U.S. Housing Markets: Looking Back, Looking Forward

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Nonfarm Payrolls
Annual Percentage Change (12-month avg.)

Percentage Change
Percentage Change in Nonfarm Payrolls 12 Months Ending June 2010

Compared with 12 Months Ending June 2009

National Decline: 3.0%

-6.7% to -3.1%  -1.9% to 0%
-3% to -2%  0.1% to 0.3%

Source: Bureau of Labor Statistics
Trends in Unemployment Rate and Real Gross Domestic Product

- Unemployment Rate (left axis)
- Real GDP (right axis)

Source: IHS Global Insight
State Unemployment Rate
12-Month Average Ending June 2010

12-Month Average
July 2009 through June 2010
Source: Bureau of Labor Statistics

Unemployment Rate
National Rate: 9.8%

- Light Blue: 4% to 5.9%
- Yellow: 6% to 7.9%
- Orange: 8% to 9.8%
- Brown: 9.9% to 14%
Broader Market Overview Summary

- Sales market conditions remain soft in much of the country but continue to improve in many areas
- Data on home sales prices indicate improvement
- Home sales, previously supported by the homebuyer tax credit, have leveled off
- Inventories of new and existing homes for sale are down from a year ago and coming closer to balance
- Rental market conditions are mixed throughout the country
- Significant declines in multifamily permits have continued
# Regional Conditions 2Q 2010

<table>
<thead>
<tr>
<th>Region</th>
<th>Sales Markets</th>
<th>Rental Markets</th>
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<tbody>
<tr>
<td>Region I (New England)</td>
<td>Balanced</td>
<td>Balanced</td>
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<tr>
<td>Region II (NY/NJ)</td>
<td>Slightly Soft</td>
<td>Balanced (NYC Tight)</td>
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<tr>
<td>Region III (Mid-Atlantic)</td>
<td>Slightly Soft</td>
<td>Mixed</td>
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<td>Region IV (SE-Caribbean)</td>
<td>Soft</td>
<td>Soft</td>
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<tr>
<td>Region V (Midwest)</td>
<td>Soft</td>
<td>Mixed (soft/balanced)</td>
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<tr>
<td>Region VI (Southwest)</td>
<td>Slightly Soft</td>
<td>Soft</td>
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<tr>
<td>Region VII (Great Plains)</td>
<td>Balanced (Soft in MO)</td>
<td>Soft</td>
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<tr>
<td>Region VIII (Rocky Mtns.)</td>
<td>Soft</td>
<td>Mixed</td>
</tr>
<tr>
<td>Region IX (Pacific)</td>
<td>Soft</td>
<td>Mixed</td>
</tr>
<tr>
<td>Region X (Northwest)</td>
<td>Soft</td>
<td>Balanced</td>
</tr>
</tbody>
</table>
Commonly Cited Home Price Indices Showing Signs of Stability
Trend Lines Starting From Median Home Price of $167,000 in January 2003

Sources: Standard and Poor's Case-Shiller 20-Metro Composite Index (not seasonally adjusted), Federal Housing Finance Agency Monthly Purchase Only Index for the US (seasonally adjusted), and National Association of Realtors: Median Price of Existing Homes Sold.
House Price Appreciation by State
Annual Percentage Change through Q2 2010

Percentage Change:
- National Decline: 2.5%
- -15.7% to -7.6%
- -7.5% to -2.6%
- 0.1% to 1%
- 1.1% to 3.4%
- -2.5% to 0%

Compared with Annual Average Through Q2 2009
Source: FHFA
Subprime Delinquencies Rose Prior to the Recession:
Percent of Total Loans Past Due By Product Type

Source: Mortgage Bankers Association, National Delinquency Survey. Data are seasonally adjusted.
Foreclosure Starts and Completions Remain Elevated
Monthly Foreclosure Actions (Thousands)

Cumulative foreclosure completions since April 2009: 1.42 million
(Includes investor, second home, and jumbo properties)

Source: Realty Trac.
Change in Home Loans - June 2010
90+ Days Delinquent, In Foreclosure, and REO

Compared with June 2009
Source: Lender Processing Services
Mortgage Performance Data

Percentage Point Change
National Increase: 1.3 PP
- 0.2 to 1.3
- 2.5 to 3.3
- 1.4 to 2.4
Percent of Total Home Loans as of June 2010
90+ Days Delinquent, In Foreclosure, and in REO

Source:
Lender Processing Services
Mortgage Performance Data

Percent of Home Loans
National: 8.5%

- 2.0% to 5.0%
- 5.1% to 8.5%
- 8.6% to 12.0%
- 12.1% to 18.8%
Existing and New Home Sales

Monthly Sales (Thousands)

Seasonally Adjusted
Source: National Association of Realtors®, Census Bureau, and HUD.
Existing Home Sales
4 Quarters ending Q2 2010
Percentage Change by State

Percentage Change
National Decline: 15%

Compared with 4 Quarters Ending Q2 2009
Single-Family, Apartment Condos and Co-ops
Source: National Association of REALTORS®
Existing Homes on the Market Below Peak, But Number of Units Held Off the Market Has Increased

Existing Homes Available for Sale (End of Period) and Total Vacant Housing Units (Year Round) Off Market (Millions)

Sources: National Association of Realtors® and Census Bureau.
Quarterly Rental and Owner Vacancy Rates and Vacant Units Held Off the Market for U.S.

Note: Vacancy rates are calculated as vacant units for rent (sale) as a percent of the sum of occupied and vacant rental (owner) units. Vacant units held off the market are not included in vacancy rate calculations. Foreclosures can affect all categories of vacancies, but are especially affecting units held off market. Source: Commerce Department, Bureau of the Census
Percentage Change in SF Building Permits
12 Months Ending June 2010

Compared with 12 Months Ending June 2009
Source: U.S. Census Bureau

Percentage Change
National Increase: 10%
-11.5% to 0%  10.1% to 20%
0.1% to 10%  20.1% to 36%
The Federal Response

- Federal Reserve purchases of GSE MBS
- Treasury backstop on GSEs
- Home Affordable Mortgage Program
- Housing Counseling
- Housing Finance Agency initiatives
- First-Time Homebuyer Tax Credit
- Low-income Housing Tax Credit program changes
- Neighborhood Stabilization program
Mortgage Rates Fall to Record Low and Affordability Index Remains High

Percentage Rates (left axis) and Index Values

Sources: Freddie Mac and National Association of Realtors.

30-Yr Fixed Mortgage Rate (left axis)

Housing Affordability Index (right axis)
7.1 Million Homeowners Have Refinanced Since April 1, 2009

Quarterly Refinance Mortgage Originations (Thousands)

Sources: Mortgage Bankers Association and HUD.
Aggregate annual reduction in mortgage payments on refinances and loan modifications since April 1, 2009.
Sources: MBA, Treasury, Freddie Mac, and HUD.
Home Equity Up More than $1 Trillion Since First Quarter 2009

Owners’ Equity in Household Real Estate at End of Period ($ Trillions)

Source: Federal Reserve Board.
Mortgage Aid Has Been Extended More Than 3 Million Times, Outpacing Foreclosures

Cumulative Mortgages Offered Aid or Foreclosed Since April 1, 2009 (Millions)

Mortgage modifications initiated since April 1, 2009: 3.35 million

Sources: HUD, Dept. of Treasury, Hope Now Alliance, and Realty Trac.
FHA Supports Mortgage Lending During Crisis

FHA as Share of Quarterly Mortgage Originations by Type (Percent)

Sources: MBA and HUD.
Housing Counselors Serve Millions of Families
Cumulative Households Counseled Since Apr 1, 2009 (Thousands)

Source: HUD.
Expectations on House Prices Have Shifted Up from 2009

S&P/Case-Shiller, House Price Futures Index (Jan 2000 = 100)

Sources: Standard and Poor's and Radar Logic.
Additional New Programs

• NSP III
• First Look
• FHA Short Sale program
• Hardest Hit Fund
• Emergency Homeowner Loan Program
• Rental Policies
Metropolitan Area Apartments Percentage Point Increase in Vacancy Rates

84 Metro Areas
Source: Reis, Inc.
Compares Q2 2010 with Q2 2009
Market-Rate Complexes 40+ Units

Percentage Point Change
National Increase: 0.1

- 0 to 1
- 1.1 to 2
- Above 2
Metropolitan Area Apartments
Percentage Point Decrease in Vacancy Rates

84 Metro Areas
Source: Reis, Inc.
Compares Q2 2010 with Q2 2009
Market-Rate Complexes 40+ Units

Percentage Point Change
National Increase: 0.1
-0.1 to -1.0
-2.1 to -4.3
-1.1 to -2.0
Metropolitan Area Apartments Decrease in Market Rents

86 Metro Areas  
Source: Reis, Inc.  
Compares Q2 2010 with Q2 2009  
Market-Rate Complexes 40+ Units  

Percentage Change  
National Decline: 0.7%  
-0.1% to -1.0%  
-1.1% to -2.0%  
-2.1% to -4.2%
Metropolitan Area Apartments Increased Market Rents

82 Metro Areas
Source: Reis, Inc.
Compares Q2 2010 with Q2 2009
Market-Rate Complexes 40+ Units

Percentage Change
National Decline: 0.7%

- 0% - 1%
- 1.1% - 2%
- 2.1% - 3.1%
Percentage Change in MF Building Permits
12 Months Ending June 2010

Compared with
12 Months Ending June 2009
Source: U.S. Census Bureau
THANK YOU

Key Web Links
Dept. of Housing and Urban Development: www.hud.gov
HUD Data and Research: www.huduser.org
Housing Scorecard: www.hud.gov/scorecard