

# U.S. Economy, Housing & Mortgage Market

## *Recent Developments*

October 2024

Opinions, estimates, forecasts, and other views contained in this document are those of Freddie Mac's economists and other researchers, do not necessarily represent the views of Freddie Mac or its management, and should not be construed as indicating Freddie Mac's business prospects or expected results. Although the authors attempt to provide reliable, useful information, they do not guarantee that the information or other content in this document is accurate, current or suitable for any particular purpose. All content is subject to change without notice. All content is provided on an "as is" basis, with no warranties of any kind whatsoever. Information from this document may be used with proper attribution. Alteration of this document or its content is strictly prohibited. It is for informational use only not as input into business decisions. If you do need data for financial or business purposes, you need to pull it independently and rely on your own controls.

©2024 by Freddie Mac.



# Table of Contents



## Economy



1. [GDP](#)
2. [Annual Revisions to GDP and GDI](#)
3. [Annual Revisions to Personal Savings Rate](#)
4. [Labor Market](#)
5. [Job Openings and Quits Rate](#)
6. [Consumer Balance Sheet](#)
7. [Inflation](#)
8. [Serious Delinquency Rate](#)

## Housing & Mortgage Market



1. [30-Year Fixed Mortgage Rate PMMS Weekly Average](#)
2. [Pending Home Sales and Total Market Purchases](#)
3. [Home Sales](#)
4. [Homes for Sale](#)
5. [Housing Starts](#)
6. [Vacancy Rates](#)
7. [Freddie Mac HPI](#)
8. [House Price Appreciation by MSA](#)
9. [Mortgage Originations](#)
10. [Top Reasons for Delinquency](#)

## Spotlight



### First-Time Homebuyers

1. [Potential FTHB Demand & FTHB Purchase Share](#)
2. [Change in the Share of FTHBs by State](#)
3. [Starter Home Price Appreciation & Renter Households to Supply Ratio](#)
4. [Unemployment Rate by Tenure](#)



## **Economy: U.S. economy continues to expand though showing signs of slowing consistent with a soft landing**

- GDP and GDI for the previous years were revised up
- Labor market cooling with unemployment up and job growth moderating
- Inflationary pressures are abating

## **Housing & Mortgage Market: Homebuyers continue to wait for rates to decline further**

- Mortgage rates fell to 2-year lows in September but both existing and new home sales fell over the month.
- Housing construction picked up on lower rates
- House price growth moderated further to 3.7% in August

## **Spotlight: First Time Home Buyers**

- First-Time Homebuyers are an increasing component of housing demand and are expected to continue to support the housing market. However, they face headwinds in terms of affordability, supply and the overall economic conditions.

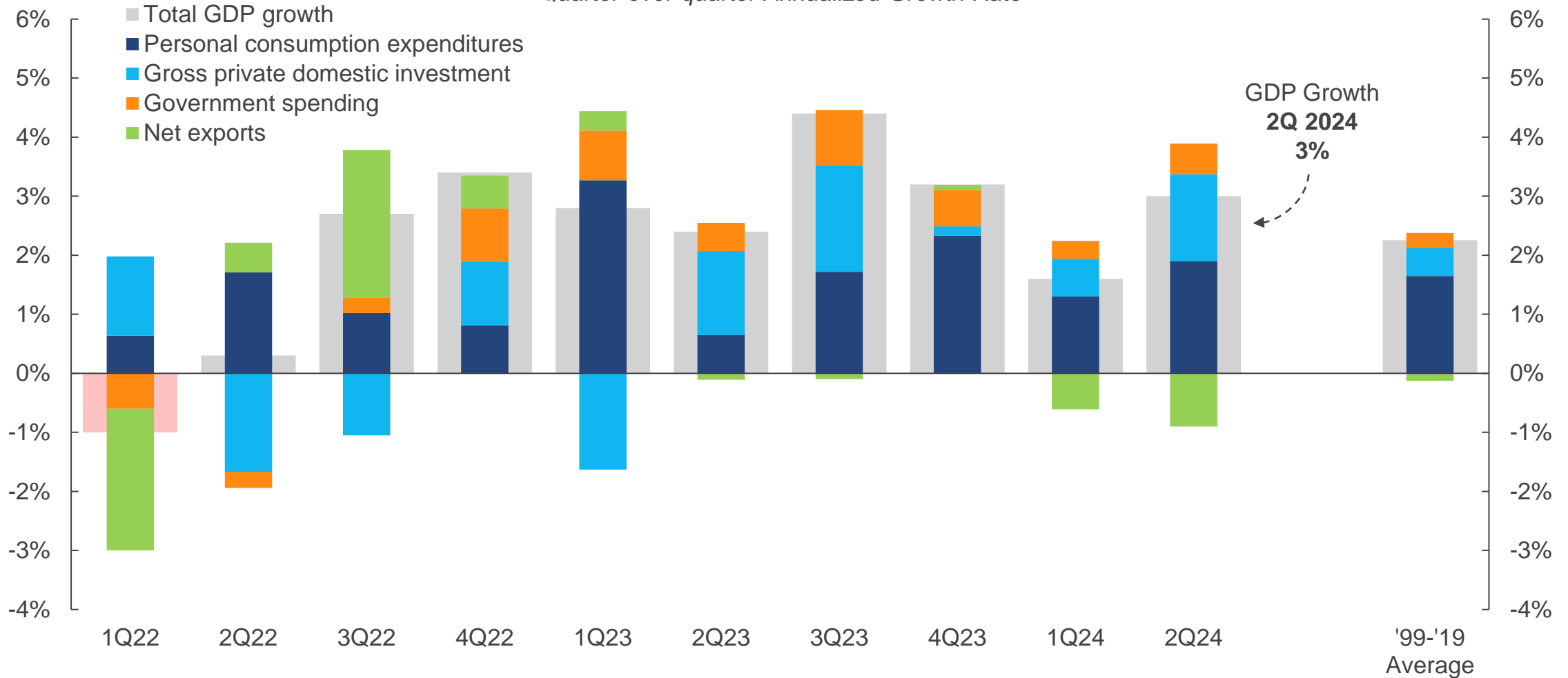


# Economy

# GDP Increased at an Annual Rate of 3% in Q2 2024; Growth Driven by Consumer Spending and Investment



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

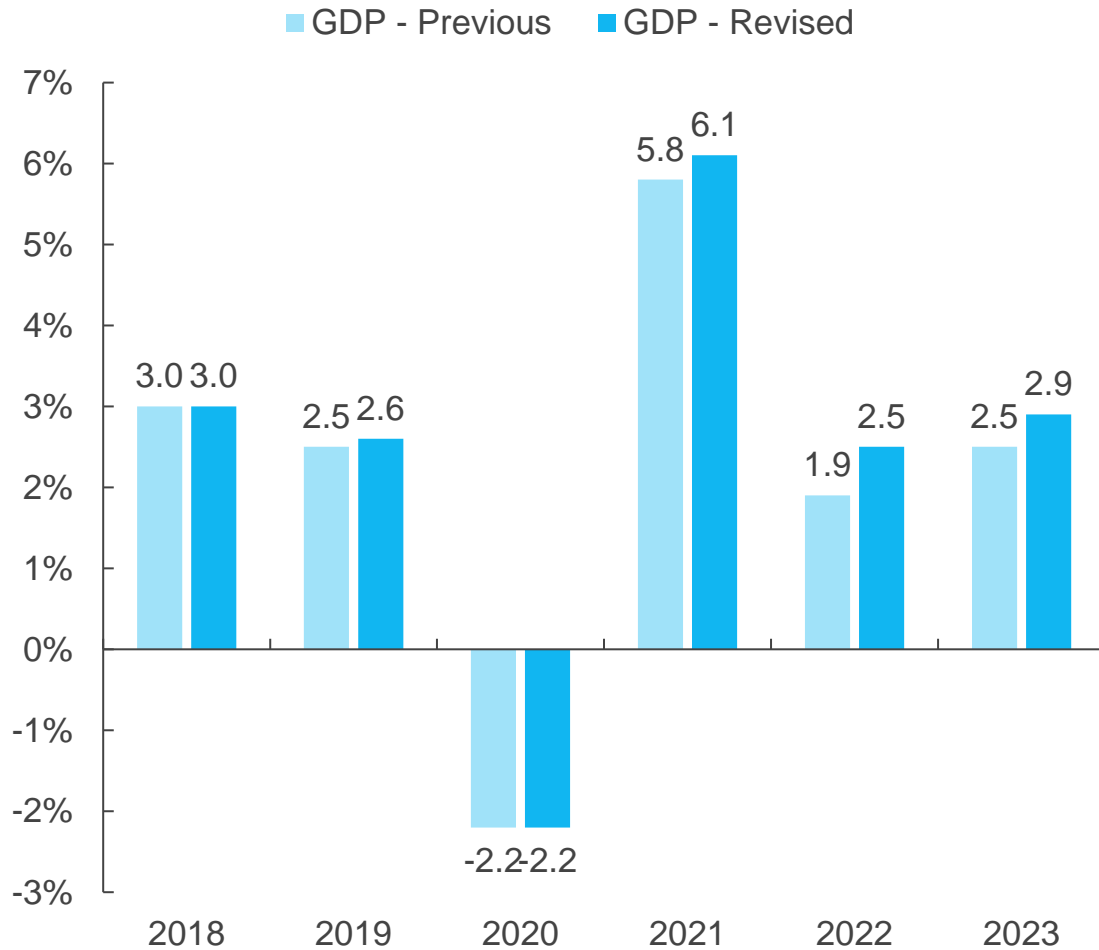


Source: U.S. Bureau of Economic Analysis (BEA)  
Note: Data through Q2 2024

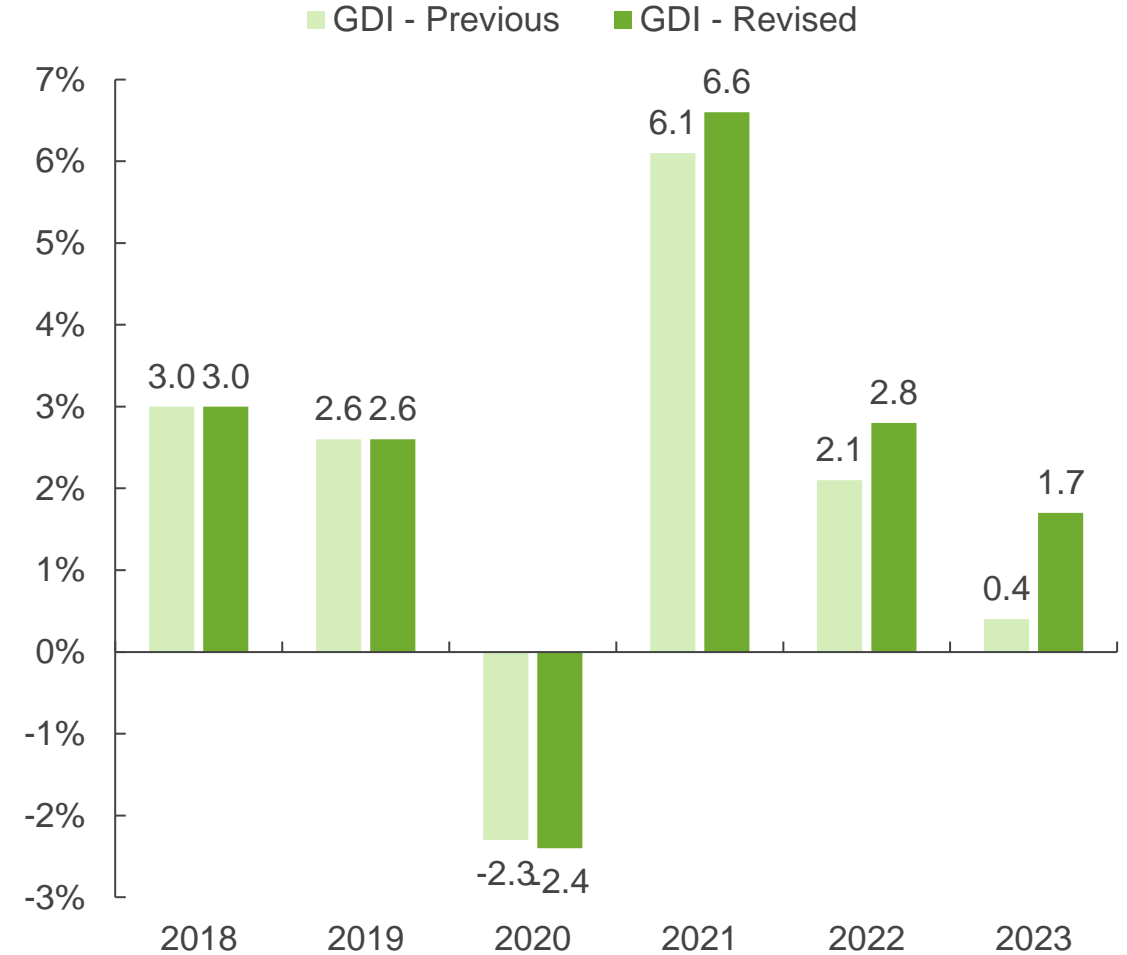
# Annual Revisions to Real Gross Domestic Product (GDP) and Real Gross Domestic Income (GDI) Show Stronger Growth than Previously Reported



Previously Estimated vs Revised Real GDP  
Annual Growth Rate



Previously Estimated vs Revised Real GDI  
Annual Growth Rate



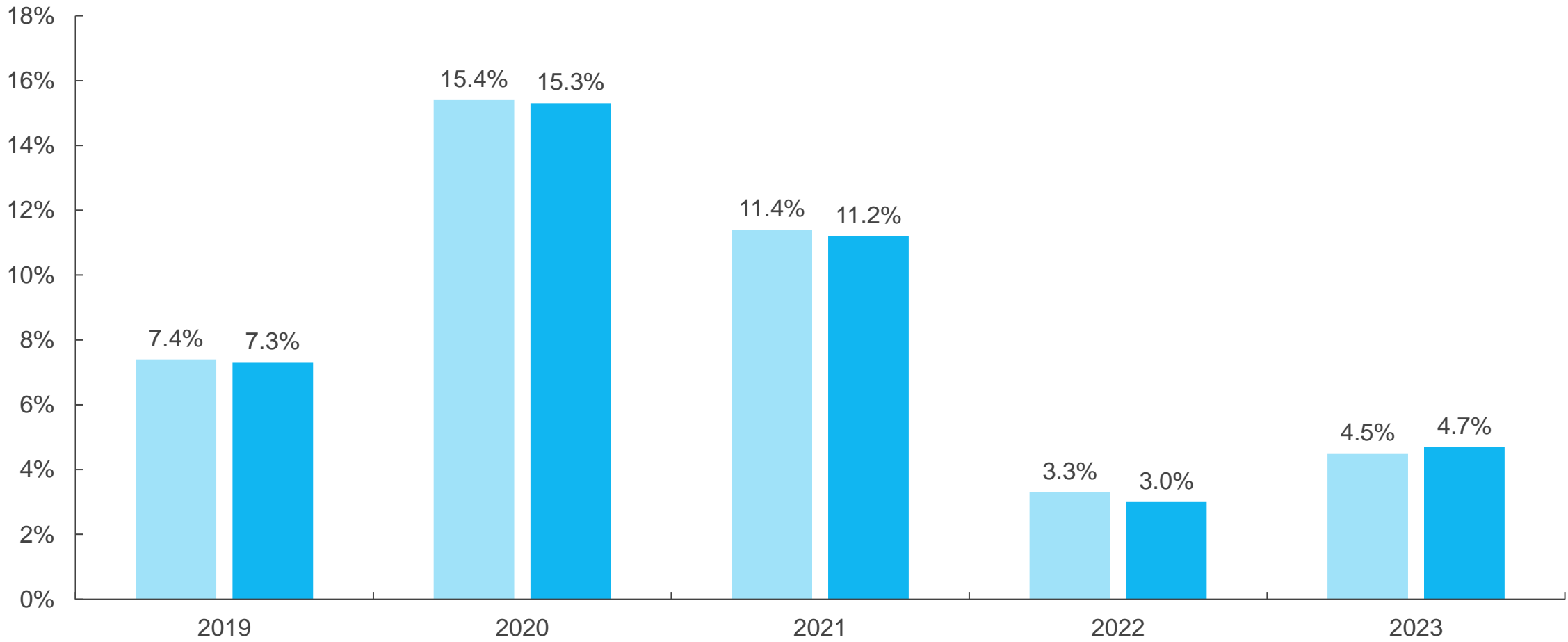
Source: U.S. Bureau of Economic Analysis (BEA)  
Note: BEA Annual Revisions Released September 26, 2024

# U.S. Personal Savings Rate for 2023 Revised Higher Than Previously Reported



### Previously Estimated vs Revised Personal Savings Rate

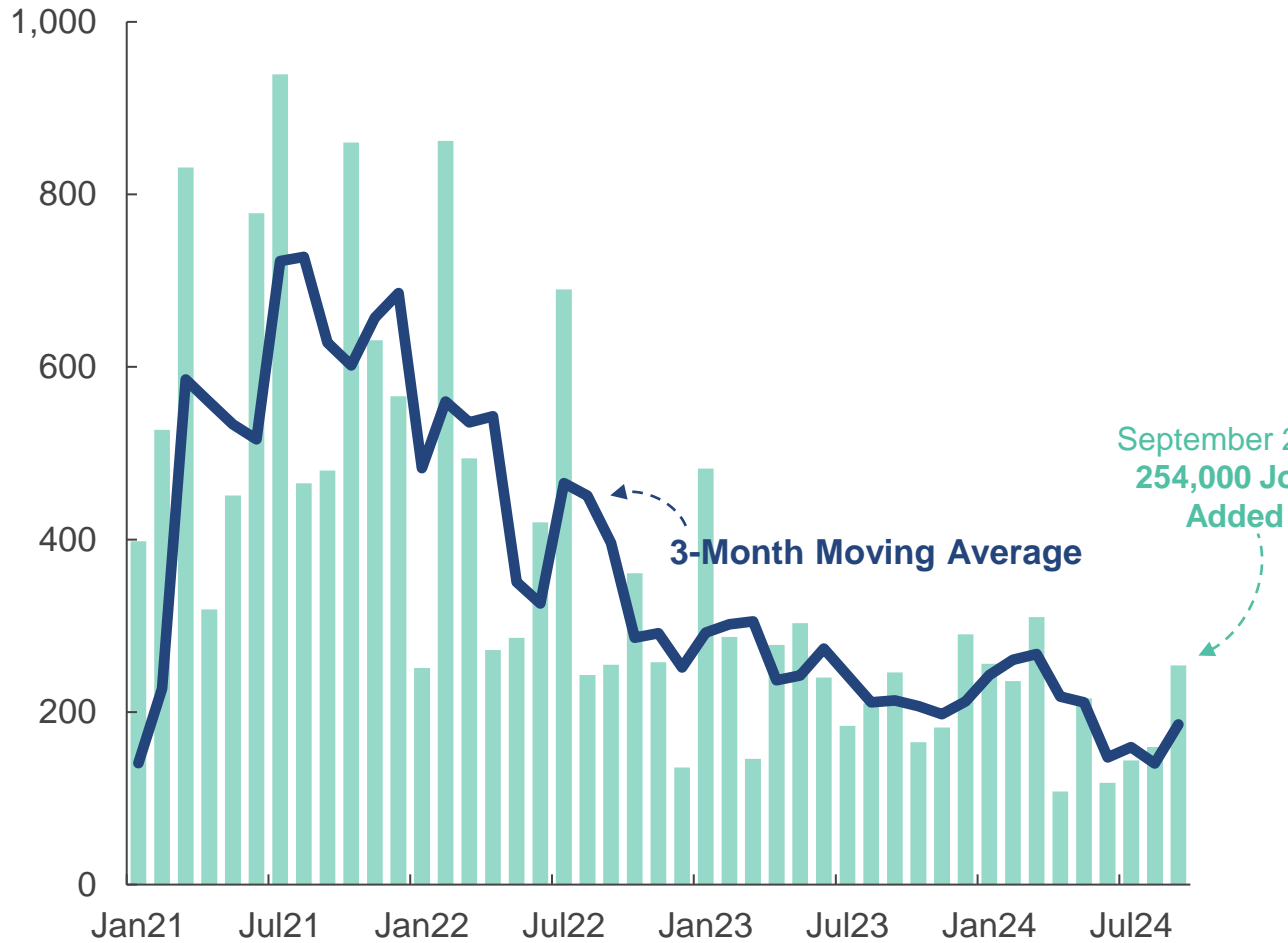
■ Previous Estimate ■ Revised



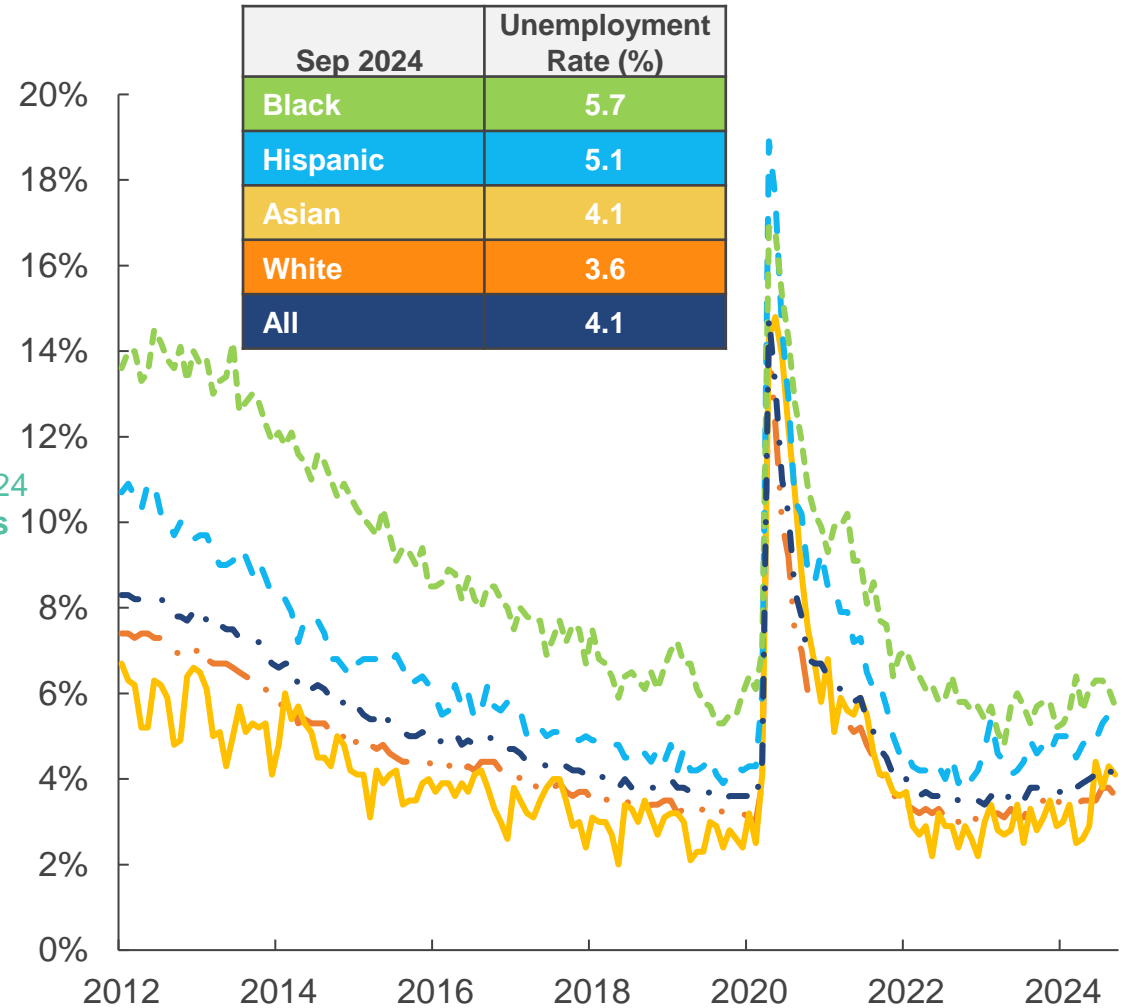
Source: U.S. Bureau of Economic Analysis (BEA)  
Note: BEA Annual Revisions Released September 26, 2024

# U.S. Labor Market is Cooling with Unemployment Up and Job Growth Moderating

Monthly Change in Total Nonfarm Employment  
Thousands of Persons, Seasonally Adjusted



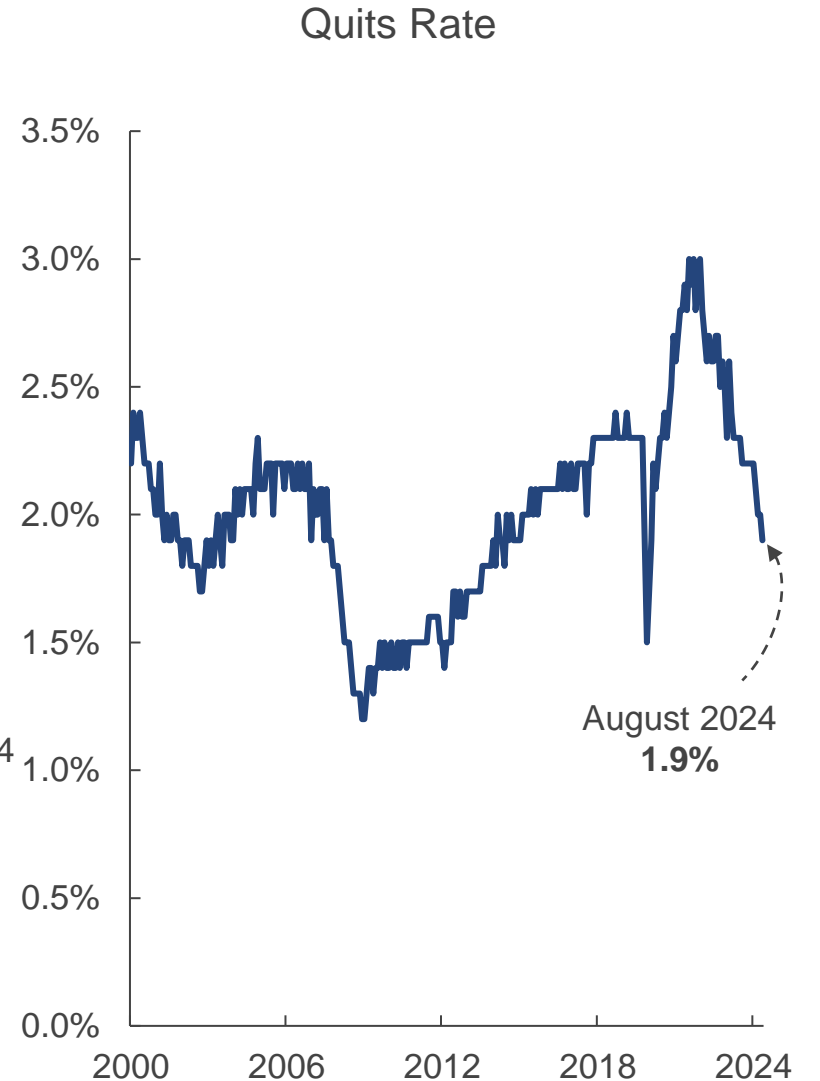
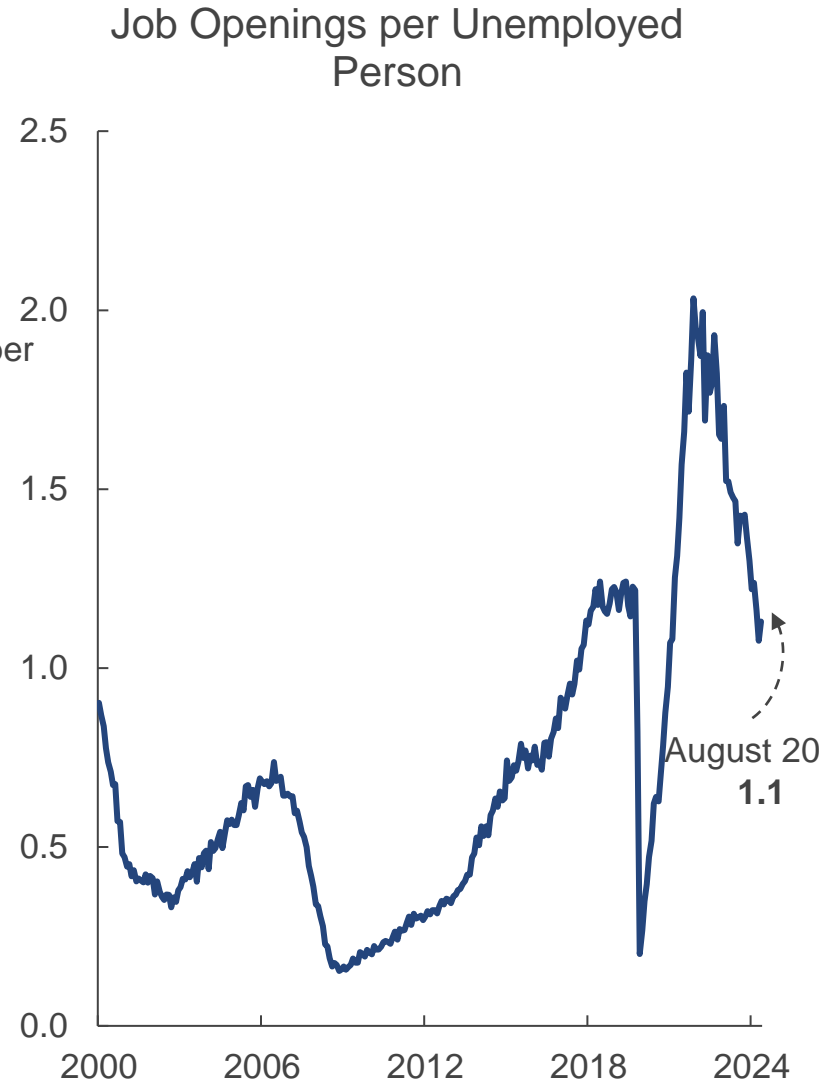
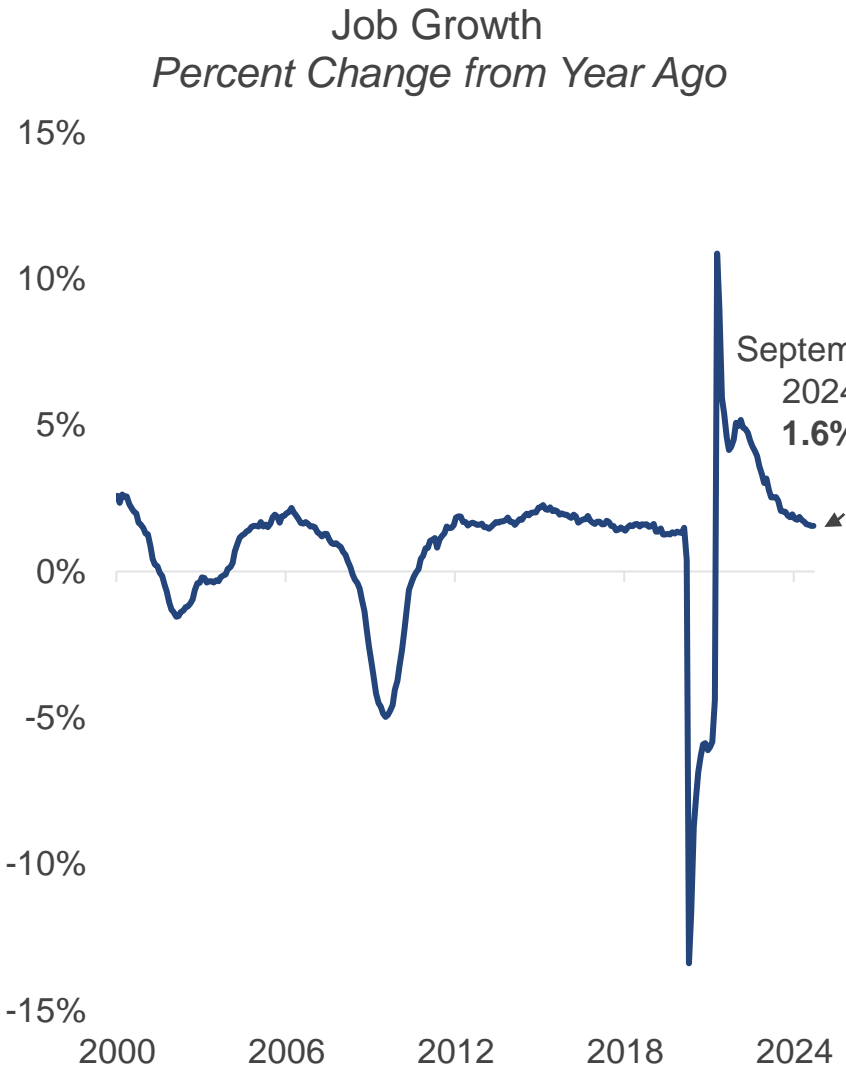
Unemployment Rate



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



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



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

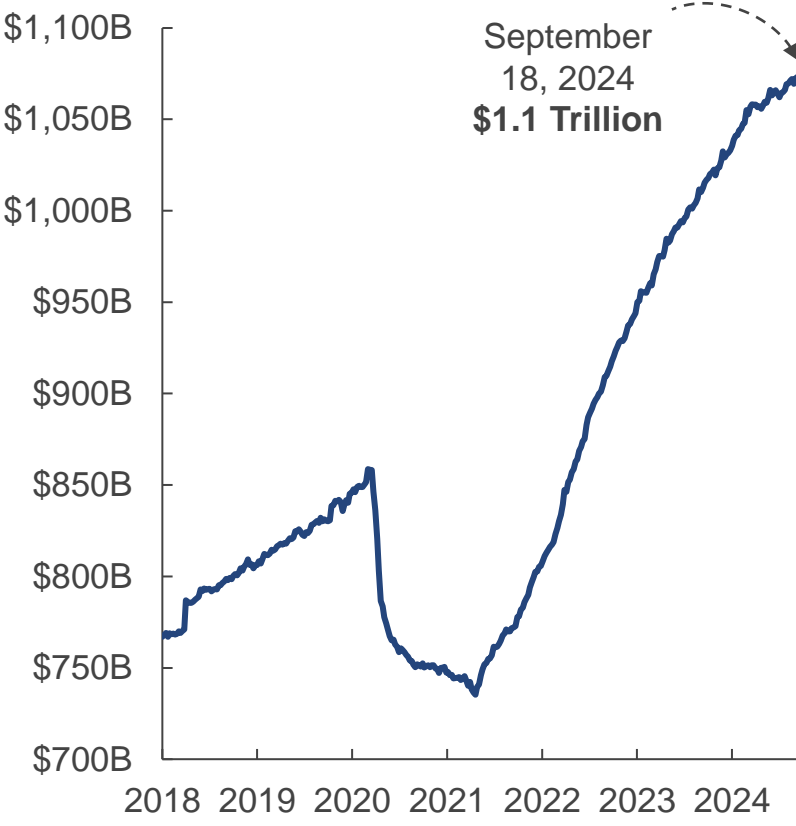
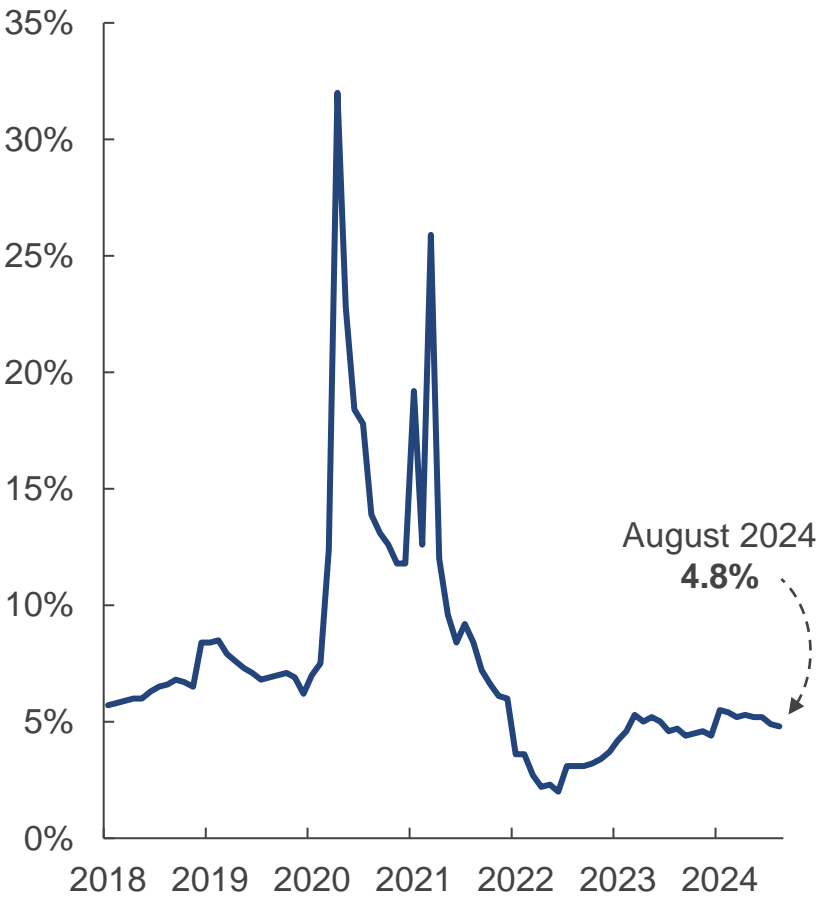
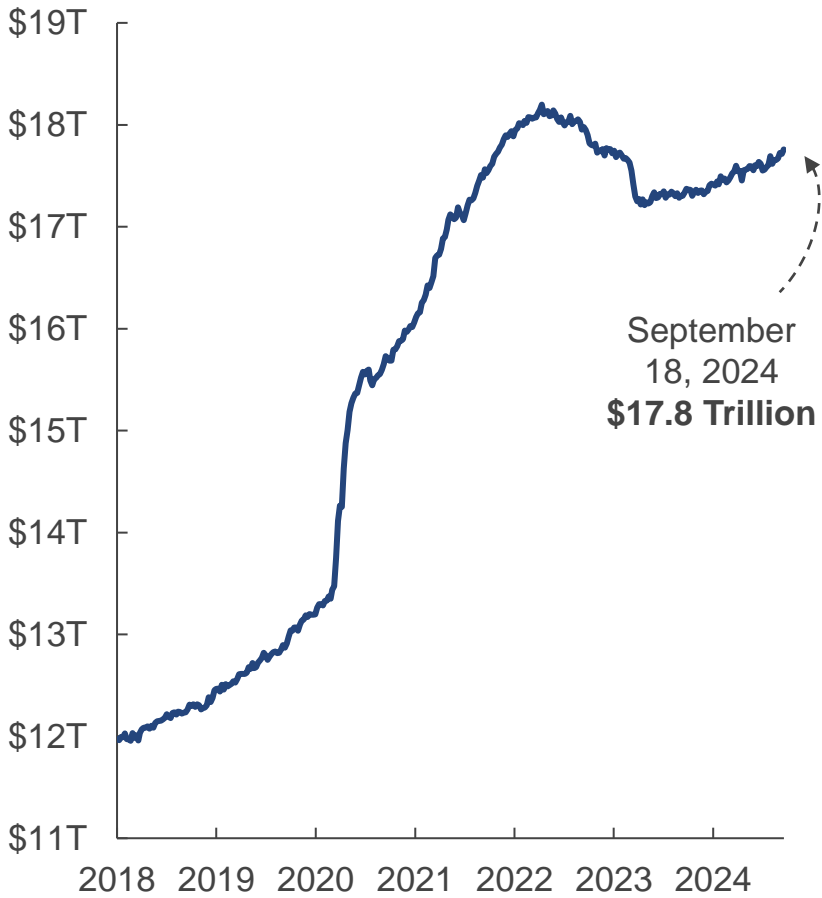
# Consumer Balance Sheets Improved Significantly Due to Stimulus, But They Have Weakened as Credit Demand Surged During the Last 18 Months



Consumer Bank Deposits  
\$Trillions

Personal Savings Rate

Consumer Loans  
Credit Cards and Other Revolving Plans,  
All Commercial Banks  
\$Billions

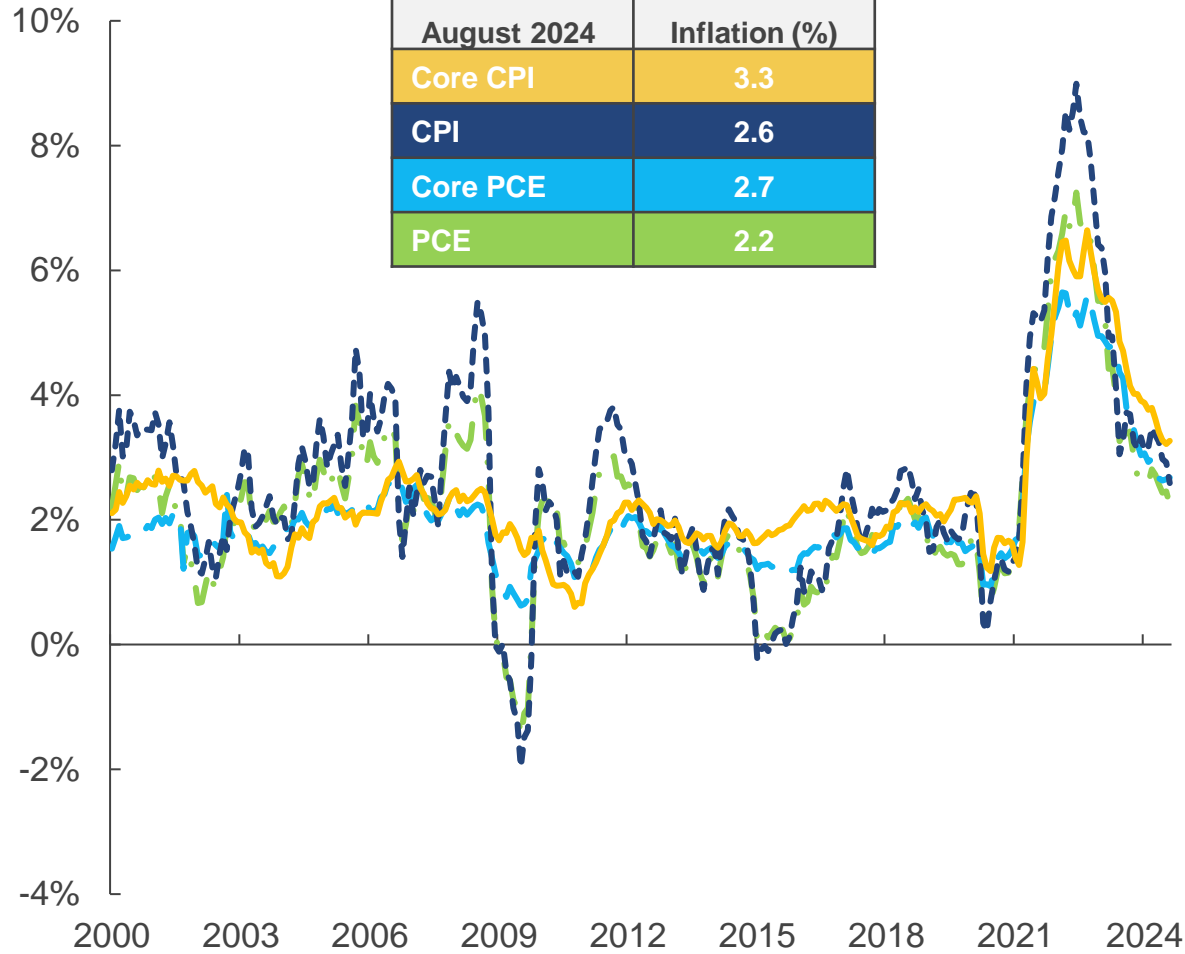


Source: Federal Reserve, U.S. Bureau of Economic Analysis (BEA)

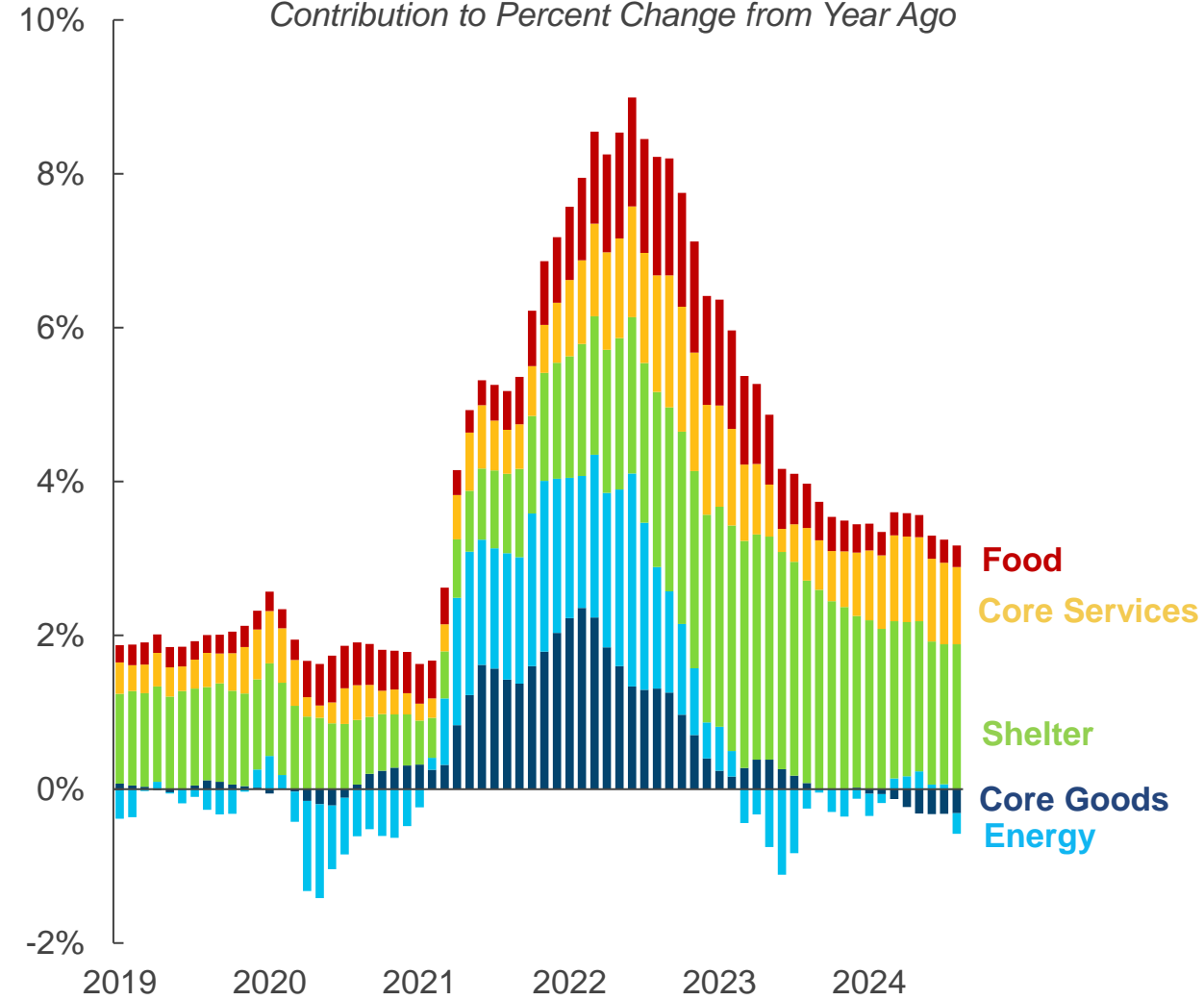
# While Moderating, Inflation in the U.S. Remains Above Federal Reserve's Target

**Inflation Measures**  
Percent Change from Year Ago

August 2024	Inflation (%)
Core CPI	3.3
CPI	2.6
Core PCE	2.7
PCE	2.2



**Contribution to Headline CPI Inflation**  
Contribution to Percent Change from Year Ago

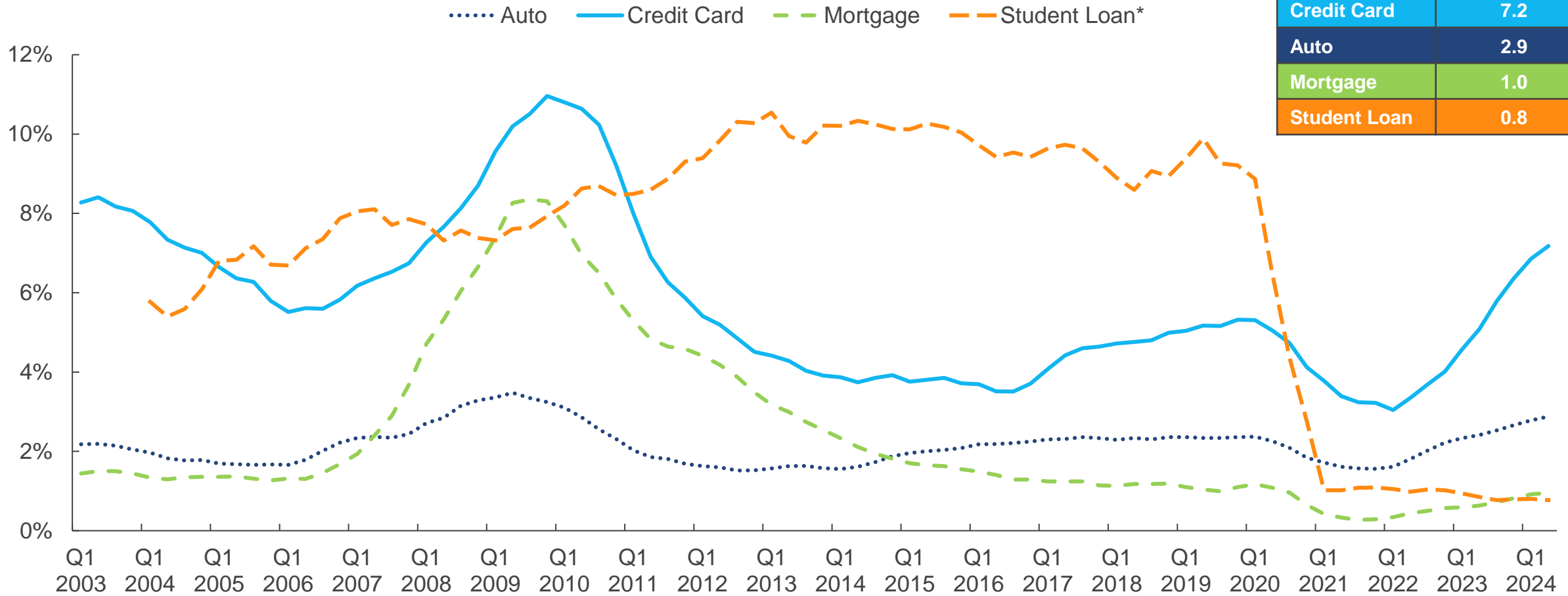


**Source:** U.S. Bureau of Labor Statistics (BLS), U.S. Bureau of Economic Analysis (BEA)  
**Note:** Data through August 2024

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



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



Source: New York Fed Consumer Credit Panel/Equifax;

Note: Data through Q2 2024

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



# Housing & Mortgage Market

# U.S. Mortgage Rates Declined in Anticipation of Federal Reserve Interest Rate Cut



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



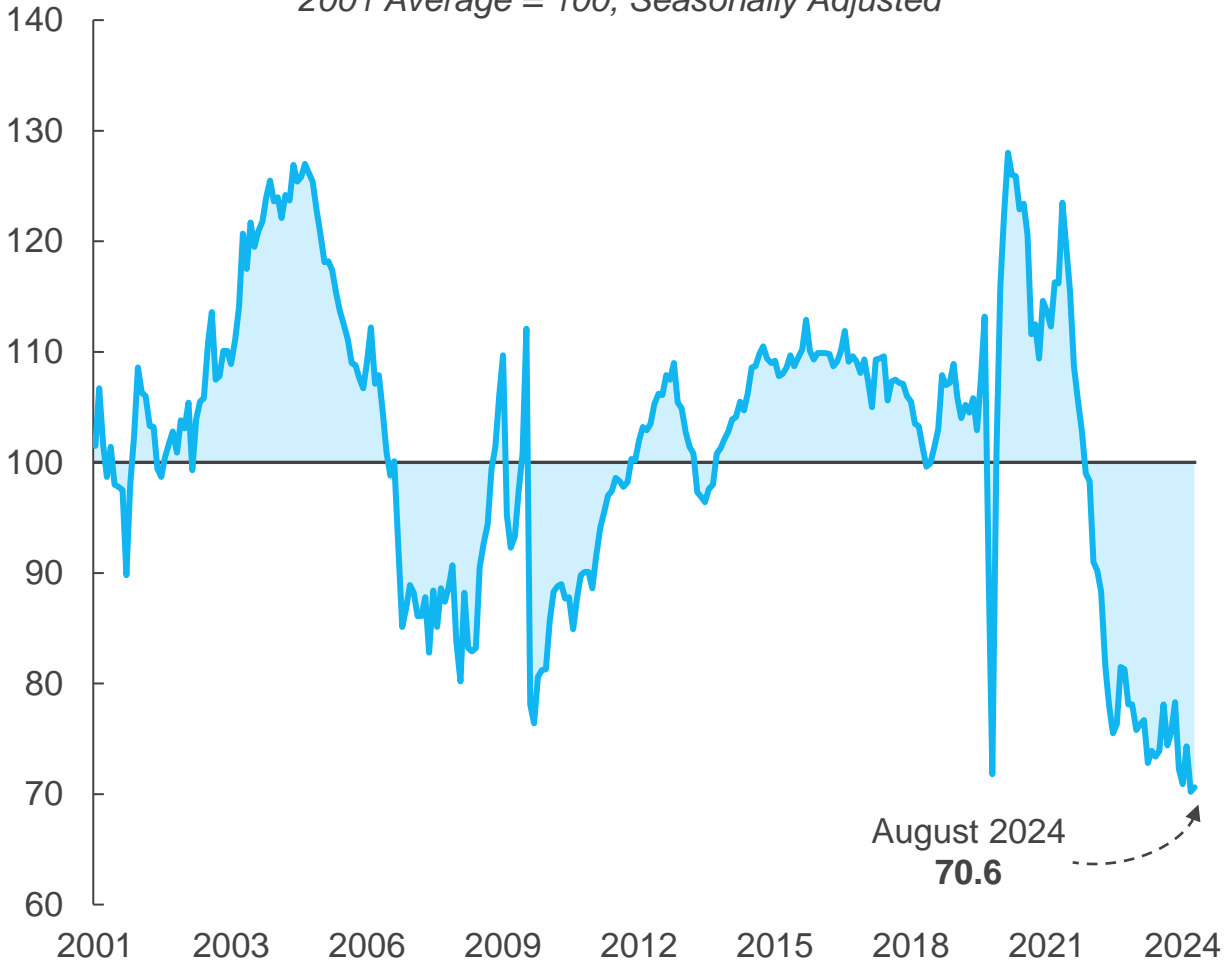
September 26, 2024  
**6.08%**

Source: Freddie Mac Primary Mortgage Market Survey (PMMS)  
Note: For latest data, visit <https://www.freddiemac.com/pmms>

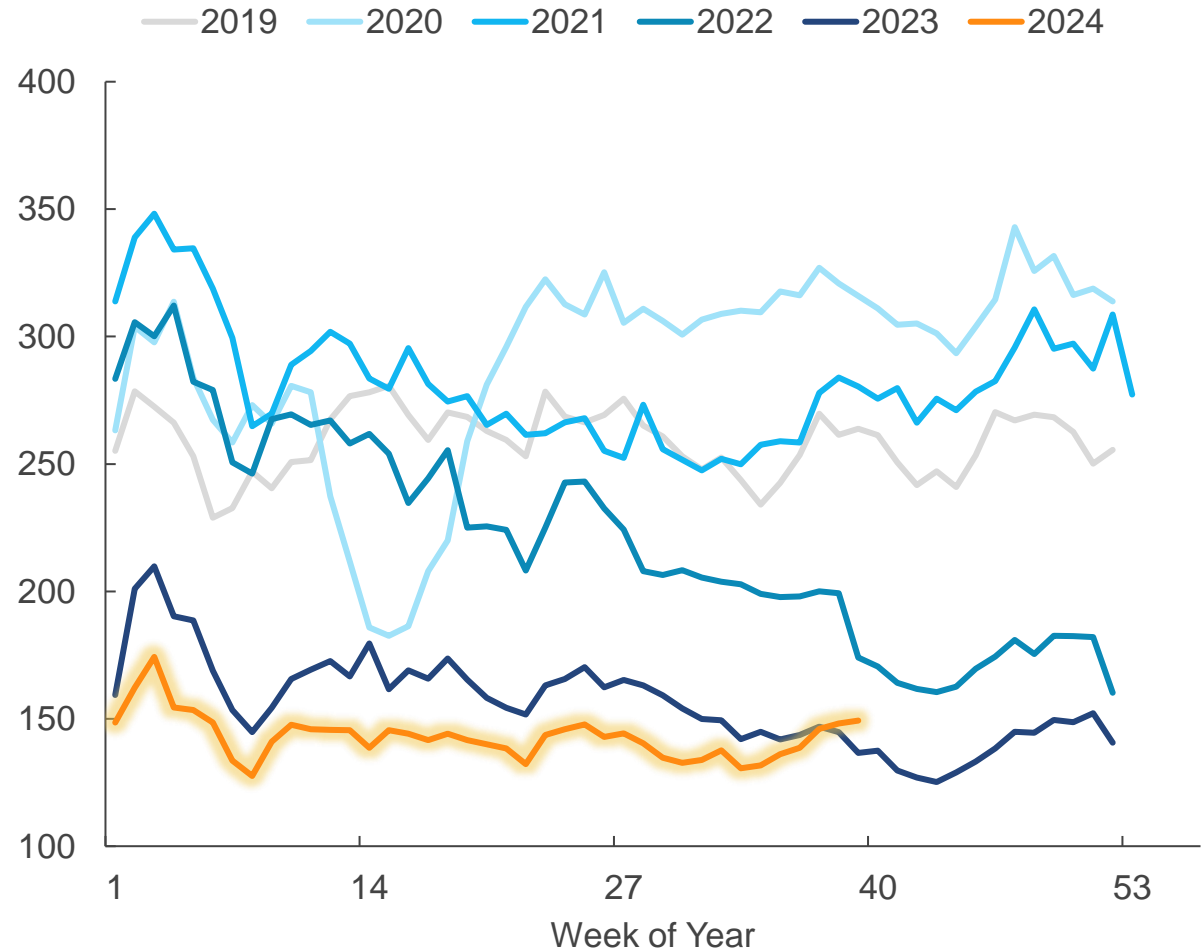
# Rapid Decline in Housing Affordability Has Led to a Contraction in U.S. Housing Demand



**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 August 2024; Purchase Apps Data through Sep 27, 2024.

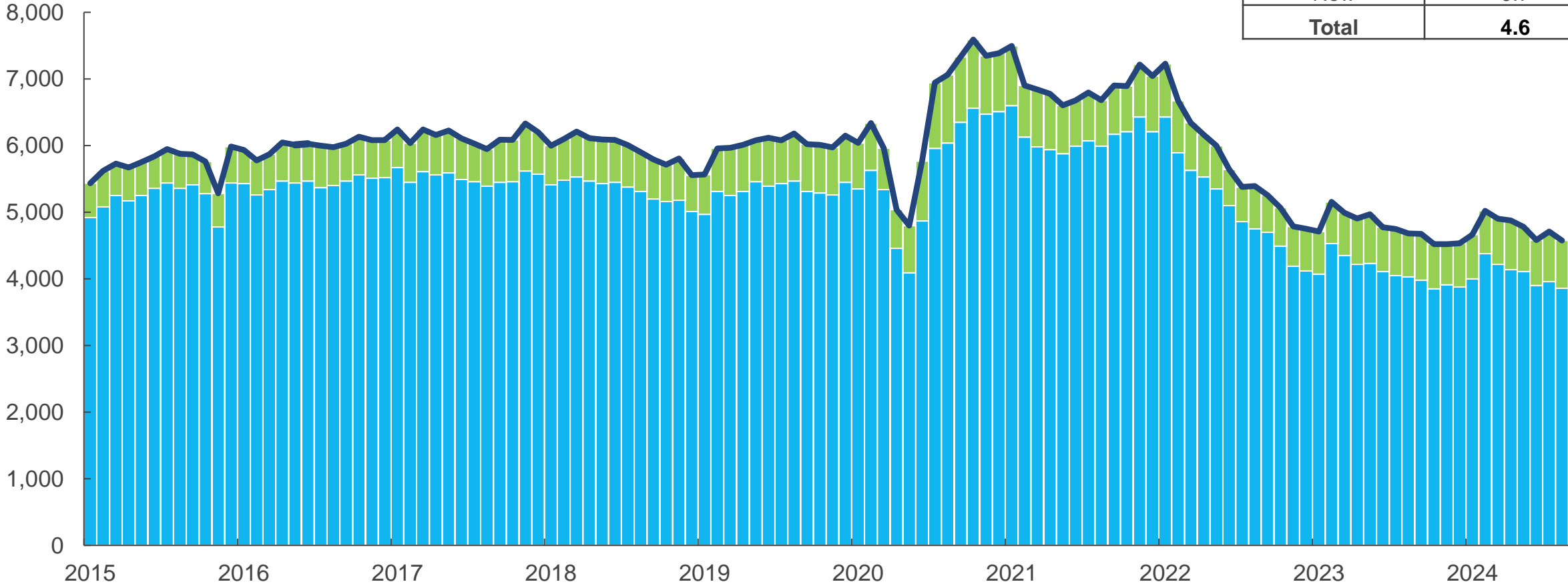
# U.S. Home Sales Remain Low



**Total Home Sales**  
*Thousands, Seasonally Adjusted*

Existing    New    Total

August 2024	Home Sales (Millions)
Existing	3.9
New	0.7
<b>Total</b>	<b>4.6</b>



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



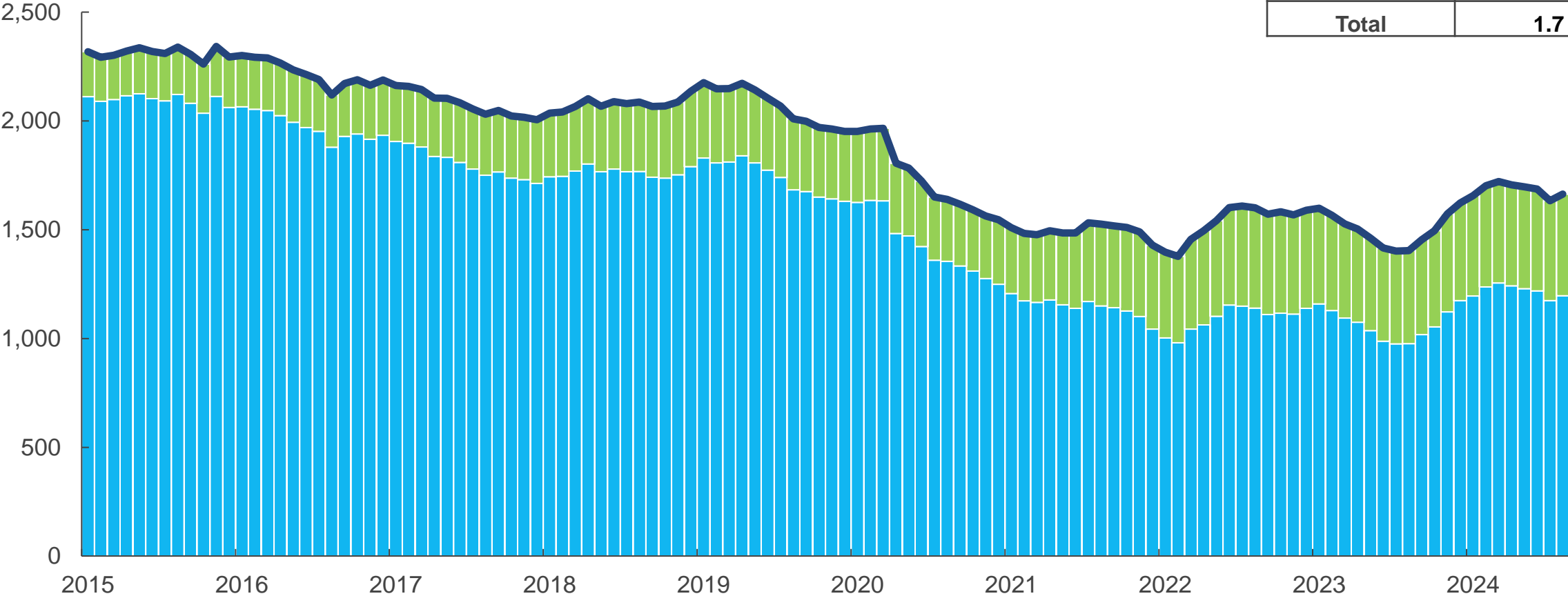
# Despite Weak Sales, U.S. Housing Supply Remains Low as Market is Dominated by Chronic Undersupply of Resales



Total Homes for Sale  
Thousands, Seasonally Adjusted

Existing New Total

August 2024	Home for Sale (Millions)
Existing	1.2
New	0.5
<b>Total</b>	<b>1.7</b>

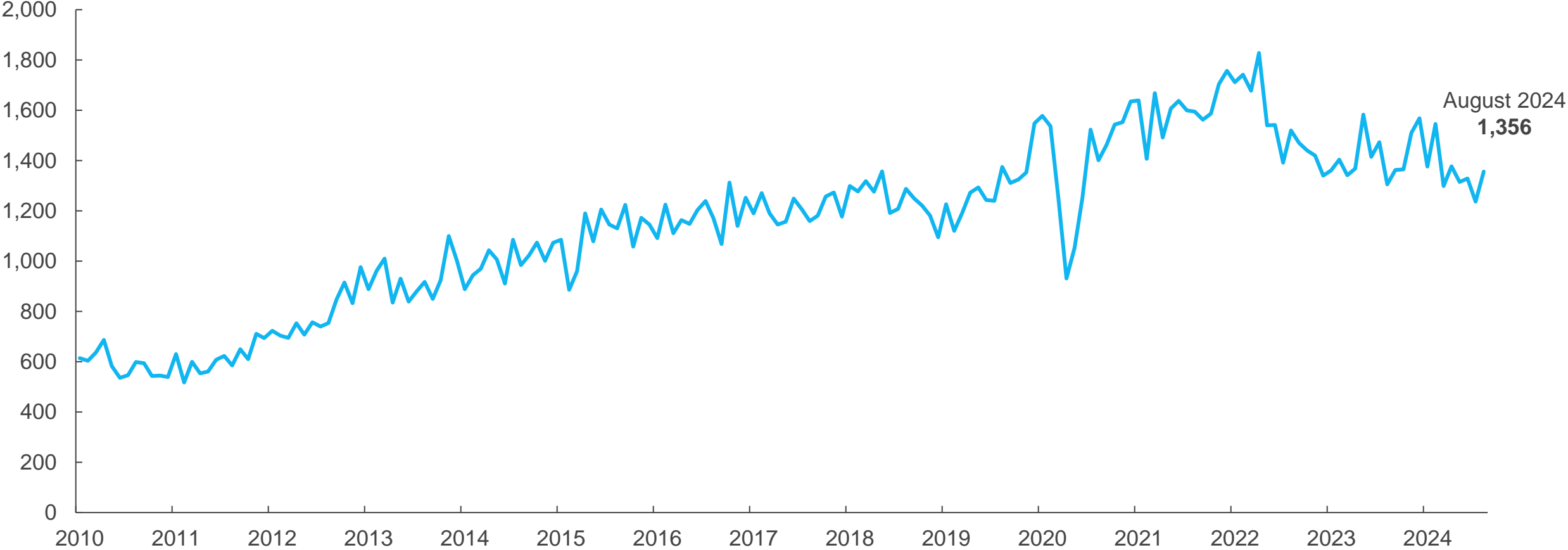


Source: National Association of Realtors (NAR); U.S. Census Bureau  
Note: Data through August 2024

# U.S. Housing Starts Ticked Up Due to Lower Rates and Builder Optimism



Total Housing Starts  
Thousands, Seasonally Adjusted Annual Rate

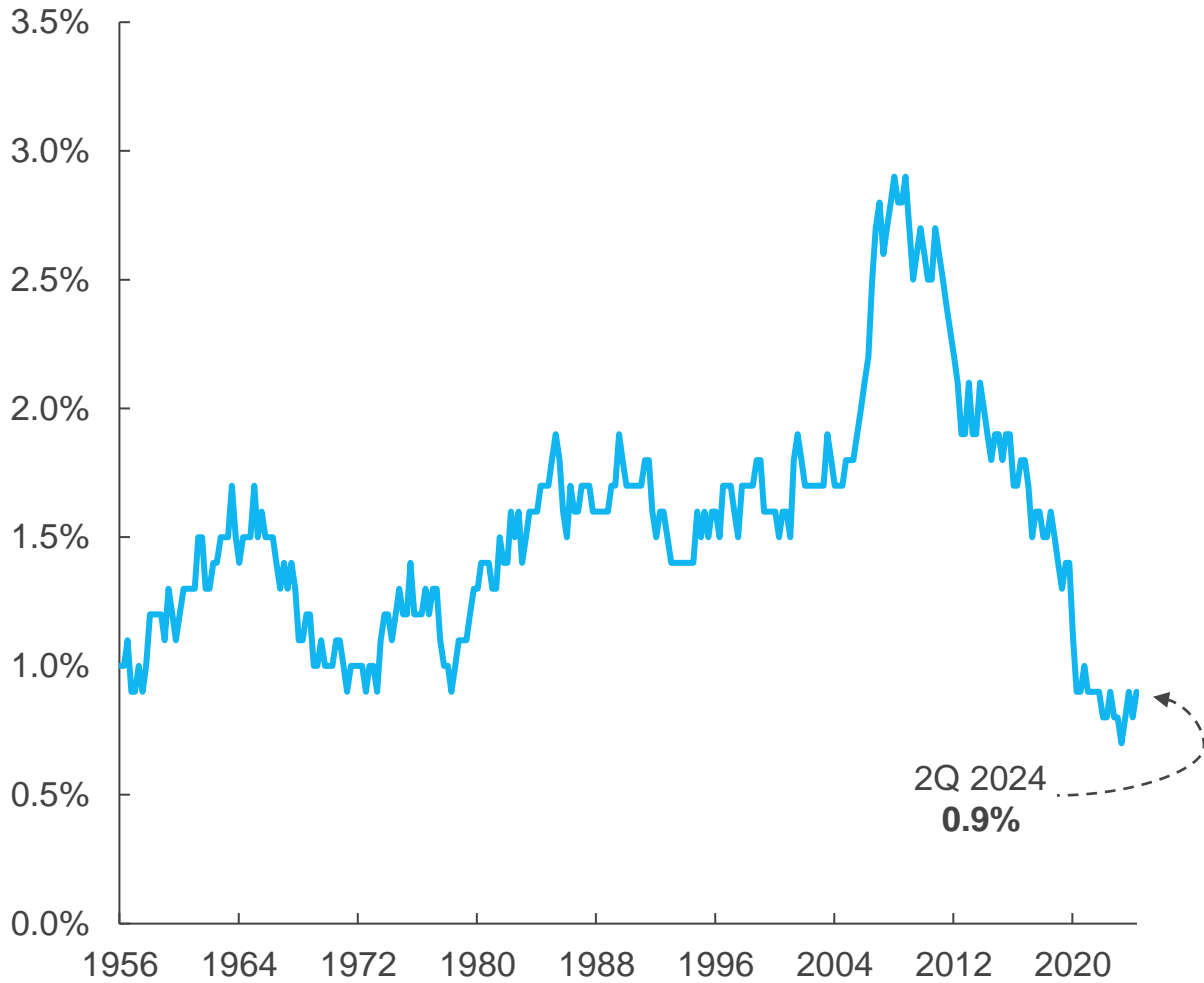


Source: U.S. Census Bureau  
Note: Data through August 2024

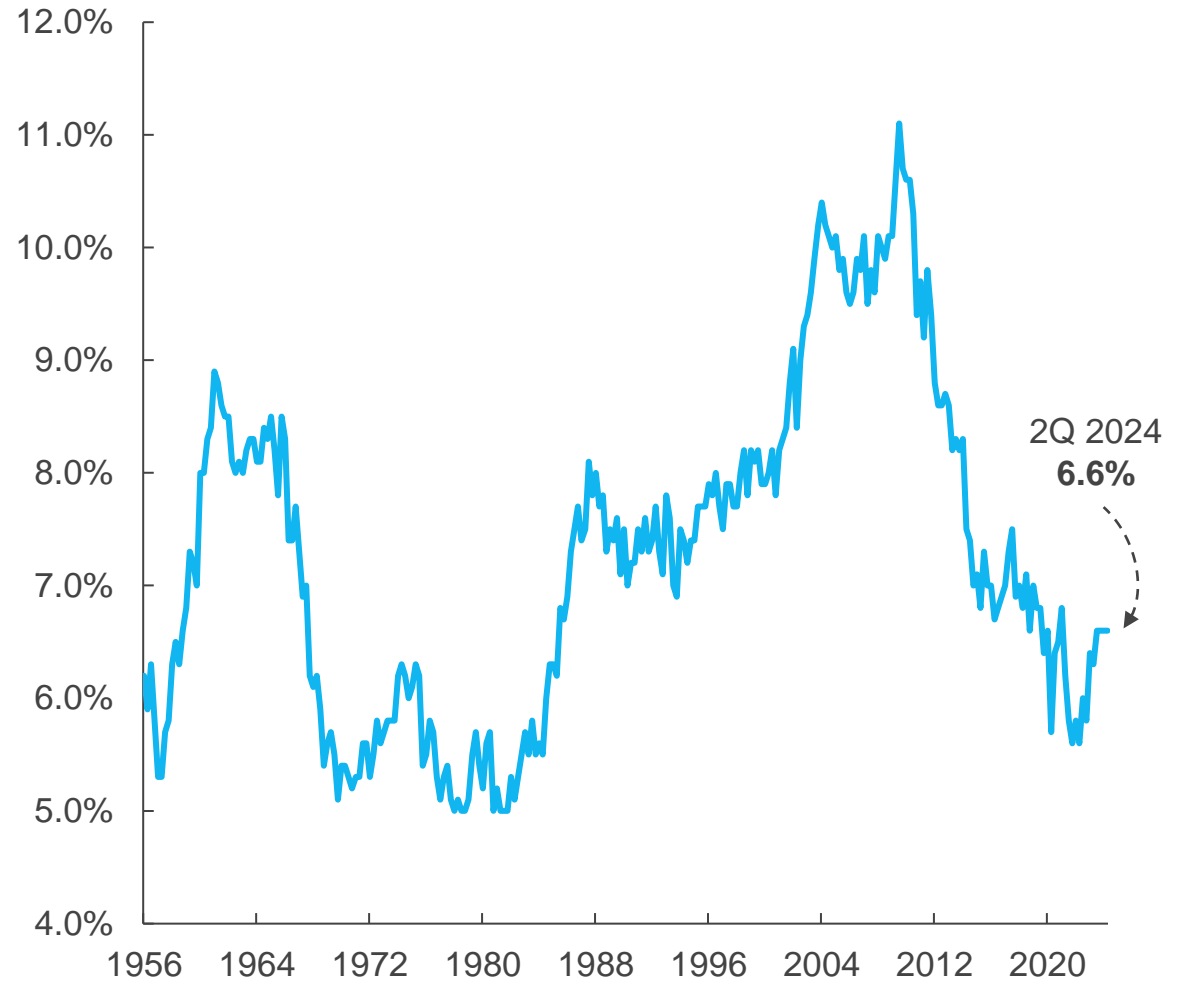
# Lack of Housing Supply in U.S. Caused Vacancy Rates to Collapse to Historic or Near-Historic Lows



### Homeowner Vacancy Rate



### Rental Vacancy Rate

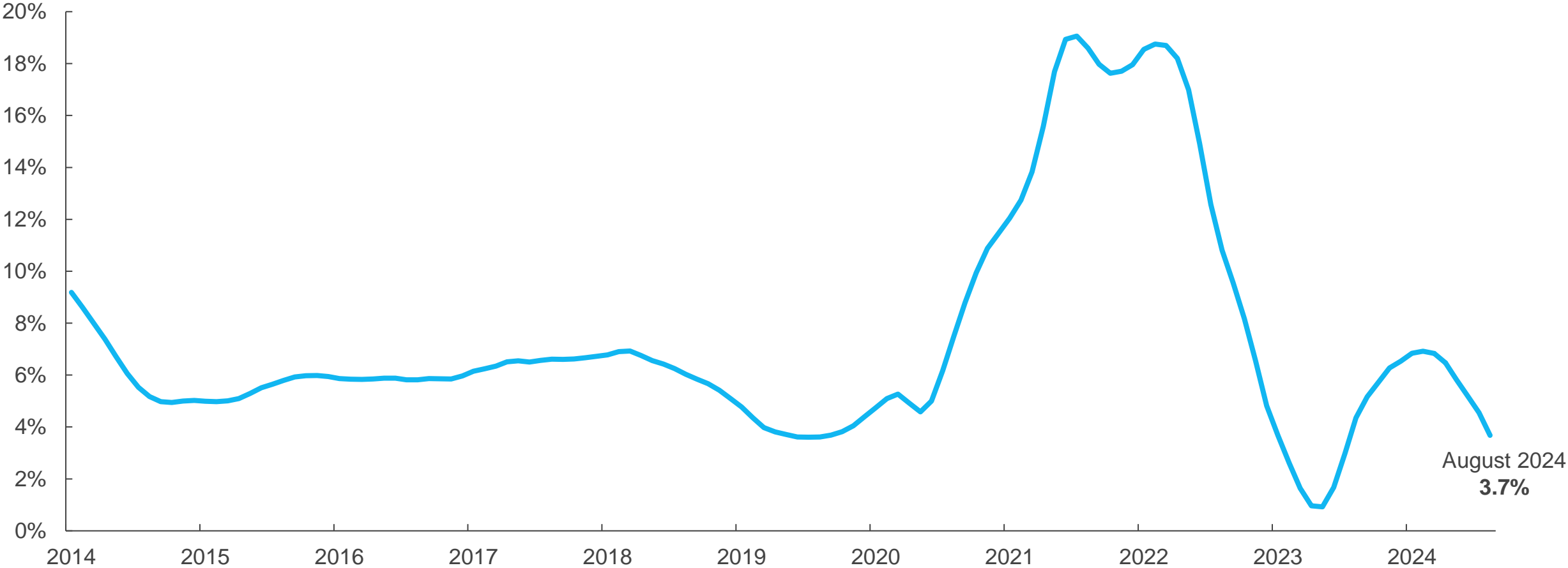


Source: U.S. Census Bureau  
Note: Data through Q2 2024

# 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*

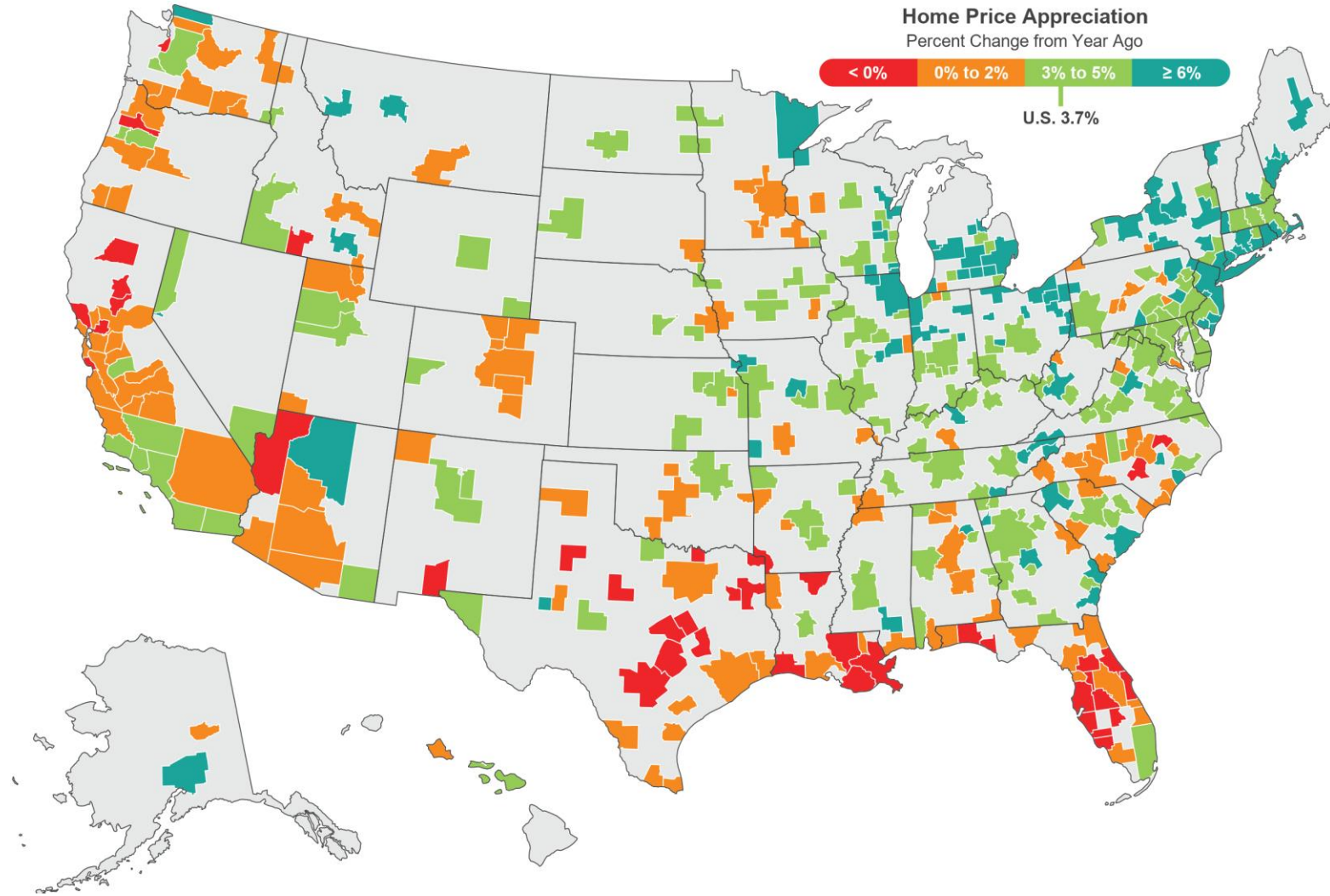


Source: Freddie Mac  
Note: Data through August 2024; For latest data, visit <https://www.freddiemac.com/research/indices/house-price-index>

# Home Price Growth is Strongest in Northeast & Midwest & Price Growth is Softer in Coastal Gulf of Mexico



## August 2024 Year-over-Year House Price Appreciation by Metro



Source: Freddie Mac  
Note: Data through August 2024

# Total U.S. Mortgage Originations for 2023 at Lowest Level Since 2014 Led by Lower Refinance Volumes



Annual Single-Family Mortgage Originations  
\$Billions

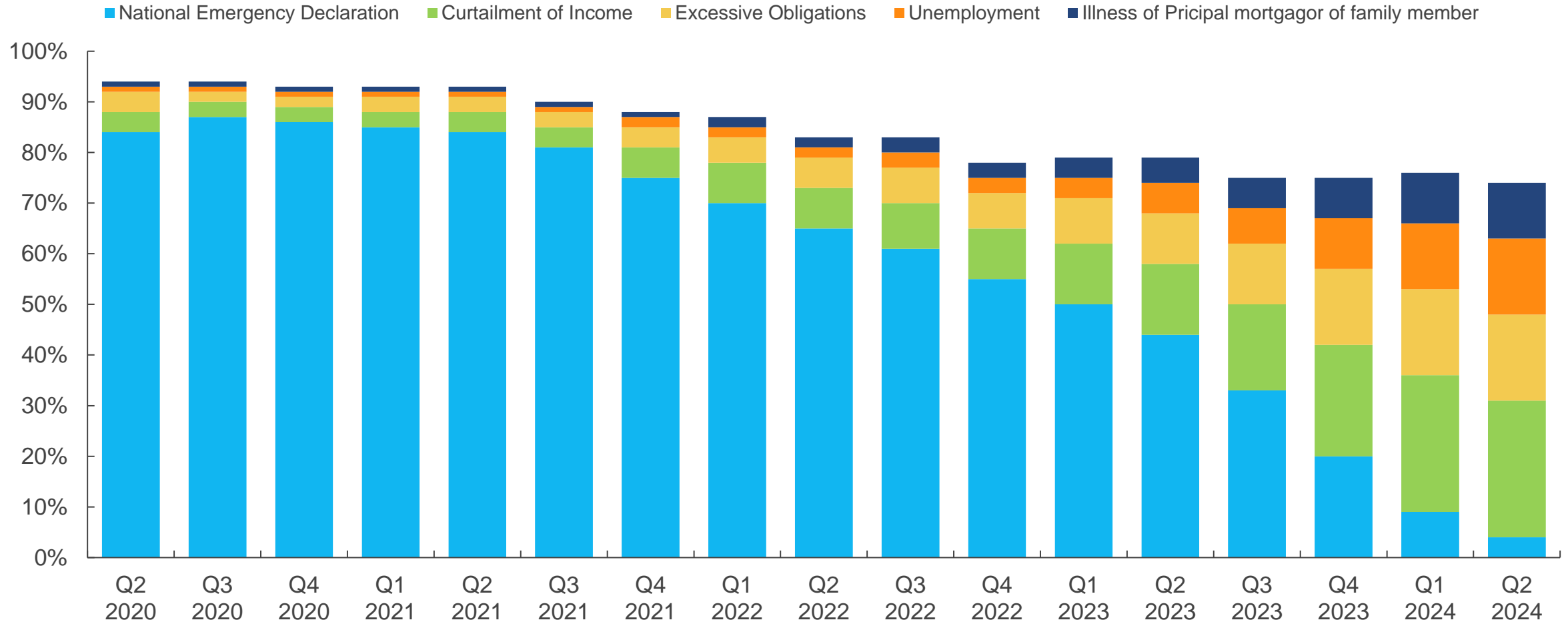


Source: Freddie Mac

# Top Reason for Delinquency in Q2 2024 - Curtailment of Income



## Top Five Reasons for Delinquency



Source: FHFA Foreclosure Prevention & Refinance Report- Q2 2024



# Spotlight

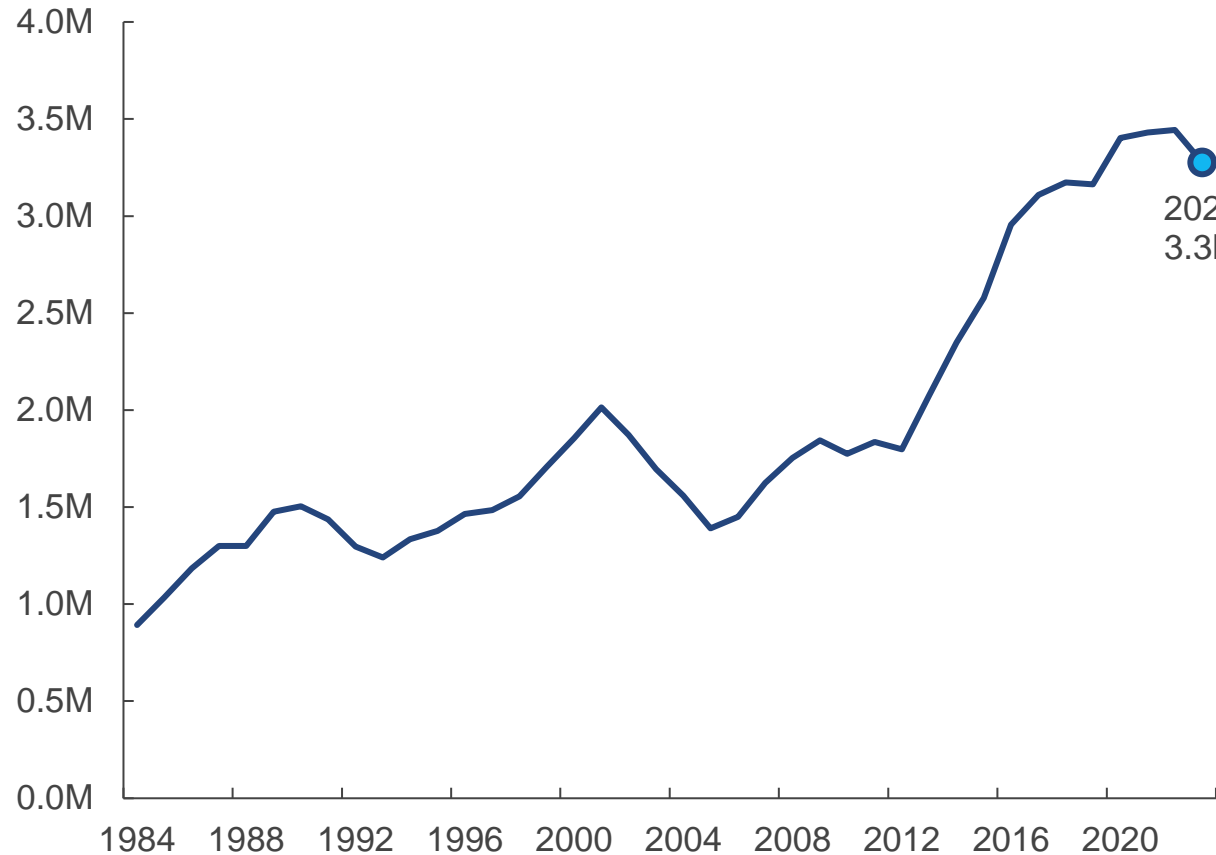


# Spotlight – First-Time Homebuyers

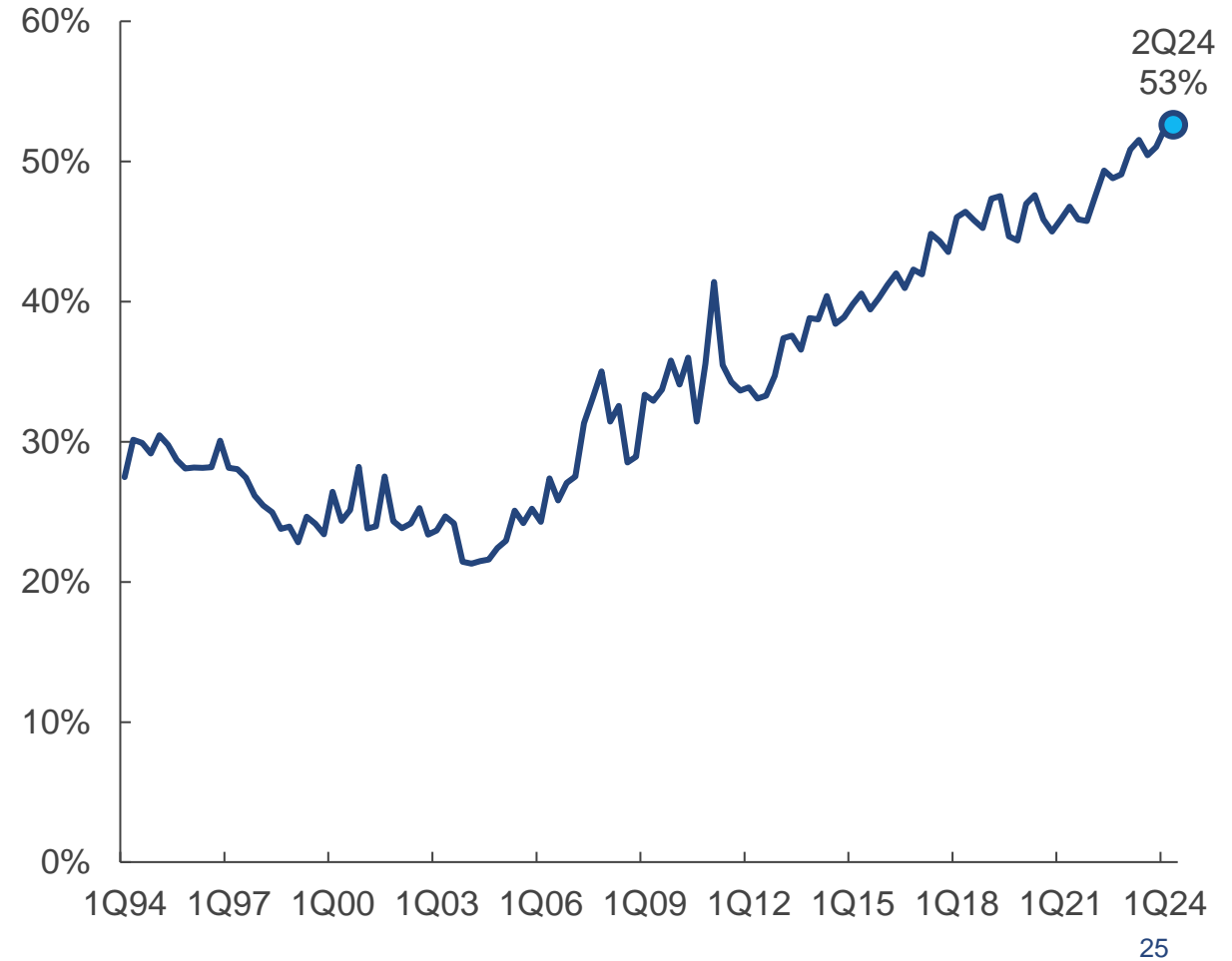
Renter Households Between 25-44 Years of Age Has Been Rising Substantially Over the Last Decade, Helping The Share of First-Time Homebuyers Increase



### Renter Households Between 25 and 44 Years of Age Earning At Least \$75,000 *Inflation-Adjusted*



### Freddie Mac Share of First-Time Homebuyers FTHB Share of Purchase Loans by Funding Quarter



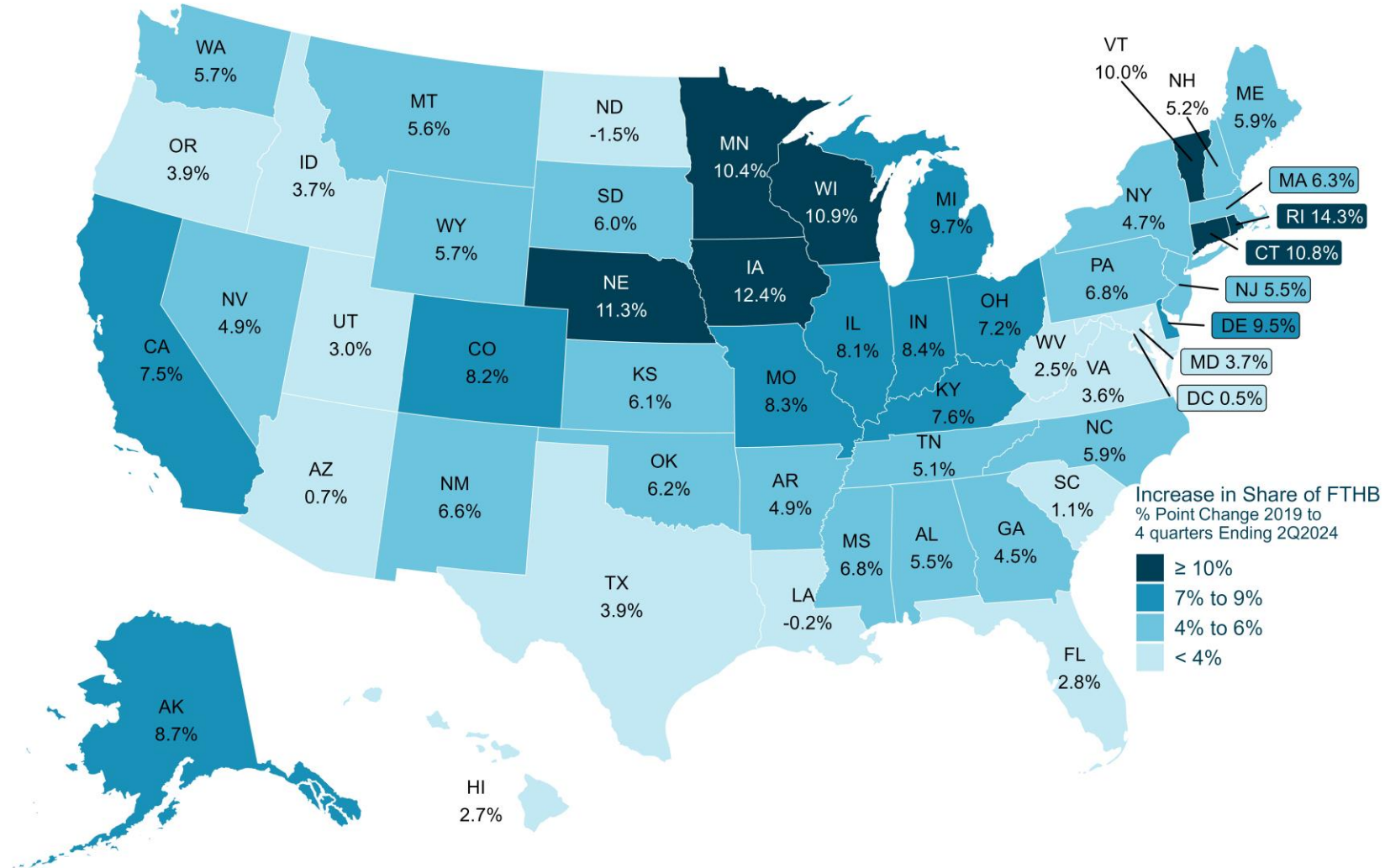
Source: U.S. Census Bureau - Current Population Survey; Freddie Mac

# Spotlight – First-Time Homebuyers

The Share of First-Time Homebuyers is Growing Fastest in Midwestern and New England States



## Change in the Share of First-Time Homebuyers from 2019 to Four Quarters Ending 2Q2024



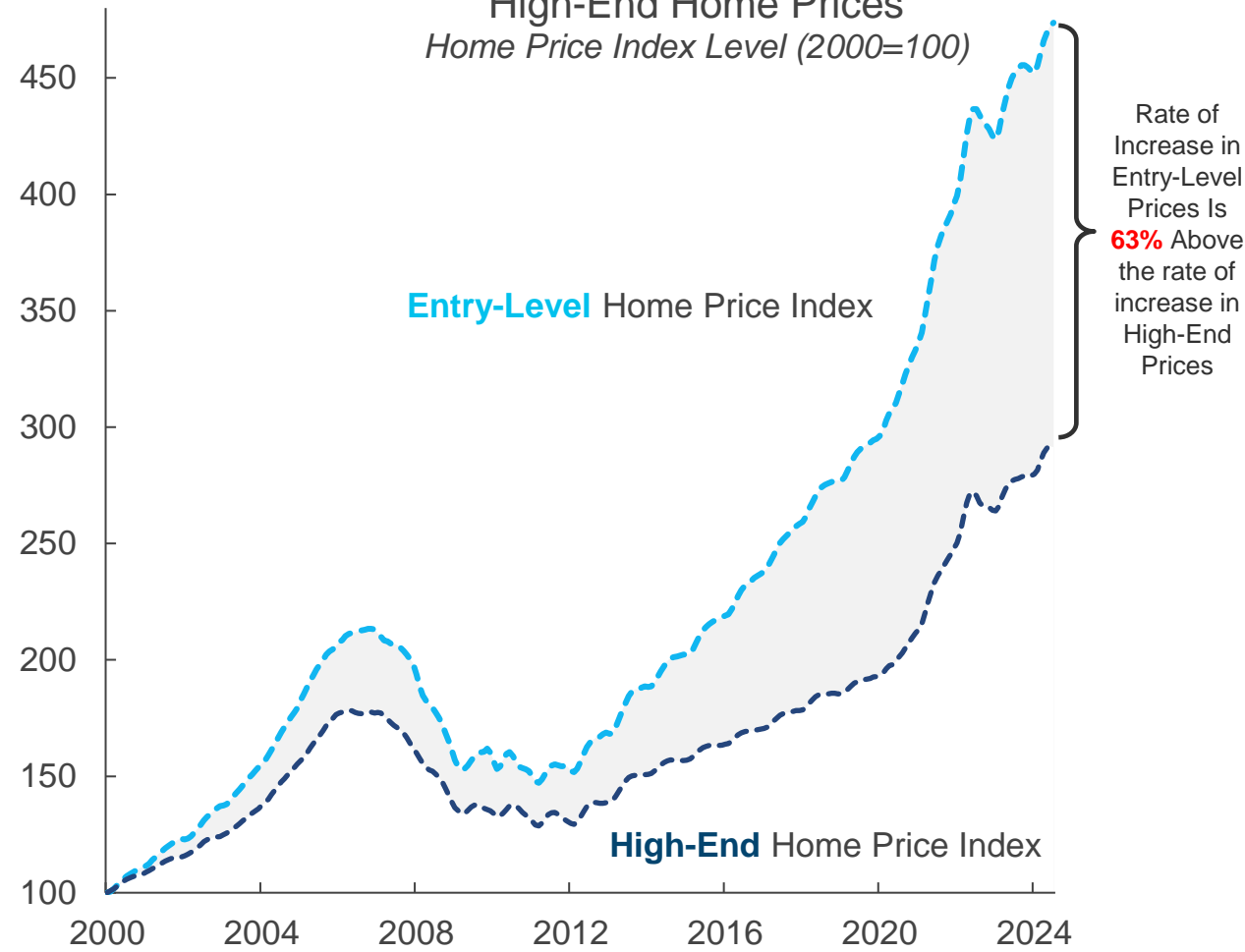
Source: Freddie Mac

# Spotlight – First-Time Homebuyers

Starter Home Price Appreciation Exceeds Other Segments as Renter Household Growth Continues to Outpace Supply



Cumulative Gap Between Entry-Level and High-End Home Prices  
Home Price Index Level (2000=100)



Source: CoreLogic

Note: Entry level home prices are homes that sell at 75% of the median or below. High end home prices sell at 125% of the median or higher. Data through July 2024.

Number of Renter Households Per Homes For Sale



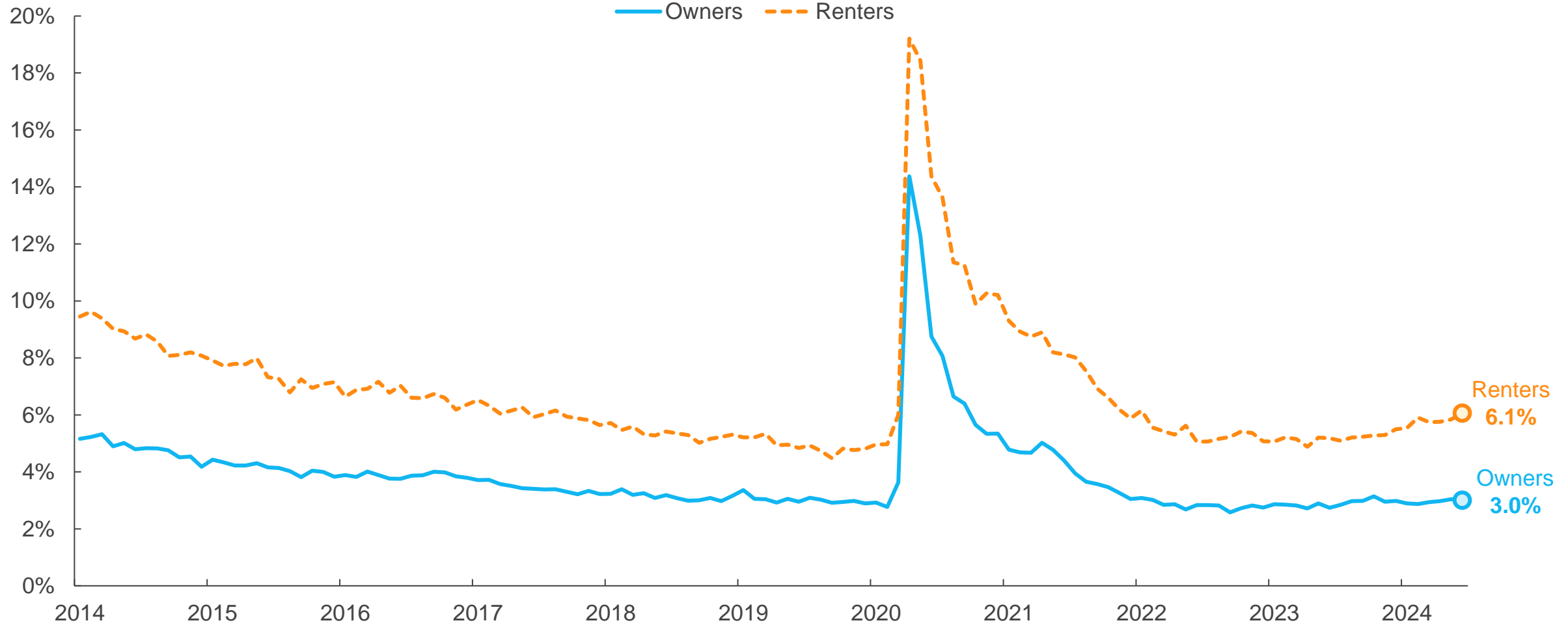
Source: U.S. Census Bureau, National Association of Realtors

# Spotlight – First-Time Homebuyers

Unemployment is Accelerating Faster for Renter-Occupied Households



Unemployment Rate by Tenure  
Seasonally Adjusted



Source: U.S. Census Bureau - Current Population Survey

Note: Data through June 2024