

Housing Market Indicators

Monthly Update



November 2018

U.S. Department of Housing and Urban Development

National housing market indicators available as of November show activity in housing markets remained soft overall. Trends in some of the top indicators for this month include:

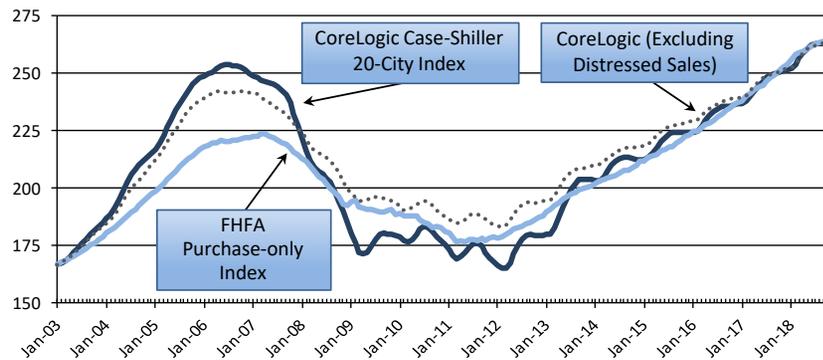
- **Purchases of new homes fell to their weakest pace since March 2016.** New single-family home sales slumped 8.9 percent to 544,000 (SAAR) in October from an upwardly revised pace of 597,000 in September. Purchases were 12.0 percent lower than a year ago and were down in all regions of the country. The sales decline in the South (-7.7 percent) may partially reflect the damage and recovery efforts from Hurricane Michael, which made landfall in Florida and other southeastern states in mid-October. 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 rose for the first time in seven months.** The National Association of Realtors® (NAR) reported that October sales of existing homes (including single-family homes, townhomes, condominiums, and cooperatives) increased 1.4 percent to 5.22 million (SAAR), but were down 5.1 percent from a year earlier. Sales were up in all regions except the Midwest. Sales rose 1.9 percent in the South, where Hurricanes Florence and Michael likely slowed sales in both September and October, respectively.
- **New home construction rose for multifamily housing but declined for single-family homes.** Single-family housing starts fell 1.8 percent to 865,000 homes (SAAR) in October from an upwardly revised pace of 881,000 in September and were down 2.6 percent from a year earlier. Housing starts for multifamily housing (5 or more units in a structure), at 343,000 units (SAAR), increased 6.2 percent from September but were down 4.5 percent from a year earlier. Note that month-to-month changes in the construction of multifamily homes are often volatile. The pace of homebuilding advanced in the Midwest and the South but slowed in the Northeast and the West.
- **Year-over-year house price increases continued to moderate.** The Federal Housing Finance Agency (FHFA) seasonally adjusted purchase-only house price index for September estimated that home values rose 0.2 percent over the previous month and 6.0 percent over the previous year, much less than the 6.3-percent annual gain in August. The FHFA index shows that U.S. home values are now 18.0 percent above their peak during the housing bubble set in March 2007 and stand 49.5 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 virtually no change in home values in September and year-over-year returns of 5.1 percent, down notably from the 5.5-percent annual gain recorded for August. A leveling off in month-over-month home values for an NSA index might be expected at this time of year when sales slow after the primary home-buying season (spring and summer), and house prices typically flatten or decline. (The FHFA and CoreLogic Case-Shiller price indices are released with a two-month lag.)
- **The months' supply of homes on the market rose for new homes but fell slightly for existing housing.** The listed inventory of new homes for sale at the end of October would support 7.4 months of sales at the current sales pace, up from 6.5 months in September and 5.6 months one year ago. Inventory was up 17.5 percent year-over-year to 336,000 available properties, the most since January 2009. The listed inventory of existing homes for sale represents a 4.3-month supply, down slightly from 4.4 months in September, but up from 3.9 months a year earlier. Available properties for sale, at 1.85 million units, were 1.6 percent lower than a year ago. 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.
- **The affordability of renting a home fell in the third quarter to its lowest level since the index was first recorded in the fourth quarter of 2000.** HUD's Rental Affordability Index (RAI), at 103.2, shows that the ability to rent a home declined 4.3 percent in the third quarter of 2018 and was down 6.8 percent over the four-quarter period. In real terms (inflation-adjusted), the median price of renting a home increased 5.1 percent from the second quarter, while the median income of a renter household only advanced 0.6 percent from the previous quarter, leading to the decline in rental affordability. Note that an RAI value of greater than 100.0 indicates that a renter household with median income has more than enough income to qualify for a median-priced rental home. According to NAR's composite housing (homeownership) affordability index, the affordability of purchasing a home increased slightly (0.4 percent) to 143.1 in the third quarter but was down 8.1 percent from a year ago.
- **Mortgage rates rose again in November.** The 30-year fixed rate mortgage (FRM) reached an average weekly low in November of 4.81 percent for the weeks ending November 21 and 29. This is up from October's weekly low of 4.71 percent for the week ending October 4. One year ago, the 30-year FRM was 3.90 percent. (Source: Freddie Mac).



Housing Market Indicators Monthly Update | November 2018

House Prices Continued to Rise in September

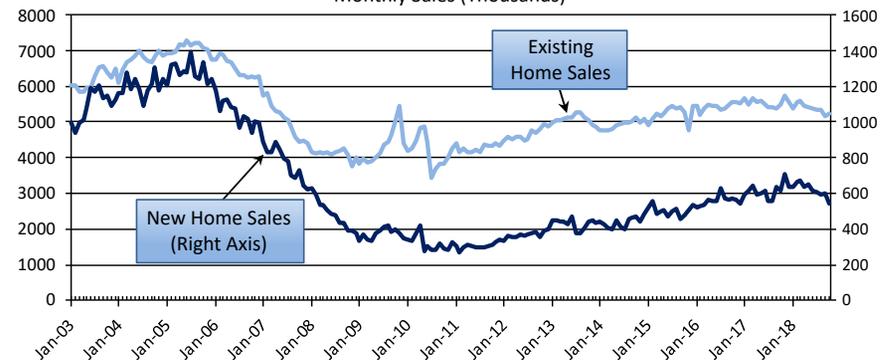
Monthly House Price Trends by Index (\$ Thousands)



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

Existing Home Sales Rose in October but New Home Sales Fell

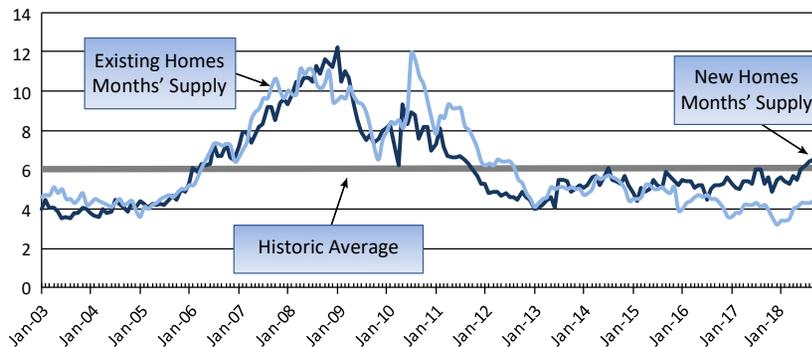
Monthly Sales (Thousands)



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

The Months' Supply of New Homes for Sale Is Above the Historic Norm

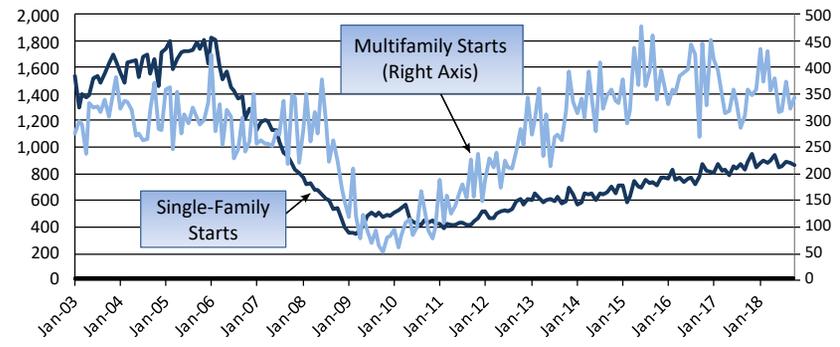
National Months' Supply of New and Existing Homes (Months)



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

New Construction Rose for Multifamily Housing but Fell for Single-Family Homes

National Housing Starts (Thousands)

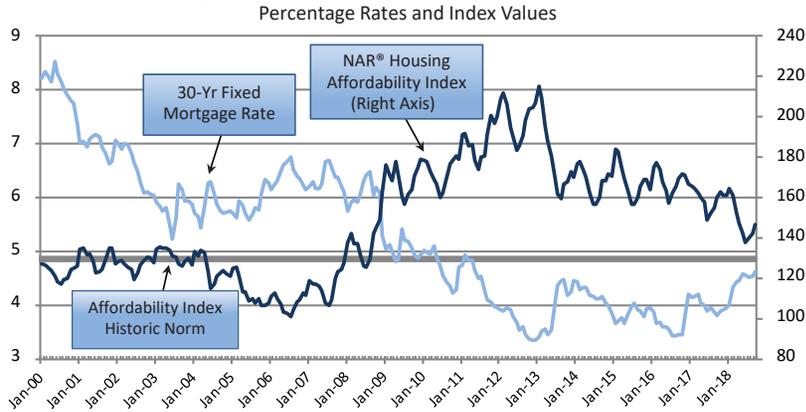


Seasonally Adjusted Annual Rate
Sources: Census Bureau and HUD.



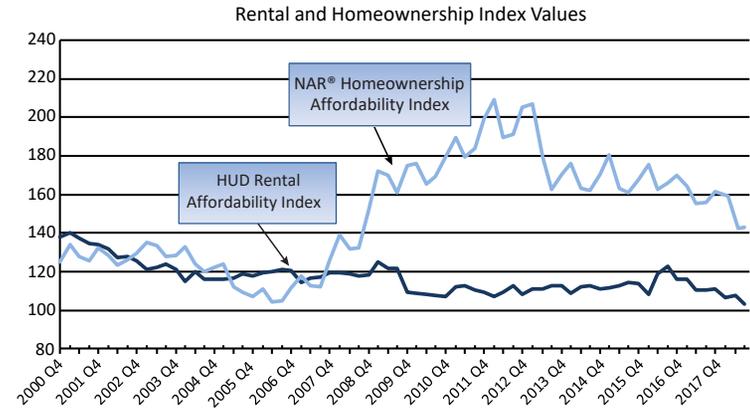
Housing Market Indicators Monthly Update | November 2018

Homeownership Affordability Remains Above Historic Norm, Mortgage Rates Have Risen Since September 2017



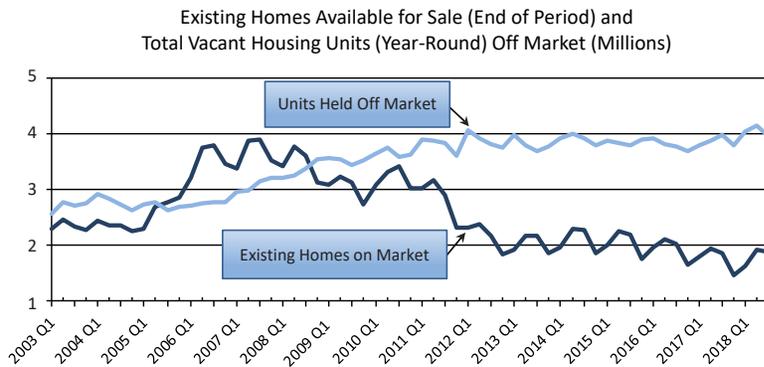
The historic norm of 128 is the median value of NAR's composite housing affordability index since 1989. Sources: Freddie Mac and National Association of Realtors®.

Rental Affordability Remains a Challenge Due to Rising Rents



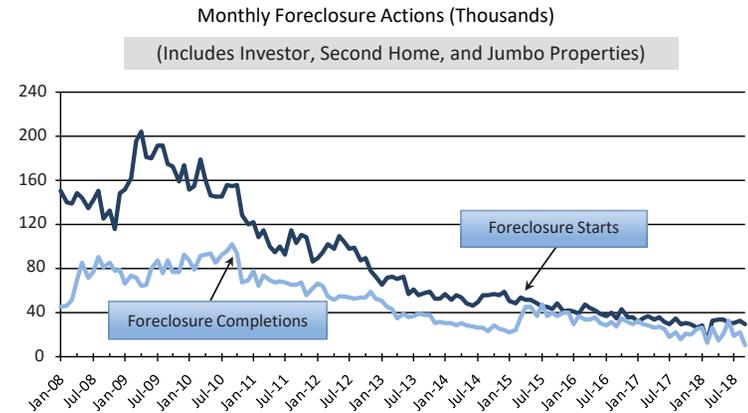
Sources: Census Bureau ACS and 2000 Decennial Census, BLS, CPS, HUD, and National Association of Realtors®. See Note 3, Sources and Methodology.

Supply of Existing Homes Fell in the Third Quarter, Number of Units Held Off the Market Remains High



Sources: National Association of Realtors® and Census Bureau.

Foreclosure Filings Have Trended Downward



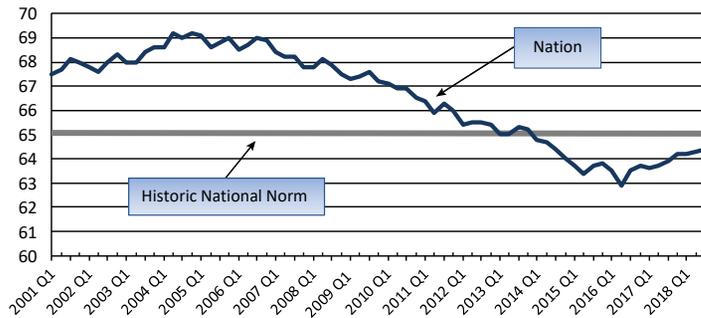
Foreclosure starts are default notices or scheduled foreclosure auctions, depending on the state. Source: ATTOM Data Solutions. See Note 4, Sources and Methodology.



Housing Market Indicators Monthly Update | November 2018

The National Homeownership Rate Continued to Rise in the Third Quarter

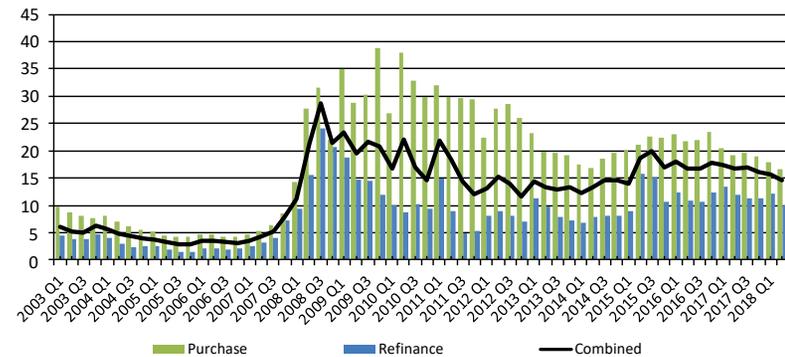
National Homeownership Rate (Percent)



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

FHA Mortgage Lending

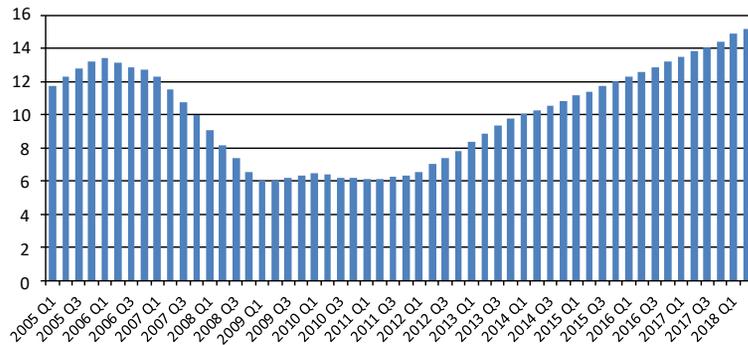
FHA as Share of Quarterly Mortgage Originations by Type (Percent)



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

Home Equity Has Surpassed Its Peak Set in 2006 Since the Beginning of 2017

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



Source: Federal Reserve Board.



Housing Market Indicators Monthly Update | November 2018

HOUSING MARKET FACT SHEET				
Indicator	This Period	Last Period	Year Ago	Latest Release
Mortgage Rates (30-Yr FRM, percent)	4.81	4.81	3.90	29-Nov-18
Homeownership Affordability (index)	146.7	142.2 (r)	160.1	September-18
Rental Affordability (index)	103.2	107.8	110.8	3rd Q 18
Home Prices (indices)				
CoreLogic Case-Shiller (NSA)	213.8	213.8	203.3	September-18
FHFA (SA)	266.9	266.4 (r)	251.9	September-18
CoreLogic - Excluding Distressed Sales (NSA)	202.8 (s)	202.1 (s,r)	192.7 (s)	September-18
Home Sales				
New (thousands, SAAR)	544	597 (r)	618	October-18
Existing (thousands, SAAR)	5,220	5,150	5,500	October-18
First-Time Buyers (thousands, SAAR)	1,902 (s)	1,897 (s,r)	2,019 (s)	October-18
Distressed Sales (percent, NSA)	4	4 (r)	5	September-18
Housing Supply				
New Homes for Sale (thousands, SA)	336	322	286	October-18
New Homes for Sale - Months' Supply (months, SA)	7.4	6.5 (r)	5.6	October-18
Existing Homes for Sale (thousands, NSA)	1,850	1,880	1,800	October-18
Existing Homes - Months' Supply (months)	4.3	4.4	3.9	October-18
Vacant Units Held Off Market (thousands)	3,963	4,146	3,966	3rd Q 18
Housing Starts				
Total (thousands, SAAR)	1,228	1,210 (r)	1,265	October-18
Single-Family (thousands, SAAR)	865	881 (r)	888	October-18
Multifamily (thousands, SAAR)	343	323 (r)	359	October-18
Mortgage Originations (thousands)				
Purchase Originations	1,313.5	1,248.9	1,254.2	3rd Q 18
Refinance Originations	476.8	506.9	629.8	3rd Q 18
FHA Mortgage Originations (thousands)				
Refinance Originations	19.6 (p)	15.1 (r)	25.7	October-18
Purchase Originations	61.9 (p)	59.0 (r)	66.9	October-18
Purchases by First-Time Buyers	50.7 (p)	44.9 (r)	54.7	October-18
Mortgage Delinquency Rates (percent)				
Prime	1.8 (s)	2.1 (s)	2.3	October-18
Subprime	22.7 (s)	22.7 (s)	24.2	October-18
FHA	8.9	9.4	10.1	October-18
Seriously Delinquent Mortgages (thousands)				
Prime	196 (s)	204 (r,s)	256	October-18
Subprime	163 (s)	158 (s)	201	October-18
FHA	327	331	353	October-18
Change in Aggregate Home Equity (\$ billions)	320.0	435.1 (r)	290.7	2nd Q 18
Underwater Borrowers (thousands)	2,242	2,463 (r)	2,807	2nd Q 18
National Homeownership Rate (percent)	64.4	64.3	63.9	3rd Q 18
Foreclosure Actions (thousands)				
Foreclosure Starts	27.2	28.9	30.9	October-18
Foreclosure Completions	23.7	10.8	21.5	October-18
Short Sales	2.9 (p)	4.2 (r)	3.9	September-18
REO Sales	11.1 (p)	15.6 (r)	18.5	September-18

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 | November 2018

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)	Monthly	Federal Housing Finance Agency	FHFA monthly (purchase-only) index for US, 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 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), townhomes 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)	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 | November 2018

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 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 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

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 additional filters to make sure all FHA and VA loans were excluded from the data to insure 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 revised downward from 35 percent for 2016 to 34 percent for 2017 with the October 2017 release of the NAR Profile of Home Buyers and Sellers 2017 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.