



MORTGAGE BANKERS ASSOCIATION

**Statement of
Michael Fratantoni, Ph.D.
Chief Economist and Senior Vice President,
Research and Industry Technology
On Behalf of the Mortgage Bankers Association**

**U.S. House of Representatives
Financial Services Committee
Subcommittee on Housing and Insurance**

***“The Characteristics and Challenges of Today’s
Homebuyers”***

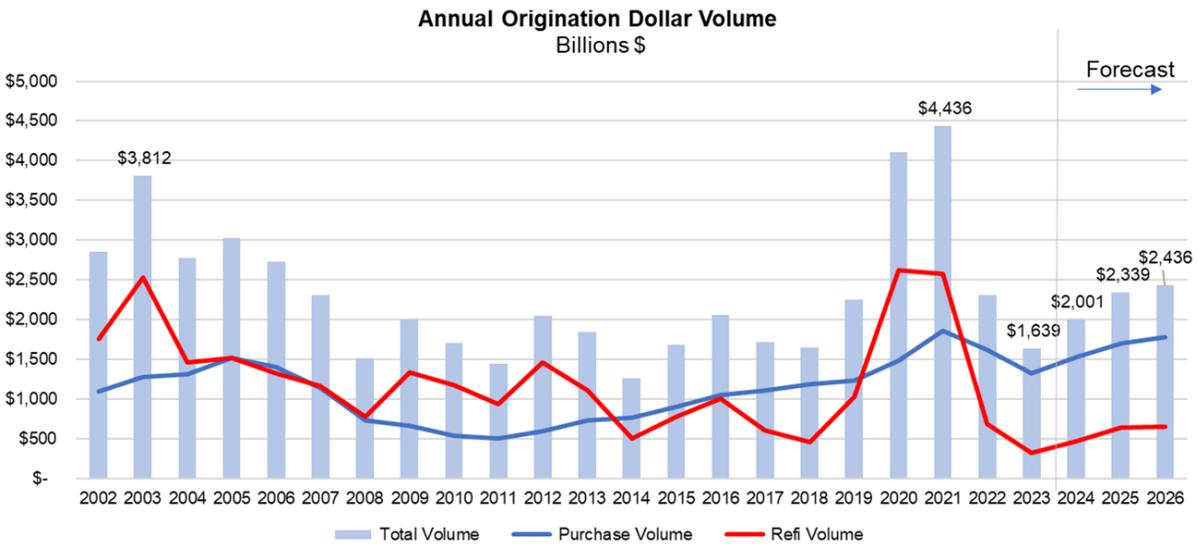
**Wednesday, March 20, 2024
2:00 P.M.**

Chairman Davidson, Ranking Member Cleaver, and members of the subcommittee, thank you for the opportunity to testify on behalf of the Mortgage Bankers Association (MBA)¹. My name is Mike Fratantoni, and I am the Chief Economist and Senior Vice President of Research and Industry Technology at the MBA.

In my remarks today, I will review current market data on various aspects of the mortgage market, focusing on the buyers, the products, the sources of financing, and the obstacles that homebuyers and lenders face. I will also examine some of the current trends in the rental housing market, including that for single-family rentals (SFR).

Overview of the mortgage market

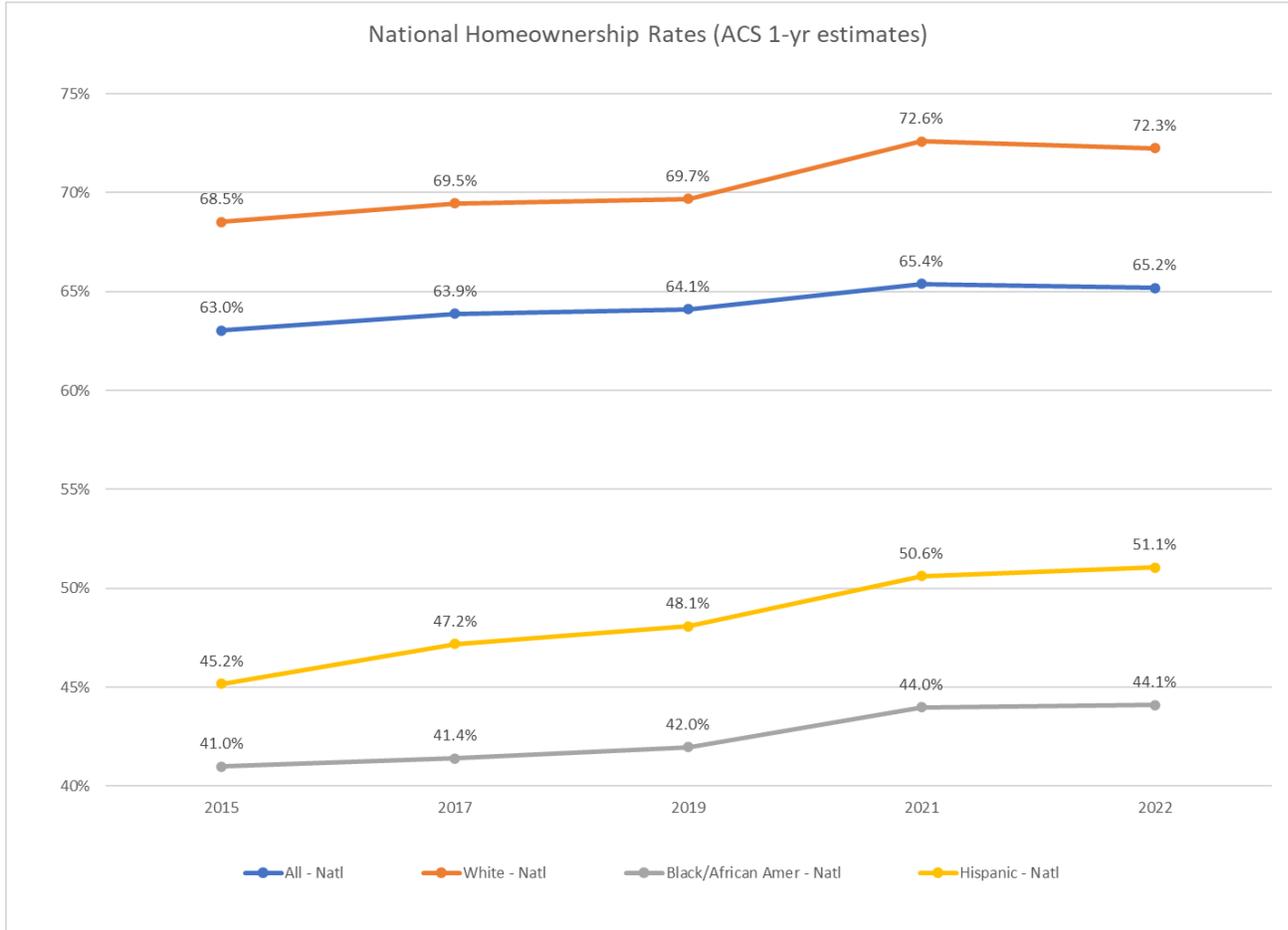
Let me start by highlighting just how large the single-family residential market is: \$45 trillion in real estate owned by households. \$13 trillion in mortgage debt outstanding. \$32 trillion in home equity. In terms of new origination of mortgages, there was a record volume of originations of almost \$4.5 trillion in 2021. In contrast to that figure, we are forecasting about \$2.0 trillion in originations for 2024 – up from \$1.6 trillion in 2023.



Source: MBA estimates and forecast, February 2024

¹ The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 300,000 people in virtually every community in the country. Headquartered in Washington, D.C., the association works to ensure the continued strength of the nation's residential and commercial real estate markets, to expand homeownership, and to extend access to affordable housing to all Americans. MBA promotes fair and ethical lending practices and fosters professional excellence among real estate finance employees through a wide range of educational programs and a variety of publications. Its membership includes all elements of real estate finance: independent mortgage banks, mortgage brokers, commercial banks, thrifts, REITs, Wall Street conduits, life insurance companies, credit unions, and others in the mortgage lending field.

These mortgages exist to fund the purchase of homes or to refinance existing loans. The broad availability of mortgage credit supports a U.S. homeownership rate that in recent years has hovered around 65%. Given the link between homeownership and wealth building for middle-American households, it is important to note that there is still a wide gap between the homeownership rates across different racial and ethnic groups.



Source: MBA analysis of American Community Survey data

Of the \$13 trillion of mortgage debt outstanding, roughly \$9 trillion of all mortgage debt is securitized through the Department of Housing and Urban Development’s (HUD) Government National Mortgage Association (Ginnie Mae), and the housing Government Sponsored Enterprises, Fannie Mae and Freddie Mac (the GSEs). Most of the remaining \$4 trillion of mortgage debt is held on bank portfolios as whole loans, with some held as whole loans by other types of investors.

While right before the Great Financial Crisis (GFC) as much as half of securitized volume was private label, with banks and broker dealers the issuers, the Private Label Securities (PLS) sector is much smaller in today’s market, comprising \$80 billion or so of the \$1.6 trillion originations in 2023. About \$30 billion of this volume in 2023 was for non-QM lending, i.e.,

loans with somewhat more flexible underwriting primarily intended for self-employed borrowers or others with more complex financial or employment patterns.

In the U.S., the predominance of the freely prepayable 30-year fixed-rate mortgage (FRM) as the product of choice for most homebuyers and refinance borrowers has led to the current infrastructure where the majority of new loans are securitized rather than held on portfolios. Typically, more than 80% of mortgages used to purchase a home are 30-year FRMs, while many refinance borrowers opt for shorter-term, 10-, 15-, or 20-year FRMs. Most of the remaining loans are hybrid adjustable-rate mortgages (ARM), with initial fixed-rate periods of 5, 7, or 10 years, and then more frequent rate adjustments.² According to MBA's Weekly Application Survey data, the ARM share ranged from 7 to a little over 8 percent of applications in the last two years. This contrasts to an ARM share of only about 3 percent of applications during the refinance wave in 2020-2021.

Given the inherent interest rate risk in holding FRMs, long-term, freely prepayable mortgages are not a good asset-to-liability match for banks, most of whom fund themselves primarily with deposits. ARMs do tend to be a better match. Many banks will sell their FRMs but hold their ARMs.

Investors of various types, including insurance companies, pension funds, and other fixed income investors, have an appetite for longer-term assets. Ginnie Mae and the housing GSEs perform vital functions as intermediaries and/or guarantors of these FRMs, issuing or guaranteeing mortgage-backed securities (MBS) created from pools of largely fixed-rate loans. This \$9 trillion agency MBS market is one the largest, most liquid fixed income markets in the world.

Limitations on the loan size and characteristics of loans that can be pooled into agency MBS pools mean that there is a need for many remaining non-agency eligible mortgages to be held on balance sheets or to be issued as PLS. Ginnie Mae MBS, backed by Federal Housing Administration (FHA), Veterans Affairs (VA), and Rural Housing Service (RHS) loans, have an explicit full faith and credit guarantee. This enables investors to have complete confidence in the credit worthiness of these securities, while receiving a yield well above that on U.S. Treasury bonds of a similar duration. Uniform mortgage-backed securities (UMBS), or MBS backed by Fannie Mae or Freddie Mac, are viewed by global investors as only somewhat less safe given their strong support from the U.S. government.

The broad and diversified investor base for Ginnie Mae MBS leads to a very liquid market. Practically, that means that the secondary market for FHA, VA, and RHS loans is always open. Mortgage rates may move up and down, but low-to-moderate (LMI) first-time home buyers (FTHB), Veterans, and rural homebuyers will be able to access credit and buy homes.

Deep, liquid capital markets, like those for agency MBS, provide for the availability of mortgage credit at almost all times. Importantly, I would note that during the GFC and the global pandemic the Federal Reserve did step in with extraordinary measures to ensure that these markets remained liquid.

² MBA Weekly Applications Survey data: [Weekly Applications Survey | MBA](#)

Contrast this with the ebb and flow of bank portfolio demand for mortgages, driven by the quantity of deposits in the banking system and the relative returns of mortgage to other potential portfolio investments.

The abundant liquidity of agency MBS is directly valued and priced accordingly by investors. Those investors can get in and out of positions in the sizes they need and are willing to give up some yield in return for that liquidity. That is directly reflected in better mortgage rates offered to borrowers, and hence increased affordability for homebuyers and homeowners who are refinancing, as they will be getting loans that will be securitized into these markets.

Profile of homebuyers today

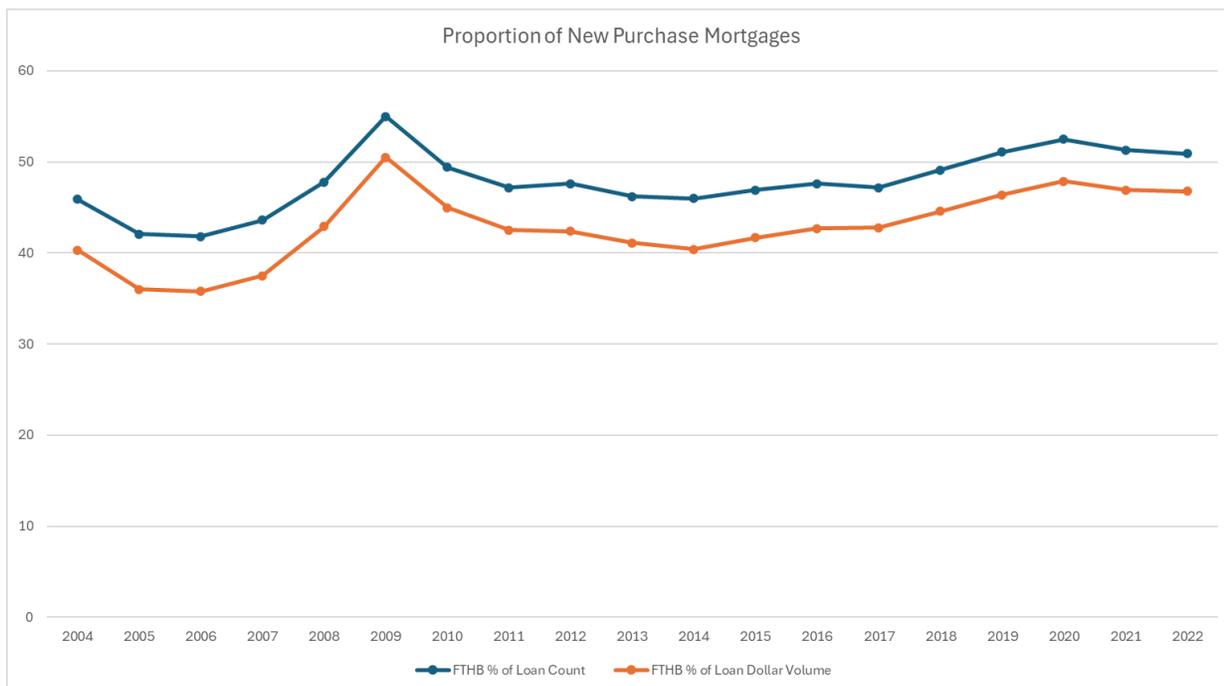
Homebuyers can purchase properties with cash or by using mortgage financing. For existing homes, roughly 28% of borrowers purchased with cash in 2023. I would note that given the extremely competitive sellers' market in recent years, at least some buyers were "cash" buyers in order to win the property, who later used a cash-out refinance or a home equity loan to restore their liquidity. For new homes, more than 8% were cash buyers.³

Home Mortgage Disclosure Act (HMDA) data from 2022 show that for those homebuyers who used mortgage financing, 70% took out conventional conforming loans (typically securitized through the housing GSEs), 14% used FHA loans, 9% VA, 1% RHS, and 6% used conventional jumbo loans.

MBA Weekly Application Survey data typically show about 90% of applications are for buyers who intended to occupy their properties as primary residences, while the remaining 10% are for second home or investor properties.

Over time, roughly half of financed home purchases, i.e., purchase mortgages, are for first-time home buyers. As these first timers tend to be buying less expensive properties, they account for a smaller share of the dollar value of these mortgages compared to the unit count.

³ [All-Cash Share of New Home Sales Remains Elevated in 2023 | Eye On Housing](#)



Source: MBA analysis of National Mortgage Database data, FHFA

Many first-time homebuyers rely on the government housing finance programs for their loans. In particular, FHA supported affordable mortgage financing for more than 478,000 first-time homebuyers in Fiscal Year 2023, representing more than 82 percent of its forward mortgage purchase endorsements.

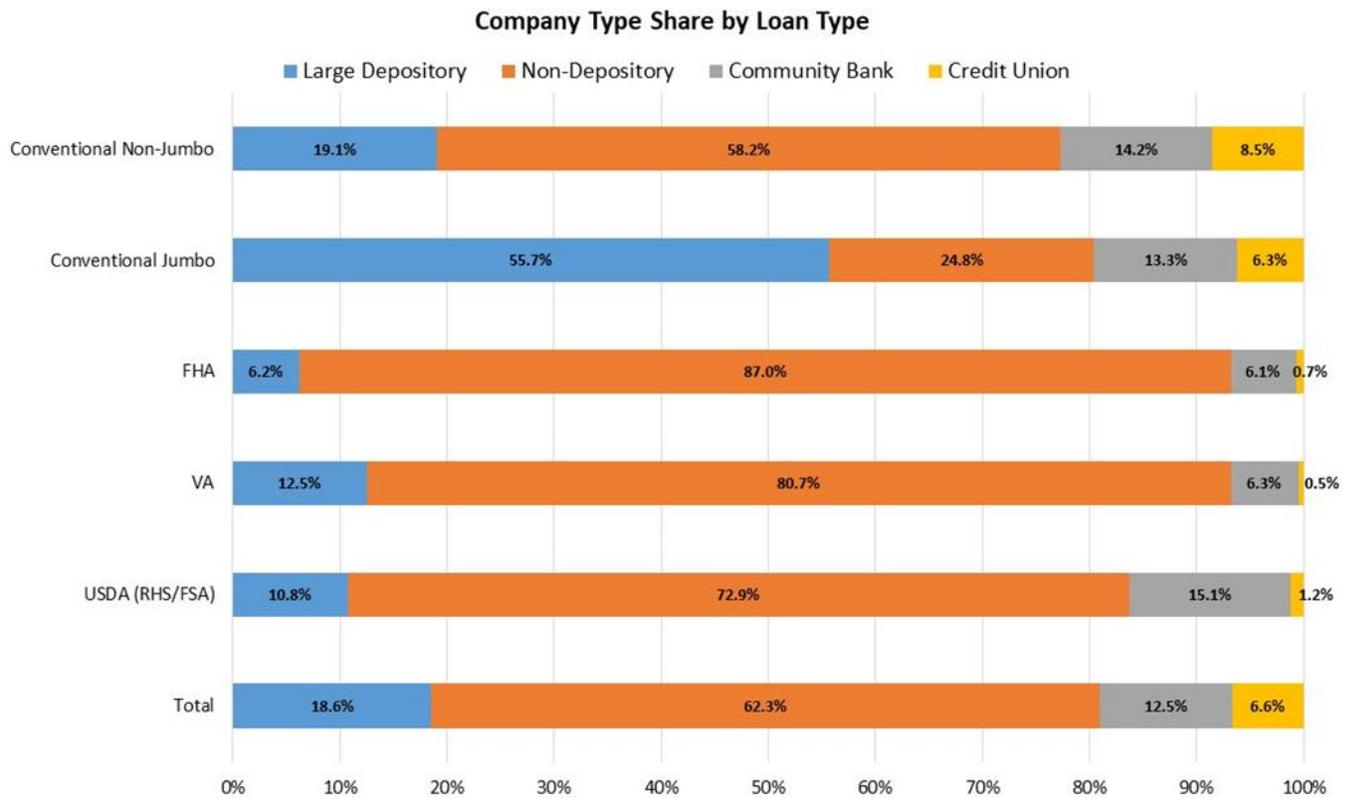
First-time buyers purchasing entry level properties often have relatively low average loan sizes. A challenge for lenders is that there are substantial fixed costs in loan origination and servicing, and hence it can be more costly to focus on the entry level market. MBA recently conducted a comprehensive analysis examining the relationship between a lender’s average loan size and their revenues and costs.⁴ The findings concluded that loan originators with the highest loan balances experienced the highest of highs for net production profits in 2021 (a strong market) and the lowest of lows in 2022 (a weak market). On the other hand, while companies with the lowest loan balances performed the worst in 2021, in 2022 they mitigated net production losses to a greater extent than lenders with higher average loan balances.

Cost barriers and regulatory barriers are thought to be the primary reasons for the dearth in small-dollar lending—an essential way for the mortgage industry to facilitate access to affordable, lower-valued homes. The cost barrier argument suggests that the revenues garnered through originating and servicing lower balance loans do not justify the costs. MBA’s analysis suggests that the relationship between loan balance and profitability is more nuanced and may change over the course of market cycles. For example, and as alluded to previously, in a weak origination market, as in 2022, lenders with lower average loan sizes were able to mitigate production losses to a greater extent than lenders with larger average loan size. Additionally, in

⁴ [impact-of-loan-size-on-profits-9-7-2023.pdf \(mba.org\)](https://www.mba.org/impact-of-loan-size-on-profits-9-7-2023.pdf)

a period of high loan prepayment, as in 2020, servicers with higher loan balances posted lower net servicing financial income than servicers with lower loan balance loans.⁵

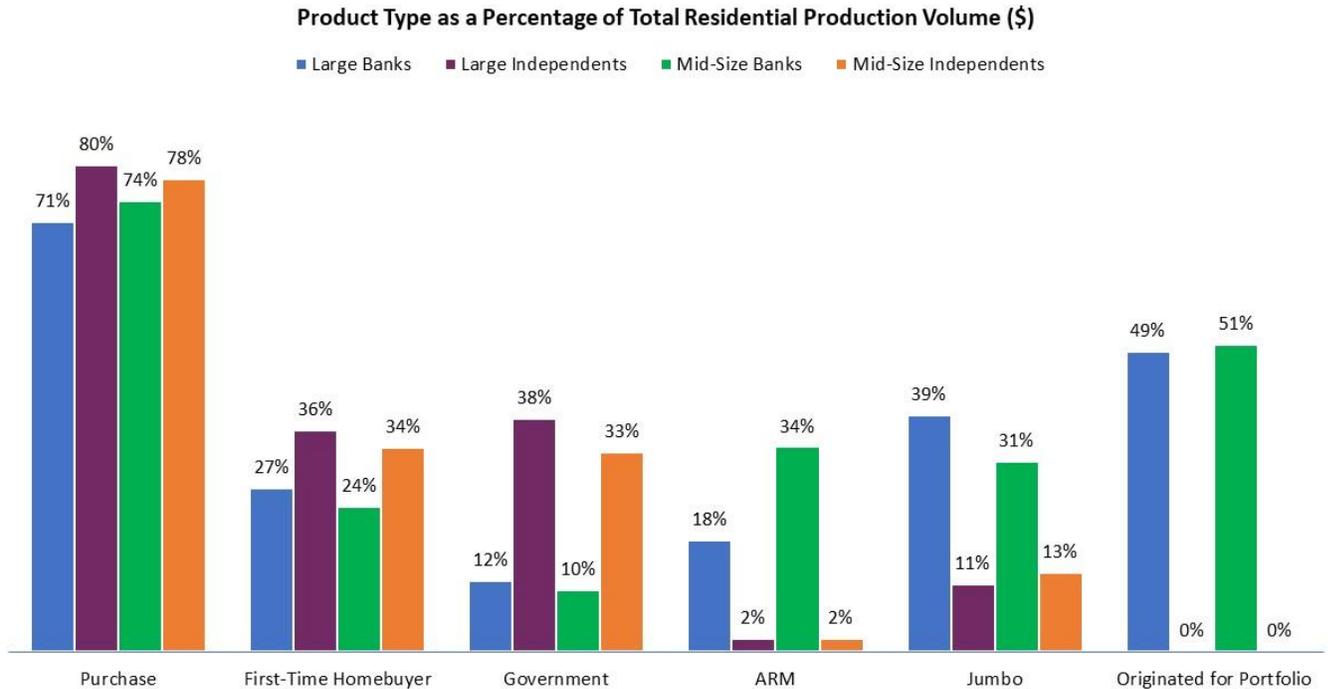
Different lenders with varying business models tend to focus on distinct types of lending. In recent years, a growing share of mortgage originations and mortgage servicing have been conducted by independent mortgage banks (IMBs), while market shares for banks and credit unions have been decreasing. More specifically, IMBs have grown to account for the vast majority of originations of government loans, while banks as a group have retained the majority of conventional jumbo loans.



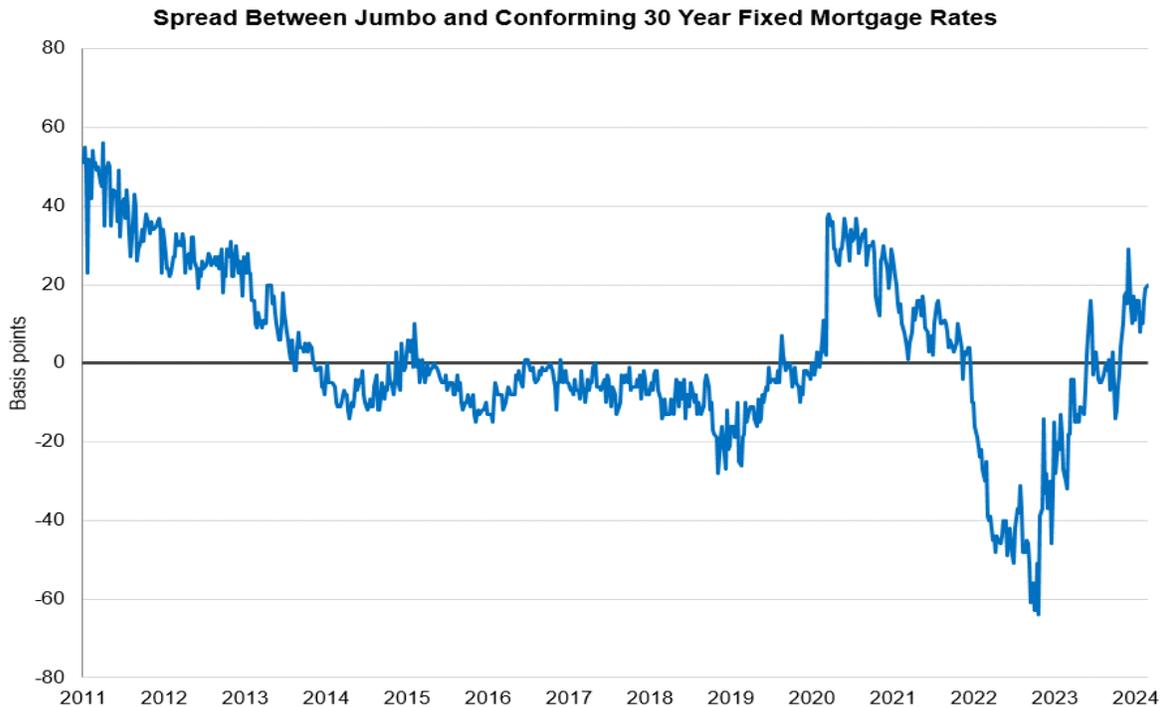
Source: MBA analysis of 2022 HMDA data

⁵ Net servicing operating income generally increased as loan balances rose because the revenue gains outweighed incremental cost increases when moving from lower to higher balance servicers. This was consistent across a high prepayment and low prepayment cycle. However, servicing financial income differed depending on the market cycle. Servicers with the highest loan balances posted the highest net servicing financial income compared to servicers with lower loan balances in 2022, when there was low prepayment activity. However, servicers with higher loan balances posted the lowest net servicing financial income in 2020 – a period of high prepayment activity.

Data from MBA's Peer Group Roundtable program show that while IMBs tend to focus primarily on government and conventional loans to first-time homebuyers, banks have concentrated more on ARMs and jumbo loans for their retail banking clients that they intend to hold on their portfolios.



Source: PGR: MBA and STRATMOR Peer Group Roundtable Program; 2022 data



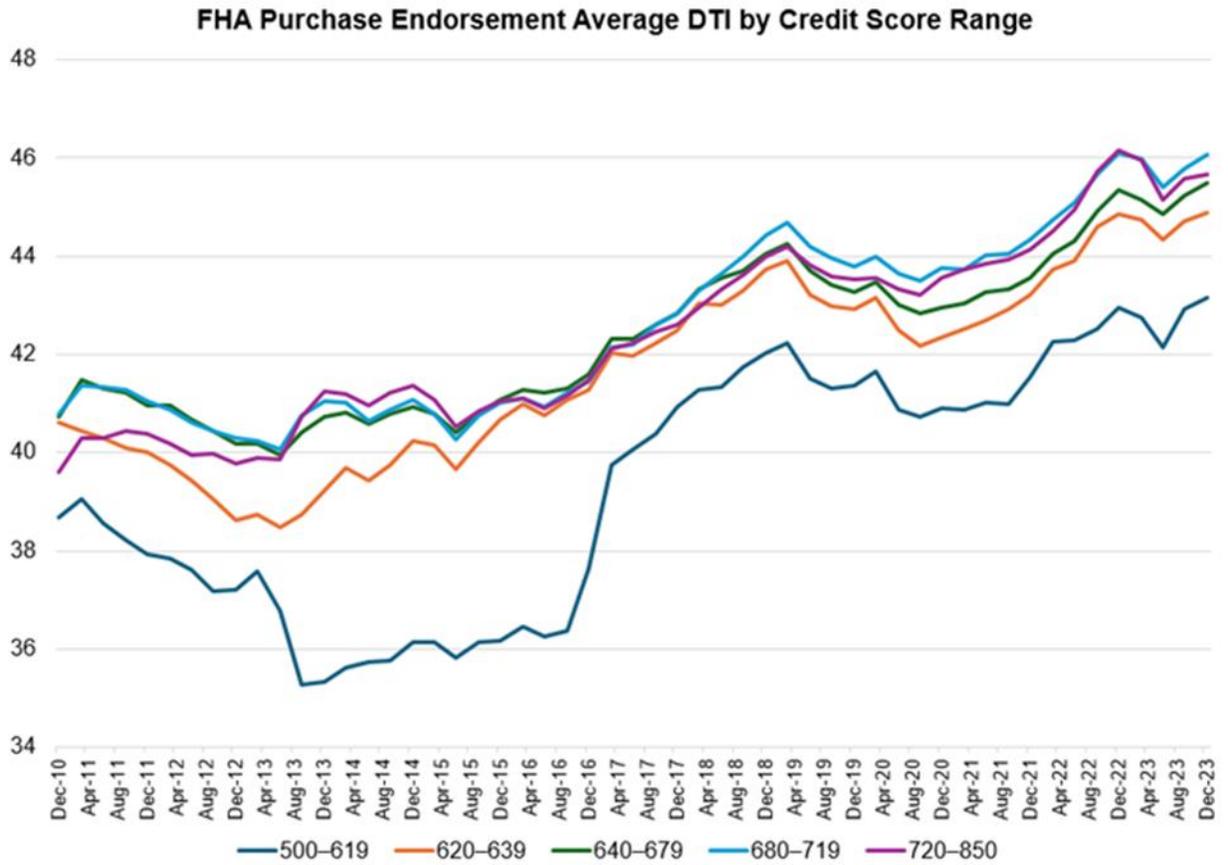
Source: MBA's Weekly Application Survey

As evident by the changing relative pricing between conforming and jumbo 30-year loans, bank appetite for holding mortgages on their portfolios has varied widely over time. Changes in the pace of deposit growth and the level of GSE guarantee fees have been among the primary drivers of these changes.⁶

Mortgage rates reached record lows below 3% for 30-year fixed-rate mortgages in late 2020 through early 2021 during the pandemic. In 2022, to combat inflation, the Federal Reserve briskly raised short-term rates and 30-year mortgage rates more than doubled in response. Over the same time period, given a lack of housing supply and brisk demand, home prices increased 39% over the 2020-2022 timeframe. The net impact was a dramatic reduction in affordability, as shown in MBA's Purchase Application Payments Index, the ratio of median principal and interest (P+I) payments from our Weekly Applications Survey to typical weekly earnings measured by the Census Bureau. Median P+I payments increased more than \$900 over this time period.

One manifestation of this declining affordability has been increasing debt to income (DTI) ratios on new originations. Homebuyers, particularly first-time buyers who do not have the ability to make larger downpayments, have been more willing to accept a higher payment burden. For FHA borrowers in particular, this is posing a noticeable increase in risk, and we are seeing FHA delinquencies increase in recent quarters. In Q4 2023, the delinquency rate on FHA mortgages increased to 10.8%, the highest rate since 2021 (when borrowers were recovering from the pandemic driven spike in delinquencies).

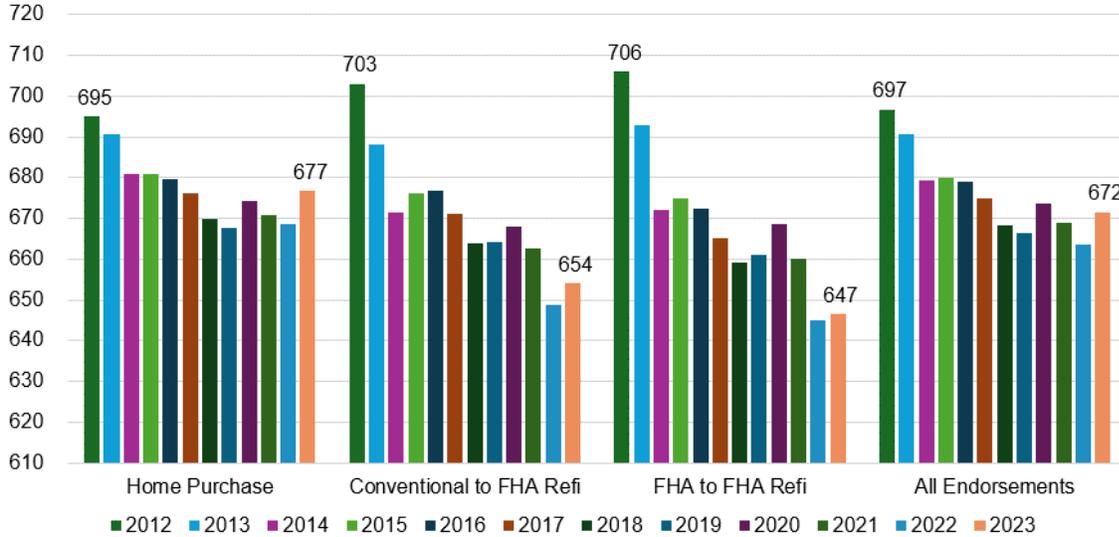
⁶ [Jumbo rates below conforming rates: When did this happen and why? - Fisher - 2021 - Real Estate Economics - Wiley Online Library](#)



Source: MBA analysis of FHA data

With these challenges to affordability, along with increasing consumer debt levels, another sign of stress in the market is a modest decrease in average credit scores in FHA and GSE new originations. While we expect a slowdown in the economy this year and an increase in unemployment, we do not anticipate more than a gradual increase in delinquency rates because of these stresses. However, a sharper slowdown in the economy could be problematic in this regard.

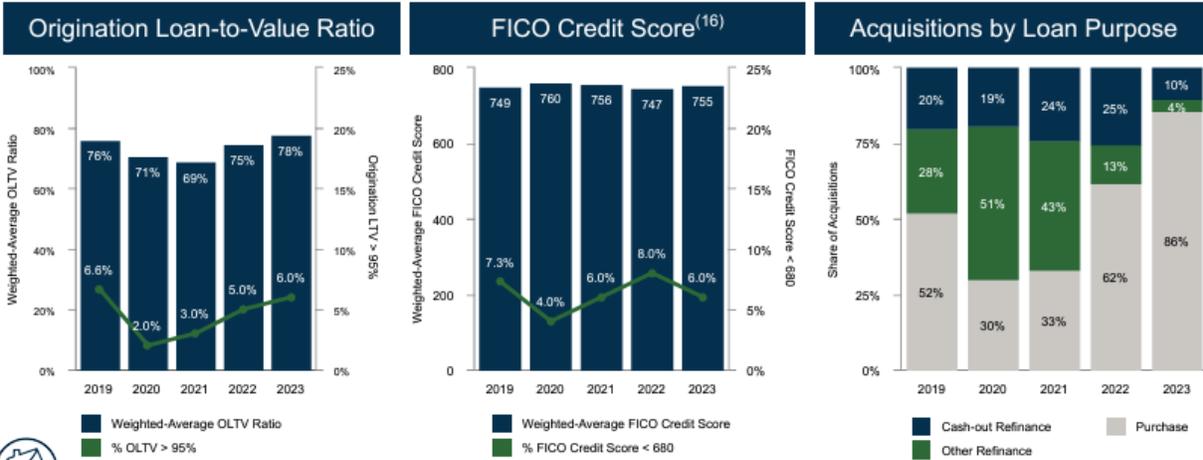
FHA Average Credit Scores on New Endorsements
 Fully underwritten only, excludes streamlines



Source: FHA

Credit Characteristics of Single-Family Conventional Loan Acquisitions

Certain Credit Characteristics of Single-Family Conventional Loans by Acquisition Period								2023 Acquisition Credit Profile by Certain Loan Features			
Categories are not mutually exclusive	Q4 2022	Full Year 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Full Year 2023	OLTV Ratio > 95%	Home-Ready ⁽¹⁸⁾	FICO Credit Score < 680 ⁽¹⁶⁾	DTI Ratio > 43% ⁽¹⁷⁾
Total UPB (Dollars in billions)	\$85.3	\$614.8	\$67.5	\$89.2	\$89.2	\$70.1	\$316.0	\$20.4	\$13.8	\$17.3	\$112.6
Weighted-Average OLTV Ratio	78%	75%	79%	78%	78%	78%	78%	97%	86%	72%	80%
OLTV Ratio > 95%	6%	5%	6%	7%	7%	7%	6%	100%	29%	3%	7%
Weighted-Average FICO ⁽¹⁶⁾ Credit Score	749	747	751	756	757	757	755	751	751	656	751
FICO Credit Score < 680 ⁽¹⁶⁾	7%	8%	6%	5%	5%	5%	6%	2%	5%	100%	6%
DTI Ratio > 43% ⁽¹⁷⁾	37%	32%	38%	34%	35%	37%	36%	38%	56%	39%	100%
Fixed-rate	98%	99%	98%	99%	99%	99%	99%	100%	100%	100%	99%
Primary Residence	91%	91%	91%	92%	93%	92%	92%	100%	100%	95%	93%
HomeReady ⁽¹⁸⁾	4%	3%	4%	4%	5%	5%	4%	19%	100%	4%	7%



© 2024 Fannie Mae

2023 Financial Supplement 12

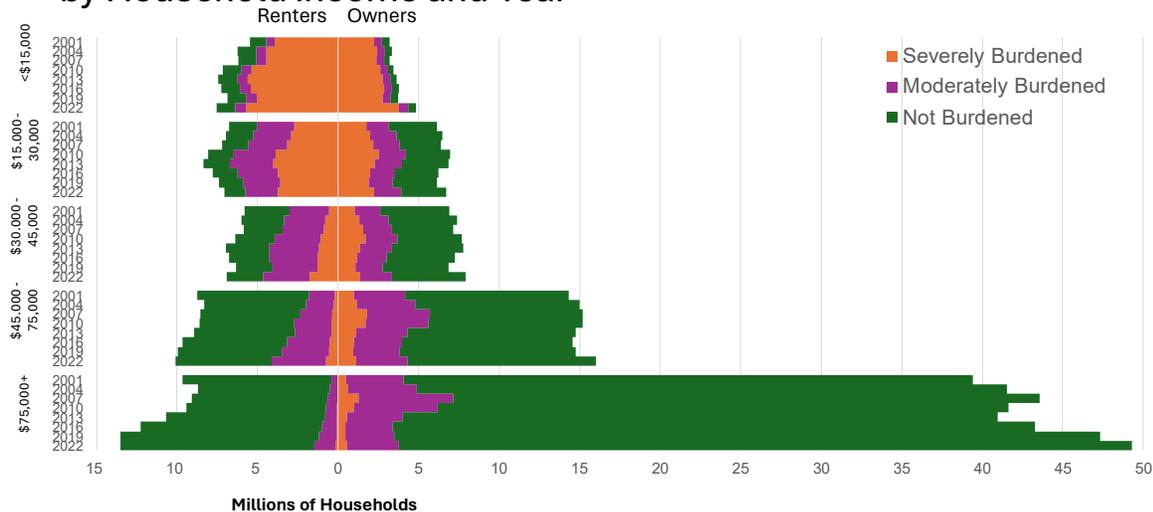
Source: Fannie Mae

The rental market

Roughly two-thirds of households own their home in this country, and another one-third are renters. Data compiled by Harvard’s Joint Center for Housing Studies shows clearly how housing burdens vary across renters and homeowners at different income levels. The Joint Center characterizes households that pay less than 30% of their income towards housing as “not burdened”, those that pay 30-50% of their income as “moderately burdened”, and those that pay more than 50% of their income as “severely burdened.” Renters tend to have lower incomes, and at each income level tend to have a higher proportion of households that are moderately or severely burdened.

For some households renting occurs during a phase of their lives where they are establishing their careers, increasing their earnings capacity, and perhaps before they start their families. However, for many households, who might live in higher cost markets, or who may not see their incomes grow substantially over time, renting may be a more permanent status. We know from multiple data sources that renter households tend to have lower incomes and substantially lower net worth than owner households.⁷

**Housing Cost Burdens for Renters and Owners,
 by Household Income and Year**



Source: Harvard Joint Center for Housing Studies

1

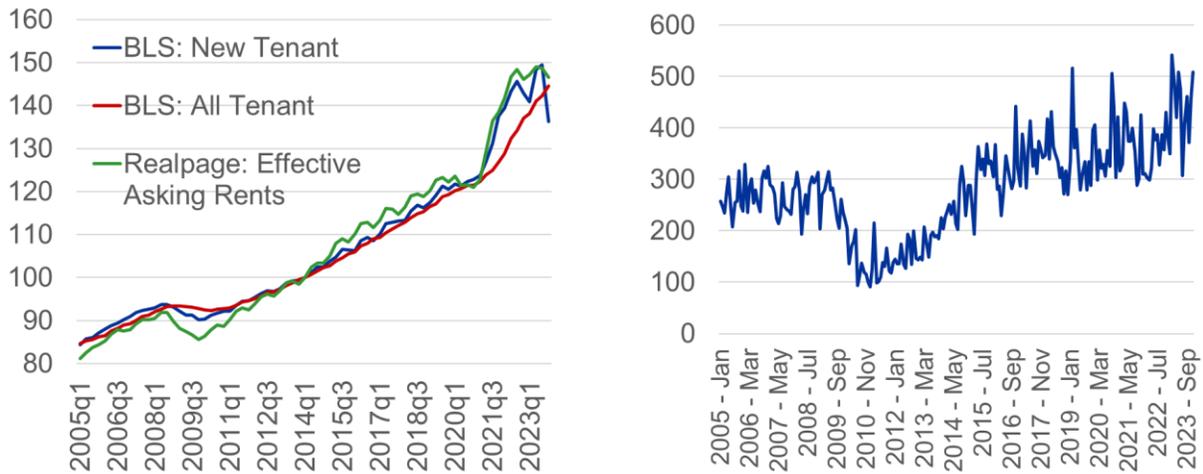
By various measures, rents in the aggregate grew substantially since the beginning of the pandemic. However, asking rents on vacant units have leveled out recently as we are seeing a large influx of new multifamily housing supply ready to hit the market. In fact, with close to 1 million apartment units currently under construction, the highest level since the early 1970s, we

⁷ [23093-research-riha-november-2021-report-wb.pdf \(mba.org\)](#), [Federal Reserve Board - Survey of Consumer Finances \(SCF\)](#)

expect a slowdown in multifamily construction over the next few years as this incremental supply is absorbed by the market. Construction activity has not been uniform, with relatively more taking place in some areas (Sunbelt markets) and relatively less in others (Midwest).

For renters, this leveling off in rents is likely to be a welcome respite. However, for property owners, it is a somewhat tougher time given the decline in rent growth at the same time as interest and other property management expenses have increased.

Multifamily: Supply/Demand Mismatch Has Switched – Perhaps Temporarily



Source: MBA analysis of BLS, Census, and RealPage data

What Type of Structure Do Renters Live In?				
Structure Type	Households	Percent	Residents	Percent
Single-Family	14,205,402	31%	40,426,498	39%
2 to 4 Units	7,891,588	17%	17,592,199	17%
5 or More Units	21,278,969	47%	40,017,878	39%
Mobile Homes	1,777,914	4%	4,675,897	5%

Other	67,971	0%	121,307	0%
Total	45,221,844	100%	102,833,779	100%

Source: NMHC analysis of 2022 ACS data

While many think of high-rise apartment buildings (in particular) when considering the rental housing market, in fact, the majority of renters in the country live in 1–4-unit properties. The single-family rental (SFR) market has always been an important part of the rental housing picture. It has garnered increased attention in recent years as some institutional investors have entered this market which has traditionally been dominated by small (“mom and pop”) investors.

Following the GFC, with foreclosure inventories at record levels, home prices dropping in much of the country, and housing demand quite low, some institutional investors saw an opportunity to buy homes in bulk, with a goal to potentially sell as home prices rebounded. Since that time, some of these investors have continued to purchase or hold onto these homes with a view to earn from them as income investments, similar to how other investors would invest equity in the multifamily market.

Taken together at the national level institutional investors hold a relatively small share of all single-family homes in the country. However, understandably given the economies for the business of concentrating their holdings in certain pockets within certain metro areas, these investors do hold a higher share of investment properties in some areas including Dallas, Houston, Atlanta, and Phoenix.⁸

Another aspect of this market is that some institutional investors are now purchasing newly constructed homes directly from builders, a “Single-family built-for-rent” (SFBFR) market. NAHB estimates that SFBFR purchases in 2023 accounted for roughly 8% of single-family housing starts.⁹

⁸ See CoreLogic analysis of property records data.

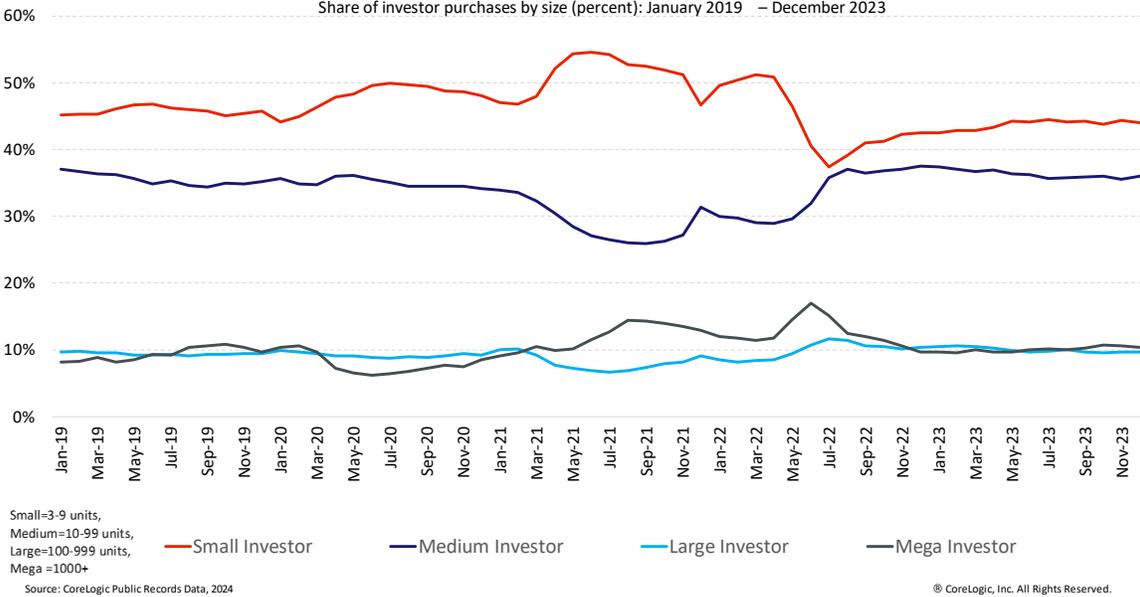
⁹ [Strong Quarter for Single-Family Built-for-Rent Construction | Eye On Housing](#)

Share of single-family home purchases made by investors by month and Monthly Price Appreciation: January 2019 – December 2023



Most Investors are small investors, though larger investors have increased their presence

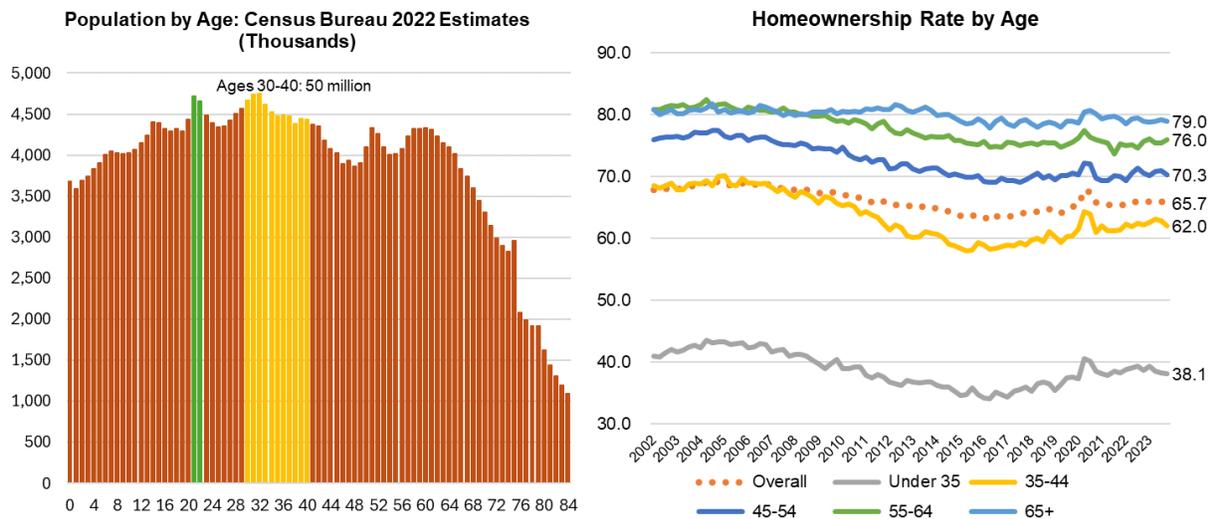
Share of investor purchases by size (percent): January 2019 – December 2023



Supply challenges

The biggest challenge in today’s housing market is the lack of housing inventory. While the demographic fundamentals of the market continue to support strong housing demand for the next several years, the market is millions of units short of that needed to support this demand.

Demand: Demographic Support for Home Purchases



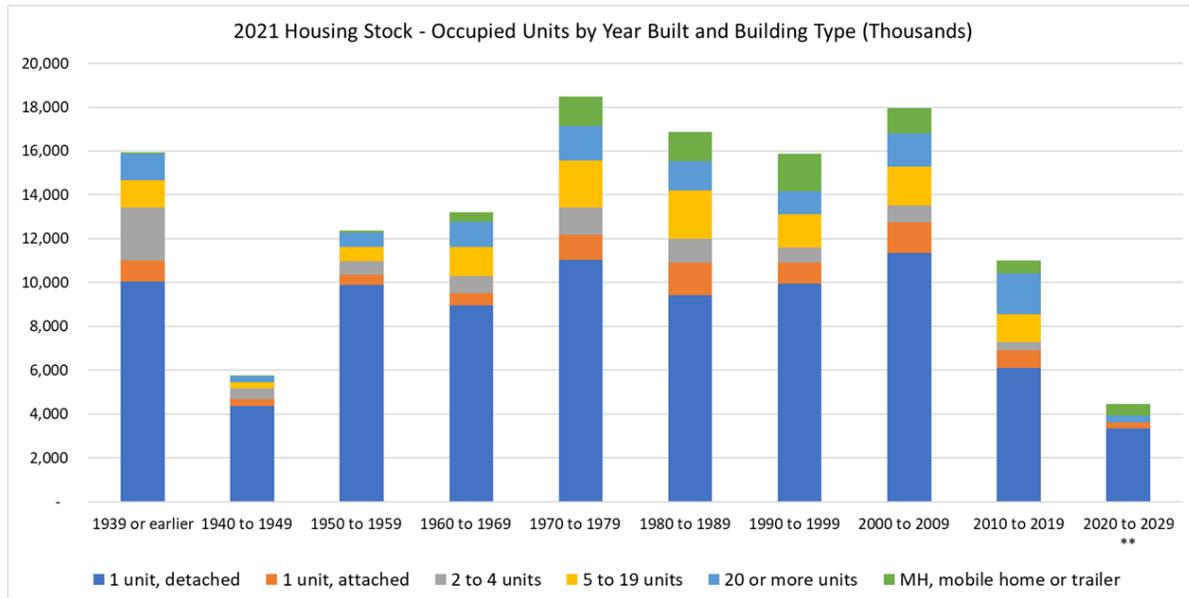
Source: MBA analysis of Census Bureau data

The U.S population currently has about 50 million individuals between the ages of 30 and 40. This large Millennial cohort is in the ages where household formation is at its peak, and we are seeing roughly 1.5 million households formed each year. It is important to note that this is also the age range at which the homeownership rate jumps higher, from 38% for those under 35, to 63% for those 35-44. We expect that this demographic demand will continue to support the housing market.

It is important to note that Baby Boomers are reaching the age at which we would expect their housing demand to begin to decline. We expect that Boomer households will net supply about 250 thousand housing units per year over the next decade, a welcome addition to housing inventory.¹⁰

¹⁰ See this report by Professor Gary Engelhardt: [23976_research_riha_silver_tsunami_report_wb.pdf](https://www.mba.org/research/23976_research_riha_silver_tsunami_report_wb.pdf) ([mba.org](https://www.mba.org))

Structural Undersupply of Housing

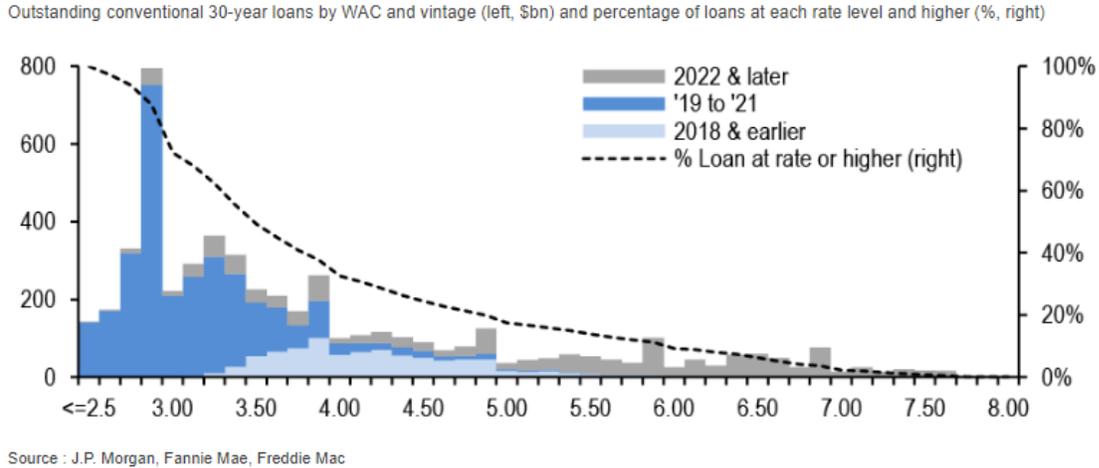


Source: MBA analysis of Census Bureau data

This strong demand has run into a structural undersupply in the housing market. While this country built 16-18 million housing units of all types per decade from 1970-2009, following the GFC, in the next decade, only 11 million units were built. With the interruption from the pandemic, we are also running short of the needed supply thus far this decade. While estimates of the needed supply vary widely, it is clear that we are millions of units behind at this point. And even though we expect to see a large delivery of multifamily units over the next few years, this will not resolve the broader lack of inventory that we see across the country.

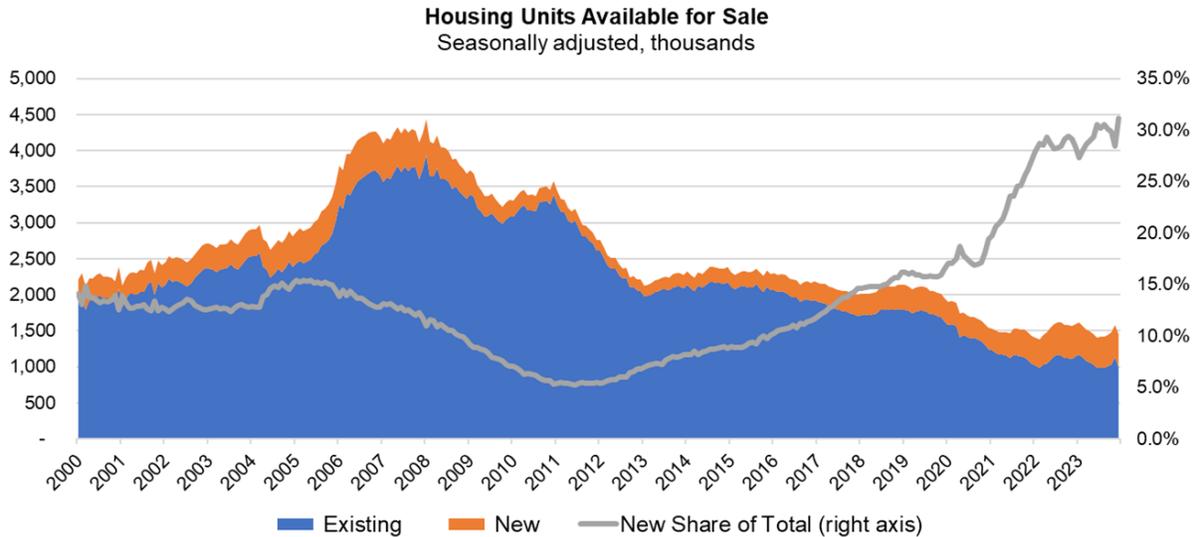
The recent trend in mortgage rates has exacerbated this supply shortfall. With the record low mortgage rates during the pandemic, many homeowners refinanced and locked in much lower housing payments. While this certainly has helped them strengthen their balance sheets, this “lock in” effect has also made them less interested in selling their current homes, as it would necessitate them taking on a new mortgage at a much higher rate.

Figure 20: A sliver of the conventional 30yr market (mostly 6s-7s) moves in the money in our base case



While existing home inventory is quite constrained, with about 1 million homes for sale nationwide, about 3.5 months' supply at the current sales pace, builders have certainly picked up their pace of construction, and new homes now account for roughly one-third of homes on the market. This compares to a more typical 10% share of total home inventory historically.

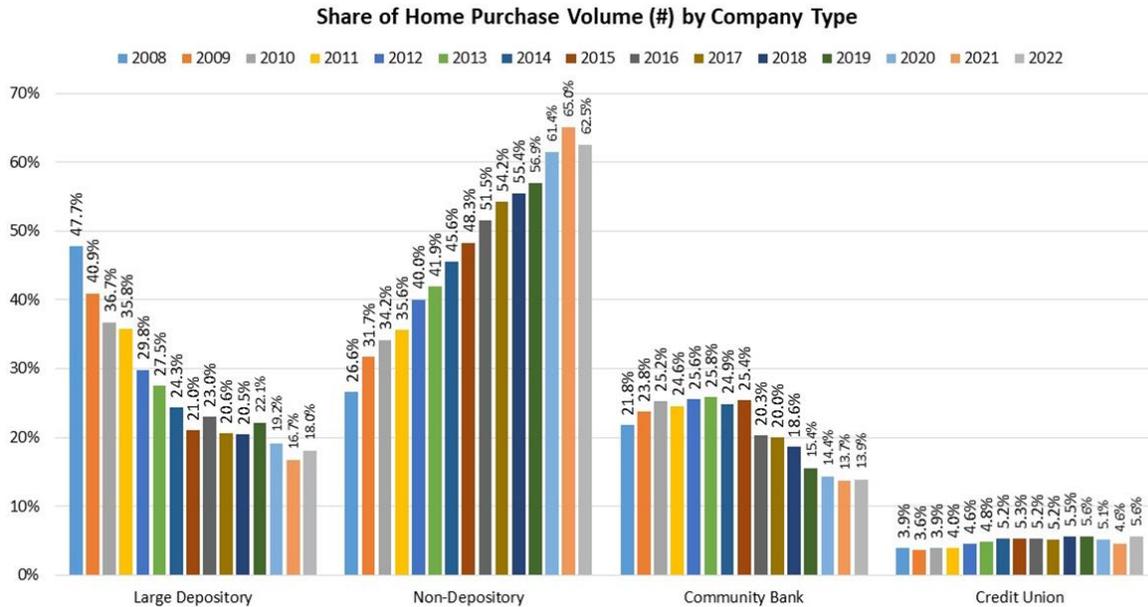
New Home Sales Accounting for Growing Share of Inventory



Source: MBA analysis of Census Bureau and NAR data

Regulatory and other challenges

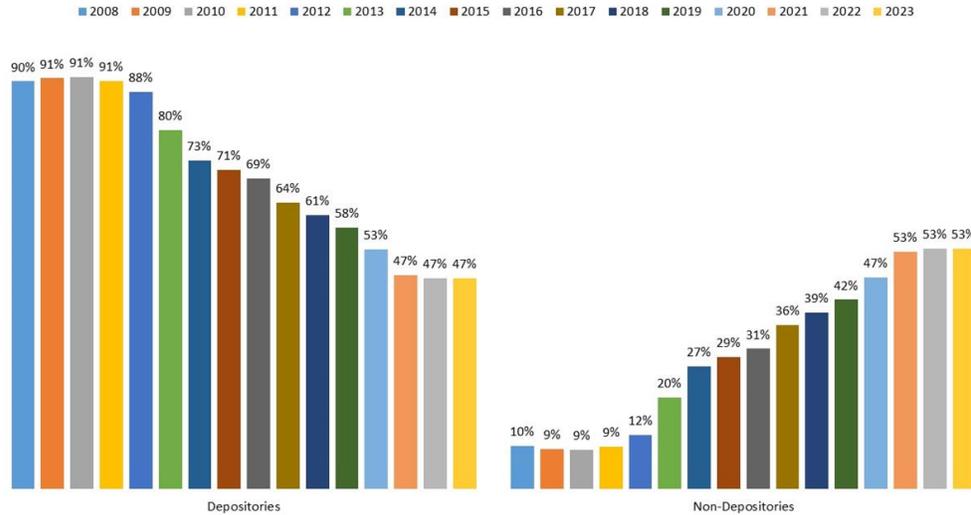
Post GFC, the mortgage market has changed significantly with respect to the types of companies originating and servicing loans, with a pronounced shift away from depositories, particularly large banks, towards non-depositories/IMBs. While many of the consumer-facing mortgage regulations that were part of the Dodd-Frank Act apply equally across lender types, additional regulation, notably including capital requirements, have played a significant role in this shift, as the mortgage business has become much less attractive for many banks.¹¹



Source: MBA analysis of HMDA data

¹¹ [Why Have Banks Stepped Back from Mortgage Servicing? \(internationalbanker.com\)](https://www.internationalbanker.com/why-have-banks-stepped-back-from-mortgage-servicing/)

Who Are the Mortgage Servicers?



Source: MBA's National Delinquency Survey

MBA is concerned that the recent Basel III “Endgame” proposal would only accelerate this trend. In particular, MBA’s comment letter highlighted the overly conservative risk weights on mortgage loans (particularly for low downpayment loans favored by first-time homebuyers, and the lack of benefit for loans with mortgage insurance), the punitive treatment of mortgage servicing rights (MSRs), and the burdensome treatment of warehouse lending as being particularly negative for the mortgage market.¹² Warehouse lending involves the use of short-term revolving credit facilities extended by financial institutions to mortgage loan originators for the funding of mortgage loans.

The Basel Endgame proposal would increase capital requirements on all three types of mortgage activity by banks – low downpayment loans held on balance sheet (e.g., Community Reinvestment Act loans), mortgage servicing, and warehouse lending – and poses a significant risk to the stability of the housing finance market if it is not modified across *all* of these dimensions.

Increasing Cost of Property Insurance

With the rising incidence of severe storms and wildfires¹³, coupled with rising replacement costs for structures and increasing legal costs in some jurisdictions, property insurance premiums have jumped for many prospective and current homeowners. For prospective homebuyers, this increase in the cost of insurance can impede their ability to qualify for a mortgage. For current

¹² [MBA Comment Letter on the Banking Agencies’ Basel III Endgame NPR | MBA](#)

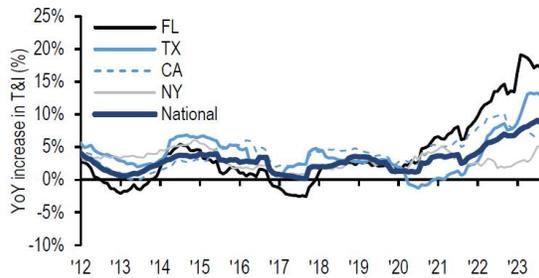
¹³ MBA’s Research Institute for Housing America (RIHA) has commissioned several research papers regarding the potential impact of climate risk on housing and mortgage markets: [22847-research-riha-september-2021-report-wb.pdf \(mba.org\)](#), [24981-riha-climate-change-volume-1.pdf \(mba.org\)](#), [24981-riha-climate-change-volume-2.pdf \(mba.org\)](#)

homeowners, who had thought they had locked in a relatively fixed mortgage payment over time, the jump in insurance premiums can lead to real stress.

Moreover, certain insurance carriers have also limited their participation in some states given the increases in risk and costs. Although these increases in premia and reductions in availability of insurance have been concentrated in certain markets at this point, the concerns regarding property insurance continue to build for our lender members in the residential, multifamily, and commercial sectors – and for all their customers. MBA certainly appreciates focus on this issue by a range of policymakers, including (but not limited to) this subcommittee, HUD, the Treasury Department, and FHFA.

Figure 4: Property insurance premiums have been rising over the past few years as a result of more frequent natural disasters and climate change

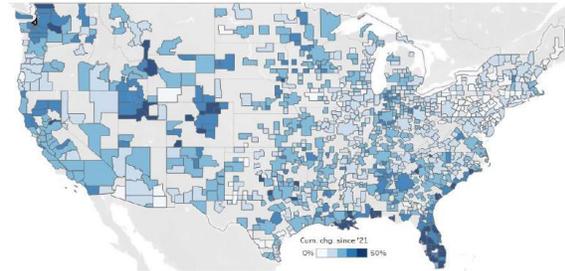
YoY increase in T&I payment (%) for FL, TX, CA, NY and at the national level



Source: J.P. Morgan, Black Knight

Figure 5: States like FL, CA and TX have seen a higher increase in T&I costs, rising 20-45% cumulatively over the last three years

Cumulative increase in T&I payments since 2021 by MSA (%)



Source: J.P. Morgan, Black Knight

Percentage Increase in Homeowners Insurance Premium

Among Guaranteed Rate Insurance Customers

2022 - 2023



Source: National Mortgage News, Guaranteed Rate

Concluding thoughts

The U.S. housing and mortgage markets are large, complex, and multi-faceted. Keeping these markets healthy and dynamic remains an important consideration for the strength of the broader economy. Whether families currently rent, are hoping to purchase their first home, or are current owners working to maintain their investment, there are numerous challenges to affordability and sustainability within today's individual housing markets across our country.

Thank you again for the opportunity to walk through these latest market trends with you. I look forward to your questions.