

# ECONOMIC MARKET SNAPSHOT

SUMMER 2025 | ISSUE NO. 30

## NATIONAL MI IS PLEASED TO BRING YOU OUR Summer 2025 Edition of the Economic Market Snapshot

Markets show signs of settling with multiple key data points holding steady. Businesses and consumers are finding some relief from first-half volatility. The unemployment rate remains relatively flat.

John Burns Research and Consulting's (JBREC) forecasts include several trends moving toward pre-pandemic levels:

- Single-family permits projected to fall 14% in 2025 and settle another 3% in 2026.
- Existing home sales to add 3% volume each year into 2028.
- Employment expected to inch up 0.7% in 2025 and show some modest growth into 2028.

Current conditions are contributing to a moderated buying environment. The unemployment rate is still historically low at 4.1%. The homeownership rate is flat

(continued on page 2)



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to falling for most age groups with a slight increase for those under 35, returning to 2018 levels.

Buyers now have more choices than they have since 2019, especially for those well-qualified and established. Lending standards are tight on credit and documentation. The median credit score at origination in 1Q25 was 772.

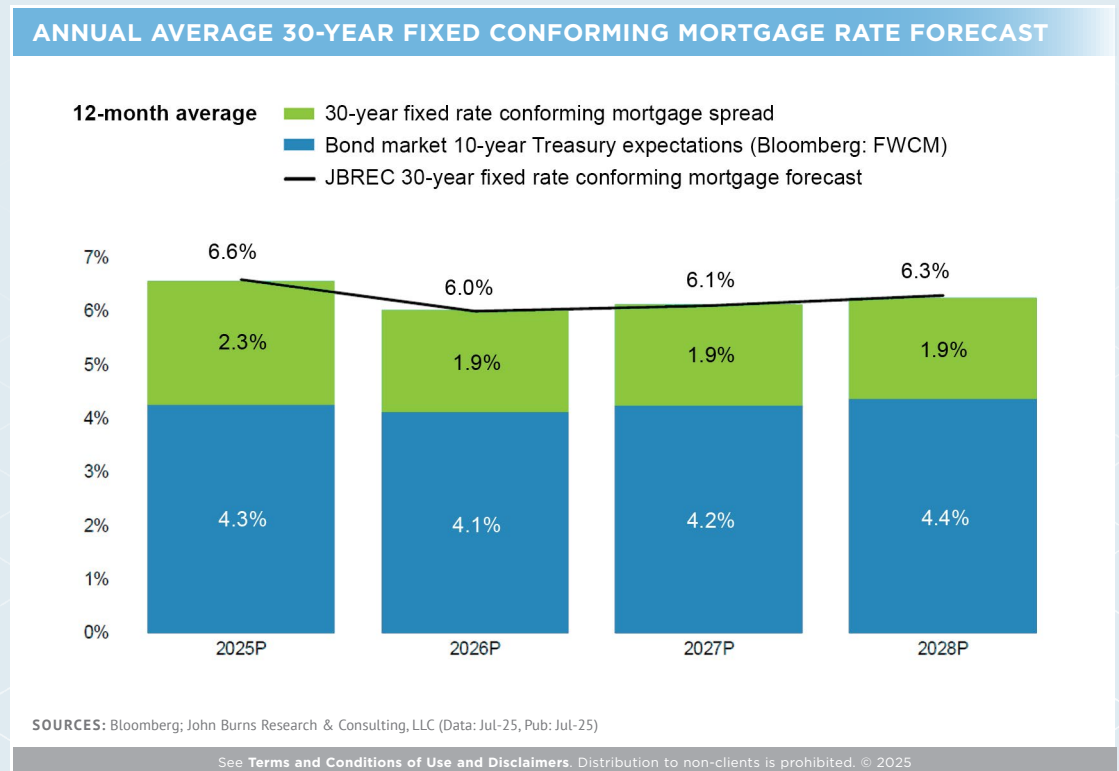
- New home markets allow buyers to be selective: 63% of top 50 US housing markets are slow, while 25% show a “normal” pace of 2-3 sales/month.
- Fewer existing homes went to first-time buyers. Only a 24% share, down from the past 2 years (and the lowest share in 4 decades)

- One-third of younger buyers (age 26-34) are taking advantage of solutions that allow them to buy with LTV +95%. Some may benefit from tax changes in 2026 that restore the mortgage insurance premium deduction.
- The median amount financed for all buyers is 82% of purchase price.

Mortgage rates are expected to average 6.6% in 2025, remaining up from 2021's 30-year low, yet hovering below pre-2000s norms. JBREC is in line with most other forecasters: a significant decline is not expected in 2025.

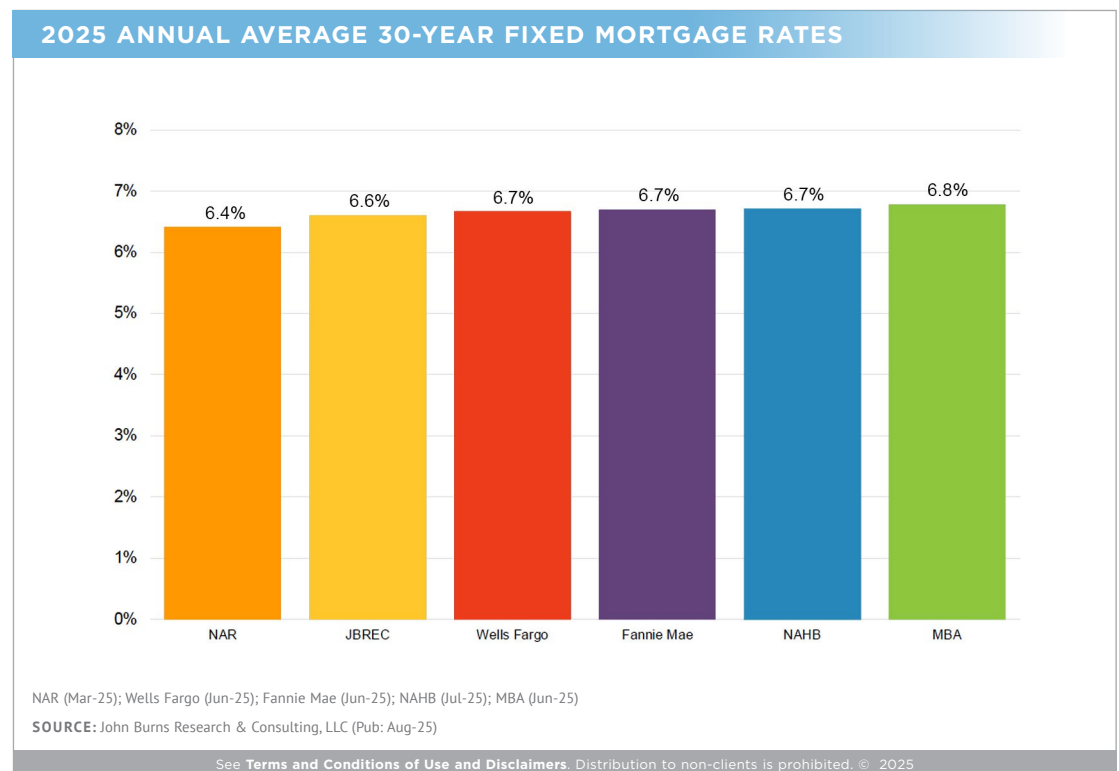
# JBREC Mortgage Rate Forecast on Market Pricing

We base our mortgage rate forecast on market pricing for 10-year treasuries and our view of the mortgage premium.



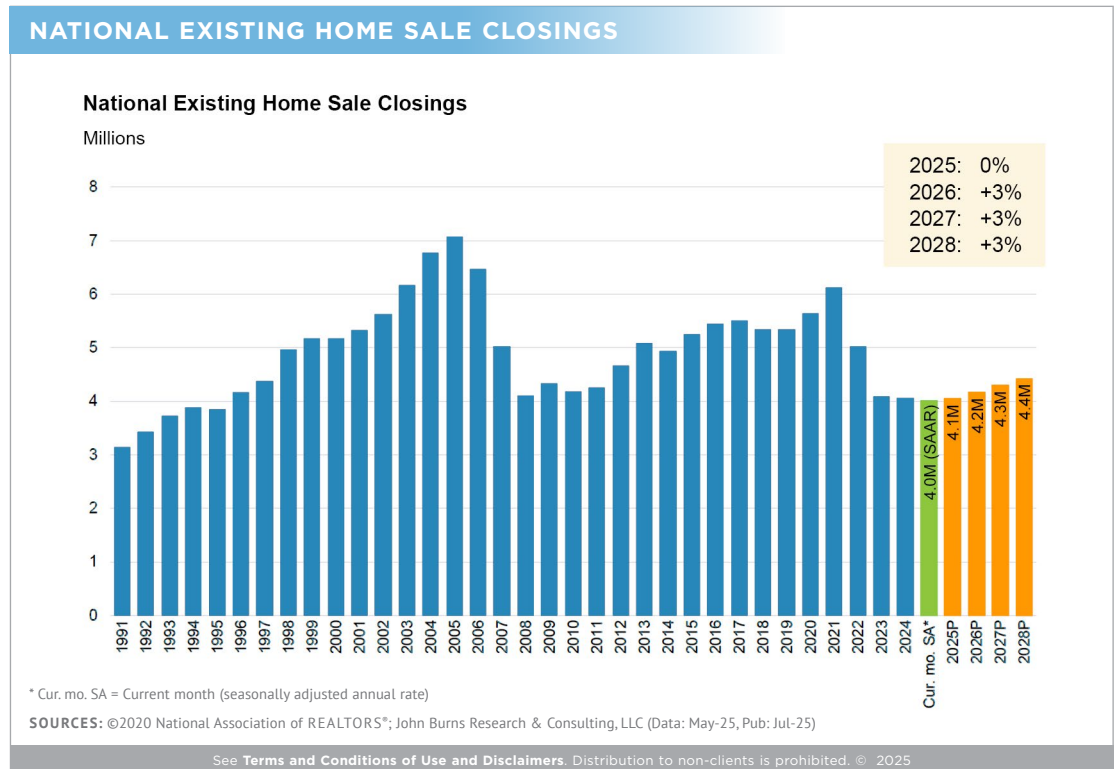
## Industry Rate Forecasts for 2025

We are in line with most other forecasters and do not expect a significant decline in mortgage rates in 2025. Our mortgage rate forecast is informed by bond market expectations of the 10-year treasury yield, plus a spread.



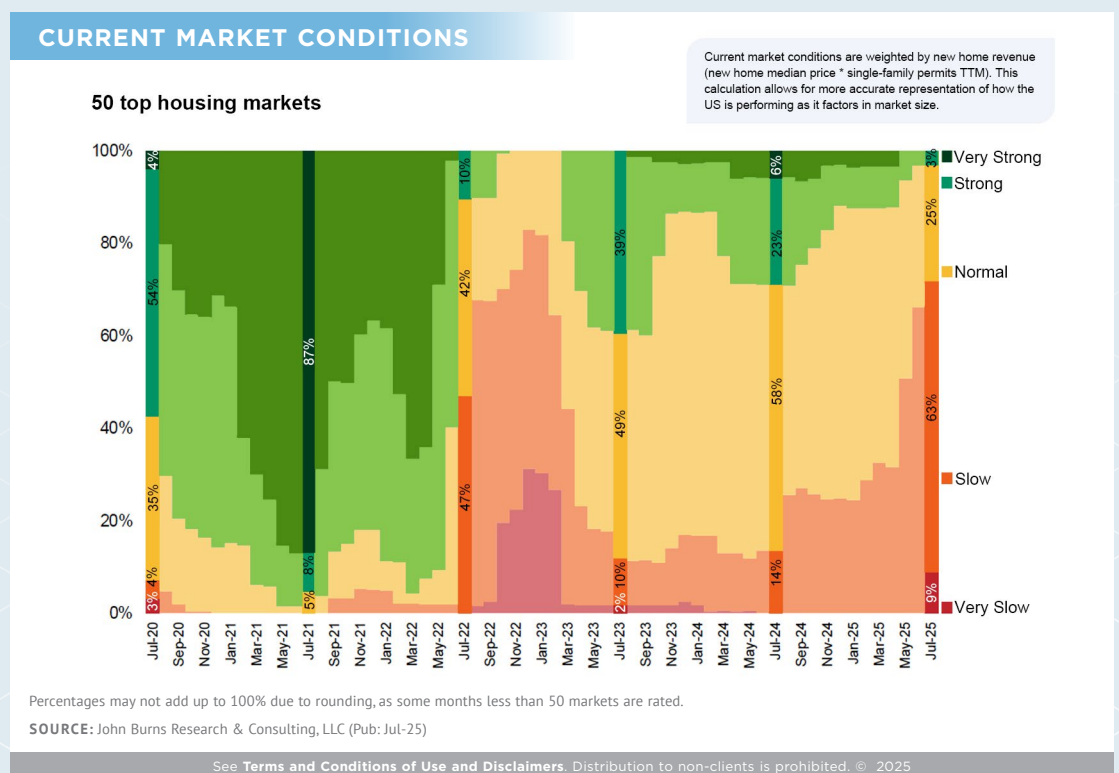
# JBREC's 2025 Forecast for Existing Home Sales Will Remain Low Relative to History

We forecast that existing home sales will remain roughly flat in 2025 and minimal growth in the near-term as affordability remains a challenge.



## Current Market Conditions: 63% of Markets are Slow

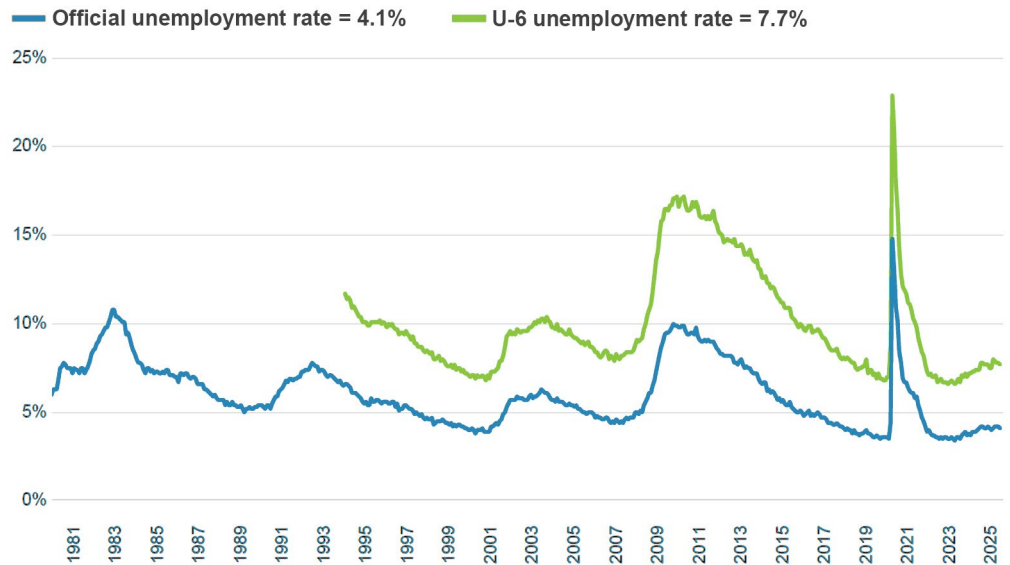
Sales and pricing conditions are Strong in just 3% of markets. 25% of markets are Normal, which reflects 2-3 sales per community per month with rising net prices.



# Unemployment is Still Historically Low But has Risen from 2023 Levels

The unemployment rate fell to 4.1% in June. The U-6, a broader measure of unemployment that captures underemployment and discouraged workers, fell to 7.7%.

## LABOR FORCE UNEMPLOYMENT RATE (SA)



The U-6 unemployment rate is a broader measure of unemployment that covers part-time workers who would like full-time work and those who have given up looking for work.

SOURCE: Bureau of Labor Statistics (Data: Jun-25, Pub: Jul-25)

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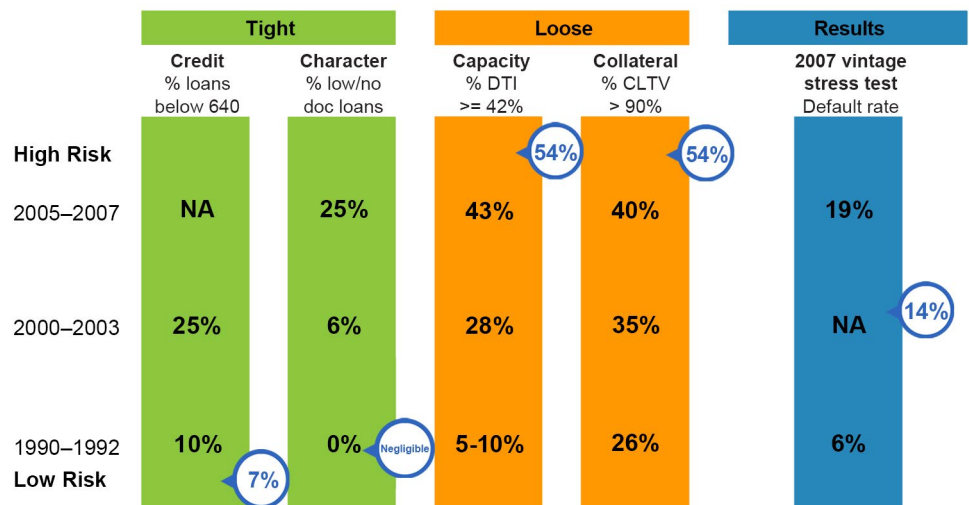
## Lending Standards

Current lending standards are tight on credit and documentation, but not on DTI and LTV.

This chart only includes primary purchase loans guaranteed by the five government agencies (Fannie Mae®, Freddie Mac, FHA, VA, and RHS). These loans currently account for 72% of all primary purchase loans (by count). Our current percentage of low/no document loans is based on JBREC analysis. The DTI numbers shown include only back-end DTI percentages.

## LENDING STANDARDS

○ Current value



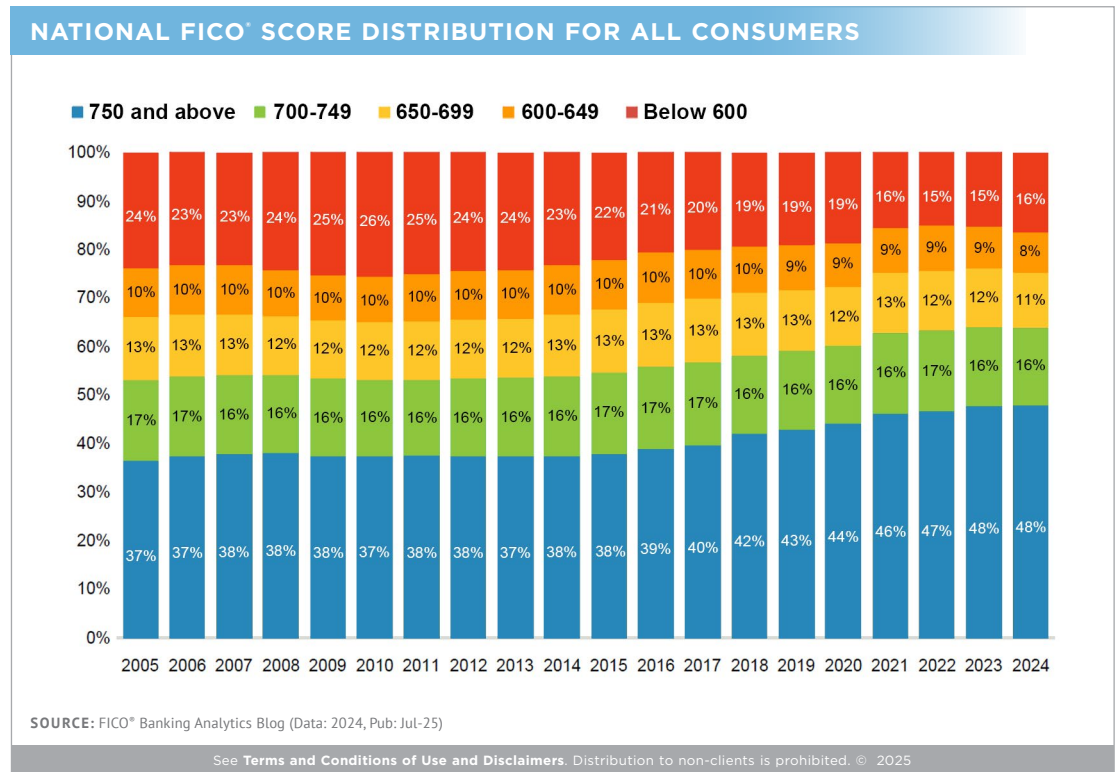
SOURCES: American Enterprise Institute; John Burns Research & Consulting, LLC (Data: Jan-25, Pub: Jul-25)

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# Just 16% of Consumers Have a Credit Score Below 600

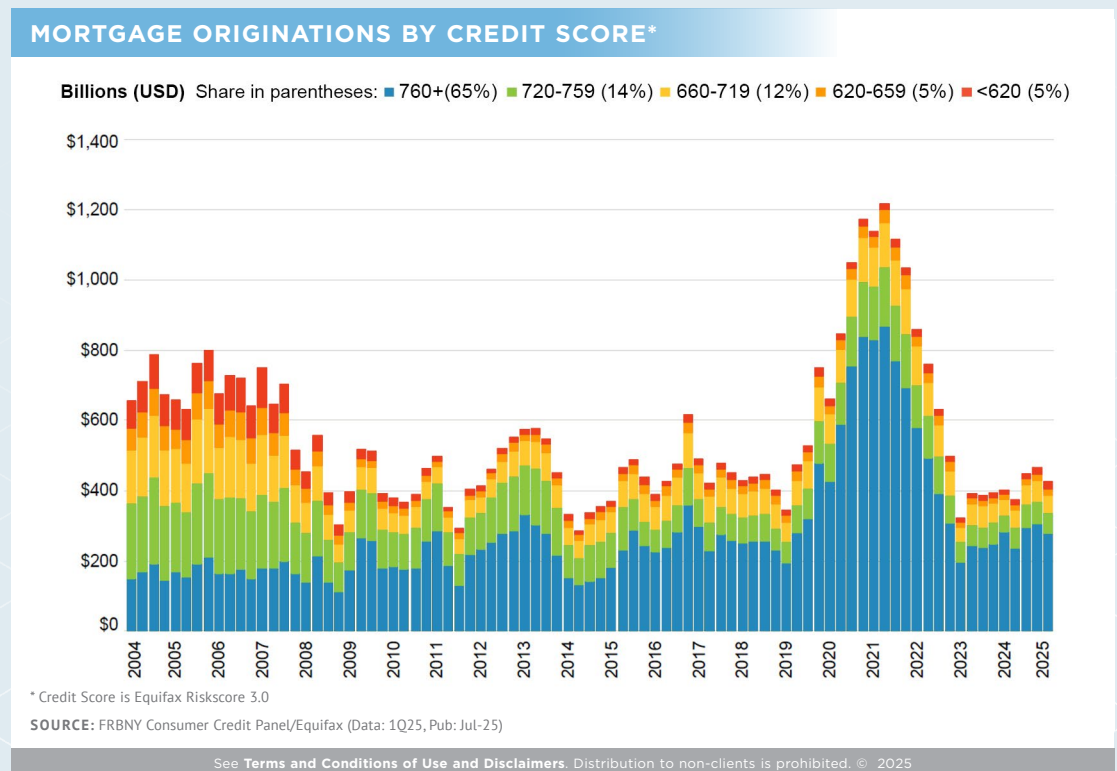
Consumers have slowly rebuilt their credit profiles. In 2024, 64% had FICO scores above 700, and 84% had FICO scores above 600.

Scores are based on the following five categories in order of weighting: payment history (35%), amounts owed (30%), length of credit history (15%), new credit (10%), and types of credit used (10%).



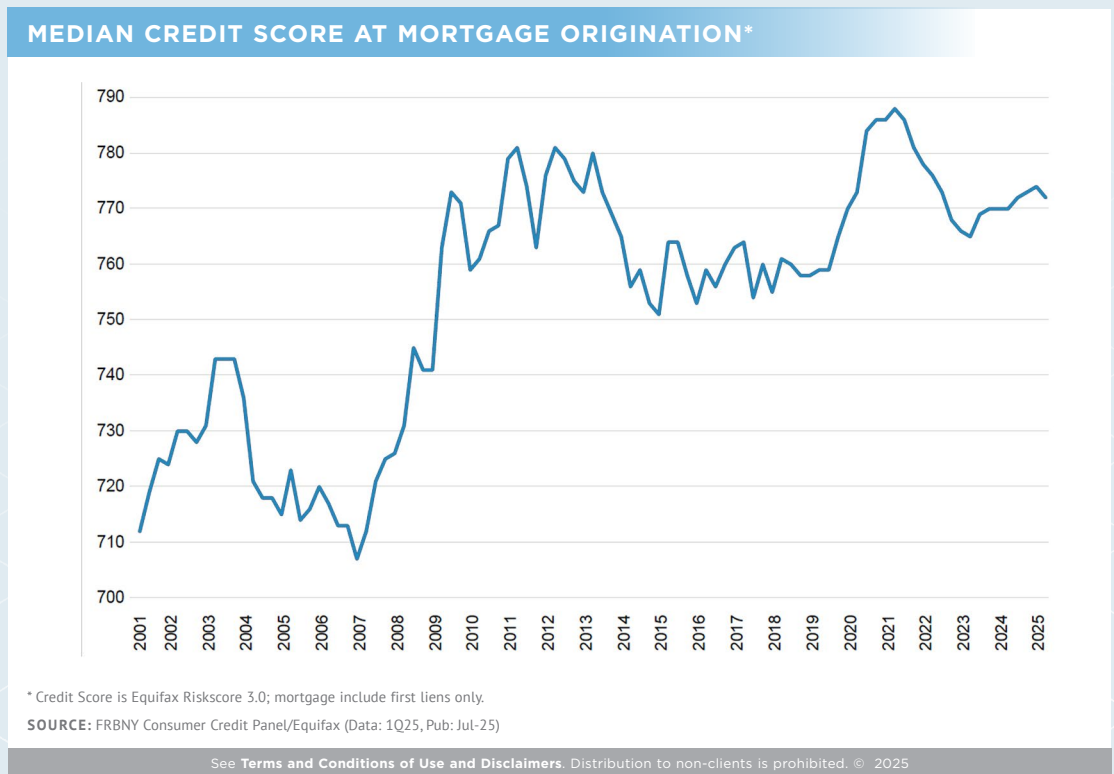
# 79% of Mortgages Originated in 1Q25 Went to Borrowers with 720+ Credit Scores

In 1Q2007, 15% of mortgage originations were to borrowers with a credit score of less than 620. As of 1Q2025, only 5% of mortgages went to borrowers with a credit score less than 620.



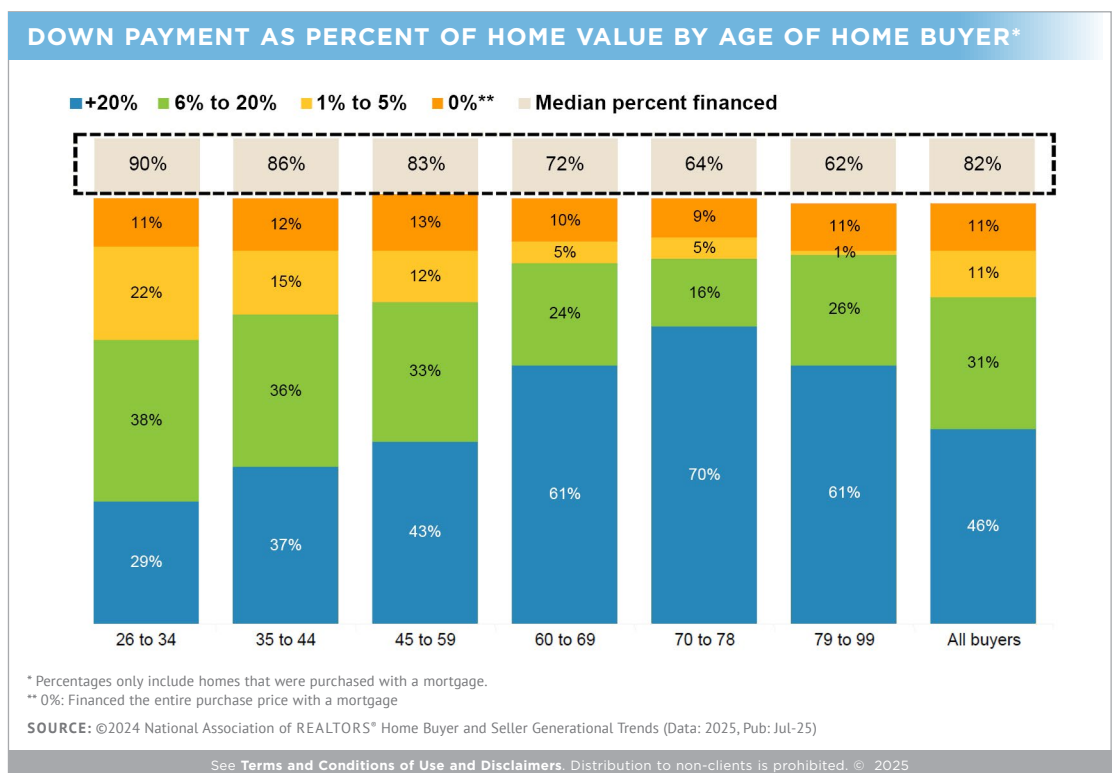
# Median Credit Scores at Origination are Much Higher Today Than Pre-Global Financial Crisis

The median credit score at mortgage origination fell to 707 during the heyday of 2006. Since then, creditors have tightened standards. As of 1Q25, median score at origination was 772.



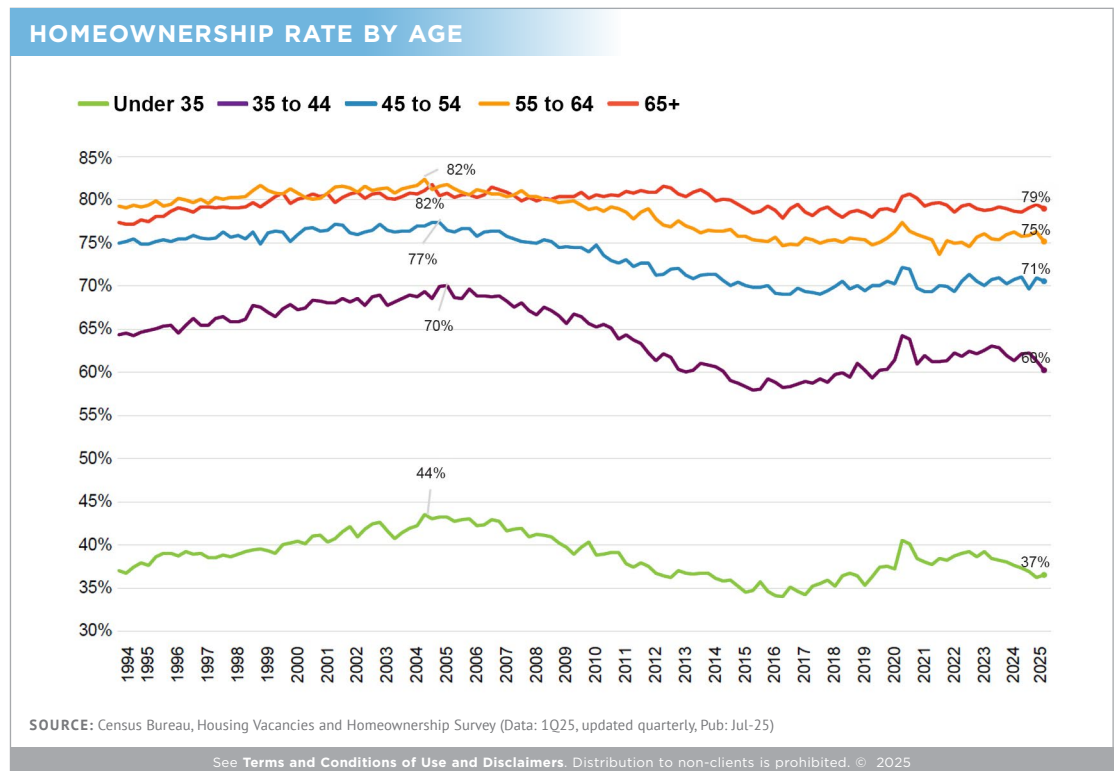
# Older Buyers Tend to Make Larger Down Payments

22% of all home buyers who use a mortgage are putting 5% or less down. The figure jumps to 33% among those 34 and younger. Only 14% of 70-to-78-year-olds have an LTV of +95%.



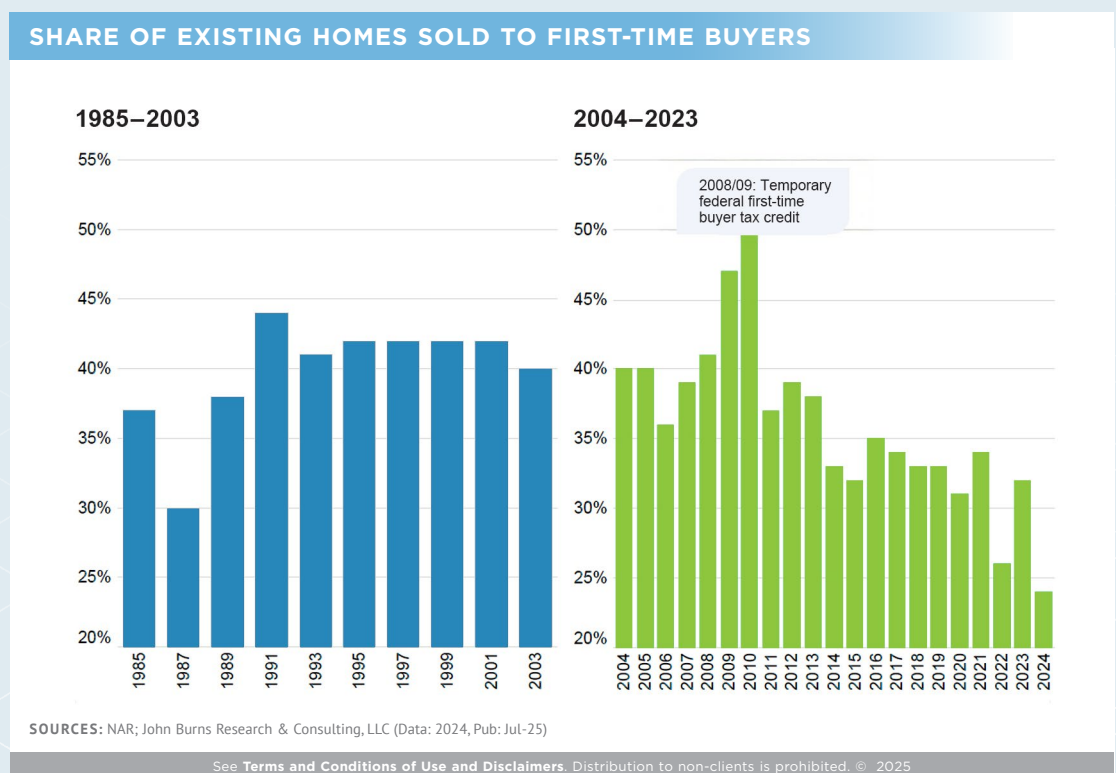
# Homeownership Has Been Flat in Recent Years for Most Groups

Note: The pandemic complicated the Census Bureau's collection process in 2020. We advise using caution in comparing data from this time period.



# The Share of Existing Homes Sold to First-Time Buyers Fell to 24% in 2024

Peak share was reached in 2010 when 50% of buyers were first-time buyers due to temporary tax credits.



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