



## Freddie Mac Sees Rates and Prices Leveling Off Through 2022

Freddie Mac's Economic and Housing Research Group finds a lot to like in the present economic environment. . The company's quarterly forecast credits the increasing availability of COVID-19 vaccines and the easing of virus related restrictions, the passage of the American Rescue plan and its cash stimulus for households, as setting the stage for economic growth and sending consumer confidence to a post pandemic high in March. The labor market, while still needing to add 8.4 million jobs, put 916,000 on the books last month, the **greatest gain since August**.

All in all, the report says conditions should remain generally favorable for the housing and mortgage market through 2022, **although rising rates could provide headwinds that slow housing activity**. The group predicts the 30-year fixed mortgage rate will average 3.4 percent in the fourth quarter of 2021, rising to 3.8 percent in the fourth quarter of 2022.

In addition, it offers the following forecasts:

- **House price growth is expected to average 6.6 percent** in this year then slow to 4.4 percent in 2022.
- Home sales, new and existing, should reach 7.1 million in 2021, then fall to 6.7 million homes in 2022.
- **Purchase originations are expected to increase** from 1.39 trillion in 2020 to \$1.7 trillion and refinance originations to decline from \$2.65 trillion to \$1.8 trillion this year. They will then drop to \$1.6 trillion and \$770 billion, respectively in 2022. Total originations will reach \$3.5 trillion this year compared to \$4.04 last year, and \$2.4 trillion 2022.



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