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US Housing Outlook: Affordability weighing on demand. Supply still low.

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Apollo Global Management

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Unless otherwise noted, information as of September 2025

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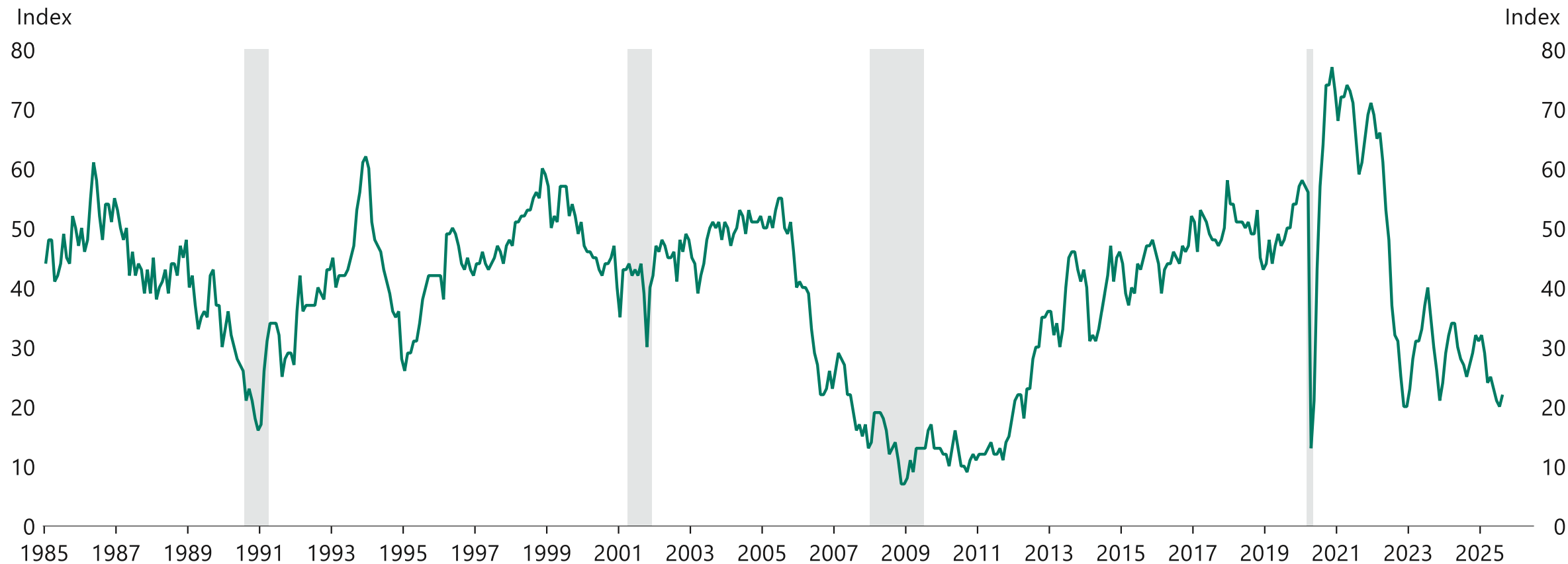
Outline

- 1) Housing demand
- 2) Housing supply
- 3) House prices
- 4) Housing outlook

1) Housing demand

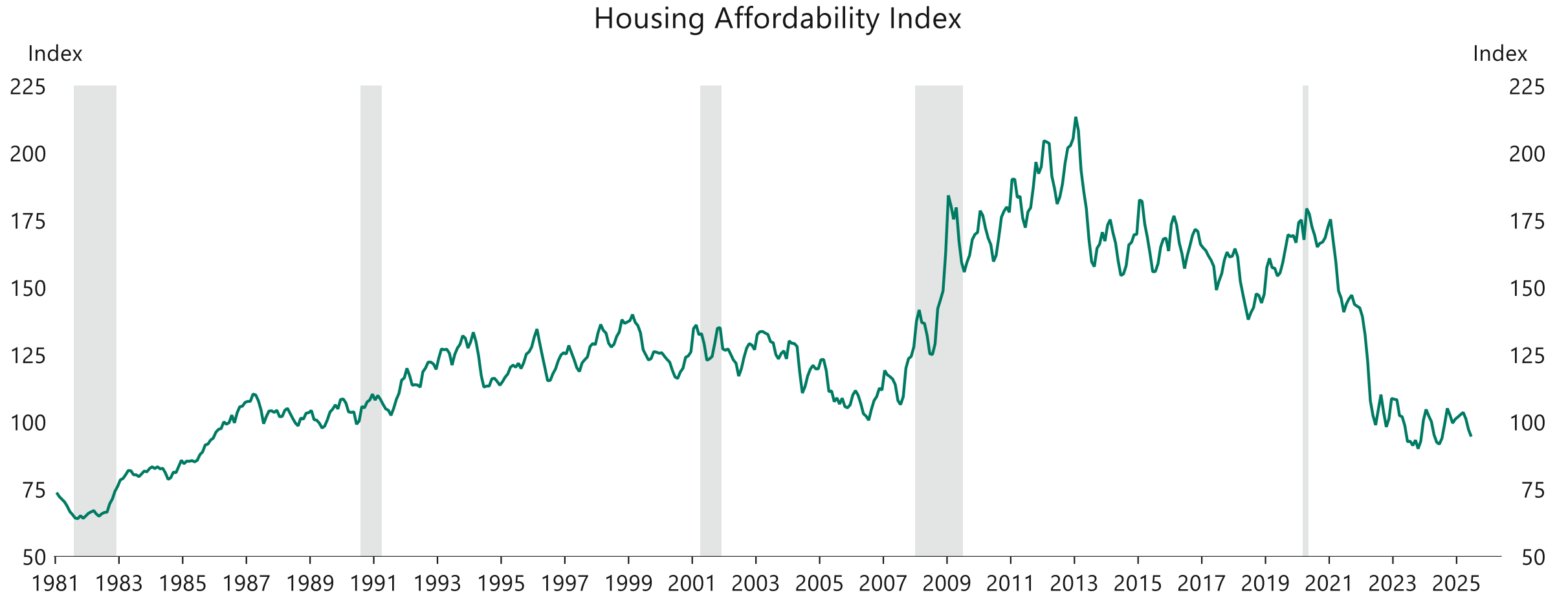
Traffic of prospective homebuyers

Traffic of prospective buyers of new homes



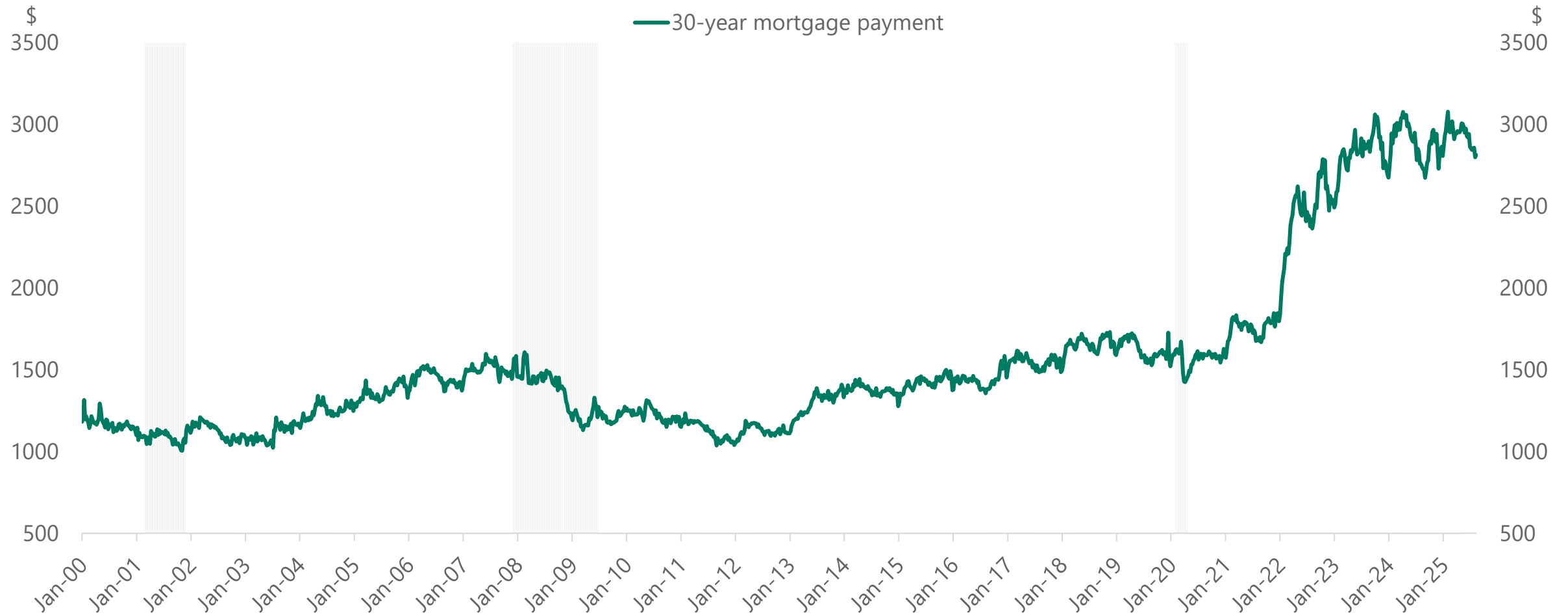
Source: National Association of Home Builders, Macrobond, Apollo Chief Economist

Housing affordability near record lows

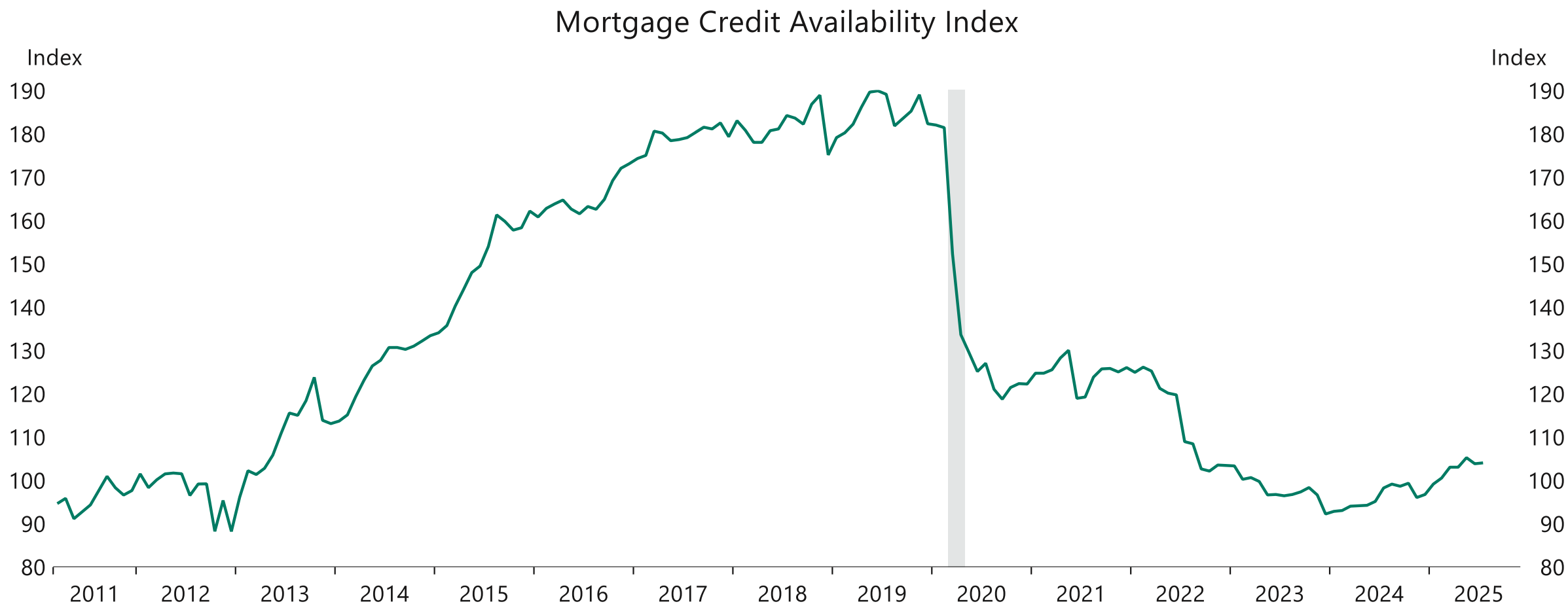


Source: National Association of Realtors (NAR), Macrobond, Apollo Chief Economist

Monthly mortgage payment on a new mortgage: \$2,813

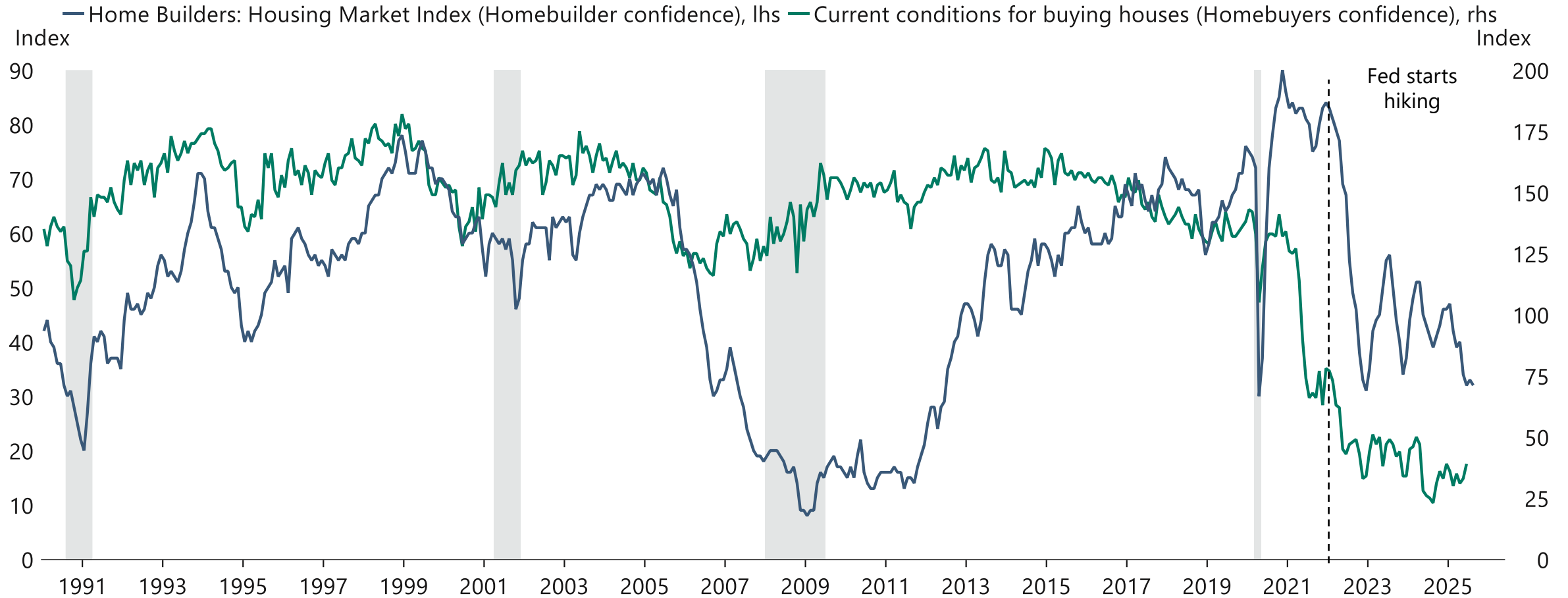


Availability of mortgage credit at tight levels



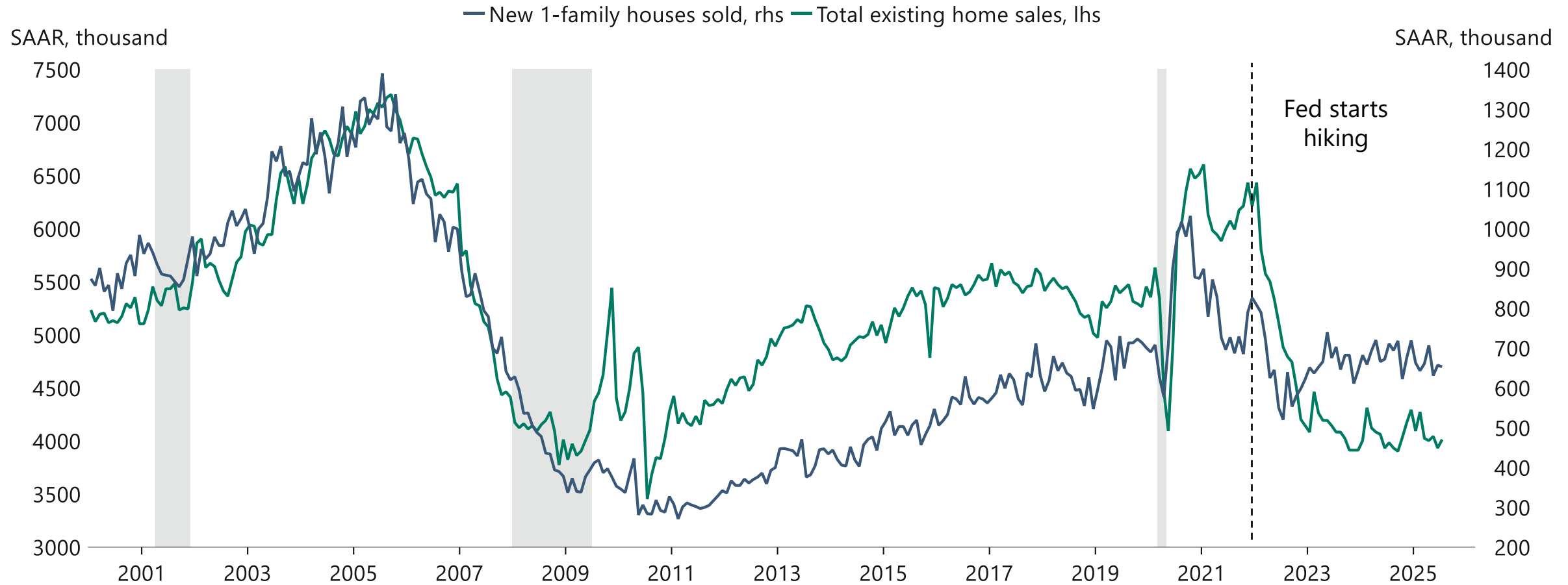
Source: MBA, Bloomberg, Macrobond, Apollo Chief Economist

Homebuyer and homebuilder confidence lower because of affordability



Source: University of Michigan, National Association of Home Builders, Macrobond, Apollo Chief Economist

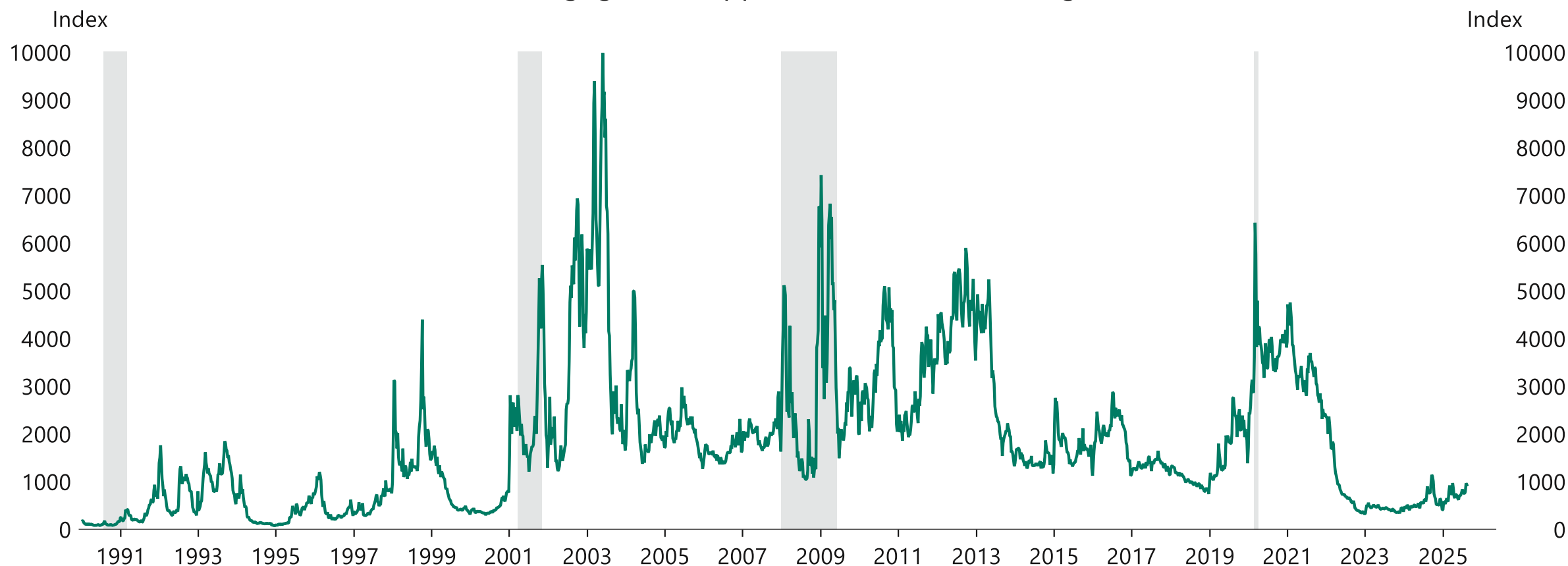
New and existing home sales lower than normal because of affordability and low inventory



Source: National Association of Realtors (NAR), U.S. Census Bureau, Macrobond, Apollo Chief Economist

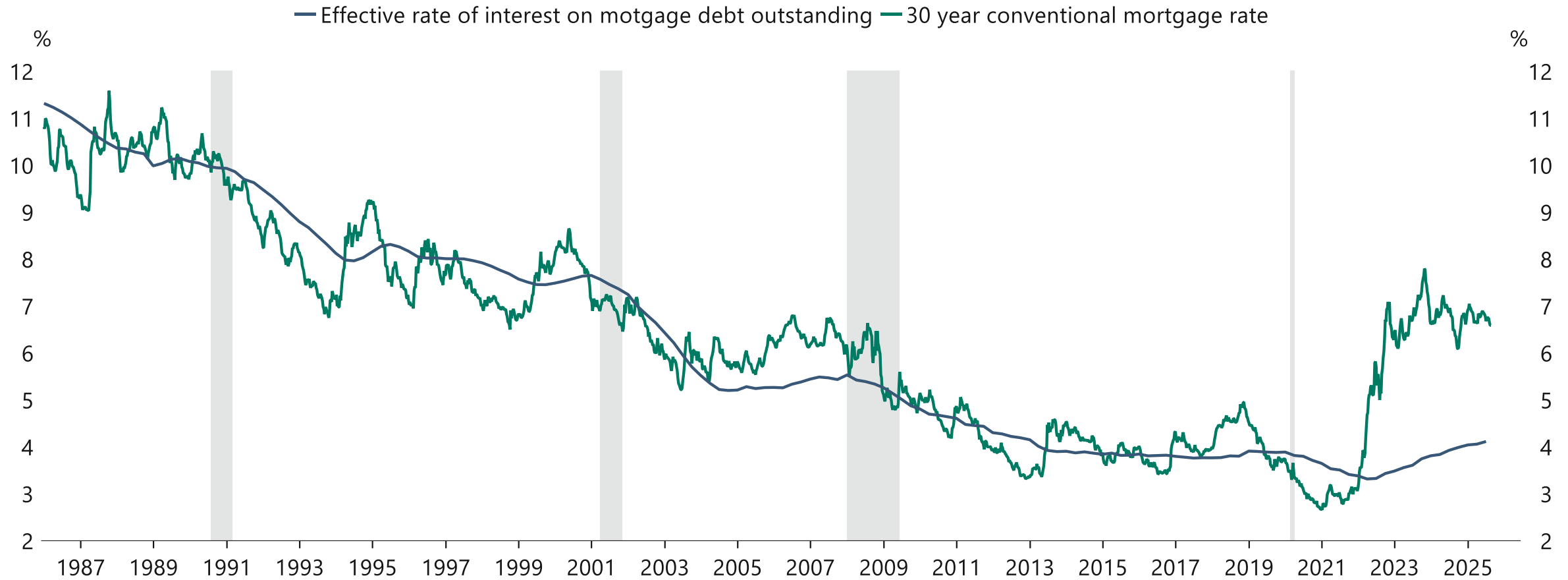
Number of homeowners who are refinancing their mortgage

Mortgage loan applications for refinancing



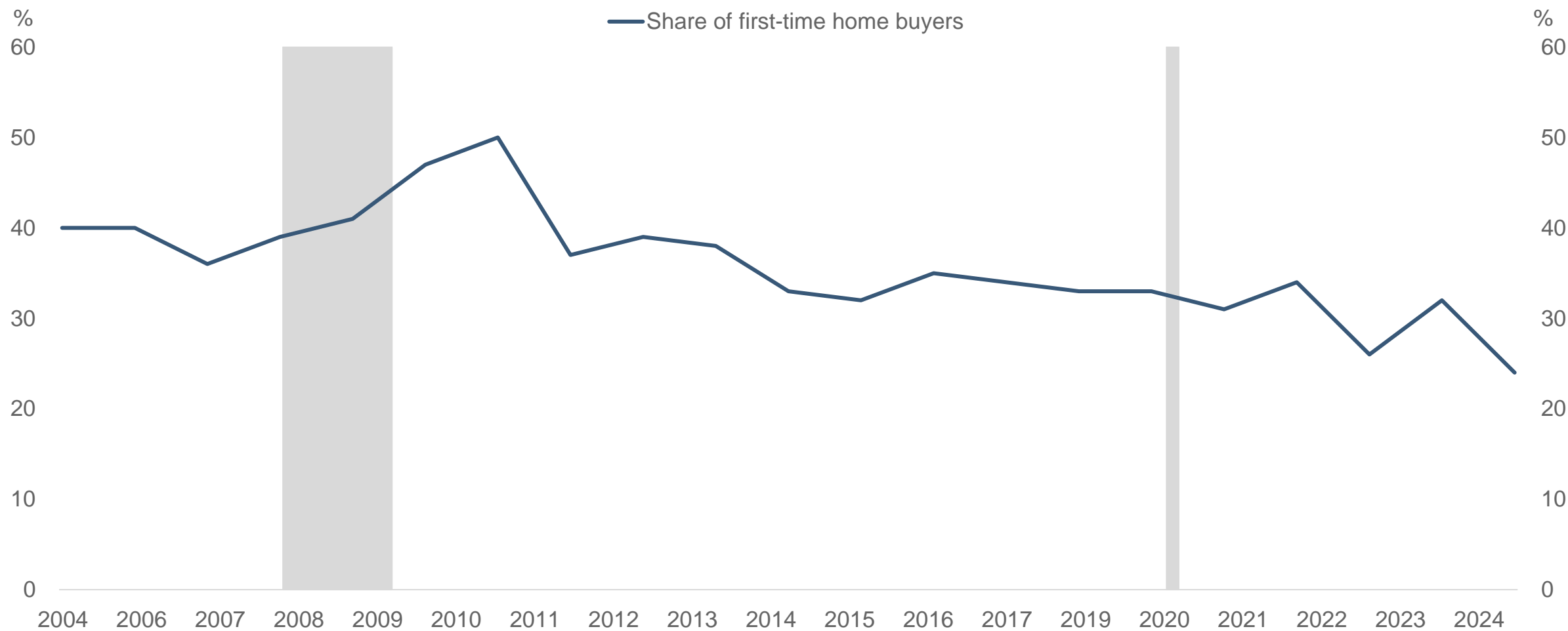
Source: Mortgage Bankers Association (MBA), Macrobond, Apollo Chief Economist

Mortgage rates are high, weighing on housing demand

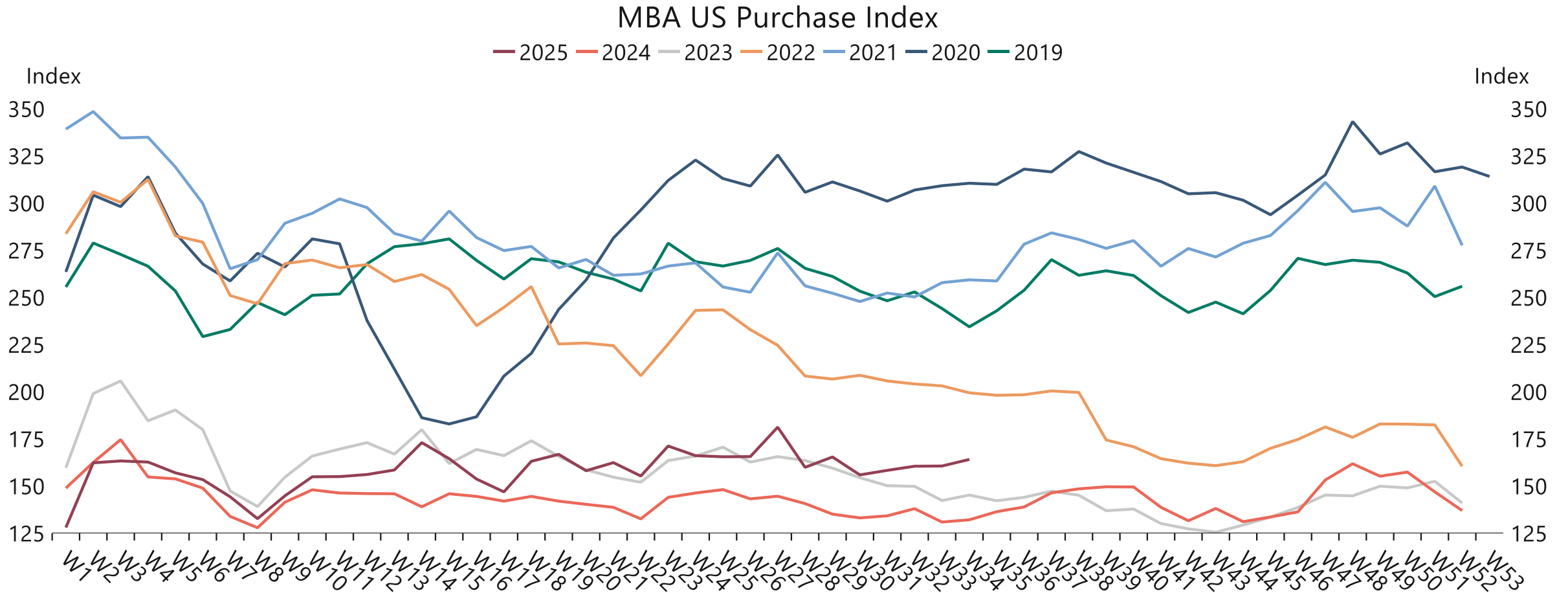


Source: Freddie Mac, U.S. Bureau of Economic Analysis (BEA), Macrobond, Apollo Chief Economist. Note: The effective interest rate (%) reflects the amortization of initial fees and charges over a 10-year period, which is the historical assumption of the average life of a mortgage loan.

Share of first-time home buyers is declining

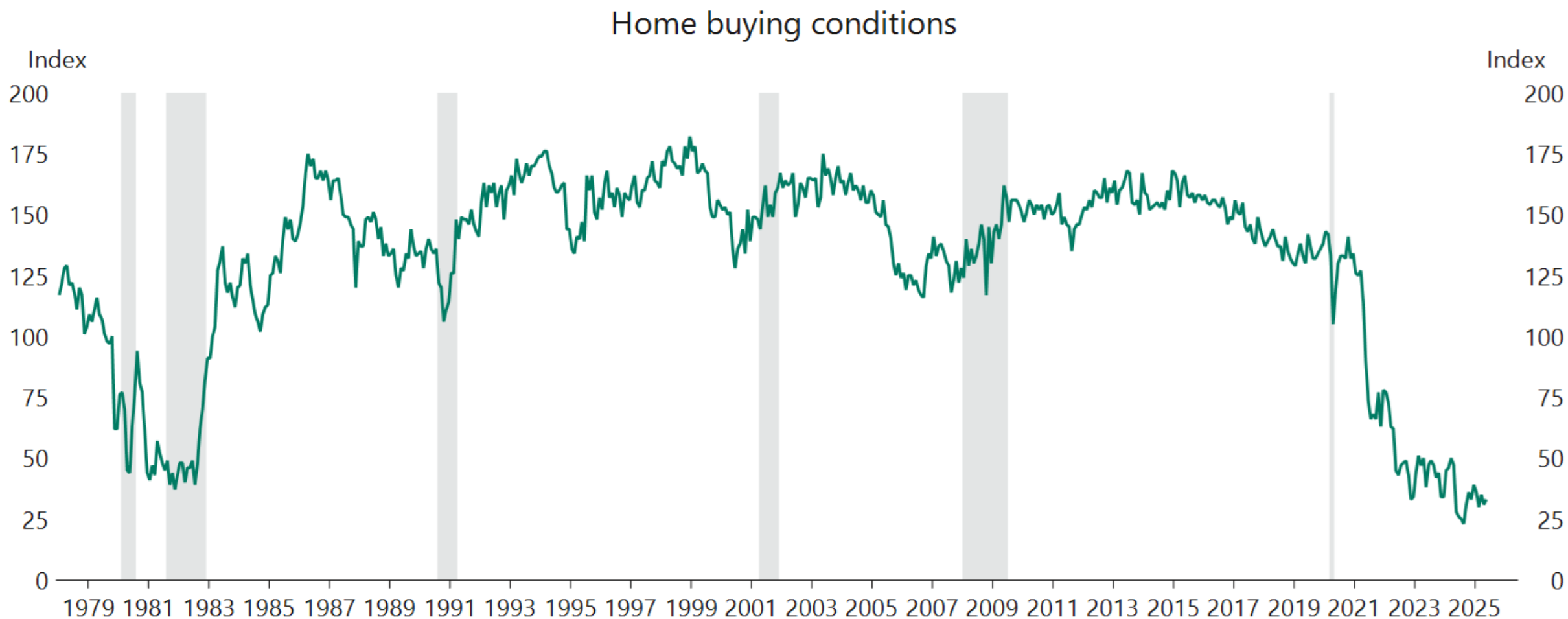


Mortgage purchase applications very low



Source: Mortgage Bankers Association (MBA), Macrobond, Apollo Chief Economist

US home buying conditions deep in unfavorable territory



Source: University of Michigan, Macrobond, Apollo Chief Economist. Note: Home buying conditions = Share reporting good conditions - Share reporting bad conditions + 100.

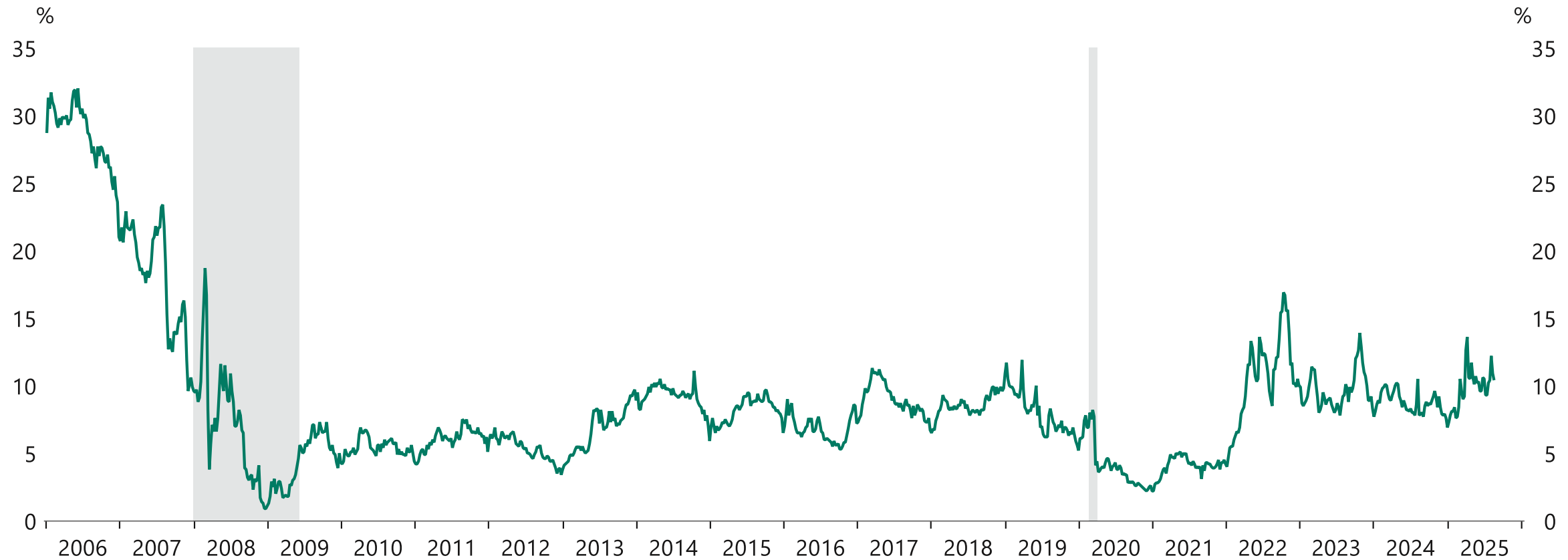
The unemployment rate is low



Source: U.S. Bureau of Labor Statistics (BLS), Macrobond, Apollo Chief Economist

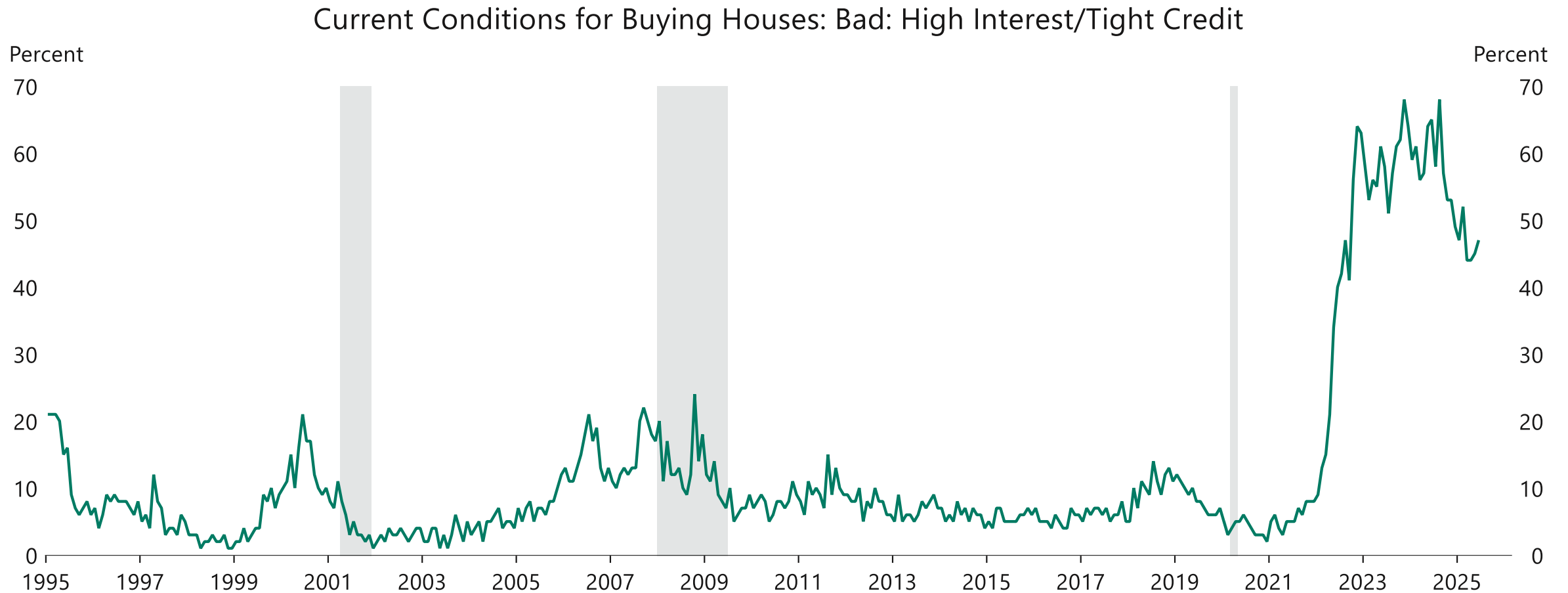
ARM share of total mortgage applications: 11%

Adjustable rate mortgage share of conventional applications



Source: Mortgage Bankers Association (MBA), Macrobond, Apollo Chief Economist

47% of consumers are saying that this is a bad time to buy a house because of high mortgage rates and tight credit

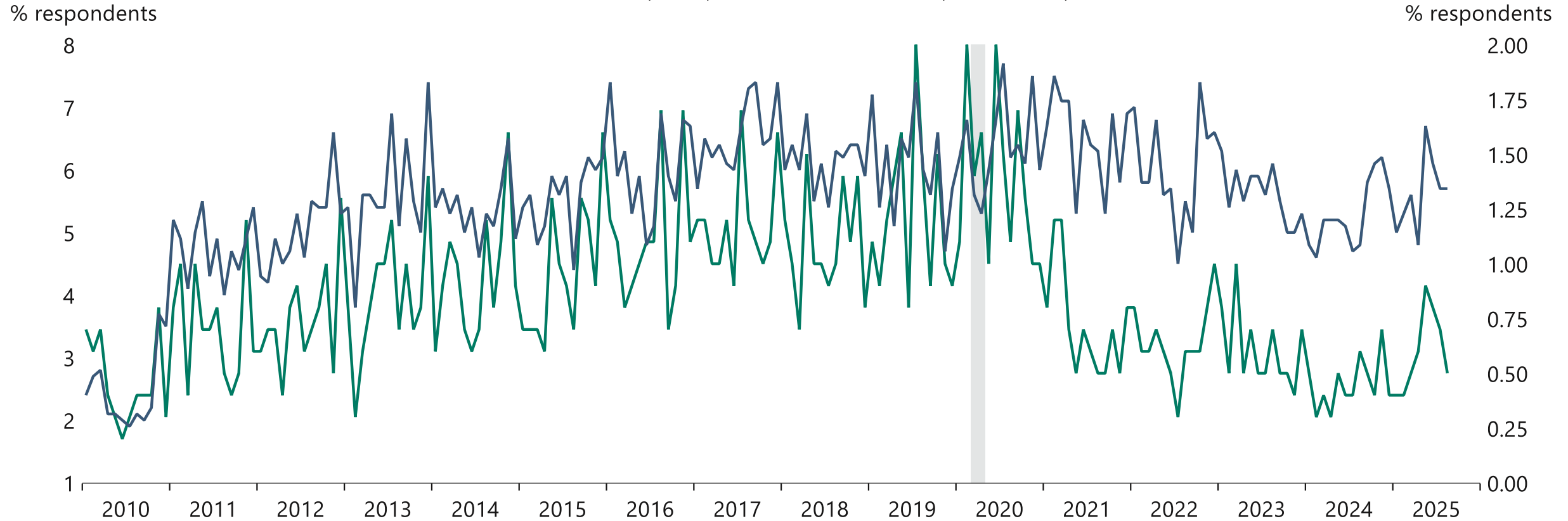


Source: University of Michigan, Macrobond, Apollo Chief Economist

Home buying plans softening

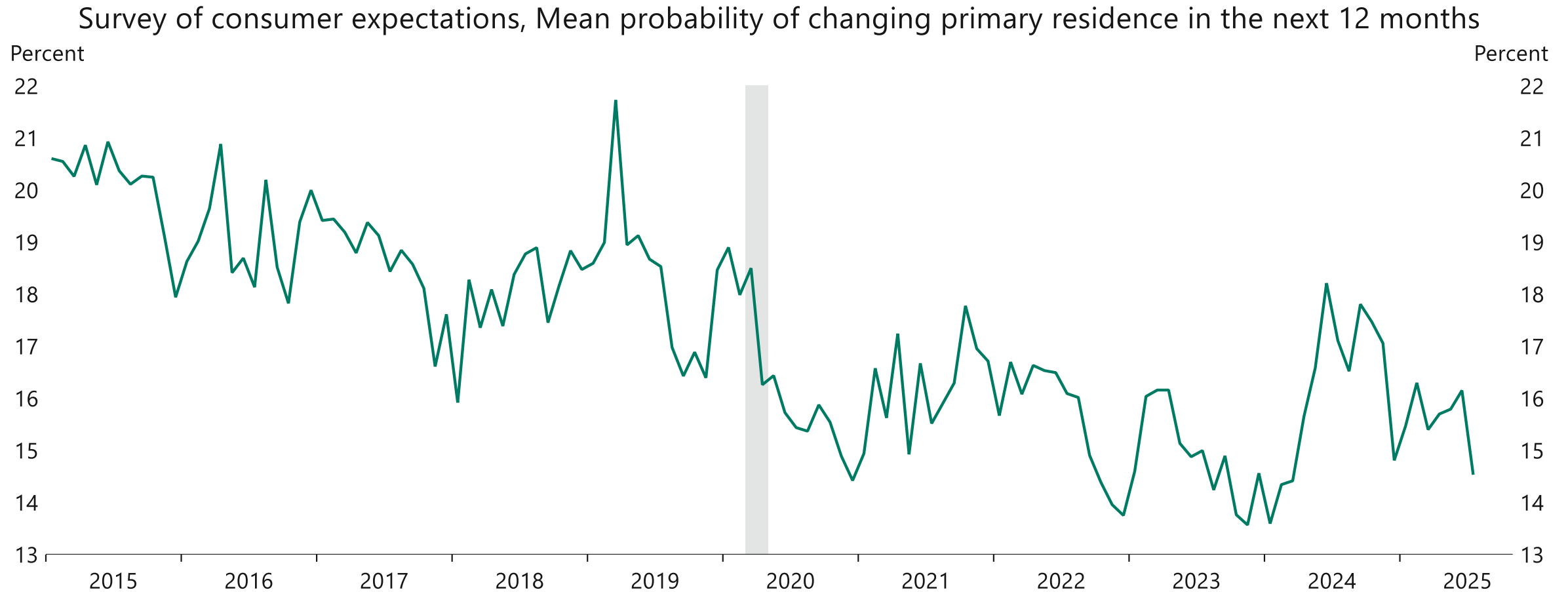
Conference Board Consumer Confidence Index, Plans to Buy Home

— Within 6 Months, Total, lhs — Within 6 Months, New Home, rhs



Source: Conference Board, Macrobond, Apollo Chief Economist

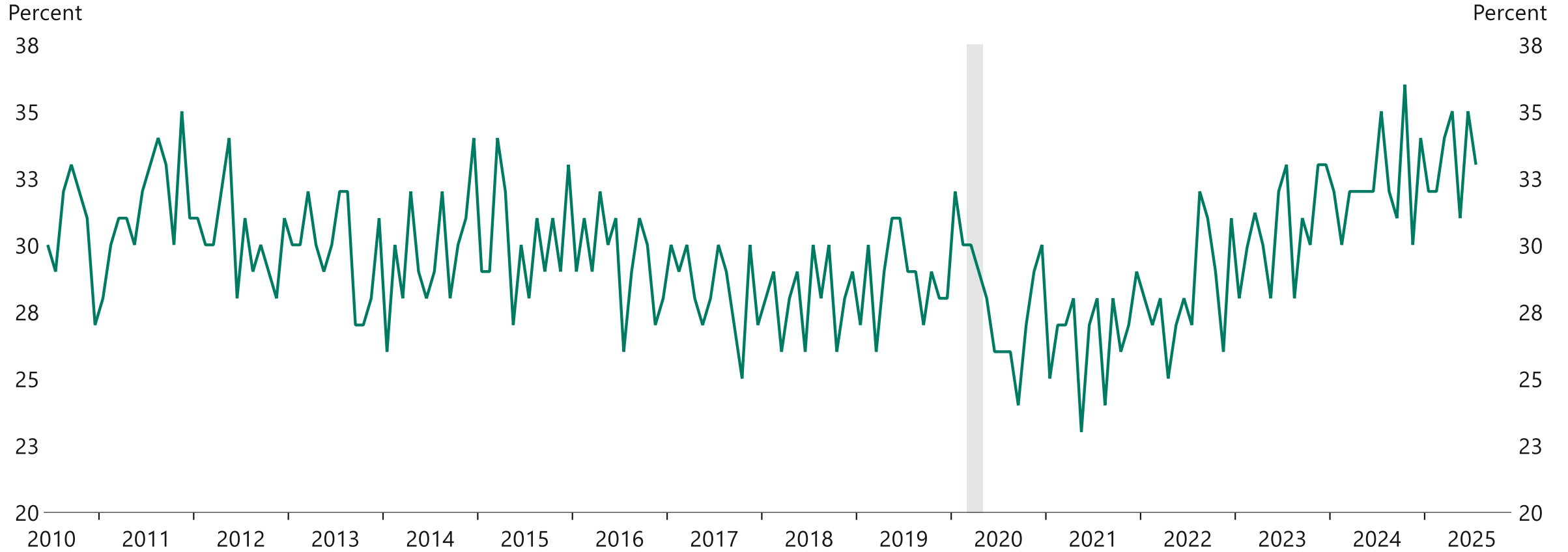
Share of households planning to move over the next 12 months has declined



Source: Federal Reserve Bank of New York, Macrobond, Apollo Chief Economist

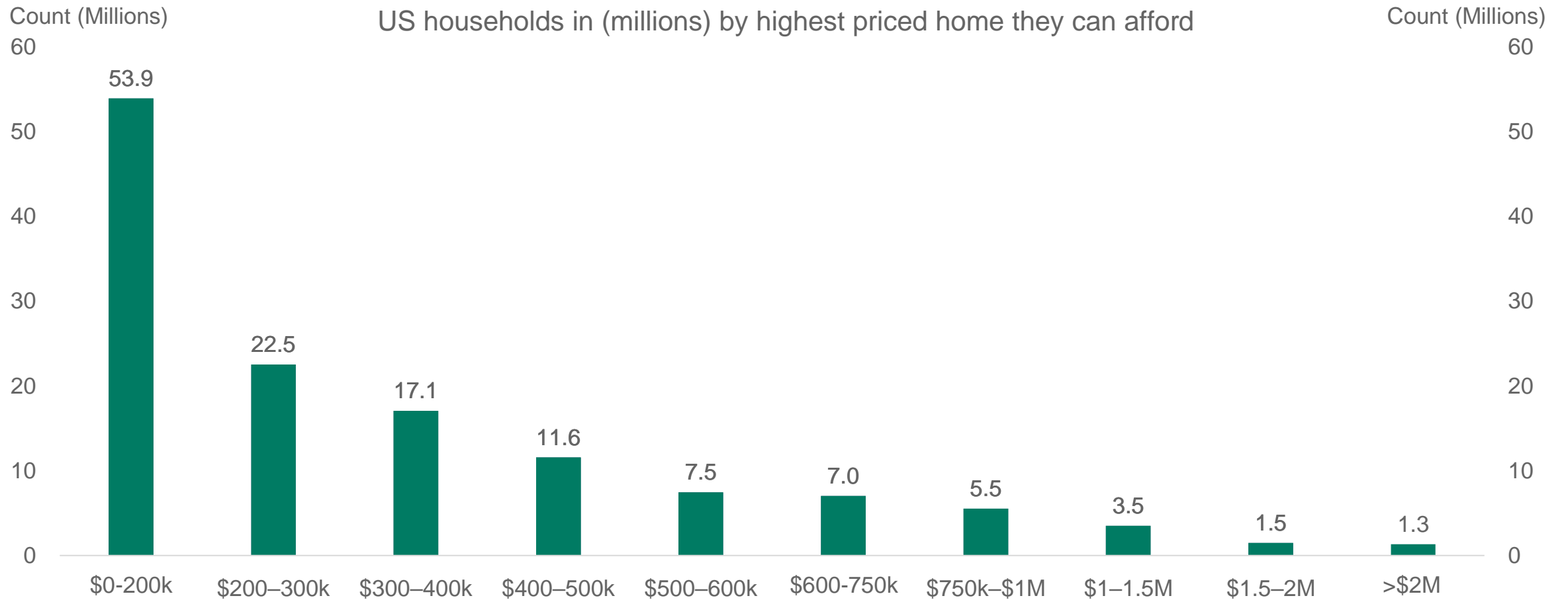
33% of Americans say they would rent if they were going to move

Respondents who say they would rent if they were going to move



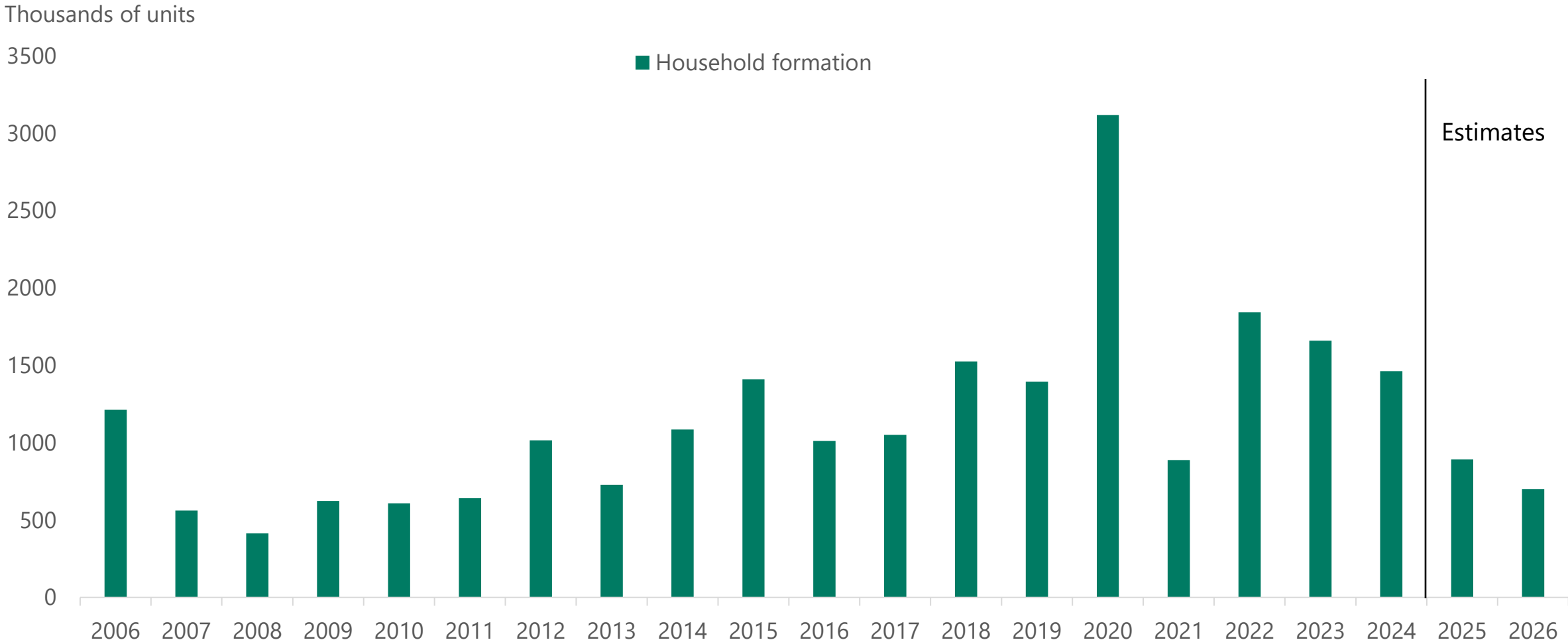
Source: Federal National Mortgage Association (Fannie Mae), Macrobond, Apollo Chief Economist

Most of US households can only afford homes below \$300k



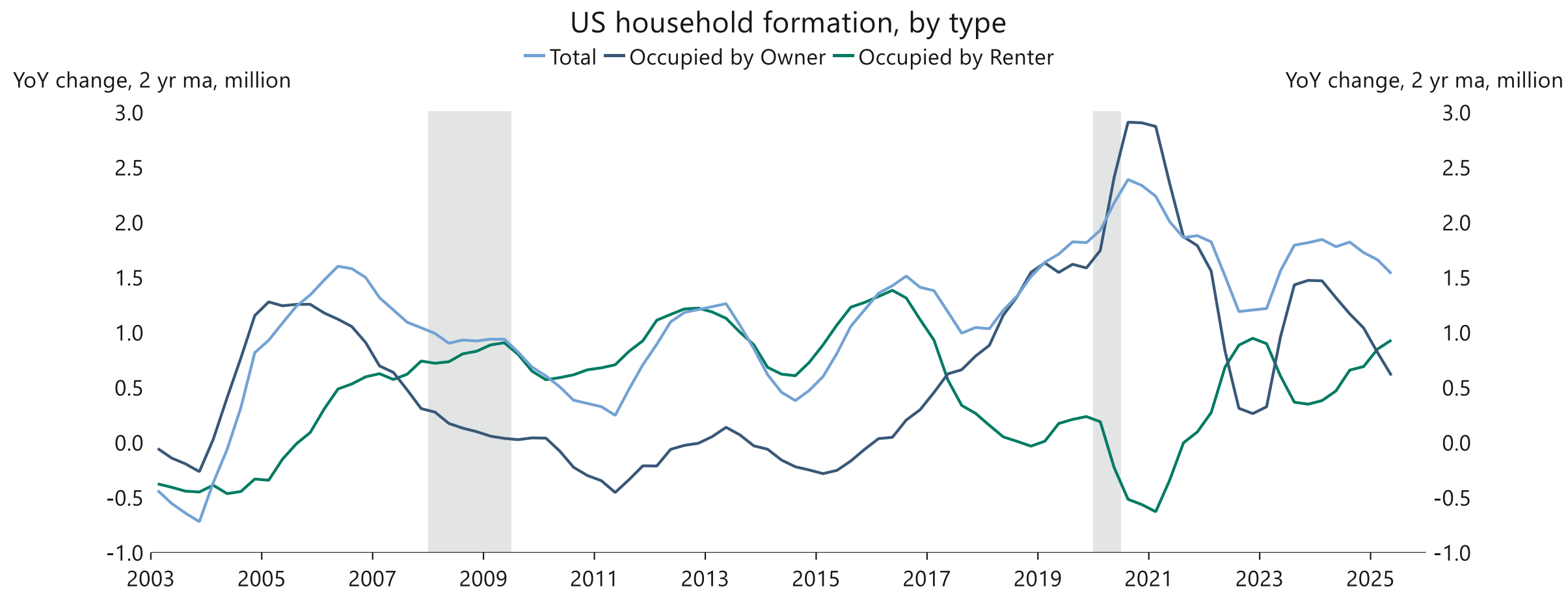
Source: Apollo Chief Economist. Note: Chart shows household distribution by maximum affordable home price, using ACS PUMS (2023) data. Household incomes are standardized to survey-year dollars, so they are comparable across 2023, negative incomes are treated as zero. Affordability is based on a 30-year mortgage rate of 6.5% with 10% downpayment; housing costs are capped at 28% of income including taxes, insurance and private mortgage insurance (PMI).

Household formation slowing down



Source: Census Bureau, Haver, Apollo Chief Economist. Note: Household formation estimates for 2025 and 2026 are based on projected natural population growth and legal immigration. We assume unauthorized immigration drops to zero under potential Trump policy scenario. To reflect this, we use natural population growth plus 65% total net migration—based on CBO estimates and Migration Policy Institute’s estimates of 0.9 million rise in unauthorized immigrants in 2023 — divided by the average U.S. household size.

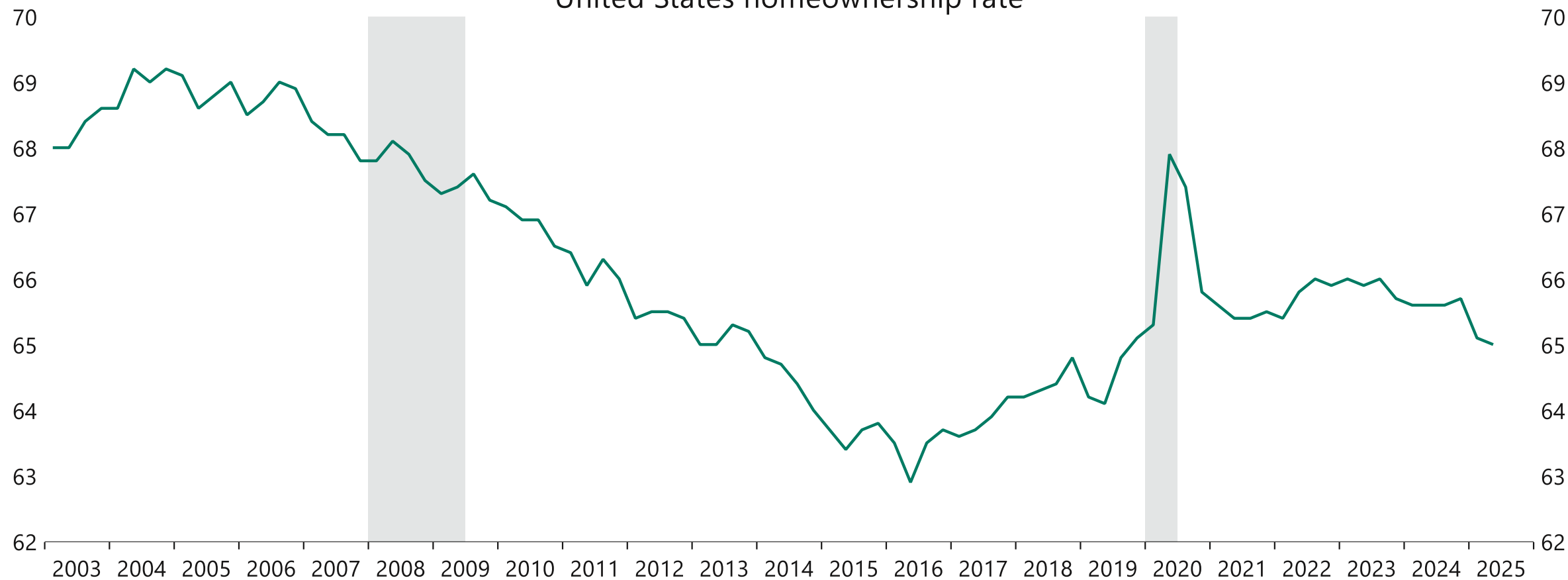
US household formations by type



Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

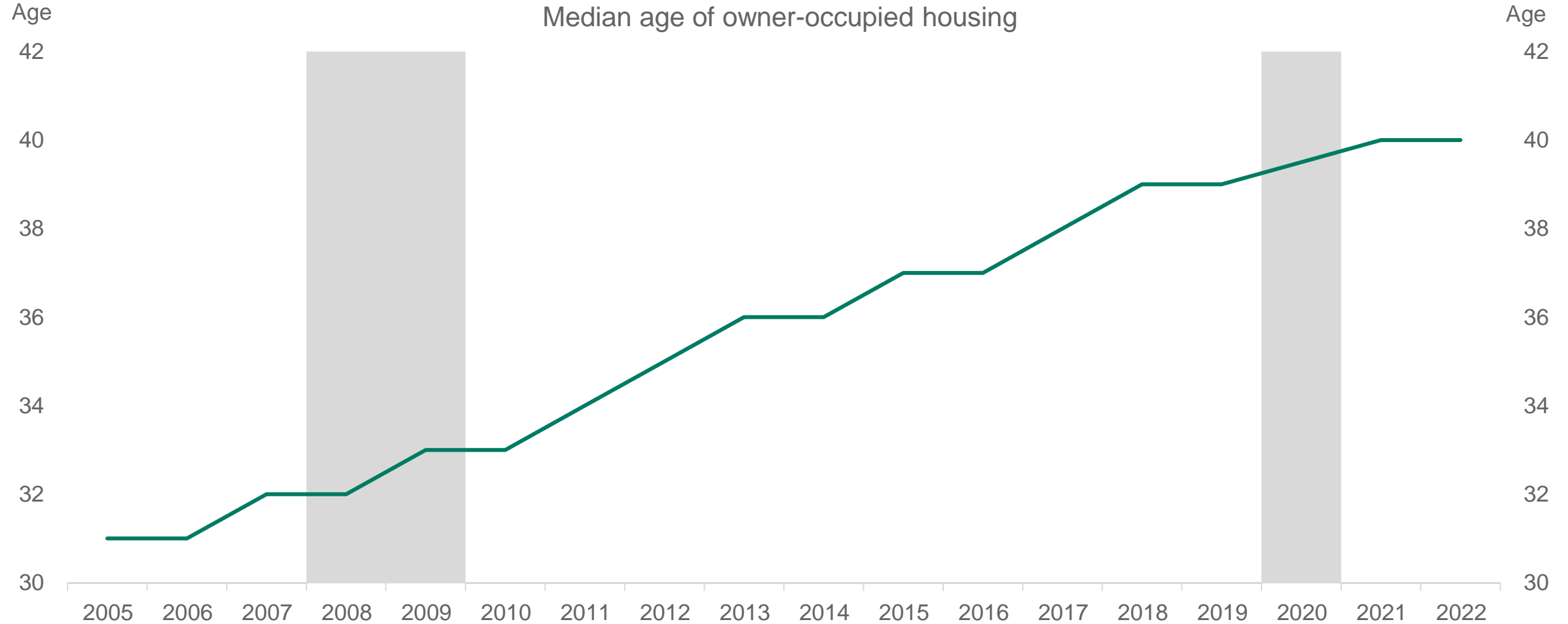
Homeownership rate

United States homeownership rate



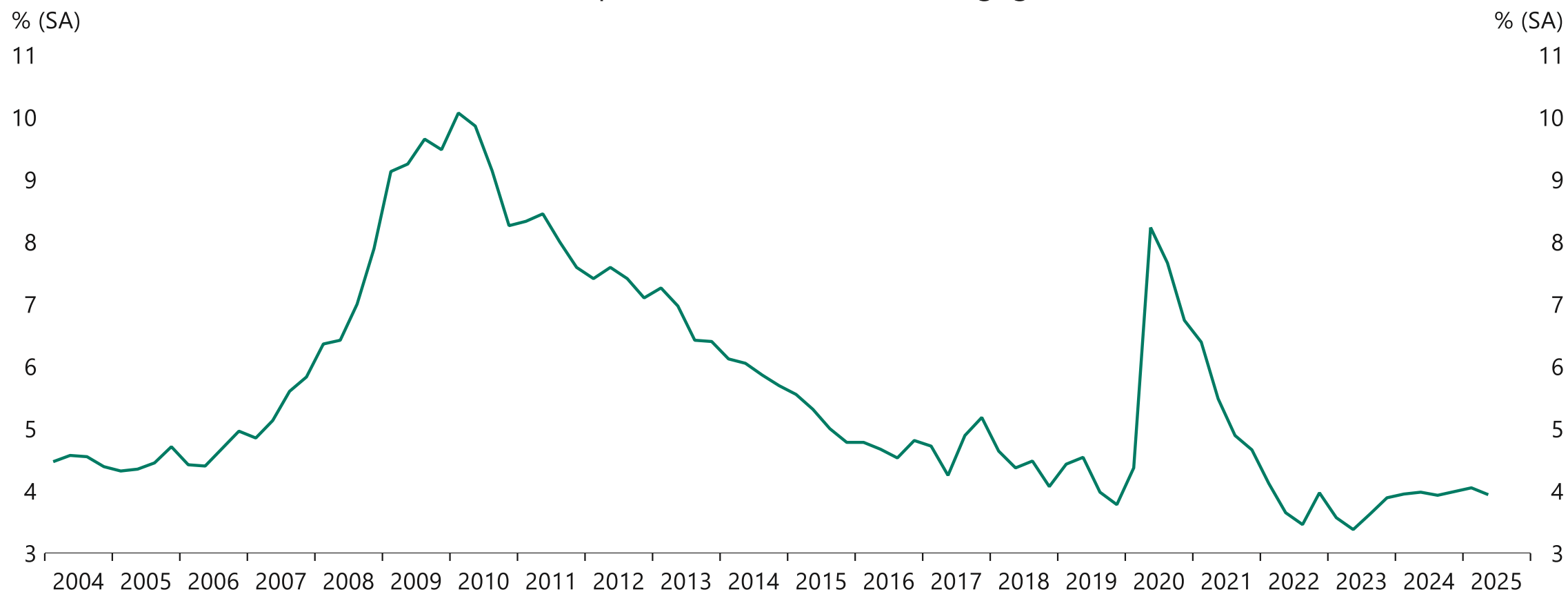
Source: Census Bureau, Bloomberg, Macrobond, Apollo Chief Economist

Median age of owner-occupied housing: 40 years old



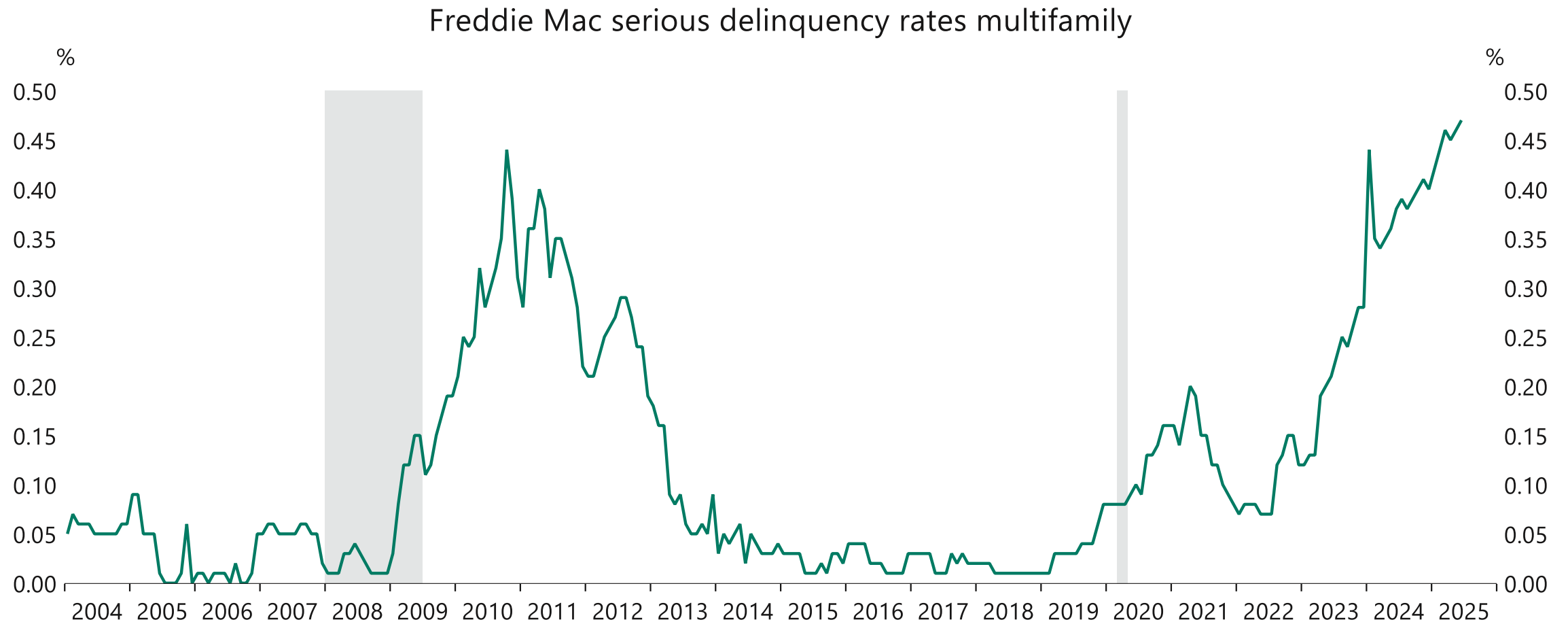
Delinquency rate for mortgages very low

Delinquencies as % of total mortgages



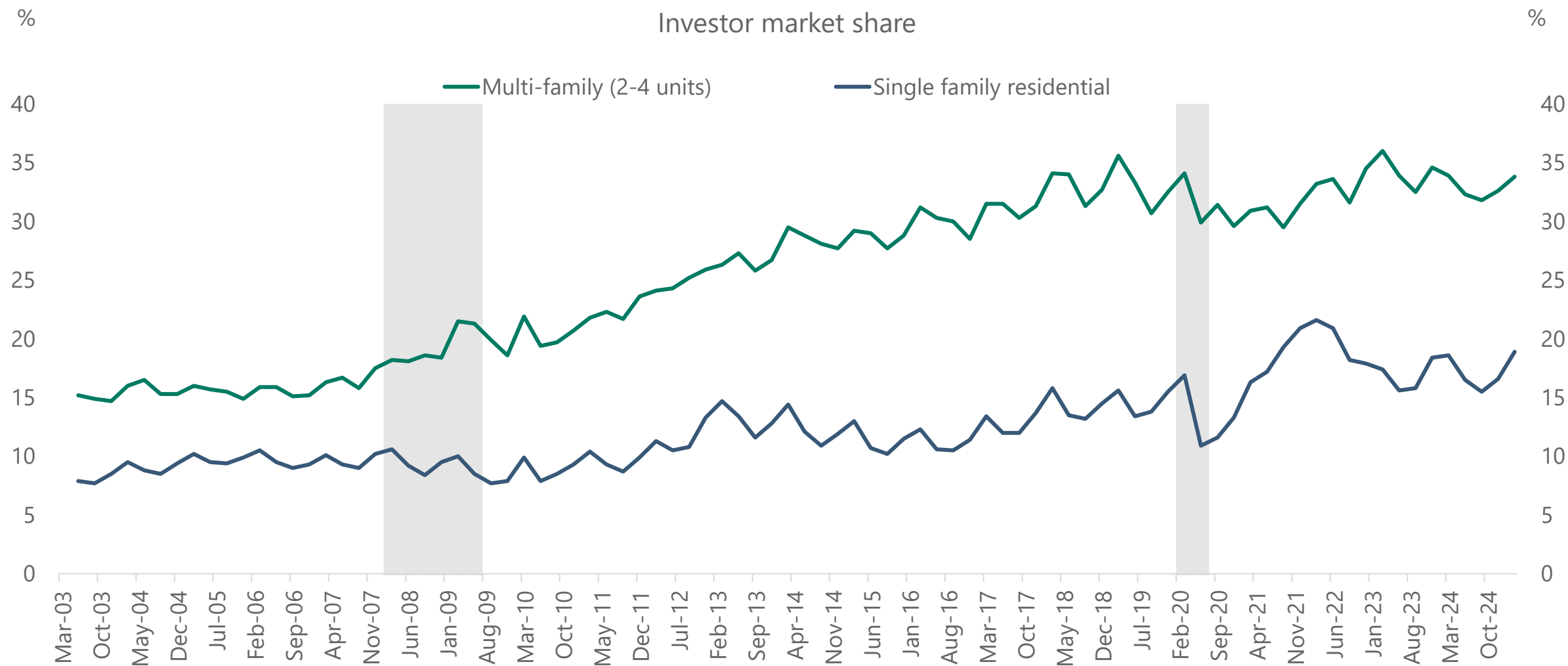
Source: Bloomberg, Macrobond, Apollo Chief Economist

Delinquency rate of multifamily housing on rise

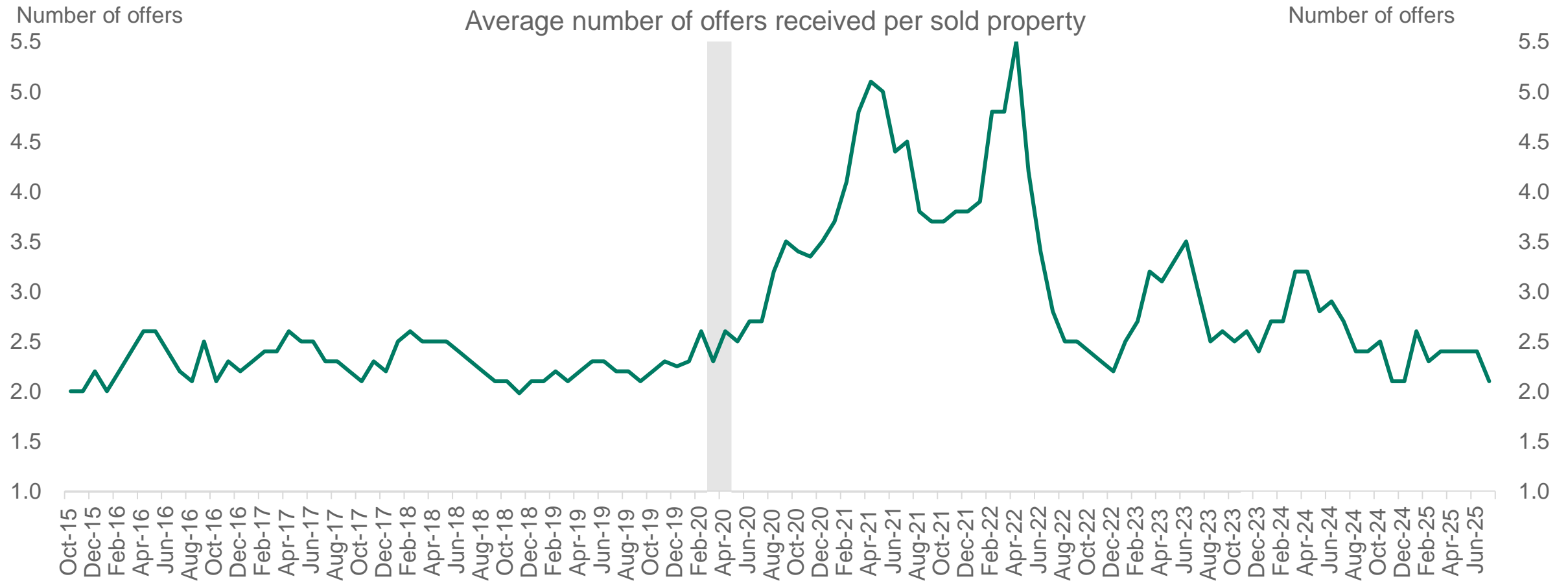


Source: Bloomberg, Macrobond, Apollo Chief Economist

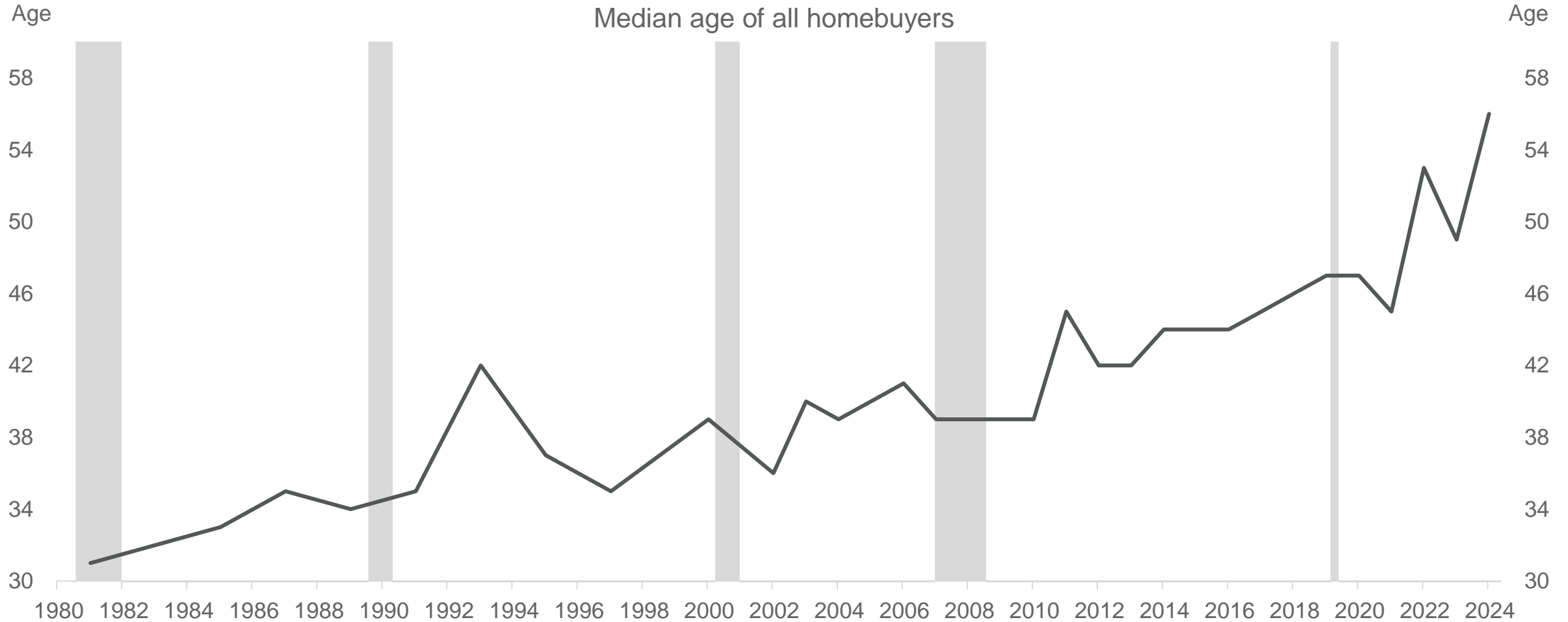
Investor share of single-family is stable



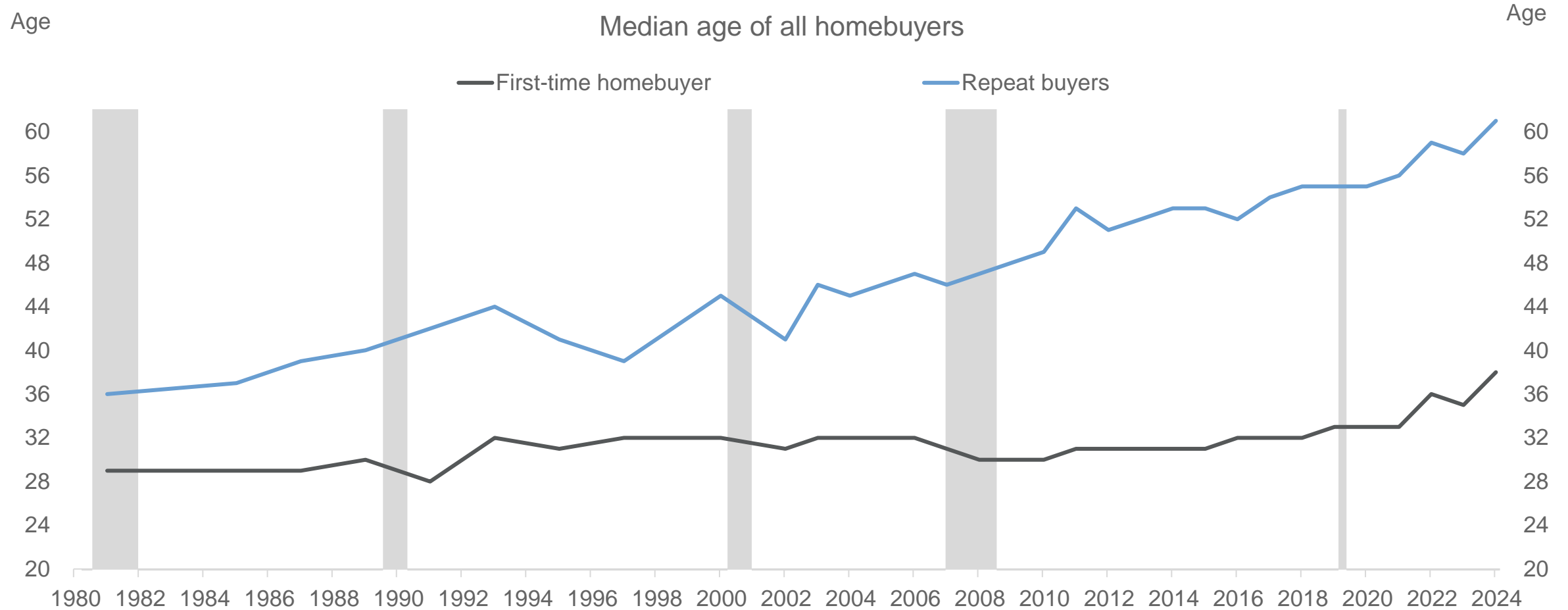
Average number of offers received per sold property



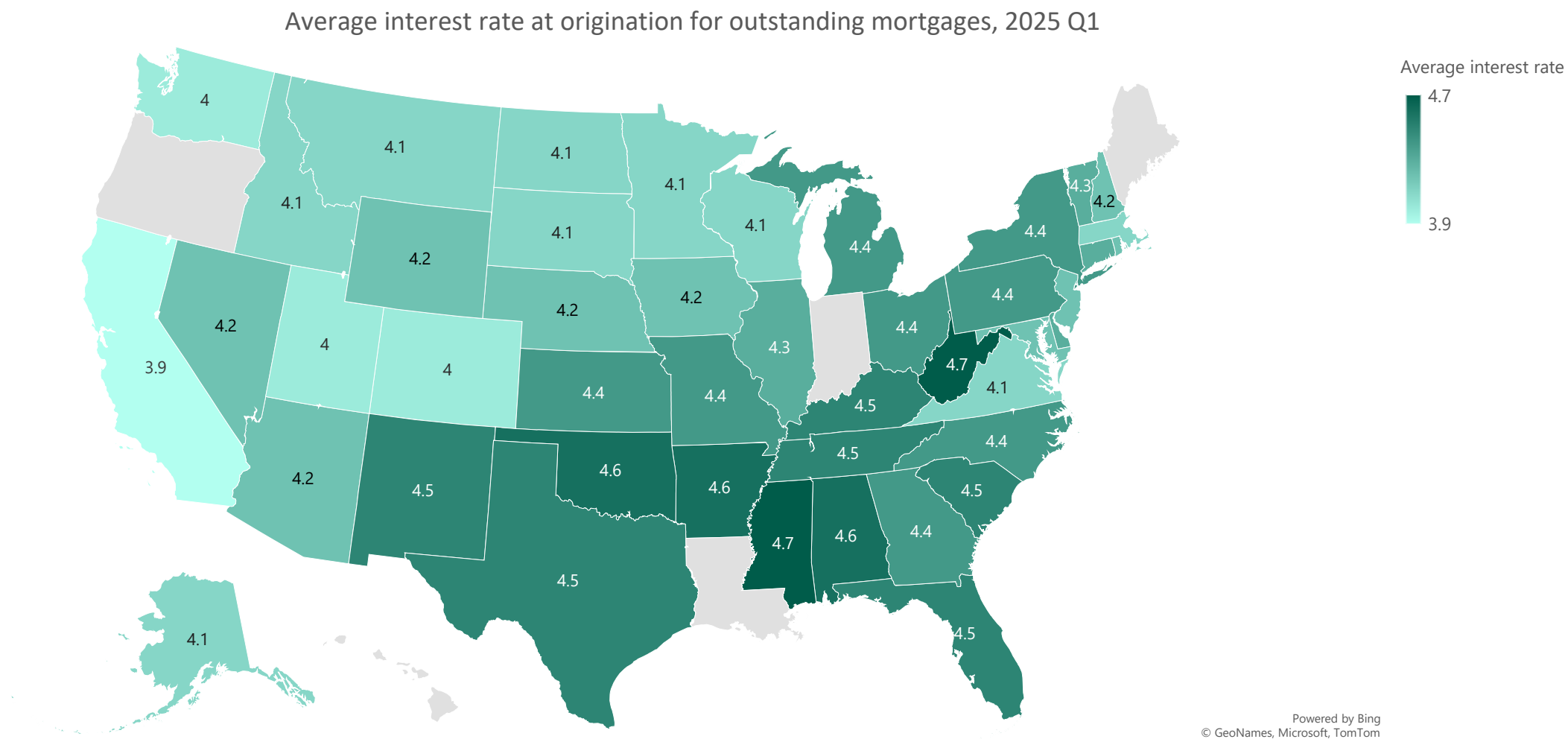
The median age of all homebuyers is now 56 years old, up from 31 in 1981



The median age of first-time homebuyers has increased from 30 in 2008 to 38 today

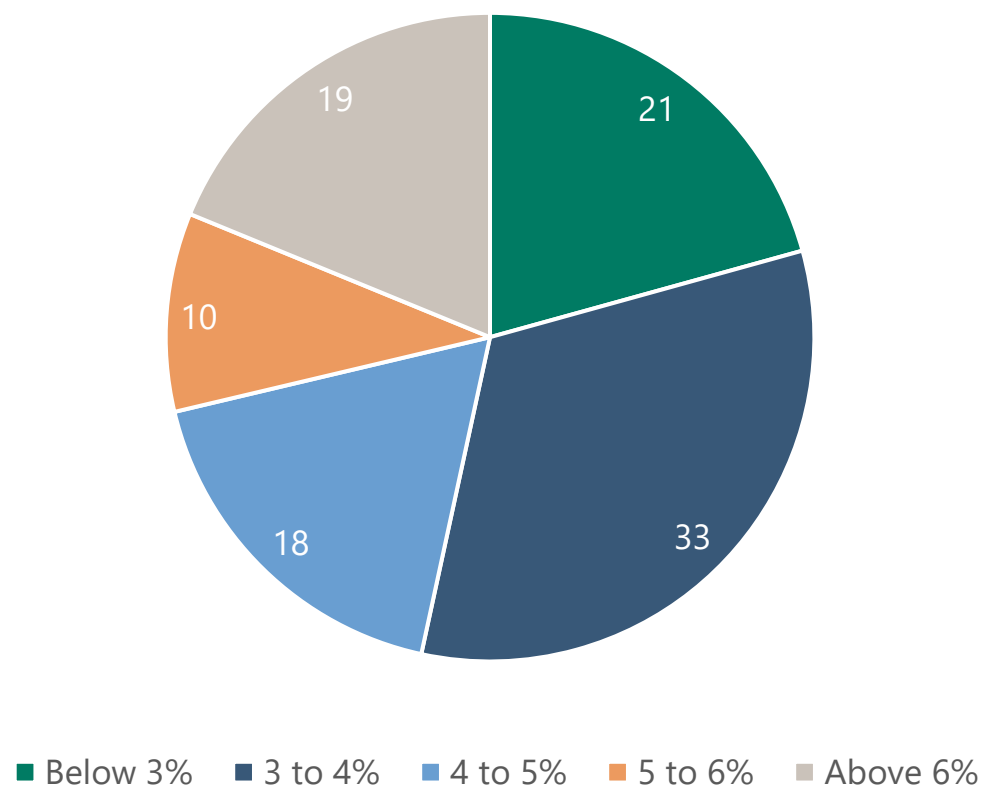


Average interest rate at origination

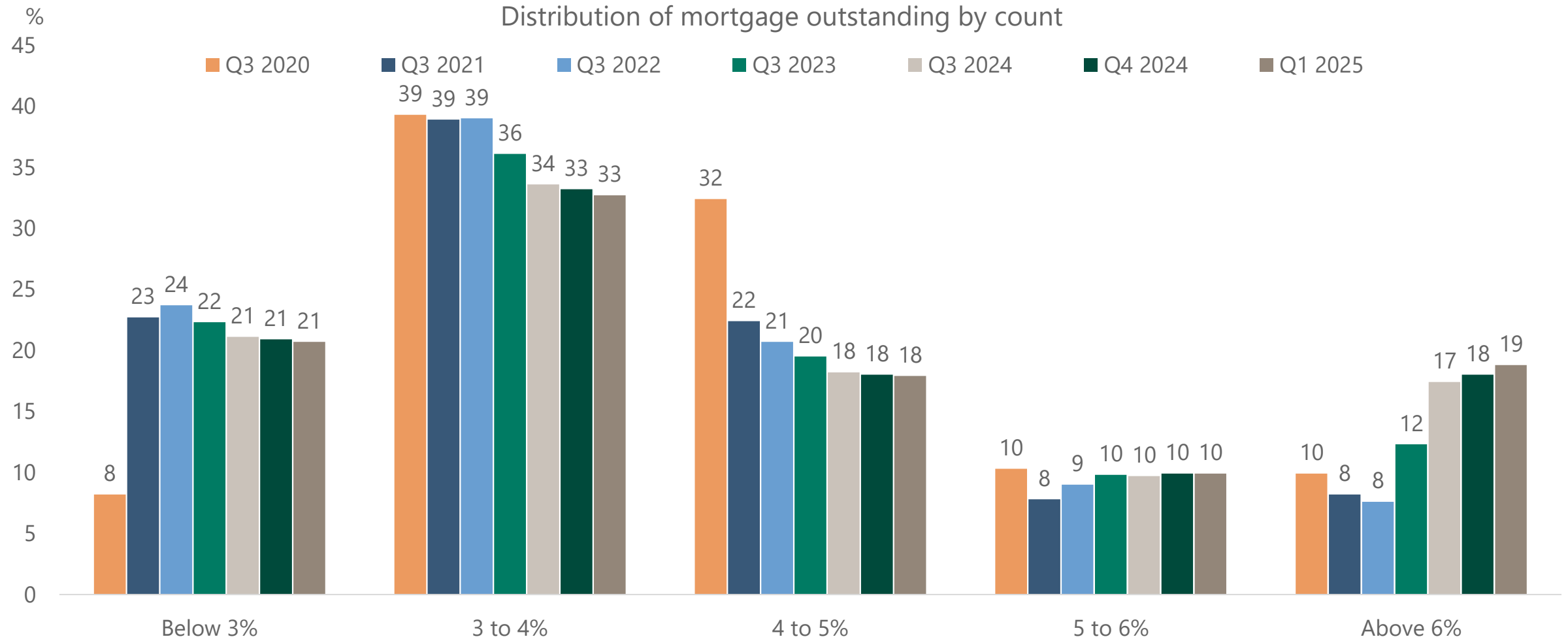


Share of mortgages outstanding by interest rate

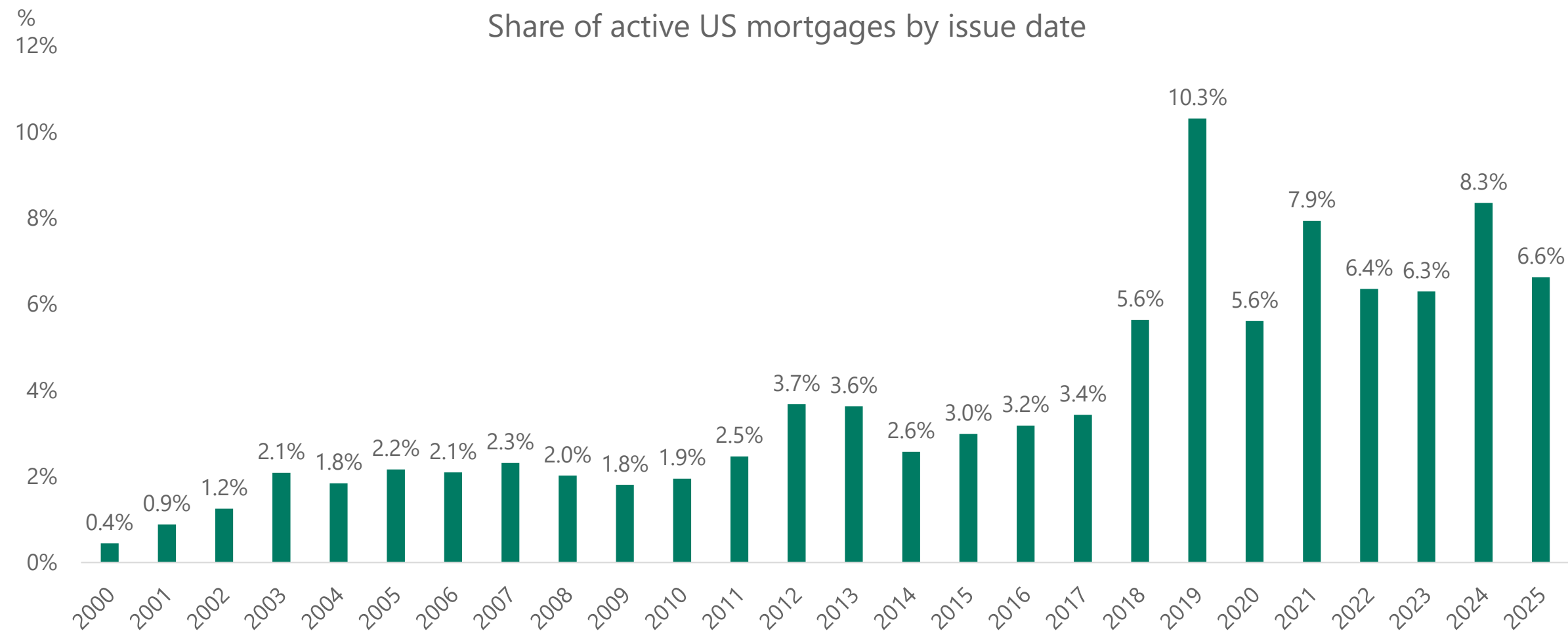
Share of mortgages outstanding by interest rate at origination by count, Q1 2025



Distribution of interest rates on outstanding mortgages

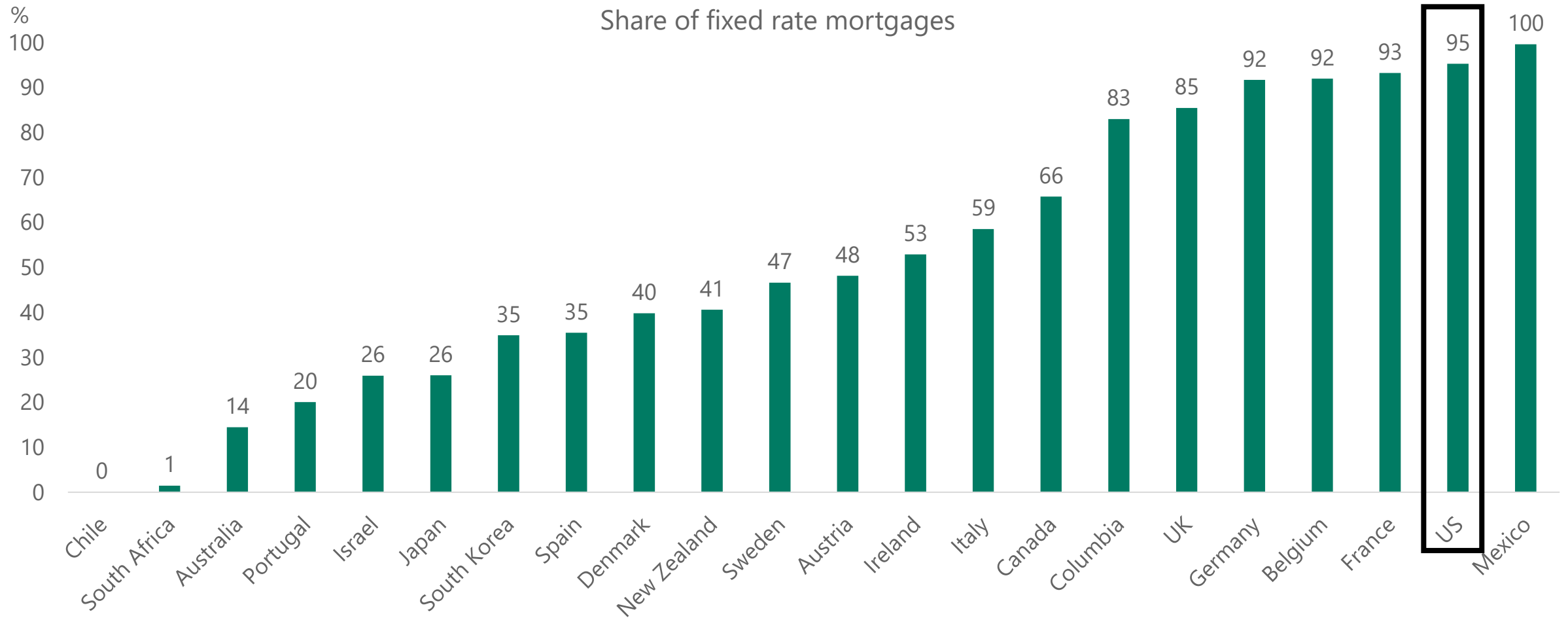


More than 50% of all mortgages outstanding issued since 2018

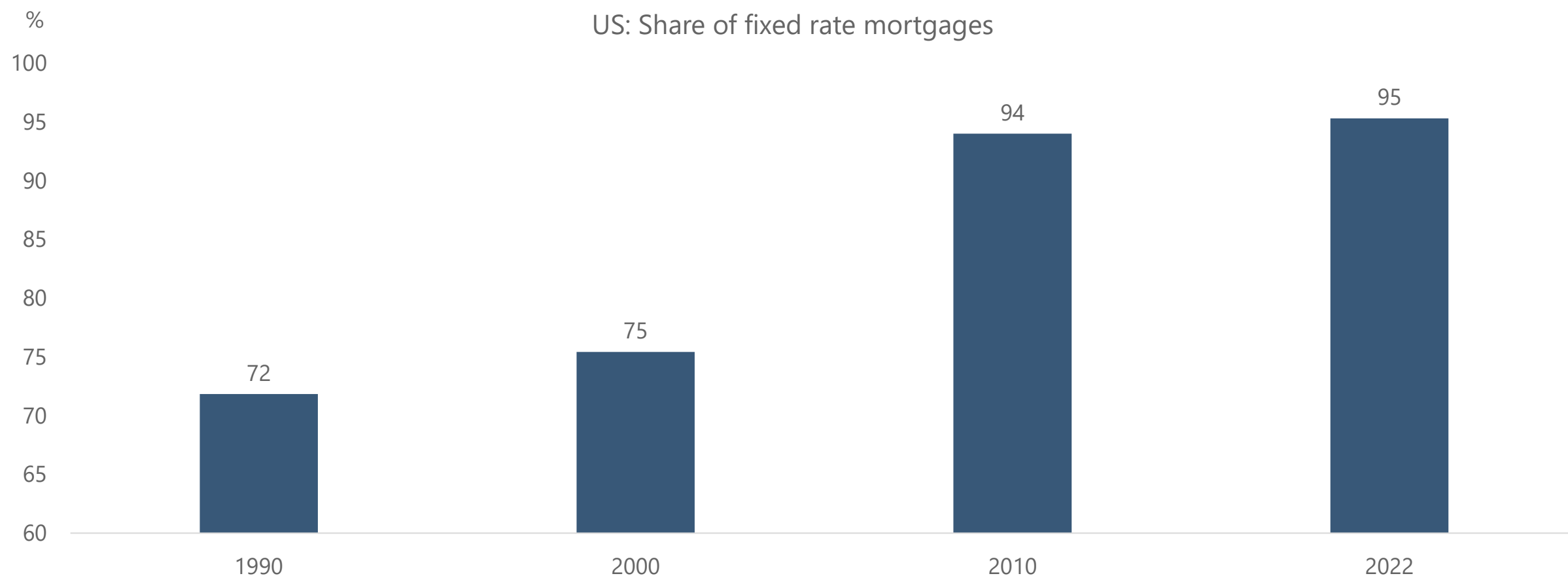


Source: Bloomberg, Apollo Chief Economist. Note: Data comes from MTGS <GO> screen on Bloomberg. Data as of May 8th, 2024

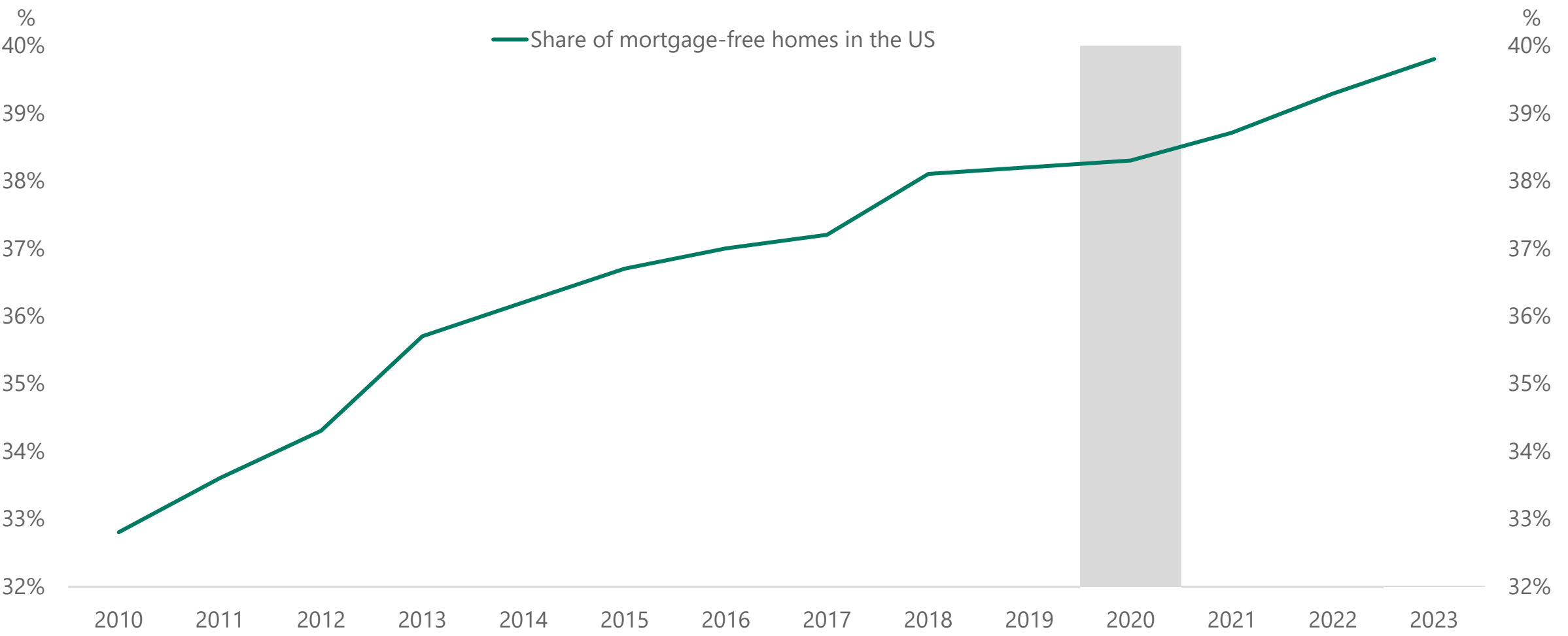
95% of mortgages outstanding are 30-year fixed rate



Share of fixed rate mortgages



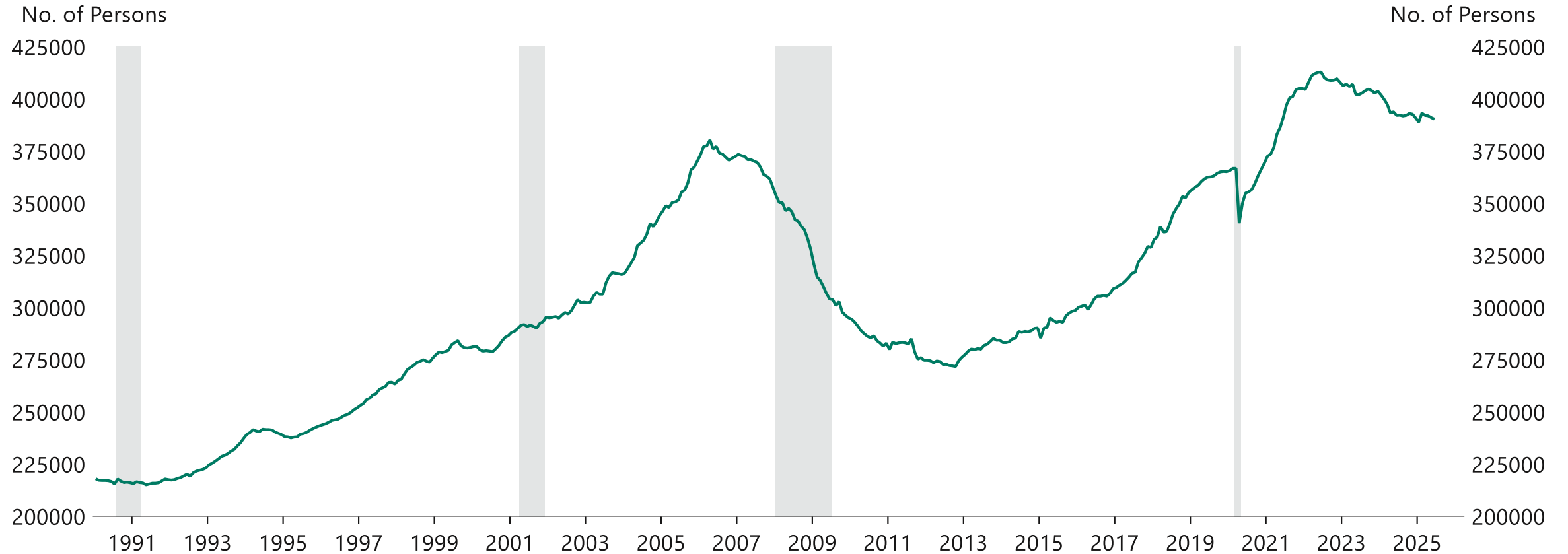
40% of US homes don't have a mortgage



Source: US Census Bureau, Bloomberg, Apollo Chief Economist

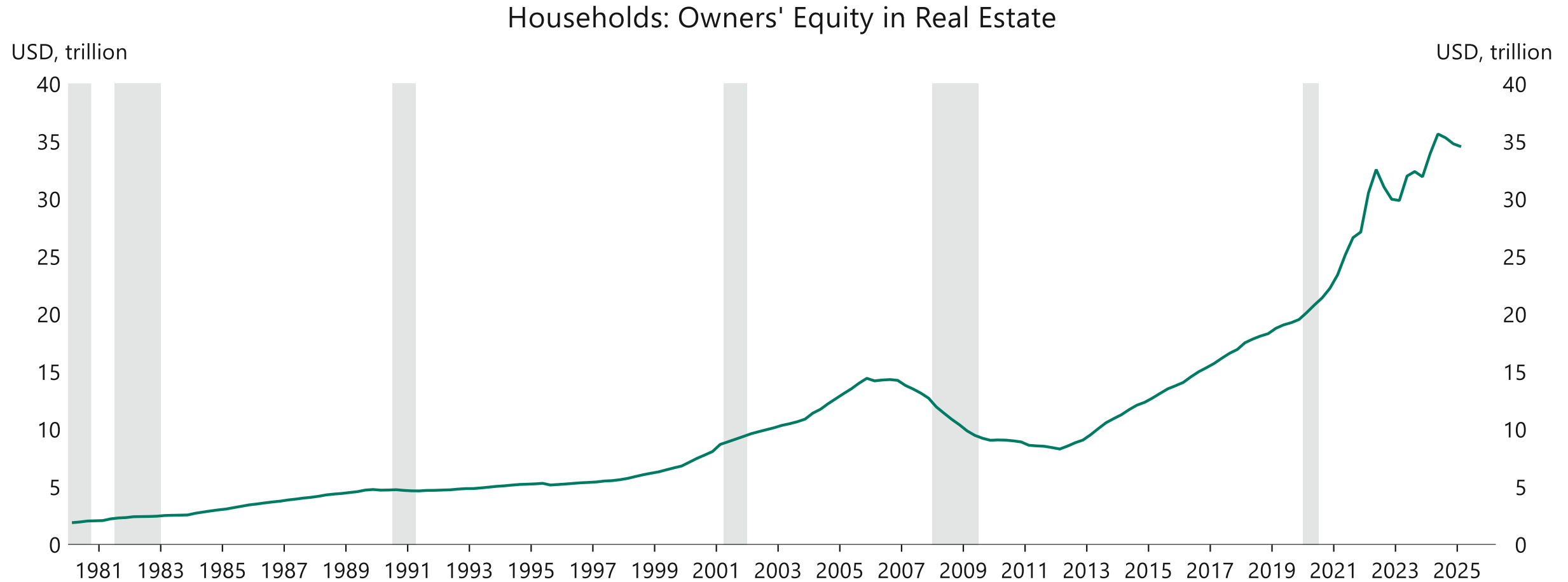
Number of real estate agents & brokers

Employment: Offices of real estate agents & brokers



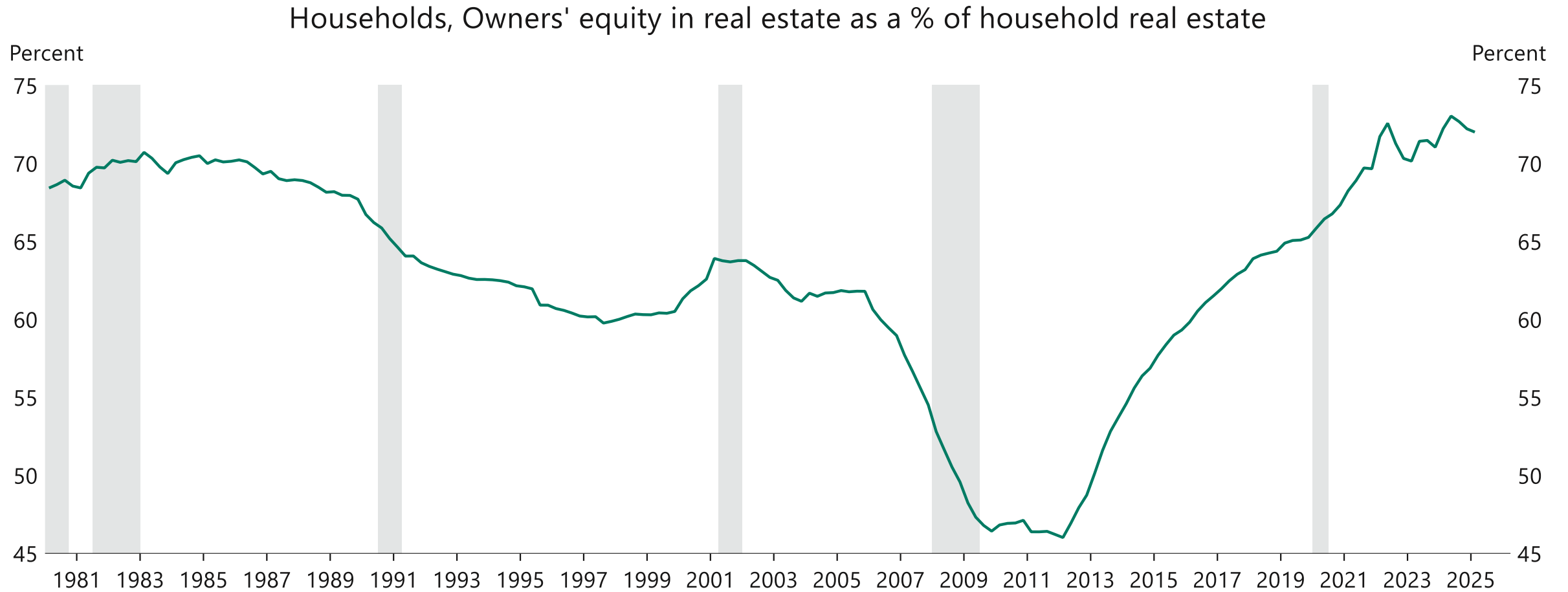
Source: U.S. Bureau of Labor Statistics (BLS), Macrobond, Apollo Chief Economist

Households' equity in real estate is around \$35trn



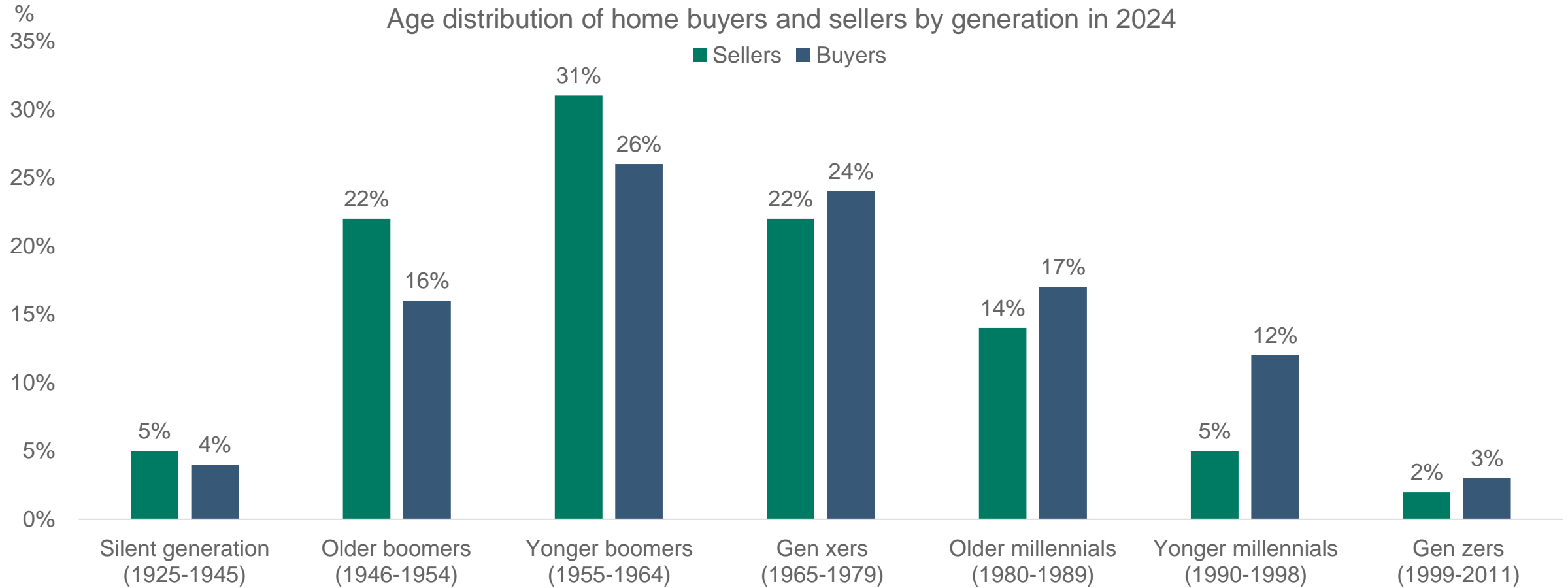
Source: Federal Reserve, Macrobond, Apollo Chief Economist

Households' equity share in real estate near all-time high level of 73%

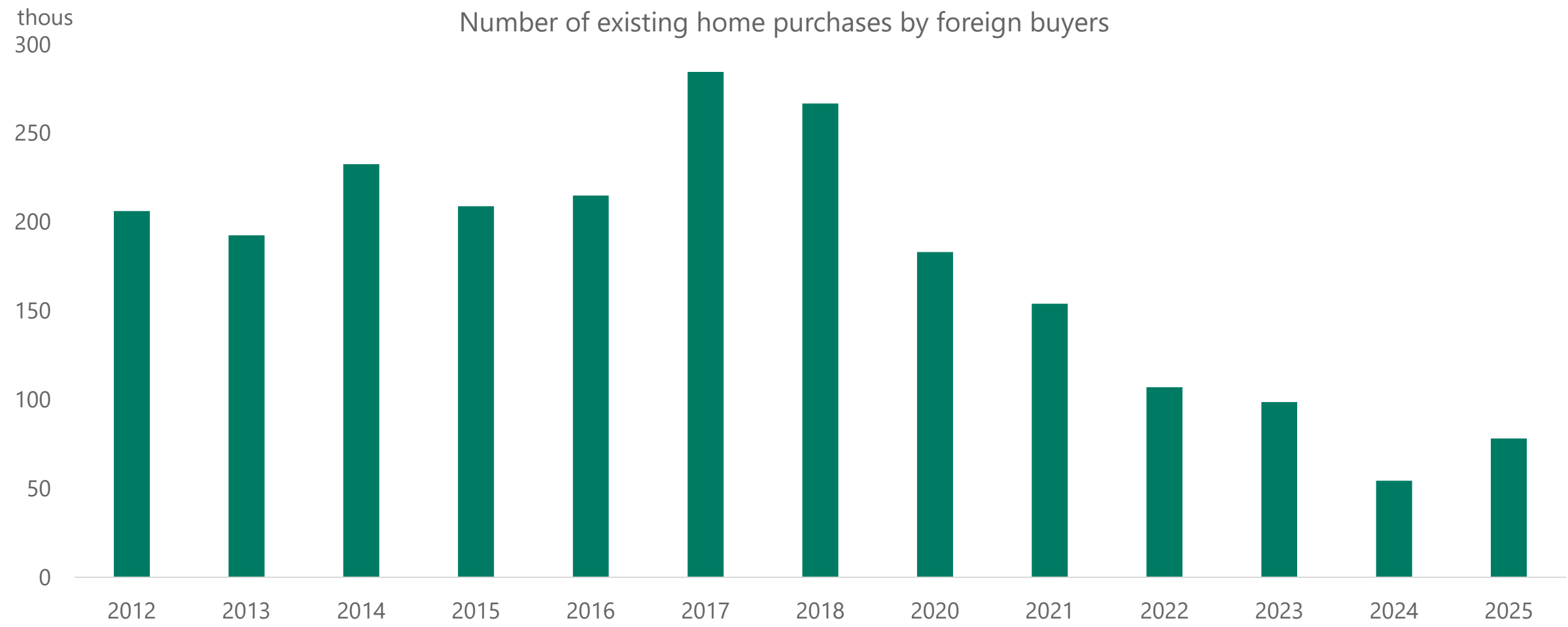


Source: Federal Reserve, Macrobond, Apollo Chief Economist

More home buyers in the 70+ age group

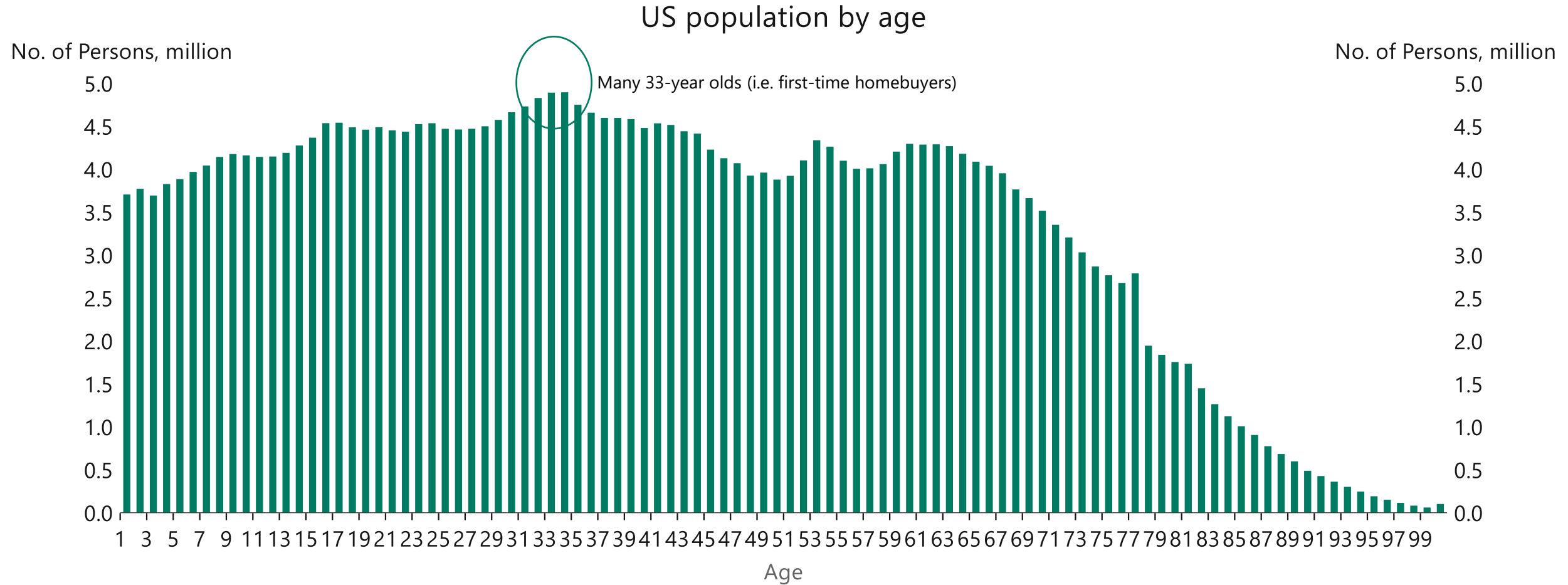


International homebuyers



Source: NAR, Apollo Chief Economist. Note: Based on transactions in the 12 months ending March of each year.

Demographics are a tailwind to housing demand

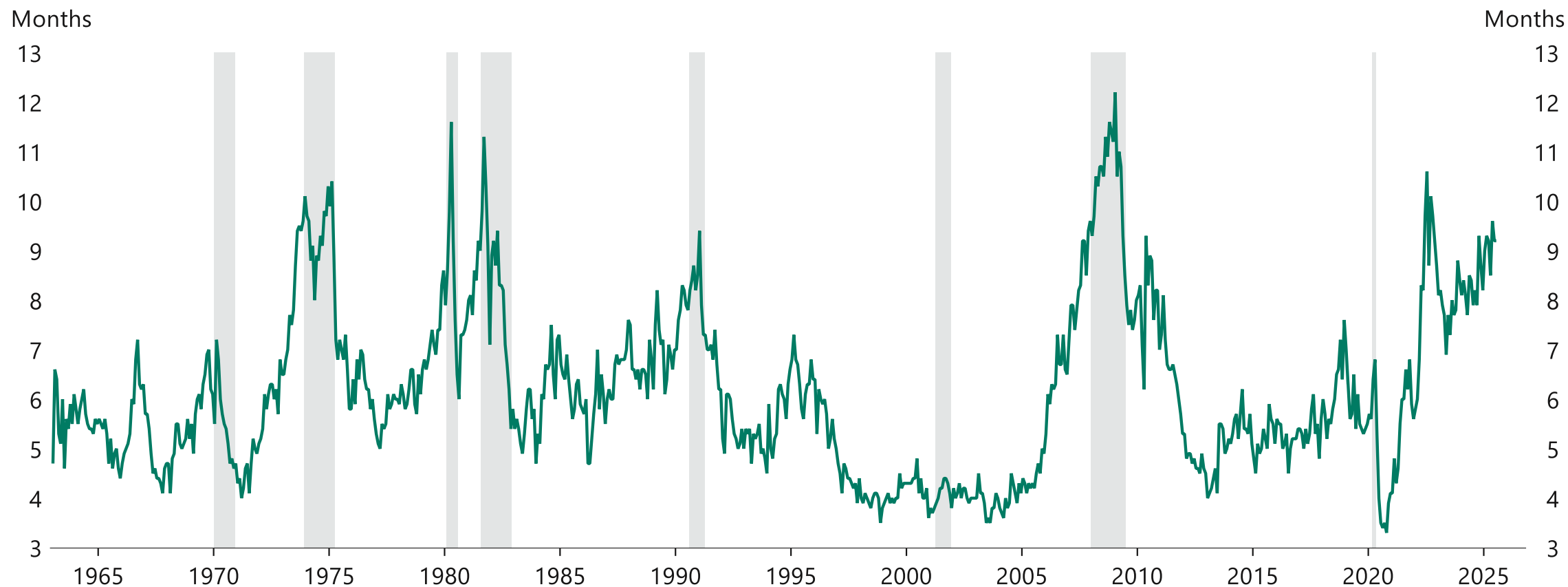


Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

2) Housing Supply

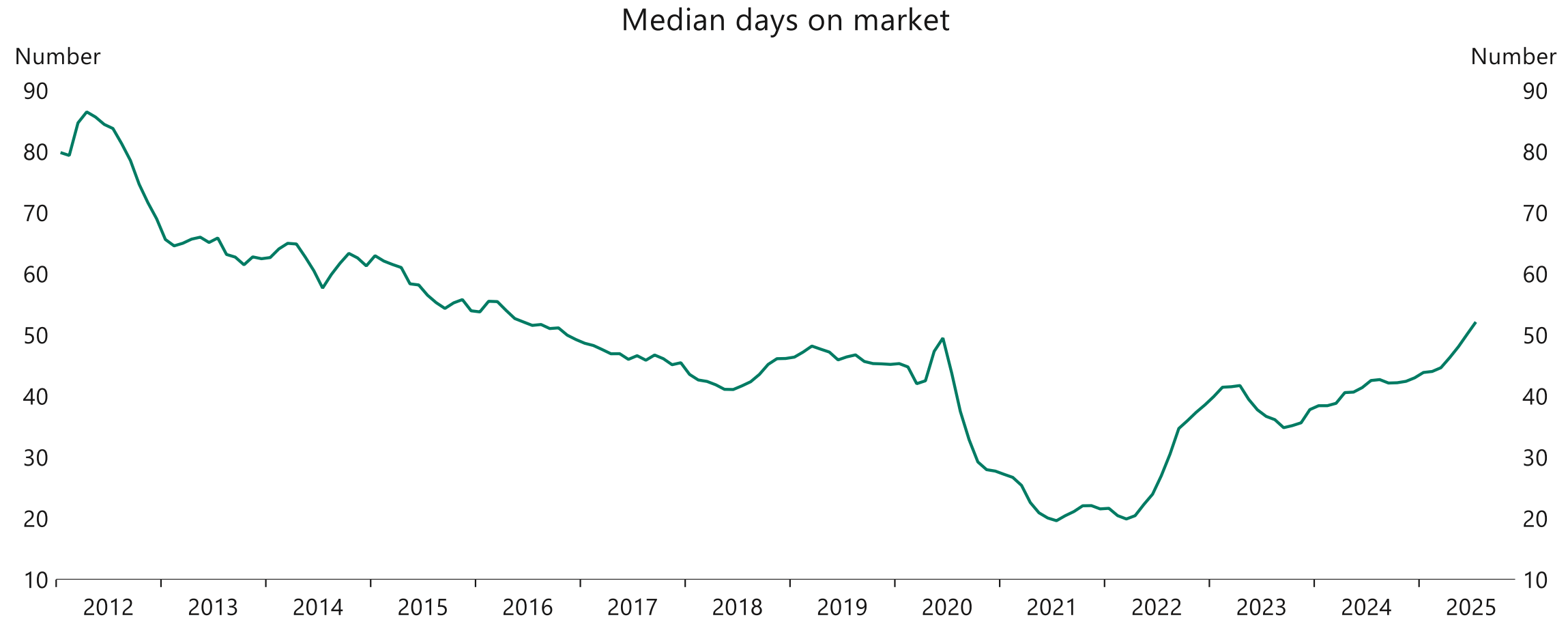
New homes supply indicates slower market turnover

Monthly supply of new houses in US



Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

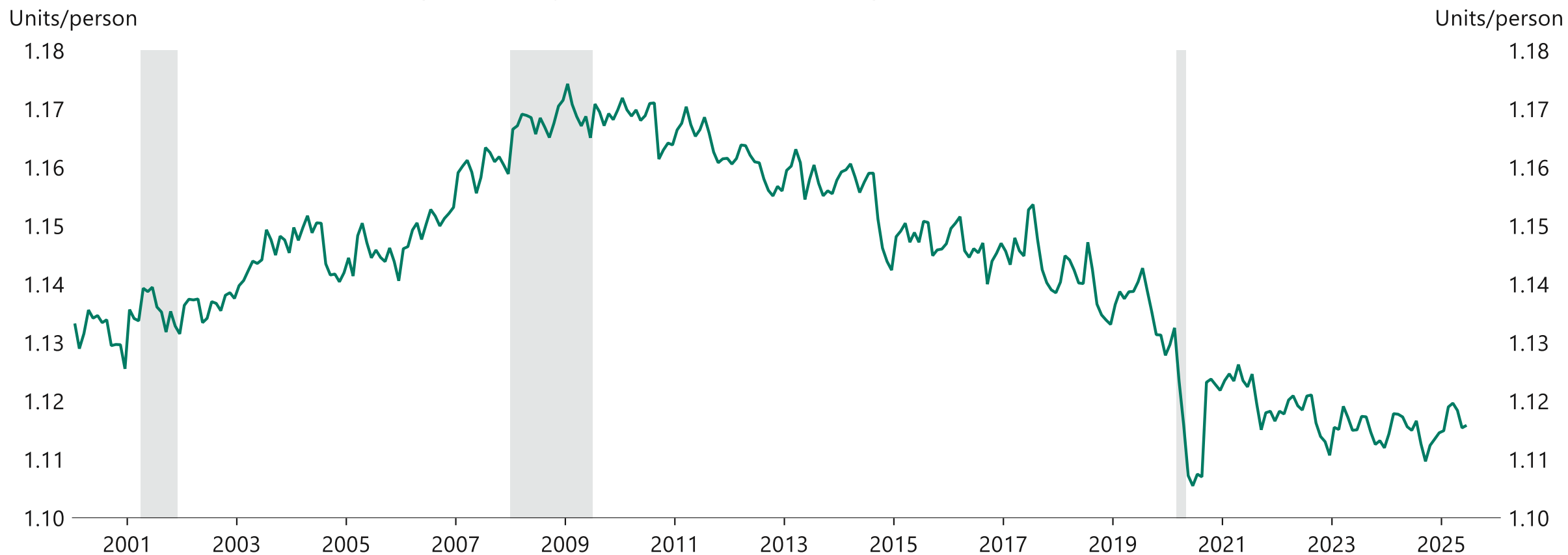
Median days on the market



Source: Redfin, Macrobond, Apollo Chief Economist

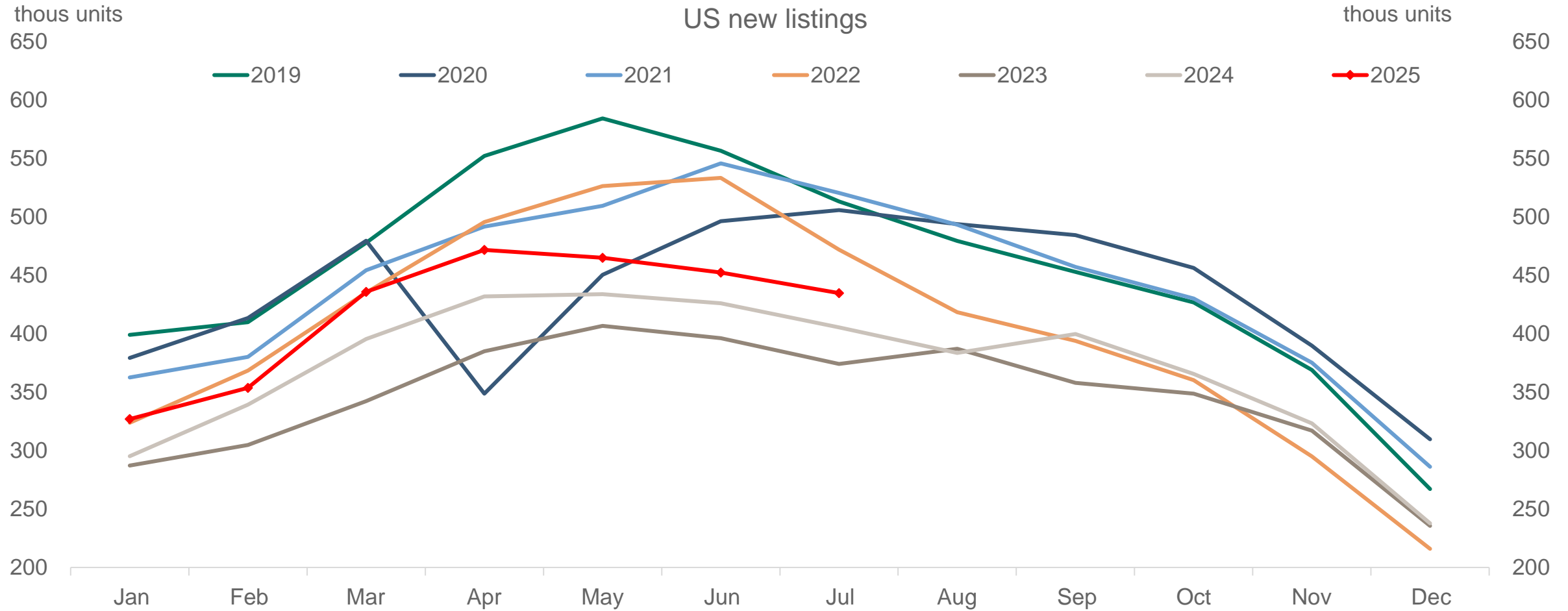
Total housing inventory per person is very low

Housing inventory estimate: Total housing units/Household estimates



Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

The number of newly listed homes is lower than normal

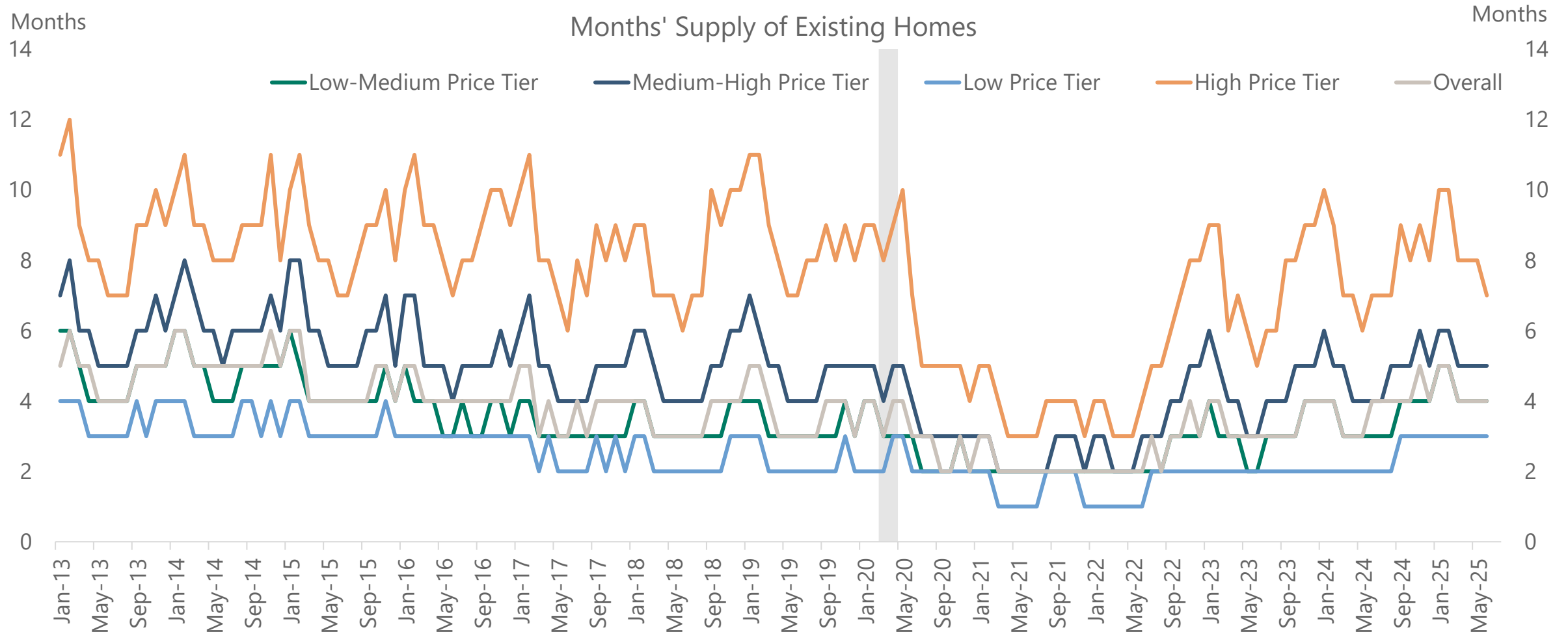


Housing supply is low: Residential new listings remain low

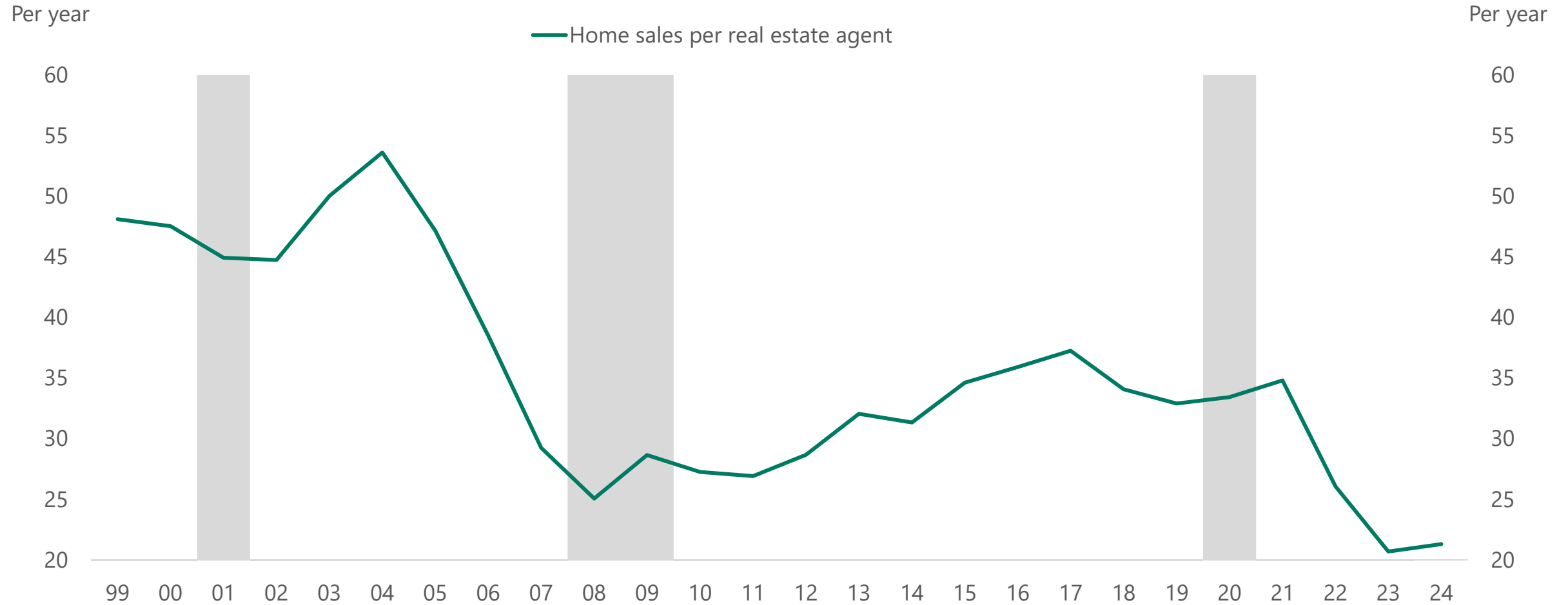


Source: Redfin, Macrobond, Apollo Chief Economist

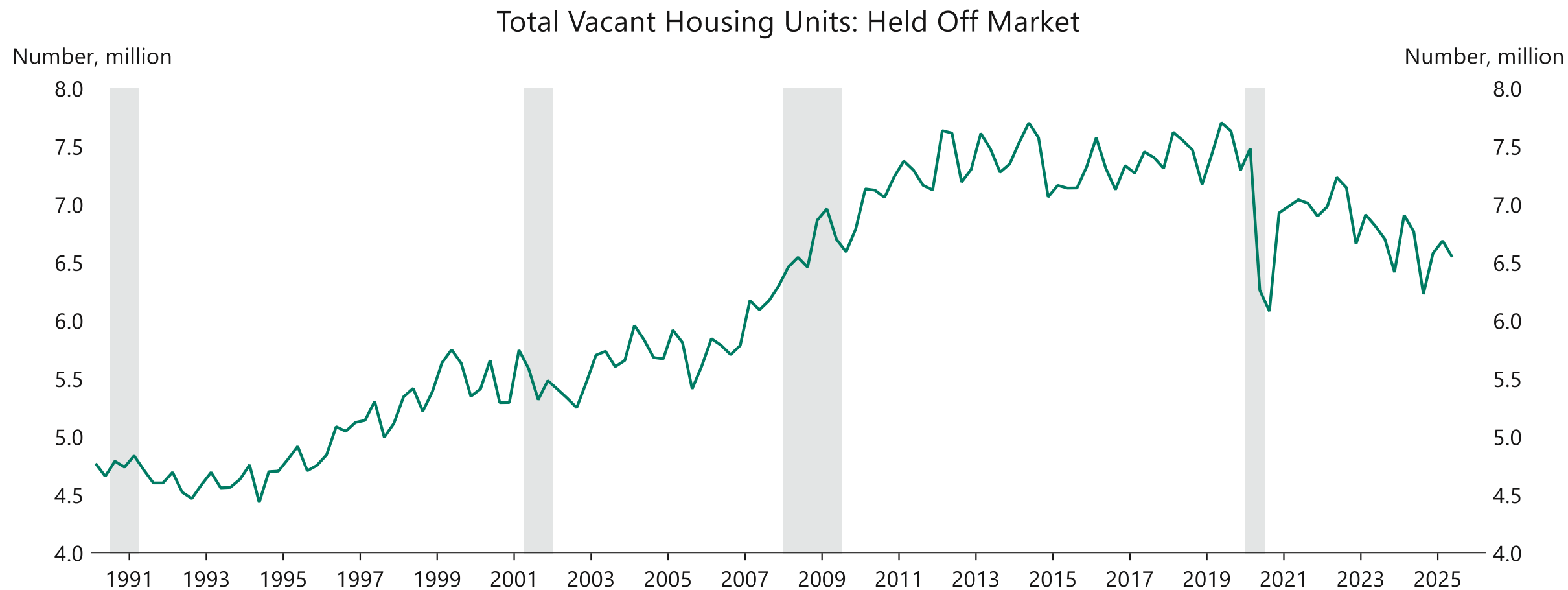
Inventory of existing homes for sale remains low across the price spectrum



With lower inventory, real estate sales agents selling fewer homes

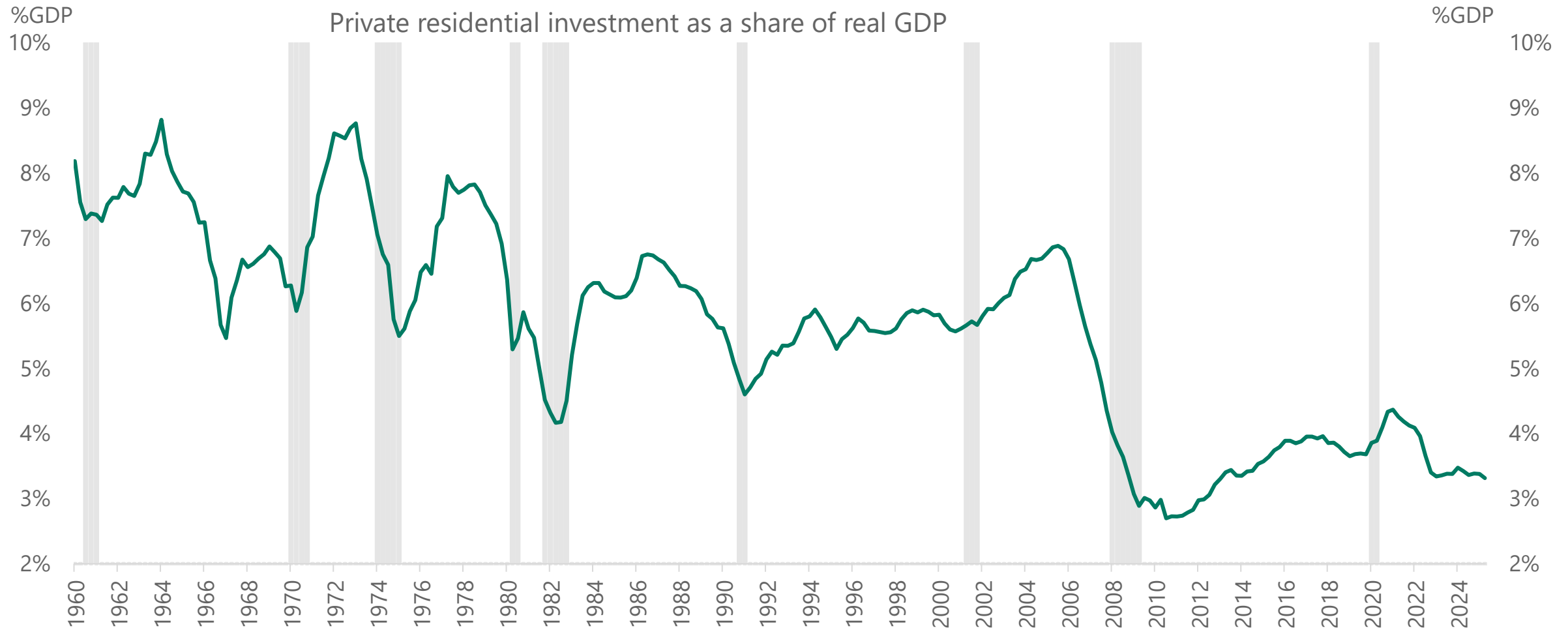


The number of vacant housing units held off market

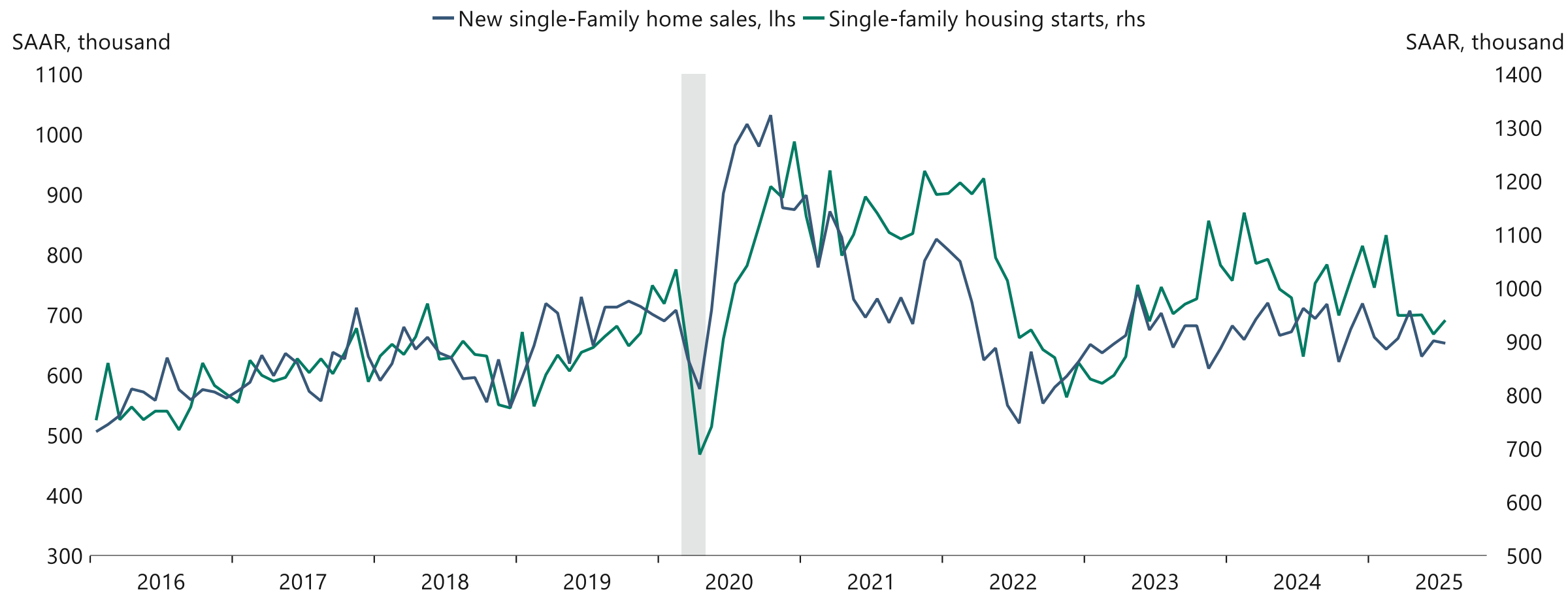


Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

Residential investment as a share of real GDP is close to all-time lows at 3.5%

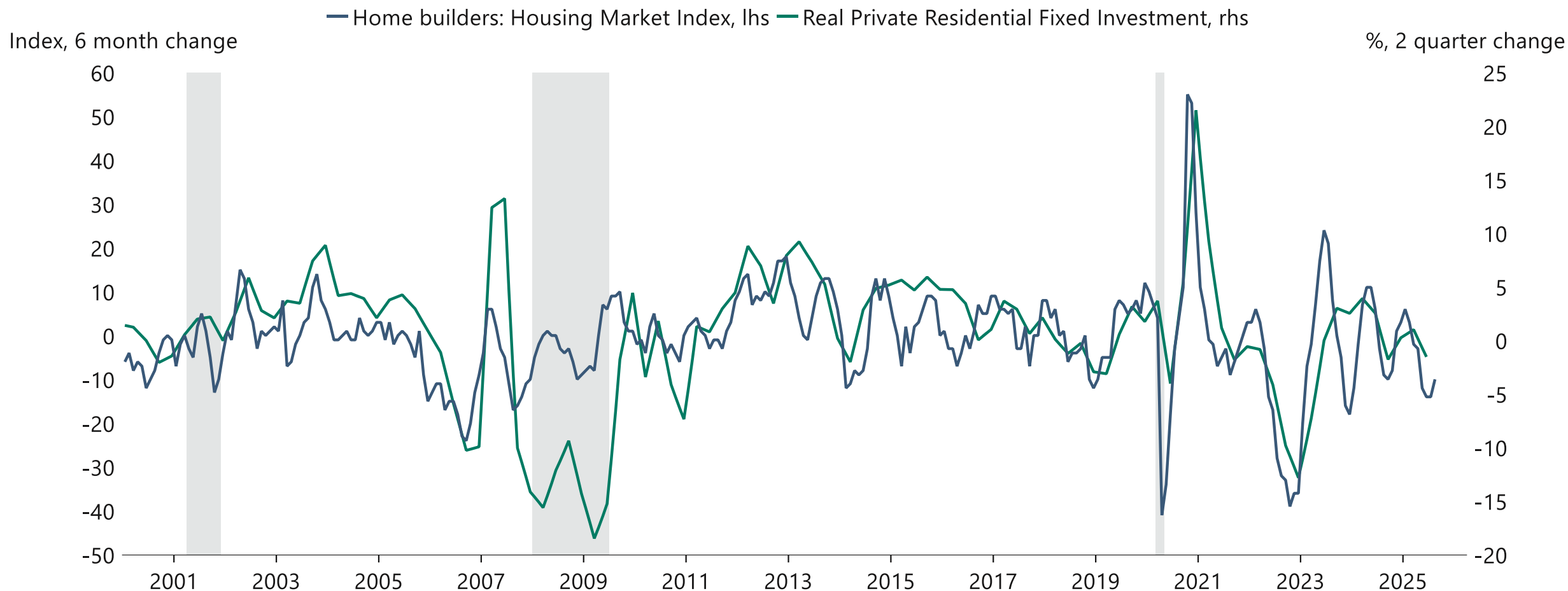


US home construction slows



Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

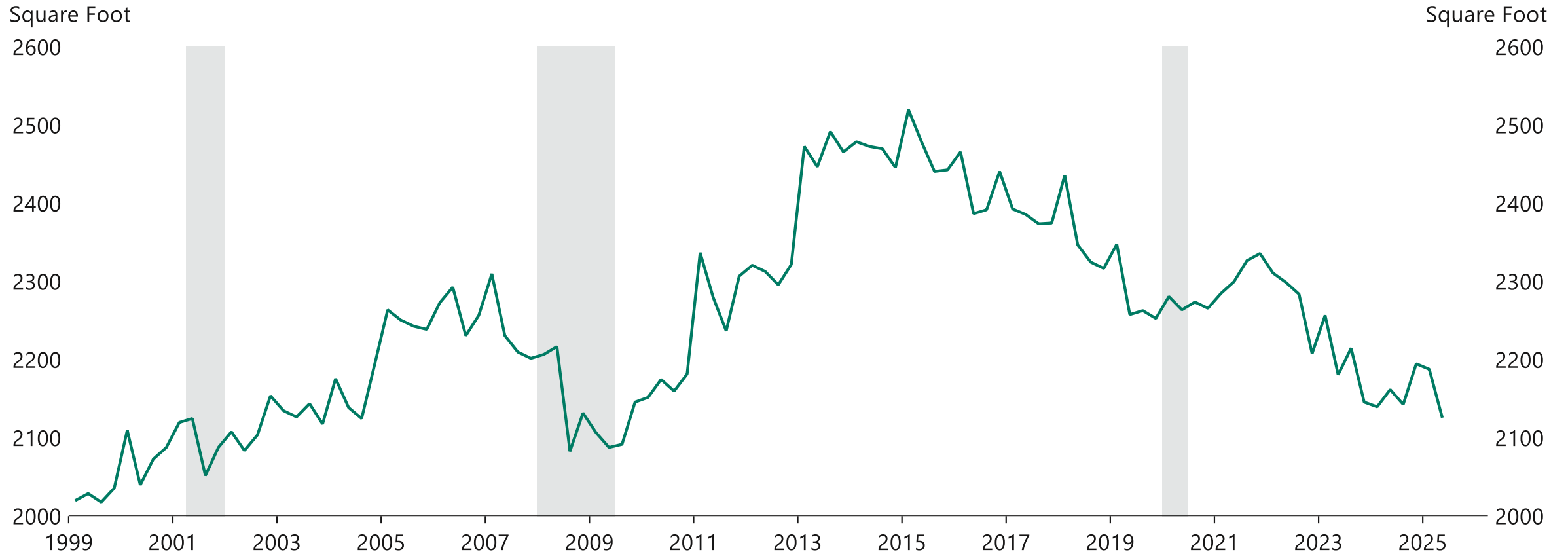
Homebuilder confidence correlated with residential investment



Source: U.S. Bureau of Economic Analysis (BEA), National Association of Home Builders, Macrobond, Apollo Chief Economist

US homes are getting smaller: Median size of new single-family homes declining

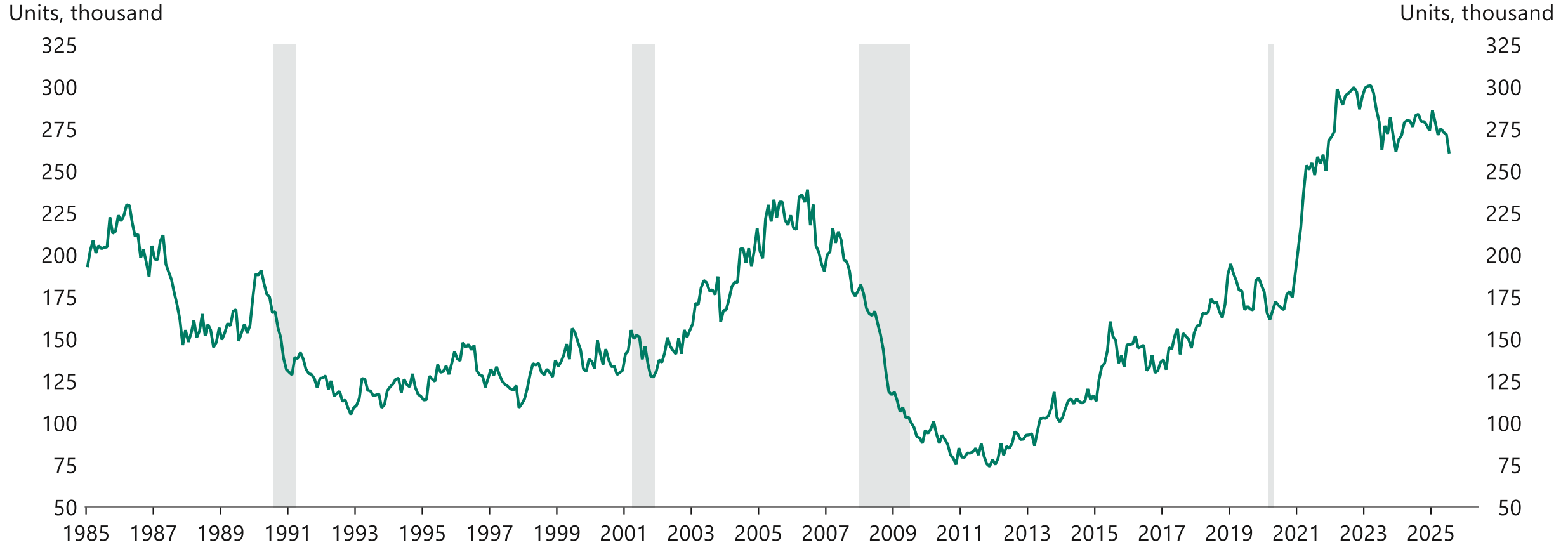
Median size of new single family homes



Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

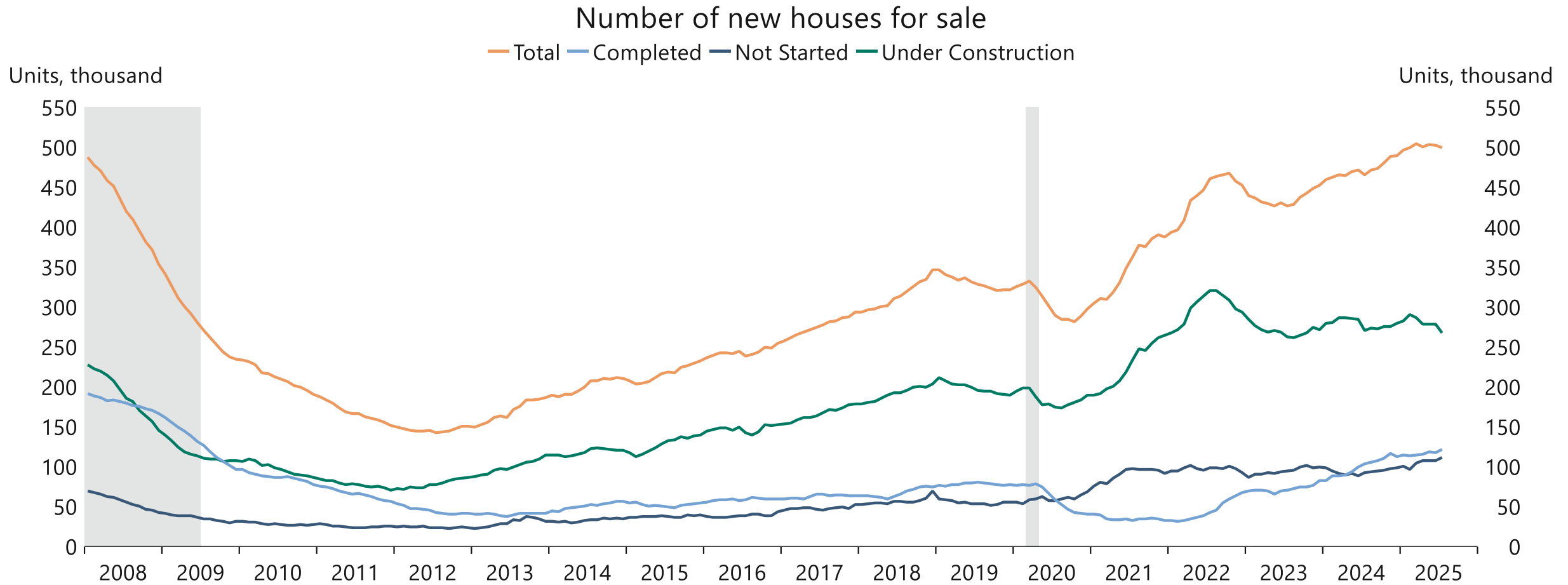
Very high level of new housing units authorized but not started

New privately owned housing units authorized but not started



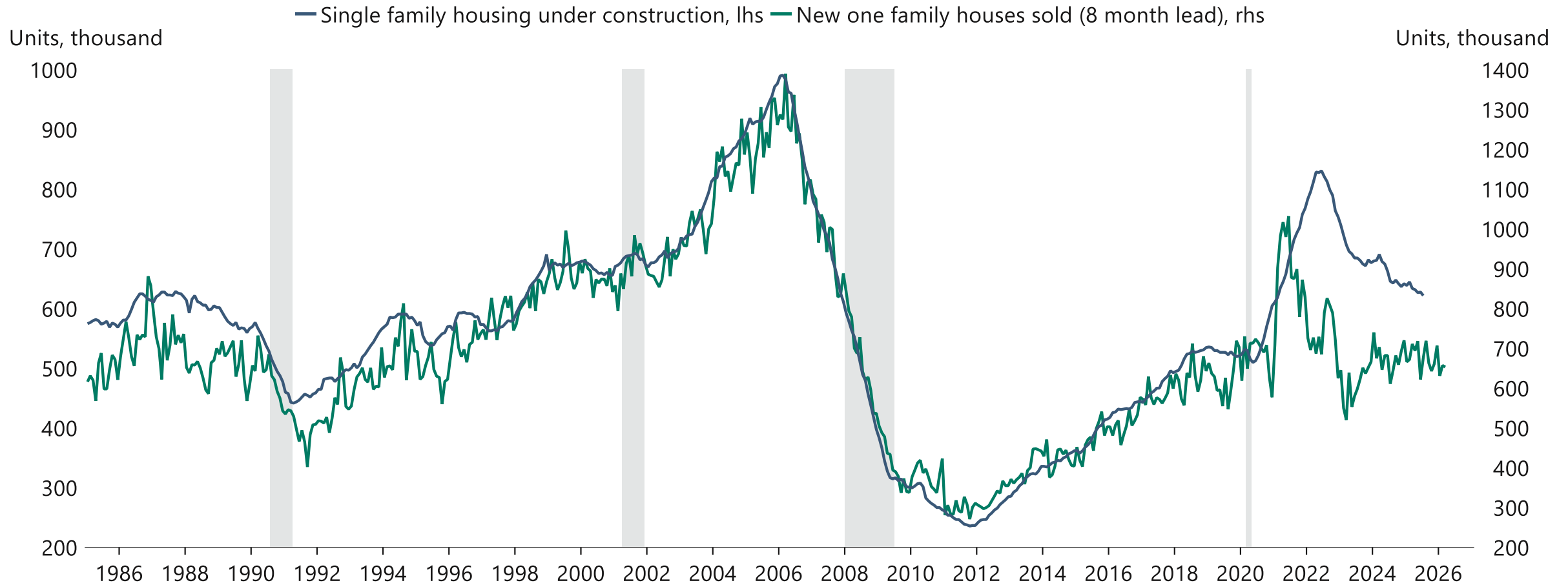
Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

Number of new houses for sale



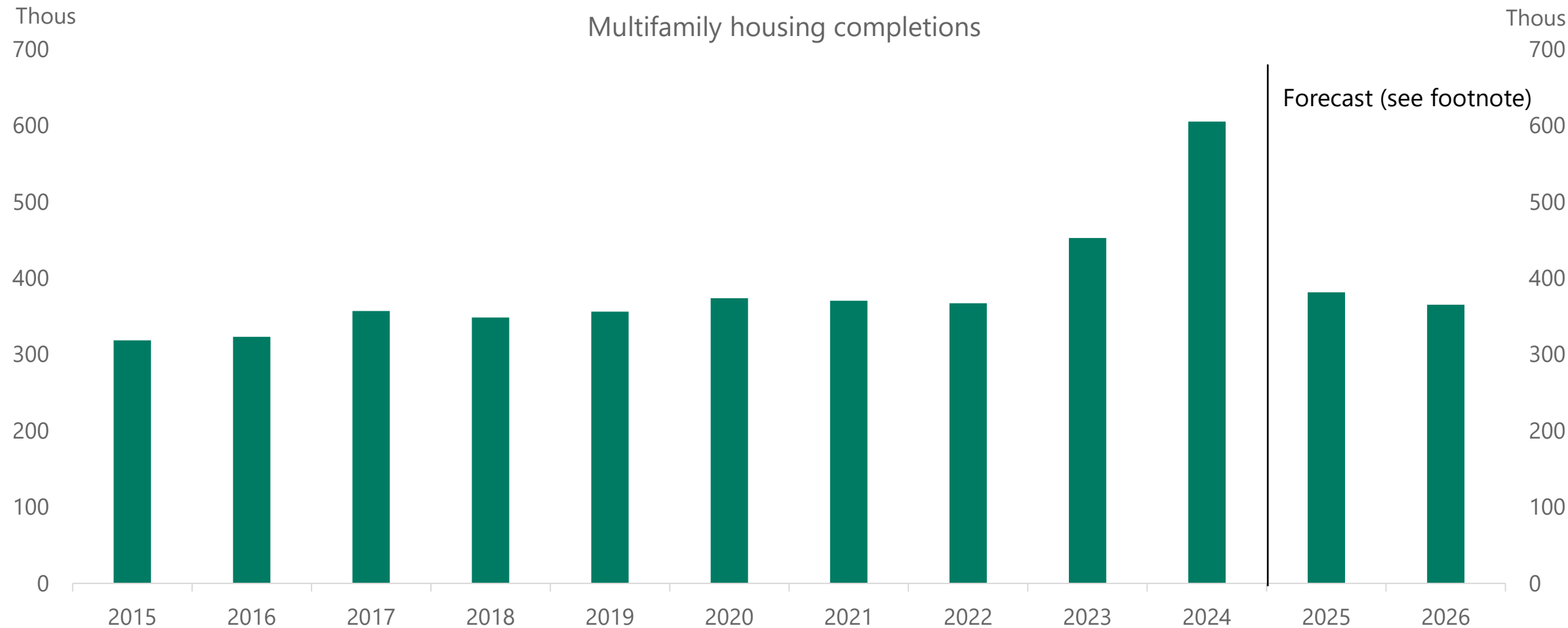
Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

Some disconnect between housing under construction and new homes sold



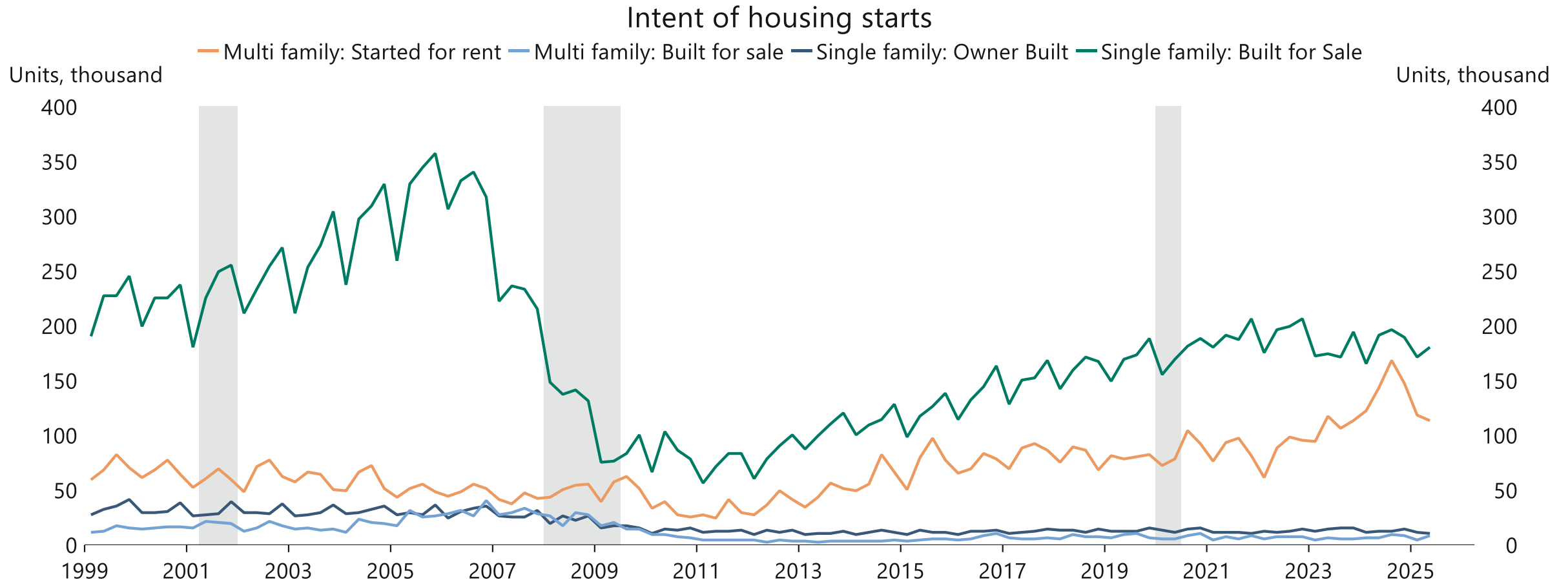
Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

Apartment deliveries about to decline significantly. This will put upward pressure on rents



Source: Census Bureau, Haver Analytics, Apollo Chief Economist. Note: 2025 and 2026 forecasts using data for housing starts and average length of time from start to completion. As housing starts have normalized, completed apartments are also normalizing to pre-pandemic levels

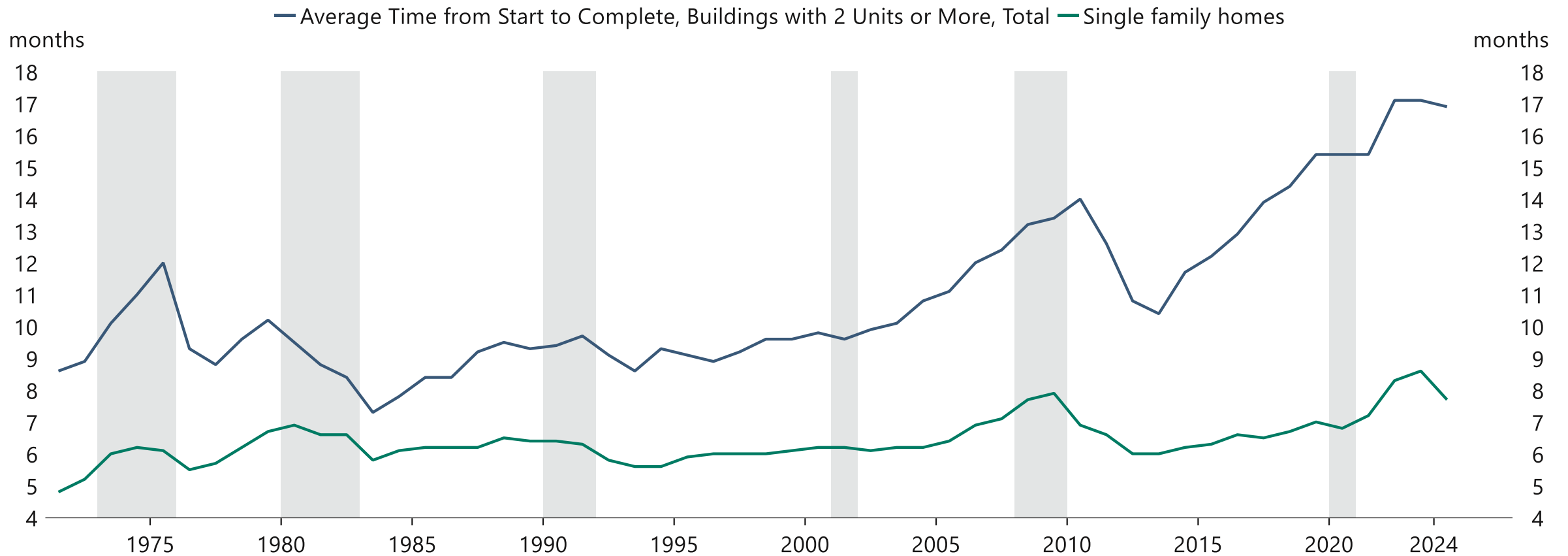
Intent of housing starts



Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

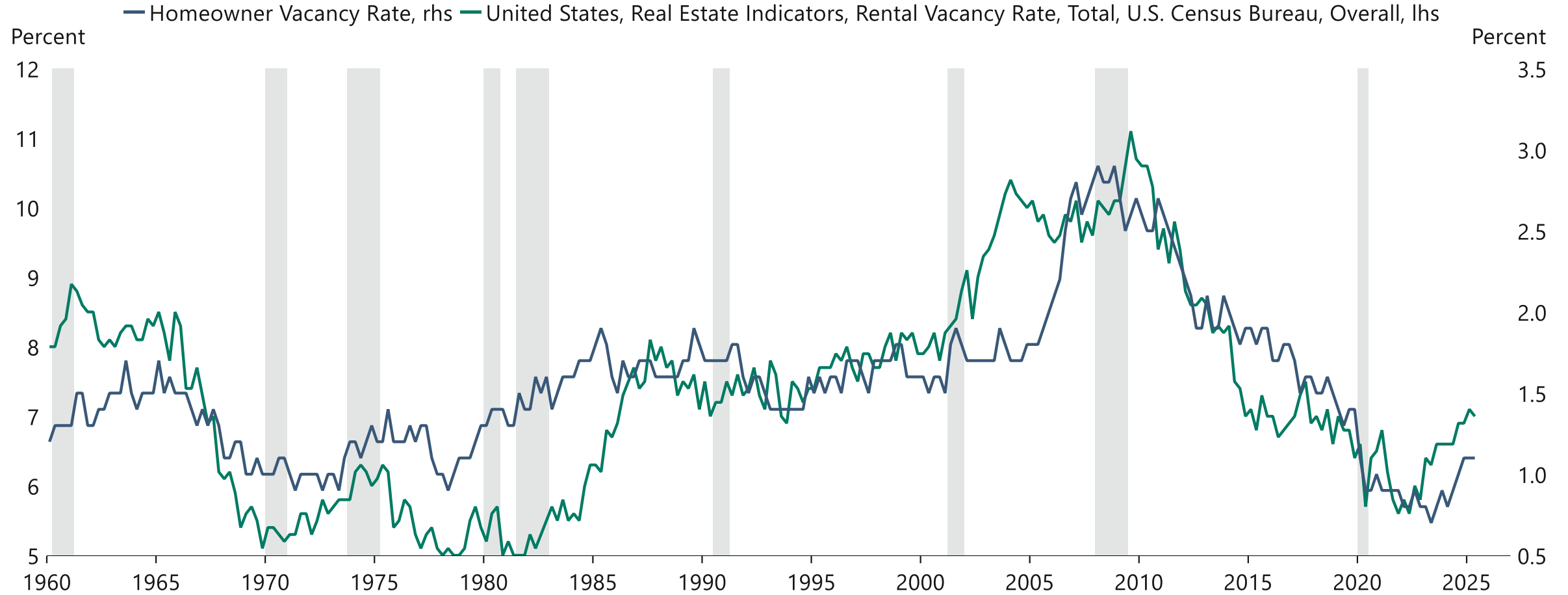
It currently takes 8 months on average to build a single-family house

Average time from start to complete



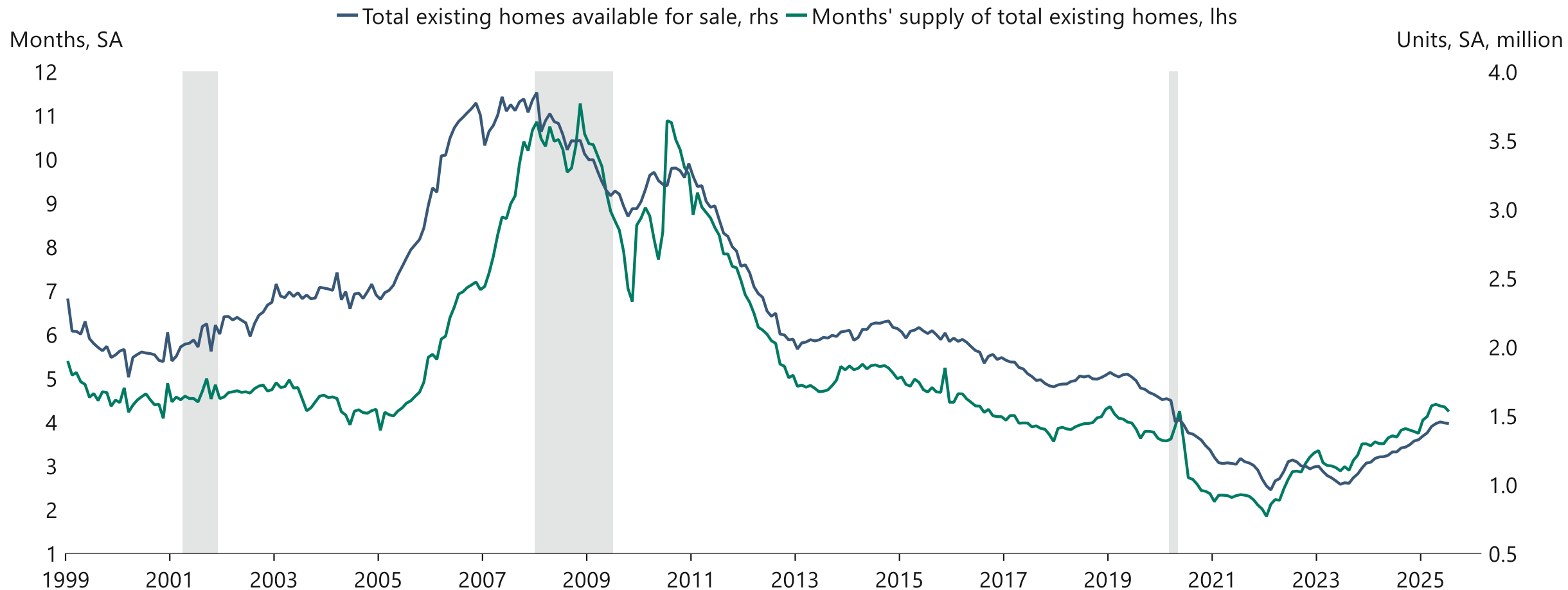
Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

Homeowner vacancy rate and rental vacancy rate at low levels



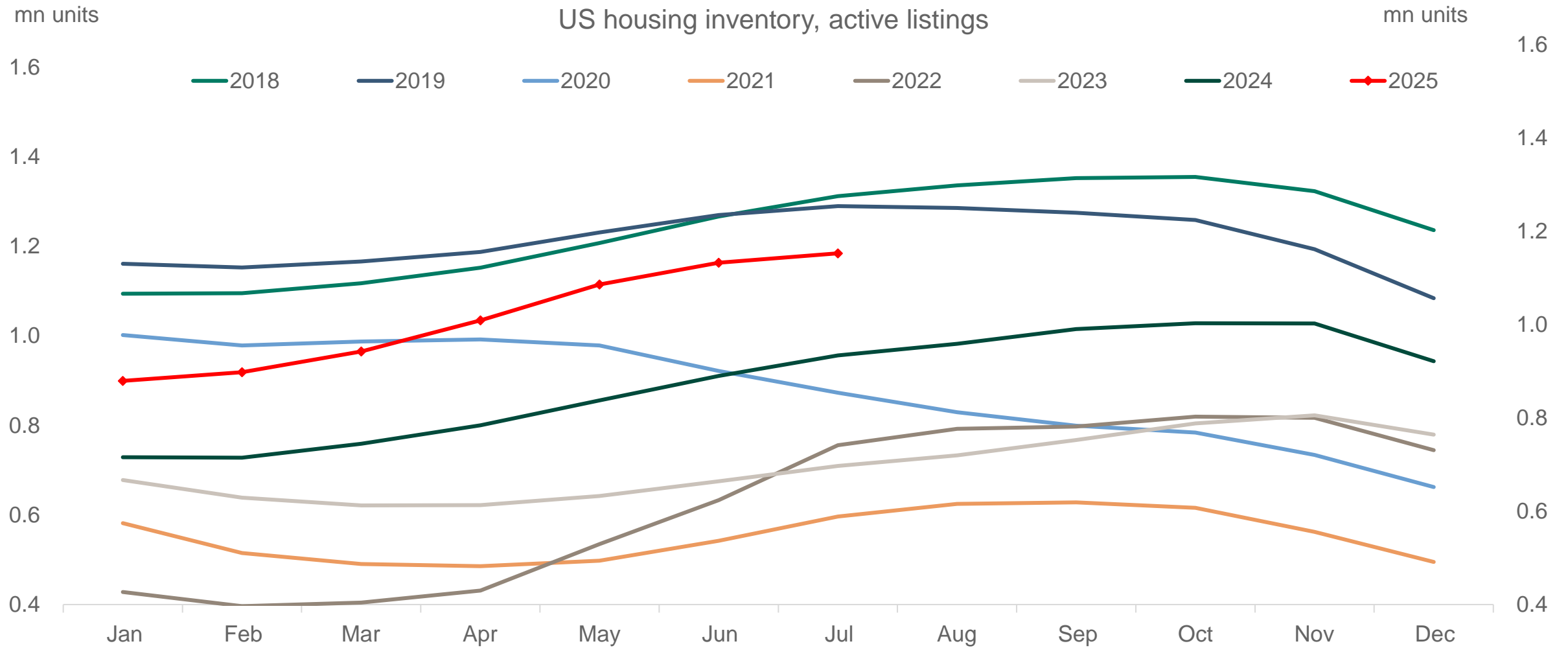
Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

Inventory of existing homes

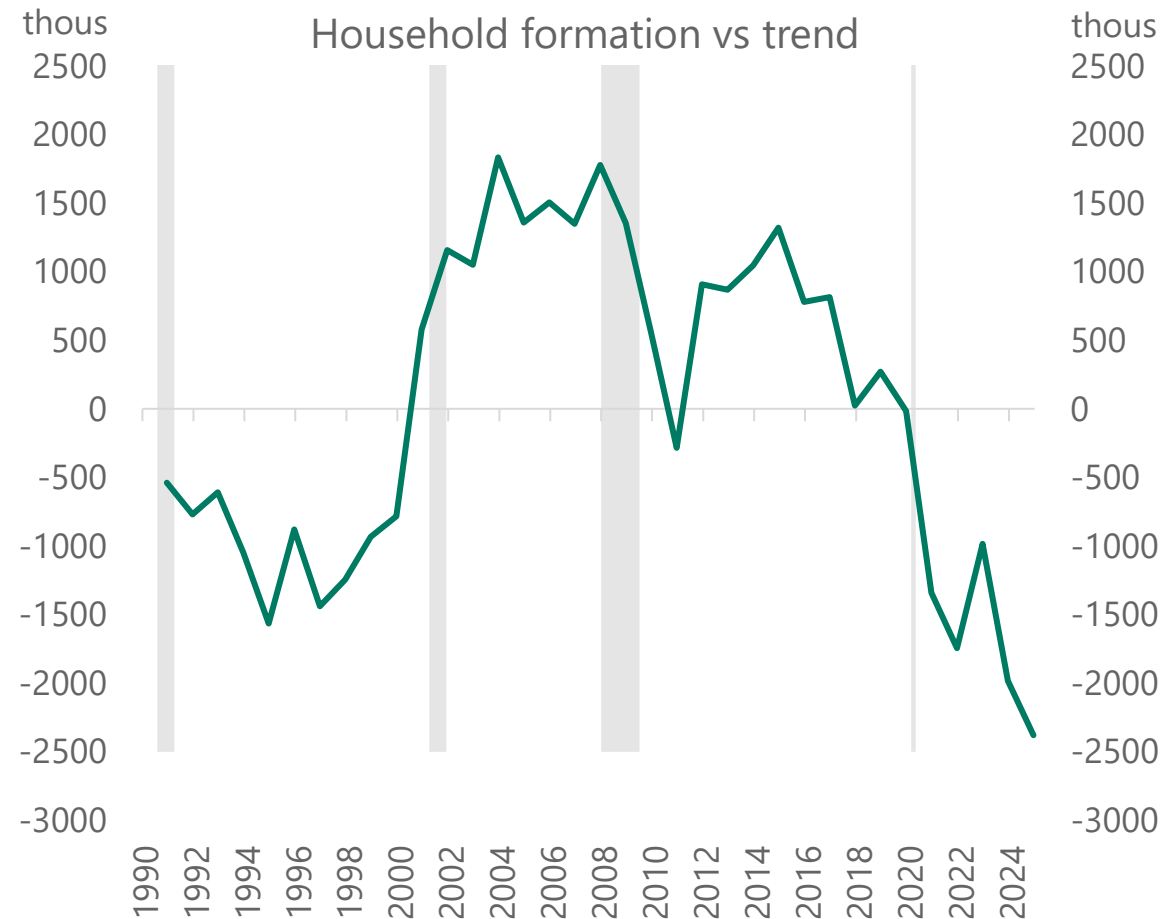
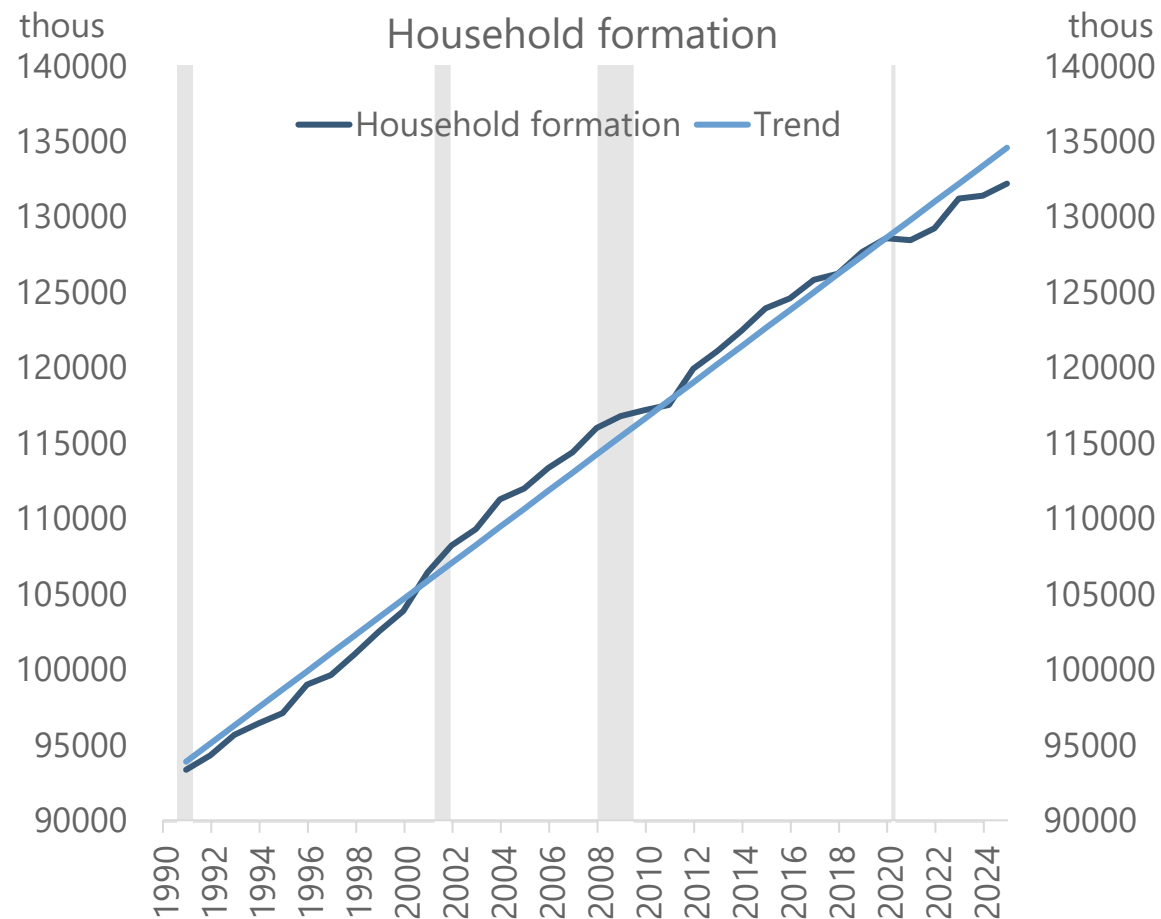


Source: National Association of Realtors (NAR), Macrobond, Apollo Chief Economist

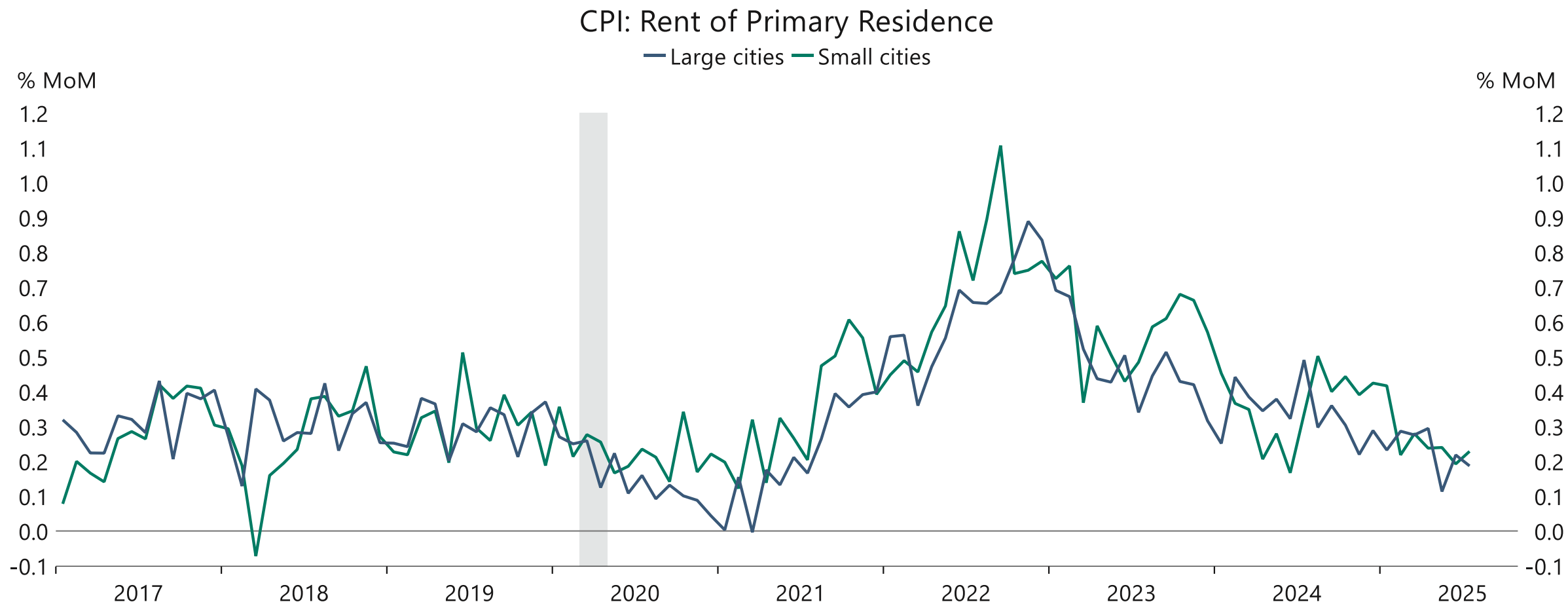
Low inventory of homes for sale



US has an estimated deficit of 2.4mn homes

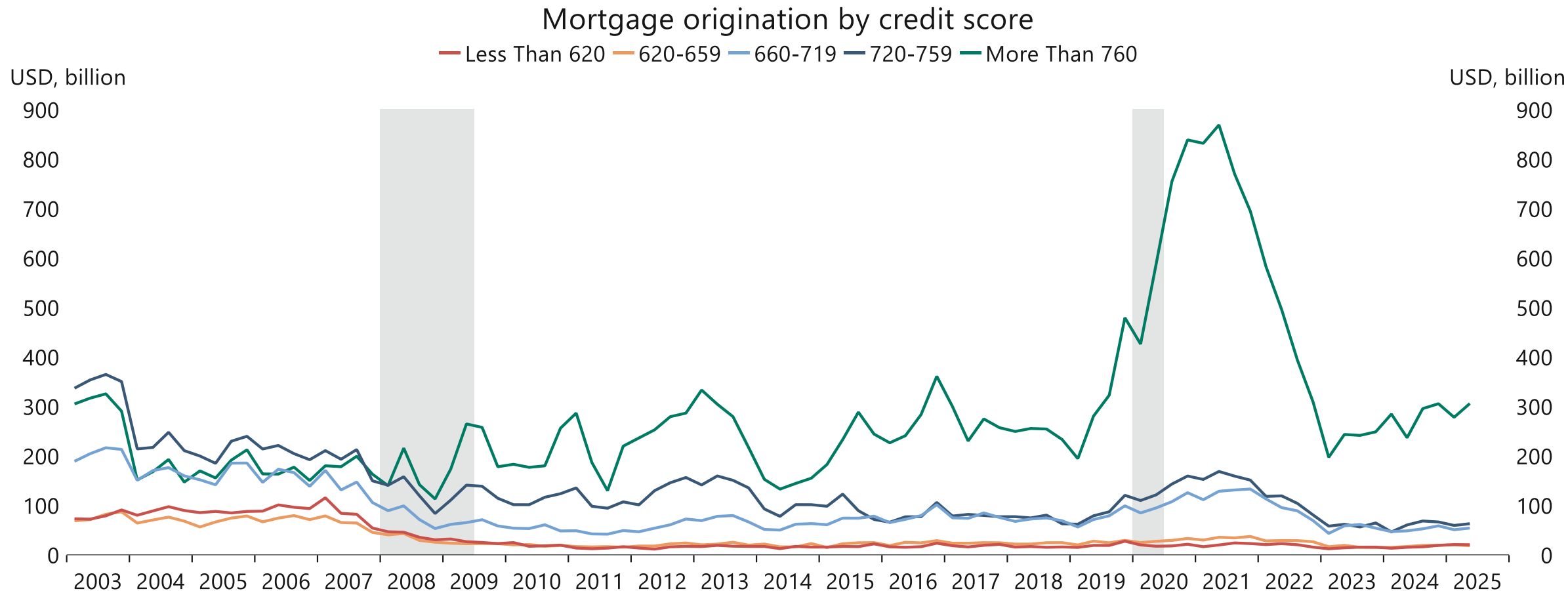


Rent inflation in large and small cities



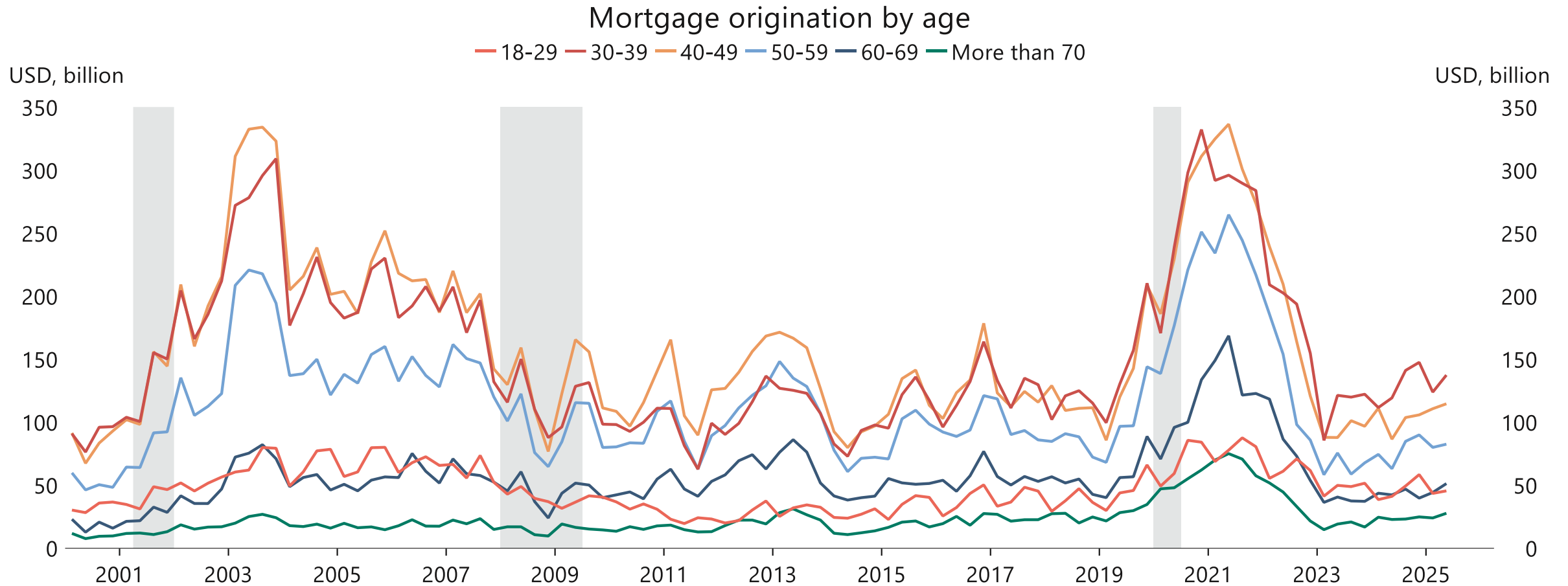
Source: U.S. Bureau of Labor Statistics (BLS), Macrobond, Apollo Chief Economist

Mortgage originations have normalized for households with high credit scores



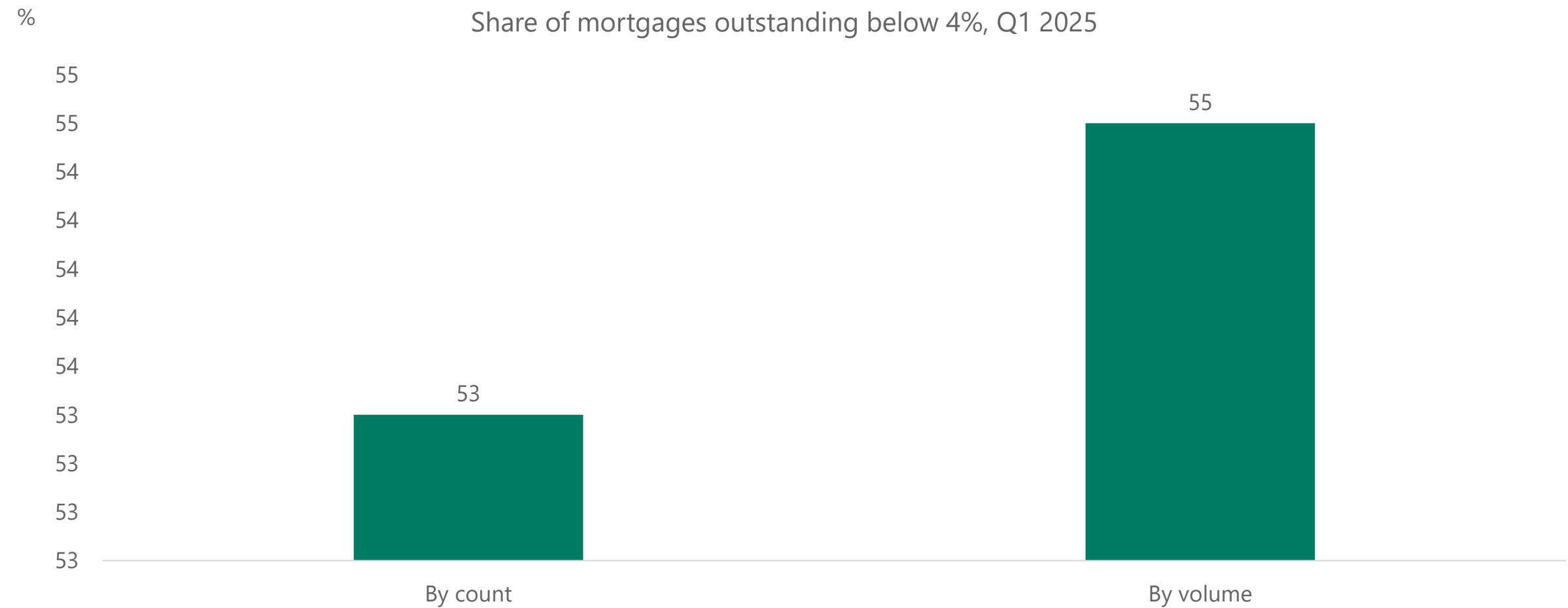
Source: Federal Reserve Bank of New York, Macrobond, Apollo Chief Economist

Mortgage originations back at pre-pandemic levels. Rising for people in their 30s



Source: Federal Reserve Bank of New York, Macrobond, Apollo Chief Economist

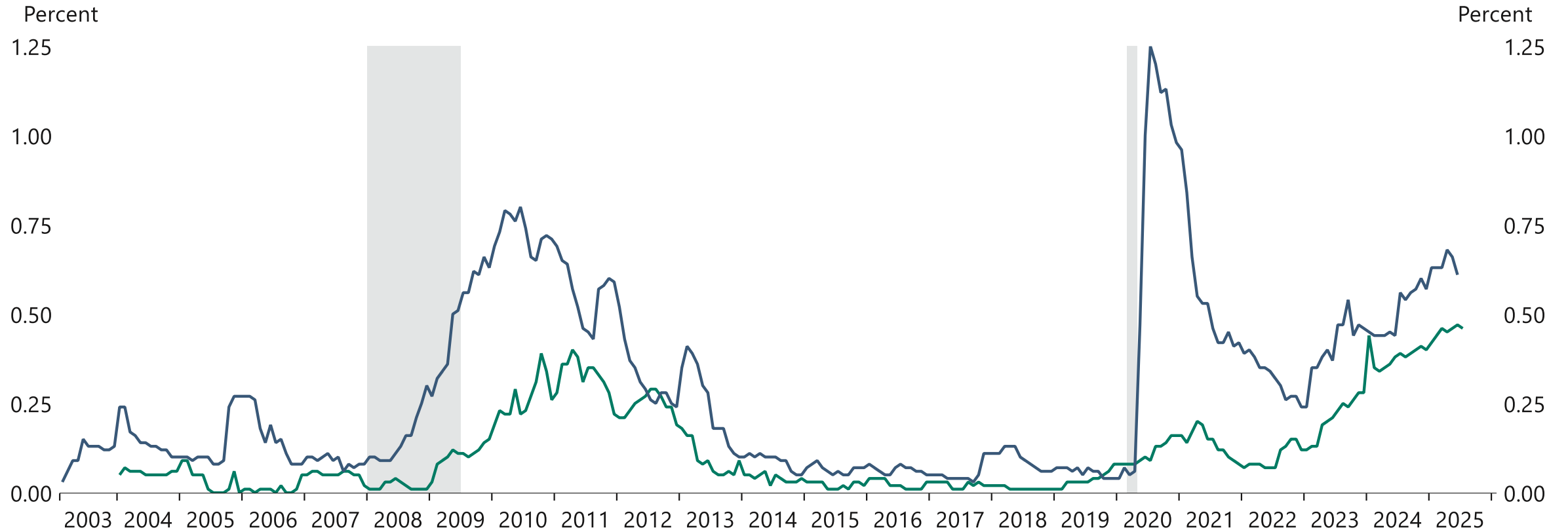
More than half of all mortgages outstanding have an interest rate below 4%



Multifamily delinquencies rising

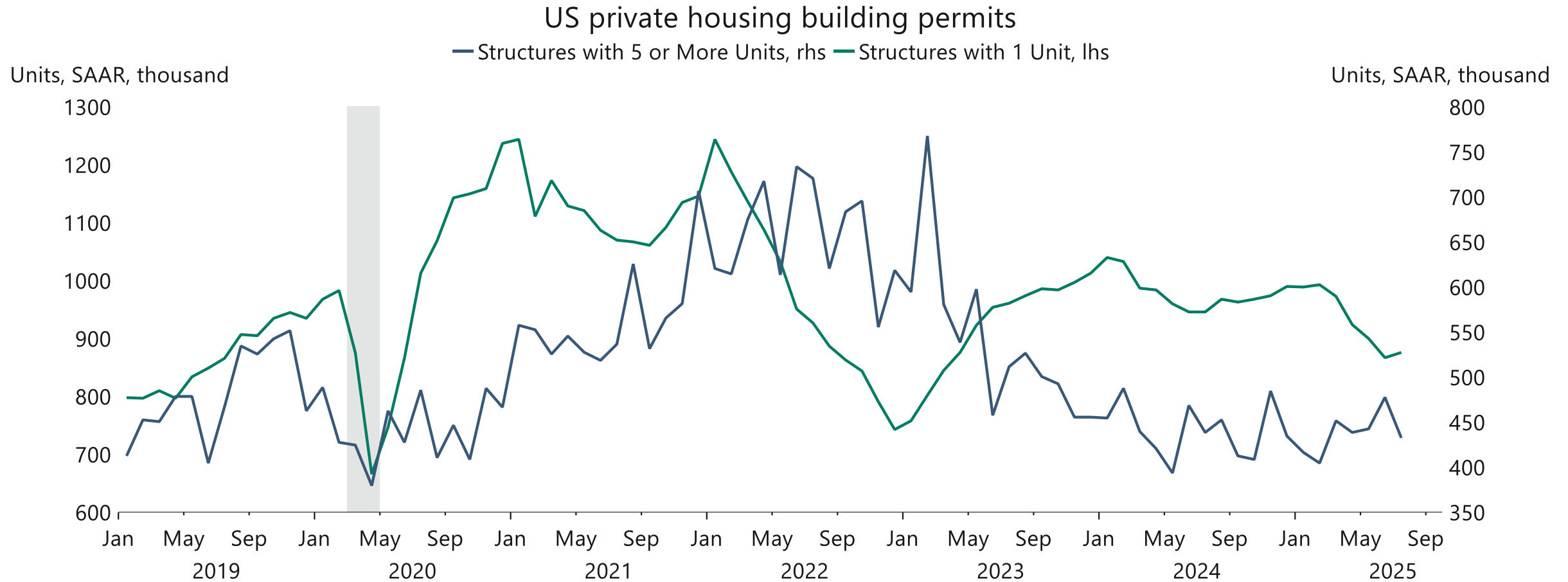
Multifamily delinquency rate

— Fannie Mae — Freddie Mac



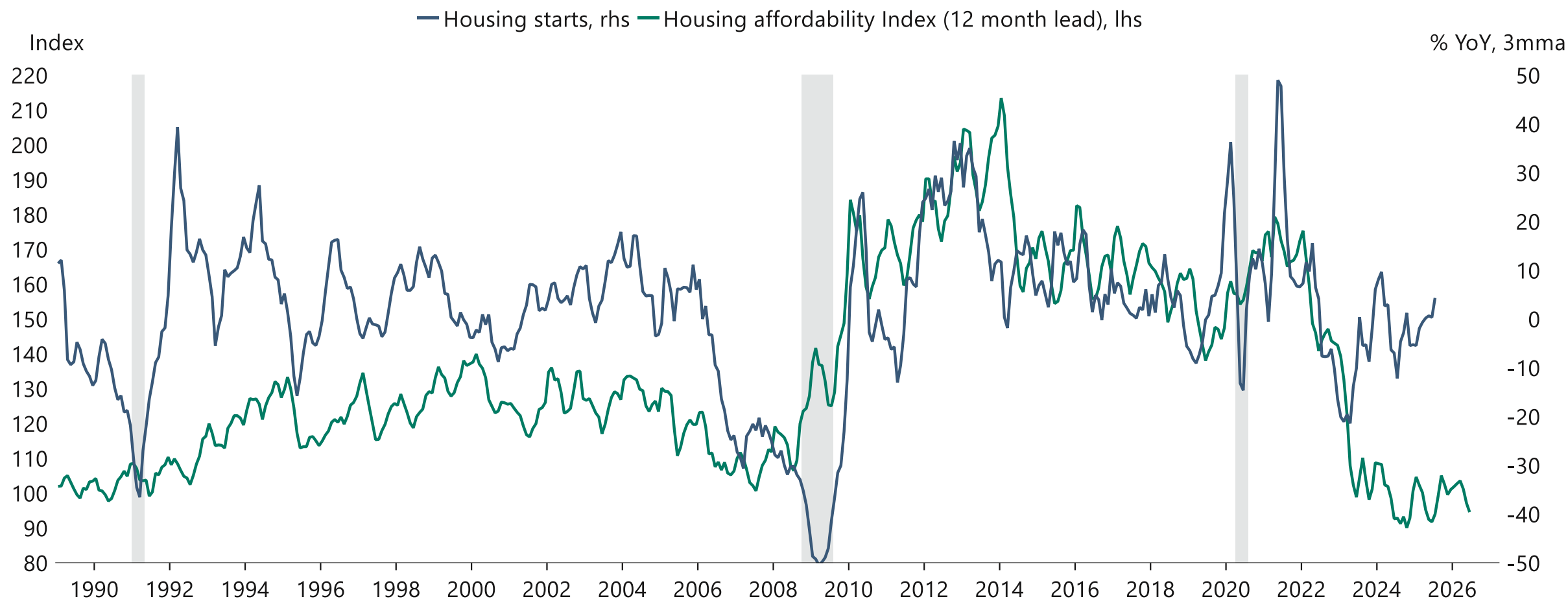
Source: Freddie Mac, Federal National Mortgage Association (Fannie Mae), Macrobond, Apollo Chief Economist

Multi-family and single-family housing units authorized moving sideways



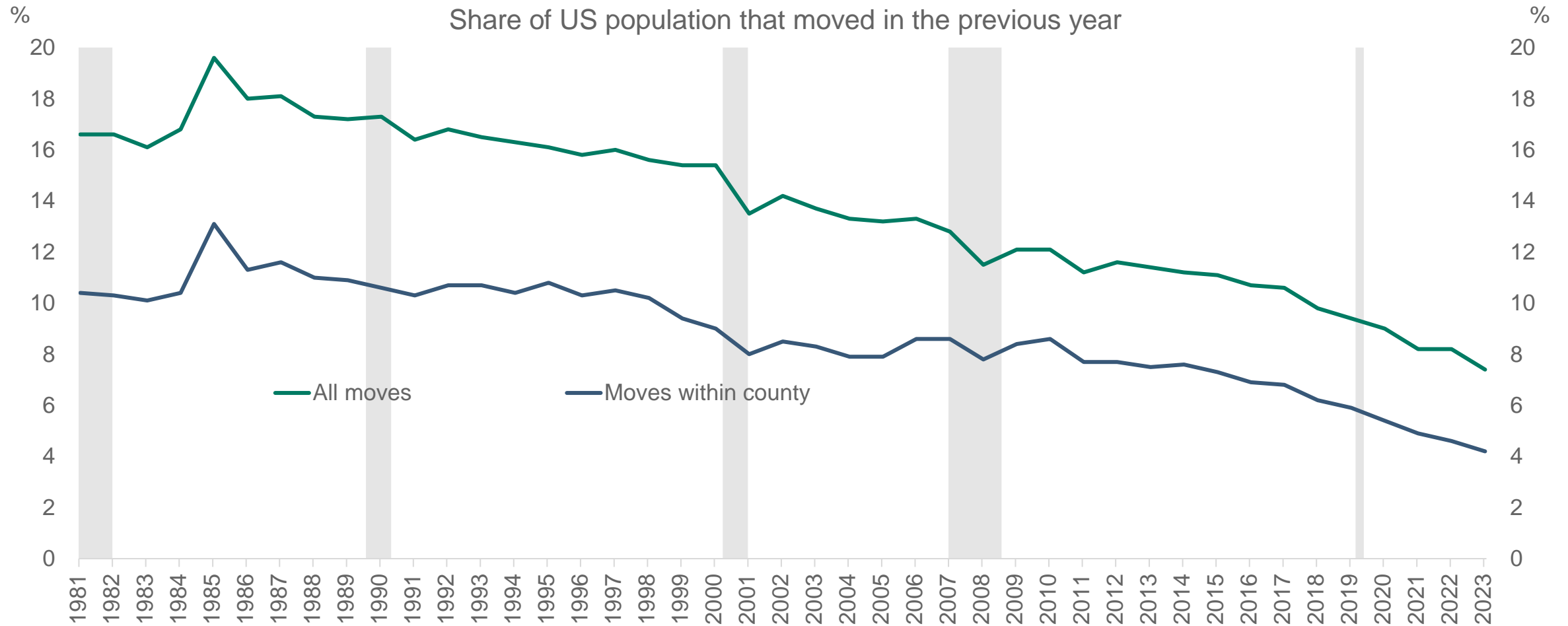
Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

Housing starts high despite low affordability

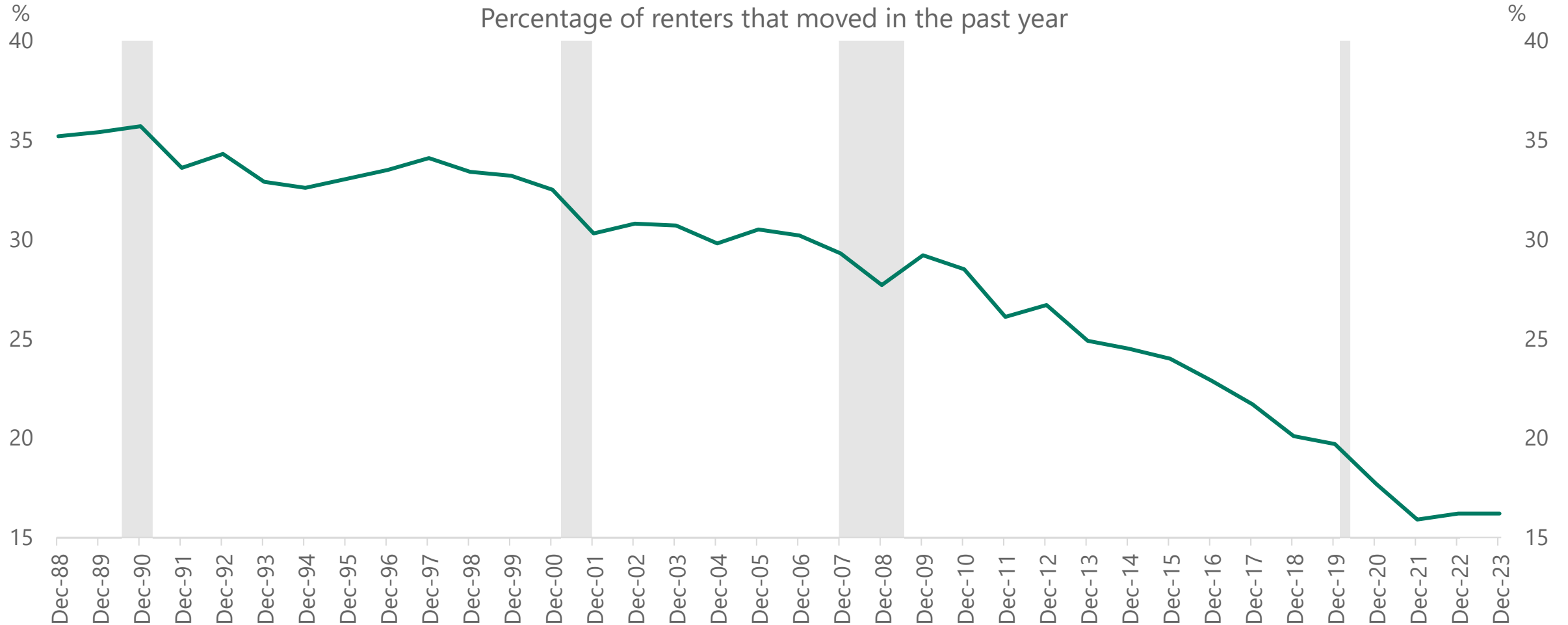


Source: National Association of Realtors (NAR), U.S. Census Bureau, Macrobond, Apollo Chief Economist

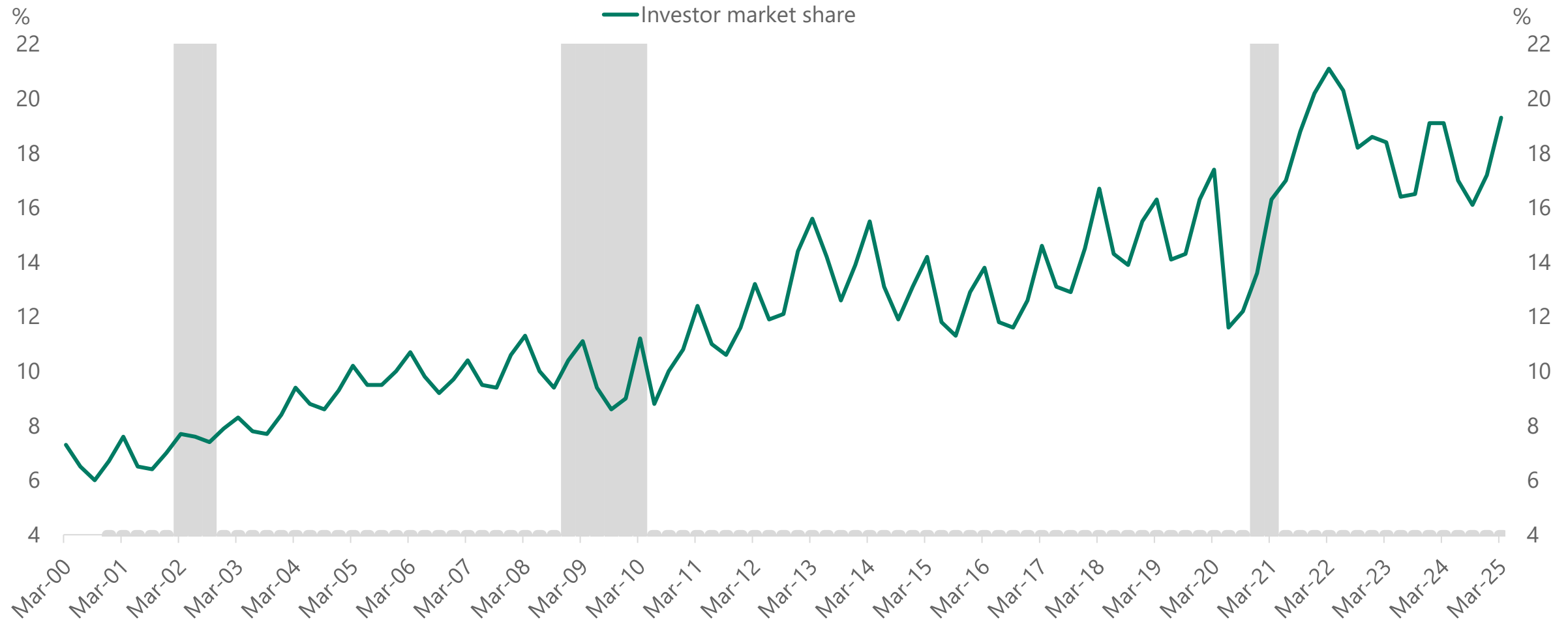
Structural decline in the share of the US population moving to a new address



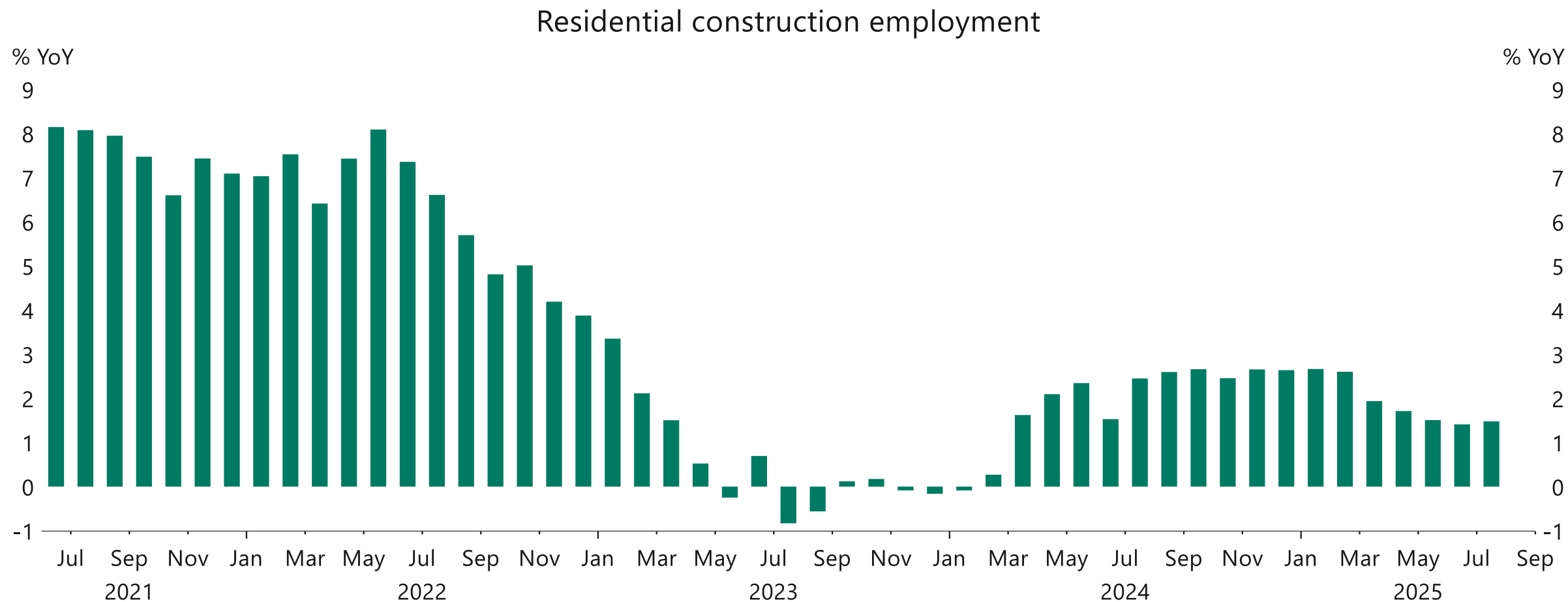
Trend decline in the percentage of renters moving to new apartments or houses



The investor share of home purchases still elevated

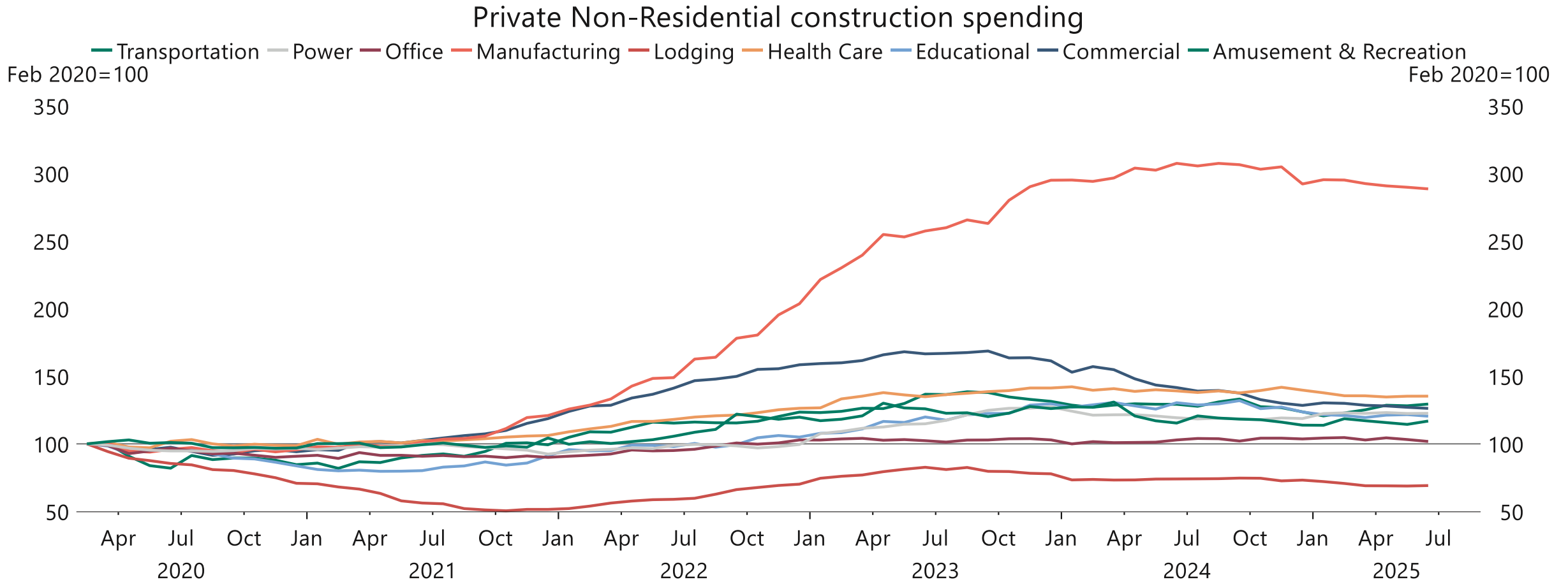


Residential construction job growth slows



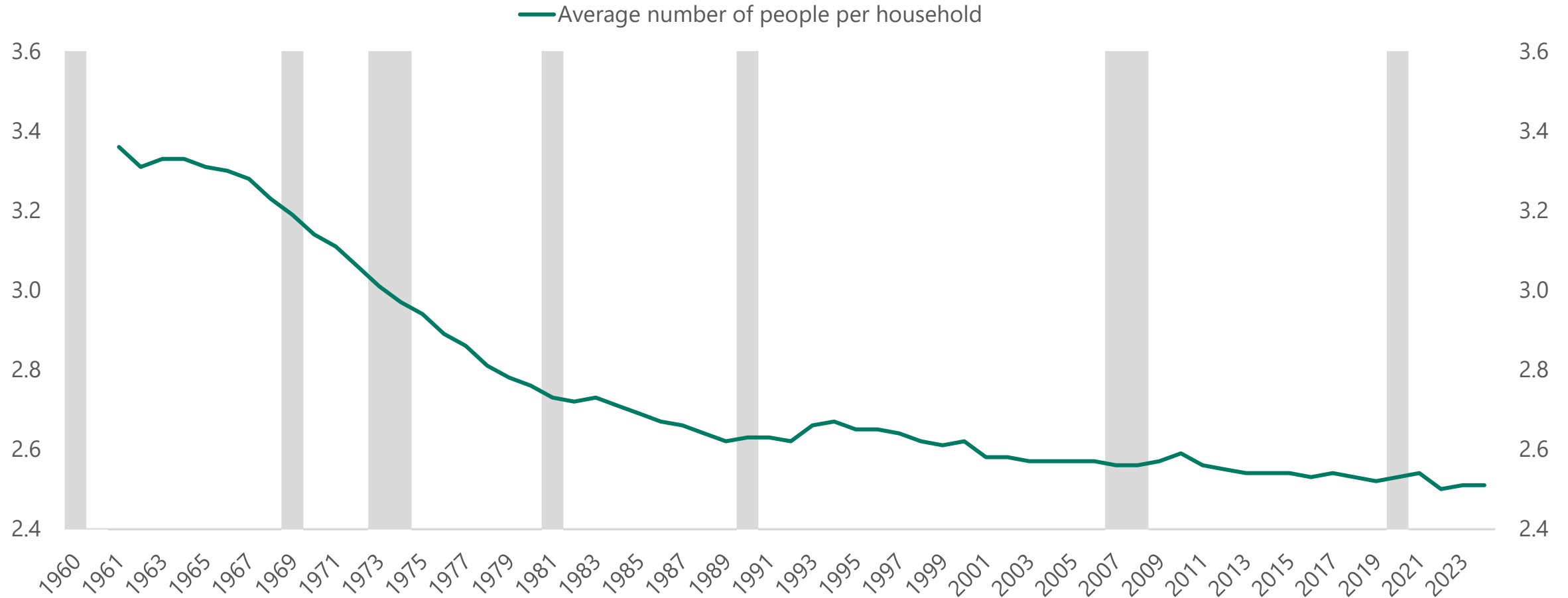
Source: U.S. Bureau of Labor Statistics (BLS), Macrobond, Apollo Chief Economist

The biggest increase in non-residential construction has been in manufacturing



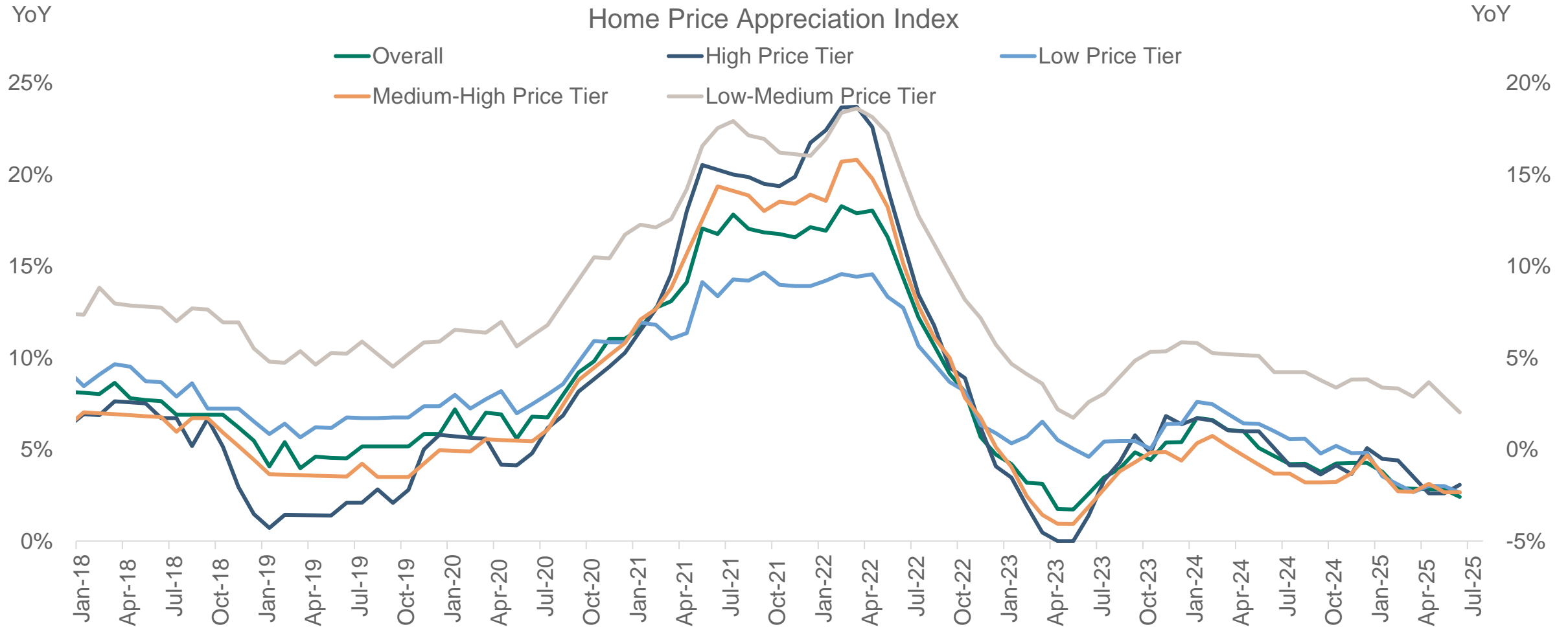
Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

The average family size in the US has declined from 3.3 in 1960 to 2.5 by 2024

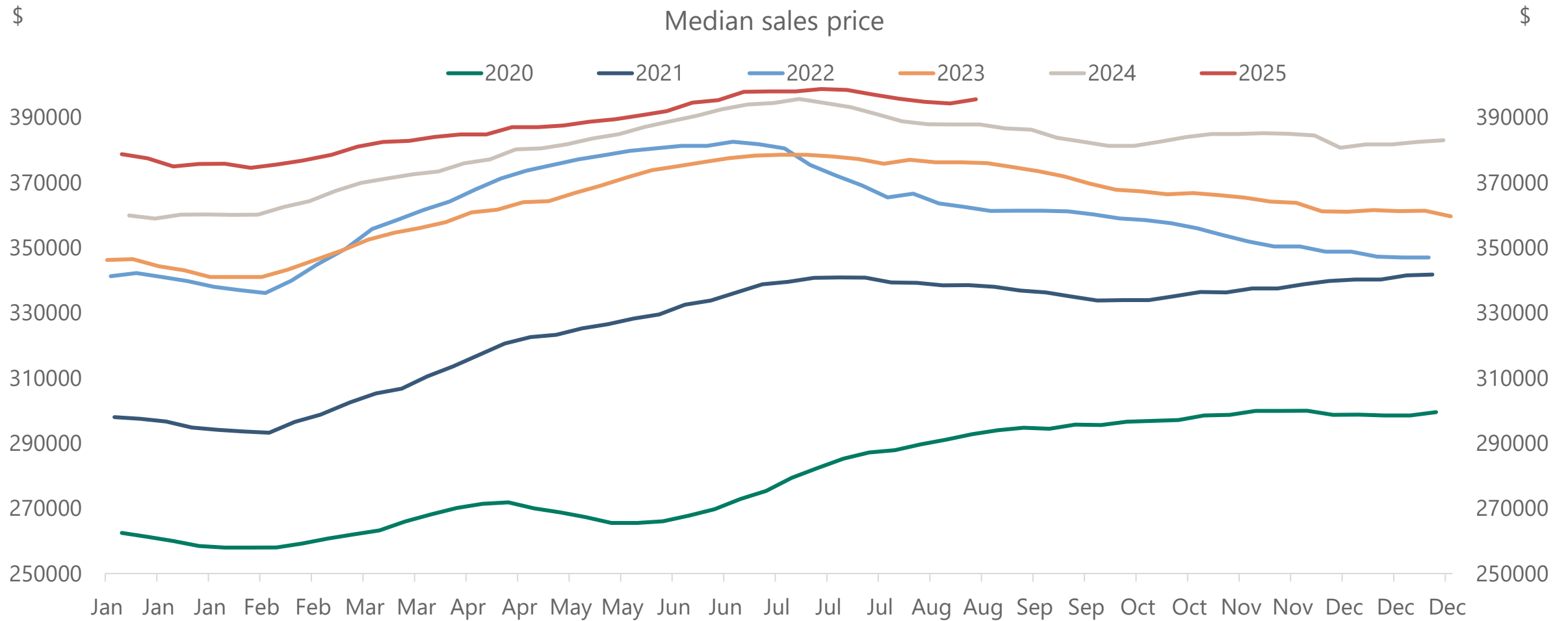


3) House Prices

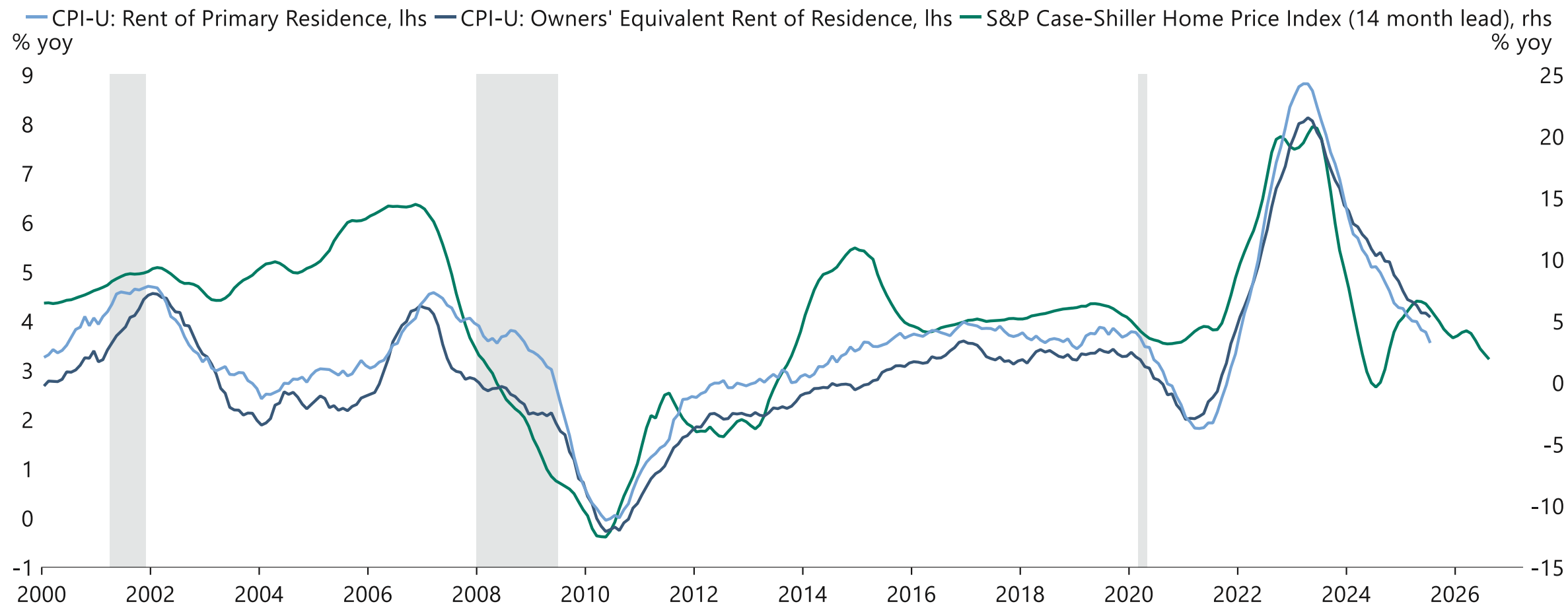
House price inflation easing across price tiers



Median sales price modestly above last year's levels

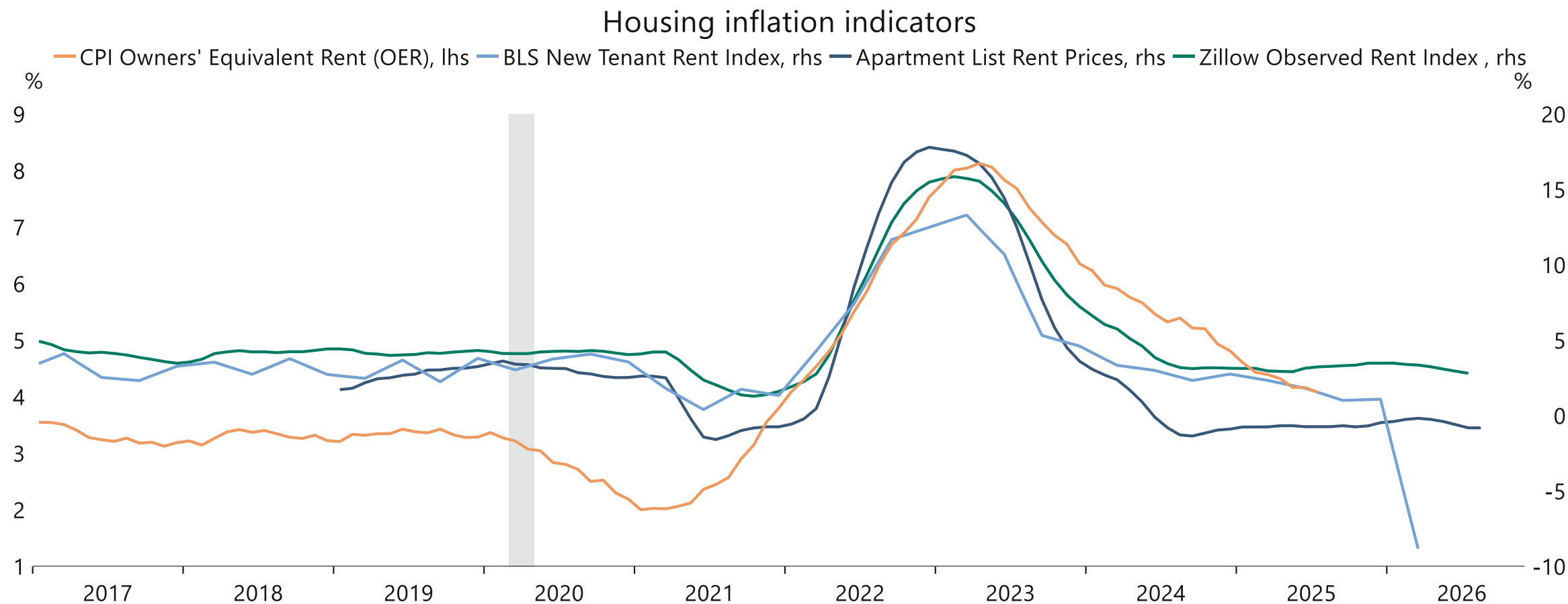


Housing inflation coming down



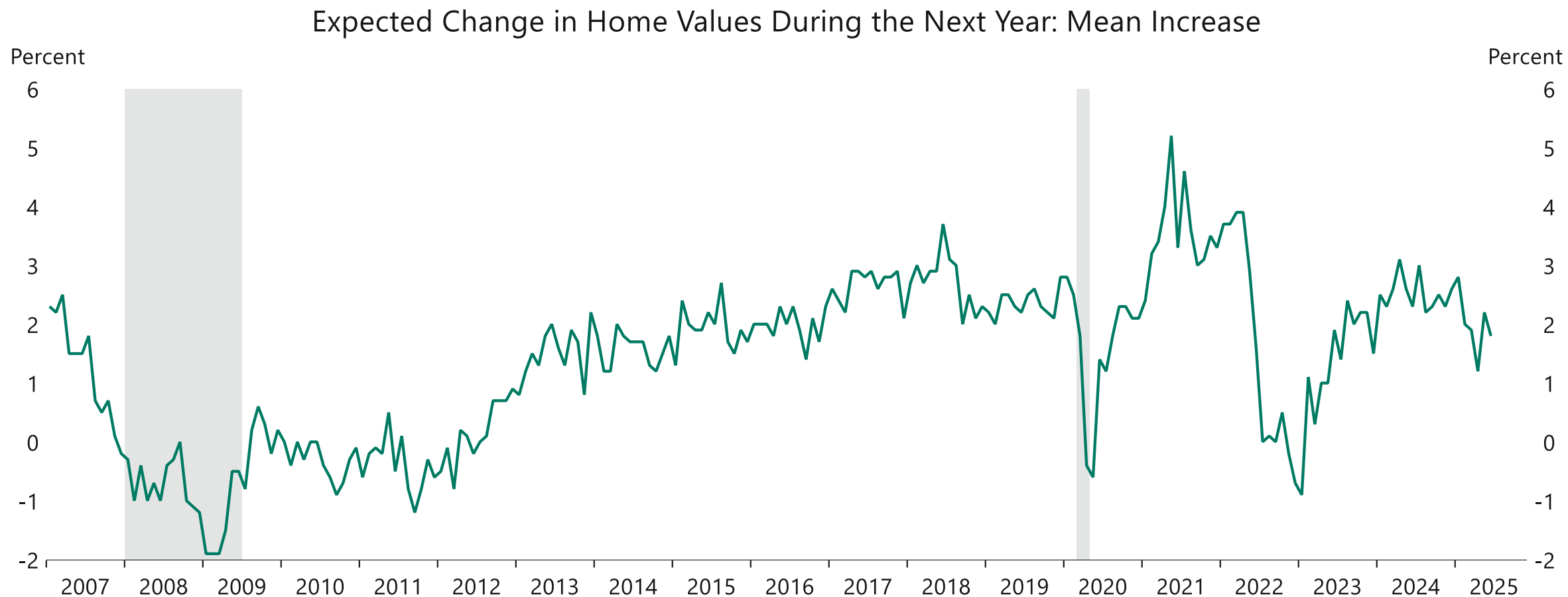
Source: S&P Global, U.S. Bureau of Labor Statistics (BLS), Macrobond, Apollo Chief Economist

OER housing inflation coming down?



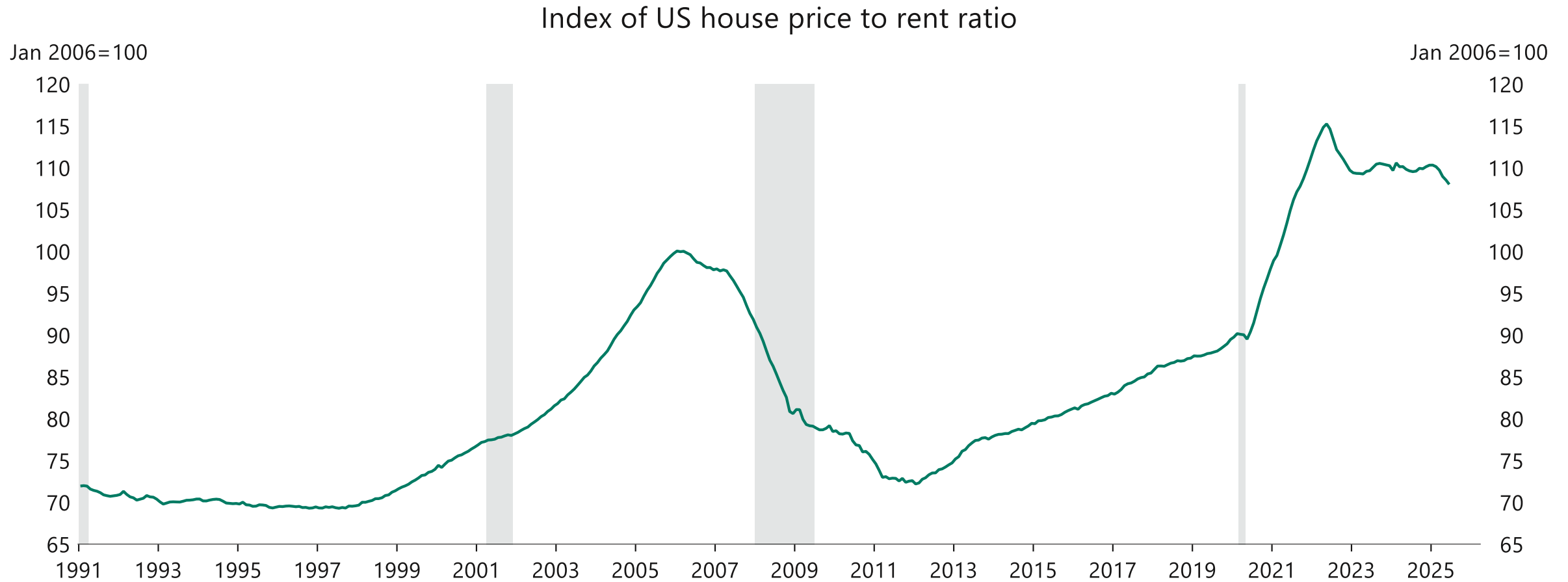
Source: Zillow, Apartment List, U.S. Bureau of Labor Statistics (BLS), Macrobond, Apollo Chief Economist

Consumers' expectations to home price inflation



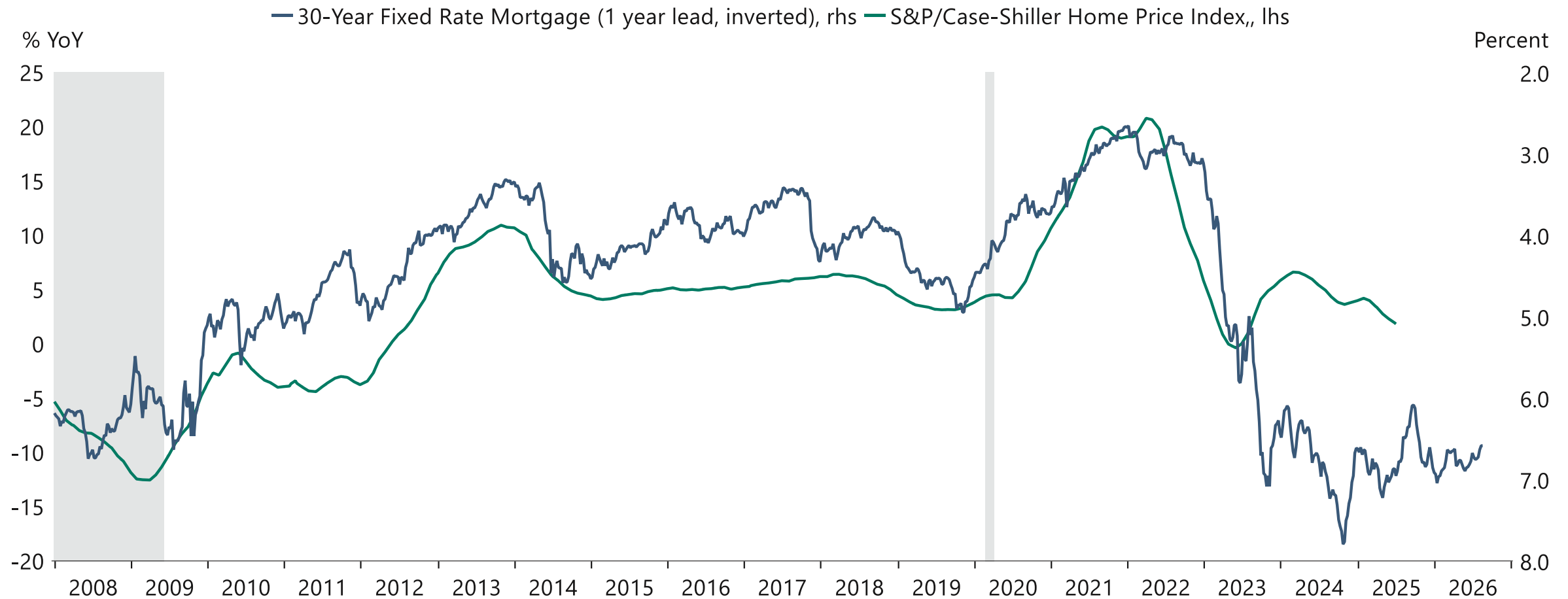
Source: University of Michigan, Macrobond, Apollo Chief Economist

Home price to rent ratio significantly above 2006 levels



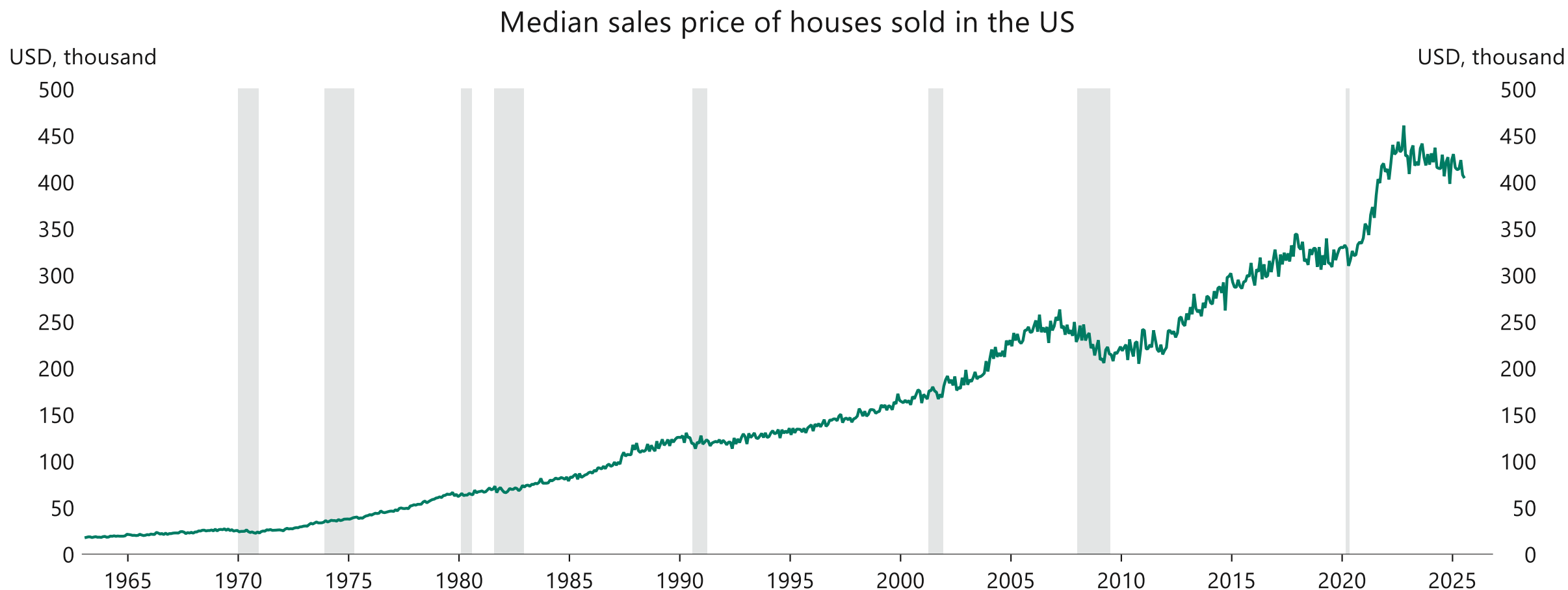
Source: FHFA, BLS, Macrobond, Apollo Chief Economist. Note: the series is indexed ratio of FHFA monthly purchase only house price index divided by the OER component of the CPI.

Disconnect between mortgage rates and home prices because of low housing supply



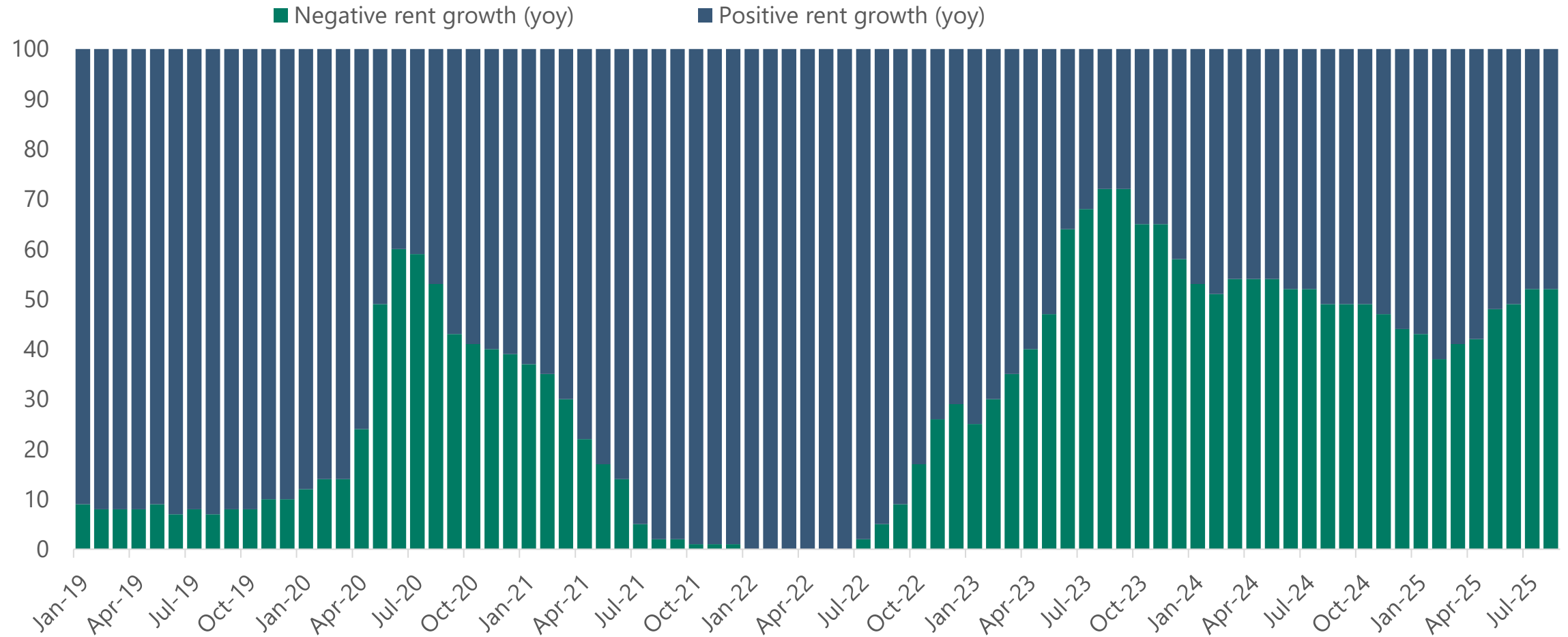
Source: S&P Global, Freddie Mac, Macrobond, Apollo Chief Economist

The median home sales price is \$403K

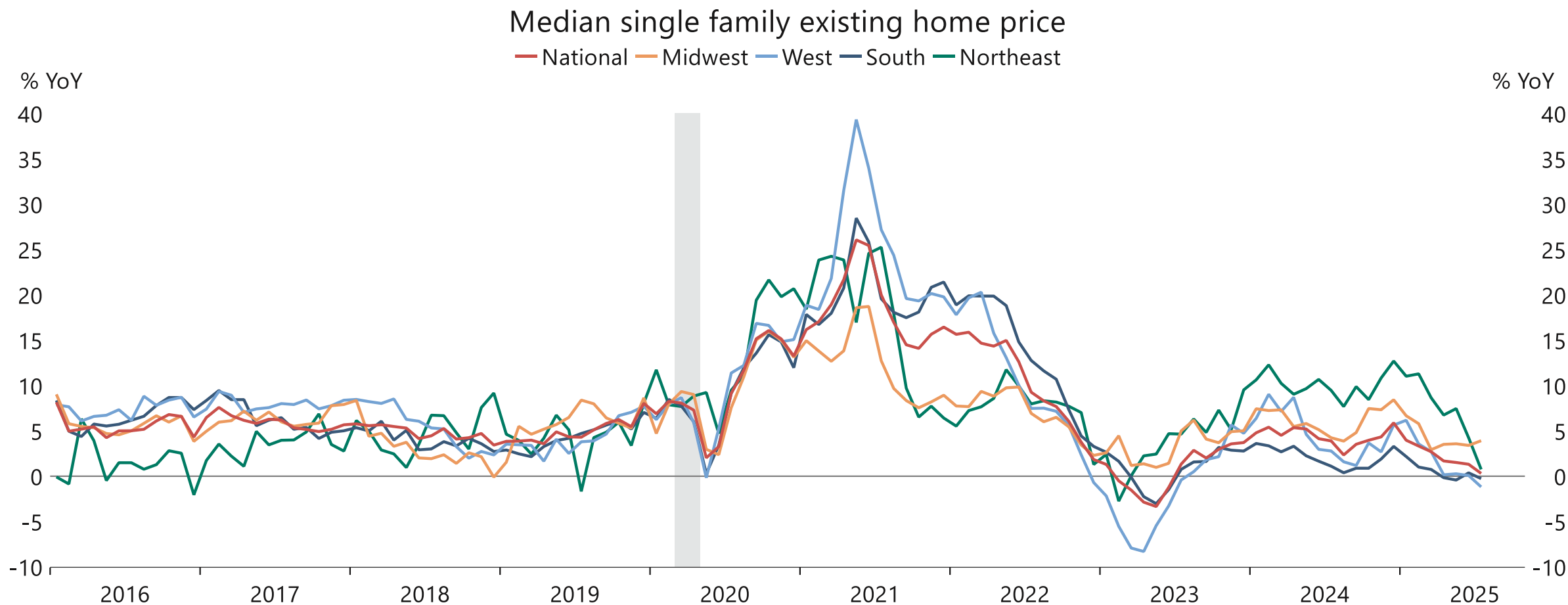


Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

100 largest US cities: Share of cities with positive rent growth: 48%



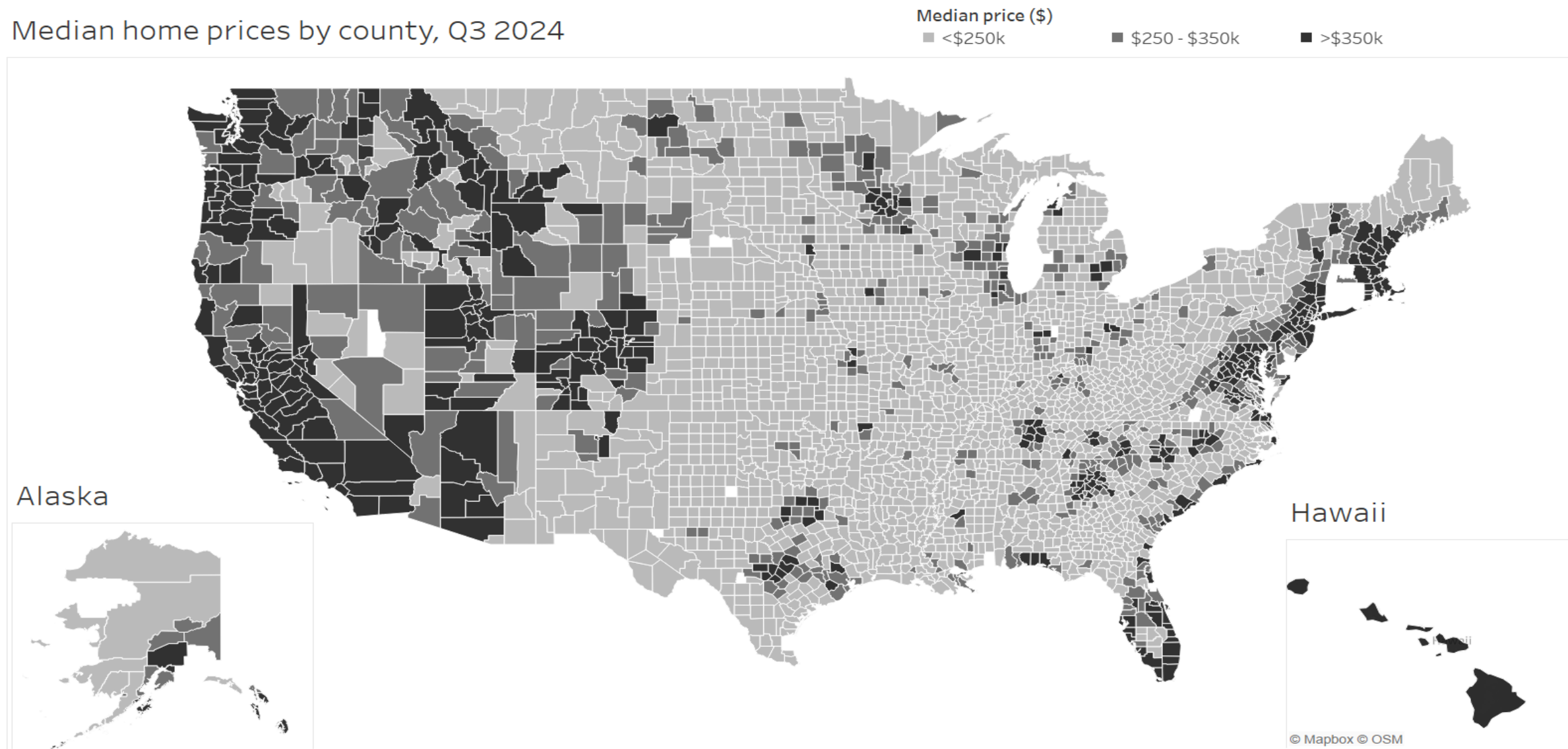
Home price inflation falling across regions



Source: National Association of Realtors (NAR), Macrobond, Apollo Chief Economist

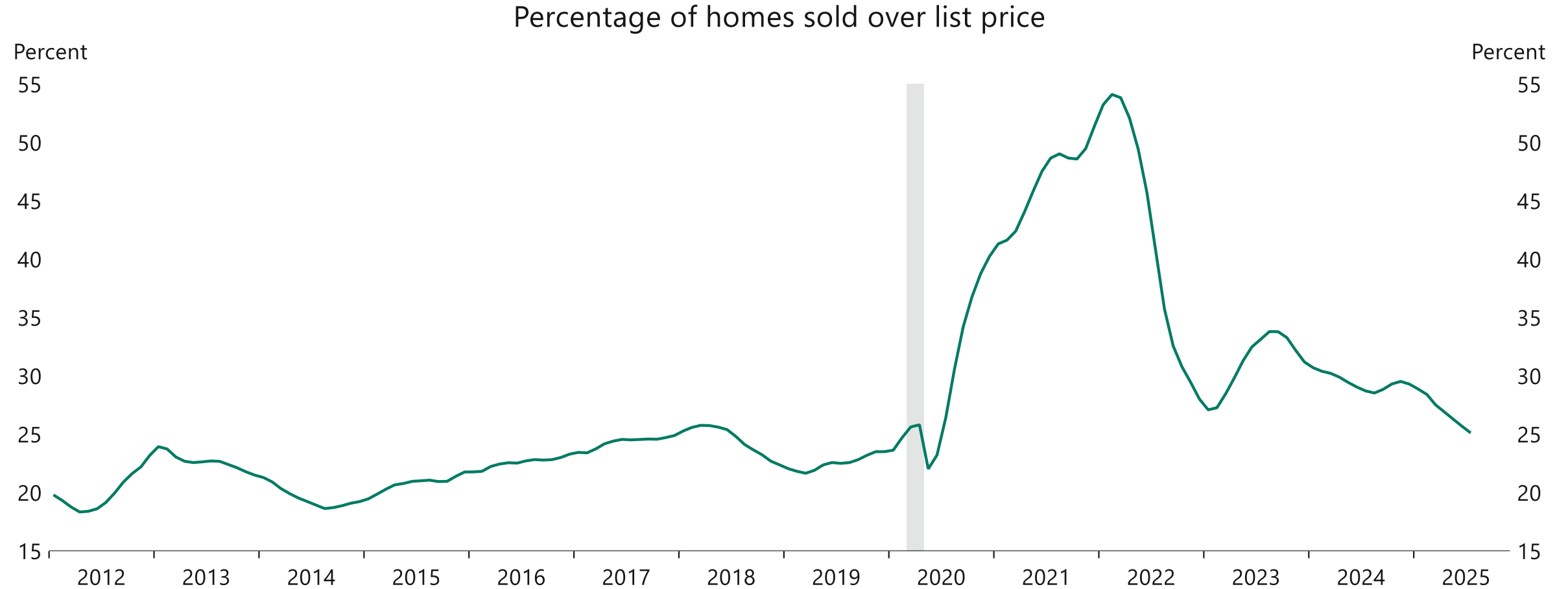
County median home prices

Median home prices by county, Q3 2024



Source: National Association of Realtors, Apollo Chief Economist.

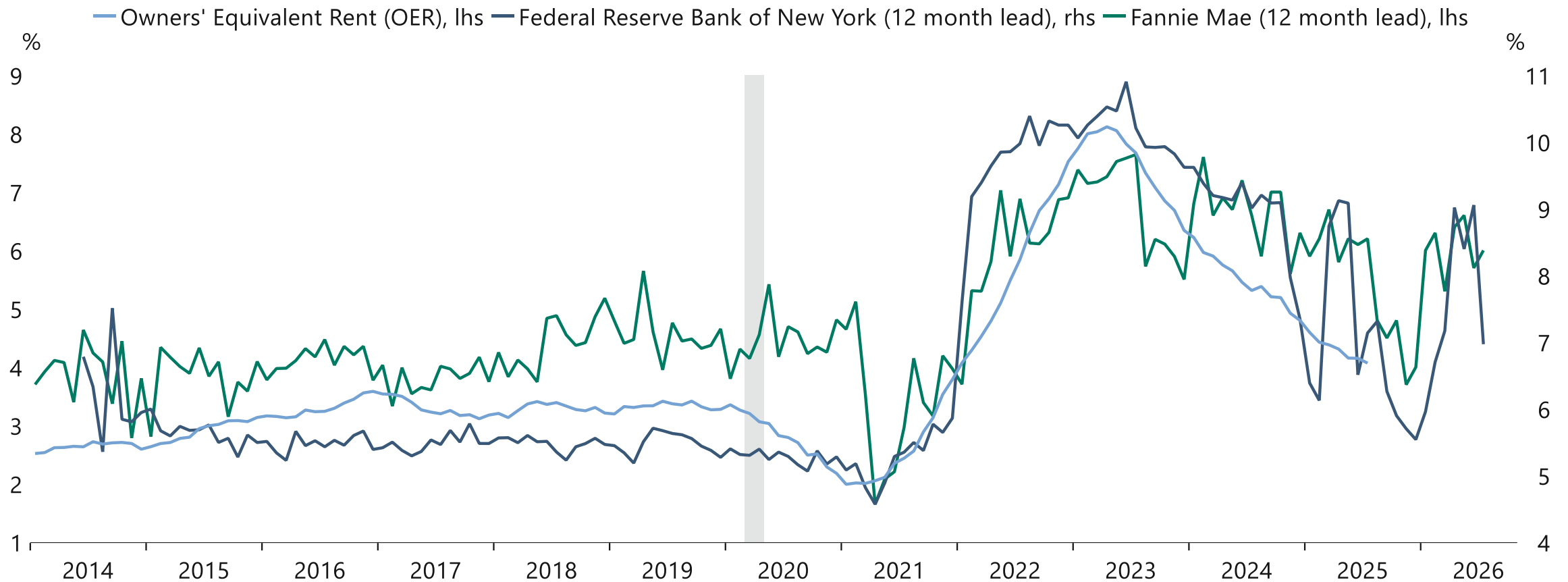
A declining share of homes selling above their list price



Source: Redfin, Macrobond, Apollo Chief Economist

Consumers expect an increase in rental inflation

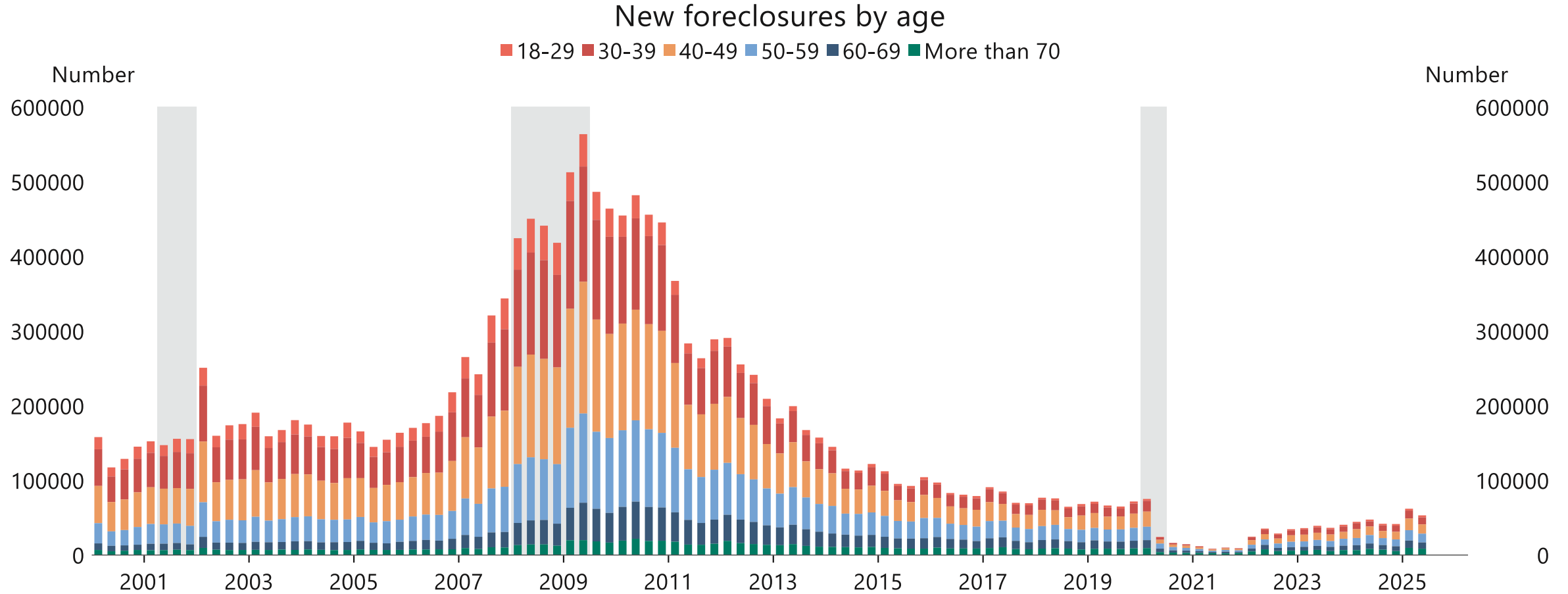
Anticipated rent inflation in the next year



Source: Federal National Mortgage Association (Fannie Mae), Federal Reserve Bank of New York, U.S. Bureau of Labor Statistics (BLS), Macrobond, Apollo Chief Economist

4) Housing Outlook

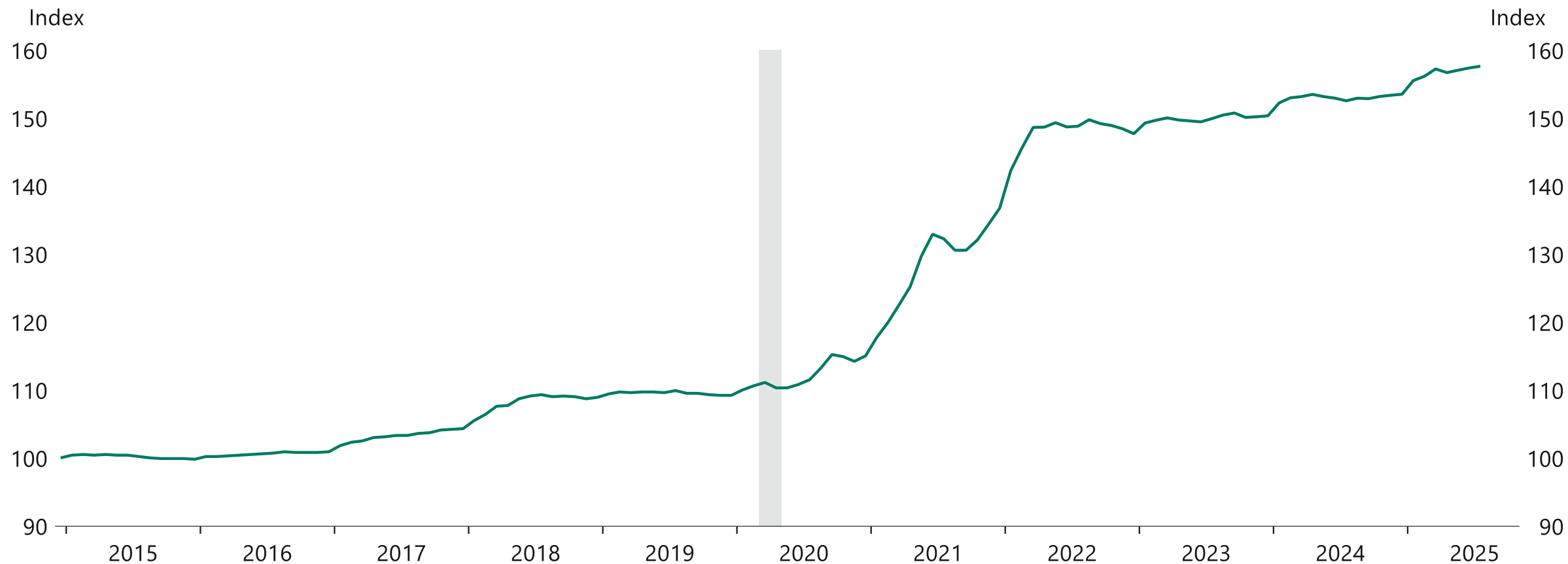
New foreclosures, by age of homeowner



Source: Federal Reserve Bank of New York, Macrobond, Apollo Chief Economist

Housing construction costs remain high

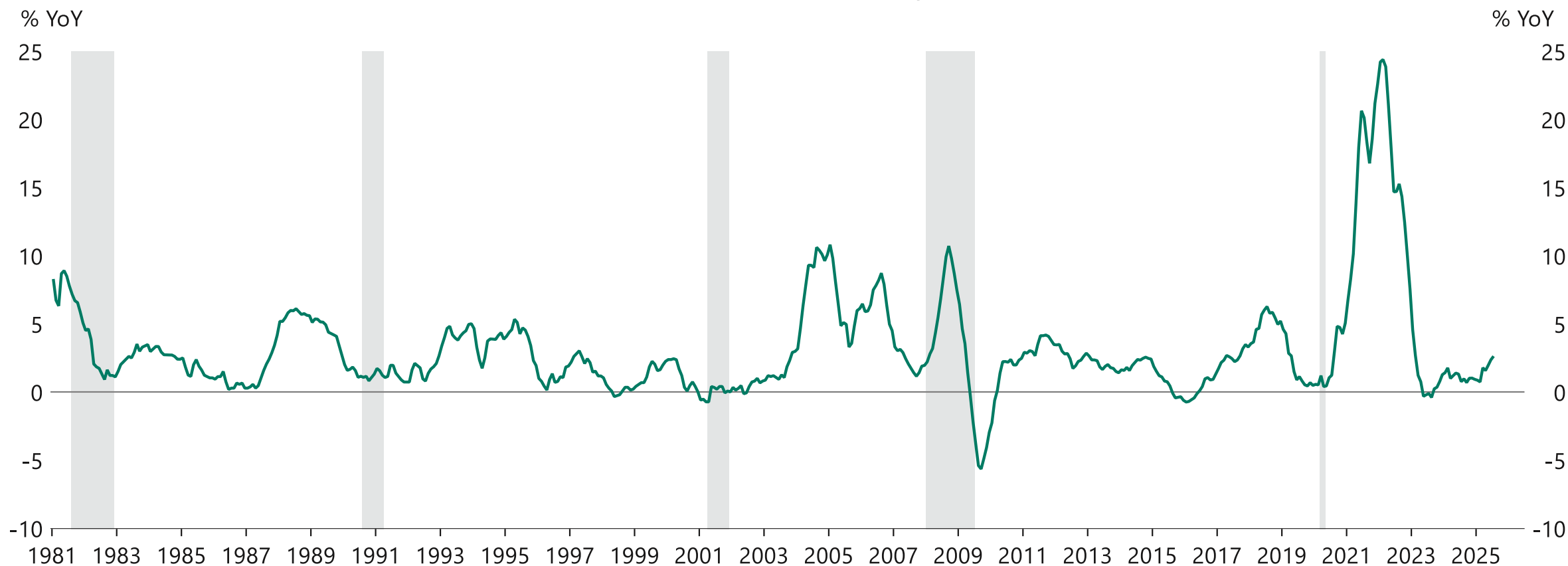
PPI: inputs to residential construction, goods less foods & energy inputs



Source: U.S. Bureau of Labor Statistics (BLS), Macrobond, Apollo Chief Economist

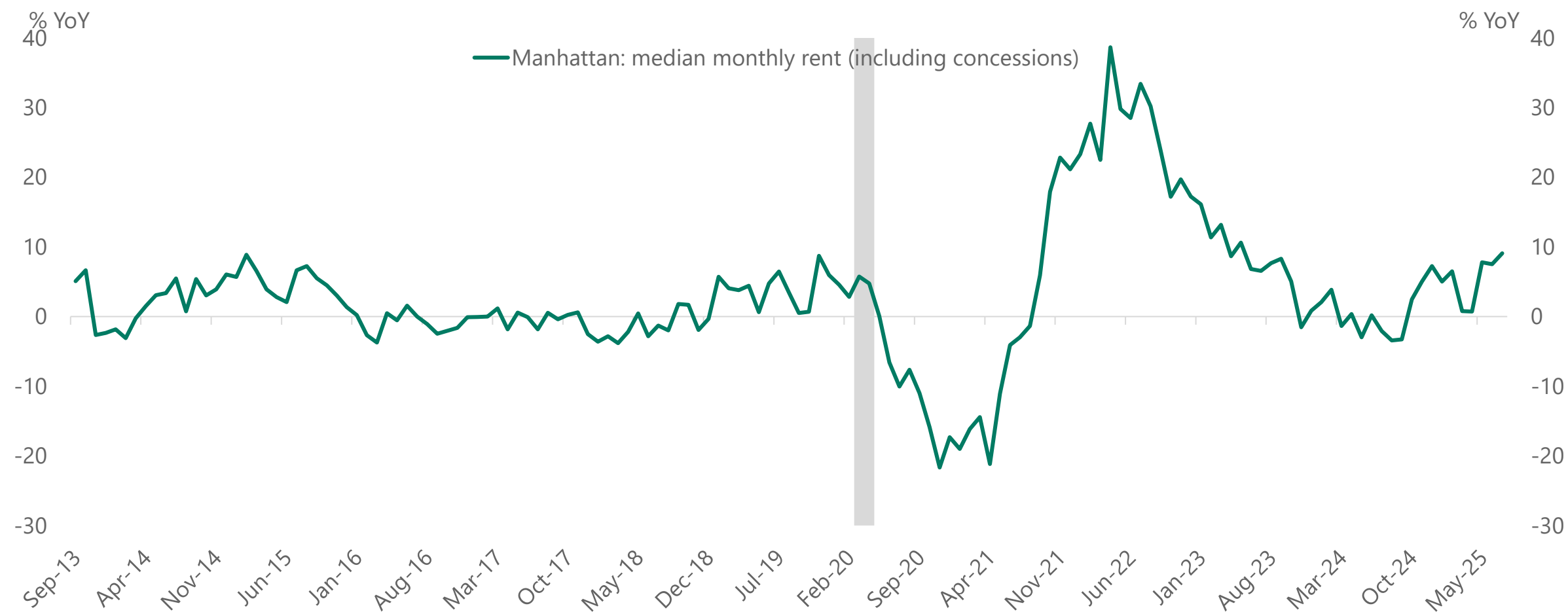
Inflation in input costs for home builders have come down

PPI: Intermediate Demand Materials & Components for Construction

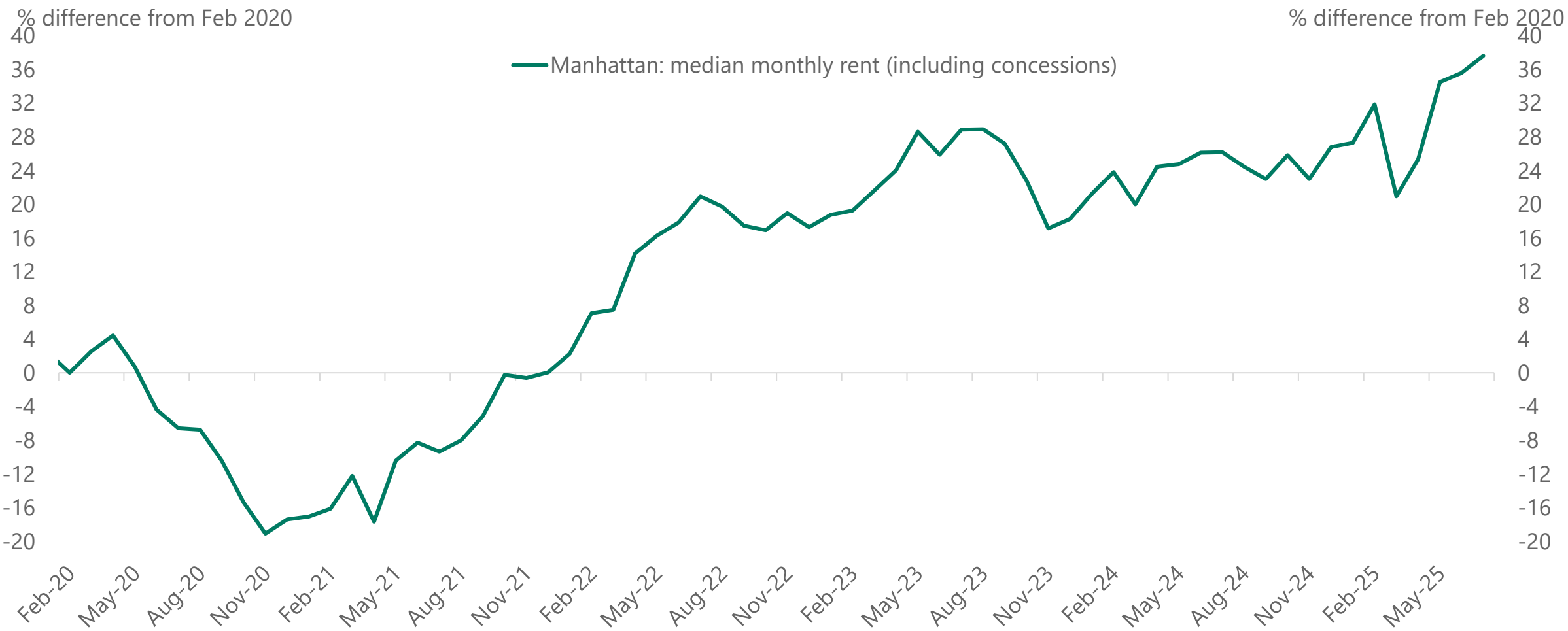


Source: U.S. Bureau of Labor Statistics (BLS), Macrobond, Apollo Chief Economist

Manhattan median rent rose to \$4666 in July 2025

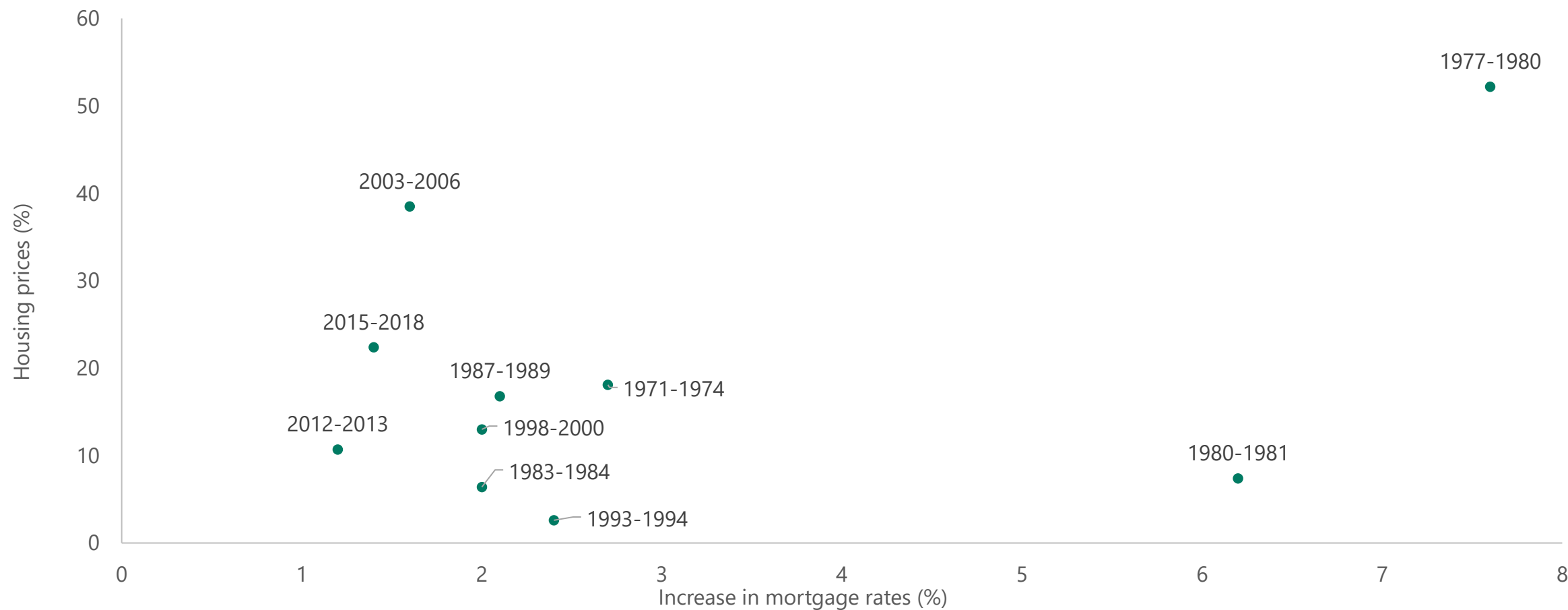


Manhattan rents well above pre-pandemic levels

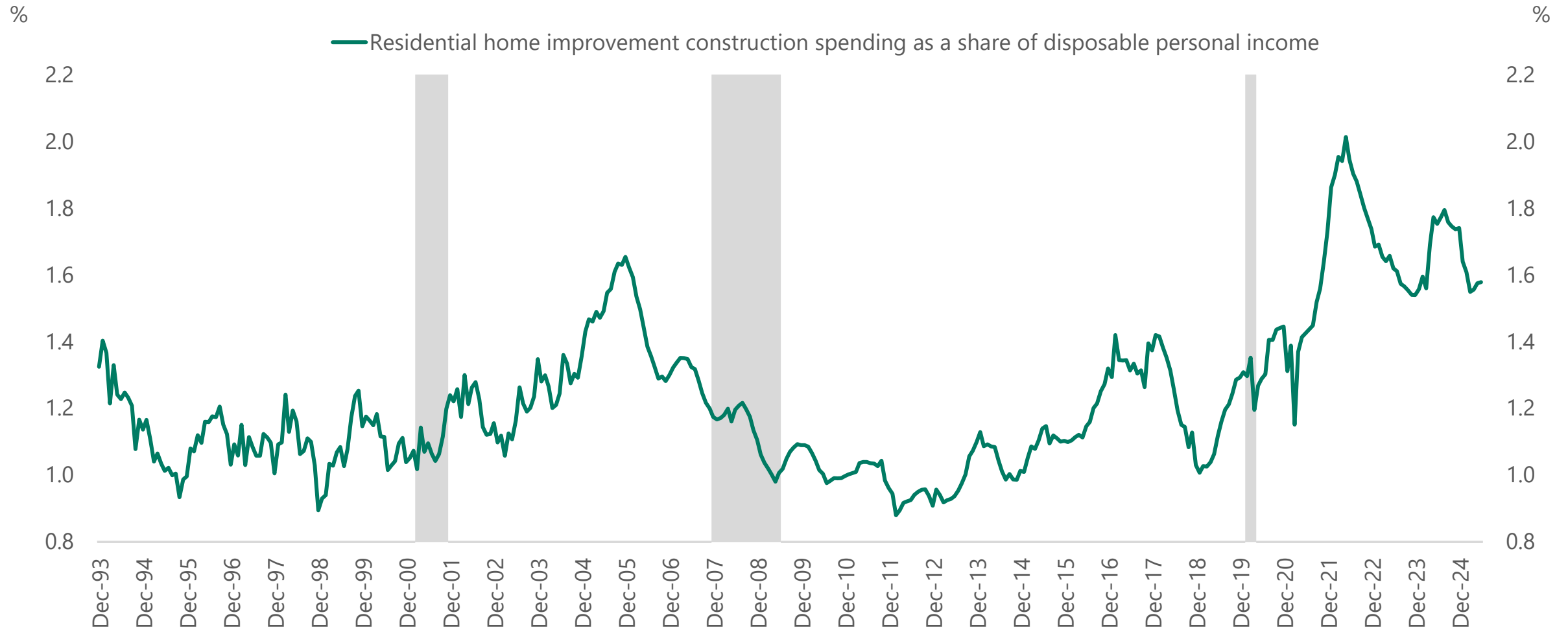


Source: Elliman, Apollo Chief Economist

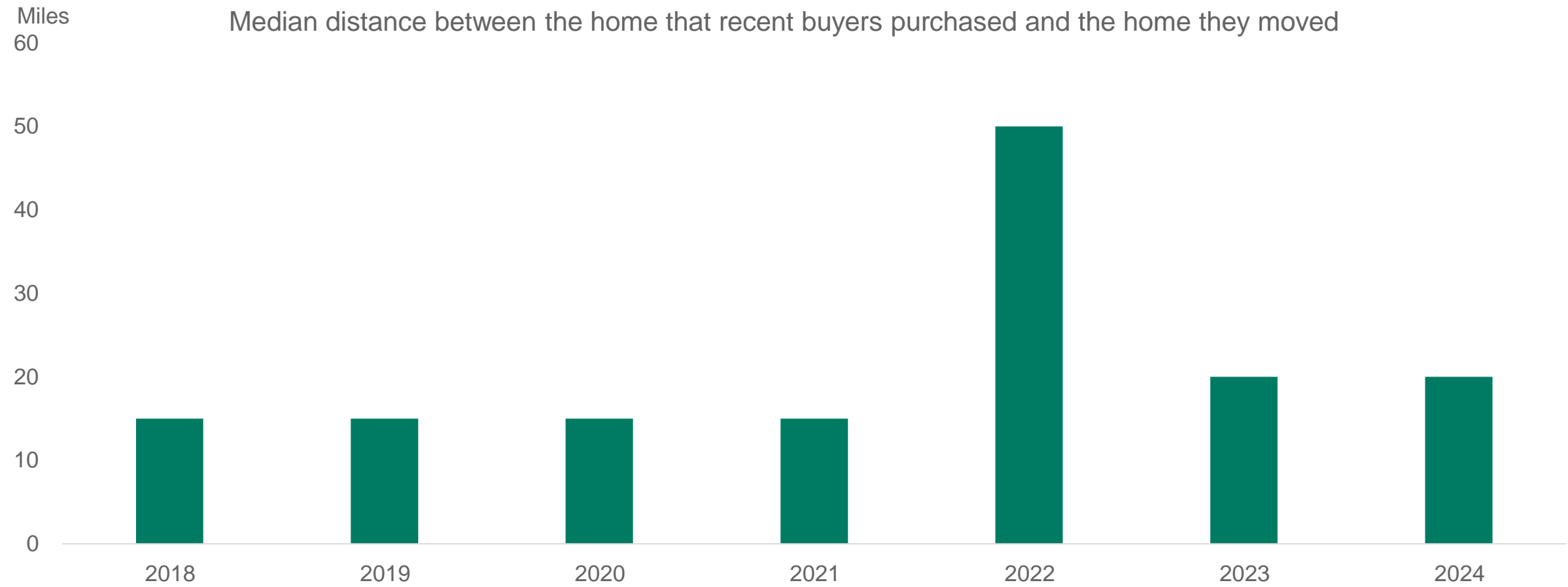
Rising mortgage rates generally associated with lower home price inflation



Home improvement spending as a share of disposable income rising

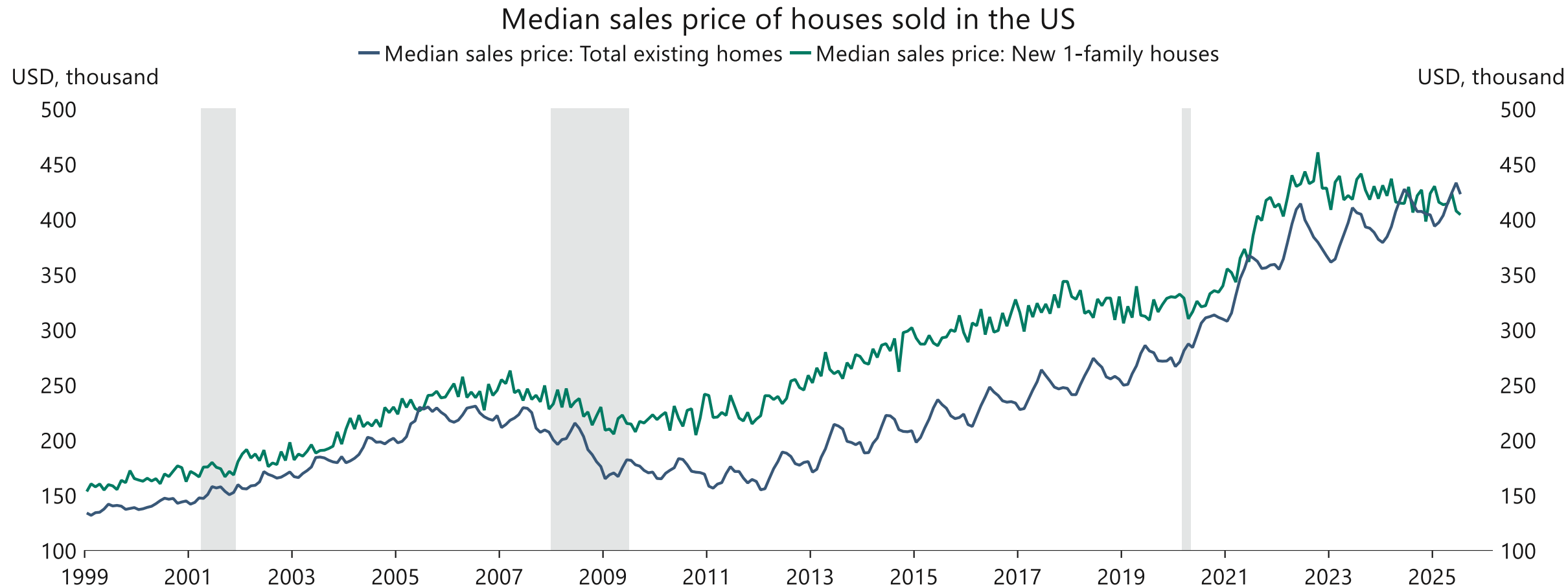


Median distance between the home that recent buyers purchased and the home they moved from at 50 miles in 2022



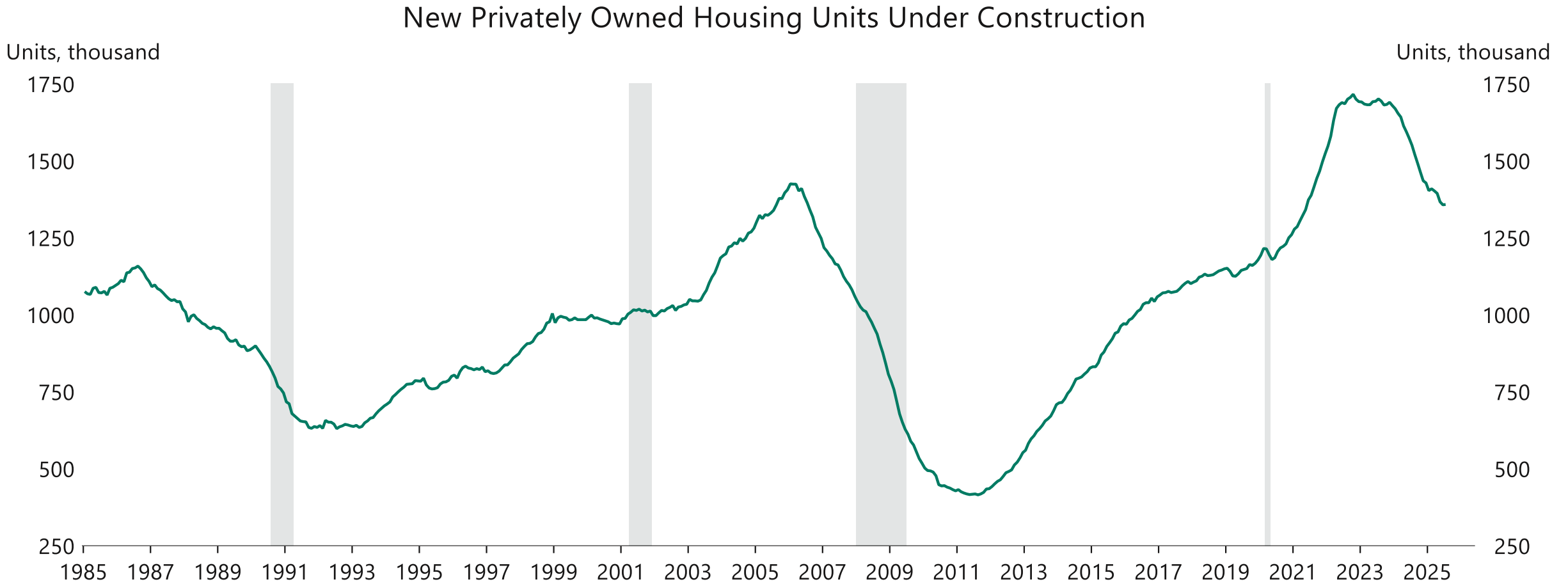
New versus existing homes

House prices for new homes and existing homes



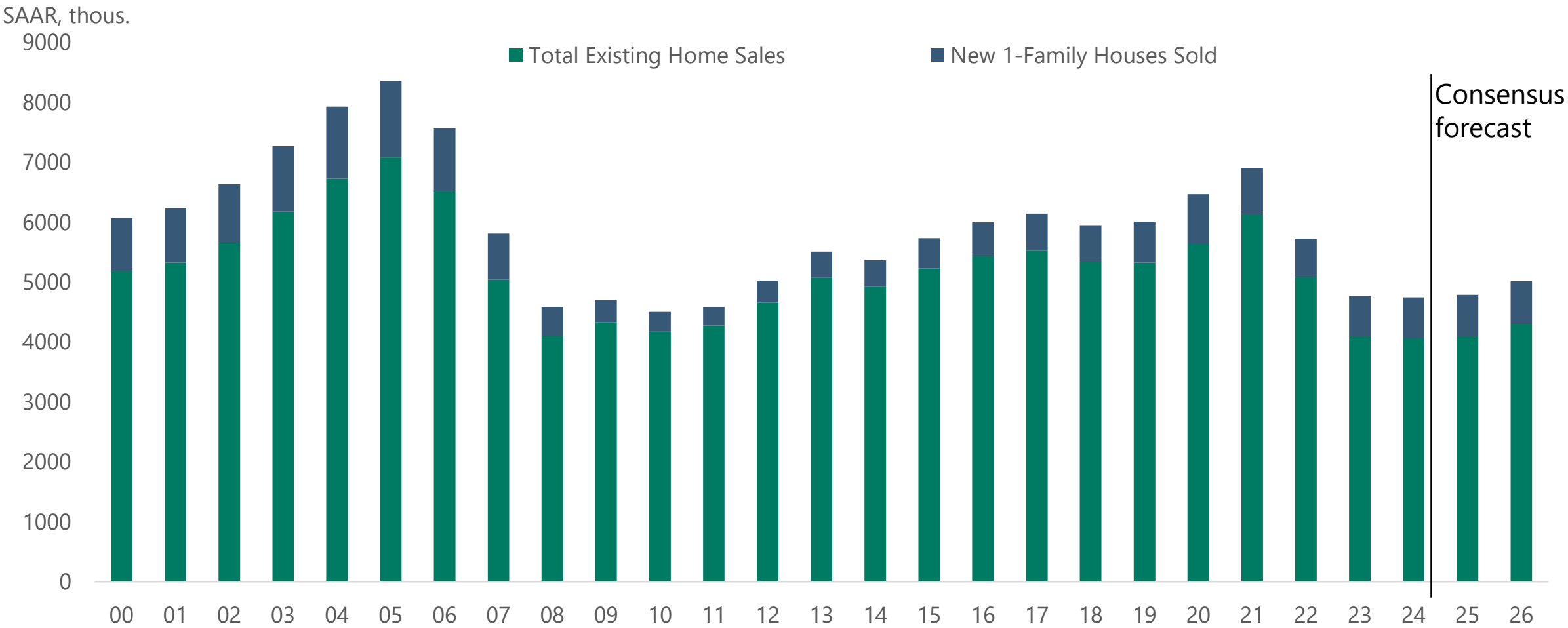
Source: U.S. Census Bureau, National Association of Realtors (NAR), Macrobond, Apollo Chief Economist

New privately owned housing units under construction coming down



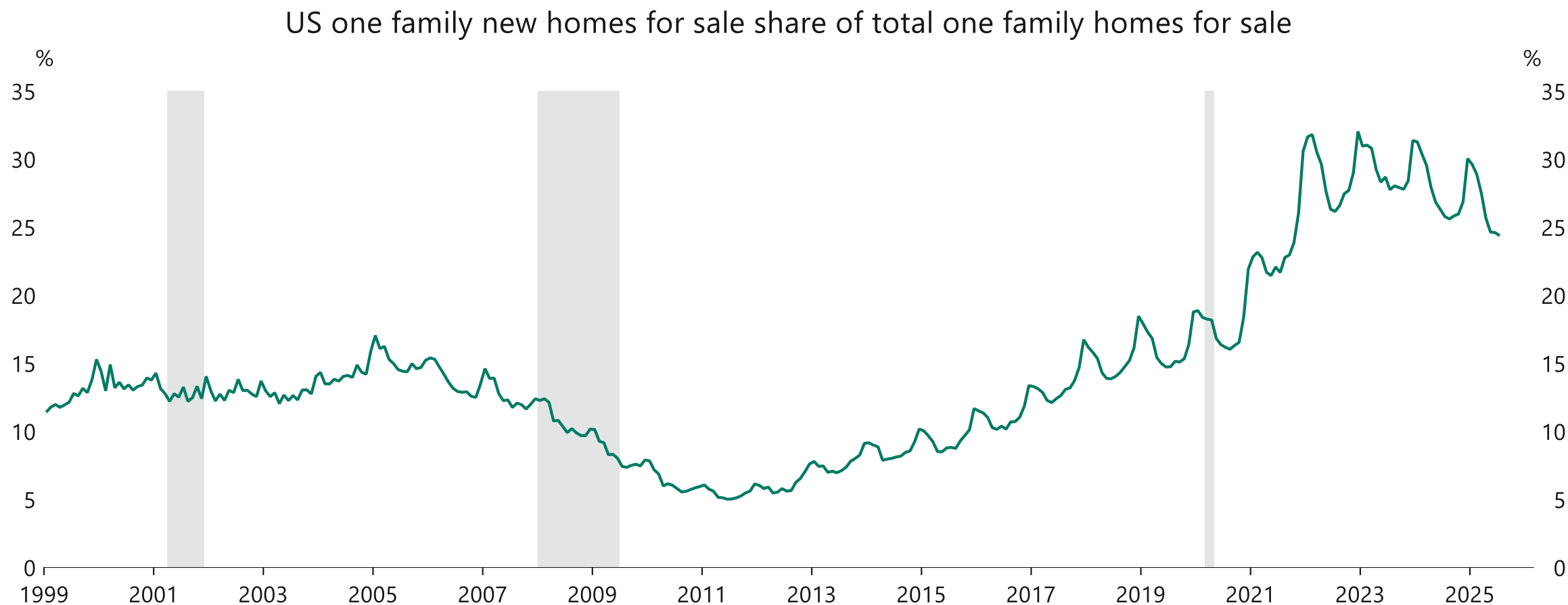
Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

Consensus is forecasting a sideways move in home sales



Source: Census Bureau, NAR, Haver, Apollo Chief Economist; Forecast is Bloomberg consensus

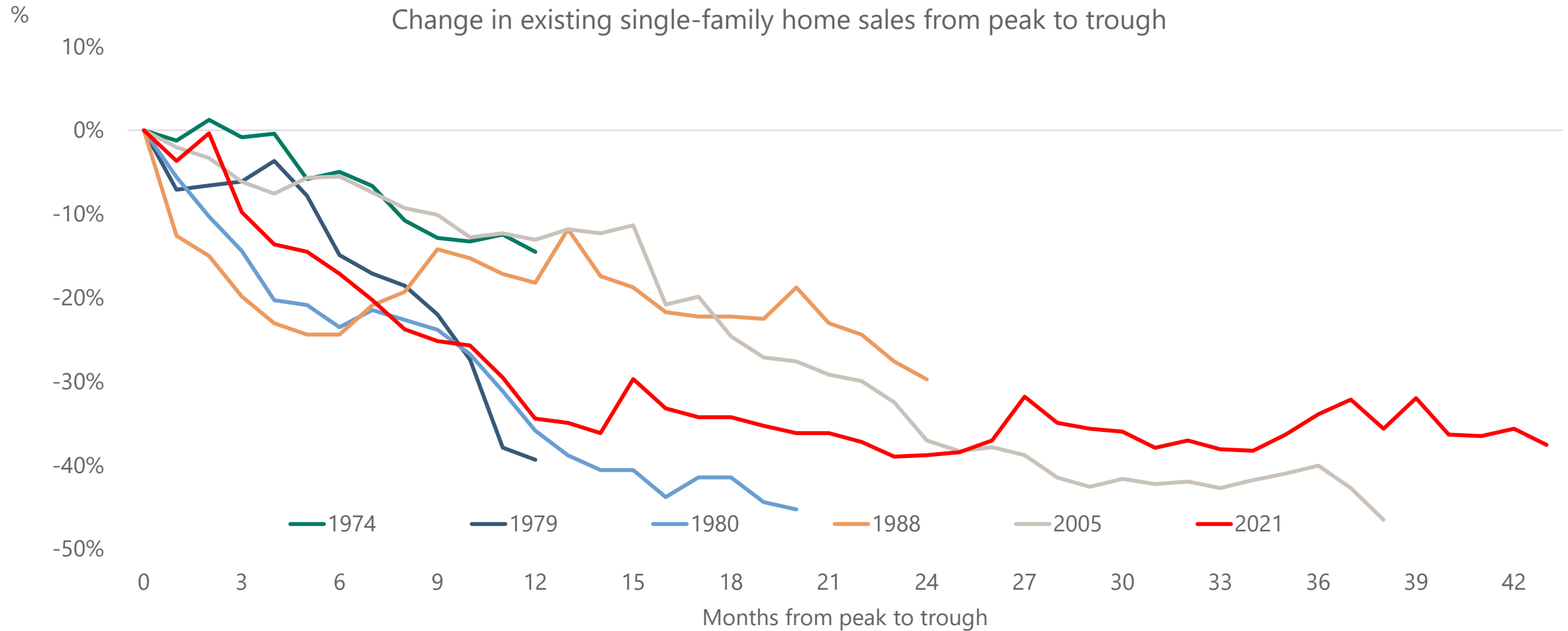
Share of new homes for sale



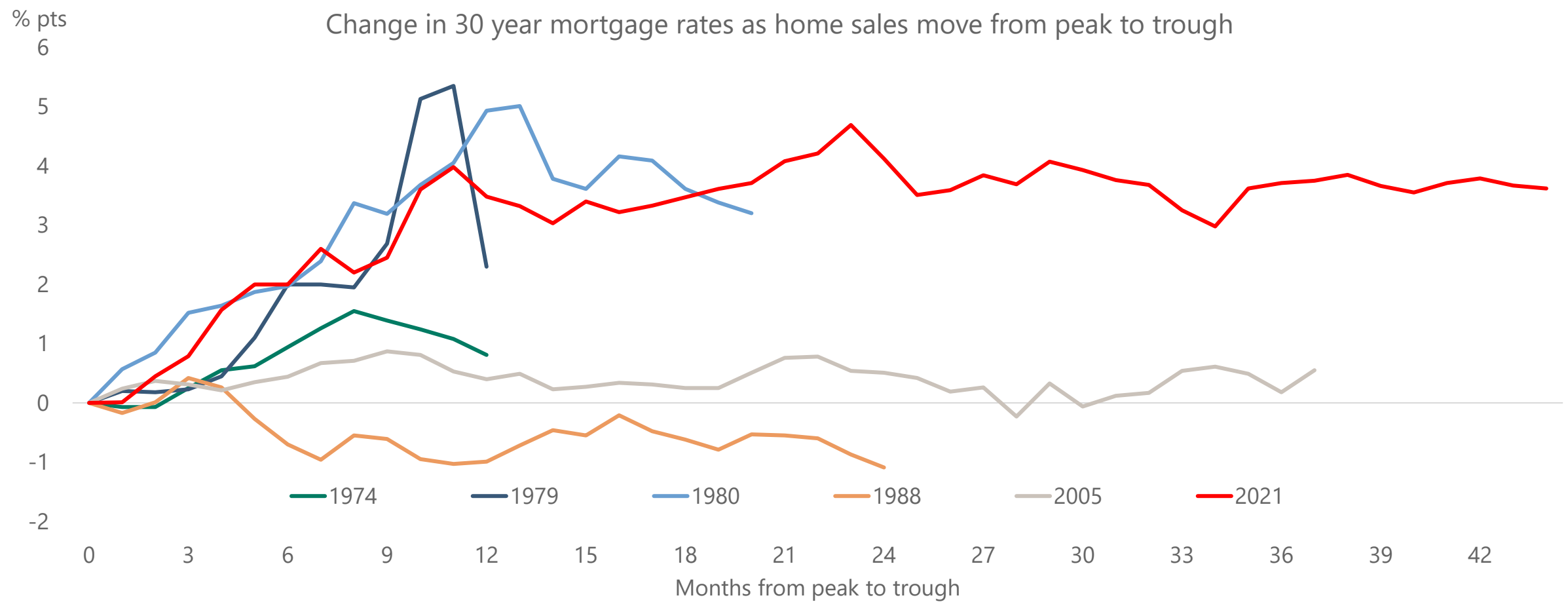
Source: Census Bureau, NAR, Macrobond, Apollo Chief Economist

Comparing the current housing slowdown to previous housing slowdowns

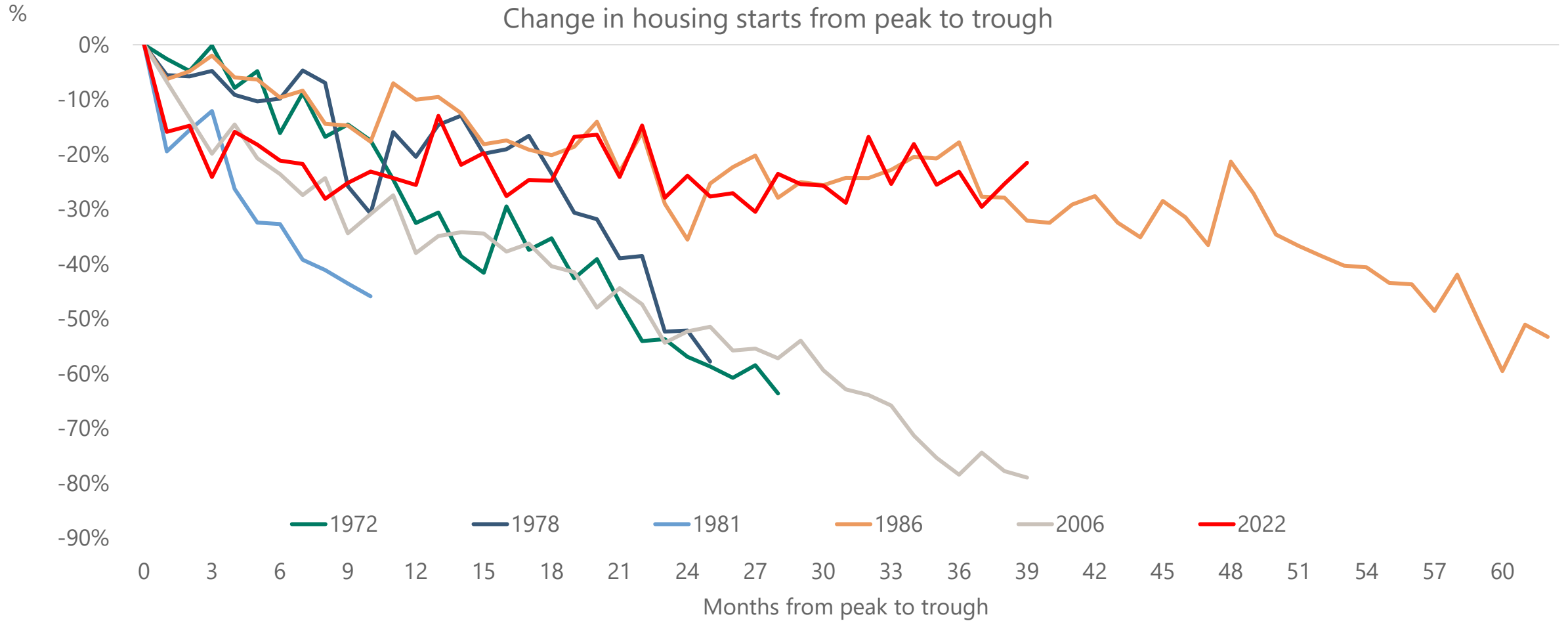
The current decline in existing home sales is in line with previous housing slowdowns



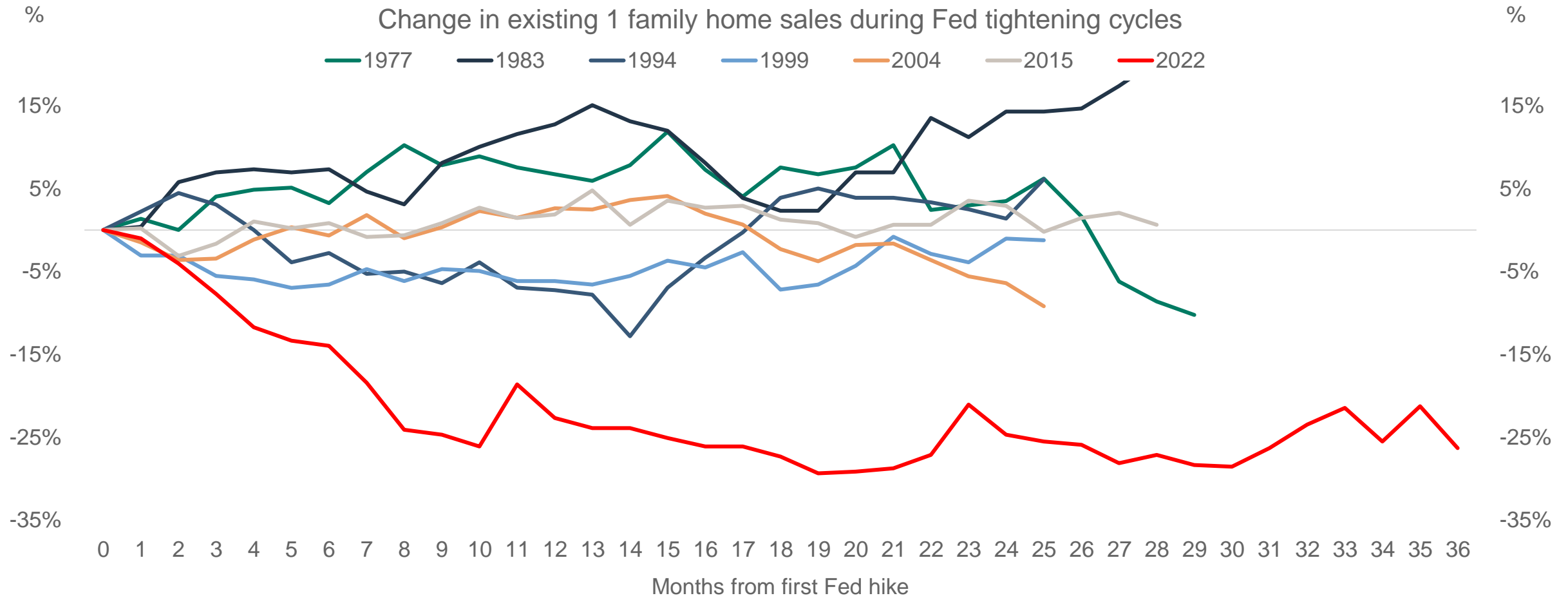
The current rise in mortgage rates is similar to what we saw during the Volcker disinflation



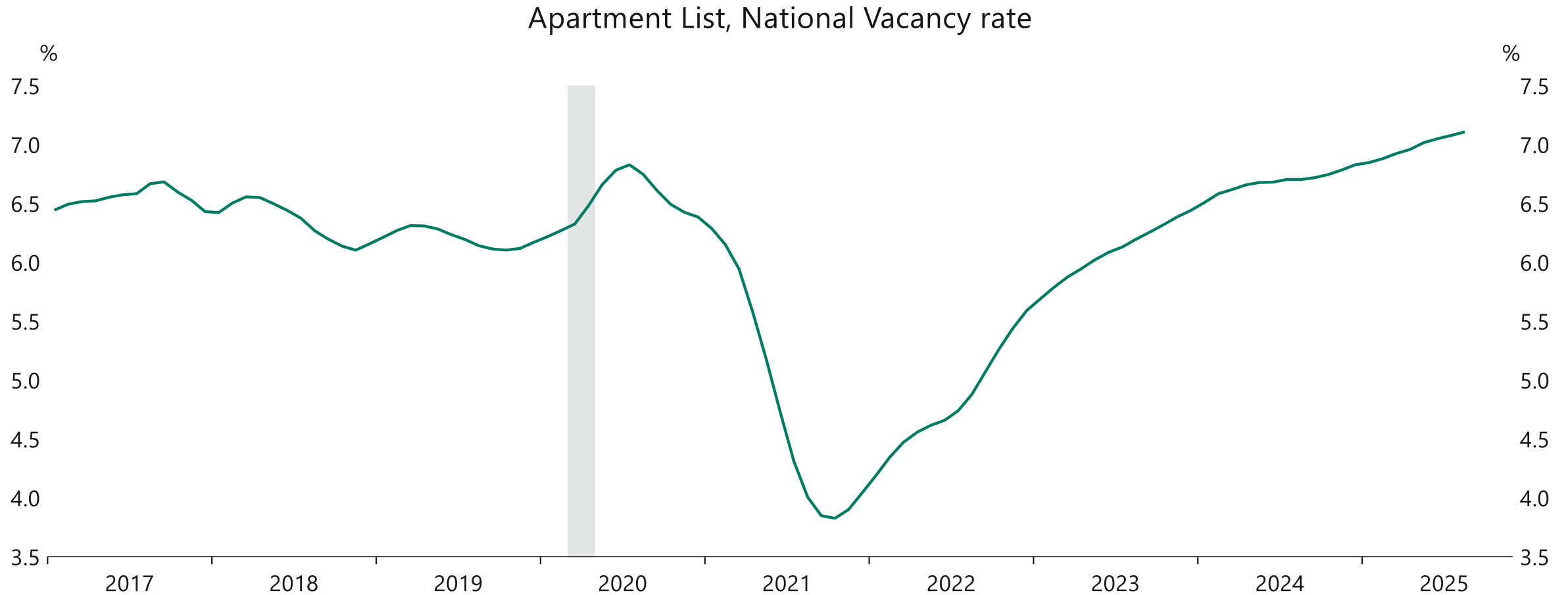
The current decline in housing starts is a bit milder than previous slowdowns



This is the fastest Fed-driven housing slowdown on record

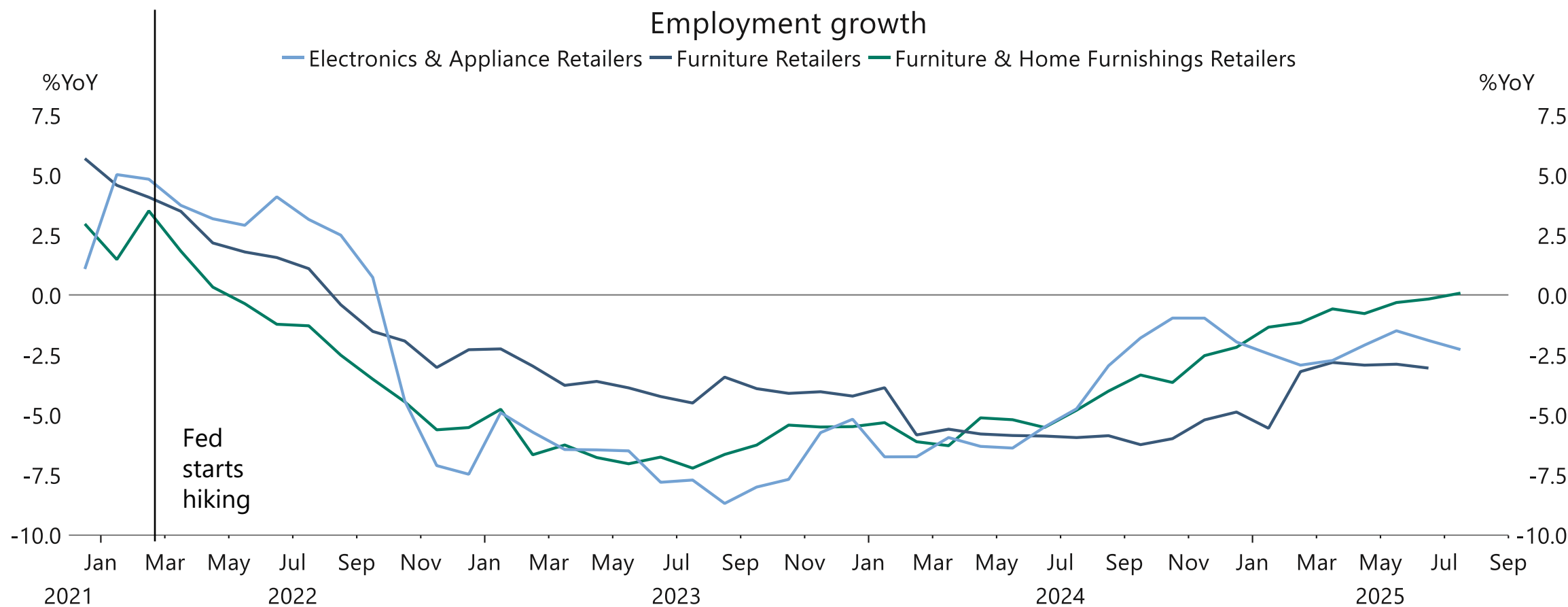


Apartment vacancies above pre-pandemic levels



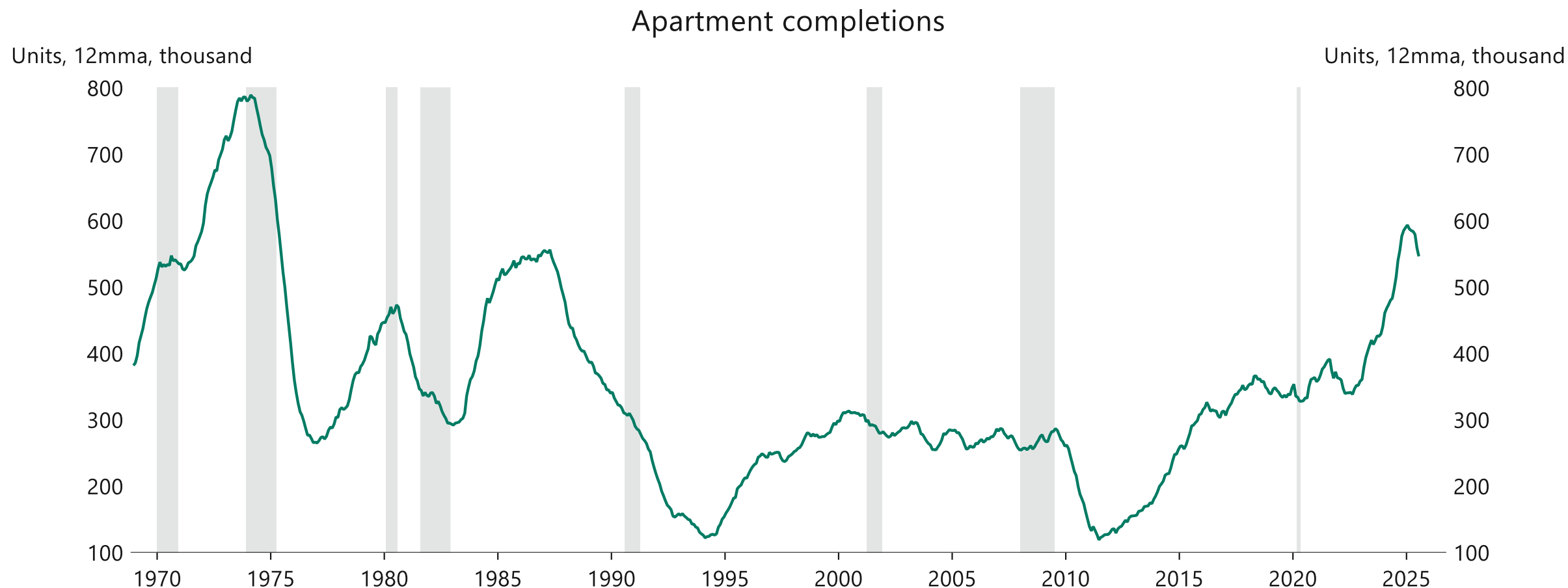
Source: Apartment List, Macrobond, Apollo Chief Economist

When the Fed raised interest rates, employment in retail trade declined



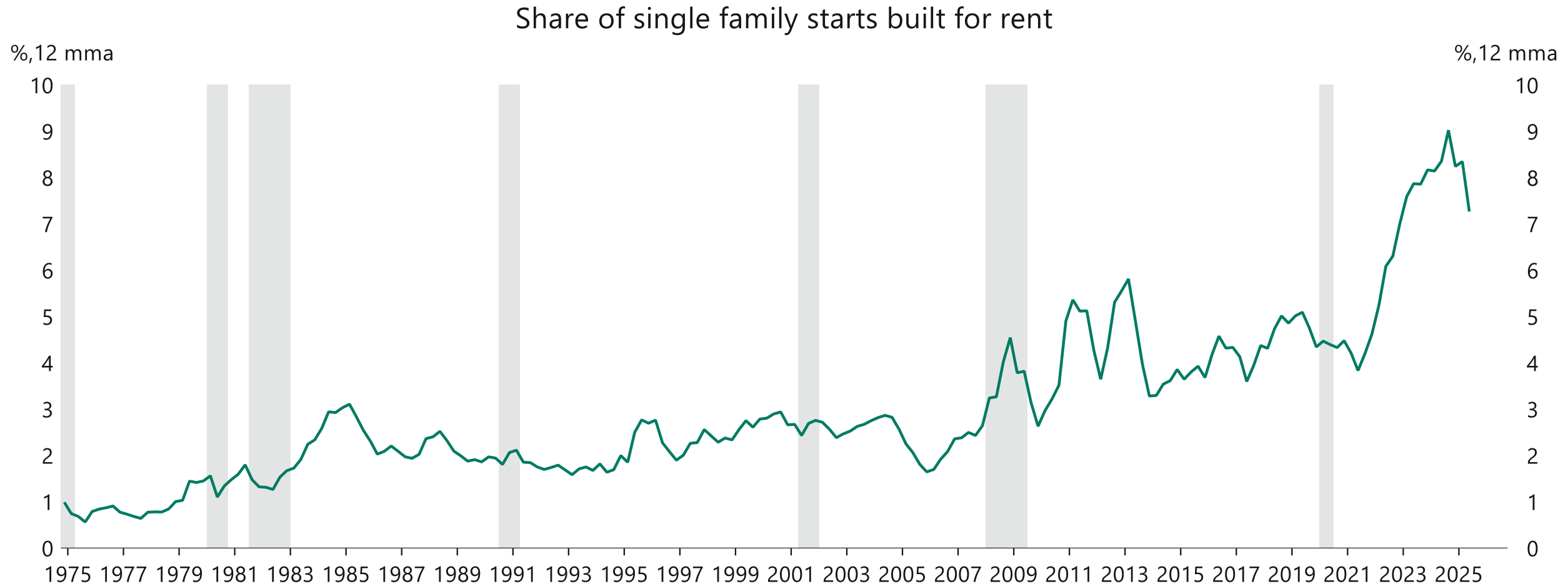
Source: U.S. Bureau of Labor Statistics (BLS), Macrobond, Apollo Chief Economist

US apartment supply gradually increasing



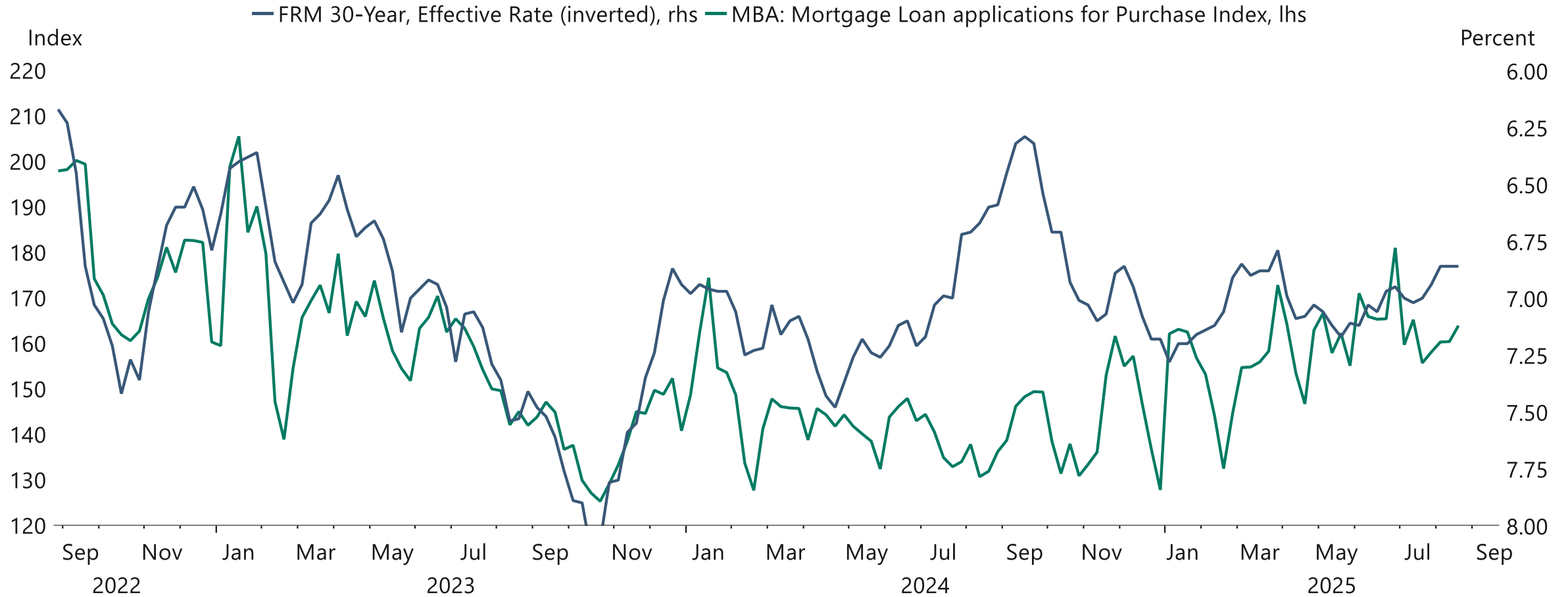
Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist. Note: Apartment buildings are defined as buildings containing five units or more.

Share of homes built for rent going up



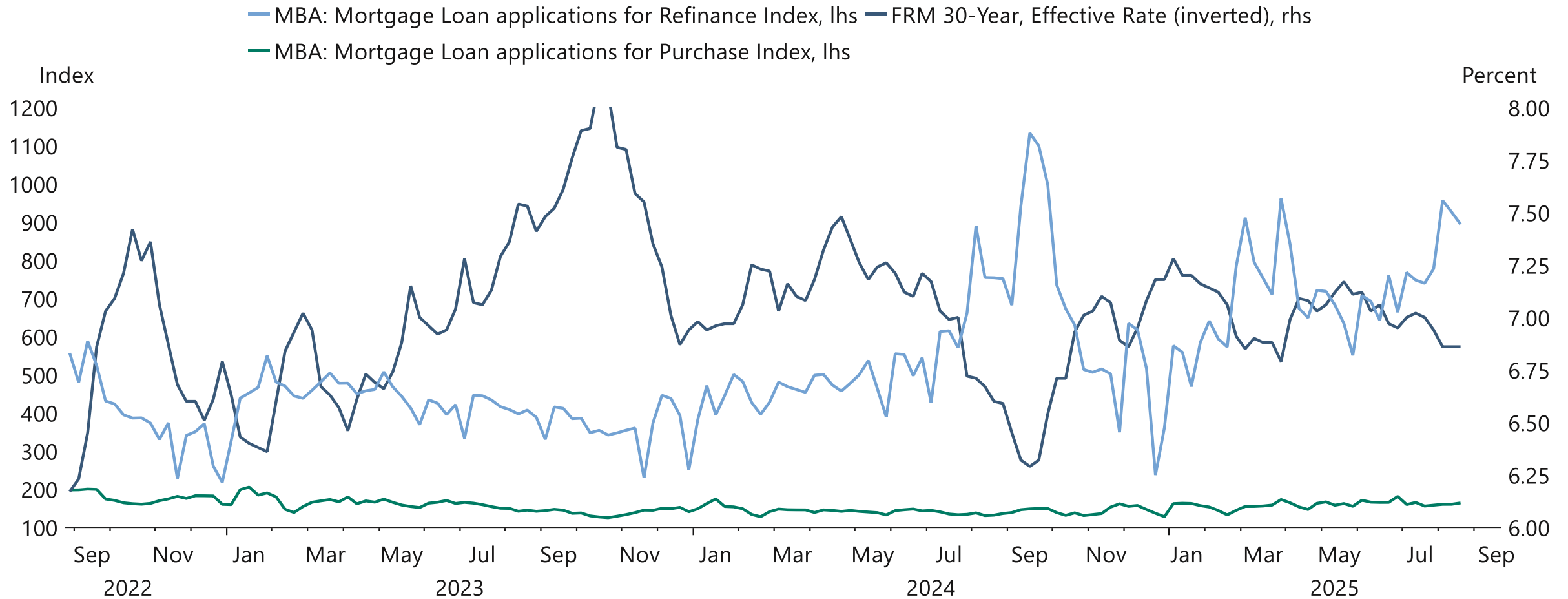
Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

Purchase loan applications remain low



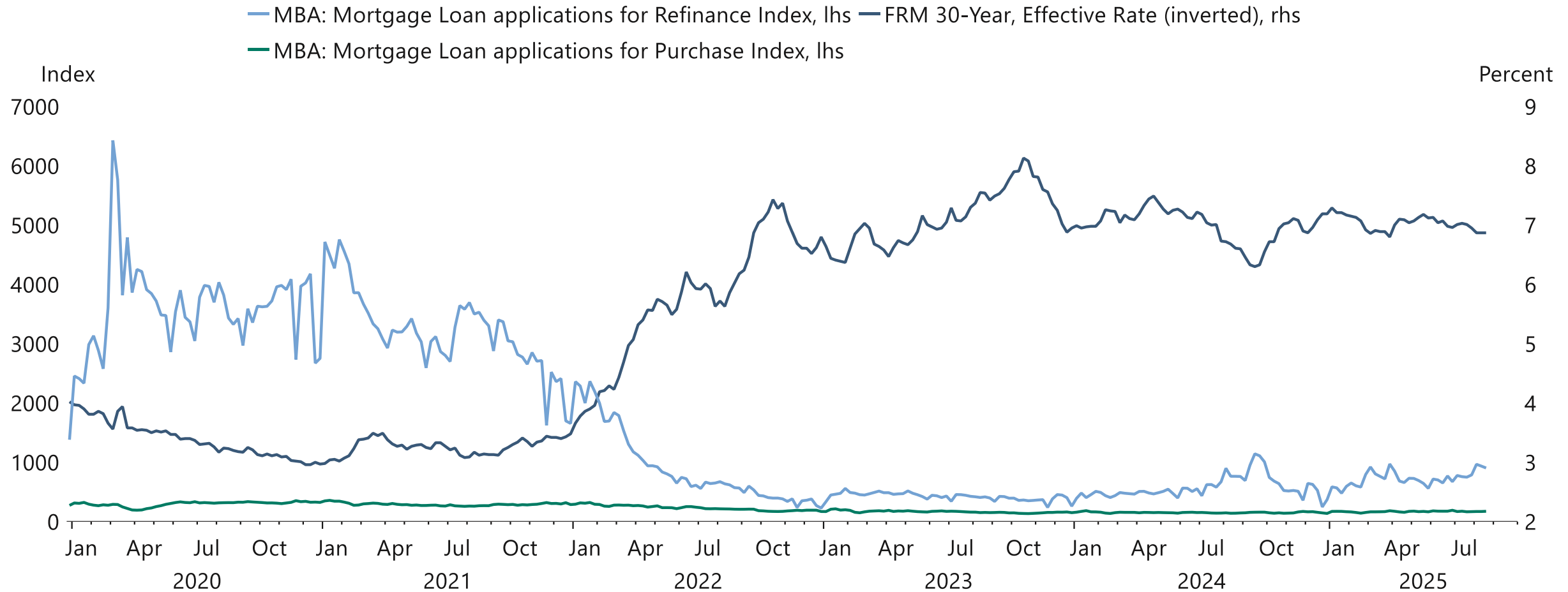
Source: Mortgage Bankers Association (MBA), Macrobond, Apollo Chief Economist

Rising interest rates putting downward pressure on mortgage purchase applications



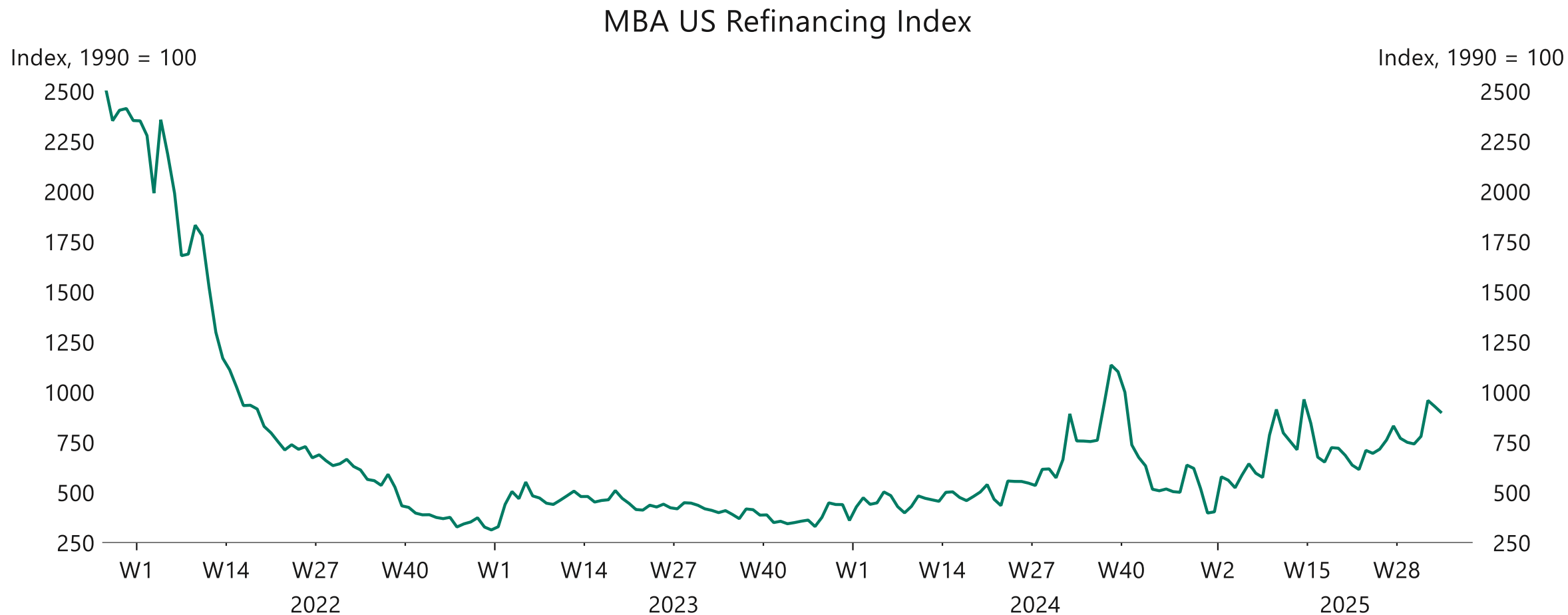
Source: Mortgage Bankers Association (MBA), Macrobond, Apollo Chief Economist

Mortgage applications fall as interest rates rise



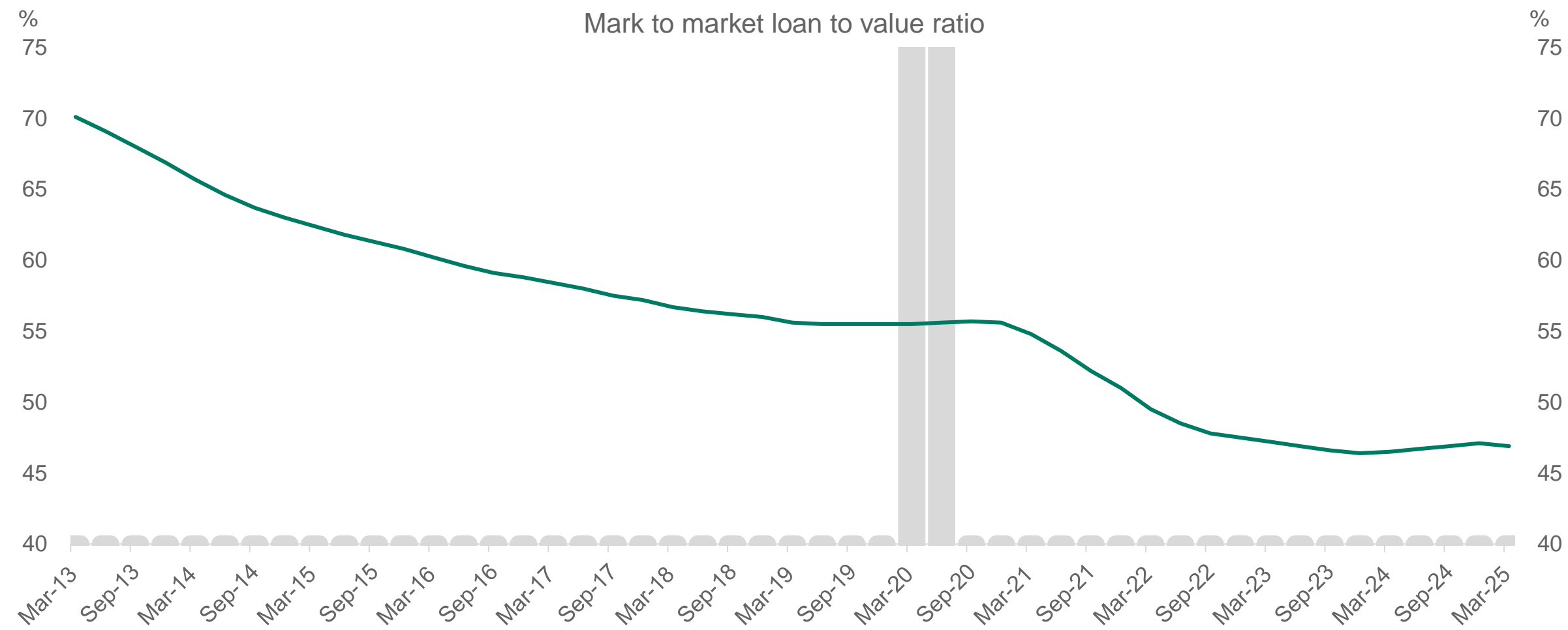
Source: Mortgage Bankers Association (MBA), Macrobond, Apollo Chief Economist

Higher mortgage rates has pushed refinancing activity down



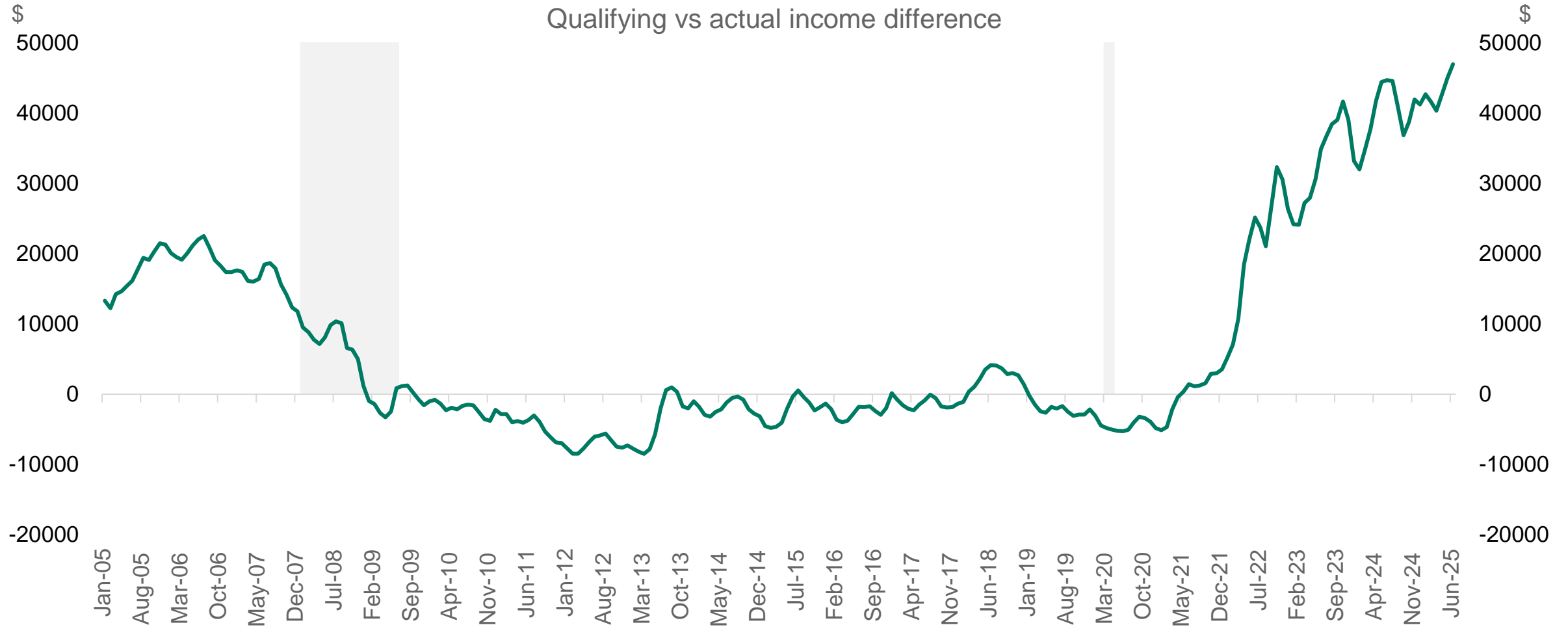
Source: Mortgage Bankers Association (MBA), Macrobond, Apollo Chief Economist

Loan-to-value ratio for US mortgages



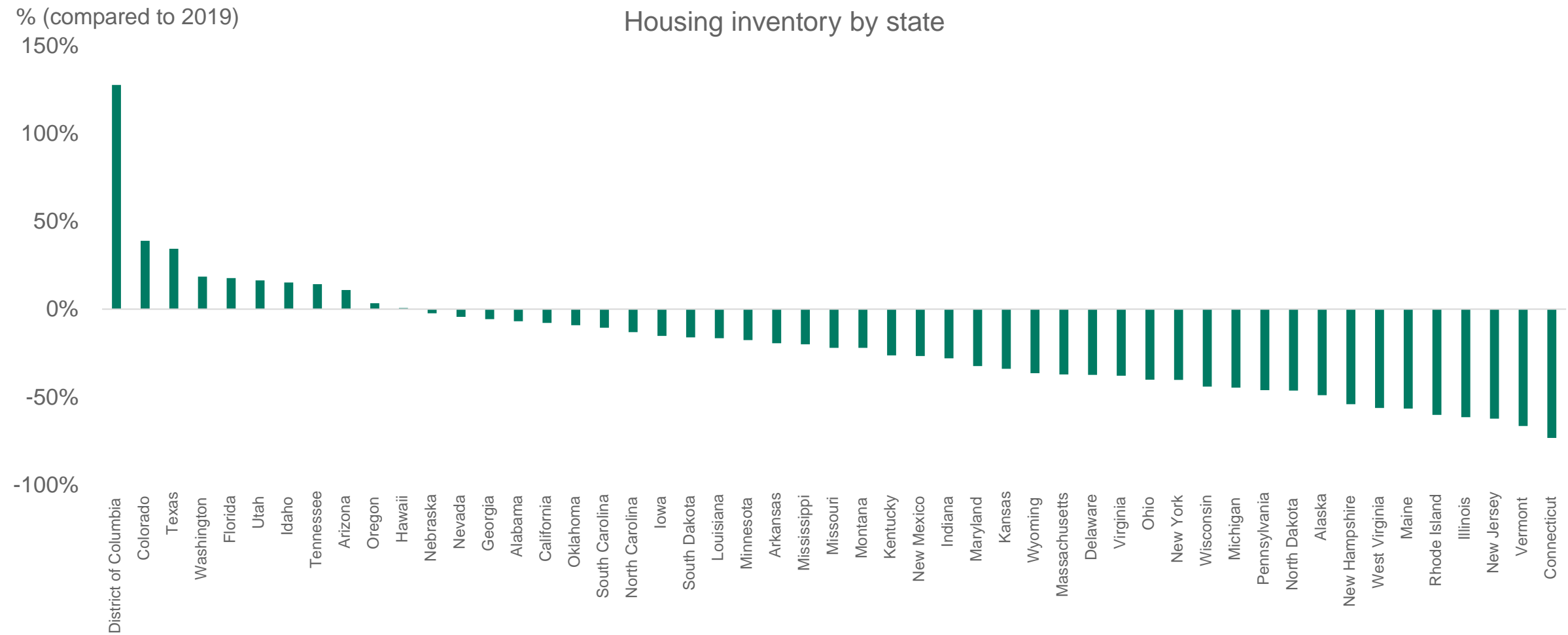
Source: FHFA, Apollo Chief Economist.

Home ownership affordability at national level



Source: Federal Reserve Bank of Atlanta, Apollo Chief Economist. Note: The chart shows gap between actual median household income and qualified income. Qualified income is defined as income needed for annual home ownership cost to equal no more than 30 percent of annual income.

Housing inventory yet to recover to 2019 levels



Source: Realtor.com, Apollo Chief Economist. Data as of April 2025 compared to Feb 2019.



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Torsten Slok joined Apollo in August 2020 as Chief Economist and he leads Apollo's macroeconomic and market analysis across the platform.

Prior to joining, Mr. Slok worked for 15 years as Chief Economist at Deutsche Bank where his team was top ranked in the annual Institutional Investor survey for a decade. Prior to joining Deutsche Bank Mr. Slok worked at the IMF in Washington, DC and at the OECD in Paris.

Mr. Slok has a Ph.D in Economics and has studied at the University of Copenhagen and Princeton University.