Real Estate and Economic Outlook

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National Association of REALTORS®

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10-Yr and 30-Yr Treasury Bond Yields Highest Since ...



Source: Federal Reserve

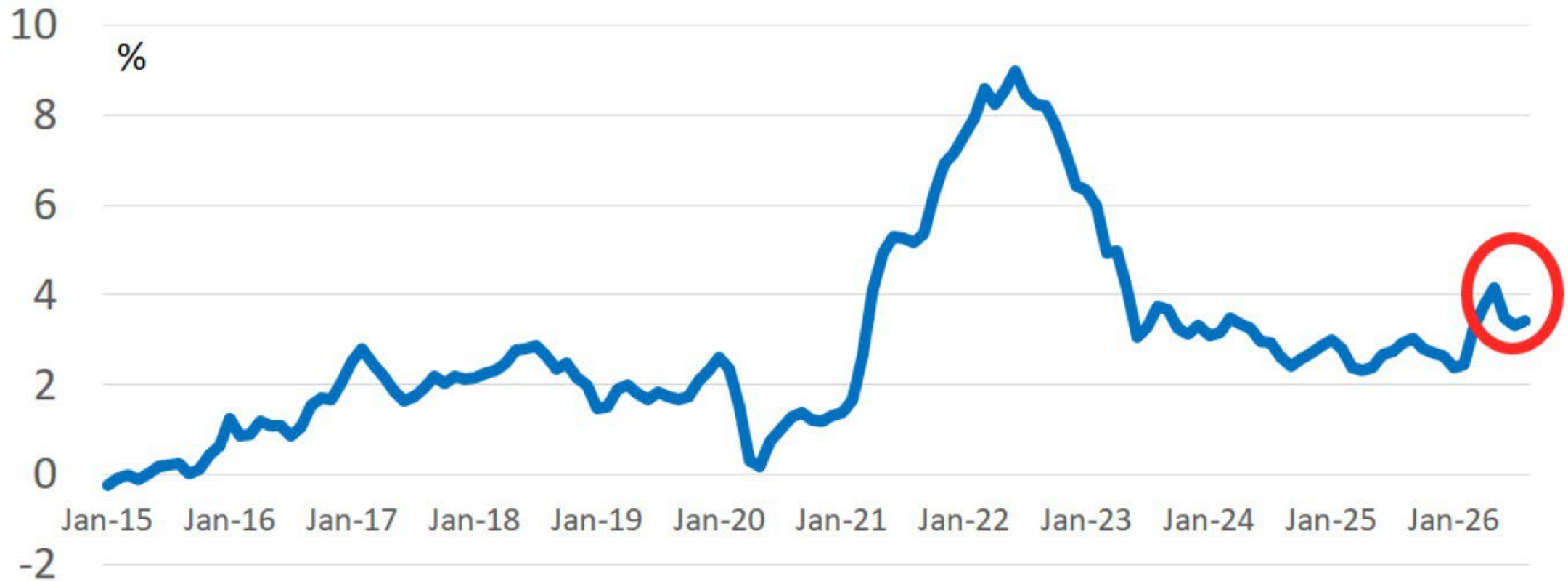
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Why Higher Long-term Interest Rates?

1. Inflation not subsiding … oil price shock
2. Tight Labor Market
3. Massive Government Borrowing
4. AI Investment Boom

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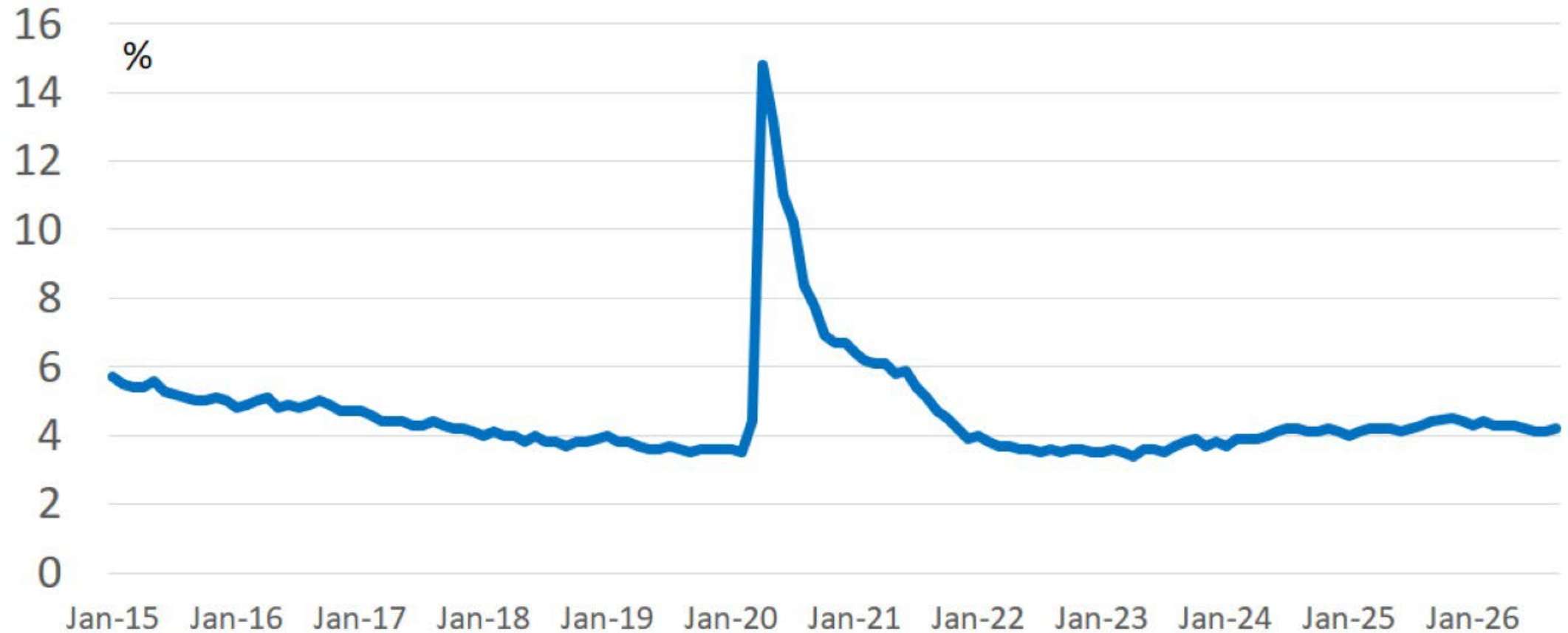
Consumer Price Inflation 3.4% (red)
… Above 2% Target



Source: BLS

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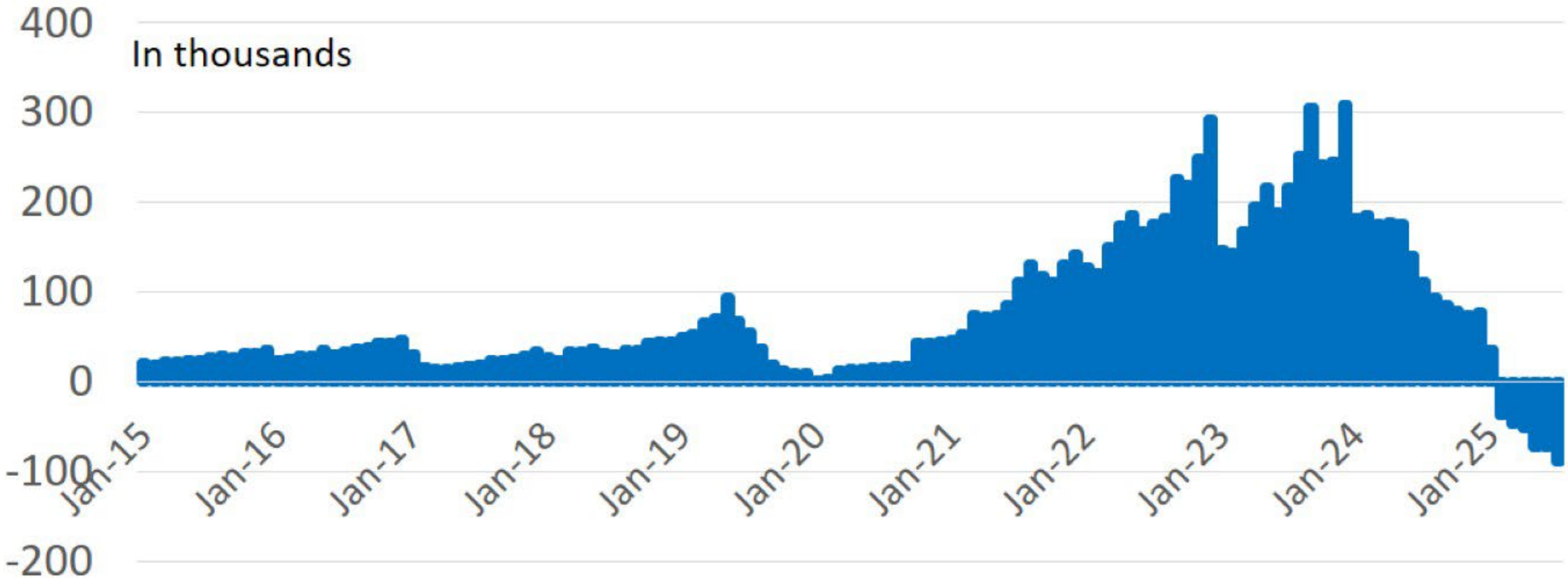
Low Unemployment Rate of 4.2% as of September



Source: BLS

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Net Unauthorized Immigration to U.S.



Source: Dallas Federal Reserve

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Falling Labor Force Participation Rate

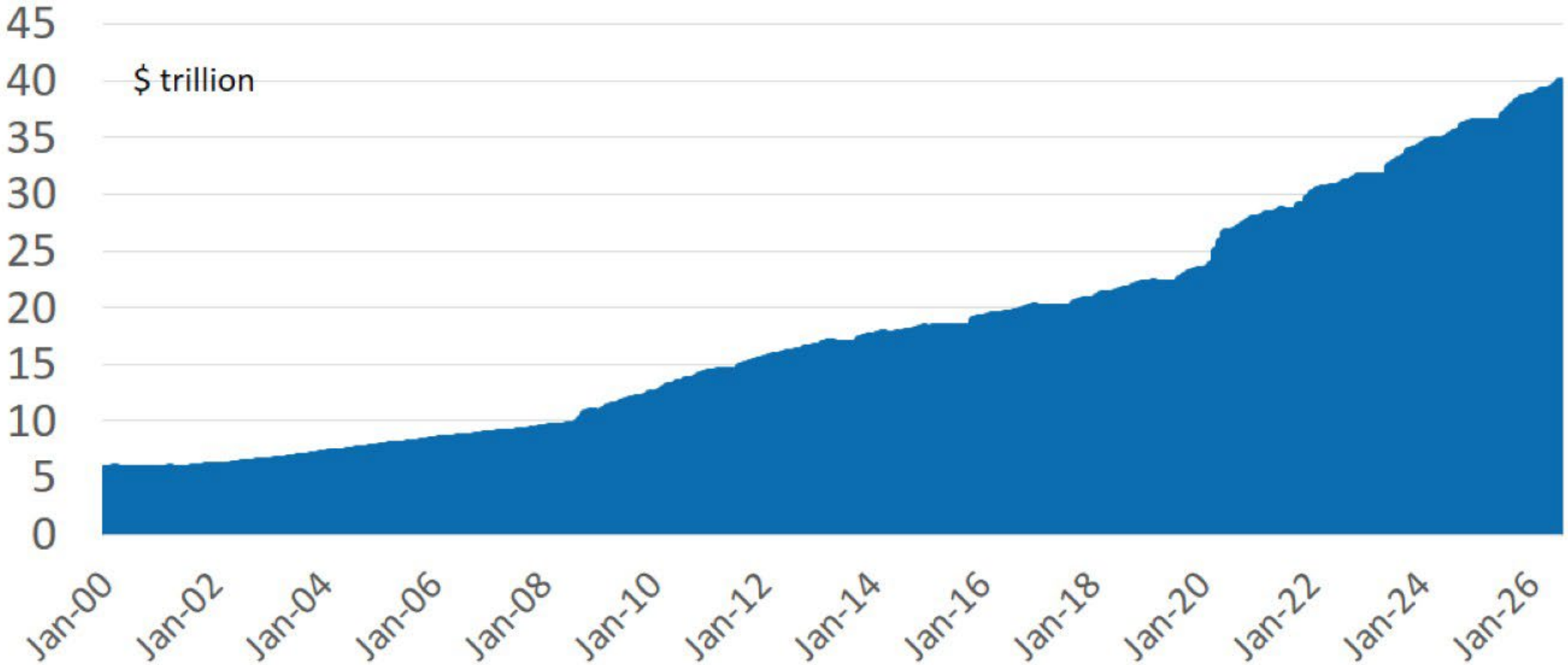
Where is the Work Spirit?



Source: BLS

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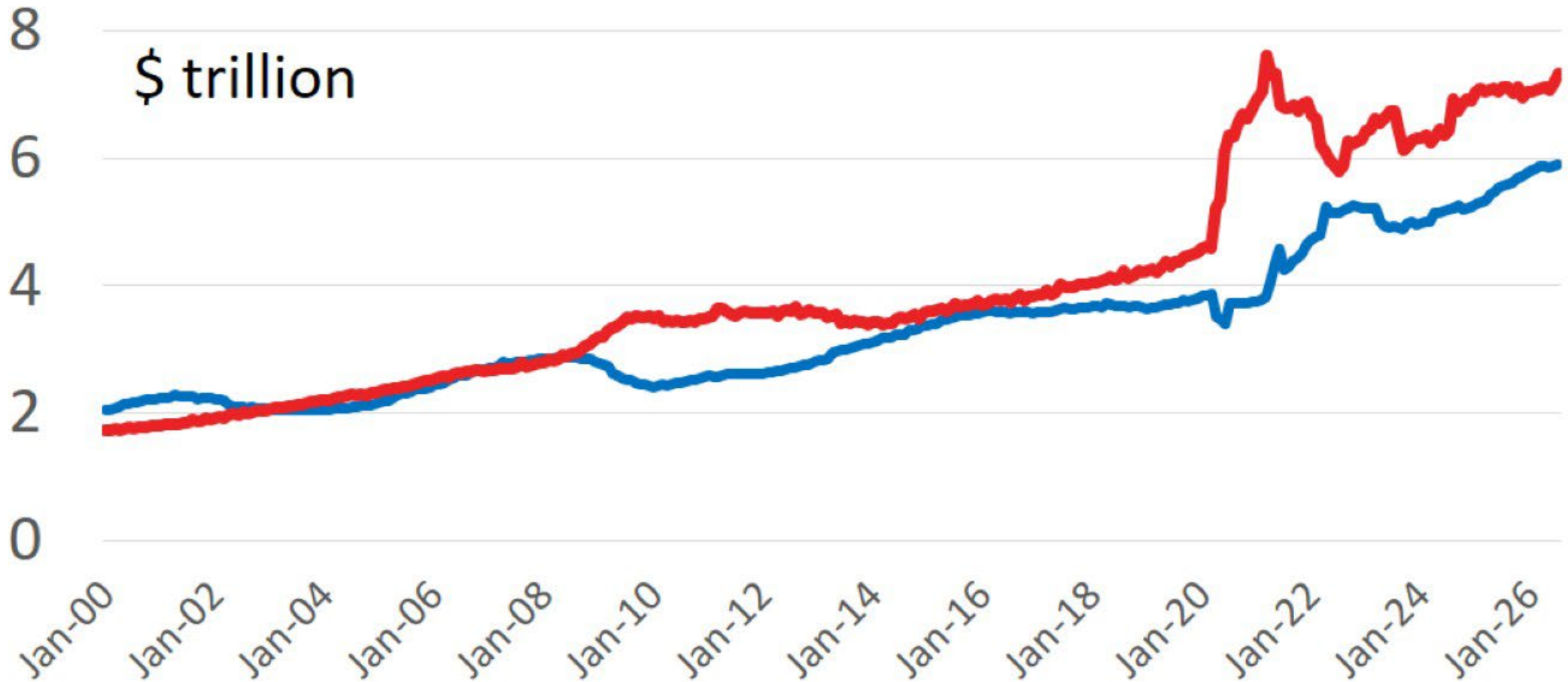
Federal Government Cumulative Debt



Source: NAR analysis of monthly Treasury statements

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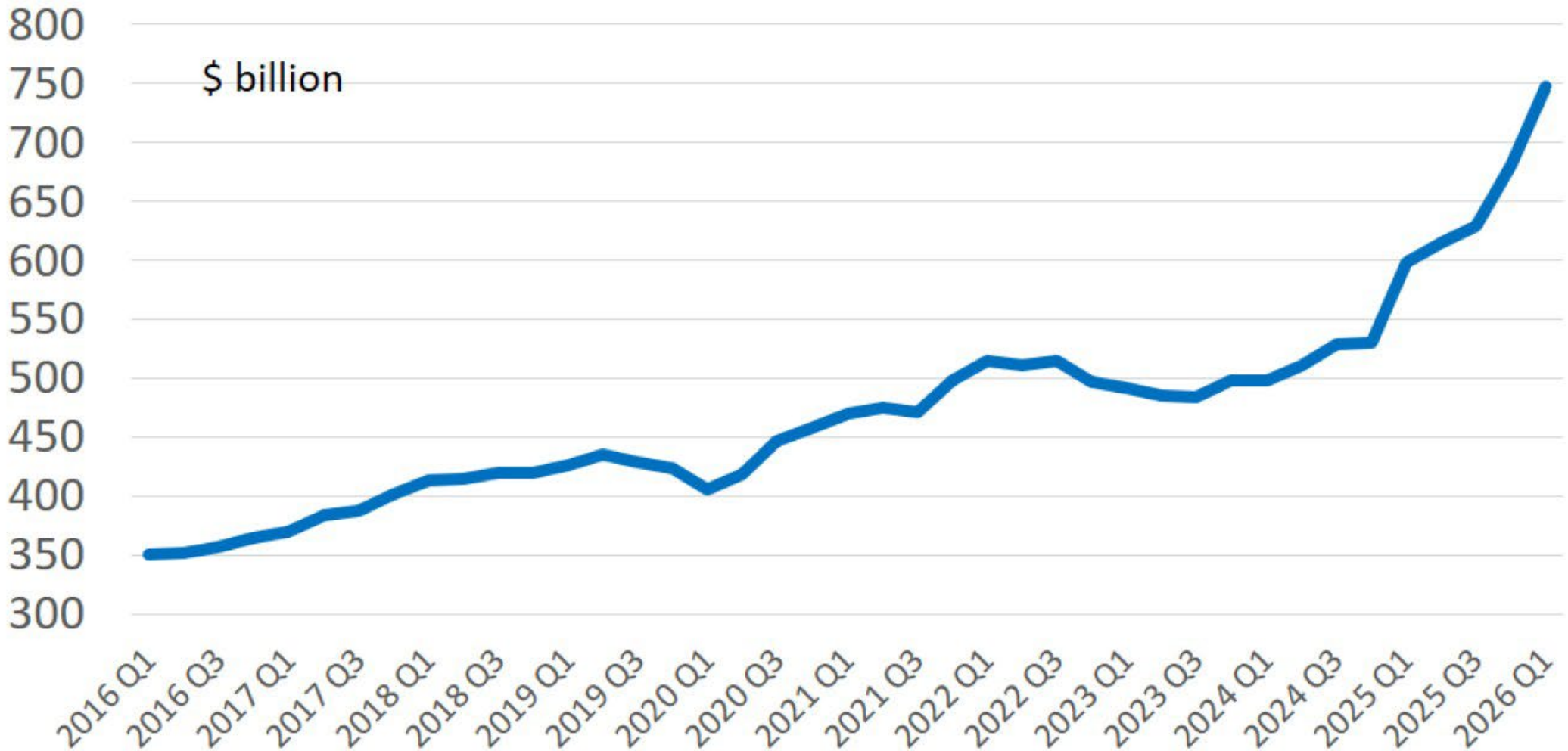
Federal Government Outlays and Receipts
(rolling 12-month total)



Source: NAR analysis of monthly Treasury statements

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AI-Related Business Investment Spending Boom



Source: Department of Commerce using constant 2017 dollars

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AI needs Data Centers …
No Negative Impact on Real Estate Prices

	TIER 1 No Physical DCs (0 Facilities)	TIER 2 Low (1-2 Facilities)	TIER 3 Medium (3-9 Facilities)	TIER 4 High (10+ Facilities)
Median 2024 Home Price	$174,600	$298,800	$390,300	$431,750
2014-2024 Appreciation	+64.1%	+72.5%	+98.3%	+95.0%

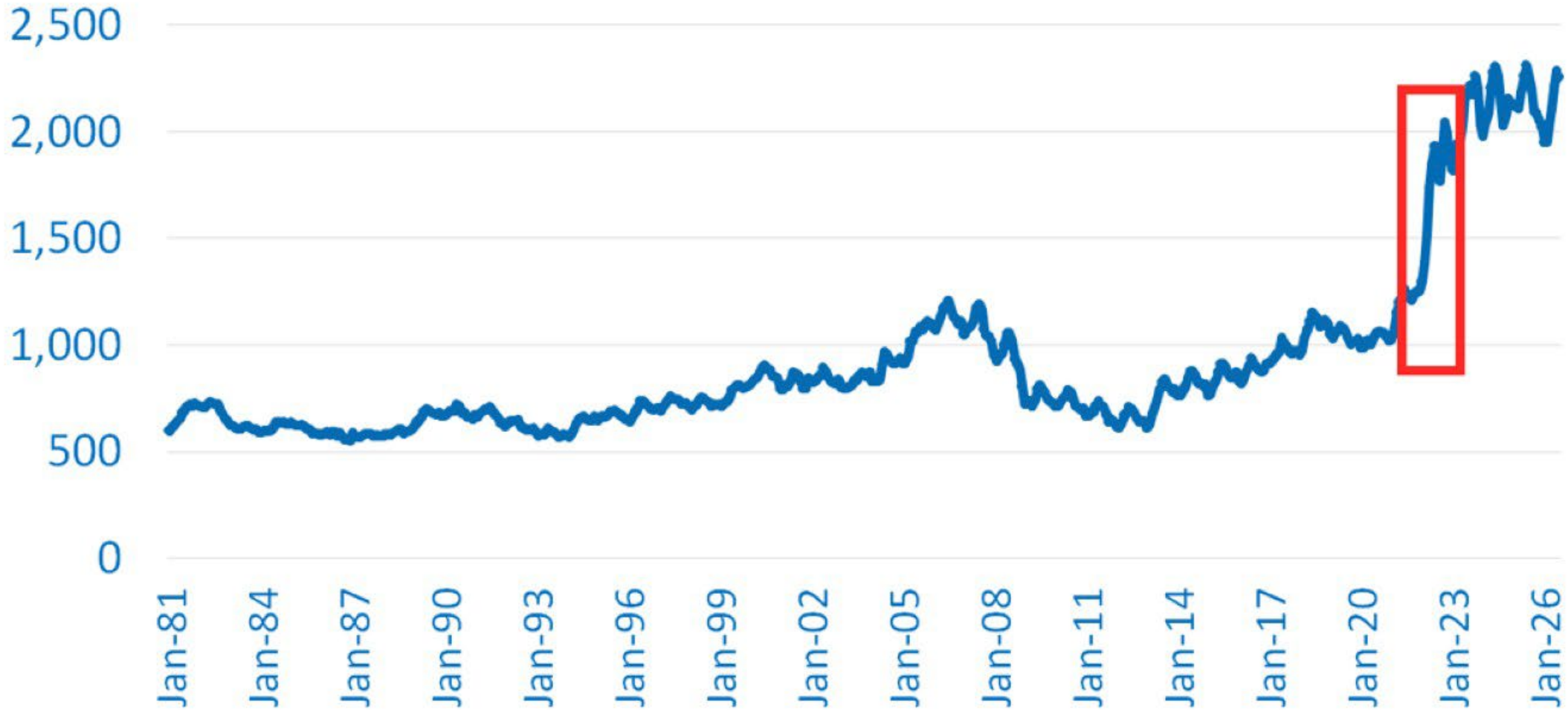
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Housing Market Dynamics

1. Home Sales Slump but Home Price Boom
2. Luxury Sales Outperforms
3. Seasonal Autumn/Winter Slowdown

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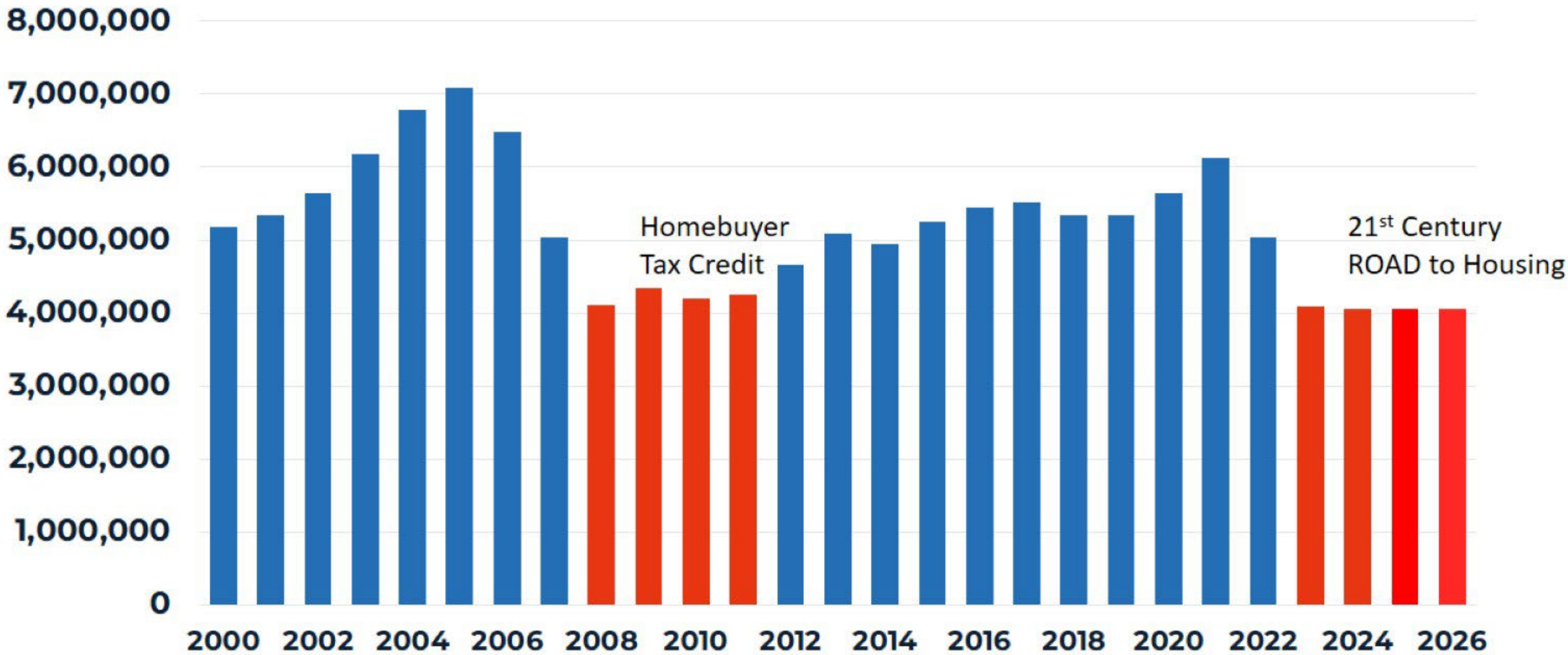
Affordability Challenges from 2022 after the Fed Rate Hikes
(Monthly Mortgage Payment to Buy a Typical Home)



Source: NAR

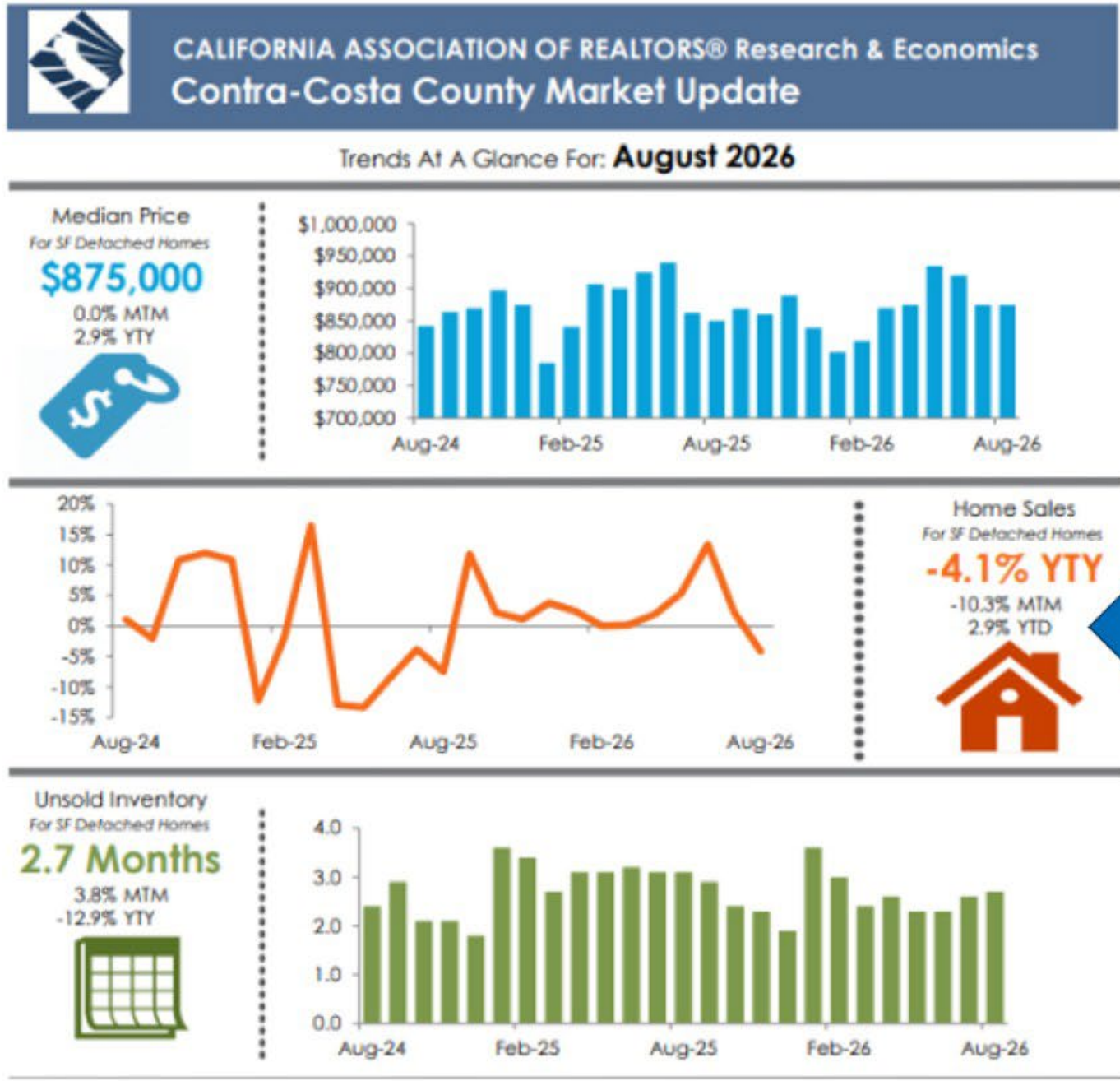
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Annual Existing Home Sales



Source: NAR

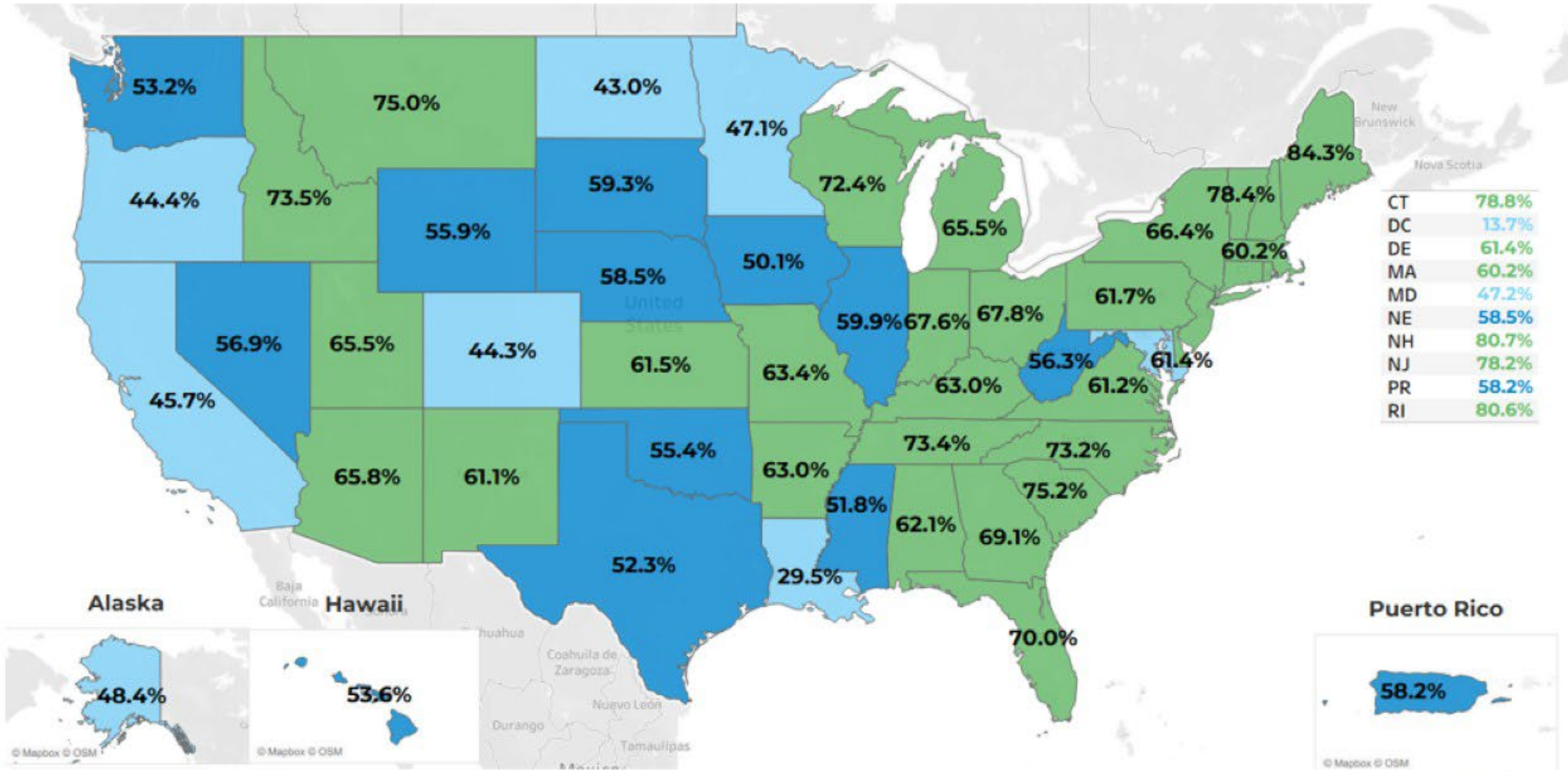
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+ 2.9%
Year-to-date

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Growth in Dollar Volume due to Price Growth (Price Change from 2020 Q1 to 2026 Q2)



CT	78.8%
DC	13.7%
DE	61.4%
MA	60.2%
MD	47.2%
NE	58.5%
NH	80.7%
NJ	78.2%
PR	58.2%
RI	80.6%

Source: NAR analysis of FHFA Price Index

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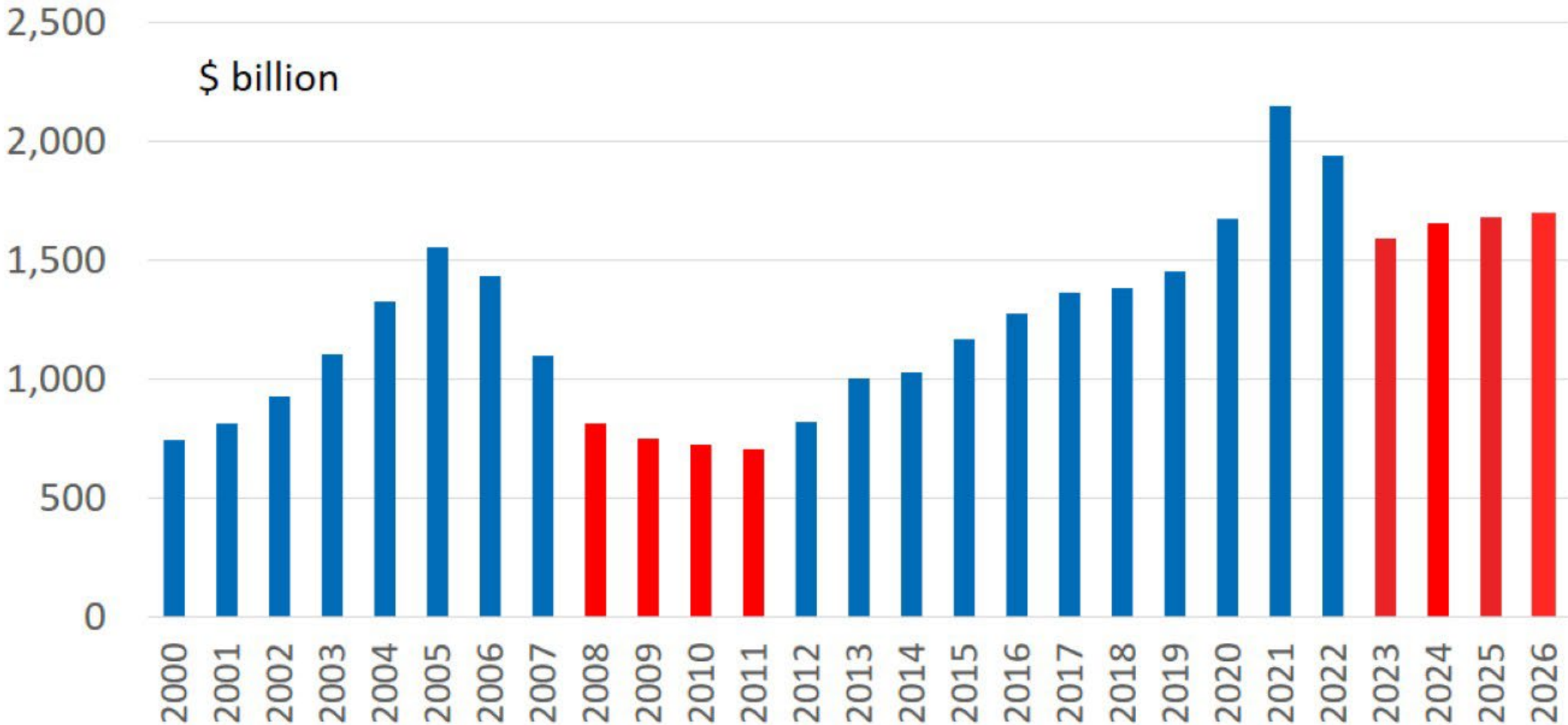
Median Home Price in Bay Area (including Contra Costa County)



Source: NAR

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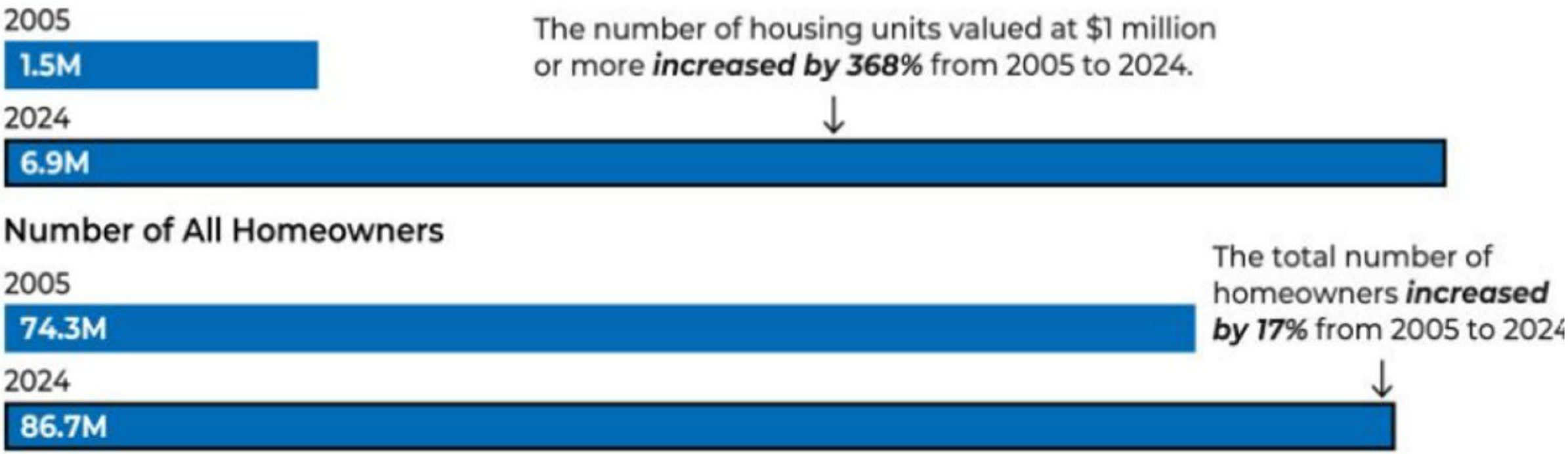
3rd Best Sales Dollar Volume Revenue … up 2% year-to-date
(growth especially in upper-end market)



Source: NAR

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Rising Share of Million Dollar Homes



Source: NAR

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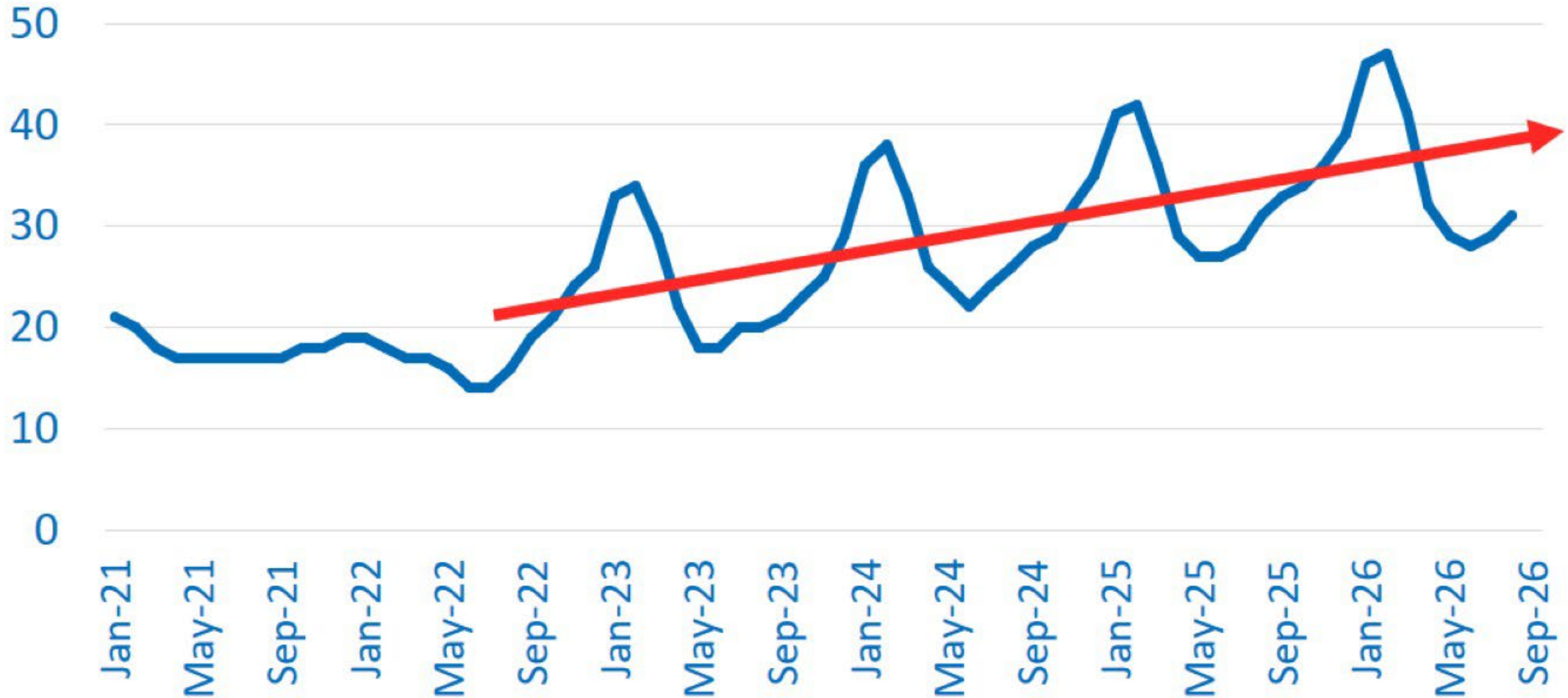
Capital Gains Tax Hit from Sale of Home

	Currently	Scenario 1: 10% price increase	Scenario 2: 20% price increase	Scenario 3: 30% price increase
Number of Married owners — exposed households	5,483,701	7,758,417	10,094,551	12,829,215
Number of Single owners — exposed households	7,616,519	9,714,104	12,053,334	14,328,637
Number of All Homeowners exposed	**13,100,220**	**17,472,521**	**22,147,885**	**27,157,852**

Source: NAR Research

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Median Days on Market
(31 Days from List to Contract in August)



Source: NAR

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Days-on-Market and Price Cuts
(As of 9-9-2026)

Days-on-Market	Active	Pending	Sold since 8/1/2026
	Avg % Cut	Avg % Cut	Avg % Cut
0 to 7	4.6%	6.2%	4.4%
8 to 14	4.2%	5.5%	4.6%
15 to 21	4.1%	5.1%	5.1%
22 to 30	4.3%	5.0%	5.7%
31 to 60	4.9%	5.7%	6.6%
61 to 90	5.9%	6.9%	8.3%
91 to 120	6.9%	8.1%	9.6%
120+	9.1%	10.7%	12.3%

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31 to 60	4.9%	5.7%	6.6%
61 to 90	5.9%	6.9%	8.3%
91 to 120	6.9%	8.1%	9.6%
120+	9.1%	10.7%	12.3%

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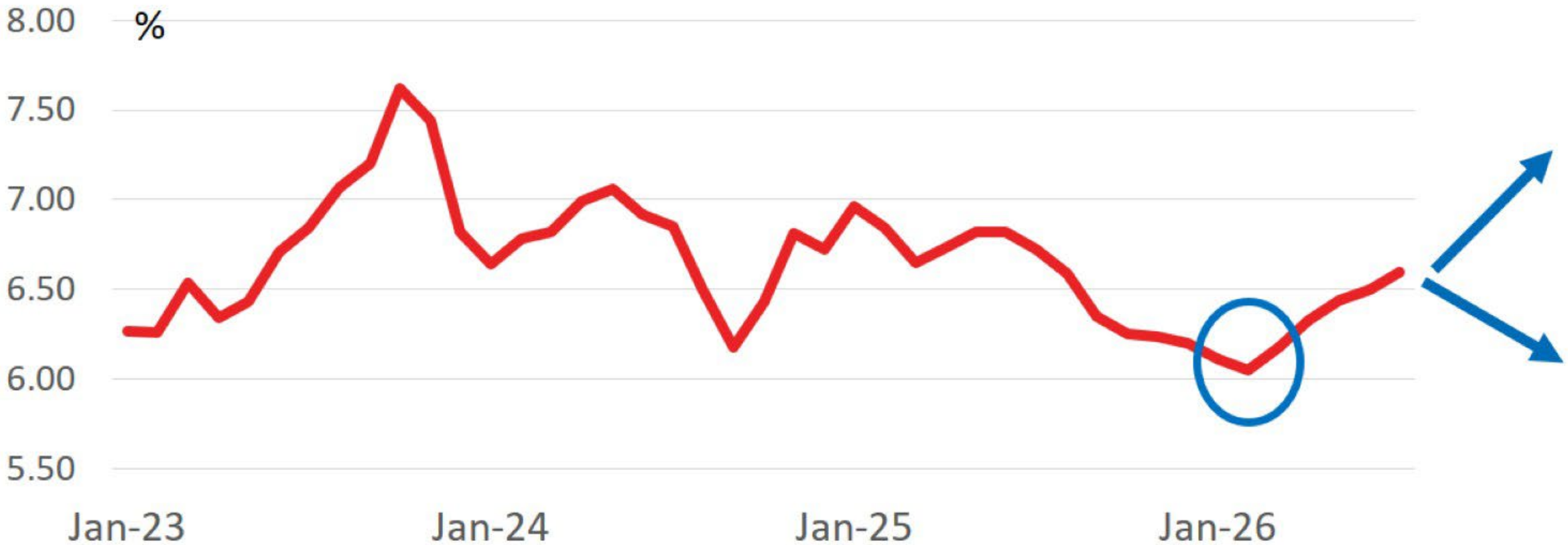
Economy and What to Expect

1. Uncertain Mortgage Rates
2. K-Shaped Economy
3. Soft Job Additions
4. Local Market Variations
5. Commercial Real Estate

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Mortgage Rate Outlook?

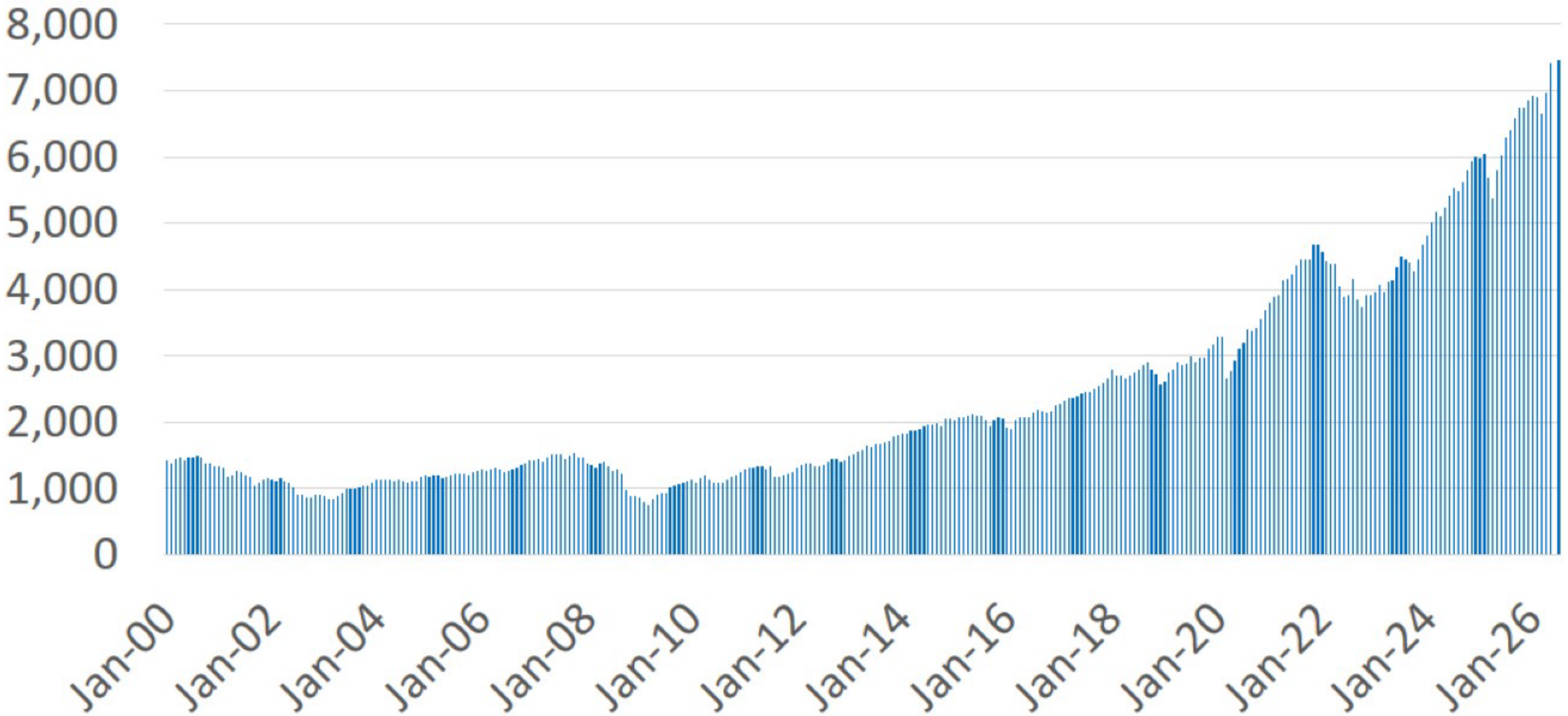
… lowest in 4 years back before the oil price shock



Source: Feddie Mac

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Stock Market Boom … S&P 500 Index

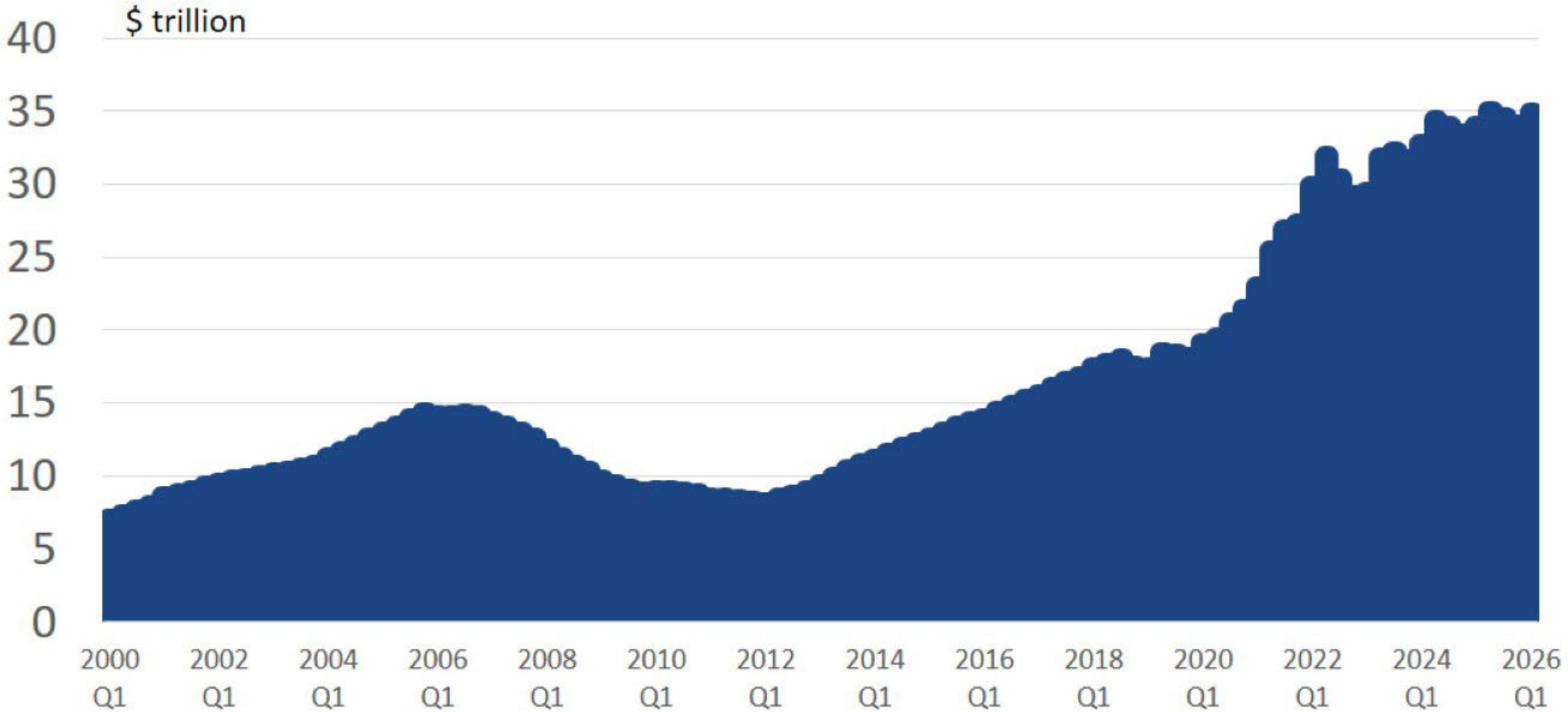


Source: Standard & Poor's

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Households' Real Estate Net Worth at $35 trillion

(Valuation minus Mortgage Debt)



Source: Federal Reserve

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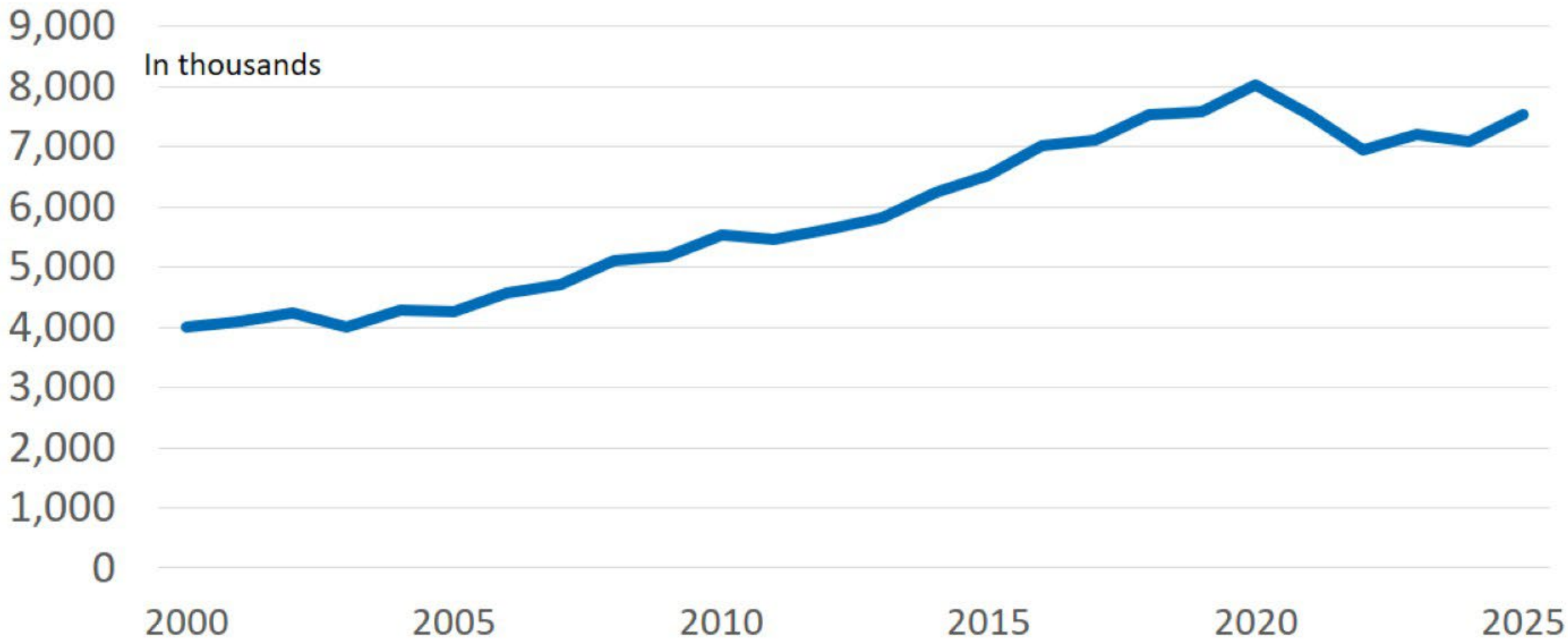
Consumer Sentiment: K-Shaped Economy (Overall Index)



Source: University of Michigan

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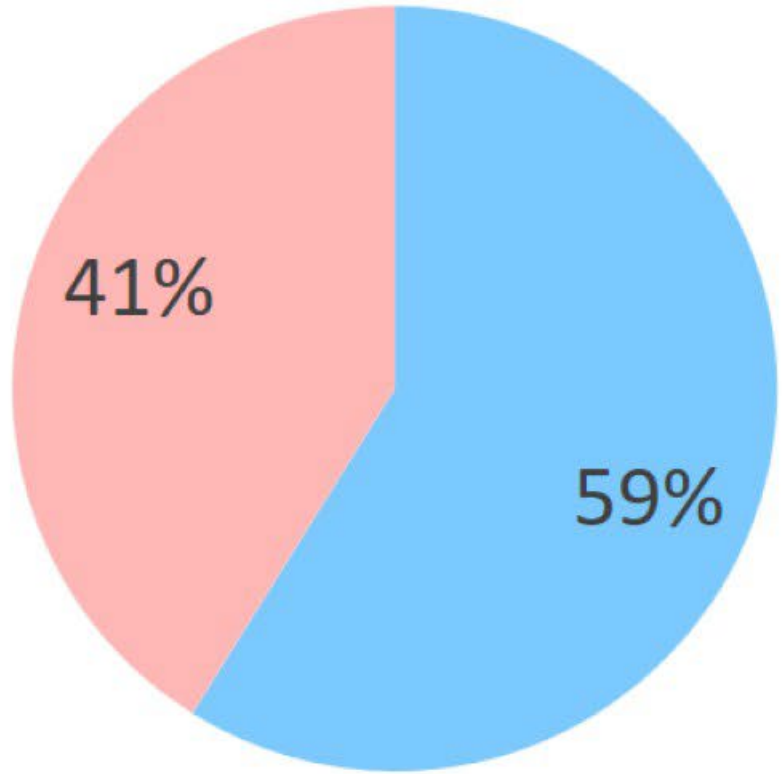
Young Adults Living at Home (age 25-34)



Source: Census

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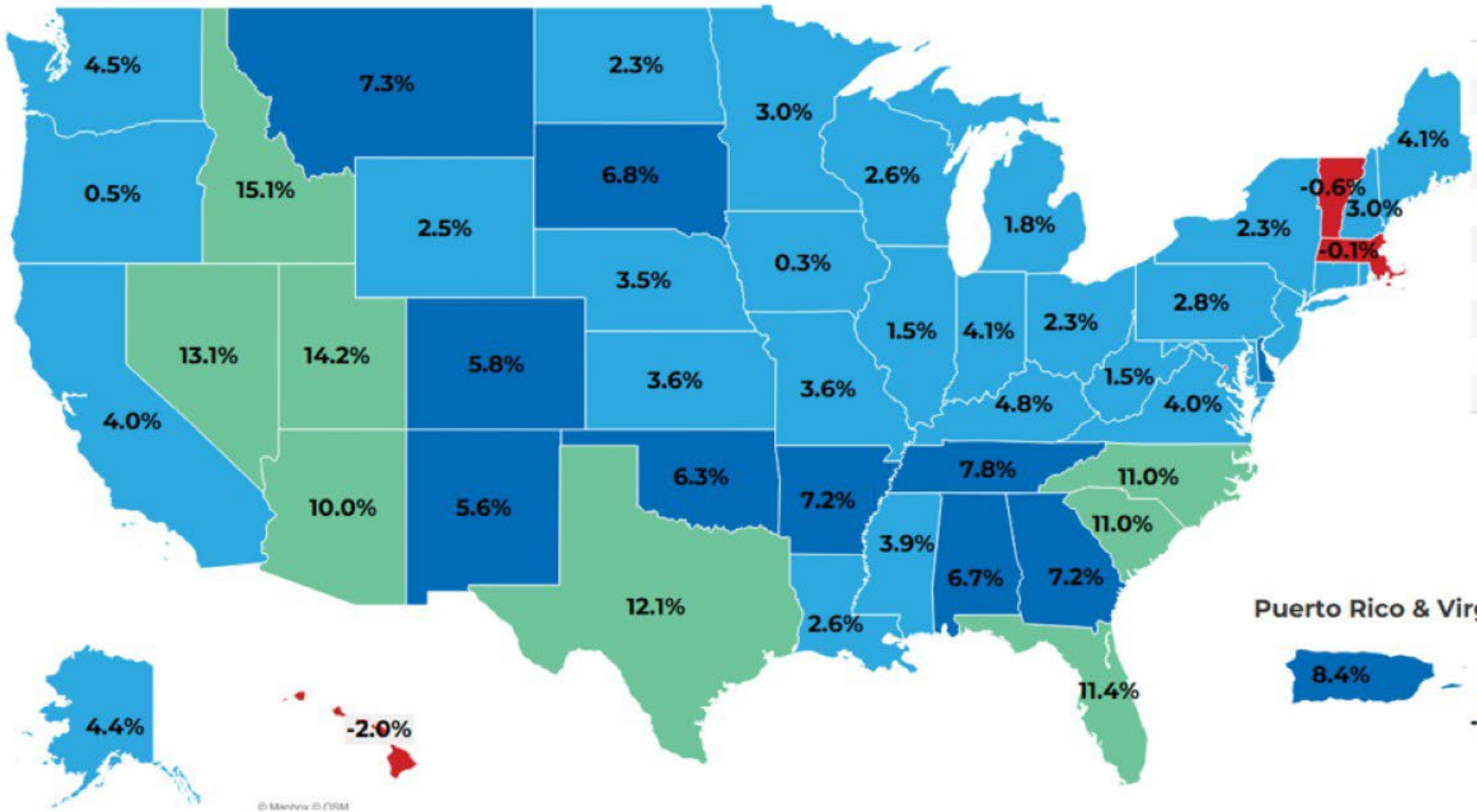
Mostly Young Adults Males Living at Home (age 25-34)



Source: Census

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Job Gains Since Pre-COVID
(% change from March 2020 to August 2026)



CT	2.8%
DC	-10.1%
DE	7.0%
IL	1.5%
MA	-0.1%
MD	1.3%
NE	3.5%
NH	3.0%
NJ	3.9%
RI	2.5%

Source: NAR Analysis of BLS data

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Payroll Jobs in Oakland-Fremont-Berkeley (including Contra Costa County) +36% from 1990



Source: BLS

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Payroll Jobs in SF-San Mateo-Redwood City
+32% from 1990



Source: BLS

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Payroll Jobs in San Jose-Sunnyvale-Santa Clara
+43% from 1990

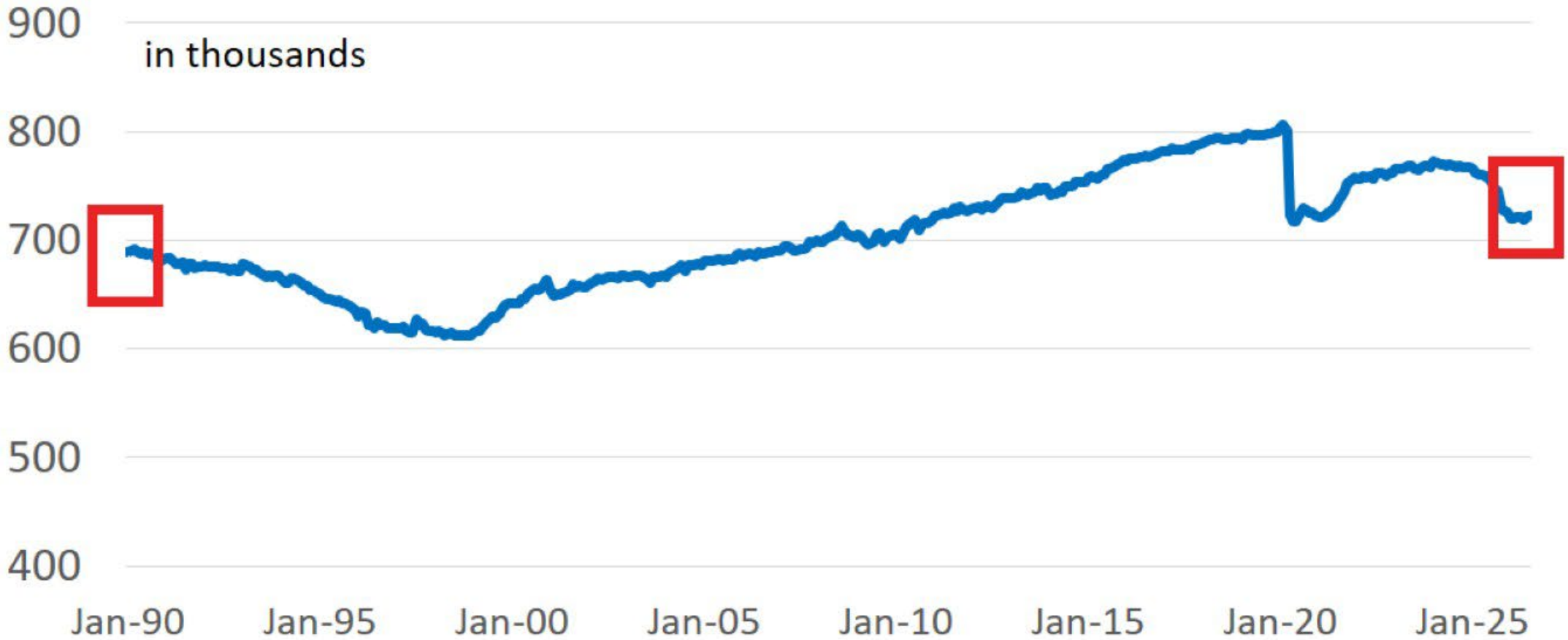


Source: BLS

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Payroll Jobs in Washington DC City

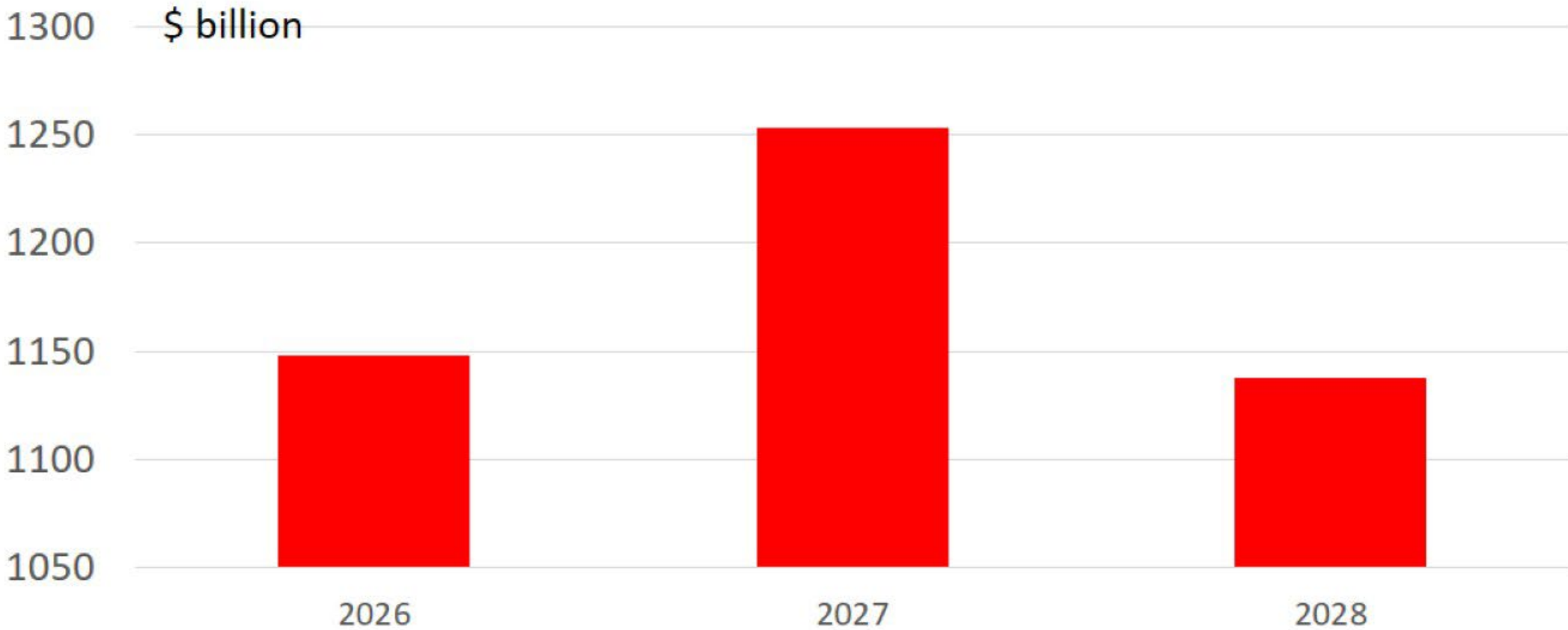
Same as in 1990



Source: BLS

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CRE Loan Requiring Refinancing …
At Higher Interest Rate and Lower Collateral Value



Source: S&P Global

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Where commercial real estate demand is the highest, according to new data

PUBLISHED THU, AUG 20 2026•8:15 AM EDT | UPDATED THU, AUG 20 2026•10:21 AM EDT

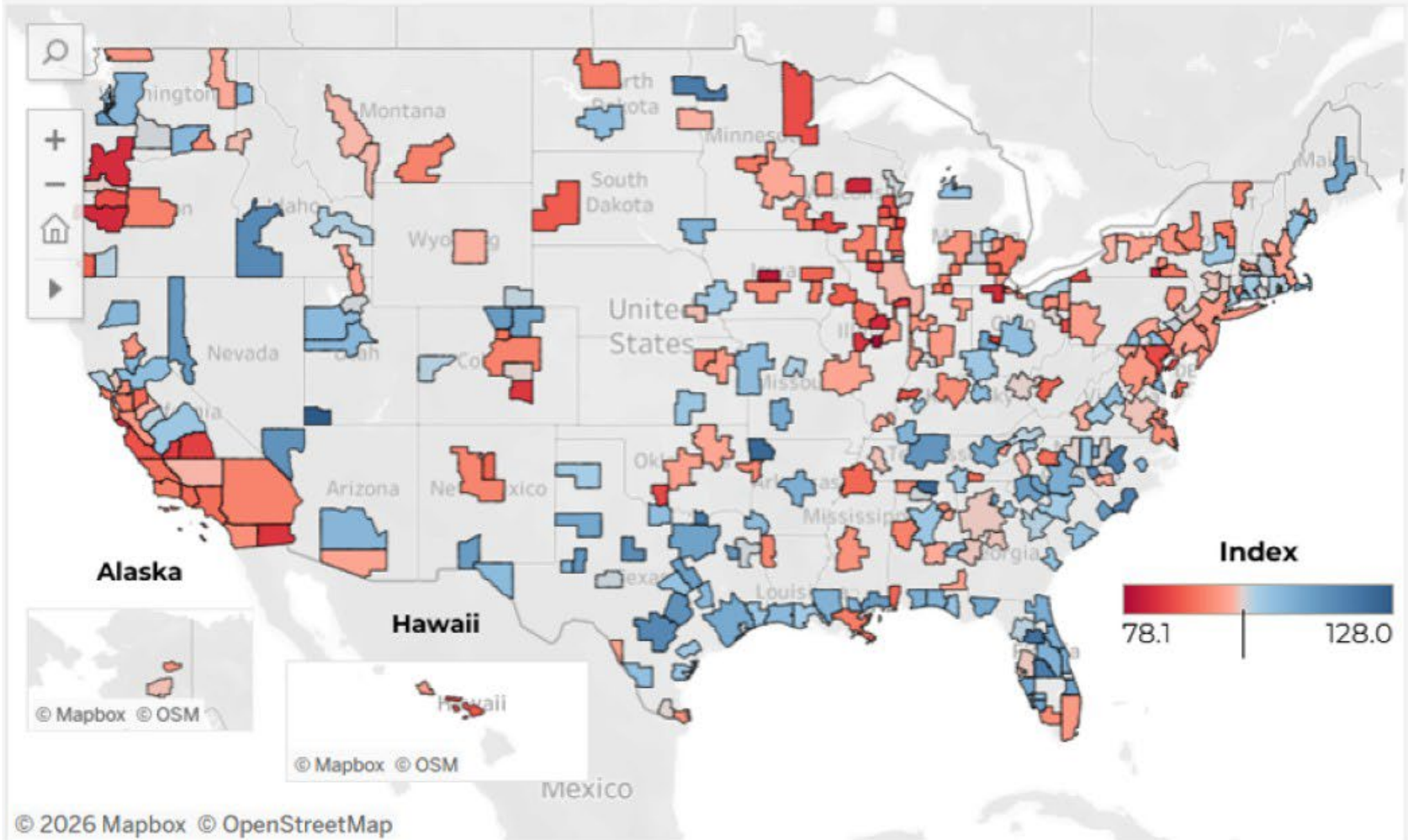


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@DIANAOLICK

SHARE

CRE DEMAND INDEX-Q2 2026

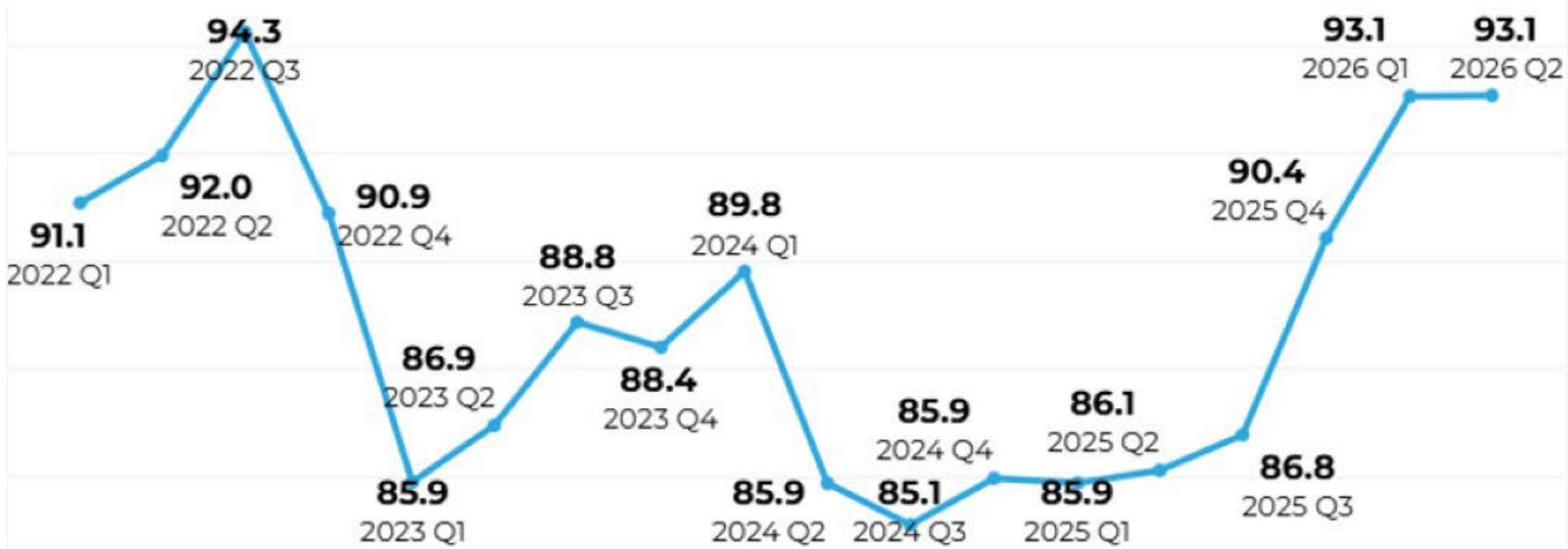
Click on a metro area



San Francisco-Oakland-Fremont, CA
Including Contra Costa County

Index	1-year change	Rank	Strongest Driver
93.1	**7.0**	**245**	**Retail**
100=average metro	vs Q2 2025		

Index since 2022



Residential Market Forecast – 2027 ?

	2025	2026
Existing-Home Sales	+0%	+0% ?
New Home Sales	-2%	-5%
Median Home Price	+3%	+2%
Mortgage Rate	6.7%	7.0%
Job Gains	0.2 million	0.4 million
Unemployment Rate	4.3%	4.3%

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Mortgage Rates Drop in 2027 or 2028 ! ?

1. AI Boom Craze boost Worker Productivity …
   Lowers inflation pressure … Lower Interest Rates

2. AI Boom Craze turns out to be a Bubble …
   Stock Market Crash … Lower Interest Rates

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We Want YOUR Feedback

- Email us questions for Ask the Economist videos
- Suggestions for new research
- Questions NAR Research should tackle

- We want to hear from you!