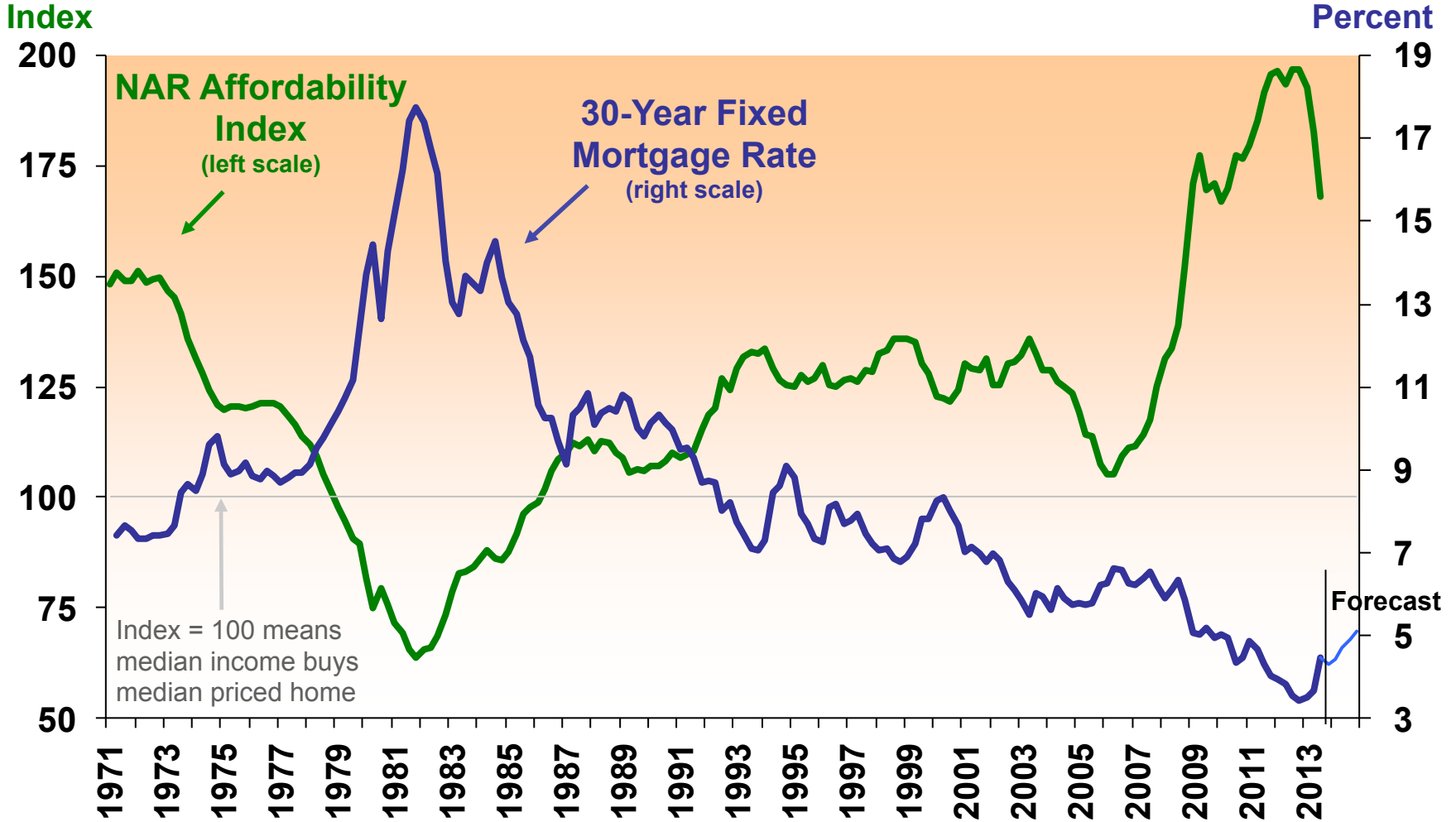


Housing Demand Up; U.S. Prices Rise in 2013; Defaults Lessen but Remain High

- **Low mortgage rates support housing pick-up**
 - 30-year Fixed-Rate Mortgages remain near 4.3% rest of 2013
 - Home buyer affordability supports home sales, up about 11% in 2013
- **U.S. house prices up**
 - Oversupply of vacant homes has dropped, less downward price pressure
 - For-sale inventory is relatively low, more upward price pressure
 - U.S. indexes bottomed early 2012, up 8-10% in 2013, 5-6% in 2014
 - Price gains were geographically broad-based over last year
- **Serious delinquency rates lessen but remain high**
 - Serious delinquency rates have declined since peak at start of 2010
 - 'Shadow inventory' down to 2008 level

Low Interest Rates & Lower Home Prices Have Increased Homebuyer Affordability

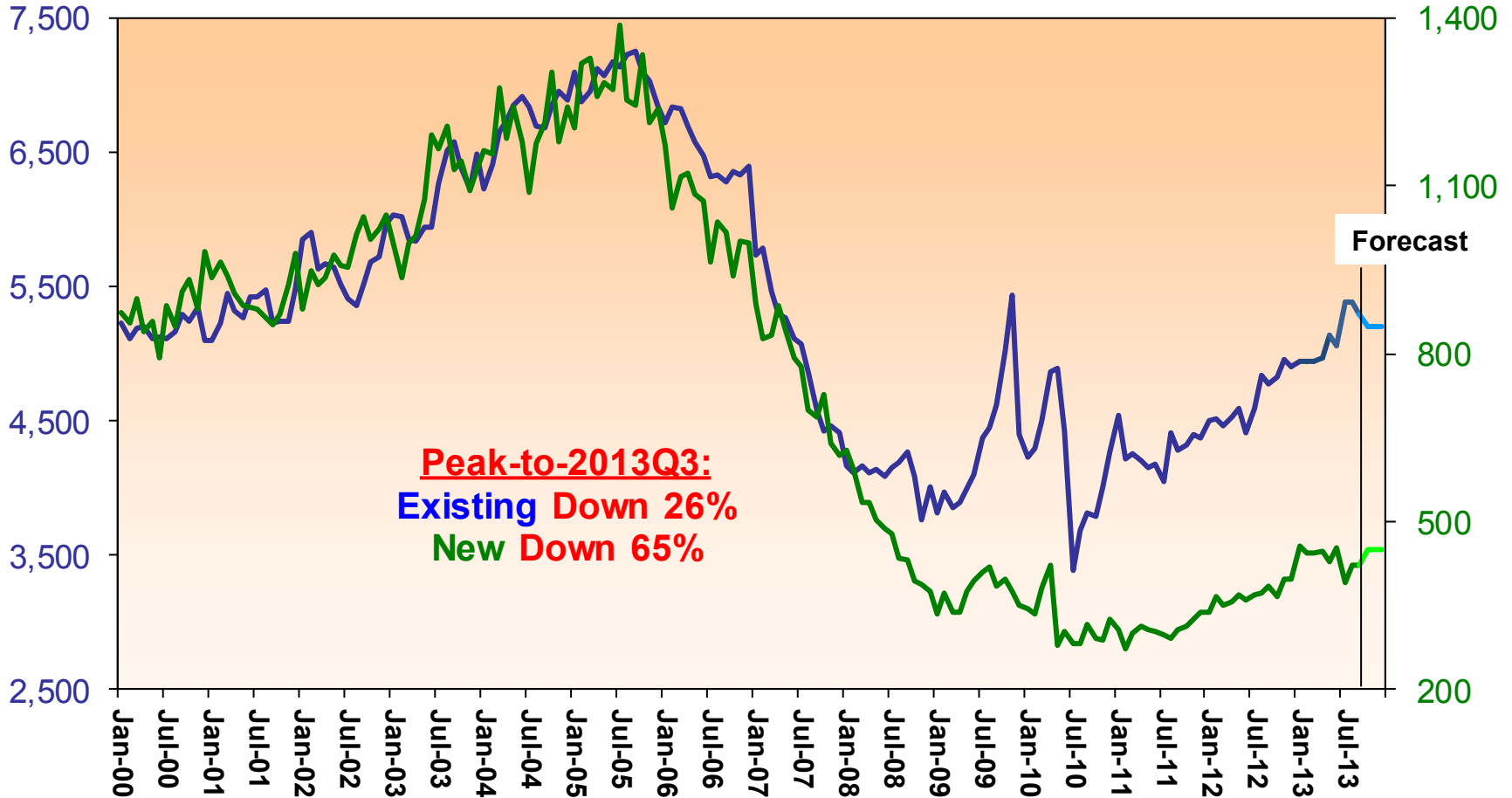


Sources: National Association of Realtors Composite Housing Affordability Index – (% of median priced home affordable on median income with conventional mortgage and 20% down), seasonally adjusted; Freddie Mac Primary Mortgage Market Survey® and October 2013 Outlook.

Home Sales Projected Up 11% in 2013

U.S. Existing Home Sales (Thousands)

U.S. New Home Sales (Thousands)

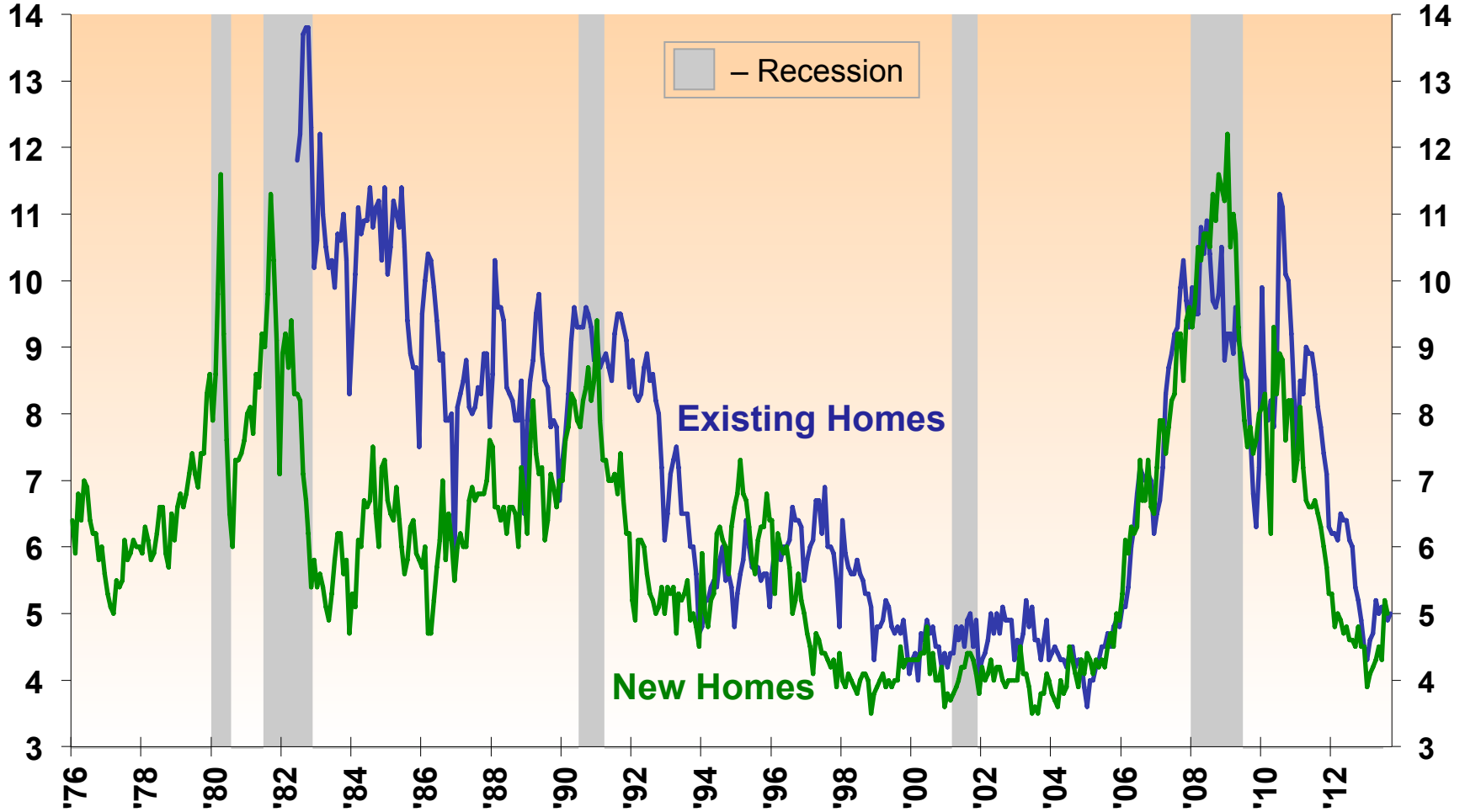


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Sources: US Census Bureau, National Association of Realtors®; "Peak" is 2005Q3.

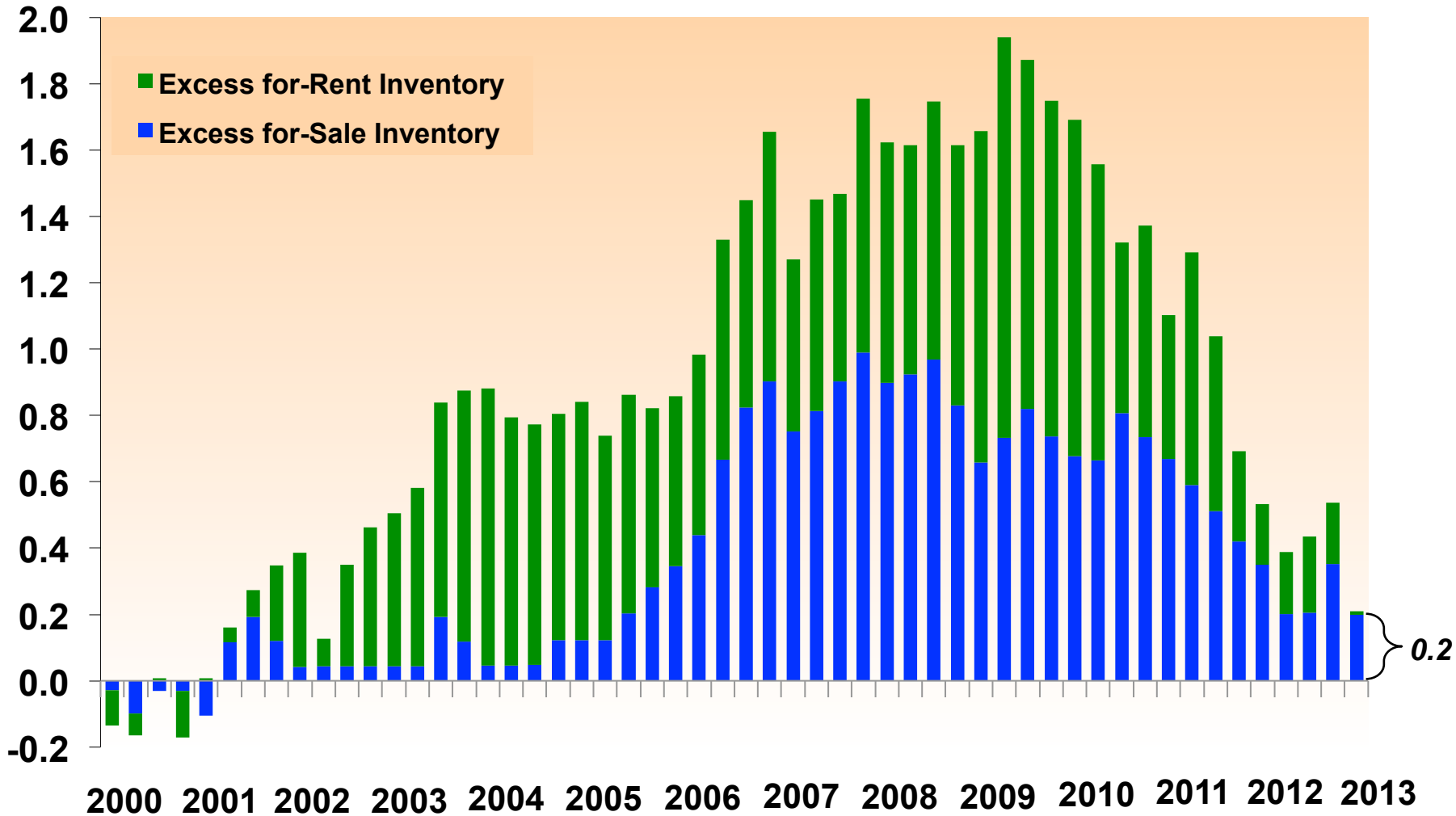
Inventories of Homes-For-Sale Are Near Lows

Months Supply of Homes for Sale



Vacant Housing Oversupply is Least in 10 Years

Excess Vacant Homes (Numbers in Millions)

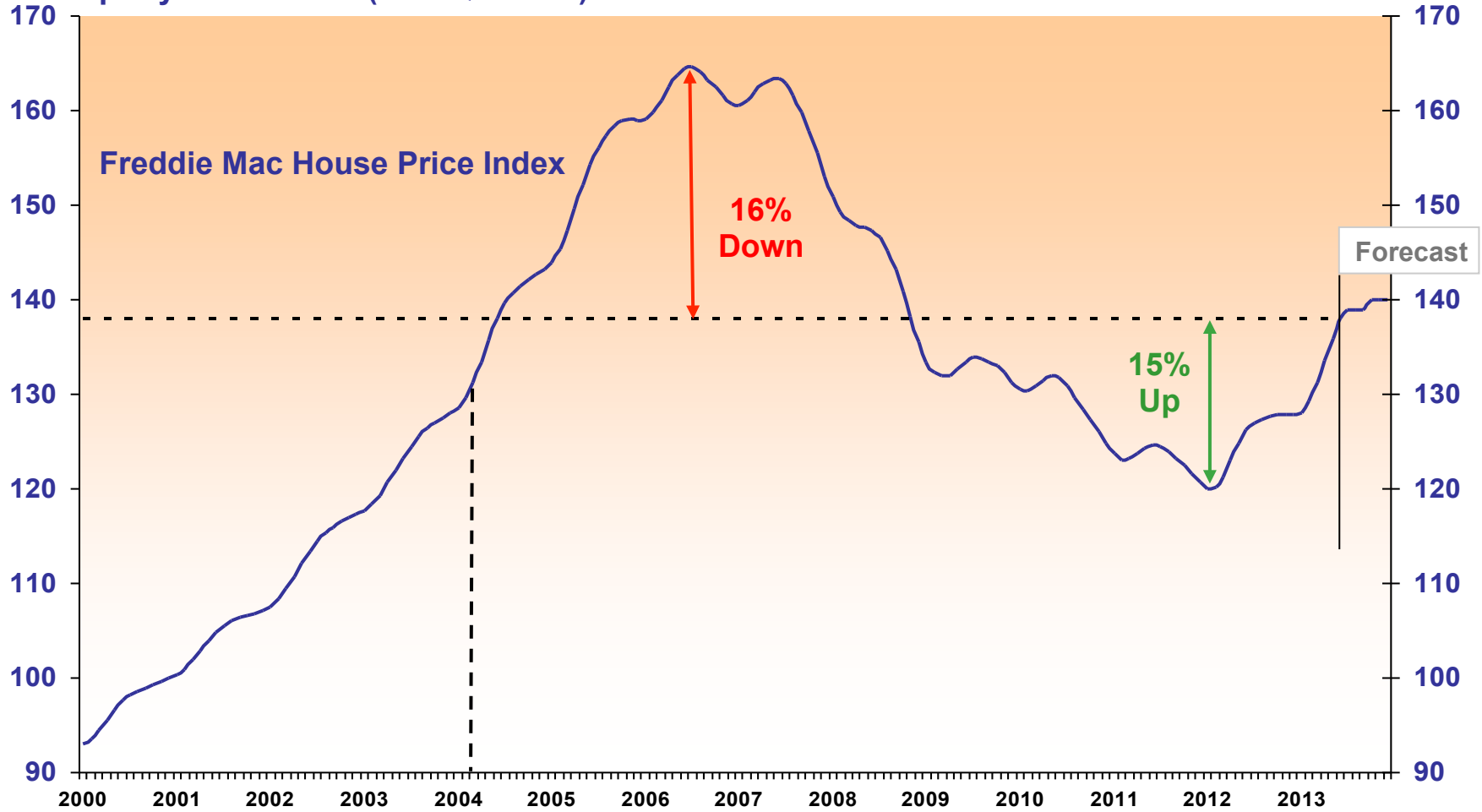


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Source: Freddie Mac calculations using U.S. Census Bureau data. Negative values reflect undersupply. The under/oversupply of vacant housing was estimated based on the average vacancy rate from 1994Q1 to 2003Q4.

U.S. House Prices Up 15% from Trough (but Are Still Down 16% from Peak)

U.S. Property Value Index (2000Q4 = 100)

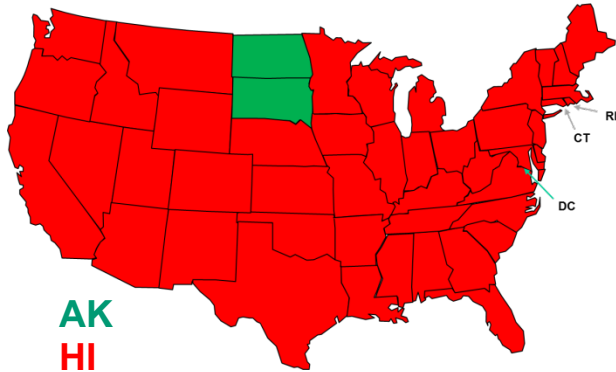


Annual House Price Performance By State, June 2010 to June 2013¹

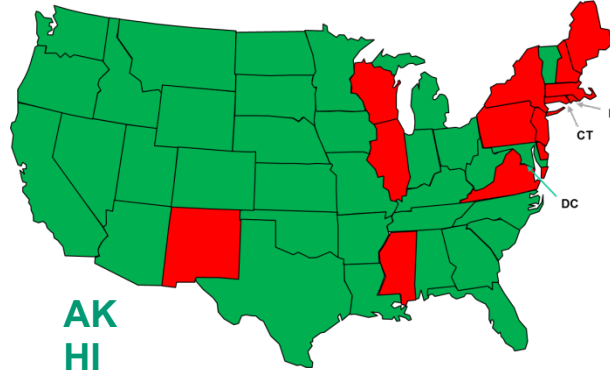
United States

(U.S. Index up 4.7%, June 2010 to June 2013)

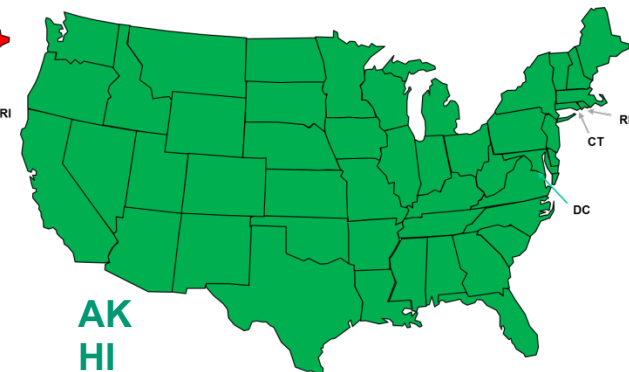
June 2010-June 2011



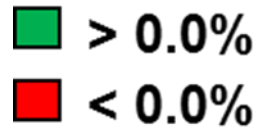
June 2011-June 2012



June 2012-June 2013



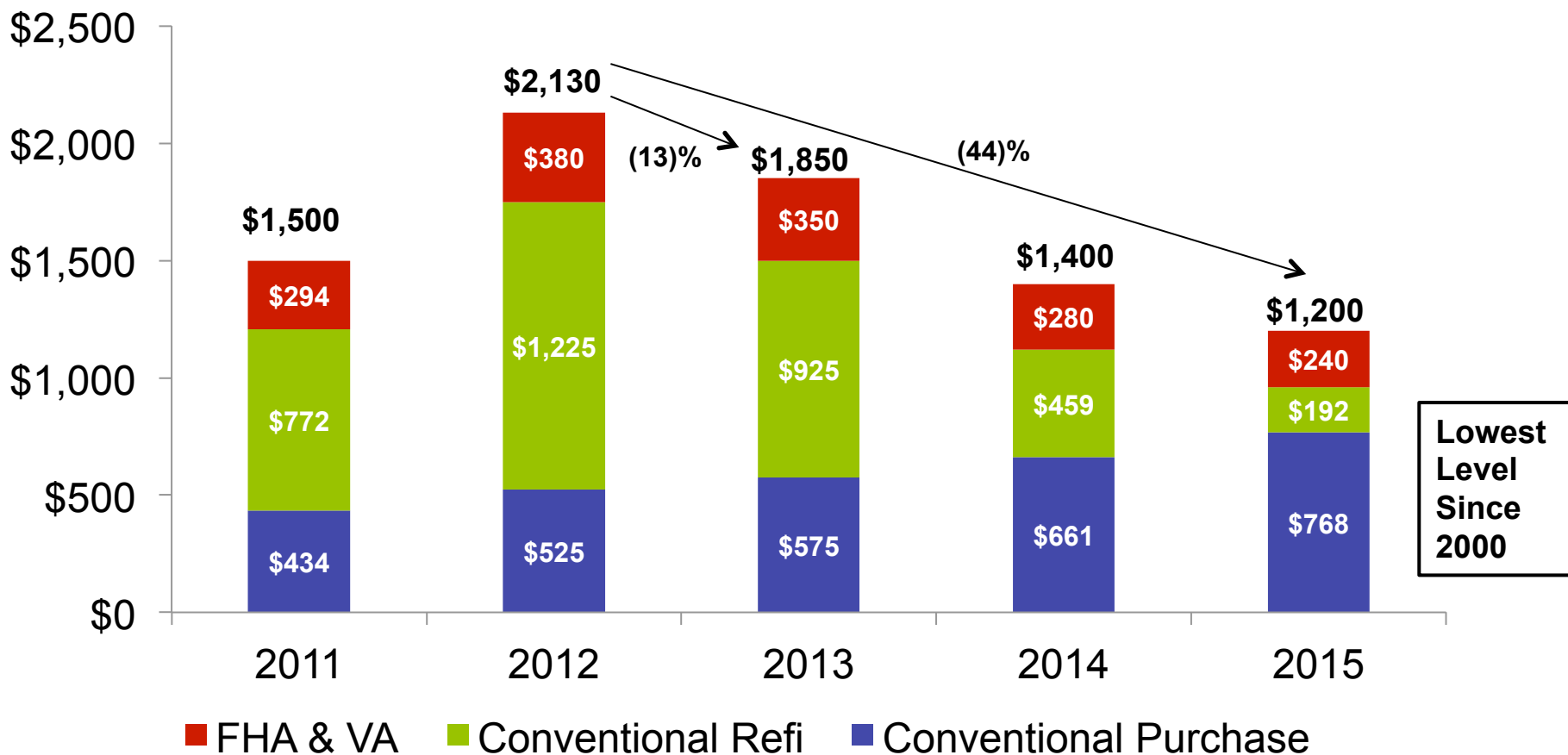
Annual Price Change



¹ The Freddie Mac House Price Index for the U.S. is a value-weighted average of the state indexes where the value weights are based on Freddie Mac's single-family credit guaranteed portfolio.

Refinances Are Still High, Purchase-Money Increasing

Single-Family Mortgage Originations (\$ Billions)



Sources: Freddie Mac's August Economic Outlook, HUD, VA

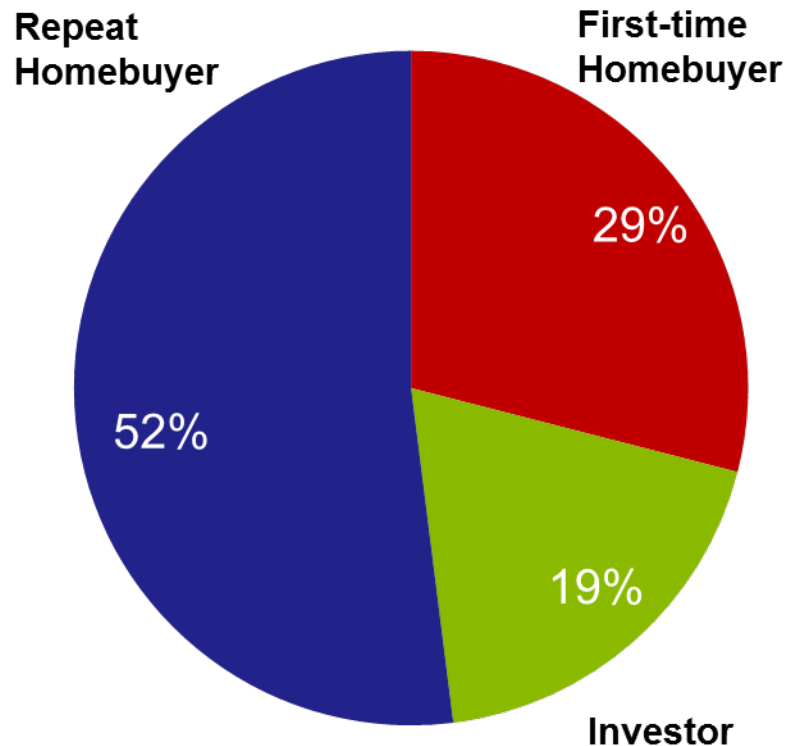
Note: Forecast does not indicate Freddie Mac's business prospects or expected results and may change without notice

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About 80% of U.S. Buyers Are Owner-Occupants

January – June 2013

Buyer Type



- **36% of owner-occupant buyers were first-time buyers**
- **87% of owner-occupant buyers use a mortgage**
- **First-timers almost always use mortgage financing**
- **Investors generally buy “all cash”**

Desire to Own a Home Remains Top Reason to Buy

Primary Reason for Purchasing a Home

First-time Homebuyers	Repeat Buyers
1. Desire to own a home of my own (60%)	1. Desire for a larger home (16%)
2. Affordability of homes (11%)	2. Job-related relocation or move (13%)
3. Change in family situation (9%)	3. Desire to own a home of my own (11%)

First Timers are Younger, More Likely to be Minority, and Have Smaller Down Payments

Characteristic	Repeat Buyers	First-Time Buyers
Age <= 35 years	23%	68%
Black or Hispanic	14%	23%
Median Household Income	\$66,000	\$55,000
FHA or VA or RHS/RD¹	28%	48%
Median Current LTV	82%	92%
Married %	59%	48%

Source: 2011 American Housing Survey.
Note: Owner-occupied, moved 2010 or 2011.

¹ Percent of Buyers using mortgage finance.

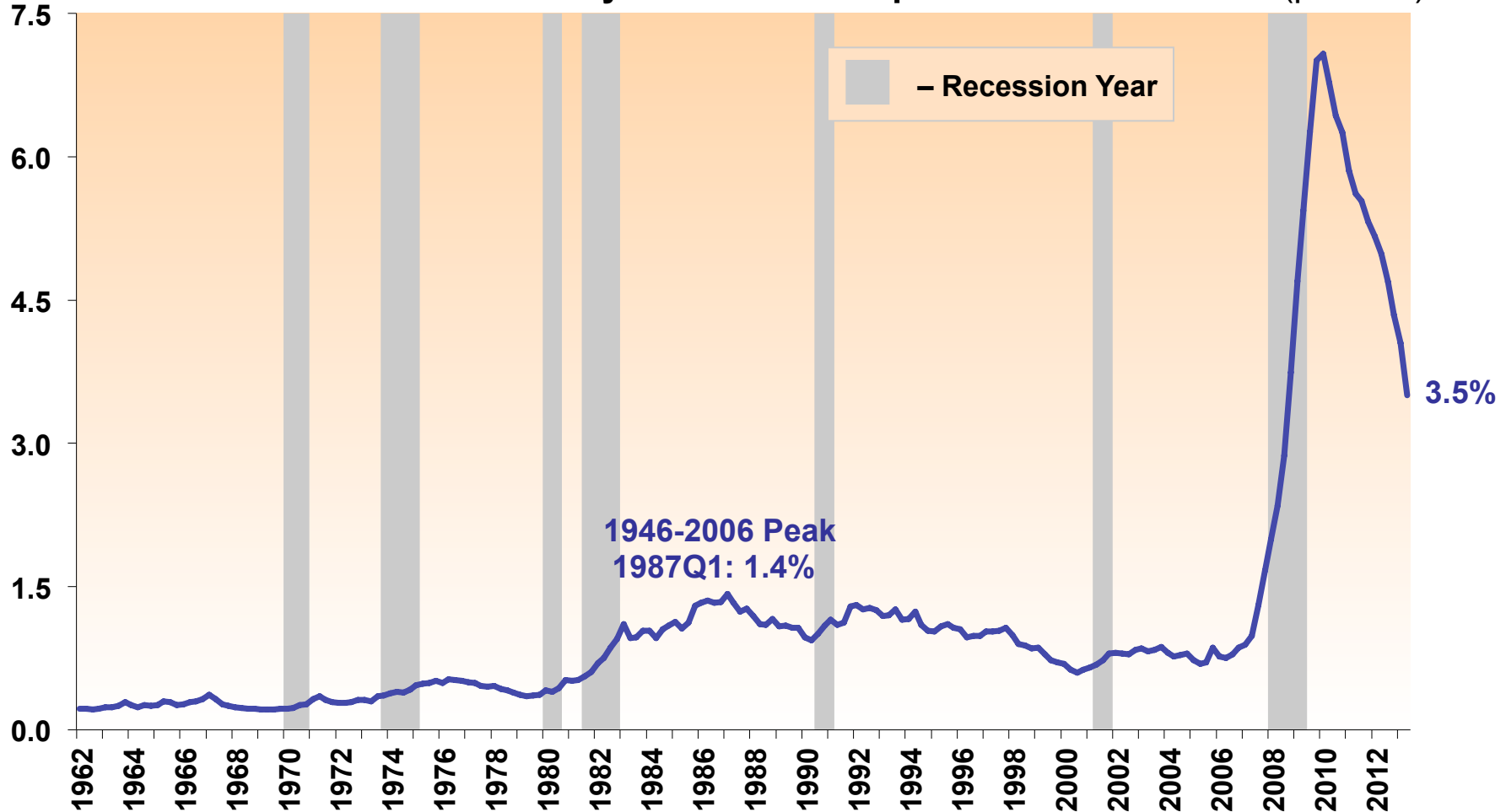
Job Loss Is the Main Hardship Reason Among Delinquent Prime Borrowers

Hardship Reason	2010
Unemployment or curtailment of income	55.3%
Excessive obligation	21.4%
Illness or death in the family	7.9%
Marital difficulties	3.7%
Inability to sell or rent property	1.9%
Employment transfer or military	1.1%
Property problem or casualty loss	0.4%
Extreme hardship	0.1%
All other reasons	8.3%

Source: Freddie Mac; data cover only prime conventional conforming loans.
Data through December 31, 2010.

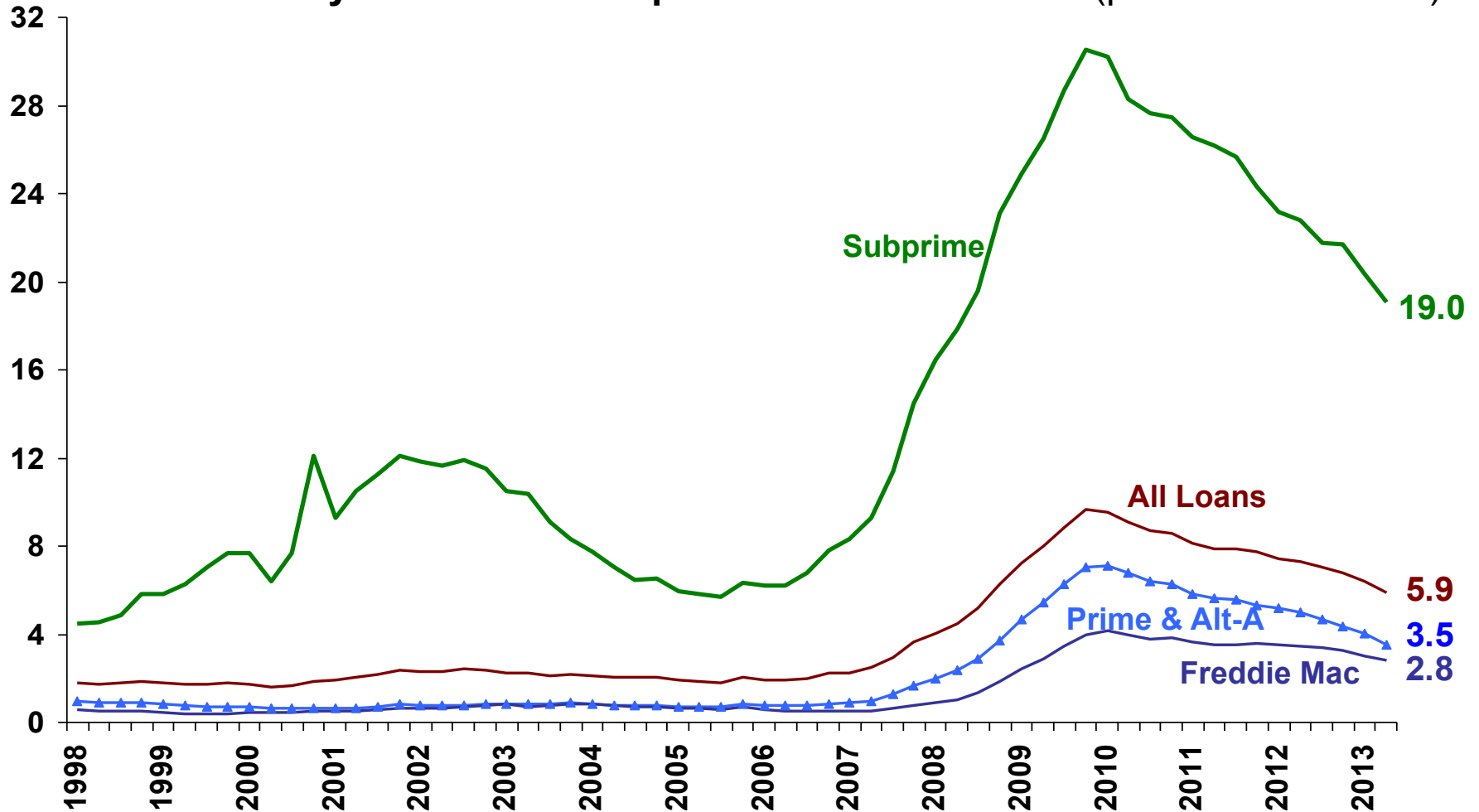
Recent Default Experience Is Unlike Any Previous Business Cycle Since the 1930s

Prime conventional loans 90 days or more delinquent or in foreclosure (percent)



Serious Delinquencies Have Begun to Lessen, but Remain Very High

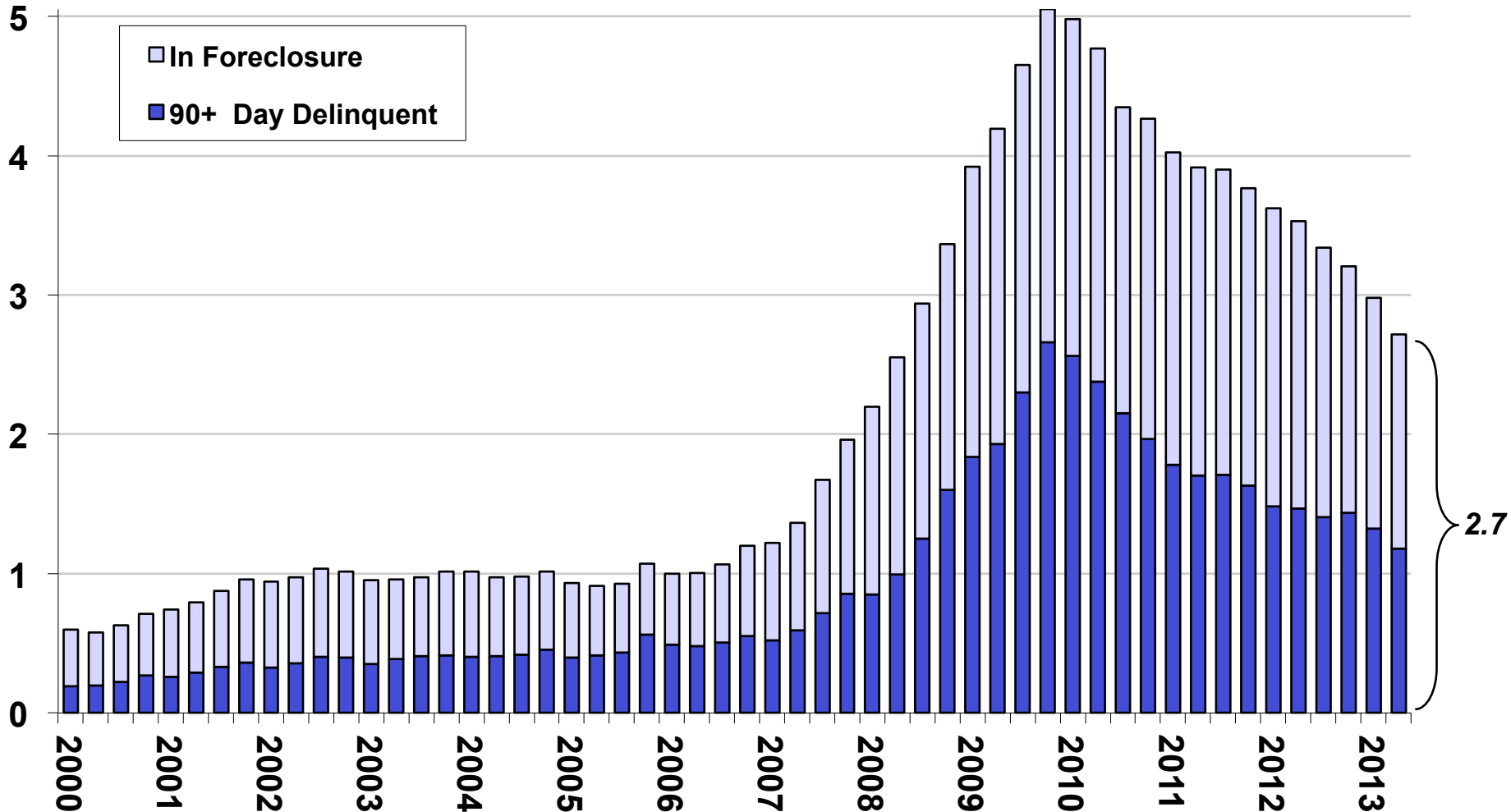
Loans 90 Days or More Delinquent or in Foreclosure (percent of number)



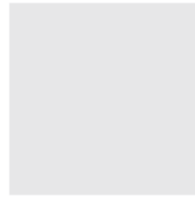
Source: Mortgage Bankers Association (Quarterly data not seasonally adjusted; 1998Q1-2013Q2); Freddie Mac.

'Shadow Inventory' Declining but Remains High

Millions of Loans Seriously Delinquent



Source: MBA National Delinquency Survey, adjusted for estimated coverage



Where to Get More Information

Look for regular updates to our economic forecast, commentary and data at
www.FreddieMac.com/news/finance

Contact us at chief_economist@freddiemac.com

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