



Source: Bureau of Labor Statistics

Data from the BLS' Job Openings and Labor Turnover Survey (JOLTS), shows that job openings have exceeded the number of hires for nine of the past 10 months, and that this has been a trend for the past two years. Looking back at the historical data, such a trend is unprecedented, as openings have always been lower than number of hires. Although wage growth seems to be accelerating slowly, employers are likely to start increasing pay to attract and retain the required talent especially with such a large excess of job openings. The year over year change in average hourly earnings at 2.7 percent over the past three months, shows a decent upward movement over the past six months. This matches other indicators of employment costs and compensation from the BLS and the NFIB. In addition to increasing wages, economic growth, consumer confidence, and favorable demographic trends continue to provide support for housing demand, therefore our forecast is for a 6 percent increase in purchase originations in 2018 compared to 2017.

The lack of housing inventory has been the focal point of our outlook recently, but it is also important to remember that wage and income growth have been approximately half of the growth in home prices. We are however, expecting to see an increase in wage growth in the near future, and a deceleration in home prices over time as additional supply comes on line.

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