

Housing Market Indicators Monthly Update



February 2017

U.S. Department of Housing and Urban Development

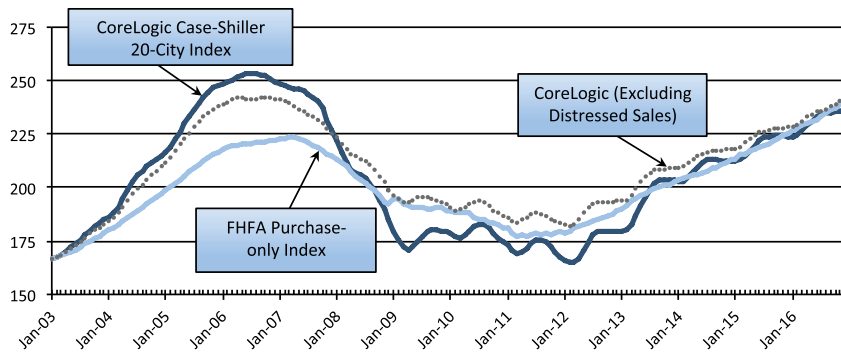
National housing market indicators available as of February show continuing recovery in housing markets. Trends in some of the top indicators for this month include:

- **Sales of previously owned (existing) homes climbed to the strongest pace in a decade.** The National Association of Realtors® (NAR) reported that sales of existing homes (including single-family homes, townhomes, condominiums, and cooperatives) rose 3.3 percent in January to 5.69 million (SAAR)—the highest level since February 2007 (5.79 million). January sales were 3.8 percent higher than a year ago.
- **Purchases of new homes increased in January.** New single-family home sales climbed 3.7 percent in January to 555,000 (SAAR) from a downwardly revised 535,000 pace the prior month and were 5.5 percent higher than a year earlier. Home sales rose in all regions except the West. Note that monthly data on new home sales can be volatile and are often revised. (Source: HUD and Census Bureau.)
- **Single-family construction starts rose in January, while multifamily housing starts fell.** Single-family housing starts, at 823,000 homes (SAAR), were up 1.9 percent from December and 6.2 percent from one year ago. Construction starts for multifamily housing (5 or more units in a structure), at 421,000 units (SAAR), were down 7.9 percent from December but up 25.7 percent from a year earlier. Note that month-to-month changes in the construction of multifamily homes can be volatile. (Source: Census Bureau.)
- **Home prices were up again in December with annual house price changes remaining fairly stable in a 5- to 6-percent range.** The Federal Housing Finance Agency (FHFA) seasonally adjusted purchase-only house price index for December estimated that home values rose 0.4 percent over the previous month and 6.2 percent over the previous year, down slightly from an annual gain of 6.3 percent in November. The FHFA index shows that U.S. home values are now 7.1 percent above their previous peak set in March 2007 and stand 35.3 percent above the low point reached in May 2011. Another index tracked in the Monthly Update, the non-seasonally adjusted CoreLogic Case-Shiller 20-City Home Price Index, posted a 0.3 percent month-over-month change in home values in December and year-over-year returns of 5.6 percent, which was higher than the 5.2 percent annual change in November. The CoreLogic-Case-Shiller index shows home values are at their highest levels since October 2007; house prices peaked during the housing bubble in July 2006 according to this index. (The FHFA and CoreLogic-Case-Shiller price indices are released with a 2-month lag.)
- **Mortgage rates fell slightly.** The 30-year fixed rate mortgage (FRM) averaged 4.10 percent the week ending March 2, 2017, which was down from the lowest weekly average in February of 4.15 percent. The 30-year FRM was 3.64 percent one year ago at this time. (Source: Freddie Mac.)
- **The affordability of renting a home dropped in the fourth quarter of 2016.** In real terms, the median price of renting a home rose 2 percent in the fourth quarter of 2016, while the median income of a renter household only increased 0.5 percent, resulting in a decline in rental affordability. HUD's Rental Affordability Index shows that the ability to rent a home fell 2 percent in the fourth quarter of 2016, although it improved 1 percent over the four-quarter period. NAR's Home Affordability Index, on the other hand, indicates that the affordability of purchasing a home increased 2 percent in the fourth quarter but fell 1 percent from a year earlier.
- **Foreclosure starts fell in January, while foreclosure completions rose.** Lenders started the public foreclosure process on 31,965 U.S. properties in January, a drop of 10 percent from December and 23 percent from a year earlier. Newly initiated foreclosures have been below the pre-crisis (2005 and 2006) monthly average of 52,280 since March 2015. Lenders completed the foreclosure process (bank repossessions or REOs) on 32,157 U.S. properties in January, an increase of 10 percent from both the previous month and previous year. The pre-crisis average of foreclosure completions was 23,120 properties a month. Year-over-year foreclosure completions had declined for ten consecutive months before increasing in January. Prior to that, annual foreclosure completions had declined for 27 consecutive months before starting to increase in March 2015; they began to decline again in March 2016. Note that foreclosure activity has been volatile in recent months as states with a substantial pool of foreclosure inventory move to reduce the backlog. (Source: ATTOM Data Solutions; formerly RealtyTrac).



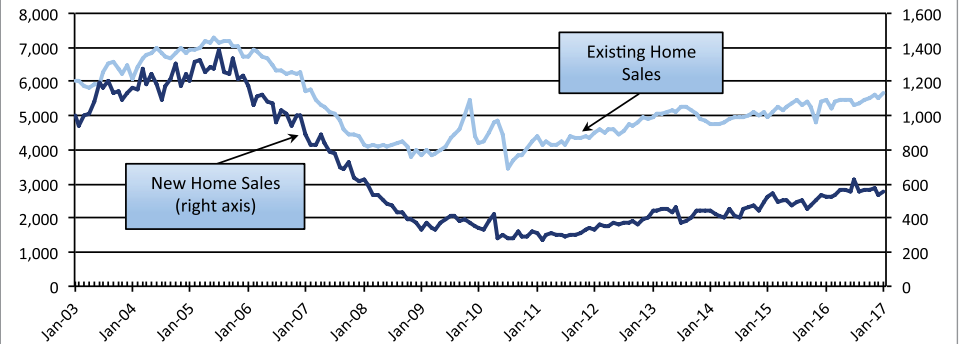
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House Prices Continue To Rise in December
Monthly House Price Trends by Index (\$ Thousands)



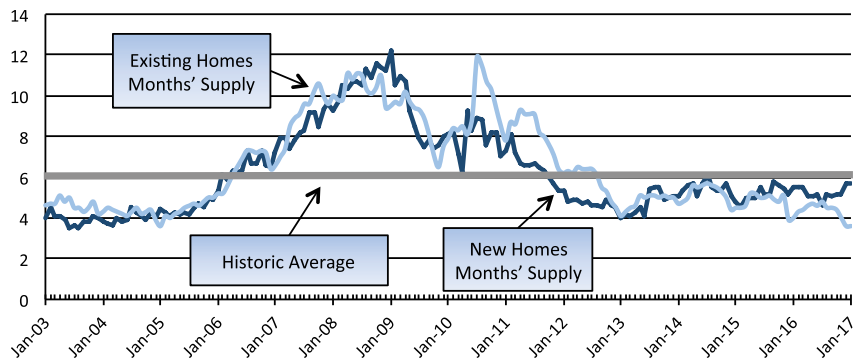
Sources: Standard & Poor's, Federal Housing Finance Agency, CoreLogic, and HUD.
See Note 1, Sources and Methodology.

New and Existing Home Sales Rose in January
Monthly Sales (Thousands)



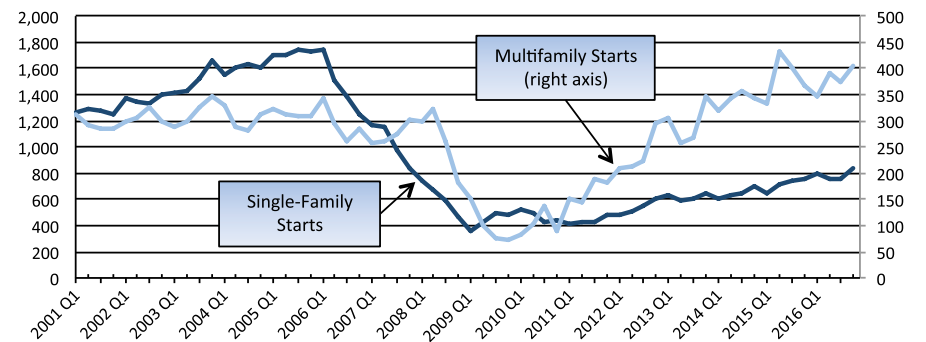
Seasonally Adjusted Annual Rate
Sources: National Association of Realtors®, Census Bureau, and HUD.
See Note 2, Sources and Methodology.

The Months' Supply of Homes for Sale Was Unchanged for Both New Homes and Existing Homes
National Months' Supply of New and Existing Homes (Months)



Sources: Census Bureau, National Association of Realtors®, and HUD.

Housing Starts Rose for Both Single-Family and Multifamily Homes in the Fourth Quarter
National Housing Starts (Thousands)

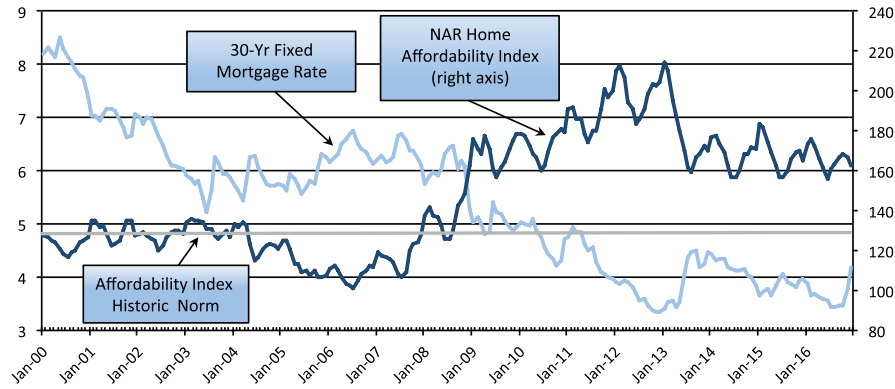


Seasonally Adjusted Annual Rate
Sources: Census Bureau and HUD.



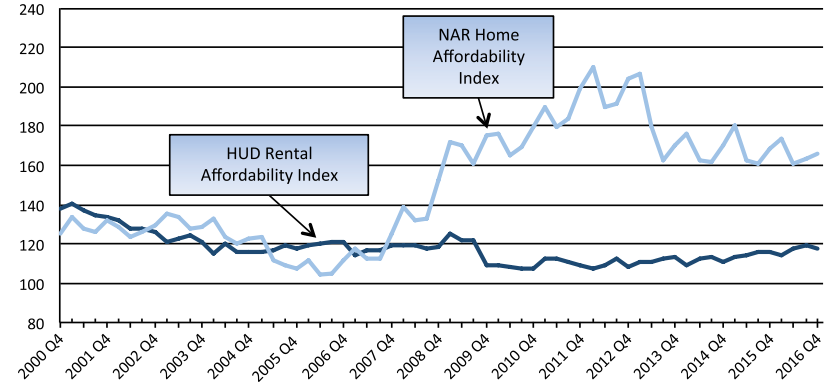
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**Home Affordability Remains Above Historic Norm,
Mortgage Rate Within One Percentage Point of Historic Low**
Percentage Rates and Index Values



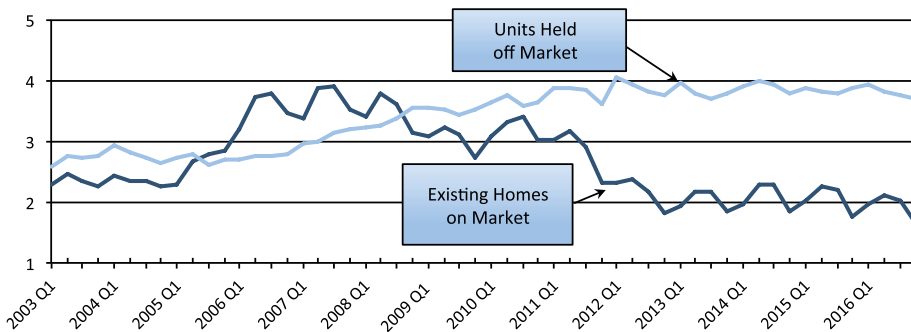
The historic norm of 129 is the median value of the affordability index since 1989.
Sources: Freddie Mac and National Association of Realtors®.

**Rental Affordability Remains a Challenge
Due to Rising Rents**
Rental and Homeownership Index Values



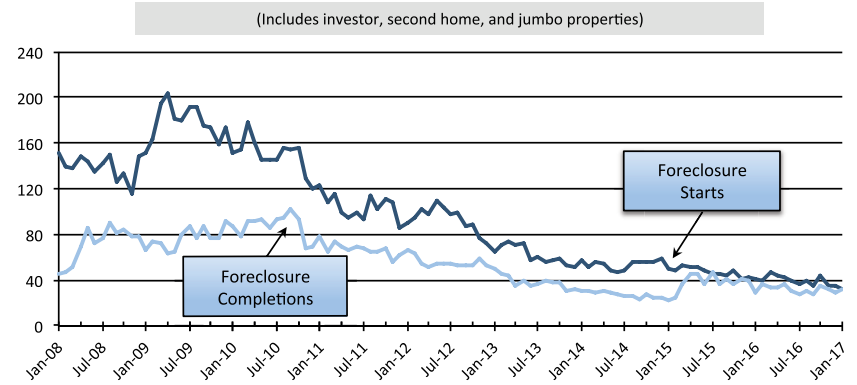
Sources: Census Bureau ACS and 2000 Decennial Census, BLS, CPS, HUD, and National Association of Realtors®.
See Note 3, Sources and Methodology.

**Supply of Existing Homes on the Market Fairly Steady,
Number of Units Held off the Market Remains High**
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.

Foreclosure Filings Have Trended Downward
Monthly Foreclosure Actions (Thousands)



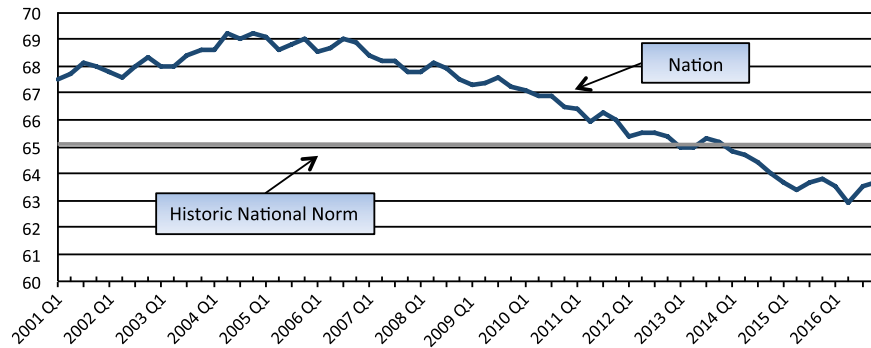
Foreclosure starts are default notices or scheduled foreclosure auctions, depending on the state.
Source: ATTOM Data Solutions.
See Note 4, Sources and Methodology.



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The National Homeownership Rate Bounced Back in the Last Two Quarters of 2016

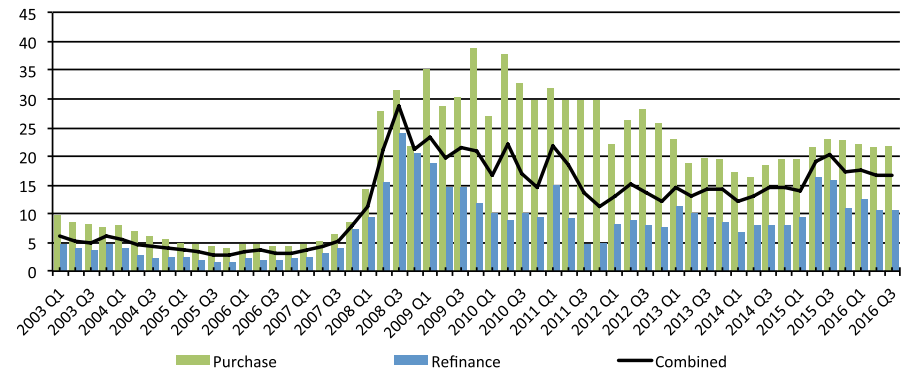
National Homeownership Rate (Percent)



The historical norm of 65 percent is the average national homeownership rate since 1965.
Sources: Census Bureau and HUD.

FHA Mortgage Lending

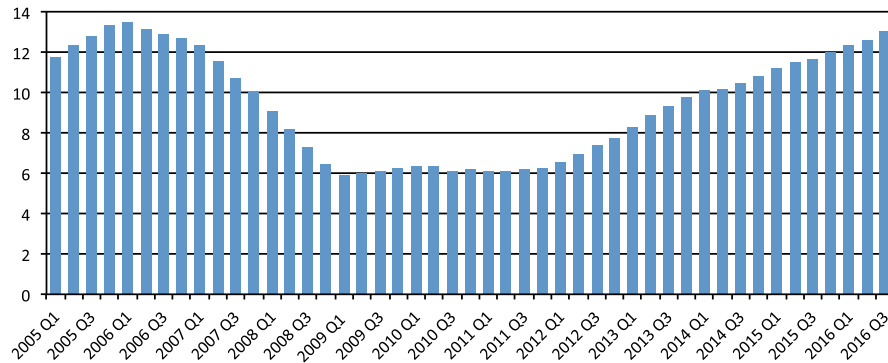
FHA as Share of Quarterly Mortgage Originations by Type (Percent)



Sources: MBA and HUD.
See Note 5, Sources and Methodology.

Home Equity Posts a Sharp Gain in the Third Quarter

Owners' Equity In Household Real Estate at End of Period (\$ Trillions)



Source: Federal Reserve Board.



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HOUSING MARKET FACT SHEET				
Indicator	This Period	Last Period	Year Ago	Latest Release
Mortgage Rates (30-Yr FRM, percent)	4.10	4.16	3.64	2-Mar-17
Housing Affordability (index)	162.8	167.2 (r)	165.1	December-16
Rental Affordability (index)	117.4	119.6	115.9	4th Q 16
Home Prices (indices)				
CoreLogic Case-Shiller (NSA)	192.6	192.0 (r)	182.4	December-16
FHFA (SA)	242.6	241.6 (r)	228.4	December-16
CoreLogic—Excluding Distressed Sales (NSA)	187.0 (s)	185.5 (s,r)	175.9 (s)	December-16
Home Sales				
New (thousands, SAAR)	555	535 (r)	526	January-17
Existing (thousands, SAAR)	5,690	5,510 (r)	5,480	January-17
First-Time Buyers (thousands, SAAR)	2,186 (s)	2,116 (s,r)	2,102 (s)	January-17
Distressed Sales (percent, NSA)	9 (p)	9 (r)	12	December-16
Housing Supply				
New Homes for Sale (thousands, SA)	265	256 (r)	239	January-17
New Homes for Sale—Months' Supply (months, SA)	5.7	5.7 (r)	5.5	January-17
Existing Homes for Sale (thousands, NSA)	1,690	1,650	1,820	January-17
Existing Homes—Months' Supply (months)	3.6	3.6	4.0	January-17
Vacant Units Held Off Market (thousands)	3,690	3,762	3,882	4th Q 16
Housing Starts				
Total (thousands, SAAR)	1,246	1,279 (r)	1,128	January-17
Single-Family (thousands, SAAR)	823	808 (r)	775	January-17
Multifamily (thousands, SAAR)	421	457 (r)	335	January-17
Mortgage Originations (thousands)				
Refinance Originations	939.4 (r)	1,206.7 (r)	899.6	4th Q 16
Purchase Originations	932.5 (r)	1,030.5 (r)	792.9	4th Q 16
FHA Originations (thousands)				
Refinance Originations	27.9 (p)	32.6 (r)	25.3	January-17
Purchase Originations	49.1 (p)	70.9 (r)	49.1	January-17
Purchases by First-Time Buyers	39.9 (p)	52.0 (r)	40.0	January-17
Mortgage Delinquency Rates (percent)				
Prime	2.2	2.4	2.7	August-16
Subprime	24.5	25.5	26.9	August-16
FHA	8.9	9.4	10.0	January-17
Seriously Delinquent Mortgages (thousands)				
Prime	329	338	511	August-16
Subprime	521	539	772	August-16
FHA	391	392	452	January-17
Change in Aggregate Home Equity (\$ billions)	383.1	308.5	241.3	3rd Q 16
Underwater Borrowers (thousands)	3,203	3,587	4,217	3rd Q 16
National Homeownership Rate (percent)	63.7	63.5	63.8	4th Q 16
Foreclosure Actions (thousands)				
Foreclosure Starts	32.0	35.6	41.5	January-17
Foreclosure Completions	32.2	29.3	29.3	January-17
Short Sales	6.3 (p)	8.4 (r)	14.3	December-16
REO Sales	18.3 (p)	20.5 (r)	33.4	December-16

SA = seasonally adjusted, NSA = not SA, p = preliminary, r = revised, b = brackets include units in process, s = see Additional Notes in Sources and Methodology.



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SOURCES AND METHODOLOGY

A. Items in Table.

Description	Frequency	Sources	Notes on Methodology
Mortgage Rates (30-Yr FRM)	Weekly	Freddie Mac	Primary Mortgage Market Survey, as reported for 30-Year fixed rate mortgages (FRM).
Housing Affordability	Monthly	National Association of Realtors®	NAR's composite housing affordability index as reported. A value of 100 means that a family with the median income has exactly enough income to qualify for a mortgage on a median-priced home. An index above 100 signifies that a family earning the median income has more than enough income to qualify.
Rental Affordability	Quarterly	HUD	HUD's Rental Affordability Index measures whether a typical renter household has enough income to qualify for a lease on a typical rental home at the national level based on the most recent price and income data. A typical renter household is one that earns median income and a typical rental home is a median-priced rental unit. It is assumed that a renter household can qualify for a lease if the annual rent is not greater than 30 percent of the renter household's annual income. A value of 100 means that a renter household with median income has exactly enough income to qualify for a lease on a median-priced rental home. An index value above 100 signifies that a household earning the median income of renter households has more than enough income to qualify. For more information on HUD's rental affordability index and methodology see the Second Quarter 2016 issue of HUD's National Housing Market Summary on their U.S. Housing Market Conditions website: https://www.huduser.gov/portal/ushmc/home.html .
Home Prices CoreLogic Case-Shiller (NSA)	Monthly	Standard and Poor's	Case-Shiller 20-metro composite index, January 2000 = 100. Standard and Poor's recommends use of not seasonally adjusted index when making monthly comparisons.
FHFA (SA) CoreLogic - Excluding Distressed Sales (NSA)	Monthly Monthly	Federal Housing Finance Agency CoreLogic	FHFA monthly (purchase-only) index for US, January 1991 = 100. CoreLogic national combined index, distressed sales excluded, January 2000 = 100. (Only available as NSA). Also see additional note in Section C below on the CoreLogic HPI.
Home Sales (SAAR) New	Monthly	HUD and Census Bureau	Seasonally adjusted annual rates. A newly constructed house is considered sold when either a sales contract has been signed or a deposit accepted, even if this occurs before construction has actually started.
Existing	Monthly	National Association of Realtors®	Seasonally adjusted annual rates. Existing-home sales, which include single-family, townhomes, condominiums and co-ops, are based on transaction closings. This differs from the U.S. Census Bureau's series on new single-family home sales, which are based on contracts or the acceptance of a deposit.
First Time Buyers	Monthly	NAR, Census Bureau, and HUD	Sum of seasonally adjusted new and existing home sales (above) multiplied by National Association of Realtors® annual estimate of first time buyer share of existing home sales.
Distressed Sales (NSA)	Monthly	CoreLogic	Short sales and REO (Real Estate Owned) sales as a percent of total existing home sales (current month subject to revision).
Housing Starts Total (SAAR)	Monthly	HUD and Census Bureau	Housing starts are divided into three components: single family, multifamily, and two-to-four unit structures. Start of construction occurs when excavation begins for the footings or foundation of a building. As of September 1992, housing starts include units being totally rebuilt on an existing foundation.
Single-Family (SAAR)	Monthly	HUD and Census Bureau	Single-Family housing includes fully detached, semi-detached (semi-attached, side-by-side), townhouses and row houses. For attached units, each must be separated from the adjacent unit by a ground-to-roof firewall in order to be classified as a single-family structure. Also, these units must not share common facilities (i.e. heating/air-conditioning systems, plumbing, attic, or basement). Units built one on top of another and those built side-by-side that do not have a ground-to-roof firewall or have common facilities are not considered single-family units.
Multifamily (SAAR)	Monthly	HUD and Census Bureau	Multifamily housing has five or more units in a structure.
Housing Supply New Homes for Sale (SA)	Monthly	HUD and Census Bureau	As reported.
New Homes for Sale - Months' Supply (SA)	Monthly	HUD and Census Bureau	As reported.
Existing Homes for Sale (NSA)	Monthly	National Association of Realtors®	As reported.
Existing Homes - Months' Supply	Monthly	National Association of Realtors®	As reported.
Vacant Units Held Off Market	Quarterly	Census Bureau	As reported in Census CPS/HPS Table 4. Estimates of Housing Inventory, line item "Year-round vacant, held off market for reasons other than occasional use or usually reside elsewhere." Vacant units can be held off the market for a variety of reasons.
Mortgage Originations Refinance Originations	Quarterly	Mortgage Bankers Association and HUD	HUD estimate of refinance originations based on MBA estimate of dollar volume of refinance originations.
Purchase Originations	Quarterly	Mortgage Bankers Association and HUD	HUD estimate of home purchase originations based on MBA estimate of dollar volume of home purchase originations.
FHA Originations Refinance Originations	Monthly	HUD	FHA originations reported as of date of loan closing. Estimate for current month scaled upward due to normal reporting lag and shown as preliminary.
Purchase Originations	Monthly	HUD	
Purchases by First Time Buyers	Monthly	HUD	
Mortgage Delinquency Rates (NSA) Prime	Monthly	LPS Applied Analytics	Total mortgages past due (30+ days) but not in foreclosure, divided by mortgages actively serviced.
Subprime	Monthly	LPS Applied Analytics	Total mortgages past due (30+ days) but not in foreclosure, divided by mortgages actively serviced.
FHA	Monthly	HUD	Total FHA mortgages past due (30+ days) but not in foreclosure, divided by FHA's insurance in force.
Seriously Delinquent Mortgages Prime	Monthly	LPS Applied Analytics, MBA, and HUD	Mortgages 90+ days delinquent or in foreclosure, scaled up to market.
Subprime	Monthly	LPS Applied Analytics, MBA, and HUD	Mortgages 90+ days delinquent or in foreclosure, scaled up to market.
FHA	Monthly	HUD	Mortgages 90+ days delinquent or in foreclosure.
Change in Aggregate Home Equity	Quarterly	Federal Reserve Board	Difference in aggregate household owners' equity in real estate as reported in the Federal Reserve Board's Flow of Funds Accounts of the United States for stated time period.
Underwater Borrowers	Quarterly	CoreLogic	As reported.
National Homeownership Rate	Quarterly	Census Bureau	Homeownership in the U.S. as a percentage of all households.



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SOURCES AND METHODOLOGY

A. Items in Table (continued).

Foreclosure Actions			
Foreclosure Starts	Monthly	ATTOM Data Solutions (Formerly RealtyTrac)	Foreclosure starts are reported counts of notice of default or scheduled foreclosure auction, depending on which action starts the foreclosure process in a state. Real Estate Owned (REO). Count of Short Sales for the month as reported (current month subject to revision). Count of REO (Real Estate Owned) Sales for the month as reported (current month subject to revision).
Foreclosure Completions	Monthly	ATTOM Data Solutions	
Short sales	Monthly	CoreLogic	
REO Sales	Monthly	CoreLogic	

B. Notes on Charts.

1. Monthly house price trends shown as changes in respective house price indices applied to a common base price set equal to the median price of an existing home sold in January 2003 as reported by the National Association of Realtors. Indices shown: S&P/Case Shiller 20-metro composite index (NSA), January 2000 = 100, FHFA monthly (purchase-only) index for US (SA), January 1991 = 100, and CoreLogic-Distressed Sales Excluded (Monthly) for US (NSA), January 2000 = 100. Also see additional note below in Section C on the CoreLogic HPI.
2. Reported seasonally adjusted annual rates for new and existing home sales.
3. A comparison of the affordability of renting a home to purchasing a home, added as of the September 2016 release. HUD's Quarterly Rental Affordability Index is compared to NAR's Composite Quarterly Affordability Index. See note above on Rental Affordability.
4. Filings of a notice of default or scheduled foreclosure auction, depending on which action starts the foreclosure process in a state, are reported for foreclosure starts. Foreclosure completions are properties entering REO. Both as reported by ATTOM Data Solutions (formerly RealtyTrac).
5. FHA market shares as FHA purchase and refinance originations divided by HUD estimates of purchase and refinance mortgage originations as noted in "Mortgage Originations" above. See additional note below on FHA market share.

C. Additional Notes.

FHA market share estimates are based on new methodology beginning with the October 2013 report; estimates were revised back through Q1 2011. See the FHA Market Share report on their website for an explanation of the new methodology: http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/rmra/oe/rpts/fhamktsh/fhamktqtrly.

The estimate for first-time buyers was revised upward from 32 percent in 2015 to 35 percent in 2016 with the October 2016 release of the NAR Profile of Home Buyers and Sellers 2016 report.

Corelogic's House Price Index (HPI) estimates are based on new methodology beginning with their June 2016 report, which includes data through April 2016. A variety of modeling and other enhancements to their HPI and its forecast, including a 14 percent expansion in the number of transaction pairs, were made.