

Q4 2023 Home Price Expectations Survey - Special Topics Questions

Field Period: October 23 - November 6, 2023

Topic: Risk Assessment of Home Price Forecast

Which choice best applies to your long-term outlook for home values?

| Answer choice: | # | Percent | % w/opinion | Expected Home Value Change* | | | Risk Assessment |
|-------------------------------|------------|-------------|-------------|------------------------------|-------------------|----------|-----------------|
| | | | | Through 2028 (Cumulative) | Annual Average | | |
| There is risk to the upside | 27 | 25% | 26% | 24.8% | 3.8% | UPSIDE | 26% 33% |
| There is risk to the downside | 37 | 34% | 36% | 21.1% | 3.2% | DOWNSIDE | 36% 33% |
| The risk is balanced | 40 | 37% | 38% | 28.0% | 4.2% | BALANCED | 38% 35% |
| No Response | 5 | 5% | n/a | 33.8% | 5.0% | | |
| Total | 109 | 100% | 100% | 25.1% | 3.8% | | |

Legend

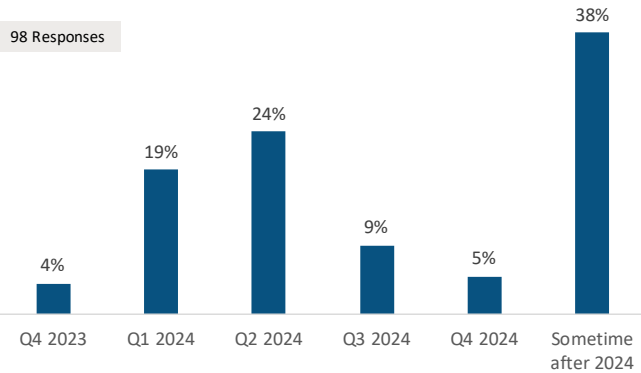
Current Survey Prior Survey

*Mean expectations of respondents by answer choice. 109 panelists participated in this quarter's survey.

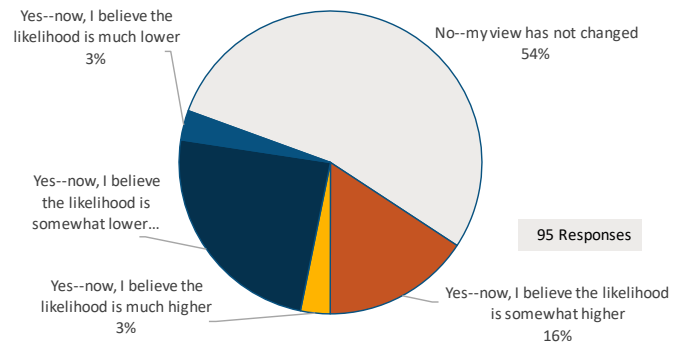
Topic: Likelihood of U.S. Recession--and the Impact on the Housing Market

Economic data are sending conflicting signals, and forecasters remain split as to whether a recession is likely to occur in the coming months, or whether a soft landing develops.

When do you expect the next U.S. economic recession will begin?

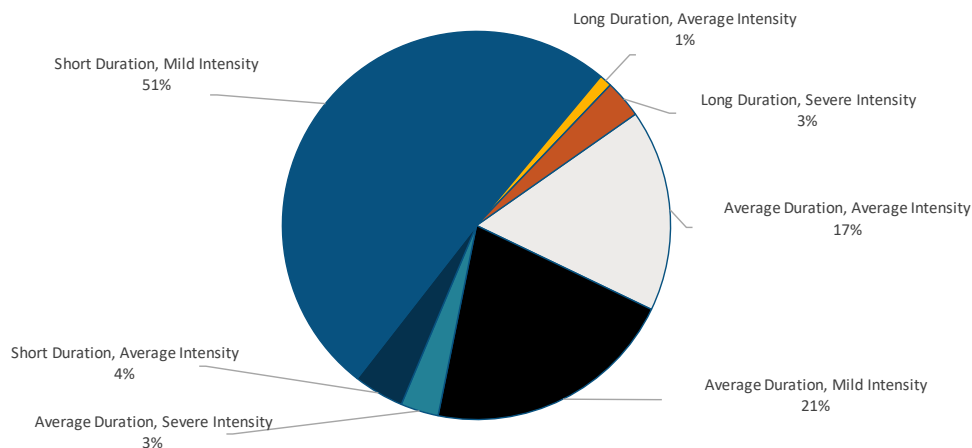


During the past three months or so, has your view changed re: the likelihood of a recession beginning sometime before the end of next year?



What combination of the following choices best reflects your view of the most likely (a) duration and (b) intensity of the next U.S. recession?

Answer choices Duration: Short, Average, Long Intensity: Mild, Average, Severe



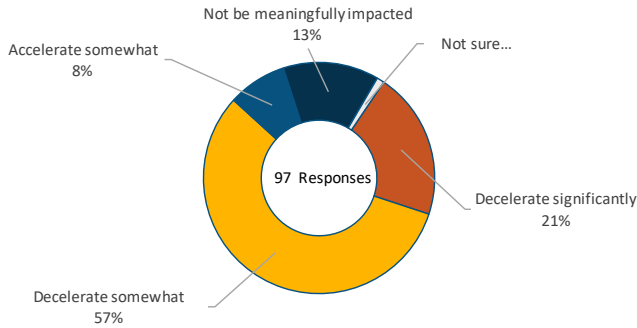
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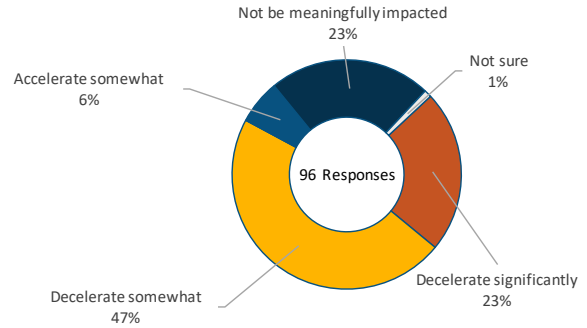
Assume that the next recession begins by year-end 2024. Now, consider how and to what degree you expect it would affect prevailing macroeconomic forces (e.g., interest rates, employment, asset prices).

Which of the following choices best reflects your view regarding what the net impact of those forces would be on home price growth and single-family housing starts?

Home price growth will...



SF housing starts will...

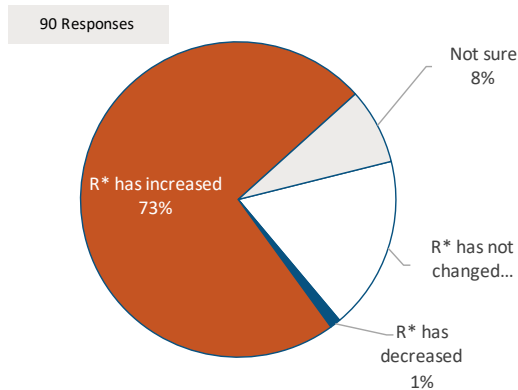


Topic: Outlook for Interest Rates

The resilience of the U.S. economy amidst a surge in interest rates has generated a debate over whether the "neutral fed funds rate", or R^* --the rate at which the economy is neither stimulated nor restricted-- has moved to a higher level.

Assume that the Federal Reserve's inflation target remains unchanged at 2%.

Compared to the pre-pandemic years, which choice reflects your assessment of the long-run neutral rate for the Fed funds rate (R^*)?



What do you believe the long-run neutral Fed funds rate is?

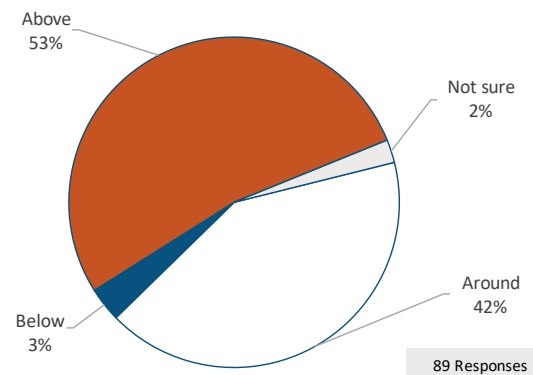
| | |
|---------|-------|
| n | 82 |
| Min | 1.00% |
| Max | 5.50% |
| Mean | 3.10% |
| Median | 3.00% |
| Mode | 3.00% |
| Std Dev | 0.82% |

Over the next five years--after the current period of rate volatility has passed...

(a) At what level do you see the 30-year fixed-rate mortgage settling at?

| | |
|---------|-------|
| n | 93 |
| Min | 3.30% |
| Max | 8.00% |
| Mean | 5.68% |
| Median | 5.50% |
| Mode | 5.50% |
| Std Dev | 0.92% |

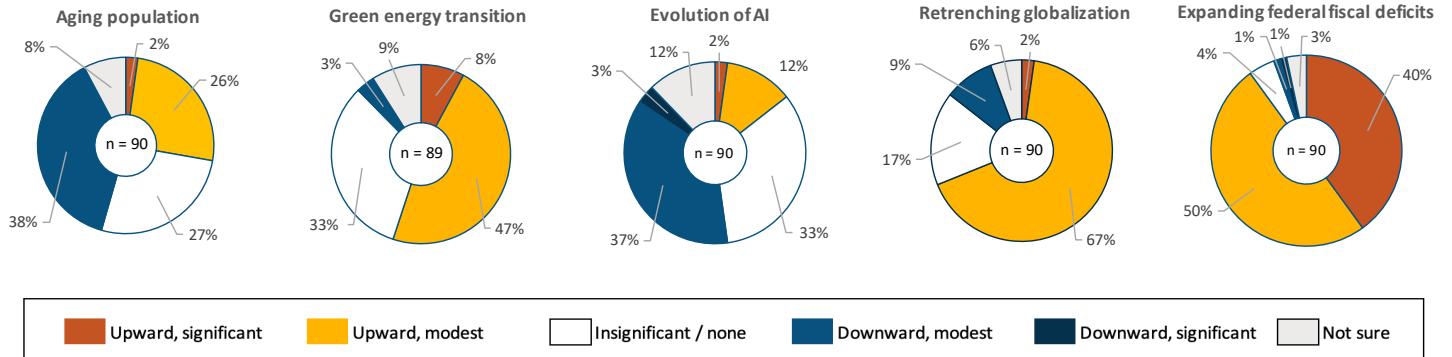
(b) Do you expect inflation--as measured by the core personal consumption expenditures deflator--to trend around, below, or above the Fed's 2% target?



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(c) What type of pressure, if any, do you expect each of the following trends to exert on long-term interest rates?



Note: some figures do not sum to 100% due to rounding.