

NRHC WEEKLY SFR MARKET BRIEFING



LAST WEEK IN SFR

Home Ownership Affordability

- According to the Atlanta Fed Home Ownership Affordability Monitor index, home affordability declined between April and May 2024. Despite consistent income growth, increasing prices and high interest rates led to the second consecutive 6.9% monthly decline.
- The May 2024 index value was 68.3. A value below 100 means the median household income cannot afford (based on a 30% income to annual cost ratio) a home priced at the median.
- The index has stayed below 100 since early 2021, and the decline in May 2024 came as the 30-year fixed mortgage reached its year-to-date weekly peak. Since then, interest rates have declined, but affordability will likely remain challenged given the increased home prices.

SFR CMBS

- According to a recent analysis by Chandan Economics and Arbor Realty Trust that utilized data from Finsight, SFR CMBS issuance surged to \$4.2 billion in the first half of 2024. At the current pace, annual issuance would more than triple 2023's volume.
- Historically, annual issuance ranged from \$3.7 billion to \$6.9 billion between 2014 and 2019. Activity spiked during the pandemic, driven by high demand for SFRs and low interest rates, but dropped to \$2.8 billion in 2023 as the Federal Reserve tightened monetary policy.
- The broader CMBS market has also seen a revival in 2024, with overall issuance expected to triple, reflecting a market adjustment to current interest rates and valuations. While SFR issuance remains below the peaks of 2021 and 2022, it is on track to match 2020 levels and double 2019's figures.

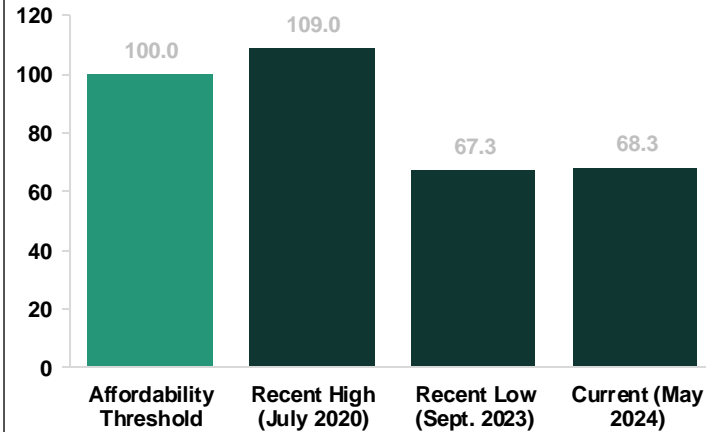
INTEREST RATES & INFLATION

Data are updated through 8/9/2024	Current	One-Week Change	One-Year Change
10-Year Treasury	3.94%	+14 bps	-6 bps
10-Year Breakeven Inflation	2.10%	+6 bps	-26 bps
30-Year Mortgage <small>Source: Freddie Mac</small>	6.47%	-26 bps	-49 bps

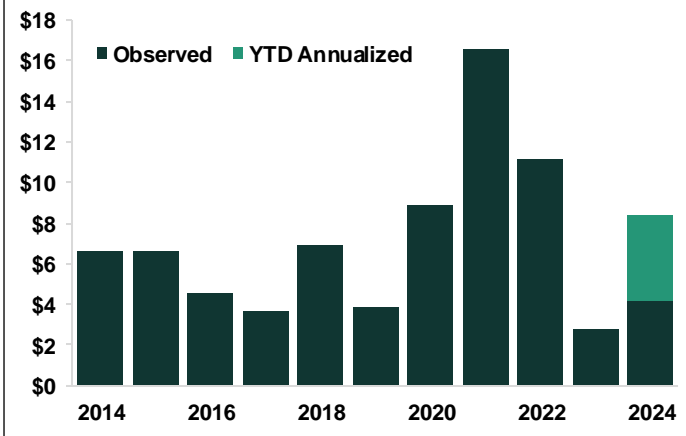
THE WEEK AHEAD

This week's (8/12-8/16) data release calendar is packed. On Monday (8/12), the Federal Reserve Bank of New York will release its estimate of inflation expectations. The Bureau of Labor Statistics will release its inflation index on Wednesday (8/14), a key indicator being watched for interest rate policy. The Housing Market Index from the National Association of Home Builders will be released on Thursday (8/15). Finally, on Friday (8/16), we will get a chance to look at the Census Bureau's estimates of housing starts and permits in addition to more inflation expectations data from the University of Michigan.

Home Ownership Affordability Index Through May 2024



Annual CMBS Issuance Measured in Billions \$, Through Q2 2024



UPCOMING DATA RELEASES



Sources
 CHART 1: Atlanta Federal Reserve; Through Q2 2024
 CHART 2: Finsight; Through Q2 2024

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