

CHRIS ECKERT

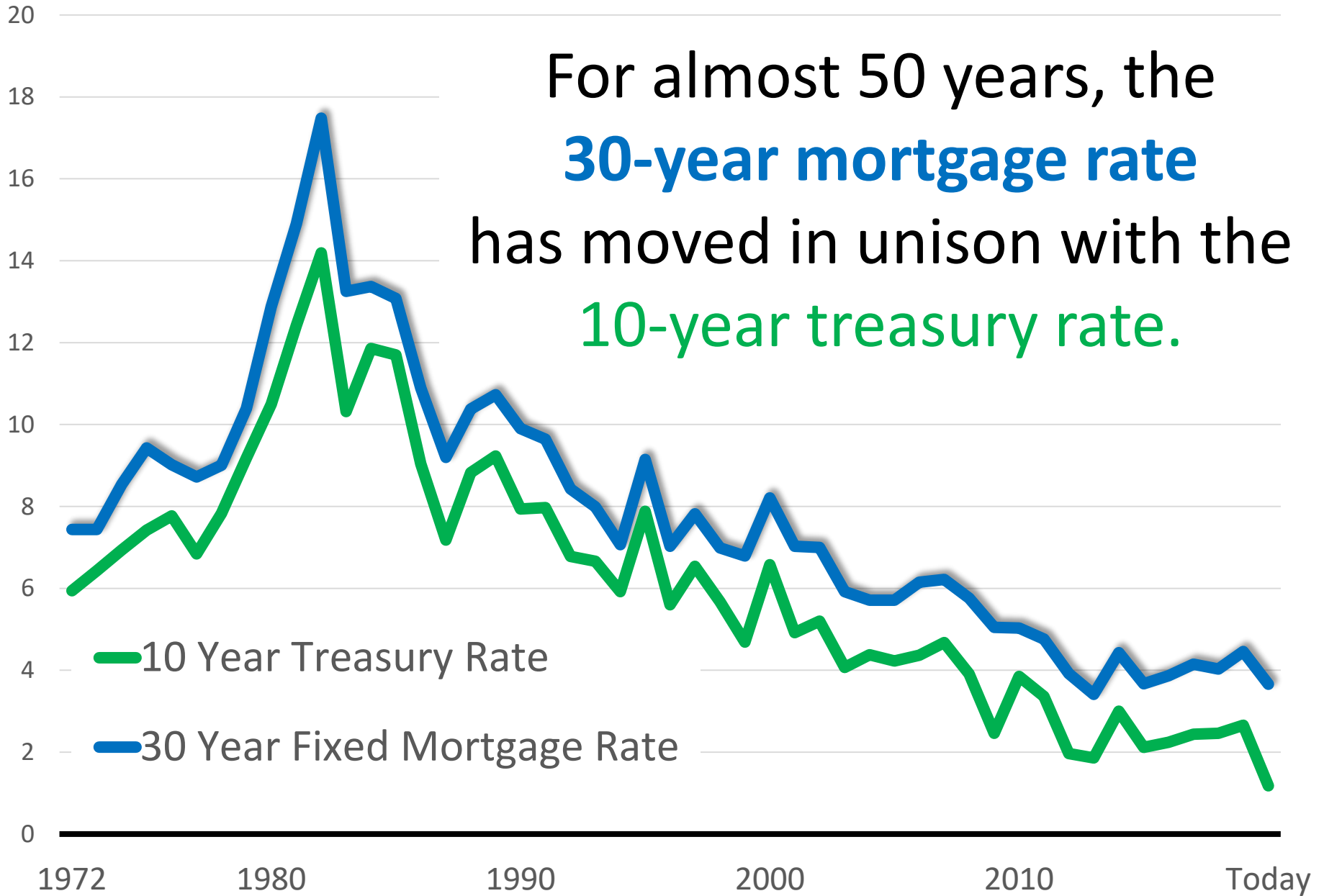
REAL ESTATE TEAM

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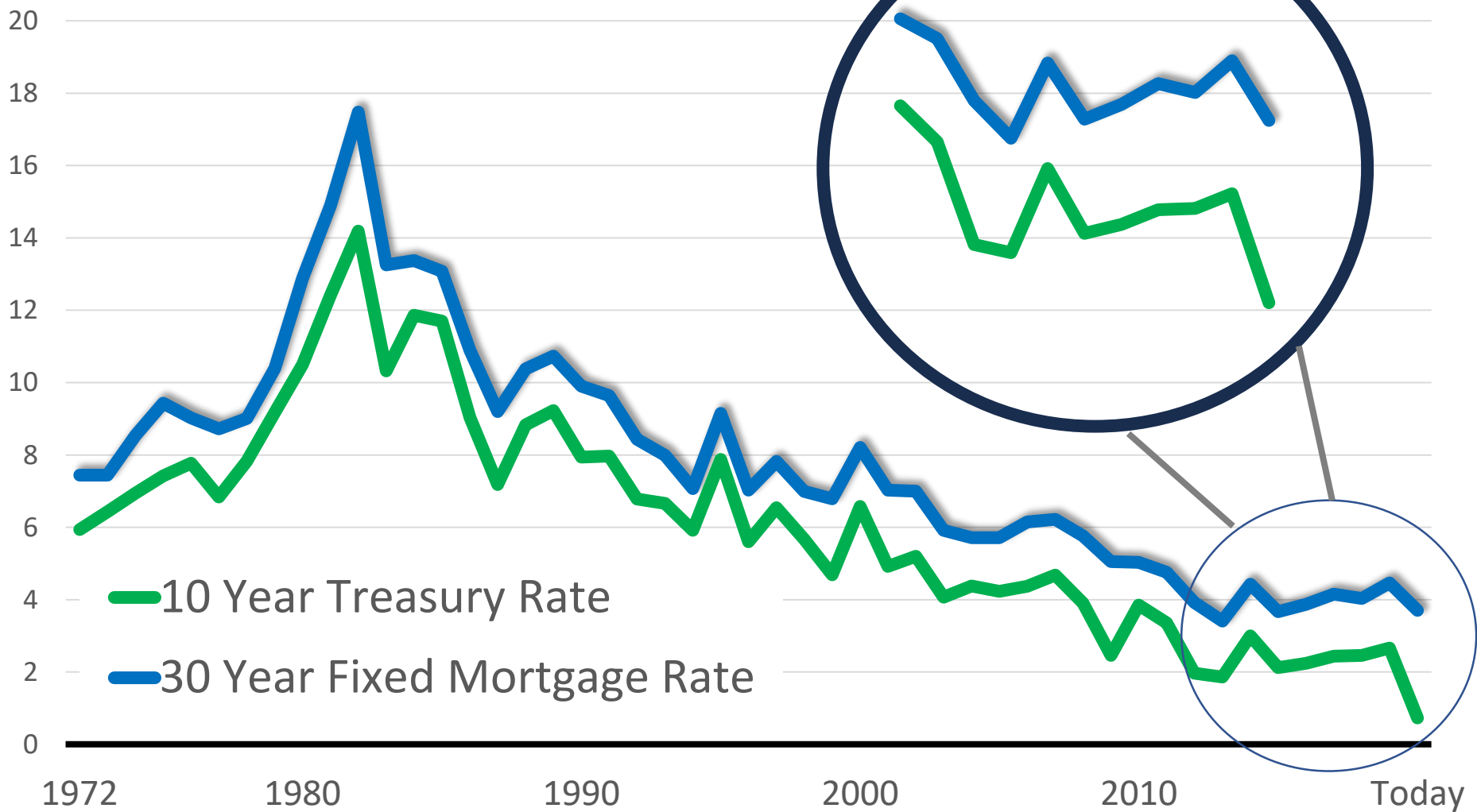
Interest Rates



For almost 50 years, the **30-year mortgage rate** has moved in unison with the **10-year treasury rate**.



For almost 50 years, the **30-year mortgage rate** has moved in unison with the **10-year treasury rate**. That has changed over the last few weeks.



“As evidenced by recent events, often the spread increases because mortgage refinance application processing capacity cannot meet demand, so lender-offered rates don’t follow the Treasury yield down one for one. So, while the mortgage rate has declined in response to the decline in yields, it is unlikely to fall by the same magnitude as the Treasury yield...

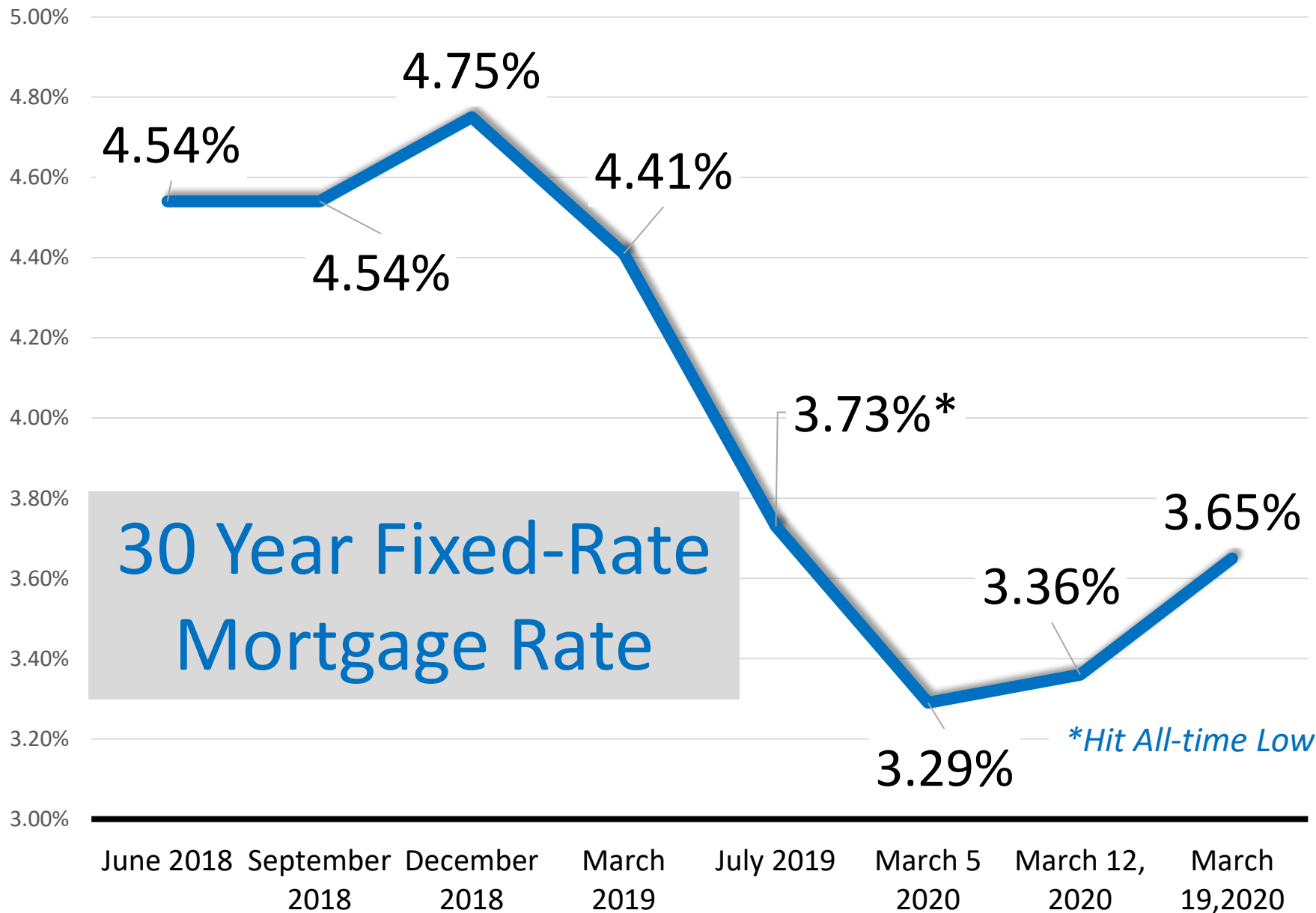
It is plausible that mortgage rates fall further if the benchmark 10-year Treasury bonds yield declines further...

It’s reasonable to expect that rates will fall even further and likely surpass the prior record low, but not necessarily one-for-one with the 10-year Treasury yield.”

Odeta Kushi

Deputy Chief Economist, First American

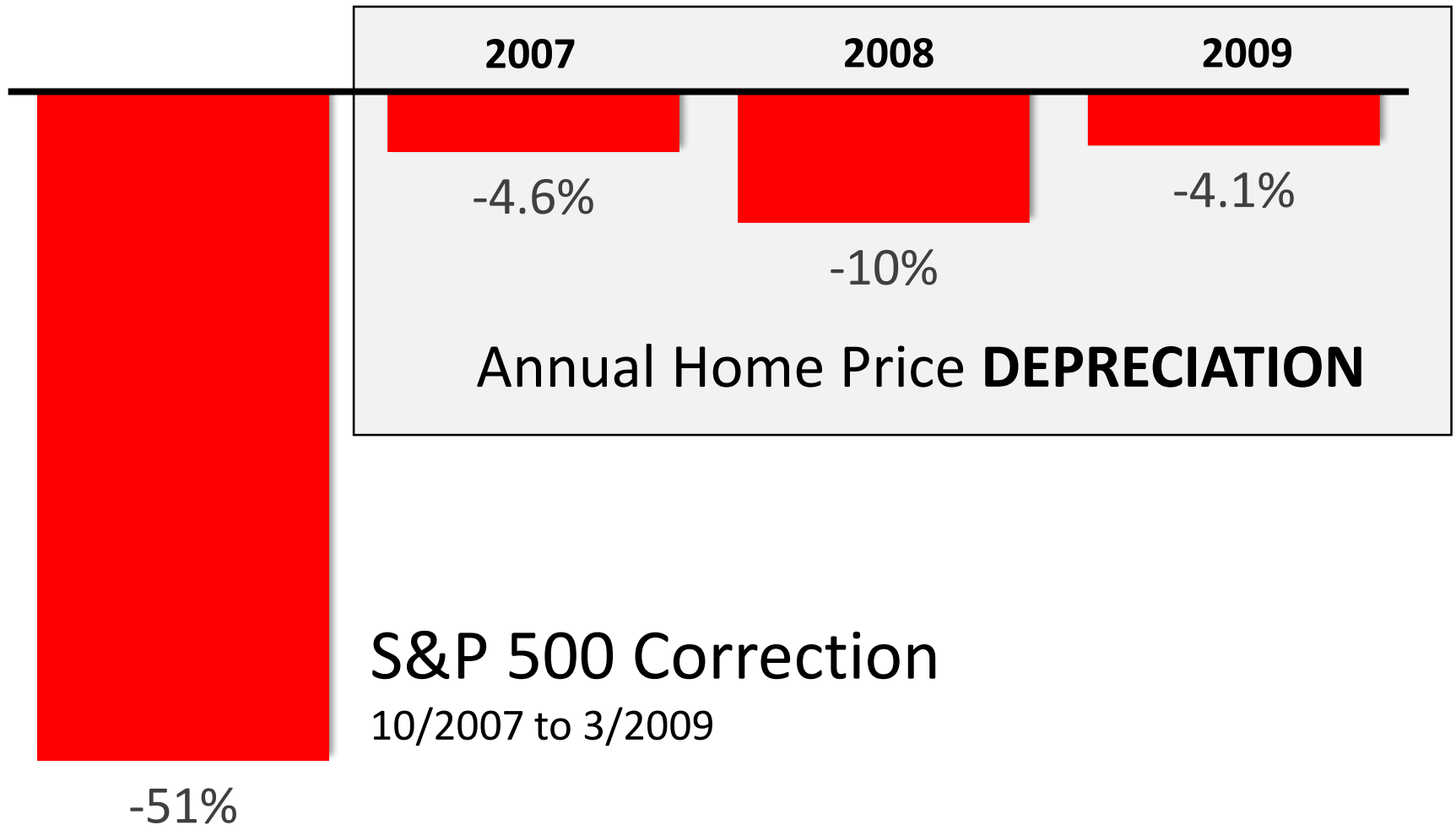






How Has the
Housing Market
Been Impacted
by Previous
Stock Market
Crashes?

Housing & Mortgage Crash



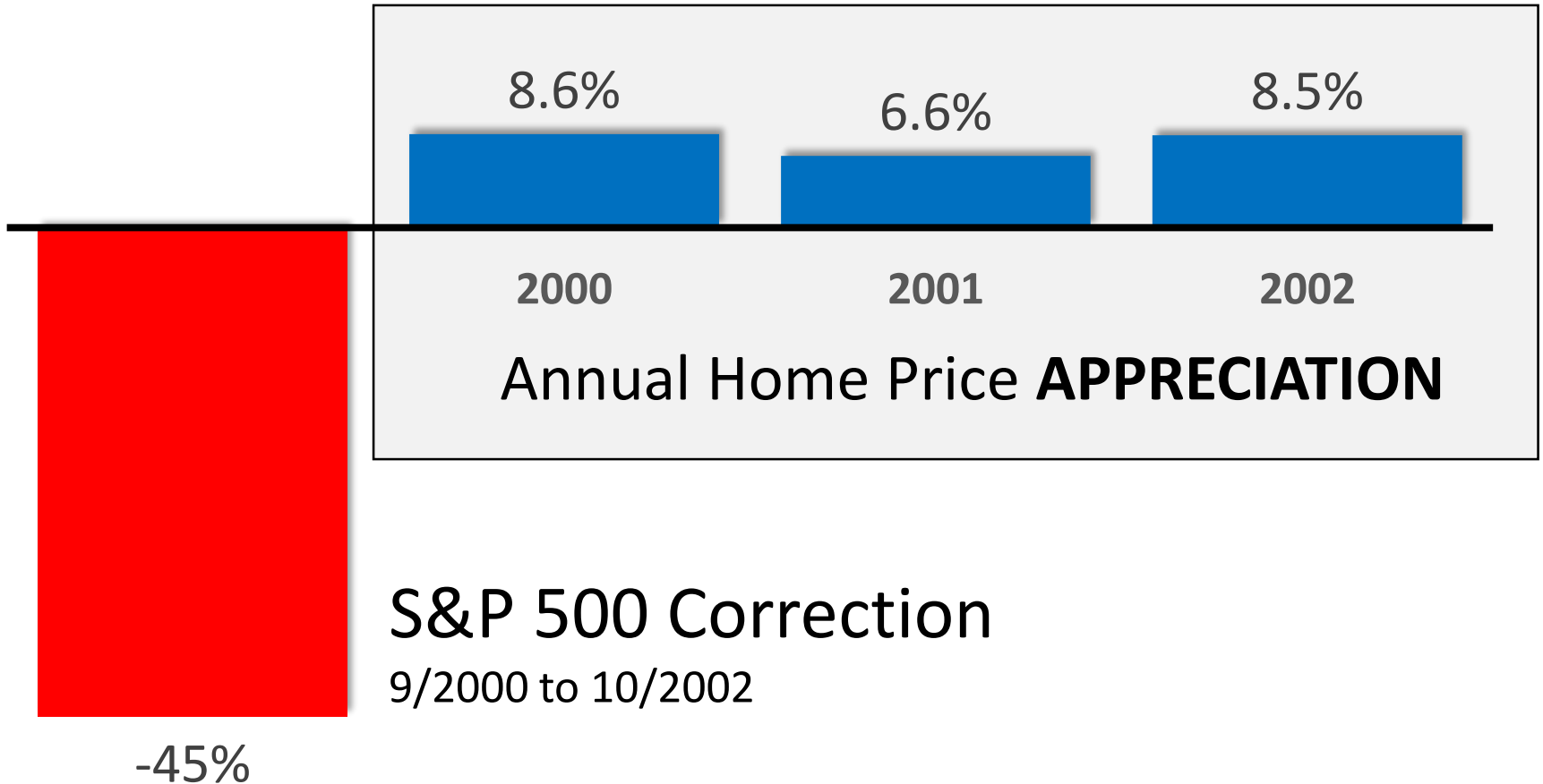
“What 9/11 has in common with what is happening today is that this shock has also generated fear, angst and anxiety among the general public. People avoided crowds then as they believed another terrorist attack was coming and are acting the same today to avoid getting sick. The same parts of the economy are under pressure – airlines, leisure, hospitality, restaurants, entertainment – consumer discretionary services in general.”

David Rosenberg

Gluskin Sheff + Associates Inc.'s Chief Economist



Dot.com & 9/11 Crash



Recession DOES NOT
Equal Housing Crisis



“With the sudden economic stop, and with many states shutting down by closing down schools, bars and restaurants...my view is the US economy is now in a recession (started in March 2020), and GDP will decline sharply in Q2 (as Goldman Sachs is forecasting). The length of the recession will depend on the course of the pandemic.”

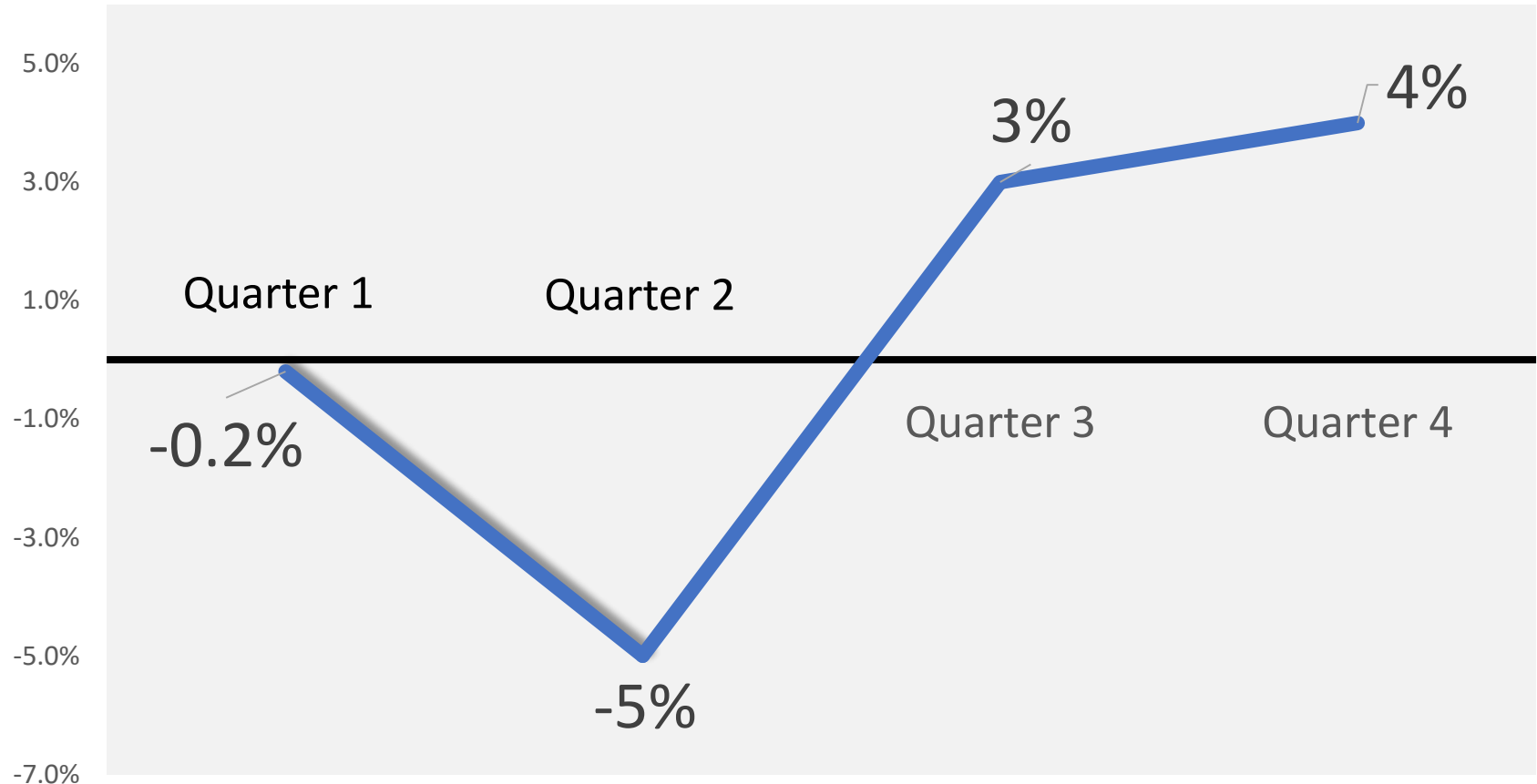
Bill McBride

Calculated Risk



Goldman Sachs GDP Forecast

on 3/17/2020



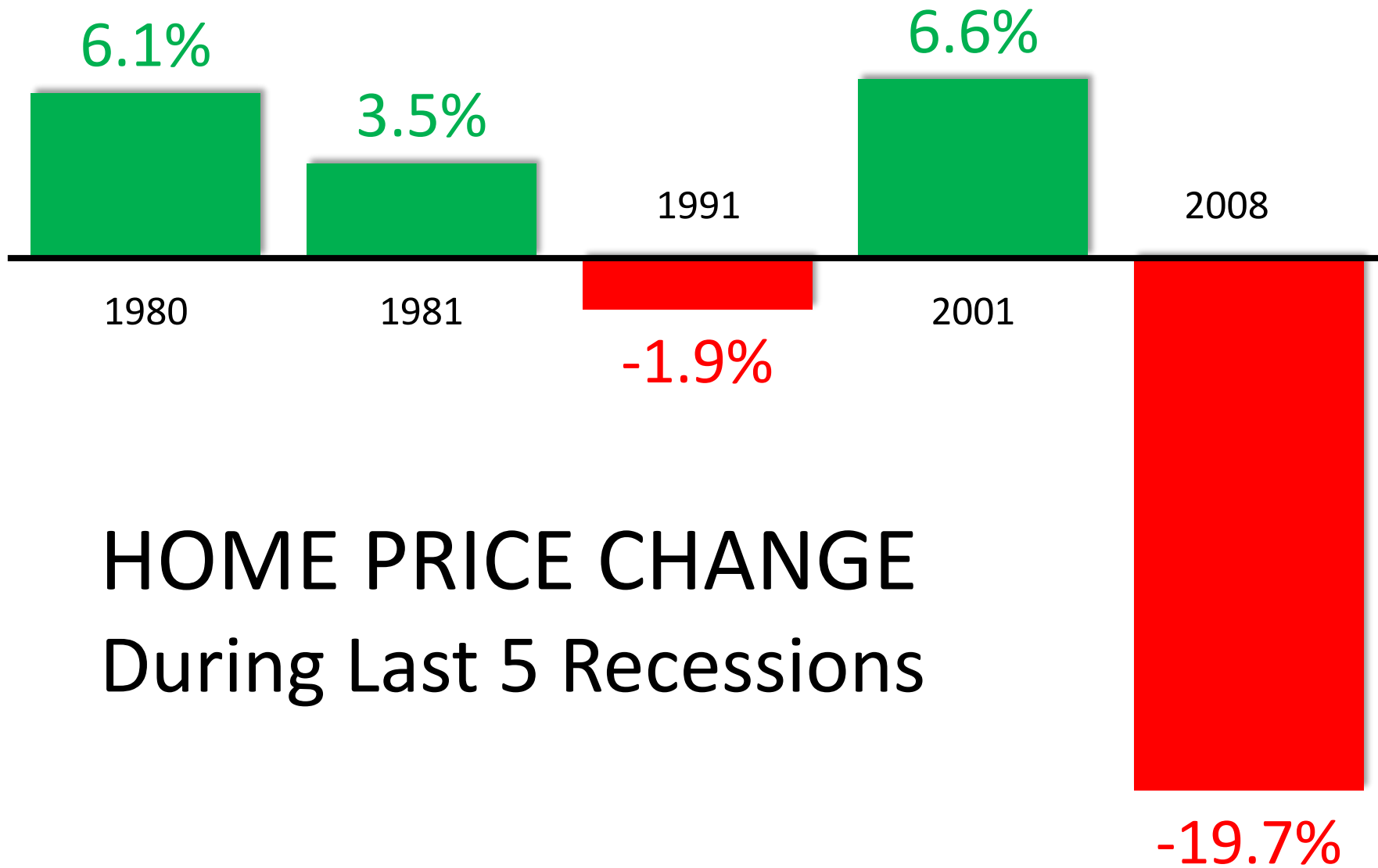
“...with further strong gains in early 2021.”

“We do not expect a repeat of the severe recession of 2008-2009, because the virus and oil shocks are not endemic to the financial system but are, rather, external. Once the virus infection rate peaks, we expect a recovery to gain momentum into the final quarter of the year and especially into 2021.”

Wells Fargo Investment Institute

3/17/2020





HOME PRICE CHANGE During Last 5 Recessions

Will we see
an rise in the
number of
foreclosures?



The *Federal Housing Administration* indicated it is enacting an “*immediate foreclosure and eviction moratorium for single family homeowners with FHA-insured mortgages*” for the next 60 days.

The *Federal Housing Finance Agency* announced it is directing *Fannie Mae* and *Freddie Mac* to suspend foreclosures and evictions for “*at least 60 days.*”



Total Home Equity Cashed Out

by Refinance in Billions

Then...

Year	Dollars
2005	\$263B
2006	\$321B
2007	\$240B
Total	\$824B

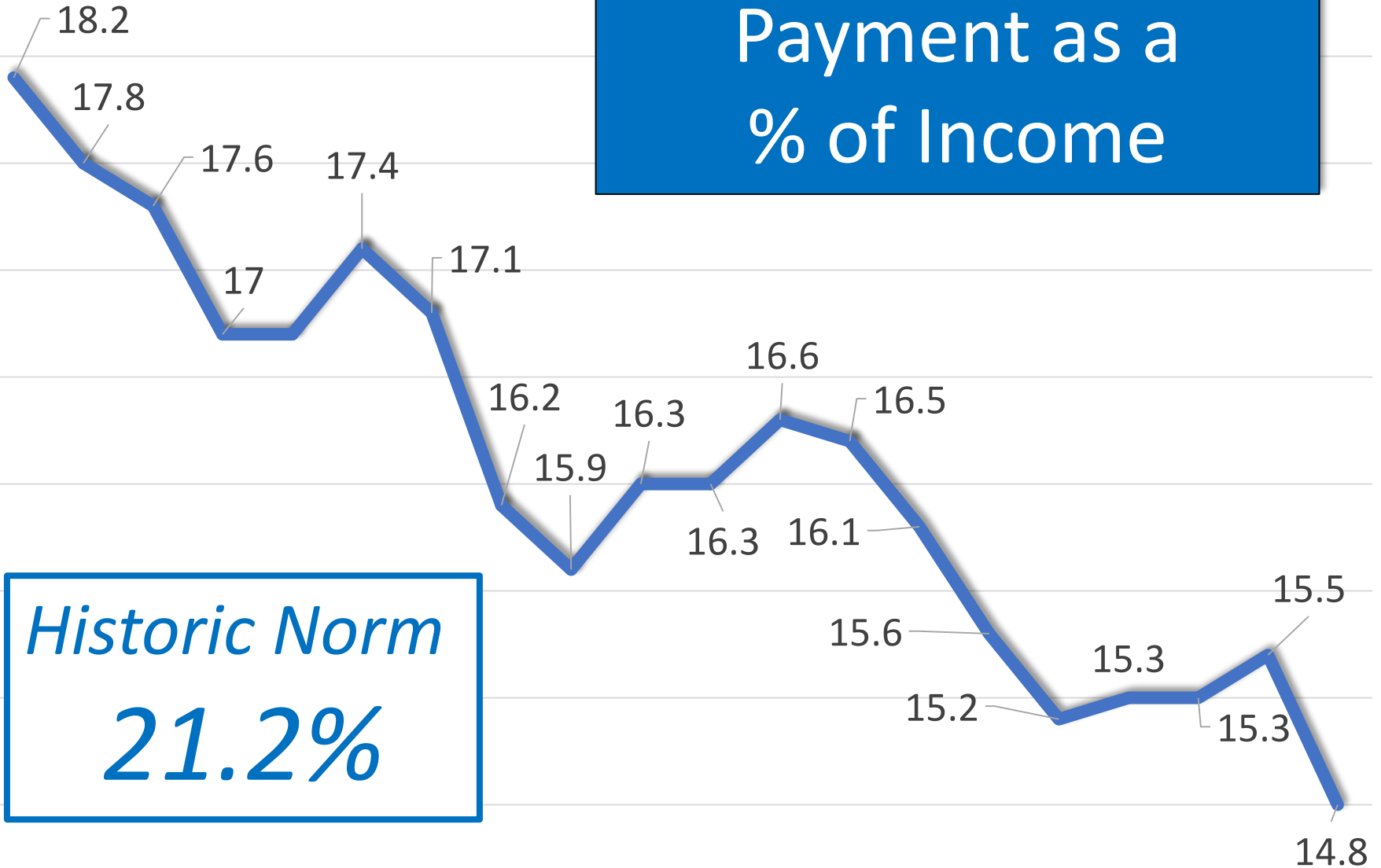
Now...

Year	Dollars
2017	\$71B
2018	\$87B
2019	\$74B*
Total	\$232B

**Using the first 3 quarter estimates from Freddie Mac and estimating \$20B for the 4th quarter*

Payment as a % of Income

Historic Norm
21.2%





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