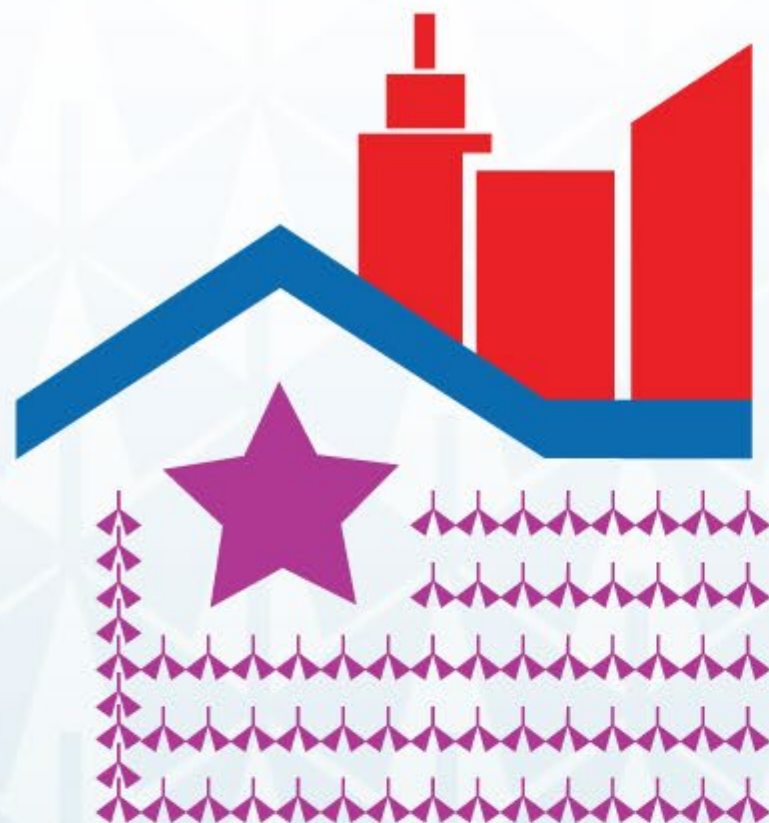




REALTORS® LEGISLATIVE MEETINGS 2025

MAY 31–JUNE 5 • WASHINGTON, DC



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Real Estate & Economic Outlook

Lawrence Yun, Ph.D.
Chief Economist

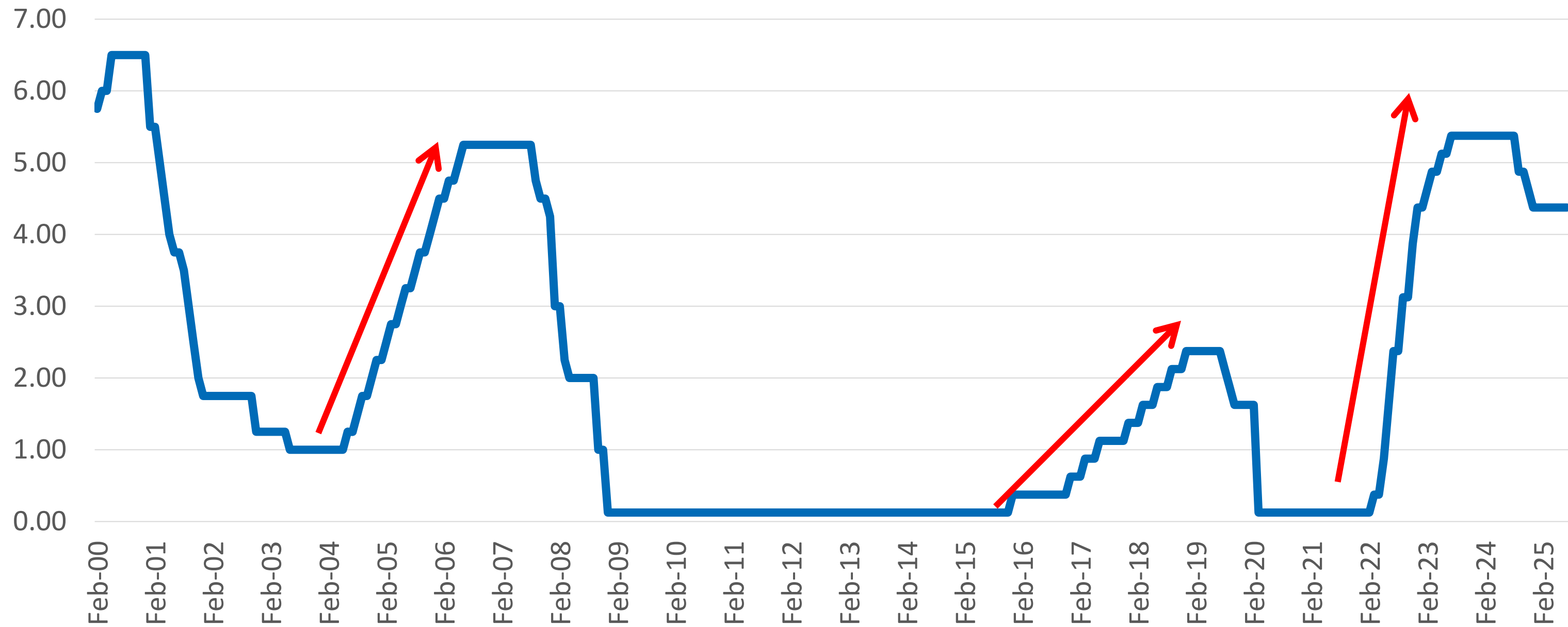
Federal Reserve Economic Forecast

Downgraded for 2025

	Previous Forecast in 2024	Updated Forecast in March 2025
GDP	+2.1%	Lowered to +1.7%
Inflation	+2.5%	Raised to +2.7%

Source: Federal Reserve

Federal Reserve Fed Funds Rate



Source: Federal Reserve

10-year Treasury (green) and Mortgage Rates (red)



Source: Federal Reserve and Freddie Mac Mortgage Rate

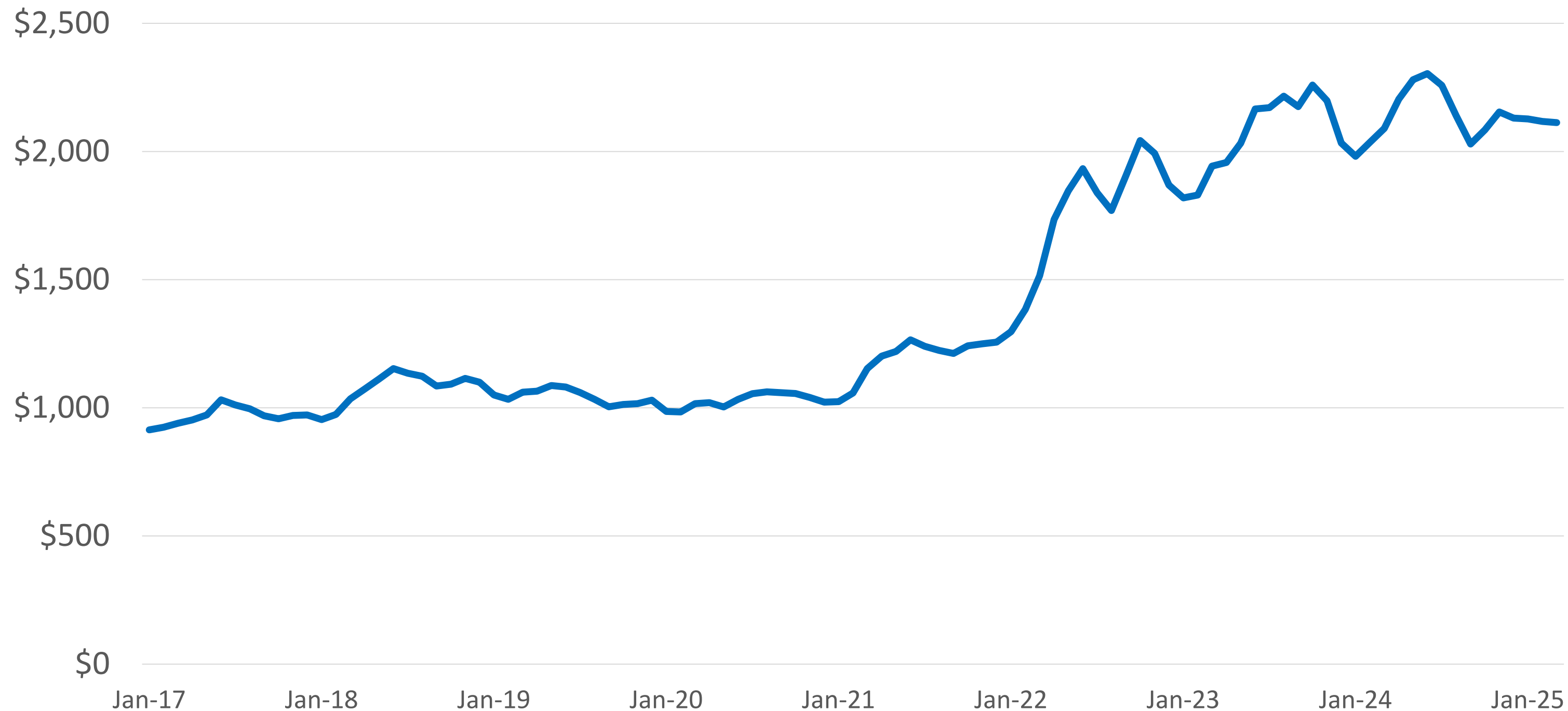


Spread 30-yr Mortgage and 10-yr Treasury



Median Monthly Mortgage Payment for Recent Buyers

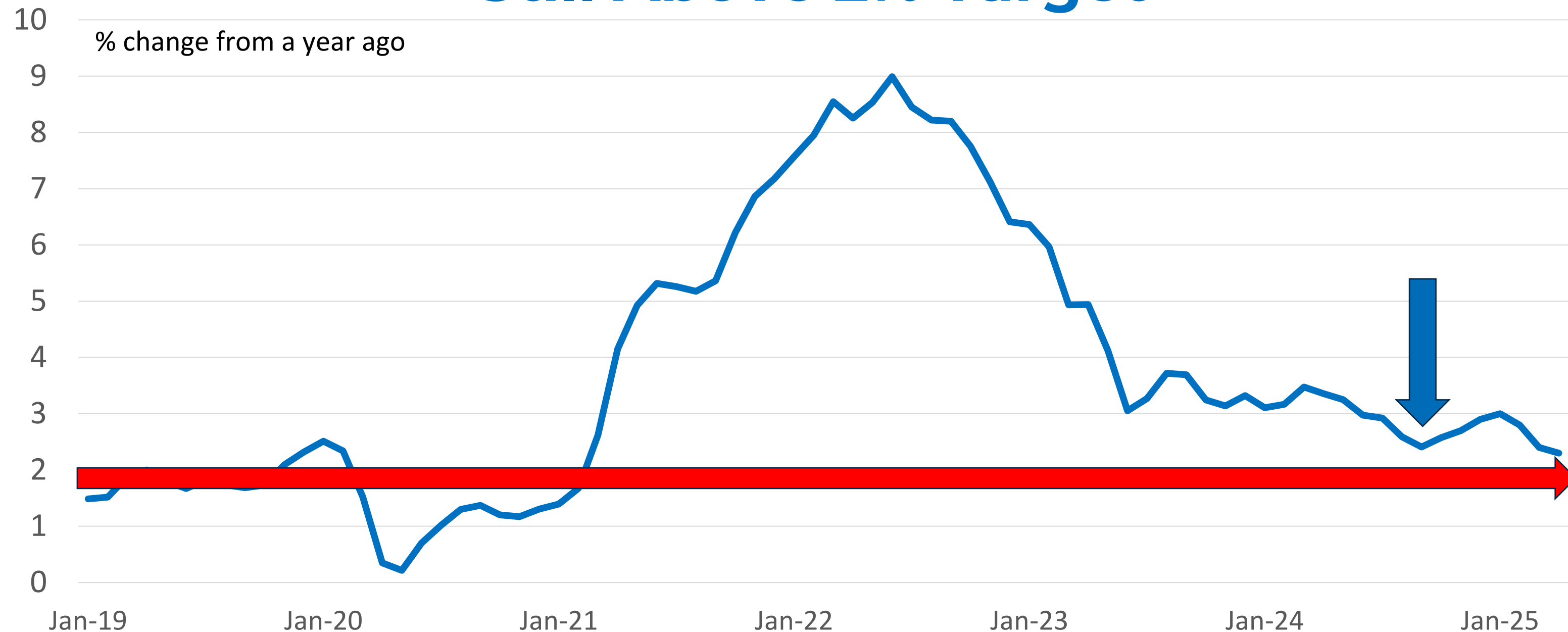
Tough but No Longer Rising



Source: NAR using only principal and interest of median priced home

When Will the Fed Cut Rates?

Consumer Price Inflation at 2.3% in April, Still Above 2% Target

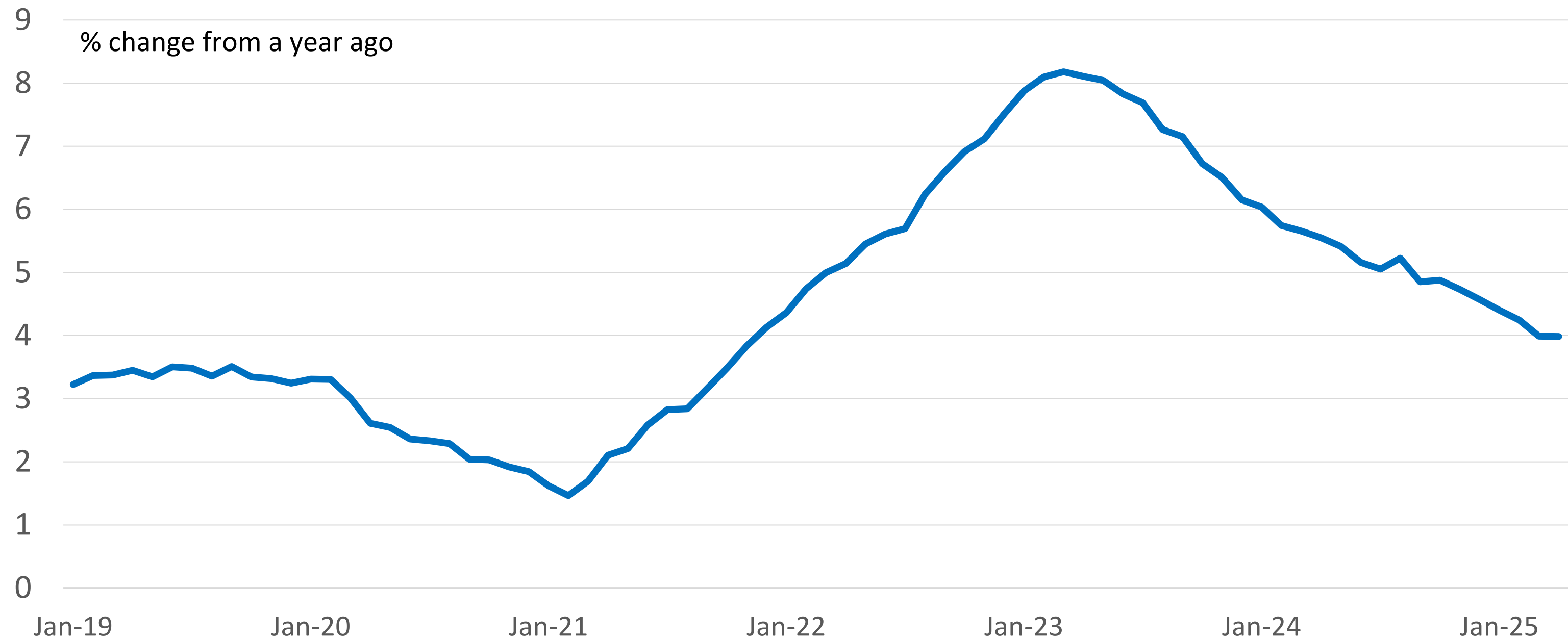


Source: BLS

Fed Rate Cuts Once Inflation Under Control

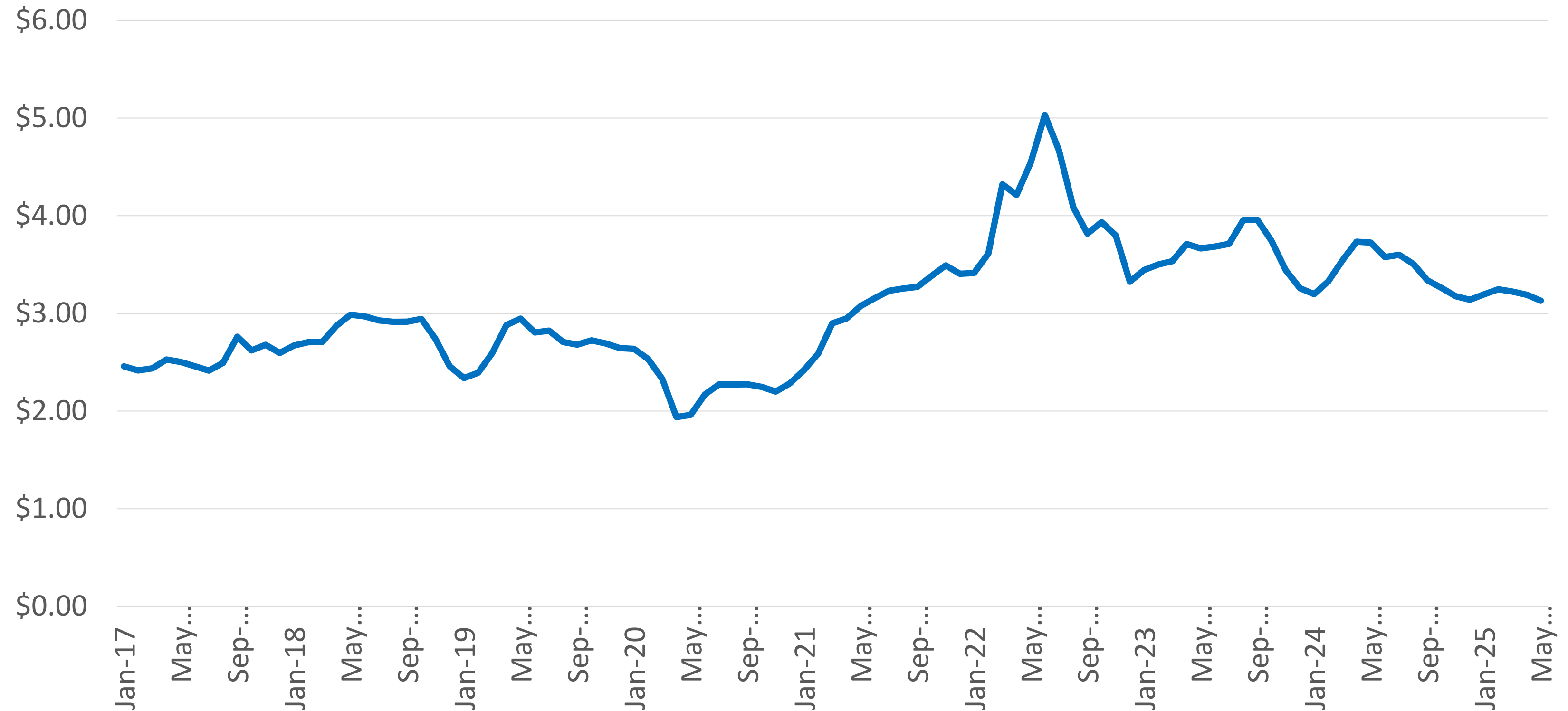
- Tariff ... **inflationary**
- Shelter Cost ... disinflationary
- Deregulation ... disinflationary
- Oil ... disinflationary
- Reciprocal Tariff to zero ... disinflationary
- Weaker Economy ... disinflationary
- Dumping and Weaker Dollar ... **inflationary**
- Pharmaceutical Drugs ... disinflationary

Housing Shelter Inflation is Decelerating (Egg Price is Irrelevant)



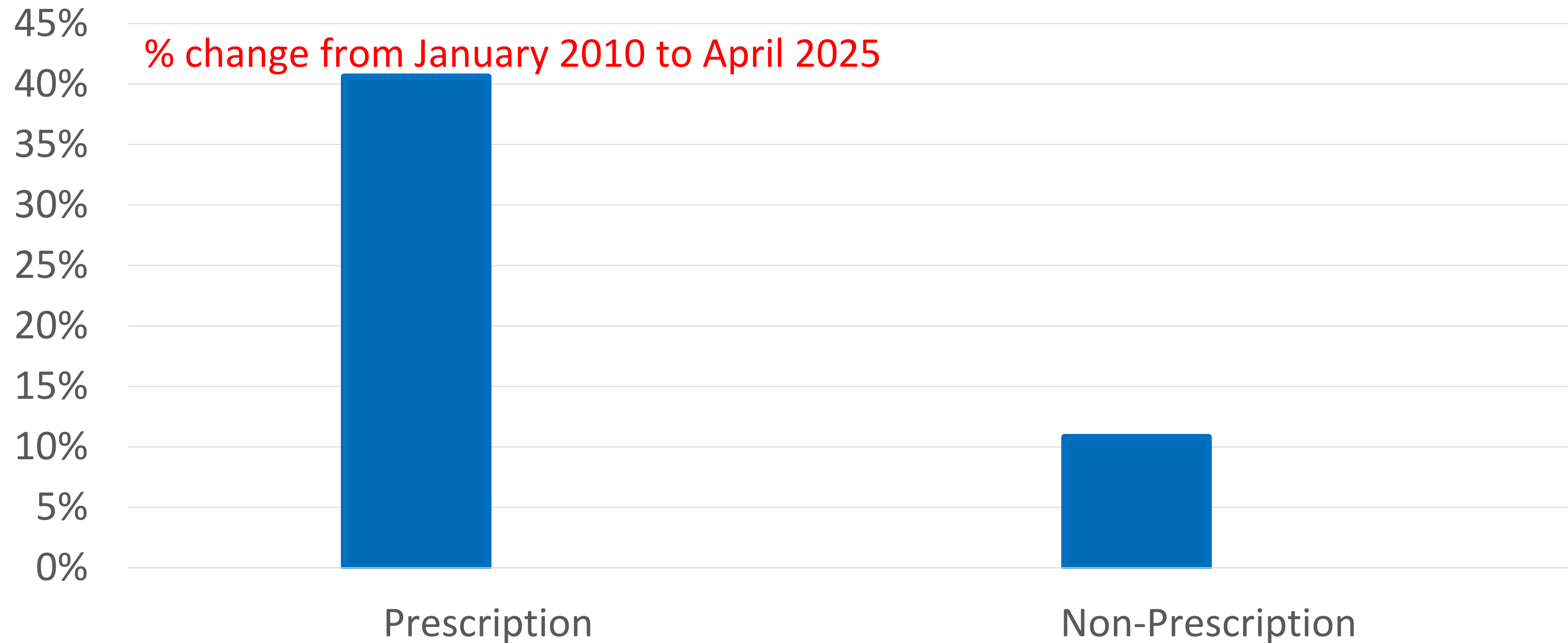
Source: BLS

Gasoline Price per Gallon Moving Towards Pre-COVID Prices



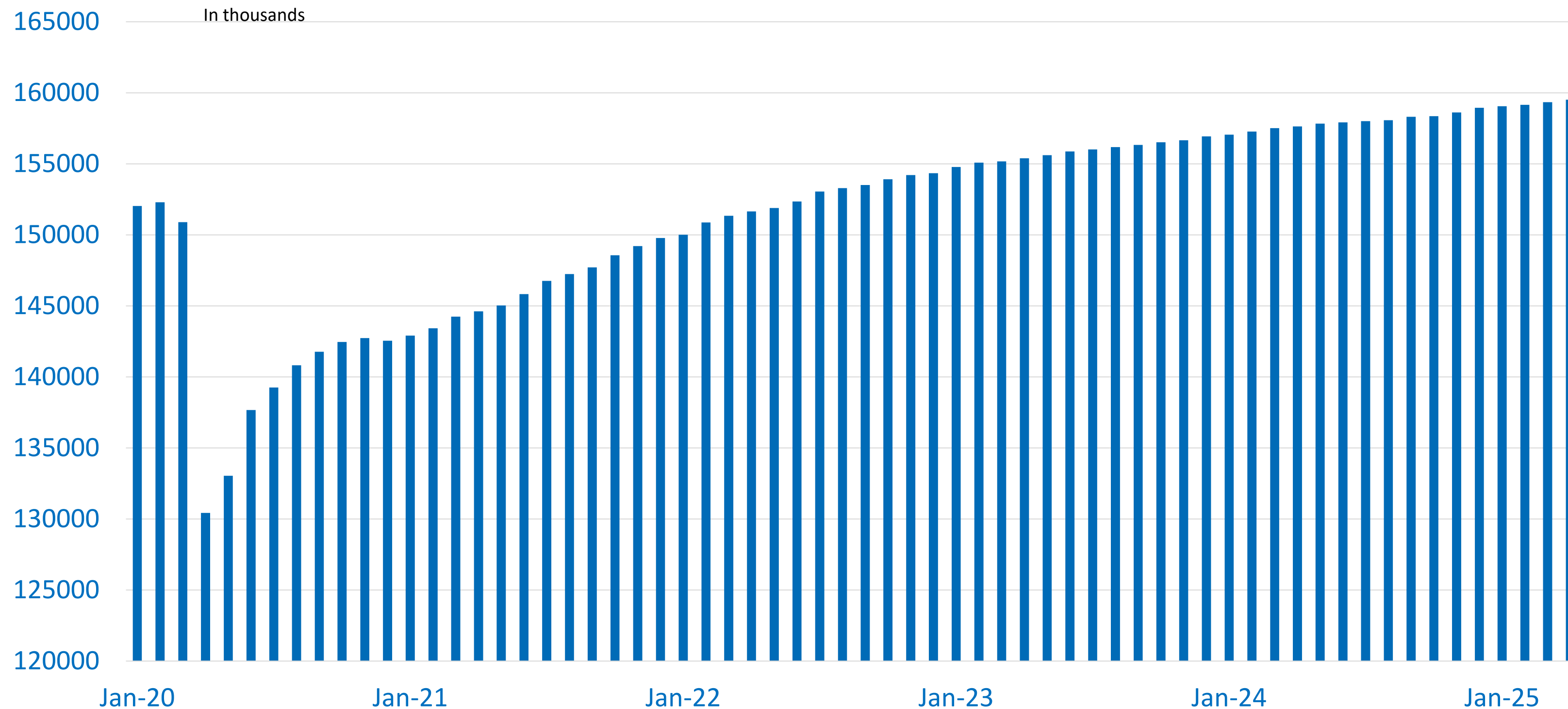
Source: Energy Information Administration

Prescription and Non-Prescription Drug Price Inflation: Future Pricing Impact?



Source: BLS

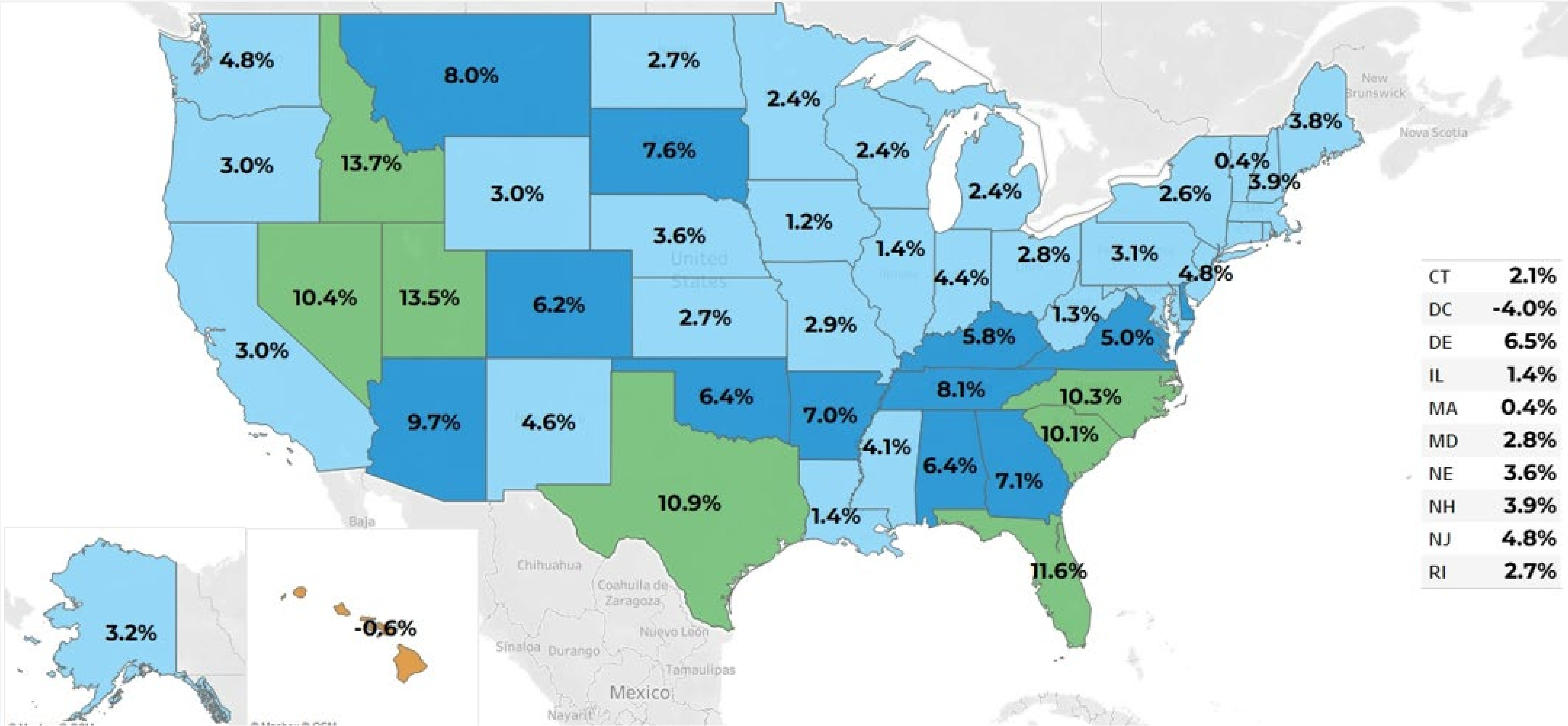
Total Payroll Jobs (+7 Million from Pre-COVID)



Source: BLS

Job Gains Since Pre-COVID Record High Payroll Employment

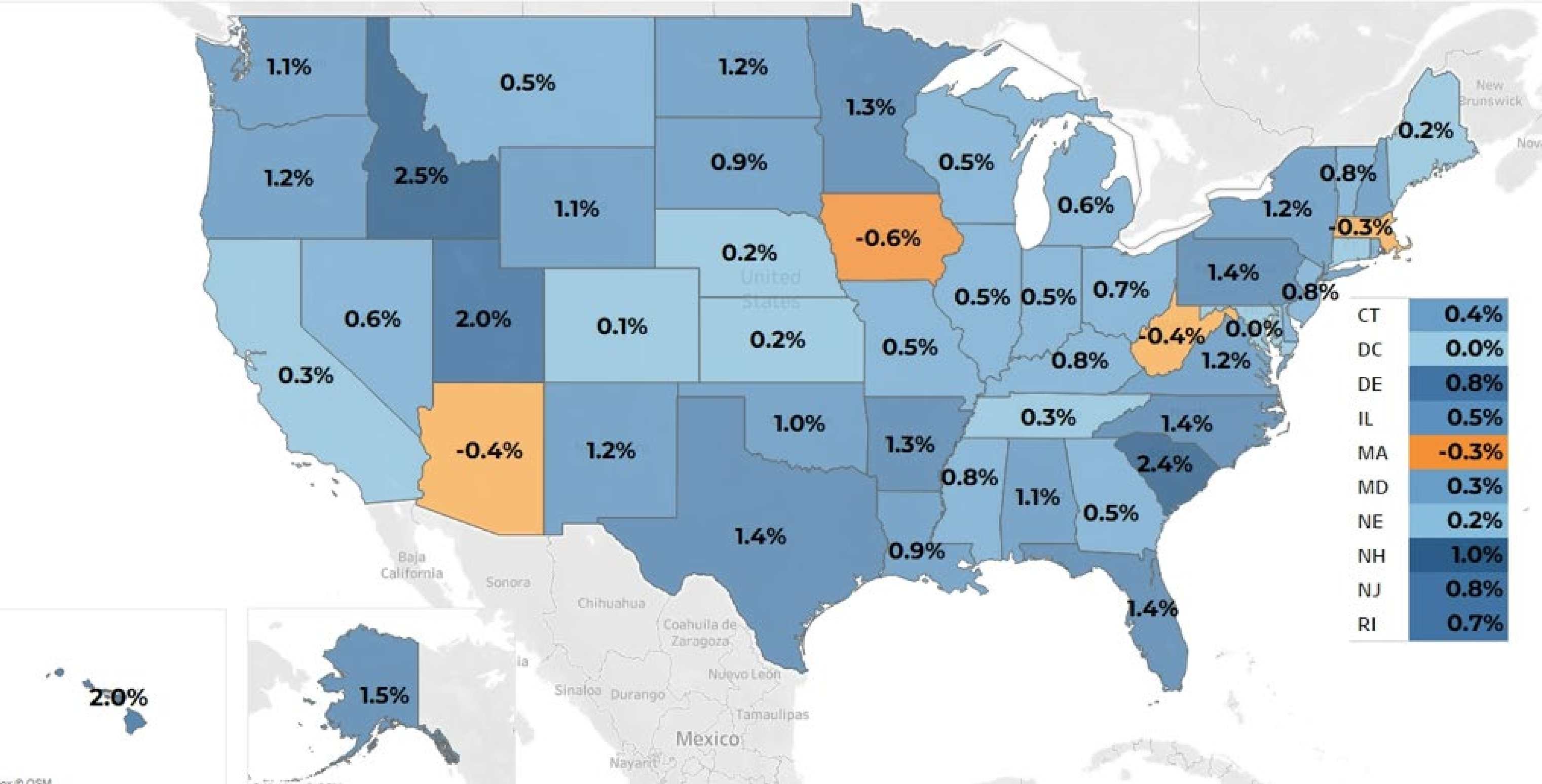
% change from March 2020 to April 2025



Source: NAR Analysis of BLS data

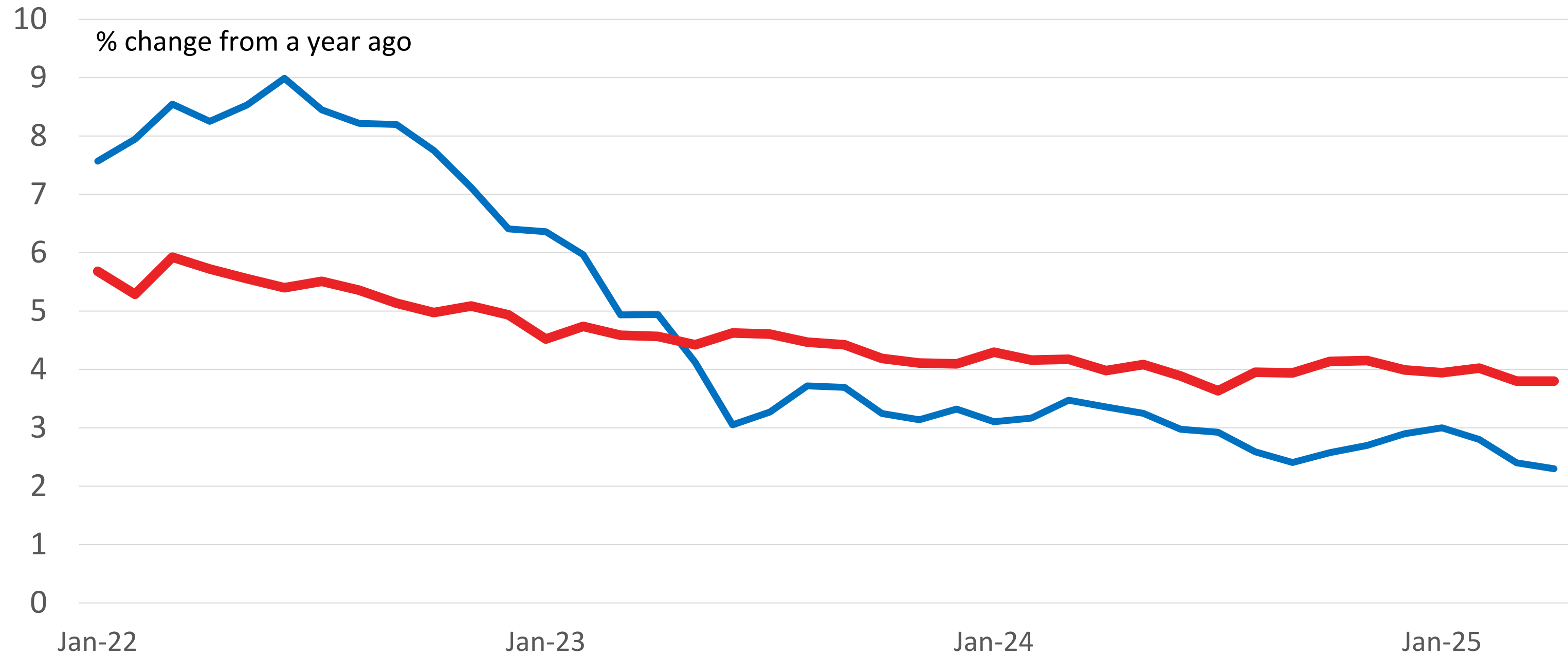
Job Gains Over One Year - to Assess Recent Momentum

% change from April 2024 to April 2025



Source: NAR Analysis of BLS data

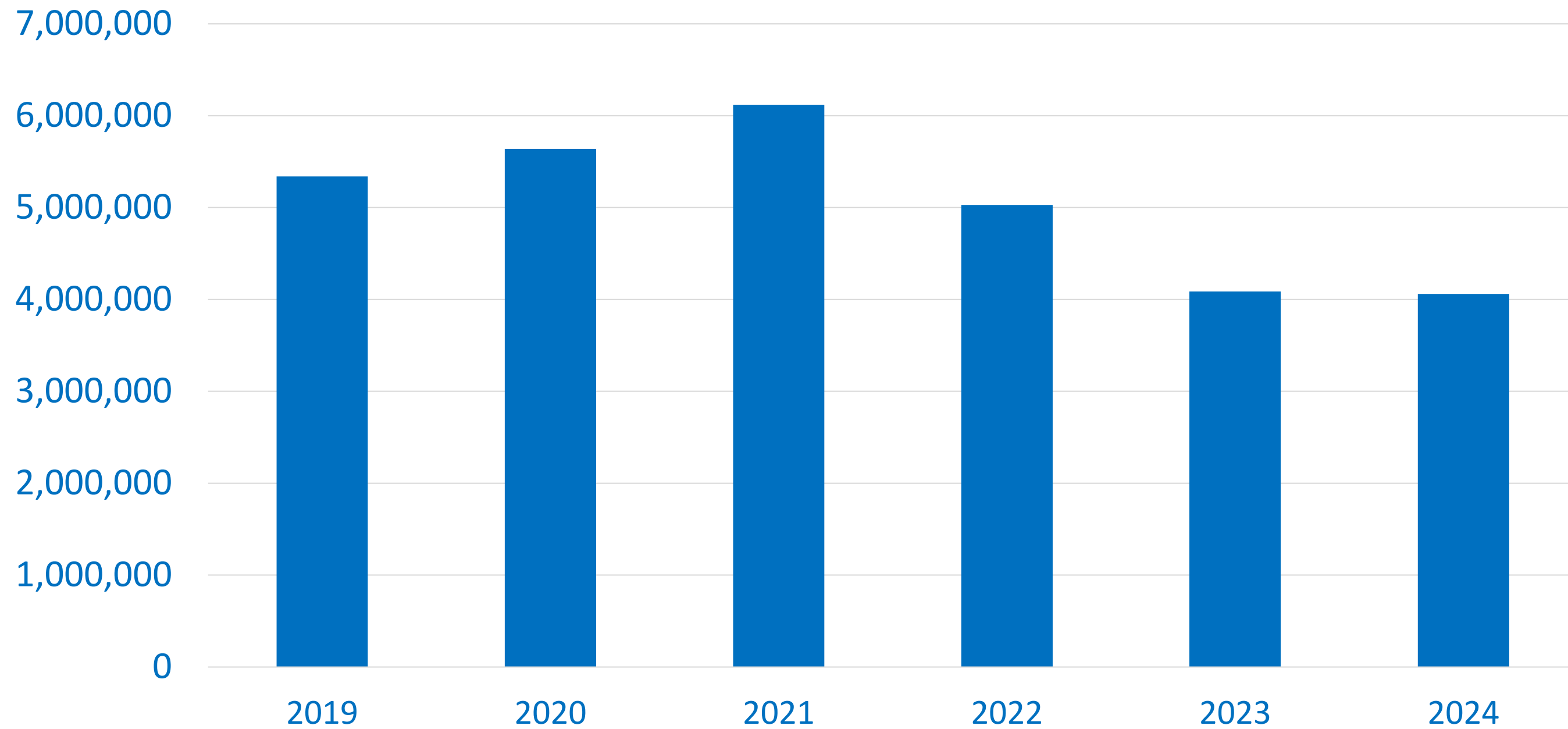
Wage Growth (red) 3.8% Outpacing Consumer Price (blue) at 2.3%



Source: BLS

Residential Real Estate

Existing-Home Sales ... Two of the Most Difficult Years



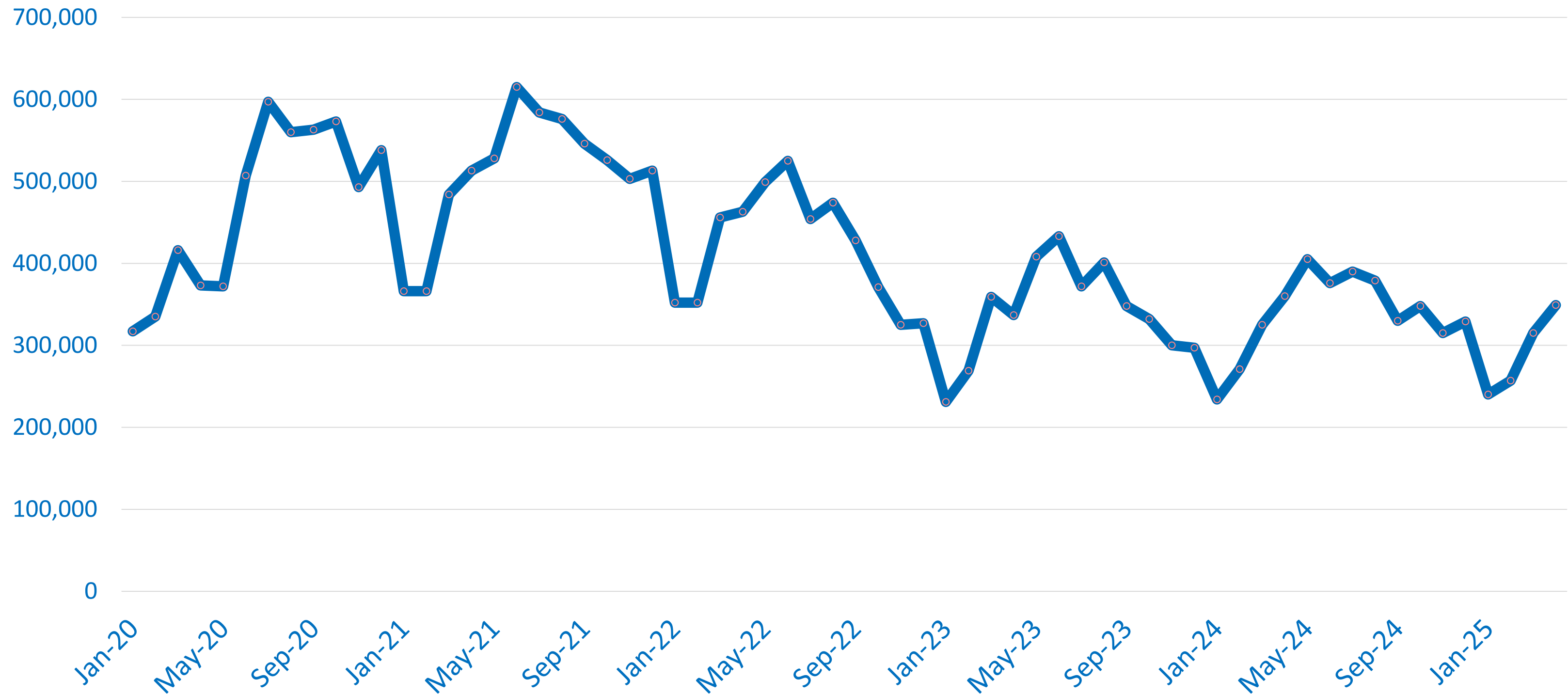
Source: NAR

Recent Monthly Existing-Home Sales Show No Recovery (seasonally adjusted annualized rate)



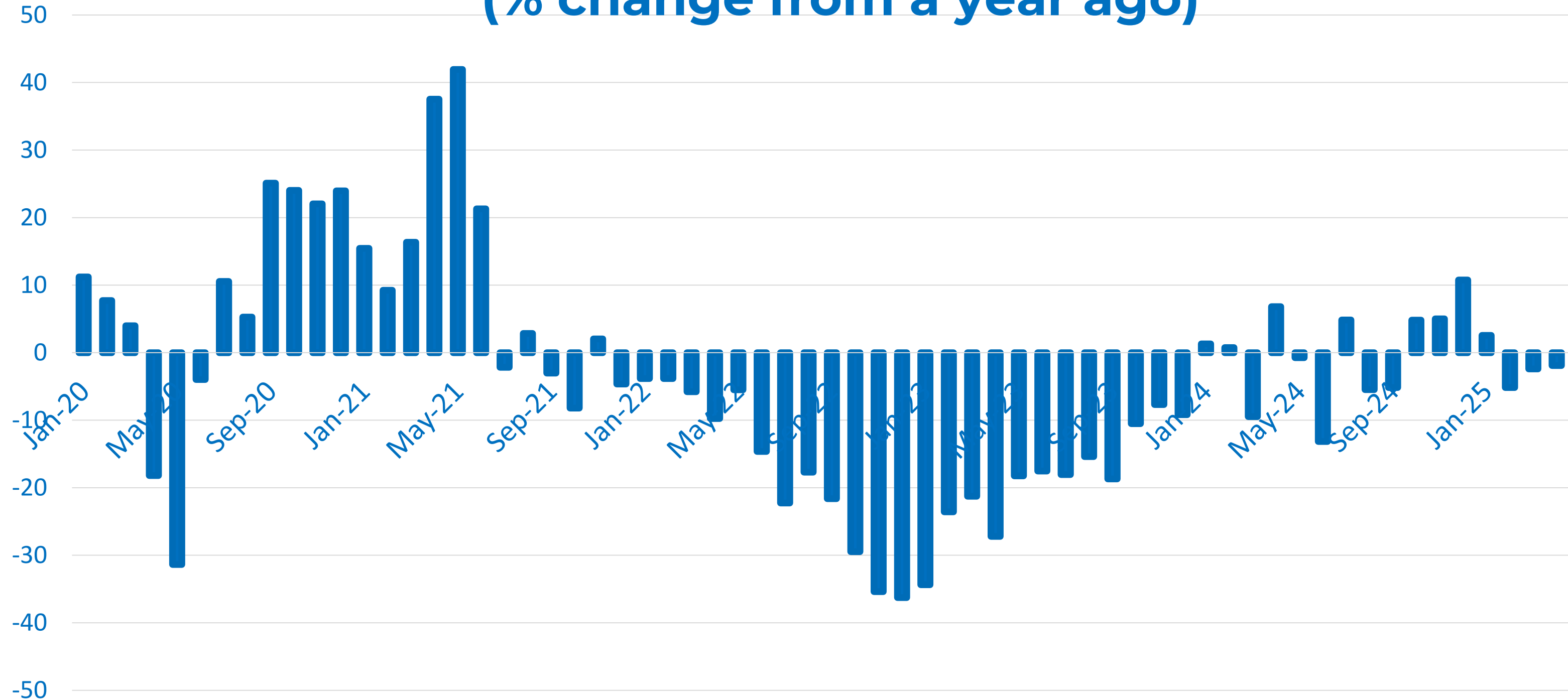
Source: NAR

Raw Existing-Home Sales, Not Seasonally Adjusted



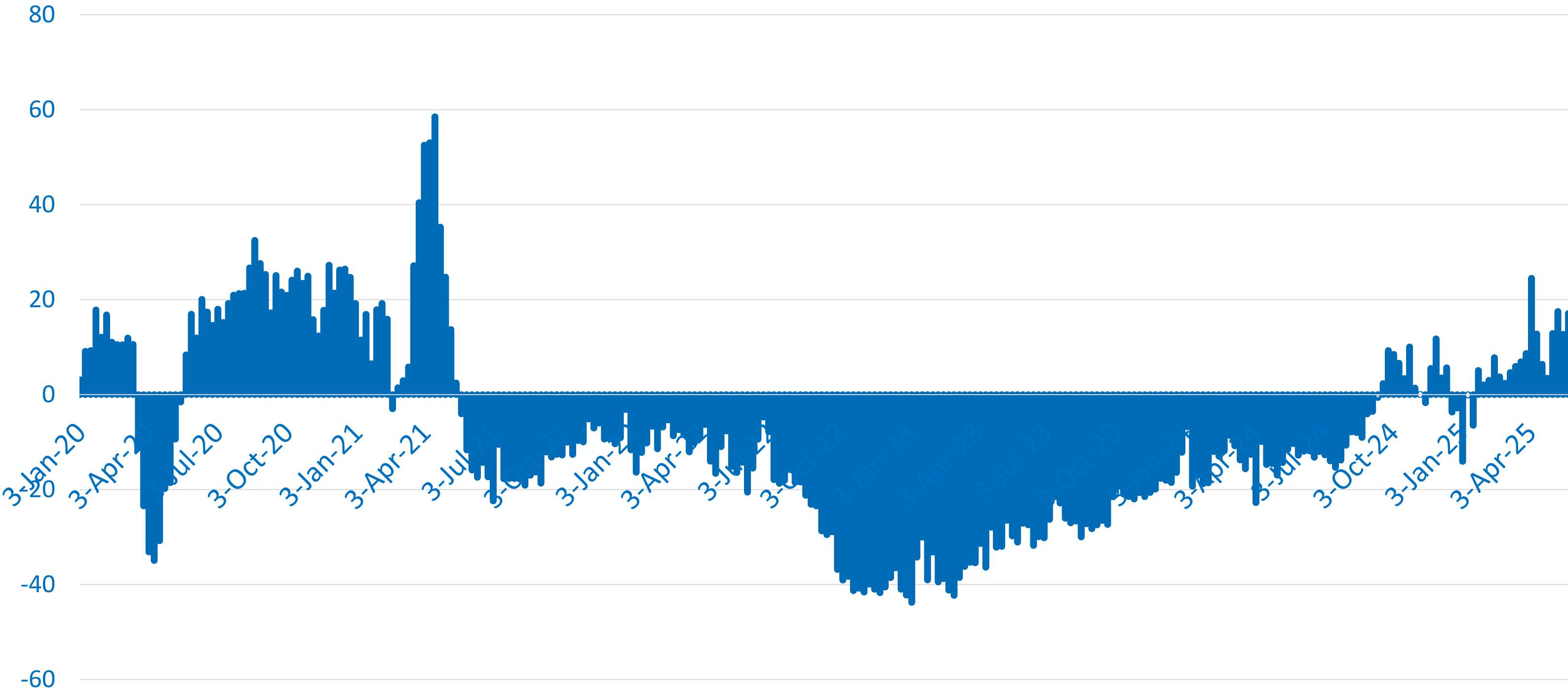
Source: NAR

Raw Existing-Home Sales: Flickering of Light at the End of the Tunnel (% change from a year ago)



Source: NAR

Light Showing on Mortgage Applications to Buy a Home (% change from a year ago)



Source: NAR

WSJ

Barron's

MarketWatch

IBD

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≡ **MarketWatch**

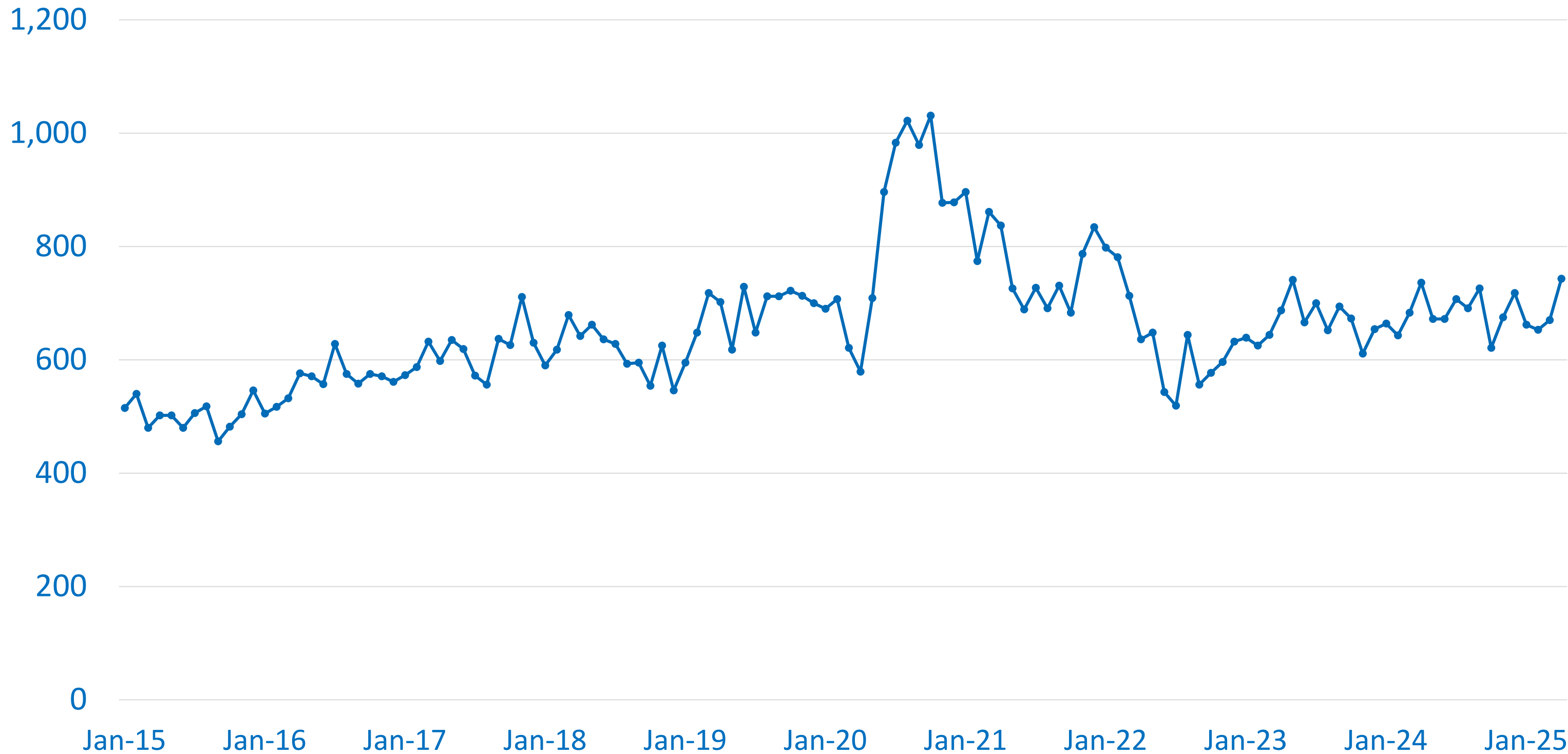
Investing Personal Finance Retirement ▼

ECONOMIC REPORT

Buyers rushed into the market for new homes in April, pushing sales to highest level in three years

➔ Higher incentives and lower prices boosted sales ←

Monthly New Home Sales (seasonally adjusted annualized rate)

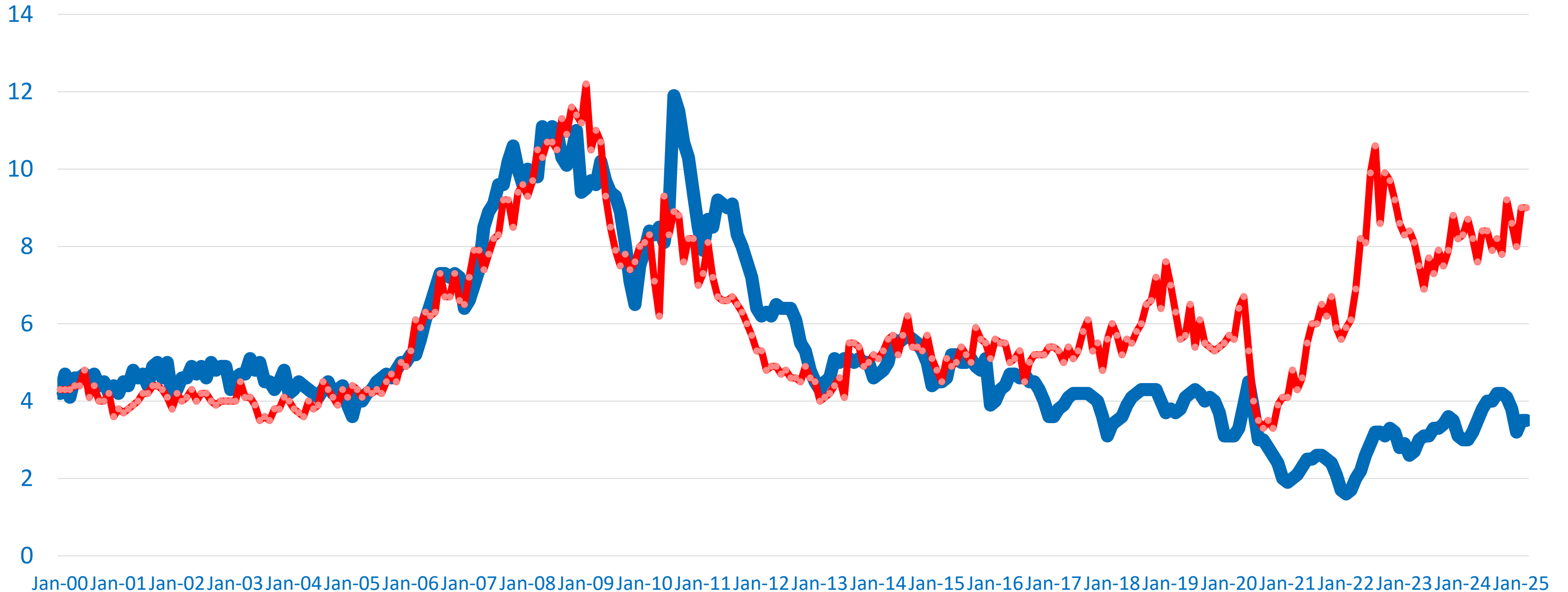


Source: HUD/Census

Months Supply of Inventory

New Homes (red) and Existing Homes (blue)

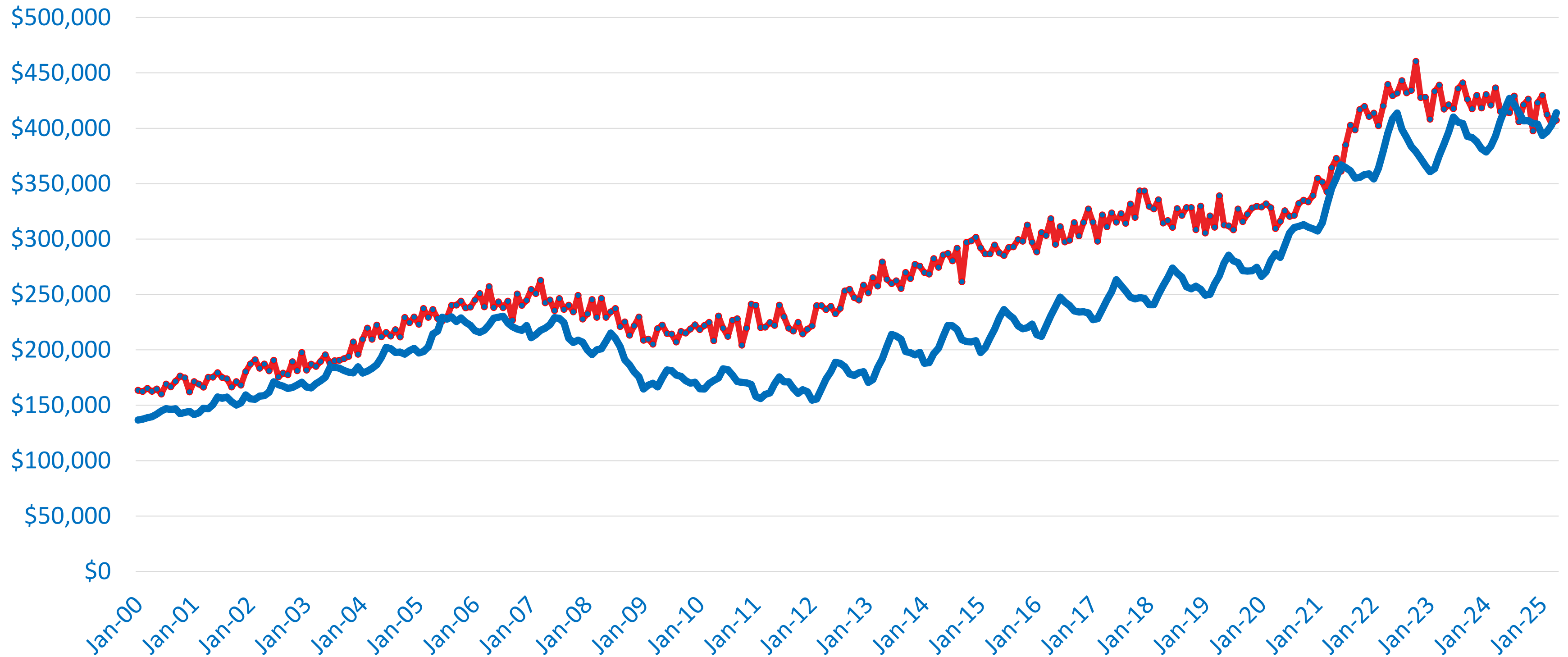
(How many months to exhaust the current inventory at current sales pace)



Source: NAR and Census

Median Home Price

New vs. Existing



Source: NAR and Census

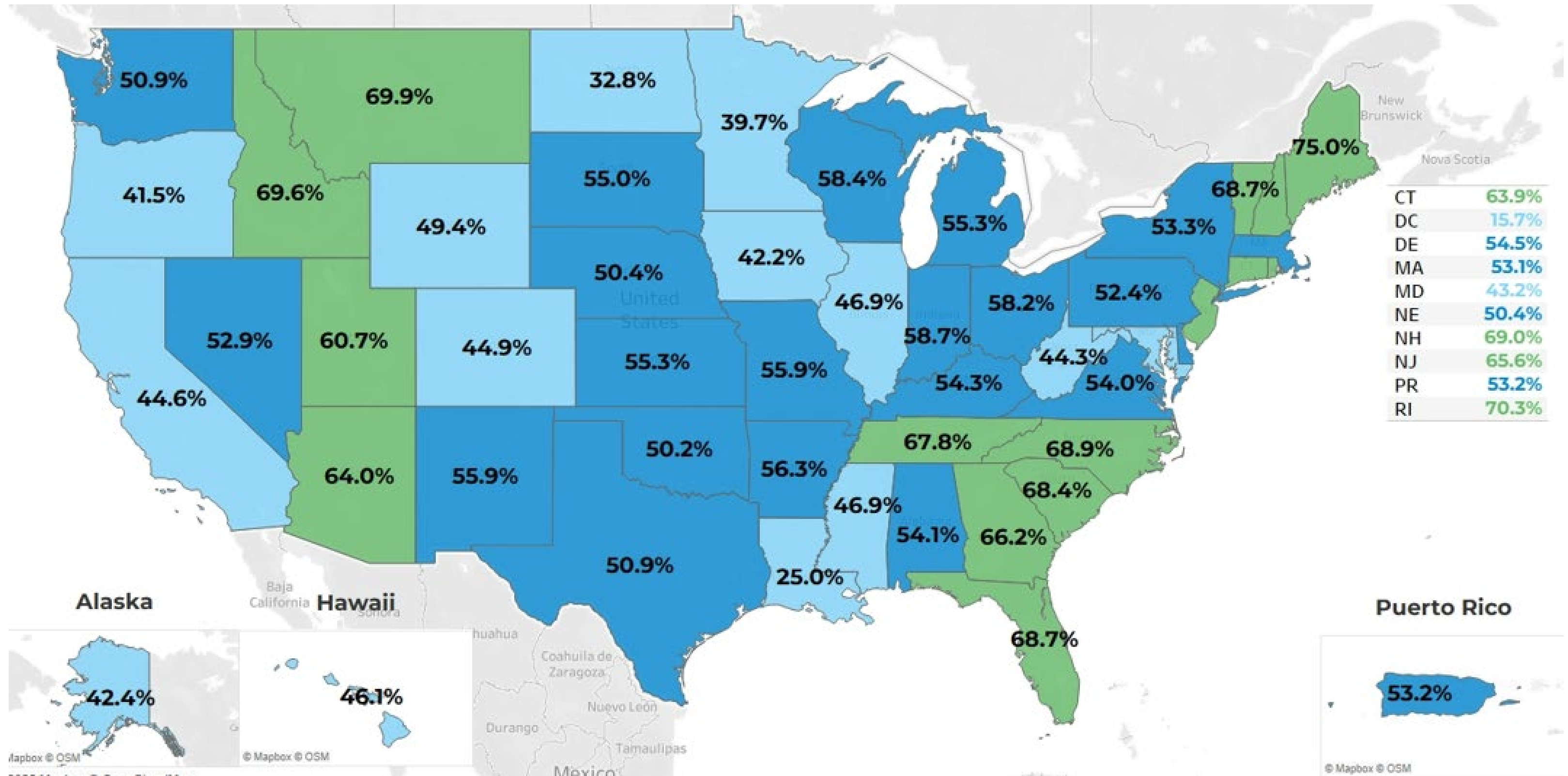
\$20,000 for Mortgage Rate Buydown or Reduction in Home Price

	5.75% rate	7% rate
Monthly Mortgage Payment \$400,000 loan	\$2334	
Monthly Mortgage Payment \$380,000 loan		\$2528

For illustration purposes only and not a market offering

5-year Home Price Gains Since Pre-COVID

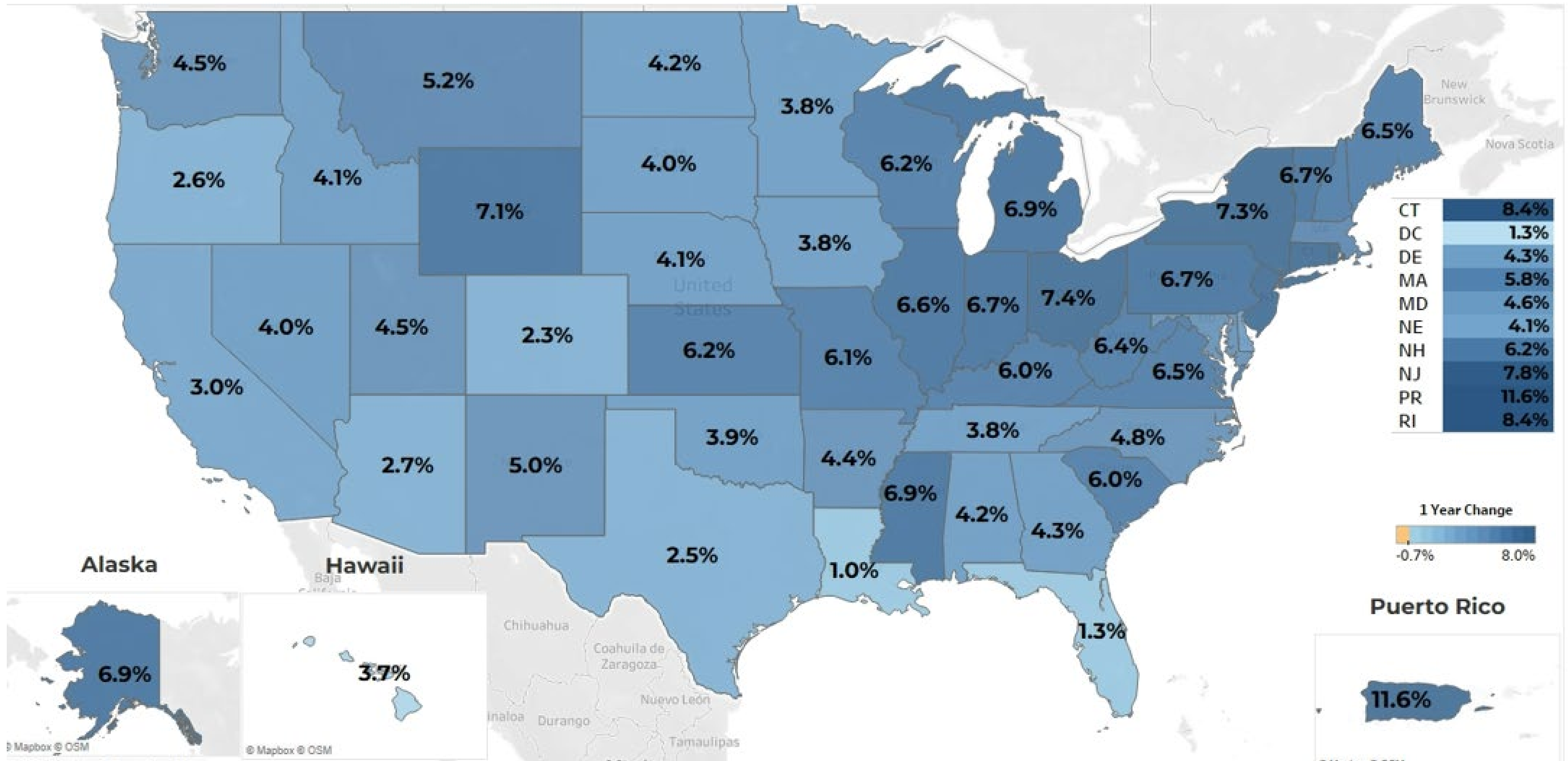
% change from 2020 Q1 to 2025 Q1



Source: NAR Analysis of FHFA data

Recent 1-year Home Price Gains

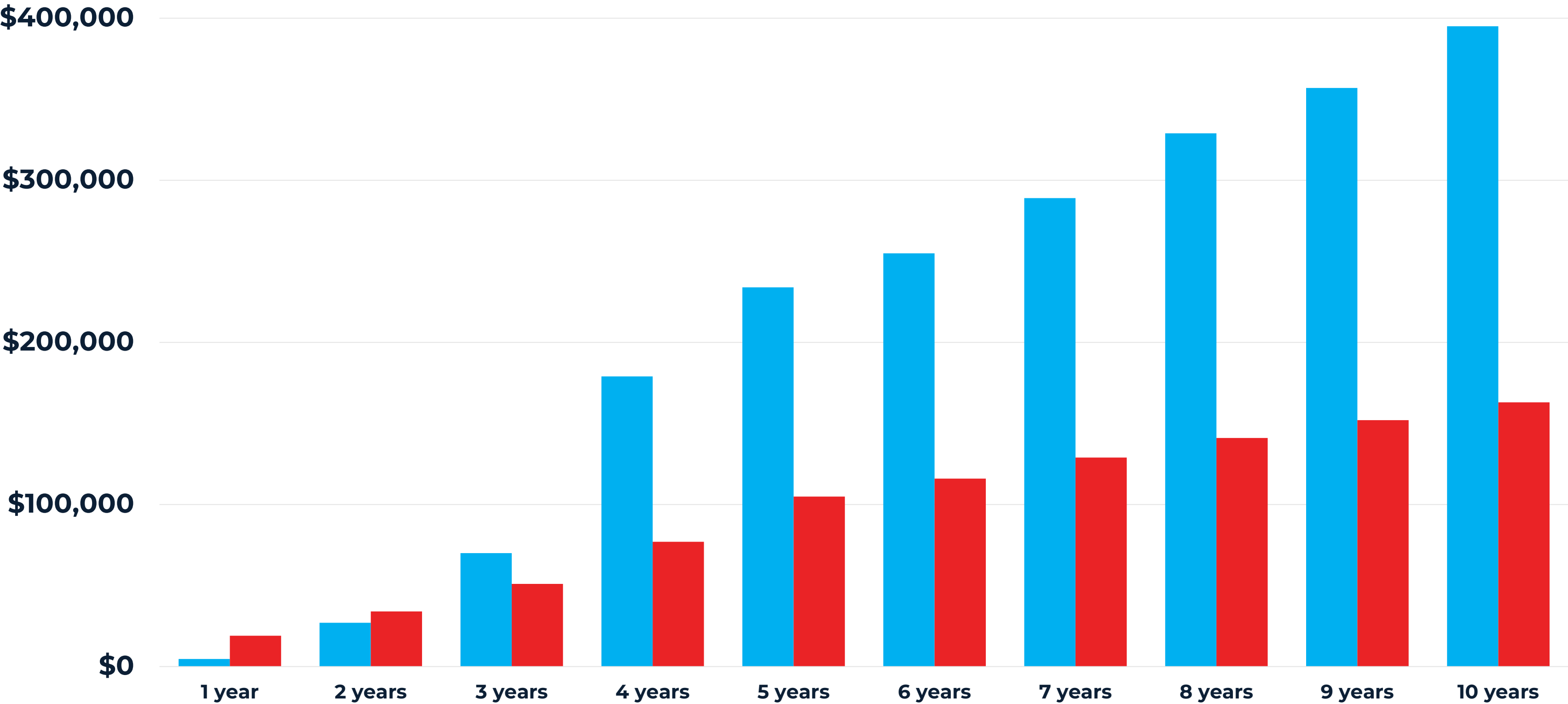
% change from 2024 Q1 to 2025 Q1



Source: NAR Analysis of FHFA data

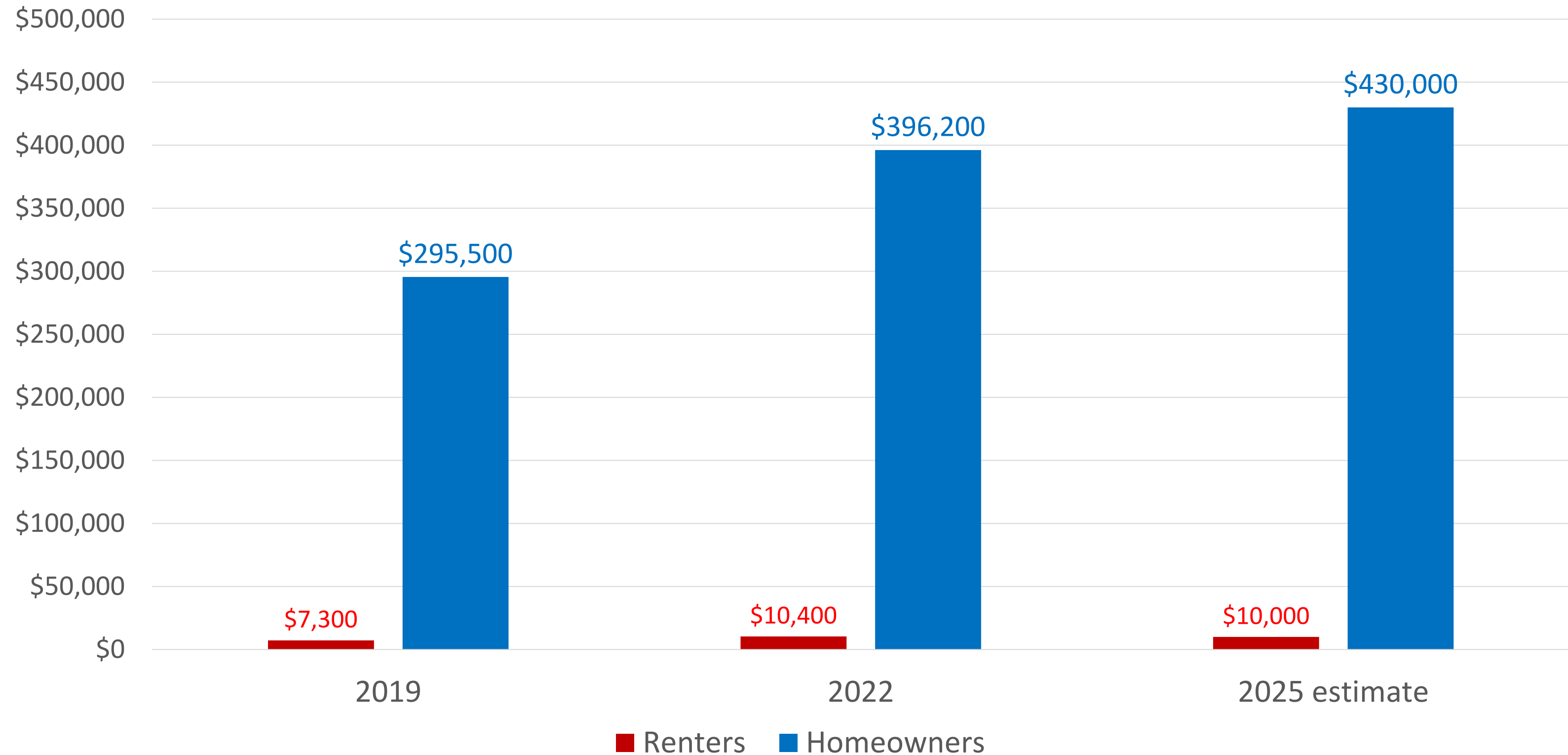
Housing Equity Gain by Years of Ownership

Denver ... Louisville



Source: NAR

Median Net Worth Between Owners and Renters

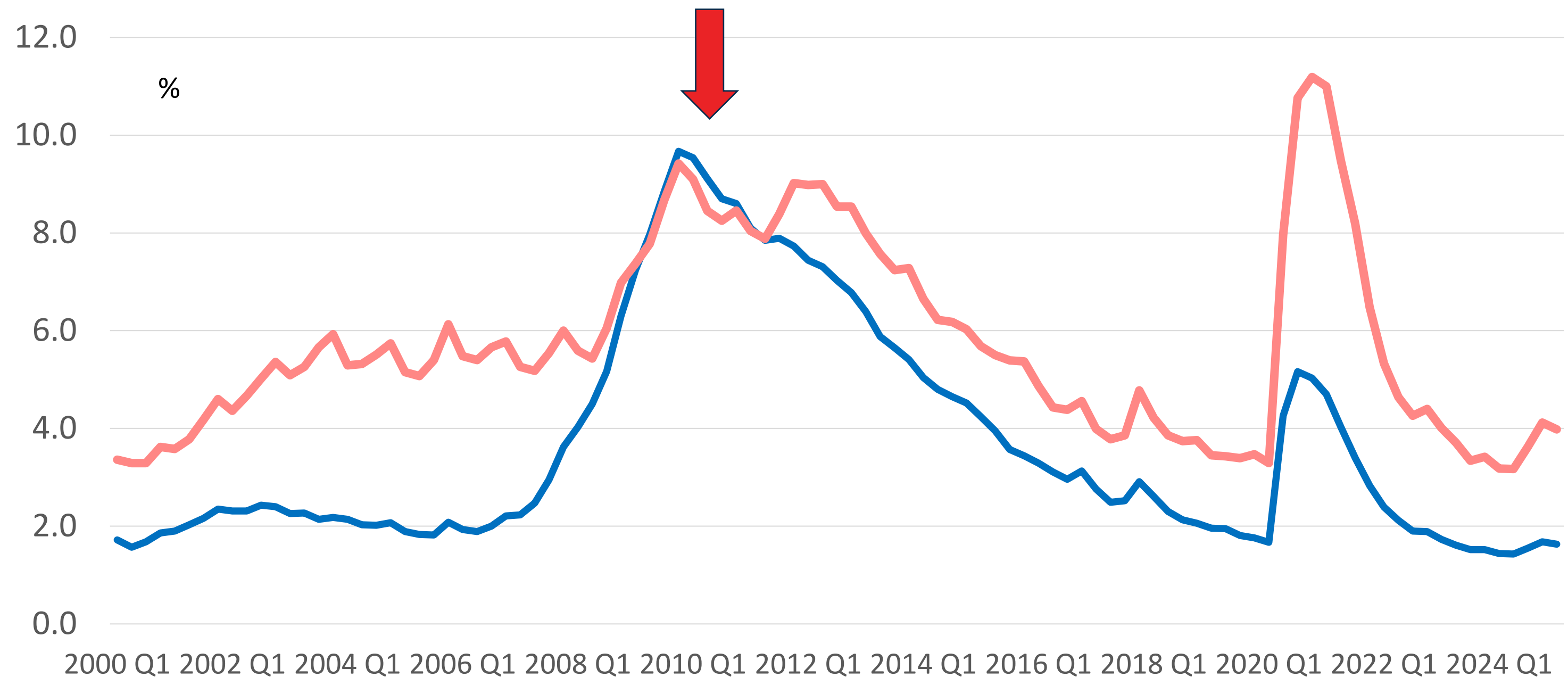


Source: Median Net Worth from Federal Reserve Survey of Consumer Finance

Mortgages in Seriously Delinquent Status

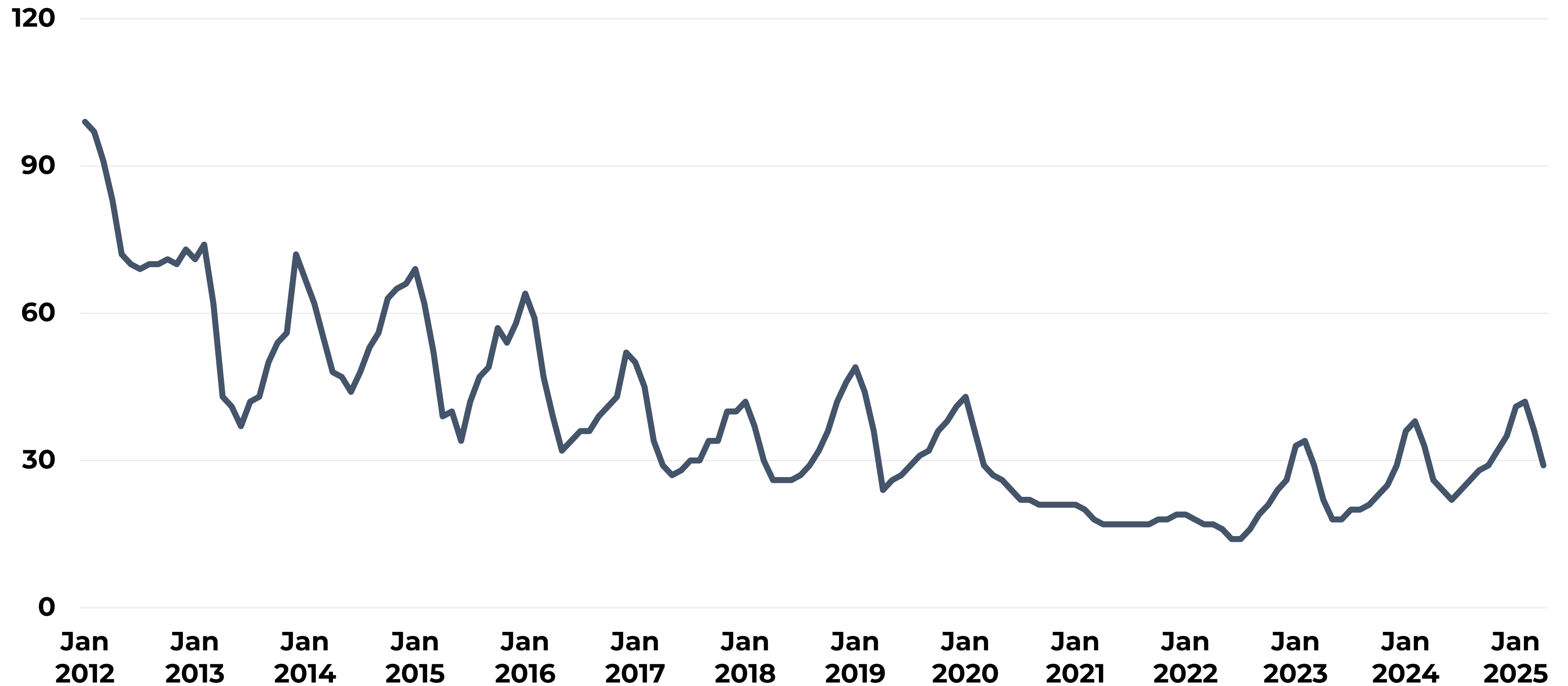
All (blue) vs. FHA (pink)

(3 months late or in foreclosure)



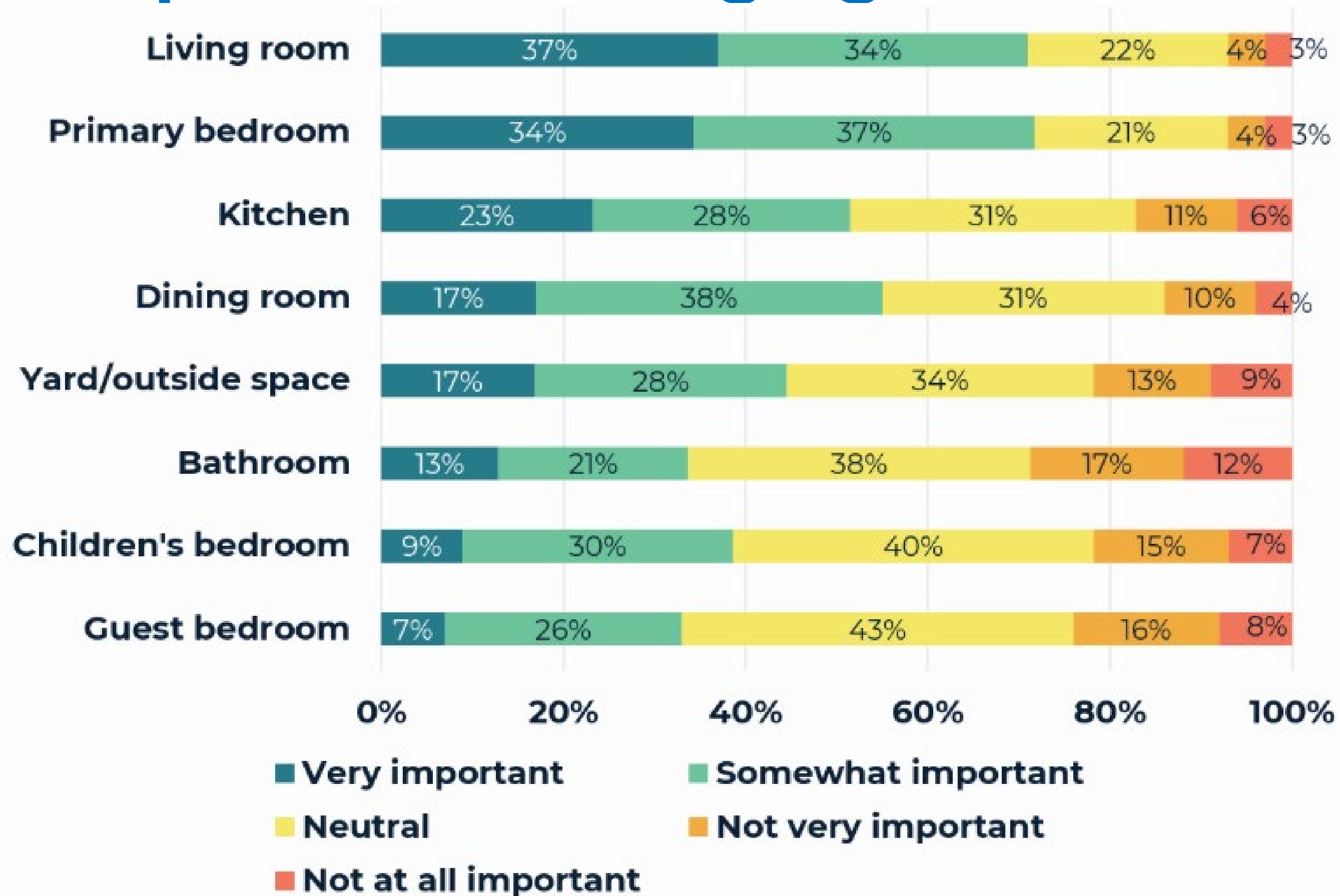
Source: Mortgage Bankers Association

Days on Market (From Listing to Pending Contract)



Source: NAR

Importance of Staging from NAR Study



Price Cuts from Lengthening Days on Market

DOM	April and May 2025	April 2019
0 to 7	4.9%	4.4%
8 to 14	5.3%	4.9%
15 to 21	6.0%	5.3%
22 to 30	6.5%	5.6%
31 to 60	7.7%	6.6%
61 to 90	9.9%	8.1%
91 to 120	11.6%	9.3%
+120	14.2%	11.8%

Location



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Fairfax, Virginia

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Market Trends

 Create Script

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Property Type

March 2025

Market Type



Key Details

Months of Inventory

1.45

↑ 49.48% Month Over Month

Sold to List Price %

104.5%

↑ 3.24% Month Over Month

Median Days in RPR

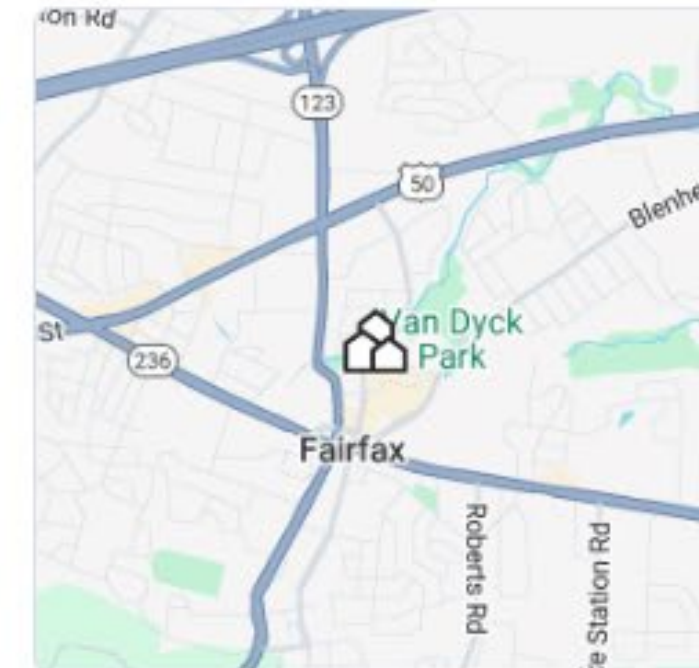
5

↓ 82.14% Month Over Month

Median Sold Price

\$950,775

↑ 26.6% Month Over Month

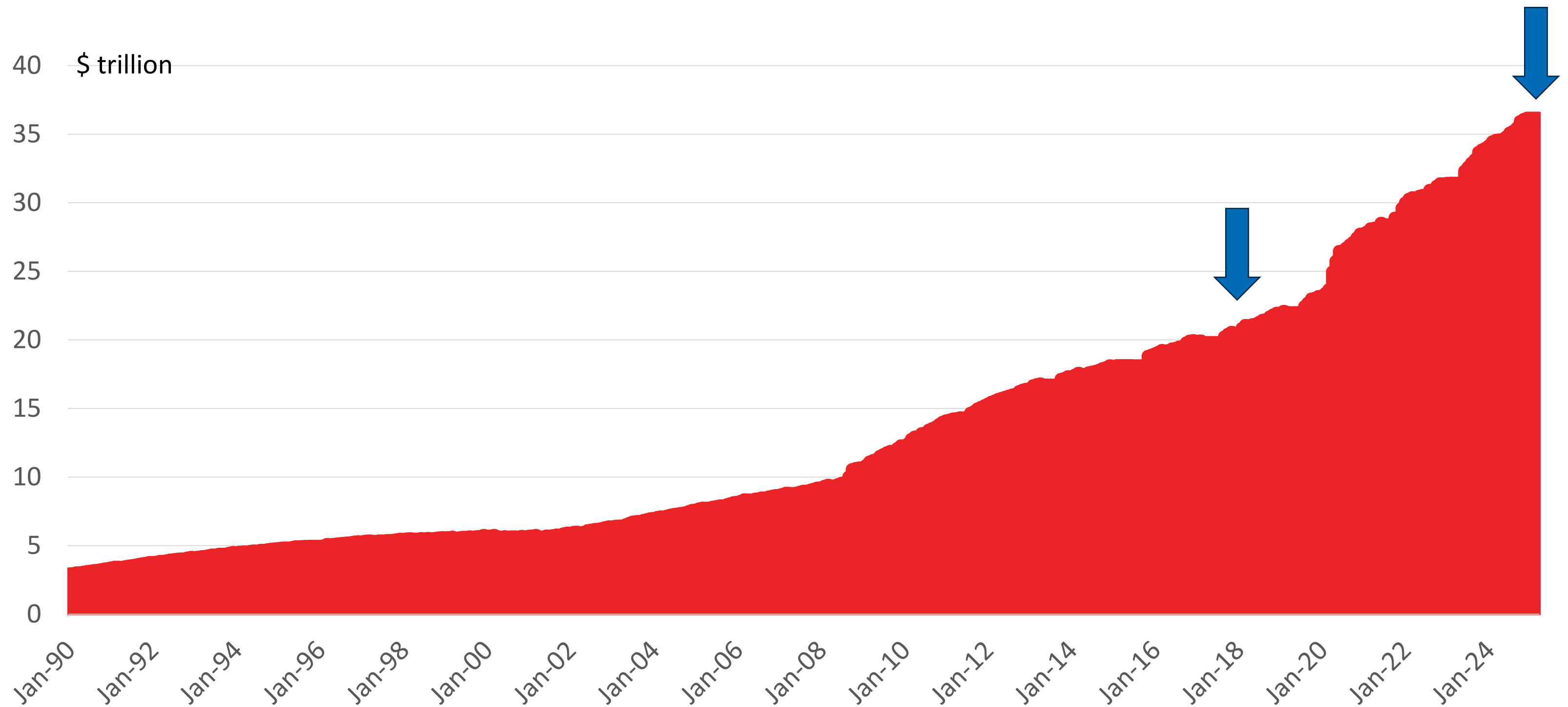


Forecast and Risk

Nationwide Forecast

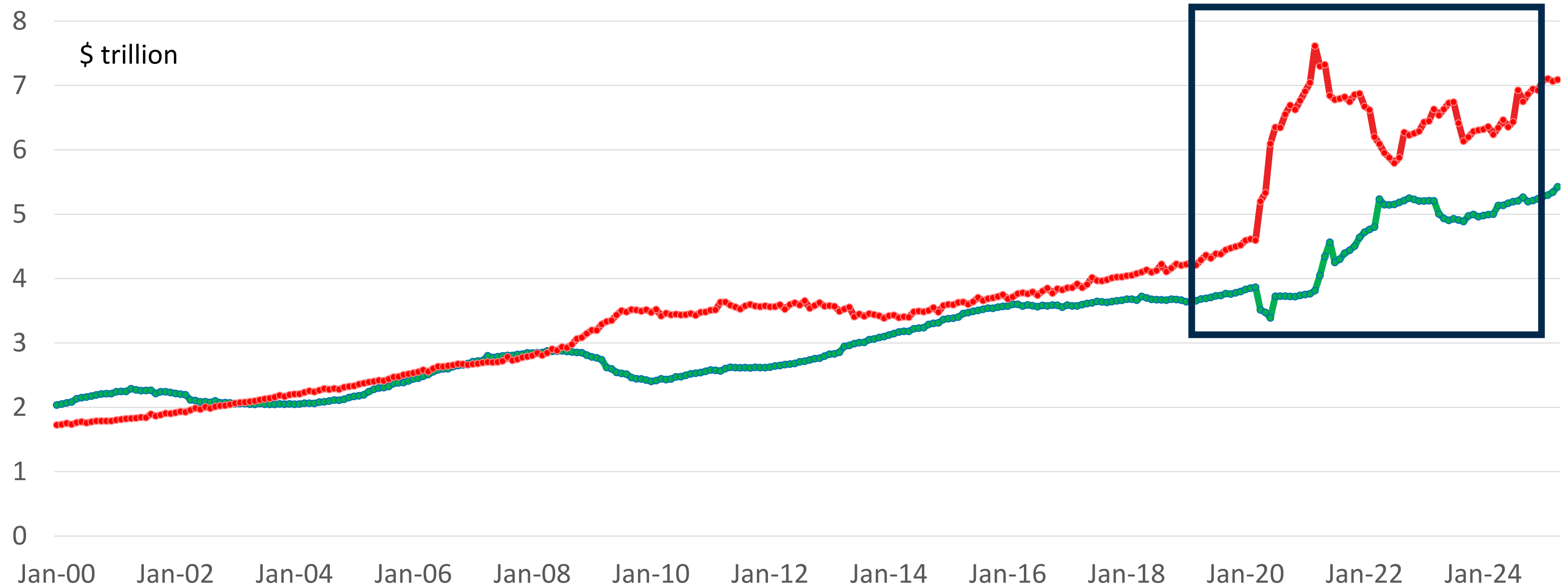
	2025	2026
Existing-Home Sales	+6%	+11%
New Home Sales	+10%	+5%
Median Home Price	3%	4%
Mortgage Rate	6.4%	6.1%
Job Gains	1.6 million	2.4 million

Risk from National Debt



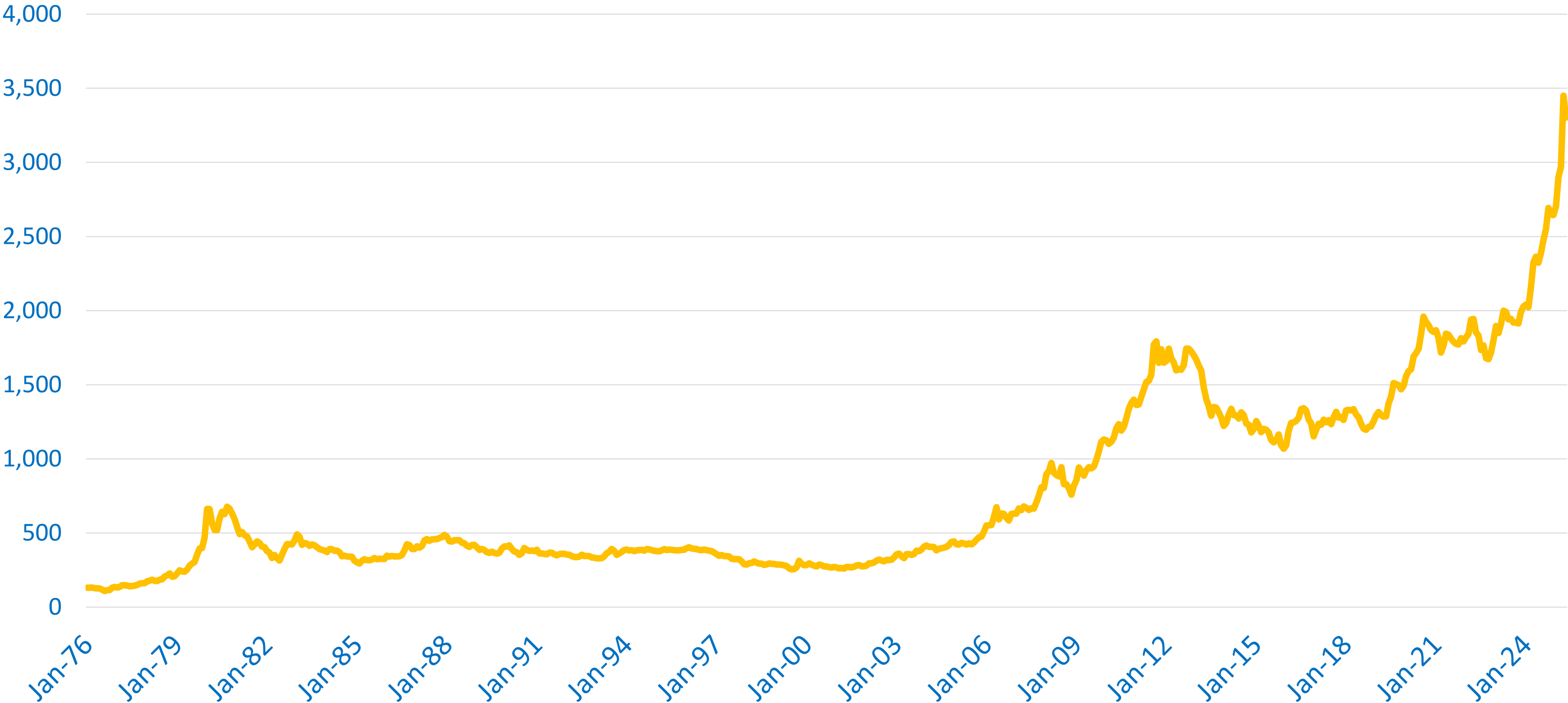
Source: U.S. Treasury

Government Outlay (Red) and Tax Revenue (Green)



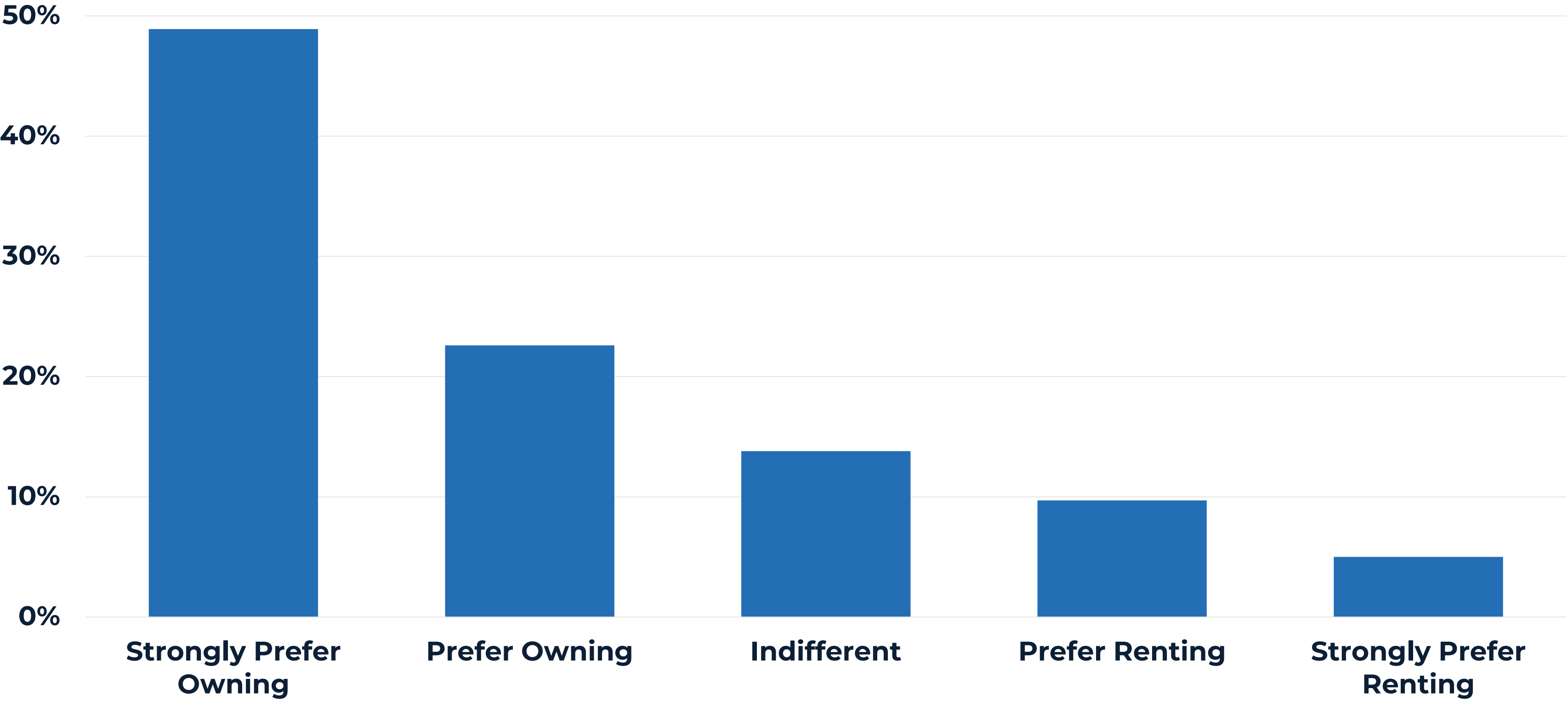
Source: U.S. Treasury

Gold Price - Reflection of Great Uncertainty



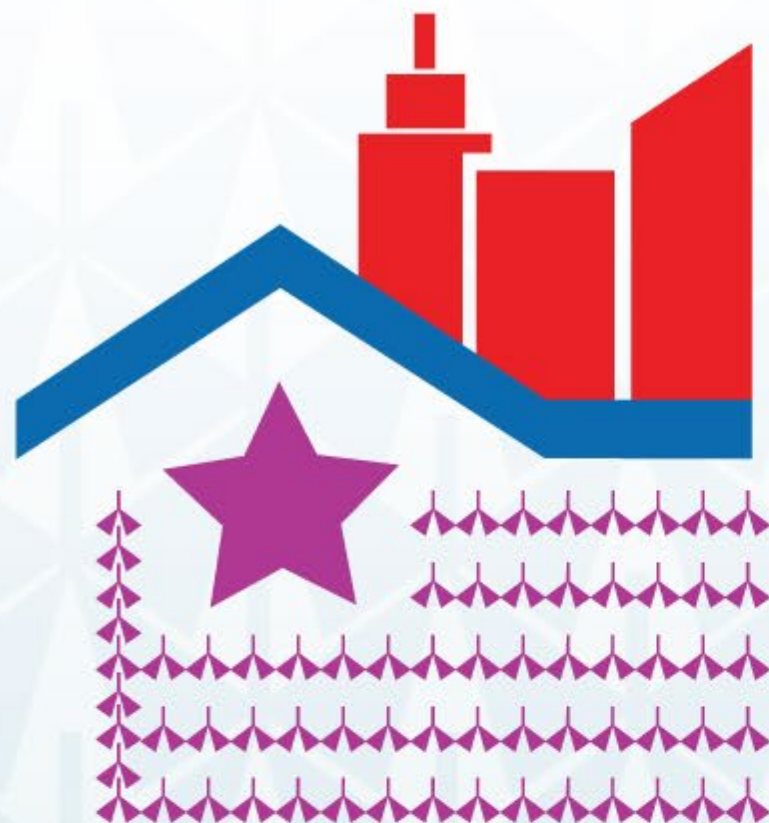
Source: Wall Street Journal

Renter Survey about Homeownership



Source: NY Federal Reserve Survey of Consumer Expectations (February 2025)

Thank you!



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