



Freddie Mac October Forecast: Economic Growth and Home Sales Slow as Mortgage Rates Rise

October 29, 2018

MCLEAN, Va., Oct. 29, 2018 (GLOBE NEWSWIRE) -- Rising rates coupled with increasing home prices have discouraged homebuying activity during the third quarter of 2018, according to [Freddie Mac's](#) (OTCQB: FMCC) October [Forecast](#), which now includes estimates for 2020.

Sam Khater, Freddie Mac's chief economist, says, "The housing market continued to cool off in the Fall with slowdowns in home sales, new construction and price growth. While we expect the weakness in housing activity to extend the next few months as the market absorbs the recent uptick in mortgage rates, the combination of strong economic growth and millennials moving toward homeownership should help home sales regain momentum and rise modestly in 2019."

Forecast Highlights

- After growing at its fastest pace in nearly four years (4.2 percent), the U.S. economy is expected to slow to around 3 percent in the third quarter of 2018. GDP is expected to grow at a rate of 3.0 percent for 2018, slowing to 2.4 percent in 2019, and dropping to 1.8 percent in 2020 as the effects of expansionary fiscal policy fade.
- Mortgage rates remained steady at 4.6 percent for the third quarter until the weekly average rate reached a seven-year high at 4.9 percent in the beginning of October. The 30-year fixed-rate is expected to average 4.5 percent in 2018, rising to 5.1 percent in 2019 and 5.6 percent in 2020.
- Home prices are expected to increase to 5.4 percent in 2018, with the growth rate slowing slightly to 4.6 percent in 2019 and even further to 2.9 percent in 2020.
- High home prices and borrowing costs continue to affect housing activity. Total home sales (new and existing) are now forecasted to decline modestly this year to 6.07 million, and then regain momentum, increasing 1.8 percent to 6.18 million in 2019 and rising 1.1 percent to 6.25 million in 2020.

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, investors and taxpayers. Learn more at [FreddieMac.com](#), Twitter [@FreddieMac](#) and Freddie Mac's blog [FreddieMac.com/blog](#).

MEDIA CONTACTS: Chad Wandler

703-903-2446

Chad_Wandler@FreddieMac.com

Nicole Flores

703-903-4068

Nicole_Flores@FreddieMac.com