



Freddie Mac June 2017 Outlook

June 23, 2017

Housing Remains a Bright Spot for the Economy

MCLEAN, VA--(Marketwired - Jun 23, 2017) - [Freddie Mac](#) (OTCQB: FMCC) today released its monthly [Outlook](#) for June, which shows that despite some recent bumps, the U.S. housing market remains on track to exceed last year's best-in-a-decade levels for housing starts and home sales.

Outlook Highlights

- May marked the 80th consecutive month of job gains. The unemployment rate dropped another 0.1 percentage points to 4.3 percent. Despite last month's lull in housing data, the economy will continue to bolster the overall housing market.
- In April, housing starts fell 2.6 percent and permits for single-family homes also declined. After a strong March, home sales also took a hit with new home sales falling 11.4 percent and existing home sales falling 2.3 percent in April. These recent declines are likely to reverse as low mortgage interest rates and solid job gains boost the housing market.
- Average mortgage rates have declined more than they have risen in recent weeks. However, they are still almost 50 basis points higher than last year's low. Unless rates fall below 3.5 percent for an extended period, refinance volume will fall short of last year's levels. Expect mortgage origination volumes to decline \$370 billion for 2017.
- Strong demand and a short supply of housing in many markets continues to push house prices higher. Expect house price appreciation to be over 5 percent for 2017.
- In the first quarter of 2017, the homeownership rate was 63.6 percent -- six percentage points lower than its peak in 2004 when it reached its all-time high of 69.2 percent.

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

"After a strong March, the housing market, from housing starts to new and existing home sales, took a hit in April. The recent declines are likely to reverse as low mortgage interest rates and solid job gains boost the housing market. We expect housing starts and home sales to firm in the coming months and for 2017 to exceed 2016's best-in-a-decade levels."

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