



Freddie Mac May Outlook: Homebuyers Showing Resiliency Amidst Limited Supply and Affordability Constraints

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MCLEAN, Va., May 24, 2018 (GLOBE NEWSWIRE) -- Swift home-price growth and the ongoing climb in mortgage rates this year have made buying a home more expensive, but home sales are still on track to squeak out a gain in 2018, according to [Freddie Mac's](#) (OTCQB:FMCC) May [Outlook](#).

 [Freddie Mac Forecast](#)

As of May 2018

Through the first five months of 2018, home shoppers have battled the trifecta of climbing home prices, higher mortgage rates and low supply. Despite these obstacles, Freddie Mac expects the healthy economy and strong consumer confidence to lead to a 3.0 percent increase in total home sales (new and existing) this year.

"While this spring's sudden rise in mortgage rates are taking up a good chunk of the conversation, it's the stubbornly low inventory levels in much of the country that are preventing sales from really taking off like they should be," said Freddie Mac Chief Economist Sam Khater. "The underlying demand for buying a home is holding up, and will continue to do so, as long as the economy is generating solid job and income growth. Most markets simply need a lot more new and existing supply to cool price growth and give buyers enough choices."

May Outlook Highlights

- Gross Domestic Product (GDP) in the first quarter slowed (2.3 percent) from the end of last year (2.9 percent). Fueled by an increase in consumer spending, economic growth should pick up to 3.1 percent in the second quarter and 2.7 percent for the full year.
- The uptick in interest rates is expected to continue. The 30-year fixed-rate mortgage is forecast to average 4.9 percent by the end of the year.
- Despite strong demand, low supply continues to slow sales growth and put upward pressure on price appreciation. Total home sales this year are forecasted to increase 3.3 percent year-over-year to 6.32 million. Even as mortgage rates rise, home prices are expected to increase 7.0 percent this year.
- The negative impact of higher mortgage rates on refinance activity will outweigh the expected increase in purchase origination volume. Originations are forecasted to fall about 6.0 percent in 2018 to \$1.75 trillion.

Freddie Mac makes home possible for millions of families and individuals by providing mortgage capital to lenders. Since our creation by Congress in 1970, we've made housing more accessible and affordable for homebuyers and renters in communities nationwide. We are building a better housing finance system for homebuyers, renters, lenders and taxpayers. Learn more at [FreddieMac.com](#), Twitter [@FreddieMac](#) and Freddie Mac's blog [FreddieMac.com/blog](#).

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