



**Gallagher Re**

# Mortgage Market Report

**Q4 2023 - Executive Summary**

# 1 Introduction

Gallagher Re is pleased to provide the quarterly Mortgage Market Report (executive summary) for Q4 2023.

The report seeks to highlight the major economic mortgage drivers along with CRT Performance and an origination quality index both derived from Freddie Mac's ACIS® & STACR® Programs.

The latest quarterly economic indicators reveal a robust performance in key areas. Gross Domestic Product (GDP) has shown continued strength, while the unemployment rate remains low. Personal income per capita has steadily risen, reaching an all-time high. While the labor force participation rate has recovered from its COVID-19 lows, it remains close to prior lows observed in 2015. The Consumer Price Index (CPI), while generally aligning with market expectations, continues to surpass the Federal Reserve's 2.0% target, implying a likelihood of extended elevated interest rates. The market is currently uncertain about the Federal Reserve's stance on rate increases in 2023, with some speculating on a "wait and see" approach while others are calling for an additional 25 bps interest rate hike.

Key Data Points:

- GDP growth: 2.1% YoY
- Employment remains strong: 3.8% unemployment rate, 62.8% participation rate
- Fixed-30 Year mortgage at 7.5%
- National Income per Capita: \$68.3K up 5.1% YoY

Despite sluggish originations and high mortgage rates, home prices have continued their upward trajectory in 2023. The index has surpassed its 2022 highs, with many West Coast states recovering from previous declines and showing growth. The Midwest and East Coast maintain a strong growth story, with house price changes ranging from. Only five states (Nevada, Utah, Arizona, Louisiana, and Hawaii) have seen declines in prices over the past year. In the last quarter, Louisiana was the sole state to register declining prices, while all others experienced growth.

Key Data Points:

- National House Prices up: 2.1% QoQ and 4.0% YoY
- Quarterly Growth Range: -1.2% to 6.5%
- Annual Growth Range: -3.1% to 11.4%

**To request a version of the full report, please reach out to a member of the mortgage team.**

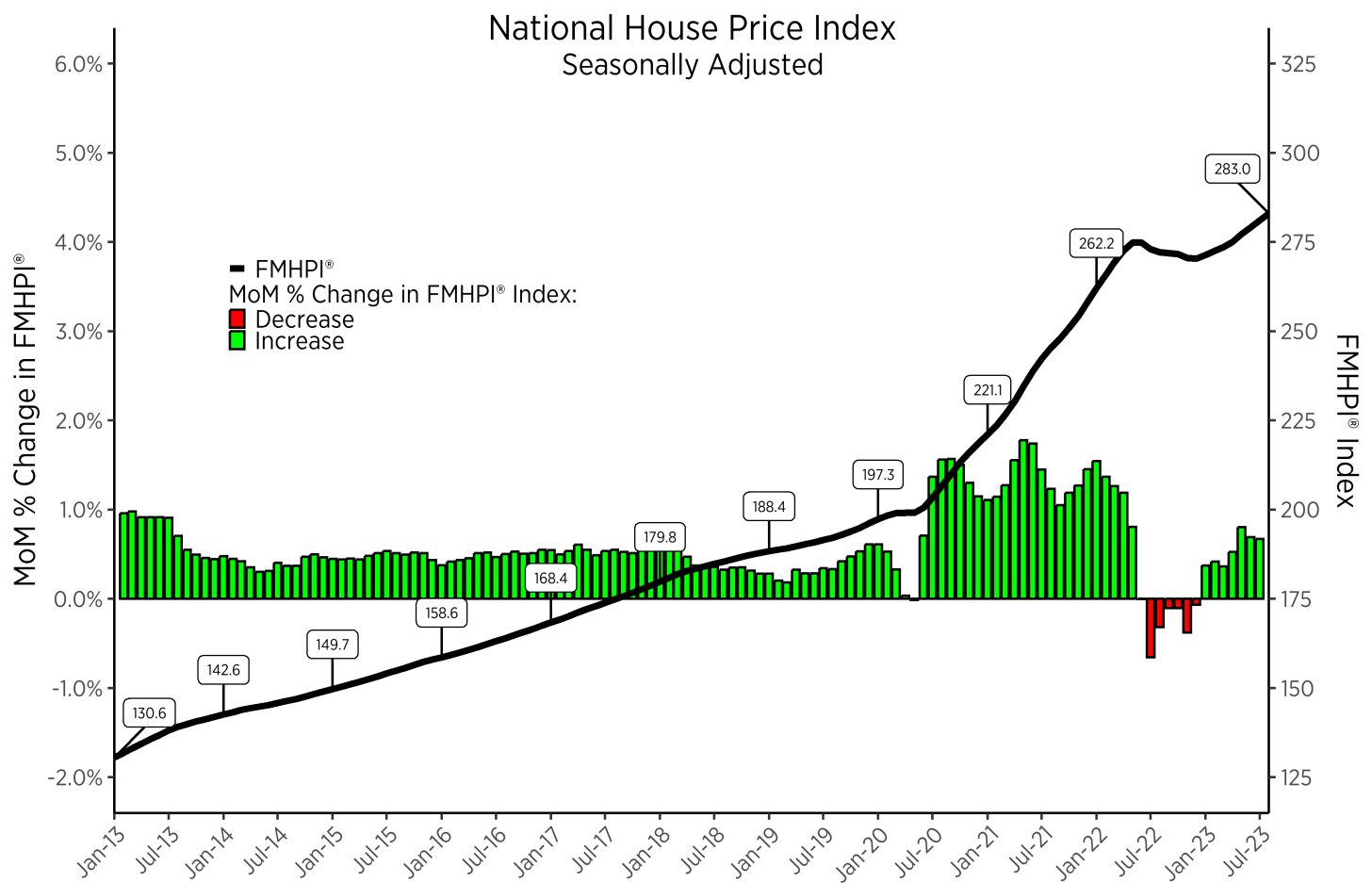
## 2 Mortgage Market & CRT Performance

The following sections highlight key mortgage market indicators along with CRT Performance.

### 2.1 House Prices

#### 2.1.1 National House Price Change

The graph displayed below presents Freddie Mac's seasonally adjusted Home Price Index at a national level. It illustrates a consistent rise in house prices from 2014 to 2020, followed by a notable acceleration during the Covid-19 period. The first 3 quarters of 2023 has reversed the decline observed in the latter half of 2022, bringing national house prices above the previous high in June 2022. Year-over-year (YoY), prices have increased by approximately 4.0%.



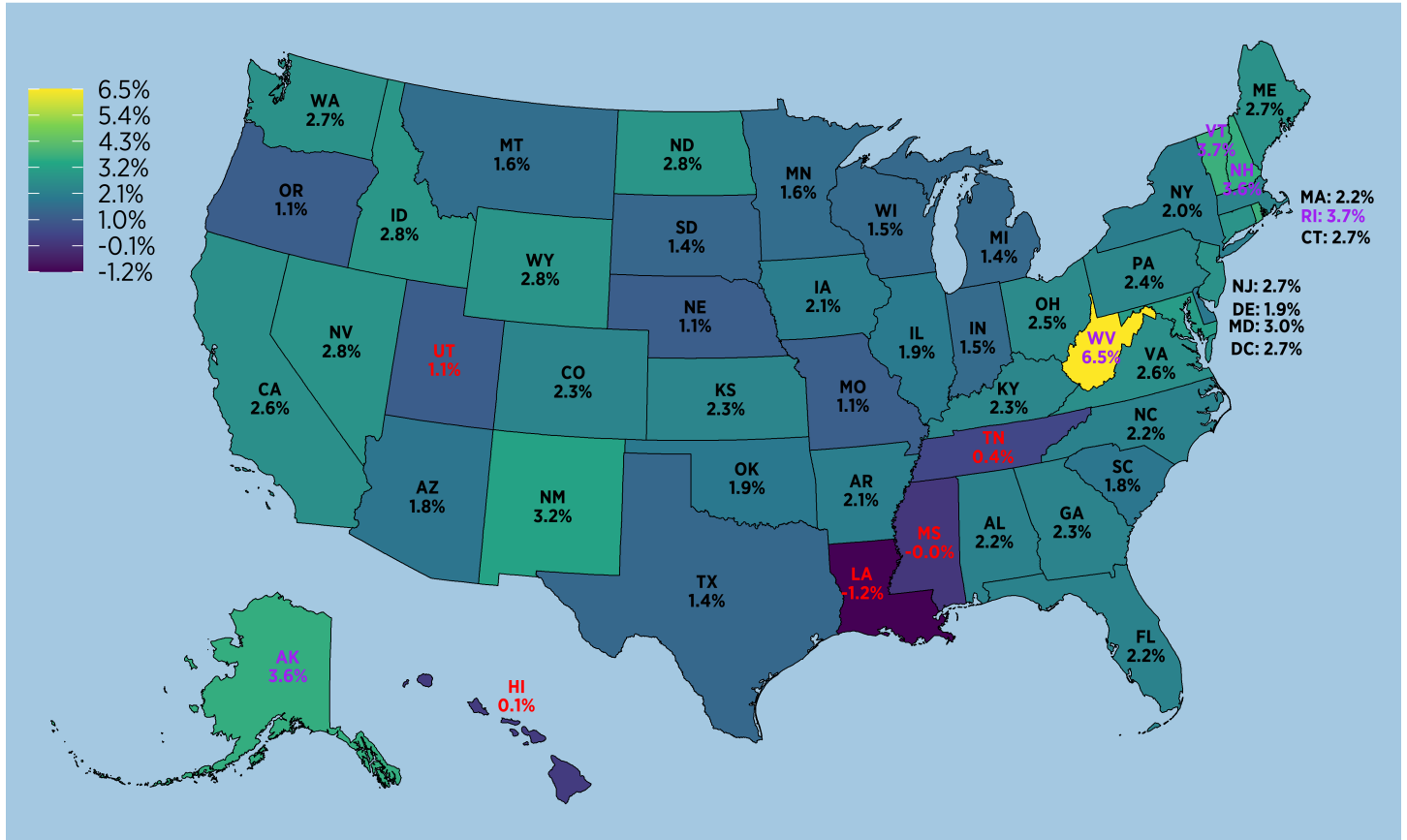
Source: Freddie Mac's FMHPI® as of Sep-23

## 2.1.2 Quarterly State Level House Price Change

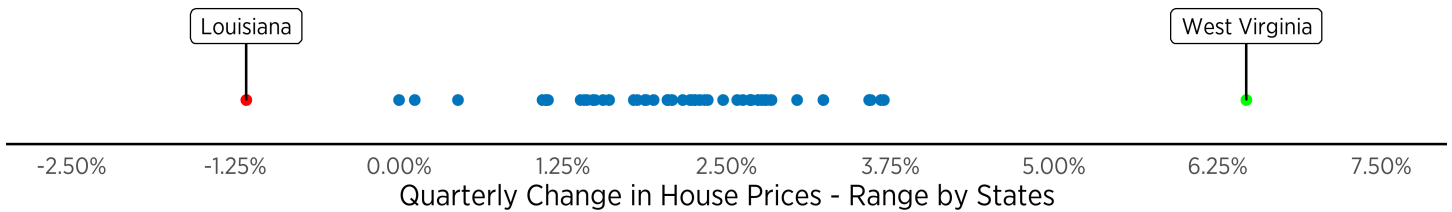
The graph below showcases Freddie Mac's seasonally adjusted Home Price Index at the state level. In the most recent quarter, we witnessed broad increases in home prices across the country, with the only exceptions being Louisiana and Mississippi. Notably, West Virginia experienced the largest increase during this period.

States with a purple label are among the 5 states with the strongest growth/lowest decline, while states with a red label are among the 5 lowest growth/largest decline.

Quarterly Change in FMHPI® by State  
Seasonally Adjusted



Source: Freddie Mac's FMHPI® as of Sep-23

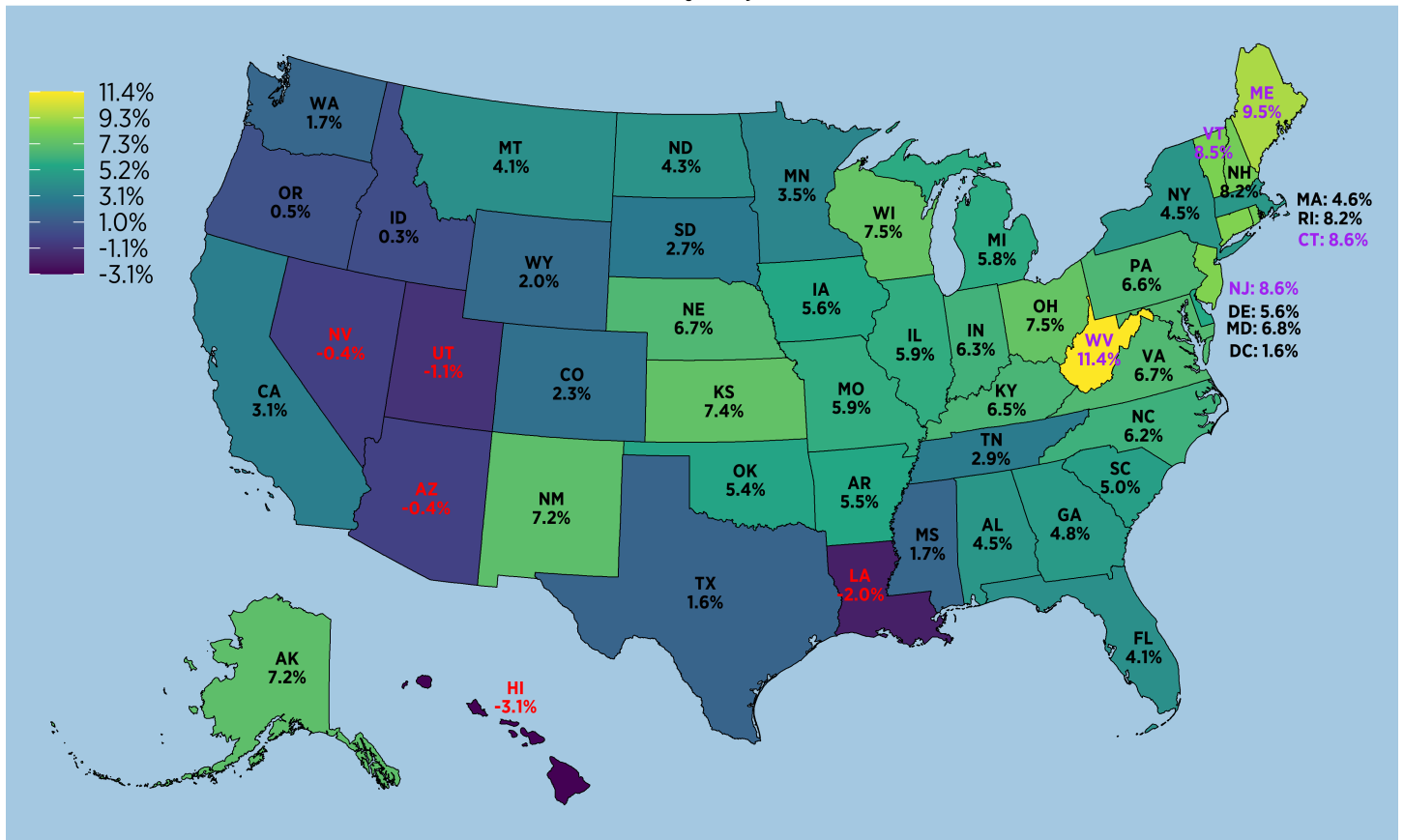


### 2.1.3 Annual State Level House Price Change

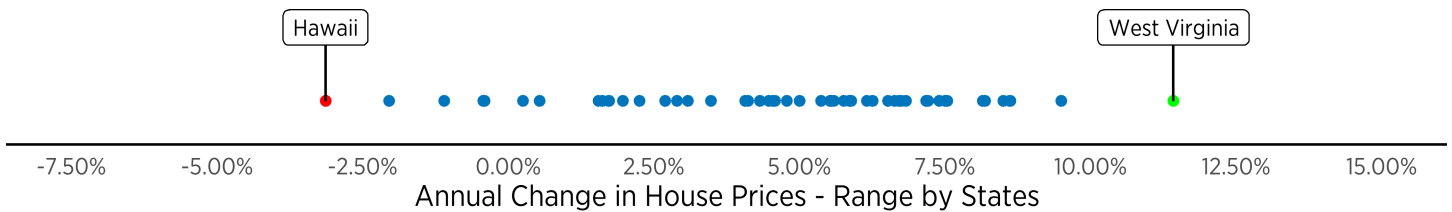
The graph presented below illustrates Freddie Mac's seasonally adjusted Home Price Index at a state level. On an annual basis, 45 of the 50 states experienced growth in home prices with the Midwest and East Coast showing particular strength. The West Coast is rebounding from the decline observed in the latter part of 2022 and early part of 2023.

States with a purple label are among the 5 states with the strongest growth/lowest decline, while states with a red label are among the 5 lowest growth/largest decline.

Annual Change in FMHPI® by State  
Seasonally Adjusted



Source: Freddie Mac's FMHPI® as of Sep-23



# Contact Us



## **Anders Klintoe**

EVP - Head of Mortgage  
+1 317.625.3645  
Anders\_Klintoe@Gallagherre.com



## **Freddie Scarratt**

Director - Head of UK Mortgage  
+44 (0) 77963.73943  
Freddie\_Scarratt@Gallagherre.com



## **Brent Schoeller**

Reinsurance Analyst  
+1 215.264.9931  
Brent\_Schoeller@Gallagherre.com



## **Alastair Mole**

Executive Director - Broking  
+44 20.3124.8615  
Alastair\_Mole@Gallagherre.com



## **Connor Craven-Falcon**

Reinsurance Analyst  
+1 203.501.8711  
Connor\_Craven-Falcon@Gallagherre.com



## **Melissa Schofield**

Account Executive  
+44 (0) 7715.626696  
Melissa\_Schofield@Gallagherre.com



## **Bradley Comber**

Broker & Account Manager  
+44 (0) 7714.677574  
Bradley\_Comber@Gallagherre.com

# Global and Local Reinsurance

Drawing on our network of reinsurance and market specialists worldwide, and as part of the wider Gallagher company, Gallagher Re offers the benefits of a top-tier reinsurance broker, one that has comprehensive analytics and transactional capabilities, with on-the-ground presence and local understanding. Whether your operations are global, national or local, Gallagher Re can help you make better reinsurance and capital decisions, access worldwide markets, negotiate optimum terms and boost your business performance.

**It's the way we do it.**

For more information, visit [GallagherRe.com](https://GallagherRe.com).



## Gallagher Re

Copyright 2023 Arthur J. Gallagher & Co. and subsidiaries. All rights reserved: No part of this publication may be reproduced, disseminated, distributed, stored in a retrieval system, transmitted or otherwise transferred in any form or by any means, whether electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of Arthur J. Gallagher & Co. Gallagher Re is a business unit that includes a number of subsidiaries and affiliates of Arthur J. Gallagher & Co. which are engaged in the reinsurance intermediary and advisory business. All references to Gallagher Re below, to the extent relevant, include the parent and applicable affiliate companies of Gallagher Re. Some information contained in this document may be compiled from third party sources and Gallagher Re does not guarantee and is not responsible for the accuracy of such. This document is for general information only and is not intended to be relied upon. Any action based on or in connection with anything contained herein should be taken only after obtaining specific advice from independent professional advisors of your choice. The views expressed in this document are not necessarily those of Gallagher Re. Gallagher Re is not responsible for the accuracy or completeness of the contents herein and expressly disclaims any responsibility or liability, based on any legal theory, for damages in any form or amount, based upon, arising from or in connection with for the reader's application of any of the contents herein to any analysis or other matter, or for any results or conclusions based upon, arising from or in connection with the contents herein, nor do the contents herein guarantee, and should not be construed to guarantee, any particular result or outcome. Gallagher Re accepts no responsibility for the content or quality of any third-party websites that are referenced.

The contents herein are provided for informational purposes only and do not constitute and should not be construed as professional advice. Any and all examples used herein are for illustrative purposes only, are purely hypothetical in nature, and offered merely to describe concepts or ideas. They are not offered as solutions for actual issues or to produce specific results and are not to be relied upon. The reader is cautioned to consult independent professional advisors of his/her choice and formulate independent conclusions and opinions regarding the subject matter discussed herein. Gallagher Re is not responsible for the accuracy or completeness of the contents herein and expressly disclaims any responsibility or liability based on any legal theory or in any form or amount, based upon, arising from or in connection with for the reader's application of any of the contents herein to any analysis or other matter, nor do the contents herein guarantee, and should not be construed to guarantee any particular result or outcome. Gallagher Re is a trading name of Arthur J. Gallagher (UK) Limited, which is authorised and regulated by the Financial Conduct Authority. Registered Office: The Walbrook Building, 25 Walbrook, London EC4N 8AW. Registered in England and Wales. Company Number: 1193013. [www.ajg.com/uk](https://www.ajg.com/uk).

This report utilizes Freddie Mac's CRT loan level disclosures; therefore, the use of this report is subject to Freddie Mac's terms and conditions for CRT loan level disclosures available at: <https://capitalmarkets.freddiemac.com/crt/docs/pdfs/fre-terms-of-use-for-crt-disclosure-files.pdf>