

# REALTORS<sup>®</sup> LEGISLATIVE MEETINGS 2026

JUNE 13-18 • WASHINGTON, DC



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#NARLEGISLATIVE

# Real Estate and Economic Outlook

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Chief Economist

National Association of REALTORS®

# Mortgage Rates Over Time

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



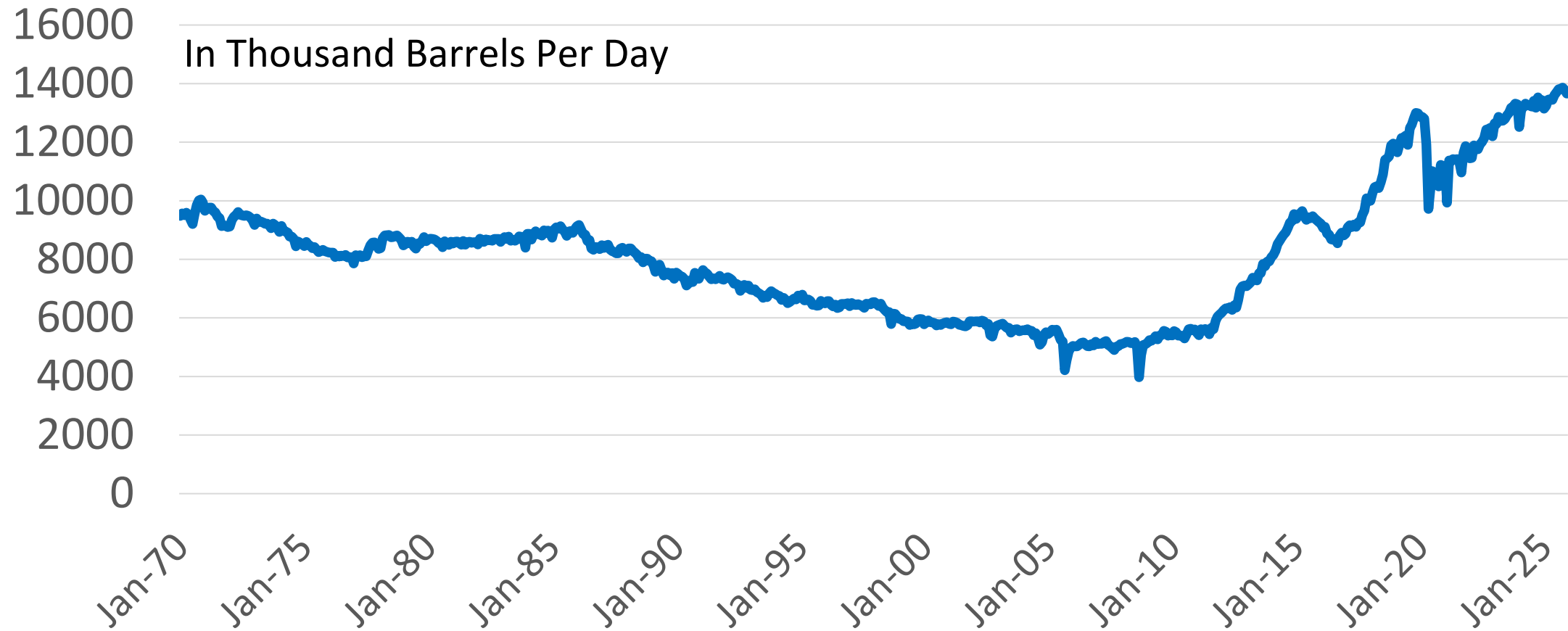
Source: Federal Reserve and Freddie Mac Mortgage Rate

# Oil Price Shock from Late February



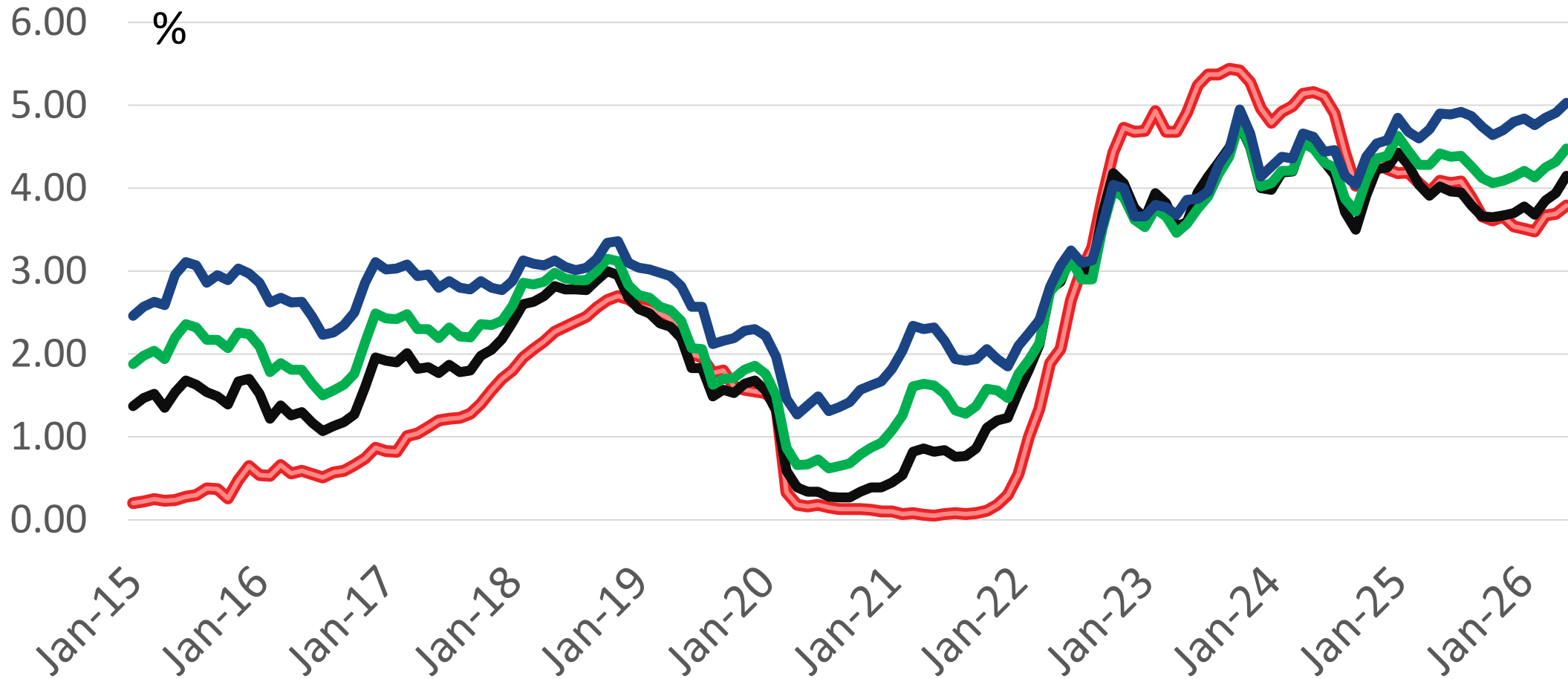
Source: West Texas Intermediate

# Oil Production in the U.S.



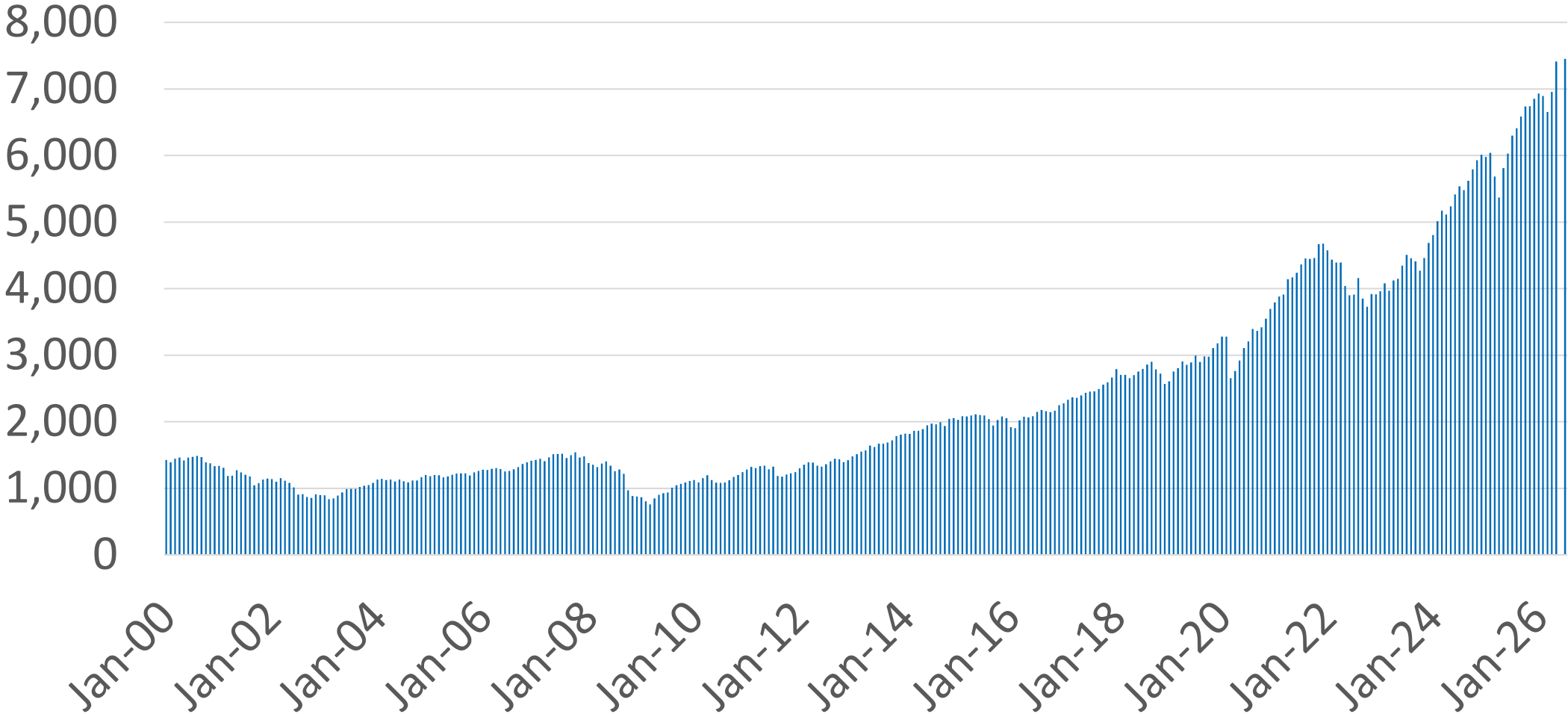
Source: U.S. Energy Information Administration

# 1-Yr, 5-Yr, 10-Yr, 30-Yr Treasury Yields



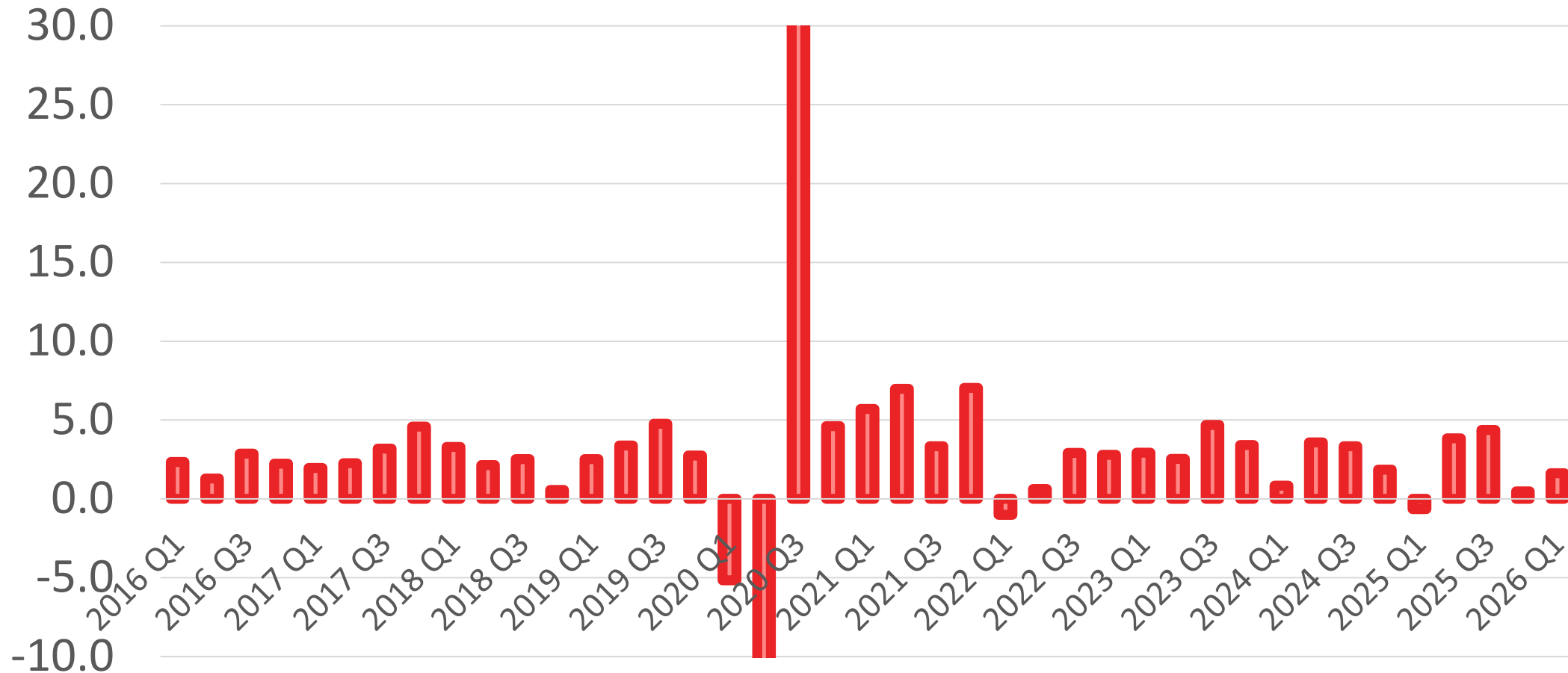
Source: Federal Reserve and Freddie Mac Mortgage Rate

# Stock Market...S&P 500 Index Booms



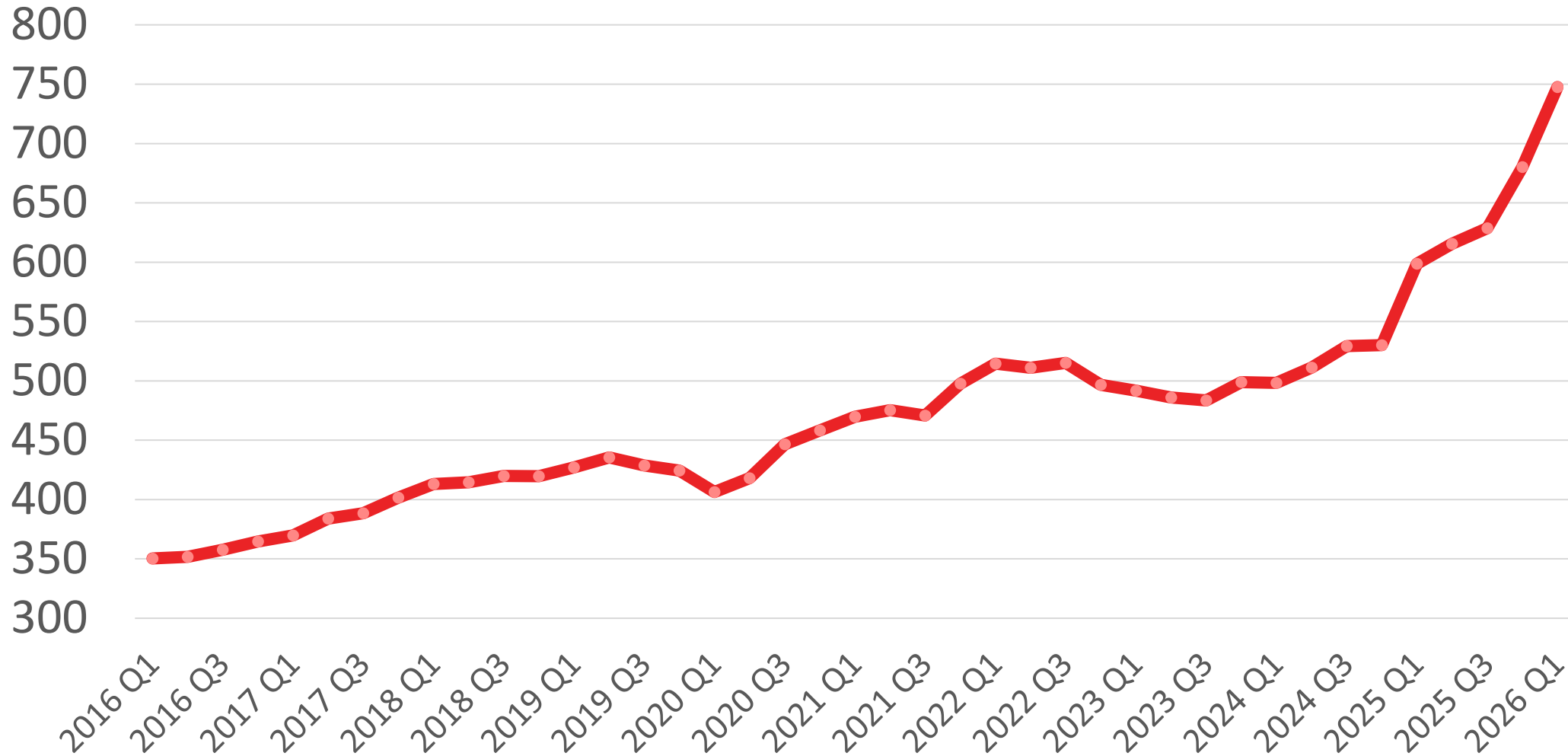
Source: Standard & Poor's

# GDP Annualized Growth Rate..Not in Recession



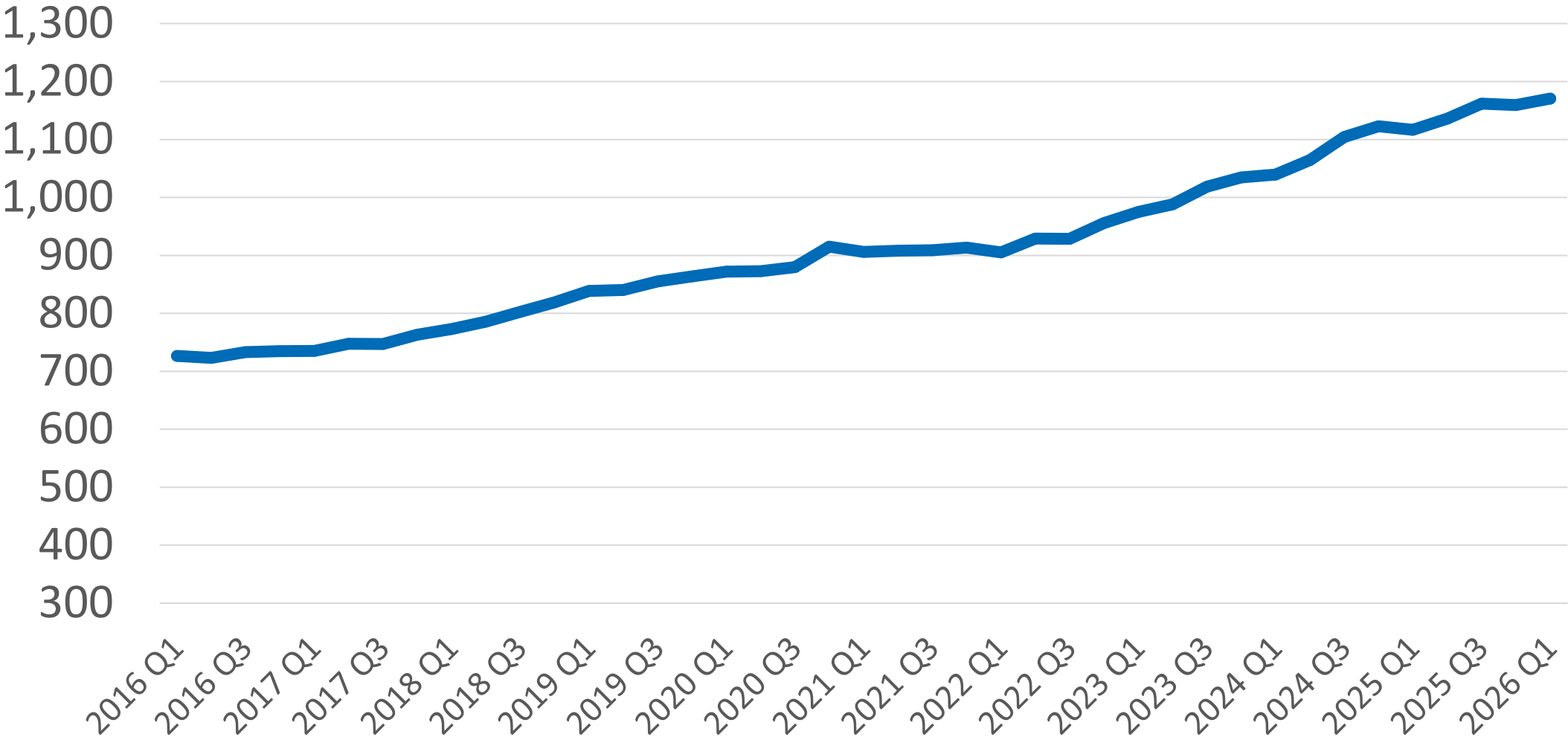
Source: Department of Commerce

# AI-Related Business Investment Spending Boom



Source: Department of Commerce using constant 2017 dollars

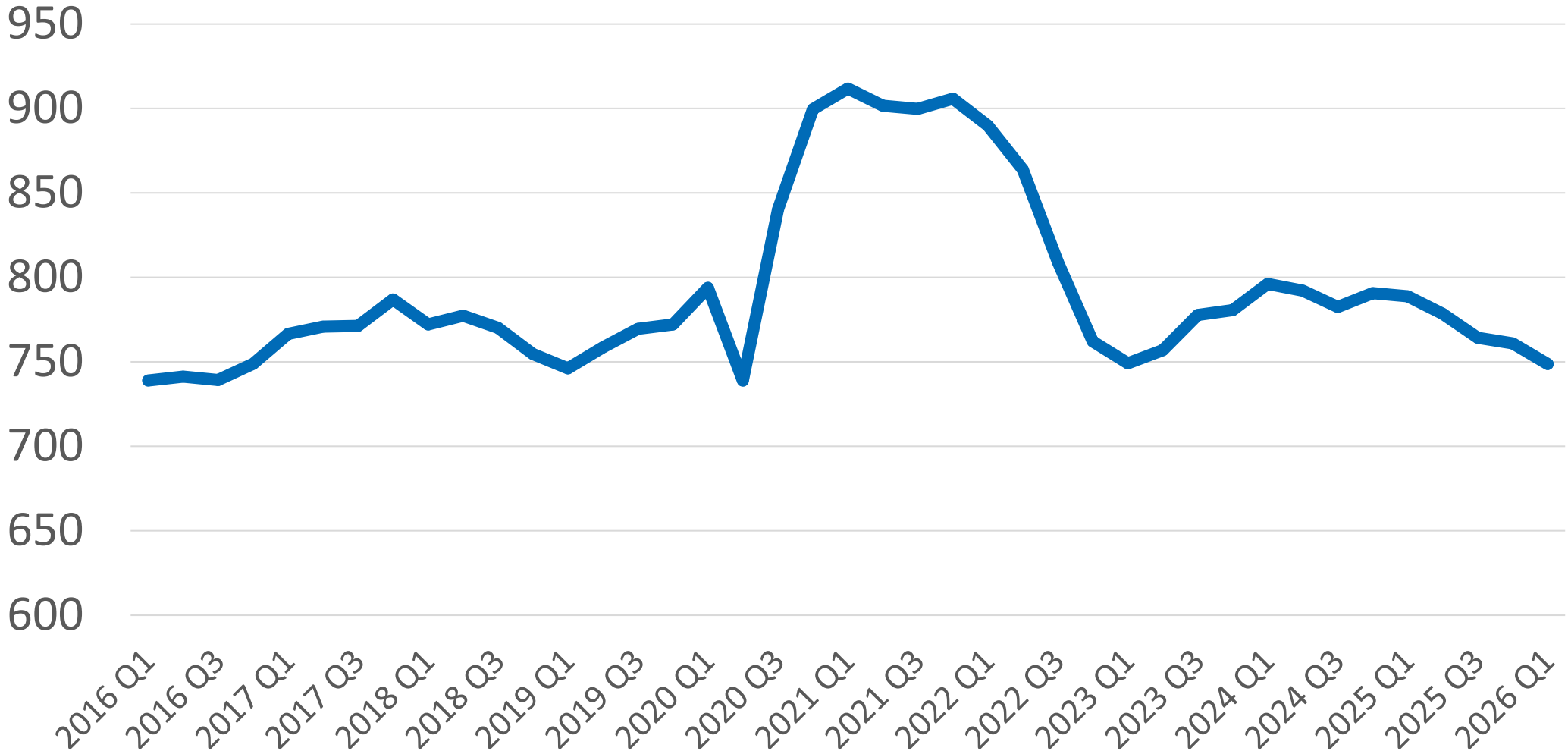
# National Defense Spending



Source: Department of Commerce using nominal dollars



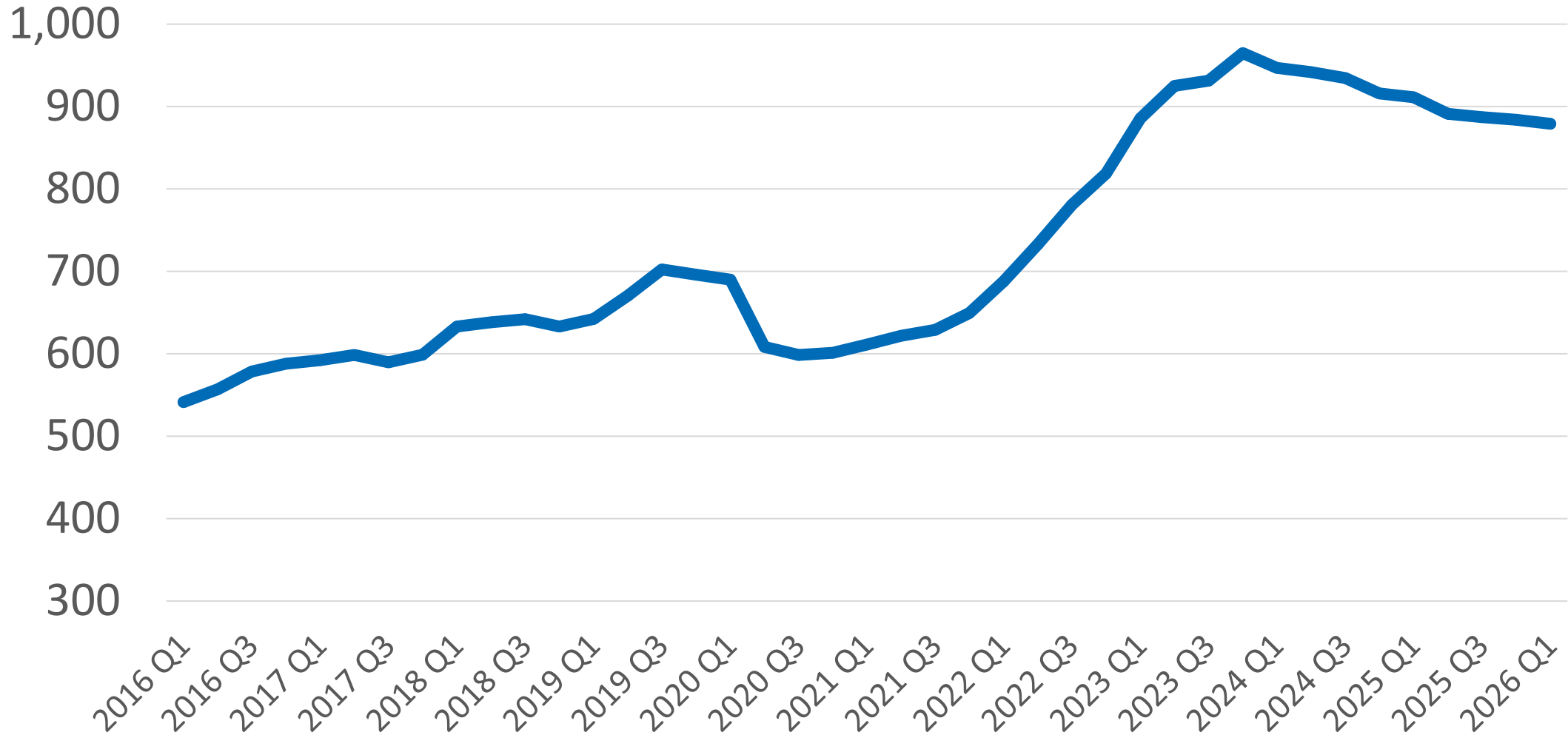
# Residential Housing Sector Spending Stagnation



Source: Department of Commerce using constant 2017 dollars



# Commercial Real Estate Sector Spending (Non-Residential Structure)



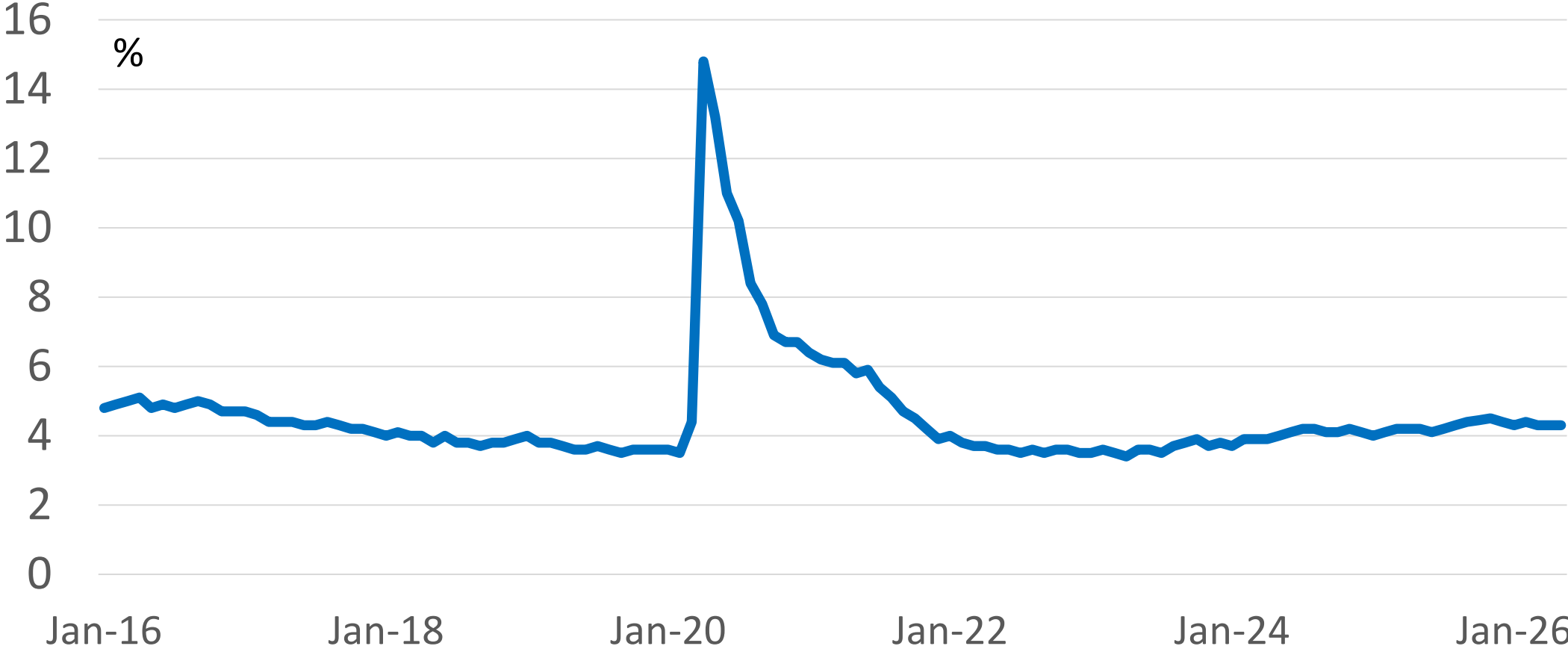
Source: Department of Commerce using constant 2017 dollars

# Consumer Sentiment...We Are Doomed (Overall Index)



Source: University of Michigan

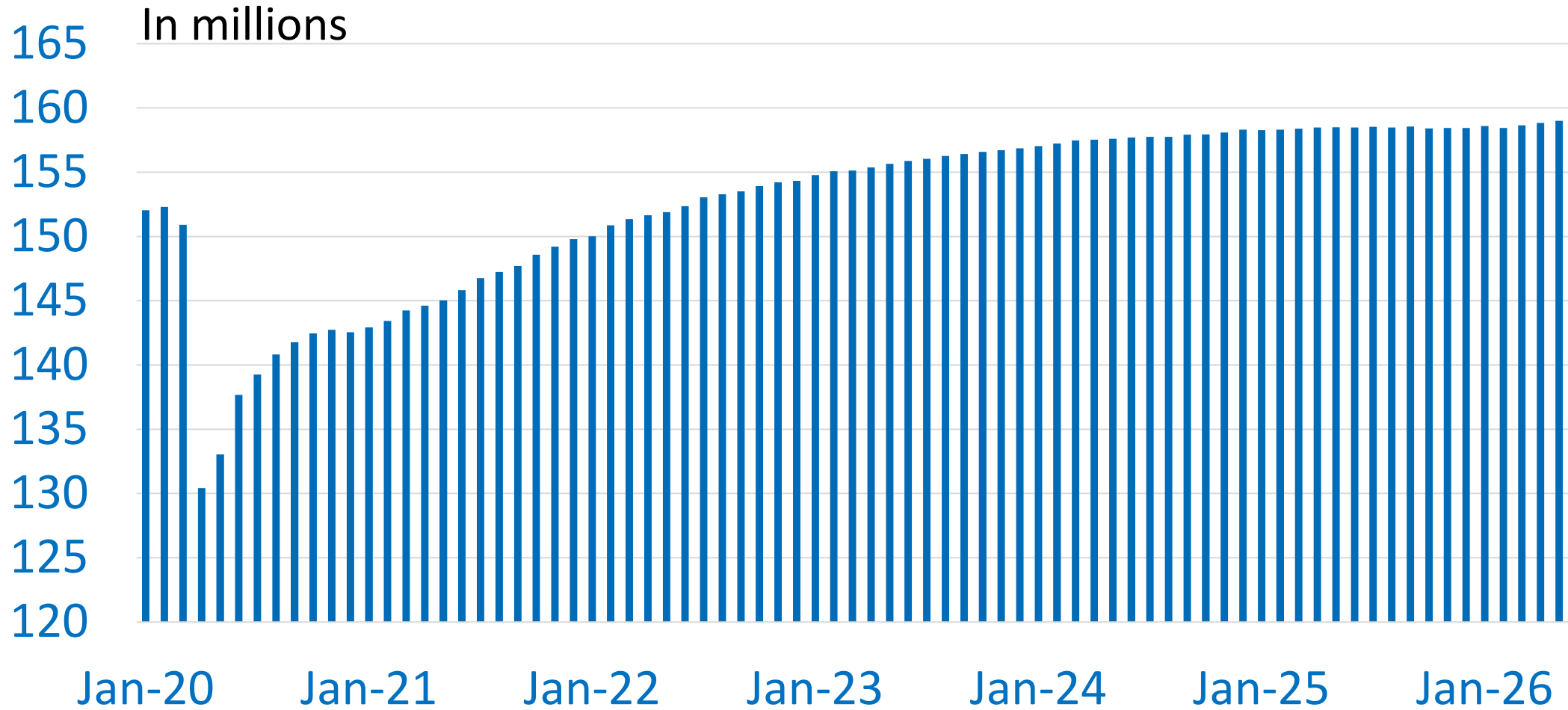
# Unemployment Rate of 4.3% in May...Not in Recession



Source: BLS

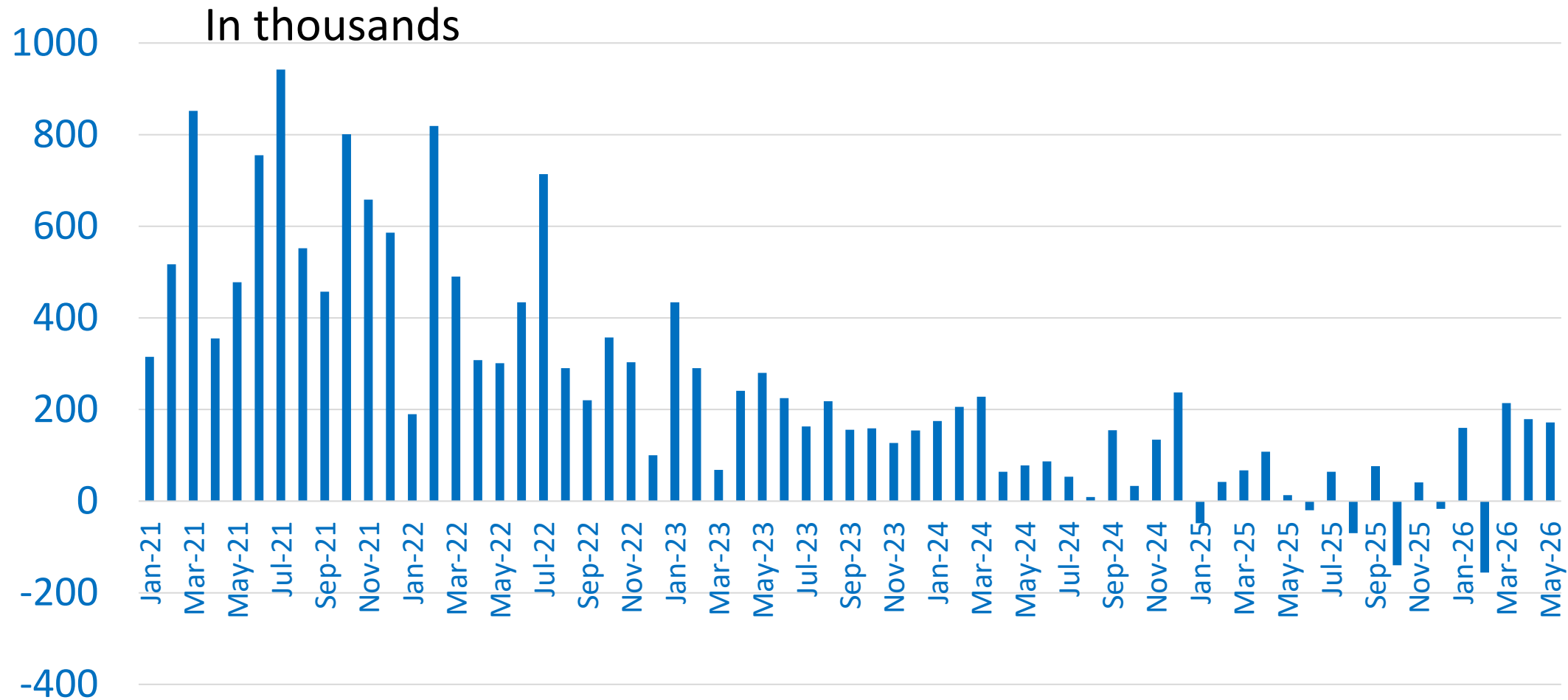


# Record Total Payroll Jobs...Not in Recession



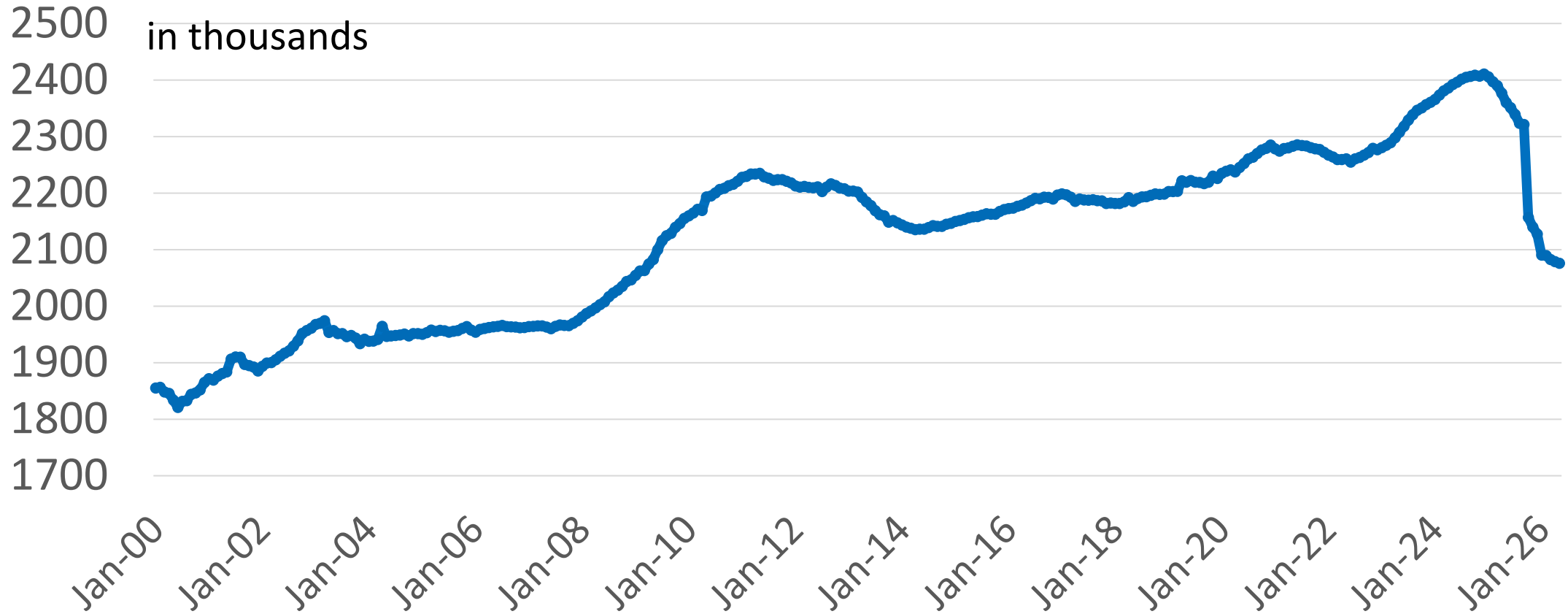
Source: BLS

# Job Gains Not Consistent...Maybe in Recession



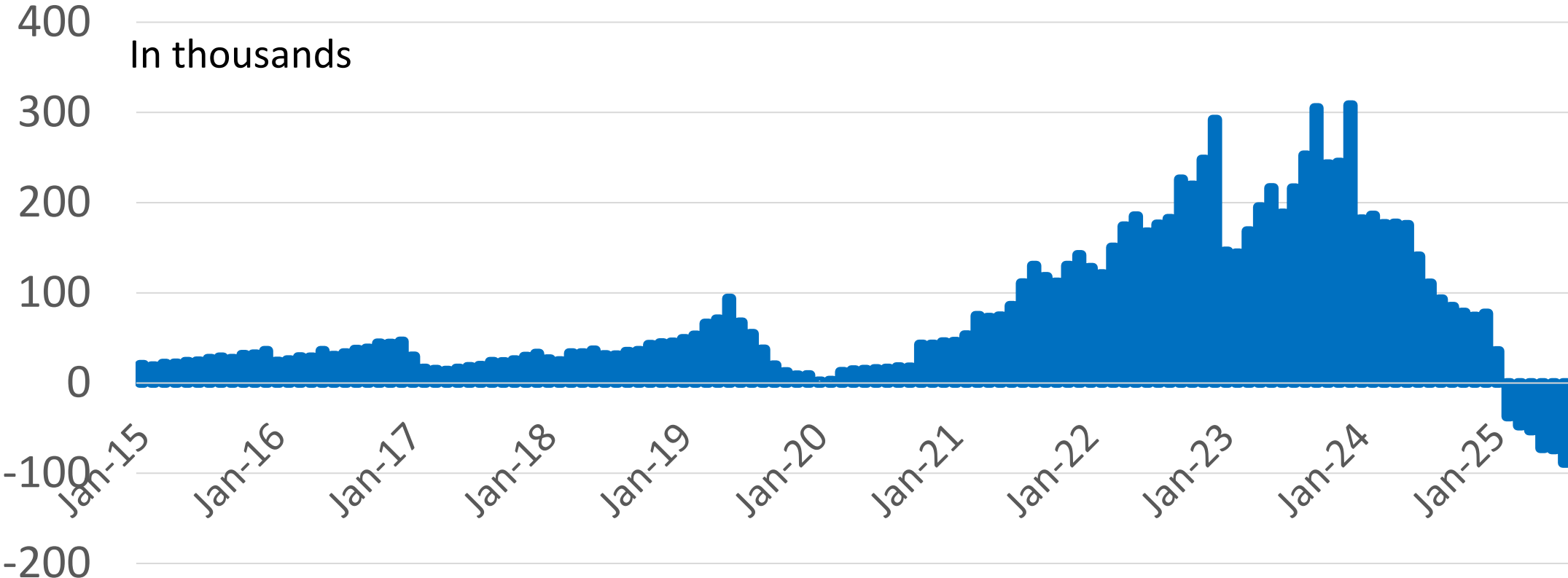
Source: BLS

# Federal Government Jobs Slashed



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

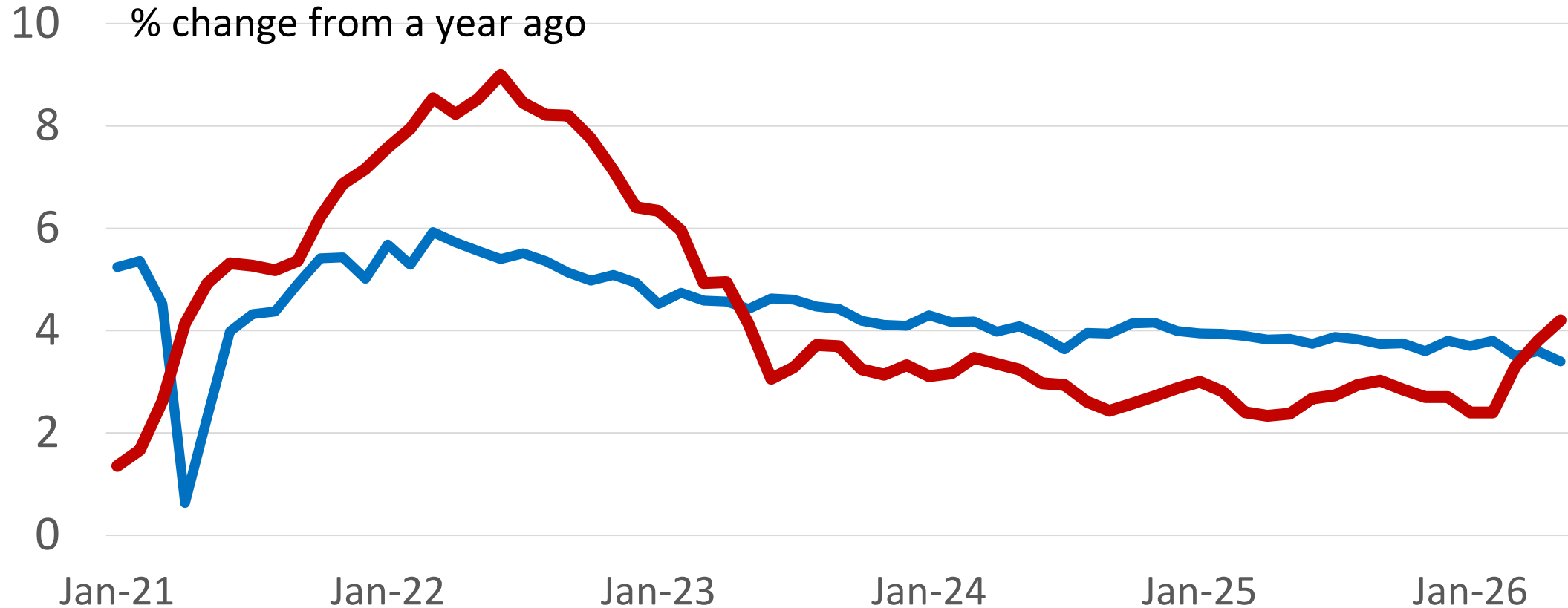
# Net Unauthorized Immigration to the U.S.



Source: Dallas Federal Reserve






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

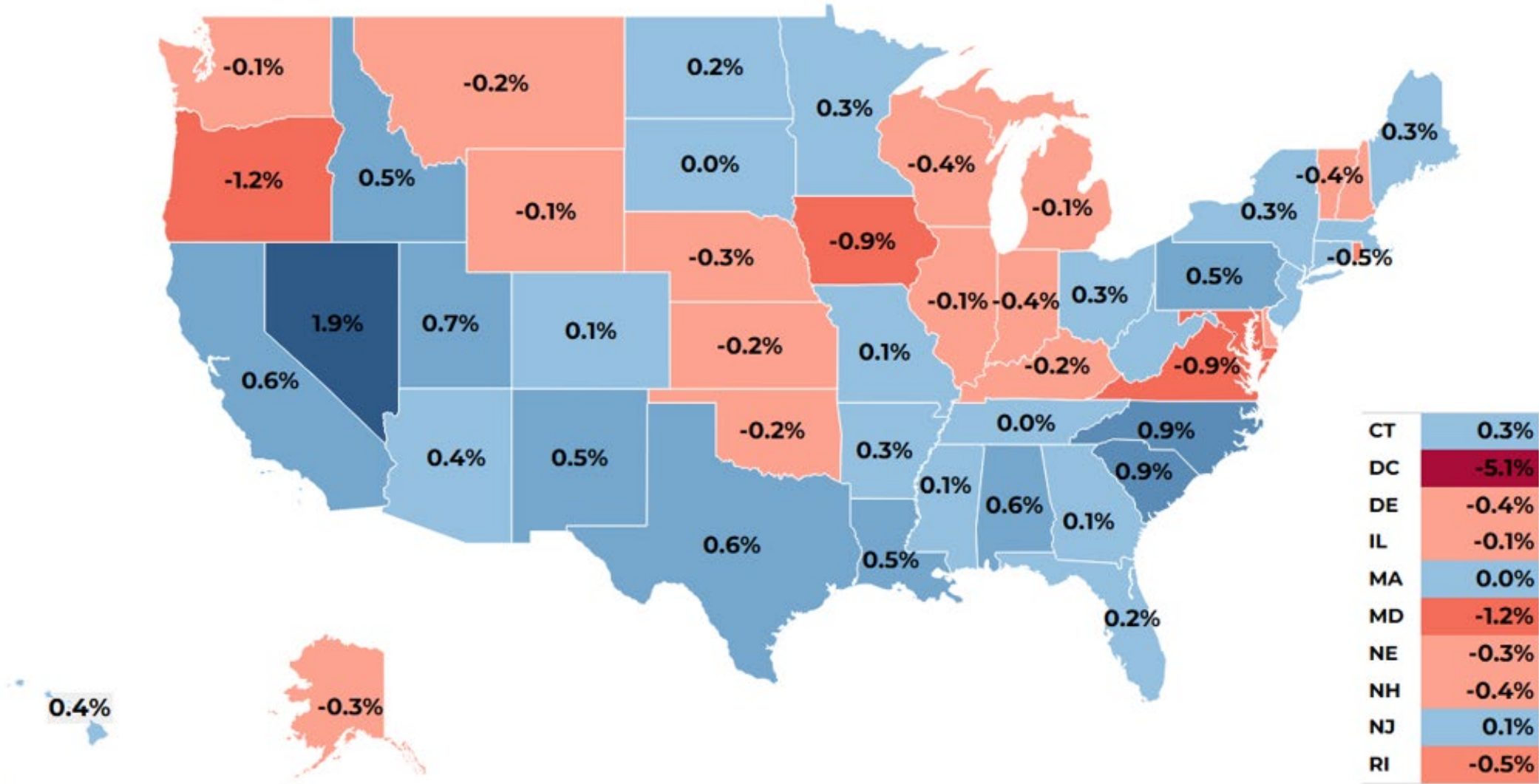


Source: NAR calculation of BLS data

# 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)



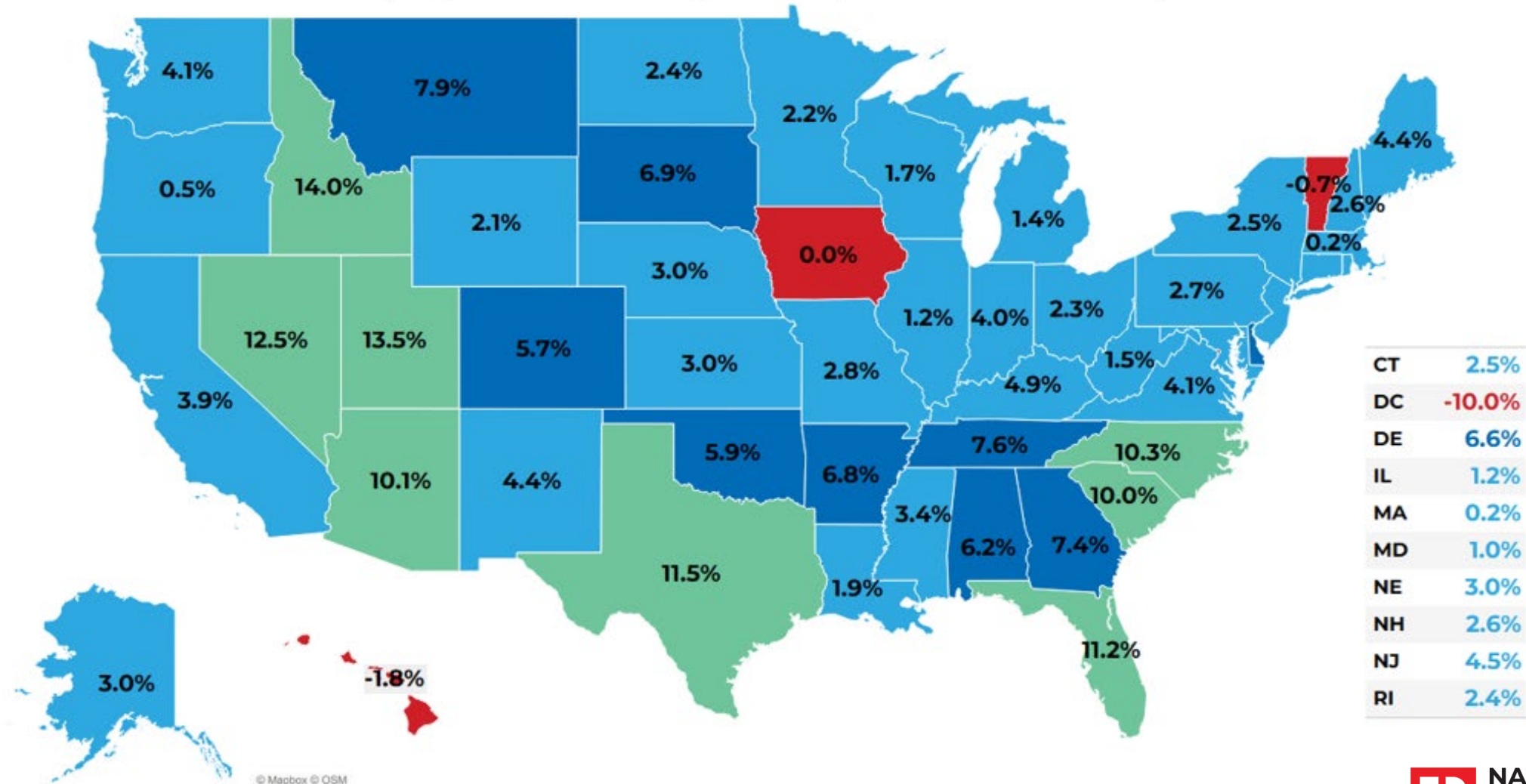
© Mapbox © OSM

Source: NAR Analysis of BLS data



# Job Gains Since Pre-COVID Record High Payroll Employment

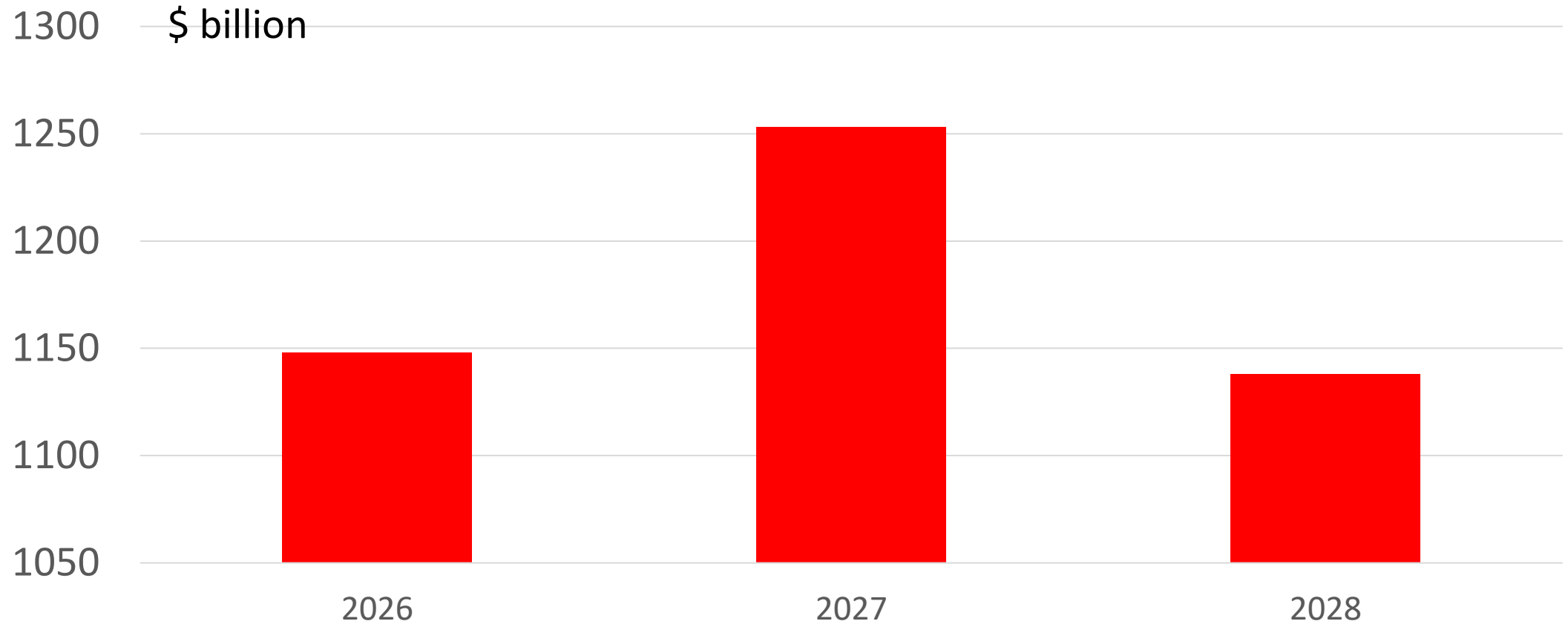
(% change from March 2020 to April 2026)



Source: NAR Analysis of BLS data

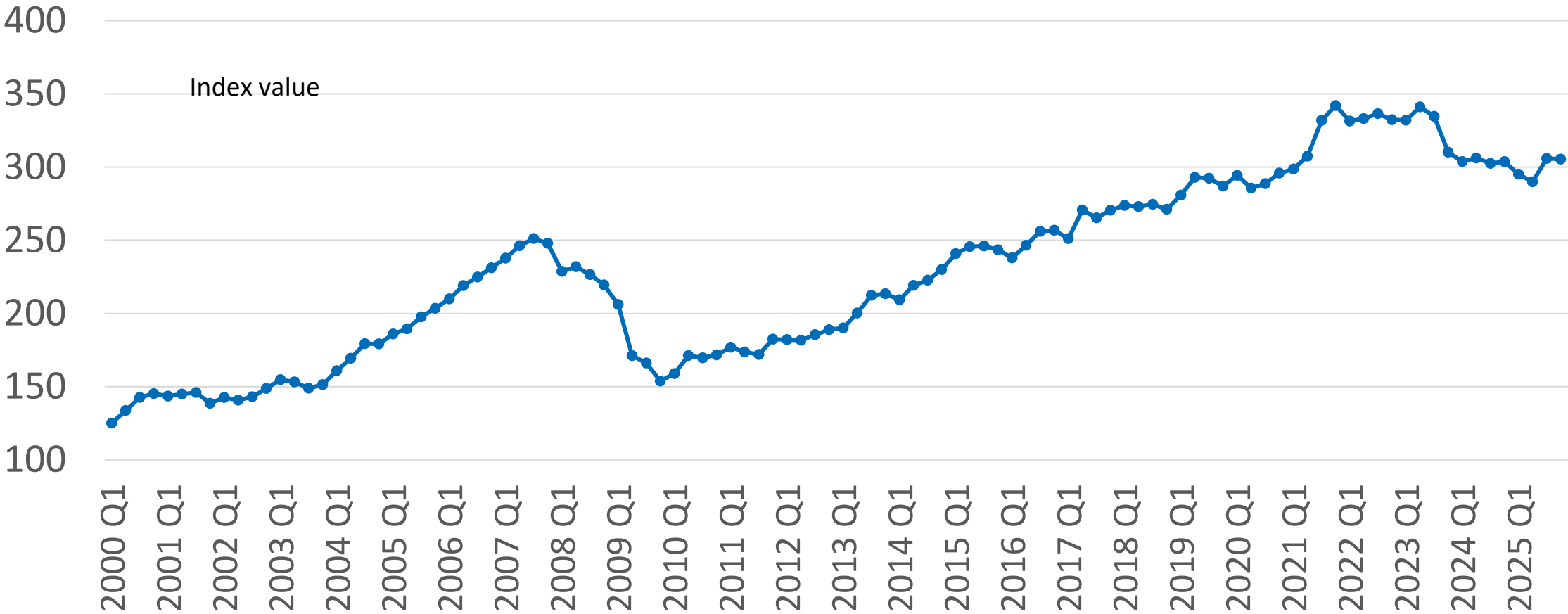
# Commercial Real Estate Fundamentals

# CRE Loan Requiring Refinancing At Higher Interest Rate and Lower Collateral Value



Source: S&P Global

# Commercial Property Prices Stabilizing

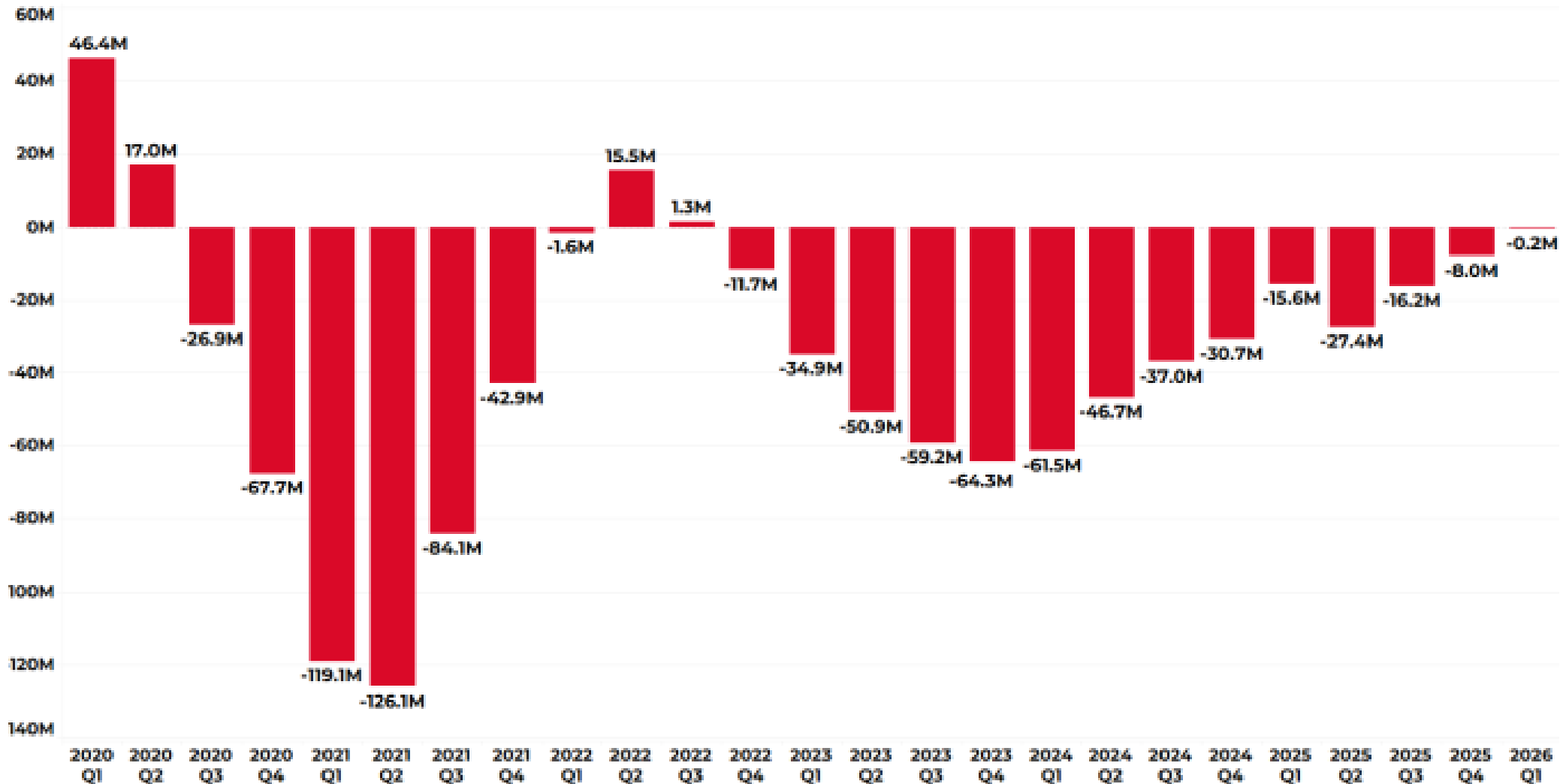


Source: Federal Reserve



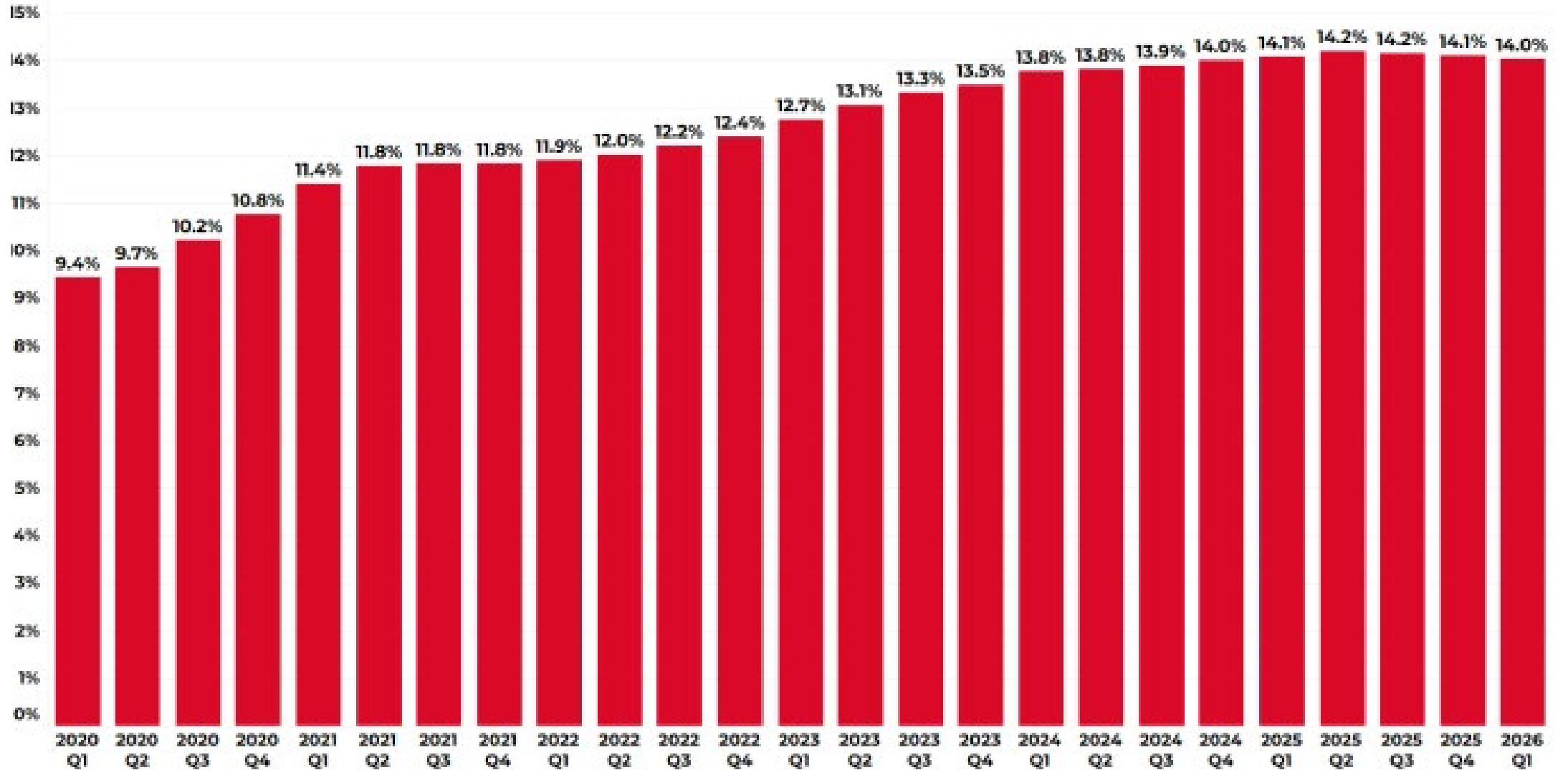
**Office**

# Office Net Absorption in the Past 12 months...Not Yet Positive



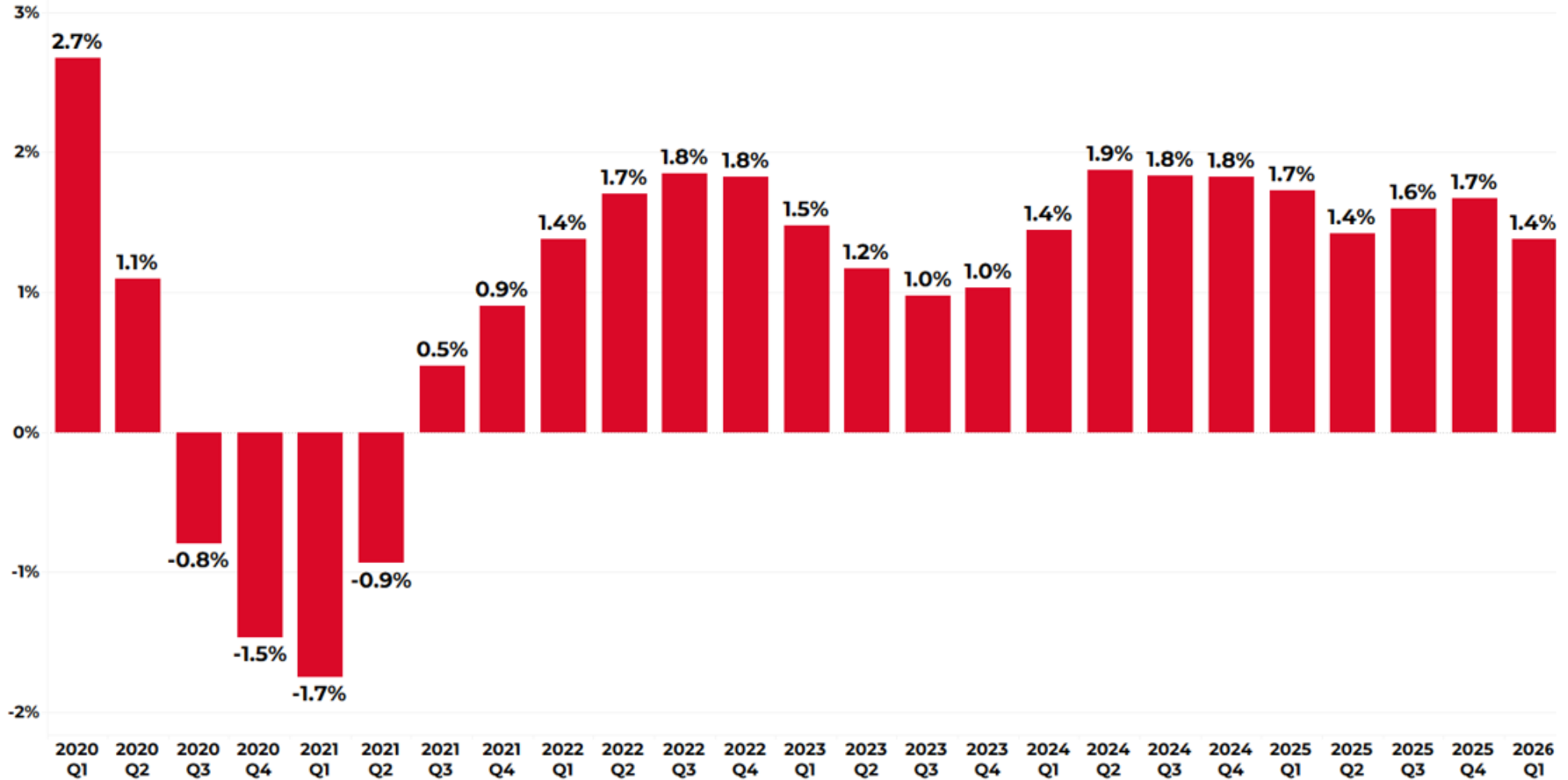
Source: NAR analysis of CoStar data

# Office Vacancy No Longer Rising..Conversion



Source: NAR Analysis of CoStar data

# Office Rent Growth 1.4%, Below CPI and Below Operation Cost

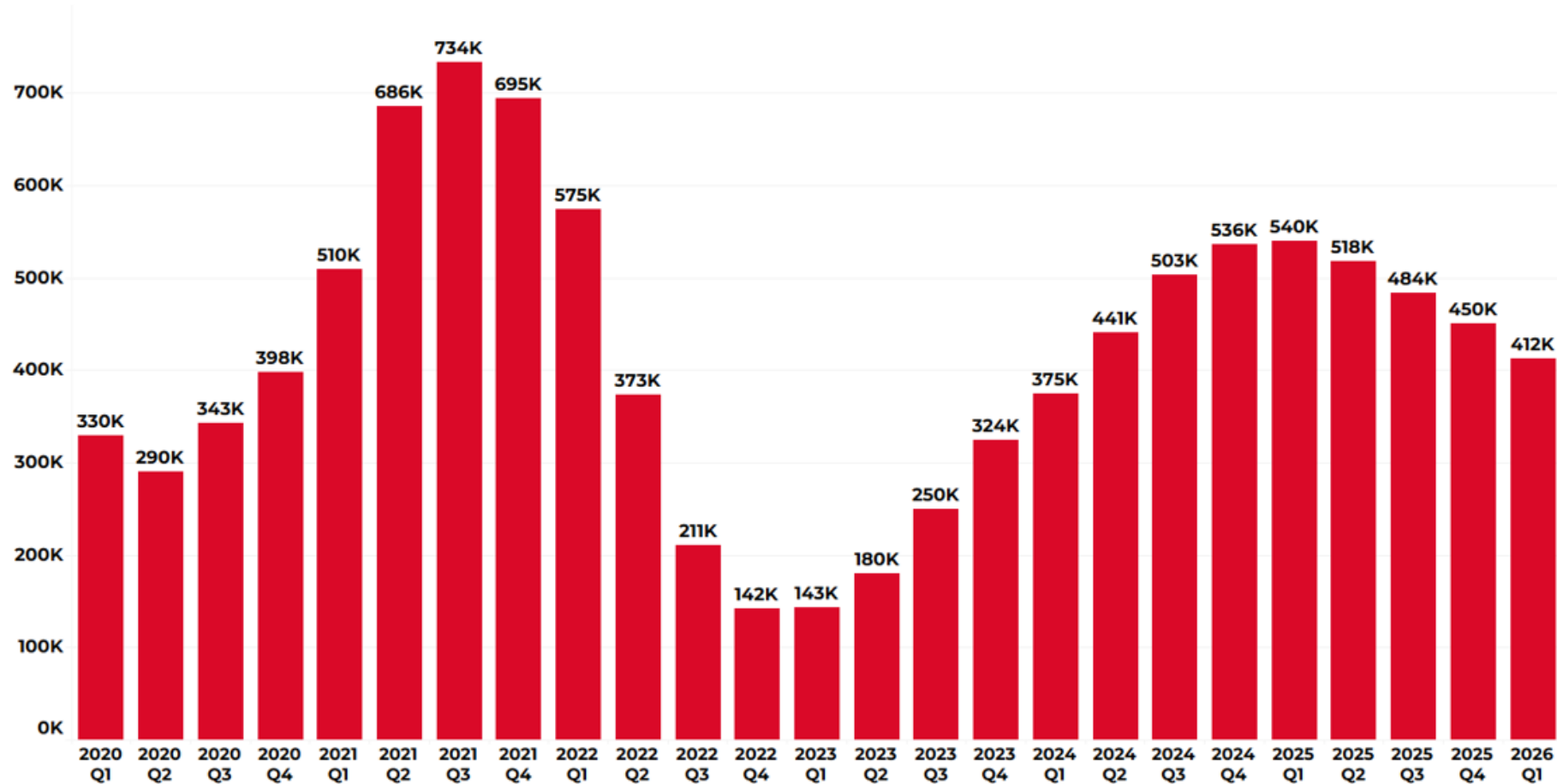


Source: NAR analysis of CoStar data

# Multifamily Apartments

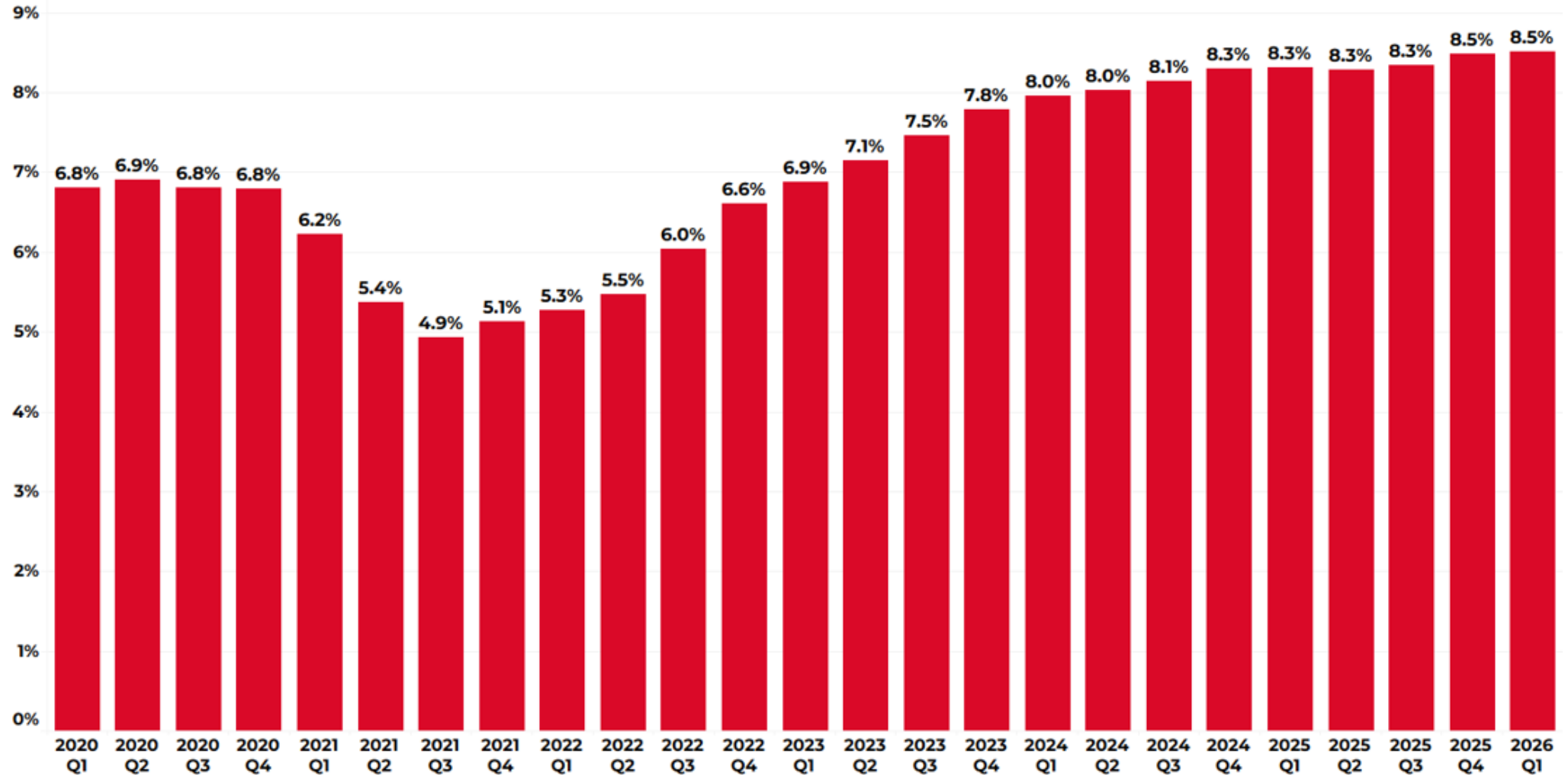
# Apartment Demand .. Solid, but Expect Sharp Weakening in Class C Lower-End

Multifamily Absorption Units 12 Mo



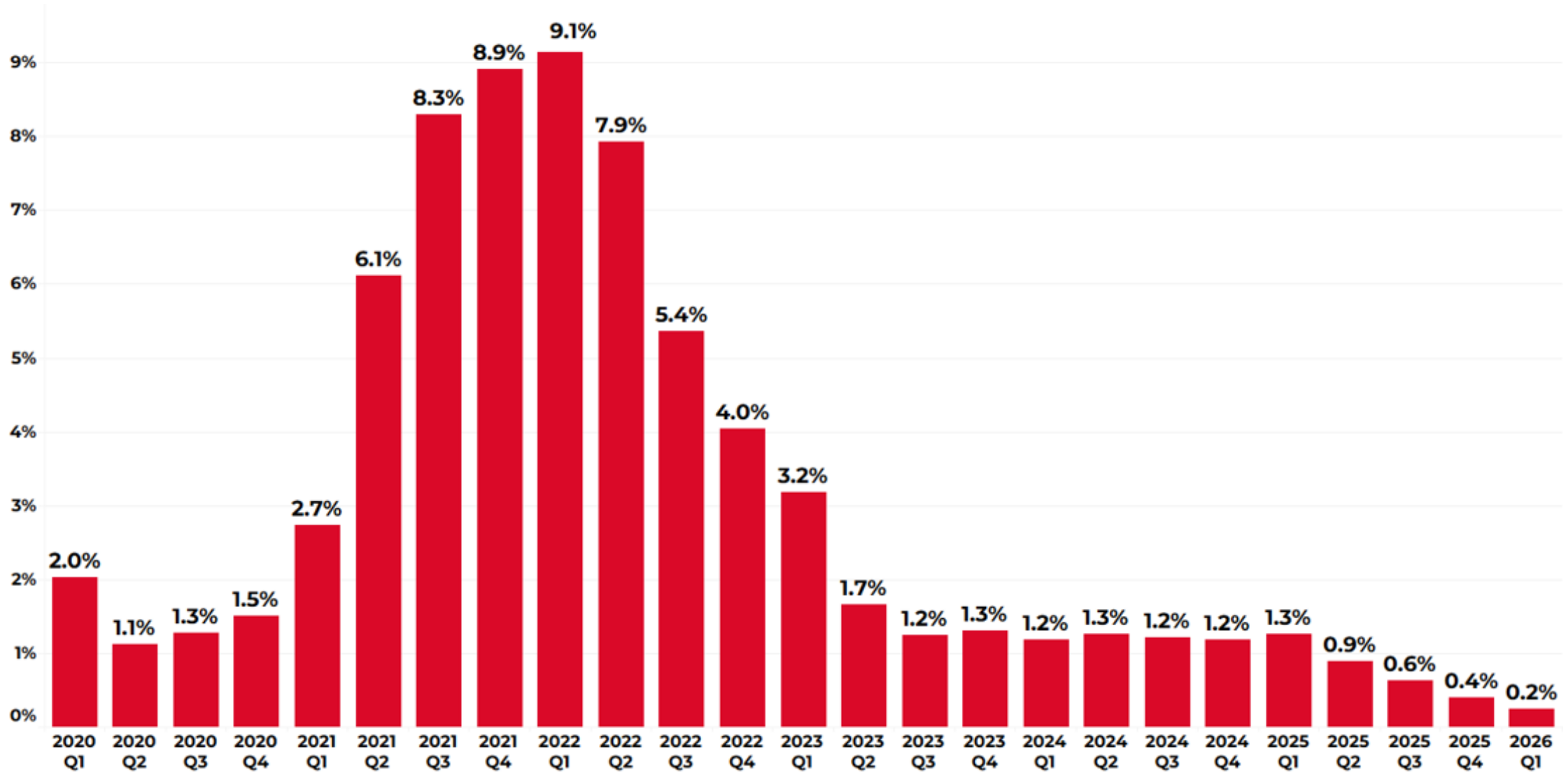
Source: NAR analysis of CoStar data

# Apartment Vacancy Rate High from Overproduction



Source: NAR Analysis of CoStar data

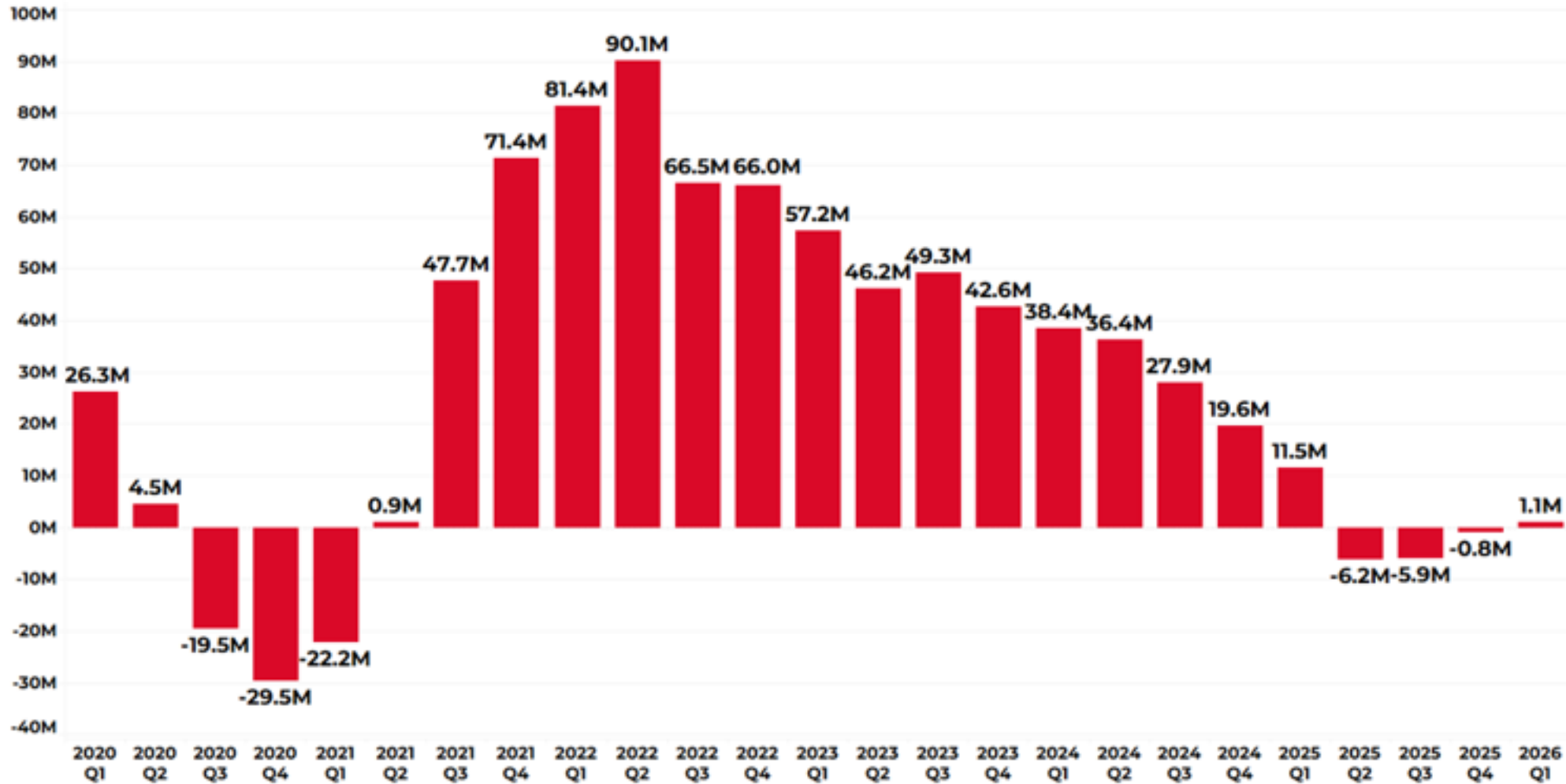
# Private Sector Data: Apartment Rents Barely Rising



Source: NAR analysis of CoStar data

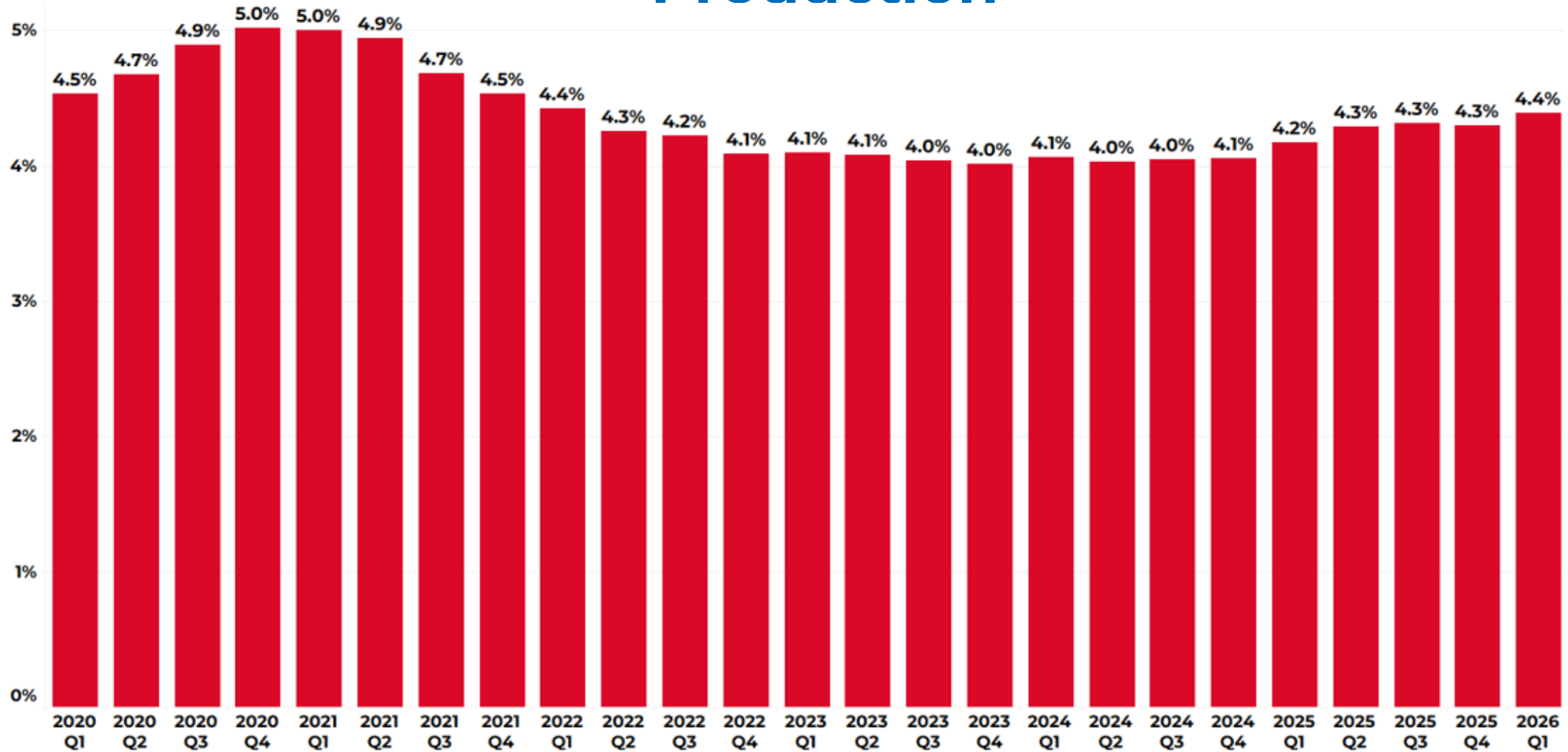
# Retail

# Retail Absorption...Churn and No Net Gain



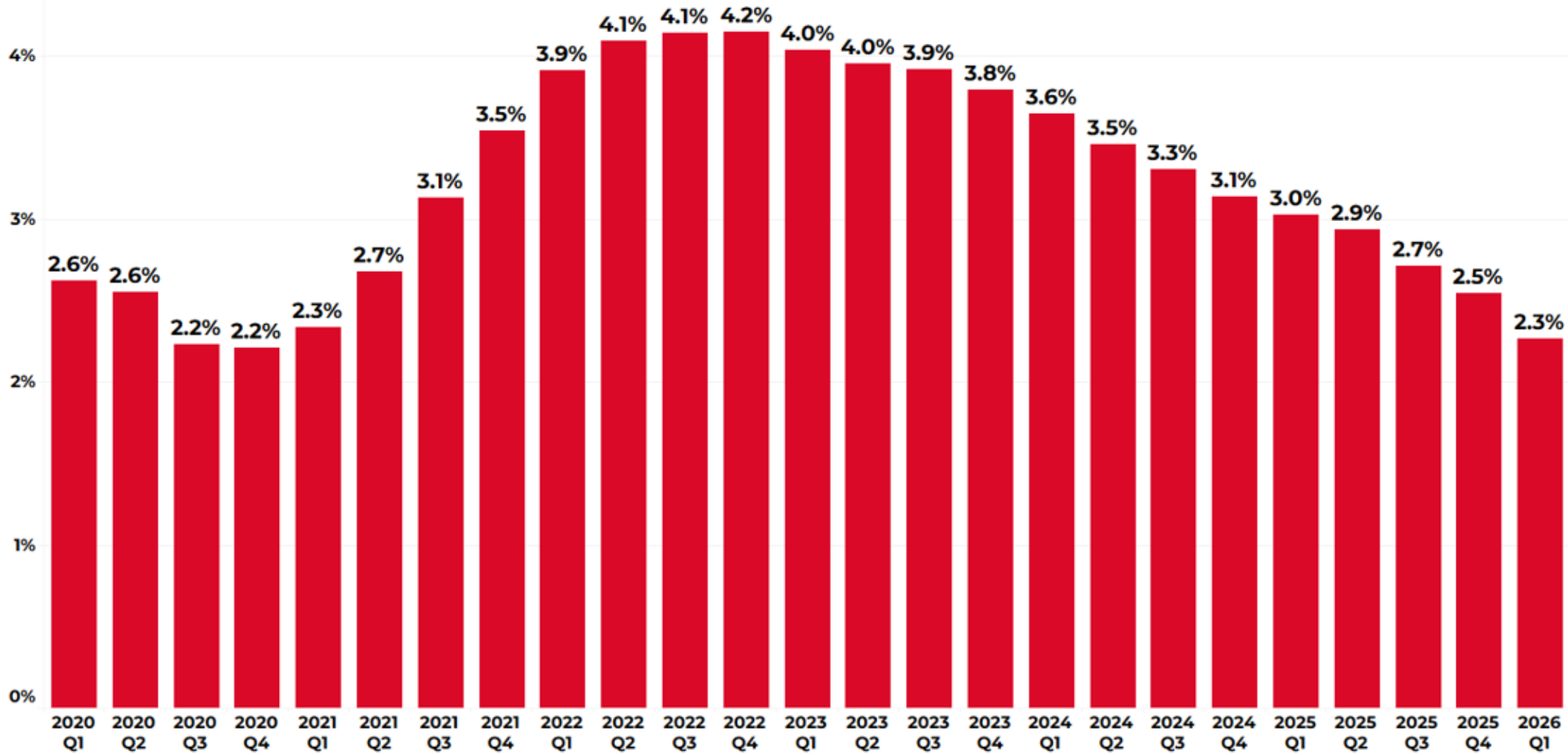
Source: NAR Analysis of CoStar data

# Retail Vacancy Rate Low from Restrained Production



Source: NAR Analysis of CoStar data

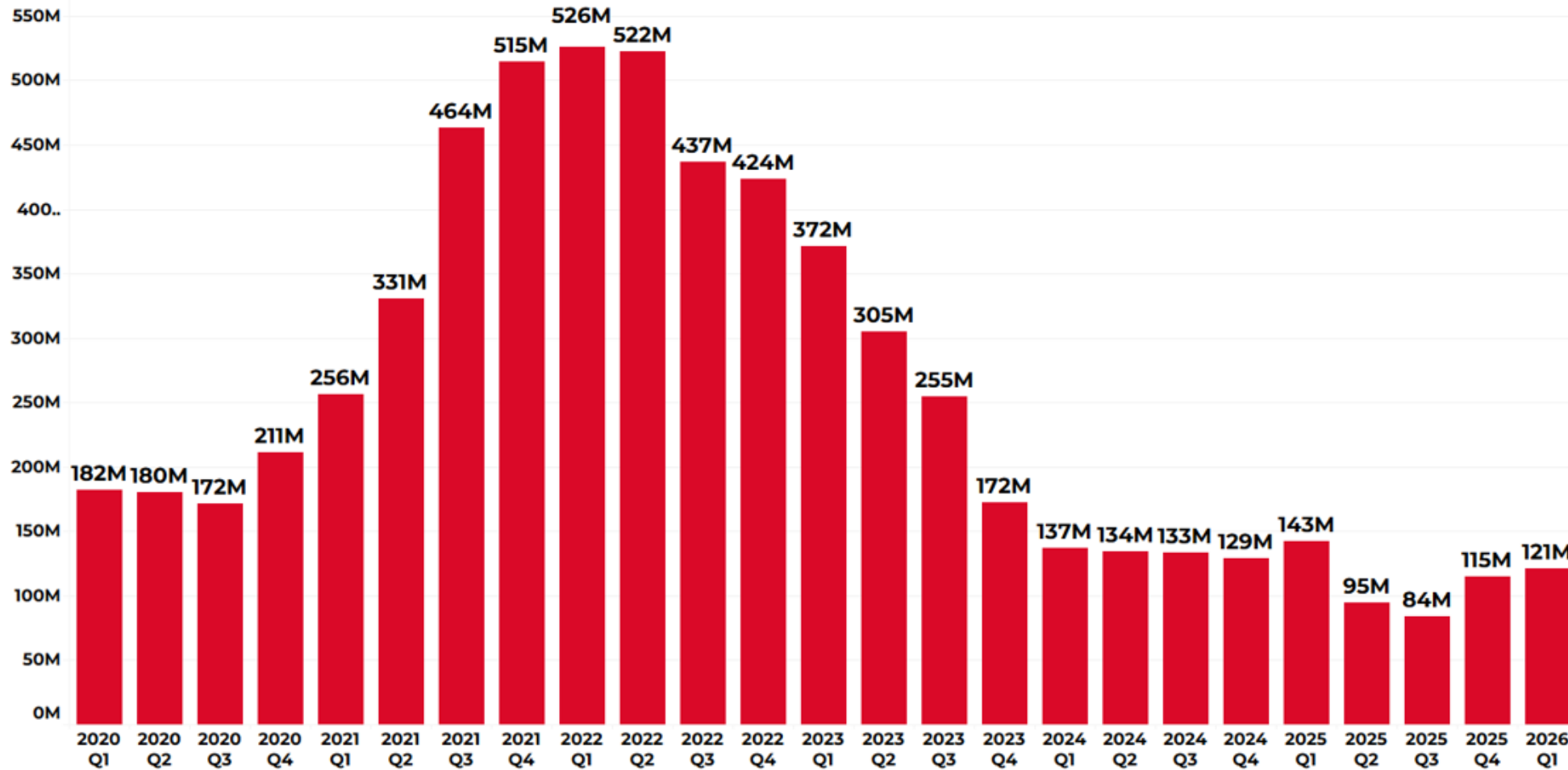
# Retail Rents Softly Rising at 2.3%



Source: NAR analysis of CoStar data

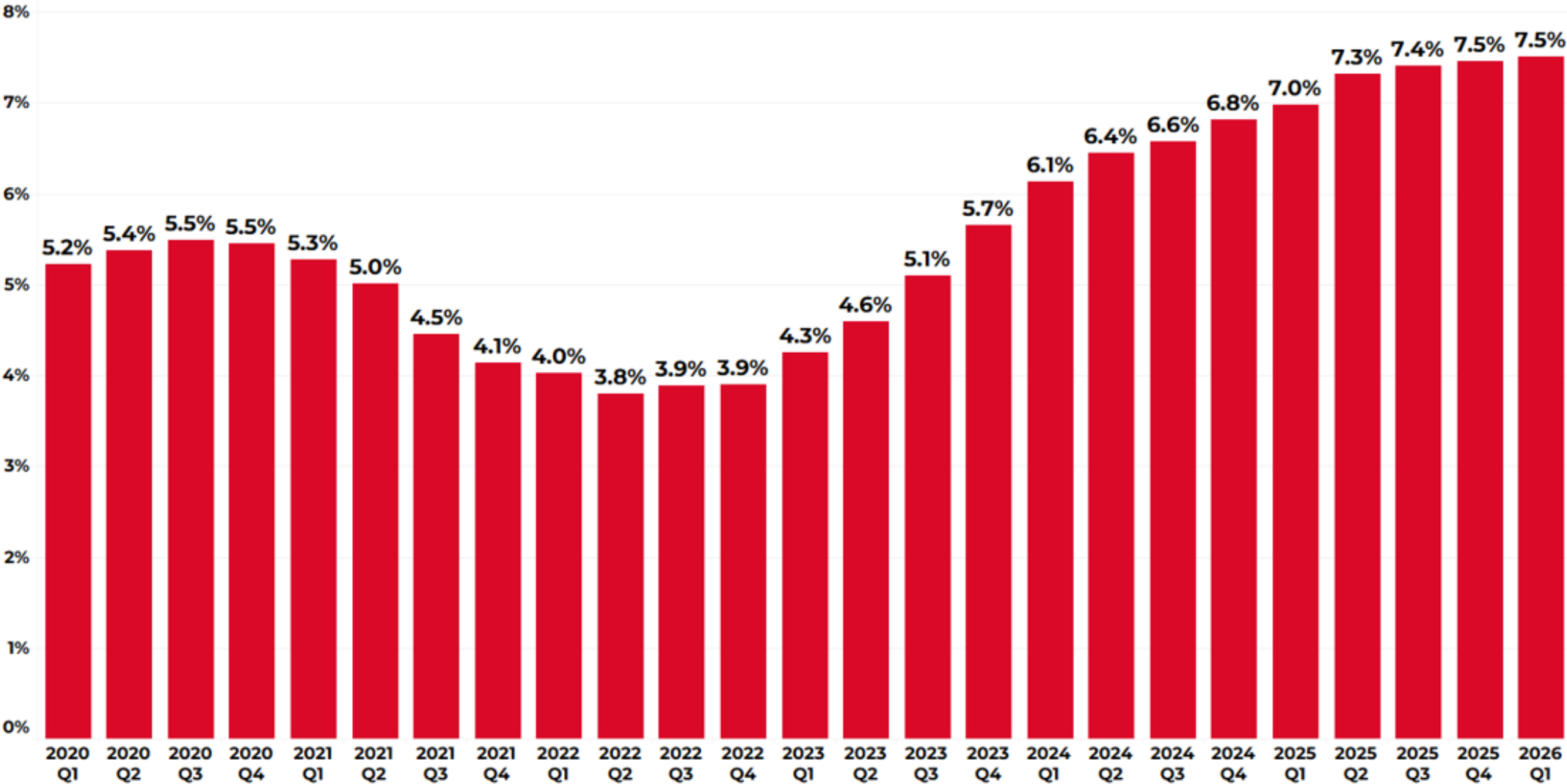
# Industrial

# Industrial Space Net Absorption..Net Positive



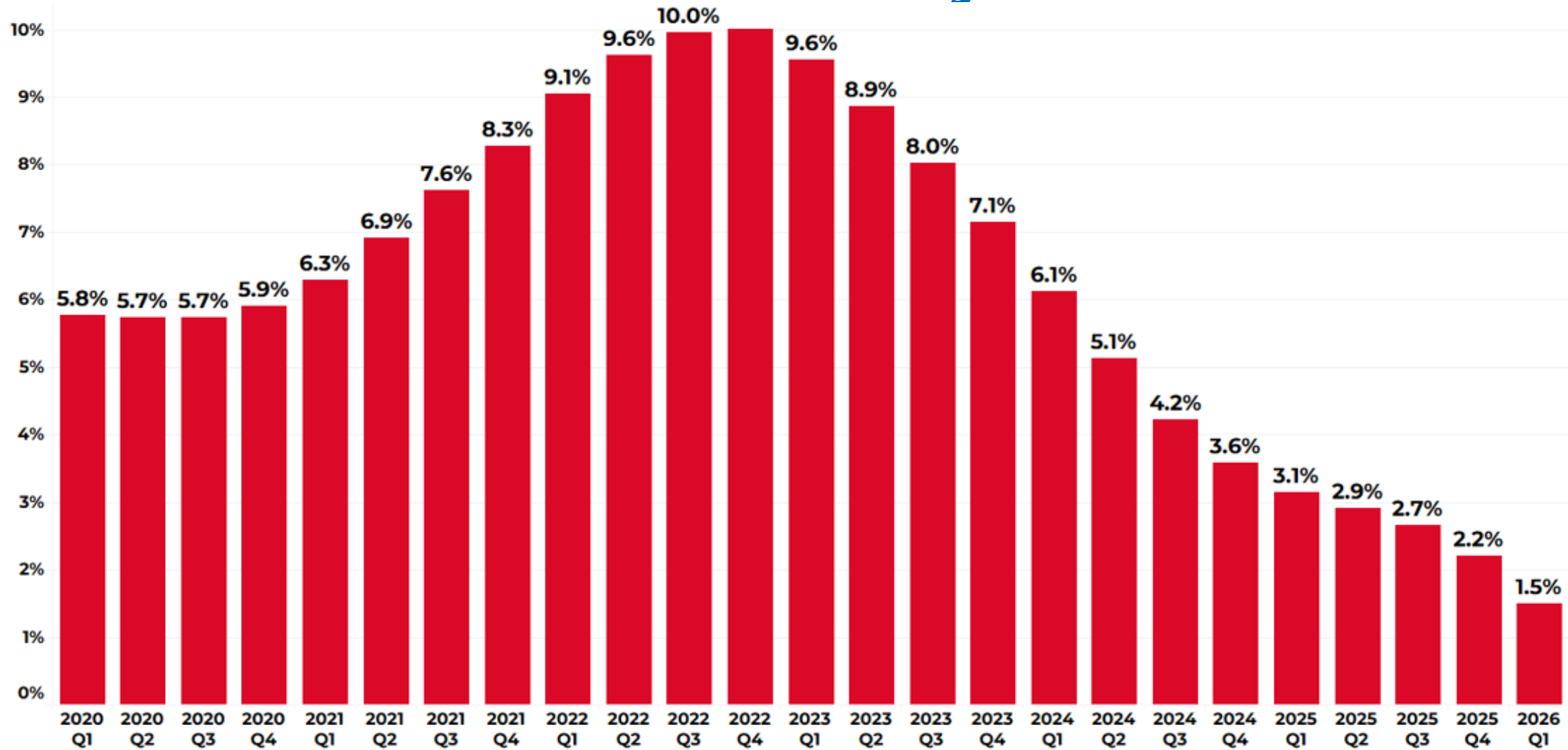
Source: NAR analysis of CoStar data

# Industrial Vacancy Rate..Cyclical Peak



Source: NAR Analysis of CoStar data

# Rents Softly Rising Industrial Barely Positive

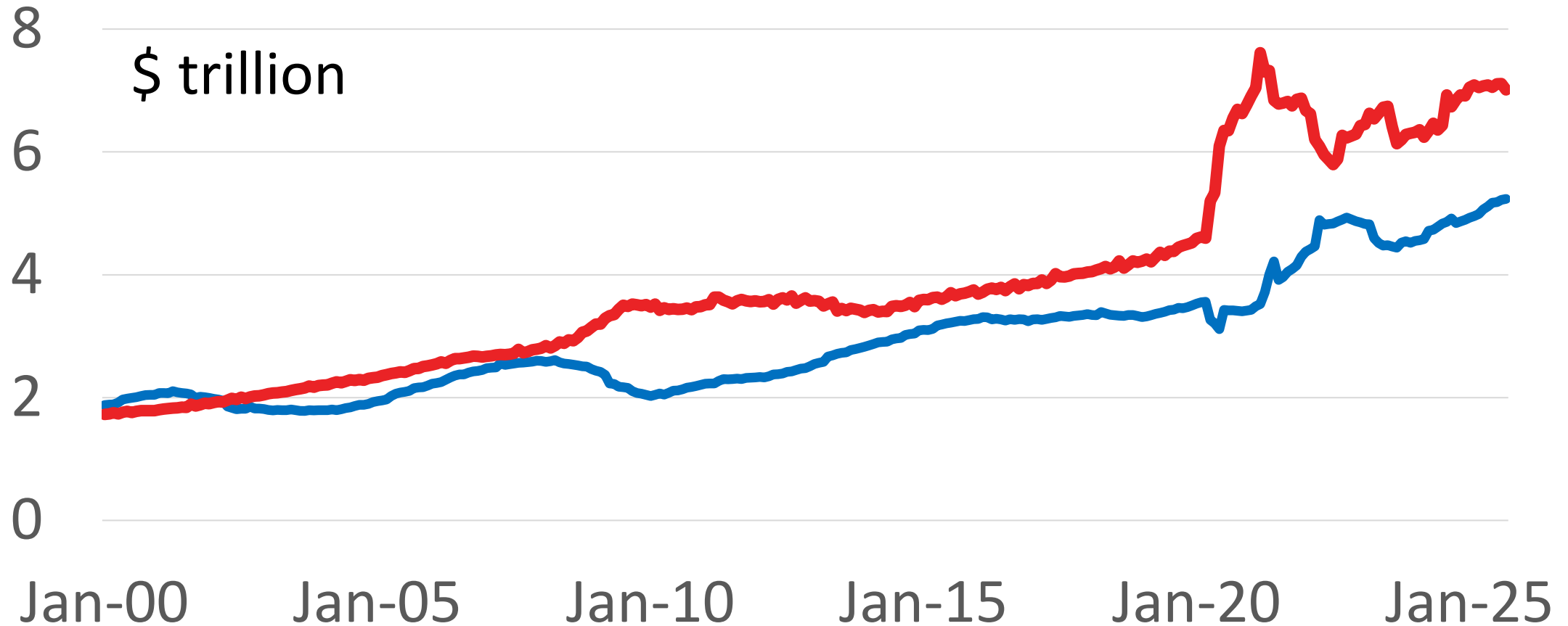


Source: NAR analysis of CoStar data

# Aside from Oil, Another Risk

# Federal Government **Outlays** and Receipts

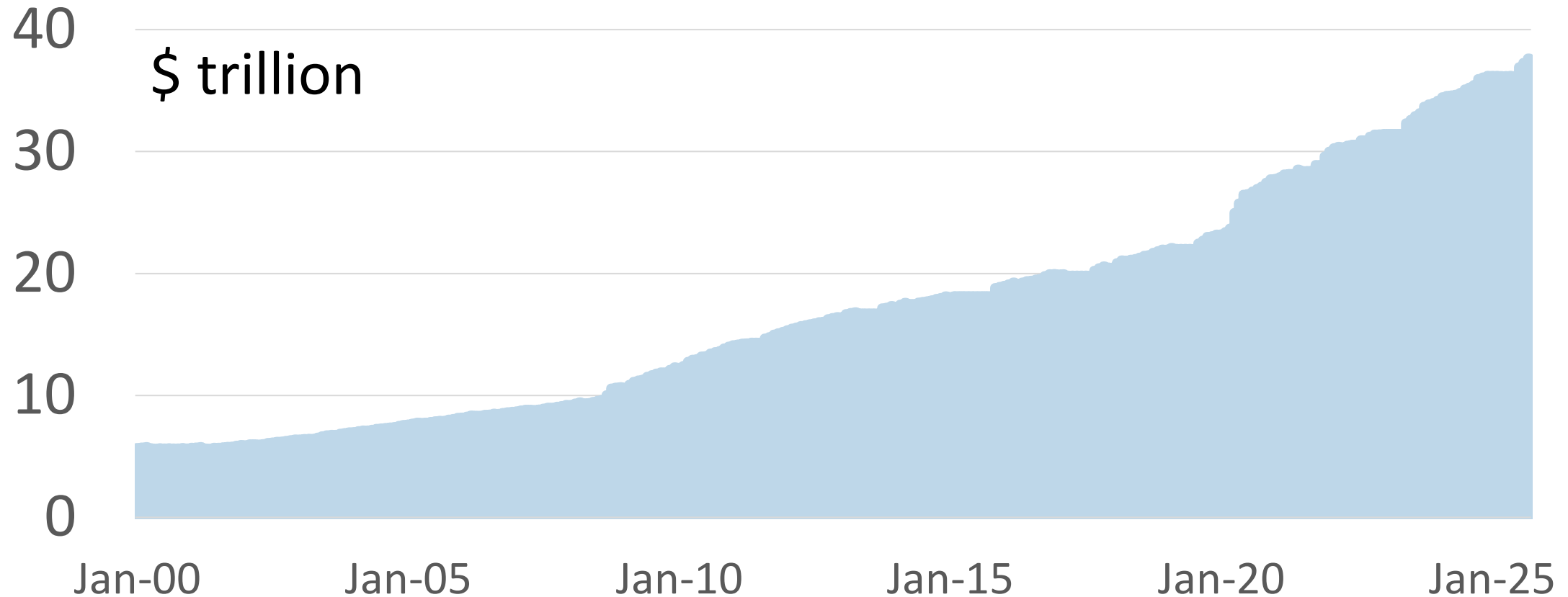
(rolling 12-month total)



Source: NAR analysis of monthly Treasury statements

# Ongoing Risk

## Federal Government Cumulative Debt



Source: NAR analysis of monthly Treasury statements

# U.S. Dollar Strength Still Strong



Source: Federal Reserve



# THANK YOU



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