



U.S. Housing Chartbook

May 2026



Key Takeaways

- 1** Transaction activity for single-family homes remain muted. The “lock-in” effect discourages selling, while a soft labor market contributes to less buying.

- 2** As a result of this constrained transaction activity, we expect home values to rise a relatively modest 0.5% in 2026. However, falling construction starts should further support home prices in 2027 and 2028.

- 3** Housing performance will remain uneven across markets. We expect the strongest price growth to be in the Midwest and Northeast.

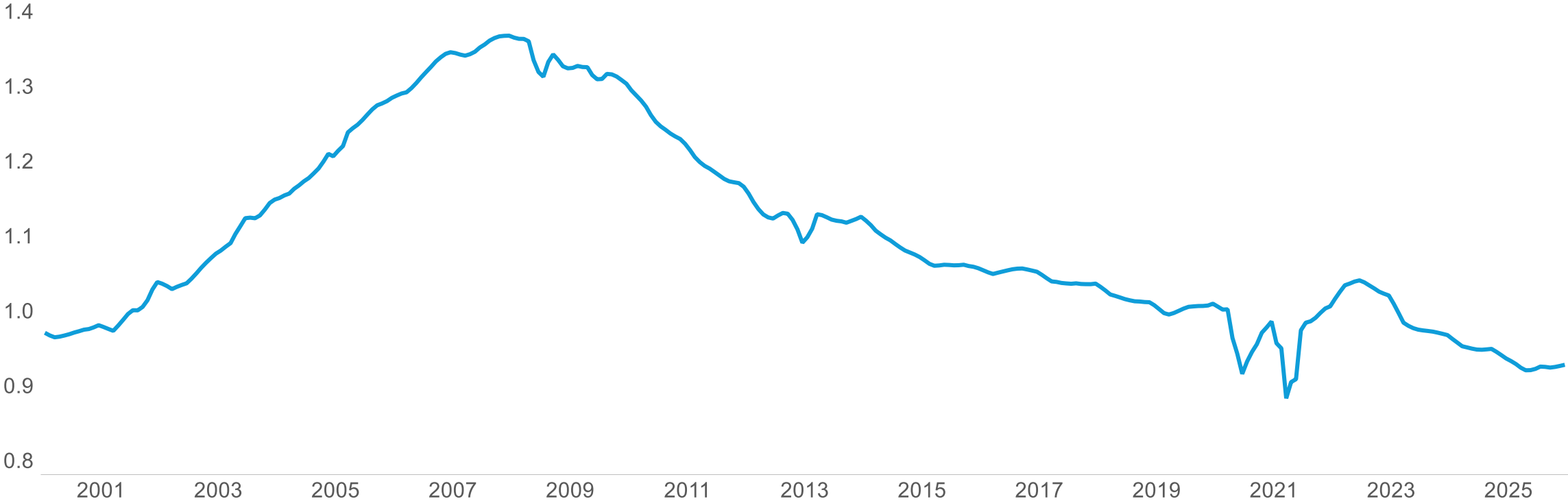


Economic Backdrop

Consumer Balance Sheets Are in Good Shape

Despite concerns about an overstretched consumer, household debt as a % of income remains low relative to the past 25 years.

U.S. Household Debt as a % of Disposable Income

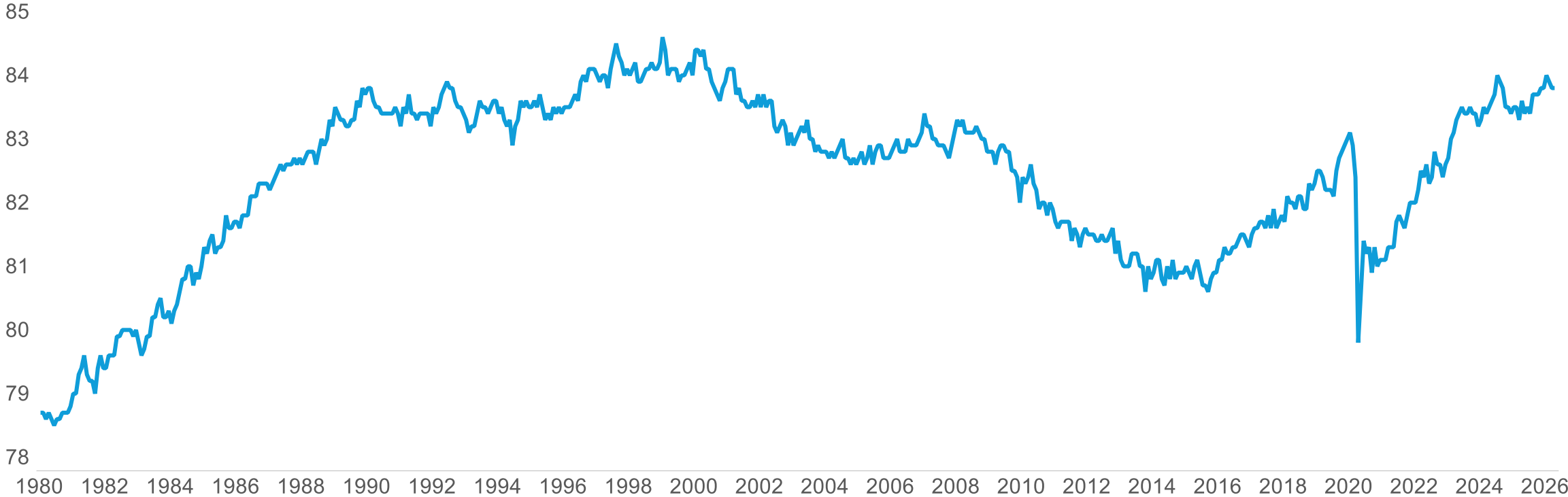


Sources: MIM, Fed, BEA. Data as of December 2025.

Prime Age Labor Force Participation Rate Is Elevated

Job growth has slowed over the past year, but labor force participation among ages 25–54 is near an all-time high. Strength in this cohort matters because it includes most typical homebuyers.

Labor Force Participation Rate Age 25 to 54 Years, SA (%)

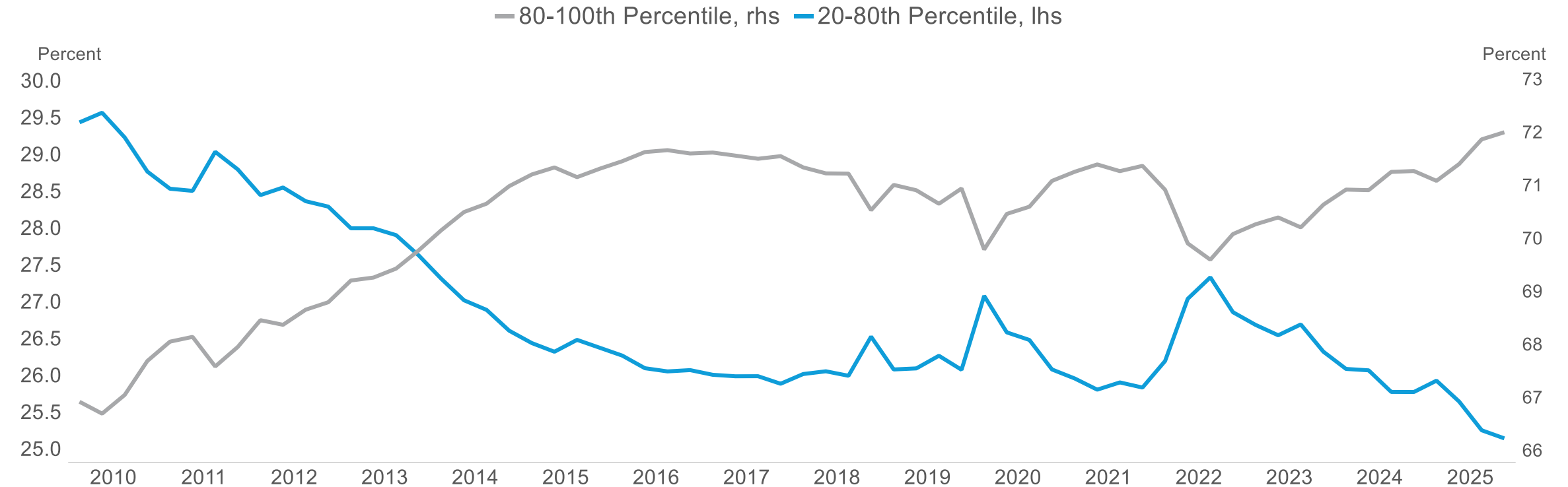


Sources: MIM, BLS. Data as of April 2026.

The Share of Wealth for Middle-Class Households Continues to Fall

The top 20% of households have continued to see positive wealth effects from rising home values and equity markets over the last several years. Over the same period, the share of wealth for the bottom 80% of consumers has fallen. This divergence is driving a “K-shaped” spending pattern across the economy.

Wealth Distribution by Income Percentile

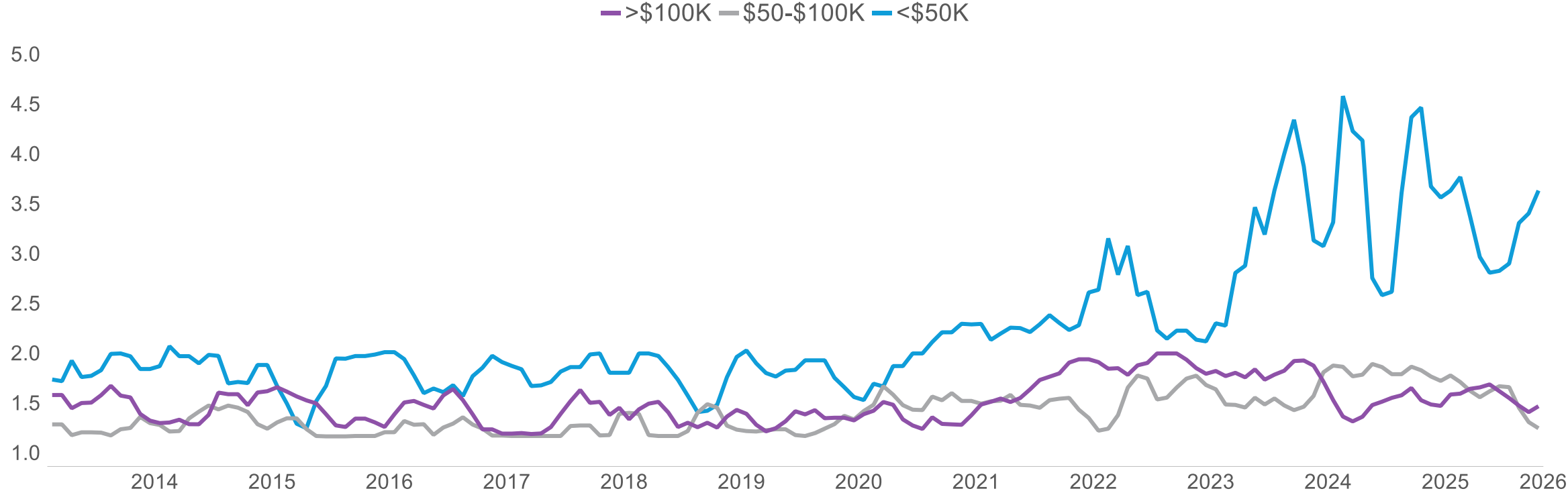


Sources: MIM, Fed, BLS. Data as of October 2025.

Earnings Growth Uncertainty Has Increased More for Lower-Income Households

Top-end consumers have been driving spending as well as home purchasing activity. Higher-income households face far less earnings growth uncertainty than lower-income households.

Median One-Year-Ahead Earnings Growth Uncertainty by Income

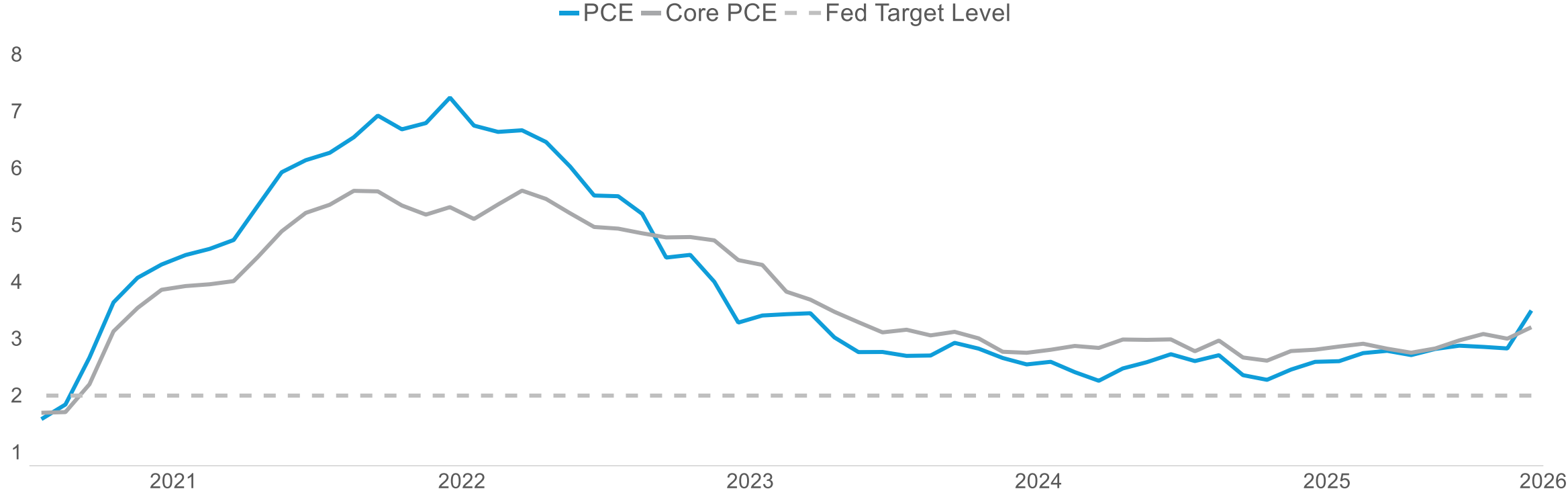


Sources: MIM, New York Fed. Data as of April 2026.

Inflation Remains Above Target and Is Weighing on Consumer Sentiment

Inflation has come down significantly from 2022 levels but remains above the Fed's 2% target. Elevated oil prices will add to inflationary pressure. MIM expects inflation to remain above the Fed's target through the end of the year.

PCE and Core PCE Inflation, Year-Over-Year % Change

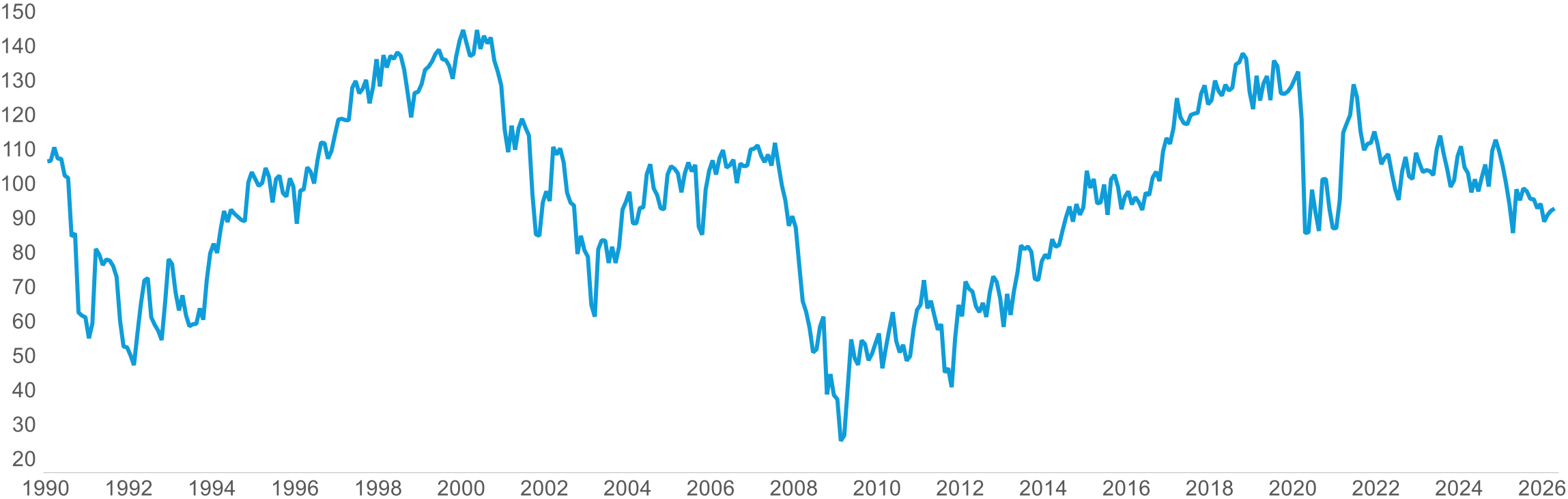


Sources: MIM, BEA, seasonally adjusted. Data as of March 2026.

Consumer Confidence Has Slipped but Remains Around Historic Average

Elevated inflation and weak hiring activity have pushed consumer confidence lower. The unemployment rate remains relatively low, which has kept consumer confidence around the historic average.

Consumer Confidence Index, SA



Sources: MIM, Conference Board. Data as of April 2026.

Downside Risks to Our Housing Outlook

Elevated interest rates and inflation. Inflation remains stubbornly above the Fed's target. The ongoing conflict in the Middle East, tariff impacts, and strong consumer spending are likely to keep inflation elevated through the end of 2026. Should 30-year mortgage rates rise and remain elevated, we would expect downward pressure on values.

Population growth. Declining immigration has slowed population growth, weighing on household formation and residential demand. This slowdown could result in lower job growth compared to the past three years.

K-shaped economy. The top 10% of earners account for about 50% of spending, while real disposable income growth for the bottom 80% has slowed materially. This dynamic leaves the economy particularly vulnerable to a stock market correction, which would dampen the wealth effect supporting high-income consumer spending.

Upside Risks to Our Housing Outlook

Declining construction pipeline.

New home construction fell last year and will continue to decline this year. Construction in the apartment sector has faced a more significant decline. A constrained supply pipeline will support real estate fundamentals.

Strong consumer. Despite economic uncertainty, the U.S. consumer remains resilient. While job growth is soft, the unemployment rate remains low, which continues to support consumer spending, particularly among higher-end consumers.

Tax policy. The One Big Beautiful Bill Act provides immediate tax benefits, such as 100% bonus depreciation and a permanent 20% QBI deduction, which incentivize business investment. Consumers will benefit from larger tax returns this year.

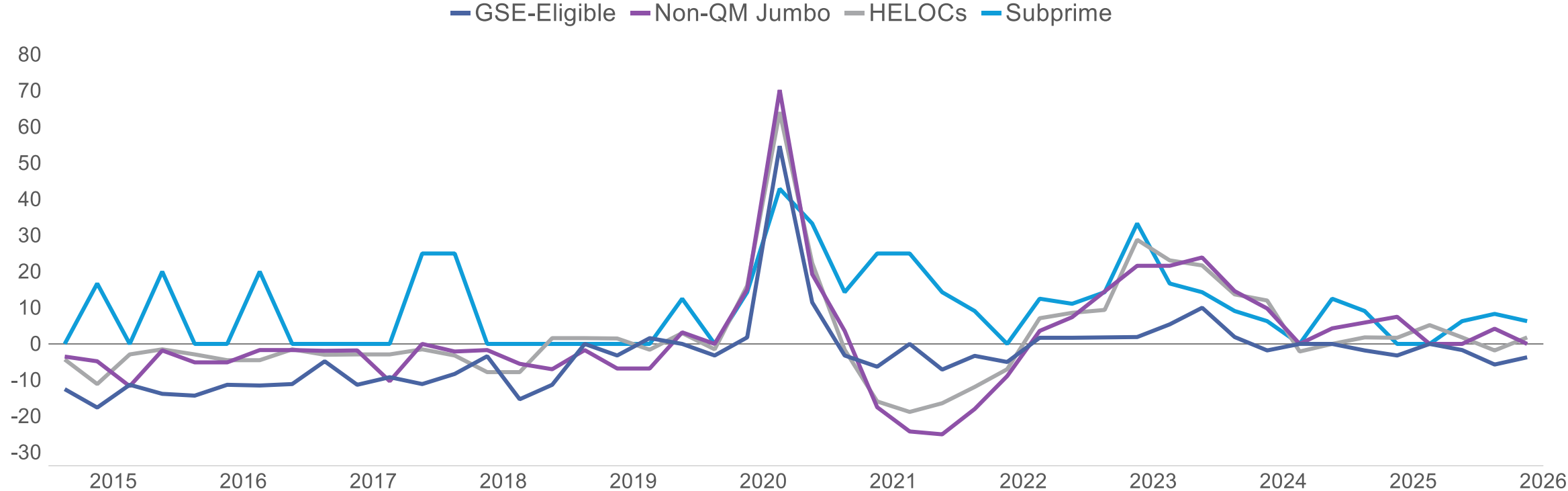


Credit Availability

Banks Are Not Loosening Underwriting Standards for Residential Mortgages

Underwriting standards for residential mortgages remain tight. Lack of credit availability will weigh on home sale activity through the rest of the year.

% of Banks Tightening Underwriting Standards – Senior Loan Officer Opinion Survey

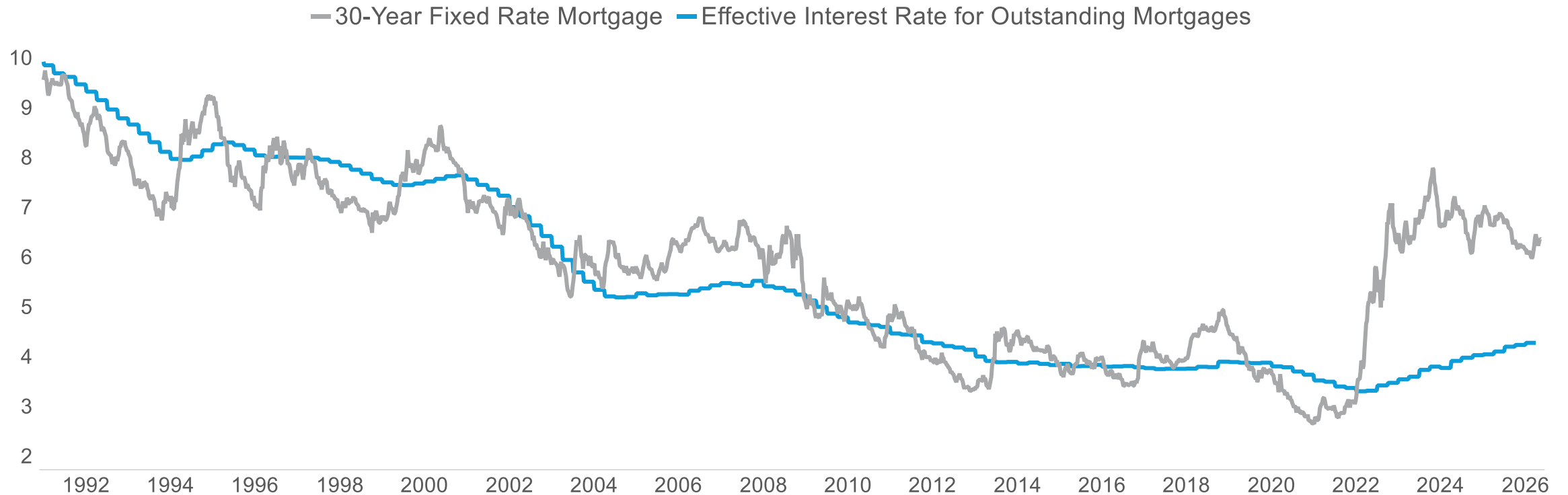


Sources: MIM, Federal Reserve. Data as of April 2026.

The Mortgage “Lock-In” Effect Continues to Weigh on Buying and Selling

A significant gap remains between home buyers who locked in low mortgage rates between 2020 and 2022 compared to where rates are now. This lock-in effect will remain for several years and negatively impact home buying activity. Mortgage rates briefly fell below 6% earlier this year but have risen back above 6.5% as of May 2026.

30-Year Fixed Mortgage Rate & Effective Interest Rate for Outstanding Mortgages (%)

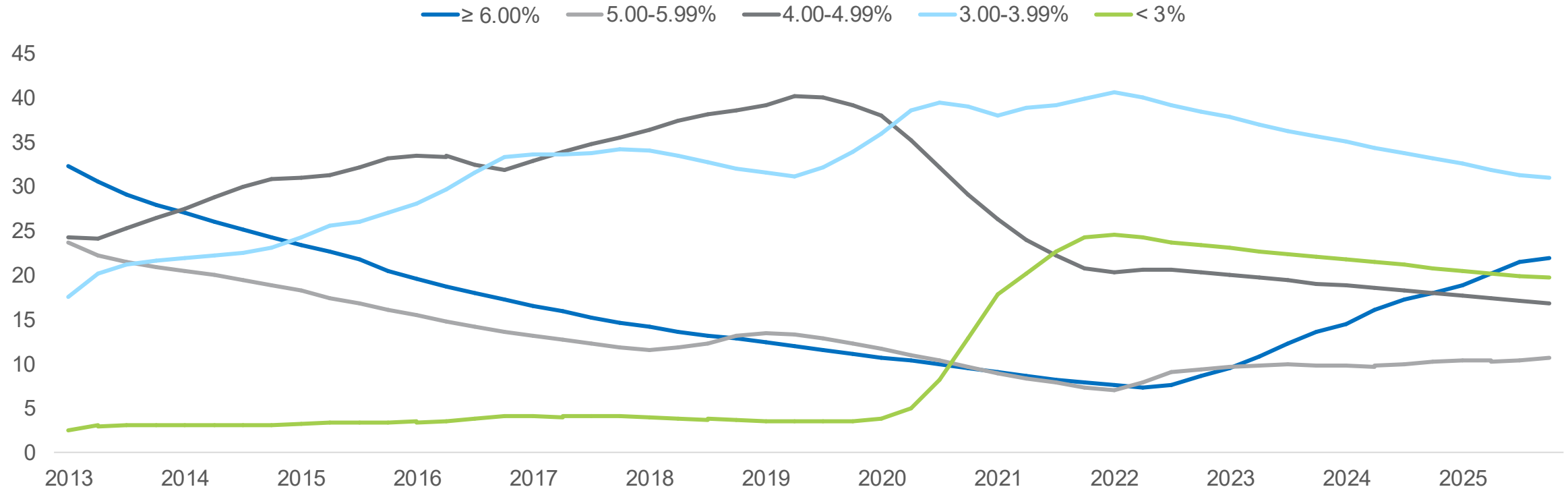


Sources: MIM, BEA, Freddie Mac. Data as of May 2026.

The Share of Loans Over With Over 6% Interest Rate Is Rising But Remains Low

About 22% of outstanding mortgages have an interest rate of 6% or higher. In 2022, only 8% of outstanding mortgages had an interest rate above 6%. Most borrowers are locked into lower rates, with 67% of outstanding mortgages having an interest rate below 5%.

% Share of Outstanding Loans by Interest Rate



Sources: MIM, FHFA. Data as of 4Q 2025.

Impacts of Potential Regulatory and Legislative Changes

Basel III Endgame. The Federal Reserve and other regulatory agencies have proposed lower capital requirements for banks, including less punitive capital charges for residential mortgages. We expect this to increase liquidity in residential lending and lower spreads. Banks will be incentivized to hold more residential mortgages on balance sheet because of lower capital charges. This should also prevent forced sales from banks.

21st Century ROAD to Housing. Proposed legislation would provide states and counties with more flexible funding guidelines for housing projects, including construction and rehabilitation. It would also prohibit large institutional investors from acquiring single-family homes. While permitting reforms could help supply, divestiture requirements would dampen investor appetite, reduce developer activity and limit options for renters.

GSE Privatization. Removing Fannie and Freddie from government conservatorship has been a major talking point for the administration. However, at the direction of the president, Fannie and Freddie have placed sizable MBS purchases to help bring down mortgage rates. Given elevated rates and a looming midterm election, it is unlikely the GSEs will exit government conservatorship this year.

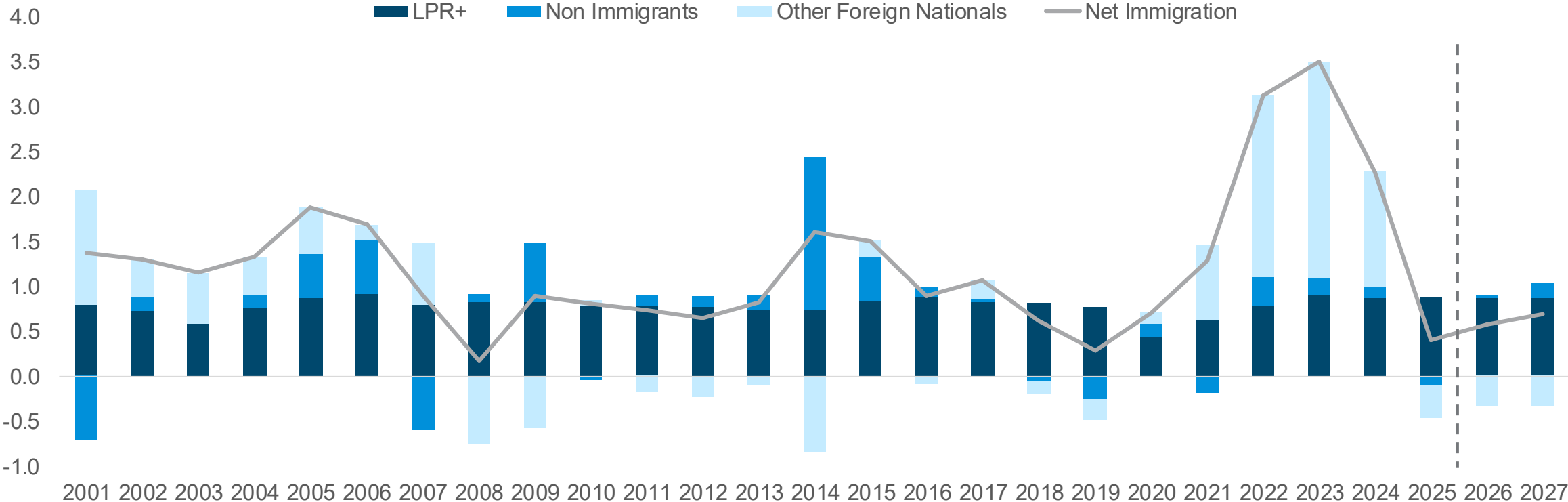


Demographics Outlook

Immigration Has Fallen Significantly After 2022 to 2024 Surge

Changes in immigration policy have led to a steep drop-off in net migration to the U.S. Immigration is likely to remain near this level over the next several years. While unauthorized immigration has turned negative, lawful inflows remain near historic levels and should support demand. Temporary immigrants, such as student visas and seasonal workers, should recover in 2026 and 2027.

Net Immigration, Millions of People, Annual

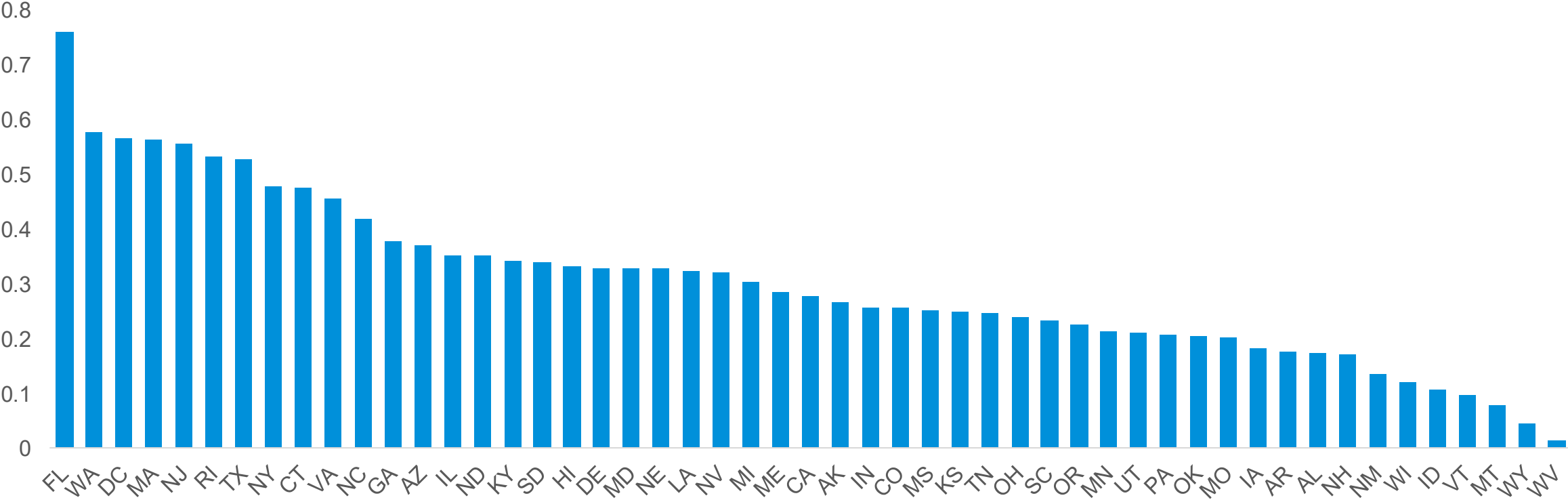


Sources: CBO, MIM. Data as of January 2026.
 Notes: LPR+: Lawful permanent residents plus those who are eligible to become LPRs. Non Immigrants: People admitted under the Immigration and Nationality Act (INA) – primarily students and temporary workers.
 Other Foreign Nationals: People in the U.S. but are not in the prior two categories. The category represents those who entered the U.S. illegally, entered through the use of parole authority, those who are awaiting proceedings in immigration court, or those who overstayed a temporary visa.

West and East Coast States Are Most Vulnerable to Falling Immigration

More restrictive border and deportation policies will impact states with international migration as a higher share of total migration. States that fall under this category include West Coast states such as Washington and California, as well as East Coast states such as Florida, New York, Massachusetts, New Jersey, Rhode Island and Connecticut, while Midwestern states are more insulated.

International Migration as Share of Total Population (%)

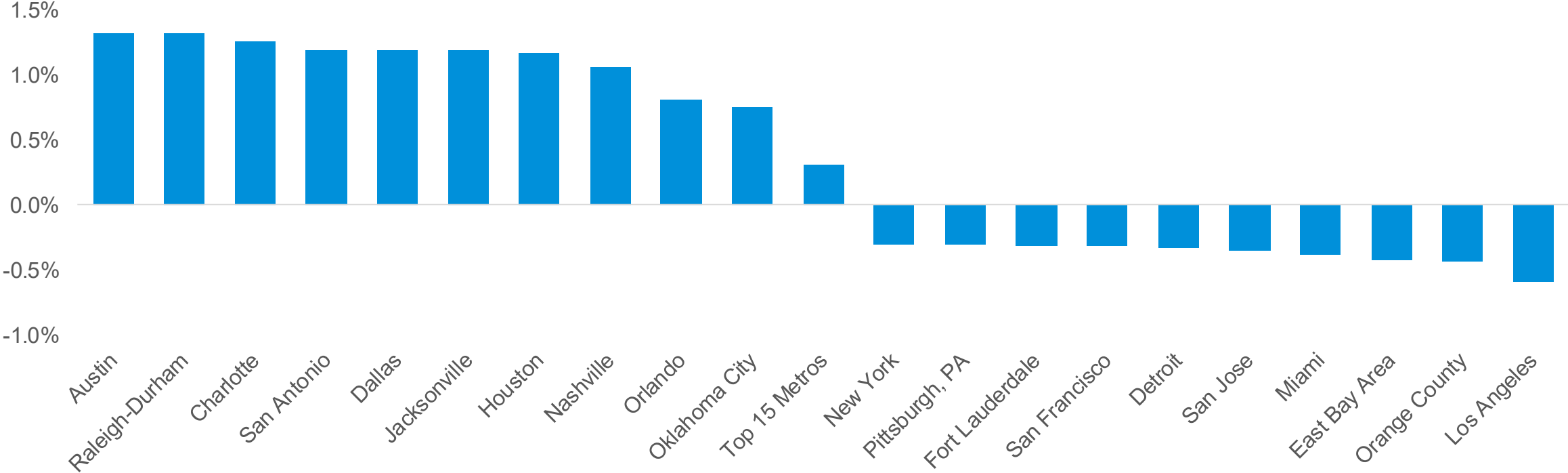


Sources: Census Bureau, Moody's Analytics, MIM. Data as of Q4 2025.

Population Growth From Domestic Migration Will Continue in the Sun Belt

Austin, Raleigh Durham and Charlotte are expected to lead population gains at a market level over the next three years. These markets have strong demographic tailwinds but also face lower barriers to entry for new supply. High-cost markets such as NYC, LA and SF will see population declines.

Population Growth by Metro, 2025 to 2028 Forecast (CAGR)

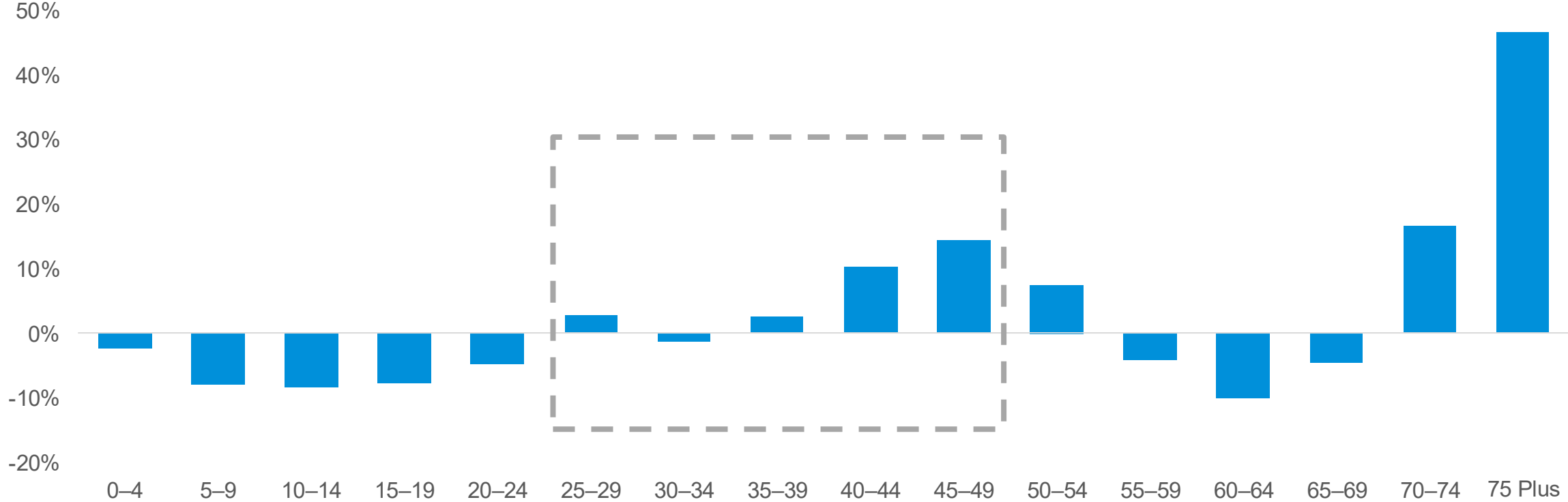


Note: Top 15 Metros shows the overall population growth of the largest 15 markets in the US.
Sources: MIM, John Burns. Data as of 1Q 2026.

Prime Home-Buying Age Groups Expected to Grow Over Next 10 Years

Over the next decade, the growing population between the ages of 25 and 49 will drive demand for home sales. This demographic trend also favors single-family rentals.

Population Growth by Age Cohort (%), Forecast 2024 to 2034



Sources: MIM, John Burns Research. Data as of 1Q 2026.

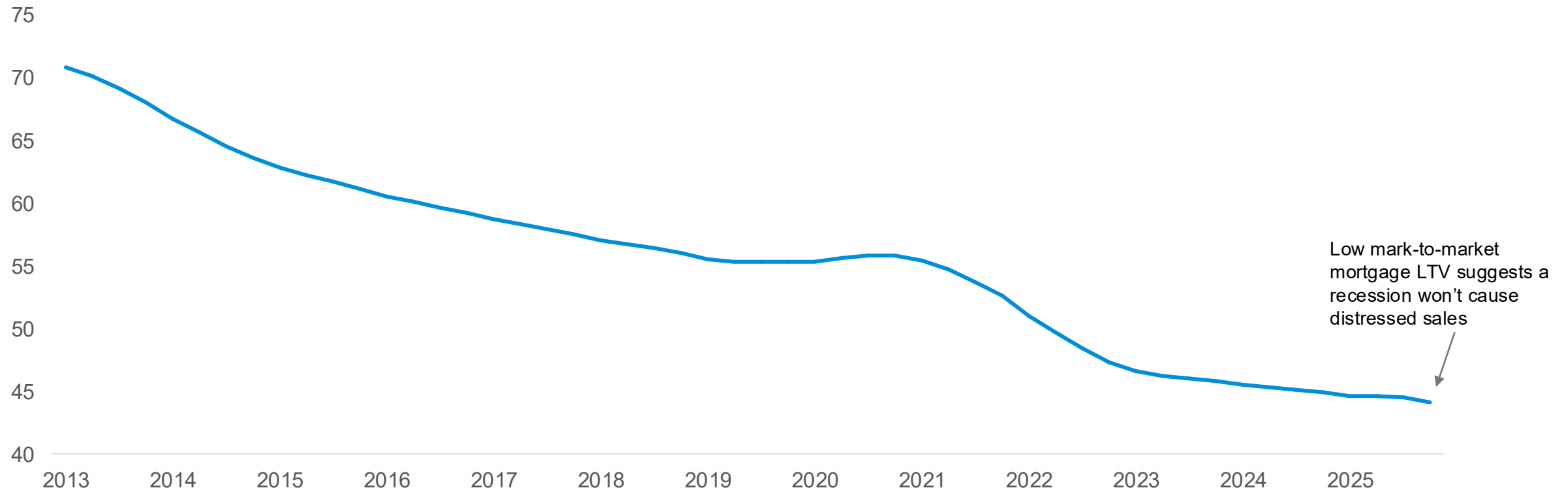


Value Outlook

Low LTV Ratios Suggest Housing Prices are Unlikely to Repeat GFC Type Downturn

Despite a small rise in delinquencies, residential mortgage LTVs are low, which will keep losses subdued. Low LTVs will also prevent a significant decline in home values. Residential downside risk is low because of high homeowners' equity.

Mark-to-Market Residential Mortgage Loan-to-Value (LTV)

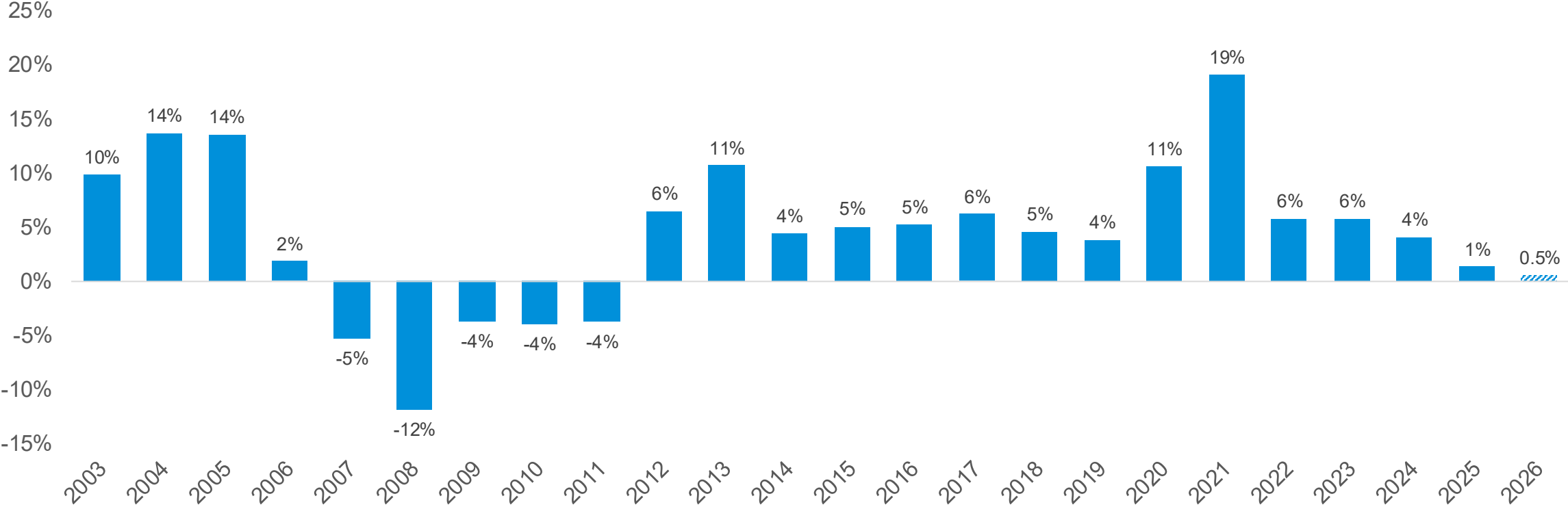


Sources: MIM, FHFA. Data as of 4Q 2025.

Home Price Gains Have Slowed, and We Expect a 0.5% Increase This Year

We don't see many catalysts to home value appreciation in the year ahead. We forecast a 0.5% increase in home values this year, broadly in line with Moody's projection of a 0.6% gain. We expect home value appreciation to lag inflation for the second consecutive year. Values will likely decline in parts of the Sun Belt, while low supply will lead to modest value gains in the Northeast and Midwest.

Home Value Change (Year-Over-Year %), Case-Shiller National Home Price Index



Sources: MIM, S&P. Data as of 2Q 2026.

MetLife Investment Management Residential Equity Preferred Markets

MIM Real Estate's research team utilizes proprietary models to examine a suite of carefully selected metrics for each market and property type designed to measure market depth, liquidity, volatility, economic drivers and income growth potential. These metrics focus on market level conditions and do not take into consideration loan level characteristics such as FICO score or LTV.

Each quarter's results are backtested using historical NCREIF return data (the private CRE Benchmark). Through these tests, we assess the effectiveness of the framework by comparing the preferred vs. non-preferred markets, enabling a clear, data-driven view of how our convictions have performed over time.

Average Annualized Return During 2022-2024 Downturn ^{1,2,3}			
Property Type	Preferred	Not Preferred	Excess Return
Apartment	1.1%	0.0%	1.1%

MIM Preferred Markets, Sorted Alphabetically

Market	
Albany - NY	Missoula - MT
Baltimore - MD	Morgantown - WV
Boise - ID	Norfolk - VA
Charleston - SC	Oklahoma City - OK
Chicago - IL	Orange Co - CA
Cincinnati - OH	Palm Beach - FL
Coeur d'Alene - ID	Pittsburgh - PA
Colorado Springs - CO	Portland - OR
Des Moines - IA	Providence - RI
Durham - NC	Provo - UT
East Bay - CA	Reno - NV
Greenville - SC	Sacramento - CA
Hartford - CT	San Francisco - CA
Homosassa Springs - FL	San Jose - CA
Honolulu - HI	Sarasota - FL
Riverside - CA	Seattle - WA
Kansas City - MO	Sebring - FL
Madison - WI	Spokane - WA
Manhattan - NY	St Louis - MO
Milwaukee - WI	Wilmington - NC

Source: MIM, NCREIF.
Returns are hypothetical and included for illustrative purposes only. They are not actual returns and are not indicative of future results.
Expanded NCREIF Property Index (NPI).
This release includes the average excess return from October 2023, February 2023, and August 2022 preferred markets releases.

MetLife Investment Management Core Equity Property Type Allocation Guidance

Living sectors generally score favorably in our property type scorecard. Of these sectors, we expect Senior Housing and Manufactured Housing to perform the best, followed by Single-Family Rentals and Moderate Income Housing.

Sector	MIM Rank	YoY Change	Stochastic Z-score	Capital Markets Z-score	Benchmark Allocation	Recommended Allocation	Strategy
Seniors Housing (IL)	1	2	1.70	0.93	3%	4%	Overweight
Medical Office	2	0	1.59	0.47	3%	4%	Overweight
Retail- Net Lease	3	1	0.97	0.55	2%	3%	Overweight
Infill Warehouses	4	1	1.31	0.43	8%	11%	Overweight
Manufactured Housing	5	-2	1.21	0.20	2%	3%	Overweight
Data Centers	6	2	0.07	0.44	2%	2%	Neutral+
Retail- Mall	7	2	-0.19	0.59	4%	4%	Neutral+
Regional Warehouses	8	3	-0.02	0.36	14%	15%	Neutral+
Single-Family Rentals	9	4	0.54	-0.35	5%	5%	Neutral
Moderate Income Housing	10	0	-0.07	-0.11	1%	1%	Neutral
Self Storage	11	-5	-0.01	0.04	3%	3%	Neutral
Limited-Service Hotels	12	0	0.40	-0.48	2%	2%	Neutral
Retail- Strip/Neighborhood	13	1	-0.65	0.28	4%	4%	Neutral
55+ Housing	14	4	-0.32	-0.13	2%	2%	Neutral-
Cold Storage	15	-8	0.17	-0.73	1%	1%	Neutral-
Retail- Grocery Anchored	16	4	-2.48	0.22	4%	4%	Neutral-
Traditional Apartment	17	-1	-1.09	-0.10	22%	19%	Underweight
Life Science	18	-1	-0.51	-0.54	2%	2%	Underweight
Office (Excludes Life Science/Medical)	19	-4	-0.48	-0.68	12%	9%	Underweight
Student Housing	20	1	-1.43	-0.64	2%	1%	Underweight
Full-Service Hotels	21	-2	-0.72	-0.75	2%	1%	Underweight

Source: MIM. Based on an April 2026 Delphi consensus survey of MIM's acquisitions staff for current market pricing, aggregated portfolio information, and ratings from vendors including CoStar and Green Street. External sources include REIT and Market information from MIM vendors including CBRE-EA, and Green Street.

Note: Pricing analysis is only focused on Core and Stabilized assets. "Recommended Allocation" is for illustrative and discussion purposes only and should not be considered a recommendation.

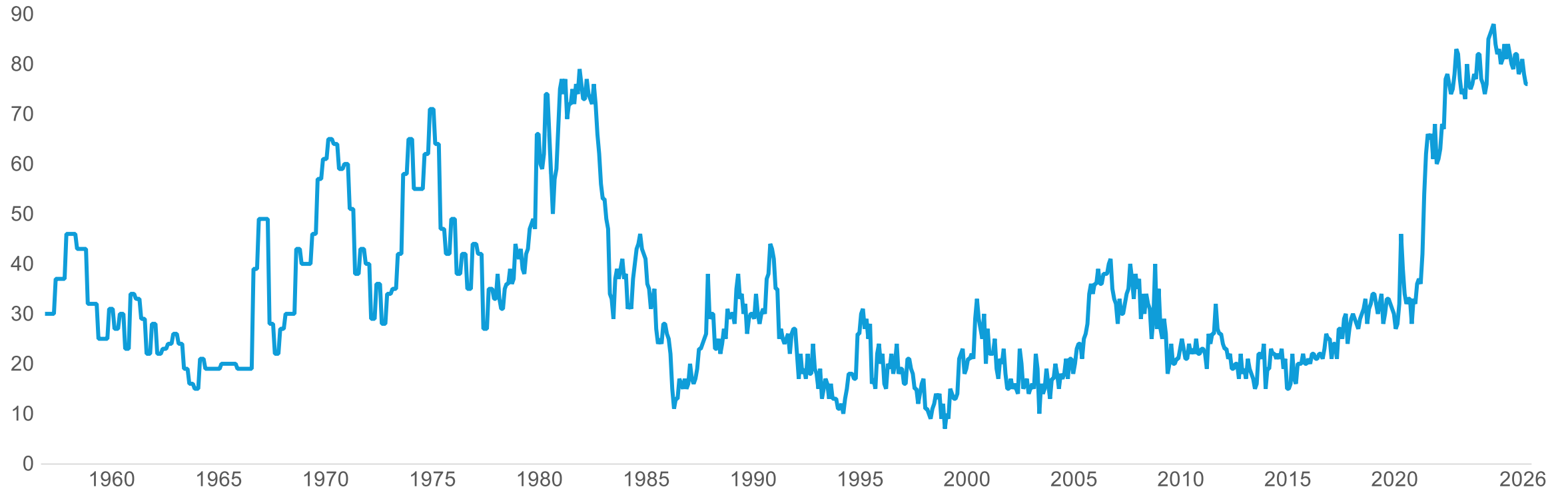


Supply & Demand Outlook

The % of People Who Think It's a Bad Time to Buy a House Is Near an All-Time High

A combination of high interest rates and home prices has impacted affordability, creating a difficult environment for homebuyers. Weakened consumer sentiment is also weighing on home purchase decisions.

Consumer Survey - % of Respondents Saying it is a Bad Time to Buy a House



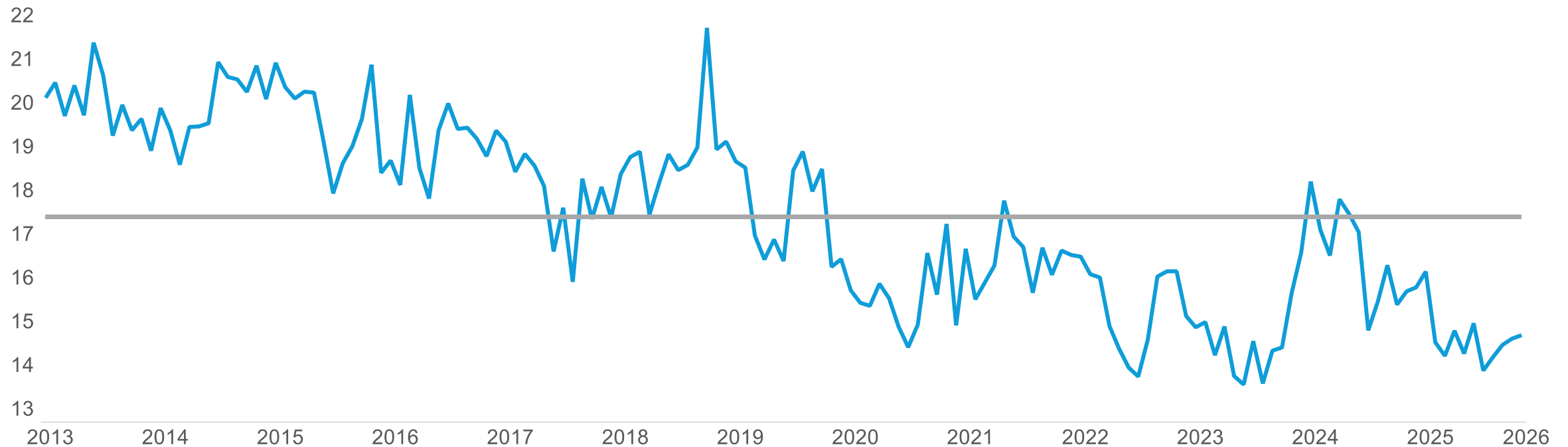
Sources: MIM, University of Michigan. Data as of March 2026.

Consumers Expecting to Move Over the Next 12 Months Is Below Trend

The number of people expecting to move over the next 12 months is well below trend. This is being driven by the lock-in effect, high home prices and low consumer confidence.

NYFRB Survey of Consumer Expectations: Mean Probability of Changing Primary Residence Over the Next 12 Months (%)

— Mean Over the Next 12 Months — Historical Average



Sources: MIM, Federal Reserve Bank of New York. Data as of April 2026.

Lock-In Effect Has Created an Inventory Shortage, but It Is Gradually Recovering

The lock-in effect has reduced the number of homes available for sale, as many homeowners are unwilling to give up low mortgage rates. Supply is gradually recovering, with inventory back to 2018 levels, but remains too low to drive a meaningful decline in home values.

Total Months' Supply of Existing Homes for Sale

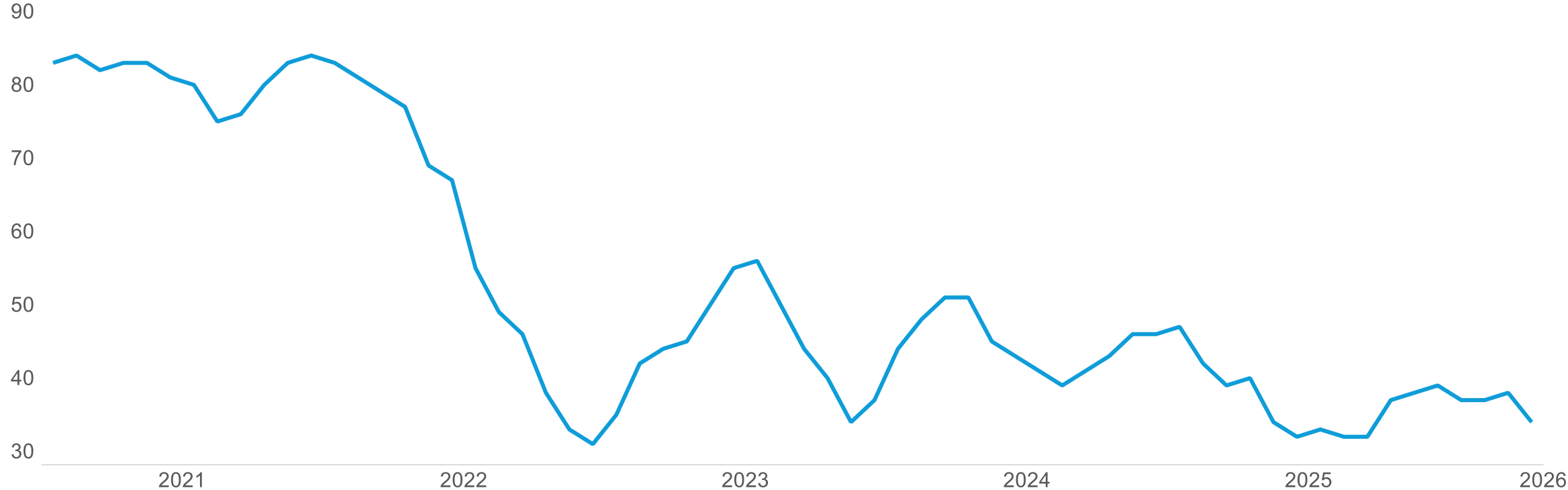


Sources: MIM, NAR. Data as of April 2026.

Home Builder Sentiment Remains Low

Home builder sentiment has been depressed since the Fed rate hiking cycle began in 2022. A recent rise in interest rates has caused sentiment to fall after a modest improvement in 2025. Low home builder sentiment will weigh on new construction.

Home Builder Sentiment Index

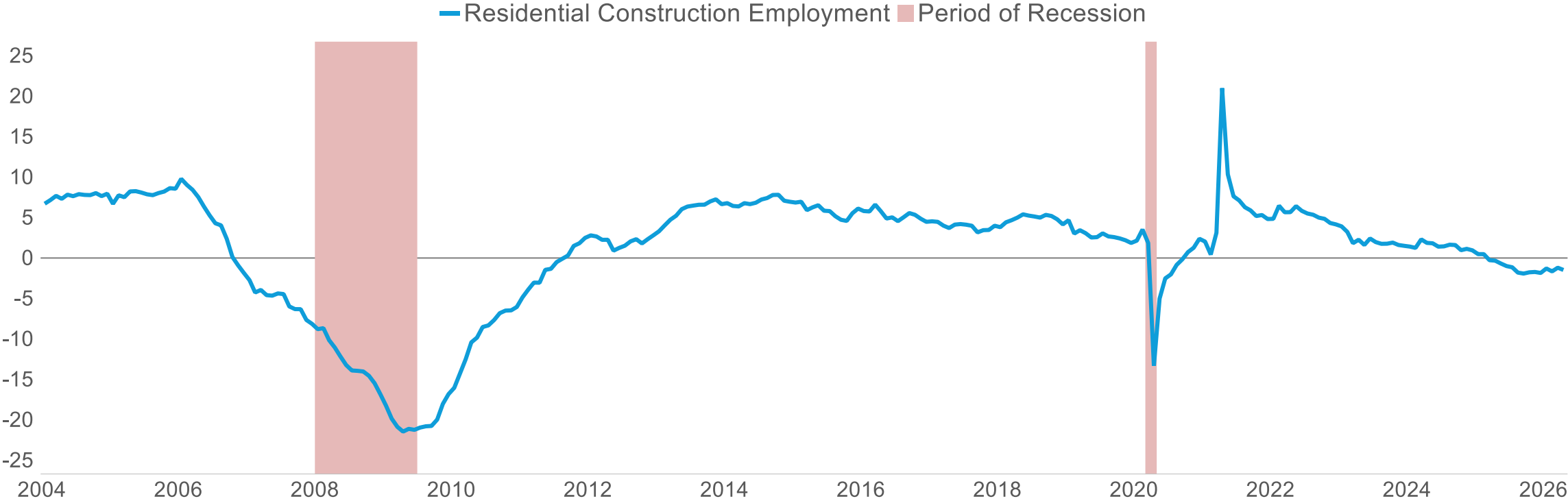


Sources: MIM, NAHB. Data as of April 2026.

Slowing Residential Construction Job Growth Points to Fall in Homebuilding

Monthly residential construction job growth has declined, year-over-year, for the past 14 months. This slowdown signals weaker new supply and has lowered labor costs for housing developers.

Residential Building Construction Job Growth (Year-Over-Year % Change)

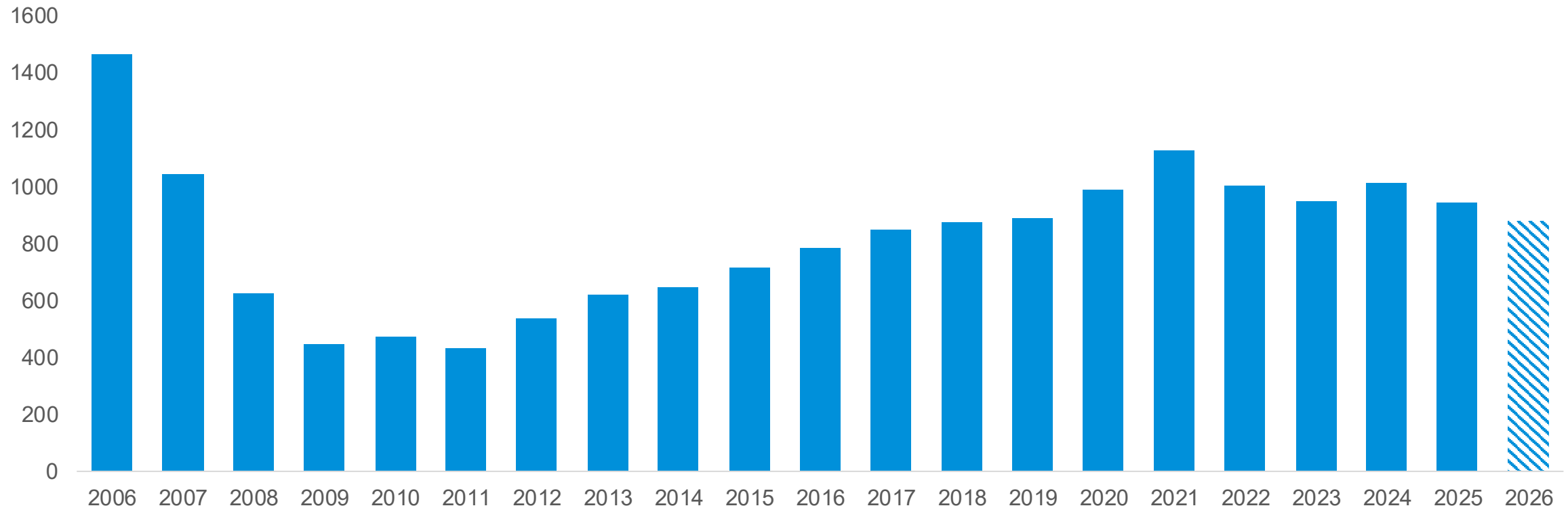


Sources: MIM, BLS, NBER. Data as of April 2026.

We Expect Single-Family Home Starts to Continue Falling in 2026

Elevated interest rates and increased supply in parts of the country have slowed single-family home starts. We expect housing starts to decline 6% in 2026, a more pessimistic outlook than Moody's forecast of a 6% increase. Reduced new construction should help support home prices despite softer demand. In addition, declining multifamily construction will further improve the overall supply picture.

Single-Family Home Starts (Thousands)



Sources: MIM, Census Bureau. Data as of 2Q 2026.

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