



Freddie Mac: Housing Market Expected to Remain Strong Despite Supply and Price Concerns

July 15, 2021

Company Releases Quarterly Forecast

MCLEAN, Va., July 15, 2021 (GLOBE NEWSWIRE) -- According to [Freddie Mac's](#) (OTCQB: FMCC) Quarterly [Forecast](#), the low mortgage rates that have supported the housing market throughout the pandemic are expected to increase later in the year, but just gradually. Therefore, Freddie Mac predicts that the market will remain strong through 2021.

"As the economy continues to mend, the housing market remains strong even as certain obstacles have begun to slow sales across the country," said Sam Khater, Freddie Mac's Chief Economist. "Of note, high house price growth has been buoyed by increased demand due to low mortgage rates, disposable after-tax income that has risen during the current recession and a major shortage of housing supply relative to our population."

Khater continued, "Despite the housing market's recent highs, there are indications of softening demand in recent home purchase mortgage applications data. We expect refinance activity to soften as higher mortgage rates dampen activity. Overall, we forecast total originations to be \$3.9 trillion in 2021 before declining to \$2.6 trillion in 2022."

According to Freddie Mac's Forecast:

- The average 30-year fixed-rate mortgage (FRM) is expected to be 3.1 percent in 2021 and 3.7 percent in 2022. In 2020, the 30-year FRM averaged 3.1 percent.
- House price growth is expected to be 12.1 percent in 2021, slowing to 5.3 percent in 2022. Growth was 11.3 percent in 2020.
- Home sales are expected to reach 6.9 million in 2021, remaining flat in 2022. Sales were 6.5 million in 2020.
- Purchase originations are expected to increase to \$1.8 trillion in 2021 and \$1.9 trillion in 2022. This is up from \$1.5 trillion in 2020.
- Refinance originations are expected to soften, declining from \$2.2 trillion in 2021 to \$713 billion in 2022. This is down from \$2.6 trillion in 2020.
- Overall, annual mortgage origination levels are expected to be \$3.9 trillion in 2021 and \$2.6 trillion 2022. These levels were \$4.1 trillion 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](#).

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A photo accompanying this announcement is available at <https://www.globenewswire.com/NewsRoom/AttachmentNg/f943a0bb-9d0e-458b-ba7f-4d07336d4869>

Forecast Snapshot

JULY 2021

Forecast Snapshot

SUMMARY (ANNUALIZED)	2020	2021	2022
30-year PMMS (%)	3.1	3.1	3.7
Total home sales (M)	6.5	6.9	6.9
House price growth (%)	11.3	12.1	5.3
Total originations (\$B)	\$4,100	\$3,933	\$2,626

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