



Freddie Mac September 2017 Outlook

September 21, 2017

Looking Ahead to 2018

MCLEAN, VA--(Marketwired - Sep 21, 2017) - [Freddie Mac](#) (OTCQB: FMCC) today released its monthly [Outlook](#) for September, which analyzes the trends that will drive the mortgage market in 2018. These trends include an increase in purchase mortgage volume, a cooling of refinance activity and continued strong house price growth.

Outlook Highlights

- With 1.33 million housing starts expected in 2018 (up from 1.22 in 2017), new home sales should be the primary driver of sales in 2018. We expect total home sales (new and existing) to increase about two percent from 2017 to 2018.
- The gradual increase in housing starts and moderate increases in mortgage rates will help to reduce house price growth next year. We forecast U.S. house price growth of 4.9 percent in 2018, compared to a 6.3 percent growth in 2017 through August.
- With mortgage rates up from last summer's near-record lows, the potential for rate refinances has diminished. This will cause the refinance share of mortgage activity to decline to 25 percent in 2018, down 23 percent since 2016, and the lowest annual refinance share since 1990.
- In July 2016, the 30-year fixed-rate conventional conforming rate refinance potential was about \$800 billion. In July 2017, it was down to around \$300 billion. However, refinance originations have not fallen as much as our estimate. We estimate that total refinance originations for the first half of 2017 are down only about 48 percent from the first half of 2016.
- Rising home prices have helped existing homeowners increase their home equity. In the second quarter of 2017, the dollar volume of equity cashed out was \$15 billion, up \$1.2 billion from the first quarter, but down from \$19.1 billion in the fourth quarter of 2016. As home prices keep rising, cash out activity is likely to also rise.

Quote: Attributed to Sean Beckett, Chief Economist, Freddie Mac.

"The economic environment remains favorable for housing and mortgage markets. For several years, we have had moderate economic growth of about two percent a year, solid job gains and low mortgage interest rates. We forecast those conditions to persist into next year."

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

CONTACT:

Chad Wandler
703-903-2446

Chad.Wandler@FreddieMac.com

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