

Housing Market Indicators

Monthly Update



March 2021

U.S. Department of Housing and Urban Development

National housing market indicators available as of March showed activity in housing markets slowed overall, but most remained stronger than one year ago. Housing market activity has been strong as buyers take advantage of record-low mortgage rates. Trends in some of the top indicators for this month include:

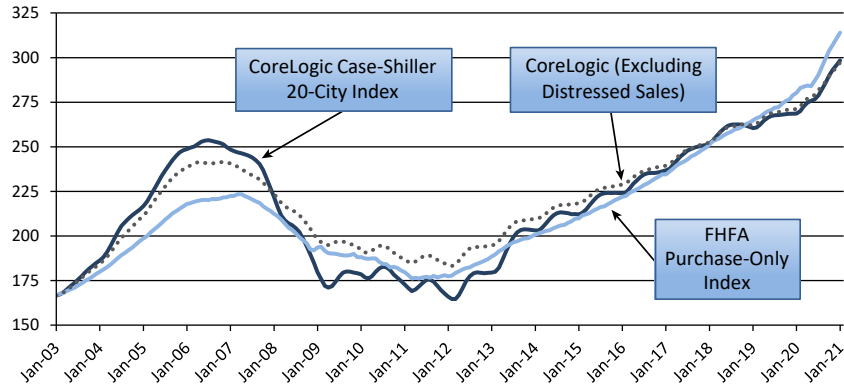
- **Purchases of new homes declined to the slowest pace in nine months.** New single-family home sales dropped 18.2 percent to 775,000 units (SAAR) in February from an upwardly revised pace of 948,000 units in January but were still 8.2 percent higher than one year ago. Severe weather in some parts of the country and power outages in Texas impeded sales; sales were down in all four Census regions. New home sales are based on the signing of a purchase agreement rather than a closing, as is the case with existing homes. Note that monthly data on new home sales tend to be volatile. (Sources: HUD and Census Bureau)
- **Sales of previously owned (existing) homes fell to a six-month low.** The National Association of Realtors® (NAR) reported that February sales of existing homes (including single-family homes, townhomes, condominiums, and cooperatives) decreased 6.6 percent to 6.22 million units (SAAR) from a downwardly revised pace of 6.66 million in January but were 9.1 percent higher than a year earlier. Sales were down in all four Census regions except the West. Because existing home sales are based on a closing, February sales reflect contract signings in December and January. Interest rates are low, but lean inventories and house price growth are likely to be restraining sales.
- **New construction declined to the slowest pace in six months.** Single-family housing starts fell 8.5 percent to 1.04 million homes (SAAR) in February from a downwardly revised pace of 1.14 million units the previous month but were up slightly (0.6) percent from one year ago. Multifamily housing starts (5+ units in a structure), at 372,000 units (SAAR), decreased 14.5 percent from 435,000 units in January and were down 27.6 percent from a year earlier. Note that month-to-month changes in the construction of multifamily homes are often volatile. Total housing starts dropped 10.3 percent to 1.42 million units (SAAR) and were down 9.3 percent year-over-year. New construction was down in all Census regions except the West. (Sources: HUD and Census Bureau)
- **Year-over-year house price increases accelerated, with annual gains ranging from 11 to 12 percent.** The Federal Housing Finance Agency (FHFA) seasonally adjusted purchase-only house price index for January estimated that home values increased 1.0 percent from the previous month and 12.0 percent from the previous year, up from an 11.4-percent annual gain in December. The FHFA index shows that U.S. home values are 40 percent above their peak, set in April 2007 during the housing bubble, and stand 78 percent above the low point reached in May 2011. Another index tracked in the Monthly Update, the non-seasonally adjusted (NSA) CoreLogic Case-Shiller® 20-City Home Price Index, posted an 0.86 percent increase in home values in January and year-over-year returns of 11.1 percent, up from an annual gain of 10.2 percent for December.
- **The inventory of existing homes for sale reached a new record low.** The listed inventory of new homes for sale, at 312,000 units at the end of February increased 2.6 percent from January but was down 4.6 percent year-over-year. That inventory would support 4.8 months of sales at the current sales pace, up from 3.8 months in January. Available existing homes for sale, at 1.03 million in February—a new record low—were the same as the previous month’s downwardly revised level but were 29.5 percent lower than 1.46 million units a year earlier. That listed inventory represents a 2.0-month supply, up slightly from the previous month because of the decline in sales. A shortage of homes for sale—especially at the lower end of the market—has been a constraint on sales for several years.
- **Homeowners’ equity showed substantial gains in the fourth quarter.** Homeowners’ equity (total property value less mortgage debt outstanding) was up \$654 billion or 3.2 percent in the fourth quarter of 2020 from an increase of \$288 billion the previous quarter, for a total of more than \$21.1 trillion. Owners’ equity reached a peak of \$14.4 trillion in the fourth quarter of 2005 during the housing bubble. Home-price growth is the primary driver of gains in equity. (Source: Federal Reserve)
- **The number of underwater borrowers continued to decline.** As of the fourth quarter of 2020, CoreLogic estimated the number of underwater borrowers decreased by 124,000 homeowners to 1.5 million, or 2.8 percent of residential properties with a mortgage. One year ago, 1.9 million homeowners (3.6 percent) were reported in negative equity.
- **Forbearance on mortgage loans decreased.** The MBA Weekly Forbearance Survey shows the share of mortgage loans in forbearance decreased to 4.96 percent the week ending March 21, from 5.05 percent the previous week, and is down from a high of 8.55 percent on June 7, 2020. MBA estimates 2.5 million homeowners are in forbearance plans. Only 0.25 percent of all home loans were in forbearance the week ending March 8, 2020, before COVID-related restrictions took effect.
- **Mortgage rates continued to inch up in March.** The 30-year fixed rate mortgage (FRM) reached an average weekly low in March of 3.02 percent the week ending March 4, up from a low in February of 2.73 percent the weeks ending February 4 and 11. The record weekly low interest rate is 2.65 percent the week ending January 7, 2021. Prior to March 2020, the record low for the 30-year FRM was 3.31 percent the week ending November 21, 2012, during the recovery from the Great Recession. The 30-year FRM was 3.29 percent one year ago. (Source: Freddie Mac)



Housing Market Indicators Monthly Update | March 2021

House Prices Increased in January

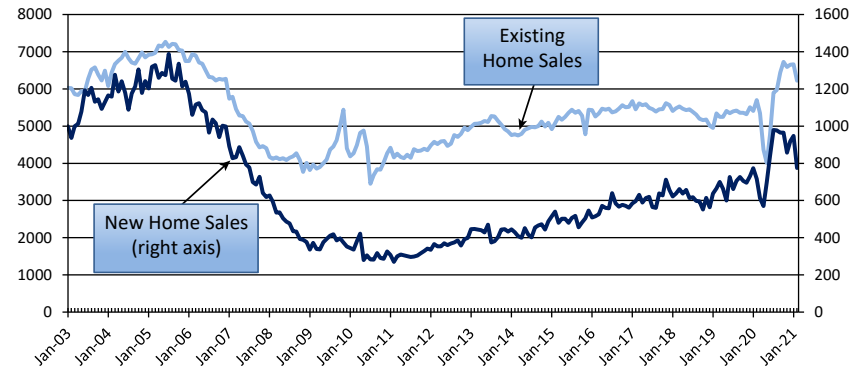
Monthly House Price Trends by Index (\$ Thousands)



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

Home Sales Fell for New and Existing Homes

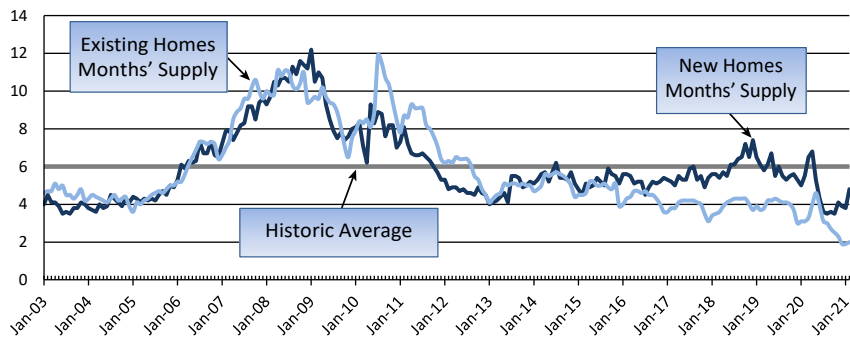
Monthly Sales (Thousands)



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 Rose for New and Existing Homes

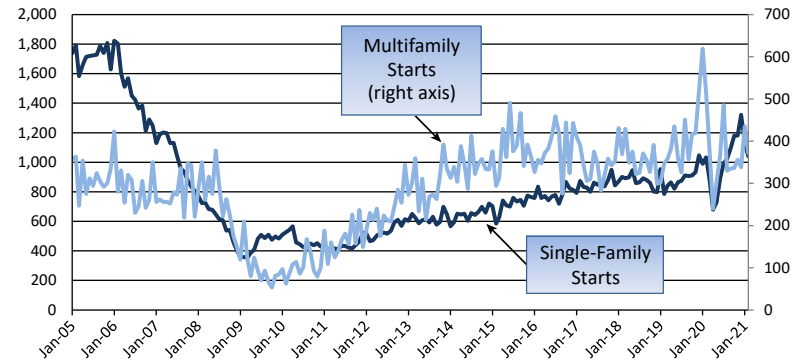
National Months' Supply of New and Existing Homes (Months)



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

New Construction Declined for Both Single-Family and Multifamily Housing

National Housing Starts (Thousands)



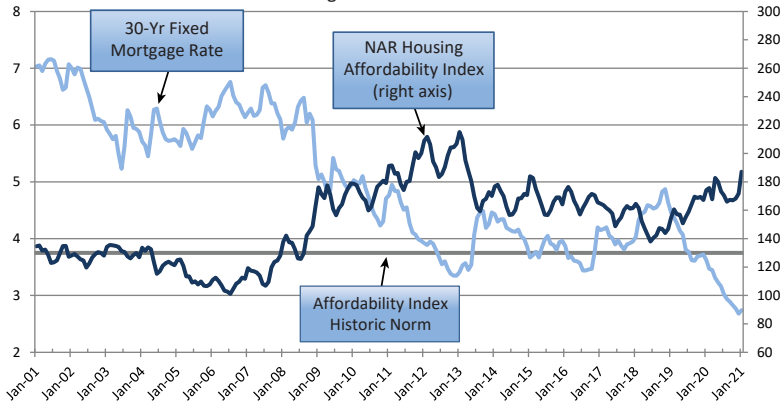
Seasonally Adjusted Annual Rate
Sources: Census Bureau and HUD.



Housing Market Indicators Monthly Update | March 2021

Homeownership Affordability Remains Above Historic Norm, Mortgage Rates Remain Near Record Lows

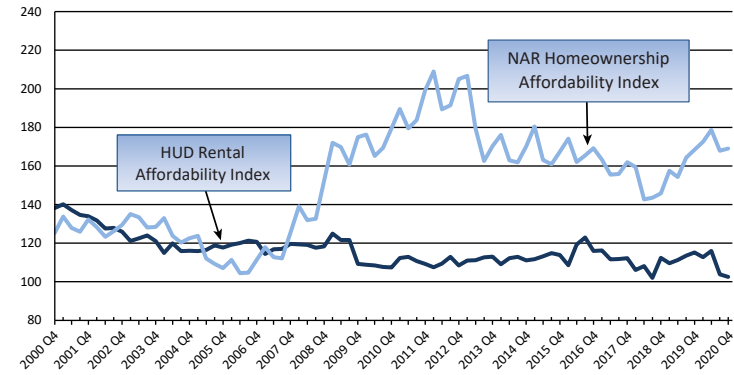
Percentage Rates and Index Values



The historic norm of 130 is the median value of NAR's composite housing affordability index since 1989. Sources: Freddie Mac and National Association of Realtors®.

Rental Affordability Remains a Challenge Due to Rising Rents

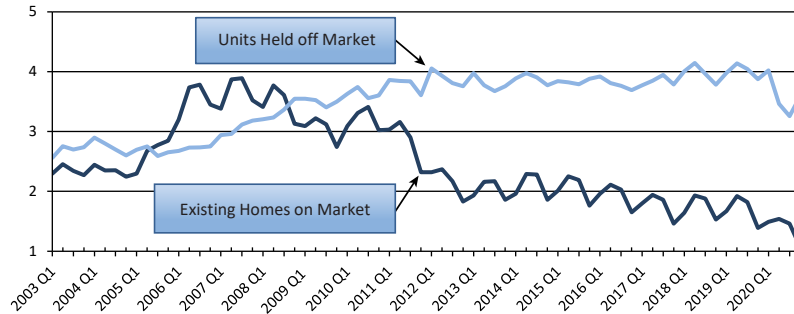
Rental and Homeownership Index Values



NOTE: The Q2 - Q4 2020 rental prices underlying the RAI are based on CPS/HVS surveys conducted under COVID restrictions and should be viewed with caution. The data will be revised when ACS rental prices become available. See Note 3 and Section C, Sources and Methodology. Sources: Census Bureau ACS and 2000 Decennial Census, BLS, CPS, HUD, and National Association of Realtors®.

Supply of Existing Homes Dropped in the Fourth Quarter, Number of Units Held off the Market Rises*

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

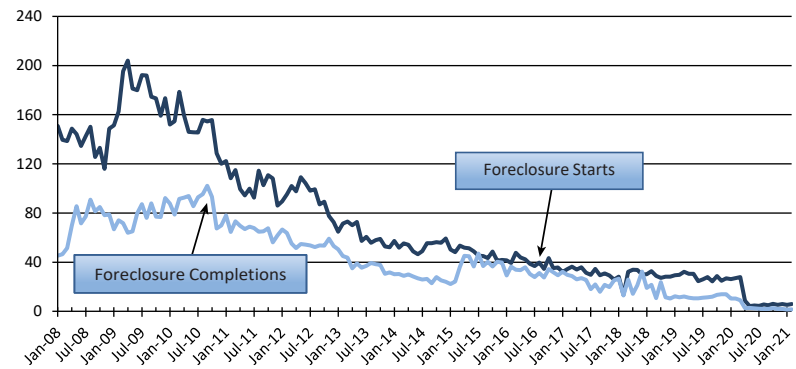


*NOTE: The Q2 - Q4 2020 data on Units Held Off the Market are based on surveys conducted under COVID-19 restrictions and should be viewed with caution. See Sources and Methodology Section C. Sources: National Association of Realtors® and Census Bureau.

Foreclosure Filings Remain Low

Monthly Foreclosure Actions (Thousands)

(Includes investor, second home, and jumbo properties)

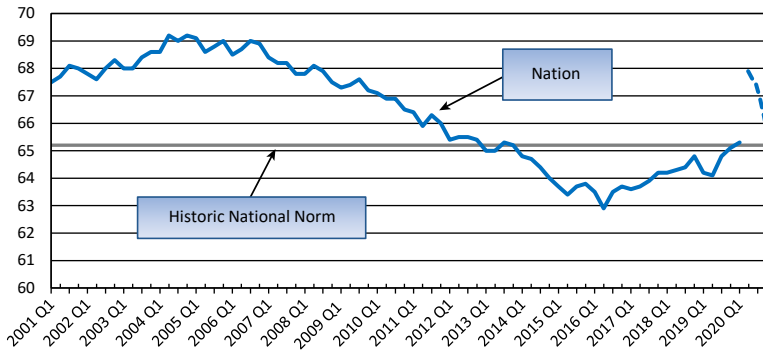


Foreclosure starts are default notices or scheduled foreclosure auctions, depending on the state. Source: ATTOM Data Solutions. See Note 4, Sources and Methodology.



Housing Market Indicators Monthly Update | March 2021

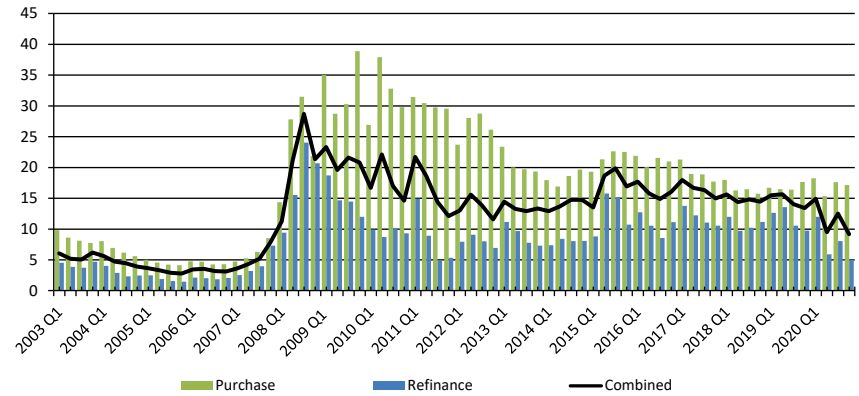
The National Homeownership Rate Was Reported to Fall in the Fourth Quarter*
National Homeownership Rate (Percent)



*NOTE: The Q2 - Q4 2020 homeownership rates represent a break in the series because they are based on surveys conducted under COVID-19 restrictions and should be viewed with caution. The historic norm of 65.2 percent is the average national homeownership rate since 1965. See Sources and Methodology Section C.
Sources: Census Bureau and HUD.

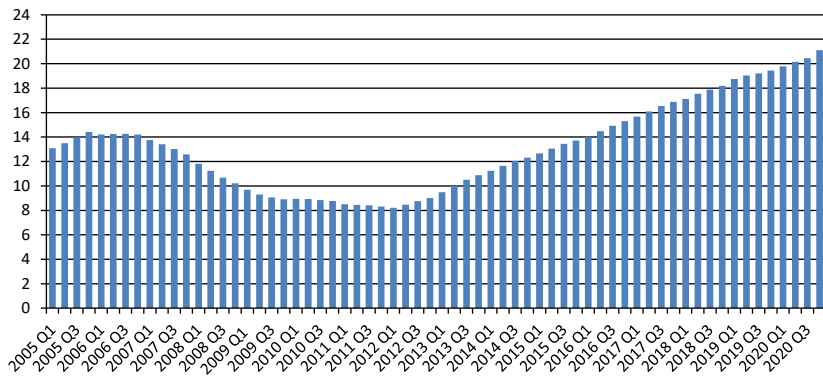
FHA Mortgage Lending

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



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

Home Equity Showed Large Gains in the 4th Quarter of 2020
Owners' Equity in Household Real Estate at End of Period (\$ Trillions)



Source: Federal Reserve Board.



Housing Market Indicators Monthly Update | March 2021

HOUSING MARKET FACT SHEET				
Indicator	This Period	Last Period	Year Ago	Latest Release
Mortgage Rates (30-Yr FRM, percent)	3.17	3.09	3.50	25-Mar-21
Homeownership Affordability (index)	187.2	171.8	174.2	January-21
Rental Affordability (index)	102.6	103.8 (r)	115.2	4th Q 20
Home Prices (indices)				
CoreLogic Case-Shiller (NSA)	243.0	240.9 (r)	218.7	January-21
FHFA (SA)	316.7	313.6 (r)	282.8	January-21
CoreLogic - Excluding Distressed Sales (NSA)	229.2 (s)	227.3 (s,r)	209.1 (s)	January-21
Home Sales				
New (thousands, SAAR)	775	948 (r)	716	February-21
Existing (thousands, SAAR)	6,220	6,660 (r)	5,700	February-21
First-Time Buyers (thousands, SAAR)	2,168 (s)	2,358 (s,r)	2,117 (s)	February-21
Distressed Sales (percent, NSA)	2	2	4	January-21
Housing Supply				
New Homes for Sale (thousands, SA)	312	304 (r)	327	February-21
New Homes for Sale - Months' Supply (months, SA)	4.8	3.8 (r)	5.5	February-21
Existing Homes for Sale (thousands, NSA)	1,030	1,030 (r)	1,460	February-21
Existing Homes - Months' Supply (months)	2.0	1.9	3.1	February-21
Vacant Units Held Off Market (thousands)	3,590	3,258	3,874	4th Q 20
Housing Starts				
Total (thousands, SAAR)	1,421	1,584 (r)	1,567	February-21
Single-Family (thousands, SAAR)	1,040	1,136 (r)	1,034	February-21
Multifamily (thousands, SAAR)	372	435 (r)	514	February-21
Mortgage Originations (thousands)				
Purchase Originations	1,314.8	1,367.9	1,136.6	4th Q 20
Refinance Originations	2,517.9	1,556.1	1,311.9	4th Q 20
FHA Mortgage Originations (thousands)				
Refinance Originations	59.2 (p)	50.8 (r)	41.3	February-21
Purchase Originations	49.8 (p)	53.5 (r)	50.7	February-21
Purchases by First-Time Buyers	41.4 (p)	41.6 (r)	41.5	February-21
Mortgage Loans in Forbearance (percent)	4.96	5.05	NA	21-Mar-21
Mortgage Delinquency Rates (percent)				
Prime	4.3 (s)	4.1 (s)	1.8	February-21
Subprime	19.8 (s)	19.4 (s)	16.4	February-21
FHA	16.1	16.3	9.0	February-21
Seriously Delinquent Mortgages (thousands)				
Prime	1,044 (s)	1,055 (s)	187	February-21
Subprime	53 (s)	55 (s)	40	February-21
FHA	889	930	328	February-21
Change in Aggregate Home Equity (\$ billions)	654.4	287.7 (r)	247.6	4th Q 20
Underwater Borrowers (thousands)	1,500	1,624 (r)	1,909	4th Q 20
National Homeownership Rate (percent)	65.8 (s)	67.4 (s)	65.1	4th Q 20
Foreclosure Actions (thousands)				
Foreclosure Starts	6.0	5.2	27.1	February-21
Foreclosure Completions	1.5	1.4	10.5	February-21
Short Sales	2.0 (p)	2.4 (r)	2.7	January-21
REO Sales	3.6 (p)	5.9 (r)	13.7	January-21

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



Housing Market Indicators Monthly Update | March 2021

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).
Homeownership Affordability	Monthly	National Association of Realtors®	NAR's 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: http://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 non-seasonally adjusted (NSA) index when making monthly comparisons.
FHFA (SA)	Monthly	Federal Housing Finance Agency	FHFA monthly (purchase-only) index for U.S., January 1991 = 100.
CoreLogic - Excluding Distressed Sales (NSA)	Monthly	CoreLogic	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 percentage 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), townhomes and row houses. For attached units, each must be separated from the adjacent unit by a ground-to-roof firewall 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.



Housing Market Indicators Monthly Update | March 2021

SOURCES AND METHODOLOGY

A. Items in Table (continued)

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 Loans in Forbearance	Weekly	Mortgage Bankers Association	Weekly Forbearance and Call Volume Survey, as reported for total number of loans in forbearance as a percent of number of servicing portfolio loans. Data is based on 38.3 million loans, or nearly 77 percent of the first mortgage servicing market.
Mortgage Delinquency Rates (NSA)			
Prime	Monthly	Black Knight Financial Services	Total conventional mortgages past due (30+ days) but not in foreclosure, divided by conventional mortgages actively serviced.
Subprime	Monthly	Black Knight Financial Services	Total conventional mortgages past due (30+ days) but not in foreclosure, divided by conventional 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	Conventional mortgages 90+ days delinquent or in foreclosure, scaled up to market.
Subprime	Monthly	LPS Applied Analytics, MBA, and HUD	Conventional 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.
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.
Foreclosure Completions	Monthly	ATTOM Data Solutions	Real Estate Owned (REO).
Short sales	Monthly	CoreLogic	Count of Short Sales for the month as reported (current month subject to revision).
REO Sales	Monthly	CoreLogic	Count of REO (Real Estate Owned) Sales for the month as reported (current month subject to revision).

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/CoreLogic Case-Shiller 20-metro composite index (NSA), January 2000 = 100, FHFA monthly (purchase-only) index for U.S. (SA), January 1991 = 100, and CoreLogic-Distressed Sales Excluded (Monthly) for U.S. (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 are 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

Beginning in May 2019, NAR replaced its Composite Housing Affordability Index (HAI), which was based on the 30-year fixed rate mortgage and adjustable rate mortgages (ARM), with a Fixed HAI based only on the 30-year fixed rate mortgage.

Black Knight enhanced their database as of December 2017 data, increasing their database coverage by nearly 1 million additional loans through several new contributors and improved coverage of certain types of data. In addition, HUD added filters to make sure all FHA and VA loans were excluded from the data to ensure reporting of only conventional loans. The November 2017 changes in reported data are mainly due to the additional filters.

FHA Market Share data were updated in the June 2017 report based on the most recent HMDA data and revised house price estimates. FHA market share estimates were 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 33 percent for 2019, based on the 2019 NAR annual survey of homebuyers released in October 2019. The estimate was the same as their estimate for 2018 with the October 2018 release of the NAR Profile of Home Buyers and Sellers 2018 report. The annual reporting of first-time buyers differs from NAR's monthly Realtors Confidence Index survey because the annual survey, for the most part, represents purchases of homes by owner-occupants and does not include purchases by investors, as in the monthly survey.

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.

The BLS Consumer Population Survey/Housing Vacancy Survey (CPS/HVS) is conducted by the Census Bureau and collects data on indicators used in this report, including the homeownership rate, housing units held off market, and housing rental prices. The Bureau views the 2nd Q through 4th Q 2020 data as a break in series because COVID-19 prevented normal data collection procedures. The Census Bureau suspended in-person interviews on March 20, 2020 and conducted the survey for the rest of the first quarter and the entirety of the second quarter solely by telephone interviews. In-person interviews were incrementally added back in the third and fourth quarters, with respective rates of 63 and 94 percent of in-person interviews allowed. See https://www.census.gov/housing/hvs/files/qtr420/impact_coronavirus_20q4.pdf. Analysis of data provided by the Census Bureau on a subset of areas where 100 percent of in-person interviews were allowed in the 4th quarter of both 2019 and 2020 by the Harvard JCHS suggest the US homeownership rate likely increased over the past year, but by less than the amount estimated using the full data set. The data subset shows the homeownership rate increased 0.4 percentage point over the four-quarter period compared to a 0.7 percentage point increase using the full data set. This implies the homeownership rate may have increased from 65.1 percent in 4Q 2019 to 65.5 percent in 4Q 2020. Results were not provided for housing units held off market and rental prices. See <https://www.jchs.harvard.edu/blog/new-data-suggest-modest-increase-homeownership-and-household-growth-over-past-year>.