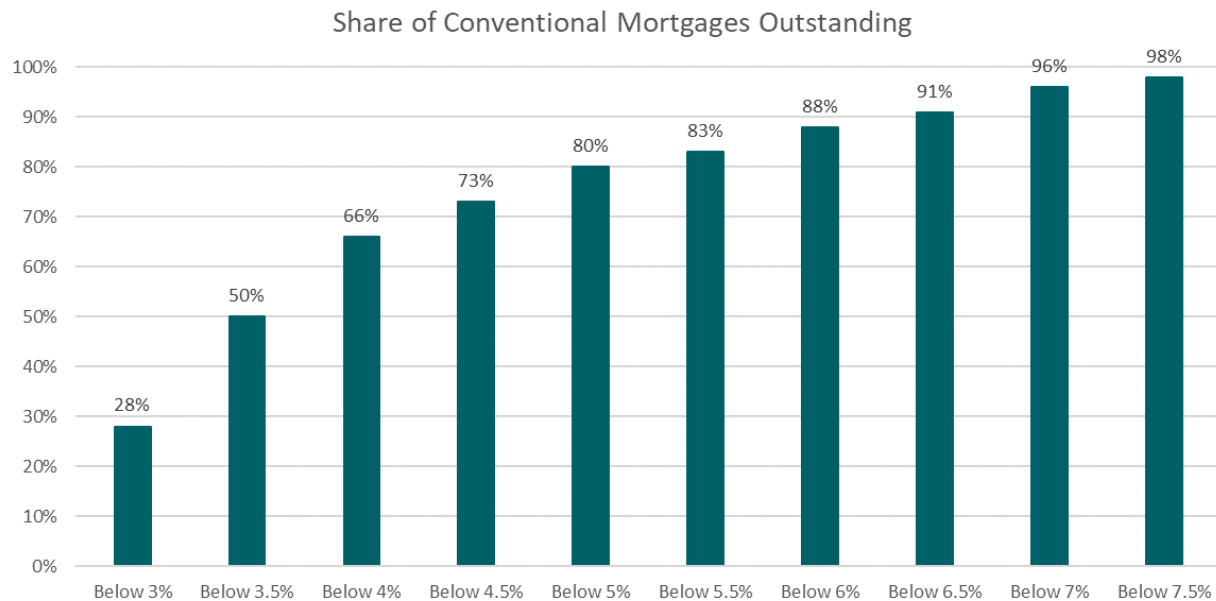


06.03.2024

Breakdown by Mortgage Rates



- While 30-year mortgage rates have declined from the peak last fall, 96% of outstanding conventional 30-year mortgages have an interest rate below the current rate of ~7%.
- The delta between the prevailing mortgage rate and the effective mortgage rate of borrowers who re-financed during 2020-2021, is the widest on record and has 'locked' homeowners into their current homes.
- A lack of supply has supported home prices, as the inventory of homes for sale is near a record low level. The share of homes for sale has moved decidedly toward new homes as existing homeowners are reluctant to move given their low mortgage rate.
- Paradoxically, home price appreciation may moderate or stall as interest rates decline. This could occur due to an increased supply of homes for sale, resulting from a combination of new construction and current homeowners that may be willing to move once the difference between prevailing mortgage rates and their current mortgage rate compresses.

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