We are in a unique moment in the history of housing. With a rapid spike in interest rates, inventory at historic lows, home prices rising at unprecedented levels above income, and a purchase market that is both highly anxious and digitally reliant, mortgage and real estate professionals must be strategic to capture the market opportunity today.

Adjusting to today's market can be dizzying after the last few years of historically low interest rates and high refinance business. However, the lenders and loan officers who will gain market share and be most successful in the second half of 2022 will be those who pivot quickly, understanding both the nuances of the market and the best strategies to help solve problems for today's homeowners, homebuyers, homesellers, Realtors and financial advisors.

We interviewed over 25 highly successful and experienced industry experts to provide market insights and a practical guide to gaining market share in 2022 and beyond. Our goal is this study will be used as a strategic plan and reference tool throughout the year. We included links to all the interview videos, transcripts, and data cited. We encourage everyone to dive deeper into the Resource Section below the Synopsis, Strategies and Recommendations.

In our interviews with industry leaders, we asked them a few simple yet powerful questions to uncover today opportunities and best strategies:
- What are the top data points, realities, and trends?
- What are the top opportunities, recommendations, and strategies?

The takeaways and recommendations to win in today's shifting market are outlined below.

A special thank you to all the industry leaders who spent time sharing their thoughts, perspectives, and top opportunities: Steve Jacobson, Bill Dallas, Matt Clarke, Susan Stewart, Shant Banosian, Garth Graham, Sue Woodard, Clayton Collins, Jeremy Forcier, Tony Thompson, Julian Hebron, Todd Duncan, Rich Harris, Tony Blodgett, Rose Marie David, Rob Chrisman, Dan Rawitch, Austin Niemiec, Bruce Dickerson, Logan Mohtashami, Jim Park, Brent Palmer, Scott Nicholson, Craig Sewing and Todd Ballenger.

DATA POINTS & TRENDS

Last year was a $4T market, one of the best markets in mortgage and housing history. This year, interest rates have increased a historic 3% in the first half of this year, essentially doubling since January. This rapid increase in rates has resulted in a projected drop in volume of at least 60% in 2022.

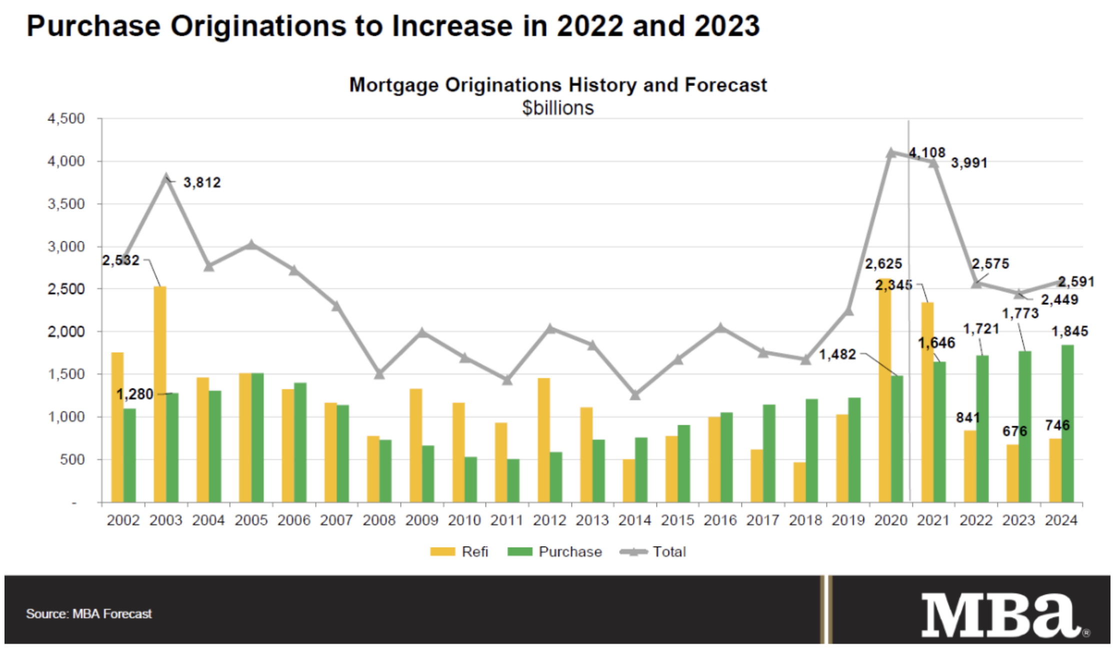
In addition to rising interest rates, lack of affordable housing continues to lead the headlines. Black Knight reported that May was the least affordable housing market in 16 years. Inventory has increased slightly with rising rates, but economists agree that the progress is nowhere near enough to bring us out of the current inventory crisis. Chief Economist for HousingWire, Logan Mohtashami, calls it "a savagely unhealthy market."

Despite these "savage" data points, we are still on course to have another historically high volume year, and the shift in the market has created significant opportunities for lenders that move quickly.

> *"If we hit the projected forecast of I think it's $2.6 trillion is the new number, yes, obviously it's a big downturn from the money machine we were standing in, but it would be the third-best year on record over the last 15 years." —Sue Woodard*

The purchase market is still going strong. Garth Graham, Senior Partner at STRATMOR Group, reports that the $1.5T expected decline in volume is entirely in refinance. "There is actually going to be more purchase business this year than last," he says. According to Black Knight's *Mortgage Monitor Report*, purchase business is driving 82% of all originations, stating that lenders are more reliant on purchase volume than they have been in 20 years.

Chief Economist of the Mortgage Bankers Association, Mike Fratantoni, agreed that while overall volume declined significantly, purchase originations are projected to increase through 2023.



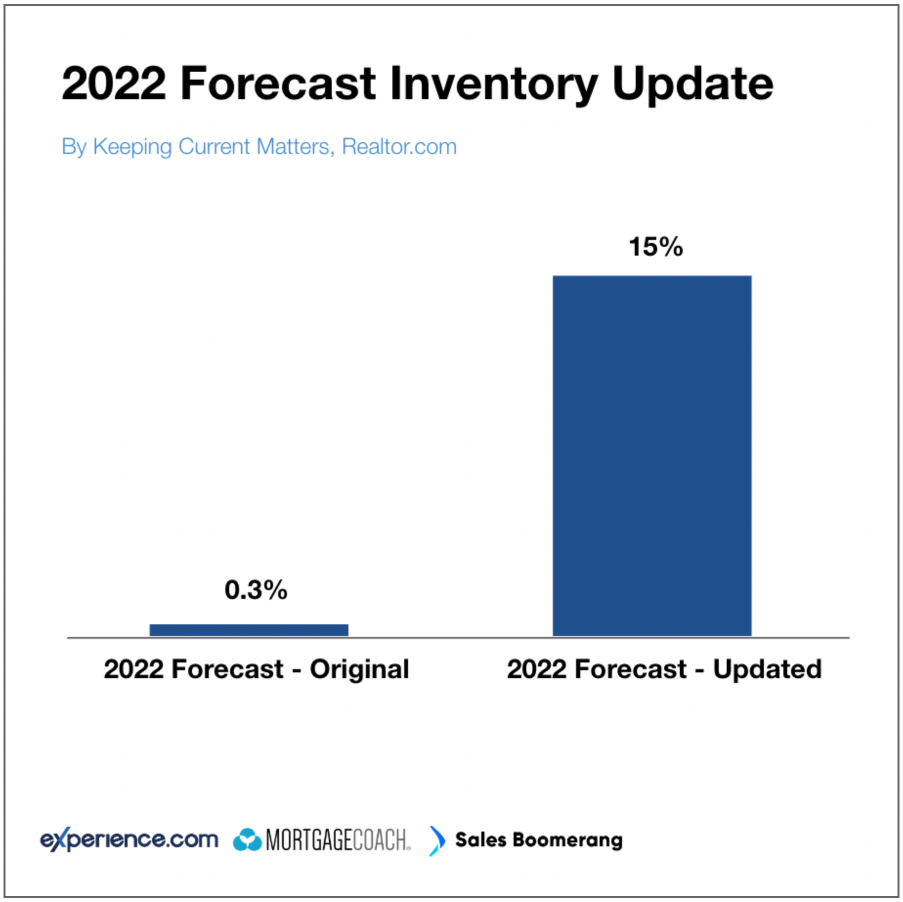
Secondly, the same dynamics that have contributed to an affordability crisis have also created a huge amount of tappable equity for existing homeowners. Housing prices are projected to continue to increase over the next five years, further expanding the now $11T opportunity in untapped equity available in the market.

In this section, we will bring you the biggest insights and data points from the three major trends impacting the market today: 1) inventory and affordability challenges, 2) the digital and generational shift trends shaping the purchase market, and 3) explosive growth in untapped equity.

#1 The Affordability Crisis

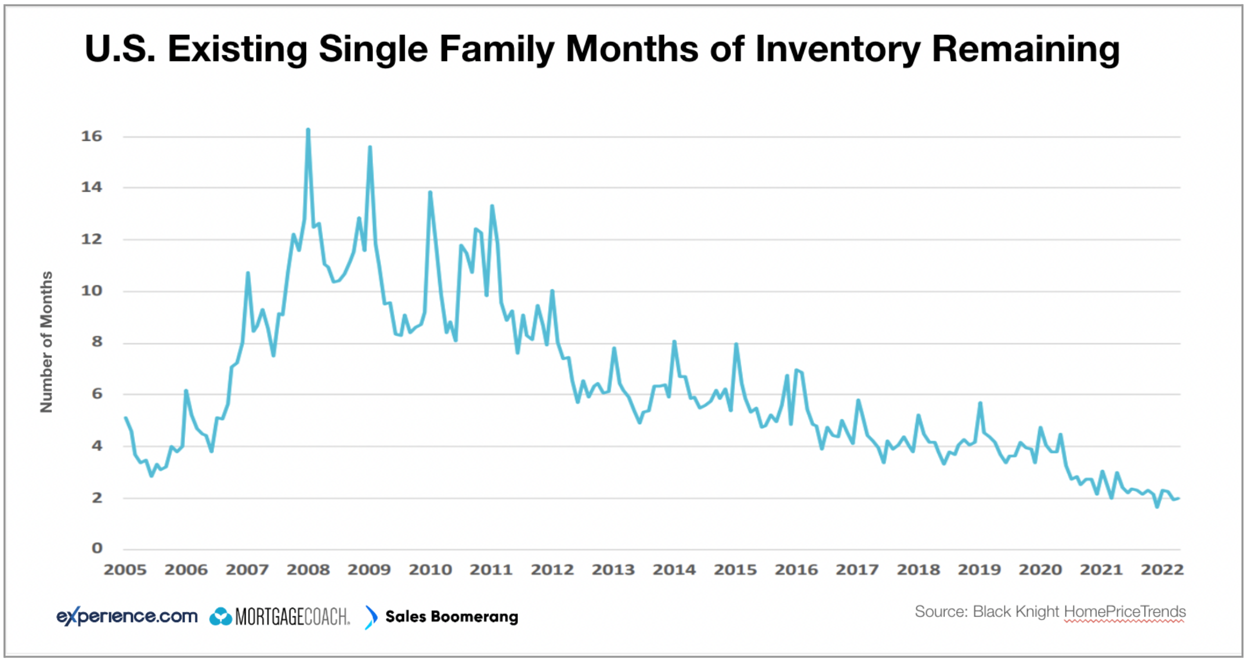
Inventory Historically Low… But Rising. Let's start with the good news. For the first time in 3 years, we have seen an increase in homes on the market and price reductions. In Portland, Oregon, for example, loan officer, Brent Palmer, noted that new listings doubled in the second half of May from 800 to 1,900 new listings. In Seattle, Dan Keller reported 47% of all listings had price reductions.

Inventory is projected to increase significantly higher than originally forecasted for the year.



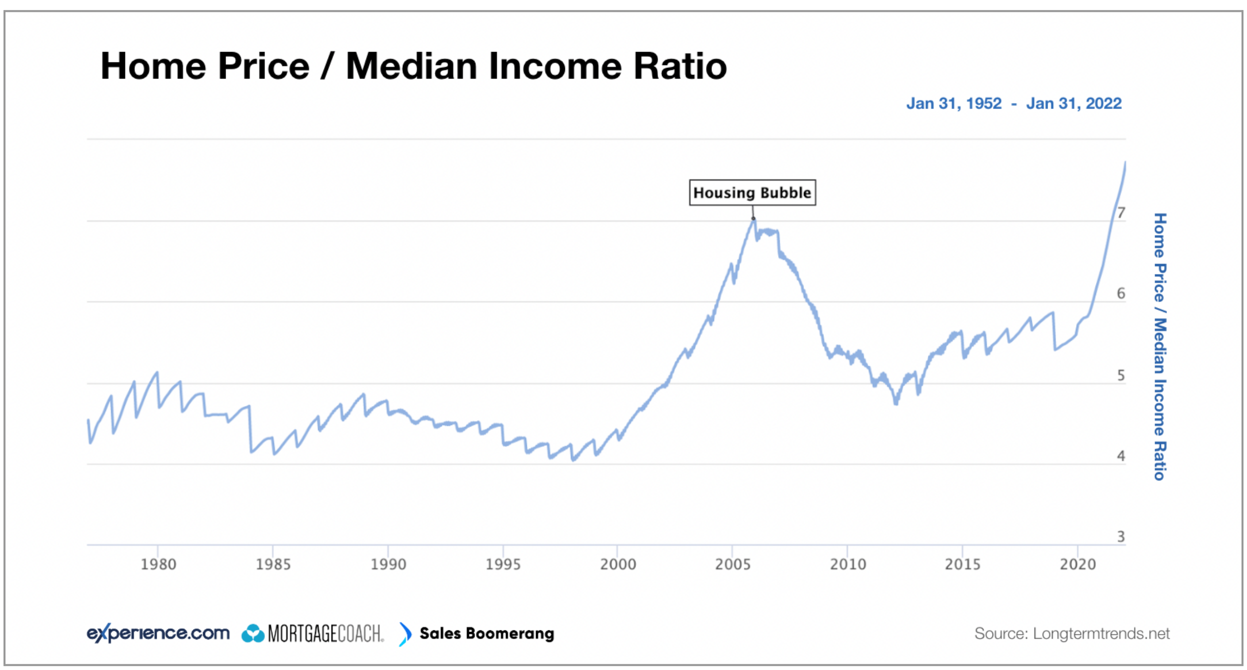
However, looking at the data over the span of history, we are still at record lows. According to Logan Mohtashami, we should be at a range of 1.52 to 1.93 million homes on the market, and we are currently at around 1.0. Black Knight reports that active listings remain 67% below pre-pandemic levels with 820,000 fewer listings than would be expected at this time of year.

As for price reductions, while these have increased to an average of 22%, this number would be closer to 30% in a traditional market. Lastly, homes are listed today for an average of 13 to 16 days in most markets today, but we should see that closer to 30 to 45 days in a healthy market.



Growth Rate of Income vs. Home Prices. Affordability challenges have been driven by more than just low inventory. Again, looking at the market over the past 40 years, debt and income have not kept up with rises in housing costs. Median home prices have risen by 60% since 1980, while median family income has only risen by 25%.

> *"The thing that concerns me the most is when you look at the income growth, it is nowhere near the housing price growth… We've had too many years of double-digit home appreciation and single-digit income growth. And that's never been sustainable." –Dan Rawitch*



Slow Construction and Restrictive Zoning Laws. One of the major causes of low inventory has been due to slowed construction. Builders and contractors across the country have experienced challenges in getting basic materials and labor, which has created significant delays.

After the Housing Crisis of 2008, many homebuilders went out of business, and years following the recovery, building did not pick up to the level needed to accommodate demand. Worker shortages and supply chain issues in the pandemic further widened the inventory gap. In an interview with NPR, one builder stated, "If I had twice as many guys, I would still not have enough… And my subcontractors, they're all hurting for people."

In addition to labor and materials, builders have struggled to meet the increasing demand for multifamily units due to restrictive zoning laws. Delayed household formation has increased the demand for multifamily units, designed for one or two-person households (Urban Institute). However, many neighborhoods restrict the building of multifamily units or ADUs.

Institutional Investors. In 2021, we saw the highest rate of investor-purchased properties than ever before. Austin Niemic stated one of the reasons that affordability is a challenge in their markets has been due to “institutional buyers getting in and buying homes at scale.”

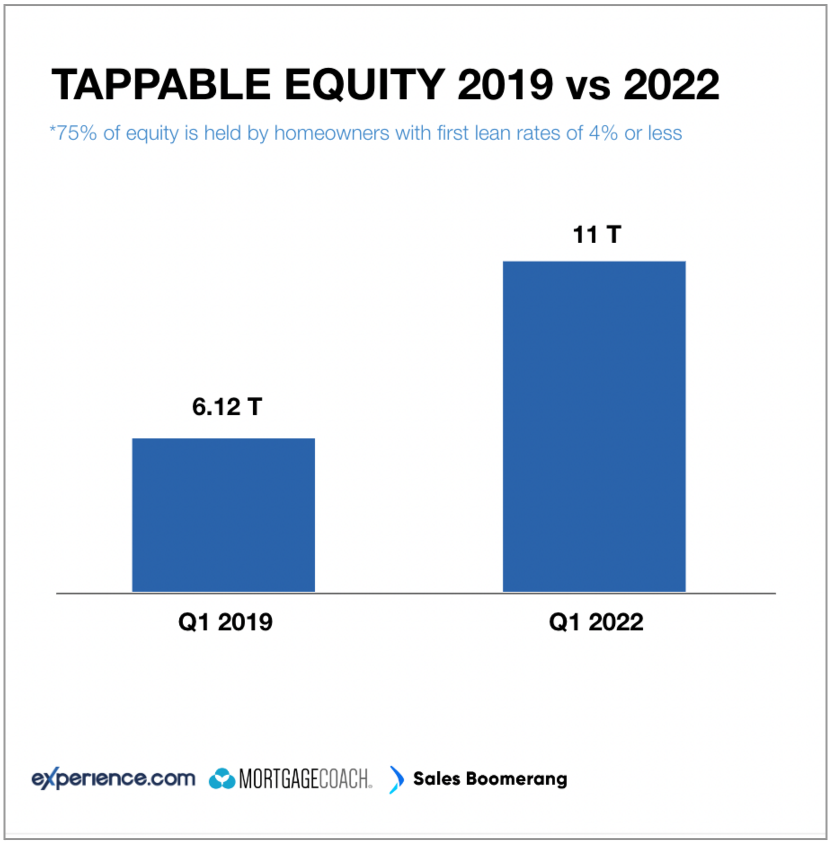
New data published in Business Insider found that investors bought 33% of U.S. homes on the market in January, the highest percentage in over a decade. In recent months, investors have more heavily leveraged real estate to hedge against inflation, pushing more first-time homebuyers out of the market. However, CEO of SWBC and past MBA Chairman, Susan Stewart, stated she has heard that institutional investors might start to consider unloading some of their single family portfolio.

#2 The Equity-Rich

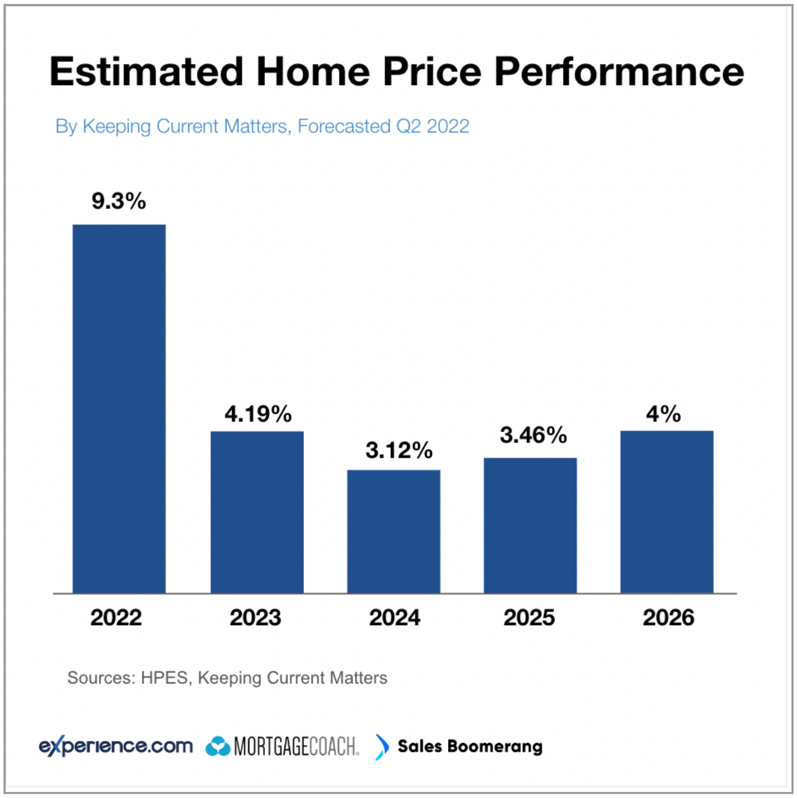
Tappable Equity. On the flip side of the challenges in inventory and rising home prices, there has been a growing trend in untapped home equity, or what is called the “equity-rich.” Bloomberg reported in August of 2022 that nearly half of all homeowners with a mortgage have accrued at least 50% of equity in their home. According to Black Knight, they have an average of $207,000 in tappable equity, meaning that equity would still leave them 20% in an equity buffer.

Julian Hebron shared that home equity has grown 78% since pre-pandemic times and is expected to continue to grow despite economic challenges.

> *“At the end of 2019, [there] was $6.12 trillion in tappable equity. And now as of the first quarter of ‘22, [there’s] $11 trillion in equity. And 75% of that equity is held by folks with first lean rates of 4% or less.” —Julian Hebron*

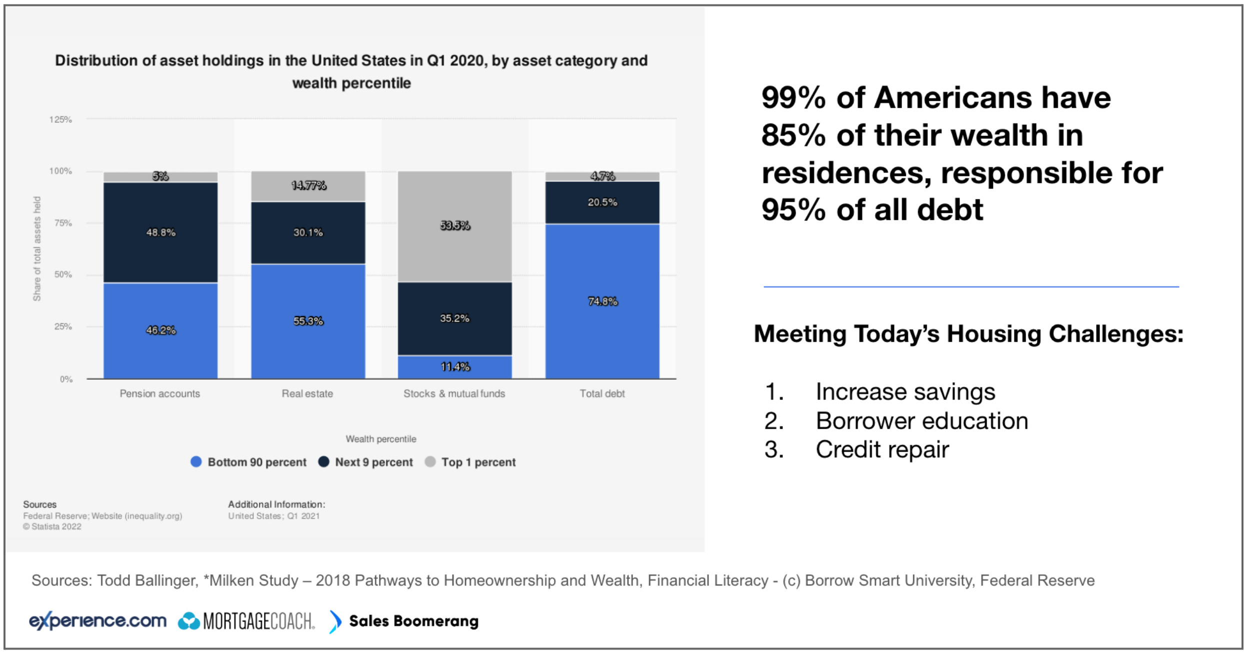


Home Appreciation Trends. The trend will slow significantly, but it is still growing nonetheless. A survey by *Pulsenomics* of over 100 experts and economists forecasts home prices will continue to appreciate over the next five years, though at more normalized rates. In 2022, they forecast a 9% home price appreciation this year in contrast to the 17% last year (Keeping Current Matters).



Where is the Money? For 99% of Americans, their mortgage is the most important financial decision they will make. Todd Ballinger, industry expert and university professor, outlines research in his recent blog post, "Where's the Money for the 99%?"

He reports that the bottom 99% of Americans have 85.4% of their wealth in their residence, and they hold 95.3% of all debt. "Real estate has consistently been the top wealth creator for the 99%," he says. The equity-rich are building wealth automatically but often lack the understanding of how to manage it well.



#3 The Demographic Shift

The Demographic Shift. Millennials make up 44% of home purchases today and nearly half identify as ethnic minorities. The Urban Institute projects that all net new household growth will come from communities of color. As the market continues to diversify, so does the housing industry's need to deliver on unique strategies to meet their needs.

The Racial Wealth Gap. Of the 44% of millennial homebuyers in 2021, 84% of them were white, and their median income is 54% higher than the median income of Black millennials. Since 1980, the racial wealth gap has been widening. Experts attribute the growing disparity to wealth accumulation through homeownership, originally acquired through discriminatory housing policies.

The Latino Housing Boom. By 2040, 20% of young households will be Latino, and they are the only racial or ethnic group projected to increase their homeownership rate. Hispanic and Latino families are more likely to have larger families, lower credit scores, and lower incomes than White homebuyers. Mortgage professionals that prepare for these challenges will be more likely to capture a share of this fast-growing market.

The Generational Culture Shift. As a generation, millennials have been groomed to expect the "press button, get mortgage" experience, but they are also terrified to make a wrong move with the biggest financial decision of their lives. In a survey of over 3,000 NextGen homebuyers, we found that lack of education and distrust hit the top of their list of challenges, while a demand for personalized information was key to winning them over.

- *Education:* In the most basic financial literacy quiz, only a quarter of Millennials could answer four out of five questions correctly. And one in four NextGen homebuyers stated their biggest challenge while buying a home was a lack of understanding.

- *Distrust*: Consumer trust has fallen across all sectors of business and government in the U.S. The 2022 Edelman Trust Barometer reported distrust is now society's default emotion. Their research shows the U.S. Trust Index has declined 10 points since 2017, and the majority of Americans do not trust the central bank. In the 2021 NextGen homebuyer research, two in three stated they did not think lenders were trustworthy or reliable.

Blockchain and Cryptocurrency. In an era of growing distrust, NextGen consumers are particularly attracted to a decentralized structure of currency and the potential for blockchain and crypto to increase the speed, safety, and ease through which they transact.

Despite its volatility, it is clear that digital currencies are the future and not a fad. According to Jim Park, who has stayed at the forefront of the growing technology in real estate, 12% of first-time homebuyers used some form of crypto towards their down payment last year.

Blockchain will create a lot more efficiency in all transactions, including real estate, Jim said. For example, he explained that companies are converting real estate into NFTs and using a smart contract to close in a few days rather than weeks. They're also using the metaverse to tour homes from across the world, and there are many other applications that will likely change the way consumers purchase real estate in the future.

> *"I think those are things that are going to force the industry to create more efficiency and some additional change, but also at the end of the day, it's creating more transparency and more certainty to the consumers." –Jim Park*

Innovations in Technology. Last year, we wrote an article in HousingWire about the recent shift in technology trends, which is even more evident in today's purchase market. While mortgage technology will always improve in optimizing time and costs, the innovation today is in consumer empowerment. The best lenders are utilizing technology to put the control in the hands of the consumer through transparency, digestible information, and personalized advice.

Dave Savage recently presented at the Modern Mortgage Summit describing the history of mortgage technology over 36-years. In 1986, how the industry has gone from yellow tablets and fax machines. Today, loan officers are not only having borrowers start the application with mobile devices and presenting a personalized, digital presentation but automating it with big data and predictive analytics. For Kristin and every other millennial who's less than 36-year life, this is the way they expect to be empowered through technology and mobile devices.

See more stats and data points in the Mortgage Coach Facebook group using the topic tag "Insights."

The Move to Hybrid. Most consumers don't care about meeting in-person as much anymore, but they do still care about human advice. The way to build trust and win more business with the largest segment of the purchase market is to empower them with personalized information through a hybrid experience. “The future isn’t human versus machine on home values. It’s when to use which” (CFPB Director from the MBA Secondary Conference).

> *“If I'm a customer, I don't really care if you're a broker, a loan officer, or I'm sitting in a call center… If I need you to help me, I’m going to want some human intervention at some point in the process because it's too important a decision for me.” —Bill Dallas*

OPPORTUNITIES & STRATEGIES

As Winston Churchill said (quoted by Clayton Collins), “Never let a good crisis go to waste.” Whenever there is big change, there is always a big opportunity.

Customer database management has and always will be loan officers’ biggest opportunity. Dave attributes his success in becoming the top producer in southern California in the 90s to his “CRM,” which was a recipe box. Today, the tools and data available have improved dramatically but the discipline remains the same.

#1 Big Data

With $11T in tappable equity in the market, your biggest opportunity is in knowing your customers.

Big data and machine intelligence provide a constant source of connection with consumers, giving their chosen providers the ability to predict their every move. For lenders, this allows them to deliver on their promise to partner with them in managing their wealth.

"Last month alone, over 71% of my referrals came from my database. Meaning, they were either current clients I have, past clients that are coming back, or past clients referring me... We're controlling the point of sale way more than we think." —Jeremy Forcier

With business intelligence tools like Sales Boomerang, lenders know which consumers are most likely to want to list their home, which are most likely to want to move up or down, or when they might want to do a cash-out or home improvement refinance.

Without Borrower Intelligence

With Borrower Intelligence

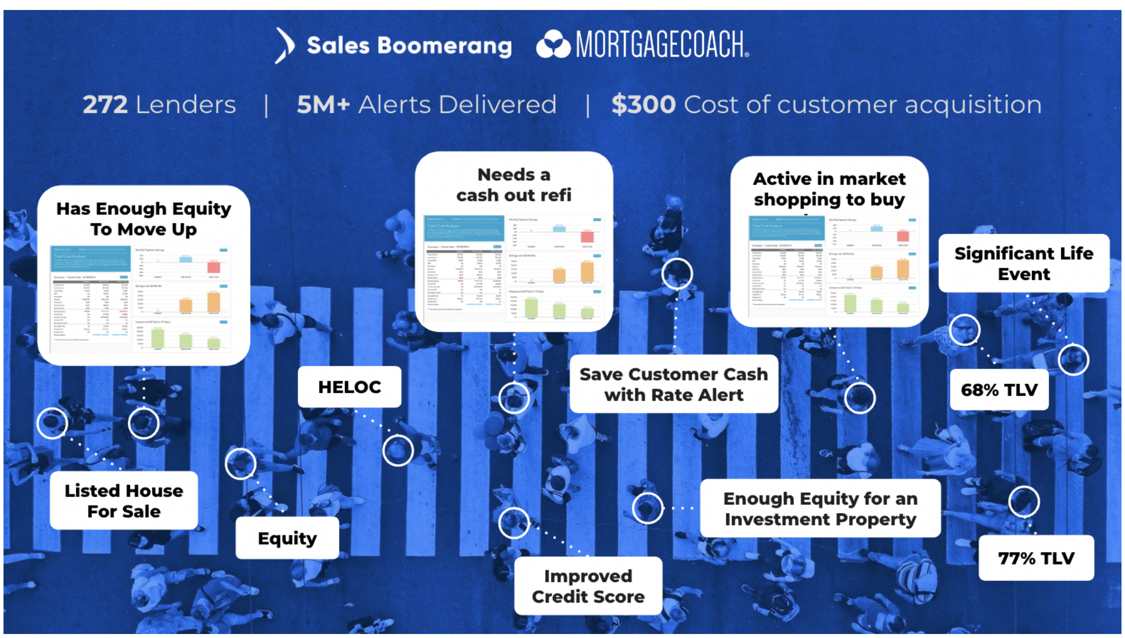
#2 Automation

As discussed in the previous section, technology provides the ability to increase profitability and customer satisfaction by optimizing the customer experience and increasing efficiencies for the lender. Some of the biggest opportunities and strategies being used in automation today include:

- Automating educational outreach and personalized touchpoints
- Online applications and point of sale
- Voice-of-customer surveys at mid-point and post-close
- Presentation of loan options
- Document requests
- Closing technology
- Pricing and underwriting

For example, automate Total Cost Analyses with database trigger alerts. With borrower intelligence data, lenders can create and send an automated Total Cost Analysis personalized to the customer. If they are eligible to move up into a bigger home or for a home improvement refinance, a TCA can be triggered automatically with a scenario to help them leverage their existing equity for the home of their dreams and to build wealth faster with real estate.

With Big Data Borrower Intelligence and with Advice-Based Digital Presentations



#3 Conversion

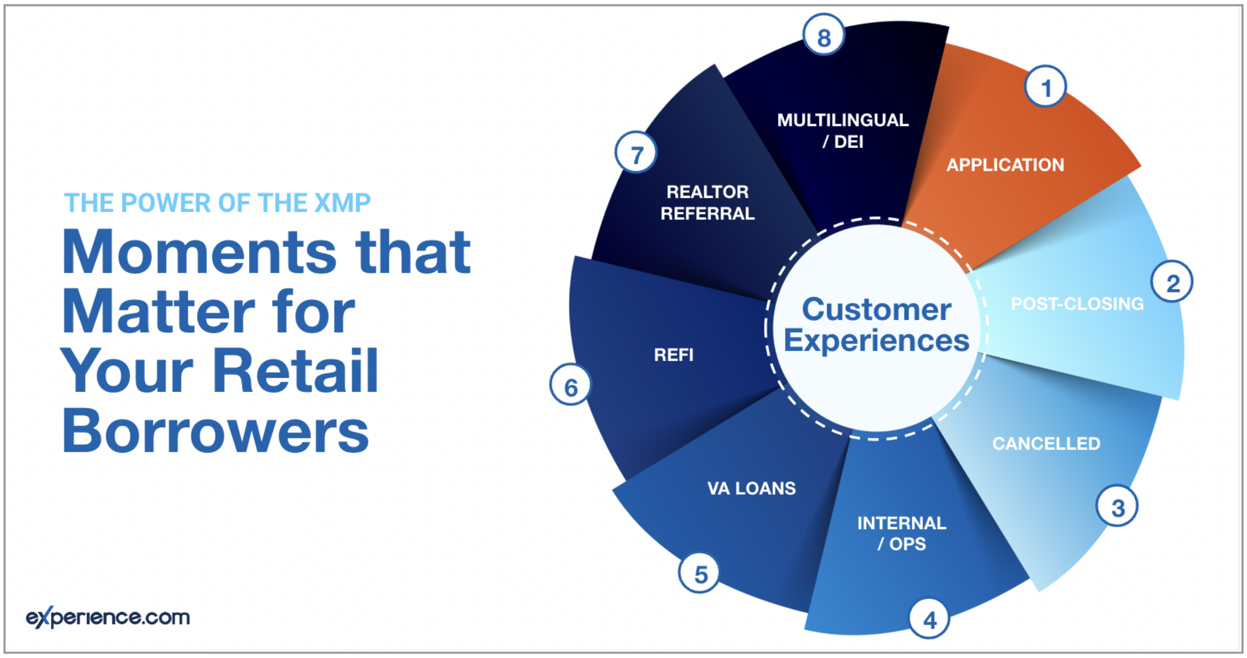
The biggest cost to loan officers and lenders today is lost loans, and they're losing them due to poor sales conversion and ineffective sales strategies. Tracking conversion and profitability is one of the biggest opportunities available to lenders and loan officers to close the gap between less market-driven opportunities and today's results. We believe that almost every loan officer can increase production if they just implemented conversion and presentation best practices.

The best loan officers are tracking their conversion. Jeremy Forcier noted that 33% of his pipeline isn’t converting primarily due to affordability challenges. Jeremy has become one of the country’s top producers, because he knows his conversion ratio and strategizes on how to improve it.

Using advice-based digital presentations to show strategies like Seller Buydowns, 2-1 Buydowns and other creative strategies to help borrowers and Realtors in this new marketplace.

The best lenders are tracking their conversion, profitability, and customer satisfaction. As an industry, most lenders do a good job of scorecard production, tracking loans closed and loan volume. But the trend is moving toward tracking additional metrics to improve conversion and profitability. With these metrics, lenders can reward top producers in each category, have them teach and train on their strategies, and sharpen their processes to model after their success.

In addition, lenders who utilize CX management tools like Experience.com can set up automated touchpoints to collect customer feedback and respond in real-time to improve conversion and lead pull-through. Most lenders today have a post-close survey, but the opportunity lies in customer engagement in real-time at crucial points in the customer journey.



Your database is your greatest opportunity available to you today, and it will continue to be your greatest opportunity tomorrow. How you manage it is key to your success.

RECOMMENDATIONS

> *"The challenge is not overthinking it. You have to be disciplined. You have to have consistency… There are so many trends you can watch that it can paralyze you to the point that you don't do the work." —Steve Jacobson CEO of Fairway Independent*

We have compiled some expert recommendations that can uplevel your strategy, but ultimately every strategy is only as good as the process built around it. The best loan officers are successful because they are disciplined and consistent.

#1 Become the captain of the wealth team.

With $11 trillion of untapped equity in the market and a general lack of financial literacy, consumers are looking for advisors to help them manage their equity.

Be a Liability Advisor. Loan officers need to be able to look at a family's balance sheet, credit report, assets, and knowledge about the consumers' needs to help them make smart decisions with their equity. What are their goals? When do they want to achieve financial freedom? What does financial freedom mean to them? This is what sets the top loan officers and lenders apart from the rest.

Consumers may want to use some of their equity to purchase a second home or bridge to a new property. There are move-up millennial homebuyers that could get the bigger home they wanted. Or they could recast the mortgage with cash-out for a better lifestyle and still have the same payment or less.

“The borrowers who have a two and three quarters or 3% home loan—I'll tell you their credit card debt or other debt they may have is probably not at two and three quarters or 3%,” Rob Chrisman says.

Watch for Refi Opportunities. Refinance opportunities may have dropped significantly, but they still exist and there are likely going to be opportunities toward the end of the year and into Q1 if the interest rate fluctuates the way we expect it may. Loan officers are doing loans at 5+ and by the end of the year, some economists expect we may see those numbers back in the realm of 3.

#2 Lead with Education.

Education will not solve our affordability crisis, but it can be a crucial tool in helping consumers both afford and manage their largest liability. Loan officers and lenders that build a brand and customer experience with education will win in this era of change.

> *“It's incumbent on us as loan officers when we meet with a client to help them understand the data that they're reading, because it's all doom and gloom in the marketplace… If they feel more confident moving forward as a result of the information you gave them, it's also going to make them more comfortable doing their transaction with you.” —Tony Blodgett*

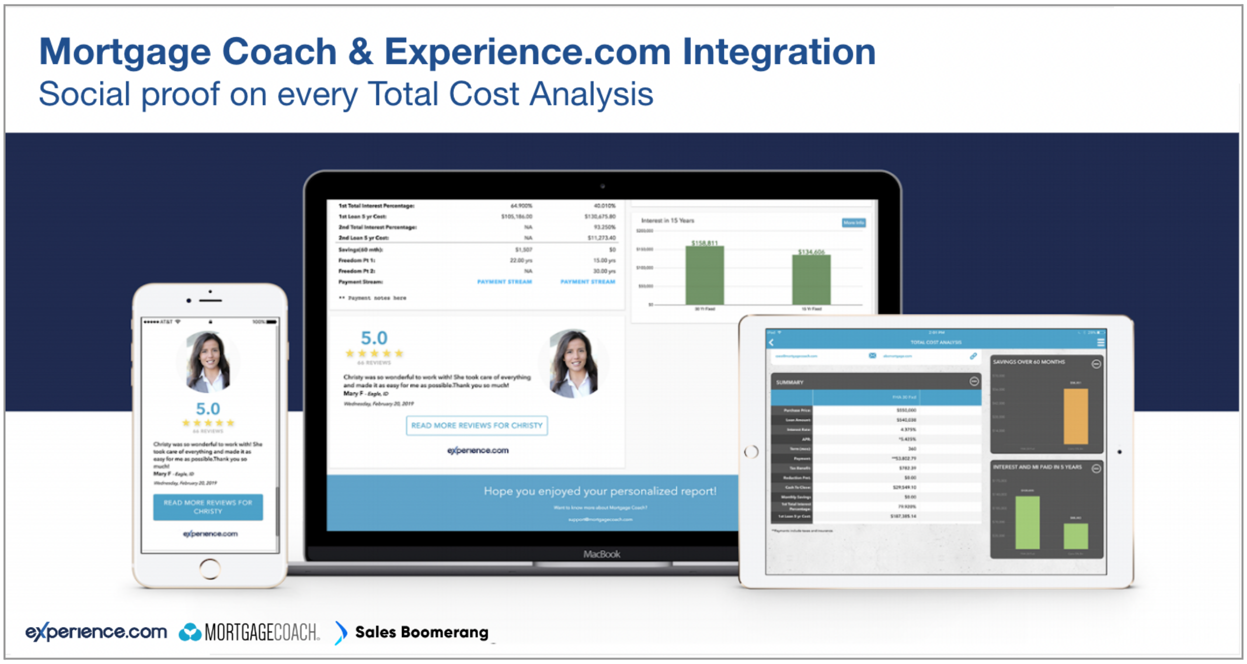
Proactively Create Content. Customers are constantly bombarded with information, and they are growing more anxious and skeptical as they try to navigate the biggest financial transactions of their lives. By building your brand as someone who they can trust to help them understand this process, loan officers can build not only lifelong customers but strong referral partners and networks in their communities. It is easier than ever to show up where your customers are searching online.

> *“Create a brand and content where people look at you as a resource, whether they need a mortgage or not…Those who are succeeding are proactively getting into the race and being financial advisors.” —Craig Sewing*

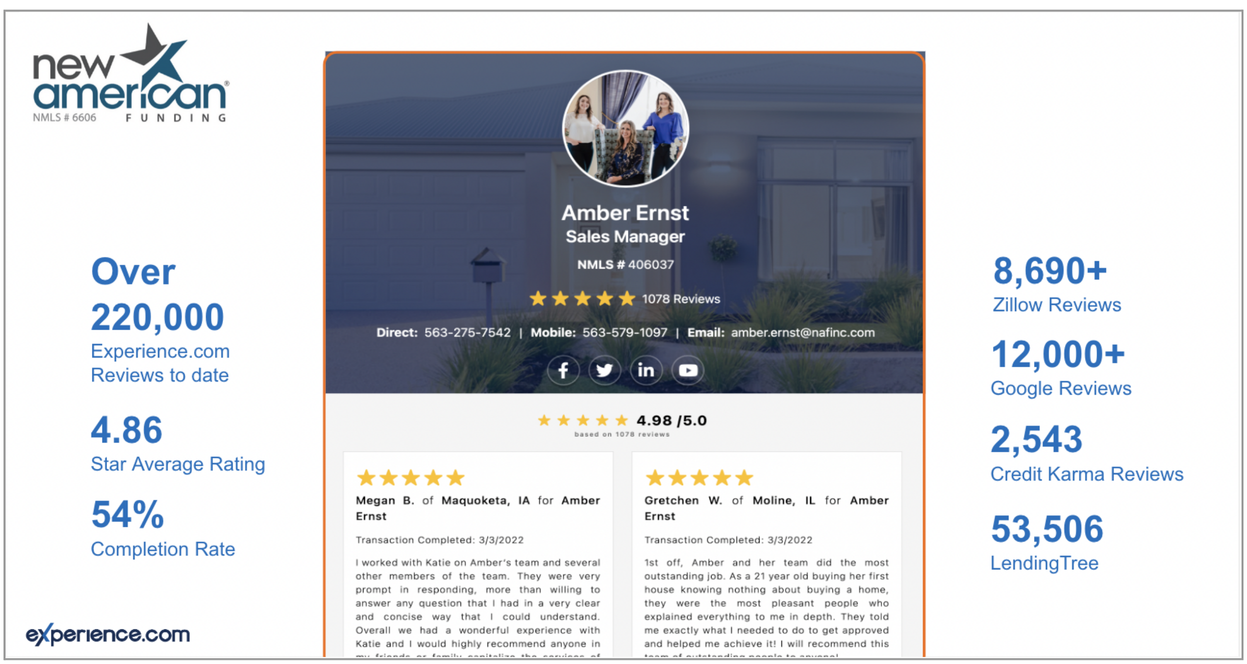
Offer Seminars Online and at Schools. Educate your target market by offering seminars and webinars free to the community (homebuyers and Realtors). Educate the next generation by teaching financial literacy in high schools and colleges.

Leverage Your Content. Share or co-create content with your Realtors, such as podcasts, blogs, videos, LinkedIn posts, etc. Teach Realtors how to create content and use social media, and create a digital plan that will facilitate more business together.

Make Online Reputation a Priority. In the NextGen Homebuyer Report, 96% of borrowers said reviews were important in choosing to work with their loan officer. Moreover, social media can be a great way to stay top of mind to consumers and feed them information that may help them become repeat customers or referral partners.



Experience.com helps lenders amplify the voice of borrowers to create trust from the beginning. For example, New American Funding and over 300 lenders use Experience.com to ask for a review after every closing. This automated process powers better local search rankings for both their company and their loan officers.

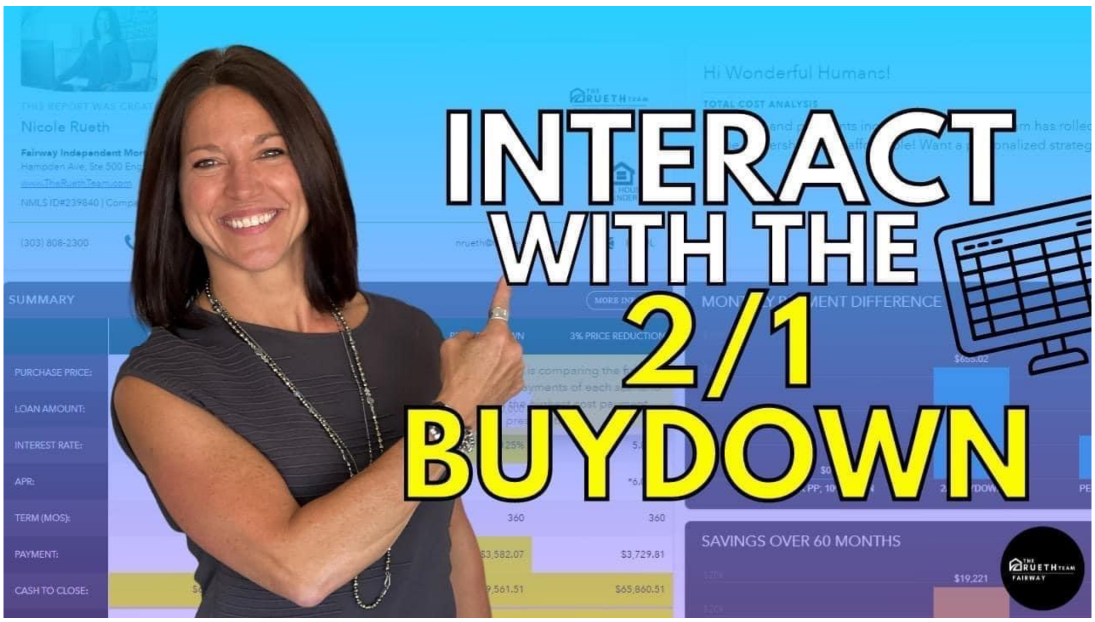


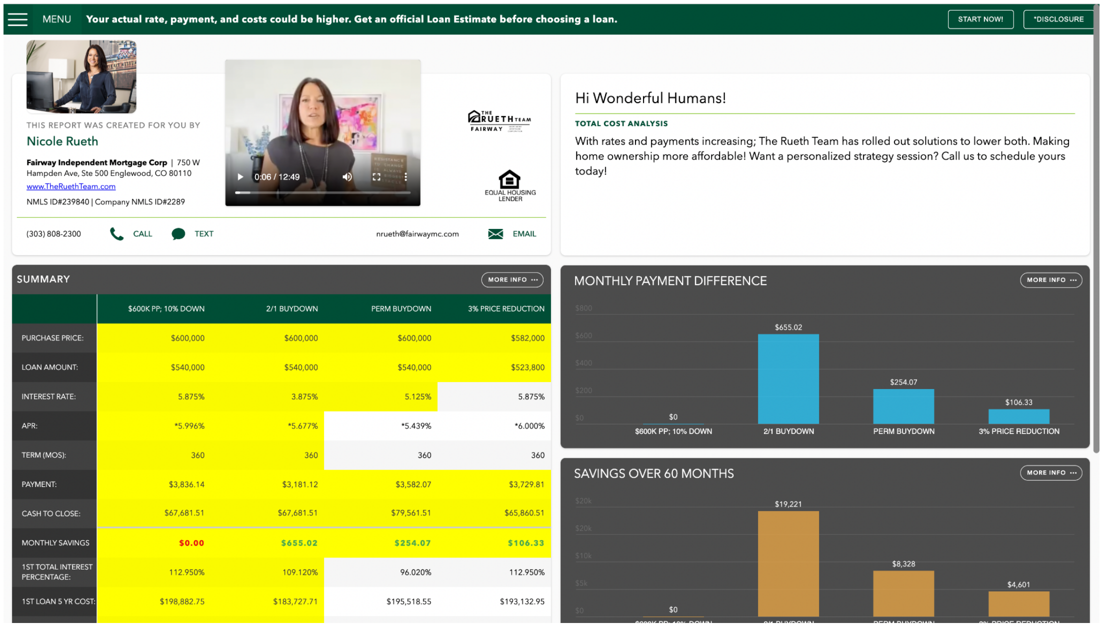
#3 Use Video to Connect at Scale.

“The mortgage industry is a business of stories. It’s people stories, human stories, heartwarming stories, intriguing stories, joyful stories about people getting into homes, and how we’re building neighborhoods and communities.” —Sue Woodard

Video humanizes what can become a transactional experience. We naturally build trust when we look people in the eye. For a population of increasingly distrusting consumers in an increasingly noisy world, video has never been more important to winning against the competition.

In the video example below, see how Nicole Ruth is helping home buyers, home sellers and Realtors understand how to use “Buydown Strategies” to solve problems and bring unique clarity in this rising rate marketplace.





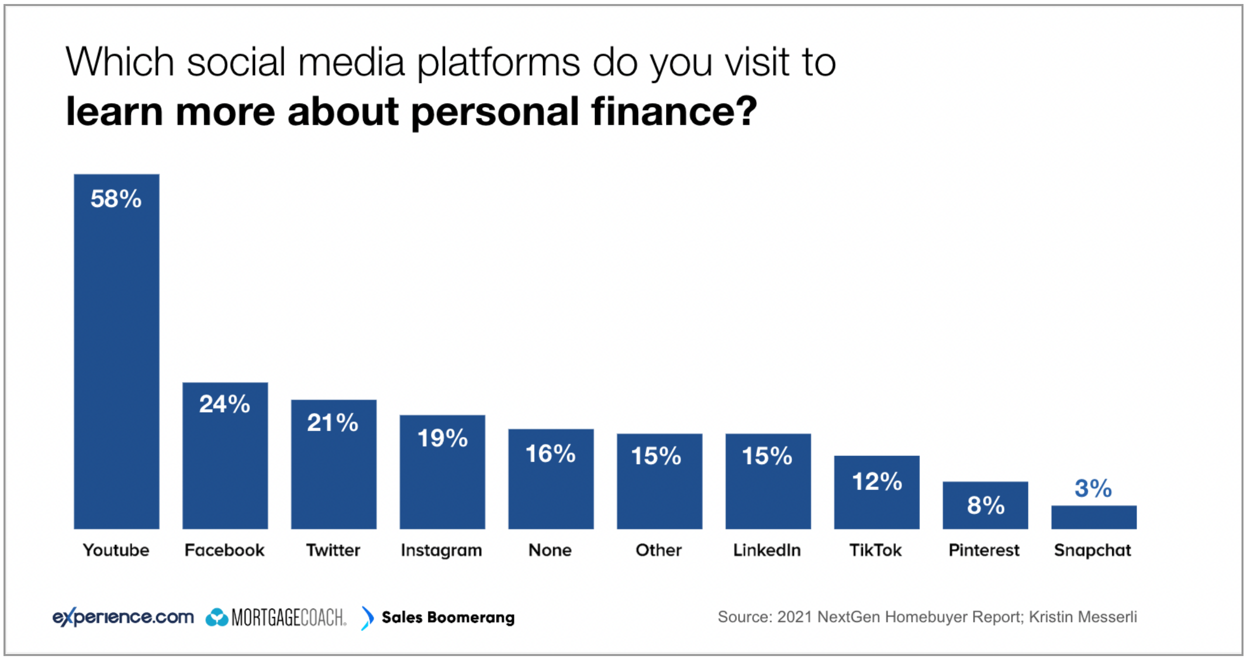
Click on image to view Buydown Strategies and 11-minute video explaining how Buydowns help buyers and sellers in the second half of 2022.

See more examples in the Mortgage Coach Facebook Group using the topic tag "Real world stories."

Be Authentic. The Edelman Trust Index found that Gen Z trusts real people with real lives more than celebrities, government or religious leaders, etc. The online influencer culture has continued to shift toward more authenticity, which makes it easier than ever to leverage video.

Keep it Short and Niche. In a 2021 survey of NextGen homebuyers, 58% said their go-to source for financial content on social media was YouTube, and TikTok has become a quickly rising source for mortgage education. Homebuyers are consuming content at incredibly fast rates, and short-form, focused content can be the best way to engage them.

> *"You don't need to create a YouTube channel that tries to get the attention of 20 million Americans, but create an incredible niche YouTube channel with short-form video content that might speak to something very specific, maybe down-payment assistance programs in Topeka, Kansas, and lean into it."—Austin Niemec, reporting from a workshop with Google*



#4 Commit to Growth.

Commit to Daily Training and Be Consistent. Model yourself after top performers, and pay attention to what's working for others.

Train Realtors. Help your partners build inventory and create competitive offers. For example, help them increase contingency offers or share seller buy-down strategies.

> *'Ninety-three percent of real estate agents right now have told us that they would like to meet with the lender and figure out the next 18 months of their career. At the end of the day, relationships matter, they always have, they always will. The very clients we used to call on that we got a little bit sidetracked with during refis are the very clients that are saying today, "Please get back, please come back, and please help us build our business," because their business is changing, too. They're going to be going to a balanced seller-buyer market probably in the next 8 to 12 months."—Todd Duncan*

Measure and Celebrate What Matters. To be competitive, we should be measuring more than just units and volume. Companies should celebrate loan officers with the highest conversion, profitability, and customer satisfaction.

"You have to pay attention to what top performers do because there's a reason for it," says Steve Jacobson. "Model yourself after them and keep trying new strategies to connect with your communities."

When Experience.com released their Top Performer winners, there was no surprise to see a correlation between top satisfaction and top production, but companies are often not celebrating and learning from those wins. For example, Experience.com's number-one top performer out of 40,000 loan officers was Giuseppe Battaglioli. Giuseppe closed 457 loans last year, runs a Total Cost Analysis on every transaction, and gets really low price exceptions. We should highlight these top performers in every category and learn from their best practices to ultimately win in all categories.

Visit Experience.com/Resources for additional video interviews and content.

Evaluate your Tech Stack. You may have ignored some important lead conversion or CX tech over the past two years in just managing the refi boom, but as profits are limited, don't throw out the tech without evaluating.

"Those could be exactly the technologies that your people need right now to succeed in this new market to set themselves apart," says Sue Woodard. Lean into your vendor partners and figure out where they may be able to improve their support and further engage your loan officers.

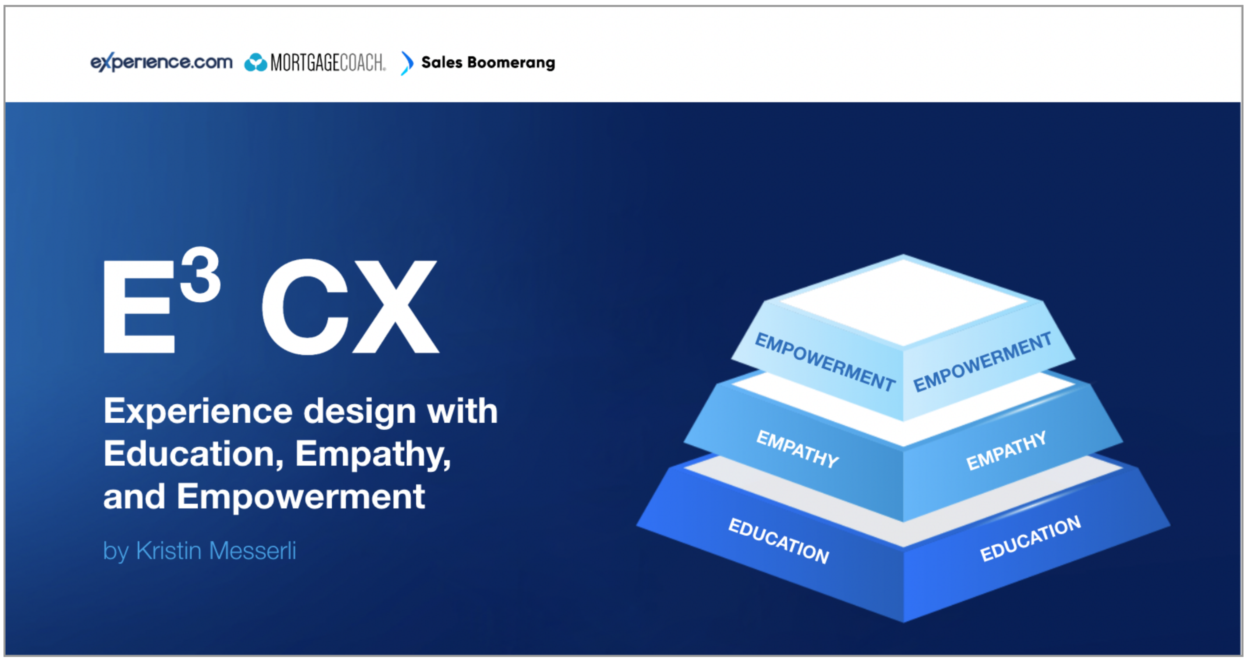
#5 Be the Best at Customer Experience

The above recommendations can be summed up in the E3 CX framework:

Education, empathy, and empowerment are the most powerful tools you have available to build trust and referrals with consumers. Whether you are looking at the technology you utilize to improve automation and database management, or you are strategizing on your online brand, this model should be the lens through which you evaluate those processes.

The same could be applied to your employees. In a time when companies are experiencing pay cuts and layoffs, leaders need to apply the same model of education, empathy, and empowerment to their employees.

> *I think as a leader, it's really important to focus on trying to keep your people feeling positive and uplifted. These are course corrections we've had before but I think the leadership needs to be really communicating what's happening at their company. –Susan Stewart*



The most important recommendation can be summed up in Shant Banosian's musings about the market today:

> *"You know, I don't focus on the interest rate economy. I don't focus on the inventory economy. I focus on the action economy." —Shant Banosian*

Whether we are in a purchase market, a refi market, high inventory, low inventory, heavy competition, light competition, or any other challenging market, you can win for three reasons:

1. You can be a trusted advisor and create a perfect mix between humanity and automation.
2. You can build relationships for life.
3. You can be the captain of the wealth team by managing partnerships with a combination of Realtors and financial advisors with the goal of optimizing all loans and helping borrowers build wealth with real estate faster and more effectively.

Make sure you're asking the innovative questions out of high trust that really get you alongside somebody on where their pain points are, what they want to do, how comfortable they feel doing it, and how you can come alongside them and help," says Todd Duncan. "That's what selling is, it's helping."

Use this Report and the Resources below to jumpstart your second half of 2022!

RESOURCES AND RESEARCH

INTERVIEW VIDEO INTERVIEWS AND TRANSCRIPTS

1. Dave Savage interviewed by Todd Bookspan and Deborah Byrd - READ + WATCH
2. Steve Jacobson CEO of Fairway Independent - READ + WATCH
3. Bill Dallas with Dallas Capital - READ + WATCH
4. Susan Stewart CEO SWBC - READ + WATCH
5. Garth Graham with STRATMOR - READ + WATCH
6. Clayton Collins CEO of HousingWire / HW Media - READ + WATCH
7. Matt Clarke COO of Churchill Mortgage - READ + WATCH
8. Sue Woodard, Stratmor Consultant - READ + WATCH
9. Julian Hebron Founder of The Basis Point and an industry thought leader - READ + WATCH
10. Rich Harris with MarTech Innovator - READ + WATCH
11. Tony Thompson CEO of NAMBA - READ + WATCH
12. Craig Sewing CEO of American Dream TV - READ + WATCH
13. Logan Mohtashami with HousingWire - READ + WATCH
14. Jeremy Forcier Mortgage Advisor with CrossCountry Mortgage - READ + WATCH
15. Brent Palmer District Manager with Guild - READ + WATCH
16. Bruce Dickinson former head of mortgage at First Tech Credit Union - READ + WATCH
17. Rob Chrisman with STRATMOR - READ + WATCH
18. Dan Rawitch Chief Economist of Mortgage Coach - READ + WATCH
19. Todd Duncan Founder of High Trust Selling and the Todd Duncan Group - READ + WATCH
20. Scott Nicolson (Founder of LenderLaunchpad and RedBelt Mortgage Coach) with Cherry Creek Mortgage - READ + WATCH
21. Shant Banosian EVP Sales with Guaranteed Rate - READ + WATCH
22. Tony Blodgett EVP Retail Sales at New American Funding - READ + WATCH
23. Rose Marie David EVP of Retail Lending of Homebridge Financial - READ + WATCH

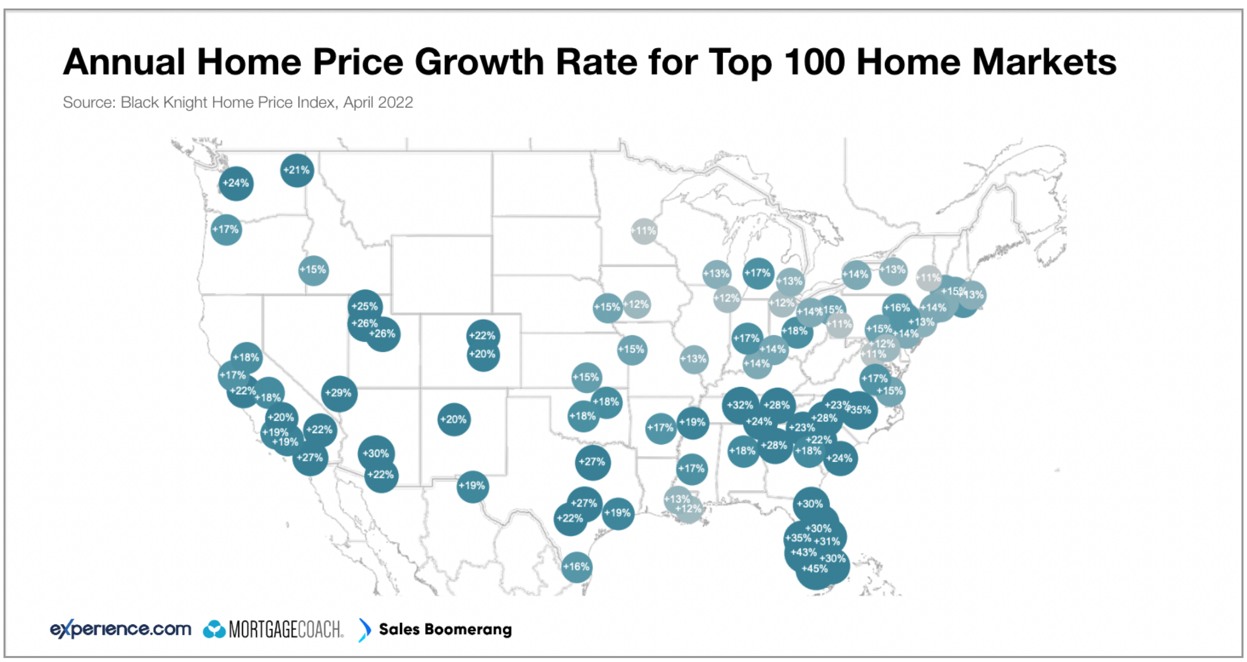
24. Austin Niemiec EVP of Rocket Mortgage - READ + WATCH
25. Todd Ballenger the Founder of Borrow Smart University - READ + WATCH
26. Jim Park, CEO of Association of Asian American Investment Managers - READ + WATCH

ARTICLES AND ADDITIONAL RESEARCH:

- NPR, 2022
- Urban Institute, 2019
- RIS Media, June 2022
- Black Knight Report
- RIS Media
- Black Knight Trending Toward Zero
- Business Insider, 2022
- 2020 and 2021 NextGen Homebuyer Report
- A Seismic Shift by Dave Savage and Kristin Messerli, 2019
- 2022 Edelman Trust Barometer

More Trends

Home Price Growth. According to a Black Knight study, home prices in April were up more than 10% year-over-year in all of the nation's top 100 markets.



The shift to non-depositories. There is a shift occurring to non-bank origination and non-bank servicing, Bill Dallas observes. Adds Julian, "In 2020 and 2021, the largest depository lender across those two years gained $3.84 billion in new production from loan officers coming over from two other top depositories. They lost $7.5 billion to two top non-banks."

I think non-banks crush it on TBD approvals. "That is a really tough model, but that's what gets deals done in the bidding war environment, which is poised to continue," says Julian, who feels we may see some shift back to banks in high-priced markets because banks are going to be sharper on pricing, especially for jumbos.

Regional banks and credit unions seem to be competing more with ARMs recently, says Jeremy, but notes that he's not seeing a big thirst in the market for this; he doesn't think it's in line with what the consumer wants to feel safe.

The Generational Wealth Gap. As demonstrated above, the market in 1980 has changed dramatically from the market today. Consumers in their 30s today are not entering the same market their parents entered at the same stage in their lives. The table below demonstrates some of the differences in income and debt, adjusted for inflation.

The Millennial **Generational** Wealth Gap

by Kristin Messerli

	1980	TODAY
Homeownership rate under 35	41%	39%
Home price value to median income ratio	4.69	7.72
Median home price	$165K*	$428K
Median family income	73K*	62K
Student Debt for Bachelor's	13K*	39.5K
Starting salary w/ Bachelor's	65K*	51K

Sources: Federal Reserve, US Census Bureau, Statista

*All numbers adjusted for inflation

experience.com

The Racial Wealth Gap. Of the 44% of millennial homebuyers in 2021, 84% of them were white, and their median income is 54% higher than the median income of Black millennials. Since 1980, the racial wealth gap has been widening. Experts attribute the growing disparity to wealth accumulation through homeownership, originally acquired through discriminatory housing policies.

Homeowner Tenure. Homeowners are staying in their homes longer than in previous years. From 1985 to 2007, the average tenure in a home was 5-7 years, and now that has increased to 11-13 years and much higher in some markets like parts of California.

Loan officers noted their borrowers are also not willing to move as quickly if they are not able to get the home or location they are looking for, and contingency sales are much less common.

> *"Borrowers are waiting when they can't afford the home they wanted, instead of looking for a home outside their market or in a lower price range." —Jeremy Forcier*

More Recommendations

Embrace–and even create–disruption. Be a disruptor. Disruption creates opportunity, but disruption is also scary, Craig Sewing notes. "There are adversities. There is friction in what you thought was working versus what's going to work now, or maybe there aren't any past experiences you can grab onto because this is such a unique market. But at the end of the day, if you're putting in the work and you're grinding, you're going to get to the other side of this thing."

Make building relationships with referral partners a top priority. Get to know your communities, says Jake. "How do you compete with Rocket? With the relationships, you develop in your marketplaces."

And how do you build those relationships? With content, Craig says. "Podcasts, blogs, LinkedIn, Facebook, leverage it as an asset you share with your Realtors and get them to do it with you."

Julian suggests using old-school tactics of showing up with your partners who are selling the units (builders and Realtors). The ones who win are "showing up in builder offices, in sales offices, on new projects every day," he says.

Train Realtors and help them build inventory. To increase inventory and get people to list their homes, we need to get back into contingent sales, says Jeremy. "There is a glut of inventory of people who don't want to sell because they don't know where they're going next."

>>Show Realtors who have started doing price reductions examples of seller buy-downs, which will be more attractive to buyers as inventory increases.

>>Teach Realtors how to create content marketing and video and to use social media. Do business reviews, and put together a plan of how you're going to do more business together, Sue suggests.

>>Use content to get new referral sources. Work with financial planners, CPAs, and divorce attorneys. Unfortunately, that's a huge source of business and referrable transactions right now," says Sue.

>>I have seen a lot of seller buydowns where you're seeing people pick a rate and points, says Sue. So if you are a leader, you need to retrain your loan officers. It may sound like common sense for anyone who's been doing this for a while. But new loan officers don't know that, and there are a lot of loan officers who have forgotten that."

Build/invest in your brand. "For way too long the mortgage professional has been the vendor, the person waiting. I'll invite you to the Realtor to a lunch-and-learn so I can teach you the same so you can go do business. I'll take you to this happy hour and I'll have this speaker teach you so you can grow your business. Because when I grow yours, it grows mine. That's a vendor mentality and I think those days are over if that's the only thing you do. You have to be a brand. You have to be known.

"Customers today are constantly bombarded with information, and you need to consistently stay in front of them at the times that matter. "You have to establish that relationship with your client even more now because technology has changed everything and your client will be bombarded," says Logan.

Create content, you need to be in social media, and you need to be doing things counter to what they can do. You can't spend $20 million on a Super Bowl ad. But Facebook, email and other social media content are free, says Craig. "HGTV has proven that people like real estate content," he adds. "So don't let modesty get in the way of your marketing. You have to be willing to share a story and share what you do. If you do, people will enjoy it. Just do it in a thoughtful way and don't sell. That leads to what develops your brand and what people will know you for, and ultimately why consumers will reach out to you directly."

"If you can create a brand and content where people look at you as a resource, whether they need a mortgage or not, if they're reaching out to you for anything, you're either referring them or helping them, this is a trend I see in the mortgage space for those who are succeeding. They're not waiting. They're proactively getting into the race and being financial advisors, notes Craig.

To compete with depositories, who may have better pricing or products, you have to invest in your brand and have good touches up front, establishing yourself with them as a trusted advisor, notes Bruce Dickerson. Consider people such as Kelly Zitlow, Dan Keller and Denise Donoghue, who all have brands.

> *"In tough markets, you have less competition. The people who don't know how to do the business, when we get into tough markets, cannot legitimately compete with you. So have the mindset that one of the good things about a market like we're in is if you're 'game on' and the traditional competitor is not, you'll have less competition. That's a key data point."—Todd Duncan*

Get better, not bitter with weekly sales meeting and consistent team training session

4 Keys to getting better

1. Measure the 7 metrics that matters most: loans, volume, leads, conversion, retention, customer satisfaction and LO profitability.
2. Get your team to share problems, challenges and success stories around these core 7 metrics during meetings.
3. Train weekly – 30 minute training on best practices to improve these core 7 metrics.
4. Have every LO watch at least one video in the Mortgage Coach YouTube channel weekly.