

## Housing Forecast: August 2012

|  | 2011   |        |        |        | 2012   |        |        |        | 2013   |        |        |        | 2011   | 2012   | 2013   |  |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--|
|  | 11.1   | 11.2   | 11.3   | 11.4   | 12.1   | 12.2   | 12.3   | 12.4   | 13.1   | 13.2   | 13.3   | 13.4   |        |        |        |  |
| <b>Housing Starts and Sales (SAAR, Thous. Units)</b>                     |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |  |
| Housing Starts   | 583    | 573    | 614    | 678    | 715    | 739    | 755    | 780    | 810    | 842    | 910    | 990    | 609    | 747    | 888    |  |
| Single-Family (1 Unit)   | 418    | 422    | 424    | 473    | 487    | 519    | 525    | 535    | 550    | 572    | 625    | 695    | 431    | 517    | 611    |  |
| <i>Percent Change: Year-over-Year</i>                                    |        |        |        |        |        |        |        |        |        |        |        |        | -8.6%  | 20.0%  | 18.2%  |  |
| Multifamily (2+ Units)   | 165    | 151    | 190    | 205    | 227    | 220    | 230    | 245    | 260    | 270    | 285    | 295    | 178    | 231    | 278    |  |
| New Single-Family Home Sales   | 294    | 308    | 298    | 327    | 352    | 363    | 365    | 380    | 392    | 406    | 442    | 492    | 306    | 365    | 433    |  |
| <i>Percent Change: Year-over-Year</i>                                    |        |        |        |        |        |        |        |        |        |        |        |        | -5.3%  | 19.3%  | 18.7%  |  |
| Total Existing Home Sales (Single-Family, Condos and Co-Ops)             | 4,340  | 4,177  | 4,247  | 4,367  | 4,567  | 4,537  | 4,575  | 4,687  | 4,698  | 4,702  | 4,717  | 4,754  | 4,260  | 4,591  | 4,718  |  |
| <i>Percent Change: Year-over-Year</i>                                    |        |        |        |        |        |        |        |        |        |        |        |        | 1.7%   | 7.8%   | 2.8%   |  |
| Total Home Sales (New + Existing)  | 4,634  | 4,485  | 4,545  | 4,694  | 4,919  | 4,900  | 4,940  | 5,067  | 5,091  | 5,109  | 5,160  | 5,246  | 4,566  | 4,957  | 5,151  |  |
| <i>Percent Change: Year-over-Year</i>                                    |        |        |        |        |        |        |        |        |        |        |        |        | 1.2%   | 8.6%   | 3.9%   |  |
| <b>Home Prices (NSA, Thous. \$)</b>                                      |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |  |
| Median New   | 227    | 229    | 222    | 219    | 234    | 235    | 224    | 223    | 237    | 234    | 224    | 224    | 227    | 229    | 230    |  |
| Median Total Existing  | 158    | 169    | 169    | 162    | 158    | 181    | 170    | 165    | 161    | 180    | 171    | 166    | 166    | 169    | 169    |  |
| FHFA Purchase-Only Index (Percent Change: Quarterly YoY, Annual Q4/Q4)   | -5.7%  | -5.8%  | -3.8%  | -2.4%  | 0.8%   | 2.7%   | 0.6%   | 1.1%   | 0.5%   | -0.6%  | 1.0%   | 1.0%   | -2.4%  | 1.1%   | 1.0%   |  |
| <b>Mortgage Rates (Percent)</b>  |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |  |
| 30-Year Fixed Rate Mortgage  | 4.8    | 4.7    | 4.3    | 4.0    | 3.9    | 3.8    | 3.6    | 3.6    | 3.6    | 3.6    | 3.7    | 3.8    | 4.5    | 3.7    | 3.7    |  |
| 1-Year Adjustable Rate Mortgage  | 3.3    | 3.1    | 2.9    | 2.9    | 2.8    | 2.8    | 2.7    | 2.7    | 2.7    | 2.7    | 2.7    | 2.7    | 3.0    | 2.7    | 2.7    |  |
| <b>Single-Family Mortgage Originations (NSA, Bil. \$, 1-4 Units)</b>     |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |  |
| Mortgage Originations  | 331    | 282    | 338    | 411    | 383    | 451    | 364    | 322    | 306    | 340    | 299    | 267    | 1,362  | 1,520  | 1,211  |  |
| Purchase   | 101    | 129    | 127    | 109    | 93     | 144    | 141    | 121    | 108    | 155    | 154    | 133    | 465    | 500    | 550    |  |
| Refinance  | 231    | 153    | 211    | 302    | 290    | 307    | 223    | 200    | 199    | 184    | 145    | 133    | 896    | 1,020  | 661    |  |
| Refinance Share (%)  | 70%    | 54%    | 63%    | 73%    | 76%    | 68%    | 61%    | 62%    | 65%    | 54%    | 48%    | 50%    | 66%    | 67%    | 55%    |  |
| <b>Mortgage Debt Outstanding (NSA, Bil. \$)</b>                          |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |  |
| MDO Single-Family First Lien (1-4 Units)                                 | 9,524  | 9,478  | 9,435  | 9,395  | 9,329  | 9,329  | 9,328  | 9,326  | 9,299  | 9,380  | 9,460  | 9,505  | 9,395  | 9,326  | 9,505  |  |
| <i>Percent Change: Quarterly Annualized Rate, Annual Q4/Q4</i>           | -2.2%  | -1.9%  | -1.8%  | -1.7%  | -2.8%  | 0.0%   | -0.1%  | -0.1%  | -1.1%  | 3.5%   | 3.5%   | 1.9%   | -1.9%  | -0.7%  | 1.9%   |  |
| MDO Total Single-Family (1-4 Units)                                      | 10,450 | 10,382 | 10,324 | 10,268 | 10,179 | 10,168 | 10,156 | 10,143 | 10,108 | 10,189 | 10,271 | 10,313 | 10,268 | 10,143 | 10,313 |  |
| <i>Percent Change: Quarterly Annualized Rate, Annual Q4/Q4</i>           | -2.9%  | -2.6%  | -2.2%  | -2.1%  | -3.4%  | -0.4%  | -0.5%  | -0.5%  | -1.4%  | 3.3%   | 3.3%   | 1.6%   | -2.5%  | -1.2%  | 1.7%   |  |
| Adjustable Rate Mortgage Share of Conventional Mortgage Applications (%) | 5%     | 6%     | 7%     | 6%     | 6%     | 6%     | 6%     | 6%     | 7%     | 7%     | 8%     | 8%     | 6%     | 6%     | 7%     |  |

August 10, 2012

Note: Interest rate forecasts are based on rates from July 31, 2012.

Note: All mortgage originations data are Fannie Mae estimates as there is no universal source for market-wide originations data.

Note: Unshaded areas denote actuals. Shaded areas denote forecasts.

Sources: Actuals: Census Bureau, National Association of REALTORS®, Federal Housing Finance Agency, Freddie Mac, Federal Reserve Board. Forecasts: Fannie Mae Economic & Strategic Research

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