

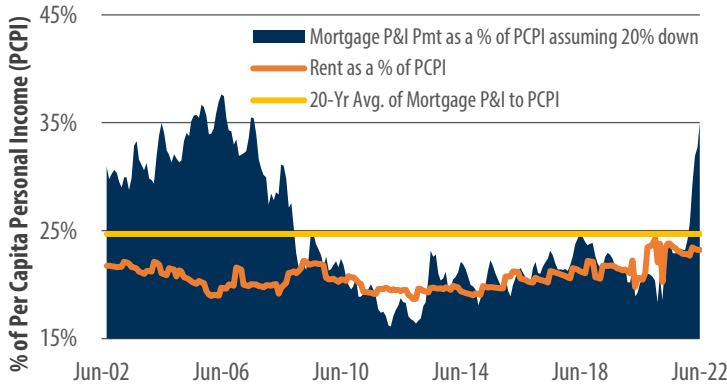


# HOUSING TRACKER

July 2022

## The Mortgage Rate Shoe is Finally Dropping: Affordability Stomped

6/30/2002 to 6/30/2022

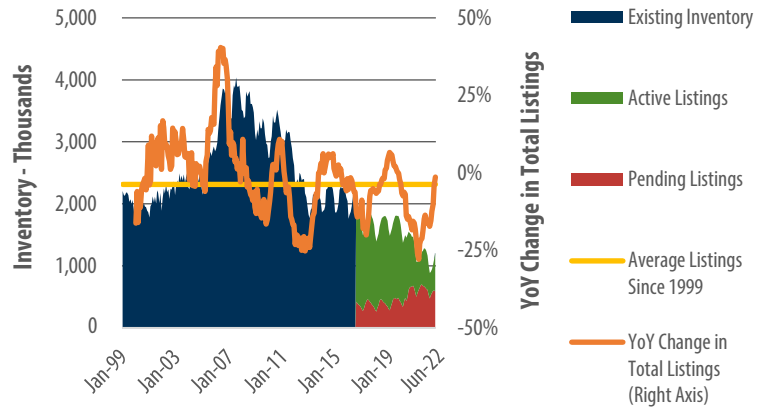


Source: Census, FHFA, Freddie Mac, Bureau of Economic Analysis.

Note: Census rental rate data collected for 2Q and 3Q 2020 was affected by COVID.

## Inventory Finally Increasing, Yet Remains Historically Tight

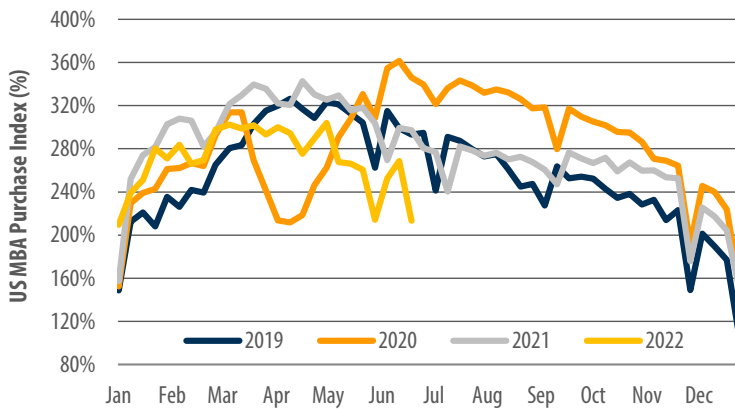
1/1/1999 through 6/1/2022



Source: National Association of Realtors (NAR), Realtor.com. Total listings include active and pending.

## Higher Rates Have Begun to Slow Sales Volumes

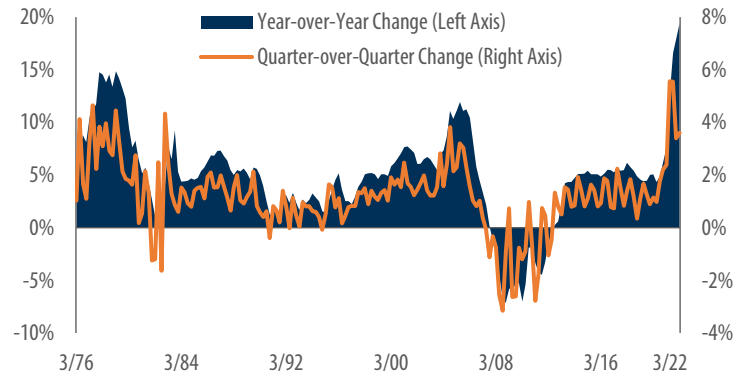
US MBA Purchase Index, Non Seasonally Adjusted (NSA). 1/1/2019 to 6/24/2022



Source: Mortgage Bankers Association (MBA), Bloomberg.

## HPA Remains at Roughly 20% YoY Future Data Releases Tied to Higher Rate Environment

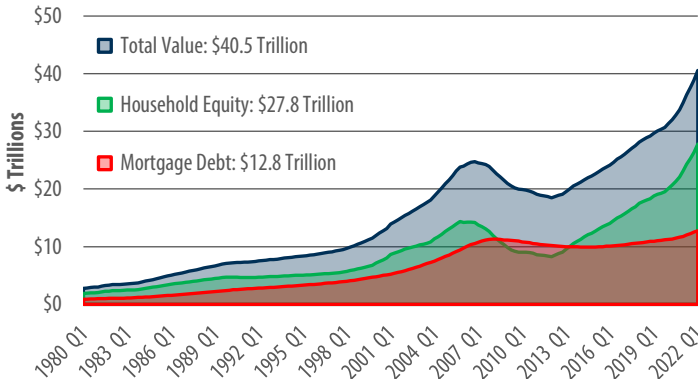
FHFA US House Price Index, NSA. Q1 1976 to Q1 2022



Source: Federal Housing Finance Agency (FHFA).

## Resilient Risk Mitigants - Recent Home Price Increase Hasn't Come with Corresponding Debt Growth, Building Homeowner Equity...

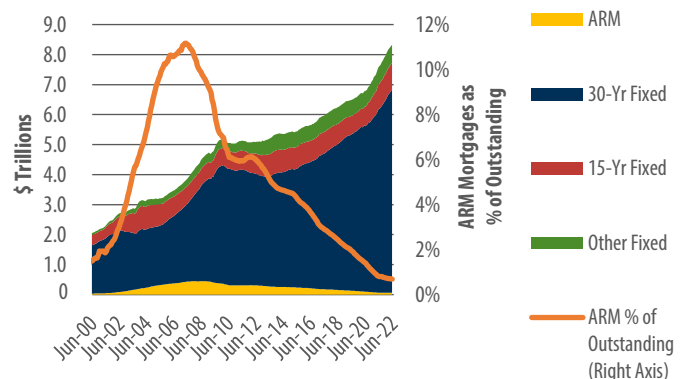
Q1 1980 to Q1 2022. Mortgage Debt Inclusive of 1-4 family units.



Source: Federal Reserve, Bloomberg.

## ...While Higher Usage of Fixed Rate Mortgages Have Locked in Borrower's Low Mortgage Payments

Agency Mortgage Outstanding Balance by Product 1/1/2000 - 5/1/2022



Source: CPR-CDR Technologies, JPMorgan Research. Agency Mortgage (Fannie/Freddie/Ginnie)



# HOUSING TRACKER

July 2022

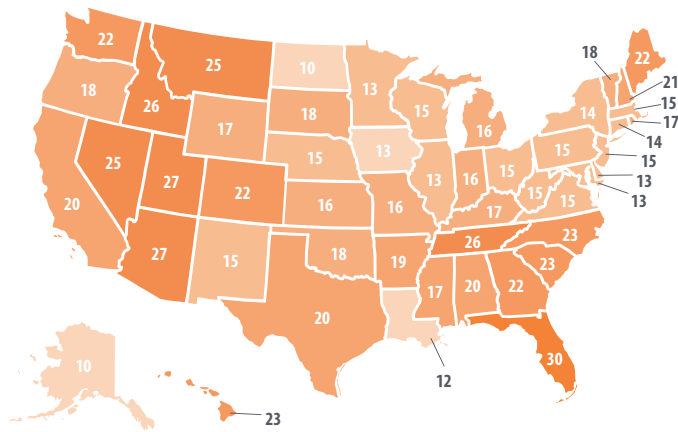
**YoY Inventory Data Finally Turned Positive. Price Cuts Becoming More Common, Yet Velocity and Timing of Price Reaction is Still Everyone's Question.**

Region	Home Price - YoY % Change (NSA)		Active Listings - YoY % Change			
	Mar '21 - Mar '22	Apr '21 - Apr '22	Mar '21 - Mar '22	Apr '21 - Apr '22	May '21 - May '22	Jun '21 - Jun '22
<b>United States</b>	<b>19.1</b>	<b>18.8</b>	<b>(18.9)</b>	<b>(12.1)</b>	<b>8.0</b>	<b>18.7</b>
East North Central	15.5	15.1	(16.4)	(12.5)	(0.2)	0.9
East South Central	21.5	19.2	(15.3)	(4.1)	21.4	37.4
Middle Atlantic	15.3	14.1	(10.8)	(8.6)	(0.9)	(1.0)
Mountain	24.8	23.4	(8.1)	3.3	36.9	59.9
New England	17.4	17.2	(43.9)	(39.0)	(28.8)	(8.1)
Pacific	19.7	18.9	(10.8)	(3.4)	27.3	42.1
South Atlantic	23.1	23.5	(28.3)	(18.7)	4.8	19.1
West North Central	14.9	16.2	(17.8)	(13.6)	(1.2)	3.6
West South Central	18.4	19.2	(16.1)	(4.8)	17.8	31.9

Source: FHFA, National Association of Realtors.

## HPA Remains Historic Especially in Sunbelt and Mountain Regions

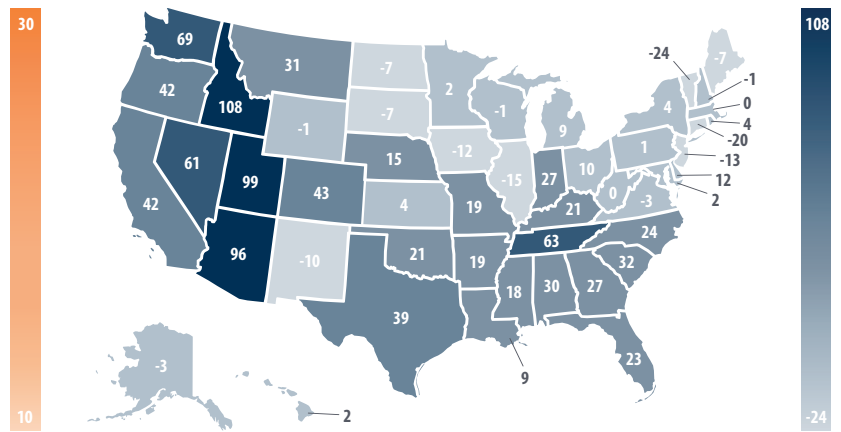
Year-over-Year (%) Home Price Change from Q1 2021 to Q1 2022



Source: FHFA, latest available data.

## States With Fastest HPA Appear to be Leading Inventory Turn

Year-over-Year (%) Active Listings Change from Jun 2021 to Jun 2022



Source: National Association of Realtors.

## DEFINITIONS

**Adjustable-Rate Mortgage (ARM)** is a home loan with a variable interest rate that is tied to a specific benchmark.

**FHFA US House Price Index® (HPI)** is the nation's only collection of public, freely available house price indexes that measure changes in single-family home values based on data from all 50 states and over 400 American cities that extend back to the mid-1970s.

**HPA** - Home Price Appreciation

**P & I** refers to principal and interest payment.

**PCPI** - percentage of per capita personal income is the average income earned per person in a given area (city, region, country) in a specified year.

**Quarter-over-Quarter (QoQ)** is a calculation that helps compare growth over the previous quarter and automatically negates the effect of seasonality.

**Year-over-Year (YoY)** is a calculation that helps compare growth over the previous 12 months and automatically negates the effect of seasonality.

**US MBA Purchase Index** is the Mortgage Bankers Association's weekly measurement of nationwide home loan applications.

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.