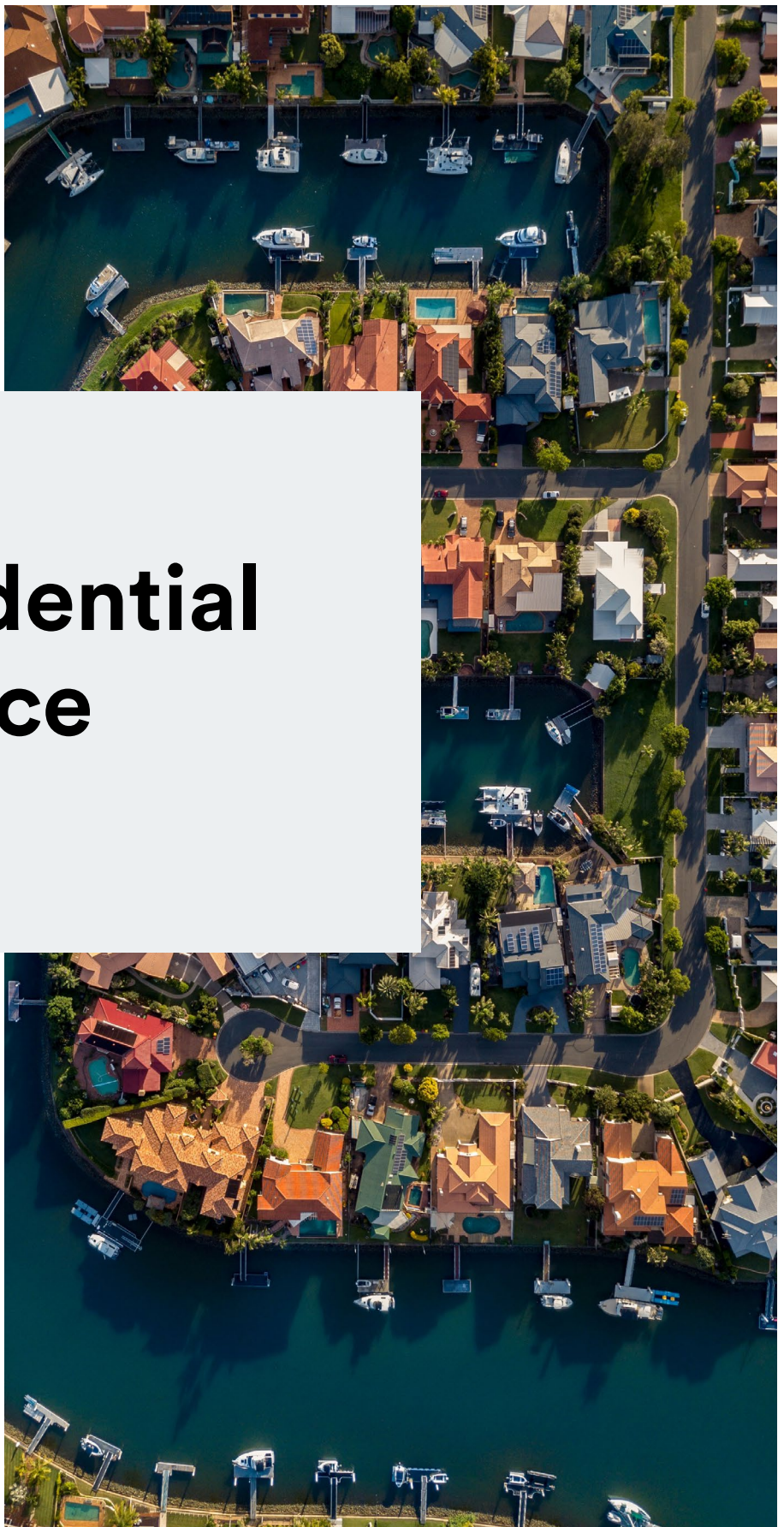


2022

U.S. Residential Home Price Forecast



Unison and collated market forecasts

While Unison focuses primarily on mid to long-term forecasts of home price appreciation, the following report provides Unison's 2022 HPA projection and collated short term views from market participants for the benefit of our clients.

Our market projection

Unison focuses on the role that supply and demand plays in the marketplace over short, medium, and long-term horizons. In our view, areas that have a large supply of workers with incomes that will increase over time have strong demand characteristics. Regarding supply, we find price inelasticity in urban and adjacent markets where building is challenged by existing density. The combination of these factors over time contributes to increased prices. In particular, the wave of Millennials that are transitioning from either rentals or living with parents is the largest in U.S. history. The shift is generational and will continue for the foreseeable future. Conversely, as Baby Boomers enter retirement they have shown an interest in aging in place which has continued to constrain supply. All of these dynamics are compounded by the ongoing challenge of finding buildable land near economic hubs.

A long term forecast

Unison models a long-term return to housing of 4%

▲ 6 – 8%

Unison projects home price appreciation (HPA) to increase by 6–8% in 2022



▲ 16%

Goldman Sachs projects home prices will grow a further 16% by 2022

Goldman Sachs

The housing shortage: Prices, rents, and deregulation

“Earlier this year, [Goldman] argued that constrained supply and sustainably robust demand would keep the US housing market very tight, pushing up home prices and rents sharply. The boom since then has surpassed even our lofty expectations, with home prices now up 20% over the last year. Housing inventories remain historically tight, while homes remain relatively affordable despite the recent price increases, and surveys of home buying intentions remain at healthy levels. [Goldman’s] model now projects that home prices will grow a further 16% by the end of 2022”.¹

▲ 6%

Freddie Mac projects home price growth to continue to increase 6.2% in 2022

Freddie Mac 2022 housing outlook

Stable demand for real estate and low mortgage rates continue to provide a stable housing market. “Home sales were strong in 2021, with fourth quarter home sales expected to come in at 7.1 million. [Freddie Mac] forecasts home sales to hit 6.9 million in 2022 and increase to 7.0 million in 2023. Given the expected increase in mortgage rates, [Freddie Mac] expects some moderation in housing demand, and forecast house price growth to decrease from 15.9% in 2021 to 6.2% in 2022 and to cool further to 2.5% in 2023.”² These projections provide the opinion of continued growth in the real estate sector.³

▲ 10 – 12%

HouseCanary projects single-family detached home prices to rise 10–12% over the next twelve months

HouseCanary

Sky-high home prices, ultra-low supply

Supply shortage and price growth trends are likely to continue in 2022.

“In 2021, the housing market drew plenty of headlines as a shrinking supply of homes available for rent and purchase caused properties to fly off the market at all-time high prices across the U.S. As we kick off 2022 with a significant COVID-19 resurgence, we can expect the nationwide shortage of homes for sale to persist well into the spring, driving home prices even higher. Given that the U.S. remains in a low inventory environment with inflation rates at their steepest in 40 years,

1. The Housing Shortage: Prices, Rents, and Deregulation (Walker). (2021, October 11). GS Research. <https://www.gspublishing.com/content/research/en/reports/2021/10/11/1e0e070d-d902-4fbc-82e1-b53a053e06c1.html>

2. Quarterly Forecast: The Housing Market Expected to Remain Stable Despite Rising Rates and Cooling Price Growth. Freddie Mac. Economic & Housing Research Forecast (January 2022).

3. Opinions, estimates, forecasts, and other views contained in this document are those of Freddie Mac’s Economic & Housing Research group, do not necessarily represent the views of Freddie Mac or its management, and should not be construed as indicating Freddie Mac’s business prospects or expected results. Prepared by the Economic & Housing Research group www.freddie.mac.com/research.



▲ 6%

CoreLogic Home Price Index
Forecast projects the national
home price index slowing from
15% in 2021 to 6% in 2022

▲ 12.5%

JP Morgan projects home prices
to increase by 12.5% in 2022

it's very likely this year will bring another double-digit increase in national home prices, with our models forecasting price growth in the 10–12% range. Growth trends cannot be simply written off as a COVID-era anomaly; rather the jump in property values look unlikely to slow down in 2022.”⁴

- 2021 was undoubtedly defined by a nationwide shortage in the number of available homes for purchase amid surging demand, driving prices higher for both renters and homebuyers.
- Homes under \$200K have been scarce all year long, with the number of available properties falling 19% in 2021, compared to a 40% annual increase for homes above \$600K.
- While many metro areas have seen a rise in single-family property listing availability since January 2021, virtually no areas have seen a return to pre-COVID levels.⁵

CoreLogic 2022 housing outlook

“2022 should be a strong year for housing. The CoreLogic Home Price Index Forecast has the annual average rise in the national index slowing from 15% in 2021 to 6% in 2022. With less demand, [CoreLogic] expects homes listed for sale will be on the market a bit longer with fewer competing bidders, which should moderate price growth. With the Federal Reserve gradually “tapering” its supportive monetary policy, mortgage rates should slowly rise in the coming year: look for mortgage rates to average about one-half of a percentage point higher in 2022 than they were in 2021, or about 3.4%.”⁶

J.P. Morgan

Home price monitor securitized products research

JP Morgan projects a 12.5% HPA increase in 2022.⁷

4. Sicklick, J. HouseCanary Market Pulse. <http://www.housecanary.com/wp-content/uploads/2022/01/Market-Pulse-Report-39.pdf>.

5. Rogin, C. 2021 Housing Market in Review: Sky-High Home Prices, Ultra-Low Supply. HouseCanary.(2021, December 21).

6. Nothaft, F. (2021, December 6). 2022 Housing Outlook. CoreLogic®. <https://www.corelogic.com/intelligence/2022-housing-outlook/>

7. Samant, K.;Gelashvili, A.; Lee, I. Home Price Monitor. (2021, December 08). J.P. Morgan North America Securitized Products Research

▲ 5%

NAR projects home prices to increase ~5% in 2022

National Association of Realtors Research 2022 Housing market hidden gems

NAR projects a ~5% HPA increase in 2022.⁸

▲ 4%

Barclays Private Bank projects US economic growth to increase 4% in 2022

Barclays Private Bank 2022 economic outlook

“The outlook for the US consumer remains positive given the high levels of underlying demand, huge accumulation of excess savings during the pandemic and positive labour market recovery. [Barclays] project private consumption growth of 2.9% in 2022, helping to support growth prospects next year. [...] With policies remaining supportive, service sectors providing growth opportunities and employment prospects strengthening, [Barclays] remain upbeat around US economic prospects in both 2022 and 2023, with an estimated growth rate of 4.0% and 2.3% respectively”⁹

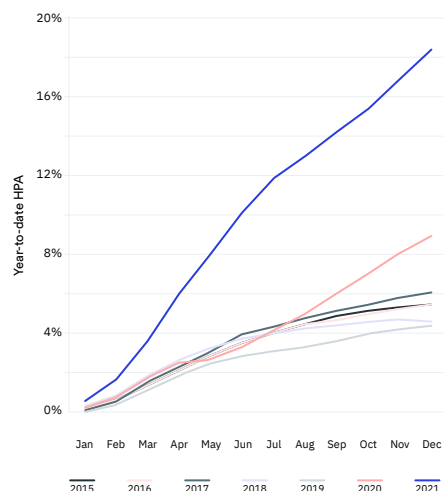
▲ 6 – 8%

Nomura Global Markets Research projects 6–8% HPA in 2022

Nomura Global Markets Research 2022 housing outlook

“HPA remains robust in December: According to CoreLogic, home prices increased by 18.5% in 2021. However, the magnitude of monthly increases has moderated recently, indicating that upward pressure on prices is likely easing. In addition, recent CoreLogic reports included downward revisions to historical data. In 2022, we project 6–8% home price appreciation, assuming mortgage rates stabilize at 3.4%, although further rate increases are likely to significantly dampen housing activity and HPA.”¹⁰

HPA by calendar year



Source: Corelogic, Nomura

Unison conclusion

In the short to medium term we see both of these factors contributing to ongoing price increases. While building has increased slightly over the course of 2021, the impact of household formation amid currently very short housing supply will continue to drive housing prices in 2022. Given all of the factors at play, Unison expects HPA between 6 and 8% in 2022.

8. Yun, L.; Lautz, J.; Dunn, M. 2022 Housing Market Hidden Gems (2021). National Association of Realtors <https://cdn.nar.realtor/sites/default/files/documents/2022-housing-market-hidden-gems-12-17-2021.pdf>

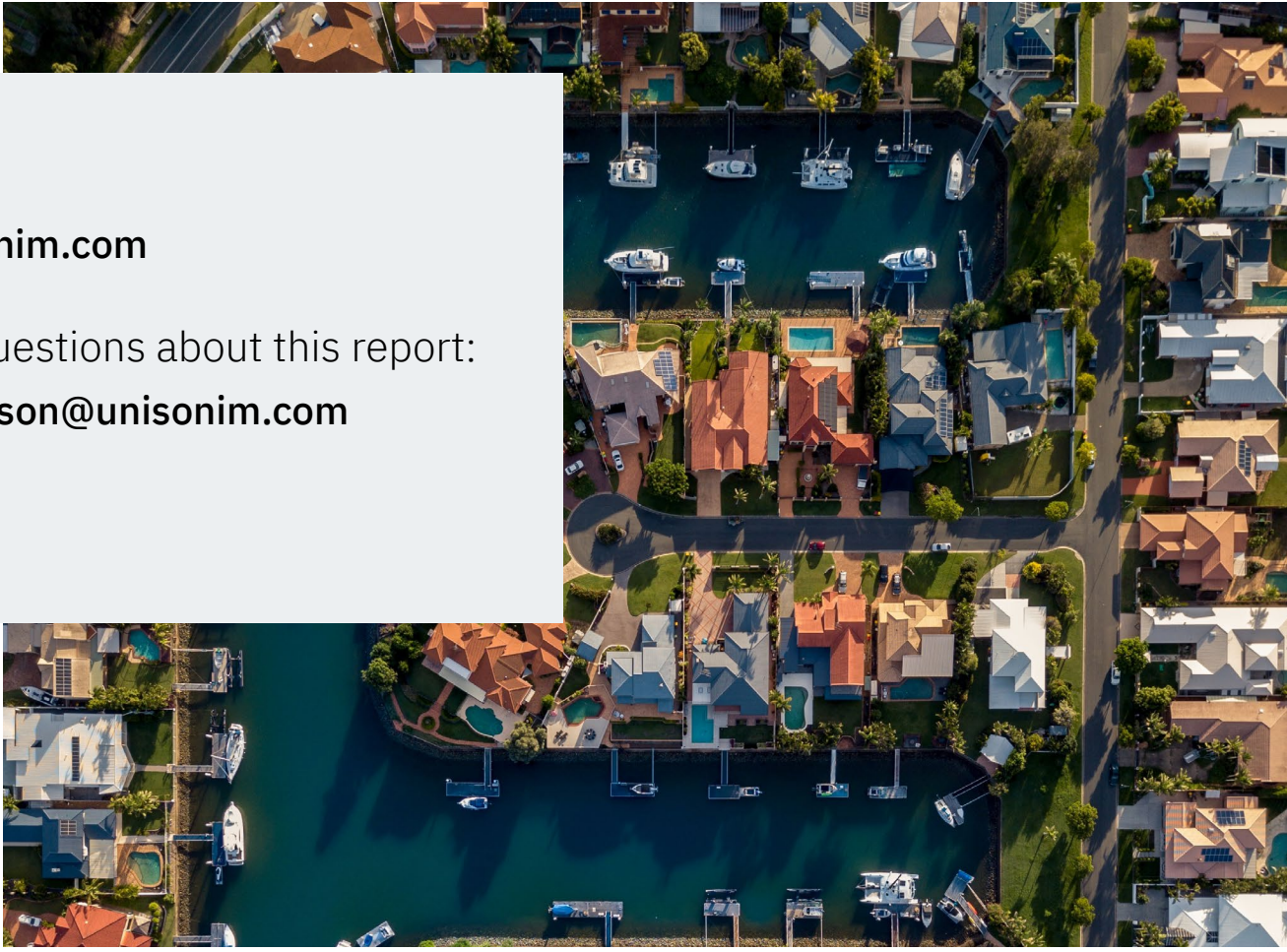
9. Marie, JD. Portelli, A. Outlook 2022: The Global Re-Awakening. Barclays Private Bank <https://privatebank.barclays.com/content/dam/privatebank-barclays-com/en-gb/private-bank/documents/news-and-insights/2021/november/outlook-2022/outlook-2022-uk.pdf> (November 2021)

10. Nikodem, P. Manohar, A. Sinha, R. Bian, O. Luo Chen, W. Liu, B. Securitized Products Weekly. Nomura Global Markets Research (4 February 2022).

About Unison

Unison is a San Francisco-based company that is pioneering a smarter, better way to own your home. Until now, the only way to finance a home was by taking on debt. Through home co-investments, we help homeowners access their equity flexibly with no

monthly payments or interest. We enhance home affordability, reduce debt, and deliver a less risky way for homeowners, investors, and society to think about their most important asset – the home.



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