

NationalMI

ECONOMIC MARKET SNAPSHOT

SUMMER 2026 | ISSUE NO. 34

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Summer 2026 Edition of the Economic Market Snapshot

Mid-year seasonal conditions are showing signs of stabilization in a soft market. Borrower credit quality remains exceptionally strong and first-time buyer activity increased.

- New home sales markets. In 16% of top markets, builders average about 2–3 net sales per community/month. The mix is shifting from early 2026 slowdown when the percentage of Very Slow markets reached 22%.
- Resales. After bottoming near 4.1M closings in 2025, existing home sales inch up +1% in 2026, muted by elevated rates and macro uncertainty, with a stronger recovery expected by 2029.
- Median FICO score at loan lock is 751, near an all-time high.
- First-time buyers increased purchases in the resale market.
- Homebuyers under age 45 are financing more than 85% of the purchase price.

(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 6.3% in 2026.

76% of new loans went to borrowers with 720+ scores.

John Burns Research & Consulting (JBREC) expects a market that continues to face affordability challenges while moving toward balance. Elevated oil/gas prices and inflation impact consumers and could also carry over into construction costs.

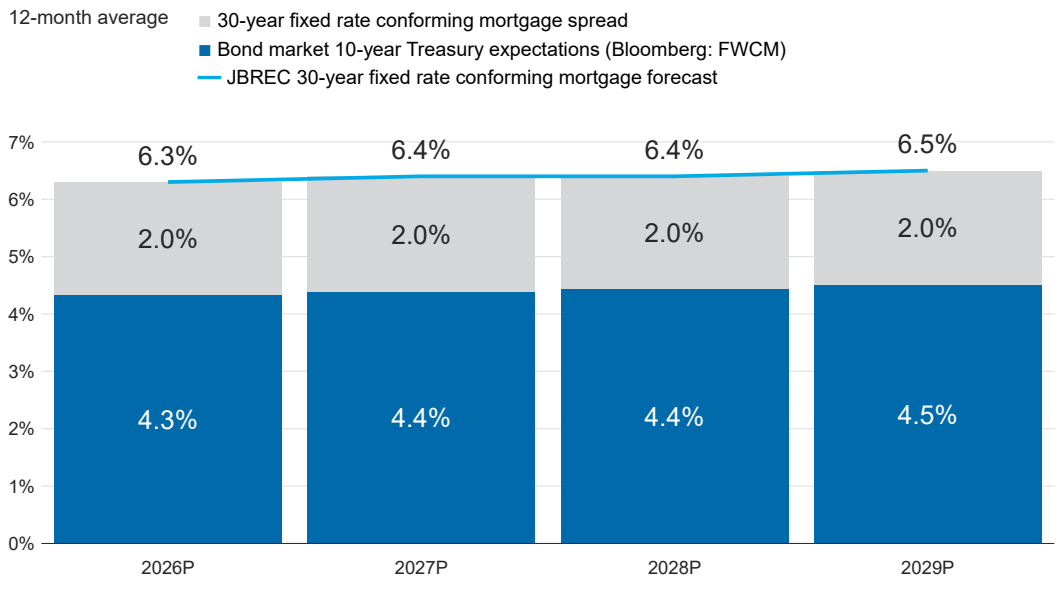
The longer-term JBREC outlook points to modest trends:

- **Resales:** JBREC forecasts a gradual uptick with +1% growth in 2026, rising +4% in 2027 and again in 2028.
- **Employment:** Job growth has slowed YOY; JBREC expects a soft labor market to persist as reduced immigration slows hiring.
- **Mortgage rates:** To average 6.3% in 2026. In line with most other forecasters, no major shifts are anticipated, but a slight rise over the next 2 years is expected.

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.

ANNUAL AVERAGE 30-YEAR FIXED CONFORMING MORTGAGE RATE FORECAST



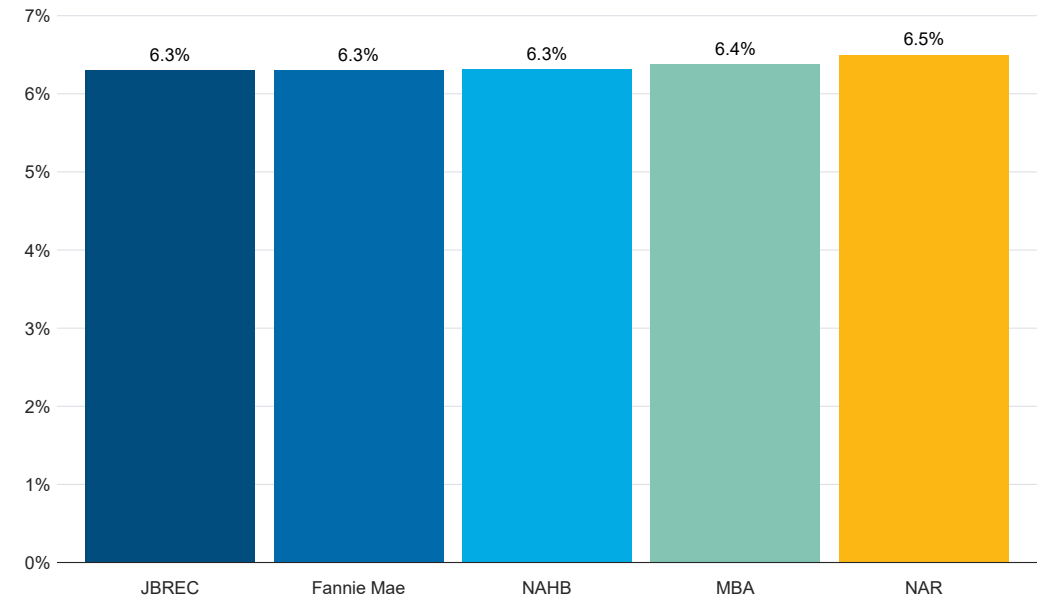
SOURCES: Bloomberg; John Burns Research and Consulting, LLC forecasts (Data: Jul-26; Pub: Jul-26)

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Industry Rate Forecasts for 2026

We are in line with most other forecasters and expect mortgage rates to average 6.3% in 2026. Our mortgage rate forecast is informed by bond market expectations of the 10-year treasury yield, plus a spread.

2026 ANNUAL AVERAGE 30-YEAR FIXED MORTGAGE RATES



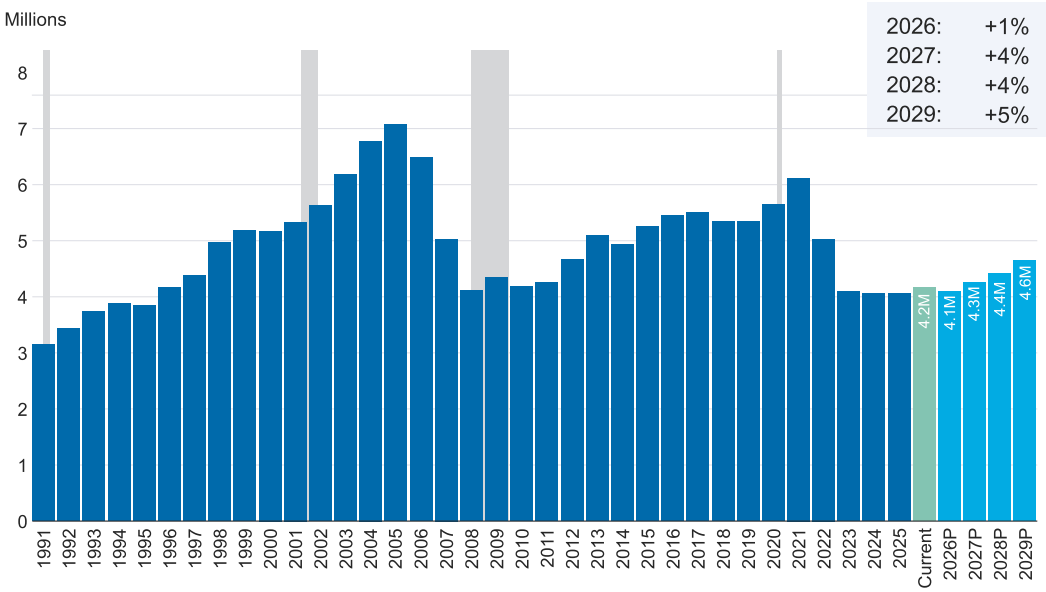
SOURCES: Fannie Mae (Jun-26); MBA (Jun-26); NAHB (Jul-26); NAR (Apr-26); John Burns Research & Consulting, LLC (Jul-26)

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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.

NATIONAL EXISTING HOME SALE CLOSINGS



Current = Current month (seasonally adjusted annual rate)

SOURCES: ©2020 National Association of REALTORS®; John Burns Research & Consulting, LLC (Data: May-26, Pub: Jul-26)

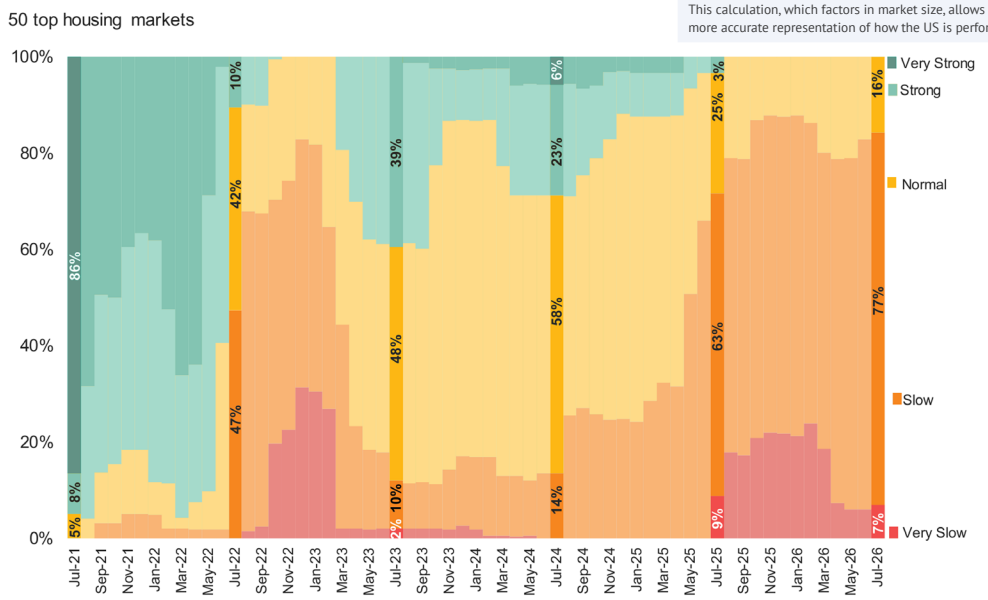
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July 2026 New Home Market Conditions: 7% are Very Slow

Sales and pricing conditions are Slow in 84% of markets. 16% of markets are Normal, which reflects 2-3 sales per community per month with rising net prices.

CURRENT NEW HOME MARKET CONDITIONS

Current market conditions are weighted by new home revenue (new home median price* single-family permits TTM). This calculation, which factors in market size, allows for a more accurate representation of how the US is performing.



Percentages may not add up to 100% due to rounding, as some months less than 50 markets are rated.

SOURCE: John Burns Research & Consulting, LLC (Pub: Jul-26)

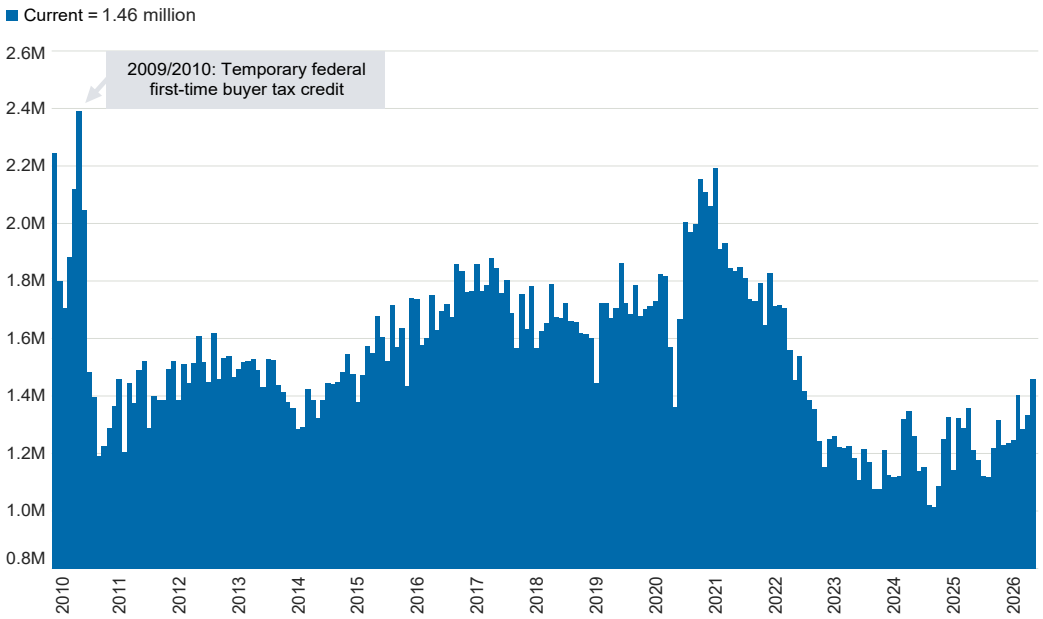
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The number of existing homes sold to first-time buyers increased in May.

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

EXISTING SALES TO FIRST-TIME HOME BUYERS (SAAR)



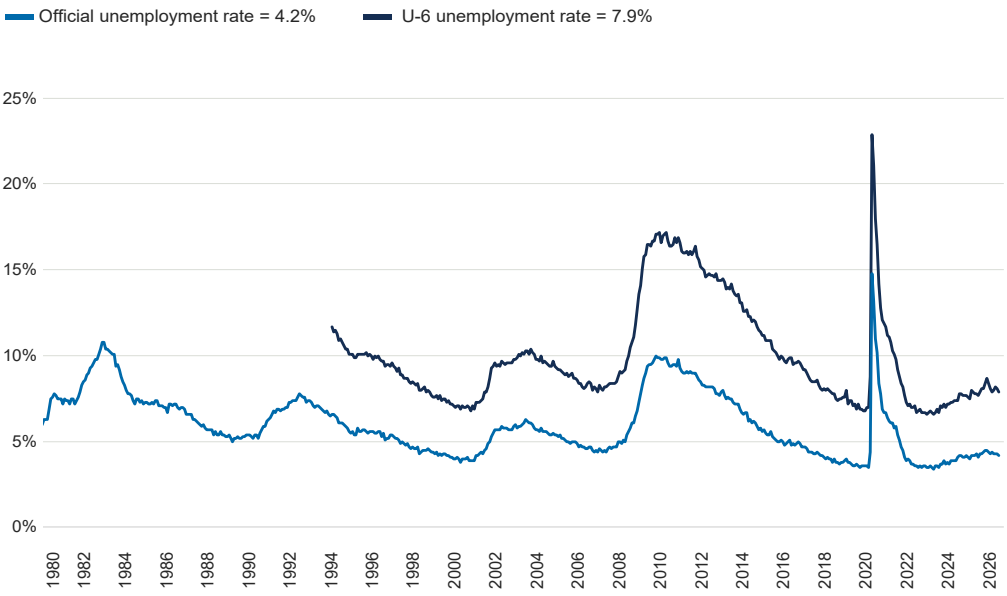
SOURCES: NAR; John Burns Research & Consulting, LLC (Data: May-25, Pub: Jul-26)

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Unemployment is still historically low but has risen from 2023 levels.

The unemployment rate fell to 4.2% in June. The U-6, a broader measure of unemployment that captures underemployment and discouraged workers, fell to 7.9%.

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.

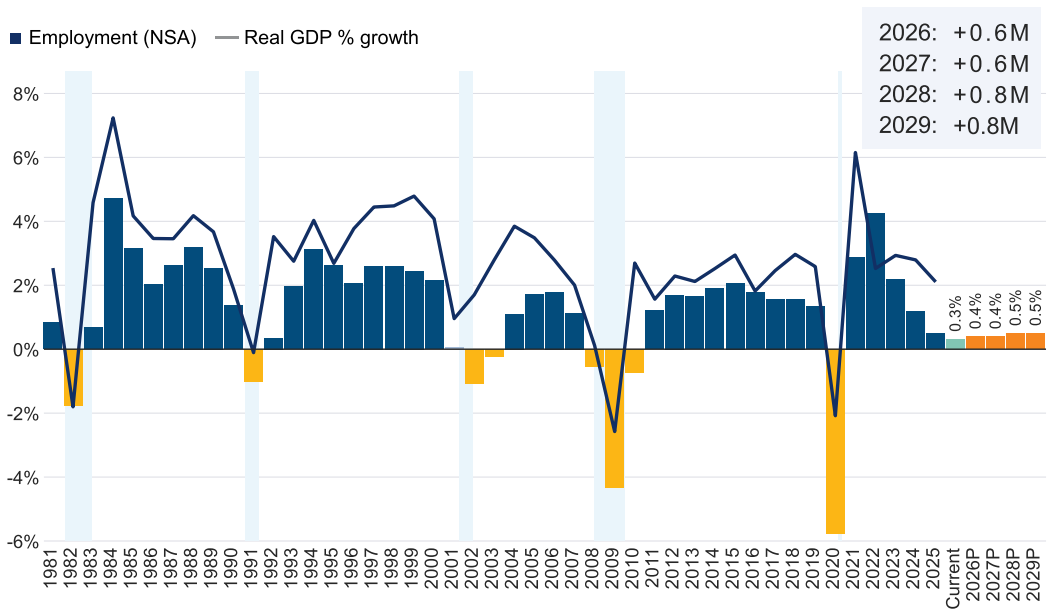
SOURCE: Bureau of Labor Statistics (Data: Jun-26, Pub: Jul-26)

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National Employment Annual Growth Rates

JBREC expects employment will rise +0.4% in 2026, below historical norms during a strong economy, as the labor market softens and reduced immigration slows hiring.

NATIONAL EMPLOYMENT ANNUAL GROWTH RATES



Current = Current month (seasonally adjusted annual rate)

SOURCES: BLS with JBREC projections (Data: Jun-26, Pub: Jul-26)

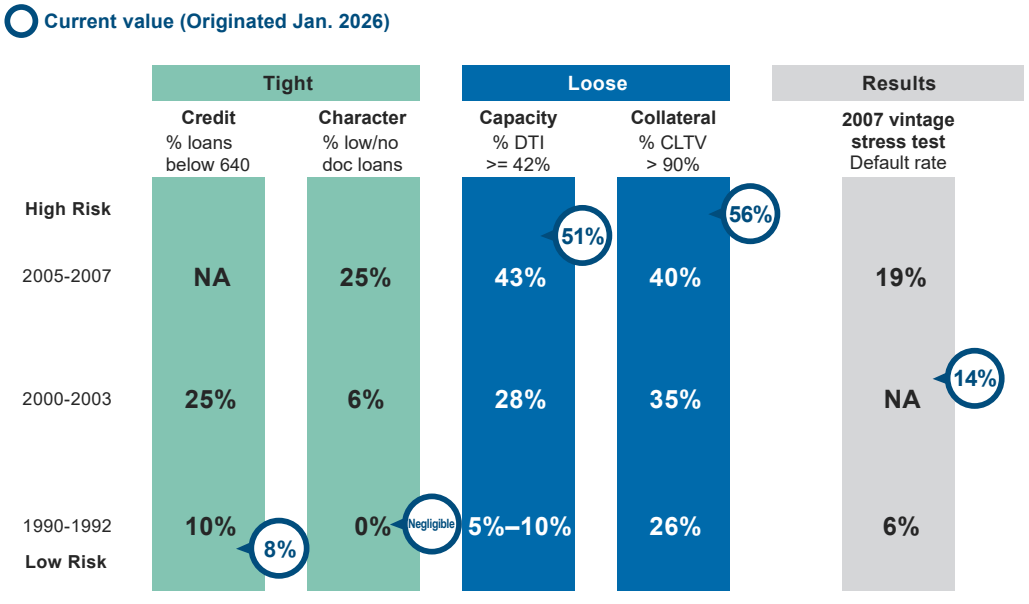
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Lending standards on government-backed loans: 64% of all loans

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 64% 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



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

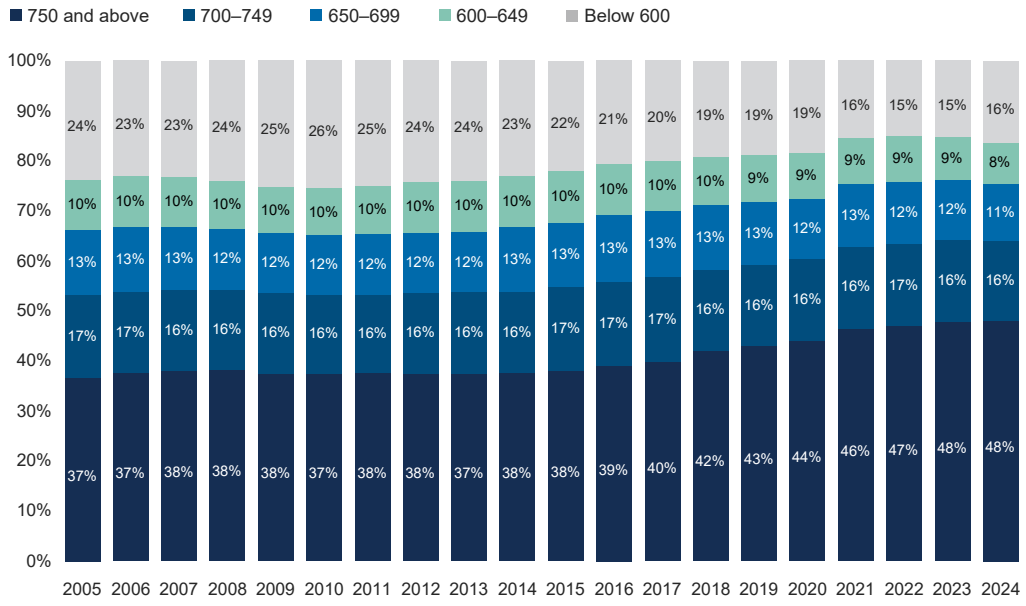
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Consumer credit performance remains strong.

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%).

NATIONAL FICO® SCORE DISTRIBUTION FOR ALL CONSUMERS



SOURCE: FICO® Banking Analytics Blog (Data: 2024, Pub: Jul-26)

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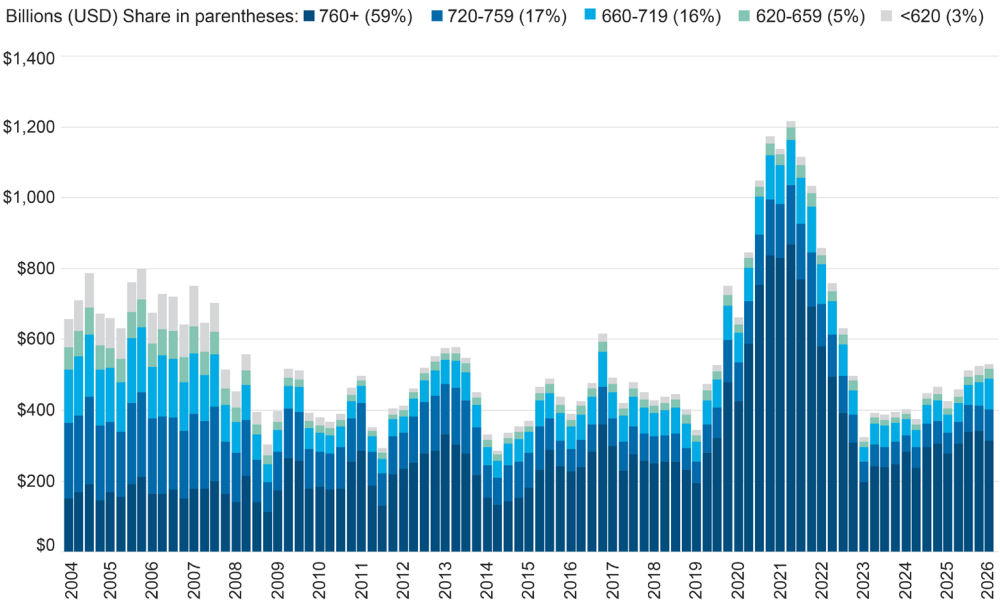
76% of mortgages originated in Q1 2026 went to borrowers with 720+ credit scores.

In Q1 2007, 15% of mortgage originations were to subprime borrowers with a credit score of less than 620.

As of Q1 2026, only 3% of mortgages went to borrowers with a credit score less than 620.

The median FICO score of purchase loan locks is 751, up from 715 in 2015.

MORTGAGE ORIGINATIONS BY CREDIT SCORE*



* Credit Score is Equifax Riskscore 3.0

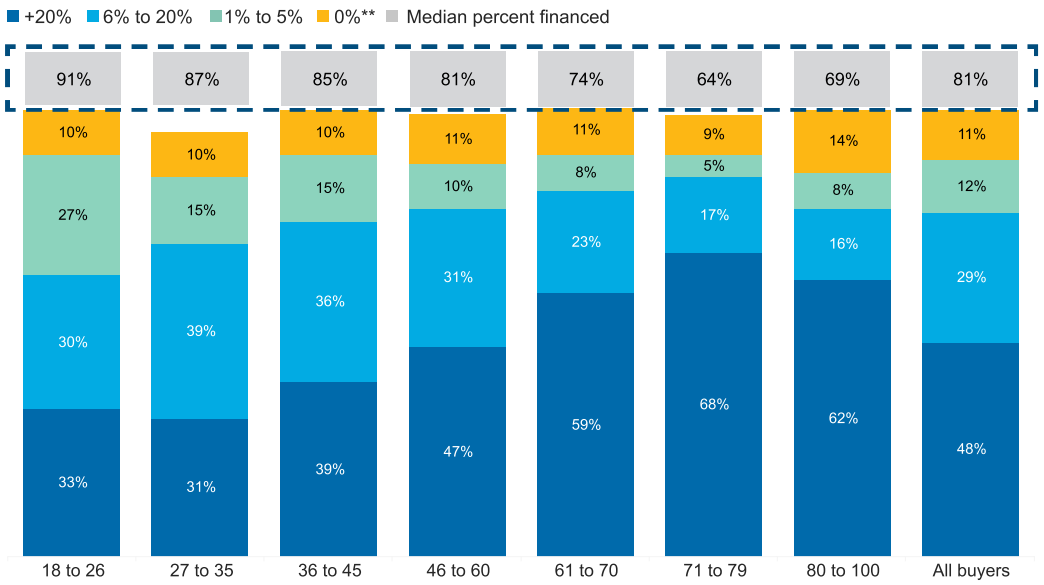
SOURCE: FRBNY Consumer Credit Panel/Equifax (Data: Q1 2026, Pub: Jul-26)

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Older buyers tend to put down larger down payments.

23% of all home buyers who use a mortgage are putting 5% or less down. The figure jumps to 37% among those 26 and younger. Only 14% of 71-to-79-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

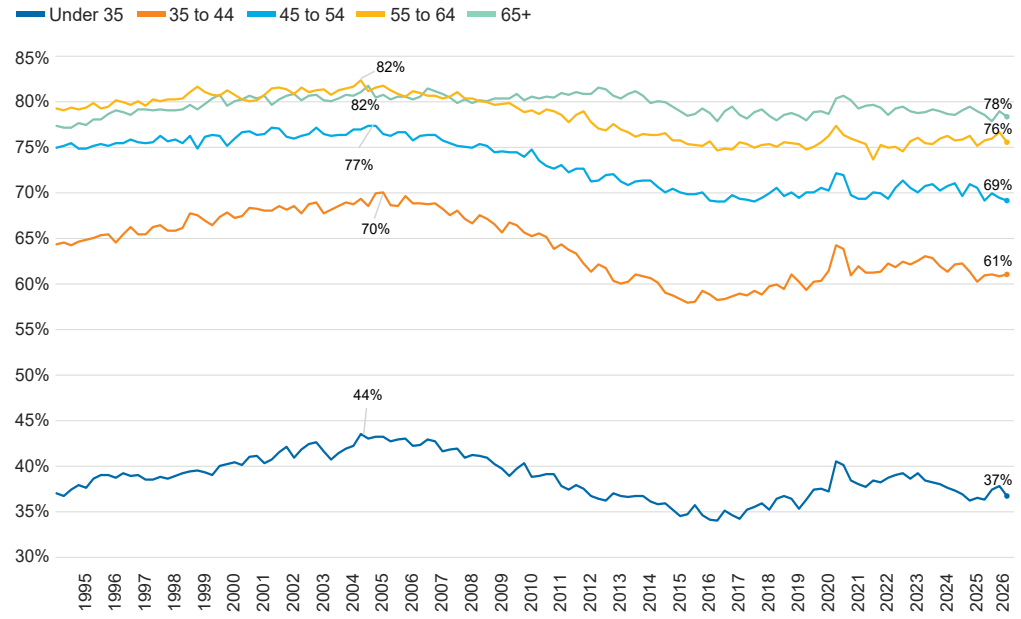
SOURCE: ©2026 National Association of REALTORS® Home Buyer and Seller Generational Trends (Data: 2026, Pub: Jul-26)

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The homeownership rate is flat 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.

HOMEOWNERSHIP RATE BY AGE



SOURCE: Census Bureau, Housing Vacancies and Homeownership Survey (Data: Q1 2026, updated quarterly, Pub: Jul-26)

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