

Housing Market Indicators Monthly Update



August 2017

U.S. Department of Housing and Urban Development

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

- **Purchases of new homes slumped in July.** New single-family home sales fell 9.4 percent to 571,000 (SAAR) from an upwardly revised pace of 630,000 in June and were 8.9 percent lower than a year earlier. The drop in sales followed a solid pace (averaging 615,000) for the first half of the year. 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 July.** The National Association of Realtors® (NAR) reported that sales of existing homes (including single-family homes, townhomes, condominiums, and cooperatives) declined 1.3 percent to 5.44 million (SAAR) in July from a downwardly revised 5.51-million pace the previous month. Sales were up 2.1 percent from a year ago but were at their lowest pace since August 2016. Total sales were depressed by weakness in the Northeast and Midwest.
- **New home construction slowed in July.** Single-family housing starts fell slightly (-0.5 percent) to 856,000 homes (SAAR) in July but were up 10.9 percent from one year ago. Construction starts for multifamily housing (5 or more units in a structure), at 287,000 units (SAAR), were down 17.1 percent from June and 35.2 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 continued to rise in June.** The Federal Housing Finance Agency (FHFA) seasonally adjusted purchase-only house price index for June estimated that home values rose 0.1 percent over the previous month and 6.5 percent over the previous year, which was somewhat lower than the 6.9 percent annual gain in May. The FHFA index shows that U.S. home values are now 10.1 percent above their previous peak set in March 2007 and stand 39.3 percent above the low point reached in May 2011.
- **The months' supply of homes on the market in July rose for new homes but was unchanged for existing homes.** The listed

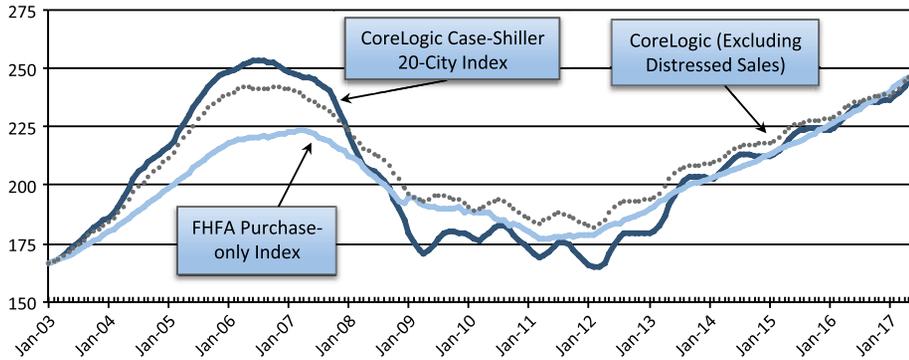
inventory of new homes for sale at the end of July would support 5.8 months of sales at the current sales pace, up from 5.2 months in June and 4.5 months in July 2016. The listed inventory of existing homes for sale at the end of July represents a 4.2-month supply of existing homes for sale, the same as in June but down from 4.8 months a year earlier. The low inventory of homes on the market has been a constraint on sales for several years now. The long-term average for months' supply of homes on the market is about 6.0 months.

- **Mortgage rates dropped in August to the lowest level in 2017.** The 30-year fixed rate mortgage (FRM) reached an average weekly low of 3.82 percent the week ending August 31, down from July's weekly low of 3.92 the week ending July 27. One year ago at this time, the 30-year FRM was 3.46 percent. (Source: Freddie Mac.)
- **The affordability of renting a home dropped in the second quarter.** HUD's Rental Affordability Index, at 112.6, fell 5 percent from both the first quarter and over the four-quarter period. The decline in the ability to lease a home resulted from a rise of 4.8 percent in the real, or inflation-adjusted, median price of a rental home and a 0.1-percent decline in the inflation-adjusted median income of a renter household. NAR's Home Affordability Index indicates that the affordability of purchasing a home was down 6 percent from both the first quarter and a year ago.
- **Foreclosure starts and completions fell in July.** Lenders started the public foreclosure process on 29,675 U.S. properties in July, a drop of 5 percent from June and 19 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 18,149 U.S. properties in July, a decrease of 29 percent from the previous month and 35 percent from the previous year. The pre-crisis (2005–2006) average of foreclosure completions was 23,120 properties a month. Year-over-year foreclosure completions have declined every month but one since March 2016. Prior to that, annual foreclosure completions had declined for 27 consecutive months before starting to increase in March 2015. Note that foreclosure activity has been volatile over the last few years as states with a substantial pool of foreclosure inventory moved to reduce the backlog. (Source: ATTOM Data Solutions.)



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



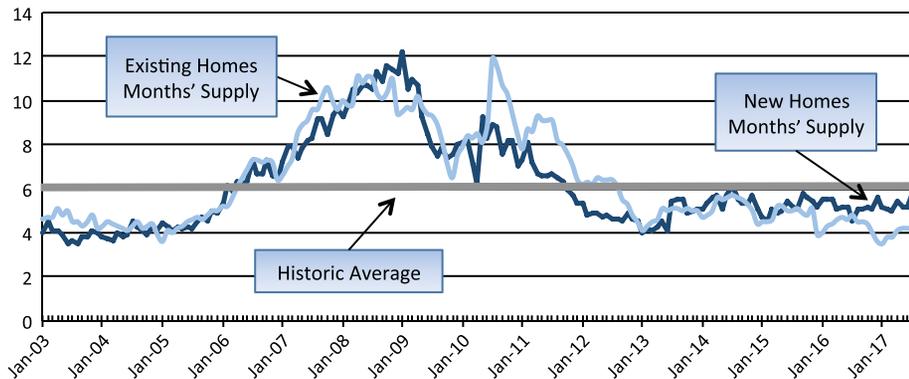
Sources: Standard & Poor's, Federal Housing Finance Agency, CoreLogic, and HUD.
See Note 1, Sources and Methodology.

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



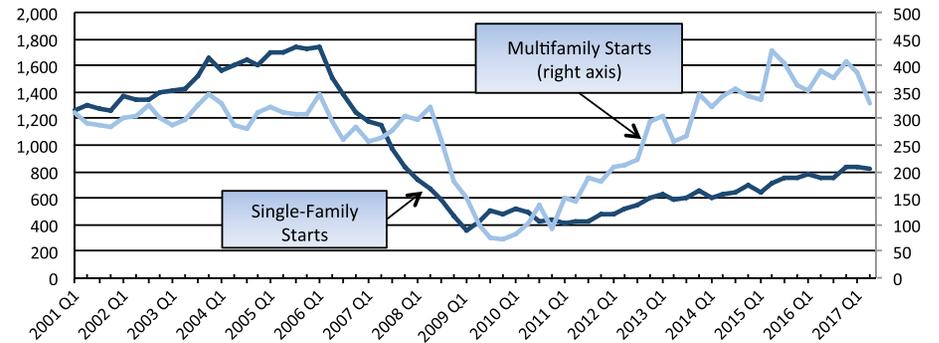
Seasonally Adjusted Annual Rate
Sources: National Association of Realtors®, Census Bureau, and HUD.
See Note 2, Sources and Methodology.

The Months' Supply of Homes for Sale Rose for New Homes
National Months' Supply of New and Existing Homes (Months)



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

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

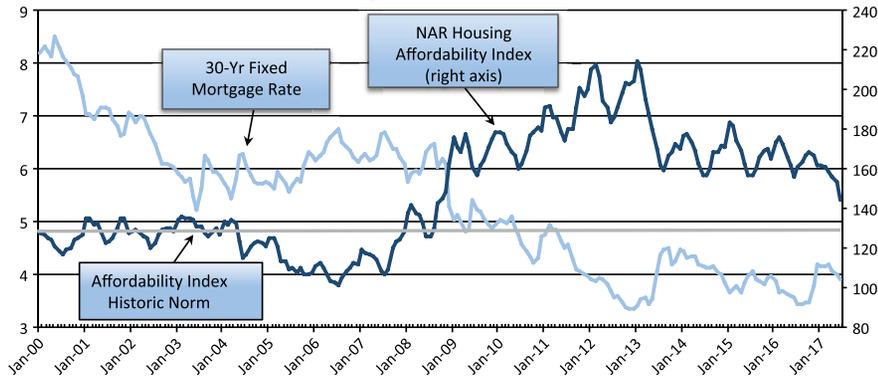


Seasonally Adjusted Annual Rate
Sources: Census Bureau and HUD.



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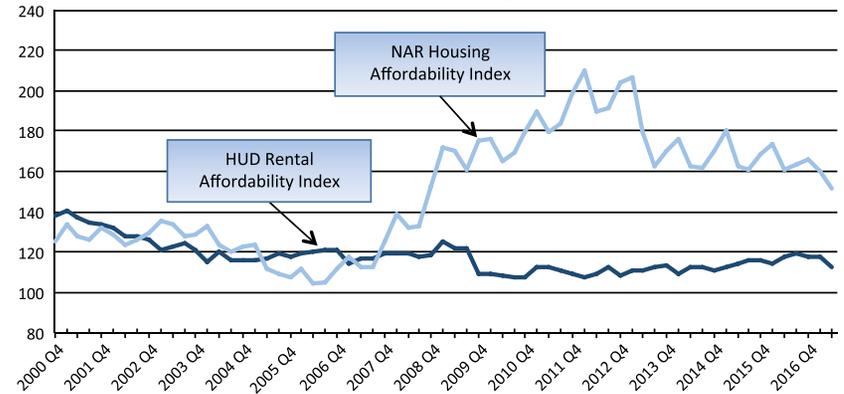
Homeownership Affordability Remains Above Historic Norm, Mortgage Rate Within One Percentage Point of Historic Low
Percentage Rates and Index Values



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

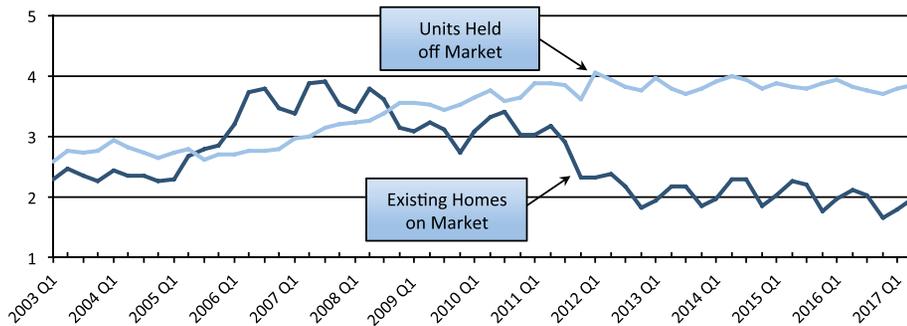
Rental and Homeownership Index Values



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)

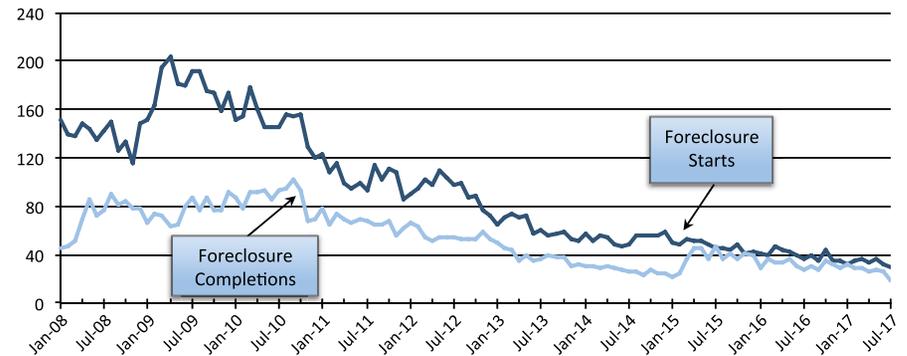


Sources: National Association of Realtors® and Census Bureau.

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.

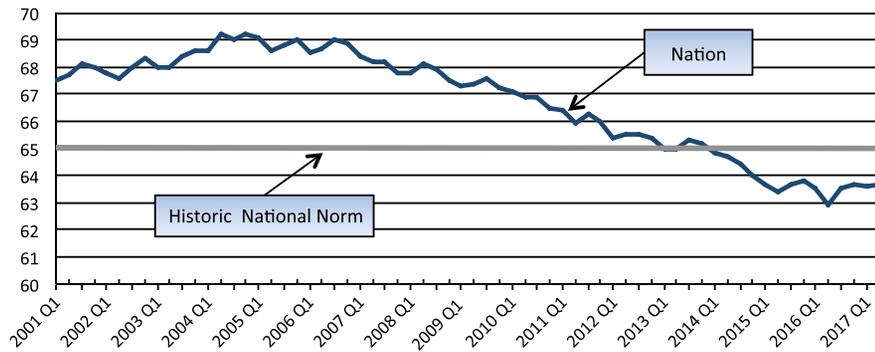
Source: ATTOM Data Solutions.

See Note 4, Sources and Methodology.



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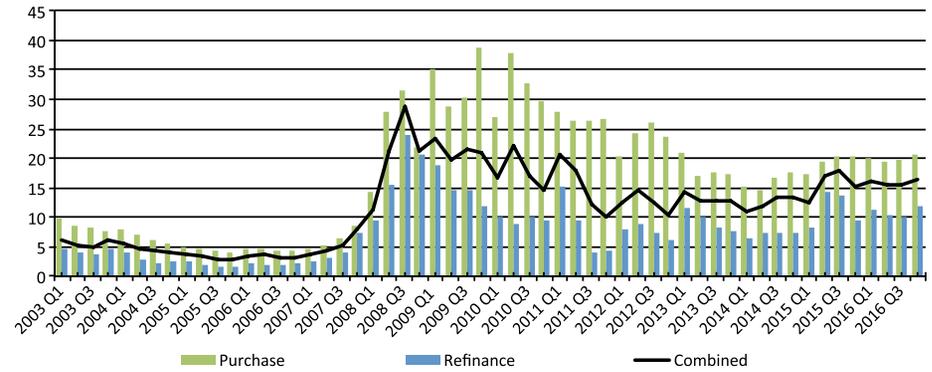
The National Homeownership Rate Rose in the Second Quarter of 2017
National Homeownership Rate (Percent)



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

FHA Mortgage Lending

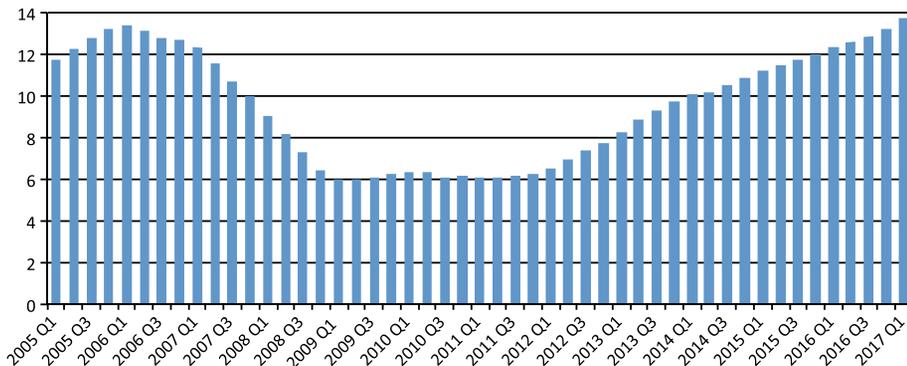
FHA as Share of Quarterly Mortgage Originations by Type (Percent)



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

Home Equity Surpasses Its Previous Peak in the First Quarter of 2017

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)	3.82	3.86	3.46	31-Aug-17
Homeownership Affordability (index)	144.5	153.3 (r)	155.8	June-17
Rental Affordability (index)	112.6 (r)	118.0	118.0	2nd Q 17
Home Prices (indices)				
CoreLogic Case-Shiller (NSA)	200.5	199.1 (r)	189.8	June-17
FHFA (SA)	249.3	249.1 (r)	234.1	June-17
CoreLogic—Excluding Distressed Sales (NSA)	191.9 (s)	189.8 (s,r)	181.3 (s)	June-17
Home Sales				
New (thousands, SAAR)	571	630 (r)	627	July-17
Existing (thousands, SAAR)	5,440	5,510 (r)	5,330	July-17
First-Time Buyers (thousands, SAAR)	2,104 (s)	2,149 (s,r)	2,085 (s)	July-17
Distressed Sales (percent, NSA)	4 (p)	5	9	June-17
Housing Supply				
New Homes for Sale (thousands, SA)	276	272	237	July-17
New Homes for Sale—Months' Supply (months, SA)	5.8	5.2 (r)	4.5	July-17
Existing Homes for Sale (thousands, NSA)	1,920	1,940 (r)	2,110	July-17
Existing Homes—Months' Supply (months)	4.2	4.2 (r)	4.8	July-17
Vacant Units Held Off Market (thousands)	3,847	3,779 (r)	3,810	2nd Q 17
Housing Starts				
Total (thousands, SAAR)	1,155	1,213 (r)	1,223	July-17
Single-Family (thousands, SAAR)	856	860 (r)	772	July-17
Multifamily (thousands, SAAR)	287	346 (r)	443	July-17
Mortgage Originations (thousands)				
Refinance Originations	1,436.6	963.8	1,233.3	2nd Q 17
Purchase Originations	614.1	622.5	981.6	2nd Q 17
FHA Originations (thousands)				
Refinance Originations	27.3 (p)	24.0 (r)	33.3	July-17
Purchase Originations	81.2 (p)	89.7 (r)	83.5	July-17
Purchases by First-Time Buyers	65.9 (p)	65.8 (r)	68.1	July-17
Mortgage Delinquency Rates (percent)				
Prime	2.1	2.0	2.4	July-17
Subprime	23.9	23.5	25.5	July-17
FHA	8.0	7.8	8.8	July-17
Seriously Delinquent Mortgages (thousands)				
Prime	277	284 (r)	338	July-17
Subprime	261	259 (r)	539	July-17
FHA	334	341	388	July-17
Change in Aggregate Home Equity (\$ billions)	517.3	347.7 (r)	322.0	1st Q 17
Underwater Borrowers (thousands)	3,114	3,205 (r)	4,117	1st Q 17
National Homeownership Rate (percent)	63.7	63.6	62.9	2nd Q 17
Foreclosure Actions (thousands)				
Foreclosure Starts	29.7	31.3	36.9	July-17
Foreclosure Completions	18.1	25.5	27.9	July-17
Short Sales	4.1 (p)	4.5 (r)	16.9	June-17
REO Sales	15.9 (p)	20.6 (r)	31.5	June-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.



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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).
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.



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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 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 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.