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Freddie Mac January Forecast: Mortgage Market Stays the Course

MCLEAN, Va. (Jan. 29, 2019) – According to [Freddie Mac](#)'s (OTCQB: FMCC) January [Forecast](#), the housing market remains steady after a boost from lower mortgage rates and slowing home price growth.

Sam Khater, Freddie Mac's chief economist, says, "Despite the weakening of the housing market in 2018, early 2019 data signals a possible turnaround for the year to come. This recent uptick in activity proves that homebuyers are very sensitive to changing interest rates and will likely respond positively if mortgage rates remain below five percent."

Forecast Highlights

- The growth rate of the U.S. economy is estimated to have slowed to 2.6 percent in the fourth quarter of 2018. GDP growth is expected to average 2.5 percent in 2019 and 1.8 percent in 2020.
- After climbing for several months, the 30-year fixed-rate mortgage rates began to let up at the end of the year, averaging 4.6 percent in 2018 and dropping to a nine-month low of 4.45 percent in early January. The 30-year fixed-rate mortgage is expected to average 4.7 percent in 2019 before increasing to 4.9 percent in 2020.
- Total home sales are expected to slowly regain momentum, increasing to 6.09 million in 2019 and to 6.14 million in 2020. For 2019, we expect home sales growth to be mostly driven by existing home sales, while new home sales are expected to remain almost flat.

- After steadily increasing for years, home prices have finally begun to cool, and while they're still increasing, we expect the rate of growth to slow. Home prices are expected to increase 4.1 percent and 2.7 percent in 2019 and 2020, respectively.
- 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.
- With mortgage rates easing up at the end of 2018, we revised our forecast for refinance share of originations upward to 27 percent in 2019 and 24 percent in 2020.

Freddie Mac makes home possible for millions of families and individuals by providing mortgage capital to lenders. Since our creation by Congress in 1970, we've made housing more accessible and affordable for homebuyers and renters in communities nationwide. We are building a better housing finance system for homebuyers, renters, lenders, investors and taxpayers. Learn more at FreddieMac.com, Twitter [@FreddieMac](https://twitter.com/FreddieMac) and Freddie Mac's blog FreddieMac.com/blog.

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