

Top Market Themes

Market Research and Insights

Updated as of January 2021

Summary of Findings



Trends in COVID Forbearance Rates

- COVID-19 cases driving path of recovery.
- Share of loans in forbearance vary by investor type: Lower GSE forbearance rate is reflective of less risky portfolio profile.



Uneven Regional Recovery

- Higher unemployment rate observed in state economies with higher share of leisure and hospitality.



New Housing Trends as a Result of COVID-19

- Homebuyers are moving out of urban centers and expensive metros.
- Remote work has increased migration.



Millennials Driving Housing Demand

- Housing demand is expected to stay strong as more millennials enter their peak homebuying years, but barriers persist.
- Millennial homebuyers represented more than half of the purchase mortgages in 2020.

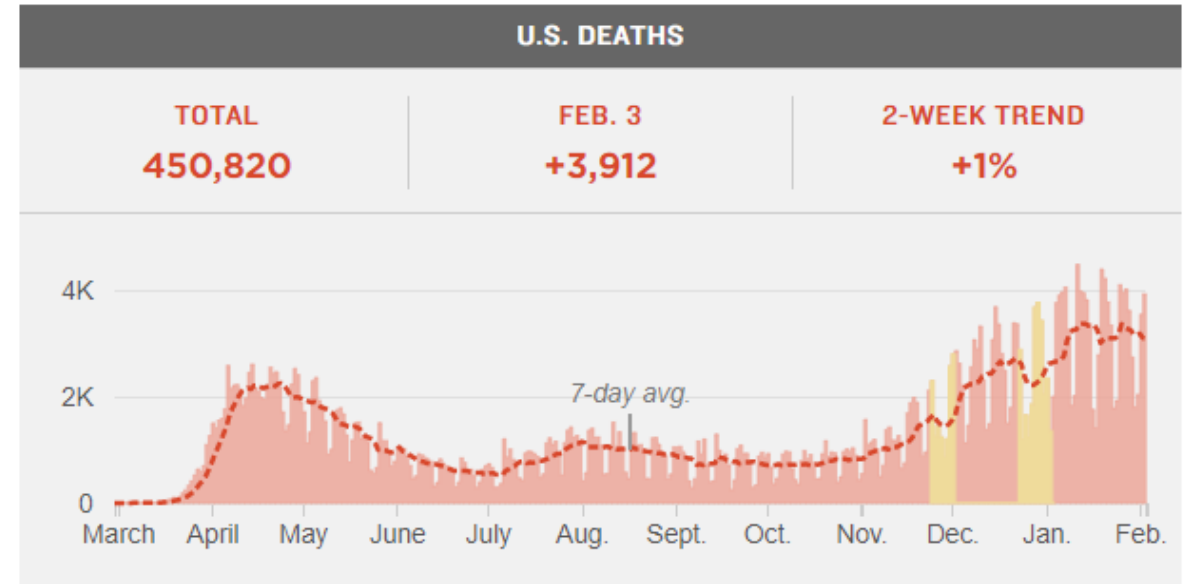
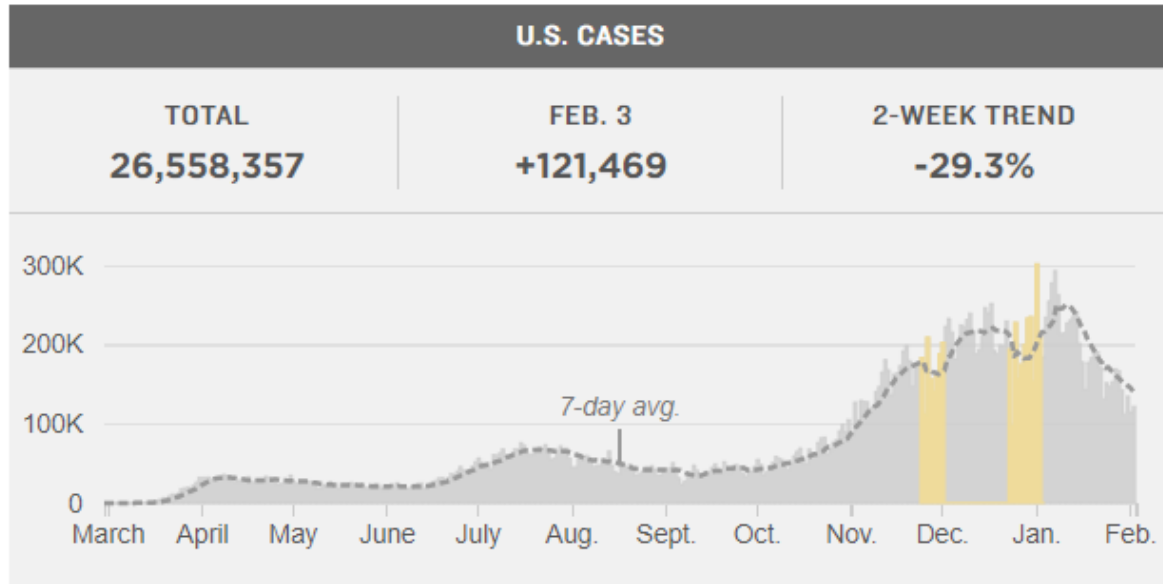
1. Trends in COVID Forbearance Rates



COVID Case Trends Driving Path of Recovery

COVID-19 Cases on the Decline Post Holiday Season

Data as of 6:22 a.m. ET on Feb. 4



■ Data irregularity: In late November, some data reporting was delayed due to the Thanksgiving holiday. Similar delays occurred around the Christmas and New Year's holidays.

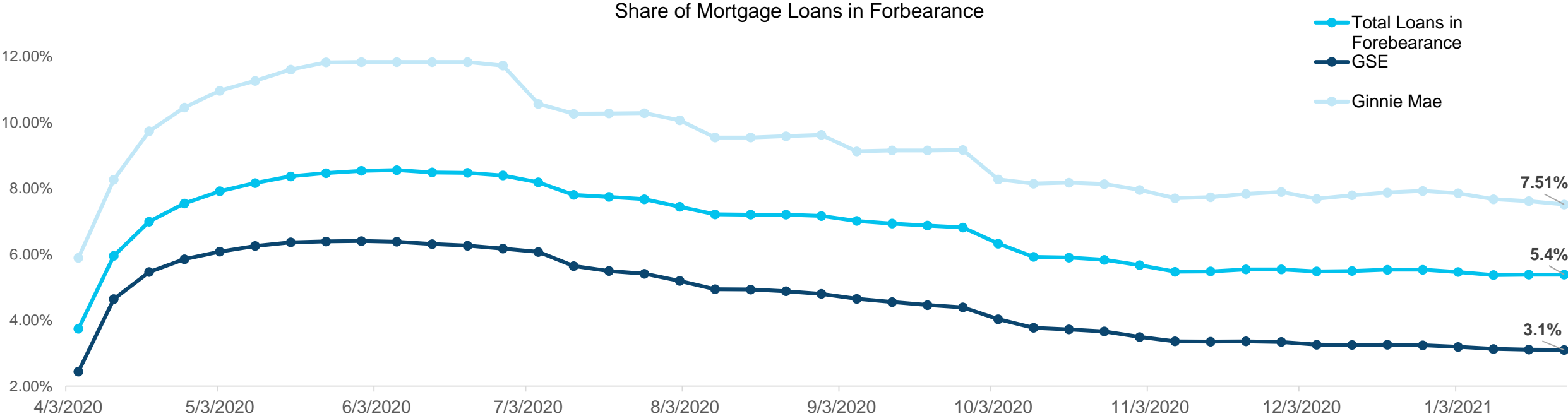
The daily change numbers shown are one-day changes, not averages. The 2-week trend refers to the percent change in the 7-day average between yesterday and 2 weeks prior.

Source: Center for Systems Science and Engineering at Johns Hopkins University

Source: [NPR](#)

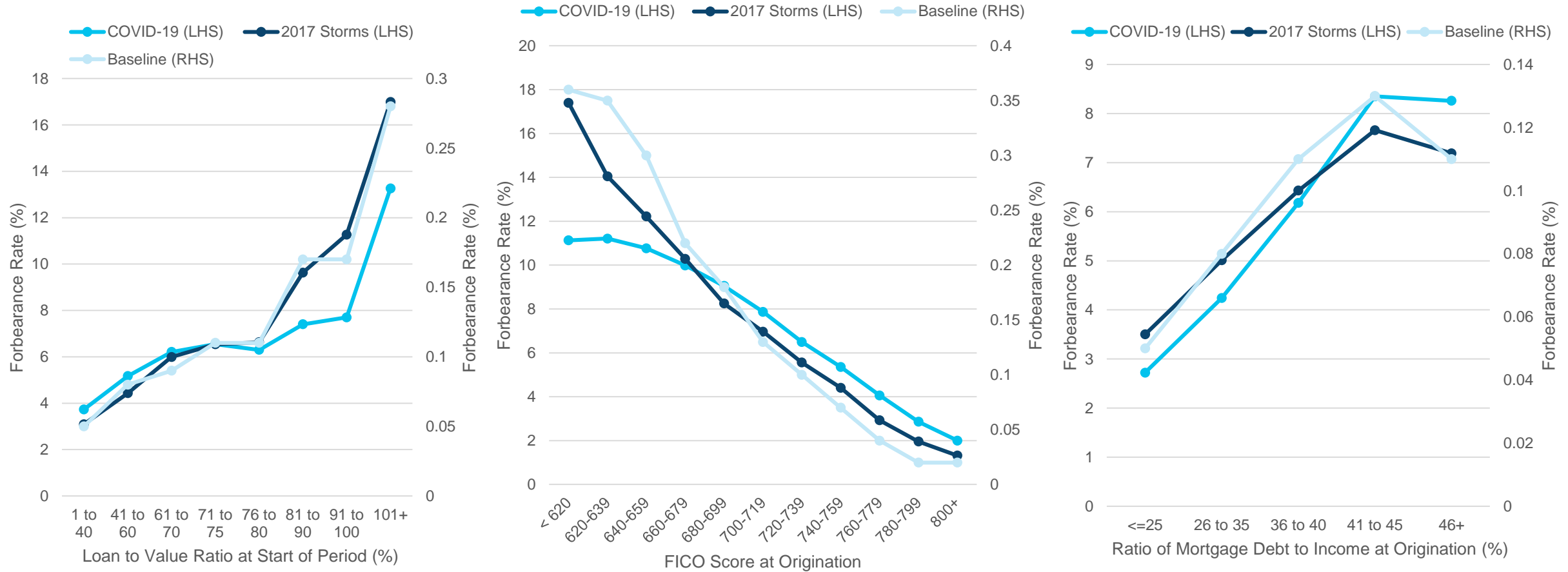
Lower GSE Forbearance Rate Is Reflective of Less Risky Portfolio Profile

Ginnie Mae's Share of Loans in Forbearance Is 2X Larger than GSEs Share



Loans with High LTV, Low FICO, High DTI Likely to Have Higher Forbearance Rates

Forbearance Rates during COVID-19 Similar to 2017 Storms Period, but Much Higher than in the Baseline Period



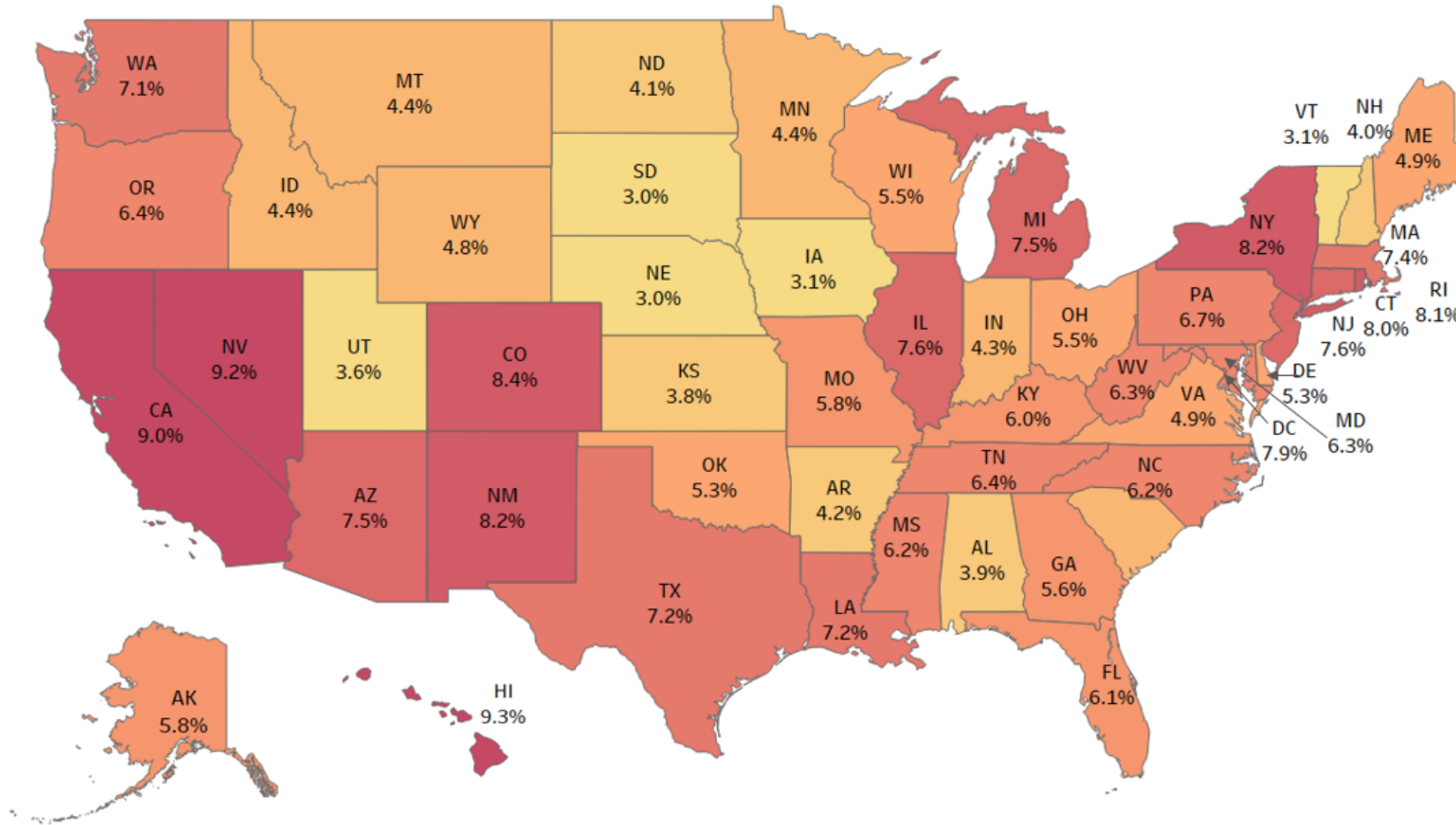
Source: Freddie Mac
 Note: RHS – right hand-side LHS – left hand-side

2. Uneven Regional Recovery



State Economies with Higher Share of Leisure and Hospitality Recover at a Slower Pace

December 2020 Unemployment Rate



States with Highest Unemployment Rate

9.3%	Hawaii
9.2%	Nevada
9.0%	California
8.4%	Colorado
8.2%	New York

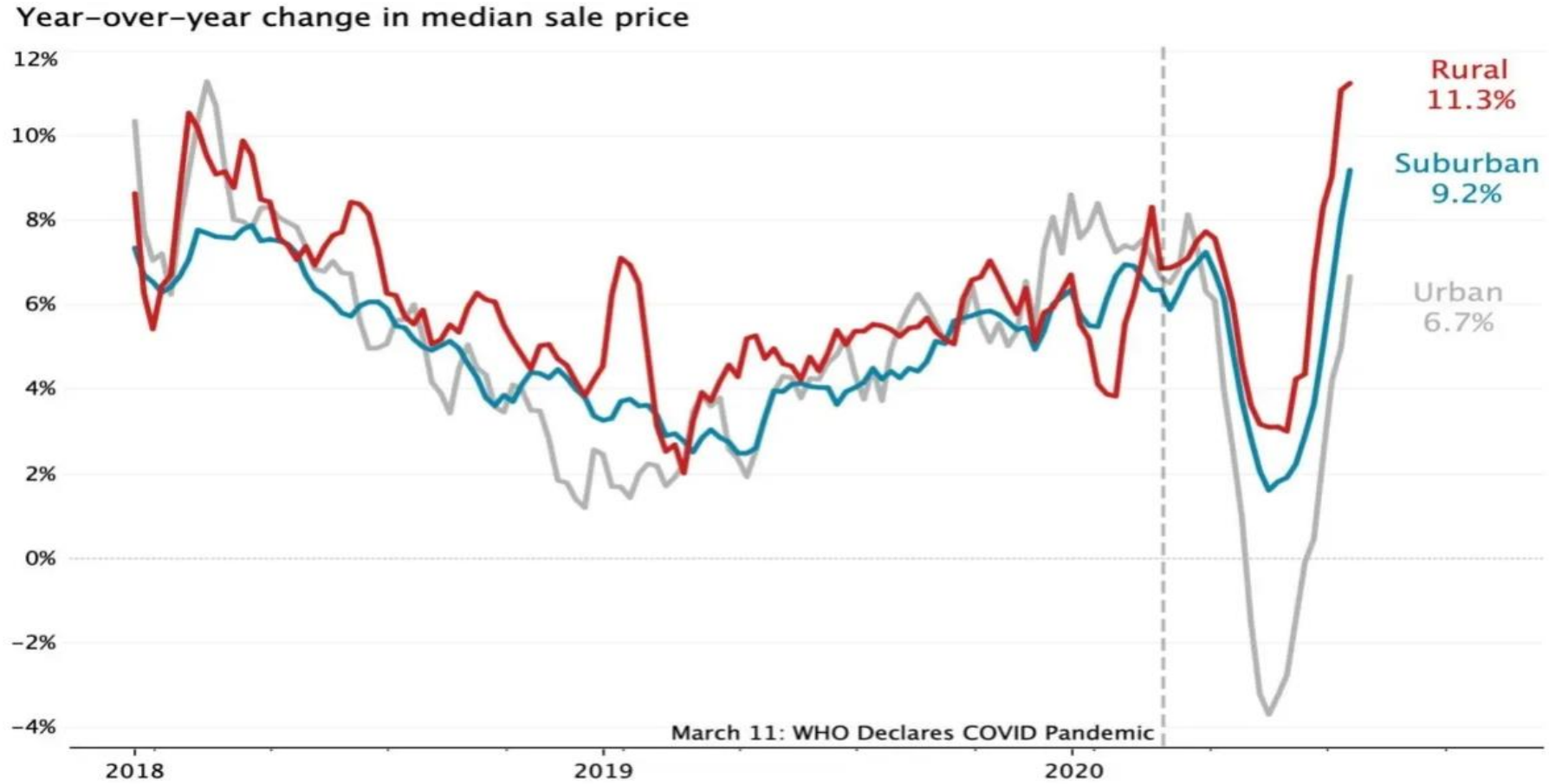
States with Lowest Unemployment Rate

3.6%	Utah
3.1%	Vermont
3.1%	Iowa
3.0%	South Dakota
3.0%	Nebraska

Source: BLS

3. New Housing Trends as a Result of COVID-19

Buyers Moving Out of Urban Centers to Less Dense Suburbs / Exurbs

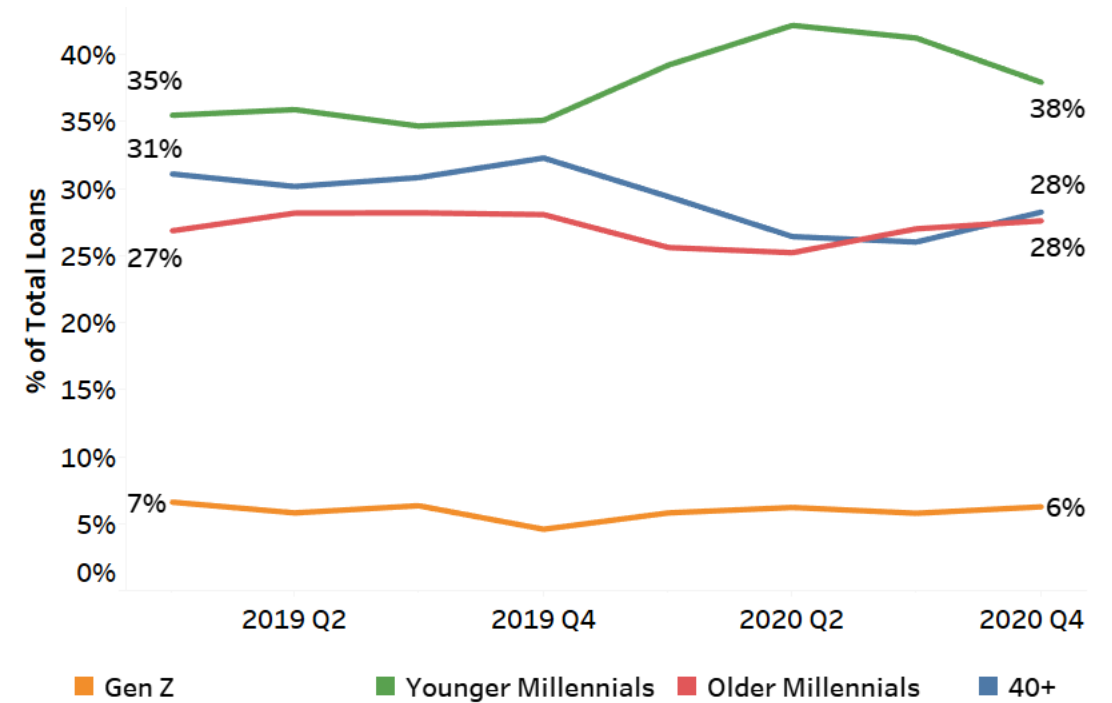
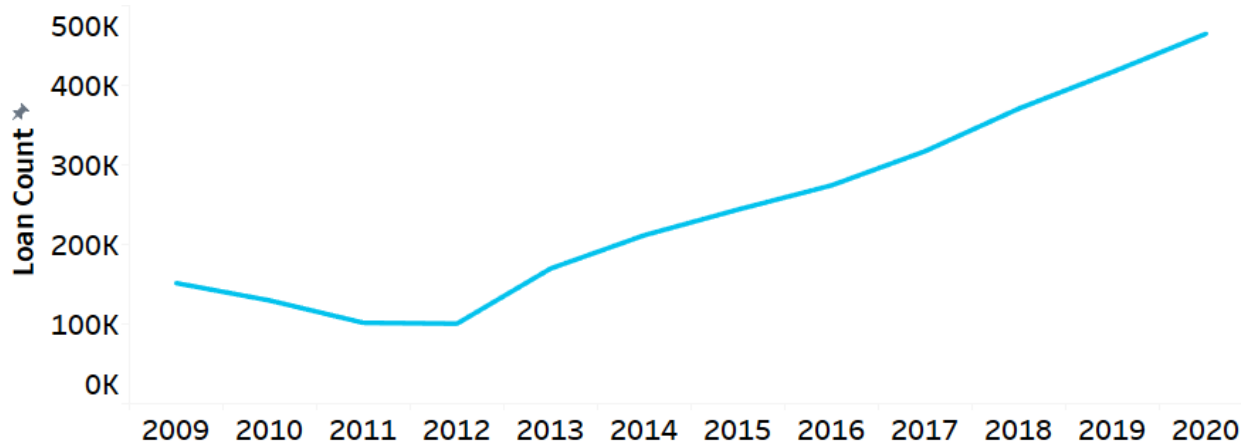


Source: Redfin

Recent Renters Seeking to Become Homeowners (first-time home buyers)

Share of Millennial First-time Homebuyers Has Increased Year-Over-Year

Freddie Mac First Time Homebuyers



Generation age in 2020: Gen Z: 8-22; Younger Millennials: 24-31; Older Millennials: 32-39

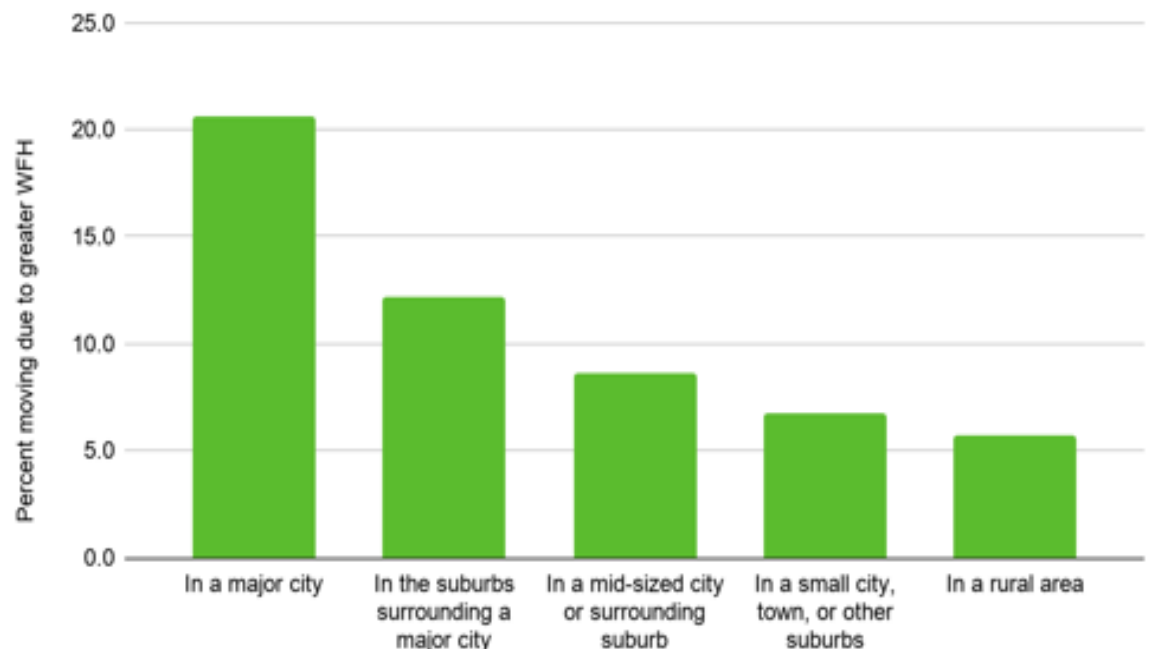
Source: Freddie Mac

Remote Work Increasing Mobility

Survey Studies across Various Sources Suggest:

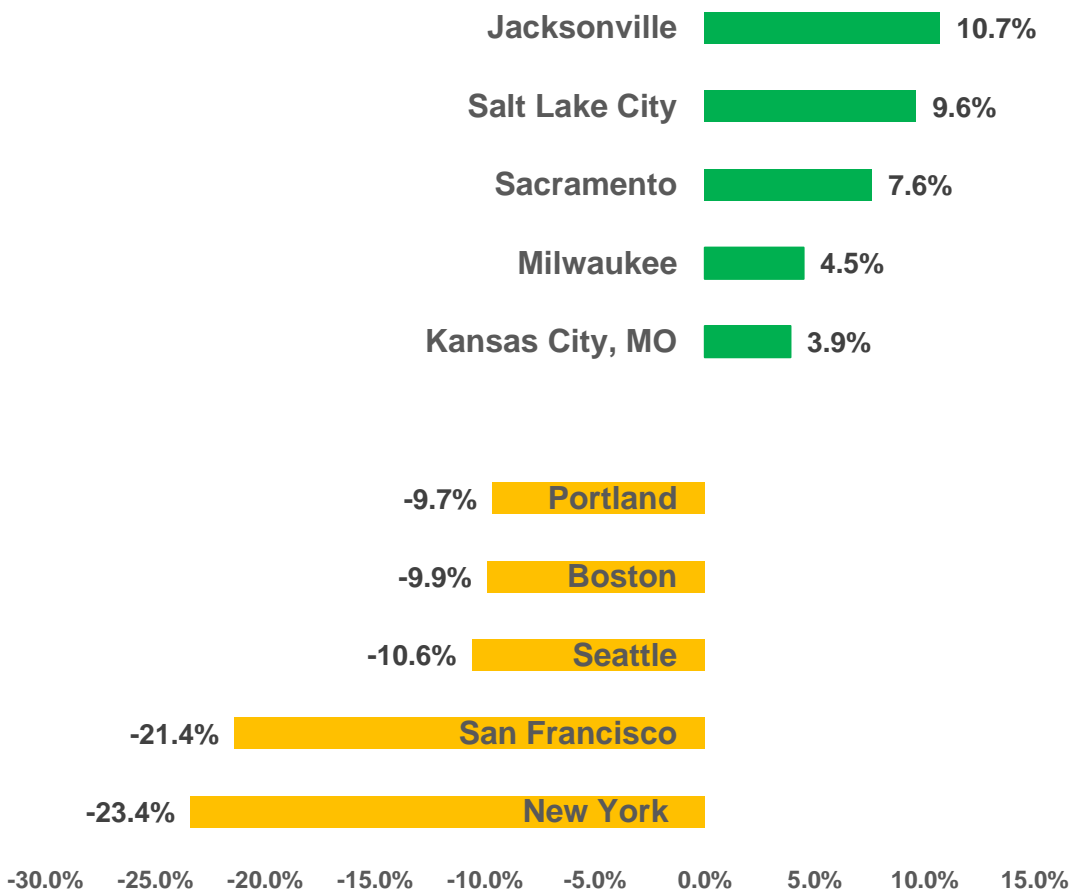
- Remote work is increasing migration.
- People are seeking less expensive housing.
- The highest priced markets are taking the biggest hits.
- Increase in out-migration from expensive metros.

Percent Moving due to Greater Work From Home



Source: NAR, Upwork, LinkedIn

Top Metros Gaining & Losing in Net Arrivals From April to August

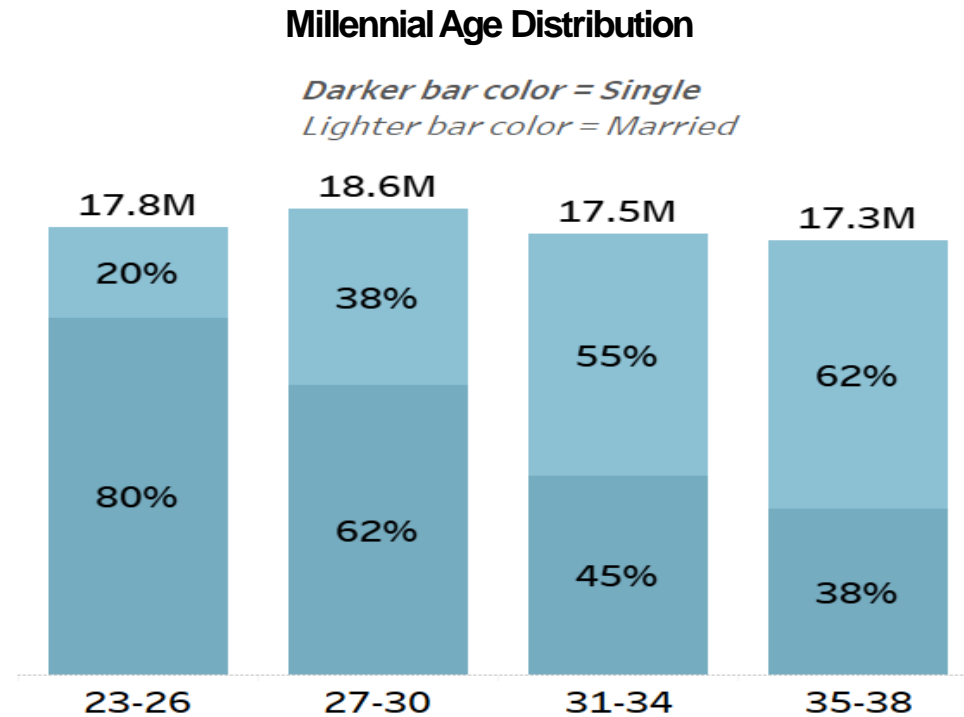


4. Millennials Driving Housing Demand



More Millennials Entering the Housing Market

- At 71.2 million population count, millennials surpassed baby boomers as the largest adult demographic in 2019, with many of them entering their peak homebuying years.
- Millennials first-time buyers are entering the housing market later in life than prior generations.



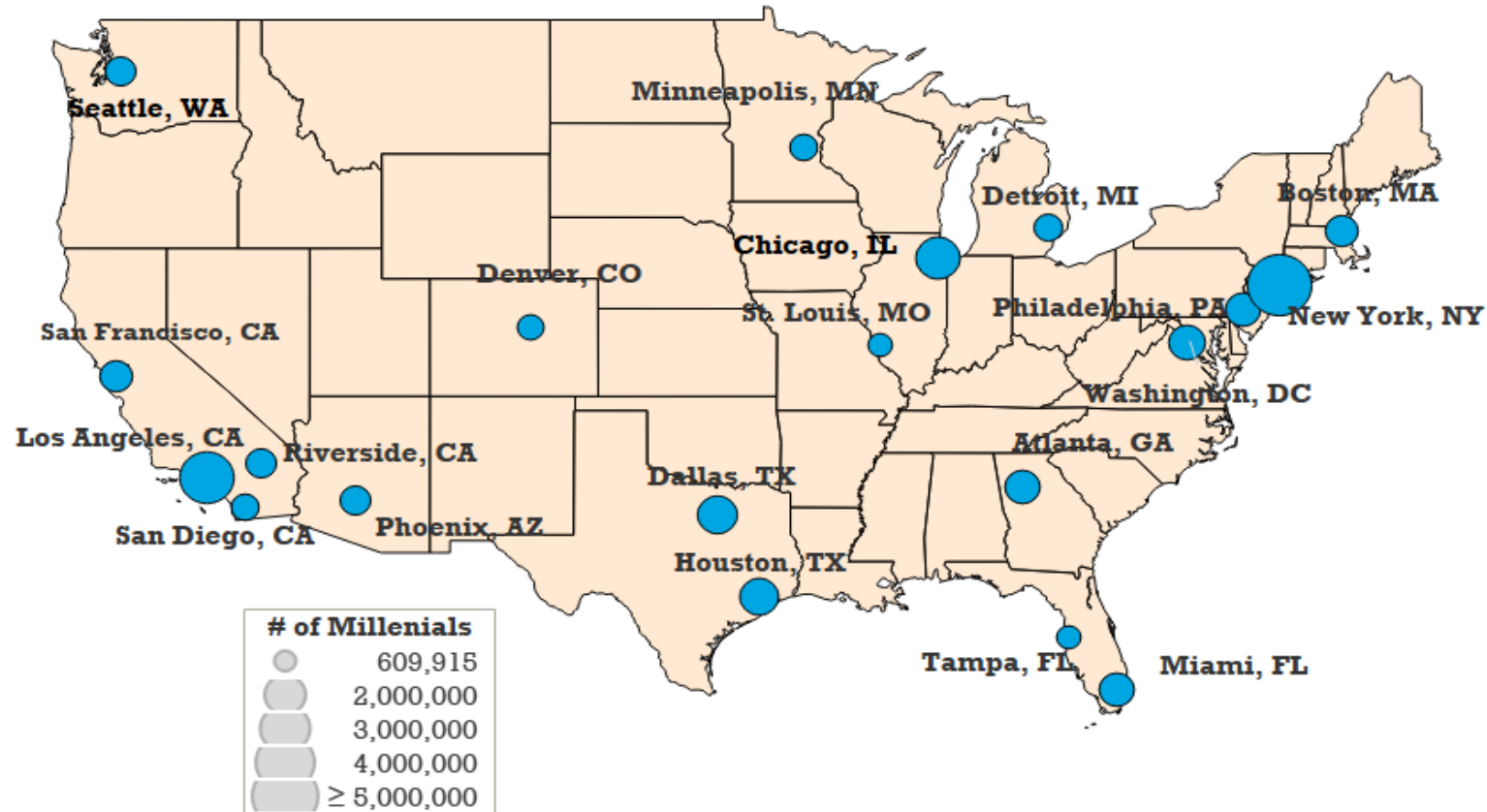
Source: U.S. Census-Current Population Survey (CPS) 2019



Across All States and Regions, about 90% of Millennials Today Live in Metropolitan Areas

More than Four in Ten Millennials Live in High-cost City Centers

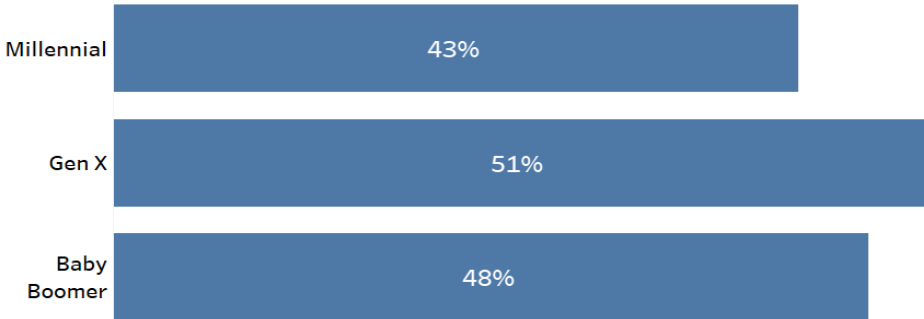
Top 20 MSAs with Highest Millennial Population Count



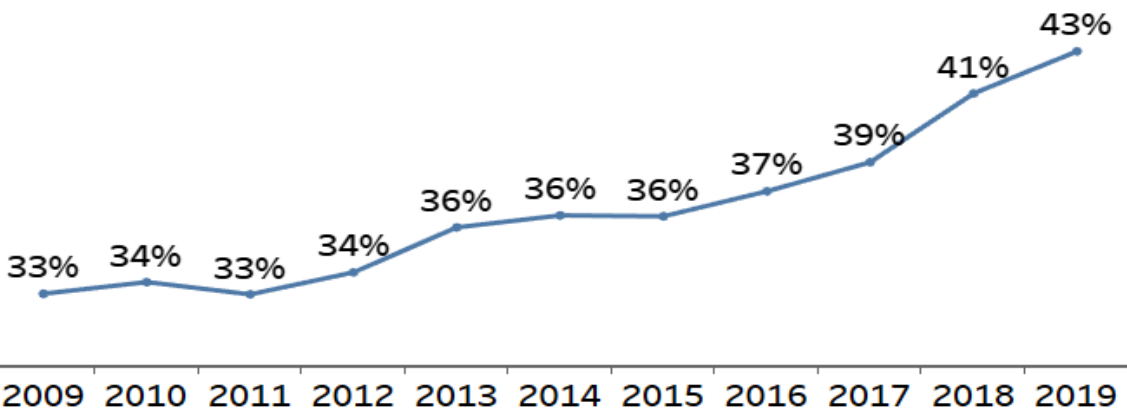
Source: U.S. Census-Current Population Survey (CPS) 2019

Millennial Homeownership Rate of 43% is Below the National Average of 65%, but is Expected to Climb

Homeownership Rate when aged 23-38



Millennial Homeownership Rate Trend



- Barriers to millennials homeownership:
- Rising home prices and a record low inventory of affordable housing for sale.
 - Delayed marriage.
 - Financial challenges of racial and ethnic minorities.
 - Higher student debt.

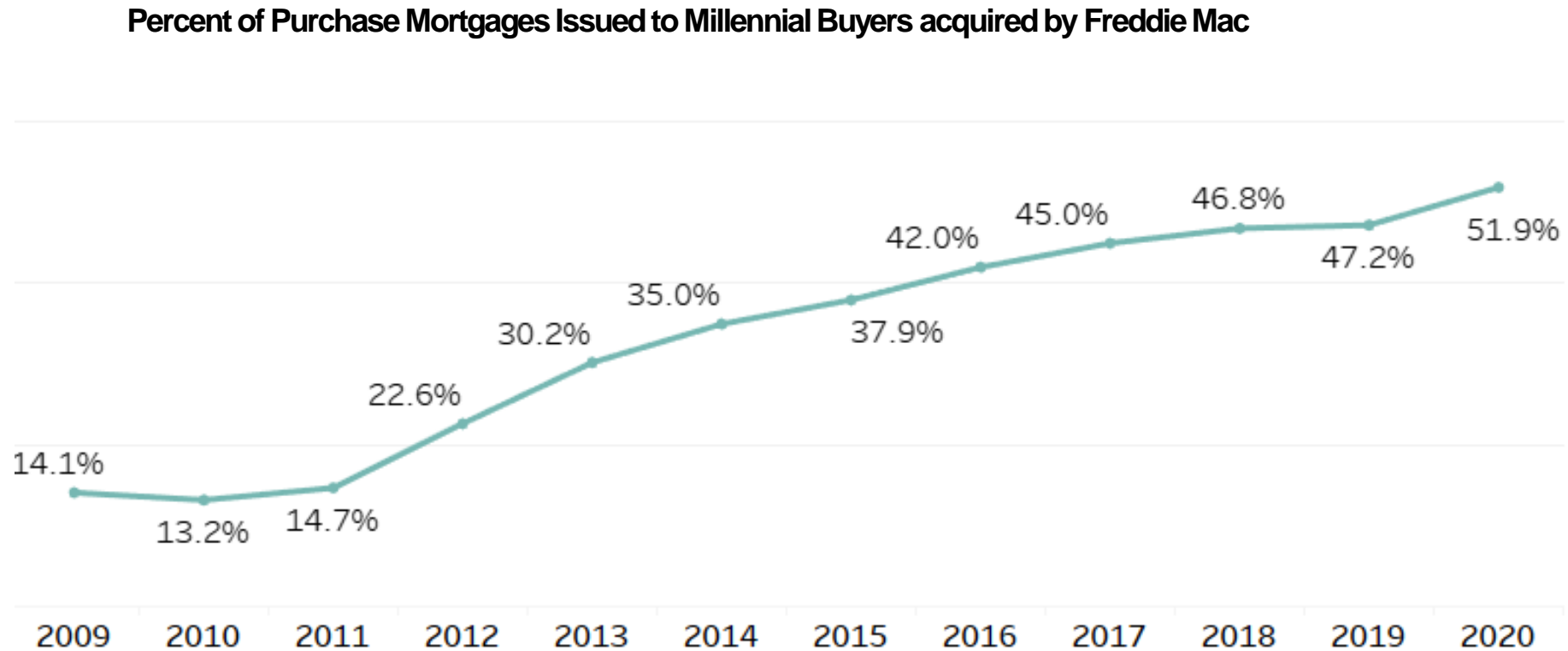


- Millennial homeownership level should ramp up within in the next decade due to:
- Higher marriage rates.
 - Accelerated household formation.
 - Increased financial security and stable incomes.

Source: : U.S. Census-Current Population Survey (CPS) 2019

Purchase Market Becoming More Saturated by Millennials

Millennial Homebuyers Represented More Than Half of the Purchase Mortgages in 2020



Source: Freddie Mac

