

# Welcome to Coffee & Credits Presented by Stablepoint

*Part of the Elevate Series*



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A description of National Economic Trends

# RE34RC03: National Economic Trends and the Real Estate Professional

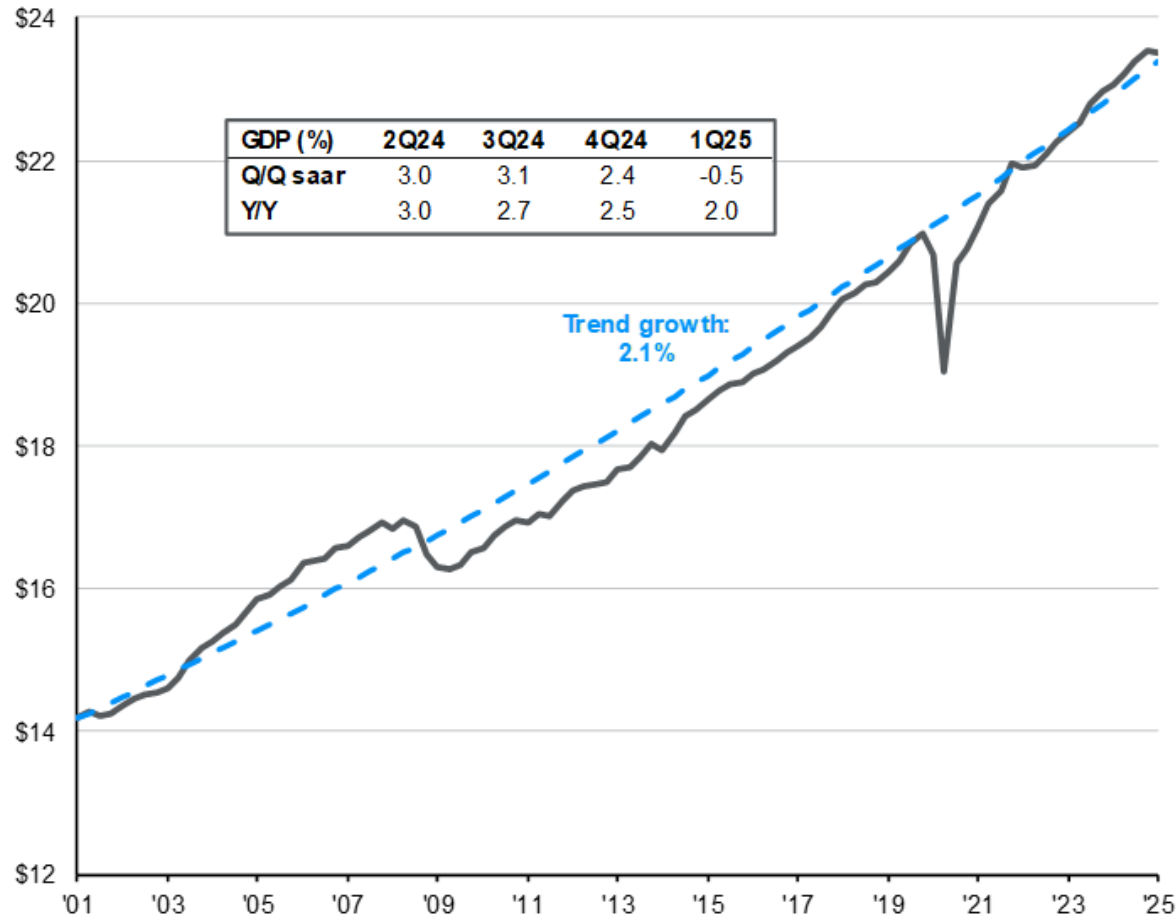
# Importance of National Economic Trends JACK CONWAY for the Real Estate Professional

- National Economic Trends impact individual consumer's ability to purchase a home and the Real Estate Professional's ability to address a consumer's homebuying needs.
  - Interest Rates
  - Inflation
  - GDP
  - Price Appreciation
  - Housing Affordability
- (see The State of the Nation's Housing)

# Economic growth and the composition of GDP

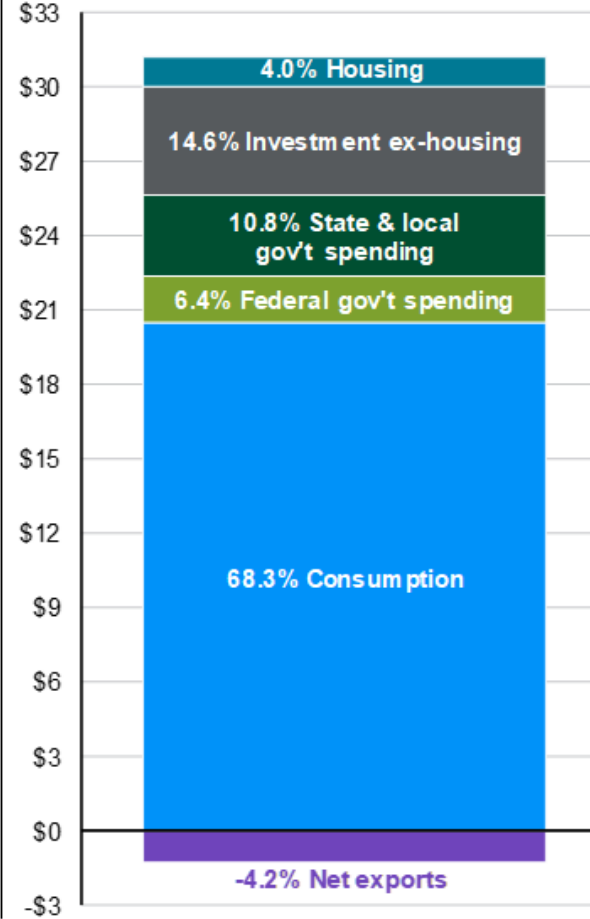
## Real GDP

Trillions of chained (2017) dollars, seasonally adjusted at annual rates



## Components of GDP

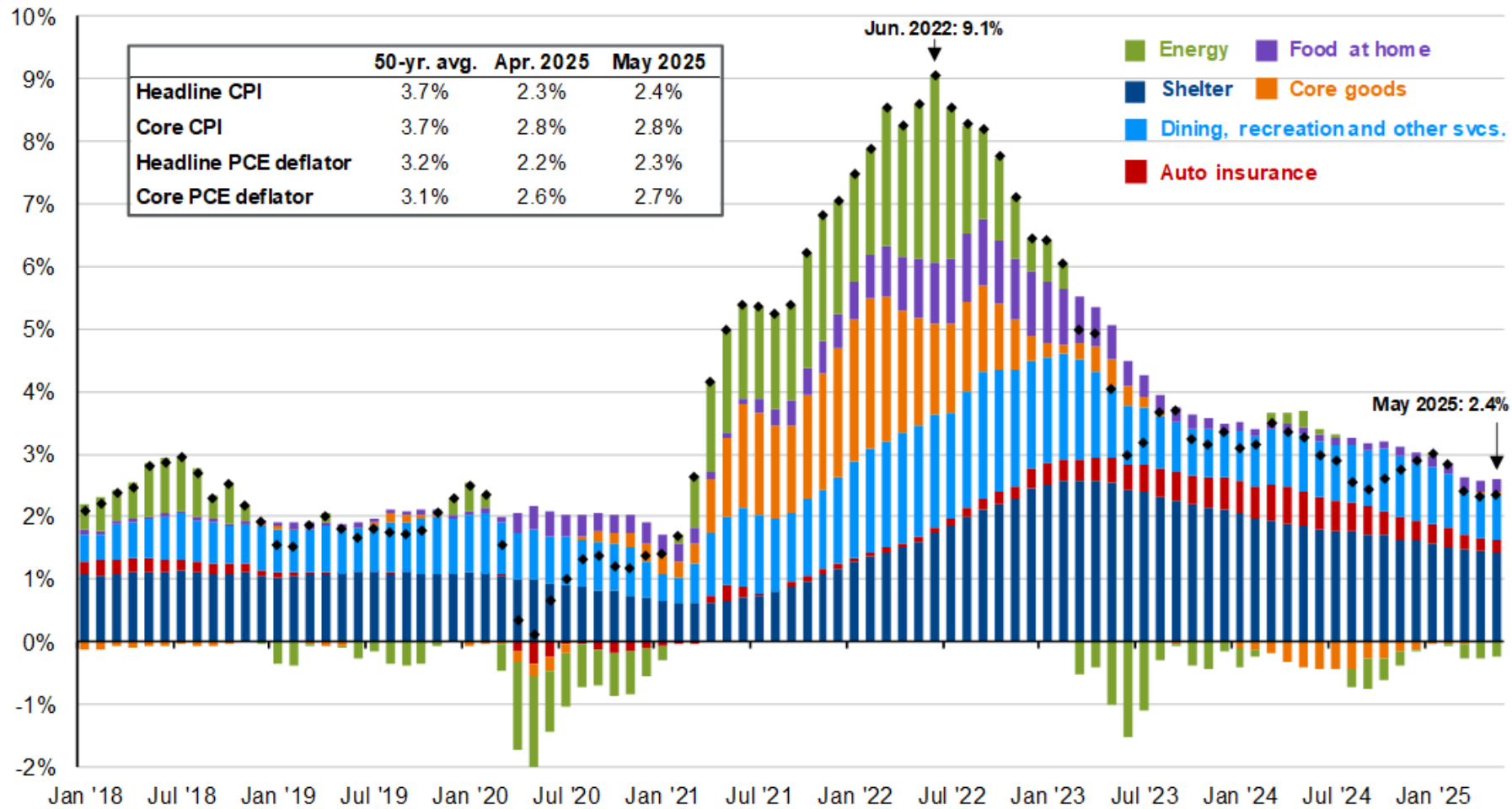
1Q25 nominal GDP, USD trillions



Source: BEA, FactSet, J.P. Morgan Asset Management. Values may not sum to 100% due to rounding. Trend growth is measured as the average annual growth rate from business cycle peak 1Q01 to business cycle peak 4Q19.  
Guide to the Markets – U.S. Data are as of June 30, 2025.

## Contributors to headline CPI inflation

Contribution to y/y % change in CPI, non-seasonally adjusted



Source: BLS, FactSet, J.P. Morgan Asset Management. Contributions mirror the BLS methodology on Table 7 of the CPI report. Values may not sum to headline CPI figures due to rounding and underlying calculations. "Shelter" includes owners' equivalent rent, rent of primary residence and home insurance. "Food at home" includes alcoholic beverages.  
 Guide to the Markets – U.S. Data are as of June 30, 2025.

# Importance of National Economic Trends for the Real Estate Professional

- Trends and indicators impacting consumer's home purchasing ability
  - Mortgage Rates
  - Inflation
  - Employment & Wage Growth
  - Housing Affordability
  - Credit Availability

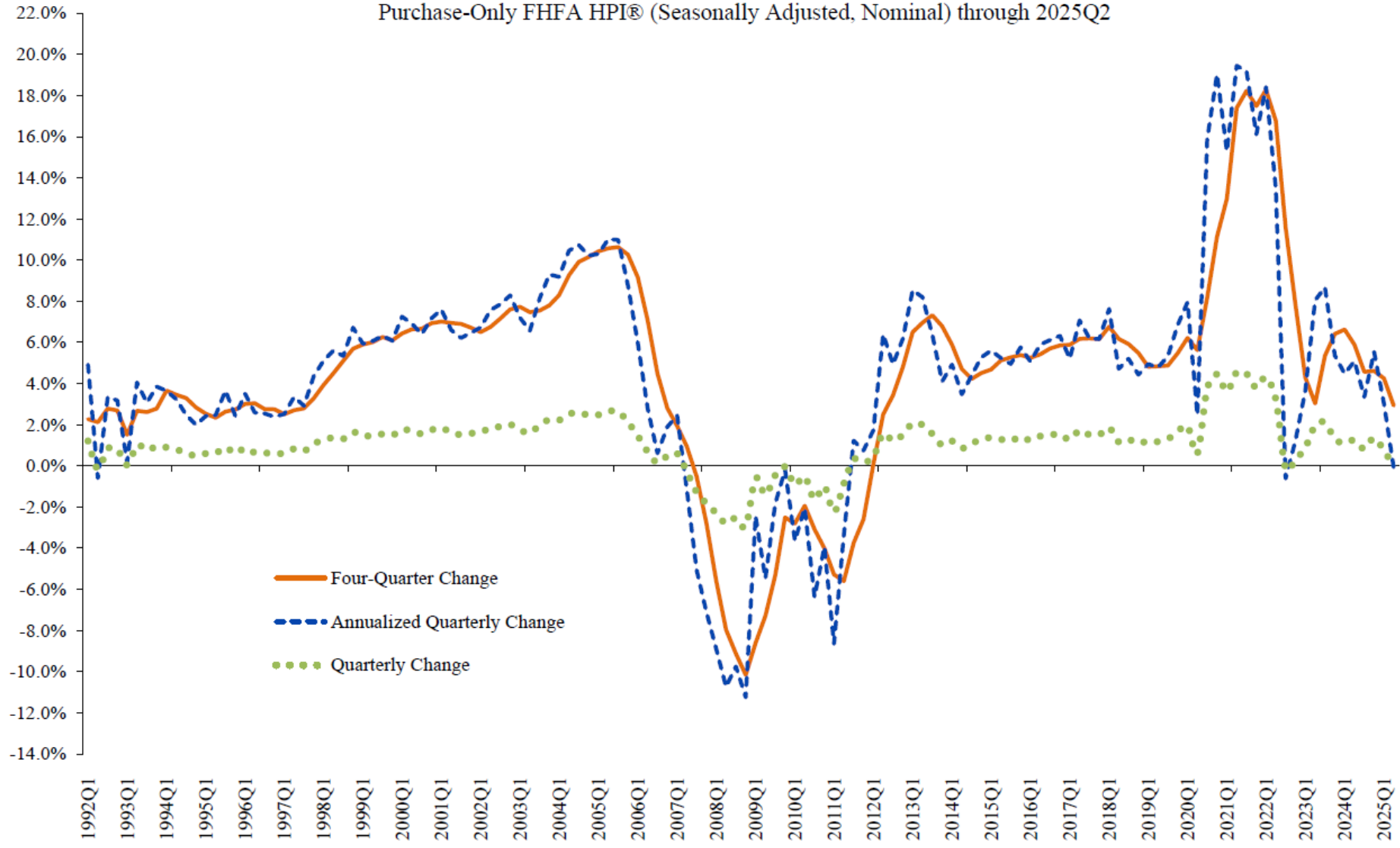
# Home Price Trends

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- Trends in home prices are a key component of a real estate appraiser's value conclusion
- (see The Appraisal of Real Estate - American Institute of Real Estate Appraisers 12th Edition - Chapter 3 "Foundations of Appraisal", Chapter 6 "Money Markets and Capital Markets" and Chapter 7 "Data Collection")
- Home price appreciation trends (See Office of Federal Housing Enterprise Oversight Price Appreciation Index <http://www.fhfa.gov/?Page=14>)
  - Impact on appraisals and property assessments
  - Impact on national and Massachusetts' economy

# House Price Appreciation for U.S.

Purchase-Only FHFA HPI® (Seasonally Adjusted, Nominal) through 2025Q2

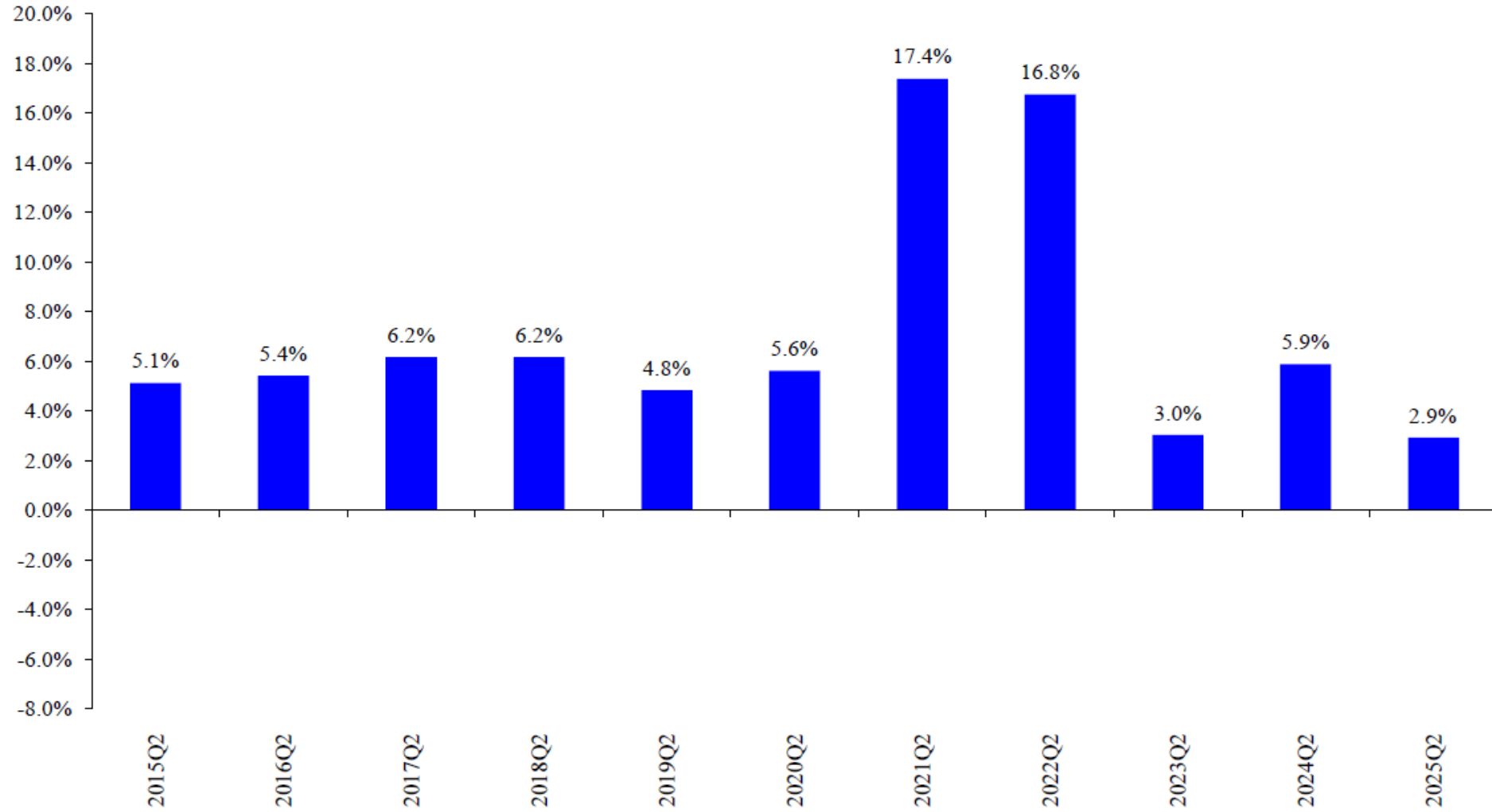


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## House Price Appreciation Over Previous Four Quarters for U.S.

Purchase-Only FHFA HPI® (Seasonally Adjusted, Nominal) through 2025Q2

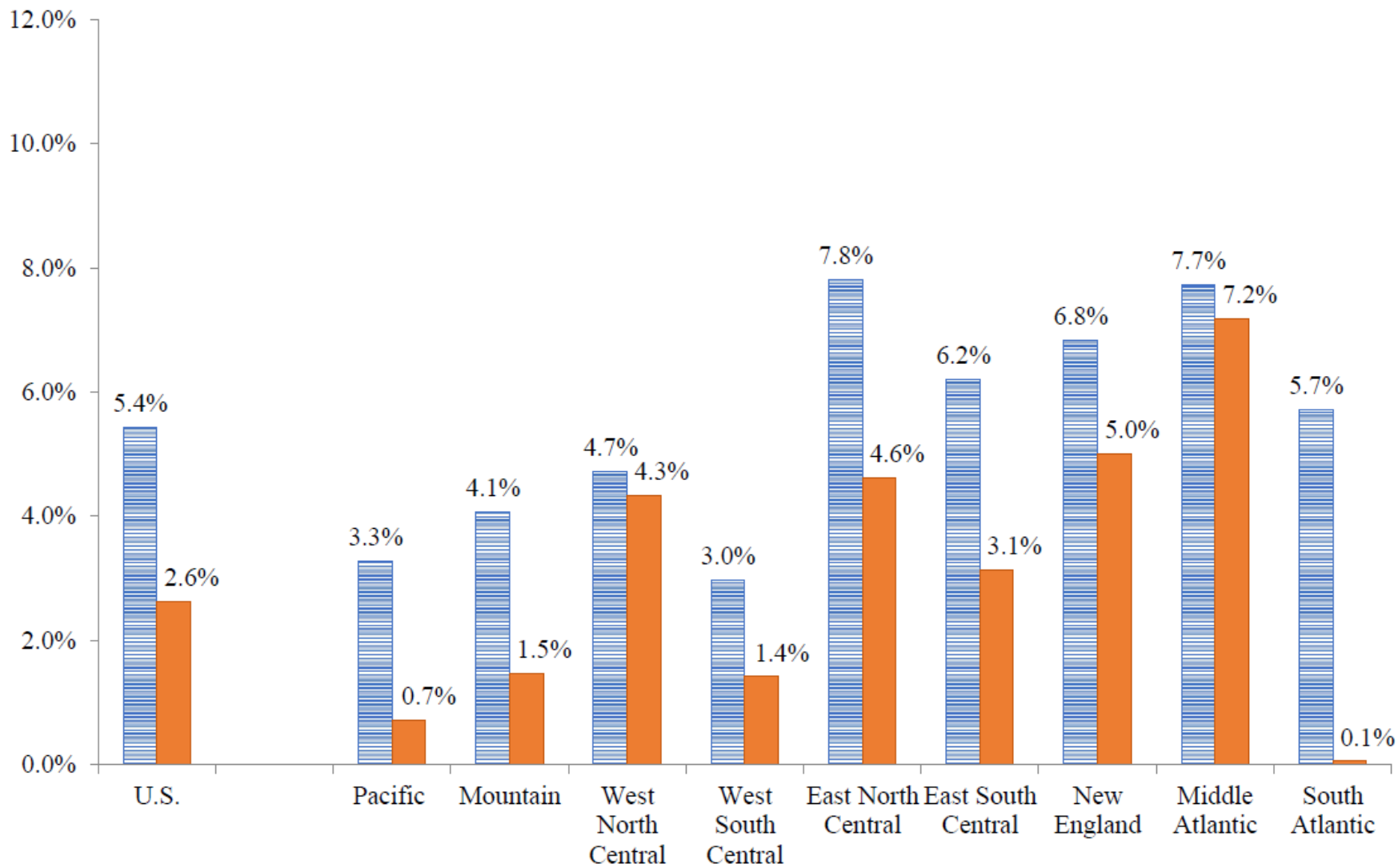
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## Twelve-Month House Price Changes – Prior Year vs. Most Recent Year

Purchase-Only FHFA HPI® (Seasonally Adjusted, Nominal)

■ Price Change: 06/2023 - 06/2024    ■ Price Change: 06/2024 - 06/2025



Source: FHFA

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# Importance of National Economic Trends for the Real Estate Professional

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- National housing trends impact the supply and demand for housing and the resulting prices a consumer will pay for individual transactions
- Municipal tax rates and property assessments are directly impacted by national real estate trends' impact on property values.
- (See Property Assessment Valuation - International Association of Assessing Officers Chapter 4 "General Data -Trends Affecting Property Value and International, National and Regional Data")

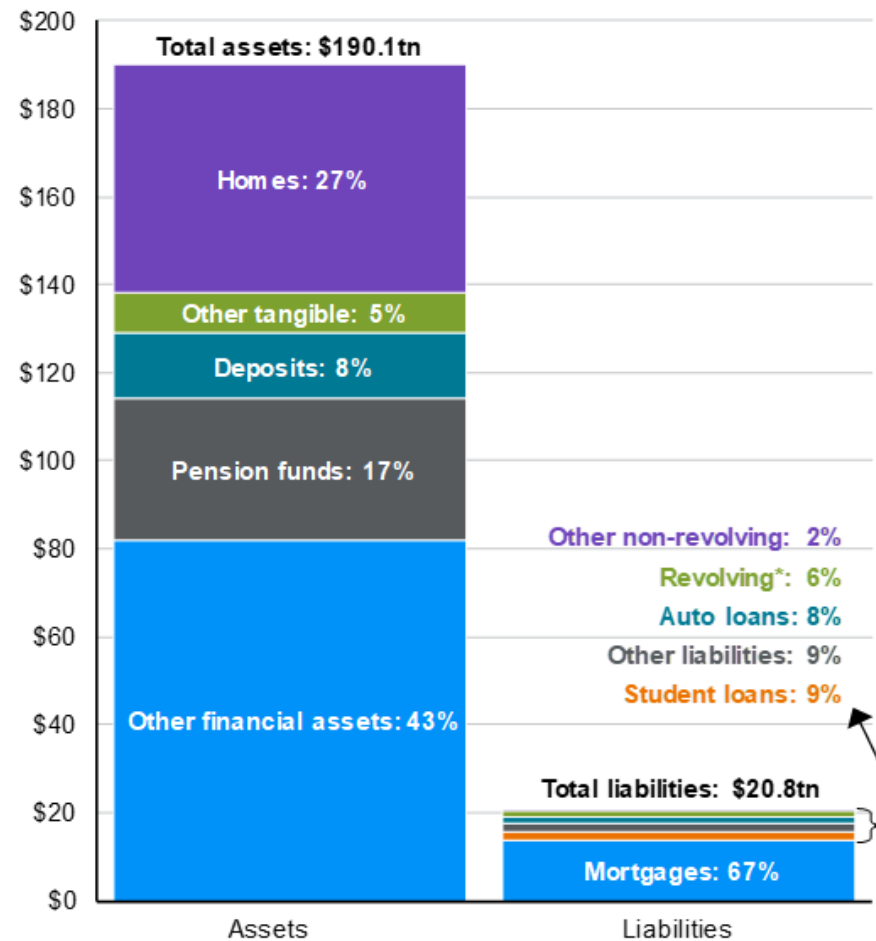
# Housing and the Economy

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- Understanding the role of housing and consumer trends is critical to meeting homebuyer needs, interacting with appraisers and understanding the forces that impact municipal tax rates and assessments
  - Housing's contribution to the national economy (See State of Nation's Housing)
  - Housing contribution to consumer balance sheet
  - Housing affordability metrics

## Consumer balance sheet

1Q25, USD trillions, not seasonally adjusted



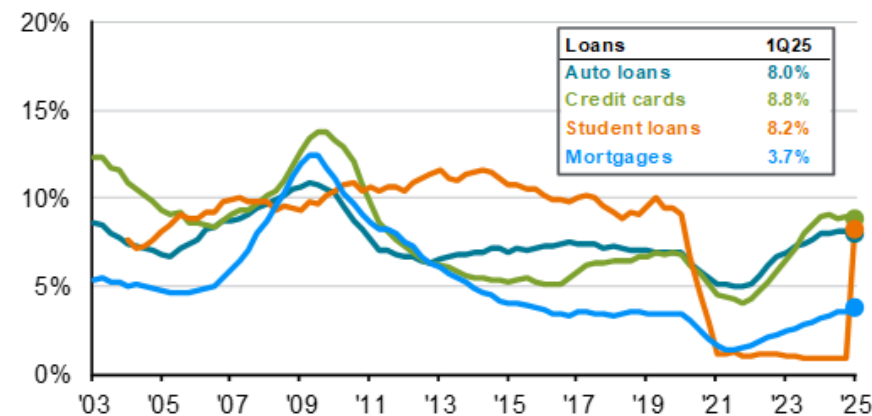
## Household debt service ratio

Debt payments as % of disposable personal income, SA



## Flows into early delinquencies

% of balance delinquent 30+ days



Source: FactSet, FRB, J.P. Morgan Asset Management; (Top and bottom right) BEA.

Data include households and nonprofit organizations. SA – seasonally adjusted. \*Revolving includes credit cards. Values may not sum to 100% due to rounding. \*\*2Q25 figures for debt service ratio are J.P. Morgan Asset Management estimates. Household debt service ratio data from 1Q80 to 4Q04 are J.P. Morgan Asset Management estimates. Due to the moratorium on delinquent student loan payments being reported to credit bureaus, missed federal student loan payments were not reported until 4Q24.

Guide to the Markets – U.S. Data are as of June 30, 2025.

# NATIONAL ASSOCIATION OF REALTORS: *HOUSING AFFORDABILITY INDEX*

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Year		Median Priced	Mortgage	Monthly	Payment	Median	Qualifying	Affordability Indexes				
		Existing Single		Rate*	P & I	as a %		Family	Income**	Fixed		
	Family Home			Payment	of Income	Income						
2022		392,800	5.40	1765	23.0	92,148	84,720	108.8				
2023		394,100	6.88	2072	25.8	96,401	99,456	96.9				
2024		412,500	6.81	2154	25.5	101,360	103,392	98.0				
2024	Jun	432,900	7.00	2,304	27.3	101,254	110,592	91.6				
2024	Jul	427,200	6.93	2,258	26.7	101,660	108,384	93.8				
2024	Aug	419,800	6.58	2,140	25.2	101,846	102,720	99.1				
2024	Sep	411,400	6.26	2,029	23.8	102,136	97,392	104.9				
2024	Oct	411,700	6.51	2,084	24.4	102,425	100,032	102.4				
2024	Nov	409,200	6.89	2,154	25.1	102,812	103,392	99.4				
2024	Dec	408,500	6.80	2,130	24.8	103,148	102,240	100.9				
2025	Jan	398,100	7.04	2,127	24.6	103,850	102,096	101.7				
2025	Feb	400,900	6.92	2,117	24.4	104,287	101,616	102.6				
2025	Mar	407,300	6.73	2,109	24.2	104,705	101,232	103.4				
2025	Apr	418,000	6.81	2,182	24.8	105,791	104,736	101.0				
2025	May r	428,800	6.90	2,259	25.8	105,204	108,432	97.0				
2025	Jun p	441,500	6.90	2,326	26.5	105,431	111,648	94.4				
									This	Month	Year	
									Month	Ago	Ago	
	Northeast	558,600	6.90	2,943	30.8	114,559	141,264	81.1	81.1	86.2	80.7	
	Midwest	341,000	6.90	1,797	21.1	102,419	86,256	118.7	118.7	122.4	116.9	
	South	382,400	6.90	2,015	24.7	97,812	96,720	101.1	101.1	102.8	96.5	
	West	651,700	6.90	3,434	36.2	113,783	164,832	69.0	69.0	69.7	66.6	

**Quarterly Housing Affordability Index**

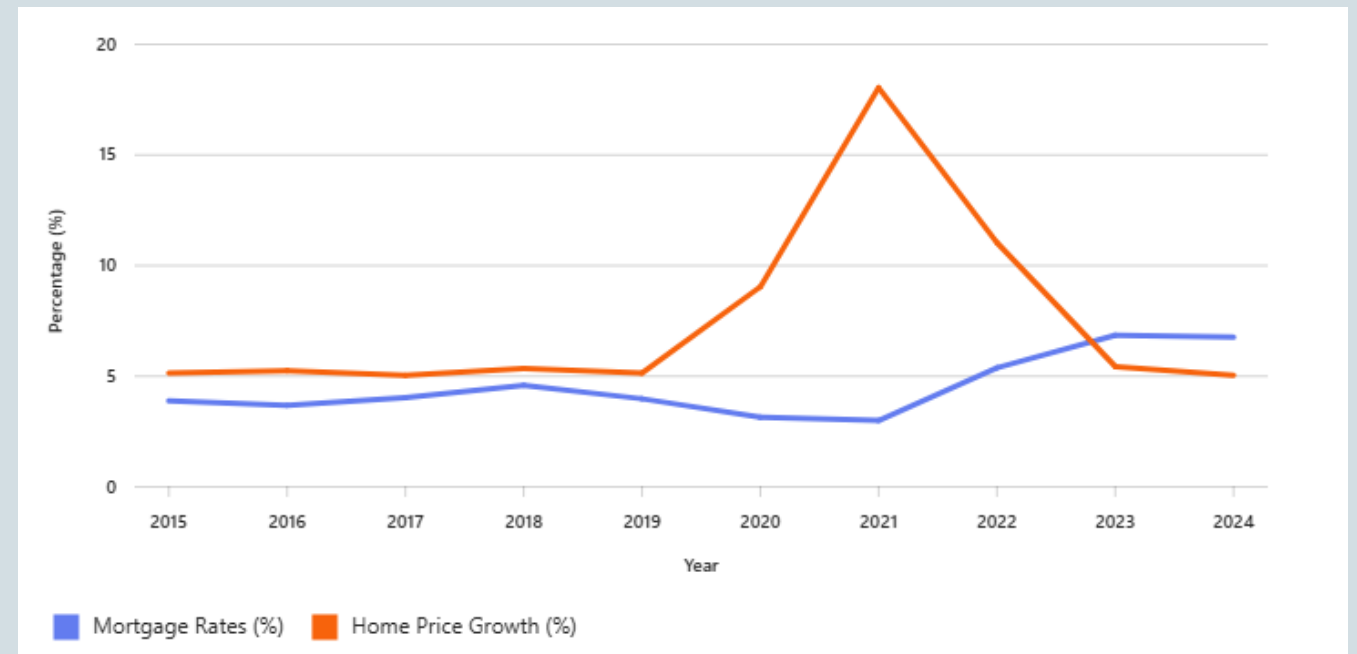
Year	Quarter	Median Price Existing Single-Family Home	Mortgage Rate	Monthly P & I Payment	Payment as a % of Income	Median Family Income	Qualifying Income	Composite Affordability Index
2022		392,800	5.40	1,765	23.0	92,148	84,720	108.8
2023		394,100	6.88	2,072	25.8	96,401	99,456	96.9
2024		412,500	6.81	2,154	25.5	101,360	103,392	98.0
2024	II	422,100	7.07	2,262	26.9	100,965	108,600	93.0
2024	III	419,500	6.59	2,141	25.2	101,881	102,774	99.1
2024	IV	409,800	6.73	2,122	24.8	102,795	101,856	100.9
2025	I r	402,100	6.90	2,119	24.4	104,281	101,692	102.5
2025	II p	429,400	6.87	2,256	25.7	105,475	108,266	97.4

# Housing and the Economy

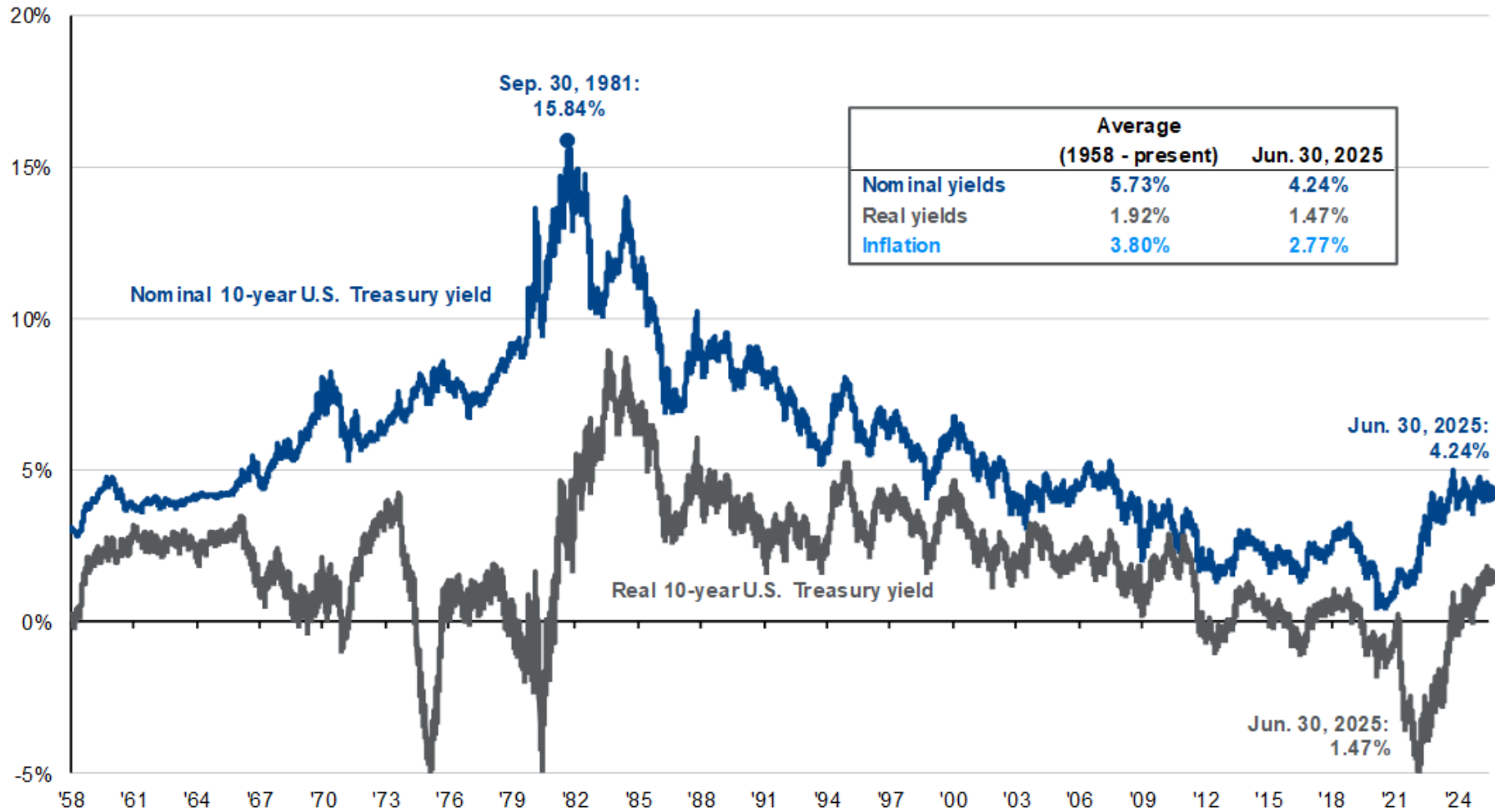
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- Impact of mortgage rates on the economy (see The Appraisal of Real Estate - American Institute of Real Estate Appraisers 12th Edition - Chapter 6 "Money Markets and Capital Markets")
- Stable and declining rates positively impact property values
- Volatile and/or increasing rates negatively impact property values

**Mortgage Rates vs. Home Price Growth  
(2015–2024)**



## Nominal and real U.S. 10-year Treasury yields



Source: BLS, FactSet, Federal Reserve, J.P. Morgan Asset Management.

Real 10-year Treasury yields are calculated as the daily Treasury yield less year-over-year core CPI inflation for that month. For the current month, we use the prior month's core CPI figures until the latest data are available.

Guide to the Markets – U.S. Data are as of June 30, 2025.

# Housing and the Economy

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- Strong new and existing home sales are indicative of a strong real estate market
- (See National Association of Realtors Existing Home Sales Data and Housing Affordability Index <http://www.realtor.org/topics/housing-affordability-index/data>)
  - Consumer Confidence
  - Market Momentum
  - Demand Outpacing Supply
  - Signals for Future Growth

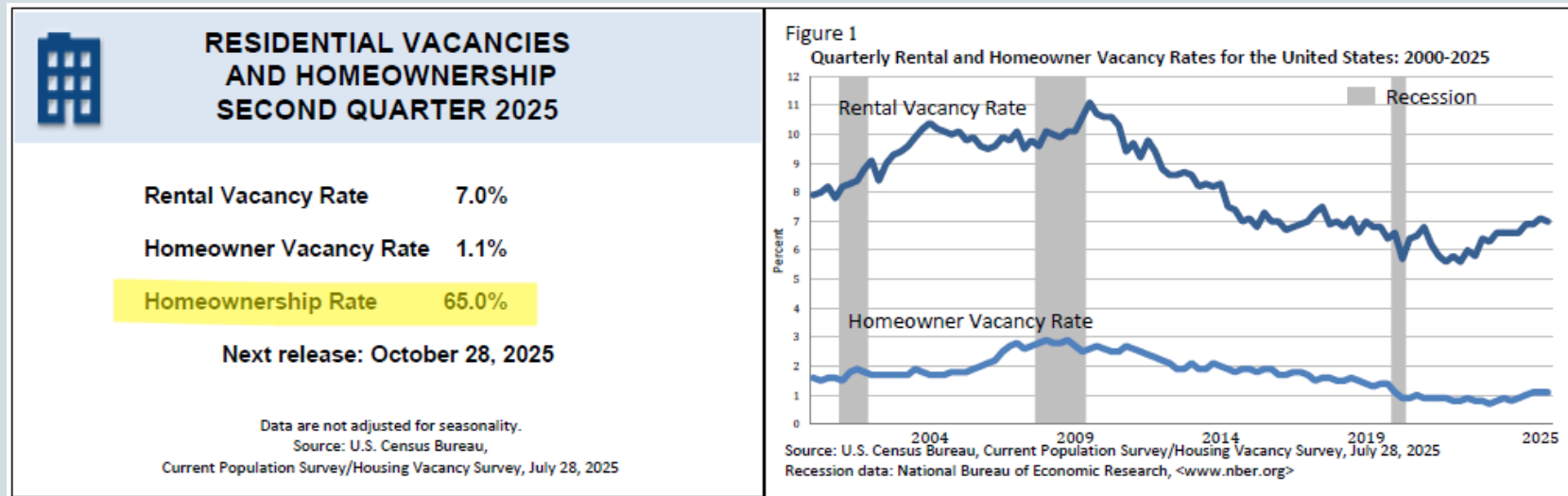
# National Homeownership Rate

- National Homeownership Rate is a key indicator of the strength of the housing sector (see US Census Information on homeownership rates (<http://www.census.gov/housing/hvs/>))
- Factors effecting the national homeownership rate:
  - Mortgage interest rates
  - Unemployment rate
  - Job Growth
  - Home price appreciation

# National Homeownership Rate

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- National Home Ownership Rate (Census Information on homeownership rates <http://www.census.gov/housing/hvs/>)



- Massachusetts Key Metrics
  - Homeownership Rate: 61.3% (below national average)
  - Median Home Price: \$558,000

# Housing Demographics – Household Growth

- Household growth is the increase of the number of individuals, groups of individuals or families seeking to purchase or rent a home.
  - Household growth is the primary driver of housing demand
- Currently the key drivers of household growth are minorities, aged and older singles and empty nesters
- Family composition will impact household growth through declining household size

# Housing Demographics

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## National Overview

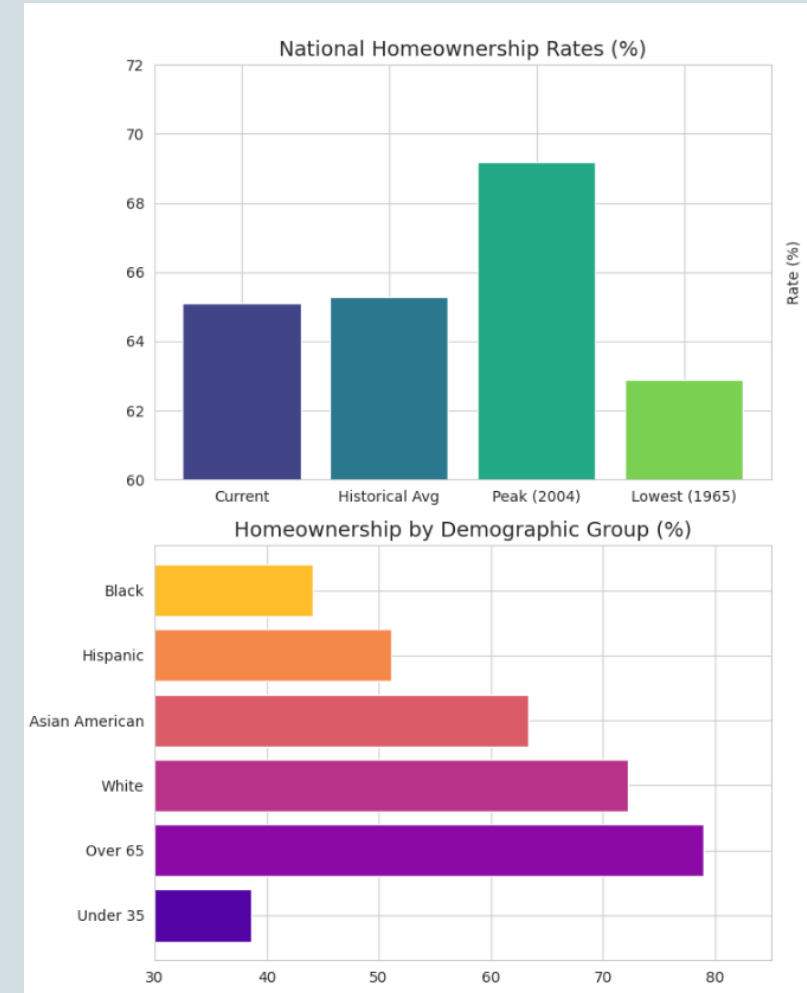
- Current Rate (Q1 2025): 65.1% of U.S. households own their homes
- Historical Average: ~65.3% since 1965
- Peak: 69.2% in Q2 2004
- Lowest Recorded: 62.9% in Q2 1965

## Demographic Breakdown

- **Under 35:** 38.6% own homes
- **Over 65:** 79% own homes
- **By Race:**
  - White: 72.3%
  - Asian American: 63.3%
  - Hispanic: 51.1%
  - Black: 44.1%

*(Trading Economics: United States Homeownership Rate)*

## U.S. Homeownership Overview - Q1 2025



# Housing Demographics (See State of Nation's Housing)

- The demographic outlook for the next decade.
- The ability of minority households to access the homeownership markets will be critical to the strength of national and Massachusetts' housing markets over the next decade.
- Minority Home Purchase Program Opportunities

# Housing Supply & Demand

## Residential real estate

GTM U.S. OTB

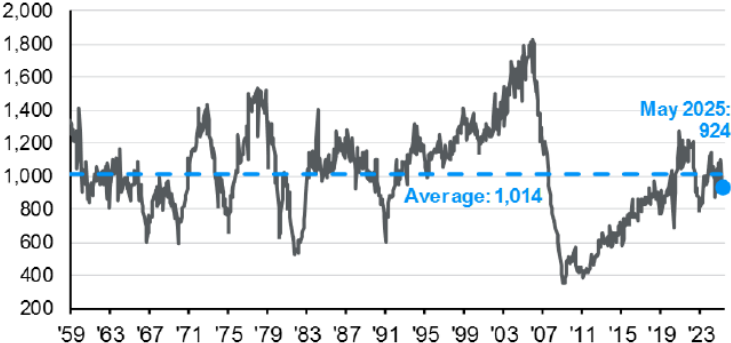
### Housing inventories

Inventory of new and existing single family homes for sale, thous, SA\*



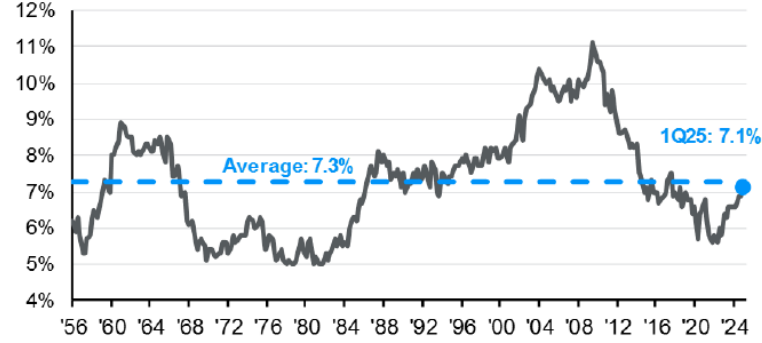
### Single-family housing starts

Seasonally adjusted annual rate (SAAR), thous houses



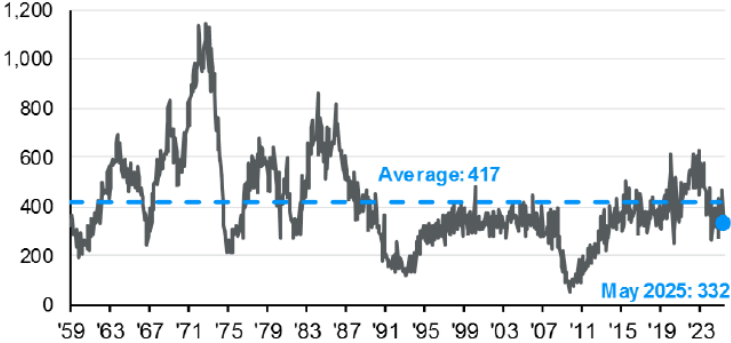
### Rental vacancy rate

Percent



### Multi-family housing starts

Total multi-family, SAAR, thous houses



Source: U.S. Census Bureau, U.S. National Association of Realtors, J.P. Morgan Asset Management. \*Inventory of new and existing single family homes for sale is seasonally adjusted by J.P. Morgan Asset Management. Guide to the Markets – U.S. Data are as of June 30, 2025.

# Tax Policy & Housing

- State and Local Tax (SALT) Deduction
  - Cap increases from \$10,000 → \$40,000 (through 2029)
  - Applies to incomes under \$500,000
  - Phases out between \$500,000–\$600,000
  - Reverts to \$10,000 cap in 2030
- **Result: Opportunity to deduct more property tax**

# Summary

- The factors that impact housing & the economy are interdependent.
- House price appreciation is driven by many factors including:
  - Interest rates
  - Household & job growth
  - New home construction
  - Existing home sales
  - Policy
- All the above factors impact prices consumers can pay for housing and the resulting values that are key to property appraisals.

# Recommended Course Materials:

- The State of the Nation's Housing (available at [www.jchs.harvard.edu](http://www.jchs.harvard.edu))
- US Census Information on homeownership rates ( <http://www.census.gov/housing/hvs/>)
- The Appraisal of Real Estate - American Institute of Real Estate Appraisers 12th Edition - Chapter 3 "Foundations of Appraisal", Chapter 6 "Money Markets and Capital Markets and Chapter 7 Data Collection"
- Property Assessment Valuation - International Association of Assessing Officers Chapter 4 "General Data -Trends Affecting Property Value and International, National and Regional Data"
- Office of Federal Housing Enterprise Oversight Price Appreciation Index ( <http://www.fhfa.gov/?Page=14>)
- National Association of Realtors Existing Home Sales Data and Housing Affordability Index ( <http://www.realtor.org/topics/housing-affordability-index/data>)

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