

Goldman Sachs
**“Positioning and seasonals point to more gains for US
stocks”**

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Susan Maklari Why have home prices stayed so high? Mortgage rates have risen substantially in the last two years, which is traditionally a problem for home prices. But prices are essentially flat since 2022 and are 48 percent higher than 2019.

This is because mortgage rates don't just impact demand, they also impact supply. More than two thirds of homeowners have mortgages locked in at or below 4 percent. This makes moving less attractive for many and is one of the reasons existing for-sale supply is down 37 percent.

We think this dynamic could normalize as home builders add supply. And indeed, new homes have accounted for 16 percent of transactions, the highest since before the financial crisis. But construction is a long-term process.

In the meantime, we think home prices can stay high, even if rates do as well.

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