HUD PD&R National Summary

The Housing Market Recovery Continues To Gain Strength

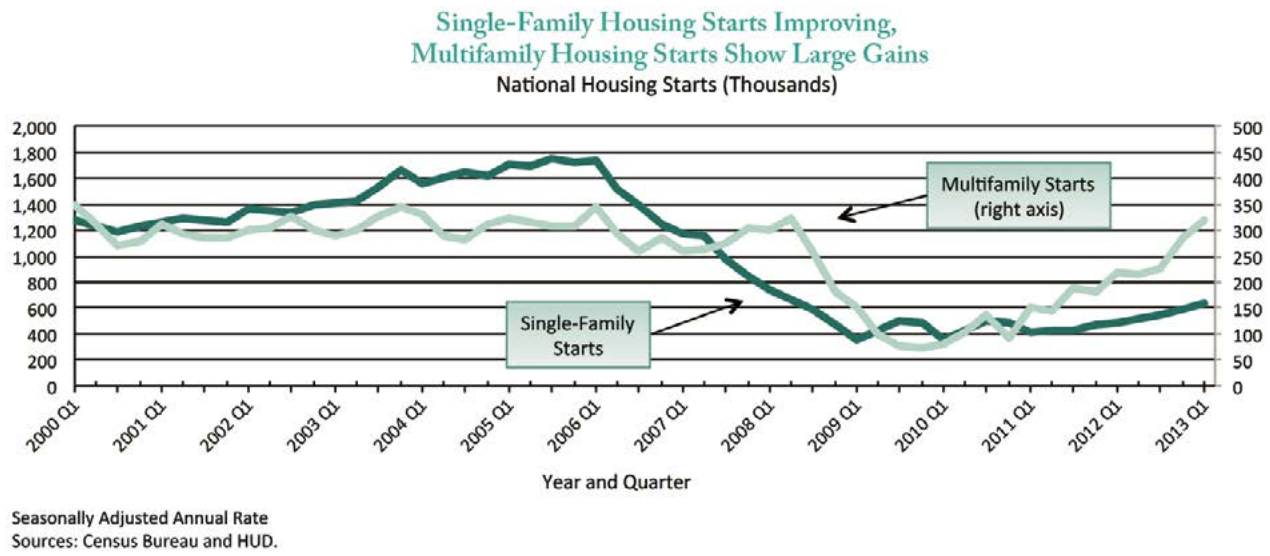
Housing data for the first quarter of 2013 indicate the housing market recovery is gaining strength, although regional variation exists. Housing starts showed strong growth over the fourth quarter of 2012 and the previous year for both single-family and multifamily units, and the inventories of new and existing homes available for sale remain at low levels. Home sales rose for new and previously owned (existing) homes. The seasonally adjusted (SA) Standard & Poor's (S&P)/Case-Shiller® and the Federal Housing Finance Agency's (FHFA) repeat-sales house price indices, which are reported with a lag, showed strong increases in home prices in the last year.

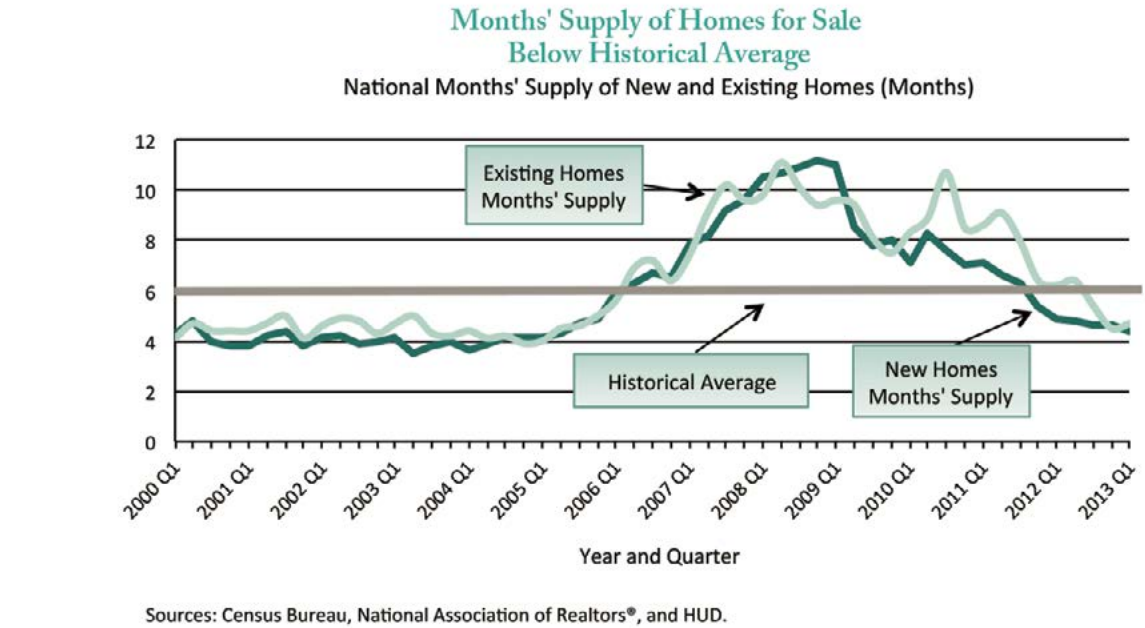
According to the Mortgage Bankers Association (MBA), the delinquency rate for all mortgage loans increased slightly during the first quarter of 2013, but the share of seriously delinquent loans (90 or more days delinquent or in the foreclosure process) continues to fall. Realty Trac data show that foreclosure starts fell in the first quarter and foreclosure completions continued their downward trend. The national homeownership rate continued to decline. The U.S. economy expanded at a seasonally adjusted annual rate (SAAR) of 2.5 percent in the first quarter of 2013 following 0.4-percent growth in the fourth quarter, according to the Bureau of Economic Analysis' first estimate. Real residential investment increased 12.6 percent in the first quarter compared with a 17.6-percent gain in the fourth quarter and contributed 0.31 percent to real GDP growth compared with 0.41 percent in the previous quarter.

Housing Supply

Housing supply indicators continue to strengthen. Construction starts on single-family homes reached 630,000 (SAAR) in the first quarter of 2013, up 5 percent over the fourth quarter and 30 percent over one year ago, but are still well below the 1.4 million level in 2003 at the beginning of the housing bubble. New construction of multifamily units continued to exhibit steep gains. Starts on multifamily units rose to 319,000 (SAAR) in the first quarter, up 12 percent over the previous quarter and 47 percent over the previous year—and the highest level since the second quarter of 2008. The number of building permits, a harbinger of housing starts in the near future, indicates the trend is likely to continue for single-family homes but may slow a bit for multifamily units. Permits for single-family homes increased at a pace of 3 percent in the first quarter and 25 percent in the last year, whereas multifamily building permits were down 9 percent from the previous quarter but up 20 percent over the previous year.

The average months' supply of homes on the market is well below the historical 6-month average. The inventory of new homes for sale at the end of the first quarter was 153,000 units (SA). That inventory would support 4.4 months of sales at the current sales pace, down from 4.6 months in the fourth quarter and 4.9 months the previous year. The inventory of existing homes for sale, at 1.930 million units, would support 4.7 months of sales at the current sales pace, up slightly from 4.5 months in the previous quarter but down from 6.2 months one year ago. Of concern is the "shadow inventory" of homes resulting from the high rate of delinquencies and foreclosures, which has the potential to increase the supply of homes for sale and depress home prices. This threat has been partially offset, however, by the purchase and conversion to rentals of previously distressed (foreclosure and short sale) single-family homes by investors.


Single-Family Housing Starts Improving,
Multifamily Housing Starts Show Large Gains
National Housing Starts (Thousands)
2,000
1,800
1,600
1,400
1,200
1,000
800
600
400
200
0
500
450
400
350
300
250
200
150
100
50
0
Multifamily Starts (right axis)
Single-Family Starts
2000 Q1
2001 Q1
2002 Q1
2003 Q1
2004 Q1
2005 Q1
2006 Q1
2007 Q1
2008 Q1
2009 Q1
2010 Q1
2011 Q1
2012 Q1
2013 Q1
Year and Quarter
Seasonally Adjusted Annual Rate
Sources: Census Bureau and HUD.

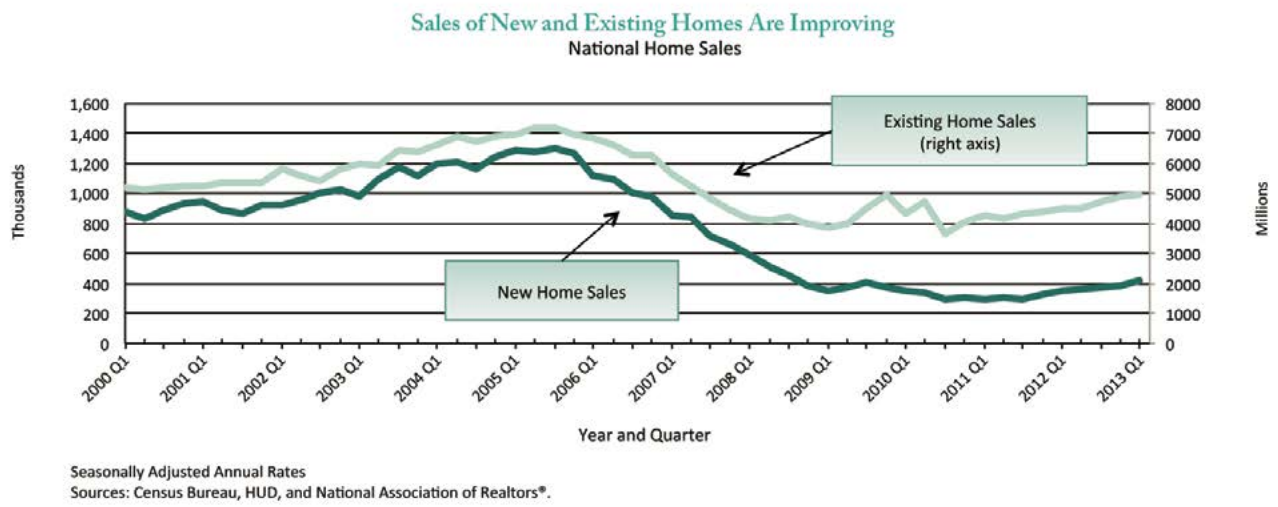

Months' Supply of Homes for Sale
Below Historical Average
National Months' Supply of New and Existing Homes (Months)
12
10
8
6
4
2
0
Existing Homes Months' Supply
Historical Average
New Homes Months' Supply
2000 Q1
2001 Q1
2002 Q1
2003 Q1
2004 Q1
2005 Q1
2006 Q1
2007 Q1
2008 Q1
2009 Q1
2010 Q1
2011 Q1
2012 Q1
2013 Q1
Year and Quarter
Sources: Census Bureau, National Association of Realtors®, and HUD.

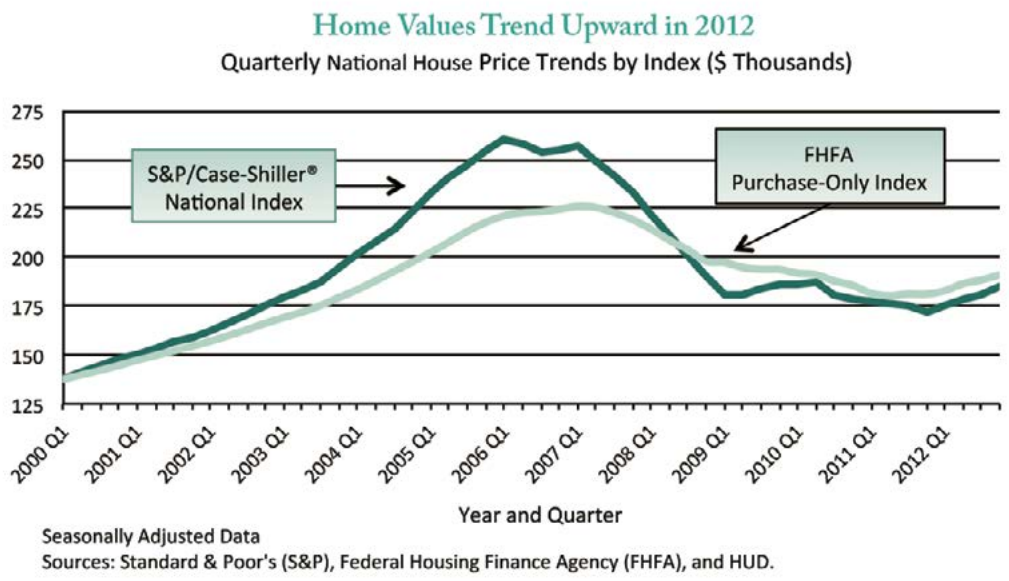
Housing Demand

The marketing of housing improved in the first quarter of 2013. Sales of new and previously owned homes have been growing for the last 6 or 7 consecutive quarters. The number of new single-family homes sold reached 424,000 (SAAR) in the first quarter, up 20 percent in the last year and 44 percent above the low point reached in the first quarter of 2011. The National Association of REALTORS® (NAR) reported that existing homes—including single-family homes, townhomes, condominiums, and cooperatives—sold at a rate of 4.937 million (SAAR) in the first quarter, up 10 percent from the pace a year earlier and up 35 percent from the low pace in the third quarter of 2010. Sales to first-time homebuyers, which historically have averaged 40 percent of home sales, accounted for 30 percent of all sales transactions in the first quarter, down from 33 percent a year ago, according to a NAR survey.

The S&P/Case-Shiller® and FHFA purchase-only repeat-sales house price indices, which are reported with a lag, reveal strong gains in home values for 2012. The S&P/Case-Shiller® (SA) national and the FHFA purchase-only (SA) indices estimate an annual increase in home prices of 7.3 and 5.5 percent, respectively, from the fourth quarter of 2011. The FHFA index differs from the Case-Shiller® index mainly because it is based on sales financed with mortgages that have been sold to or guaranteed by Fannie Mae and Freddie Mac, excludes sales transactions associated with subprime and some "jumbo" loans, and is transaction weighted instead of value weighted. According to NAR, distressed sales, which tend to sell at lower prices, accounted for 23 percent of all existing home sales in the first quarter, down from 33 percent one year ago, and the share of investor purchases was 20 percent in the first quarter, down from 22 percent a year ago.

The absorption rates for apartments and condominiums/cooperatives increased as the rental vacancy rate for multifamily units continued to drop. Of the new apartments completed in the third quarter of 2012, 65 percent were leased within the ensuing 3 months, up slightly from 64 percent in the previous quarter and 55 percent a year earlier. Of newly completed condominiums and cooperatives, 78 percent were sold within 3 months, up from 58 percent in the previous quarter and 45 percent over the four-quarter period.





Housing Finance and Investment

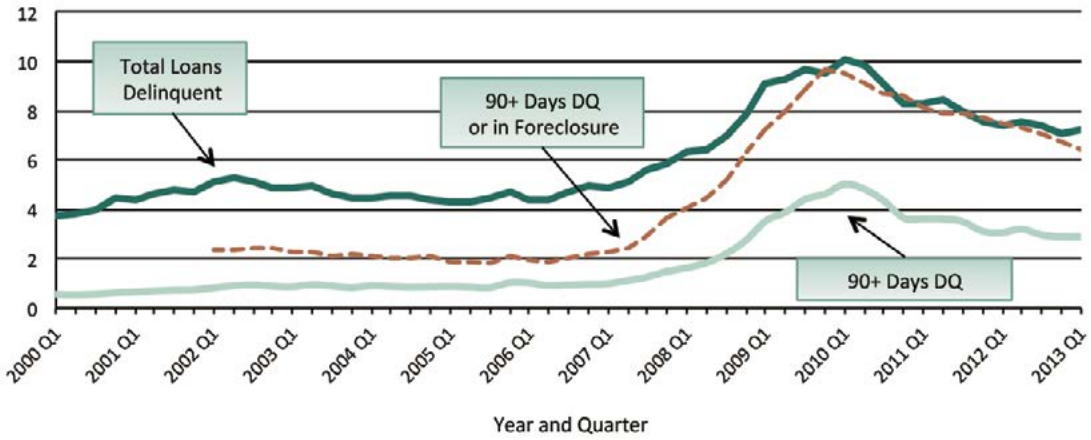
Data on housing finance continue to show progress across key indicators. According to data from MBA's quarterly National Delinquency Survey, mortgage delinquencies inched up during the first quarter of 2013, driven mainly by loans that are 30 days delinquent. The delinquency rate for one-to-four unit residential properties increased to a rate of 7.25 percent (SA) of all loans outstanding, up 16 basis points from the previous quarter but down 15 basis points from one year ago. The 30-day delinquency rate increased but remains close to its long-term average, while the 90-day delinquency rate fell slightly. The delinquency rate includes loans that are at least one payment past due but does not include loans in the process of foreclosure. Seriously delinquent loans (90 or more days past due or in the foreclosure process) fell by 39 basis points to 6.39 percent and are down from a peak of 9.67 percent in the fourth quarter of 2009.

Foreclosure completions fell in the first quarter of 2013 after edging up the previous quarter, while foreclosure starts continued their downward trend. Realty Trac reported that foreclosure starts—default notices or scheduled foreclosure auctions, depending on the state—were filed for the first time on 209,400 U.S. properties, down 12 percent from the fourth quarter and 27 percent from one year ago. Newly initiated foreclosures have been declining since the third quarter of 2011. Lenders completed the foreclosure process (bank repossessions or REOs) on 139,100 U.S. properties, down 16 percent from the previous quarter and 25 percent from one year ago. Lenders' review of internal procedures related to the foreclosure process and backlogs in the courts for states with a judicial process have contributed to the decline in foreclosure activity. In the wake of the February 2012 National Mortgage Servicing Settlement, however, foreclosure activity has started to pick up a bit, primarily in states where the process slowed dramatically in the last two years.

CoreLogic reported that 21.5 percent of mortgages in the nation were underwater as of the fourth quarter of 2012 (the data are reported with a lag), a decline from 22.0 percent in the previous quarter. During 2012, the number of underwater borrowers (those who owe more on their mortgage than the value of their home) has fallen 14 percent—from 12.108 million to 10.409 million—lifting 1.7 million homeowners above water. CoreLogic credits the decrease in underwater borrowers mainly to an improvement in home prices. As home prices have improved, the equity homeowners have in their homes has risen. The Federal Reserve reported another sharp gain in homeowners' equity (total property value less mortgage debt outstanding) for the fourth quarter of 2012. Homeowners' equity was up $453 billion, a gain of 6 percent from the third quarter and 25 percent over the four-quarter period.

Mortgage Delinquency Rates Continue Downward Trend

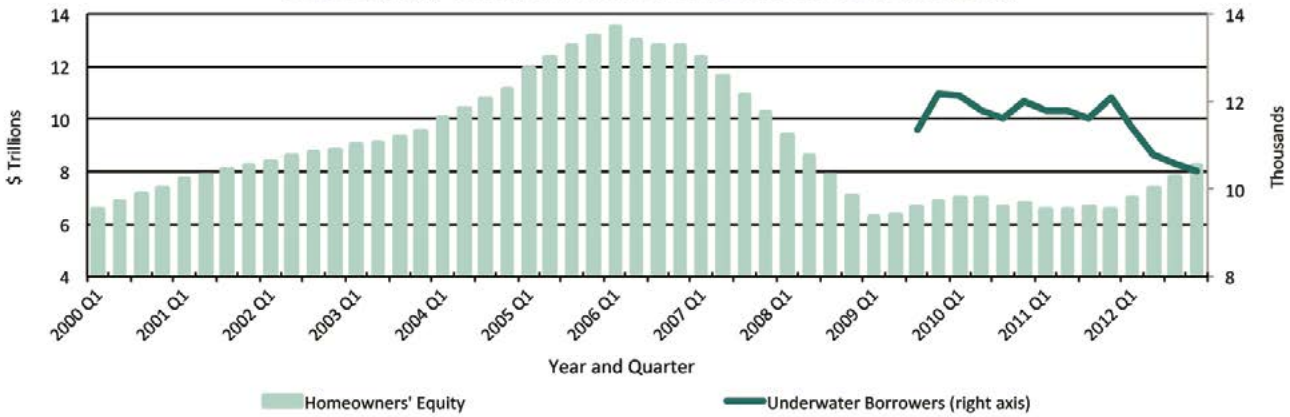
National Mortgage Delinquency Rates (Percent)



Delinquent (DQ) loans do not include loans in foreclosure. All data are seasonally adjusted except data for loans 90+ Days DQ or in Foreclosure. Data for loans 90+ Days DQ or in Foreclosure are not available prior to 2002.
Source: Mortgage Bankers Association.

Homeowners' Equity Shows Sharp Gains in 2012, Number of Underwater Borrowers Continues To Decline

Owners' Equity ($ Trillions) and Number of Underwater Borrowers (Thousands)



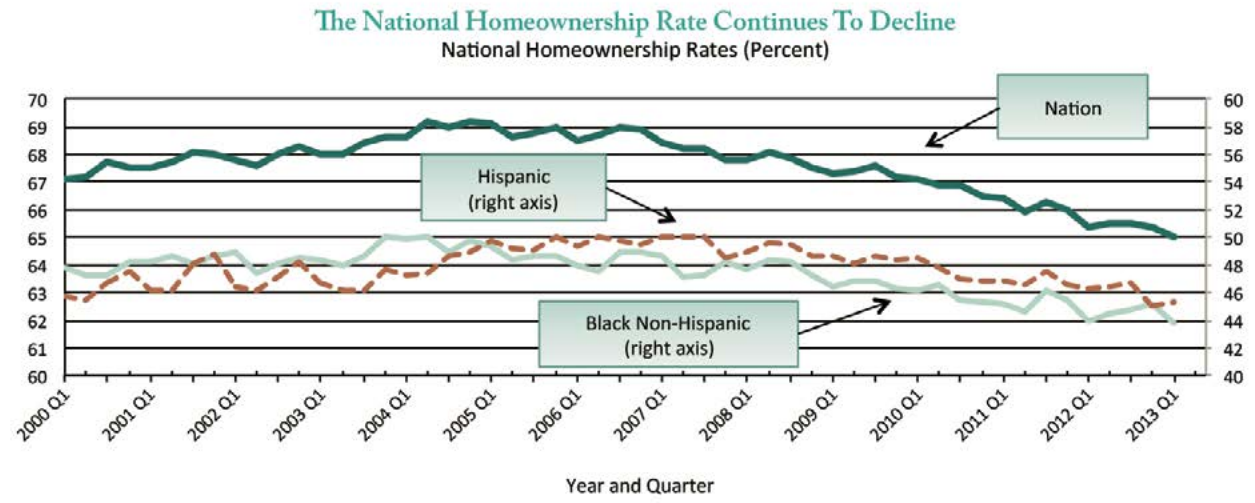
Data for underwater borrowers are only available beginning the 3rd quarter of 2009.
Sources: Federal Reserve Board and CoreLogic.

Homeownership and Housing Vacancy

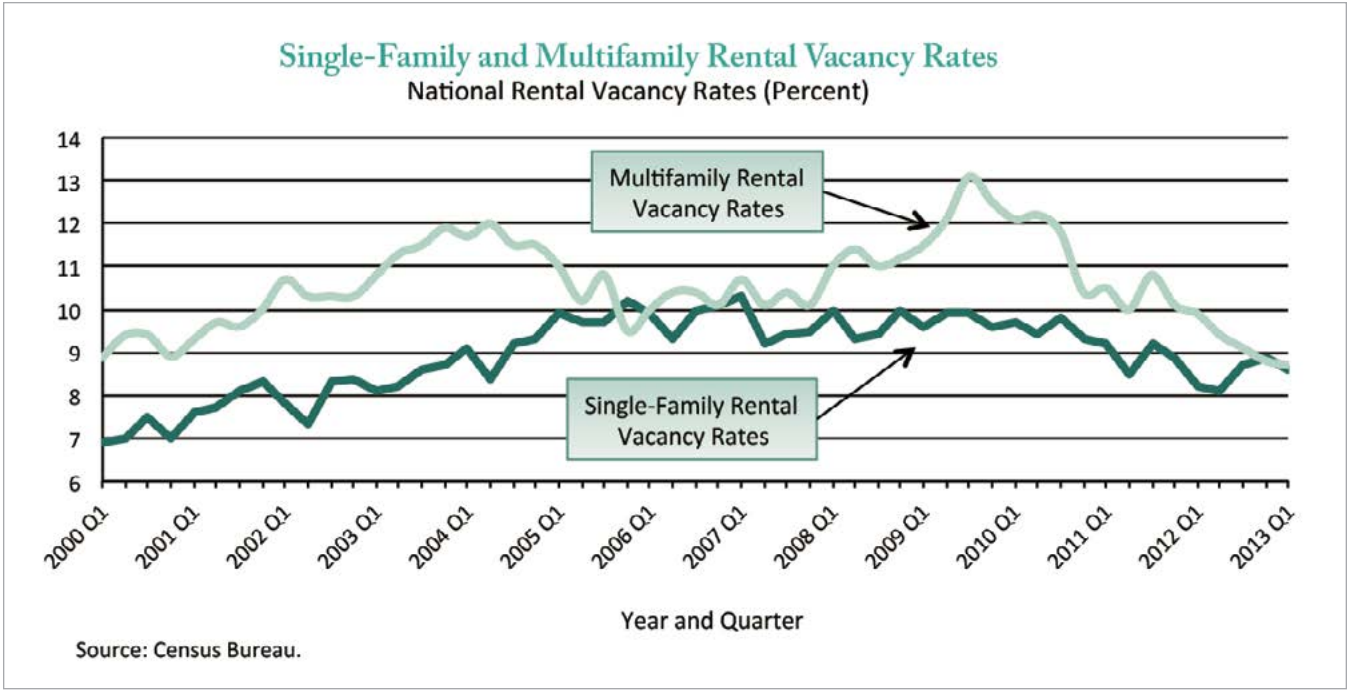
National homeownership rates continued to decline except among the Hispanic population. The national homeownership rate fell to 65.0 percent in the first quarter of 2013 from 65.4 percent in both the previous quarter and the previous year. The homeownership rate reached a high of 69.2 percent in the fourth quarter of 2004. For White non-Hispanic households, the homeownership rate declined to 73.4 percent from 73.6 percent in the fourth quarter and, for African-American households, the rate fell to 43.8 percent from 45.2 percent, whereas the homeownership rate for Hispanic households increased to 45.3 percent from 45.0 percent. Two other groups are included in the homeownership rate for minorities: other race--non-Hispanic and two or more races--non-Hispanic; the homeownership rates fell for these two groups. The current low homeownership rates reflect the subprime lending crisis and the high rates of unemployment and underemployment following the severe 2007-to-2009 recession.

Multifamily vacancy rates continue to decline. According to the Census Bureau, the overall vacancy rate in the rental market was 8.6 percent, down slightly from 8.7 percent in the fourth quarter and down from 8.8 percent one year ago. The market for multifamily units (five or more units in a structure) continues to tighten. At 8.7 percent, the vacancy rate for multifamily units is down from 8.8 percent in the fourth quarter and 9.9 percent a year earlier. The single-family rental vacancy rate declined after increasing the last two quarters, dropping to 8.6 percent from 8.9 percent in the fourth quarter but increasing from 8.2 percent one year ago.

As household formation begins to grow after stagnating during the Great Recession, demand for housing will strengthen. Household formation grew at a pace of 0.9 percent in 2012 after growing at an average rate of 0.5 percent during the recession. The number of households dropped slightly in the first quarter of 2013 by 0.3 percent but is up 0.5 percent from a year ago.



Sources: Census Bureau and HUD.



The table below summarizes quarterly changes in national housing indicators, comparing current quarter data to the previous quarter and year-ago quarter.

U.S. NATIONAL HOUSING INDICATORS

Note: Change From Prior Period May Be Shown As a Percent Change or Percentage-Point Change

Indicator	Current Quarter	Previous Quarter	Year-Ago Quarter	Change From Previous Quarter	Change From Year-Ago Quarter	Current Quarter as-of Date
HOUSING SUPPLY						
Housing Permits (SAAR, thousands)						Q1 2013
Total	919	928	746	– 1.0% (s)	23.2% (s)	
Single-Family	596	576	475	3.4% (s)	25.5% (s)	
Multifamily (5+)	296	324	248	– 8.5% (n)	19.5% (s)	
Housing Starts (SAAR, thousands)						Q1 2013
Total	963	896	714	7.4% (s)	34.8% (s)	
Single-Family	630	597	486	5.5% (s)	29.6% (s)	
Multifamily (5+)	319	284	217	12.1% (n)	46.9% (s)	
Under Construction (SAAR, thousands)						Q1 2013
Total	591	550	459	7.5% (s)	28.8% (s)	
Single-Family	291	283	245	2.8% (n)	18.8% (s)	
Multifamily (5+)	290	258	204	12.4% (s)	42.2% (s)	

SA = seasonally adjusted. NSA = not seasonally adjusted. SAAR = seasonally adjusted annual rate. (r) = revised. (s) = statistically significant. (n) = not statistically significant. (u) = statistical significance unavailable. FHFA = Federal Housing Finance Agency. ARM = adjustable-rate mortgage. DQ = delinquent. FC = foreclosure. FHA = Federal Housing Administration. VA = U.S. Department of Veterans Affairs. PMI = private mortgage insurance. GDP = Gross Domestic Product. URE = usual residence elsewhere.

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U.S. NATIONAL HOUSING INDICATORS

Note: Change From Prior Period May Be Shown As a Percent Change or Percentage-Point Change

Indicator	Current Quarter	Previous Quarter	Year-Ago Quarter	Change From Previous Quarter	Change From Year-Ago Quarter	Current Quarter as-of Date
HOUSING SUPPLY (continued)						
Housing Completions (SAAR, thousands)						Q1 2013
Total	747	695	567	7.6% (s)	31.8% (s)	
Single-Family	574	523	422	9.7% (s)	36.1% (s)	
Multifamily (5+)	165	164	137	0.8% (n)	20.4% (n)	
New Homes for Sale (SA)						Q1 2013
Inventory (thousands)	153	150	145	2.0% (n)	5.5% (n)	
Months' Supply (months)	4.4	4.6	4.9	– 4.3% (n)	– 10.2% (n)	
Existing Homes for Sale						Q1 2013
Inventory (NSA, thousands)	1,930	1,830	2,320	5.5% (u)	– 16.8% (u)	
Months' Supply (months)	4.7	4.5	6.2	4.4% (u)	– 24.2% (u)	
Manufactured Home Shipments (SAAR, thousands)	57.7	54.7	58.3	5.5% (u)	– 1.1% (u)	Q1 2013
HOUSING DEMAND						
Home Sales (SAAR)						Q1 2013
New Homes Sold (thousands)						
Single-Family	424	383	352	10.9% (s)	20.4% (s)	
Existing Homes Sold (thousands)						
Single-Family, Townhomes, Condos, Co-ops	4,937	4,897	4,497	0.8% (u)	9.8% (u)	
Condos and Co-ops	597	577	507	3.5% (u)	17.8% (u)	
First-Time Buyers (%)	30	30	33	0 (u)	– 3 (u)	
Investor Sales (%)	20	20	22	0 (u)	– 2 (u)	
Home Sales Prices						
Median ($)						Q1 2013
New Homes	251,000	251,700	238,400	– 0.3% (u)	5.3% (u)	
Existing Homes	176,033	178,833	158,333	– 1.6% (u)	11.2% (u)	
Repeat-Sales Home Price Indices						Q4 2012
FHFA (SA)	190.3	187.7	180.5	1.4% (u)	5.5% (u)	
Case-Shiller® (SA)	135.4	132.7	126.1	2.0% (u)	7.3% (u)	
Housing Affordability						Q1 2013
Composite Index	203.0	200.4	207.5	1.3% (u)	– 2.2% (u)	
Fixed Index	201.2	198.3	202.4	1.5% (u)	– 0.6% (u)	
National Average Mortgage Interest Rate (%)	3.6	3.5	4.2	0.1 (u)	– 0.6 (u)	
Median-Priced Existing Single-Family Home ($)	176,567	178,900	158,600	– 1.3% (u)	11.3% (u)	
Median Family Income ($)	62,175	61,778	61,599	0.6% (u)	0.9% (u)	

SA = seasonally adjusted. NSA = not seasonally adjusted. SAAR = seasonally adjusted annual rate. (r) = revised. (s) = statistically significant. (n) = not statistically significant. (u) = statistical significance unavailable. FHFA = Federal Housing Finance Agency. ARM = adjustable-rate mortgage. DQ = delinquent. FC = foreclosure. FHA = Federal Housing Administration. VA = U.S. Department of Veterans Affairs. PMI = private mortgage insurance. GDP = Gross Domestic Product. URE = usual residence elsewhere.

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U.S. NATIONAL HOUSING INDICATORS

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Indicator	Current Quarter	Previous Quarter	Year-Ago Quarter	Change From Previous Quarter	Change From Year-Ago Quarter	Current Quarter as-of Date
HOUSING DEMAND (continued)						
Multifamily Housing						
Apartments						
Completed Previous Quarter (thousands)	31,600	30,300	15,300	4.3% (u)	106.5% (u)	Q3 2012
Leased Current Quarter (%)	65	64	55	1 (u)	10 (u)	Q4 2012
Median Asking Rent ($)	1,088	1,177	1,125	– 7.6% (u)	– 3.3% (u)	
Condos and Co-ops						
Completed Previous Quarter (thousands)	1,800	1,800	3,400	0.0% (u)	– 47.1% (u)	Q3 2012
Sold Current Quarter (%)	78	58	45	20 (u)	33 (u)	Q4 2012
Median Asking Price ($)	315,900	415,100	450,000	– 23.9% (u)	– 29.8% (u)	
Manufactured Home Placements (sales at SAAR, thousands)	52.0	50.0	50.0	4.0% (n)	4.0% (n)	Q4 2012
Builders' Views of Market Activity (composite index)	46	44	27	3.0% (u)	69.1% (u)	Q1 2013
HOUSING FINANCE and INVESTMENT						
Mortgage Interest Rates (%)						Q1 2013
30-Year Fixed-Rate	3.50	3.36	3.92	0.14 (u)	– 0.42 (u)	
15-Year Fixed-Rate	2.74	2.67	3.19	0.07 (u)	– 0.44 (u)	
1-Year ARM	2.61	2.57	2.77	0.04 (u)	– 0.16 (u)	
Mortgage Delinquency Rates (%)						Q1 2013
All Loans Past Due (SA)	7.25	7.09	7.40	0.16 (u)	– 0.15 (u)	
Loans 90+ Days Past Due (SA)	2.88	2.89	3.06	– 0.01 (u)	– 0.18 (u)	
Seriously Delinquent (90+ days DQ & in FC, NSA)	6.39	6.78	7.44	– 0.39 (u)	– 1.05 (u)	
FHA Market Share						Q4 2012
Dollar Volume (%)						
All Loans	13.8	11.4	10.2	2.3 (u)	3.5 (u)	
Purchase	18.7	21.5	25.6	– 2.8 (u)	– 6.9 (u)	
Refinance	10.3	7.3	5.3	3.0 (u)	5.1 (u)	
Loan Count (%)						
All Loans	16.5	13.9	12.9	2.5 (u)	3.5 (u)	
Purchase	22.7	25.9	30.6	– 3.2 (u)	– 7.8 (u)	
Refinance	12.5	8.9	6.1	3.6 (u)	6.3 (u)	
FHA Mortgage Insurance (thousands)						Q4 2012
Applications Received	452.6	503.2	365.7	– 10.1% (u)	23.8% (u)	
Endorsements	365.5	346.3	270.0	5.5% (u)	35.3% (u)	
Purchase	177.9	198.0	176.2	– 10.2% (u)	1.0% (u)	
Refinance	187.5	148.3	93.8	26.5% (u)	100.0% (u)	

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U.S. NATIONAL HOUSING INDICATORS

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Indicator	Current Quarter	Previous Quarter	Year-Ago Quarter	Change From Previous Quarter	Change From Year-Ago Quarter	Current Quarter as-of Date
HOUSING FINANCE and INVESTMENT (continued)						
Private and VA Mortgage Insurance (thousands)						Q1 2013
PMI Certificates	112.5	118.6	76.9	– 5.1% (u)	46.3% (u)	
Veterans Affairs Guarantees	165.4	151.1	129.3	9.5% (u)	27.9% (u)	
Residential Fixed Investment (SA real annual growth rate, %)	12.6	17.6	20.5	– 5.0 (u)	– 7.9 (u)	Q1 2013
GDP (SA real annual growth rate, %)	2.5	0.4	2.0	2.1 (u)	0.5 (u)	
Housing's Contribution to Real GDP Growth (percentage points)	0.31	0.41	0.43	– 0.10 (u)	– 0.12 (u)	
HOMEOWNERSHIP and OCCUPANCY						
Homeownership Rates (%)						Q1 2013
Overall	65.0	65.4	65.4	– 0.4 (s)	– 0.4 (s)	
Non-Hispanic						
White	73.4	73.6	73.5	– 0.2 (n)	– 0.1 (n)	
Black	43.8	45.2	43.9	– 1.4 (s)	– 0.1 (n)	
Other Race	56.7	57.1	57.4	– 0.4 (n)	– 0.7 (n)	
Two or More Races	54.4	55.2	56.1	– 0.8 (n)	– 1.7 (n)	
Hispanic	45.3	45.0	46.3	0.3 (n)	– 1.0 (s)	
Vacancy Rates (%)						Q1 2013
Homeowner	2.1	1.9	2.2	0.2 (s)	– 0.1 (s)	
Rental	8.6	8.7	8.8	– 0.1 (n)	– 0.2 (n)	
Single-Family	8.6	8.9	8.2	– 0.3 (n)	0.4 (n)	
Multifamily (5+)	8.7	8.8	9.9	– 0.1 (n)	– 1.2 (s)	
Housing Stock (thousands)						Q1 2013
All Housing Units	133,082	132,961	132,596	0.1% (u)	0.4% (u)	
Owner-Occupied	74,511	75,209	74,602	– 0.9% (s)	– 0.1% (n)	
Renter-Occupied	40,132	39,825	39,522	0.8% (n)	1.5% (s)	
Vacant	18,439	17,927	18,474	2.9% (s)	– 0.2% (n)	
Year-Round Vacant	13,970	13,597	13,994	2.7% (s)	– 0.2% (n)	
For Rent	3,798	3,861	3,860	– 1.6% (n)	– 1.6% (n)	
For Sale	1,609	1,498	1,653	7.4% (n)	– 2.7% (n)	
Rented or Sold, Awaiting Occupancy	954	938	848	1.7% (n)	12.5% (s)	
Held Off Market	7,609	7,299	7,633	4.2% (s)	– 0.3% (n)	
Occasional Use	2,304	2,256	2,199	2.1% (n)	4.8% (n)	
Occupied—URE	1,329	1,287	1,381	3.3% (n)	– 3.8% (n)	
Other	3,976	3,756	4,053	5.9% (s)	– 1.9% (n)	
Seasonal Vacant	4,469	4,331	4,479	3.2% (n)	– 0.2% (n)	
Households (thousands)						Q1 2013
Total	114,643	115,033	114,123	– 0.3% (s)	0.5% (s)	

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