

Real Estate and Economic Outlook

Lawrence Yun, Ph.D.

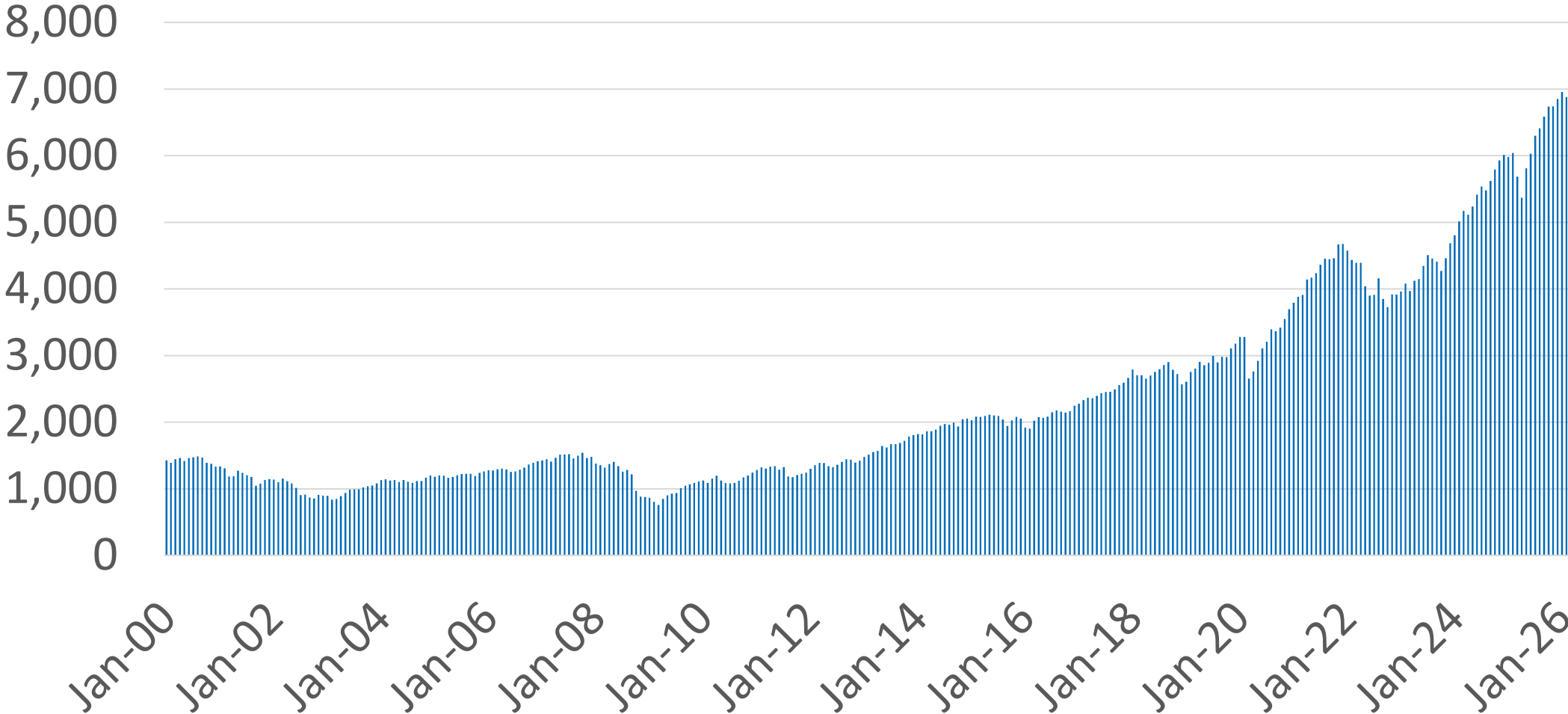
Chief Economist

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

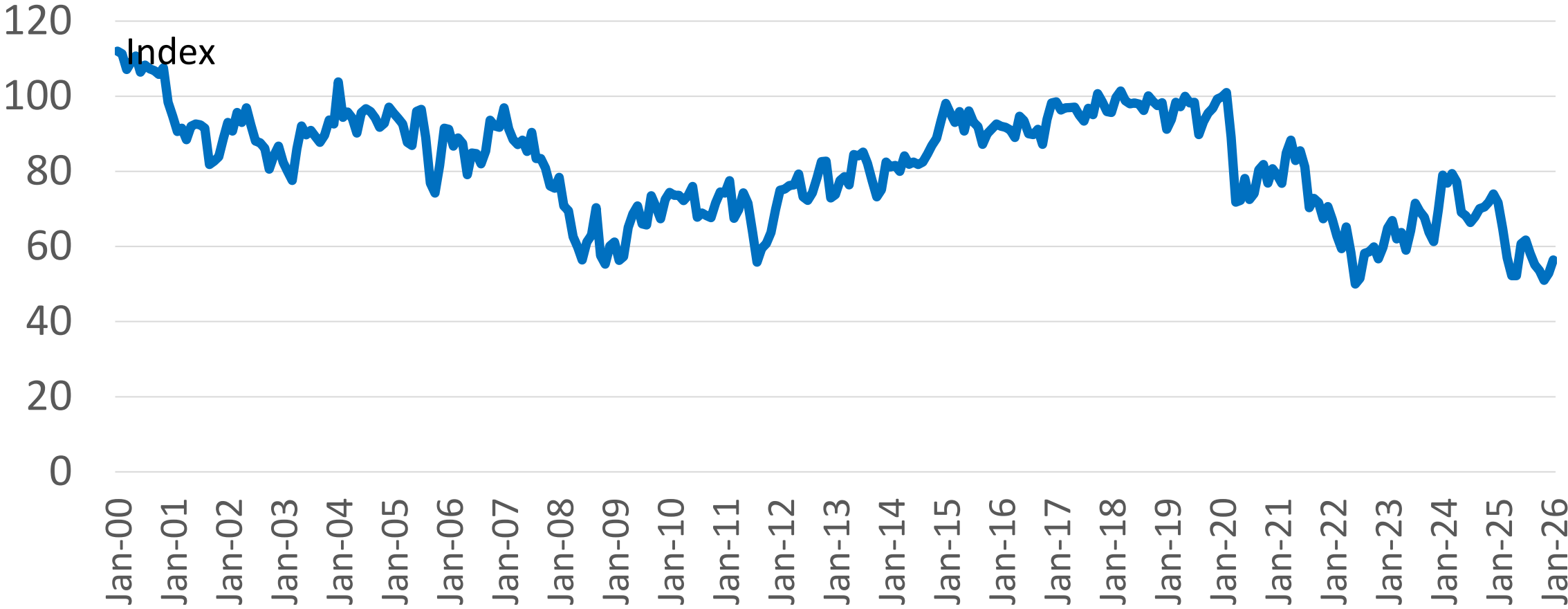
Stock Market ... S&P 500 Index



Source: Standard & Poor's



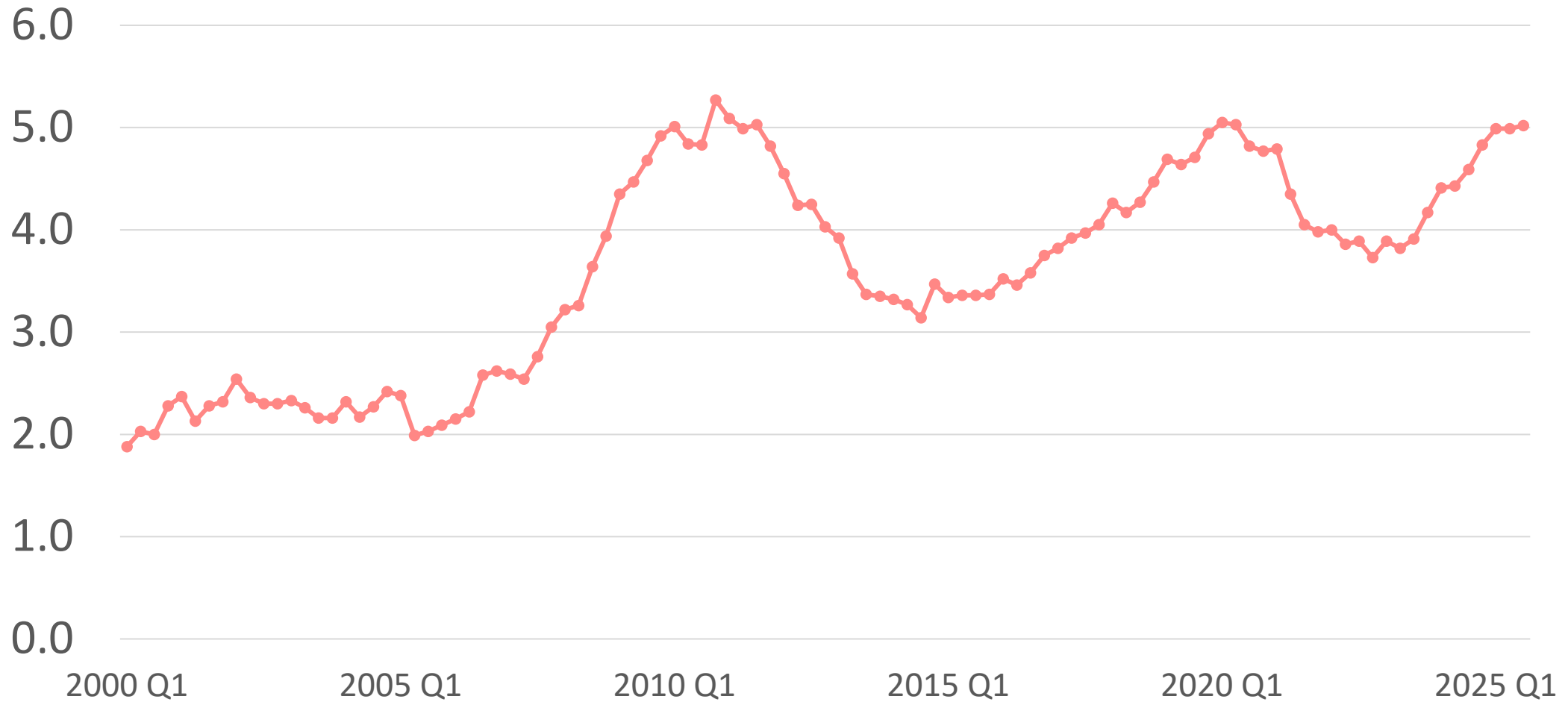
Consumer Sentiment (Overall Index)



Source: University of Michigan



Auto Loan 90+ Days Delinquency



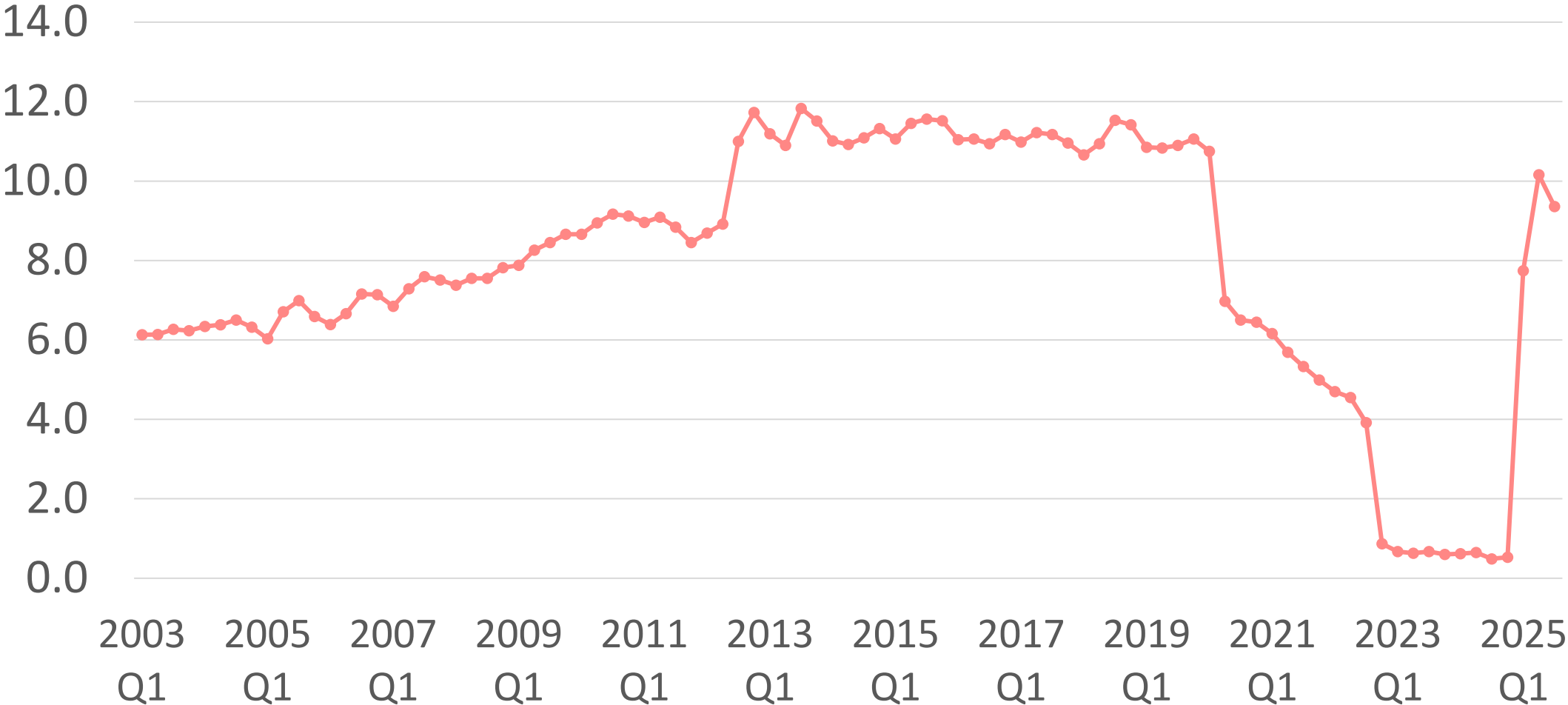
Source: Federal Reserve Bank of NY

Credit Card 90+ Days Delinquency



Source: Federal Reserve Bank of NY

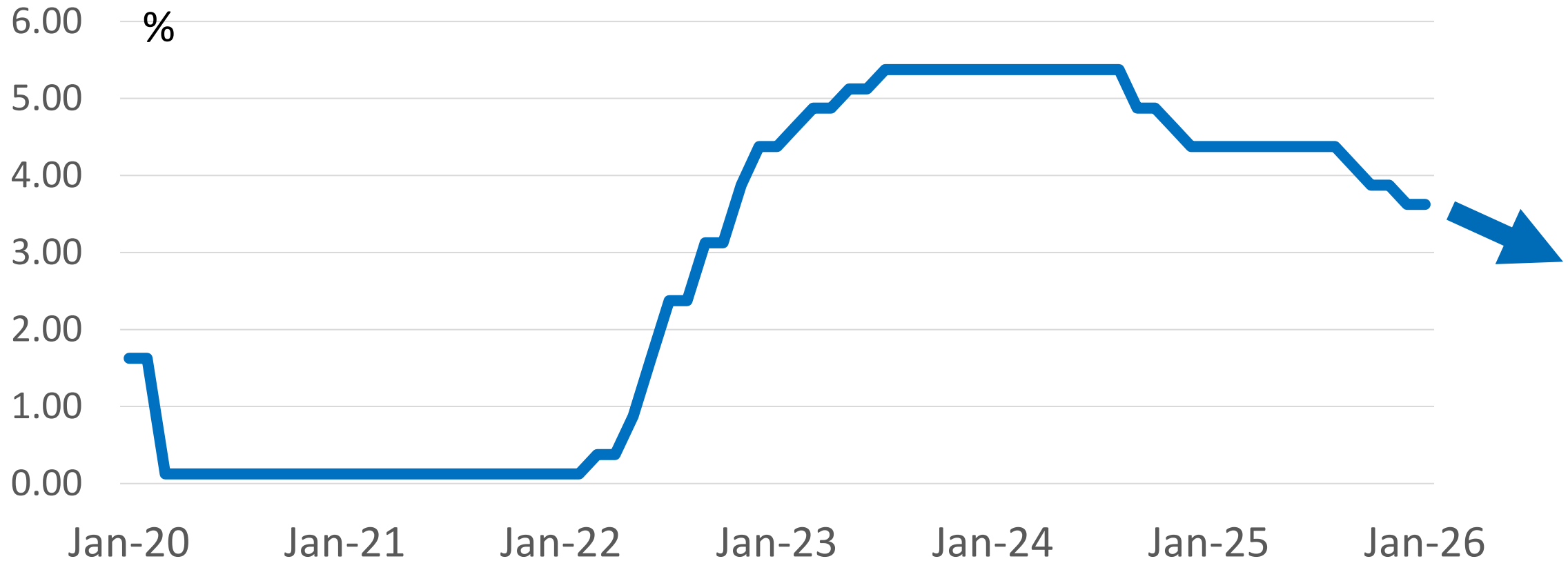
Student Debt 90+ Days Delinquency



Source: Federal Reserve Bank of NY



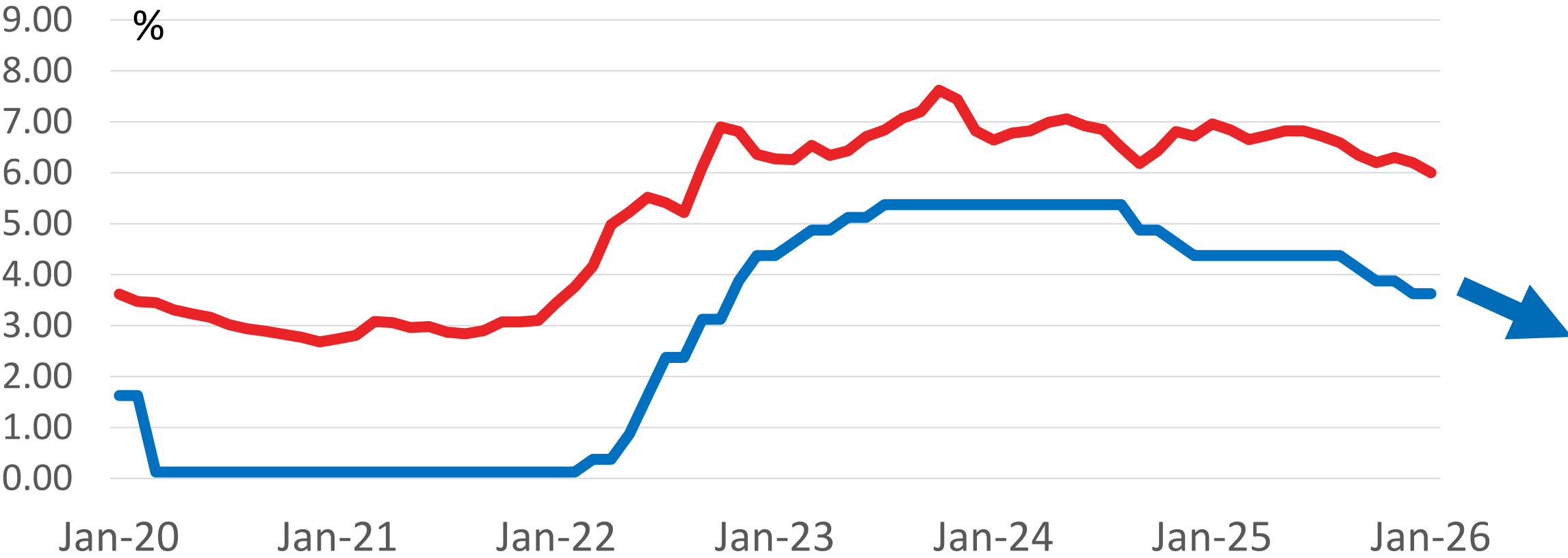
To Avert Economic Stress Fed Funds Rate getting Cut (blue)



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

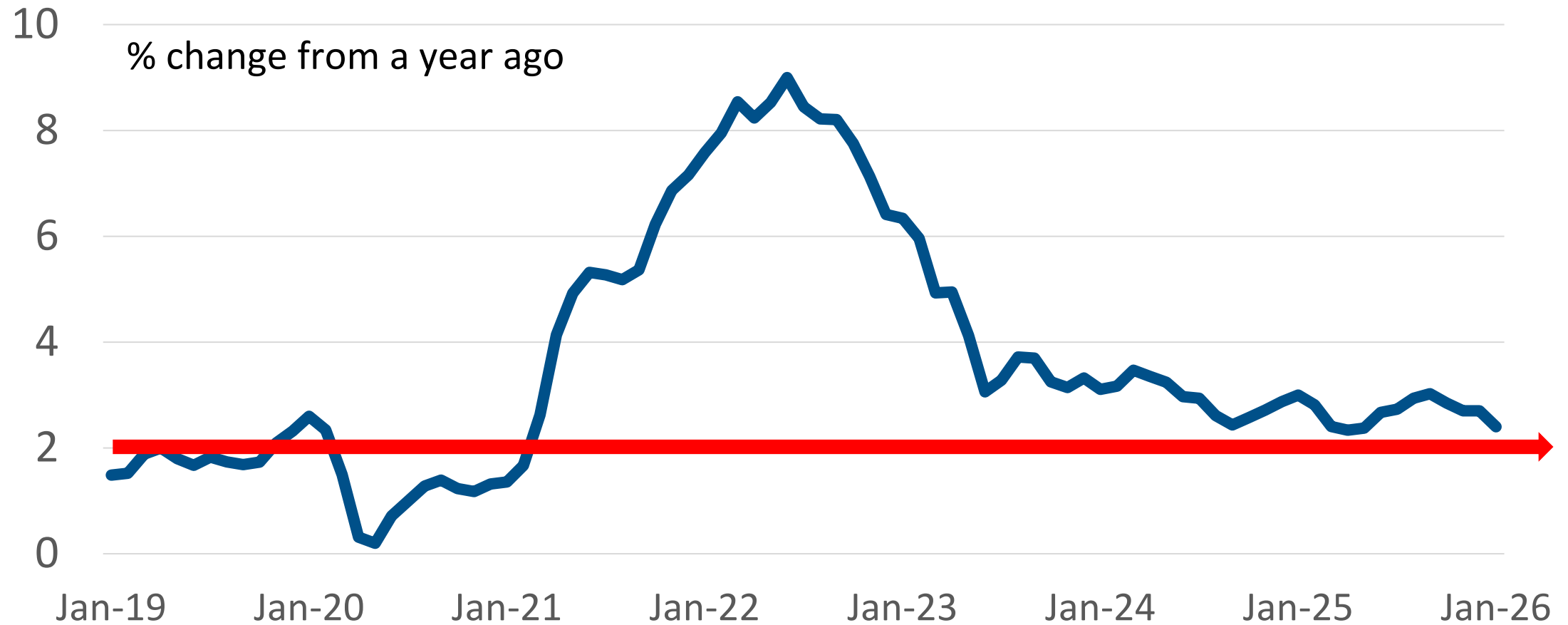
Mortgage Rate (red) Fed Funds Rate getting Cut (blue)



Source: Federal Reserve and Freddie Mac Mortgage Rate

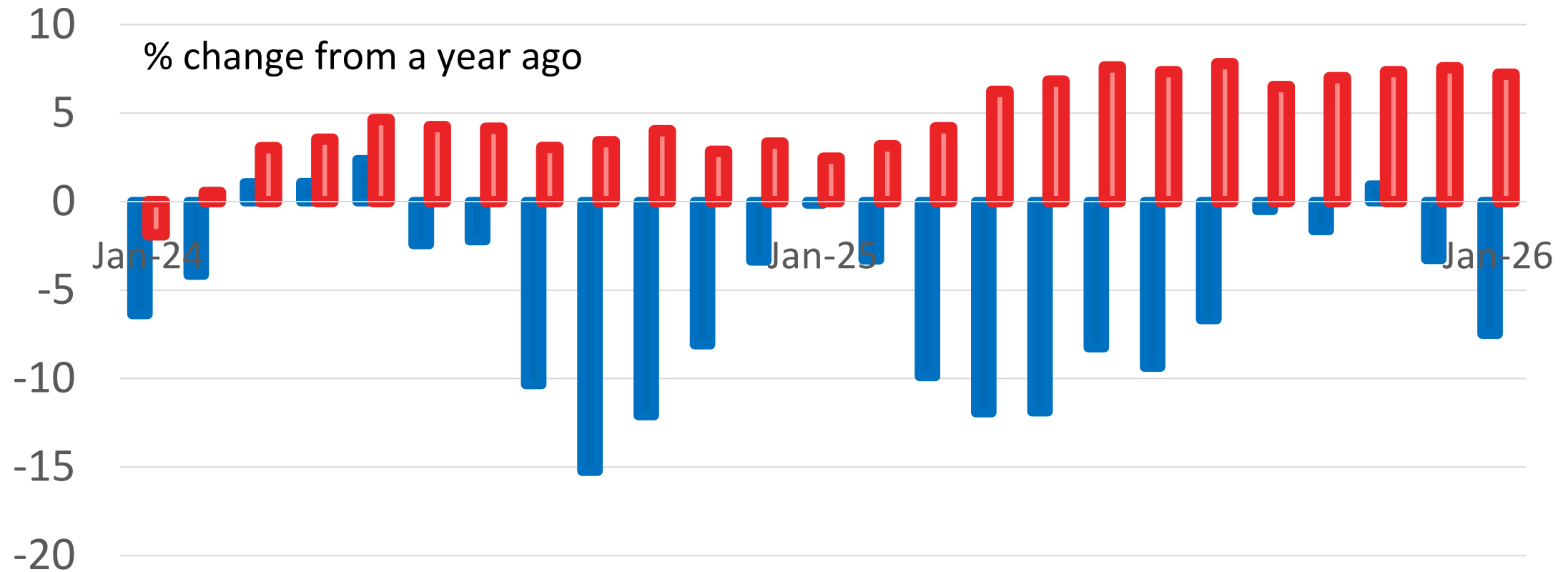


Consumer Price Inflation at 2.4% in January But still above 2% target



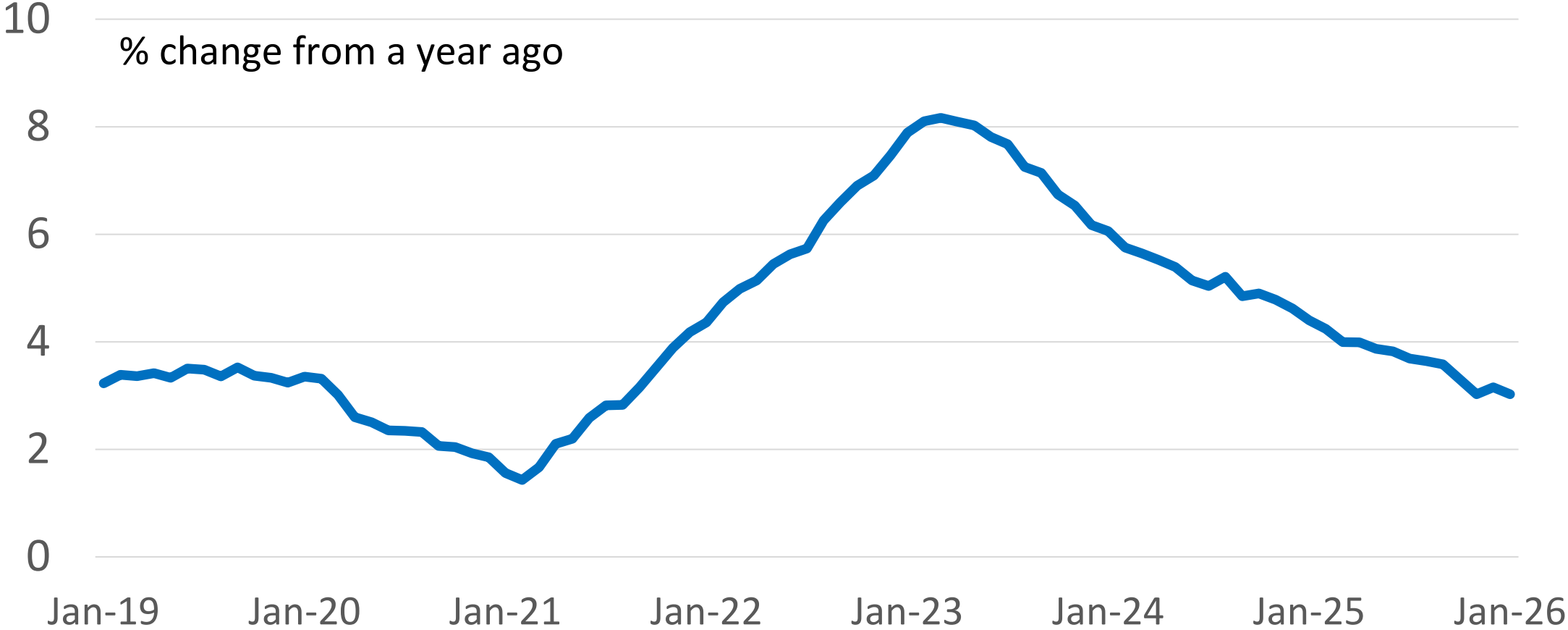
Source: BLS (missing data in Oct. is assumed as midpoint rate of Sep. and Nov.)

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



Source: BLS

Shelter Component Decelerating

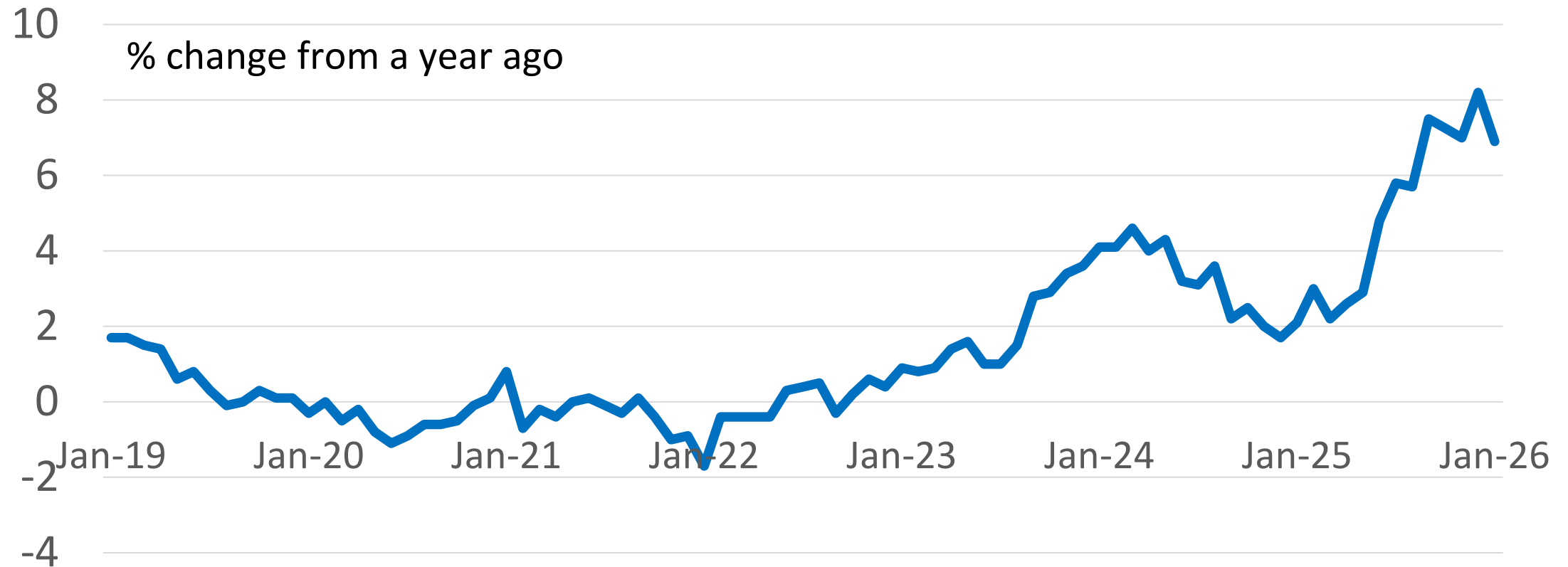


Source: BLS (missing data in Oct. is assumed as midpoint rate of Sep. and Nov.)



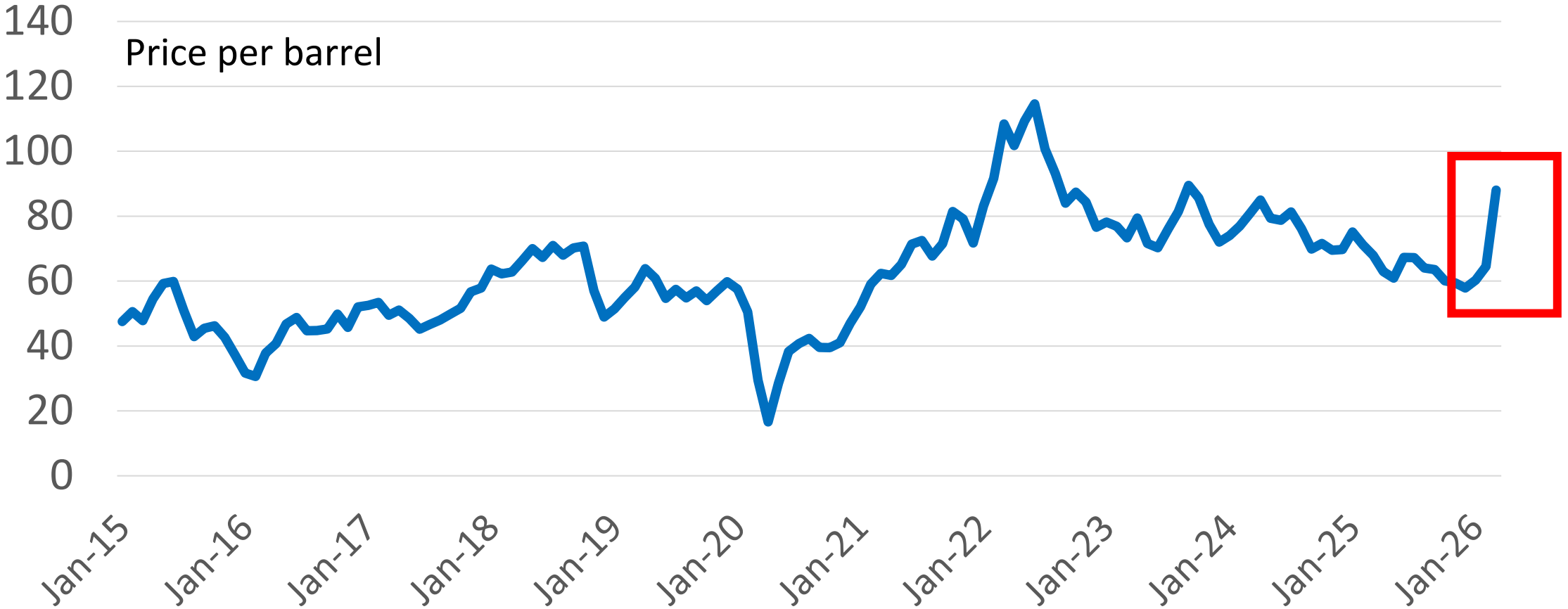
Home Insurance Cost Rising at 8%

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



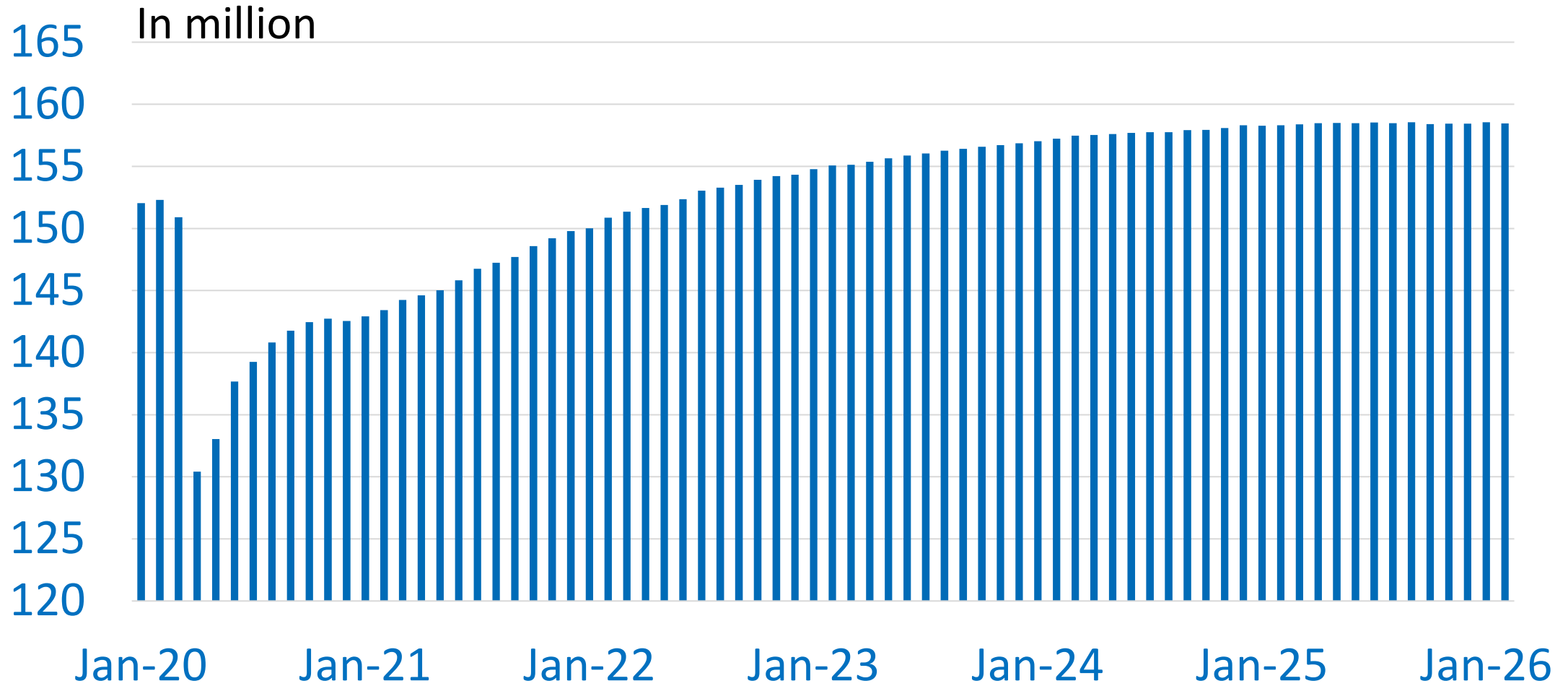
Gold Price Reflecting ... Permanently Higher Inflation?



Source: Wall Street Journal (price per troy ounce)

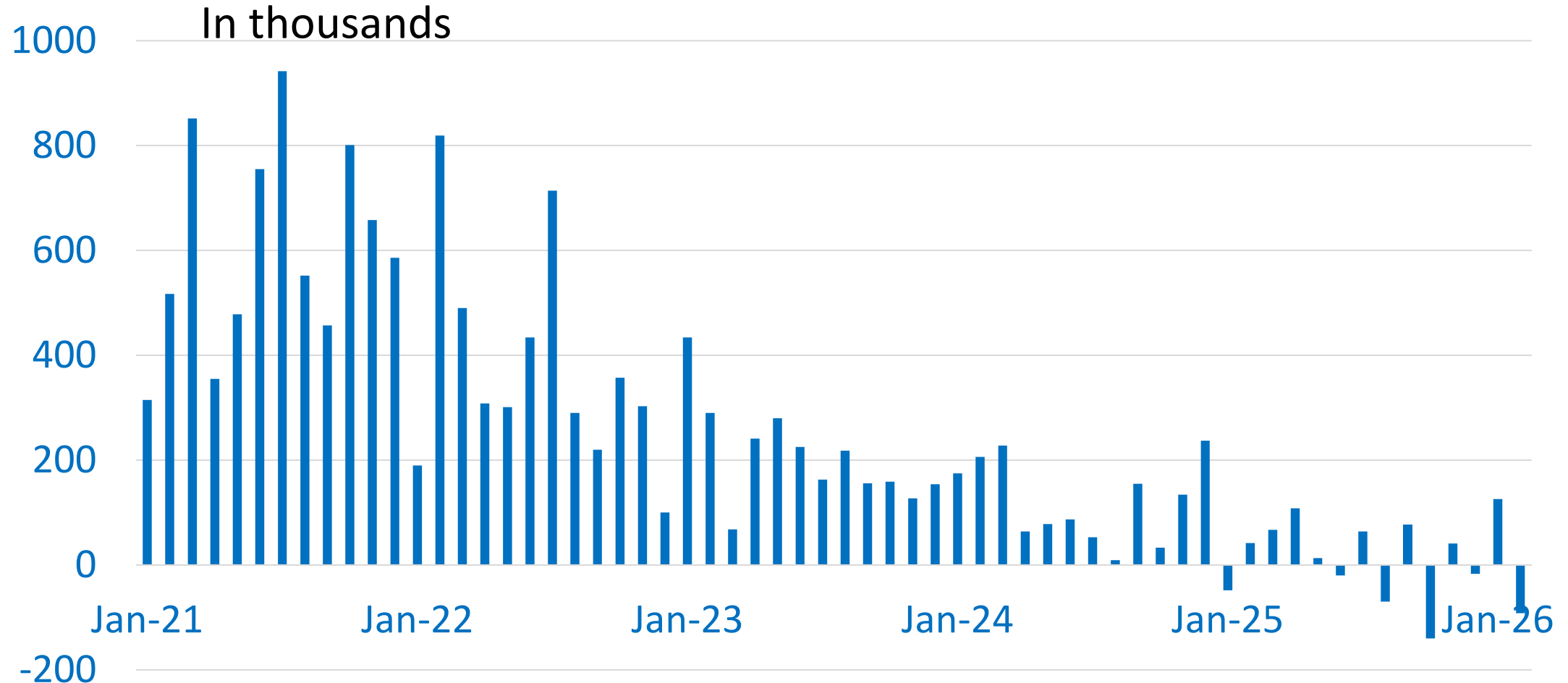
Total Payroll Jobs to February 2026

+6.2 Million More Jobs from Pre-COVID Highs



Source: BLS

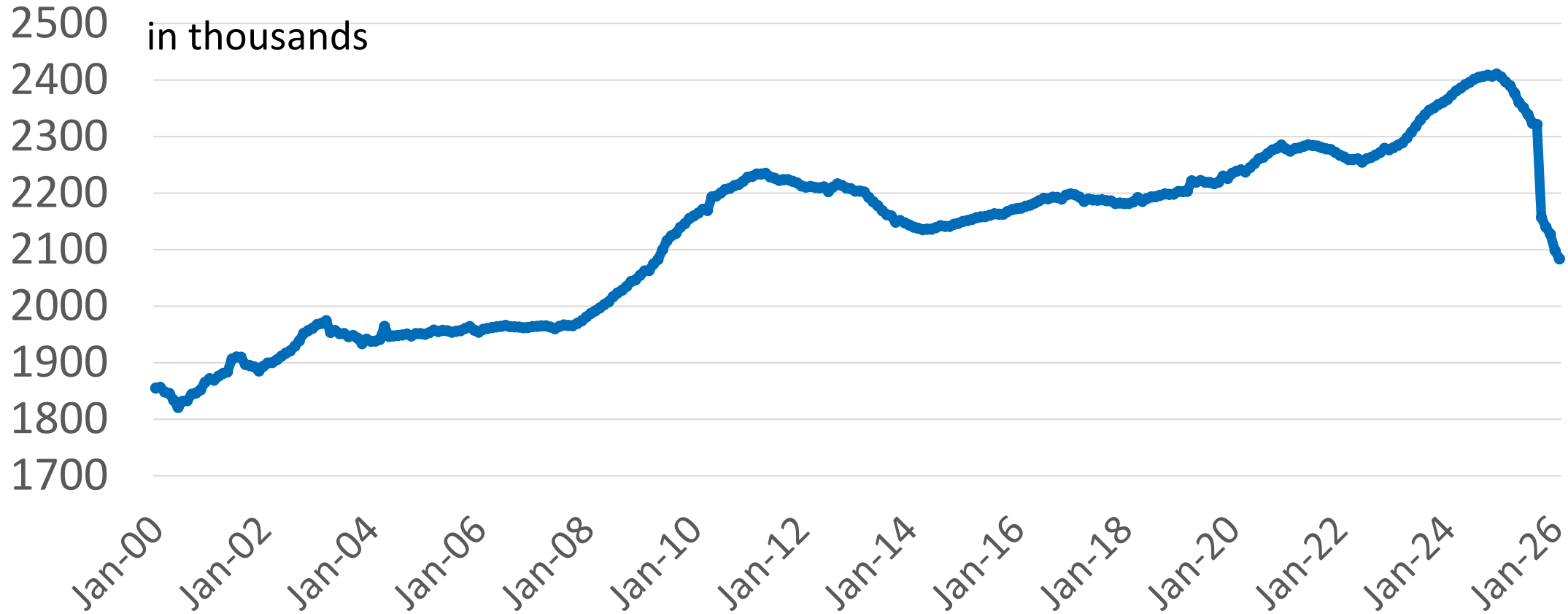
92,000 Net Job Losses in February ... circling near zero in recent months



Source: BLS

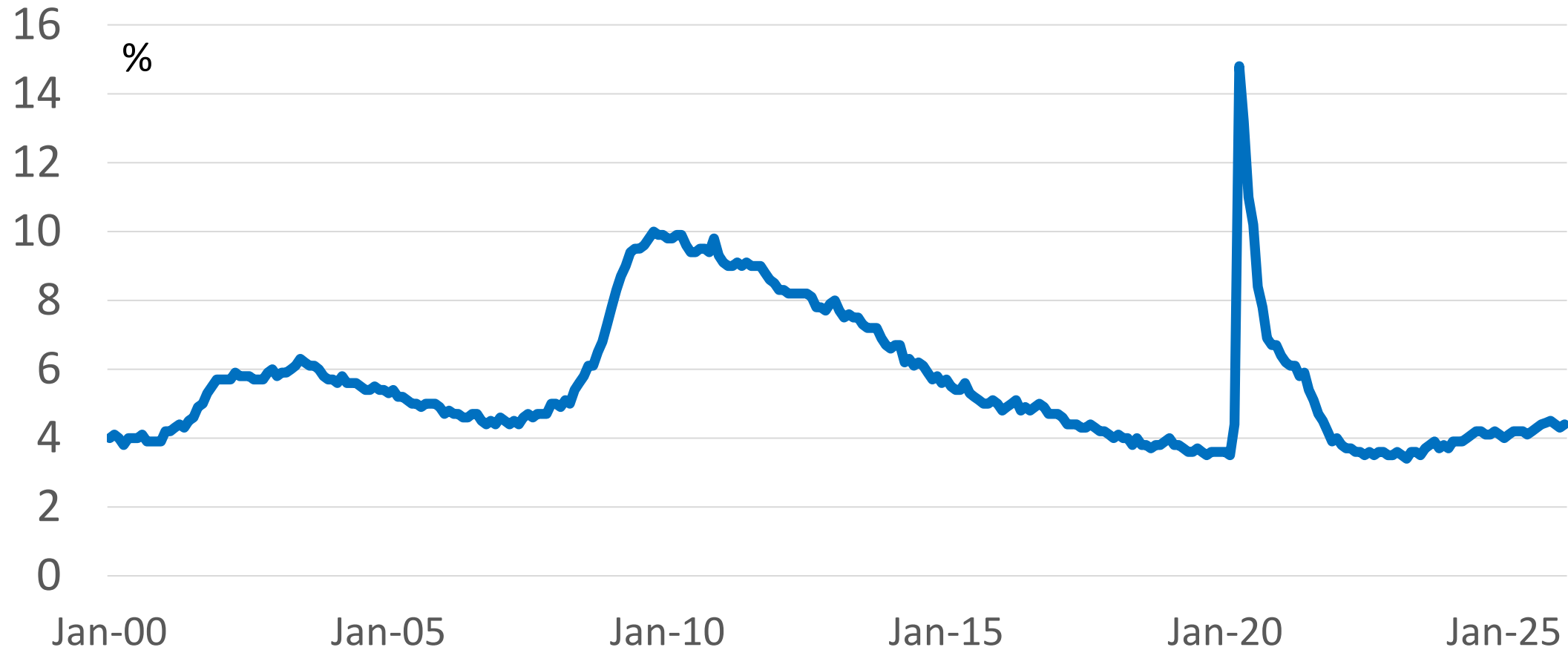
Federal Government Jobs

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



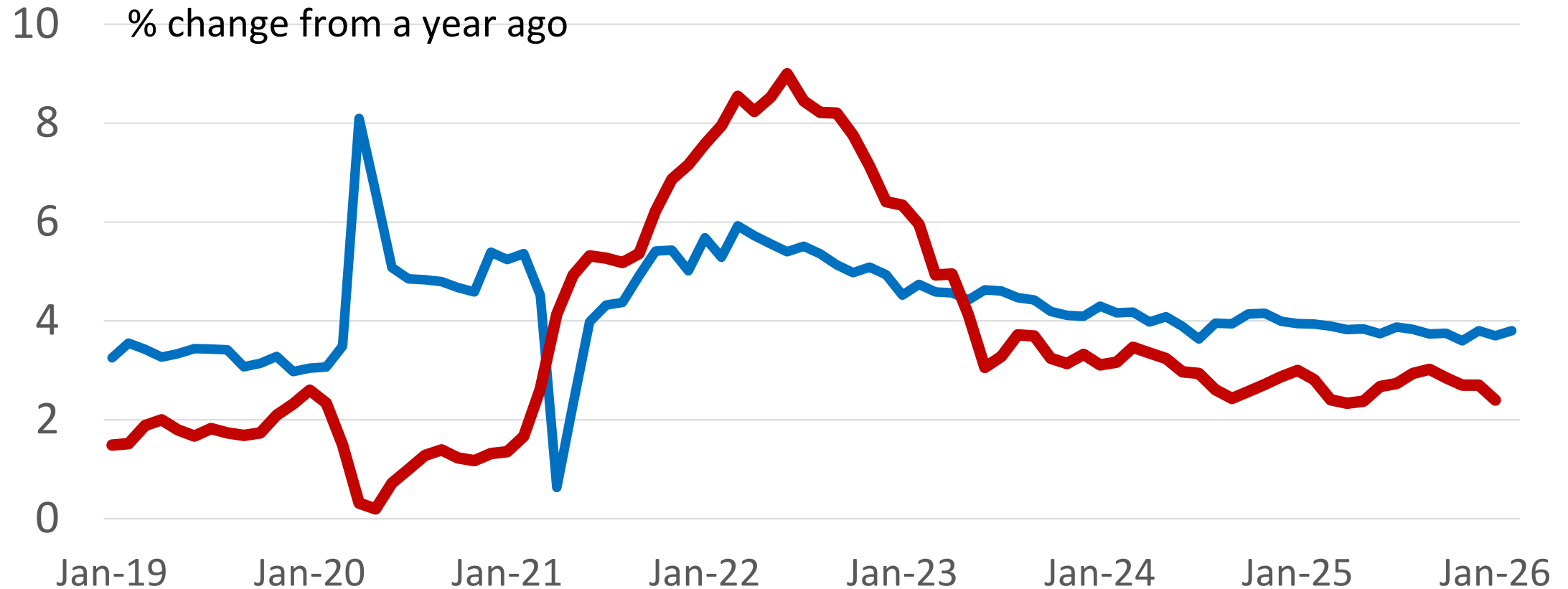
Source: BLS (Federal Workers except Census and Postal workers)

Unemployment Rate of 4.4% as of February



Source: BLS (October data missing but imputed as average of Sep. and Nov.)

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



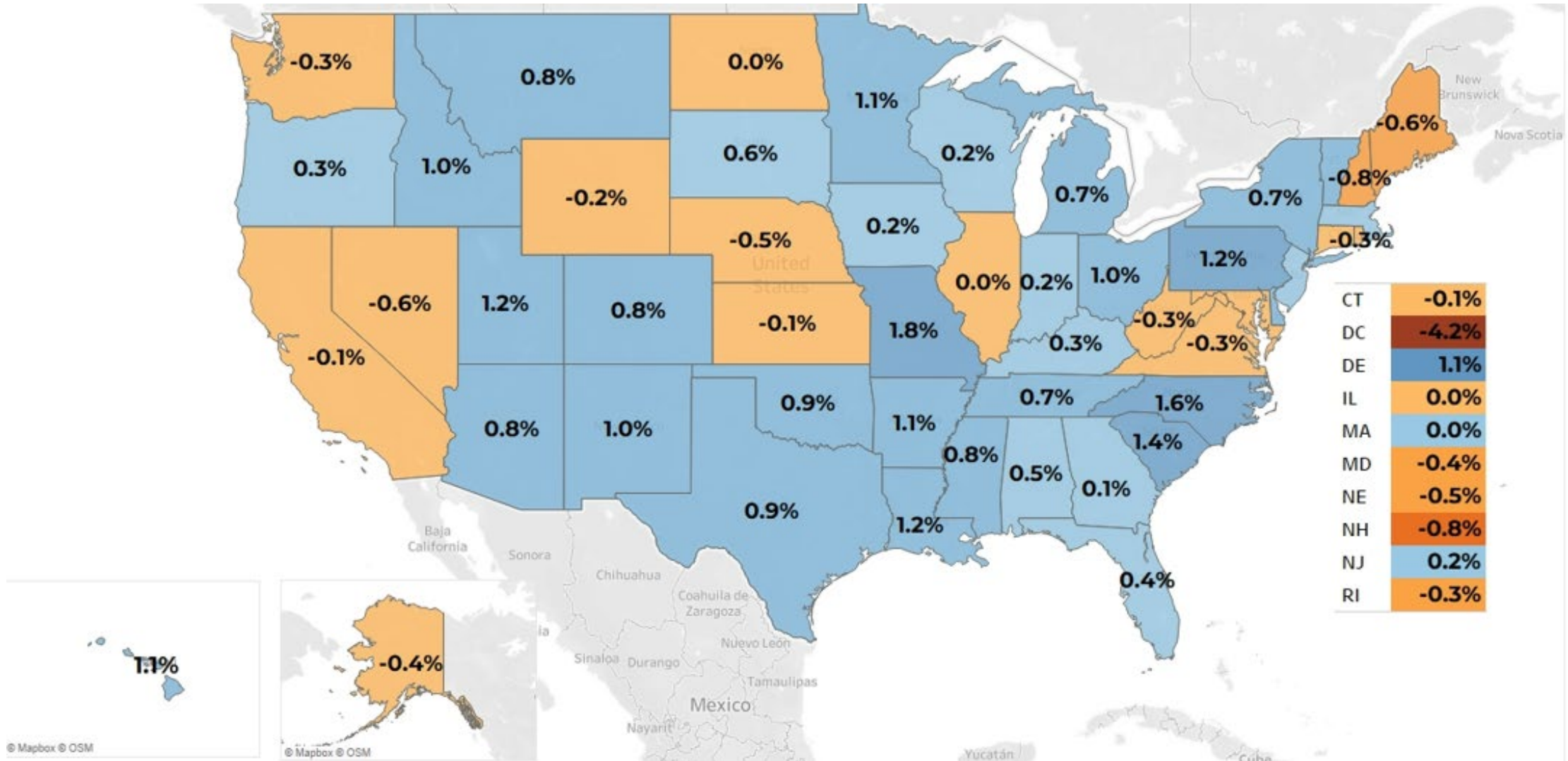
Source: NAR calculation of BLS data

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%

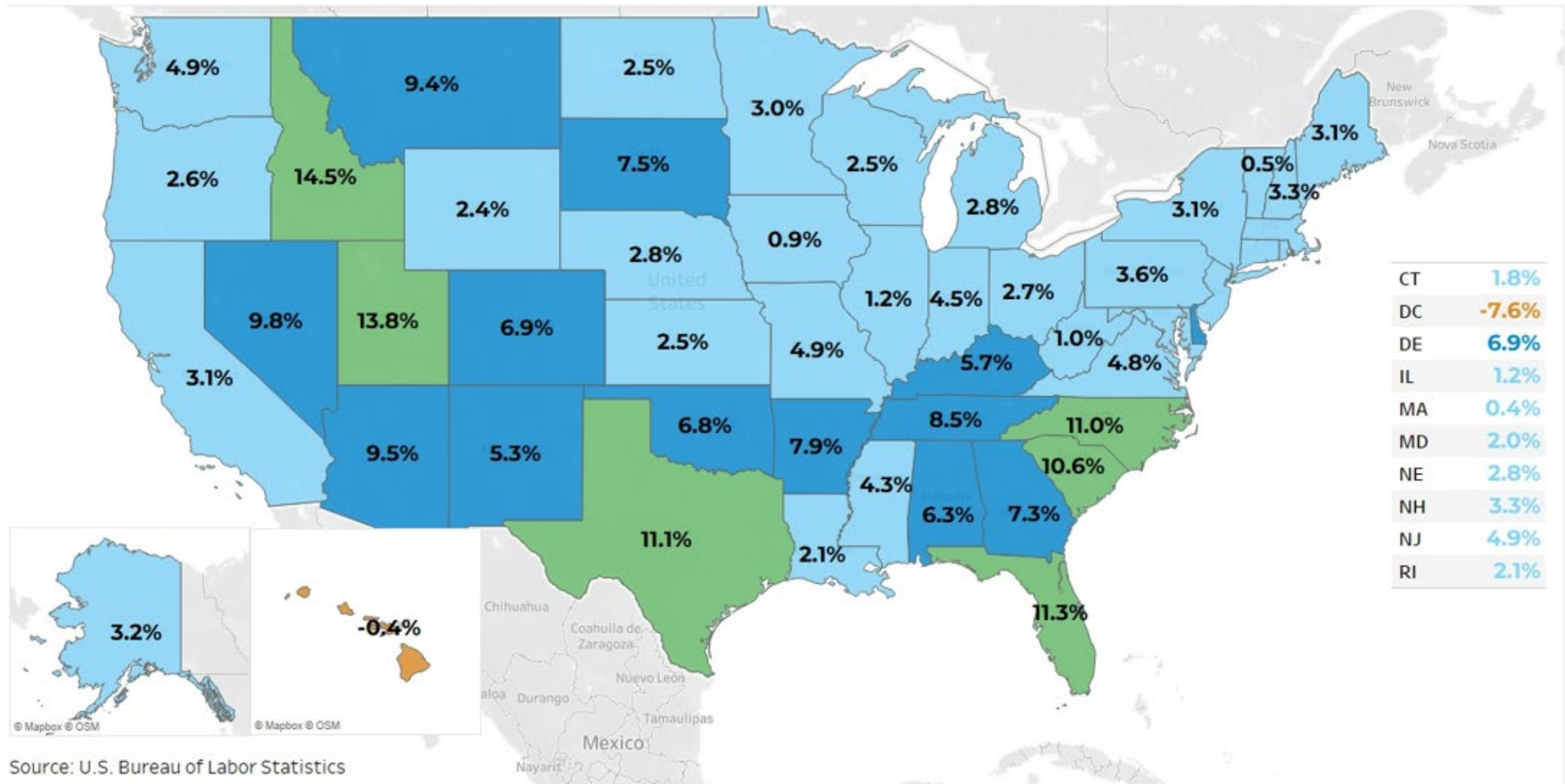
Source: NAR analysis of BLS data

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)



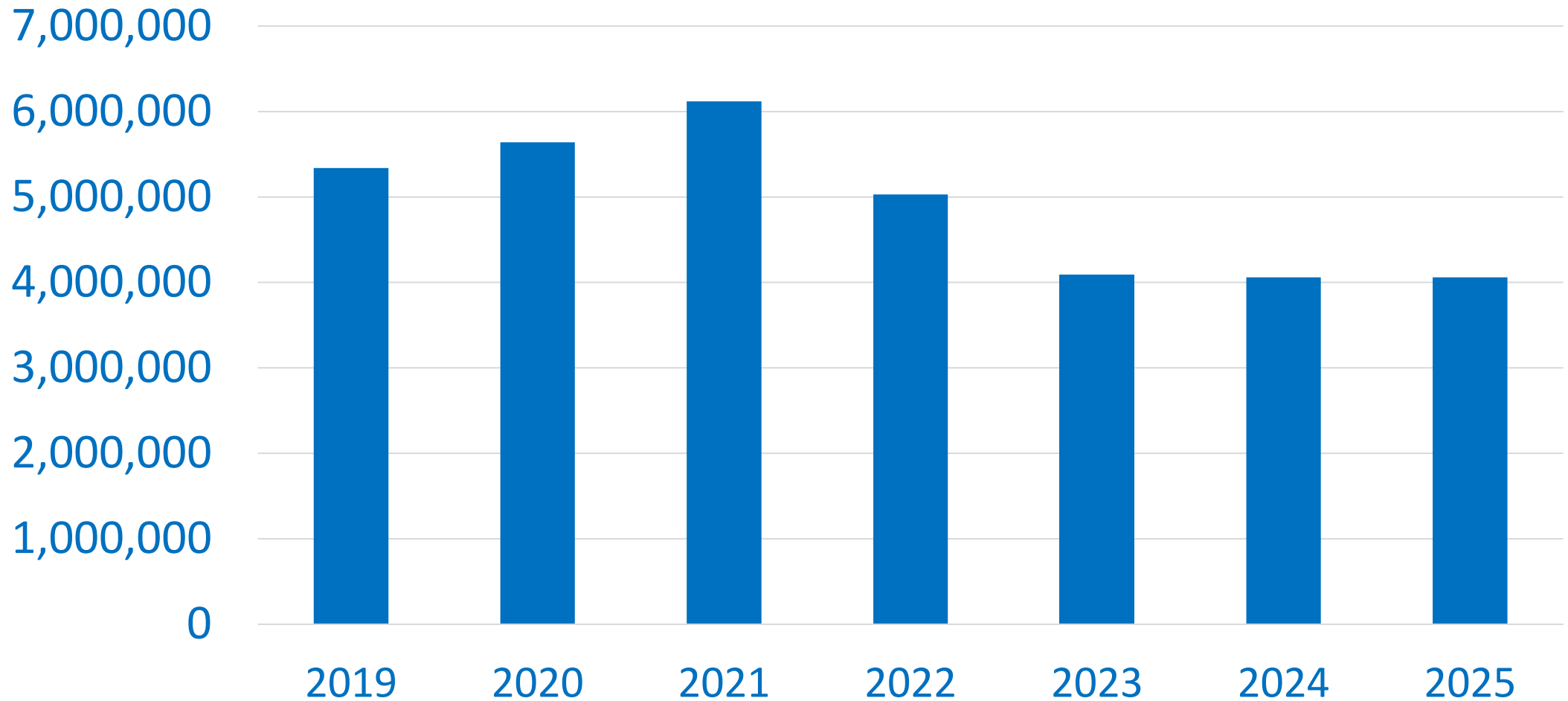
Source: NAR Analysis of BLS data

Payroll Jobs in Dallas-Plano-Irving Metro (+1 million in 25 years)



Source: BLS

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



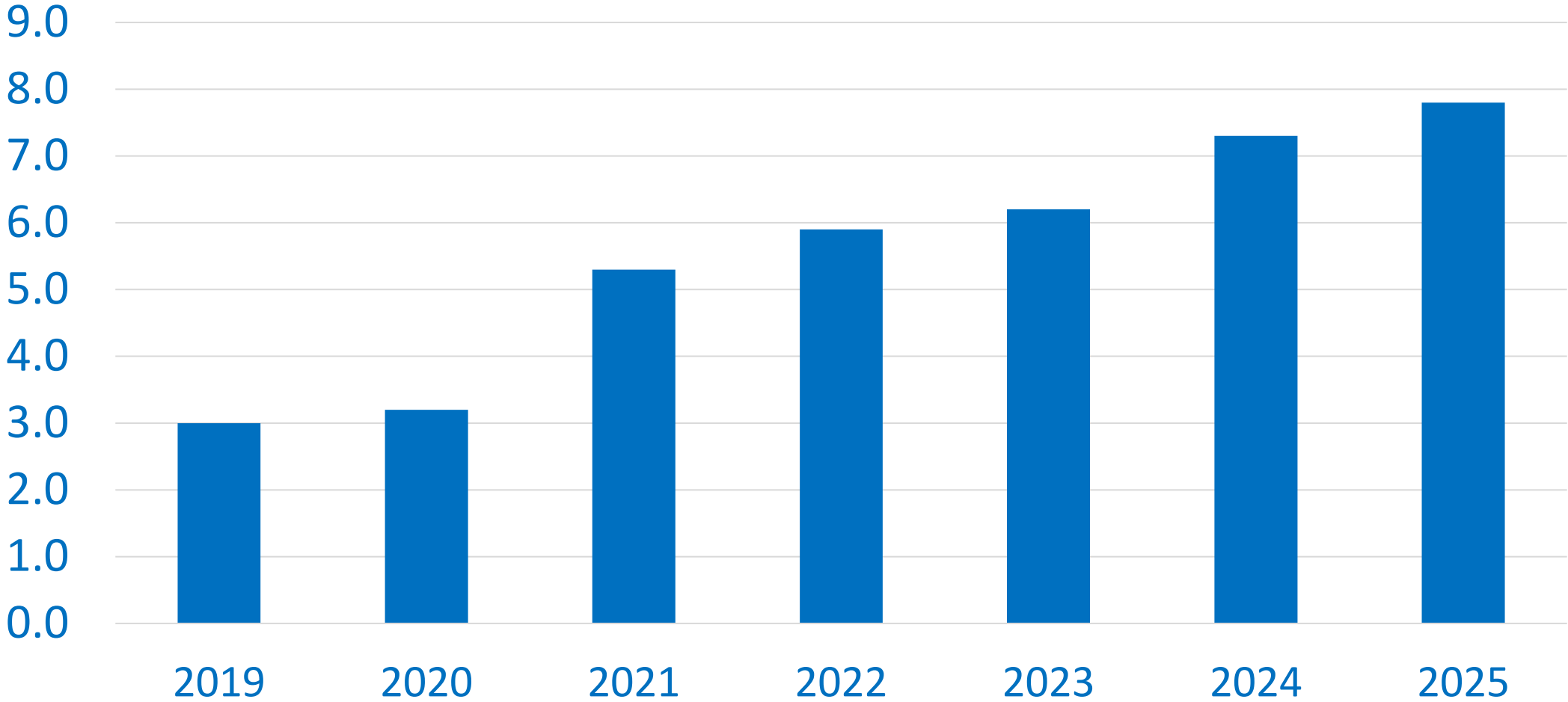
Source: NAR

METROTEX
ASSOCIATION OF REALTORS®

JAN. 2026
Texas
HOUSING REPORT



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

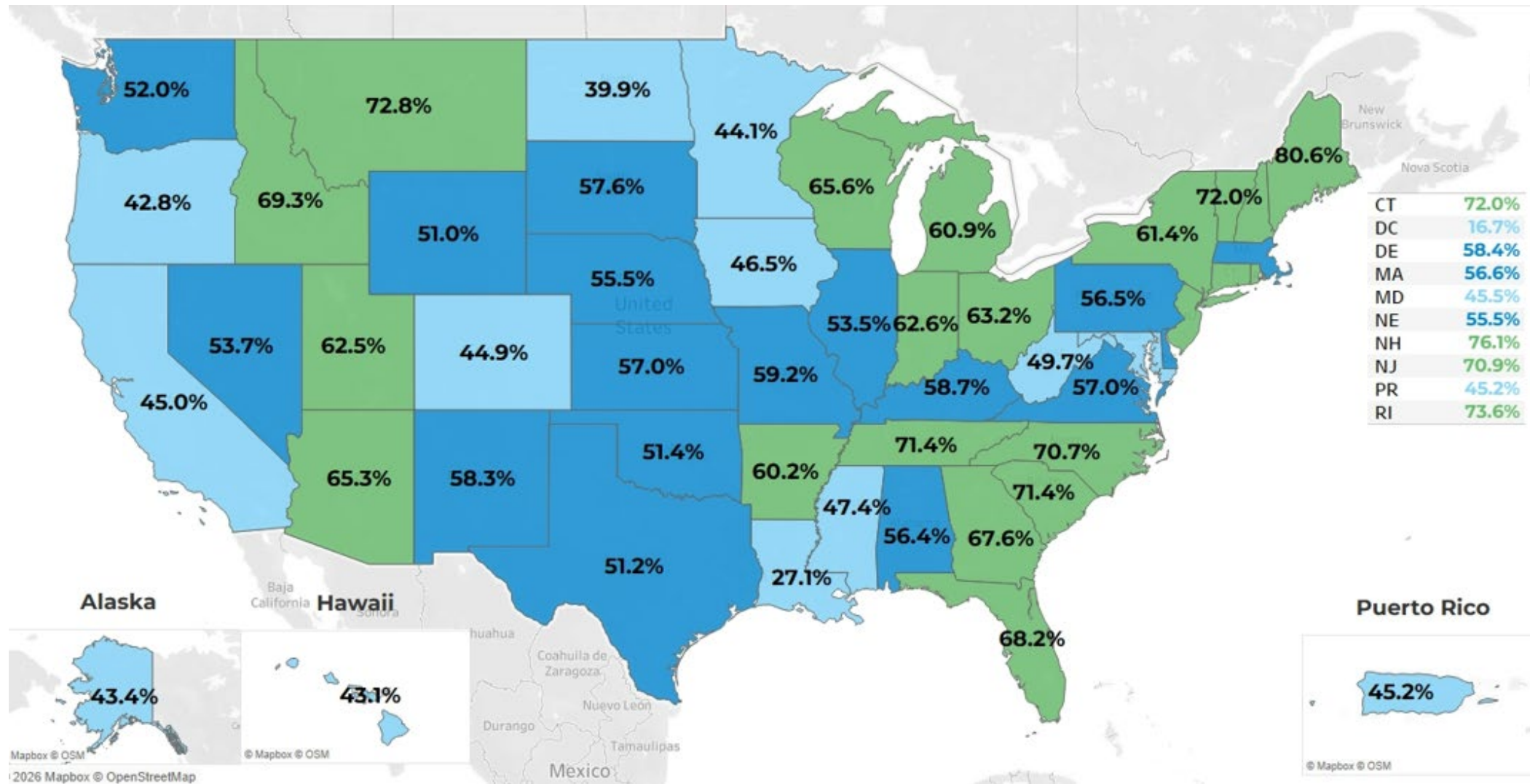


Source: NAR



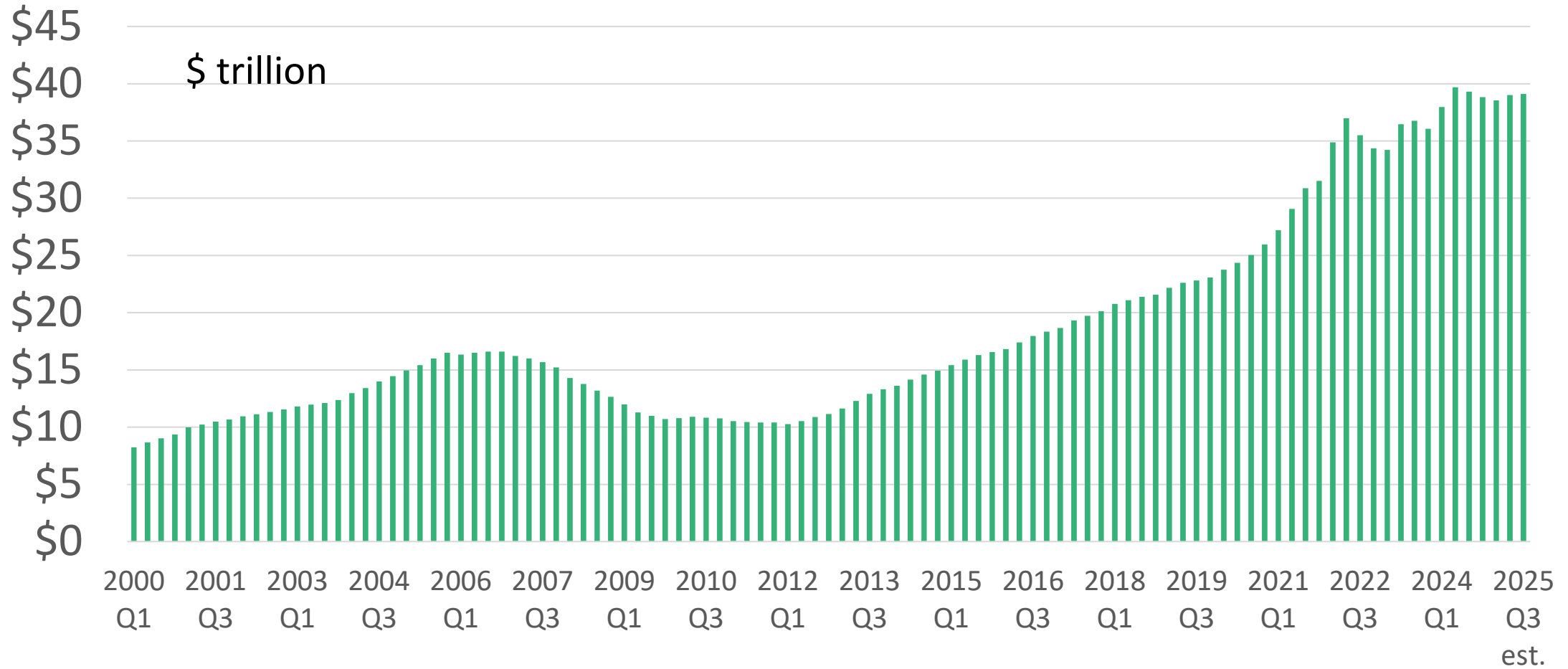
5-year Home Price Gains Since Pre-COVID

% change from 2020 Q1 to 2025 Q3



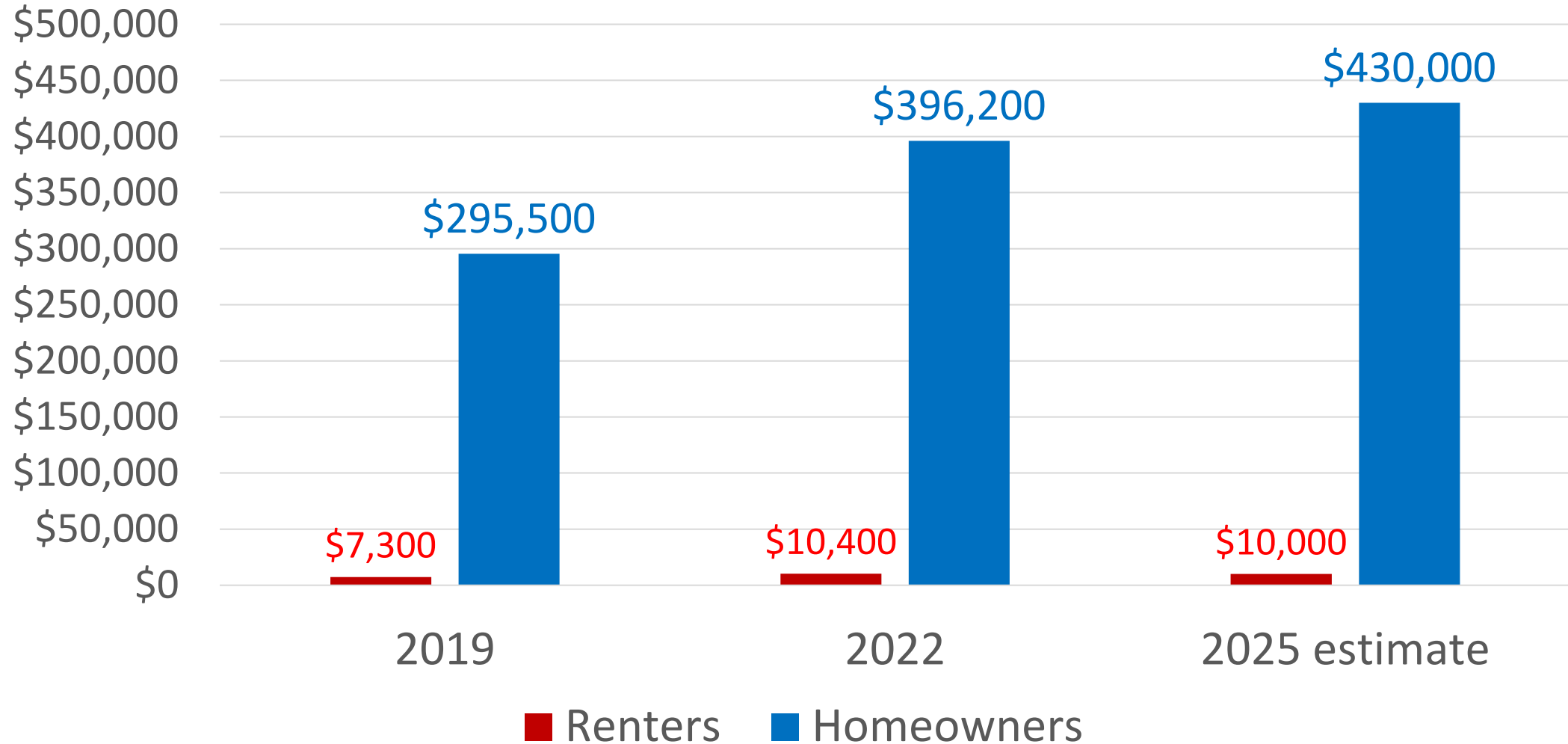
Source: NAR Analysis of FHFA data

Real Estate Net Worth – Near Record High



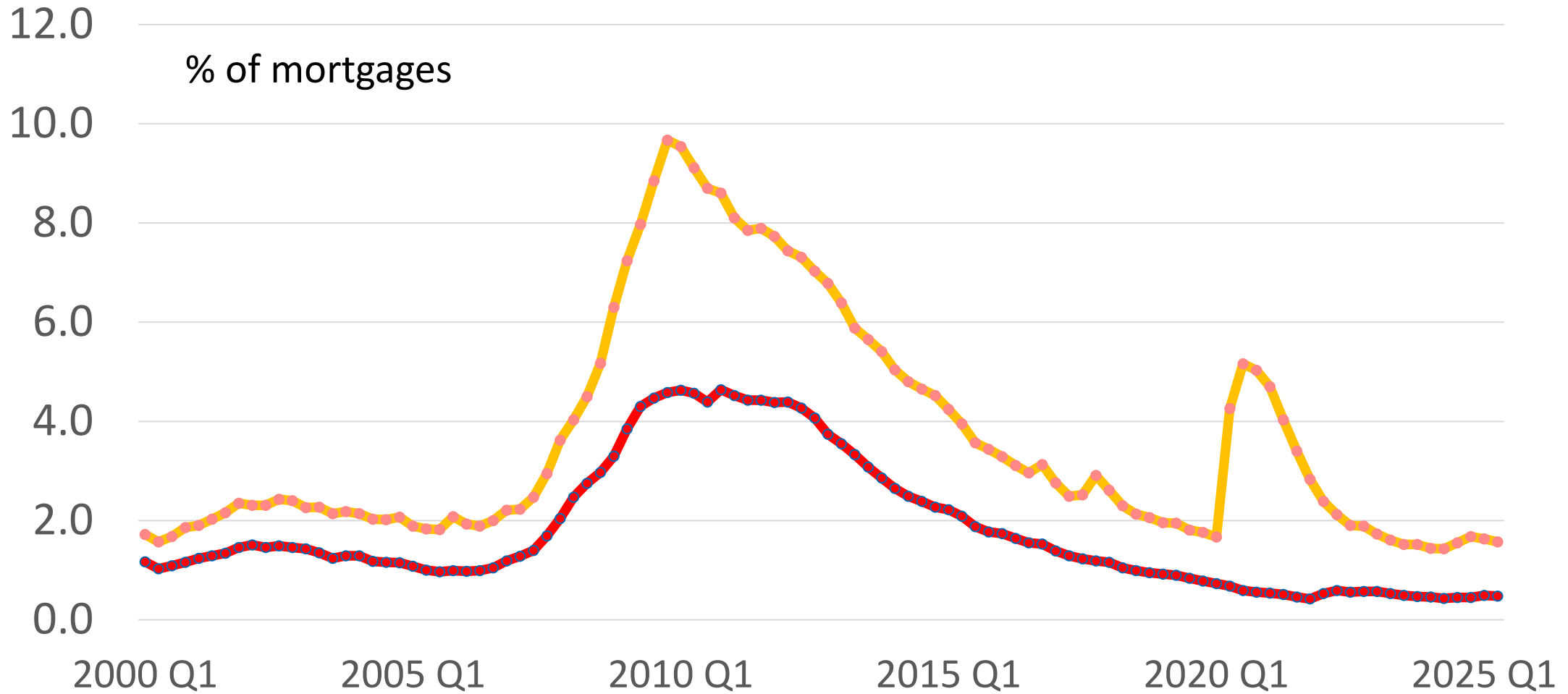
Source: Federal Reserve

Median Net Worth: Homeowners vs. Renters



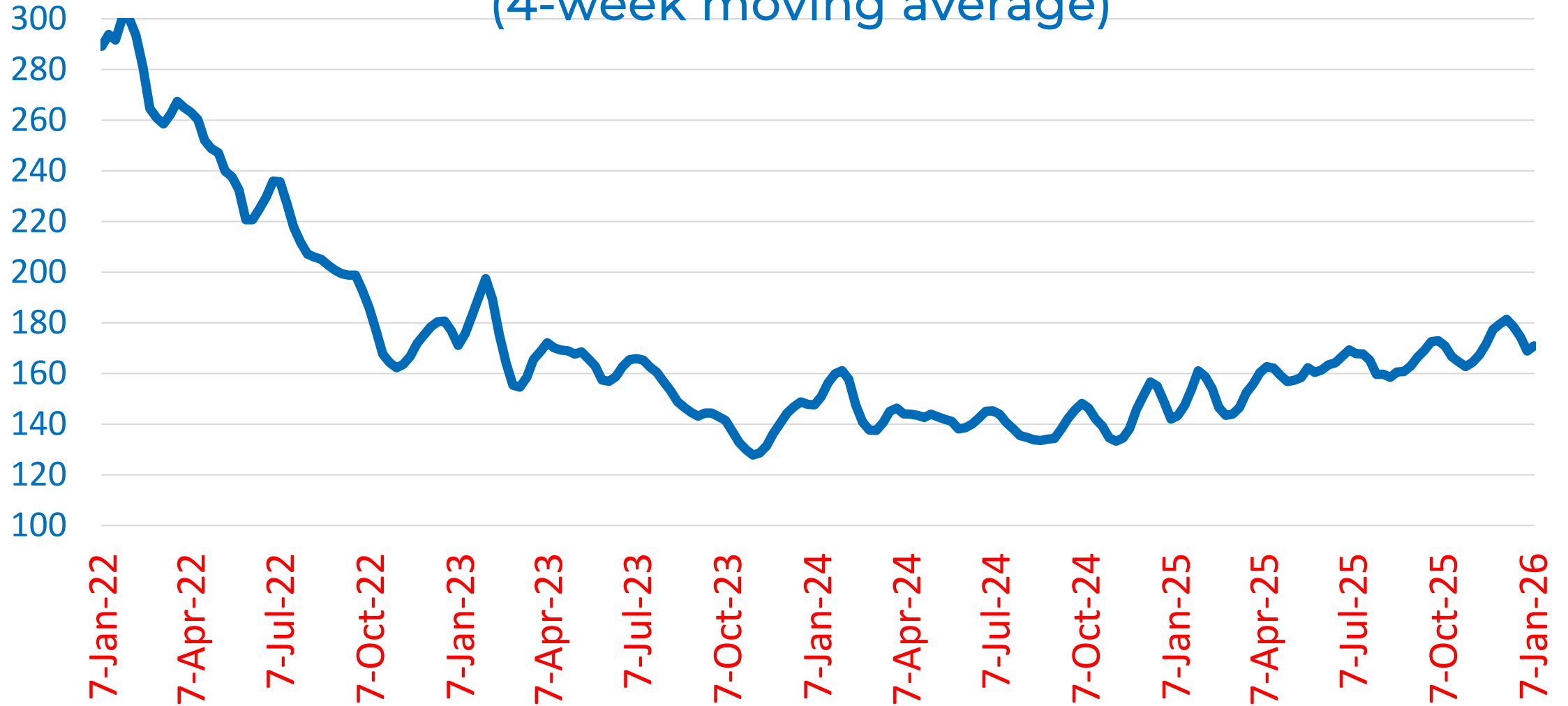
Source: Median Net Worth from Federal Reserve Survey of Consumer Finance

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

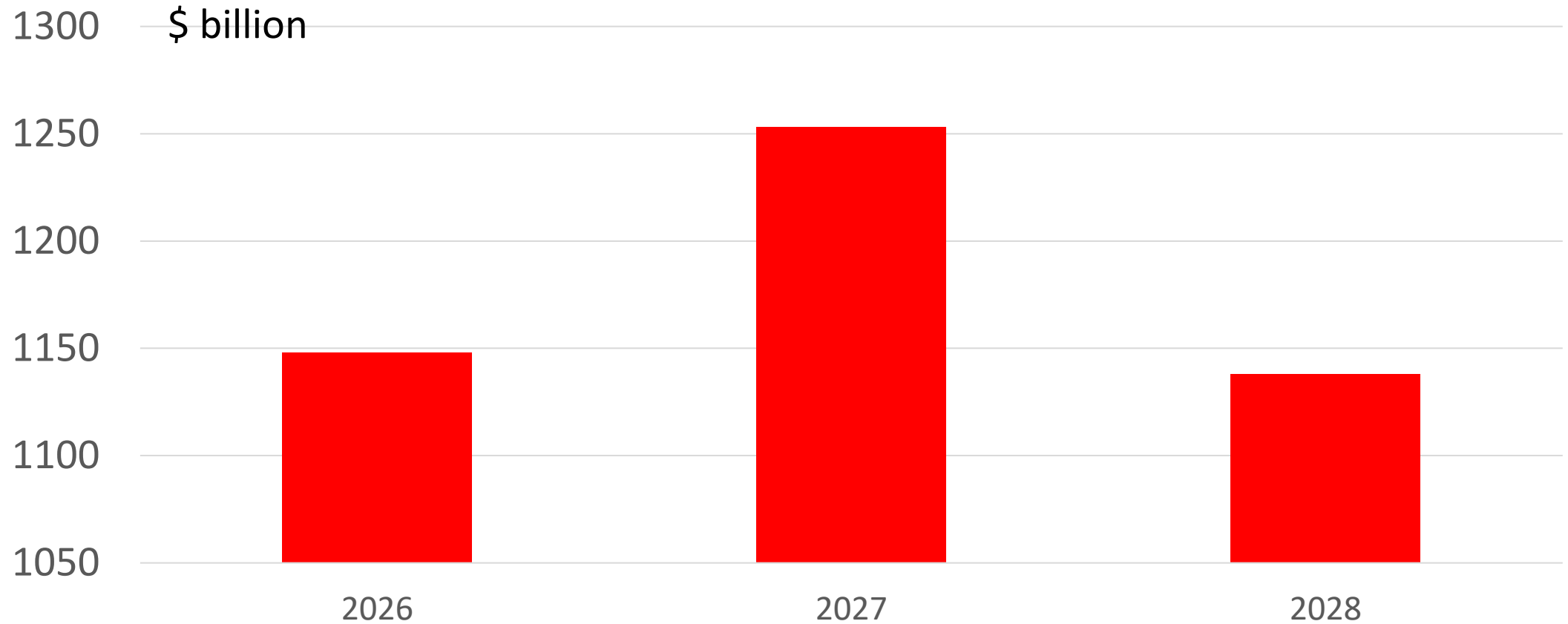
Nationwide Forecast

	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%)

Risks to the Economy and Interest Rates

Commercial Real Estate Loan Distress?

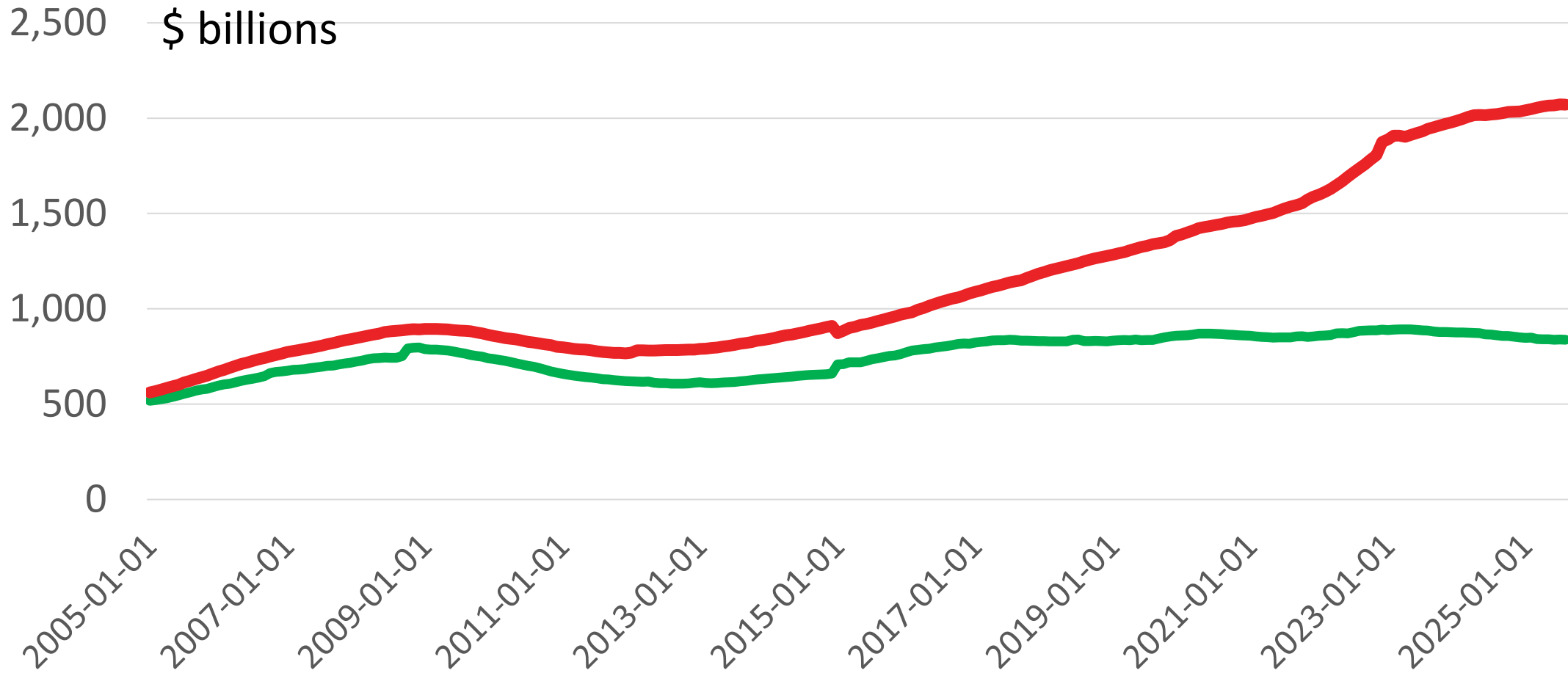
CRE Loan Requiring Refinancing ... At Higher Interest Rate and Lower Collateral Value



Source: S&P Global

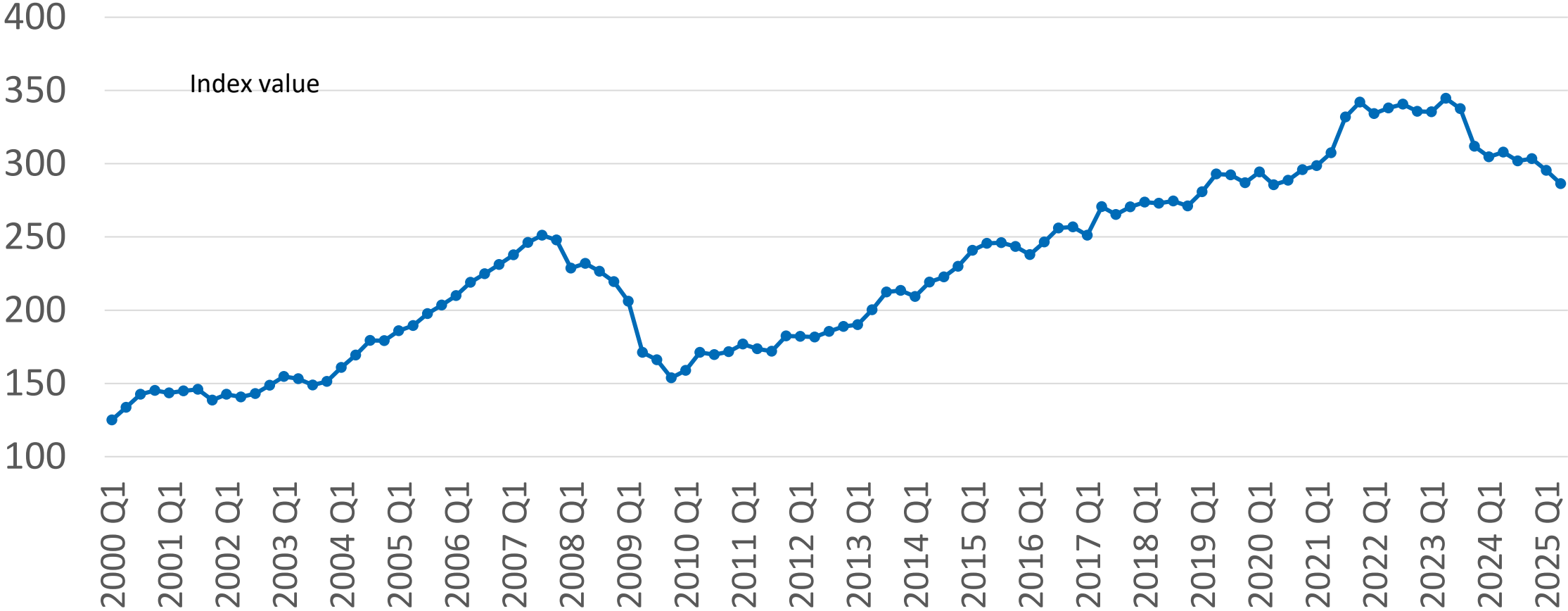
Commercial Real Estate Loans

Growth Primarily from Small Banks (red); Not Big Banks (green)



Source: Federal Reserve

Commercial Property Prices ... Still not Recovering

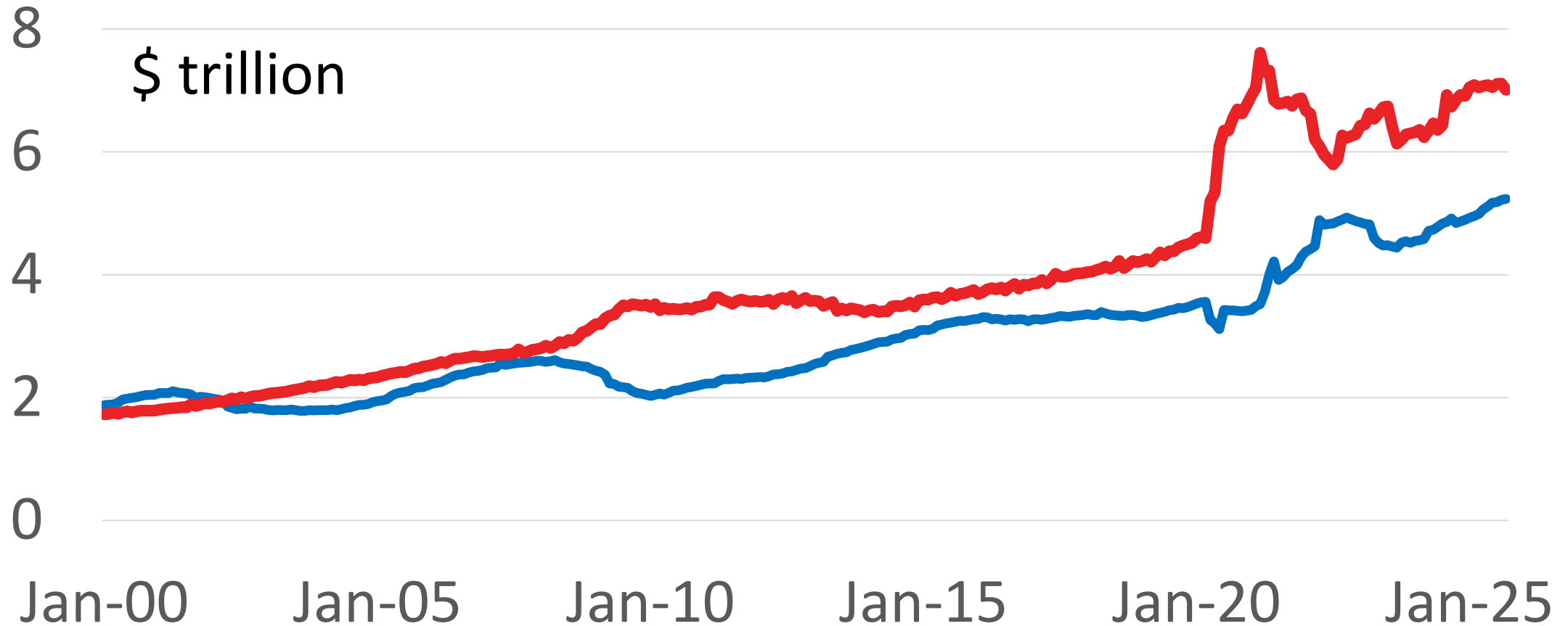


Source: Federal Reserve



Federal Government **Outlays** and Receipts

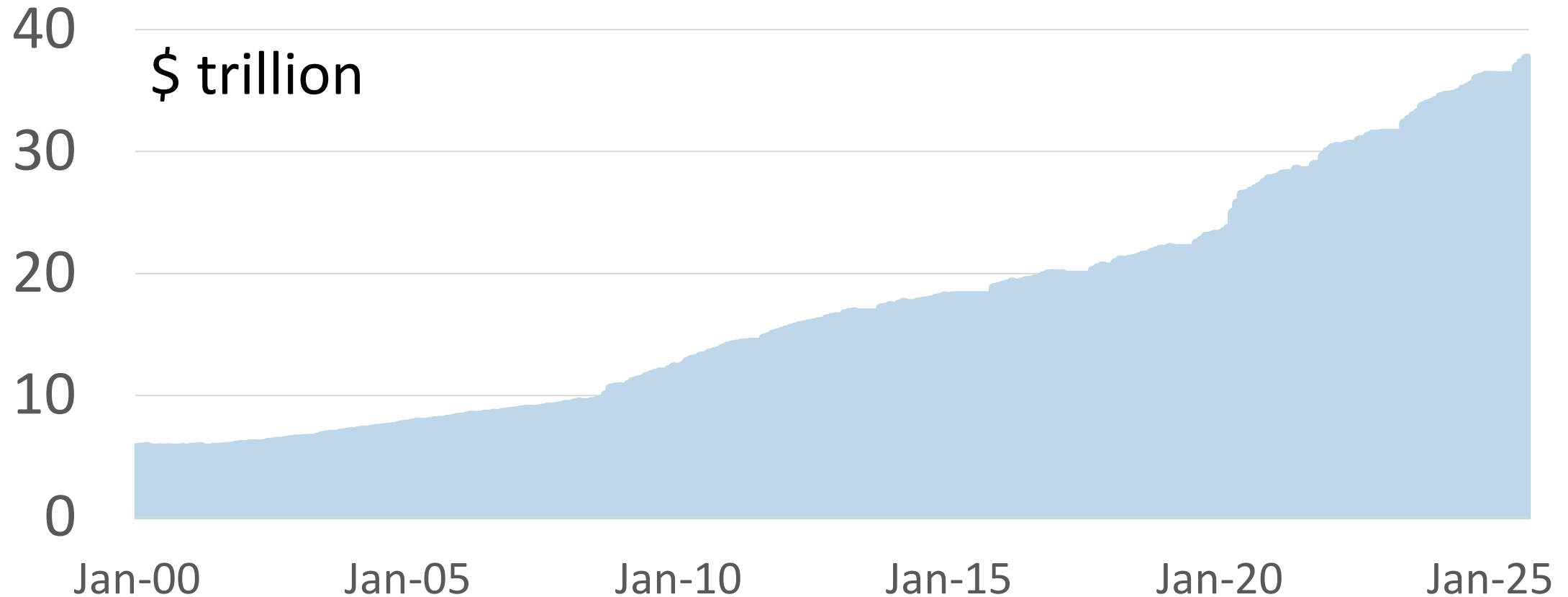
(rolling 12-month total)



Source: NAR analysis of monthly Treasury statements

Ongoing Risk

Federal Government Cumulative Debt



Source: NAR analysis of monthly Treasury statements

Thank You !