



Freddie Mac May 2016 Outlook

May 18, 2016

Forecast Snapshot (May 2016)

Summary (annualized)	2015	2016	2017
30-year PMMS (%)	3.9	3.9	4.5
Total home sales (M)	5.75	5.92	6.16
House price growth (%)	6.0	4.8	3.5
Total originations (\$B)	1,750	1,725	1,460

MCLEAN, VA--(Marketwired - May 18, 2016) - [Freddie Mac](#) (OTCQB: FMCC)

released today its monthly [Outlook](#) for May showing that low mortgage rates are helping to keeping housing on track in the face of rapidly rising house prices.

Outlook Highlights

- Based on new data, full-year real GDP growth has been revised down from 2 percent to 1.8 percent. However, expect a strong rebound in subsequent quarters.
- For the first quarter, the 30-year fixed rate mortgage averaged 3.7 percent. Following the May jobs report, the average 30-year fixed-rate mortgage was revised down from 4 percent to 3.9 percent for full-year 2016.
- Revised the 1-4 family mortgage originations estimate for 2016 up by \$25 billion to \$1.725 trillion as a result of strong first-quarter refinance activity and low mortgage rates.
- House prices projection remains unchanged at 4.8 and 3.5 percent in 2016 and 2017, respectively.

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

"Mortgage rates have been near historic lows for most of April and going into May, floating between 3.57 and 3.66 percent. Despite low mortgage rates, rapidly rising house prices and tight inventory make affordability and availability major challenges for would-be homebuyers.

"Even with tight inventories and rising house prices, we still forecast 2016 to be the best year for home sales in a decade. The first quarter of 2016 had the second-fastest first-quarter pace of home sales in the past decade, narrowly edging 2015. Home sales typically rise in the spring and summer months so we're anticipating an acceleration in home sales, which will allow us to surpass 2007's pace by late summer."

Freddie Mac was established by Congress in 1970 to provide liquidity, stability and affordability to the nation's residential mortgage markets. Freddie Mac supports communities across the nation by providing mortgage capital to lenders. Today Freddie Mac is making home possible for one in four home borrowers and is the largest source of financing for multifamily housing. Additional information is available at [FreddieMac.com](#), Twitter [@FreddieMac](#) and Freddie Mac's blog [FreddieMac.com/blog](#).

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