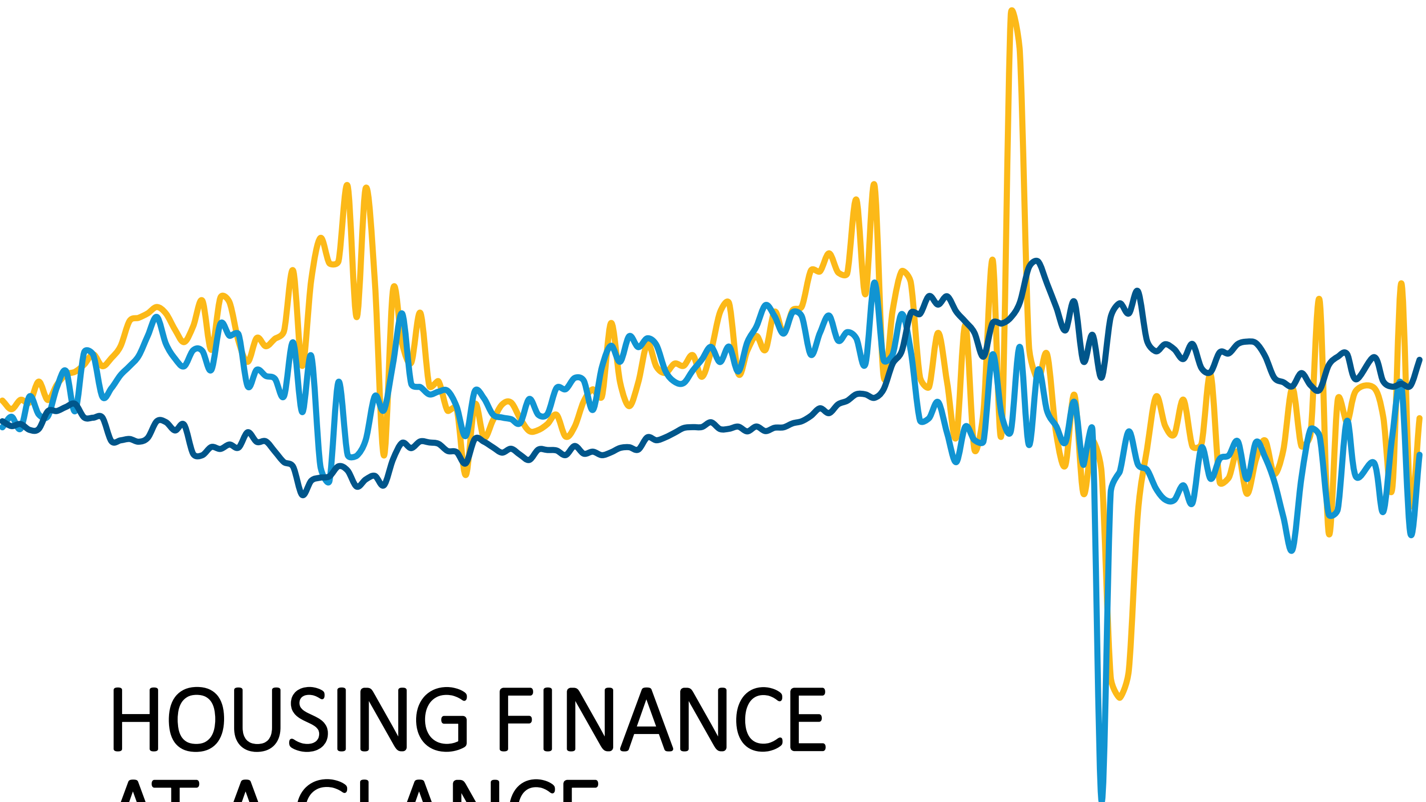
HOUSING FINANCE POLICY CENTER



HOUSING FINANCE AT A GLANCE

A MONTHLY CHARTBOOK

August 2026

URBAN INSTITUTE · ELEVATE · THE · DEBATE

ABOUT THE CHARTBOOK

The Housing Finance Policy Center's (HFPC) mission is to produce analyses and ideas that promote sound public policy, efficient markets, and access to economic opportunity in the area of housing finance. *At A Glance*—a monthly chartbook and data source for policymakers, academics, journalists, and others interested in the government's role in mortgage markets—is at the heart of this mission.

We welcome feedback from our readers on how we can make *At A Glance* a more useful publication. Please email any comments or questions to ataglance@urban.org.

To receive regular updates from the Housing Finance Policy Center, please visit here to sign up for our biweekly newsletter.

ABOUT THE URBAN INSTITUTE

The Urban Institute is a nonprofit research organization that provides data and evidence to help advance upward mobility and equity. We are a trusted source for changemakers who seek to strengthen decisionmaking, create inclusive economic growth, and improve the well-being of families and communities. For more than 50 years, Urban has delivered facts that inspire solutions—and this remains our charge today.

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CONTENTS

Findings from the 2025 Survey of Construction

In this month's Special Feature, shown on pages 39 through 41 of this chartbook, we analyzed trends among single-family construction and new home sales using the 2025 release of U.S. Census Bureau's Survey of New Construction (SOC).

Overall Trends in Single-Family Construction (Page 39): While single-family housing activity has been largely flat in the 2022-2025 period, there was a small drop in 2025 from 2024. Single-family housing starts declined from one million to 943,000 while new home sales, which excludes condominiums and cooperatives, fell from 668,000 to 662,000. However, single-family housing starts have fluctuated narrowly around one million new homes since 2022 while new home sales have ranged from 627,000 to 668,000 over the same period. The median price of a new single-family home was $418,000 in 2025, similar to its level of $420,000 in 2024, and has remained roughly flat since 2022. Compared to the years just prior to the Great Recession, new single-family housing activity is lower while the median single-family house price is higher.

Modular and Panelized Construction (Page 40): New modular and panelized homes have increased over four consecutive years since 2022, but growth has been modest. The number of new modular and panelized homes built remains below its pre-Great Recession levels. Over the period, 2000-2025, new modular and panelized home completions as a share of total single-family completions have fallen by more than half, from 6.4 percent to 3.0 percent. There has been some variation in the new modular and panelized home share around the country. The percentage of new modular and panelized homes completed is higher in the Midwest and the Northeast while lower in the West and the South. The primary benefit of newly built modular and panelized homes is that they come to market faster, as evidenced by a lower average time between permit authorization and home completion compared to site-built homes; price differentials are small.

Financing of New Construction (Page 41): The use of conventional financing to purchase a new single-family home has increased since 2019; now accounting for 72.4 percent of new construction. However, the use of conventional financing varies with the sale price. Among sales of new affordable homes, those where the sale price is less than $300,000, conventional financing accounts for 57.6 percent of sales; it accounts for 73 percent of financing for new homes priced between $300,000 and $600,000, and 86.7 percent of new homes priced above $600,000. Condo sales were more likely to occur using conventional financing than 1- unit structures, while stick-built homes had a greater likelihood of conventional financing compared with modular or panelized homes.

Affordability of New Construction (Page 42): After reaching a low of 7.9 percent in 2022, the share of new homes sold that were priced below $300,000 has increased modestly year-over-year to 16.8 percent in 2025. Over the longer-term, the share of new homes sold that were below $300,000 has experienced a secular decline, falling from 42.6 percent in 2000. The lack of affordable for-sale homes may partly reflect the total value of work, including materials and labor, needed to complete a home. Note that the permit value, which would include all of these costs, is a shrinking share of the overall sale price, suggesting other items, primarily the cost of land are contributing to the lack of affordable for-sale homes. And the challenge of affordability is amplified approximately 80 percent of new single-family homes sold were in homeowners associations (HOAs). This means that homebuyers are also responsible for HOA fees in addition to the principal, interest, taxes and insurance typically required of a homeowner.

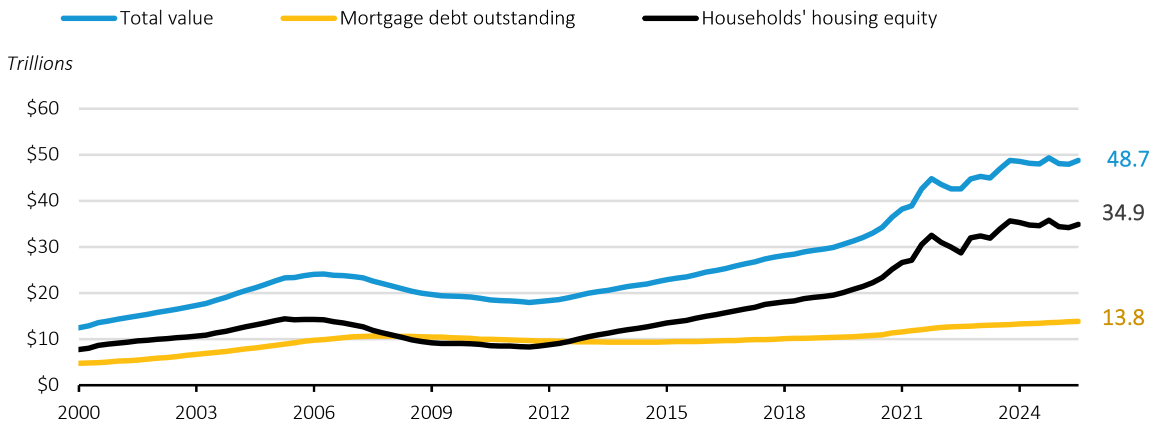
Inside the issue:

- First-lien PLS securitization rose 44 percent year-over-year (Page 8).
- Non-agency share of MBS issuance reached 12.2 percent, its highest level since the Great Recession (Page 14).
- Monthly non-agency securitization reached a 2020s high of $20.8 billion (Page 14).

From Q1 2025 to Q1 2026, the total value of the US single-family housing market owned by households has slightly increased by 1.5 percent. However, its composition has shifted modestly. Over the past four quarters, the aggregate value of housing equity held by households expanded by 1.0 percent while mortgage debt outstanding expanded by 3.0 percent.

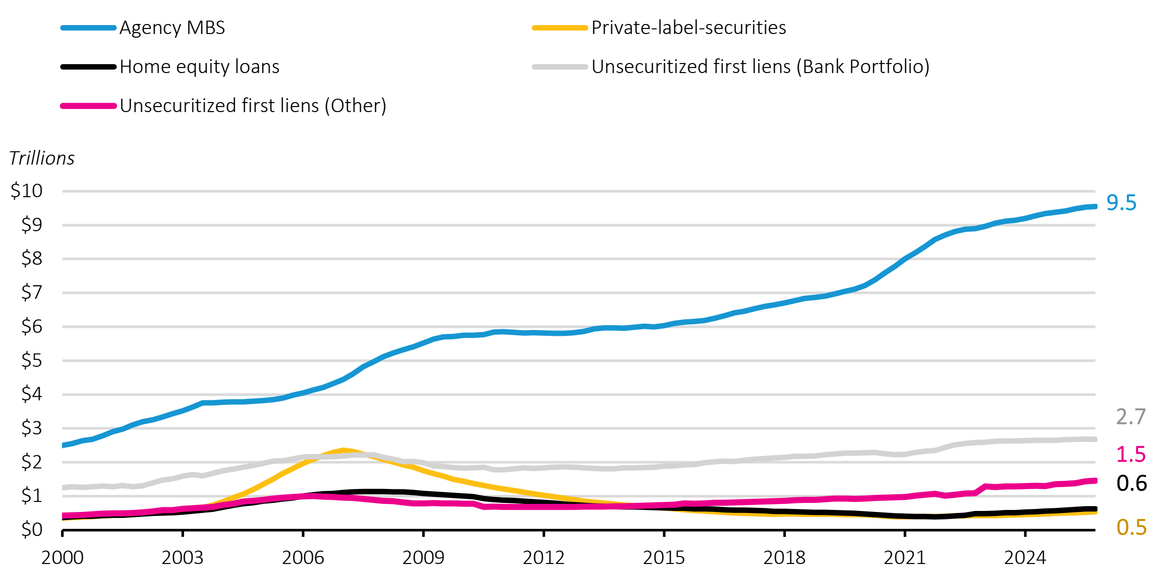
In the first quarter of 2026, agency MBS accounted for 64.3 percent ($9.5 trillion) of total mortgage debt outstanding, while home equity loans made up 4.2 percent ($0.6 trillion) and private-label securities made up 3.7 percent ($0.5 trillion). Unsecuritized first liens, both Bank Portfolio and Other, compose the remaining 27.7 percent ($4.1 trillion), with banks making up 18.0 percent ($2.7 trillion), and other accounting for 9.8 percent ($1.5 trillion). Of Other, nondepositories accounted for 5.5 percent ($0.8 trillion) of the total, and credit unions accounted for 4.3 percent ($0.6 trillion) (not shown).

Value of the US Single-Family Housing Market



Sources: Financial Accounts of the United States, table B.101, and the Urban Institute.
Notes: Data as of Q1 2026. Includes one-to-four-family owner-occupied mortgages. Mortgage debt outstanding in this figure does not match the totals in the figure below, as the this figure does not include investor-owned properties.

Composition of the US Single-Family Mortgage Market



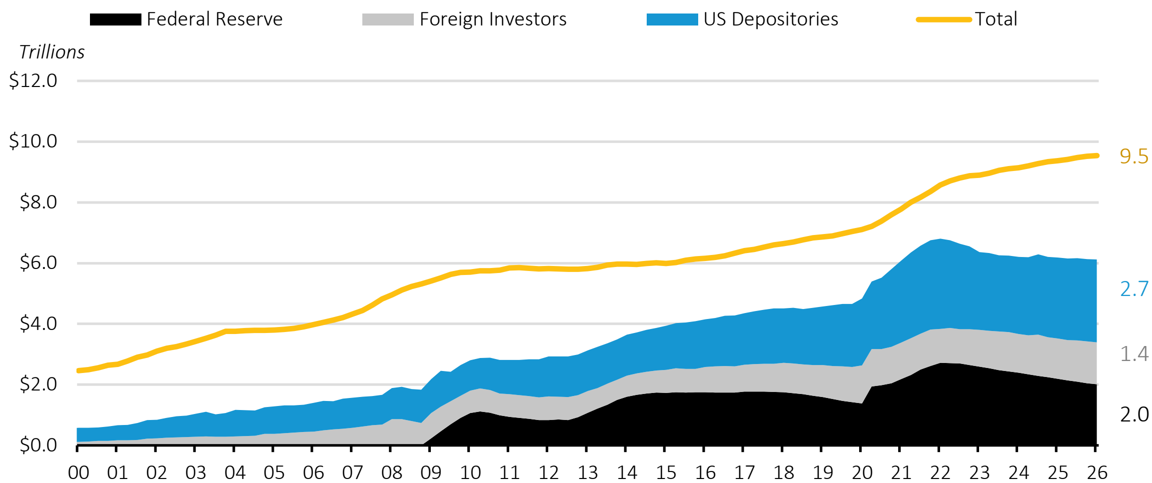
Sources*:* Financial Accounts of the United States and the Urban Institute.
Notes: Data as of Q1 2026. Unsecuritized first liens (Other) consists of mortgages not held on bank balance sheets and credit unions, nonprofits, nonfinancial business, insurance companies, pension funds, finance companies, trusts and federal, state and local government. All categories include investor-owned properties.

OVERVIEW // MARKET SIZE OVERVIEW

In the first quarter of 2026, the three largest holders of the $9.3 trillion in outstanding agency MBS were US depositories ($2.7 trillion), the Federal Reserve ($2.0 trillion), and Foreign Investors ($1.4 trillion). Foreign Investor holdings include sovereign and private holdings. As the Fed has not replaced maturing agency MBS securities with new purchases, the quantity of agency MBS on its balance sheet has shrunk over the past year. From Q1 2025 to Q1 2026, Federal Reserve holdings were down 8.2 percent. US Depository holdings were up 2.3 percent, and Foreign Investor holdings were up 3.7 percent over the past year. The combined amount among all other holders increased by 5.8 percent over the same period and is expected to continue to grow; this growth will be aided by continued Fannie Mae and Freddie Mac purchases of agency MBS, per the directive of the Trump administration.

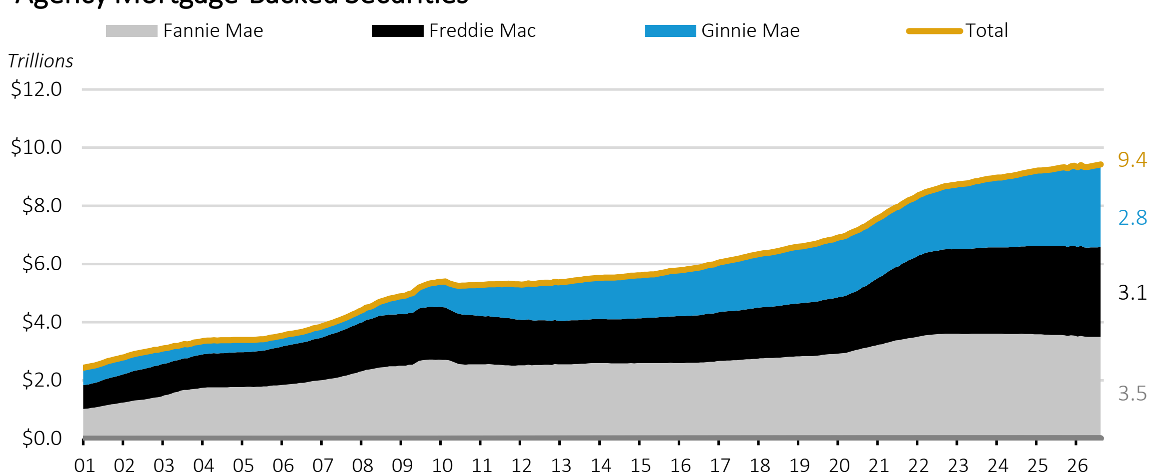
By the end of August 2026, outstanding securities in the agency market totaled over $9.4 trillion according to loan-level data, 37.1 percent ($3.5 trillion) of which belonged to Fannie Mae, 32.7 percent ($3.1 trillion) to Freddie Mac, and 30.2 percent ($2.8 trillion) to Ginnie Mae. Since mid-2022, GSEs MBS outstanding has been largely flat while Ginnie MBS outstanding has been steadily increasing.

Primary Holder of Agency MBS



Sources: Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, Moody's Analytics, eMBS and Urban Institute calculations.
Note: Data as of Q1 2026. Federal reserve, depository and total holdings shown at face value and holding by foreign investors at market value. As of Q3 2025, we have replaced the depositories series with just commercial banks due to a change in data reporting from the Federal Reserve. 2.5 percent of foreign MBS holdings is agency debentures. Holders not shown include households; nonfinancial business; federal, state, and local governments; insurance companies; pension and retirement funds; money market and mutual funds; real estate investment trusts; asset-backed security issuers; brokers; and holding companies.

Agency Mortgage-Backed Securities



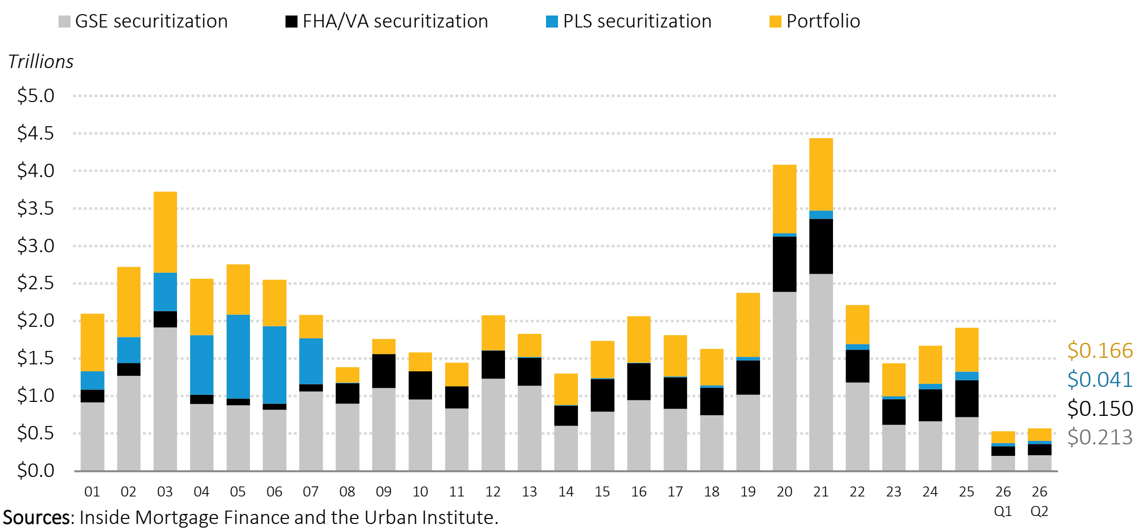
Sources: eMBS and the Urban Institute.
Note: Data as of August 2026. Total agency MBS in the top and bottom charts differ as the top is quarterly and the bottom is monthly. Values may not add up to total due to rounding.

OVERVIEW // ORIGINATION VOLUME AND COMPOSITION

Total mortgage origination volume in Q2 2026 was approximately $570 billion, 15 percent higher than in Q2 2025. Among all channels, growth in the volume of PLS securitizations was greatest, although total PLS securitization volume is also the smallest channel. First-lien PLS securitization volume in Q2 2026 was $41 billion, 44 percent greater than Q2 2025. FHA/VA securitization volume was $150 billion, 20 percent higher than a year ago, and the volume of GSE securities originated in Q2 2026 was $213 billion, 24 percent higher than in Q2 2025. Portfolio volume was $166 billion in Q2 2026, down 2.9 percent from Q2 2025.

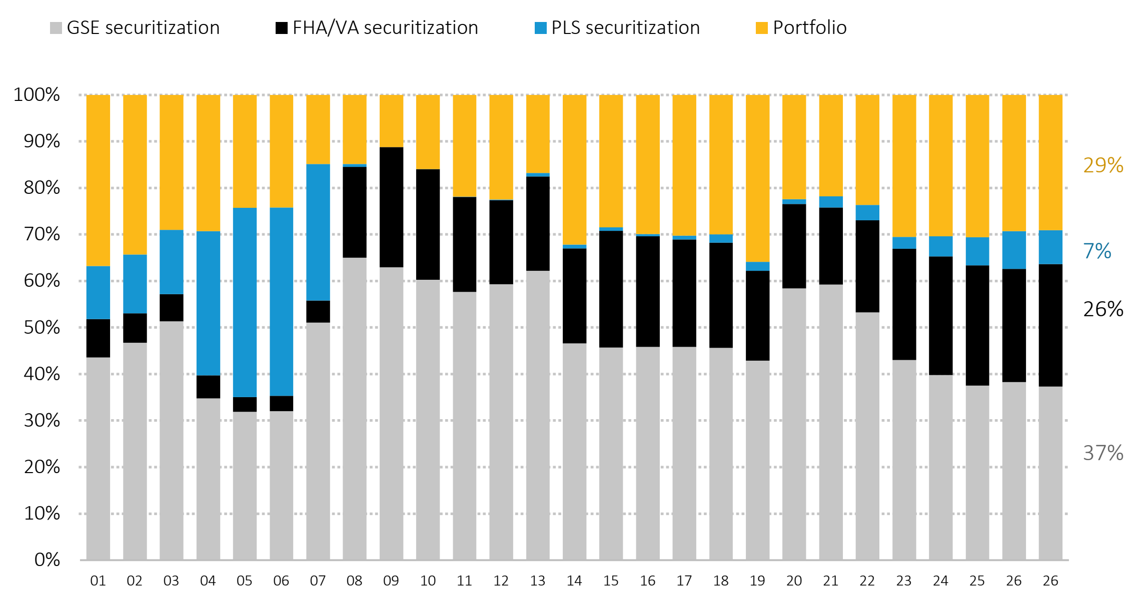
Due to both its growth rate and volume, the GSE share of all securitized originations rose by four percentage points to 37 percent in Q2 2026. The share of originations secured by PLS increased by two percentage points to seven percent and the FHA/VA share also increased one percentage point from 25 percent in Q2 2025 to 26 percent in Q2 2026. In contrast, the Portfolio share decreased by five percentage points to 29 percent.

Volume of Securitized First-Lien Originations



Sources: Inside Mortgage Finance and the Urban Institute.
Note: Data as of Q2 2026.

Composition of Securitized First-Lien Originations



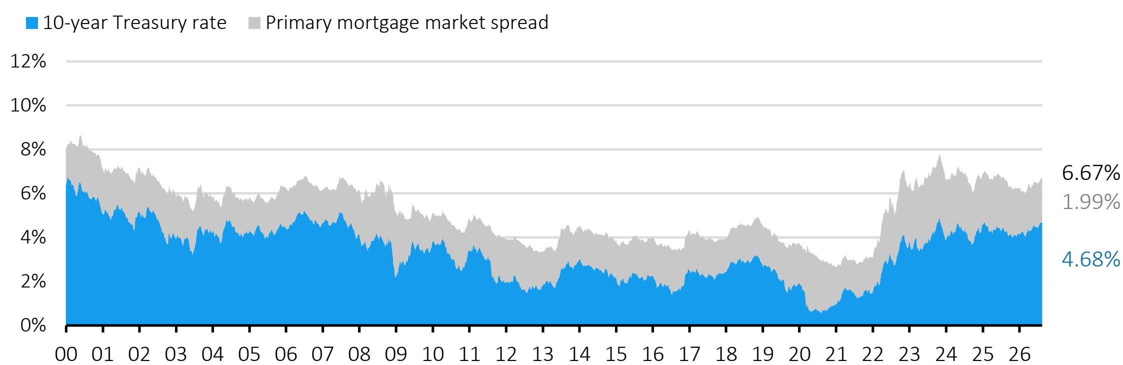
Sources: Inside Mortgage Finance and Urban Institute.
Note: Data as of Q2 2026.

While 30-year fixed rate mortgages have a shorter duration than the 10-year Treasury Note, analysts typically decouple mortgage rates into the 10-year Treasury rate and the residual between the 30-year mortgage rate and 10-year Treasury Note rate, the primary mortgage market spread. From the end of May 2025 to February 2026, the 30-year fixed rate mortgage fell by 91 basis points from 6.89 to 5.98, with the 10-year Treasury rate declining by 42 basis points and the primary mortgage market spread narrowing by 49 basis points. Since then mortgage rates have jumped, from a low of 5.98 percent in February 2026 to 6.67 percent as of August 2026. Continued geopolitical tensions between the US and Iran, and skepticism about the Fed's commitment to price stability may be putting upward pressure on mortgage rates. And these dynamics may be amplified by fresh concerns over the US fiscal position. Over this period, the 10-year Treasury Note increased from 4.02 percent in February 2026 to 4.68 percent as of August 2026. At the same time, the primary mortgage market spread has increased from 1.96 to 1.99 percent, likely due to greater volatility. However, recent market intervention by the US Treasury Department has helped to stem rate increases, at least temporarily.

While mortgage rates remain elevated, the adjustable-rate mortgage share of applications largely remains within its historical range of 5-to-10 percent of total applications, with more volatility since 2022 and periodic spikes above and below this range.

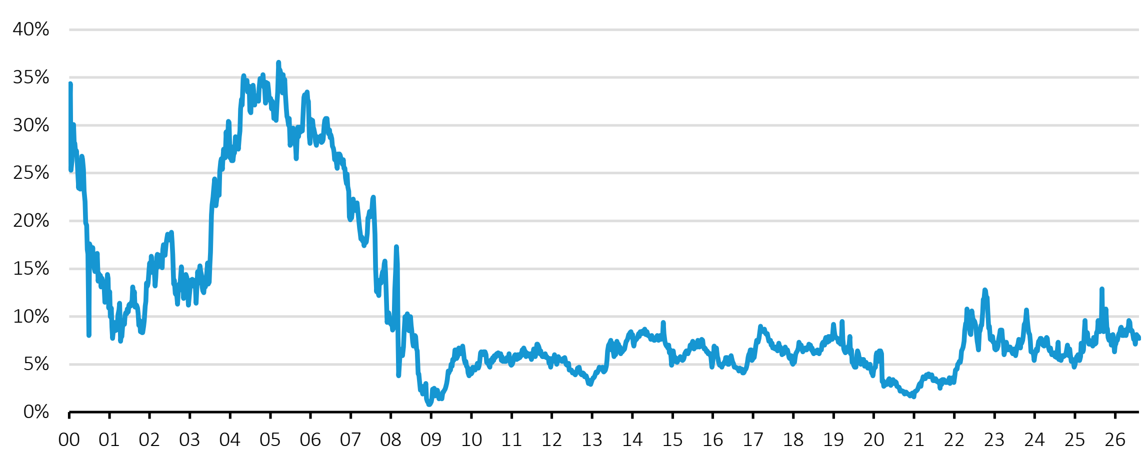
30-Year Fixed Mortgage Commitment Rate

By 10-year Treasury and primary mortgage market spread



Source: Board of Governors of the Federal Reserve System and the Freddie Mac Primary Mortgage Market Survey and the Urban Institute.
Notes: Data as of August 20, 2026. The primary mortgage market spread is the difference between the 30-year fixed mortgage rate and the 10-year Treasury note rate.

Adjustable-Rate Mortgage Share of Applications

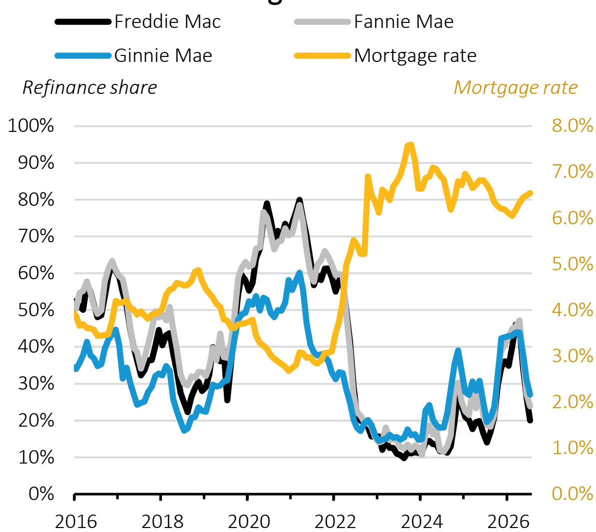


Source: Mortgage Bankers Association Weekly Mortgage Applications Survey.
Notes: Includes purchase and refinance applications. Data updated through August 2026.

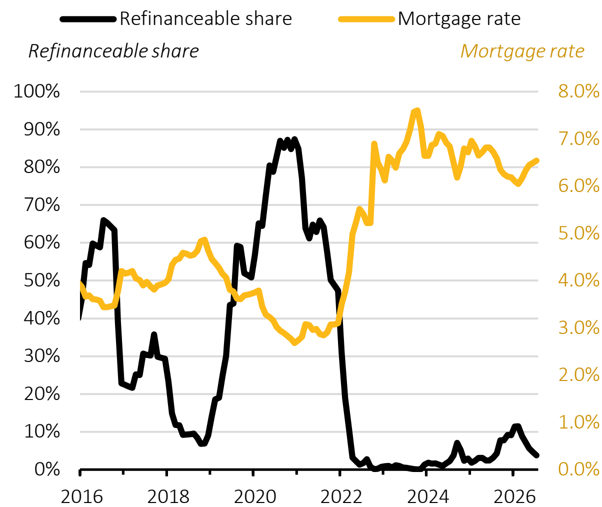
OVERVIEW // REFINANCEABLE MORTGAGES

Mortgage rates have risen to 6.5 percent in July 2026, and the percent of outstanding agency mortgages that are considered refinanceable (have a contract rate at least 50 basis points lower than the prevailing 30-year fixed-rate mortgage) has declined to 3.8 percent from 11.5 percent in February 2026, while refinancings as a share of new originations has declined across all agency channels. Amid higher rates, few agency borrowers are “in-the-money”, as 80.5 percent of outstanding agency borrowers have a rate 6.0 percent or lower.

Refinance Percentage at Issuance

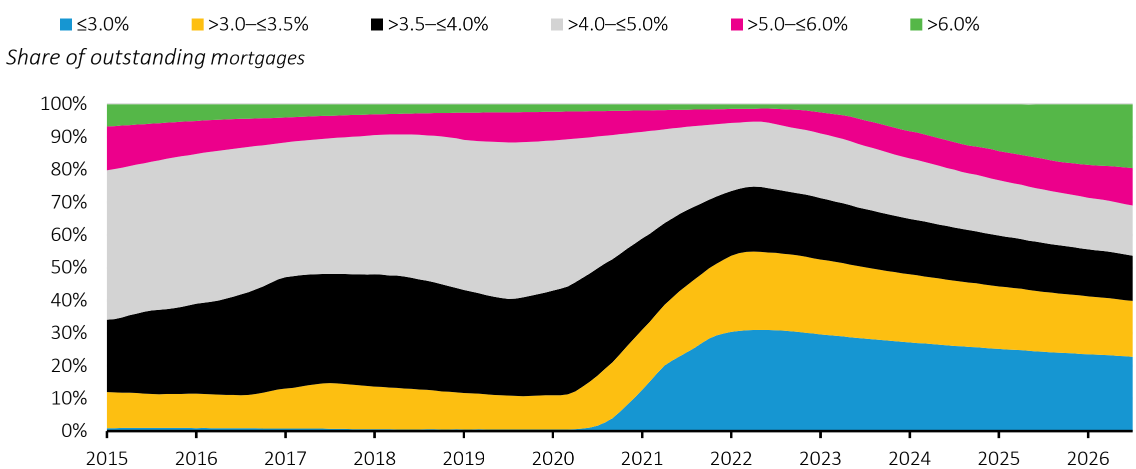


Refinanceable Share of Mortgages



Sources: eMBS, Freddie Mac, and Urban Institute calculations.
Notes: Data as of July 2026. Loans are counted as refinanceable if the note rate is at least 50 basis points over the mortgage rate reported by Freddie Mac’s Primary Mortgage Market Survey.

Outstanding Agency Mortgage Volume, by Interest Rate

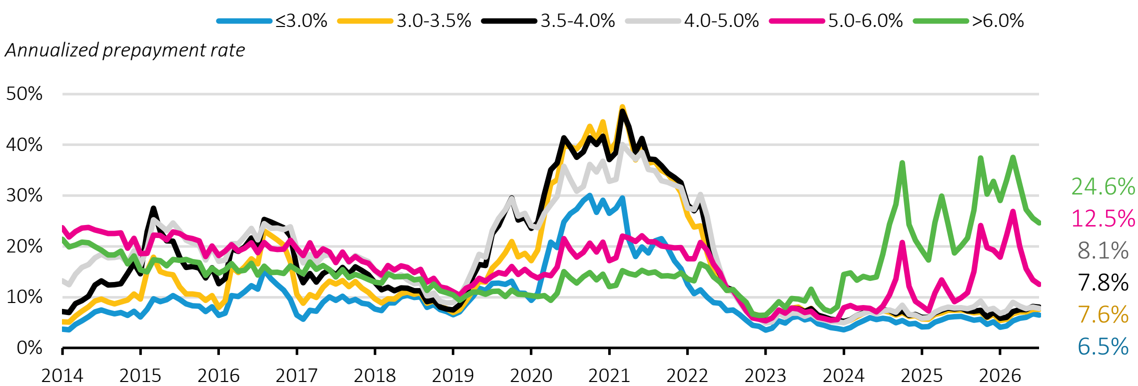


Sources: eMBS, Freddie Mac, and Urban Institute calculations.
Note: Data as of July 2026.

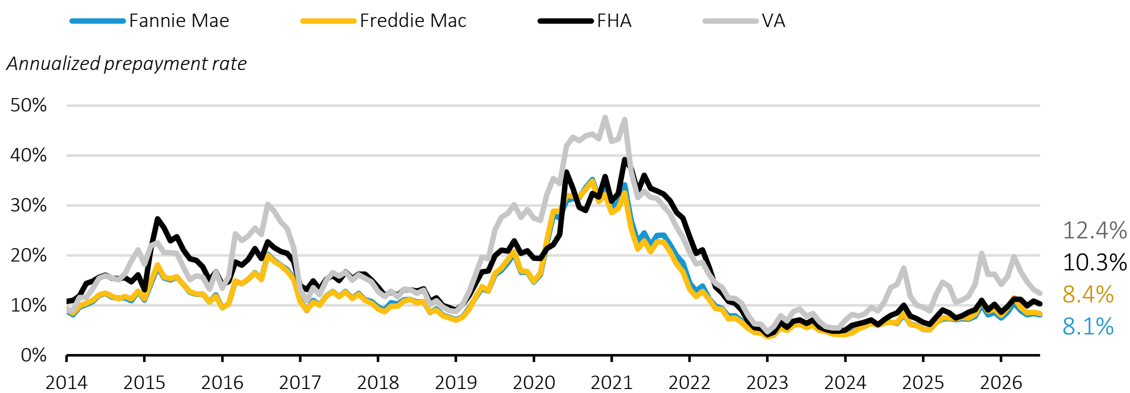
OVERVIEW // PREPAYMENT SPEEDS

Prepayment speeds measure the rate at which borrowers make unscheduled mortgage principal payments; this is in excess of the scheduled amortization. This is largely due to mortgage refinancing. It is also important to note that prepayment speeds can vary. They are higher for loans originated since 2022, loans with a mortgage rate exceeding 5.0 percent and VA loans compared to loans with other characteristics. In addition, prepayment speeds for loans with these characteristics have been more volatile than historical norms, as borrowers have been quicker to react to changes in rates. Currently, speeds on these loans are slowing significantly amid the sharp increase in mortgage rates.

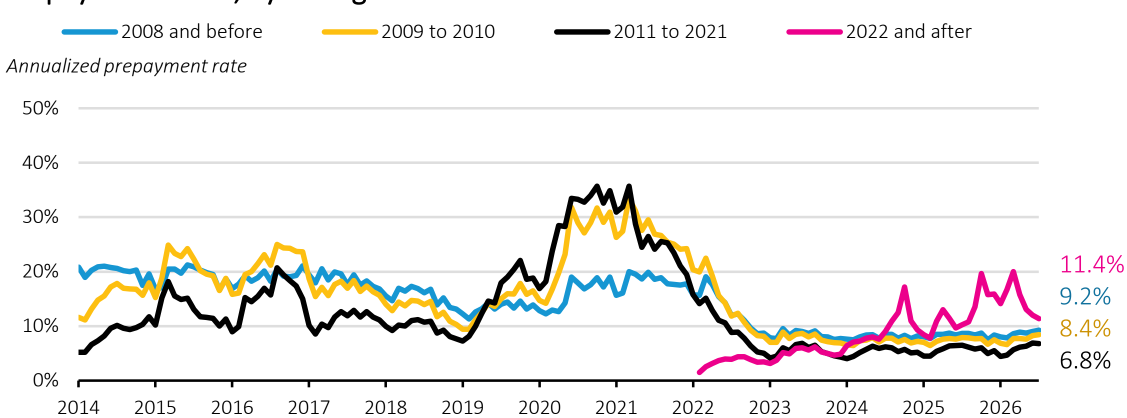
Prepayment Rates, by Note Rate



Prepayment Rates, by Agency



Prepayment Rates, by Vintage

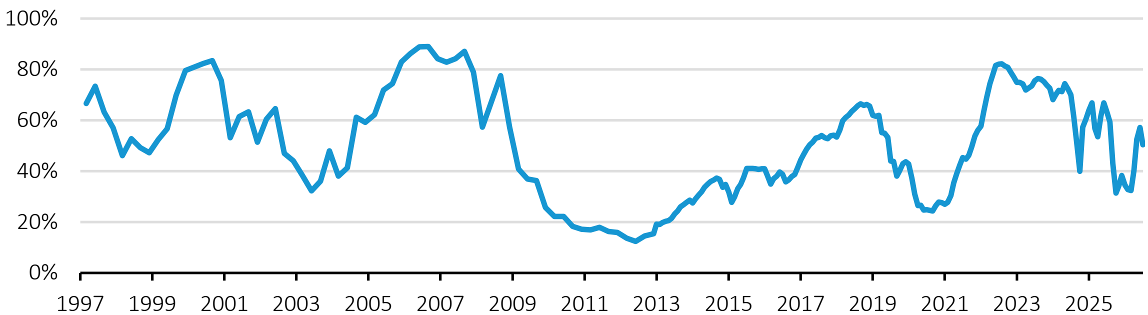


Source: Recursion Co. data as of June 2026.
Note: Prepayment rates calculated by loan count out of outstanding mortgage volume.

OVERVIEW // CASH-OUT REFINANCES

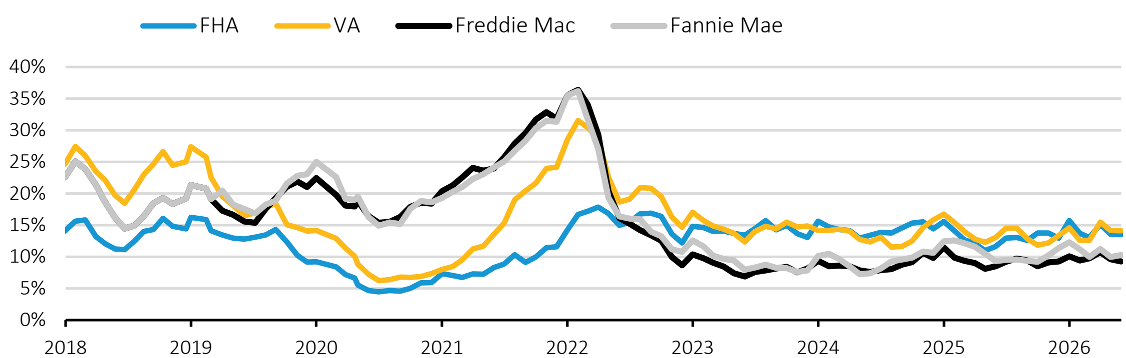
Homeowners can refinance to reduce their payment through a lower rate or shorten their loan term and finish paying off the principal balance faster. But homeowners can also refinance with a goal of extracting equity from their home. Typically, when rates are high, the primary reason to refinance is to take out equity. The drop in mortgage rates between 2023 and 2026 corresponds with a relative decline in the cash-out share of conventional refinances. But the cash-out share jumped in recent months amid the spike in rates. Looking at cash-out refinances as a share of all mortgages, we find the cash-out share remains low across the GSEs and VA, but the FHA cash-out refinance share remains elevated compared to its history. In spite of these differences in the relative share of cash-out loans, the volume of cash-out refinances remains low across all channels.

Cash-Out Share of Conventional Refinances

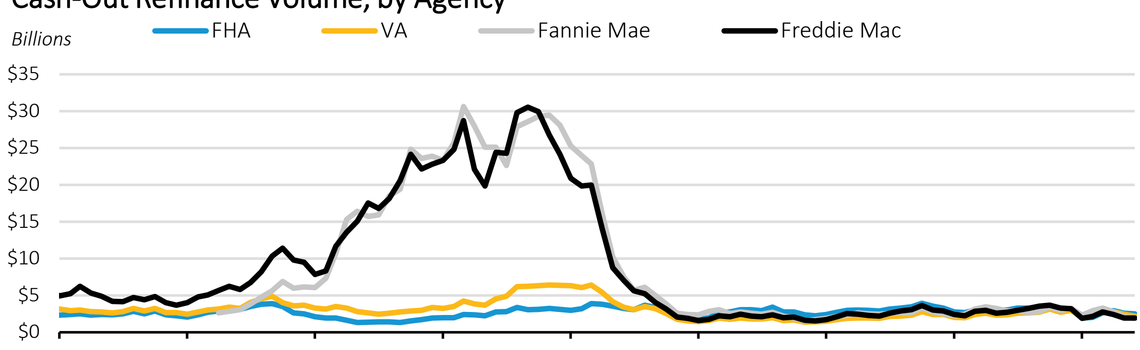


Sources: Freddie Mac, eMBS and Urban Institute.
Note: The cash-out share for the conventional market is calculated using Freddie Mac's quarterly refinance statistics from 1995 to 2013. Post 2013 it is calculated monthly using eMBS. Data as of July 2026.

Cash-Out Refinance Share of All Originations



Cash-Out Refinance Volume, by Agency

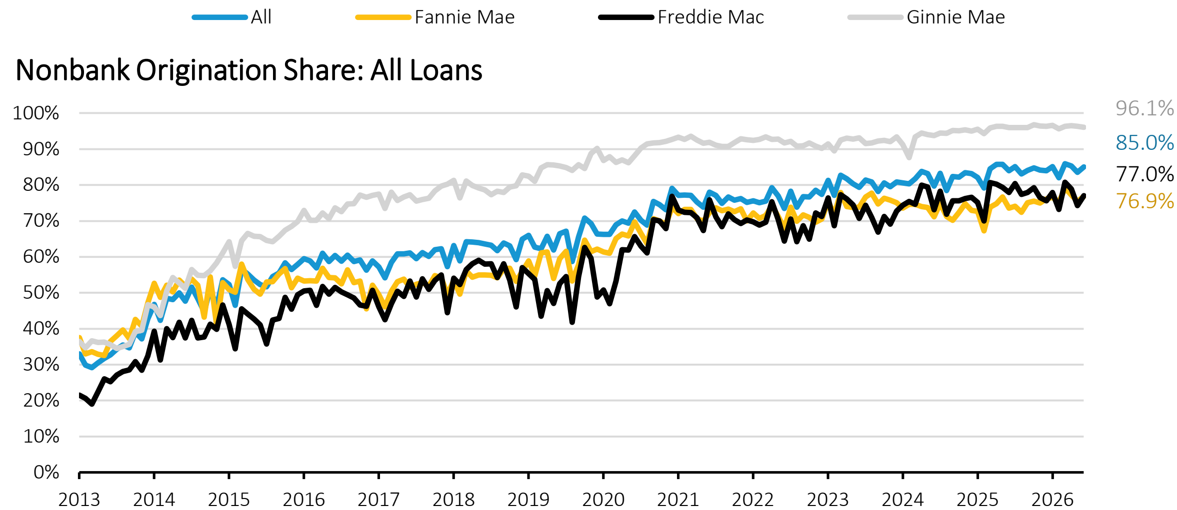


Sources: eMBS and the Urban Institute.
Note: Data as of June 2026. Fannie Mae started reporting cash-out volume in 2018.

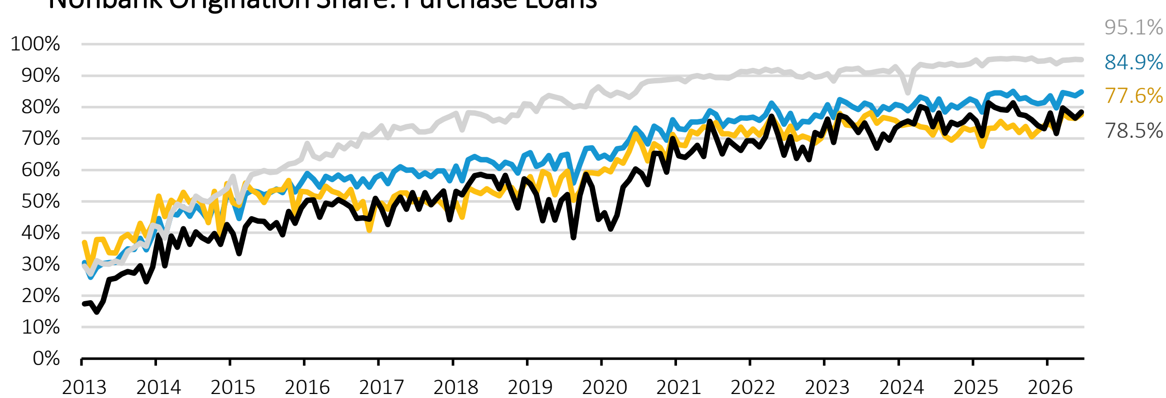
OVERVIEW // AGENCY NONBANK ORIGINATION SHARE

Most agency refinances, like agency purchase loans, are originated by nonbanks. As a result, the nonbank share across all agency originations, refinance and purchase loans, sits at 85 percent as of June 2026. The nonbank share of all agency loans has risen steadily since 2013. The Ginnie Mae nonbank share (96.1 percent in June 2026) has been consistently higher than the GSE share. Fannie Mae and Freddie Mac had nonbank shares of 76.9 and 77.0 percent, respectively.

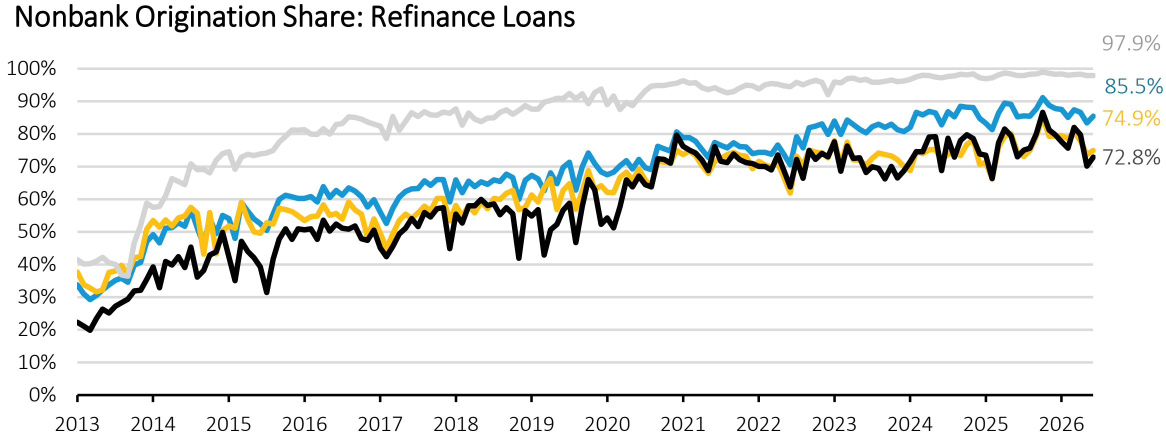
Nonbank Origination Share: All Loans



Nonbank Origination Share: Purchase Loans



Nonbank Origination Share: Refinance Loans

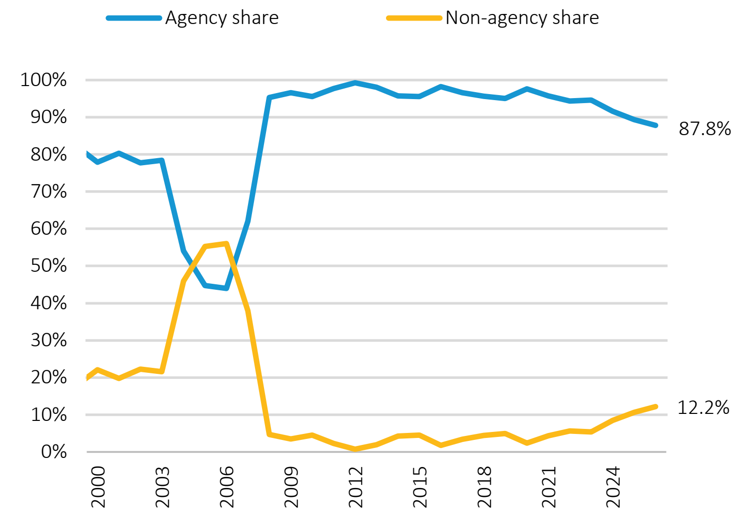


Sources: eMBS and Urban Institute.
Note: Data as of July 2026.

Agency and Non-agency Share of Residential MBS Issuance

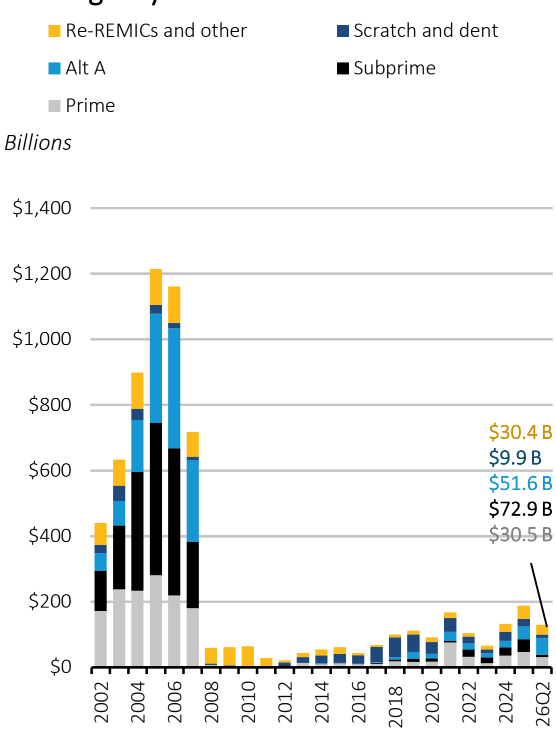
Agency securitizations dominate the MBS market. Close to $9 out of every $10 in residential MBS issuance are agency loans. However, since 2020, agency issuance of residential MBS has been declining and conversely, the non-agency share has been rising. Despite the decline, the agency share today remains well above its Great Recession-era as well as the levels that prevailed between 2000-2003.

Through the first seven months of 2026, the total volume of non-agency issuance reached $114.3 billion, 39 percent higher than issuance through July of 2025. Monthly non-agency securitization has been trending upward since the end of 2022 and in July 2026 reached its highest level this decade.



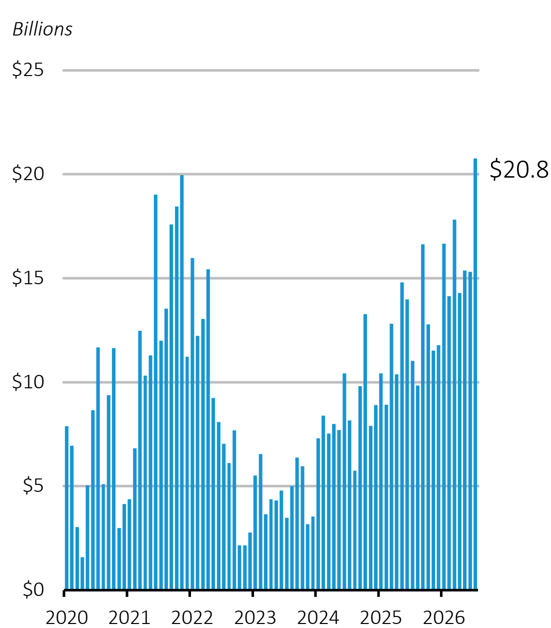
Sources: Inside Mortgage Finance and the Urban Institute.
Notes: Monthly non-agency volume is subject to revision. Data through July 2026.

Non-Agency MBS Issuance



Sources: Inside Mortgage Finance and the Urban Institute.
Note: Data through Q2 2026.

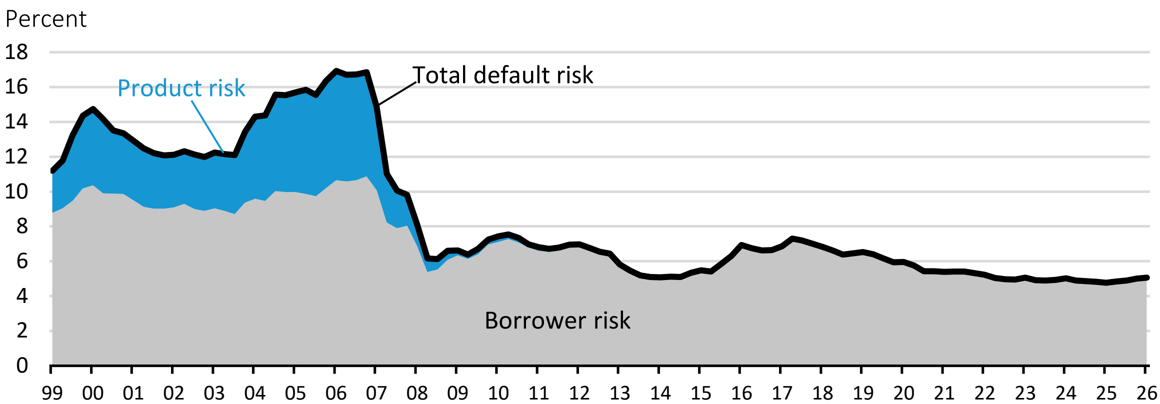
Monthly Non-Agency Securitization



Sources: Inside Mortgage Finance and the Urban Institute.
Note: Data though July 2026. January 2026 Data was back-updated.

CREDIT BOX // HOUSING CREDIT AVAILABILITY INDEX

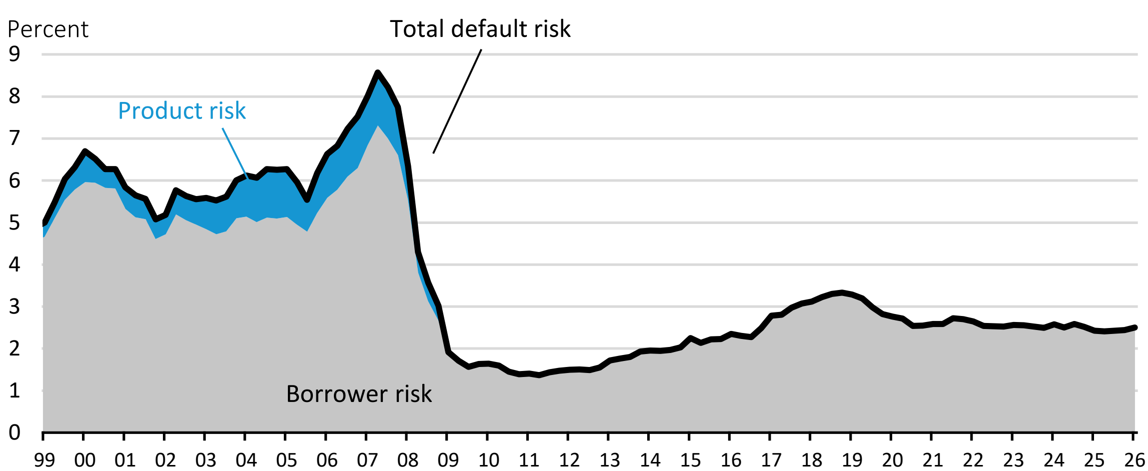
The Urban Institute's Housing Credit Availability Index (HCAI) assesses lenders' tolerance for both borrower risk and product risk. Across the whole market, it stands at 5.1 percent in Q1 2026, up slightly from 5.0 percent in Q4 2025 and from 4.8 percent in Q1 2025. This slightly higher default risk primarily reflects the reduced GSE share and the higher government and portfolio and private label securities shares (page 8). The GSEs have a much tighter credit box than the government market and a slightly tighter credit box than the portfolio and private label sectors. A shift from the GSEs into the other sectors will hence increase the overall default risk. We updated the methodology as of Q2 2020. More information about the HCAI is available here.



Sources: eMBS, CoreLogic, Home Mortgage Disclosure Act data, Inside Mortgage Finance, and the Urban Institute.

GSE Channel

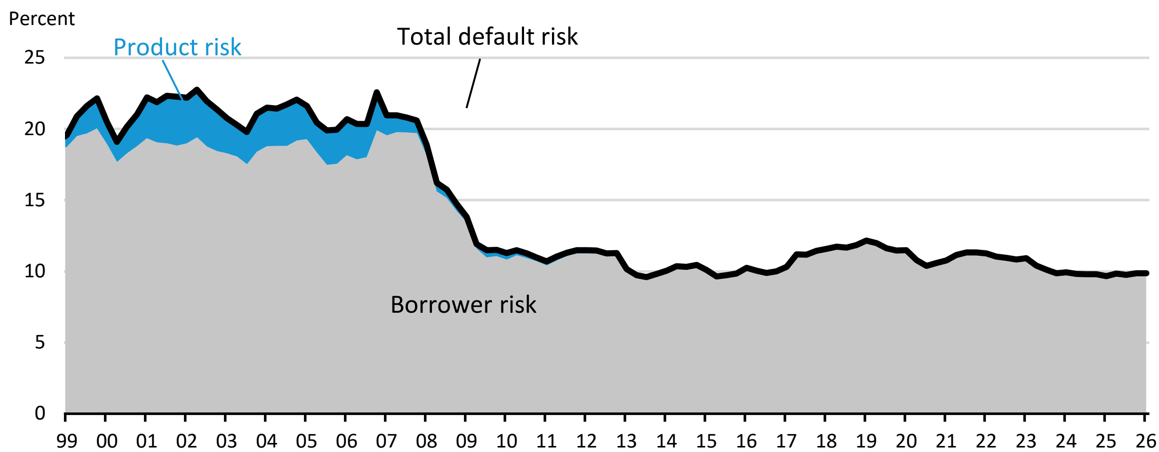
The trend toward greater credit availability in the GSE channel began in Q2 2011. From Q2 2011 to Q4 2018, the total risk taken by the GSE channel more than doubled, from 1.4 percent to 3.3 percent. This is still very modest by pre-crisis standards. However, after retracing part of the increase between 2018 and 2020, credit availability has held largely steady since COVID emerged in 2020. Over this period, risk taken in the GSE channel averaged 2.6 percent.



Sources: eMBS, CoreLogic, Home Mortgage Disclosure Act data, Inside Mortgage Finance, and the Urban Institute.
Notes: Default is defined as 90 days or more delinquent at any point. Last updated for Q1 2026.

Government Channel

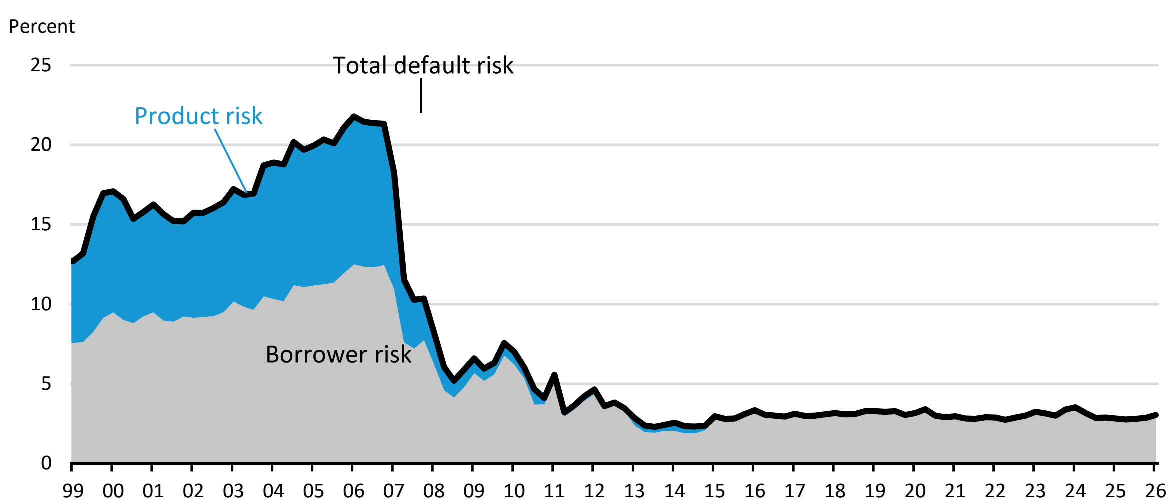
The total default risk the government loan channel is willing to take bottomed out at 9.6 percent in Q3 2013. It fluctuated in a narrow range at or above that number for three years. In the eleven quarters from Q4 2016 to Q1 2019, the risk in the government channel increased from 9.9 to 12.1. In subsequent years, the risk in the government channel has largely declined, but has remained stable since 2023.



Sources: eMBS, CoreLogic, Home Mortgage Disclosure Act data, Inside Mortgage Finance, and the Urban Institute.

Portfolio and Private-Label Securities Channels

The portfolio and private-label securities (PP) channel took on more product risk than the government and GSE channels during the bubble. After the crisis, the channel's product and borrower risks dropped sharply. The numbers have stabilized since 2013, with product risk well below 0.5 percent and total risk largely in the range of 2.3-3.5 percent; it was 3.0 percent in Q1 2026. This represents very similar risk compared to Q1 2025.



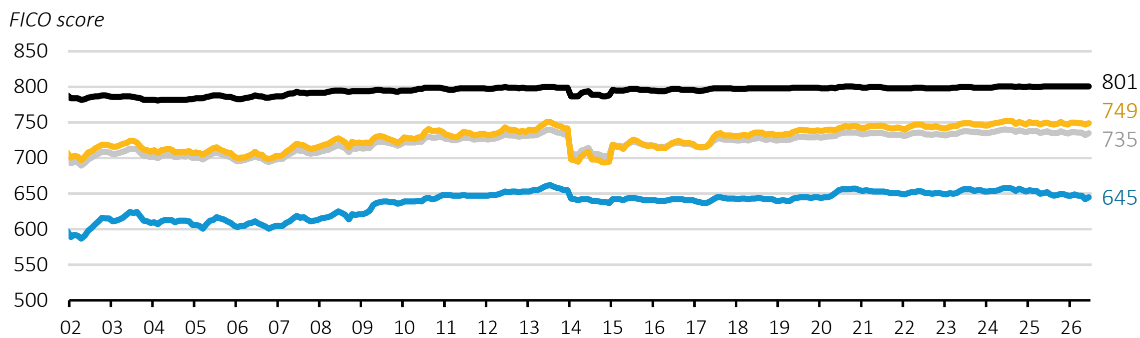
Sources: eMBS, CoreLogic, Home Mortgage Disclosure Act data, Inside Mortgage Finance, and the Urban Institute.
Notes: Default is defined as 90 days or more delinquent at any point. Last updated for Q1 2026.

CREDIT BOX // CREDIT AVAILABILITY FOR PURCHASE LOANS

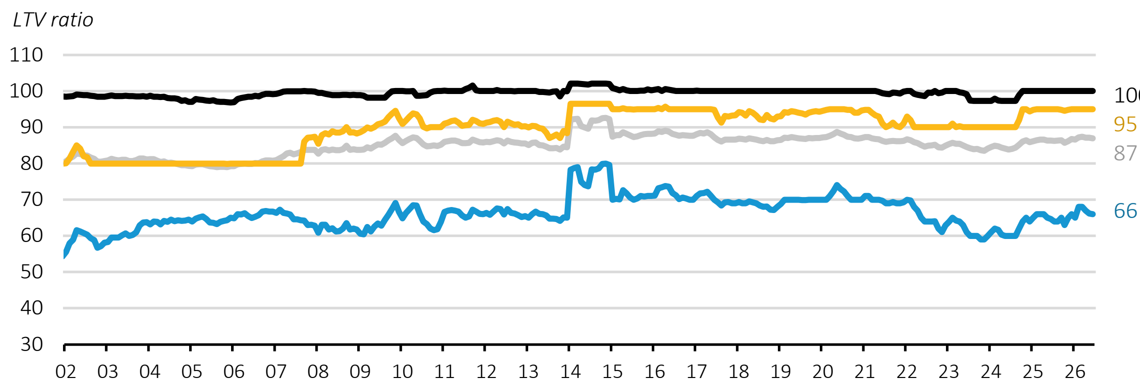
Changes in key loan characteristics can help us assess credit standards. Since 2021, interest rates and home prices have both risen. As a result, borrowers are seeking loans requiring smaller down payments (e.g. higher loan-to-value (LTV) ratios) and must use more of their income for debt service, reflected in increasing debt-to-income (DTI) ratios. Median LTVs have risen from 91 in December 2021 to 95 as of June 2026, while median DTIs have risen from 39 to 42. However, the loosening in both LTV and DTI has been partially offset by higher median FICO scores. The median credit score has increased from 738 in December of 2021 to 749 in June 2026. Over roughly the same period, average FICO scores across the entire score population have remained roughly flat.

Mean | 90th percentile | Median | 10th percentile

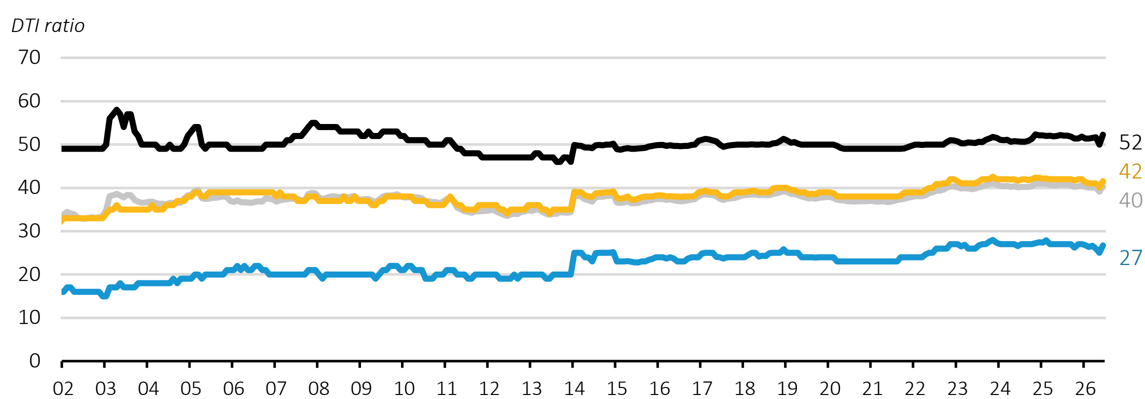
Borrower FICO Score at Origination



Combined LTV Ratio at Origination



DTI Ratio at Origination



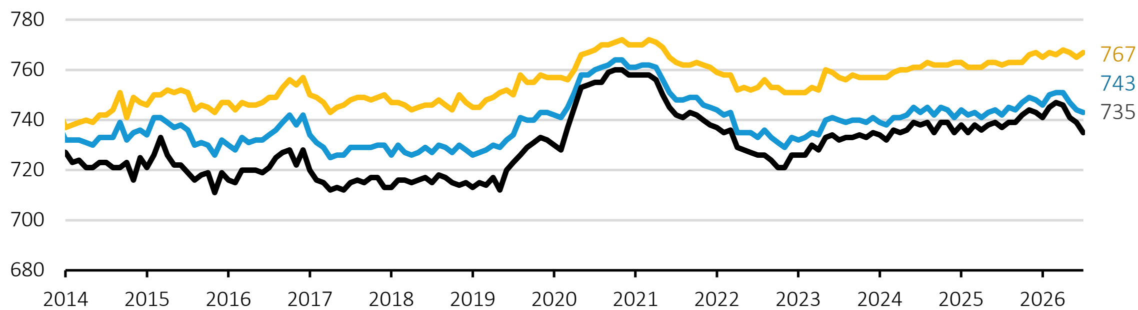
Sources: Intercontinental Exchange Mortgage Technology, eMBS, Home Mortgage Disclosure Act data, Securities Industry and Financial Markets Association, CoreLogic, and the Urban Institute.
Notes: Includes owner-occupied purchase loans only. DTI ratio data before April 2018 are from CoreLogic; after that date, they are from Intercontinental Exchange Mortgage Technology. A back-update to the Intercontinental Exchange historical series was made in September 2021 for data starting from 2001 onward. Data as of June 2026.

As mortgage rates have risen since early in 2026, refinance activity has declined, as have FICO scores, as purchase borrowers generally have lower scores than refinance borrowers. The median FICO score in July 2026 was 743, down from 751 in March 2026. A much more dramatic fall in credit scores occurred with the much higher rise in mortgage rates from 2021 to the end of 2022.

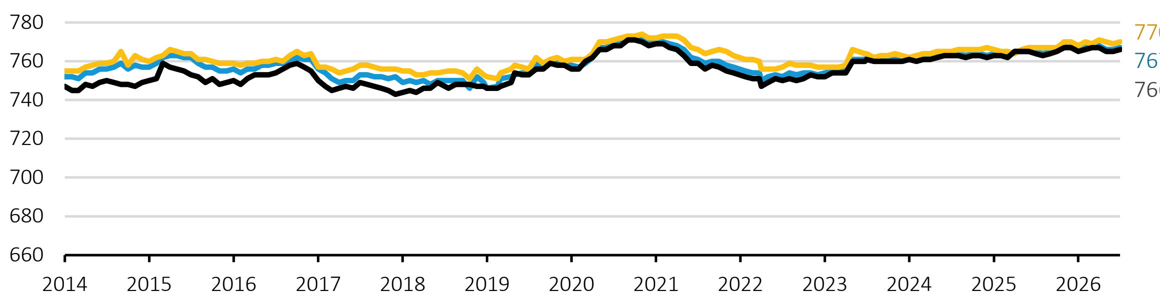
For GSE loans, the difference between the median FICO score on nonbank and bank loans stood at 1 percentage point in July 2026. For Ginnie Mae loans, the difference was 30 points. Overall, the gap between agency bank and nonbank FICO scores was 39 points in July 2026. This reflects the sharp cutback in FHA lending by banks post-2008, banks now compose only 3.6 percent of Ginnie Mae originations (page 13).

All Median FICO — Bank Median FICO — Nonbank Median FICO

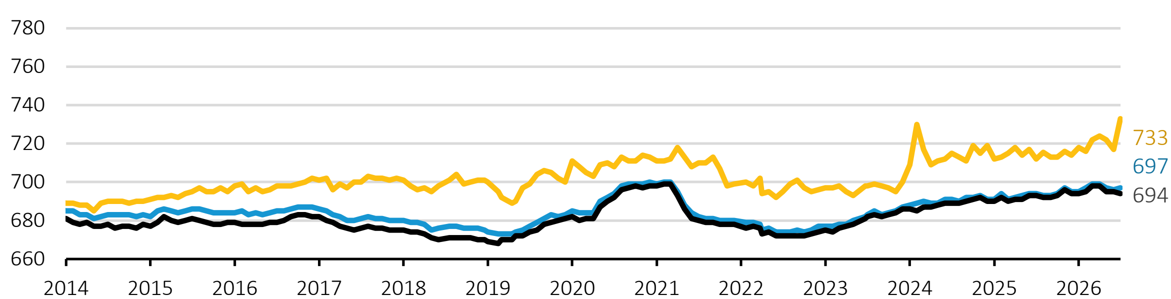
Agency FICO Scores: Bank versus Nonbank



GSE FICO Scores: Bank versus Nonbank



Ginnie Mae FICO Scores: Bank versus Nonbank

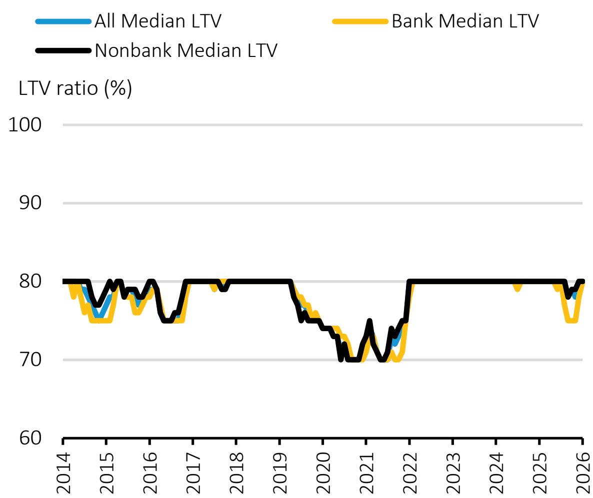


Sources: eMBS and the Urban Institute.
Note: Data includes credit score information for all agency loans. Data as of July 2026.

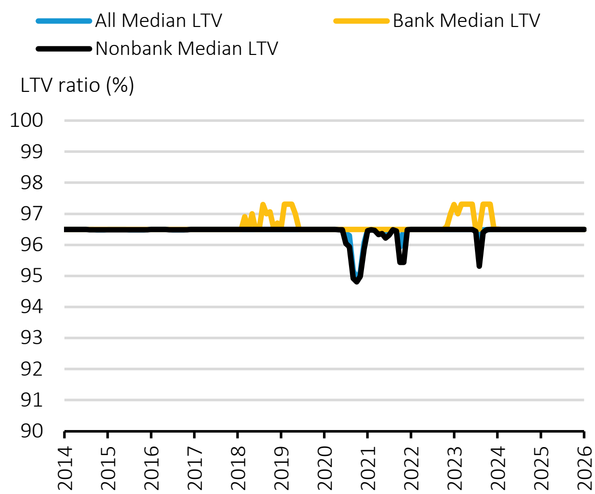
CREDIT BOX // AGENCY NONBANK CREDIT BOX

LTVs on GSE loans were stable from mid-2022 through late -2025. Since 2022, LTVs have generally hovered around 80 for the GSEs and around 97.5 for Ginnie Mae loans. There is very little differential between banks and non-banks in the LTV dimension. DTIs remain elevated, particularly compared to their COVID-era levels. However, DTIs on both Ginnie Mae and GSE loans have floated downward in recent months.

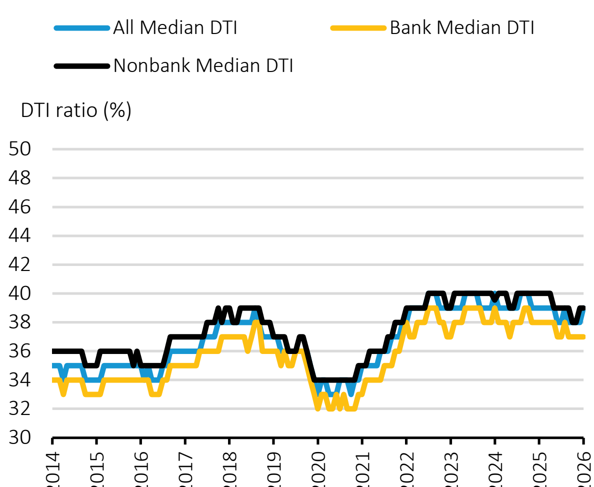
GSE LTV Ratios: Bank versus Nonbank



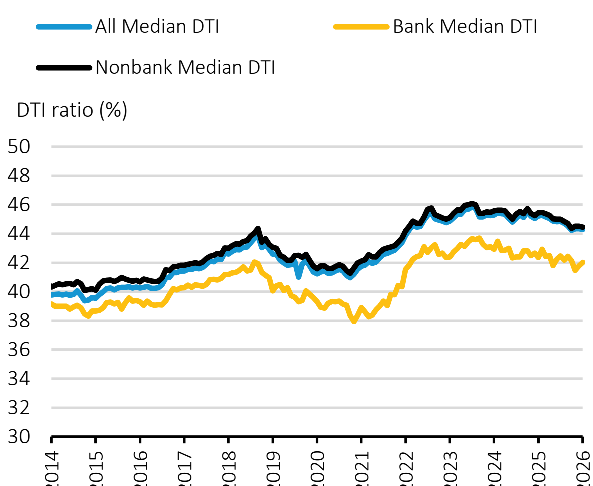
Ginnie Mae LTV Ratios: Bank versus Nonbank



GSE DTI Ratios: Bank versus Nonbank



Ginnie Mae DTI Ratios: Bank versus Nonbank

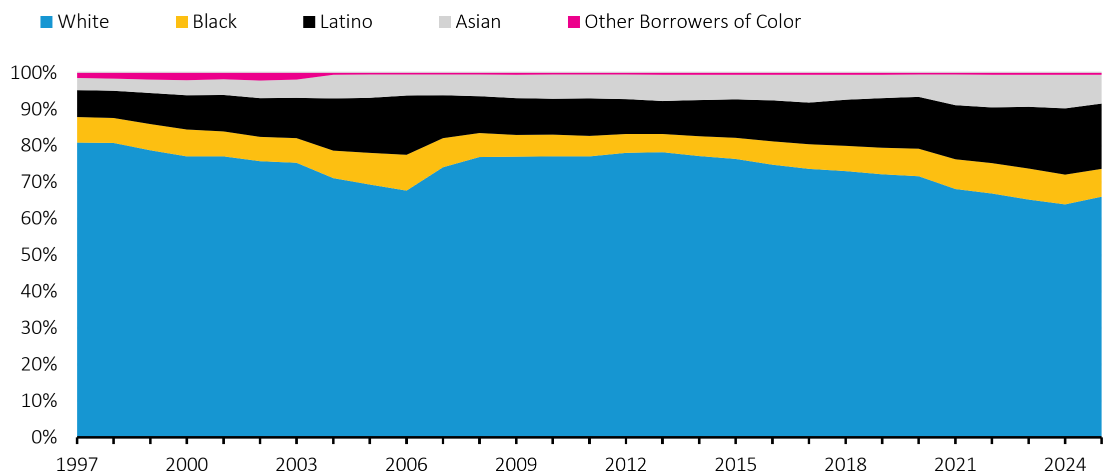


Sources: eMBS and the Urban Institute.
Note: Data as of June 2026.

STATE OF THE MARKET // RACIAL AND ETHNIC COMPOSITION

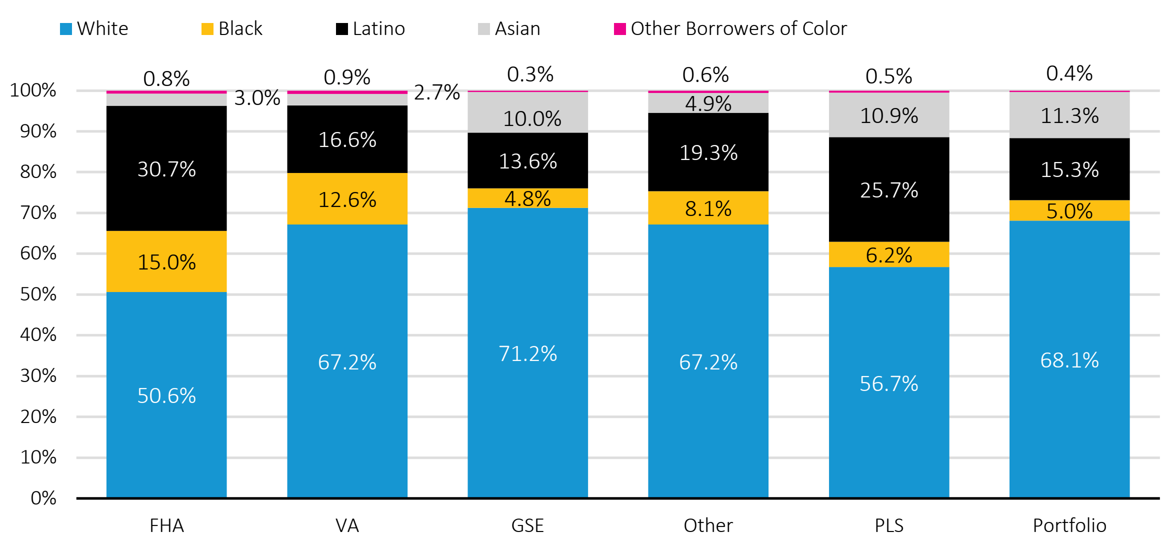
Across all channels, the share of purchase lending to applicants of color reached a peak of 32.3 percent in 2006, the year before the Great Recession. Following the Great Recession and amid a period of very tight credit, the share of purchase loans extended to borrowers of color declined to a low of 21.7 percent in 2013. Since then, it has slowly increased. In 2025, the borrower of color share stood at 34.0 percent, down from 36.1 percent in 2024. But the share of purchase lending to borrowers of color varied widely by channel in 2025. Nearly 50 percent of FHA homebuyers are borrowers of color, as are 43.3 percent are PLS borrowers. Borrowers of color represented a smaller loan share in the GSE, VA, and portfolio channels (28.8 percent, 32.8 percent, and 31.9 percent, respectively).

2025 Purchase Loan Shares, by Race or Ethnicity



Source: 1997 to 2025 Home Mortgage Disclosure Act data.
Note: Includes purchase loans only.

2025 Purchase Loan Channel Shares, by Race or Ethnicity



Source: 2025 Home Mortgage Disclosure Act data.
Note: Includes purchase loans only.

Mortgage volume continues to recover from the 2023 lows. Both Fannie Mae and the MBA forecast 2026 originations to exceed 2025 volume. The higher origination activity primarily reflects a greater refinance share. But while the projected refinance shares in 2026 exceed their shares in 2022, forecasted 2026 total origination levels remain below 2022 total origination volume.

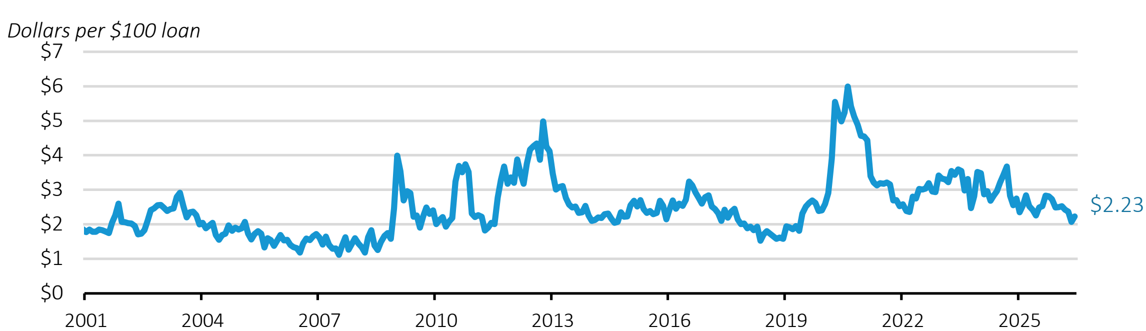
Total Originations and Refinance Shares

	Originations ($ Billions)		Refinance Share (Percent)	
Period	Total, FNMA estimate	Total, MBA estimate	FNMA estimate	MBA estimate
2025 Q1	370	370	25	25
2025 Q2	505	497	25	24
2025 Q3	500	540	25	28
2025 Q4	581	546	40	37
2026 Q1	542	551	49	43
2026 Q2	558	567	29	40
2026 Q3	530	532	33	30
2026 Q4	538	497	39	31
2019	2,462	2,253	46	44
2020	4,374	4,108	64	64
2021	4,570	4,436	58	62
2022	2,374	2,245	31	33
2023	1,503	1,458	15	15
2024	1,695	1,685	21	21
2025	1,956	1,953	29	29
2026	2,168	2,147	37	36
2027	2,294	2,144	35	34

Sources: Fannie Mae (FNMA), the Mortgage Bankers Association (MBA), and the Urban Institute.
Note: Fannie Mae and MBA forecasts as of August 2026. Shaded boxes indicate forecasted figures. All figures are estimates for the total single-family (one-to-four-unit) market. Regarding interest rates, the yearly averages for 2019, 2020, 2021, 2022, 2023, 2024, 2025, and 2026 were 3.9, 3.0, 3.0, 5.3, 6.8, 6.7, 6.6 and 6.1 percent. As of August 2026 forward, MBA 2025 origination volume was revised based on the 2025 Home Mortgage Disclosure Act data.

Originator Profitability and Unmeasured Costs

While origination activity may be variable, due to changes in mortgage rates, there is still excess capacity in the system, which continues to weigh on profitability. In May 2026, Originator Profitability and Unmeasured Costs (OPUC) was $2.23 per $100 loan, down from $2.07 in May 2026. OPUC is generally high when interest rates are low, as originators are capacity constrained because of refinance demand and have no incentive to reduce rates. Conversely, when interest rates are higher and refinance activity is low, competition forces originators to lower rates, driving profitability down. OPUC, formulated and calculated by the Federal Reserve Bank of New York, is a strong relative measure of originator profitability. OPUC uses the sales price of a mortgage in the secondary market (less par) and adds two sources of profitability: retained servicing (both base and excess servicing, net of guarantee fees, or g-fees) and points the borrower pays. As volumes decline, fixed costs are spread out over fewer loans, overstating relative profitability.



Sources: Federal Reserve Bank of New York, updated monthly and available at this link: https://www.newyorkfed.org/research/epr/2013/1113fust.html and the Urban Institute.
Note: Data as of June 2026. OPUC is a monthly (four-week moving) average, as discussed in the link above.

Despite higher rates, major industry forecasters do not expect sales to decline in 2026 from 2025. Fannie Mae and NAHB largely expect home sales to remain flat over the year while the MBA expect sales to increase. Although the inventory, measured as months supply, of existing homes has risen from 2022 lows to a level more aligned with the pre-Great Recession era, new residential construction (housing starts) are projected to be flat over 2026.

Months' Supply

Sources: National Association of Realtors and the Urban Institute.
Note: Data as of July 2026.

Housing Starts and Home Sales

Year	Housing Starts, Thousands			Home Sales, Thousands		
	Total, FNMA estimate	Total, MBA estimate	Total, NAHB estimate	Total, FNMA estimate	Total, MBA estimate	Total, NAHB estimate*
2018	1,250	1,250	1,247	5,957	5,956	5,350
2019	1,290	1,295	1,292	6,023	6,016	5,431
2020	1,380	1,397	1,394	6,462	6,506	5,888
2021	1,601	1,605	1,605	6,891	6,896	6,195
2022	1,553	1,551	1,552	5,671	5,740	5,168
2023	1,420	1,421	1,421	4,756	4,785	4,336
2024	1,367	1,367	1,371	4,746	4,761	4,349
2025	1,356	1,356	1,356	4,754	4,755	4,379
2026	1,369	1,344	1,349	4,738	4,842	4,378
2027	1,369	1,286	1,300	4,940	5,062	4,689

Sources: Fannie Mae (FNMA) and Mortgage Bankers Association (MBA) and National Association of Home Builders (NAHB) forecasts as of August 2026.
Note: Shaded boxes indicate forecasted figures; column labels indicate source of estimate.
*The NAHB home sales also excludes existing condos and co-ops reported by the National Association of Realtors.

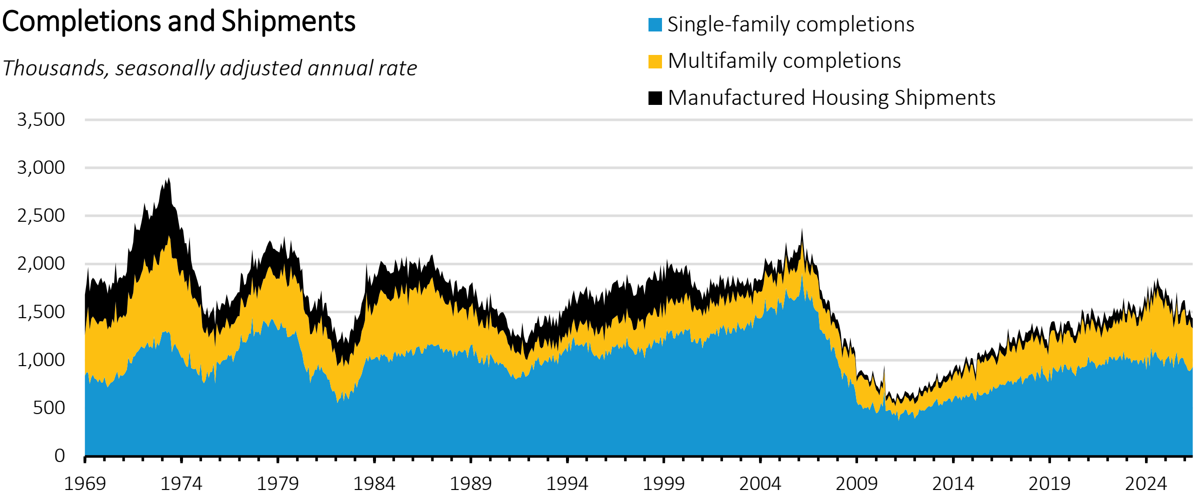
STATE OF THE MARKET // NEW RESIDENTIAL PRODUCTION

New residential production—including single-family and multifamily completions, as well as manufactured housing shipments—reached a seasonally adjusted annual rate of 1.43 million units in June 2026. Since reaching a low of 565,000 units in January 2011, new production has risen 154 percent. But current production is still 40 percent lower than the peak March 2006 level of 2.38 million units. In June 2026, single-family completions were 51 percent lower than the March 2006 peak of 1.91 million units. Multifamily completions were 6 percent higher than their level in March 2006 and have declined by 39 percent since a recent peak in August 2024. Manufactured housing shipments were 45 percent lower than their March 2006 level of 135 thousand units.

Among multifamily completions, only 5.9 percent were built for sale in Q2 2026, well below its 2007 peak of 44 percent. In addition, the share of single-family units built for sale declined as interest rates rose in 2022. Although the for-sale share of single-family completions has now pivoted and begun to recover; at 69.9 percent it is still below its rate in Q4 2021, 79.2 percent. The owner-occupied share of manufactured homes has slowly increased over the past decade after declining amid the impact from the Great Recession.

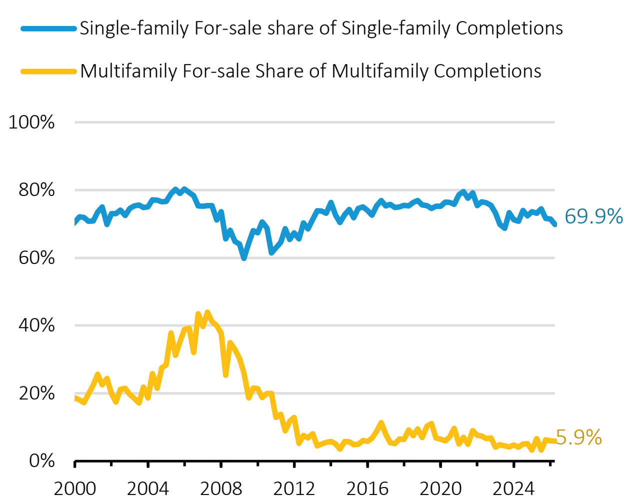
Completions and Shipments

Thousands, seasonally adjusted annual rate



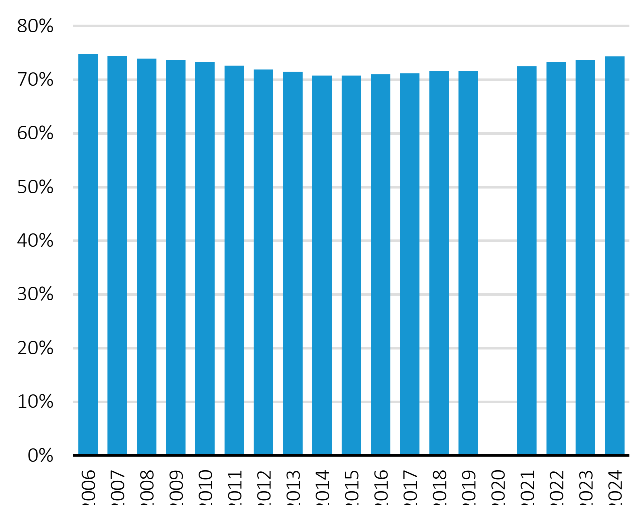
Sources: Moody's Analytics, US Census Bureau, and Urban Institute calculations. June 2026

Share of Residential Completions Built For Sale



Sources: US Census Bureau and Urban Institute calculations.
Note: Data as of Q2 2026

Owner-Occupied Share of Occupied Manufactured Homes

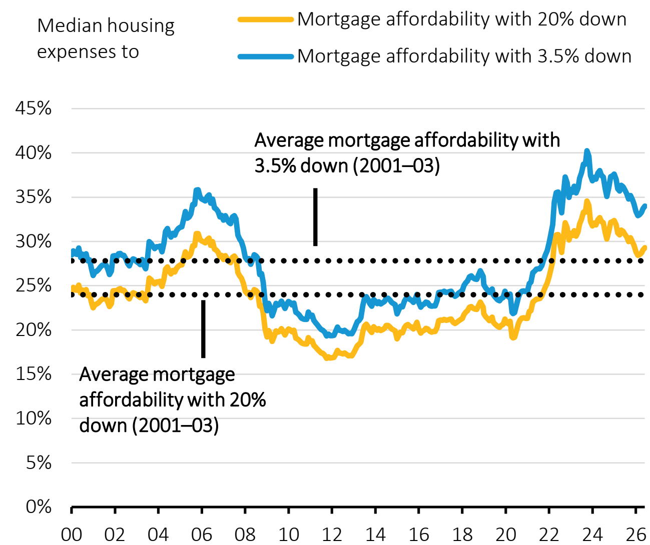


Source: 1-year American Community Survey data 2006-2024.
Note: Data are not available for 2020 because of low response rates during the pandemic.

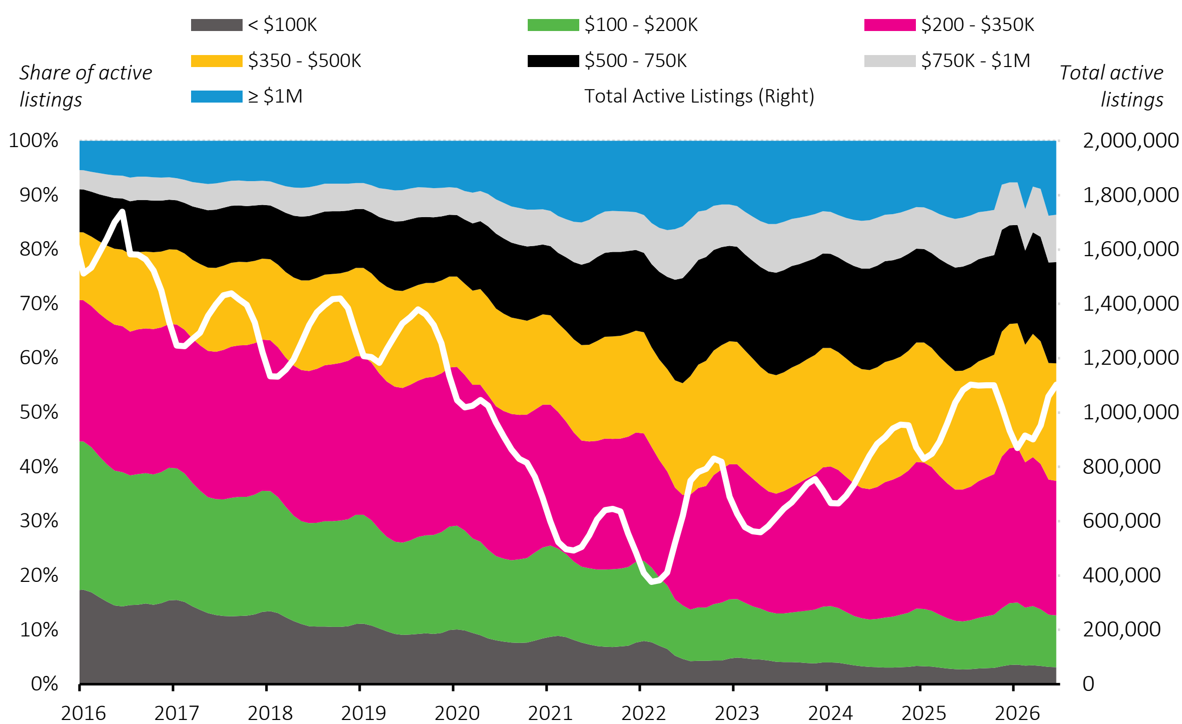
National Mortgage Affordability over Time

Mortgage affordability has improved significantly since November 2023. Flat house prices nationwide and falling mortgage rates have contributed to the improvement in mortgage affordability. As of June 2026, with a 20 percent down payment, the share of median income needed for the median monthly mortgage payment was 29.3 percent, below the peak during the housing bubble in November 2005; and with 3.5 percent down, the housing cost burden is 34.0 percent, also just below the 35.8 percent peak in November 2005. However, affordability remains worse compared to its average over the 2001-2003 period.

Despite seasonal fluctuations, active listings have broadly increased since 2022. But while the for-sale inventory has expanded from series lows, it remains below levels that prevailed a decade ago.



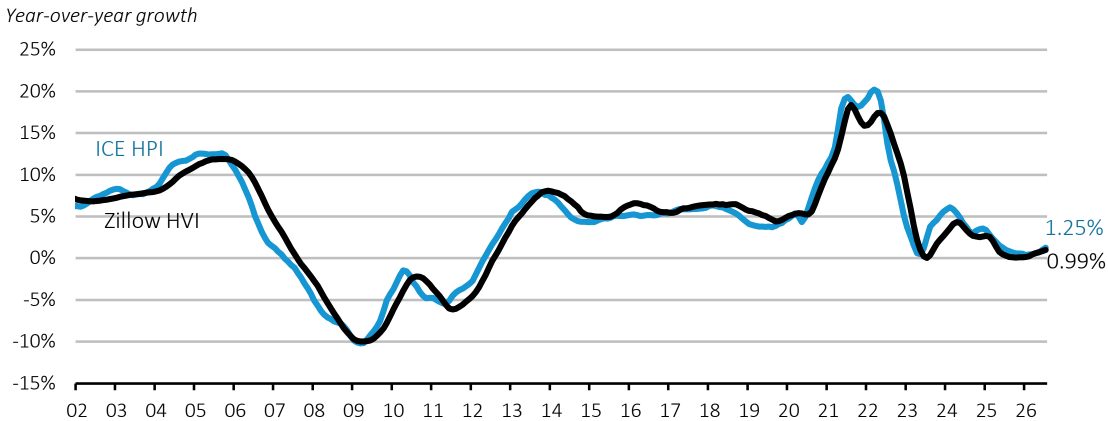
Active Listings, by Price Tier, over Time



Sources: National Association of Realtors, the US Census Bureau, the Current Population Survey, the American Community Survey, Moody's Analytics, the Freddie Mac Primary Mortgage Market Survey, Realtor.com, and the Urban Institute.
Notes: Mortgage affordability is the share of median family income devoted to the monthly principal, interest, taxes, and insurance payment required to buy the median home at the Freddie Mac prevailing rate for a 30-year fixed-rate mortgage and property tax and insurance at 1.75 percent of the housing value. Data for the bottom chart provided by Realtor.com as of June 2026.

National Year-Over-Year HPI Growth

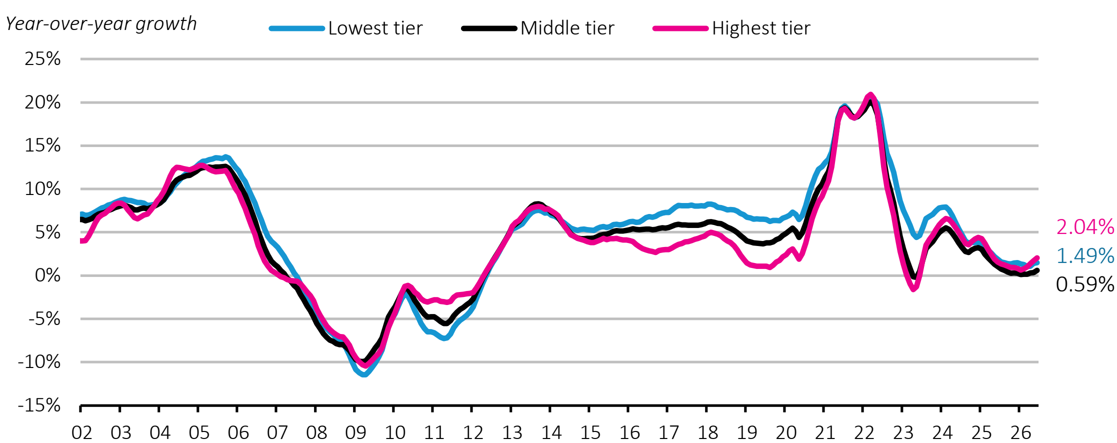
While house prices likely remain supported by the lack of supply, home price appreciation has slowed with house prices largely stagnating, as demonstrated by two key measures of home price indices. According to Intercontinental Exchange Mortgage Technology's repeat sales index, year-over-year home price appreciation was 1.25 percent in June 2026, up from the previous month's 1.01 percent. Year-over-year home price appreciation, as measured by Zillow's hedonic home value index, is 0.99 percent in June 2026, up from 0.84 percent in April.



Sources: Intercontinental Exchange Mortgage Technology, Zillow, and the Urban Institute.
Notes: Intercontinental Exchange Mortgage Technology modified the methodology behind its HPI in February 2021, resulting in changes to historic price estimates. Data as of June 2026.

National Year-Over-Year HPI Growth, by Price Tier

Lower tier homes generally exhibit more price volatility than higher tier homes, rising more when home prices accelerate and falling more when home prices slow or decline. On the whole, since the early 2000s lower priced homes have generally appreciated marginally more than their higher priced counterparts. As of June 2026, house price growth for the highest-tier homes has outpaced that of middle- and lowest-tier homes.

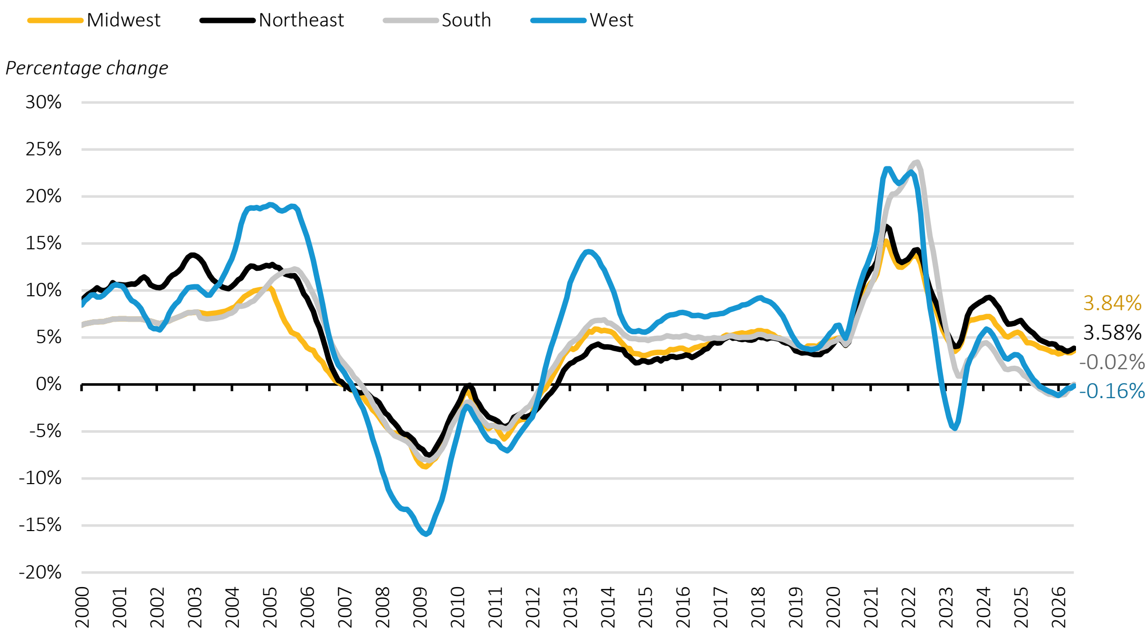


Sources: Intercontinental Exchange Mortgage Technology and the Urban Institute.
Notes: Intercontinental Exchange modified the methodology behind its HPI in February 2021, resulting in changes to historic price estimates. Data as of June 2026.

STATE OF THE MARKET // REGIONAL HOME PRICE INDEXES

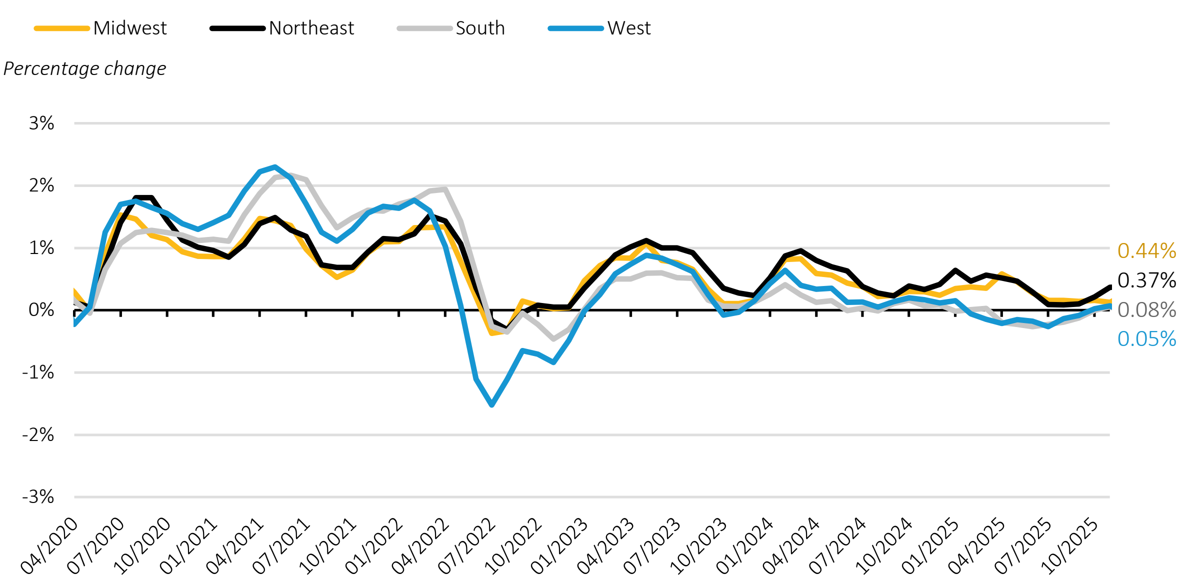
On a year-over-year basis, house price appreciation has slowed across the Midwest and Northeast while house prices are declining in the South and West. However, the rate of house price declines in the South and West are slowing and might begin to grow in the near future as month-over-month house price changes in these regions have pivoted and are now positive.

Year-over-Year Home Price Appreciation, by Region



Sources: Intercontinental Exchange Mortgage Technology and Urban Institute calculations.
Note: Data as of June 2026.

Month-over-Month Home Price, by Region

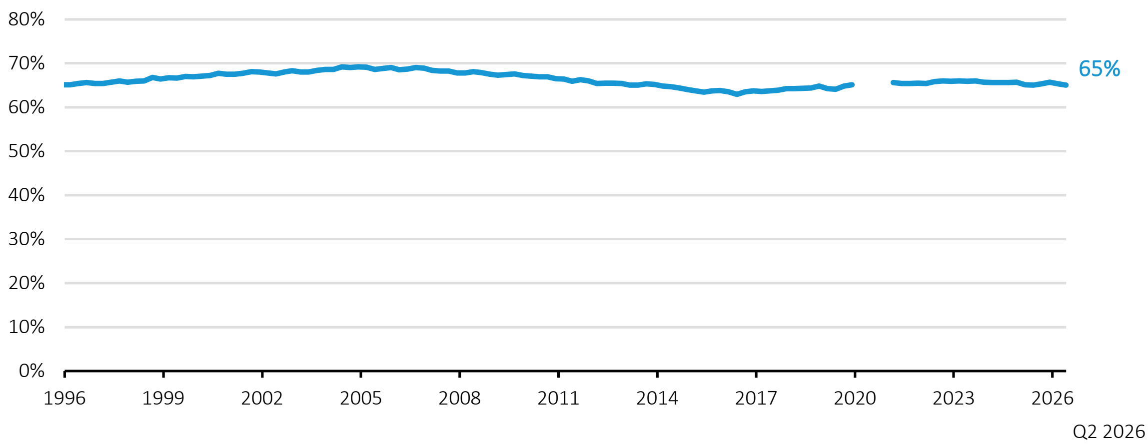


Sources: Intercontinental Exchange Mortgage Technology and Urban Institute calculations.
Note: Data as of June 2026. Values are seasonally adjusted.

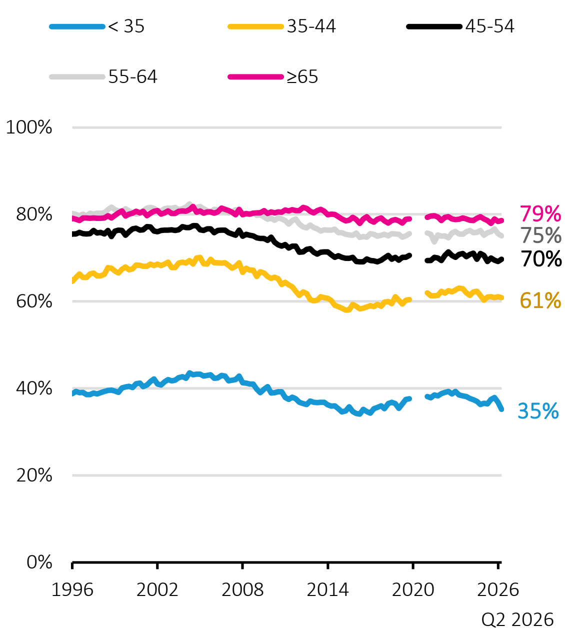
STATE OF THE MARKET // HOMEOWNERSHIP RATES

In Q2 2026, the homeownership rate was at 65.0 percent, slightly higher from the previous quarter and at the same level as a year earlier. After falling to 62.9 percent in Q2 2016, the homeownership rate began to recover but remains 4.0 percentage points below its Q1 2005 peak of 69.0 percent. By age groups, older households are more likely to be homeowners relative to younger households. In addition, the homeownership rate for households 65 and older is closest to its 2000s peak level. By race and ethnicity, white households are more likely to be homeowners relative to households of color. But the homeownership rate among Latino households is closest to returning to its 2000s peak.

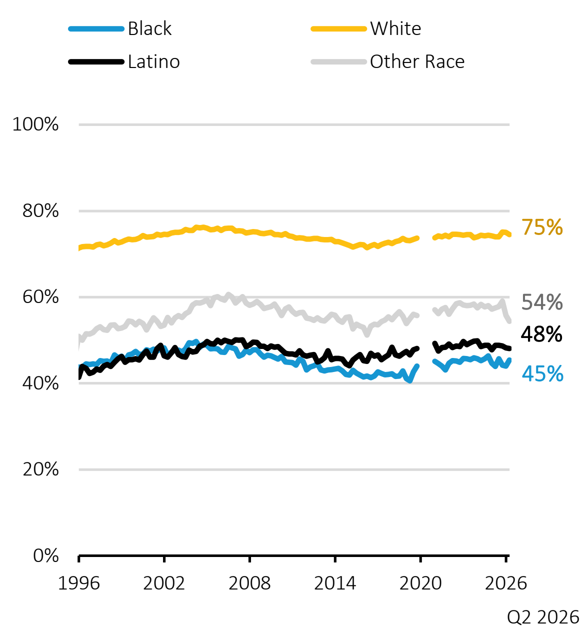
Overall Homeownership Rate



Homeownership, by Owner Age



Homeownership Rate, by Race or Ethnicity

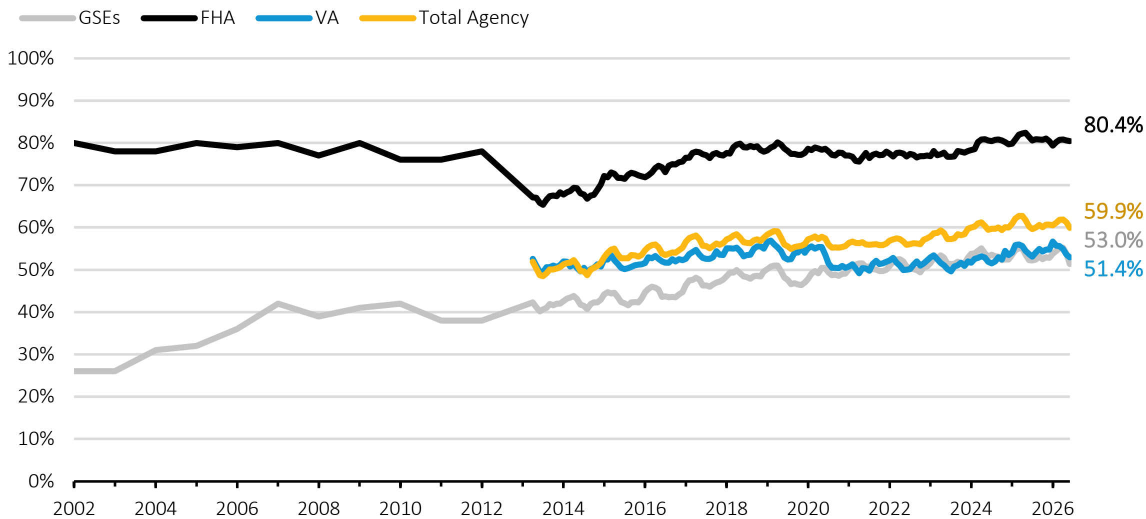


Sources: Moody's Analytics, US Census Bureau, and Urban Institute calculations.
Note: Data from 2020 are poor because of low response rates during the pandemic.

The first-time homebuyer share, which compares first-time homebuyers with repeat buyers, has increased over the past decade. In recent years, however, the homeownership rate has remained largely static and the first-time homebuyer share among agency loans has largely steadied around 60 percent. First-time homebuyers are traditionally more concentrated among FHA borrowers. However, in June 2026, more than half of GSE and VA purchase originations were made to first-time homebuyers (51.4 percent and 53.0 percent, respectively).

The bottom table shows that based on mortgages originated in June 2026, the average FTHB was more likely than an average repeat buyer to take out a smaller loan (because they purchased a lower valued home), to have a lower credit score and a higher LTV ratio. But while first-time homebuyers were more likely to have a lower credit score and a higher LTV, they had a lower mortgage rate. This likely reflects the disproportionate share of FHA loans originated to first-time homebuyers and the wide spread in mortgage rates between GSE and FHA loans.

First-Time Homebuyer Share



Sources: eMBS, the Federal Housing Administration, and the Urban Institute. Data as of June 2026.
Note: All series measure the first-time homebuyer share of purchase loans for principal residences. In January 2026, we changed the source of our FHA FTHB share from FHA's Production Report to eMBS.

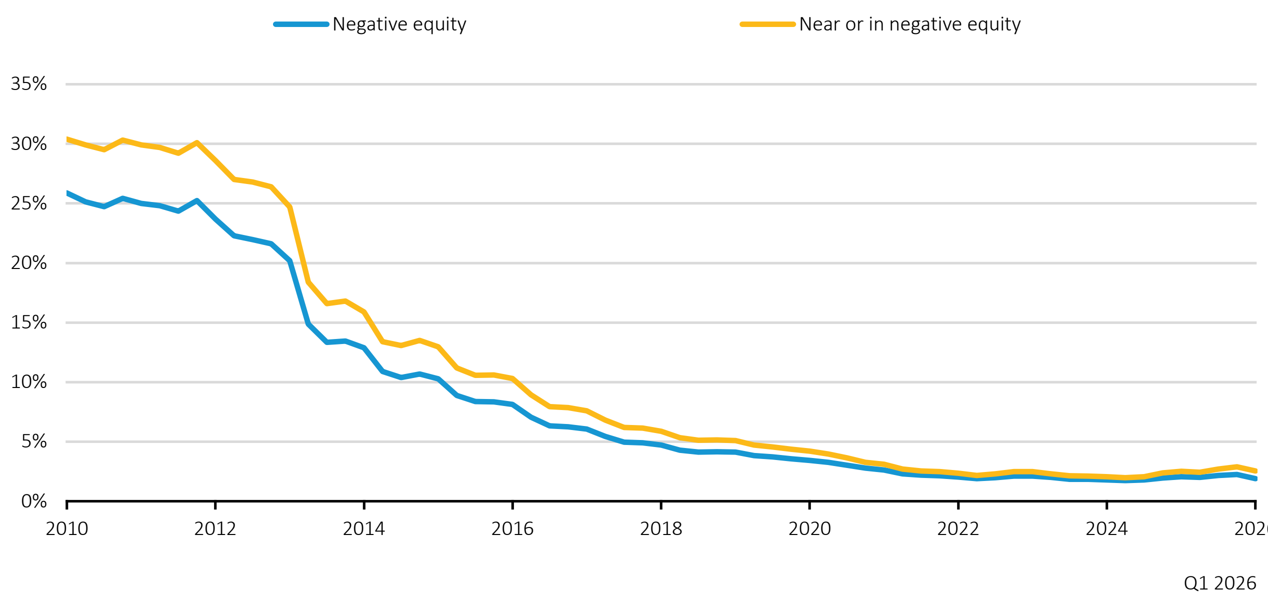
Comparison of First-Time and Repeat Homebuyers, GSE and FHA Originations

	GSEs		FHA		GSEs and FHA	
Characteristics	First-time	Repeat	First-time	Repeat	First-time	Repeat
Loan amount	$364,249	$416,961	$323,348	$352,048	$351,214	$417,574
Credit score	754	767	691	696	725	753
LTV ratio (%)	84	75	95	93	90	81
DTI ratio (%)	37	38	44	46	40	40
Loan rate (%)	6.36	6.36	5.96	5.91	6.14	6.19

Sources: eMBS and the Urban Institute.
Note: Based on owner-occupied purchase mortgages originated in June 2026.

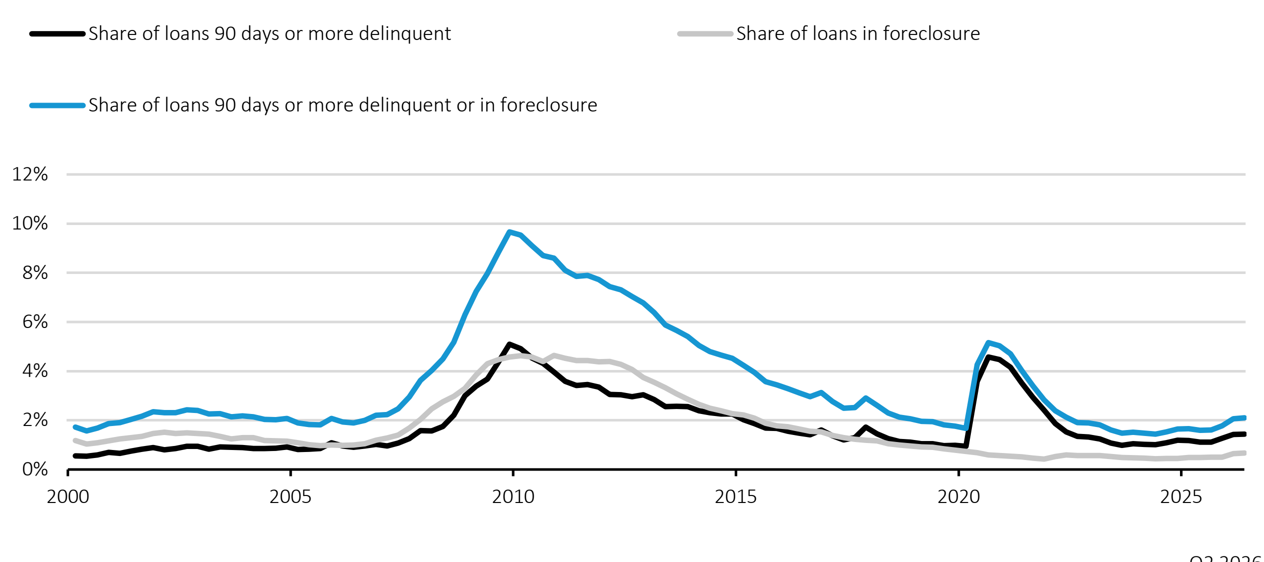
The share of loans with negative and near-negative equity has decreased from 2.89 percent in Q4 2025 to 2.55 percent in Q1 2026. From Q4 2025 to Q1 2026, the composition of loans in negative equity decreased to 1.90 percent from 2.24 percent while near or in negative equity loans decreased from 2.89 to 2.55 percent. Serious delinquency continued to rise slightly in Q2 2026, though it remains low overall. The share of loans that are 90 days or more delinquent or in foreclosure increased by 4 basis points, from 2.06 percent in Q1 2026 to 2.10 percent in Q2 2026. In Q2 2026 the share of mortgages in foreclosure increased to 0.67 percent from 0.64 in Q1 2026, while the share of loans 90 days or more delinquent increased by one basis point to 1.43 percent from 1.42 percent in the previous quarter. Serious delinquencies include loans where borrowers have missed three or more payments, including those in forbearance.

Negative Equity Share



Sources: Cotality and the Urban Institute.
Notes: Loans with negative equity refer to loans with LTV ratios above 100 percent. Loans near negative equity refer to loans with LTV ratios above 95 percent.

Loans in Serious Delinquency or Foreclosure

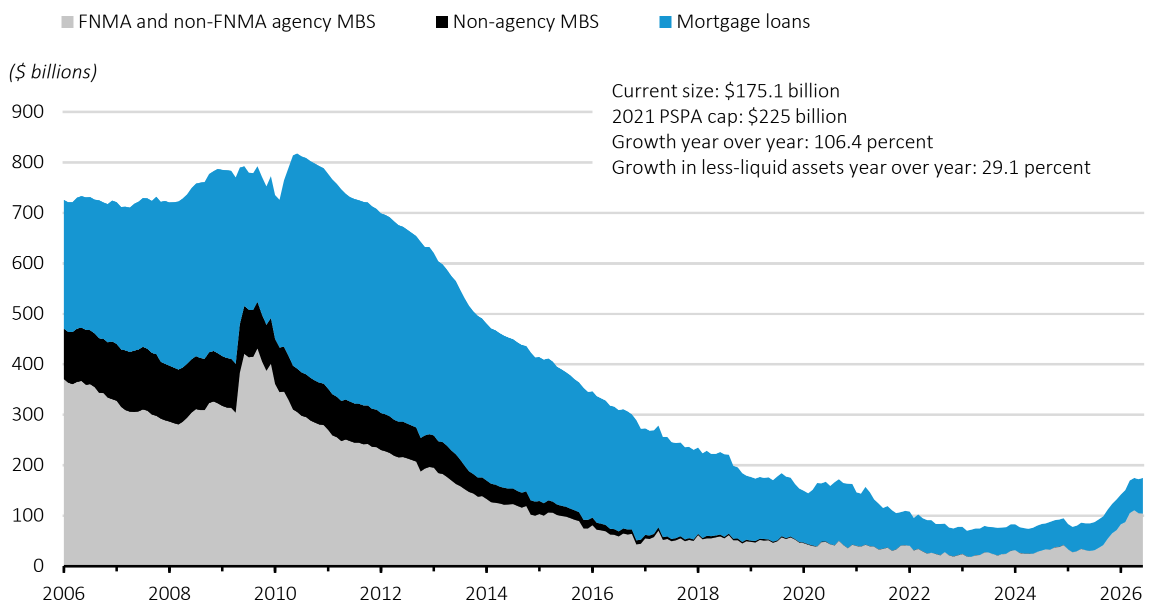


Sources: Mortgage Bankers Association and the Urban Institute.

GSEs UNDER CONSERVATORSHIP // GSE PORTFOLIO WIND-DOWN

The Fannie Mae and Freddie Mac portfolios remain below the $225 billion cap mandated in January 2021 by the new Preferred Stock Purchase Agreements (PSPAs) ($175.1 and $138.6 billion, respectively). However, from June 2025 to June 2026, the Fannie Mae portfolio more than doubled by 106.4 percent, and Freddie Mac's jumped by 43.5 percent, but from a very low base. The increase in both the Fannie and Freddie portfolios largely reflect growth in agency MBS, a manifestation of the Trump directive to increase agency MBS holdings to lower mortgage rates. Despite strong growth overall, Fannie Mae and Freddie Mac grew their less-liquid assets (mortgage loans, non-agency MBS) by 29.1 and 18.5 percent, respectively, much less than the growth of the overall portfolios. Most of this growth was in agency MBS.

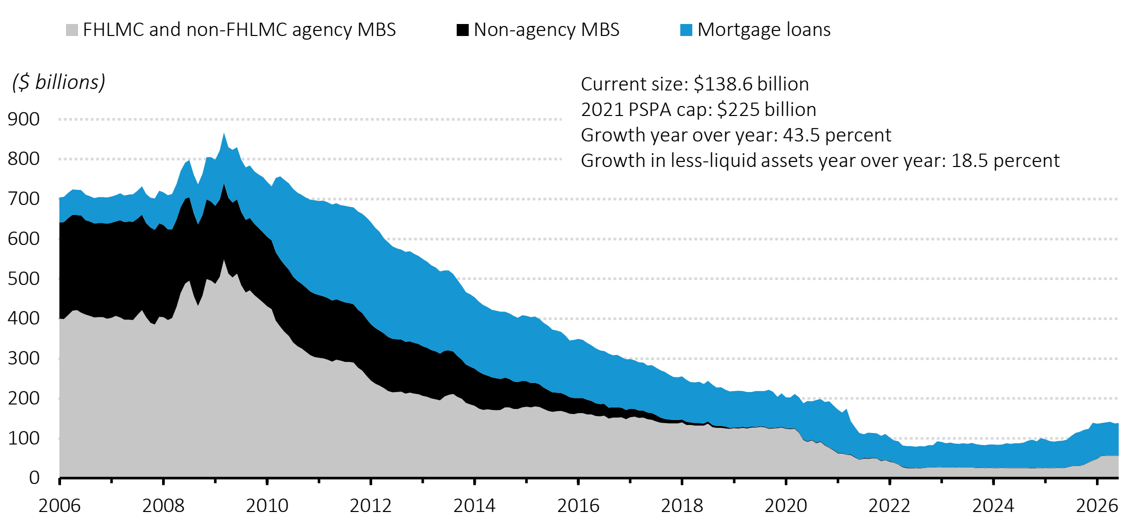
Fannie Mae Mortgage-Related Investment Portfolio Composition



Sources: Fannie Mae (FNMA) and the Urban Institute.

June 2026

Freddie Mac Mortgage-Related Investment Portfolio Composition



Sources: Freddie Mac (FHLMC) and the Urban Institute.

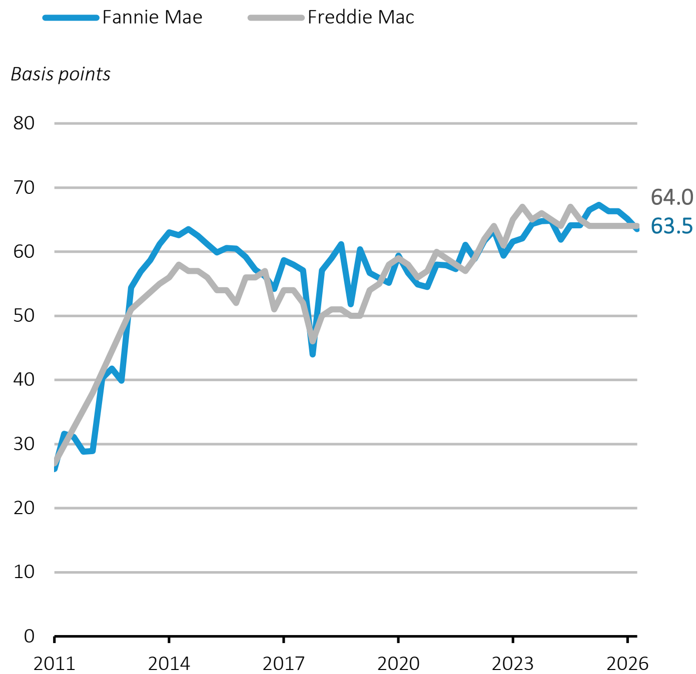
June 2026

Note: Effective March 2021, Freddie Mac does not provide Freddie Mac/non–Freddie Mac breakout of agency mortgage-backed securities. The above charts were updated in May 2021 to reflect this.

Guarantee Fees Charged on New Acquisitions

Fannie Mae's average g-fees charged on new acquisitions decreased from 65.1 in Q1 2026 to Q2 2026 to 63.5 basis points. Freddie Mac's remained the same from Q1 2026 to Q2 2026, at 64.0 basis points. Today's g-fees are markedly higher than g-fees in 2011 and 2012, contributing to the GSEs' earnings amid sharp drops in acquisition volume.

The bottom table shows Fannie Mae loan-level pricing adjustments (LLPAs), which are expressed as up-front charges. In October 2022, the GSEs announced the elimination of LLPAs for loans to FTHBs earning up to the area median income; for affordable mortgage products such as Home Possible and Home Ready; and for loans supporting the Duty to Serve program. In January 2023, the GSEs released an updated LLPA Adjustment Matrix, effective since May 1, 2023.



Sources: Fannie Mae, Freddie Mae, and the Urban Institute.
Note: Data as of Q2 2026.

Fannie Mae Up-Front Loan-Level Price Adjustments (LLPAs)

	LTV Ratio								
Credit score	≤ 60%	30–60%	60–70%	70–75%	75–80%	80–85%	85–90%	90–95%	> 95%
> 779	0.000	0.000	0.000	0.500	0.375	0.375	0.250	0.250	0.125
760–779	0.000	0.000	0.000	0.250	0.625	0.625	0.500	0.500	0.250
740–759	0.000	0.000	0.125	0.375	0.875	1.000	0.750	0.625	0.500
720–739	0.000	0.000	0.250	0.750	1.250	1.250	1.000	0.875	0.750
700–719	0.000	0.000	0.375	0.875	1.375	1.500	1.250	1.125	0.875
680–699	0.000	0.000	0.625	1.125	1.750	1.875	1.500	1.375	1.125
660–679	0.000	0.000	0.750	1.375	1.875	2.125	1.750	1.625	1.250
640–679	0.000	0.000	1.125	1.500	2.250	2.500	2.000	1.875	1.500
< 640	0.000	0.125	1.500	2.125	2.750	2.875	2.625	2.250	1.750

Sources: Fannie Mae and the Urban Institute.
Note: Last updated January 2023.

Fannie Mae and Freddie Mac have been laying off credit risk primarily through their CAS/STACR and reinsurance transactions. Since 2014, the GSEs have transferred the bulk of the credit risk on most of their mortgages to the private markets. Fannie Mae's CAS issuances since inception total $2.47 trillion; Freddie's STACR totals $2.88 trillion. Over 2025, Fannie Mae issued six CAS deals and Freddie Mac issued five STACR deals. So far in 2026, Fannie Mae issued four CAS deals and Freddie Mac issued three STACR deals.

Fannie Mae – Connecticut Avenue Securities (CAS)

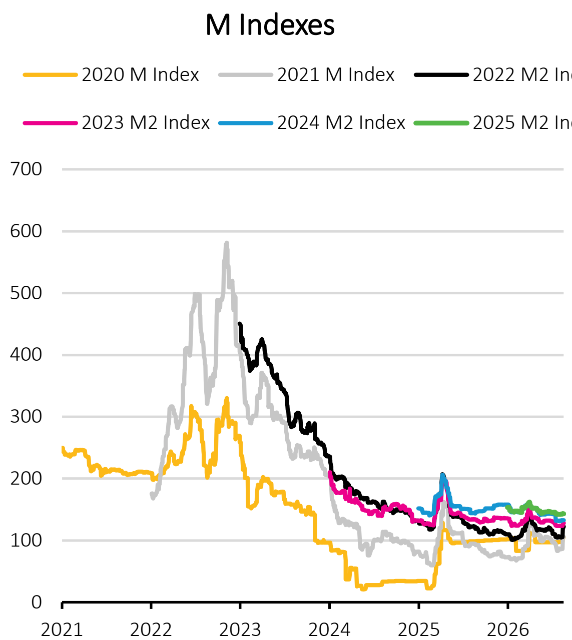
Date	Transaction	Reference Pool Size ($m)	Amount Issued ($m)	% of Reference Pool Covered
2014	CAS 2014 deals	$222,224	$5,849	2.6
2015	CAS 2015 deals	$187,127	$5,463	2.9
2016	CAS 2016 deals	$236,459	$7,392	3.1
2017	CAS 2017 deals	$264,697	$8,707	3.3
2018	CAS 2018 deals	$205,998	$7,314	3.6
2019	CAS 2019 deals	$290,211	$8,073	2.8
2020	CAS 2020 deals	$58,015	$2,167	3.7
2021	CAS 2021 deals	$142,202	$3,095	2.2
2022	CAS 2022 deals	$325,601	$8,920	2.7
2023	CAS 2023 deals	$191,497	$5,440	2.8
2024	CAS 2024 deals	$123,689	$4,163	3.4
2025	CAS 2025 deals	$117,920	$4,001	3.4
February 2026	CAS Series 2026 – R01	$19,286	$662	3.4
March 2026	CAS Series 2026 – R02	$18,649	$670	3.6
April 2026	CAS Series 2026 – R03	$20,514	$630	3.1
August 2026	CAS Series 2026 – R04	$19,412	$857	4.4
Total		**$2,470,189**	**$74,079**	**3.0%**

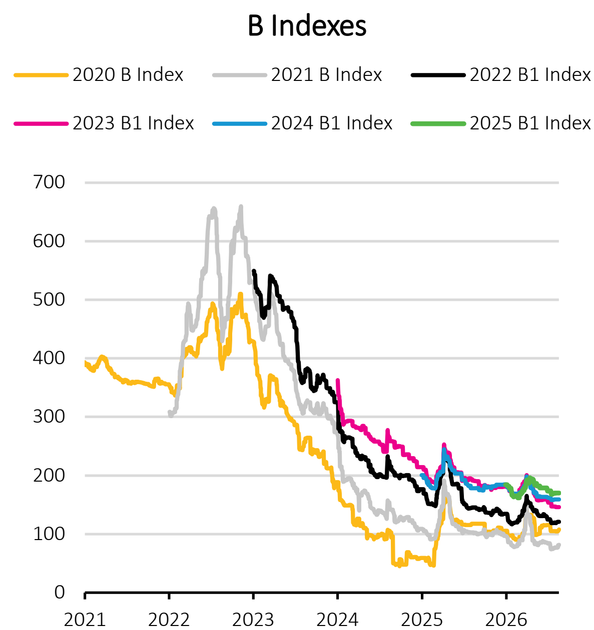
Freddie Mac – Structured Agency Credit Risk (STACR)

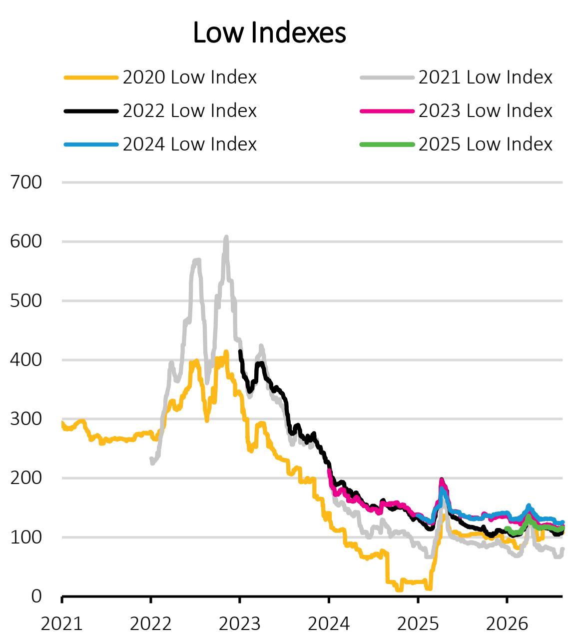
Date	Transaction	Reference Pool Size ($m)	Amount Issued ($m)	% of Reference Pool Covered
2015	STACR 2015 deals	$179,196	$6,658	3.7
2016	STACR 2016 deals	$183,421	$5,541	3.0
2017	STACR 2017 deals	$248,821	$5,663	2.3
2018	STACR 2018 deals	$243,007	$6,055	2.5
2019	STACR 2019 deals	$181,753	$5,807	3.2
2020	STACR 2020 deals	$403,591	$10,372	2.6
2021	STACR 2021 deals	$574,706	$11,024	1.9
2022	STACR 2022 deals	$327,773	$11,203	3.4
2023	STACR 2023 deals	$87,794	$2,838	3.2
2024	STACR 2024 deals	$101.024	$2,826	2.8
2025	STACR 2025 deals	$101,693	$3,040	3.0
February 2026	STACR 2026 – DNA1	$23,552	$628	2.7
March 2026	STACR 2026 – DNA2	$27,525	$507	1.8
May 2026	STACR 2026 – HQA1	$17,127	$512	3.0
Total		**$2,888,887**	**$78,207**	**2.7%**

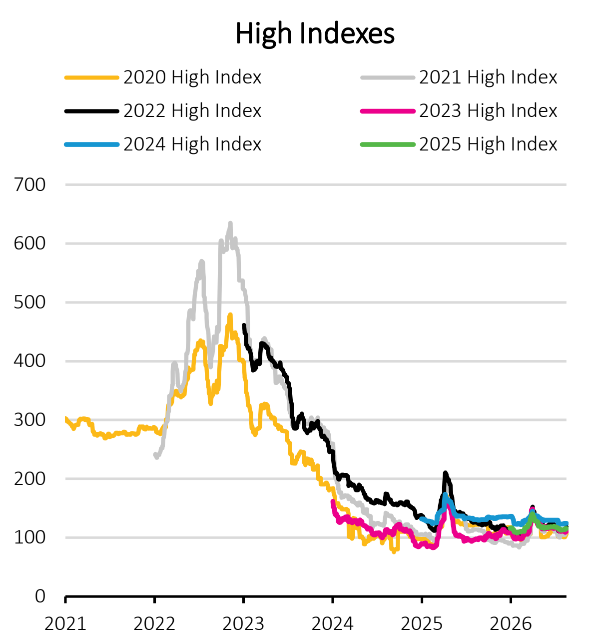
Sources: Fannie Mae, Freddie Mac and Urban Institute. **Note**: Classes A-H, M-1H, M-2H, and B-H are reference tranches only. These classes are not issued or sold. The risk is retained by Fannie Mae and Freddie Mac. “CE” = credit enhancement.

The figures below show the spreads for 2020–2025 indexes, as priced by dealers. These spreads signal mortgage credit risk. Since the fluctuations in 2022, spreads have largely narrowed and remain stable. Spreads currently remain below their early-2025 levels, the last period of notable spread widening.





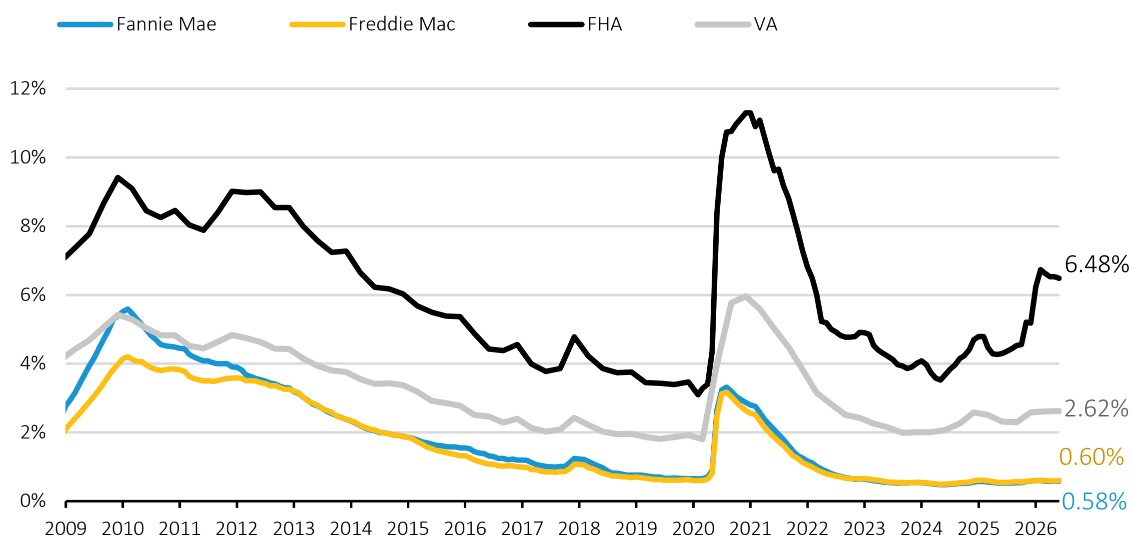




Sources: Vista Data Services and the Urban Institute.
Note: Data as of August 14, 2026.

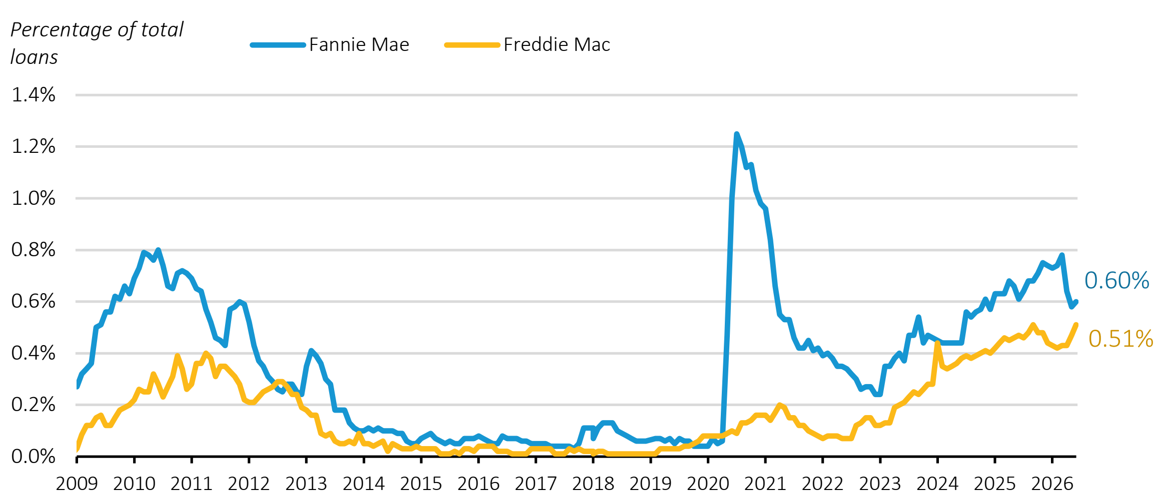
The rise in serious delinquency rates on government mortgage loans paused in the past quarter. Across FHA loans, the serious delinquency rate fell to 6.48 percent in June 2026 from 6.53 in May 2026. And among VA loans, the serious delinquency rate largely held steady at 2.62 percent. Rates of serious delinquency among the GSEs, Fannie Mae and Freddie Mac, held steady at already low rates. Loans in forbearance are counted as delinquent for the purpose of measuring delinquency rates. Serious delinquency rates on Fannie Mae and Freddie Mac multifamily loans have improved somewhat, but remain well above their 2022-2023 levels.

Serious Delinquency Rates among Single-Family Loans



Sources: Fannie Mae, Freddie Mac, FHA, the MBA Delinquency Survey, and the Urban Institute. VA and FHA data as of Q2 2026. GSE data as of June 2026.
Notes: Serious delinquency refers to loans 90 days or more past due or in foreclosure. Not seasonally adjusted. From February 2020 through November 2024, FHA delinquency rates were collected from FHA's monthly single-family loan performance trends report, before and after this FHA serious delinquencies are from the quarterly MBA Delinquency Survey. In October 2025, FHA changed its reporting requirements with respect to the treatment of trial payment periods; those loans are now treated as delinquent, leading to a surge in stated delinquencies in late 2025 and early 2026.

Serious Delinquency Rates among Multifamily GSE Loans



Sources: Fannie Mae, Freddie Mac, and the Urban Institute.
Notes: Data as of June 2026. Multifamily serious delinquency is the unpaid balance of loans 60 days or more past due, divided by the total unpaid balance.

AGENCY ISSUANCE // AGENCY GROSS AND NET ISSUANCE

Agency gross issuance totaled $843.4 billion in the first 7 months of 2026; $495.9 billion by the GSEs and $347.6 billion by Ginnie Mae. GSE issuance was up 25.2 percent and Ginnie Mae issuance was up 22.9 percent from the first seven months of 2025. Net issuance (new securities issued less the decline in outstanding securities attributable to principal paydowns or prepayments) through July 2026 was $20.8 billion, this is much lower than $60.6 billion from January-July 2025. The lower net level relative to a year earlier is attributable to negative issuance by the GSEs and low issuance by Ginnie Mae. Net issuance was last negative in the years directly following the Great Recession.

Agency Gross Issuance

Issuance year	GSEs	Ginnie Mae	Total
2004	$872.6	$119.2	$991.9
2005	$894.0	$81.4	$975.3
2006	$853.0	$76.7	$929.7
2007	$1,066.2	$94.9	$1,161.1
2008	$911.4	$267.6	$1,179.0
2009	$1,280.0	$451.3	$1,731.3
2010	$1,003.5	$390.7	$1,394.3
2011	$879.3	$315.3	$1,194.7
2012	$1,288.8	$405.0	$1,693.8
2013	$1,176.6	$393.6	$1,570.1
2014	$650.9	$296.3	$947.2
2015	$845.7	$436.3	$1,282.0
2016	$991.6	$508.2	$1,499.8
2017	$877.3	$455.6	$1,332.9
2018	$795.0	$400.6	$1,195.3
2019	$1,042.6	$508.6	$1,551.2
2020	$2,407.5	$775.4	$3,182.9
2021	$2,650.8	$855.3	$3,506.1
2022	$1,200	$527.4	$1,727.4
2023	$637.9	$382.9	$1,020.7
2024	$691.1	$453.6	$1,144.7
2025	$751.0	$523.8	$1,274.8
2026	$495.9	$347.6	$843.4
% Change YTD 2026 from same period 2025	25.2%	22.9%	24.3%

Agency Net Issuance

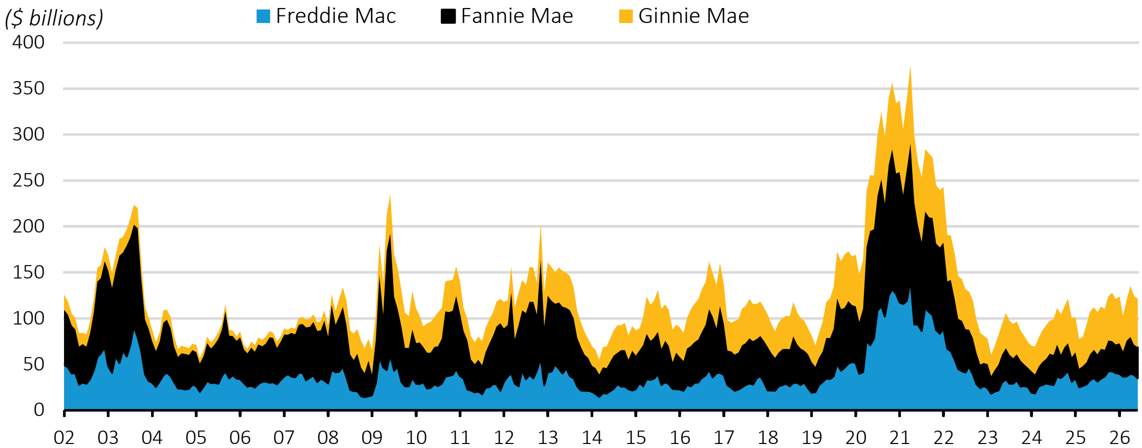
Issuance Year	GSEs	Ginnie Mae	Total
2004	$82.5	-$40.1	$42.4
2005	$174.2	-$42.2	$132.0
2006	$313.6	$0.2	$313.8
2007	$514.9	$30.9	$545.7
2008	$314.8	$196.4	$511.3
2009	$250.6	$257.4	$508.0
2010	-$303.2	$198.3	-$105.0
2011	-$128.4	$149.6	$21.2
2012	-$42.4	$119.1	$76.8
2013	$65.3	$89.6	$154.9
2014	$26.0	$61.6	$87.7
2015	$68.4	$97.2	$165.6
2016	$127.4	$125.8	$253.1
2017	$160.7	$132.3	$293.0
2018	$149.4	$112.0	$261.5
2019	$197.8	$95.7	$293.5
2020	$632.8	$19.9	$652.7
2021	$753.5	$5.6	$759.1
2022	$289.5	$143.0	$432.5
2023	$57.5	$175.4	$232.9
2024	$47.5	$181.2	$228.7
2025	$3.3	$184.4	$187.8
2026	-$51.7	$72.5	$20.8
% Change YTD 2026 from same period 2025	1281.6%	-29.8%	-79.1%

Sources: eMBS and the Urban Institute.
Notes: Dollar amounts are in billions. Data as of July 2026.

AGENCY ISSUANCE // AGENCY GROSS ISSUANCE AND FED PURCHASES

Agency issuances by the GSEs and Ginnie Mae totaled $121.3 billion in June 2026, 8.1 percent higher than volume in June 2025. Freddie Mac comprised 28.6 percent of agency gross issuance in June 2026 (down from 31.4 percent in June 2025), Fannie Mae comprised 28.0 percent (slightly up from 27.2 percent), and Ginnie Mae comprised 43.5 percent (up from 41.4 percent).

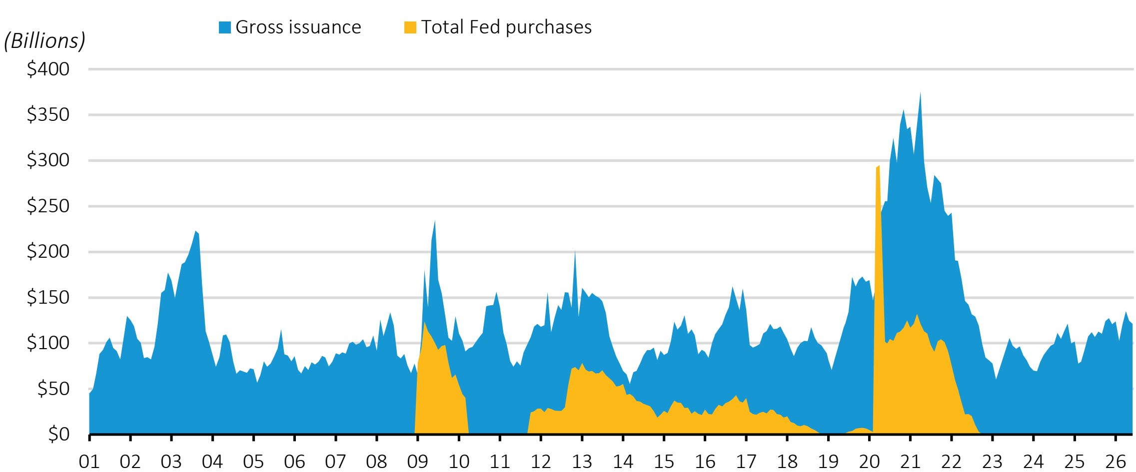
Monthly Gross Issuance



Sources: eMBS and Urban Institute calculations. Data as of June 2026.

Federal Reserve Absorption of Agency Gross Issuance

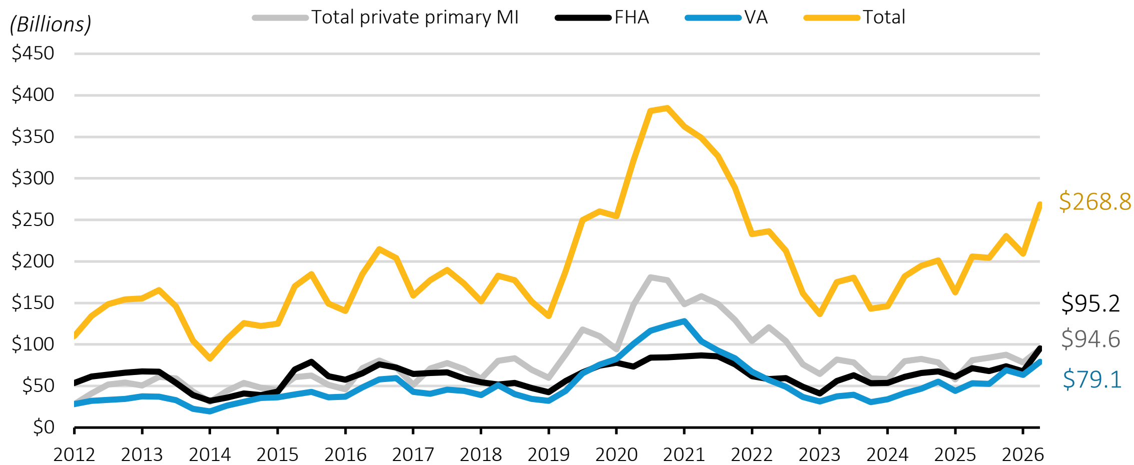
The Federal Reserve's portfolio was a critical policy tool used during the Great Recession and the more recent pandemic recession. In both instances, the Fed's portfolio, known as the system open market account (SOMA), ballooned as the agency bought both Treasury securities and agency MBS (including multifamily during the COVID recession). The Fed's purchases of agency MBS dropped to $0 in November 2022 and has remained negligible since. At its most recent meeting in July 2026, the Federal Open Markets Committee (FOMC) held its policy rate unchanged at a range of 3.50-3.75 percent amid low job gains and elevated inflation.



Sources: eMBS, the Federal Reserve Bank of New York, and the Urban Institute. Data as of June 2026.

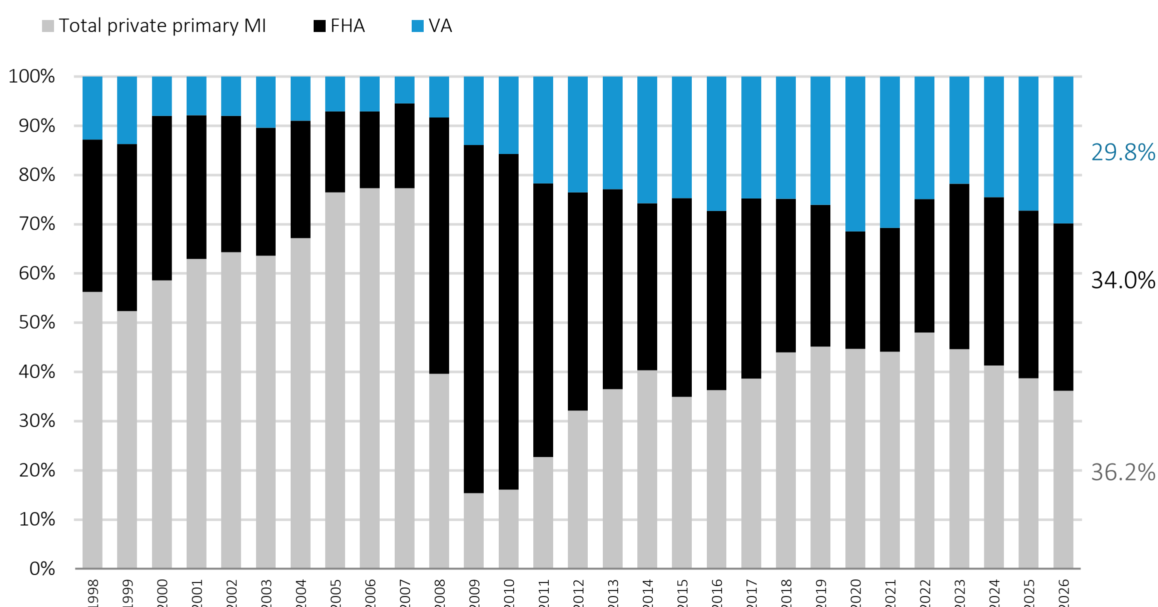
MI Activity

As mortgage originations were higher in the second quarter of 2026 compared to a year ago, total mortgage insurance grew as well, by 30.4 percent compared to 2025 Q2. Amid reduced affordability, the growth in total mortgage insurance reflected increased use of the Ginnie Mae channel, which accounts for a sizeable share of first-time homebuyers (see page 28). Mortgage insurance activity on FHA and VA loans increased 32.9 and 48.5 percent, respectively, from 2025 Q2 to 2026 Q2. In 2026 Q2, private primary mortgage insurance activity was $94.6 billion, 16.4 percent higher than in 2025 Q2. Year-over-year from 2025 Q2 to 2026 Q2, the FHA share rose from 34.7 to 35.4 percent, the VA share rose from 25.6 percent to 29.4 percent, but fell for private mortgage insurers from 39.4 to 35.2 percent.



Sources: Inside Mortgage Finance and the Urban Institute.
Note: Last updated for Q2 2026.

MI Market Share



Sources: Inside Mortgage Finance and the Urban Institute.
Note: Updated through Q2 2026.

Following the increase in FHA premiums in the aftermath of the Great Recession, these premiums have decreased since 2012. Mortgage insurance premiums on FHA loans are now 1.75% upfront and 0.55% per year, irrespective of the borrower's credit score (top table). By contrast, private mortgage insurance (PMI), applicable to high LTV GSE borrowers, uses risk-based pricing. The GSEs also use risk-based loan level pricing adjustments, but these are waived for lower income borrowers participating in Fannie Mae's Home Possible and Freddie Mac's Home Ready programs; we do not take LLPAs into account in this calculation (bottom table). FHA will be more attractive to lower credit score borrowers, who are disadvantaged by the PMI risk-based pricing relative to the FHA flat rate. Note also that the base rate for an FHA borrower is 15 basis points lower compared to their conforming peers. Taken together, this month we find FHA loans are a more financially attractive option for most borrowers, particularly those with lower credit scores.

FHA MI Premiums for a Typical Purchase Loan

Case number date	Up-front mortgage insurance premium (UFMIP) paid (basis points)	Annual mortgage insurance premium (MIP) (basis points)
1/1/2001–7/13/2008	150	50
7/14/2008–4/5/2010*	175	55
4/5/2010–10/3/2010	225	55
10/4/2010–4/17/2011	100	90
4/18/2011–4/8/2012	100	115
4/9/2012–6/10/2012	175	125
6/11/2012–3/31/2013[a]	175	125
4/1/2013–1/25/2015[b]	175	135
1/26/2015–3/19/2023[c]	175	85
Beginning 3/20/2023	175	55

Sources: Ginnie Mae and the Urban Institute.
Note: A typical purchase loan has an LTV ratio over 95 percent and a loan term longer than 15 years.
* For a short period in 2008, the FHA used a risk-based FICO score/LTV ratio matrix for MI.
[a] Applies to purchase loans up to $625,500. Those over that amount have an annual premium of 150 basis points.
[b] Applies to purchase loans up to $625,500. Those over that amount have an annual premium of 155 basis points.
[c] Applies to purchase loans up to $625,500. Those over that amount have an annual premium of 105 basis points.

Initial Monthly Payment Comparison: FHA versus GSE with PMI

Assumptions	
Property value	$400,000
Loan amount	$386,000
LTV ratio	96.5%
Base rate	
Conforming base rate	6.9%
FHA base rate	6.6%

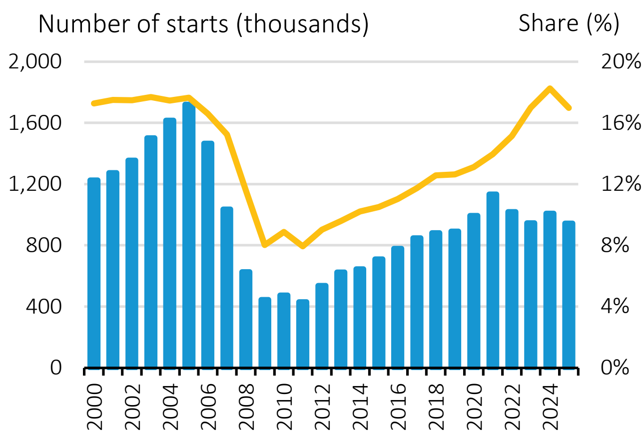
FICO	620–639	640–659	660–679	680–699	700–719	720–739	740–759	≥ 760
FHA MI premiums								
FHA UFMIP	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
FHA MIP	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55
PMI								
PMI annual MIP	1.50%	1.31%	1.23%	0.98%	0.79%	0.70%	0.58%	0.46%
Monthly payment								
FHA	$2,689	$2,689	$2,689	$2,689	$2,689	$2,689	$2,689	$2,689
GSE plus PMI	$3,025	$2,964	$2,938	$2,857	$2,796	$2,767	$2,729	$2,690
GSE plus PMI Advantage	-$336	-$275	-$249	-$169	-$107	-$78	-$40	-$1

Sources: Enact Mortgage Insurance, Ginnie Mae, and the Urban Institute. FHA and 30-year conforming rates come from the Mortgage Bankers Association Weekly Applications Survey.
Notes: PMI = private mortgage insurance. MIP = mortgage insurance premium. UFMIP = upfront mortgage insurance premium. Rates as of August 20, 2026. Mortgage insurance premiums are listed in percentage points. Gray shading indicates the FHA monthly payment is more favorable, while blue indicates PMI is more favorable. The PMI monthly payment calculation is based on the 25 percent coverage that applies to Fannie Mae's HomeReady and Freddie Mac's Home Possible programs.

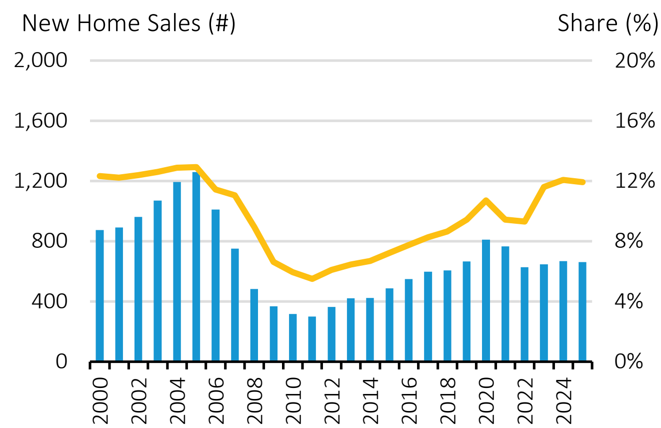
Overall Trends in New Construction

According to the Urban Institute's calculations of the 2025 Survey of Construction, single-family starts declined by 6.5 percent, from one million in 2024 to 943,000 in 2025. In 2025, there were 662,500 new home sales, modestly smaller than the 667,500 new home sales in 2024, and also 18 percent below its level in 2020. Both single-family starts and new home sales remain below their pre-pandemic 2019 levels. The median home sales price declined slightly from $420,000 in 2024 to $418,000 in 2025. New home sale prices have accelerated since 2019 before adjusting for inflation, with the median sales price increasing by 30 percent since 2019 and 146 percent since 2000.

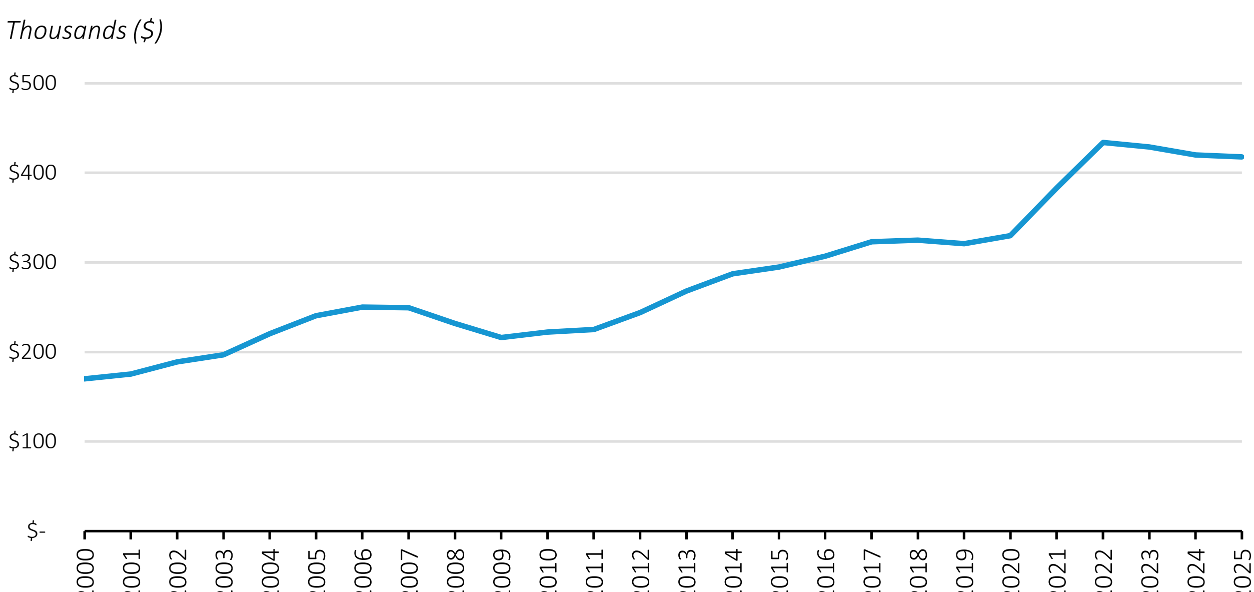
Number of Single-Family Home Starts as Share of Total Sales



Percent Share of New Home Sales in Total Single-Family Sales



Median Sales Price of New Single-Family Homes



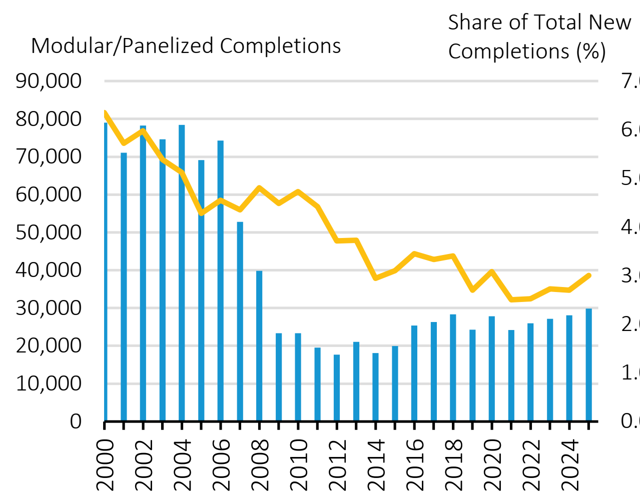
Source: U.S. Census Bureau, Survey of Construction Microdata Files 2000-2025, National Association of Realtors, and Urban Institute Calculations.

Note: National Association of Realtors total sales data includes condos.

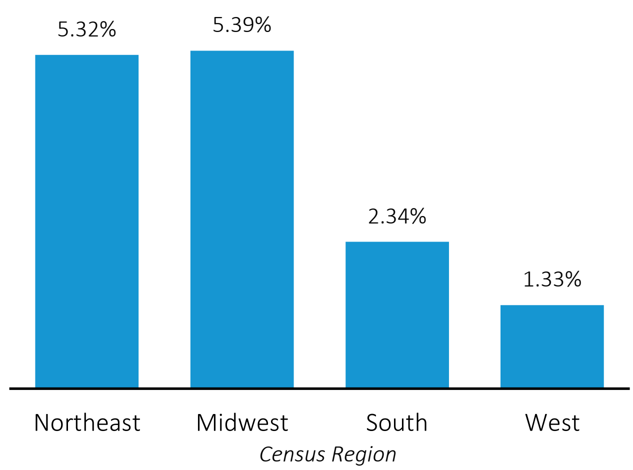
Modular and Panelized Construction

The number of modular homes completed has declined by 62.2 percent since the early 2000s, down from a peak of 78,995 in 2000 to just 29,869 units in 2025. Over this same time period, its share of single-family completions fell from 6.4 percent to 3.0 percent. The modular share of new construction is low across the nation but is highest in the Midwest at 5.3 percent and smallest in the West at 1.3 percent. Modular or panelized homes move from permit authorization to completion faster than site-built homes, with homebuilders saving 1.6 months on average for modular homes. Modular home prices outpaced site-built homes in the 2010s, but the gap in median sales prices has narrowed since 2020. Based on current market trends, homebuilders can take advantage of modular construction to expedite construction time; improvements in price affordability are limited.

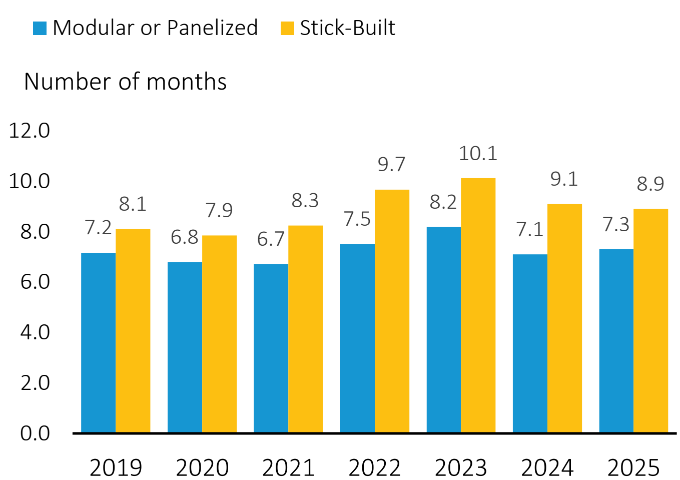
Share of Modular and Panelized Homes in Single-Family Completions



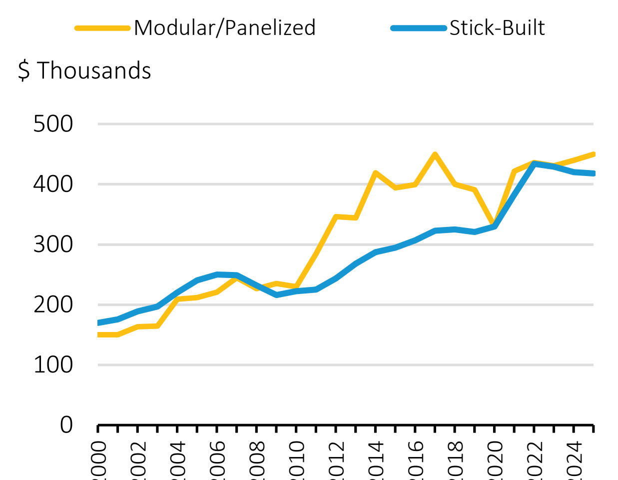
Percent Share of Modular and Panelized Completions in New Single-Family Construction, by Census Region



Average Time Between Permit Authorization and Completion, by Construction Type



Median Sales Price on New Homes, by Construction Type

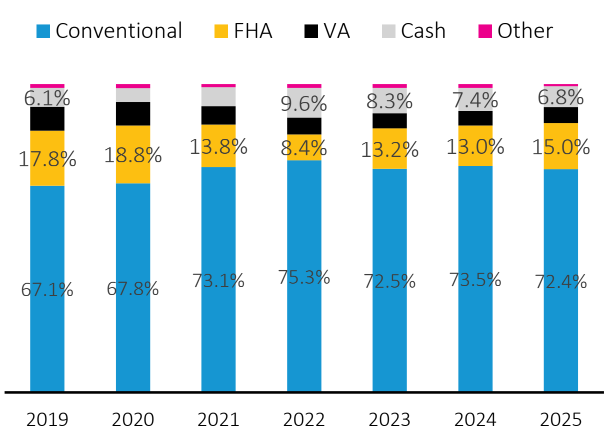


Source: U.S. Census Bureau, Survey of Construction Microdata Files 2000-2025 and Urban Institute Calculations.
Note: Figures 3 and 4 combines SOC data from 2021-2025 due to low sample sizes at the regional level.

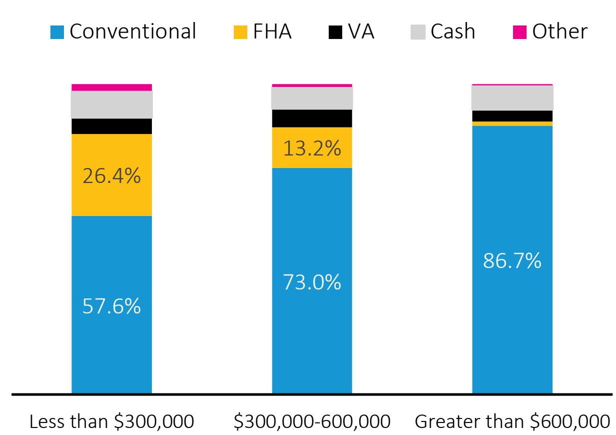
Financing of New Home Sales

The conventional share of new home sales rose from 67.1 percent in 2019 to 73.5 percent in 2024, then dropped slightly to 72.4 percent in 2025. The decline in the conventional share, as well as the share of new homes purchased with all cash, was offset by an increase in the share purchased using an FHA loan. FHA financing tends to be more prevalent on lower-valued new homes and on modular panelized homes while conventional financing is concentrated among higher valued home sales and site-built homes. Conventional financing is also concentrated among condos. This may reflect the possibility that new condos are not in FHA-approved projects.

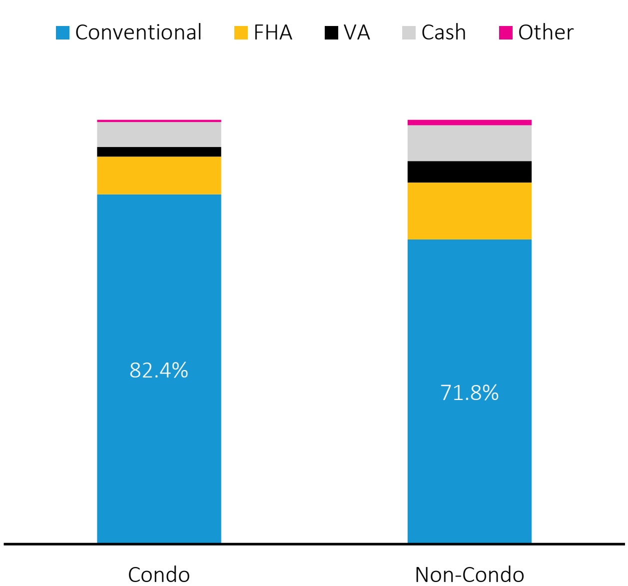
Percent Share of New Construction by Loan Channel



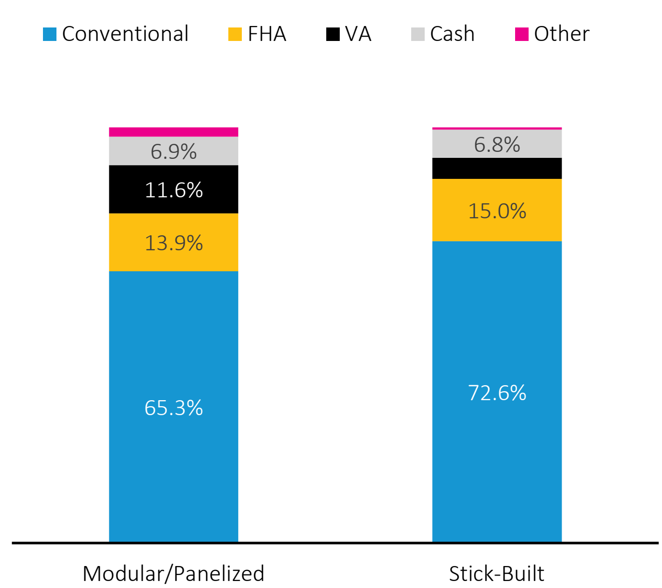
Loan Channel Distribution on New Construction, by Price Tier



Percent Share of New Condominium Sales, by Loan Channel



Percent Share of New Home Sales, by Loan Channel and Construction Type



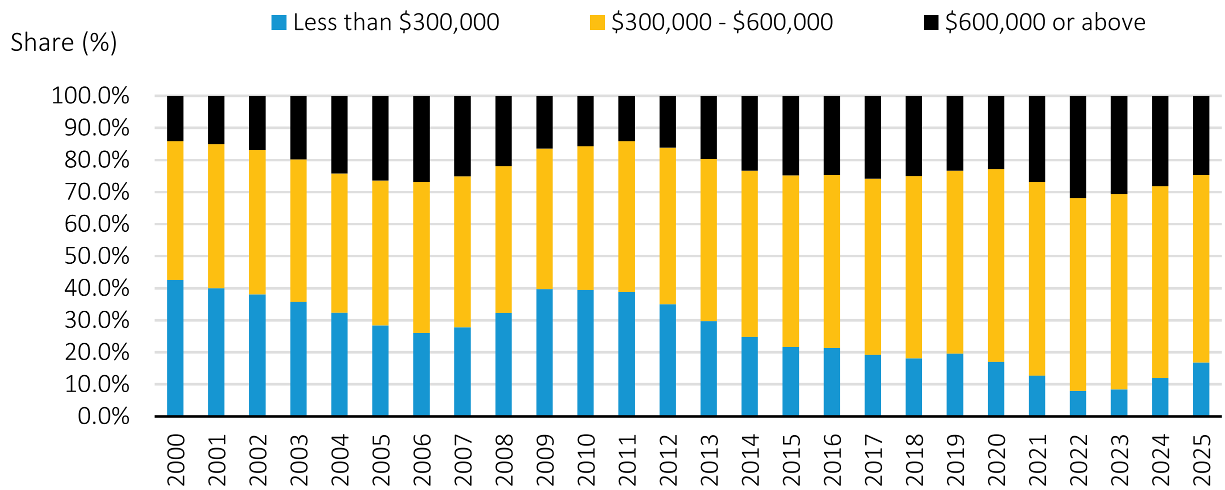
Source: U.S. Census Bureau, Survey of Construction Microdata Files 2000-2025 and Urban Institute Calculations.

Note: "Other" includes USDA loans or state and local bonds. Figures 2-4 are with 2025 data.

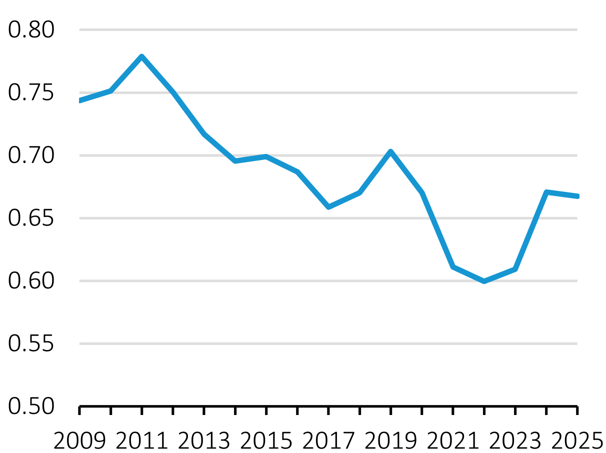
Affordability of New Construction

Sales of inflation-adjusted new homes priced under $300,000 declined from 42.6 percent of the new home market in 2000 to 16.8 percent in 2025. Over this same period, the share of new homes above $600,000 has increased from 14.1 percent to 24.6 percent in 2025. Not only are a larger share of new home sales priced above $300,000, but the ratio of the permit value compared to the sale price is declining. The permit value is the total value of work, including materials and labor, for which the permit is being issued; it does not include the value of the land. In addition, a growing share of new homes sales are also in a homeowners' association which means the homebuyer pays a homeowners association fee, in addition to the principal, interest, taxes and insurance that many buyers of new homes also owe.

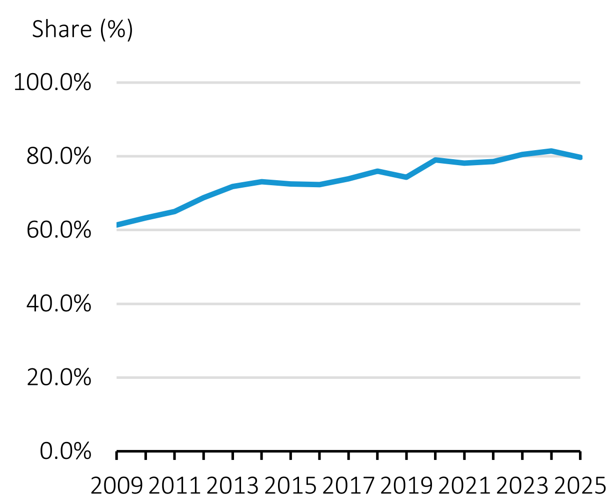
Percent Share of Inflation-Adjusted New Home Prices by Price Tier



Permit Value to Sales Price Ratio



Percent Share of New Single-Family Home Sales in Homeowner Associations



Source: U.S. Census Bureau, Survey of Construction Microdata Files 2000-2025 and Urban Institute Calculations.

Note: Price tier data from 2000-2024 were inflation adjusted to 2025 dollars.

PUBLICATIONS AND EVENTS

See our events page for more information on other upcoming and past events.

Projects

The Role and Impact of Federal Home Loan Banks

Evaluating Automation in Housing

Understanding Heirs Property as a Challenge to Generational Wealth

Pathways to Homeownership and Wealth Building in AANHPI Communities

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A Road Map to Address America's Housing Crisis

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Special Purpose Credit Program Data Toolkit

Tracking Rent Payments to Mom-and-Pop Landlords

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Publications

The Underwriting for Racial Justice Lender Pilot
Authors: Michael Neal, Amalie Zinn, Miranda Santillo, Daniel Pang
Date: July 30, 2026

Aging Well in Place in Montgomery County, Maryland: Expanding Housing Affordability, Accessibility and Availability for Older Adults
Authors: Linna Zhu, Katie Visalli, Michael Neal, Nina Russel
Date: July 30, 2026

A New Financing Model to Catalyze Mixed-Income Housing
Authors: Laurie Goodman, Daniel Hornung, Aniket Mehrotra, Kathryn Reynolds
Date: July 23, 2026

Blog Posts

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Authors: Edward Golding, Laurie Goodman, Ted Tozer
Date: August 26, 2026

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Authors: Laurie Goodman, Chad Reed, Amy Tomasso
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How Credit Score Shopping Might Affect Federal Mortgage Lending and the Perceived Risk of Default
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Authors: Jun Zhu, Jung Hyun Choi, Laurie Goodman
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Congress Has Finally Passed Major Housing Reform. The Real Work Starts Now
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New 2025 HMDA Data Reveal What It Will Take to Make Homeownership Accessible and Sustainable for Everyone
Authors: Jung Hyun Choi, Aniket Mehrotra, John Walsh
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What Supports Do Young Adults Need to Make the Most of Baby Bonds? Initial Insights from the Cash Catalyst Program
Authors: Michael Neal, Marokey Sawo, Eleanor Pratt
Date: June 18, 2026

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