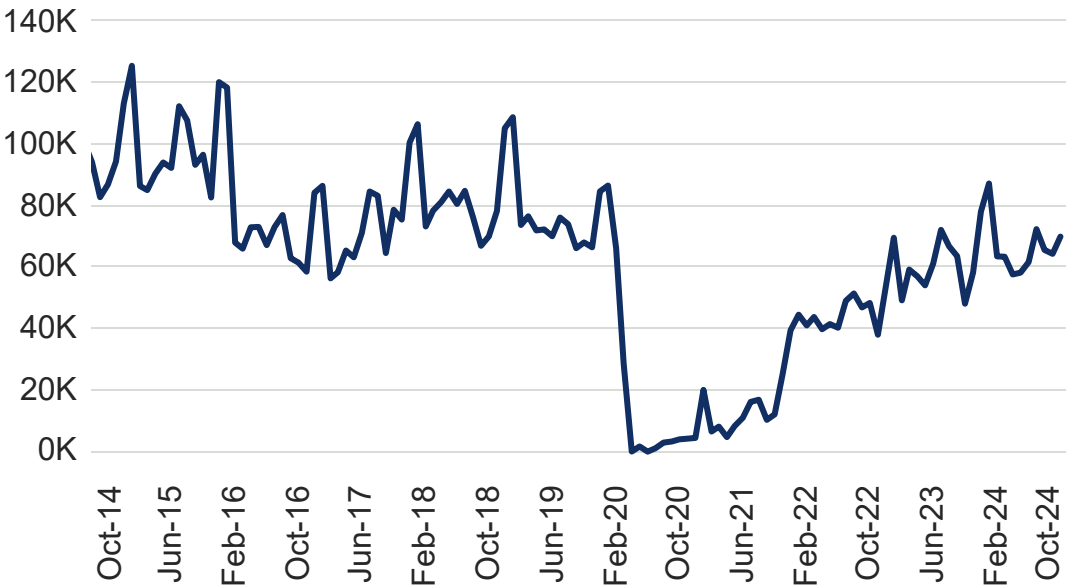
Passenger throughput at US airports is up +11% relative to the 2019 baseline.

*Baseline = 7-day average number of airport passengers on the same date in 2019

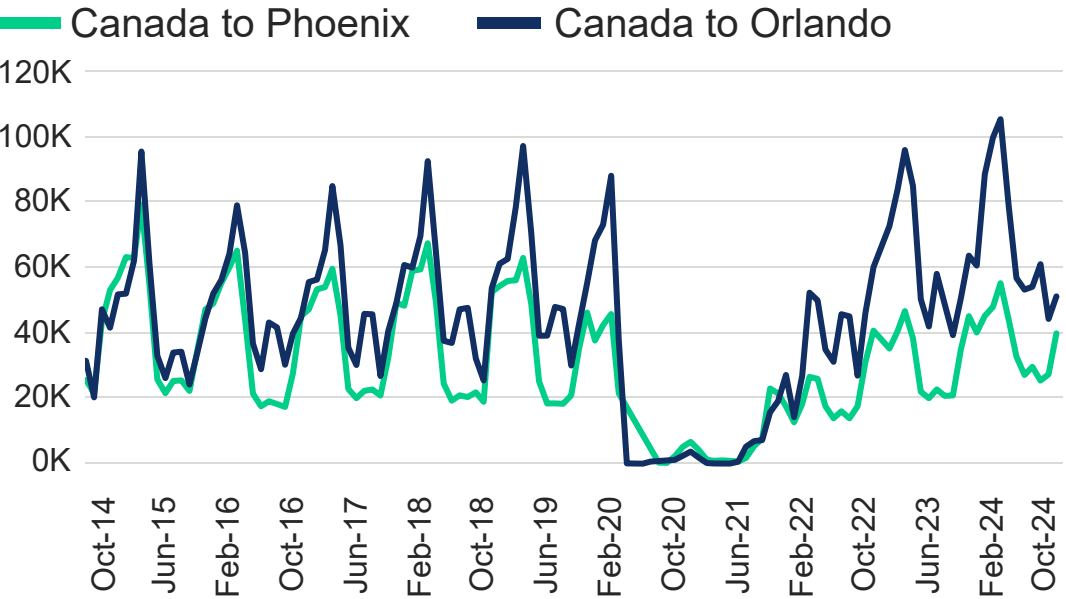
Source: Transportation Security Administration (Data: Feb-25; Pub: Feb-25)

Air travel from China is rising but remains limited.

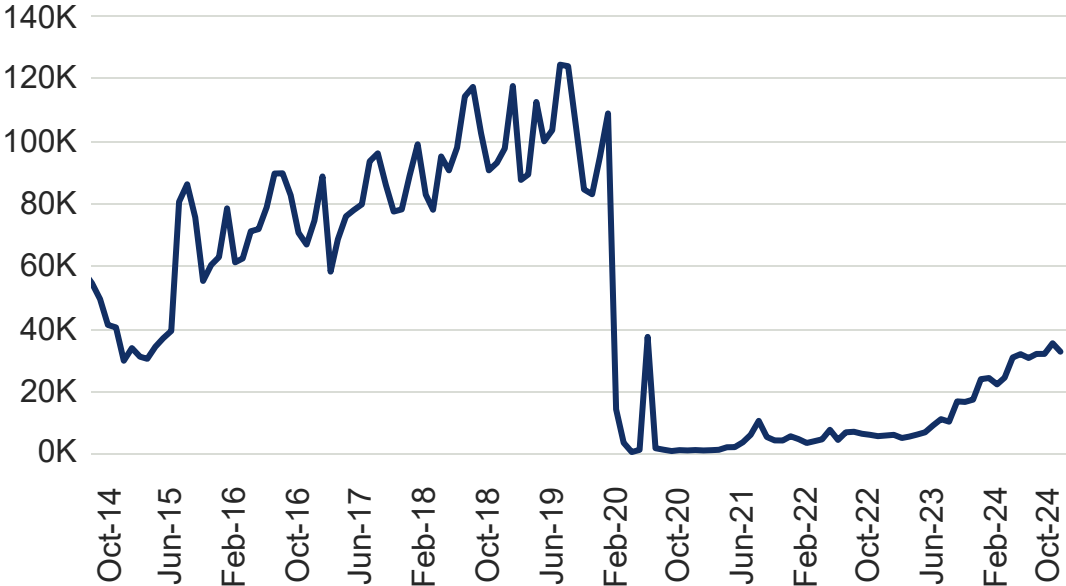
Brazil to Miami



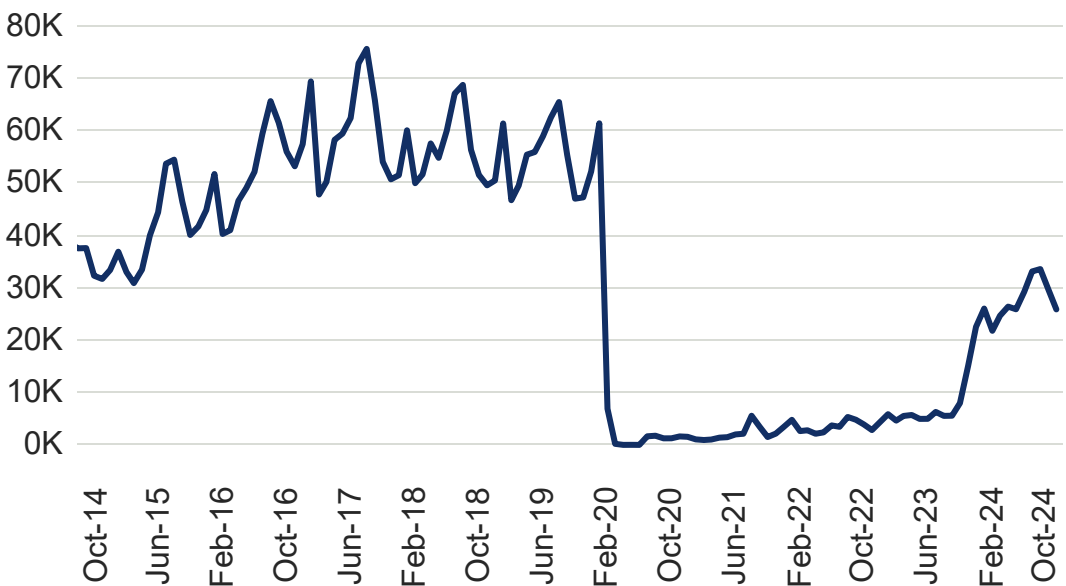
Canada to Targeted US Markets



China to Los Angeles



China to San Francisco



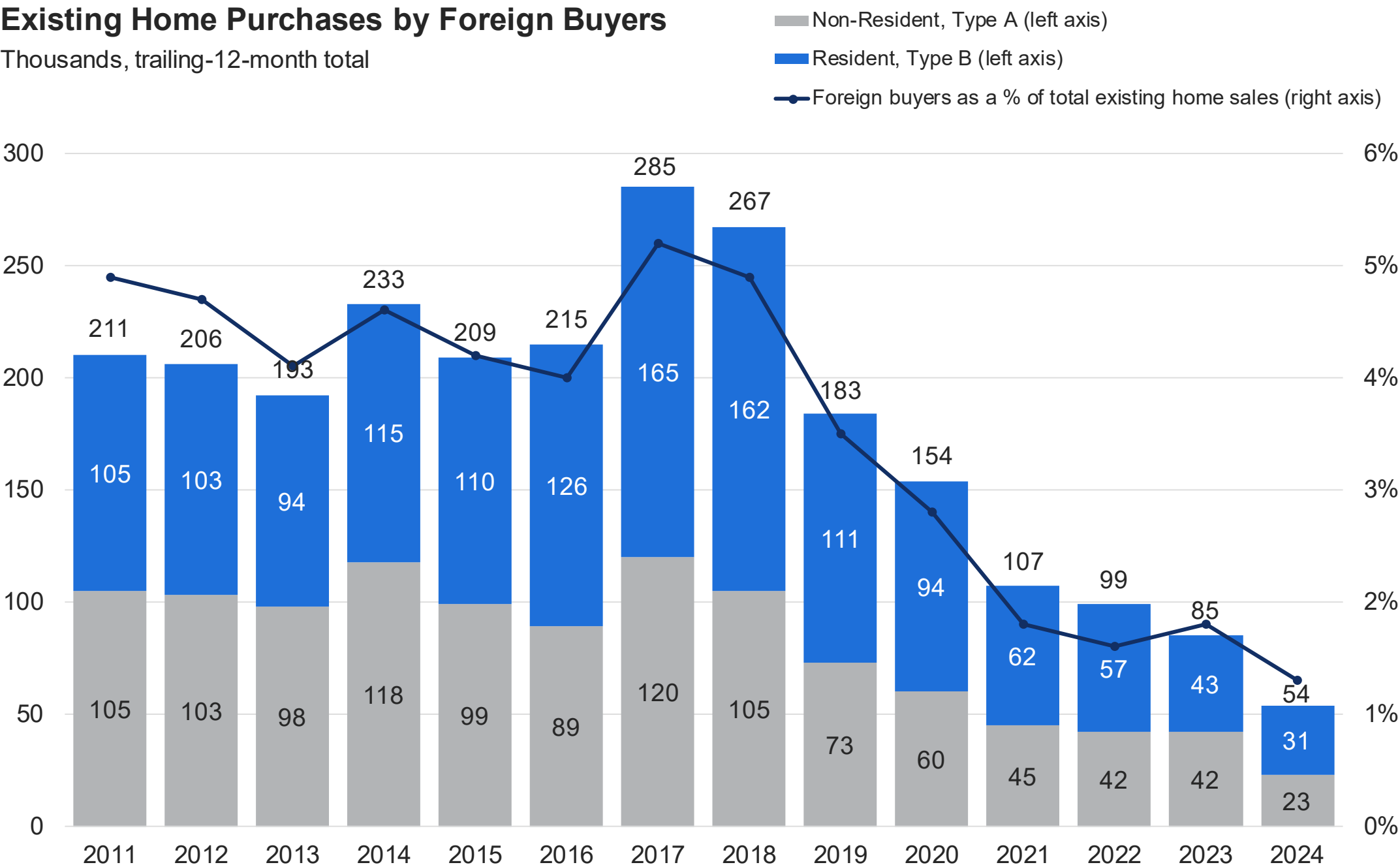
International flights from Brazil (a proxy for demand from Latin America) have risen back to pre-Covid levels.

Source: Bureau of Transportation Statistics (Data: Oct-24, Pub: Feb-25)

Existing homes purchased by foreign buyers fell to 54K.

Existing Home Purchases by Foreign Buyers

Thousands, trailing-12-month total



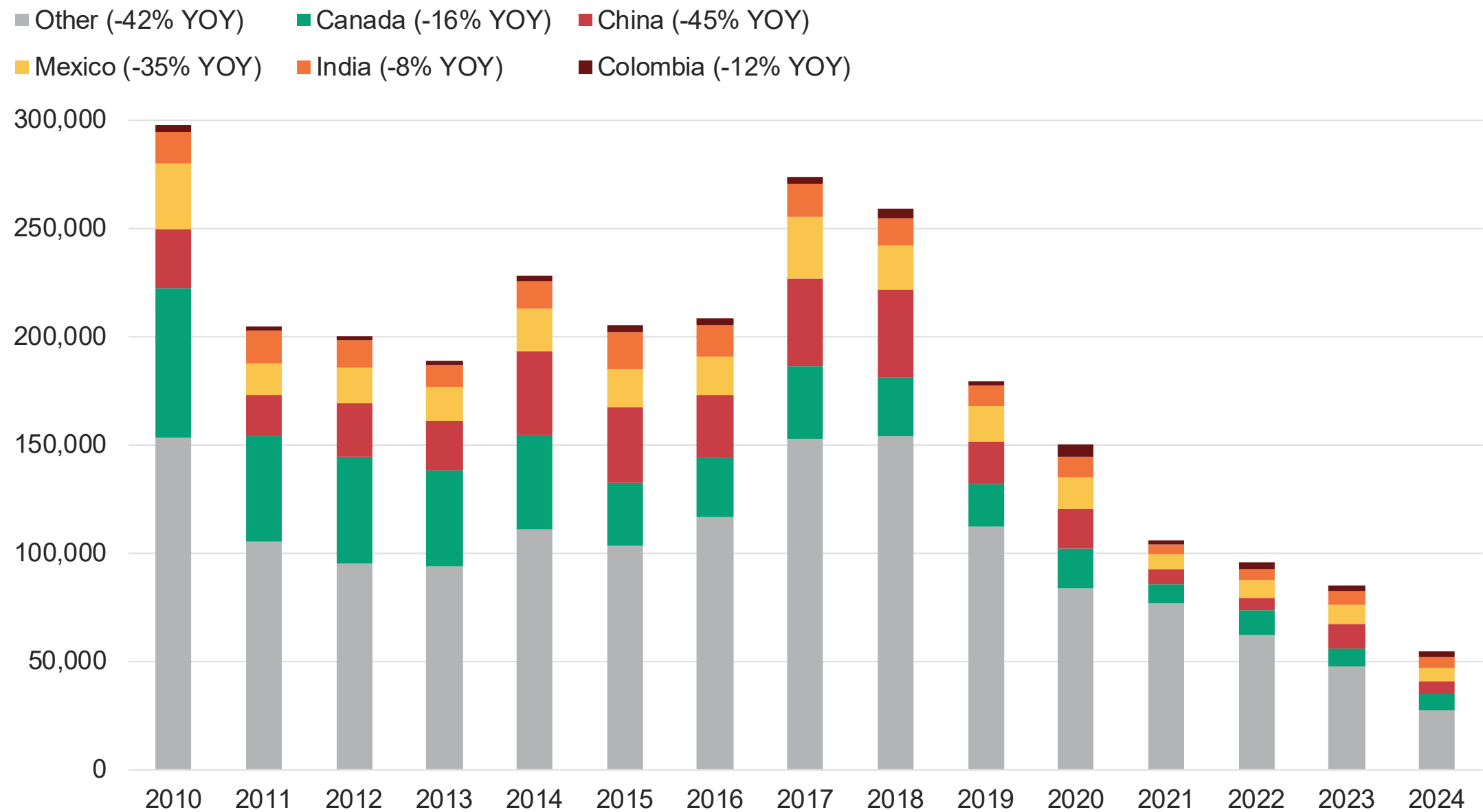
Foreign buyers now represent 1.3% of sales.

Note: Non-resident foreigners (Type A) are non-U.S. citizens with permanent residences outside the U.S. Resident foreigners (Type B) are non-U.S. citizens who are recent immigrants (less than two years at the time of the transaction) or non-immigrant visa holders who reside for more than six months in the U.S. for professional, educational, or other reasons. Reference period is April of the preceeding year to March of the current year.

Source: 2024 NAR Profile of International Transactions in the US Residential Real Estate (Data: Mar-24, updated quarterly†) Pub: Feb-25

The volume of international buyer purchases fell -36% YOY in 2024.

Total International Home Buyers



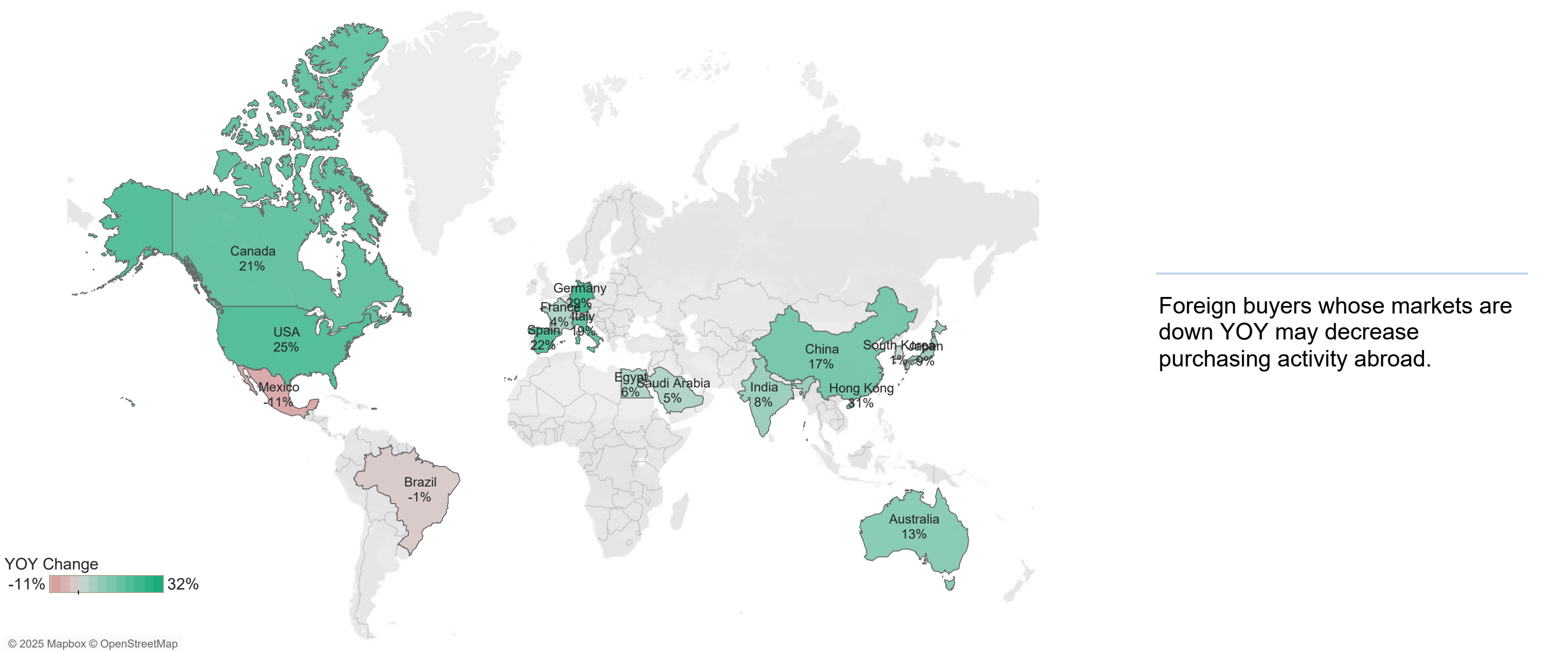
Canada is the largest country of origin of foreign buyers. Sales to Chinese buyers fell -45% YOY in 2024 after rising +80% YOY in 2023.

Note: The NAR data presents information about REALTOR® transactions with international clients who purchased and sold US residential property during the 12-month period of April 2023–March 2024. A total of 17,060 Realtors responded to the 2024 survey, 1407 of which reported an international residential foreign buyer. The term international or foreign client refers to two types of clients: non-resident foreigners who are non-US citizens with permanent residences outside the United States. These clients typically purchase property for investment, vacation, or visits of less than six months to the US on non-immigrant visas; resident foreigners are non-US citizens who are recent immigrants (less than two years at the time of the transactions) or non-immigrant visa holders who reside for more than six months in the US for professional, educational, or other reasons.

Source: 2024 NAR Profile of International Transactions in the US Residential Real Estate (Data: Mar-24, updated quarterly†) Pub: Feb-25

Global stock markets are mostly positive YOY.

YOY Change in Major Stock Indices per Country



Foreign buyers whose markets are down YOY may decrease purchasing activity abroad.

Note: Due to U.S. sanctions against Russia, the Moscow Exchange (MOEX) Index stopped reporting on June 13, 2024.

Source: John Burns Research and Consulting, LLC (Data: Jan-25, Pub: Feb-25)



Supply

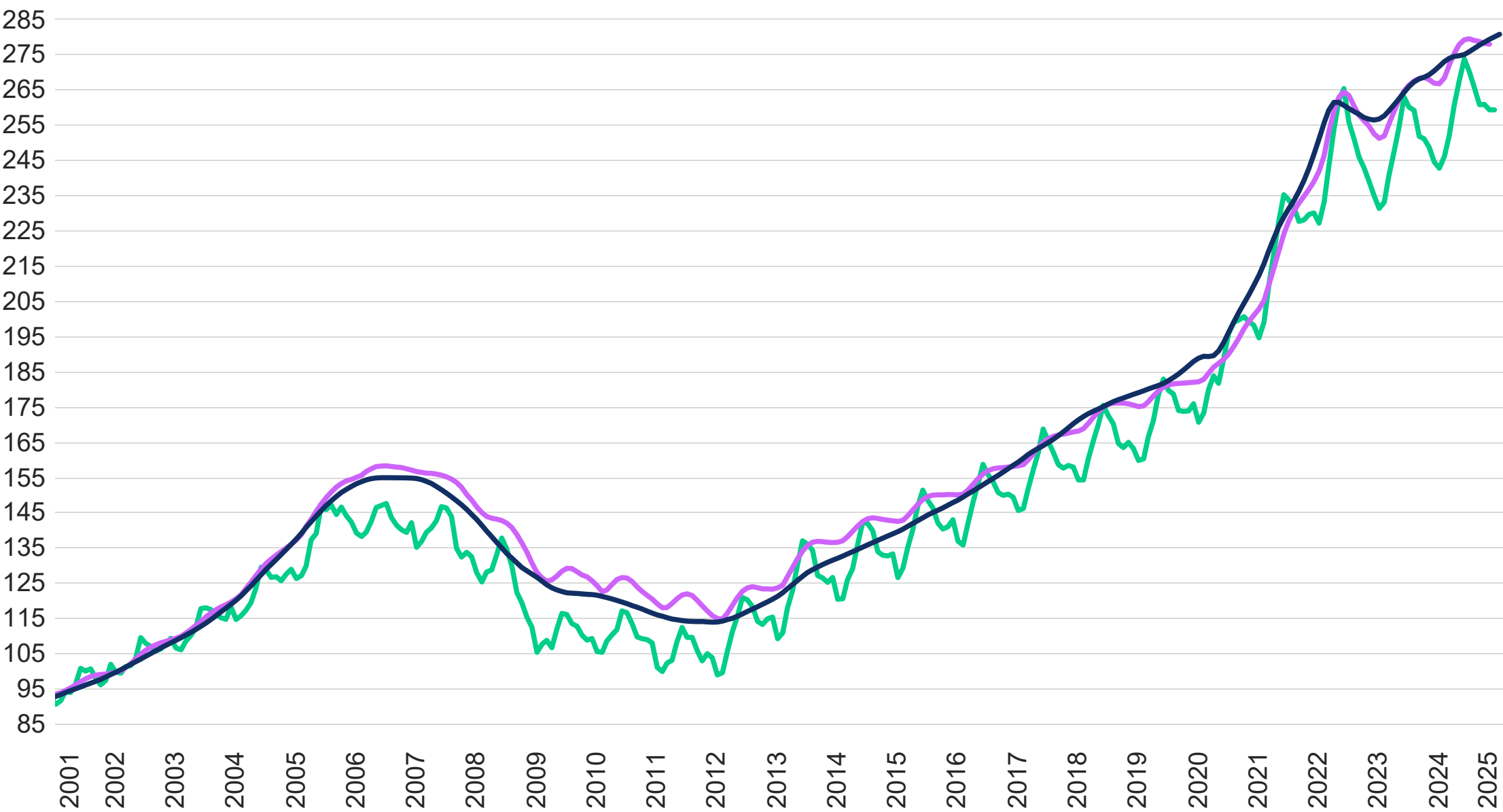
Existing home market

Home prices are rising.

Burns Home Value Index™ vs. Median Price and CoreLogic Case-Shiller Index (SA) United States

BHVI™ is based on contract date and precedes most published HPIs by months. It is indexed to 100 in January 2002.

CoreLogic Case-Shiller = (+3.8% YOY) NAR Median Price = (+6.0% YOY) BHVI = (+3.3% YOY)

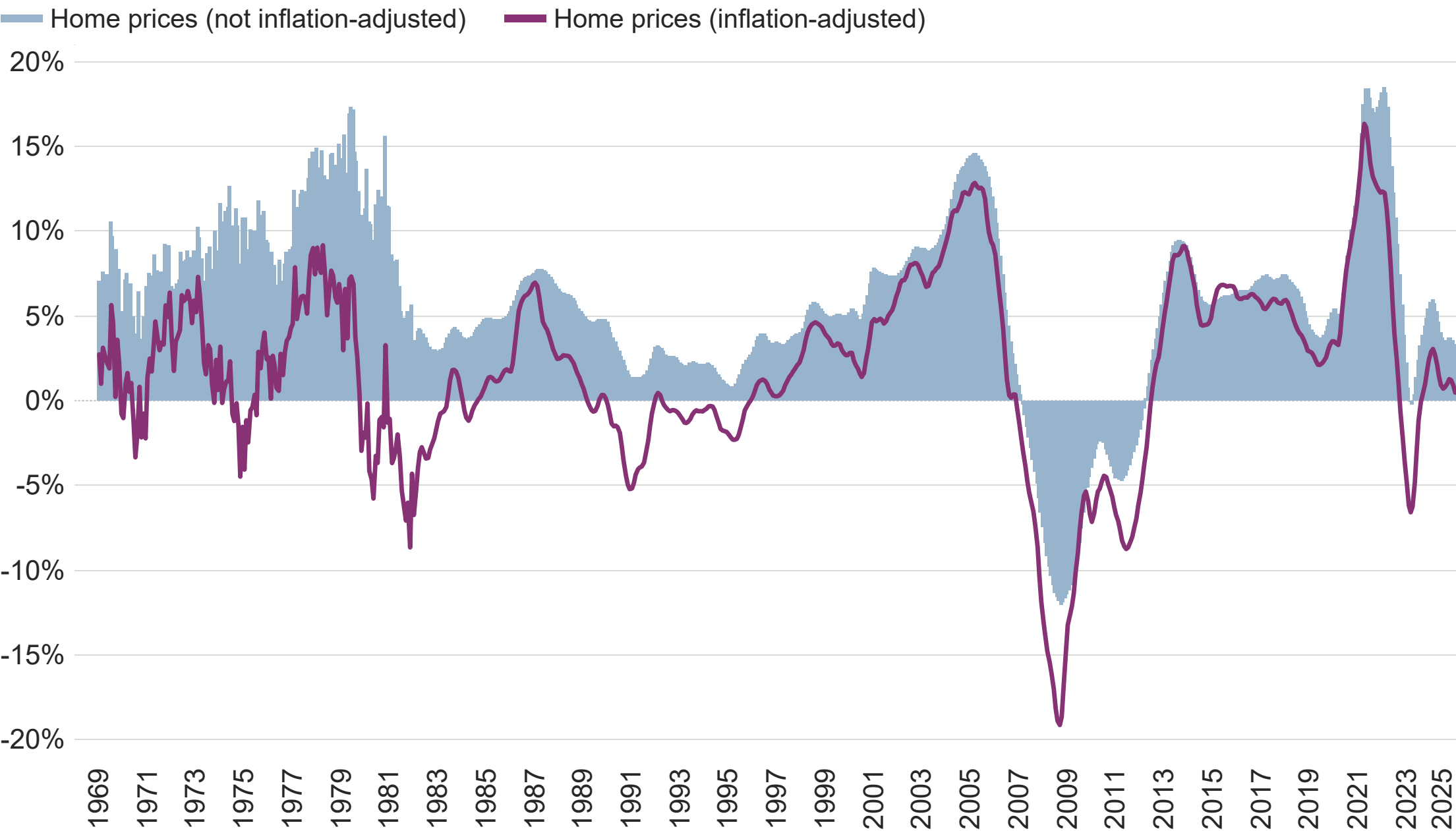


US home prices gained +3% YOY, according to our Burns Home Value Index™.

Note: 'National' for the Burns Home Value Index is a rollup of 150 markets which may differ from National rollups of other data points, based on market coverage.
Sources: NAR; S&P/Case Shiller; John Burns Research and Consulting, LLC (Data: Jan-25, Pub: Feb-25)

Nominal home prices are rising.

Home Prices: Not Inflation-Adjusted vs. Inflation-Adjusted, YOY



Adjusted for inflation, home prices remained flat YOY. Real home price declines are not uncommon during periods of high inflation.

*Note: 'National' for the Burns Home Value Index is a rollup of 150 markets which may differ from National rollups of other data points, based on market coverage.
**Burns Home Value Index used from 1982 onwards, from 1969-1981 median resale home (nominal YOY) used.
Sources: John Burns Research and Consulting, LLC (Jan-25); National Association of Realtors (Jan-25); Bureau of Labor Statistics (Jan-25) (Pub: Feb-25)

Home prices rose +3% YOY, per our Burns Home Value Index™.

Burns Home Value Index™ vs. Median Price and CoreLogic Case-Shiller Index (SA) United States

BHVI™ is based on contract date and precedes most published HPIs by months. It is indexed to 100 in January 2002.

CoreLogic Case-Shiller = (+3.8% YOY) NAR Median Price = (+6.0% YOY) BHVI = (+3.3% YOY)



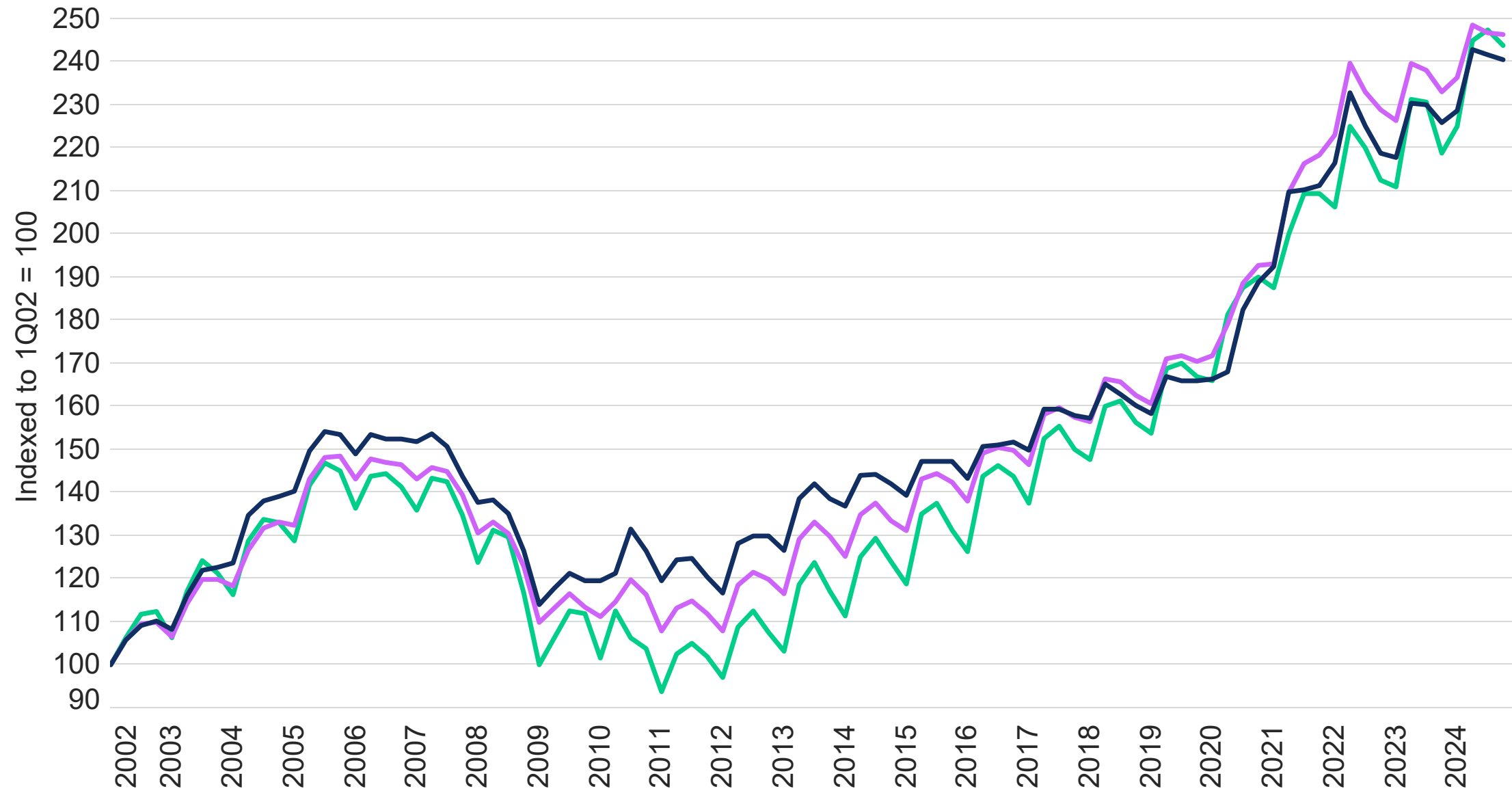
Our Burns Home Value Index™ (BHVI) is less affected by distressed sales than the median home price, which makes it a better representation of US home values. It is also more current.

Note: 'National' for the Burns Home Value Index is a rollup of 150 markets which may differ from National rollups of other data points, based on market coverage.
Sources: NAR; S&P/Case Shiller; John Burns Research and Consulting, LLC (Data: Jan-25, Pub: Feb-25)

Home prices are rising.

Burns Tiered Home Price Index

Low tier = 243.8 (+11.4% YOY) Middle tier = 246.3 (+5.7% YOY) High tier = 240.5 (+6.5% YOY)



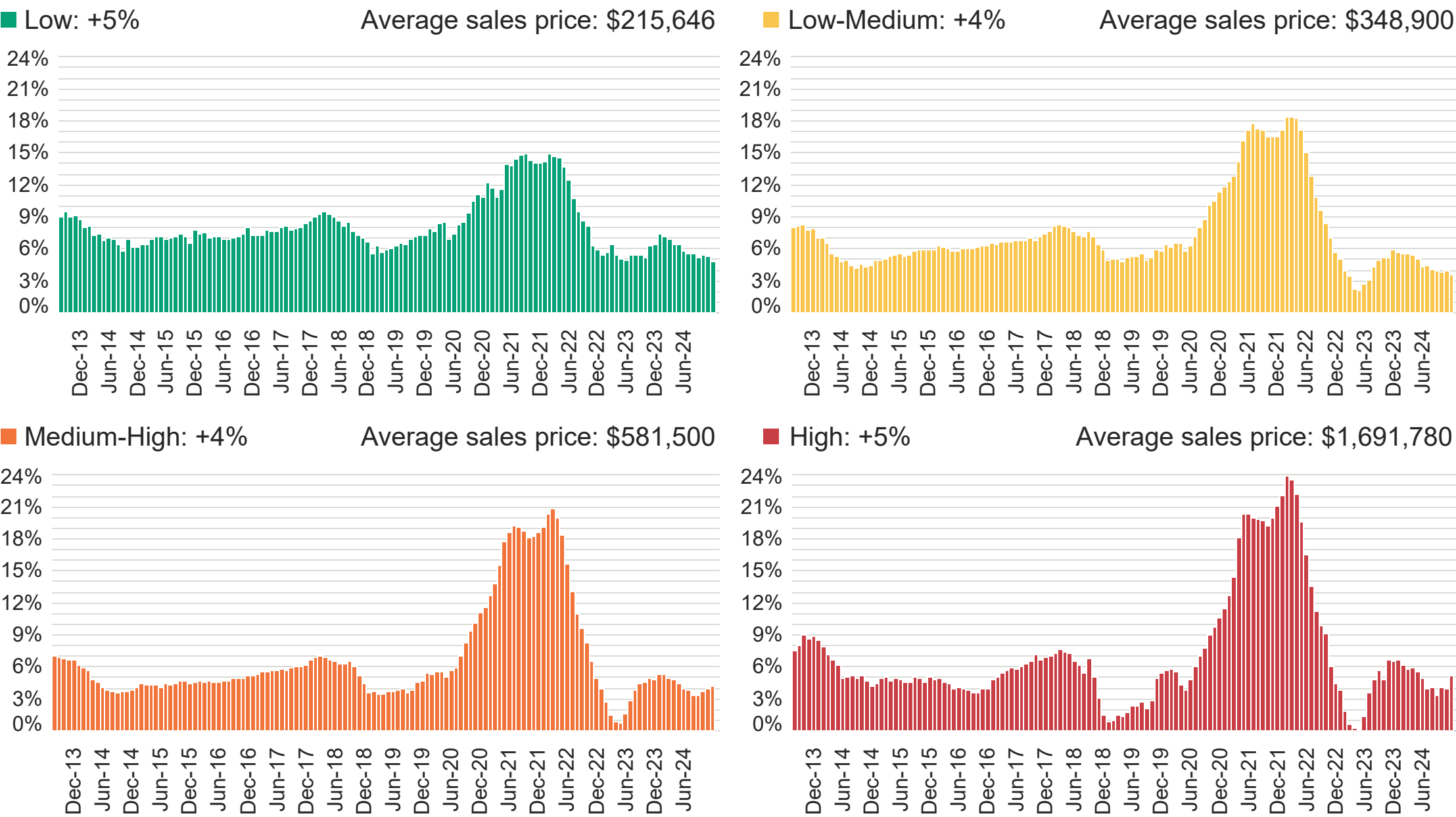
Low-price-tier home values rose +11.4% YOY, while high-price-tier home values rose +6.5% YOY. Middle-price-tier home values rose +5.7% YOY.

Note: Data is sourced from JBREC analysis of public records. Tiers are created via splitting transactions into the top, middle, and bottom third by closing price, and are smoothed to limit volatility.

Source: JBREC Analysis of Public Records; John Burns Research and Consulting, LLC (Data: 4Q24, Pub: Feb-25)

Low-tier home prices are rising at the same rate as high-tier homes.

Home Price Appreciation Index YOY Change



Low-tier home prices increased +5% YOY, and high-tier home prices increased +5% YOY.

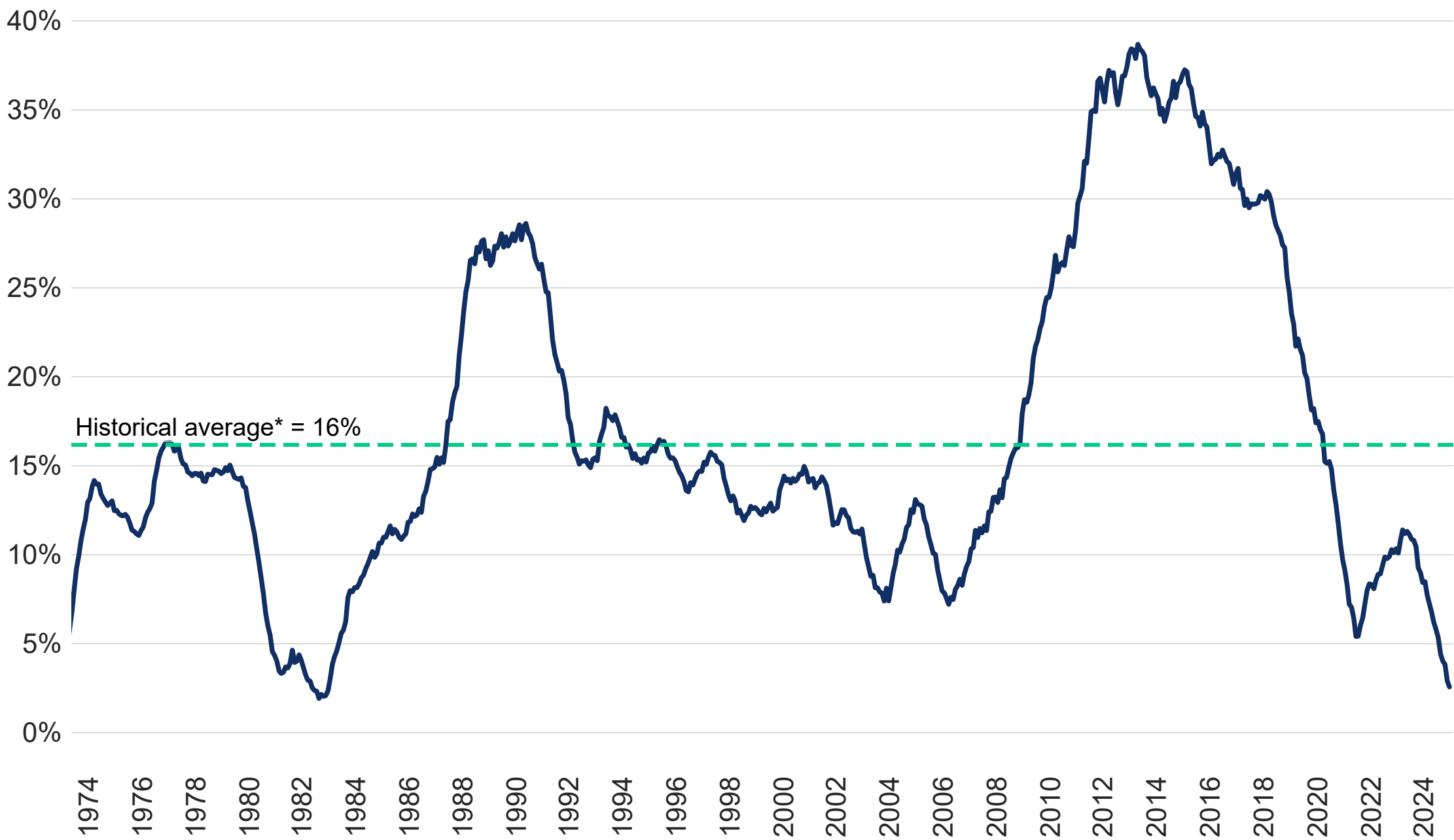
Note: Price tiers are set at the metro level: Low: all sales at or below the 40th percentile of FHA sales prices; Low Medium: all sales at or below the 80th percentile of FHA sales prices; Medium High: all sales at or below the 125% of the GSE loan limit; and High: rest.

Sources: AEI International Center on Housing Risk (Data: Dec-24, Pub: Feb-25)

The new home premium fell to 3%, below the historical average.

New Home Price Premium vs. Resale

12-month average



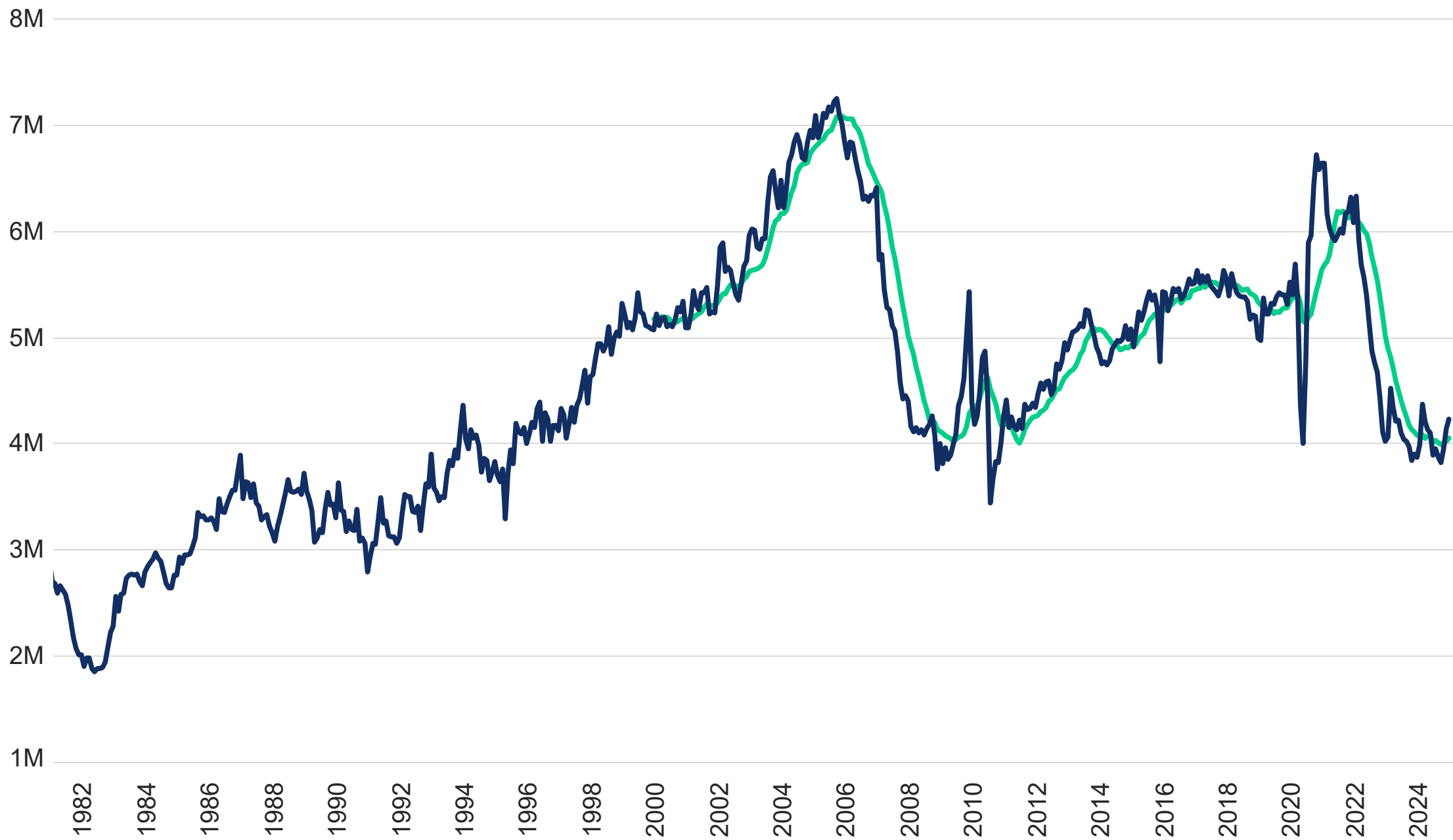
Builders have pivoted to offering more product at lower prices and in more distant locations where homes are cheaper, driving down the new home price premium.

Sources: NAR; U.S. Census Bureau; John Burns Research and Consulting, LLC (Data: Dec-24, Pub: Feb-25) *Historical average: Dec-87 through current

Existing home sales have slowed to GFC levels.

Existing Home Sale Closings

Rolling 12-month total (NSA) = 4.06 mil (-1% YOY) Existing home sales (SAAR) = 4.24 mil (+9% YOY)



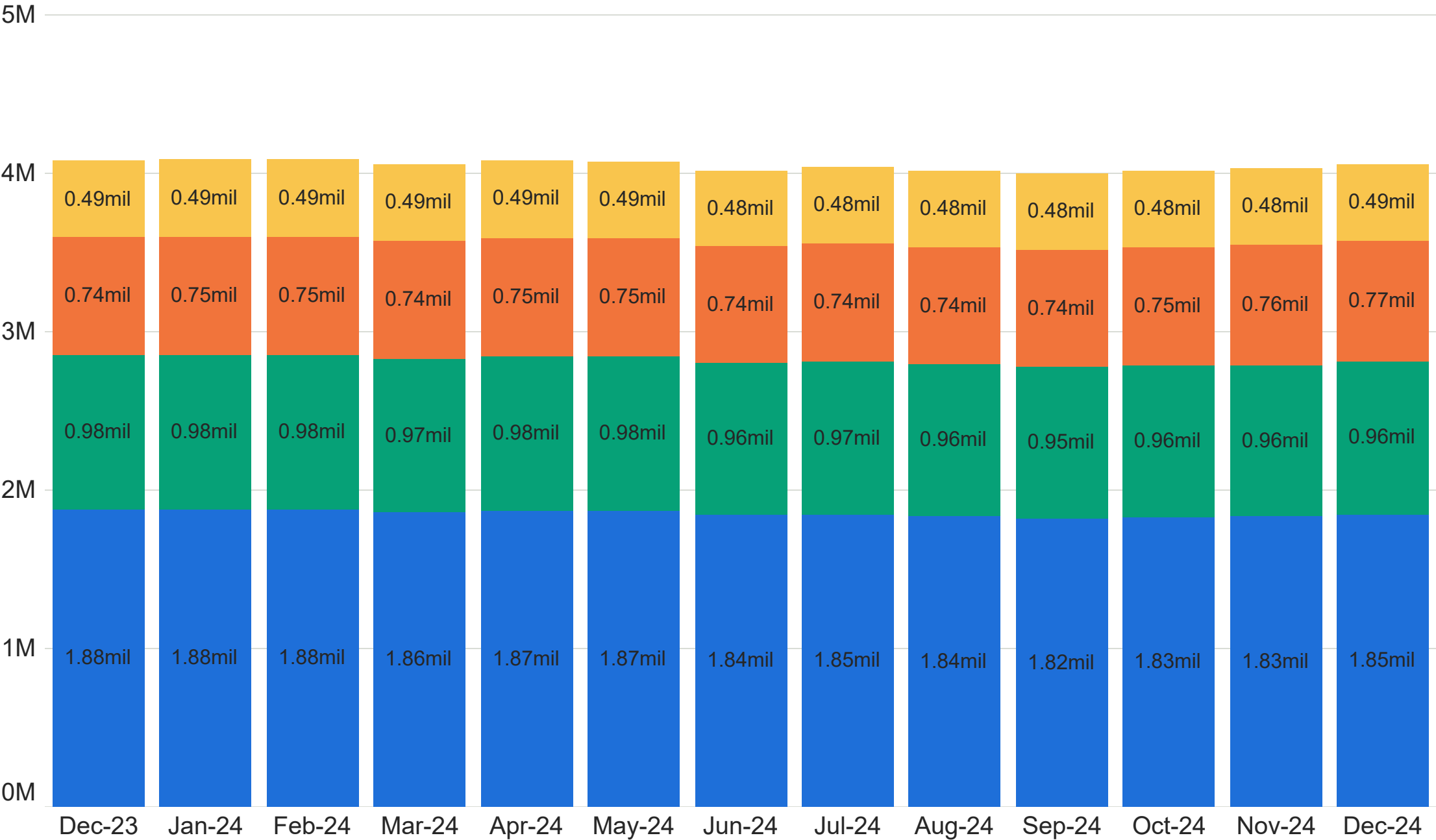
Resale sales closings (SAAR) rose +9% YOY, and the rolling 12-month total (NSA) fell -1% YOY.

Sources: NAR; John Burns Research and Consulting, LLC (Data: Dec-24, Pub: Feb-25)

Existing home sale closings fell YOY in every region except the West.

Regional Existing Home Sale Closings

12-month rolling NSA Northeast (-1% YOY) West (+3% YOY) Midwest (-1% YOY) South (-2% YOY)



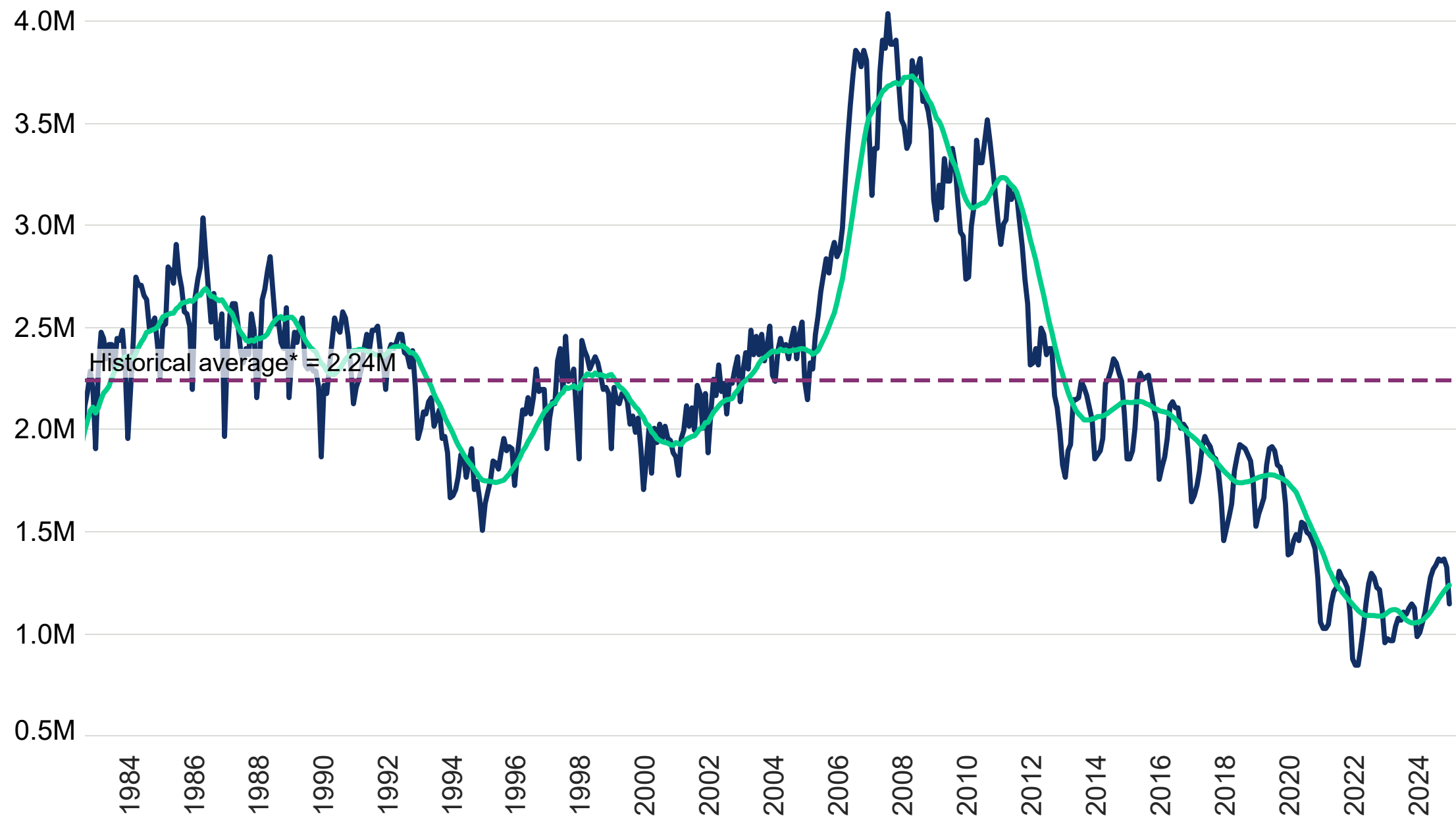
Existing home sale closings rose +3% in the West.

Sources: NAR; John Burns Research and Consulting, LLC (Data: Dec-24, Pub: Feb-25)

Existing home inventory fell MOM in December.

Existing Home Inventory for Sale

Existing inventory (NSA) = 1.2M (+16% YOY) Rolling 12-month average (NSA) = 1.2M (+17% YOY)

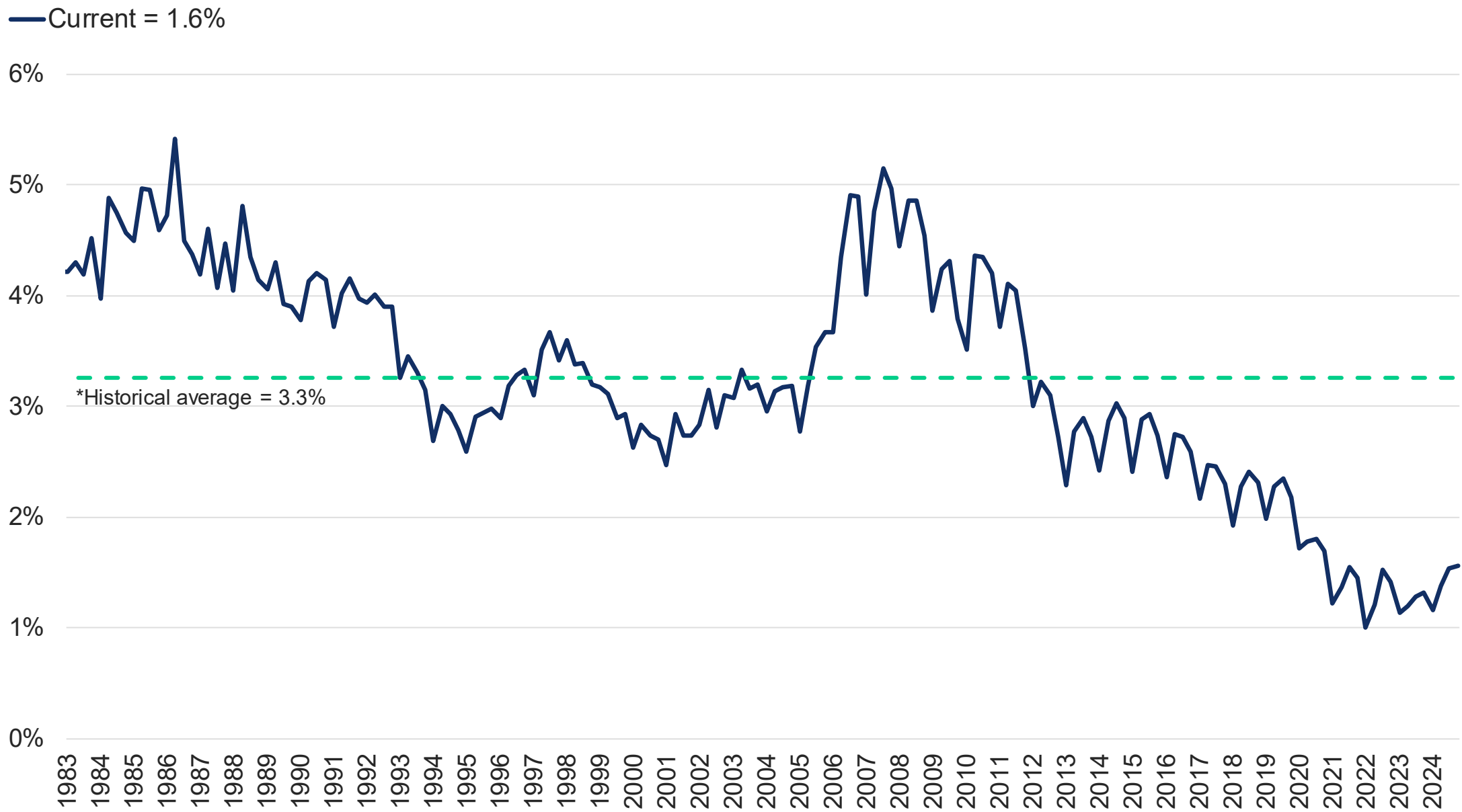


Resale inventory rose +16% YOY to 1.2 million units in December.

Sources: NAR; John Burns Research and Consulting, LLC (Data: Dec-24, Pub: Feb-25) *Historical average: Dec-87 through current

The ratio of existing home inventory to total owned households remains low relative to history.

Existing Home Inventory to Owned Households Ratio



The ratio of existing home inventory to total owned households rose slightly to 1.6%, well below the historical average (3.3%).

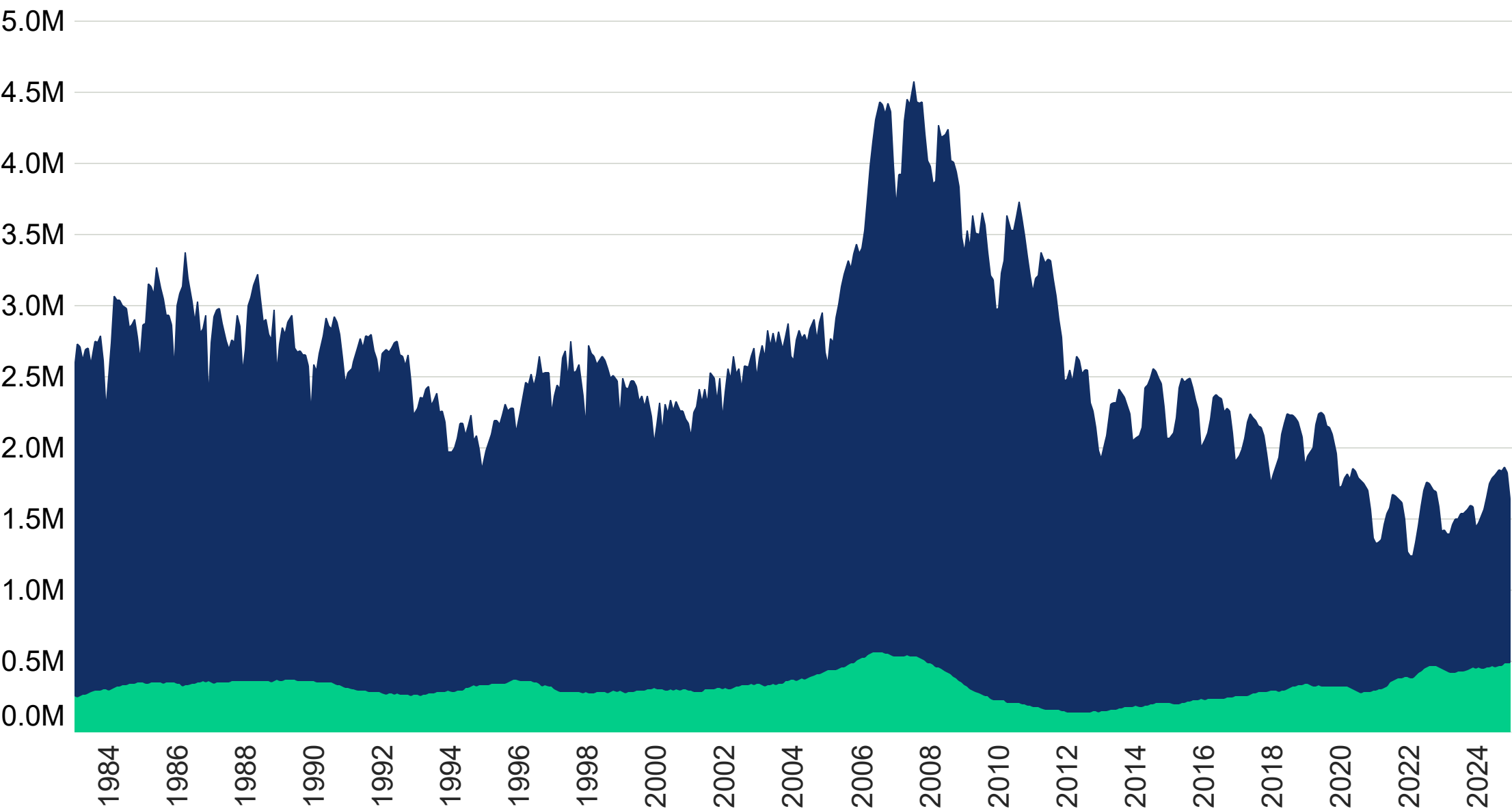
*Historical average: Jul-82 through current. Owned Households = 87,653,843 & Existing Home Inventory NSA = 1,370,000

Sources: NAR; Census Bureau; John Burns Research and Consulting, LLC (Data: 4Q24, updated quarterly†) Pub: Feb-25

Total housing inventory increased +14% YOY.

Total Housing Inventory

Existing home inventory = 1,150,000 Unsold new home inventory = 495,000



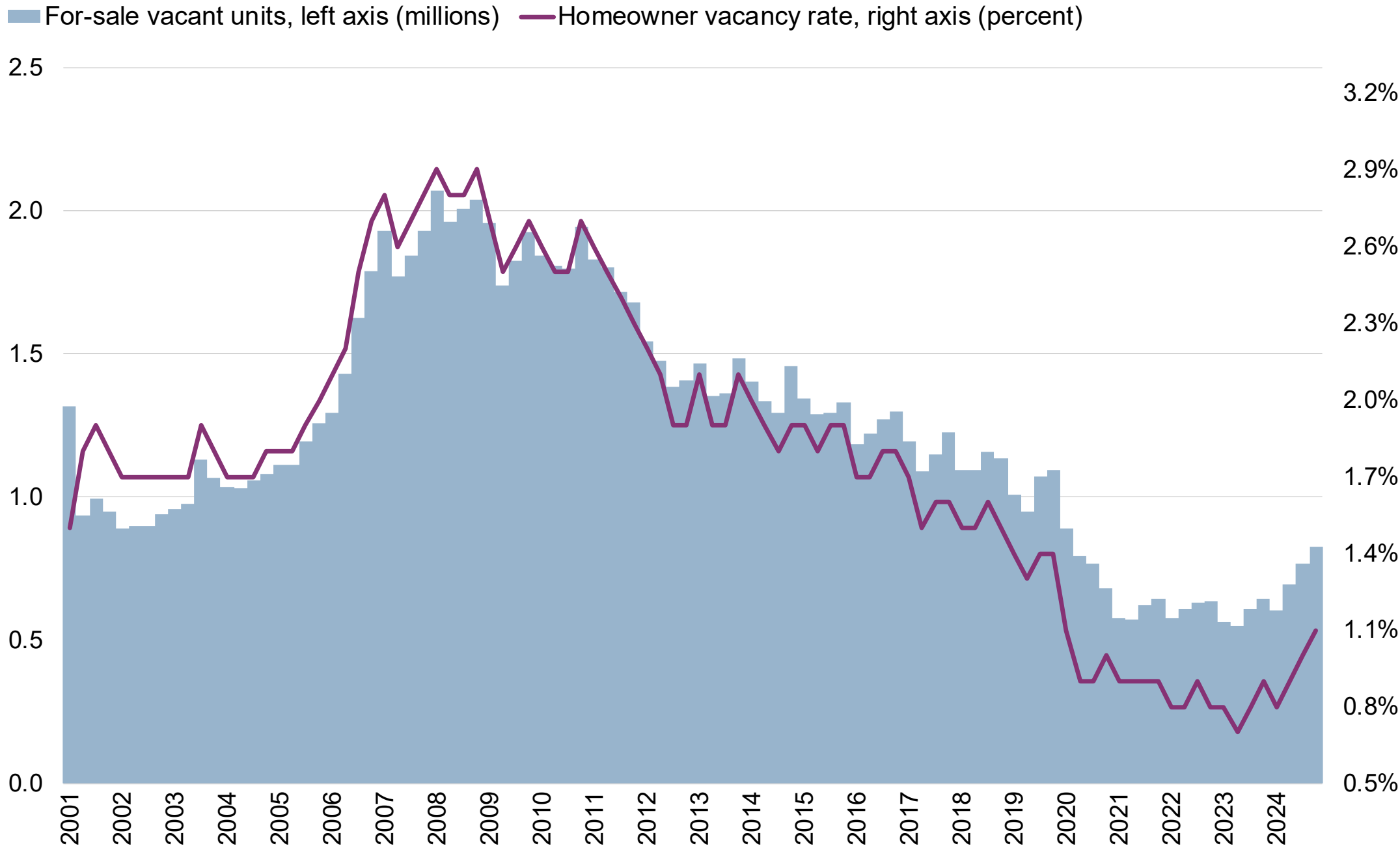
Existing and new home inventory generally track each other. However, new home inventory remained flat in December while existing single-family inventory fell.

Note: Unsold new home inventory includes new homes for sale at all stage of construction (authorized but not started, under construction, and completed).

Sources: NAR; Census Bureau; John Burns Research and Consulting, LLC (Data: Dec-24, Pub: Feb-25)

Vacant homes for sale rose to 828K in 4Q24, a 1.1% vacancy rate.

Vacancy Rates



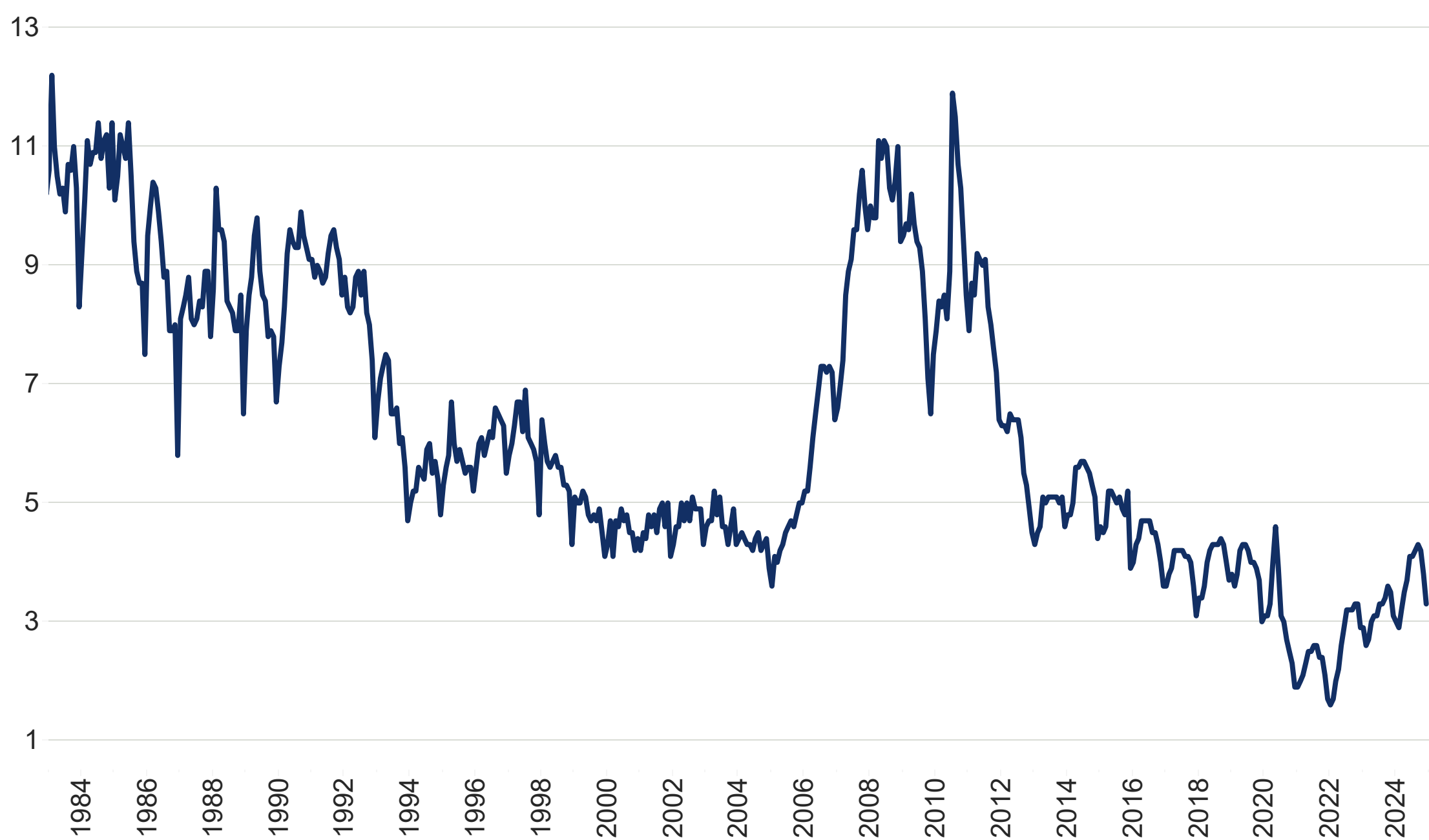
Note: The pandemic complicated the Census Bureau's collection process in 2020. We advise using caution in comparing data from this time period.

Sources: Census Bureau; John Burns Research and Consulting, LLC (Data: 4Q24, updated quarterly†) Pub: Feb-25

Months of supply is falling.

Months of Supply (Existing Home Inventory): Under Contract or Available for Sale

— Current = 3.3 months



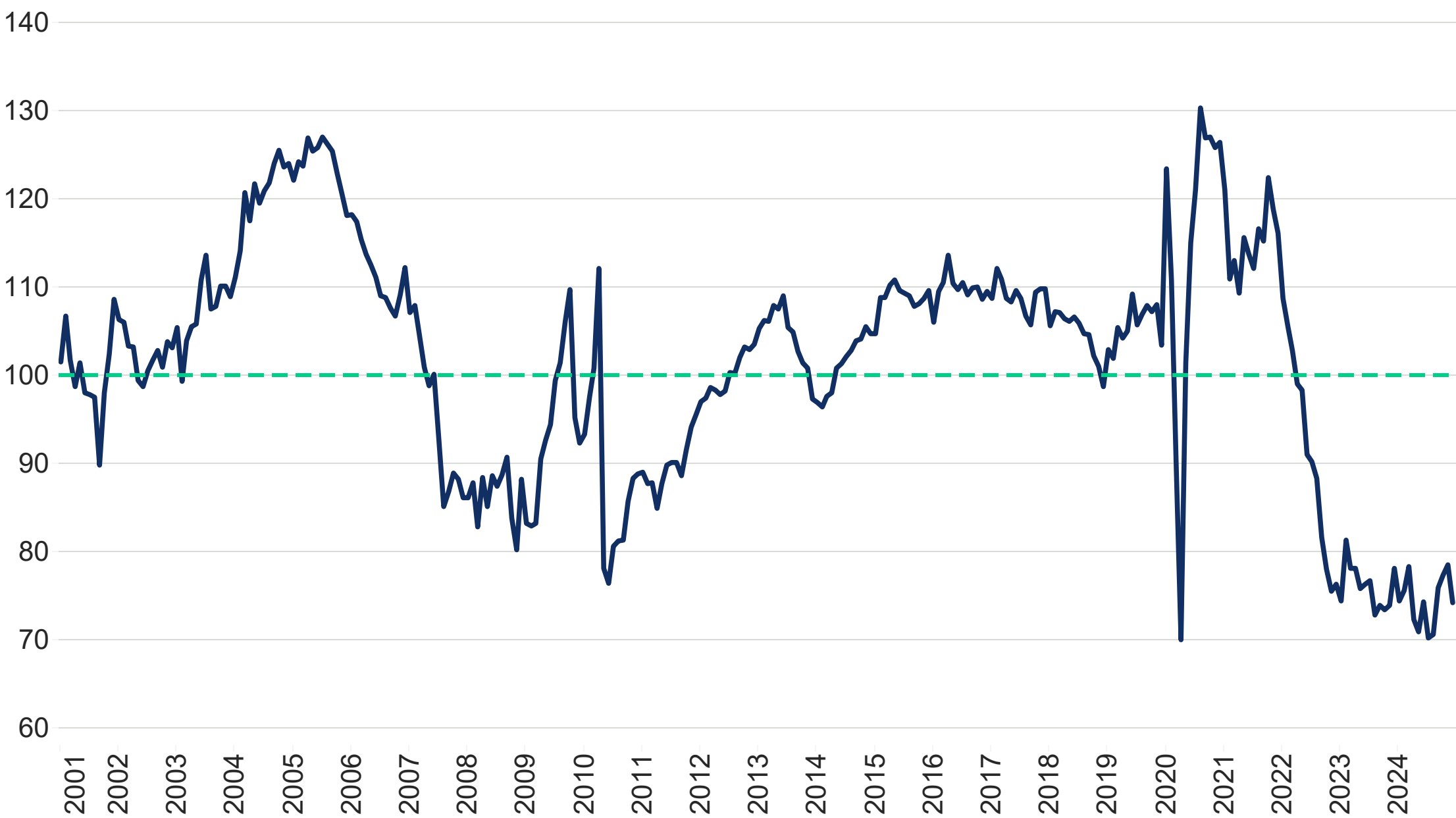
Existing home inventory fell MOM to 3.3 months of supply in December.

Sources: NAR; John Burns Research and Consulting, LLC (Data: Dec-24, Pub: Feb-25)

Pending home sales are falling.

Pending Home Sales Index

Seasonally adjusted; includes SF, townhomes, condos and co-ops, and is based on contract signings. 100 = average level of contract activity during 2001 and is considered historically healthy.



The Pending Sales Index, a leading indicator for home purchases, fell -5% YOY.

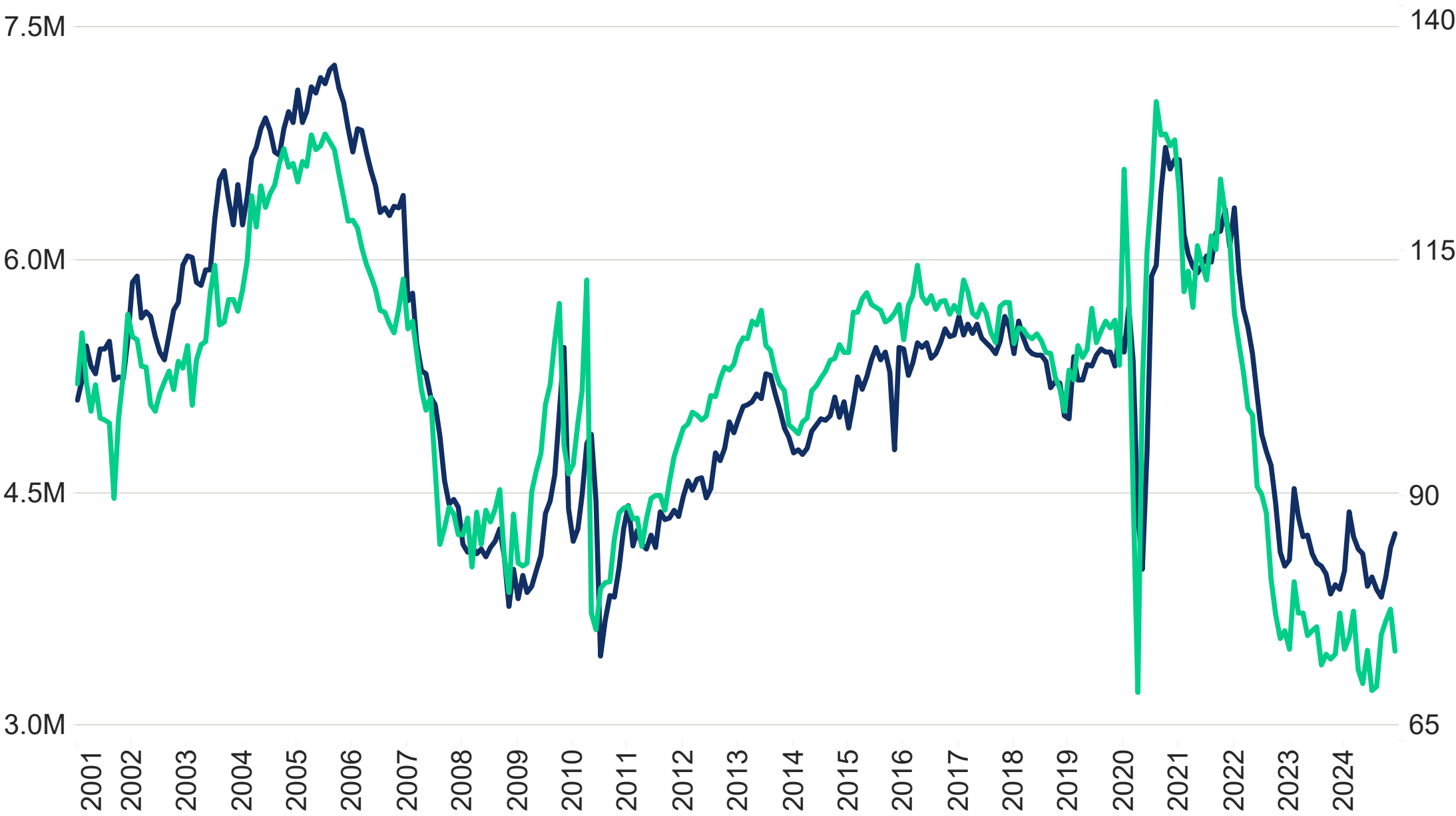
Source: NAR (Data: Dec-24, Pub: Feb-25)

Pending sales data suggest closings will fall.

Pending Home Sales Index vs. Existing Home Sale Closings

Seasonally adjusted; historical one-month lag correlation = 0.93

Existing home sales (left axis) = 4.2M (+9% YOY) Pending home sales index (right-axis) = 74 (-5% YOY)



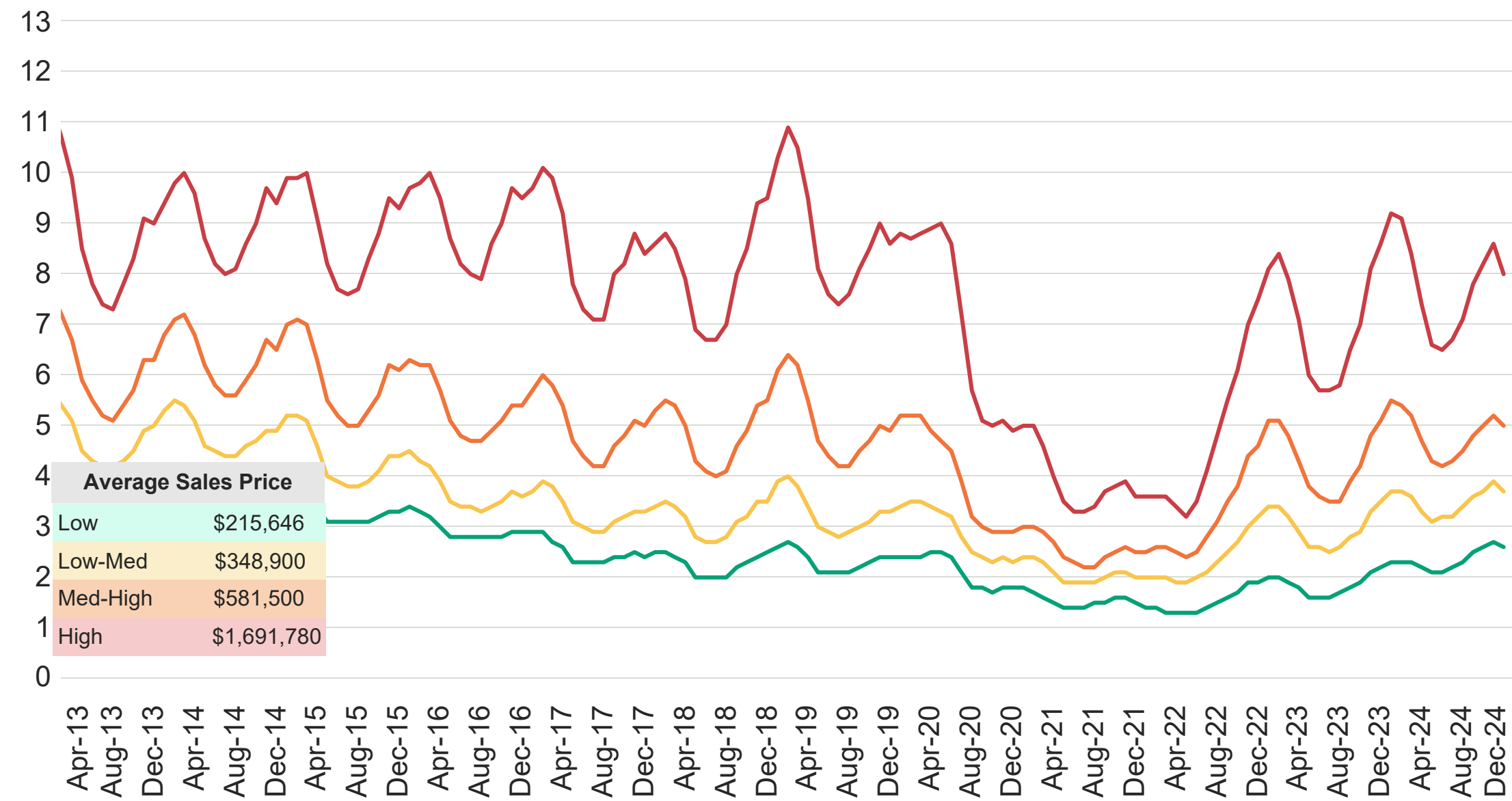
Pending and existing sales correlation is historically strong, at 0.93. Existing home sales closings rose +9% YOY, while pending sales fell -5% YOY.

Sources: NAR; John Burns Research and Consulting, LLC (Data: Dec-24, Pub: Feb-25)

Months of supply is starting to tick down across all price tiers.

Months of Supply by Price Tier

3-month moving average — Low: (2.6) — Low-Medium: (3.7) — Medium-High: (5.0) — High: (8.0)



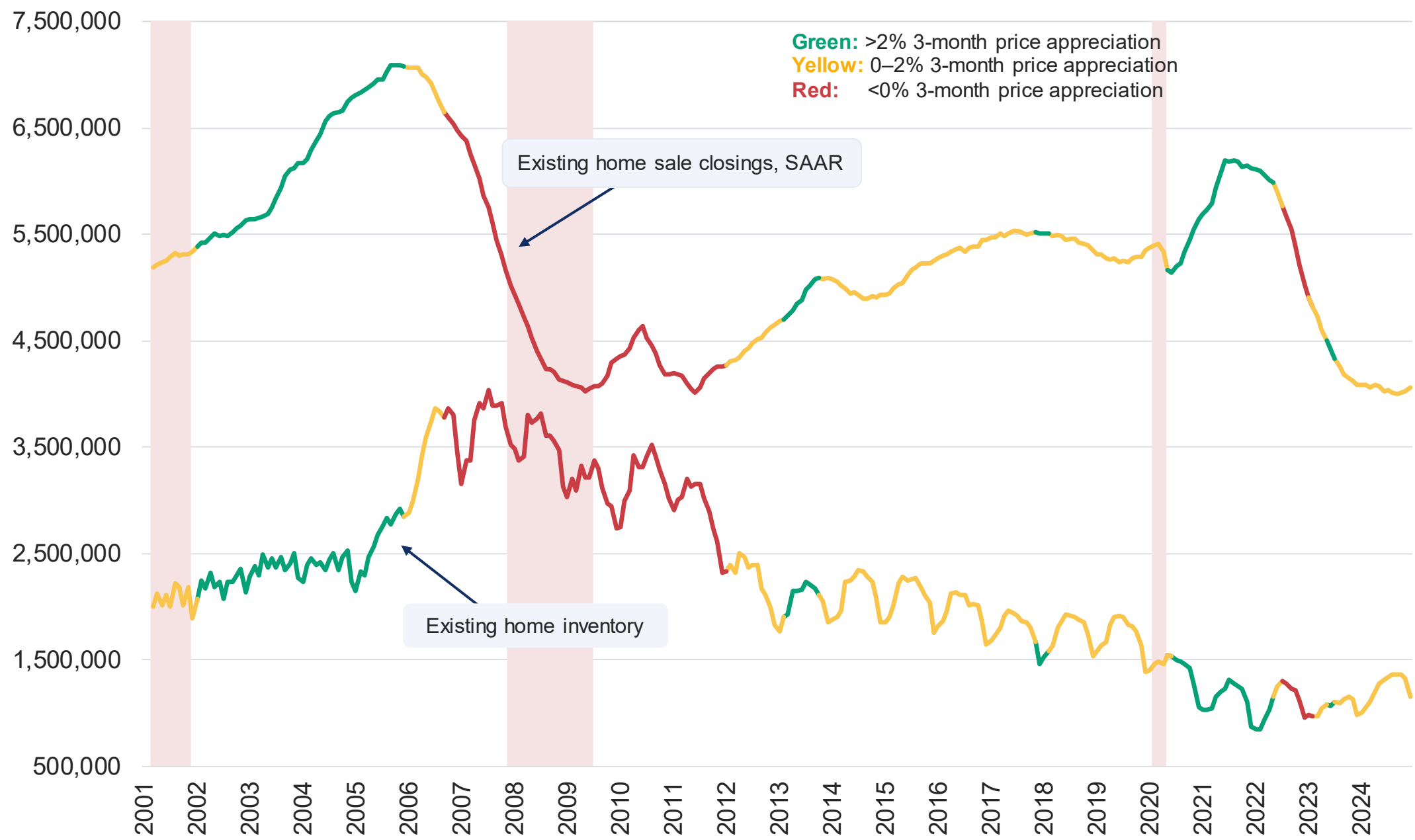
High-tier homes peaked at 8.6 months of resale supply in November and fell to 8.0 months in December, well above the supply of lower-priced homes (2.6 months).

Note: Price tiers are set at the metro level and are defined as follows: Low: all sales at or below the 40th percentile of FHA sales prices; Low-Medium: all sales at or below the 80th percentile of FHA sales prices; Medium-High: all sales at or below the 125% of the GSE loan limit; and High: the rest.

Source: AEI International Center on Housing Risk (Data: Dec-24, Pub: Feb-25)

Rising inventory and flattening sales are slowing home price appreciation.

Historical Relationship between Resale Sales, Listings, and Price Appreciation



A housing market with high home sale closings and low inventory strongly correlates with high price appreciation and vice versa.

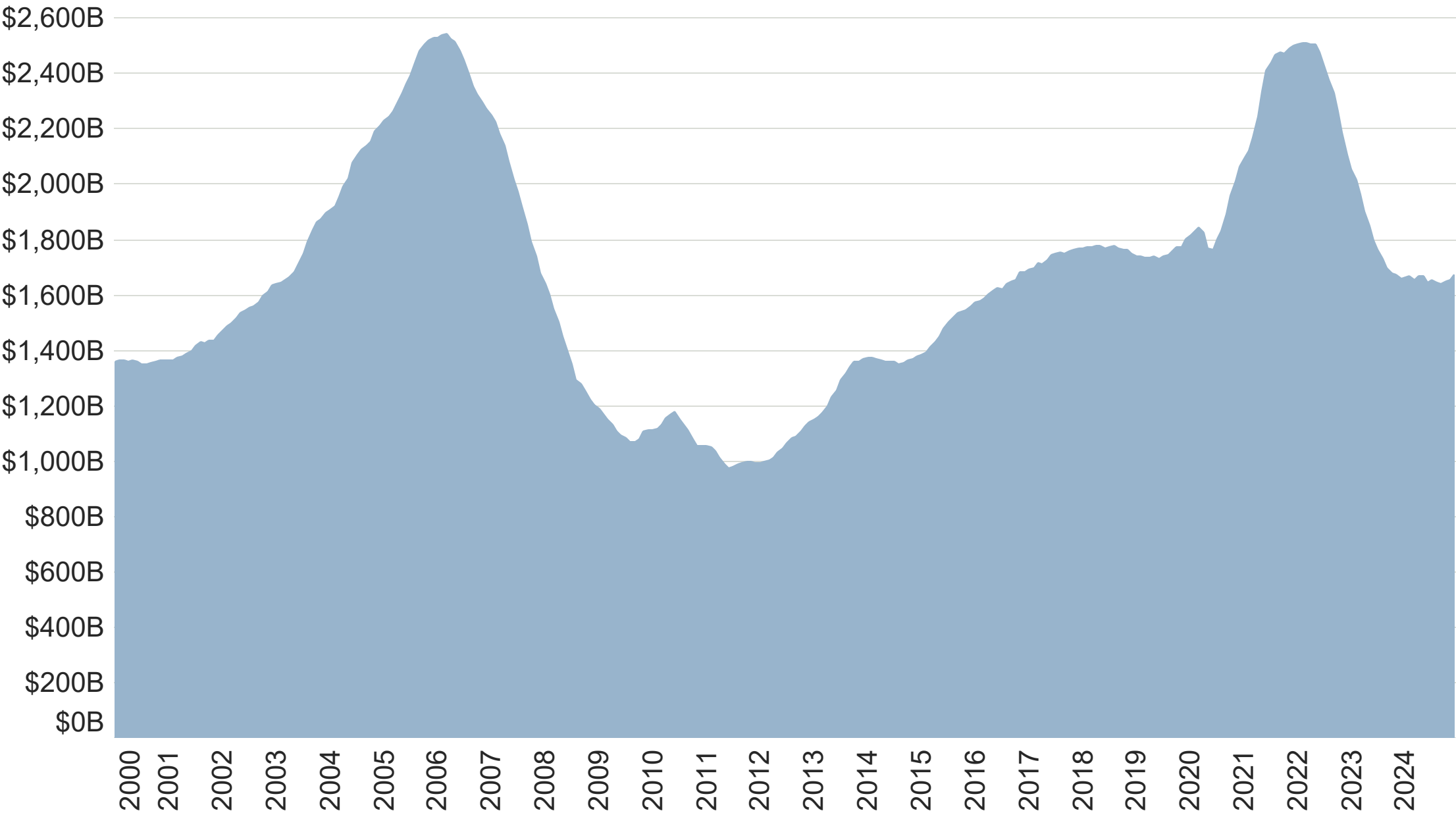
Price appreciation, measured by our Burns Home Value Index, is a rollup of 150 markets which may differ from National rollups of other data points, based on market coverage.

Sources: ©2025 National Association of REALTORS®; John Burns Research and Consulting, LLC (Data: Dec-24) Pub: Feb-25

Existing home revenue is rising.

Existing Home Revenue

Inflation-adjusted, rolling 12 months



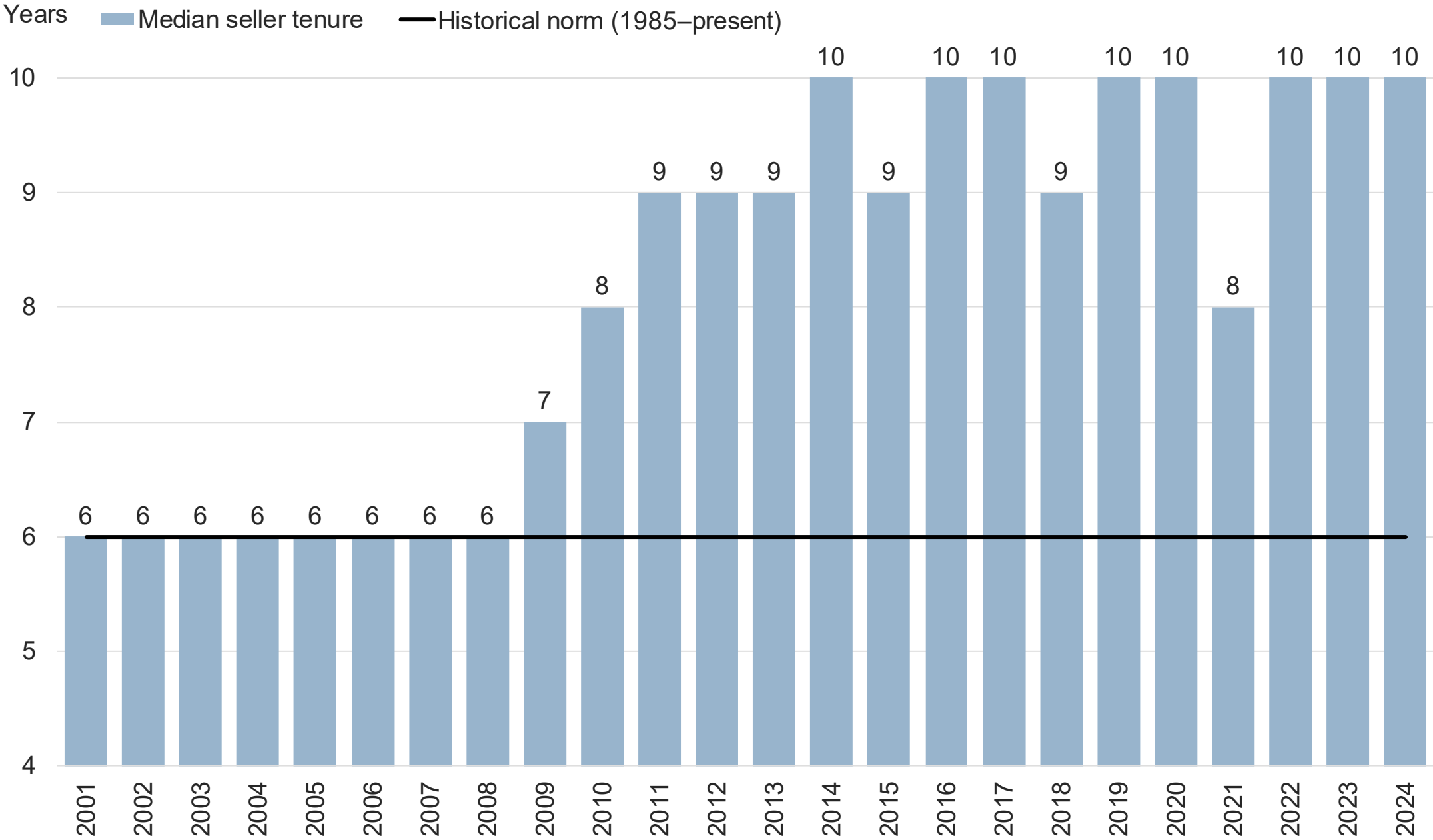
Existing home revenue is up +3% since the most recent cycle trough in January 2024.

We calculate the annual existing home revenue as a rolling 12-month count of existing home sales multiplied by median price of home sold, adjusted to Dec-24 dollars.

Source: John Burns Research and Consulting, LLC, calculations of National Association of Realtors data (Data: Dec-24, Pub: Feb-25)

The typical seller in 2024 spent 10 years in their home before selling, up from just 8 years in 2021.

Median Seller Tenure in Home



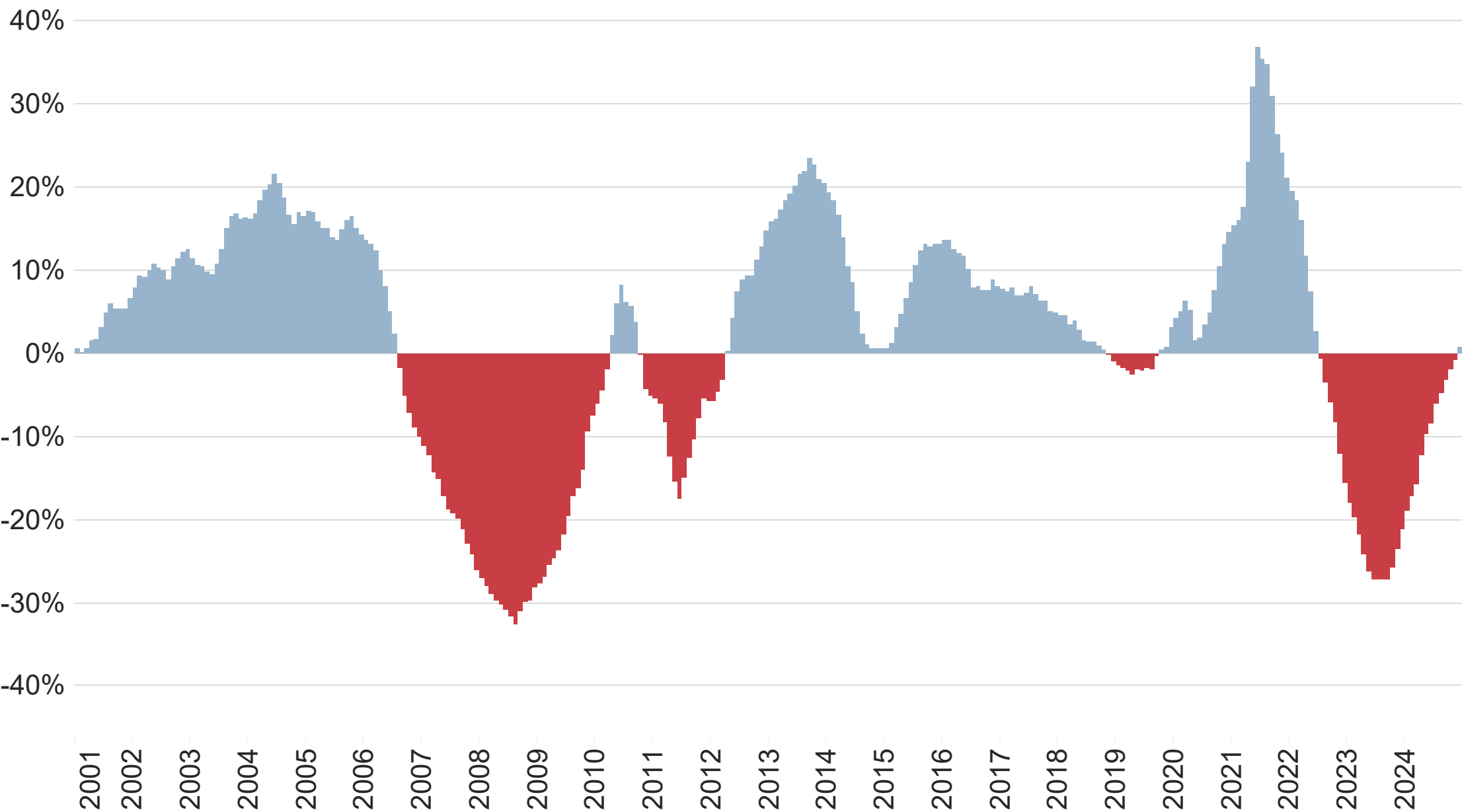
Tenure will likely rise as homeowners cling to their low mortgage rates.

Sources: ©2025 National Association of REALTORS®; John Burns Research and Consulting, LLC (Data: 2024, updated annually†) Pub: Feb-25

Existing home revenue is rising.

Existing Home Revenue

YOY change; inflation-adjusted, rolling 12 months



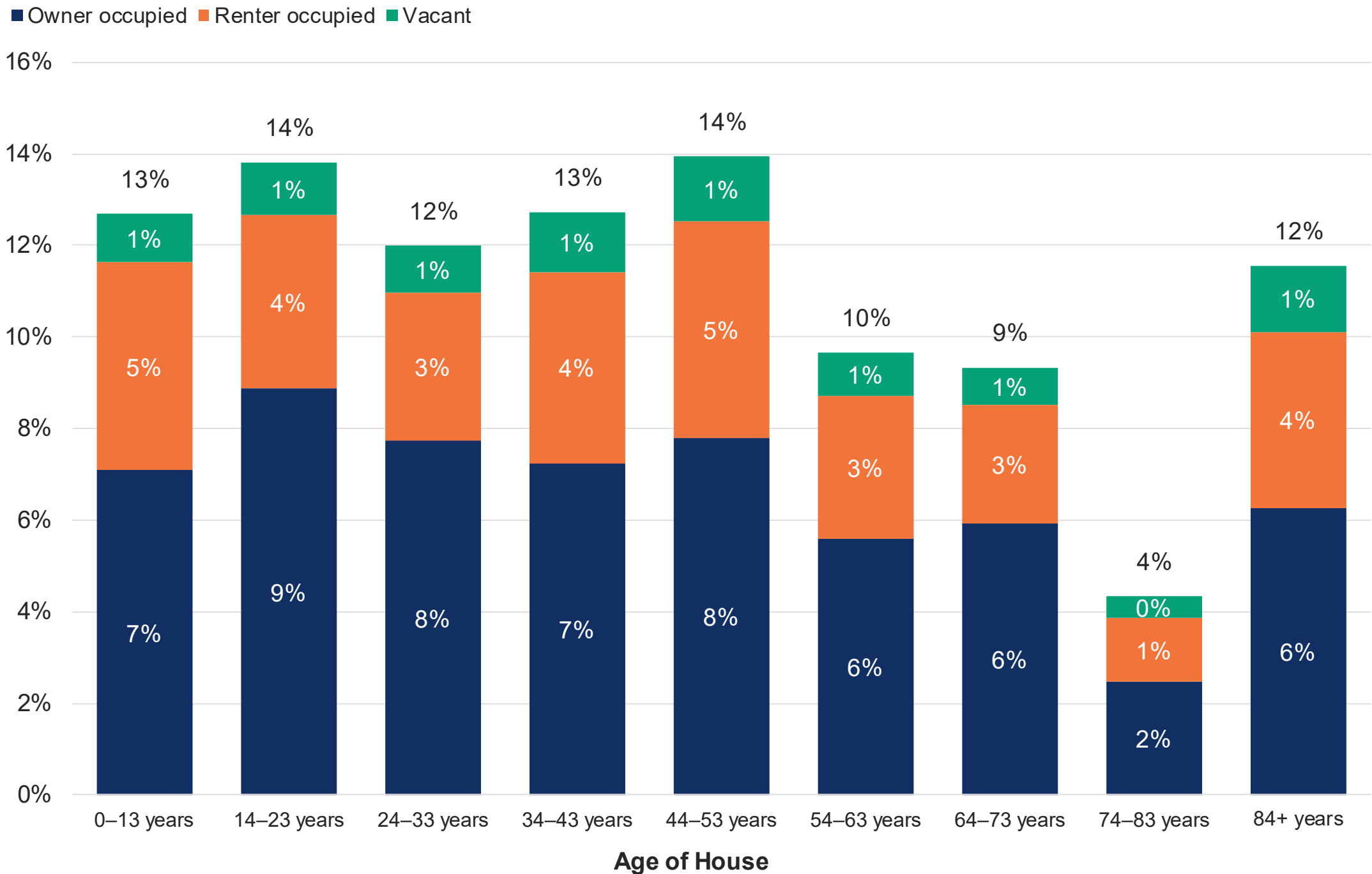
Existing home revenue rose +1%
YOY on a rolling TTM
non-seasonally adjusted basis.

Annual existing home revenue calculated as rolling 12-month count of existing home sales multiplied by median price of home sold, adjusted to Dec-24 dollars.

Source: John Burns Research and Consulting, LLC, calculations of National Association of Realtors data (Data: Dec-24 Pub: Feb-25)

49% of the nation’s housing stock is at least 44 years old.

Percentage of Housing Units by Year Built



Older homes often require more maintenance and renovation. The large share of homes entering their prime remodel years will boost repair and remodel spending.

Source: Census Bureau (Data: 2023, updated annually) Pub: Feb-25



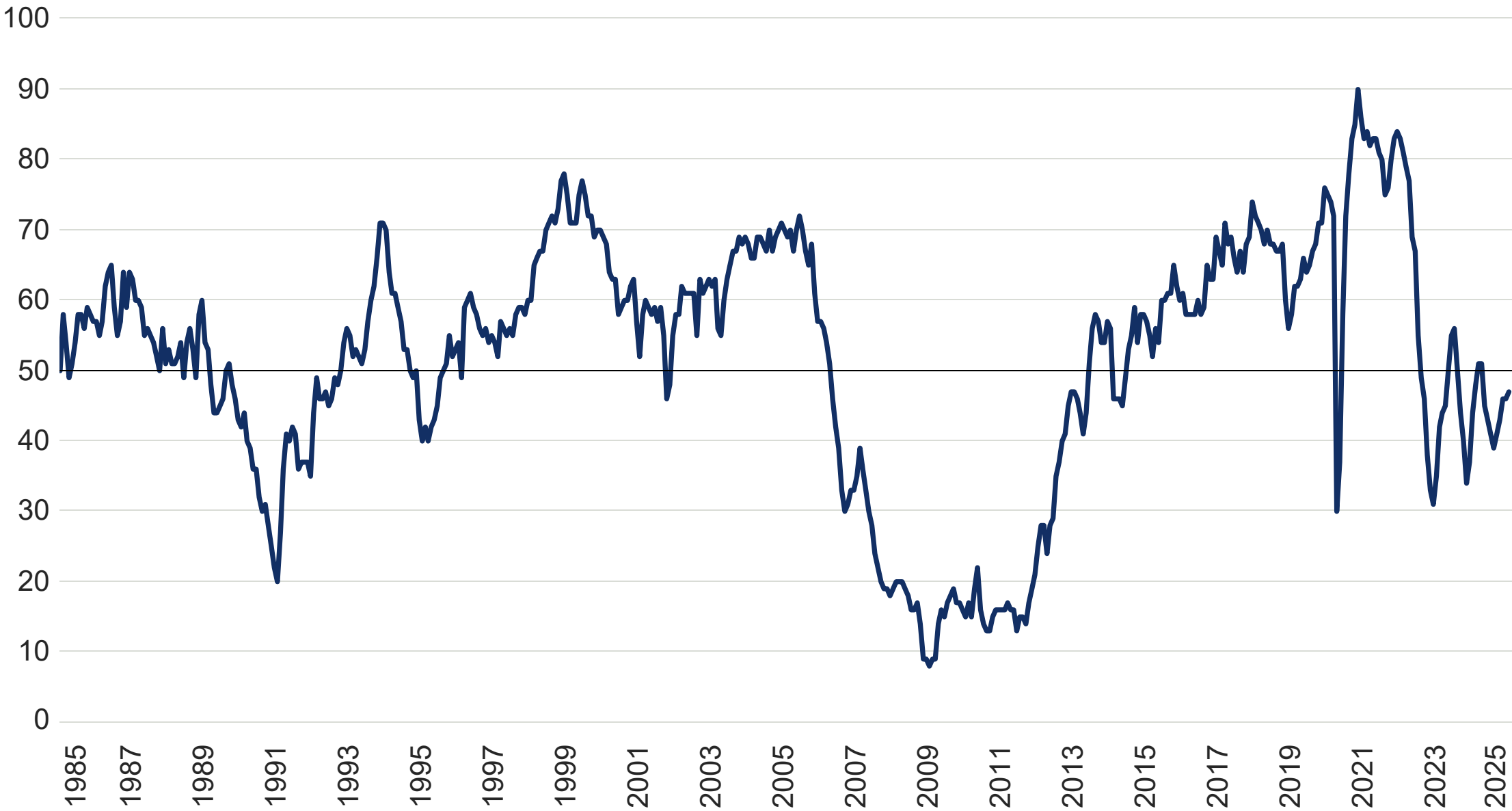
Supply

New home market

The NAHB Housing Market Index rose to 47 in January.

Housing Market Index

— Housing Market Index = 47; a value over 50 indicates that more builders view conditions as good than poor.



More survey respondents consider the housing market poor versus good. Note that this index is skewed toward smaller builders.

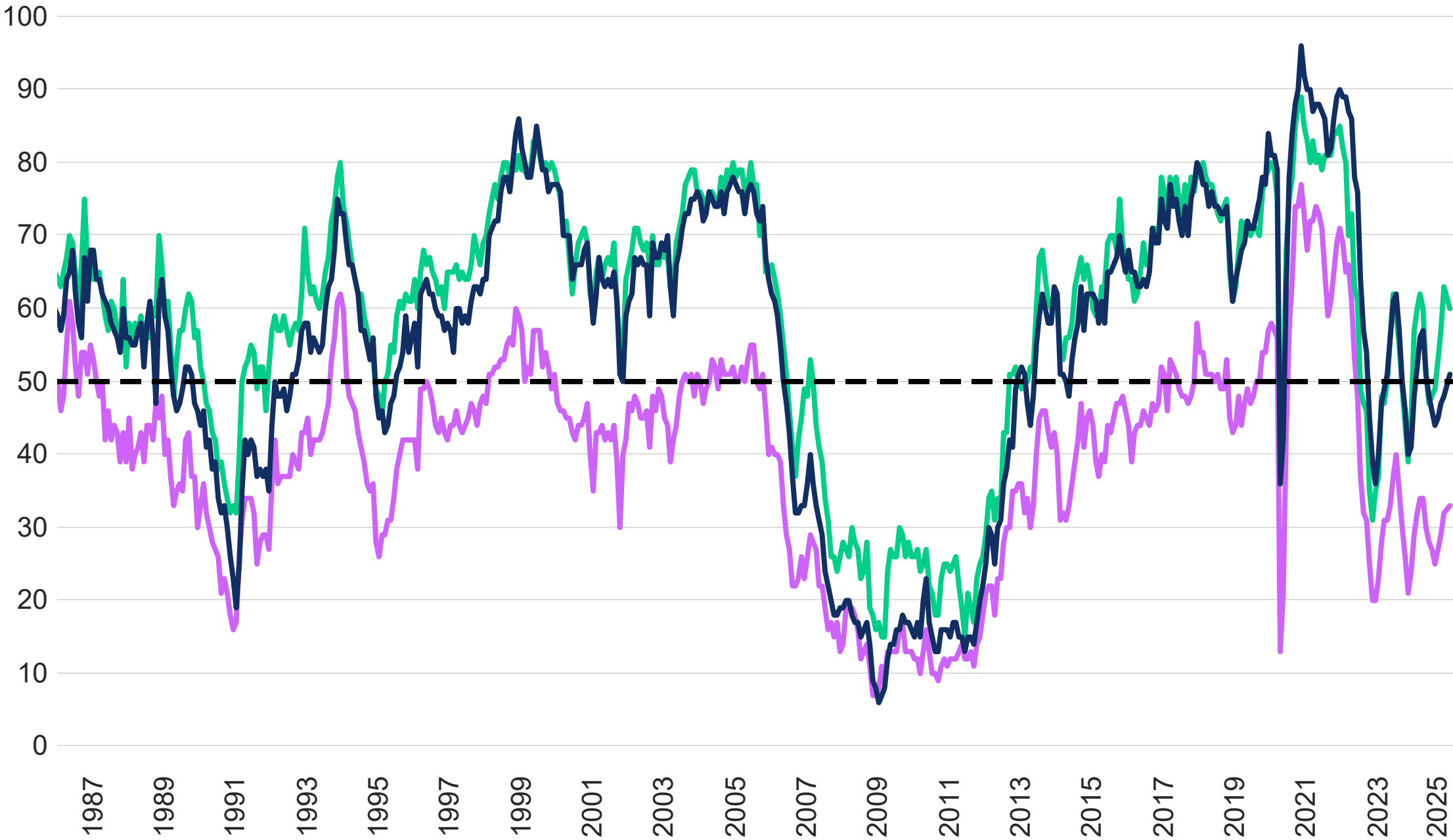
We believe the HMI is somewhat disconnected from the on-the-ground housing market conditions of big builders, as it includes many small builders in rural areas. We trust our monthly survey of builders, which includes a big geographic footprint and feedback from top executives of many larger production builders.

Source: NAHB (Data: Jan-25, Pub: Feb-25)

Two of the three components of the Housing Market Index rose in January.

Housing Market Index Components

Single-family sales: present = 51 Sales: next six months = 60 Buyer traffic = 33



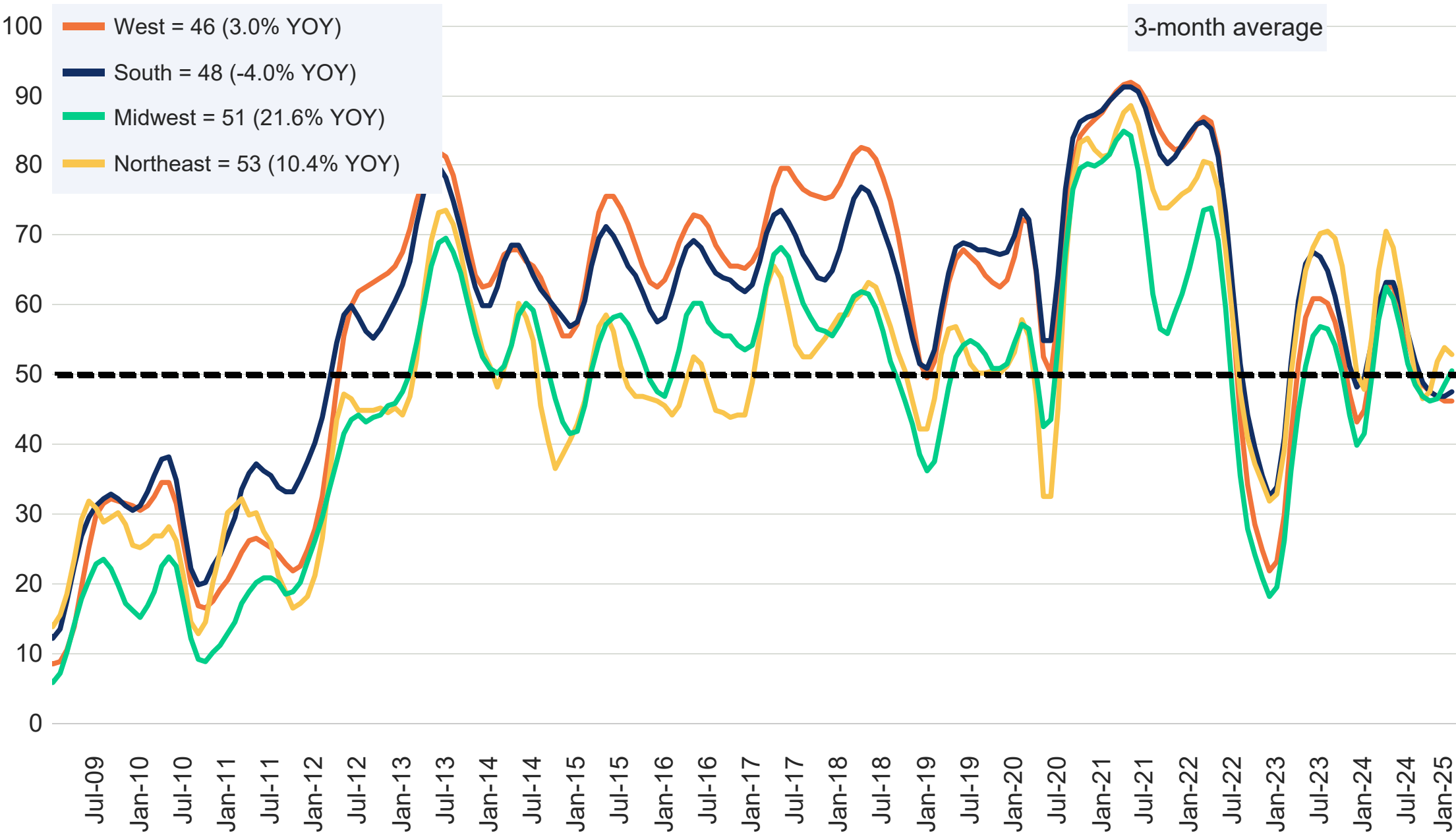
Note that this index is skewed toward smaller builders.

Source: NAHB (Data: Jan-25, Pub: Feb-25)

More builders rate conditions as good than poor in the Midwest and Northeast regions.

Regional Housing Market Index™ (JBREC Survey)

Index based on 3-month average in JBREC's monthly builder survey. Any number over 50 indicates more builders view conditions as good than poor.



In our index, a value over 50 indicates more builders view conditions as good than poor.

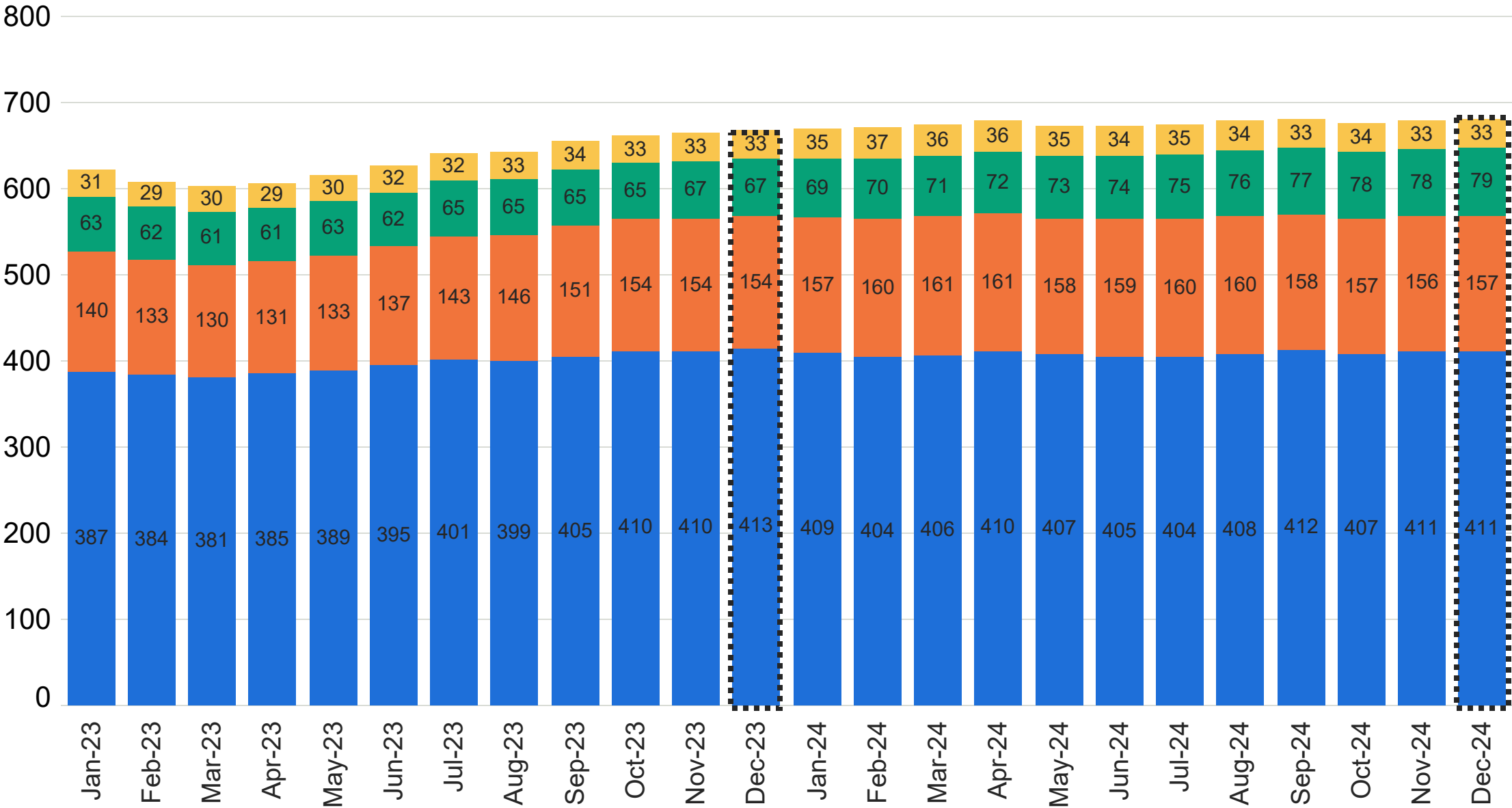
Source: John Burns Research and Consulting, LLC (Data: Jan-25, Pub: Feb-25)

New home sales are flat in the South and Northeast but rising in the West and Midwest.

Regional New Home Sales

NSA, trailing-12-month total (thousands)

- Northeast = 33K (+0% YOY)
- Midwest = 79K (+18% YOY)
- West = 157K (+2% YOY)
- South = 411K (+0%YOY)



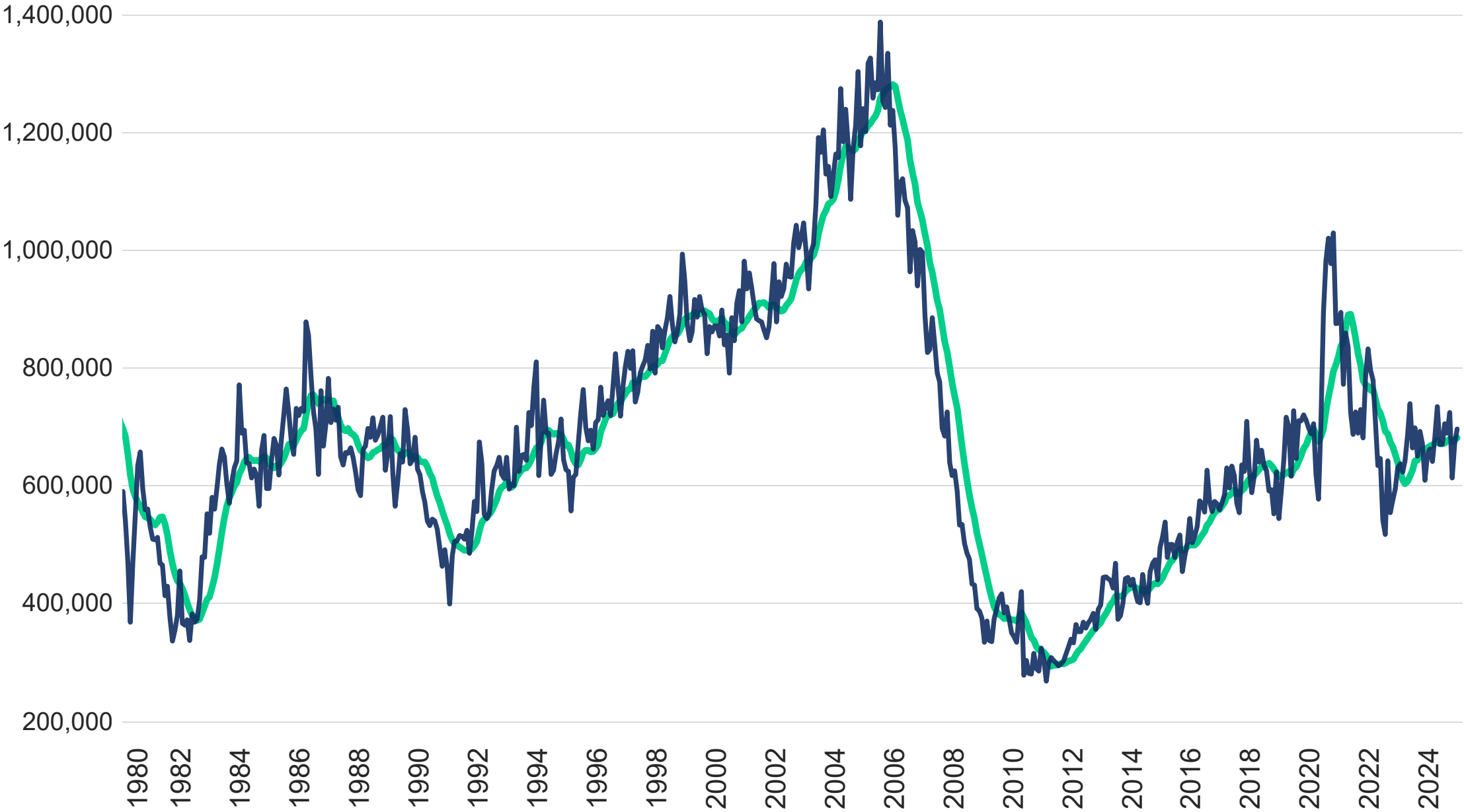
On a YOY basis, new home sales rose the most in the Midwest.

Source: NAHB (Data: Dec-24, Pub: Feb-25)

New home sales rose +7% YOY on a seasonally adjusted basis.

New Home Sales Volume

Seasonally adjusted = 698K (+7% YOY) Rolling 12-month total (NSA) = 683K (+3% YOY)

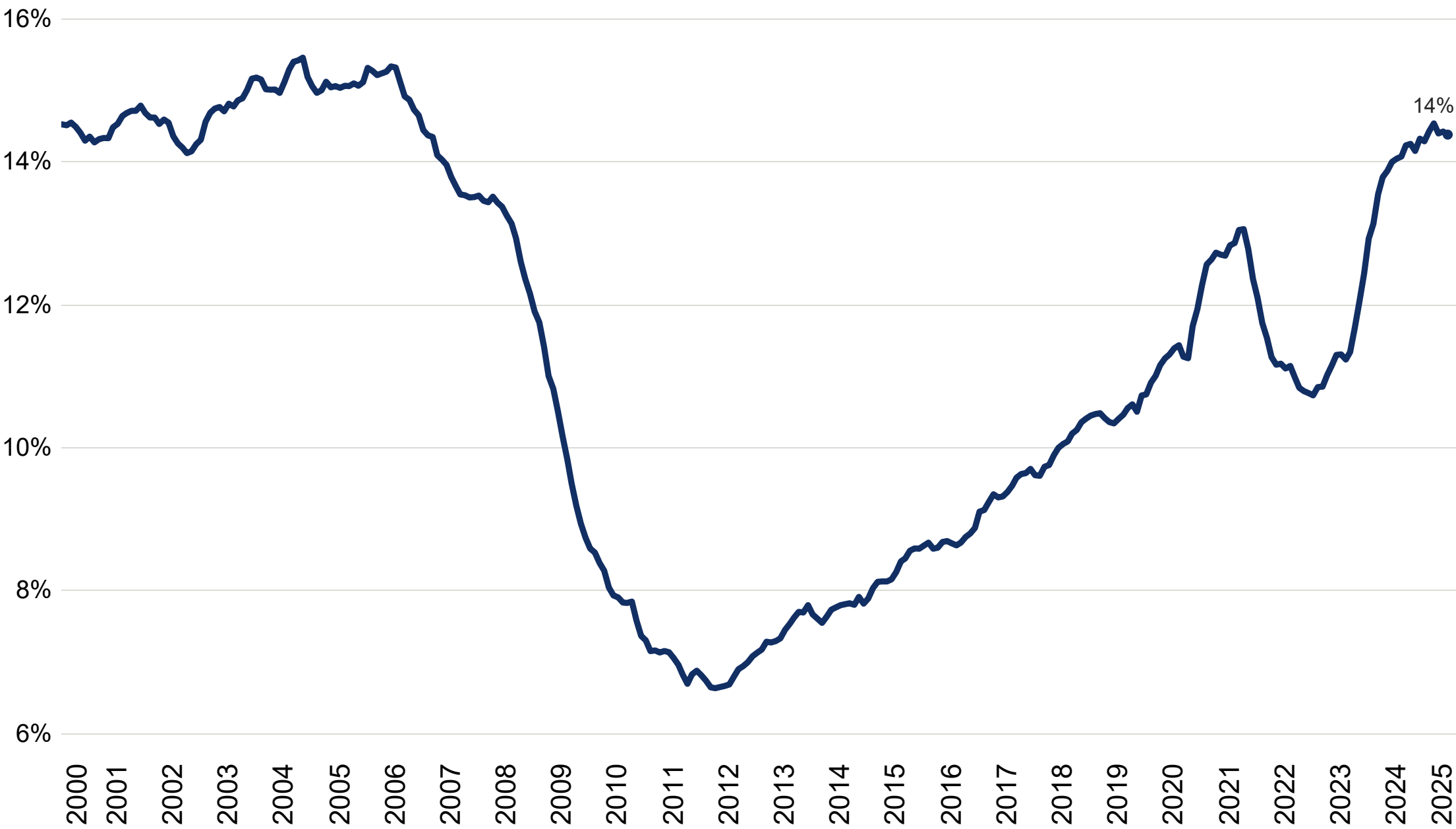


Note that the seasonally adjusted MOM margin of error is +/- 16%, so we focus more on the underlying non-seasonally adjusted trend.
Source: Census Bureau (Data: Dec-24, Pub: Feb-25)

New homes represent 14% of all sales, the highest since 2006.

New Home Share of All Sales

— New Homes Share of All Sales (NSA) Current = 14%

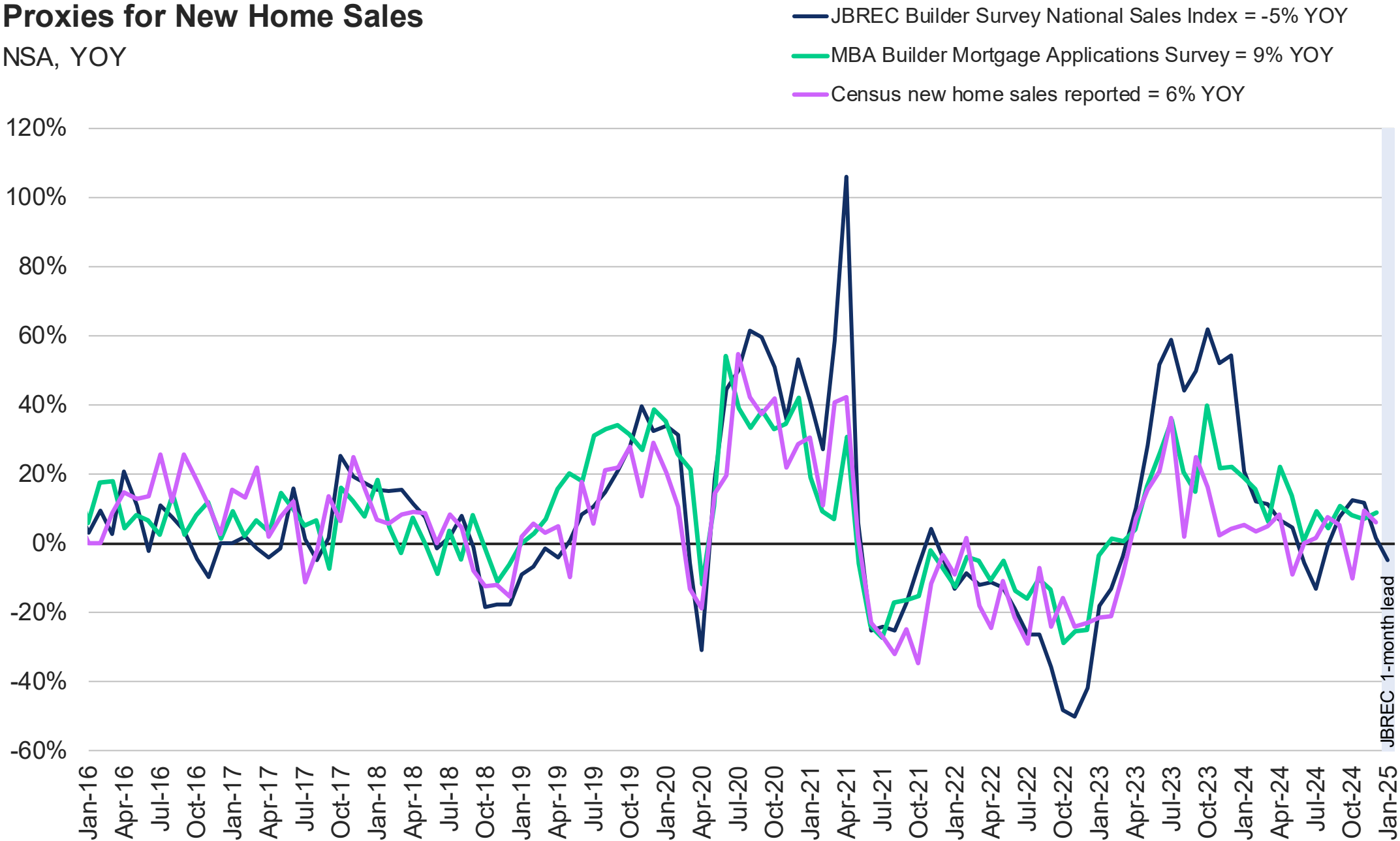


Sources: Census Bureau; John Burns Research and Consulting, LLC (Data: Dec-24, Pub: Feb-25)

New home sales fell -5% YOY in January.

Proxies for New Home Sales

NSA, YOY



Our national new home sales index leads the Census Report by over 2 weeks and the MBA Builder Application Survey by 1 week.

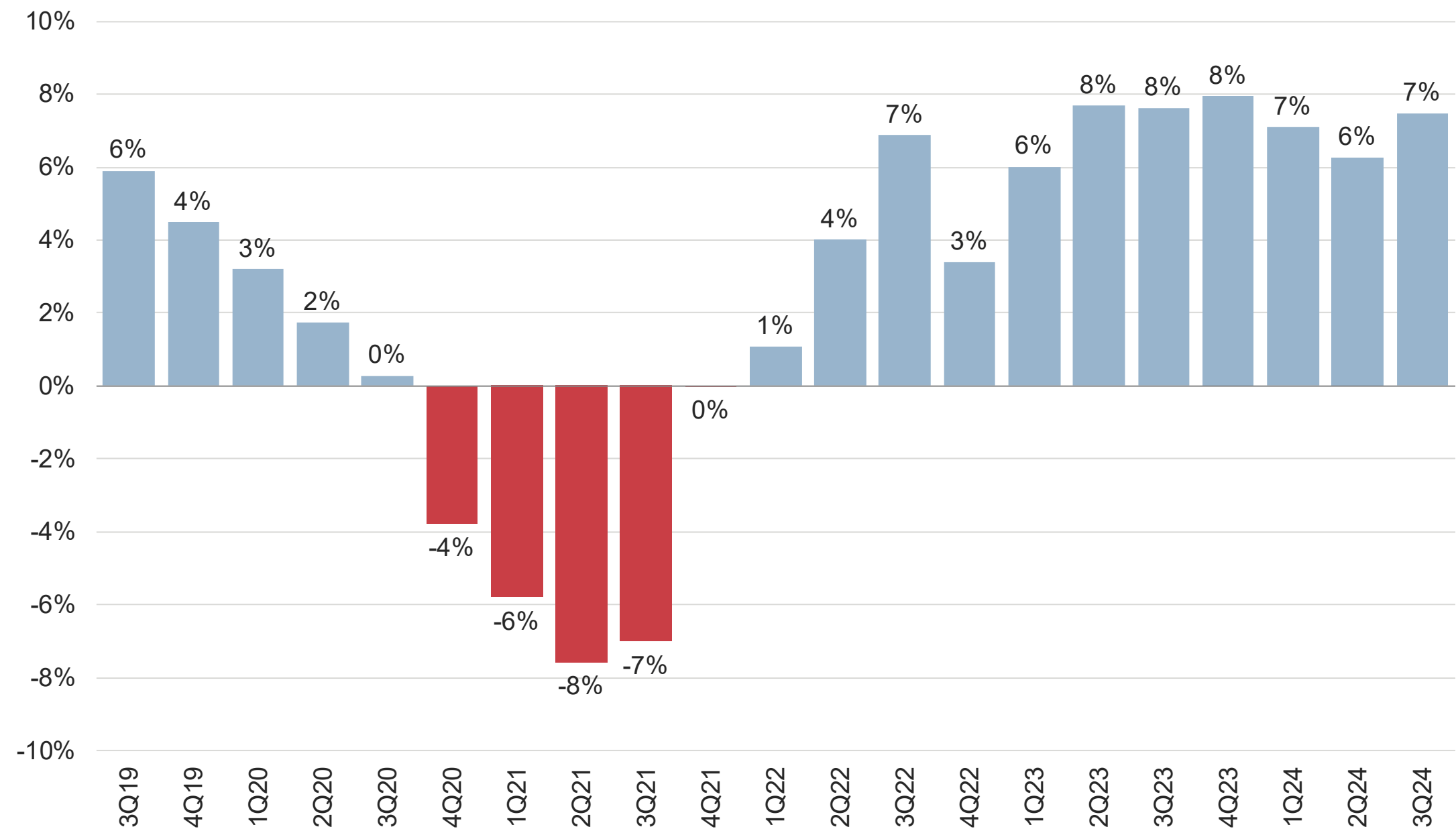
MBA's Builder Mortgage Applications Survey captures ~20% of the new home sales market, with most participation from lenders associated with the larger builders. This survey is based on loan-level data from mortgage companies composed of applications for only new single-family homes. MBA survey data is collected monthly.

Sources: U.S. Census Bureau; Mortgage Bankers Association; John Burns Research and Consulting, LLC (Data: Dec-24/Jan-25 Pub: Feb-25)

Public homebuilders' communities increased +7% YOY in 3Q24.

Public Homebuilders' Community Counts

YOY % change



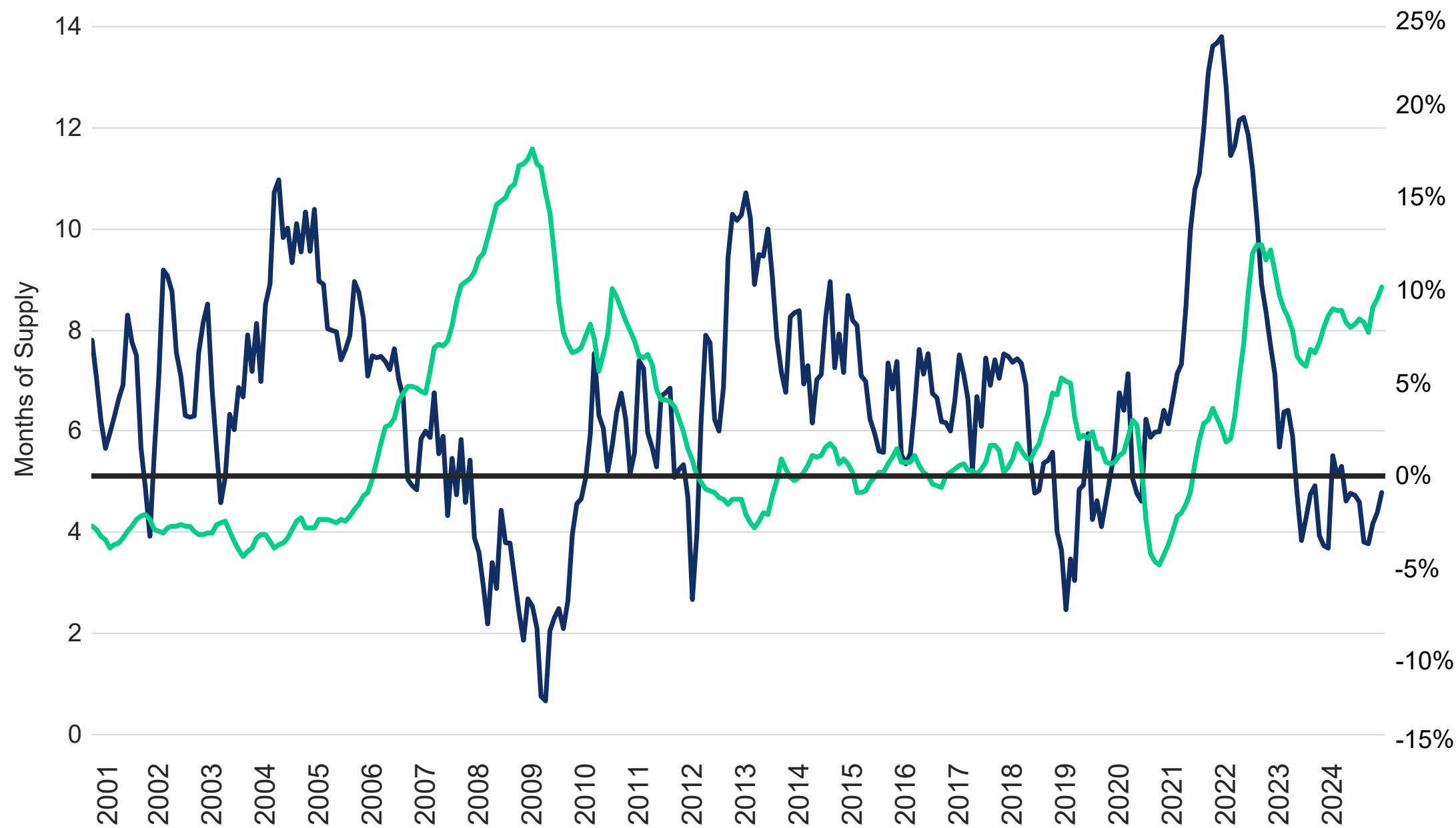
*We updated builder count growth to the rollup of public homebuilders' community counts and their YOY % change.
Sources: Public homebuilder public filings; John Burns Research and Consulting, LLC (Data: Builders' most recent quarter) Pub: Feb-25

Median new home prices and months of supply are inversely related.

New Home Unsold Months of Supply vs. Price Appreciation

3-month median new price change = -0.8% YOY 3-month average months of supply = 8.9

Months of supply = not started + under construction + completed



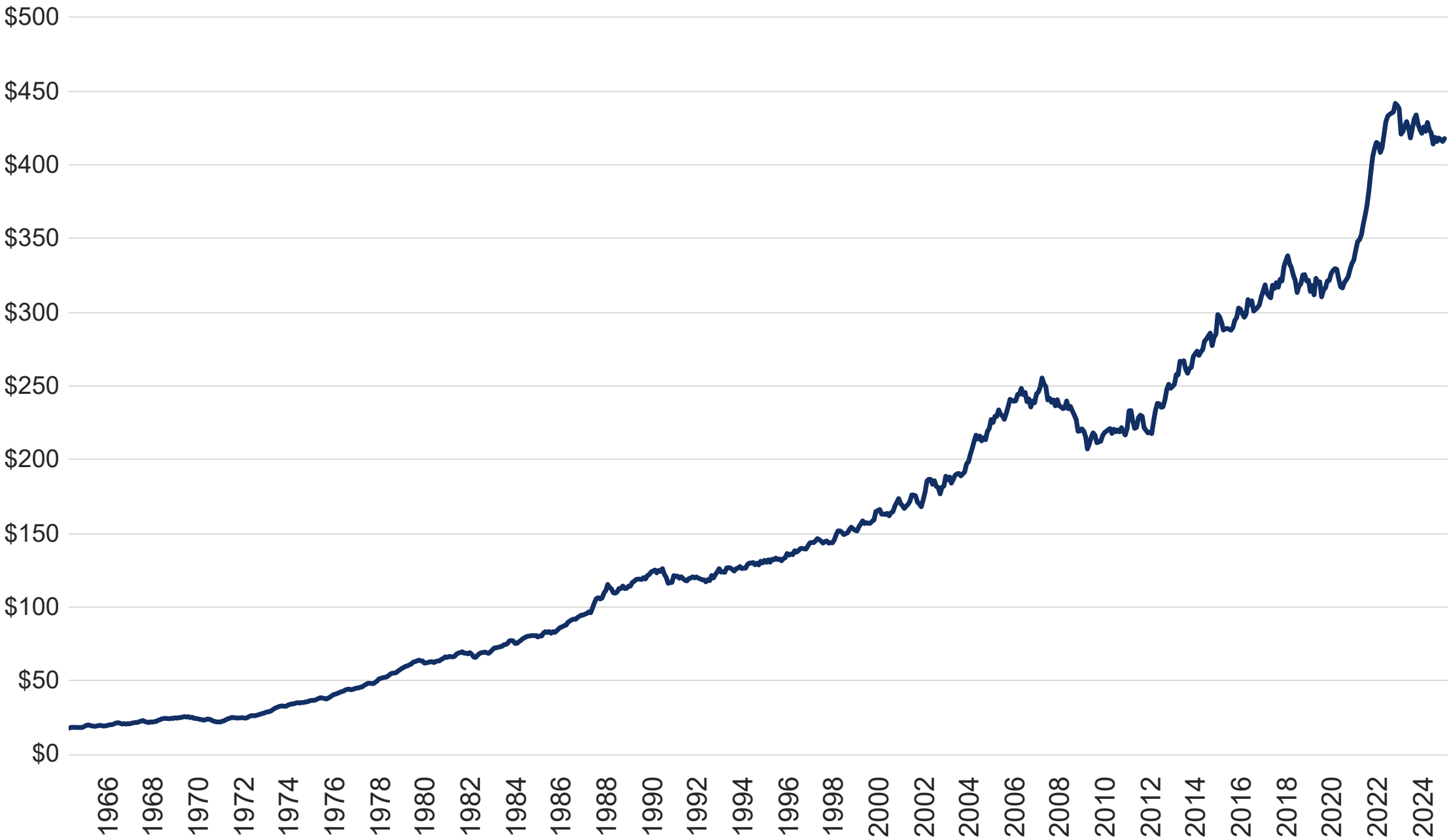
New home months of unsold supply rose to 8.9, while median new home prices declined -0.8% YOY. Note that mix shift can skew median new home price trends as reported by the Census Bureau.

Sources: Census Bureau; John Burns Research and Consulting (Data: Dec-24, Pub: Feb-25)

The median new home price has fallen -5% below the 2022 peak.

Single-Family Median New Home Price

Thousands, 3-month moving average — Current = \$418K



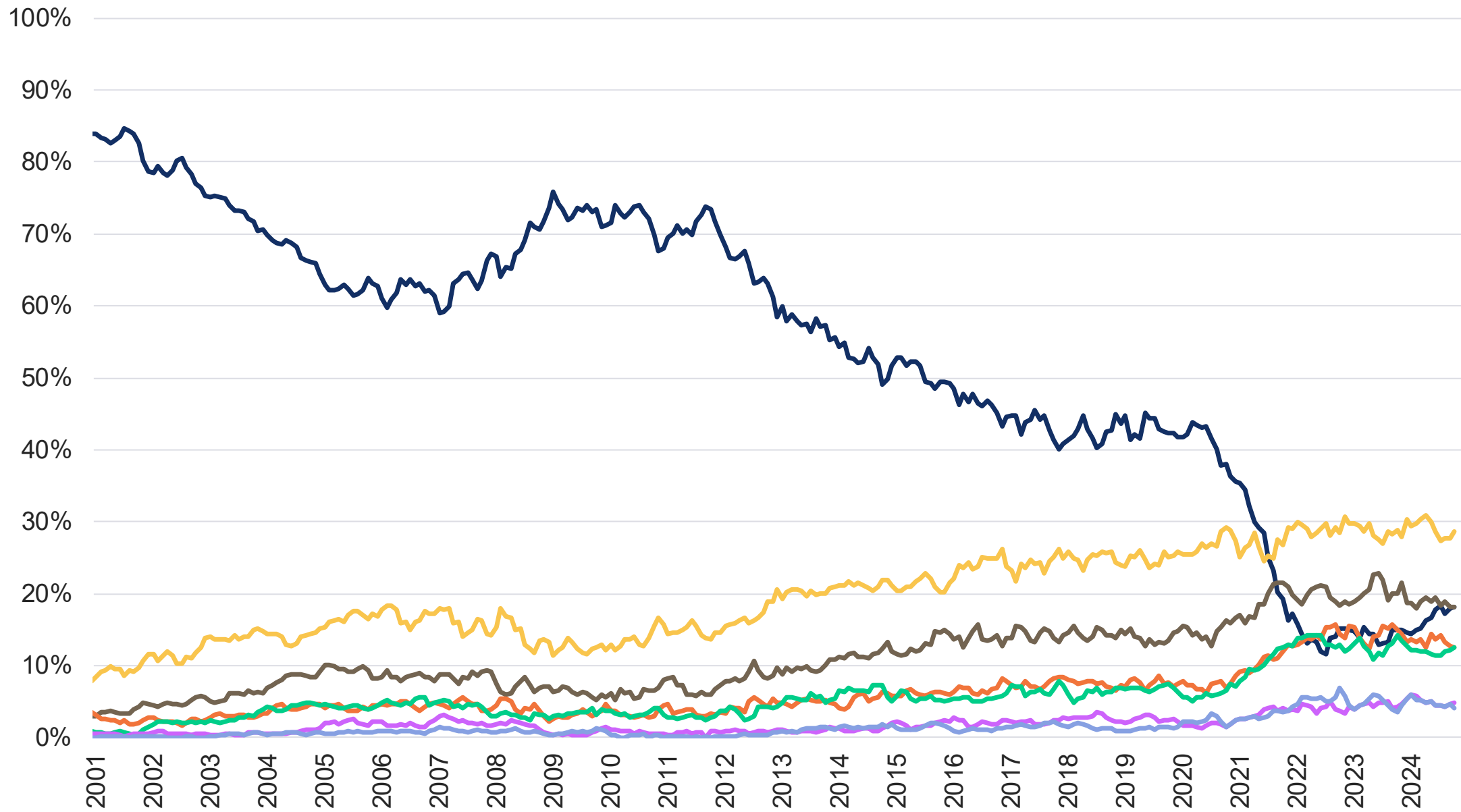
The single-family median new home price is \$418K, down -0.8% YOY. Note that mix shift can skew median new home price trends as reported by the Census Bureau.

Source: Census Bureau (Data: Dec-24, Pub: Feb-25)

The largest share of new homes sold are in the \$300K–\$399K price range.

New Home Sales by Price Tier

3-month average Under \$300K = 18% \$300K–\$399K = 29% \$400K–\$499K = 18% \$500K–\$599K = 13%
\$600K–\$799K = 13% \$800K–\$999K = 5% More than \$1M = 4%



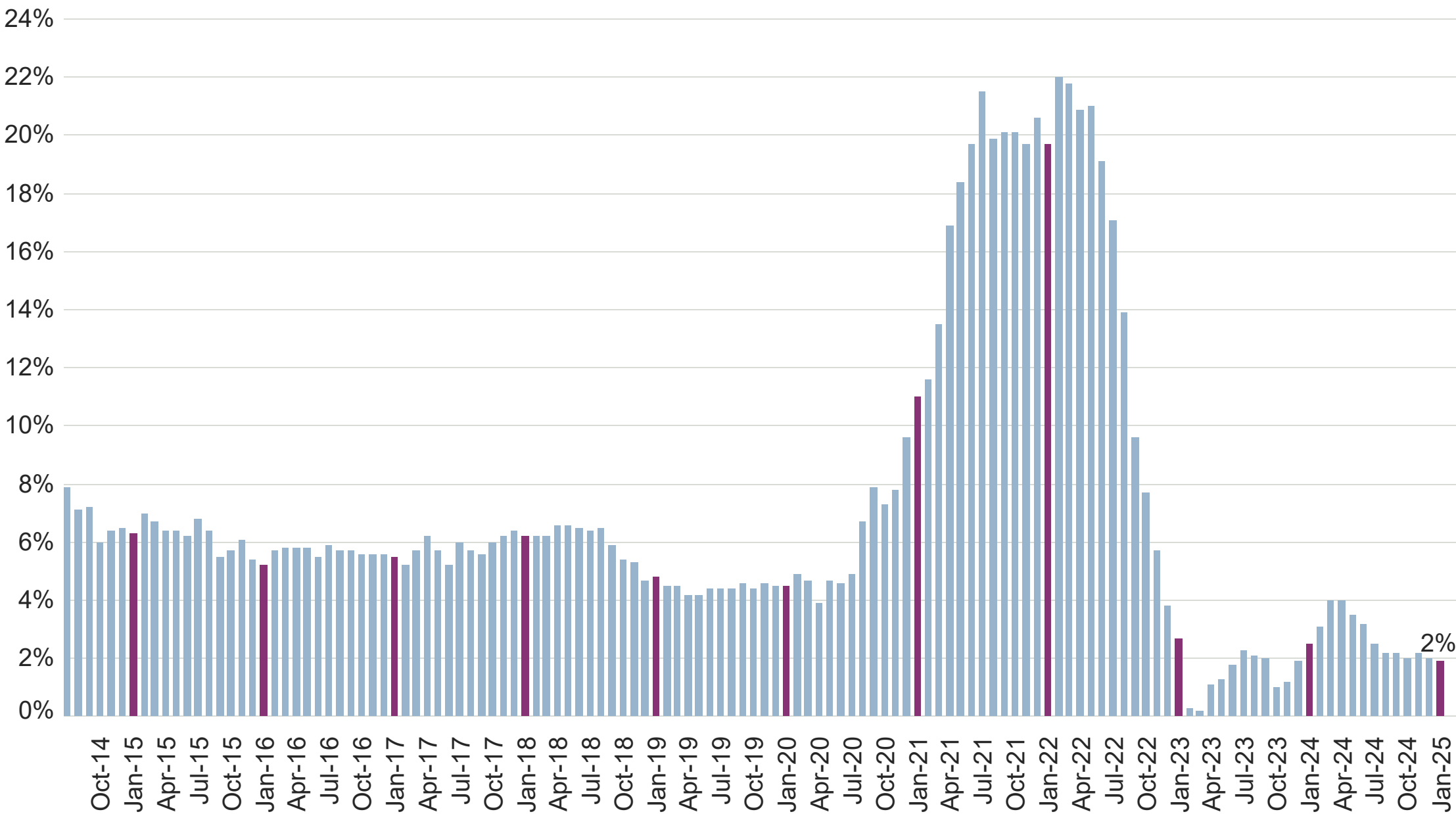
New homes priced \$600K–799K have picked up the most share since the pandemic.

Sources: Census Bureau; HUD; John Burns Research and Consulting, LLC (Data: Dec-24, Pub: Feb-25)

New home prices rose +2% YOY, net of incentives.

National New Home YOY Price Increases (Net of Incentives)

All builder responses



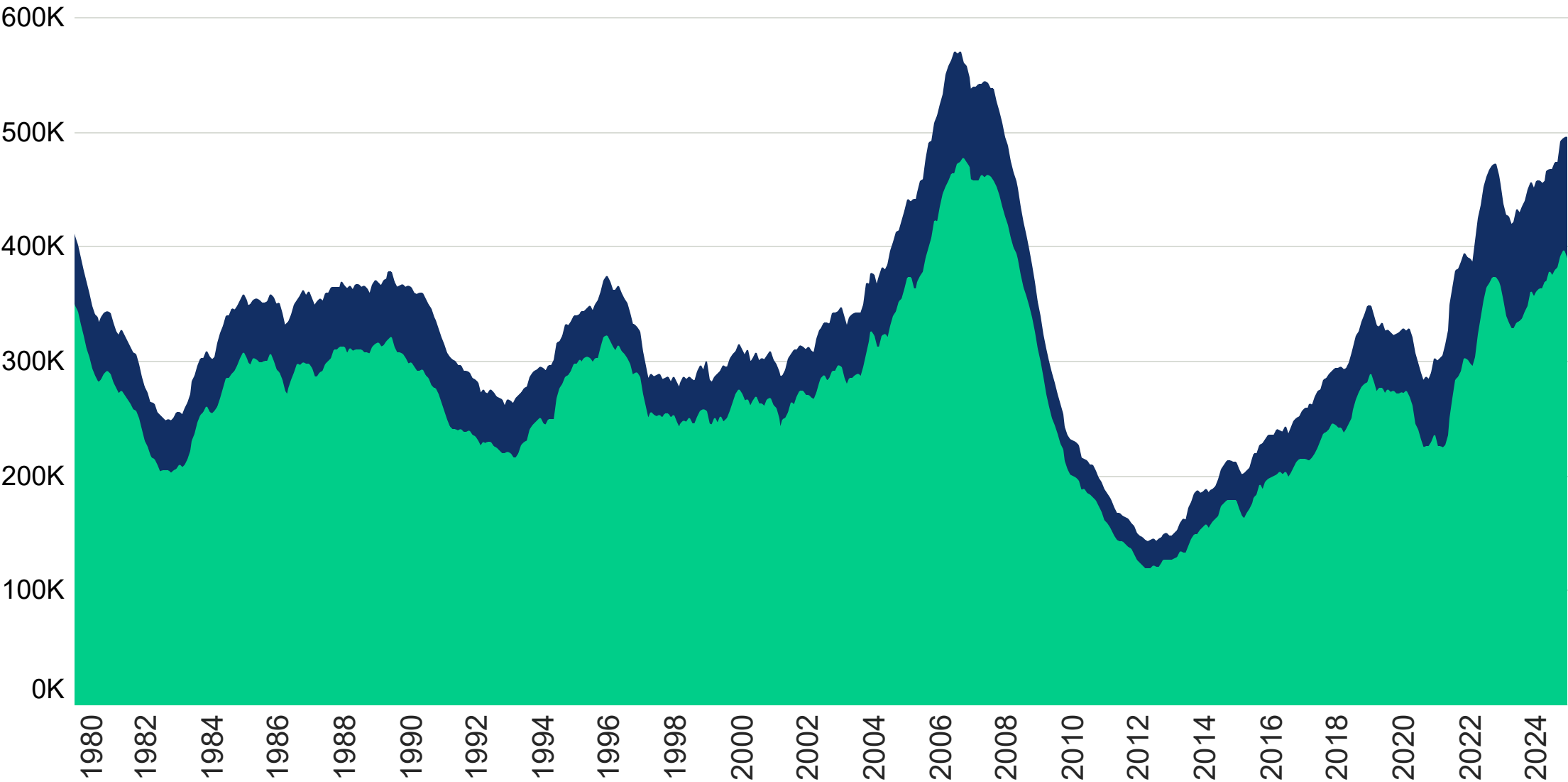
According to our monthly builder survey, new home prices (net of incentives) increased +2% YOY. We draw on the large sample size of our proprietary survey when developing our new home price forecasts.

Source: John Burns Research and Consulting, LLC, independent survey of ~21% of all US new home sales, NSA (Data: Jan-25, Pub: Feb-25)

Unsold new home inventory rose +10% YOY and new spec home inventory rose +10% YOY.

Unsold New Home Inventory

— New home inventory (NSA) = 496K (+10% YOY) — New spec home inventory (NSA) = 391K (+10% YOY)



Unsold new home inventory is -13% below peak levels reached in mid-2006 and new spec home inventory is -18% below the mid-2006 peak.

Unsold new home inventory includes new homes that are Completed, Under Construction, and Authorized but Not Started. Unsold spec home inventory includes only homes that have been started (Completed + Under Construction).

Note: Unsold new home inventory includes new homes that are Completed, Under Construction, and Authorized but Not Started. Unsold spec home inventory includes only homes that have been started (Completed + Under Construction).

Source: Census Bureau (Data: Dec-24, Pub: Feb-25)

*Historical average Jan-63 through current

There are 495K unsold single-family homes in various stages of construction.

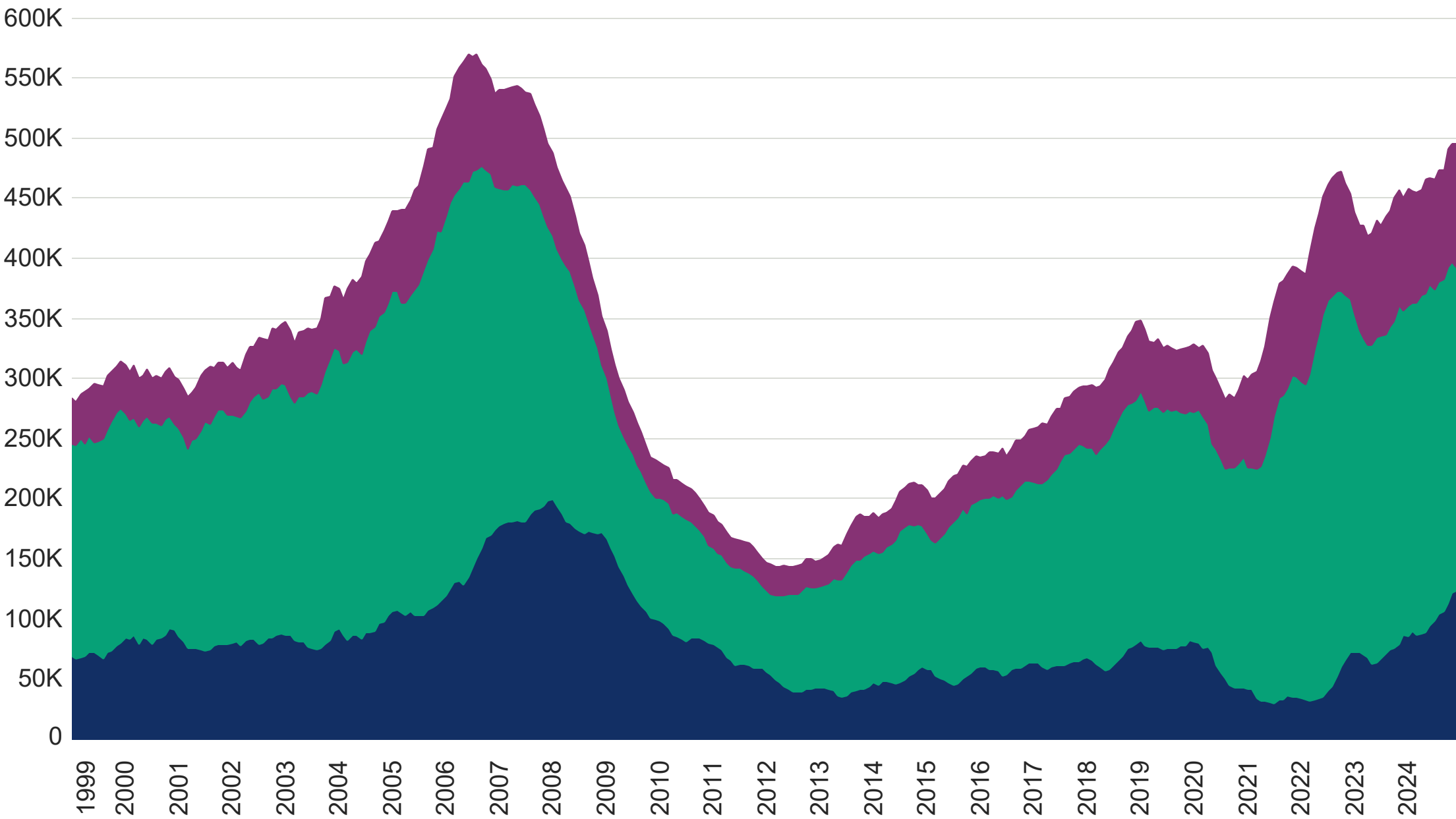
Unsold Single-Family Inventory

Not seasonally adjusted

Completed = 124,000
25% of total inventory

Under construction = 267,000
54% of total inventory

Not started = 104,000
21% of total inventory



The gap between unsold single-family homes under construction and completed remains large. Completed homes represent 25% of total inventory.

Source: Census Bureau (Data: Dec-24, Pub: Feb-25)

Completions represent 28% of sold and unsold single-family inventory.

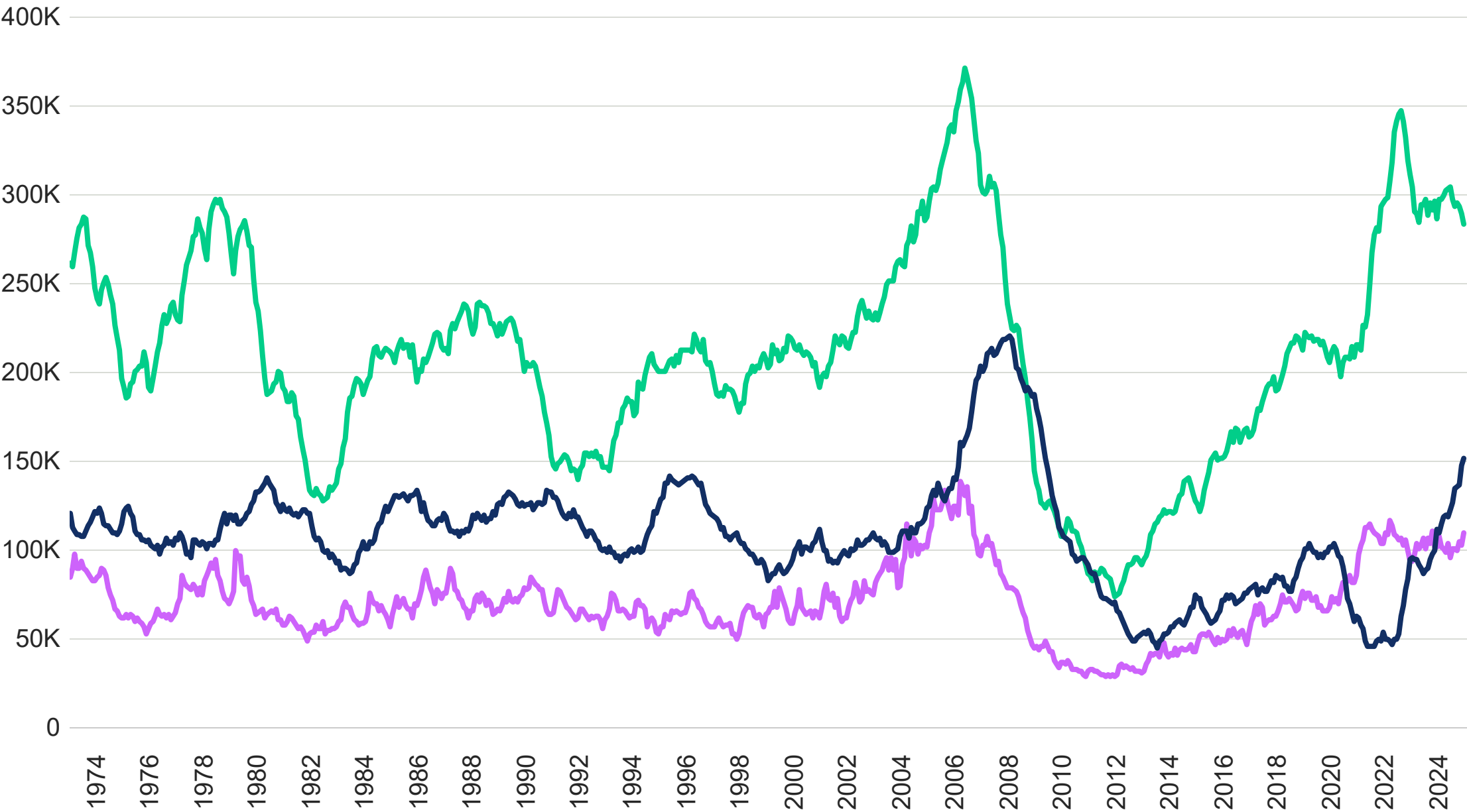
Single-Family Housing Stock Under Construction (Sold + Unsold)

Not seasonally adjusted

Completed = 152,000
28% of total inventory

Under Construction = 284,000
52% of total inventory

Not Started = 110,000
20% of total inventory



There are 284K single-family homes currently under construction, which represent 52% of total inventory. Authorized but not started homes represent 20% of total inventory.

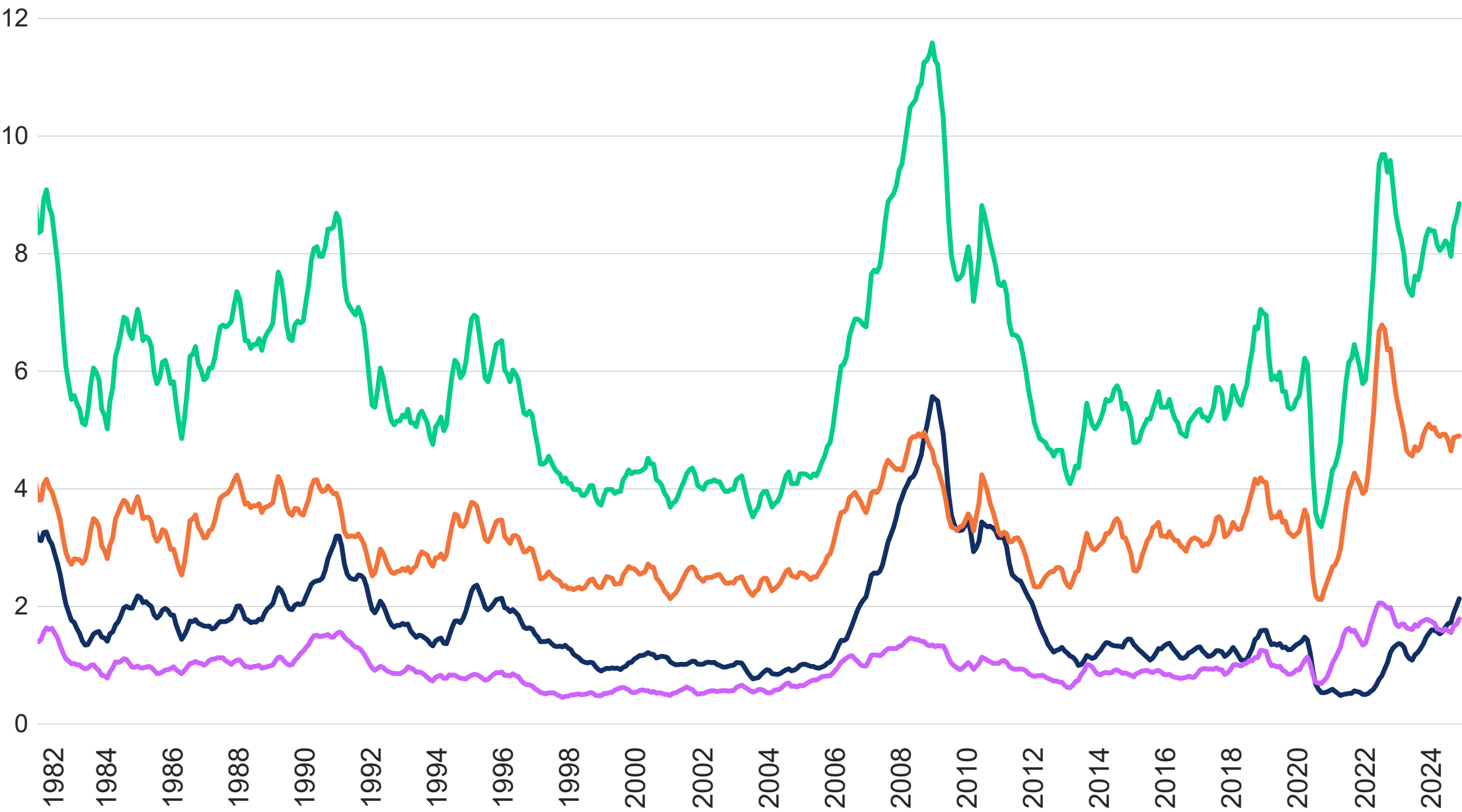
Source: Census Bureau (Data: Dec-24, Pub: Feb-25)

Unsold new home inventory rose to 8.9 months of supply in December.

Months of Supply (Unsold New Homes by Stage of Completion)

All unsold = 8.9 Not started = 1.8 Under construction = 4.9 Completed = 2.1

3-month average (all unsold equals not started + under construction + completed)

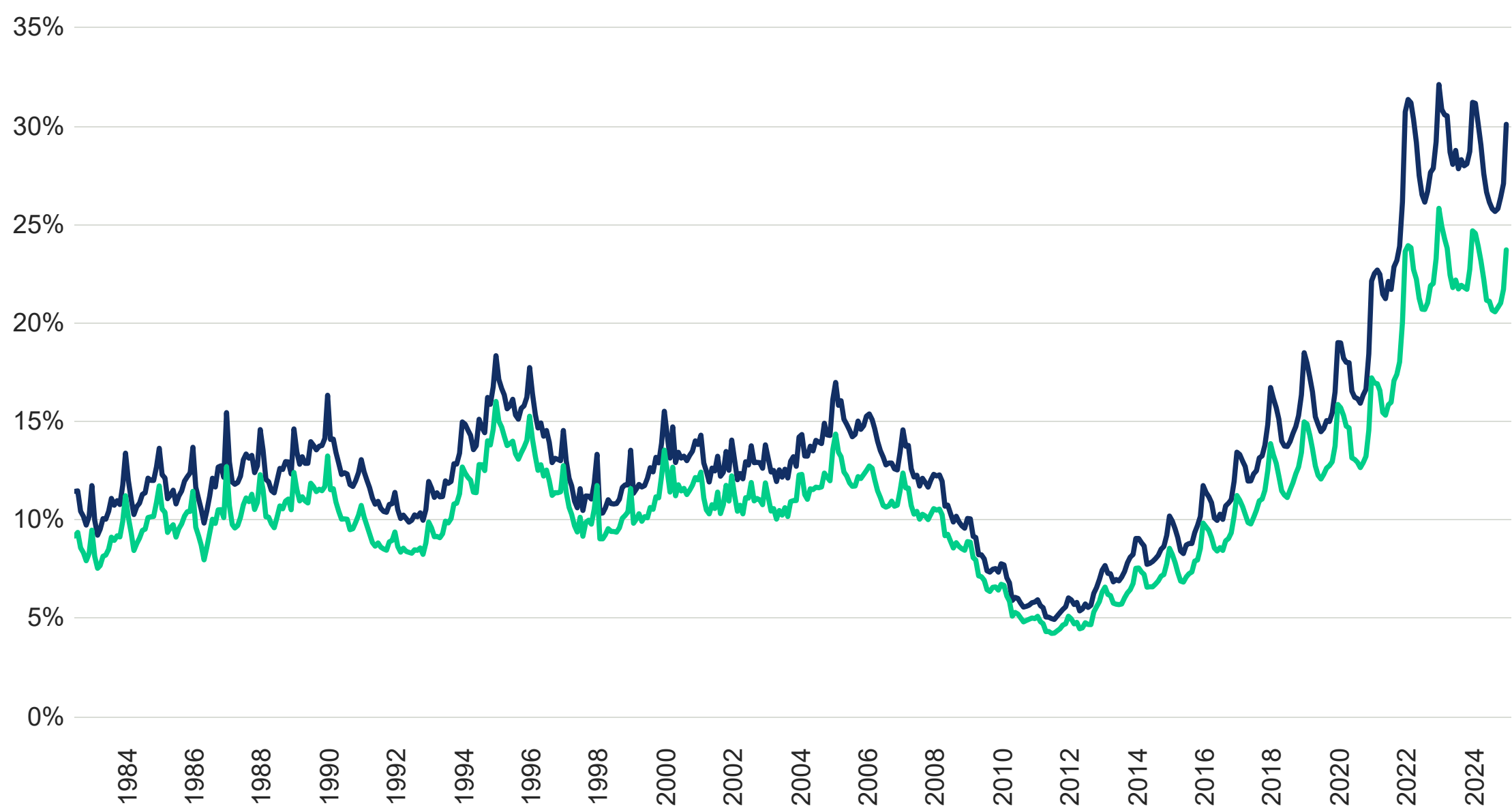


Sources: Census Bureau; John Burns Research and Consulting, LLC (Data: Dec-24, Pub: Feb-25)

New homes represented 30% of total for-sale single-family inventory in December.

New Homes for Sale as a % of Total For-Sale Single-Family Inventory

— New home share of inventory (NSA) = 30.1% — Spec home share of inventory (NSA) = 23.8%



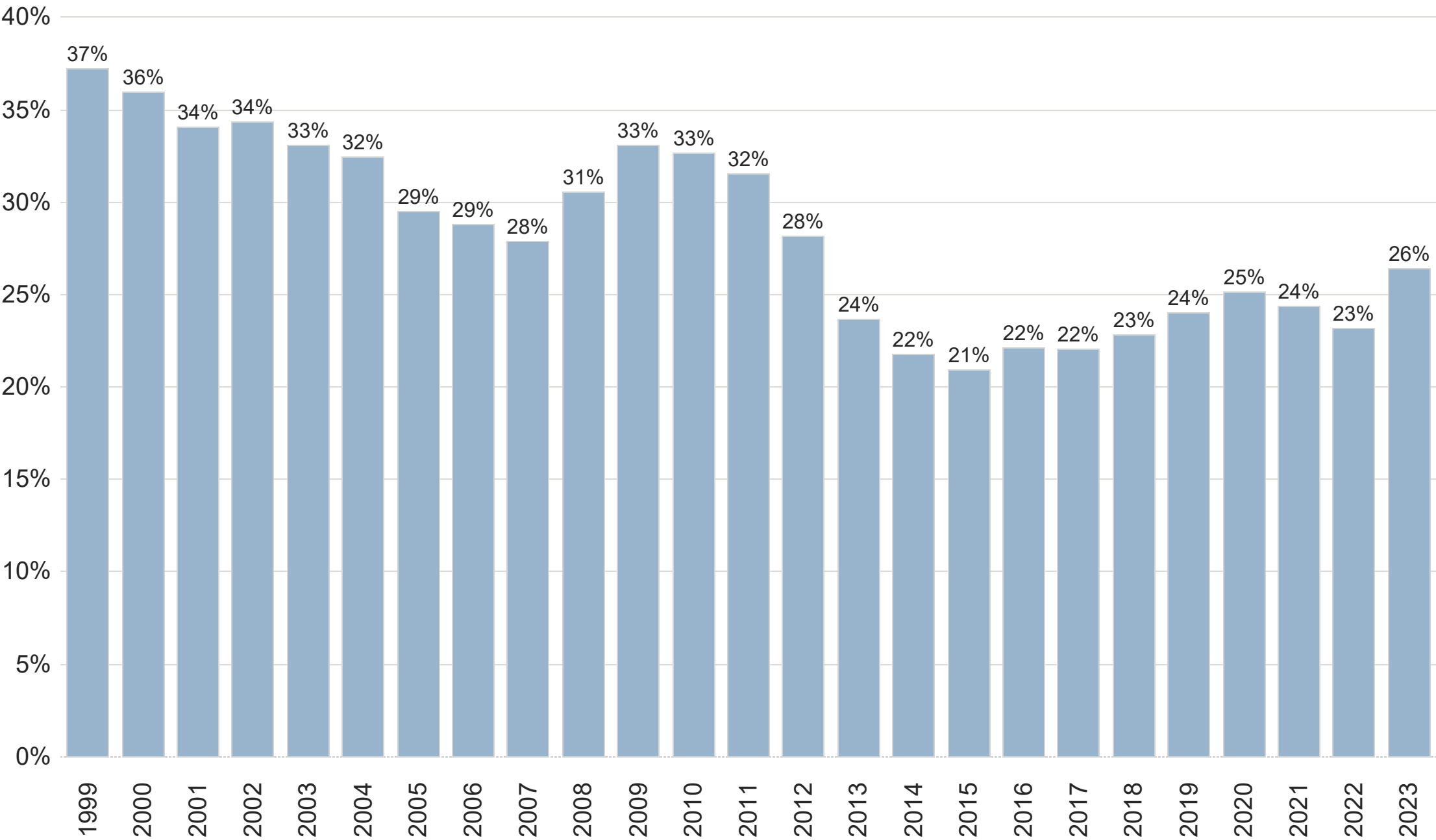
Spec home inventory represented 24% of total for-sale single-family inventory in November.

Note: Unsold new home inventory includes new homes that are Completed, Under Construction, and Authorized but Not Started. Unsold spec home inventory includes only homes that have been started (Completed + Under Construction).

Source: National Association of Realtors, Census Bureau, John Burns Research and Consulting, LLC (Data: Dec-24, Pub: Feb-25)

New homes <1,800 sq. ft. are losing market share.

Percentage of New Homes Built with Less than 1,800 Square Feet



Since 1999, new homes built with less than 1,800 sq. ft. declined from 37% to just 26% of the overall new home market.

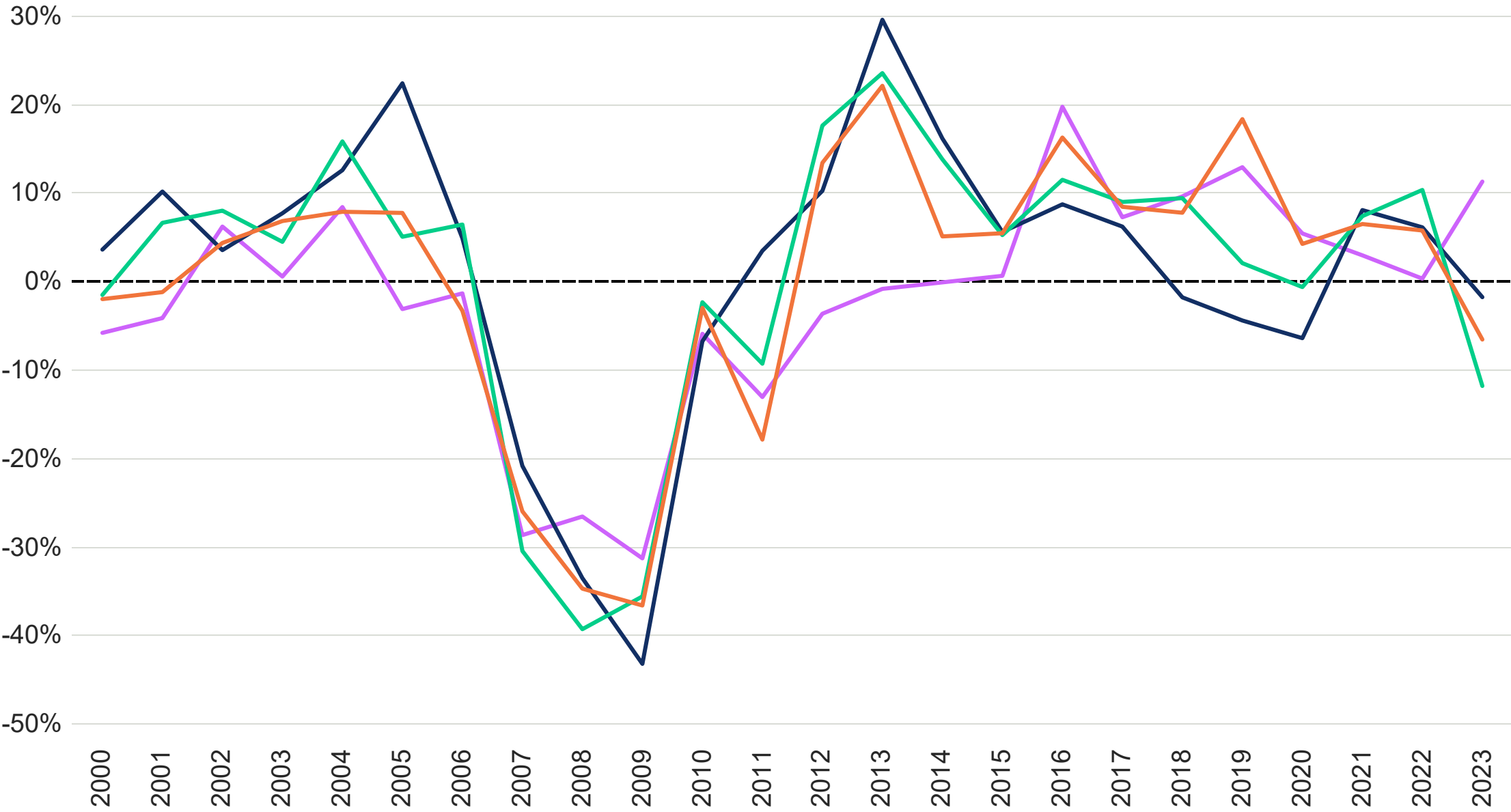
Source: Census Bureau (Data: 2023, Pub: Feb-25)

Completions of new homes between 2,400 sq. ft. and 2,999 sq. ft. fell -12% YOY in 2023.

New Single-Family Completions

YOY % Change in square feet of floor area

- Under 1,799 (+11% YOY)
- 1,800 - 2,399 (-6% YOY)
- 2,400 - 2,999 (-12% YOY)
- 3,000+ (-2% YOY)



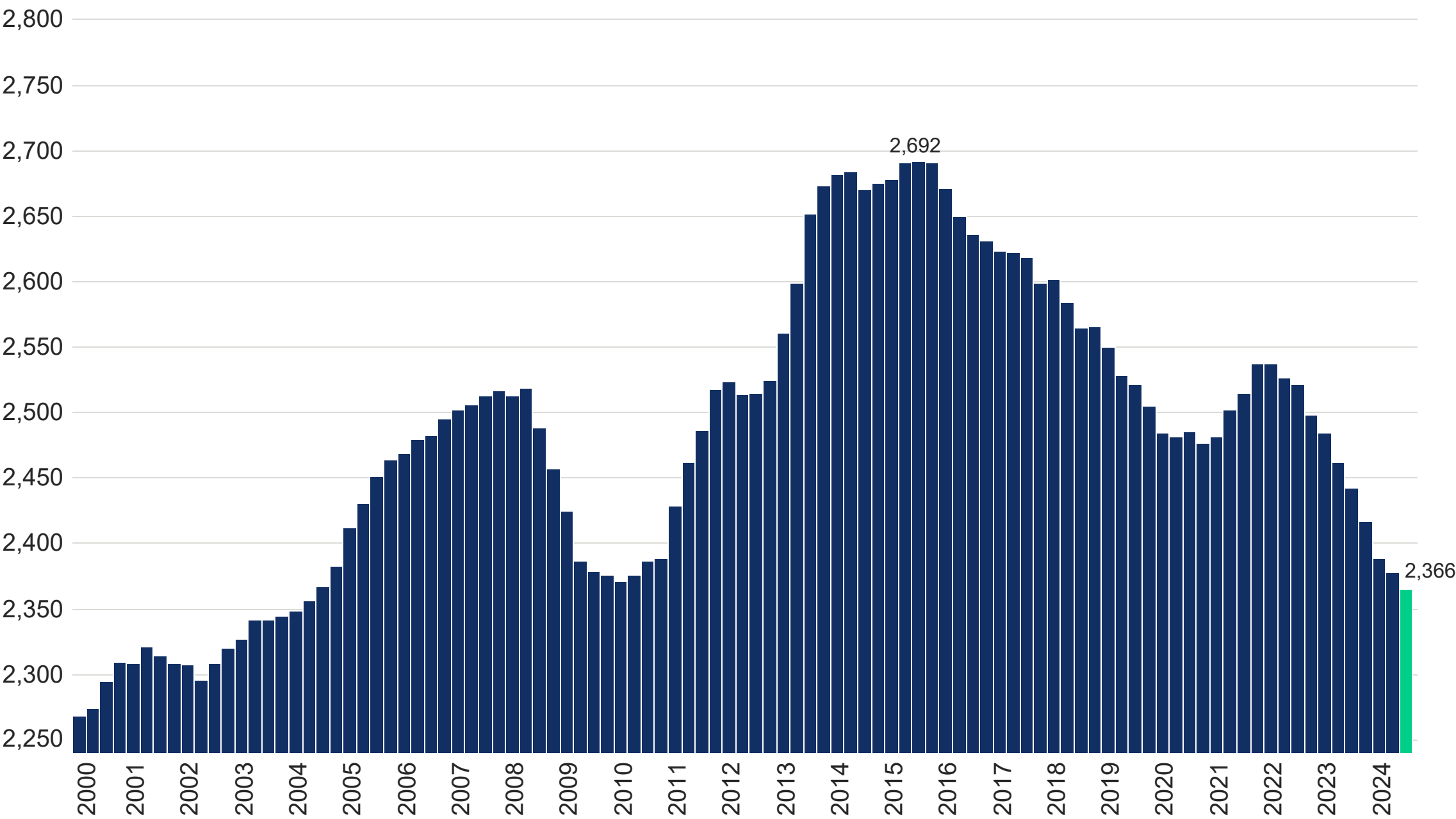
Completions of new single-family homes under 1,799 sq. ft. increased +11% YOY in 2023.

Source: Census Bureau (Data: 2023, Pub: Feb-25)

New single-family homes are smaller now than at any time since 2004.

Size of New Single-Family Homes

Rolling 4 quarters SF starts: average floor area Current* = 2,366

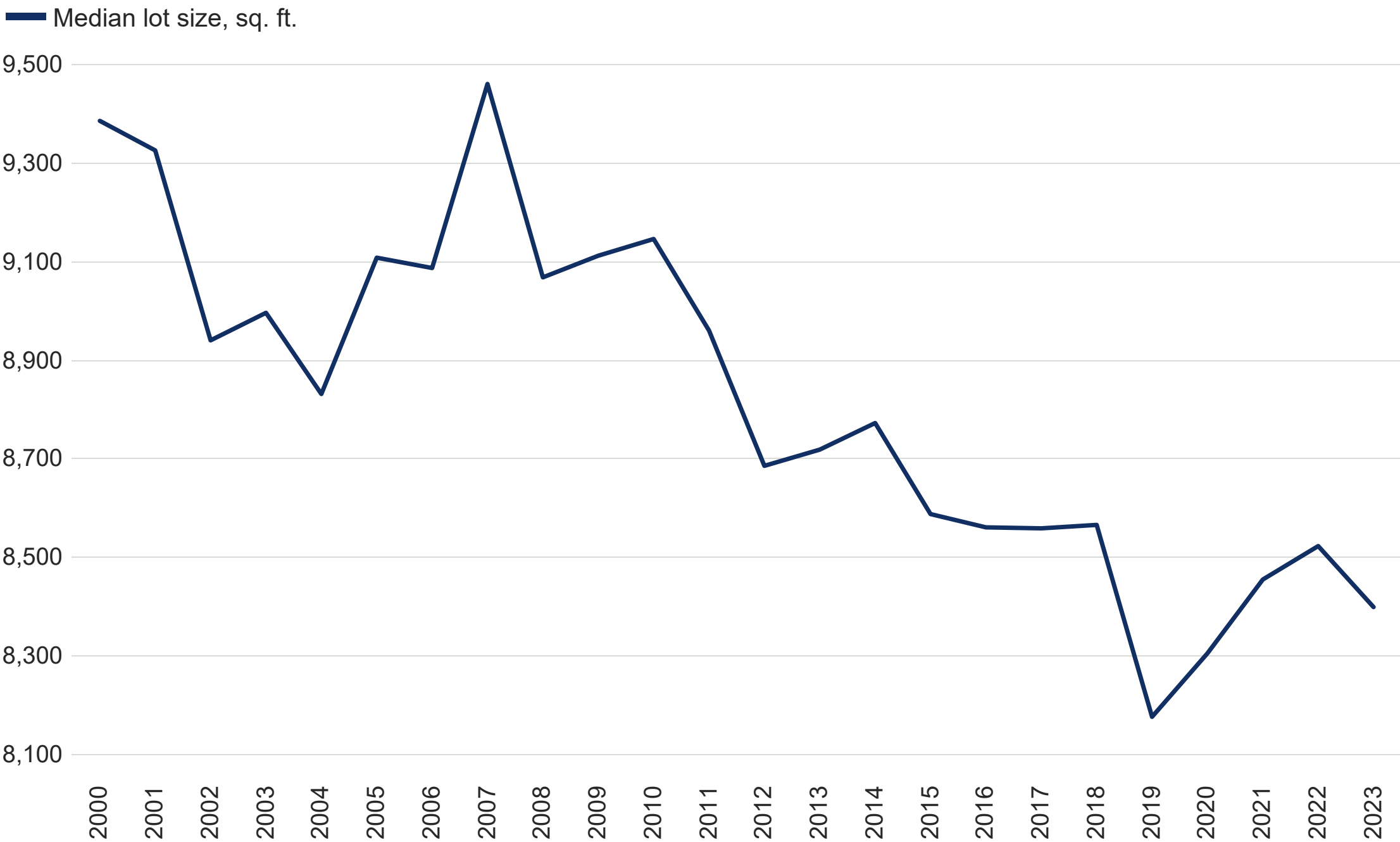


The average size of new single-family homes fell in 3Q24.

Source: Census Bureau (Data: 3Q24, Pub: Feb-25)

Median lot sizes have been trending down since the Global Financial Crisis.

Median Lot Size: New Homes Sold*



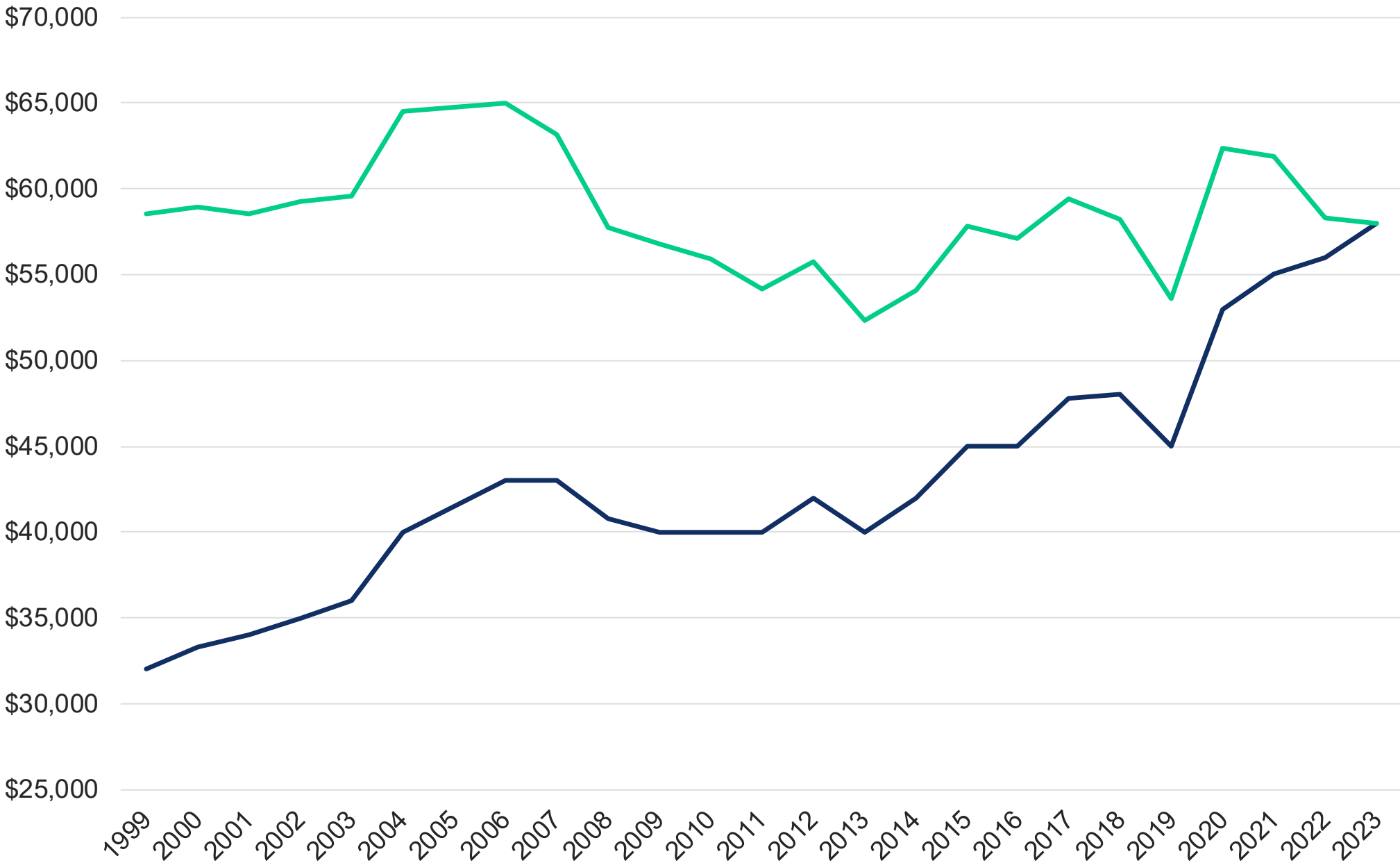
Since 2000, lot sizes have declined -11%. As first-time buyers enter the market, builders are pivoting to denser projects to accommodate this rising demand.

Source: Census Bureau (Data: 2023, Pub: Feb-25) *Single-family detached

Inflation-adjusted median lot values remain steady over time.

Median Lot Values

Single-family detached spec homes started — Median lot values — CPI adjusted

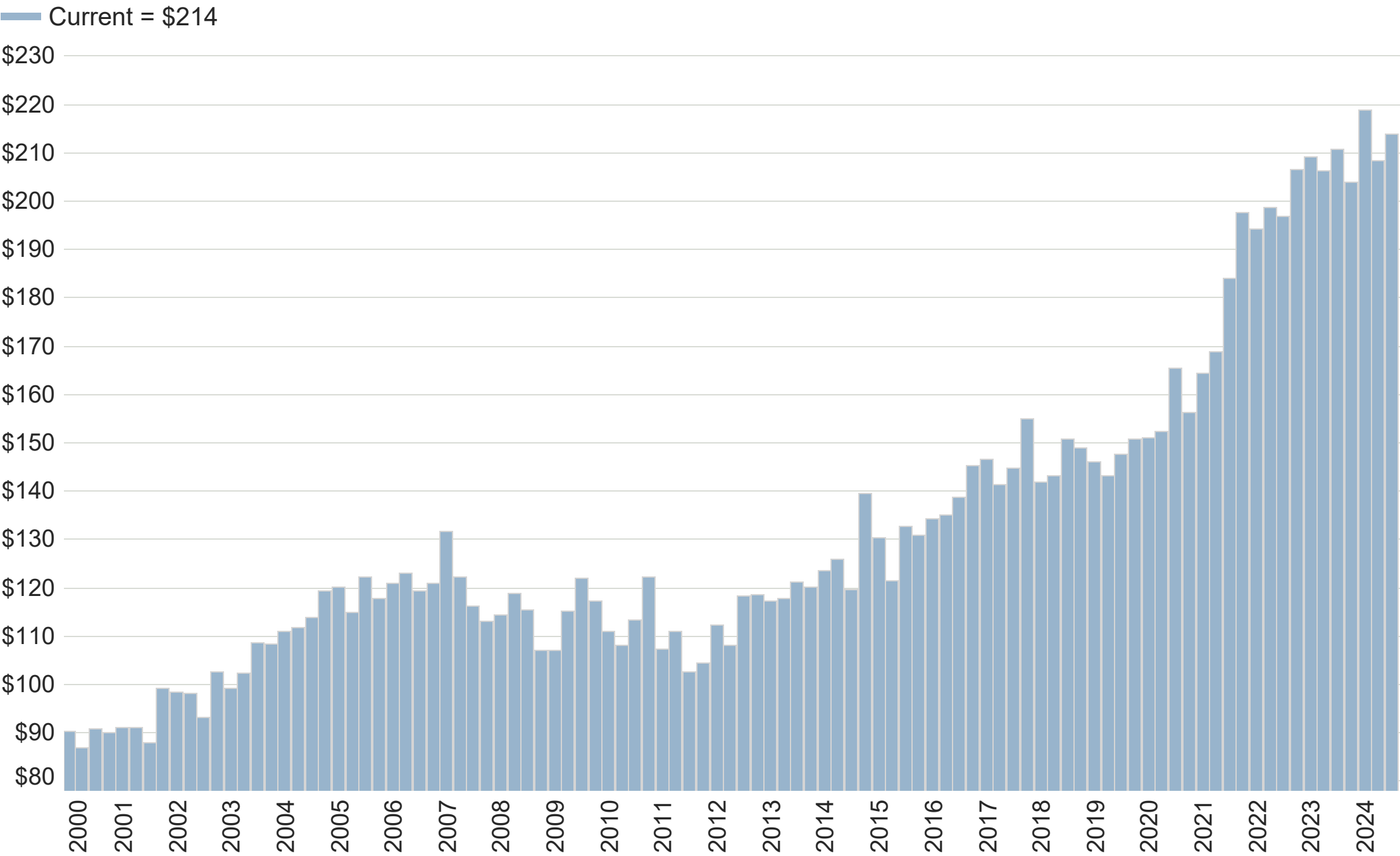


While median lot values, adjusted for inflation, have held steady since 1999, lot sizes have steadily declined over the same period.

Source: John Burns Research and Consulting, LLC; Census Bureau (Data: 2023) Pub: Feb-25

The average price per sq. ft. of new homes rose in 3Q24.

Average Price per Square Foot of Newly Built US Homes

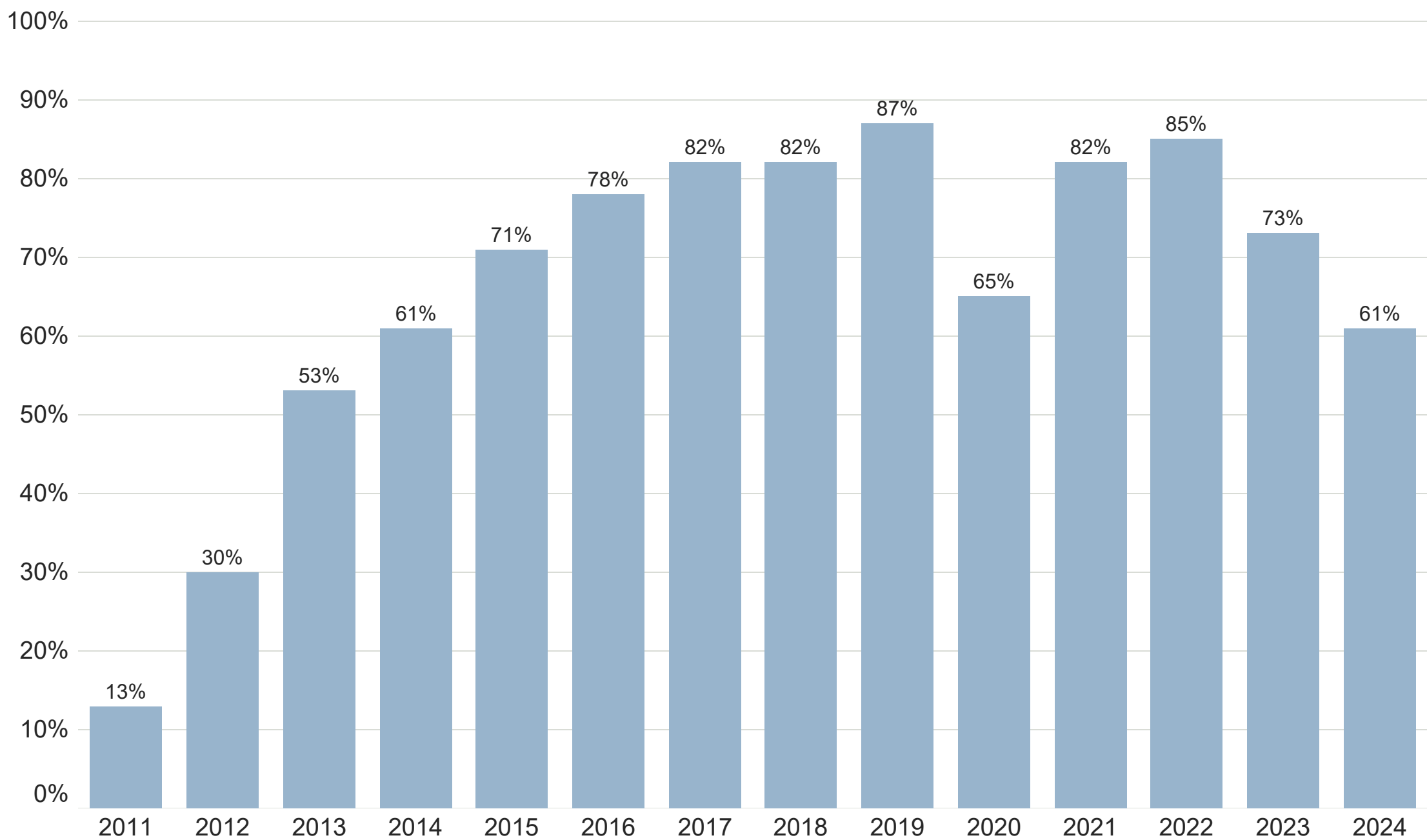


The average price per square foot for a newly built home in 3Q24 rose +1.4% YOY to \$214.

Sources: Census Bureau; John Burns Research and Consulting, LLC (Data: 3Q24, Pub: Feb-25)

The percentage of builders experiencing labor challenges decreased in 2024.

Percentage of Builders Reporting Cost/Availability of Labor as a Challenge



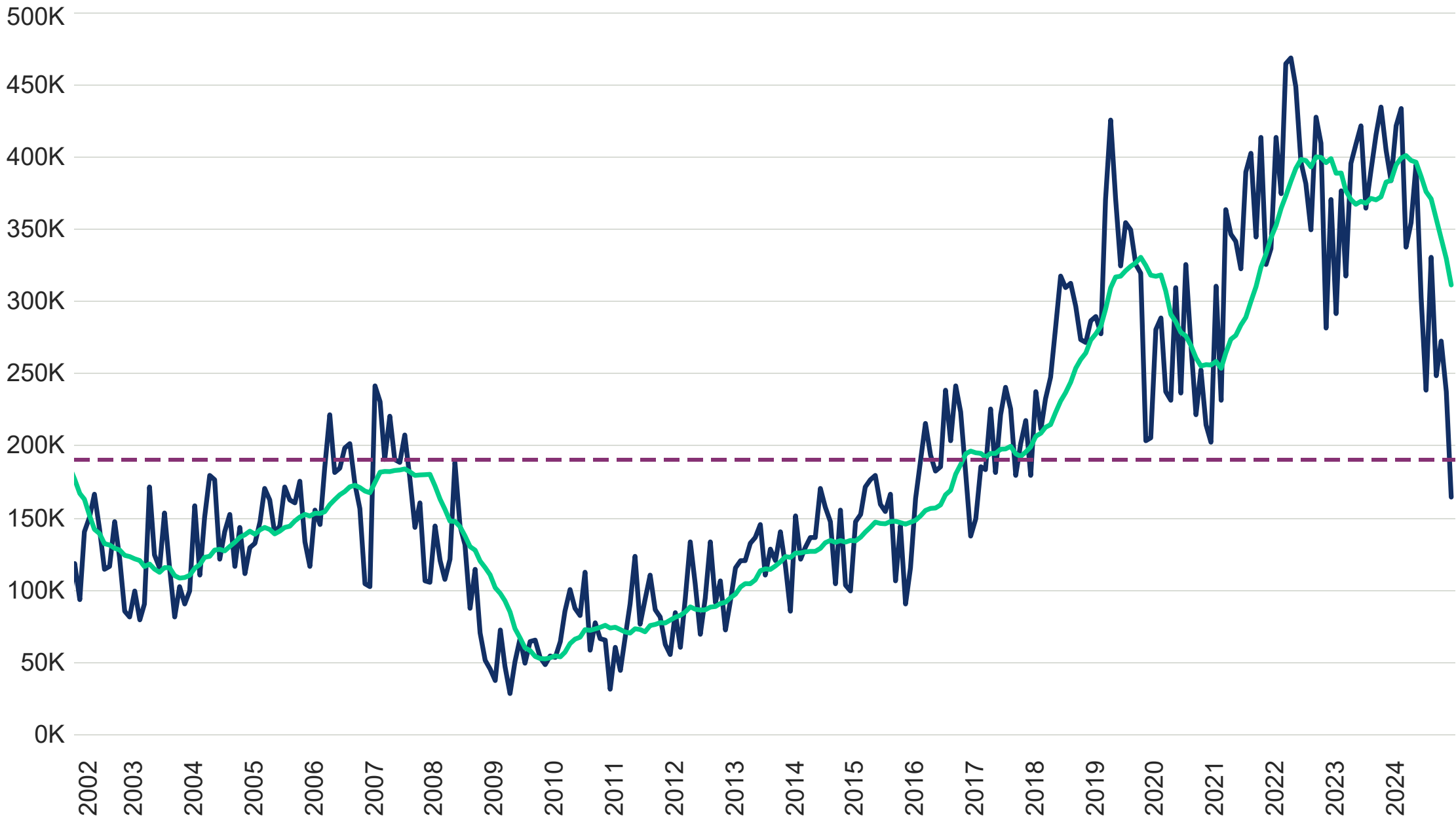
61% of builders experienced labor shortages in 2024, and 64% expect labor availability to be a challenge in 2025. Shortages drive up builder costs, lengthen building cycle times, and hamper construction activity.

Source: NAHB (Data: Dec-24, Pub: Feb-25)

Construction job openings fell to 165K in December.

Construction Job Openings

12-month average = 312K Current = 165K Historical average* = 190K



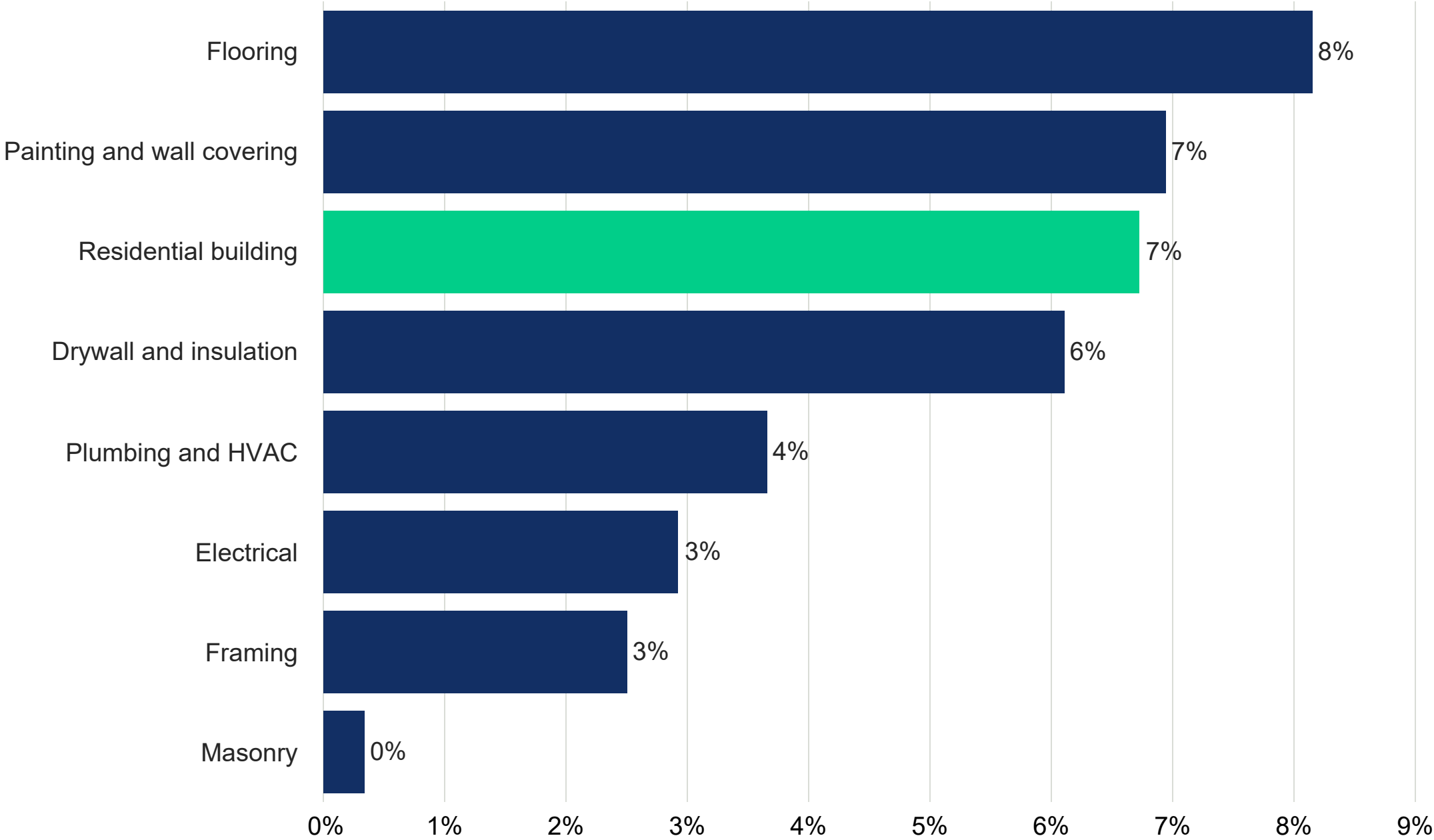
Construction job openings are at their lowest level since 2017. Note that this includes all sectors of construction, including single-family, multifamily, and non-residential construction.

Sources: Bureau of Labor Statistics; John Burns Research and Consulting, LLC (Data: Dec-24, Pub: Feb-25) *Historical average: Jan-01 through current

Construction contractor wages rose +7% YOY.

Construction Contractor Hourly Wages

YOY % change*

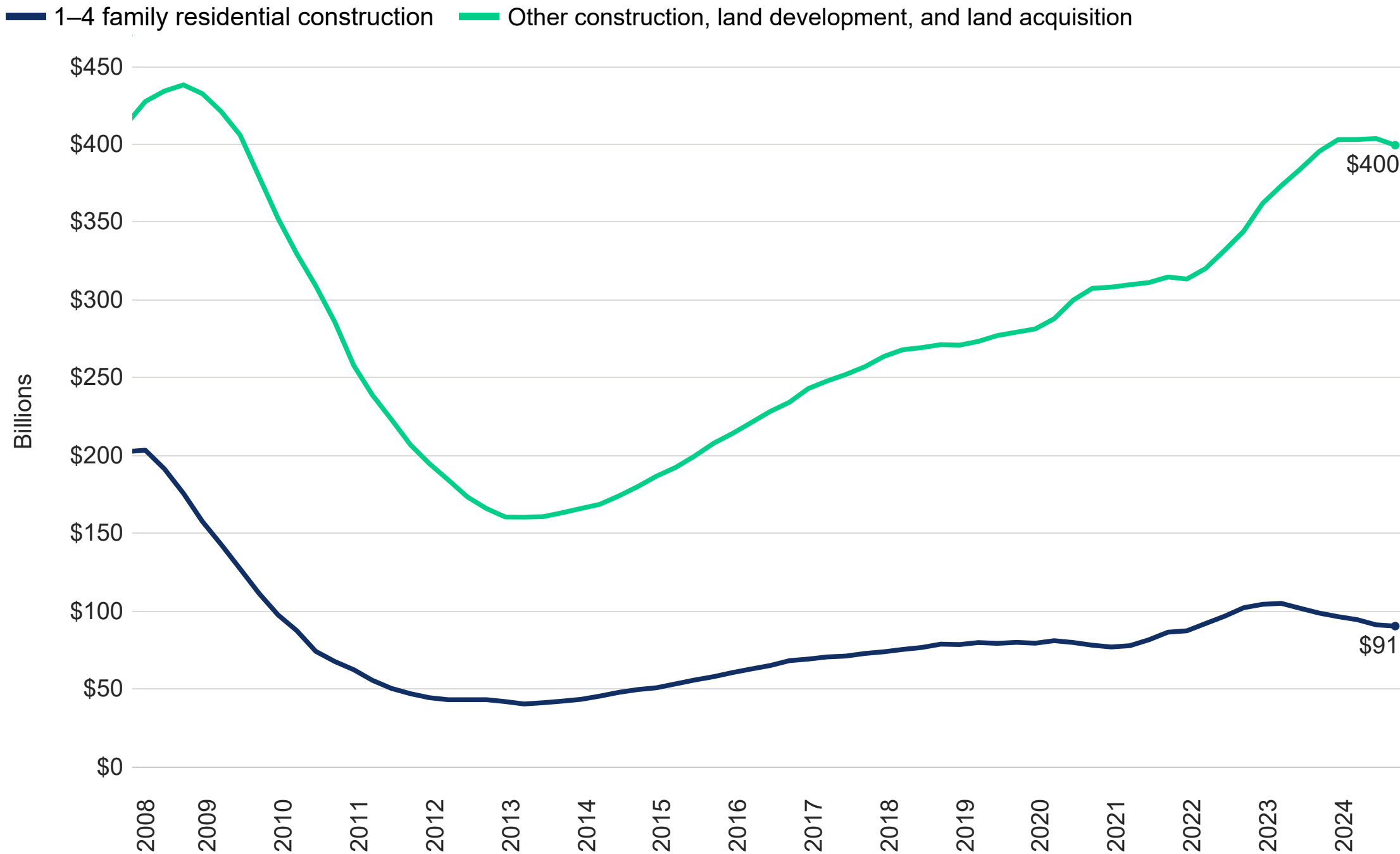


Hourly wages for construction contractors increased +7% YOY, with notable dispersion between trades. Flooring wages gained +8%; masonry wages stayed flat YOY.

Source: Bureau of Labor Statistics (Data: Dec-24, Pub: Feb-25) *We take a 3-month average to remove unnecessary volatility.

AC&D loan balances remain high, though 1–4 family loan balances are falling.

Total Loans Outstanding: Land Acquisition, Construction, and Development



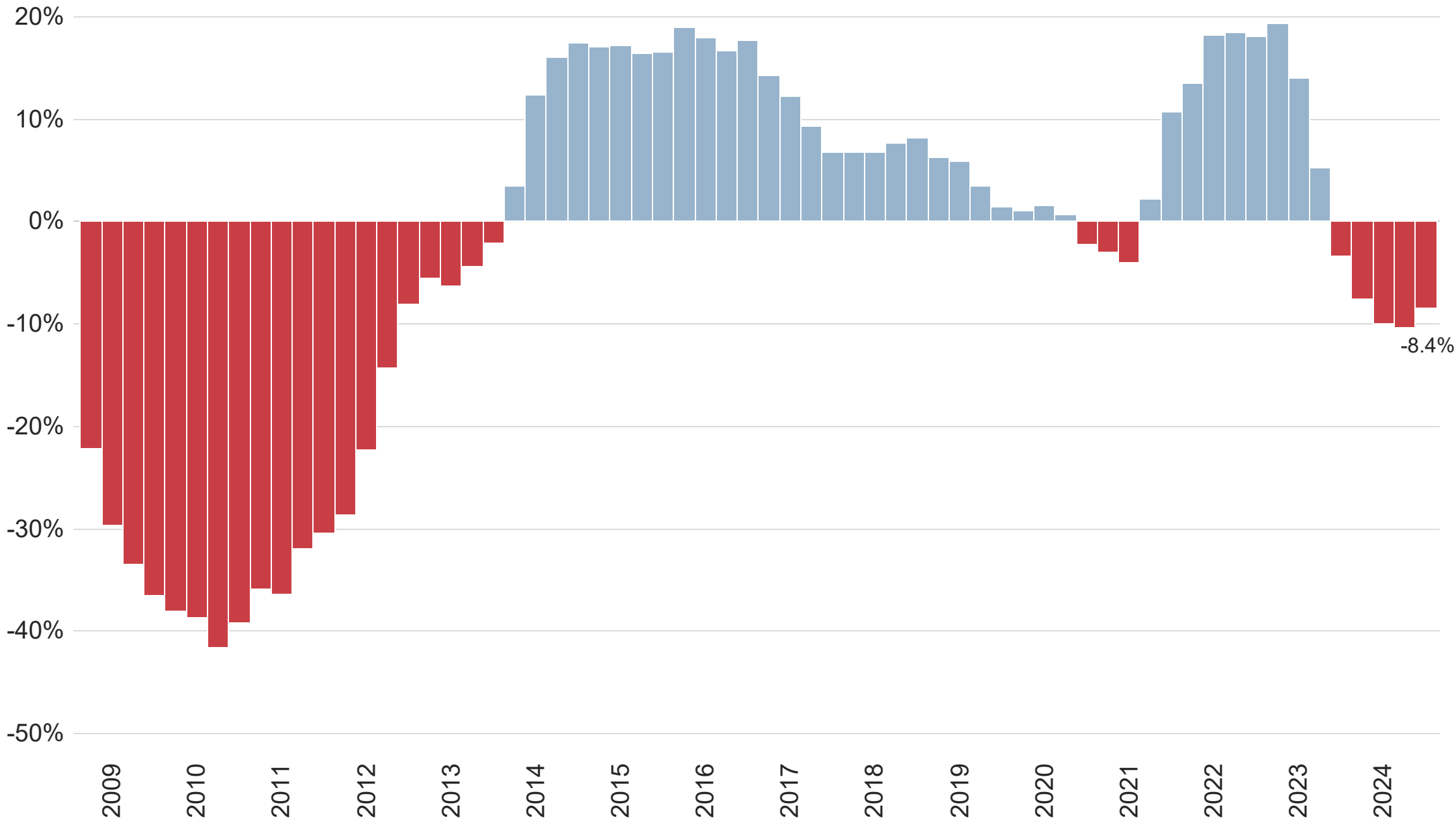
Outstanding balances on loans for land acquisition, development, and construction (AD&C), excluding 1–4 family residential construction, reached \$400 billion (+1% YOY). 1–4 family residential construction represents a better proxy for single-family construction and has decreased -8% YOY.

Source: FDIC (Data: 3Q24, Pub: Feb-25)

1–4 family residential construction loan growth is slowing.

1–4 Family Residential Construction Loan Growth

1–4 family residential construction loans = -8.4% YOY

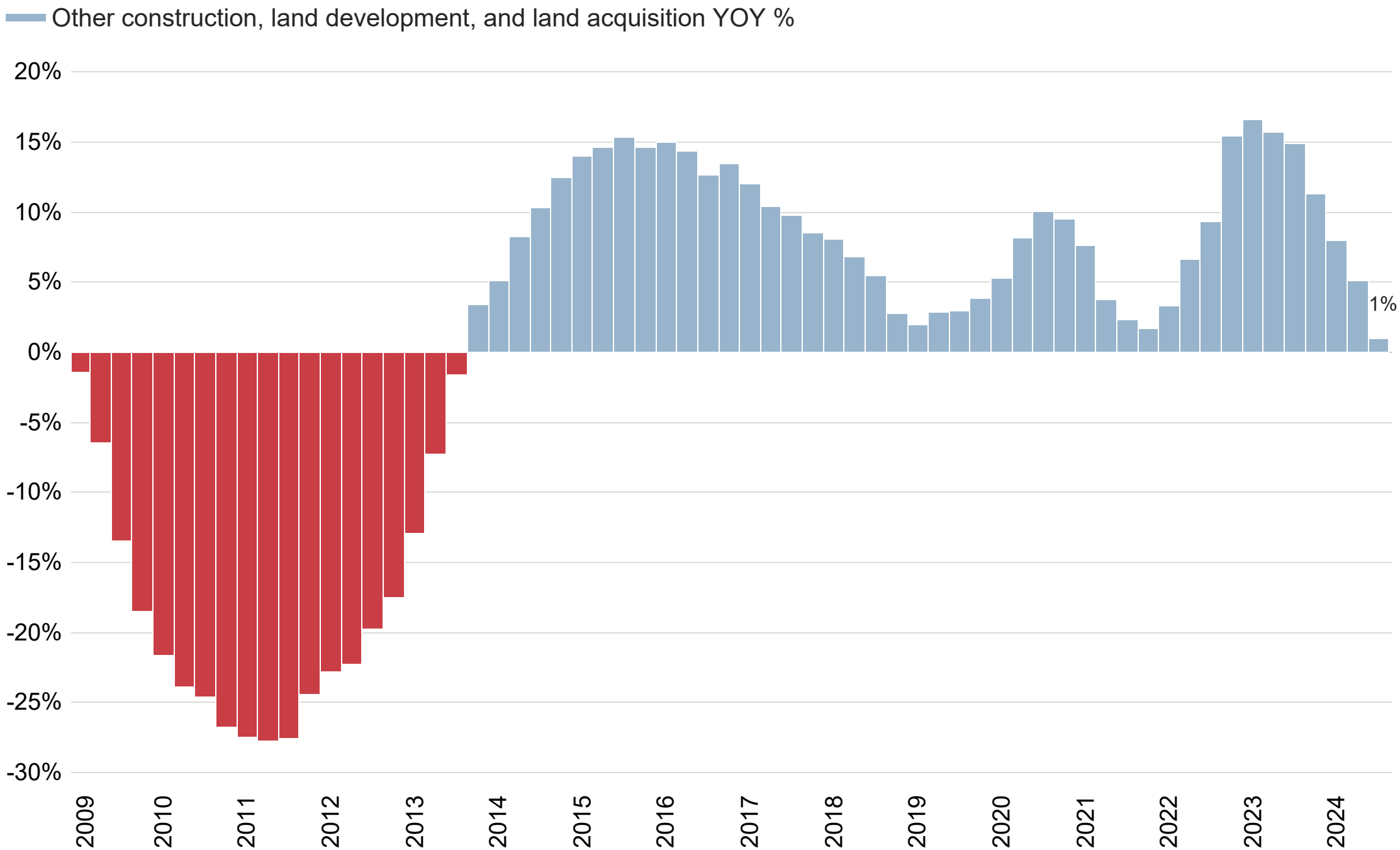


The outstanding balances for single-family residential construction loans declined -8.4% YOY

Source: FDIC (Data: 3Q24, Pub: Feb-25)

Other construction loan balances are growing slightly.

Other Construction Loan Growth

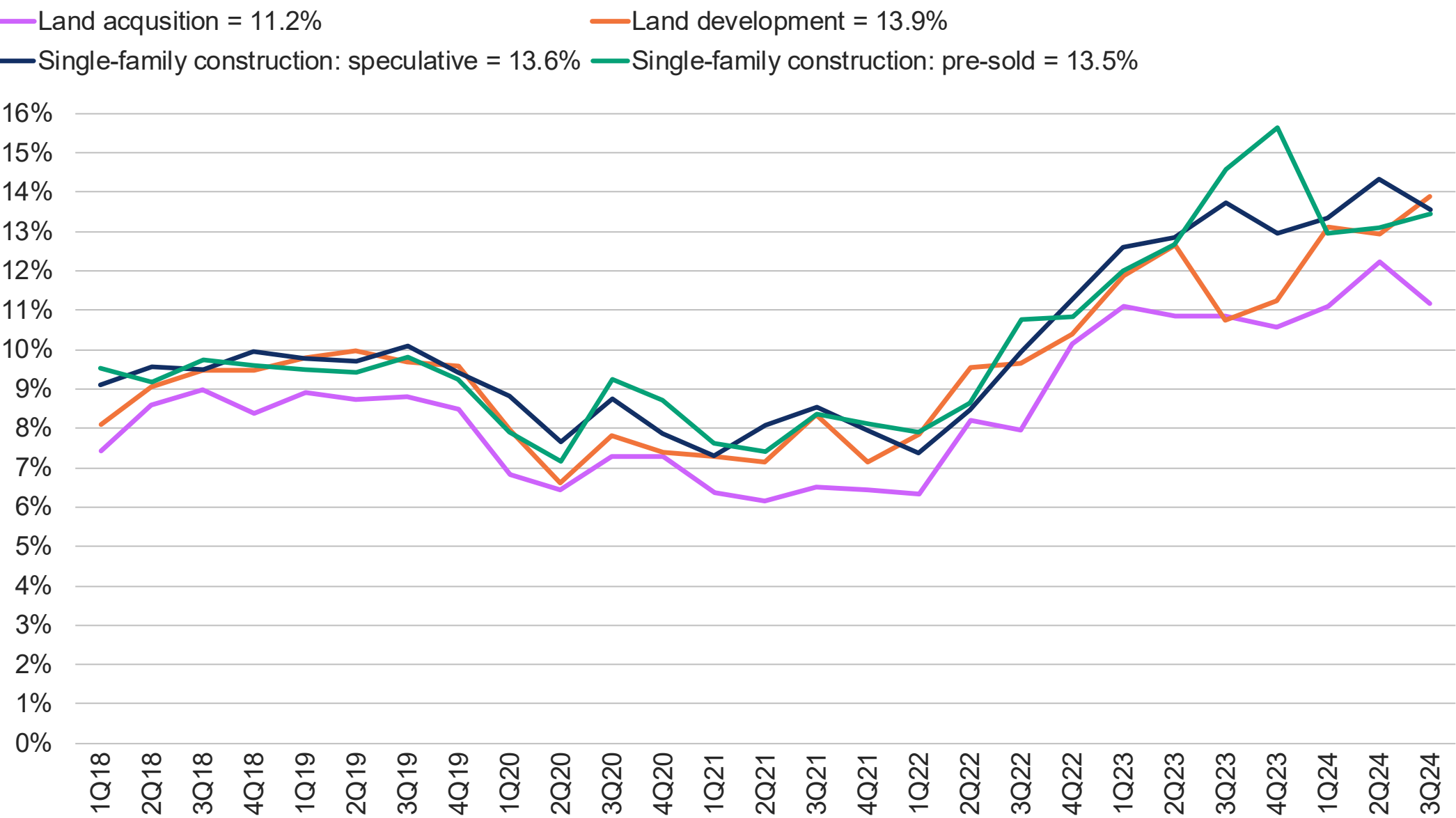


The outstanding balances for construction loans (excluding 1–4 family residential construction), land development loans, and land acquisition loans increased +1% YOY.

Source: FDIC (Data: 3Q24, Pub: Feb-25)

Interest rates on land development grew to 13.9% in 3Q24.

Average Effective Interest Rate for Land Acquisition, Land Development, and Single-Family Construction Loans



Interest rates for pre-sold single-family construction remained relatively flat in 3Q24, while interest rates for land acquisition and speculative single-family construction loans fell to 11.2% and 13.6%, respectively.

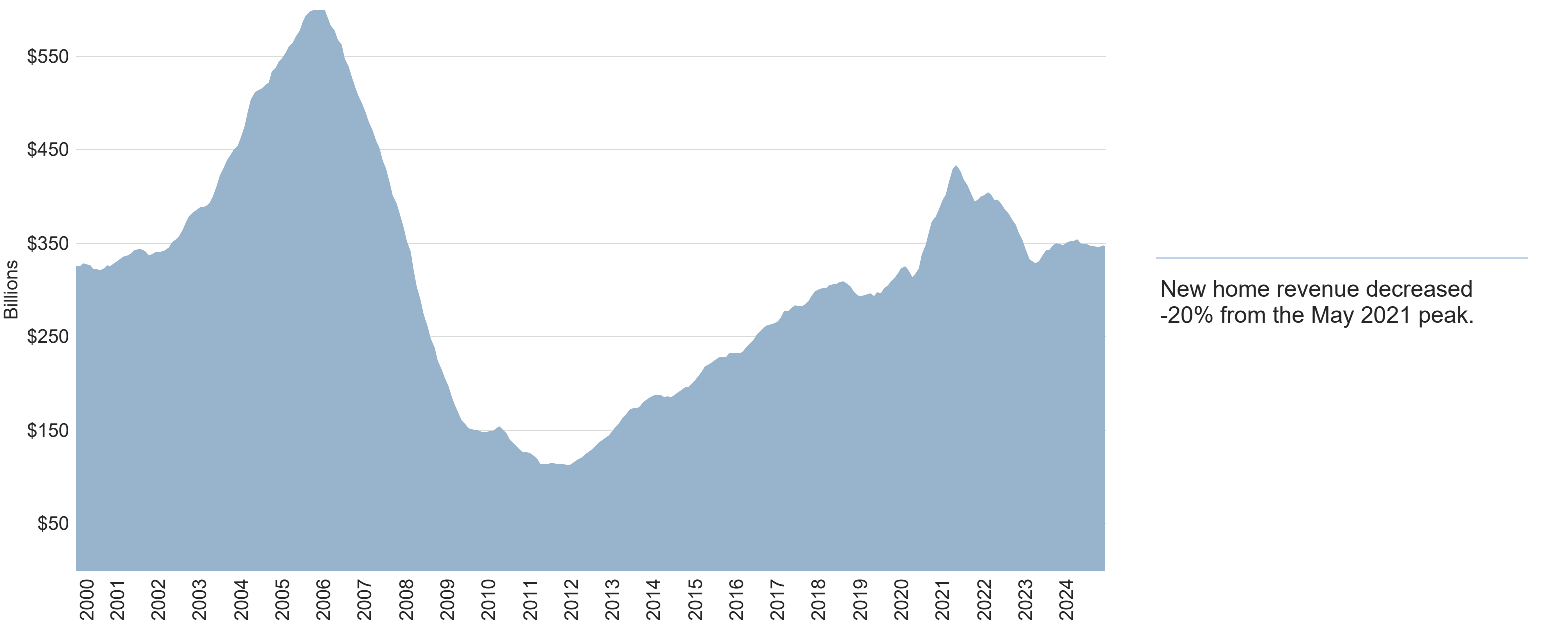
We believe these rates to be somewhat disconnected from conditions relating to big builders, as NAHB's sample includes many small builders in rural areas. We trust our monthly survey of builders, which includes a big geographic footprint and feedback from top executives of many larger production builders.

Sources: NAHB; John Burns Research and Consulting, LLC (Data: 3Q24, updated quarterly†) Pub: Feb-25

New home revenue remained flat YOY.

New Home Revenue

Inflation-adjusted, rolling 12 months



New home revenue decreased -20% from the May 2021 peak.

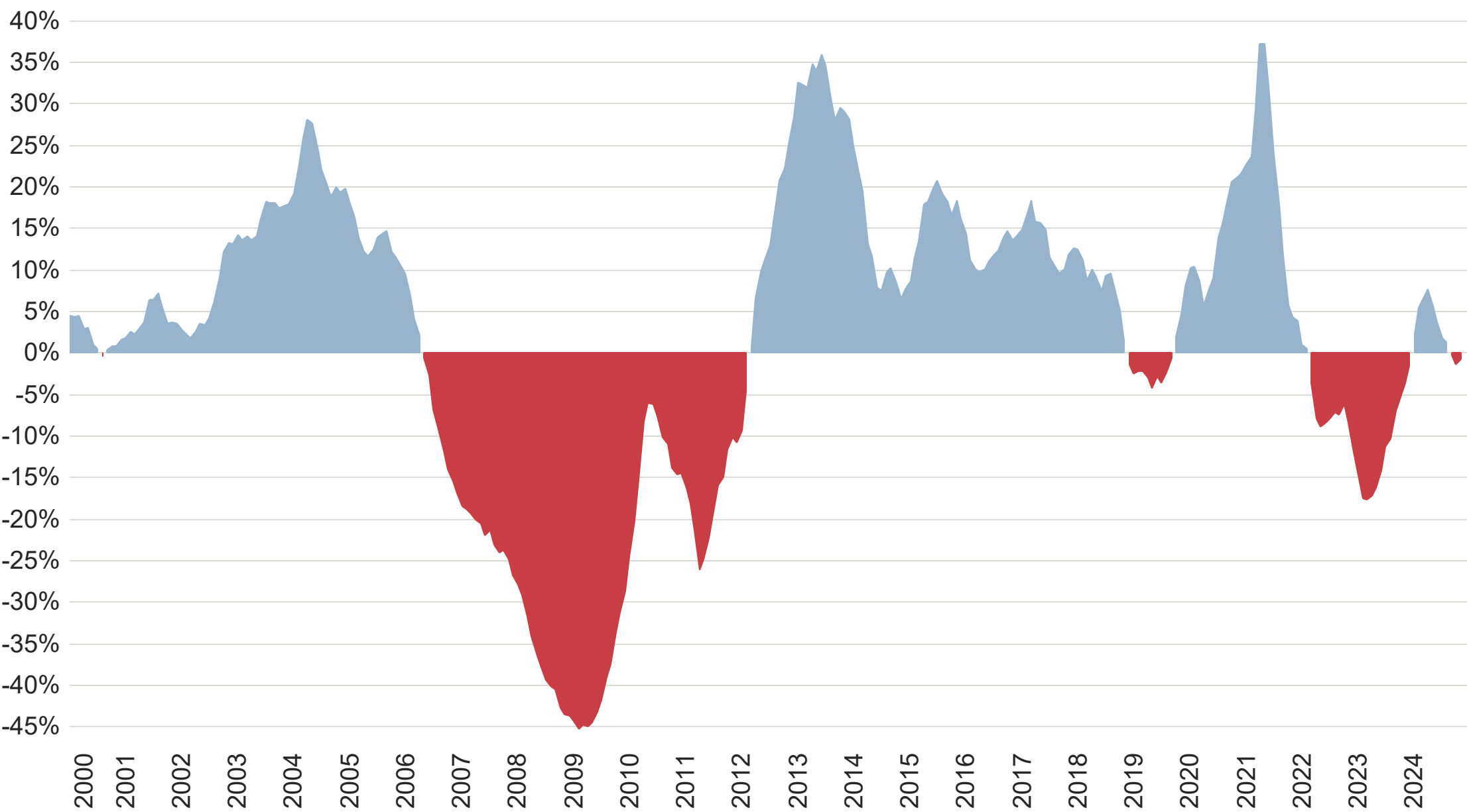
Note: Annual new home revenue calculated as rolling 12-month count of new home sales multiplied by average price of home sold, adjusted to Dec-24 dollars.

Source: John Burns Research and Consulting, LLC, calculations of Census Bureau data (Data: Dec-24, Pub: Feb-25)

New home revenue is flat YOY.

New Home Revenue

Inflation-adjusted, rolling 12 months



New home revenue remained flat YOY on a rolling TTM non-seasonally adjusted basis.

Note: Annual new home revenue calculated as rolling 12-month count of new home sales multiplied by average price of home sold, adjusted to Dec-24 dollars.

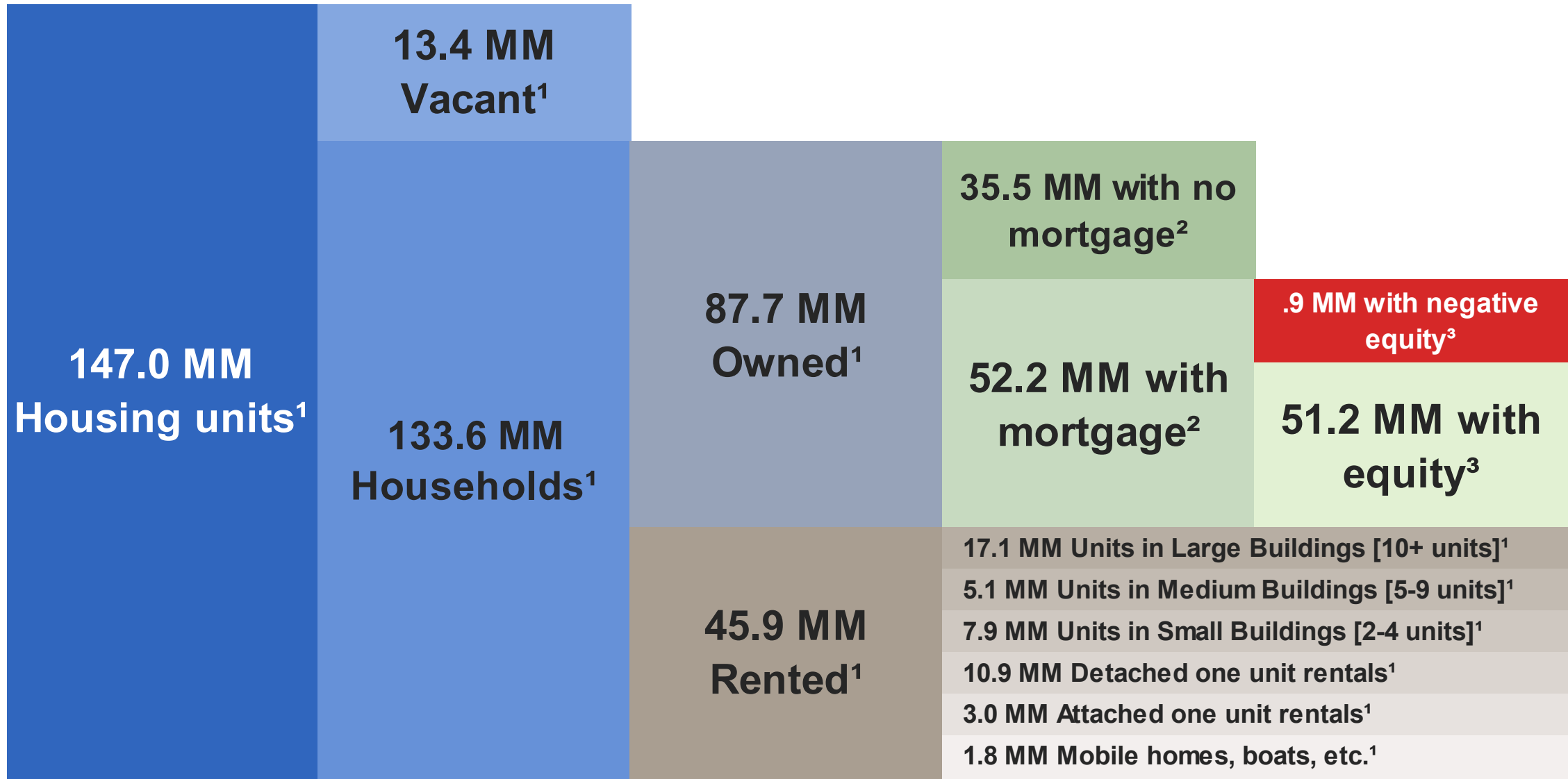
Source: John Burns Research and Consulting, LLC, calculations of Census Bureau data (Data: Dec-24, Pub: Feb-25)



Supply

Housing supply

Housing supply overview



¹JBREC estimates using 2020 Decennial Census figures and trending data from ACS / HVS

²JBREC extrapolation from Mortgage Bankers Association and Census

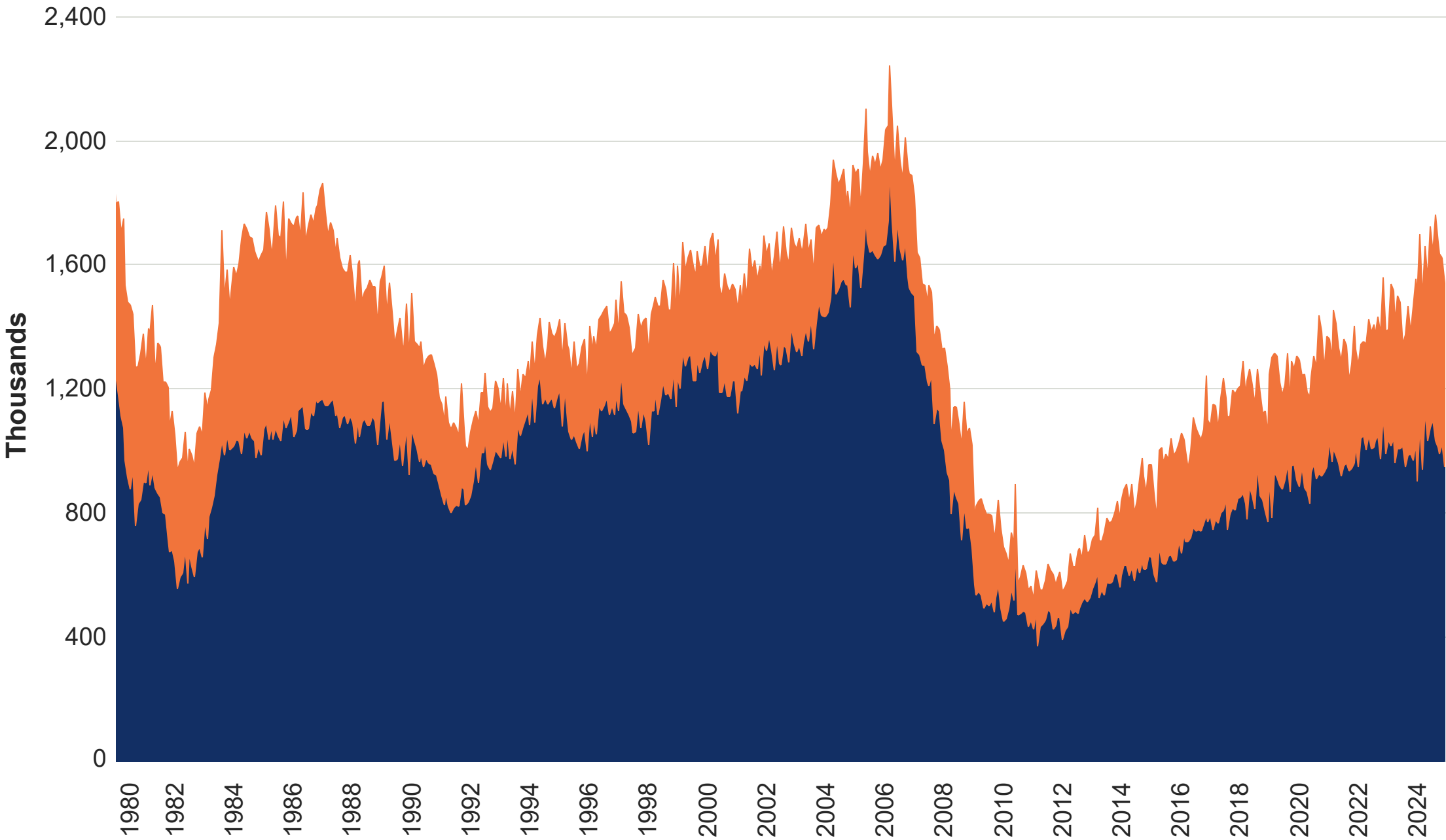
³JBREC estimate and extrapolation from CoreLogic and MBA.

Note that figures are not perfect due to overlap (vacant homes with mortgages, etc.).

Multifamily completions rose while single-family completions fell YOY.

Housing Completions

Seasonally adjusted ■ Multifamily (SA) = 596,000 (+12% YOY) ■ Single-family (SA) = 948,000 (-7% YOY)



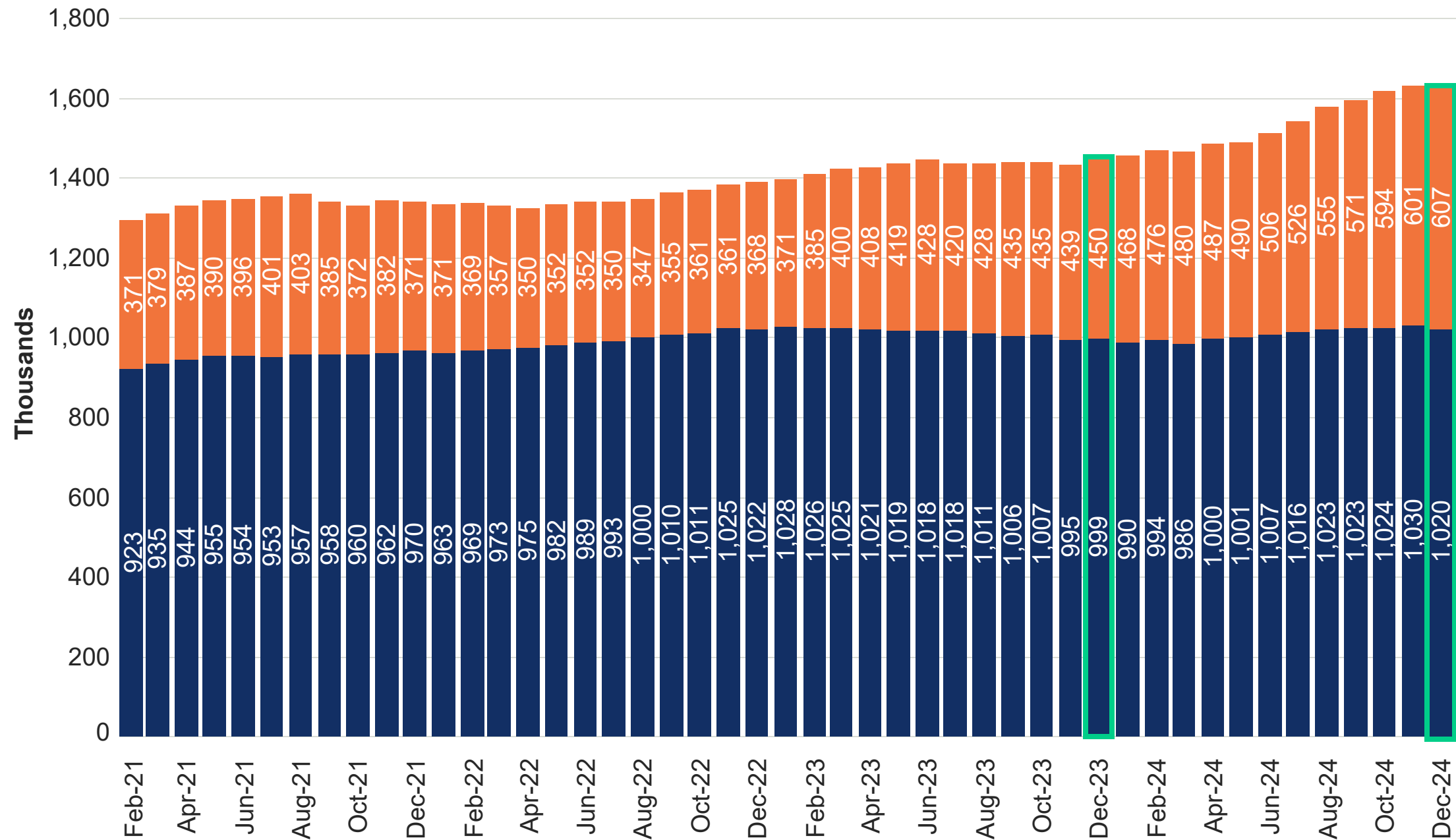
Total completions fell -1% YOY on a seasonally adjusted basis.

Source: Census Bureau (Data: Dec-24, Pub: Feb-25)

Total completions rose YOY on a trailing-12-month basis.

Housing Completions

Trailing-12-month total (NSA) Multifamily Single-family



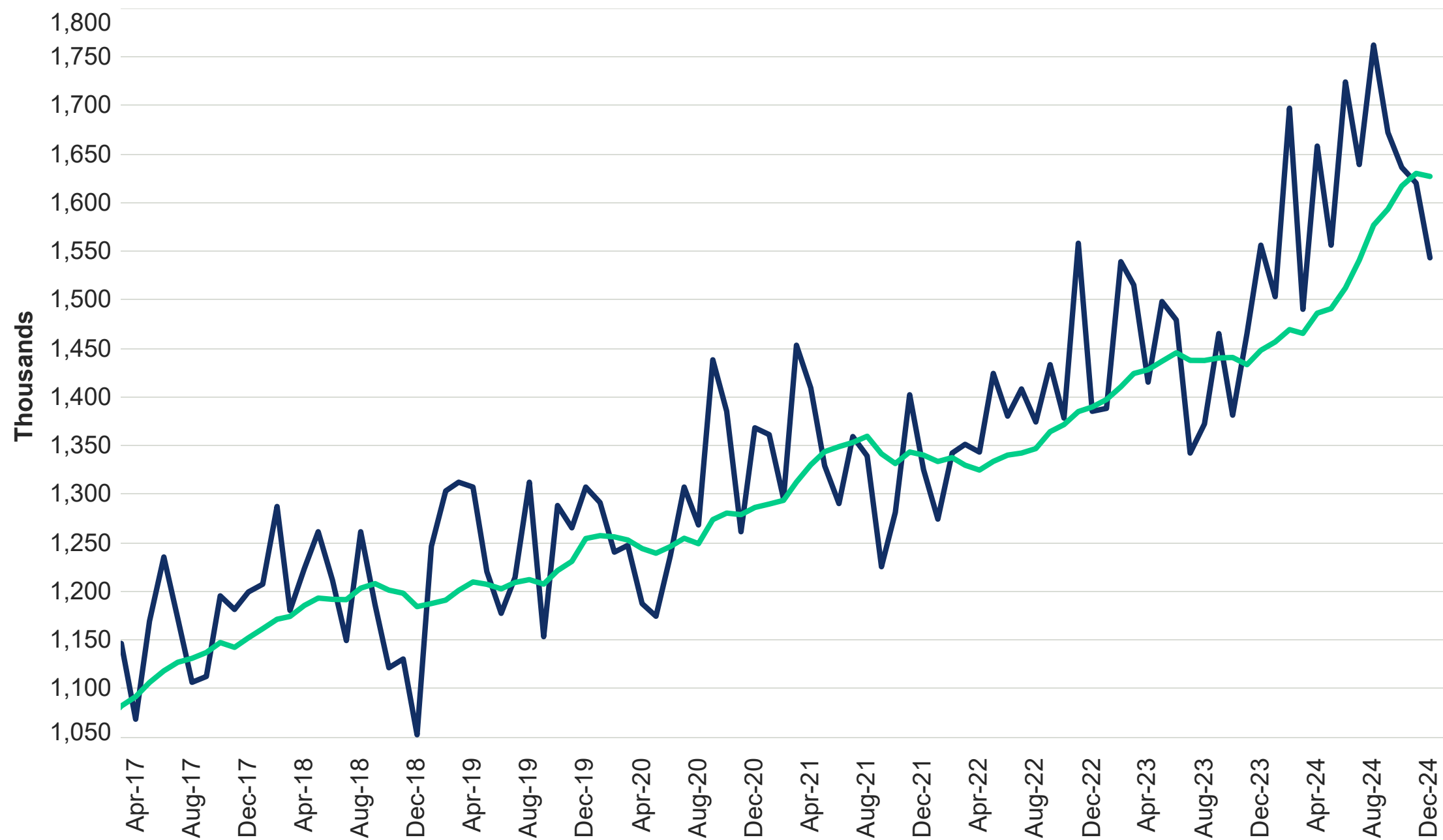
Based on a non-seasonally adjusted, trailing-12-month total, multifamily completions rose +35% YOY, and single-family completions gained +2% YOY.

Source: Census Bureau (Data: Dec-24, Pub: Feb-25)

Completions fell -1% YOY (SAAR).

Housing Completions

Seasonally adjusted = 1,544,000 (-1% YOY) Rolling 12-month total (NSA) = 1,627,800 (+12% YOY)



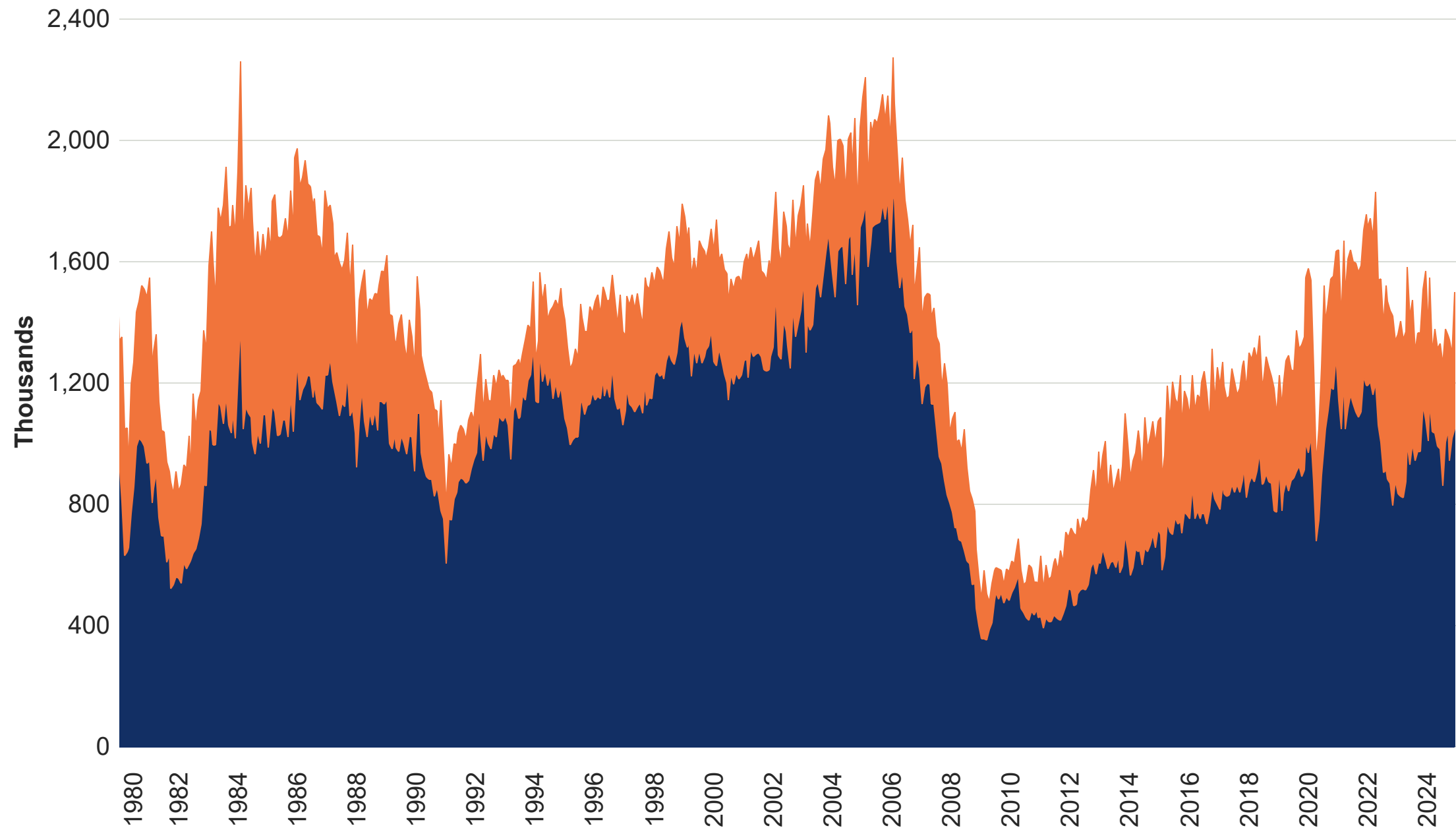
The rolling 12-month total (NSA) for completions increased +12% YOY to 1.6 million.

Source: Census Bureau (Data: Dec-24, Pub: Feb-25)

Total housing starts fell YOY.

Housing Starts

Seasonally adjusted ■ Multifamily (SA) = 449,000 (-8% YOY) ■ Single-family (SA) = 1,050,000 (-3% YOY)



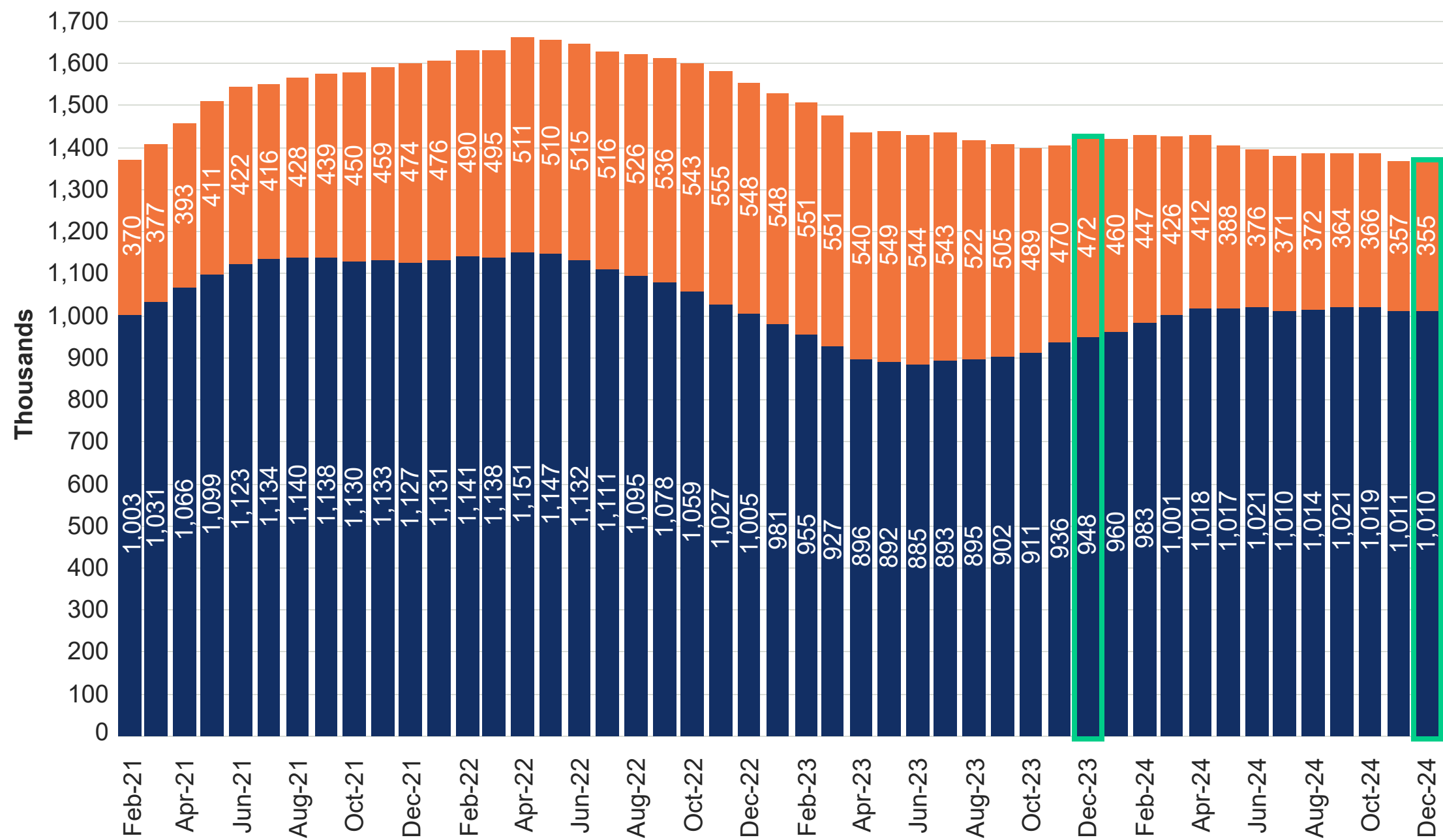
Total housing starts are currently running at a seasonally adjusted annual rate of 1.5M, down -4% YOY.

Source: Census Bureau (Data: Dec-24, Pub: Feb-25)

Total housing starts fell on a trailing-12-month basis.

Housing Starts

Trailing-12-month total (NSA) ■ Multifamily ■ Single-family



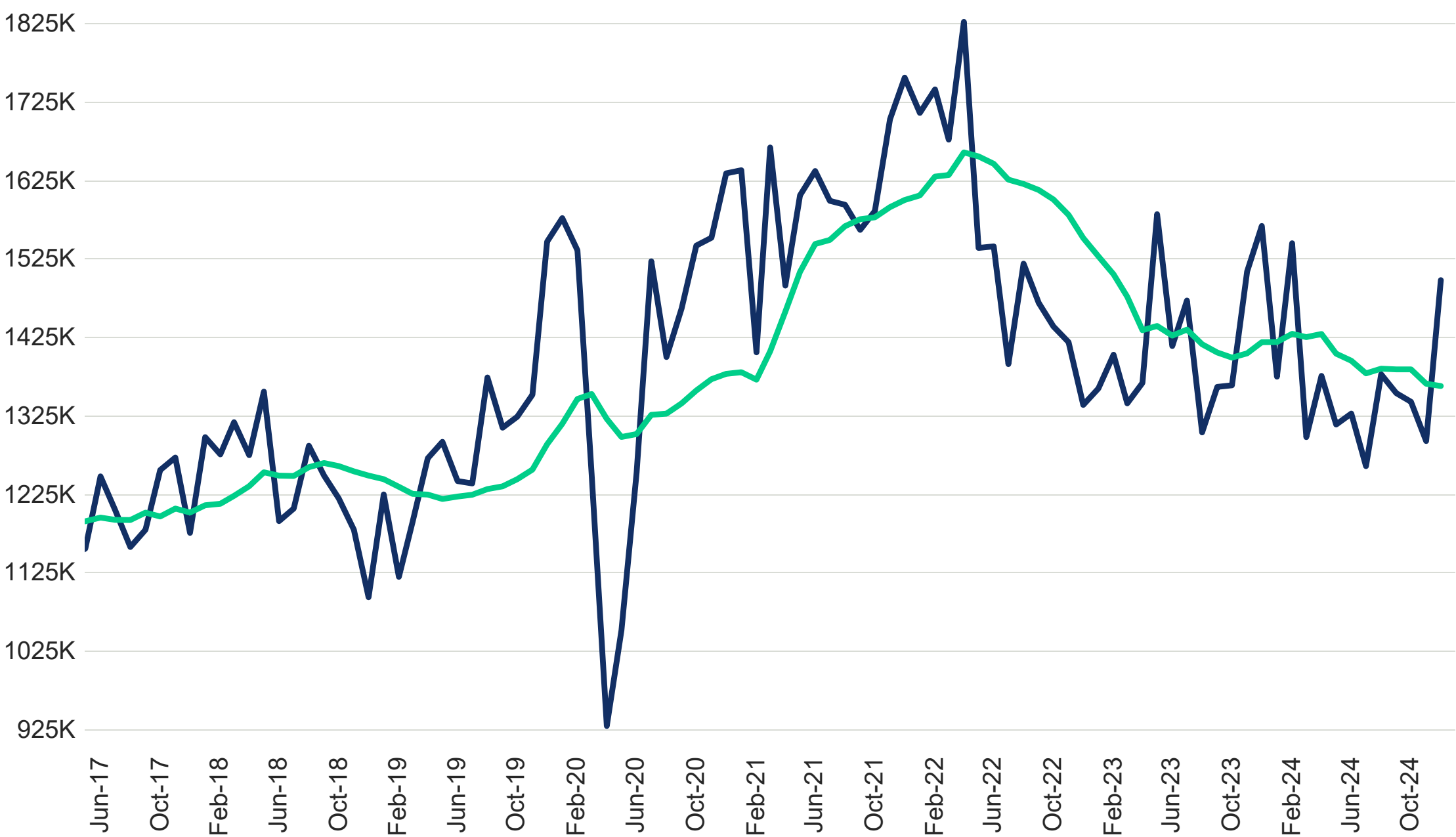
Based on a non-seasonally adjusted, trailing-12-month total, single-family starts grew +7% YOY, and multifamily starts fell -25% YOY.

Source: Census Bureau (Data: Dec-24, Pub: Feb-25)

Housing starts fell YOY in December.

Housing Starts

Seasonally adjusted = 1,499,000 (-4% YOY) Rolling 12-month total (NSA) = 1,364,100 (-4% YOY)

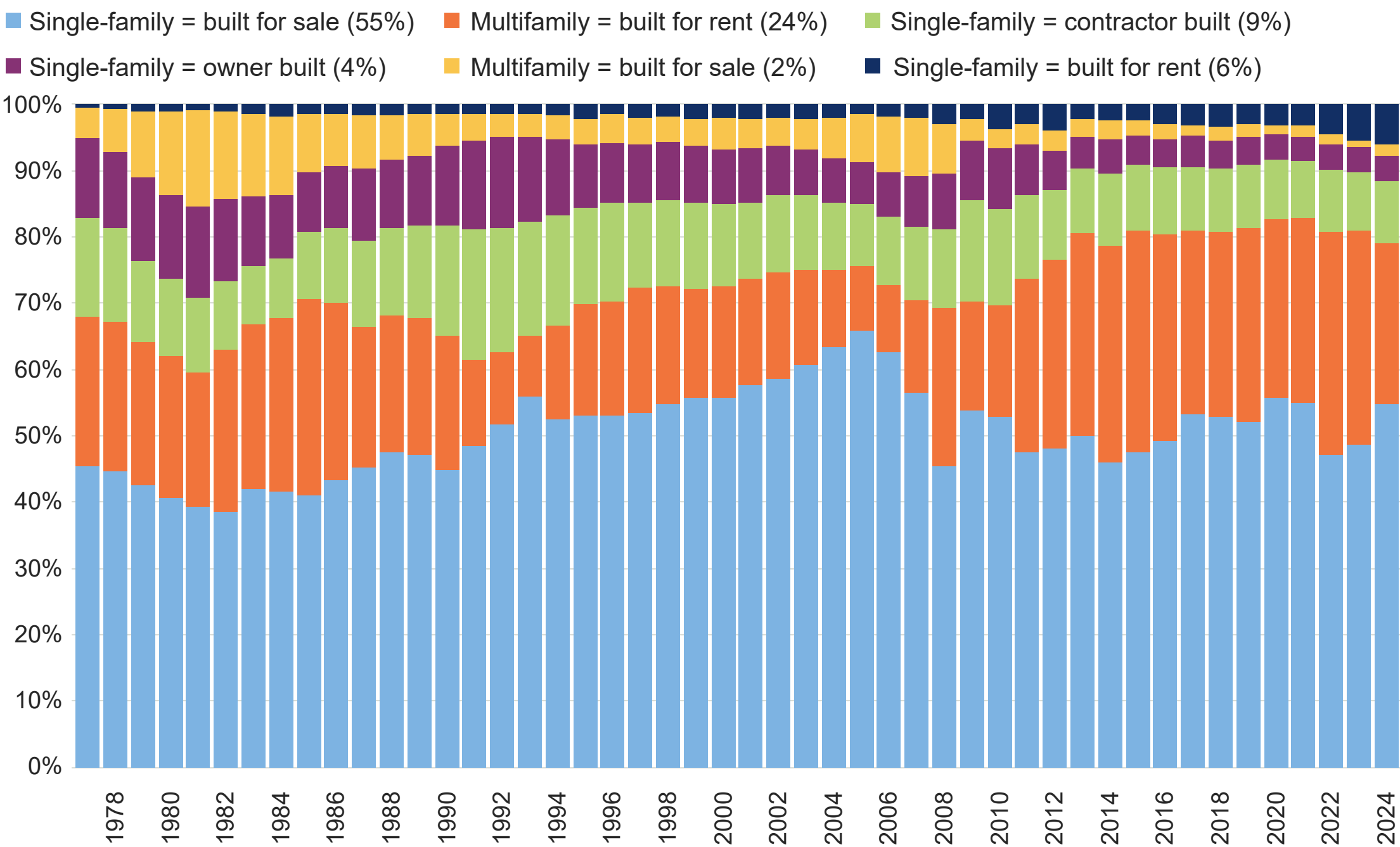


Seasonally adjusted housing starts fell -4% YOY in December.

Source: Census Bureau (Data: Dec-24, Pub: Feb-25)

Multifamily starts constitute about a quarter of total starts.

Annual Housing Starts by Intent, % of Total Starts



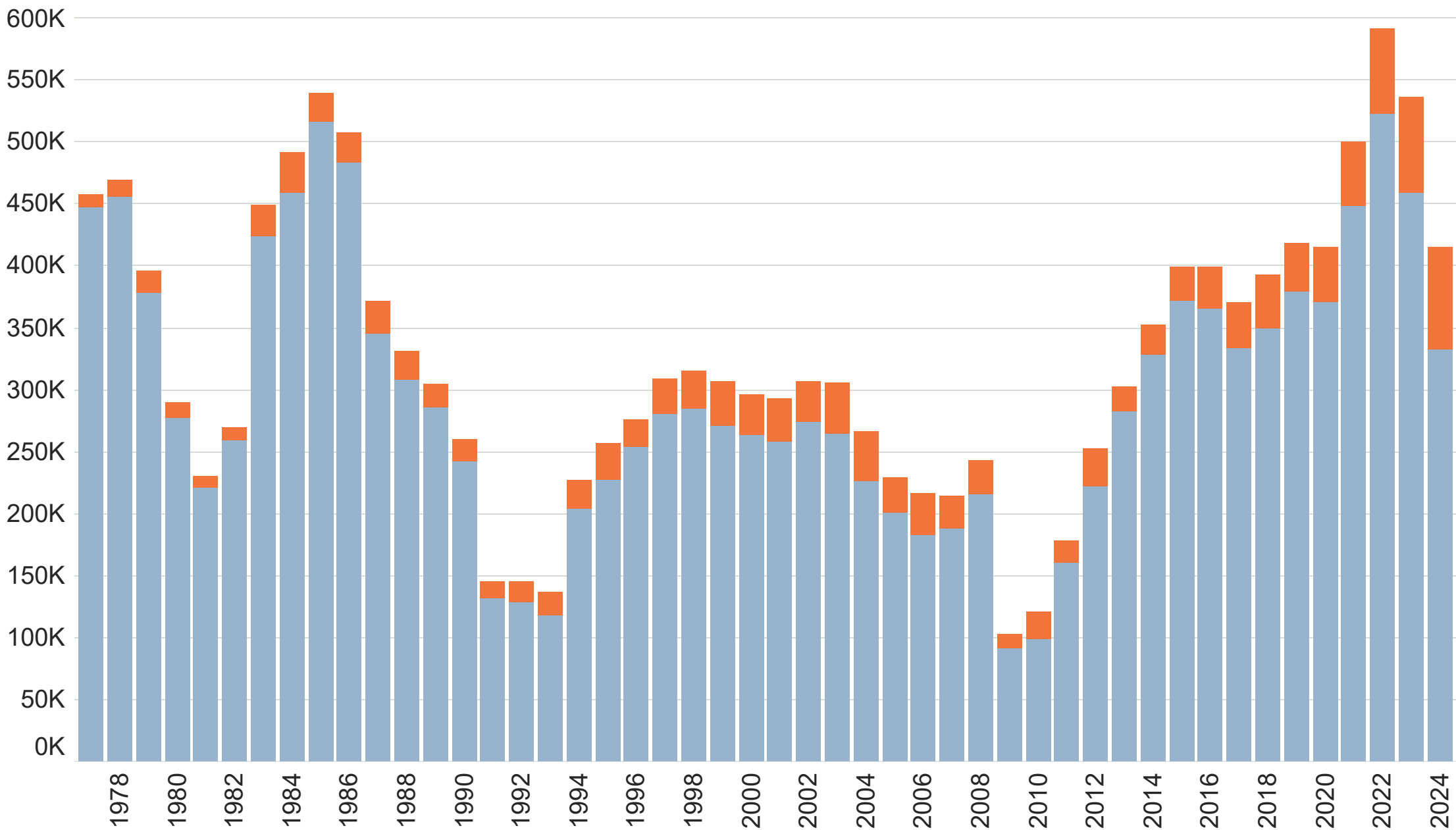
We expect multifamily starts to decline due to tight lending conditions, broadly moderating rent growth, and recent overbuilding. Single-family built-for-sale starts accounted for 55% of total starts in 2024.

Source: Census Bureau (Data: 4Q24, Pub: Feb-25)

Total build-to-rent starts (single-family and multifamily) fell -23% YOY.

Build-to-Rent Starts

Trailing 4 quarters Multifamily = 332,000 Single-family = 83,000

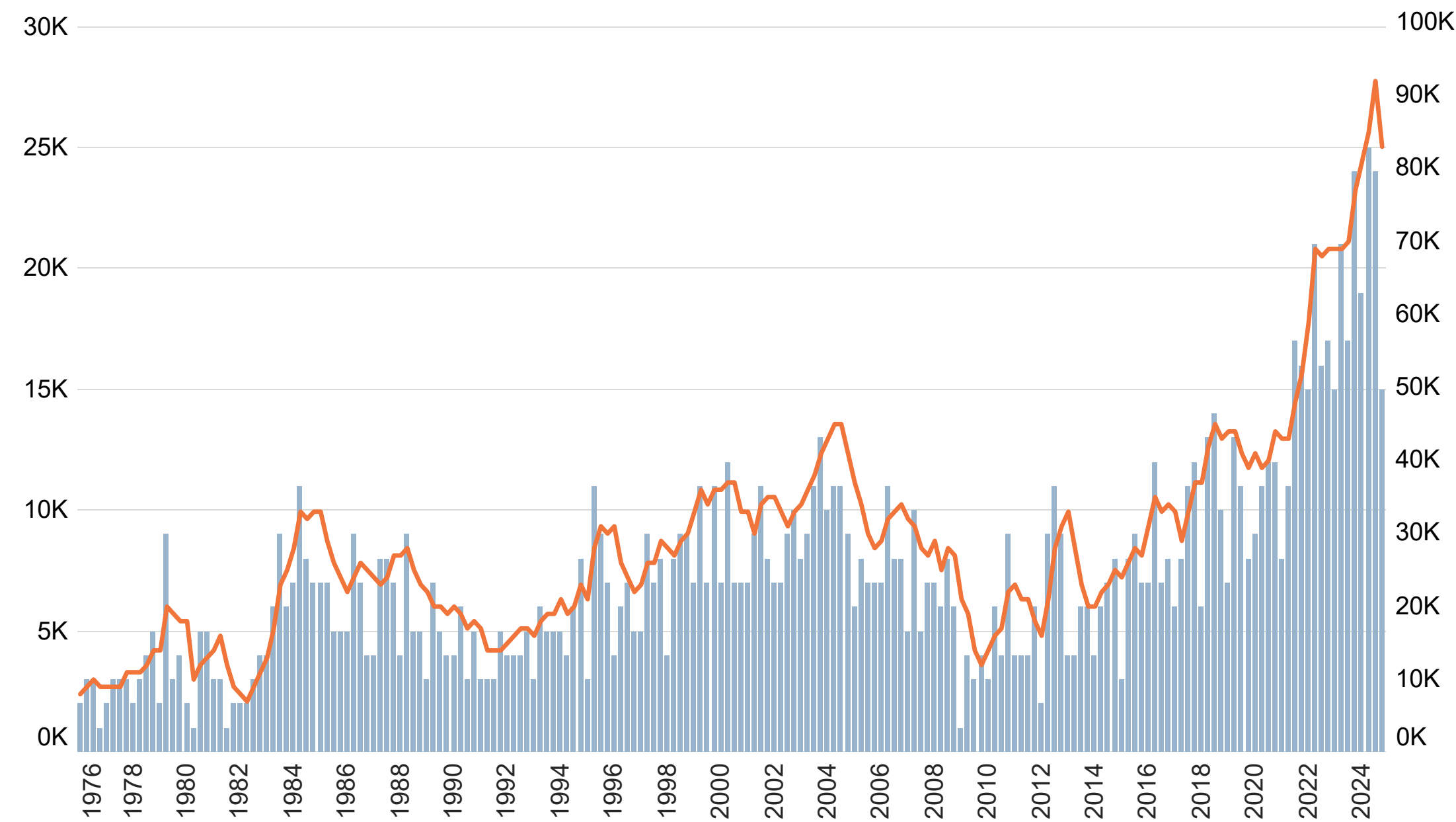


Source: Census Bureau (Data: 4Q24, Pub: Feb-25)

Single-family build-to-rent starts remain high relative to history.

Single-Family Build-to-Rent Starts

Single-family build-to-rent starts = 15,000 Trailing-4-quarter total = 83,000



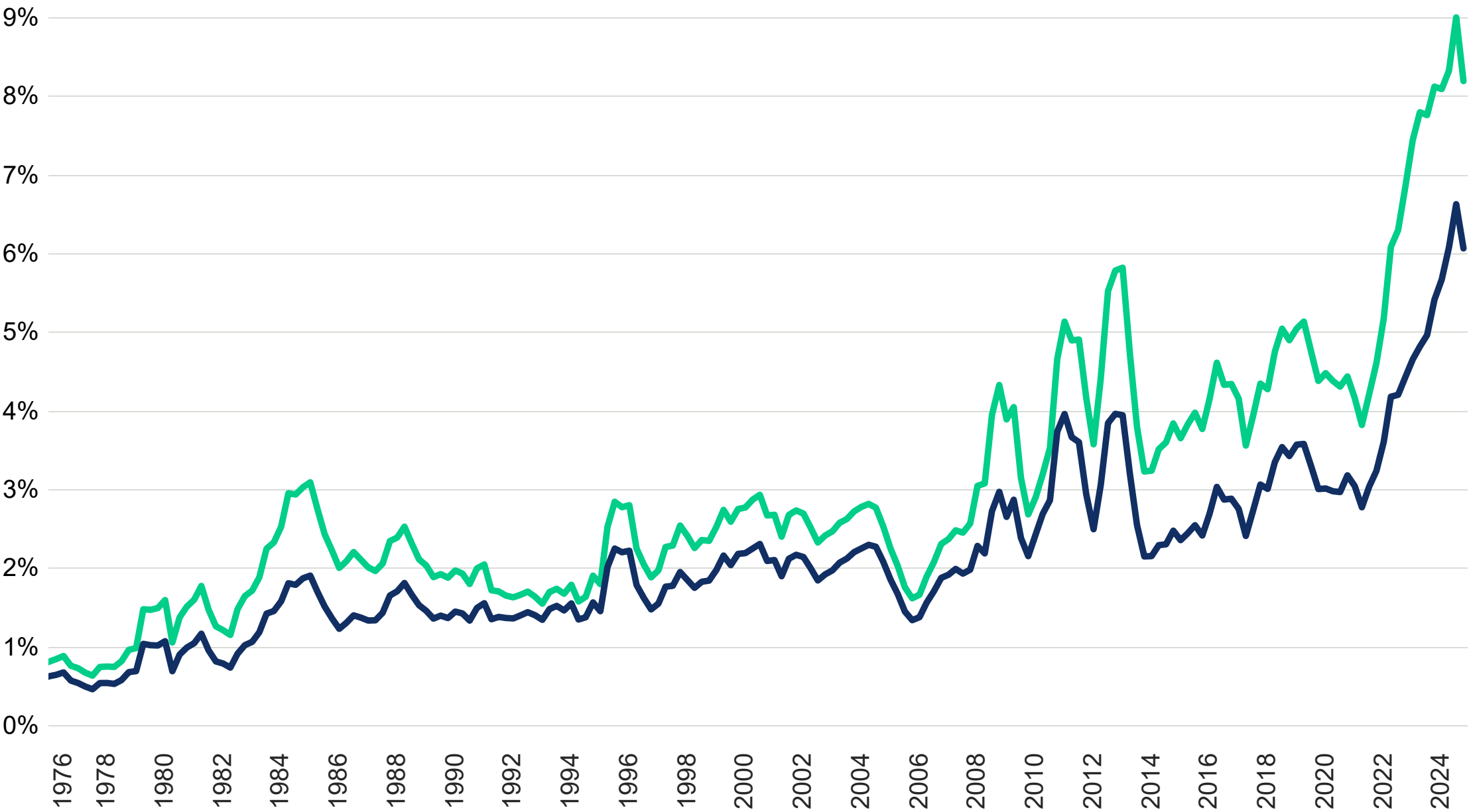
Single-family build-to-rent starts fell to 83K on a trailing-four-quarter basis. Note that the Census definition of build-to-rent is subjective, and we believe this data overstates the true number of BTR starts.

Source: Census Bureau (Data: 4Q24, Pub: Feb-25)

Single-family build-to-rent market share fell on a trailing 4-quarter basis.

Single-Family Build-to-Rent Market Share

Trailing 4 quarters ■ Share of all starts = 6.1% ■ Share of single-family starts = 8.2%



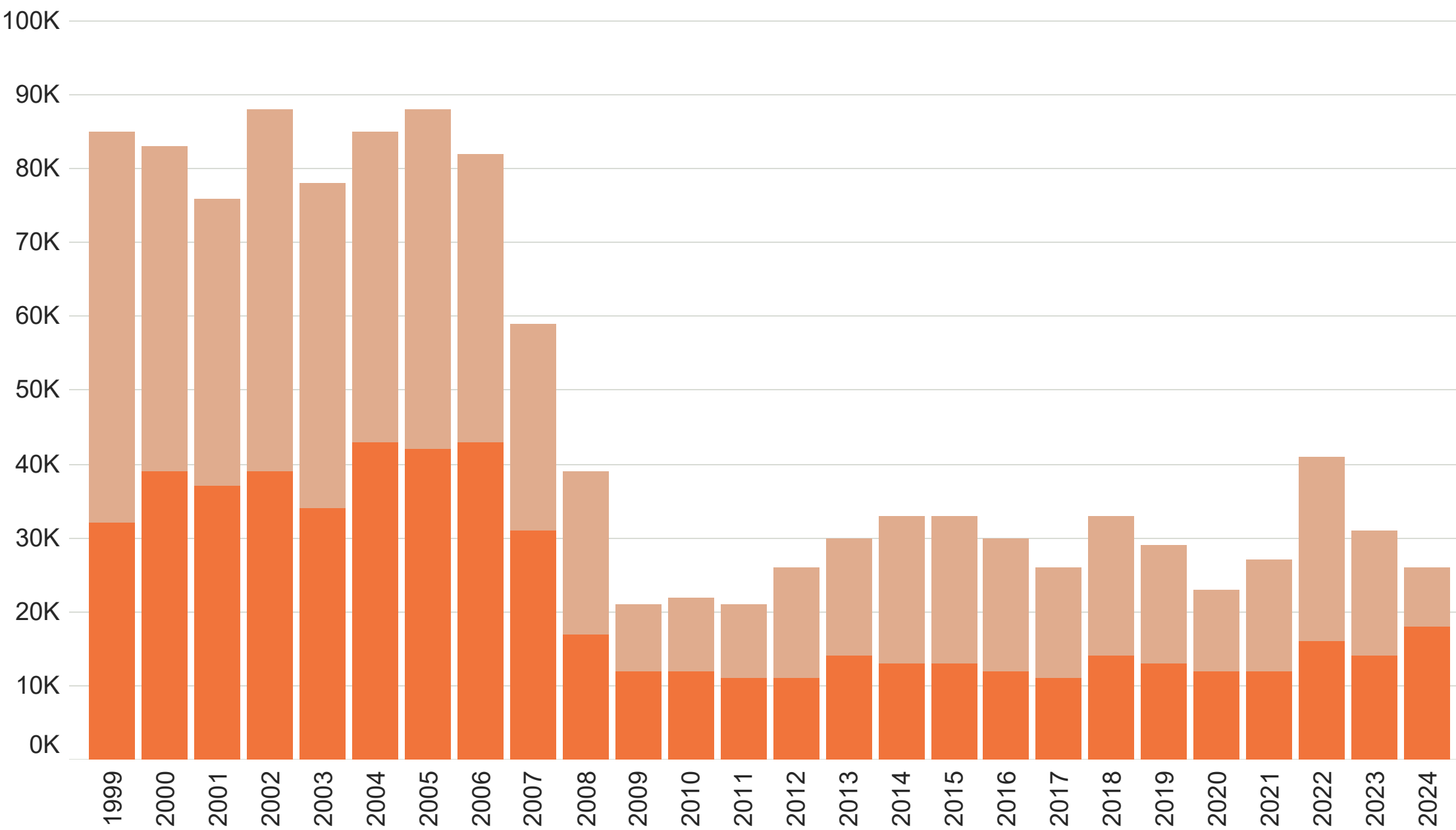
The market share of single-family build-to-rent starts is small but trending higher over the long term.

Source: U.S. Census Bureau (Data: 4Q24, Pub: Feb-25)

Multifamily starts for 2–9 units remain low relative to history.

Multifamily Starts (2–9 units)

Trailing 4 quarters ■ 2–4 units per building = 18,000 ■ 5–9 units per building = 8,000



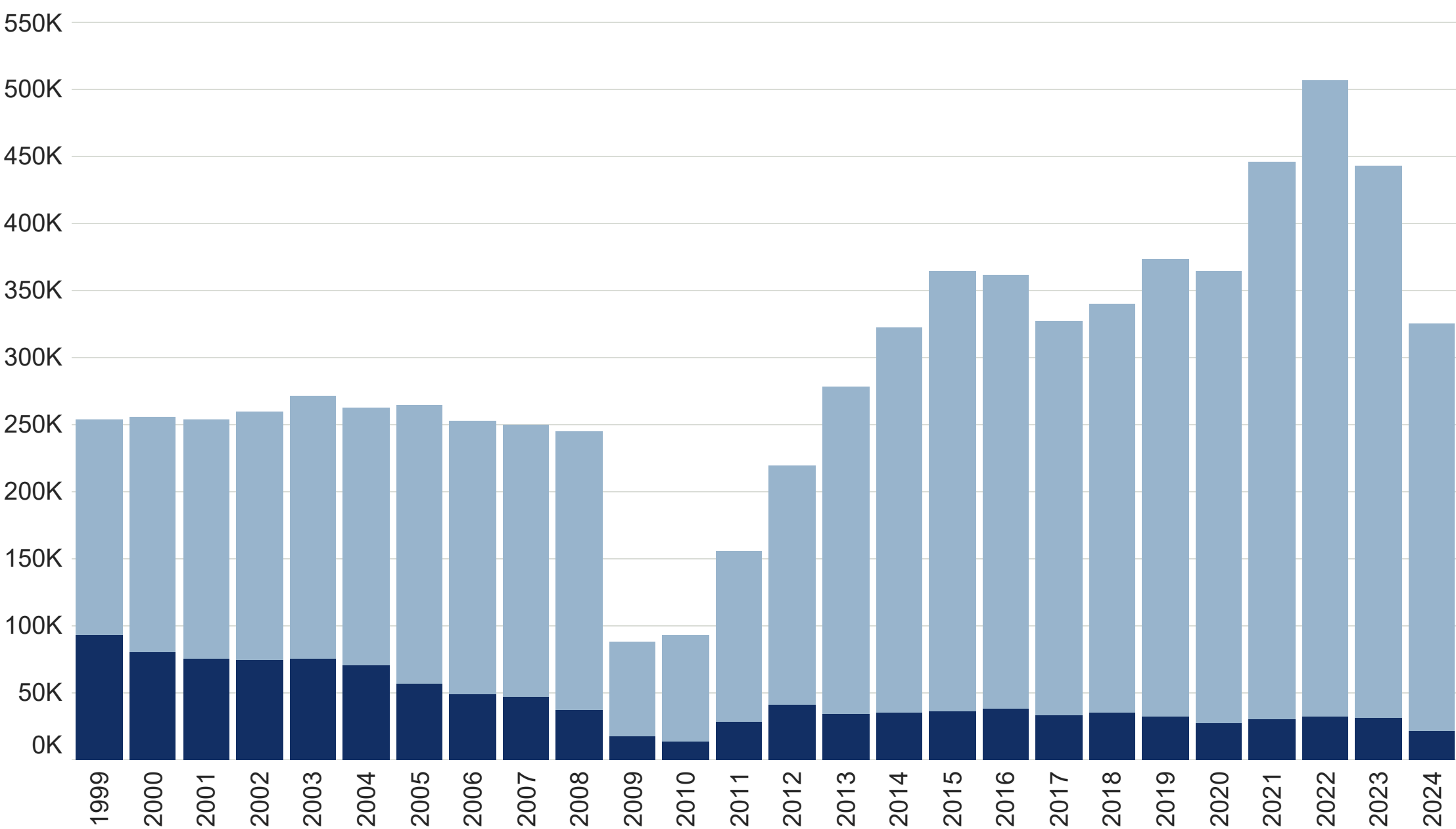
Multifamily starts for buildings with under 10 units remain low compared to pre-GFC years.

Source: Census Bureau (Data: 4Q24, Pub: Feb-25)

Multifamily starts for 10+ units remain high relative to history.

Multifamily Starts (10+ units)

Trailing 4 quarters ■ 10–19 units per building = 22,000 ■ 20+ units per building = 304,000



Multifamily starts for high-density buildings (10+ units) are at 336K on a trailing-four-quarter basis.

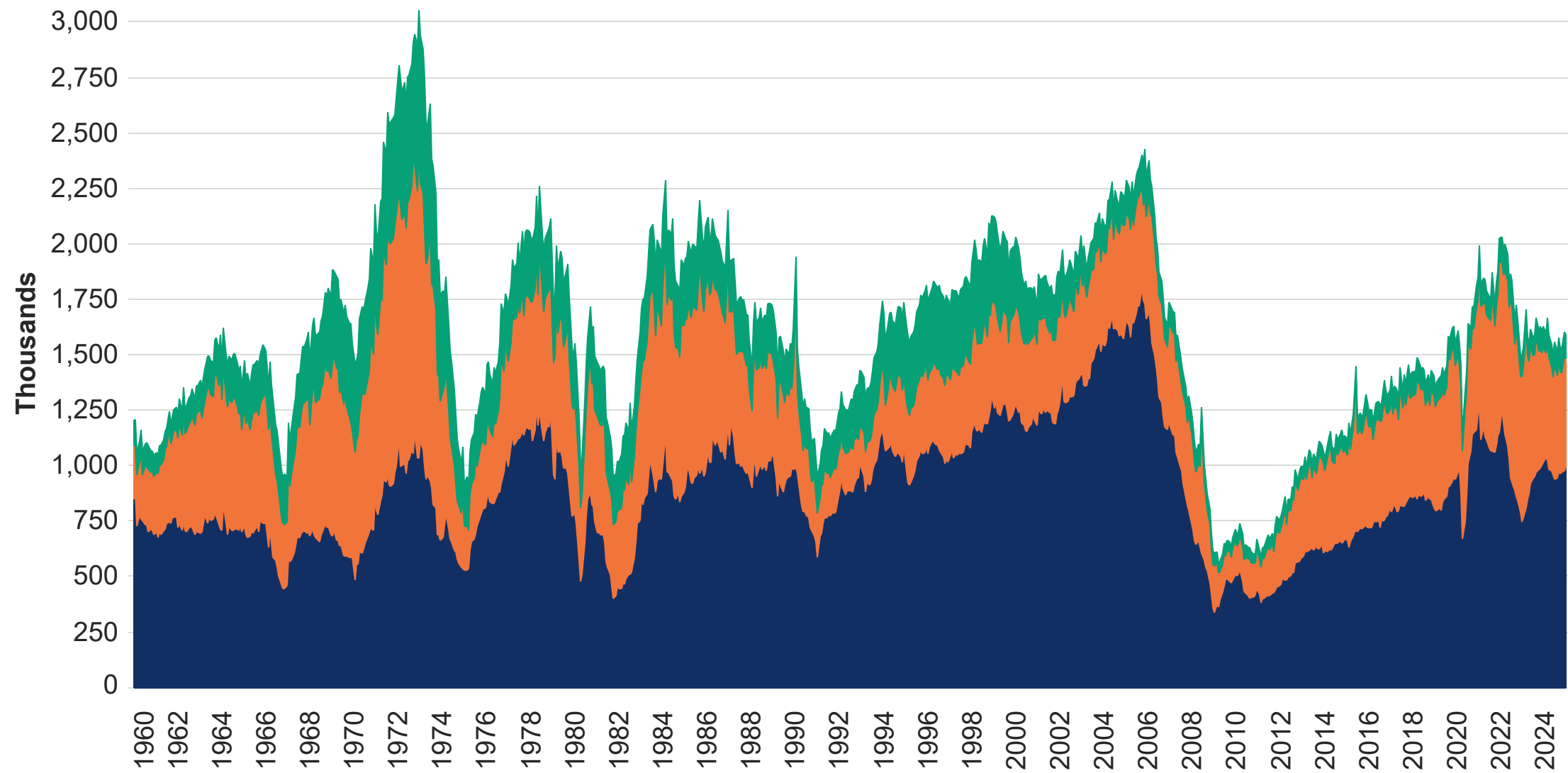
Source: Census Bureau (Data: 4Q24, Pub: Feb-25)

Total permit issuance fell YOY, driven by a decline in multifamily and single-family permits.

Housing Permits

Seasonally adjusted

- Single-family (SA) = 992,000 (-2% YOY)
- Multifamily (SA) = 491,000 (-4% YOY)
- Manufactured (SA) = 104,000 (+7% YOY)

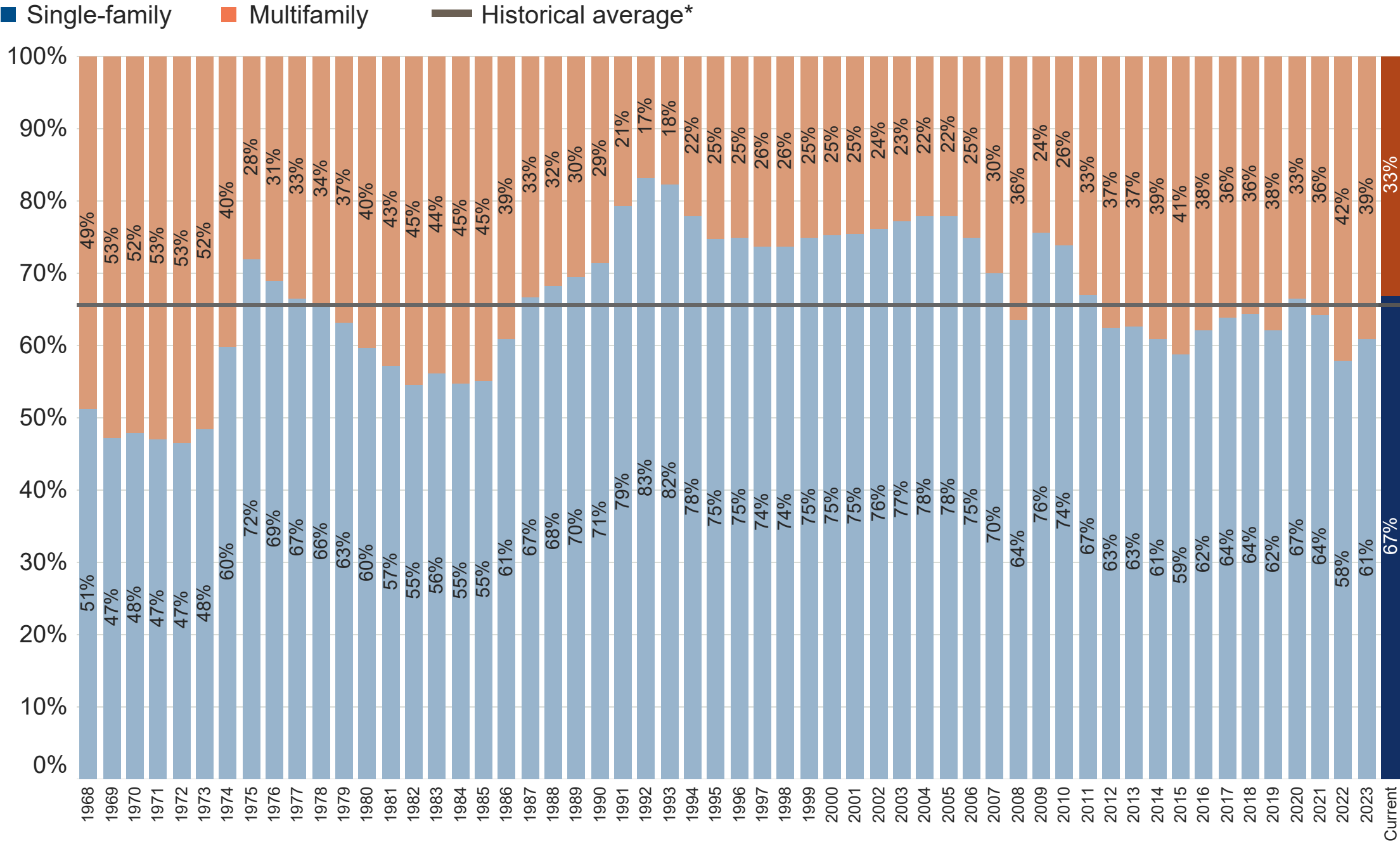


Seasonally adjusted total permits decreased -2% YOY (including manufactured units). Permits are a good gauge of builder activity in the future and are less impacted by changes in weather.

Note: Manufactured housing shipments lag single-family and multifamily permit counts by one month.
Source: Census Bureau (Data: Dec-24, Pub: Feb-25)

Single-family permits account for 67% of all permits, just above the historical average.

National Residential Permits



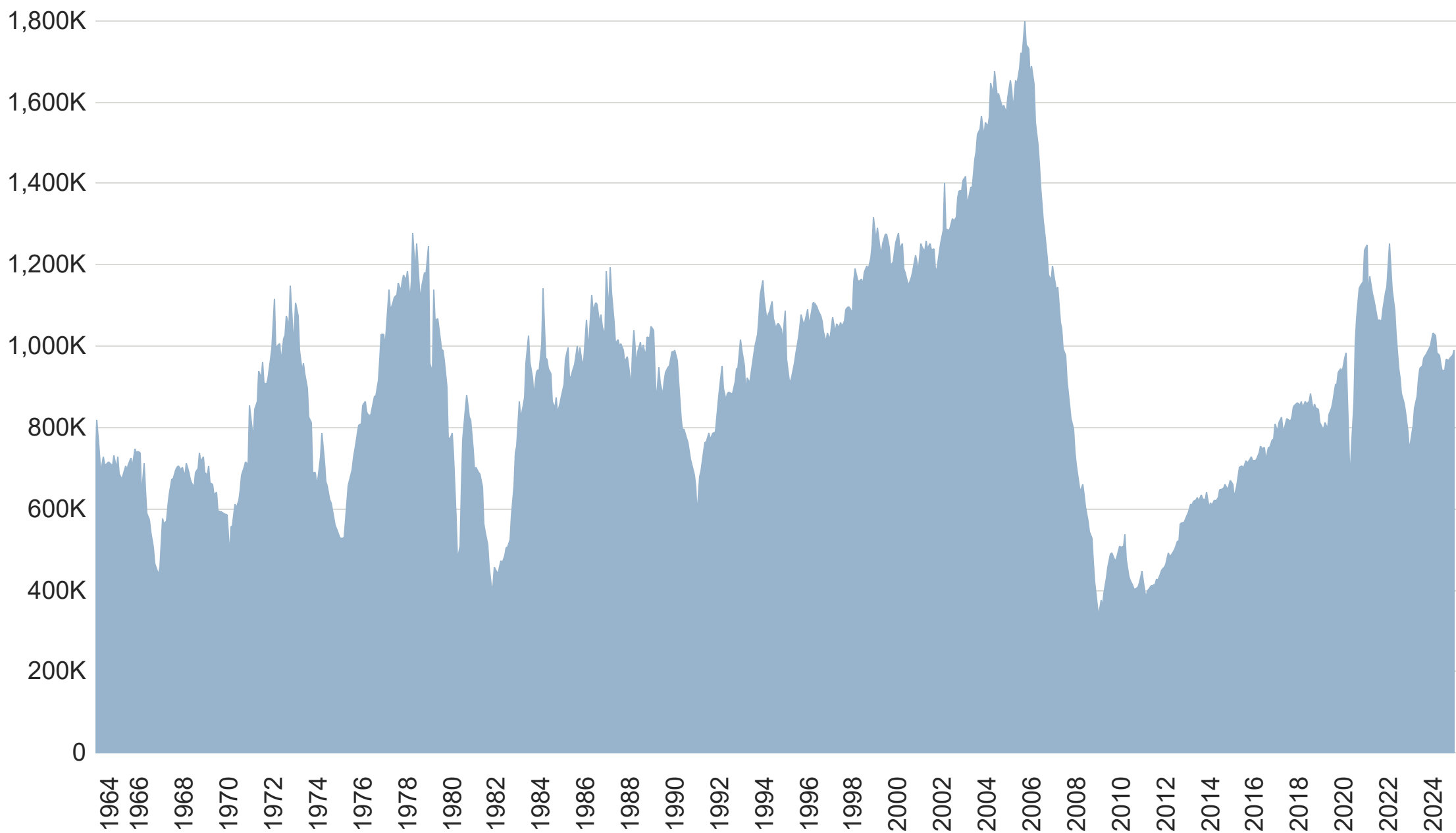
Multifamily permits make up 33% of total permits currently.

Sources: Census Bureau; John Burns Research and Consulting, LLC (Data: Dec-24, Pub: Feb-25)

Single-family permit issuance is falling slightly.

Single-Family Housing Permits

Seasonally adjusted ■ Single-family (SA) = 992,000 (-2% YOY)



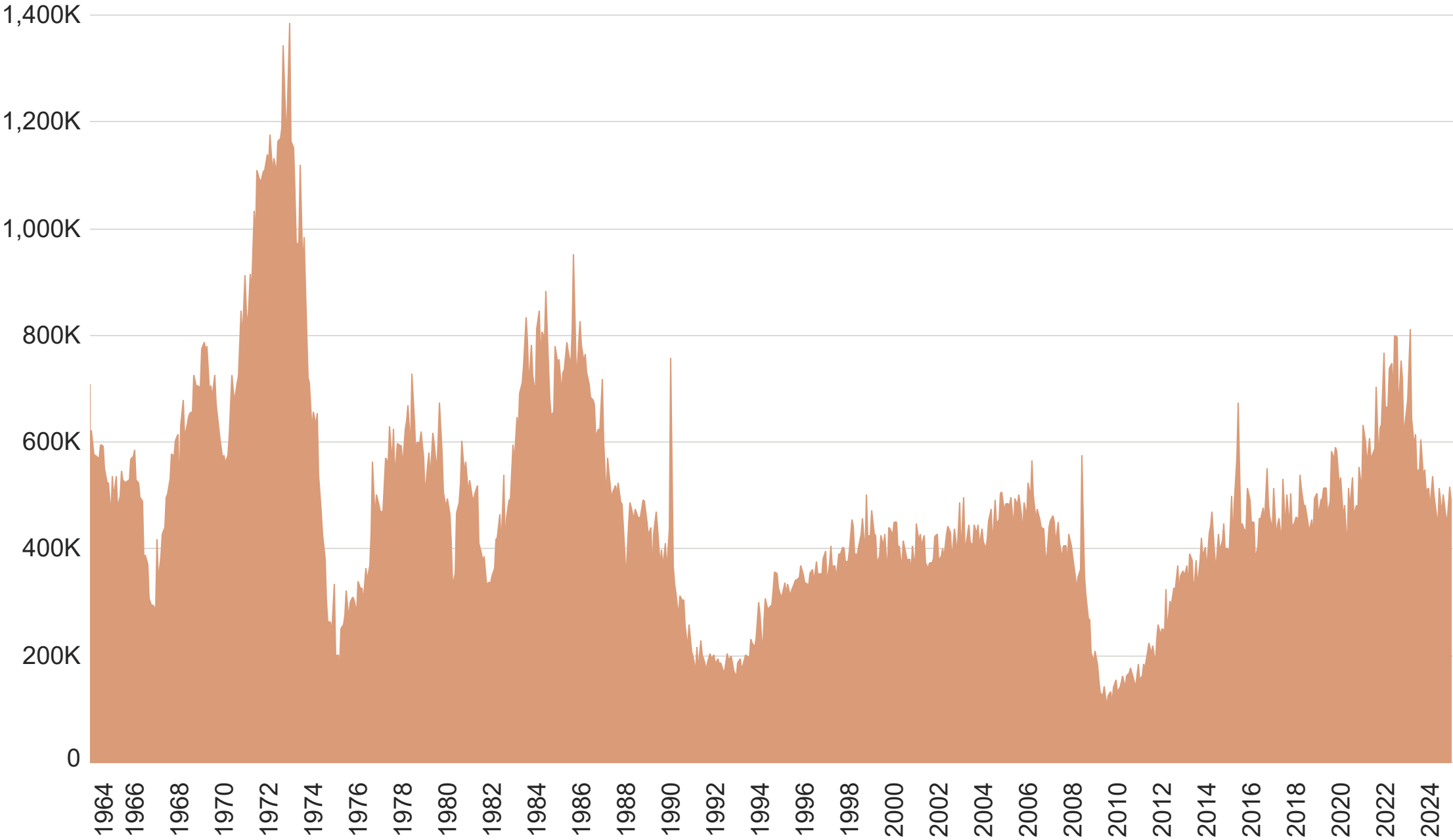
Single-family permit issuance fell -2% YOY on a seasonally adjusted basis.

Source: Census Bureau (Data: Dec-24, Pub: Feb-25)

Multifamily permit issuance is falling amid capital constraints.

Multifamily Housing Permits

Seasonally adjusted Multifamily (SA) = 491,000 (-4% YOY)



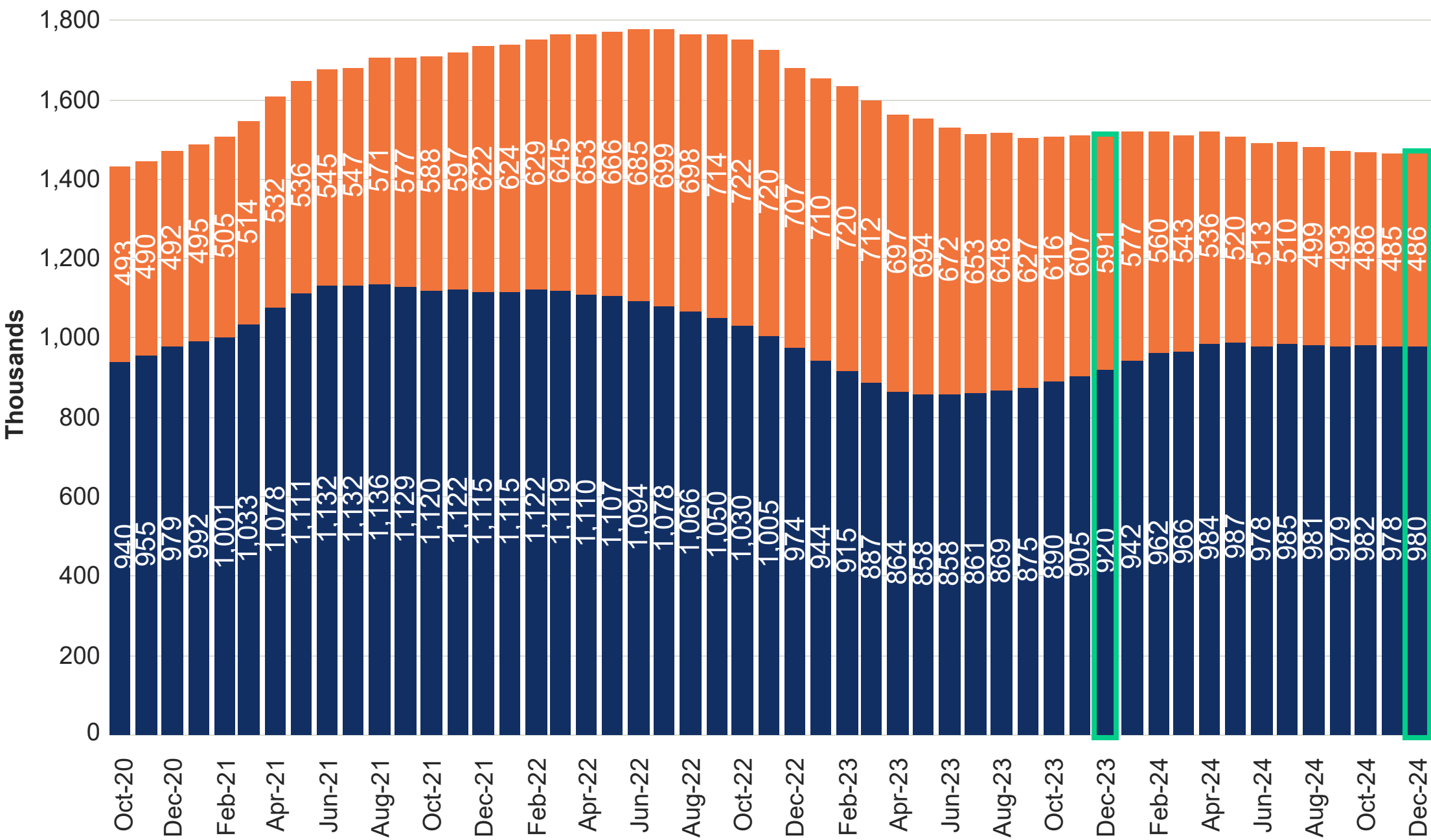
Multifamily permit issuance fell -4% YOY on a seasonally adjusted basis.

Source: Census Bureau (Data: Dec-24, Pub: Feb-25)

Single-family permits rose while multifamily permits fell YOY.

Housing Permits

Trailing-12-month total (NSA) ■ Multifamily ■ Single-family



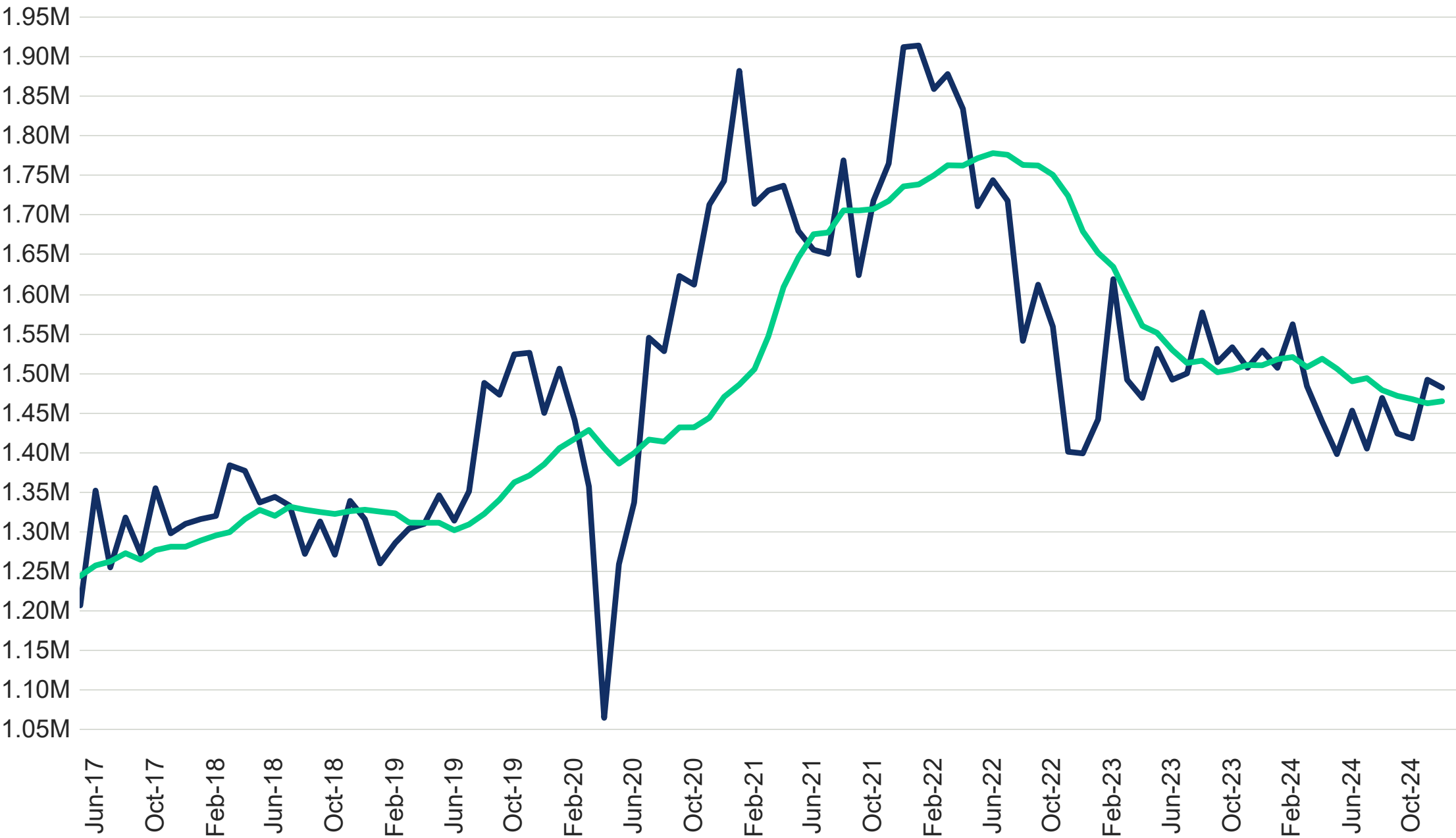
Based on a non-seasonally adjusted, trailing-12-month total, single-family permits rose +6% over the last year. Multifamily permits fell -18% YOY.

Source: Census Bureau (Data: Dec-24, Pub: Feb-25)

Total housing permits fell YOY.

Housing Permits

Seasonally adjusted = 1,483,000 (-3% YOY) Rolling 12-month total (NSA) = 1,465,800 (-3% YOY)



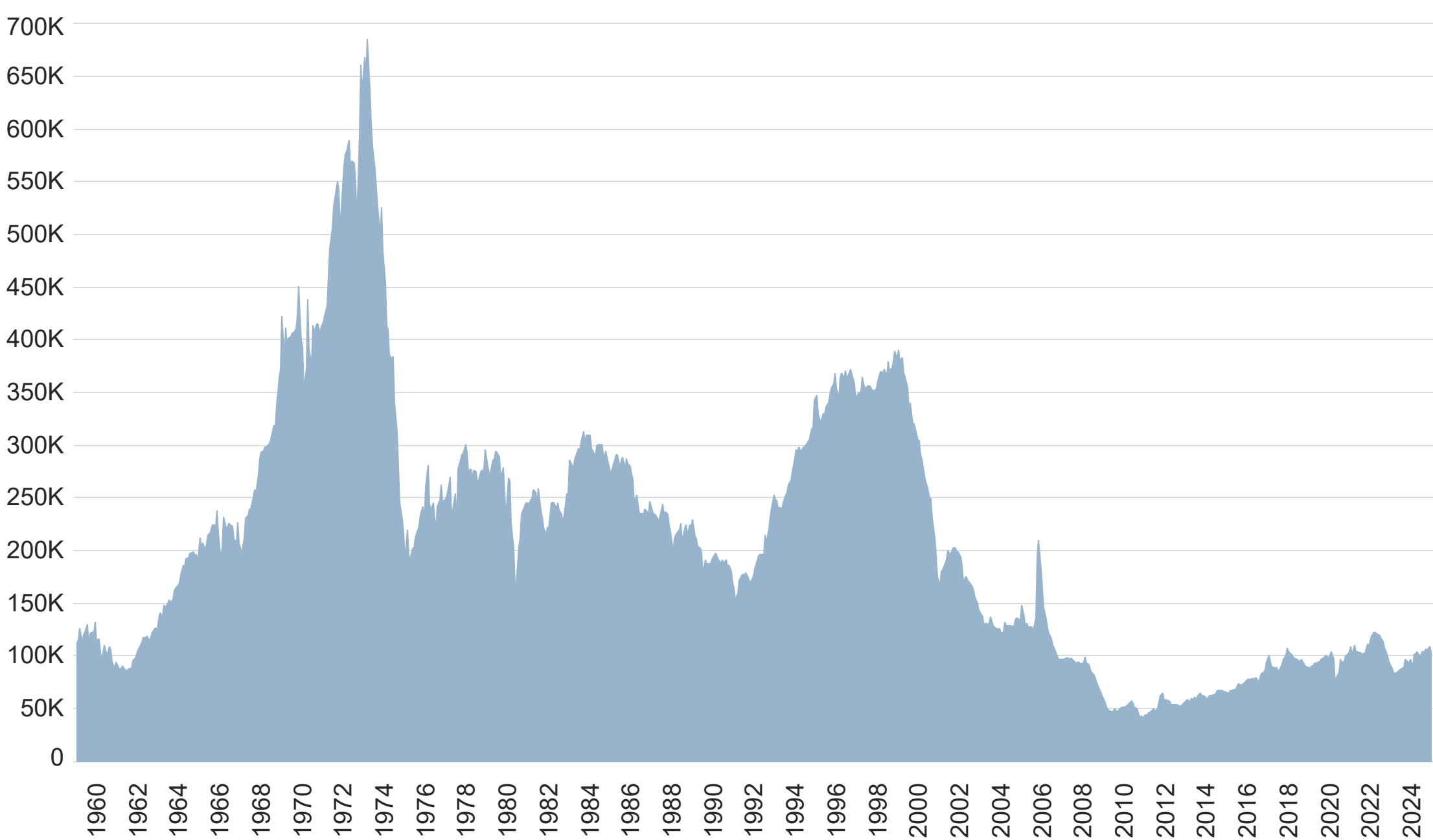
Seasonally adjusted total housing permits fell -3% YOY.

Source: Census Bureau (Data: Dec-24, Pub: Feb-25)

Manufactured housing shipments are rising.

Shipments of Manufactured Housing

Seasonally adjusted ■ Manufactured (SA) = 104,000 (+7% YOY)



Shipments of manufactured housing increased +7% YOY in December.

Source: Census Bureau (Data: Dec-24, Pub: Feb-25)

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Market Outlook and Forecasts

A collaborative effort by all of JBREC

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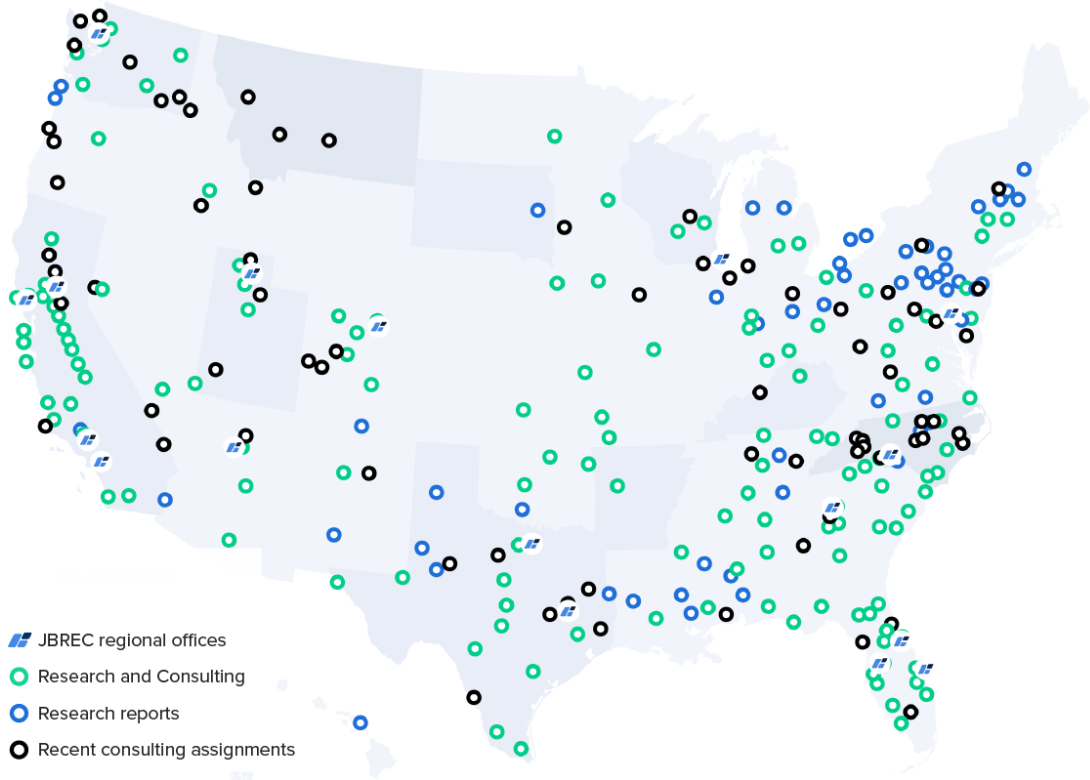
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