



Point Homeowner Sentiment and Moving Survey

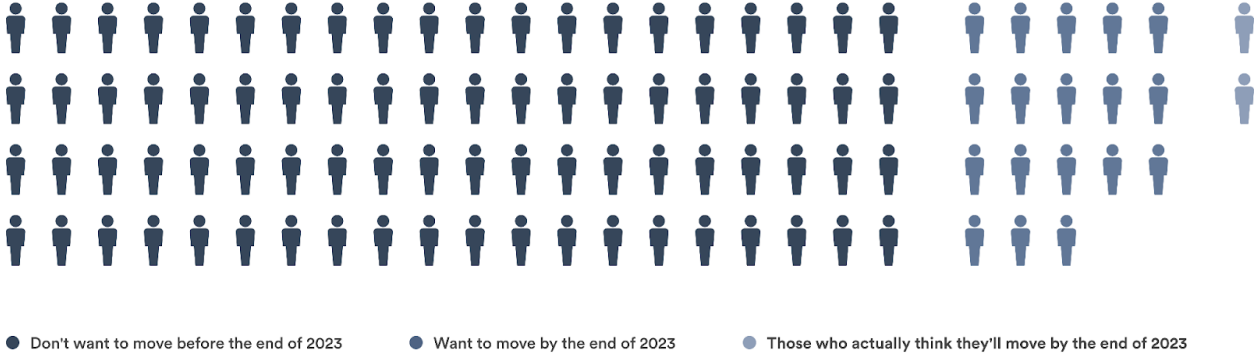
12.06.2022

Point surveyed 1,066 U.S. homeowners to find out how they feel about moving, whether they can afford a new home, whether they are renovating, and how they see the future of mortgage rates. Set against a backdrop of a potential recession, mortgage rates at 20-year highs, and news cycles dominated by layoffs, we found homeowners are pessimistic about their ability to move when they want and about the future of mortgage rates.

Trend 1: Homeowners feel stuck

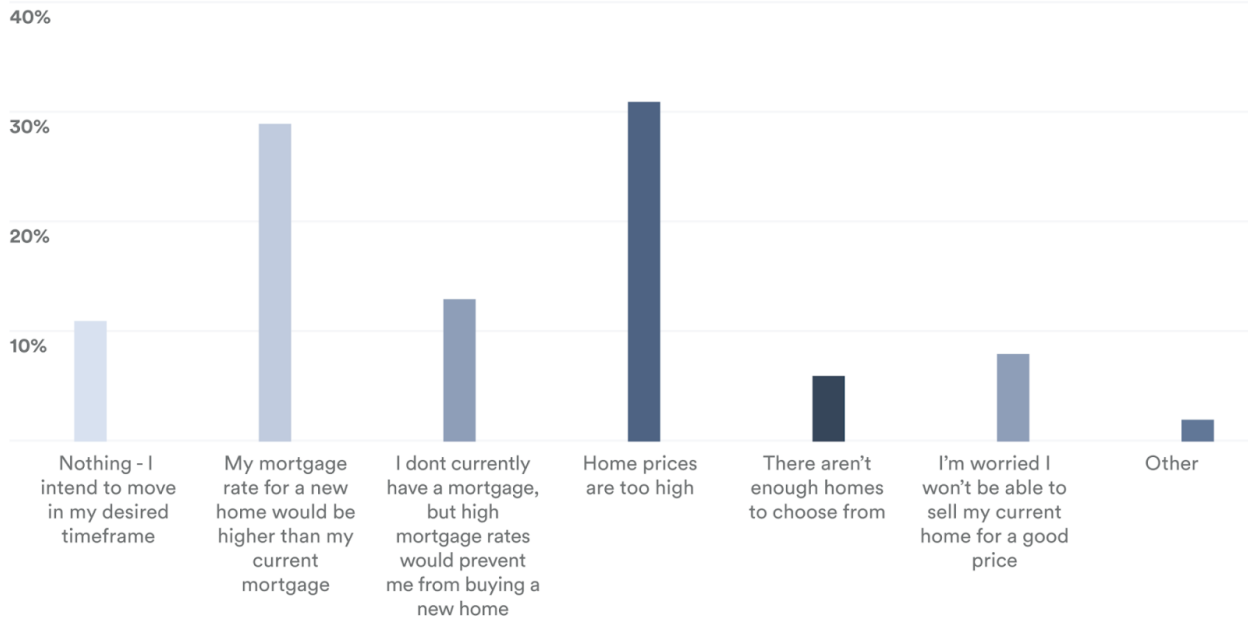
More than one in five homeowners would like to move before the end of 2023. But only one in 10 of those homeowners feel like the move will happen.

Homeowner Break Down



Why? Blame affordability. Of those who want to move but don't think they will, most cited high mortgage rates and high home prices as the reason why not. Interestingly, inventory doesn't seem to be much of a concern any longer — only about 5 percent cited a lack of choice.

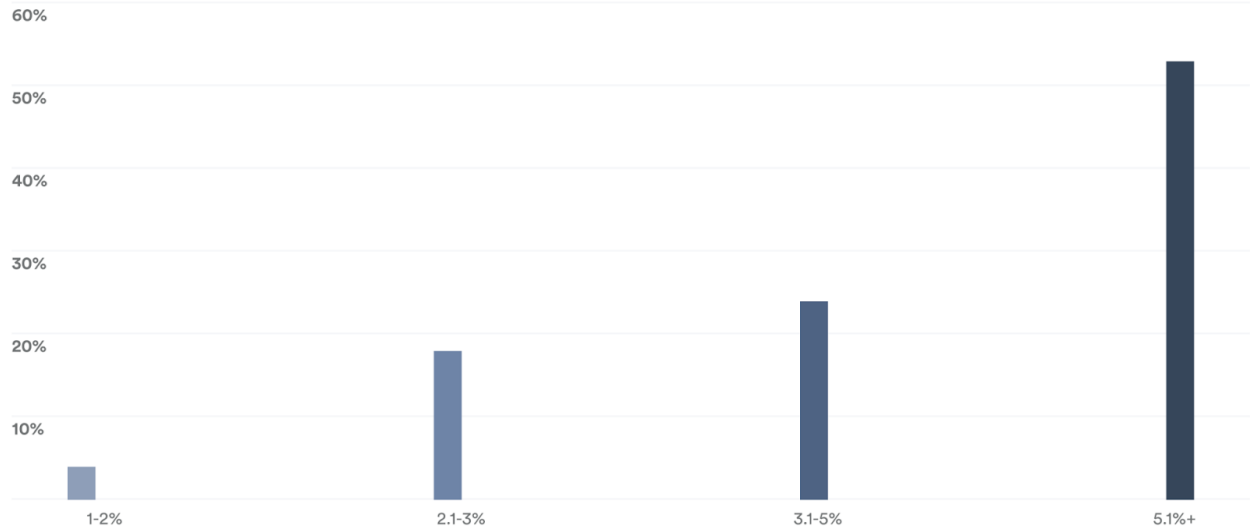
What would stop you from moving in your desired timeframe?



Answer Choices	Responses
Nothing - I intend to move in my desired timeframe	10.92%
My mortgage rate for a new home would be higher than my current mortgage	29.69%
I don't currently have a mortgage, but high mortgage rates would prevent me from buying a new home	12.66%
Home prices are too high	31.00%
There aren't enough homes to choose from	5.68%
I'm worried I won't be able to sell my current home for a good price	7.86%
Other	2.18%

We also asked those who cited home prices as the reason they're stuck what would need to happen to "unstuck" them.

How much of a decline in home prices would there need to be for you to considering purchasing another home in the next 6–12 months?

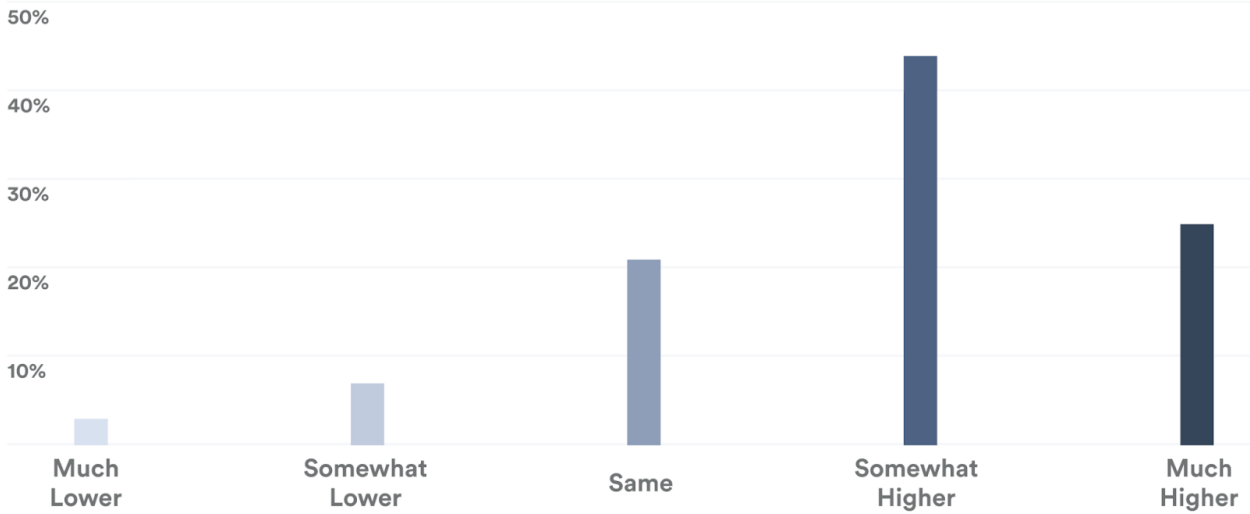


Answer Choices	Responses
- 1-2%	4.23%
- 2.1-3%	18.31%
- 3.1 - 5%	23.94%
- 5.1% +	53.52%

Trend 2: Homeowners Believe Mortgage Rates Will Stay High

Homeowners don't hold out much hope that mortgage rates will decline in the next year. We asked all homeowners what they thought would happen. Most said they would be at least somewhat higher than they are now.

Do you think mortgage rates will be higher, lower or the same in 12 months?
(Today's rate is between 7-7.5%)

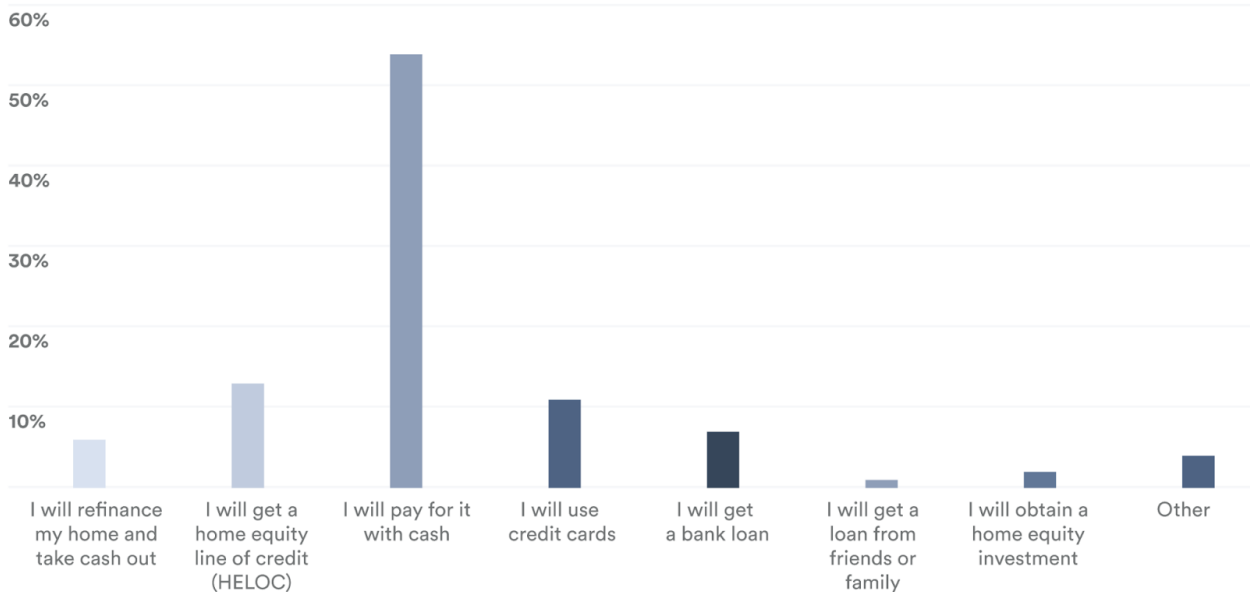


Answer Choices	Responses
Much higher	24.88%
Somewhat higher	43.99%
Same	21.76%
Somewhat lower	6.72%
Much lower	2.65%

Trend 3: Stuck Homeowners Want to Renovate, but High Interest Rates Mean Cash is King

More than half of the homeowners (59%) want to do renovations on their current home. But how they will pay for it is interesting, with cash being the most common.

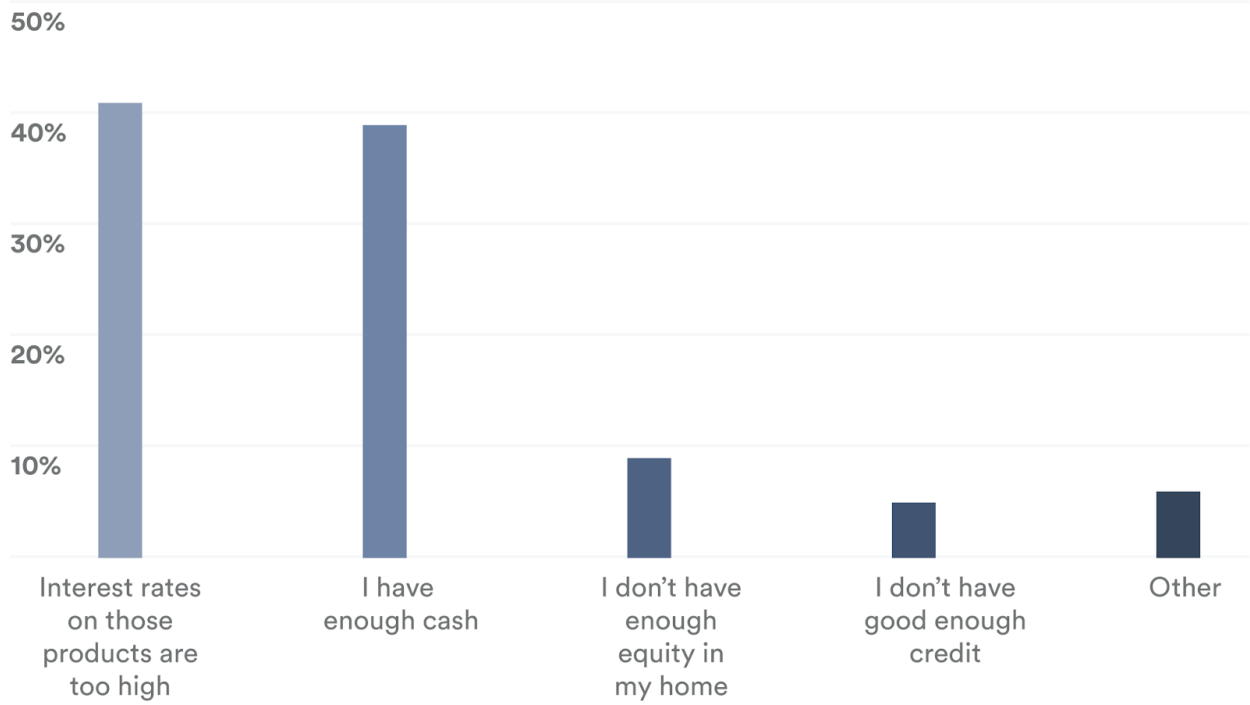
How will you pay for renovations?



Answer Choices	Responses
I will refinance my home and take cash out	6.42%
I will get a home equity line of credit (HELOC)	13.48%
I will pay for it with cash	54.41%
I will use credit cards	11.40%
I will get a bank loan	7.22%
I will get a loan from friends or family	1.12%
I will obtain a home equity investment	2.41%
Other	3.53%

We asked those who said they wouldn't get a HELOC or cash-out refi why not. High interest rates was the most common reason, followed by having enough cash on hand.

Why don't you want a cash-out refinance or a home equity line of credit to pay for your renovations?



Answer Choices	Responses
Interest rates on those products are too high	41.08%
I have enough cash	38.68%
I don't have enough equity in my home	9.02%
I don't have good enough credit	4.81%
Other	6.41%

Conclusion: What does it all mean?

It's not surprising that homeowners — especially those who want to move — are shaken by current mortgage rates, which negatively impact affordability. It's also telling that homeowners are avoiding high-interest loans against their equity. The real estate market will always be cyclical, but the fact is, people need to move for myriad reasons — so in 2023, we expect to see these numbers change as people start to buy homes again in greater numbers. They may be doing it out of necessity at first, but that will change.

We were also not surprised to see the reluctance of homeowners to get a cash-out refinance. Homeowners are looking for an alternative to interest-based financing. At Point, our home equity investments are not based on interest, and we've seen demand 3x in the third quarter of 2022 compared to 2021. We expect that to continue for some time, as the Fed seems likely to raise rates again, albeit at a slower pace.