

ECONOMIC MARKET SNAPSHOT

WINTER 2026 | ISSUE NO. 32

NATIONAL MI IS PLEASED TO BRING YOU OUR Winter 2026 Edition of the Economic Market Snapshot

Entering 2026, the U.S. housing market remains moderated with mostly flat sales reflecting home prices, elevated mortgage rates, and the softest year for employment growth (outside of a recession) since 2003.

Highlighted Current Market Indicators include:

- **New home sales:** Majority of top 50 housing markets Slow or Very Slow, maintaining conditions seen through last half of 2025.
- **Overall homeownership rate:** Slightly above its historical average at 65.5% as of 3Q25.
- **Homeownership by age:** Mostly flat; rate ticked up slightly for those under age 35.
- **First-time buyers for existing homes:** A 40-year low. In 2025, first-time buyers represented a 21% share, down from 24% in 2024.

(continued on page 2)

PLEASE REFER TO OUR

Economic Market Snapshot webpage
for previous editions of this report



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Mortgage rates to average 6.1% in 2026.

Job growth is expected to remain minimal, with a 0.5% rise in 2026.

Many purchasers are leveraging strong consumer credit profiles. In 3Q25, 81% of mortgages went to borrowers with 720+ credit scores. A third of younger buyers (age 26-34) are taking advantage of solutions that allow them to buy with LTV greater than 95%. Of all home buyers who use a mortgage, 22% are putting 5% or less down.

Outlook for 2026:

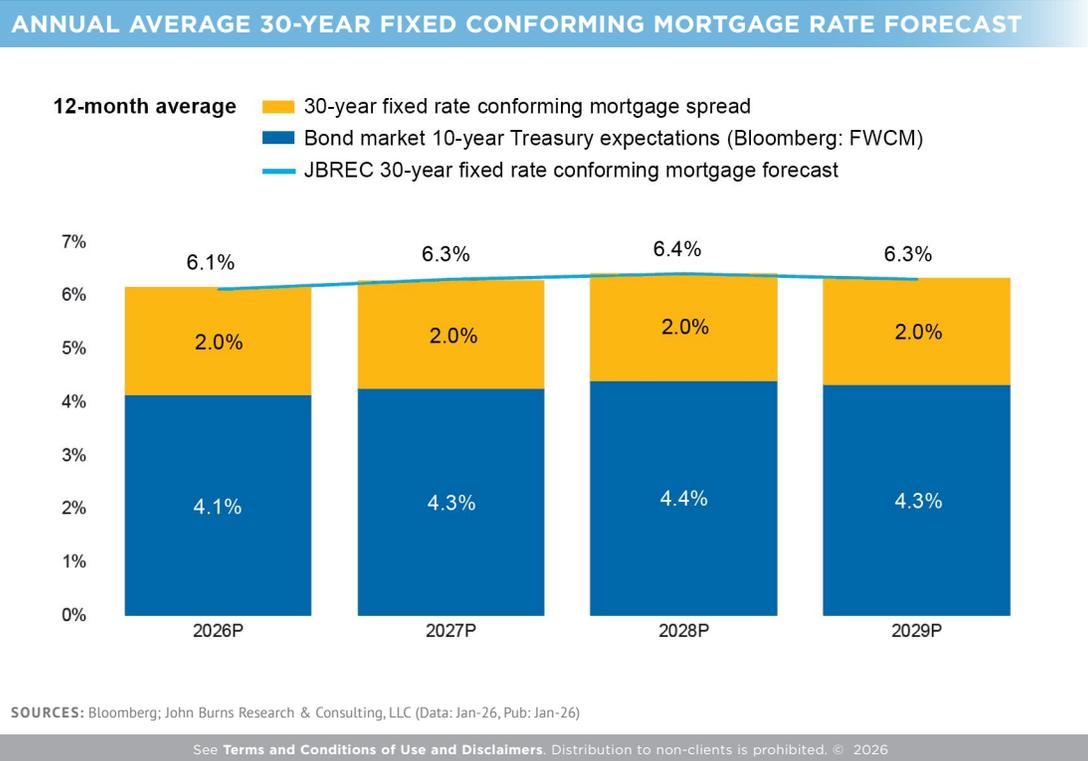
Housing affordability is a focal point of the Trump administration's initiatives this year and may lead to shifts in housing policy.

JBREC further forecasts:

- With rates and prices dipping slightly, existing home sales expected to increase 4% in 2026, climbing to 5% by 2028.
- JBREC expects mortgage rates to average 6.1% in 2026. In line with most other forecasters, no major shifts are projected but expected to rise slightly over the next 2 years.
- Job growth is expected to remain minimal, with a 0.5% rise in 2026.

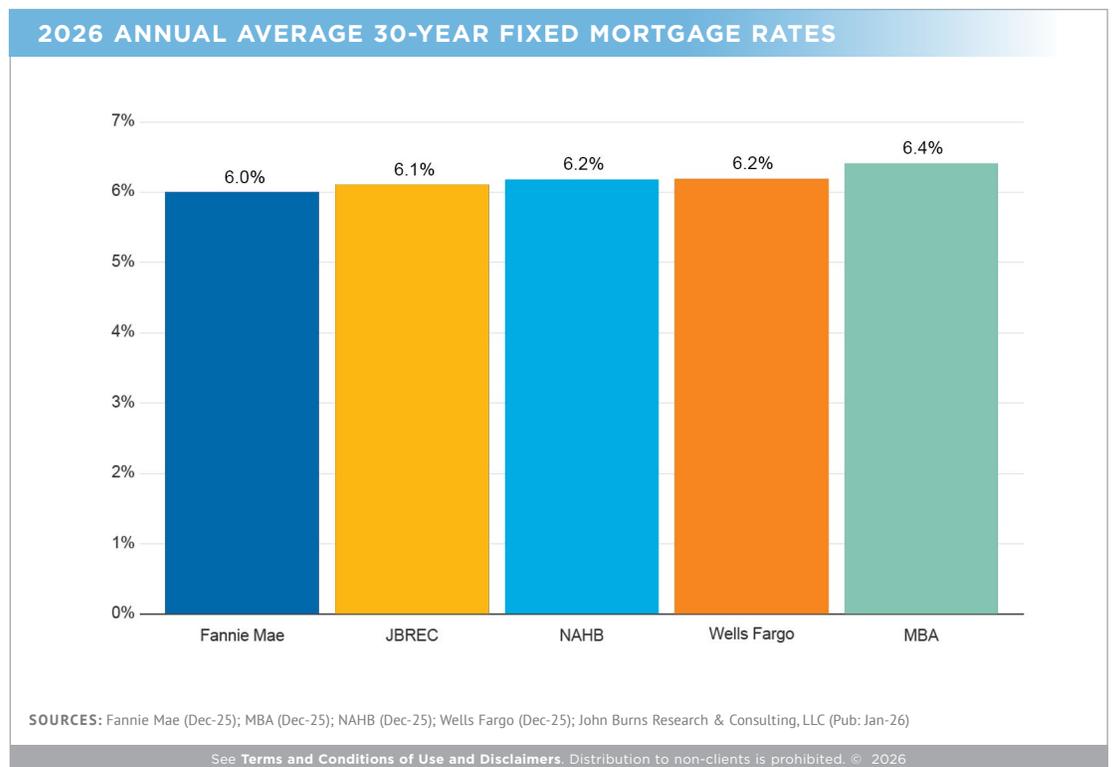
JBREC Mortgage Rate Forecast on Market Pricing

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



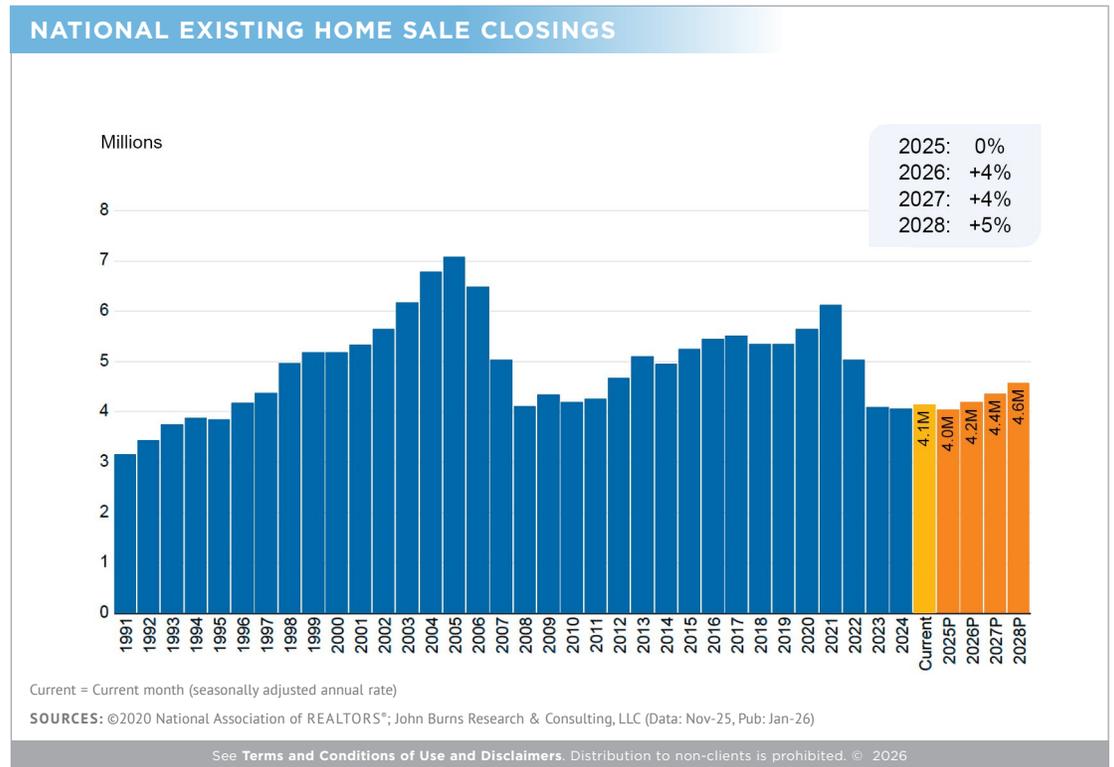
Industry Rate Forecasts for 2026

We are in line with most other forecasters and expect mortgage rates to average slightly above 6% in 2026. Our mortgage rate forecast is informed by bond market expectations of the 10-year treasury yield, plus a spread.



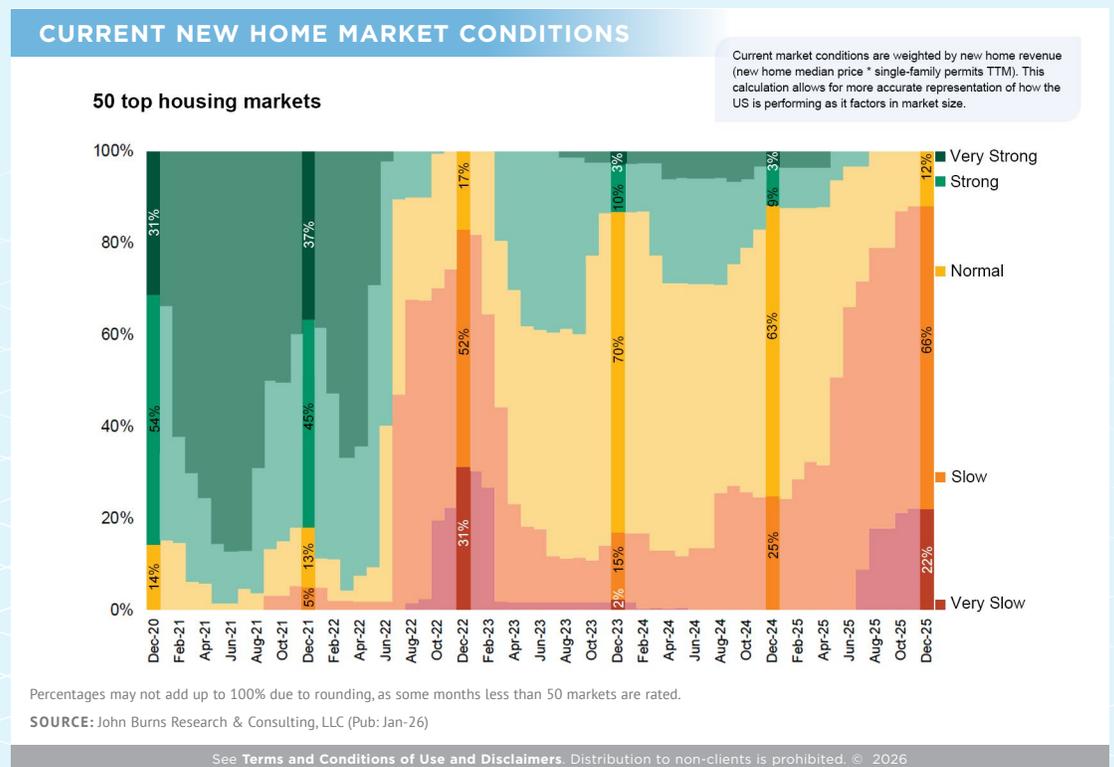
JBREC's 2026 Forecast for Existing Home Sales Will Increase

Slightly lower rates and home price declines in some markets will drive YOY growth in existing home sales in 2026.



Current Market Conditions: 22% of Markets are Very Slow

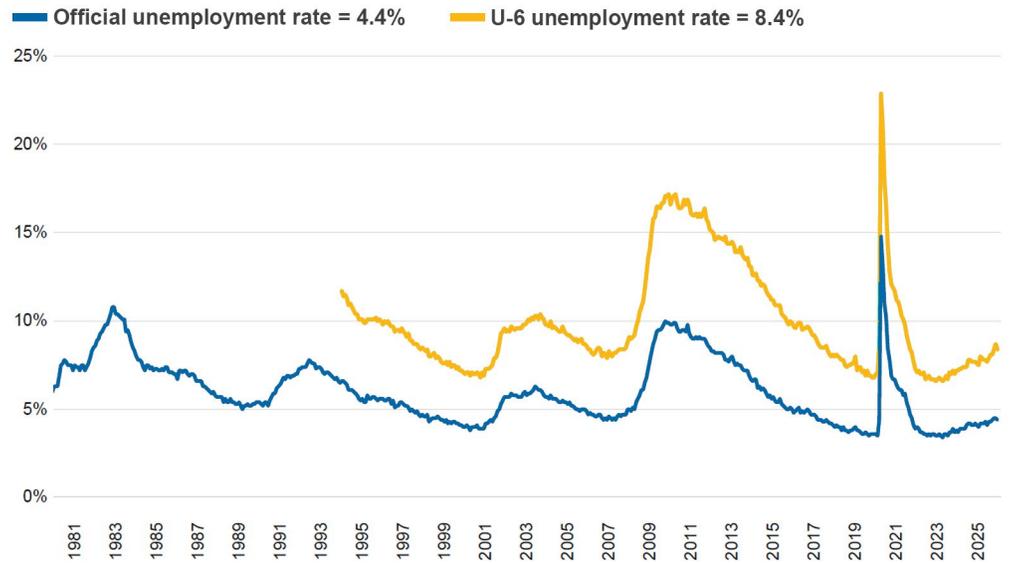
New home sales and pricing conditions are Slow in 66% of markets. 12% of markets are Normal, which reflects 2-3 sales per community per month with rising net prices.



Unemployment is Still Historically Low But has Risen from 2023 Levels

The unemployment rate fell to 4.4% in December. The U-6, a broader measure of unemployment that captures underemployment and discouraged workers, fell to 8.4%.

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: Dec-25, Pub: Jan-26)

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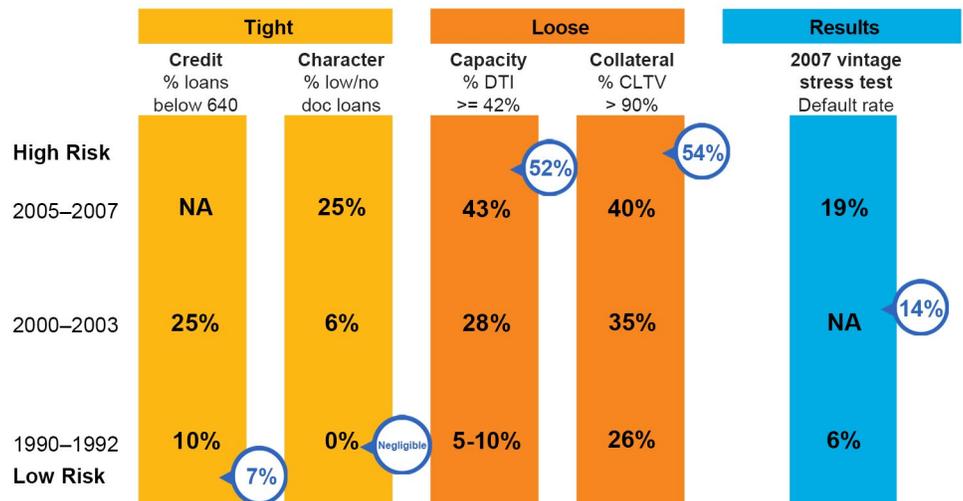
Lending Standards

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



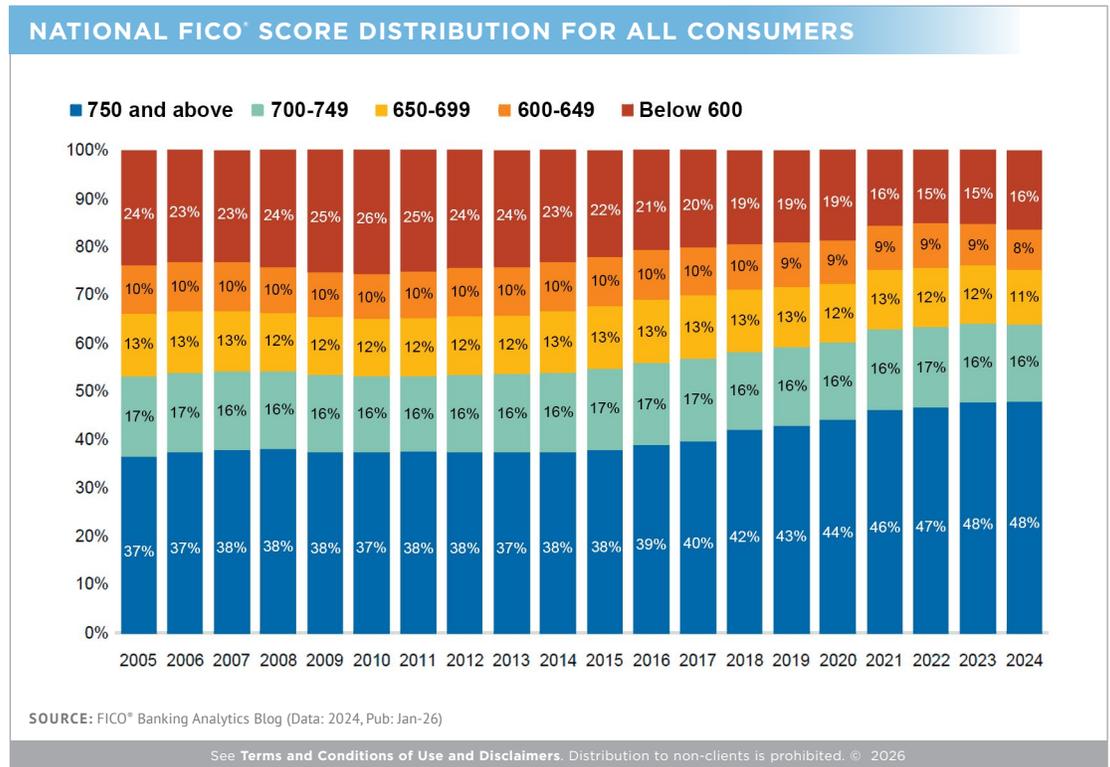
SOURCES: American Enterprise Institute; John Burns Research & Consulting, LLC (Data: Jul-25, Pub: Jan-26)

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Just 16% of Consumers Have a Credit Score Below 600

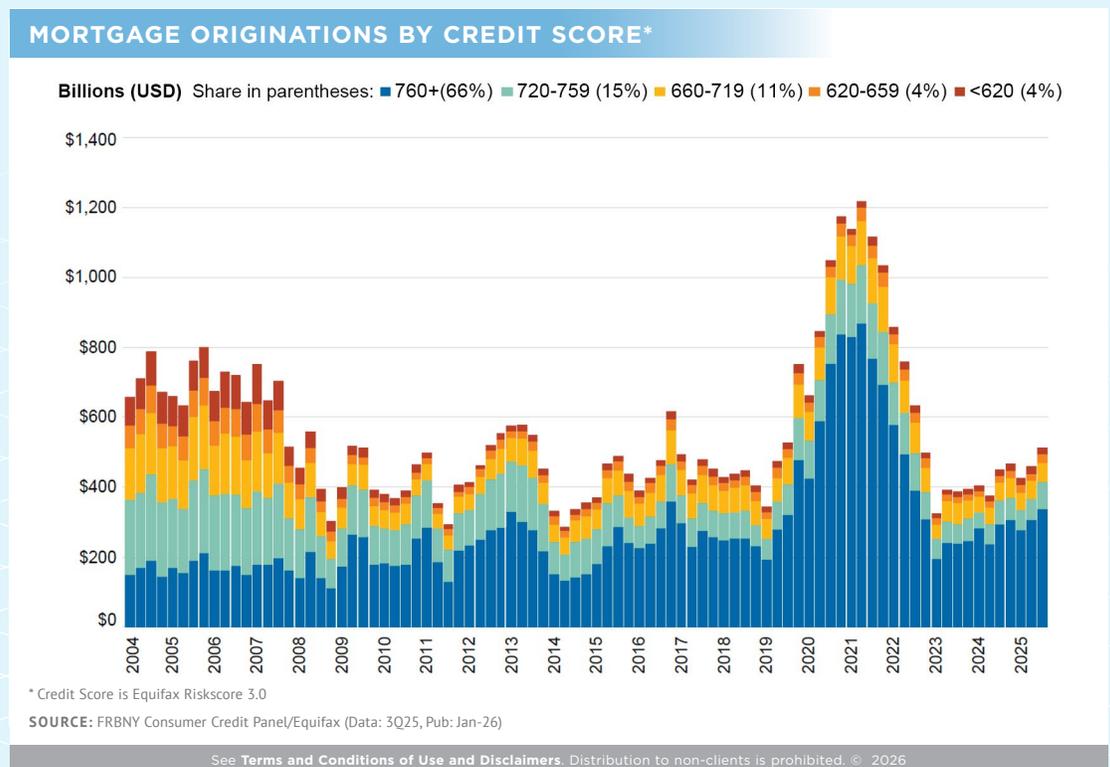
Consumers have slowly rebuilt their credit profiles. In 2024, 64% had FICO scores above 700, and 84% had FICO scores above 600.

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%).



81% of Mortgages Originated in 3Q25 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 3Q2025, only 4% of mortgages went to borrowers with a credit score less than 620.

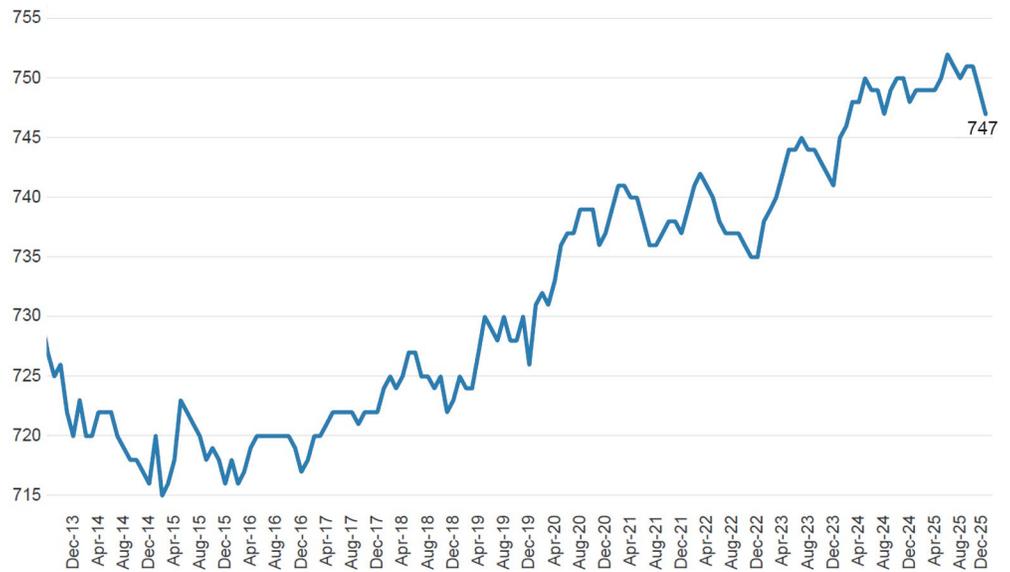


FICO Scores are Near an All-Time High Among Borrowers Who Locked in their Mortgage

The median FICO score of purchase loan locks is 747, up from 715 in 2015.

National Median FICO is the median representative FICO (as defined by Optimal Blue) of purchase loan locks Optimal Blue tracks, representing about 40% of all loan origination, for single-family and townhomes.

NATIONAL MEDIAN FICO SCORE AT LOAN LOCK



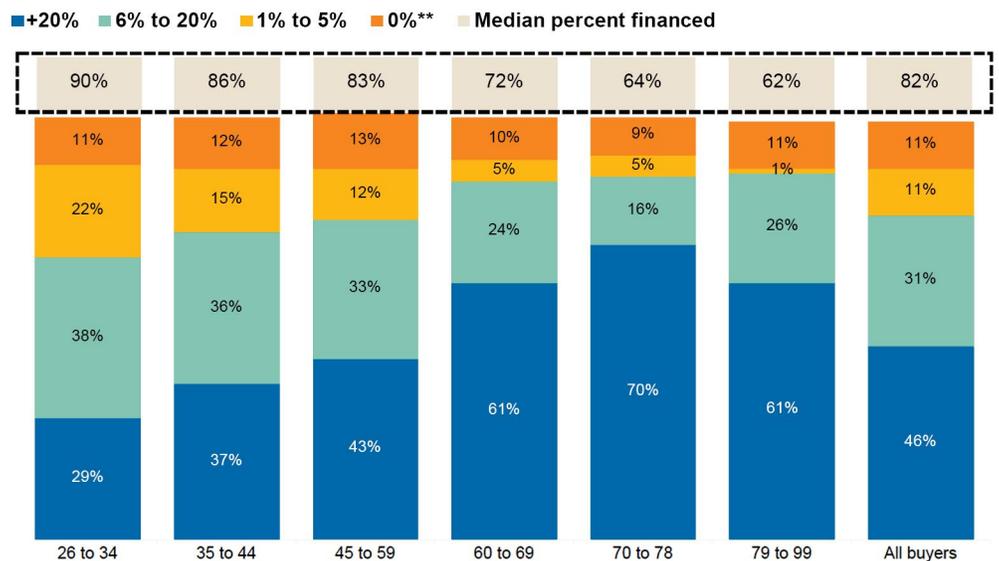
SOURCE: Optimal Blue, LLC www.optimalblue.com; John Burns Research & Consulting, LLC (Data: Dec-25, Pub: Jan-26)

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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%.

DOWN PAYMENT AS PERCENT OF HOME VALUE BY AGE OF HOME BUYER*



* Percentages only include homes that were purchased with a mortgage.

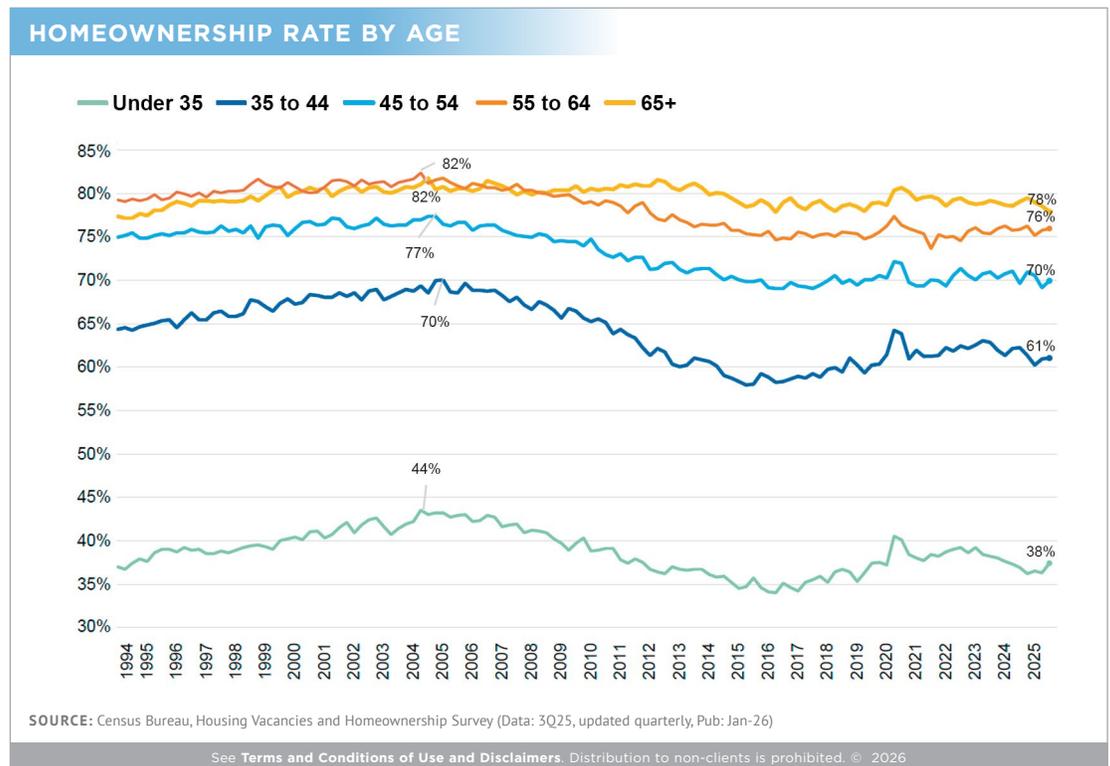
** 0%: Financed the entire purchase price with a mortgage

SOURCE: ©2024 National Association of REALTORS® Home Buyer and Seller Generational Trends (Data: 2025, Pub: Jan-26)

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Homeownership Has Been Flat in Recent Years for Most Groups

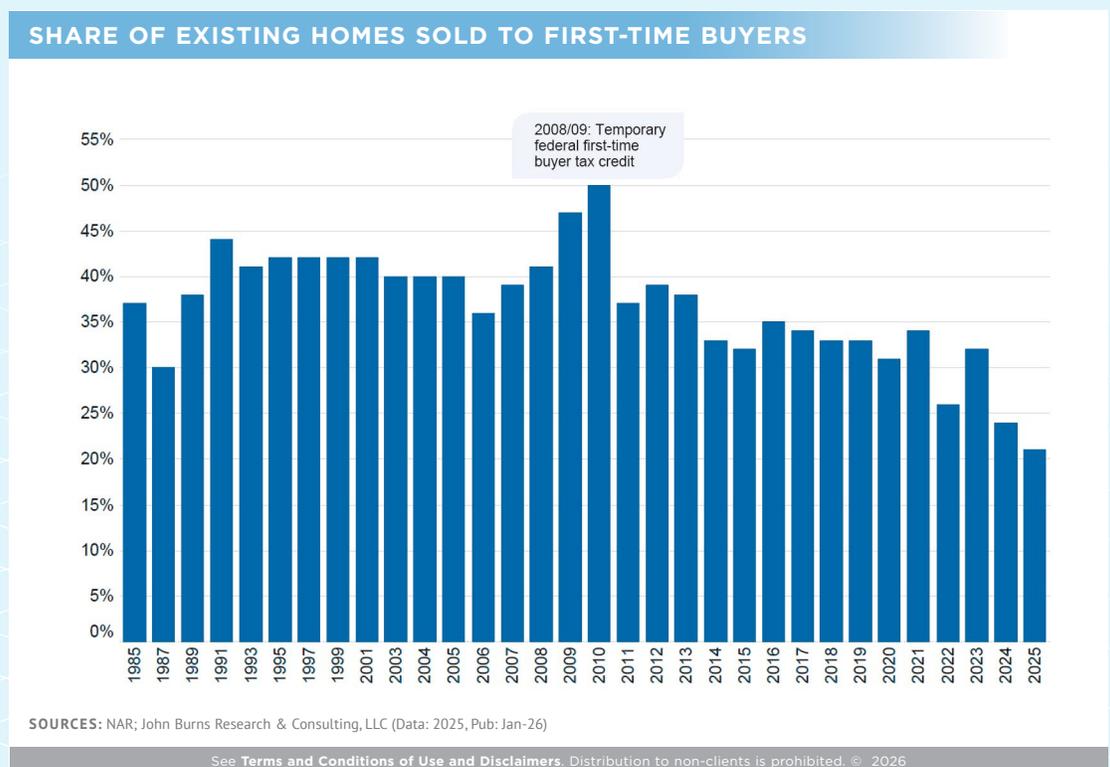
Note: The pandemic complicated the Census Bureau's collection process in 2020. We advise using caution in comparing data from this time period.



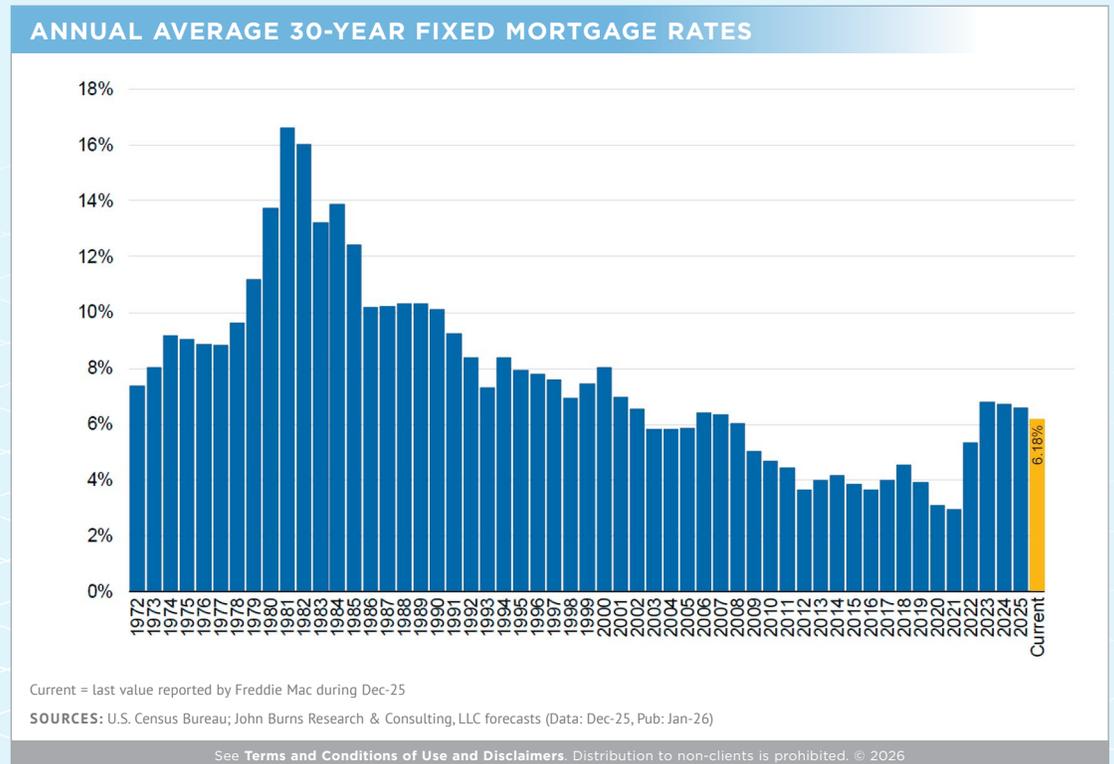
The Share of Existing Homes Sold to First-Time Buyers Fell to 21% in 2025

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

NAR only collected first-time buyer data every other year until 2003.

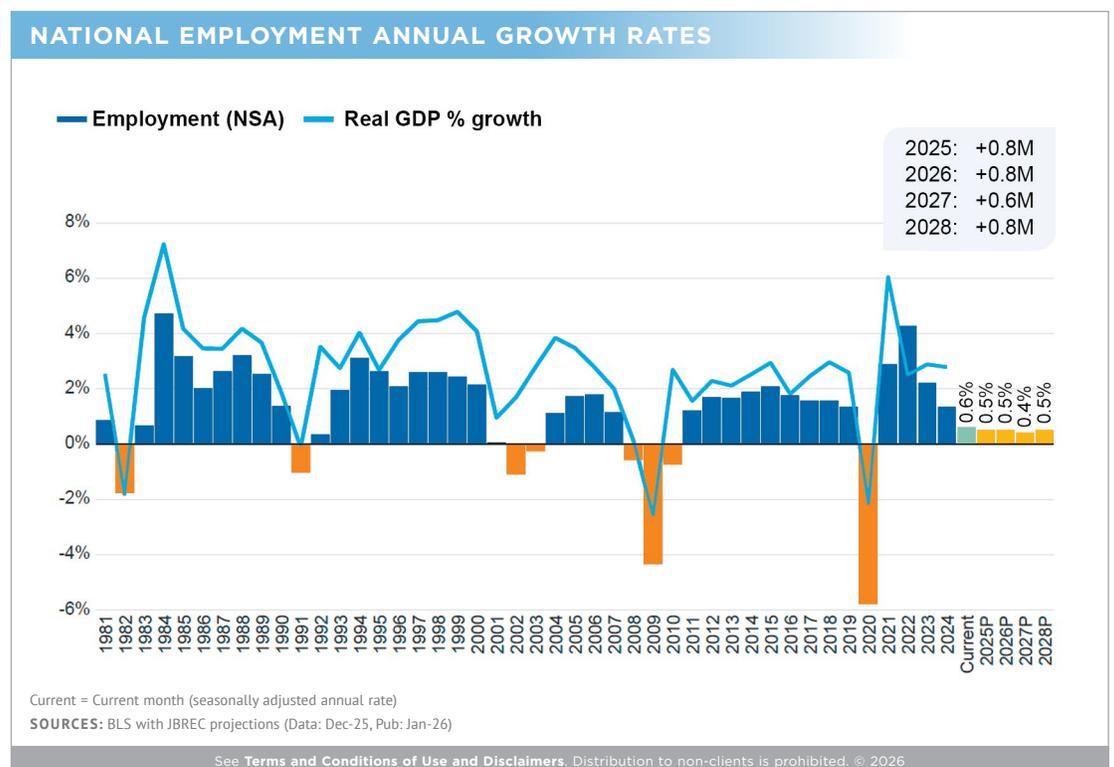


The Bond Market Expects Mortgage Rates to Average 6.1% in 2026



National Employment Annual Growth Rates

JBREC expects employment will rise +0.5% in 2026, below historical norms during a strong economy, as the labor market softens and reduced immigration slows hiring.





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- Practical strategies for supporting buyers navigating complexity and uncertainty in today’s housing market.



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