Lenders’ Profit Margin Pessimism Continues for Eighth Straight Quarter

As part of our quarterly Mortgage Lender Sentiment Survey®, our economists surveyed senior executives of lending institutions to assess their views and outlooks across a variety of issues related to the mortgage market. Among their findings: lenders reported a negative profit margin outlook for the eighth consecutive quarter amid further erosion of purchase mortgage demand.

Led by Senior Vice president and Chief Economist Doug Duncan, our Economic & Strategic Research (ESR) Group studies current data, analyzes historical and emerging trends, and conducts surveys of consumer and mortgage lender groups to provide forecasts and analyses on the economy, housing, and mortgage markets.

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Net increase percentage: the percent of lenders saying increase minus the percent of lenders saying decrease. If positive, more lenders than not are optimistic about future profit margins. If negative, more lenders than not are pessimistic about future profit margins.

We also asked lenders to tell us why they were pessimistic about their profit margin outlook. These were the top two reasons.

Purchase mortgage demand falling. Refi demand negative but stable.

The net share of lenders reporting purchase mortgage demand growth over the prior three months, as well as the net share reporting growth expectations for the next three months, reached the lowest readings for any third quarter in the survey’s history. Over the same time period for refinance mortgage demand, readings remained negative but stable.

Hear more from our research team, or read the full findings of our Survey.