Freddie Mac: Market Slowdown will Continue as High Rates and Prices Exacerbate Affordability Challenges

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Company Releases Quarterly Forecast

MCLEAN, Va., July 20, 2022 (GLOBE NEWSWIRE) -- According to Freddie Mac (OTCQB: FMCC), rising mortgage rates and house price appreciation will continue driving a slowdown in the single-family purchase market. A new Quarterly Forecast released by the company's Chief Economist predicts that homebuyer demand will moderate, rebalancing from the hot housing market of the last two years to a more normal pace of activity.

"The Federal Reserve's action to help manage inflation has created significant volatility in mortgage rates and, by extension, the housing market," said Sam Khater, Freddie Mac's Chief Economist. "Although house price appreciation will grow at a more moderate rate, home prices remain high relative to homebuyer incomes. Taken together, these factors are exacerbating affordability challenges and causing a slowdown in the housing market."

Specific findings include:

- The 30-year fixed-rate mortgage (FRM) is expected to average 5.0 percent in 2022 and 5.1 percent in 2023. In 2021, the 30-year FRM averaged 3.0 percent.
- House price growth is expected to remain high, averaging 12.8 percent in 2022, but slowing to 4.0 percent in 2023. House price growth was 17.8 percent in 2021.
- Home sales are expected to be 6.0 million in 2022, decreasing to 5.4 million in 2023. Home sales were 6.9 million in 2021.
- Home purchase mortgage originations are expected to be $2.0 trillion in 2022 and $1.9 trillion in 2023. Originations were $2.0 trillion in 2021.
- Refinance originations are expected to continue softening, declining to $885 billion in 2022 and $463 billion in 2023. Originations were $2.8 trillion in 2021.
- Overall, annual mortgage origination levels are expected to be $2.8 trillion in 2022 and $2.3 trillion 2023, down from $4.8 trillion in 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.

MEDIA CONTACT:
Angela Waugaman
703-714-0644
Angela_Waugaman@FreddieMac.com