



## Freddie Mac June 2015 U.S. Economic and Housing Market Outlook

June 24, 2015

### Pivoting Toward Normalcy

MCLEAN, VA--(Marketwired - Jun 23, 2015) - [Freddie Mac](#) (OTCQB: FMCC) released today its U.S. Economic and Housing Market [Outlook](#) for June, showing that with low debt servicing costs and improving household balance sheets, more Americans may be at a point where they are ready to start taking on more mortgage debt. A video preview, along with the complete June 2015 U.S. Economic and Housing Market Outlook and forecast table, is available [here](#).

### Outlook Highlights

- Expect single-family Mortgage Debt Outstanding (MDO) to increase in 2015. As house prices increase, home sales increase, and as the cash share of home sales declines, single-family MDO growth should accelerate in 2016 and 2017.
- Based on analysis of loans funded by Freddie Mac, in normal times the resale of an existing home results in an increase in aggregate mortgage debt of about 30 percent with each new home purchase loan. As of the first quarter 2015, the increase in aggregate mortgage debt is back to this long-term average.
- With mortgage debt set to increase, the market is going to have to find a home for the additional debt. The Federal Reserve currently holds \$1.7 trillion of agency mortgage-backed securities. And new debt issuances, such as Freddie Mac's Structured Agency Credit Risk (STACR) offerings will become increasingly important over the next few years, and will help to find a home for new mortgage debt.
- Despite the increased demand, don't expect the homeownership rate to increase. Demographics will continue to trump demand. As the labor market continues to improve, millions of additional households and homeowners will be added to the economy, but homeownership rates are likely to keep falling this year.

### Quote

Attributed to Len Kiefer, Deputy Chief Economist, Freddie Mac.

"Low mortgage rates and years of debt consolidation have led mortgage servicing costs as a share of disposable income to the lowest levels we've seen in decades. After many fits and starts, the data finally show that not only are more Americans taking out a mortgage to purchase a home, but that total outstanding debt on single-family properties has increased on a year-over-year basis. This is yet another sign the economy, and housing markets, are pivoting toward normalcy."

"This is good news and will present mortgage, housing and capital markets with new opportunities. Going forward we'll see a slow shift from Boomers as the dominate cohort in housing to the Millennials, who are just now entering prime homeownership years and unleashing further pent-up demand."

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 one of the largest sources 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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