Freddie Mac June Forecast: Favorable Mortgage Rates and Strong Labor Situation Signal Growing Housing Market Through 2019

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MCLEAN, Va., June 17, 2019 (GLOBE NEWSWIRE) -- According to Freddie Mac's (OTCQB: FMCC) June Forecast, low mortgage rates along with a strong labor market will help housing markets post modest growth over the next year and a half.

Sam Khater, Freddie Mac's chief economist, says, "Concerns about global growth and ongoing trade disputes have pushed long-term interest rates lower, resulting in mortgage rates seeing their lowest level since fall 2017. These low mortgage rates, combined with strengthening homebuilder confidence and an increase in the level of housing permits, are expected to translate into stronger housing starts and increased home sales for the remainder of the year."

Forecast Highlights

- Trade tensions and the waning effects of last year's fiscal stimulus will put downward pressure on growth. For the full year 2019, expect GDP growth of 2.2%.
- Due to the surge in gasoline prices in the second quarter of 2019 and possible effects on import prices via trade disputes, expect consumer prices to rise by 3.0% and 2.4% in the second and third quarter of 2019, respectively.
- Expect mortgage rates to follow Treasury yields with the 30-year fixed-rate mortgage rate averaging 4.1% in 2019, before increasing modestly to 4.2% in 2020.
- The house price appreciation forecast ticked up and is expected to grow to 3.6% for 2019.
- Expect housing starts to increase to 1.26 million and 1.35 million in 2019 and 2020, respectively, and anticipate home sales to reverse the 2018 slump and come in stronger at 6.03 million in 2019 and increase to 6.19 million in 2020.
- Expect refinance originations volume to rise around 20% in 2019 and lower mortgage rates to translate into higher annual mortgage origination levels of $1.8 billion and $1.7 billion in 2019 and 2020, respectively.

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