

Housing Market Indicators Monthly Update



December 2017

U.S. Department of Housing and Urban Development

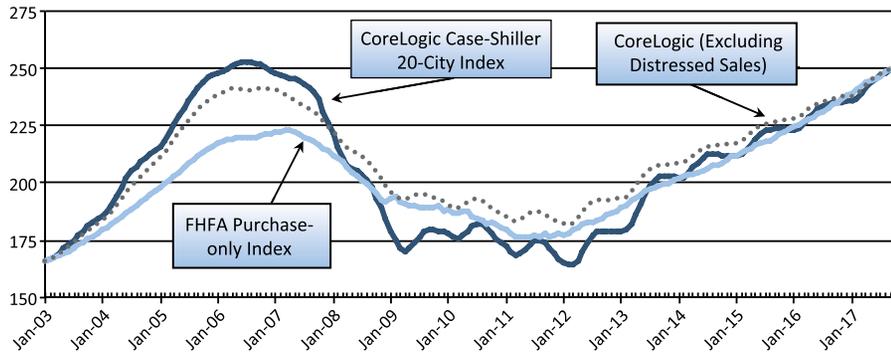
National housing market indicators available as of December show activity in housing markets improved. Trends in some of the top indicators for this month include:

- **Purchases of new homes surged to the highest pace in over a decade.** New single-family home sales jumped 17.5 percent to 733,000 (SAAR) in November, the strongest pace since July 2007. Sales rose in all four regions, with purchases surging in the West (31.1 percent) and the South (14.9 percent). Disaster recovery may impact new home sales because they are based on the signing of a contract (rather than a closing as is done with existing homes) and can reflect sales of properties in which construction has not yet started. Purchases were 26.6 percent higher than a year earlier. The surge in sales may also be partially explained by homeowners hurrying to close deals before the new tax law takes effect in 2018. New home sales have averaged 617,000 (SAAR) so far in 2017, well above the 561,000-annual pace for all of 2016. 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 climbed to nearly an 11-year high.** The National Association of Realtors® (NAR) reported that sales of existing homes (including single-family homes, townhomes, condominiums, and cooperatives) jumped 5.6 percent to 5.81 million (SAAR) in November, the highest pace since December 2006 (6.42 million). Sales were particularly strong in the upper-end of the market. The impact of the recent hurricanes is fading, with sales increasing in all regions except the West. Existing home sales have averaged 5.55 million (SAAR) so far in 2017, moderately above the 5.47 million annual pace for all of 2016.
- **New construction of single-family homes was at the strongest pace in a decade.** Single-family housing starts jumped 5.3 percent to 930,000 homes (SAAR) in November—the highest since September 2007—and were up 13.0 percent from a year earlier. Construction starts for multifamily housing (5 or more units in a structure), at 359,000 units (SAAR), were up slightly (0.8 percent) from October and were 11.1 percent higher than a year earlier. The month-over-month pace of building rose 11.1 percent in the South and 19.0 percent in the West. Disaster recovery can affect housing starts. Homes that are completely rebuilt, requiring a permit for new construction, are considered housing starts, while construction activities on partially damaged homes are counted as repairs. (Sources: HUD and Census Bureau.)
- **Home prices continued to increase in October with annual house price changes in the 7 percent range.** The Federal Housing Finance Agency (FHFA) seasonally adjusted purchase-only house price index for October estimated that home values rose 0.5 percent over the previous month and 6.6 percent over the previous year, slightly higher than the 6.5 percent annual gain in September. The FHFA index shows that U.S. home values are now 12.5 percent above their previous peak set in April 2007 and stand 42.4 percent above the low point reached in March 2011. (The FHFA price index is released with a 2-month lag.)
- **The months' supply of homes on the market dropped for both new and existing homes.** The listed inventory of new homes for sale at the end of November would support 4.6 months of sales at the current sales pace, down from 5.4 months in October and 5.1 months a year ago. For existing homes, the listed inventory of homes for sale represented a 3.4-month supply, down from 3.9 the previous month and the lowest in records dating back to 1999. Inventory fell 9.7 percent year-over-year to 1.67 million available properties—the second lowest level since the data were recorded. A shortage of homes for sale—especially at the lower end of the market—has been a constraint on purchases for several years now. The long-term average for months' supply of homes is about 6.0 months.
- **Homeowners' equity rose again in the third quarter of 2017.** Homeowners' equity (total property value less mortgage debt outstanding) was up \$286 billion (2.1 percent) from the second quarter for a total of \$14.1 trillion. The gain over the last year was nearly 1.3 trillion (10.1 percent), the largest annual increase in 3 years. Owners' equity has surpassed its peak set in the first quarter of 2006 (at \$13.4 trillion) for a third consecutive quarter. The change in equity since the end of 2011, when homeowners' equity began to show strong post-recession gains, now stands at more than \$7.8 trillion. (Source: Federal Reserve.)
- **The number of underwater borrowers continued to decline.** As of the third quarter of 2017, CoreLogic estimated that 2.53 million homes, or 4.9 percent of residential properties with a mortgage, were in negative equity. This compares with 2.79 million, or 5.4 percent, that were reported in negative equity in the second quarter and 3.24 million, or 6.3 percent, one year ago. From the beginning of 2012 through the third quarter of 2017, the number of underwater borrowers (those who owe more on their mortgage than the value of their home) has declined by 79 percent—from 12.1 million to 2.5 million, or by 9.6 million homeowners. (Source: CoreLogic.)
- **Mortgage rates increased in December.** The 30-year fixed rate mortgage (FRM) reached an average weekly low in December of 3.93 percent the week ending December 12, up from November's weekly low of 3.90 for the weeks ending November 9 and 30. December's weekly low is the highest of any month since May when it was 3.95 percent the week ending May 25. One year ago at this time, the 30-year FRM was even higher at 4.16 percent, however. (Source: Freddie Mac.)



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House Prices Continued To Rise in October
Monthly House Price Trends by Index (\$ Thousands)



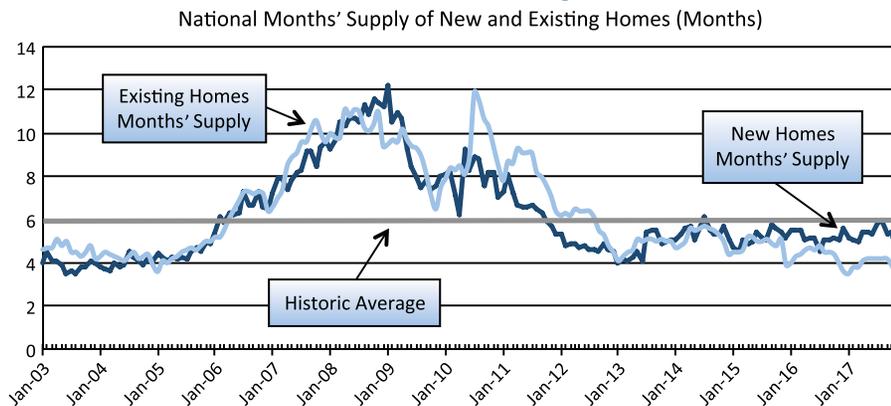
Sources: Standard & Poor's, Federal Housing Finance Agency, CoreLogic, and HUD.
See Note 1, Sources and Methodology.

New and Existing Home Sales Had Sharp Gains in November
Monthly Sales (Thousands)



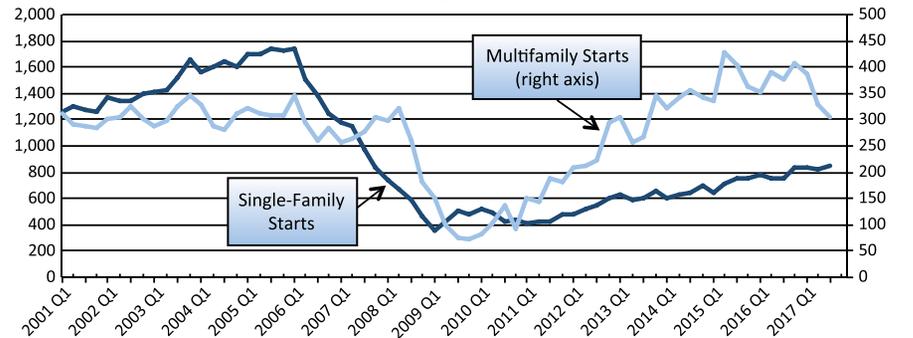
Seasonally Adjusted Annual Rate
Sources: National Association of Realtors®, Census Bureau, and HUD.
See Note 2, Sources and Methodology.

The Months' Supply of Homes for Sale Fell 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 for Single-Family Homes but Fell for Multifamily Units in the Third Quarter
National Housing Starts (Thousands)



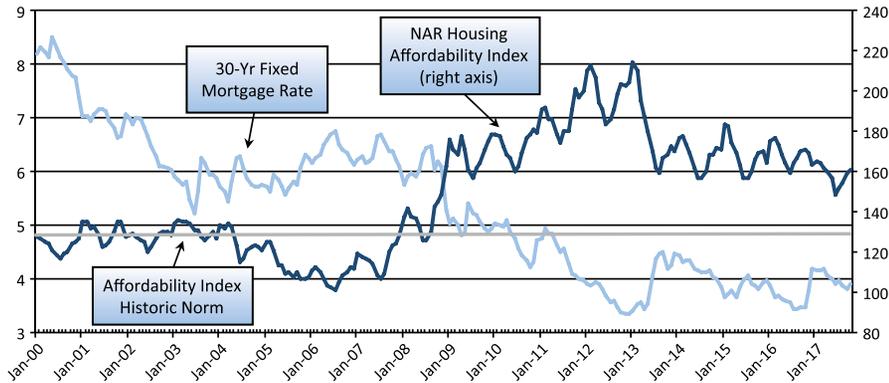
Seasonally Adjusted Annual Rate
Sources: Census Bureau and HUD.



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

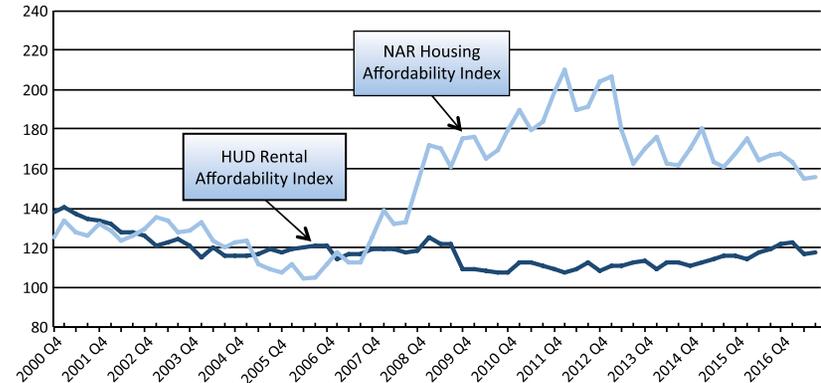
Percentage Rates and Index Values



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

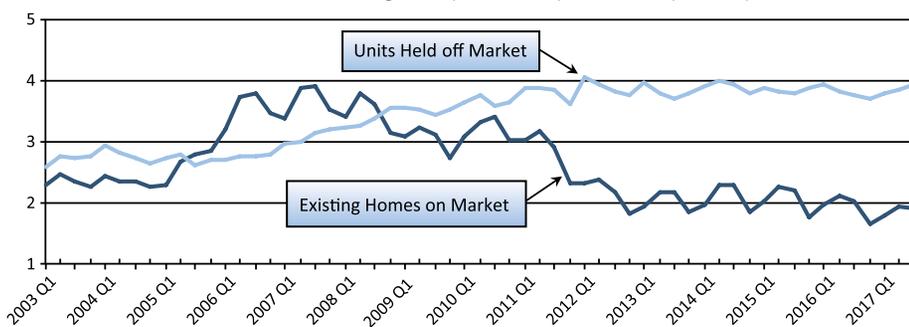
Rental and Homeownership Index Values



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)

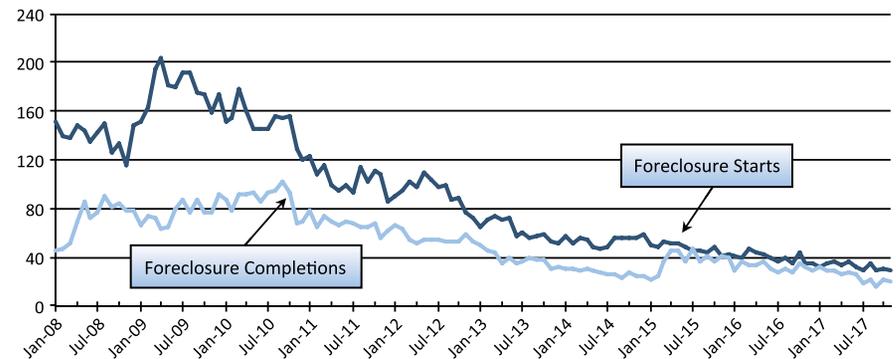


Sources: National Association of Realtors® and Census Bureau.

Foreclosure Filings Have Trended Downward

Monthly Foreclosure Actions (Thousands)

(Includes investor, second home, and jumbo properties)



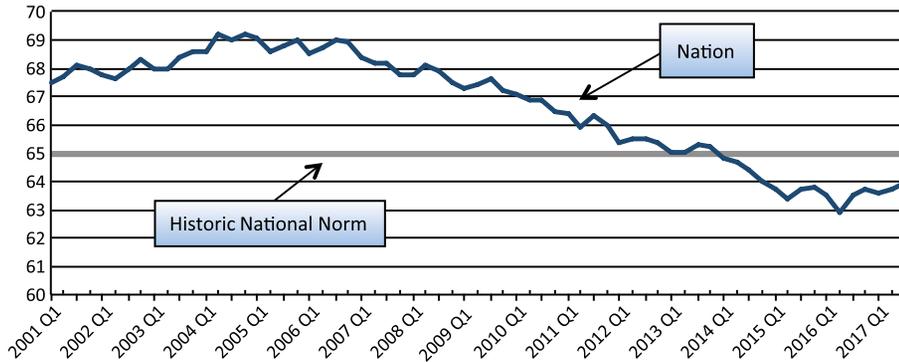
Foreclosure starts are default notices or scheduled foreclosure auctions, depending on the state.
Source: ATTOM Data Solutions
See Note 4, Sources and Methodology.



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The National Homeownership Rate Rose in the Last Two Quarters

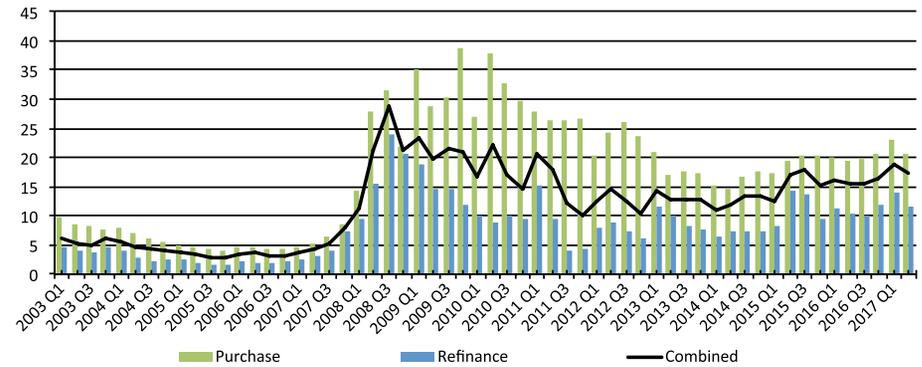
National Homeownership Rate (Percent)



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

FHA Mortgage Lending

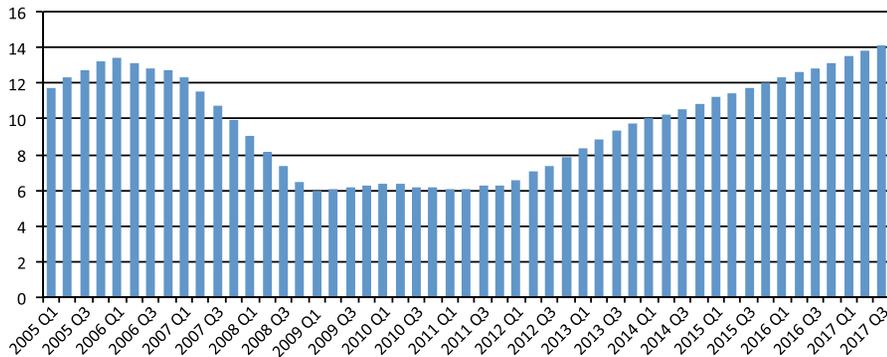
FHA as Share of Quarterly Mortgage Originations by Type (Percent)



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

Home Equity Surpassed Its Peak Set in 2006 for a Third Time Since the End of 2016

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)	3.99	3.94	4.32	28-Dec-17
Homeownership Affordability (index)	161.1	159.0 (r)	171.1	October-17
Rental Affordability (index)	117.8	116.9 (r)	119.6	3rd Q 17
Home Prices (indices)				
CoreLogic Case-Shiller (NSA)	203.8	203.4 (r)	191.6	October-17
FHFA (SA)	254.7	253.3 (r)	238.9	October-17
CoreLogic—Excluding Distressed Sales (NSA)	194.5 (s)	193.1 (s,r)	183.3 (s)	October-17
Home Sales				
New (thousands, SAAR)	733	624 (r)	579	November-17
Existing (thousands, SAAR)	5,810	5,500 (r)	5,600	November-17
First-Time Buyers (thousands, SAAR)	2,290 (s)	2,143 (s,r)	2,163 (s)	November-17
Distressed Sales (percent, NSA)	5 (p)	5 (r)	9	October-17
Housing Supply				
New Homes for Sale (thousands, SA)	283	283 (r)	248	November-17
New Homes for Sale—Months' Supply (months, SA)	4.6	5.4 (r)	5.1	November-17
Existing Homes for Sale (thousands, NSA)	1,670	1,800	1,850	November-17
Existing Homes—Months' Supply (months)	3.4	3.9	4.0	November-17
Vacant Units Held Off Market (thousands)	3,944	3,847	3,766	3rd Q 17
Housing Starts				
Total (thousands, SAAR)	1,297	1,256 (r)	1,149	November-17
Single-Family (thousands, SAAR)	930	883 (r)	823	November-17
Multifamily (thousands, SAAR)	359	356 (r)	323	November-17
Mortgage Originations (thousands)				
Refinance Originations	1,097.5 (r)	1,083.7 (r)	1,337.0	3rd Q 17
Purchase Originations	631.0 (r)	614.3 (r)	1,078.5	3rd Q 17
FHA Mortgage Originations (thousands)				
Refinance Originations	26.2 (p)	24.3 (r)	38.8	November-17
Purchase Originations	64.5 (p)	66.5 (r)	67.0	November-17
Purchases by First-Time Buyers	52.4 (p)	49.5 (r)	54.9	November-17
Mortgage Delinquency Rates (percent)				
Prime	2.6	2.5	2.4	November-17
Subprime	26.9	26.4	25.2	November-17
FHA	10.3	10.1	9.0	November-17
Seriously Delinquent Mortgages (thousands)				
Prime	311	281	328	November-17
Subprime	271	261 (r)	514	November-17
FHA	386	353	387	November-17
Change in Aggregate Home Equity (\$ billions)	285.5	328.9 (r)	255.5	3rd Q 17
Underwater Borrowers (thousands)	2,529	2,789 (r)	3,241	3rd Q 17
National Homeownership Rate (percent)	63.9	63.7	63.5	3rd Q 17
Foreclosure Actions (thousands)				
Foreclosure Starts	29.3	30.9	35.2	November-17
Foreclosure Completions	19.8	21.5	31.8	November-17
Short Sales	3.2 (p)	3.5 (r)	10.7	October-17
REO Sales	14.4 (p)	15.7 (r)	27.2	October-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.
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 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.