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Freddie Mac February Forecast: Expect to See Modest Growth in Mortgage Market

MCLEAN, Va. (Feb. 28, 2019) – According to [Freddie Mac](#)'s (OTCQB: FMCC) February [Forecast](#), the mortgage market is expect to see modest growth in 2019 buoyed by lower mortgage interest rates.

Sam Khater, Freddie Mac's chief economist, says, "We expect single-family mortgage originations to increase 2.6 percent to \$1.69 trillion in 2019 and remain around that level in 2020. With mortgage rates easing up since the end of 2018, we revised up our forecast of the refinance share of originations to 27 percent and 24 percent in 2019 and 2020, respectively."

Forecast Highlights

- Overall, we forecast that U.S. GDP growth will decelerate to 2.5 percent in 2019 and 1.8 percent in 2020 as the economy settles in to near longer-term potential growth of under 2 percent per year.
- The U.S. labor market continues to hold strong despite uncertainty in other areas of the economy. Expect unemployment to drop slightly to 3.6 percent in 2019 before returning to a more sustainable long-term rate of 3.9 percent in 2020.
- The 30-year fixed-rate mortgage rate is expected to average 4.6 percent in 2019, matching 2018, before increasing to 4.9 percent in 2020.
- Total housing starts are expected to increase to 1.29 million units in 2019 and further to 1.36 million units in 2020, well below long-run demand.
- Due to lower mortgage rates, expect total home sales to slowly regain momentum, increasing to 6.10 million in 2019 and to 6.12 million in 2020.



- Single-family mortgage originations are expected to increase 2.1 percent to \$1.68 trillion in 2019 and remain at a similar volume in 2020.
- The growth rate of the Freddie Mac House Price Index fell slightly to 0.7 percent in the fourth quarter of 2018. Expect home prices to increase 4.1 percent and 2.8 percent in 2019 and 2020, respectively.

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