

ECONOMIC MARKET SNAPSHOT

SPRING 2026 | ISSUE NO. 33

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

Strong credit quality and disciplined lending standards continue to anchor the housing market. Current conditions point to stabilization — accelerated growth is subdued by on-going uncertainty, elevated rates, and affordability pressures.

- Rates are expected to stay above 6% on average in 2026. JBREC forecasts 6.2% annual average 30-year fixed rate while Fannie Mae's outlook is at the low end of the forecast range at 5.8%.
- Unemployment remains historically low though up from 2023 levels. Growth is forecast at +0.5% in 2026.

JBREC home sales outlook:

- Homeownership rate is rising for those under 35. Existing home sales to first time buyers rose in February, when interest rate averages dipped below 6%. First-time buyers are more rate sensitive than other buyer types.

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Existing home sale closings are forecast to rise 1% in 2026.

Low down payments are not limited to just younger buyers.

- Existing home sale closings are forecast to rise 1% in 2026 and tick upward more strongly over the next 3 years, suggesting a **modest recovery for resale activity.**

- Single-family permits are forecast to decline 5% in 2026, signaling builders may stay cautious as inventory and affordability constraints linger.

Spring market conditions:

Consumer credit profiles are among the strongest seen in decades.

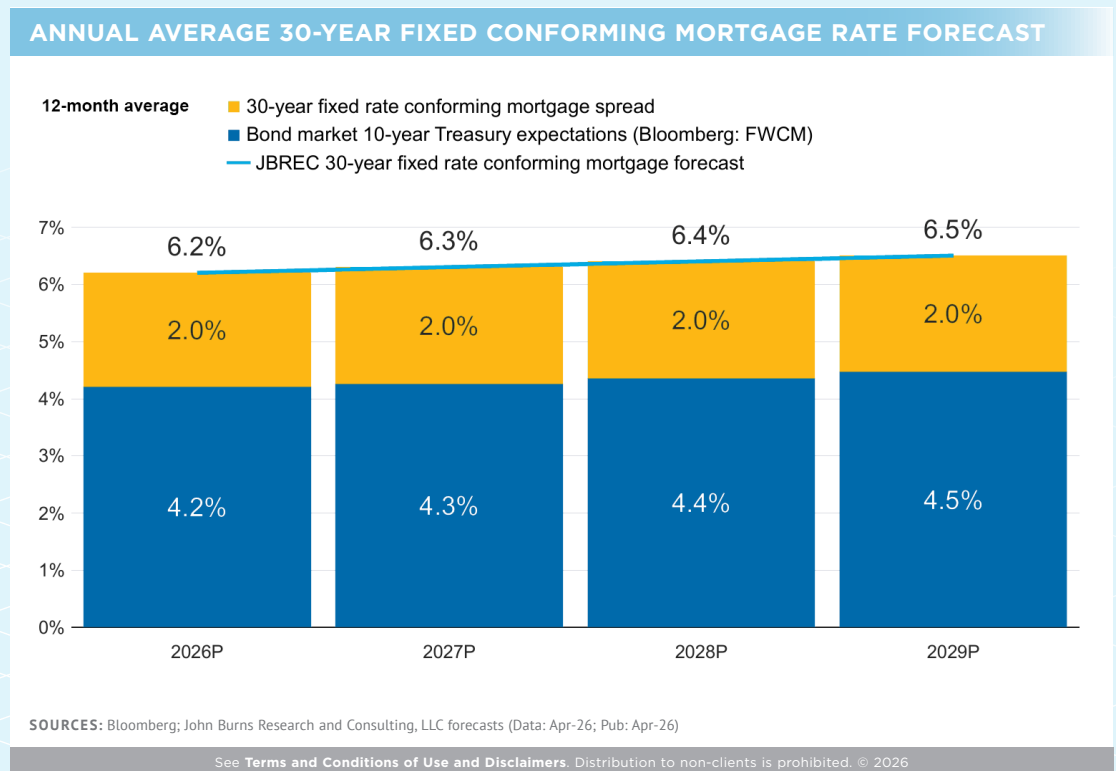
- Median FICO at loan lock is shown at 749, up from 715 in 2015.
- 79% of 4Q25 originations went to borrowers with 720+ scores.

Low-down-payment borrowing is skewed toward, but not limited to, younger buyers.

- About 1/3 of buyers age 34 and younger put 5% or less down on a home.
- Among buyers ages 45–59, nearly half put less than 20% down. About 25% put 10% or less down.

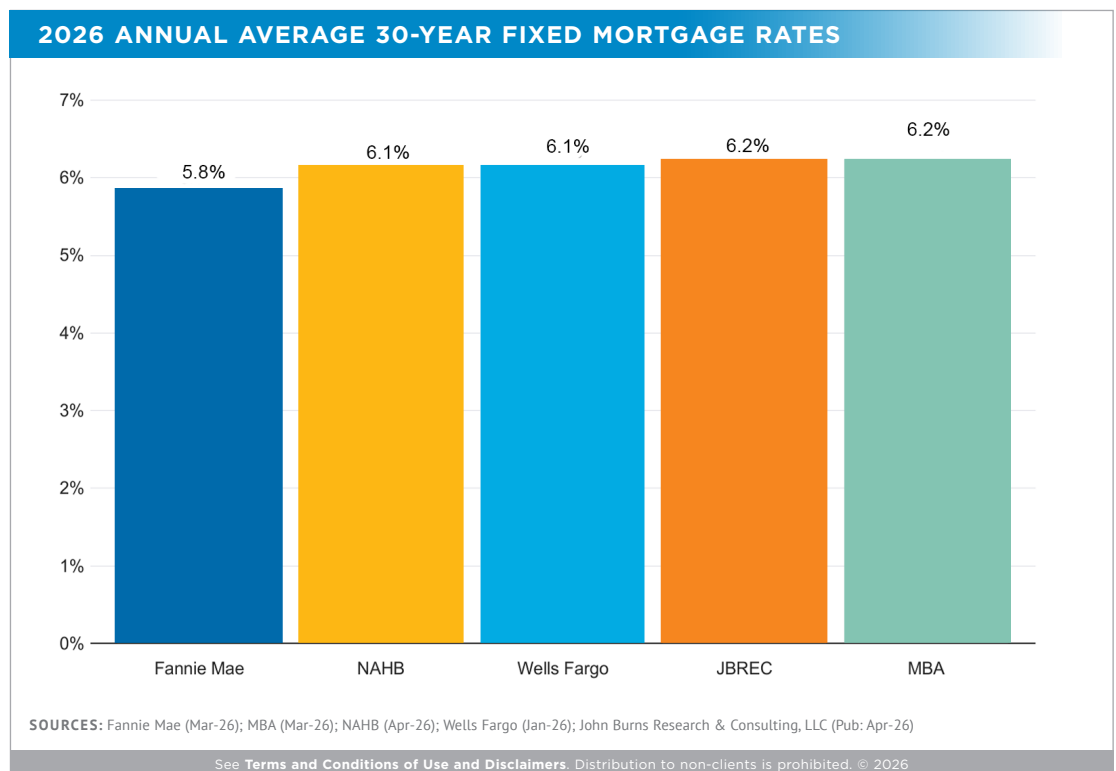
JBREC Mortgage Rate Forecast on Market Pricing

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



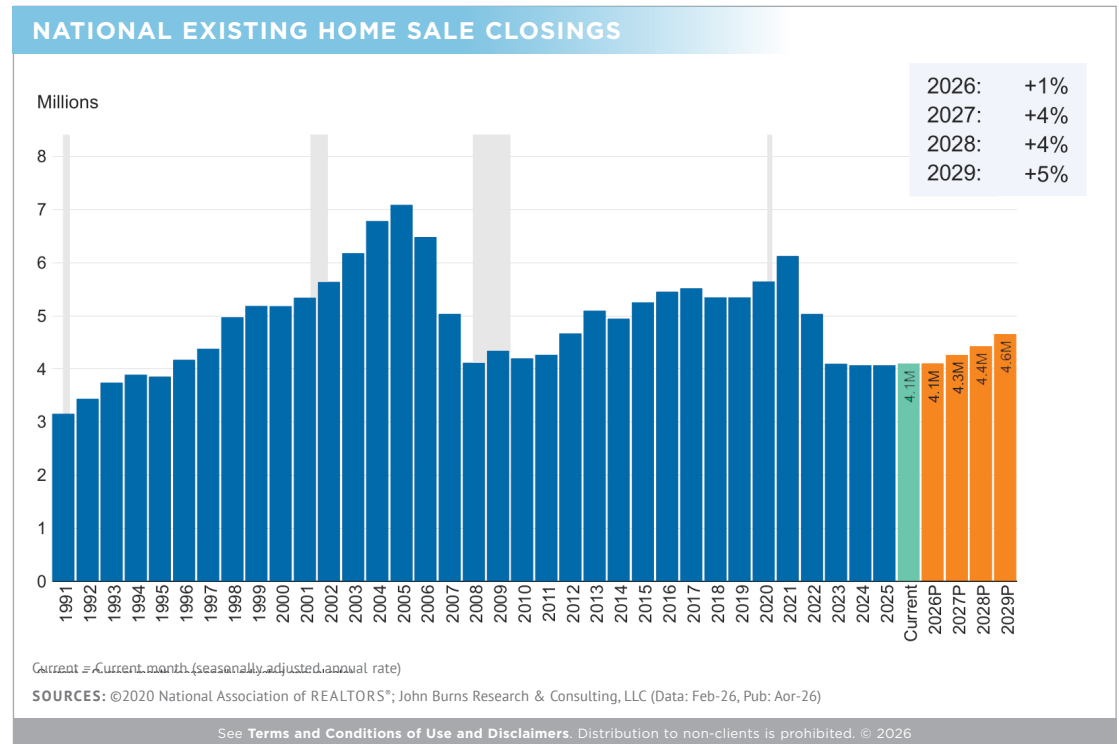
Industry Rate Forecasts for 2026

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.



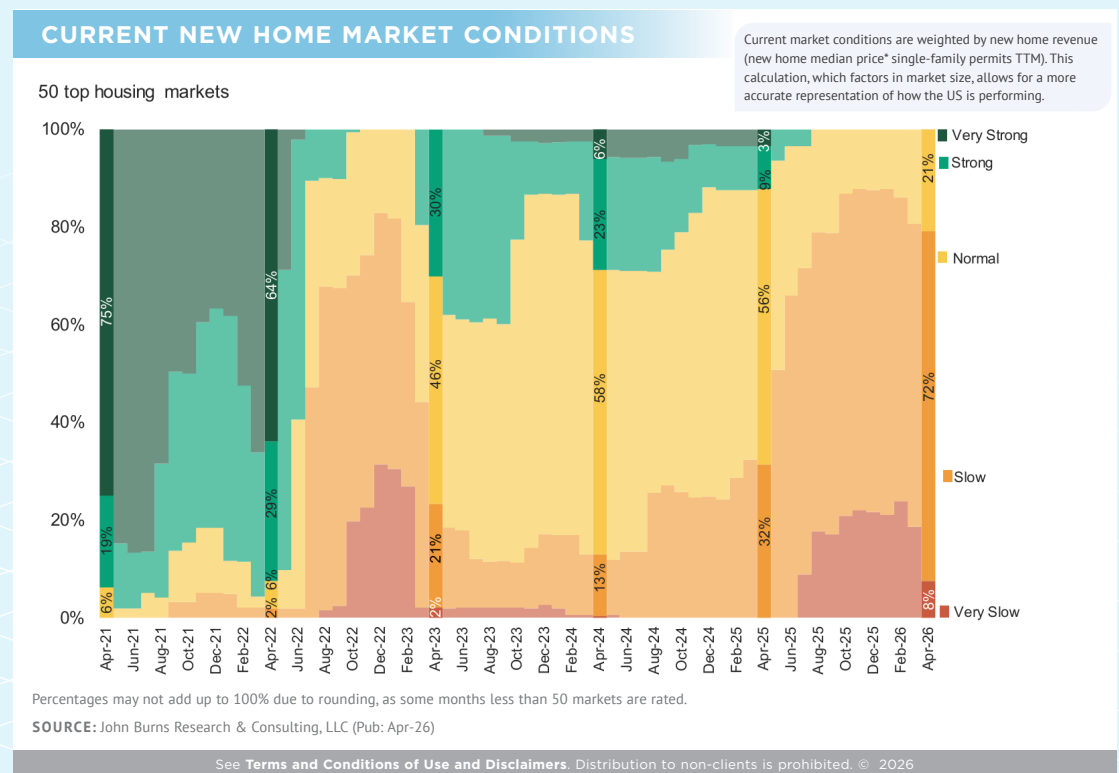
JBREC's 2026 forecast for existing home sales will increase +1% in 2026 off a low base in 2025.

Elevated mortgage rates, and macro uncertainty will keep resale sales muted in 2026.



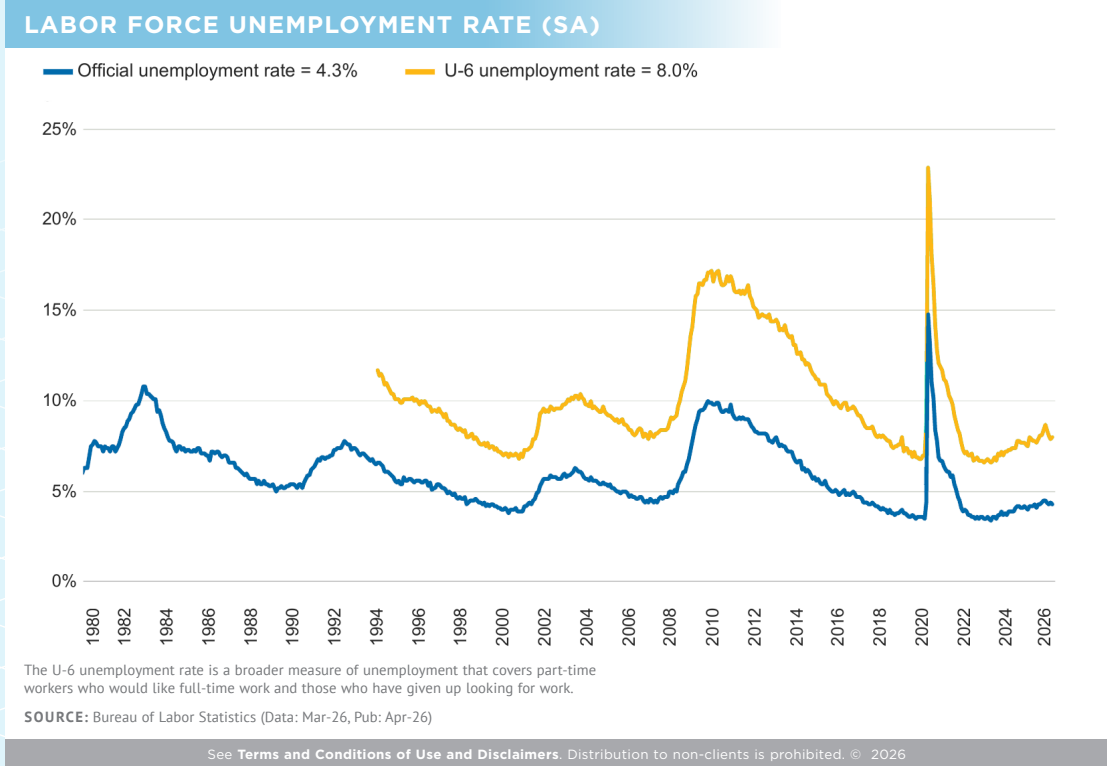
April 2026 Market Conditions: 8% of markets are Very Slow

Sales and pricing conditions are Slow in 72% of markets. 21% of markets are Normal, which reflects 2-3 sales per community per month with rising net prices.



Unemployment is historically low but has risen from 2023 levels.

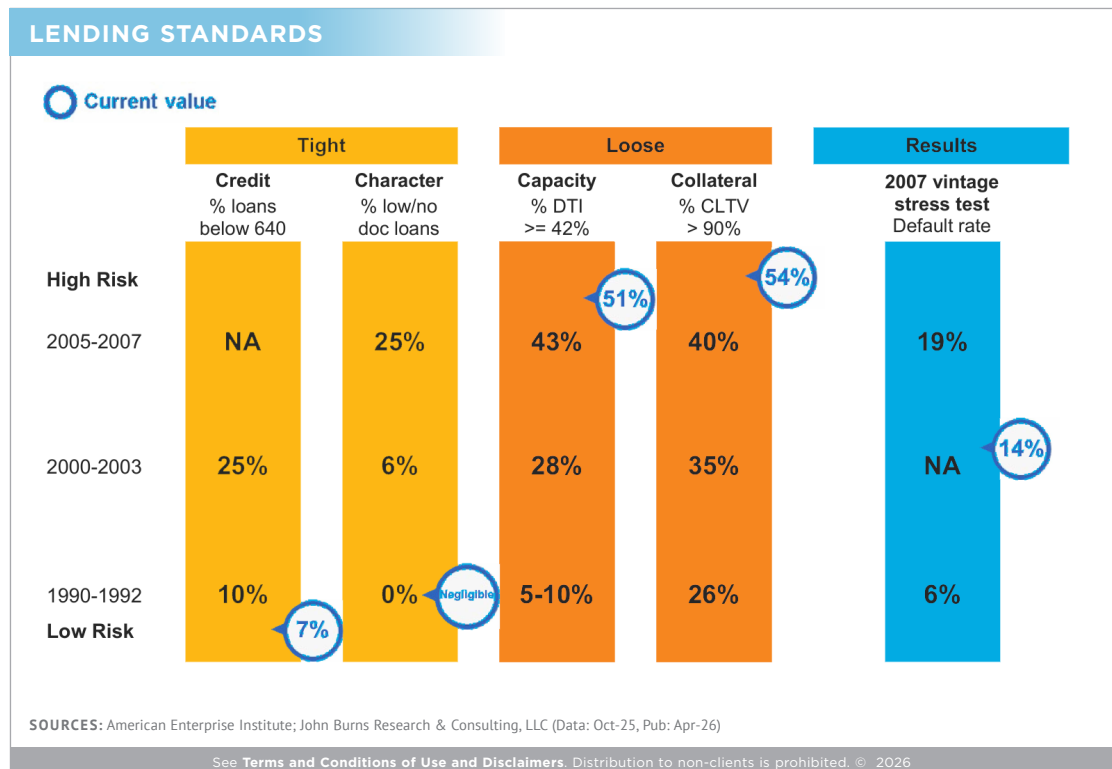
The unemployment rate fell to 4.3% in March. The U-6, a broader measure of unemployment that captures underemployment and discouraged workers, rose to 8.0%.



Lending standards on government-backed loans: 72% of all loans

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

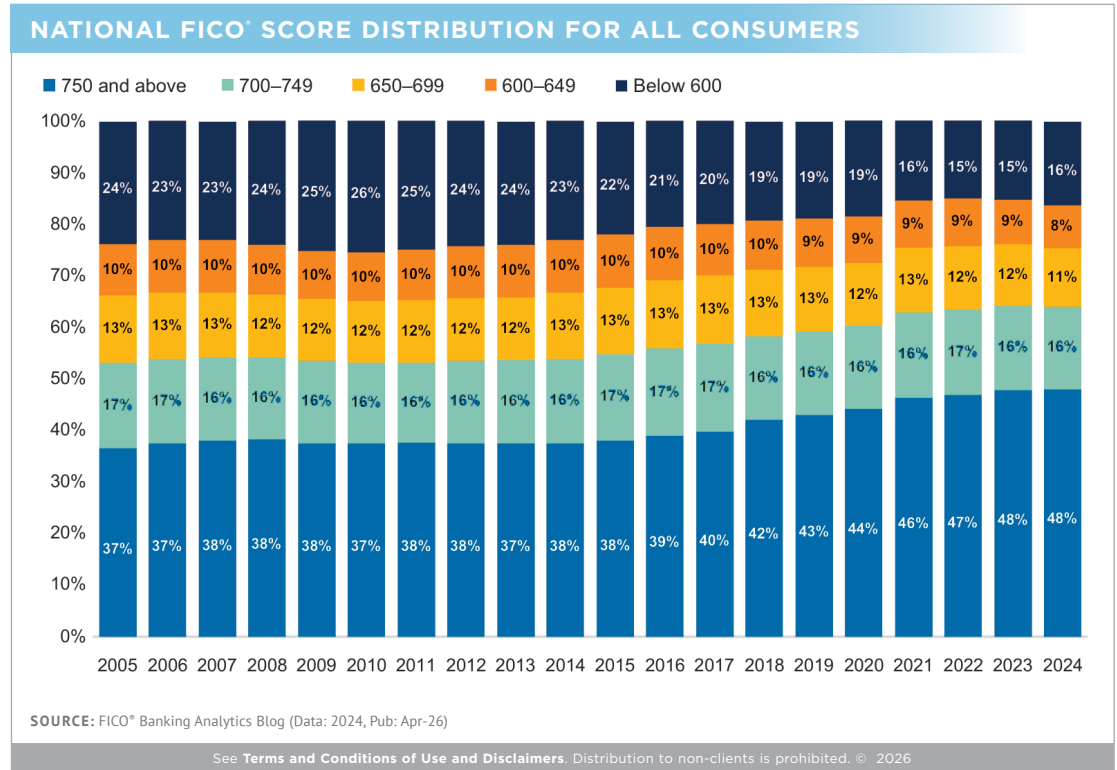
This chart only includes primary purchase loans guaranteed by the five government agencies (Fannie Mae®, Freddie Mac, FHA, VA, and RHS). These loans currently account for 72% of all primary purchase loans (by count). Our current percentage of low/no document loans is based on JBREC analysis. The DTI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



Just 16% of consumers have a credit score below 600.

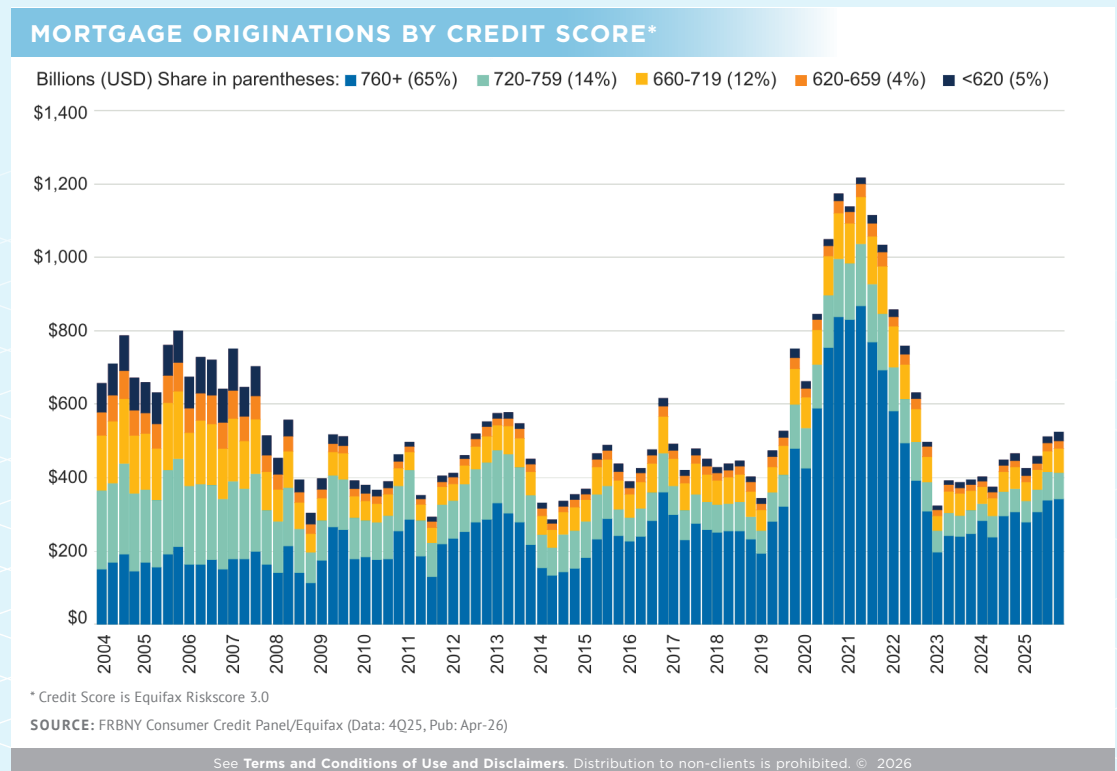
Consumers have slowly rebuilt their credit profiles. In 2024, 64% had FICO scores above 700, and 84% had FICO scores above 600.

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 4Q25 went to borrowers with 720+ credit scores.

In 1Q07, 15% of mortgage originations were to subprime borrowers with a credit score of less than 620. As of 4Q25, only 5% of mortgages went to borrowers with a credit score less than 620.

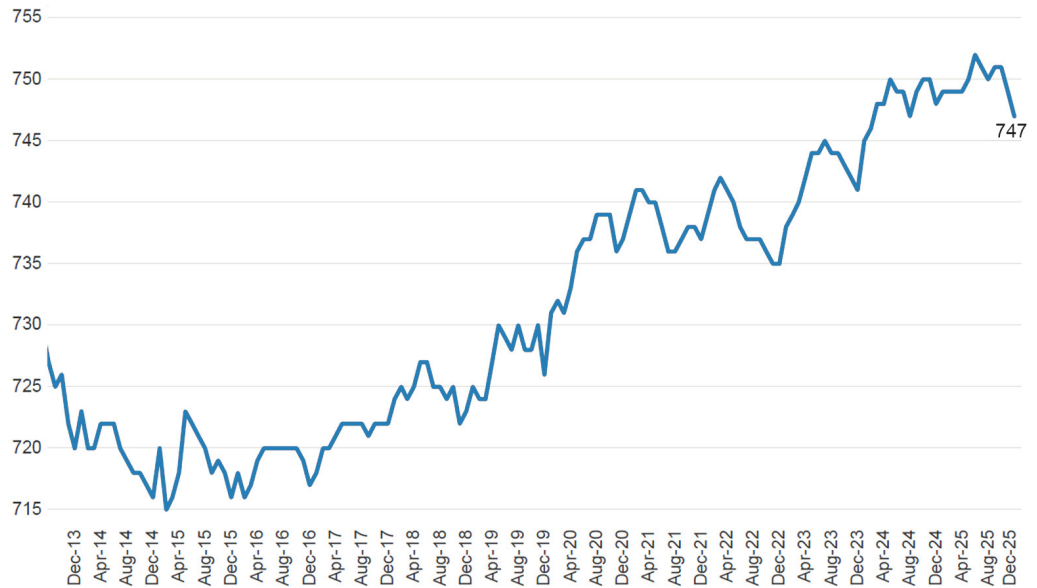


FICO scores are near an all-time high among borrowers who locked in their mortgage.

The median FICO score of purchase loan locks is 749, 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



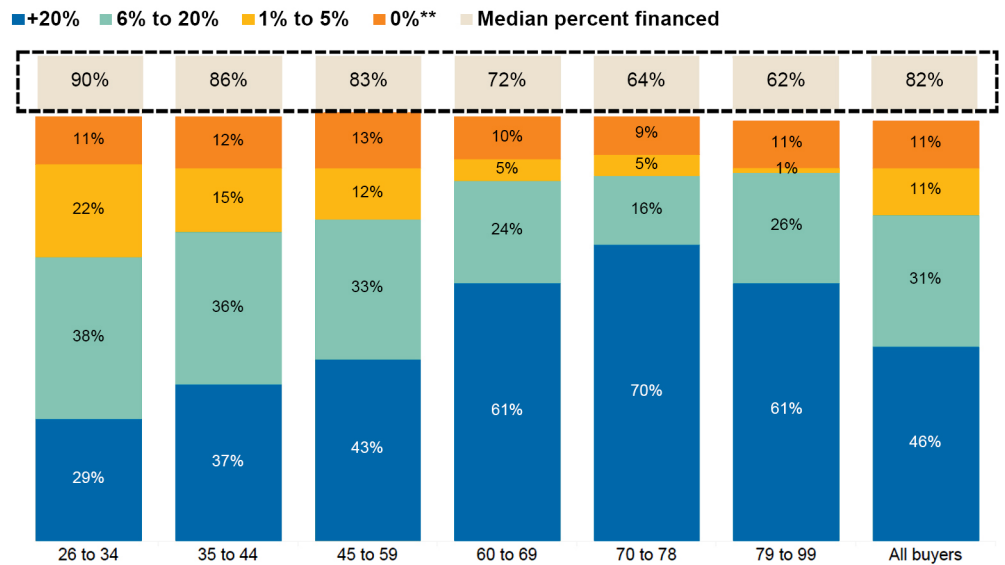
SOURCE: Optimal Blue, LLC www.optimalblue.com; John Burns Research & Consulting, LLC (Data: Mar-26, Pub: Apr-26)

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Older buyers tend to put down 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.

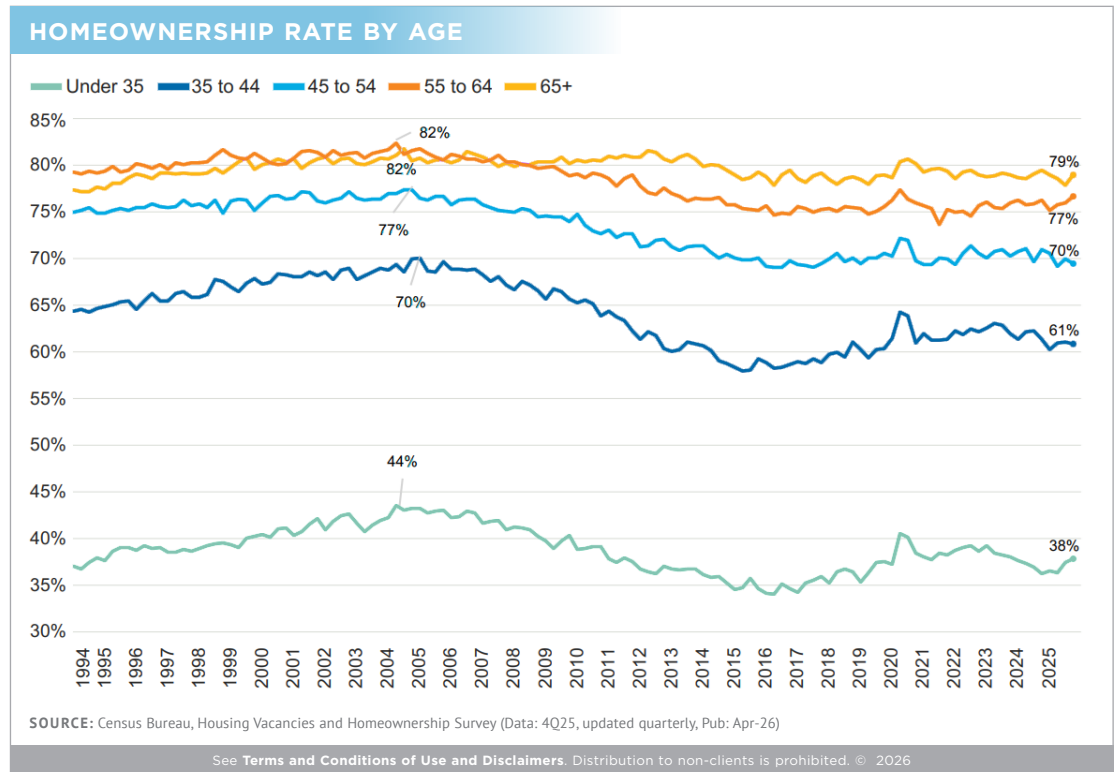
** 0%: Financed the entire purchase price with a mortgage

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

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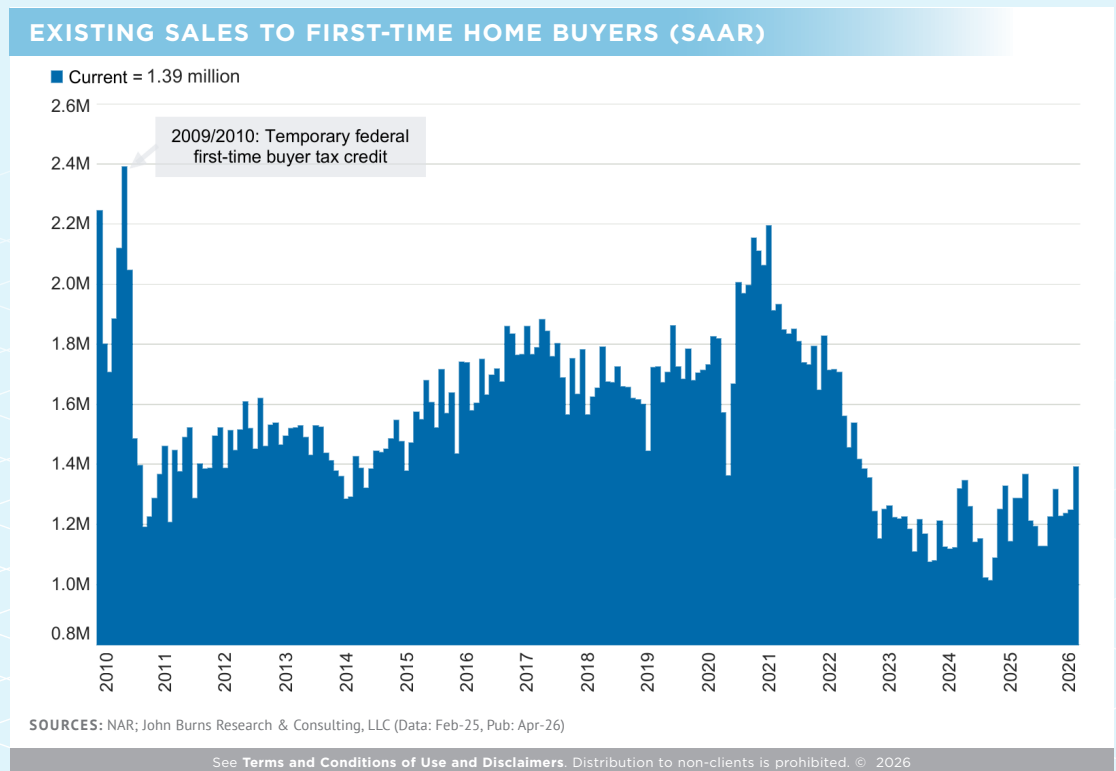
Homeownership is rising for people under 35.

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

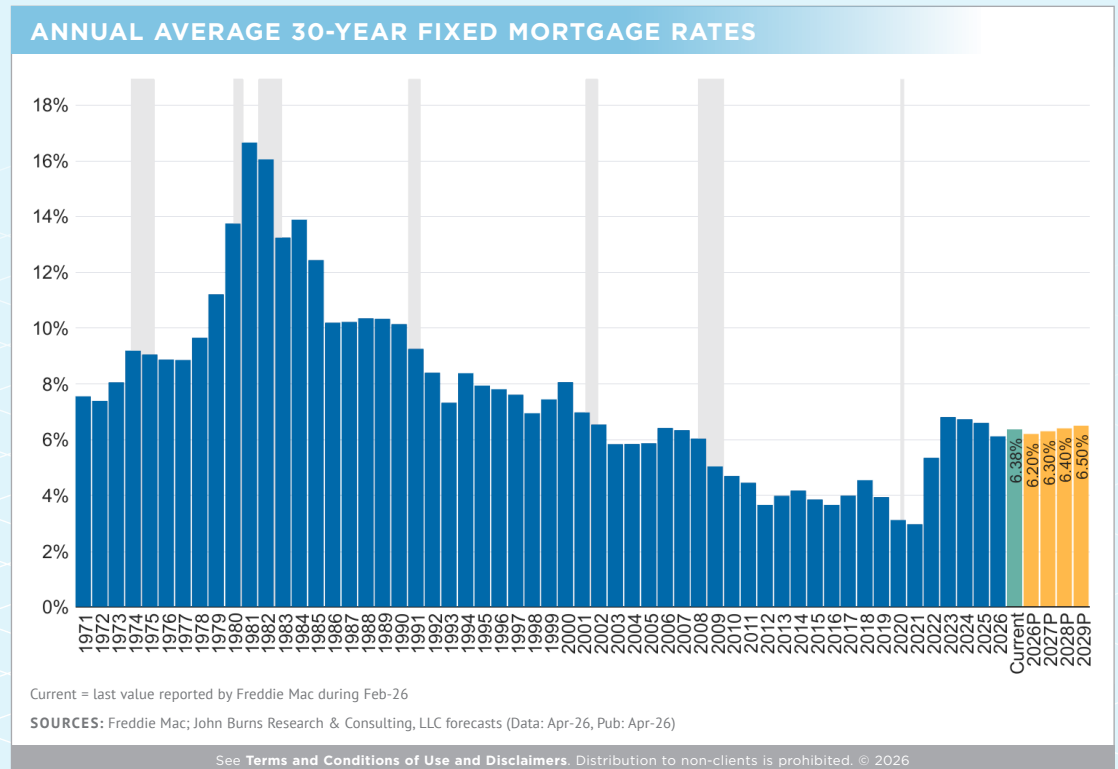


The number of existing homes sold to first-time buyers increased in February.

First-time buyers are more rate sensitive than other buyer types.

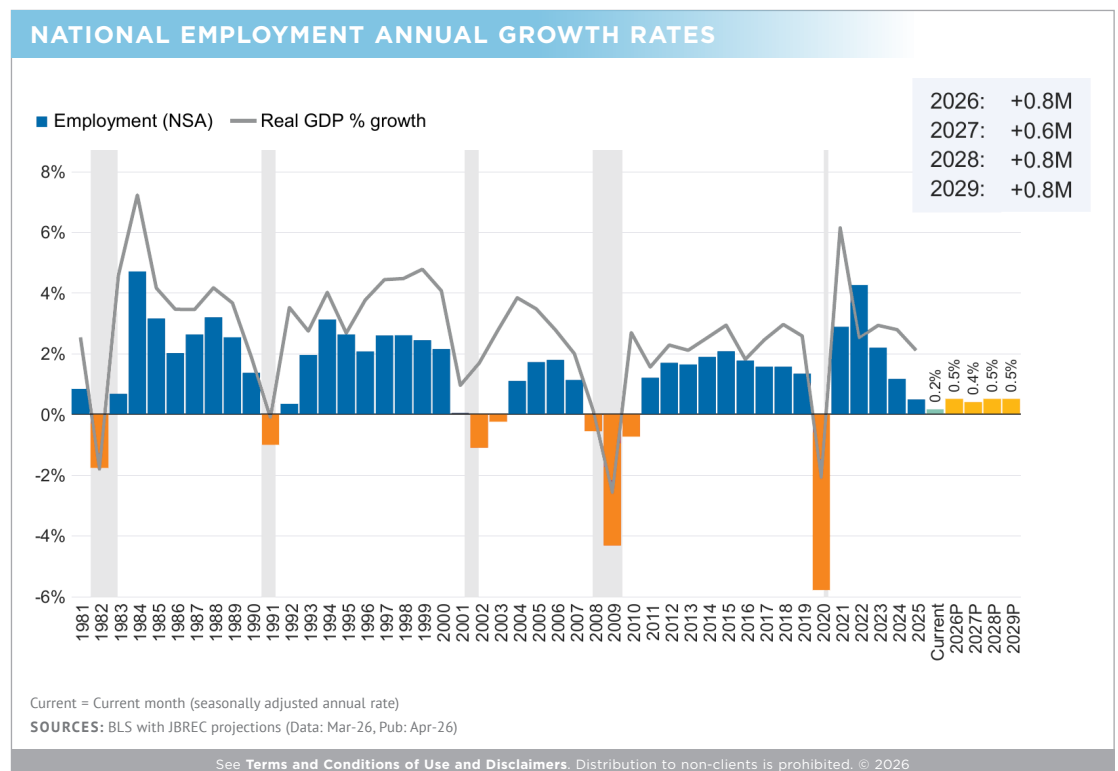


The bond market expects mortgage rates to average 6% in 2026.



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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