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US Housing Outlook: Higher mortgage rates not helpful

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Apollo Global Management

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Unless otherwise noted, information as of March 2026

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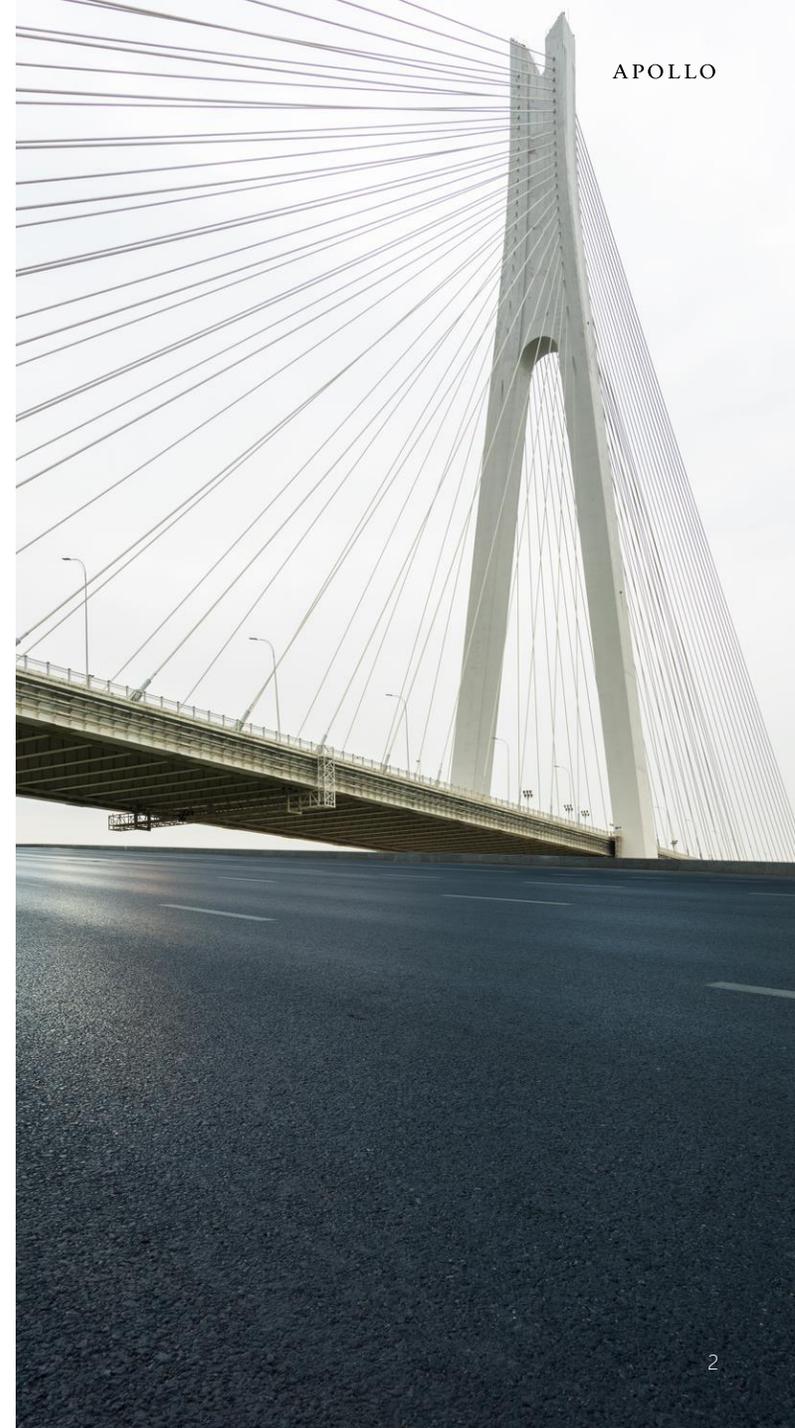
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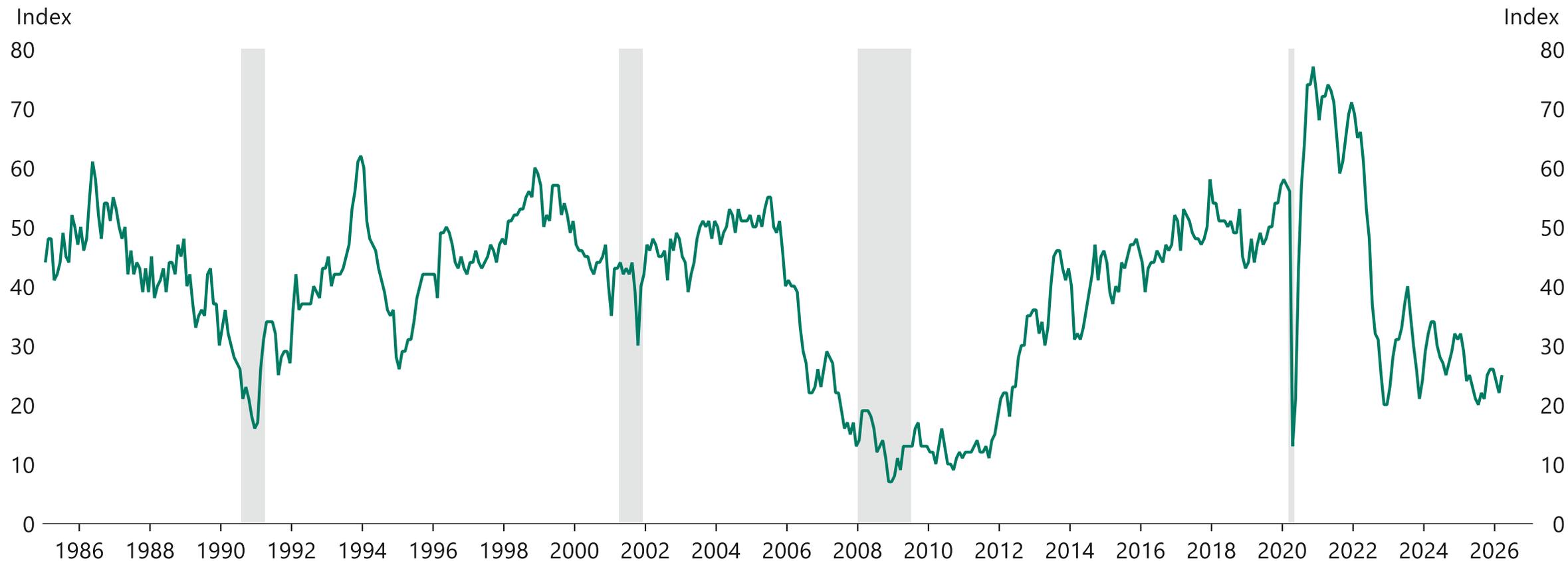
Outline

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

1) Housing demand

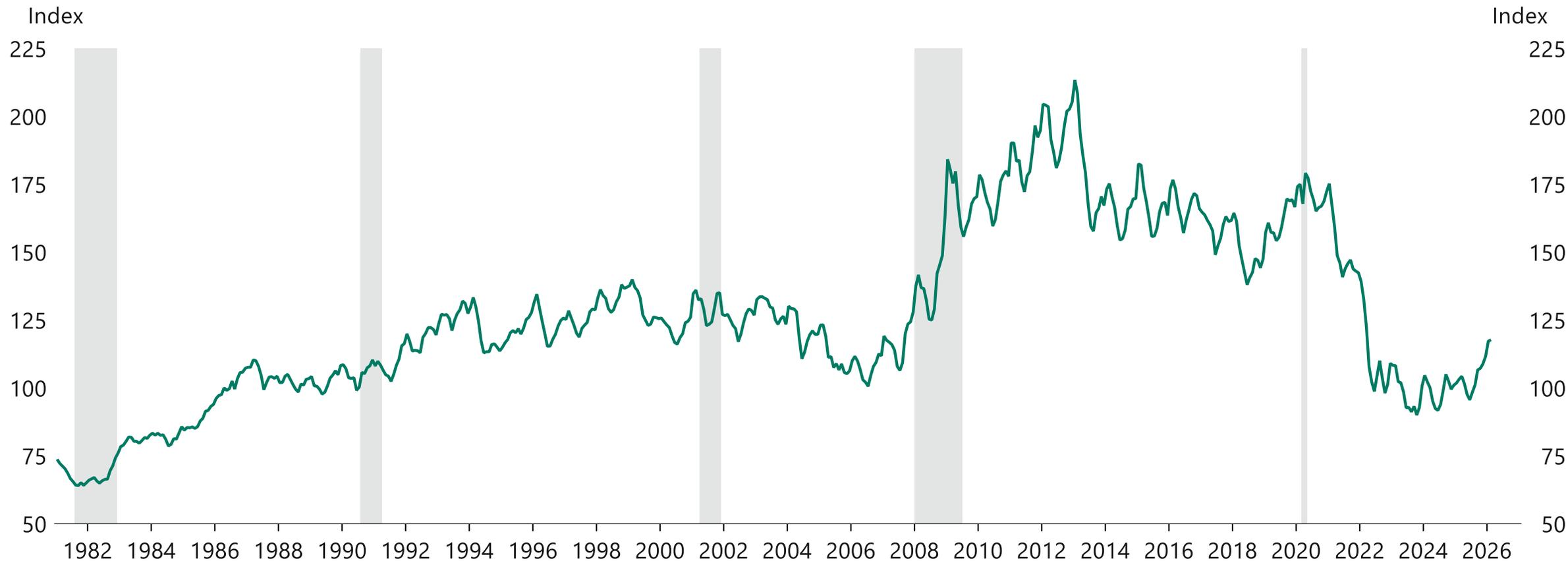
Traffic of prospective home buyers

Traffic of prospective buyers of new homes



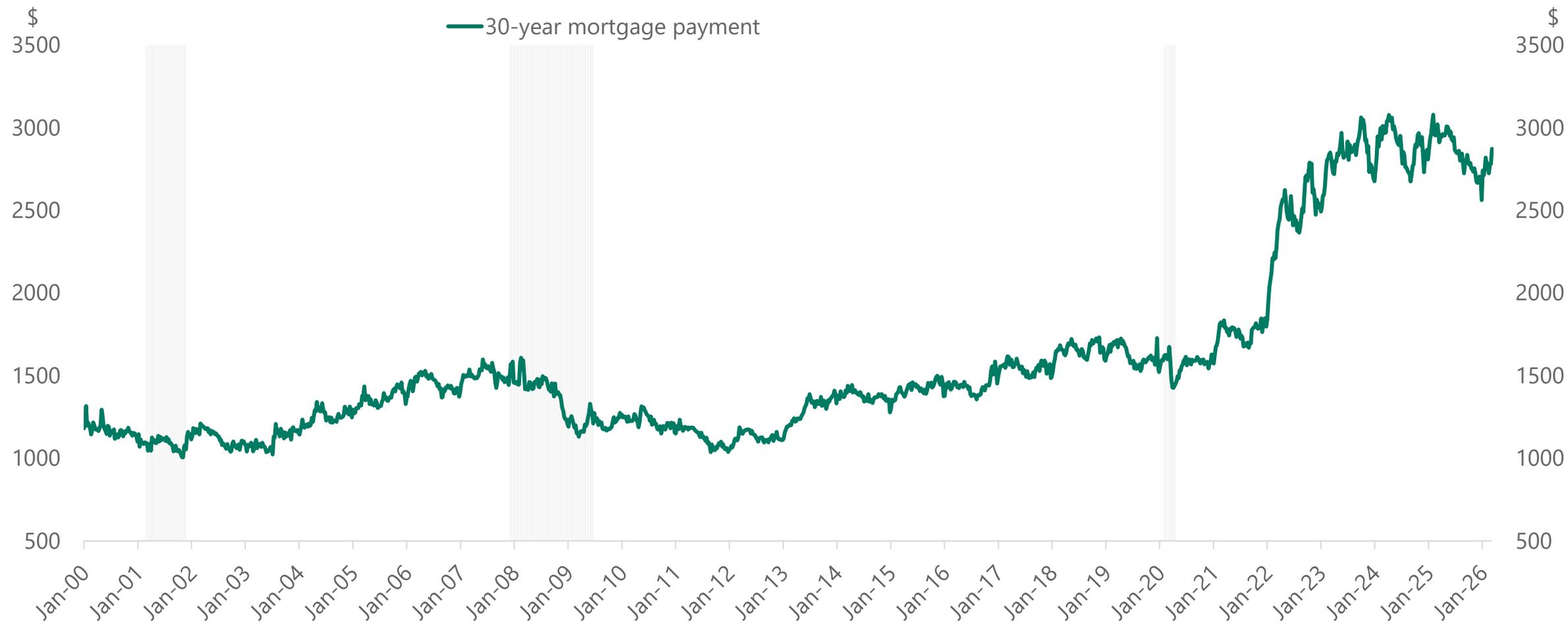
Housing affordability near record lows

Housing Affordability Index



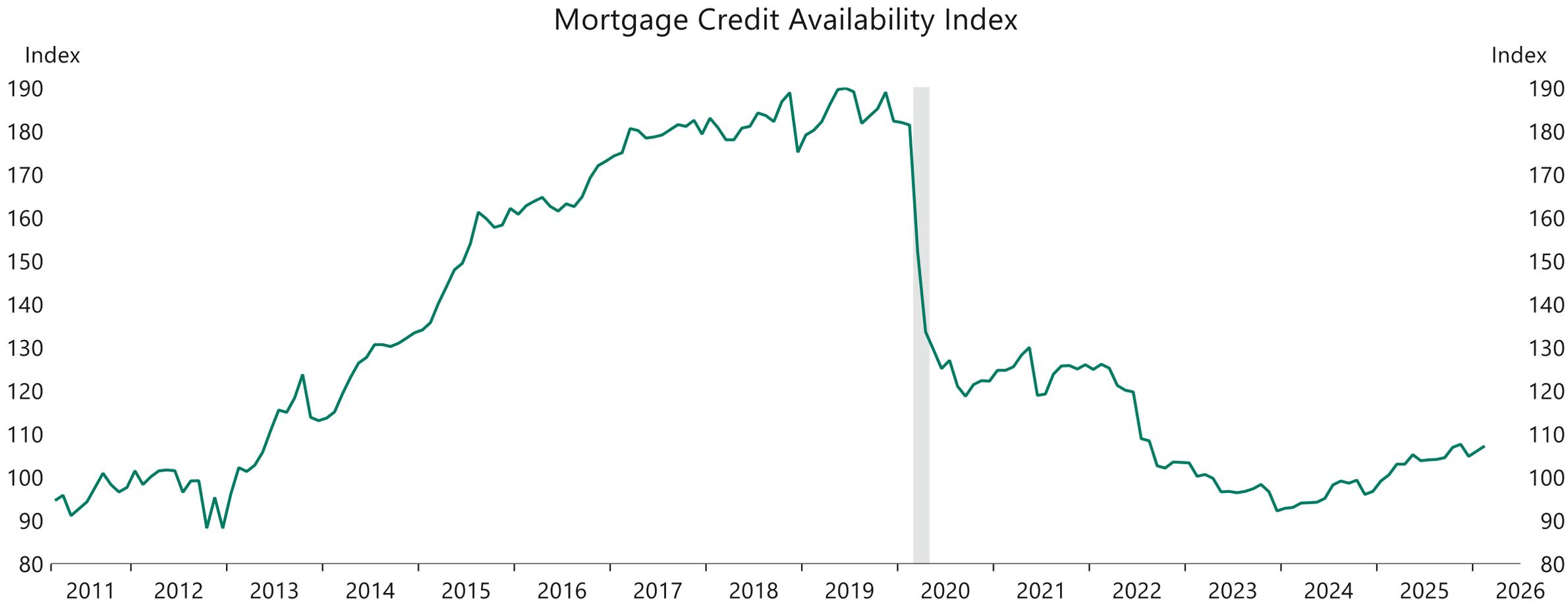
Source: National Association of Realtors (NAR), Macrobond, Apollo Chief Economist

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



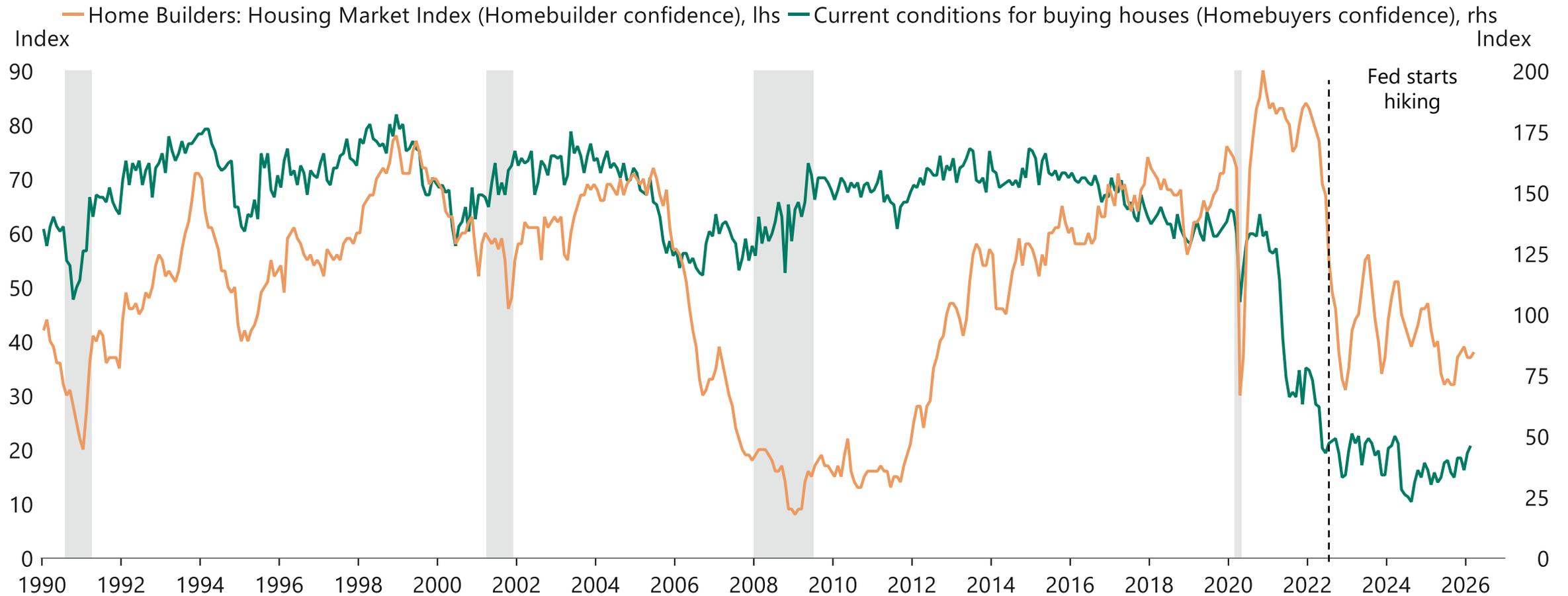
Source: Bloomberg L.P., Apollo Chief Economist (Note: Calculation of monthly payment using the 30-year purchase loan application size and the 30-yr effective rate.)

Availability of mortgage credit at tight levels



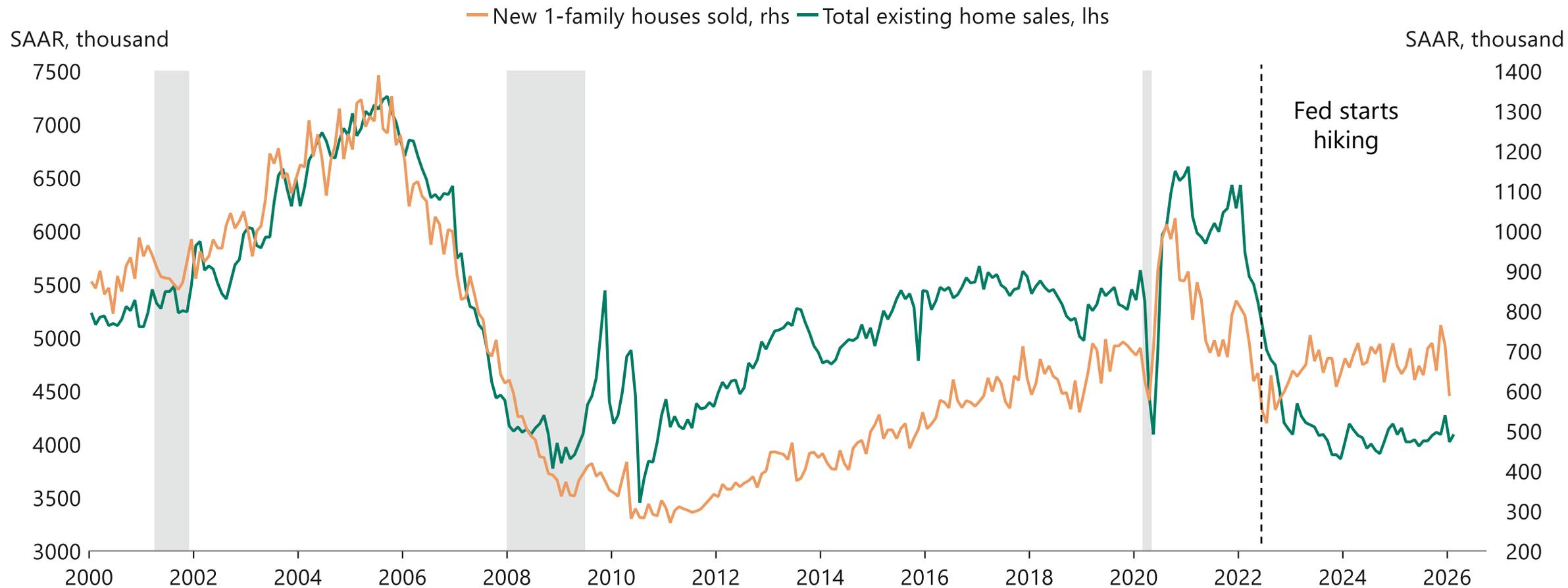
Source: MBA, Bloomberg, Macrobond, Apollo Chief Economist

Homebuyer and homebuilder confidence lower because of affordability



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

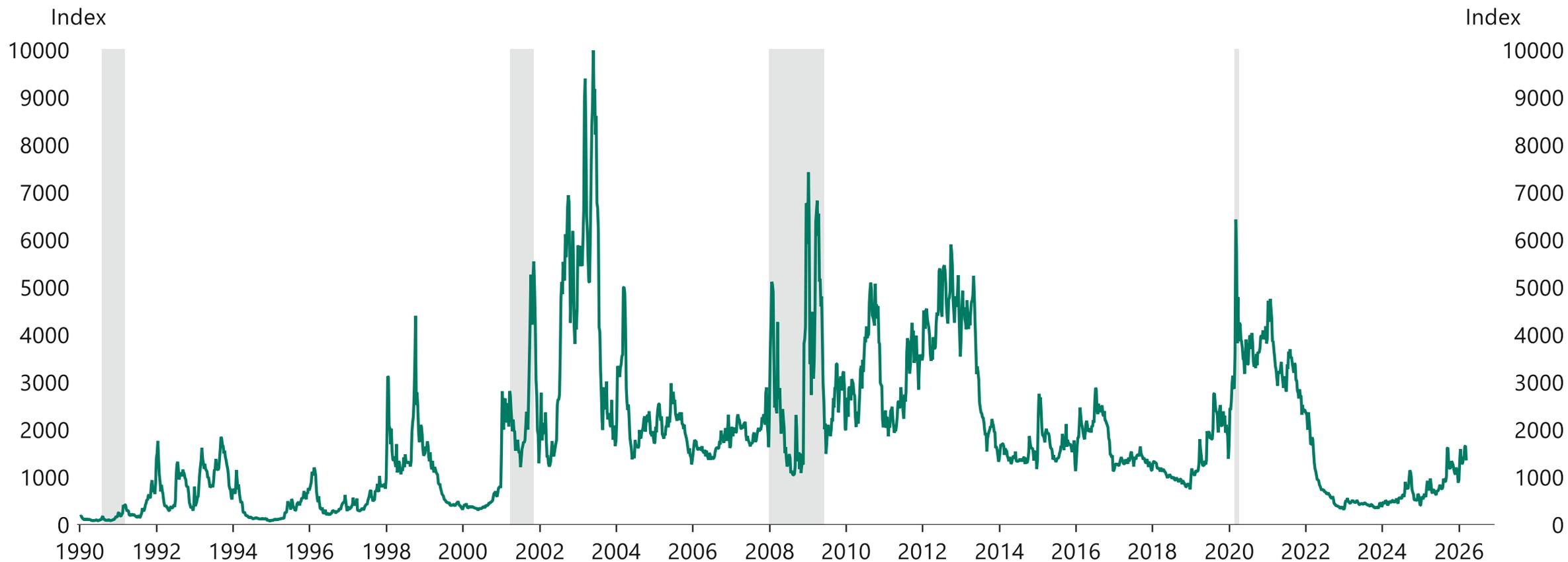
Existing and new home sales



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

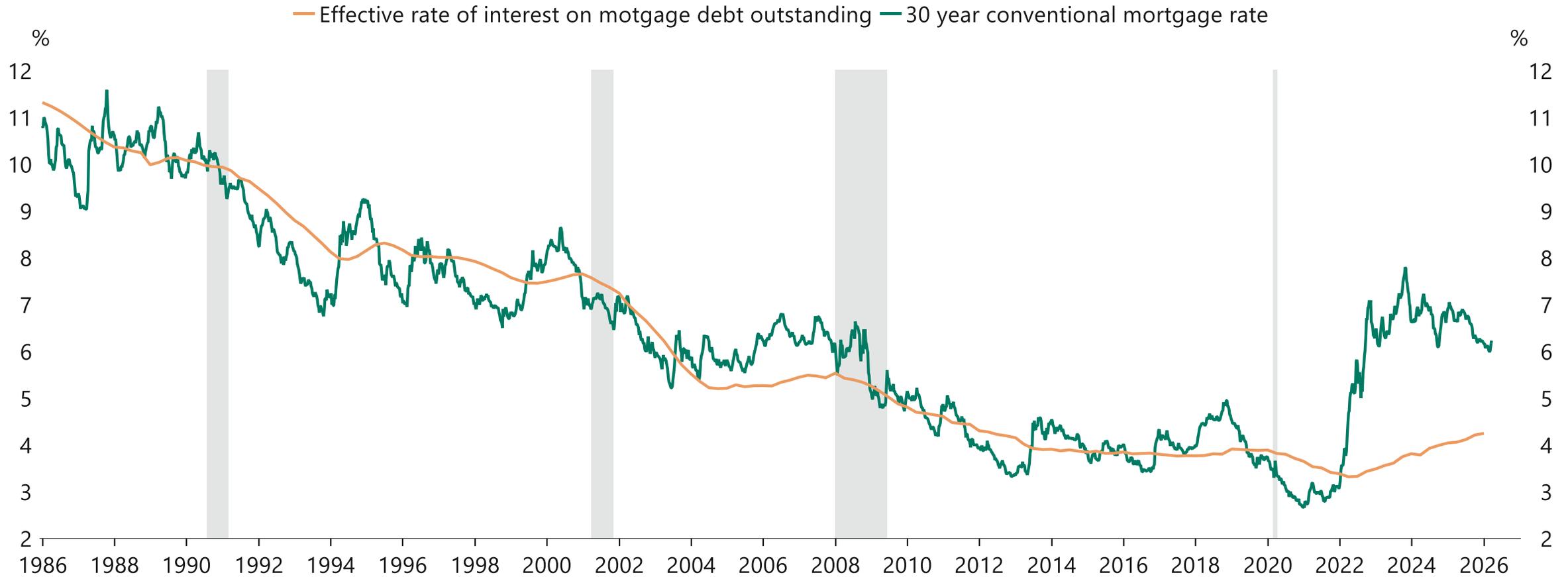
Number of homeowners who are refinancing their mortgage

Mortgage loan applications for refinancing



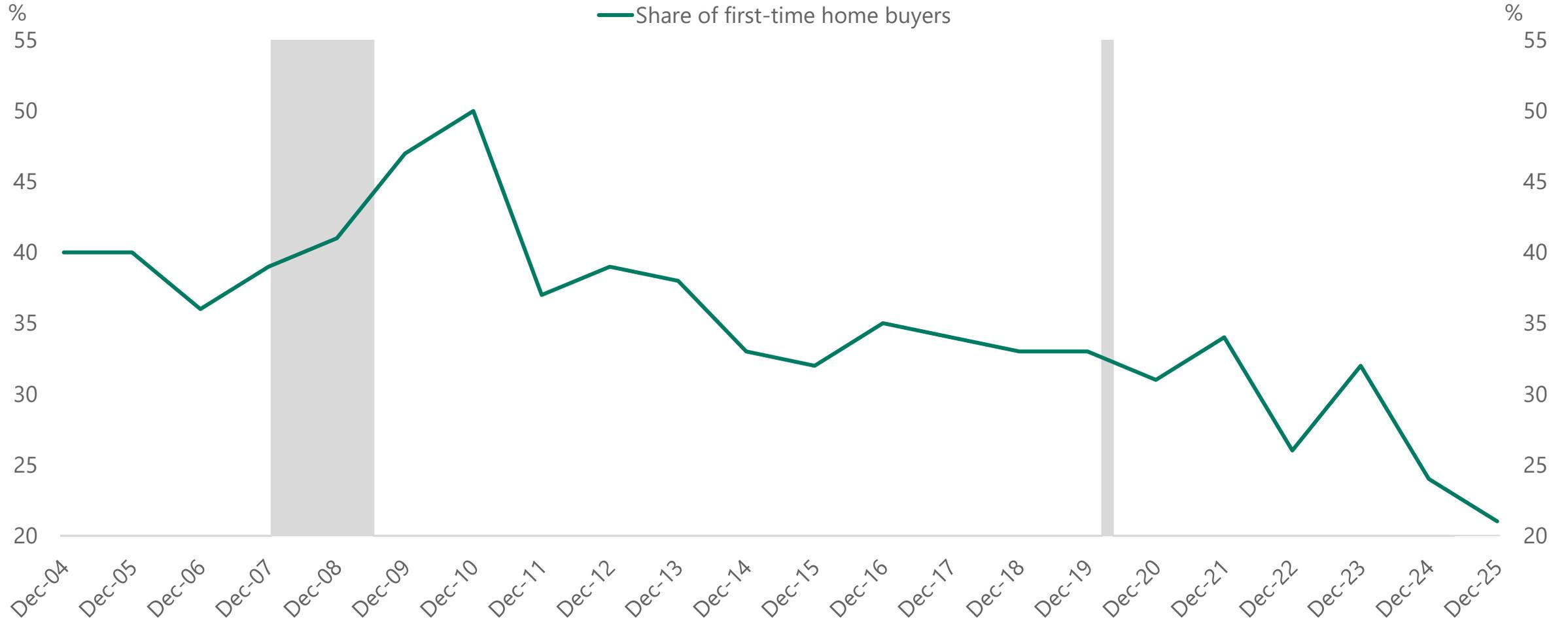
Source: Mortgage Bankers Association (MBA), Macrobond, Apollo Chief Economist

Mortgage rates are high, weighing on housing demand



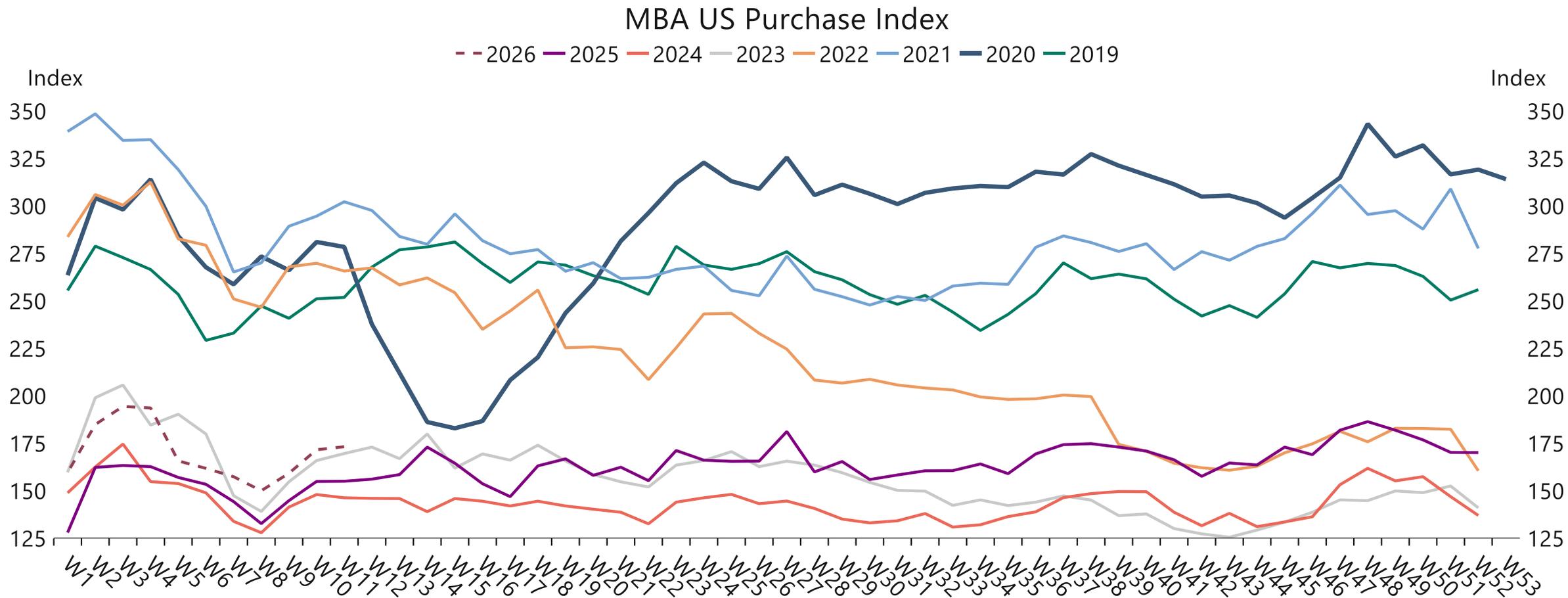
Source: Freddie Mac, U.S. Bureau of Economic Analysis (BEA), Macrobond, Apollo Chief Economist. Note: The effective interest rate (%) reflects the amortization of initial fees and charges over a 10-year period, which is the historical assumption of the average life of a mortgage loan.

Share of first-time home buyers is declining



Source: National Association of Realtors, Apollo Chief Economist.

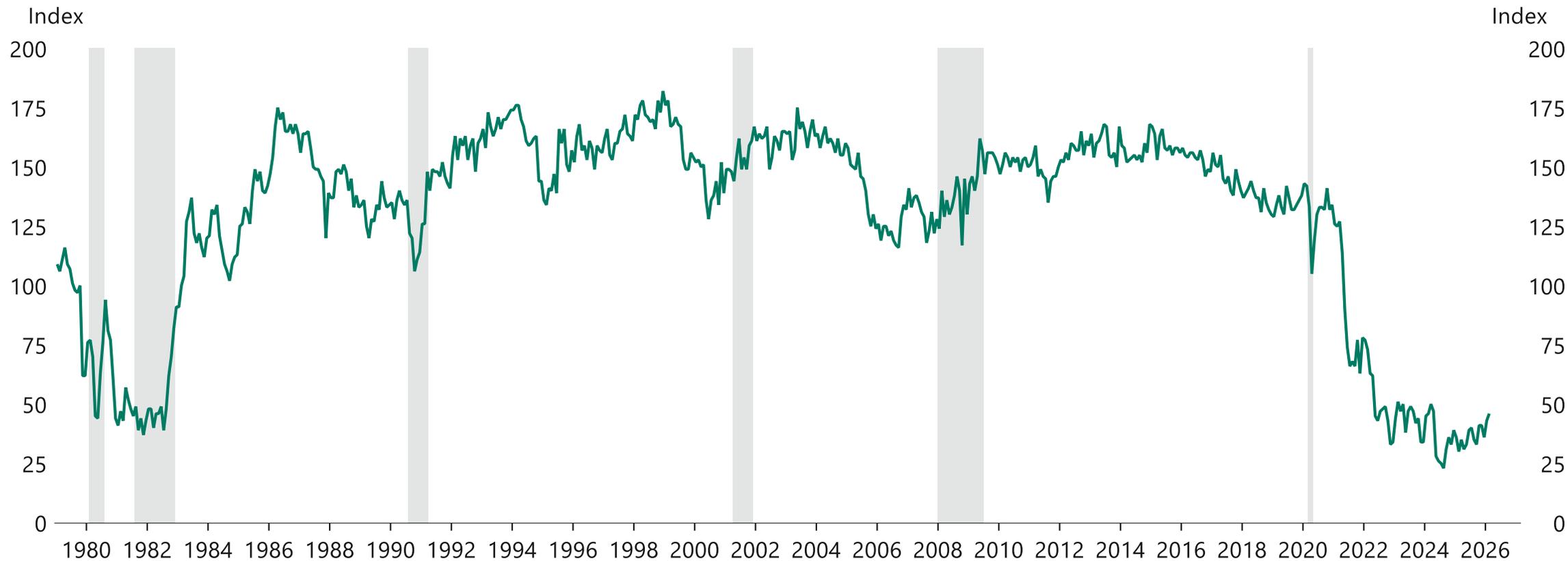
Mortgage purchase applications very low



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

US home buying conditions: Not good

Home buying conditions



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%

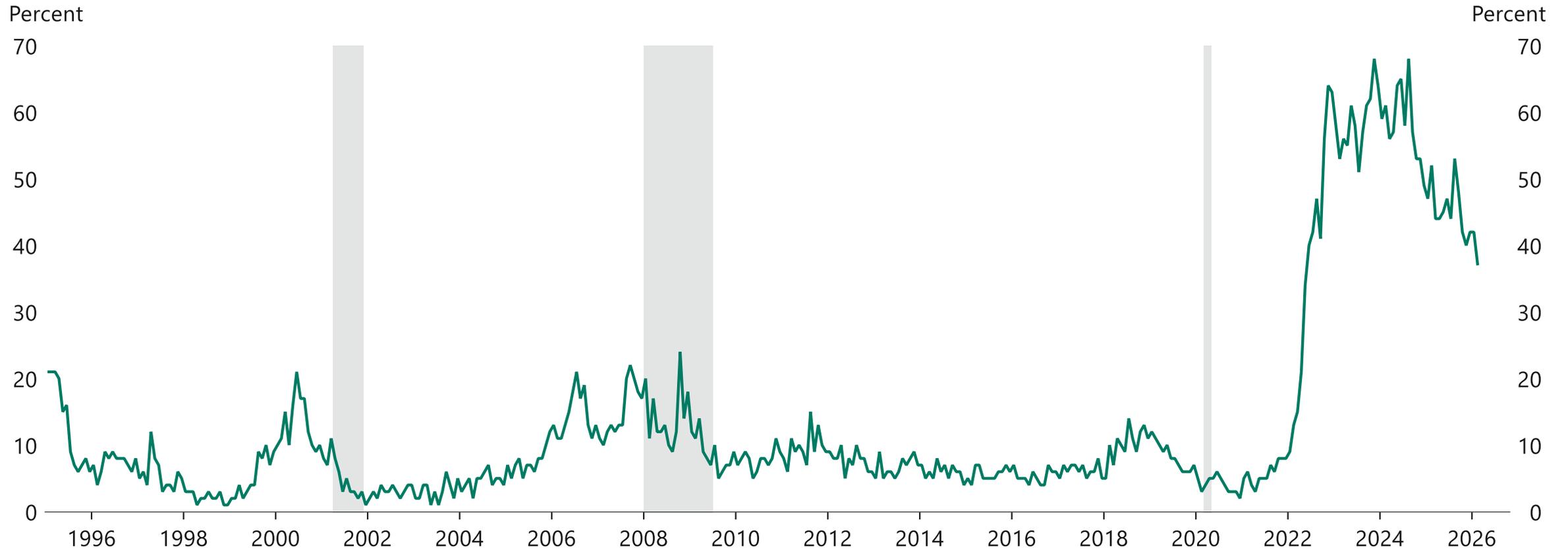
Adjustable rate mortgage share of conventional applications



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

38% of consumers are saying that this is a bad time to buy a house because of high mortgage rates and tight credit

Current Conditions for Buying Houses: Bad: High Interest/Tight Credit

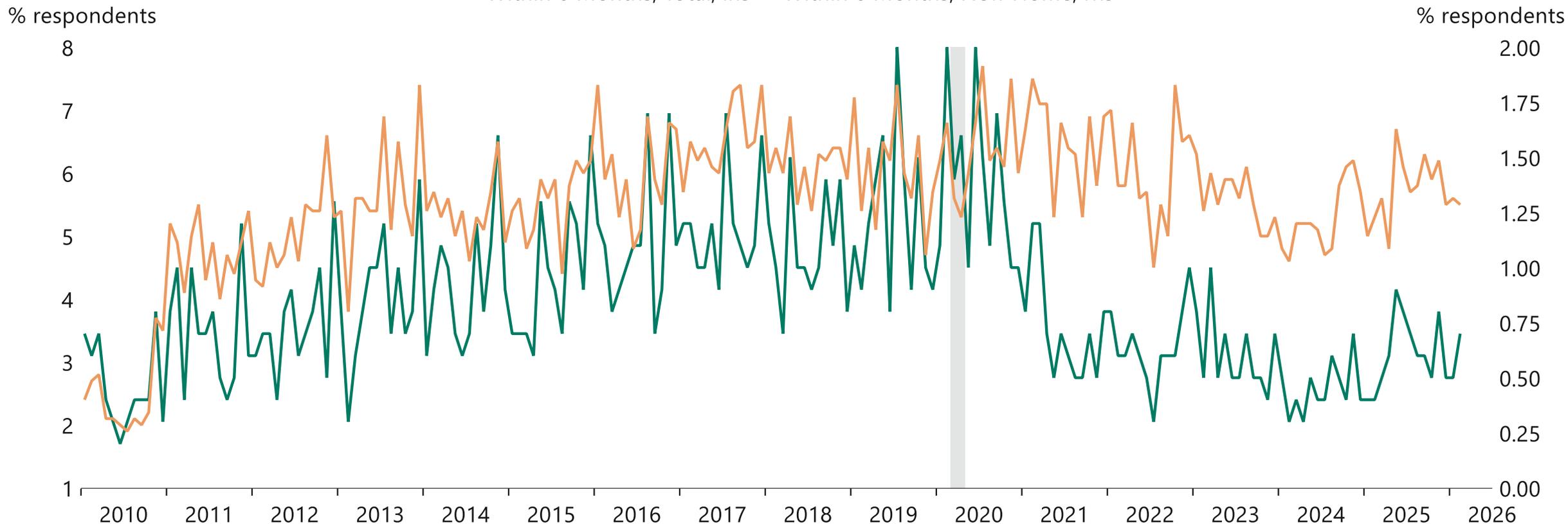


Source: University of Michigan, Macrobond, Apollo Chief Economist

Home buying plans

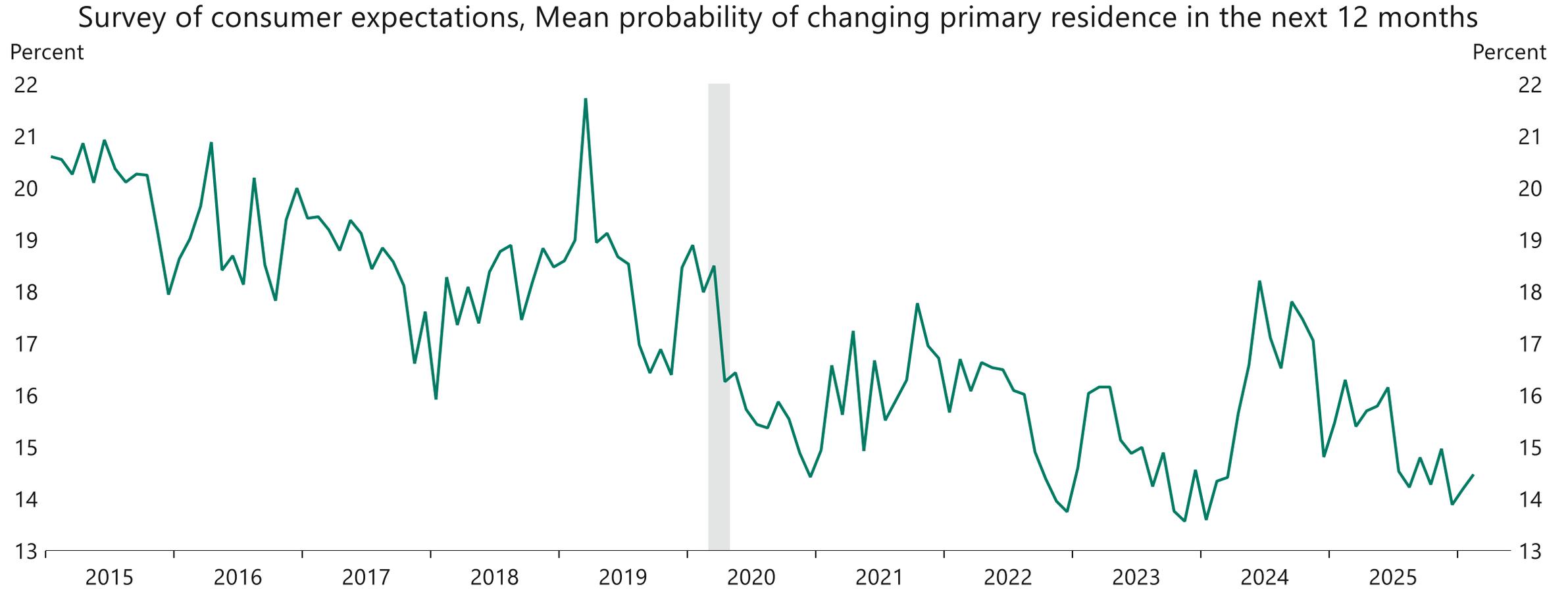
Conference Board Consumer Confidence Index, Plans to Buy Home

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



Source: Conference Board, Macrobond, Apollo Chief Economist

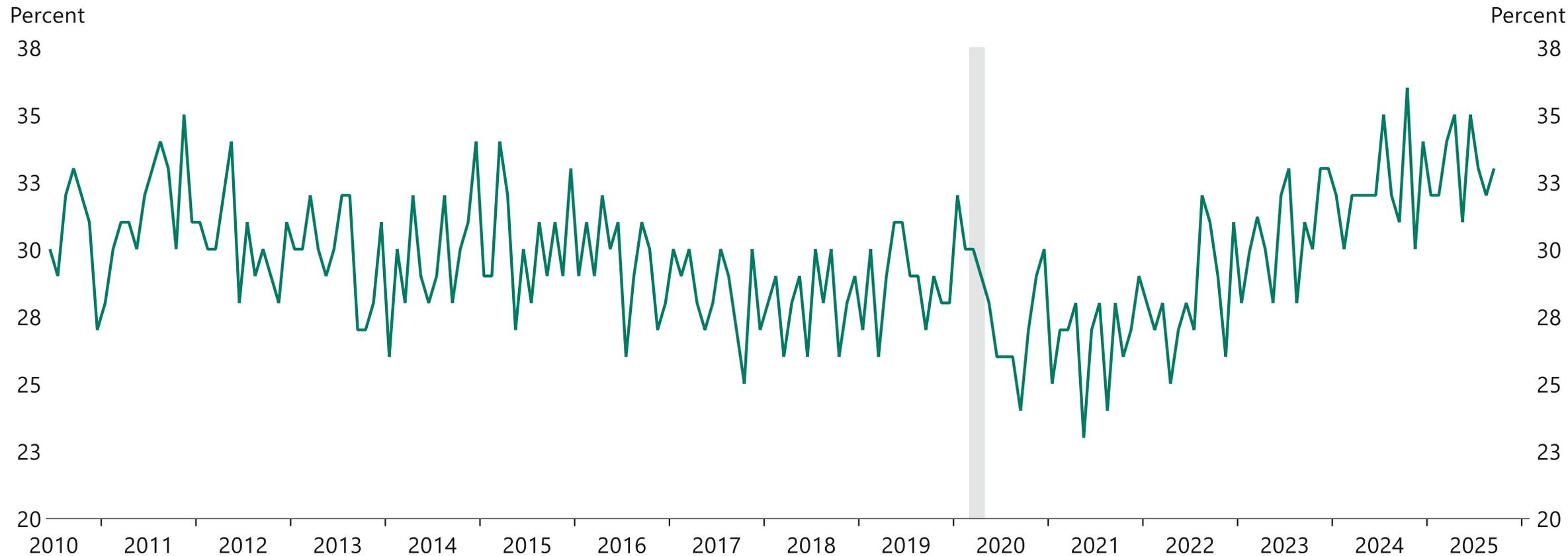
Share of households planning to move over the next 12 months



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

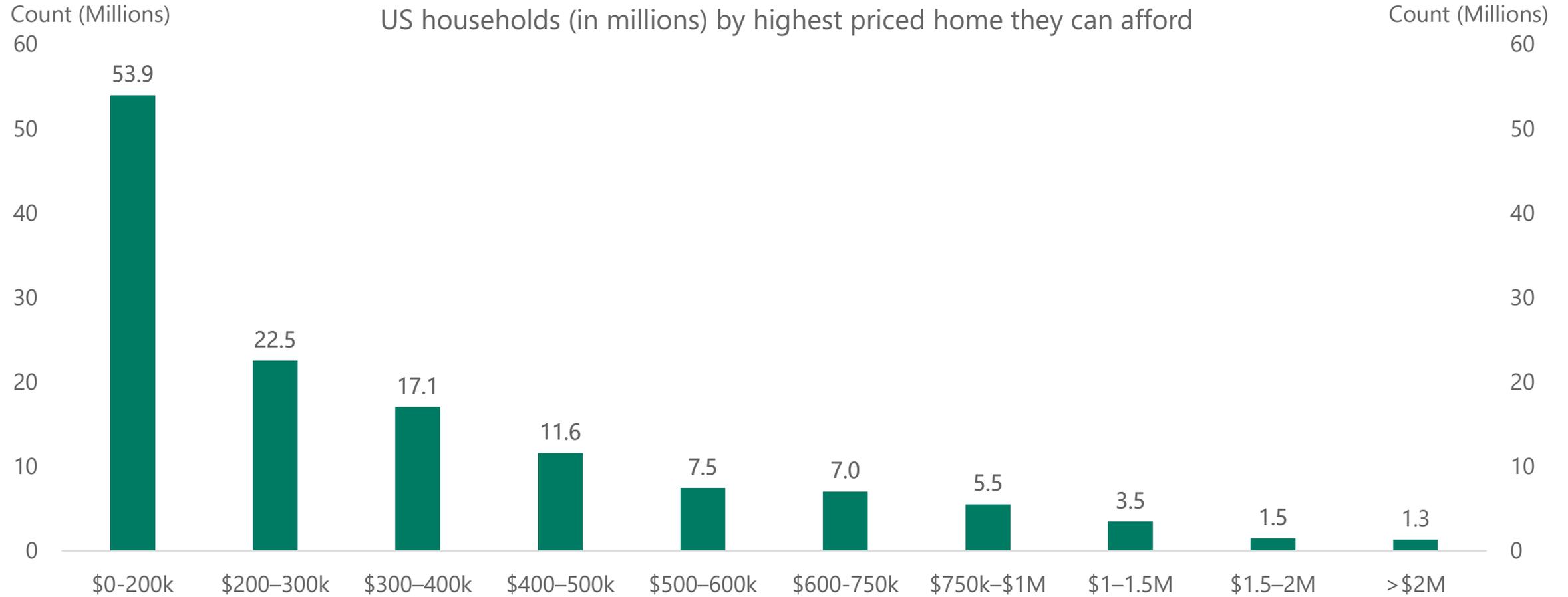
33% of Americans say they would rent if they were going to move

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



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

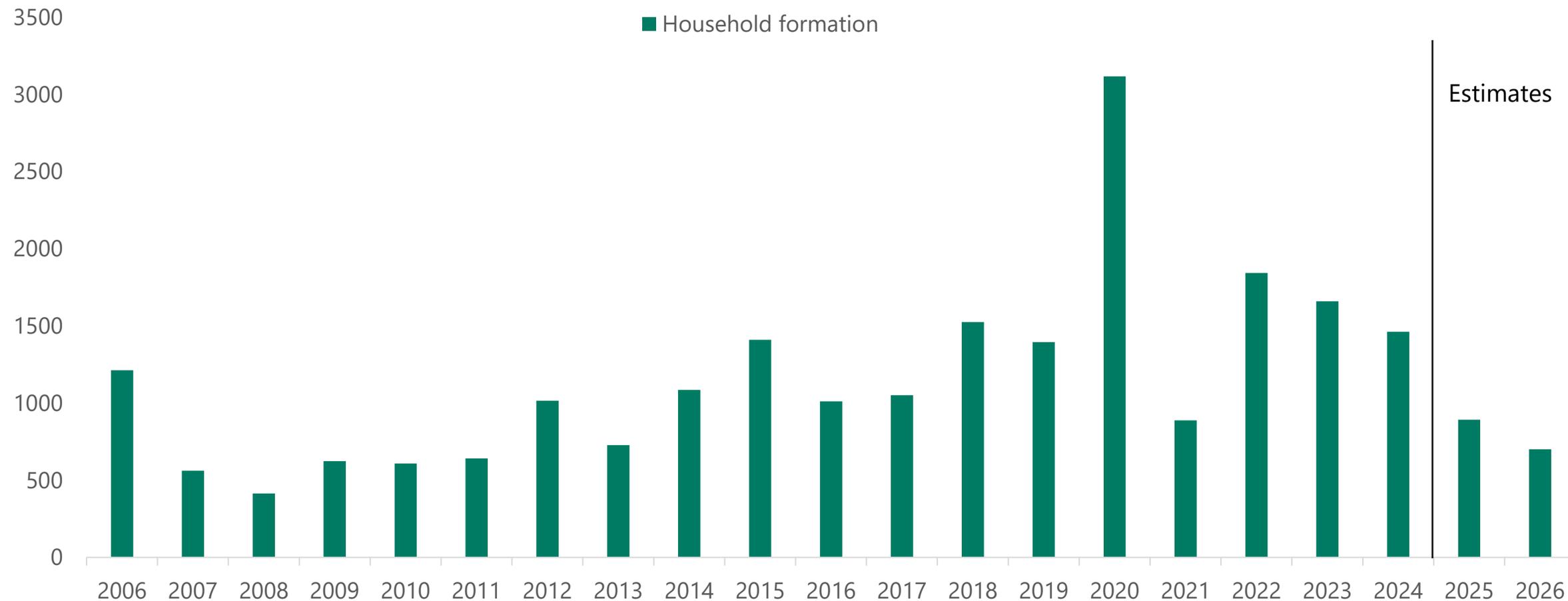
Most of US households can only afford homes below \$300k



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).

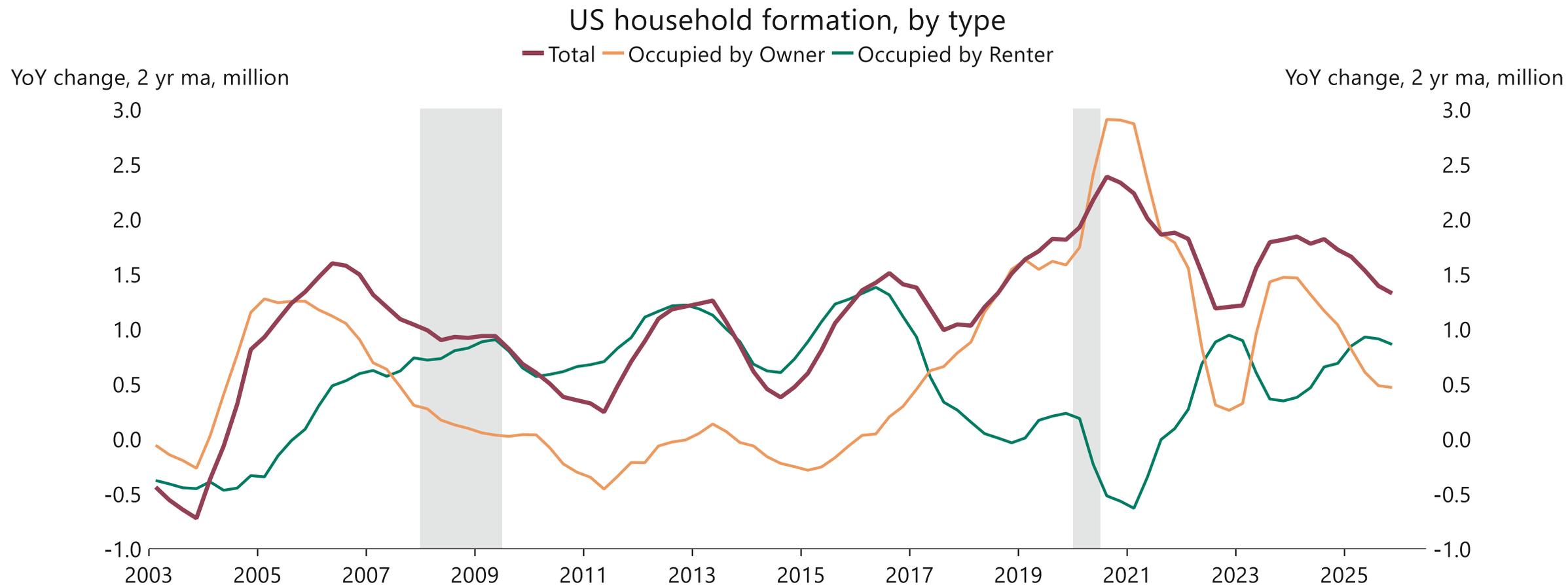
Household formation slowing down

Thousands of units



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.

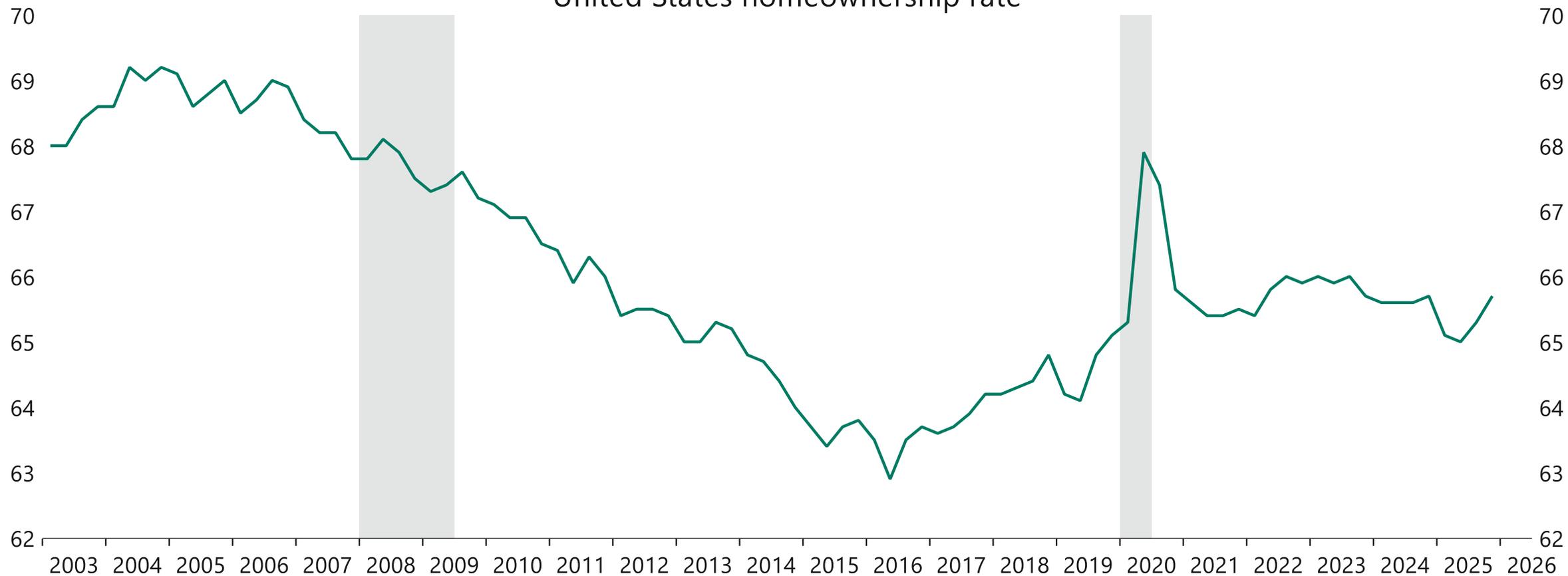
US household formations, by type



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

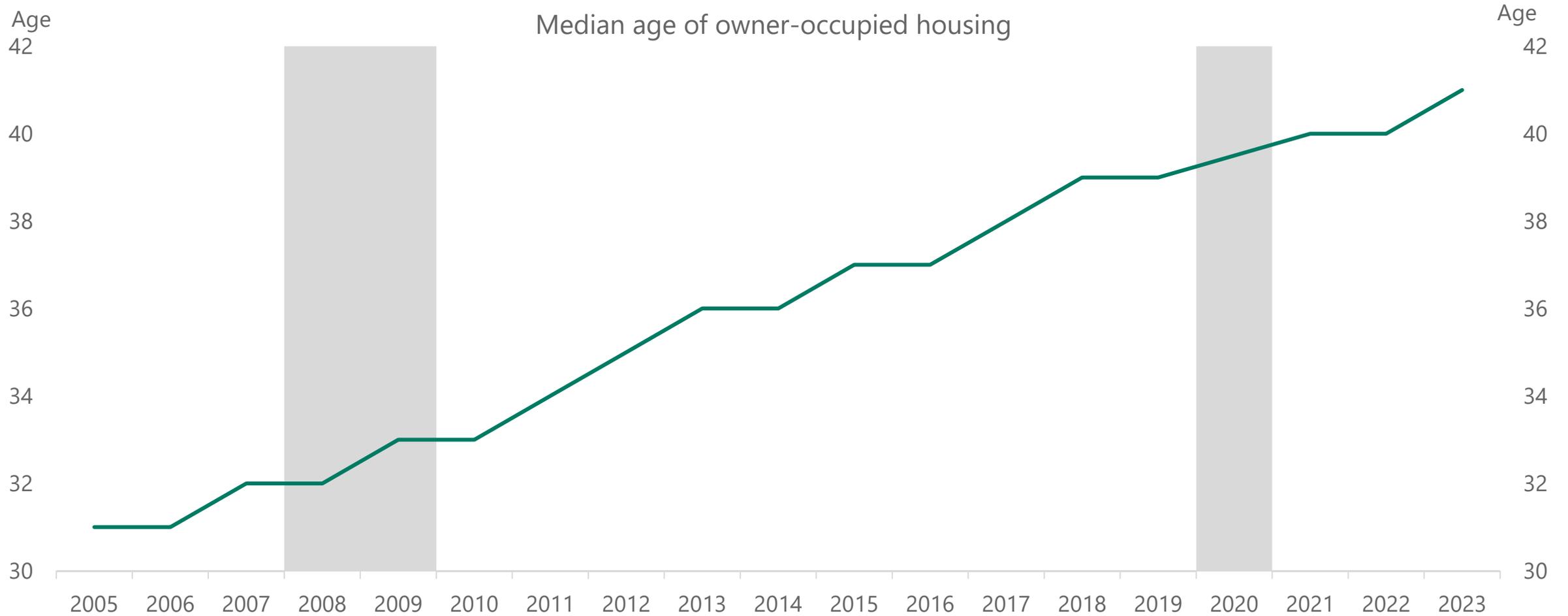
Homeownership rate

United States homeownership rate



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

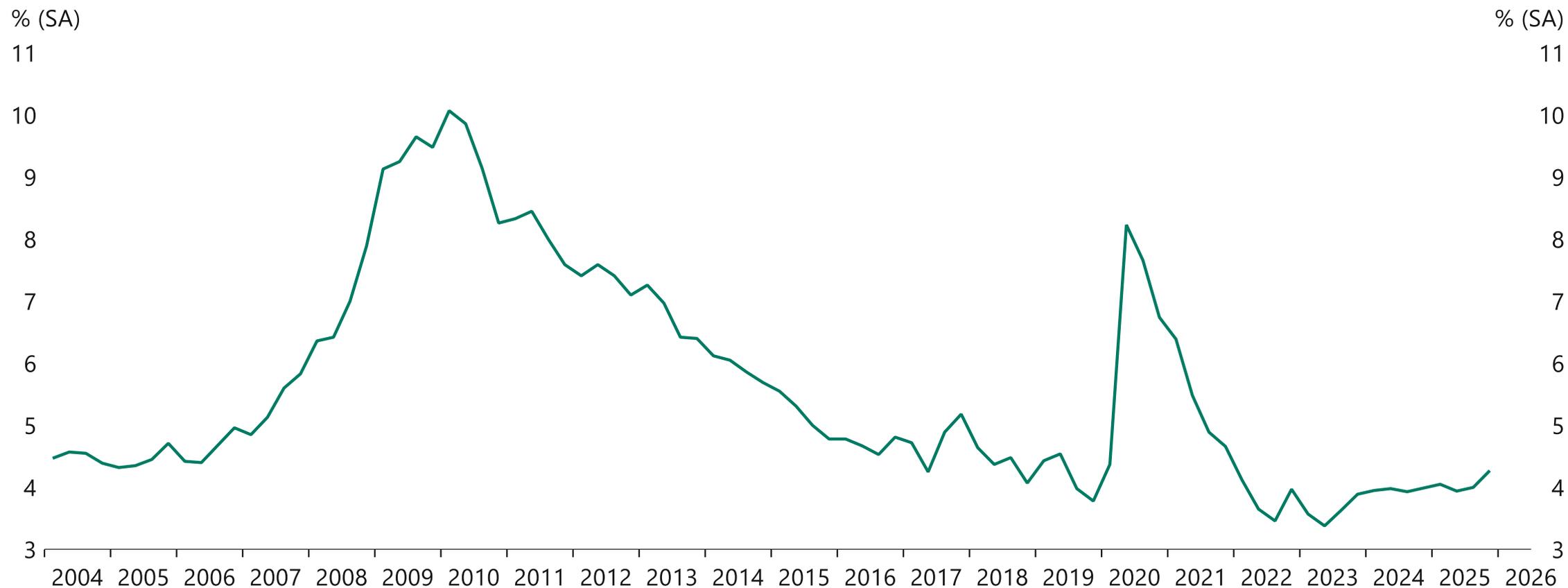
Median age of owner-occupied housing: 41 years old



Source: 2005-2019, 2021-2023 American Community Survey Estimates, Apollo Chief Economist.

Delinquency rate for mortgages very low

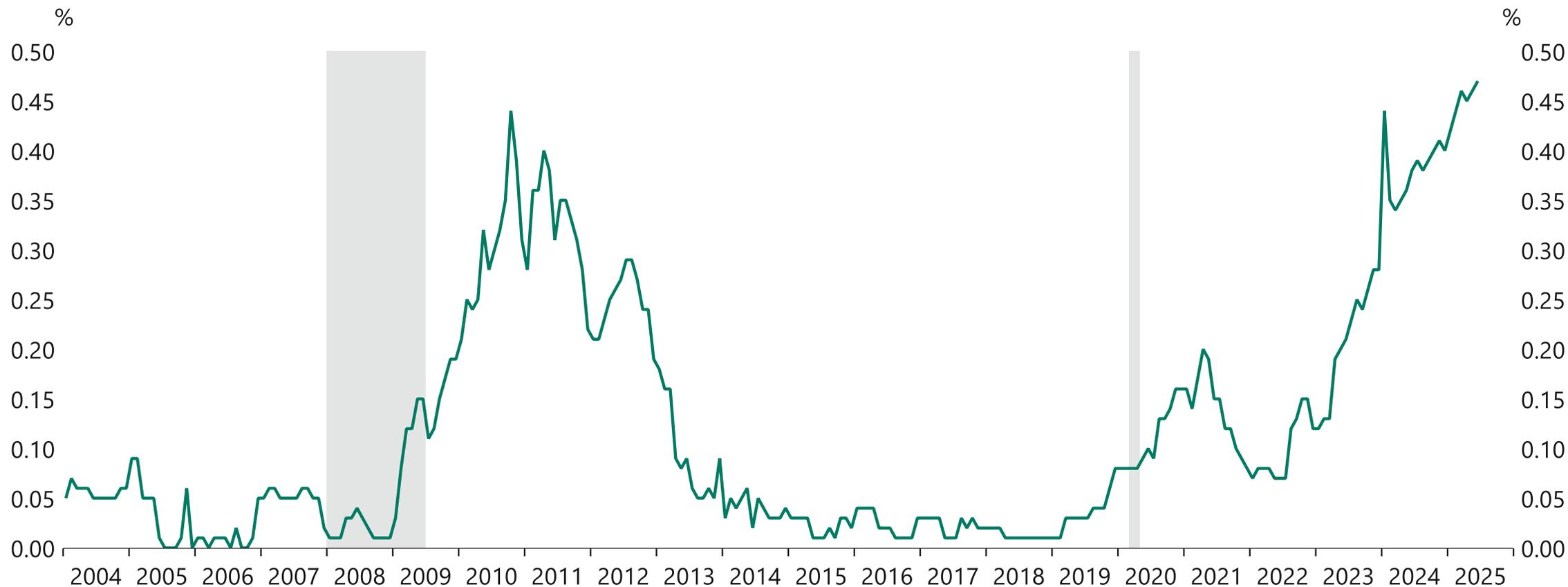
Delinquencies as % of total mortgages



Source: Bloomberg, Macrobond, Apollo Chief Economist

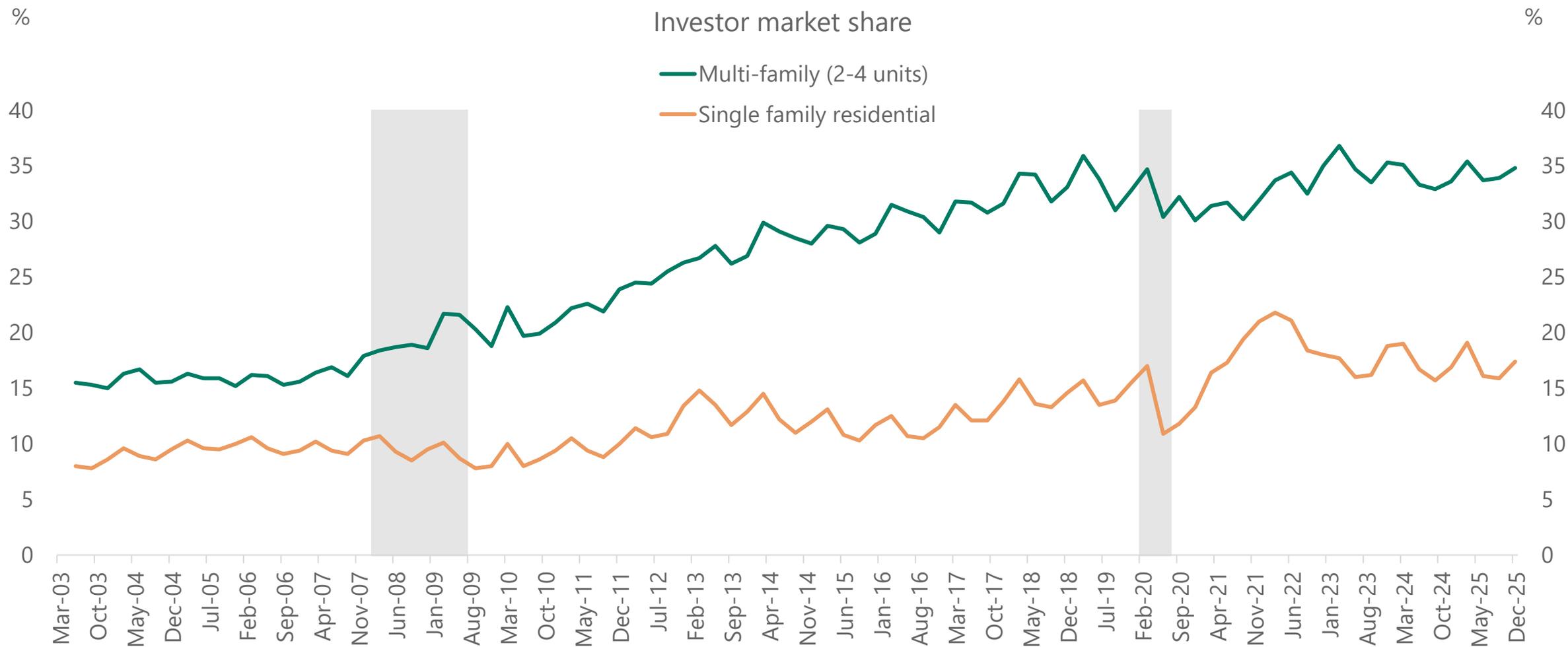
Delinquency rate on multifamily housing is high

Freddie Mac serious delinquency rates multifamily



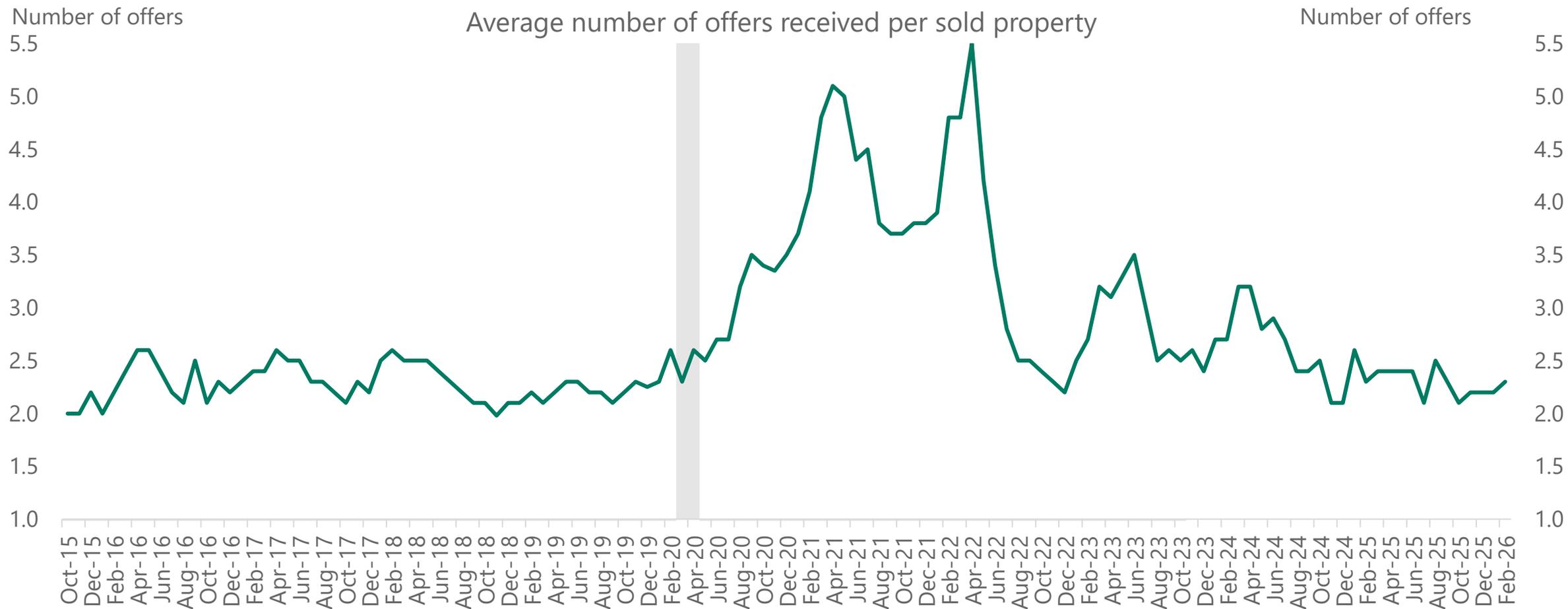
Source: Bloomberg, Macrobond, Apollo Chief Economist

Investor share of single-family is stable

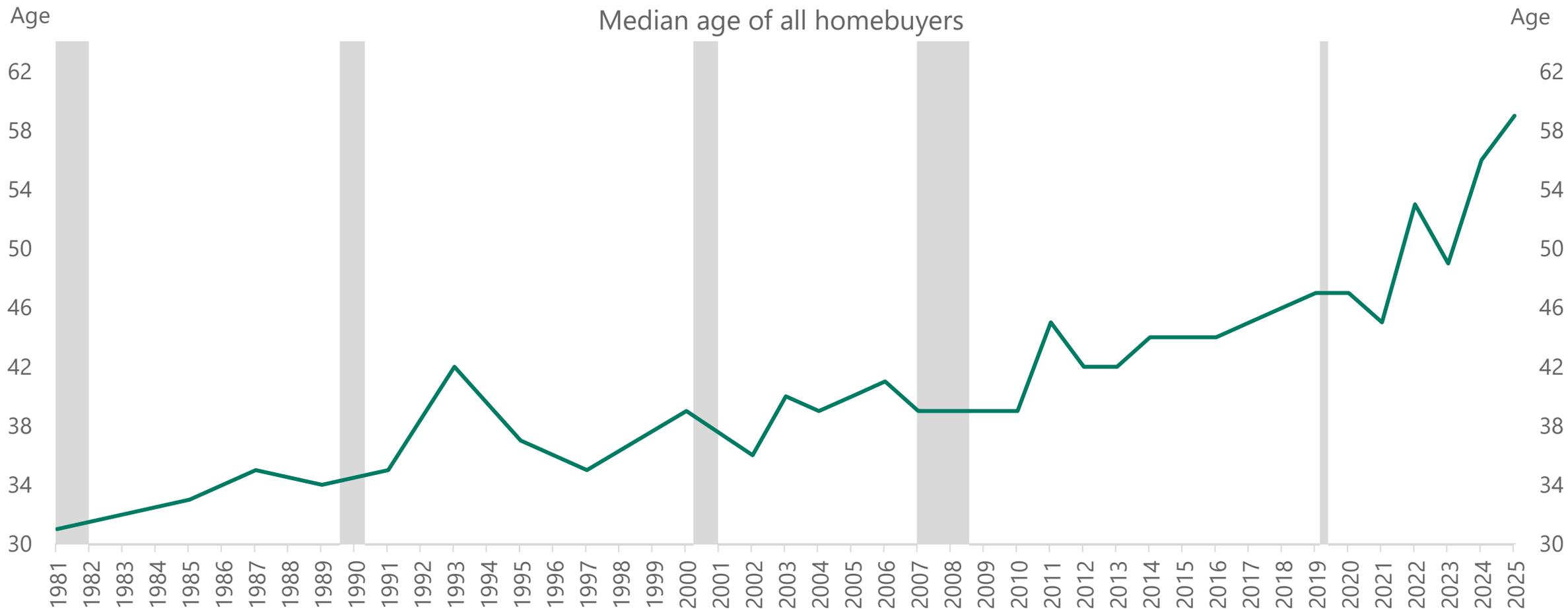


Source: Redfin, Apollo Chief Economist (Definition of Investor market share: the percentage of total home sales in which an investor was the buyer)

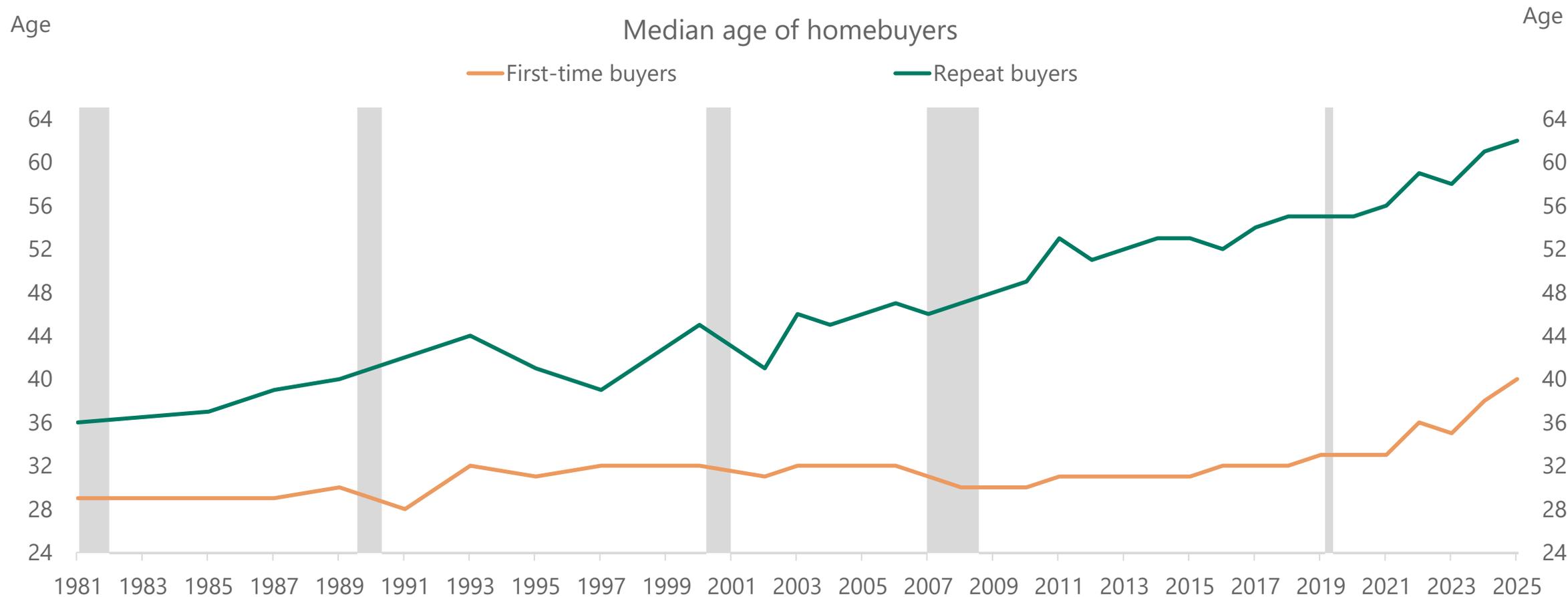
Average number of offers received per sold property



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

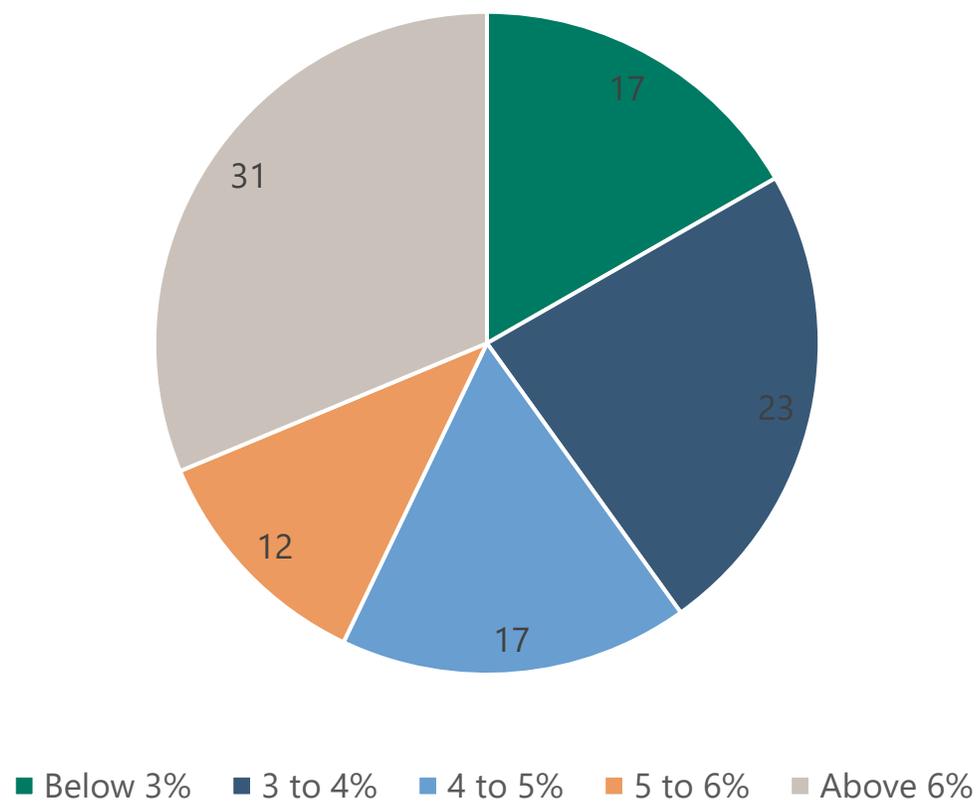


The median age of first-time homebuyers has increased from 30 in 2008 to 40 today



Share of mortgages outstanding by interest rate

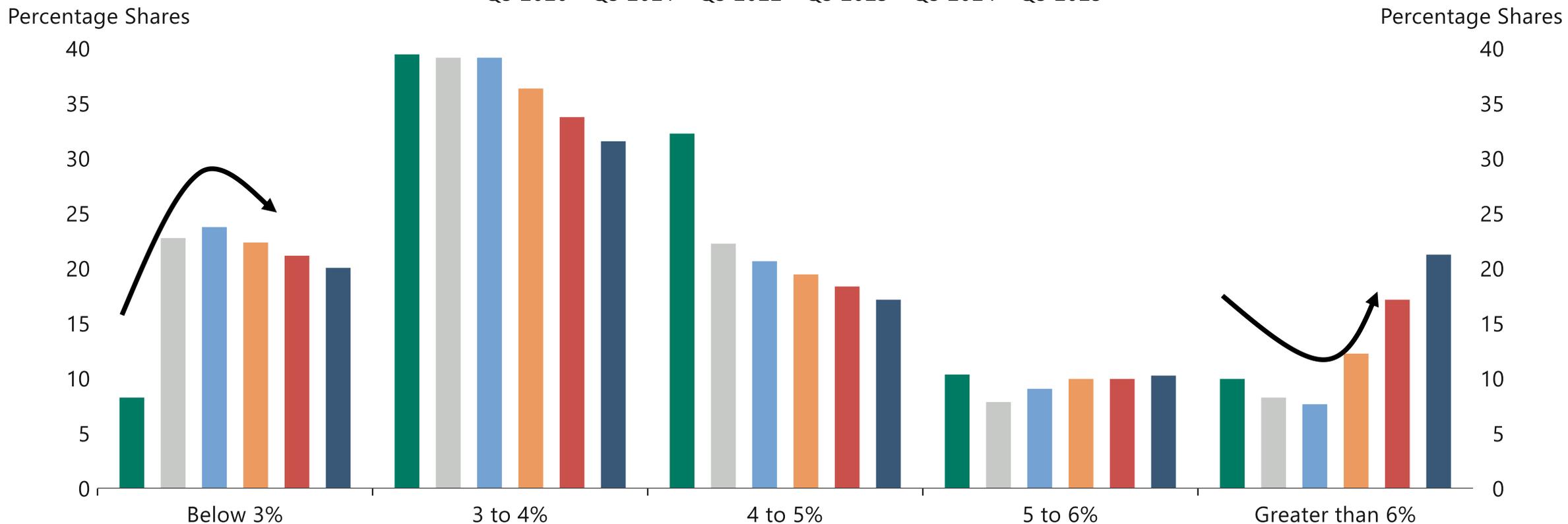
Share of mortgages outstanding by interest rate at origination by count, Q3 2025



Distribution of interest rates on outstanding mortgages

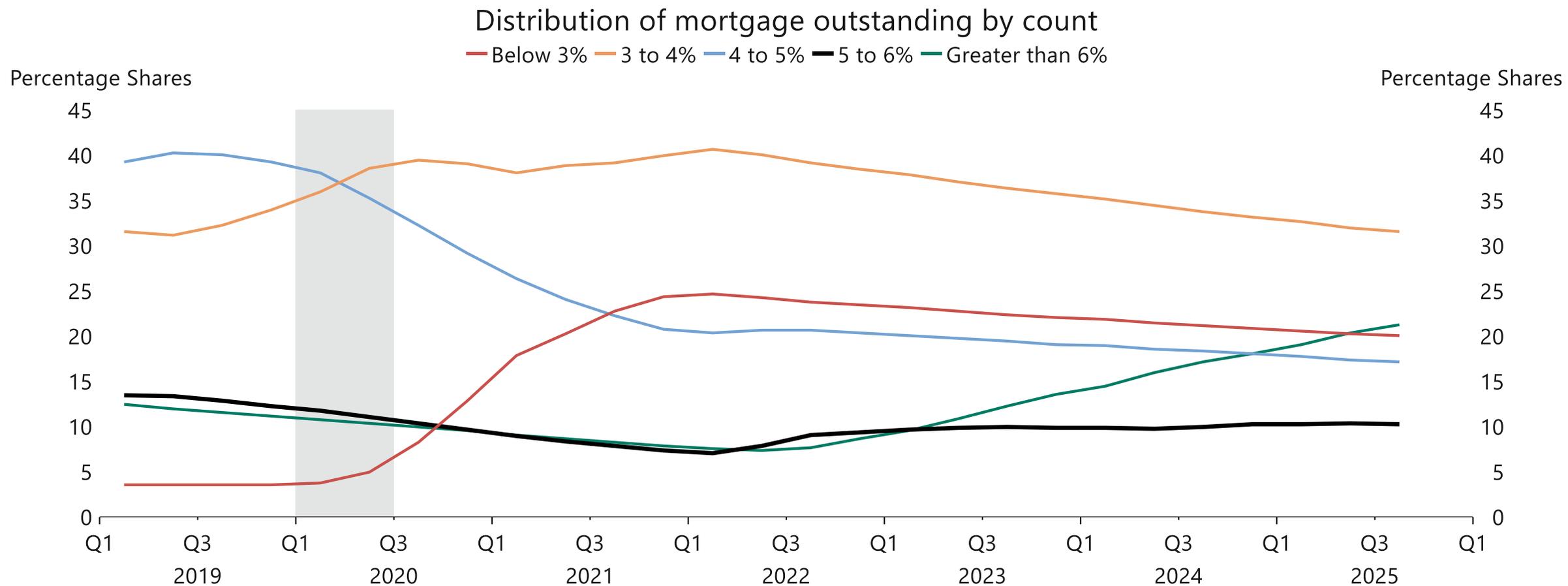
Distribution of mortgage outstanding by count

■ Q3 2020 ■ Q3 2021 ■ Q3 2022 ■ Q3 2023 ■ Q3 2024 ■ Q3 2025



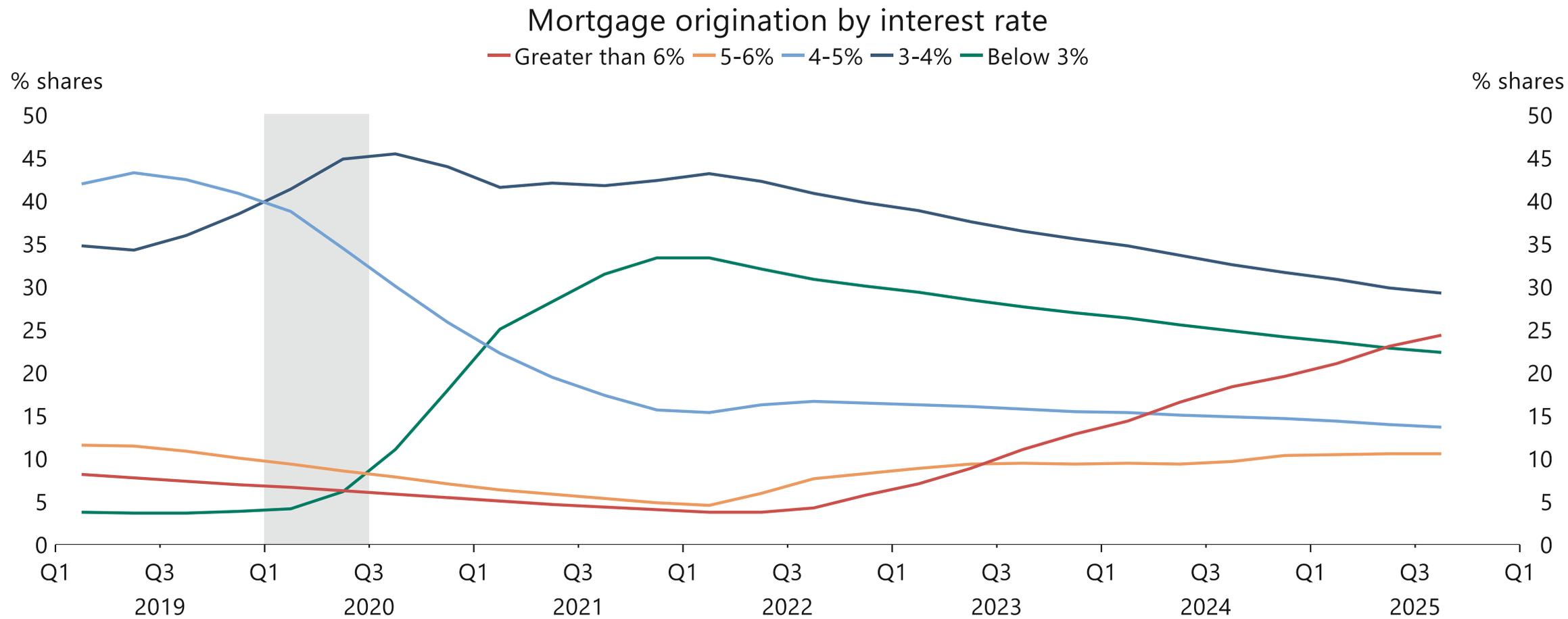
Source: Federal Housing Finance Agency (FHFA), Macrobond, Apollo Chief Economist

Distribution of interest rates on outstanding mortgages



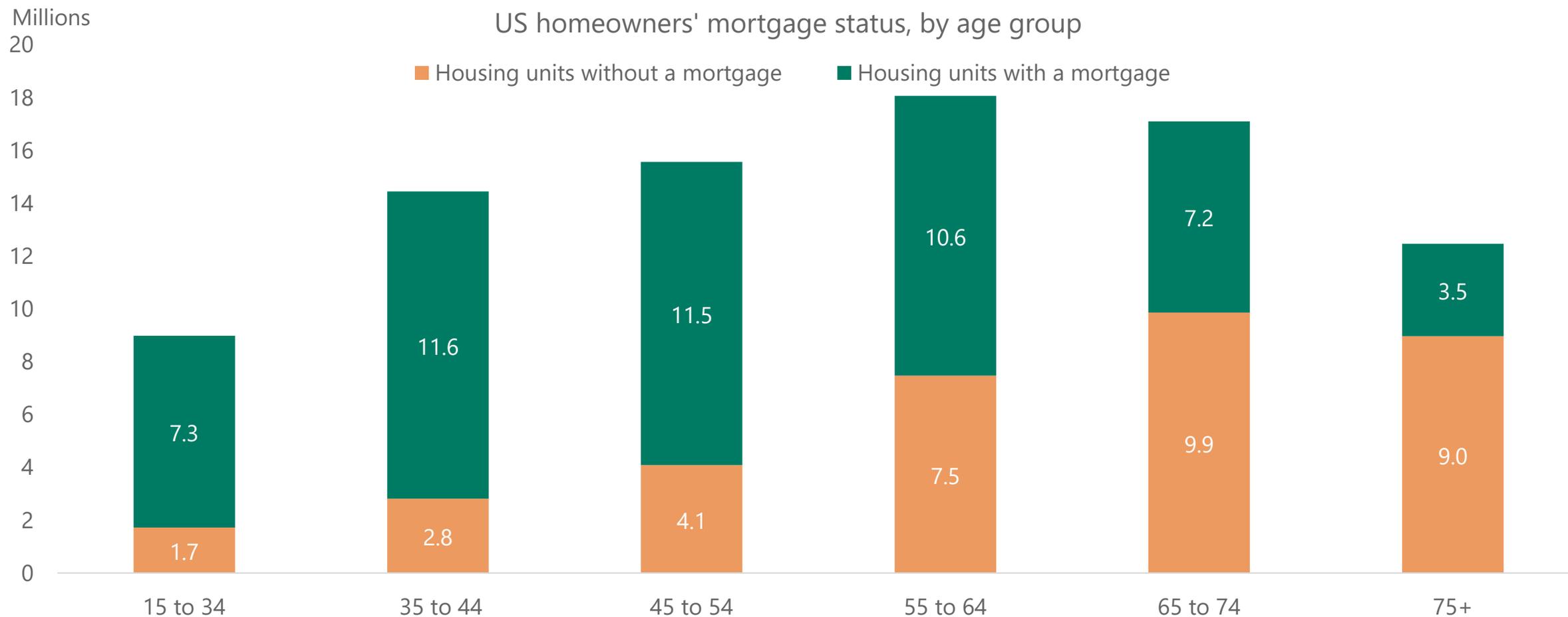
Source: Federal Housing Finance Agency (FHFA), Macrobond, Apollo Chief Economist

Mortgage origination by interest rate

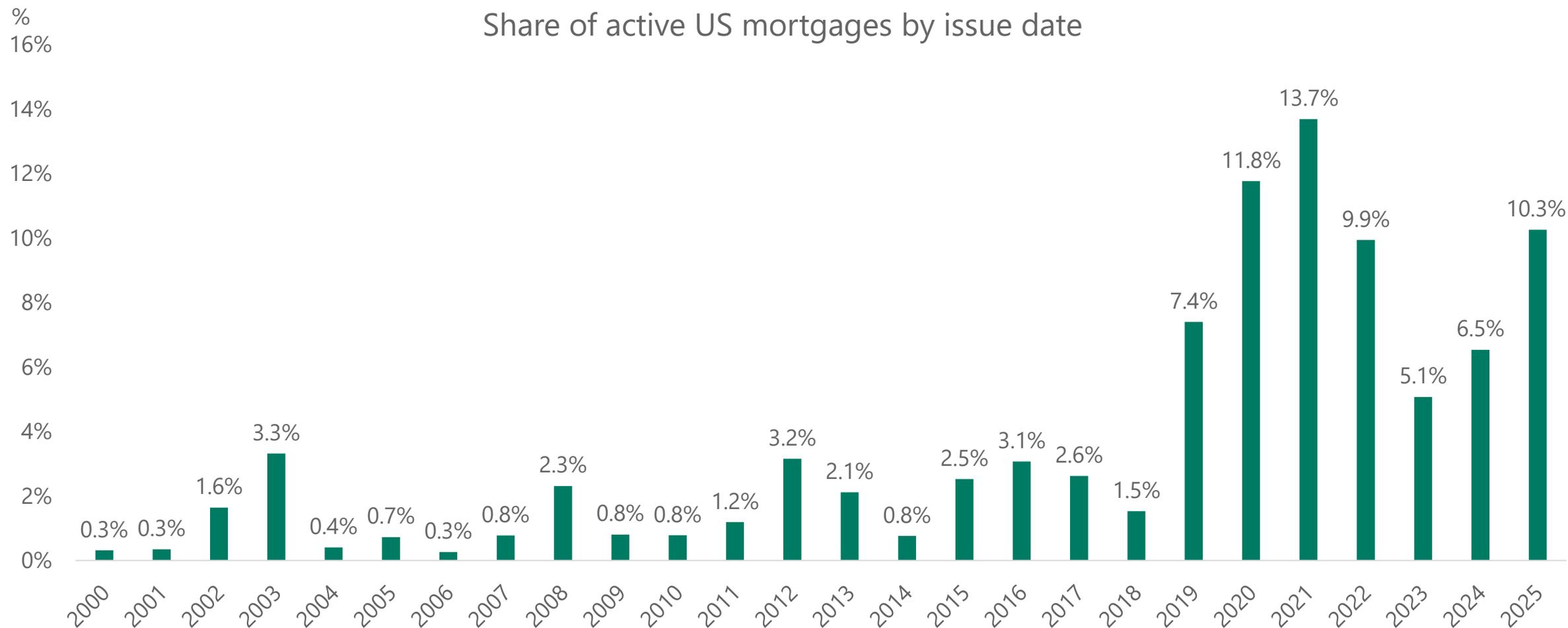


Source: Federal Housing Finance Agency (FHFA), Macrobond, Apollo Chief Economist

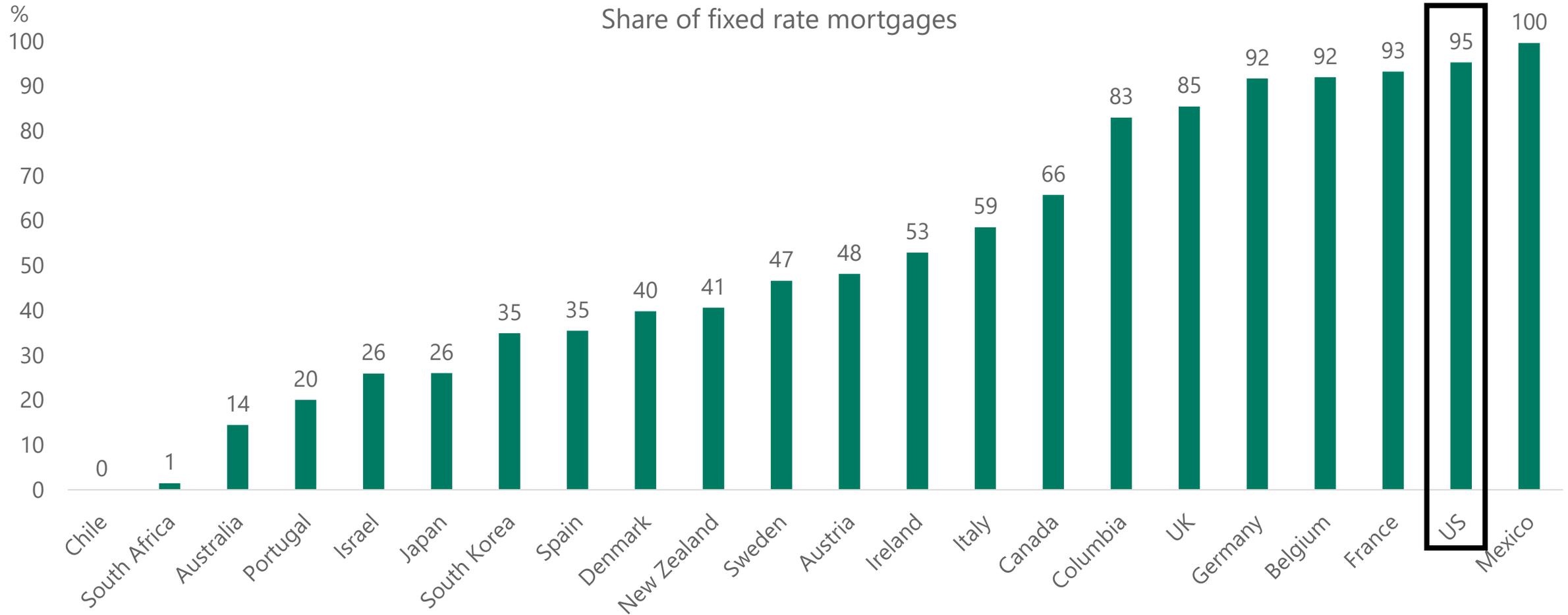
US homeowners' mortgage status, by age group



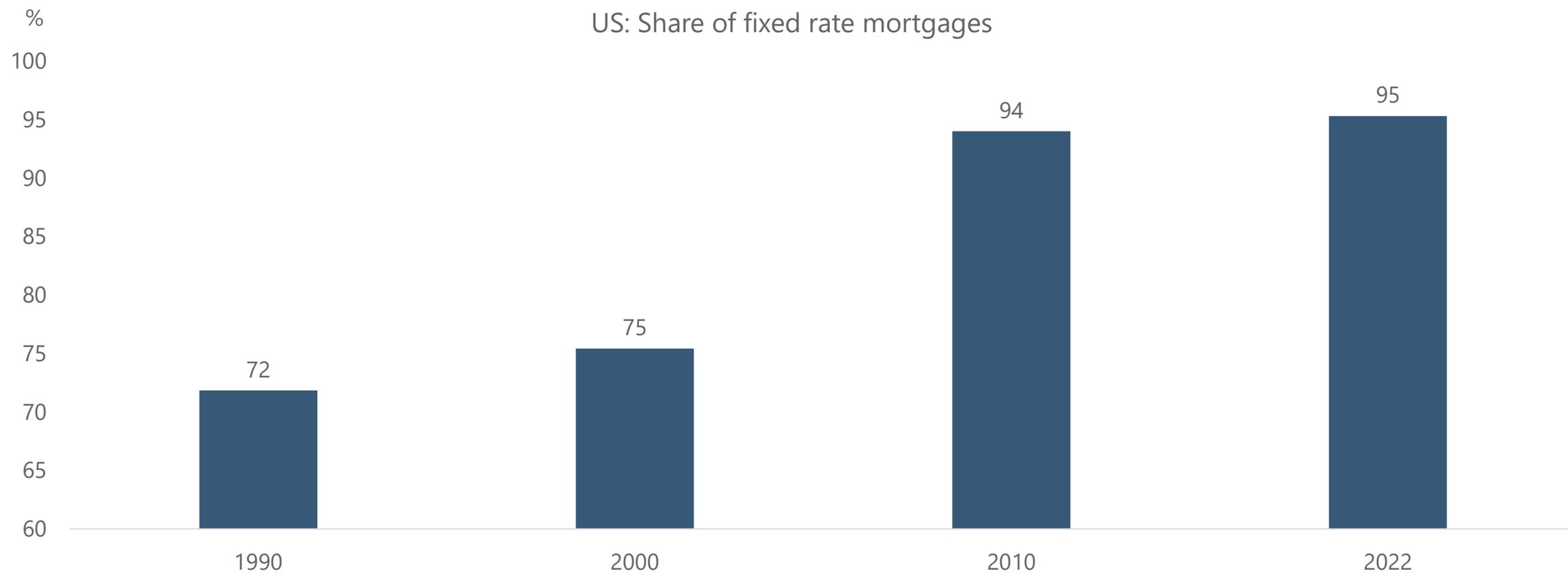
More than 50% of all mortgages outstanding issued since 2018



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

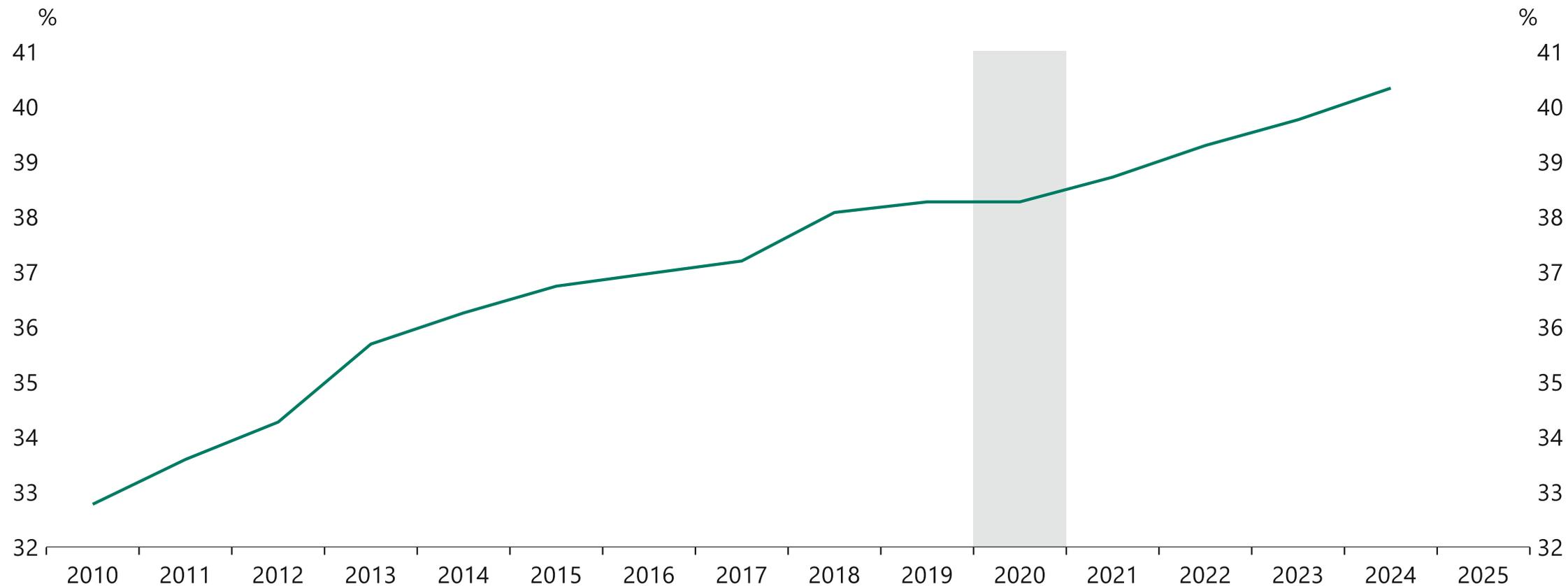


Share of fixed rate mortgages



40% of US homes don't have a mortgage

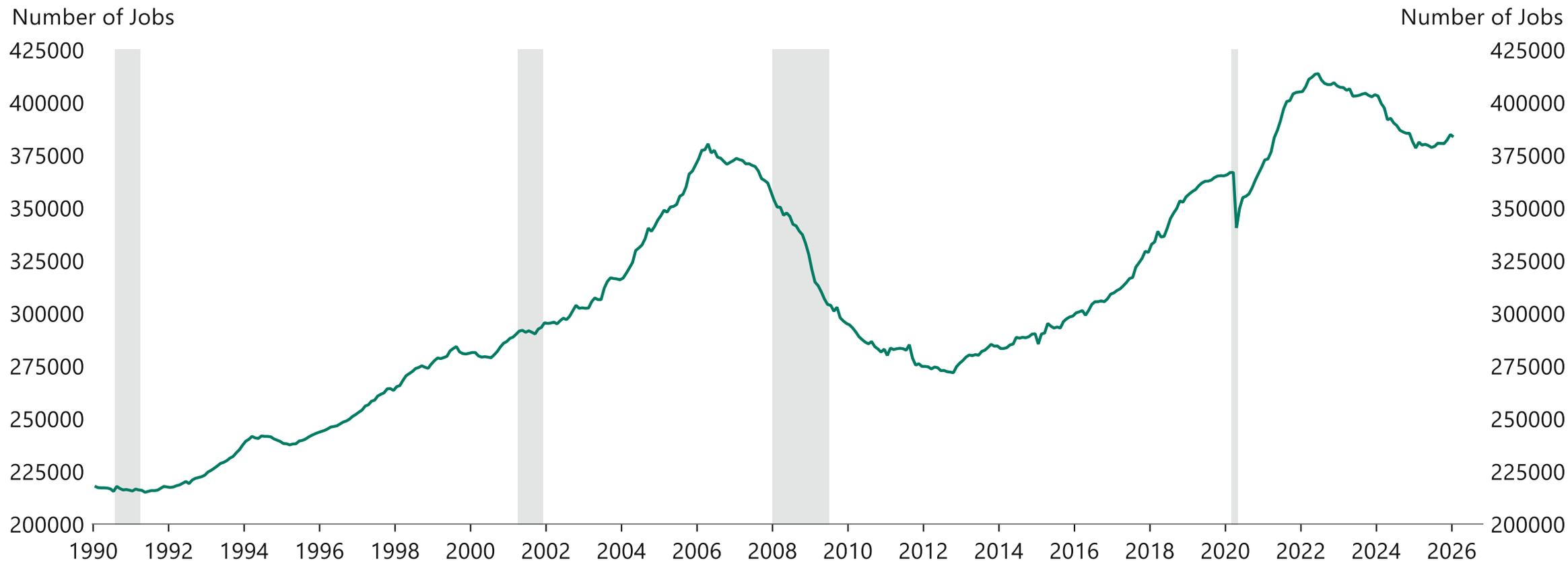
Share of mortgage-free homes in US



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

Number of real estate agents & brokers

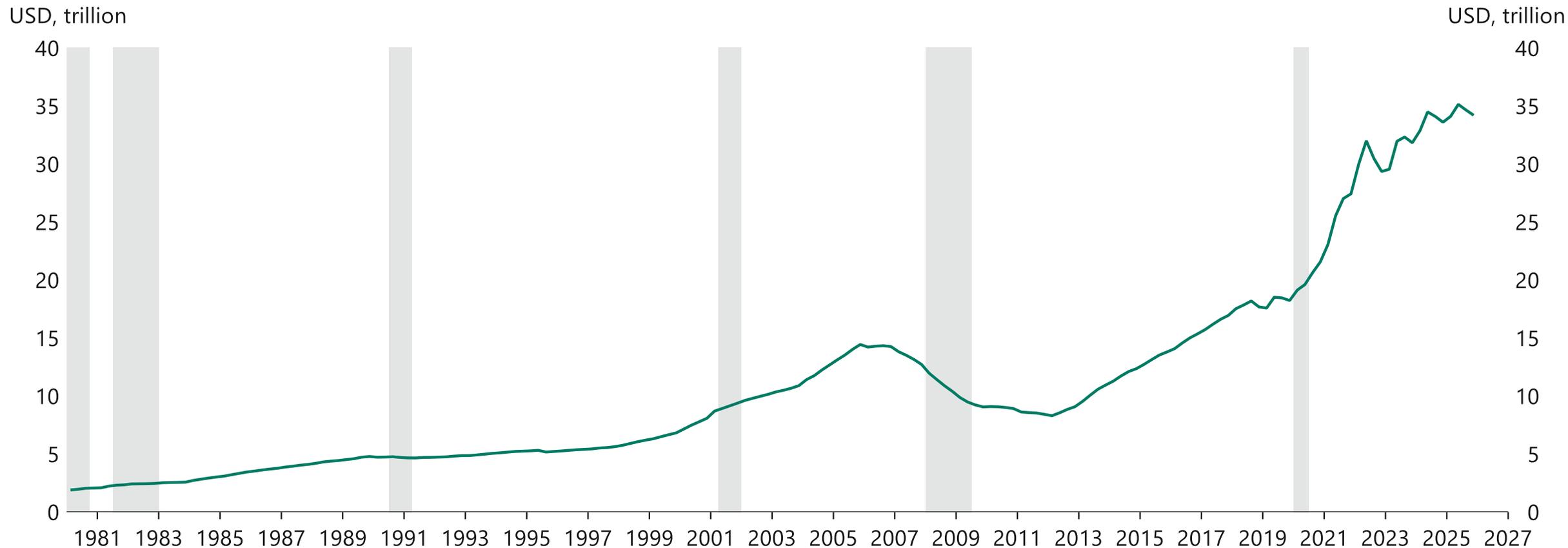
Employment: Offices of real estate agents & brokers



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

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

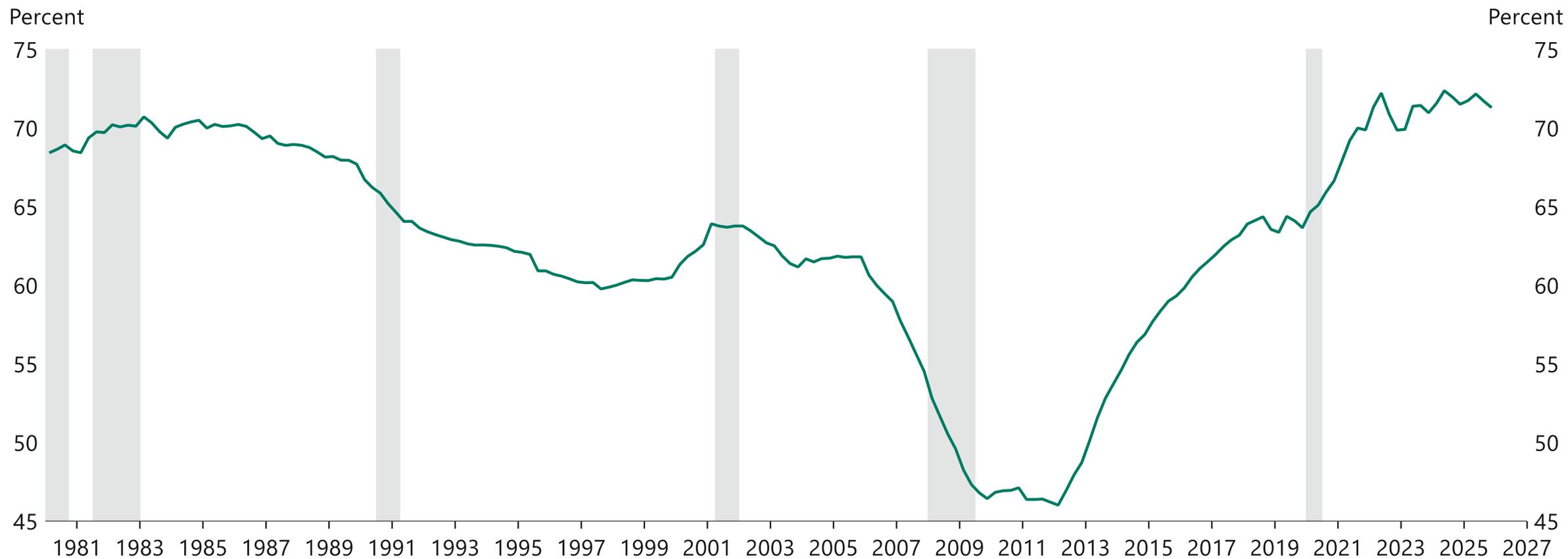
Households: Owners' Equity in Real Estate



Source: Federal Reserve, Macrobond, Apollo Chief Economist

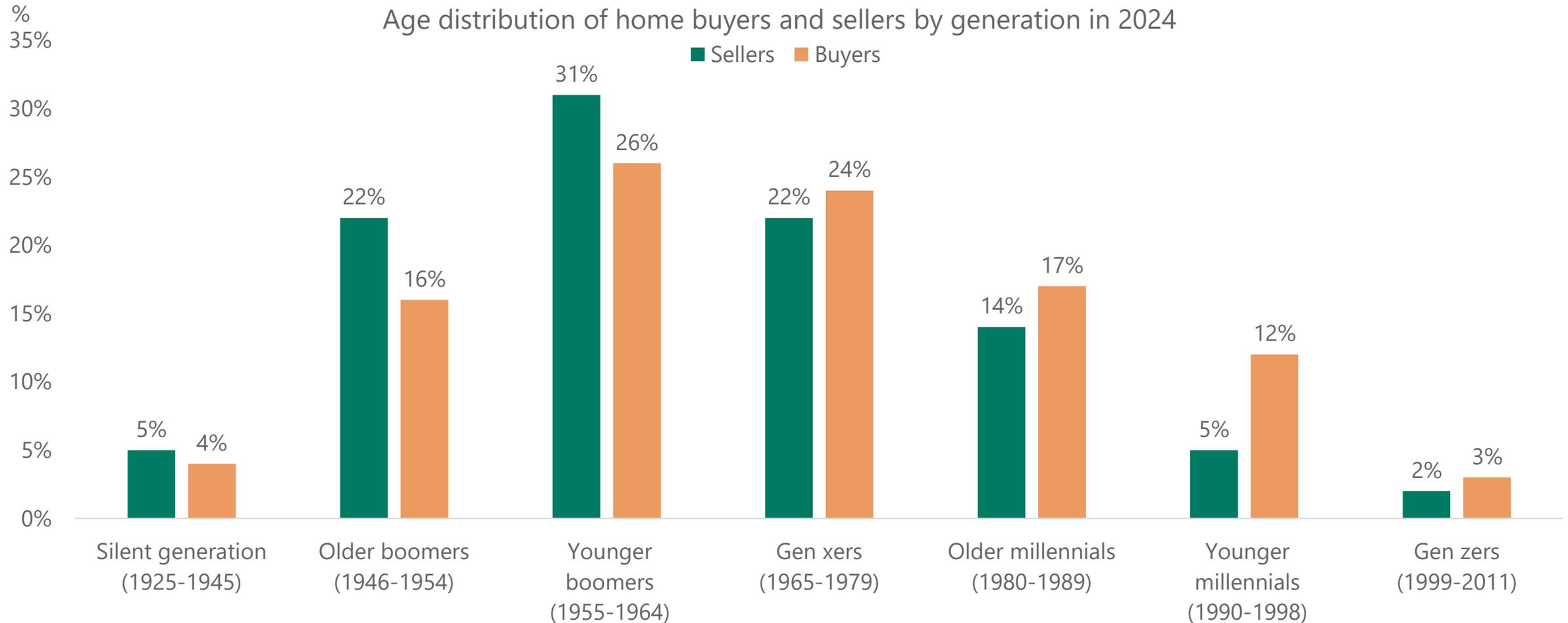
Households' equity share in real estate near all-time high level of 73%

Households, Owners' equity in real estate as a % of household real estate

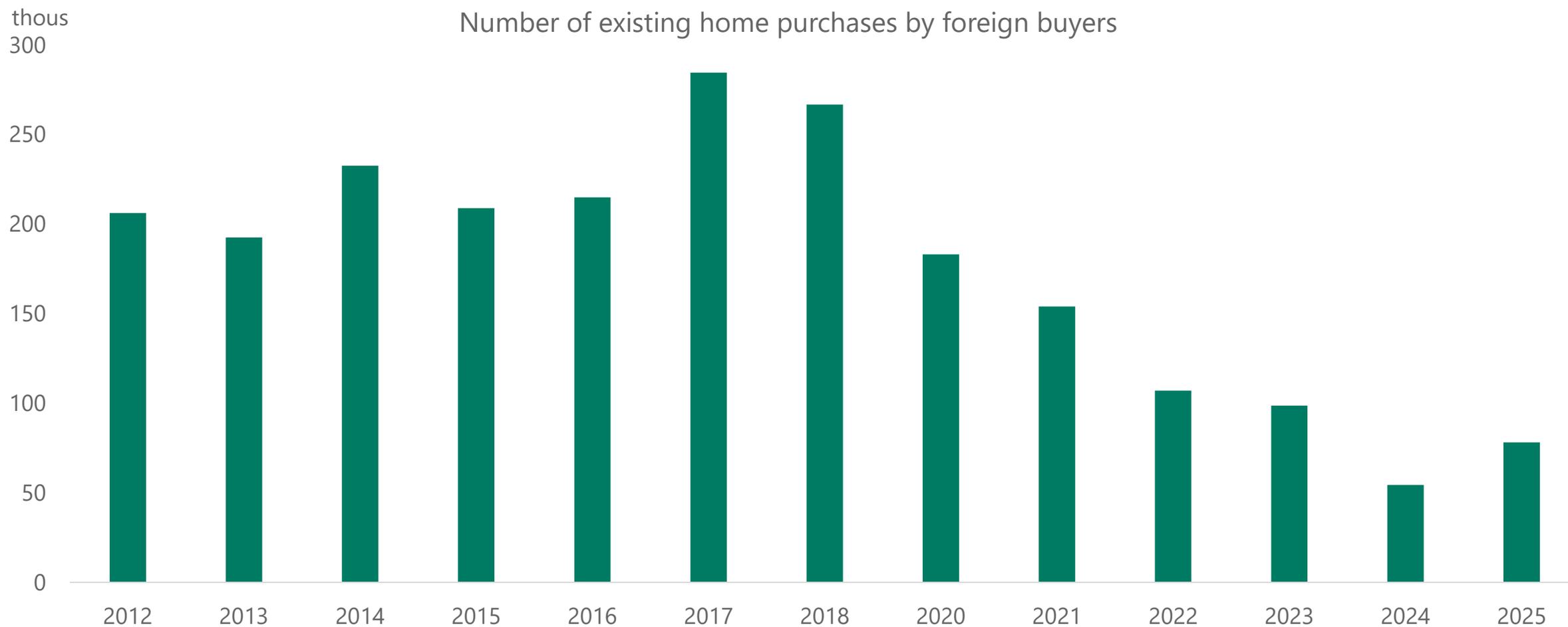


Source: Federal Reserve, Macrobond, Apollo Chief Economist

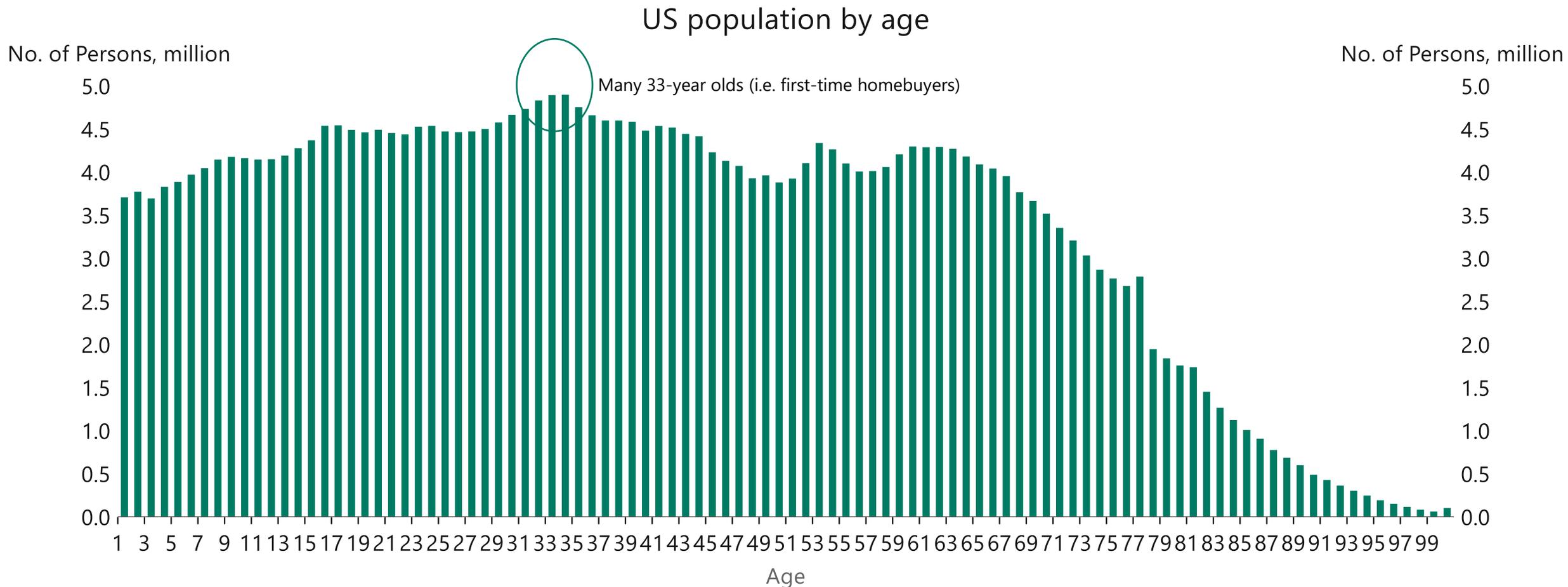
More home buyers in the 70+ age group



International homebuyers



Demographics are a tailwind to housing demand

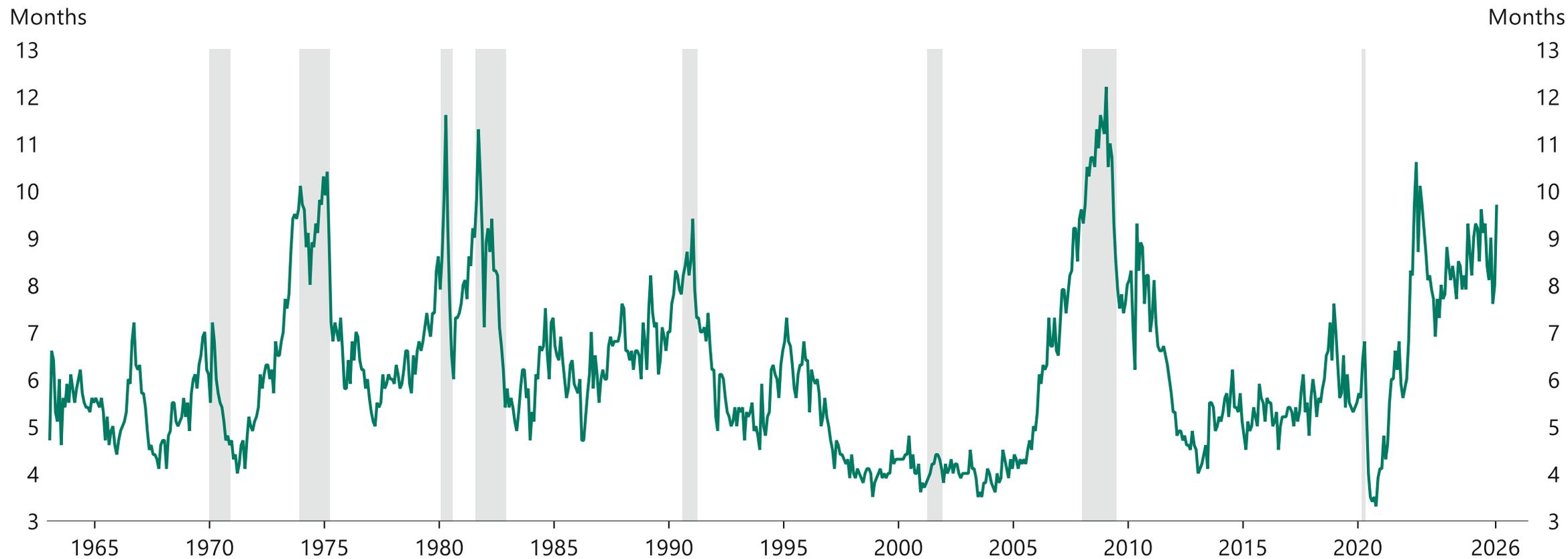


Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

2) Housing Supply

New homes supply indicates slower market turnover

Monthly supply of new houses



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

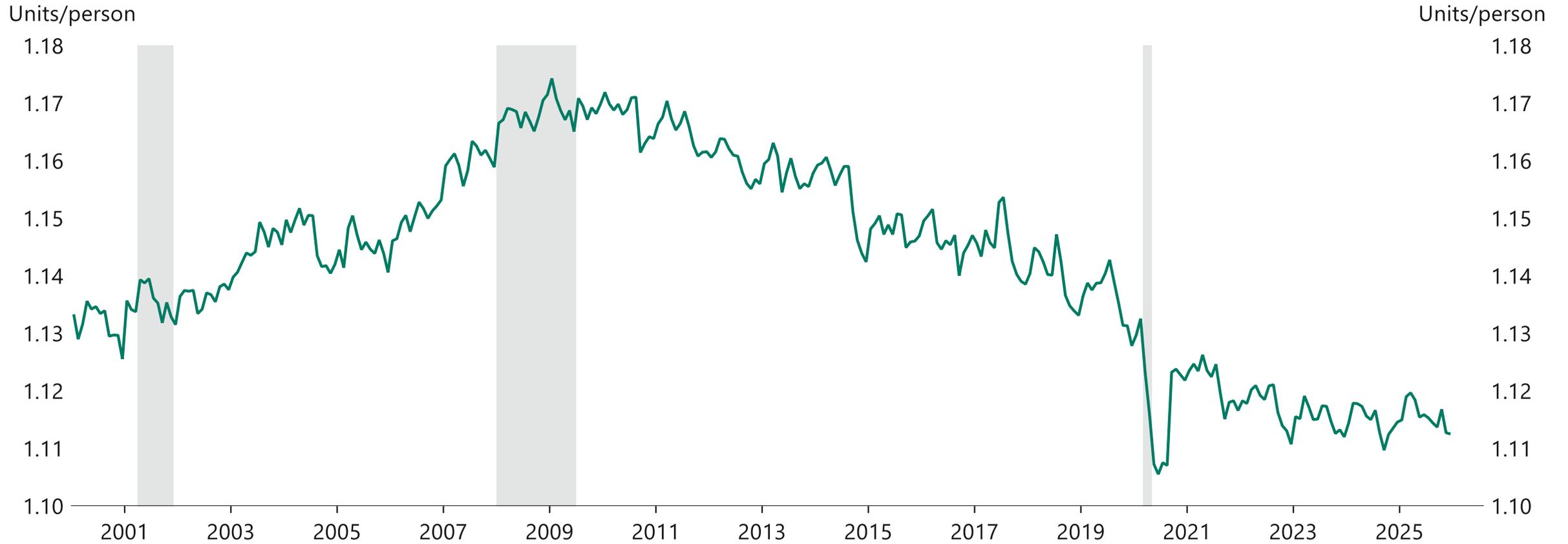
Median days on market



Source: Redfin, Macrobond, Apollo Chief Economist

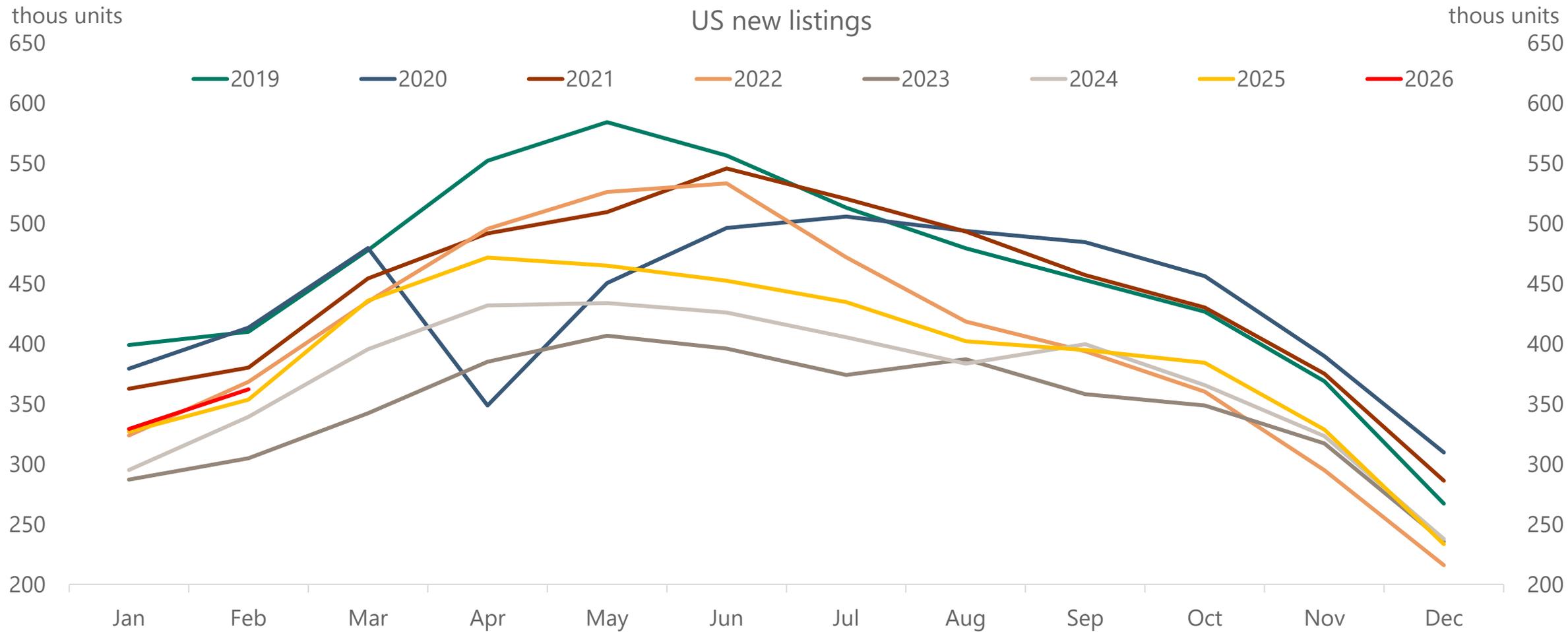
Total housing inventory per person is very low

Housing inventory estimate: Total housing units/Household estimates



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

The number of newly listed homes

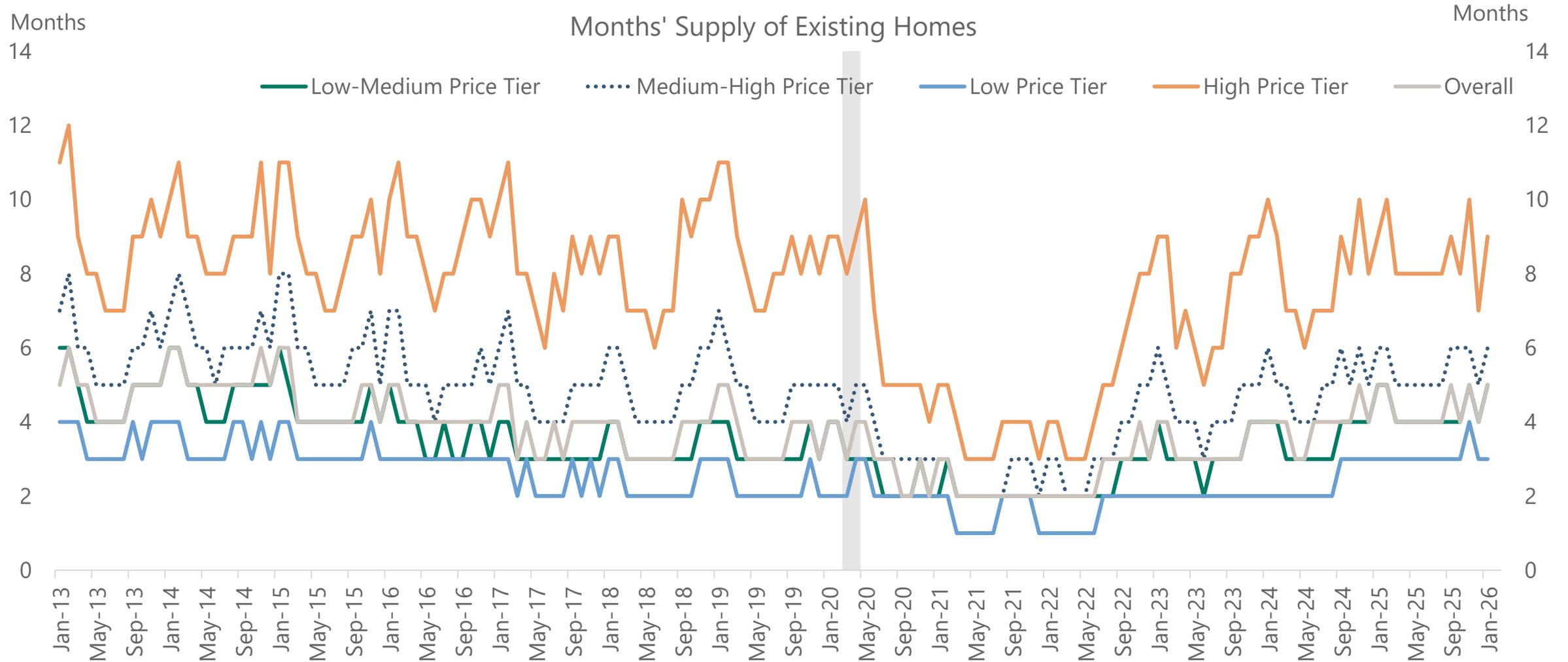


Housing supply is low: Residential new listings remain low



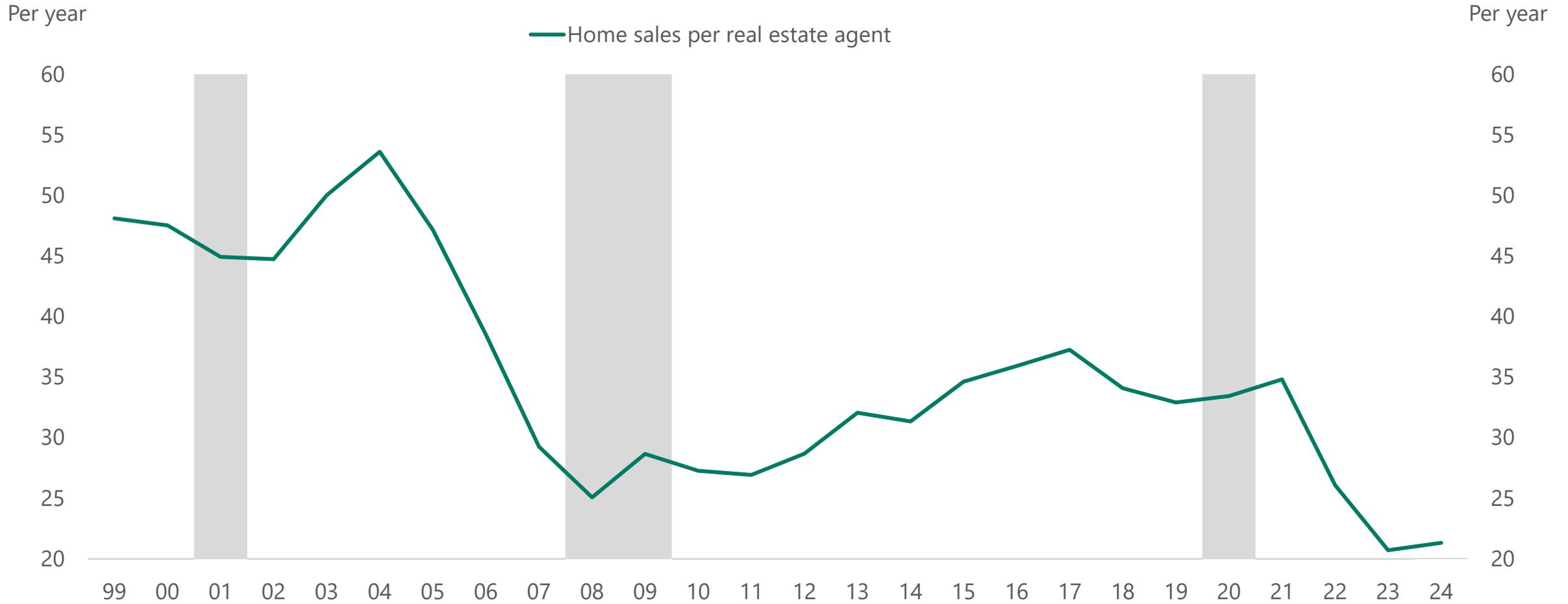
Source: Redfin, Macrobond, Apollo Chief Economist

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



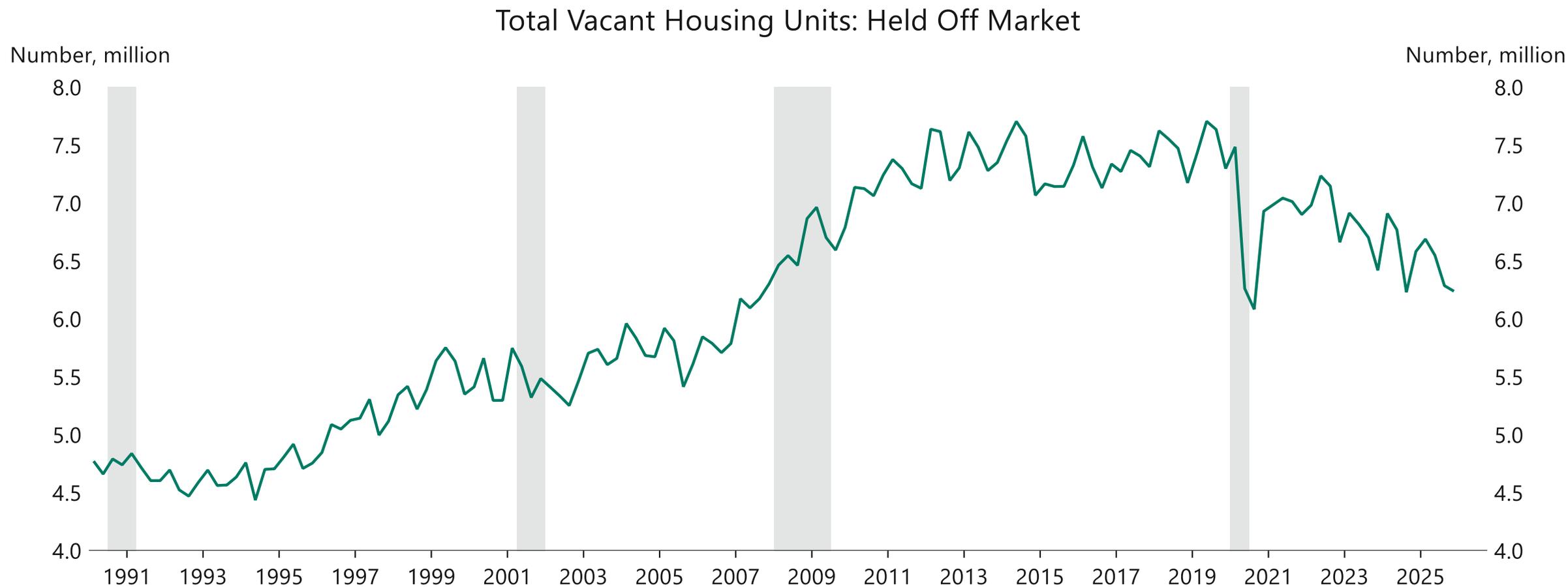
Source: American Enterprise Institute, Haver, Apollo Chief Economist

With lower inventory, real estate sales agents selling fewer homes



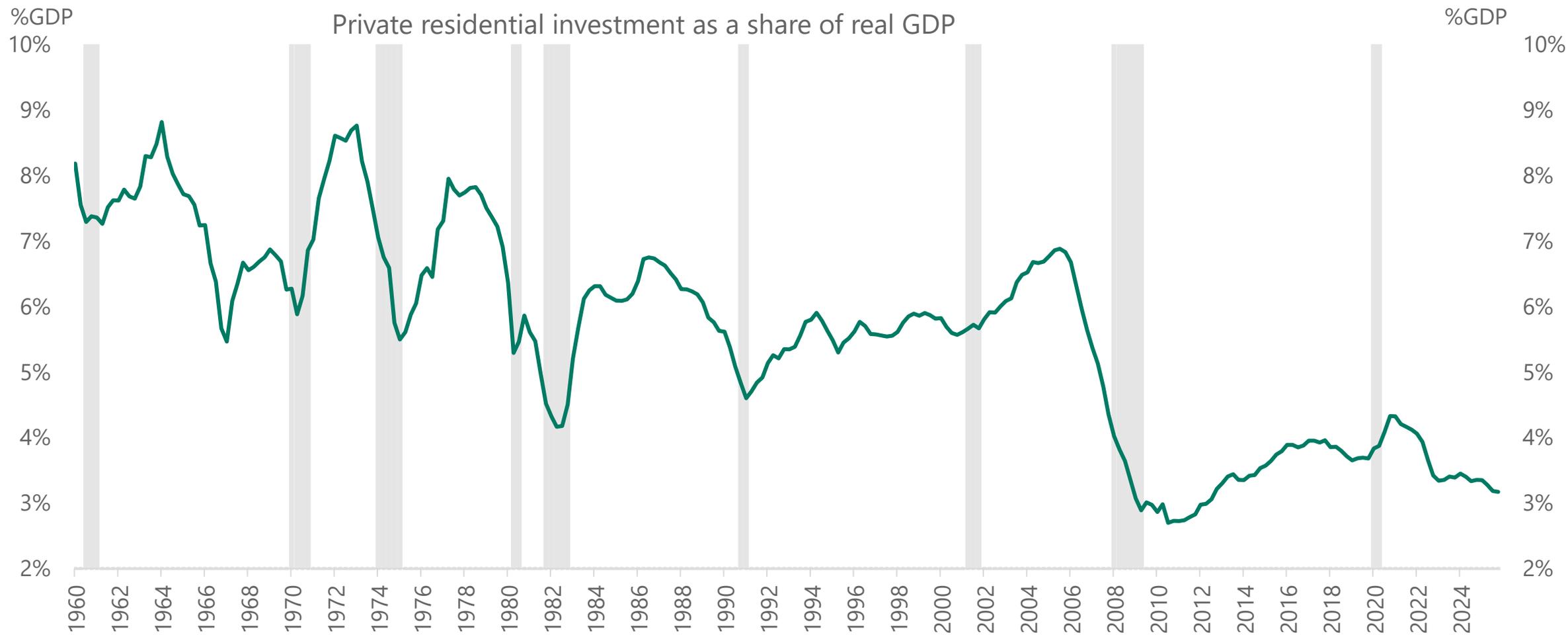
Source: NAR, BLS, Haver Analytics Apollo Chief Economist

The number of vacant housing units held off market



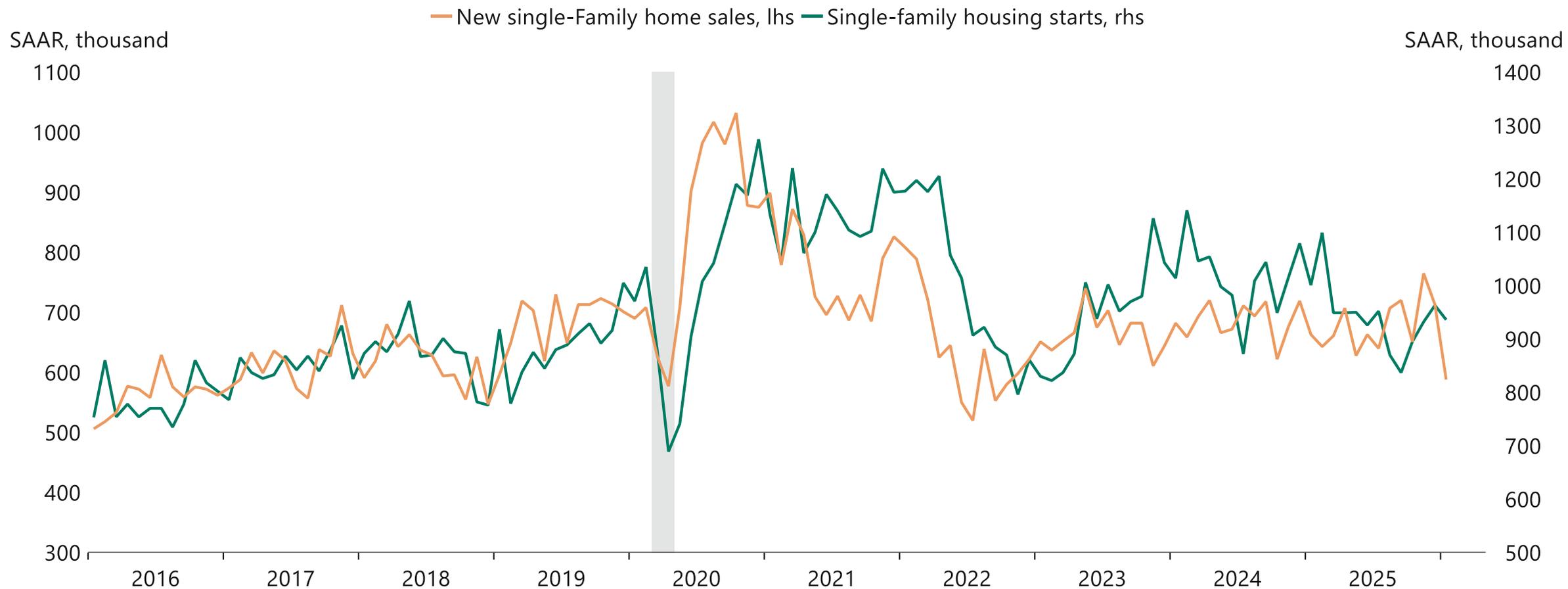
Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

Residential investment as a share of real GDP is close to all-time lows at 3.2%



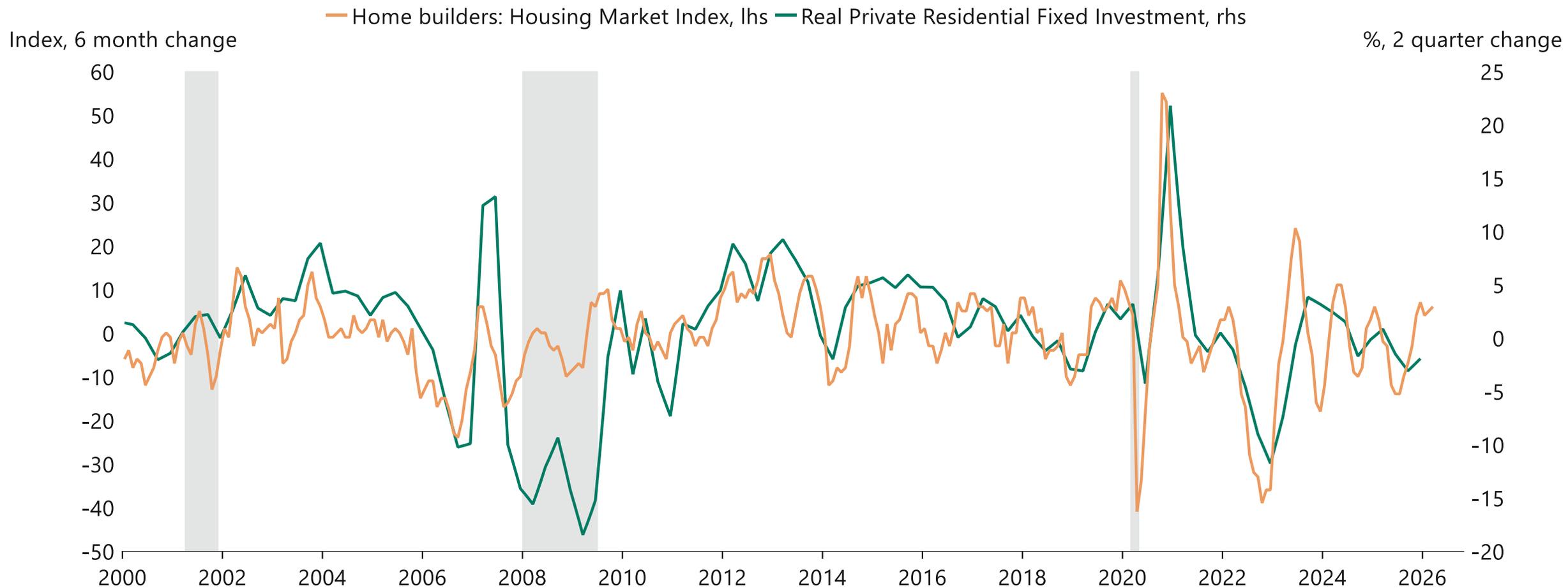
Source: BEA, Haver Analytics, Apollo Chief Economist

US home construction



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

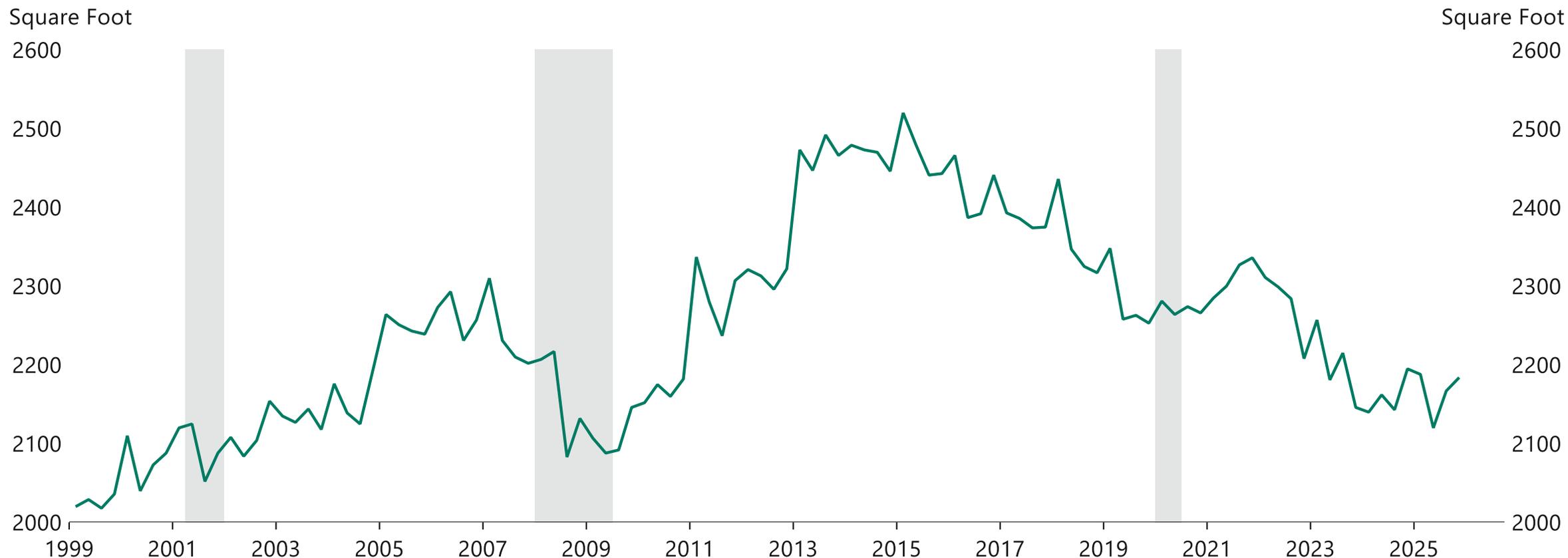
Homebuilder confidence correlated with residential investment



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

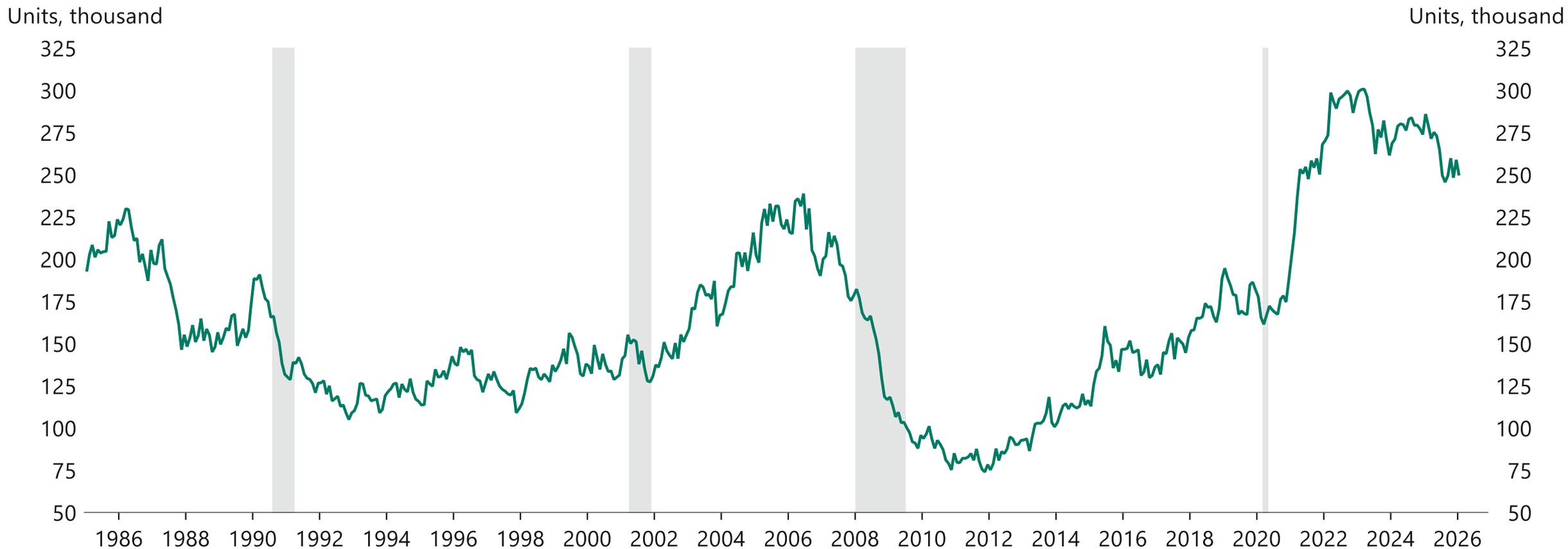
Median size of new single family homes



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

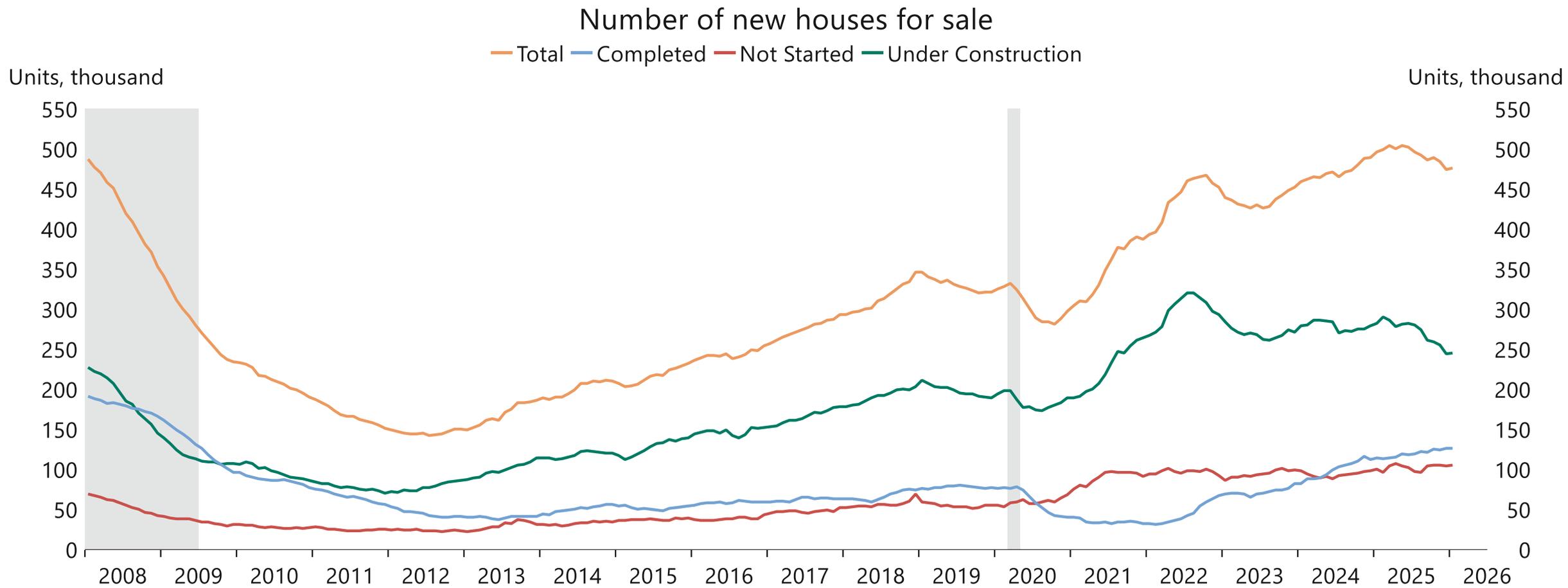
Level of new housing units authorized but not started

New privately owned housing units authorized but not started



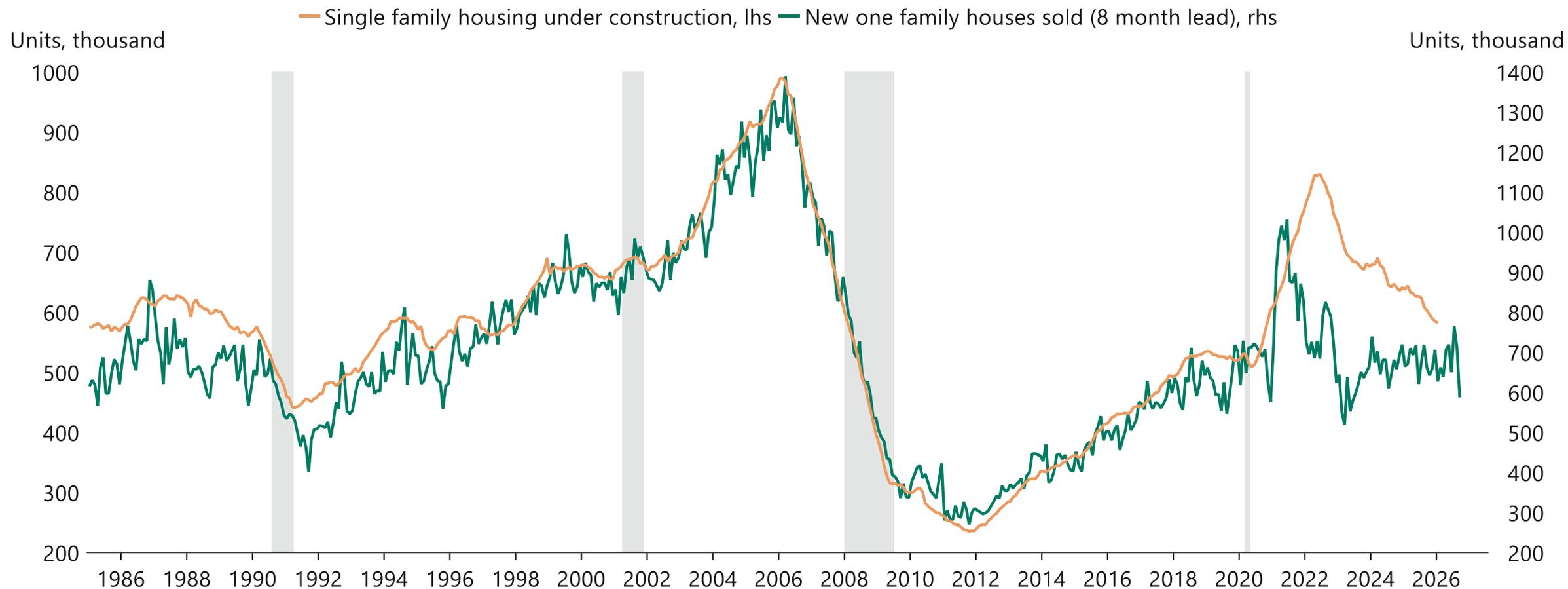
Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

Number of new houses for sale



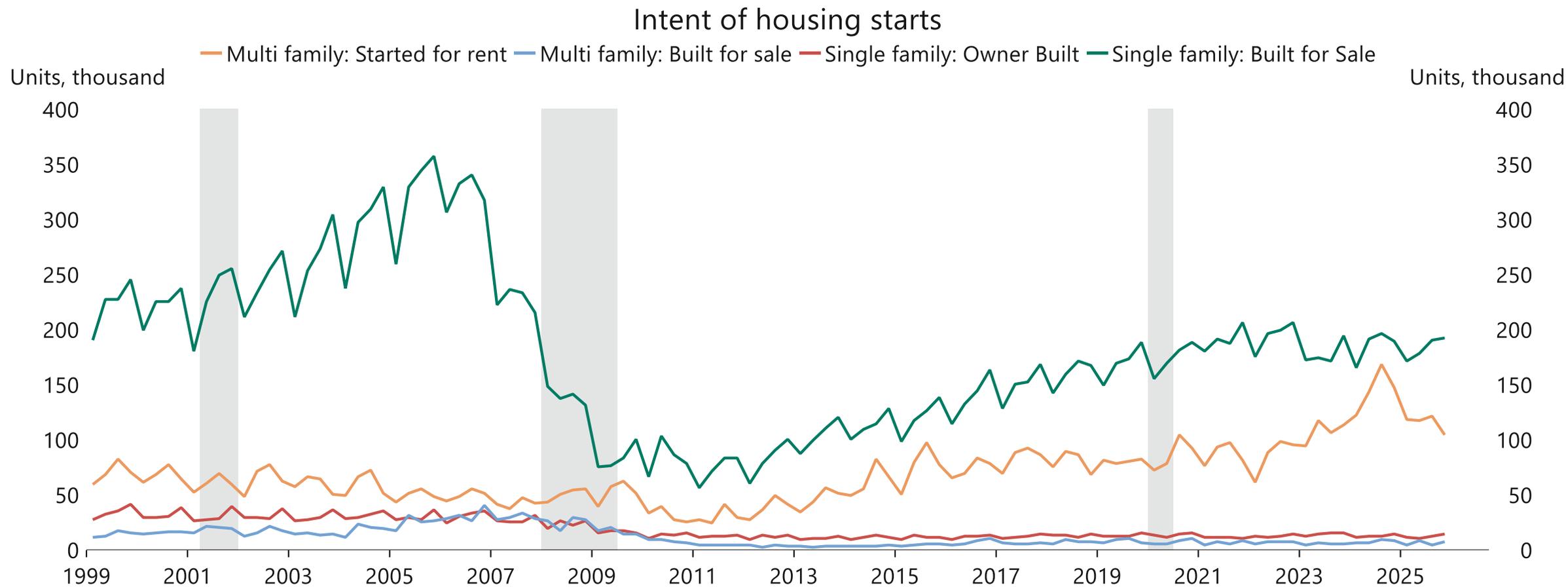
Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

Some disconnect between housing under construction and new homes sold



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

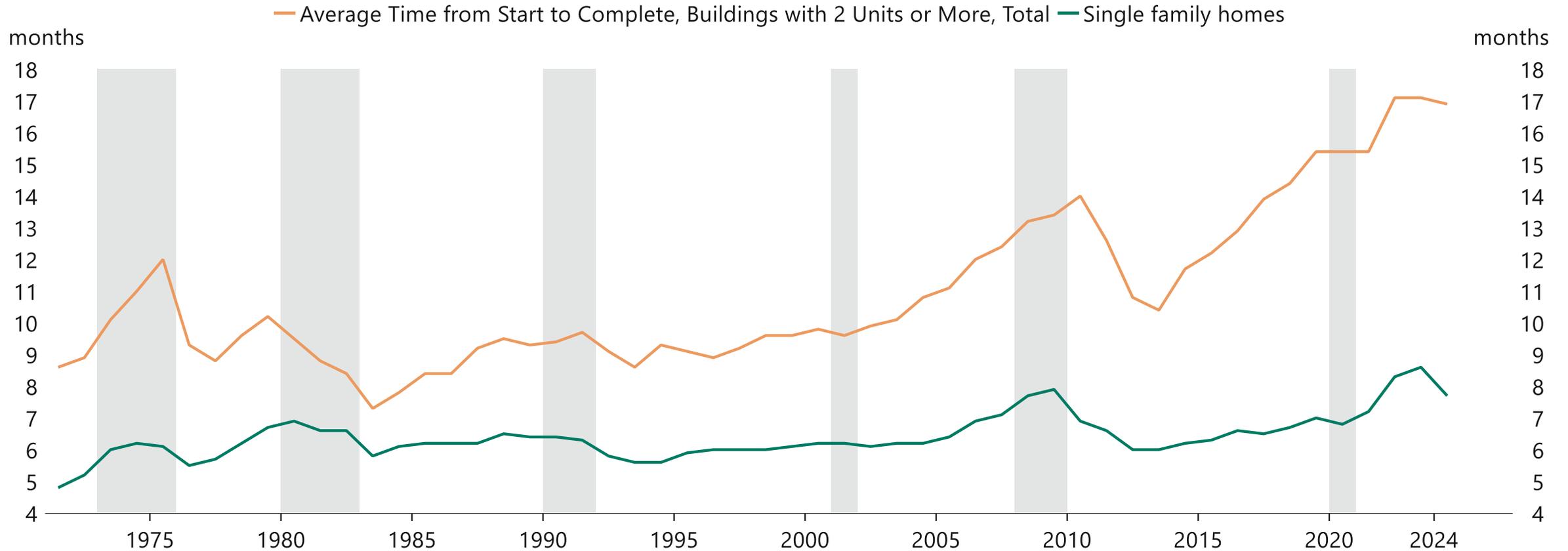
Intent of housing starts



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

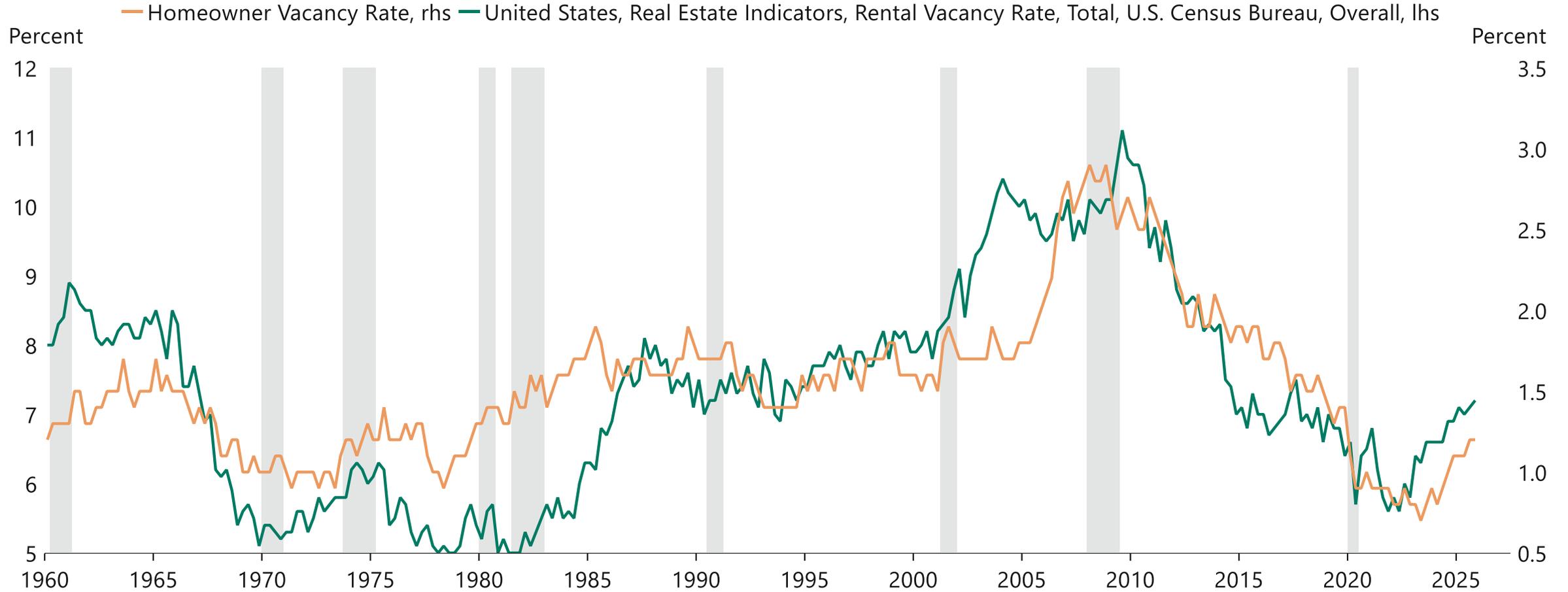
It currently takes 8 months on average to build a single-family house

Average time from start to complete



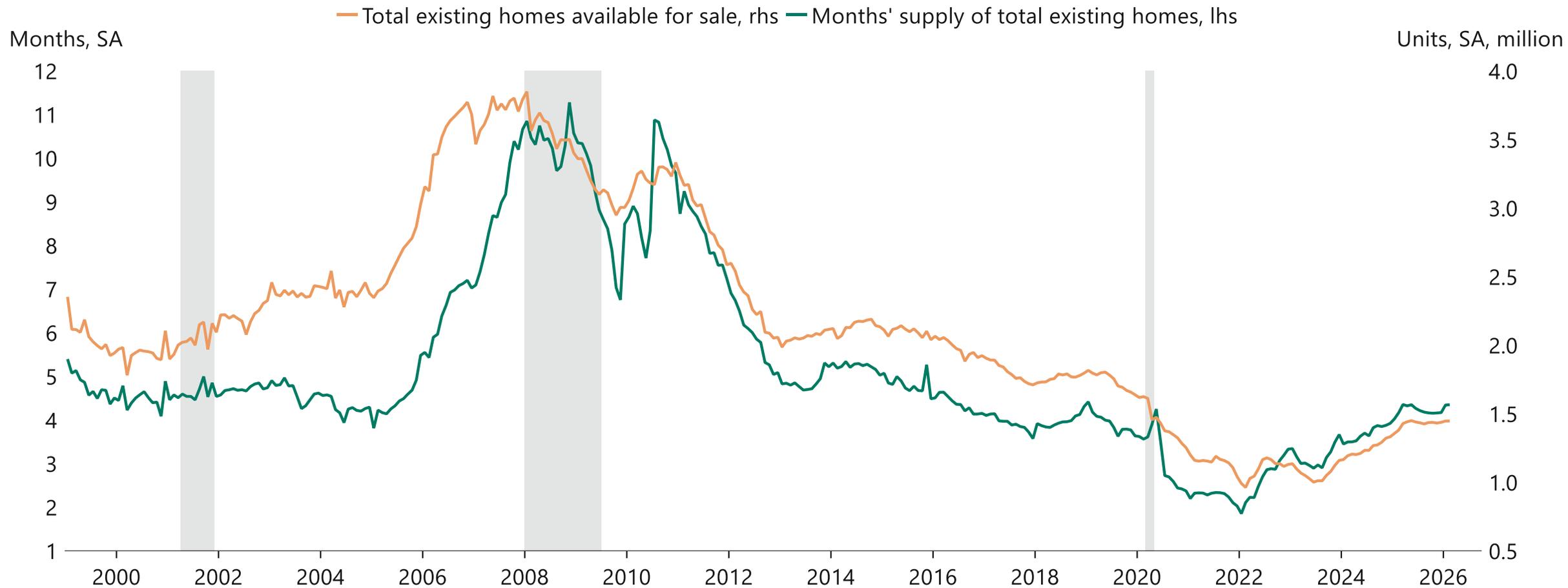
Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

Homeowner vacancy rate and rental vacancy rate



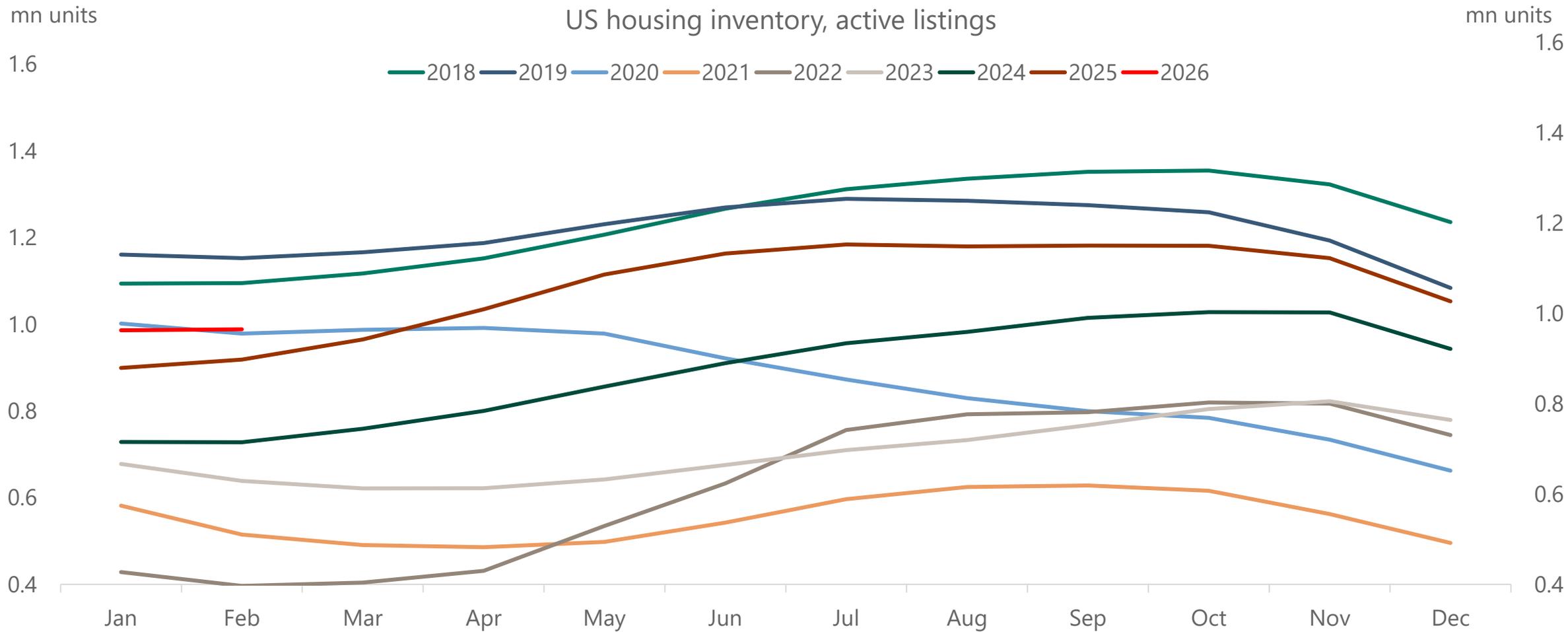
Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

Inventory of existing homes

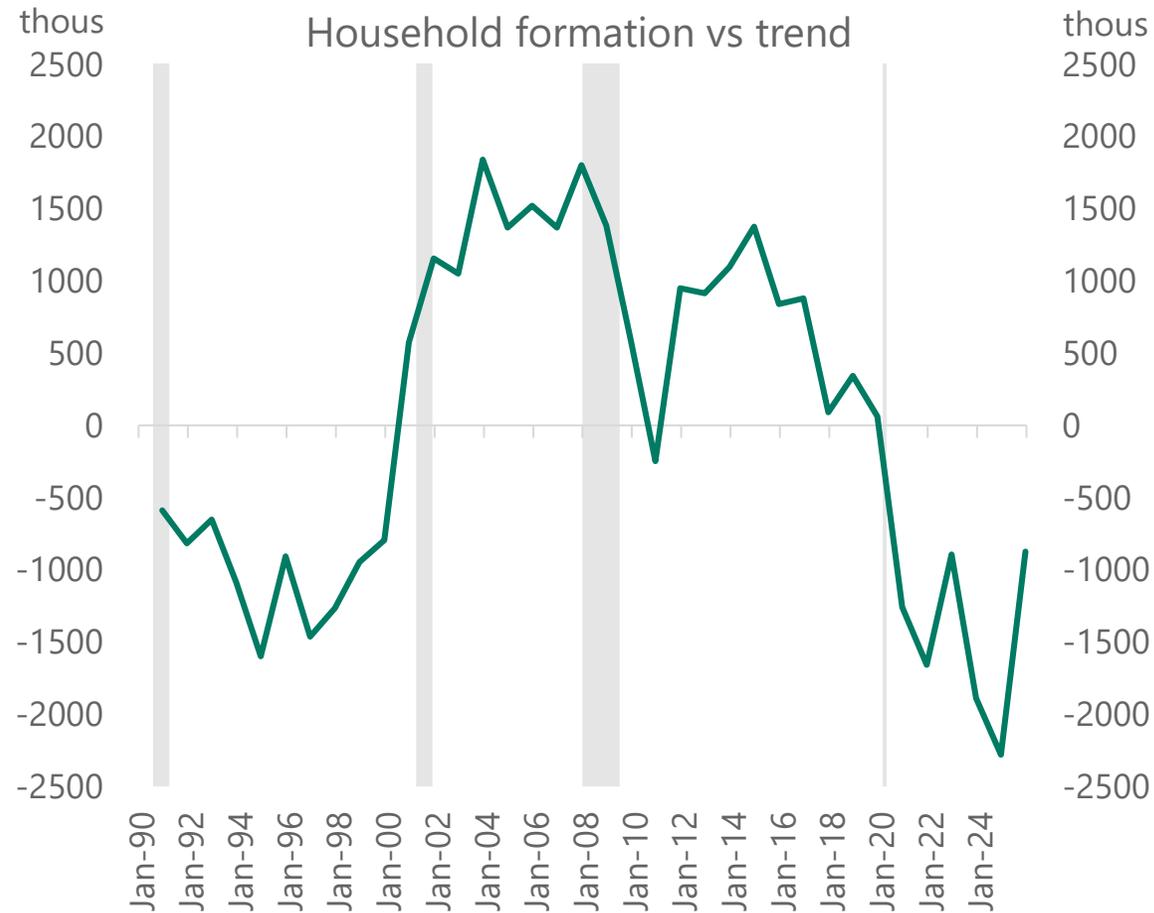
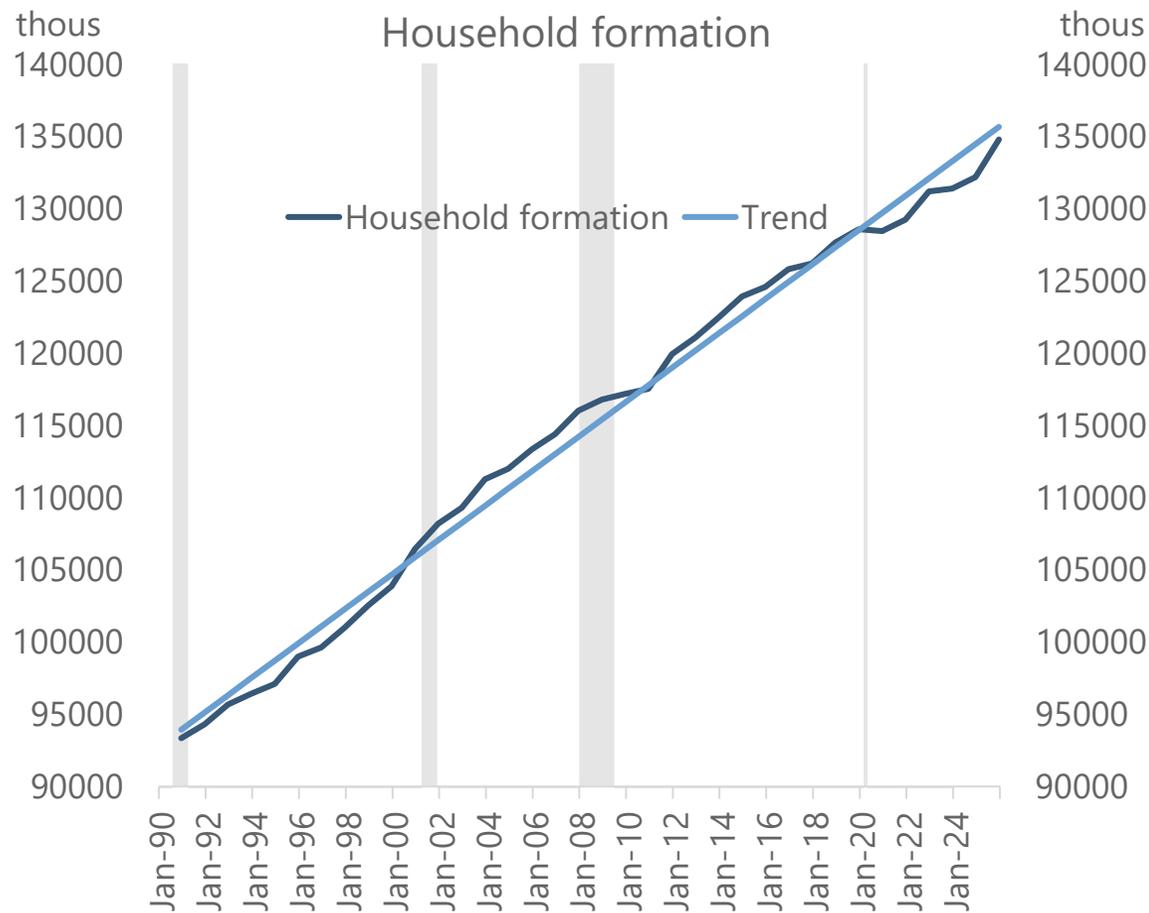


Source: National Association of Realtors (NAR), Macrobond, Apollo Chief Economist

Inventory of homes for sale



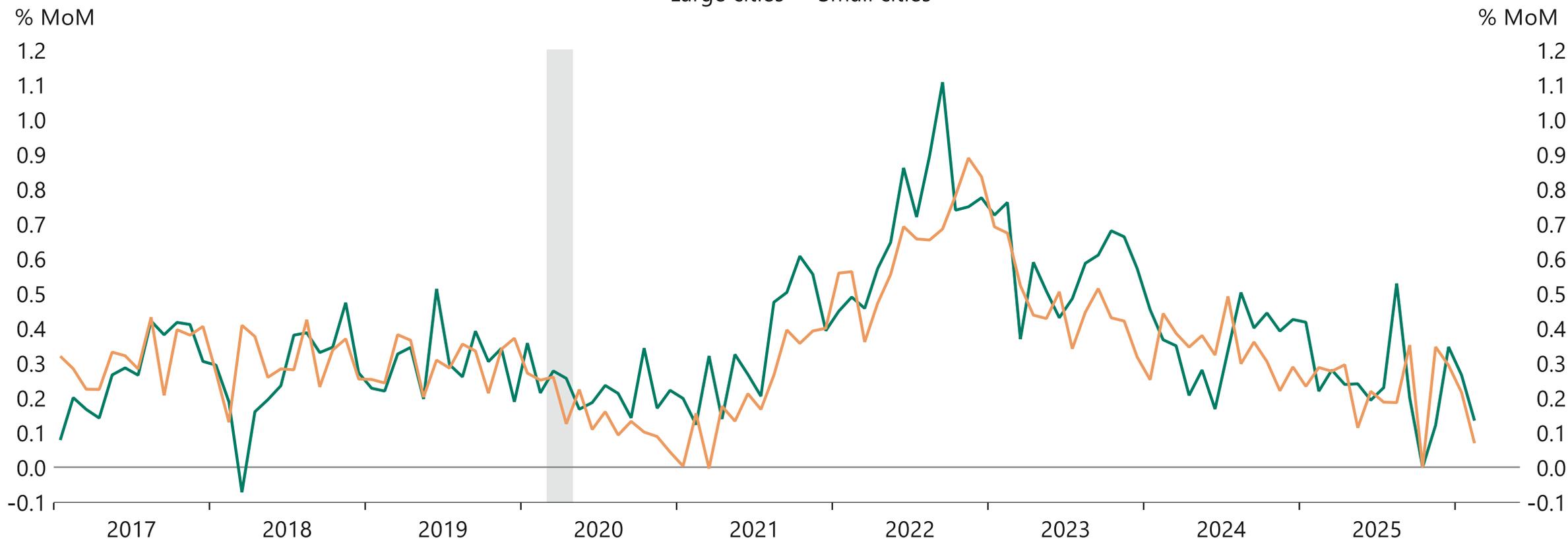
US has an estimated deficit of 1mn homes



Rent inflation in large and small cities

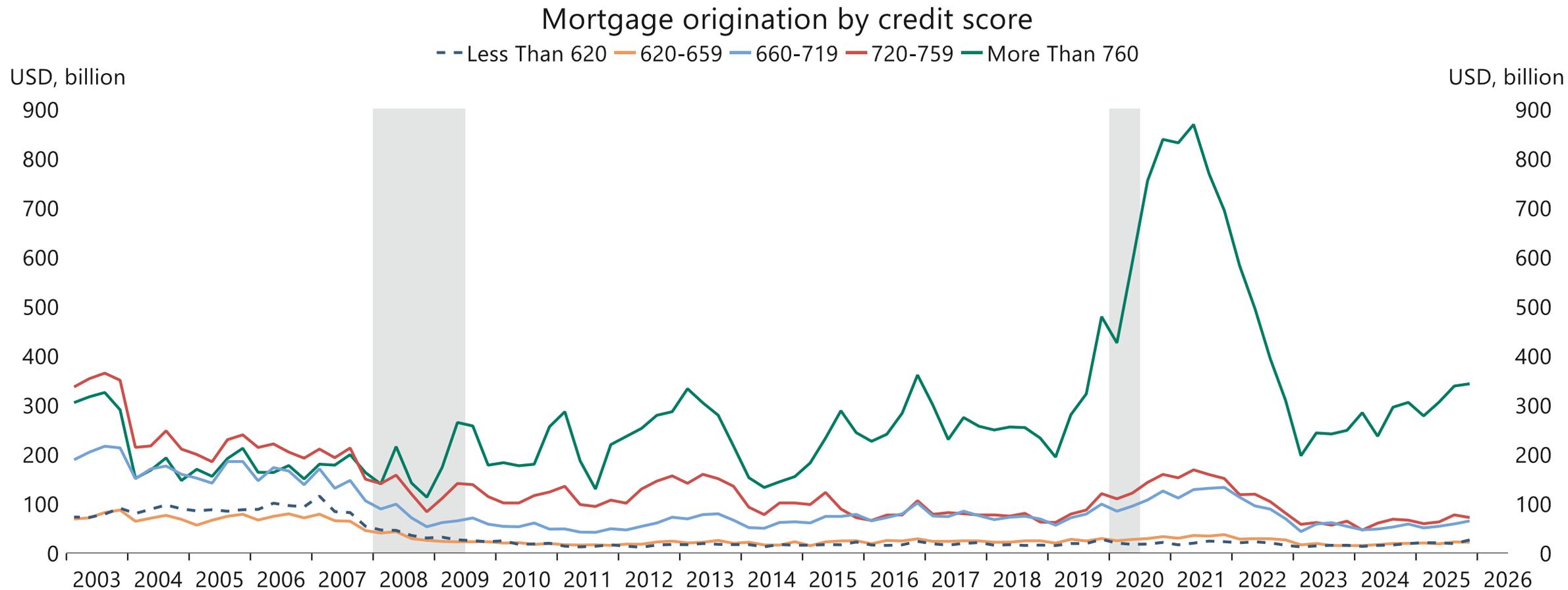
CPI: Rent of Primary Residence

— Large cities — Small cities



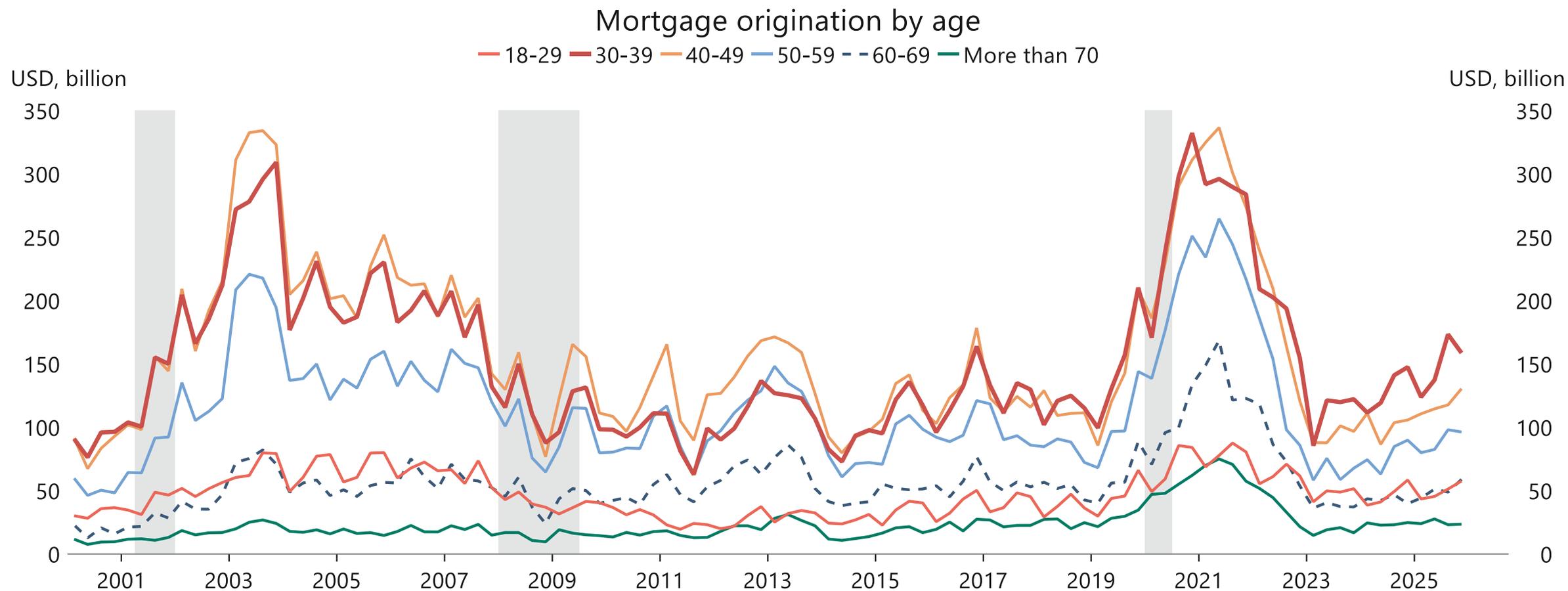
Source: U.S. Bureau of Labor Statistics (BLS), Macrobond, Apollo Chief Economist

Mortgage originations have normalized for households with high credit scores



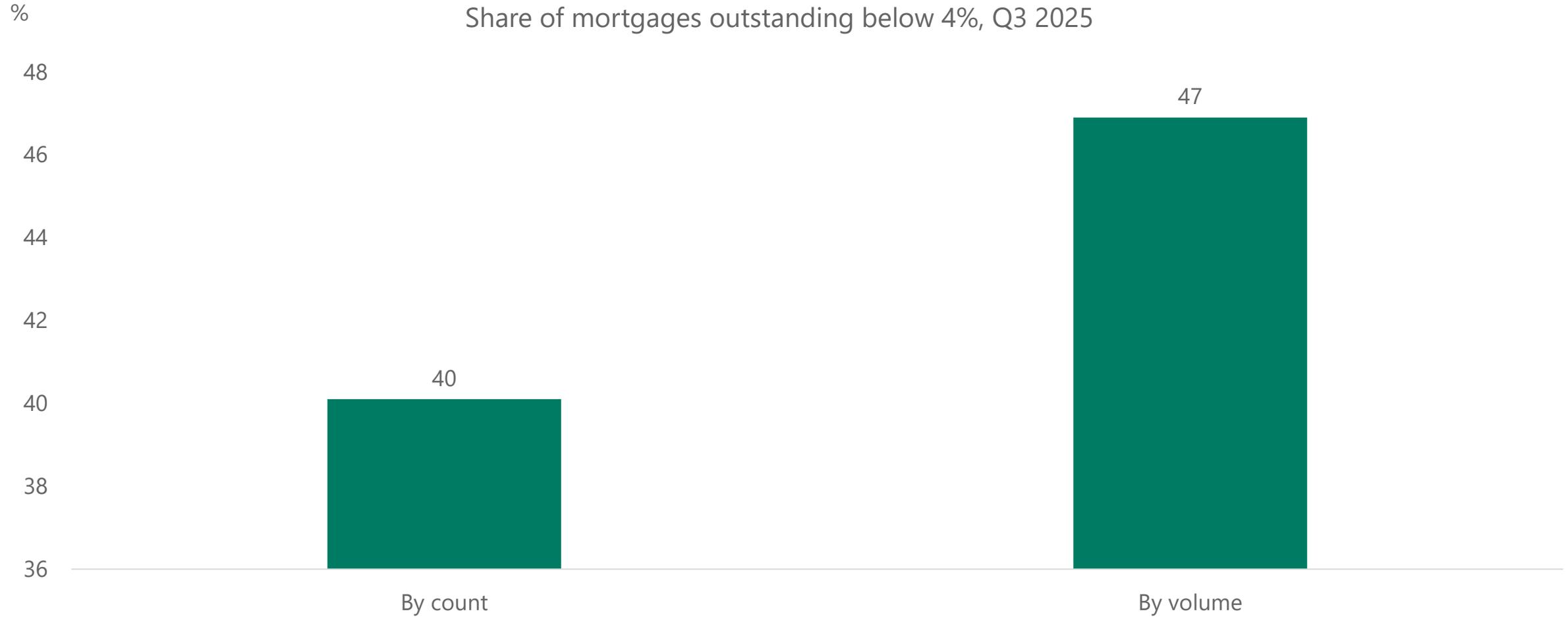
Source: Federal Reserve Bank of New York, Macrobond, Apollo Chief Economist

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



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

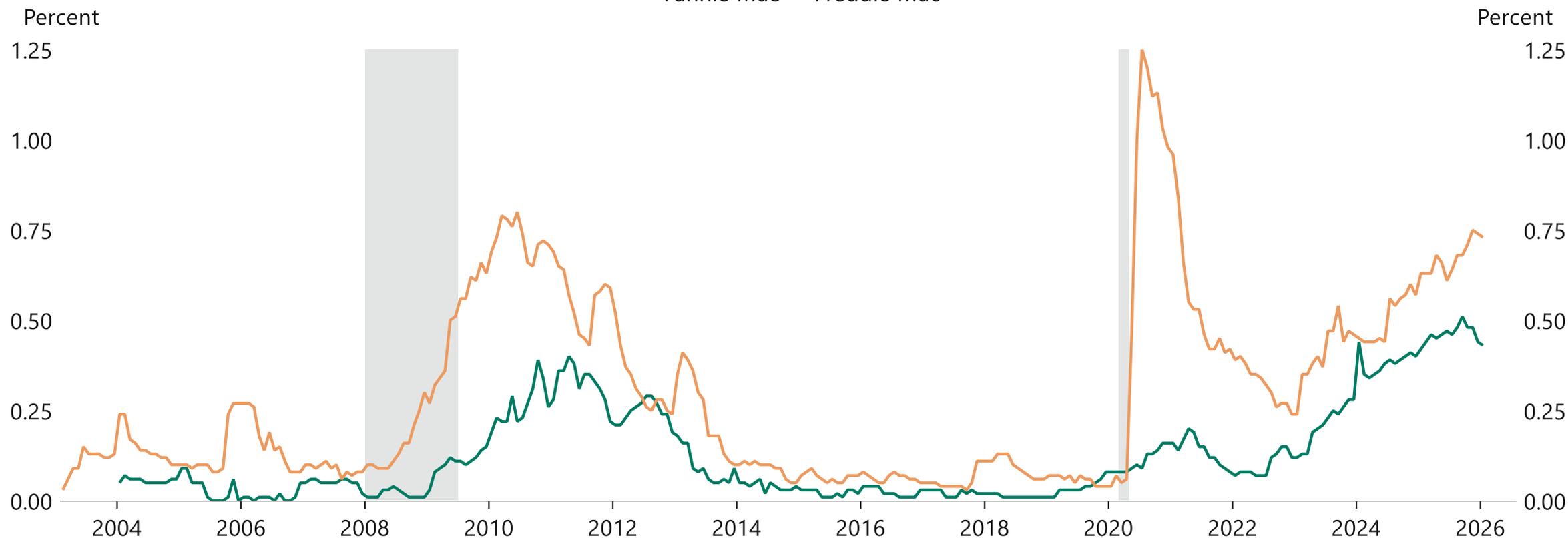
Large share of mortgages outstanding have an interest rate below 4%



Multifamily delinquencies rising

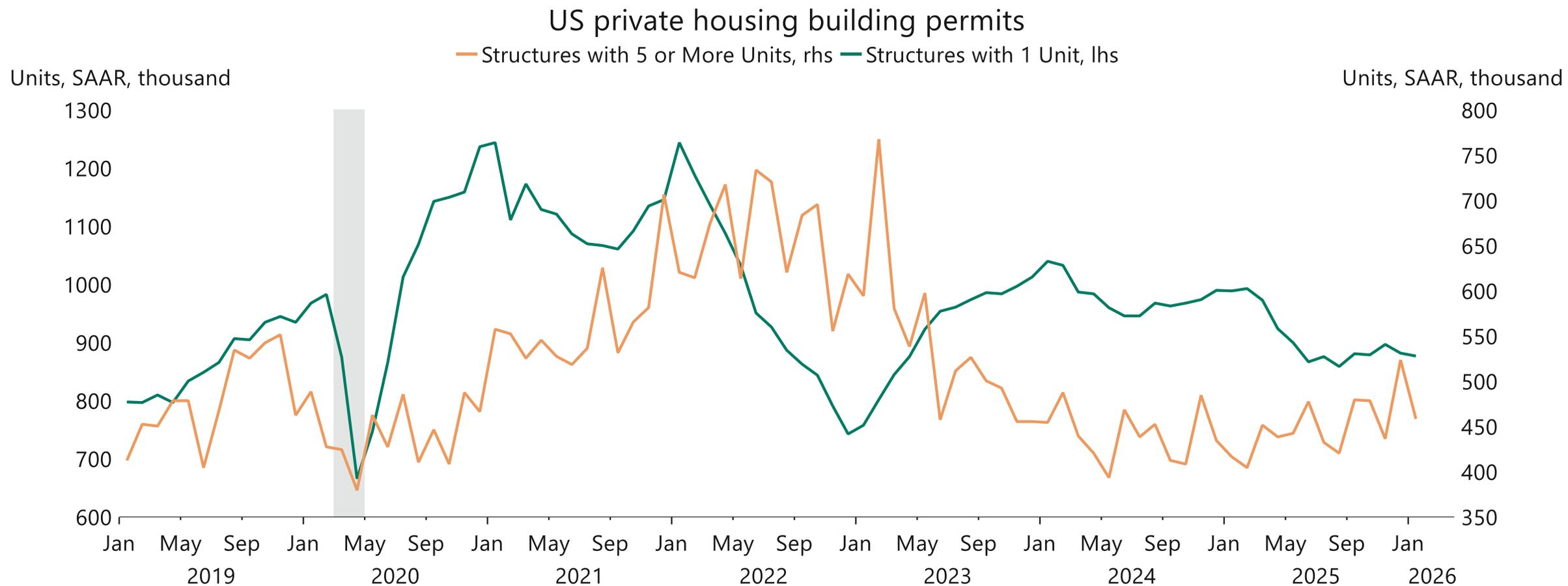
Multifamily delinquency rate

— Fannie Mae — Freddie Mac



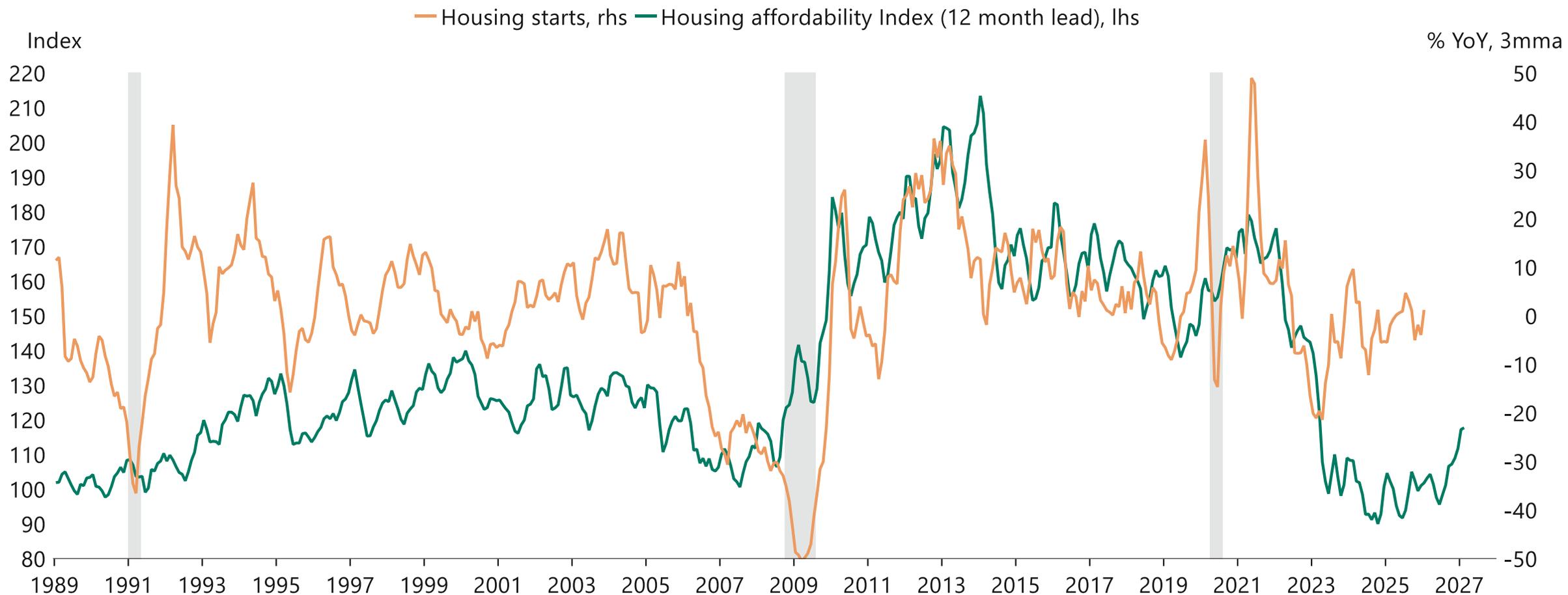
Source: Freddie Mac, Federal National Mortgage Association (Fannie Mae), Macrobond, Apollo Chief Economist

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



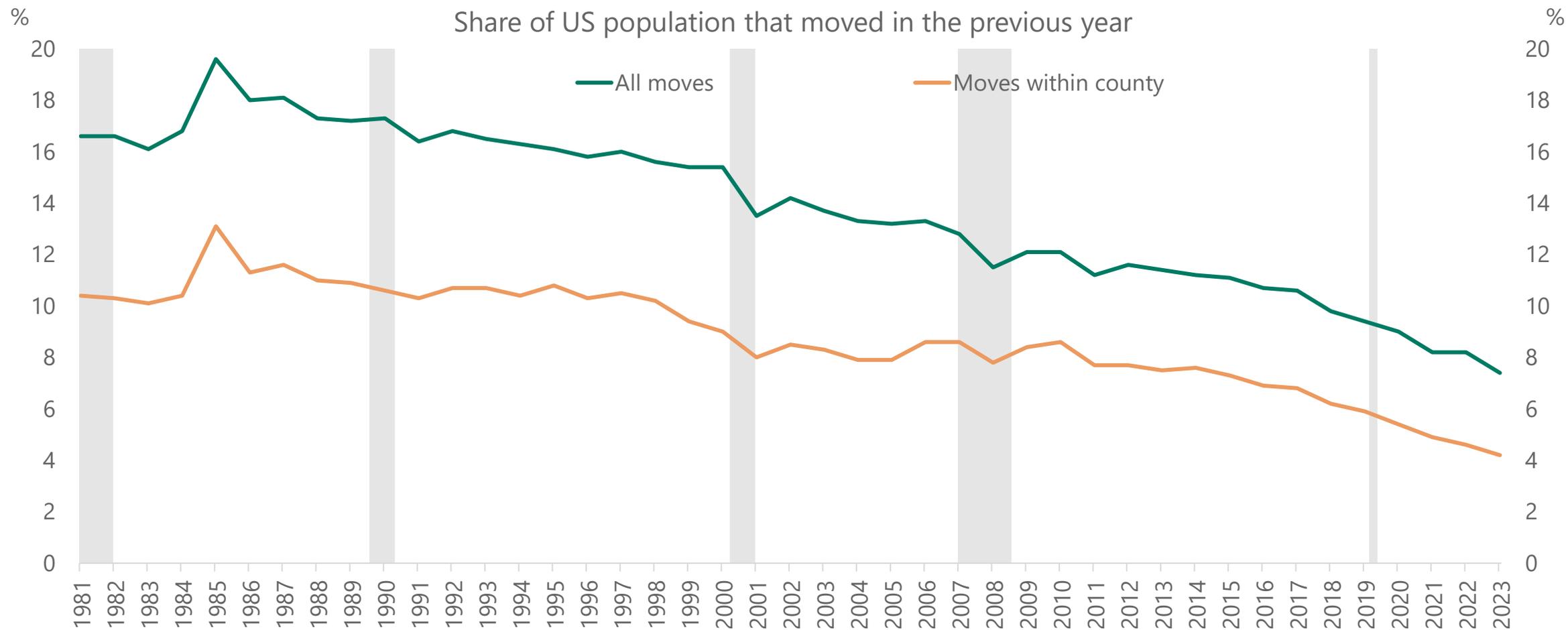
Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

Housing starts high despite low affordability



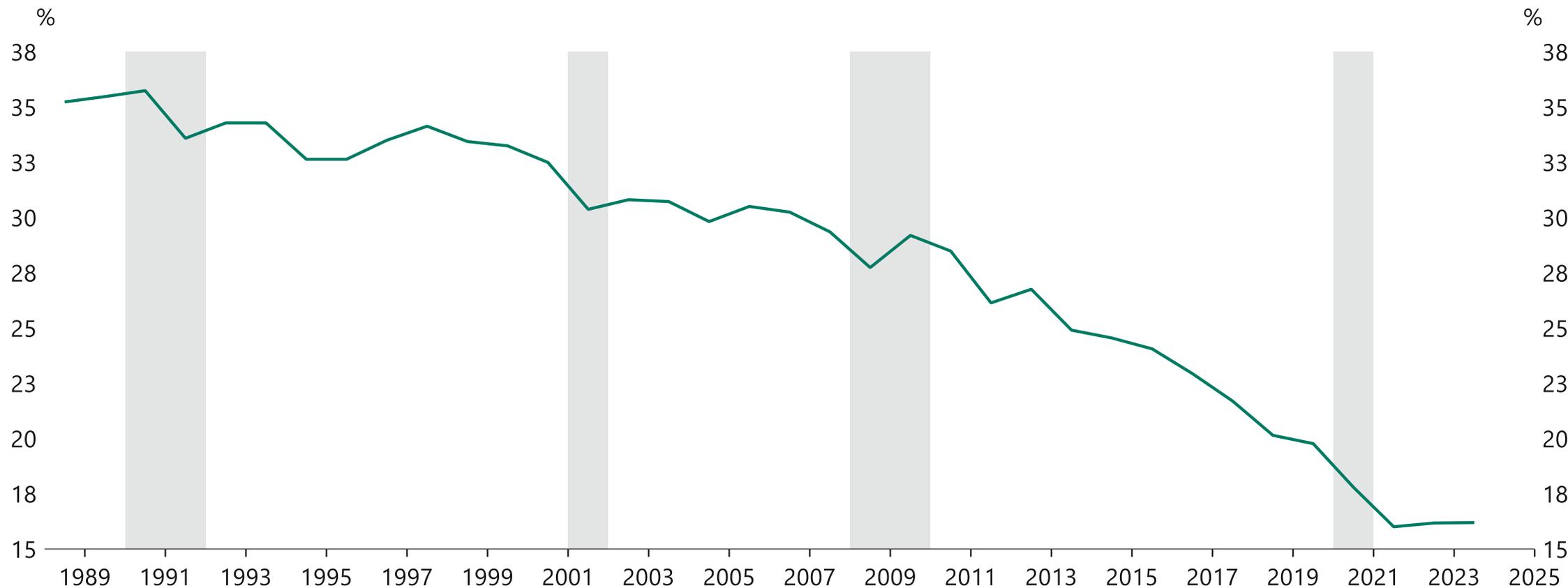
Source: National Association of Realtors (NAR), U.S. Census Bureau, Macrobond, Apollo Chief Economist

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



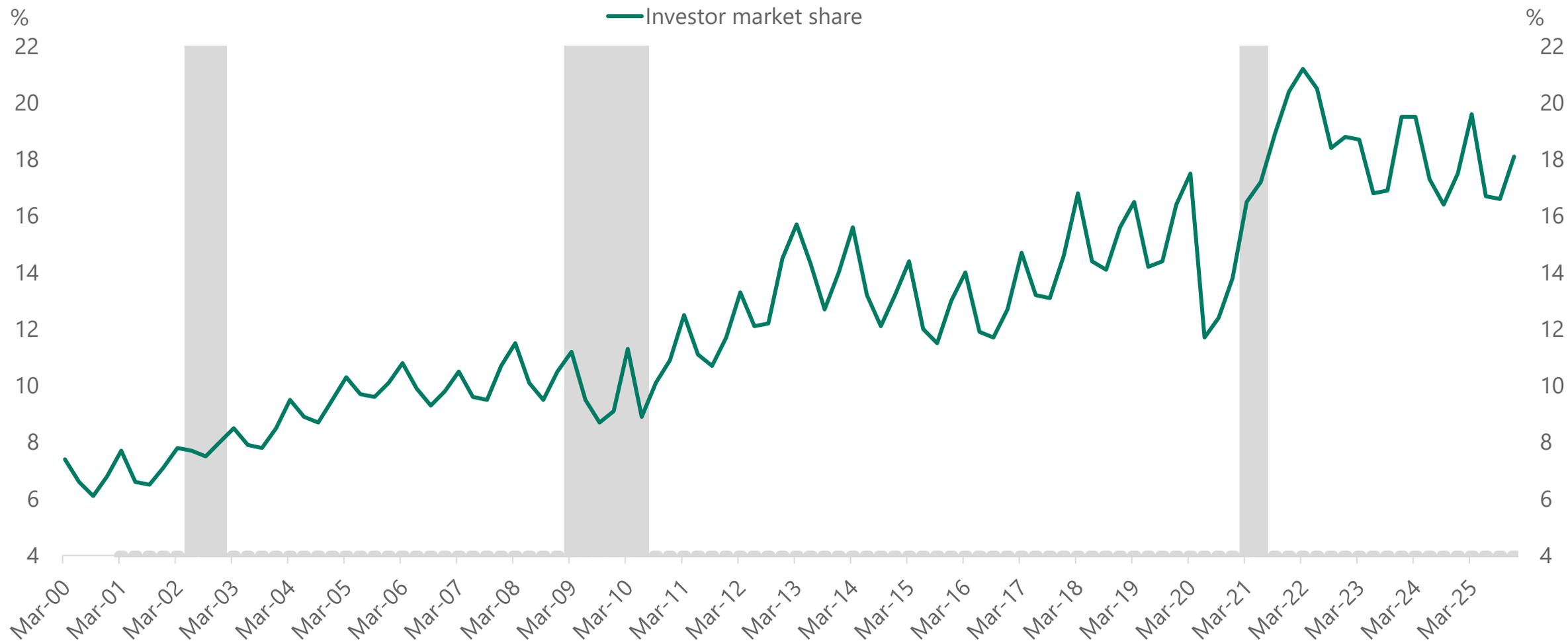
Trend decline in the percentage of renters moving to new apartments or houses

% of renters who moved in the past year



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

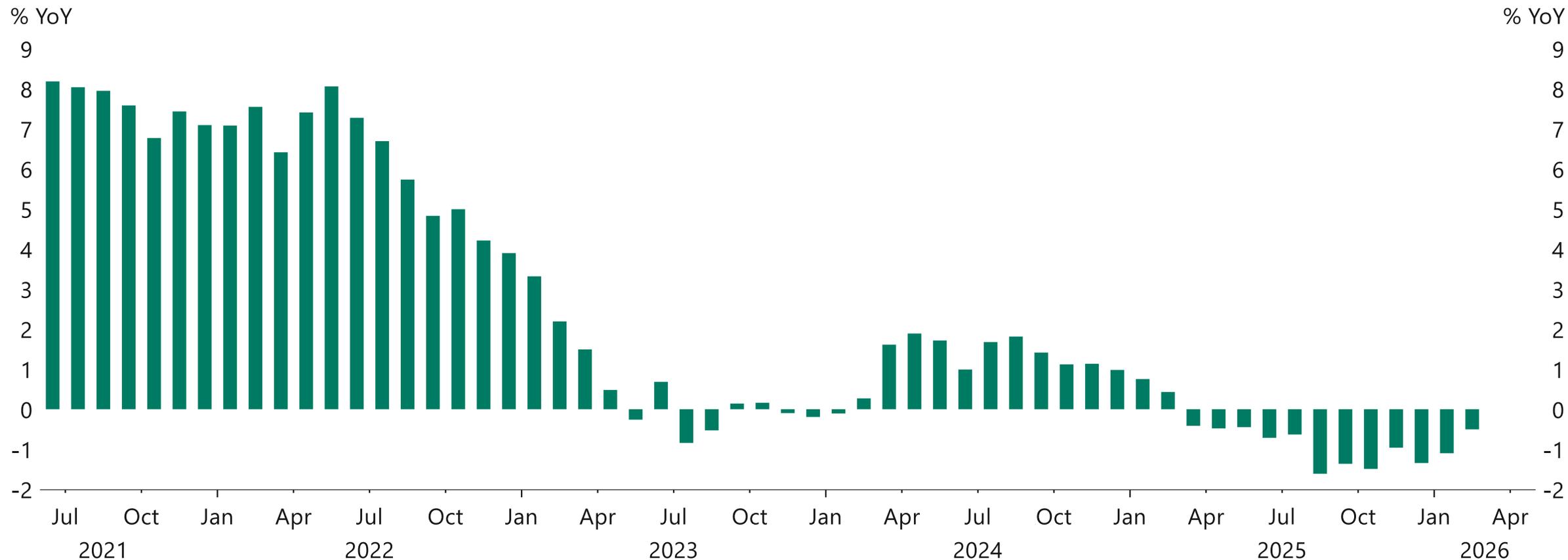
The investor share of home purchases still elevated



Source: Redfin, Apollo Chief Economist. Definition of Investor market share: the percentage of total home sales in which an investor was the buyer.

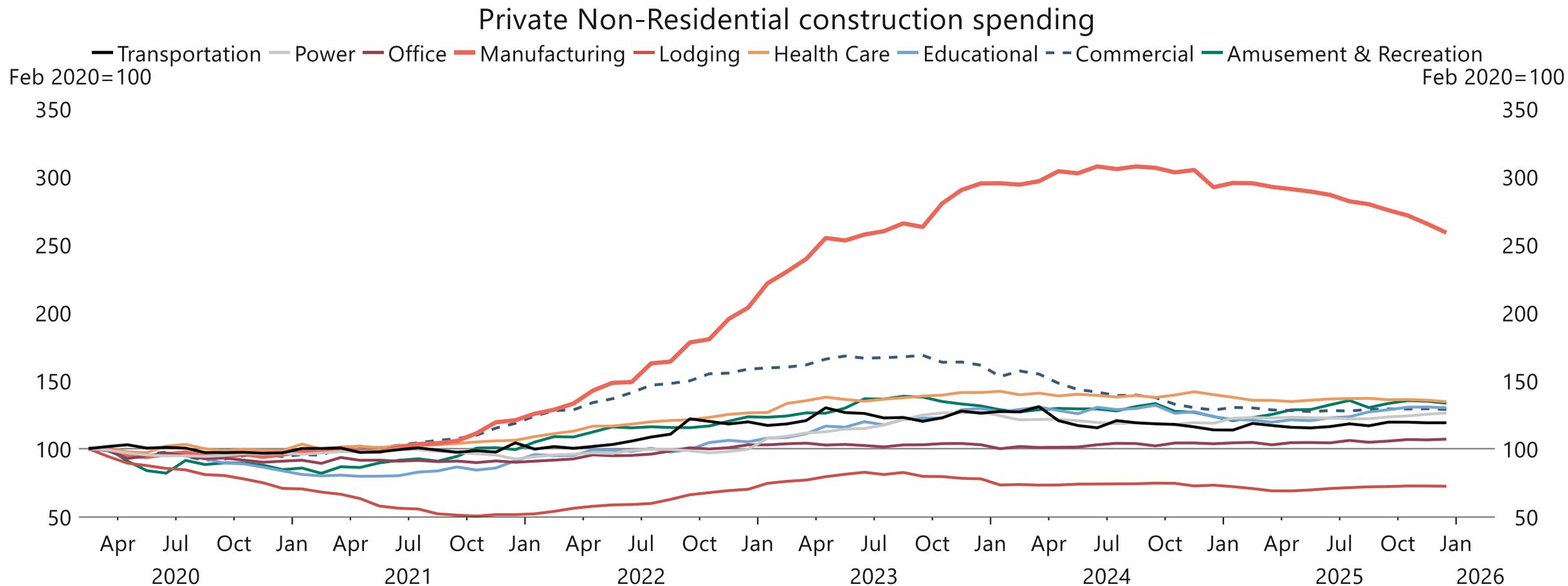
Residential construction job growth slows

Residential construction employment



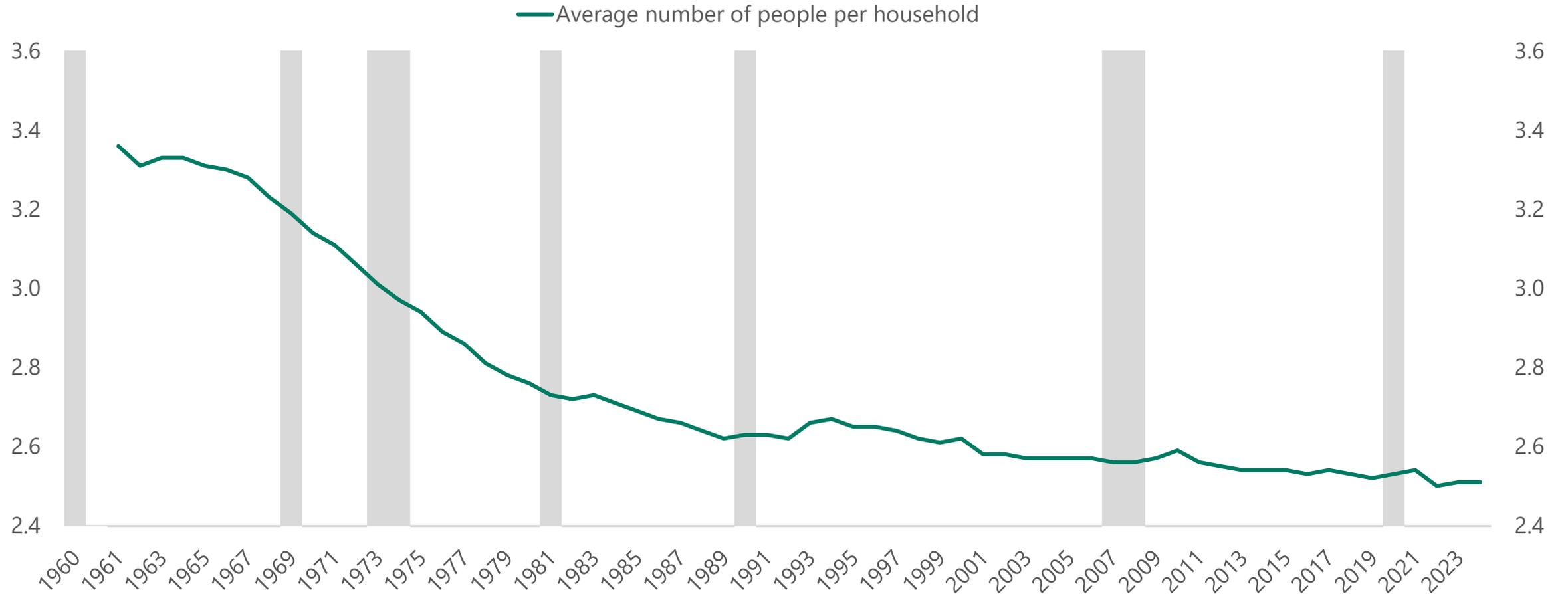
Source: U.S. Bureau of Labor Statistics (BLS), Macrobond, Apollo Chief Economist

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



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

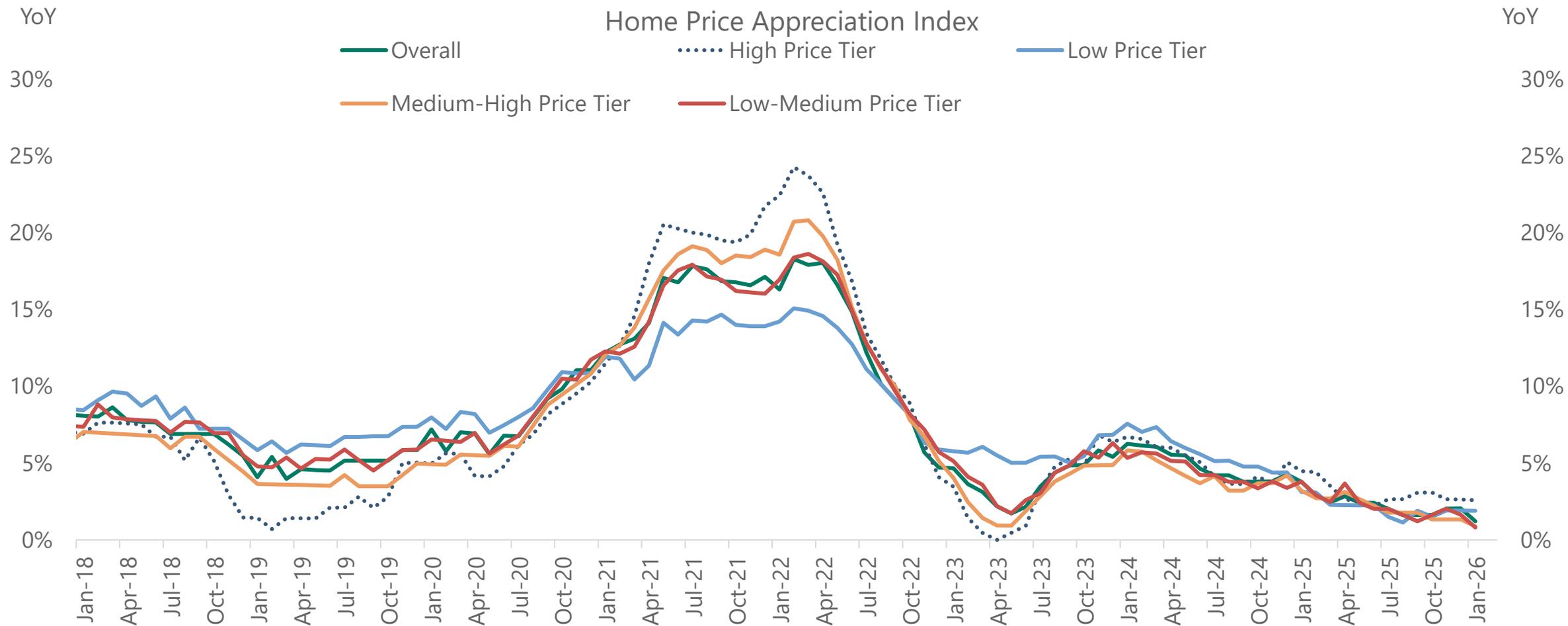
The average family size in the US has declined from 3.3 in 1960 to 2.5 by 2024



Source: Census Bureau, Apollo Chief Economist.

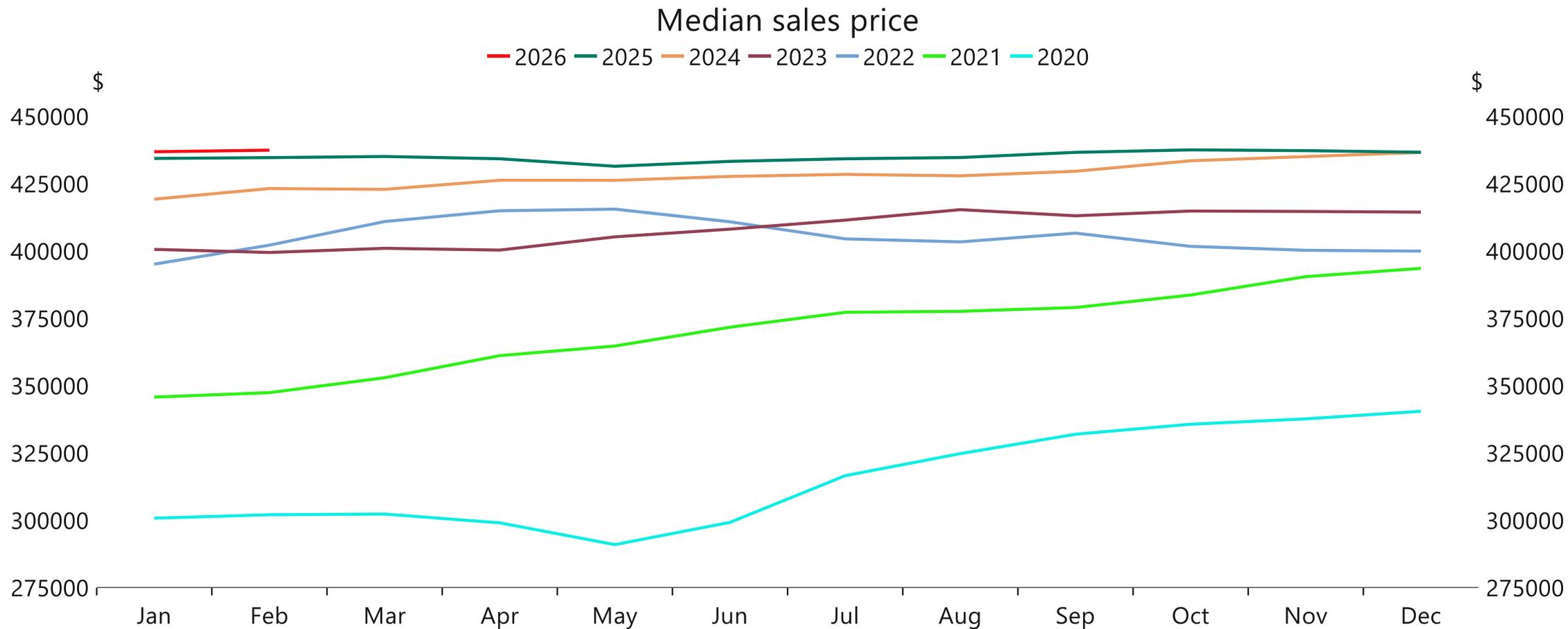
3) House Prices

House price inflation across price tiers



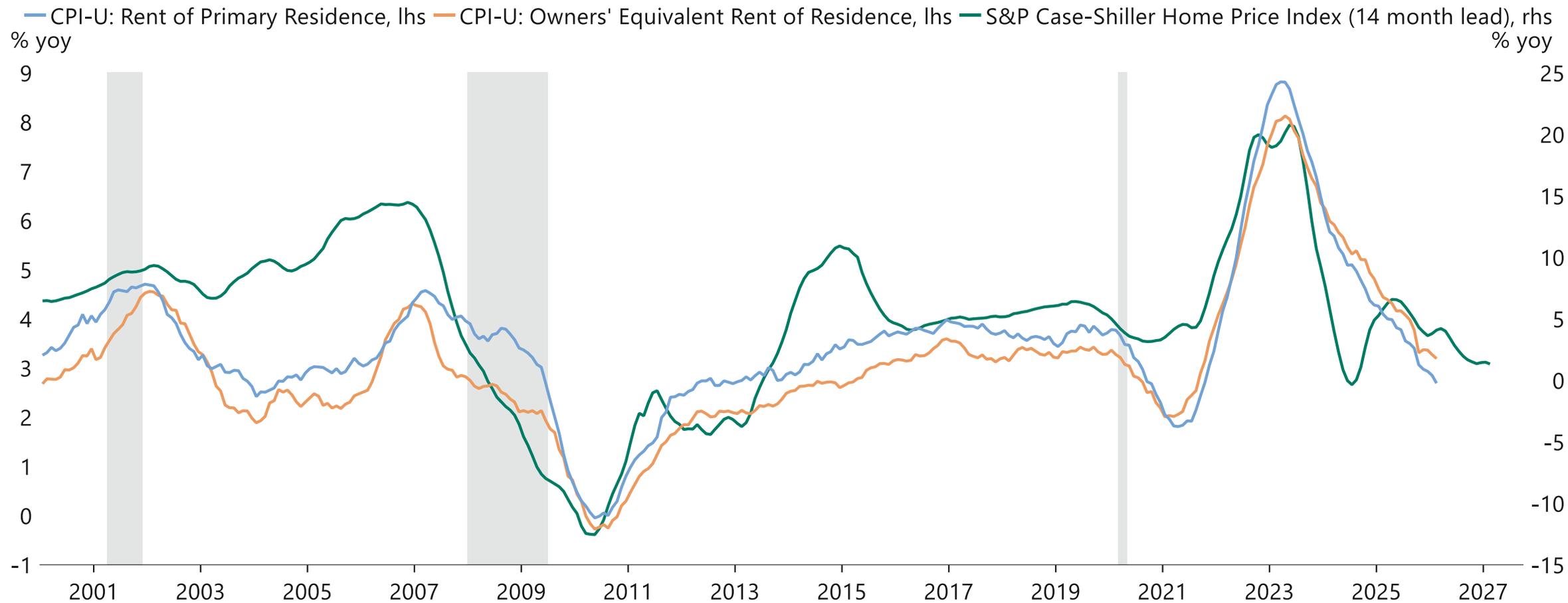
Source: American Enterprise Institute, Haver, Apollo Chief Economist

Median sales price modestly above last year's levels



Source: Redfin, Macrobond, Apollo Chief Economist

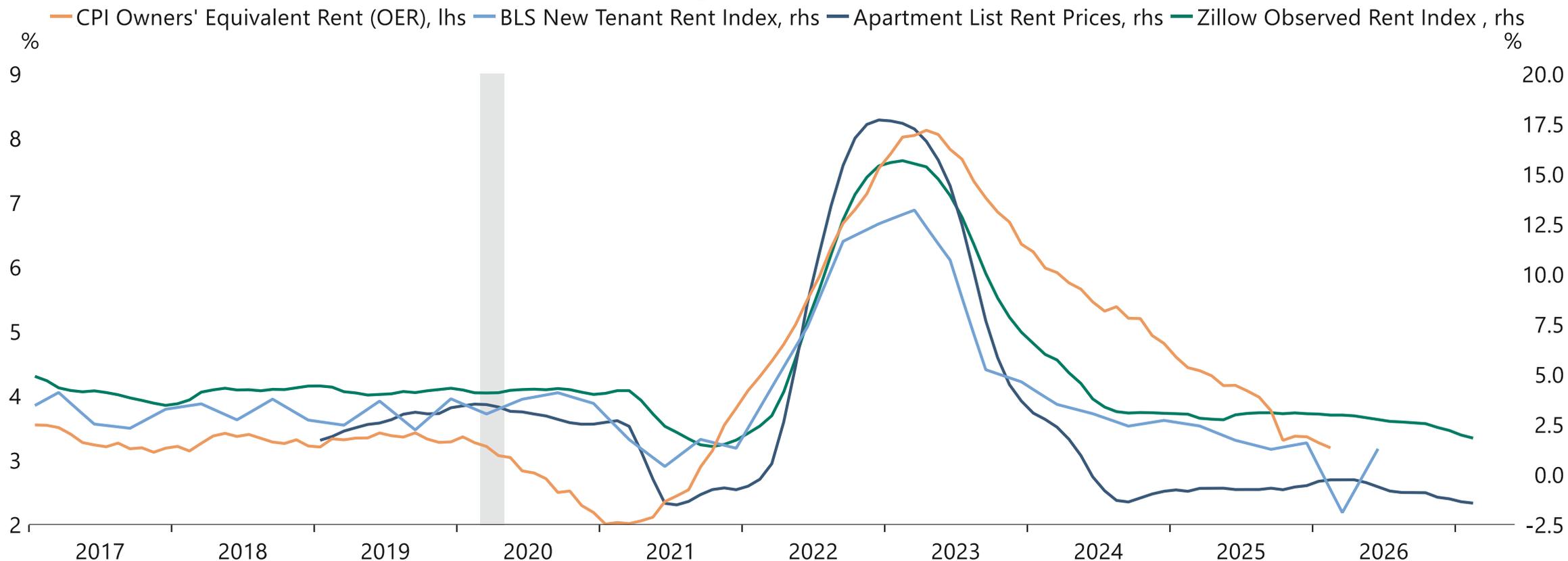
Housing inflation coming down



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

OER housing inflation coming down?

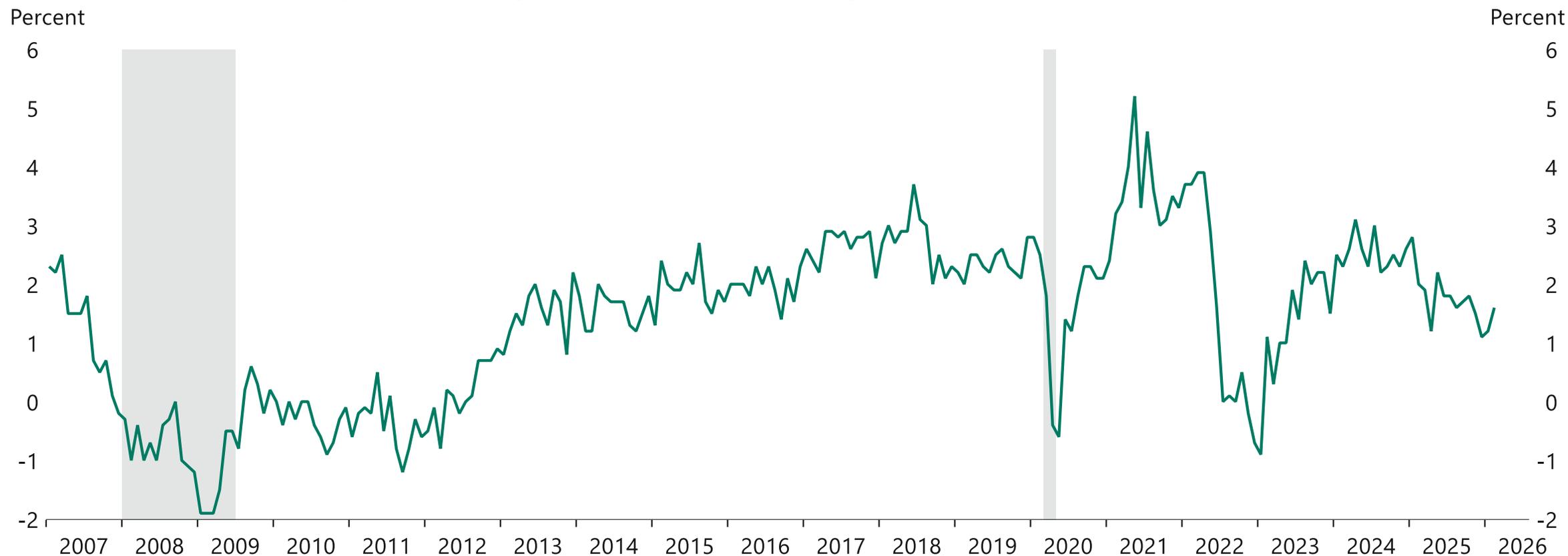
Housing inflation indicators



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

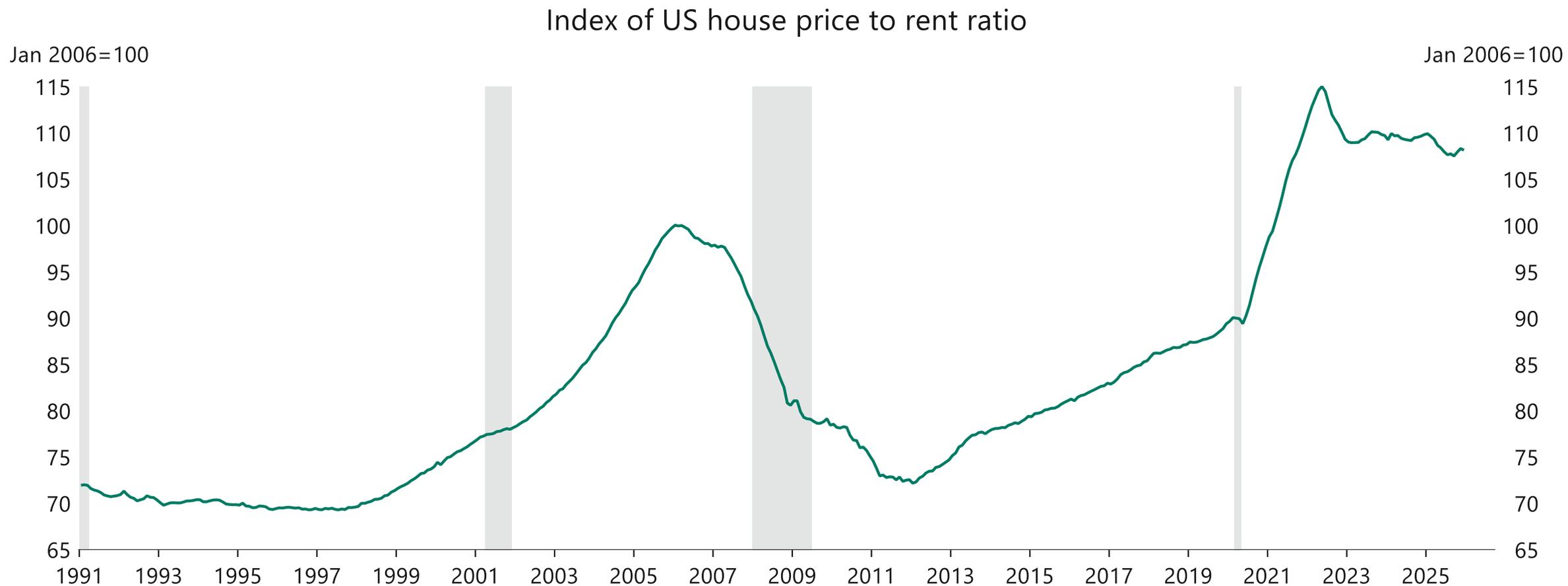
Consumers' expectations to home price inflation

Expected Change in Home Values During the Next Year: Mean Increase



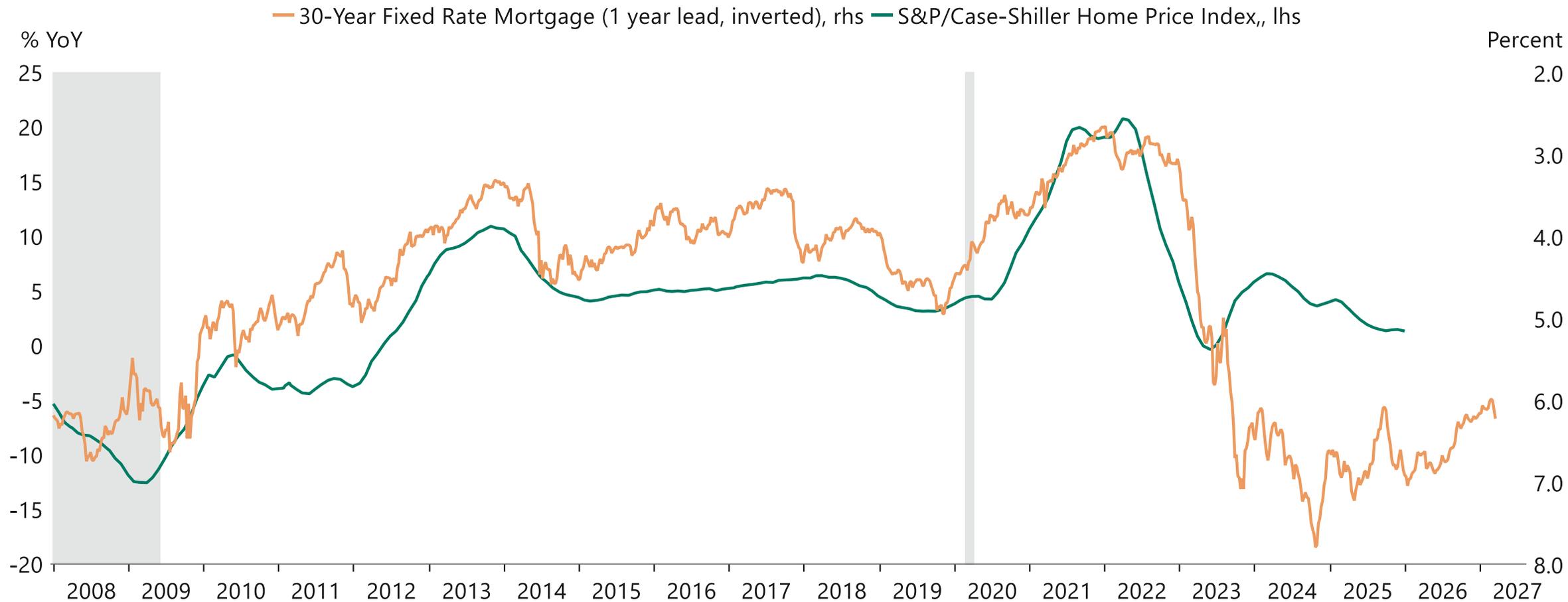
Source: University of Michigan, Macrobond, Apollo Chief Economist

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

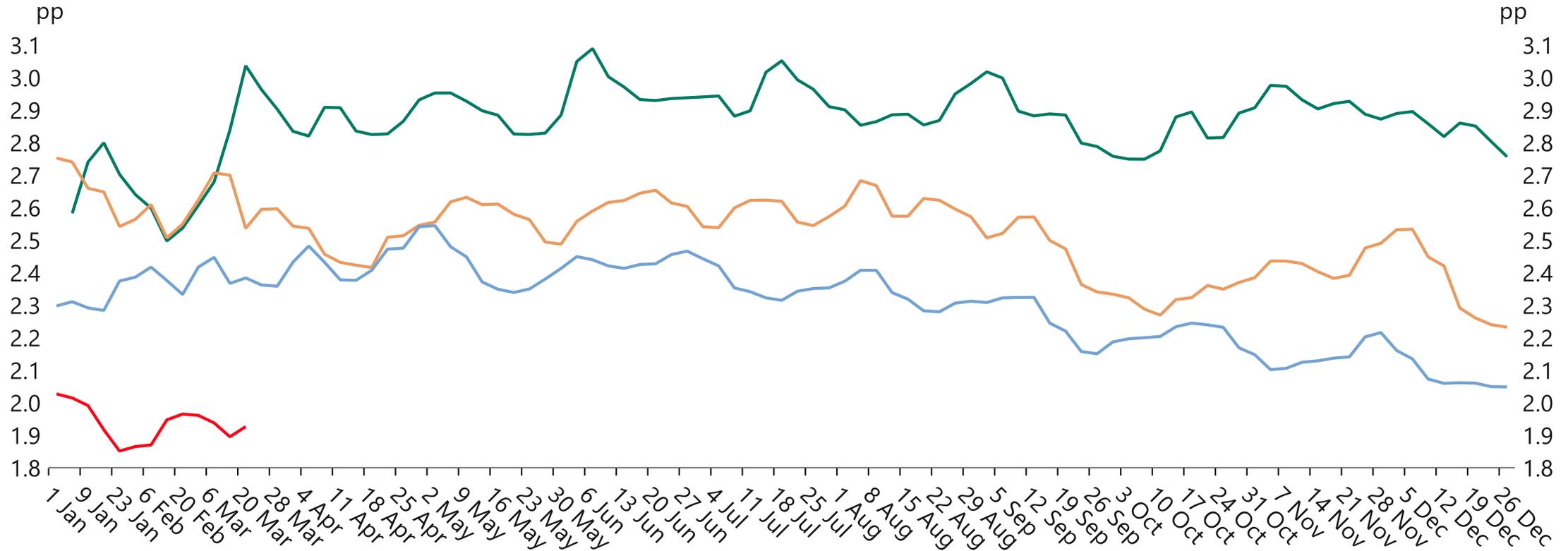


Source: S&P Global, Freddie Mac, Macrobond, Apollo Chief Economist

Mortgage risk premium remains elevated

30-year fixed rate mortgage premium over 10-year Treasury yield

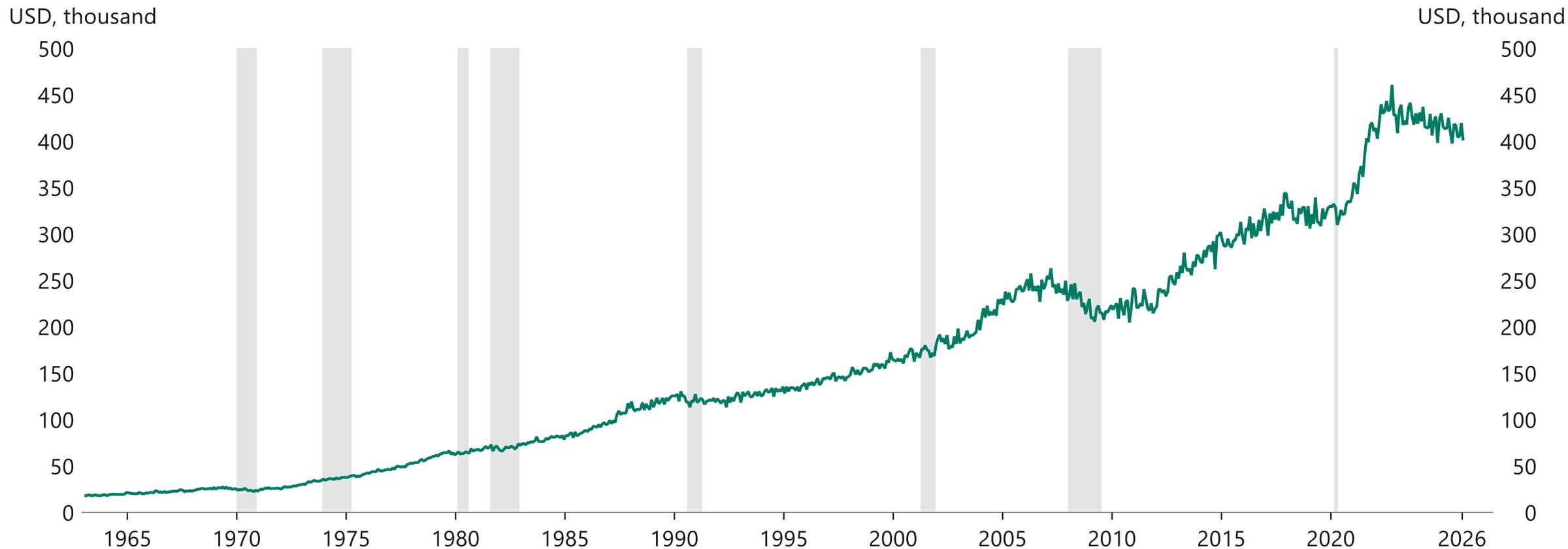
— 2026 — 2025 — 2024 — 2023



Source: Bloomberg, Macrobond, Apollo Chief Economist. Note: pp = percentage points

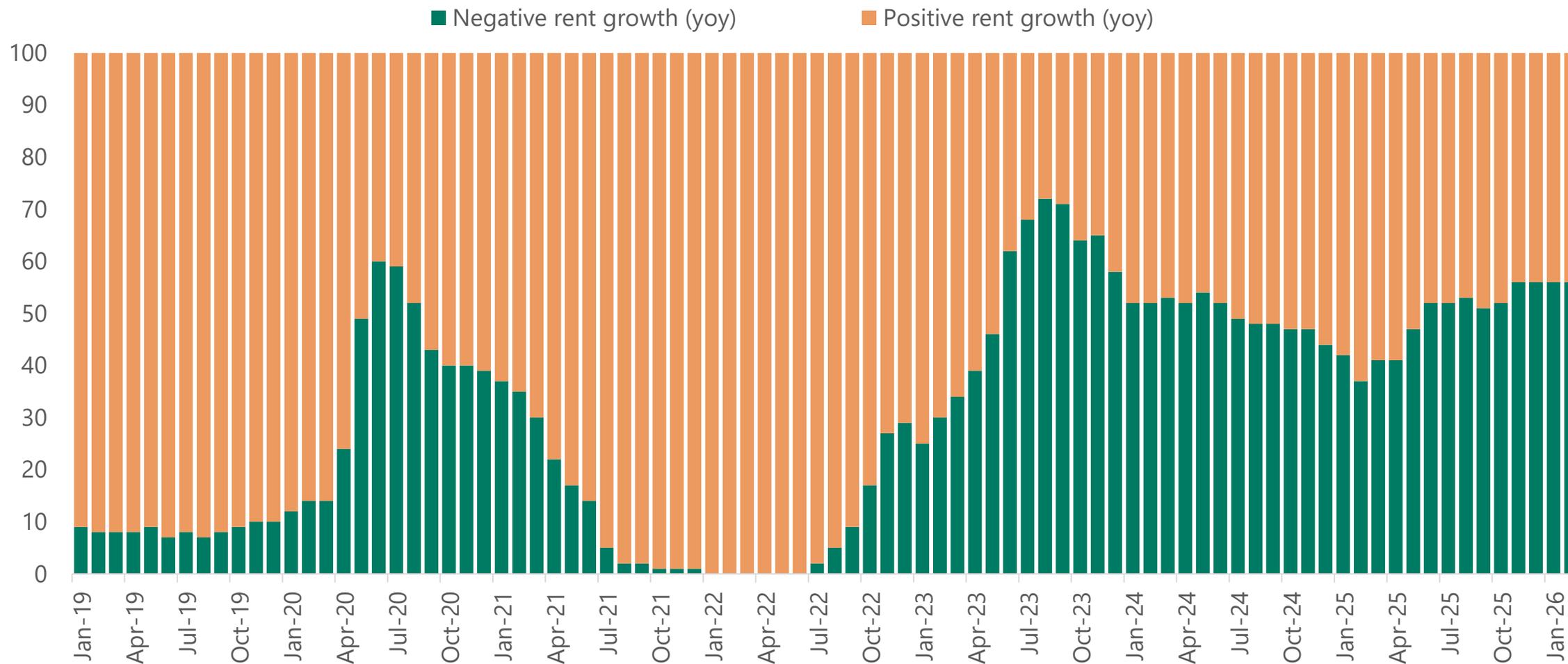
The median home sales price is \$403K

Median sales price of houses sold in the US

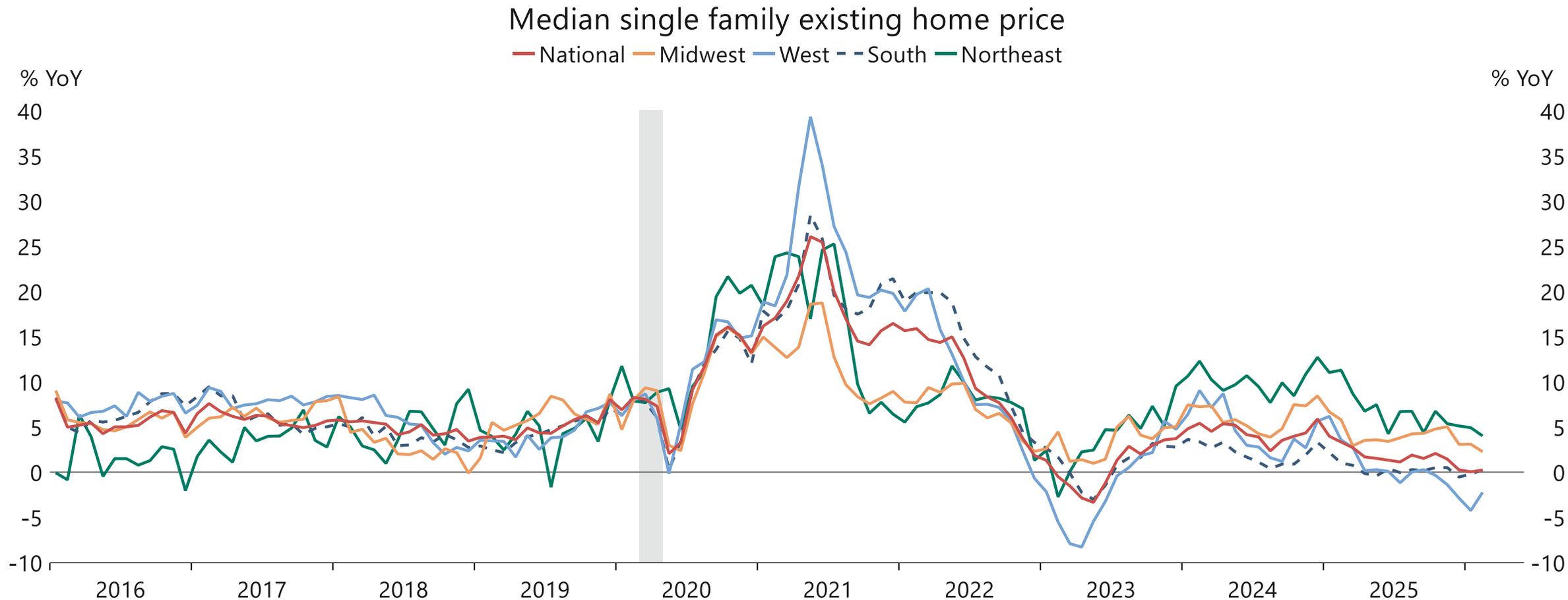


Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

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

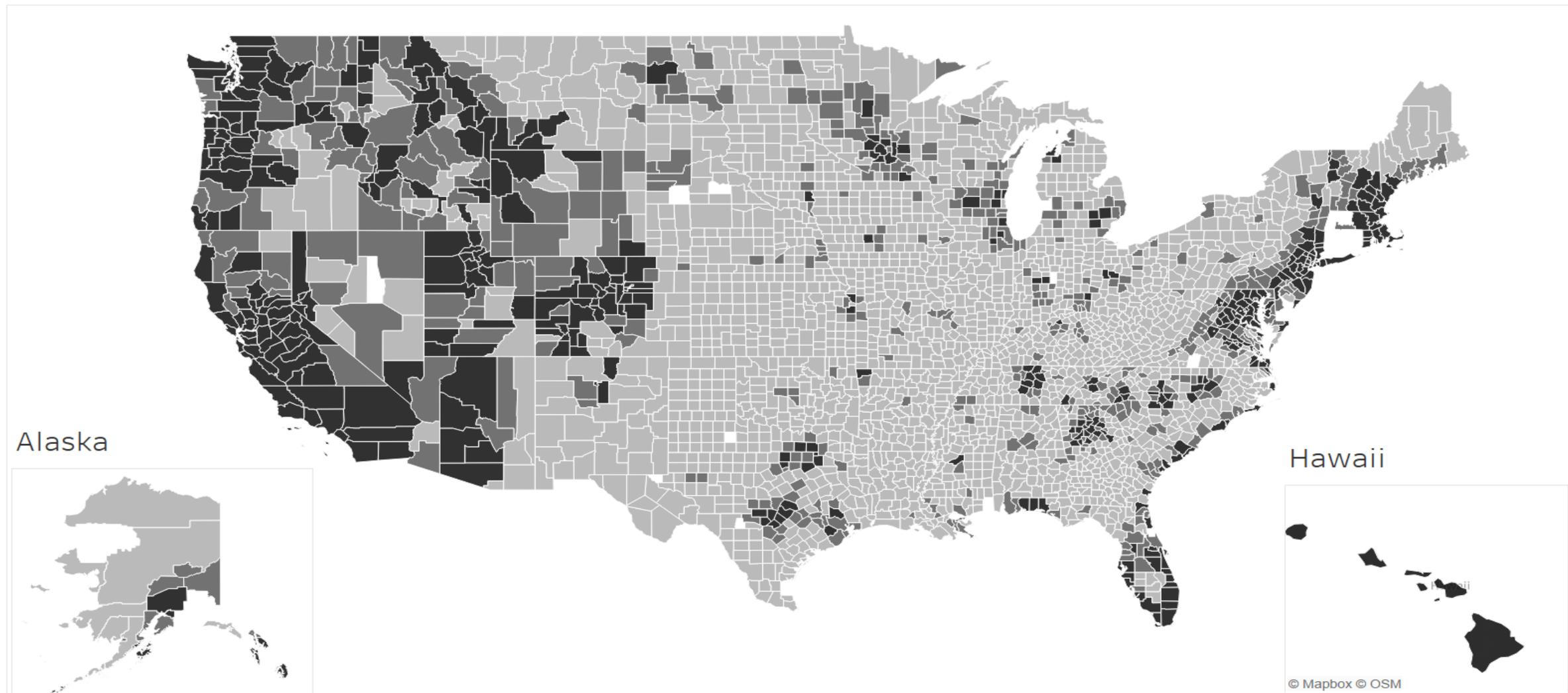
Median home prices by county, Q3 2024

Median price (\$)

■ <\$250k

■ \$250 - \$350k

■ >\$350k



Alaska

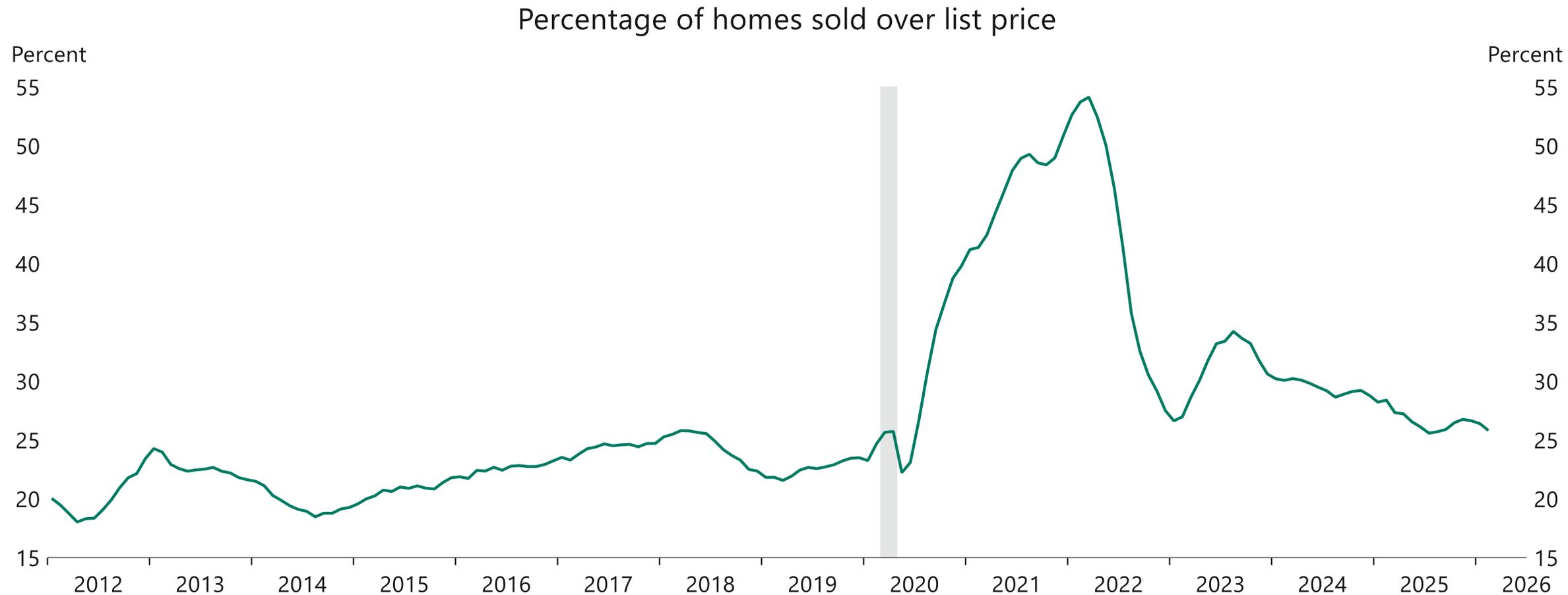


Hawaii



© Mapbox © OSM

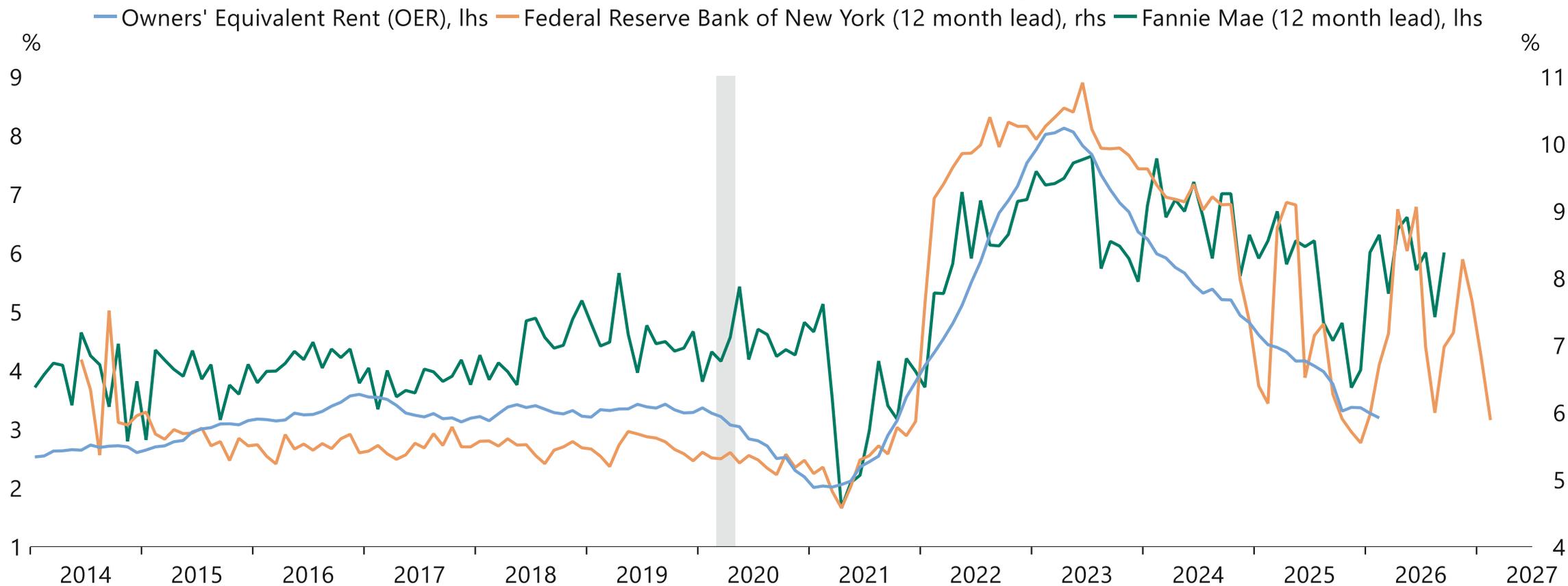
Share of homes selling above their list price



Source: Redfin, Macrobond, Apollo Chief Economist

Consumers expect an increase in rental inflation

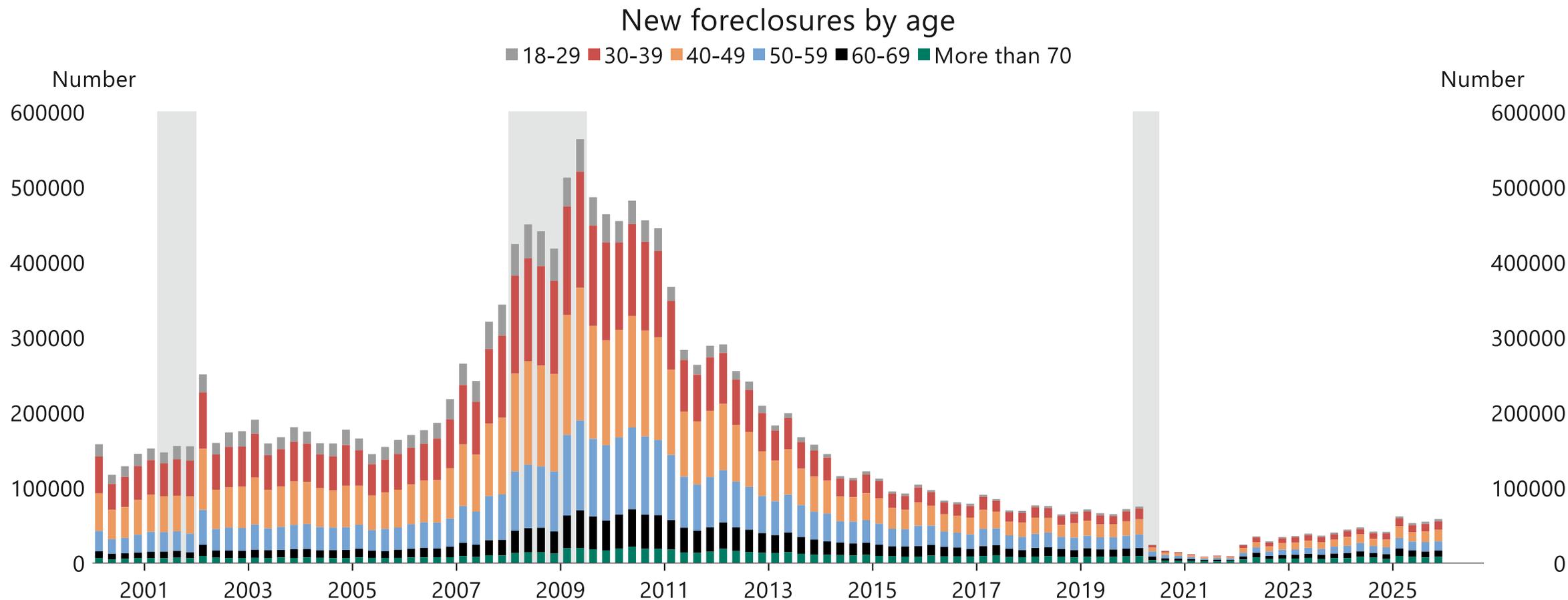
Anticipated rent inflation in the next year



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

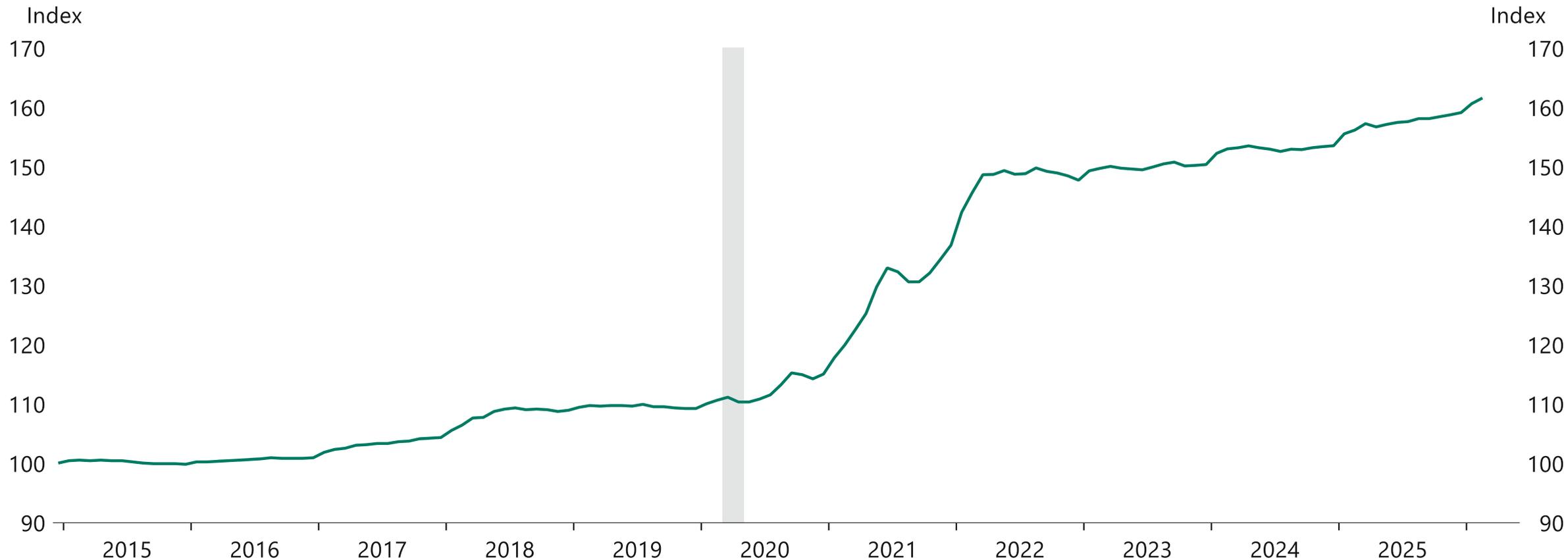
The number of new foreclosures, by age of homeowner



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

Housing construction costs remain high

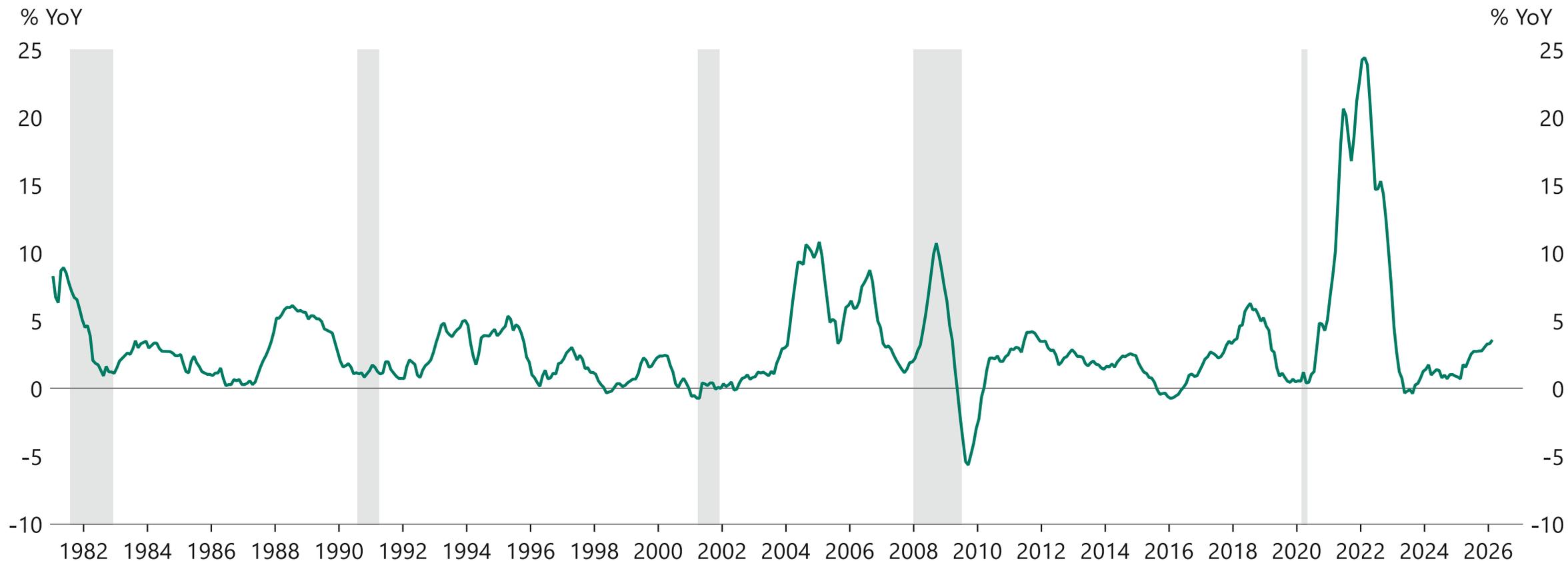
PPI: inputs to residential construction, goods less foods & energy inputs



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

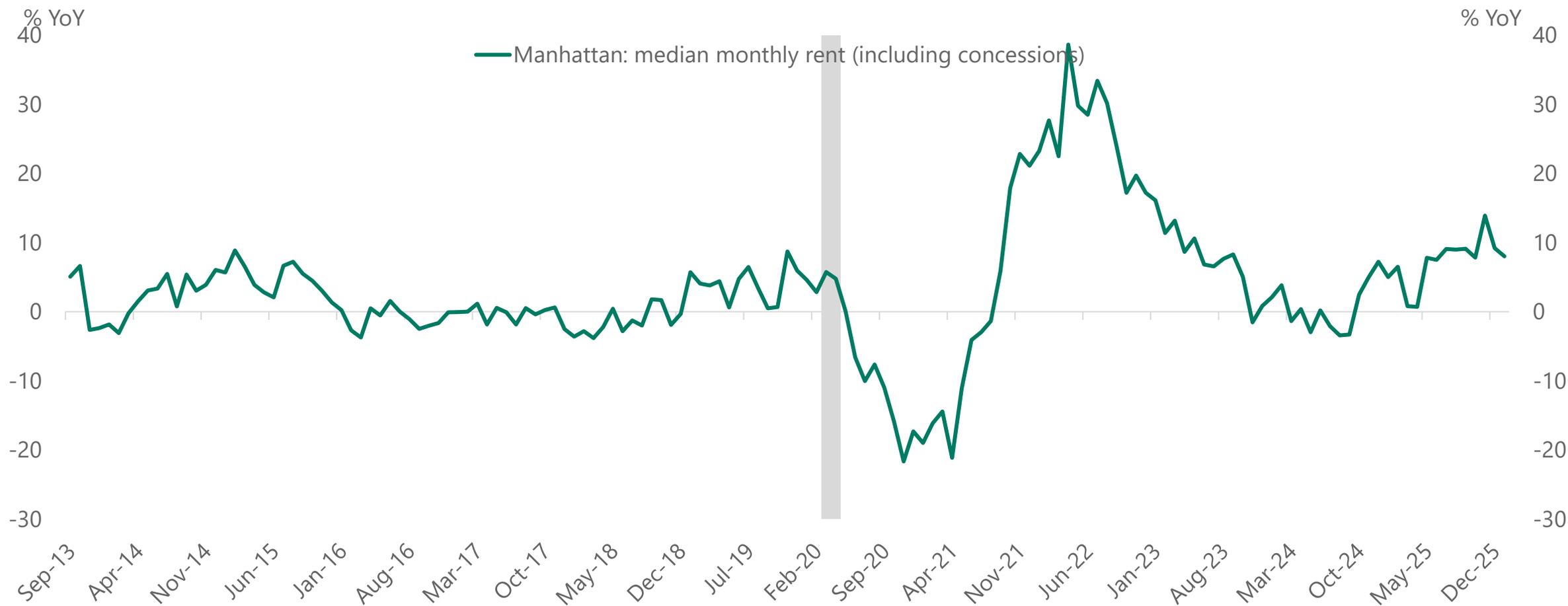
Inflation in input costs for home builders have come down

PPI: Intermediate Demand Materials & Components for Construction

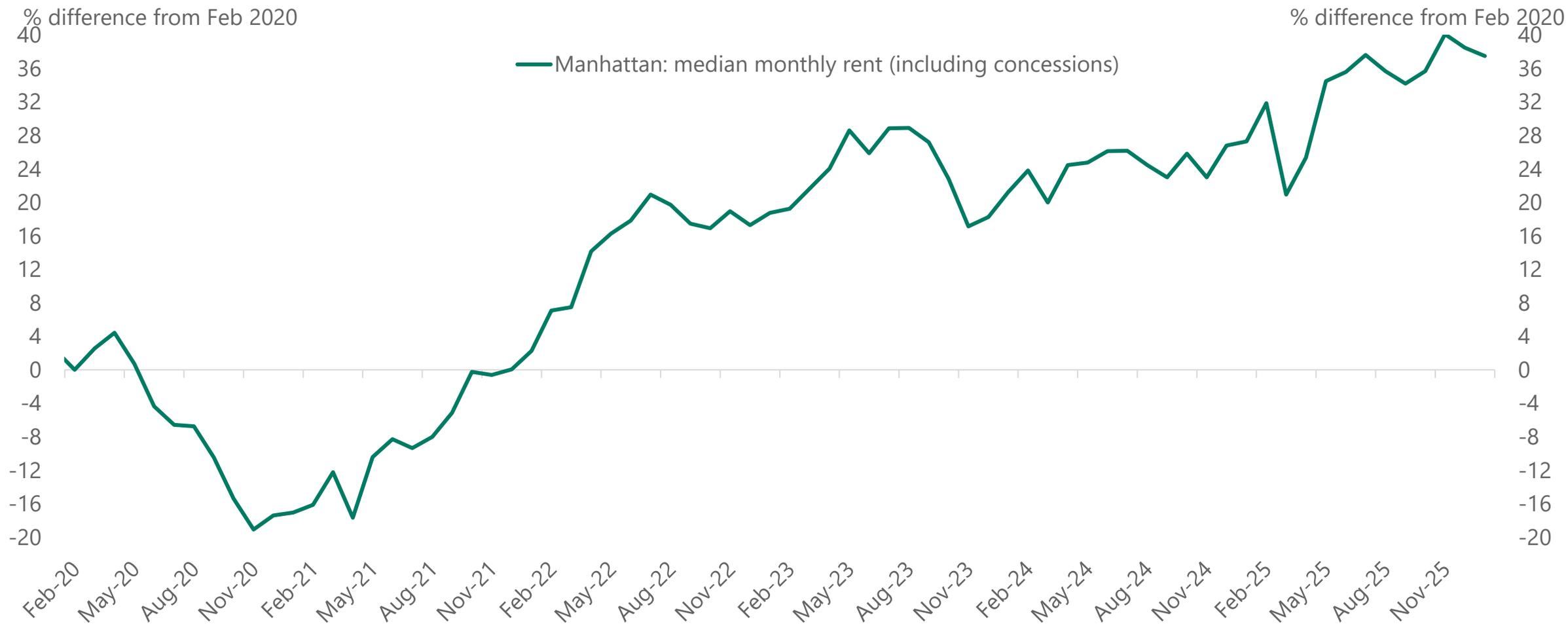


Source: U.S. Bureau of Labor Statistics (BLS), Macrobond, Apollo Chief Economist

Manhattan median rent rose to \$4662 in January 2026



Manhattan rents well above pre-pandemic levels

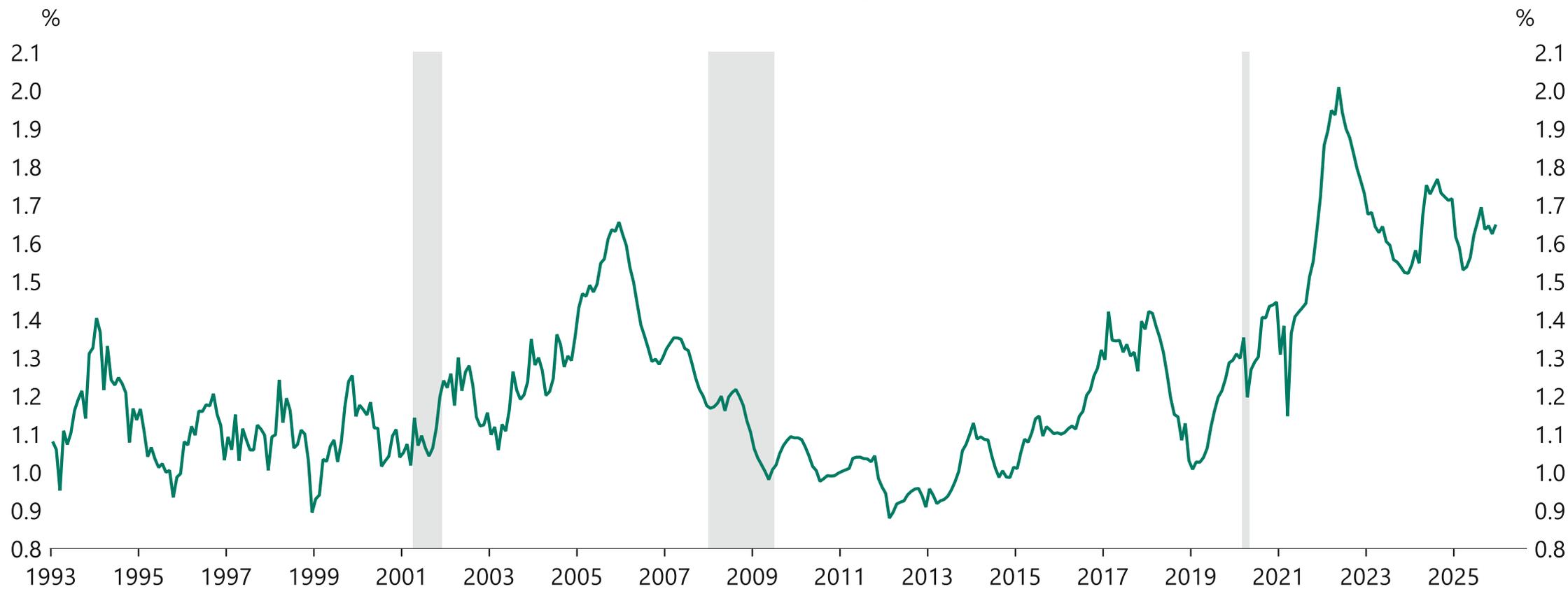


Rising mortgage rates generally associated with lower home price inflation



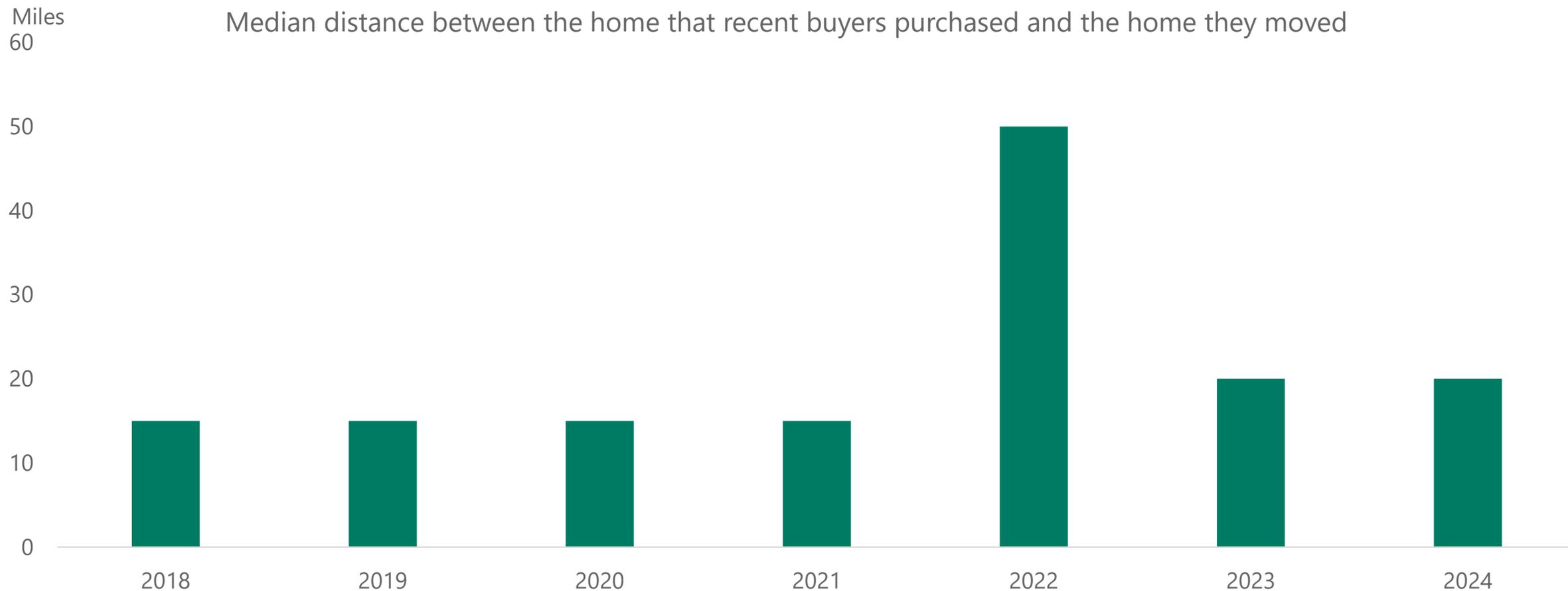
Home improvement spending as a share of disposable income

Residential home improvement construction spending as a share of disposable personal income



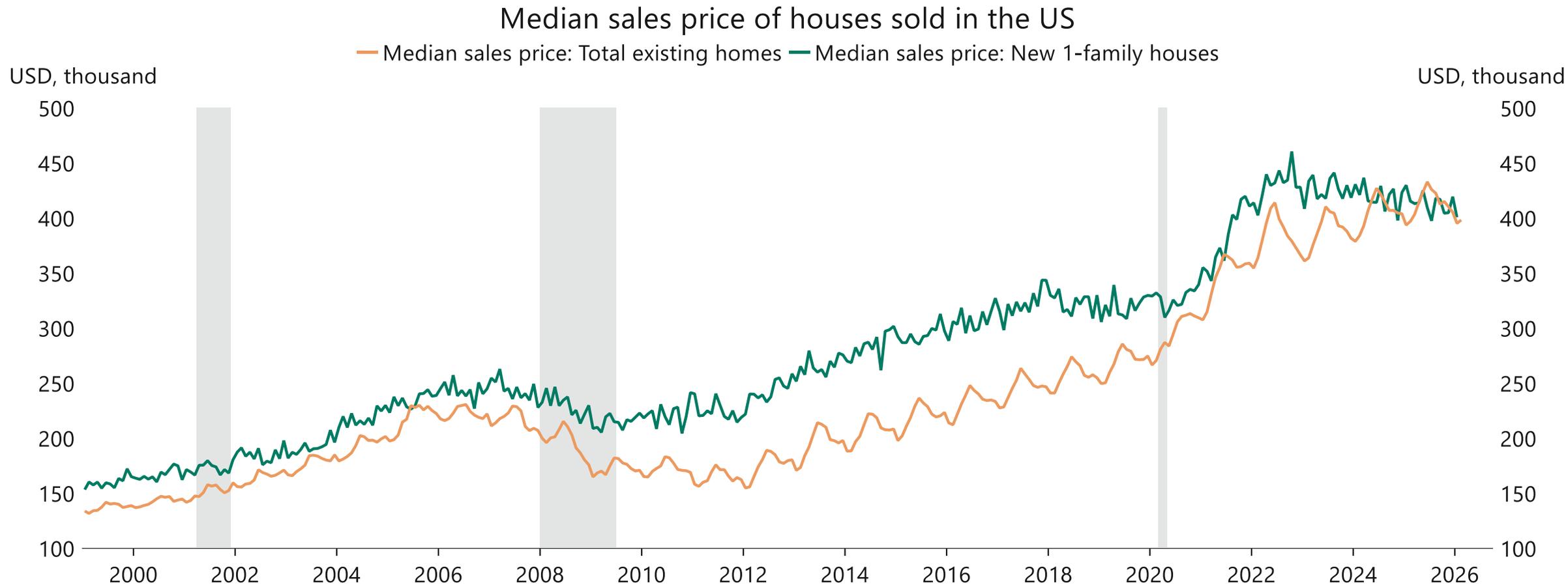
Source: Bloomberg, Macrobond, Apollo Chief Economist

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



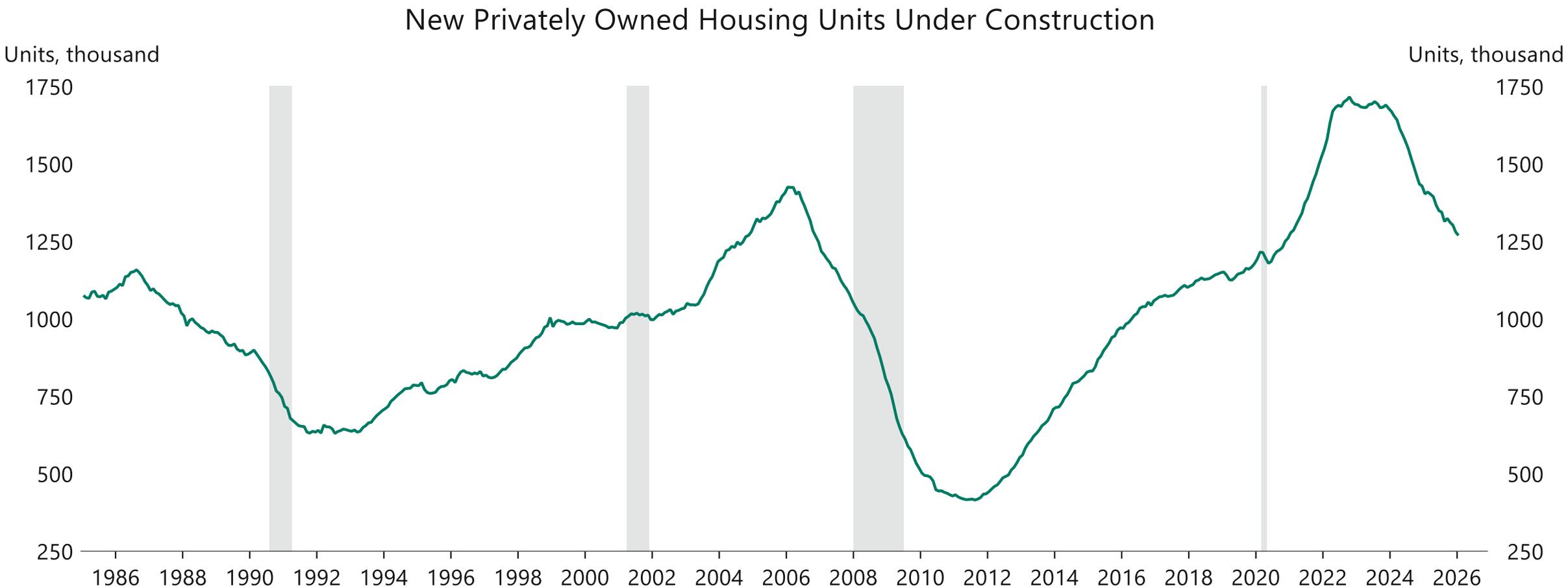
New versus existing homes

House prices for new homes and existing homes



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

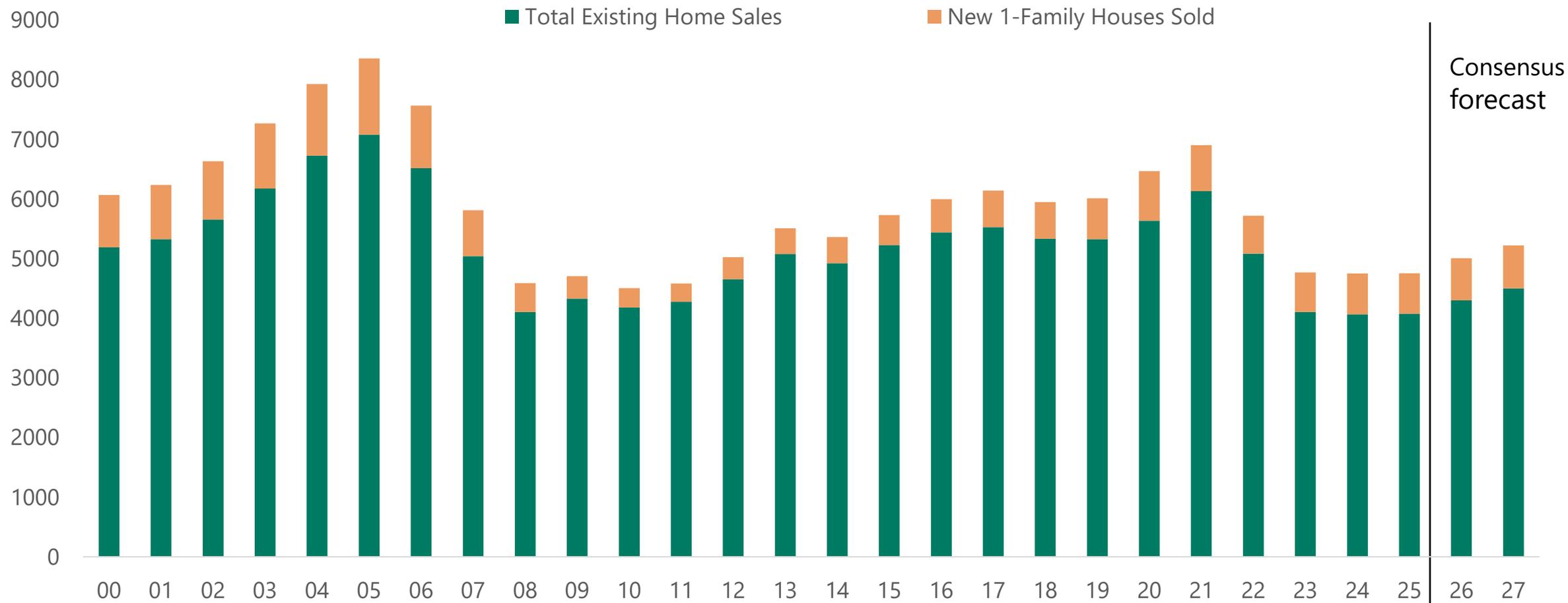
New privately owned housing units under construction coming down



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

Consensus is forecasting a sideways move in home sales

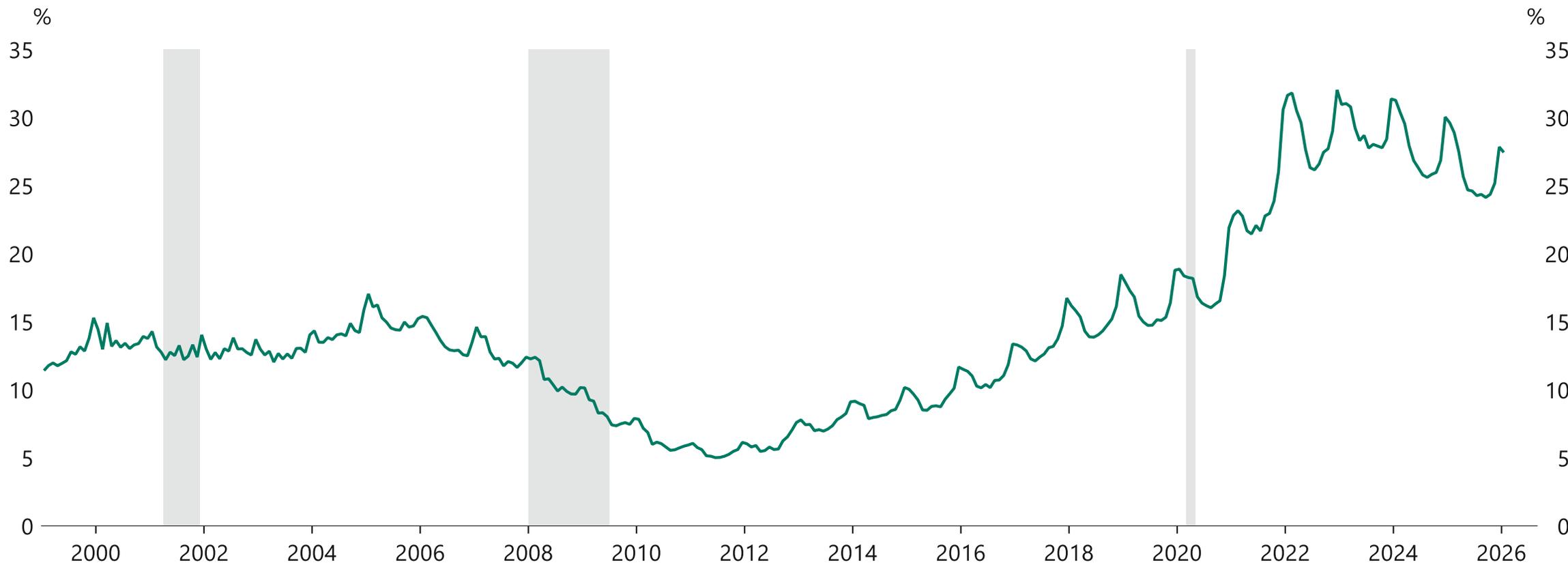
SAAR, thous.



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

Share of new homes for sale

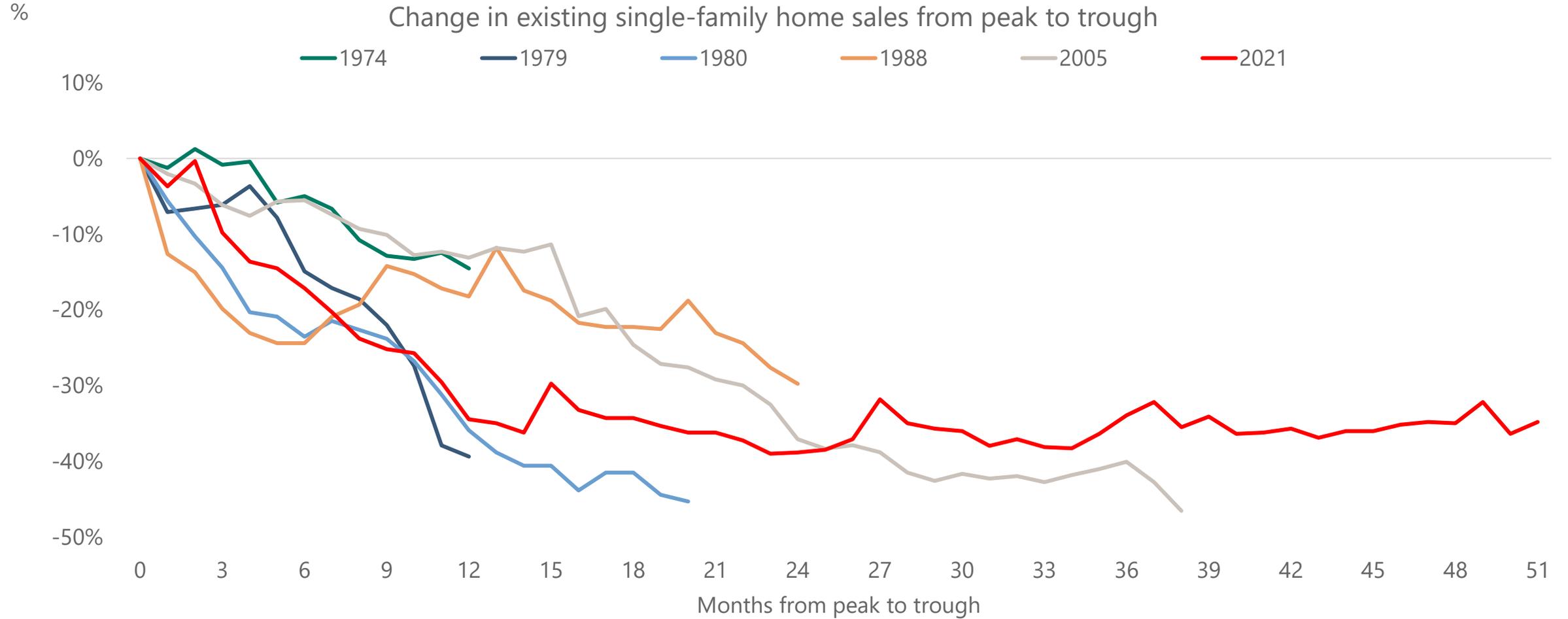
US one family new homes for sale share of total one family homes for sale



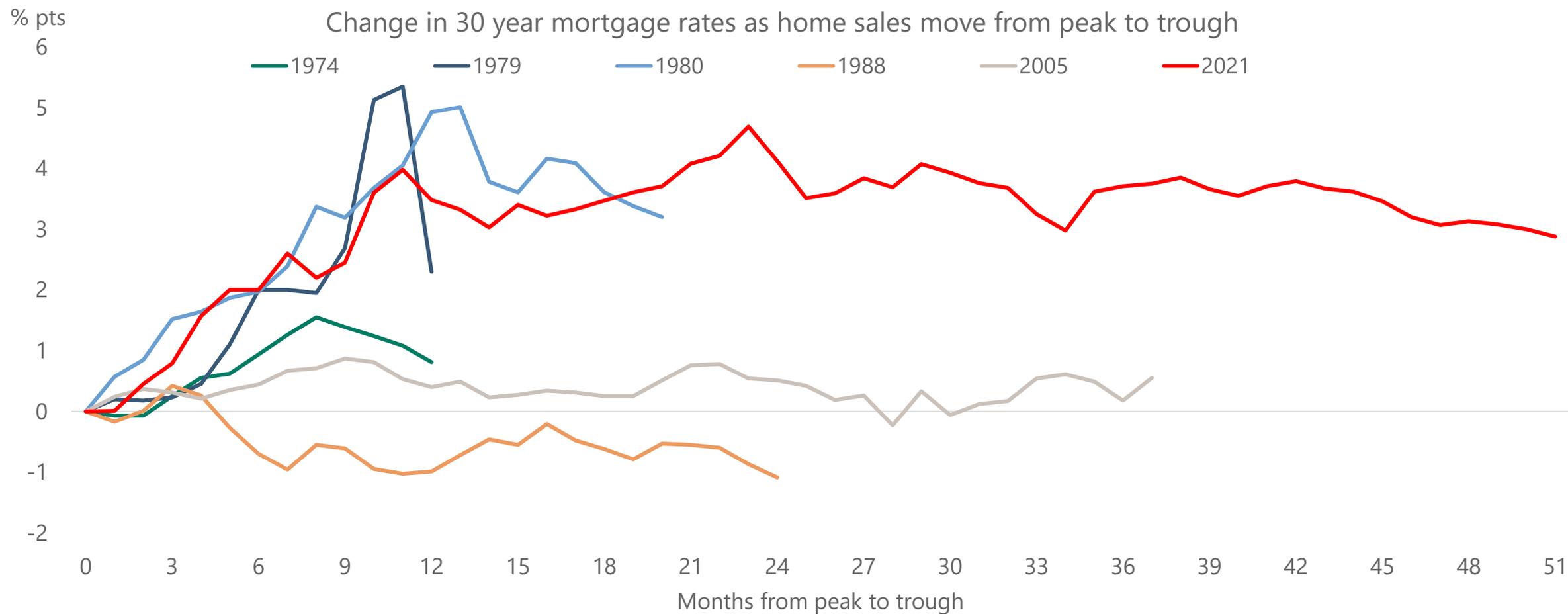
Source: Census Bureau, NAR, Macrobond, Apollo Chief Economist

Comparing the current housing slowdown to previous housing slowdowns

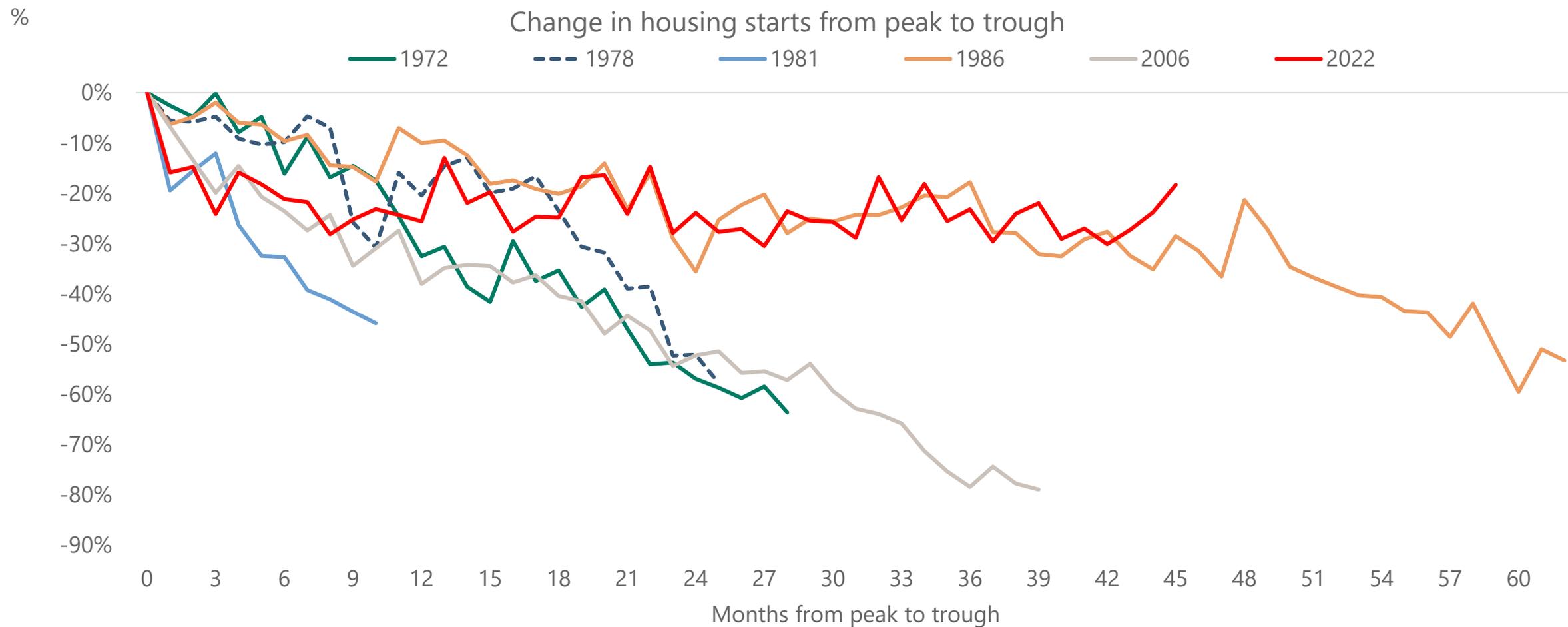
The current decline in existing home sales is in line with previous housing slowdowns



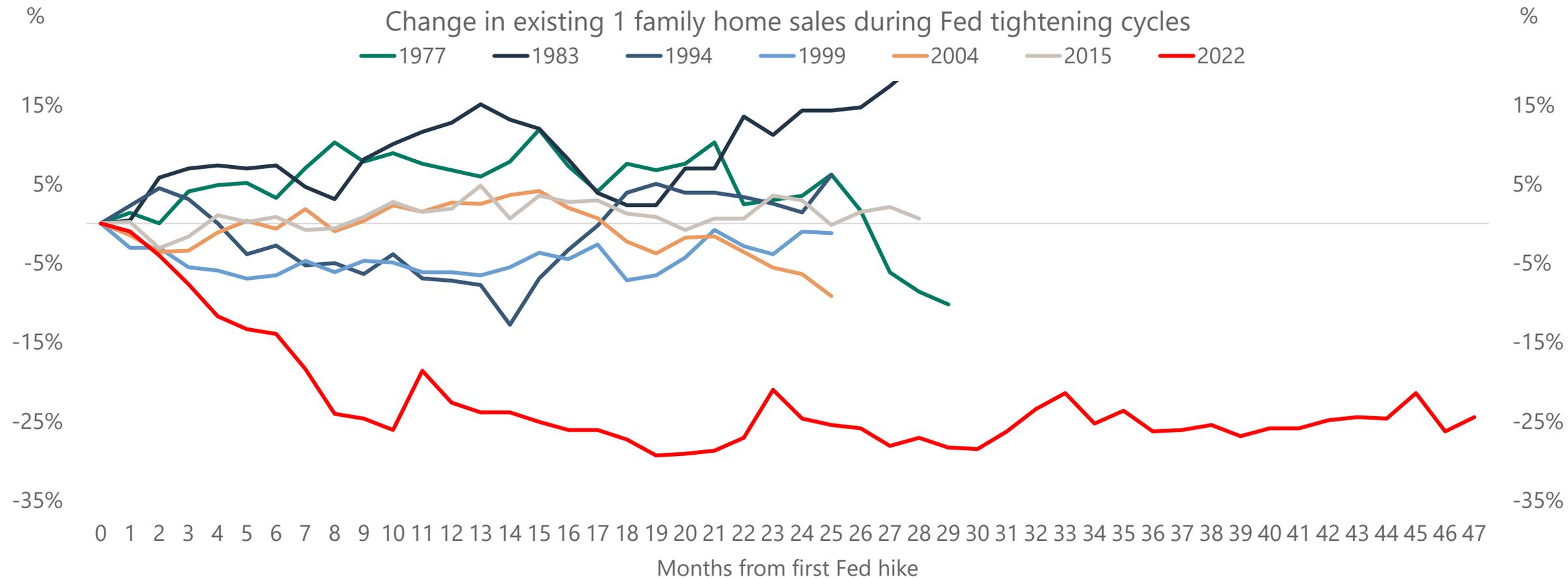
The current rise in mortgage rates is similar to what we saw during the Volcker disinflation



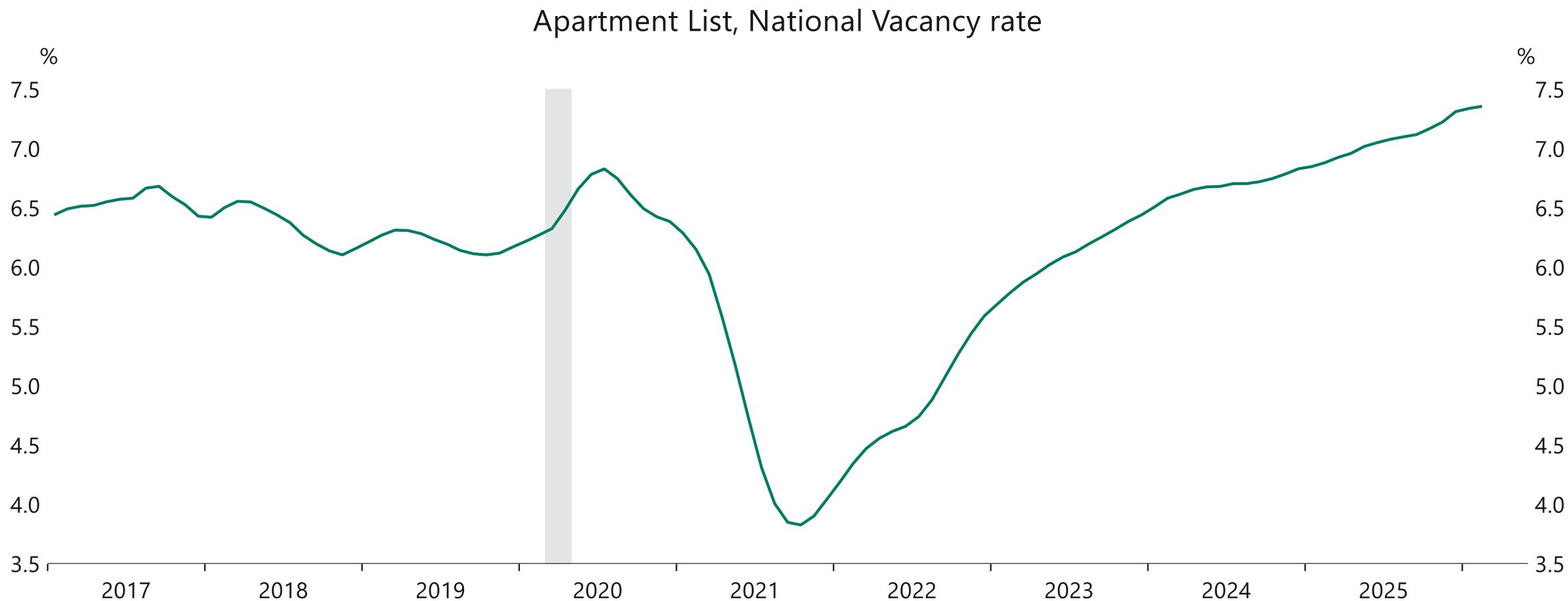
The current decline in housing starts is a bit milder than previous slowdowns



This is the fastest Fed-driven housing slowdown on record

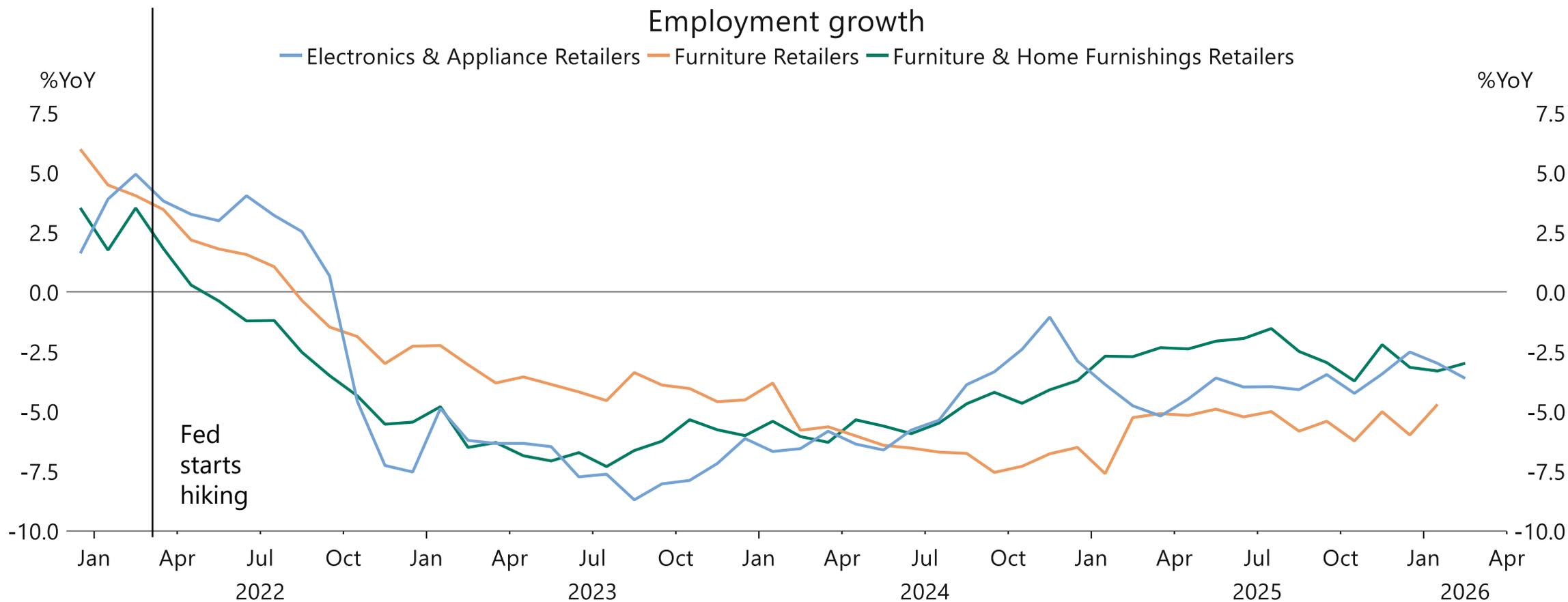


Apartment vacancies above pre-pandemic levels



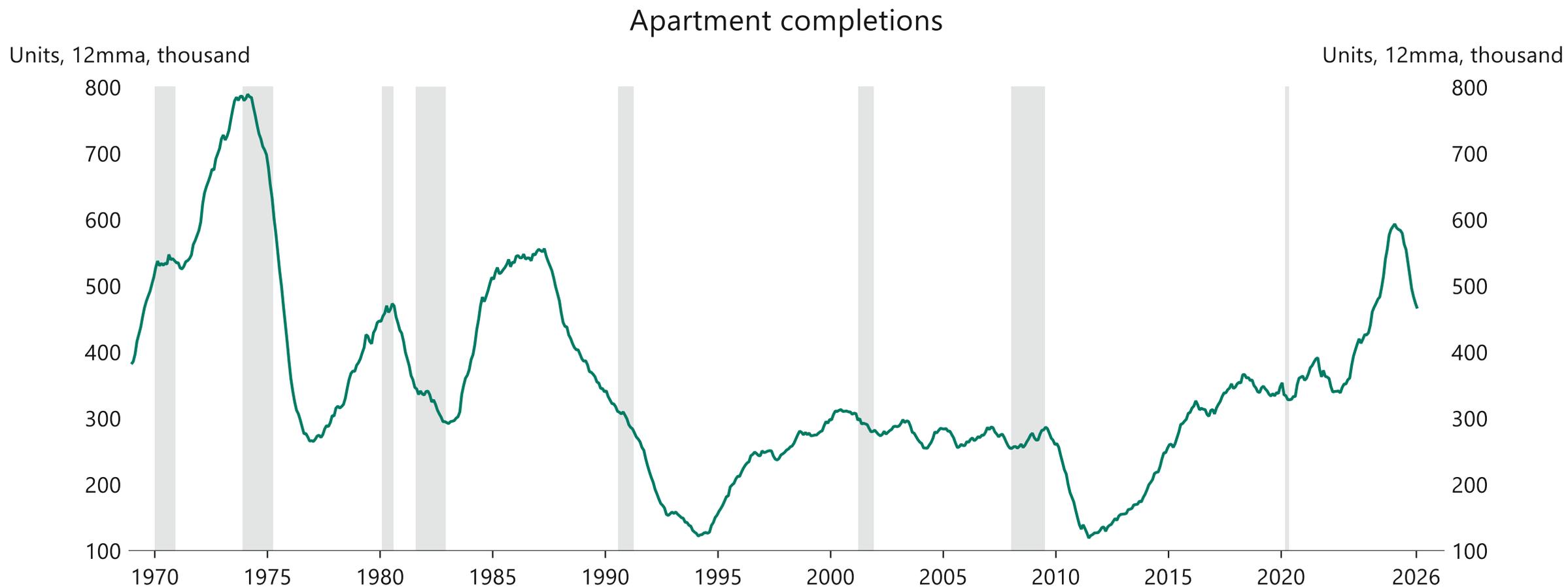
Source: Apartment List, Macrobond, Apollo Chief Economist

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



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

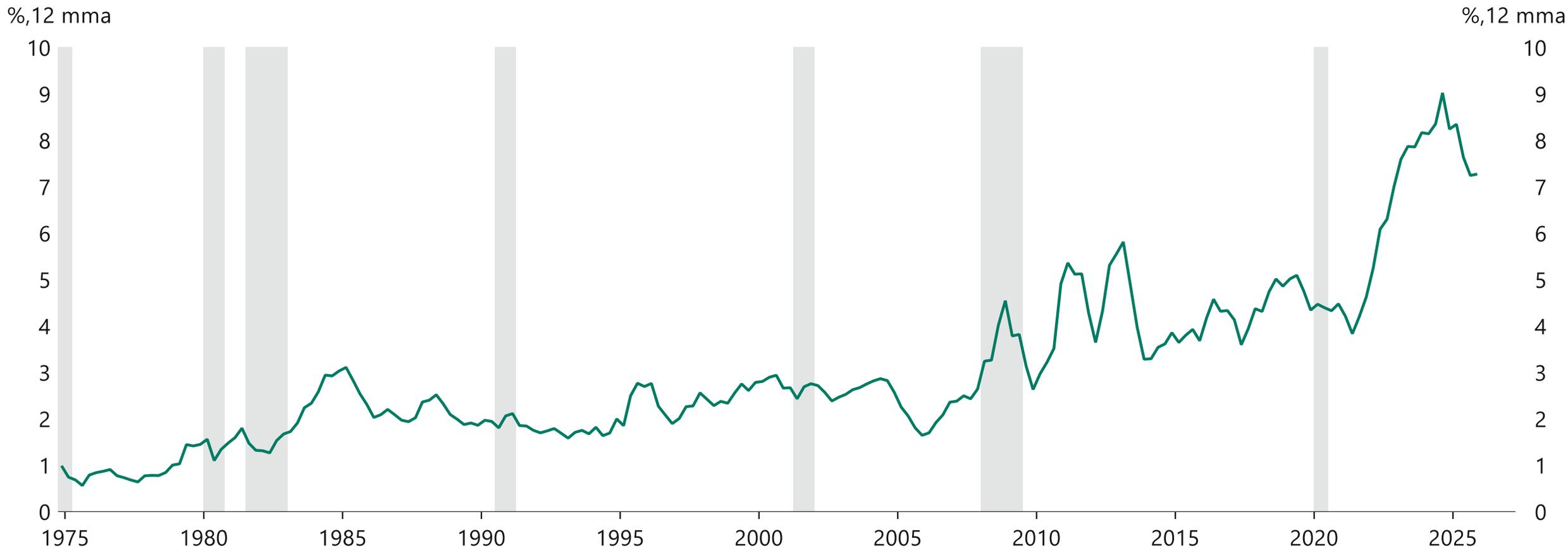
US apartment supply at elevated levels



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

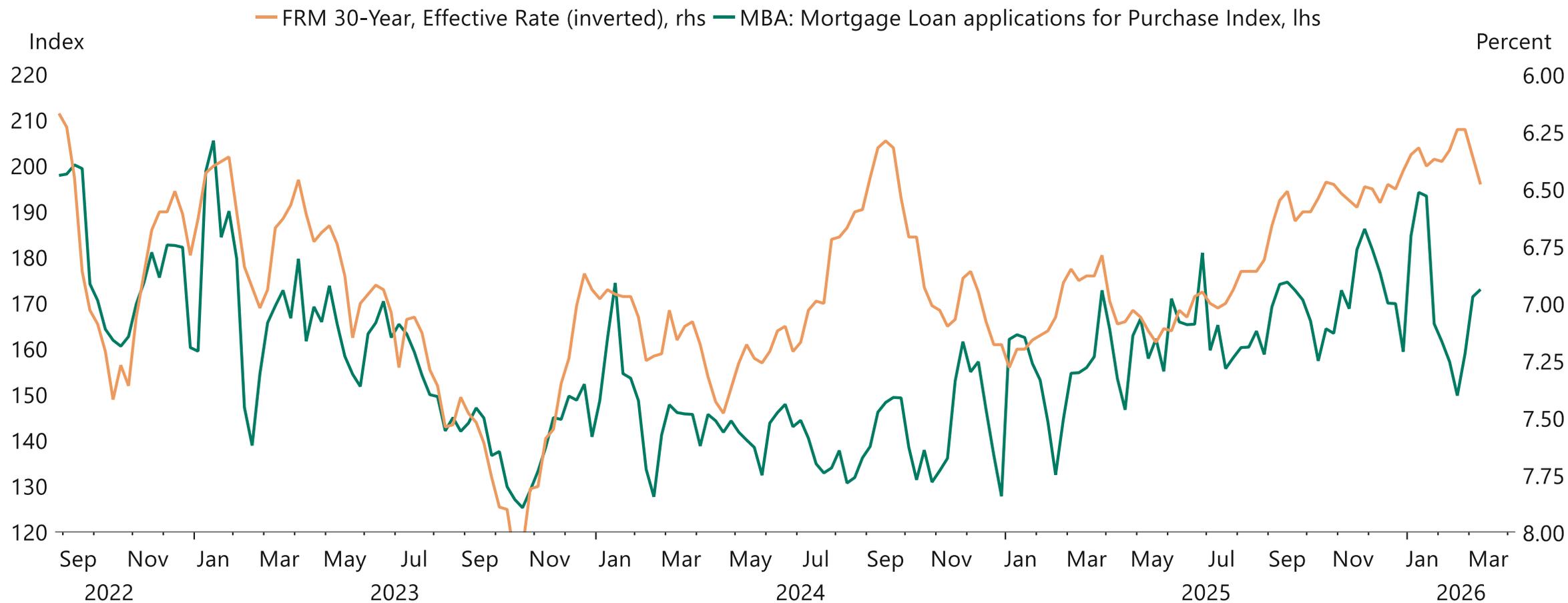
Share of homes built for rent

Share of single family starts built for rent



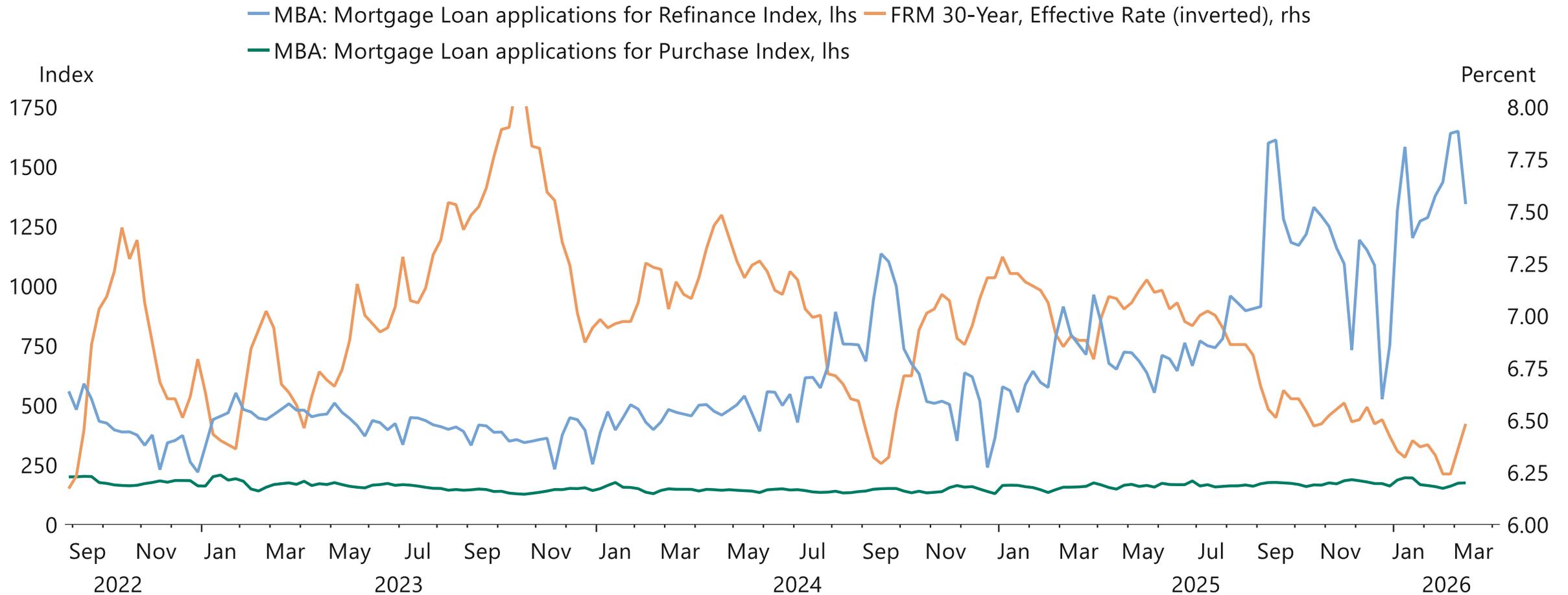
Source: U.S. Census Bureau, Macrobond, Apollo Chief Economist

Purchase loan applications remain low



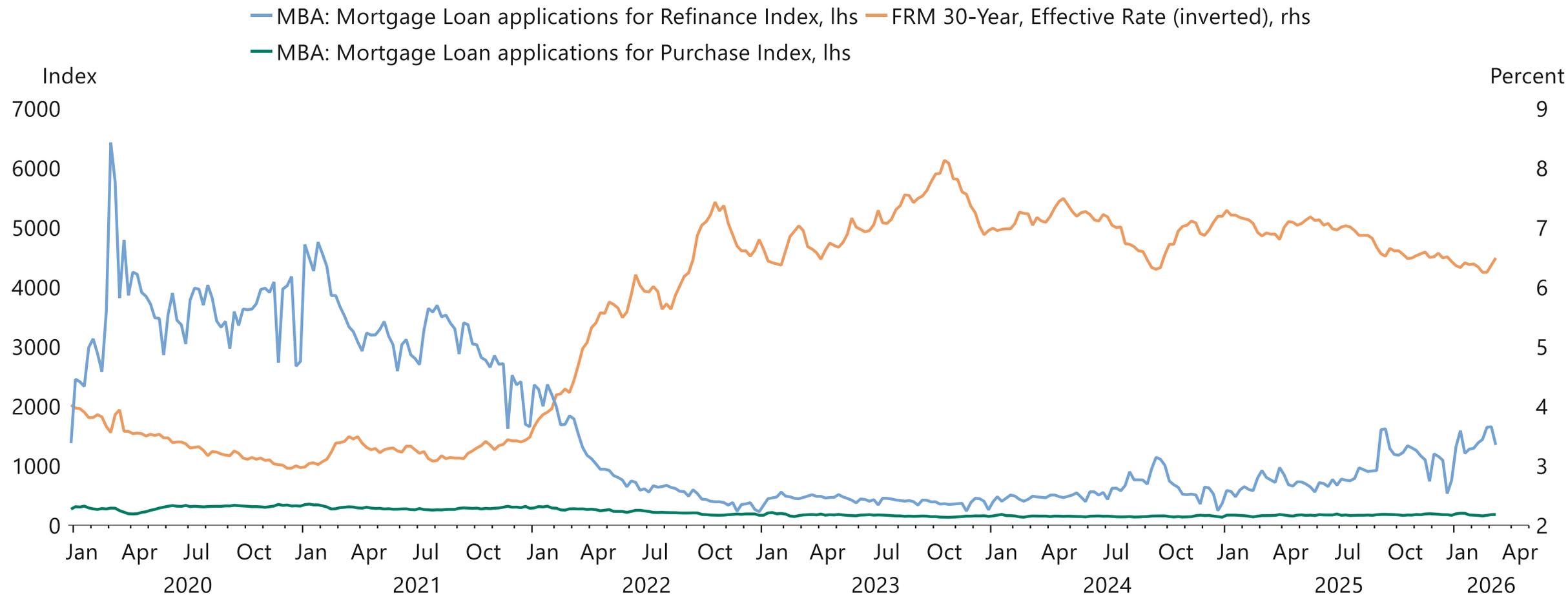
Source: Mortgage Bankers Association (MBA), Macrobond, Apollo Chief Economist

Rising interest rates putting downward pressure on mortgage purchase applications



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

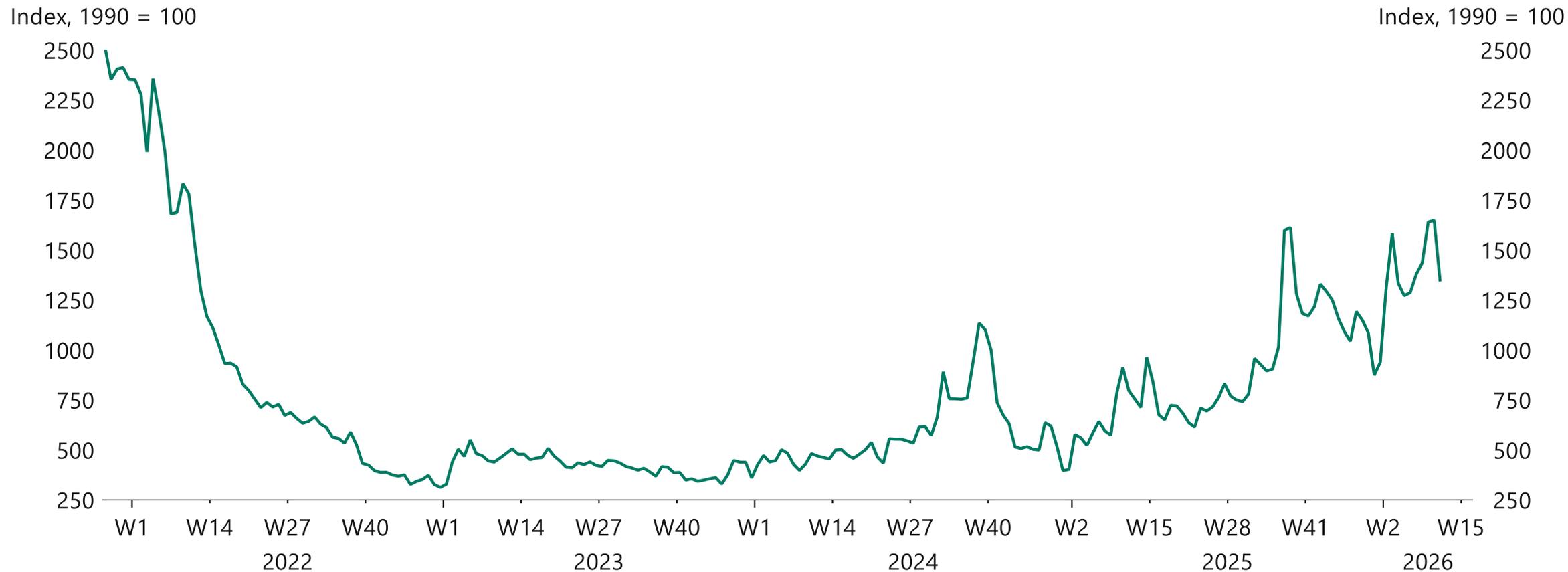
Mortgage applications fall as interest rates rise



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

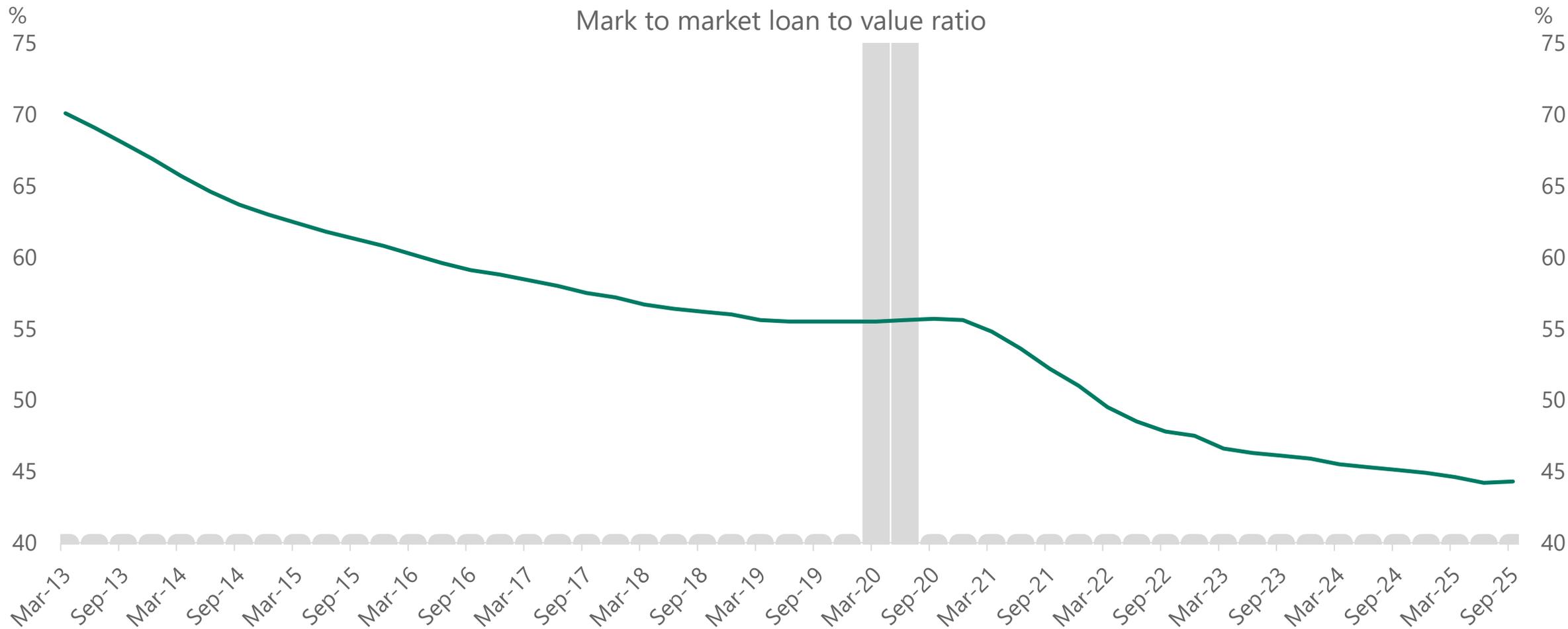
Higher mortgage rates in 2022 pushed refinancing activity down

MBA US Refinancing Index



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

Loan-to-value ratio for US mortgages



Source: FHFA, Apollo Chief Economist.

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.



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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.