Freddie Mac Quarterly Forecast: The Housing Market Faces Challenges Amid Economic Uncertainty

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MCLEAN, Va., April 13, 2020 (GLOBE NEWSWIRE) -- According to Freddie Mac's (OTCQB: FMCC) Quarterly Forecast, housing markets will deviate from their typical spring surge with both home sales and house prices falling due to the COVID-19 pandemic.

“Undoubtedly, the housing market is facing its greatest challenge in over a decade as our nation weathers this unprecedented economic event,” said Sam Khater, Freddie Mac’s Chief Economist. “Although the uncertainty of the crisis means forecasts of economic activity are more unclear than usual, we expect that most of the economic damage from the virus will be contained to the first half of the year. Going forward, we should see a recovery starting in the second half of 2020, though it will take some time for the economy to fully bounce back.”

According to the Forecast:

- The average 30-year fixed-rate mortgage is expected to be 3.3 percent in 2020 and 3.1 percent in 2021.
- House price growth is expected to decelerate to an annual rate of 0.4 percent in 2020. In 2021, that rate is expected to rise to 0.7 percent.
- Home sales are expected to decrease in 2020 to 5.1 million homes and increase in 2021 to 6.1 million homes.
- Purchase originations are expected to decrease to $1,091 billion in 2020 and increase to $1,338 billion in 2021.
- Refinance originations are expected to be $1,260 billion in 2020 before slowing to $1,032 billion in 2021.
- Overall, the Forecast expects annual mortgage origination levels to remain at $2.4 trillion in 2020 and 2021.

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.

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