

Economic and Mortgage Market Outlook

Prepared for New Hampshire Housing 2025 Homeownership Conference

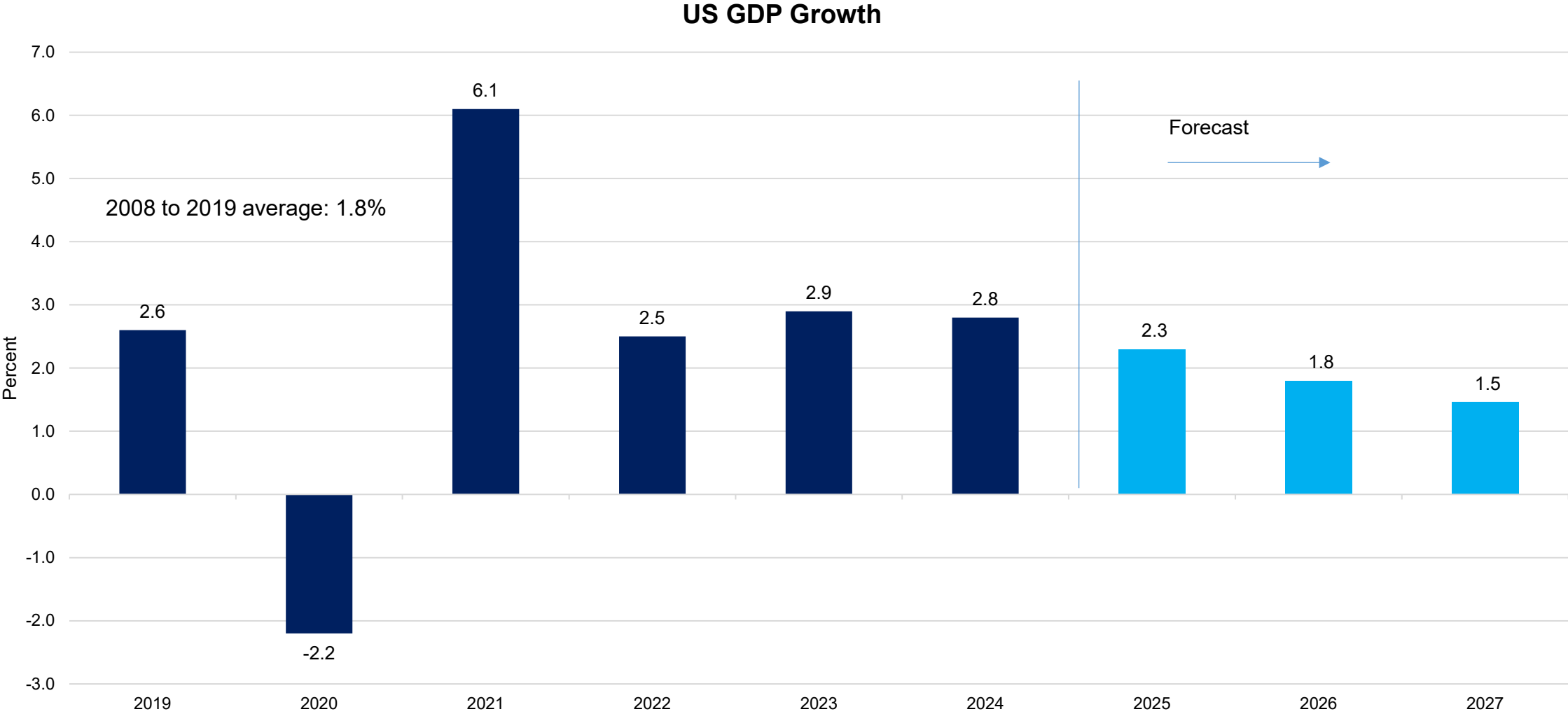
March 2025

Presented by:

Joel Kan, Vice President and Deputy Chief Economist

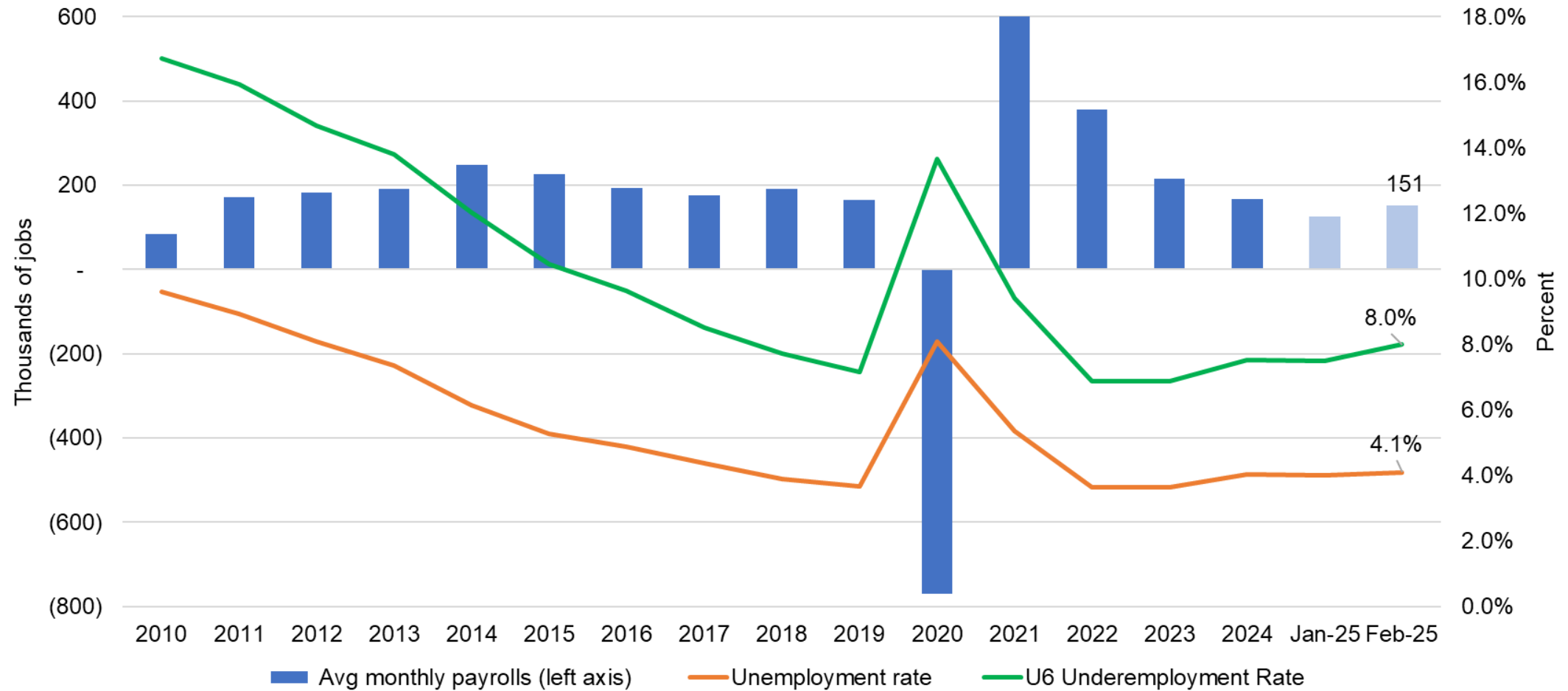


Economy Remains Strong in 2025, But Expect Slowdowns Ahead

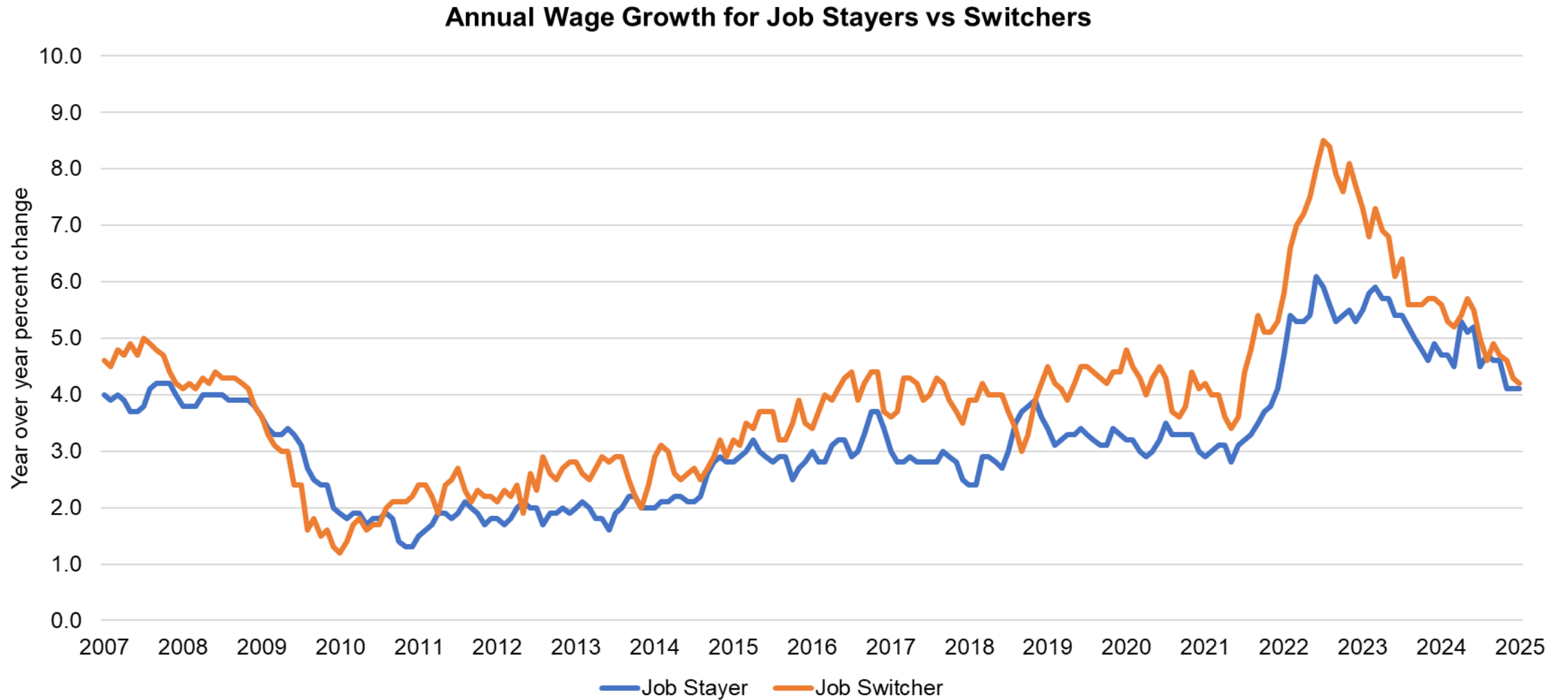


U.S. Job Market: A Changing Picture?

Chart of the Week - March 7, 2025
Monthly Payroll Growth and Unemployment Rates

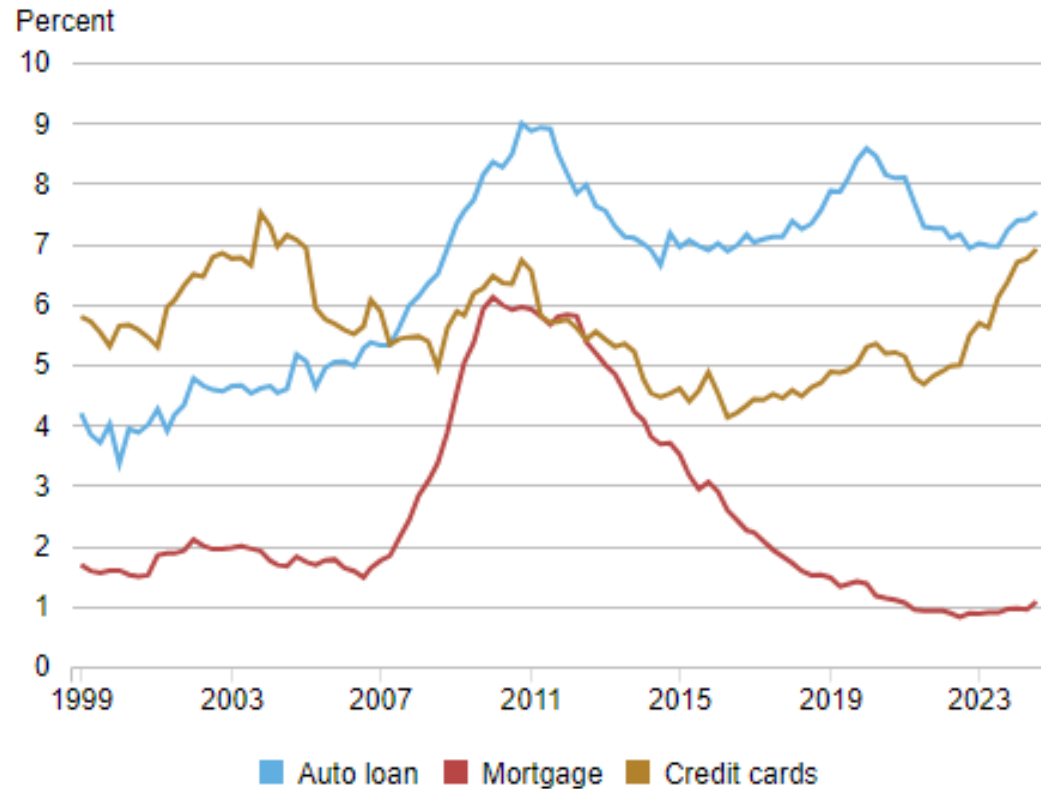


Another Indication of a Cooling Job Market



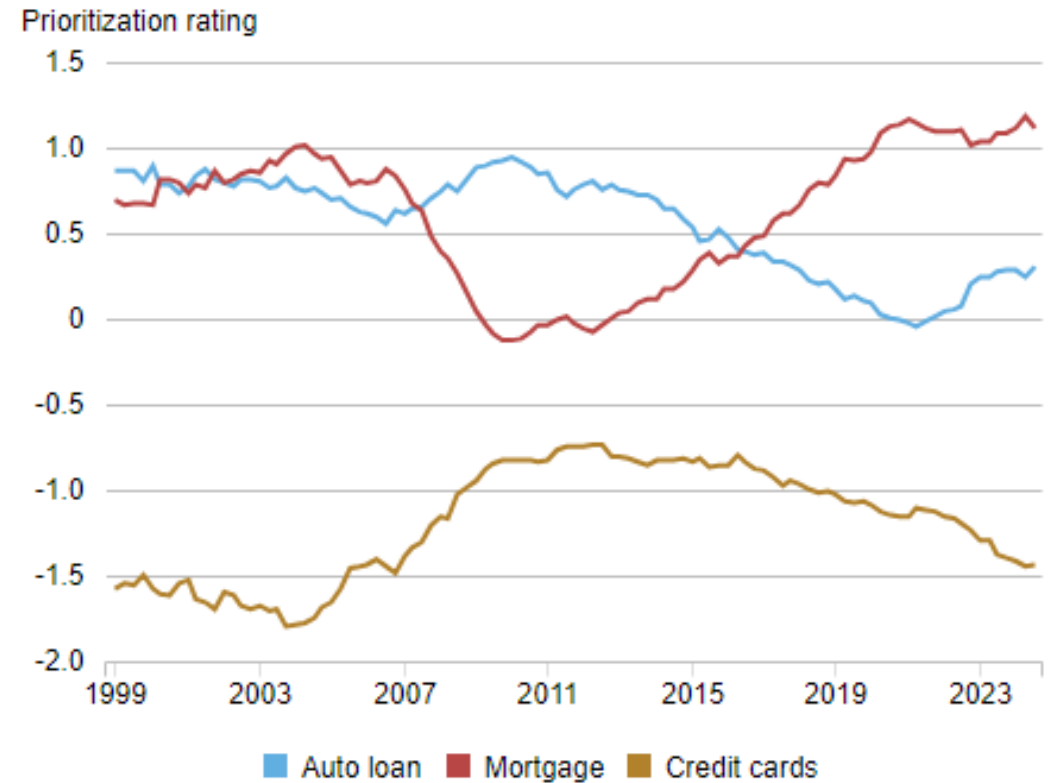
Some Households Facing Financial Strains

Delinquency Rate by Loan Type



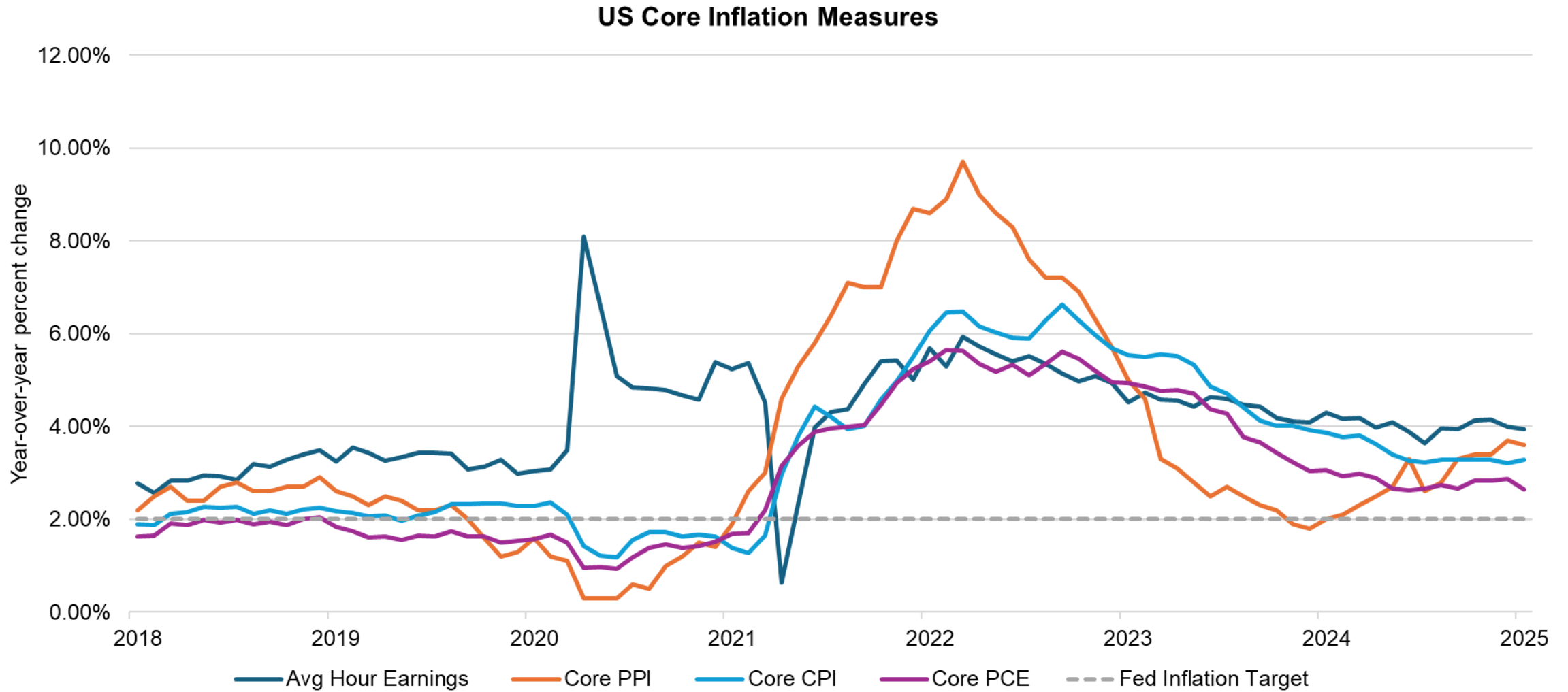
Sources: New York Fed Consumer Credit Panel / Equifax; authors' calculations.

Debt Prioritization over Time



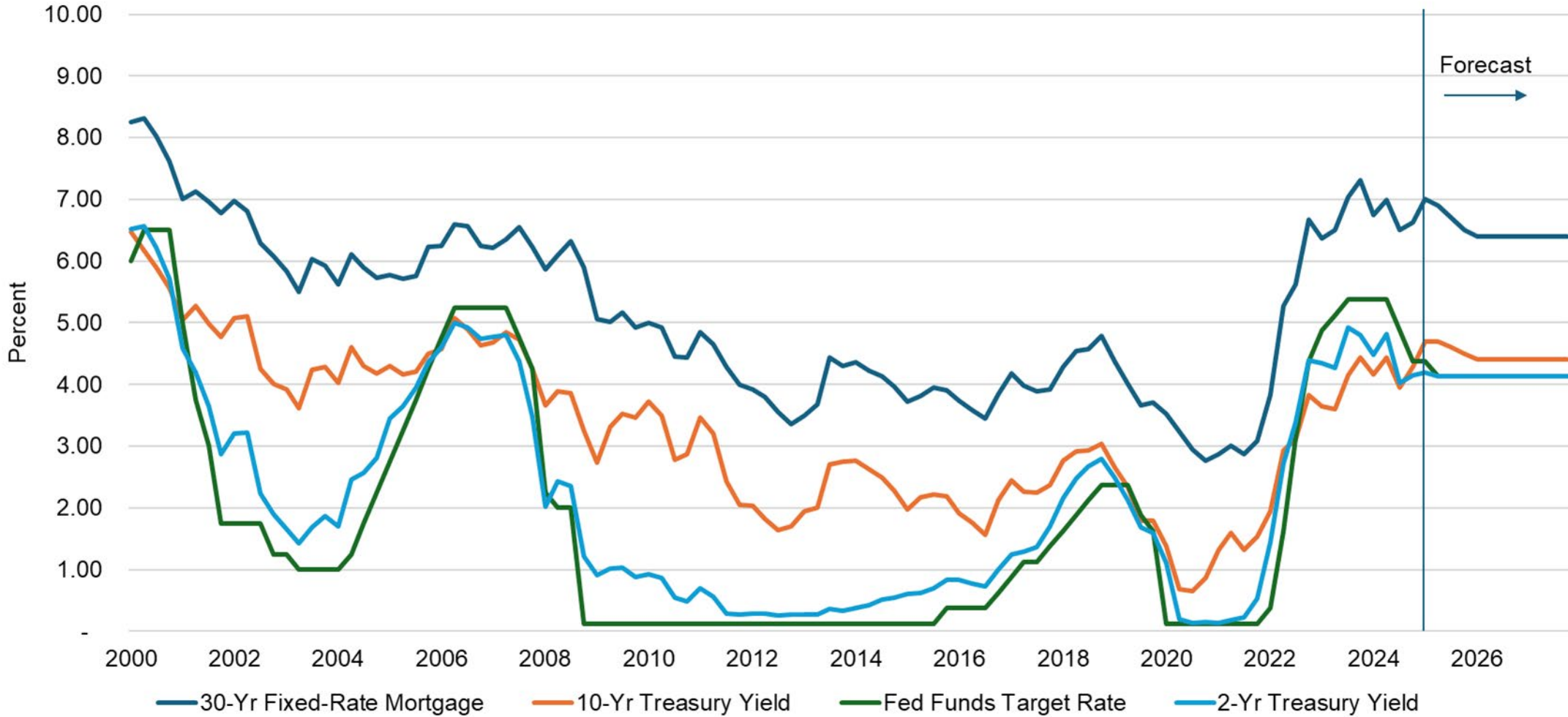
Sources: New York Fed Consumer Credit Panel / Equifax; authors' calculations.

Inflation Has Eased Since 2022, But Has Not Reached 2% Target



Rate Outlook: How Much More Will the Fed Cut?

History and Forecast of Key Interest Rates



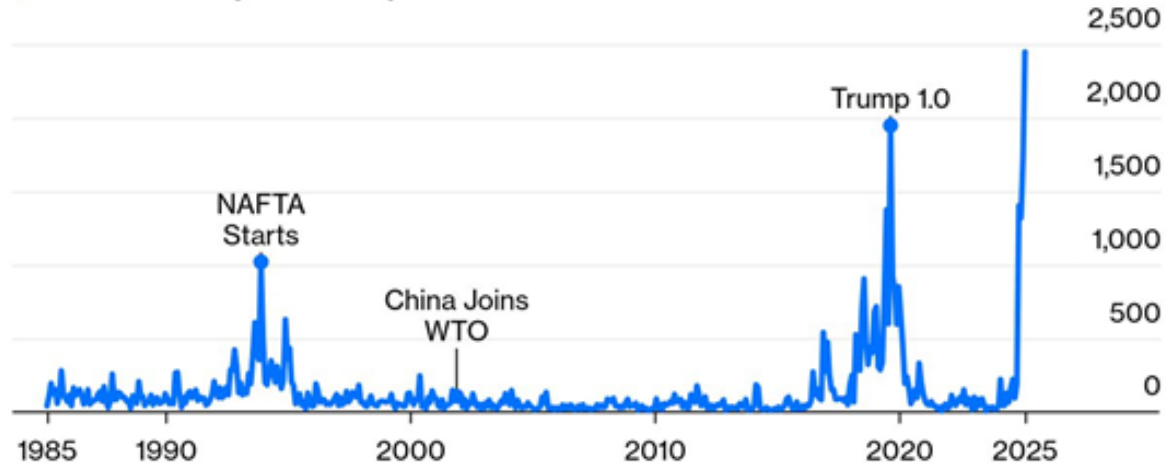
Source: Federal Reserve Board, Freddie Mac, MBA Forecast: www.mba.org/forecasts



Tariff-ic Uncertainty

News items suggest trade is creating the greatest confusion in 40 years

US Trade Policy Uncertainty



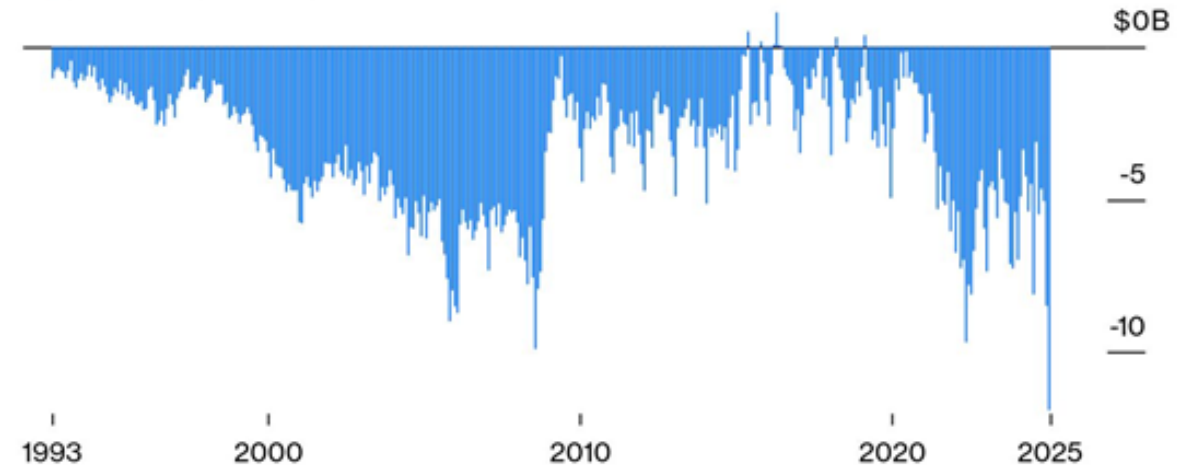
Source: Baker Bloom and Davis, Bloomberg

Bloomberg Opinion

Tariffs Are Already Transforming US-Canada Trade

As businesses prepare, Canadian imports are driving a record trade deficit

US Trade Deficit with Canada



Source: Bloomberg

Bloomberg Opinion

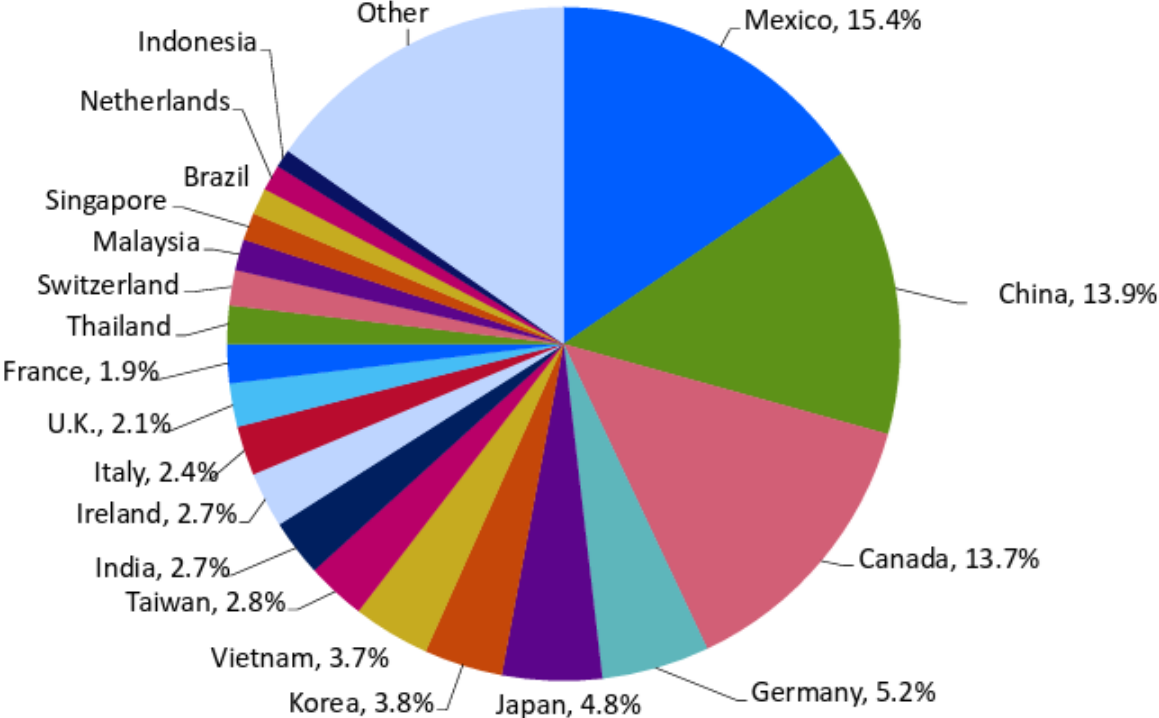
This is from JPMorgan's David Kelly:

The trouble with tariffs, to be succinct, is that they raise prices, slow economic growth, cut profits, increase unemployment, worsen inequality, diminish productivity and increase global tensions. Other than that, they're fine.

Mexico, China, and Canada Account for Almost Half of US Imports

Where Do U.S. Imports Come From?

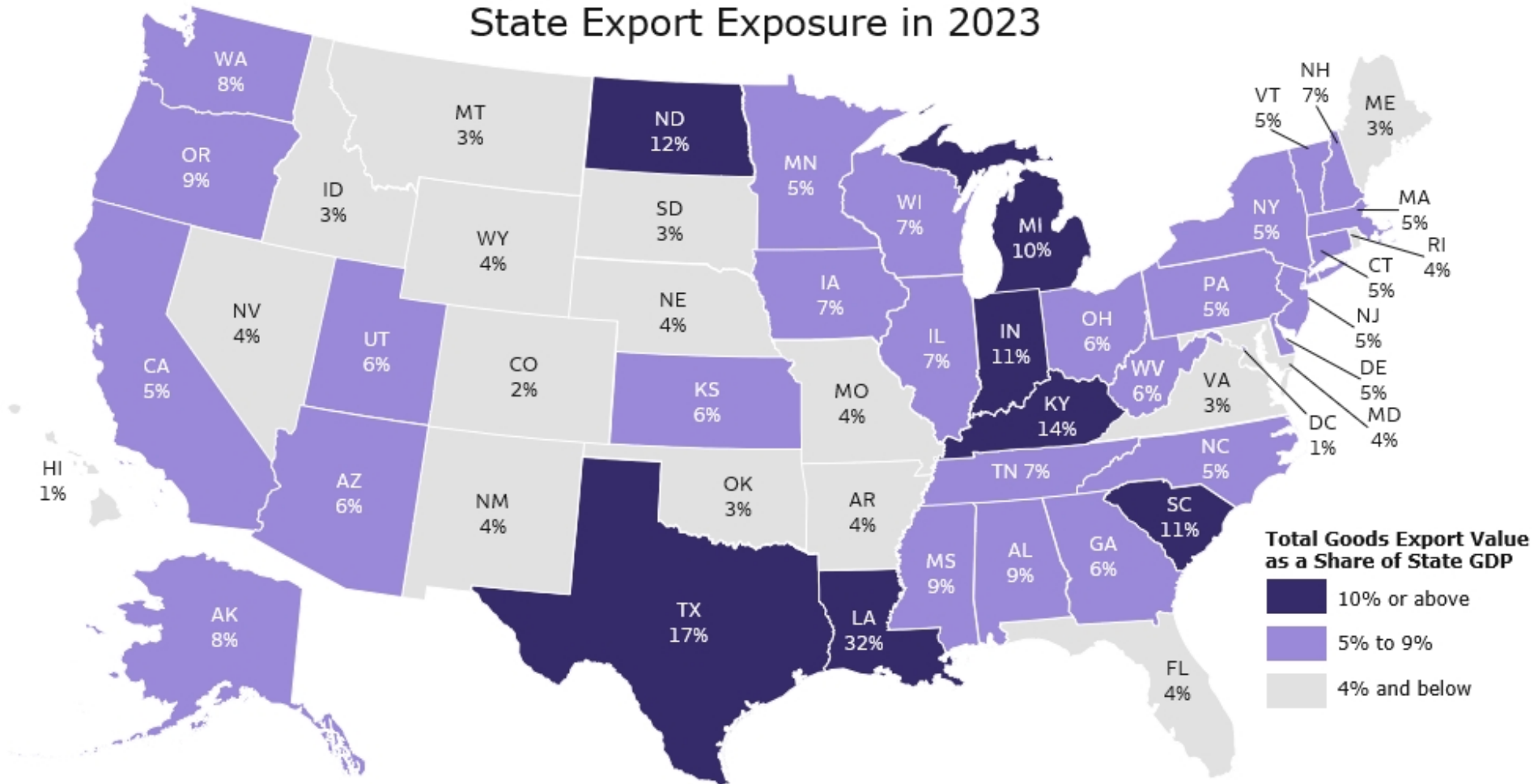
Share of U.S. goods imports by country, %, 2023



Sources: Multiple sources, Moody's Analytics

Moody's Analytics

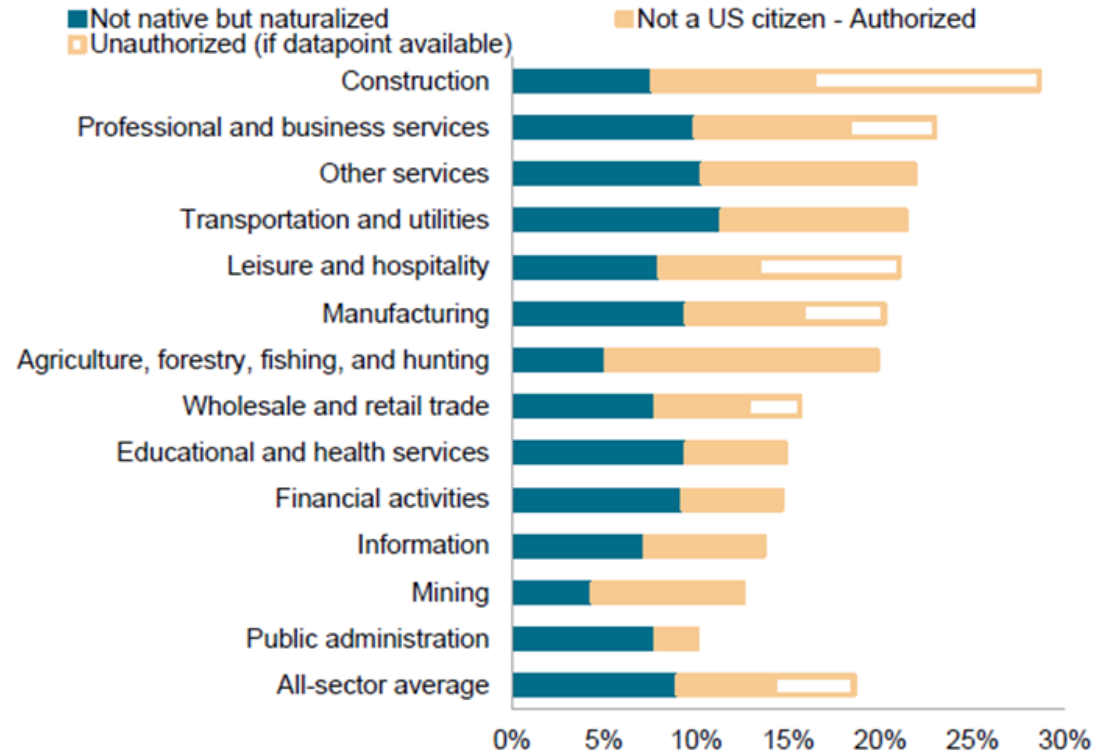
Certain States Are More Vulnerable to Retaliation



Source: U.S. Department of Commerce and Wells Fargo Economics

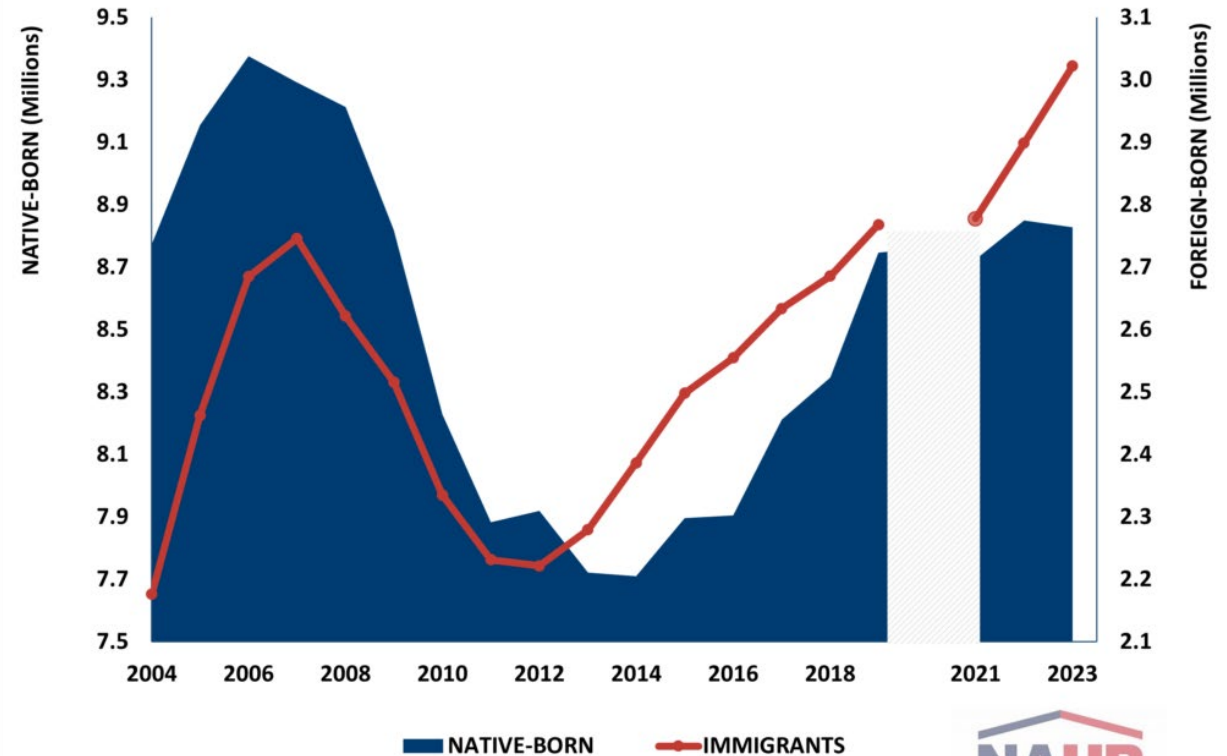
Industries Dependent on Foreign-Born Employment

United States - Share of foreign-born employment by industry 2023



As of Jan. 2024.
Source: US Census Bureau.
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U.S. CONSTRUCTION LABOR FORCE

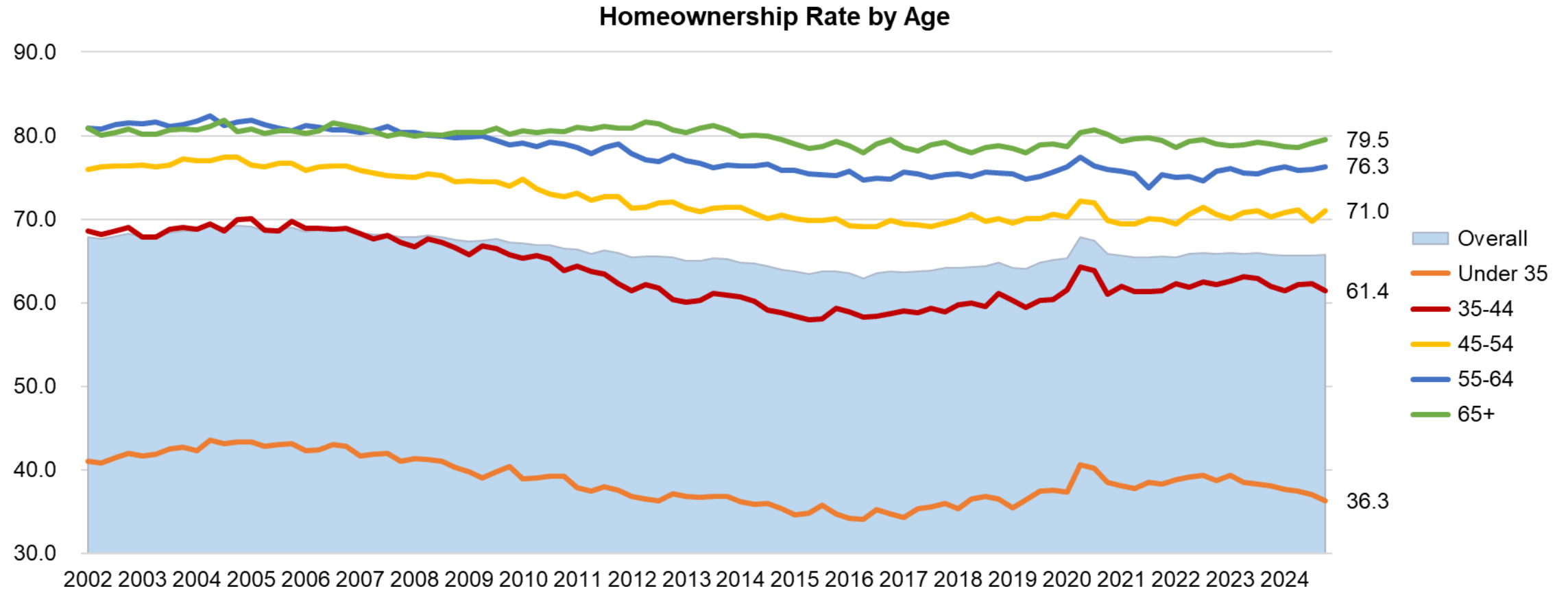


Source: 2004-2023 ACS PUMS; NAHB analysis



<https://eyeonhousing.org/2024/11/immigrant-share-in-construction-sets-new-record/>

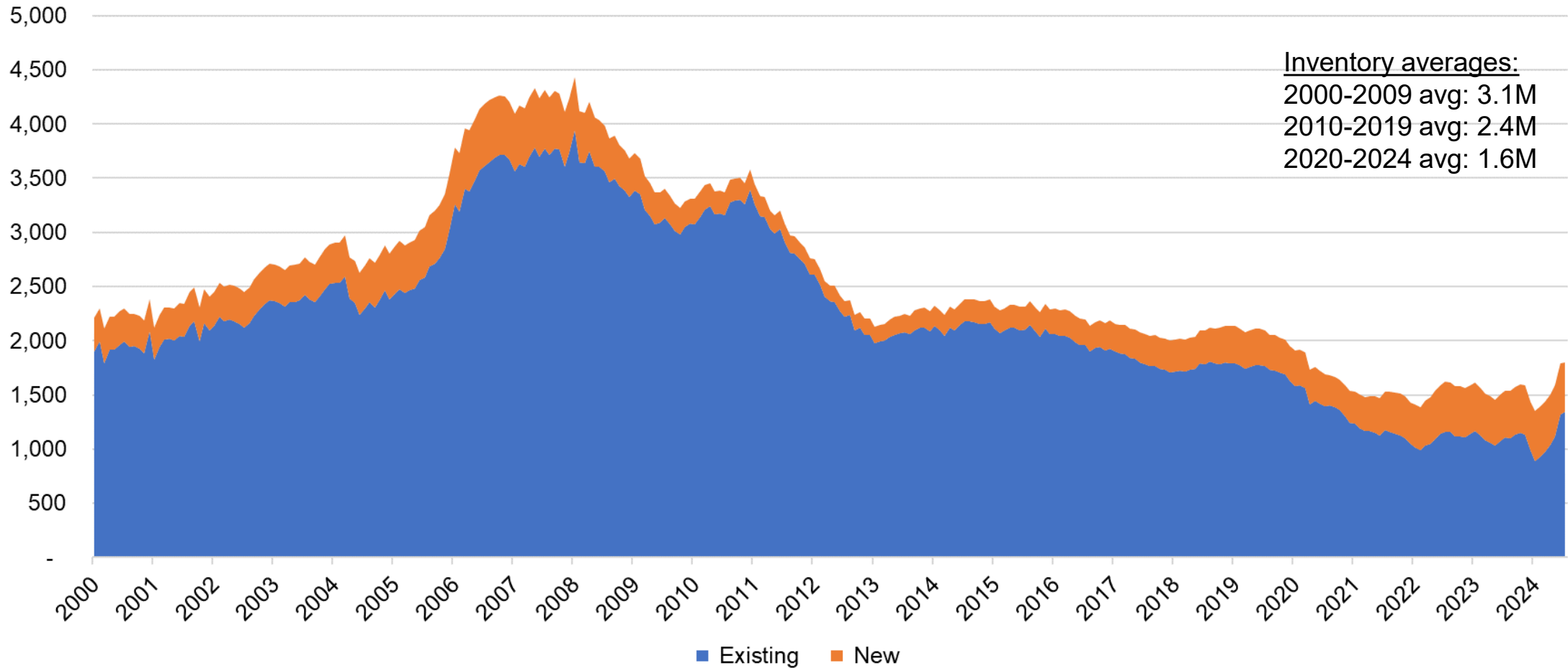
Demographic Support - Large Demand for Home Purchases



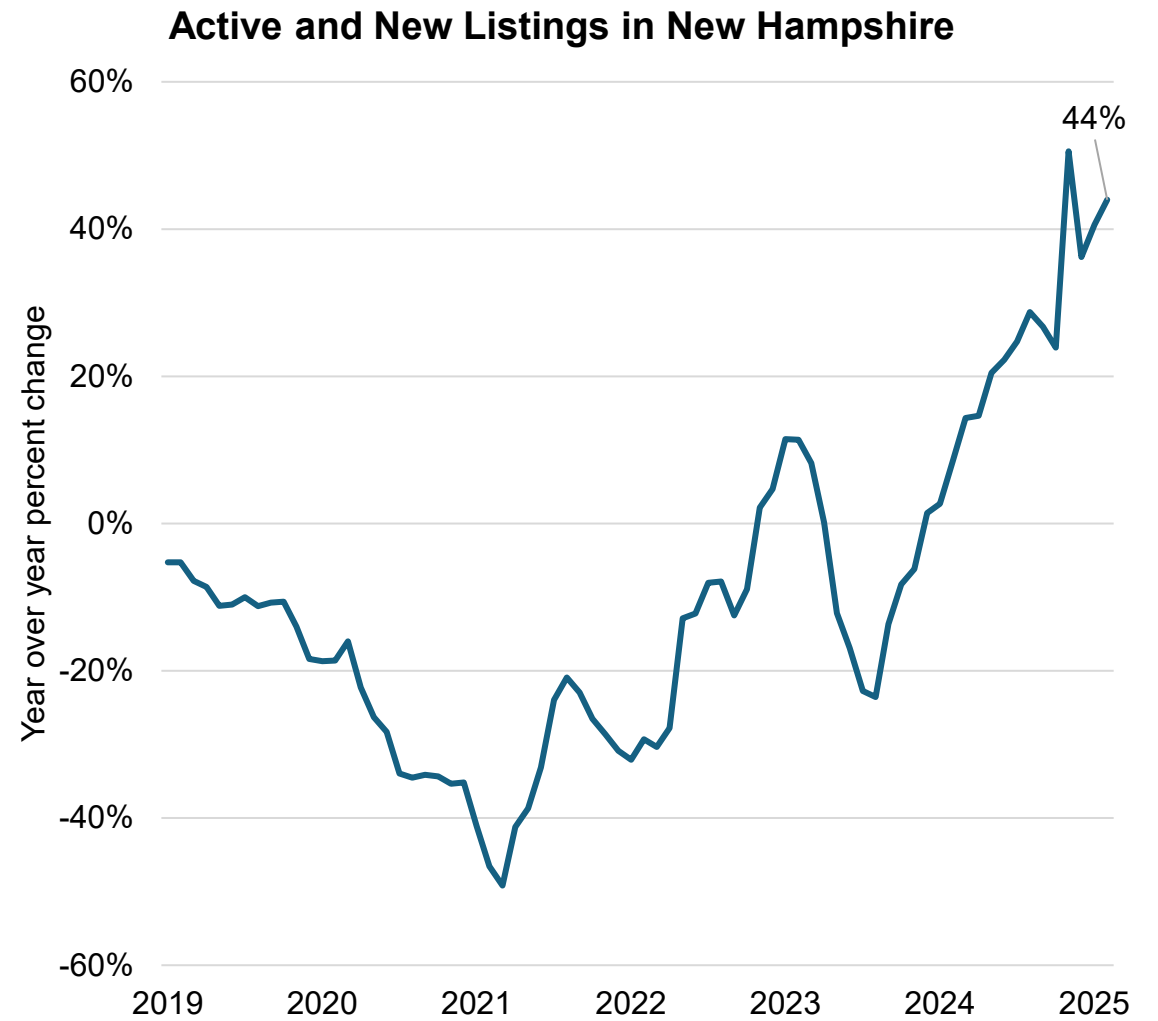
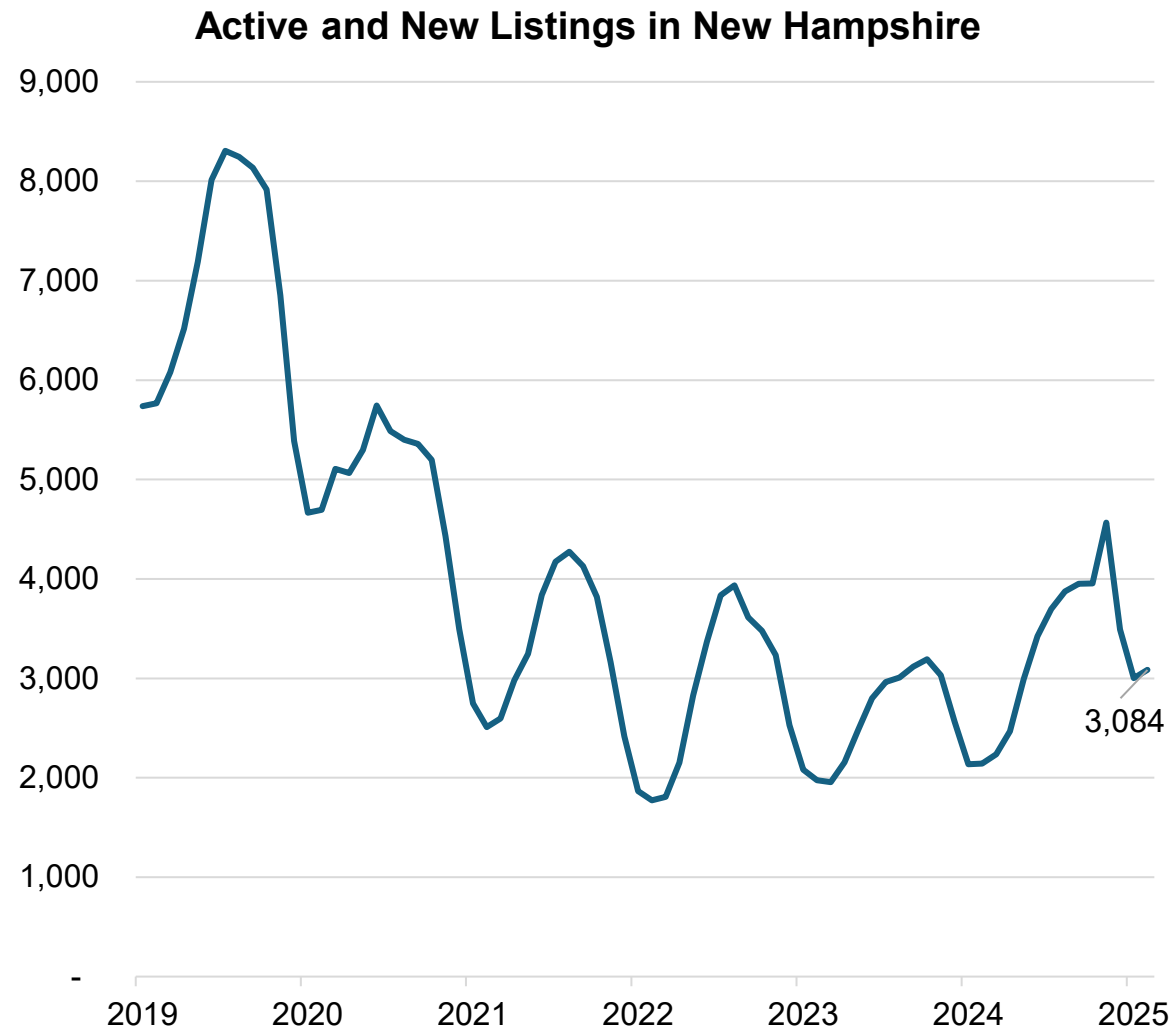
- There are large cohorts of younger Americans who are in or approaching prime first-time homebuyer ages.
- If millennials behave like previous cohorts their homeownership rate will increase by 25 points (from 38% to 63%).

Housing Inventory Still Tight, But Growing

Housing Units Available for Sale
Seasonally adjusted, thousands

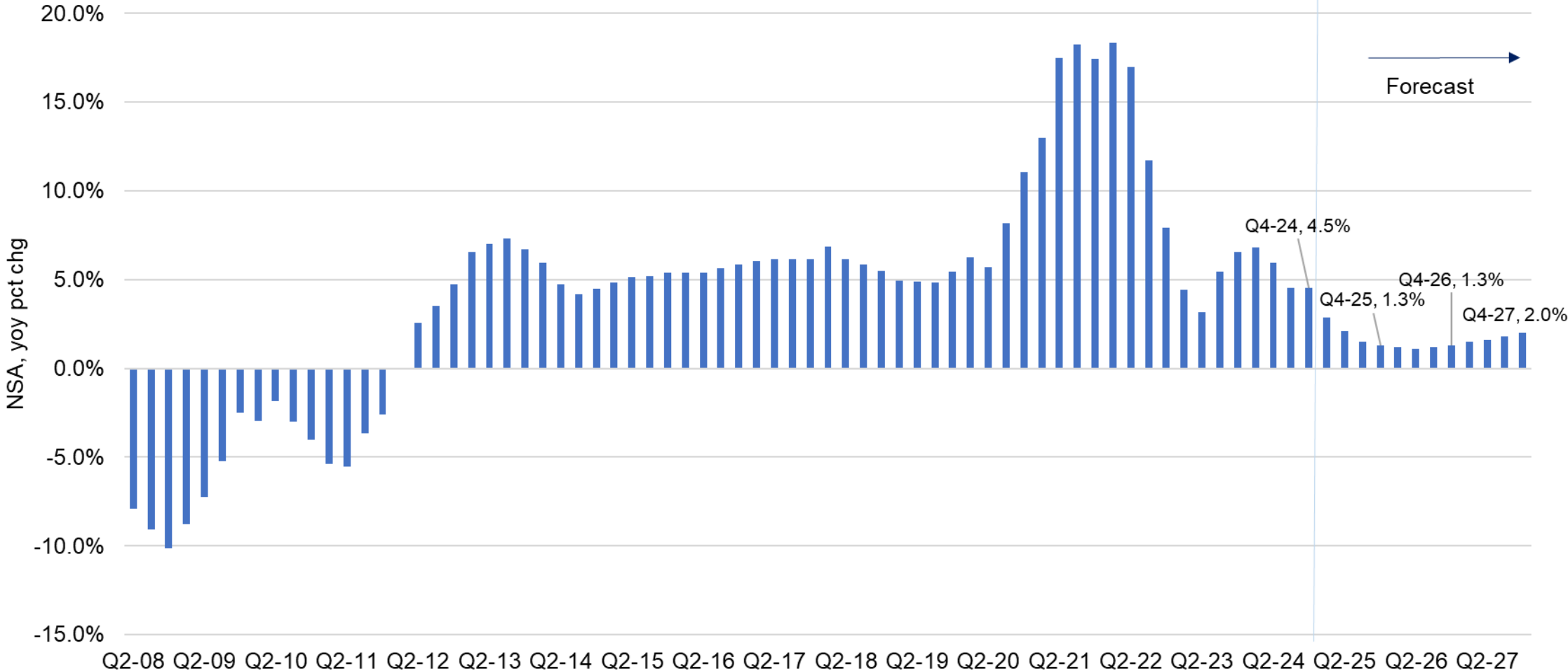


Listings Low, Moving Higher Relative To Year Before

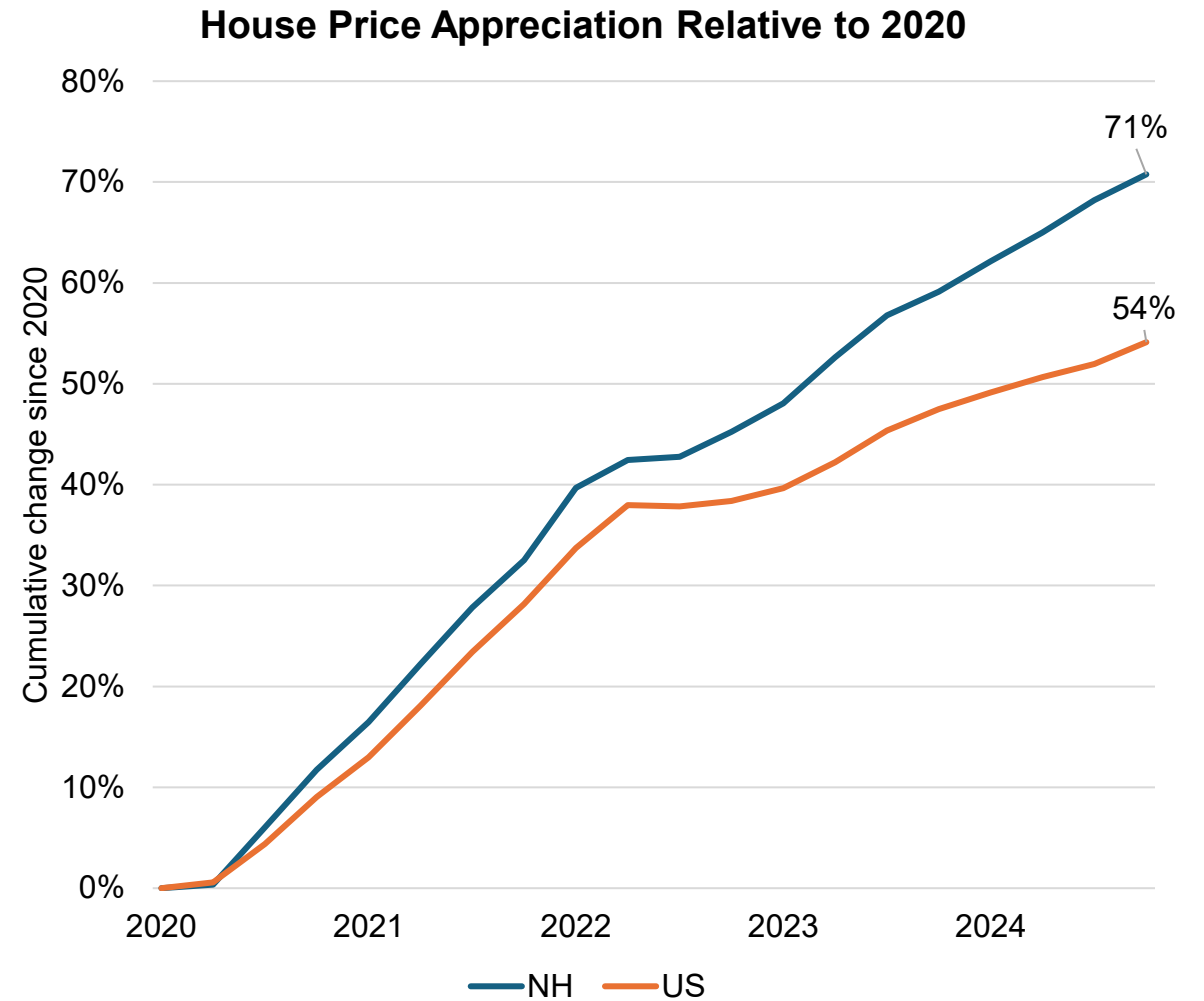
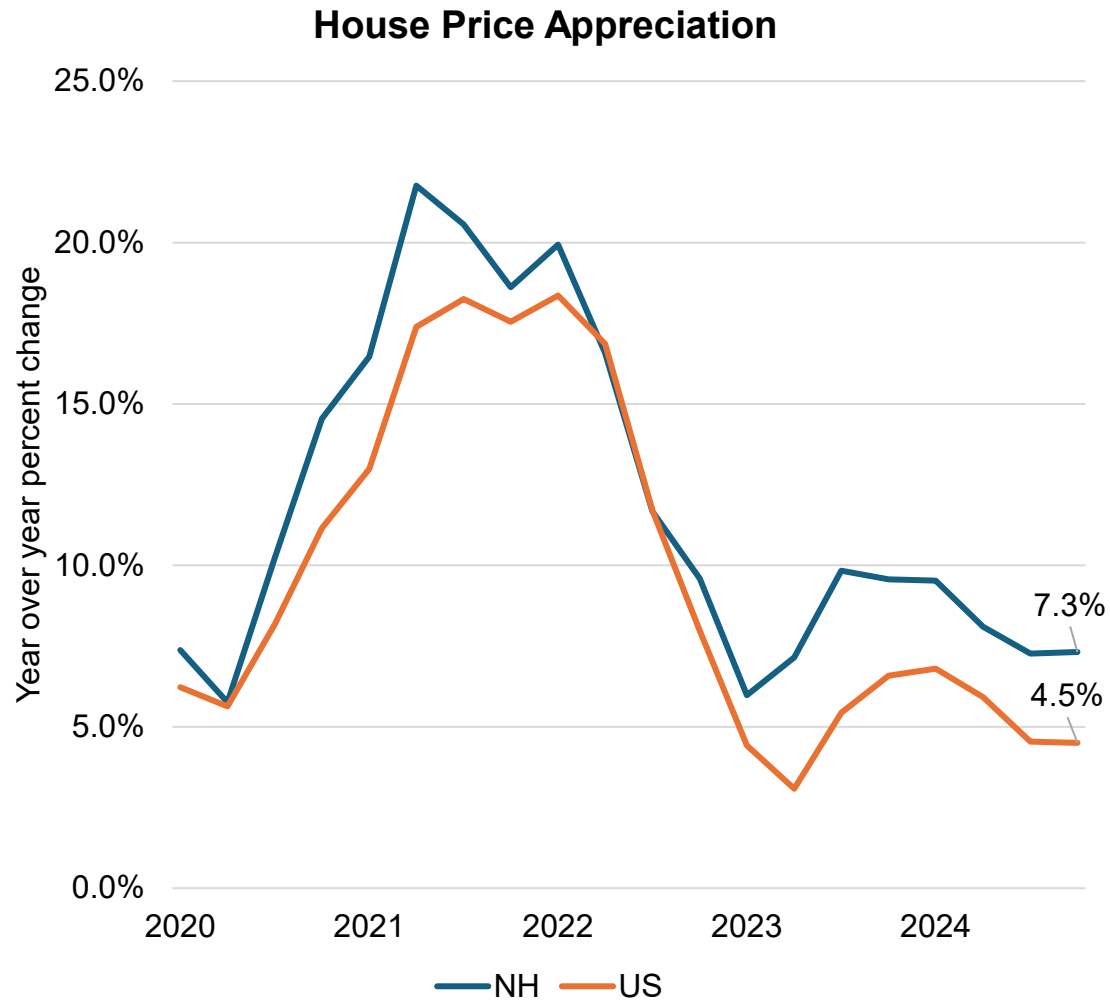


House Price Appreciation Expected To Slow

FHFA Purchase Only House Price Index, MBA Forecast

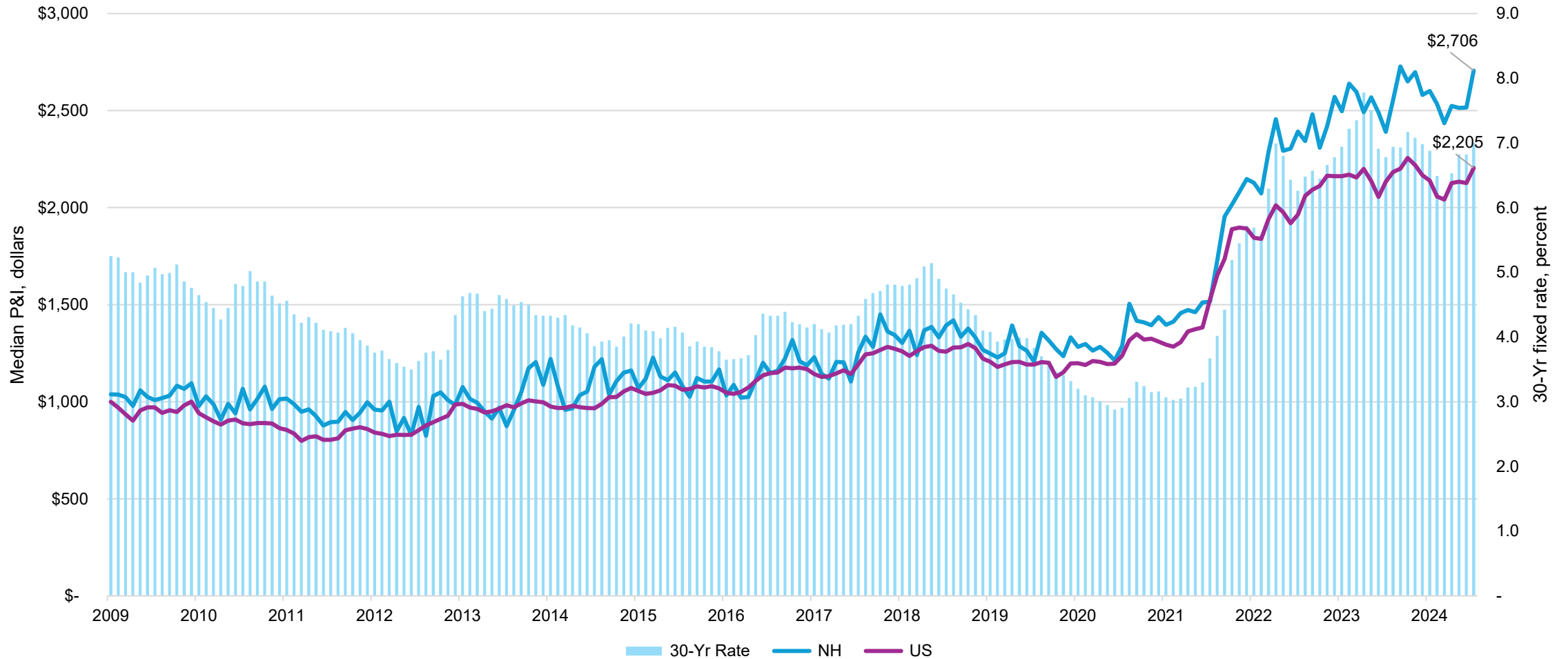


Home Price Growth Slowing



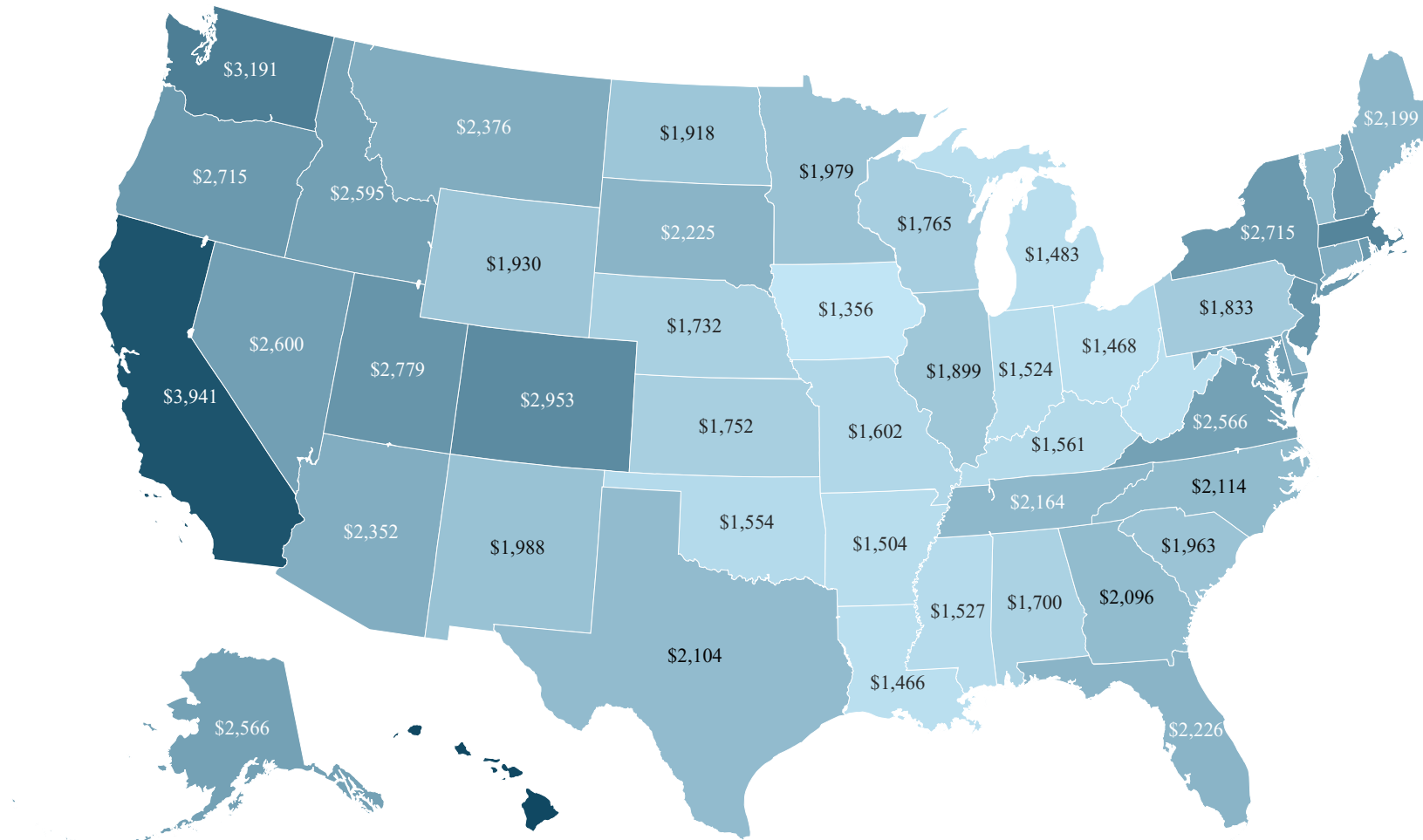
P&I For New Purchase Loans Continues Remains High

Purchase Applications Payment Index



Large Range of Median P&I Payments Across States

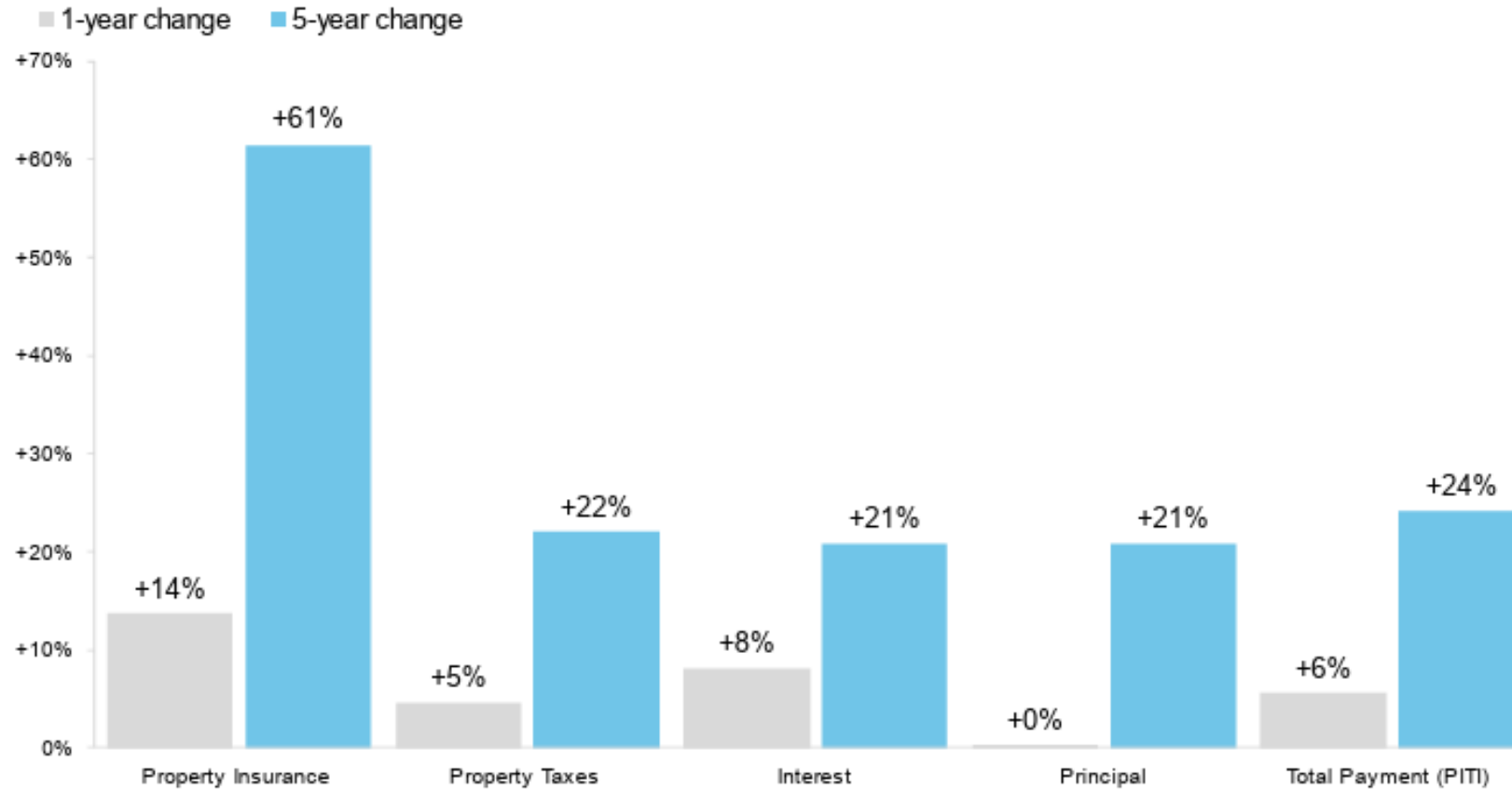
Median P&I Payments as of Jan 2025



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Tax and Insurance Costs Increasing Too

Change in principal, interest, tax, and insurance payment
(Mortgaged single family residences)



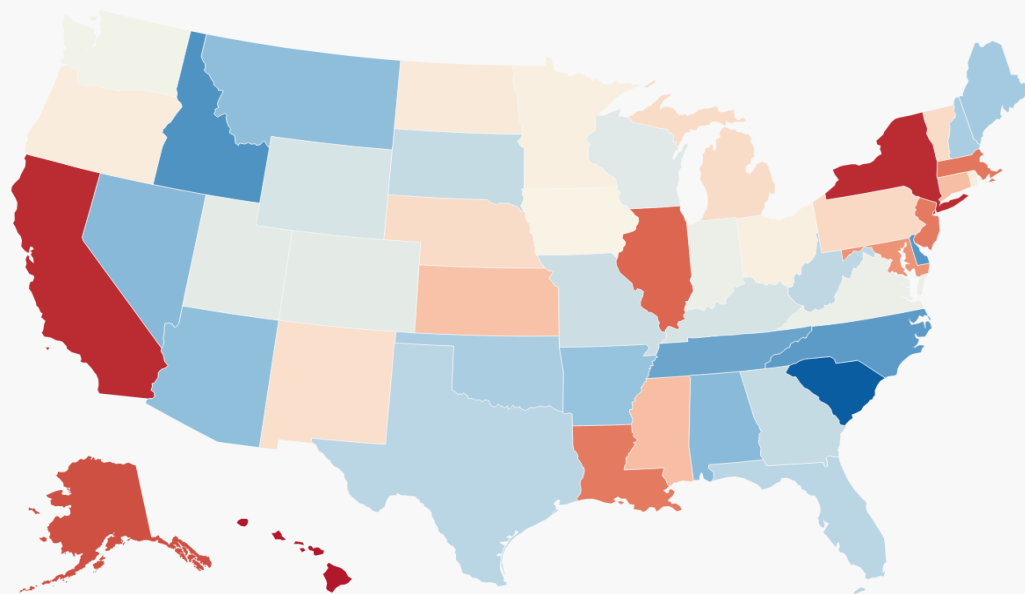
Source: ICE McDash +Property Insurance

Demographics: Migration Away from Higher Cost States?

State Population Changes Attributable to Interstate Migration (FY 2024)

State Net Population Changes from Interstate Migration, from Most Inbound to Most Outbound, FY 2024

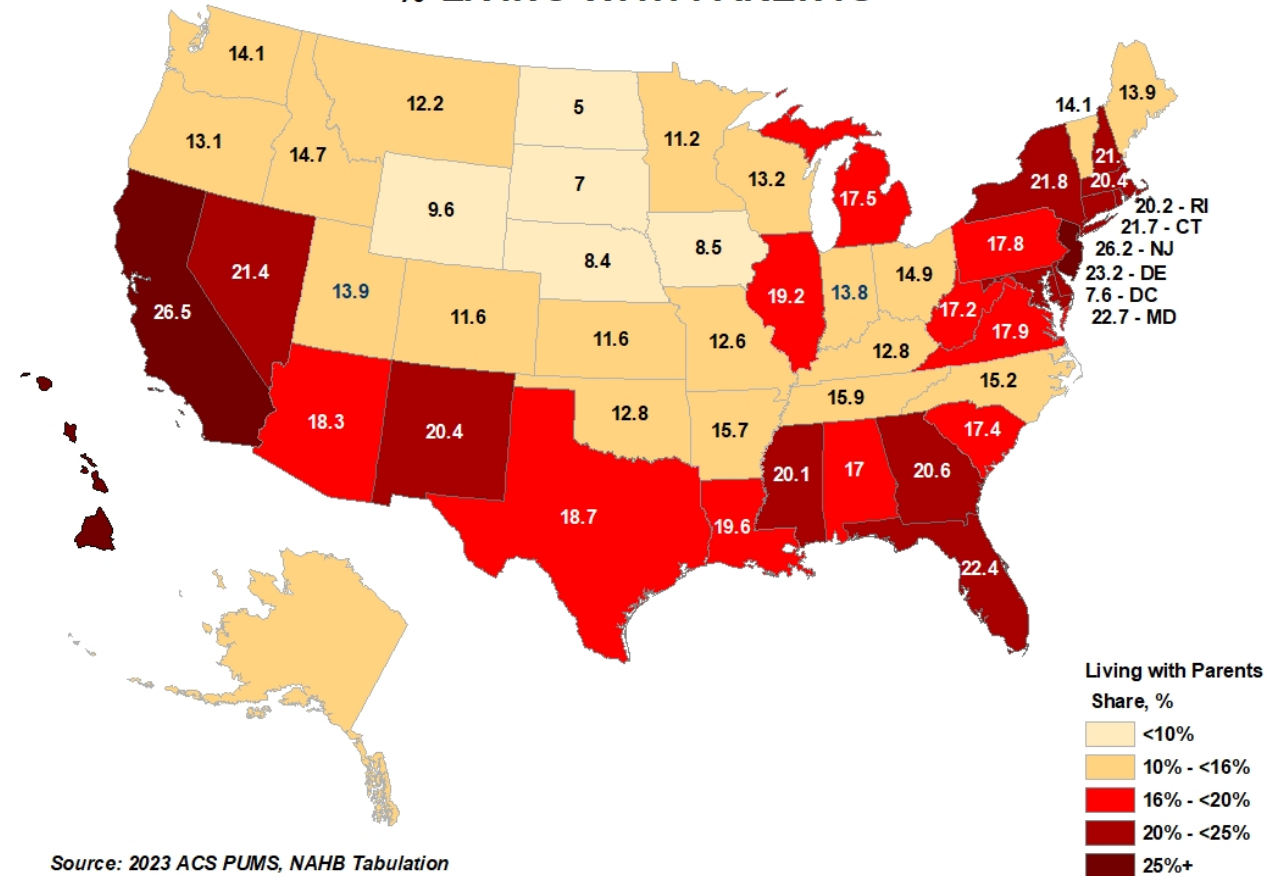
-0.65% 0.00% 1.26%



On this map, population changes are rounded to the hundredths place, but ranks are based on unrounded Census figures. D.C.'s rank does not affect states' ranks, but indicates where it would have ranked if included.
Source: U.S. Census Bureau.

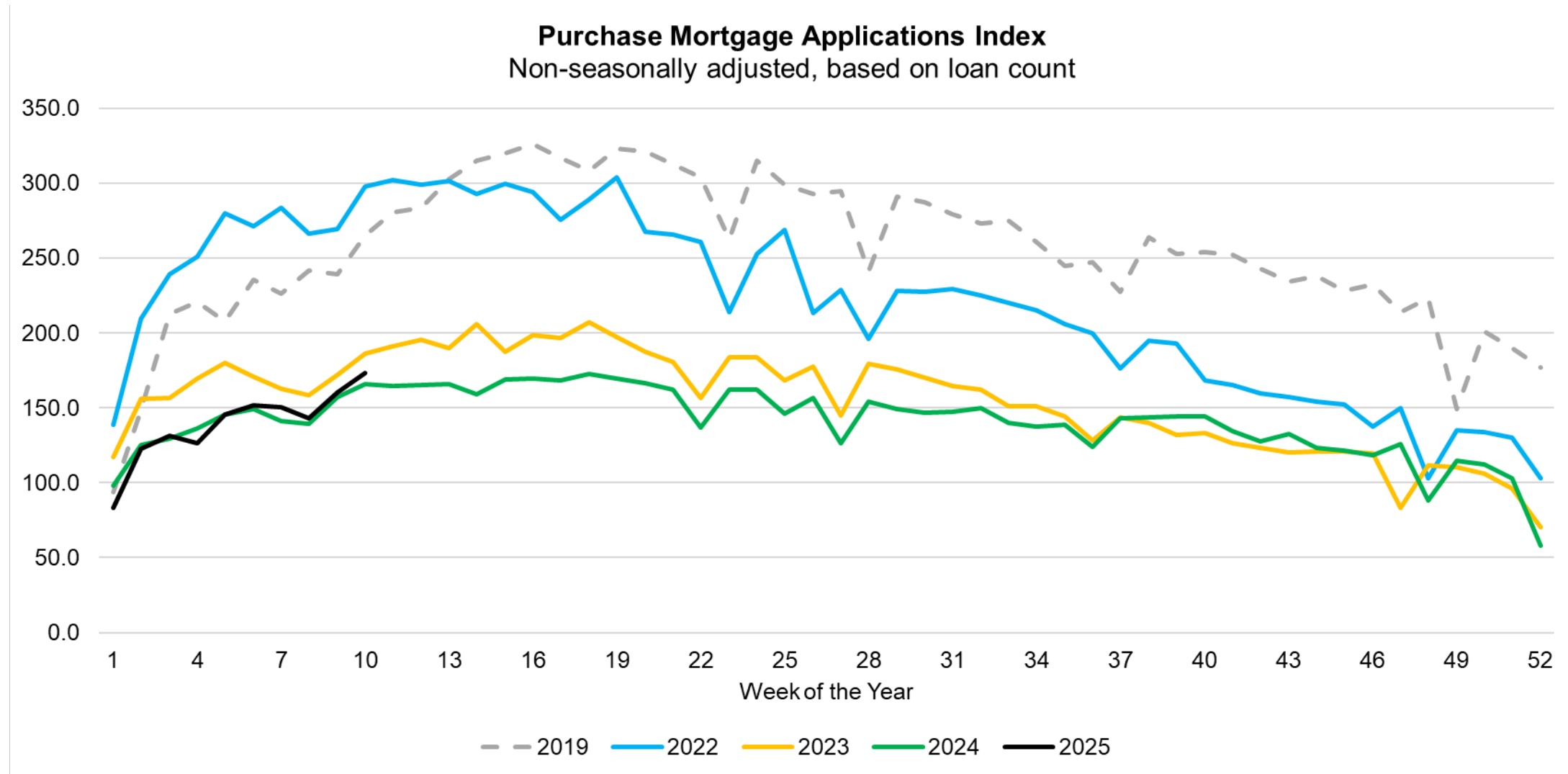


YOUNG ADULTS AGES 25-34: % LIVING WITH PARENTS

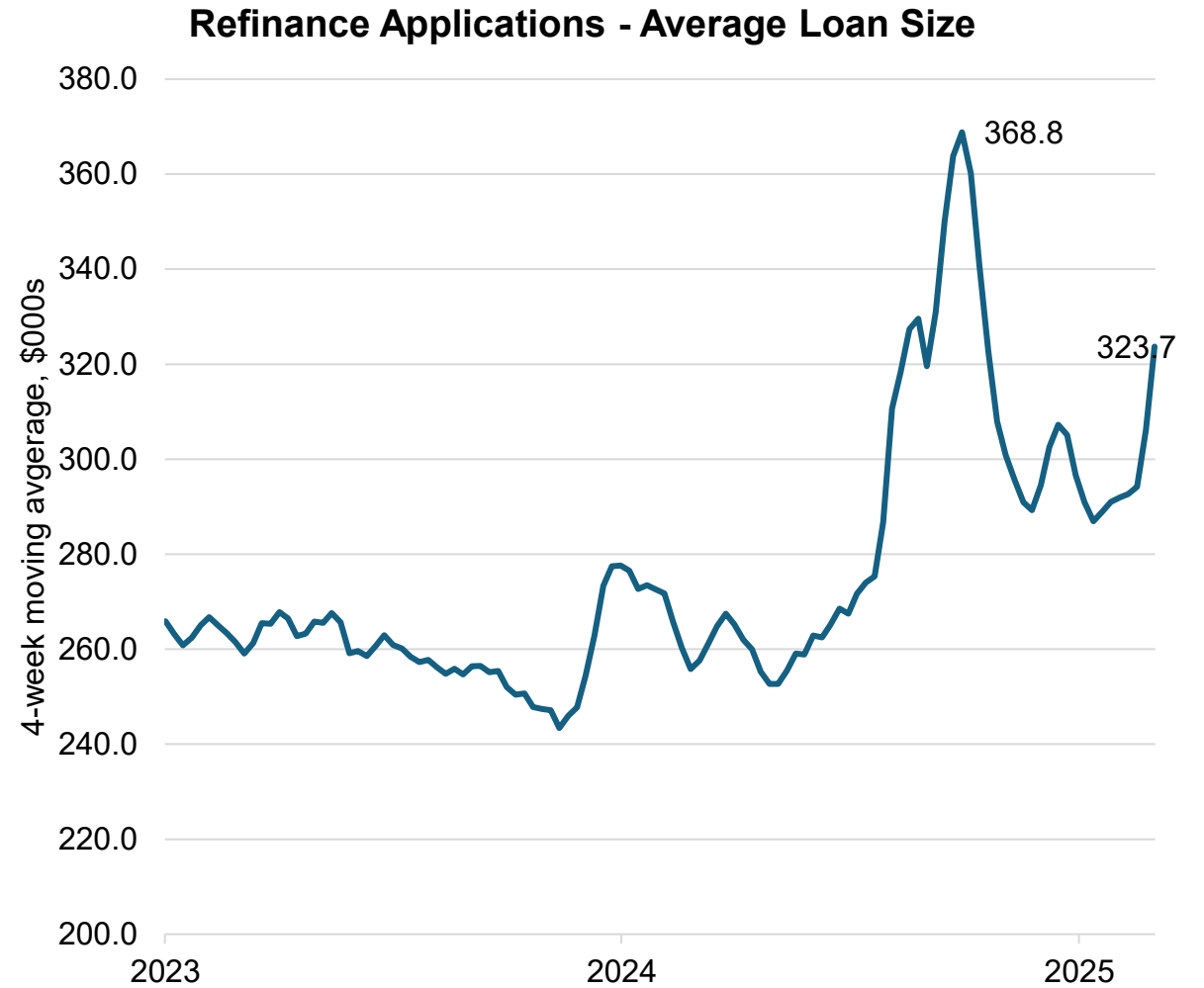
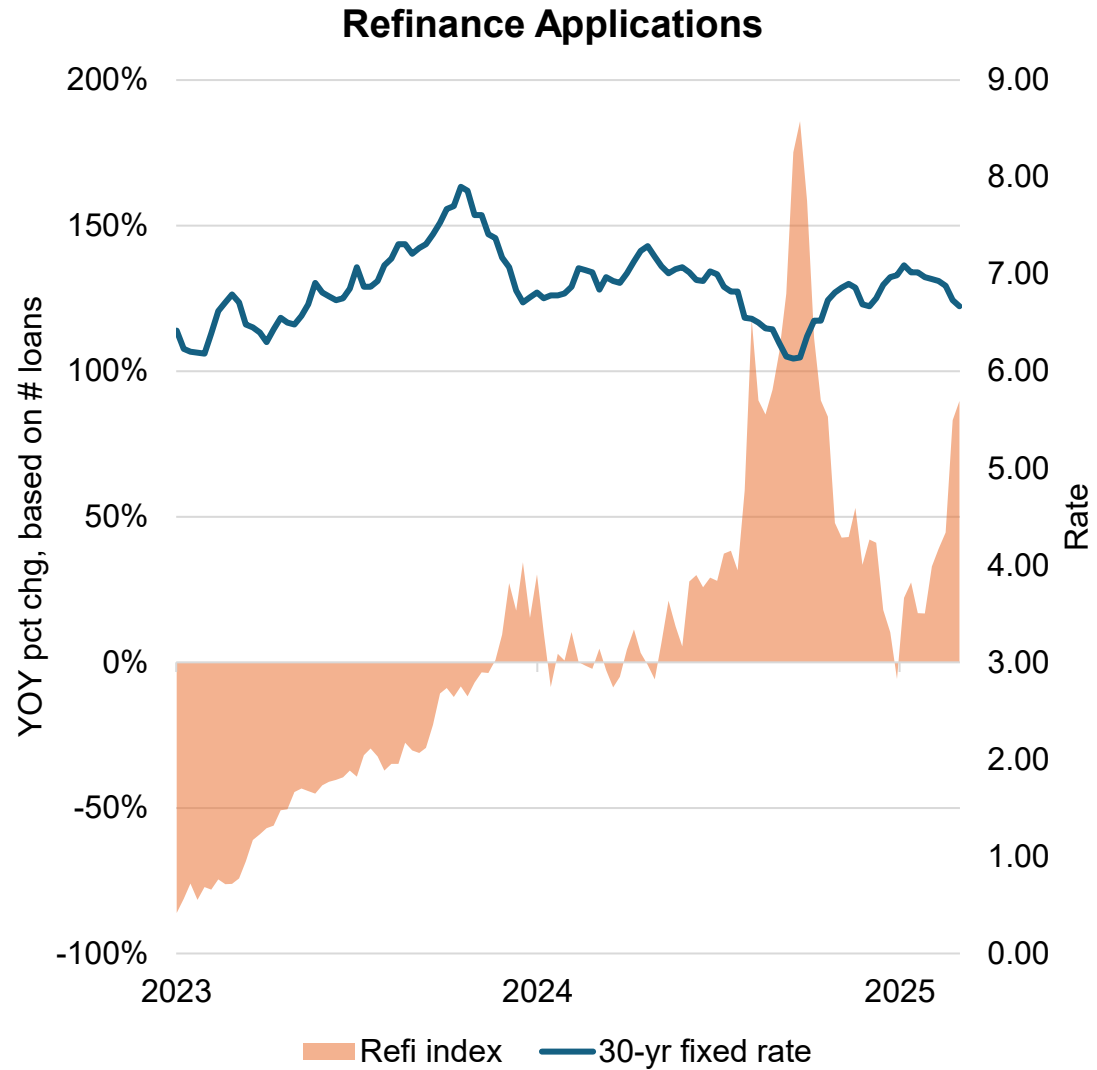


Source: 2023 ACS PUMS, NAHB Tabulation

Purchase Activity Ahead of 2024 Pace

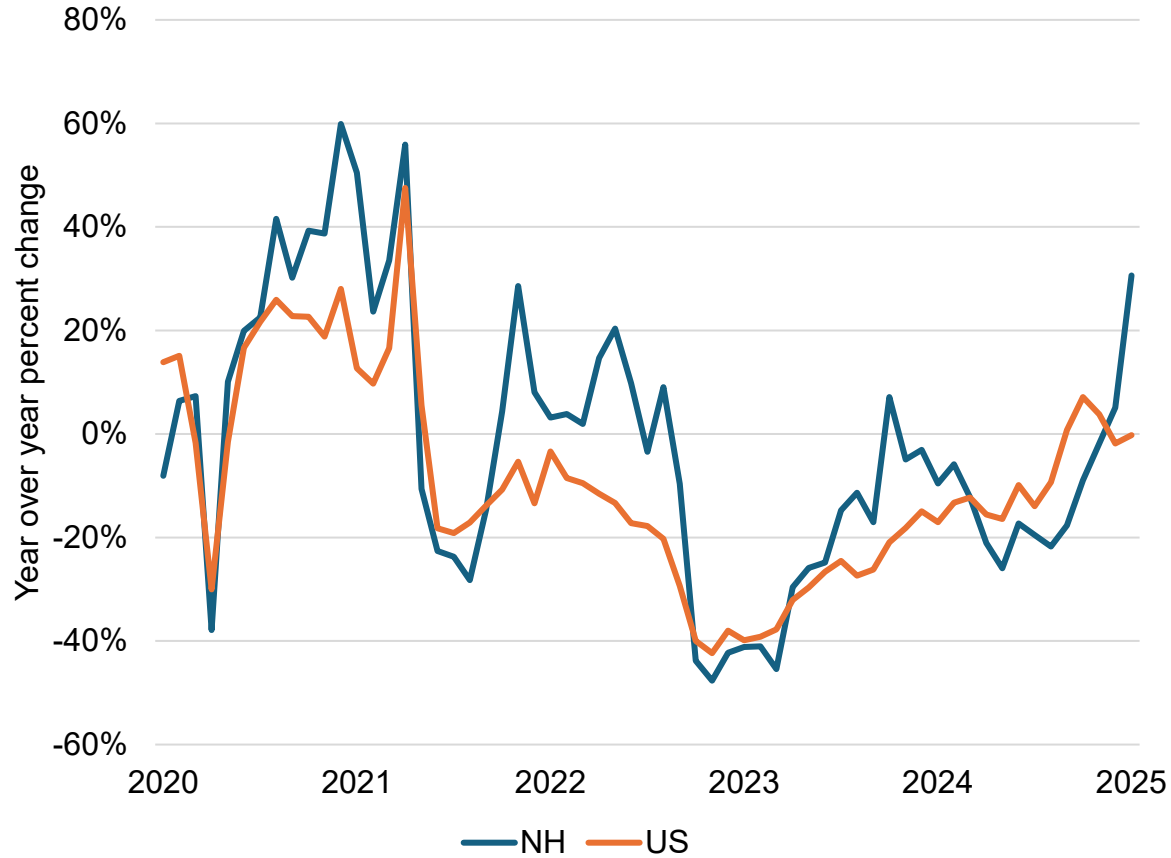


Refinance Opportunities With Rate Declines

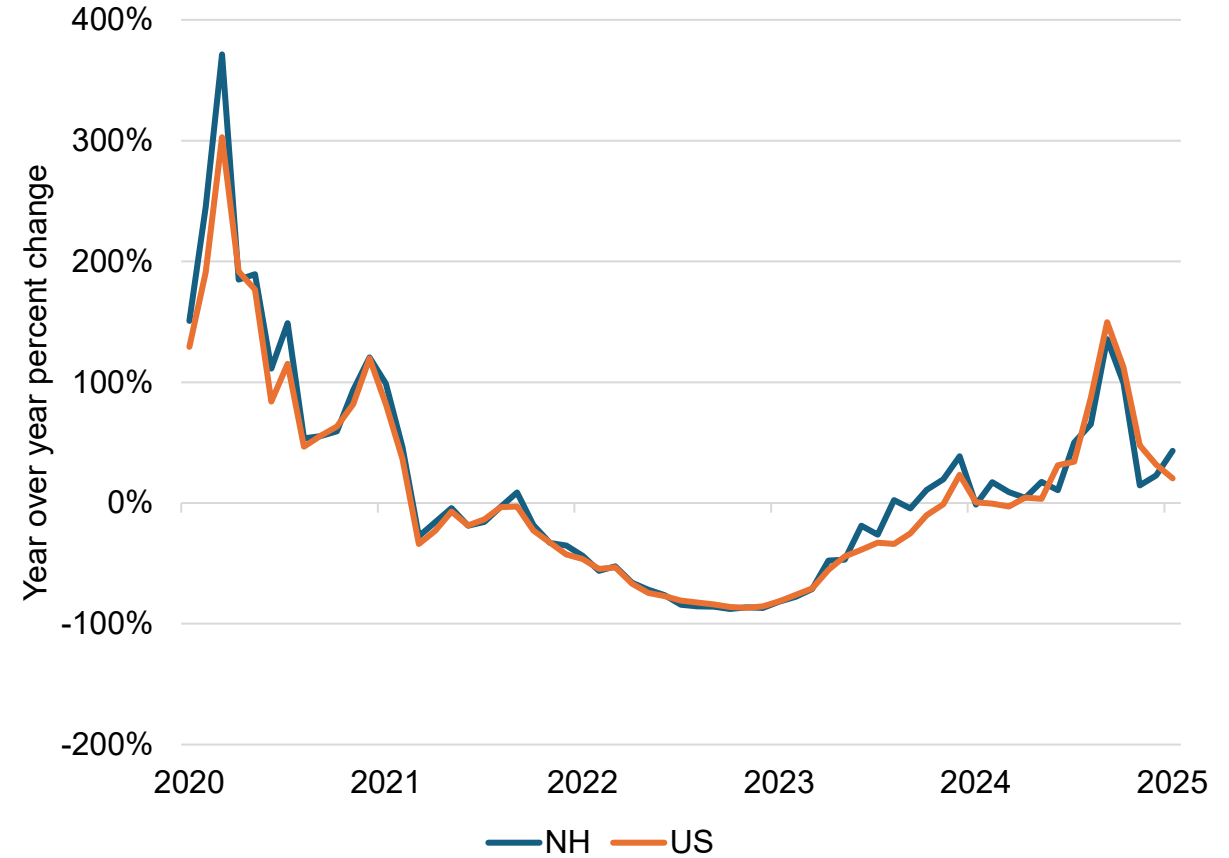


Purchase Activity Increasing; For Refinancings, Moments of Opportunity

Purchase Applications Based on number of loans

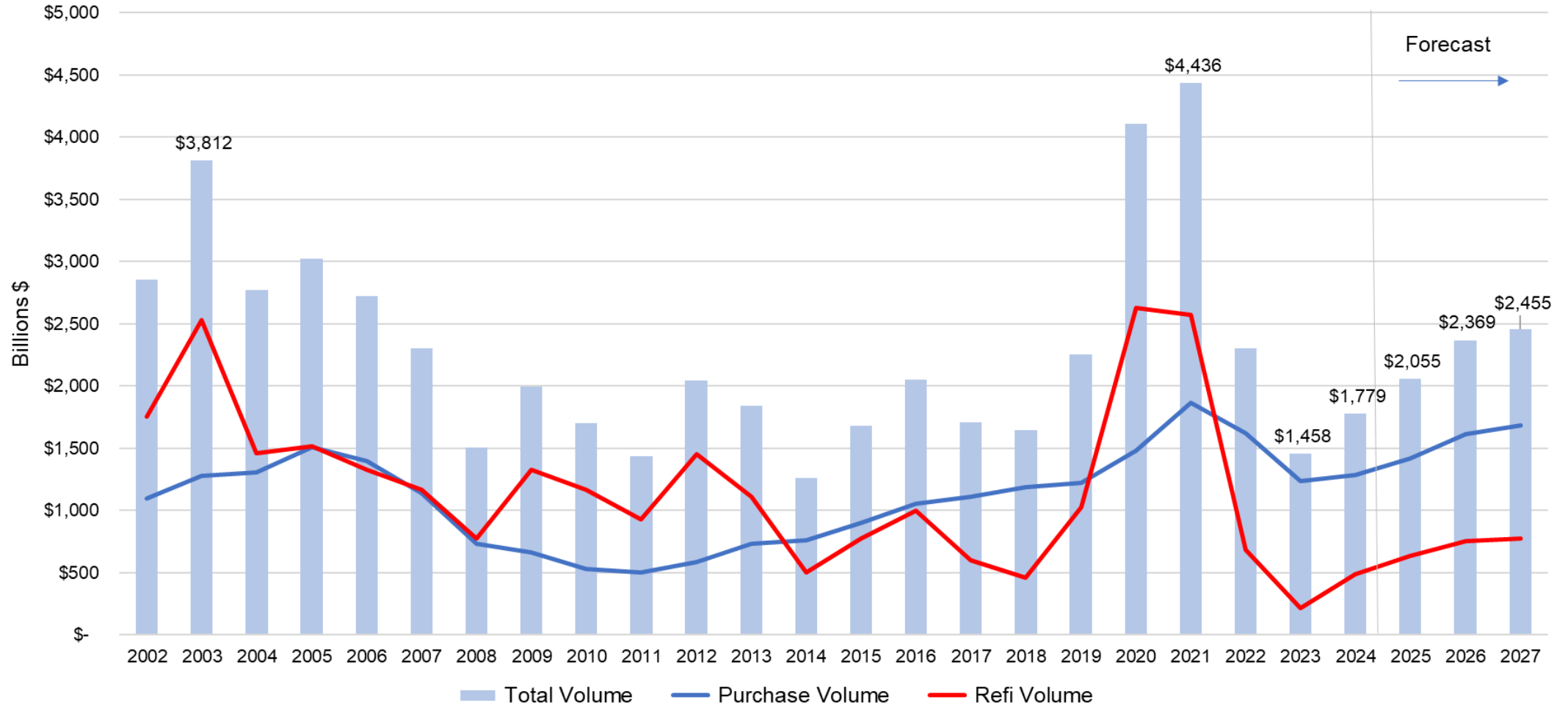


Refinance Applications Based on number of loans

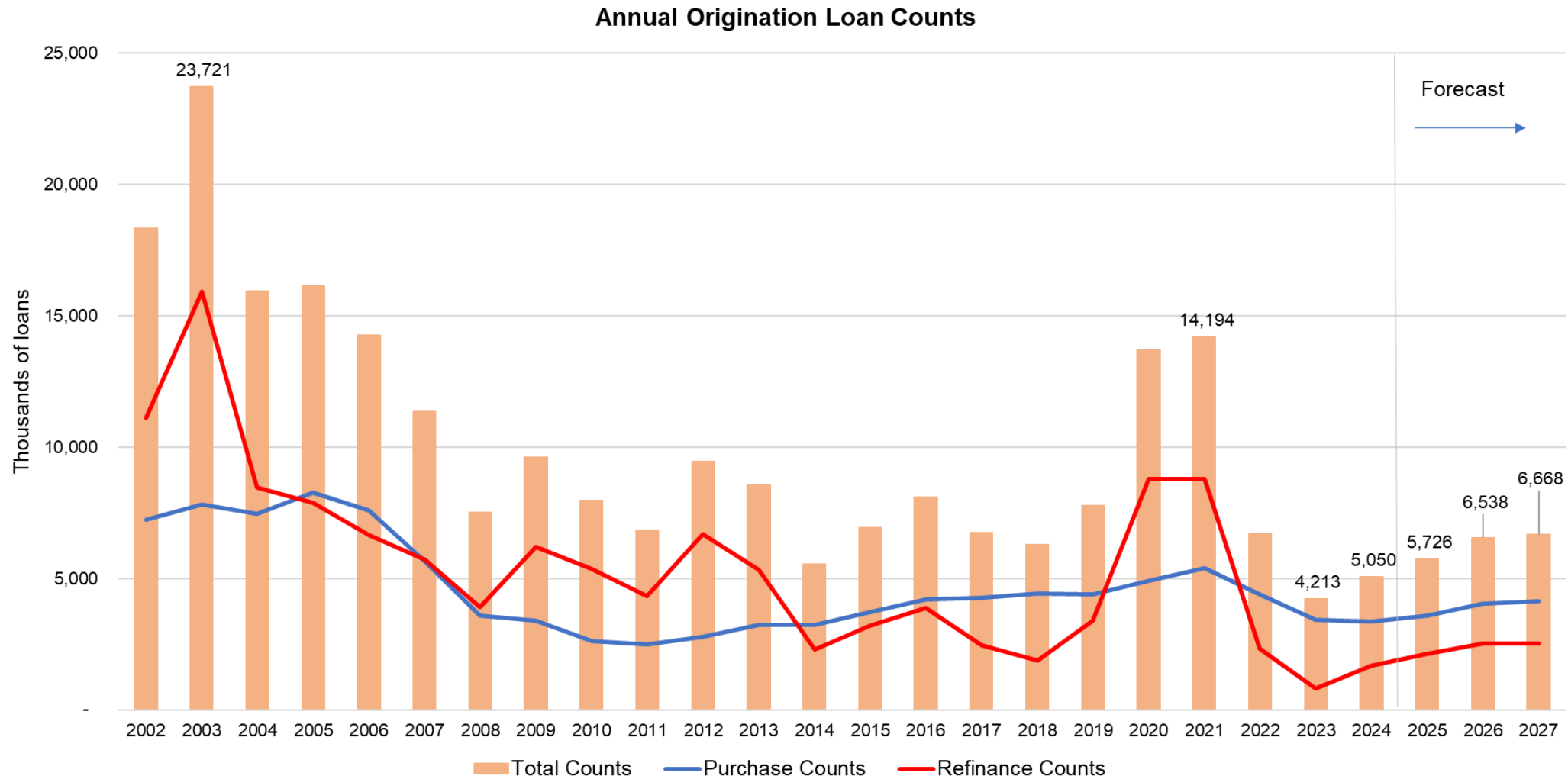


Mortgage Origination Dollar Volume to Increase 16% in 2025

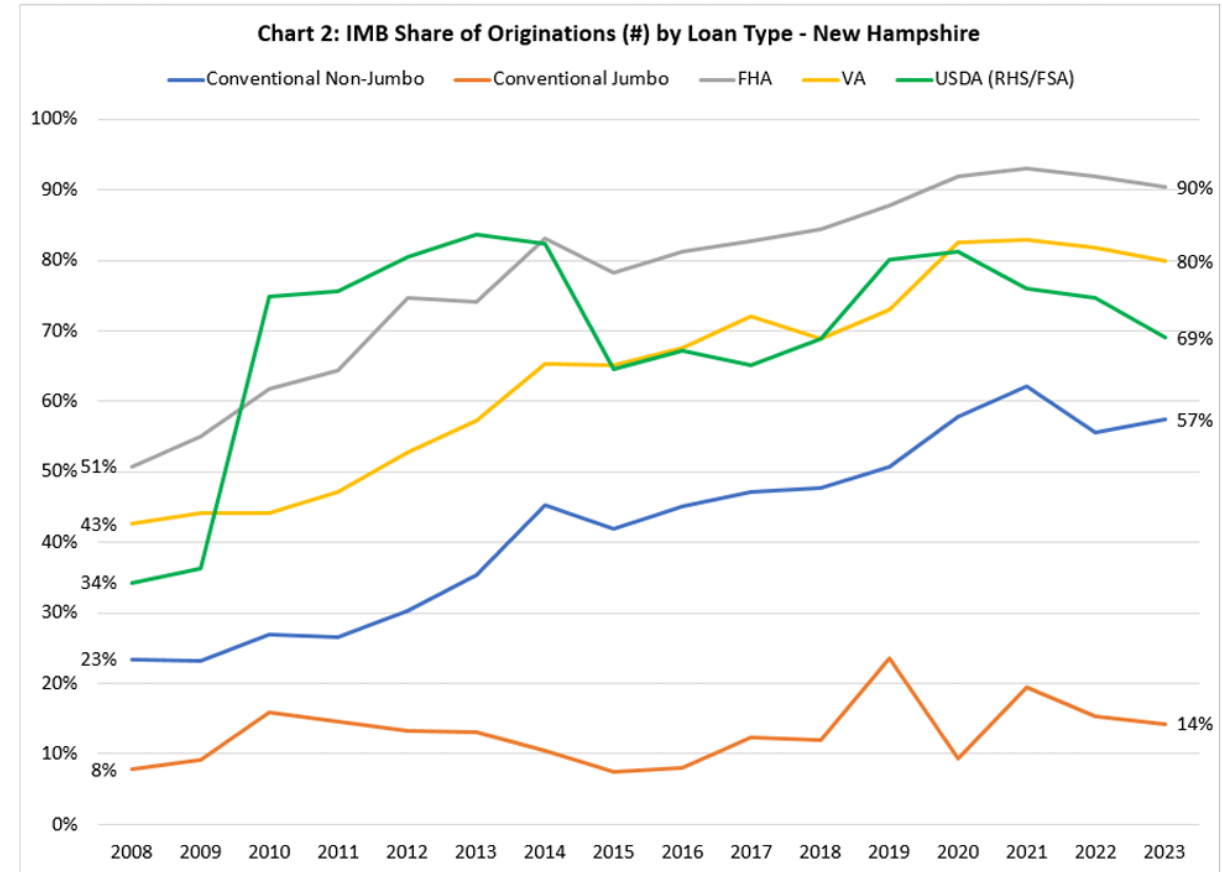
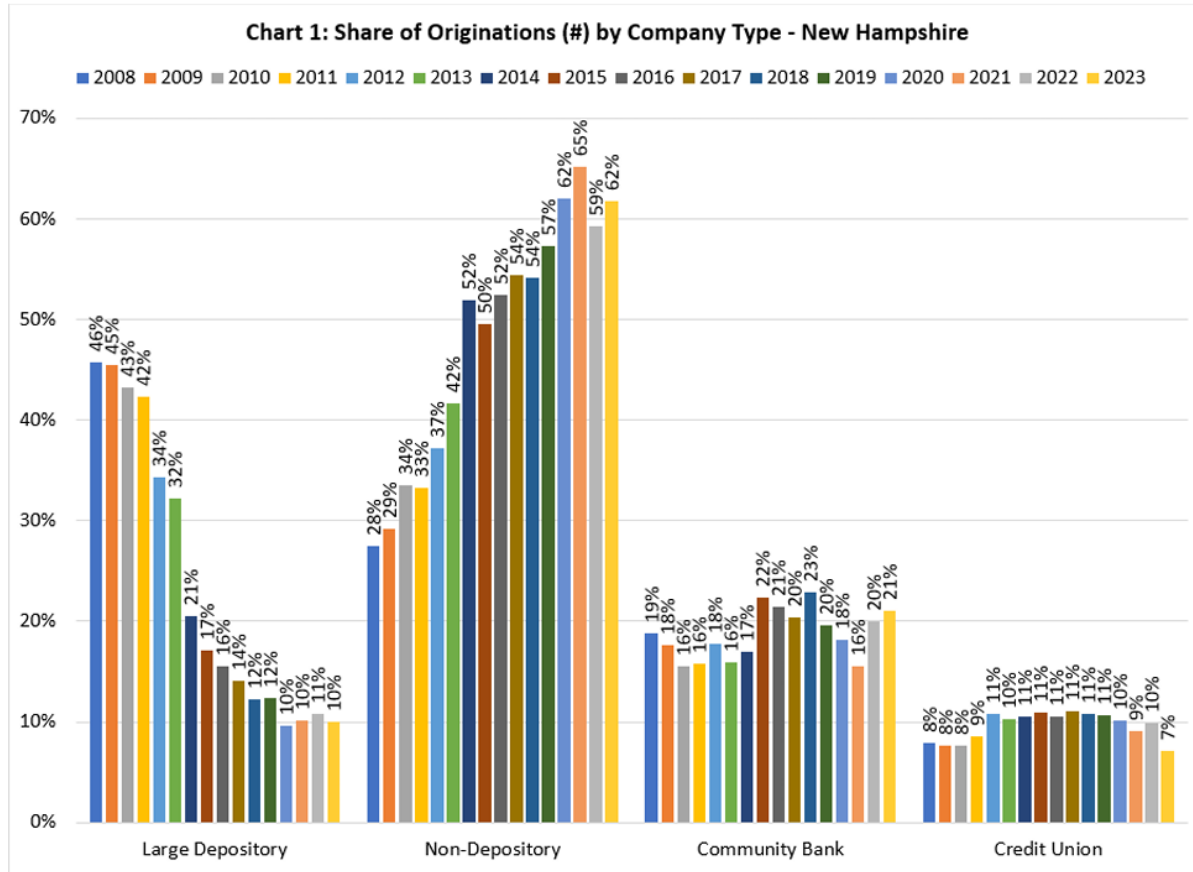
Annual Origination Dollar Volume



Mortgage Origination Units to Increase 13% in 2025



Profile of New Hampshire's Mortgage Market (2023)



Profile of New Hampshire's Mortgage Market (2023)

U.S. Mortgage Market Summary

Retail/Broker/Non-Delegated Correspondent: Residential (1 to 4 Unit) Mortgage Originations

		Originations Volume				
		#	% of #	\$000s	% of \$	Average Loan Size
Home Purchase	Conventional Non-Jumbo	2,261,716	68.53%	\$736,110,040	61.45%	\$325,465
	Conventional Jumbo	118,712	3.60%	\$163,495,077	13.65%	\$1,377,241
	FHA	580,439	17.59%	\$177,273,965	14.80%	\$305,414
	VA	306,351	9.28%	\$115,003,545	9.60%	\$375,398
	USDA (RHS/FSA)	32,876	1.00%	\$5,993,480	0.50%	\$182,306
	Total		3,300,094	82.83%	\$1,197,876,107	86.50%
Refinancing	Conventional Non-Jumbo	457,912	66.93%	\$106,258,910	56.83%	\$232,051
	Conventional Jumbo	14,682	2.15%	\$24,495,715	13.10%	\$1,668,418
	FHA	140,705	20.57%	\$33,610,215	17.97%	\$238,870
	VA	70,848	10.35%	\$22,611,880	12.09%	\$319,160
	USDA (RHS/FSA)	46	0.01%	\$6,750	0.00%	\$146,739
	Total		684,193	17.17%	\$186,983,470	13.50%
Total	Conventional Non-Jumbo	2,719,628	68.26%	\$842,368,950	60.83%	\$309,737
	Conventional Jumbo	133,394	3.35%	\$187,990,791	13.57%	\$1,409,290
	FHA	721,144	18.10%	\$210,884,180	15.23%	\$292,430
	VA	377,199	9.47%	\$137,615,425	9.94%	\$364,835
	USDA (RHS/FSA)	32,922	0.83%	\$6,000,230	0.43%	\$182,256
	Total		3,984,287	100.00%	\$1,384,859,576	100.00%

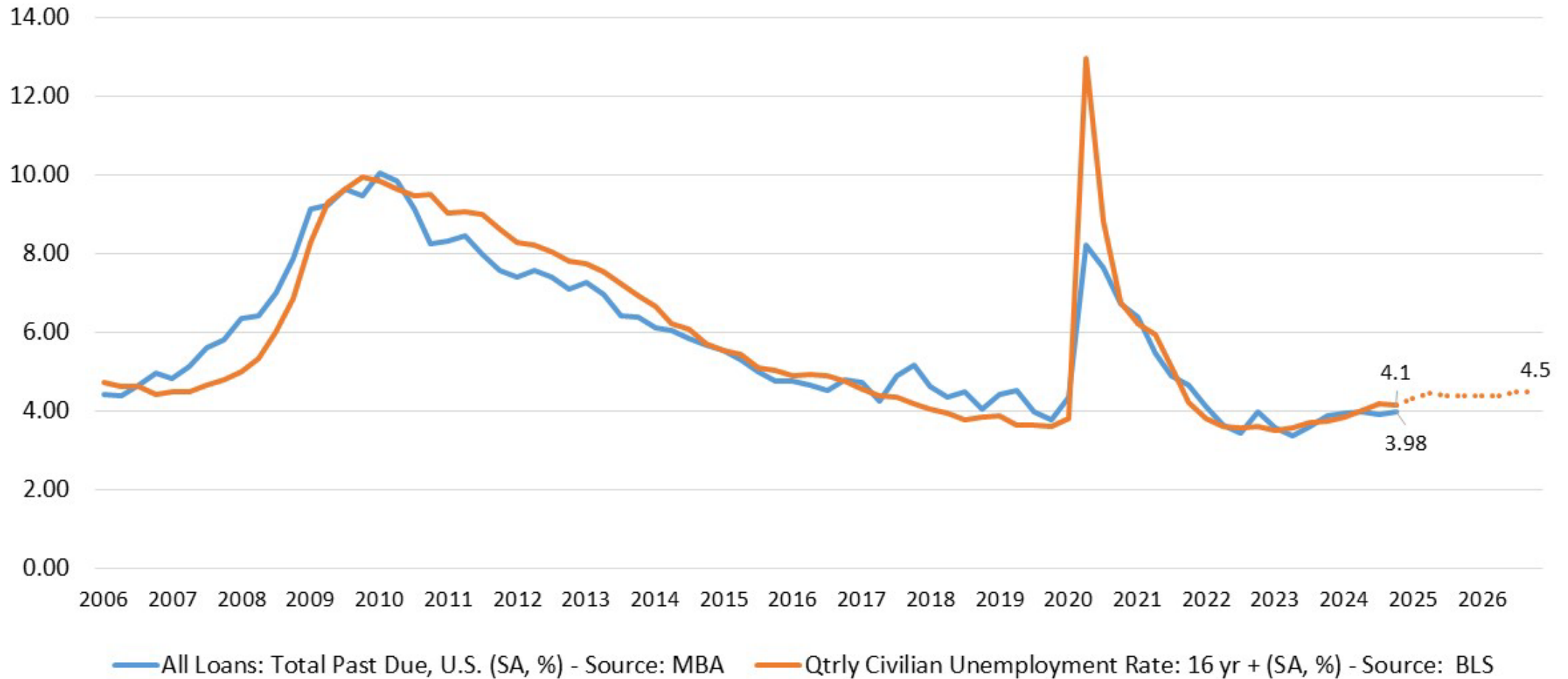
Mortgage Market Summary for NEW HAMPSHIRE

Retail/Broker/Non-Delegated Correspondent: Residential (1 to 4 Unit) Mortgage Originations

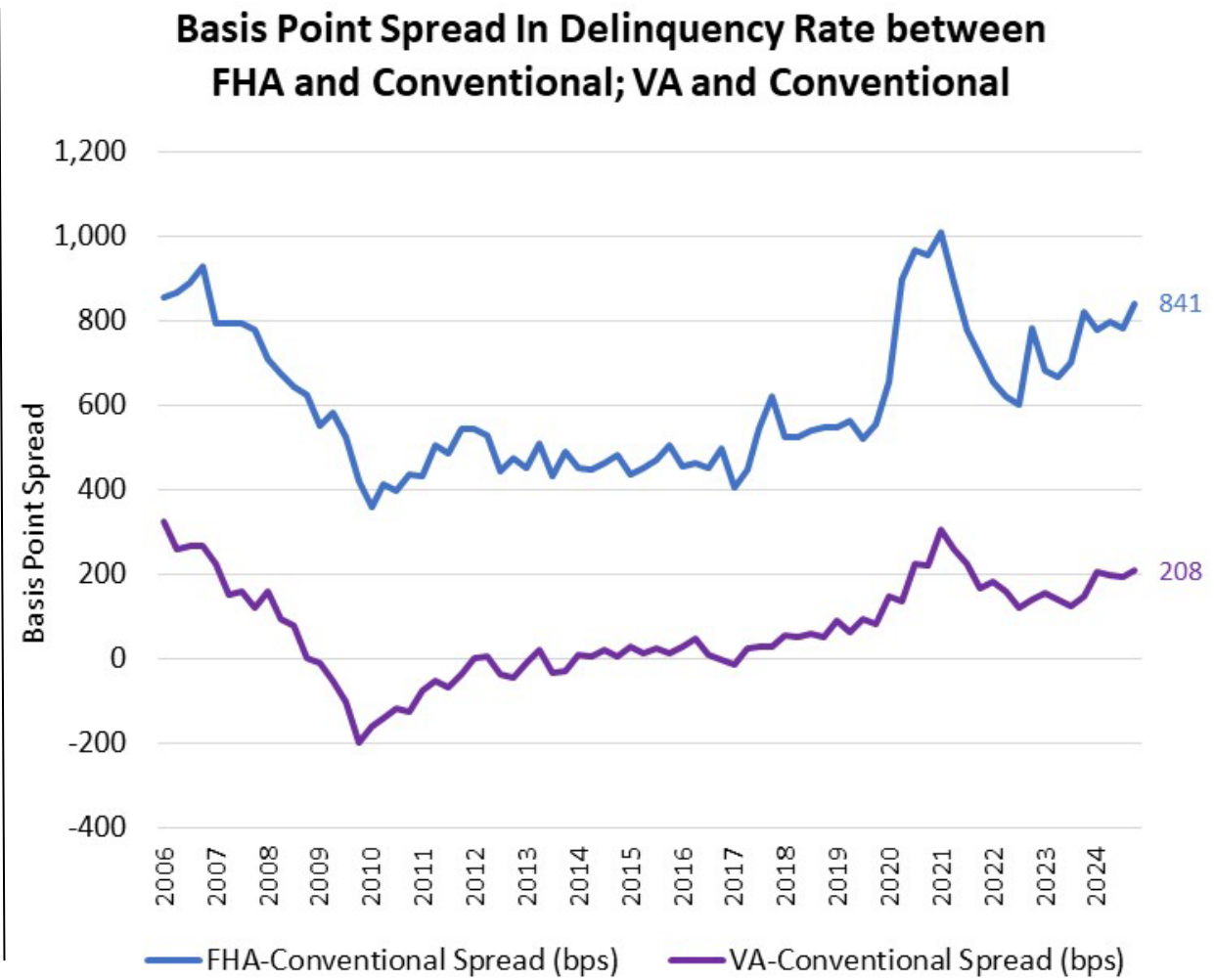
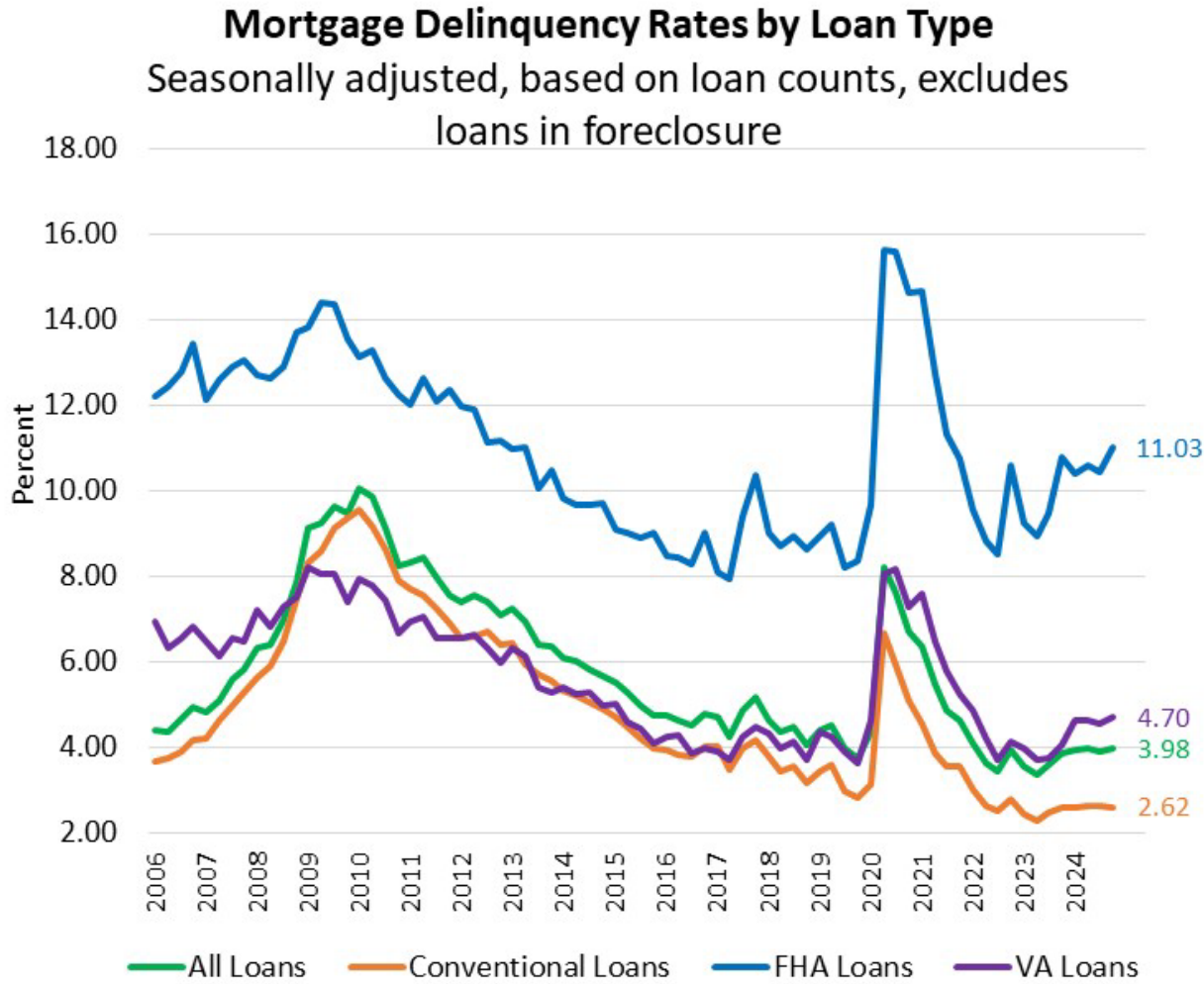
		Originations Volume				
		#	% of #	\$000s	% of \$	Average Loan Size
Home Purchase	Conventional Non-Jumbo	10,338	79.77%	\$3,665,980	72.82%	\$354,612
	Conventional Jumbo	426	3.29%	\$516,980	10.27%	\$1,213,568
	FHA	1,287	9.93%	\$463,865	9.21%	\$360,423
	VA	879	6.78%	\$380,125	7.55%	\$432,452
	USDA (RHS/FSA)	29	0.22%	\$7,655	0.15%	\$263,966
	Total		12,959	80.96%	\$5,034,605	85.31%
Refinancing	Conventional Non-Jumbo	2,088	68.50%	\$528,340	60.94%	\$253,036
	Conventional Jumbo	36	1.18%	\$44,550	5.14%	\$1,237,500
	FHA	602	19.75%	\$178,620	20.60%	\$296,711
	VA	322	10.56%	\$115,470	13.32%	\$358,602
	USDA (RHS/FSA)	0	0.00%	\$0	0.00%	
	Total		3,048	19.04%	\$866,980	14.69%
Total	Conventional Non-Jumbo	12,426	77.63%	\$4,194,320	71.07%	\$337,544
	Conventional Jumbo	462	2.89%	\$561,530	9.51%	\$1,215,433
	FHA	1,889	11.80%	\$642,485	10.89%	\$340,119
	VA	1,201	7.50%	\$495,595	8.40%	\$412,652
	USDA (RHS/FSA)	29	0.18%	\$7,655	0.13%	\$263,966
	Total		16,007	100.00%	\$5,901,585	100.00%

Mortgage Delinquency Rate Tracking with Unemployment Rate

Mortgage Delinquency Rate and Unemployment Rate
Seasonally adjusted, percent

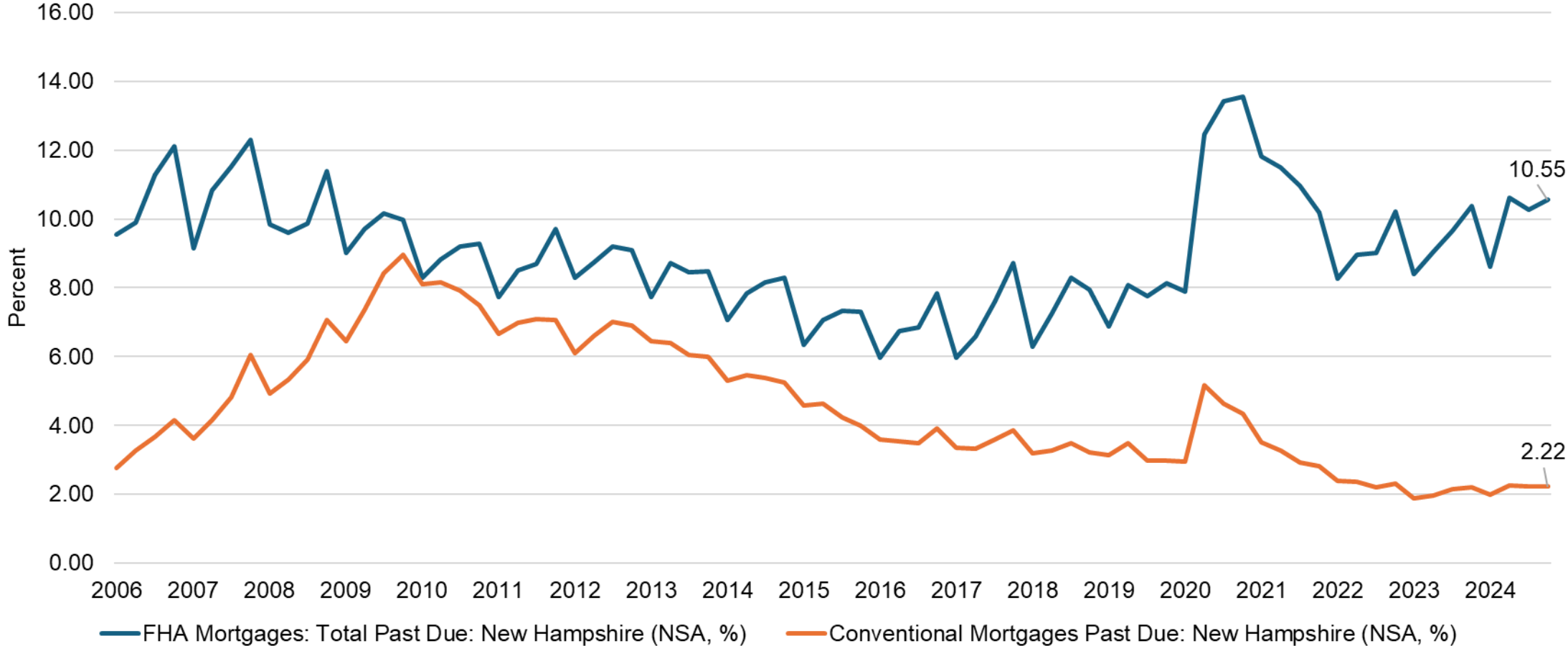


Spread between FHA-Conventional Delinquency Rate and VA-Conventional Delinquency Rate Grows



New Hampshire FHA vs Conventional Delinquency Spread Widening

FHA and Conventional Delinquency Rate
Excludes loans in foreclosure



Source: NDS: MBA's National Delinquency Survey: www.mba.org/nds



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1

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HMDA 2023

DATABOOK OF RESIDENTIAL MORTGAGE ORIGINATIONS | 2023

FOR THE U.S. BY PURPOSE, TYPE, STATE, LENDER

MBA.ORG/RESEARCH

Alabama

DATA AS OF FIRST QUARTER 2024, UNLESS OTHERWISE NOTED.

Homeownership Rate	Alabama	United States
Q1 2023	74.9%	68.0%
Q1 2022	73.9%	67.7%
Q1 2021	73.9%	67.6%

MBA.ORG/STATEPROFILE

RIQQ4

MBA's RESEARCH INSIGHTS QUARTERLY Q4 2024

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MORTGAGE BANKERS ASSOCIATION

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