

REALTORS® LEGISLATIVE MEETINGS 2026

JUNE 13-18 • WASHINGTON, DC



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#NARLEGISLATIVE

Real Estate and Economic Outlook

Lawrence Yun, Ph.D.
Chief Economist
National Association of REALTORS®

Mortgage Rates Over Time

(OPEC Oil Embargo Shock in 1973 and High Inflation of the 1970s)



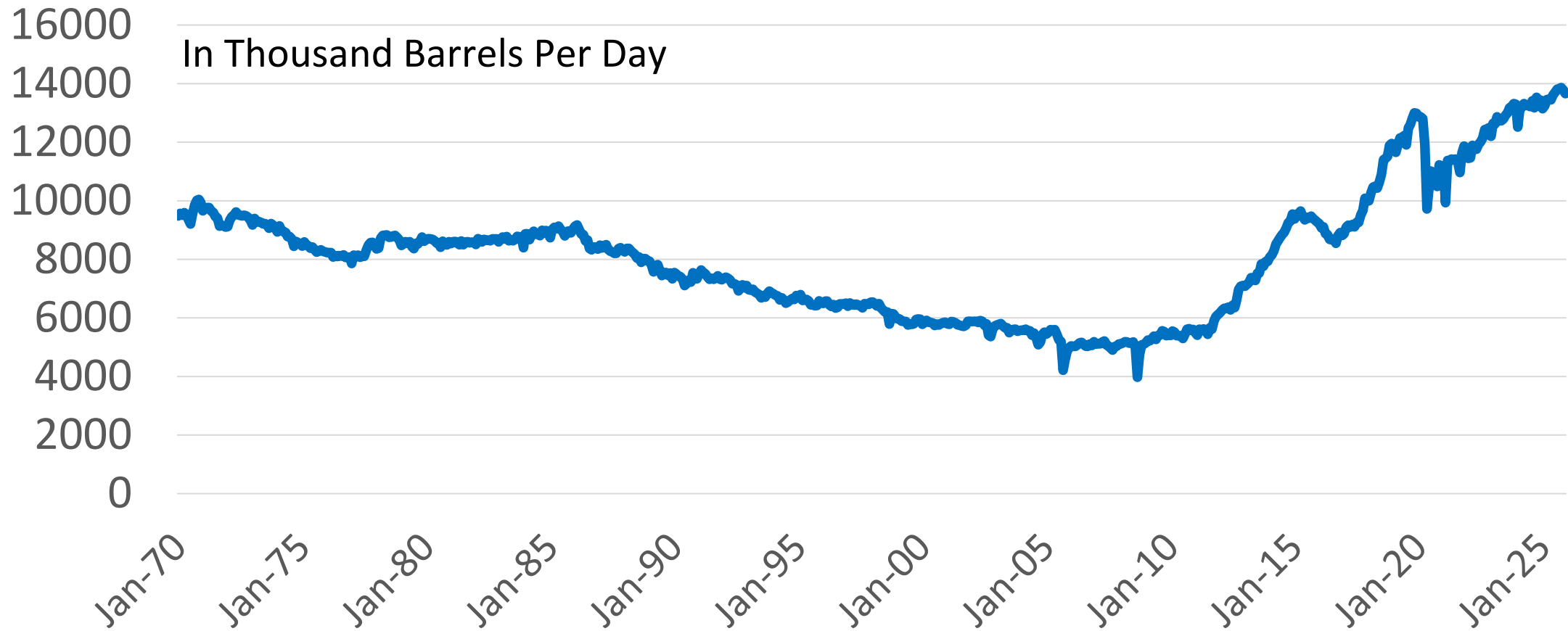
Source: Federal Reserve and Freddie Mac Mortgage Rate

Oil Price Shock from Late February



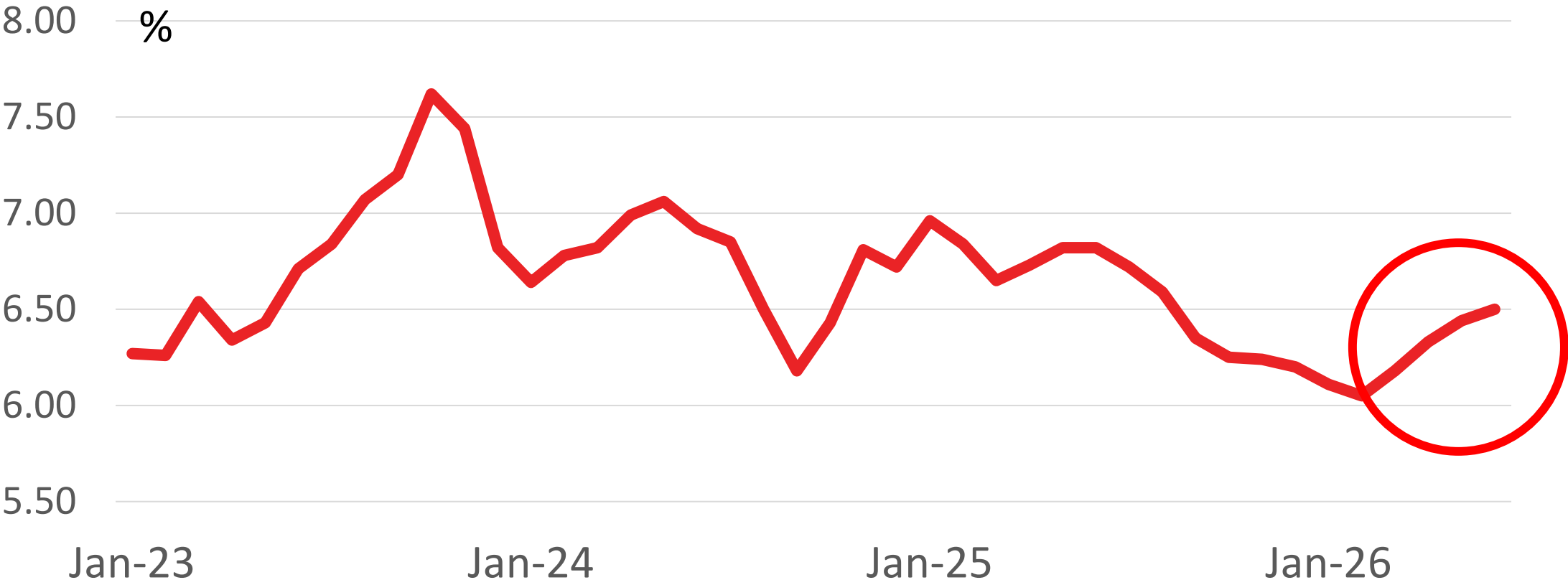
Source: West Texas Intermediate

Oil Production in U.S.



Source: U.S. Energy Information Administration

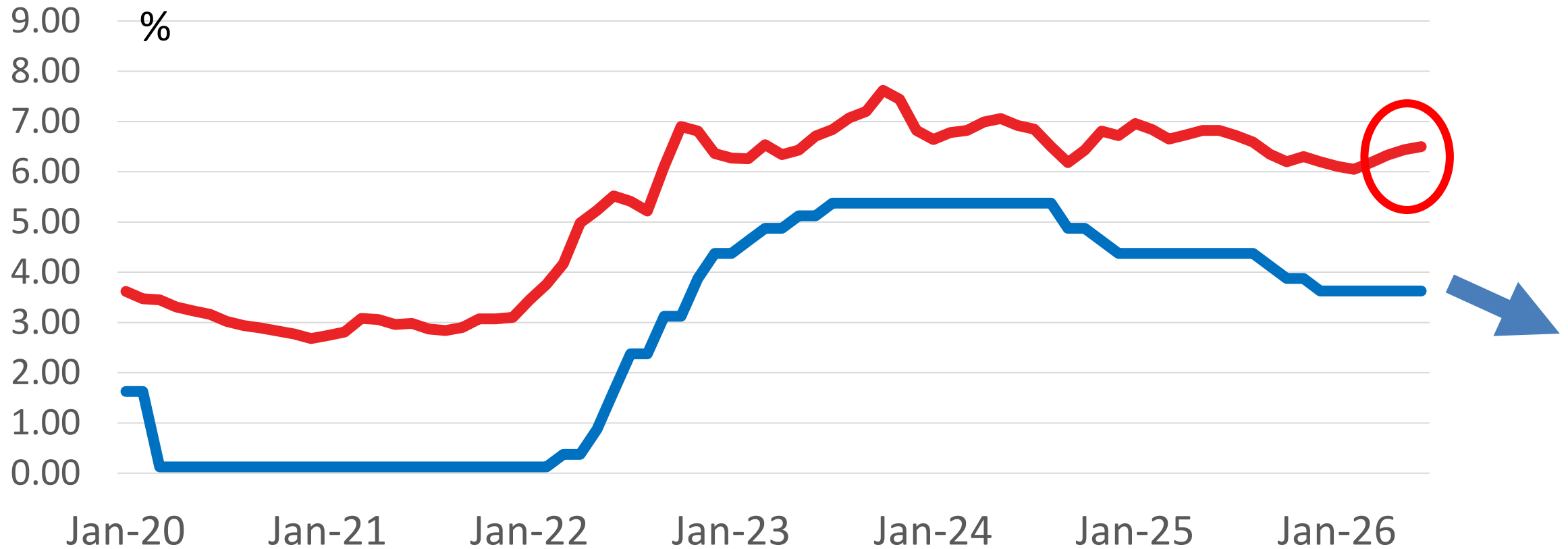
Mortgage Rate Reversal from Late February



Source: Federal Reserve and Freddie Mac Mortgage Rate

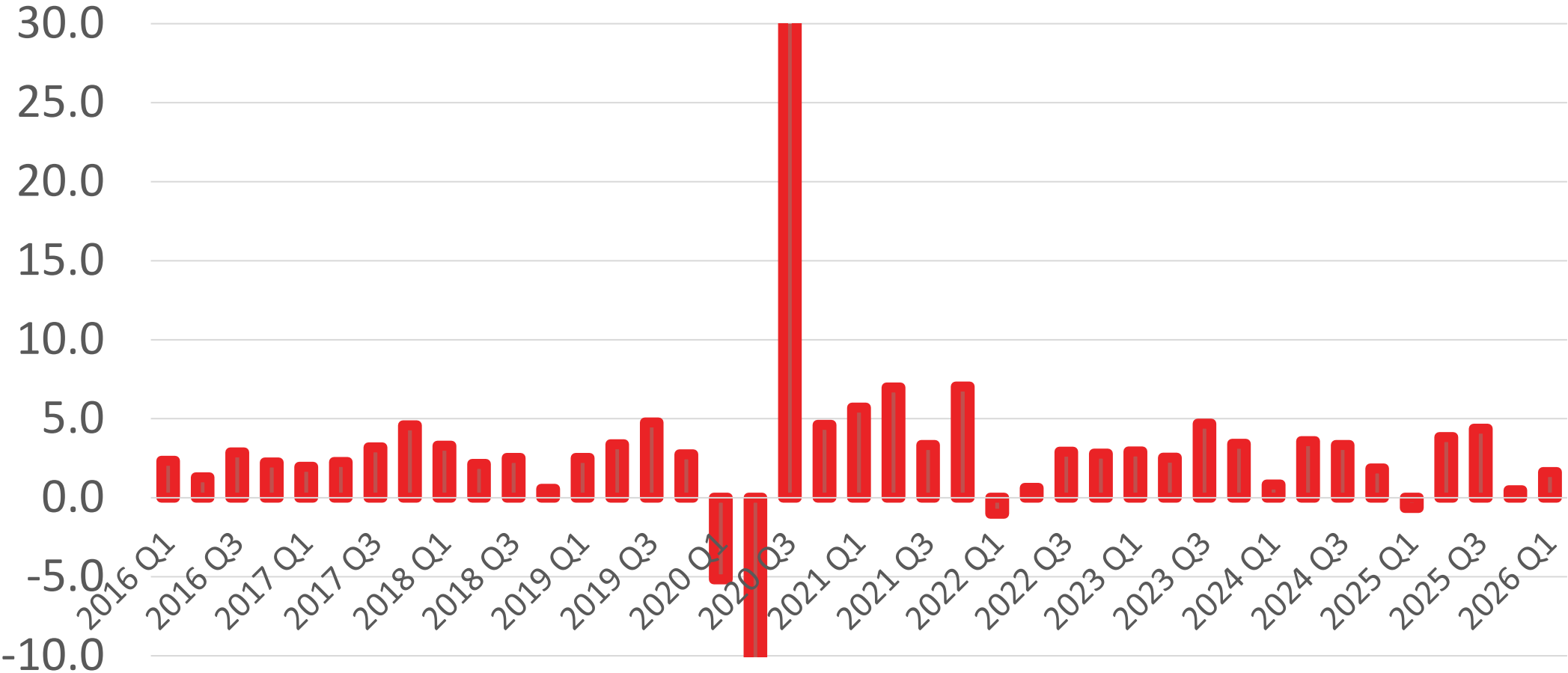


Fed Funds Rate and Mortgage Rate Cuts...Canceled?



Source: Federal Reserve and Freddie Mac Mortgage Rate

GDP Annualized Growth Rate..Not in Recession

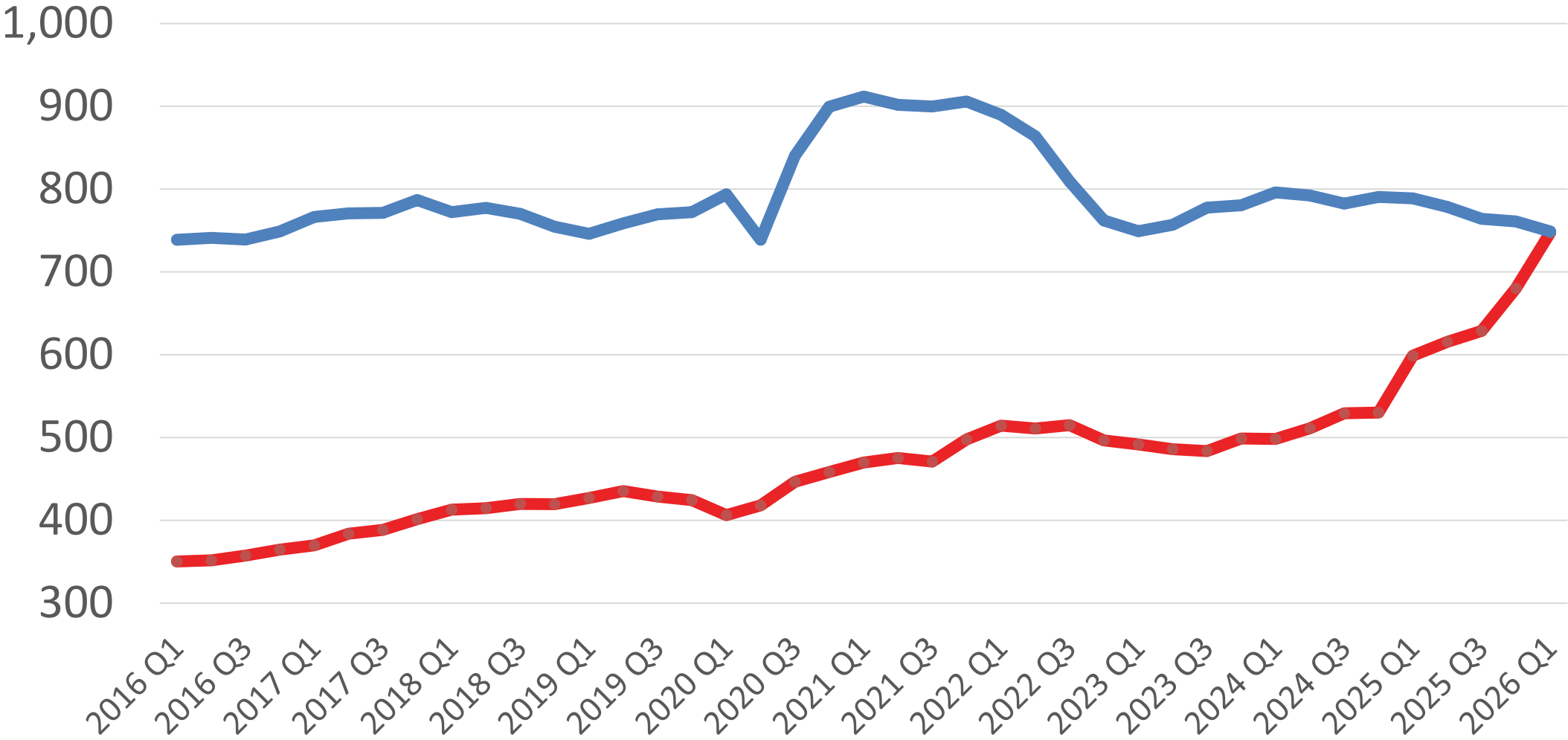


Source: Department of Commerce



Residential Housing Sector Spending Stagnation

AI-Related Business Investment Spending Boom



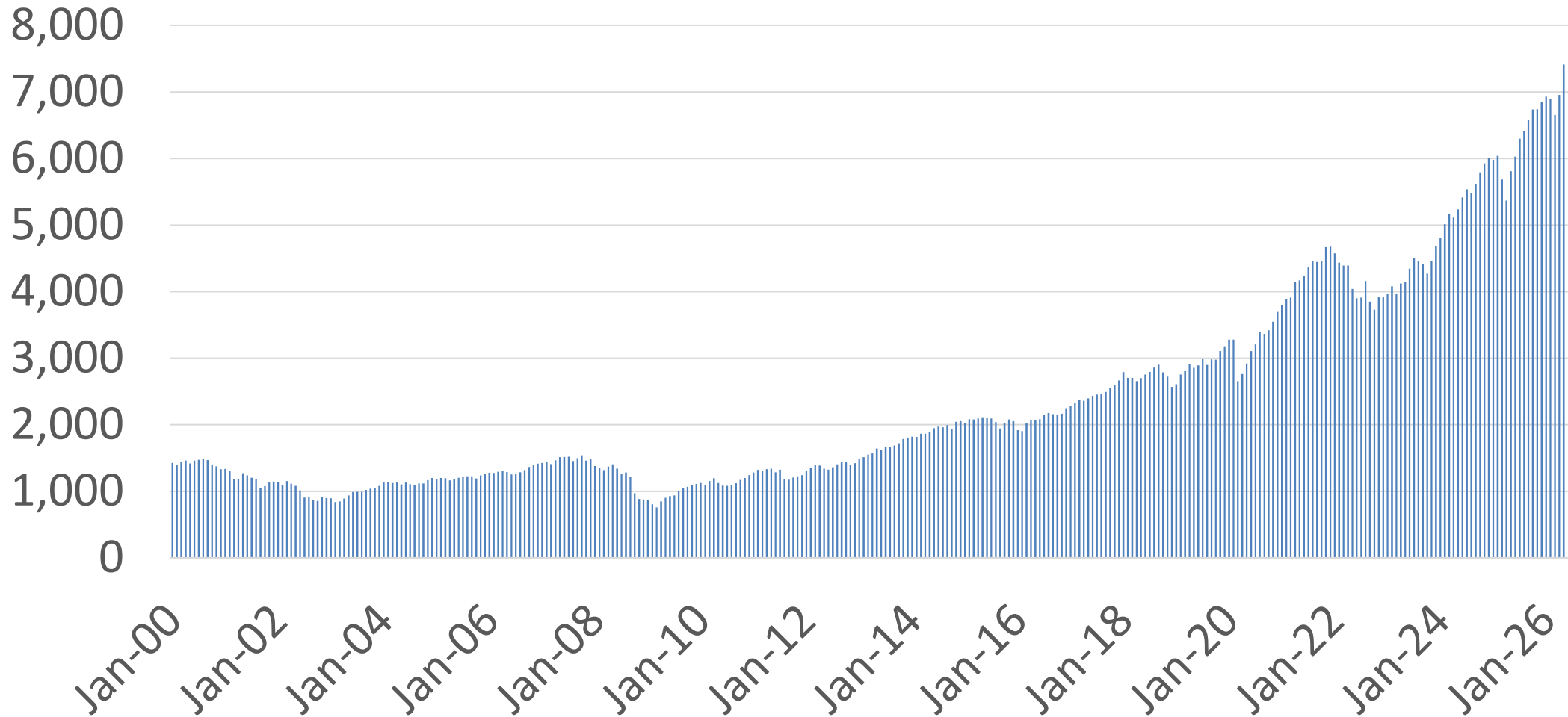
Source: Department of Commerce using constant 2017 dollars



AI Needs Data Centers... AI Creates or Destroys Jobs... AI Race with China

| |  TIER 1 No Physical DCs (0 Facilities) |  TIER 2 Low (1-2 Facilities) |  TIER 3 Medium (3-9 Facilities) |  TIER 4 High (10+ Facilities) |
|--|---|---|---|---|
|  Median 2024 Home Price | \$174,600 | \$298,800 | \$390,300 | \$431,750 |
|  2014-2024 Appreciation | +64.1% | +72.5% | +98.3% | +95.0% |

Stock Market: S&P 500 Index Booms



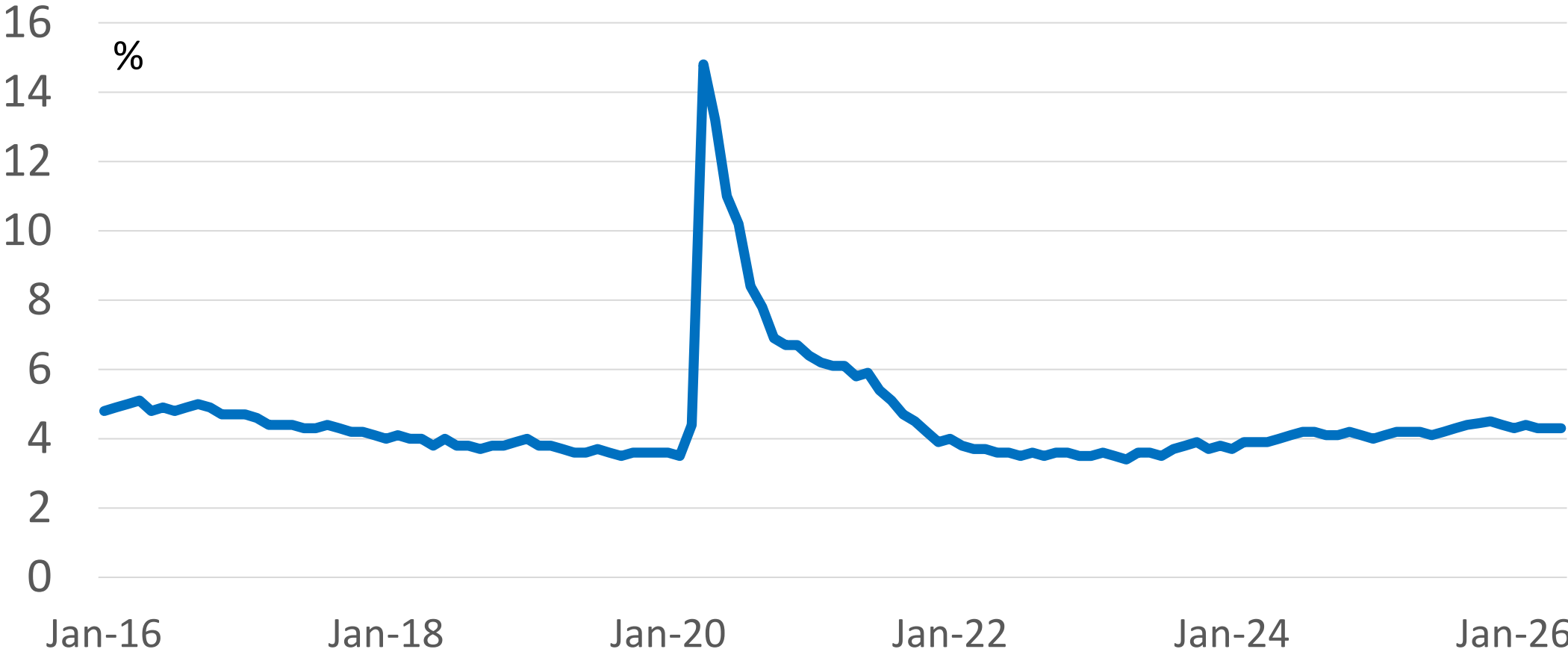
Source: Standard & Poor's

Consumer Sentiment: We Are Doomed (Overall Index)



Source: University of Michigan

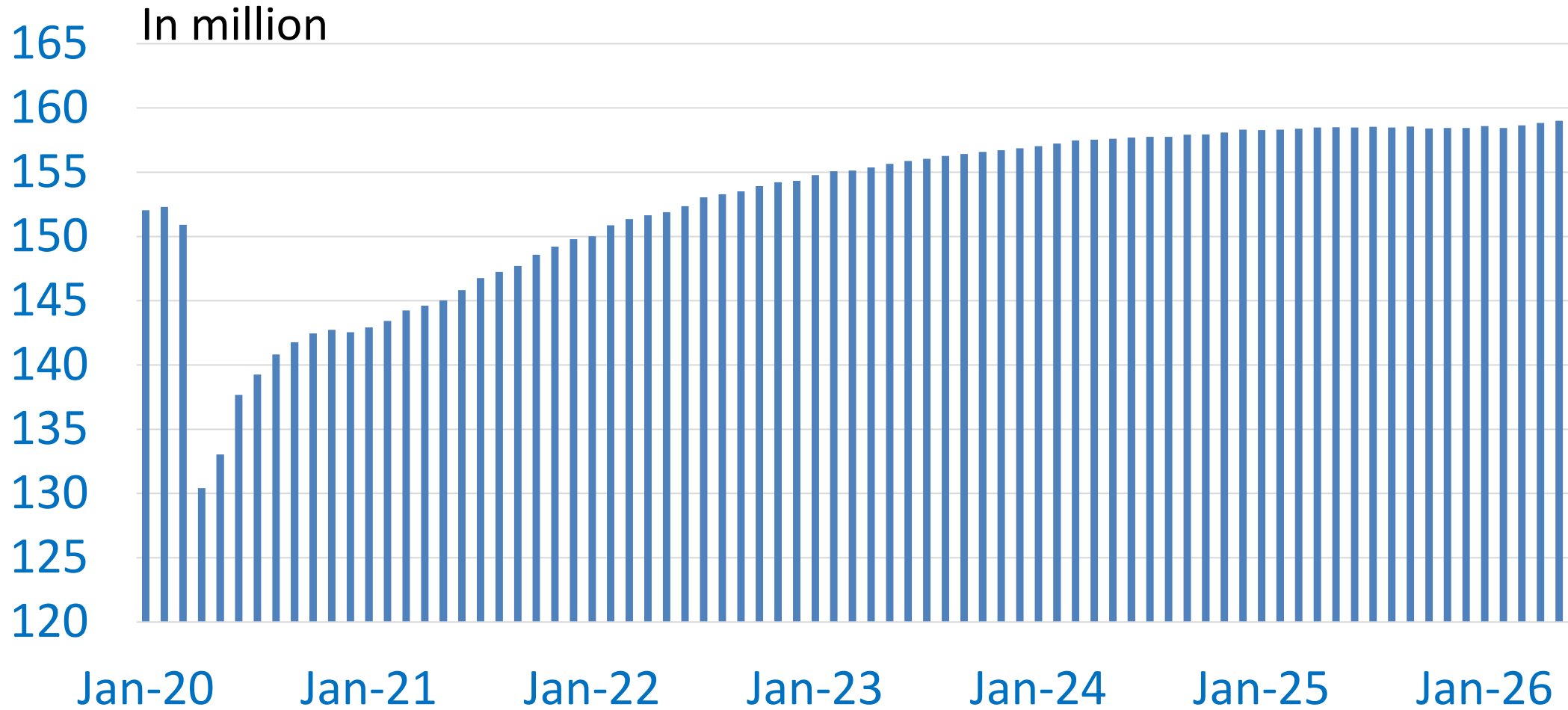
Unemployment Rate of 4.3% in May...Not in Recession



Source: BLS

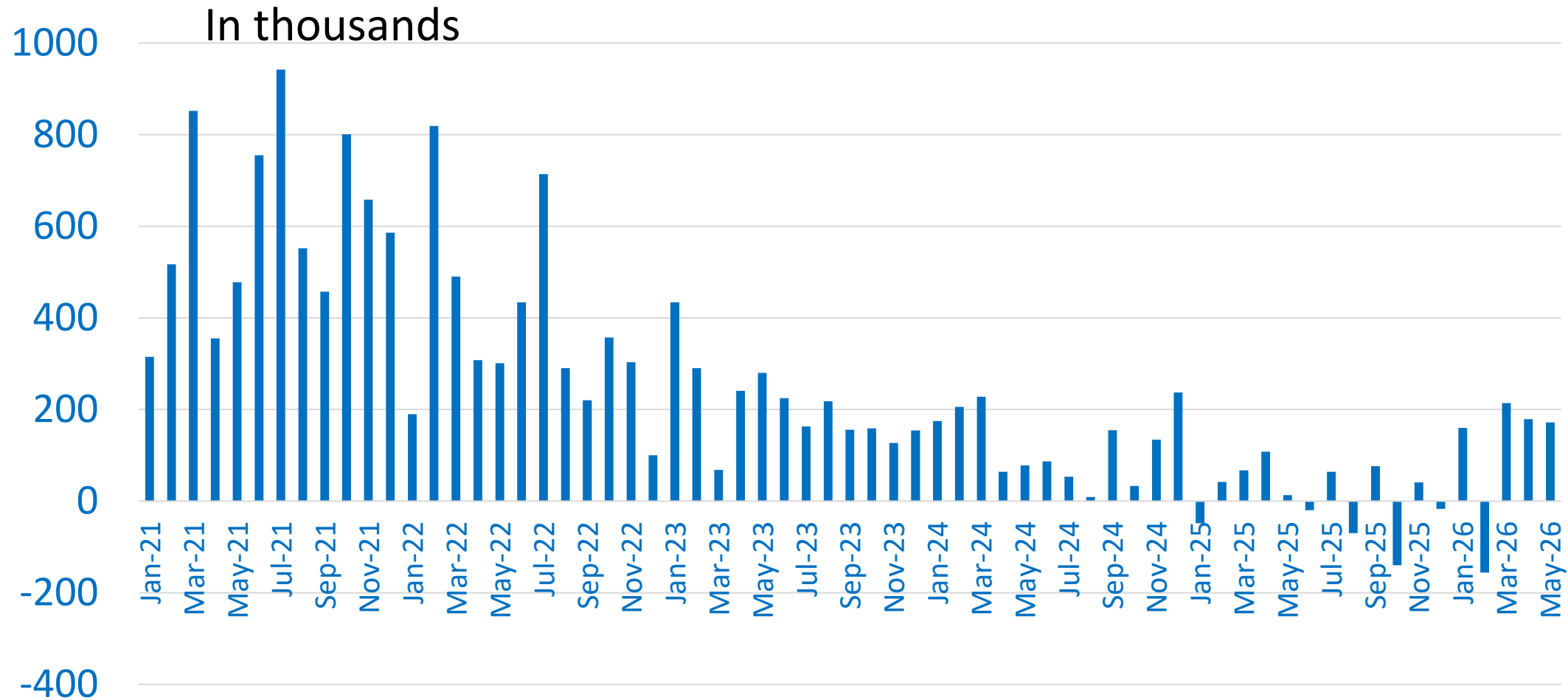


Record Total Payroll Jobs...Not in Recession



Source: BLS

Job Gains Not Consistent...Maybe in Recession



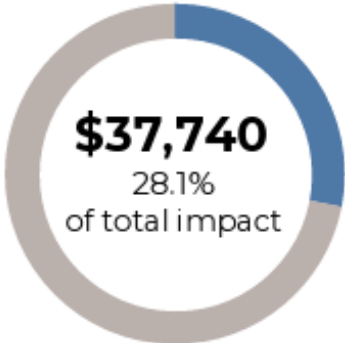
Source: BLS

500,000 More Jobs in America If Home Sales Get Back to Pre-COVID Levels

TOTAL ECONOMIC IMPACT

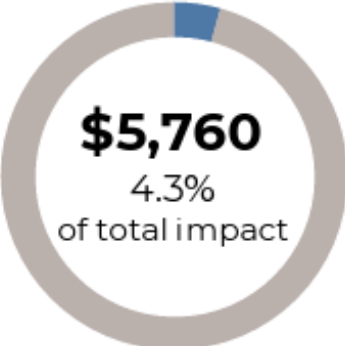
\$134,260

Income generated from
real estate industries



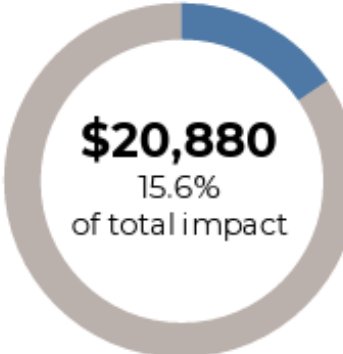
+

Expenditures related
to home purchase



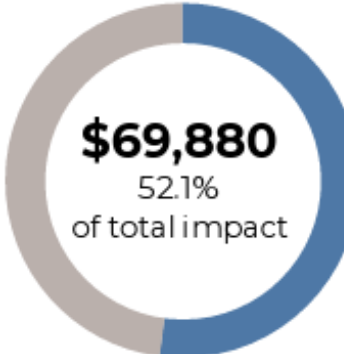
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Multiplier of housing
related expenditures

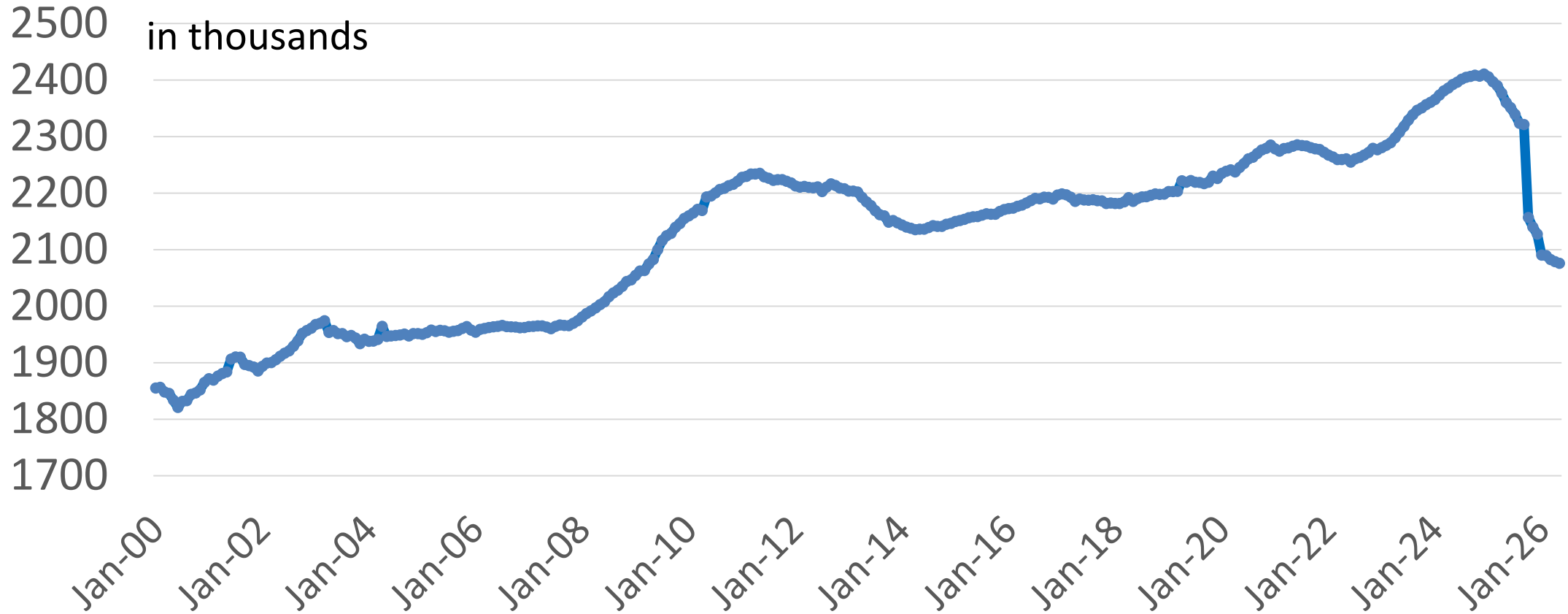


+

New home
construction

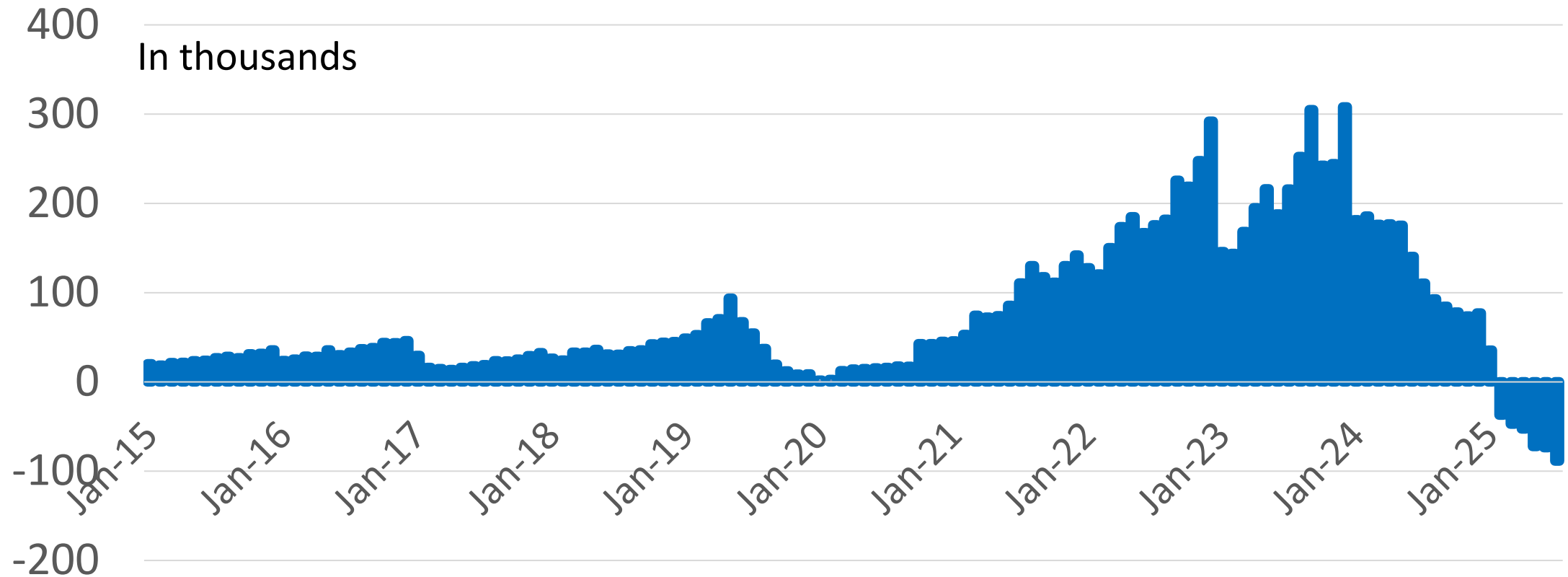


Federal Government Jobs Slashed



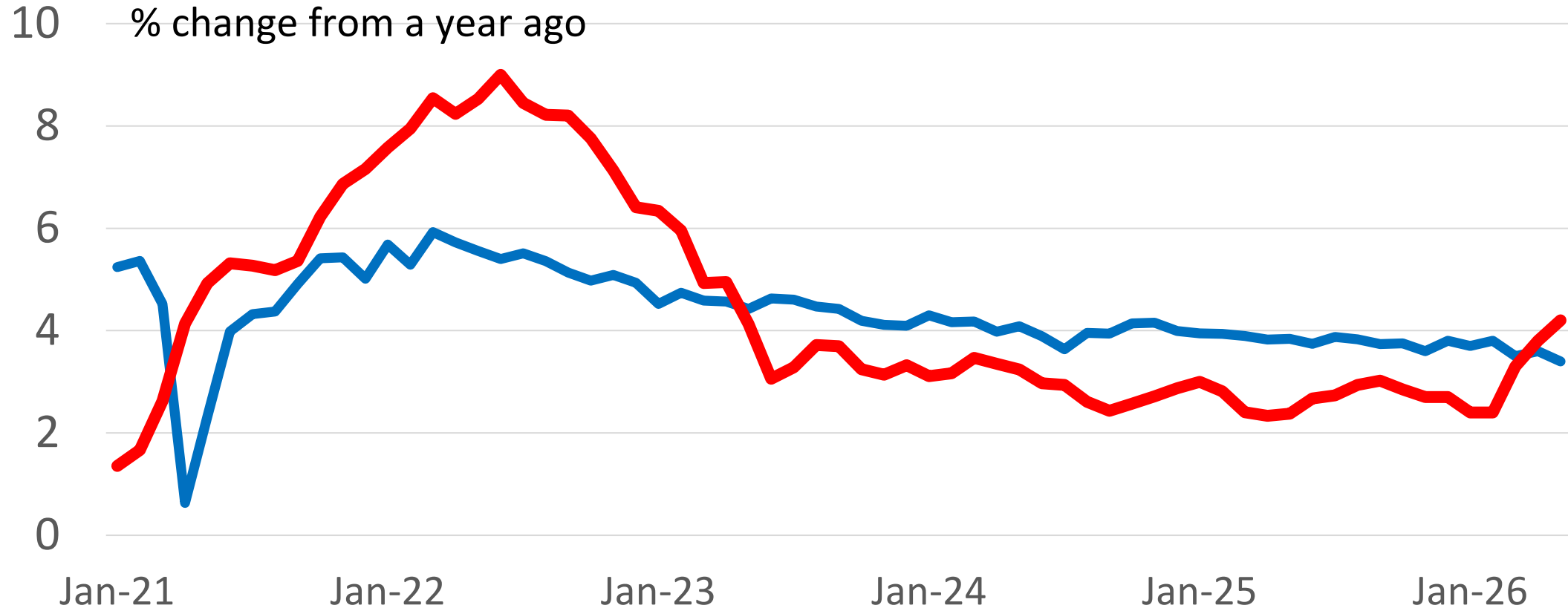
Source: BLS (Federal Workers except Census and Postal workers)

Net Unauthorized Immigration to U.S.






Source: Dallas Federal Reserve

Wage Rate Rising at 3.4% (blue) Consumer Prices Rising Faster at 4.2% (red)

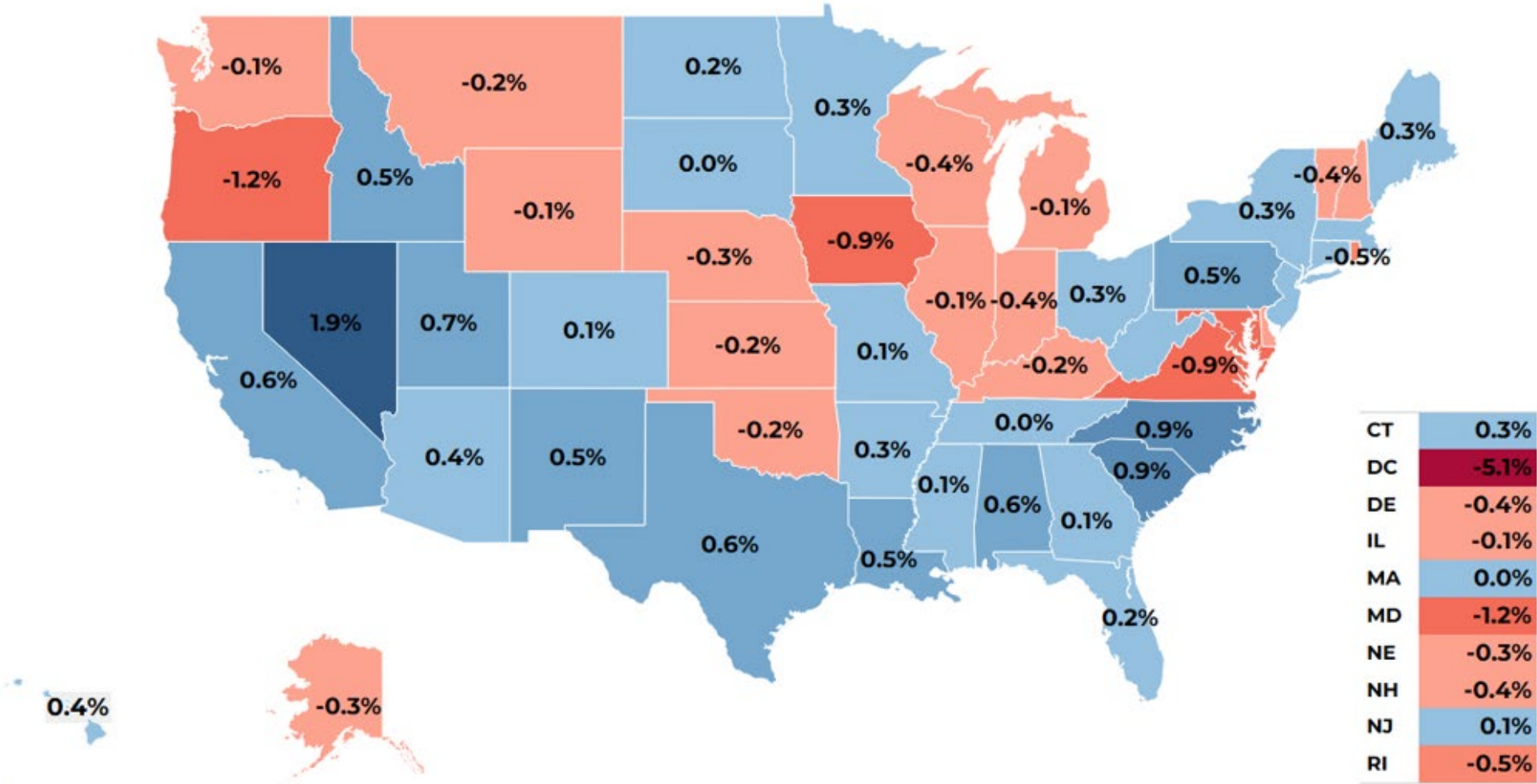


Source: NAR calculation of BLS data

Wage Growth

| | January 2025 | May 2026 |
|---|--------------|--|
| All Workers | +4.0% | +3.4%  |
| Construction Workers | +4.1% | +4.4%  |
| Leisure and Hospitality (Restaurant and Hotel) | +3.8% | +4.0%  |

One-year Payroll Job Gain (% change April 2025 to April 2026)

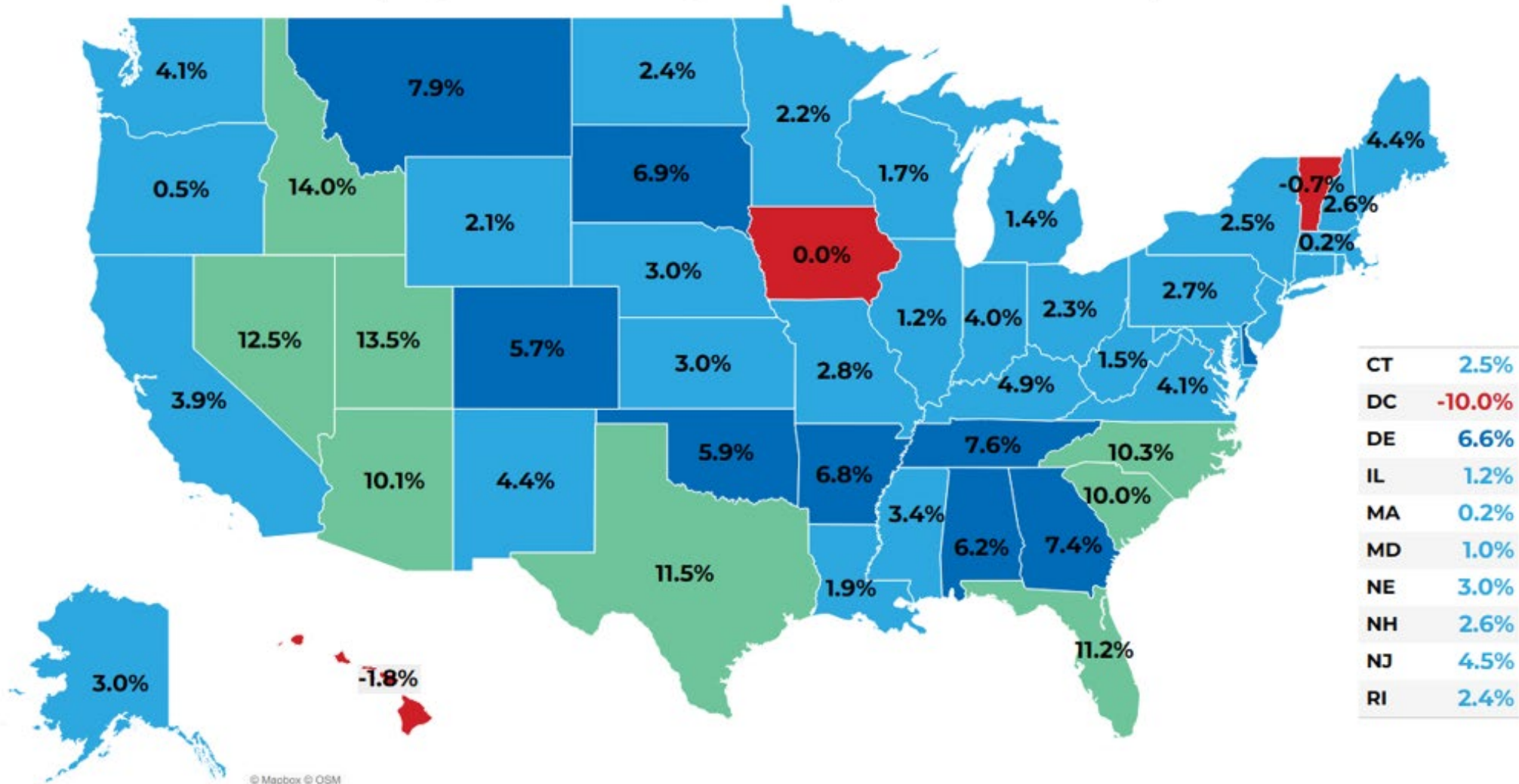


© Mapbox © OSM

Source: NAR Analysis of BLS data

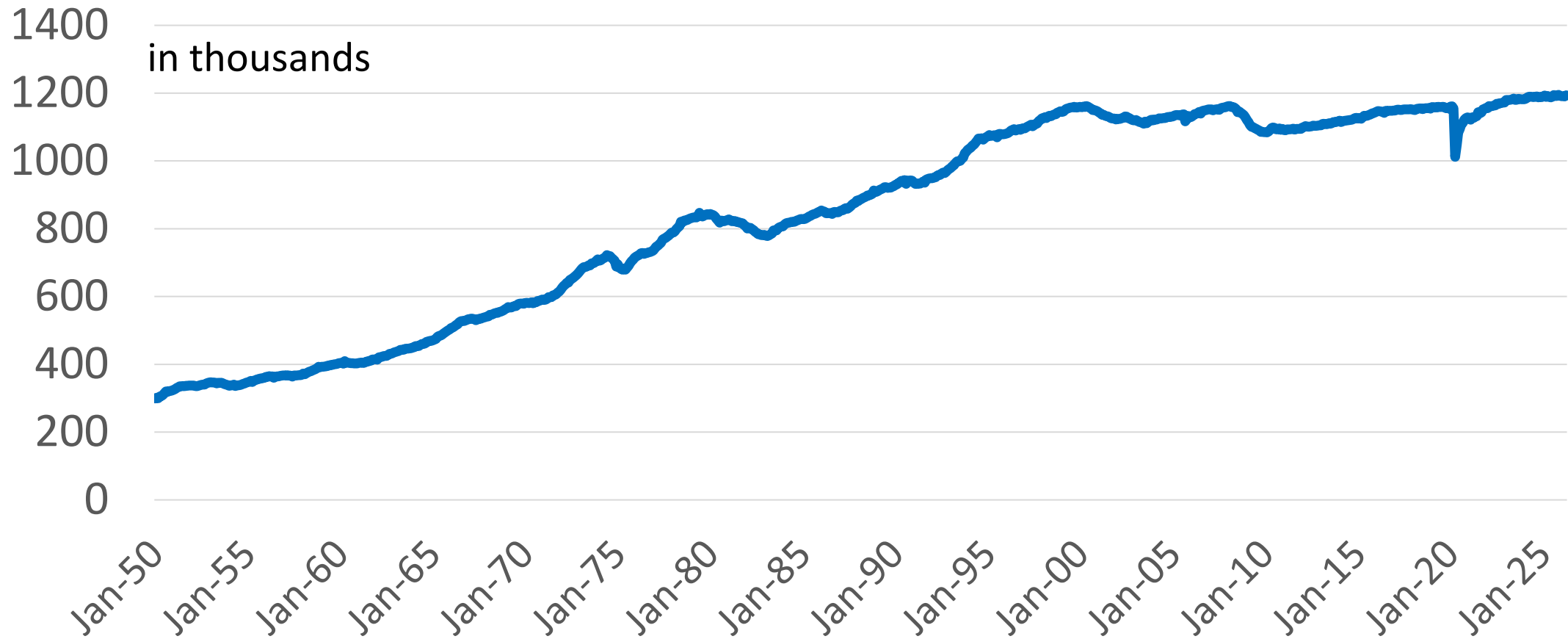


Job Gains Since Pre-COVID Record High Payroll Employment (% change from March 2020 to April 2026)



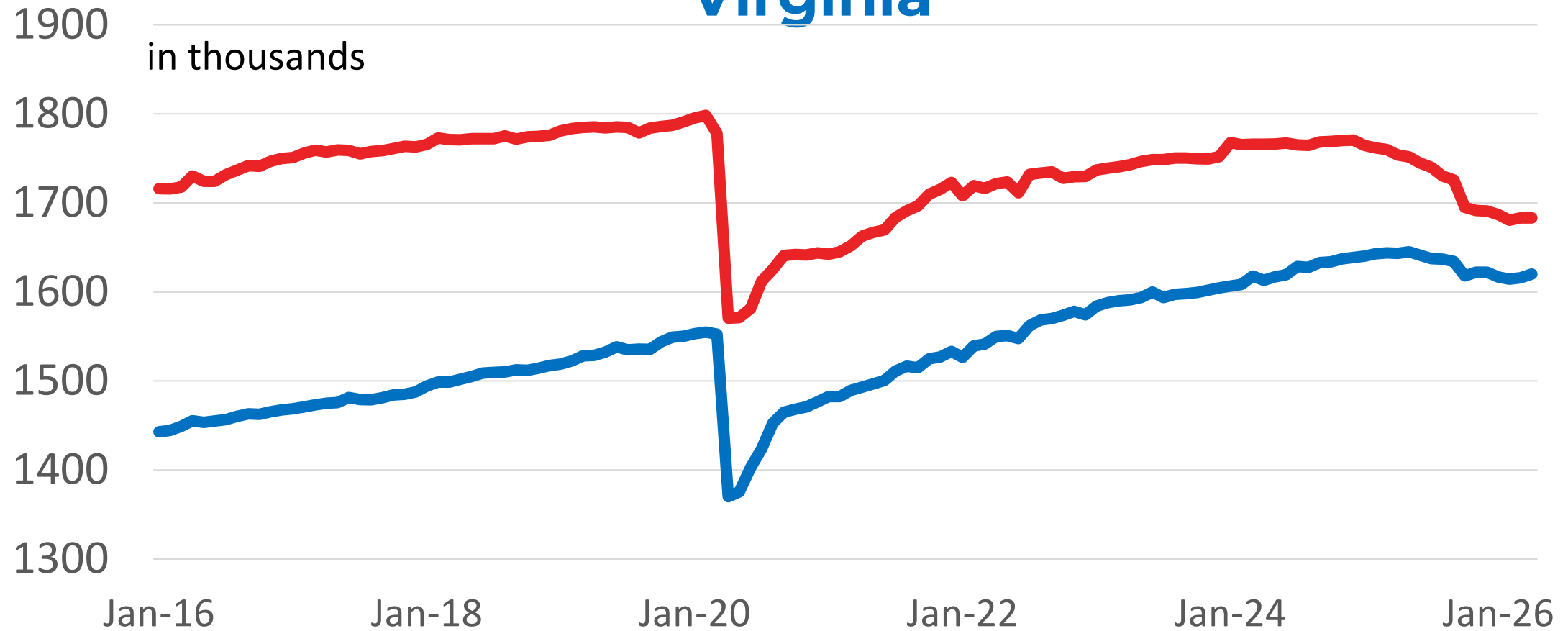
Source: NAR Analysis of BLS data

Payroll Jobs in Mississippi Since 1950



Source: BLS

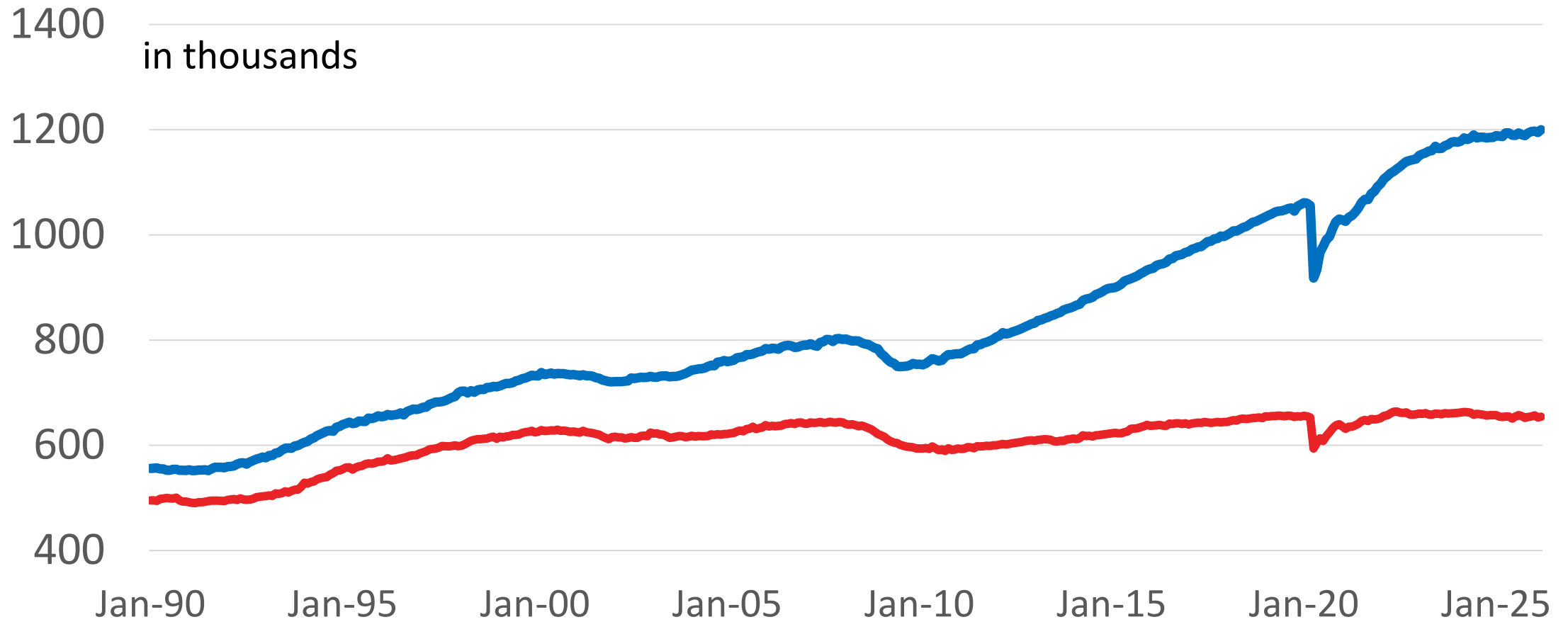
Payroll Jobs in DC-Maryland Suburbs Underperforming Compared to Northern Virginia



Source: BLS

Payroll Jobs in Tennessee Metro Markets

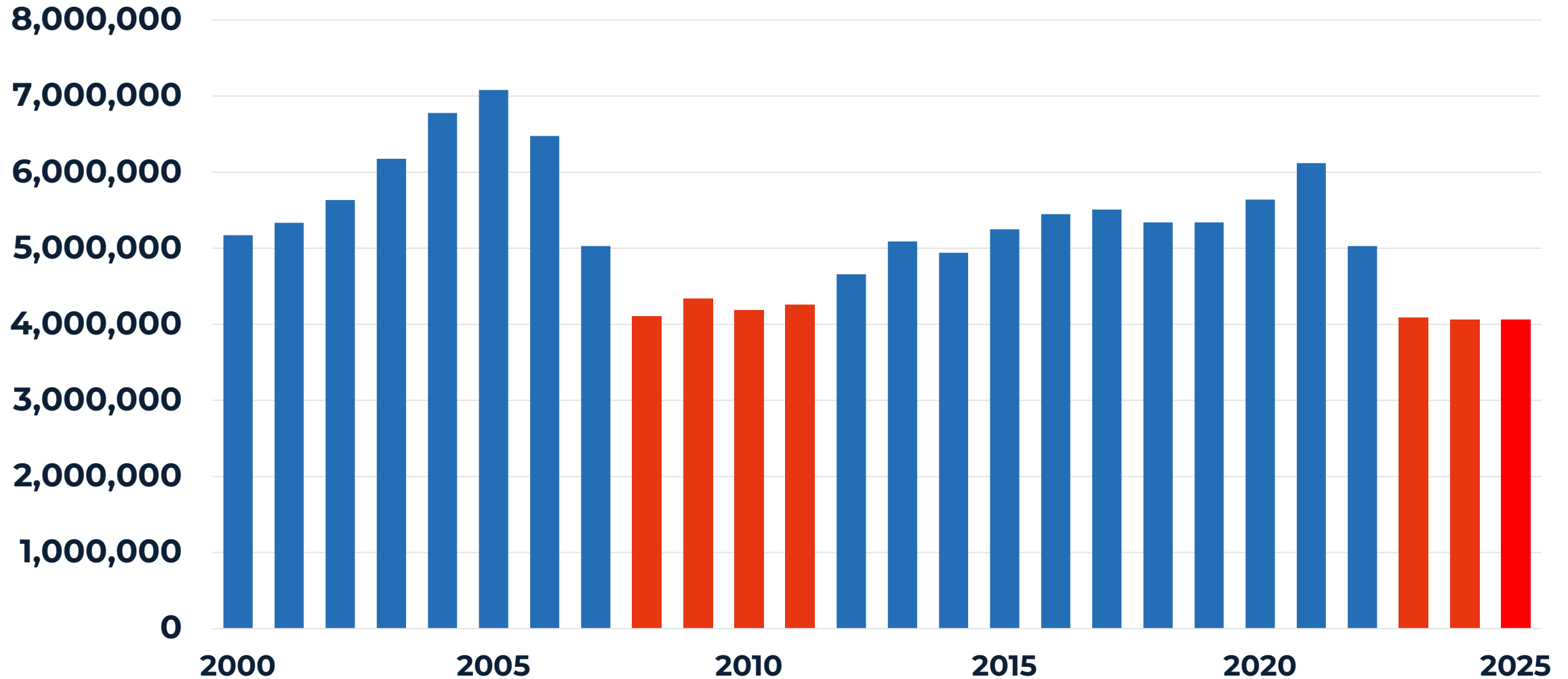
Nashville and Memphis



Source: BLS

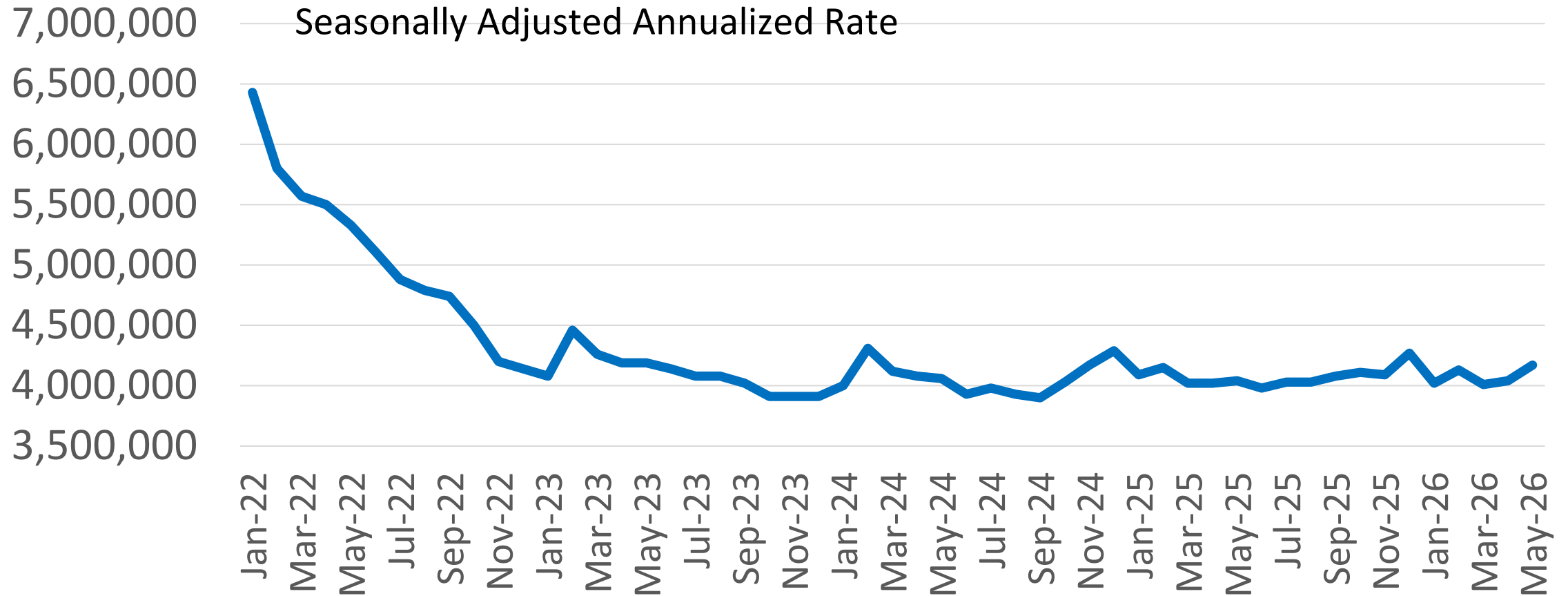
Residential Real Estate Fundamentals

Existing-Home Sales



Source: NAR

Monthly Existing Home Sales...4th year of Sales Slump (Year-to-Date Up 0.7%)



Source: NAR

U.S. Median Home Price

No Slump in Prices...53% Boom Since May 2020



Source: NAR

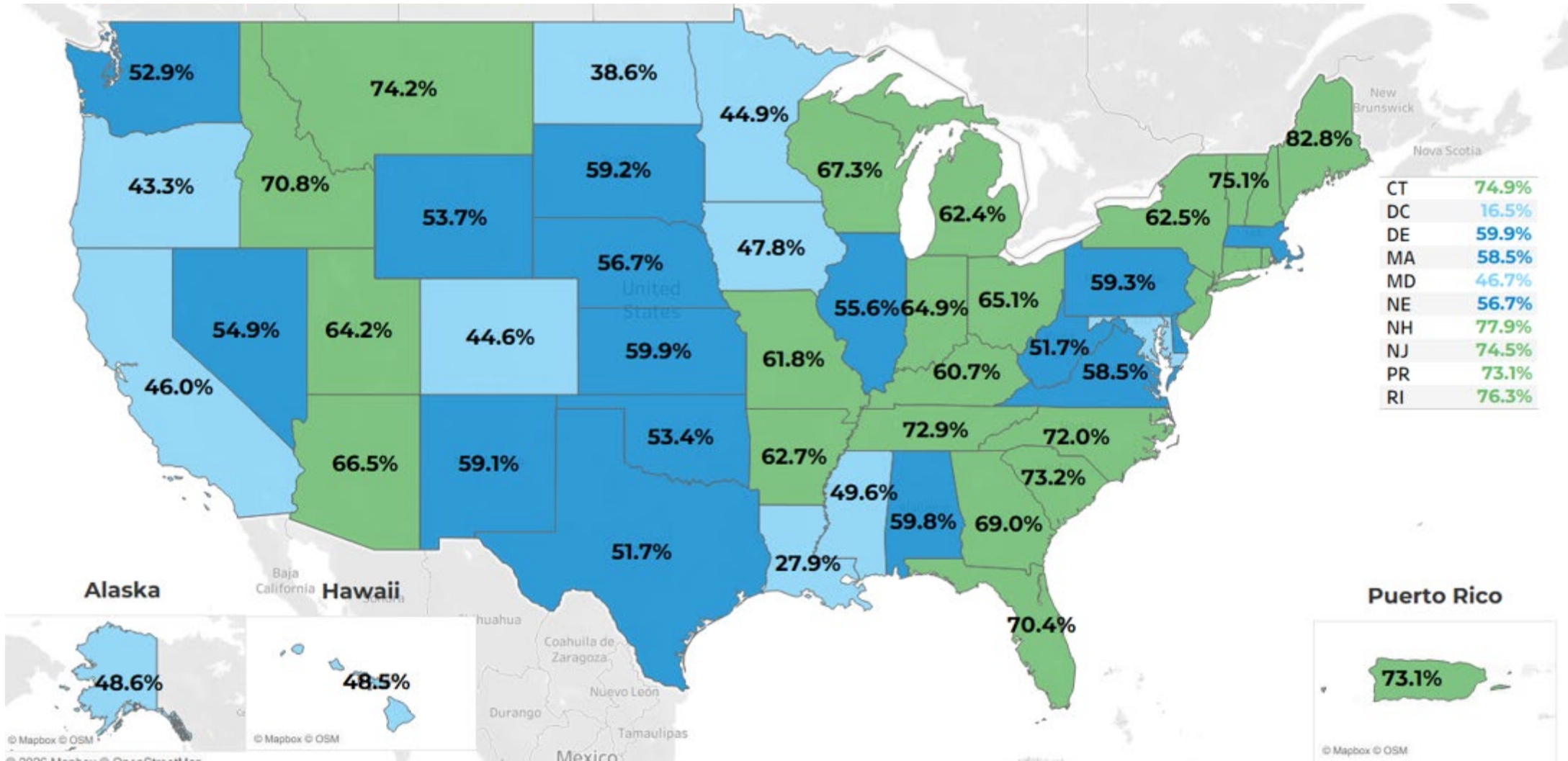


Is the Northeast Region Hot or Cold?

(% Change From a Year Ago to May)

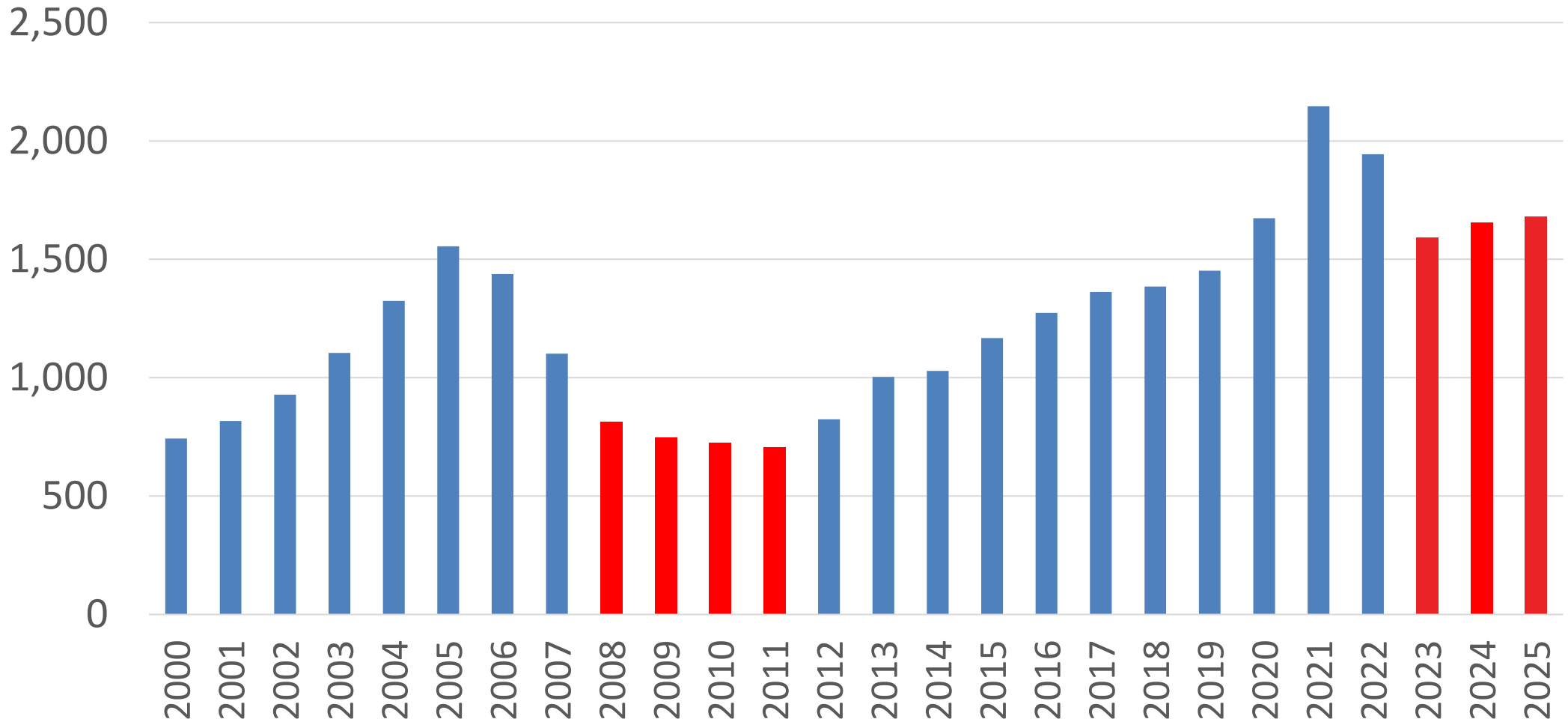
| Region | Home Sales | Home Price |
|-----------|------------|------------|
| Northeast | -8.0% | +4.2% |
| Midwest | +2.0% | +2.8% |
| South | +5.9% | +1.1% |
| West | +5.6% | -0.7% |

Home Price Gains Since Pre-COVID (% change from 2020 Q1 to 2026 Q1)



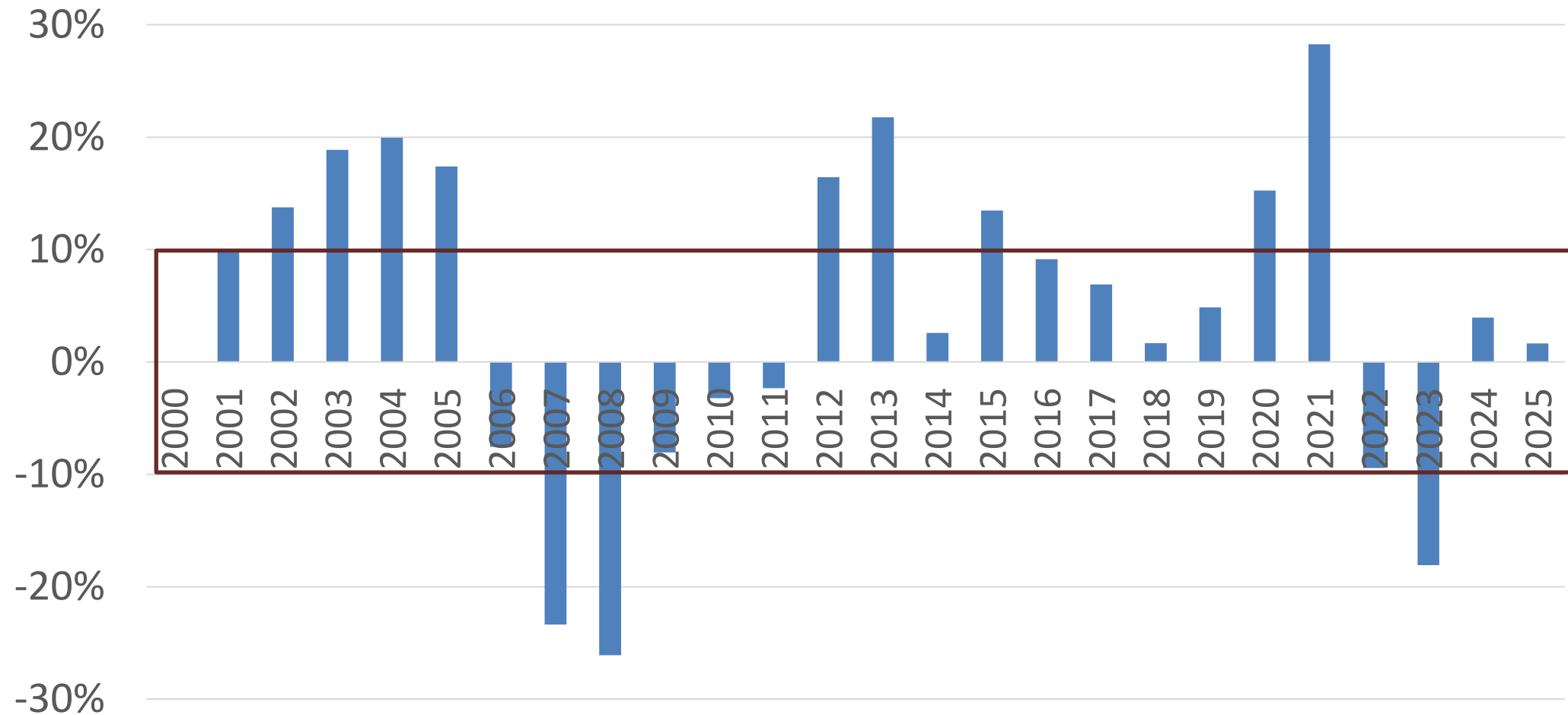
Source: NAR Analysis of FHFA data

Dollar Sales Revenue in \$billions



Source: NAR

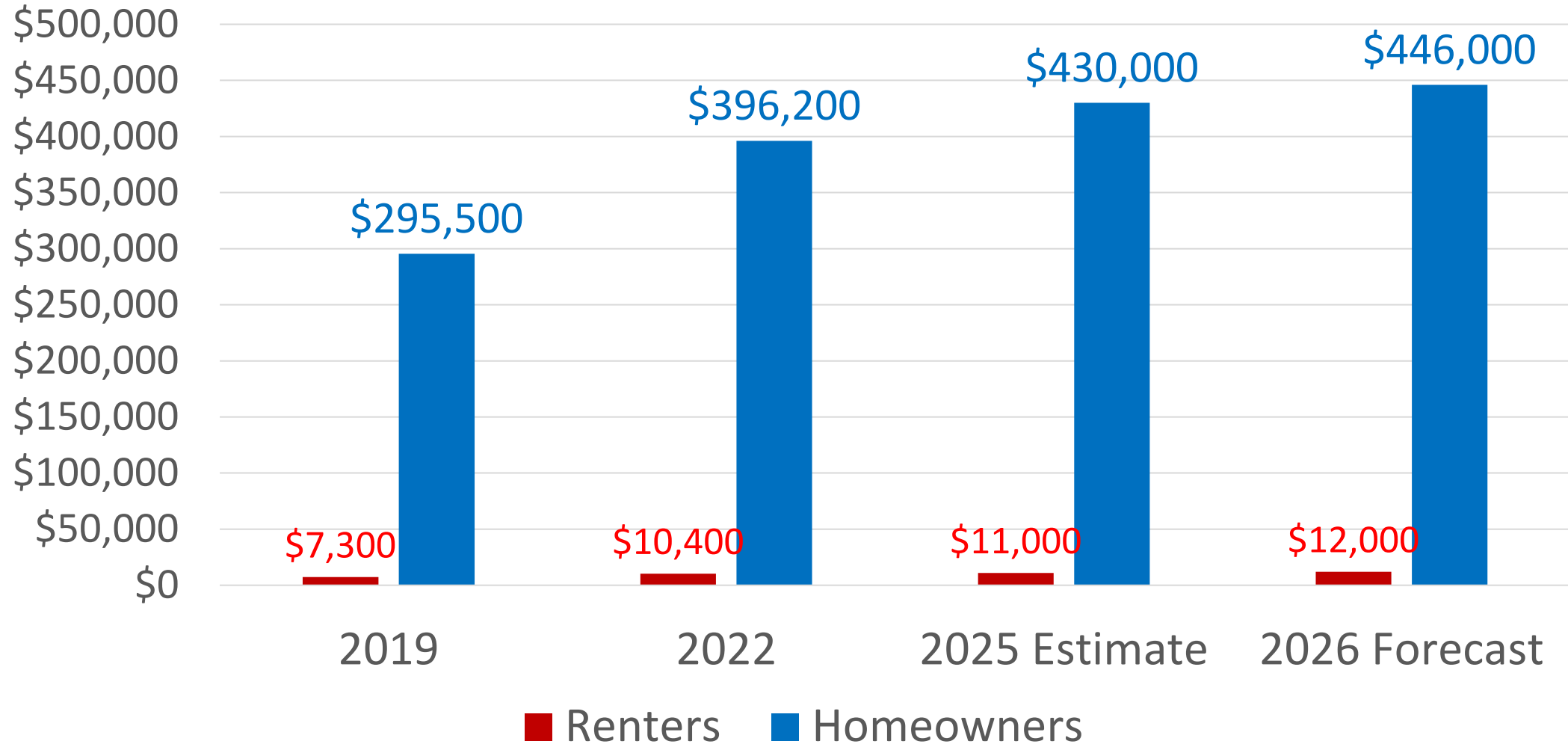
Dollar Revenue Annual Swings, Often Exceeding 10% (% change from a year ago)



Source: NAR

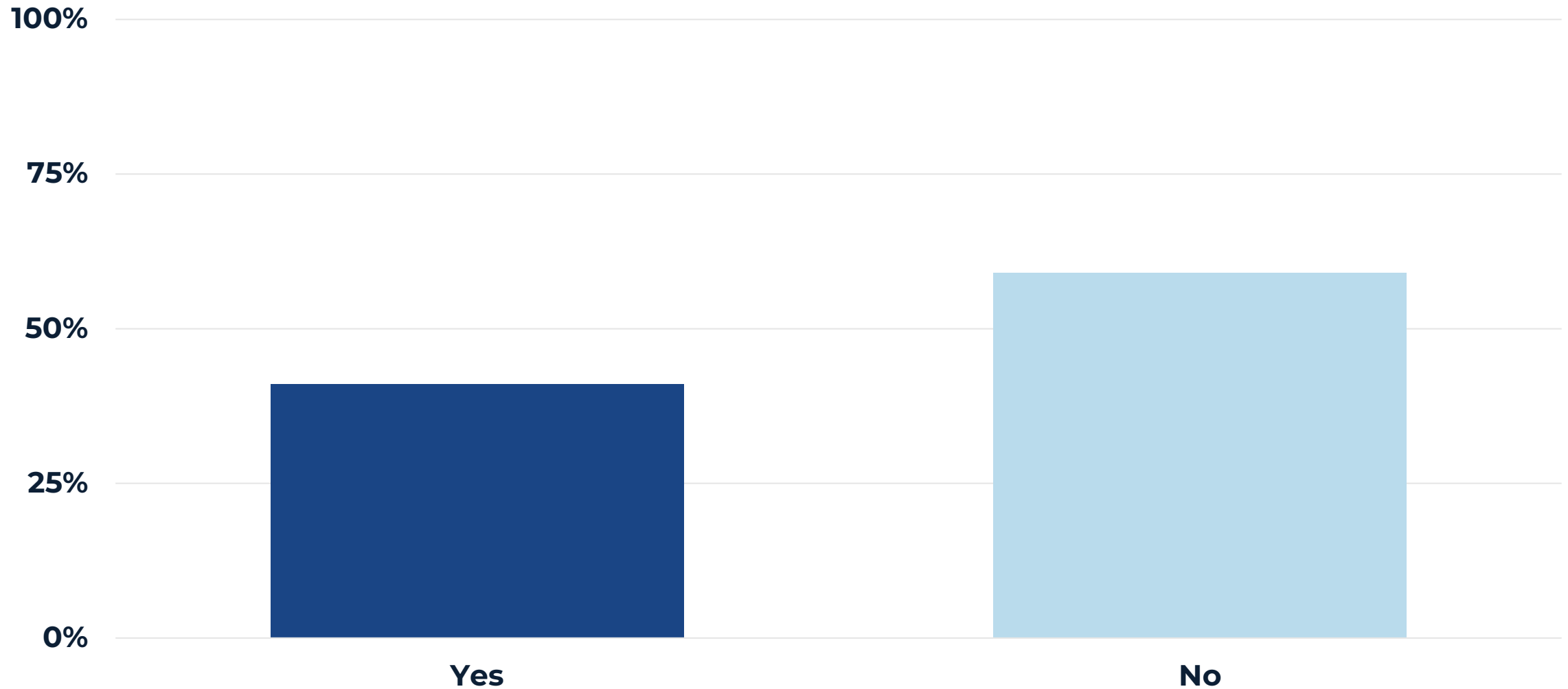
Median Net Worth Forecast

Homeowners' Wealth to Rise by \$16,000



Source: Median Net Worth from Federal Reserve Survey of Consumer Finance; NAR estimate and NAR forecast

Members of NAR Owning Investment Property: 41%



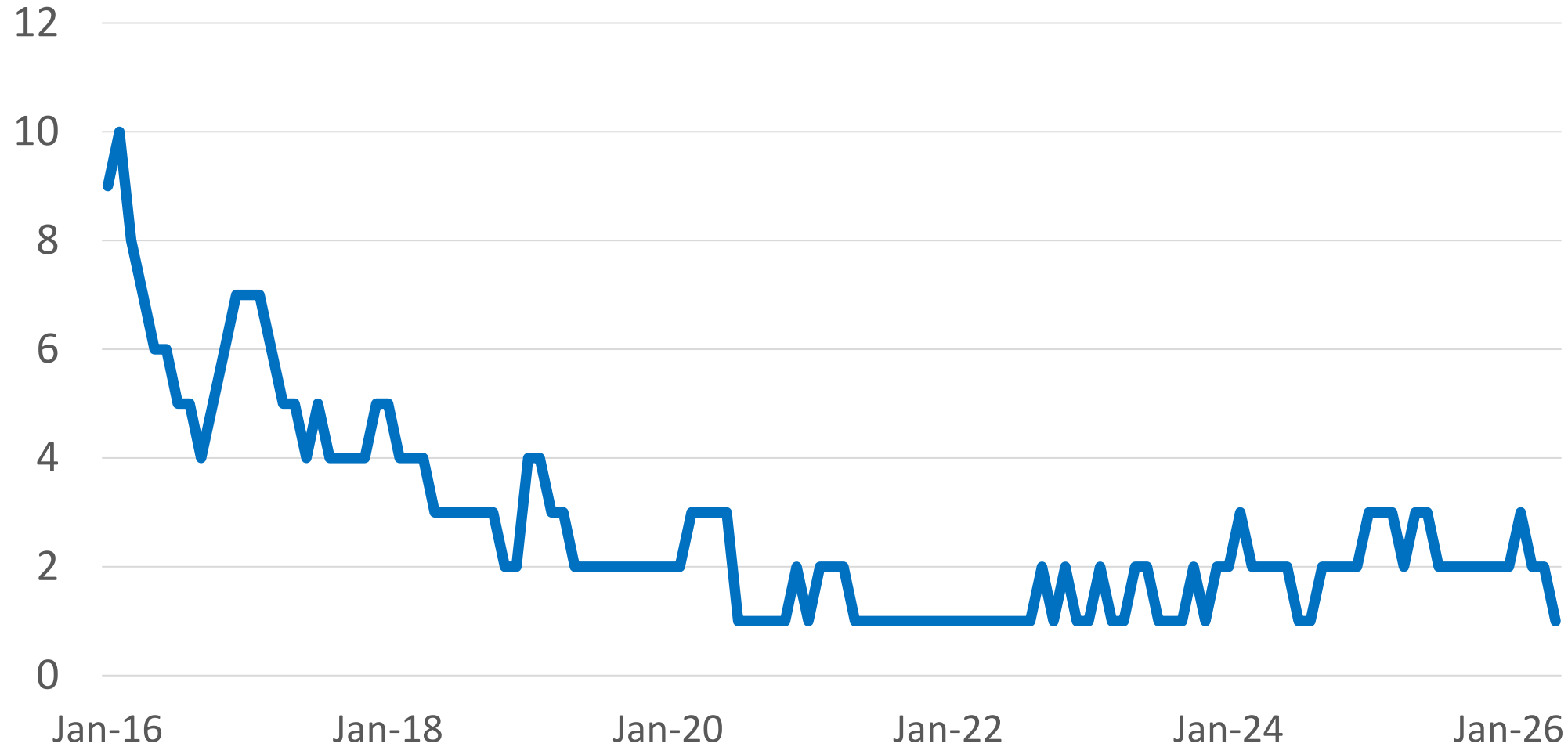
Source: NAR

Inventory of Homes for Sale (2 to 2.5 Million is Normal)



Source: NAR

Distressed Property Sales...Historic Lows

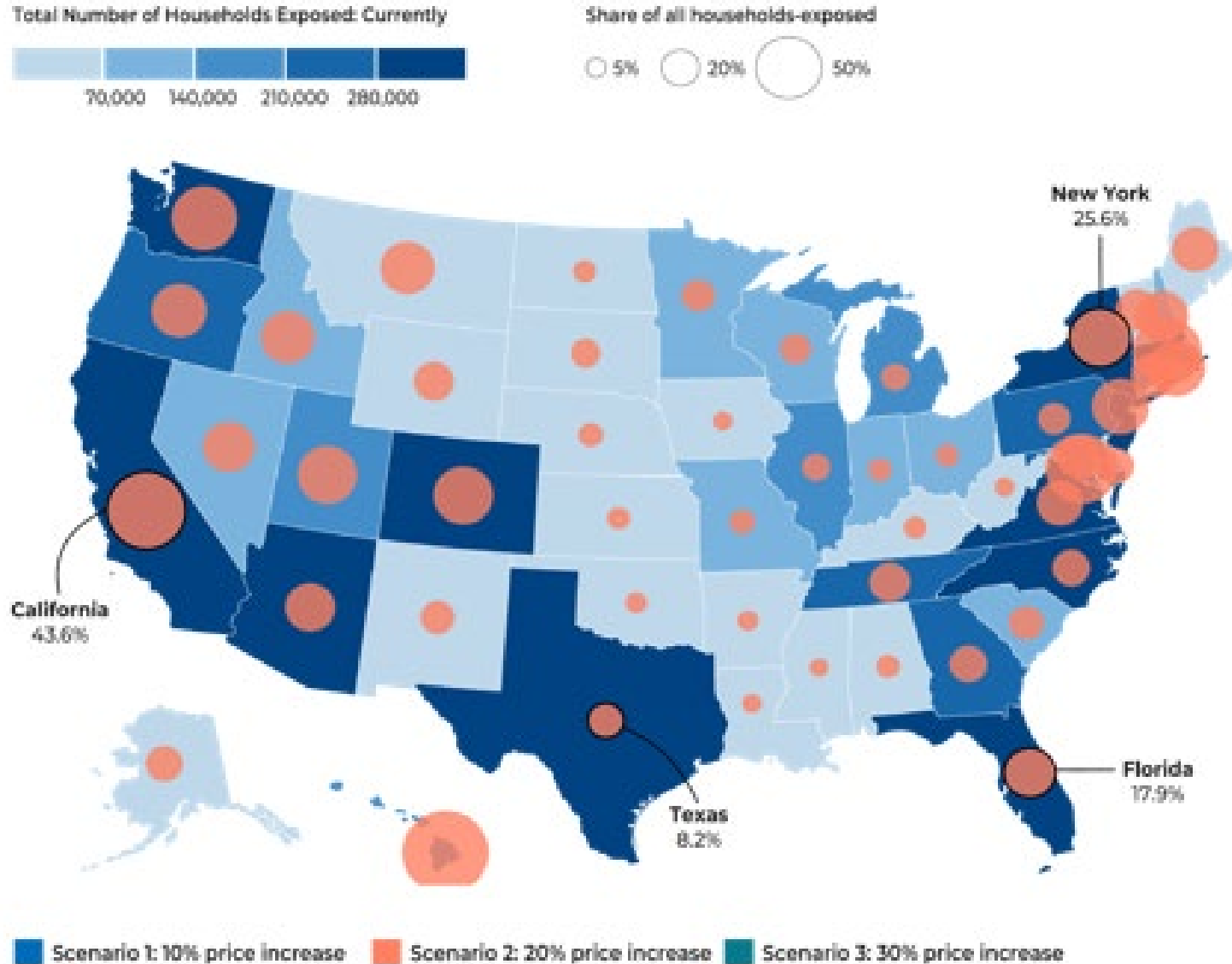


Source: NAR

More Getting Ensnared in Capital Gains Tax Hit

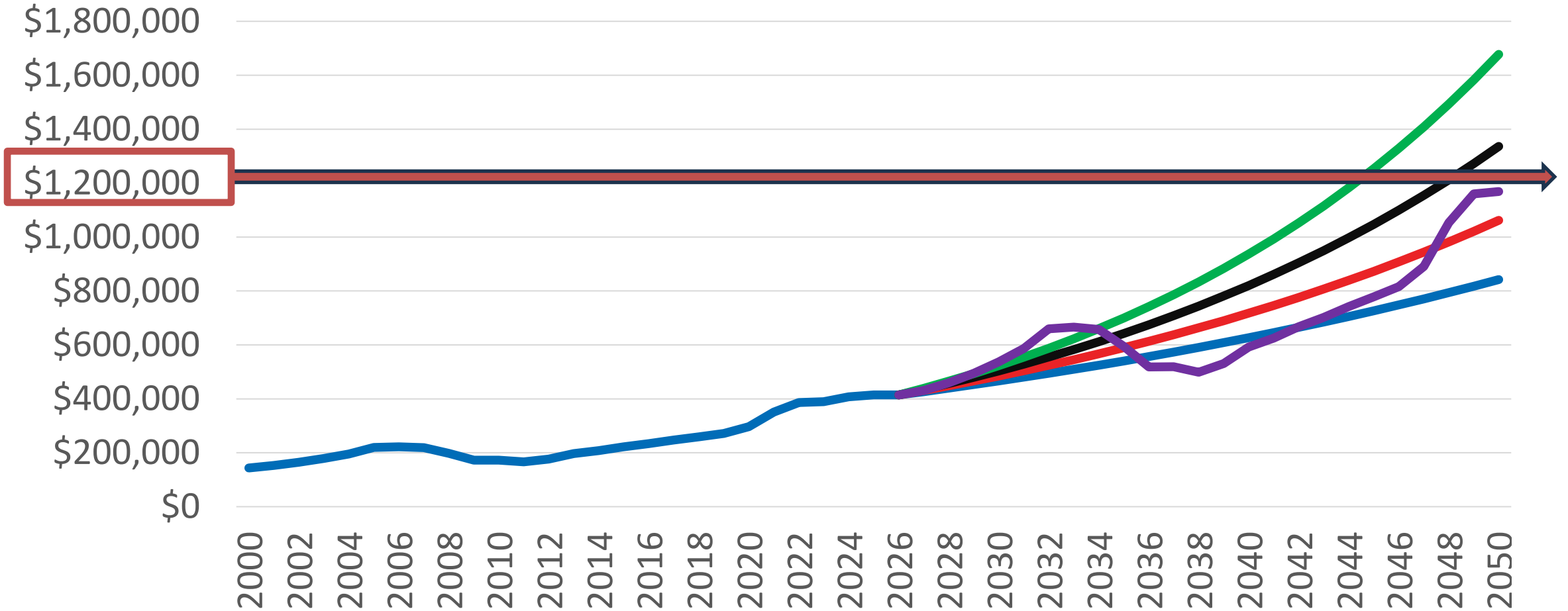
| | Currently | Scenario 1: 10% price increase | Scenario 2: 20% price increase | Scenario 3: 30% price increase |
|--|------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Number of Married owners —exposed households | 5,483,701 | 7,758,417 | 10,094,551 | 12,829,215 |
| Number of Single owners —exposed households | 7,616,519 | 9,714,104 | 12,053,334 | 14,328,637 |
| Number of All Homeowners exposed | 13,100,220 | 17,472,521 | 22,147,885 | 27,157,852 |

More Getting Ensnared in Capital Gains Tax Hit



Source: NAR Research

\$1 Million National Median Home Price When? (Scenarios on Price Gains: 3%, 4%, 5%, 6%, and Exactly as Previous 25 Years)



Source: NAR

Residential Market Forecast – No Recession

| | 2025 | 2026 (Revised lower) |
|---------------------|-------------|-------------------------|
| Existing-Home Sales | +0% | +4% (not 14%) |
| New Home Sales | -2% | +0% |
| Median Home Price | +3% | +4% |
| Mortgage Rate | 6.7% | 6.5% (not 6%) |
| Job Gains | 0.2 million | 0.4 million |
| Unemployment Rate | 4.3% | 4.6% |

The United States 250th Anniversary

Thomas Jefferson 1743-1826

Harriett Tubman 1822-1913

Ronald Reagan 1911-2004

You (born before 2004)

THANK YOU



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