

Housing Market Indicators

Monthly Update



May 2017

U.S Department of Housing and Urban Development

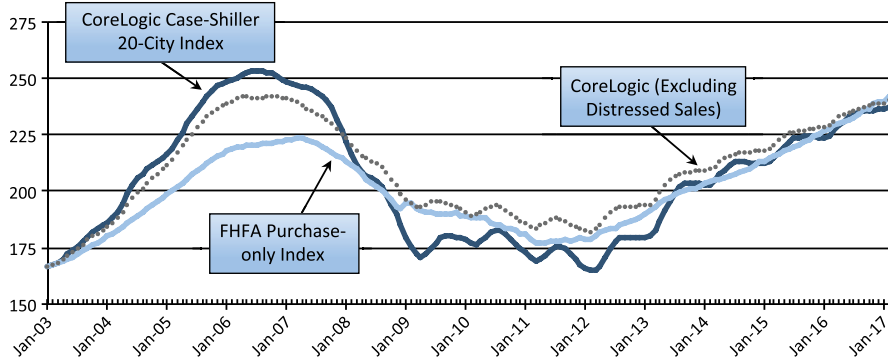
National housing market indicators available as of May show continuing recovery in housing markets. Trends in some of the top indicators for this month include:

- **Purchases of new homes fell in April after the strongest pace in almost a decade.** New single-family home sales dropped 11.4 percent to 569,000 (SAAR) from an upwardly revised 642,000 pace in March, the highest level since October 2007. Sales were still 0.5 percent higher than a year earlier. Home sales were down in all four regions. Note that monthly data on new home sales can be volatile and are often revised. (Sources: HUD and Census Bureau.)
- **Sales of previously owned (existing) homes slipped in April.** The National Association of Realtors® (NAR) reported that sales of existing homes (including single-family homes, townhomes, condominiums, and cooperatives) fell 2.3 percent to 5.57 million (SAAR) in April from a revised 5.70 million pace the previous month. Sales were still up 1.6 percent from a year ago.
- **New single-family home construction saw a slight gain in April.** Single-family housing starts, at 835,000 homes (SAAR), increased 0.4 percent from March and were up 8.9 percent from one year ago. Construction starts for multifamily housing (5 or more units in a structure), at 328,000 units (SAAR), were down 9.6 percent from March and 14.6 percent from a year earlier. Note that month-to-month changes in the construction of multifamily homes are often volatile. (Sources: HUD and Census Bureau.)
- **Home prices were up again in March with annual house price changes remaining stable in a 5- to 6-percent range.** The Federal Housing Finance Agency (FHFA) seasonally adjusted purchase-only house price index for March estimated that home values rose 0.6 percent over the previous month and 6.2 percent over the previous year, which was down from an annual gain of 6.4 percent in February. The FHFA index shows that U.S. home values are now 8.7 percent above their previous peak set in March 2007 and stand 37.4 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 1.0 percent month-over-month change in home values in March and year-over-year returns of 5.9 percent, the same as the annual change in February. The CoreLogic-Case-Shiller index shows home values are at their highest levels since September 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 continued to decline in May.** The 30-year fixed rate mortgage (FRM) reached an average weekly low in May of 3.95 percent the week ending May 25, down from April's weekly low of 3.97 percent the week ending April 20. The 30-year FRM was 3.64 percent one year ago at this time. (Source: Freddie Mac.)
- **The affordability of renting a home improved in the first quarter.** In real terms, the median price of renting a home fell 0.8 percent in the first quarter of 2017, while the median income of a renter household dropped 0.2 percent, leading to an increase in rental affordability. HUD's Rental Affordability Index shows that the ability to rent a home rose 0.5 percent in the first quarter and 3 percent over the four-quarter period. NAR's Home Affordability Index, on the other hand, indicates that the affordability of purchasing a home decreased 3 percent in the first quarter and was down 8 percent from a year earlier.
- **Foreclosure completions reached the lowest level in more than two years in April.** Lenders started the public foreclosure process on 34,034 U.S. properties in April, a decline of 6 percent from March and 22 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 25,990 U.S. properties in April, a decrease of 9 percent from the previous month and 22 percent from the previous year to the lowest level since February 2015. The pre-crisis average of foreclosure completions was 23,120 properties a month. Year-over-year foreclosure completions have declined for thirteen of the past fourteen months. 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.)



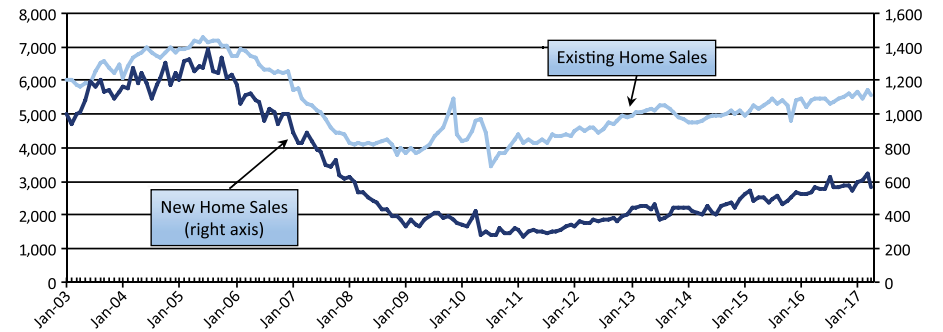
Housing Market Indicators Monthly Update | May 2017

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



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

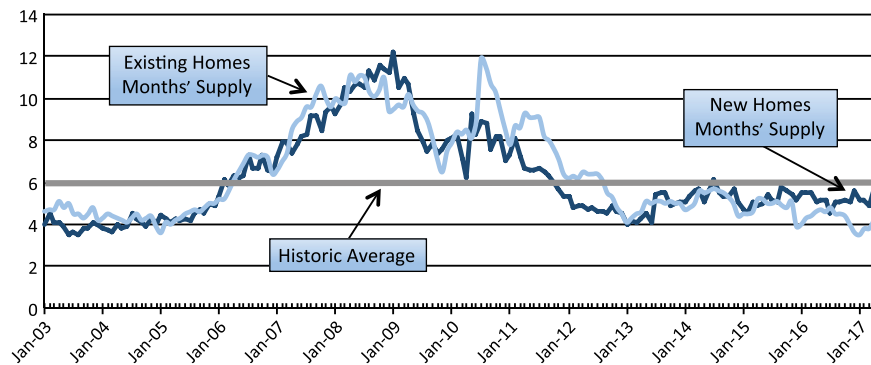
Home Sales Fell for Both New and Existing Homes in April
Monthly Sales (Thousands)



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 Both New and Existing Homes

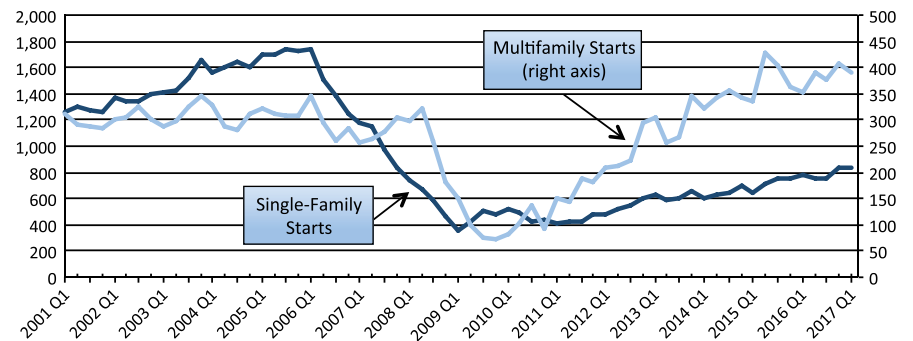
National Months' Supply of New and Existing Homes (Months)



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

Housing Starts Rose Slightly for New Homes
but Fell for Multifamily Units in the First Quarter

National Housing Starts (Thousands)



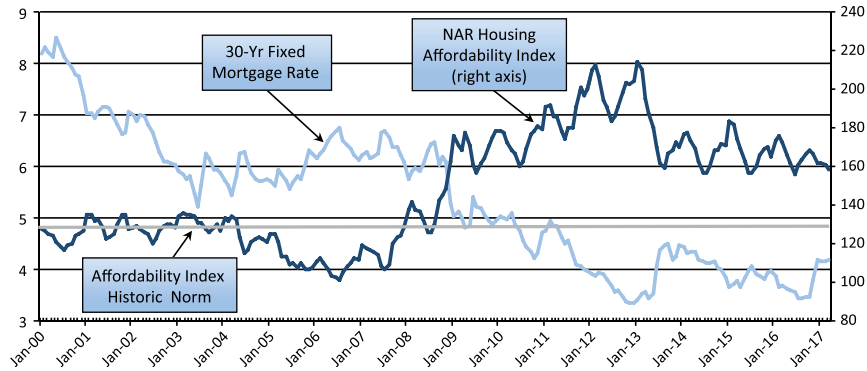
Seasonally Adjusted Annual Rate
Sources: Census Bureau and HUD.



Housing Market Indicators Monthly Update | May 2017

Homeownership Affordability Remains Above Historic Norm, Mortgage Rate Within One Percentage Point of Historic Low

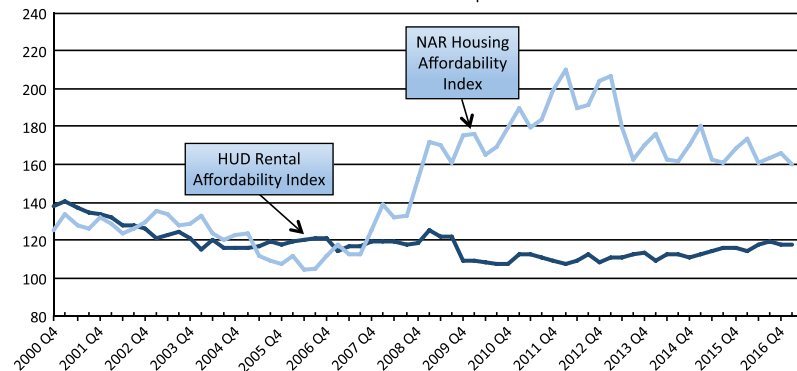
Percentage Rates and Index Values



The historic norm of 129 is the median value of 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

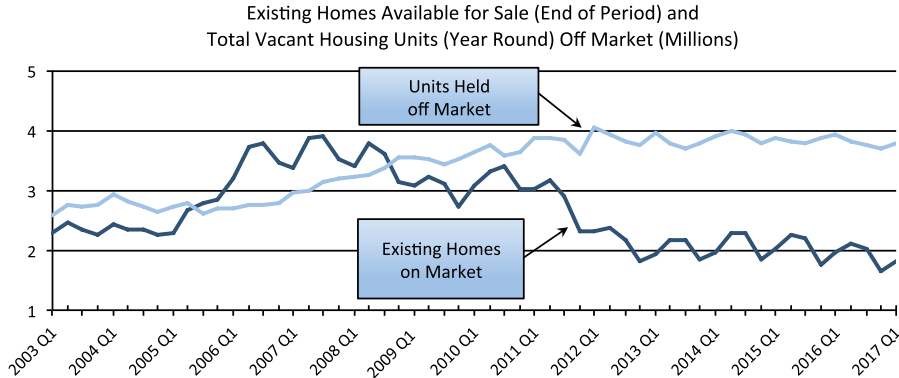
Rental and Homeownership Index Values



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)

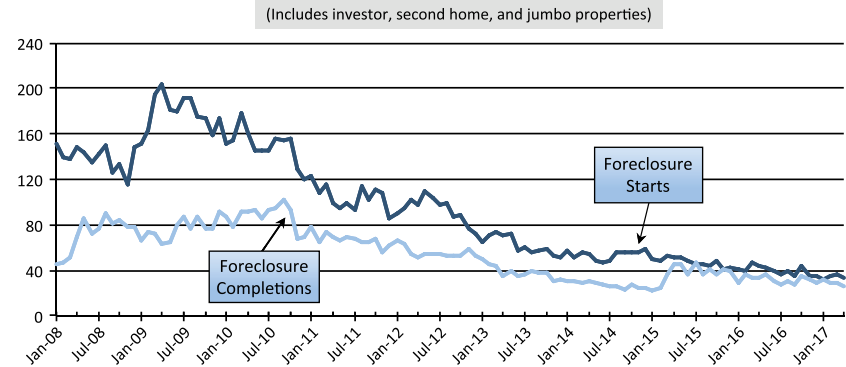


Sources: National Association of Realtors® and Census Bureau.

Foreclosure Filings Have Trended Downward

Monthly Foreclosure Actions (Thousands)

(Includes investor, second home, and jumbo properties)



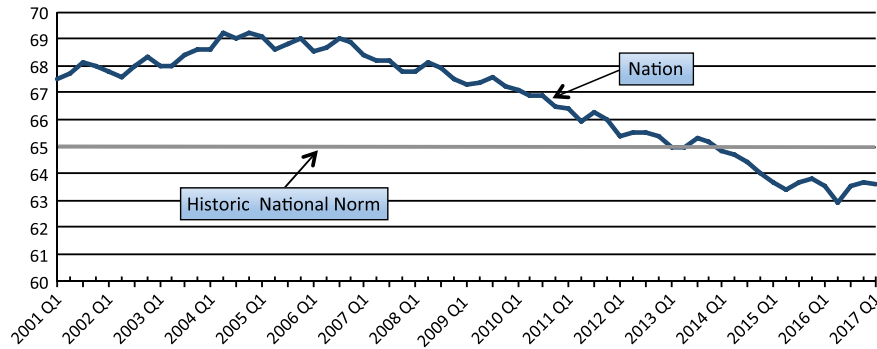
Foreclosure starts are default notices or scheduled foreclosure auctions, depending on the state.
Source: ATTOM Data Solutions.
See Note 4, Sources and Methodology.



Housing Market Indicators Monthly Update | May 2017

The National Homeownership Rate Fell in the First Quarter of 2017

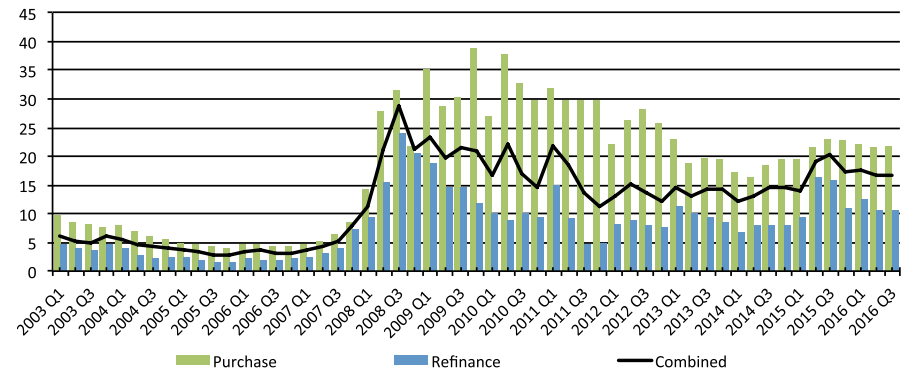
National Homeownership Rate (Percent)



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

FHA Mortgage Lending

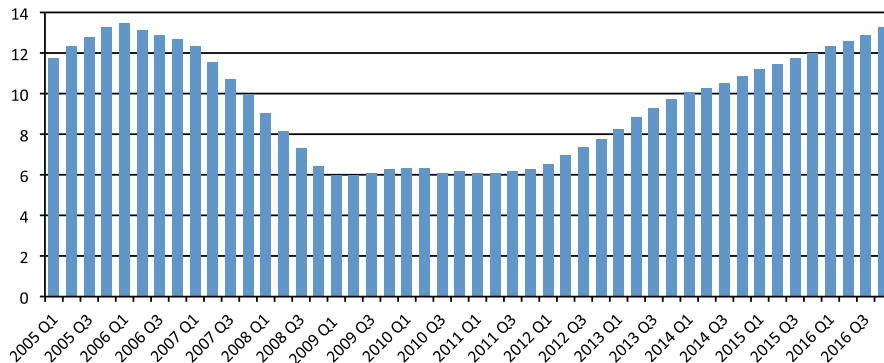
FHA as Share of Quarterly Mortgage Originations by Type (Percent)



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

Home Equity Posts a Sharp Gain in the Fourth Quarter

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



Source: Federal Reserve Board.



Housing Market Indicators Monthly Update | May 2017

| HOUSING MARKET FACT SHEET | | | | |
|--|-------------|-------------|-----------|----------------|
| Indicator | This Period | Last Period | Year Ago | Latest Release |
| Mortgage Rates (30-Yr FRM, percent) | 3.94 | 3.95 | 3.66 | 1-Jun-17 |
| Homeownership Affordability (index) | 158.2 | 160.6 | 172.3 | March-17 |
| Rental Affordability (index) | 117.9 (r) | 117.3 | 114.2 | 1st Q 17 |
| Home Prices (indices) | | | | |
| CoreLogic Case-Shiller (NSA) | 195.4 | 193.5 | 184.5 | March-17 |
| FHFA (SA) | 246.2 | 244.8 | 231.8 | March-17 |
| CoreLogic—Excluding Distressed Sales (NSA) | 188.4 (s) | 185.6 (s,r) | 178.0 (s) | March-17 |
| Home Sales | | | | |
| New (thousands, SAAR) | 569 | 642 (r) | 566 | April-17 |
| Existing (thousands, SAAR) | 5,570 | 5,700 (r) | 5,480 | April-17 |
| First-Time Buyers (thousands, SAAR) | 2,149 (s) | 2,220 (s,r) | 2,116 (s) | April-17 |
| Distressed Sales (percent, NSA) | 6 (p) | 7 | 12 | March-17 |
| Housing Supply | | | | |
| New Homes for Sale (thousands, SA) | 268 | 264 (r) | 241 | April-17 |
| New Homes for Sale—Months' Supply (months, SA) | 5.7 | 4.9 (r) | 5.1 | April-17 |
| Existing Homes for Sale (thousands, NSA) | 1,930 | 1,800 (r) | 2,120 | April-17 |
| Existing Homes—Months' Supply (months) | 4.2 | 3.8 | 4.6 | April-17 |
| Vacant Units Held Off Market (thousands) | 3,774 | 3,690 | 3,922 | 1st Q 17 |
| Housing Starts | | | | |
| Total (thousands, SAAR) | 1,172 | 1,203 (r) | 1,164 | April-17 |
| Single-Family (thousands, SAAR) | 835 | 832 (r) | 767 | April-17 |
| Multifamily (thousands, SAAR) | 328 | 363 (r) | 384 | April-17 |
| Mortgage Originations (thousands) | | | | |
| Refinance Originations | 858.5 | 939.4 | 775.6 | 1st Q 17 |
| Purchase Originations | 583.8 | 932.5 | 679.8 | 1st Q 17 |
| FHA Originations (thousands) | | | | |
| Refinance Originations | 23.3 (p) | 27.4 (r) | 32.3 | April-17 |
| Purchase Originations | 74.6 (p) | 75.9 (r) | 78.8 | April-17 |
| Purchases by First-Time Buyers | 60.7 (p) | 57.4 (r) | 65.7 | April-17 |
| Mortgage Delinquency Rates (percent) | | | | |
| Prime | 2.2 | 2.4 | 2.7 | August-16 |
| Subprime | 24.5 | 25.5 | 26.9 | August-16 |
| FHA | 8.1 | 7.1 | 8.0 | April-17 |
| Seriously Delinquent Mortgages (thousands) | | | | |
| Prime | 329 | 338 | 511 | August-16 |
| Subprime | 521 | 539 | 772 | August-16 |
| FHA | 354 | 359 | 403 | April-17 |
| Change in Aggregate Home Equity (\$ billions) | 450.3 | 286.9 (r) | 293.5 | 4th Q 16 |
| Underwater Borrowers (thousands) | 3,165 | 3,228 (r) | 4,229 | 4th Q 16 |
| National Homeownership Rate (percent) | 63.6 | 63.7 | 63.5 | 1st Q 17 |
| Foreclosure Actions (thousands) | | | | |
| Foreclosure Starts | 34.0 | 36.4 | 43.8 | April-17 |
| Foreclosure Completions | 26.0 | 28.6 | 33.5 | April-17 |
| Short Sales | 3.1 (p) | 3.0 (r) | 14.5 | March-17 |
| REO Sales | 14.7 (p) | 16.1 (r) | 36.2 | March-17 |

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 | May 2017

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 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) New Homes for Sale - Months' Supply (SA) Existing Homes for Sale (NSA) Existing Homes - Months' Supply Vacant Units Held Off Market | Monthly Monthly Monthly Monthly Quarterly | HUD and Census Bureau HUD and Census Bureau National Association of Realtors® National Association of Realtors® Census Bureau | As reported. As reported. As reported. As reported. 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 Purchase Originations Purchases by First Time Buyers | Monthly Monthly Monthly Monthly | HUD HUD HUD 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. |
| Mortgage Delinquency Rates (NSA) Prime Subprime FHA | Monthly Monthly Monthly | LPS Applied Analytics LPS Applied Analytics HUD | Total mortgages past due (30+ days) but not in foreclosure, divided by mortgages actively serviced. Total mortgages past due (30+ days) but not in foreclosure, divided by mortgages actively serviced. Total FHA mortgages past due (30+ days) but not in foreclosure, divided by FHA's insurance in force. |
| Seriously Delinquent Mortgages Prime Subprime FHA | Monthly Monthly Monthly | LPS Applied Analytics, MBA, and HUD LPS Applied Analytics, MBA, and HUD HUD | Mortgages 90+ days delinquent or in foreclosure, scaled up to market. Mortgages 90+ days delinquent or in foreclosure, scaled up to market. 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. |

A. Items in Table (continued).



Housing Market Indicators Monthly Update | May 2017

SOURCES AND METHODOLOGY

| | | | |
|-------------------------|---------|--|--|
| 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/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.