

# Real Estate and Economic Outlook

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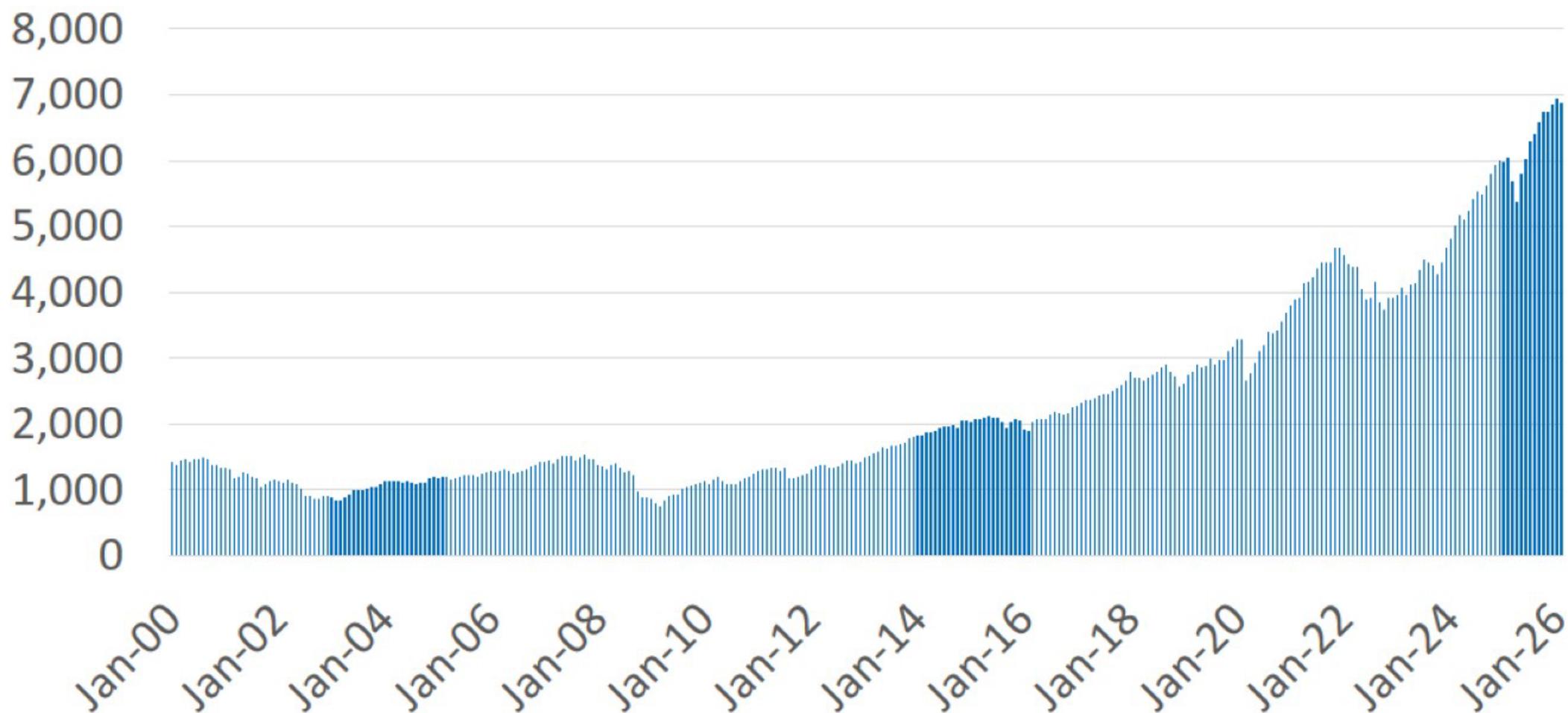
Chief Economist

National Association of REALTORS®

# Headed to Economic Recession?

- **Data delays to confirm during the Government Shutdown**
- **Near Record Stock Market Wealth but overvalued?**
- **Near Record Housing Wealth (appears on solid ground)**
- **Job Gains were weakening**
- **Consumers not happy**
- **Consumers are defaulting on loans**
- **Geopolitics and Oil**

## Stock Market ... S&P 500 Index



Source: Standard & Poor's

# Consumer Sentiment (Overall Index)



Source: University of Michigan

# Auto Loan 90+ Days Delinquency



Source: Federal Reserve Bank of NY

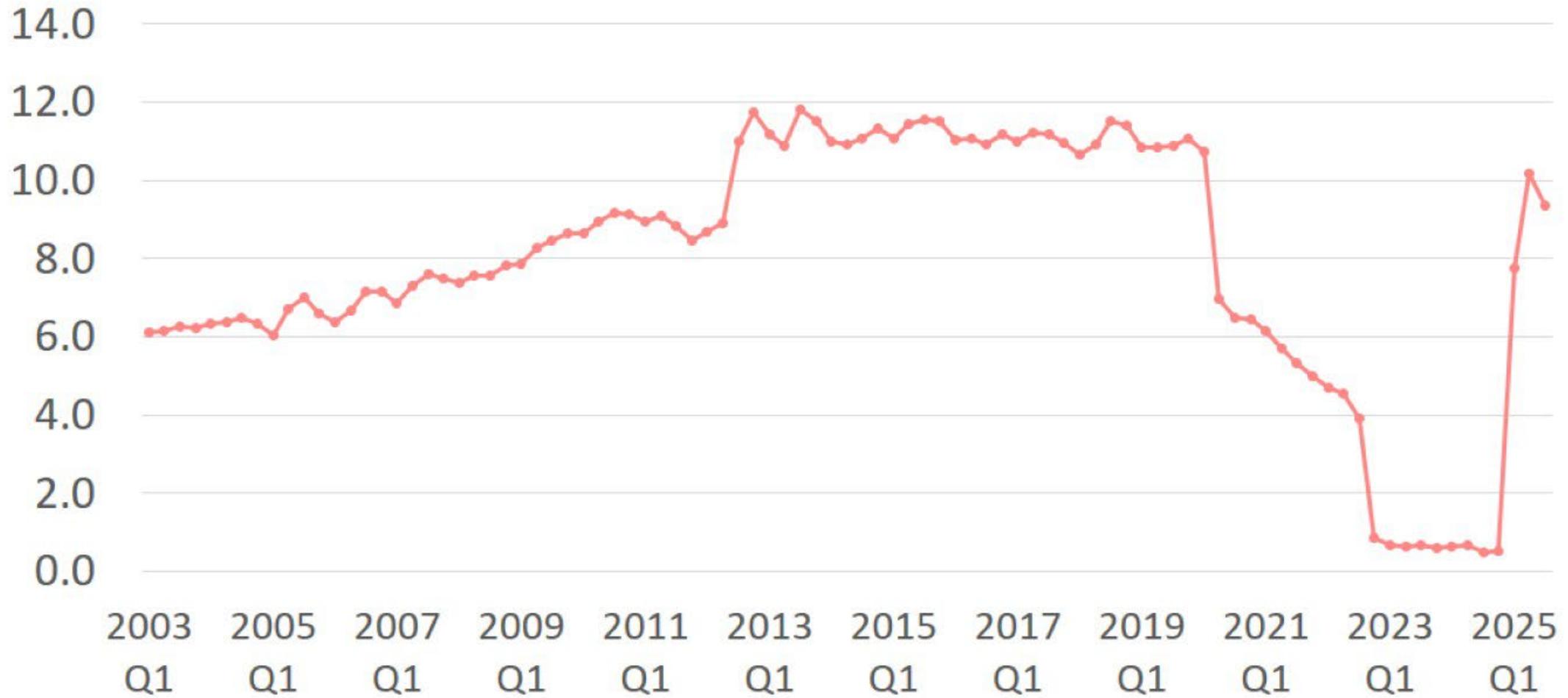
# Credit Card 90+ Days Delinquency



Source: Federal Reserve Bank of NY

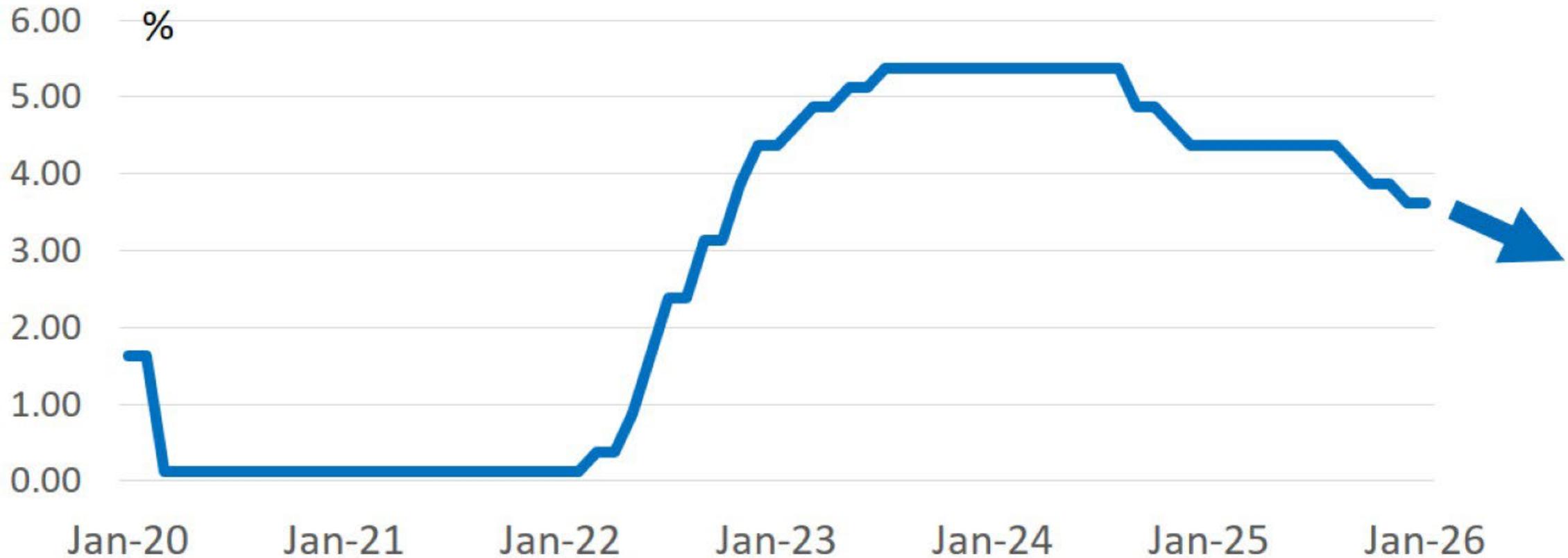


# Student Debt 90+ Days Delinquency



Source: Federal Reserve Bank of NY

## To Avert Economic Stress Fed Funds Rate getting Cut (blue)

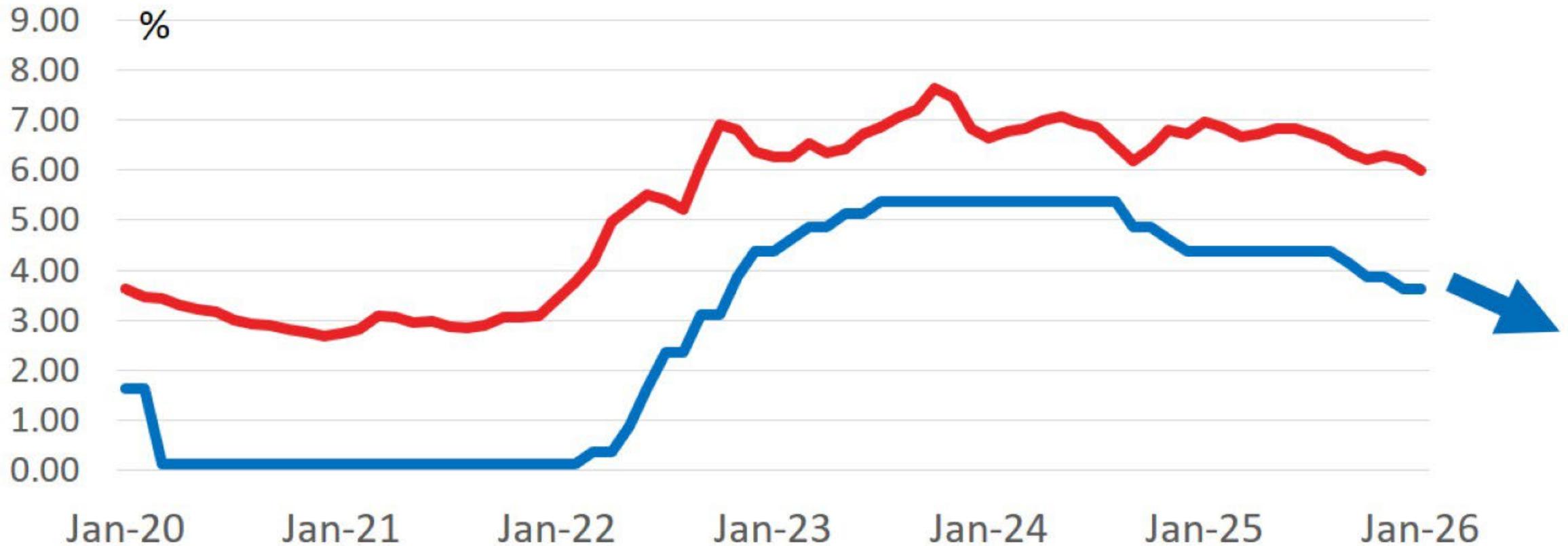


Source: Federal Reserve and Freddie Mac Mortgage Rate

# Impact to Mortgage Rates

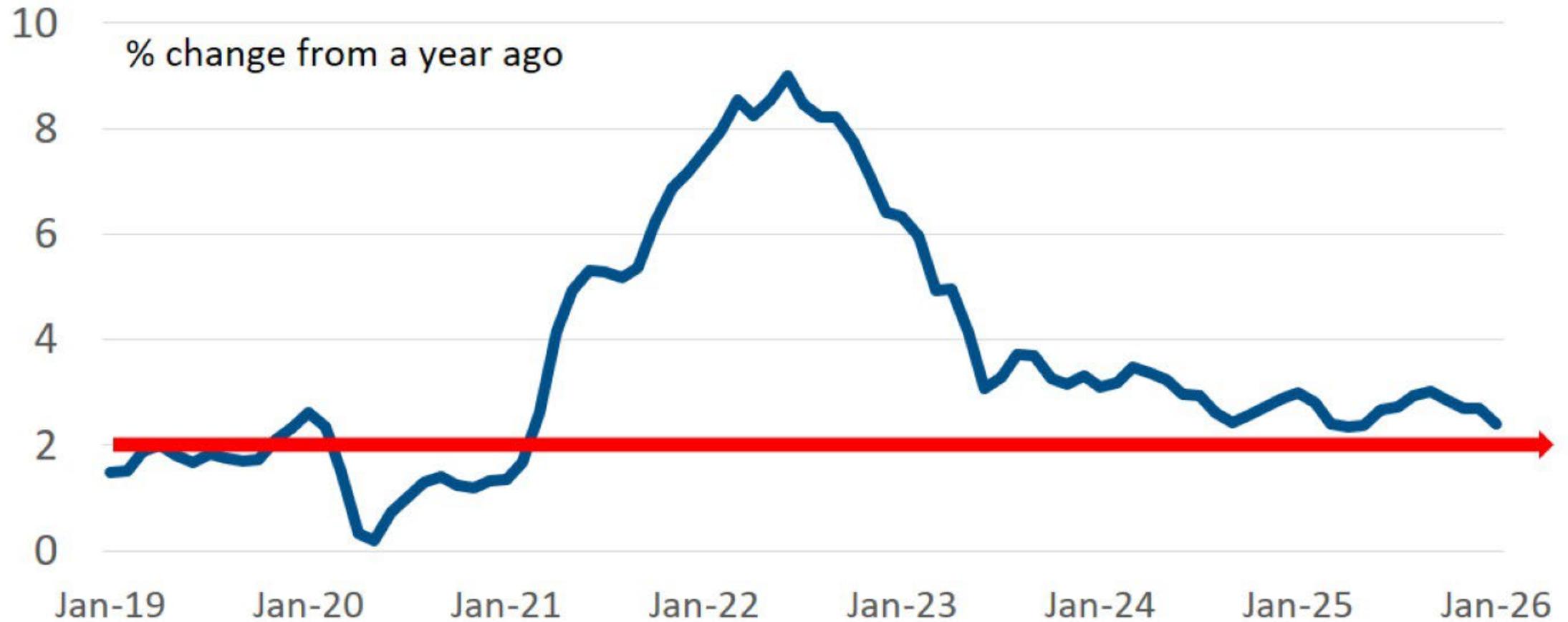
- **Federal Reserve Rate Cut (on fed funds short-term rate)**
- **Federal Deficit and National Debt**
- **Supreme Court on Trump Tariffs (\$3 trillion revenue over decade)**
- **Inflation Rate**
- **Quantitative Tightening/Easing**
  - **net buy/sale of mortgage-backed securities by the Fed or GSEs**
- **Government guarantee (or non-guarantee) on mortgages**
- **Spread between 30-year Mortgage and 10-year Treasury**
- **Stock Market Crash**

# Mortgage Rate (red) Fed Funds Rate getting Cut (blue)



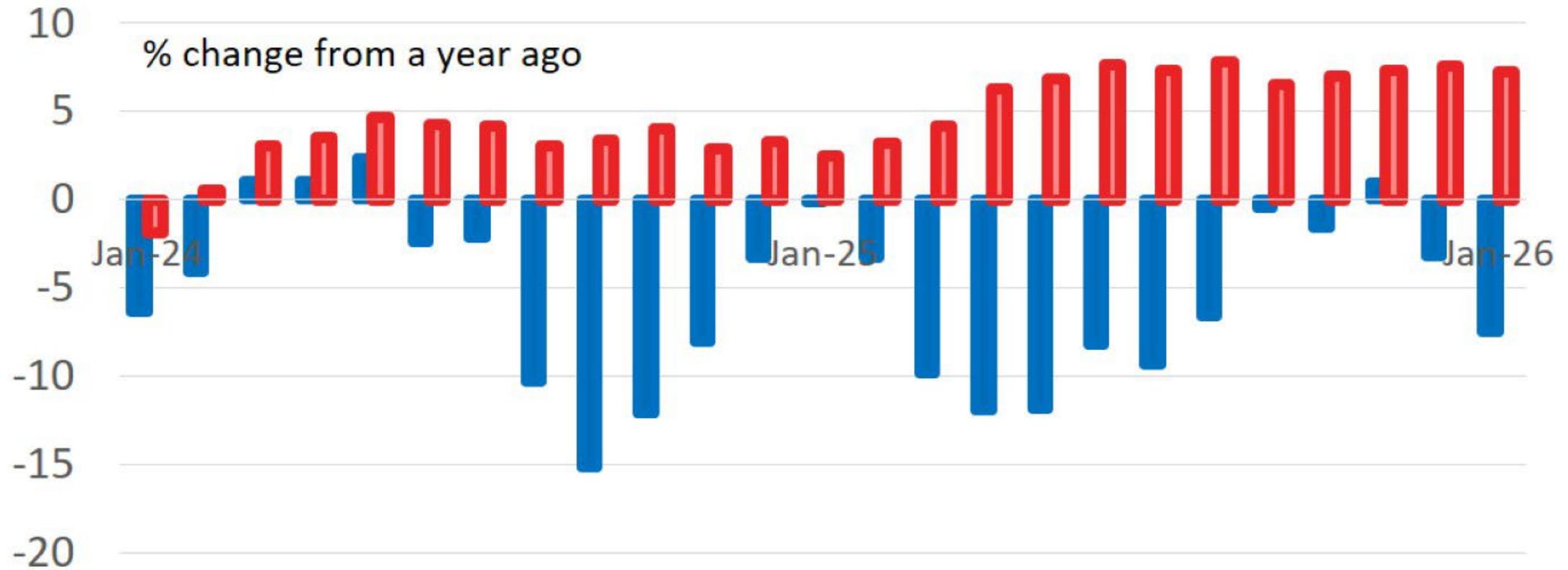
Source: Federal Reserve and Freddie Mac Mortgage Rate

# Consumer Price Inflation at 2.4% in January But still above 2% target



Source: BLS (missing data in Oct. is assumed as midpoint rate of Sep. and Nov.)

# Gasoline Prices Falling (blue) but Utility Bill Rising (red)



Source: BLS

# Shelter Component Decelerating



Source: BLS (missing data in Oct. is assumed as midpoint rate of Sep. and Nov.)

# Home Insurance Cost Rising at 8%

## Tenants' and Household Insurance



Source: BLS (missing data in Oct. is assumed as midpoint rate of Sep. and Nov.)

# Oil Price



Source: West Texas Intermediate

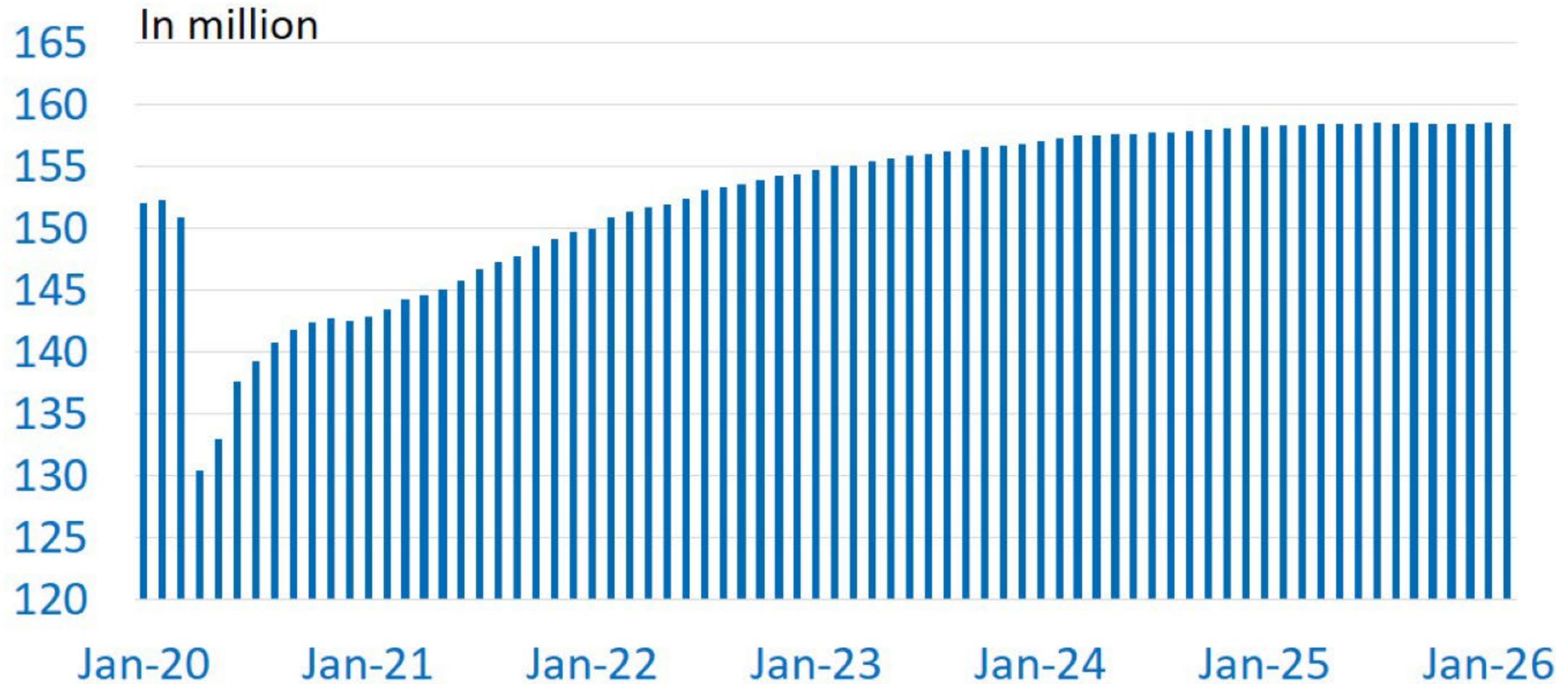
# Gold Price Reflecting .. Permanently Higher Inflation?



Source: Wall Street Journal (price per troy ounce)

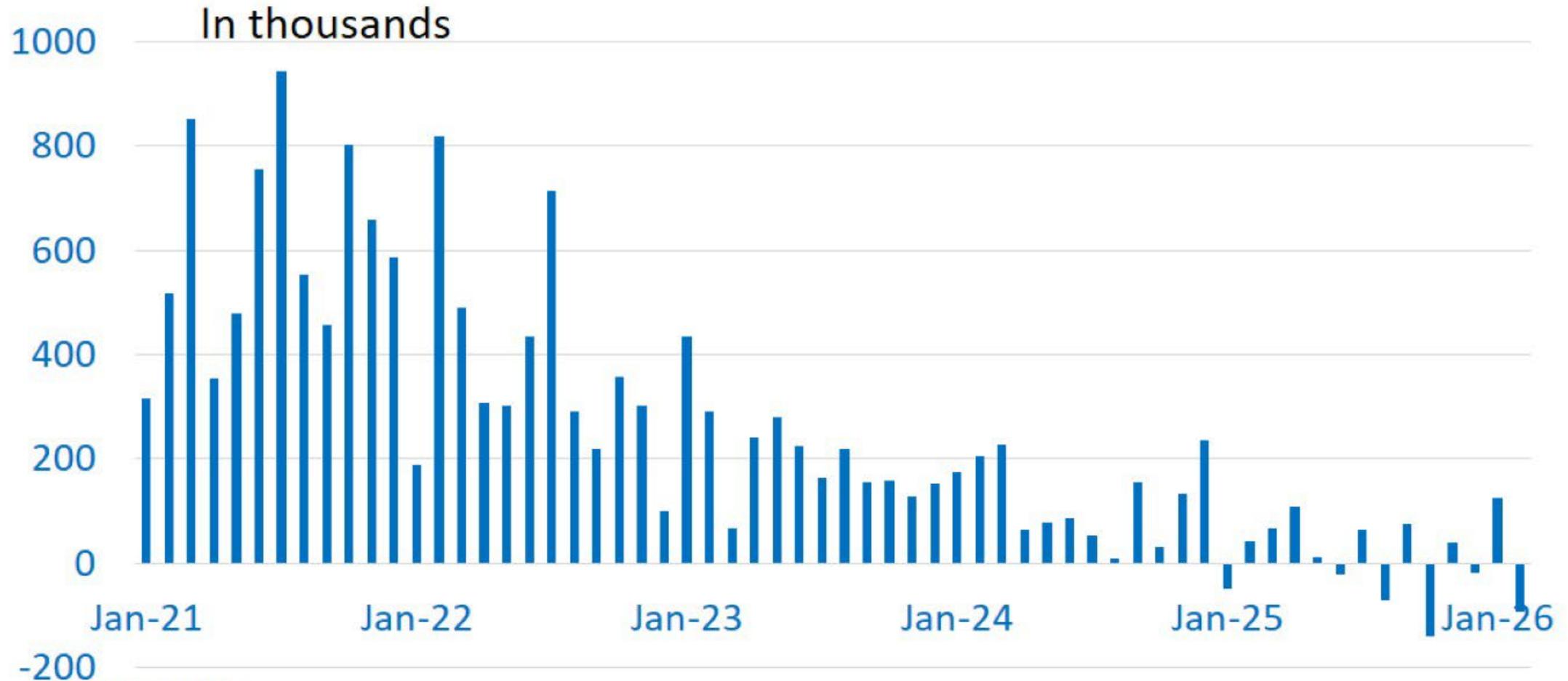
# Total Payroll Jobs to February 2026

## +6.2 Million More Jobs from Pre-COVID Highs



Source: BLS

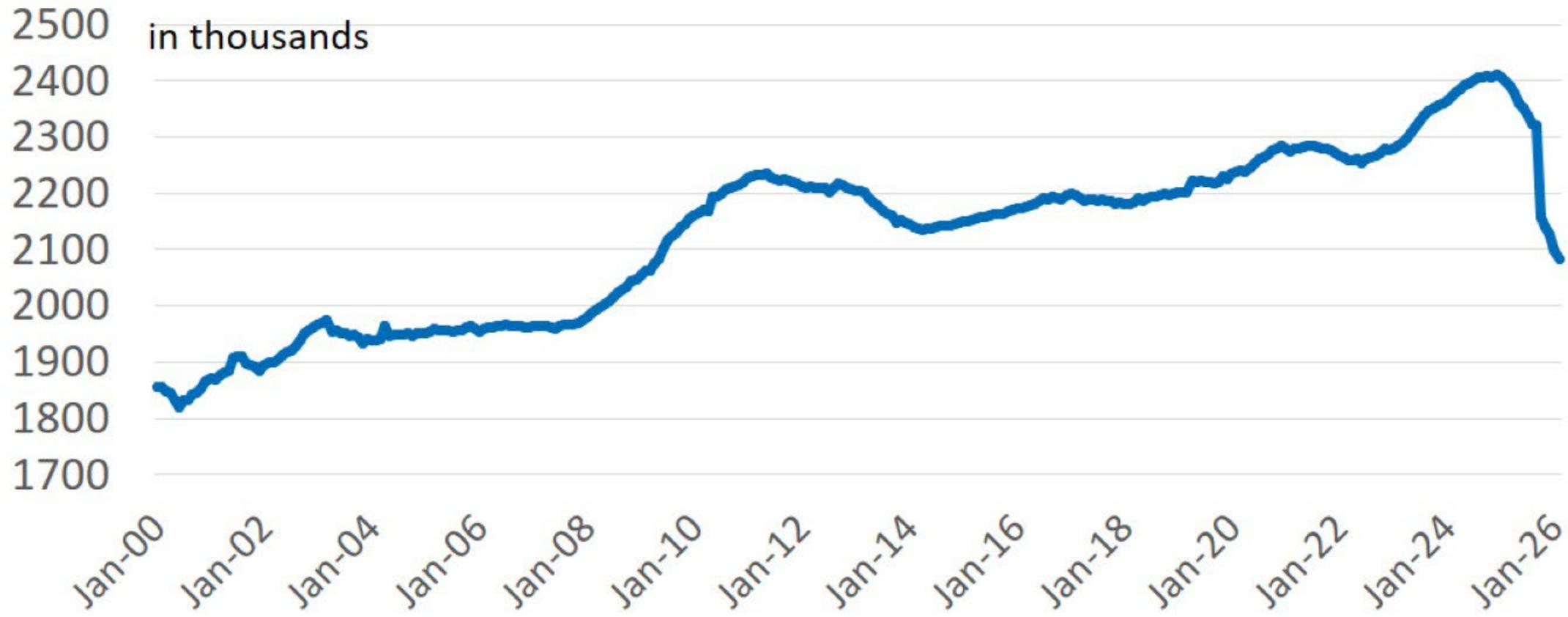
# 92,000 Net Job Losses in February ... circling near zero in recent months



Source: BLS

# Federal Government Jobs

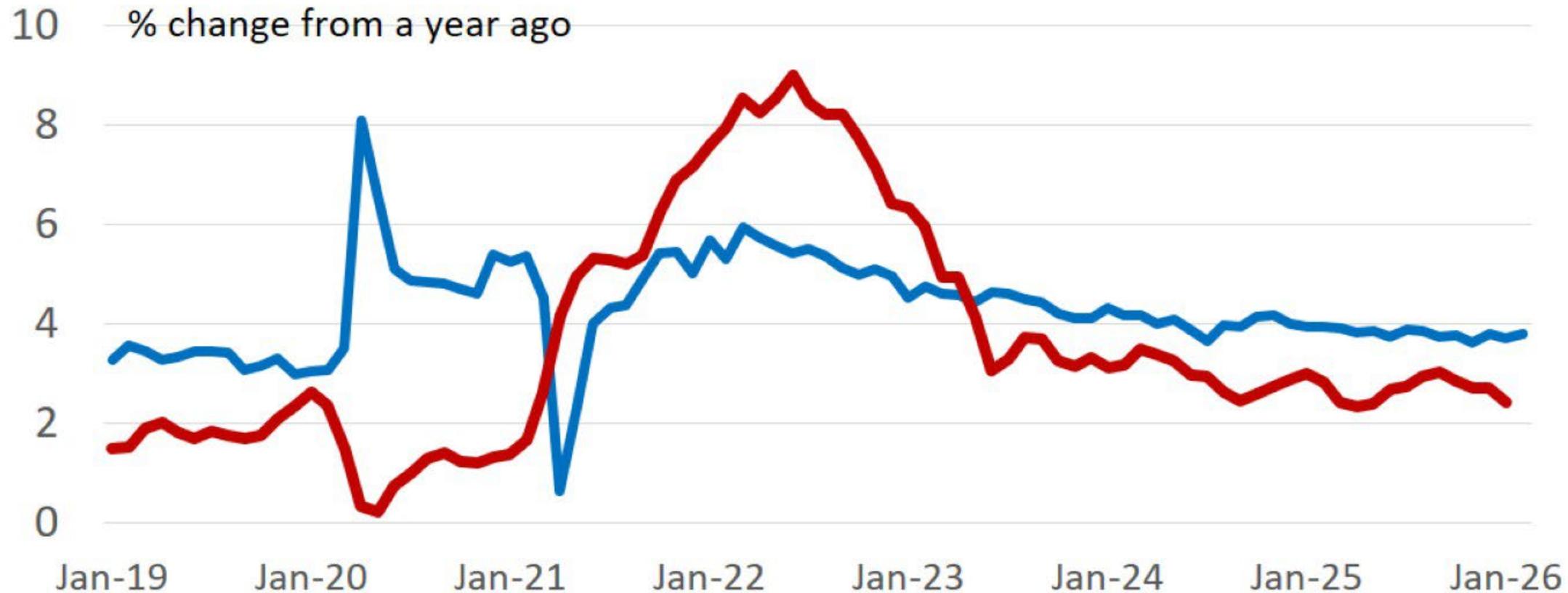
(tumbling down ... 323,000 fewer from January 2025)



Source: BLS (Federal Workers except Census and Postal workers)



# Wage Rate Rising at 3.8% (blue) Faster than Consumer Prices at 2.4% (red)



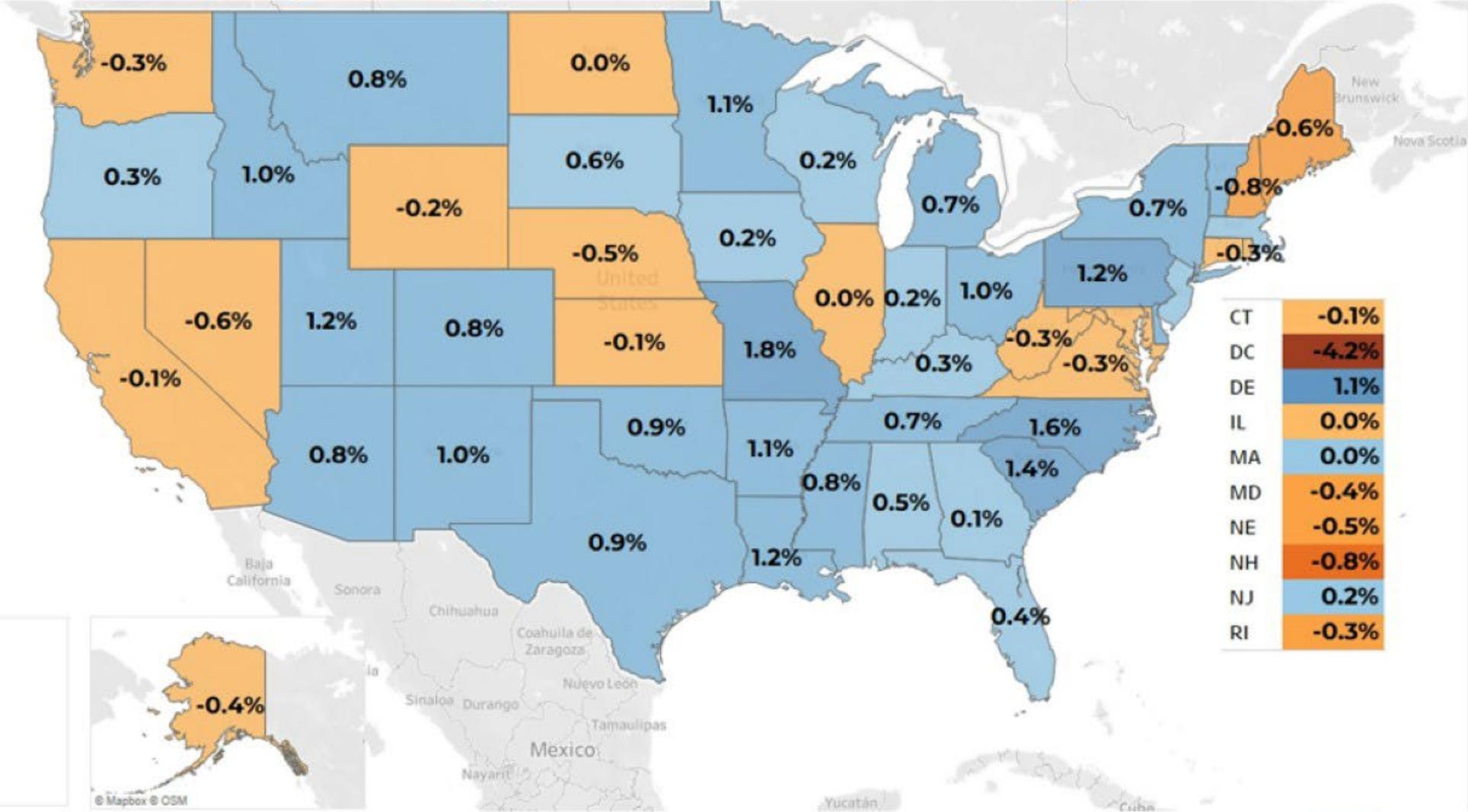
Source: NAR calculation of BLS data

# Hourly Wage Rate

Industry	January 2026	January 2025	% Growth
All Workers	\$37.17	\$35.84	3.7%
Leisure and Hospitality	\$23.38	\$22.50	3.9%
Construction	\$40.55	\$39.07	3.8%

Source: NAR analysis of BLS data

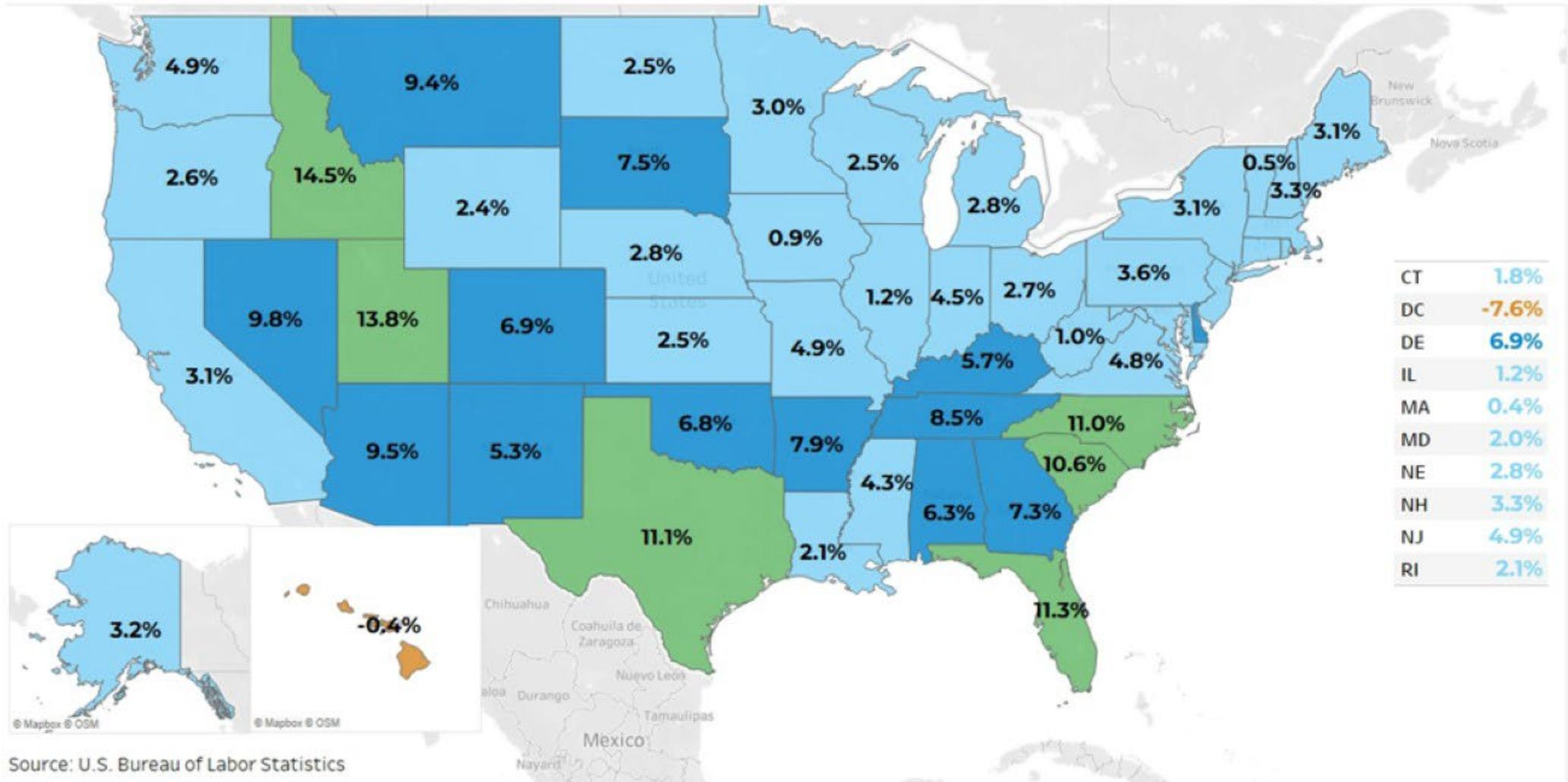
# One-year Payroll Job Gain (% change Dec. 2024 to Dec. 2025)



Source: NAR Analysis of BLS data



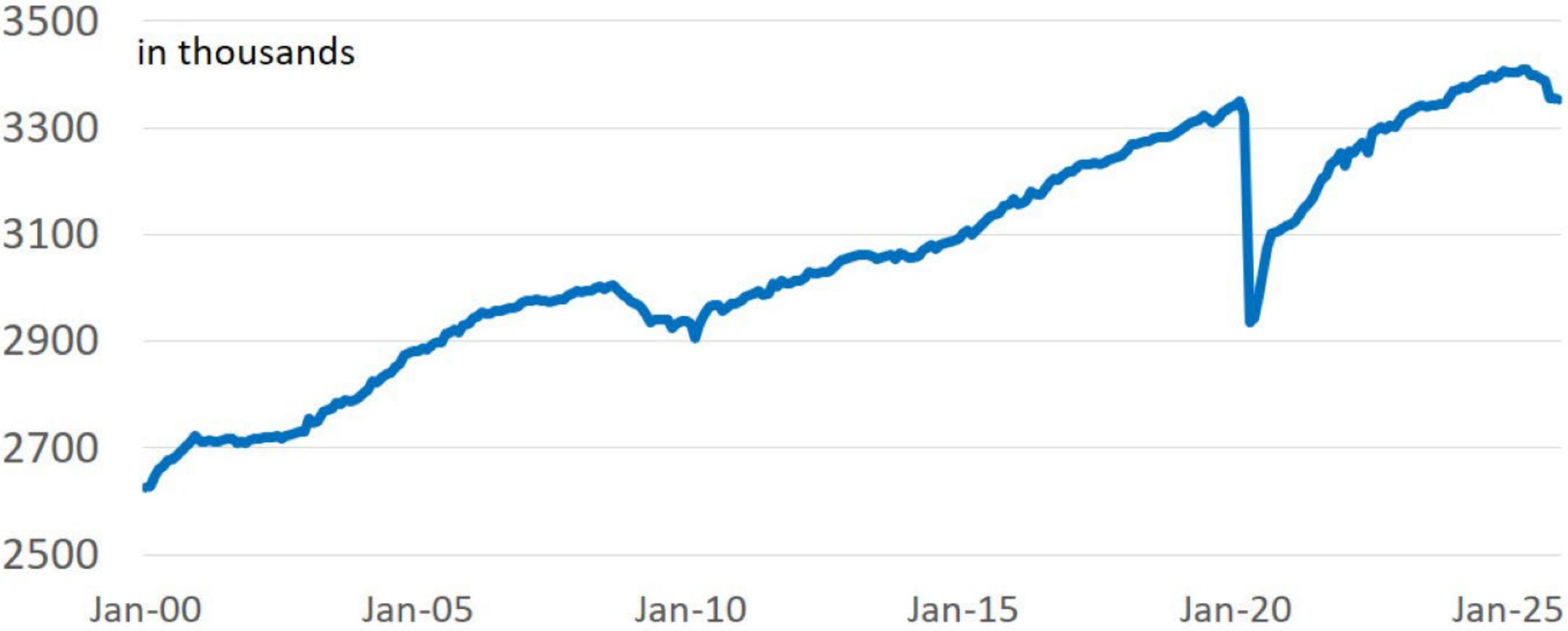
# Job Gains Since Pre-COVID Record High Payroll Employment (% change from March 2020 to December 2025)



Source: U.S. Bureau of Labor Statistics

Source: NAR Analysis of BLS data

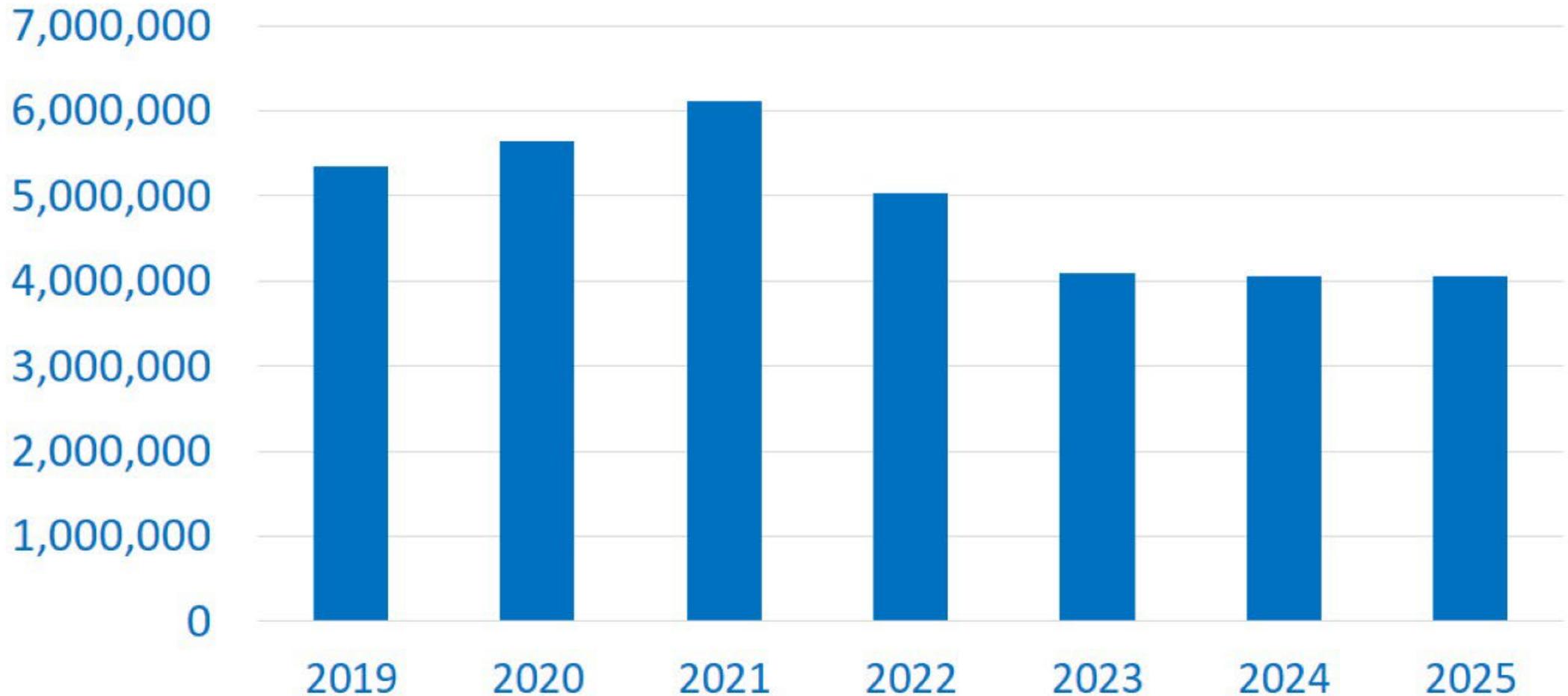
# Payroll Jobs in Washington DC Metro (+600,000 million in 25 years)



Source: BLS

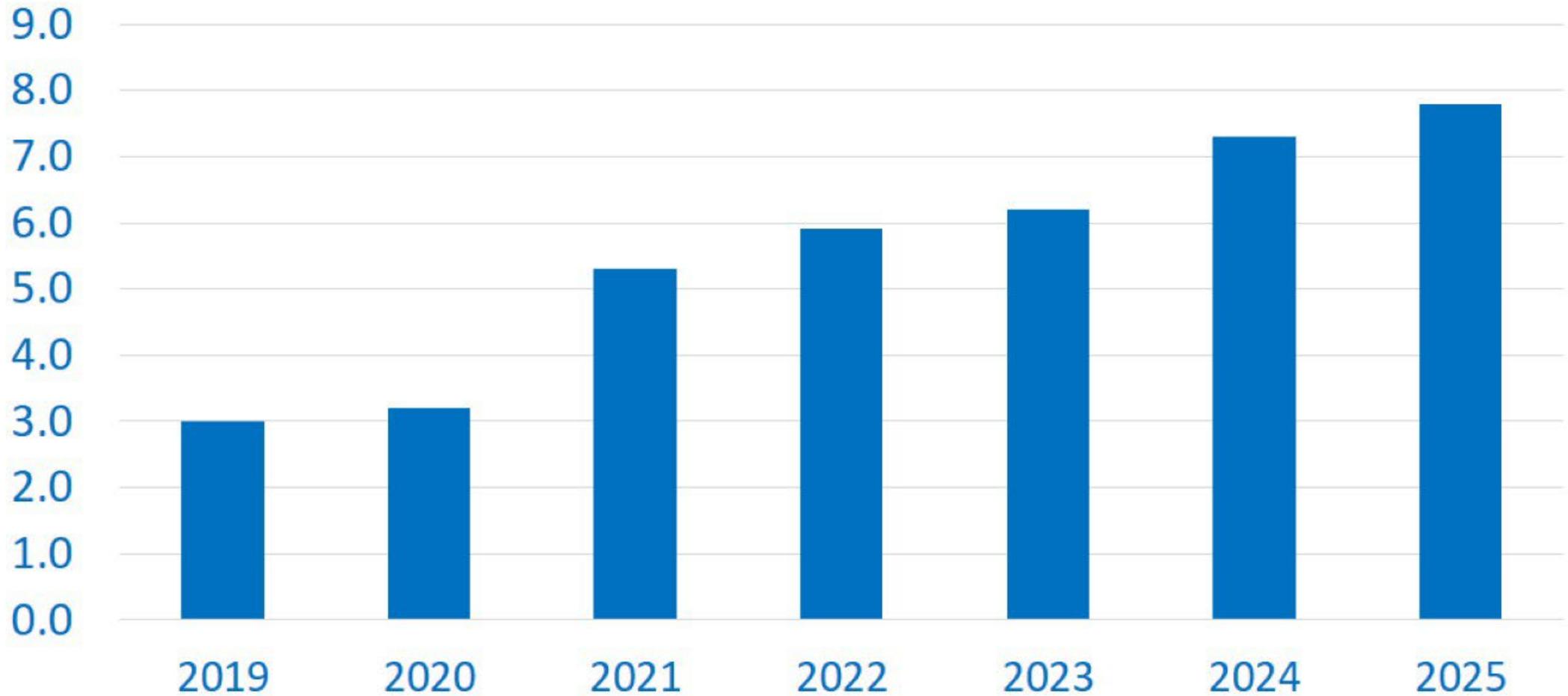


## National Existing-Home Sales ... Three Subpar Years 75% of Pre-covid Activity



Source: NAR

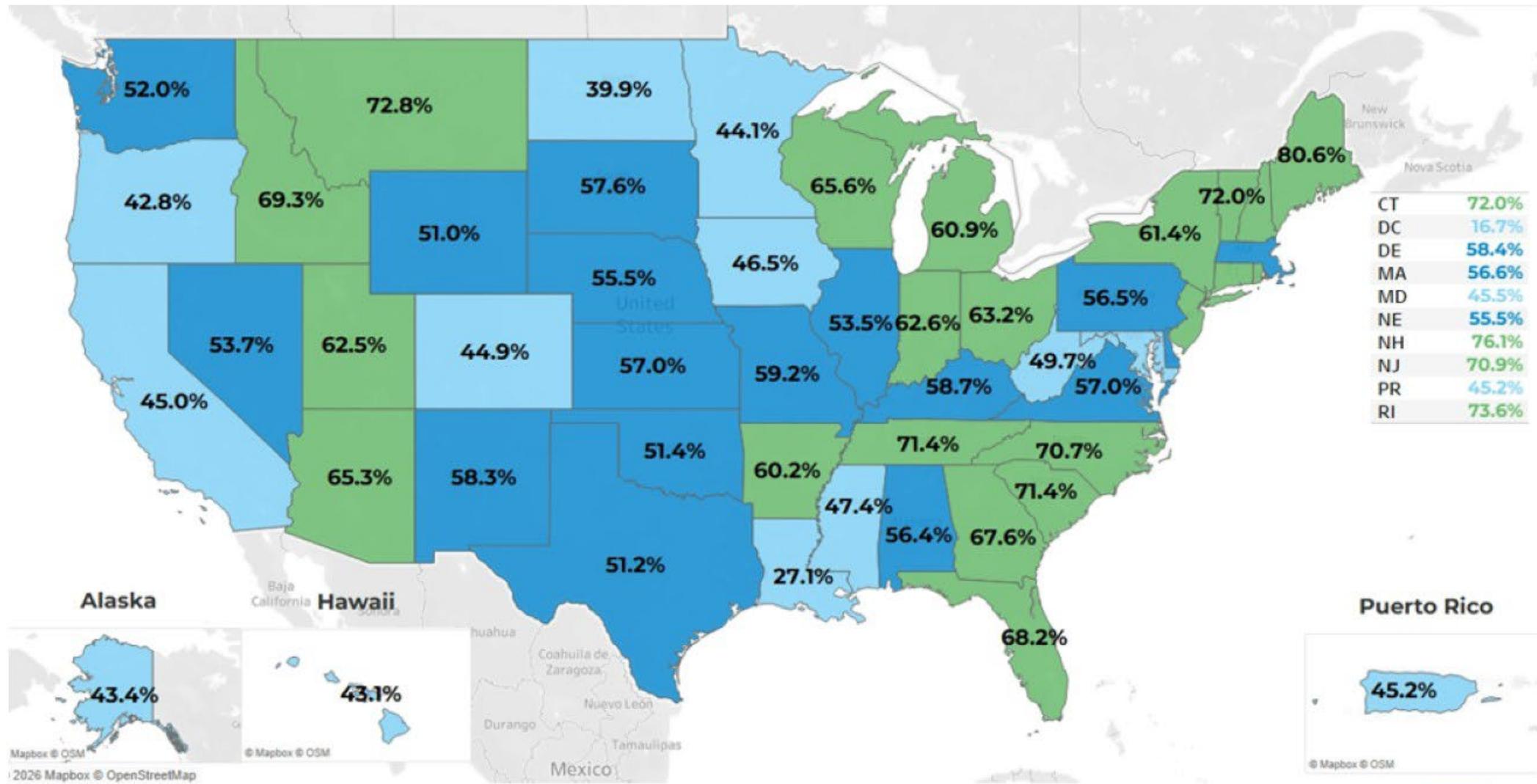
## Luxury Million Dollar Home Sales Nationwide (% of All Sales)



Source: NAR

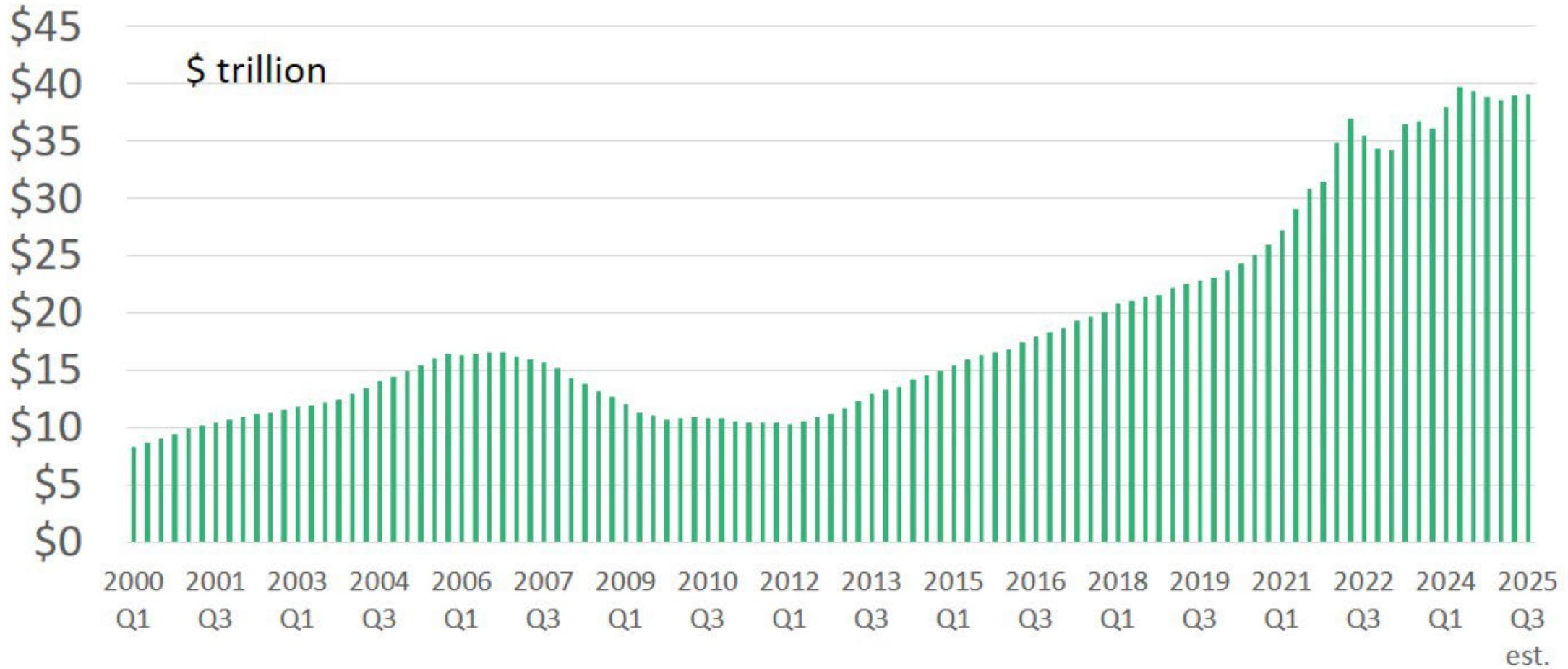
# 5-year Home Price Gains Since Pre-COVID

## % change from 2020 Q1 to 2025 Q3



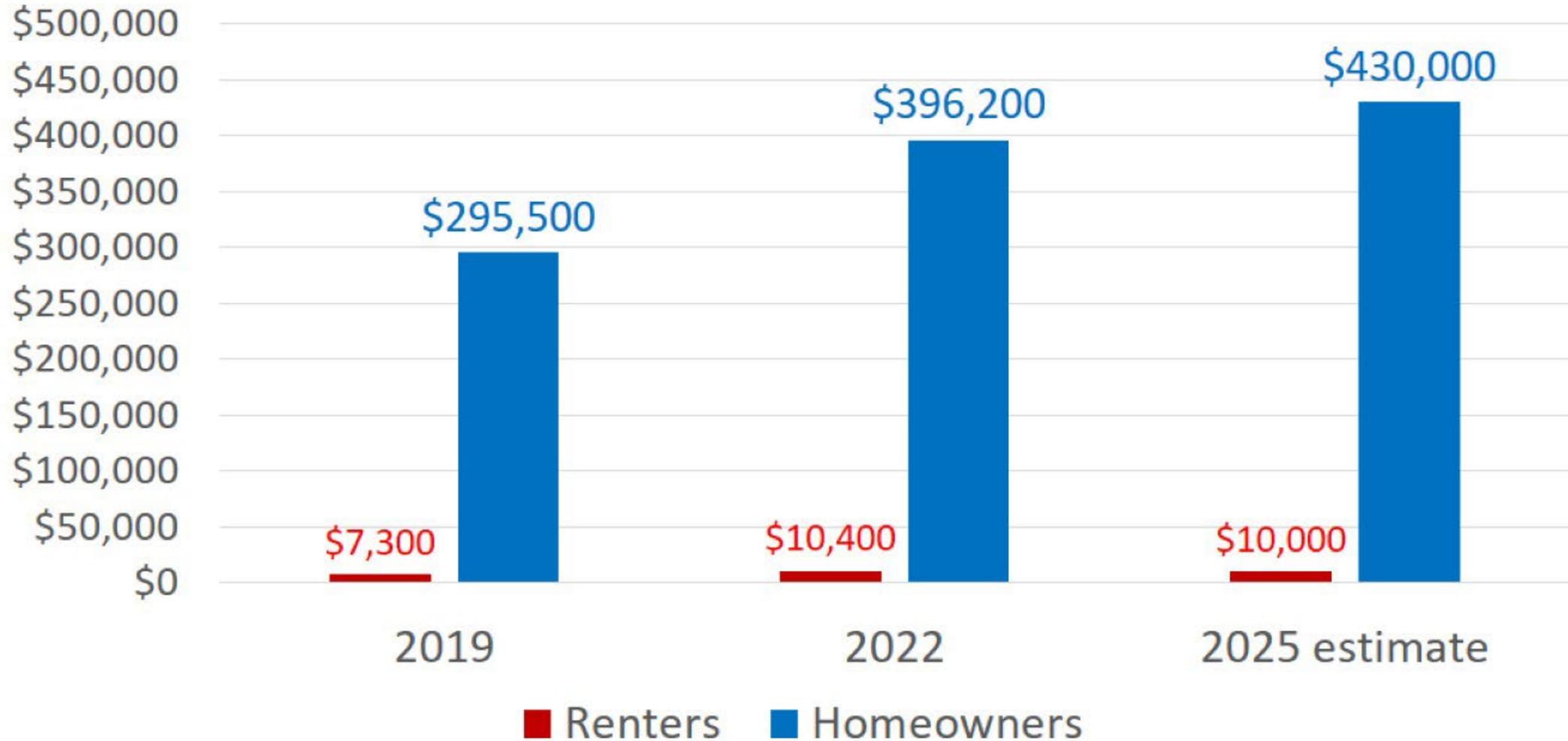
Source: NAR Analysis of FHFA data

# Real Estate Net Worth – Near Record High



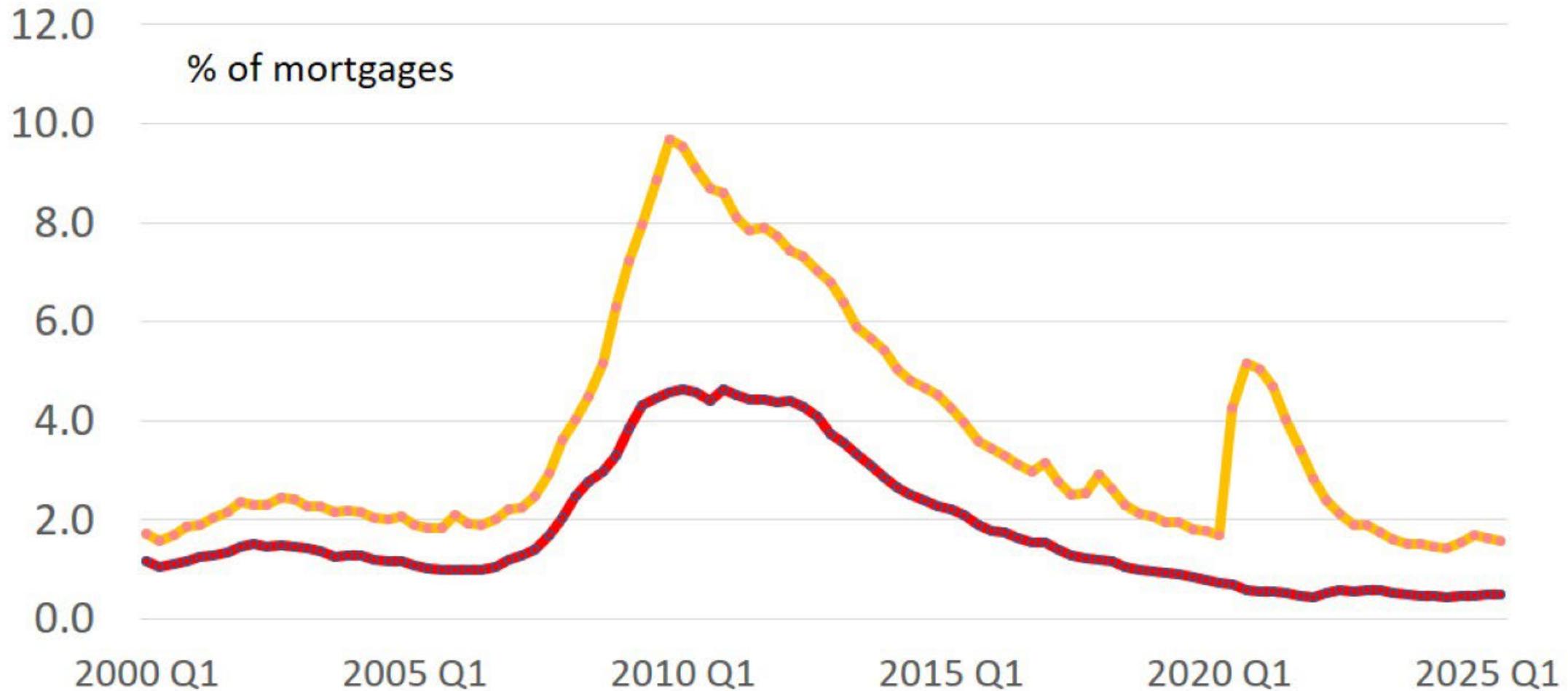
Source: Federal Reserve

# Median Net Worth: Homeowners vs. Renters



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

# Seriously Delinquent Mortgages and Foreclosure (90+ days late or in foreclosure)



Source: Mortgage Bankers Association

# Light Flashing on Weekly Mortgage Applications to Buy a Home (4-week moving average)



Source: Mortgage Bankers Association

# Nationwide Forecast

	2025	2026
Existing-Home Sales	+0%	+14%
New Home Sales	-2%	+5%
Median Home Price	+3%	+4%
Mortgage Rate	6.7%	6.0%
Job Gains	0.2 million (not 2 million)	0.8 million (not 2 million)
Unemployment Rate	4.3%	4.6% (not 5.5%)

**Thank You !**