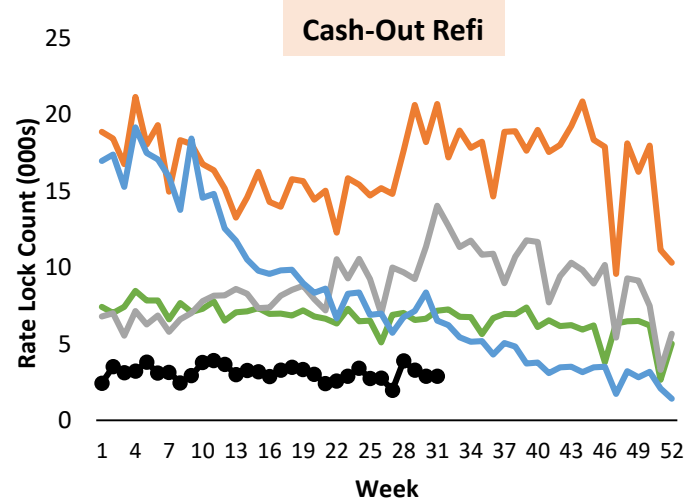
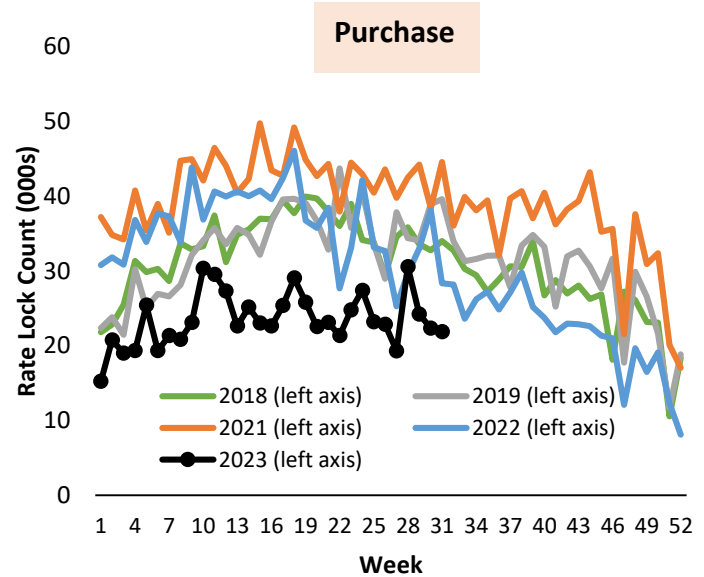
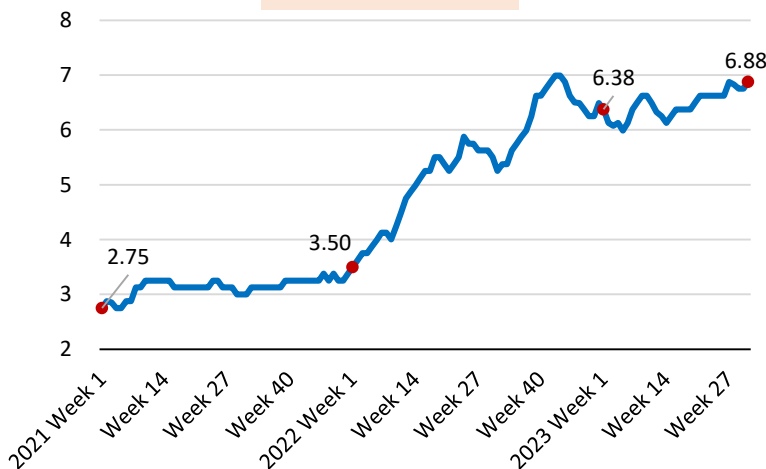
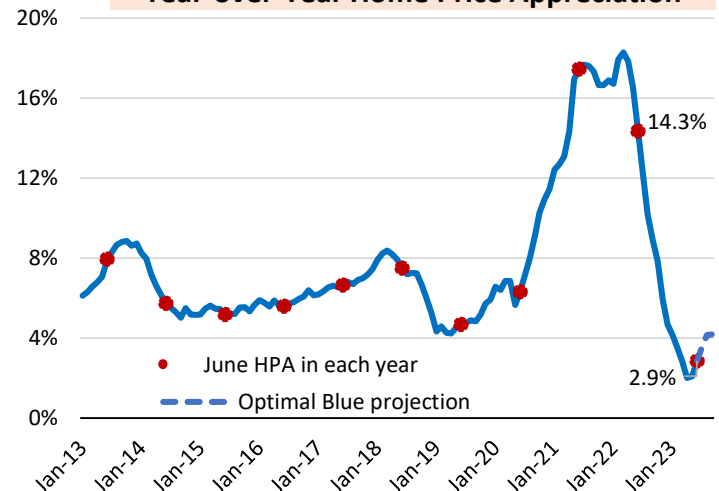




Housing Finance Watch

- **The median purchase rate** rose 1/8 ppts. over the past week to 6 7/8%, while Mortgage News Daily reported a daily avg. 30-year rate of 7.06% on August 7th.
- **Purchase volume** was down 2% from last week, down 45% from the same week in 2019, and down 30% YTD compared to 2019.
- **Cash out volume** was down 56%, 86%, 80%, and 60% from 2022, 2021, 2019, and 2018, respectively.
- **No cash out volume** was down 97% from 2019 due to much higher rates, resulting in refi burnout.
- **M-o-m Home Price Appreciation (HPA)** was 0.7% in June 2023, continuing to be positive after m-o-m HPA had declined from July-December 2022.
- **Y-o-y HPA** was 2.9% in June 2023 and is projected to increase to 4% in July, August, and the first half of September 2023.
- Despite the subdued rate of purchase activity and relatively high rates, **y-o-y HPA has begun to accelerate**. This is because buyers are well-qualified and highly motivated by historically tight supply. Cooling yet still strong job numbers, low levels of foreclosures in most areas of the country, work from home, and continued home price arbitrage opportunities provide further support.
- **These conditions will likely continue** throughout the summer. Metros in the Midwest, which continue to be relatively affordable, are leading the recovery in HPA.
- Our base **HPA projection** calls for y-o-y HPA of +6% and +7% by year-end 2023 and 2024, respectively.

**Median Note Rate****Year-over-Year Home Price Appreciation**

Note: Rate locks are limited to lenders who joined Optimal Blue Dec. 2017 or earlier. 2020 data omitted from rate lock charts due to the pandemic distortions.

Source: Optimal Blue and AEI Housing Center, www.aei.org/housing.