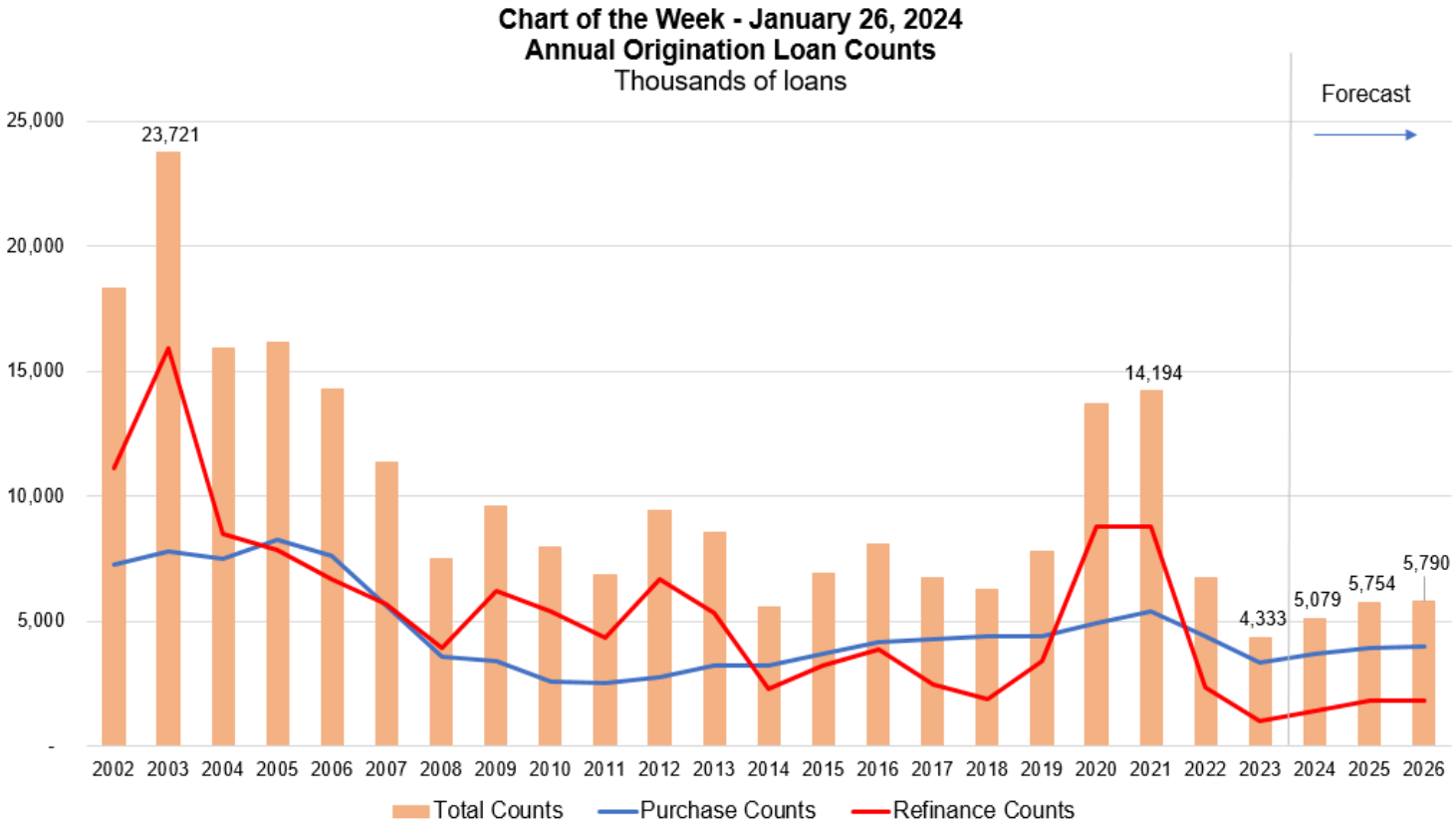
MBA

RESEARCH AND ECONOMICS



Source: MBA Forecast

MBA's January 2024 forecast calls for mortgage origination dollar volume to increase 23 percent in 2024 to $2 trillion, with a 16 percent increase in purchase and a 50 percent increase in refinance volume (off an extremely low base in 2023). For mortgage lenders of all types and sizes, as well as other industry players, it is also important to have an estimate of how many origination units are expected.

This week's Chart of the Week highlights our forecast for origination loan counts, which shows a 17 percent increase in the total number of loans originated in 2024 to 5.08 million loans, compared to 4.3 million units in 2023, the lowest level since at least 1997. The total for 2024 is comprised of a 10 percent increase in purchase loans and a 42 percent increase in refinance loans originated. The percentage growth rate for units is slightly lower than that of the dollar volume as average loan sizes remain elevated, partly due to national home price growth that continues to grow, albeit at a slower pace than in the past two years.

We expect that housing demand will come from younger cohorts entering prime homeownership age over the next several years. In the immediate term, this is expected to support a 5 percent increase in existing home sales and a 13 percent increase in new home sales in 2024.

The lock-in effect will continue to suppress existing home sales inventory, which opens the opportunity for home builders to provide a higher share of total sales. Single-family permits for new construction continue to trend higher, and we have seen two consecutive months now where single-family housing starts were above the 1-million-unit level. However, considering there was an underbuilding of housing units over the past decade and a half, and we face a shortage of starter homes, purchase growth is likely to be gradual over the next few years, even if mortgage rates continue to move lower.

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