

April 2026



Housing Market: A Path to Normalization

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Mortgage Rates Are Lower But Are Flattening Out

Mixed outlooks for 2026: tariffs and debt (war, inflation) likely to keep them higher, while labor market softening may drive rates lower. Term premium higher in the last year.

U.S. 30-year Fixed-Rate Mortgage, with high/low/average forecast

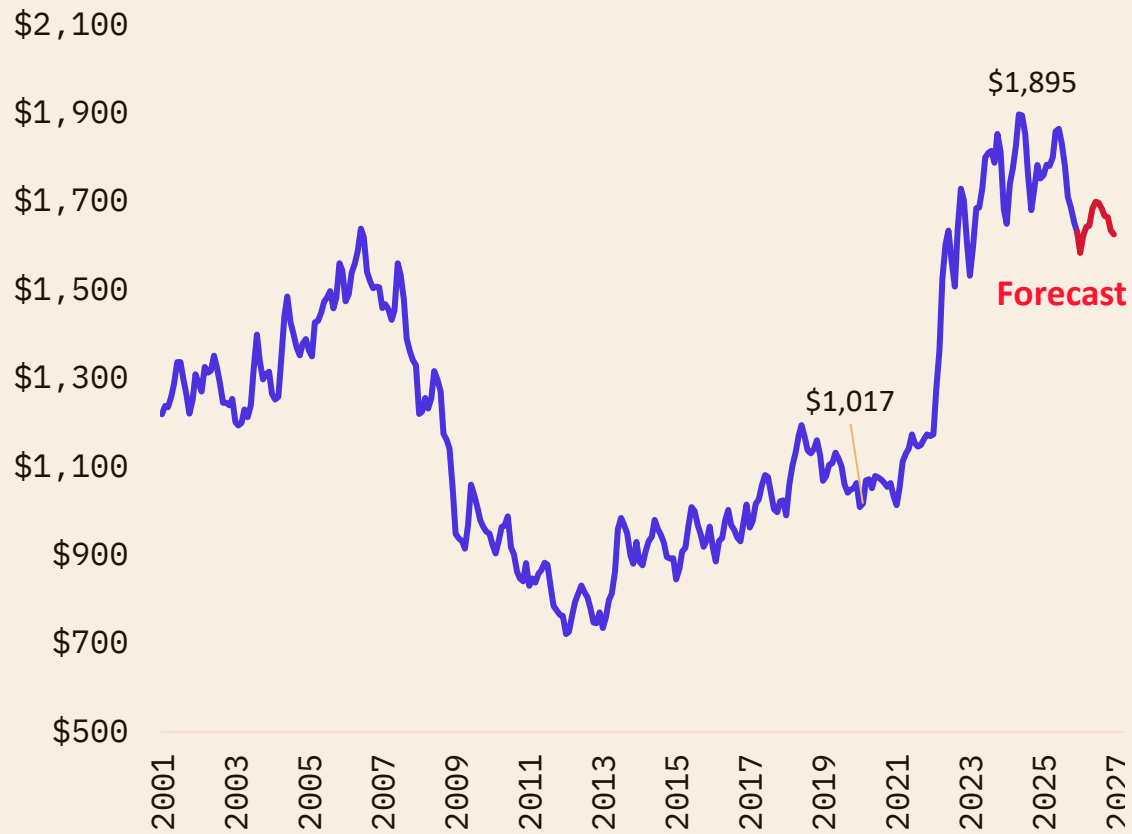


Source: Freddie Mac Primary Mortgage Market Survey®, forecast is consensus of external forecasts. Forecast are from January 2026.

Affordability Differs Nationwide, Showing Improvement

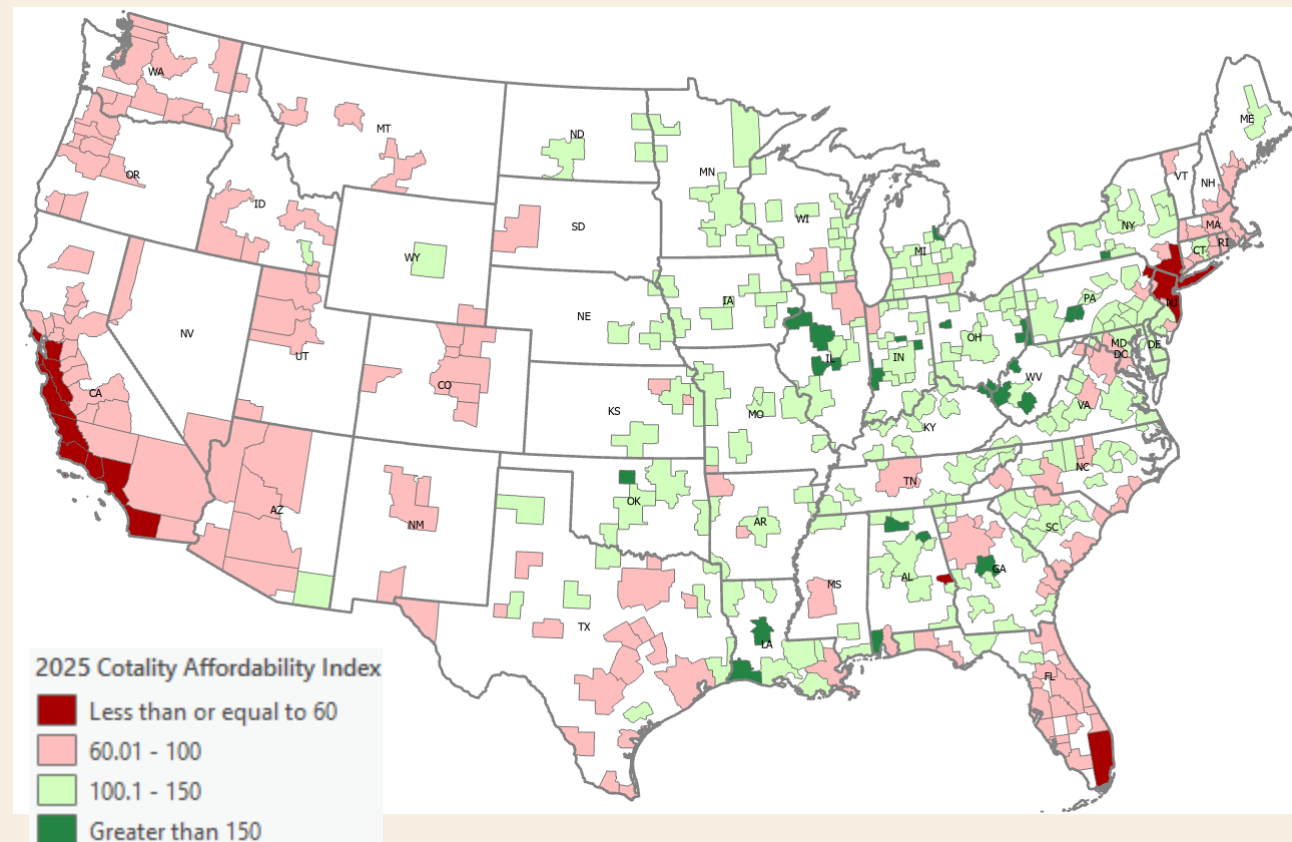
Real P&I payment down 14% from May 2024 peak, but still 63% higher than pre-pandemic

Inflation-Adjusted Typical Mortgage Payment



Source: Cotality MarketTrends, Bureau of Labor Statistics CPI, Freddie Mac PMMS, IHS Markit

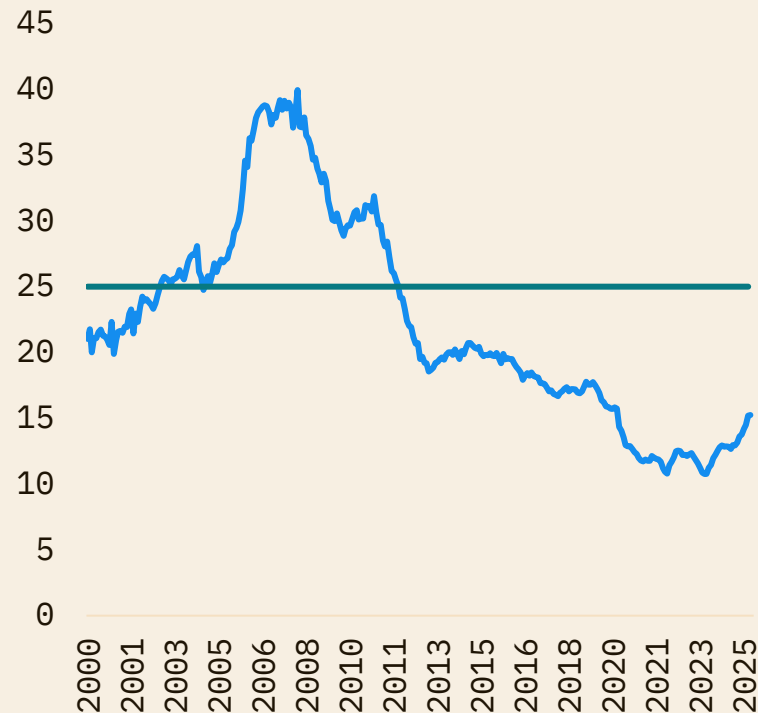
Index = 100: income is just enough to afford median-priced home
Only 56% of metros are affordable (index > 100)



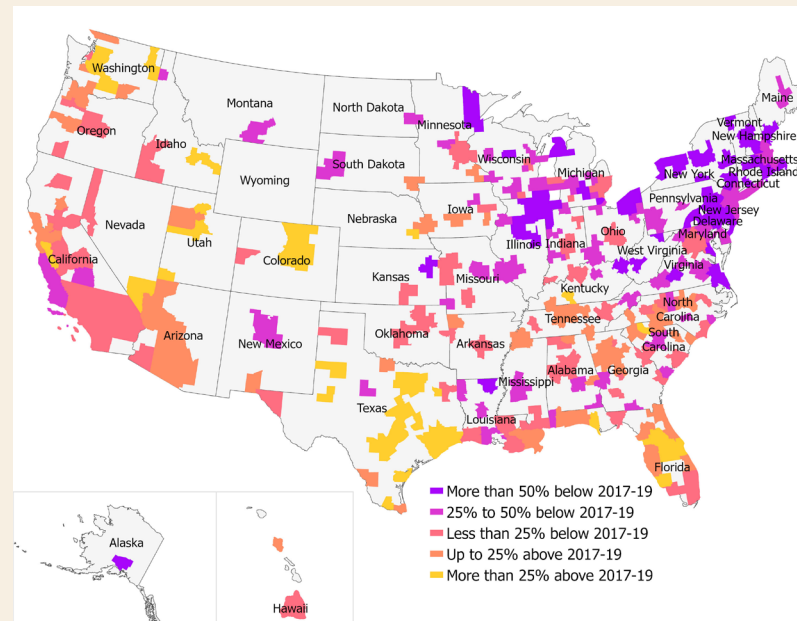
Note: Typical mortgage payment is the calculated monthly principal and interest payment on a median-priced home with 20% down payment and 30-year fixed-rate mortgage. CPI All Urban Consumers is used for the inflation adjustment. Forecast for 30-year fixed-rate mortgage is consensus of five external forecasts (6.0% for Dec. 2026) and prices are Cotality HPI Forecast (Feb 2026 release).

Supply Constraints Continue But Southeast and Mountain West Signal Some Oversupply

Inventory of Homes for Sale (New and Existing)
Per 1000 Households



Resales: for-sale inventories compared to pre-pandemic



Texas markets have greater supply of inventory

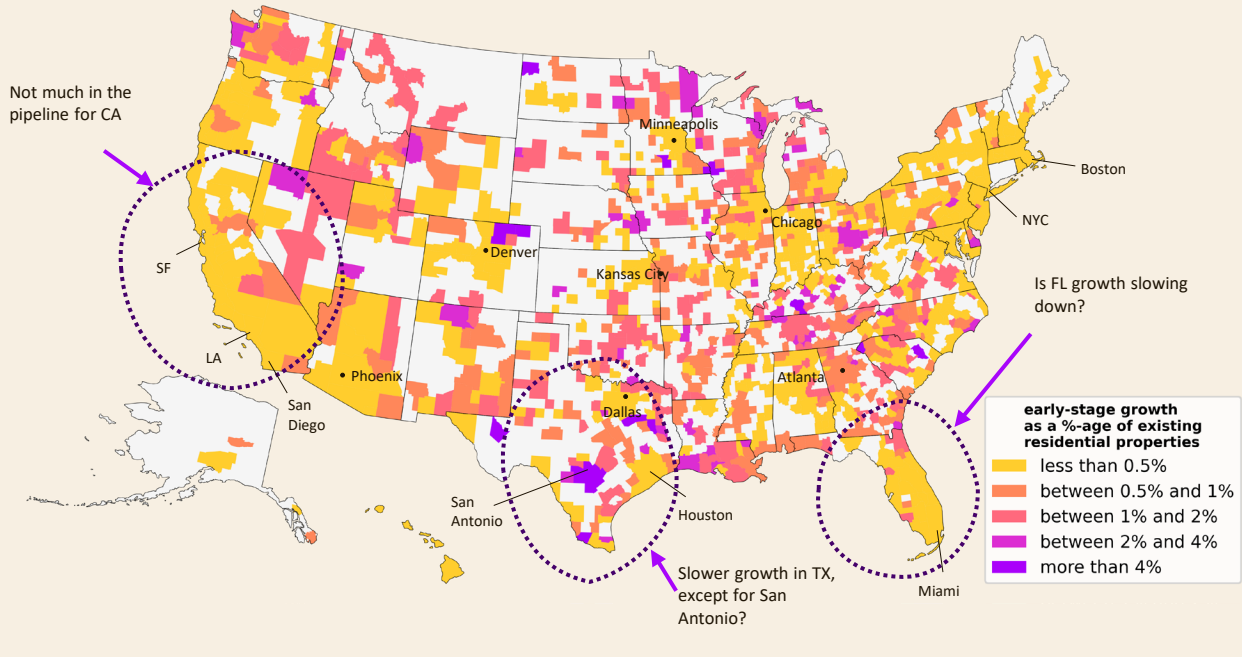
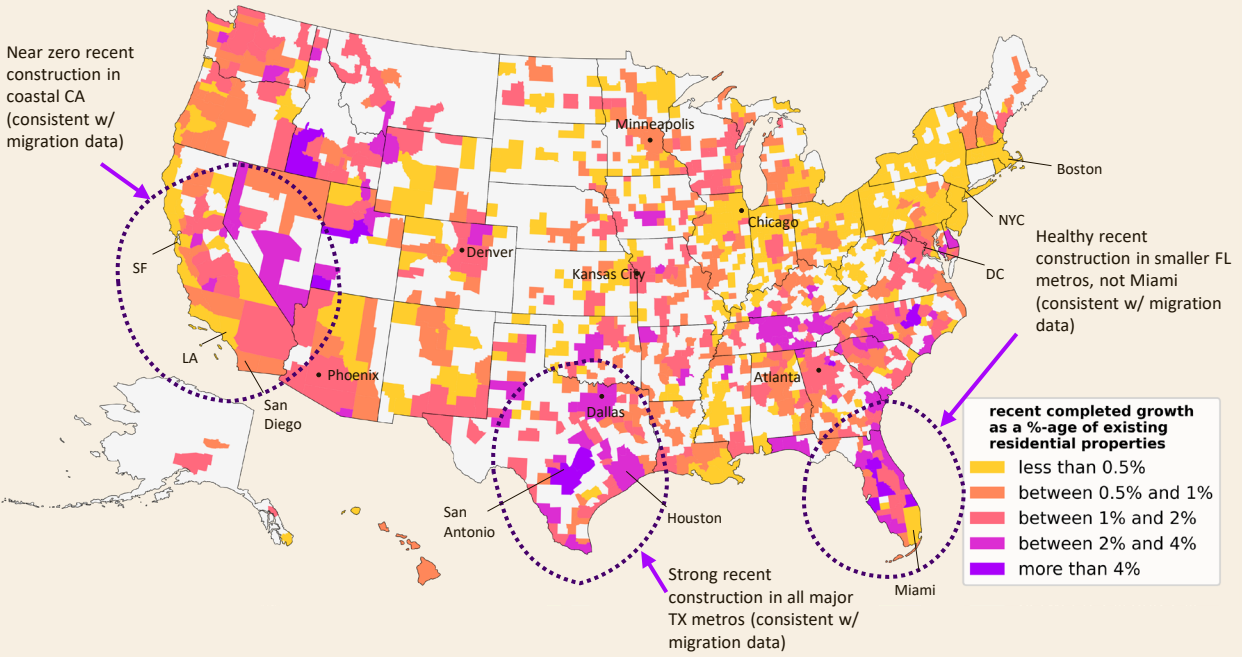
CBSA	For-sale Feb 26 vs 2019	Share of listings with reduced prices
Dallas-Fort Worth-Arlington, TX	48%	39%
Houston-Pasadena-The Woodlands, TX	28%	30%
San Antonio-New Braunfels, TX	69%	36%
Austin-Round Rock-San Marcos, TX	52%	35%

Following Recent Construction Growth in the South, Signs of Deceleration in Some Regions

Potential future growth moves to Midwest, some Texas areas

1.1% of national residential stock built in last 2 years
(recent completed growth)

Equiv. of approx. 0.7% of national stock in "early stage" growth
(potential future growth)

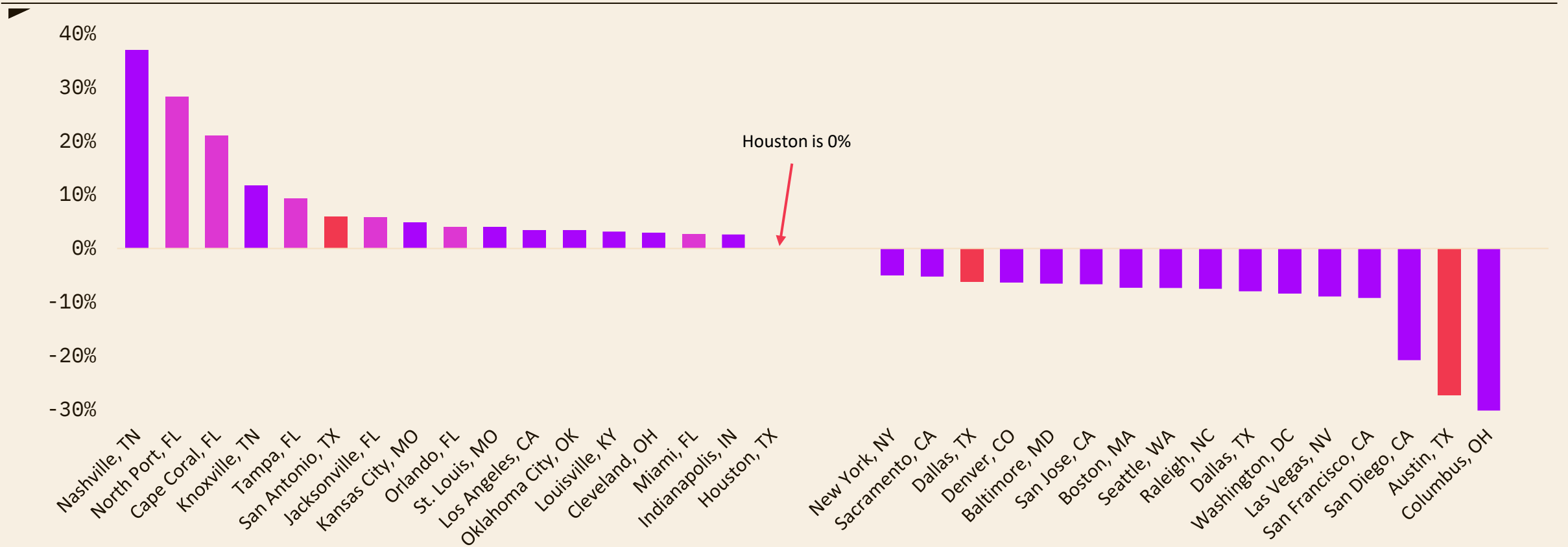


- Source: Cotality Growth Indicator + Property Intelligence. Depicted: Core-based statistical areas, February 2026
- "Early stage": Zoning, ownership, or parcel definition changes that indicate preparations for residential development.

Texas Home Sales Lower in 2026, Except San Antonio

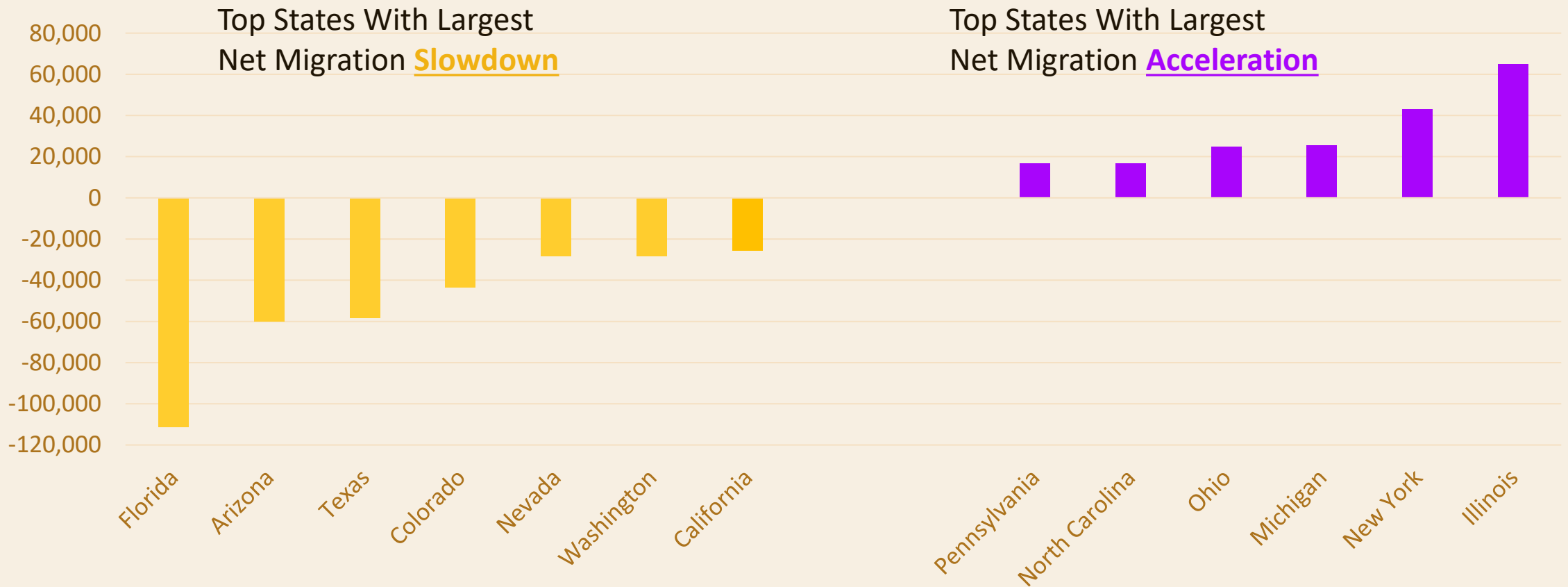
Year-over-year change in last 6 month's home sales as of February 2026

Top 15 markets with largest increases and bottom 15 with largest declines



In-Migration to Pandemic Hotspots Slows in Recent Year

Change in Domestic Net Migration by State 2025 versus 2019



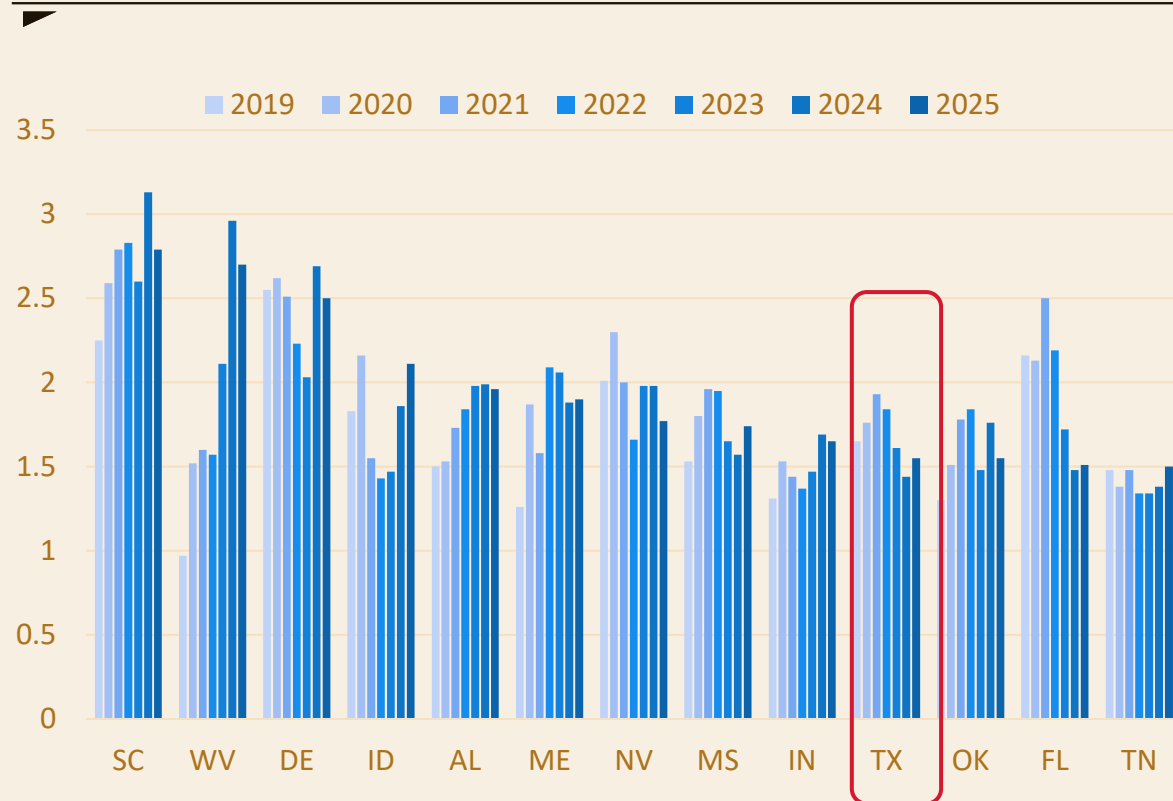
Source: U.S. Census Bureau, Population Division

15% of Homebuyers Move from Other States, Down from 18% in 2022

Affordability still drives moves, but high costs and lock-in effect are slowing the pace

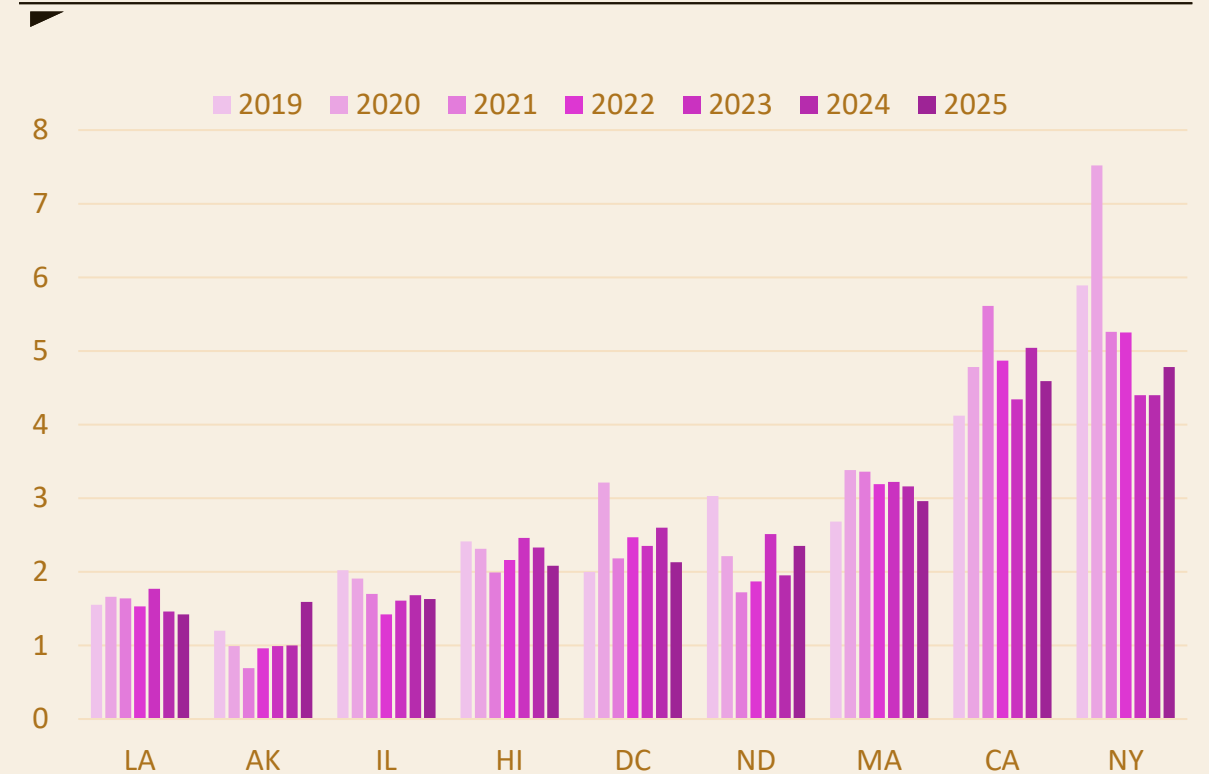
States with highest inbound of homebuyers

Based on IN/OUT RATIO (# of buyers moving in relative to 1 moving out)



States with highest outbound of homebuyers

Based on OUT/IN RATIO (# of buyers moving out relative to 1 moving in)



Texas and Dallas Home Buyers Are Mostly Locals

90% of Texas-based mortgage applicants stayed in Texas. Similarly, 91% of Dallas-based mortgage applicants stayed in Dallas.

Top states out-of-state buyers are coming from to **Texas**

CA	53%
WA	6%
NY	6%
NJ	5%
AZ	4%
VA	4%
IL	2%
NV	2%
MD	2%
OH	2%

Top states **Texans** are moving to

OK	-27%
TN	-13%
AR	-13%
AL	-11%
SC	-10%
FL	-6%
NC	-4%
CO	-4%
MS	-4%
IN	-3%

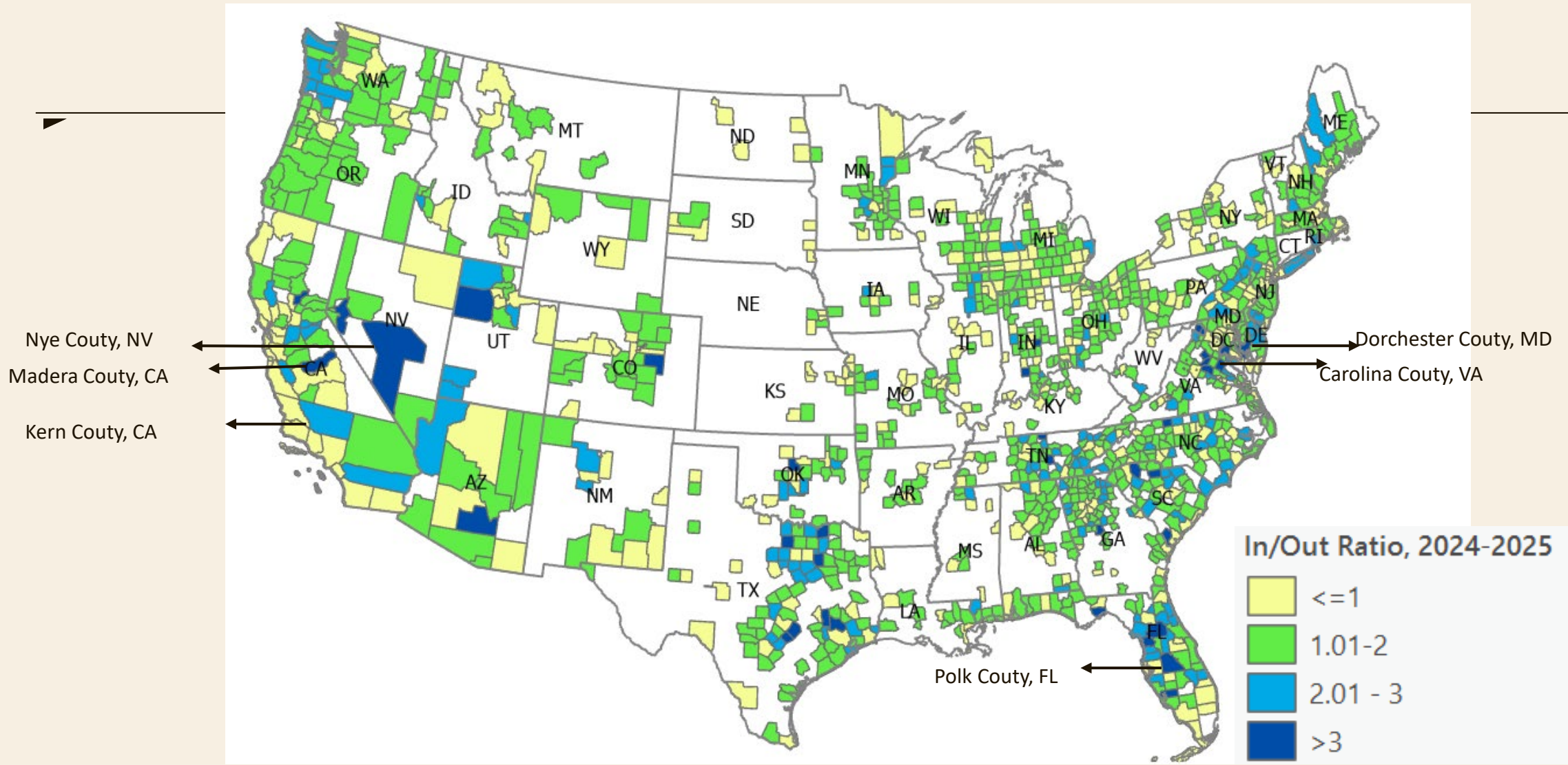
Top metros out-of-state buyers are coming from to **Dallas**

LOS ANGELES	16%
NEW YORK	10%
SAN FRANCISCO	7%
SAN JOSE	5%
SAN DIEGO	5%
RIVERSIDE	5%
SEATTLE	5%
WASHINGTON	4%
CHICAGO	3%
MIAMI	2%

Top metros **Dallas** residents are moving to

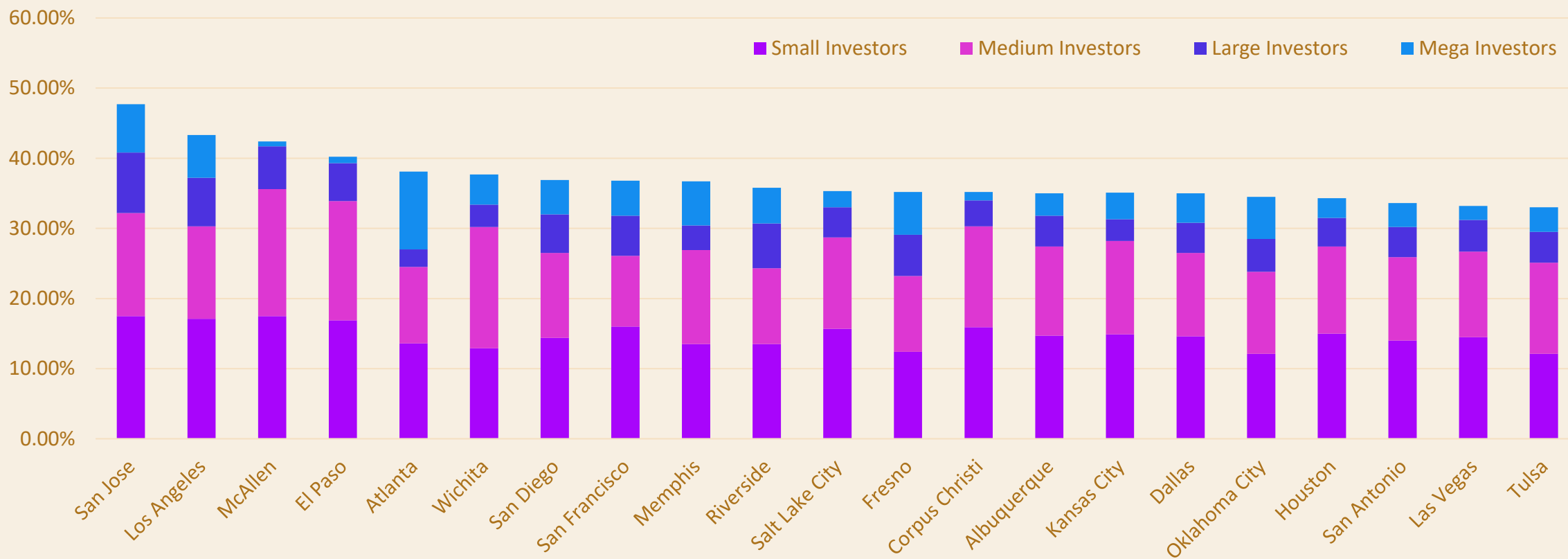
SHERMAN TX	-17%
GRANBURY TX	-6%
ATHENS TX	-6%
BONHAM TX	-4%
CORSICANA TX	-4%
SAN ANTONIO	-3%
FAYETTEVILLE AR	-3%
HOUSTON	-3%
TYLER TX	-3%
OKLAHOMA CITY OK	-2%

Homebuyers Mobility Trends: Migration to Small Metro and Rural Areas Continues in 2025



Would an Investor Ban Impact Pricing?

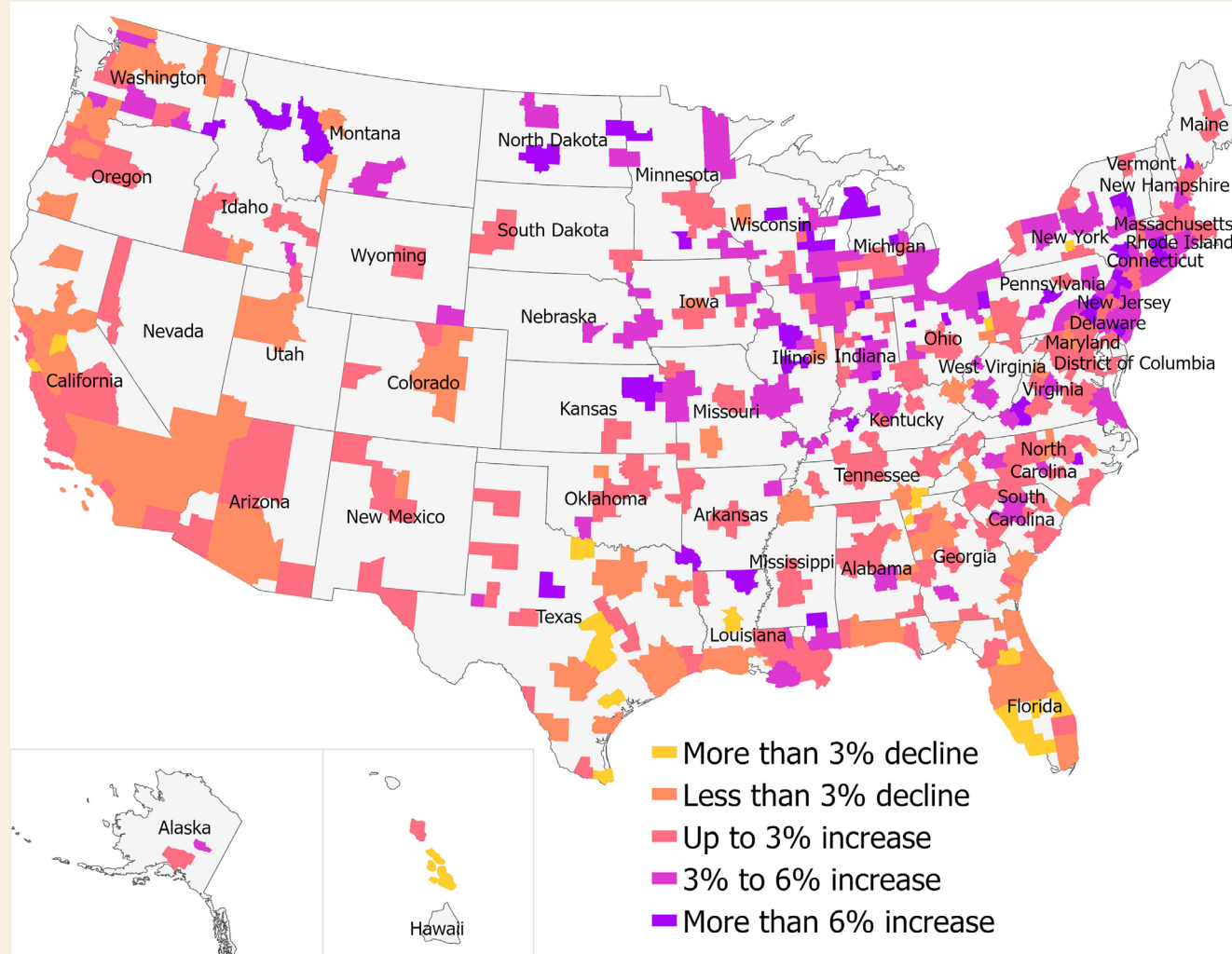
The signs point to a minimal impact, but there are regions where it could have an impact



Source: Cotality Public Records Data, 2025. Includes only Single-Family Arms-Length Transactions

Home Price Growth Rebounding in Many Texas Metros

Texas markets range from 6.7% YOY growth in Abilene to -6.7% in Victoria



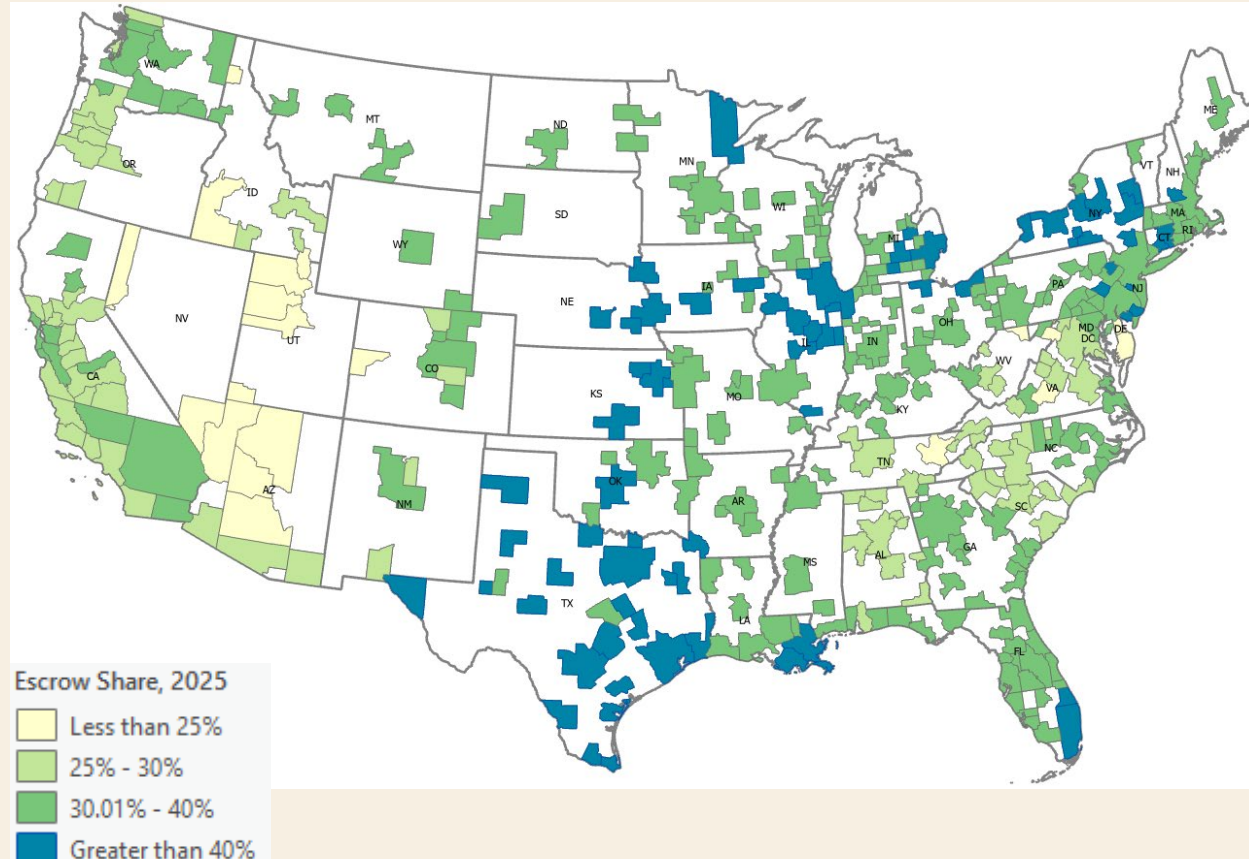
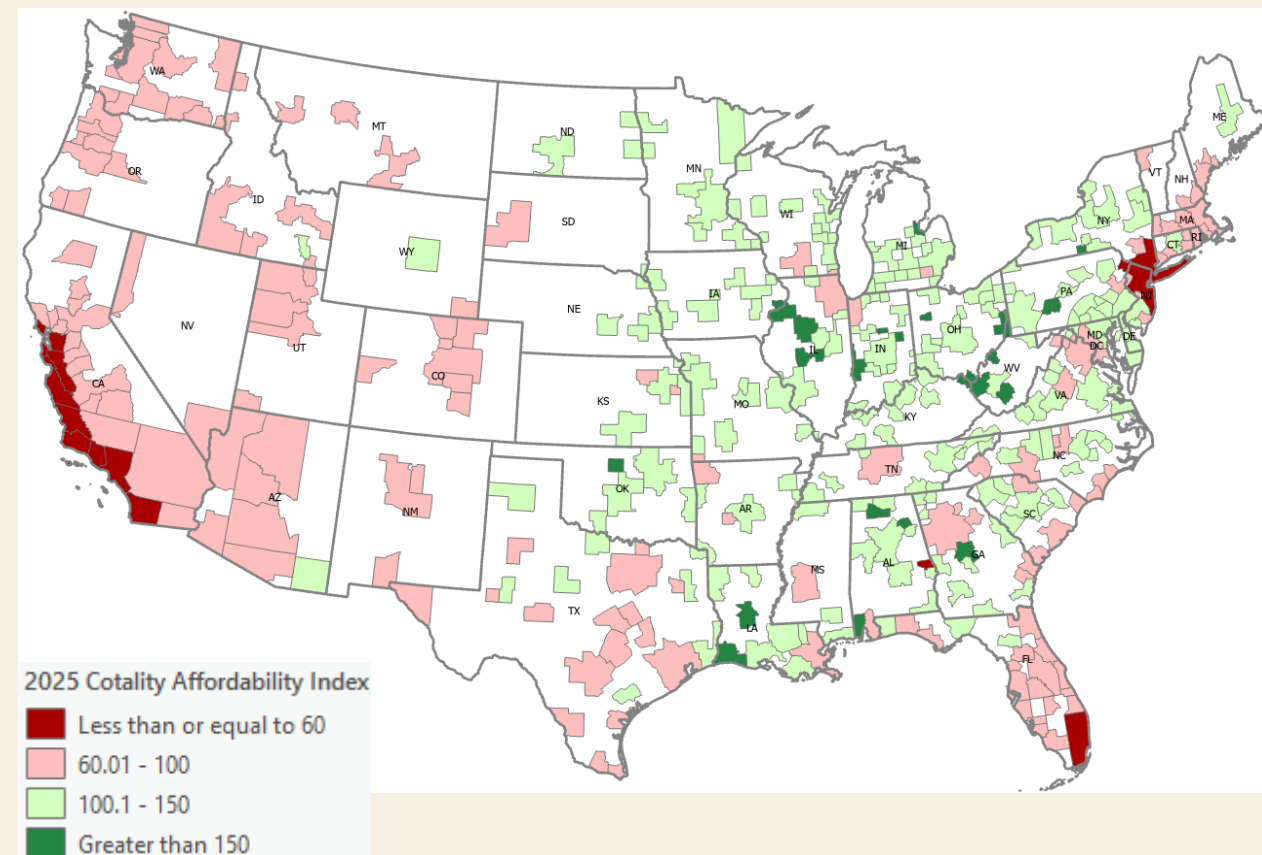
CBSA Name	3-month momentum	YOY change	Peak to current change	February 2027 Forecast
AUSTIN	1.5%	-3.2%	-15.3%	5.3%
DALLAS	-1.0%	-1.5%	-3.8%	3.1%
EL PASO	2.6%	3.6%	0.0%	3.9%
FORT WORTH	1.7%	-0.1%	-0.9%	3.7%
HOUSTON	0.0%	-0.9%	-1.5%	3.7%
SAN ANTONIO	-0.4%	-2.7%	-4%	3.8%

Affordability Also Depends on Non-Mortgage Costs

While many metros have affordability index > 100, high escrow share of monthly payment could threaten affordability

Only 56% of metros are affordable (index > 100)

20% of metros have escrow share of payment > 40%

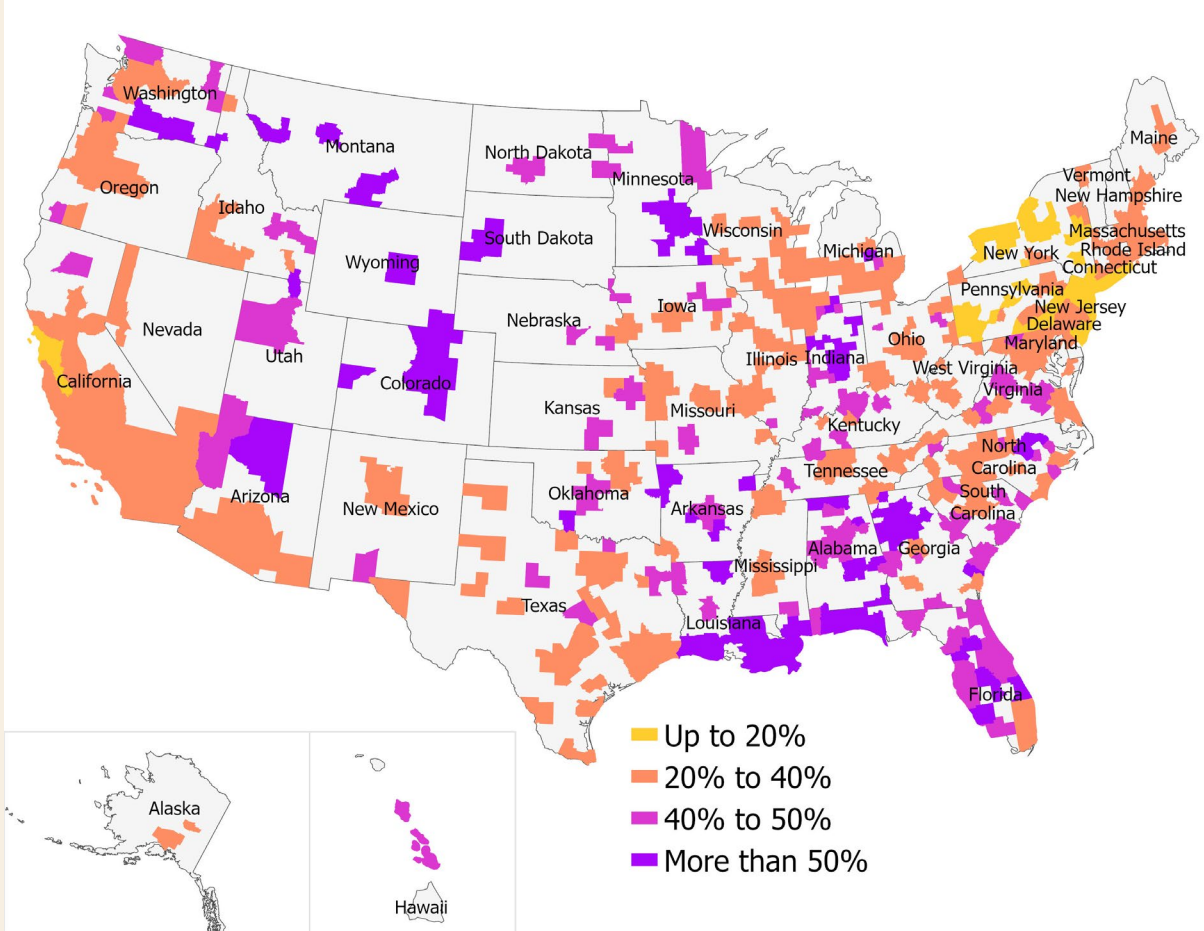
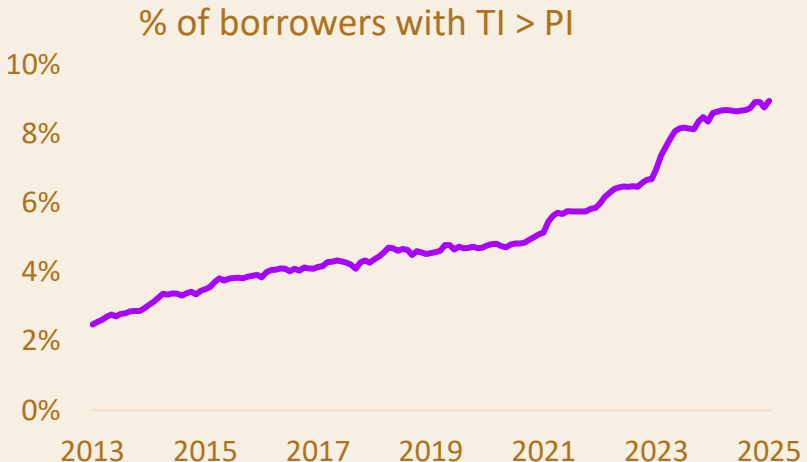


Source: Cotality

Total Non-Mortgage Costs (Insurance, Utilities, Property Taxes) Increase More Than Inflation Since the Pandemic

Change in Average Homeowner Escrow Amount from 2019 to 2025

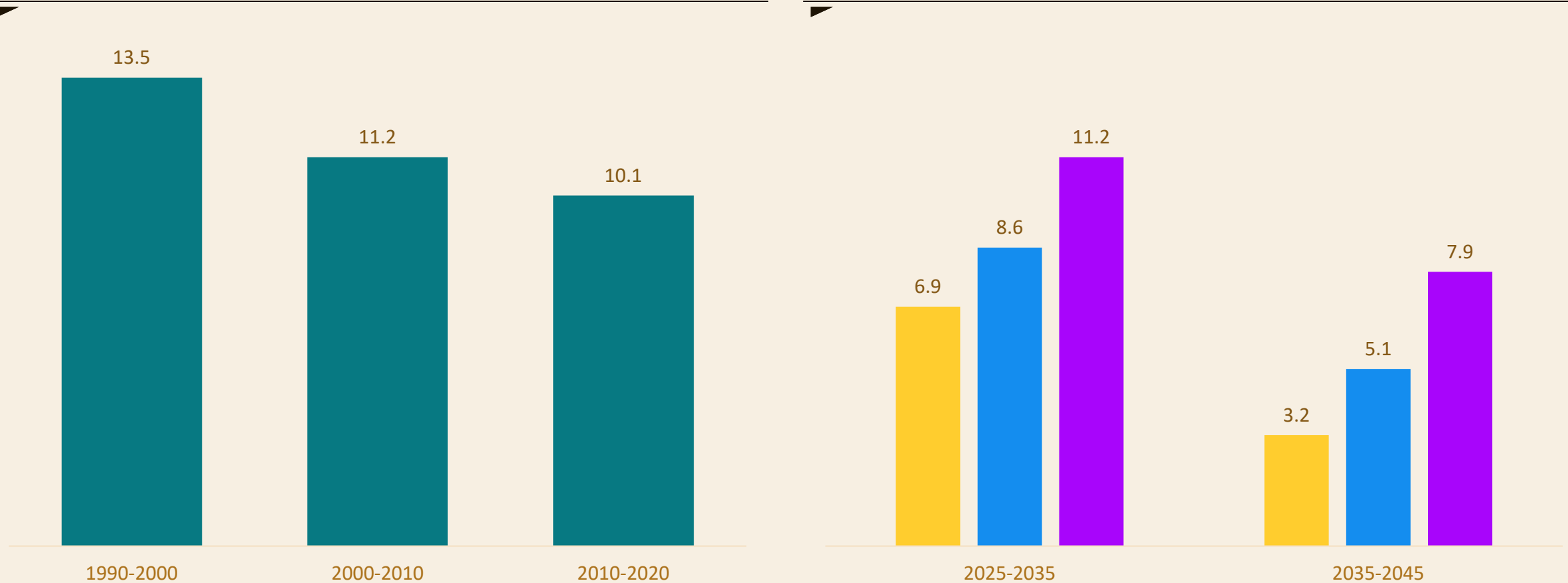
- 2019 to 2025 average increase: 45%
- States with highest increases:
 - Florida 70%, Colorado 77%,
 - Wyoming 66%, South Dakota 65%



Source: Cotality Loan-Level Market Analytics

Future Demand: Annual Household Growth is Projected To Slow to a 1/3 of Current Levels Under **Low** Immigration Scenario

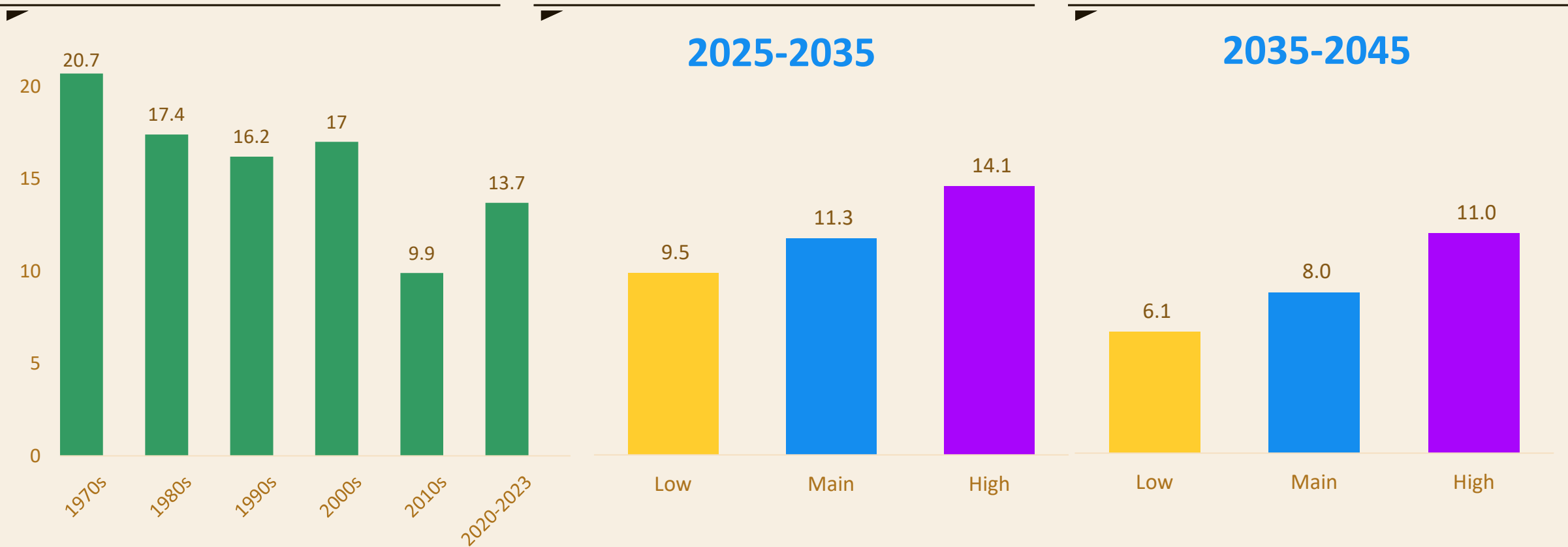
Change in Households (Millions), under **Low** vs **High** Immigration Projections



Source: JCHS tabulations of US Census Bureau Decennial Censuses and JCHS 2024 Household Projections. Notes: New Housing Units includes new units completed and manufactured homes shipped. Level for 2020-2023 is the average annual rate normalized to show a 10-year production level.

Future Supply: Supply of New Housing Units Also Slows Notably Under **Low** Migration Scenario in the Next Two Decades

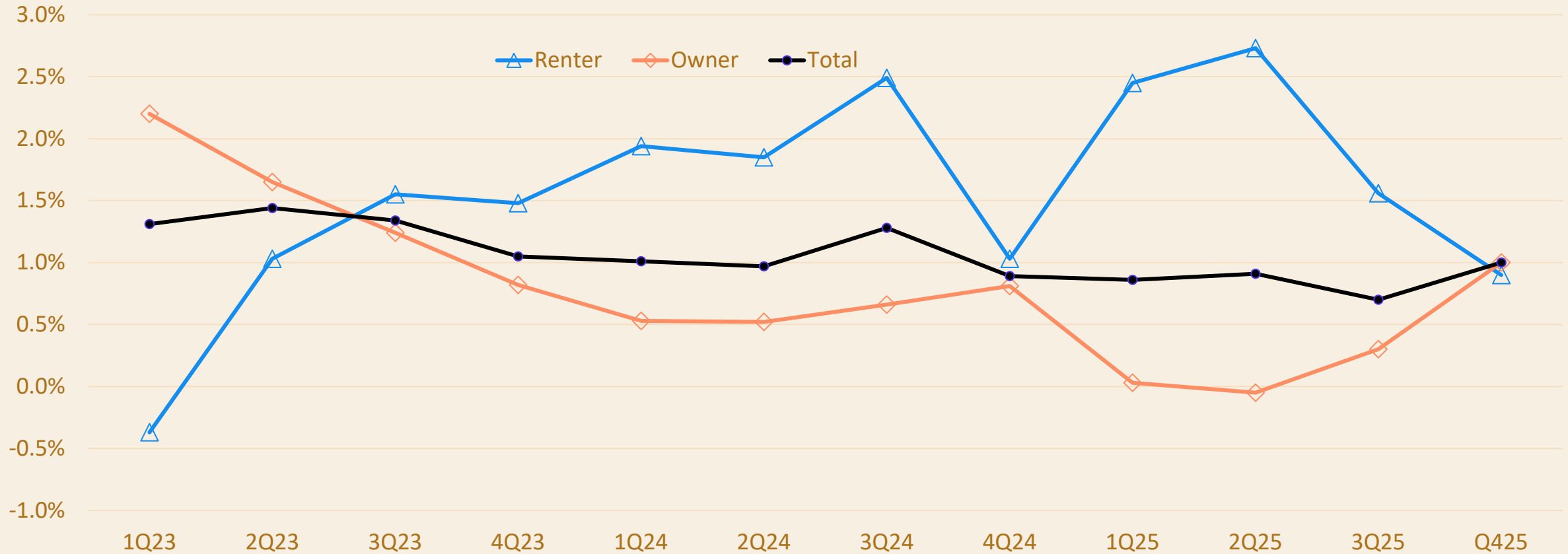
New Housing Units (Millions), under **Low** vs **High** Immigration Projections



Source: JCHS tabulations of US Census Bureau Decennial Censuses and JCHS 2024 Household Projections.

Households Growth Led by Renters Though Year-End 2025

Year-over-Year change in households



Source: Census Housing Vacancy Survey, Cotality analysis



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