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

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Apollo Global Management

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Unless otherwise noted, information as of January 2026

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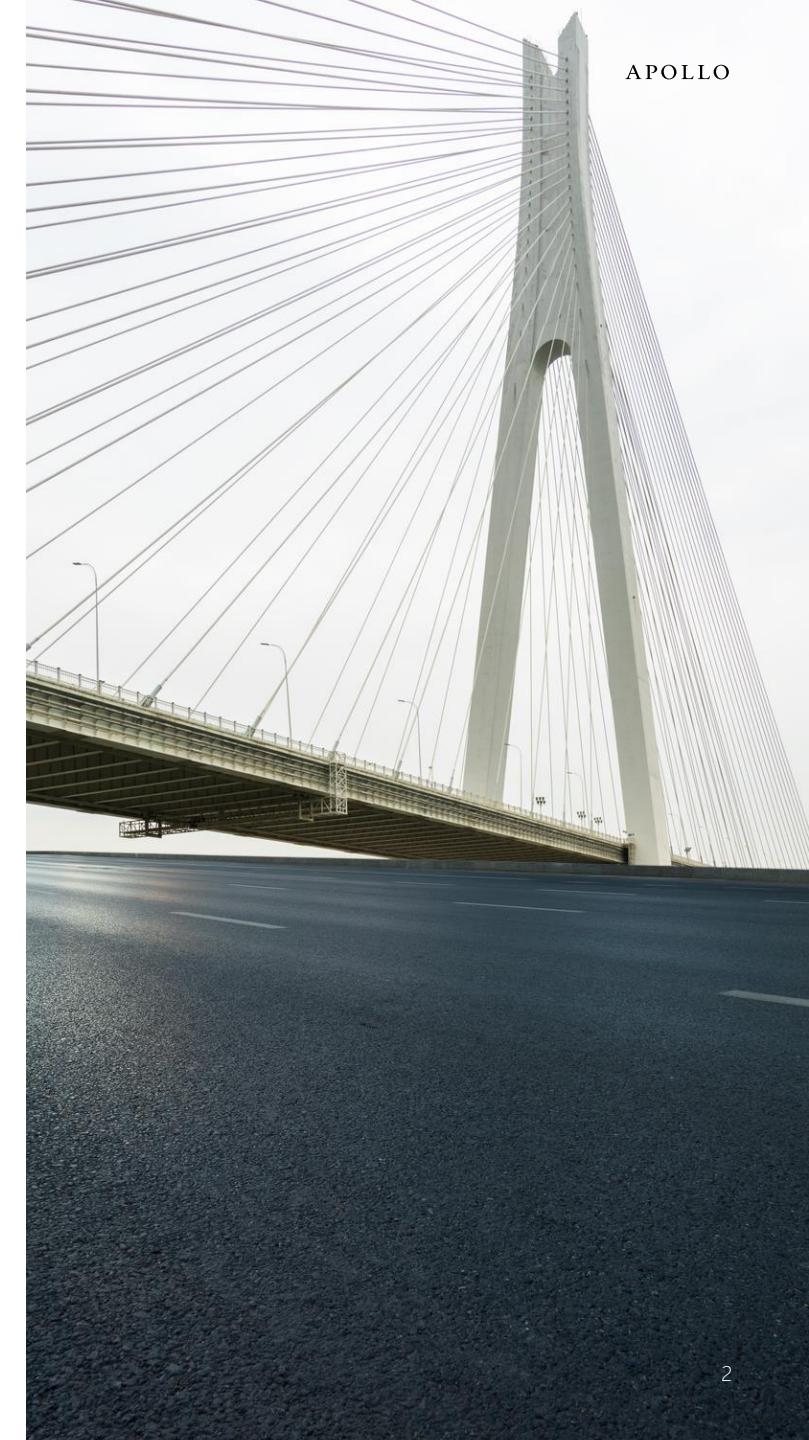
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Outline

1) Housing demand

2) Housing supply

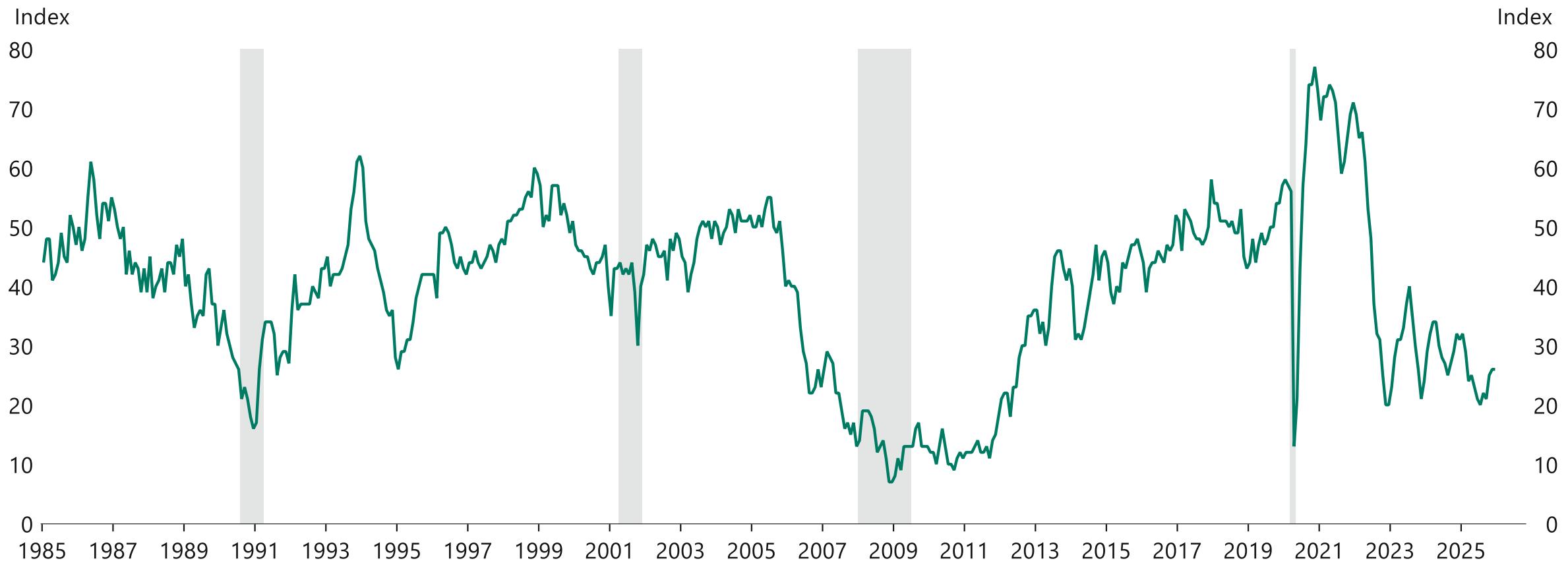
3) House prices

4) Housing outlook

1) Housing demand

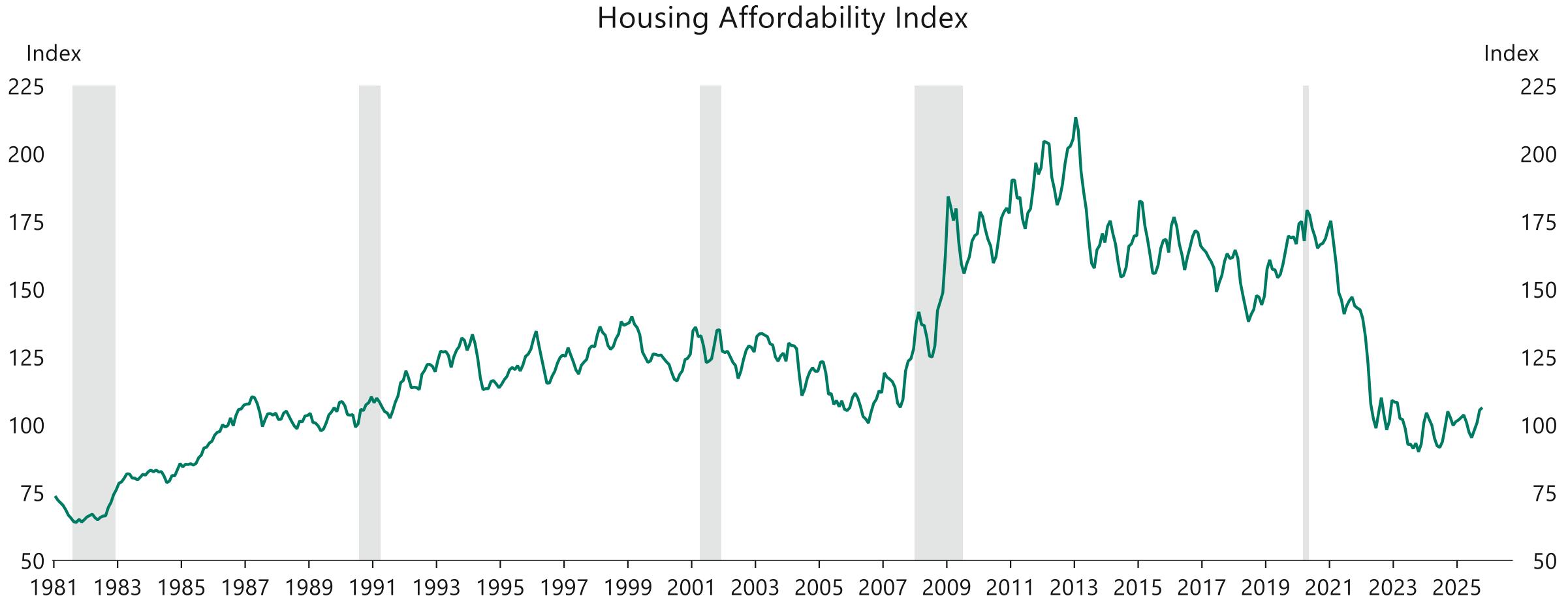
Traffic of prospective homebuyers

Traffic of prospective buyers of new homes



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

Housing affordability near record lows



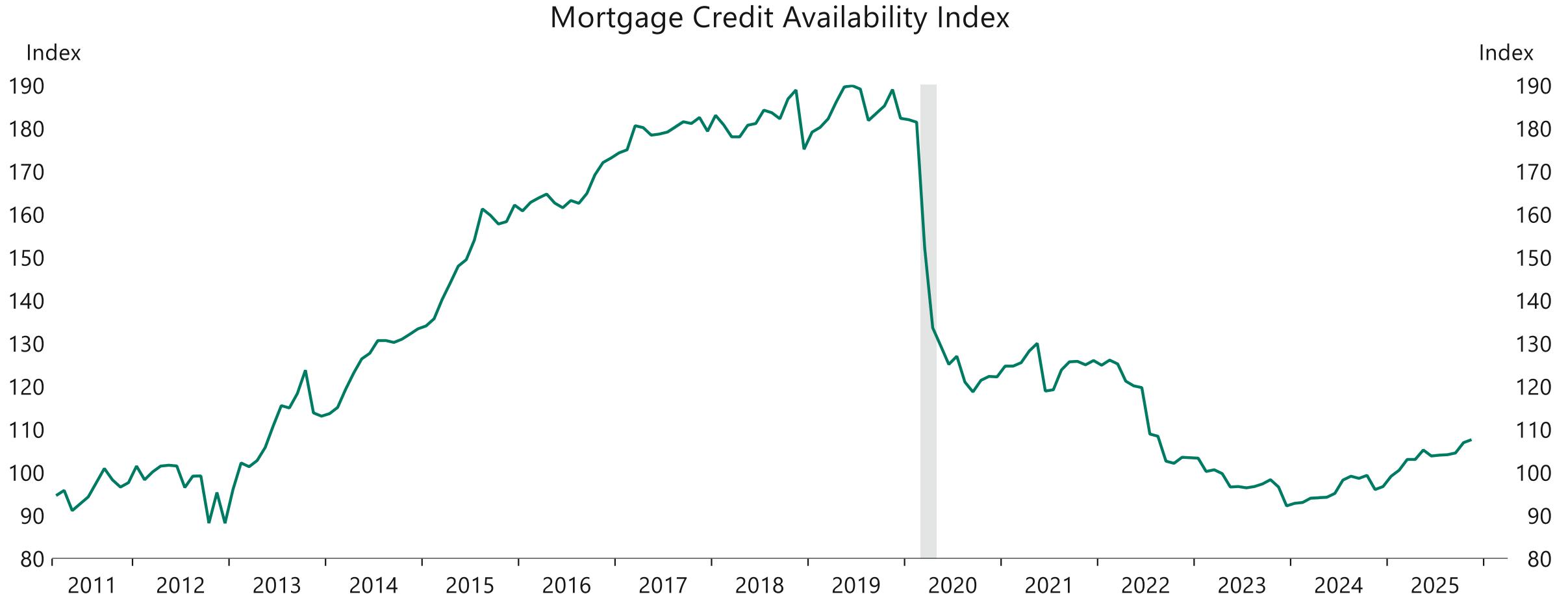
Source: National Association of Realtors (NAR), Macrobond, Apollo Chief Economist

Average monthly mortgage payment on a new 30-year mortgage: \$2,665



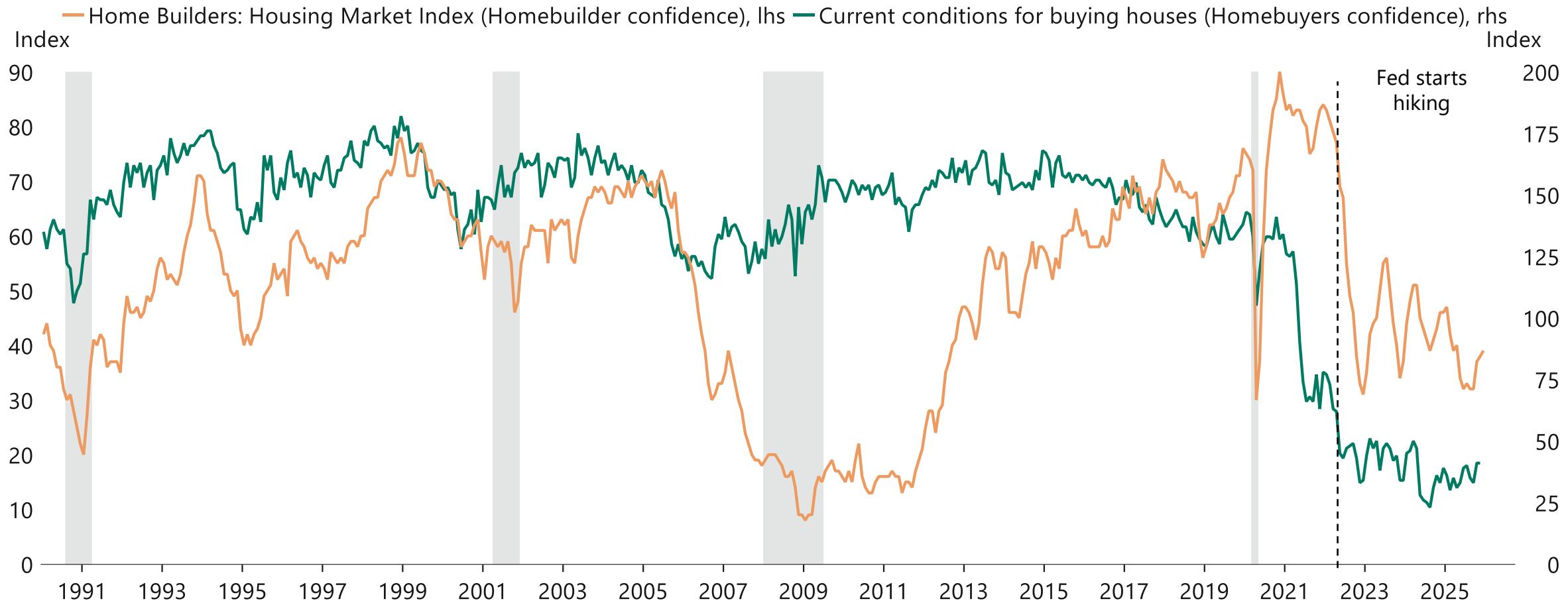
Source: Bloomberg L.P., Apollo Chief Economist (Note: Calculation of monthly payment using the 30-year purchase loan application size and the 30-yr effective rate.)

Availability of mortgage credit at tight levels



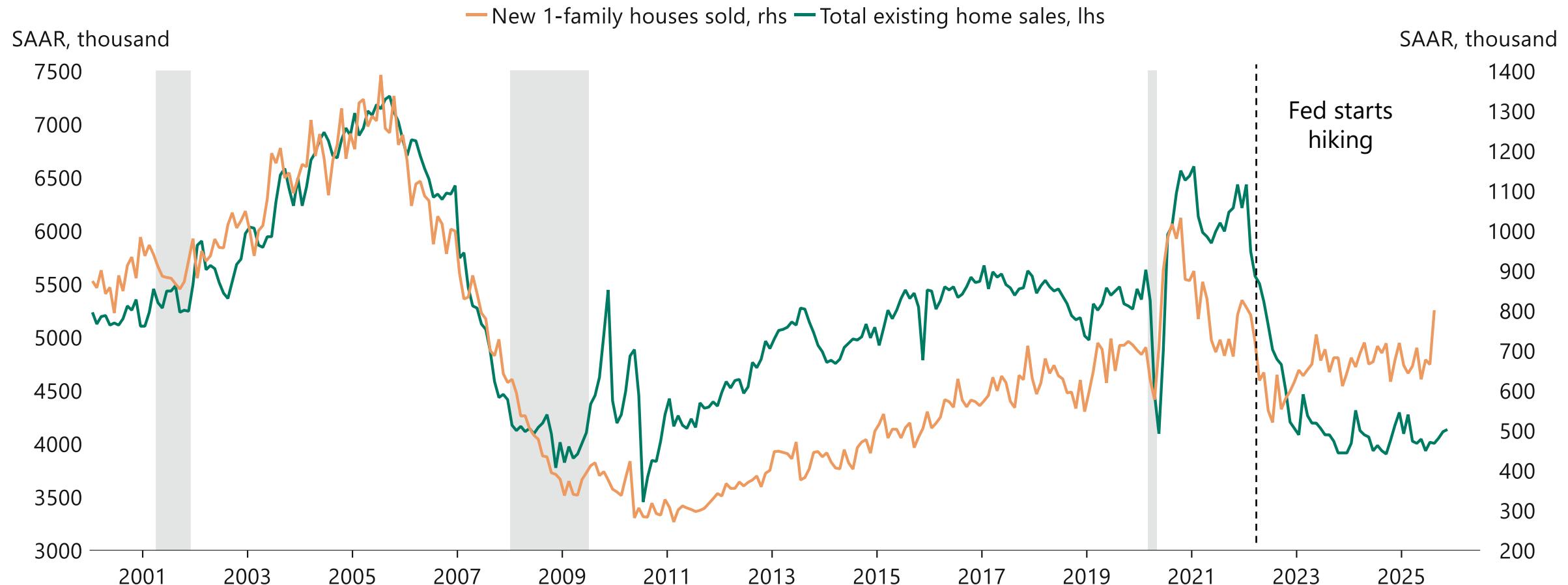
Source: MBA, Bloomberg, Macrobond, Apollo Chief Economist

Homebuyer and homebuilder confidence lower because of affordability



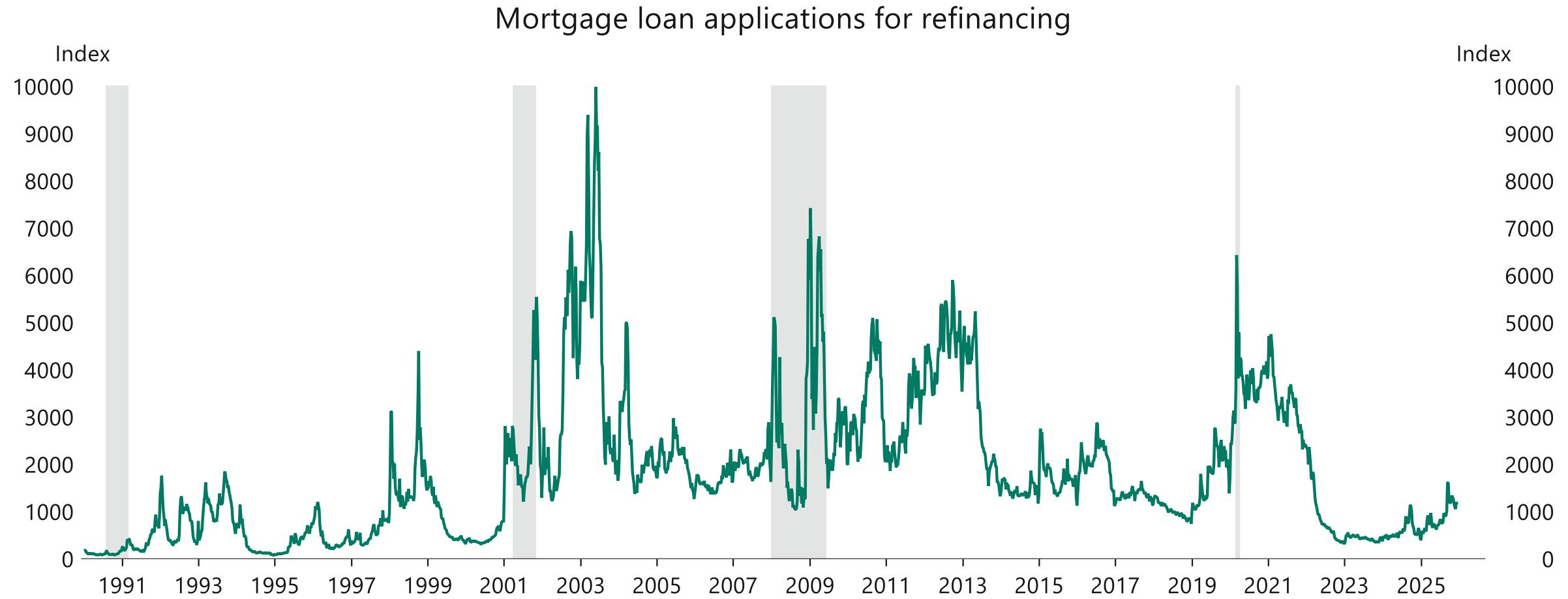
Source: University of Michigan, National Association of Home Builders, Macrobond, Apollo Chief Economist

Existing and new home sales



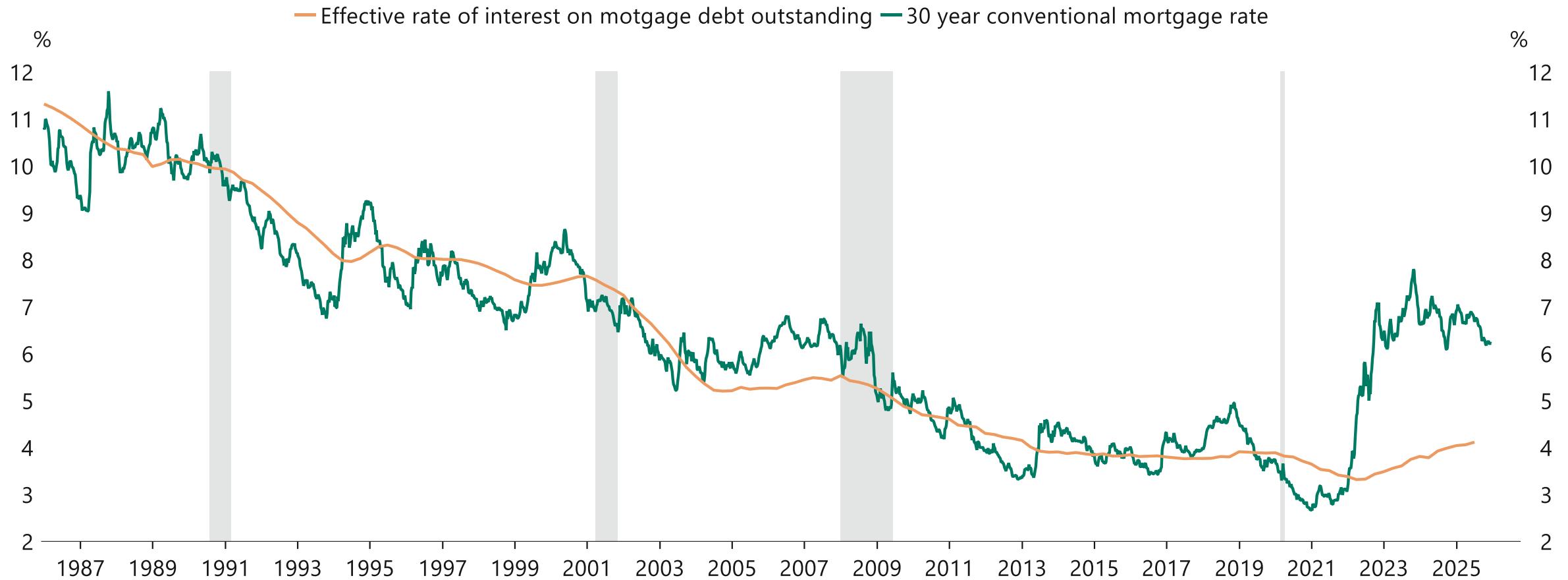
Source: National Association of Realtors (NAR), U.S. Census Bureau, Macrobond, Apollo Chief Economist

Number of homeowners who are refinancing their mortgage



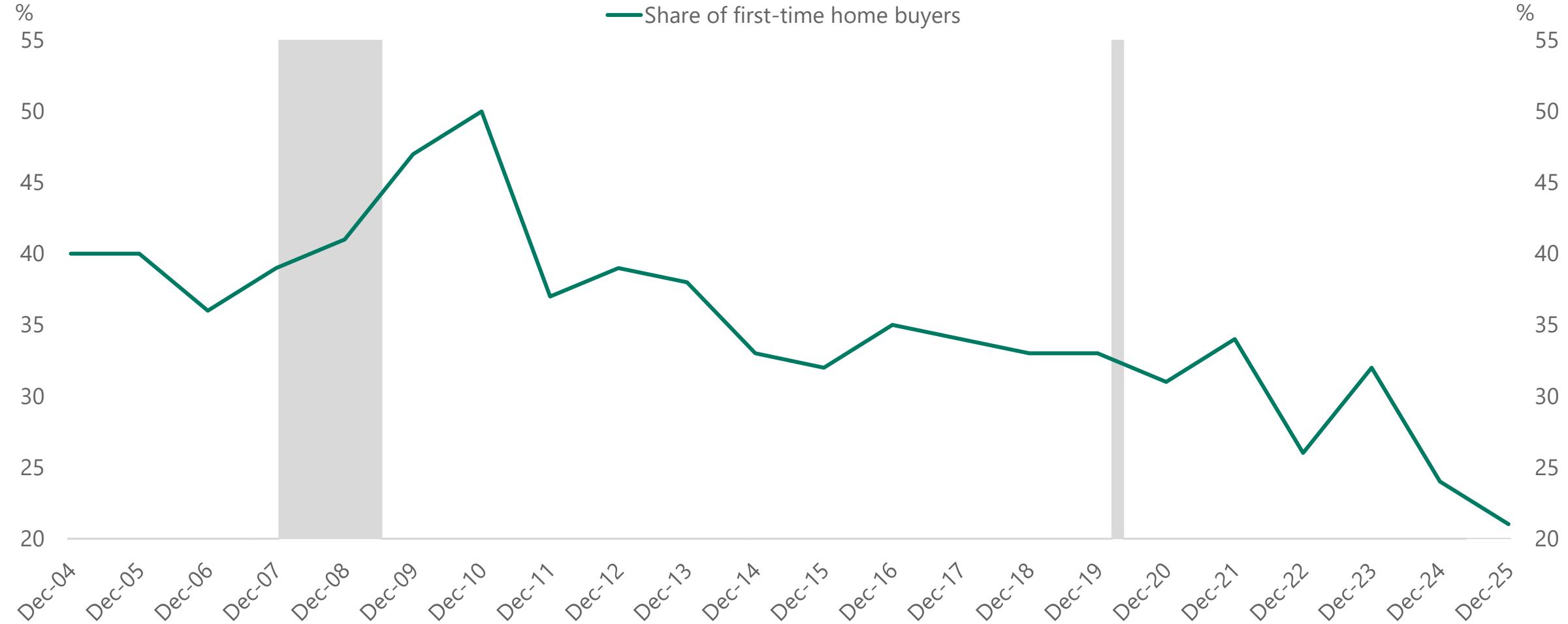
Source: Mortgage Bankers Association (MBA), Macrobond, Apollo Chief Economist

Mortgage rates are high, weighing on housing demand

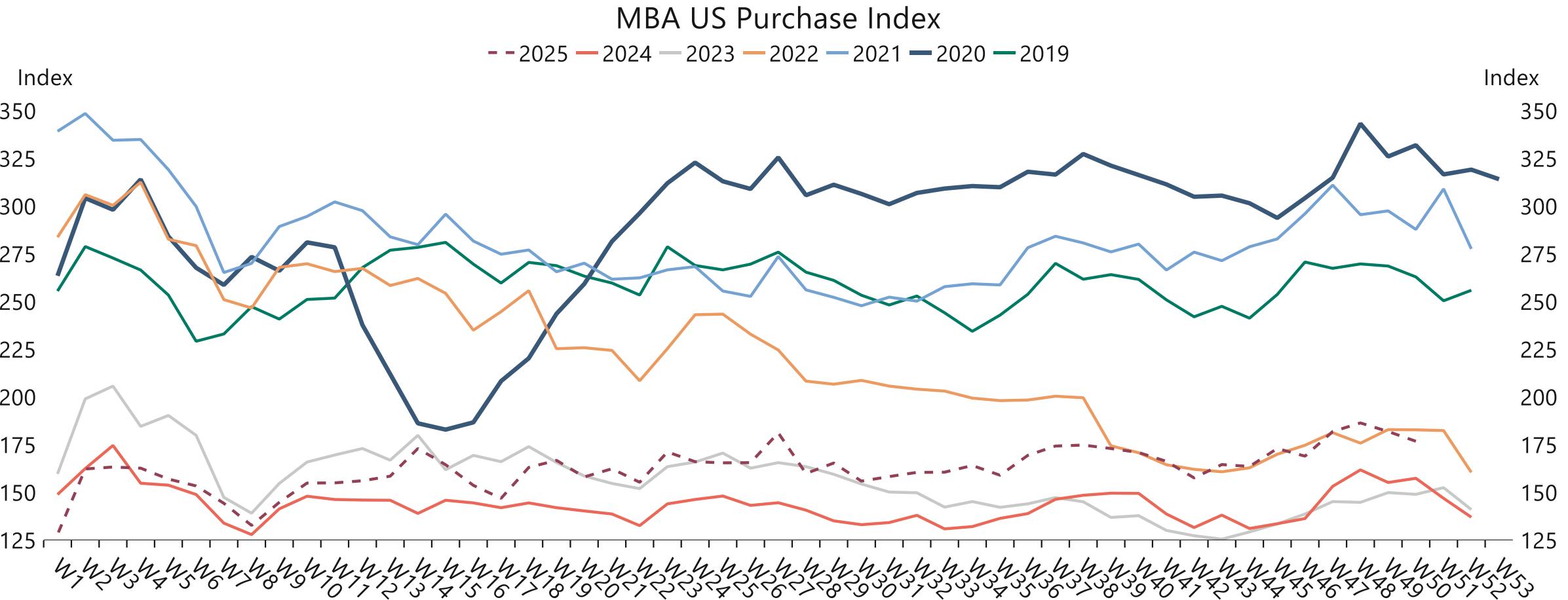


Source: Freddie Mac, U.S. Bureau of Economic Analysis (BEA), Macrobond, Apollo Chief Economist. Note: The effective interest rate (%) reflects the amortization of initial fees and charges over a 10-year period, which is the historical assumption of the average life of a mortgage loan.

Share of first-time home buyers is declining

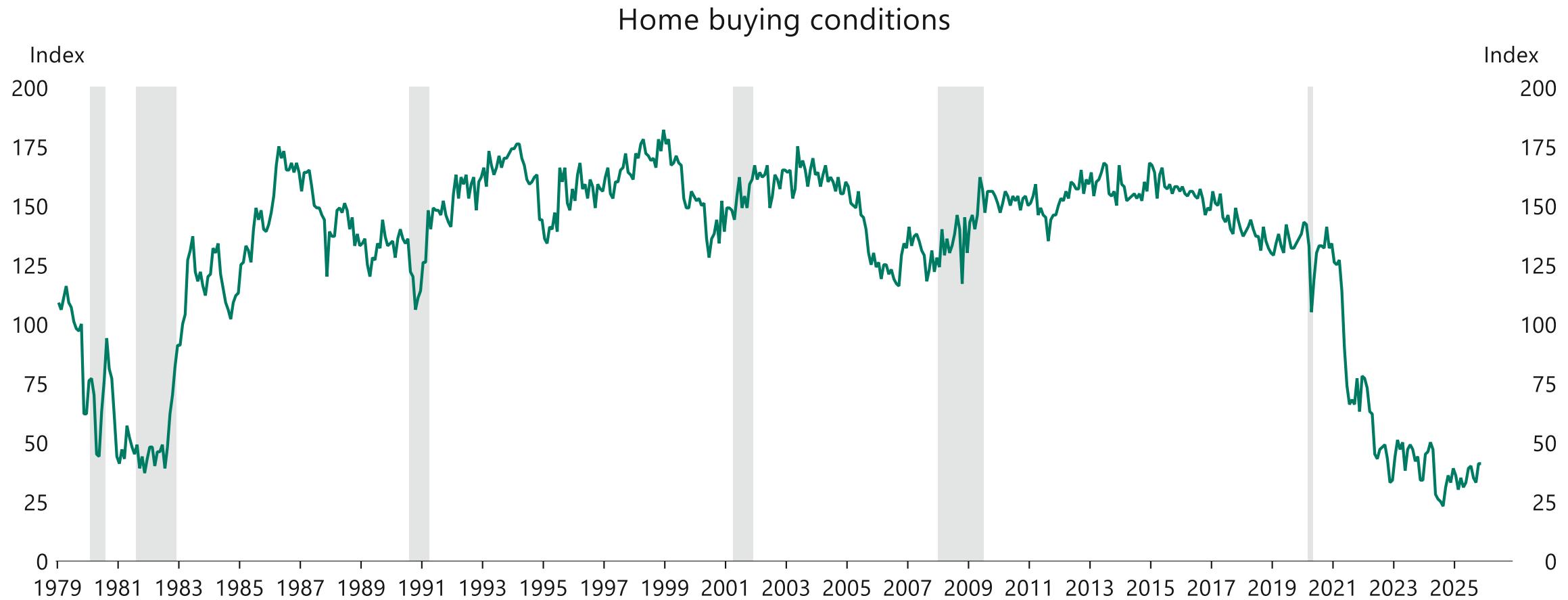


Mortgage purchase applications very low



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

US home buying conditions: Not good



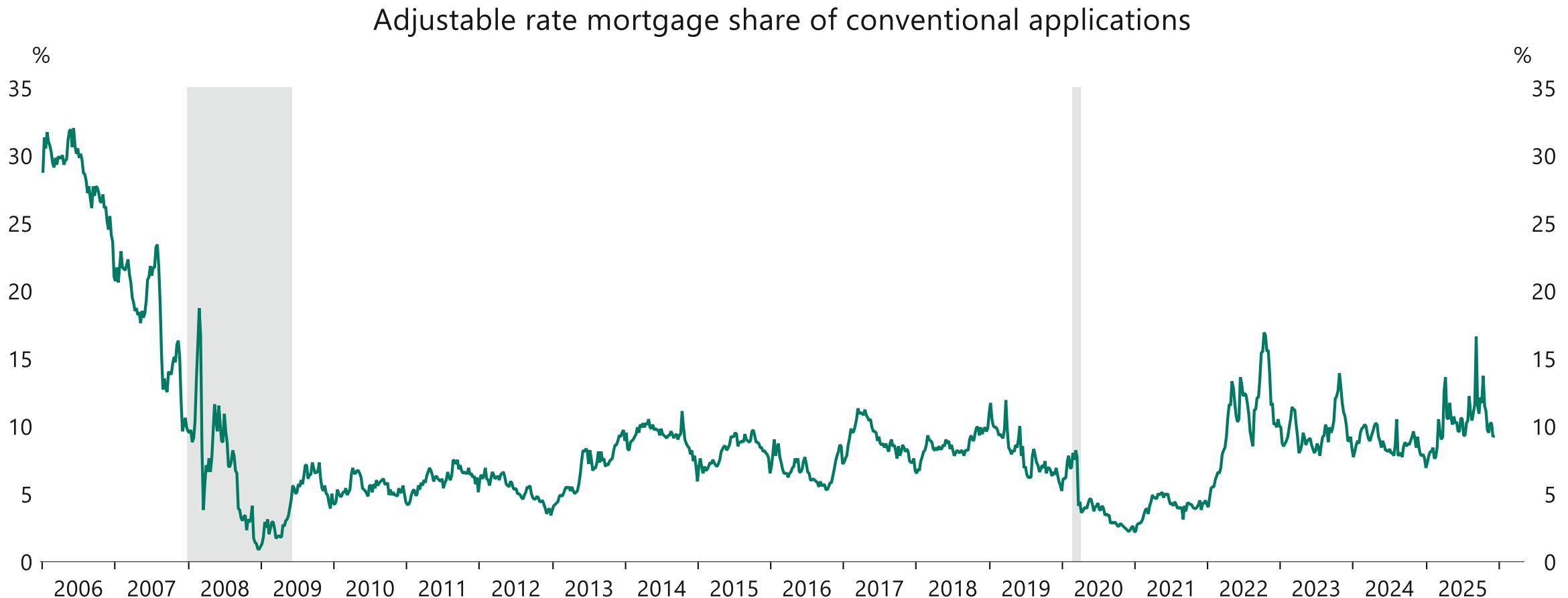
Source: University of Michigan, Macrobond, Apollo Chief Economist. Note: Home buying conditions = Share reporting good conditions - Share reporting bad conditions + 100.

The unemployment rate modestly higher



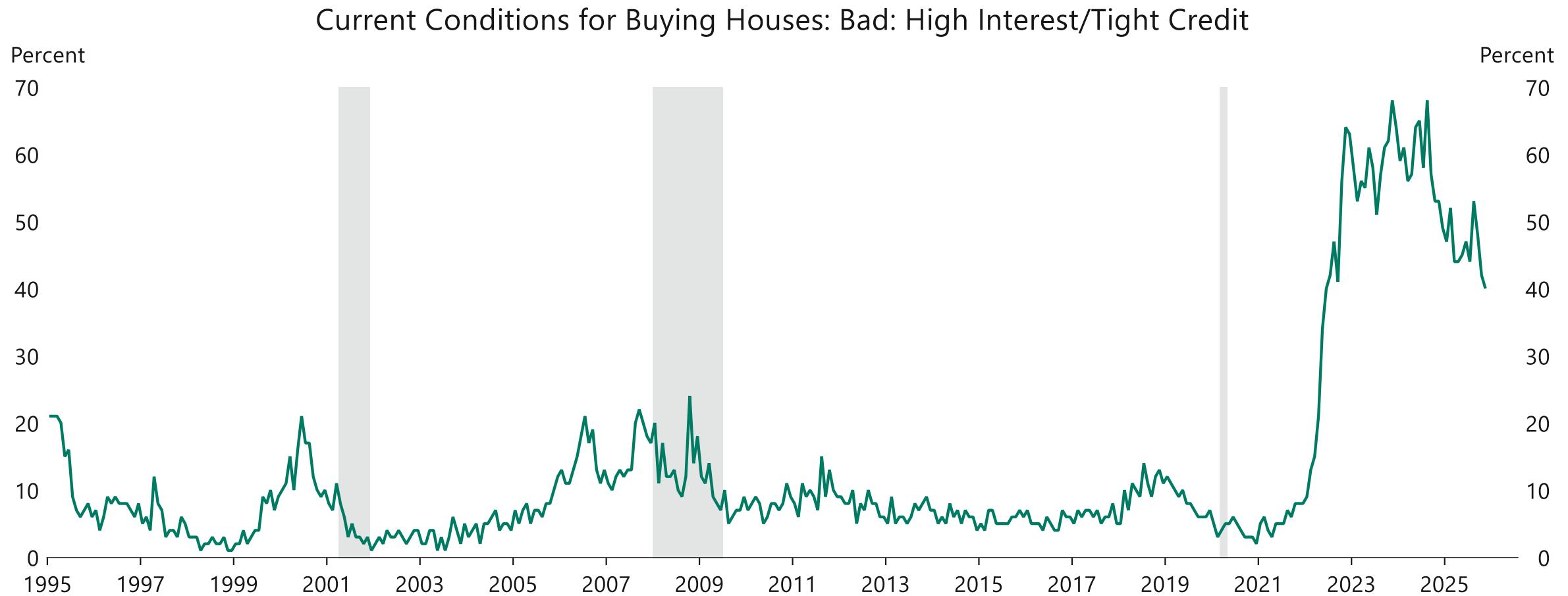
Source: U.S. Bureau of Labor Statistics (BLS), Macrobond, Apollo Chief Economist

ARM share of total mortgage applications: 10%



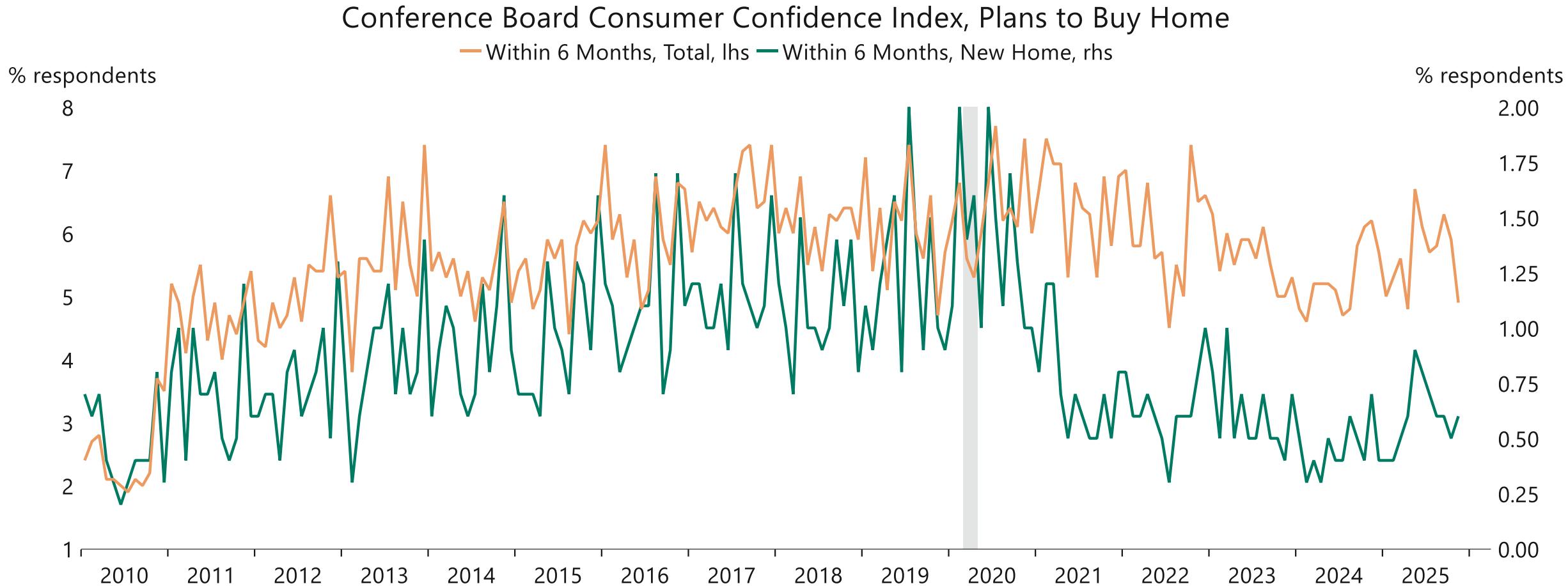
Source: Mortgage Bankers Association (MBA), Macrobond, Apollo Chief Economist

42% of consumers are saying that this is a bad time to buy a house because of high mortgage rates and tight credit



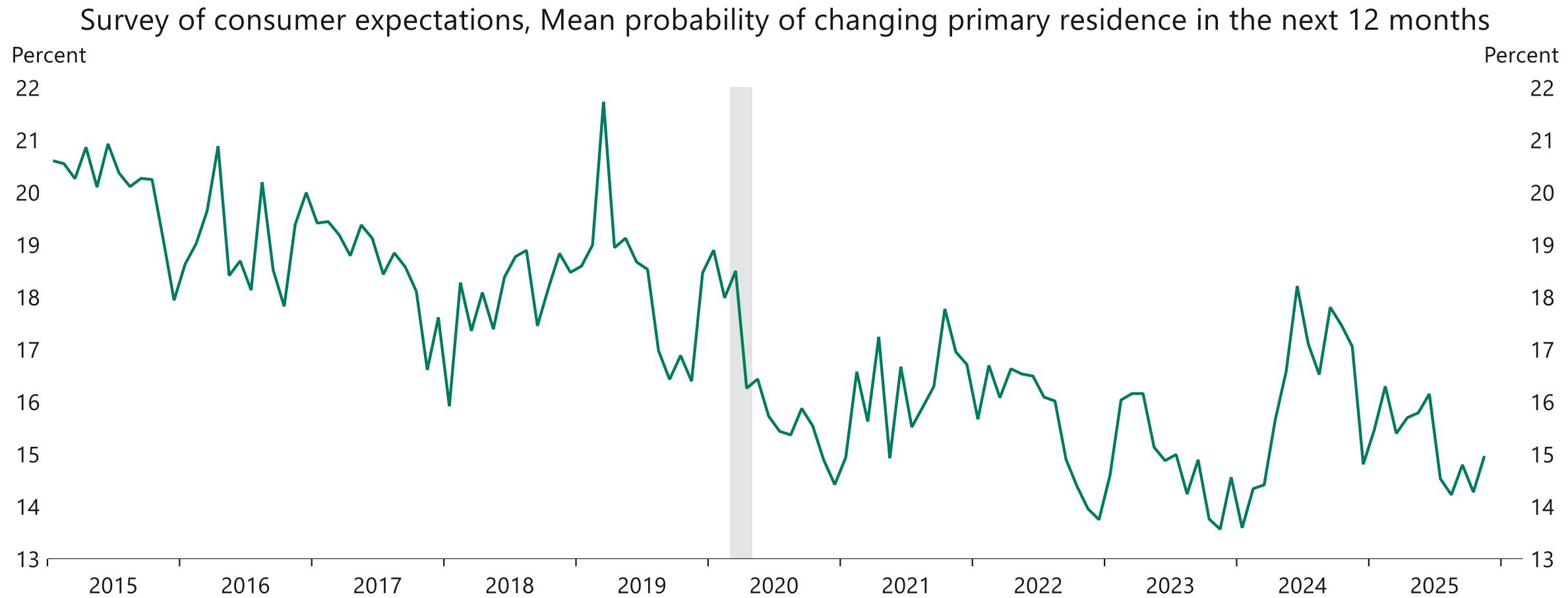
Source: University of Michigan, Macrobond, Apollo Chief Economist

Home buying plans



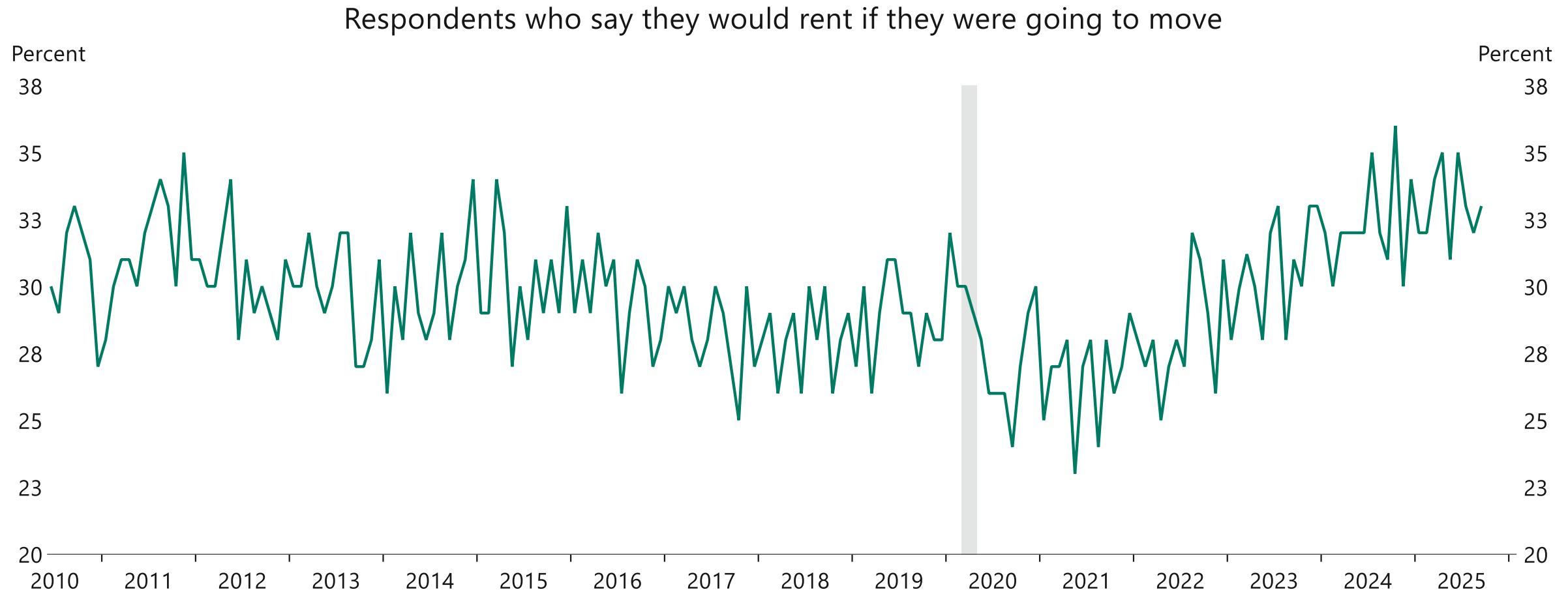
Source: Conference Board, Macrobond, Apollo Chief Economist

Share of households planning to move over the next 12 months



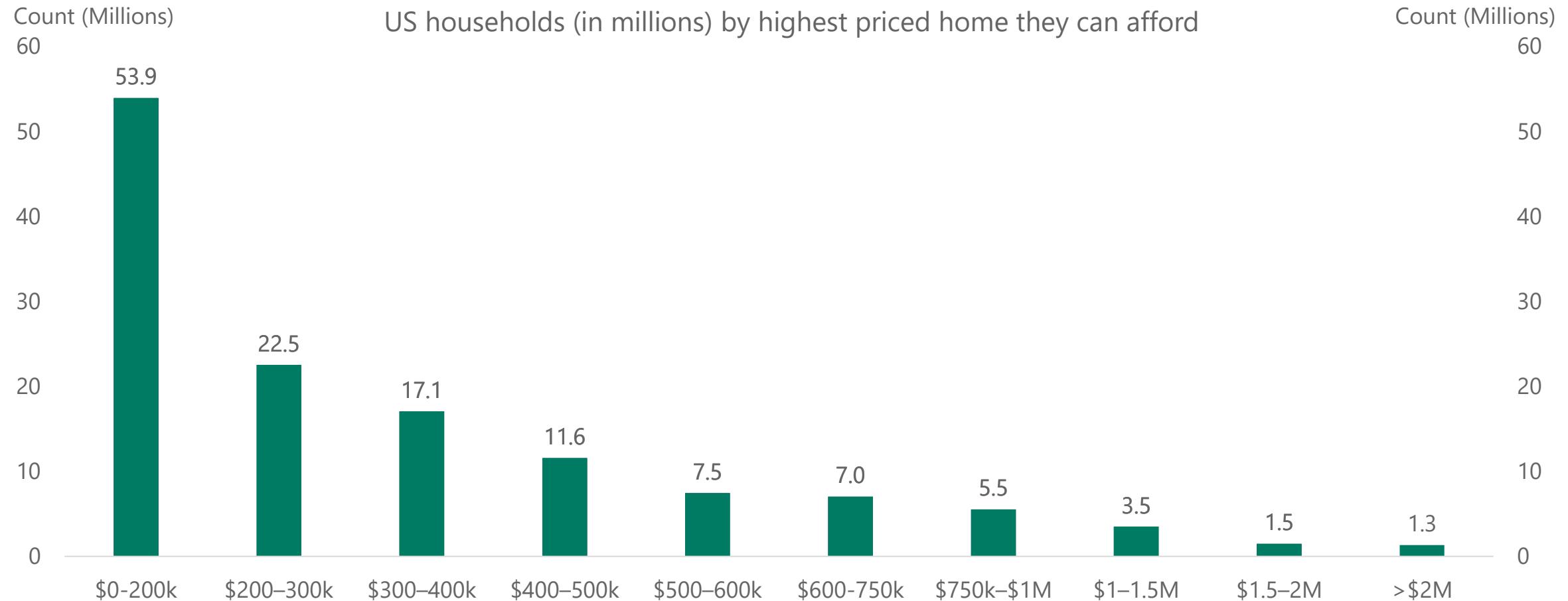
Source: Federal Reserve Bank of New York, Macrobond, Apollo Chief Economist

33% of Americans 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

Thousands of units

3500

■ Household formation

3000

2500

2000

1500

1000

500

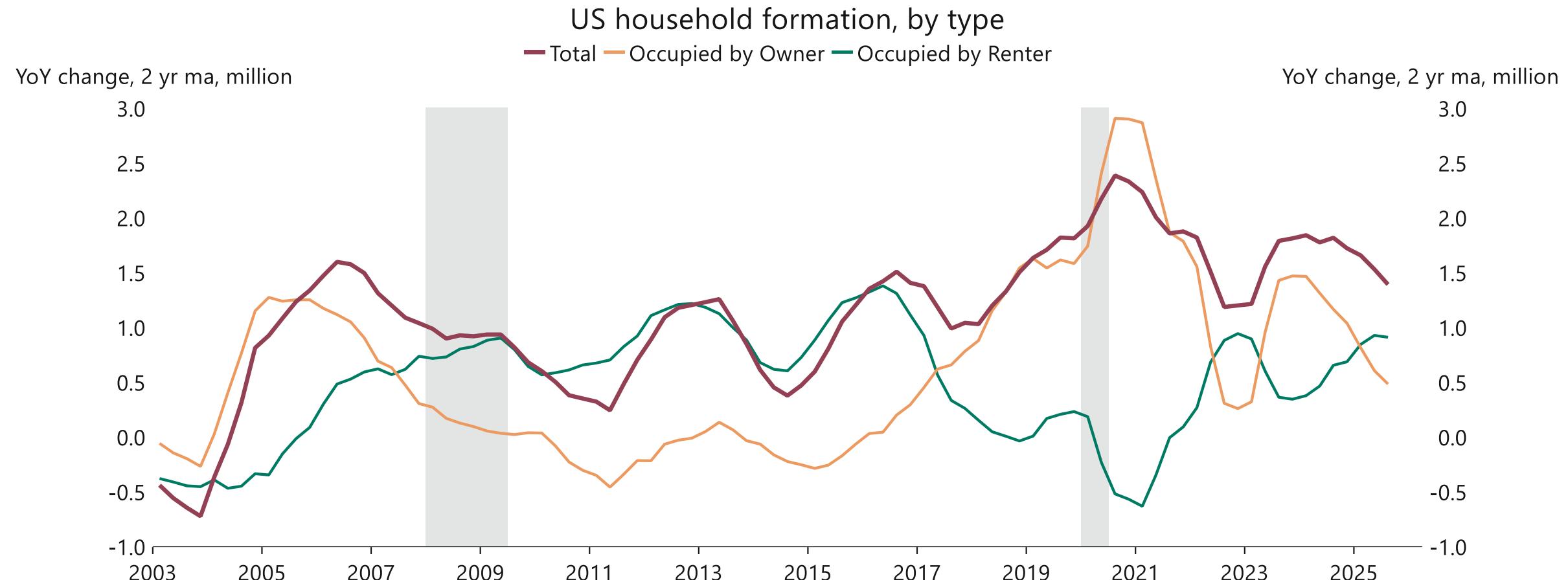
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Estimates



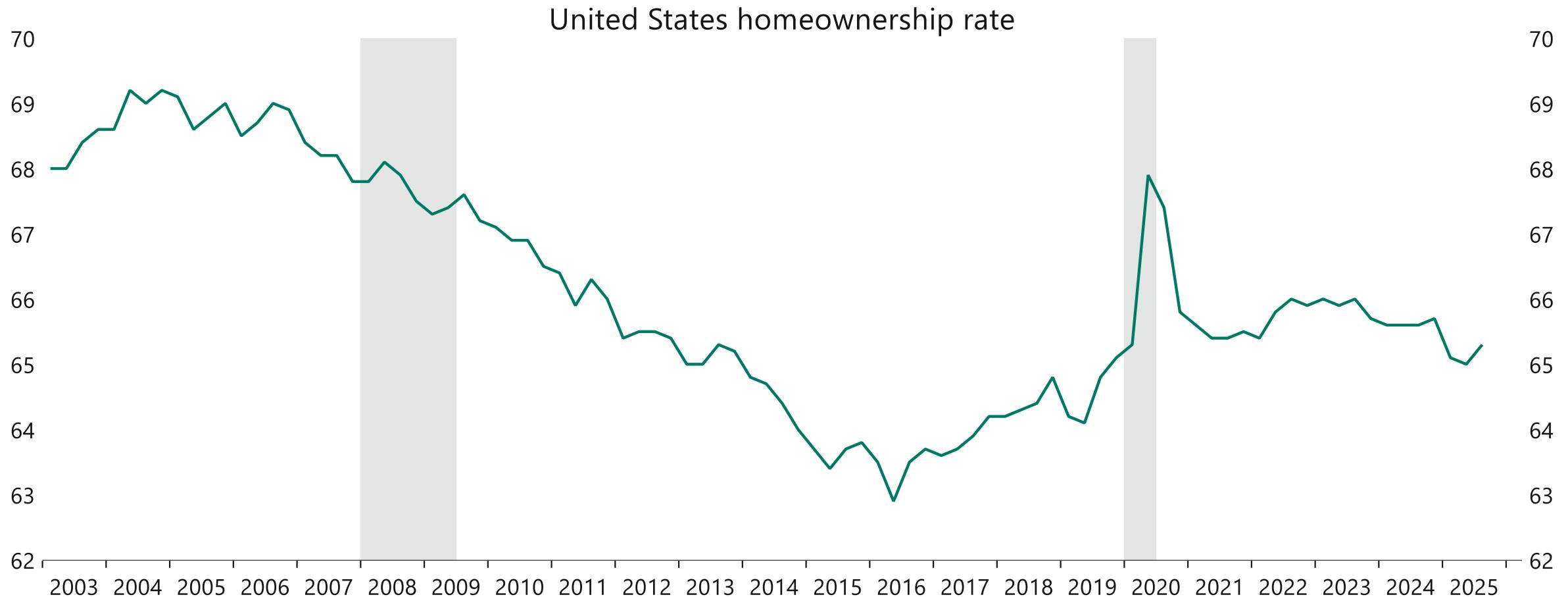
Source: Census Bureau, Haver, Apollo Chief Economist. Note: Household formation estimates for 2025 and 2026 are based on projected natural population growth and legal immigration. We assume unauthorized immigration drops to zero under potential Trump policy scenario. To reflect this, we use natural population 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



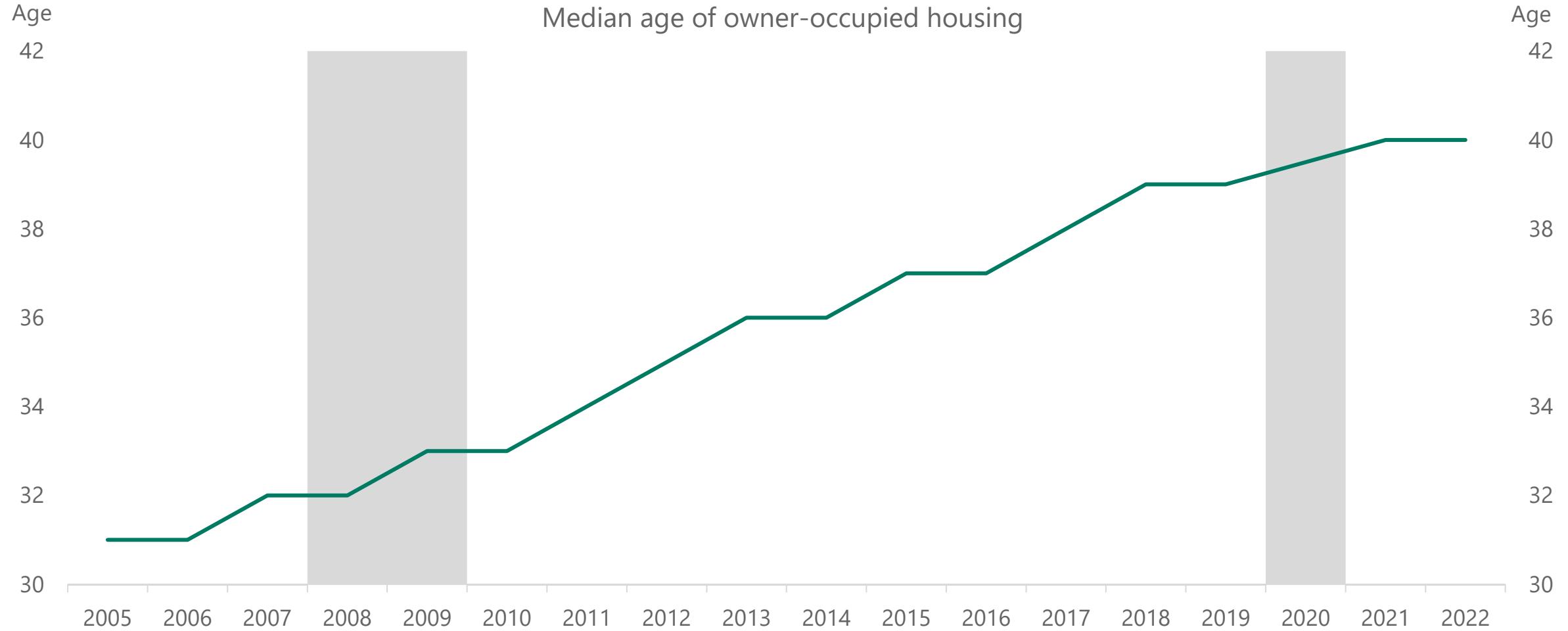
Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

Homeownership rate

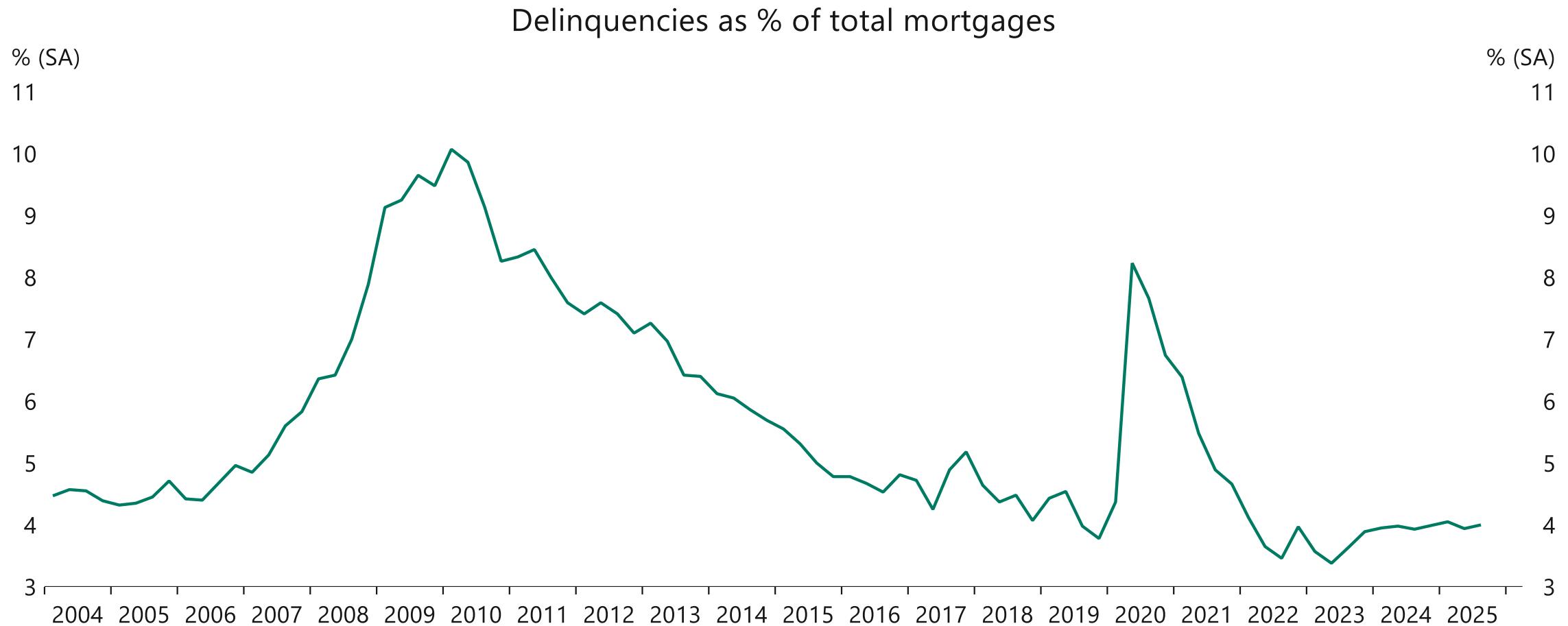


Source: Census Bureau, Bloomberg, Macrobond, Apollo Chief Economist

Median age of owner-occupied housing: 40 years old



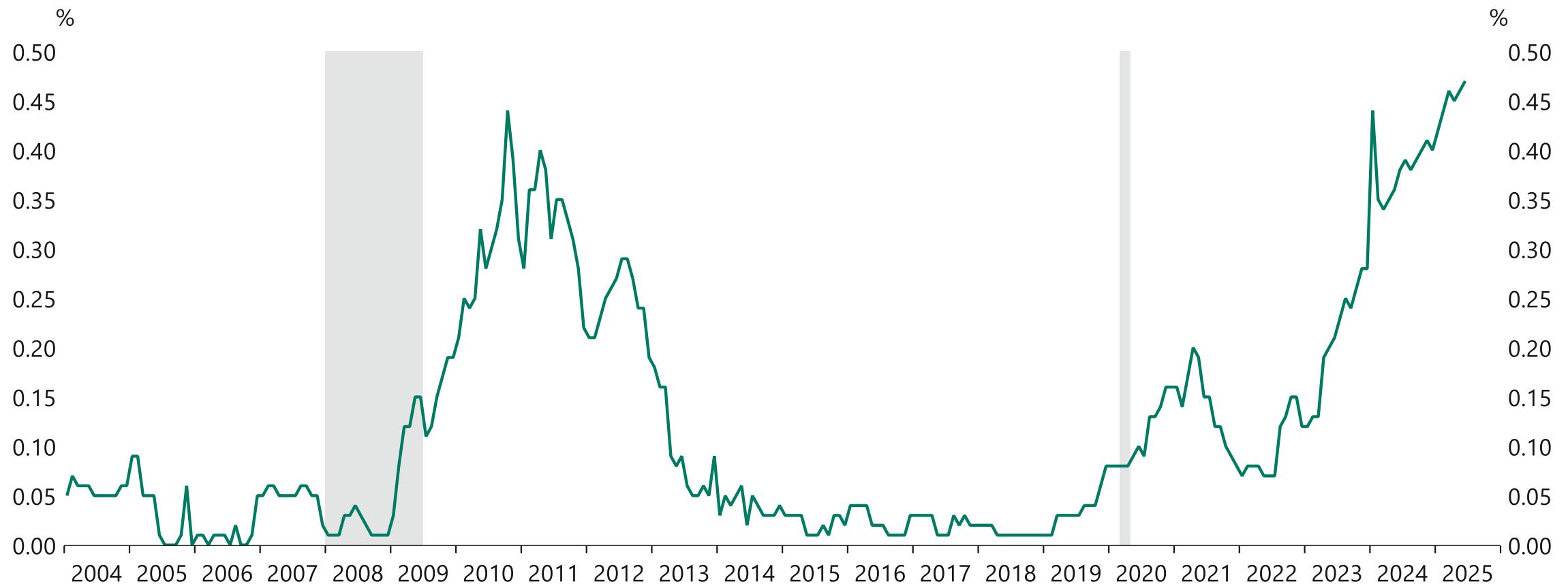
Delinquency rate for mortgages very low



Source: Bloomberg, Macrobond, Apollo Chief Economist

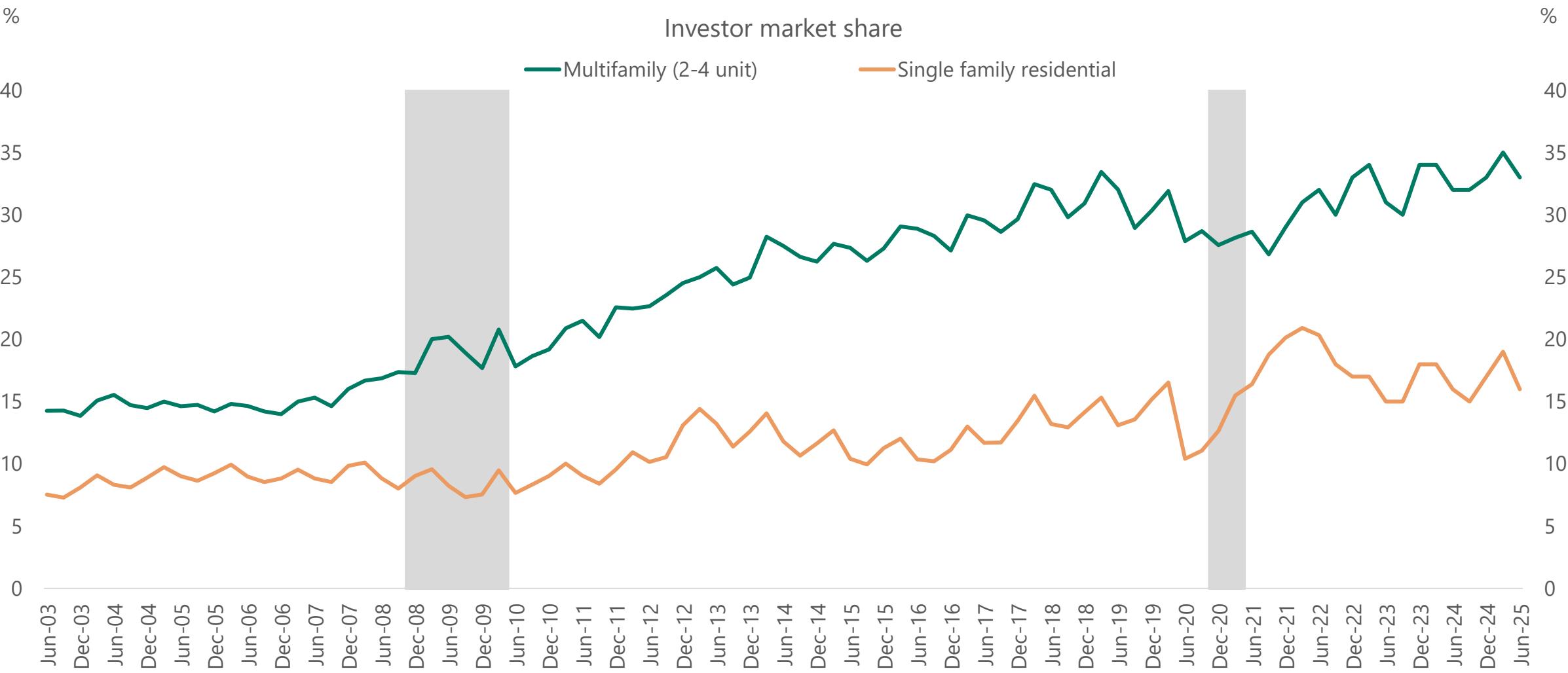
Delinquency rate on multifamily housing is high

Freddie Mac serious delinquency rates multifamily

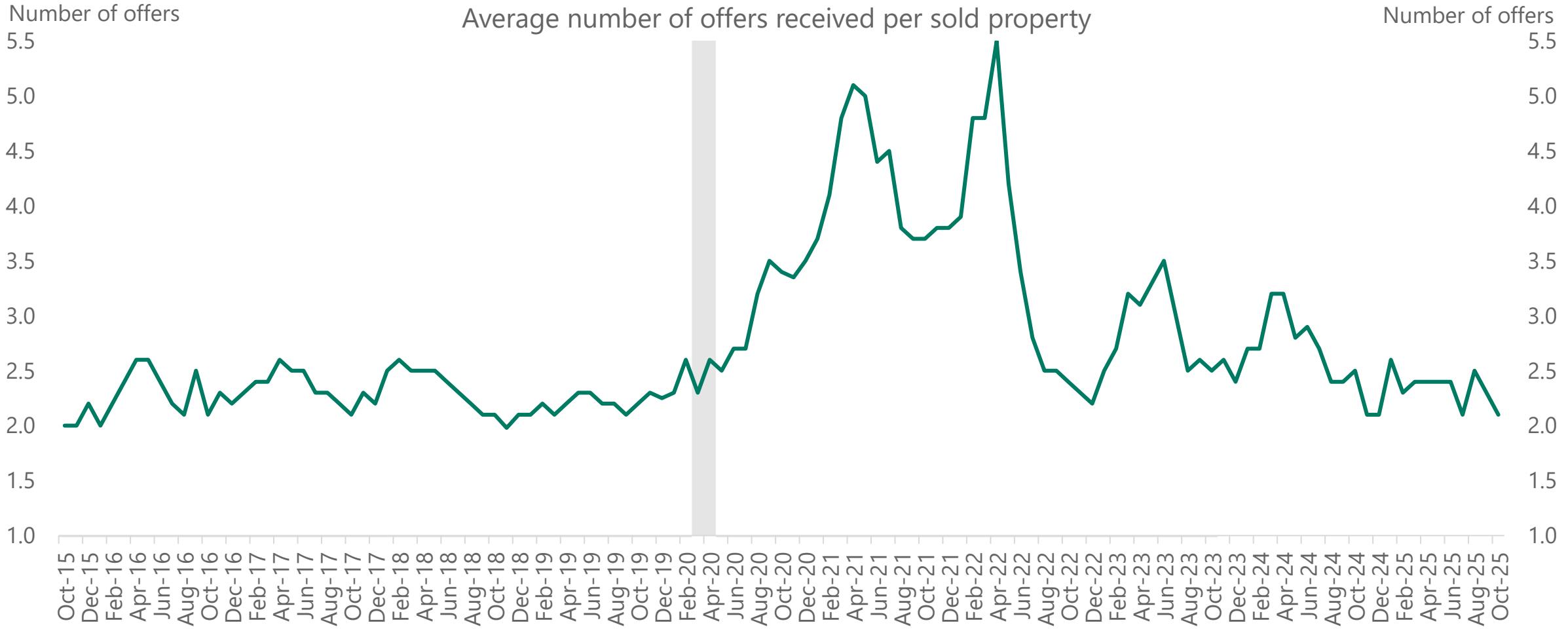


Source: Bloomberg, Macrobond, Apollo Chief Economist

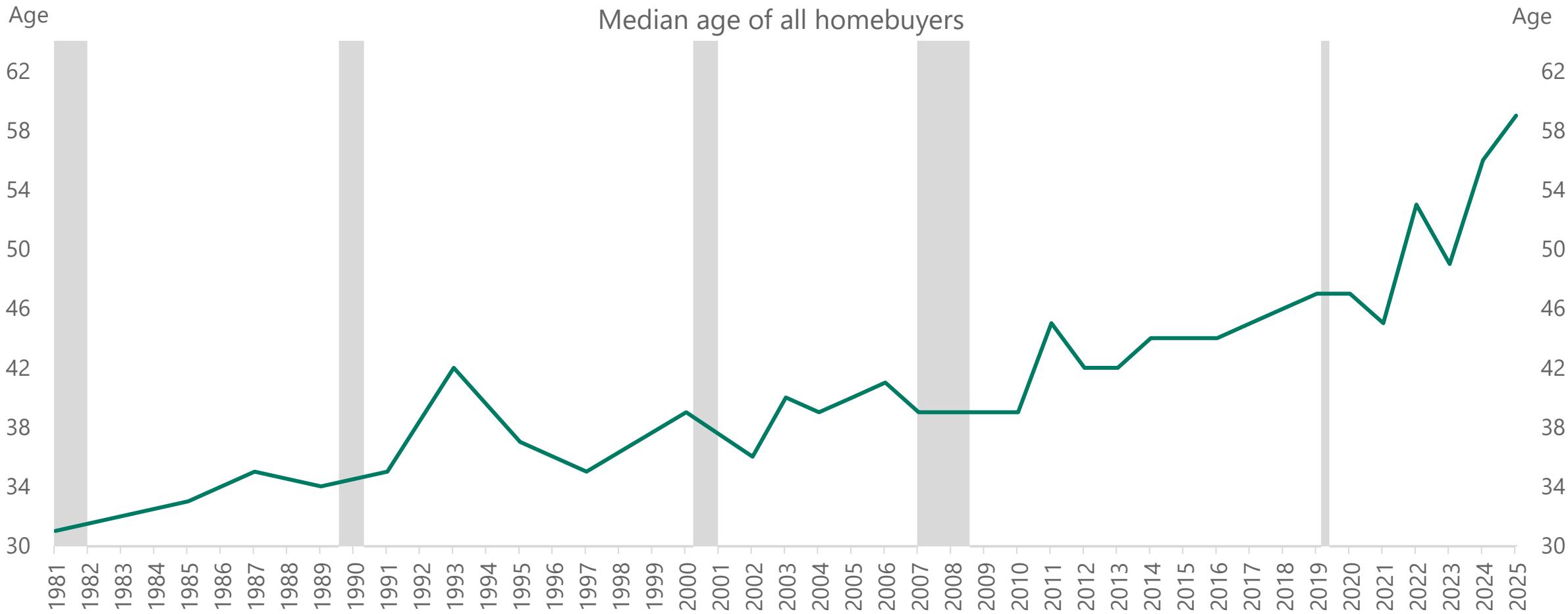
Investor share of single-family is stable



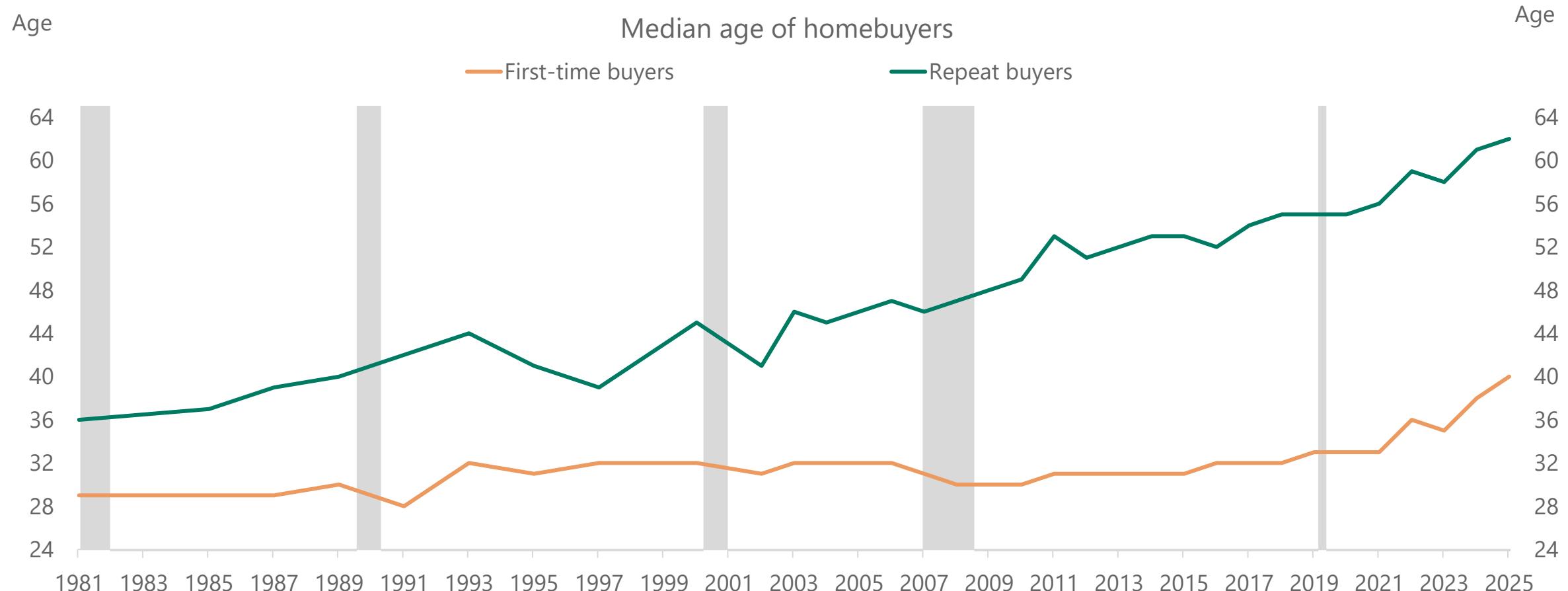
Average number of offers received per sold property



The median age of all homebuyers is now 59 years old, up from 31 in 1981

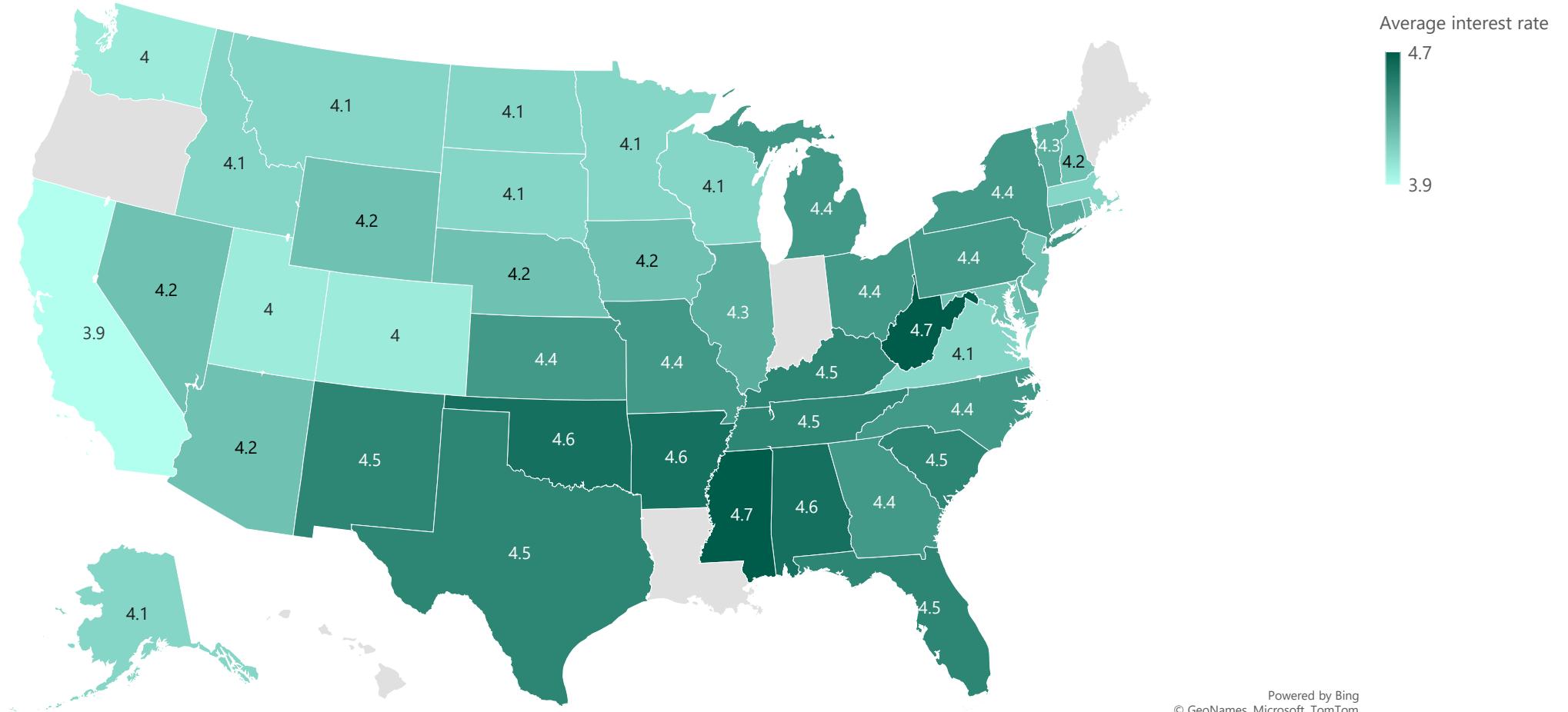


The median age of first-time homebuyers has increased from 30 in 2008 to 40 today



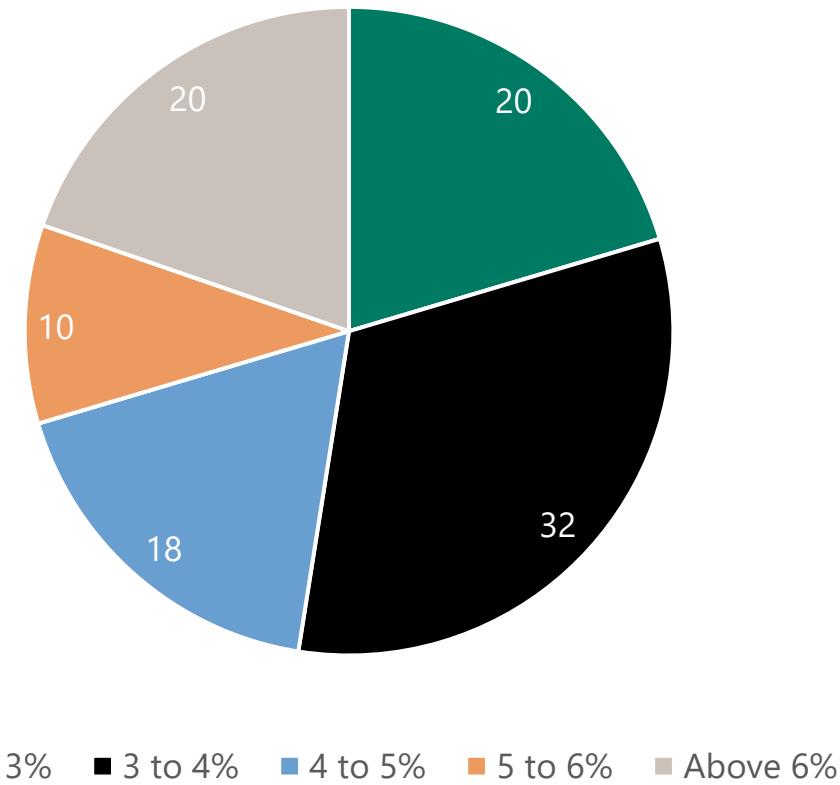
Average interest rate at origination

Average interest rate at origination for outstanding mortgages, 2025 Q1

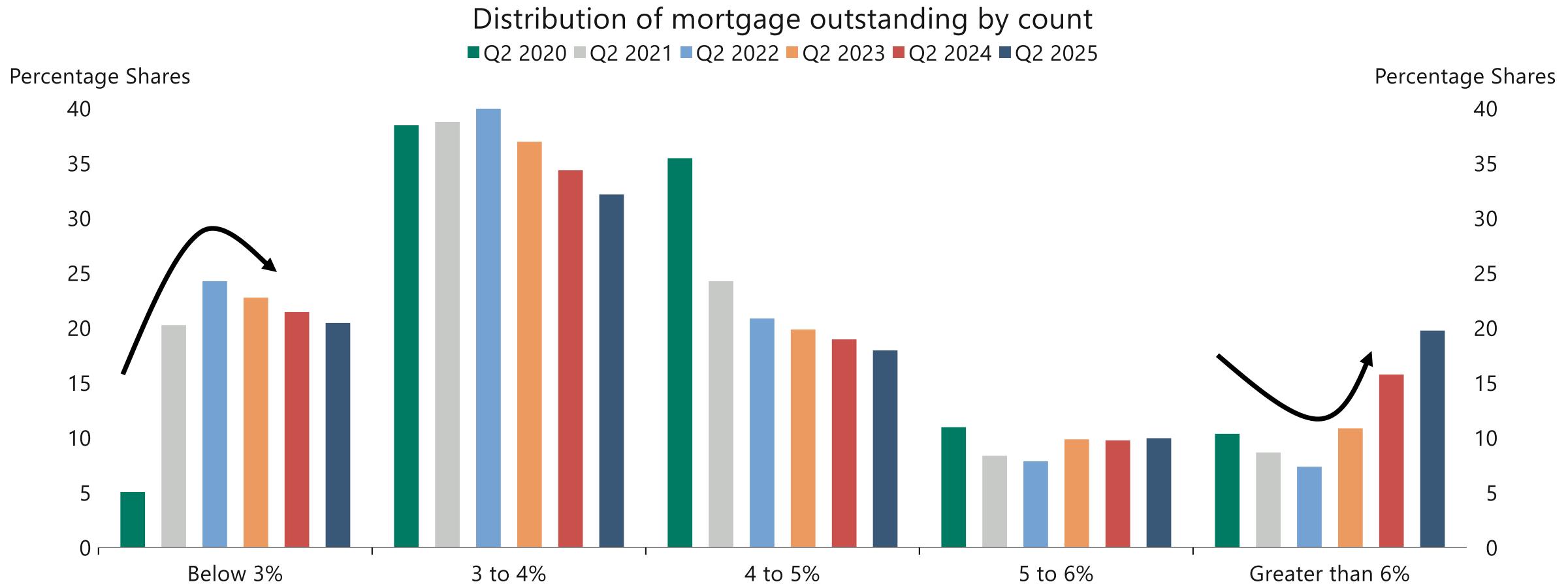


Share of mortgages outstanding by interest rate

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

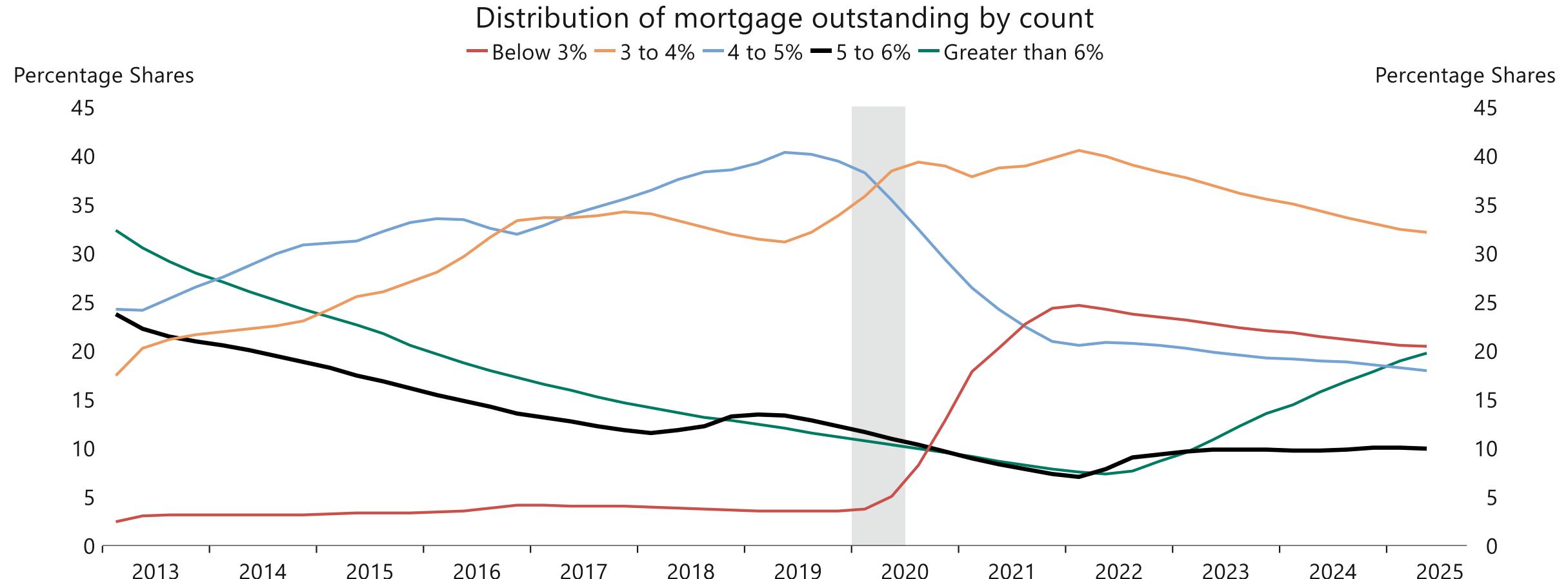


Distribution of interest rates on outstanding mortgages



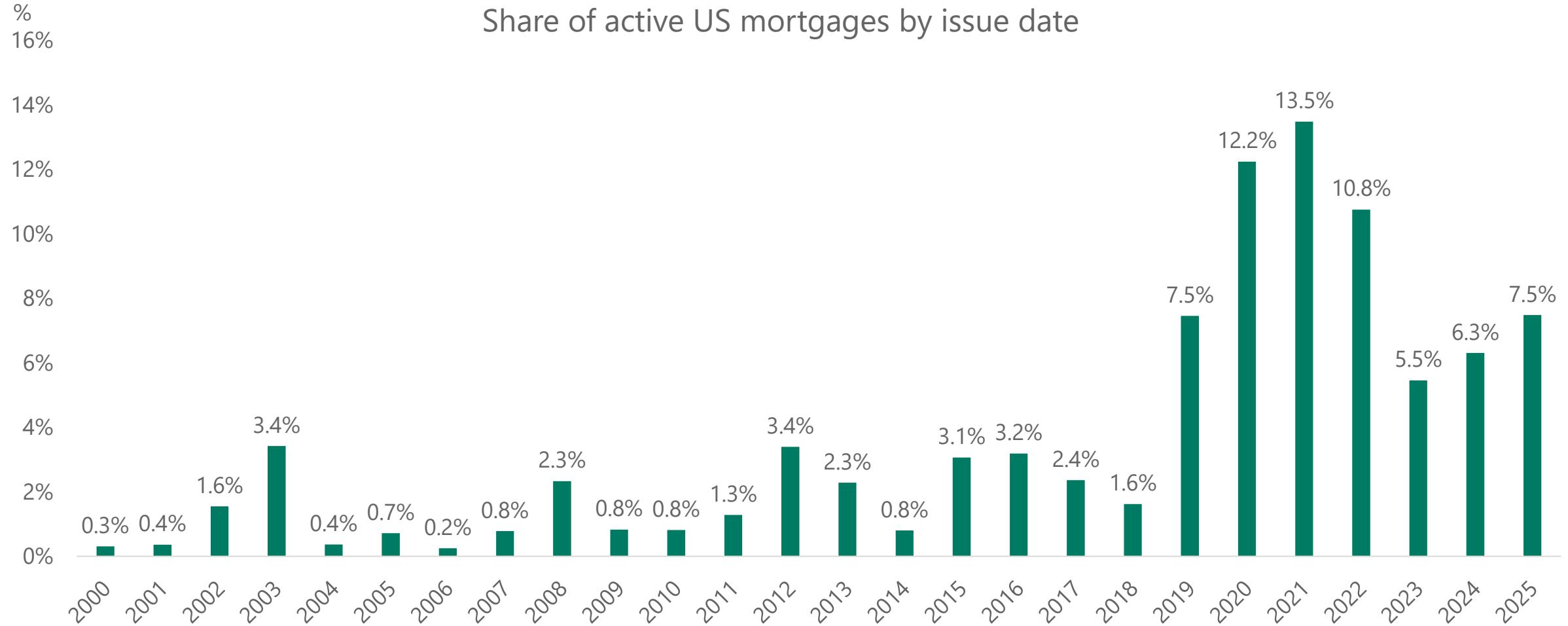
Source: Federal Housing Finance Agency (FHFA), Macrobond, Apollo Chief Economist

Distribution of interest rates on outstanding mortgages

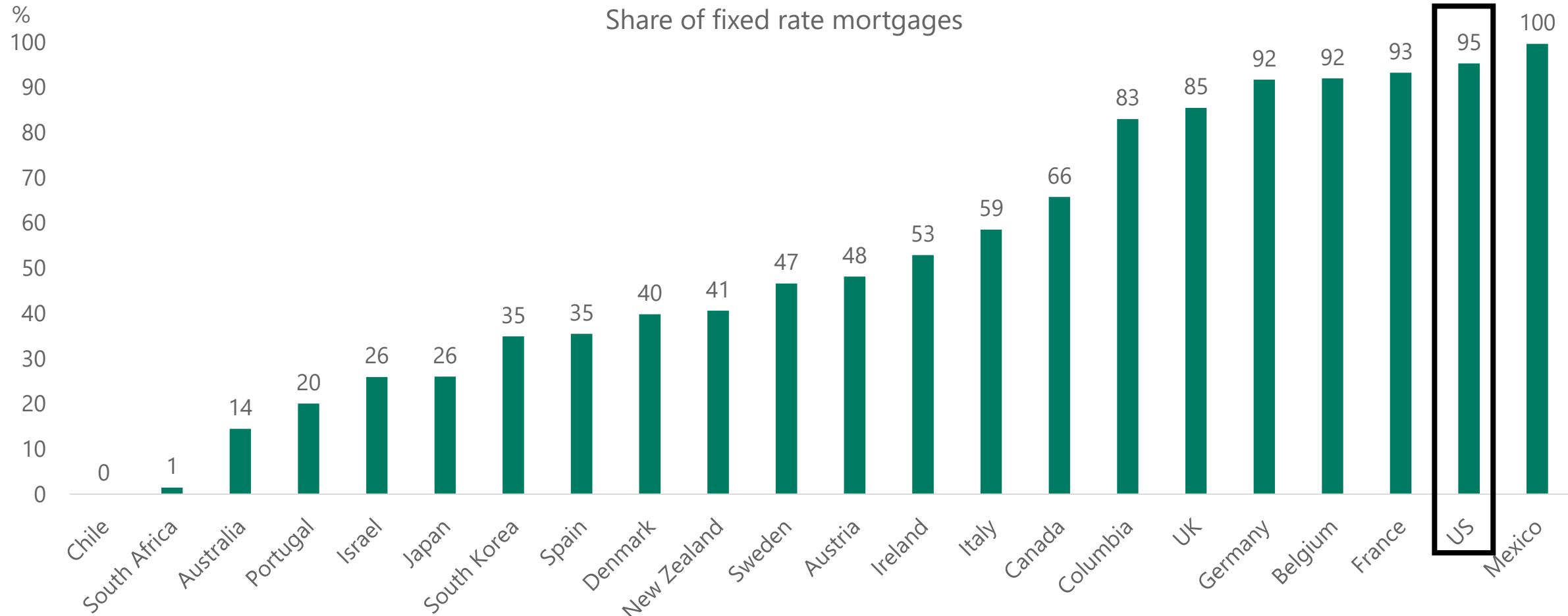


Source: Federal Housing Finance Agency (FHFA), Macrobond, Apollo Chief Economist

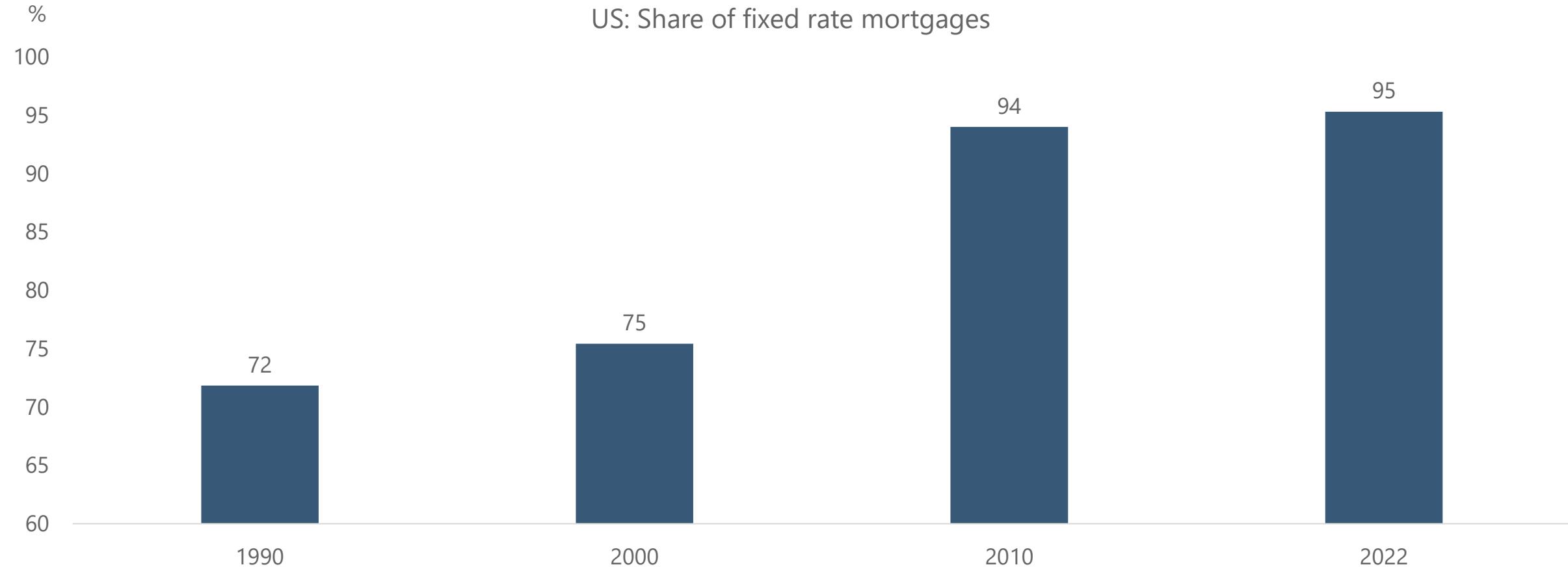
More than 50% of all mortgages outstanding issued since 2018



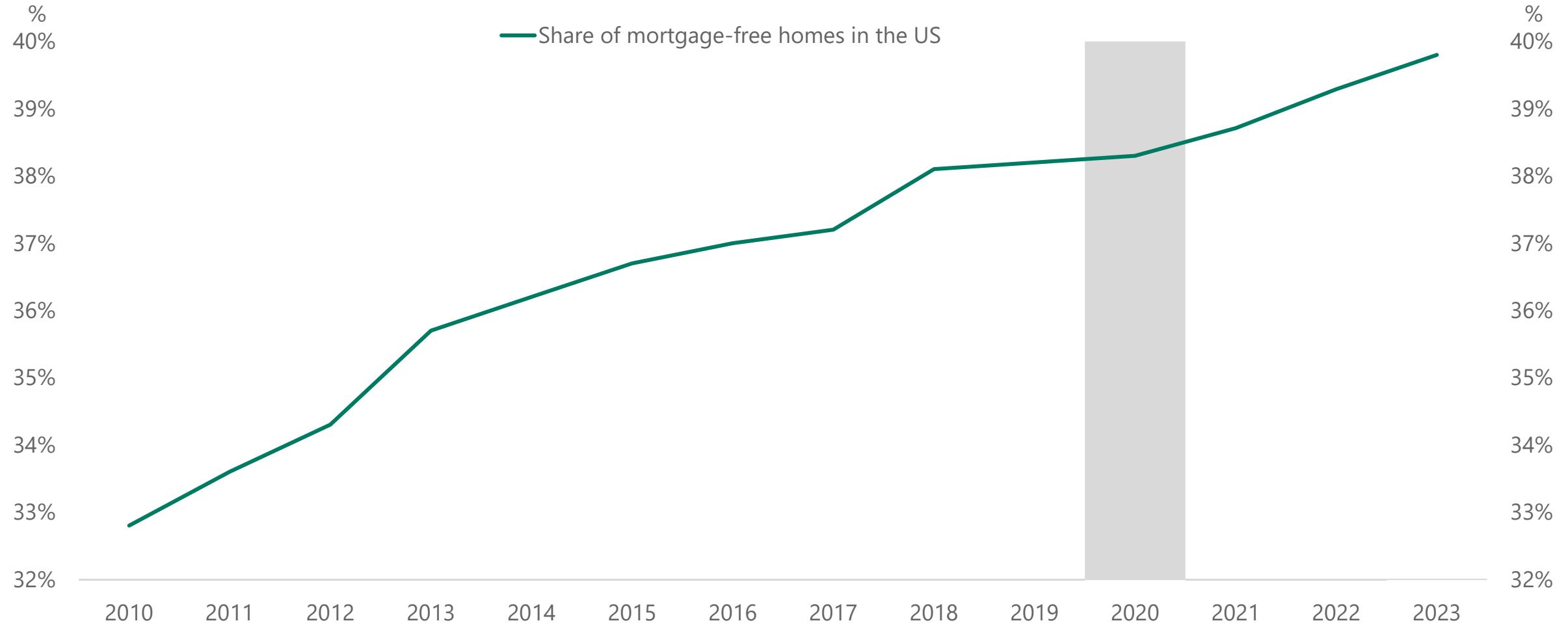
US: 95% of mortgages outstanding are 30-year fixed rate



Share of fixed rate mortgages

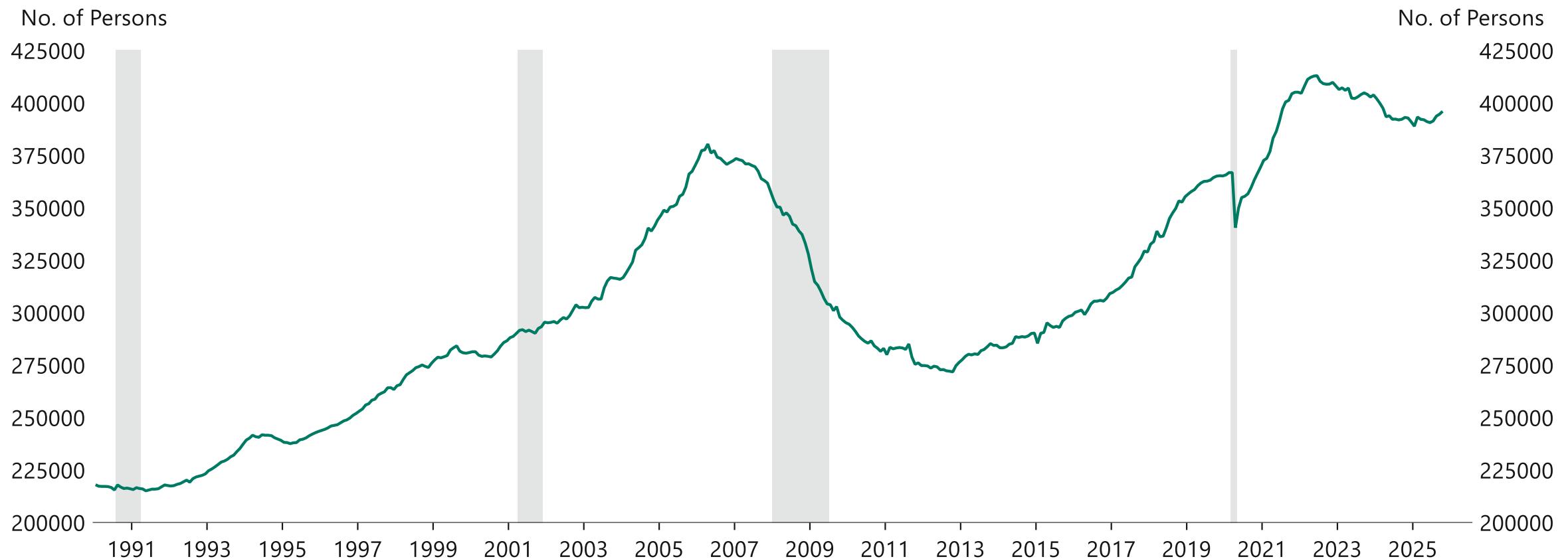


40% of US homes don't have a mortgage



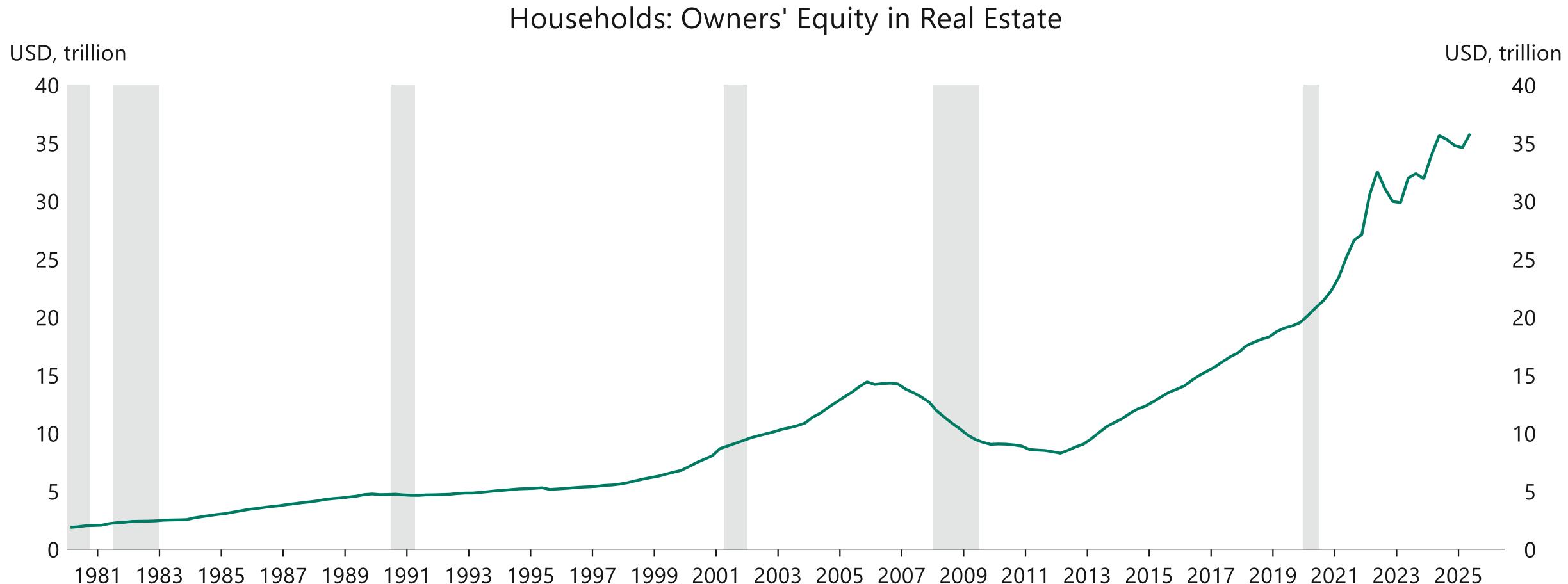
Number of real estate agents & brokers

Employment: Offices of real estate agents & brokers



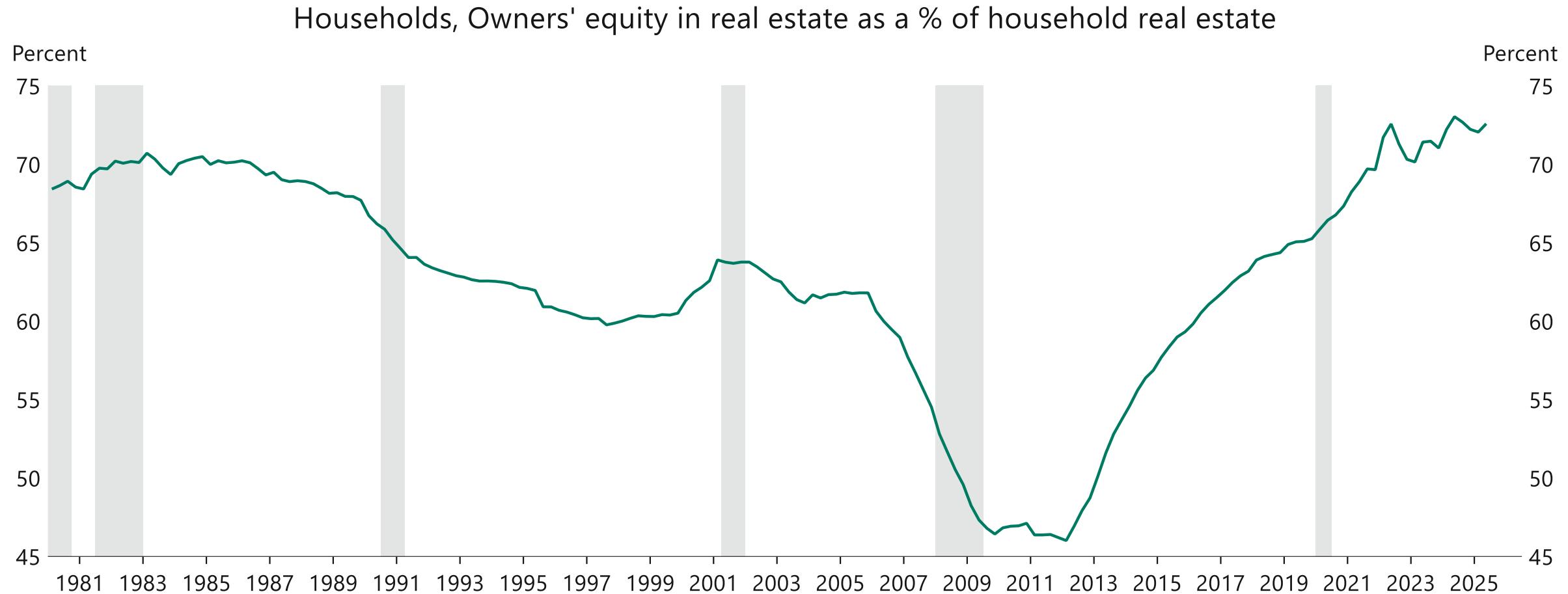
Source: U.S. Bureau of Labor Statistics (BLS), Macrobond, Apollo Chief Economist

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



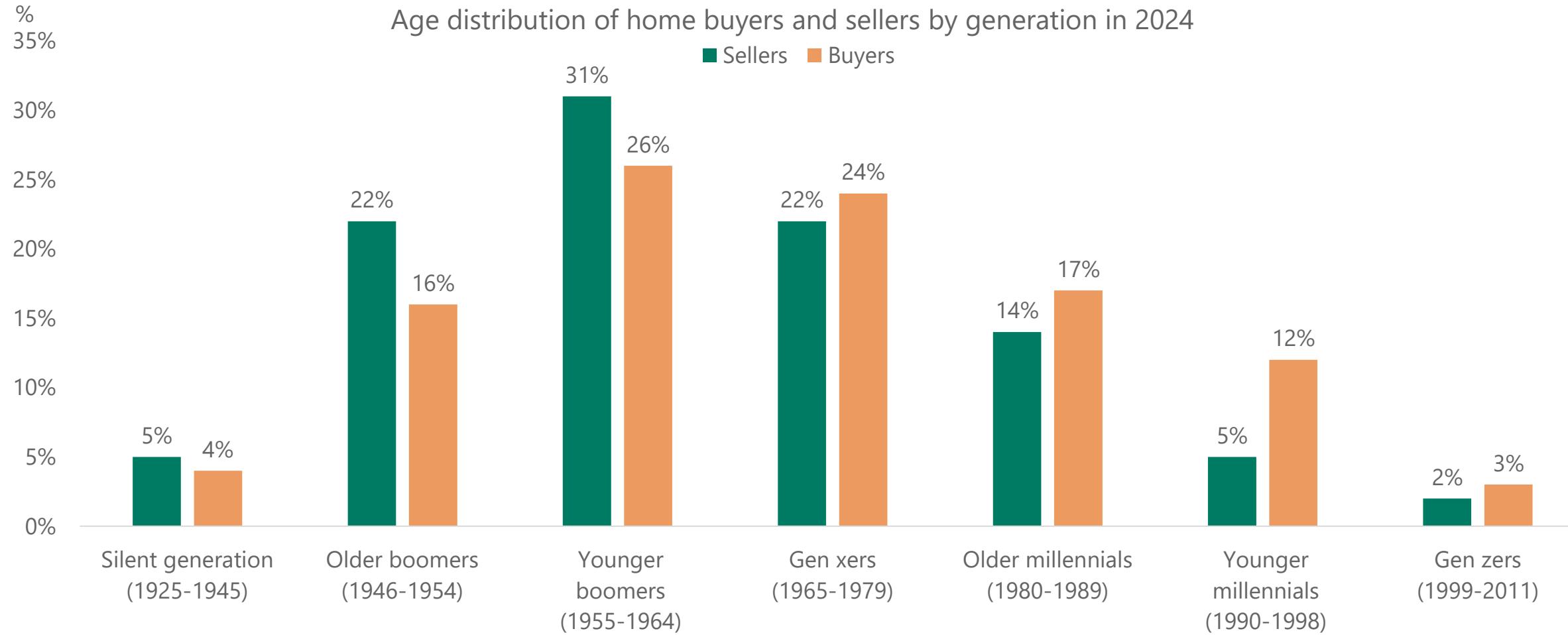
Source: Federal Reserve, Macrobond, Apollo Chief Economist

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



Source: Federal Reserve, Macrobond, Apollo Chief Economist

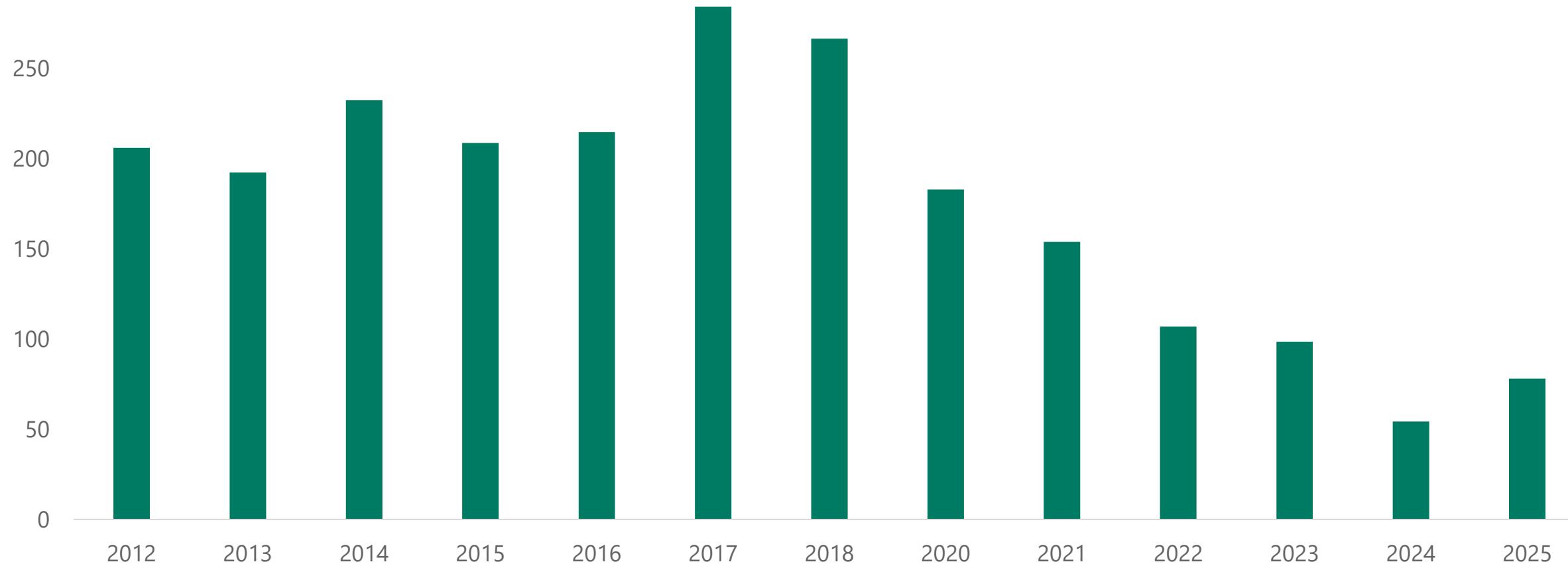
More home buyers in the 70+ age group



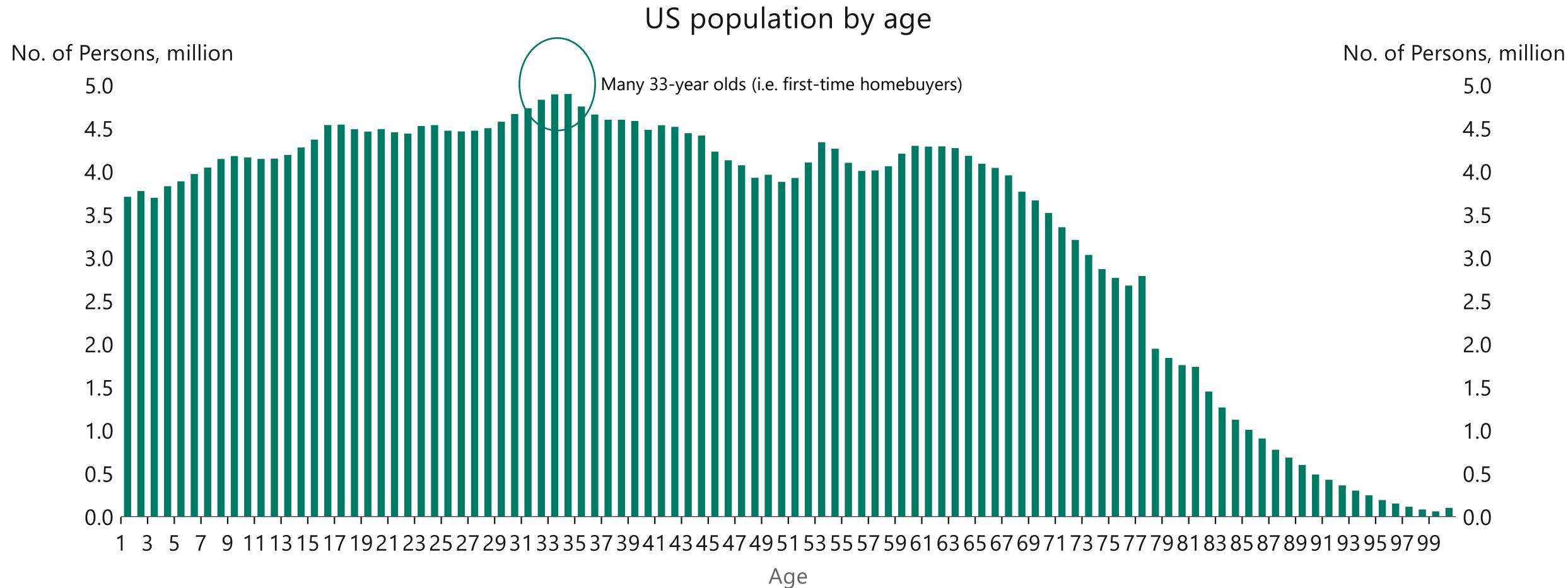
International homebuyers

thous
300

Number of existing home purchases by foreign buyers



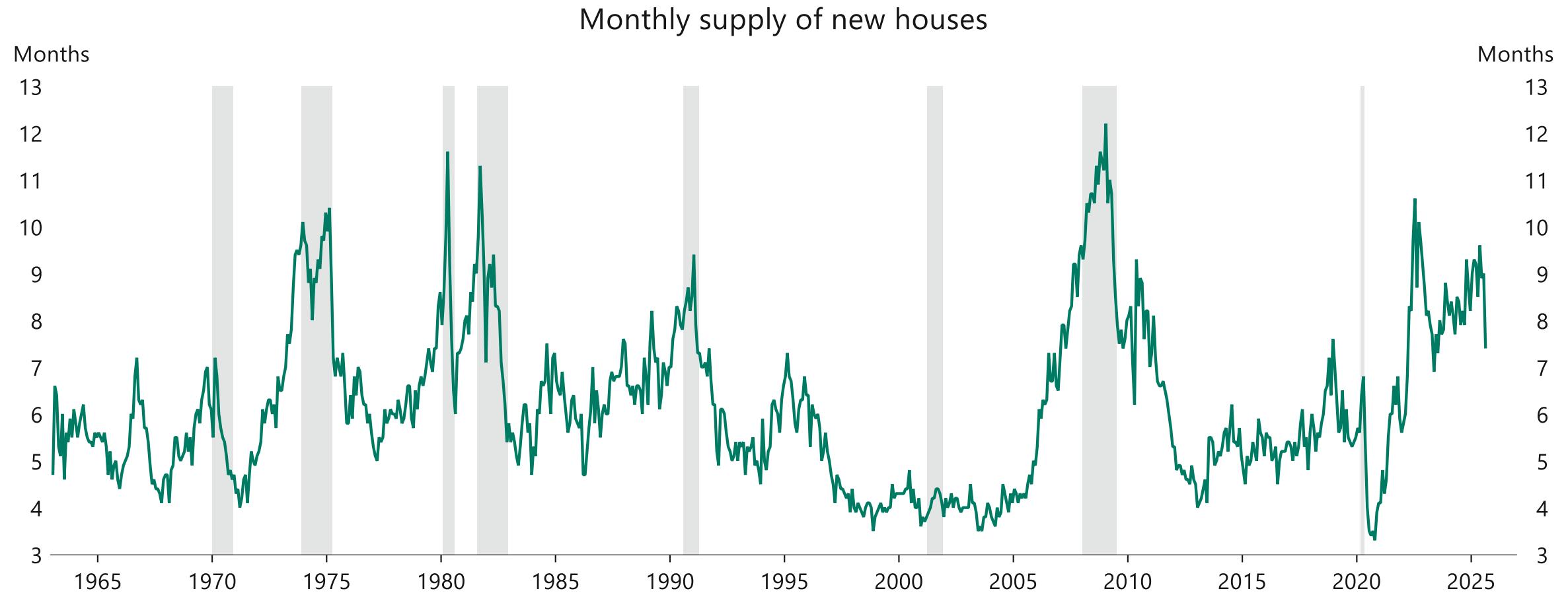
Demographics are a tailwind to housing demand



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

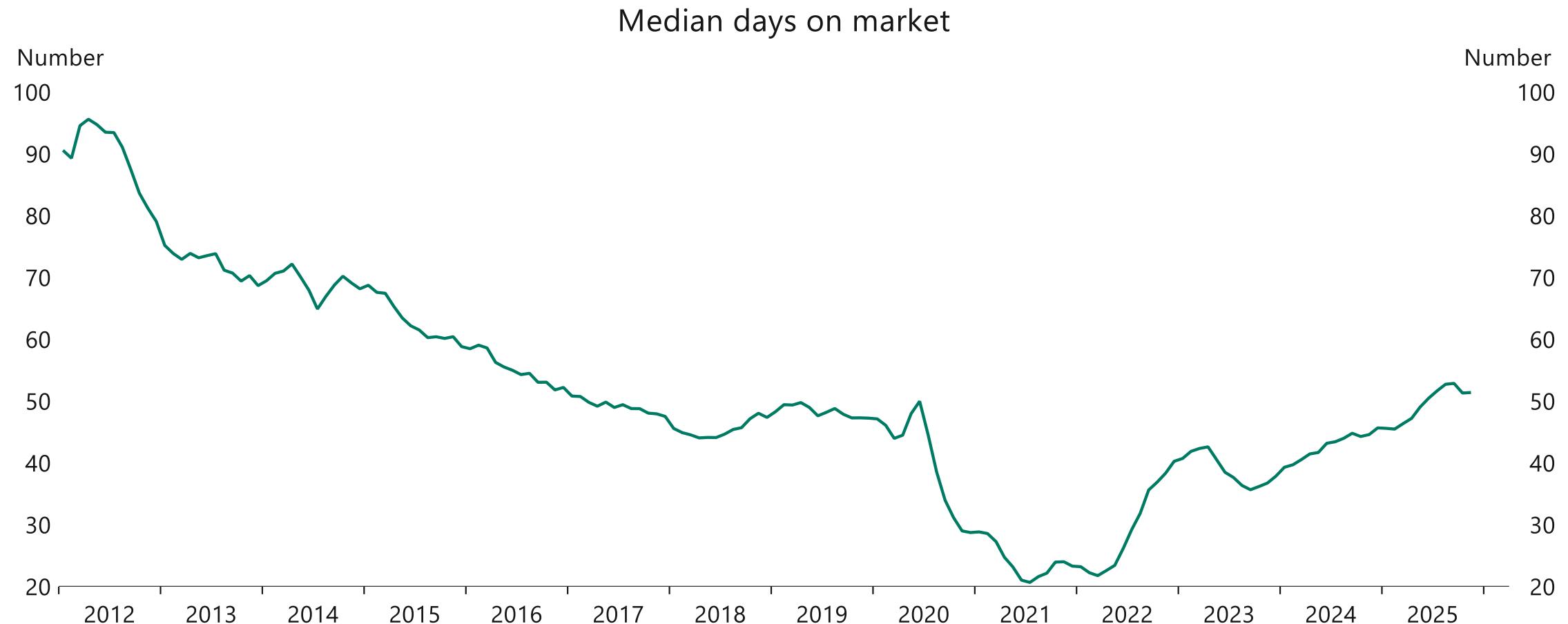
2) Housing Supply

New homes supply indicates slower market turnover



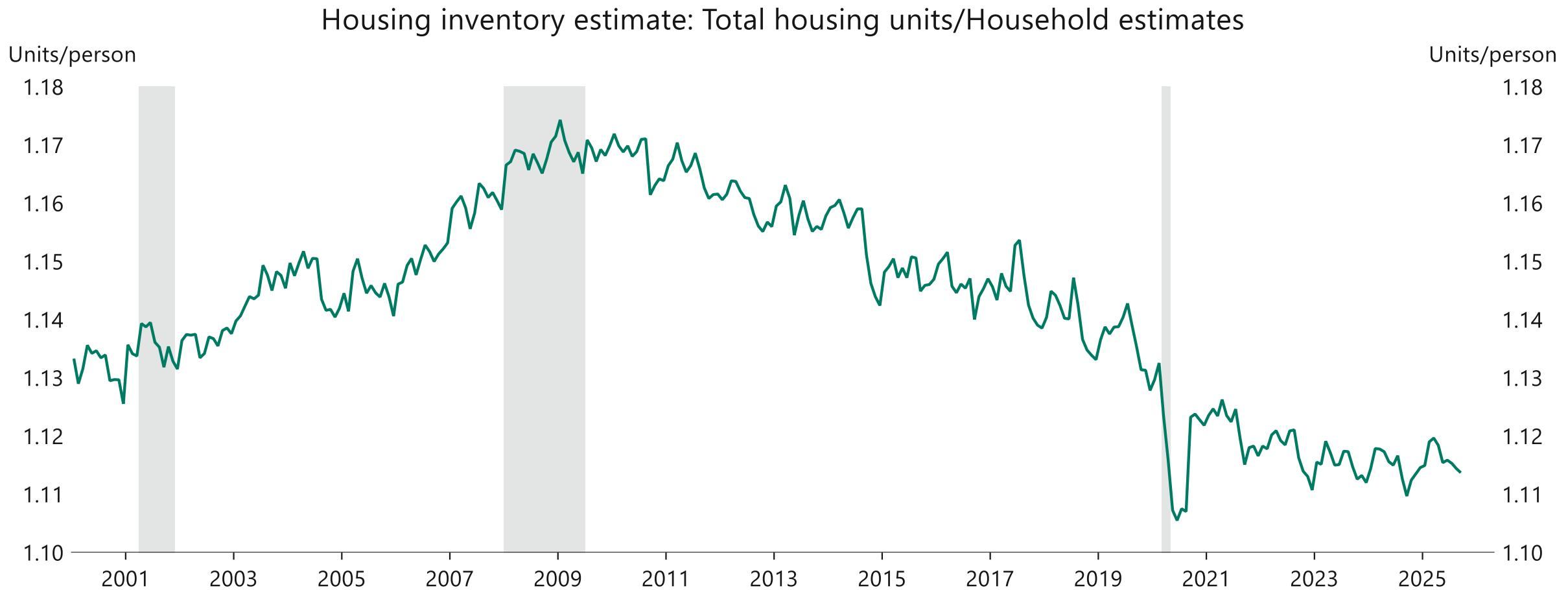
Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist. Note: The months' supply is the ratio of new houses for sale to new houses sold.

Median days on the market



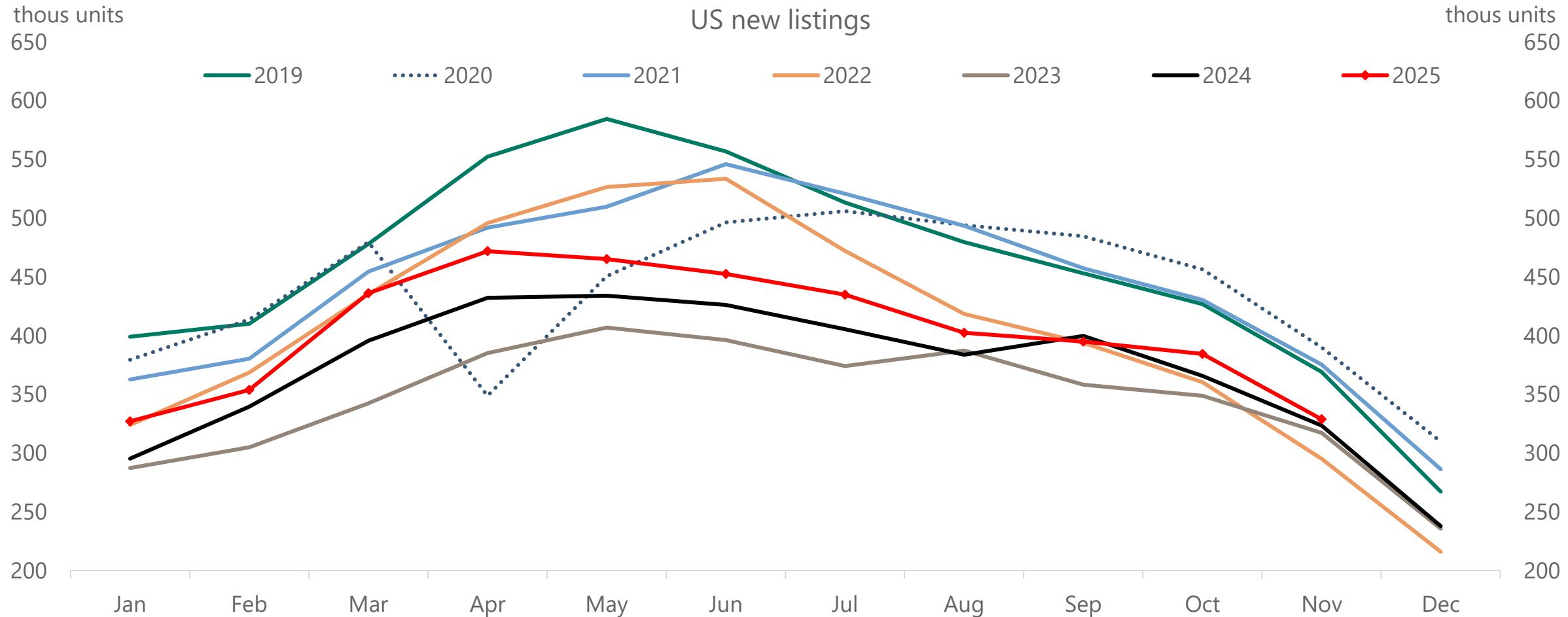
Source: Redfin, Macrobond, Apollo Chief Economist

Total housing inventory per person is very low



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

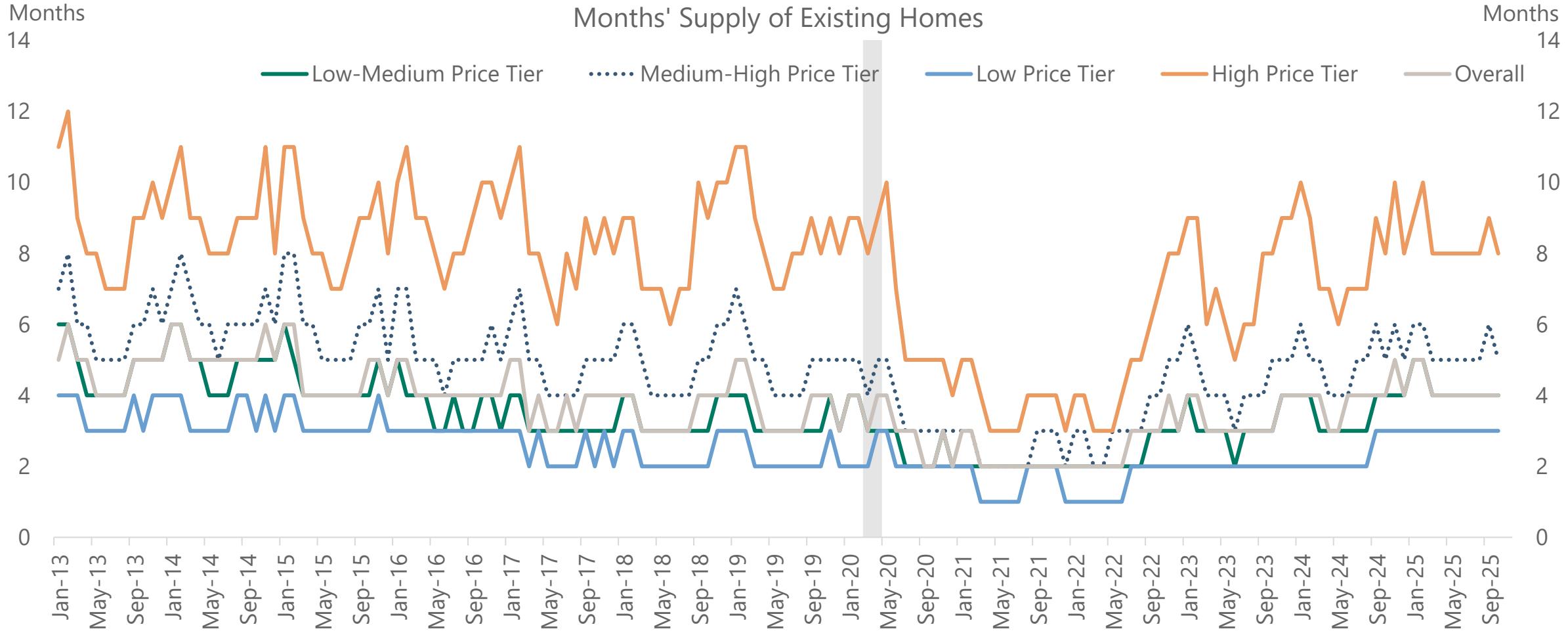
The number of newly listed homes



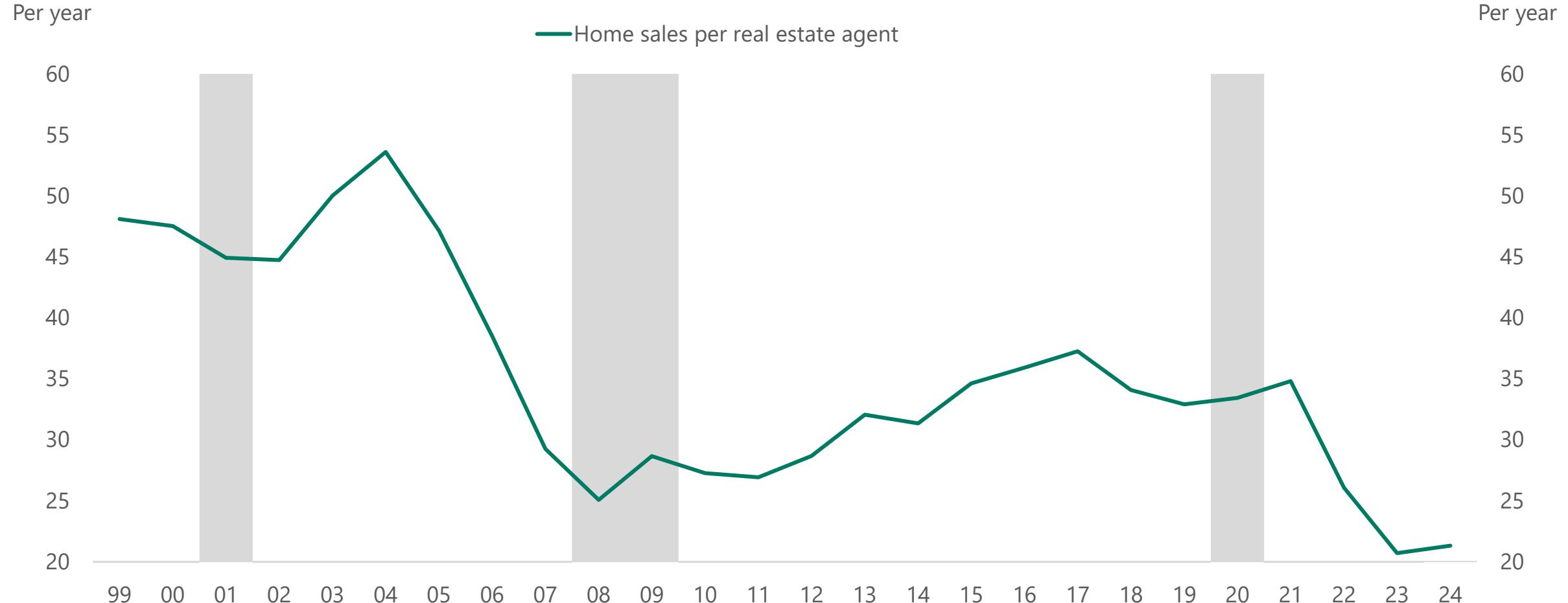
Housing supply is low: Residential new listings remain low



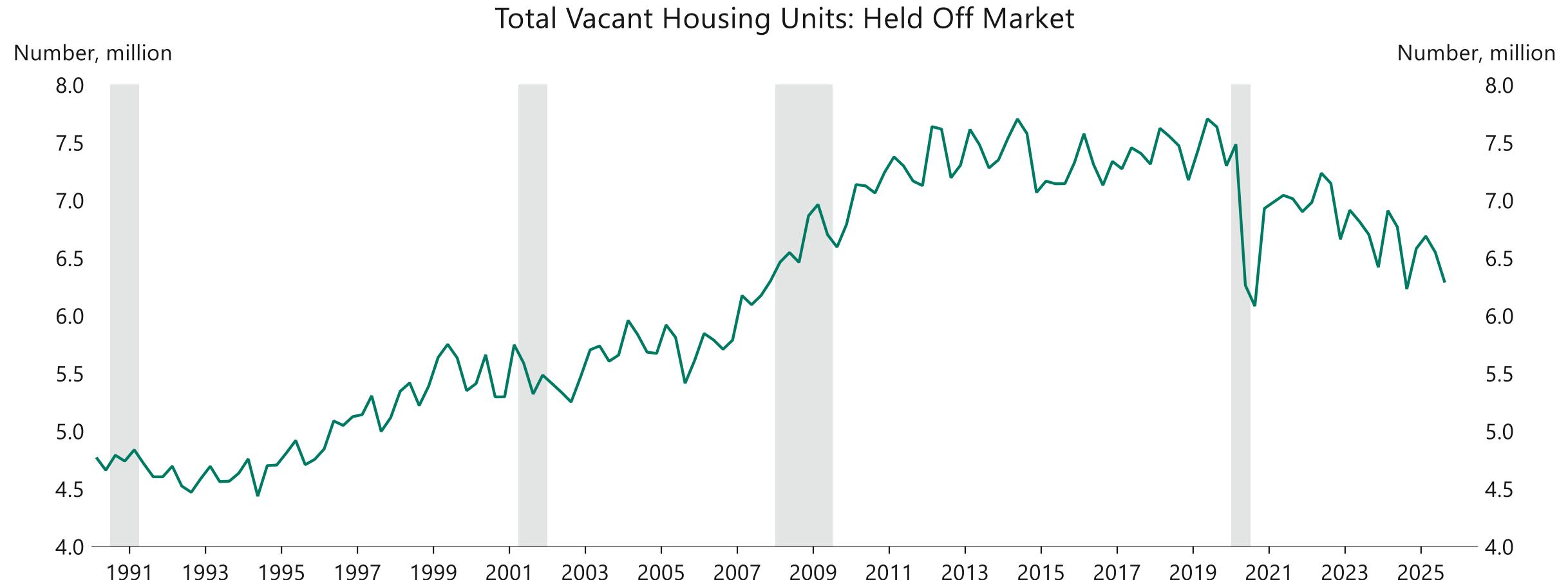
Inventory of existing homes for sale remains low across the price spectrum



With lower inventory, real estate sales agents selling fewer homes

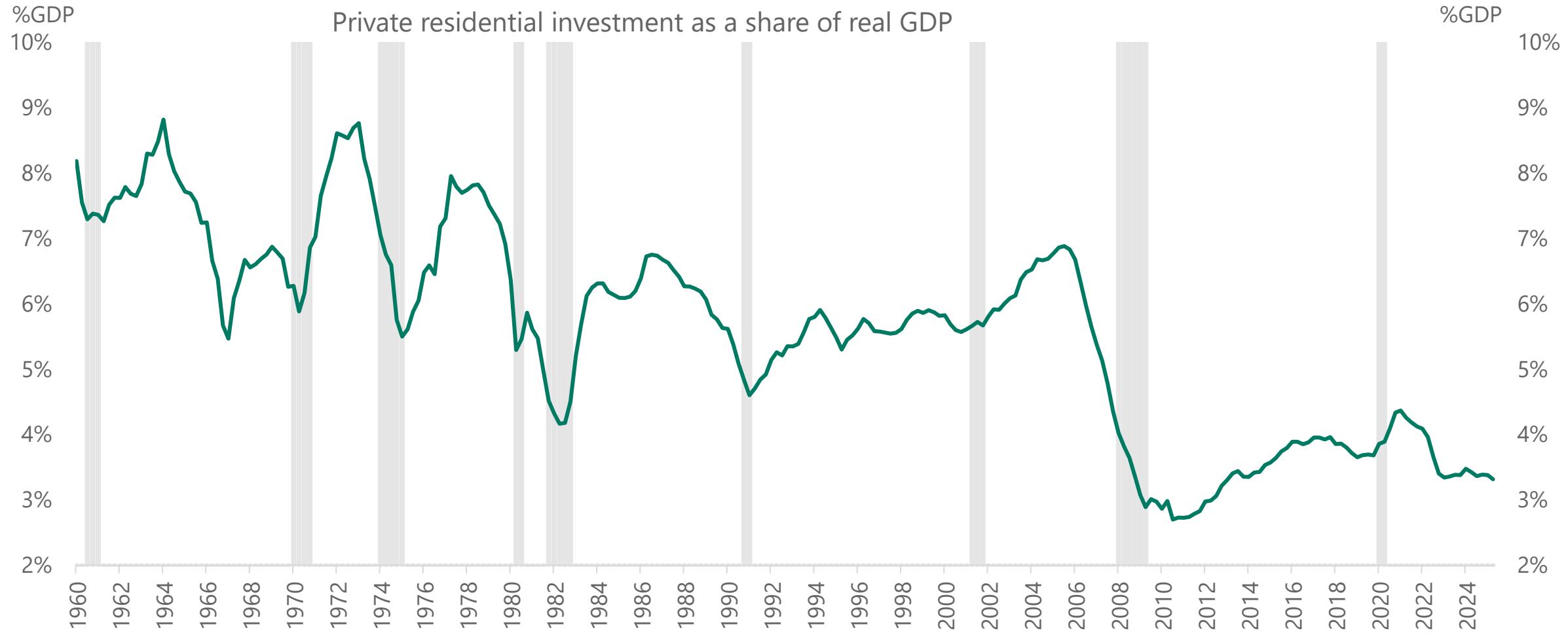


The number of vacant housing units held off market

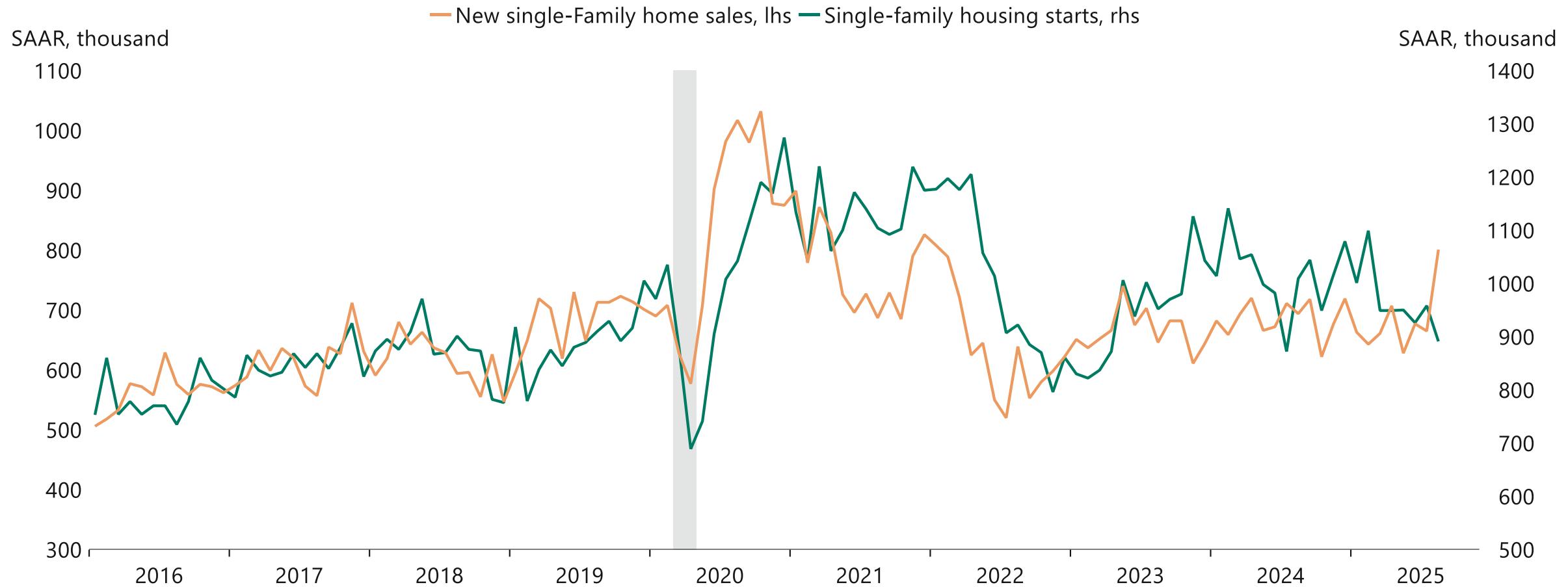


Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

Residential investment as a share of real GDP is close to all-time lows at 3.3%

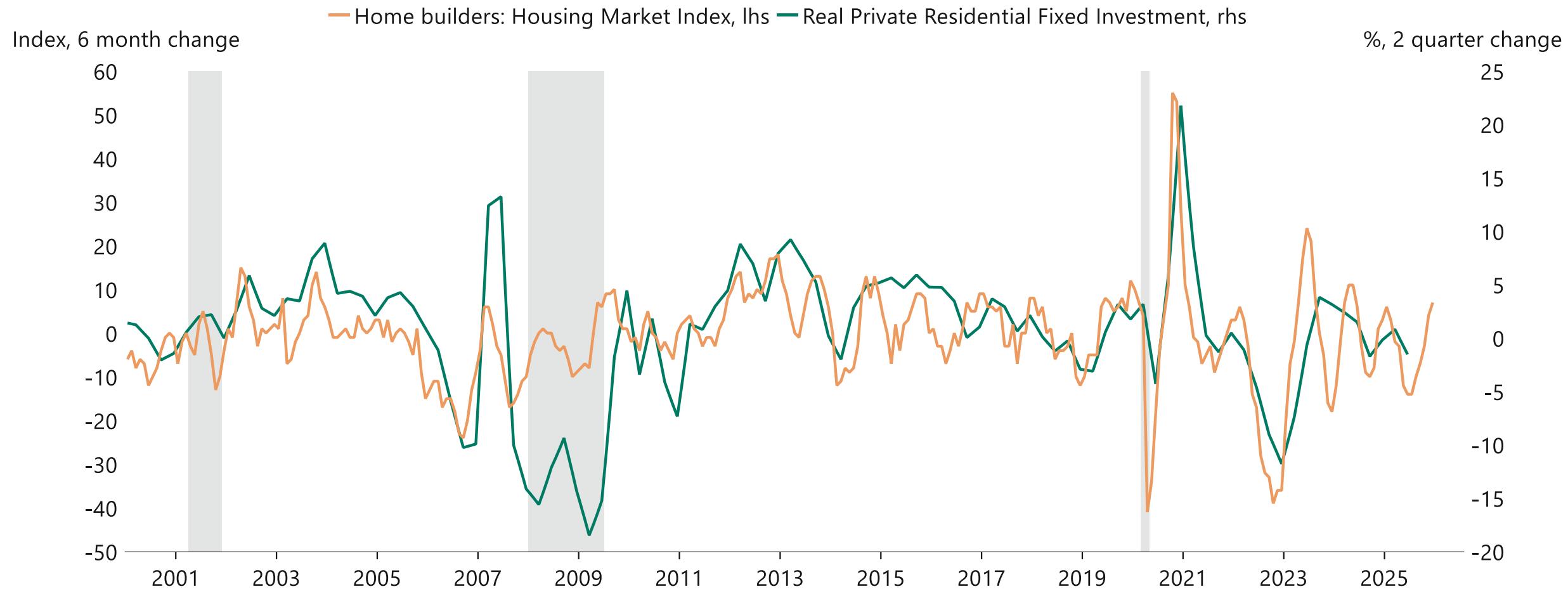


US home construction



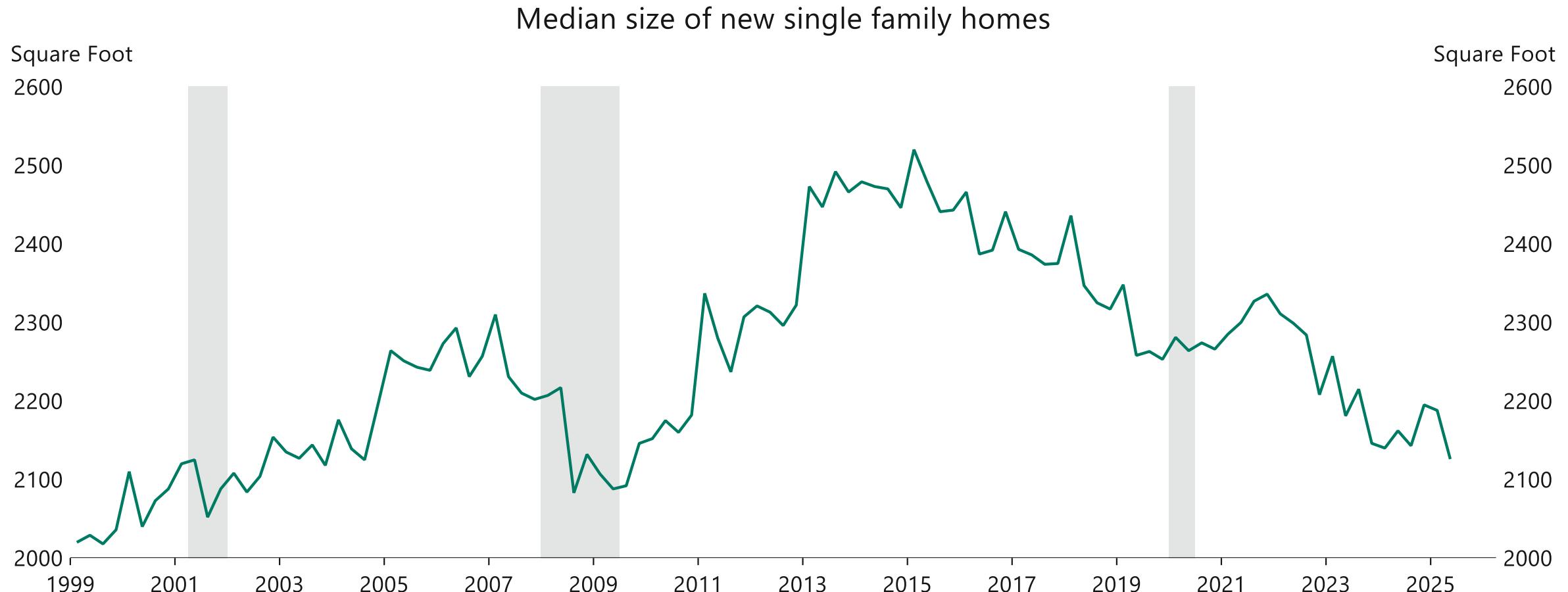
Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

Homebuilder confidence correlated with residential investment



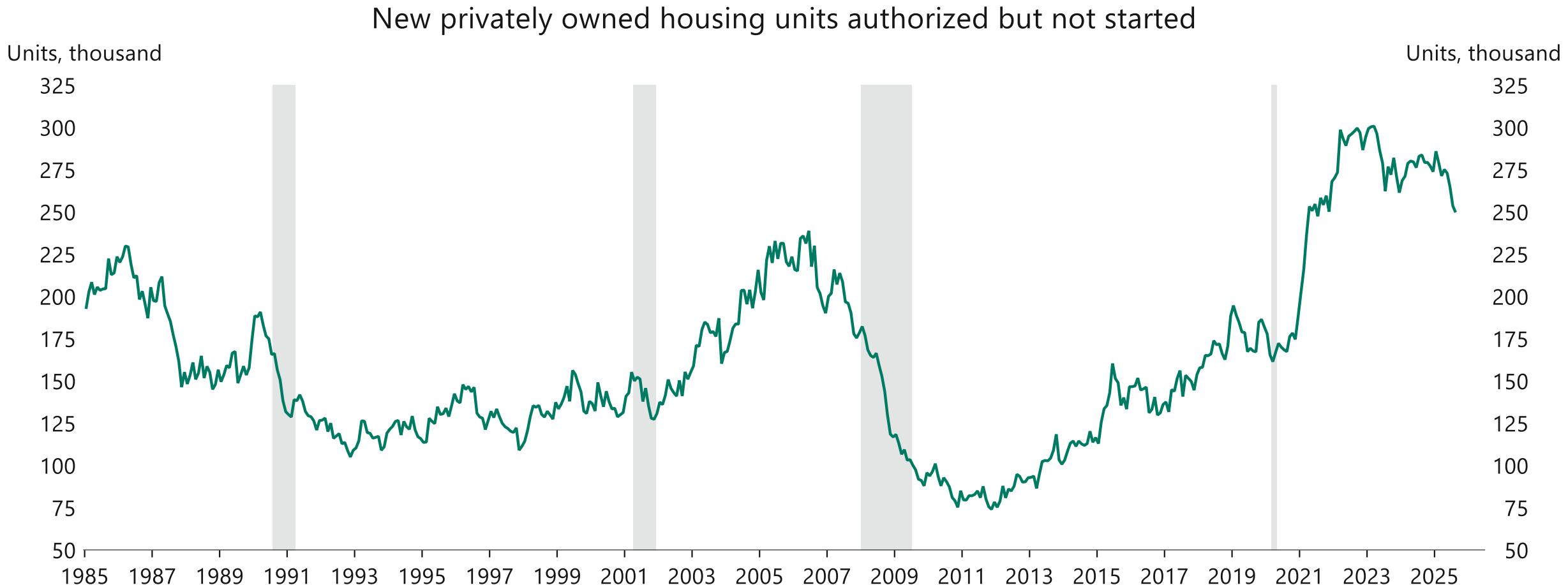
Source: U.S. Bureau of Economic Analysis (BEA), National Association of Home Builders, Macrobond, Apollo Chief Economist

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



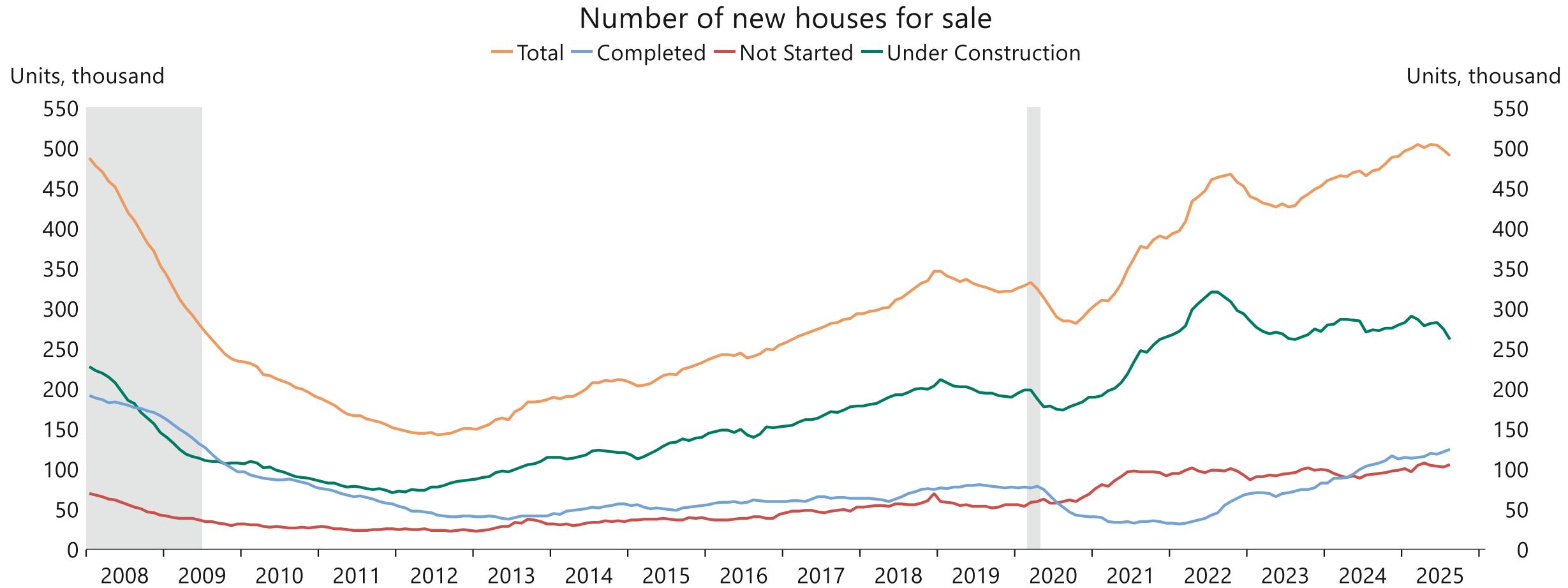
Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

Level of new housing units authorized but not started

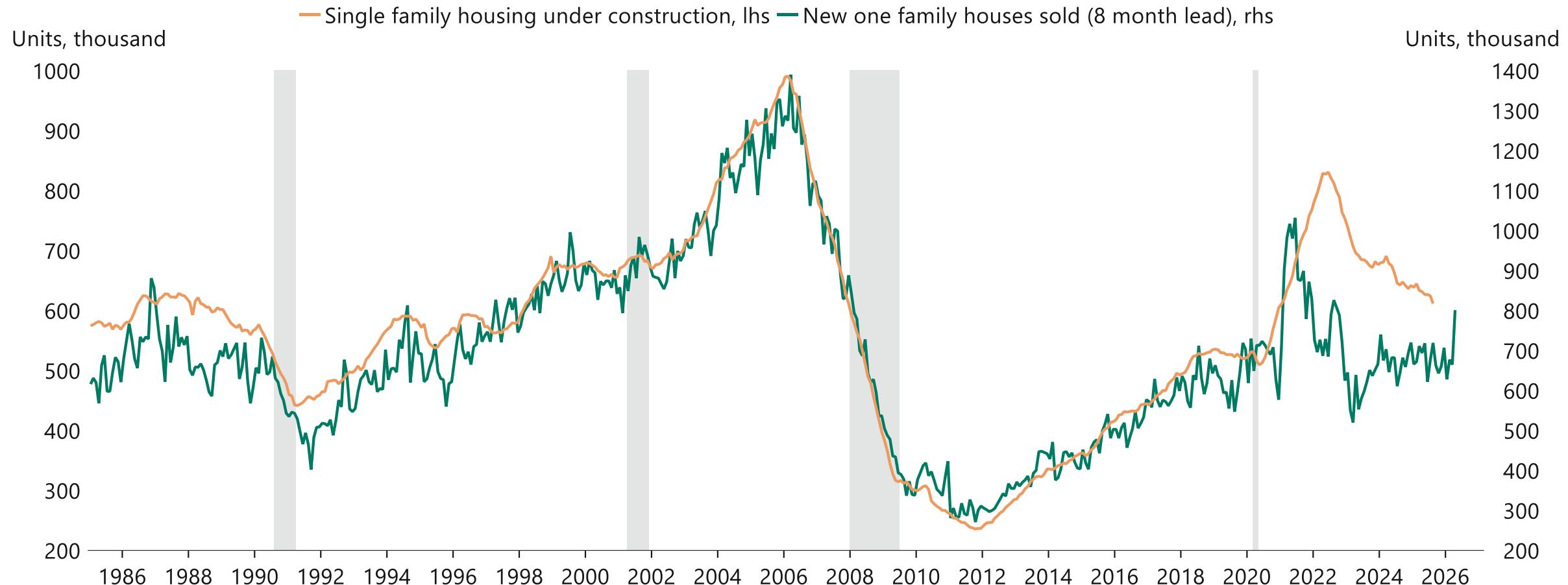


Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

Number of new houses for sale

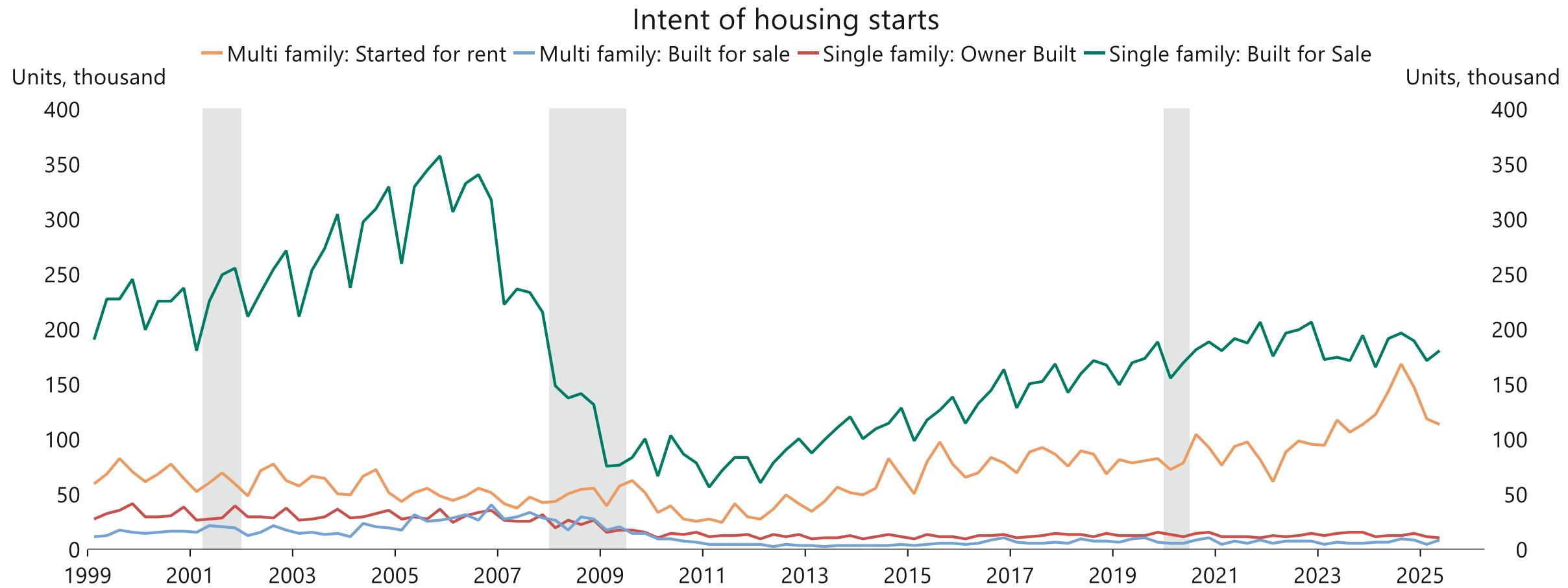


Some disconnect between housing under construction and new homes sold

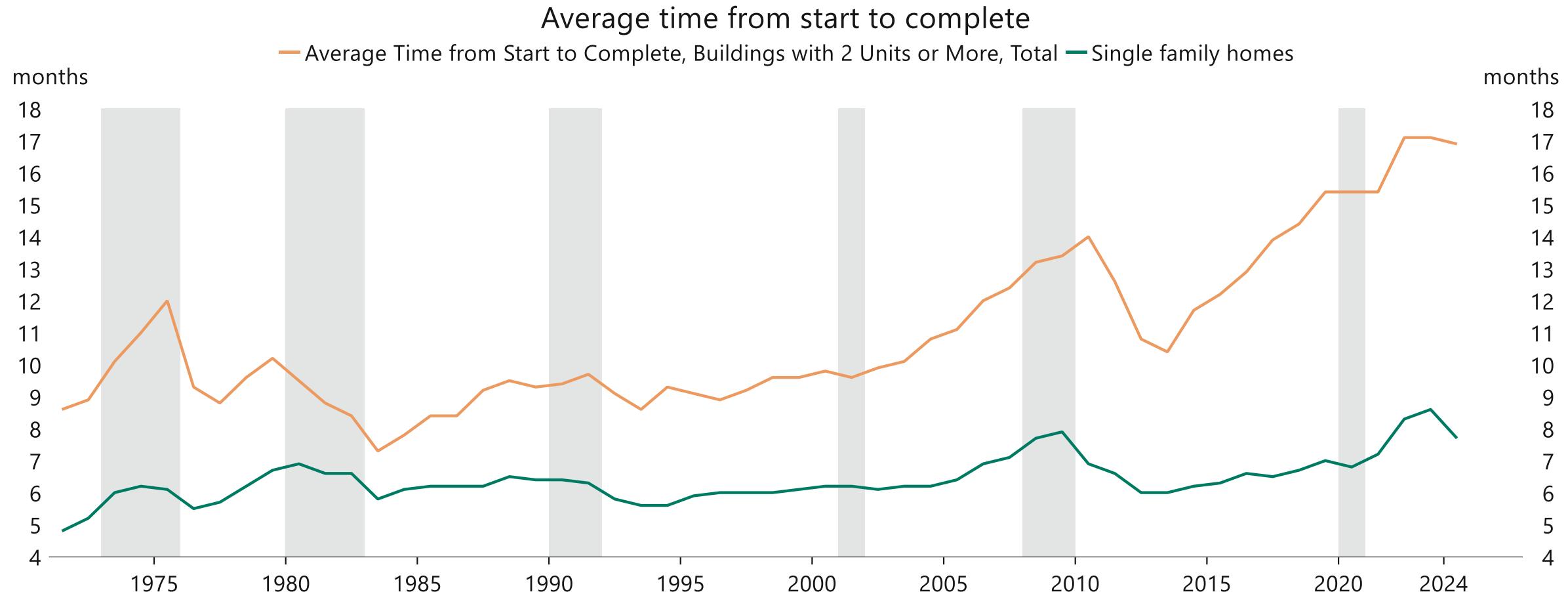


Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

Intent of housing starts

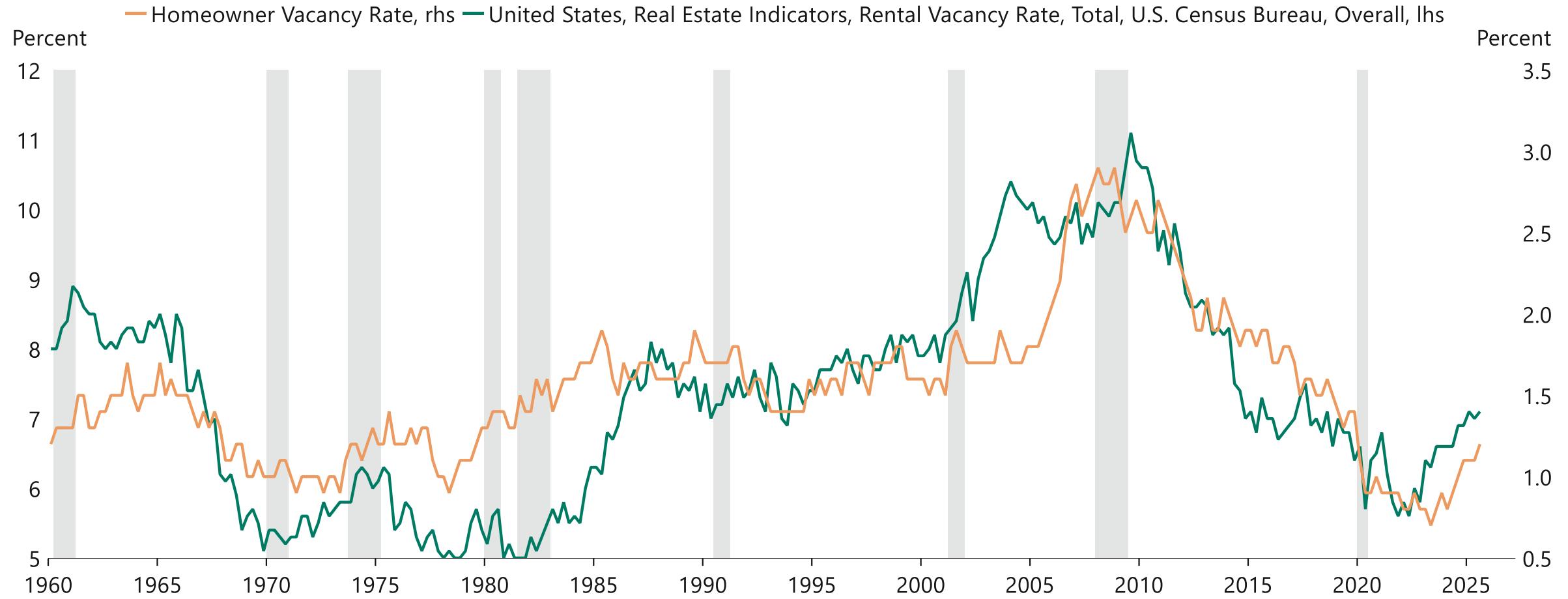


It currently takes 8 months on average to build a single-family house

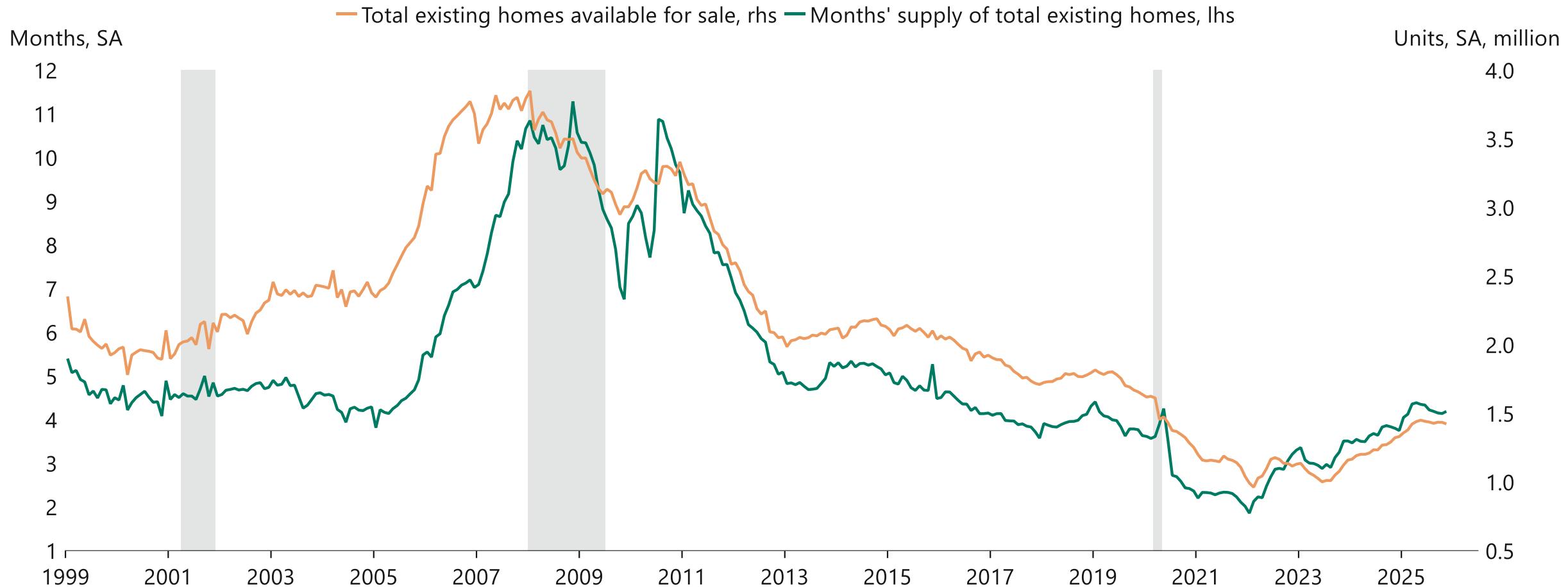


Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

Homeowner vacancy rate and rental vacancy rate

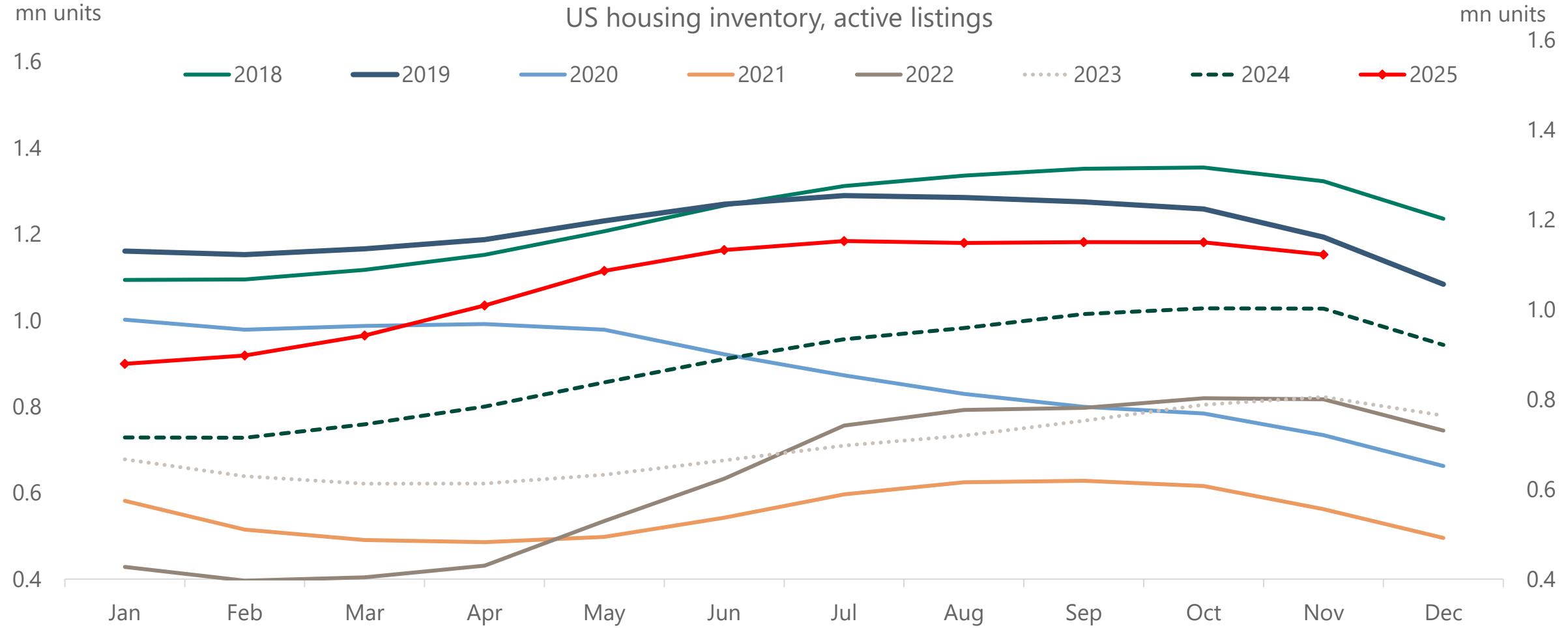


Inventory of existing homes

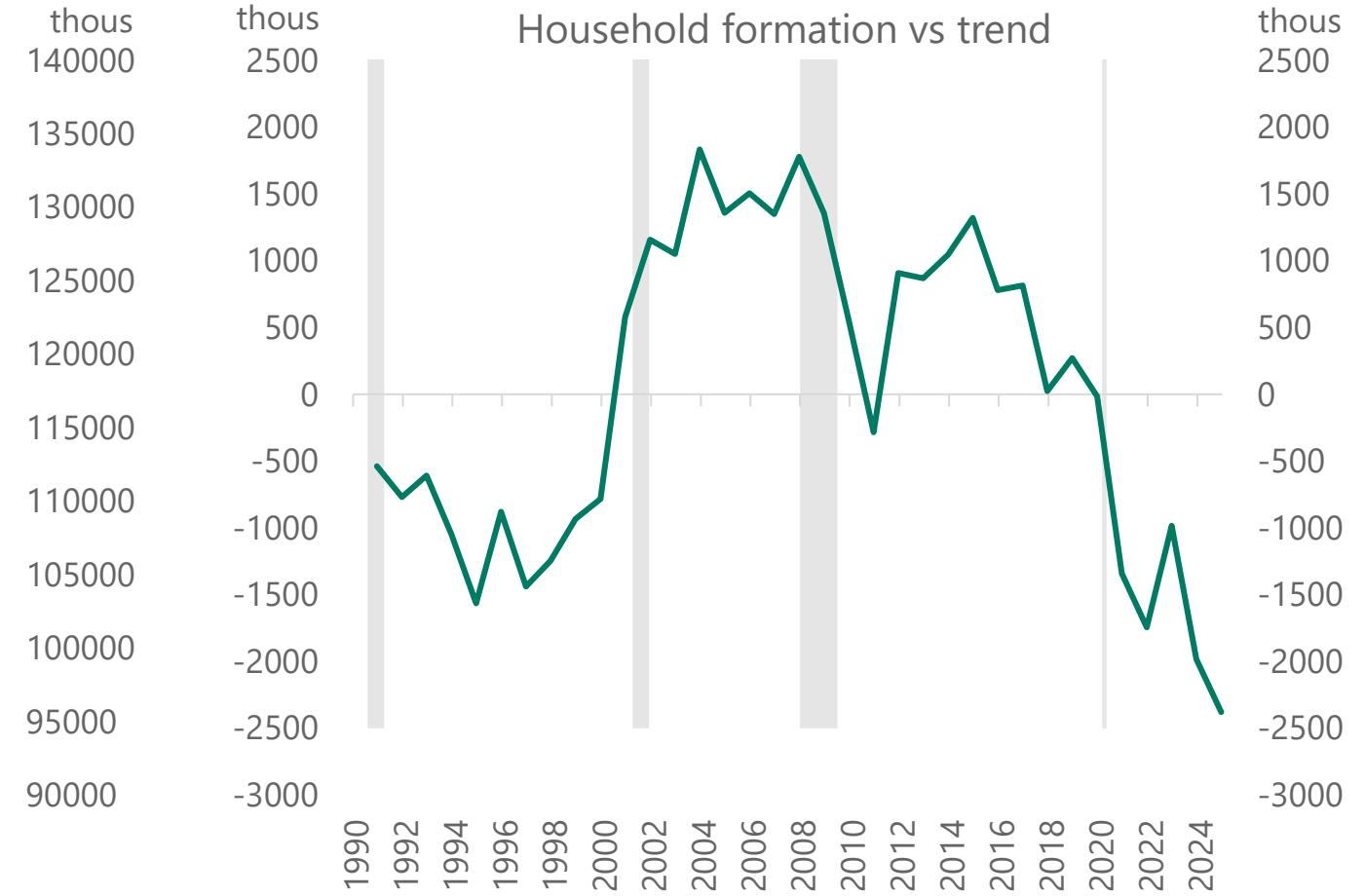
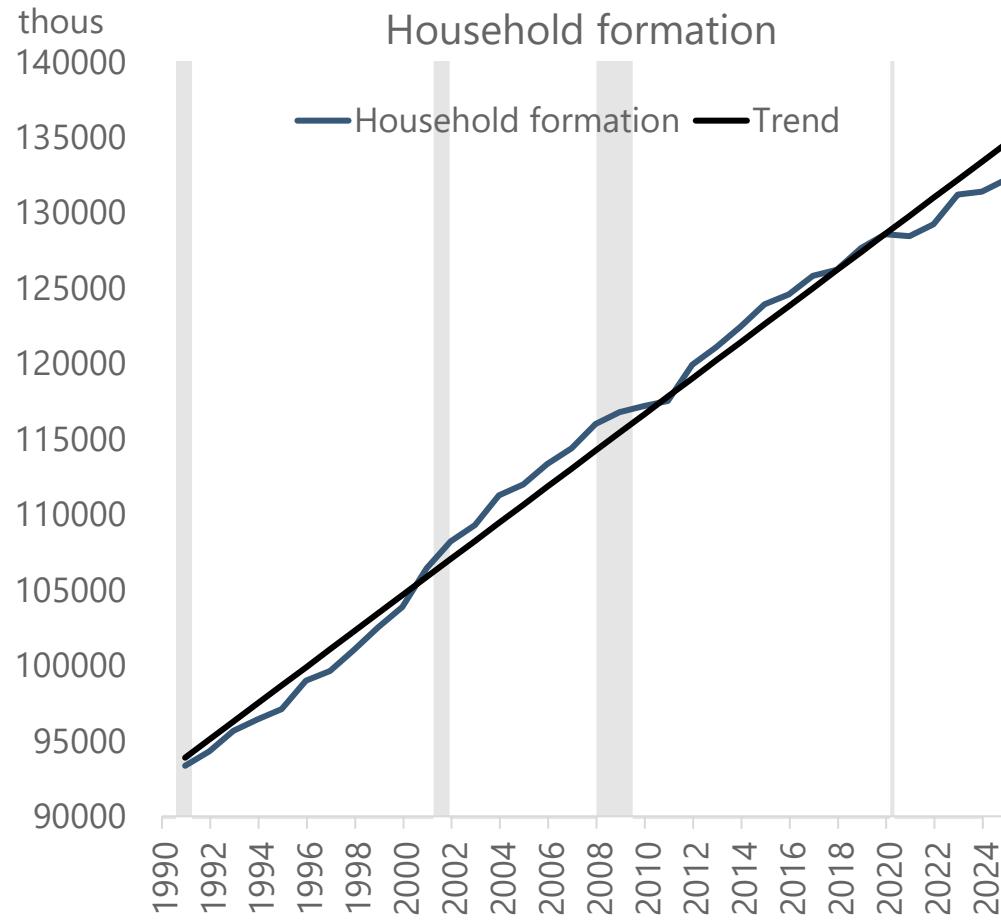


Source: National Association of Realtors (NAR), Macrobond, Apollo Chief Economist

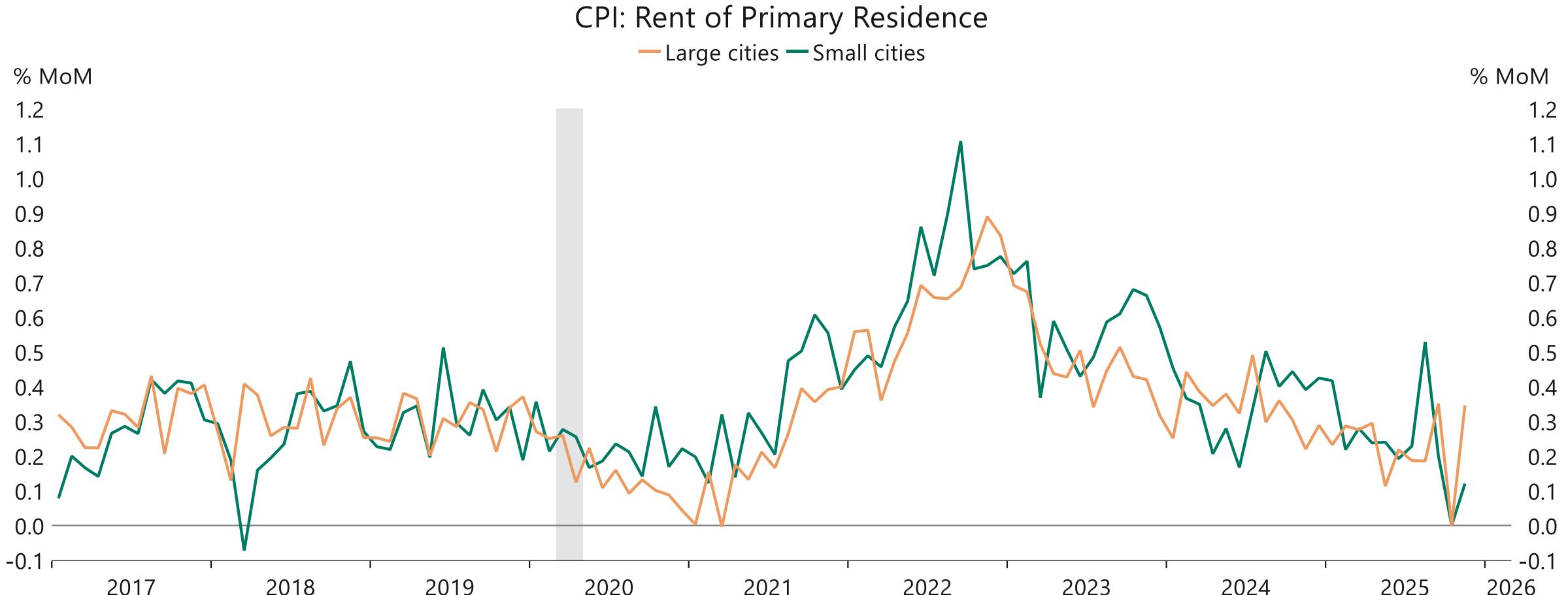
Inventory of homes for sale



US has an estimated deficit of 2.4mn homes

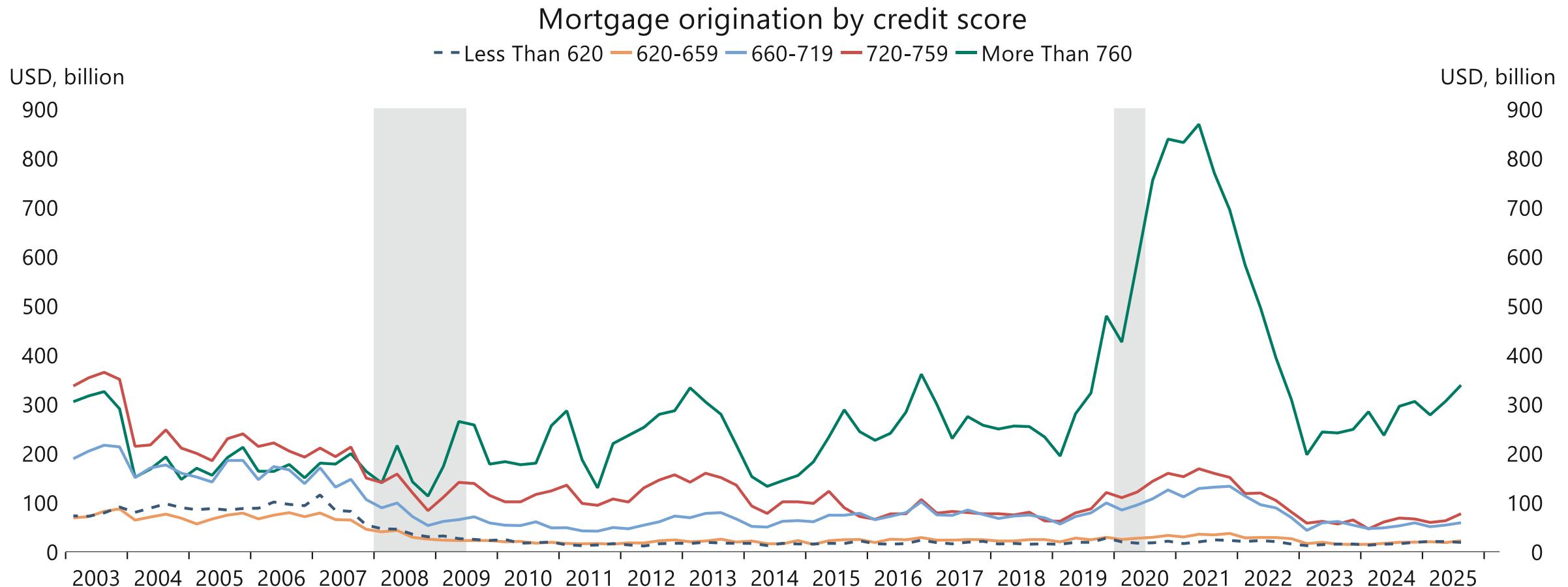


Rent inflation in large and small cities



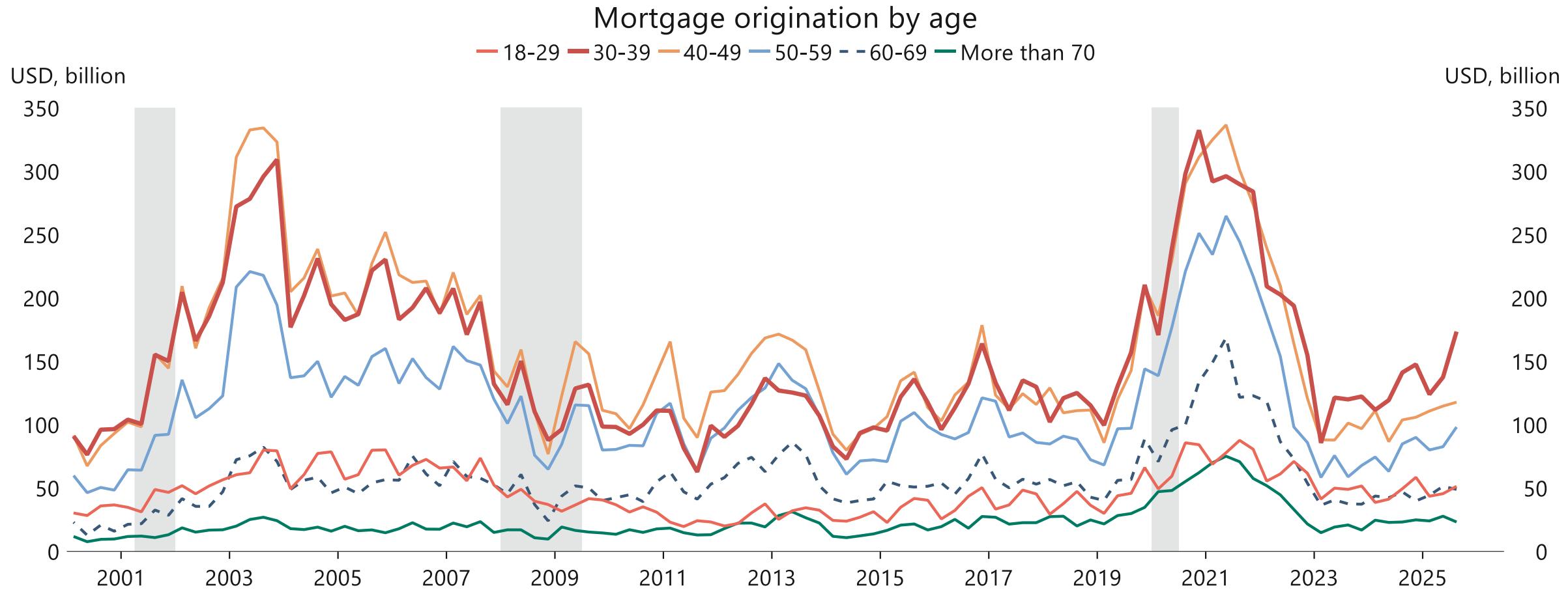
Source: U.S. Bureau of Labor Statistics (BLS), Macrobond, Apollo Chief Economist

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%

%

Share of mortgages outstanding below 4%, Q2 2025

54

53

52

51

50

49

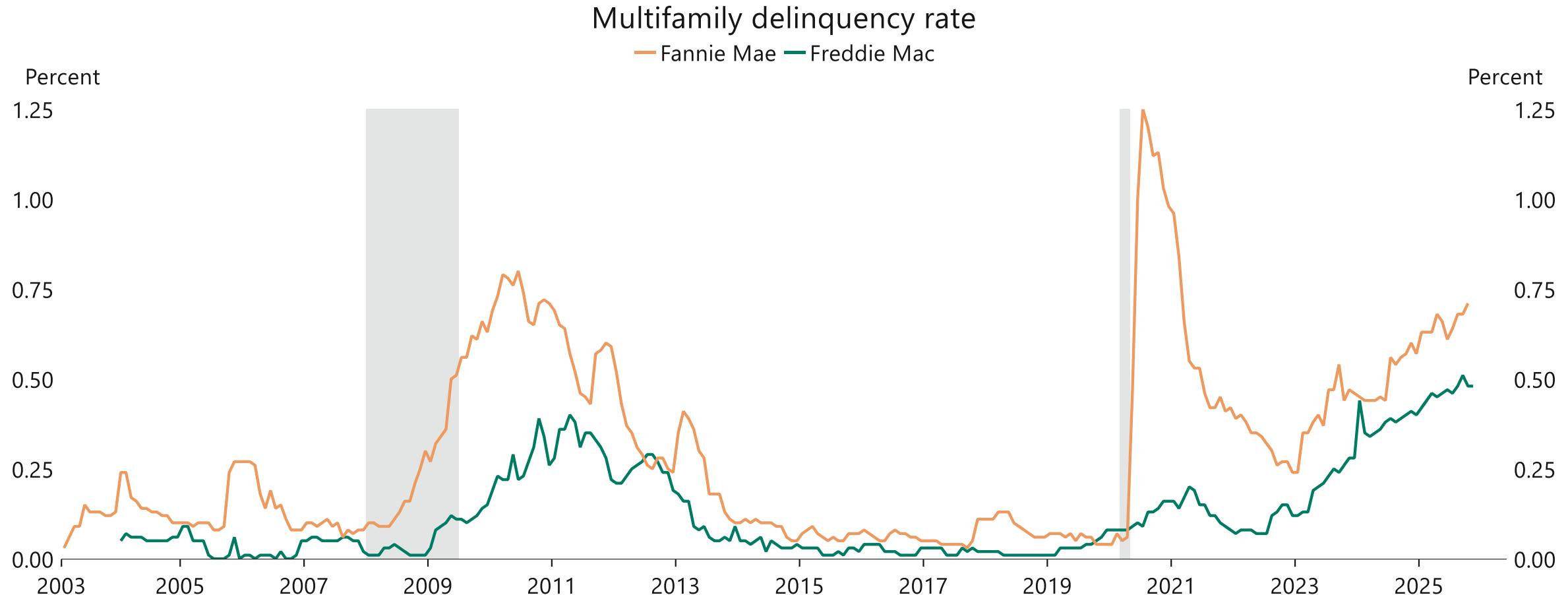
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52

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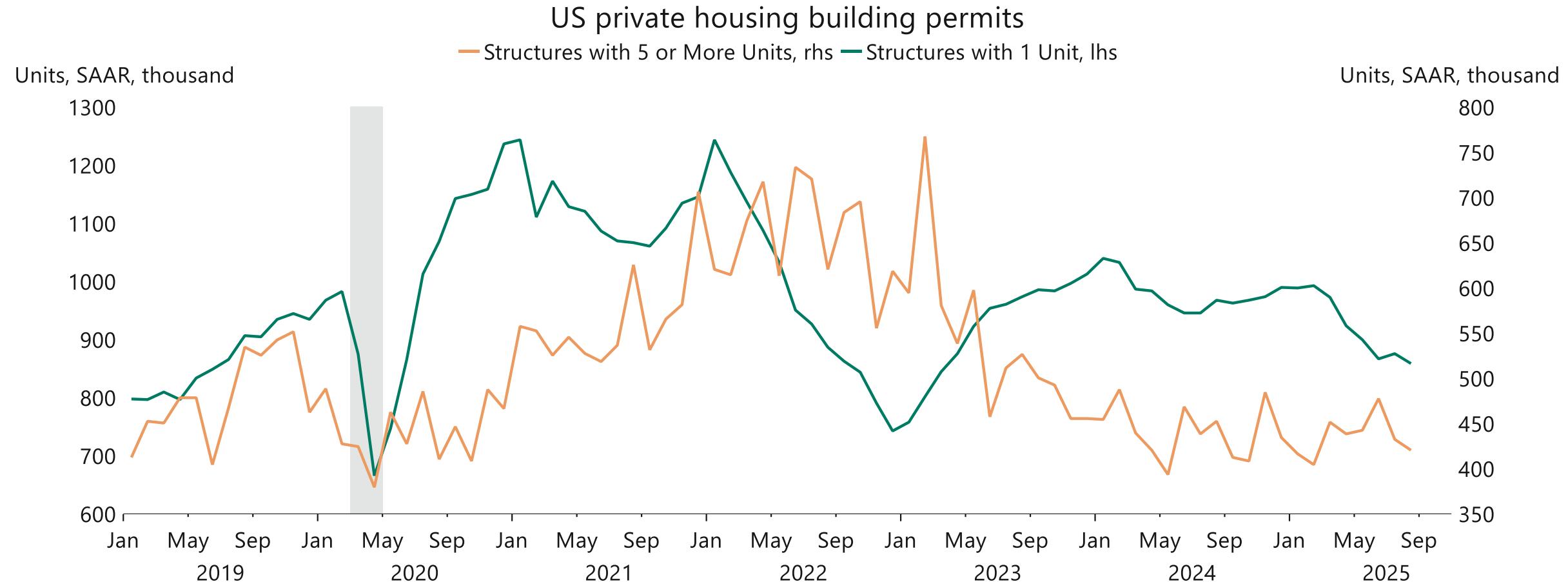


Multifamily delinquencies rising



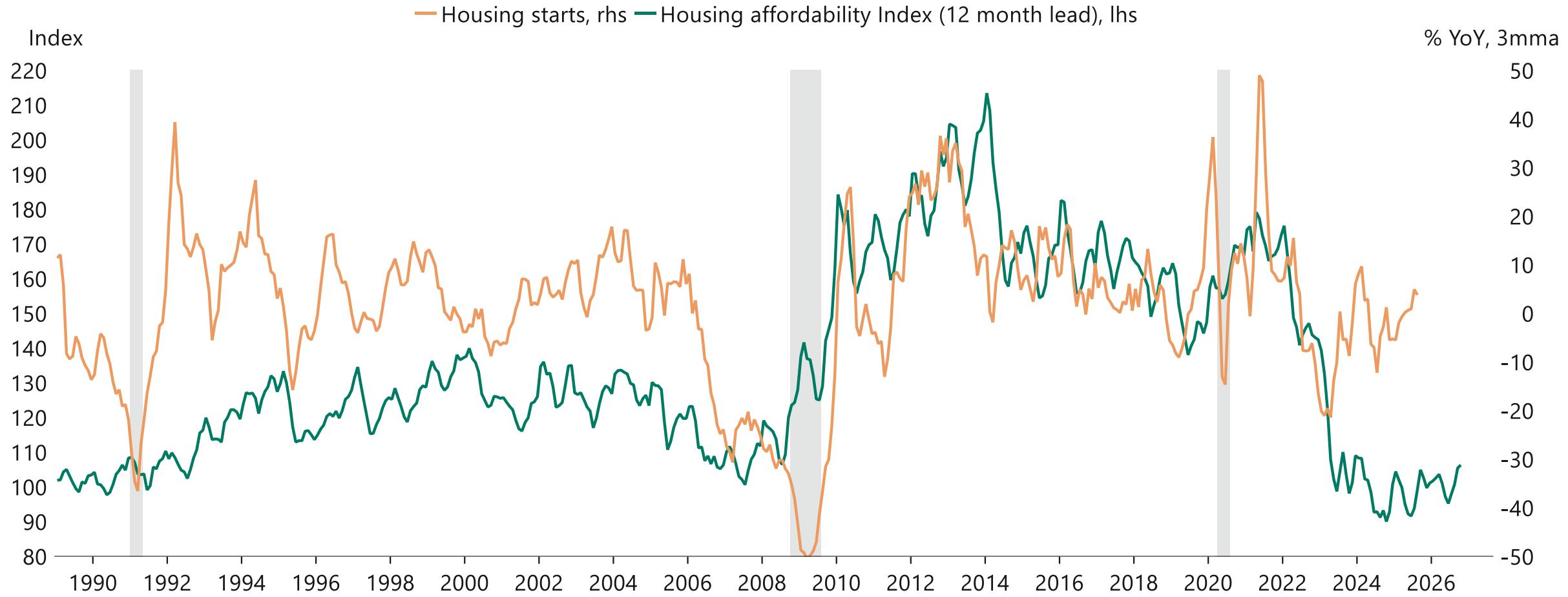
Source: Freddie Mac, Federal National Mortgage Association (Fannie Mae), Macrobond, Apollo Chief Economist

Multifamily and single-family housing units authorized moving sideways



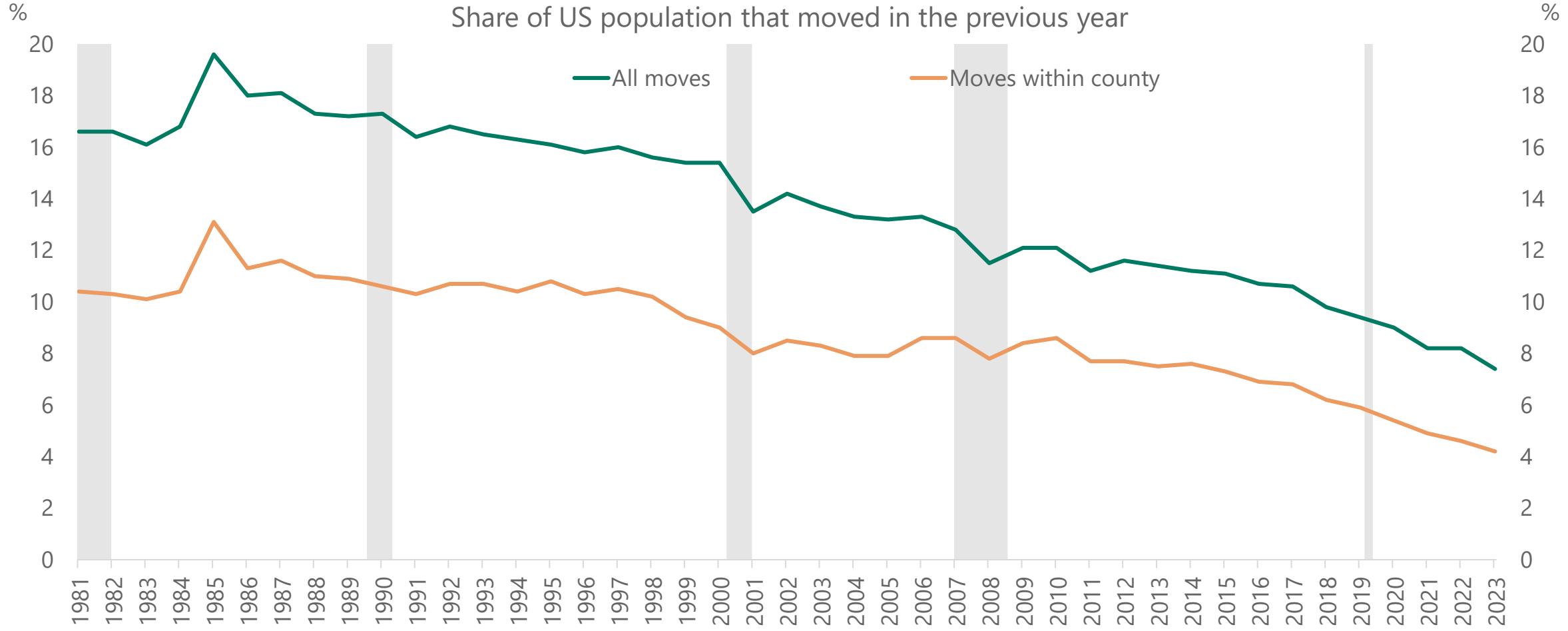
Source: U.S. Census Bureau, Macrobond, Apollo Chief Economists

Housing starts high despite low affordability

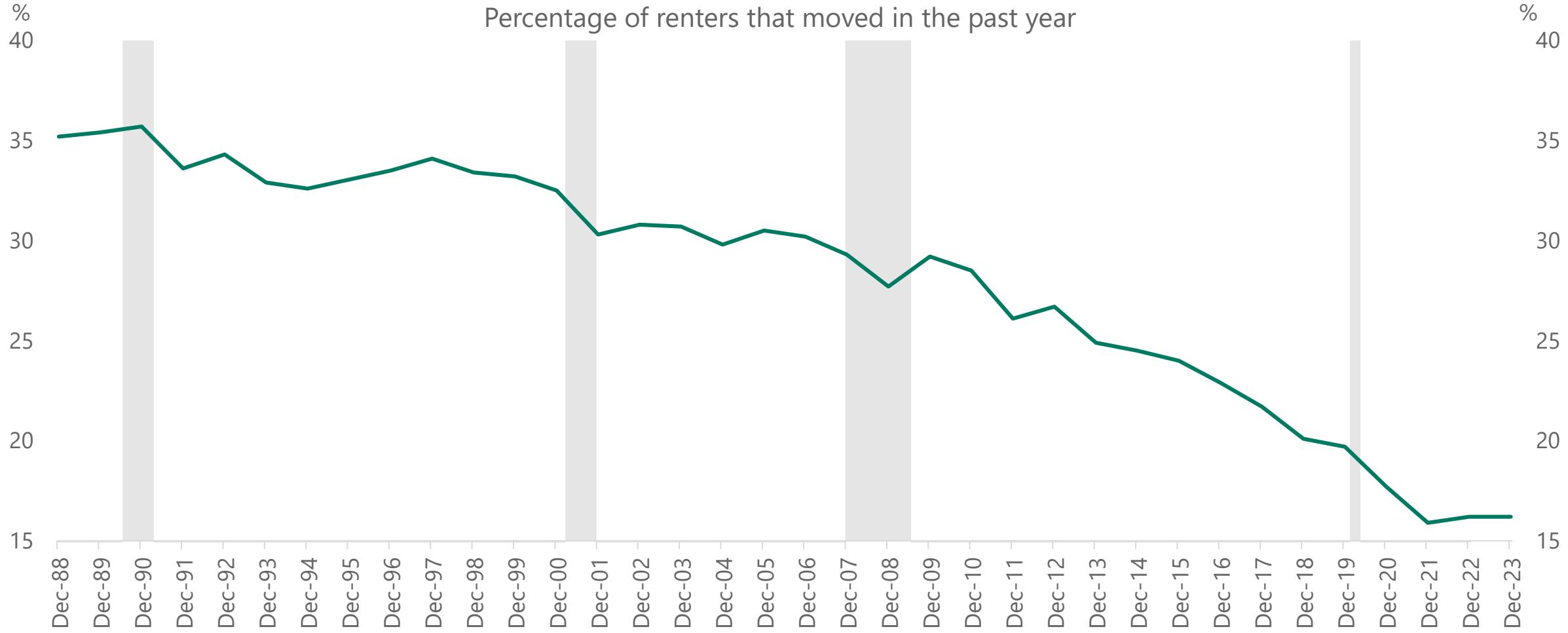


Source: National Association of Realtors (NAR), U.S. Census Bureau, Macrobond, Apollo Chief Economist

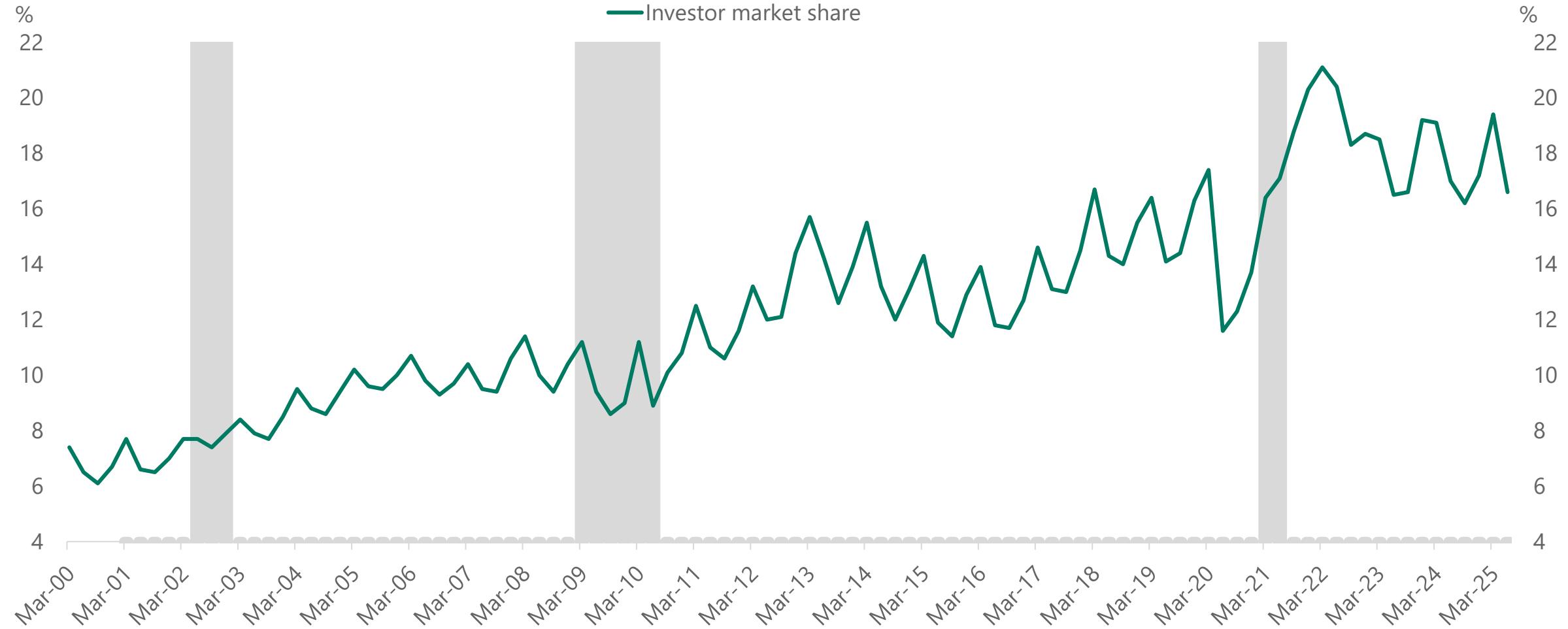
Structural decline in the share of the US population moving to a new address



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



The investor share of home purchases still elevated

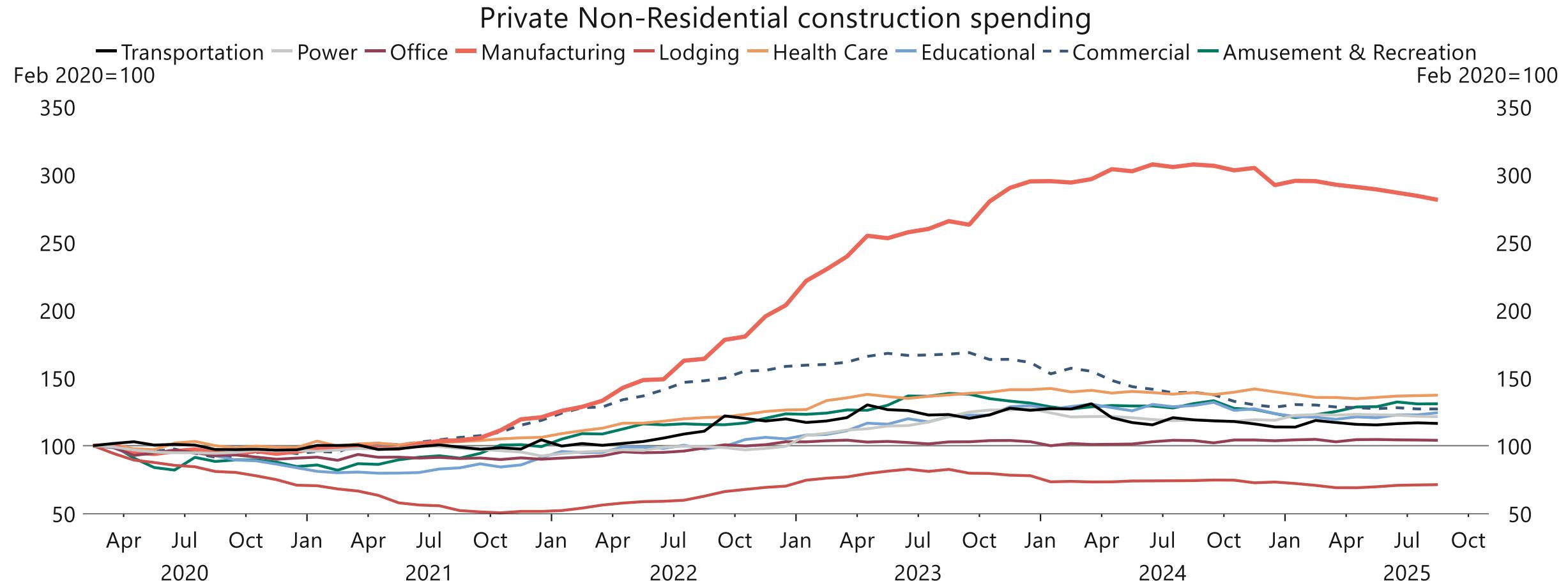


Residential construction job growth slows



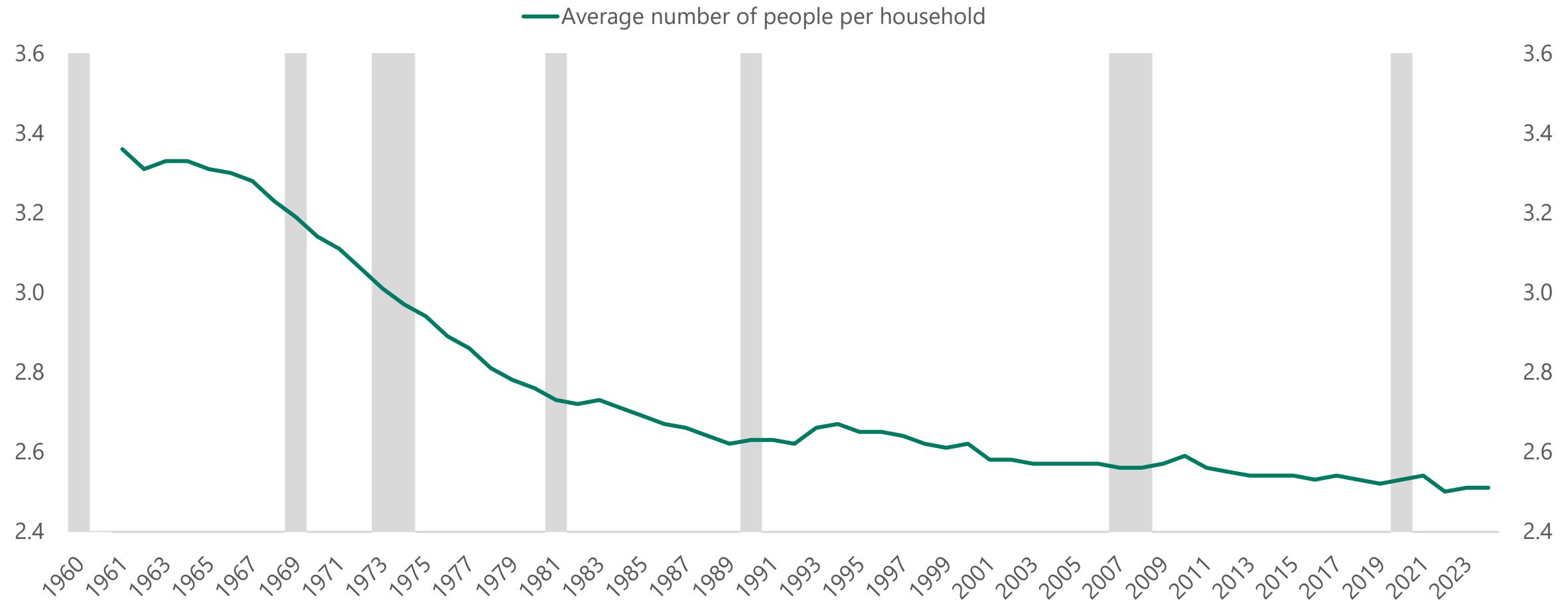
Source: U.S. Bureau of Labor Statistics (BLS), Macrobond, Apollo Chief Economist

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



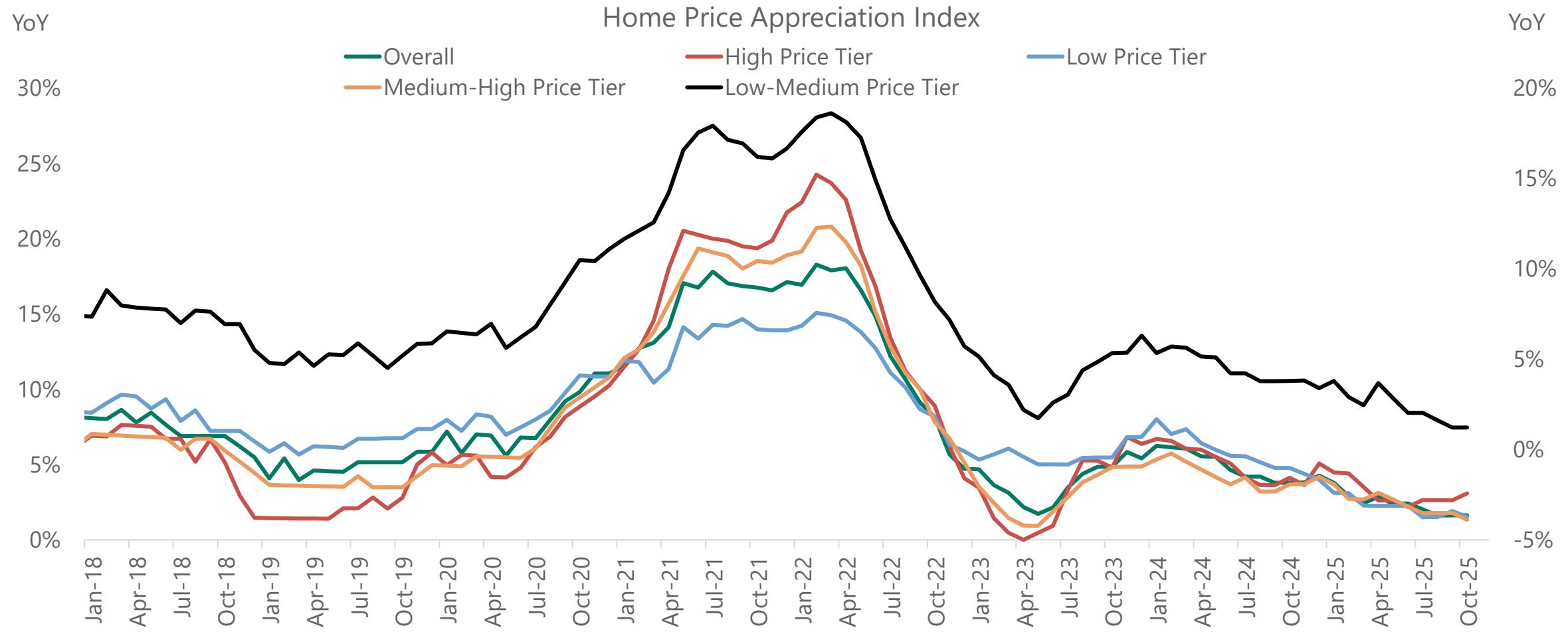
Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

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

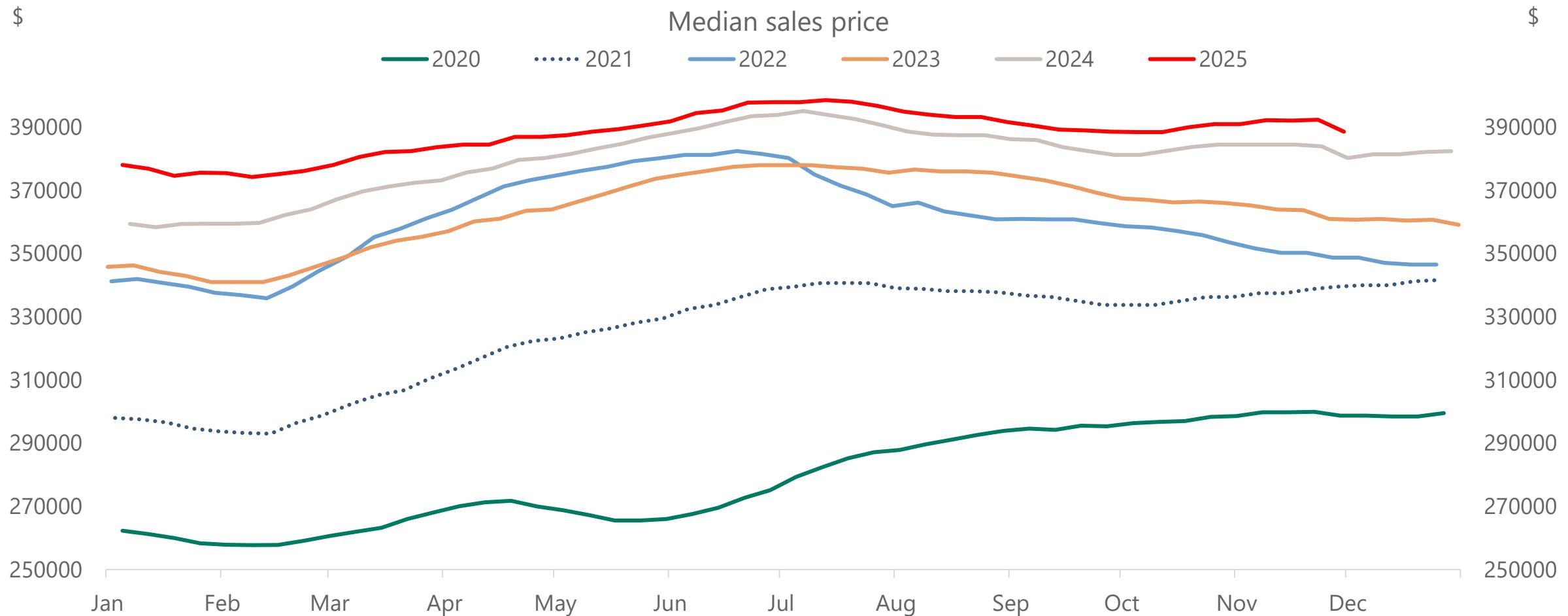


3) House Prices

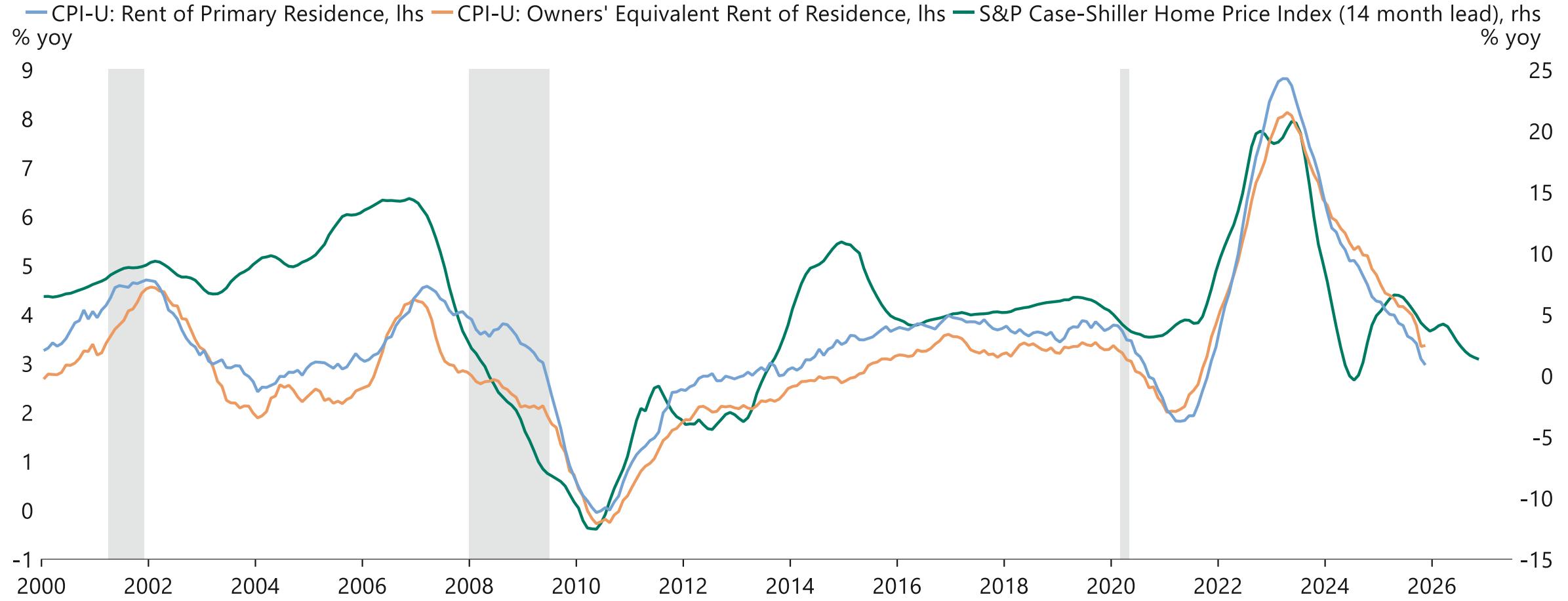
House price inflation across price tiers



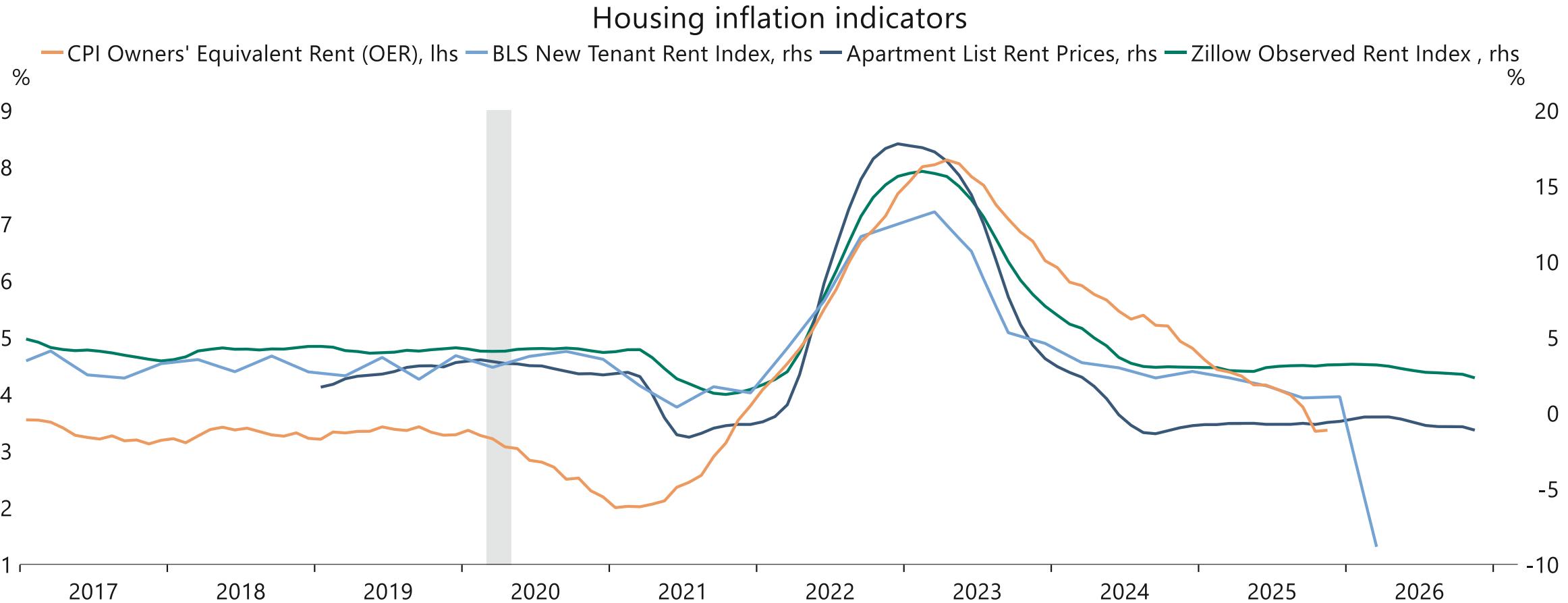
Median sales price modestly above last year's levels



Housing inflation coming down

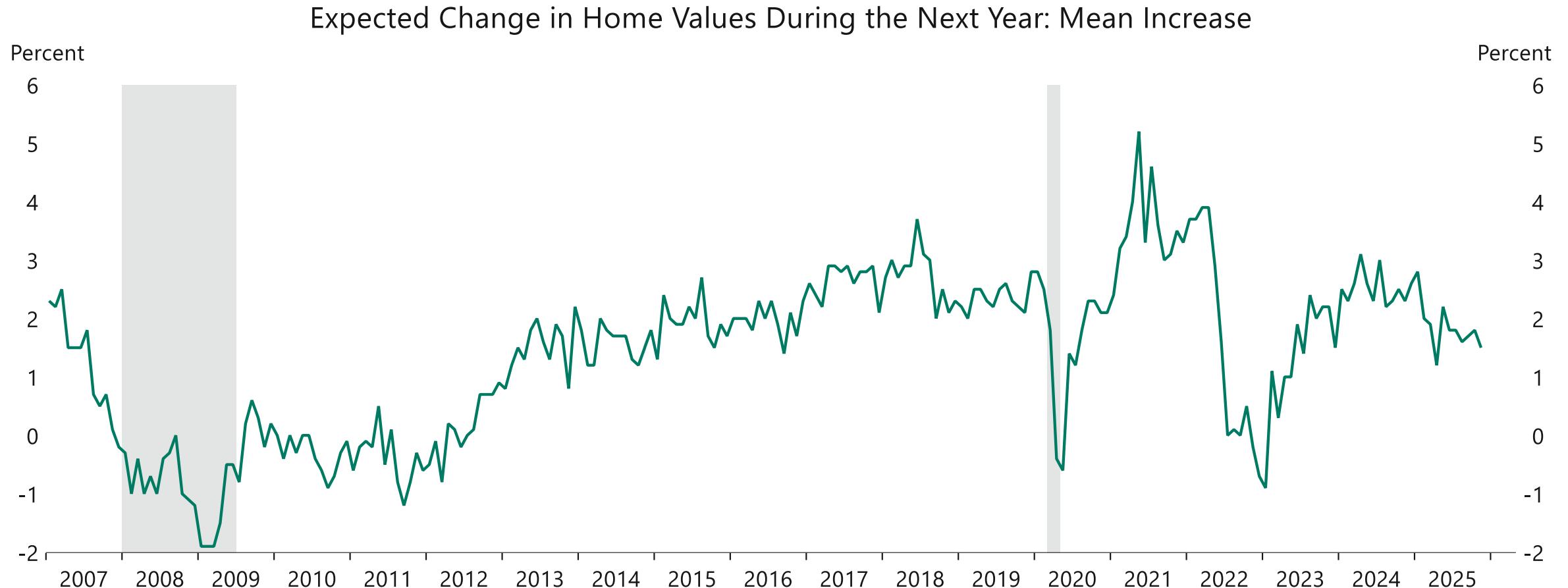


OER housing inflation coming down?



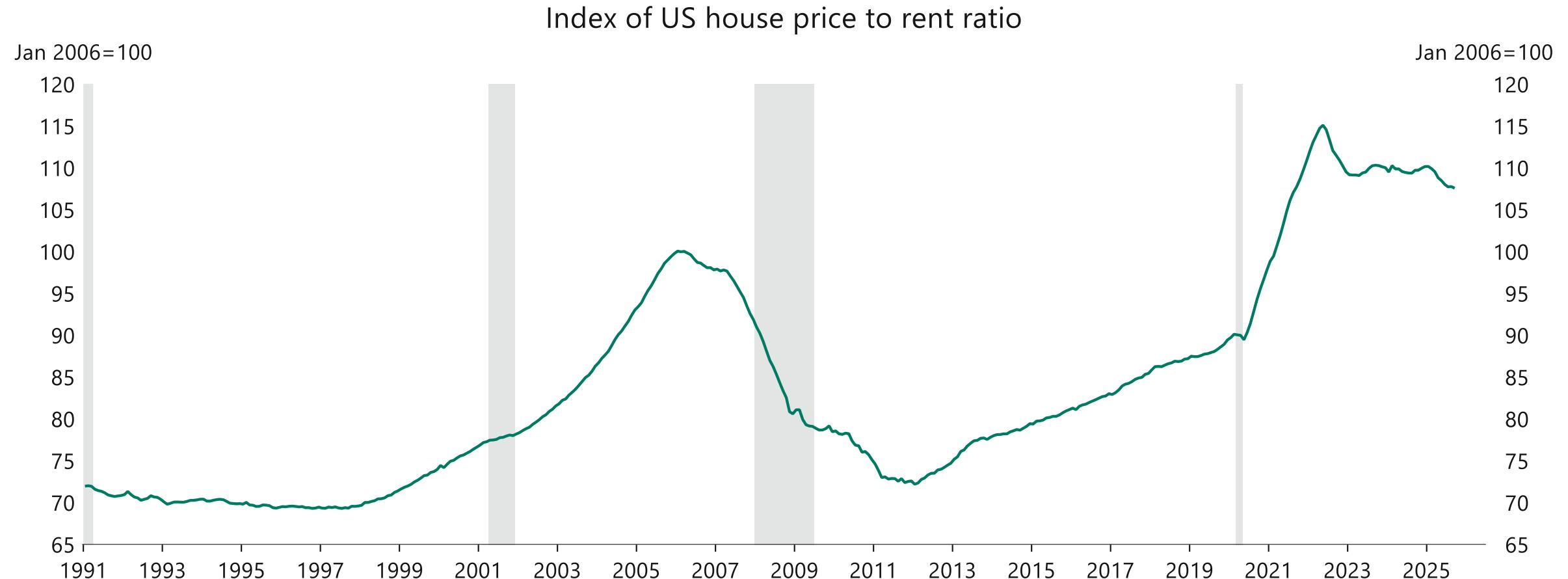
Source: Zillow, Apartment List, U.S. Bureau of Labor Statistics (BLS), Macrobond, Apollo Chief Economist

Consumers' expectations to home price inflation



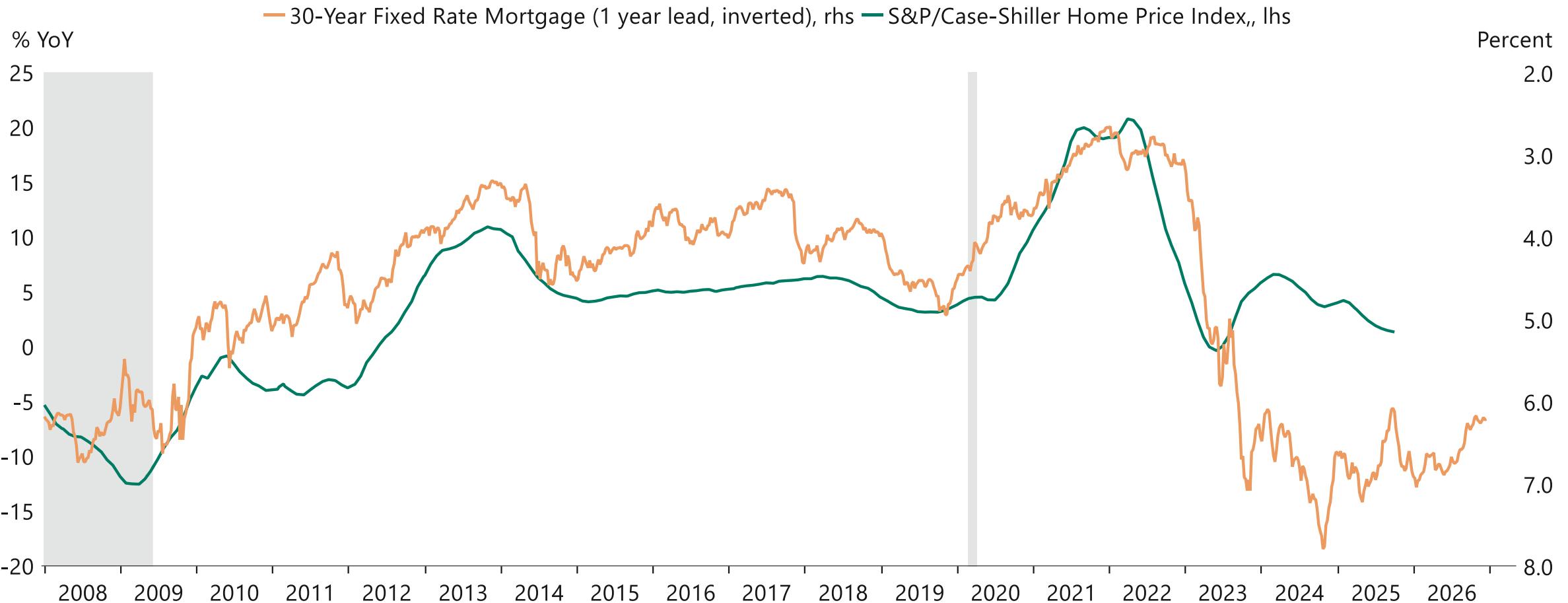
Source: University of Michigan, Macrobond, Apollo Chief Economist

Home price to rent ratio remains elevated



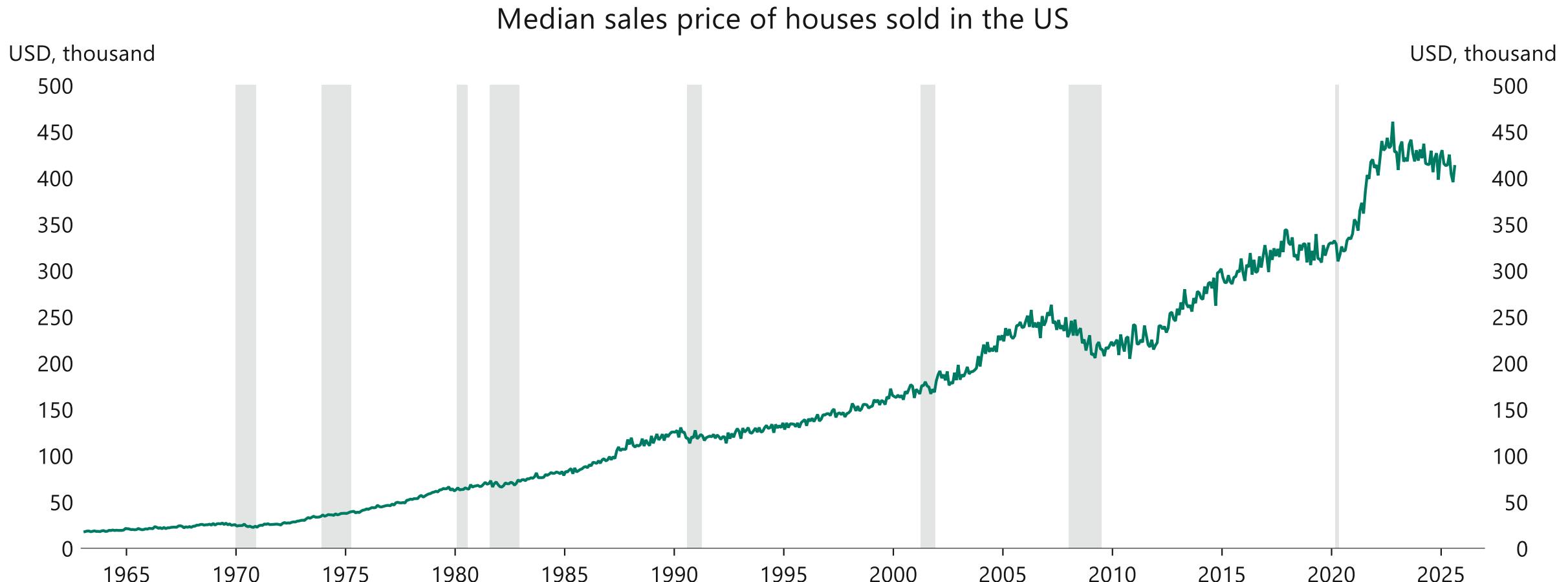
Source: FHFA, BLS, Macrobond, Apollo Chief Economist. Note: the series is indexed ratio of FHFA monthly purchase only house price index divided by the OER component of the CPI.

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



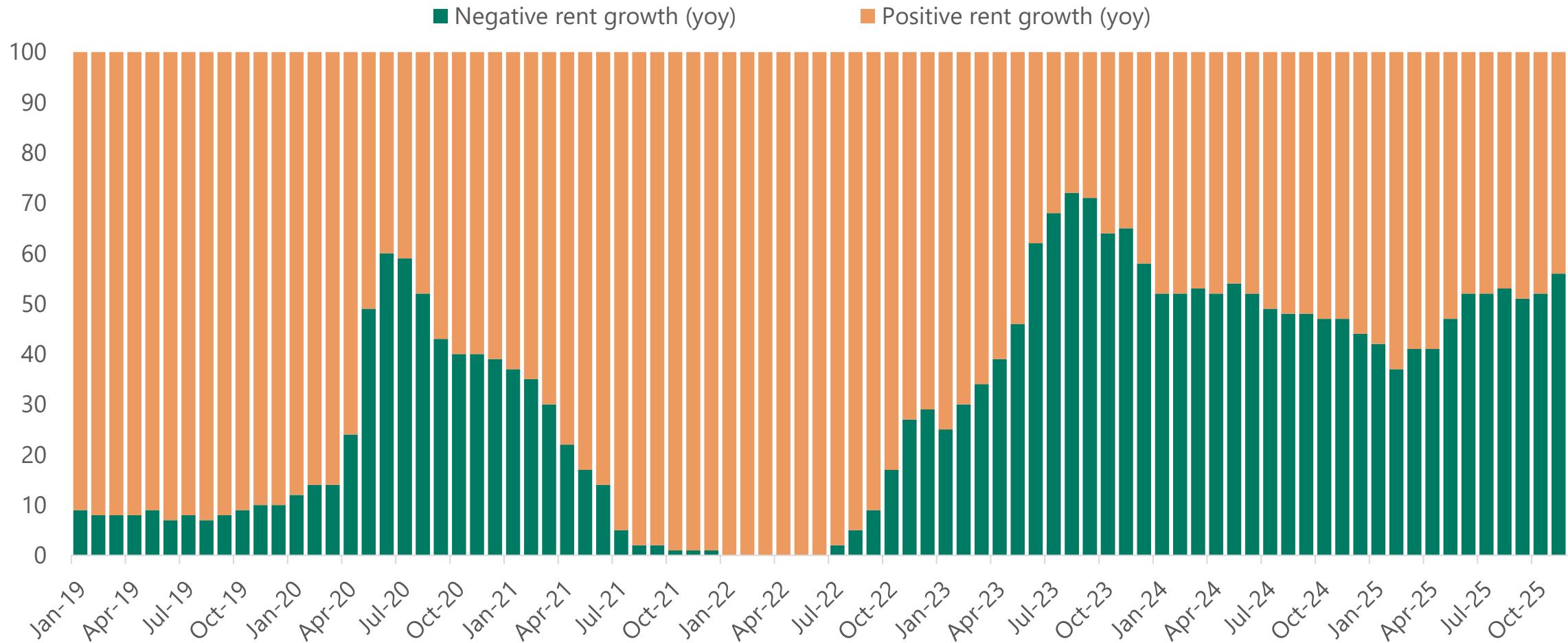
Source: S&P Global, Freddie Mac, Macrobond, Apollo Chief Economist

The median home sales price is \$403K

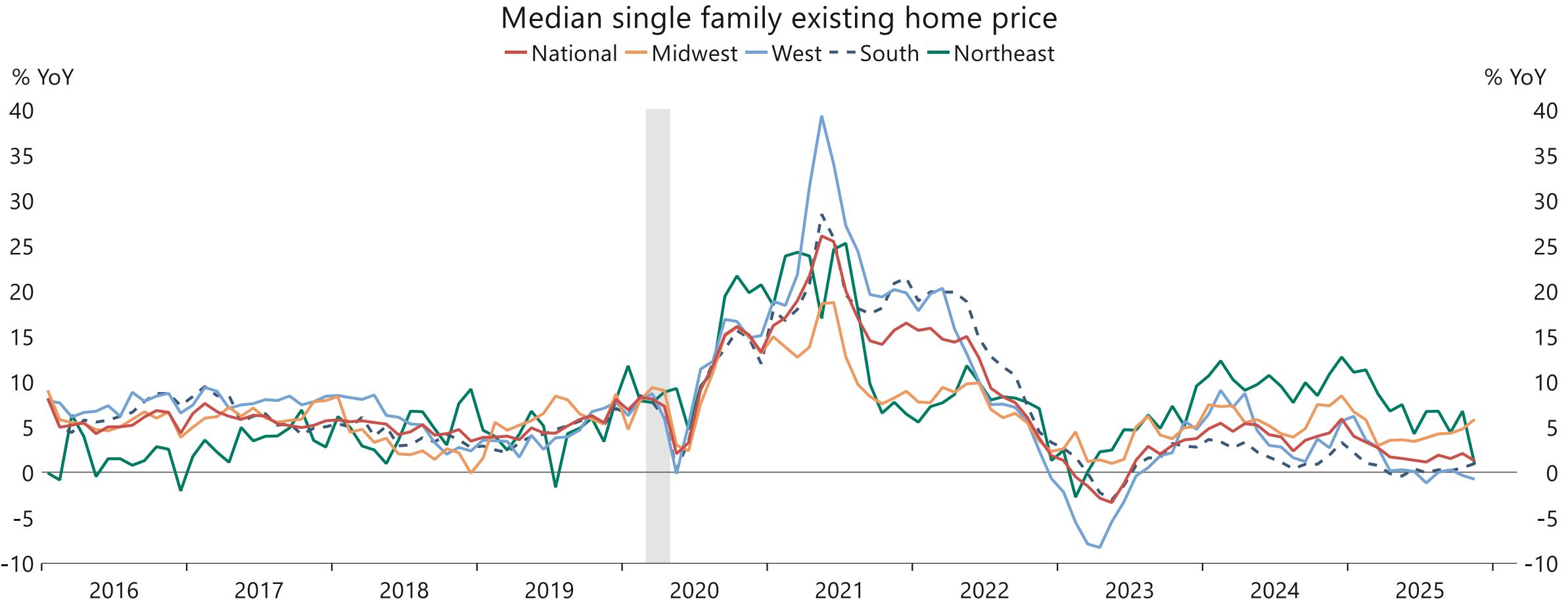


Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

100 largest US cities: Share of cities with negative rent growth: 56%



Home price inflation across regions



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

County median home prices

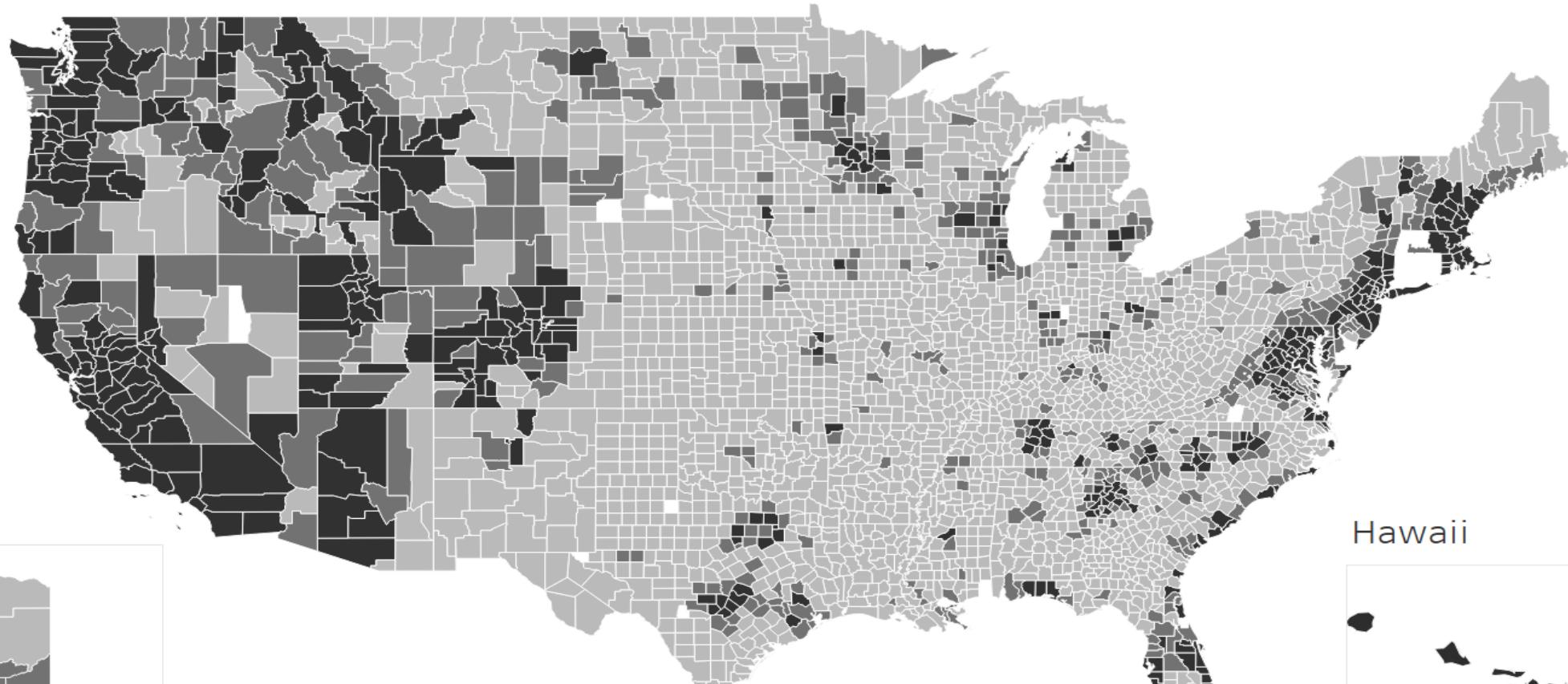
Median home prices by county, Q3 2024

Median price (\$)

<\$250k

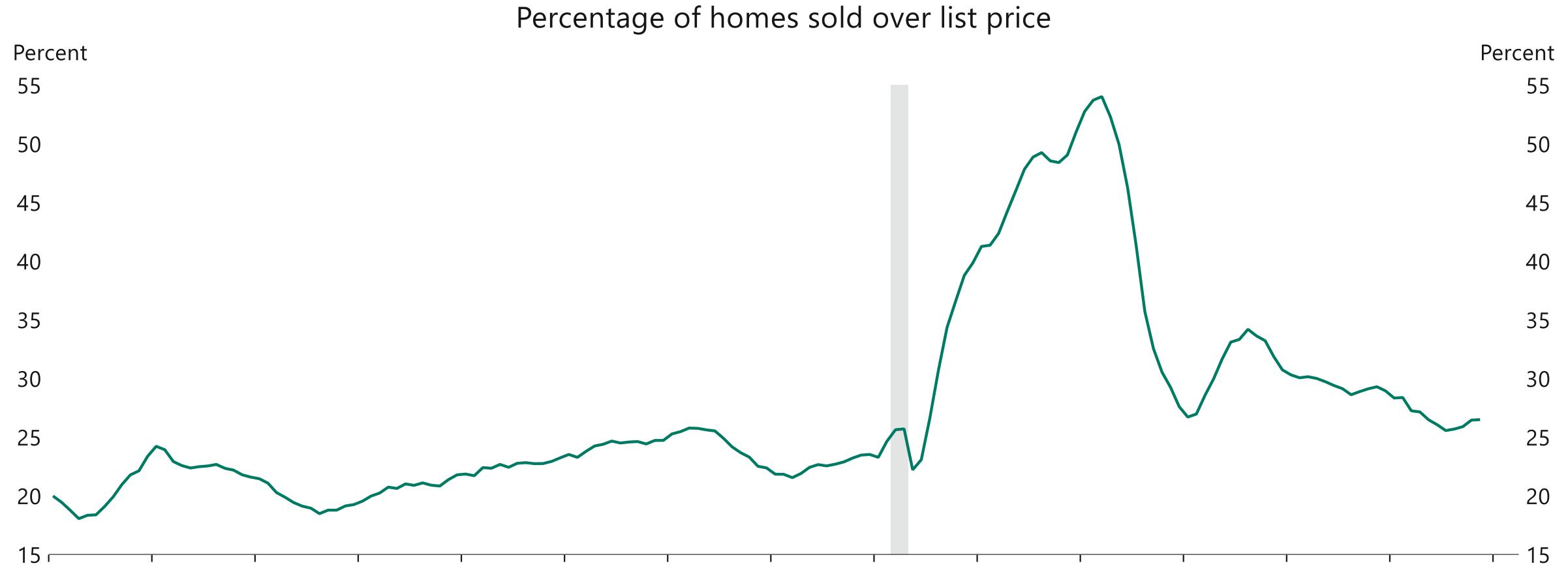
\$250 - \$350k

>\$350k



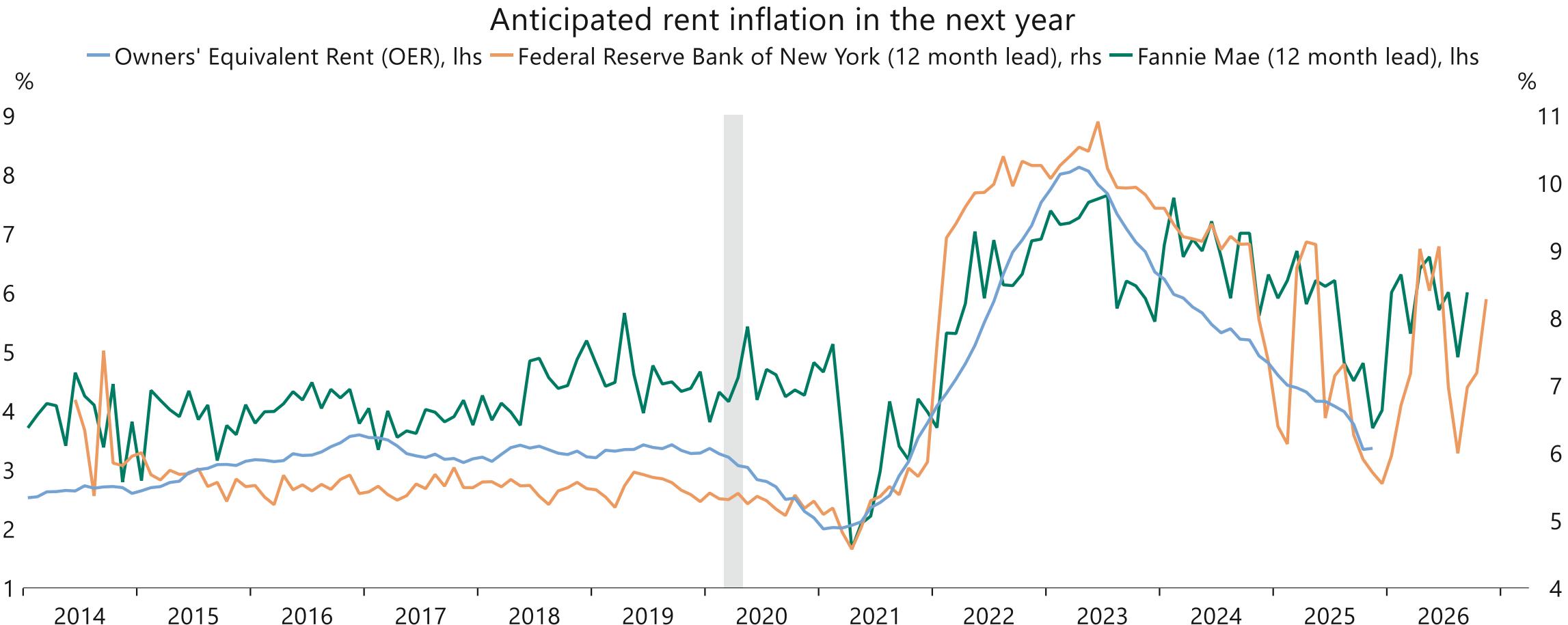
© Mapbox © OSM

Share of homes selling above their list price



Source: Redfin, Macrobond, Apollo Chief Economist

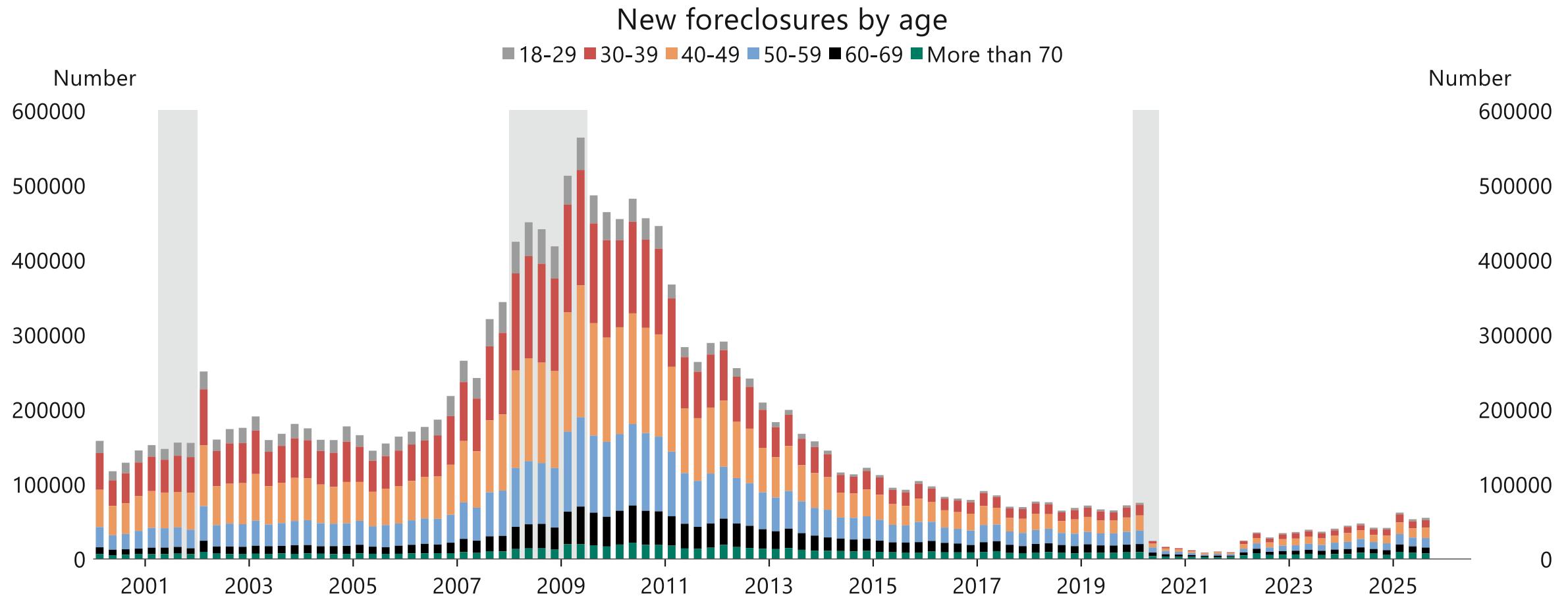
Consumers expect an increase in rental inflation



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

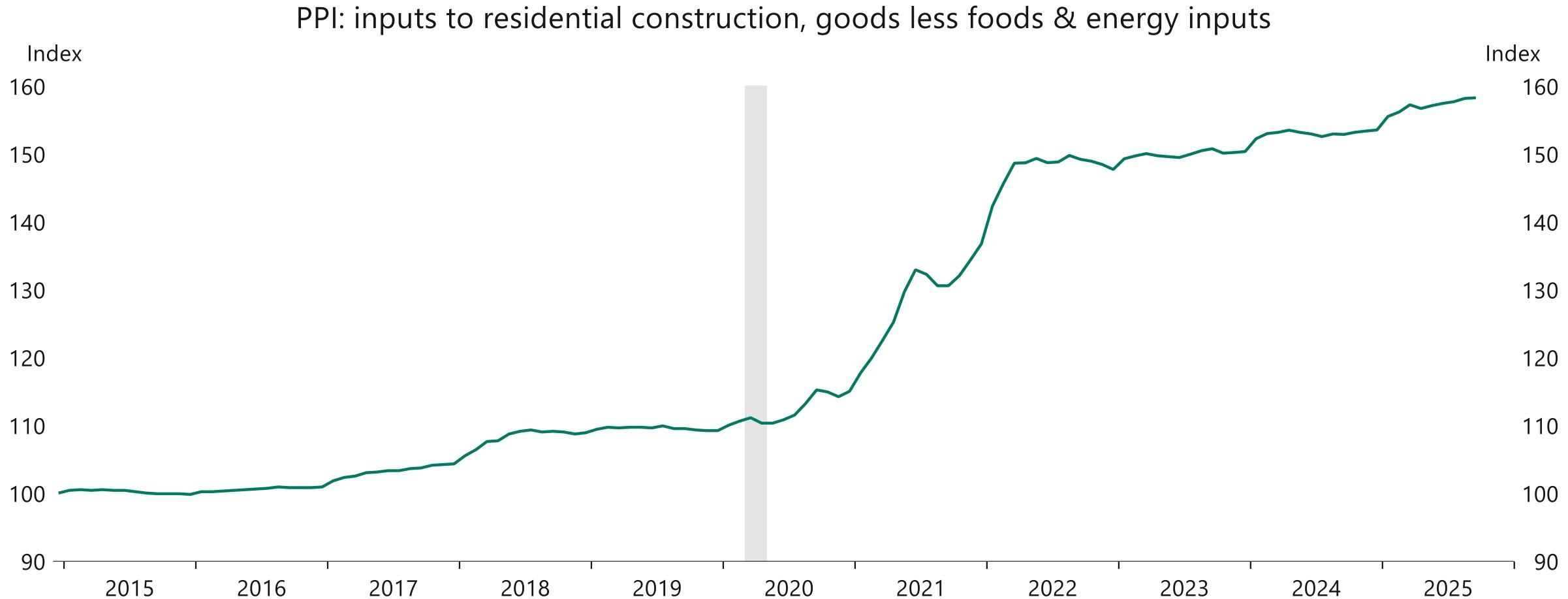
4) Housing Outlook

The number of new foreclosures, by age of homeowner



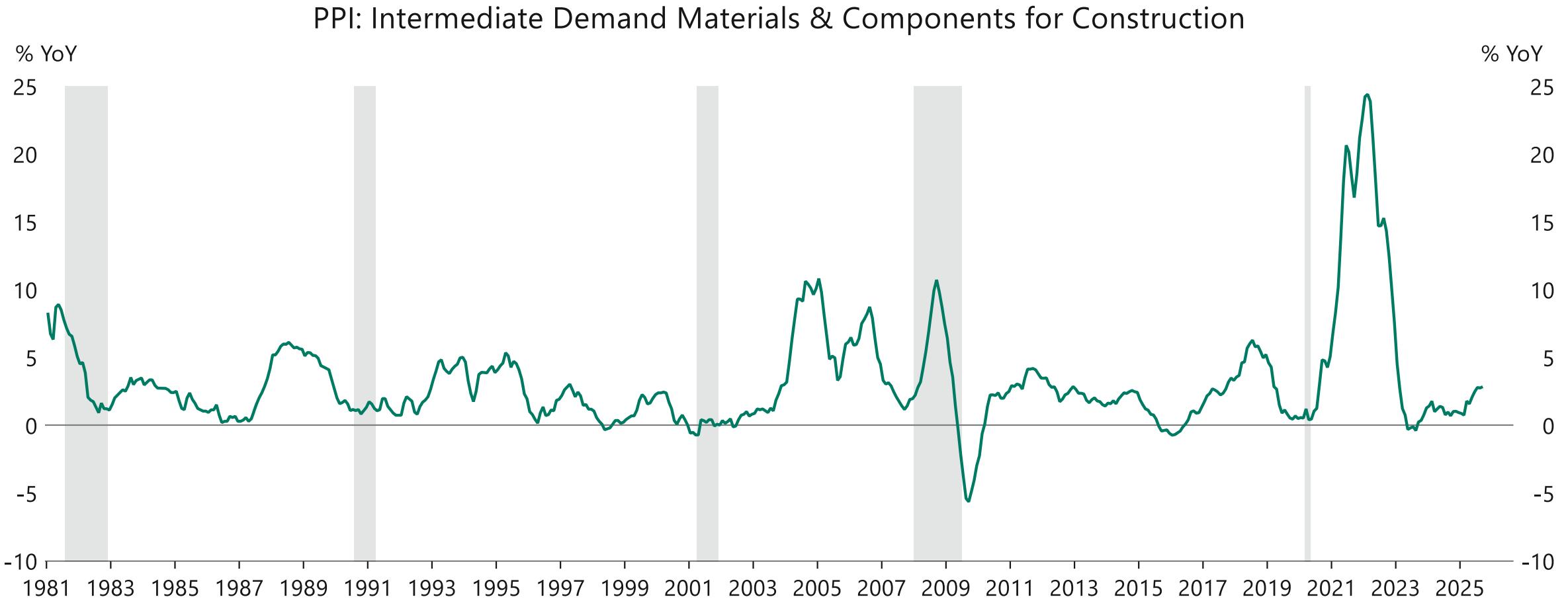
Source: Federal Reserve Bank of New York, Macrobond, Apollo Chief Economist

Housing construction costs remain high



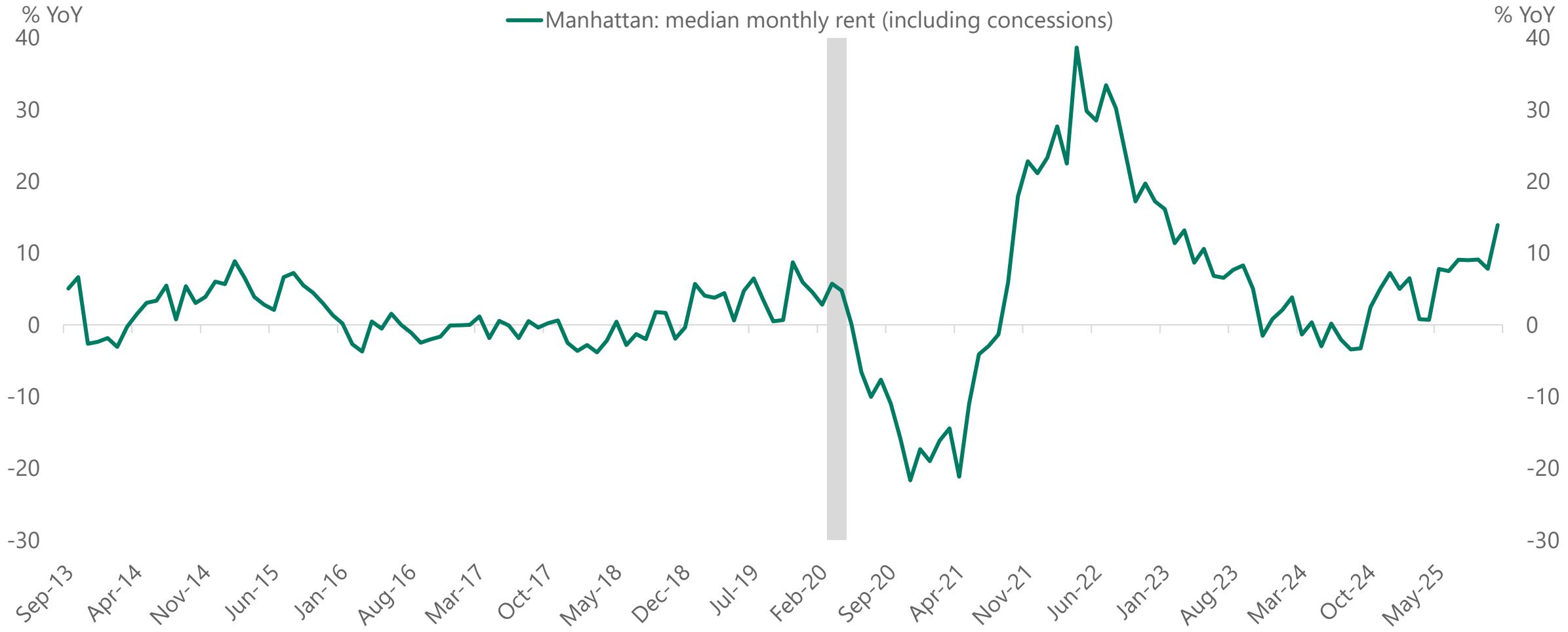
Source: U.S. Bureau of Labor Statistics (BLS), Macrobond, Apollo Chief Economist

Inflation in input costs for home builders have come down

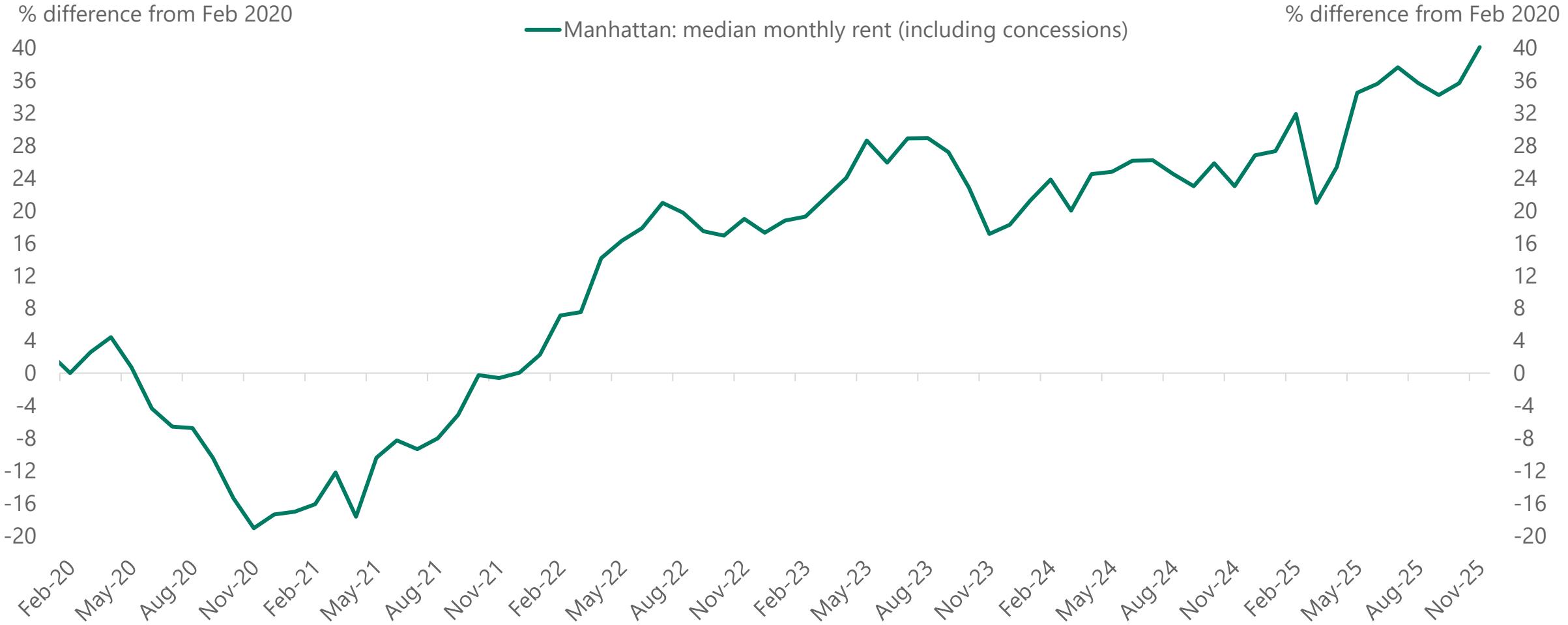


Source: U.S. Bureau of Labor Statistics (BLS), Macrobond, Apollo Chief Economist

Manhattan median rent rose to \$4750 in November 2025



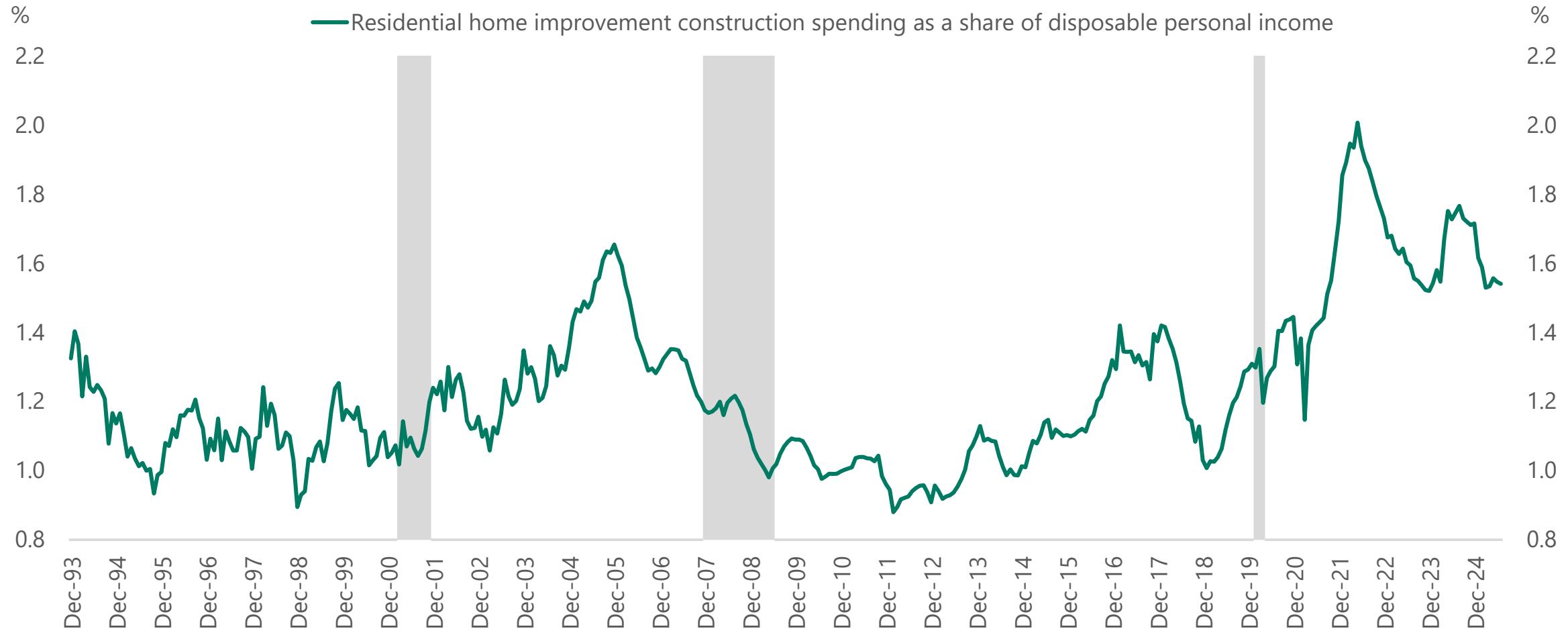
Manhattan rents well above pre-pandemic levels



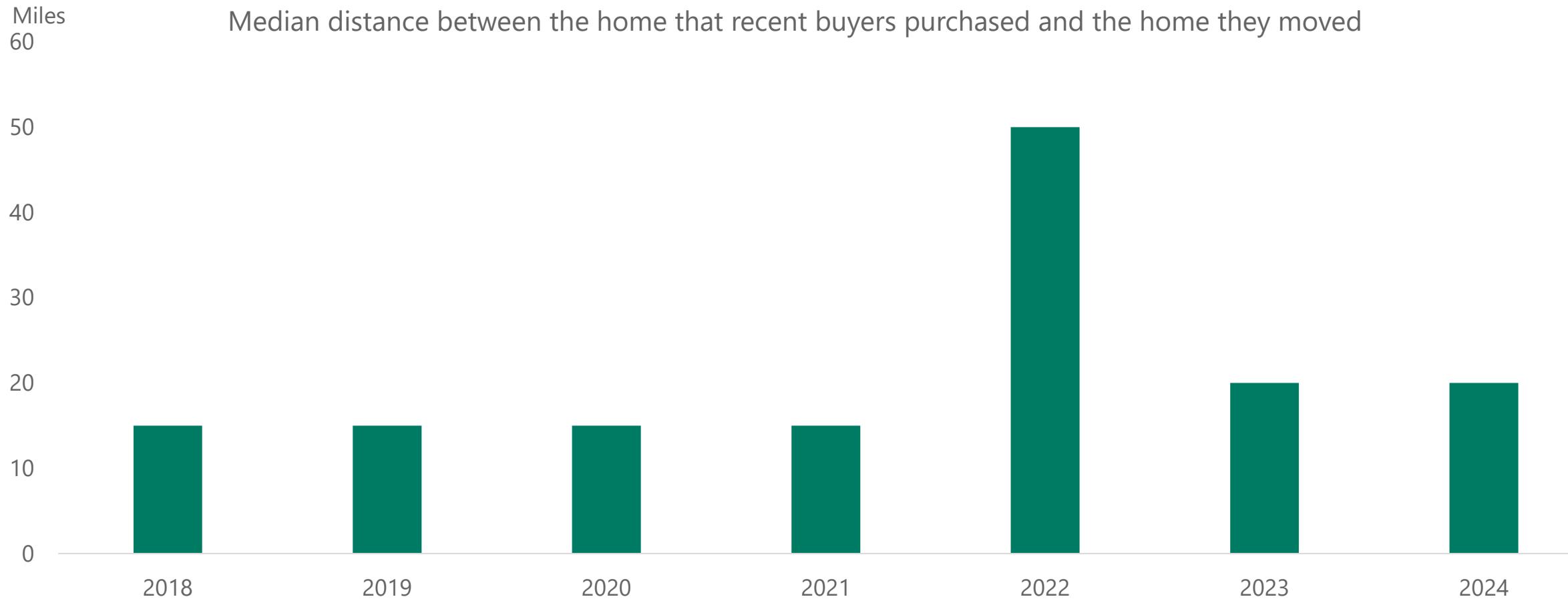
Rising mortgage rates generally associated with lower home price inflation



Home improvement spending as a share of disposable income

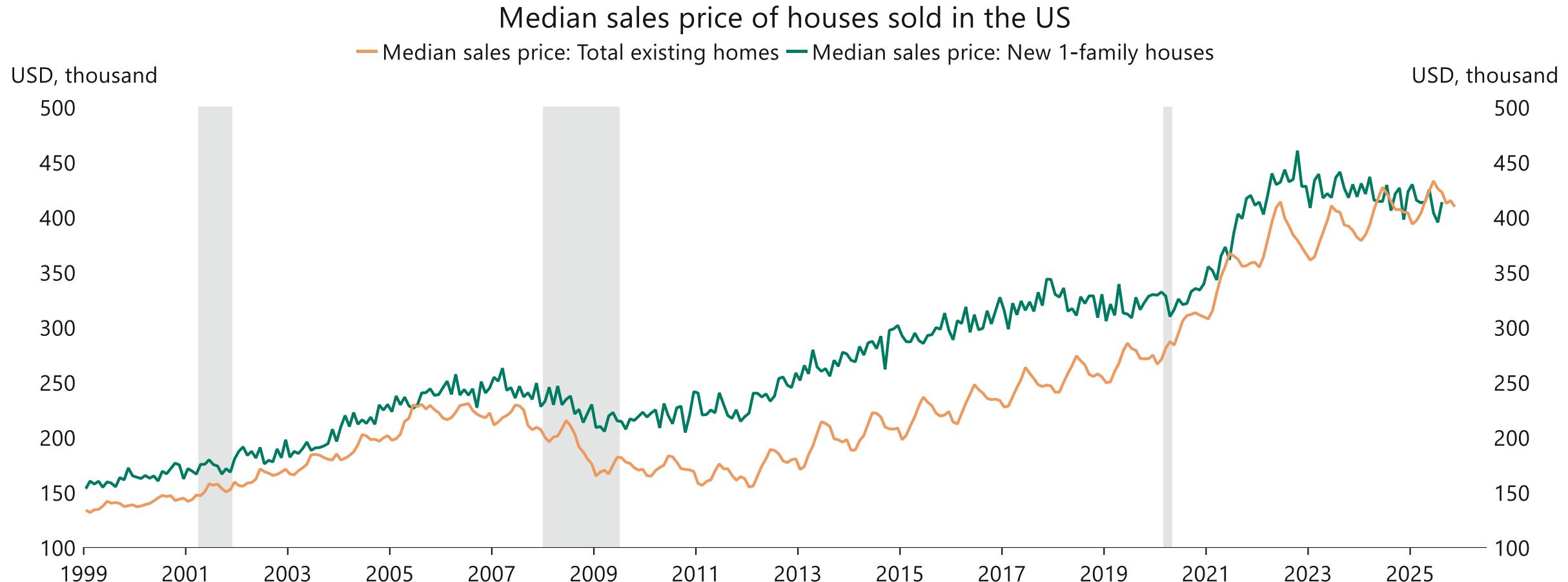


Median distance between the home that recent buyers purchased and the home they moved from at 50 miles in 2022



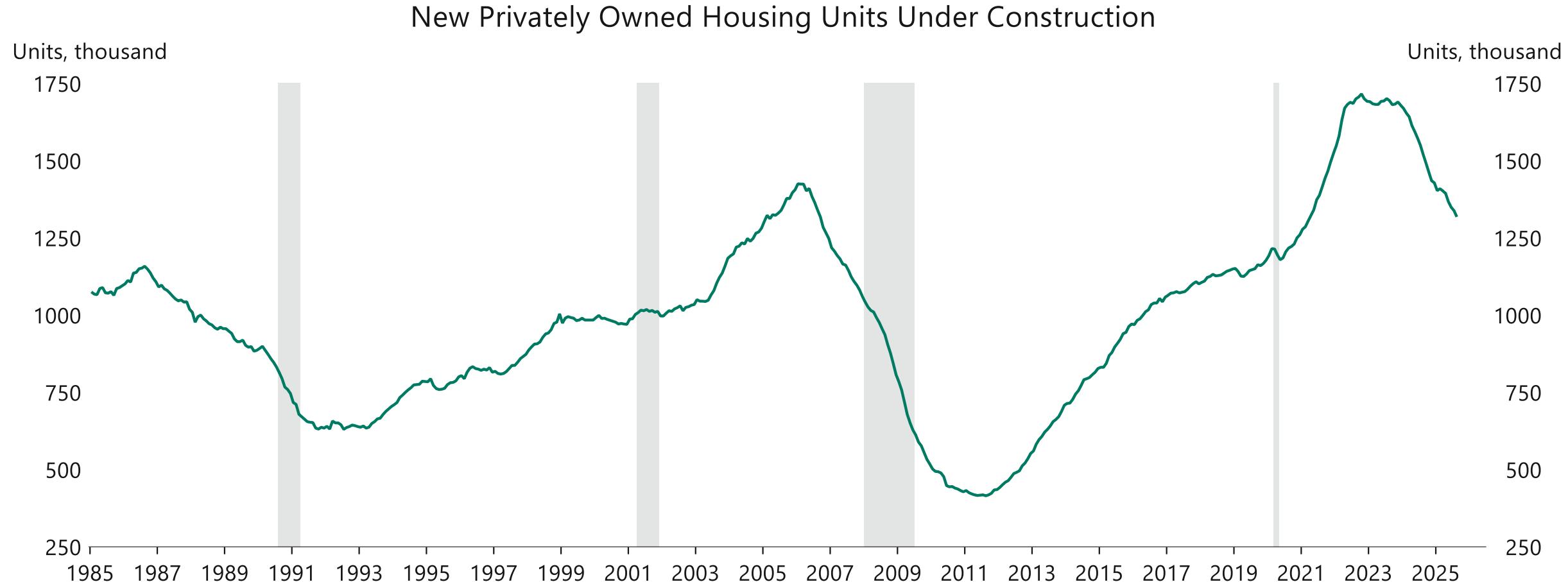
New versus existing homes

House prices for new homes and existing homes



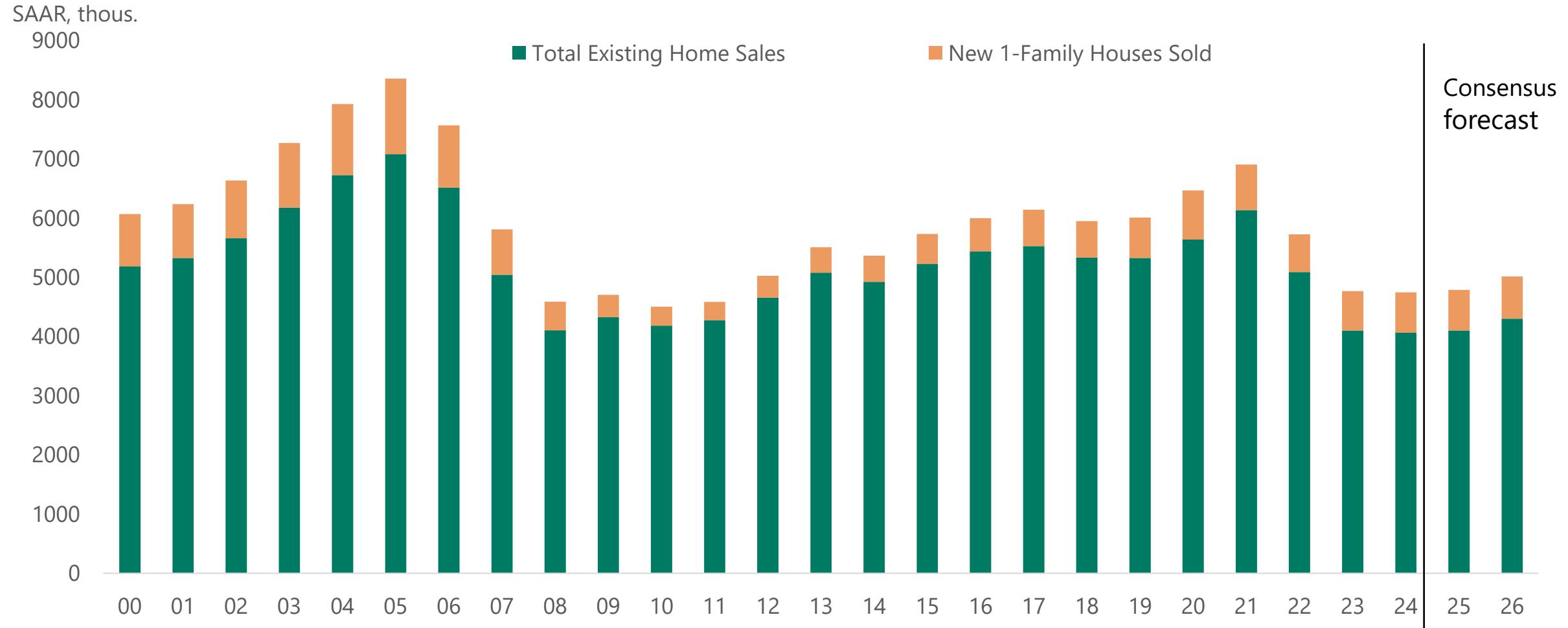
Source: U.S. Census Bureau, National Association of Realtors (NAR), Macrobond, Apollo Chief Economist

New privately owned housing units under construction coming down

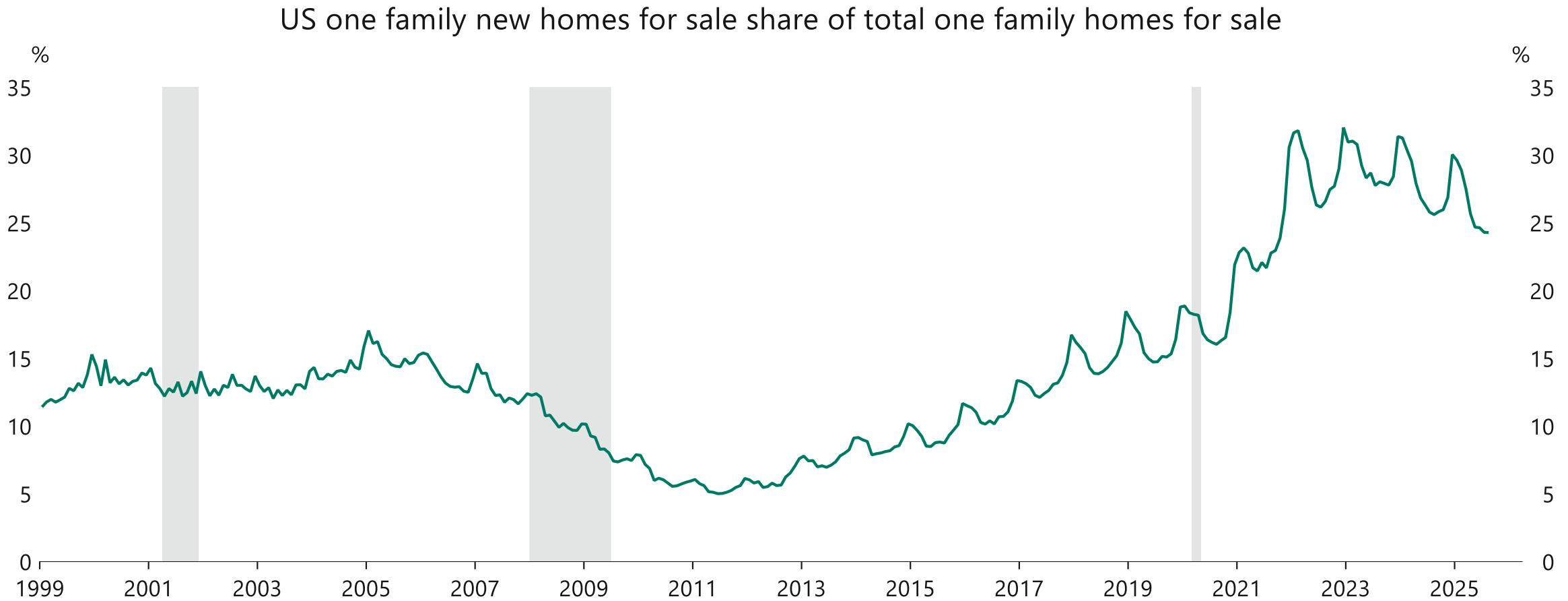


Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

Consensus is forecasting a sideways move in home sales



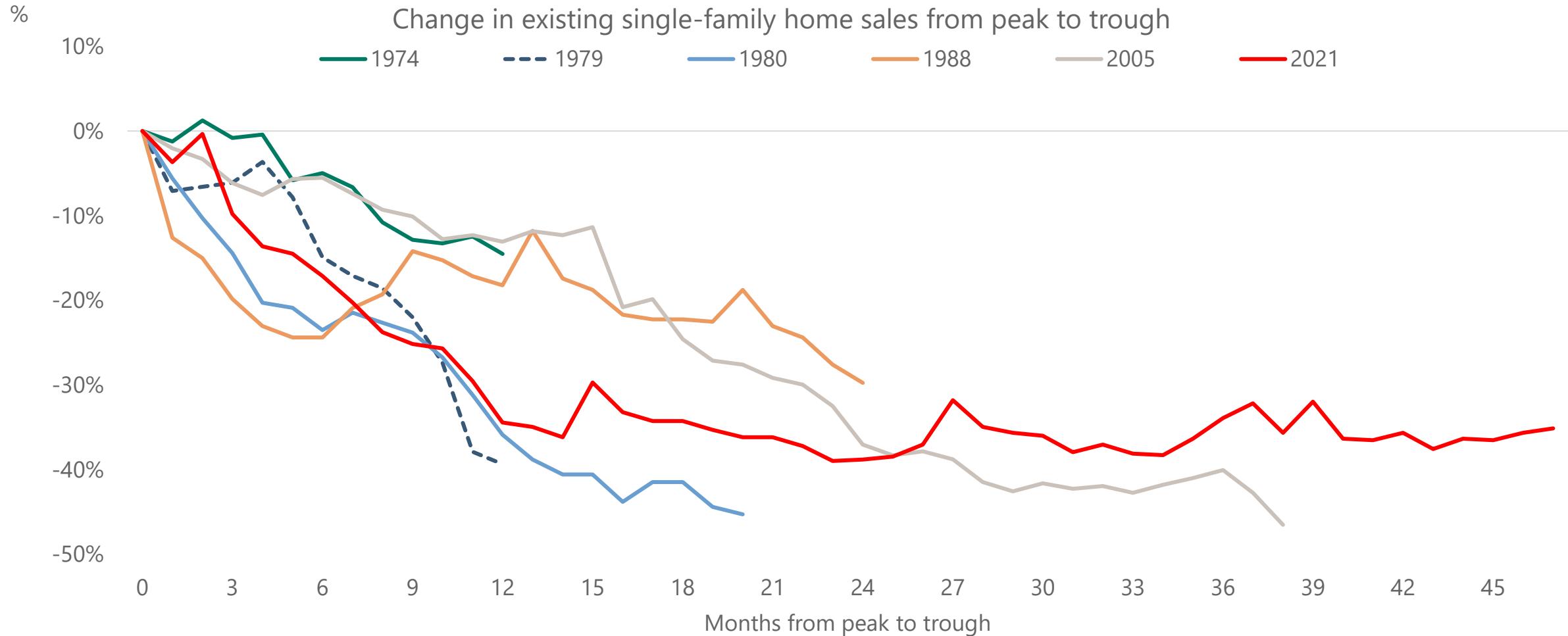
Share of new homes for sale



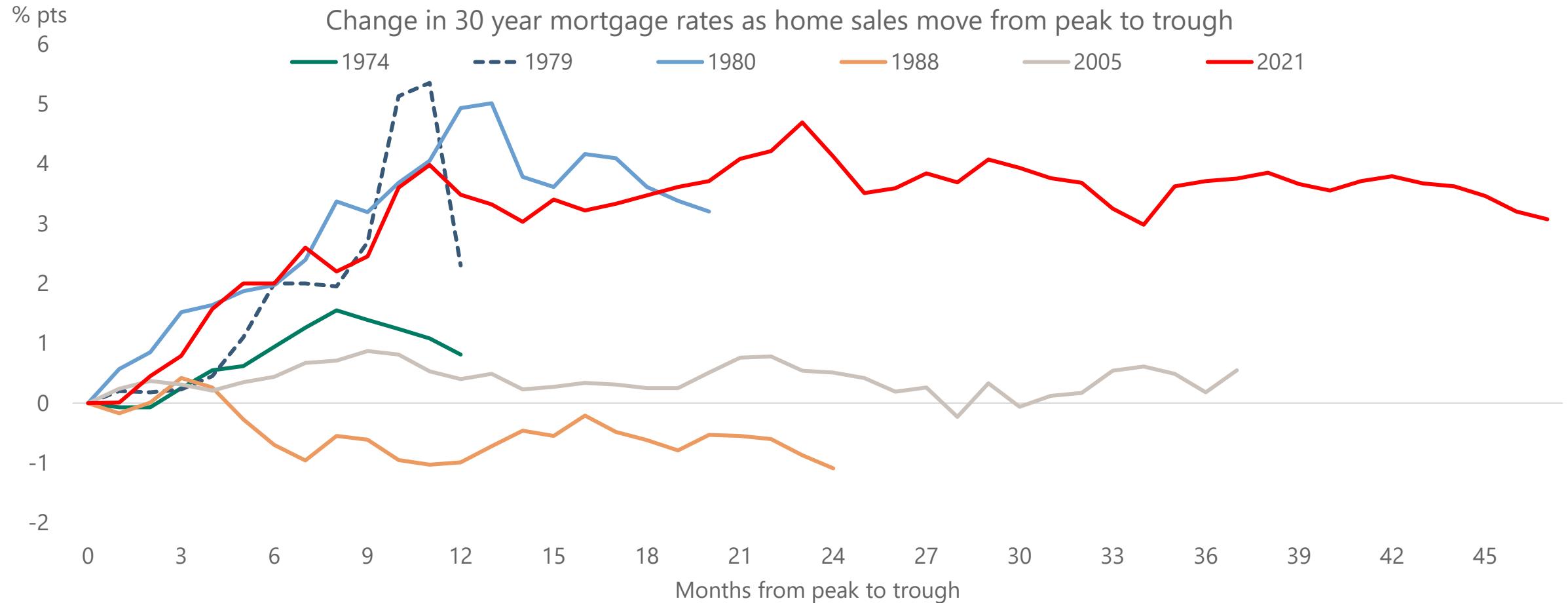
Source: Census Bureau, NAR, Macrobond, Apollo Chief Economist

Comparing the current housing slowdown to previous housing slowdowns

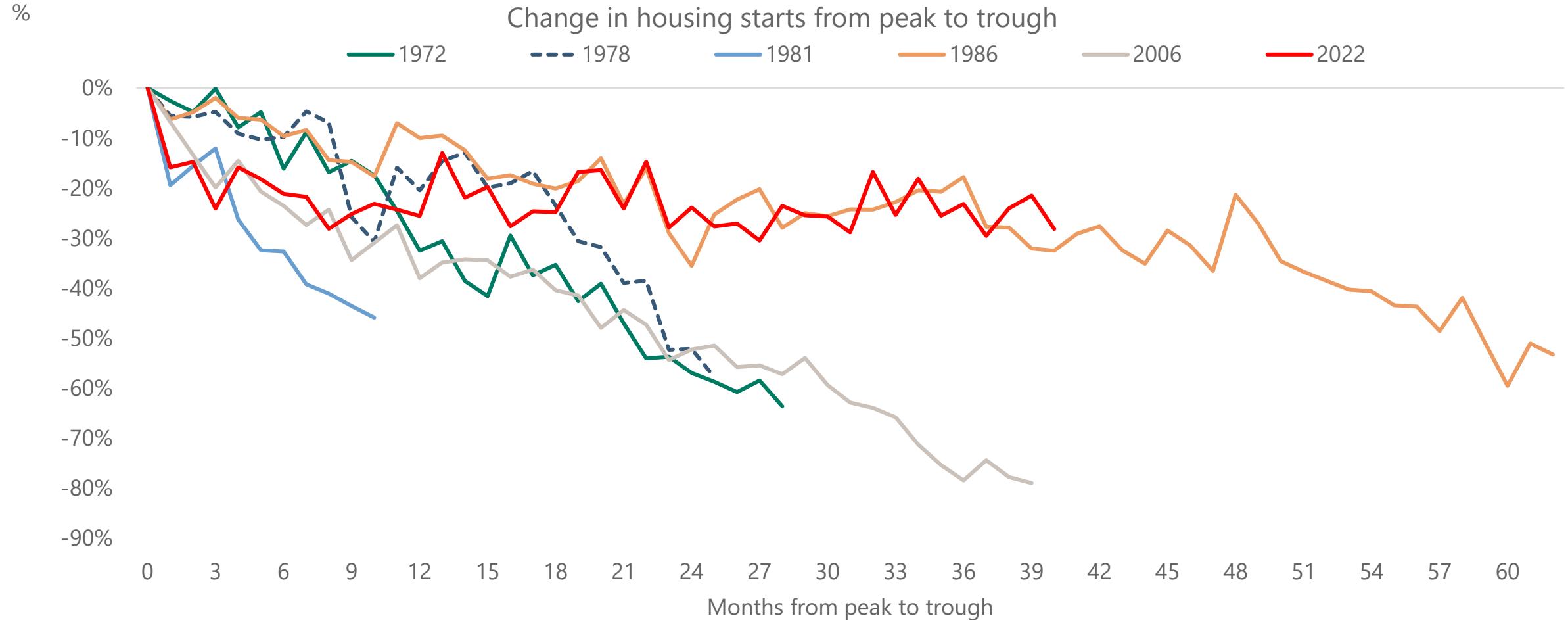
The current decline in existing home sales is in line with previous housing slowdowns



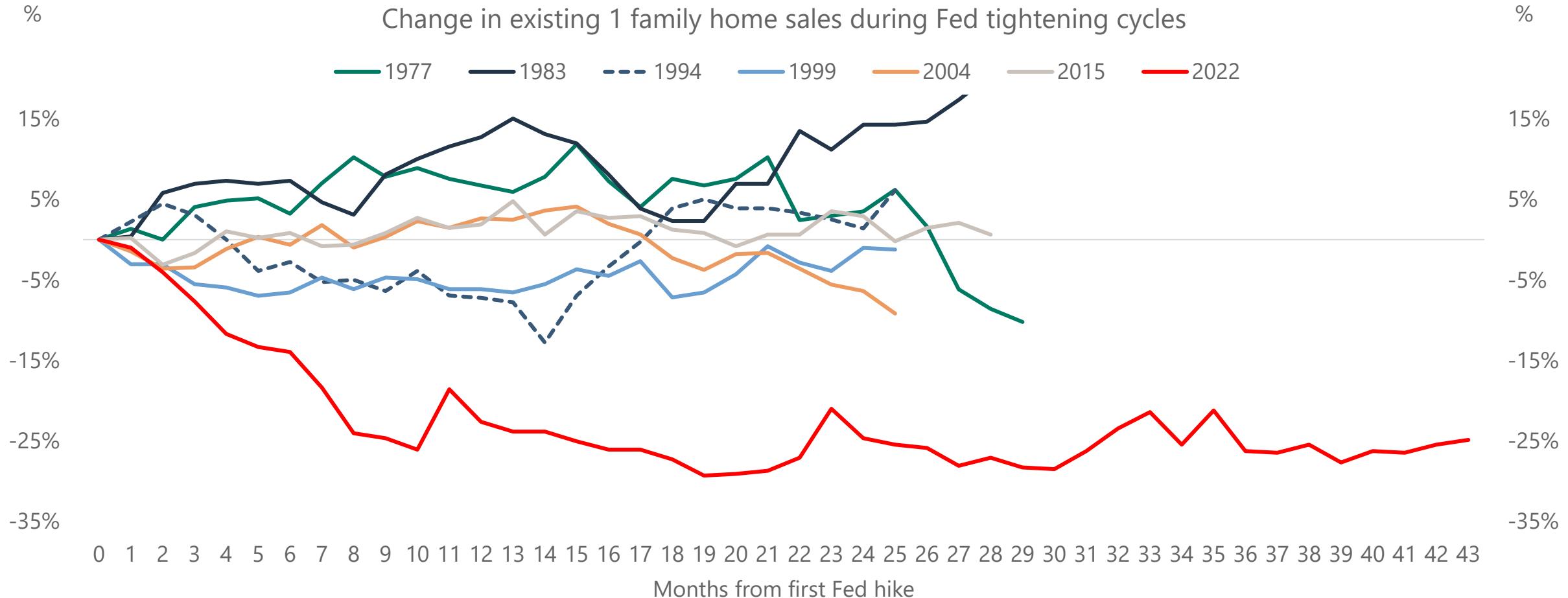
The current rise in mortgage rates is similar to what we saw during the Volcker disinflation



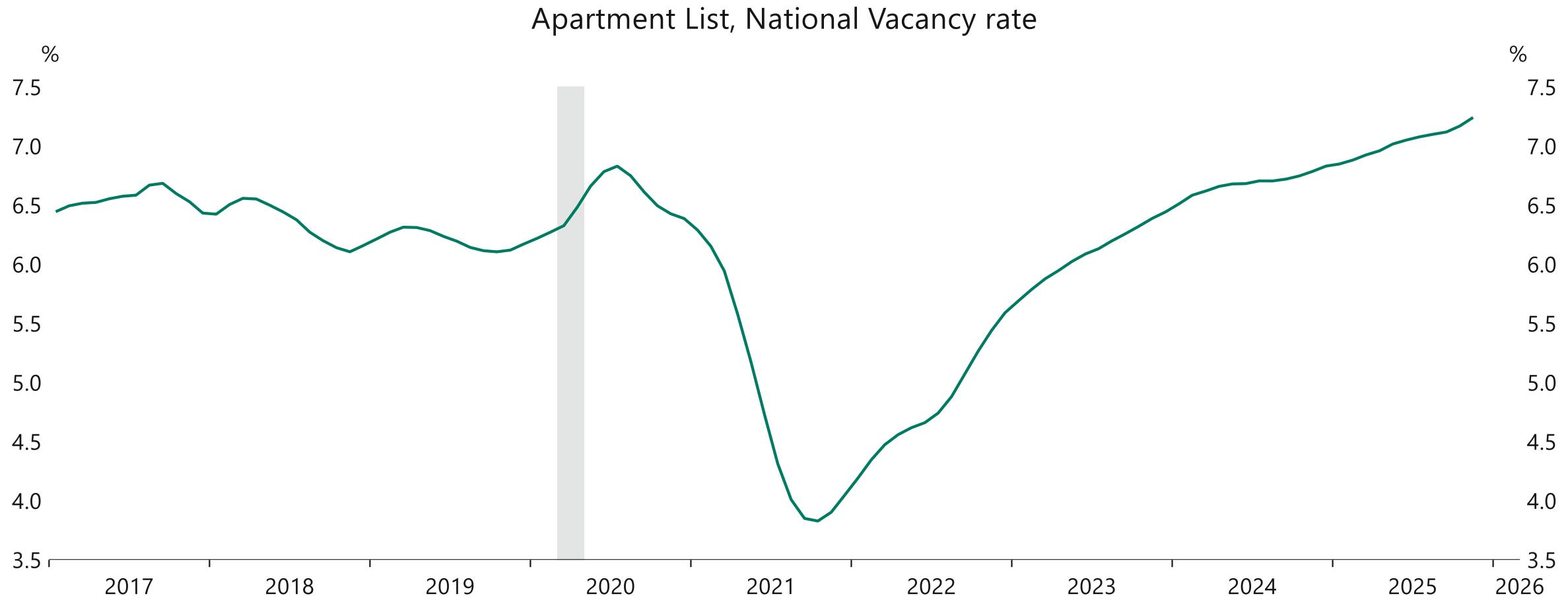
The current decline in housing starts is a bit milder than previous slowdowns



This is the fastest Fed-driven housing slowdown on record

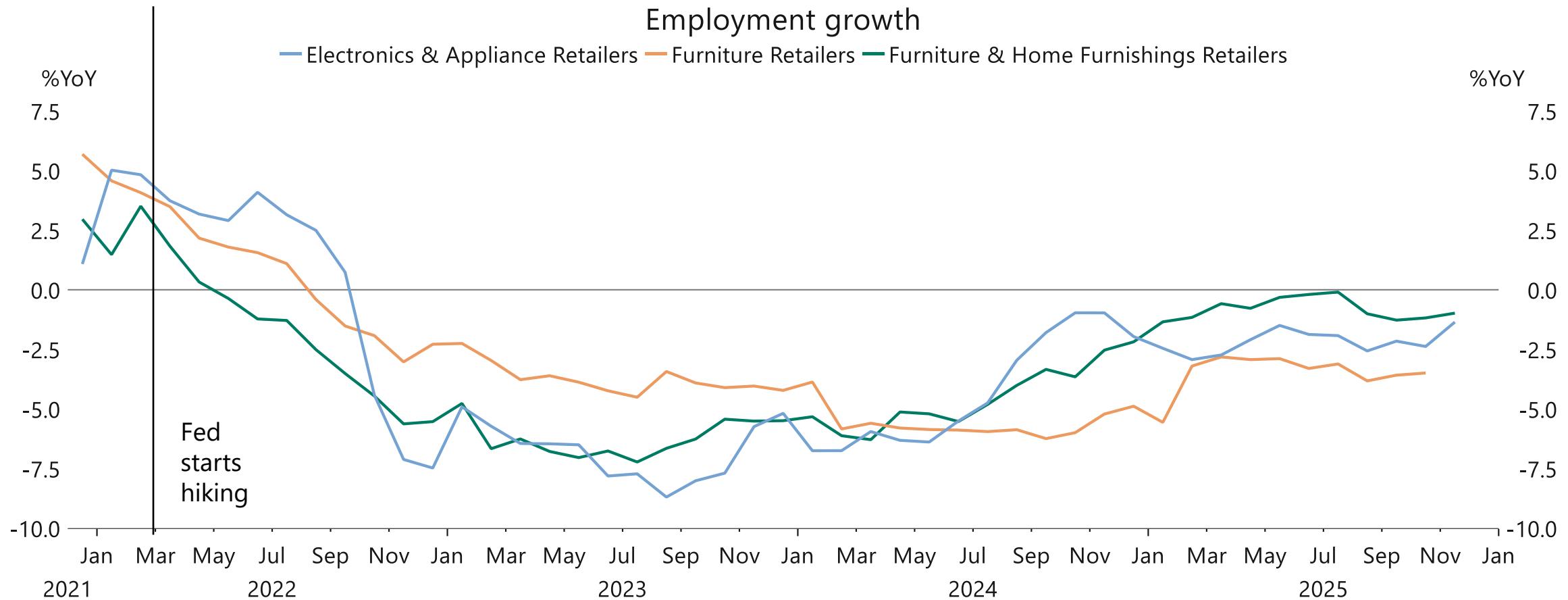


Apartment vacancies above pre-pandemic levels



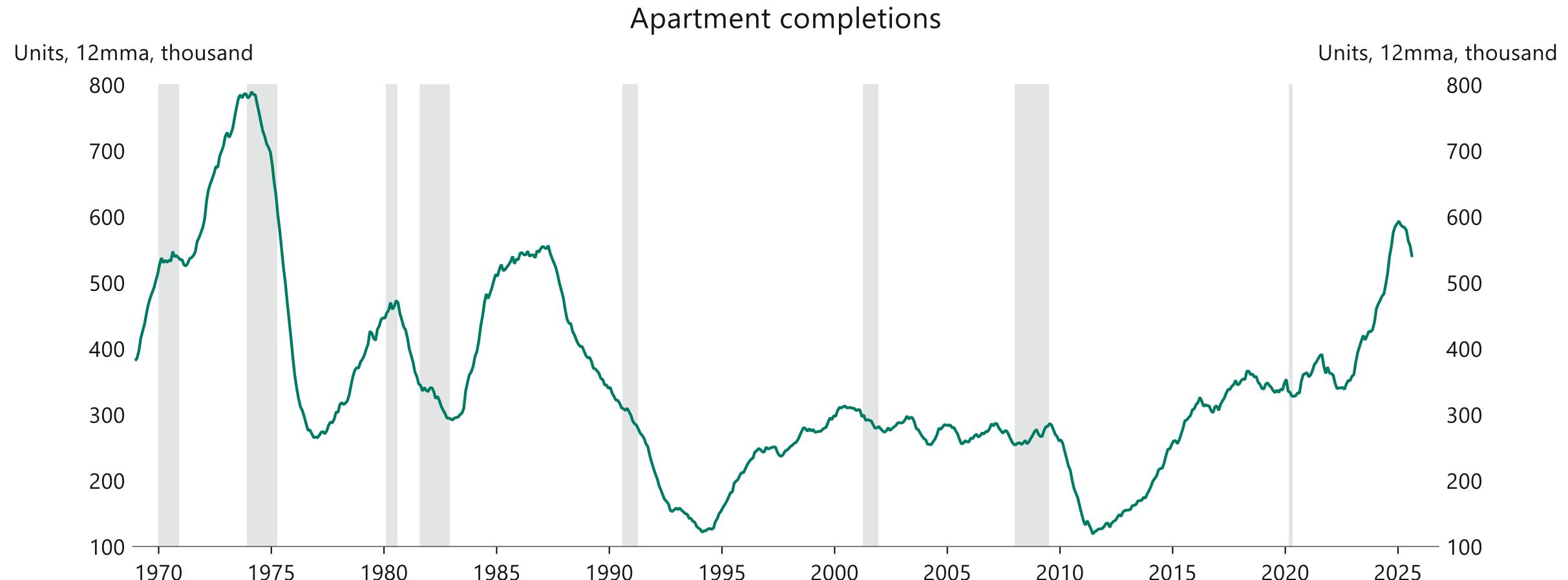
Source: Apartment List, Macrobond, Apollo Chief Economist

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



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

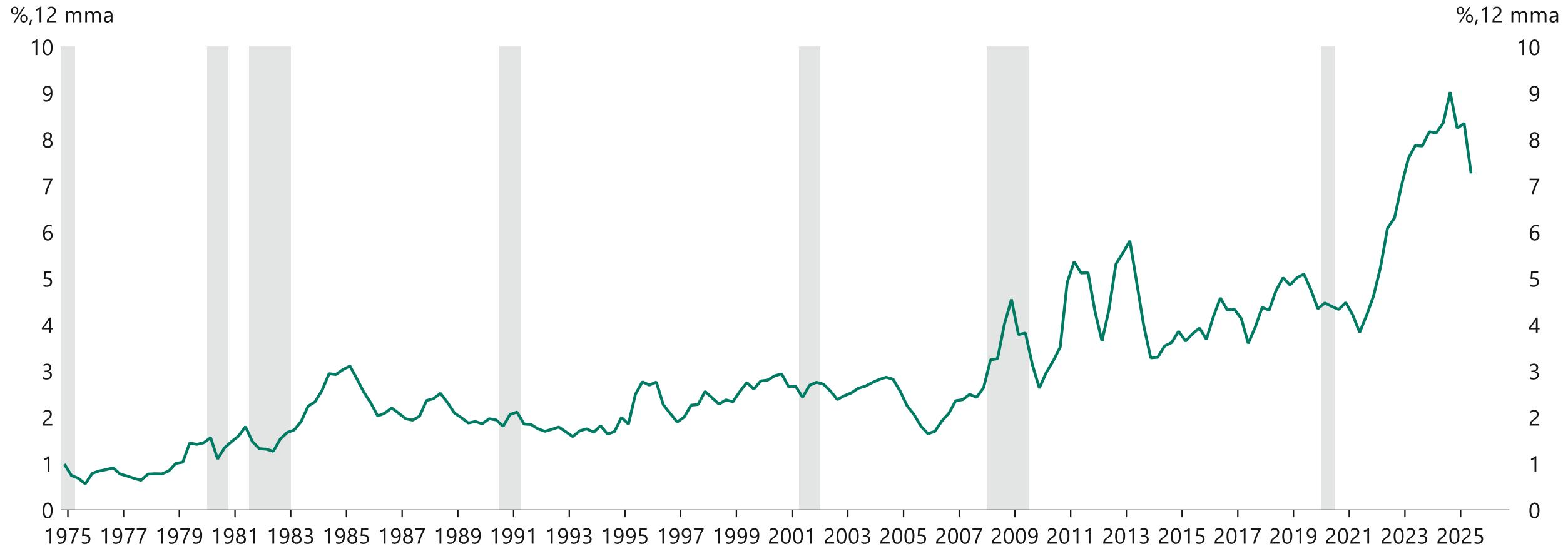
US apartment supply at elevated levels



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

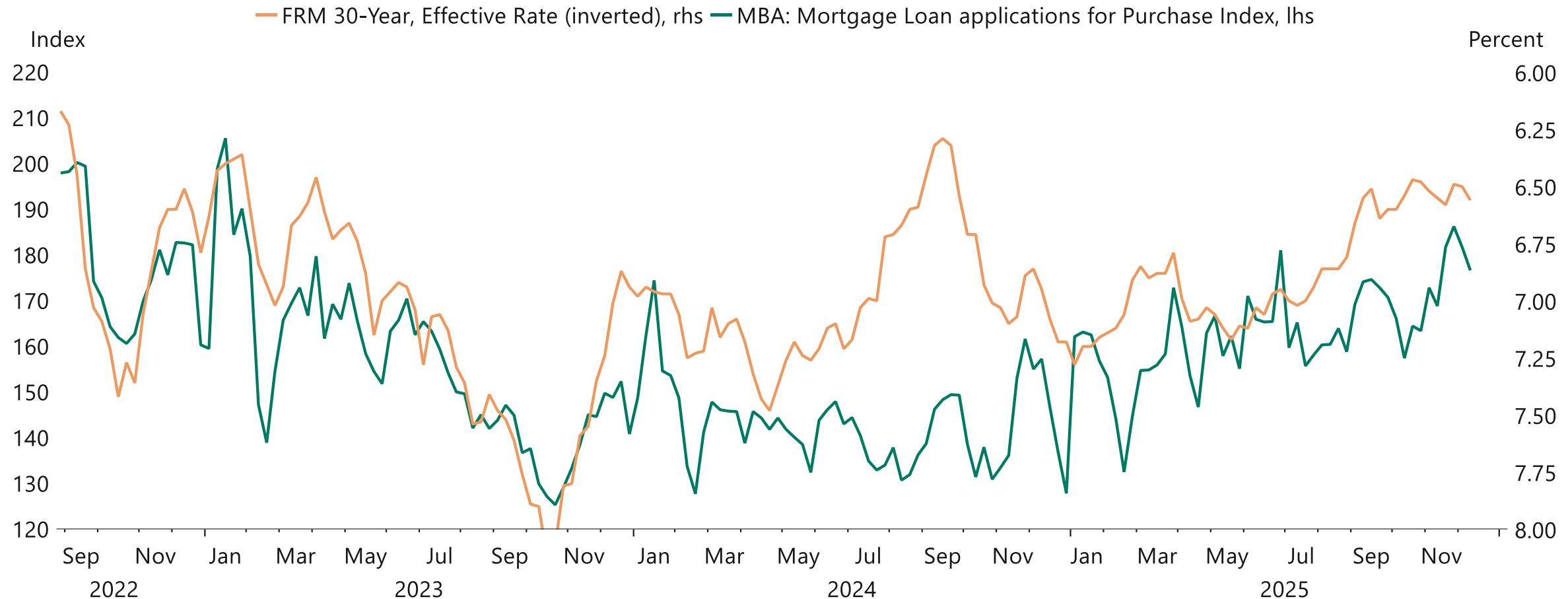
Share of homes built for rent

Share of single family starts built for rent



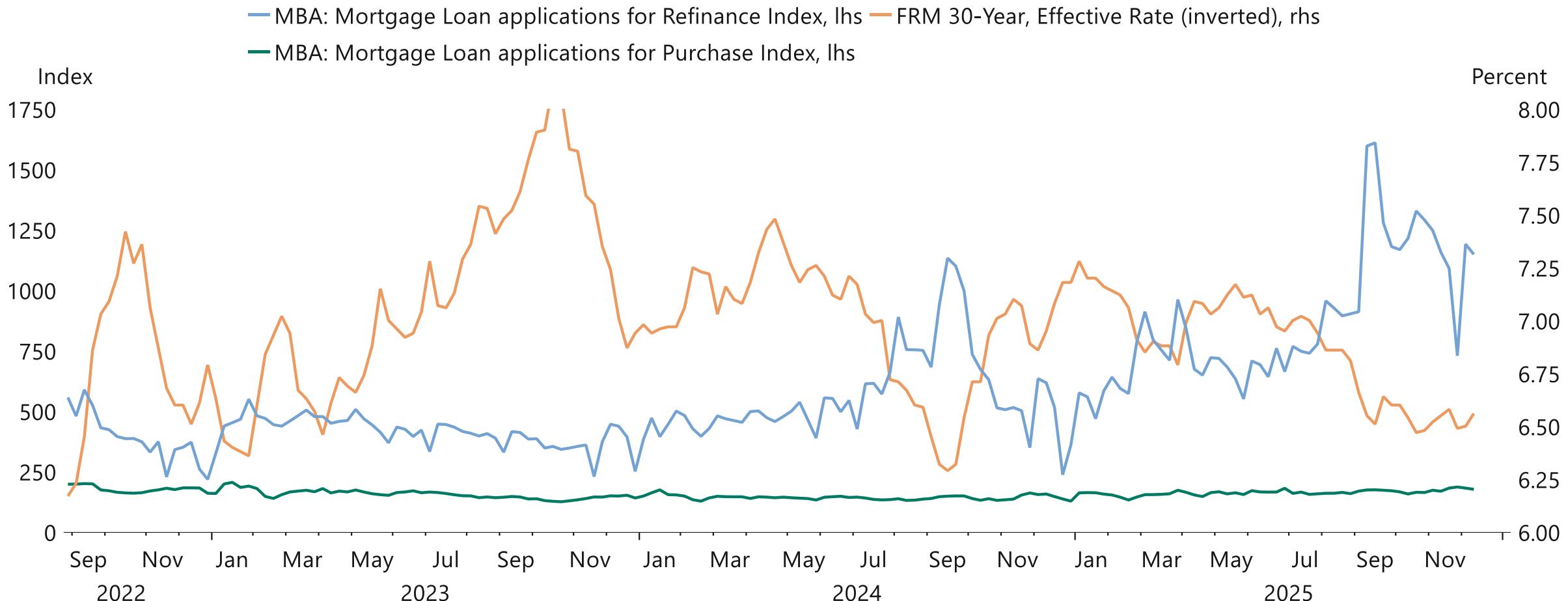
Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

Purchase loan applications remain low



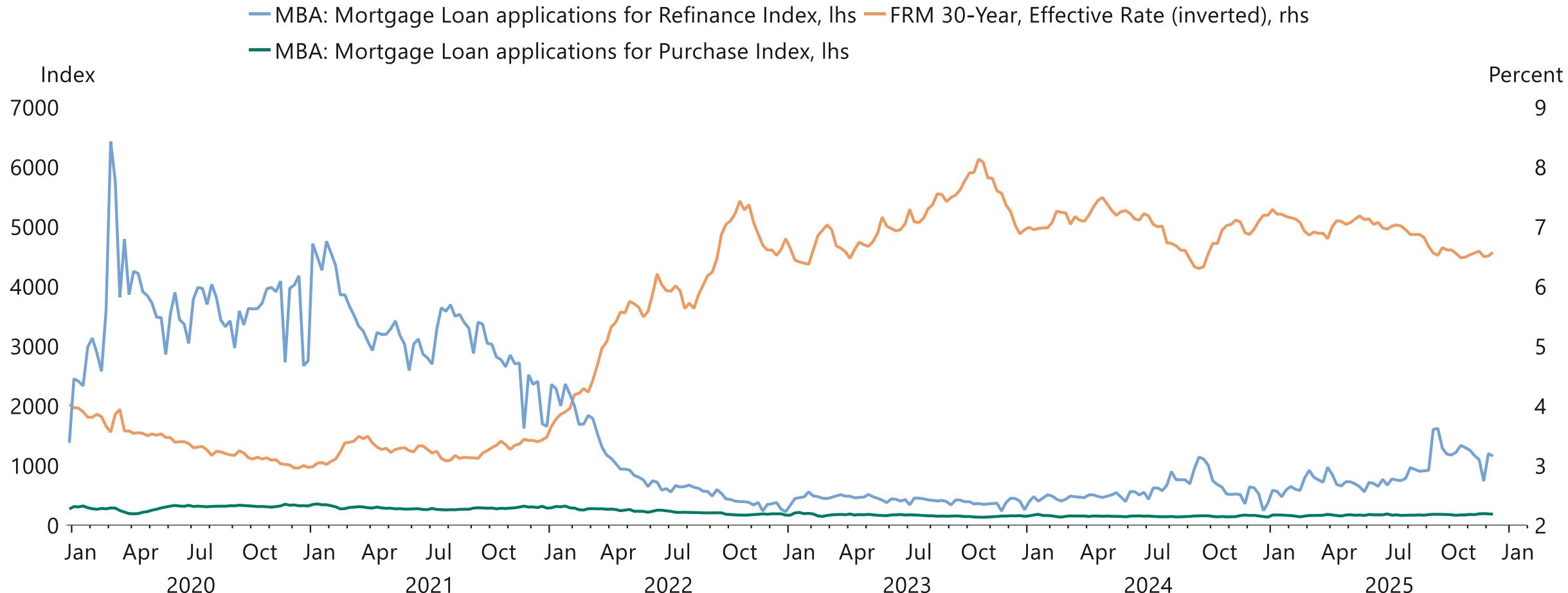
Source: Mortgage Bankers Association (MBA), Macrobond, Apollo Chief Economist

Rising interest rates putting downward pressure on mortgage purchase applications



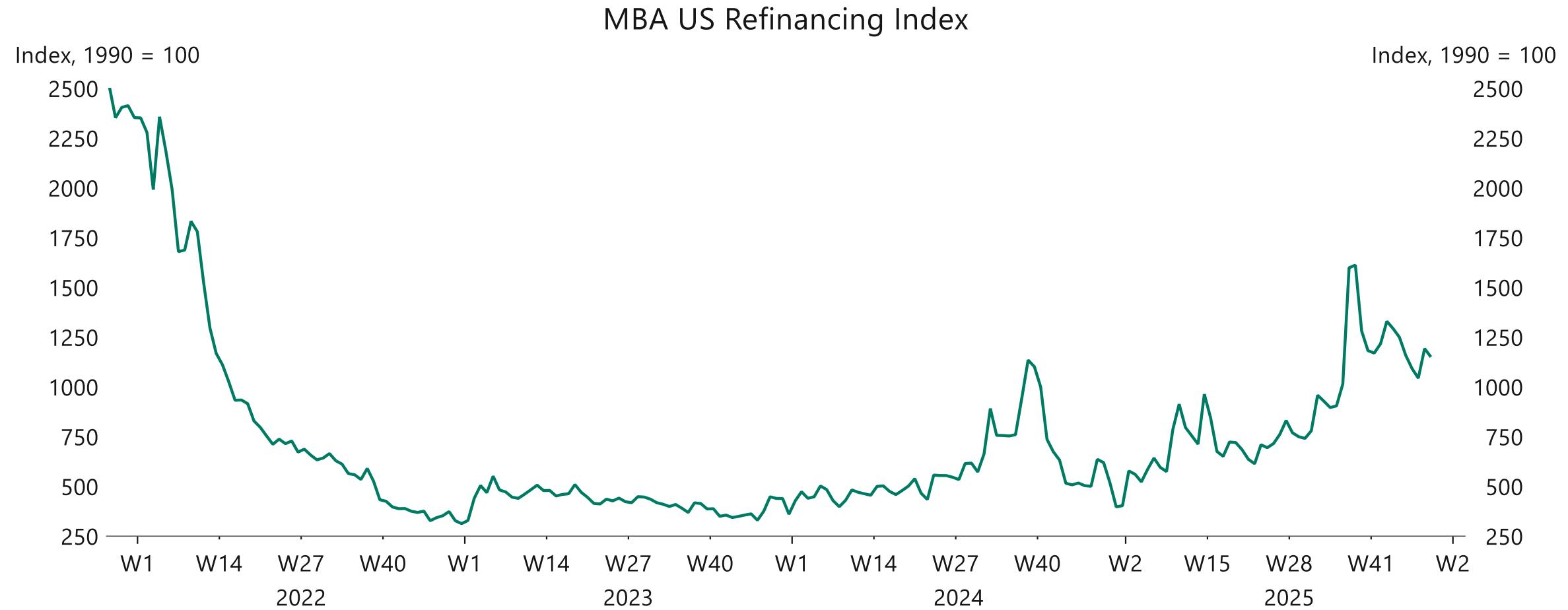
Source: Mortgage Bankers Association (MBA), Macrobond, Apollo Chief Economist

Mortgage applications fall as interest rates rise



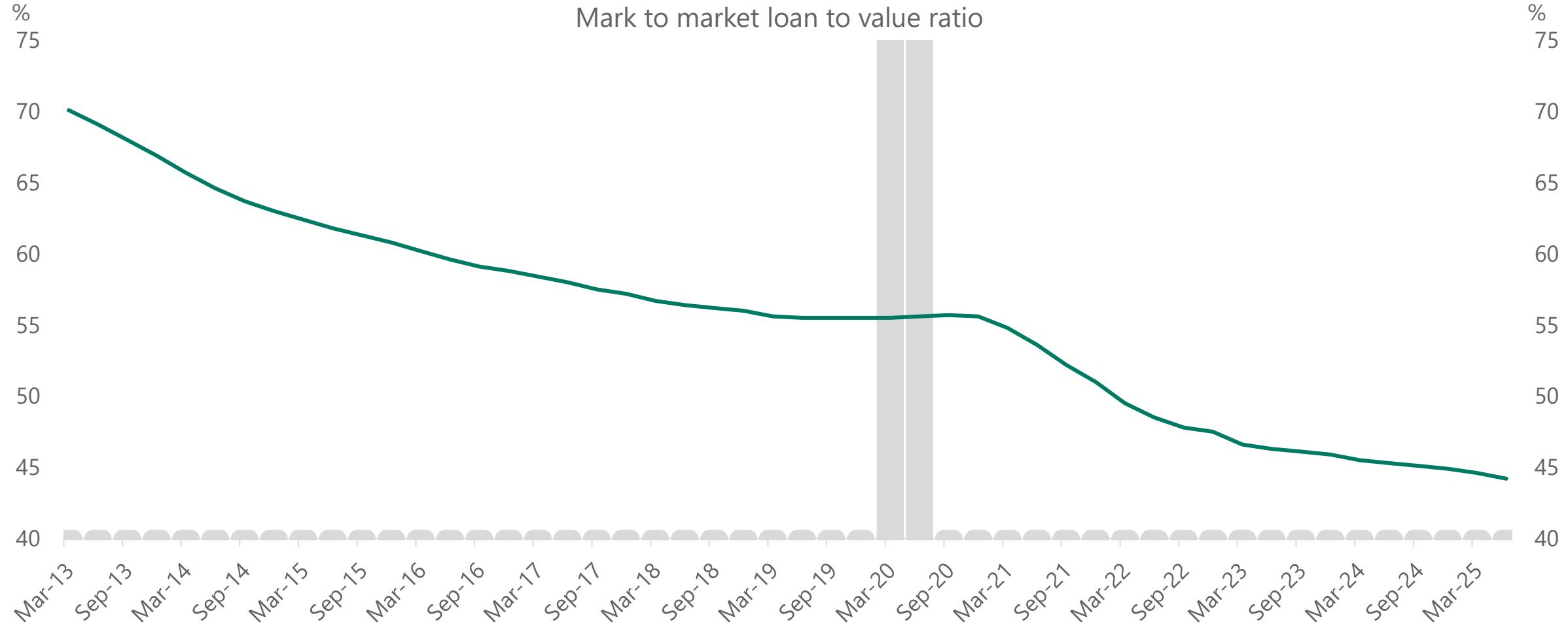
Source: Mortgage Bankers Association (MBA), Macrobond, Apollo Chief Economist

Higher mortgage rates in 2022 pushed refinancing activity down

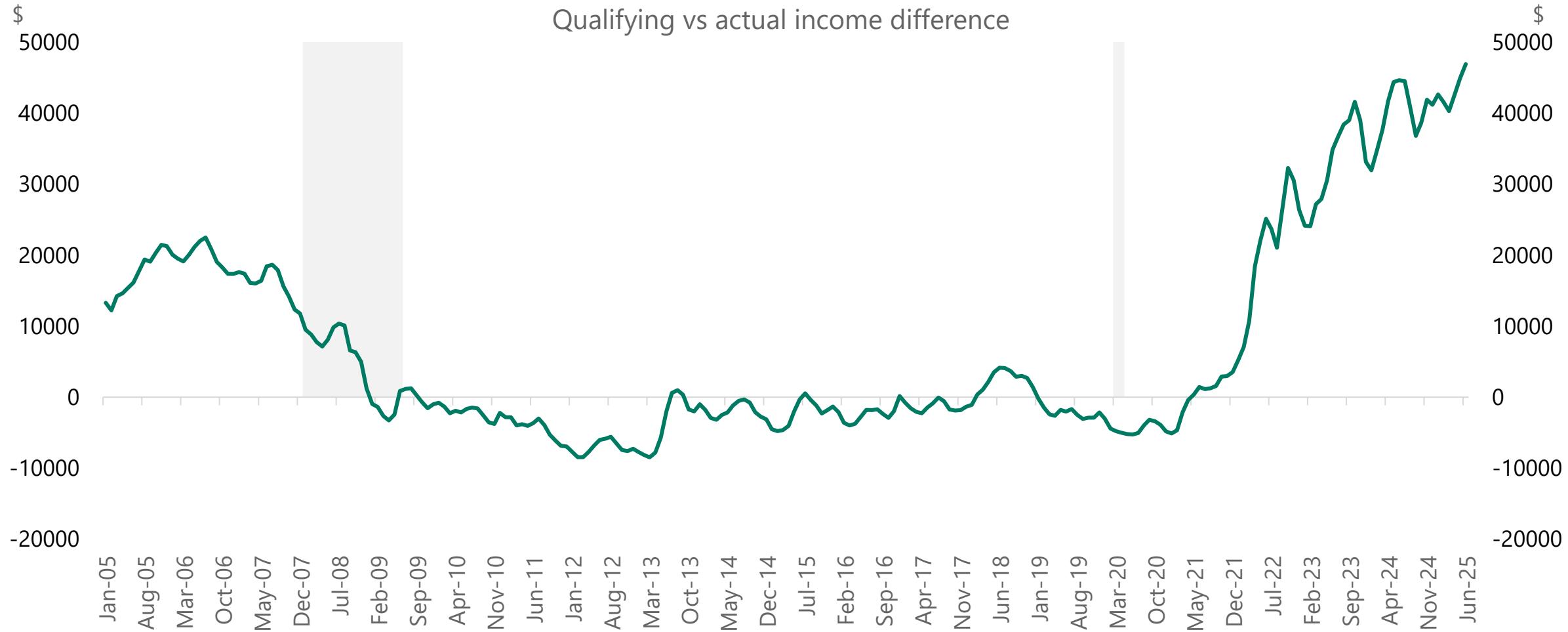


Source: Mortgage Bankers Association (MBA), Macrobond, Apollo Chief Economist

Loan-to-value ratio for US mortgages

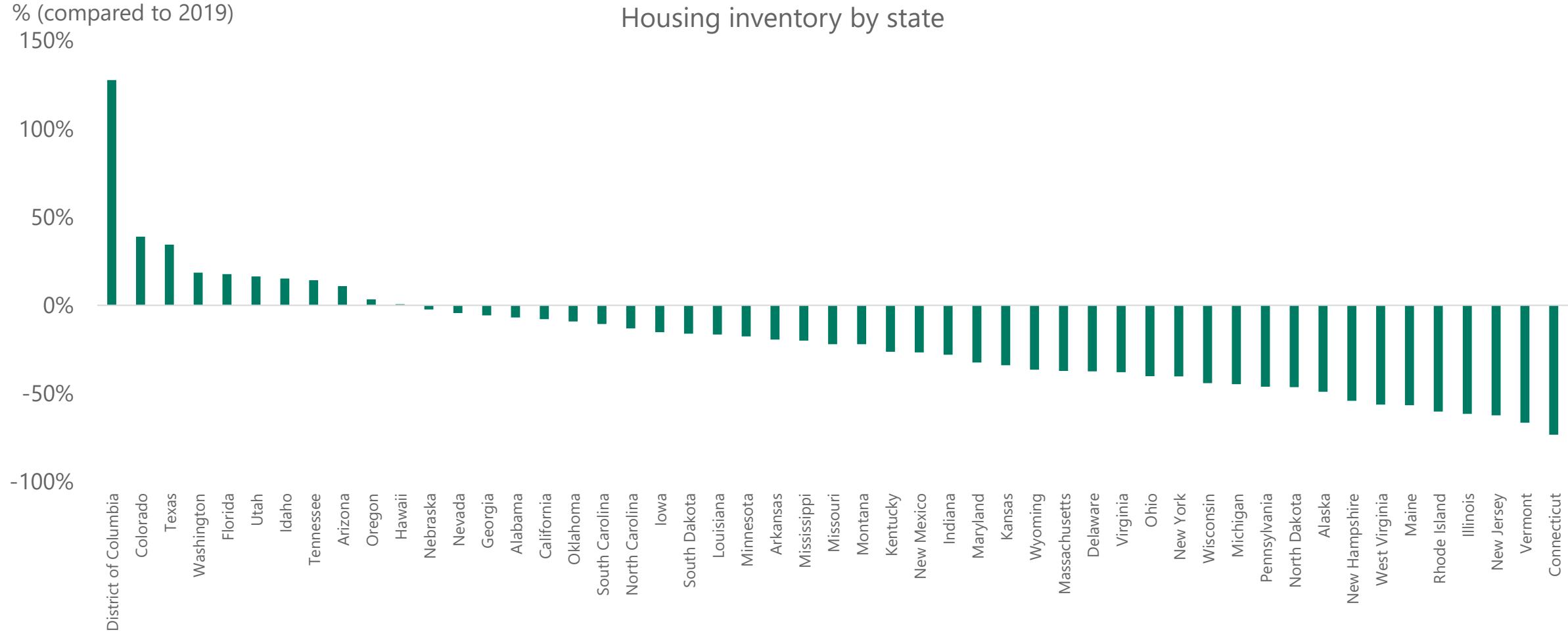


Home ownership affordability



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





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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.