



2021 Outlook: The Economy Speeds Up and Housing Downshifts

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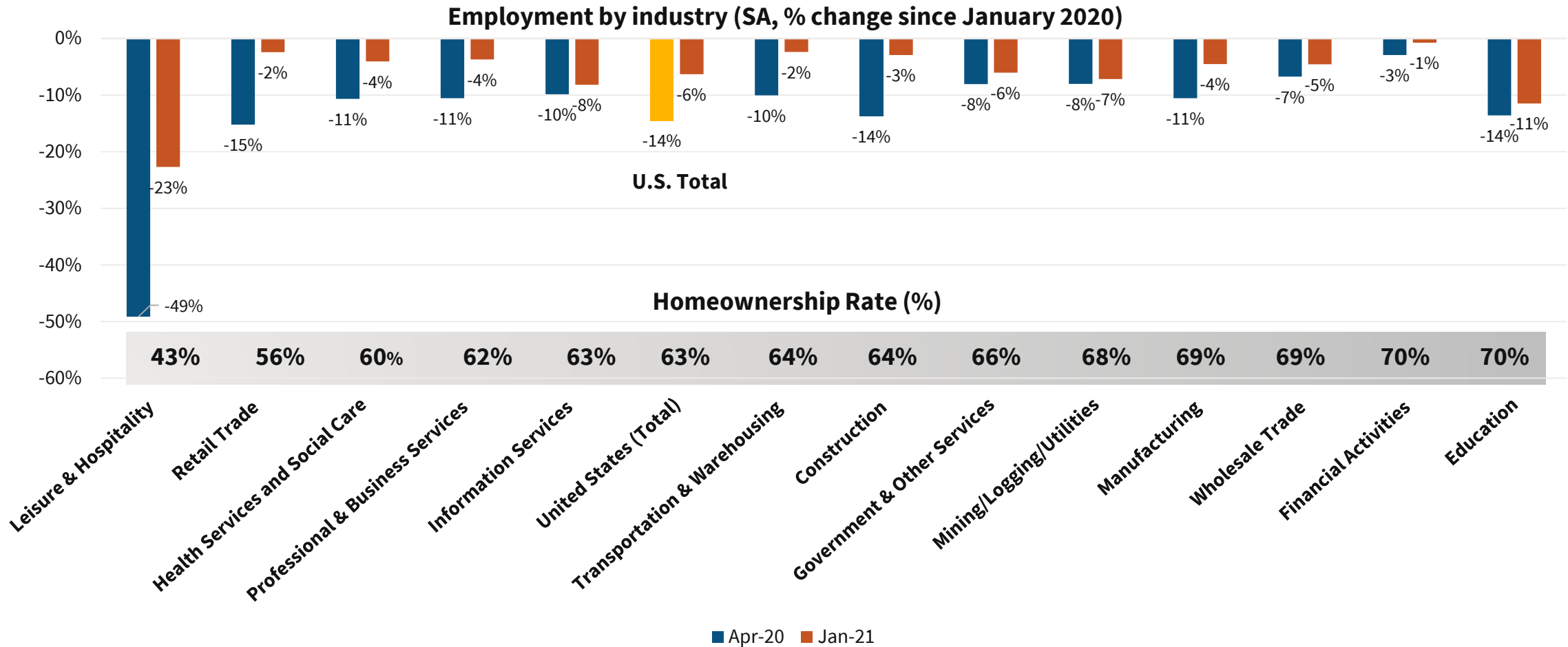
10-Yr Treasury reaches highest yield since February 2020

As stimulus plan gets priced in



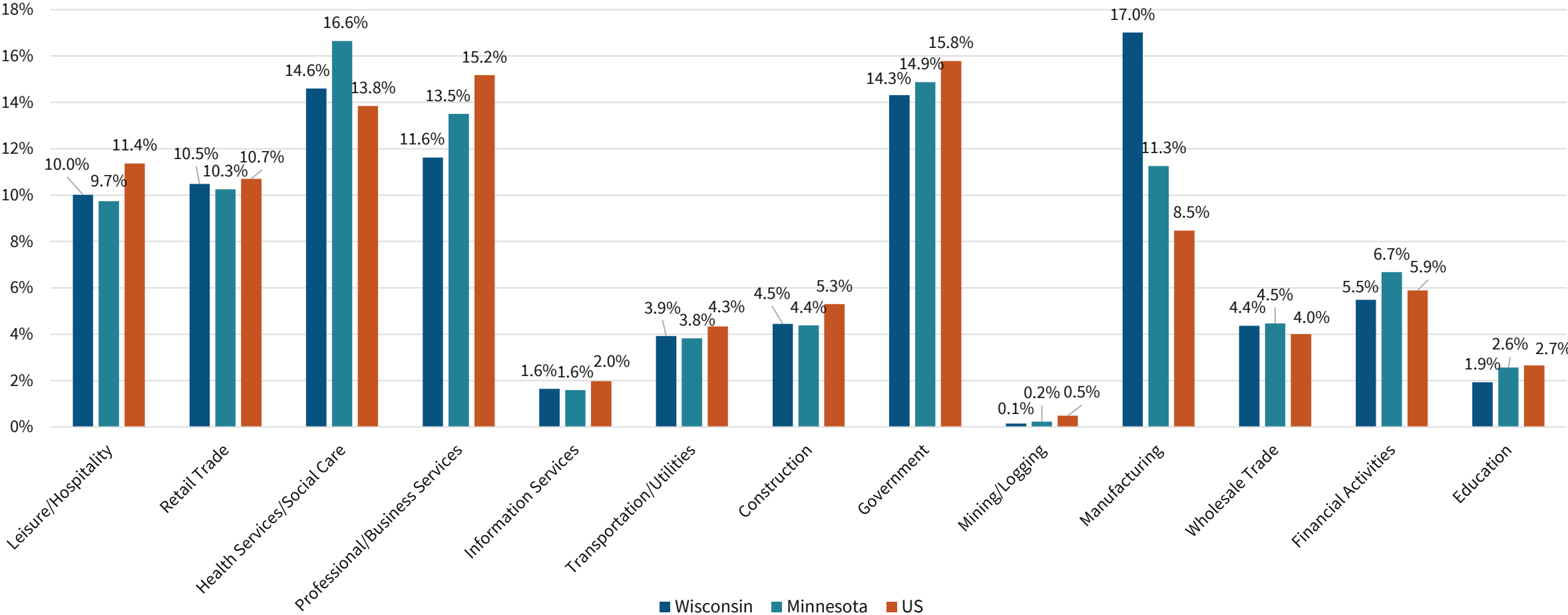
Changes in employment by industry

Initial pandemic-related job losses concentrated in lower homeownership industries



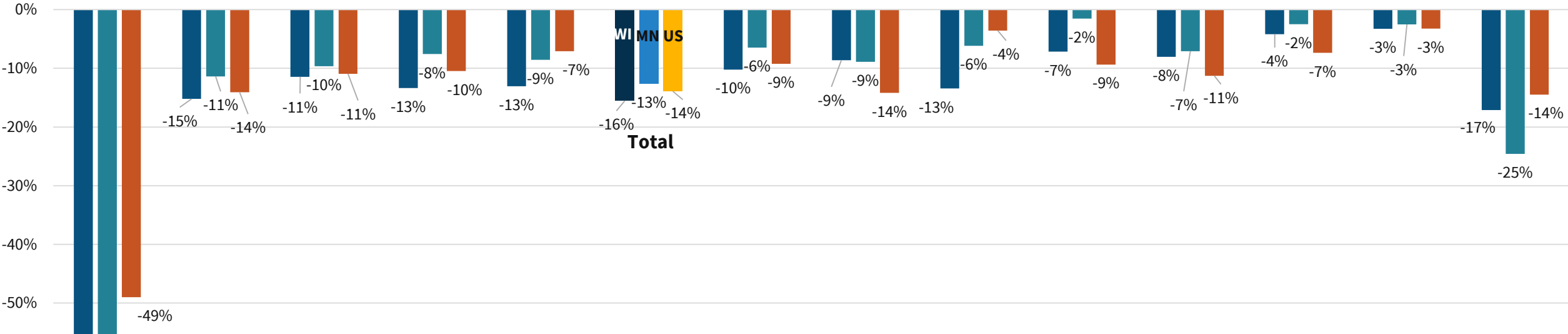
Manufacturing and Health Services make up more of the workforce in Midwest than national level

Distribution of Industry Employment (SA, as of January 2020)



Leisure and Education were hit the hardest for Midwest states at the beginning of the pandemic

Employment by Industry (SA, % Change from January 2020 to April 2020)



U.S. Homeownership Rate (%)



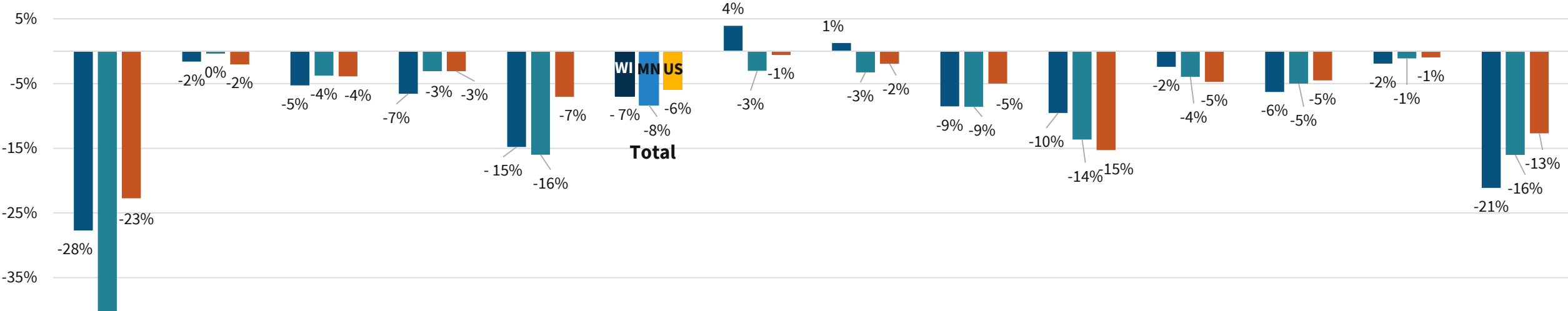
Wisconsin Minnesota US Total



Transportation and Construction have been strong in Wisconsin

While Manufacturing and Health Services have nearly recovered from losses experienced

Employment by Industry (SA, % Change from January 2020 to December 2020)



U.S. Homeownership Rate (%)

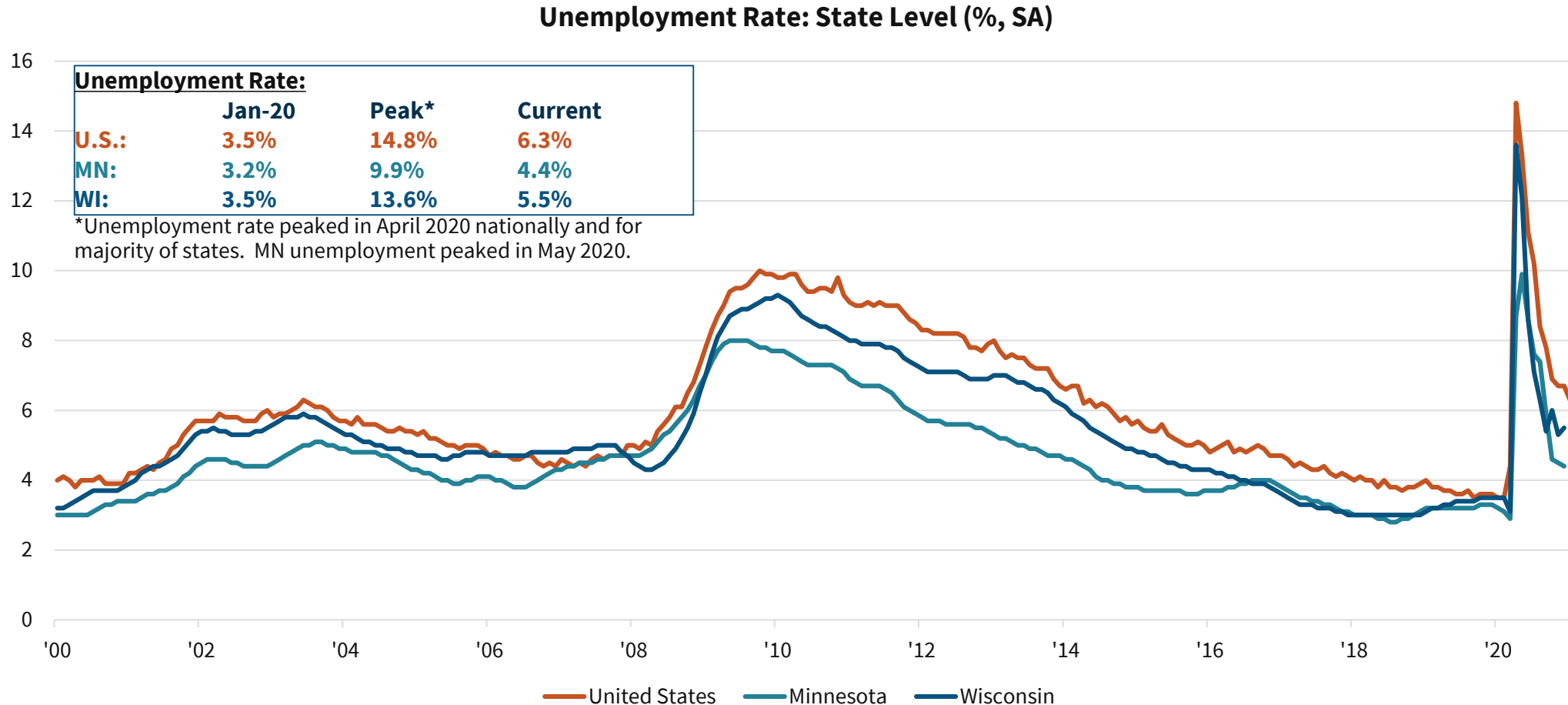


■ Wisconsin ■ Minnesota ■ US Total



Minnesota and Wisconsin unemployment has recovered faster than US

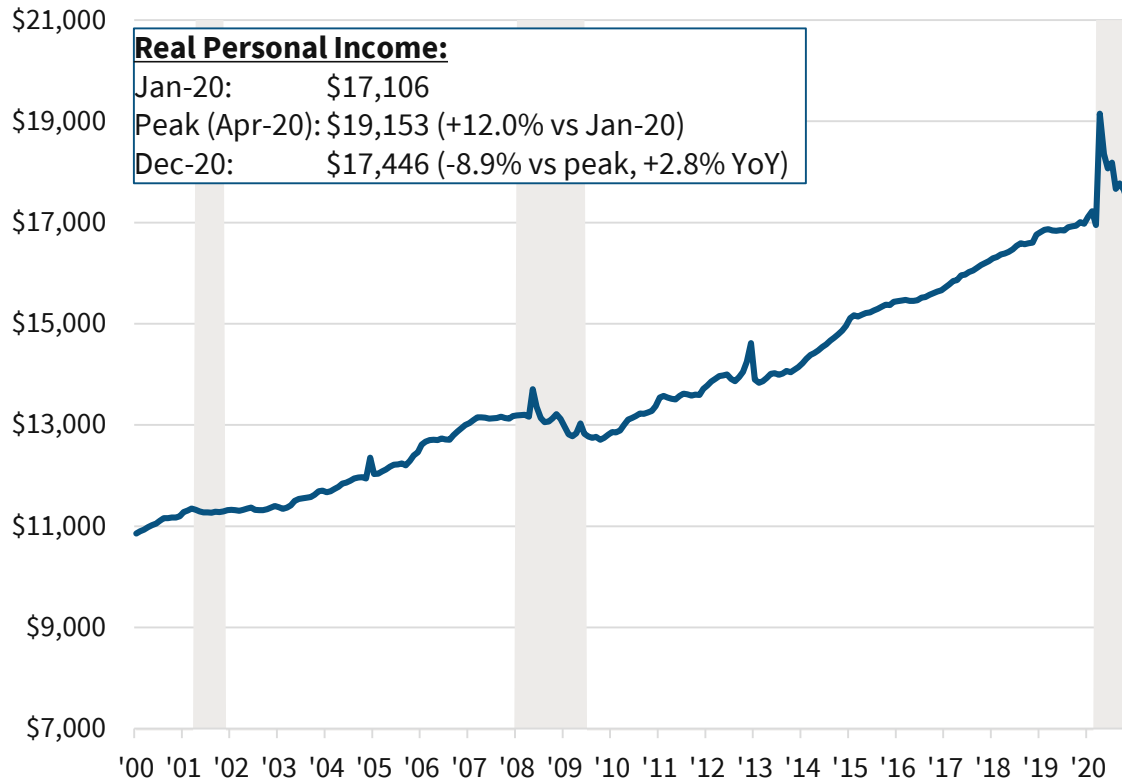
Currently Minnesota unemployment ranked 12th lowest



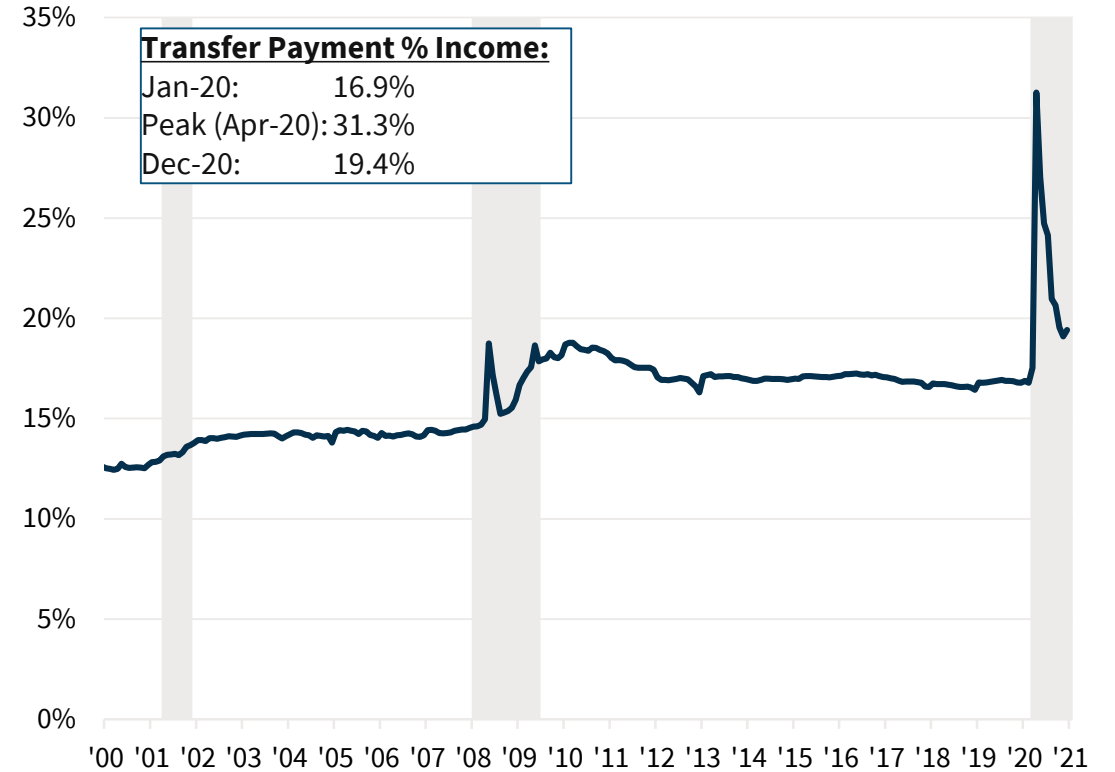
Personal income falls but stays above pre-pandemic levels

Transfer payments have helped bolster the economy in 2020

Real Personal Income (SAAR, \$Bil., \$2012)

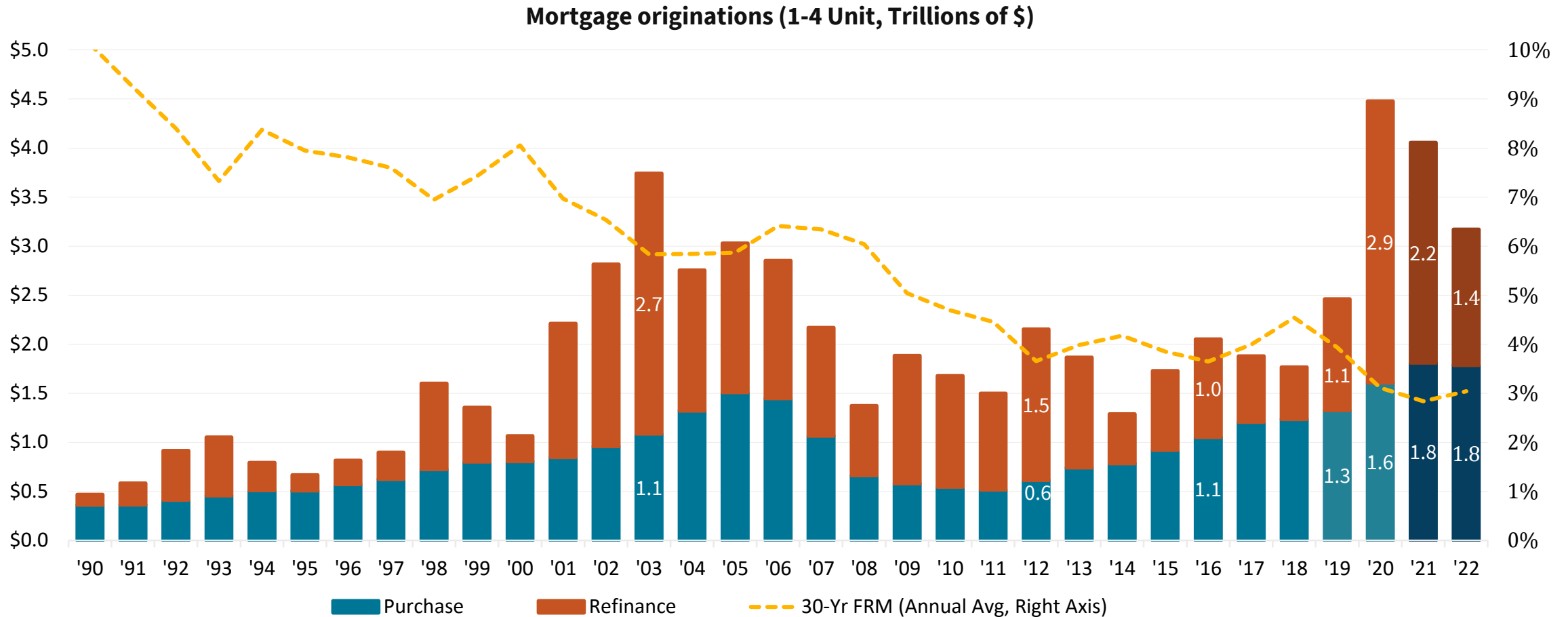


Transfer payments as a % of personal income (SA)



Mortgage activity expected to remain strong in 2021

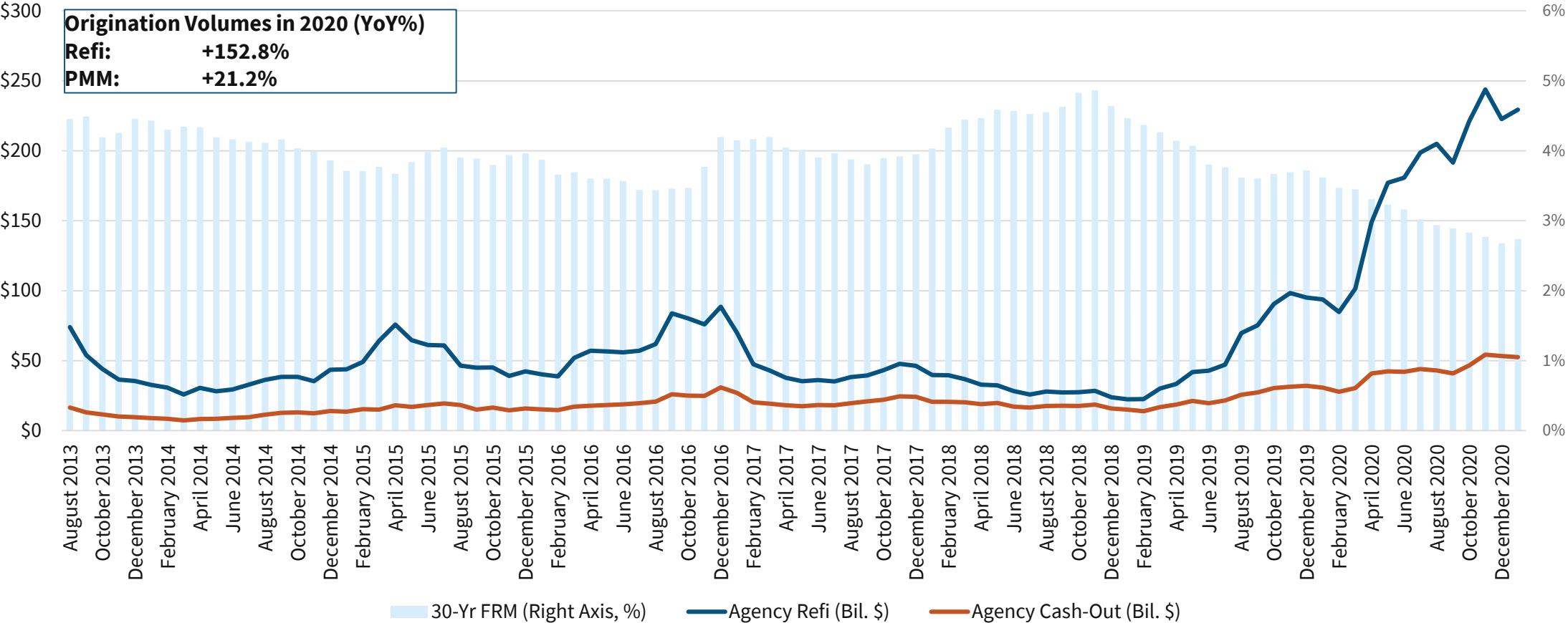
Purchase volumes expected to increase, while refi volumes pull back



Agency refinances surge as rates remain near historic lows

Monthly agency refi volumes remain elevated but down slightly from \$244B November peak

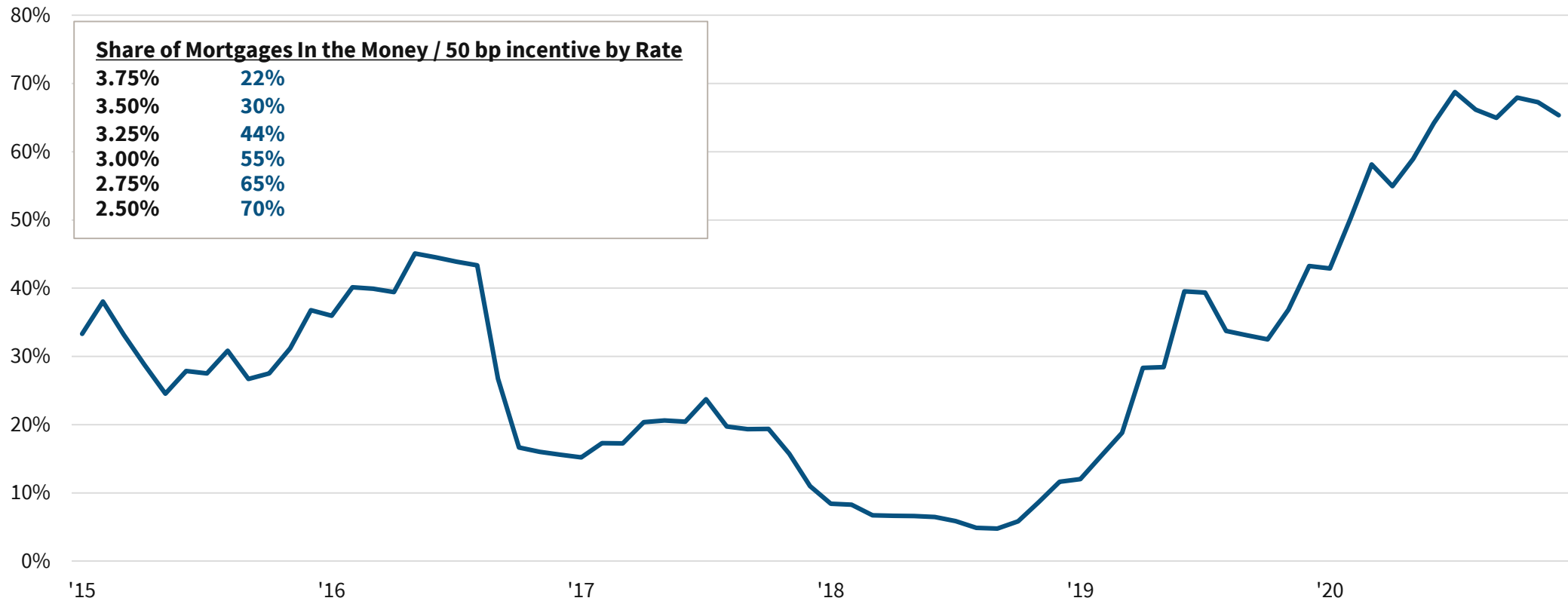
Agency cash-out and refinances (Bil. \$)



Significant share of loans in-the-money at current rates

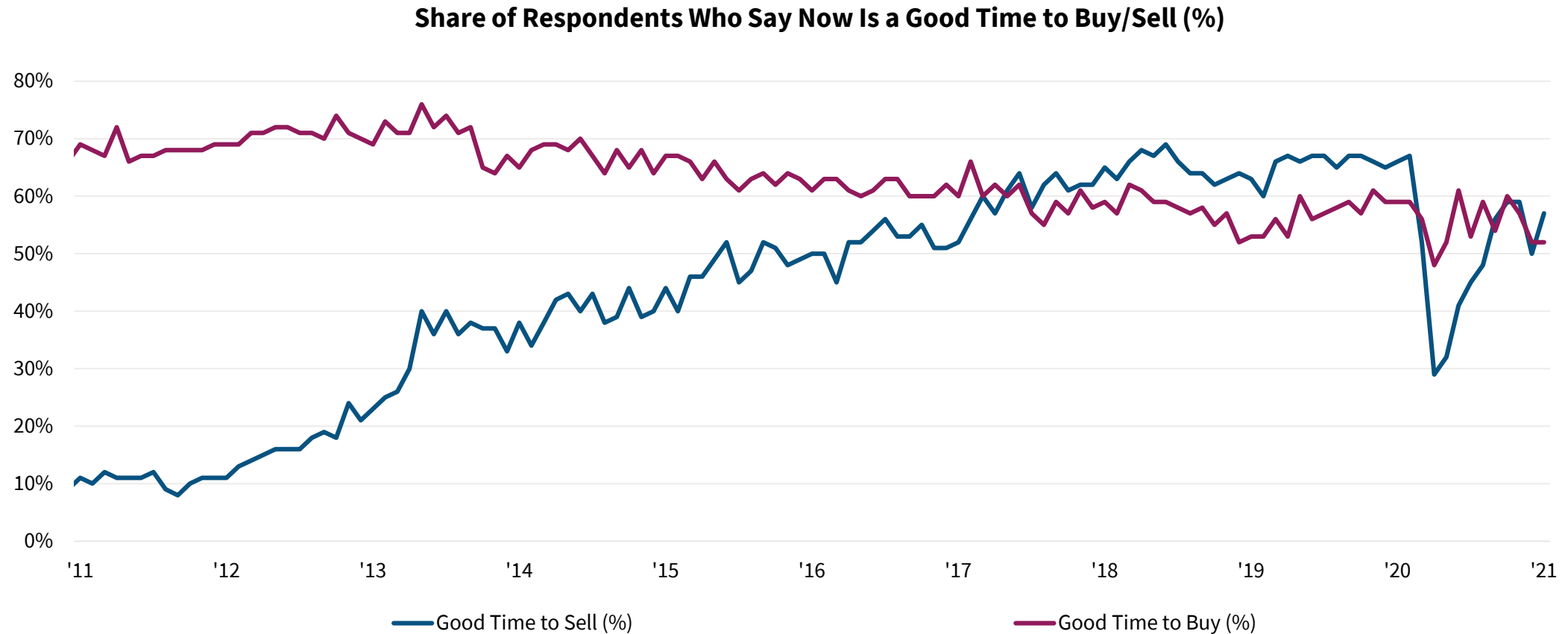
Approximately 65% of outstanding loans with at least 50 basis points of rate incentive

Refi-Eligible Loans Outstanding (50-bp rate incentive)



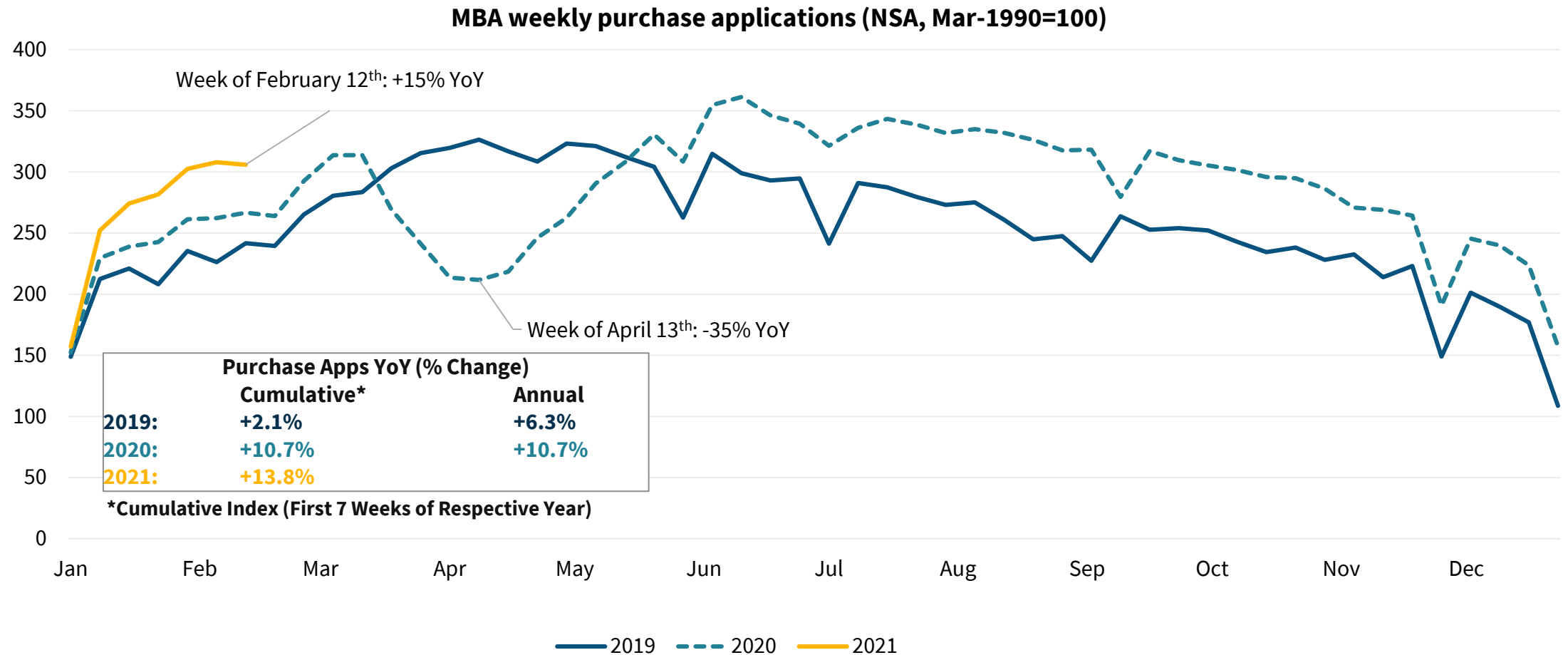
Seller sentiment has improved but remains below 2019 levels

While buying sentiment has been hindered by rising home prices



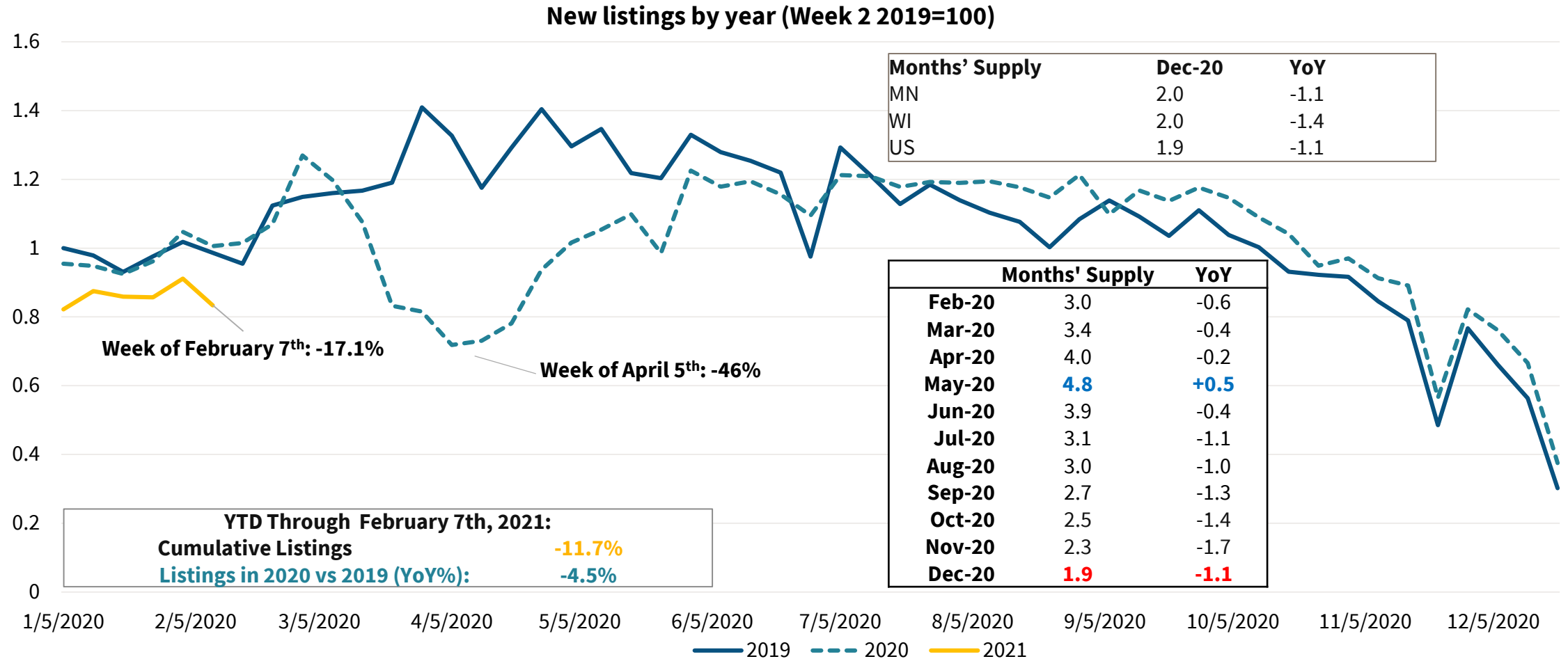
Housing demand activity shows continued sign of strength

Purchase mortgage activity remains up to start the year



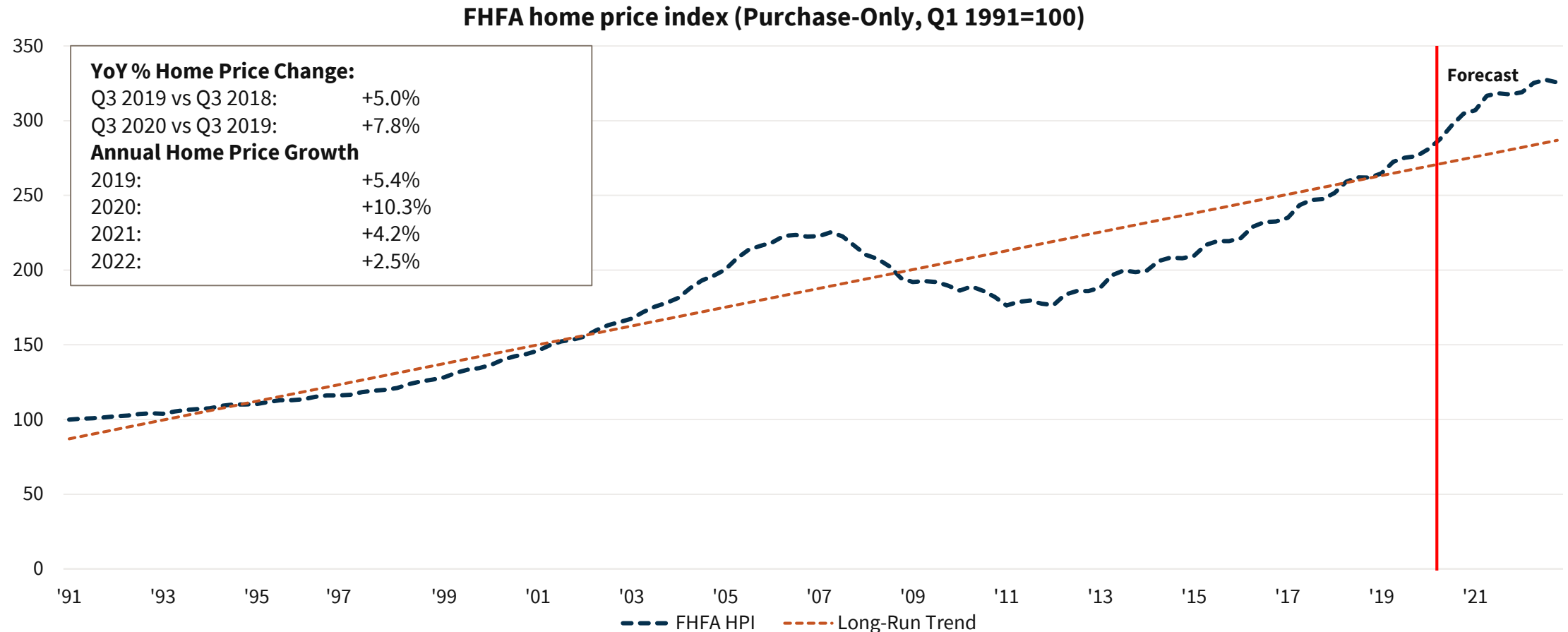
New listings are down to start 2021

Inventory-to-sales ratio continues to decline from highs in May, putting upward pressure on home prices



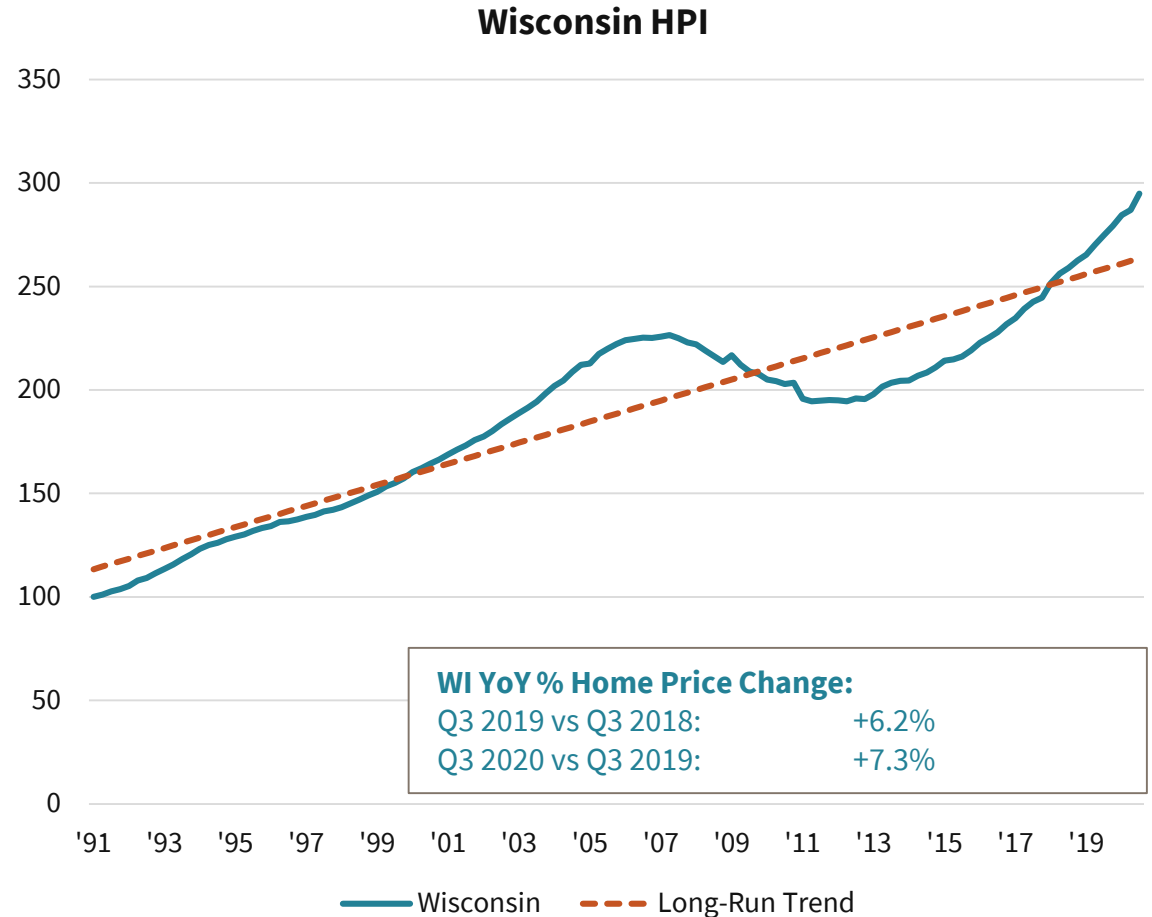
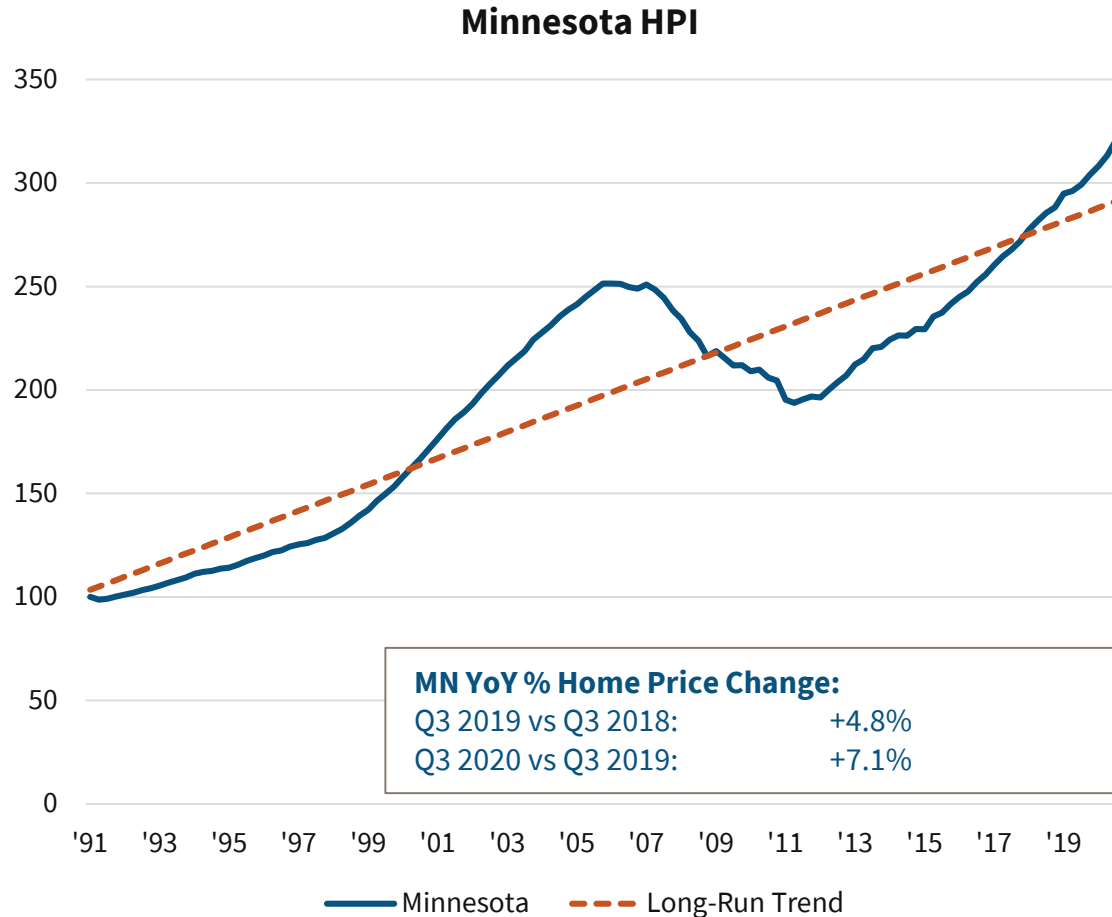
Home price growth expected to remain strong in 2021

Although pace expected to slow from 2020 growth



Home price growth in Midwest

Currently deviated above fundamental more than national level



Fannie Mae Resources for Economic and Housing Data

- **Housing Insights: Homeowner Mobility and Impediments to Moving**
<https://www.fanniemae.com/portal/research-insights/publications/homeowner-mobility-housing-insights-0720.html>
- **Economic & Strategic Research (ESR)**
<https://www.fanniemae.com/research-and-insights>
- **Mortgage Lender Sentiment Survey® (MLSS)**
<https://www.fanniemae.com/research-and-insights/surveys/mortgage-lender-sentiment-survey>
- **Home Purchase Sentiment Index® (HPSI)**
<https://www.fanniemae.com/research-and-insights/surveys/national-housing-survey>



A free public data and API (Application Programming Interface) platform, The Exchange™ provides access to ESR, MLSS, HPSI, manufactured housing, and single-family loan data. It's fast and easy to use to search for relevant data, select a presentation format (like a chart or heat map), and illustrate your results.

For more information:

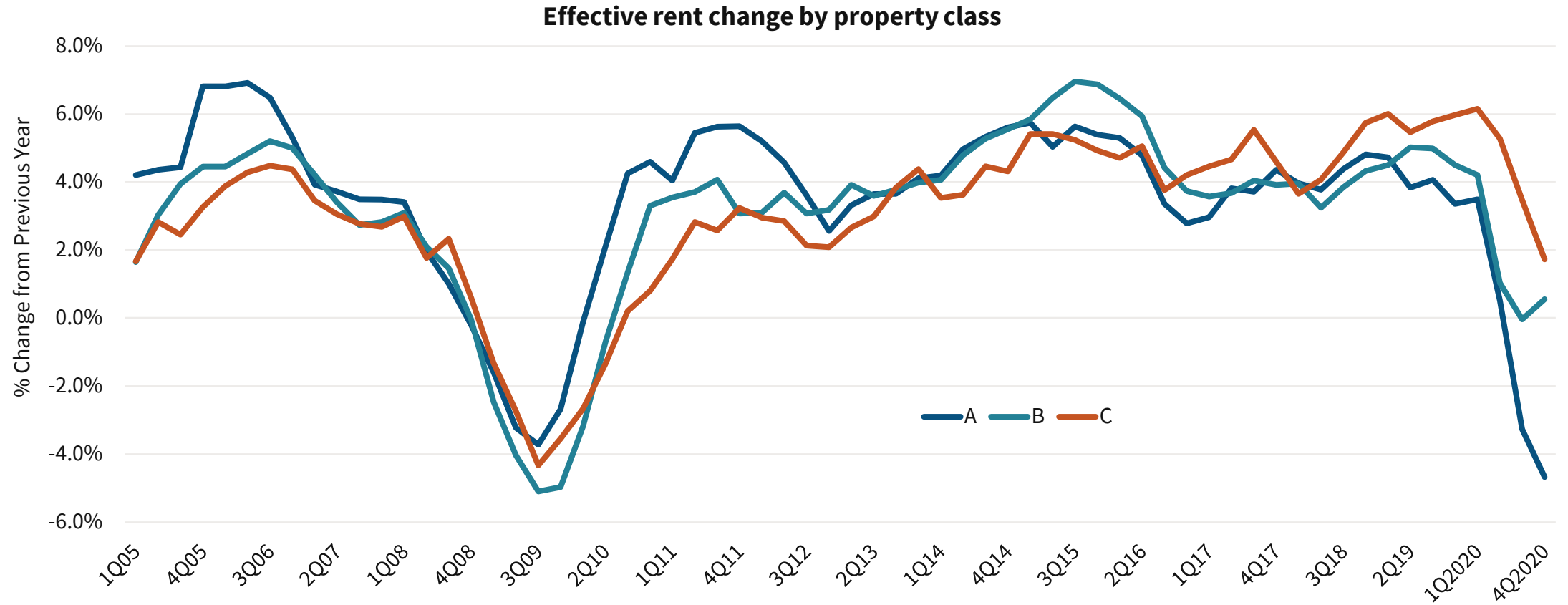
- Visit <https://developer.theexchange.fanniemae.com>
- Email the_exchange@fanniemae.com





Appendix

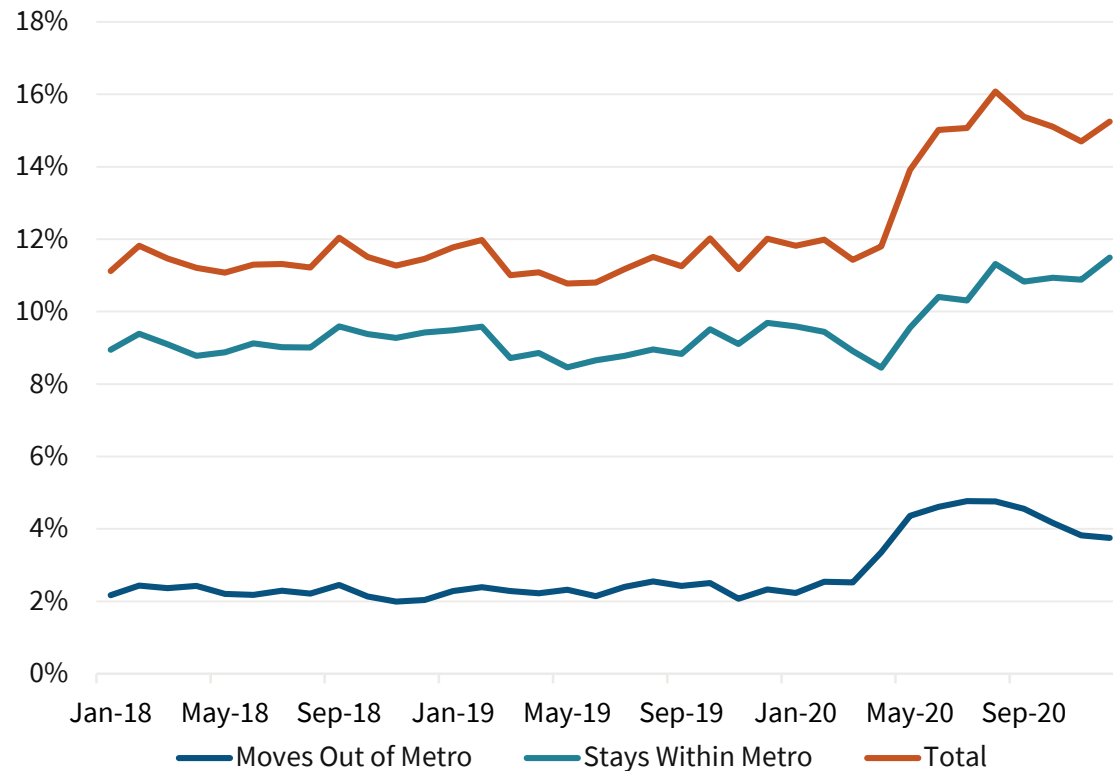
Multifamily Market Fundamentals



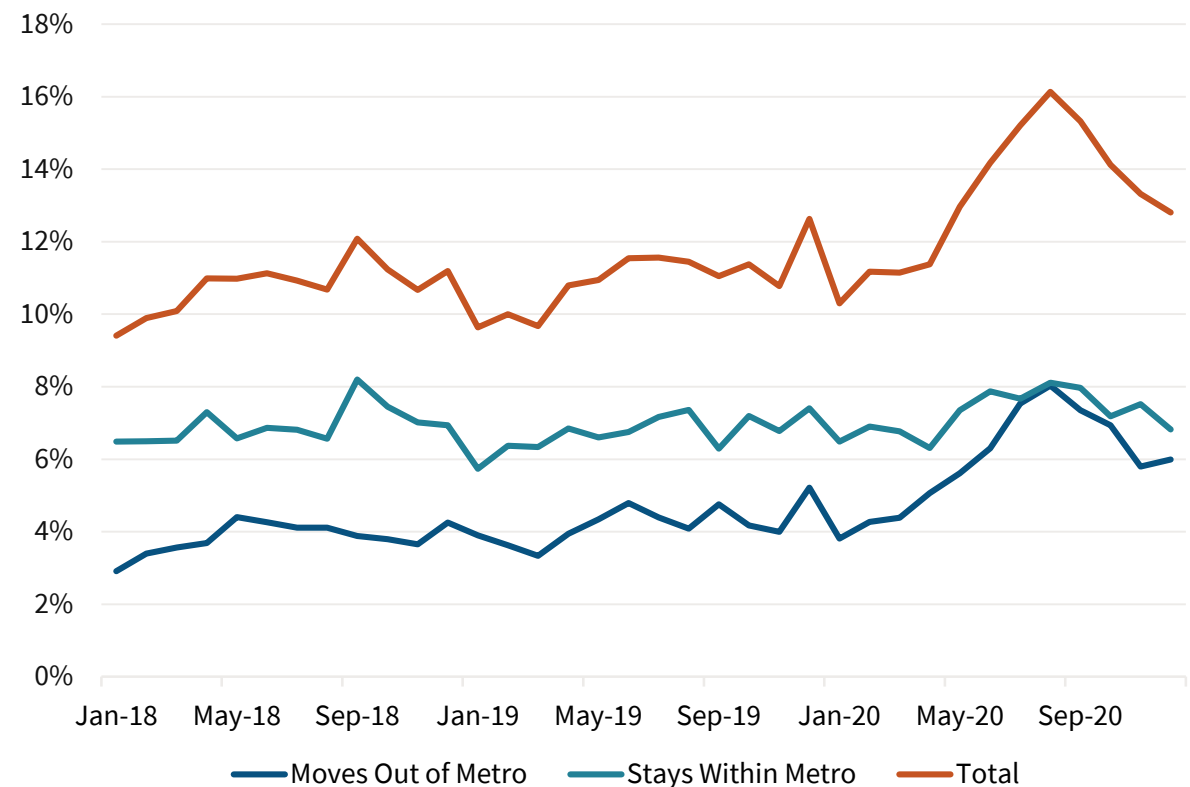
The move away from density may have plateaued

Pickup post-COVID in New York and San Francisco in share of moves to lower density

NYC borrowers moving from high density* to low density zip codes as a % of all observations



San Francisco borrowers moving from high density* to low density zip codes as a % of all observations



*High-density is defined as zip codes within the top 20th percentile of people per square mile for each CBSA.



Housing and Mortgage Market Outlook

| | 2019 | 2020 | 2021 | 2022 |
|--|---|---|---|---|
| Real GDP (SAAR, % Change) | 2.3% | -2.5% | 6.7% | 2.8% |
| Unemployment Rate (Percent) | 3.7% | 8.1% | 5.4% | 4.0% |
| Single-Family Starts <i>(Percent Change Year-Over-Year)</i> | 888 thousand 1.4% | 991 thousand 11.7% | 1.176 million 18.6% | 1.106 million -5.9% |
| New Single-Family Home Sales <i>(Percent Change Year-Over-Year)</i> | 683 thousand 10.7% | 811 thousand 18.7% | 860 thousand 6.0% | 851 thousand -1.0% |
| Total Existing Home Sales <i>(Percent Change Year-Over-Year)</i> | 5.340 million 0.0% | 5.640 million 5.6% | 6.033 million 7.0% | 5.739 million -4.9% |
| FHFA Purchase-Only Index (Annual Percent Change Q4/Q4) | 5.4% | 10.3% | 4.2% | 2.5% |
| Purchase Mortgage Originations <i>(Percent Change Year-Over-Year)</i> | \$1,326 billion 7.4% | \$1,607 billion 21.2% | \$1,811 billion 12.7% | \$1,785 billion -1.4% |
| Refinance Mortgage Originations <i>(Percent Change Year-Over-Year)</i> | \$1,136 billion 113.5% | \$2,871 billion 152.8% | \$2,244 billion -21.8% | \$1,385 billion -38.3% |
| Refinance Share (%) | 46% | 64% | 55% | 44% |
| 30-Year Fixed-Rate Mortgage (Annual Average) | 3.9% | 3.1% | 2.8% | 3.0% |
| 10-Year Treasury (Annual Average) | 2.1% | 0.9% | 1.2% | 1.4% |

