

Real Estate and Economic Outlook

Lawrence Yun, Ph.D.

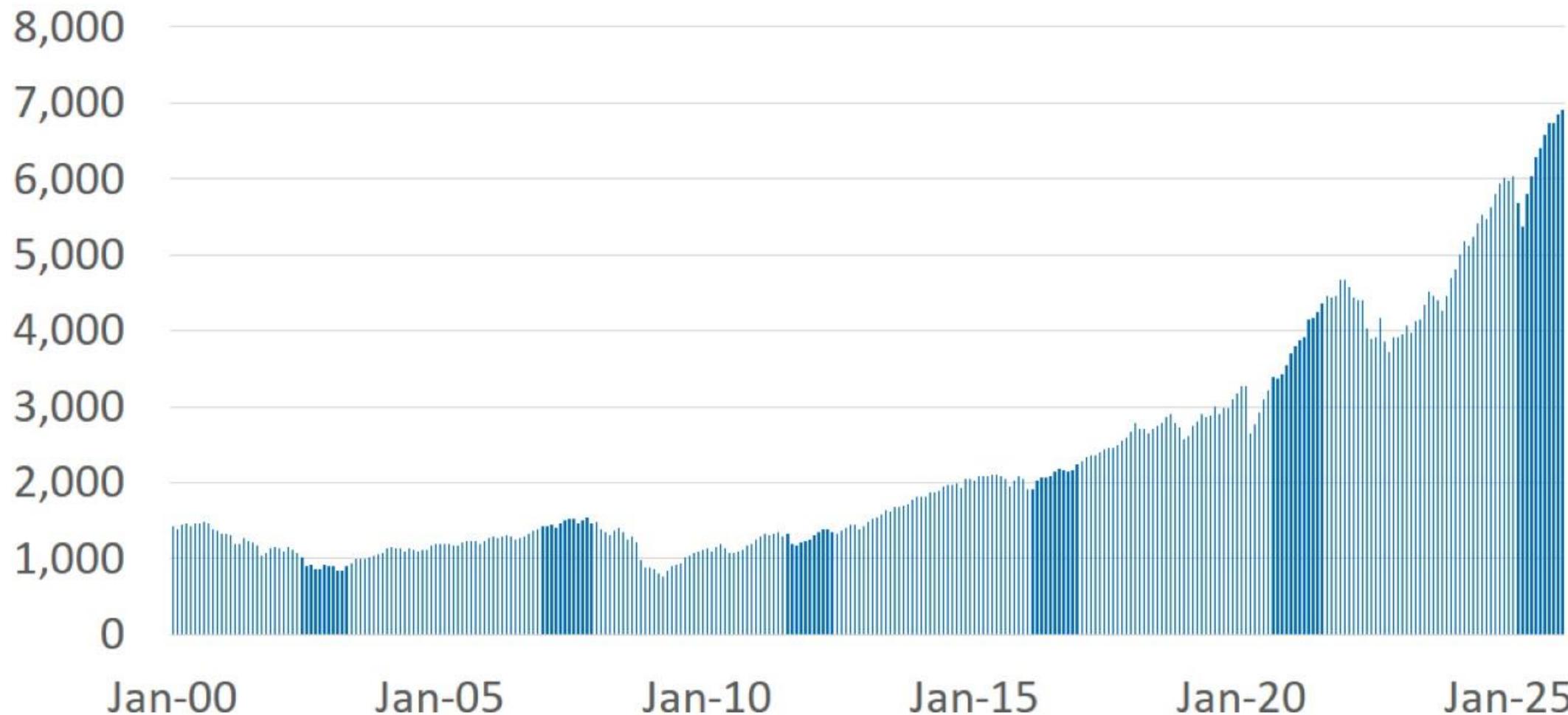
Chief Economist

National Association of REALTORS®

Headed to Economic Recession?

- **No data to confirm during the Government Shutdown**
- **Near Record Stock Market Wealth but overvalued?**
- **Near Record Housing Wealth (appears on solid ground)**
- **Job Gains were weakening**
- **Consumers not happy**
- **Consumers are defaulting on loans**

Stock Market ... S&P 500 Index



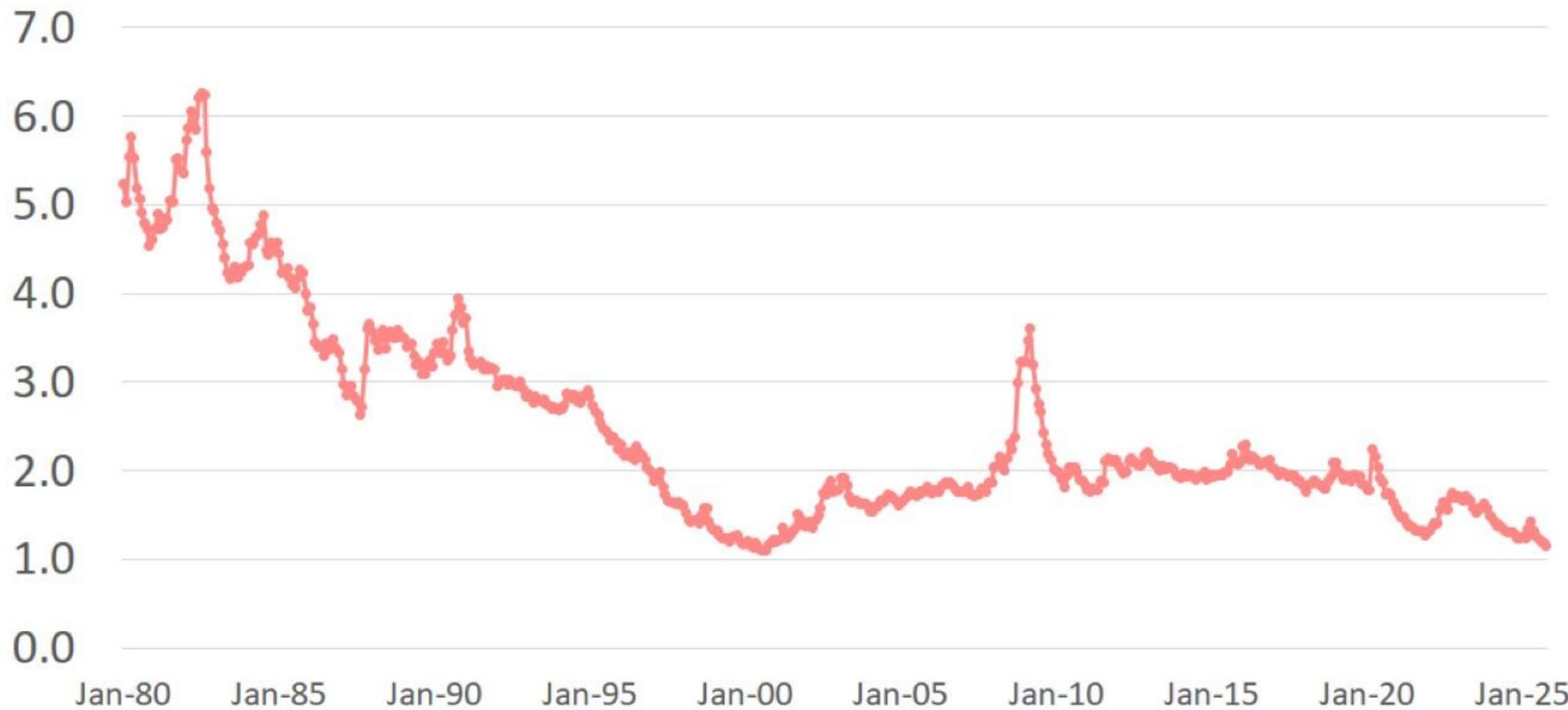
Source: Standard & Poor's

Warren Buffett Ratio ... Indicating Very High Valuation (S&P 500 Market Capitalization to Nominal GDP)



Source: NAR calculation

Stock Dividend Yield



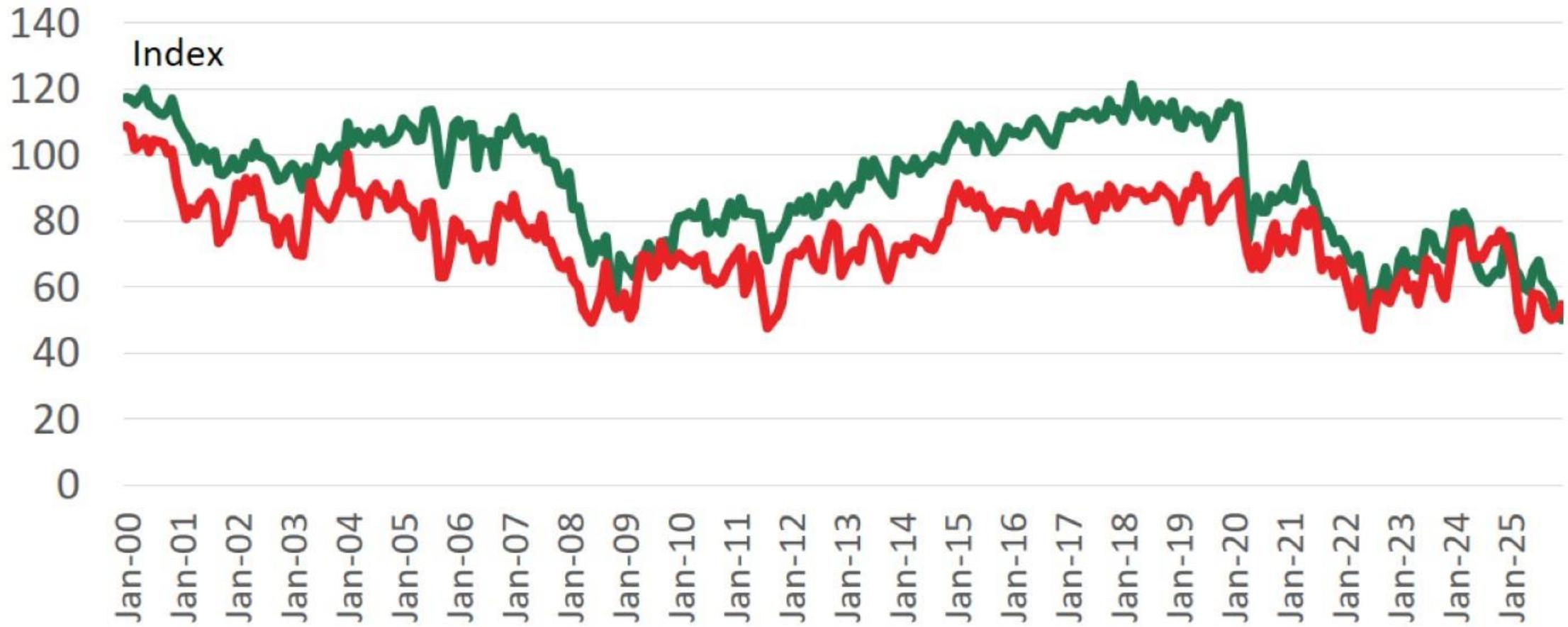
Source: Standard & Poor's

Consumer Sentiment (Overall Index)



Source: University of Michigan

Consumer Sentiment about Future and Present



Source: University of Michigan

Auto Loan 90+ Days Delinquency



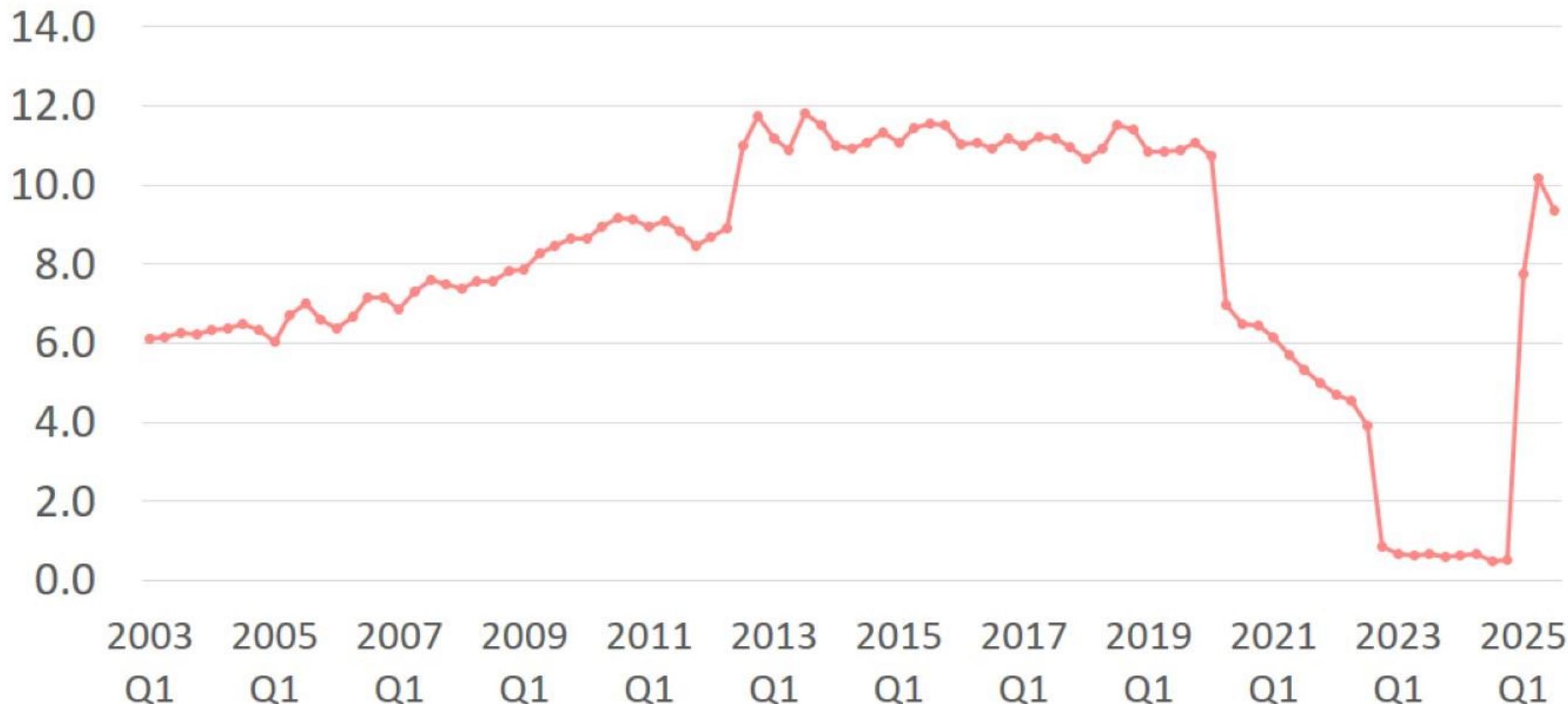
Source: Federal Reserve Bank of NY

Credit Card 90+ Days Delinquency



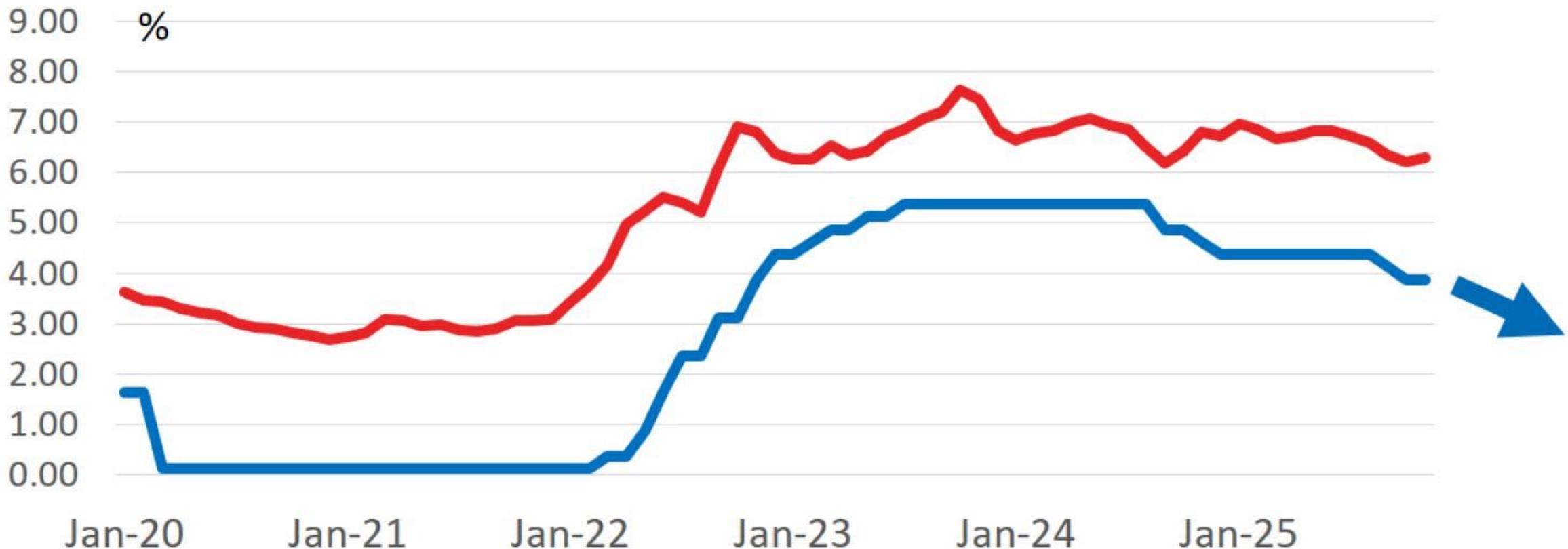
Source: Federal Reserve Bank of NY

Student Debt 90+ Days Delinquency



Source: Federal Reserve Bank of NY

Mortgage Rates (red) ... near 6% Fed Funds Rate (blue)



Source: Federal Reserve and Freddie Mac Mortgage Rate

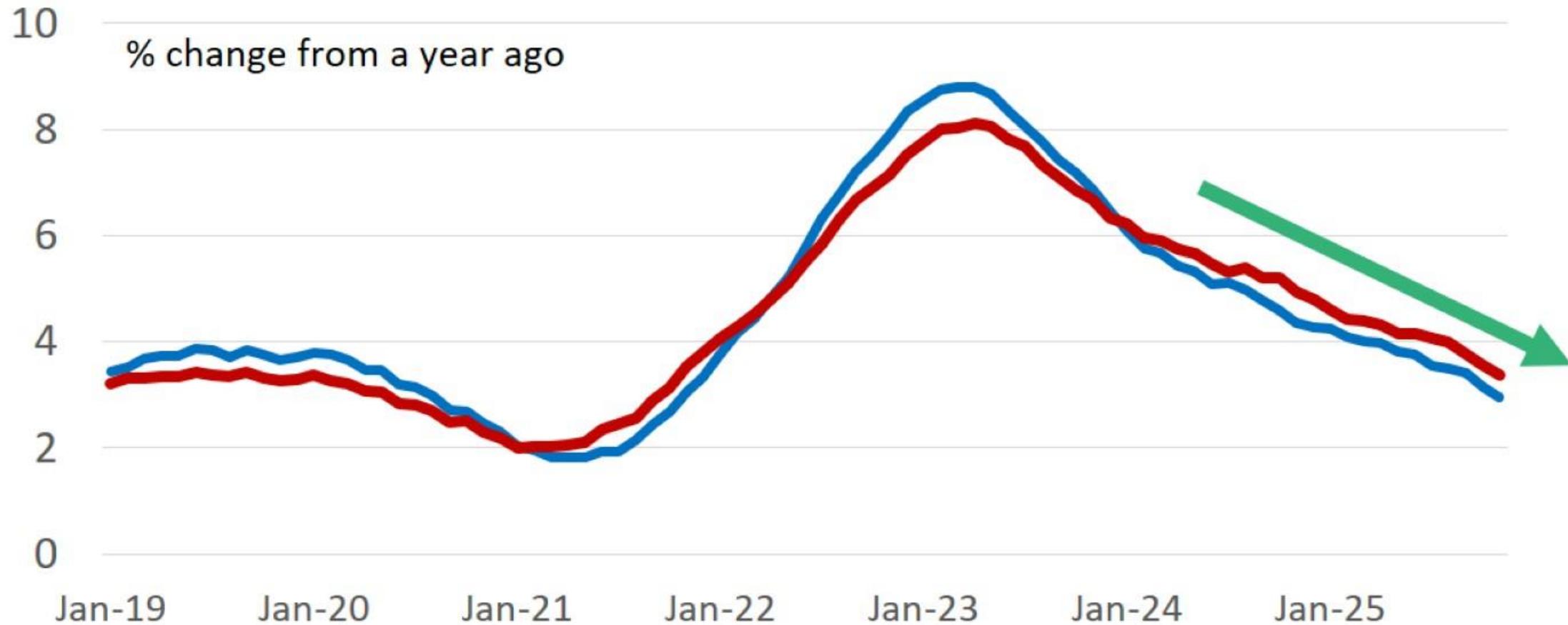
Consumer Price Inflation at 2.7% in November But still above 2% target



Source: BLS (missing data in Oct. is assumed as midpoint rate of Sep. and Nov.)

Housing Shelter Cost Rising at 3.0% ... Decelerating

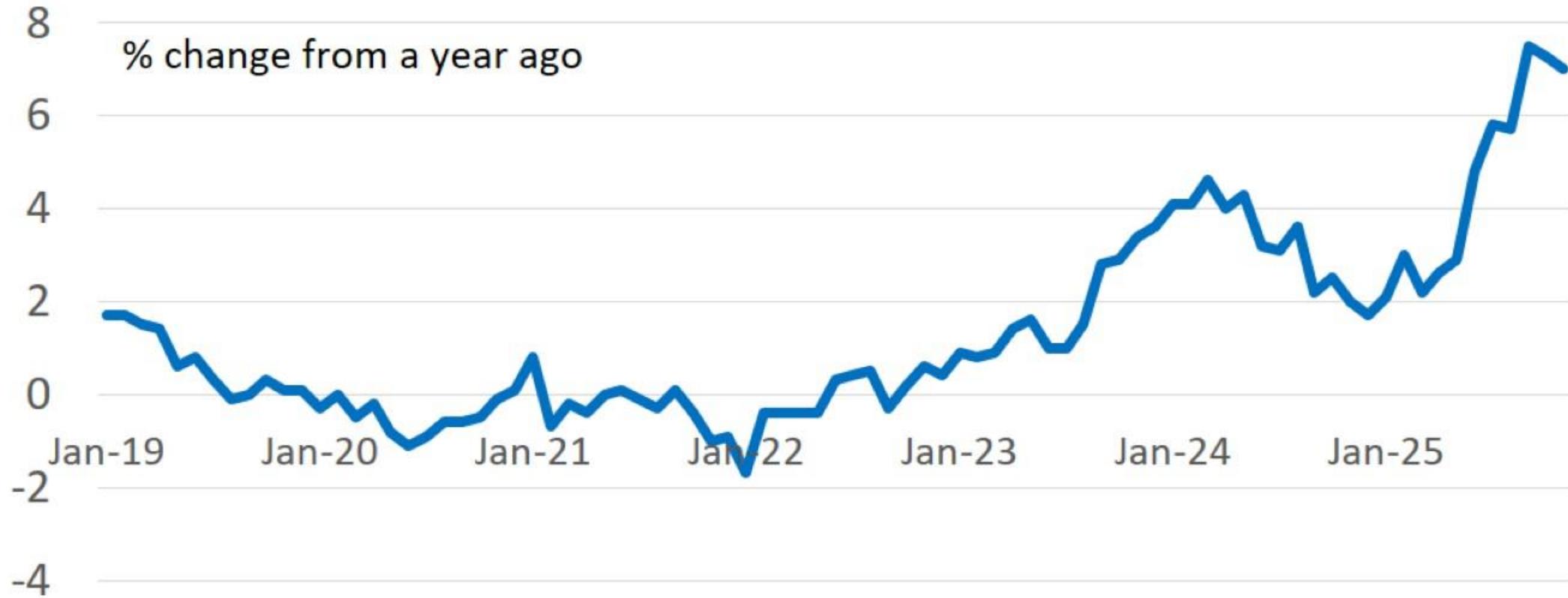
Renters' Rent (blue) and Owners' Equivalency Rent (red)



Source: BLS (missing data in Oct. is assumed as midpoint rate of Sep. and Nov.)

Home Insurance Cost Rising at 7%

Tenants' and Household Insurance



Source: BLS (missing data in Oct. is assumed as midpoint rate of Sep. and Nov.)

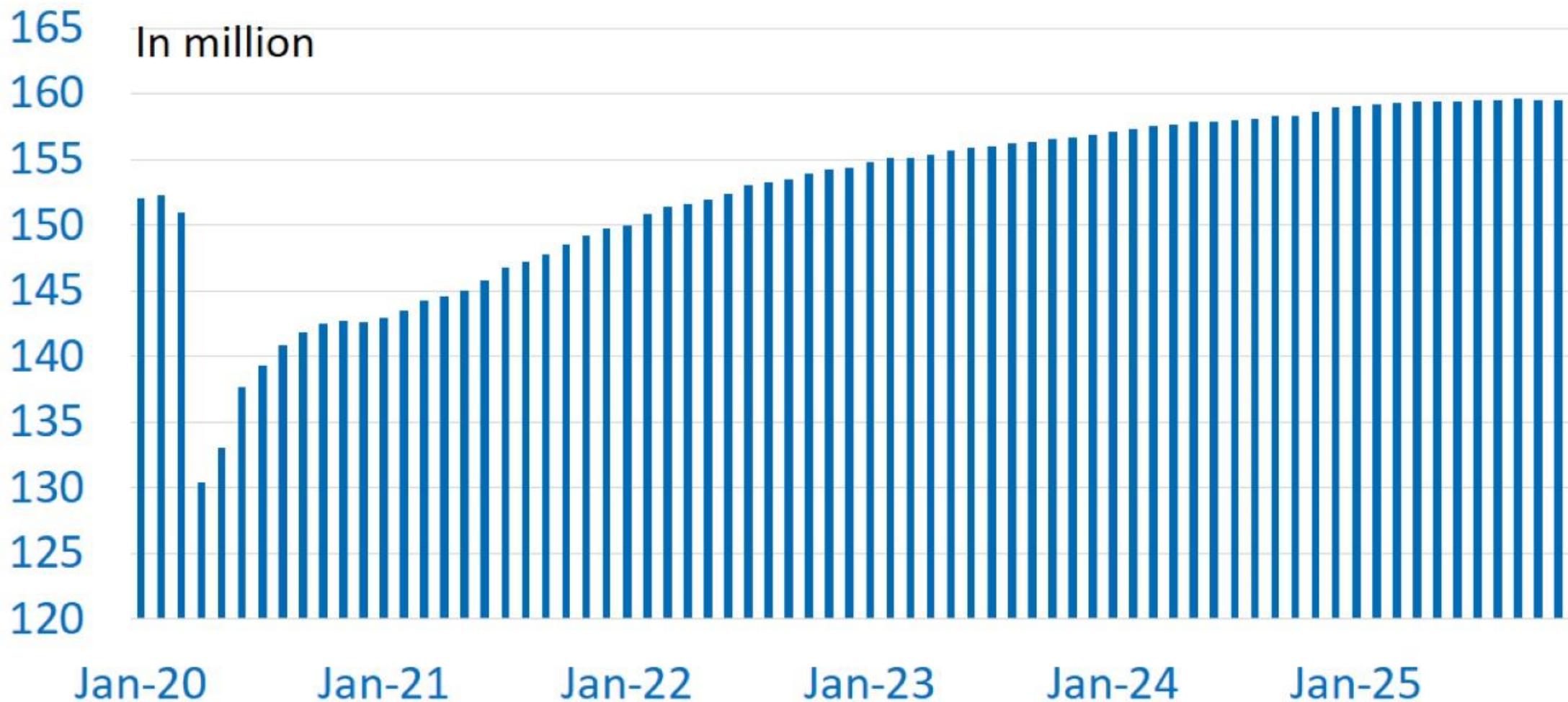
Gold Price Reflecting ... Permanently Higher Inflation?



Source: Wall Street Journal (price per troy ounce)

Total Payroll Jobs to November 2025

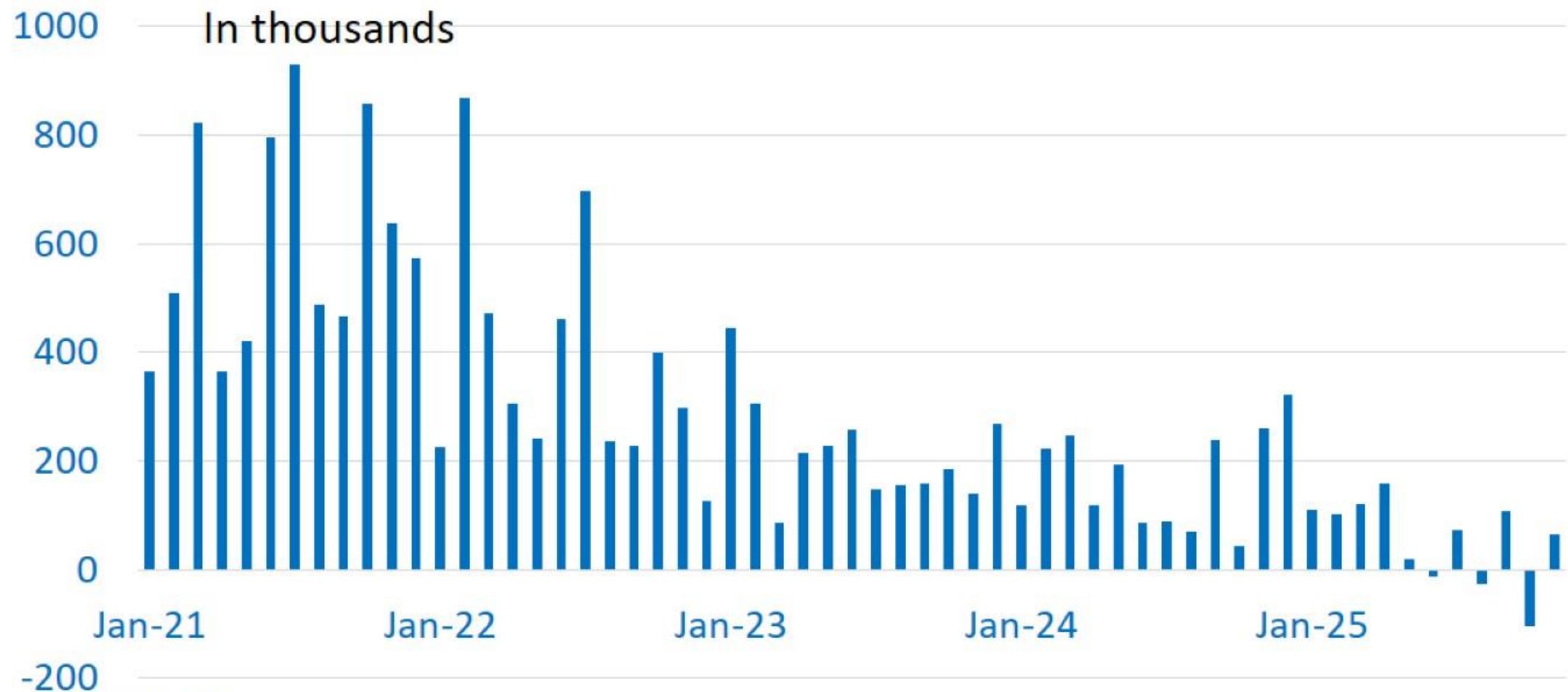
+7.3 Million More Jobs from Pre-COVID Highs



Source: BLS

Monthly Net Job Changes

... circling near zero net in recent months



Source: BLS

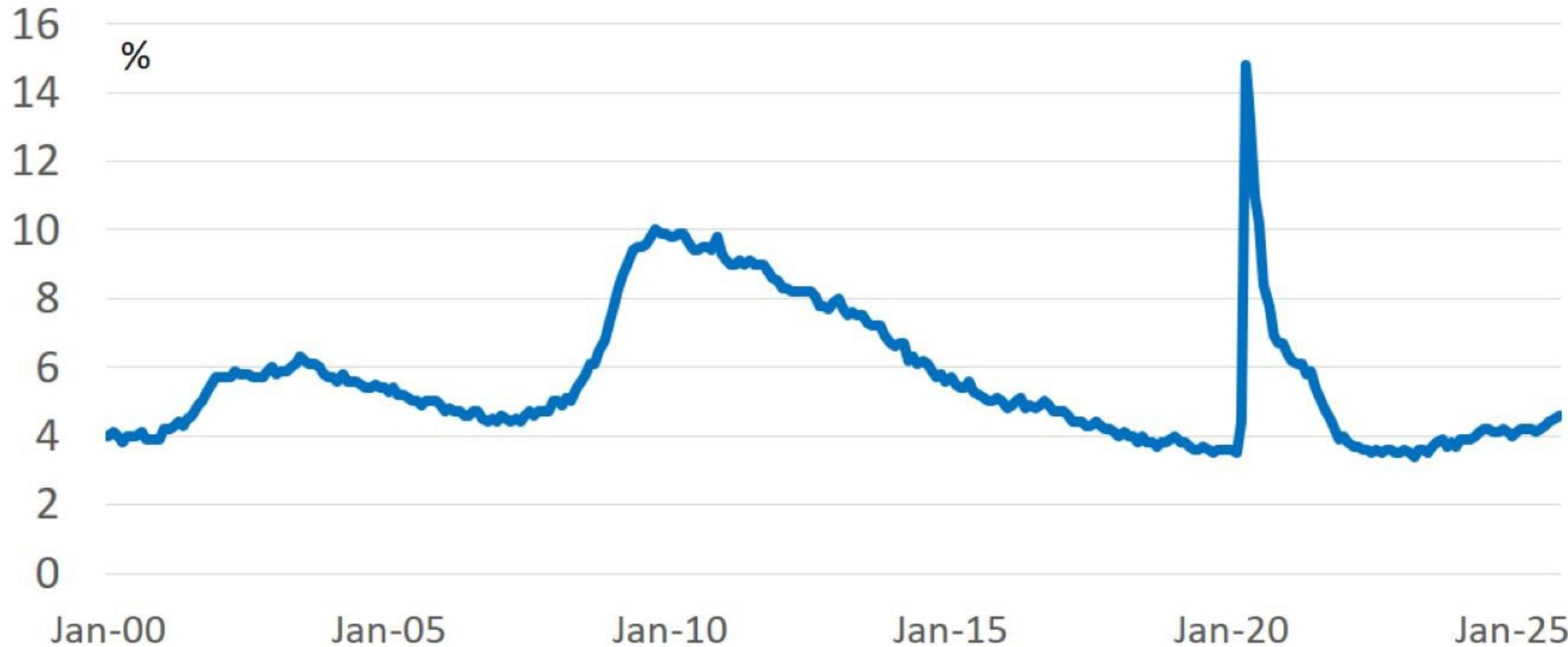
Federal Government Jobs

(tumbling down ... 240,000 fewer from peak in December 2024)



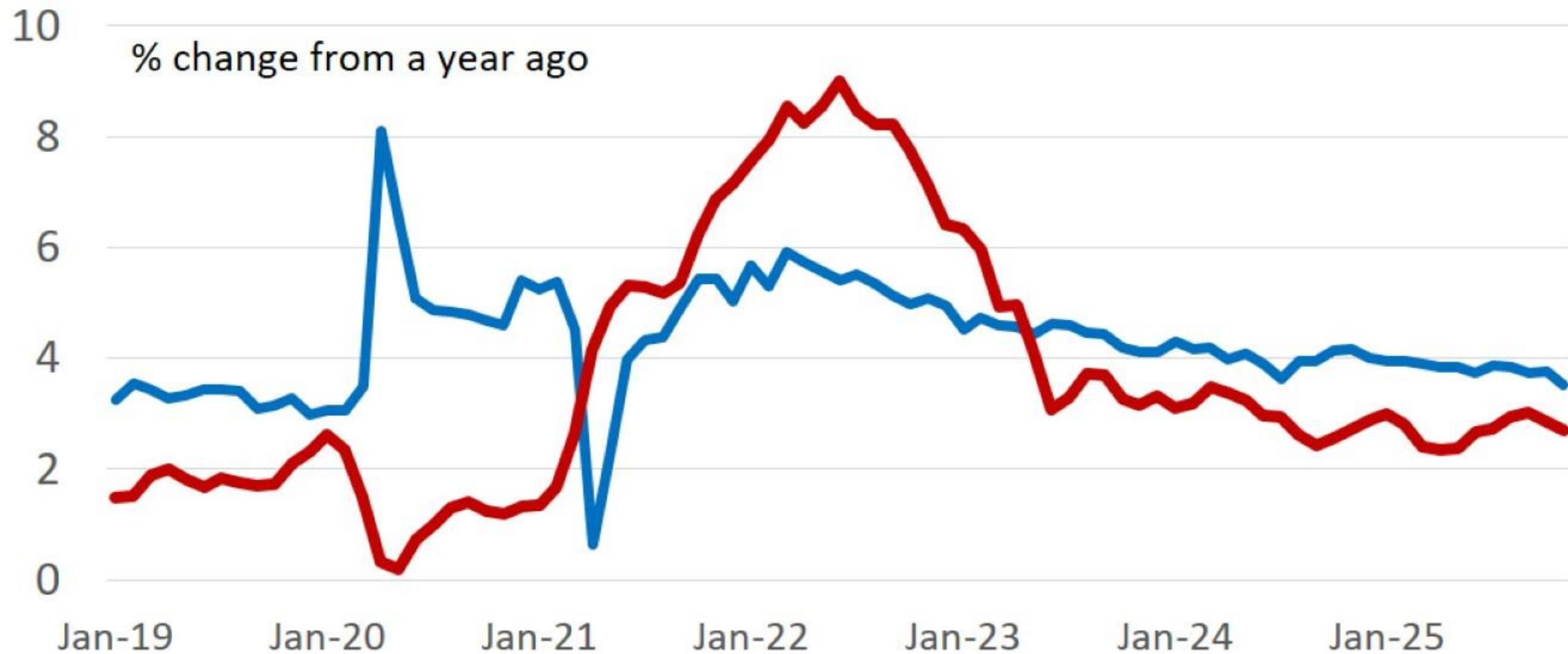
Source: BLS

Unemployment Rate of 4.6% as of November



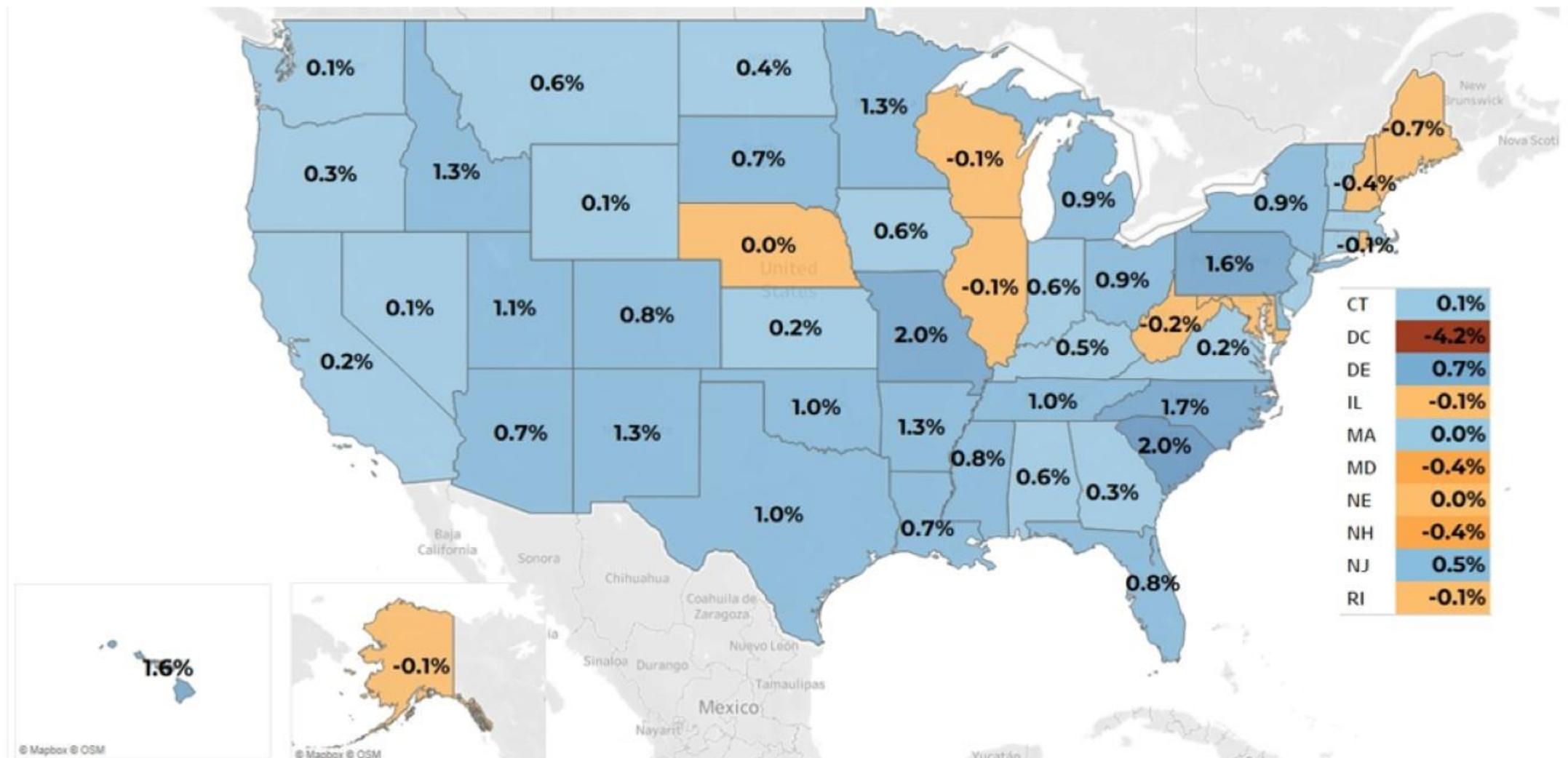
Source: BLS (October data missing but imputed as average of Sep. and Nov.)

Wage Rate Rising at 3.5% (blue) Faster than Consumer Prices at 2.7% (red) in November



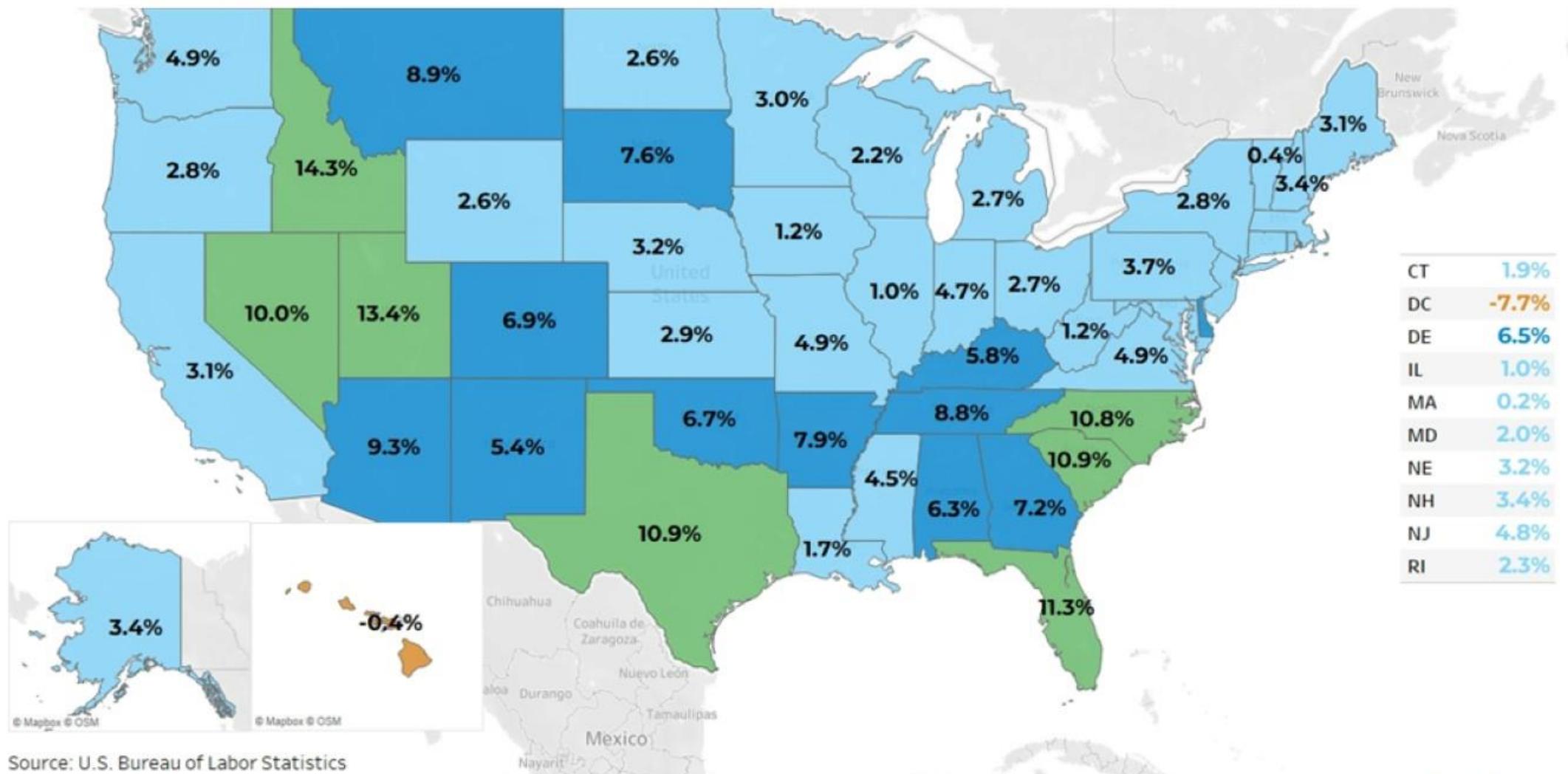
Source: NAR calculation of BLS data

One-year Payroll Job Gain (% change Nov. 2024 to Nov. 2025)



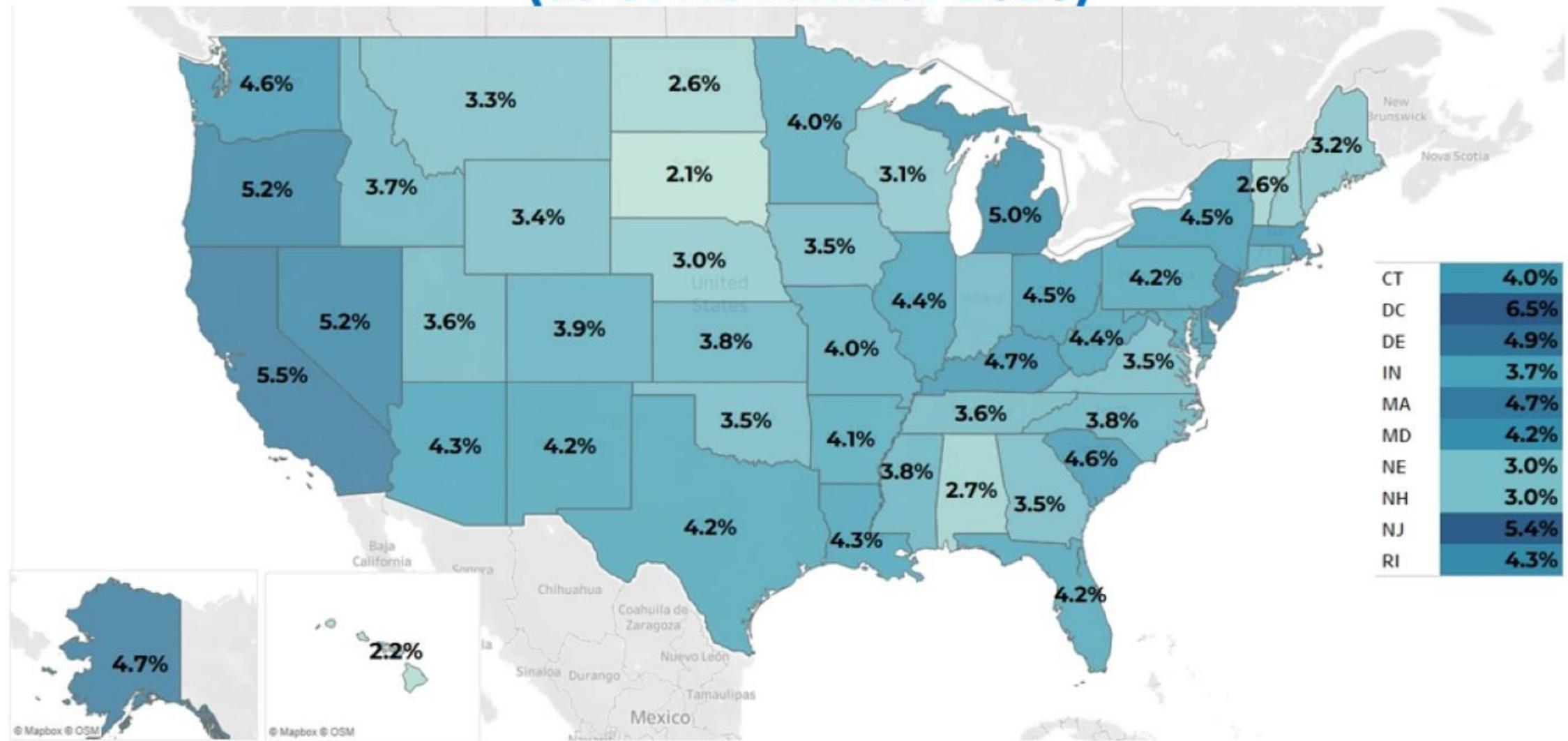
Source: NAR Analysis of BLS data

Job Gains Since Pre-COVID Record High Payroll Employment (% change from March 2020 to November 2025)



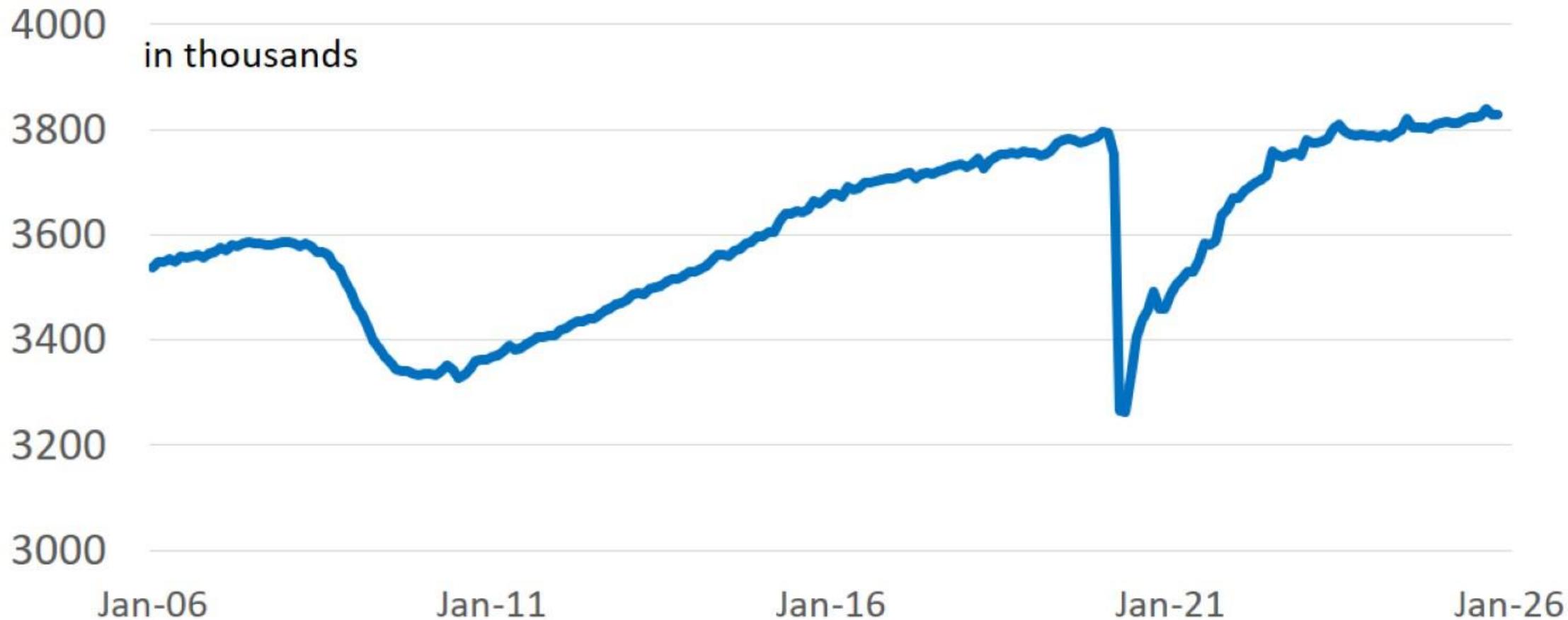
Source: NAR Analysis of BLS data

State Level Unemployment Rates (as of November 2025)



Payroll Jobs in Chicagoland

(Metro Division of Chicago-Naperville-Schaumburg)

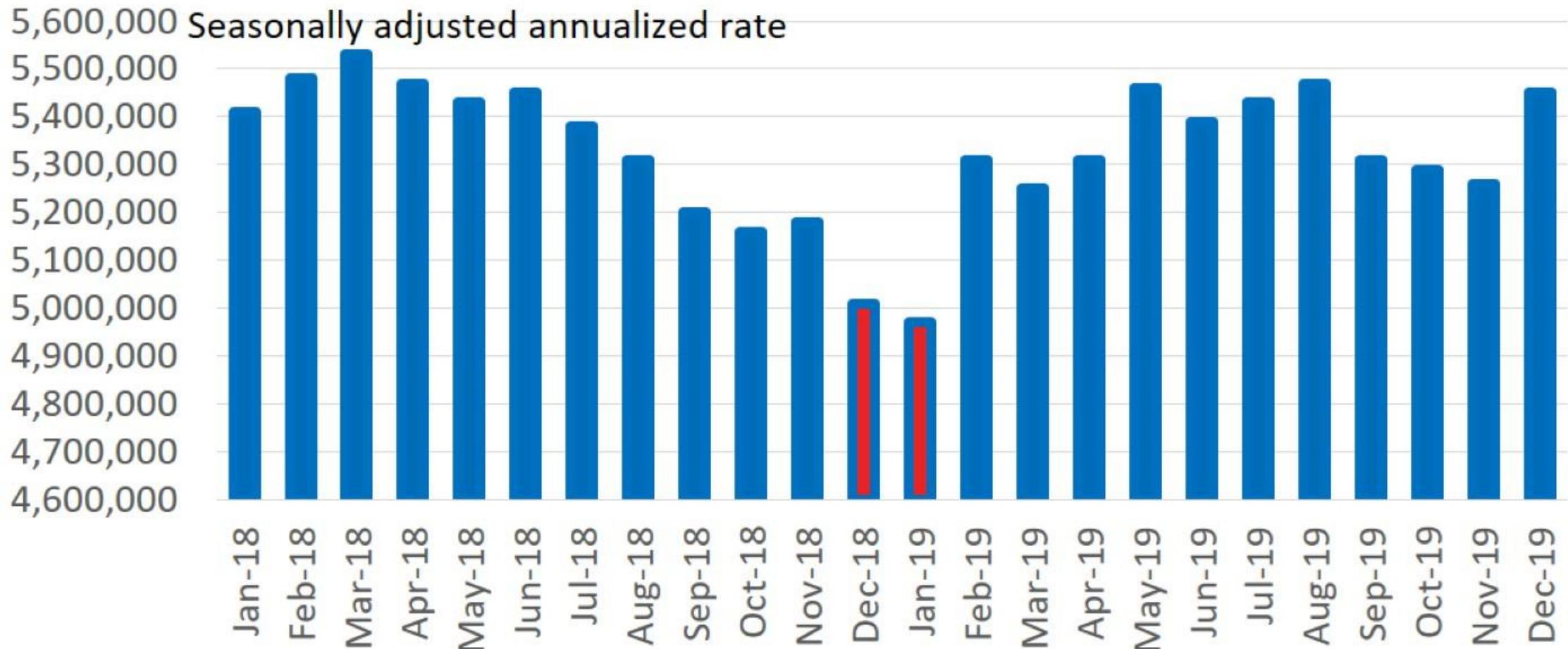


Source: BLS

Residential Real Estate

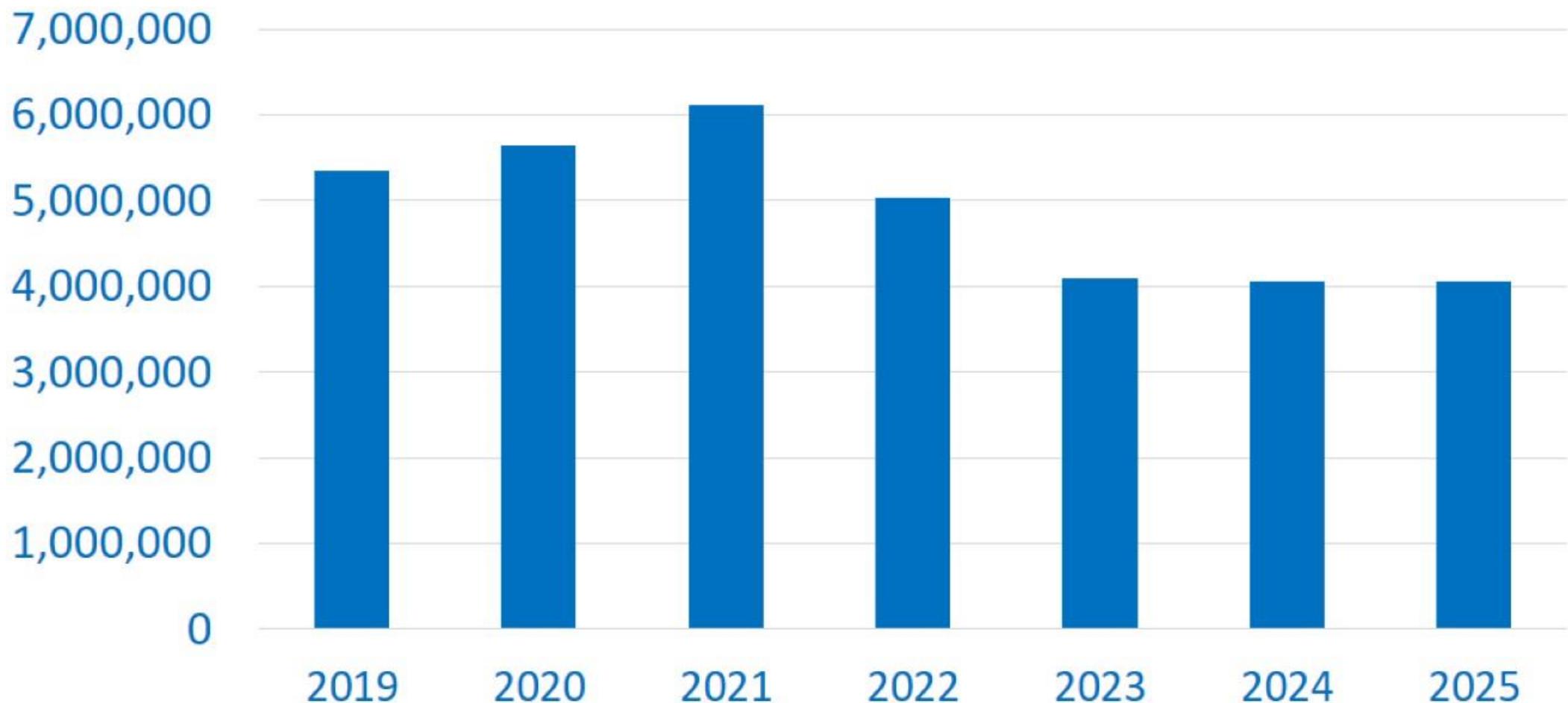
Monthly Existing Home Sales

Government Shutdown (Dec 22 2018 to Jan 25 2019)



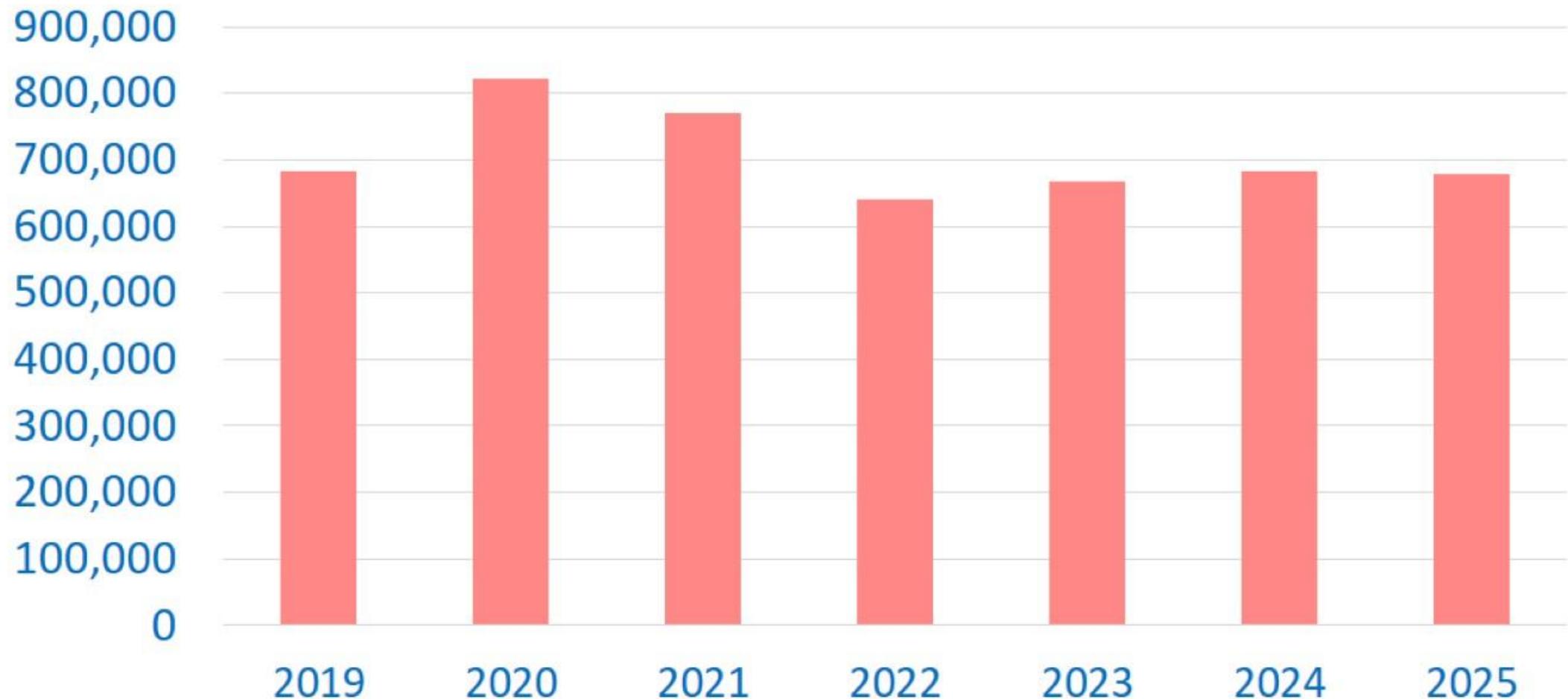
Source: NAR

Existing-Home Sales ... no change year-to-date to November Three Subpar Years ... 75% of Pre-covid Activity



Source: NAR

New Home Sales ... Back to Pre-Covid Sales Activity



Source: Census

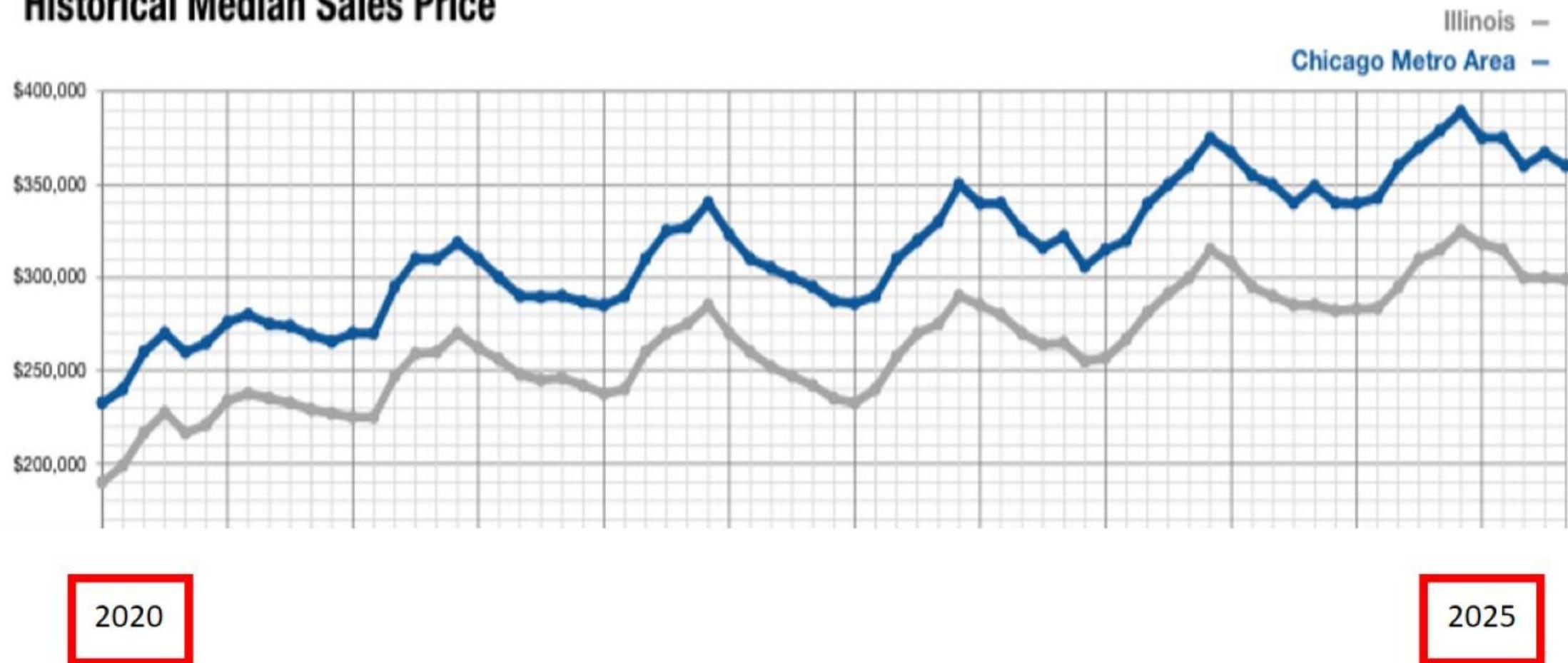
Chicago Metro Area

Includes Cook, DeKalb, DuPage, Grundy, Kane, Kendall, Lake, McHenry and Will Counties

Key Metrics for All Properties	November			Year to Date		
	2024	2025	Percent Change	Thru Nov 2024	Thru Nov 2025	Percent Change
Closed Sales	6,667	5,965	- 10.5%	81,910	82,325	+ 0.5%
Previous Month's Closed Sales	7,542 in October 2024	7,775 in October 2025	+ 3.1%	75,243 in October 2024	76,360 in October 2025	+ 1.5%
Median Sales Price*	\$349,000	\$360,000	+ 3.2%	\$350,000	\$368,000	+ 5.1%
Inventory of Homes for Sale	14,513	13,111	- 9.7%	--	--	--
Days on Market Until Sale	26	26	0.0%	24	25	+ 4.2%

* Does not account for seller concessions. | Activity for one month can sometimes look extreme due to small sample size.

Historical Median Sales Price



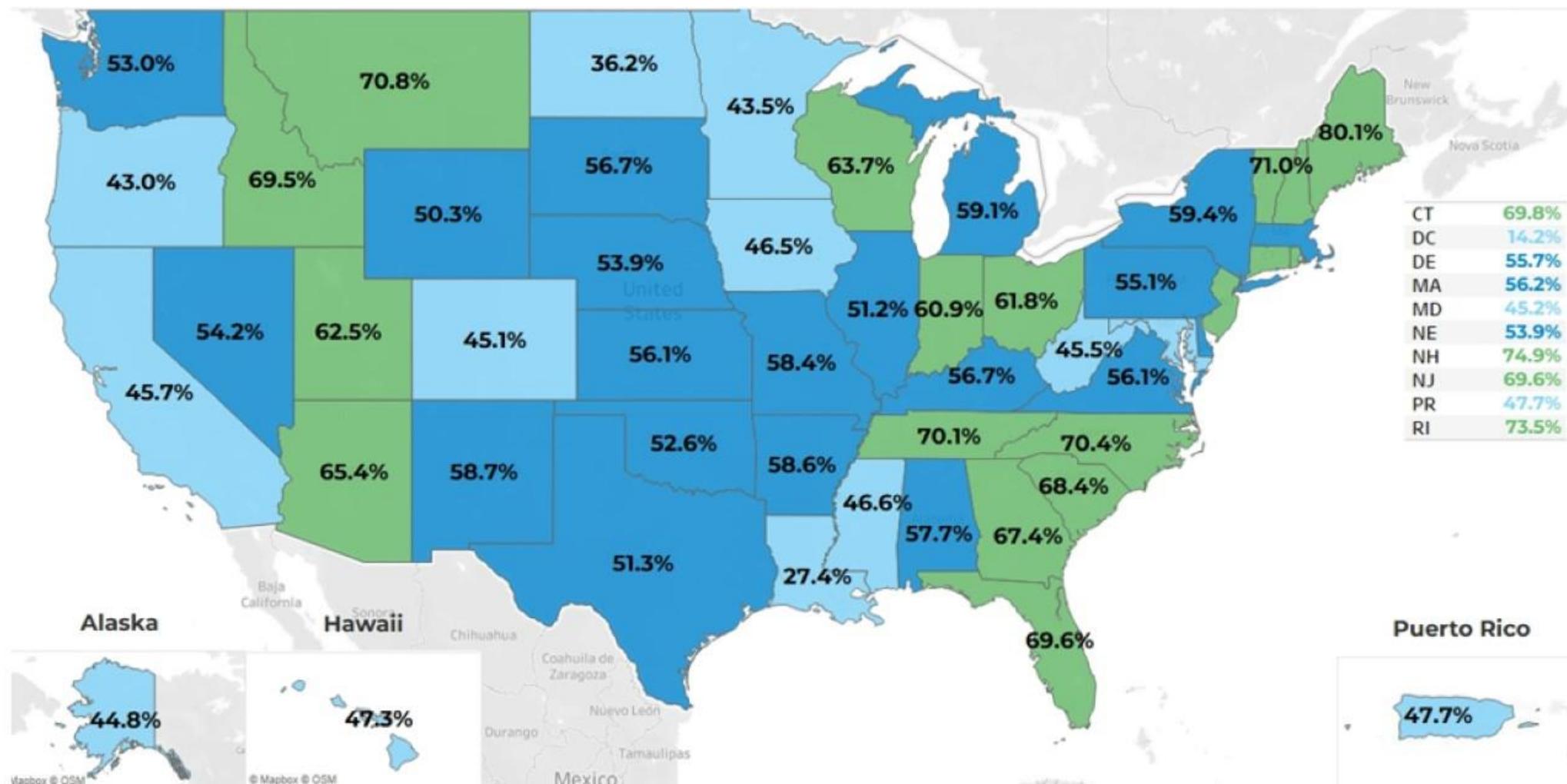
2020

2025

Home Price Trends

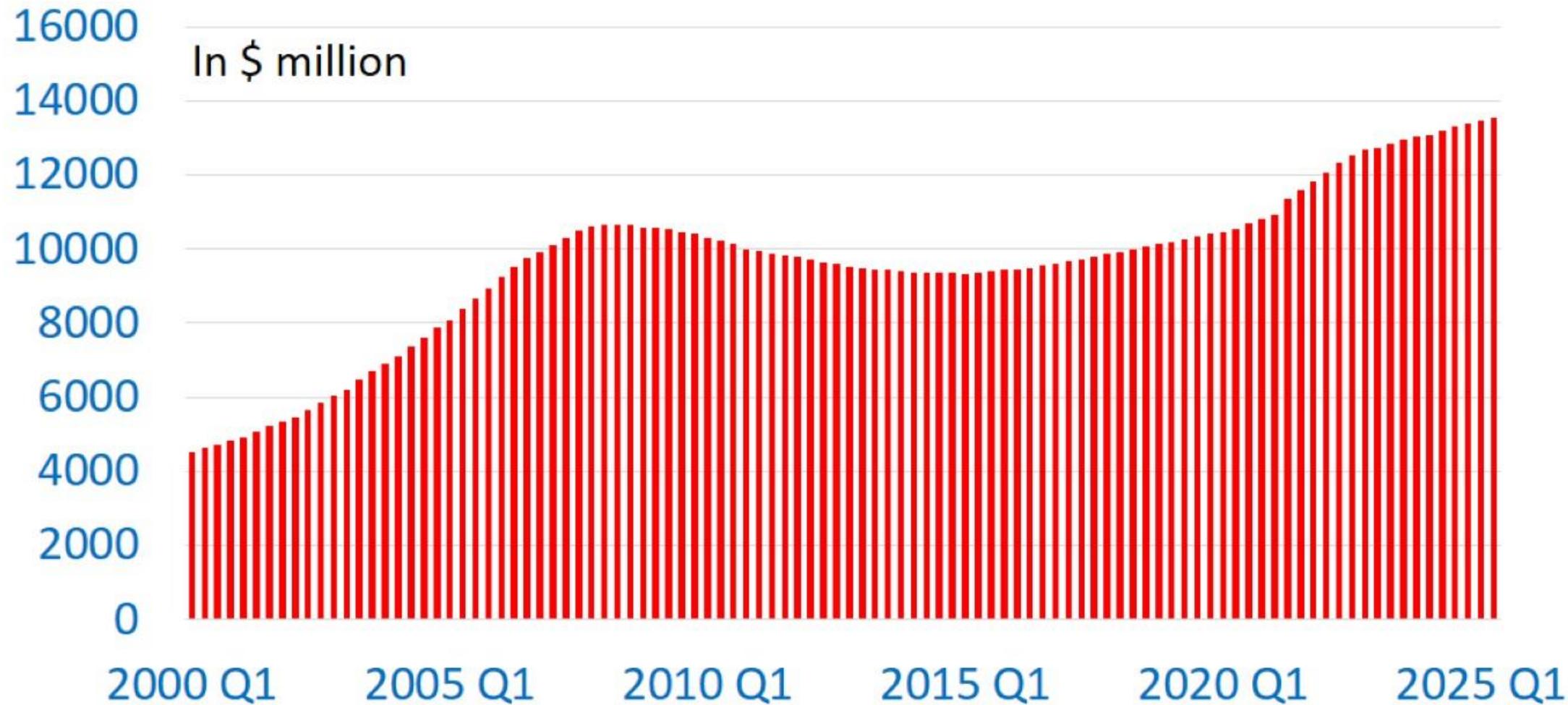
5-year Home Price Gains Since Pre-COVID

% change from 2020 Q1 to 2025 Q2



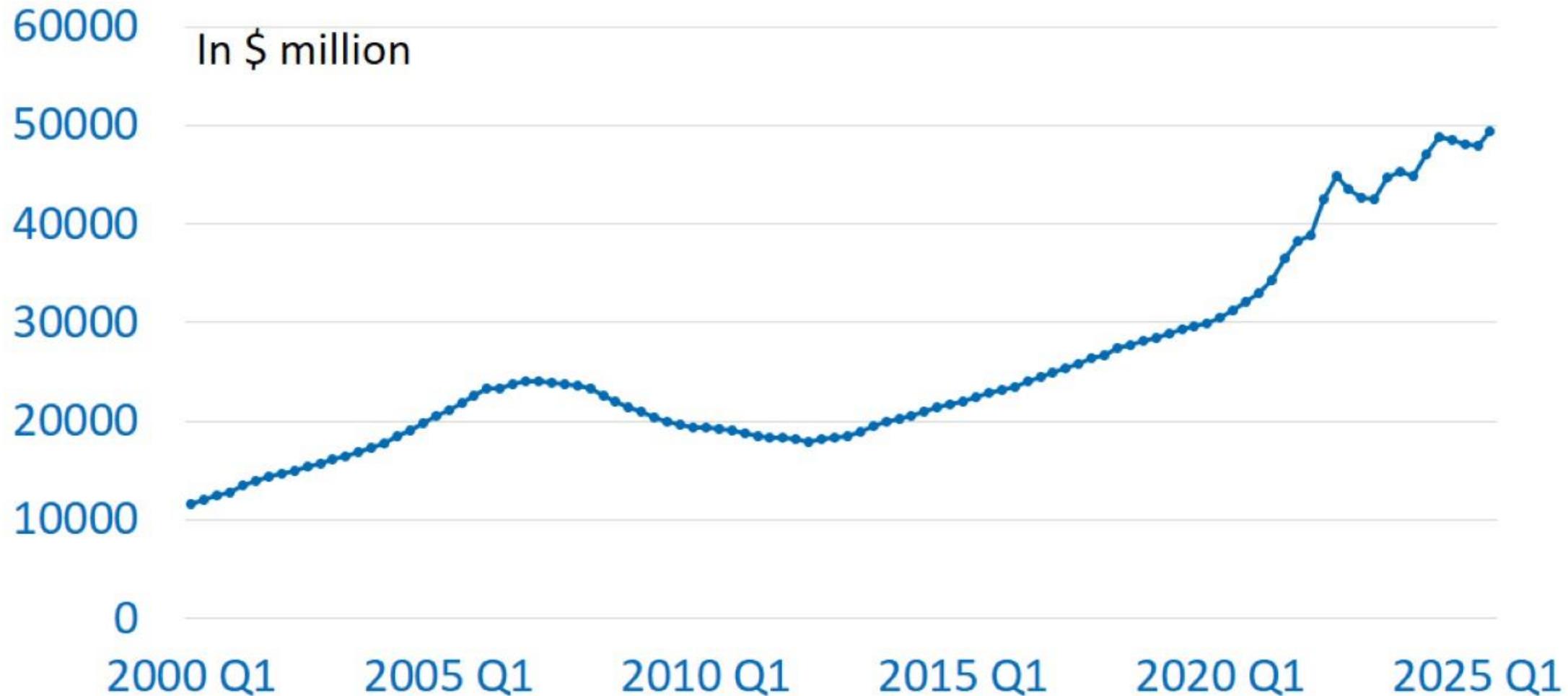
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Total Residential Real Estate Mortgage Debt



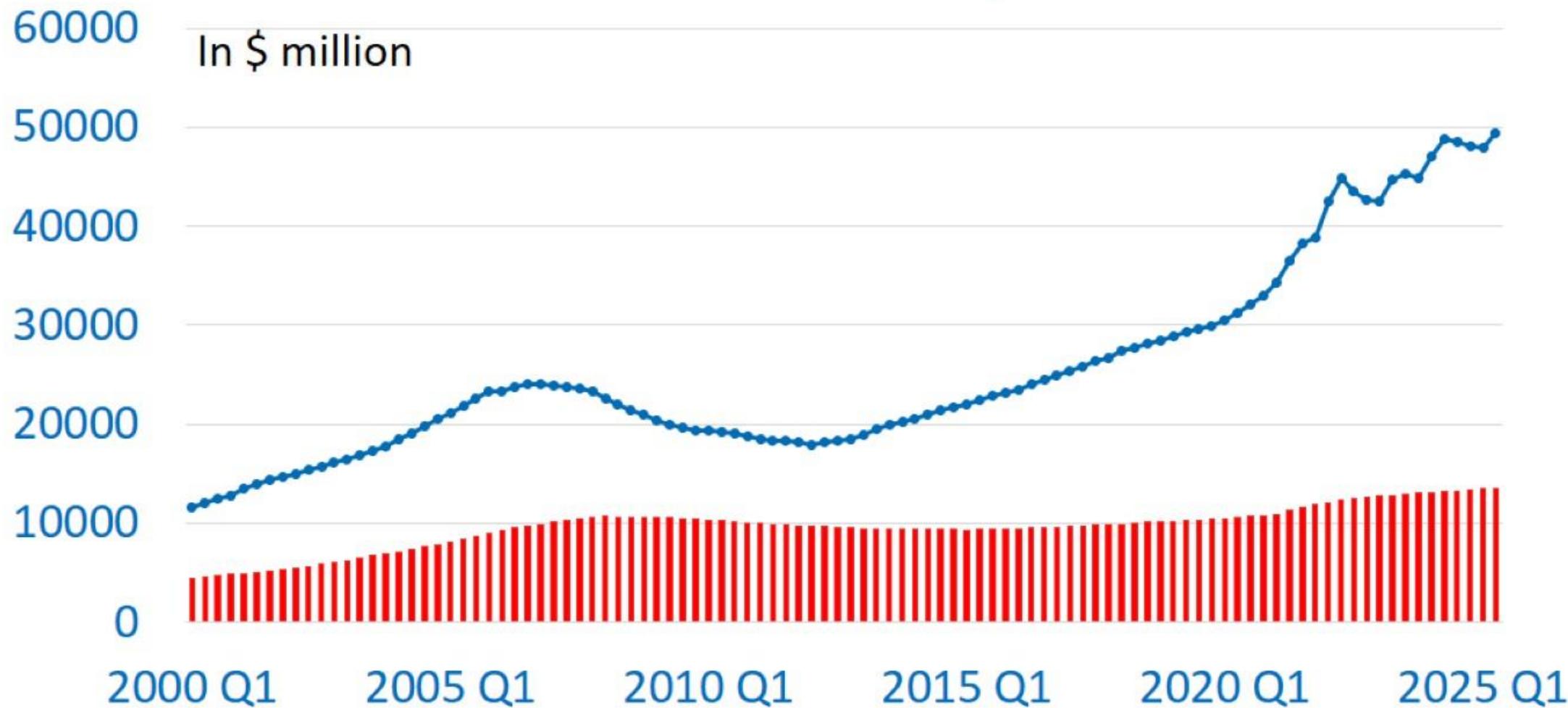
Source: Federal Reserve, NAR analysis

Real Estate Asset Valuation Held by Households



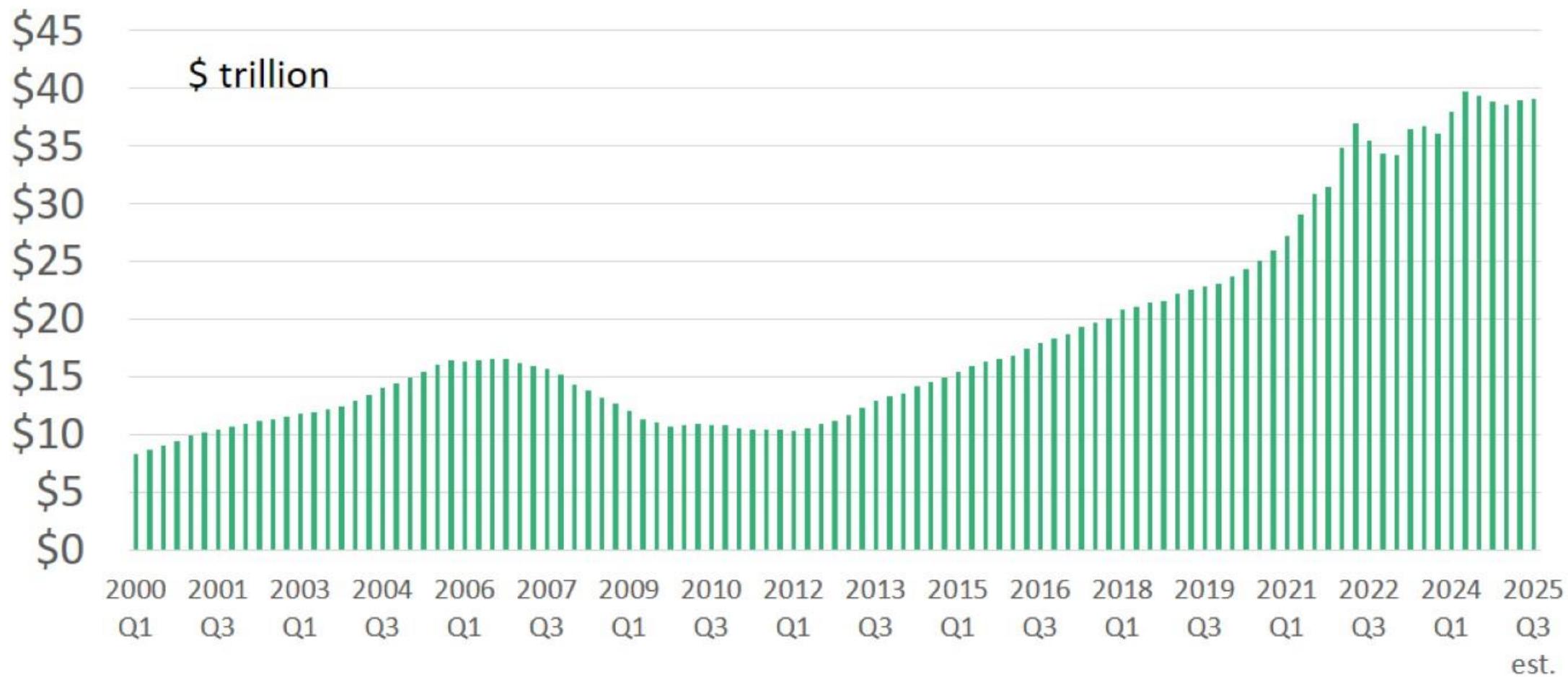
Source: Federal Reserve, NAR analysis

Real Estate Asset and Mortgage Debt on Same Graph



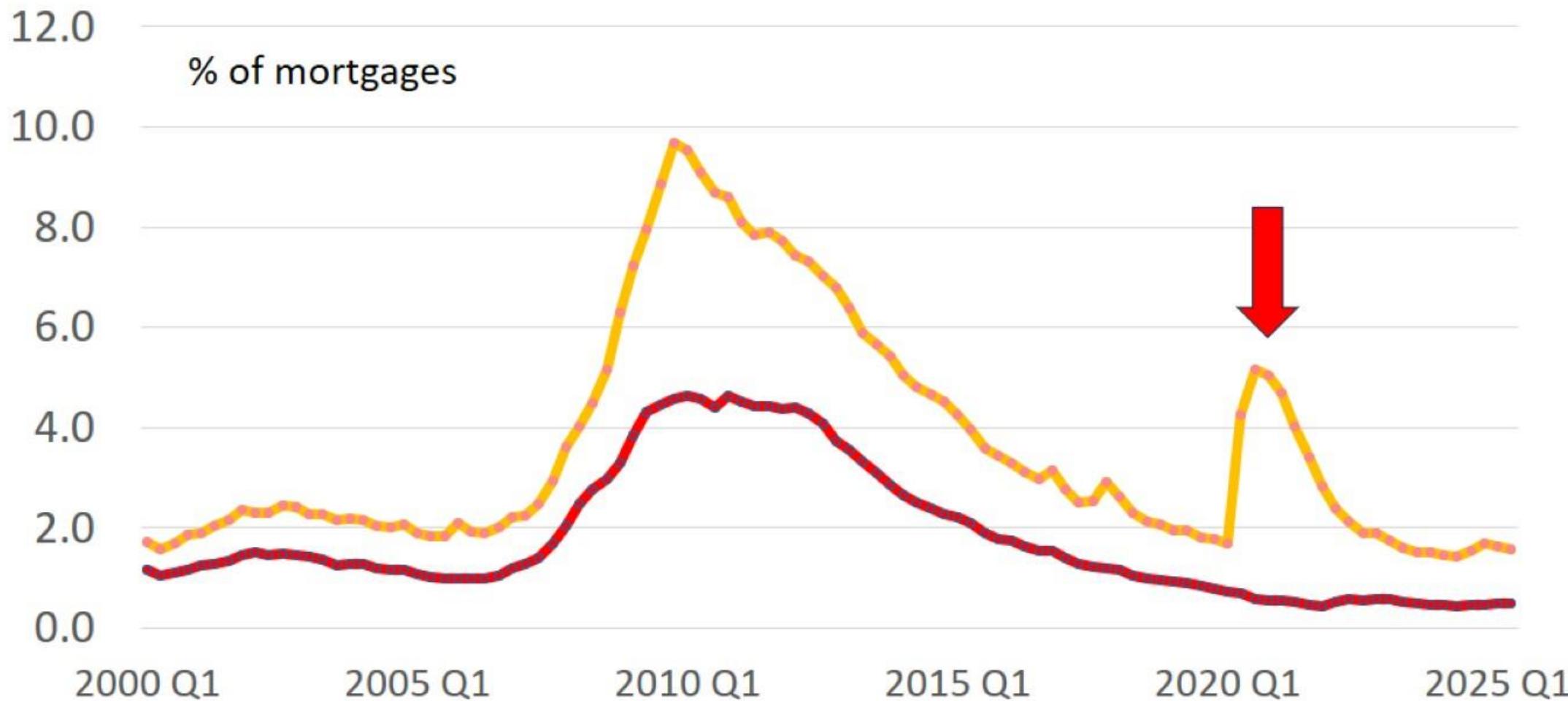
Source: Federal Reserve, NAR analysis

Real Estate Net Worth – Near Record High



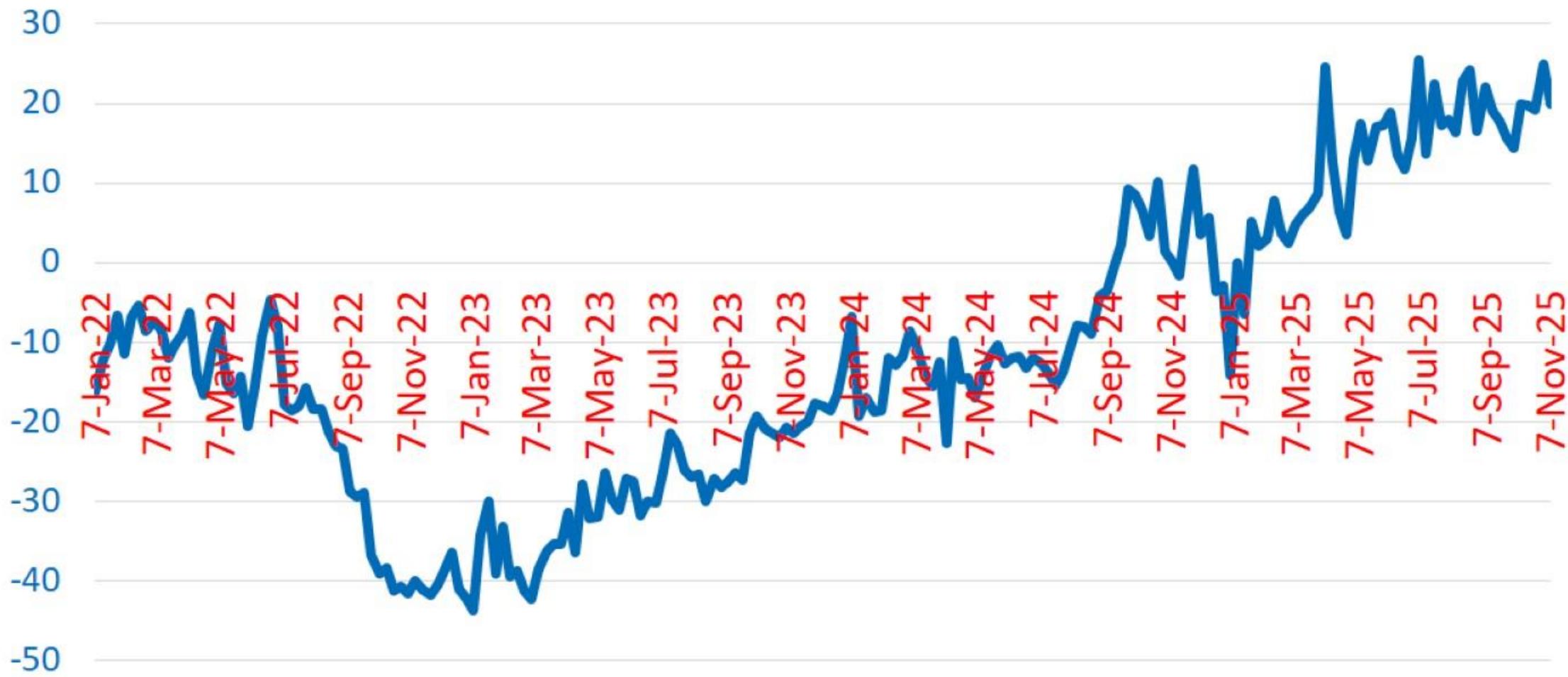
Source: Federal Reserve

Seriously Delinquent Mortgages and Foreclosure (90+ days late or in foreclosure)



Source: Mortgage Bankers Association

Light Flashing on Weekly Mortgage Applications to Buy a Home (% change from a year ago)

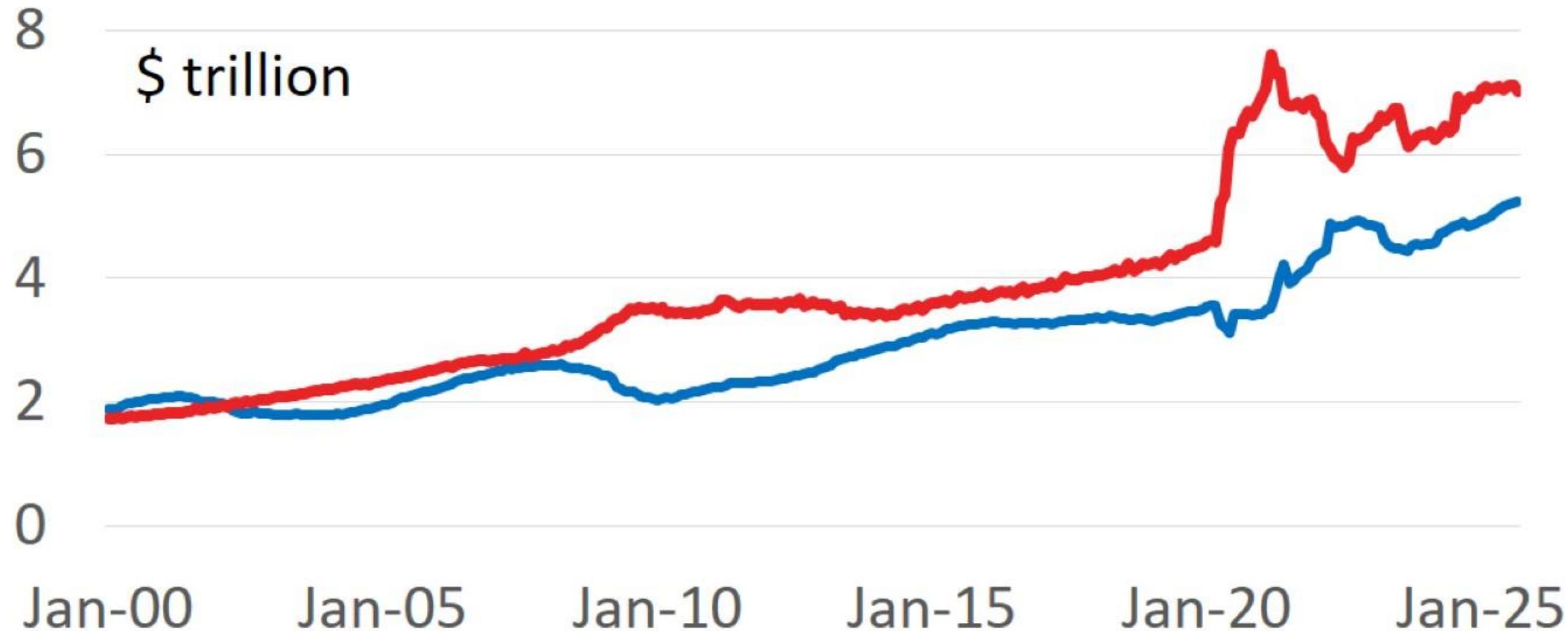


Source: Mortgage Bankers Association

Risks to the Economy and Interest Rates

Federal Government Outlays and Receipts

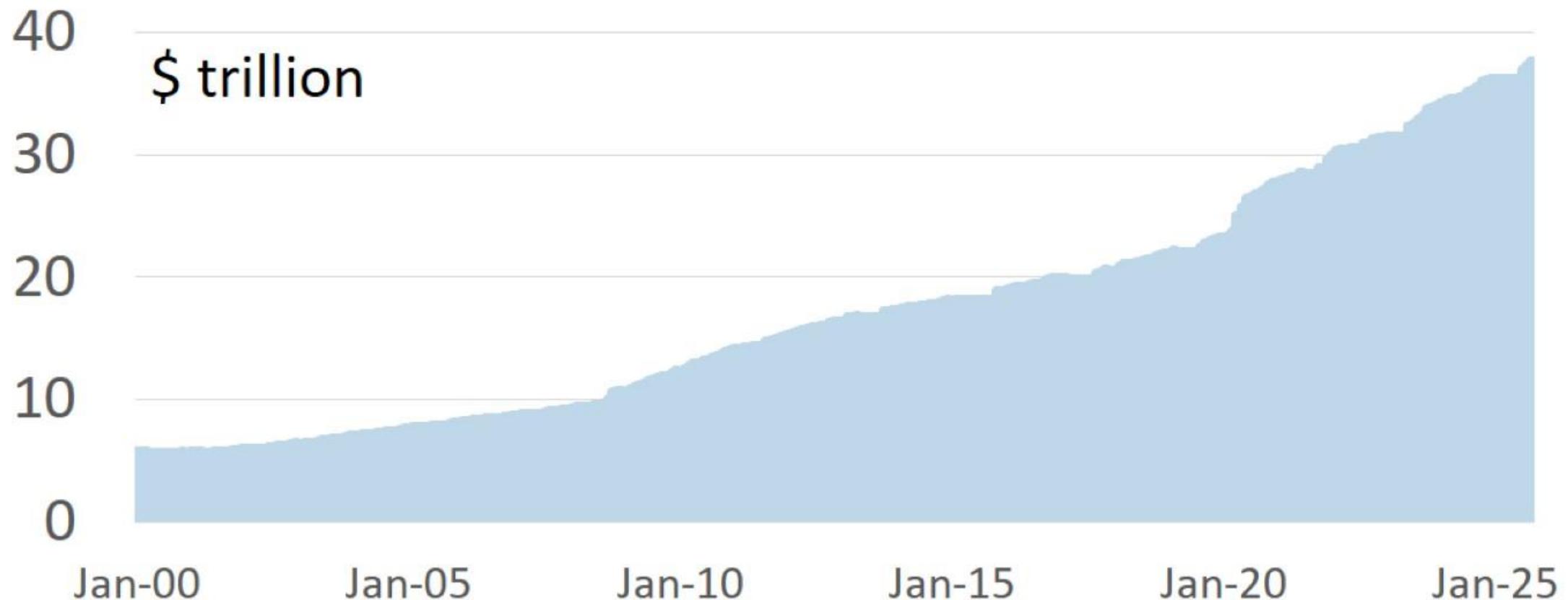
(rolling 12-month total)



Source: NAR analysis of monthly Treasury statements

Ongoing Risk

Federal Government Cumulative Debt



Source: NAR analysis of monthly Treasury statements

Impact to Mortgage Rates

- **Federal Reserve Rate Cut (on fed funds short-term rate)**
- **Federal Deficit and National Debt**
- **Supreme Court on Trump Tariffs (\$3 trillion revenue over decade)**
- **Inflation Rate**
- **Quantitative Tightening**
 - **net sale of mortgage-backed securities by the Fed**
- **Government guarantee (or non-guarantee) on mortgages**
- **Spread between 30-year Mortgage and 10-year Treasury**
- **Stock Market Crash**

Nationwide Forecast

	2025	2026
Existing-Home Sales	+0%	+14%
New Home Sales	-2%	+5%
Median Home Price	+3%	+4%
Mortgage Rate	6.7%	6.0%
Job Gains	400,000 (not 2 million)	1.3 million (not 2 million)
Unemployment Rate	4.3%	4.5% (not 5.5%)

Thank You !