

U.S. Economy, Housing & Mortgage Market

Recent Developments

January 2025

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Economy:

- The U.S. economy remains resilient with strong Q3 growth driven by consumer spending.

Housing and Mortgage Market:

- Despite rebounding mortgage rates, housing activity picked up slightly, indicating that many homebuyers are ready to enter to market

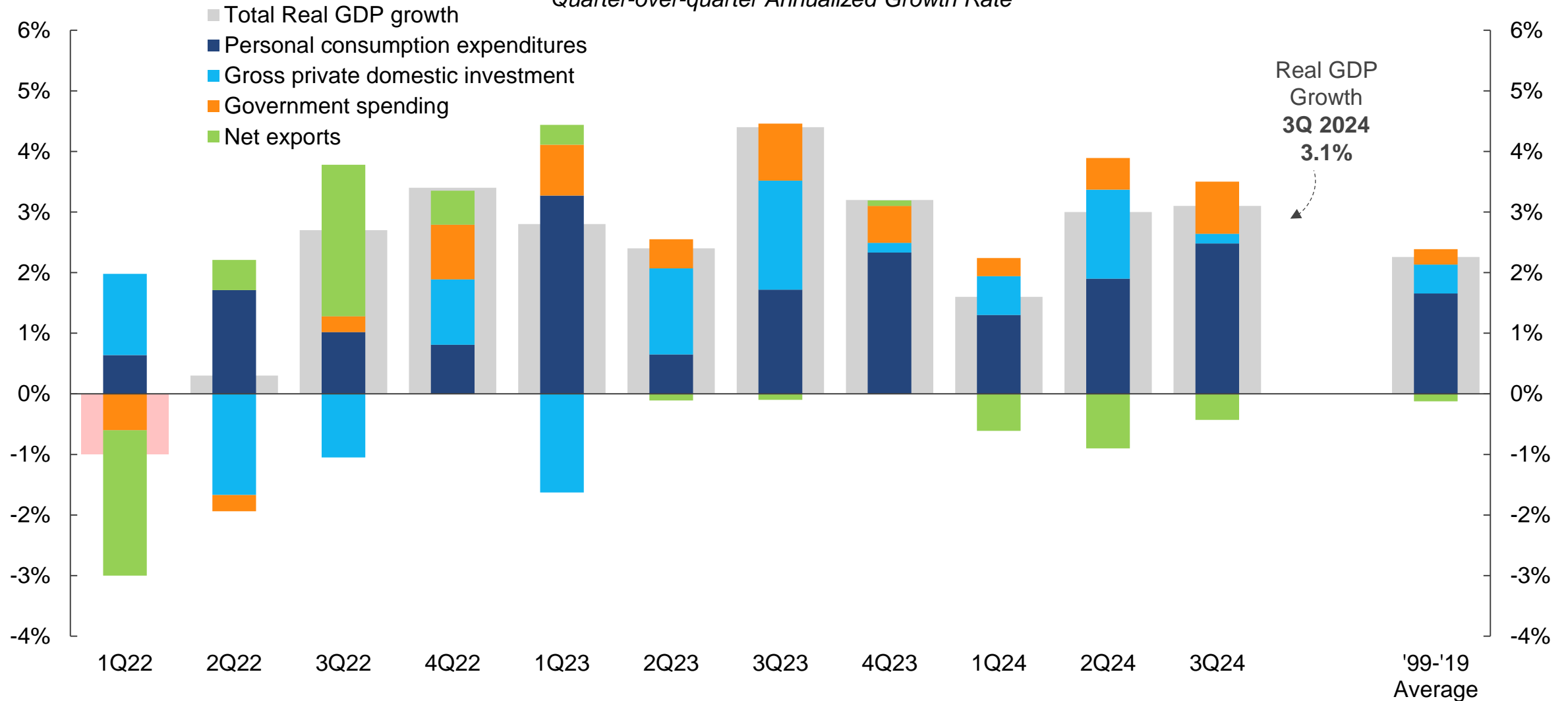


Economy

Real GDP Increased at an Annual Rate of 3.1% in Q3 2024; Growth Driven by Consumer Spending



Contributions to U.S. Real GDP Growth
Quarter-over-quarter Annualized Growth Rate

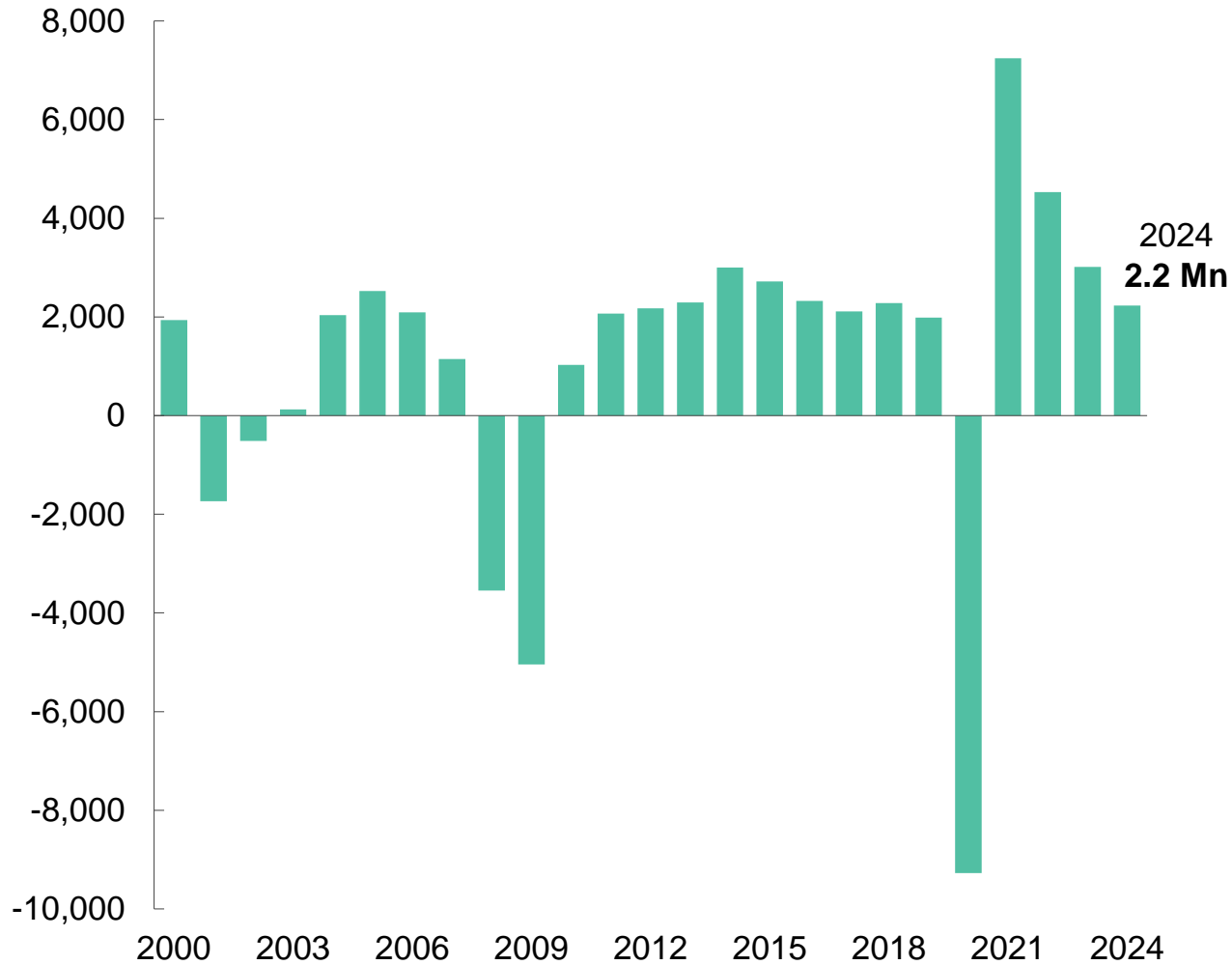


Source: U.S. Bureau of Economic Analysis (BEA)
Note: Data through Q3 2024

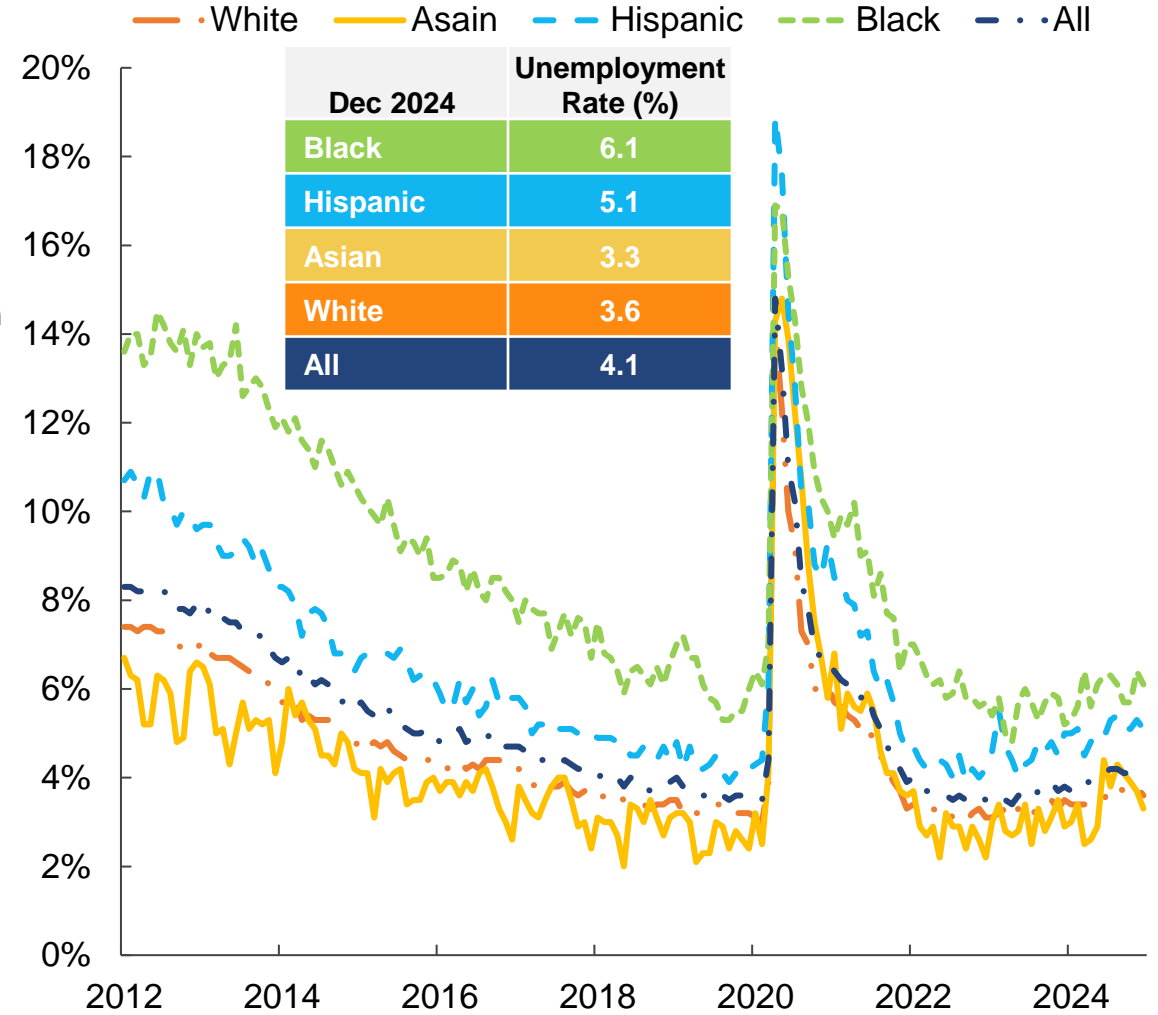
U.S. Labor Market is Cooling with Unemployment at 4.1%



Total Annual Job Gains
Thousands



Unemployment Rate

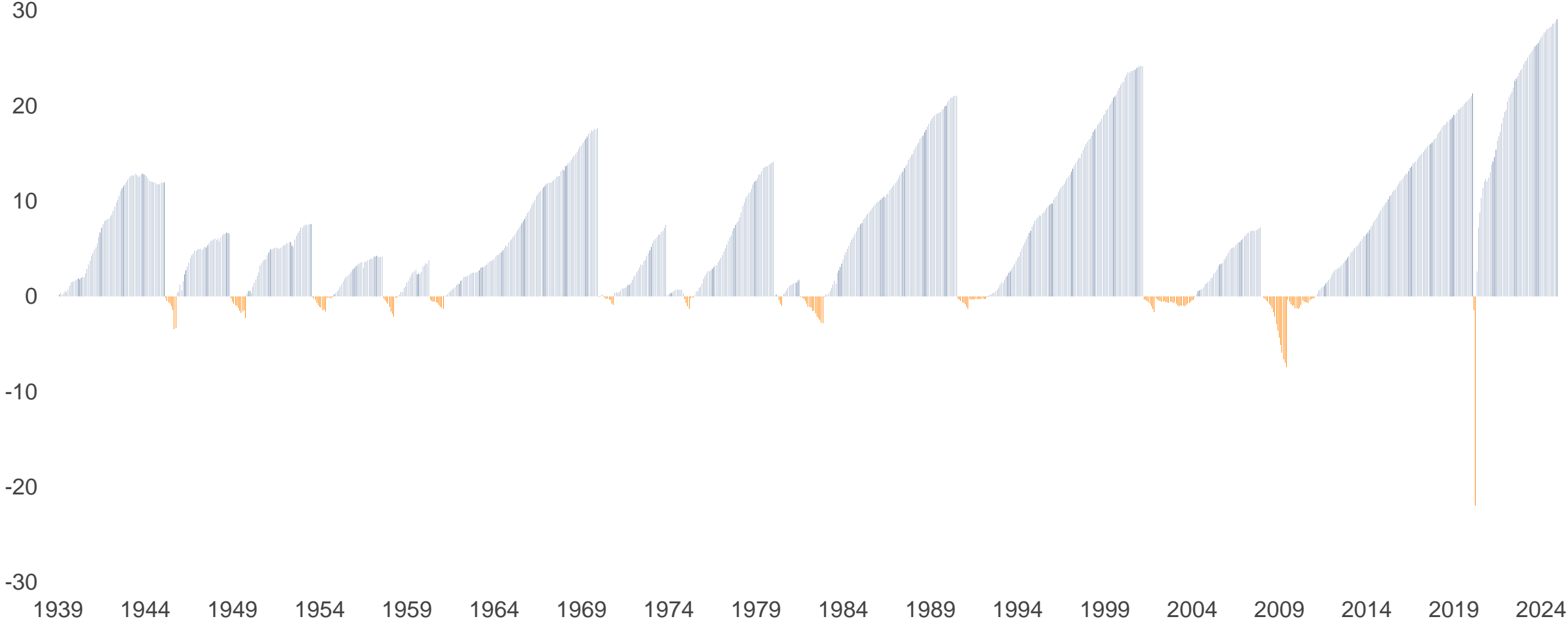


Source: U.S. Bureau of Labor Statistics (BLS)
Note: Data through December 2024

Job Gains in the Pandemic Recovery Largest in History After Any Recession



Cumulative Change in Nonfarm Payrolls Since Start of Expansion/Recession
Millions



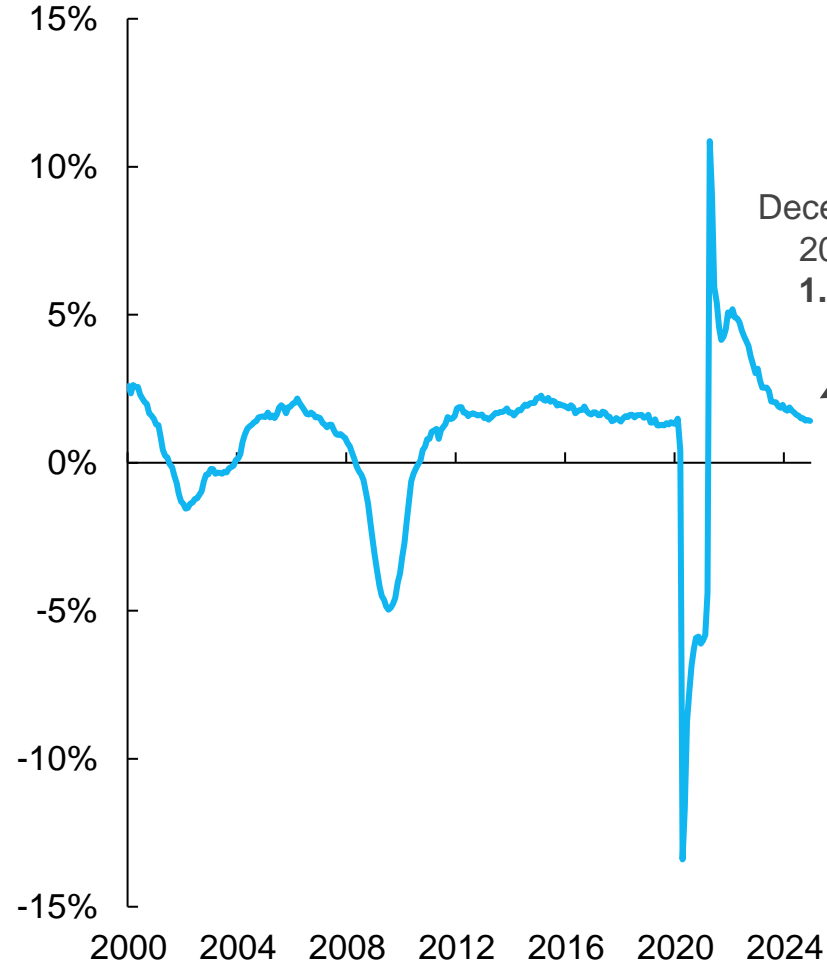
Source: U.S. Bureau of Labor Statistics (BLS)
Note: Data through December 2024

Even Though U.S. Labor Market Is Cooling, it Remains Tight Compared to Prior Decades

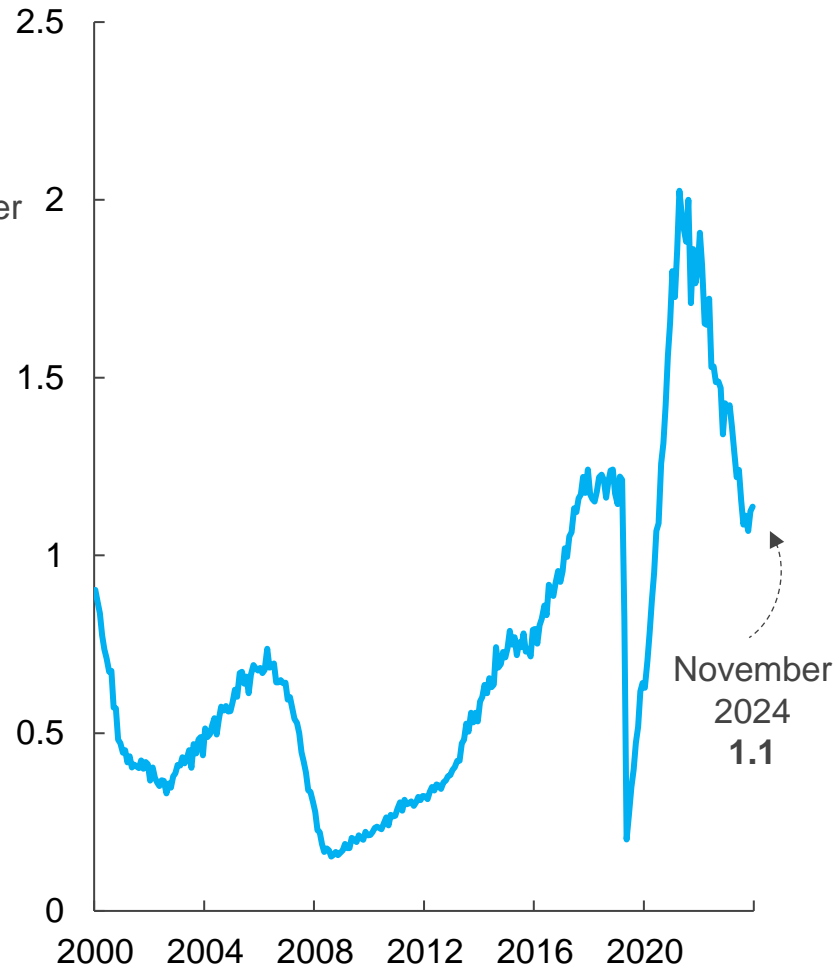


Job Growth

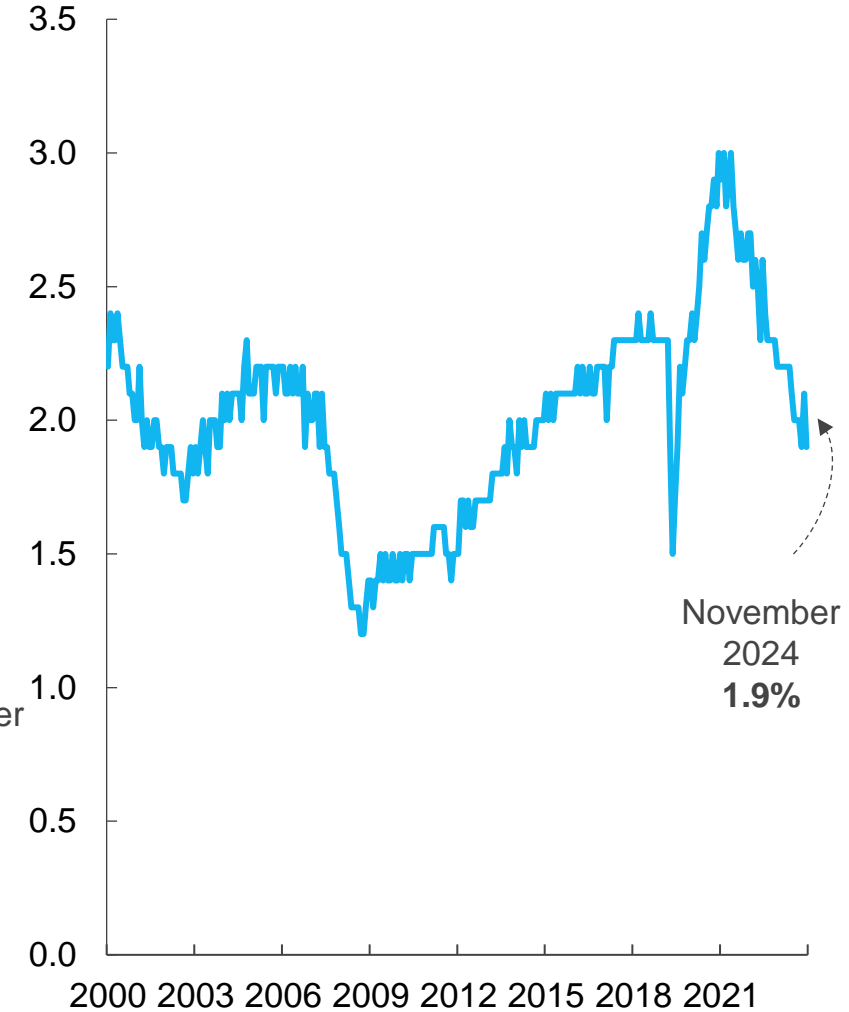
Percent Change from Year Ago



Job Openings per Unemployed Person

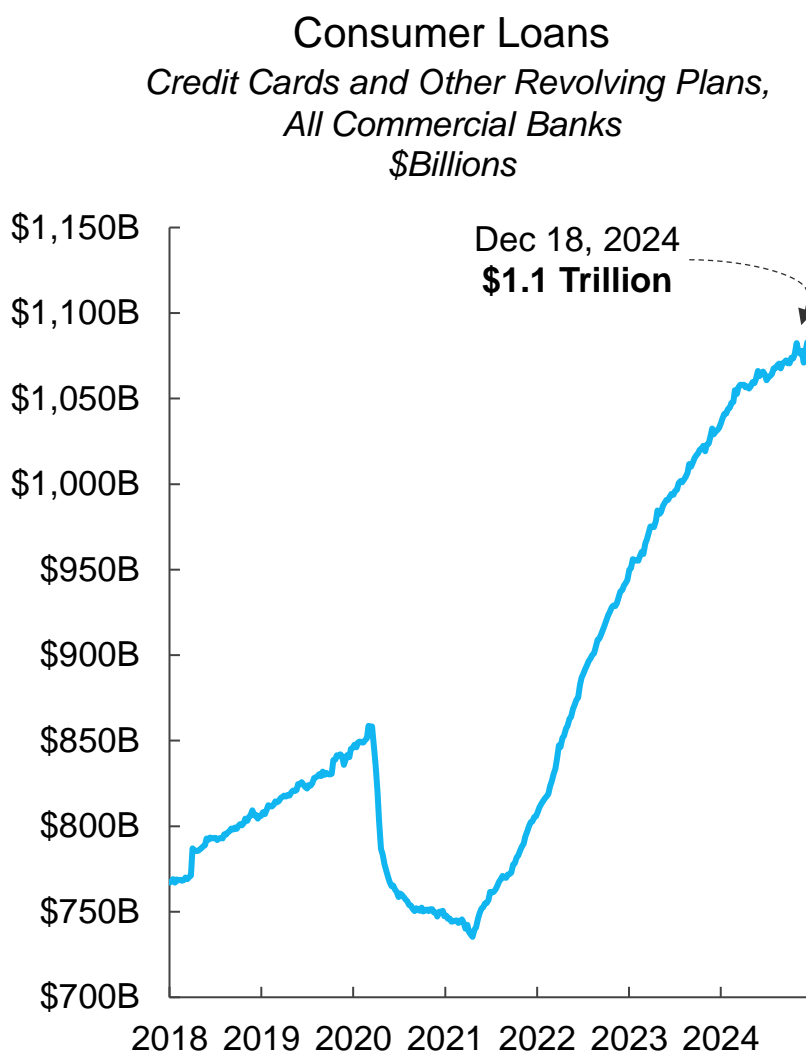
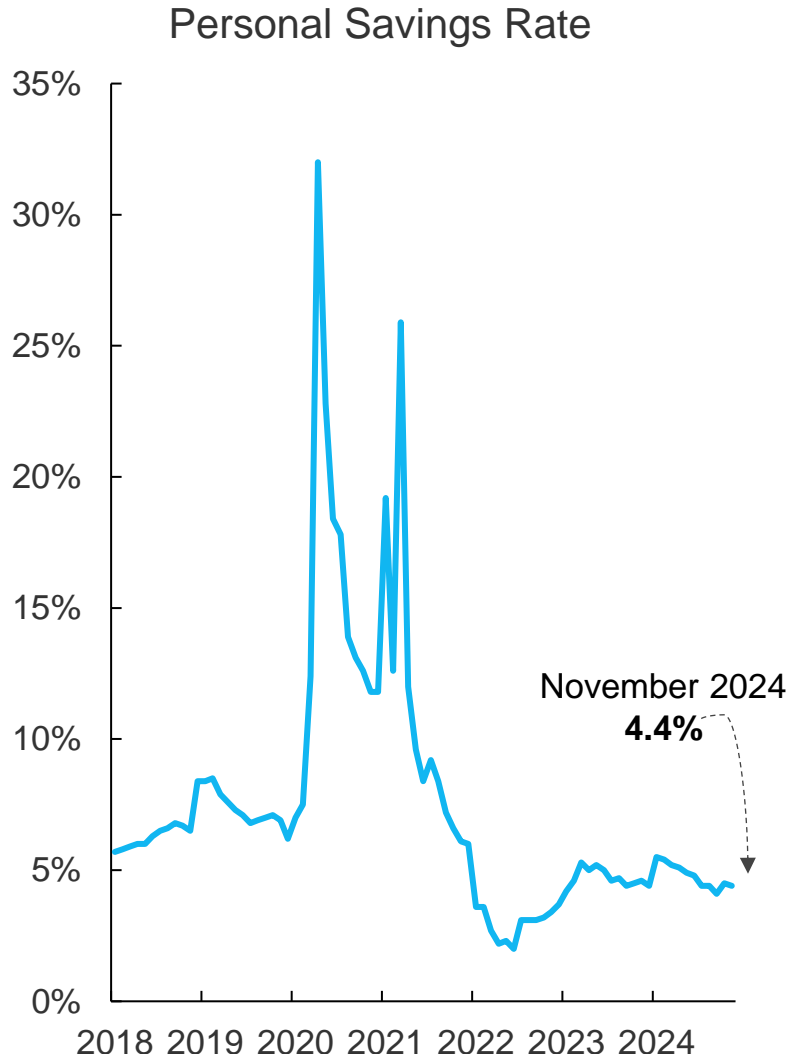
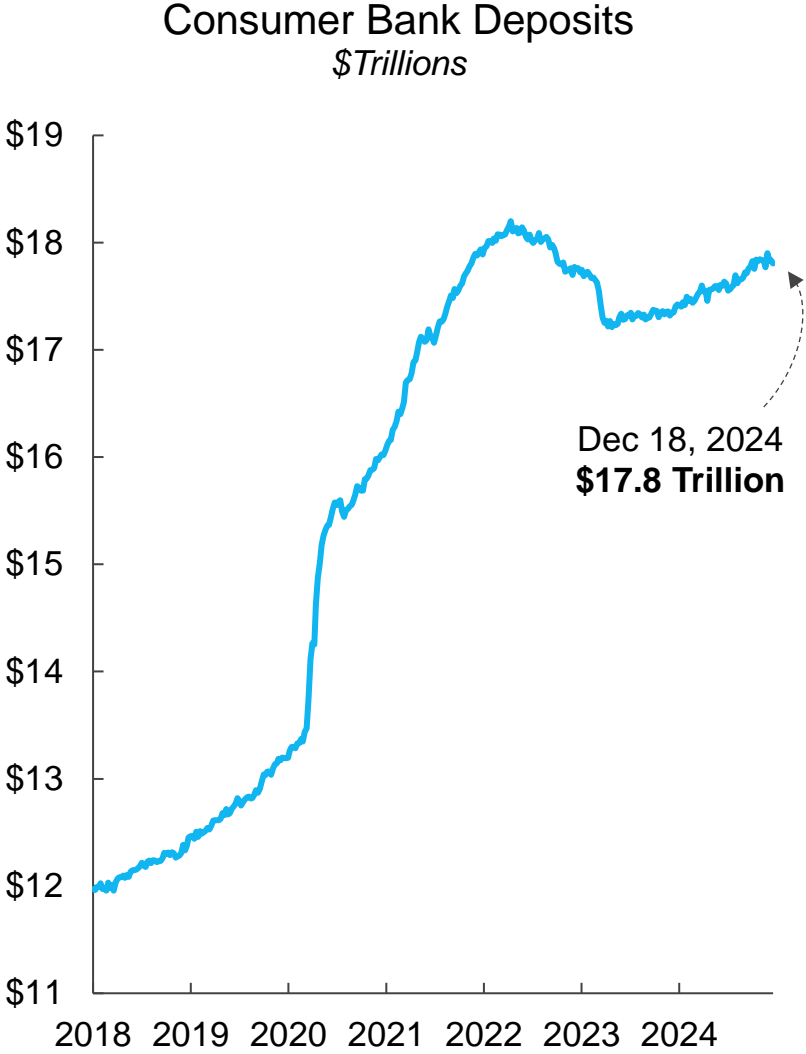


Quits Rate



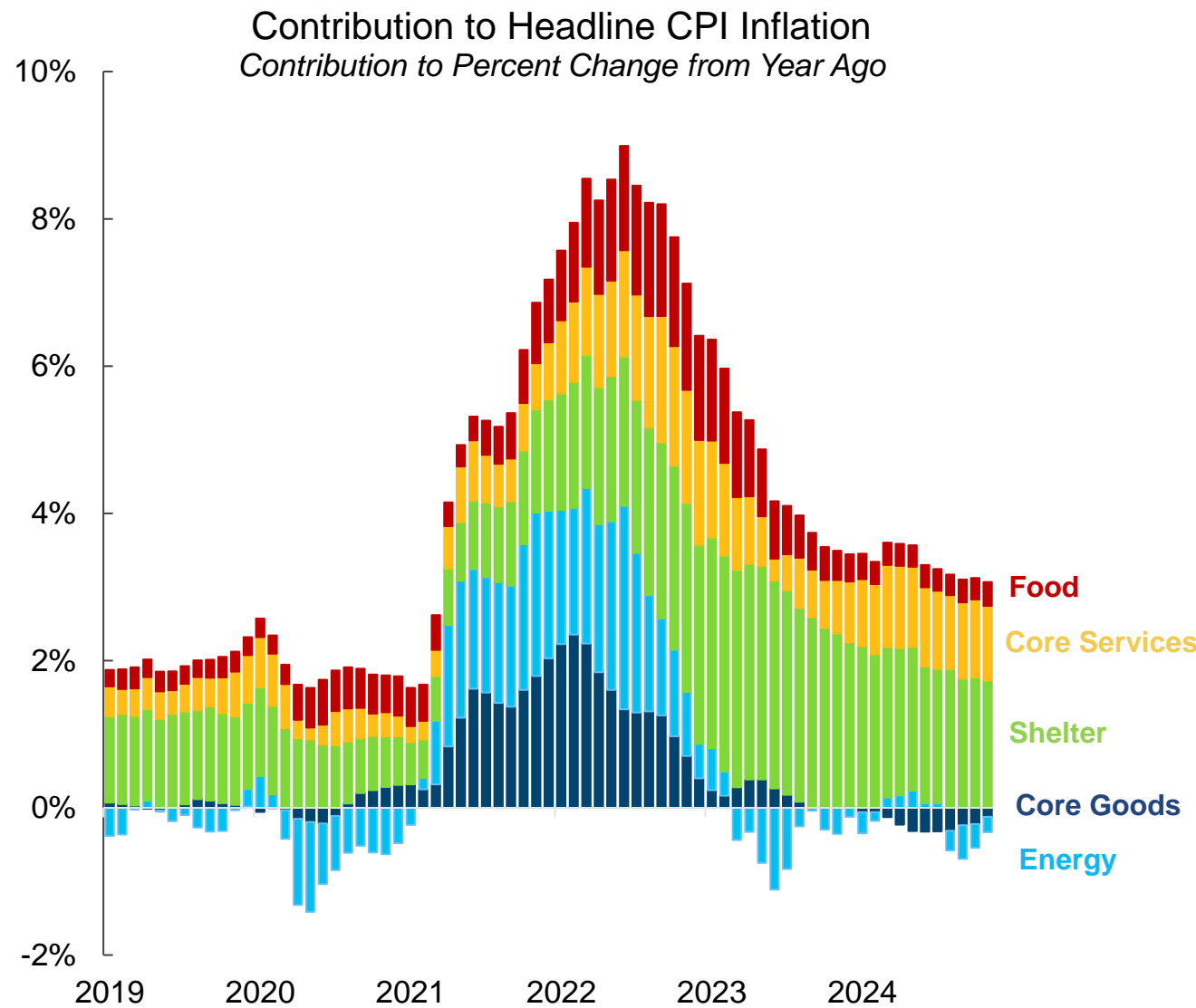
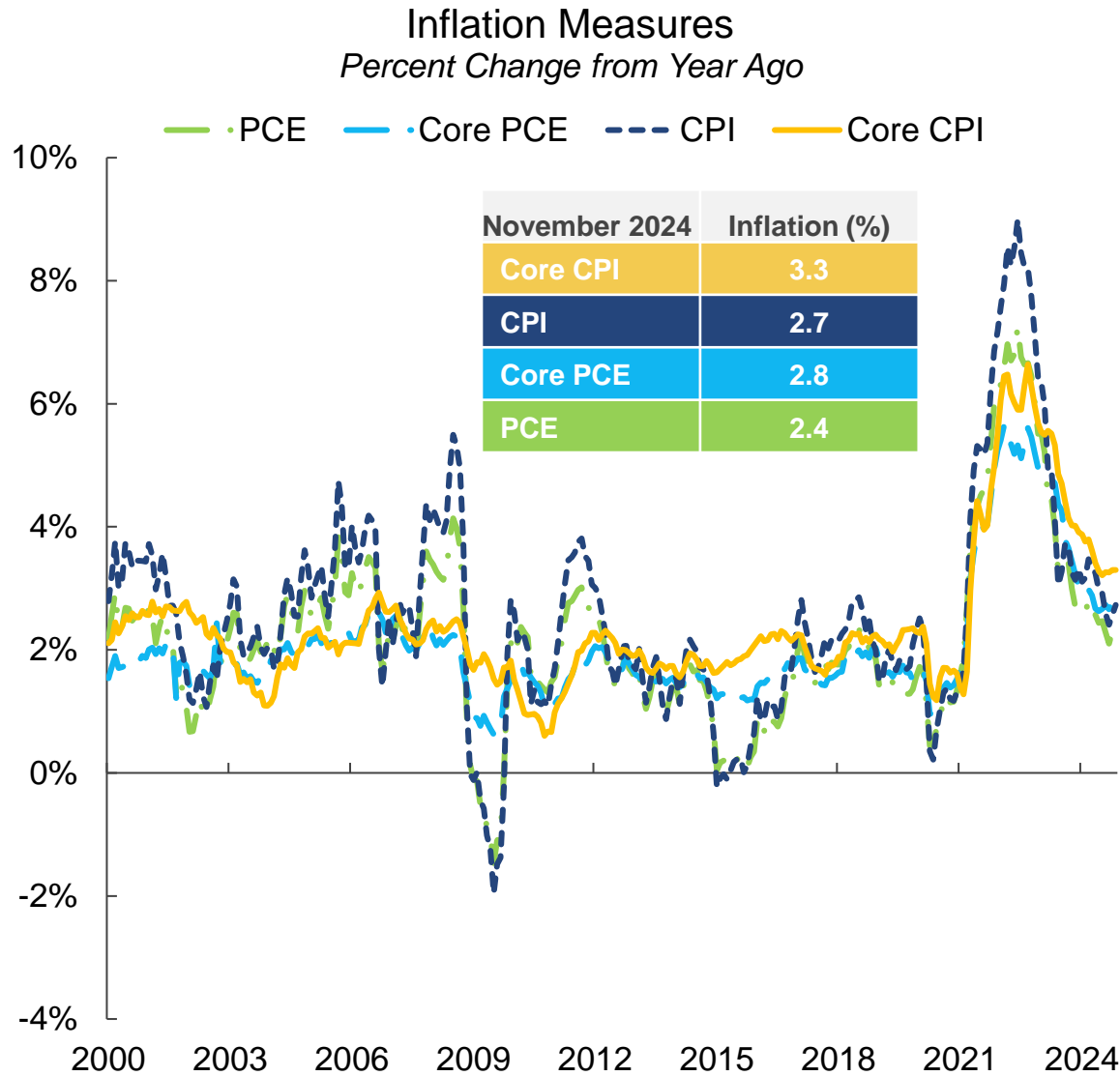
Source: U.S. Bureau of Labor Statistics (BLS)

Consumer Balance Sheets Improved Significantly Due to Stimulus, But They Have Weakened as Credit Demand Surged During the Last 18 Months



Source: Federal Reserve, U.S. Bureau of Economic Analysis (BEA)

Inflation in the U.S. Still Remains Above Federal Reserve's Target



Source: U.S. Bureau of Labor Statistics (BLS), U.S. Bureau of Economic Analysis (BEA)
 Note: Data through November 2024

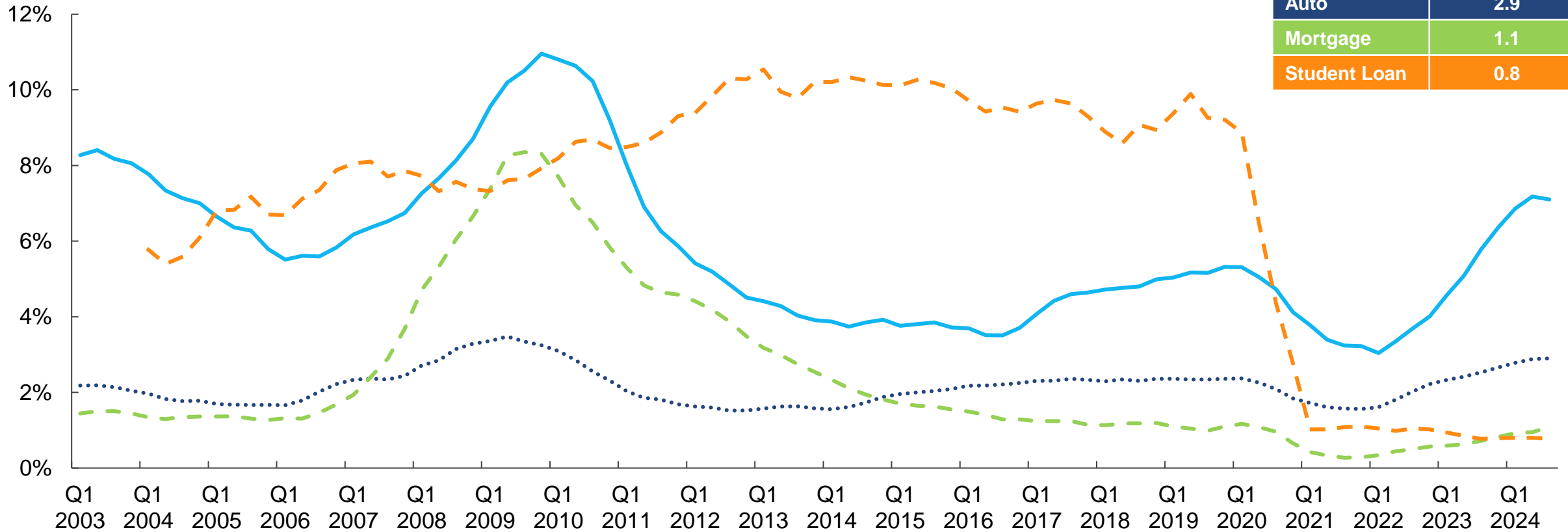
Serious Delinquency Rate for Credit Cards Remains High and Autos Continue to Increase, But Mortgage Performance Remains Solid



Transition Into Serious Delinquency (90+) by Loan Type
4-Quarter Moving Sum

..... Auto — Credit Card - - - Mortgage - - - Student Loan*

	Q3 2024	Transition Into SDQ (%)
Credit Card	7.1	7.1
Auto	2.9	2.9
Mortgage	1.1	1.1
Student Loan	0.8	0.8



Source: New York Fed Consumer Credit Panel/Equifax;

Note: Data through Q3 2024

*Student loan data are not reported prior to 2004 due to uneven reporting

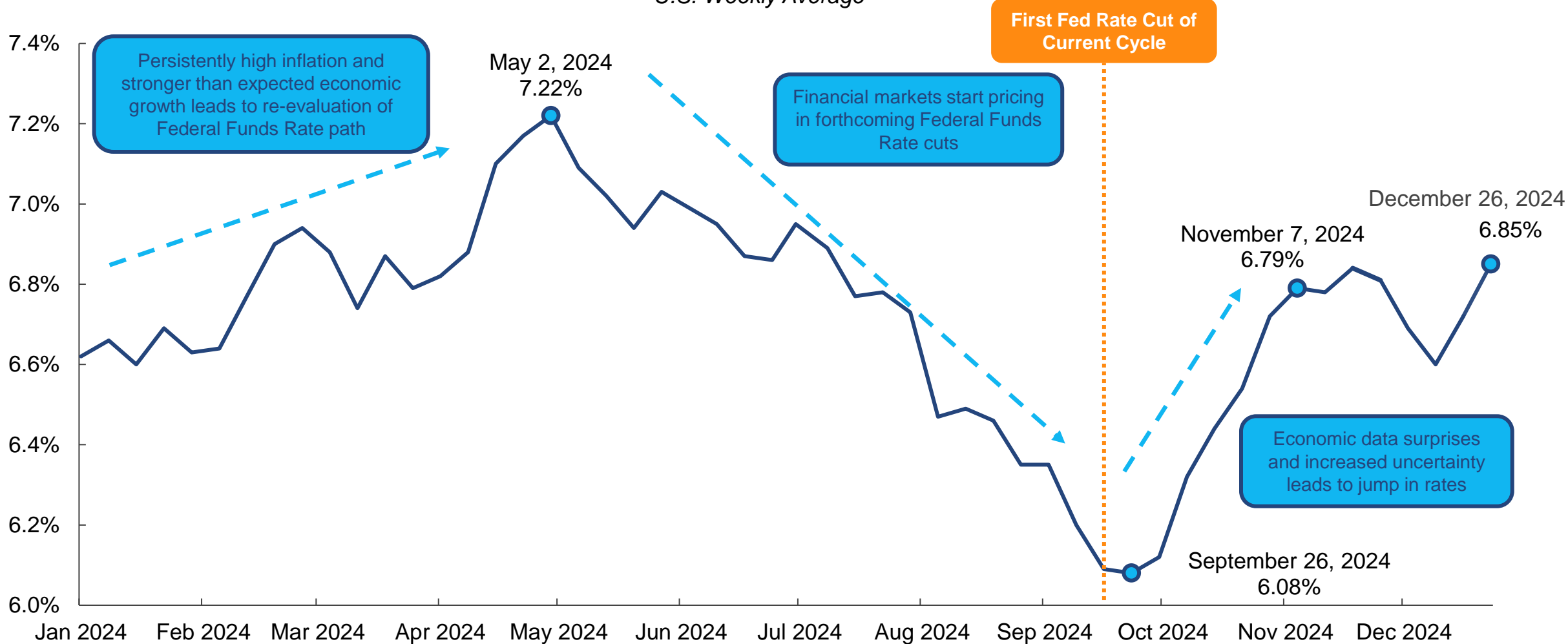


Housing & Mortgage Market

Mortgage Rates Have Been on a Roller Coaster Ride in 2024



30-Year Fixed Rate Mortgage Rate
U.S. Weekly Average

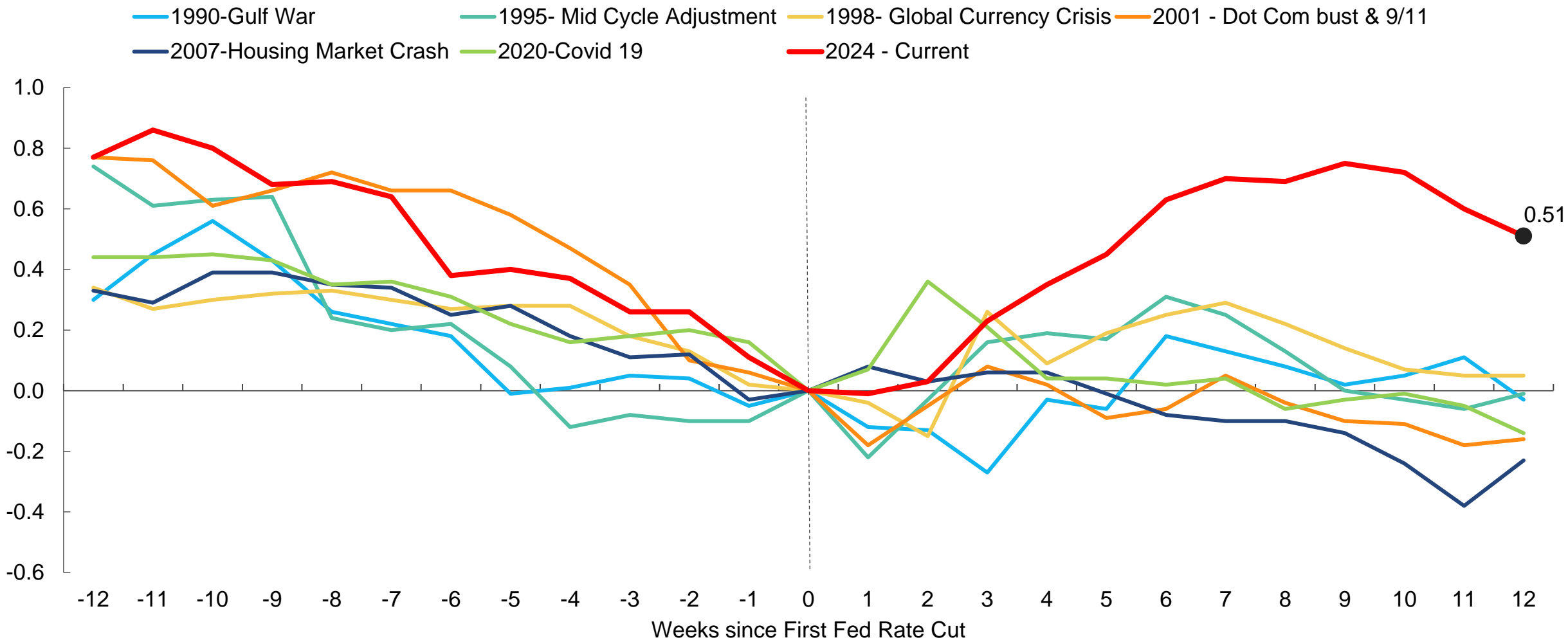


Source: Freddie Mac Primary Mortgage Market Survey
Note: Data through last week of December 2024

Mortgage Rates Have Increased Since the Federal Reserve Began Cutting the Federal Funds Rate



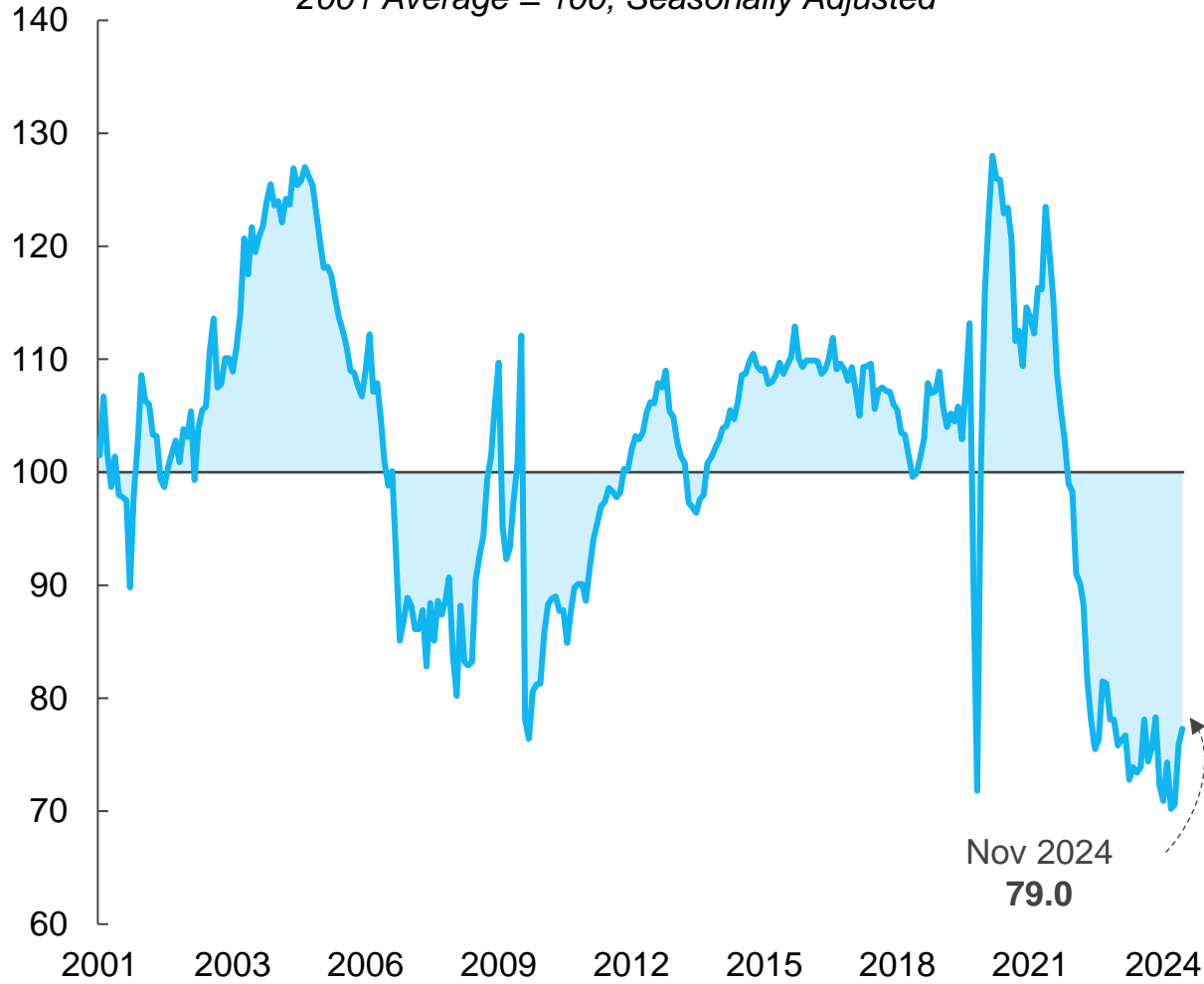
Change in Mortgage Rates Since First Fed Rate Cut



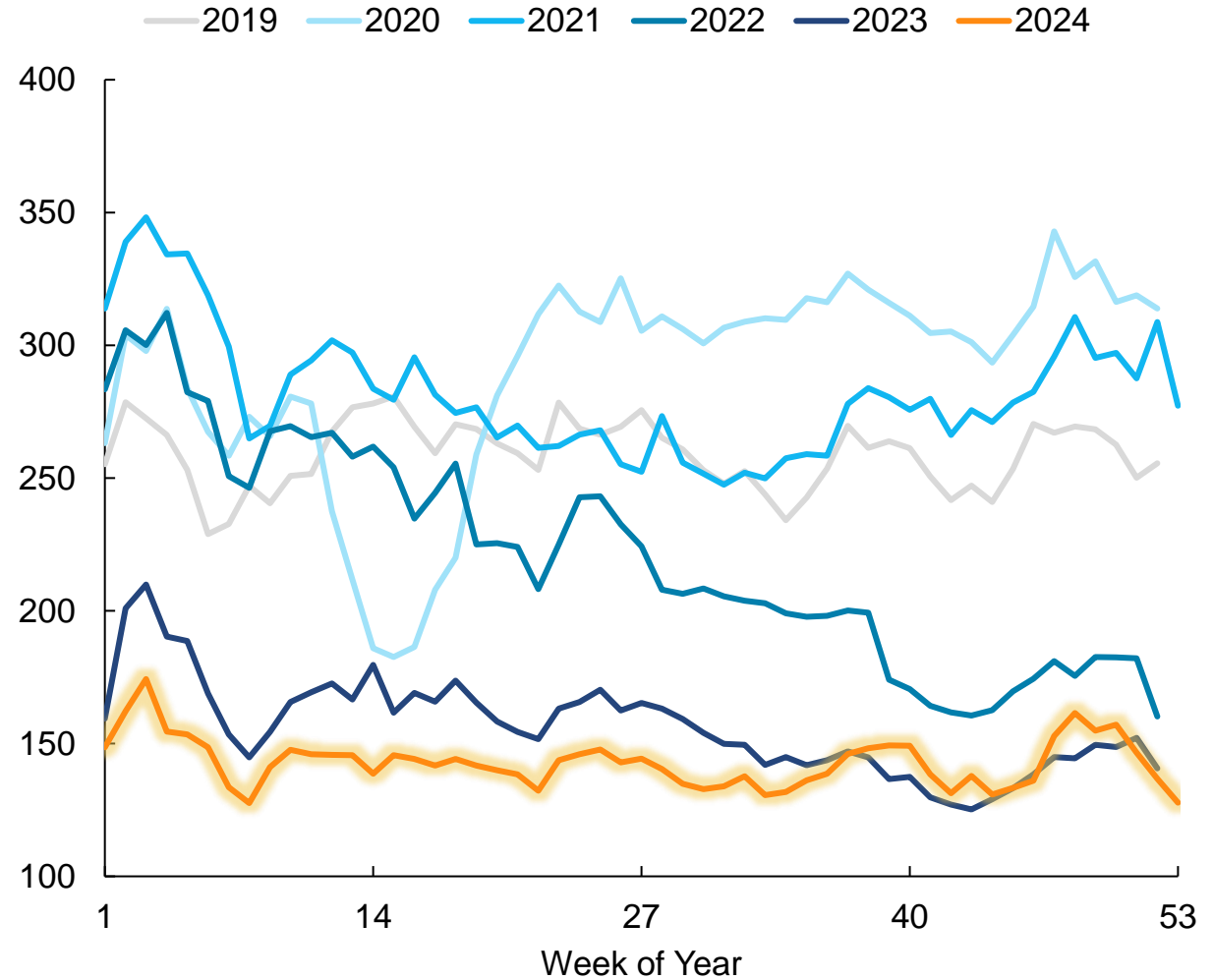
Purchase Applications Remain at Lowest Level in Five Years



Pending Home Sales Index
2001 Average = 100; Seasonally Adjusted



Total Market Purchase Index
16Mar1990 = 100; Seasonally Adjusted



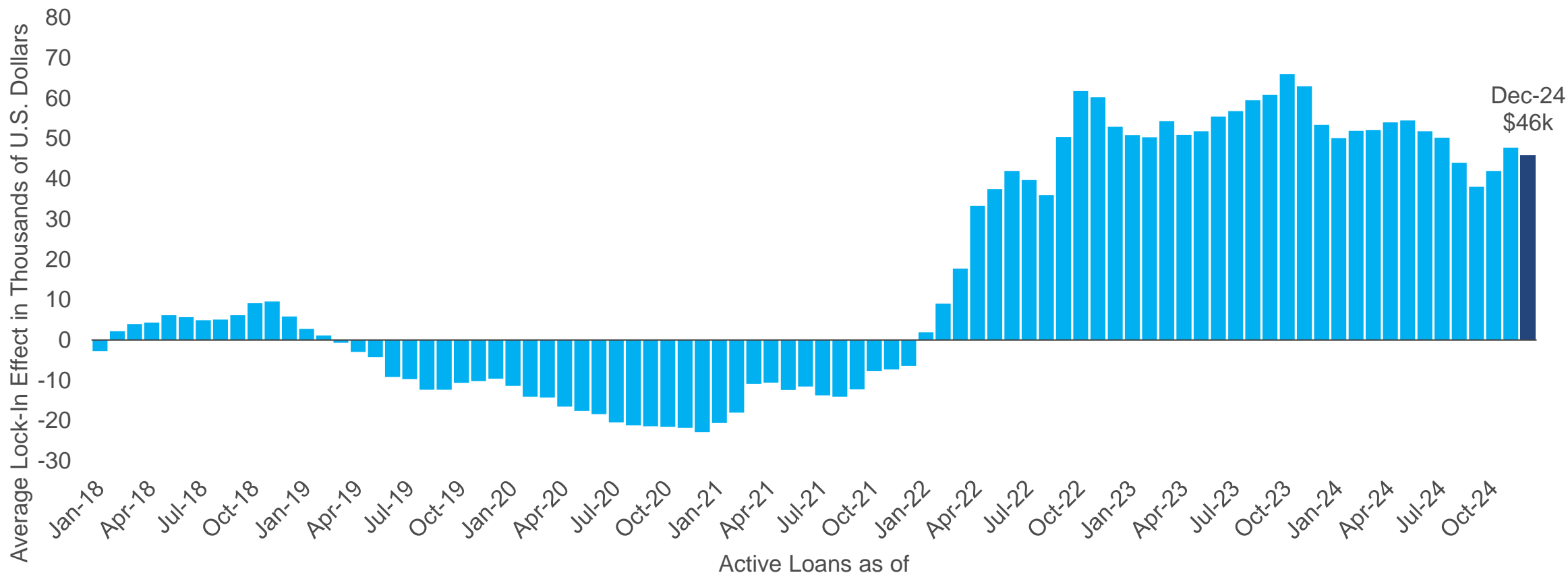
Source: National Association of Realtors, Mortgage Bankers Association

Note: Pending Home Sales data through November 2024; Purchase Apps Data through December 27, 2024.

Average Mortgage Rate Lock-In Effect



Average Mortgage Rate Lock-In Effect
Freddie Mac active 30-year and 15-year fixed mortgages



Lock-in computed by the formula $V = B - \sum_{i=1}^n \frac{P}{(1+r)^i} - \frac{F}{(1+r)^n}$ where B is the current outstanding mortgage balance, P is the monthly principal and interest payment, r is the current prevailing 30-year/15-year mortgage rate in the PMMS, n is the remaining months left on the mortgage and F is any partial payment due after n periods due to curtailment. Last data point December 2024.

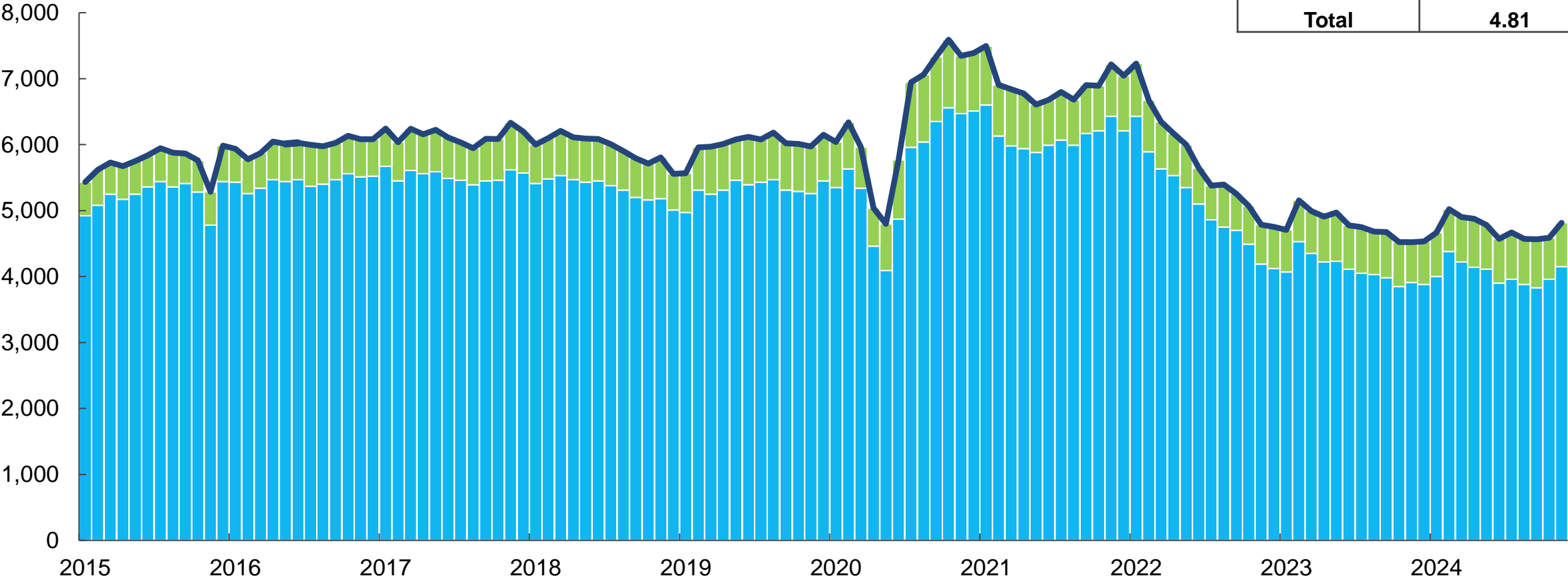
U.S. Home Sales Remain Low



Total Home Sales
Thousands, Seasonally Adjusted

Existing New Total

November 2024	Home Sales (Millions)
Existing	4.15
New	0.66
Total	4.81



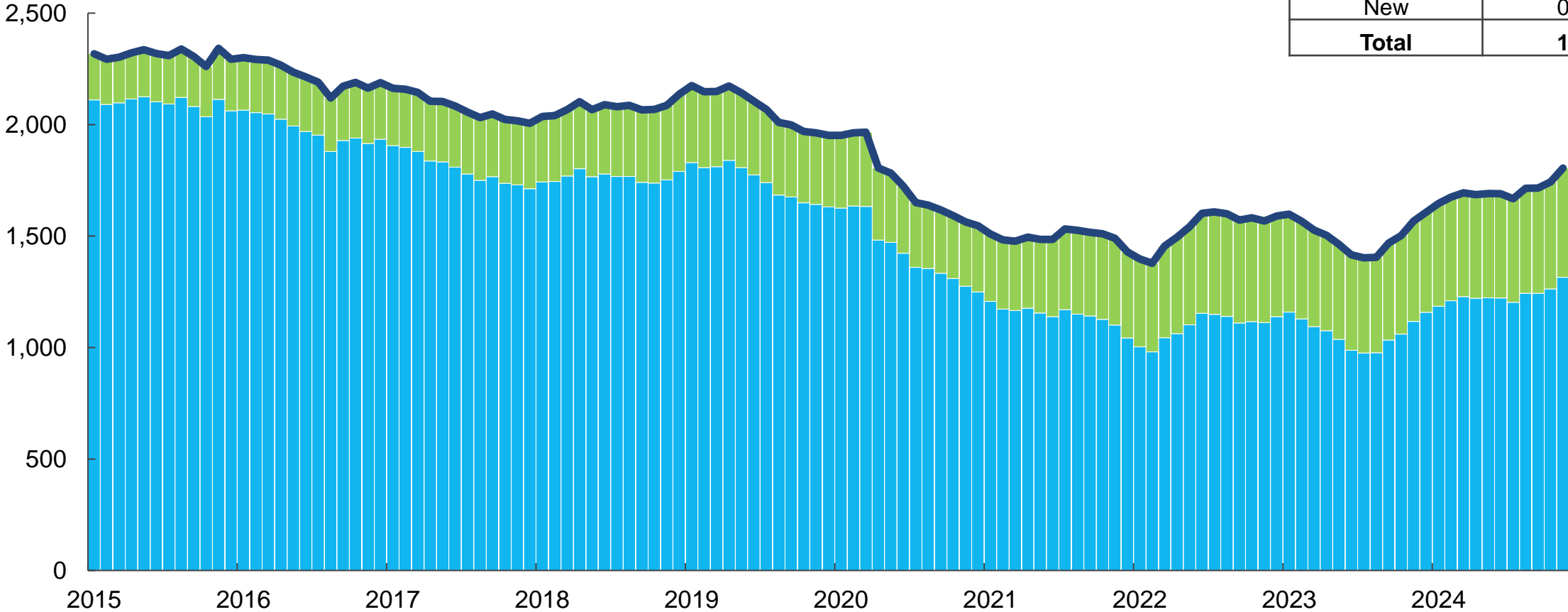
Source: National Association of Realtors (NAR); U.S. Census Bureau
 Note: Data through November 2024

Despite Weak Sales, U.S. Housing Supply Remains Low as Market is Dominated by Chronic Undersupply of Resales



Total Homes for Sale
Thousands, Seasonally Adjusted

Existing New Total



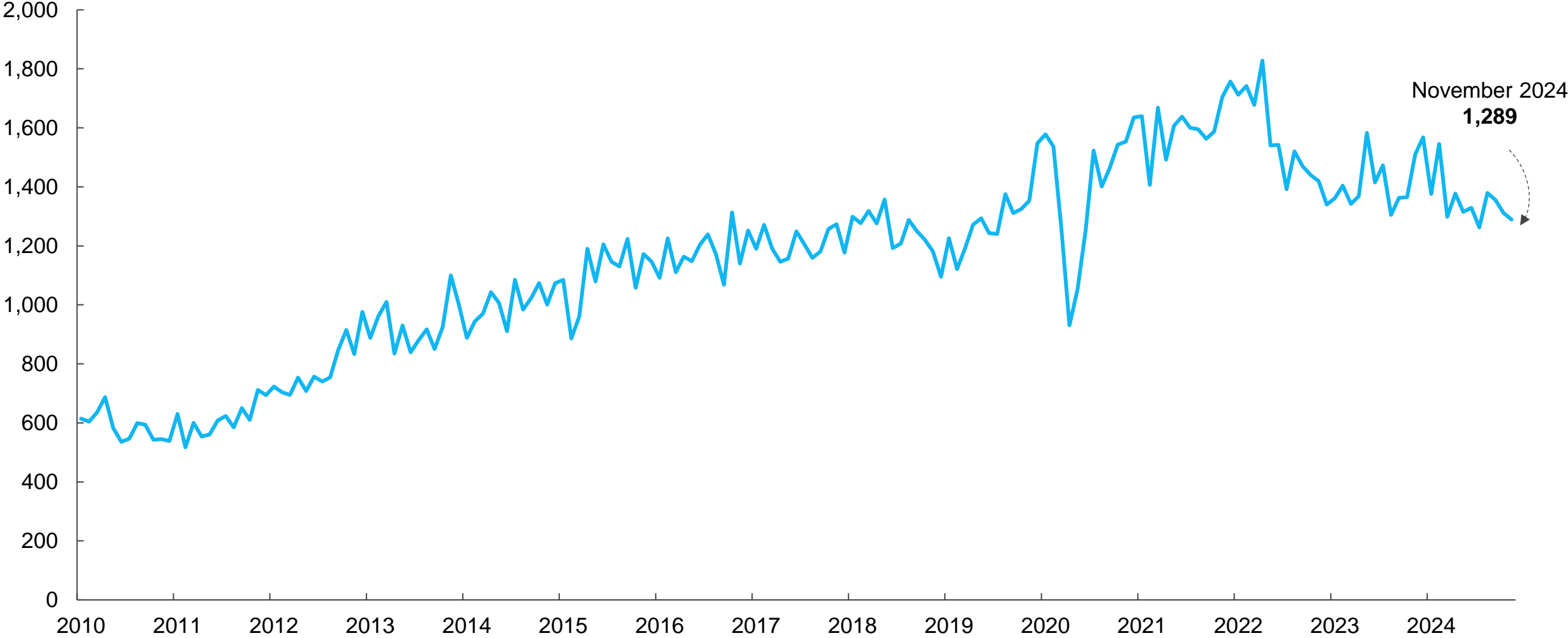
November 2024	Home for Sale (Millions)
Existing	1.32
New	0.49
Total	1.81

Source: National Association of Realtors (NAR); U.S. Census Bureau
Note: Data through November 2024

U.S. Housing Starts Ticked Down Due to Rising Mortgage Rates

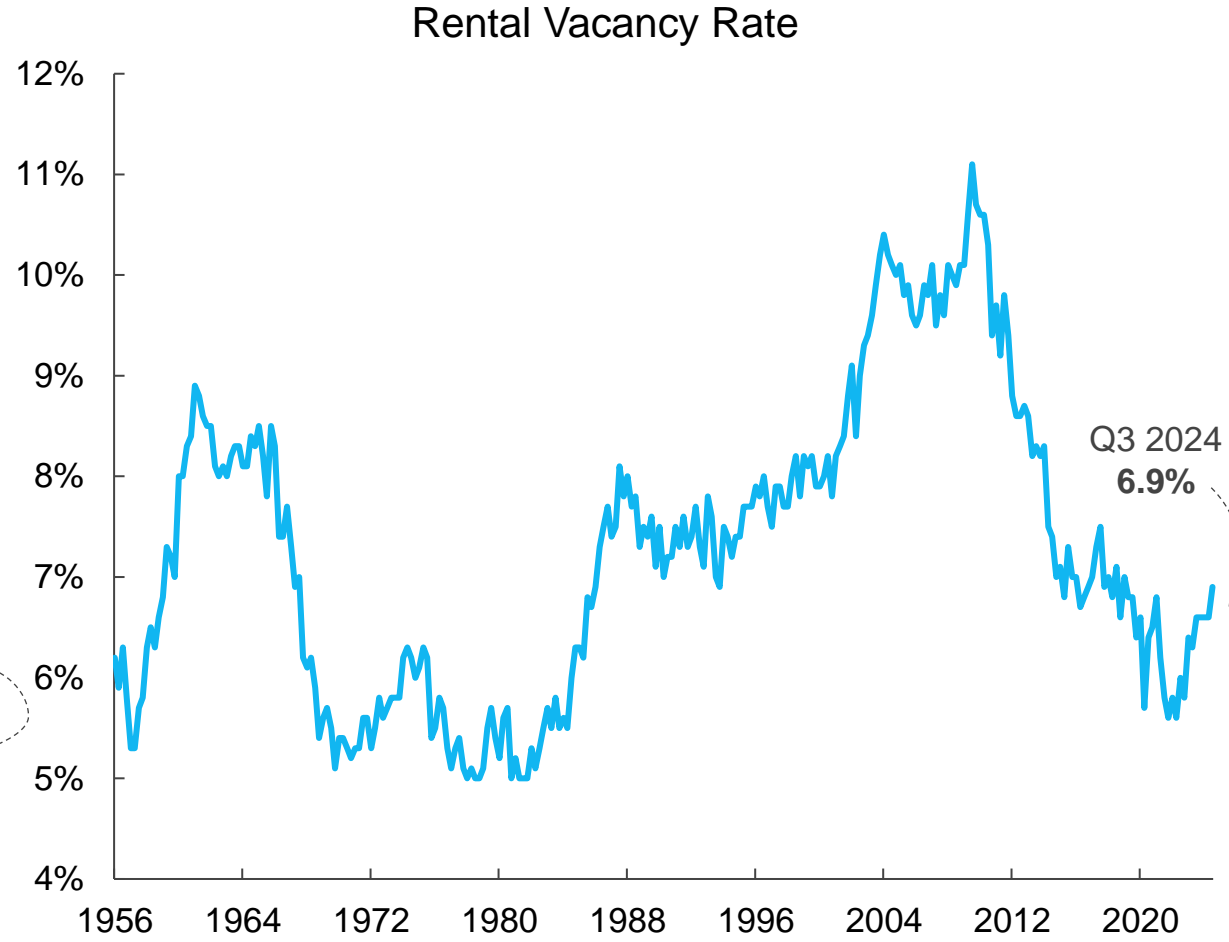
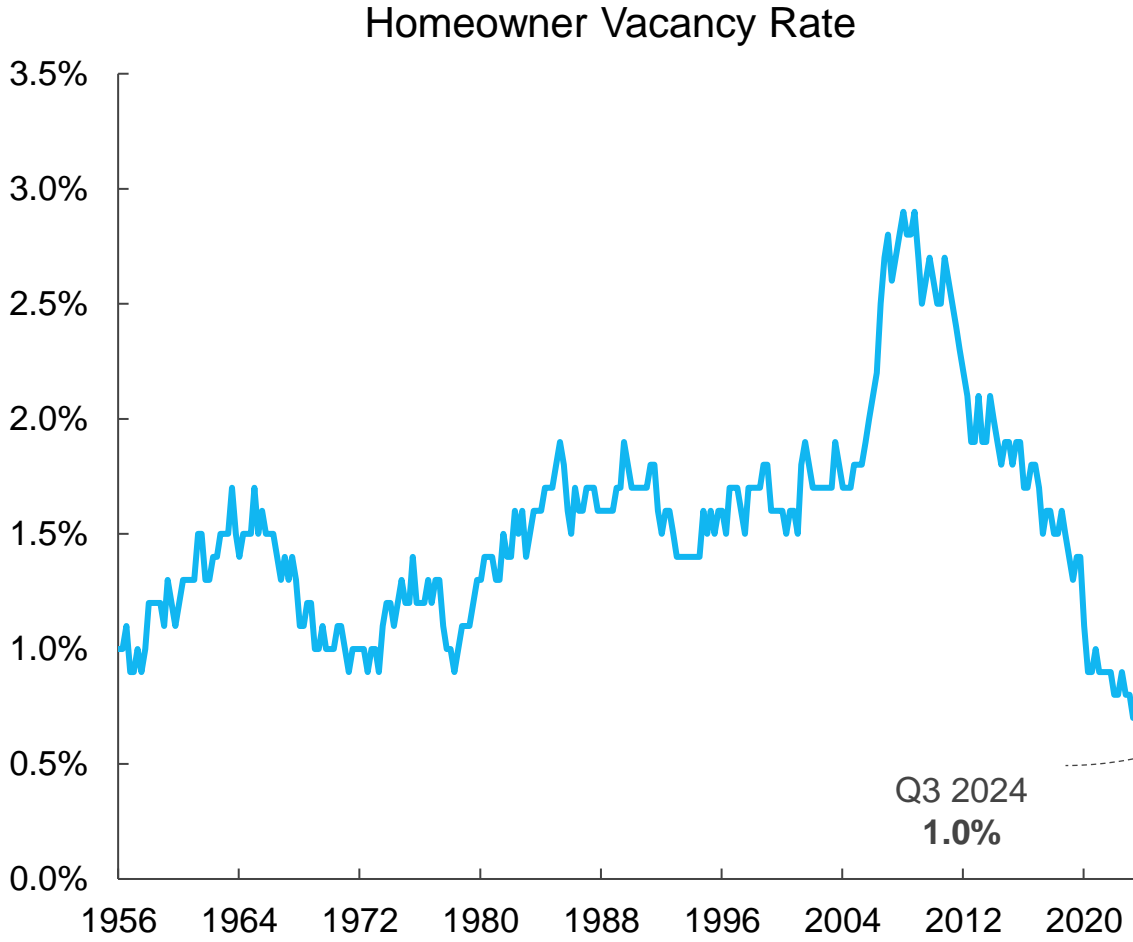


Total Housing Starts
Thousands, Seasonally Adjusted Annual Rate



Source: U.S. Census Bureau
Note: Data through November 2024

Lack of Housing Supply in U.S. Caused Vacancy Rates to Collapse to Historic or Near-Historic Lows

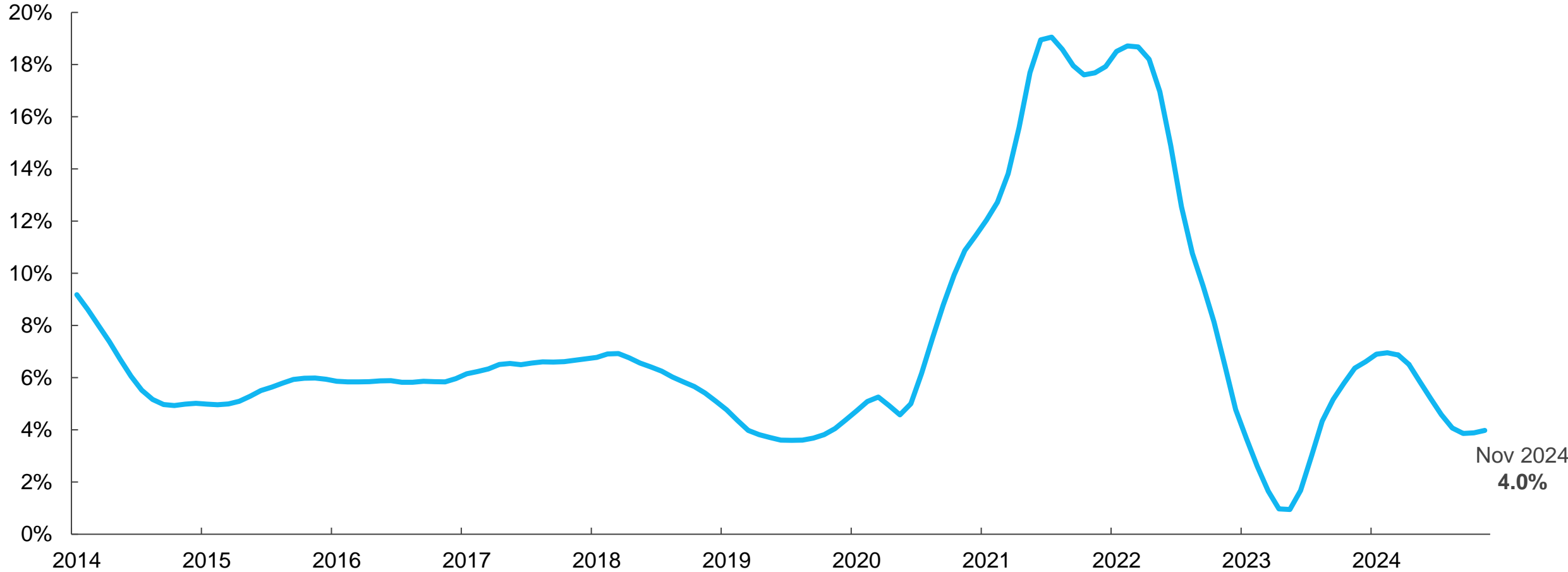


Source: U.S. Census Bureau
Note: Data through Q3 2024

U.S. Home Price Growth is Rising Although at a Slower Pace; Home Price Growth Expected to Slow in 2025



Freddie Mac House Price Index
Percent Change from Year Ago



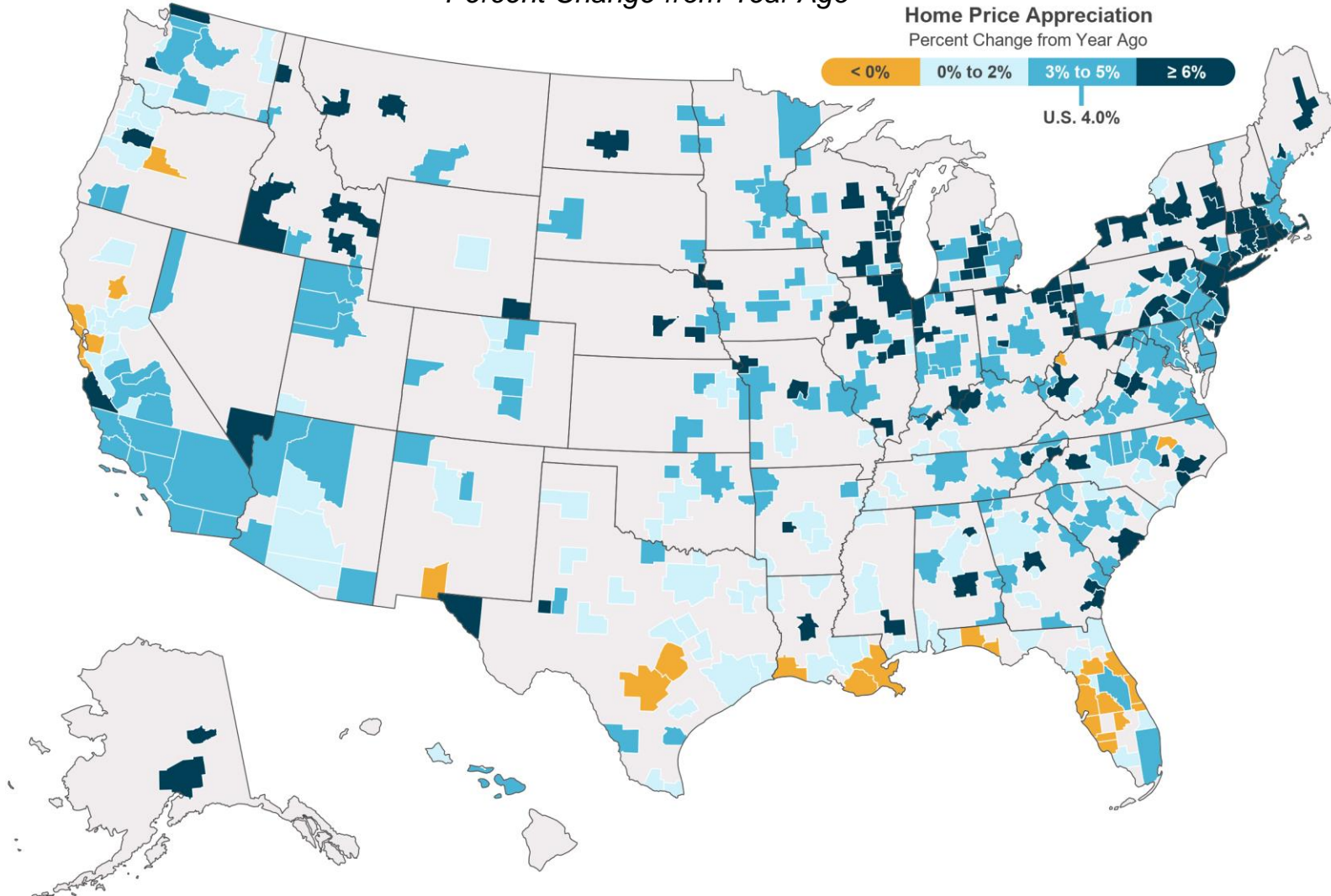
Source: Freddie Mac

Note: Data through November 2024; For latest data, visit <https://www.freddiemac.com/research/indices/house-price-index>

Home Price Growth Continues to Rise the Most in Northeast and Midwest



November 2024 Freddie Mac House Price Index
Percent Change from Year Ago



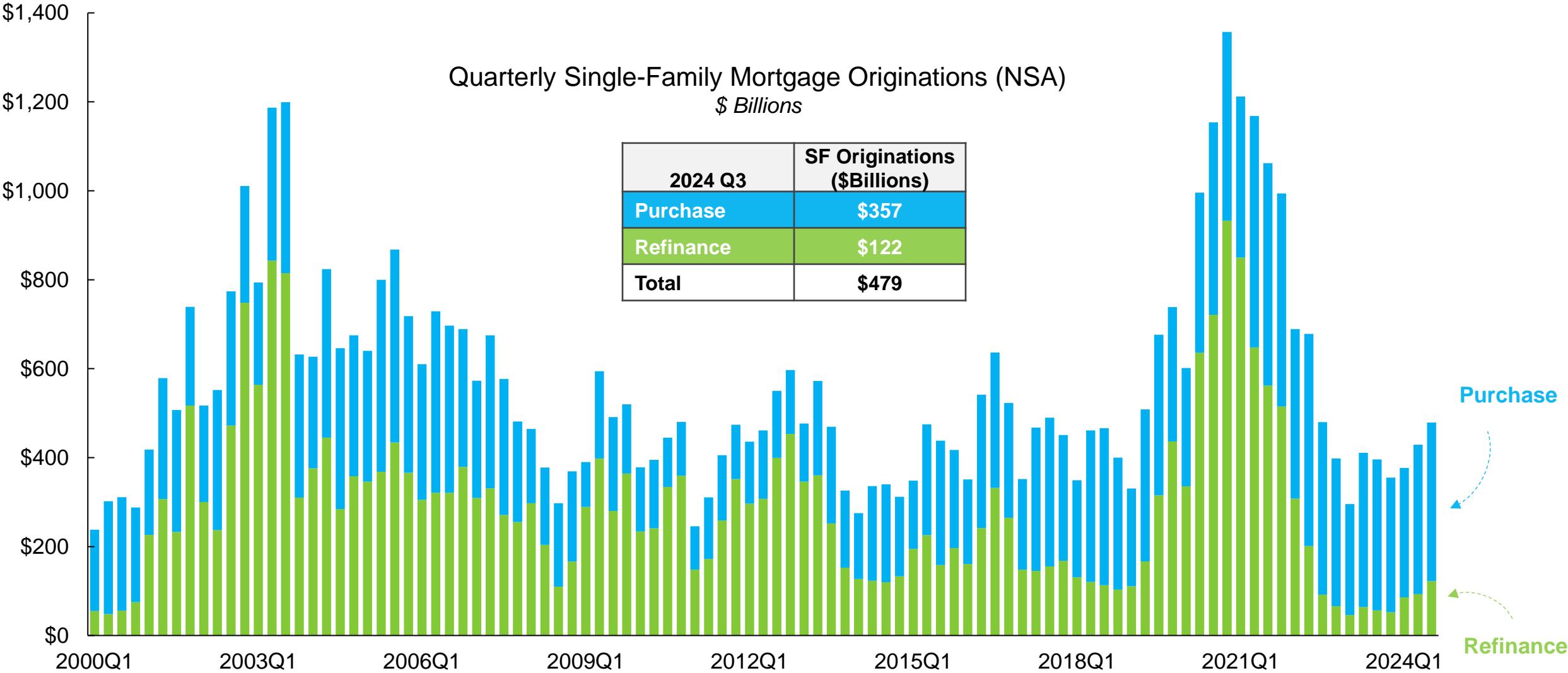
Source: Freddie Mac
Note: Data through November 2024

U.S. Mortgage Originations Pick Up in Q3 Led by Purchase Originations



Quarterly Single-Family Mortgage Originations (NSA)
\$ Billions

2024 Q3	SF Originations (\$Billions)
Purchase	\$357
Refinance	\$122
Total	\$479



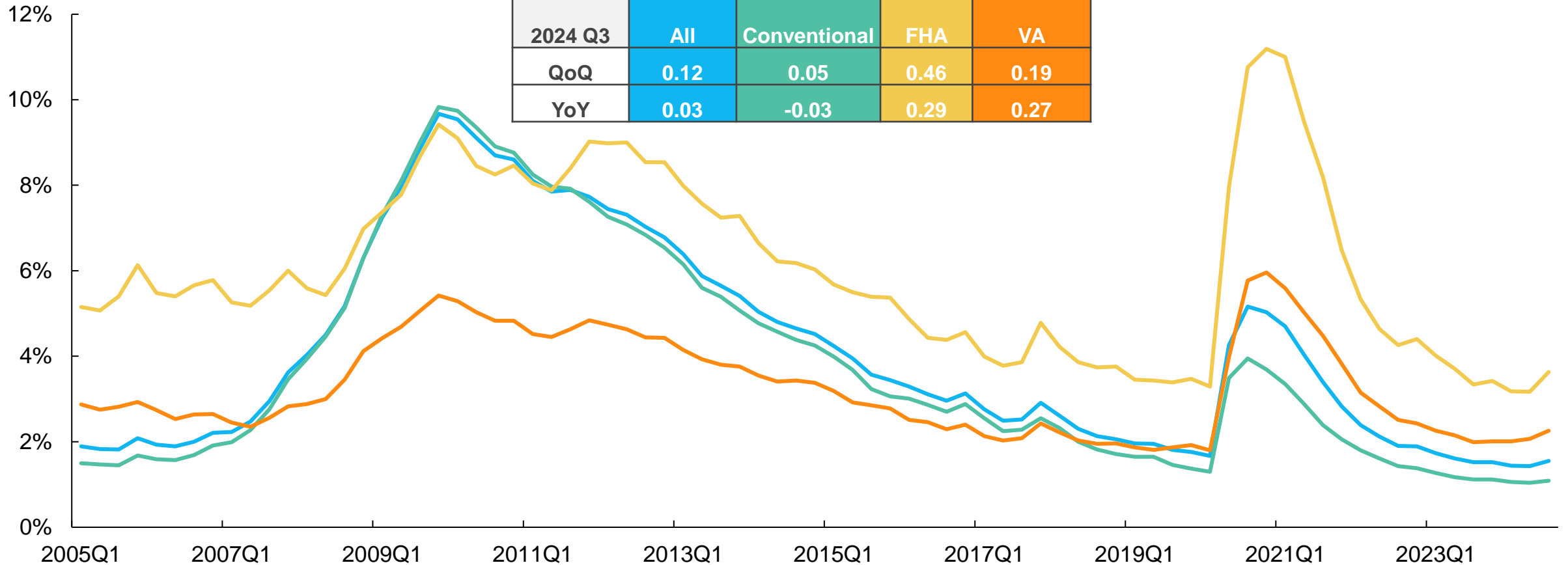
Source: Freddie Mac
Note: Data through Q3 2024

Share of Serious Delinquent Loans Remains Low at 1.6% as of Q3 2024



Total Serious Delinquent Loans
% of all loans serviced

Percentage Point Change from 2024 Q3				
2024 Q3	All	Conventional	FHA	VA
QoQ	0.12	0.05	0.46	0.19
YoY	0.03	-0.03	0.29	0.27



Source: Mortgage Bankers Association