A Tale of Two Markets: Economic & Housing Market Update

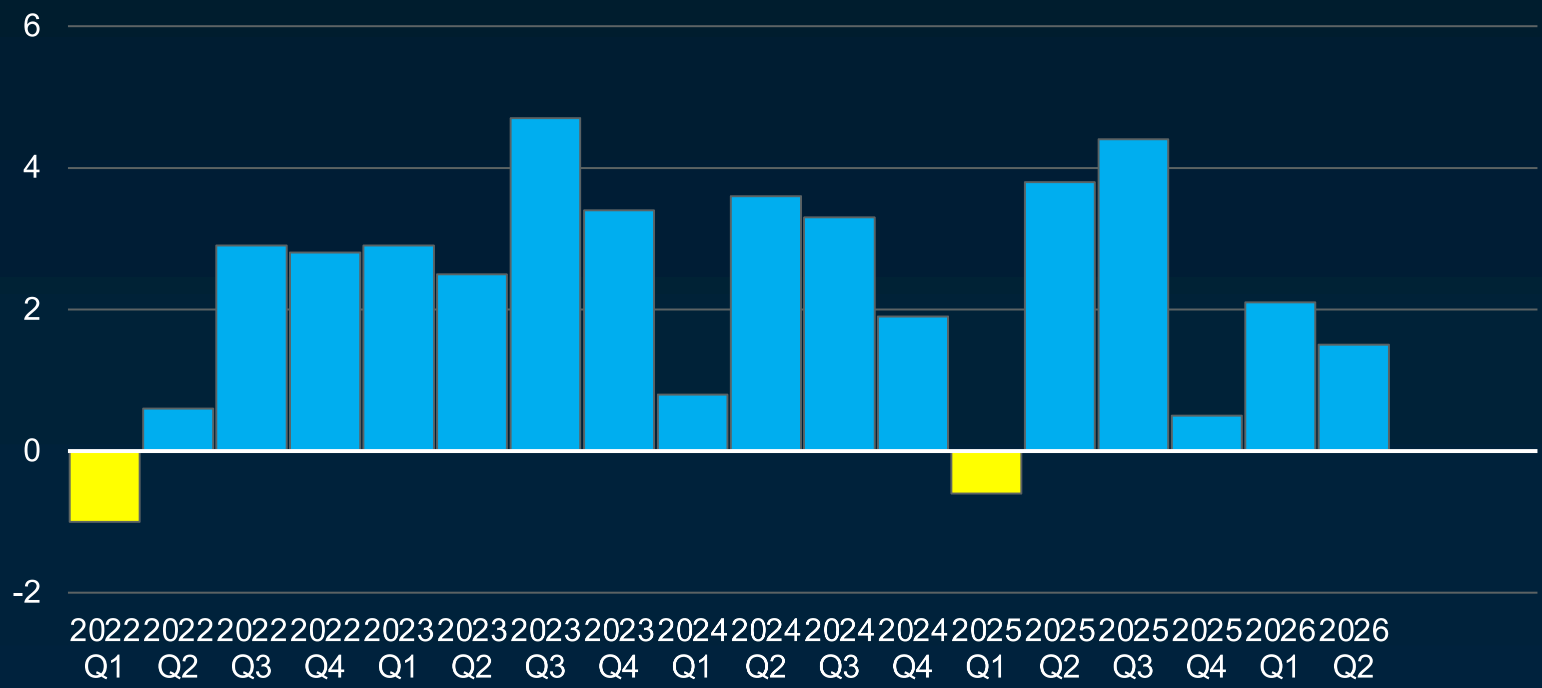
Leslie Appleton Young
Chief Economist FMLS

FMLS Showcase
August 20, 2026

Economy

The Economy: Resilient & Decelerating

Percent Change in GDP, Annualized



Source: Bureau of Economic Analysis

Tariffs

Inflation

War

Housing Slump

AI Bubble?

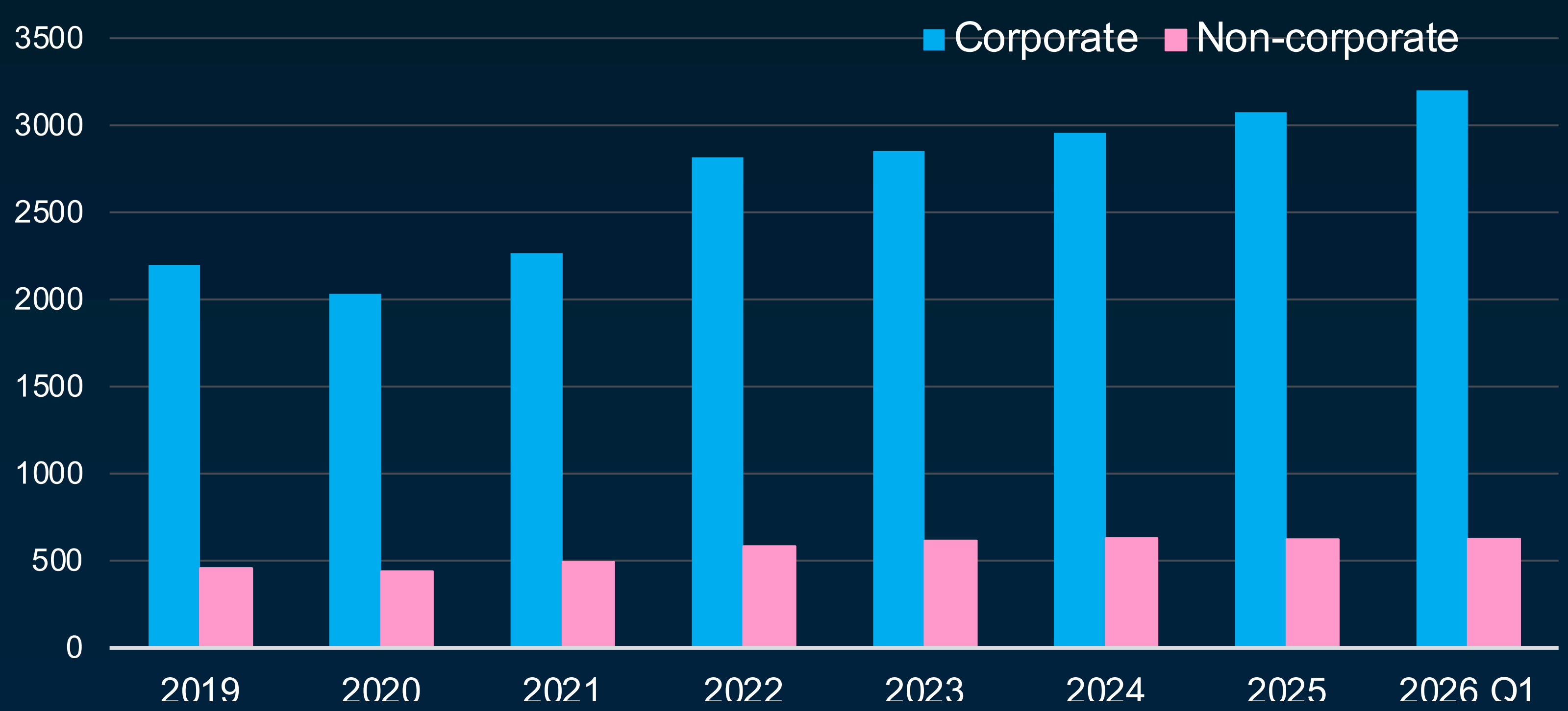
Uncertainty

…in a normal economy these shocks would have bitten harder. They didn't, because something larger was running underneath them: a gigantic buildup, preparation and surge of business optimism around AI.

Gad Levenson
Chief Economist, Burning Glass Institute

AI Dominates Capital Expenditures "CapEx"

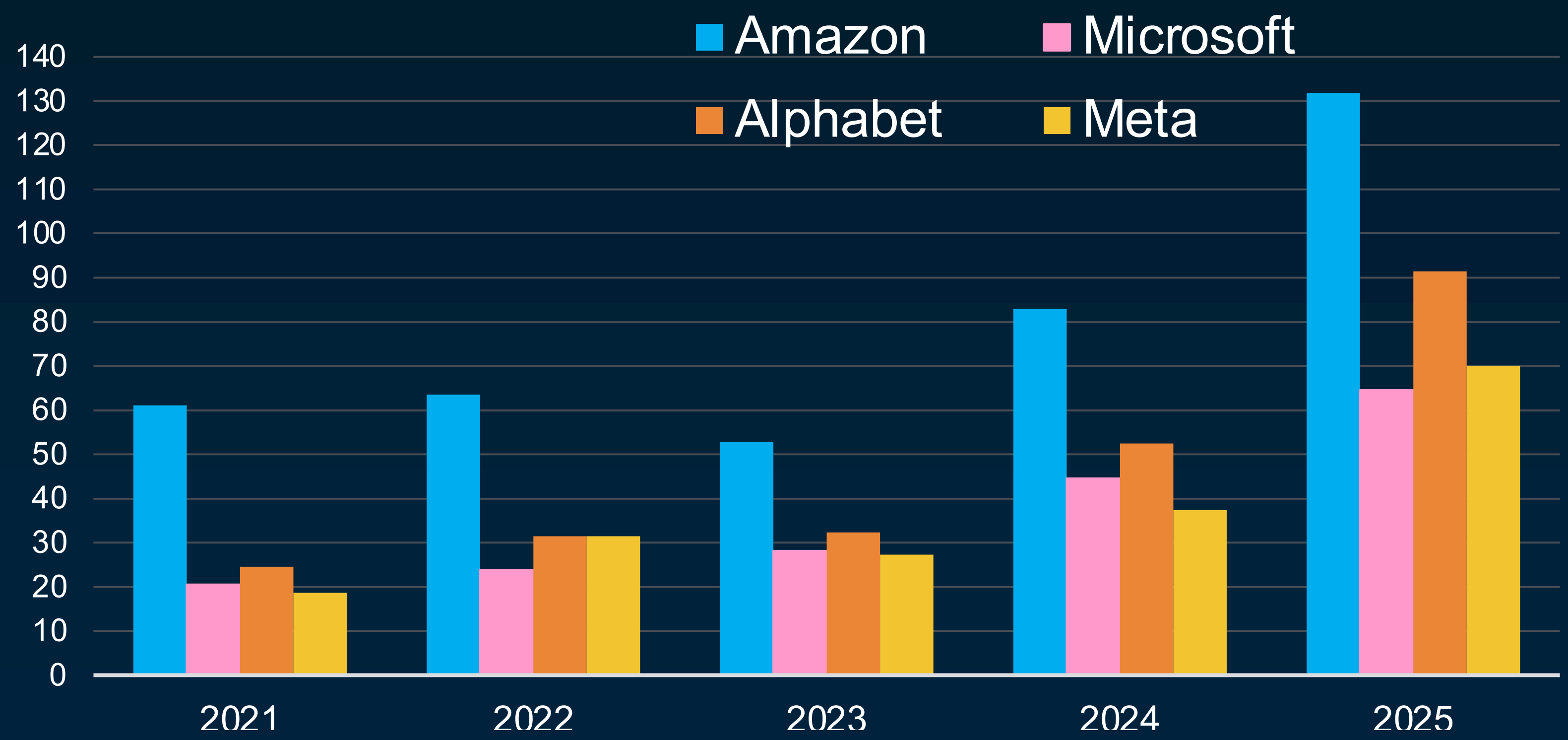
$ Billions



Source: BLS

“Hyper-scalers” CapEx: 3x Increase since 2021

$ Billions



Source: Company Earnings Reports

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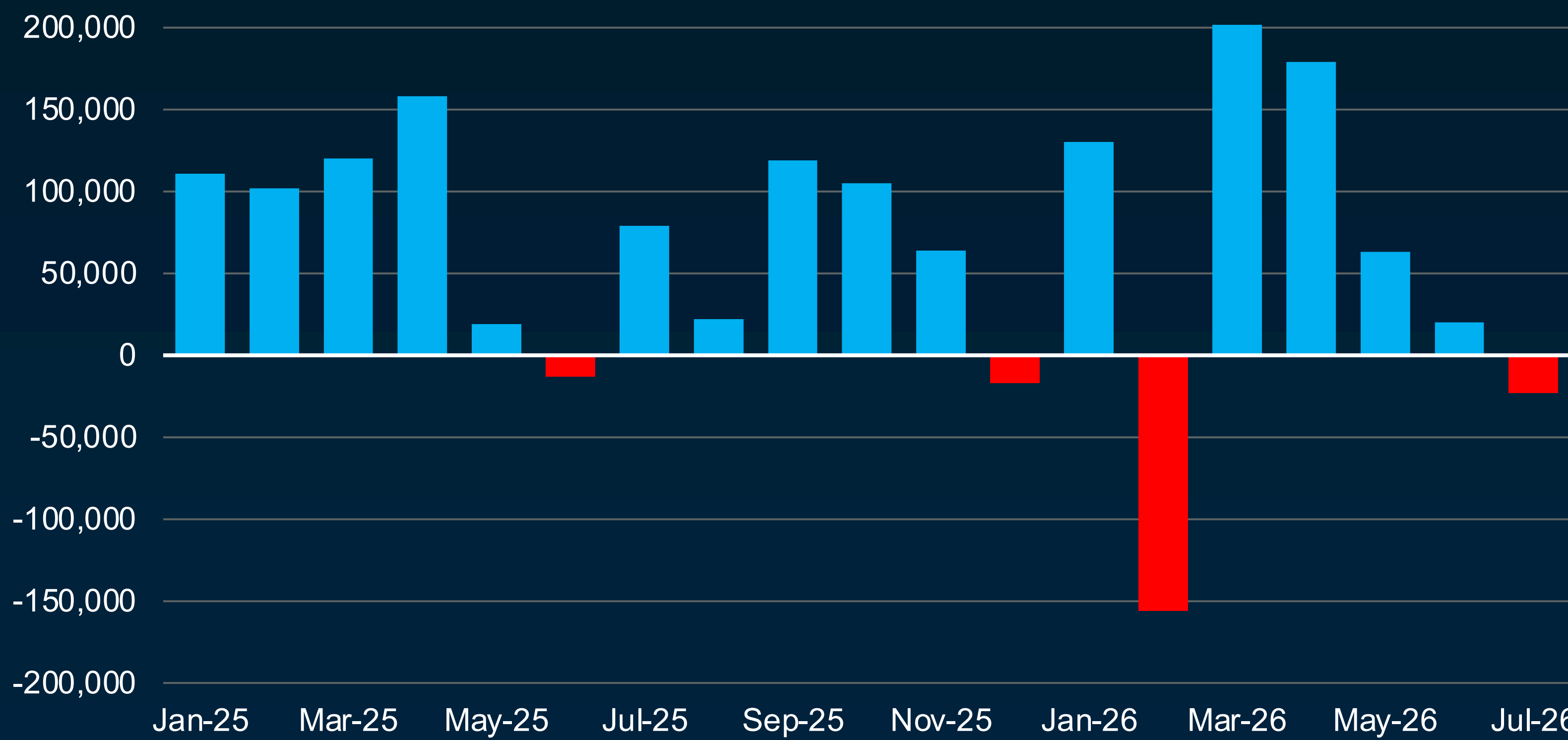
If your chair has fewer legs it’s a lot easier to tip over.

Heather Long Chief Economist
Navy Federal Credit Union

Job Market is Slowing

23K Jobs Lost in July

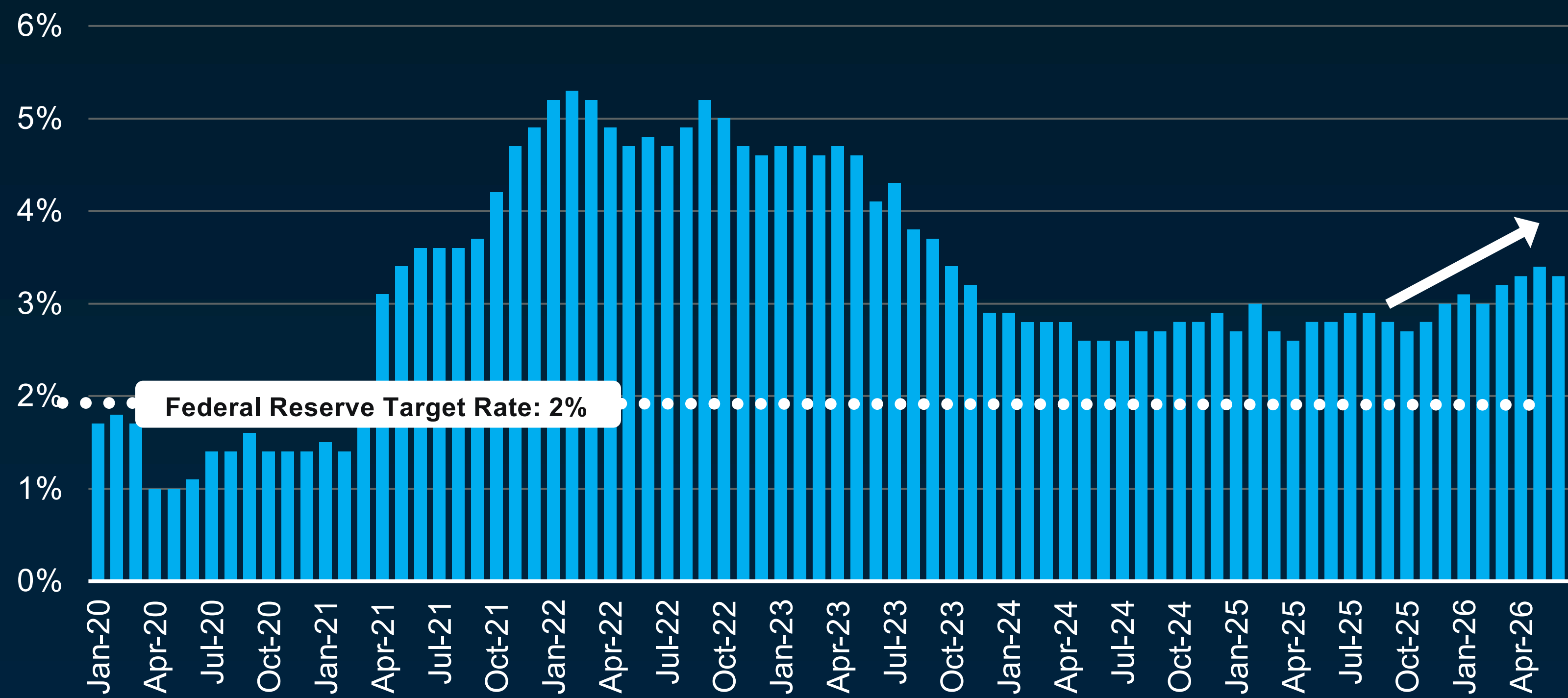
Number of Jobs Added by Month



Source: BLS

Inflation Above 2% for FIVE Years

Core Personal Consumption Expenditures (PCE) Price Index
(Percent Change Year-Over-Year, Seasonally Adjusted)



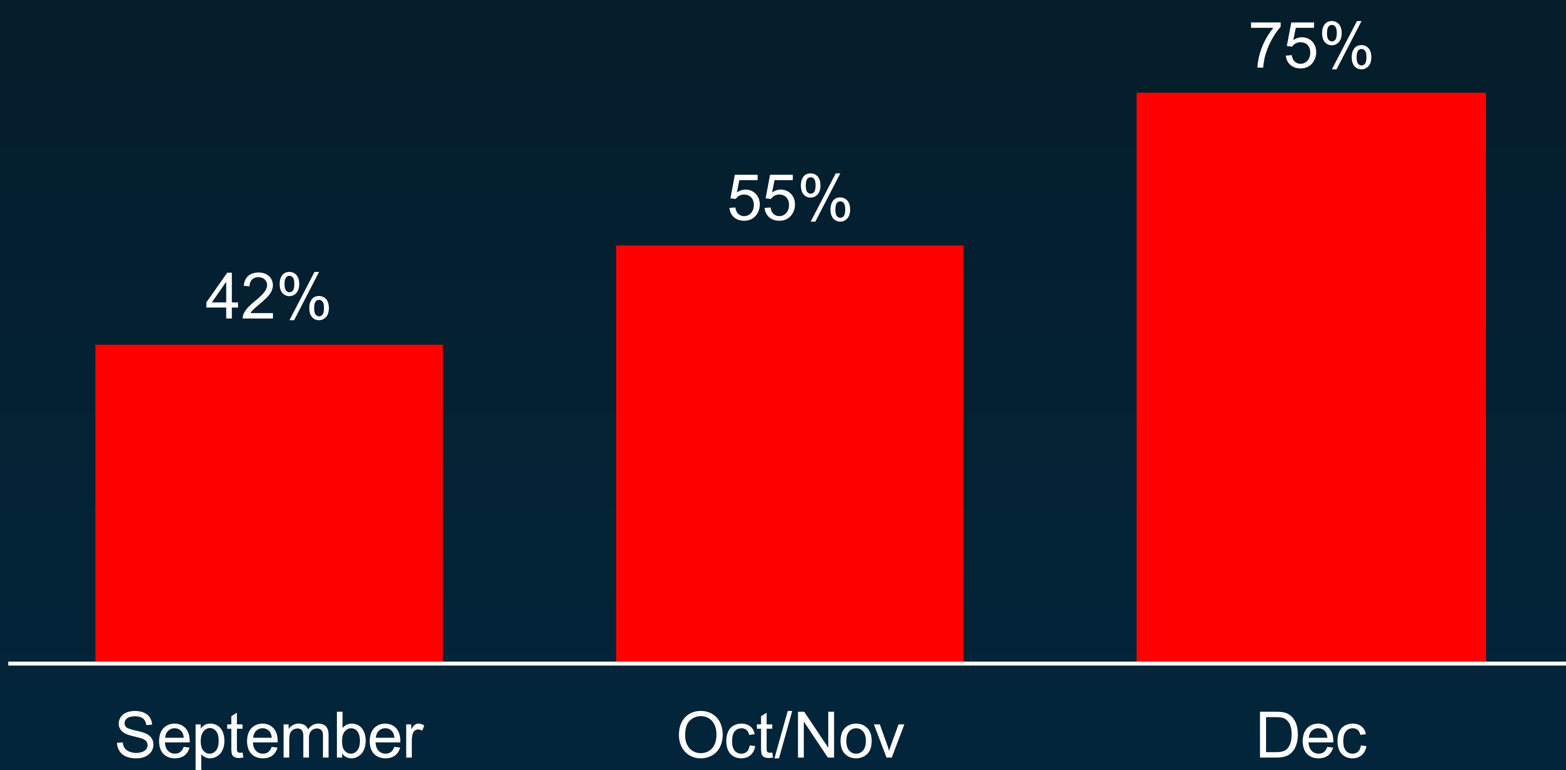
Source: BEA

I believe that price stability should be a change in prices such that no one’s talking about it.

Kevin Warsh
Chairman
Federal Reserve Board

Probability of Rate Hike this Year

"Steady for Longer" After Soft Jobs Report



Source: CME FedWatch Tool 8/26

We have the capability and commitment to deliver on our price stability objective of 2%. The commitment is strong, unanimous and unambiguous.

Kevin Warsh, Chairman
Federal Reserve Board

What are Investors Thinking?
Check the 10-Year Treasury Yield

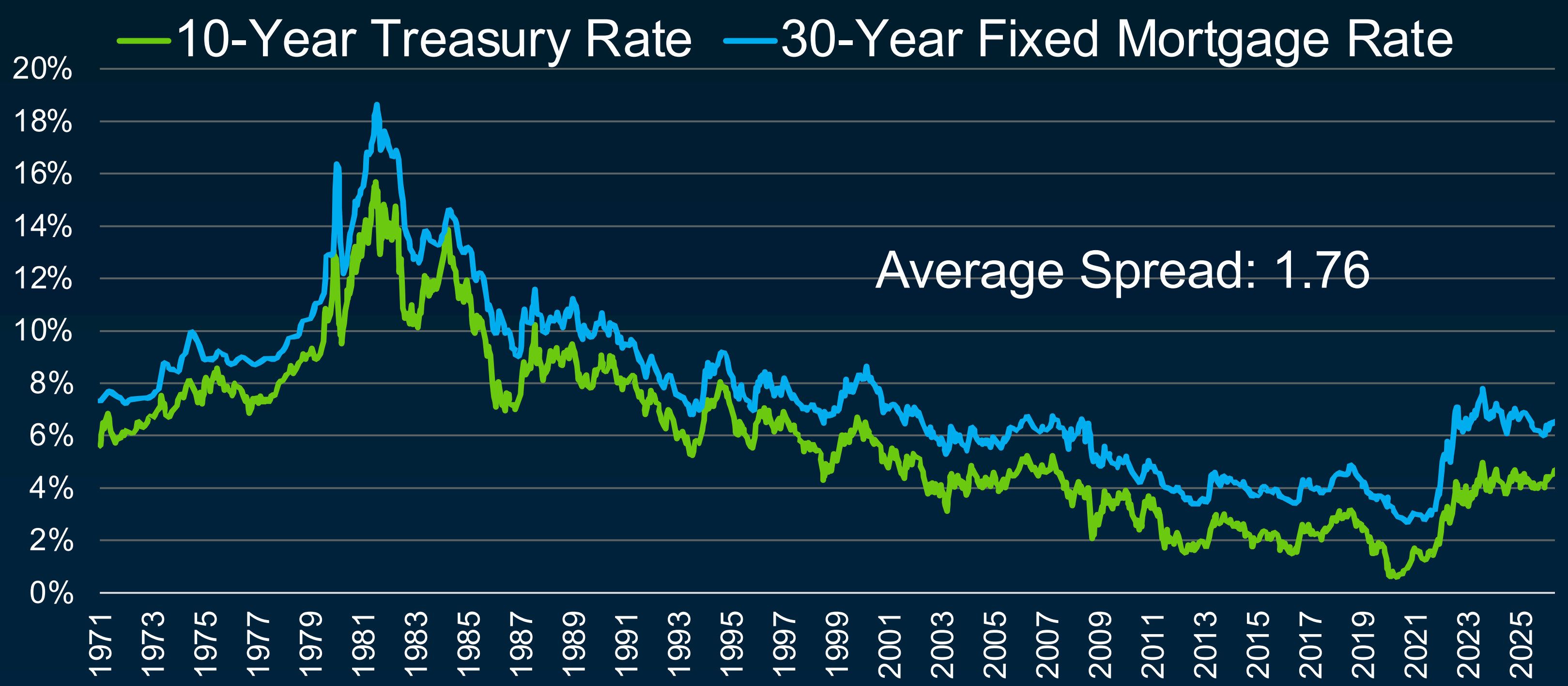
Source: Macrotrends

“

The 10-year Treasury yield matters because it reflects economic expectations, the behavior of financial markets and everyday borrowing costs. It shows how investors perceive inflation, growth and risk over the long term.

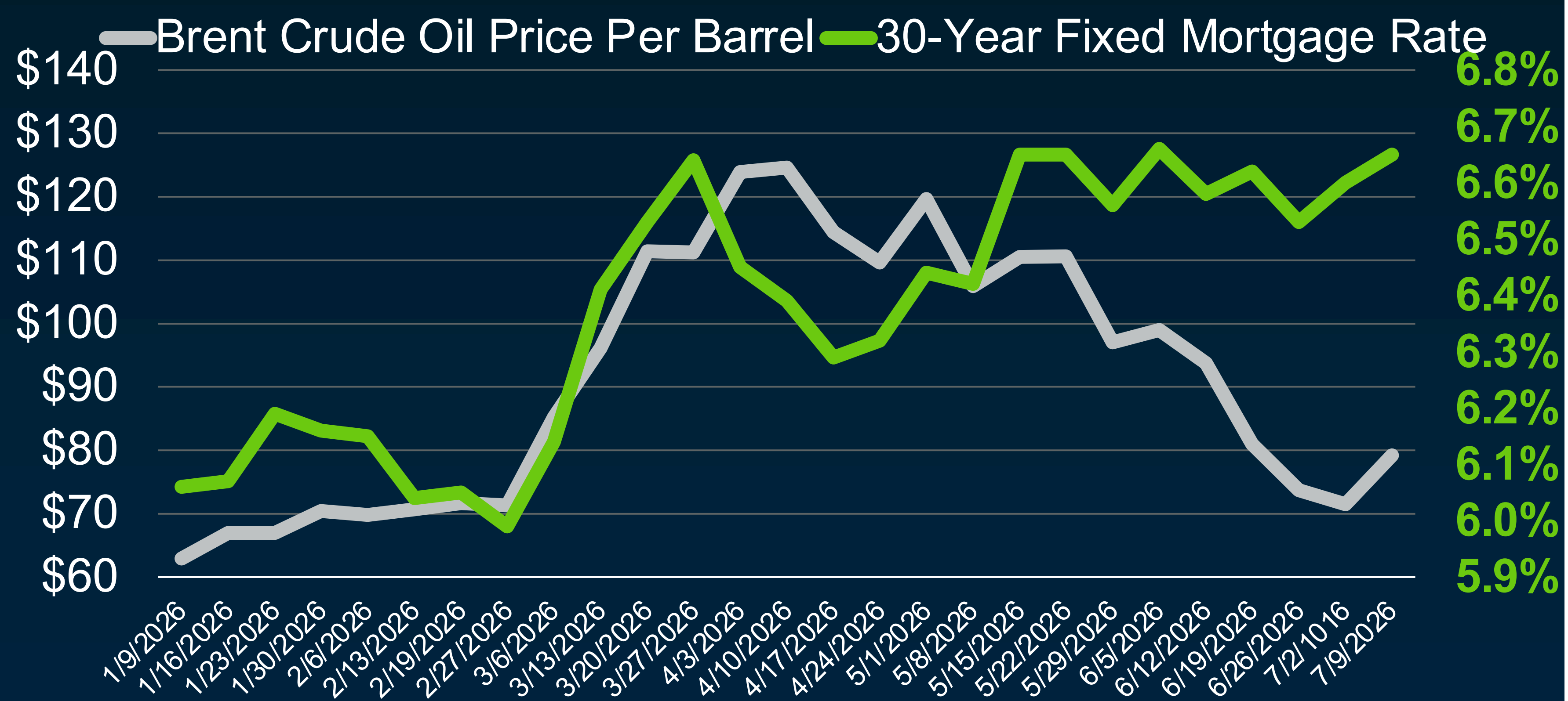
Seth Carlson
JP Morgan Wealth Management

30-Year Mortgage Rate Moves With the 10-Year Treasury Yield



Sources: Freddie Mac, Macrotrends

Oil Price U-Turn Sends Rates Higher

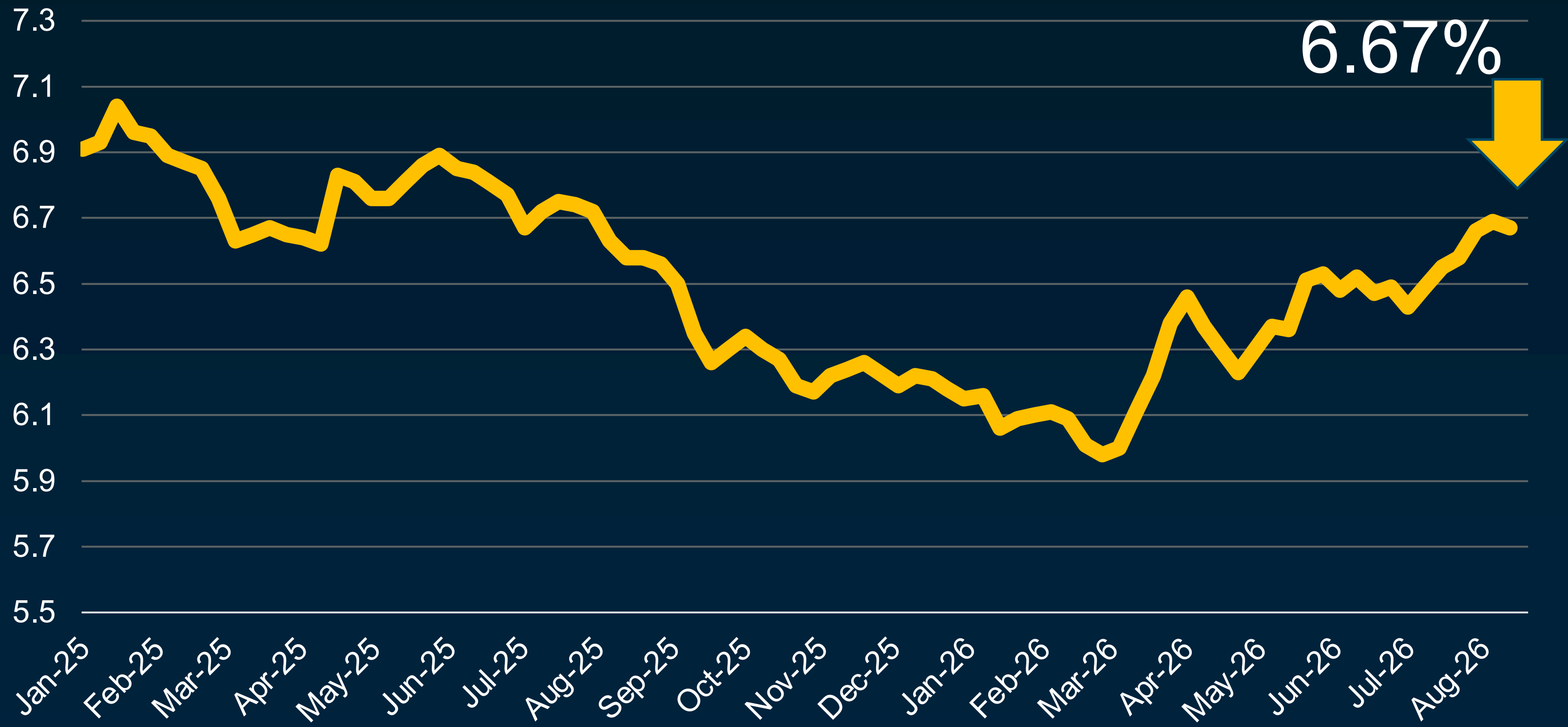


Sources: EIA, Mortgage News Daily

Oil matters, particularly since it drives inflation expectations and thus influences the bond market, from which mortgage rates are set.

Rich Martin
SVP of Retail Lending, Curinos

Mortgage Rates: Elevated



Source: Freddie Mac 30 Year FRM

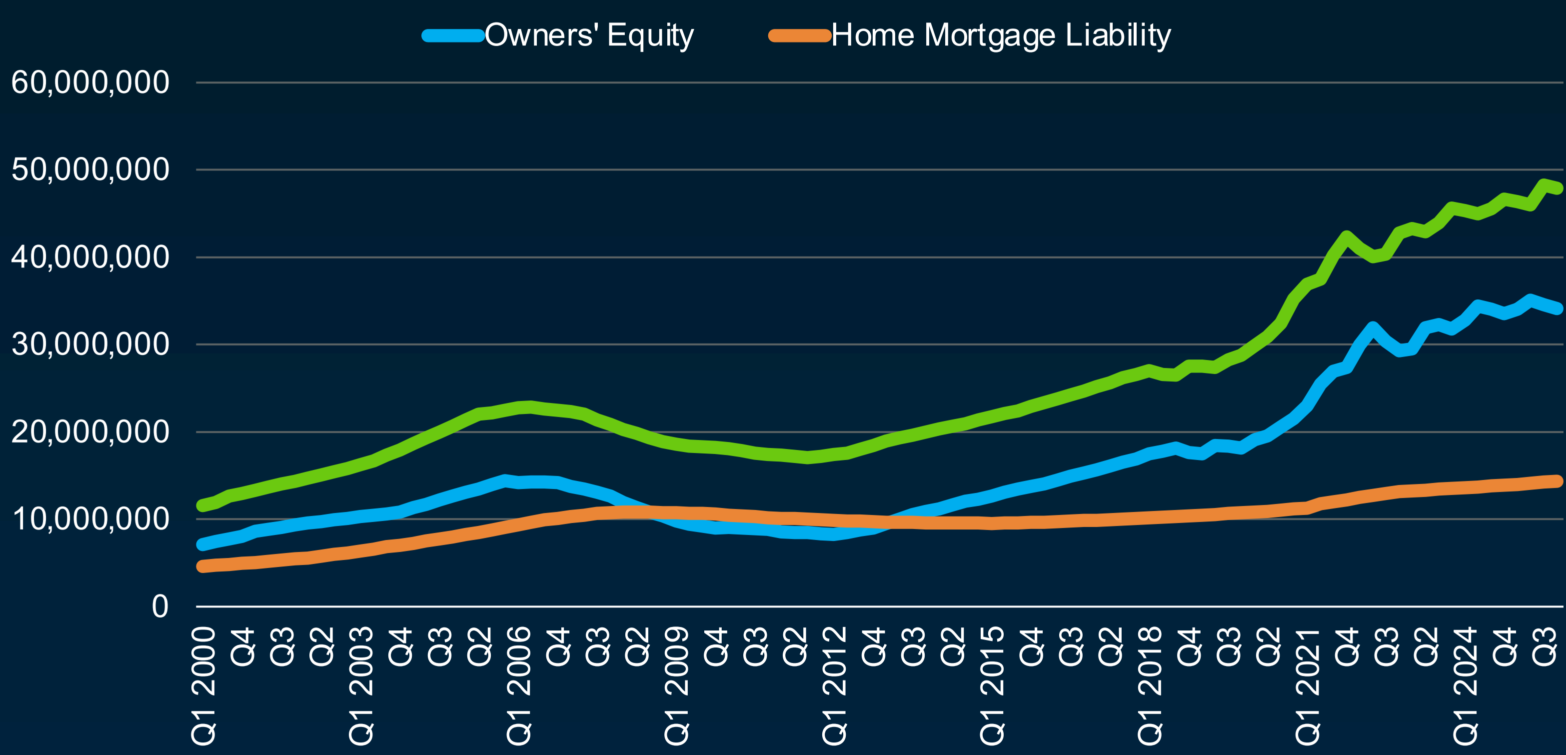

K

The top 20% of households account for nearly 2/3 of all U.S. spending. High earners benefit from rising stock markets and high home values.

Mark Zandi, Chief Economist Moody’s

Home Value, Equity, and Debt

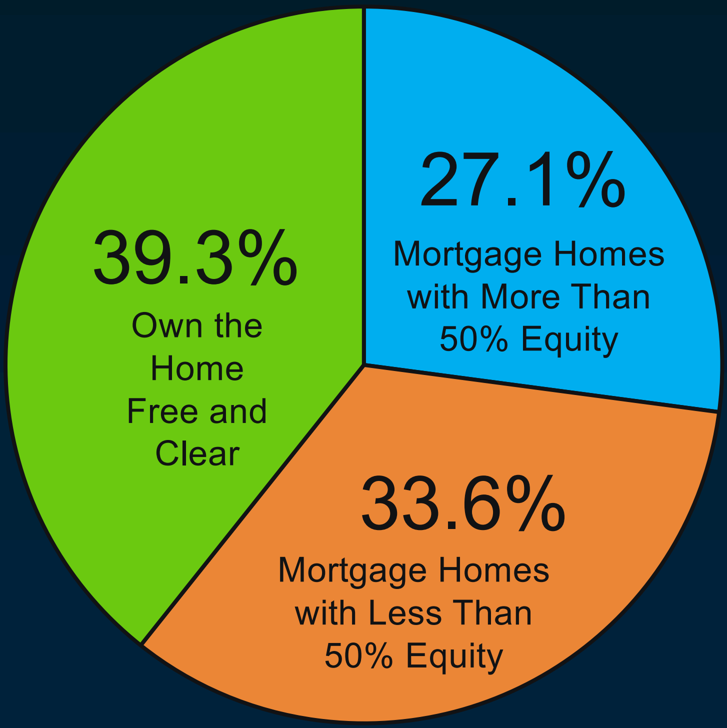
$ Trillions



Source: Federal Reserve

Homeowners Are Sitting on $18 Trillion in Home Equity

2/3 Have Paid off Their Mortgage or Have at Least 50% Equity

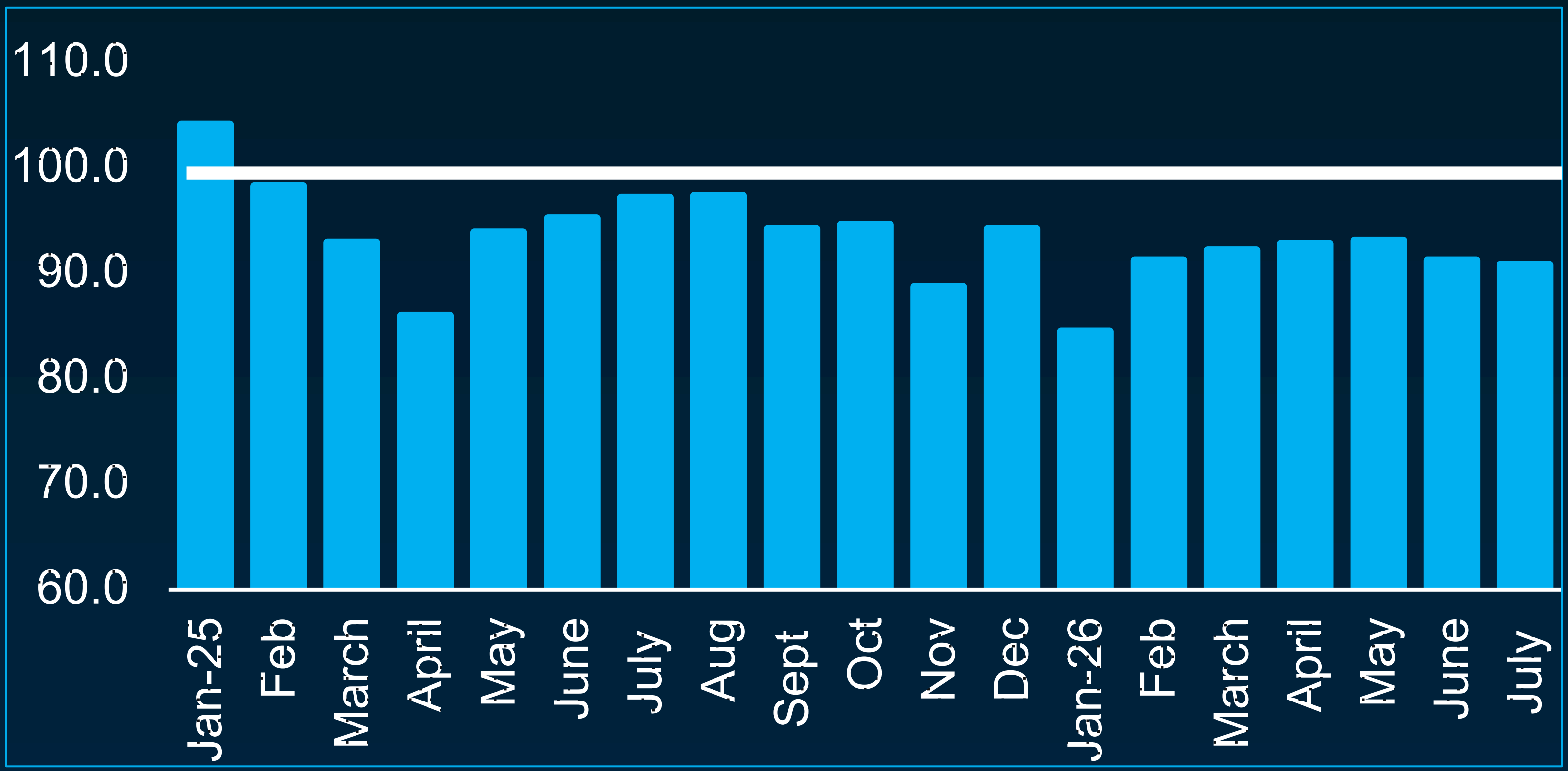


Source: Census, ATTOM

An increasingly K-shaped economy can’t be good. It means the economy is highly dependent on a small group of the well-to-do, who, in turn, spend based in significant part on how their stock portfolios are performing.

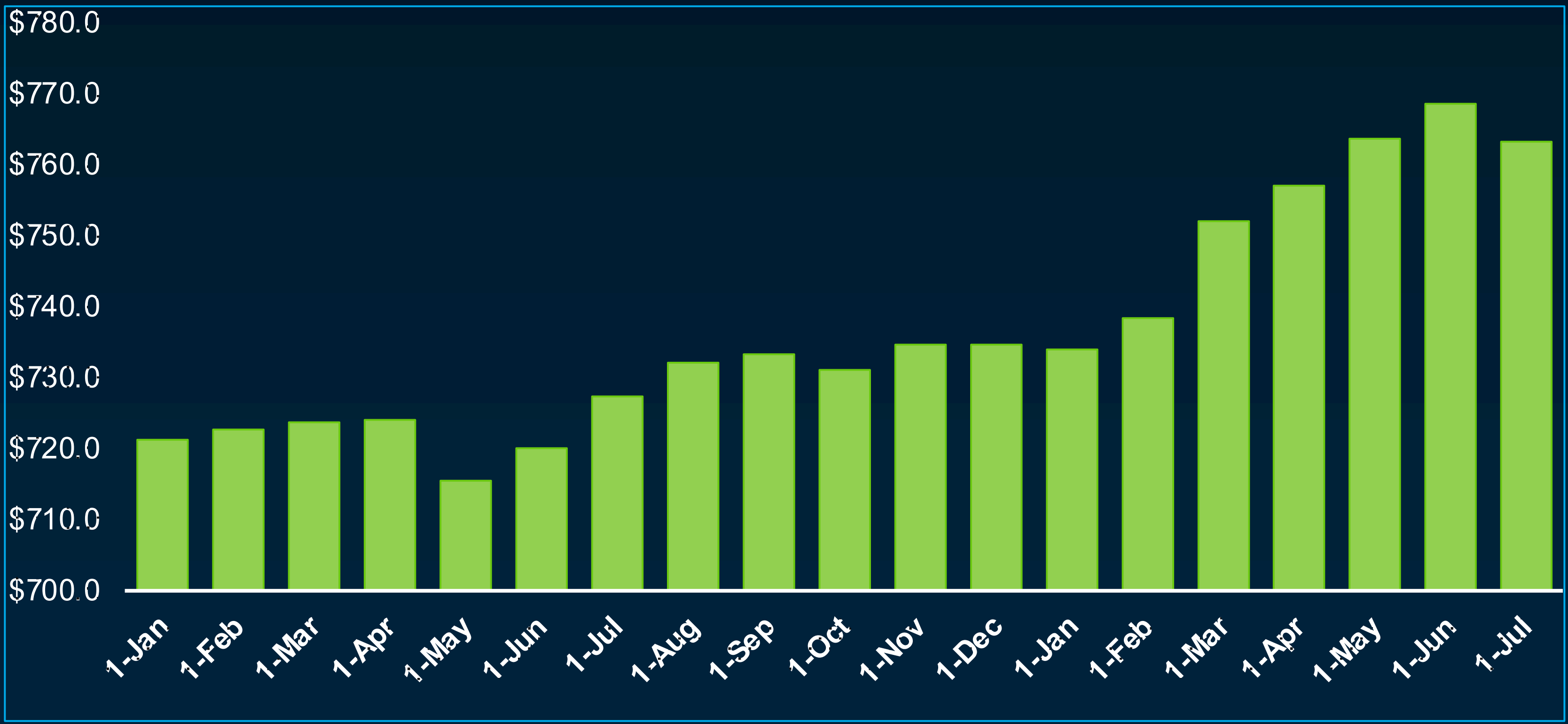
Mark Zandi Chief Economist Moody’s

Signs of Stress: Consumer Confidence Subdued



Source: Conference Board

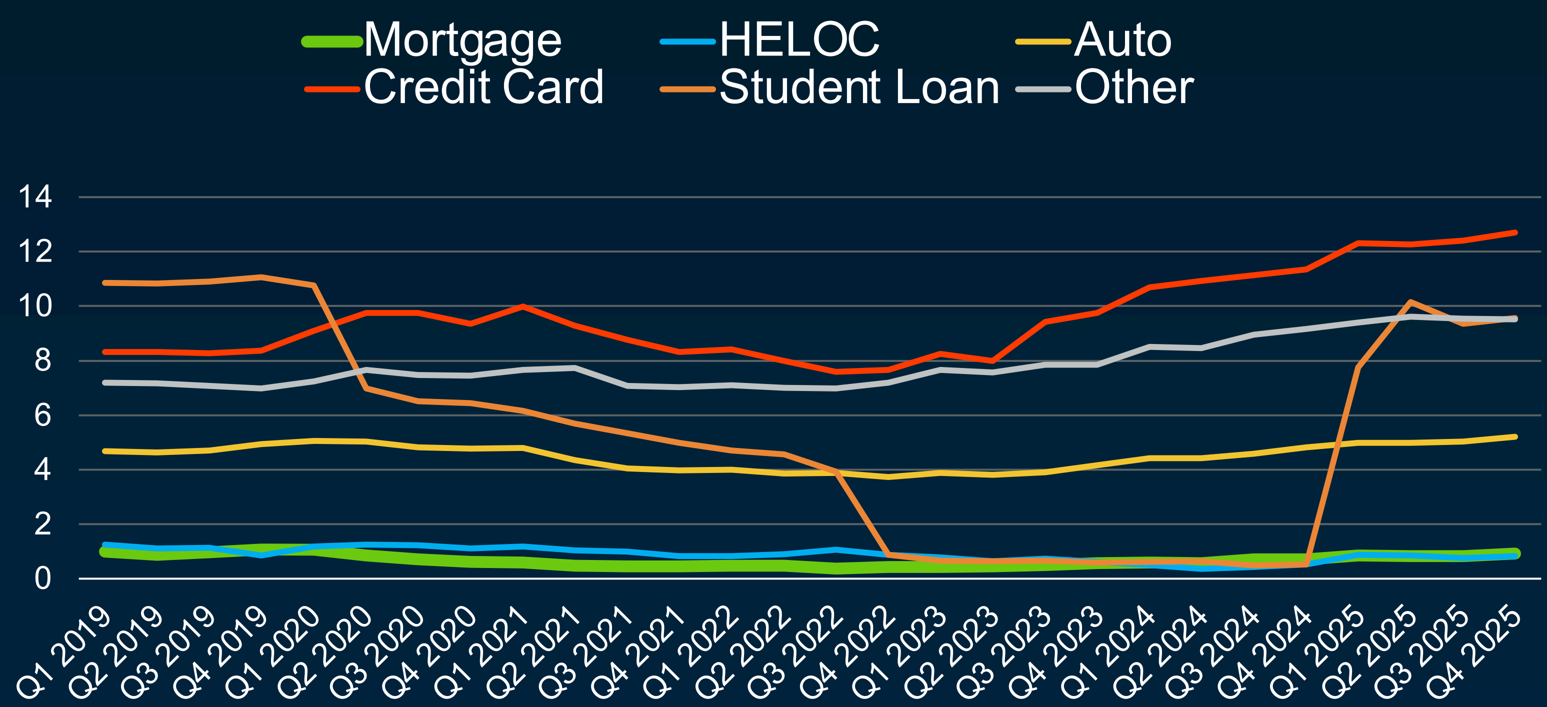
Signs of Stress: Retail Sales Pull Back in July



Source: Census Bureau, Retail Trade in Billions

Struggling Homeowners Prioritizing Mortgage Payments

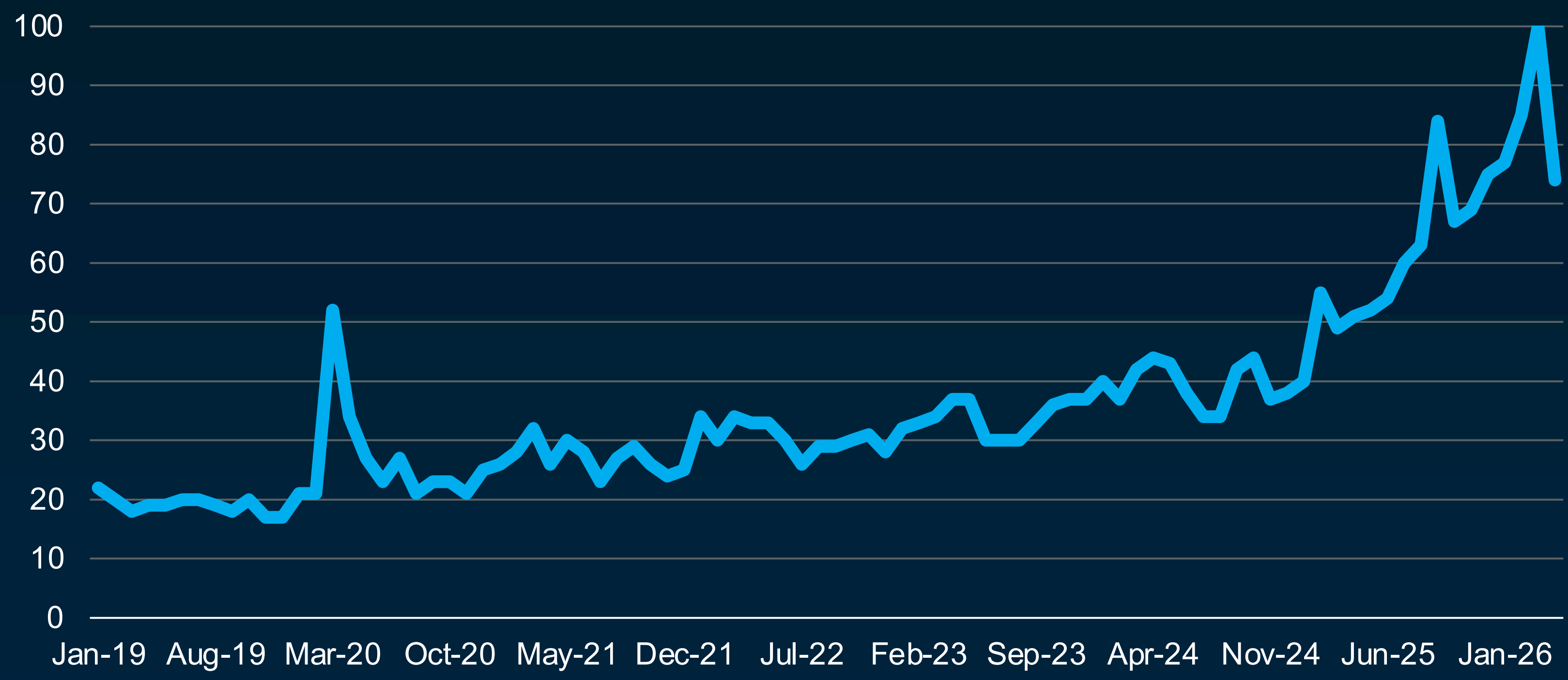
Percent of Loans That Are 90+ Days Delinquent, by Loan Type



Source: Federal Reserve Bank of New York

Signs of Stress: Mortgage Assistance Queries Rising

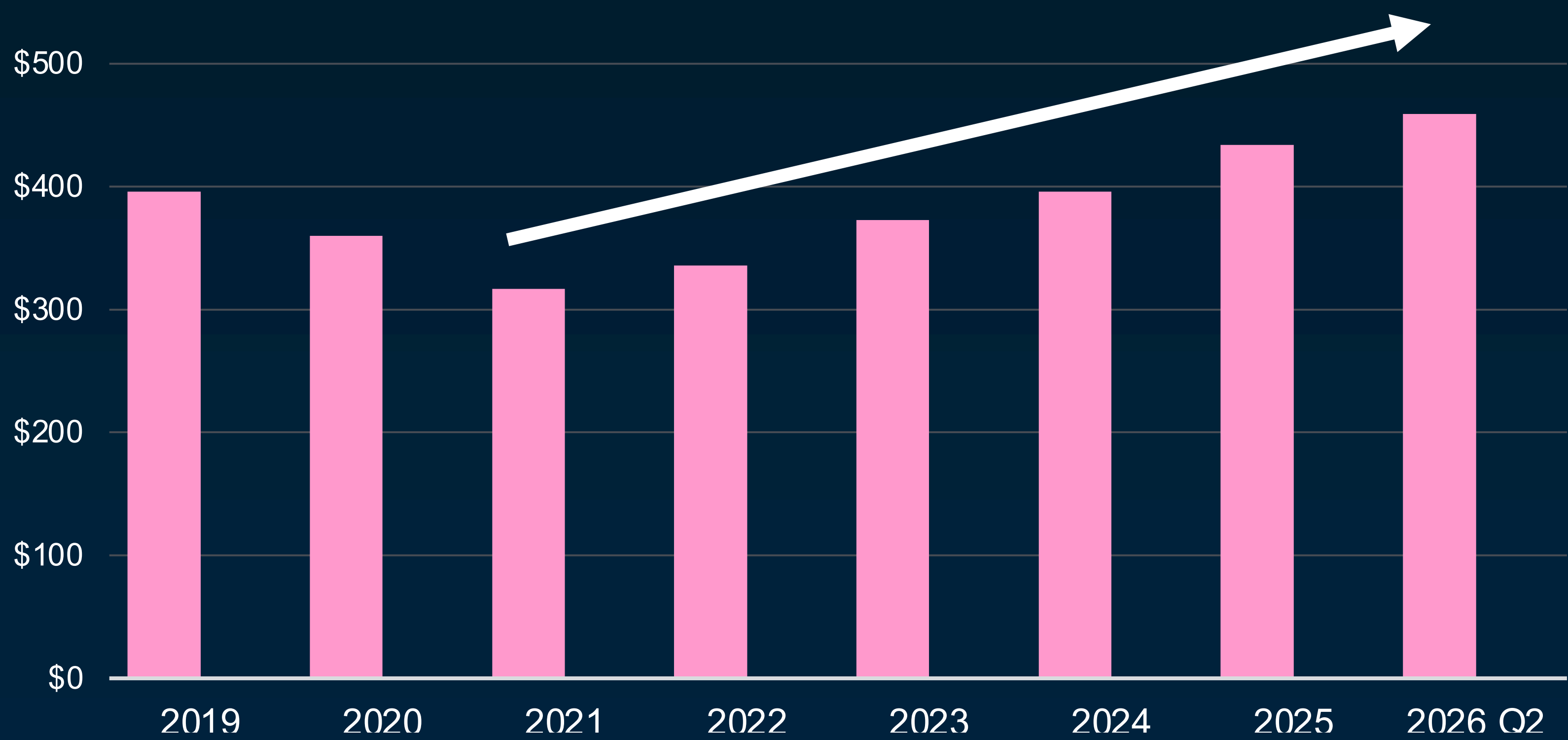
Index of People Searching for “Help With Mortgage”



Source: Google Trends

Signs of Stress: HELOC's Up 45%

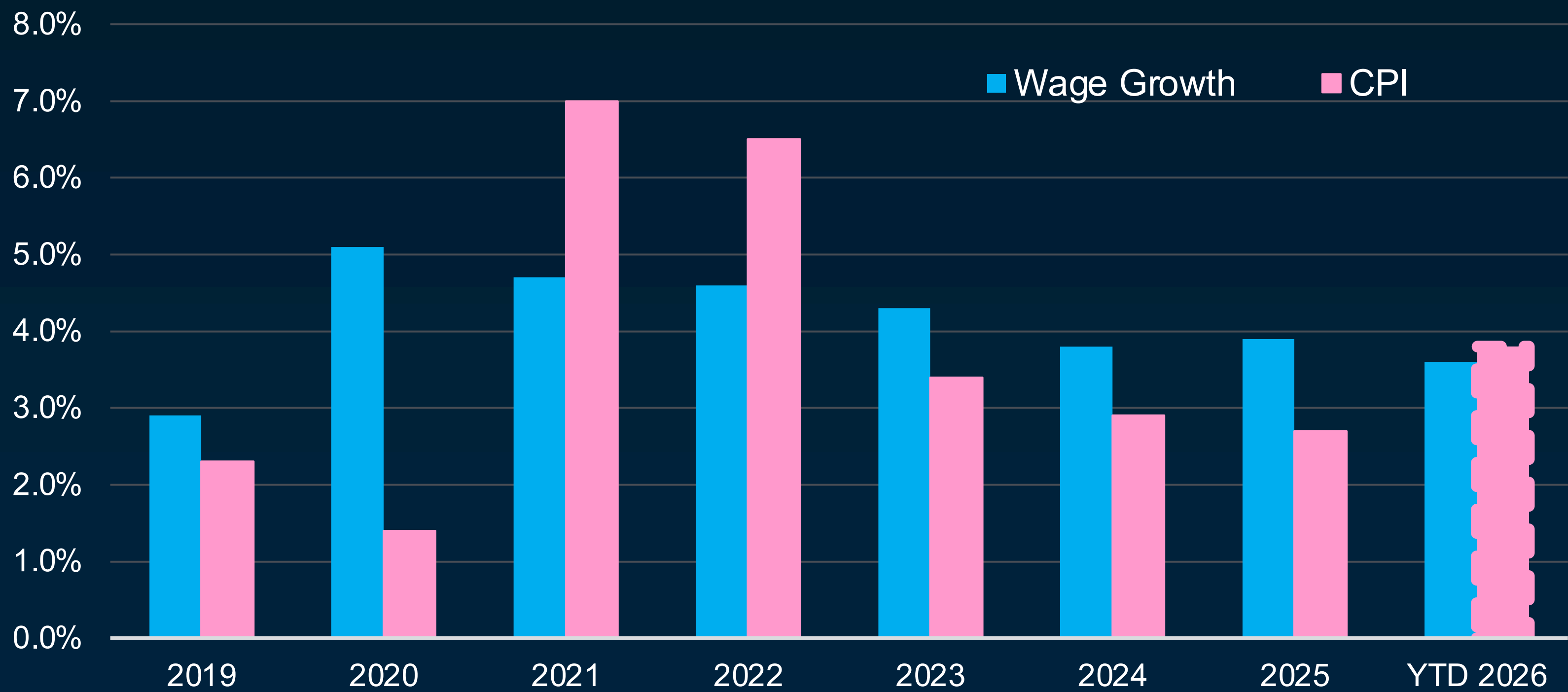
Outstanding Balances $ billions



Source: NY Fed Consumer Credit Panel/Equifax

Signs of Stress: Wages No Longer Outpacing Inflation

Year-Over-Year Change in CPI vs. Wages



Source: BLS

Housing

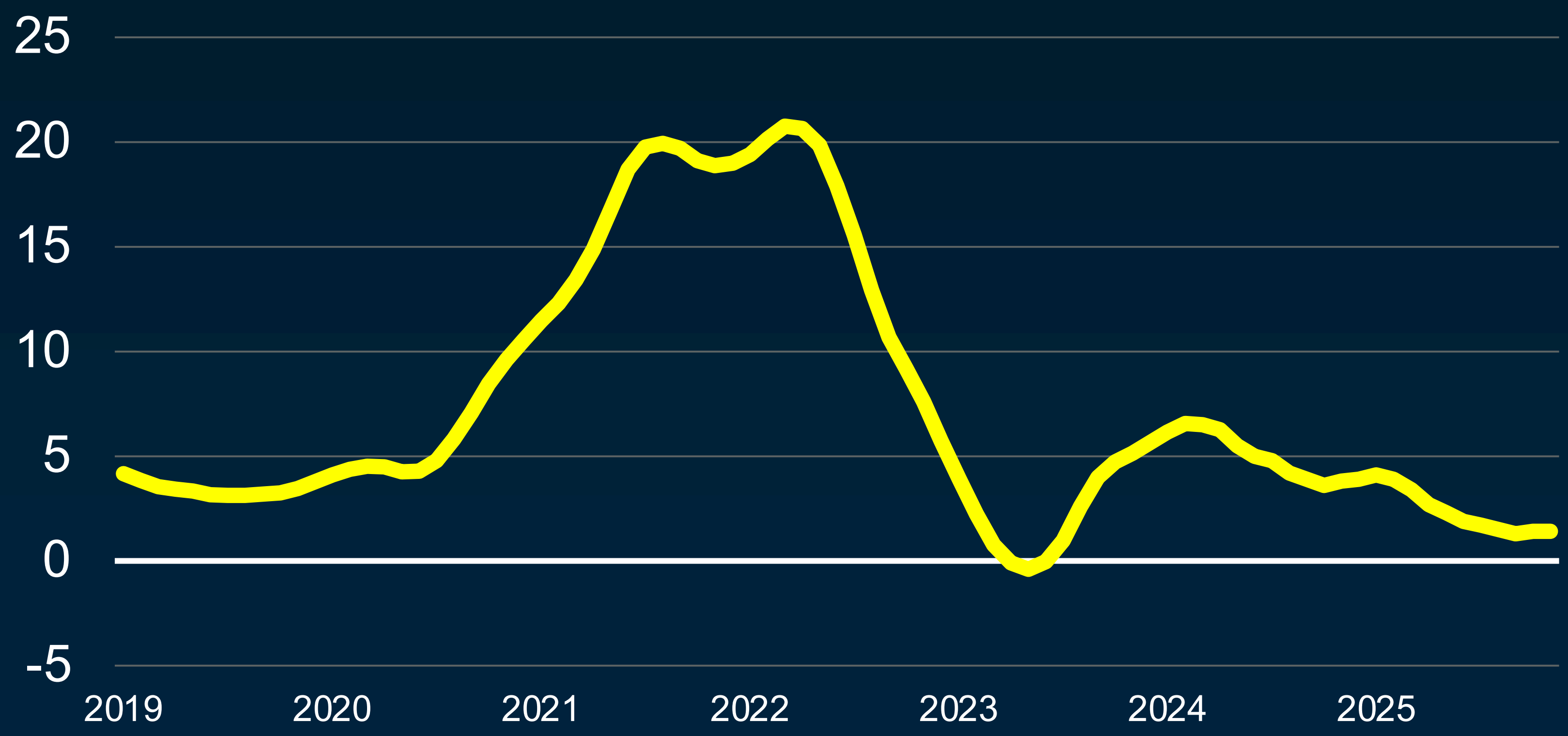
US Existing Home Sales

4 million for the past 4 years

NAR; SAAR Monthly Existing Home Sales

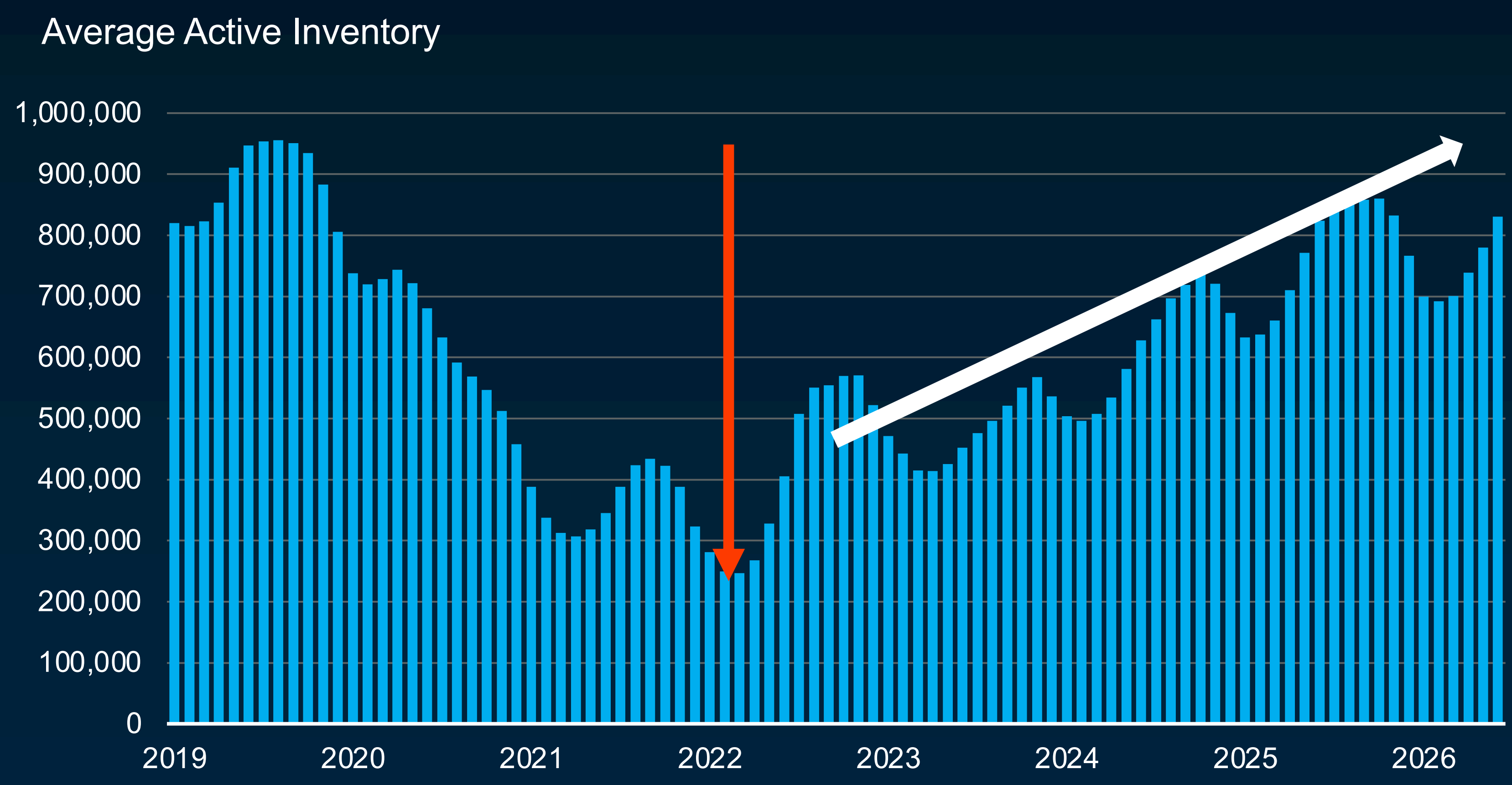
Price Growth Has Moderated

Change in Home Prices, Year-Over-Year

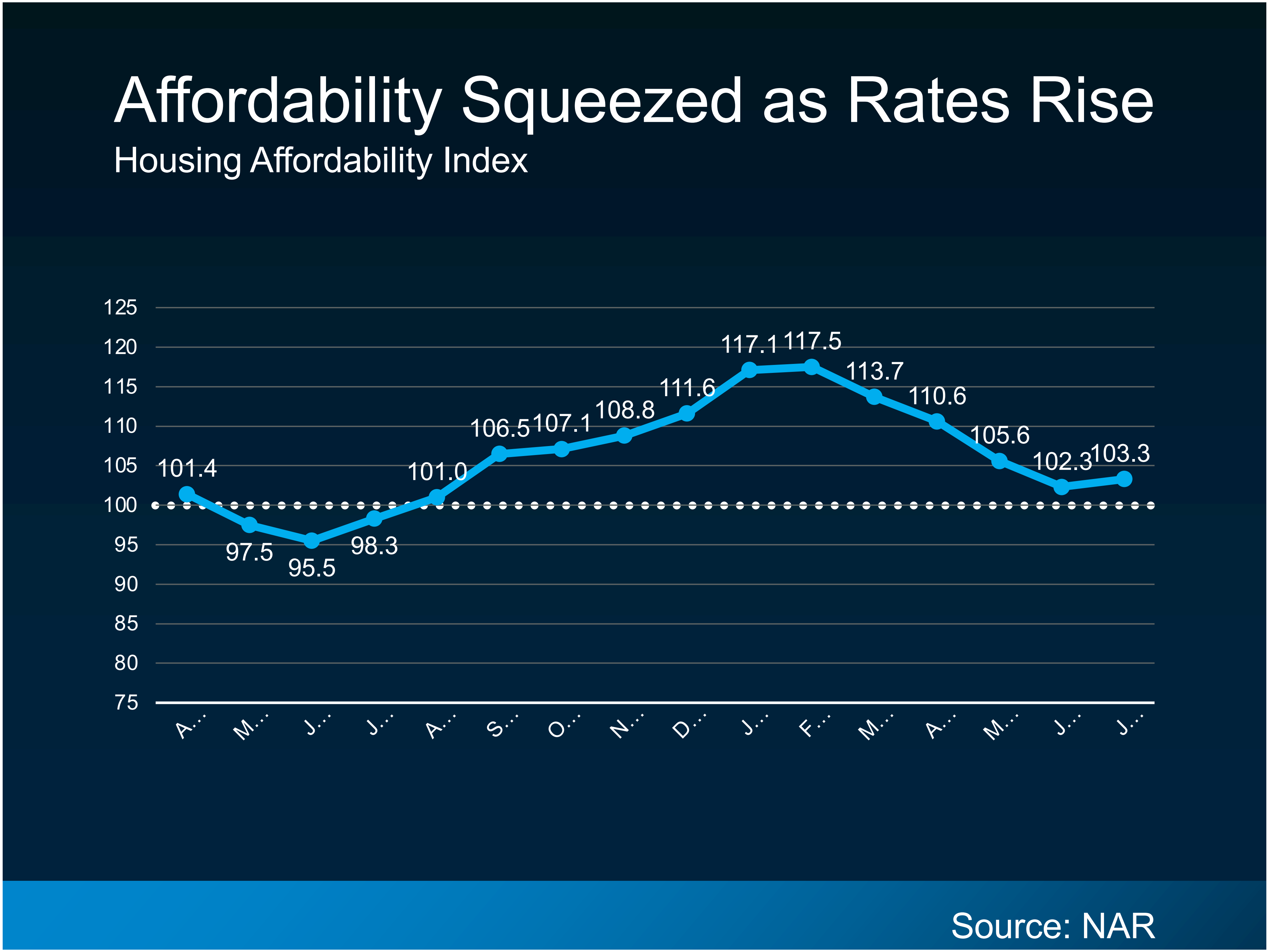


Source: Case-Shiller

Inventory Rising for 4 Years



Source: HousingWire Data



Affordability Squeezed as Rates Rise
Housing Affordability Index
125
120
115
110
105
100
95
90
85
80
75
101.4
97.5
95.5
98.3
101.0
106.5
107.1
108.8
111.6
117.1
117.5
113.7
110.6
105.6
102.3
103.3
A…
M…
J…
J…
A…
S…
O…
N…
D…
J…
F…
M…
A…
M…
J…
J…
Source: NAR

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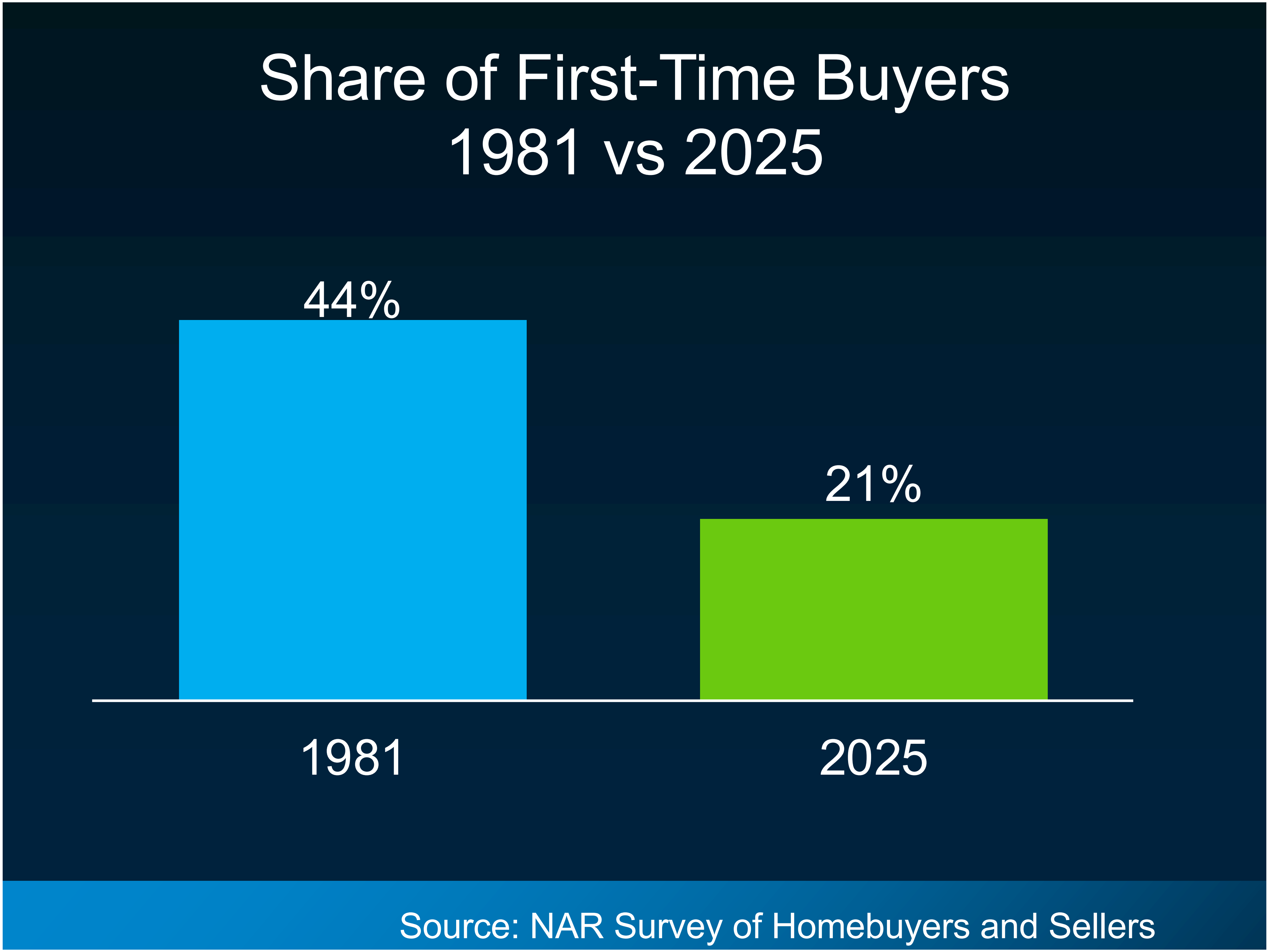
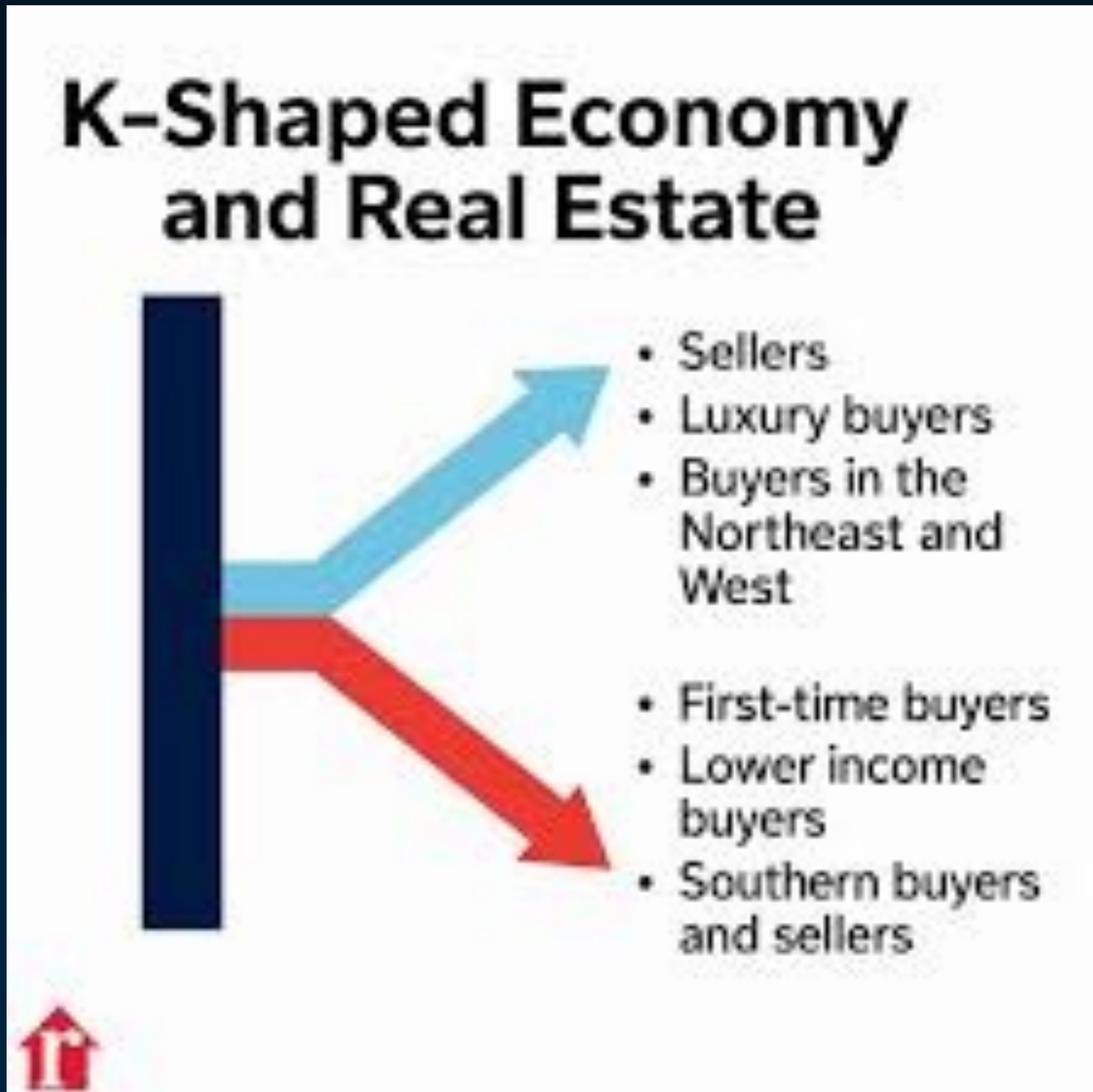
The U.S housing market is split into two groups: first time buyers struggling to enter the market and current homeowners buying with cash.

Jessica Lautz, NAR Deputy Chief Economist
Survey of Home Buyers and Sellers


Share of First-Time Buyers
1981 vs 2025
44%
21%
1981
2025
Source: NAR Survey of Homebuyers and Sellers


K-Shaped Economy
and Real Estate
• Sellers
• Luxury buyers
• Buyers in the Northeast and West
• First-time buyers
• Lower income buyers
• Southern buyers and sellers

High end buyers are driving demand and prices in much of the country. With wealthy buyers unencumbered and those on tighter budgets struggling to get in the game, the housing story is now a tale of two markets.

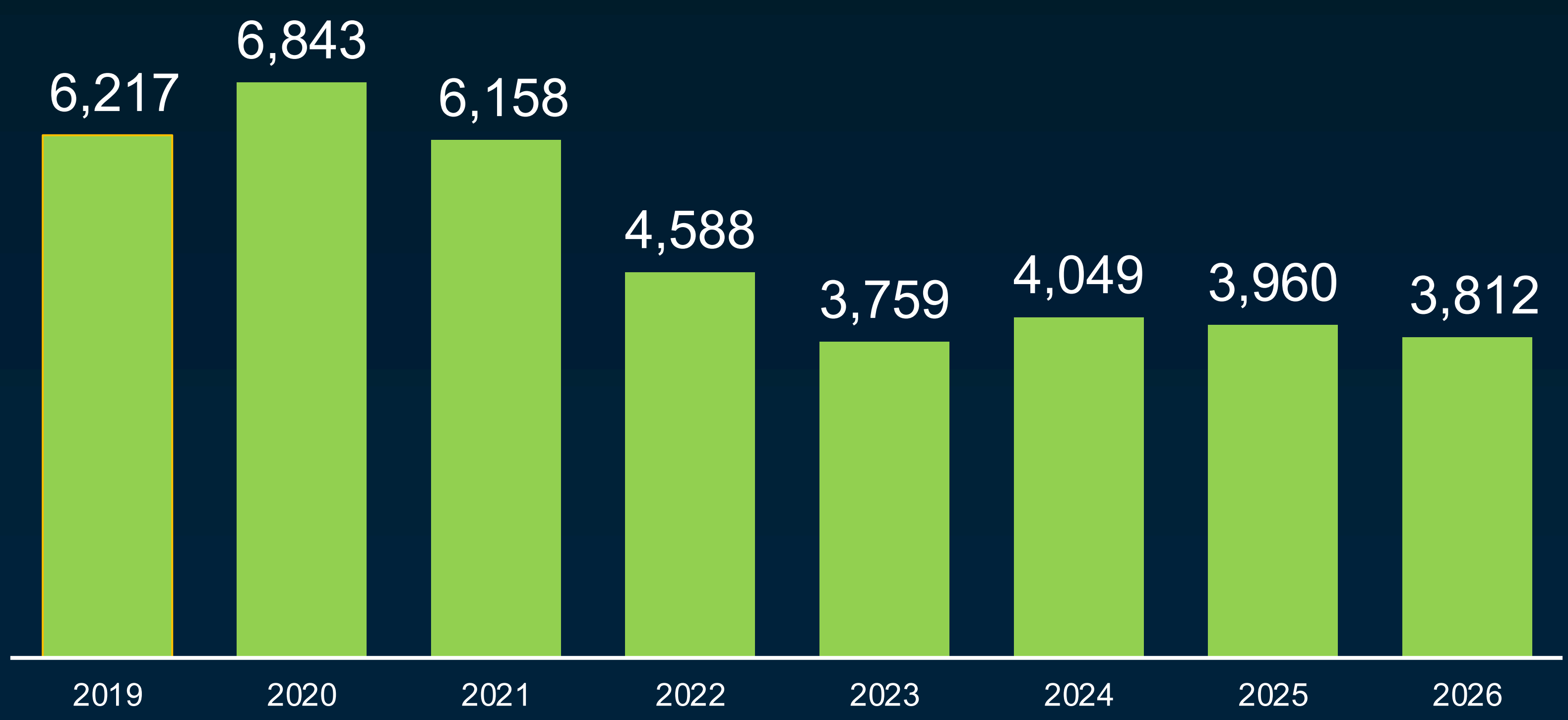
Chen Zhao
Head of Economics Research Redfin

Nearly half of all homes priced above $2 million sold without financing — proof that liquidity itself has become the defining edge of the modern housing cycle.

Realtor.com 2025

Atlanta SF Home Sales

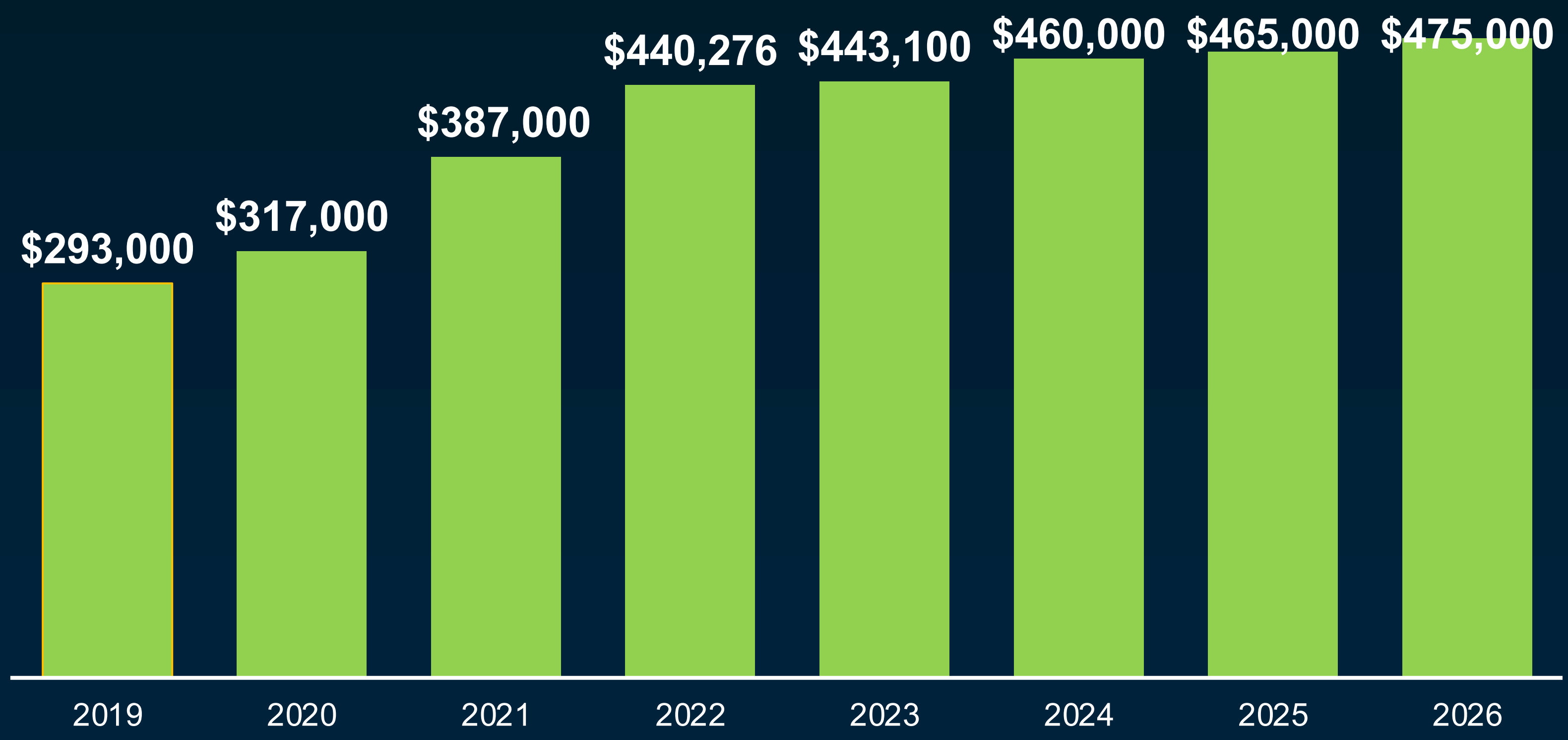
July 2019 - 2026



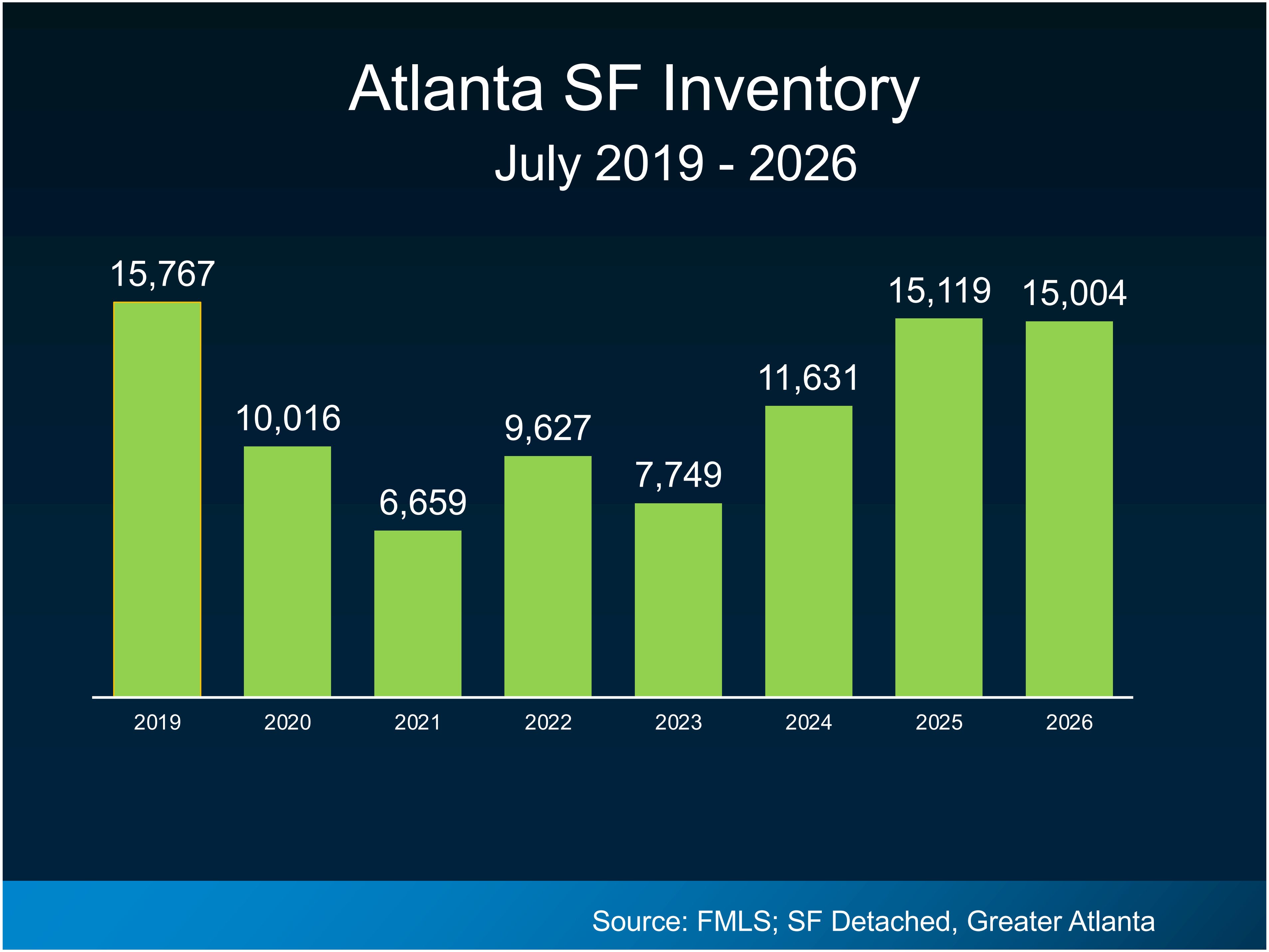
Source: FMLS; SF Detached, Greater Atlanta

Atlanta SF Median Price

July 2019 - 2026

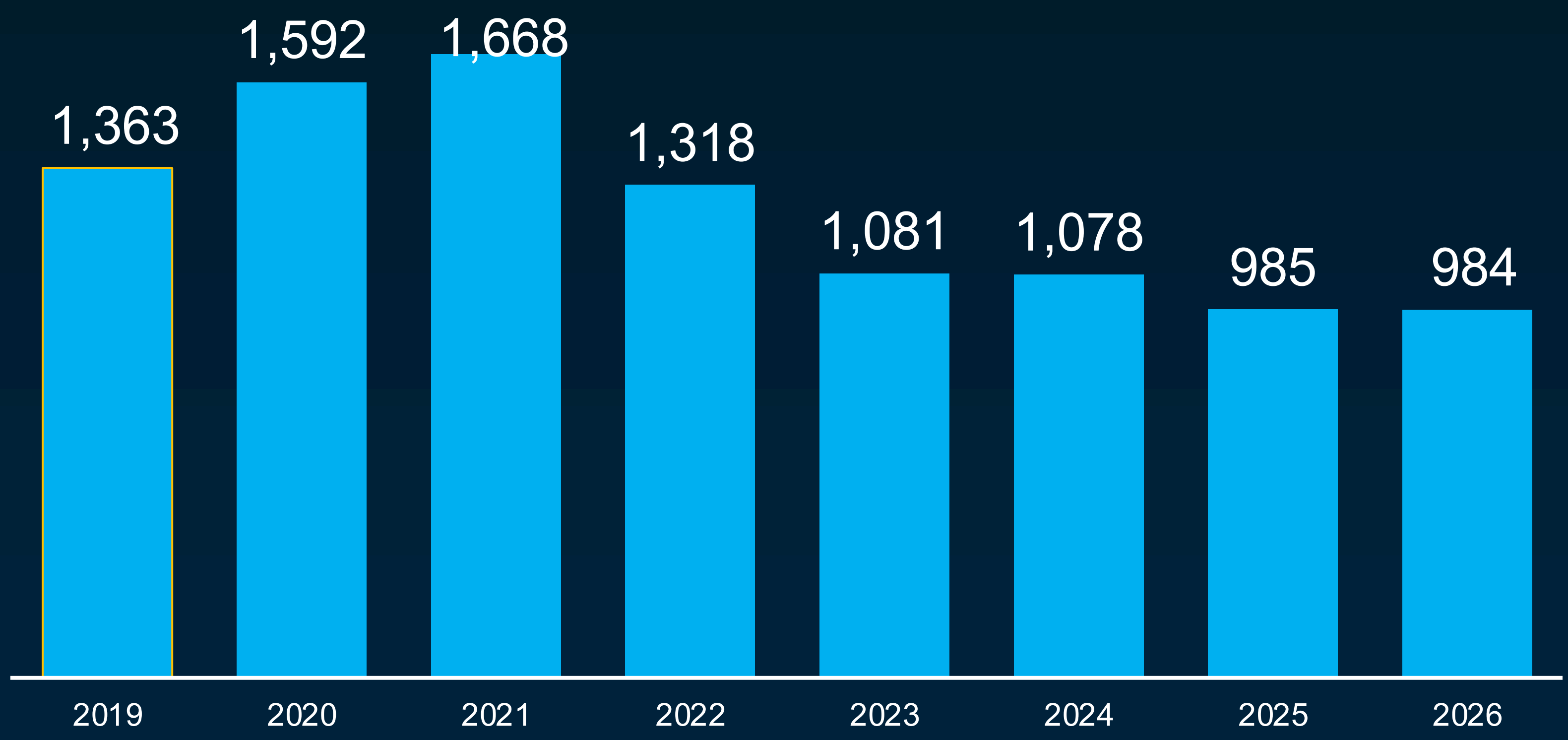


Source: FMLS; SF Detached, Greater Atlanta


Atlanta SF Inventory
July 2019 - 2026
15,767
10,016
6,659
9,627
7,749
11,631
15,119
15,004
2019
2020
2021
2022
2023
2024
2025
2026
Source: FMLS; SF Detached, Greater Atlanta

Atlanta SF Attached Sales

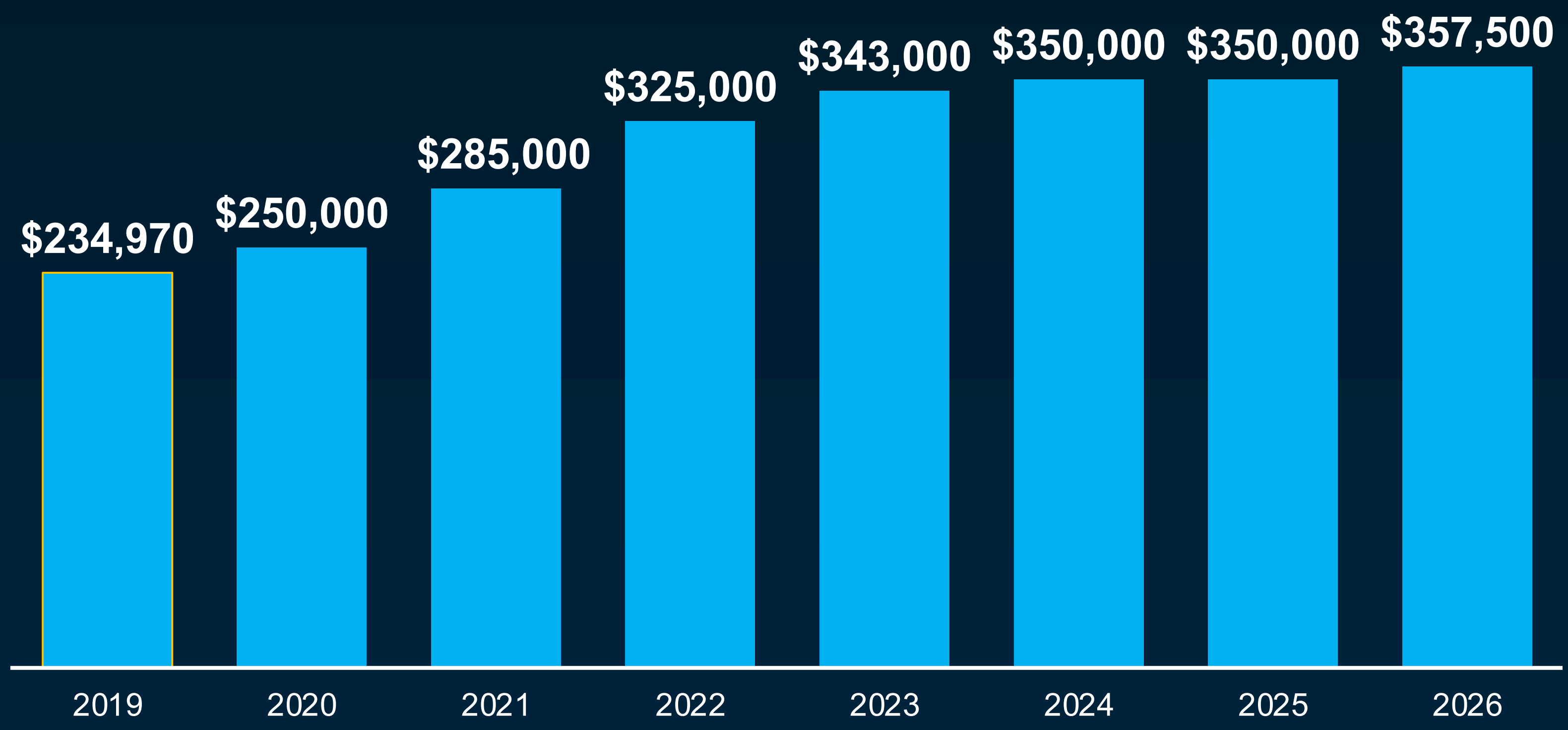
July 2019 - 2026



Source: FMLS; SF Attached, Greater Atlanta

Atlanta SF Attached Median Price

July 2019 - 2026



Source: FMLS; SF Attached, Greater Atlanta

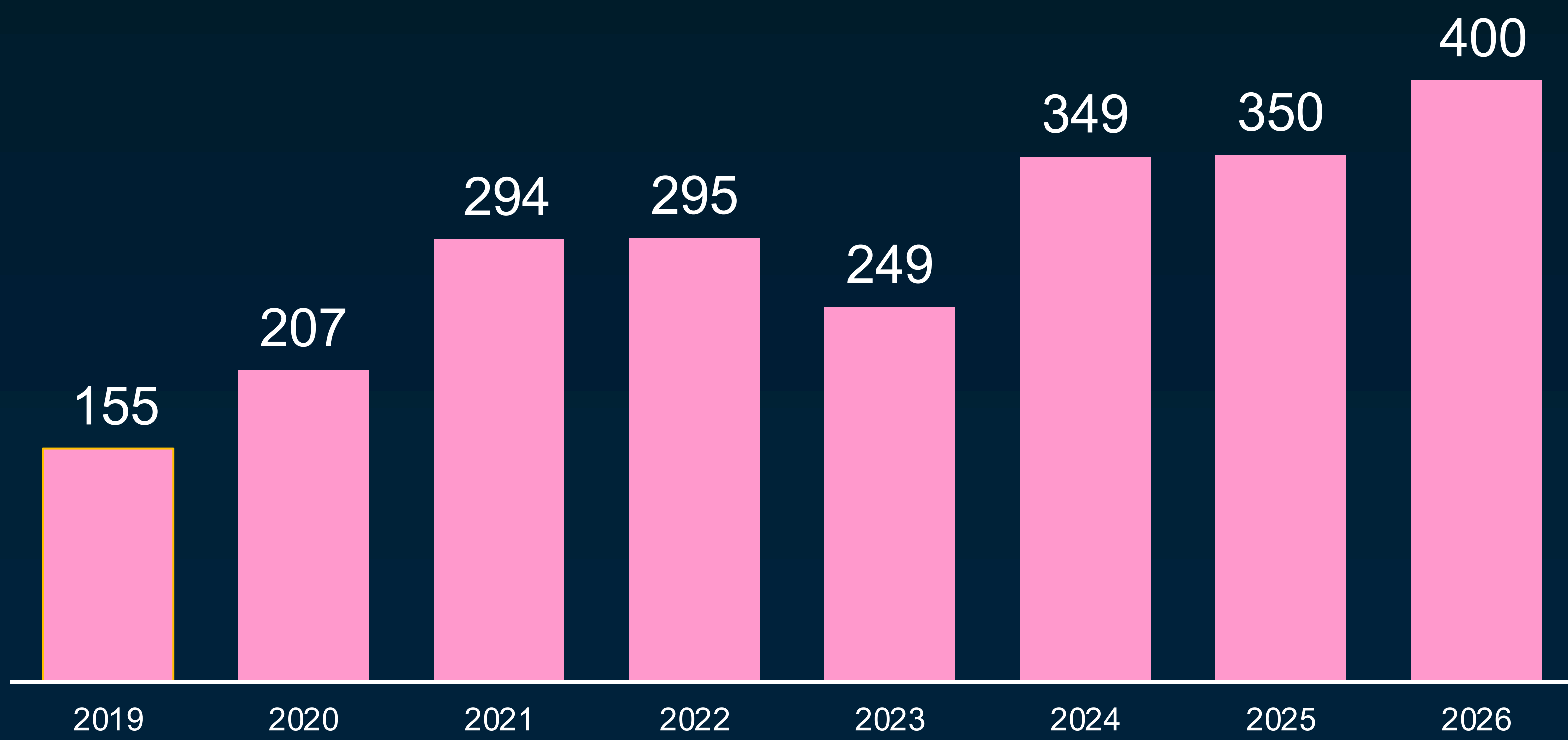
Atlanta SF Attached Inventory

July 2019 - 2026

Source: FMLS; SFAttached Greater Atlanta

Atlanta SF Luxury Home Sales

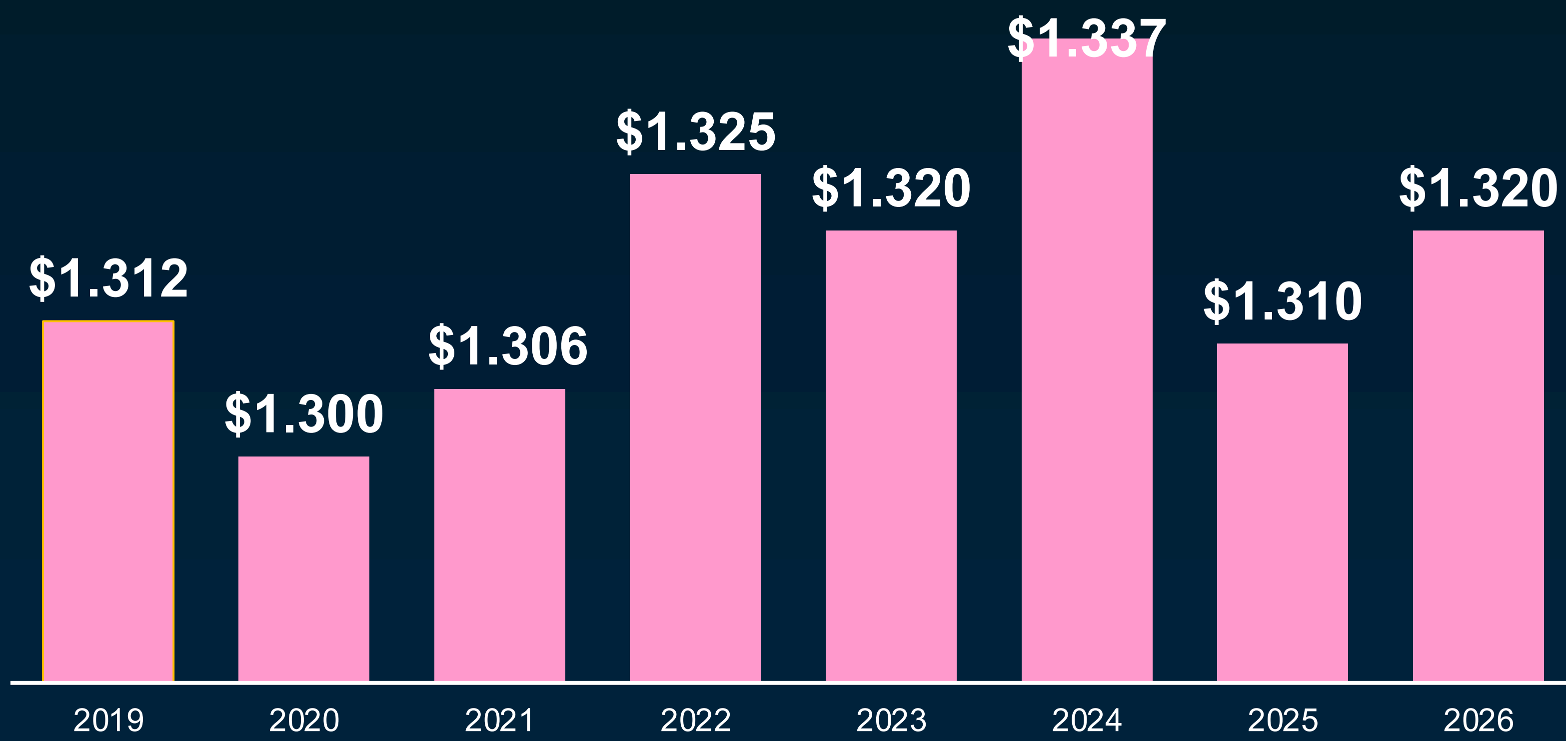
July 2019 - 2026



Source: FMLS; SF Detached, Greater Atlanta

Atlanta SF Luxury Median Price

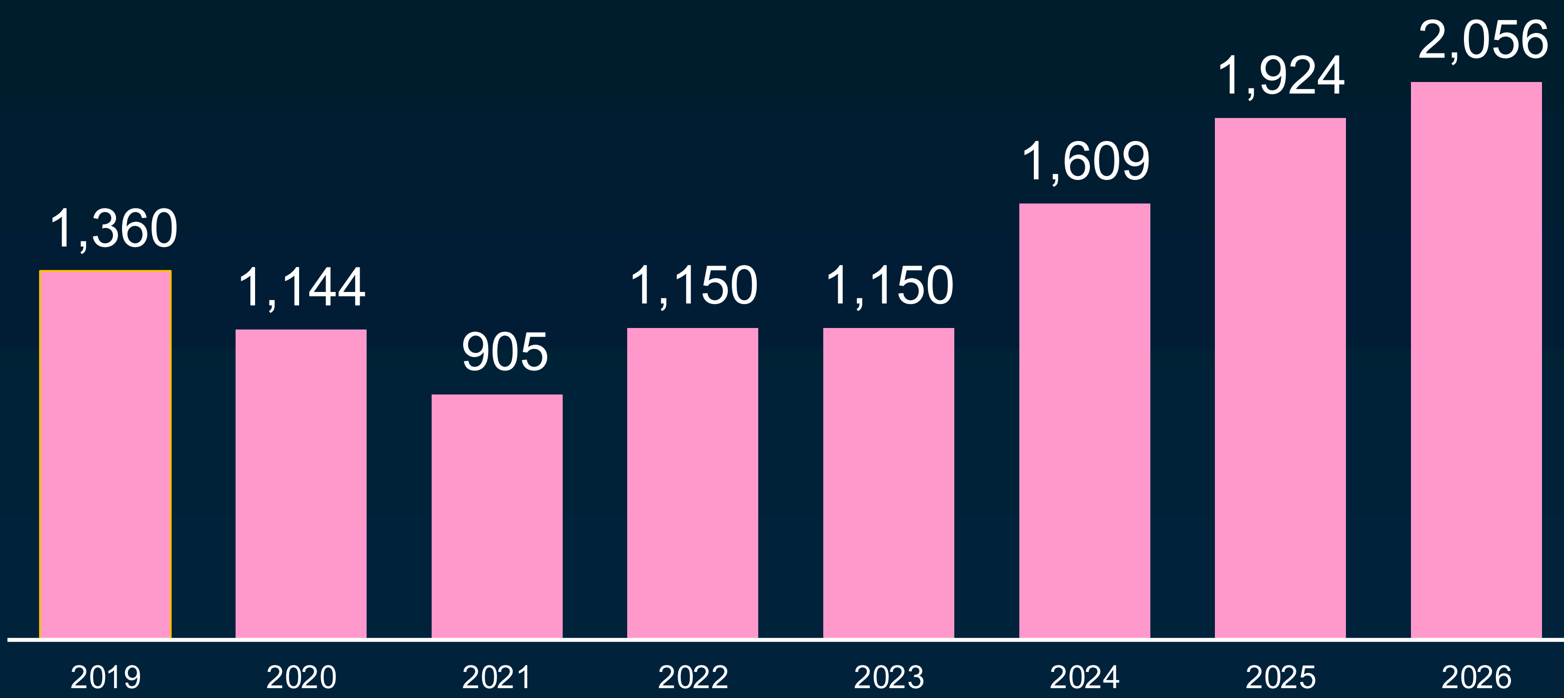
July 2019 - 2026



Source: FMLS; SF Detached, Greater Atlanta

Atlanta SF Luxury Inventory

July 2026



Source: FMLS; SF Detached, Greater Atlanta

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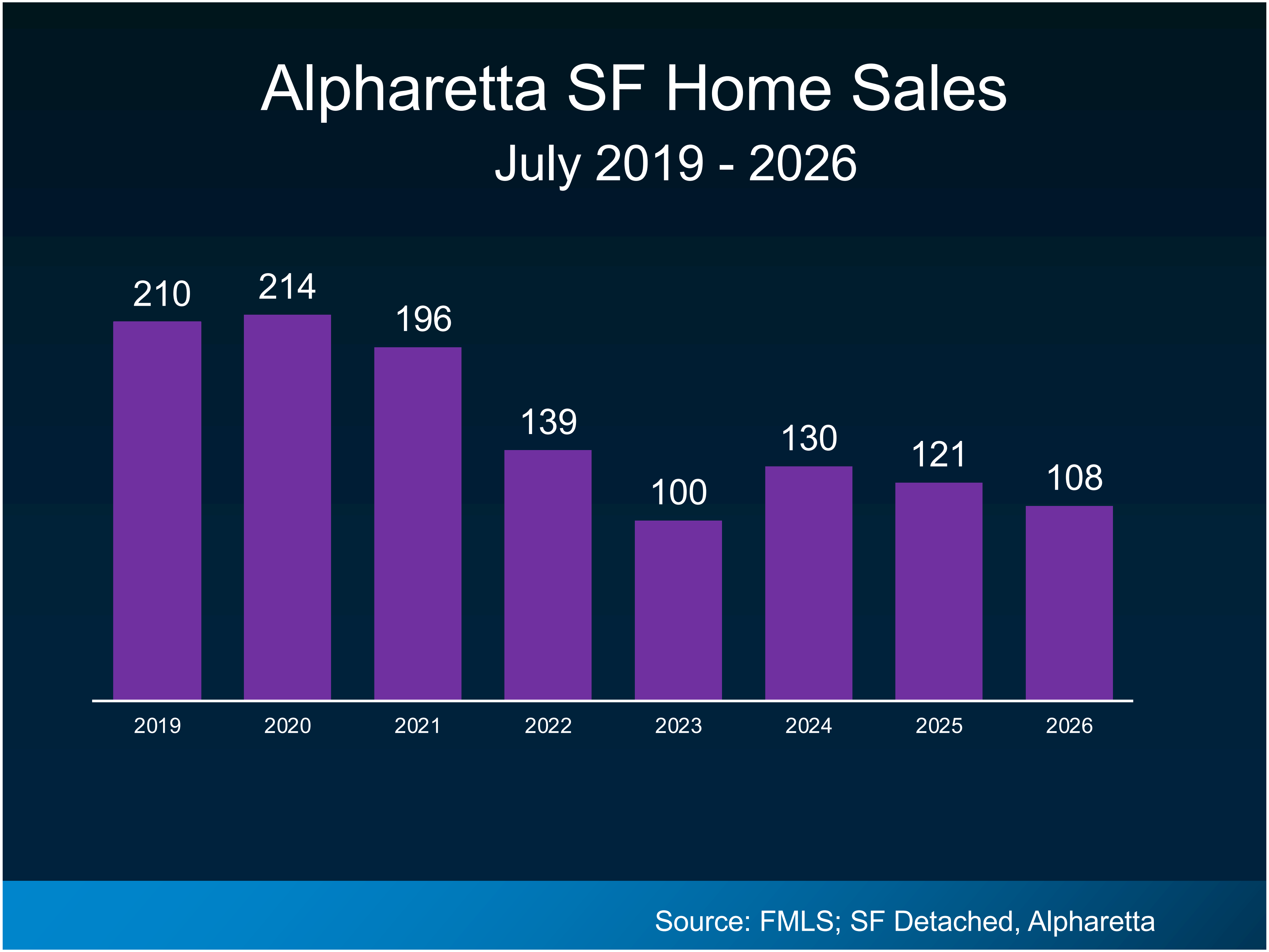
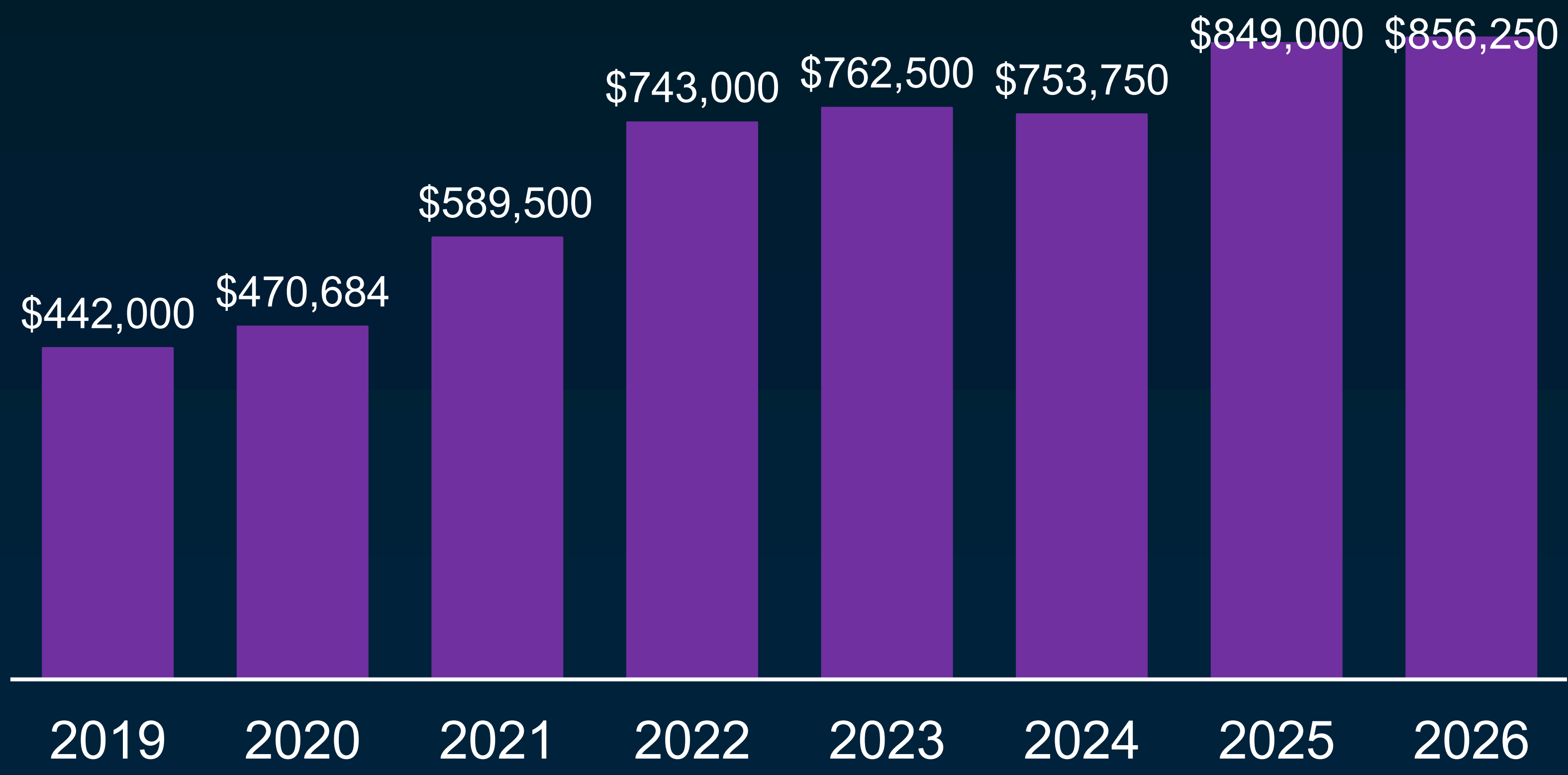
Luxury Housing Market Ranking

2026


Alpharetta SF Home Sales
July 2019 - 2026
210
214
196
139
100
130
121
108
2019
2020
2021
2022
2023
2024
2025
2026
Source: FMLS; SF Detached, Alpharetta

Alpharetta SF Median Price

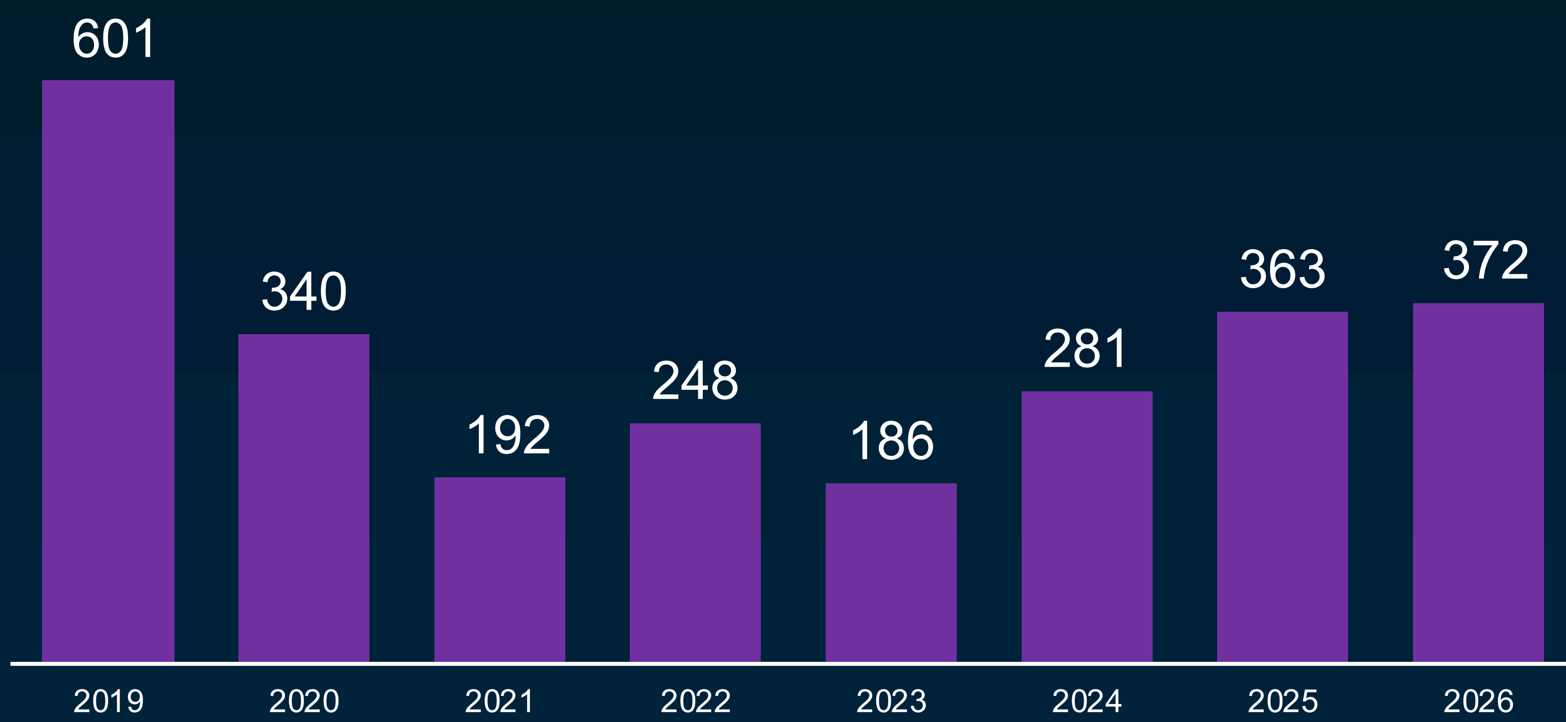
July 2019 – 2026



Source: FMLS; SF Detached, Alpharetta

Alpharetta SF Inventory

July 2019 - 2026



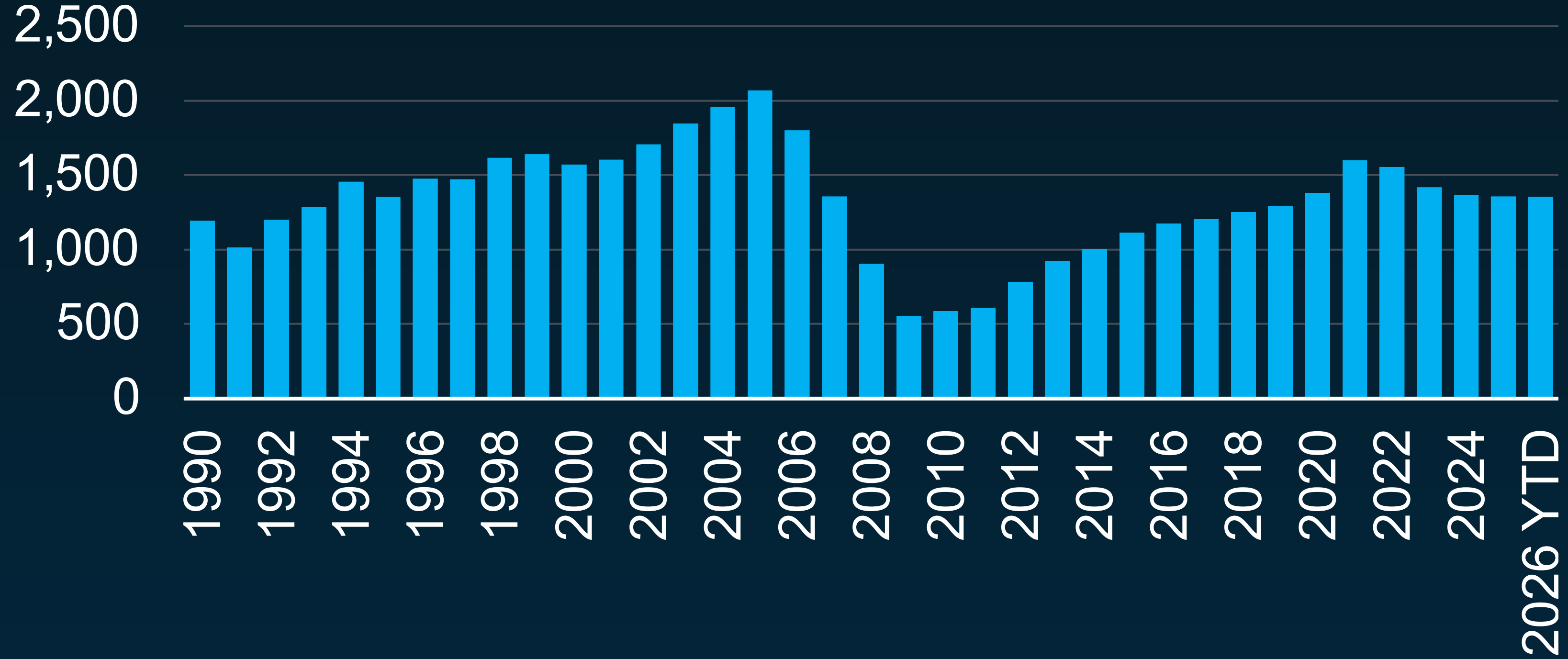
Source: FMLS; SF Detached, Alpharetta

The luxury market's performance during the first half of 2026 has been shaped by buyer confidence, constrained supply, strategic demand and the enduring appeal of luxury real estate as a long-term investment.

Institute for Luxury Home Marketing

New Home Construction Has Also Plateaued

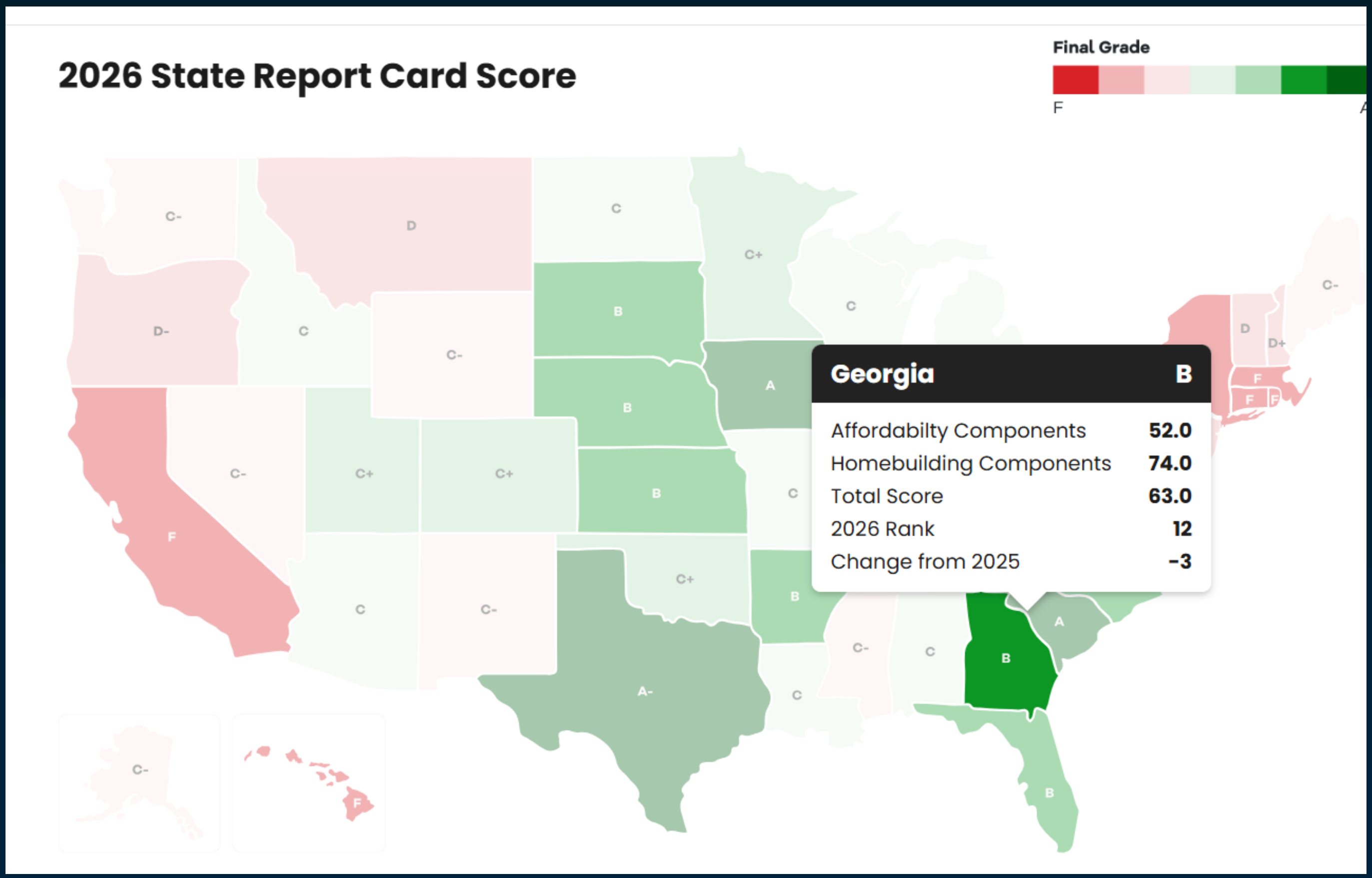
New Housing Units Started, in Thousands



Source: Census; Sngle family and multi-family

Georgia's Report Card a Solid "B"

Housing Affordability & Homebuilding



Realtor.com 2026

Forecast

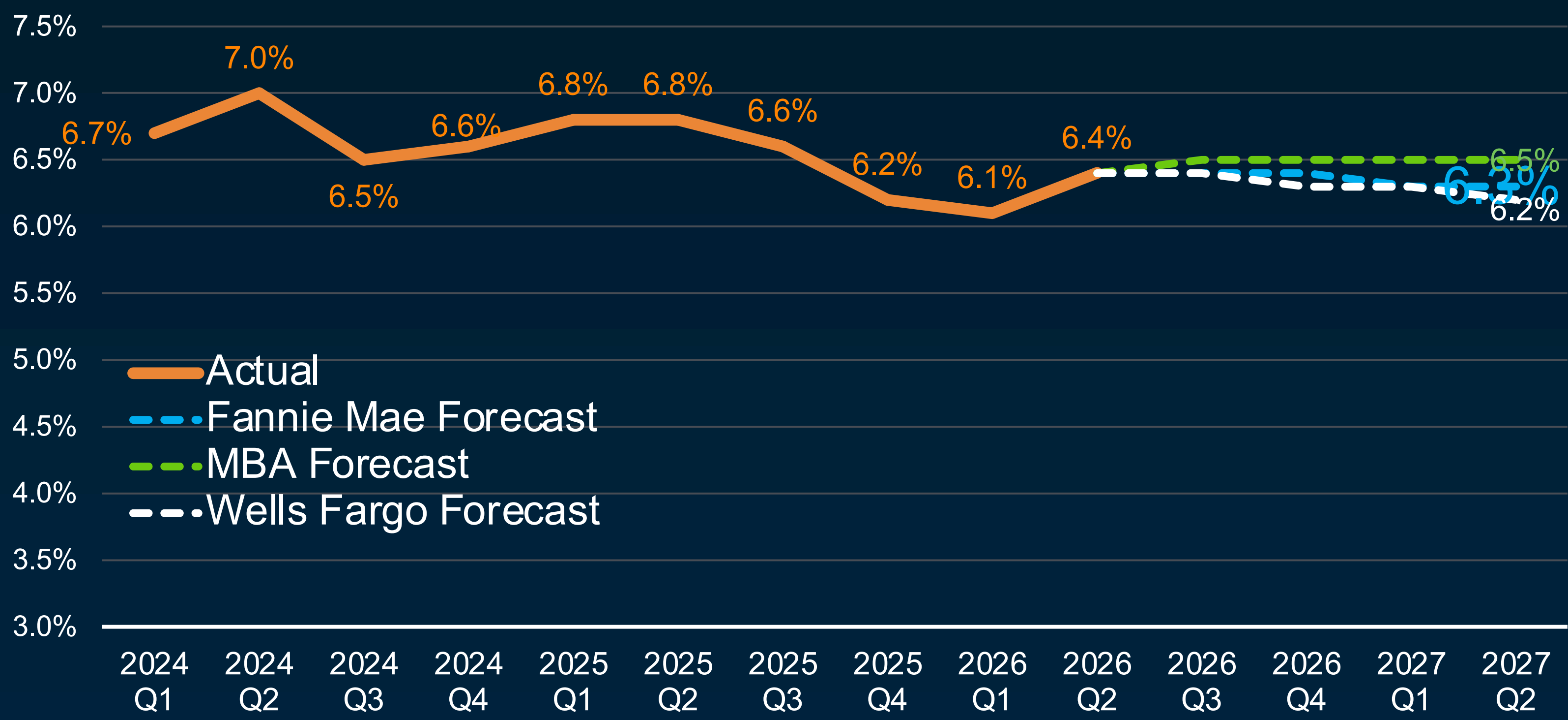
NAR Revised Housing Forecast: Slower Sales, Steady Prices

	Previous 2026 Forecast (November 2025)	Current 2026 Forecast
Existing Home Sales	+14%	+4%
New Home Sales	+5%	+0%
Median Home Price	+4%	+4%
Mortgage Rate	6.0%	6.5%
Net Job Gains	800,000	400,000
Unemployment Rate	4.6%	4.5%

Source: NAR

Mortgage Rate Forecasts
See Little Change

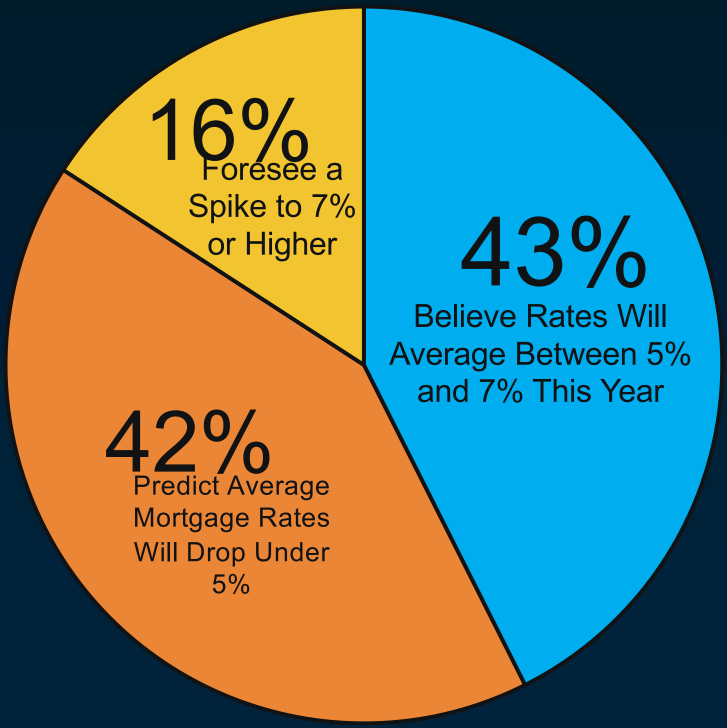
30-Year Fixed Mortgage Rate and Rate Projections, as of 7/30/2026



Sources: Freddie Mac, Fannie Mae, MBA, Wells Fargo

While Buyers Remain Hopeful

4 in 10 buyers think rates will drop below 5% this year.



Sources: Best Interest Financial, Clever Real Estate

Take Aways

1. Buyers waiting for lower rates will be waiting a long time
2. Sellers are listing at the fastest summer pace since 2022
3. Buyers have the upper hand in more markets: seller concessions at historic high
4. Big investors are pulling back; selling more than they are buying

You have no idea what's going to happen in your life. You never know what is going to happen the day after tomorrow. That's why you have to live in the moment.

Erling Haaland
IYKYK

Thank-you