



2022

HPA projections:

Unison and collated
market forecasts



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While Unison focuses primarily on mid to long-term forecasts of home price appreciation, we have collated the short term views from market participants on behalf of our clients given the incredible investment performance in 2021.

Our market projection

Unison focuses on the role that supply and demand play in the marketplace over short, medium, and long-term horizons. In our view, areas that have a large supply of workers with incomes that will appreciate over time have strong demand characteristics. Regarding supply, in urban and adjacent markets where building is challenged by existing density we have found price inelasticity. The combination of these factors over time contributes to increased prices. In particular, the wave of Millennials that are moving from either rentals or living with parents is the largest in American history. The shift is generational and will continue for the foreseeable future. Conversely, as Baby Boomers enter retirement they have shown an interest in aging in place which has continued to constrain supply. This is compounded by the ongoing challenge of finding buildable land near economic hubs.

A long term forecast

Unison models a long-term return to housing of 4%

▲ 6 – 8%

Unison projects home price appreciation (HPA) to increase by 6–8% in 2022



Goldman Sachs

The housing shortage: Prices, rents, and deregulation

“Earlier this year, [Goldman] argued that constrained supply and sustainably robust demand would keep the US housing market very tight, pushing up home prices and rents sharply. The boom since then has surpassed even our lofty expectations, with home prices now up 20% over the last year. Housing inventories remain historically tight, while homes remain relatively affordable despite the recent price increases, and surveys of home buying intentions remain at healthy levels. [Goldman’s] model now projects that home prices will grow a further 16% by the end of 2022”.¹

▲ 16%

Goldman Sachs projects home prices will grow a further 16% by 2022

HouseCanary

Sky-high home prices, ultra-low supply

Supply shortage and price growth trends are likely to continue in 2022.

“In 2021, the housing market drew plenty of headlines as a shrinking supply of homes available for rent and purchase caused properties to fly off the market at all-time high prices across the U.S. As we kick off 2022 with a significant COVID-19 resurgence, we can expect the nationwide shortage of homes for sale to persist well into the spring, driving home prices even

higher. Given that the U.S. remains in a low inventory environment with inflation rates at their steepest in 40 years, it’s very likely this year will bring another double-digit increase in national home prices, with our models forecasting price growth in the 10 – 12% range. Growth trends cannot be simply written off as a COVID-era anomaly; rather the jump in property values look unlikely to slow down in 2022.”²

- 2021 was undoubtedly defined by a nationwide shortage in the number of available homes for purchase amid surging demand, driving prices higher for both renters and homebuyers.
- Homes under \$200K have been scarce all year long, with the number of available properties falling 19% in 2021, compared to a 40% annual increase for homes above \$600K.
- While many metro areas have seen a rise in single-family property listing availability since January 2021, virtually no areas have seen a return to pre-COVID levels.³

▲ 10 – 12%

HouseCanary projects single-family detached home prices to rise 10–12% over the next twelve months

1. The Housing Shortage: Prices, Rents, and Deregulation (Walker). (2021, October 11). GS Research. <https://www.gspublishing.com/content/research/en/reports/2021/10/11/1e0e070d-d902-4fbe-82e1-b53a053e06c1.html>

2. Sicklick, J. HouseCanary Market Pulse. <http://www.housecanary.com/wp-content/uploads/2022/01/Market-Pulse-Report-39.pdf>

3. Rogin, C. 2021 Housing Market in Review: Sky-High Home Prices, Ultra-Low Supply. HouseCanary.(2021, December 21). <https://www.housecanary.com/resources/2021-housing-market-recap-high-prices-low-supply/>

▲ 6%

CoreLogic Home Price Index Forecast projects the national home price index slowing from 15% in 2021 to 6% in 2022

▲ 12.5%

JP Morgan projects home prices to increase by 12.5% in 2022

▲ 5%

NAR projects home prices to increase ~5% in 2022

CoreLogic 2022 housing outlook

“2022 should be a strong year for housing. The CoreLogic Home Price Index Forecast has the annual average rise in the national index slowing from 15% in 2021 to 6% in 2022. With less demand, [CoreLogic] expects homes listed for sale will be on the market a bit longer with fewer competing bidders, which should moderate price growth. With the Federal Reserve gradually “tapering” its supportive monetary policy, mortgage rates should slowly rise in the coming year: look for mortgage rates to average about one-half of a percentage point higher in 2022 than they were in 2021, or about 3.4%.”⁴

J.P. Morgan

Home price monitor securitized products research

JP Morgan projects a 12.5% HPA increase in 2022.⁵

National Association of Realtors Research *2022 Housing market hidden gems*

NAR projects a ~5% HPA increase in 2022.⁶

Unison Conclusion

In the short to medium term we see both of these factors contributing to ongoing price increases. While building has increased slightly over the course of 2021, the impact of household formation amid currently very short housing supply will continue to drive housing prices in 2022. Given all of the factors at play, Unison expects HPA between 6 and 8% in 2022.

4. Nothaft, F. (2021, December 6). 2022 Housing Outlook. CoreLogic®. <https://www.corelogic.com/intelligence/2022-housing-outlook/>

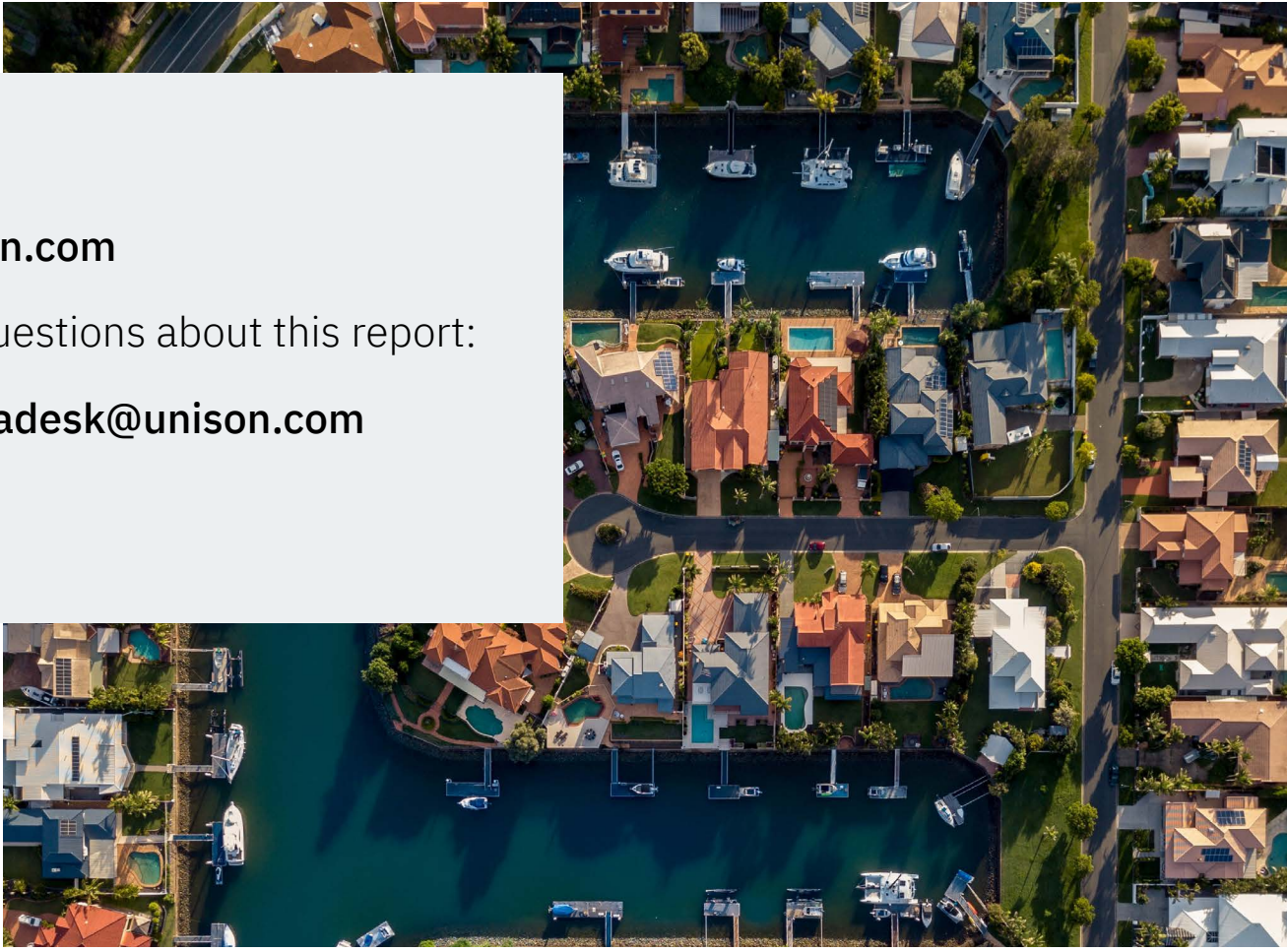
5. Samant, K.; Gelashvili, A.; Lee, I. Home Price Monitor. (2021, December 08). J.P. Morgan North America Securitized Products Research

6. Yun, L.; Lautz, J.; Dunn, M. 2022 Housing Market Hidden Gems (2021). National Association of Realtors <https://cdn.nar.realtor/sites/default/files/documents/2022-housing-market-hidden-gems-12-17-2021.pdf>

About Unison

Unison is a San Francisco-based company that is pioneering a smarter, better way to own your home. Until now, the only way to finance a home was by taking on debt. Through home co-investments, we help homeowners access their equity flexibly with no

monthly payments or interest. We enhance home affordability, reduce debt, and deliver a less risky way for homeowners, investors, and society to think about their most important asset – the home.

An aerial photograph of a residential neighborhood. The houses have various colored roofs (orange, grey, blue). There are several swimming pools and a large marina with many boats docked. The water is a deep blue-green color. The overall scene is a well-maintained, affluent residential area.

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