

Understanding the New Housing Market: Consequences and Opportunities for Rental Housing

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Federal Reserve Bank of Atlanta

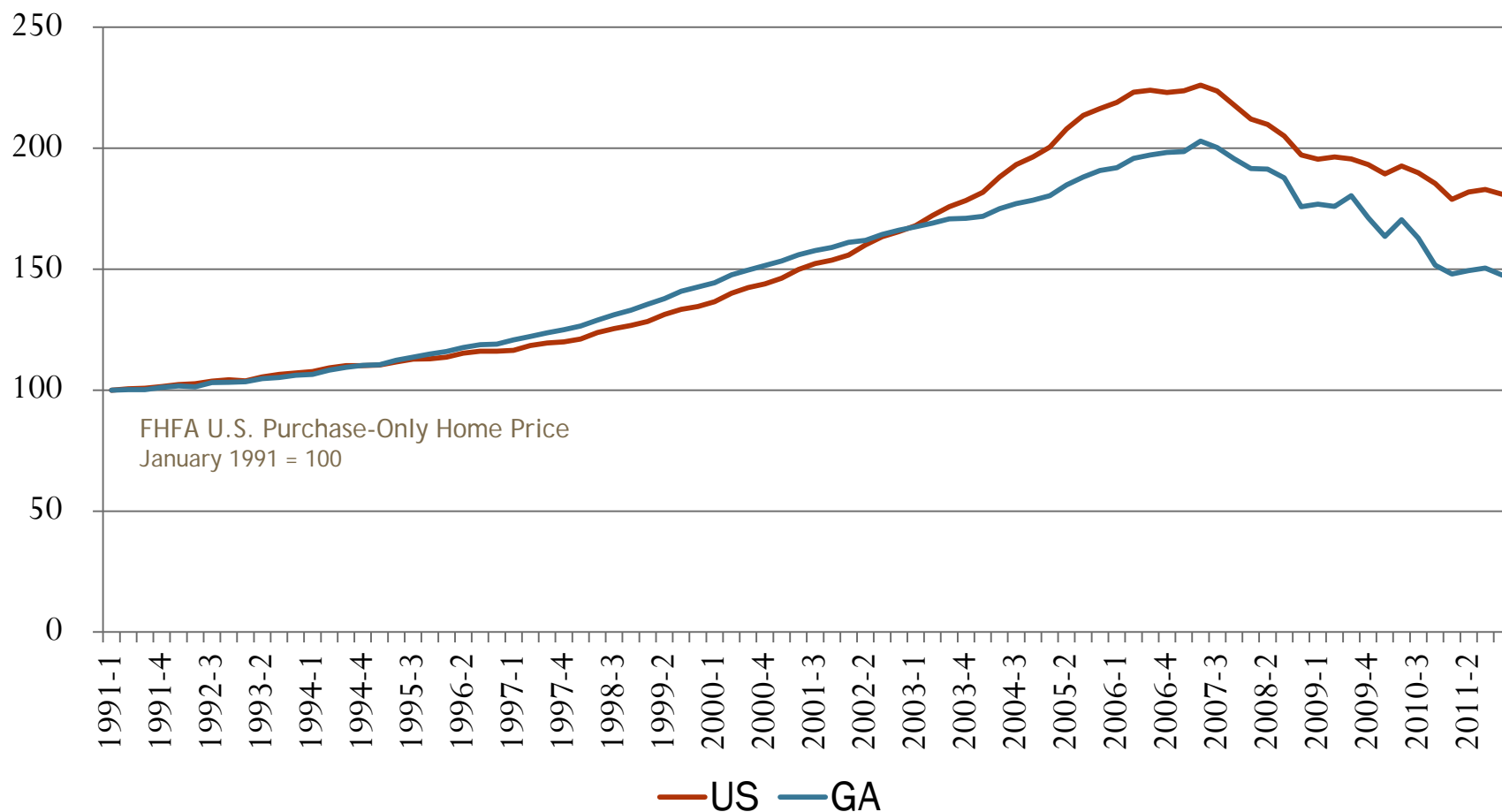
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OVERVIEW:

- HOUSING CONDITIONS
 - Price
 - Negative Equity
 - Home Sales
 - Foreclosure
- RENT OR OWN
 - Post foreclosure
 - Homeownership rates and effective homeownership
 - Demographics of homeownership
 - Homeownership and housing crisis
 - Employment

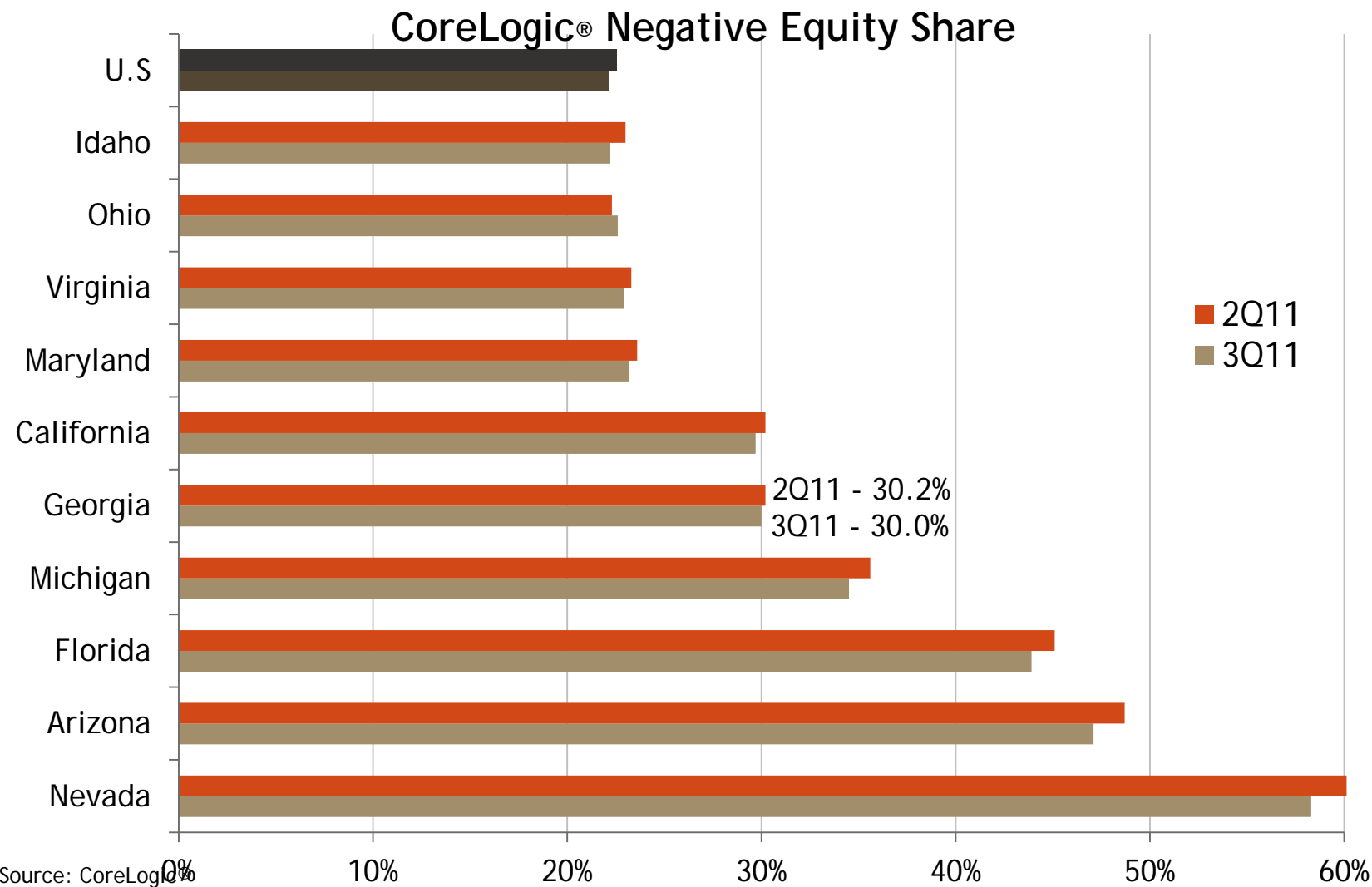
HOUSING CONDITIONS:

home prices continue to decline



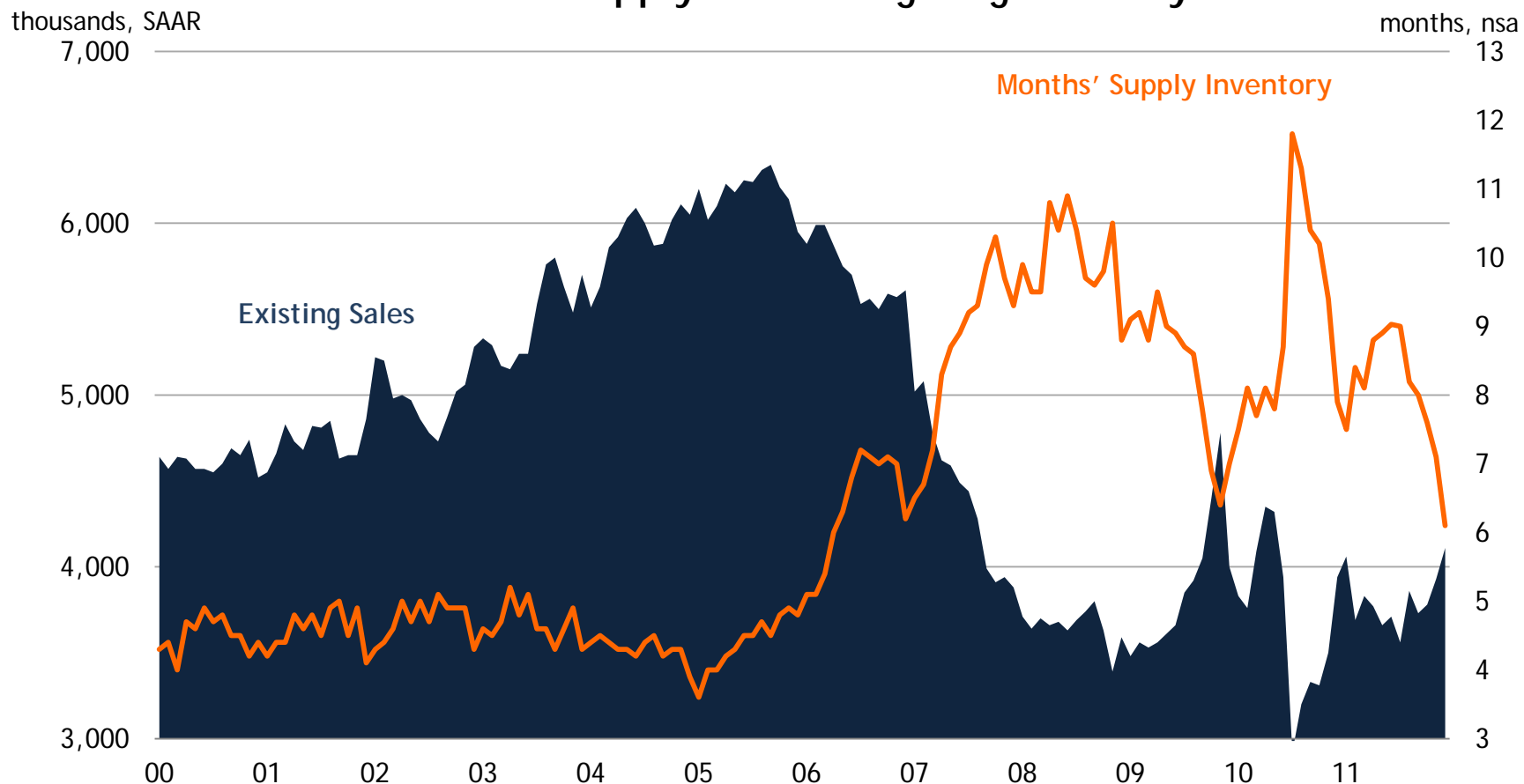
SOURCE: FHFA Home Price Index, Purchase Only, NSA

HOUSING CONDITIONS: negative equity



HOUSING CONDITIONS: existing home sales on a upward trend

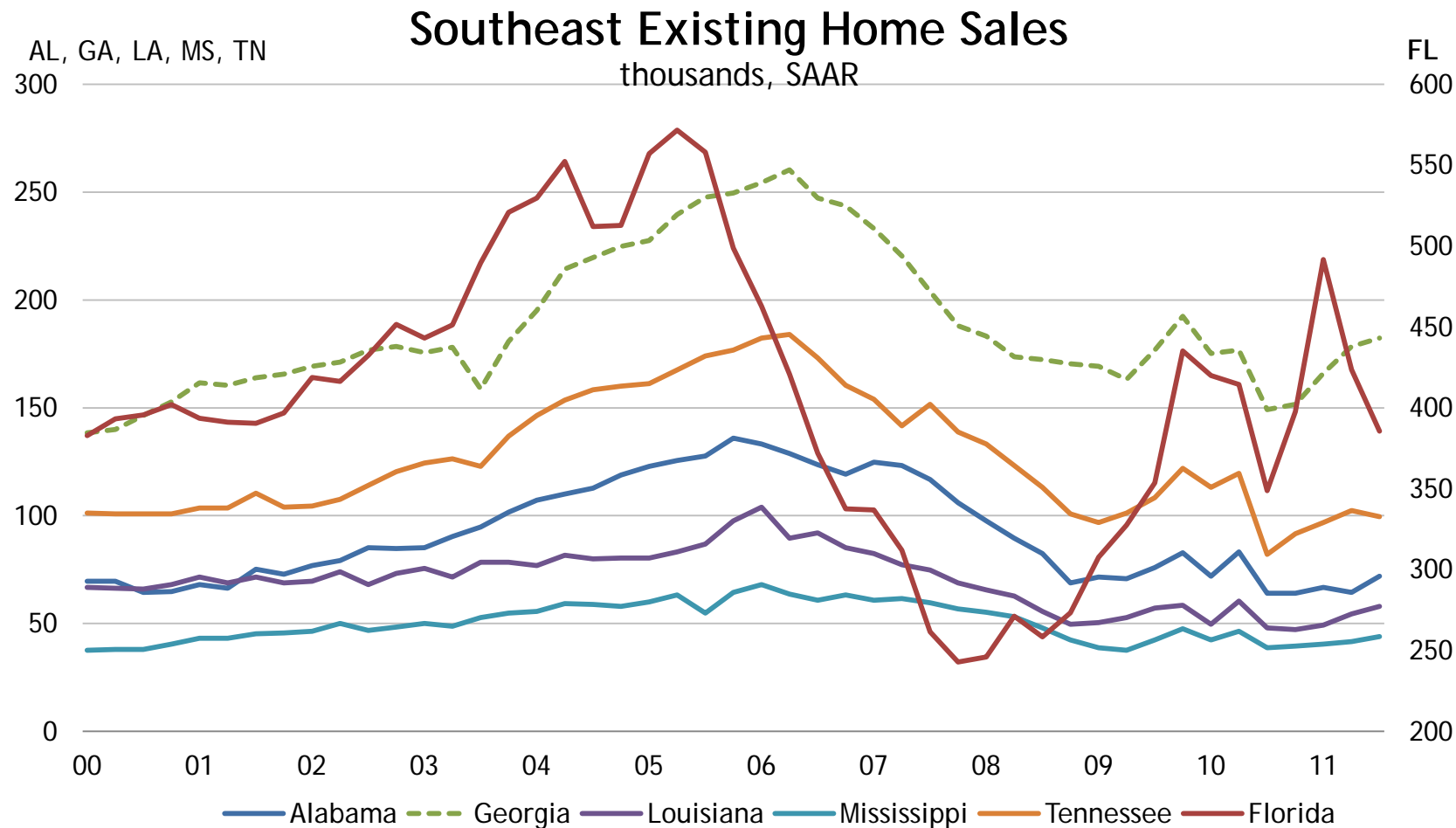
Sales and Months' Supply of Existing Single-Family Homes



Source: National Association of Realtors

thru December 2011

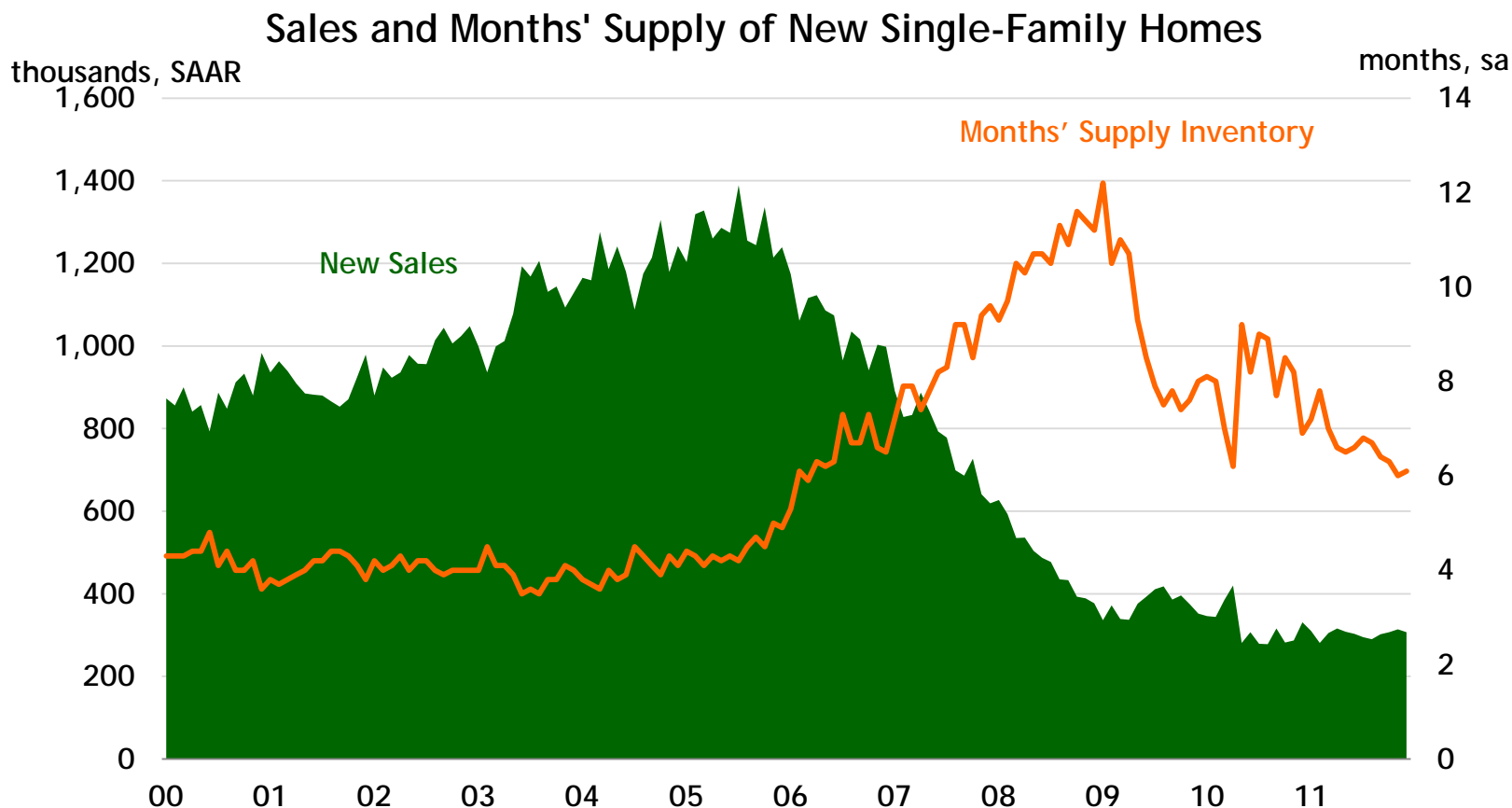
HOUSING CONDITIONS: existing home sales by state



Source: National Association of Realtors

through Q3 2011

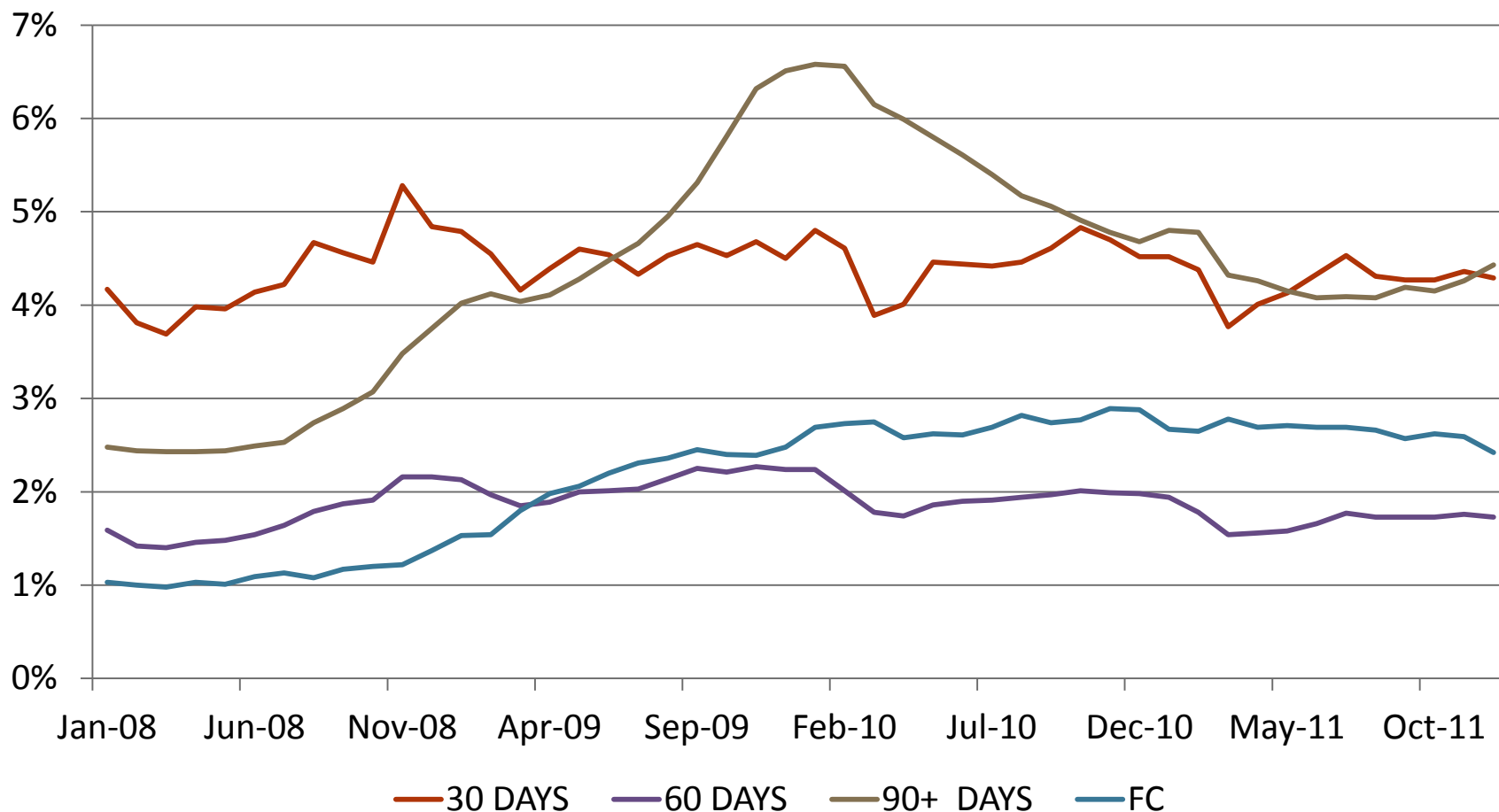
HOUSING CONDITIONS: new home sales relatively flat



Source: U.S. Census Bureau and U.S. Department of Housing and Urban Development

thru December 2011

HOUSING CONDITIONS: Georgia delinquency & foreclosure rates, Dec 2011



Note: **All first liens** (prime, near-prime, and subprime mortgages) that were delinquent (30 days, 60 days, or 90+ days) or in foreclosure January 2008–December 2011.

Source: Staff calculations based on data provided by LPS Applied Analytics

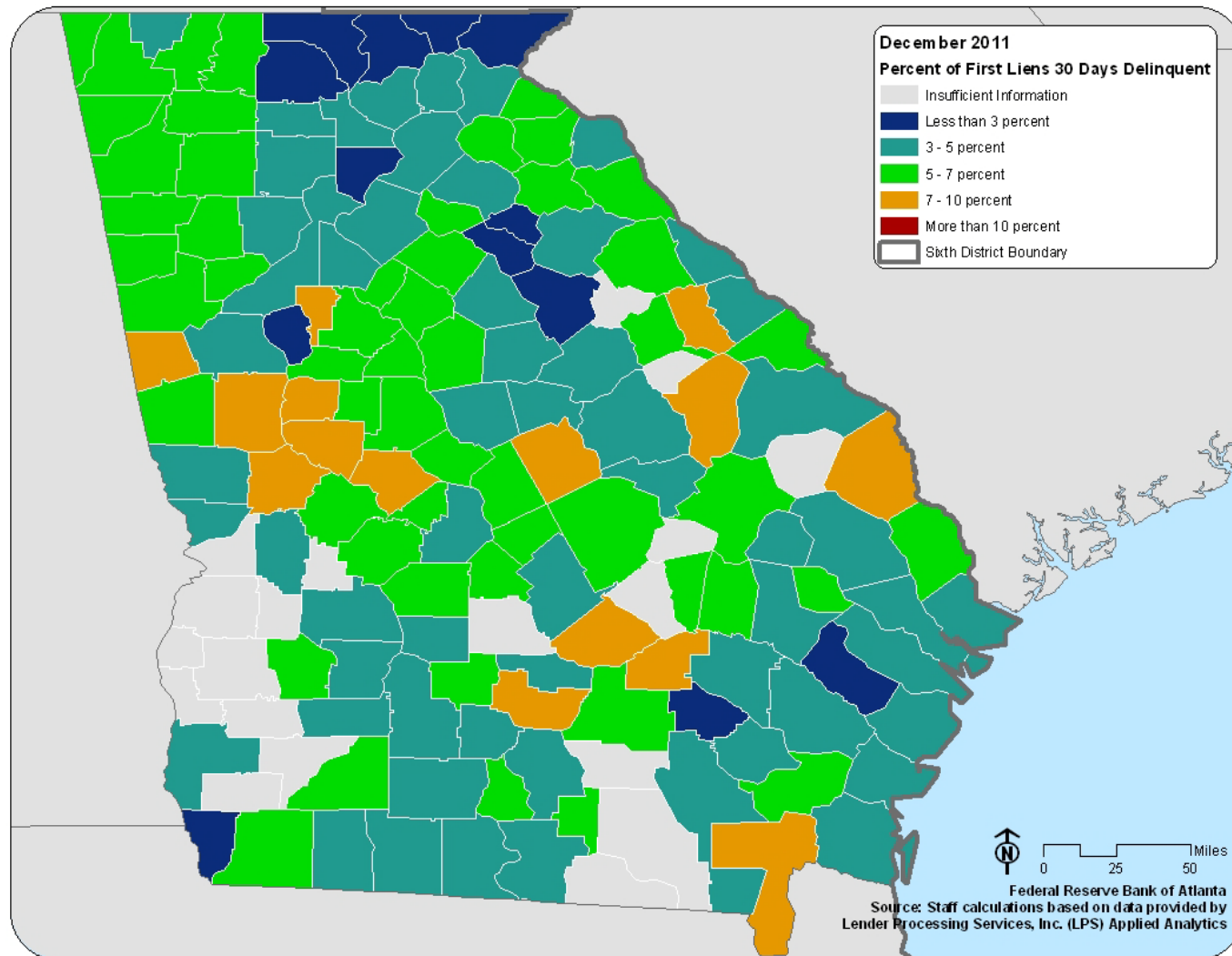
HOUSING CONDITIONS: county delinquency & foreclosure rates, Dec 2011

County	30 Days	90+ Days	Foreclosure
Barrow	5.78%	5.46%	3.05%
Berrien	3.93%	4.19%	2.94%
Gwinnett	3.78%	4.79%	2.95%
Putnam	3.20%	3.12%	1.47%
Screven	7.32%	5.49%	1.83%
Washington	4.98%	5.44%	1.21%

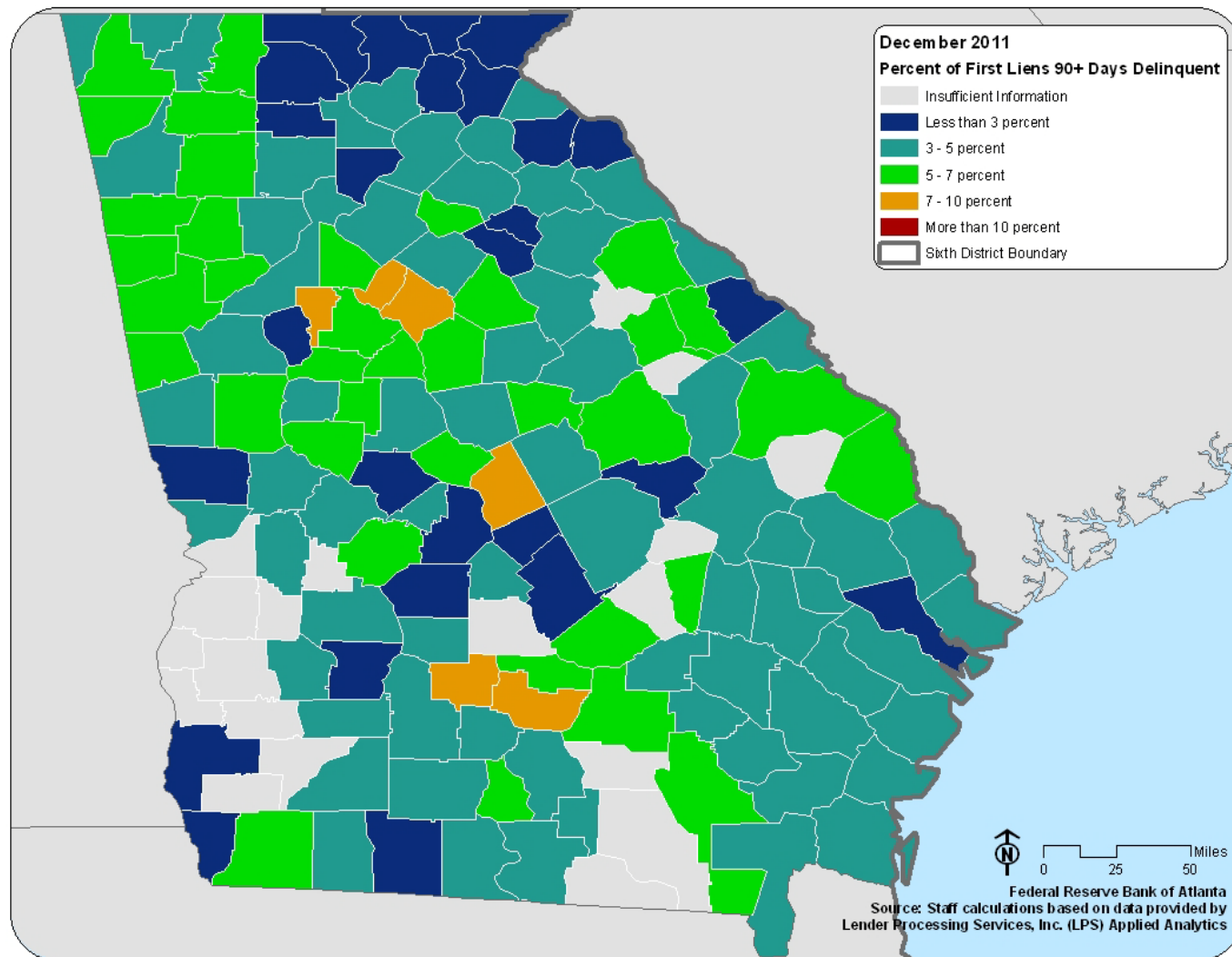
Note: Delinquency (30 days, 60 days, or 90+ days past due) and foreclosure rates (total number of loans in the data set divided by the corresponding number of loans that are delinquent or in foreclosure) for first liens (including prime, near-prime, and subprime mortgages) by county as of December 2011. Fields showing N/A indicate counties where the data set contains insufficient information to calculate rates.

Source: Staff calculations based on data provided by LPS Applied Analytics

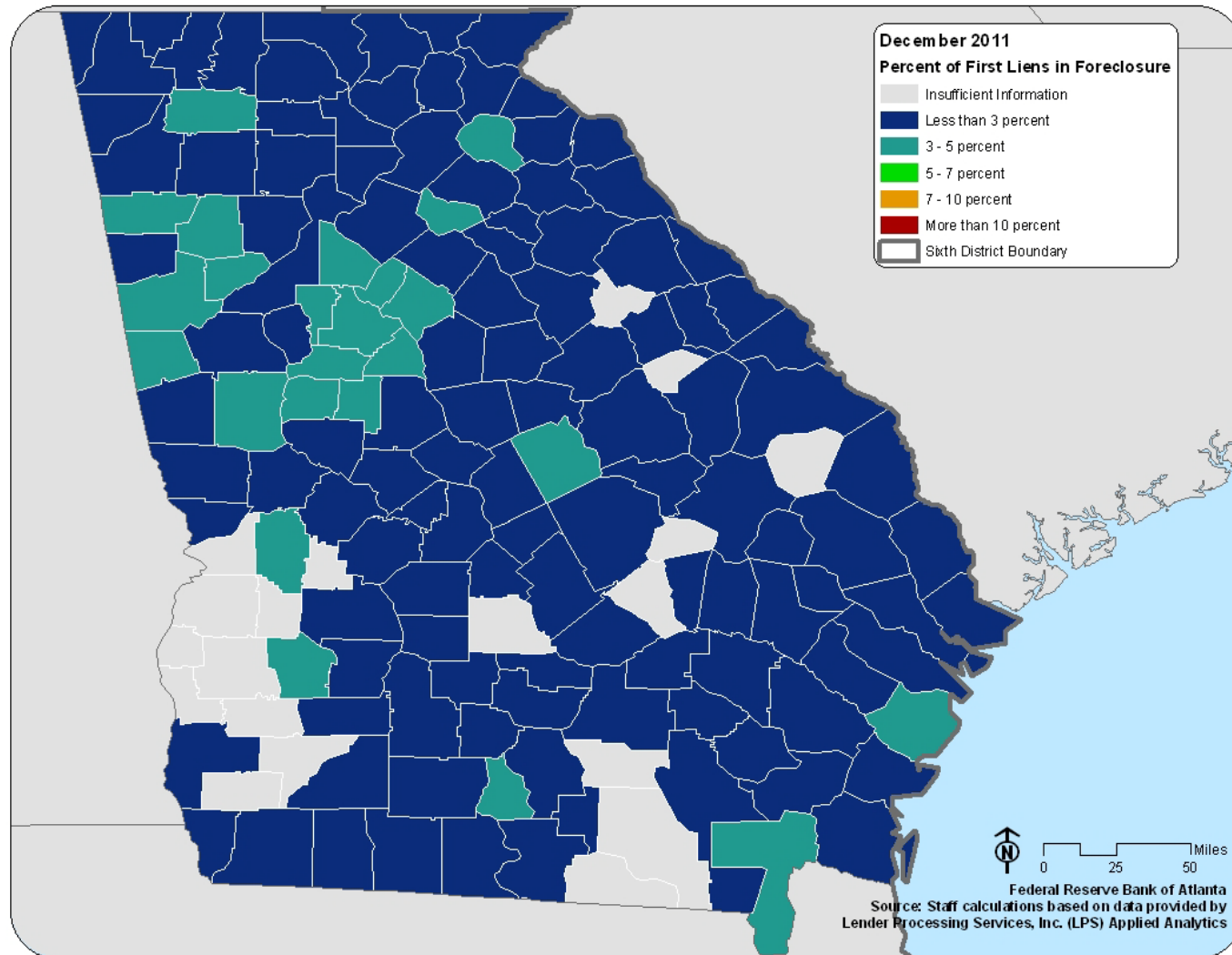
HOUSING CONDITIONS: 30 days delinquent



HOUSING CONDITIONS: 90+ days delinquent



HOUSING CONDITIONS: foreclosures



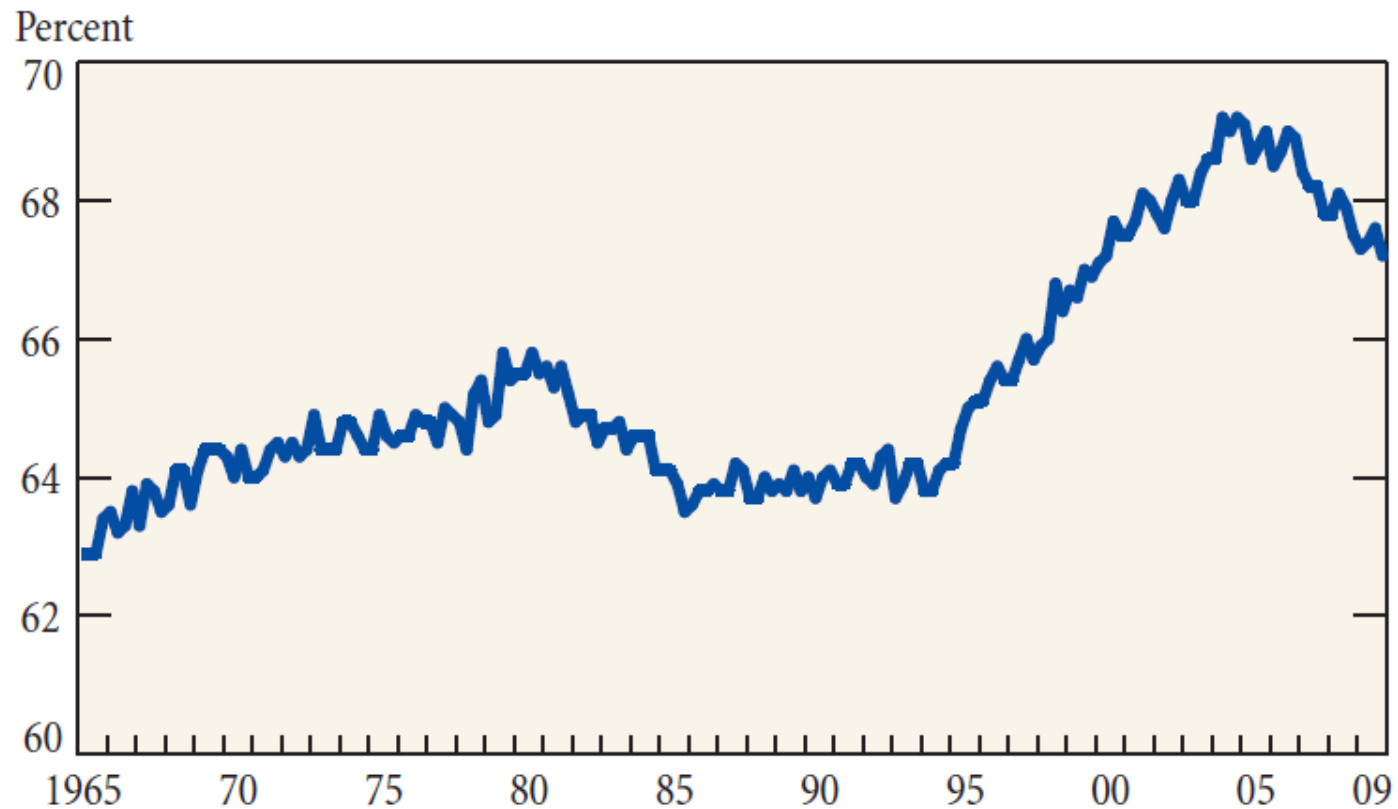
RENT OR OWN: post foreclosure housing

- Post-foreclosure borrowers:
 - are much less likely to live in owner-occupied units
 - are much less likely to have a mortgage than the comparison group.
 - are less likely to live with other household members who have a mortgage (only 17 percent of the post-foreclosure individuals lived in a household where at least one person had a mortgage, compared to 82 percent of the comparison group)
 - Don't experience a noticeably change in average household size.

SOURCE: **The Post-Foreclosure Experience of U.S. Households in the Current Housing Market Downturn**, Raven Molloy and Hui Shan, Federal Reserve Board of Governor, 2011, www.frbsf.org/community/conferences/2011ResearchConference/docs/3a-molloy-shan.pdf

RENT OR OWN: homeownership rates

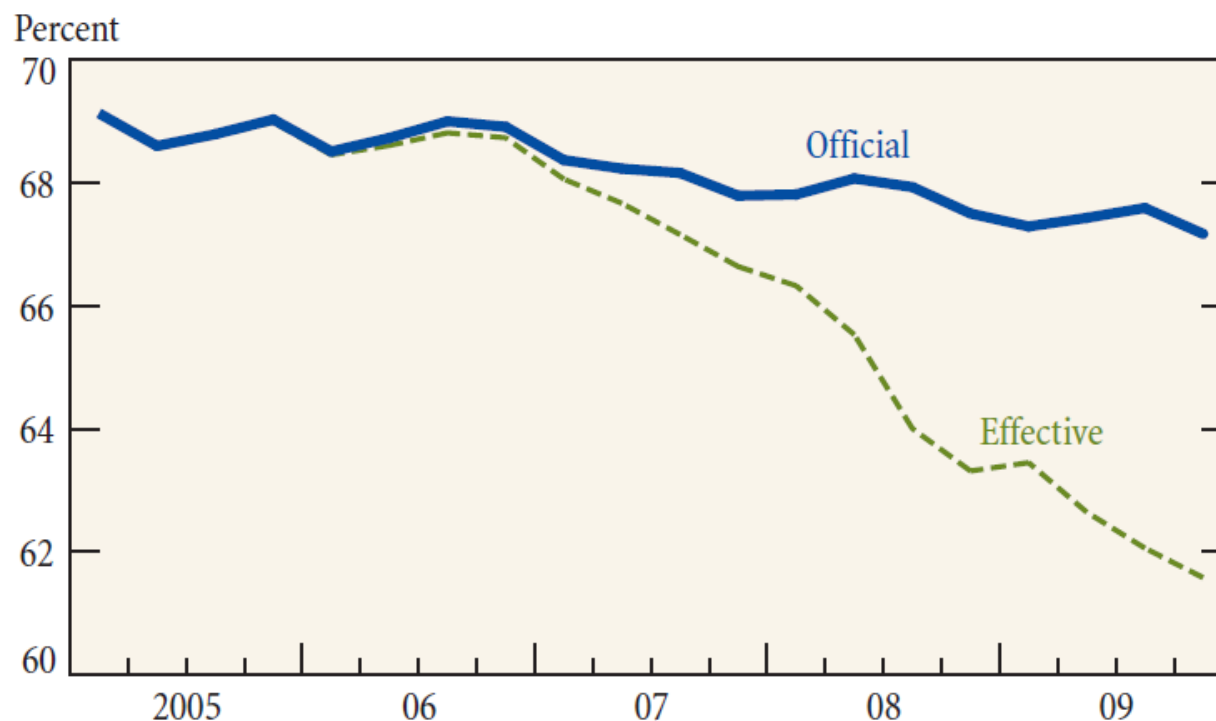
Aggregate Official Homeownership Rate



Source: U.S. Bureau of the Census, Housing and Economic Statistics Division.

RENT OR OWN: effective homeownership rates

Aggregate Official and Effective Homeownership Rates

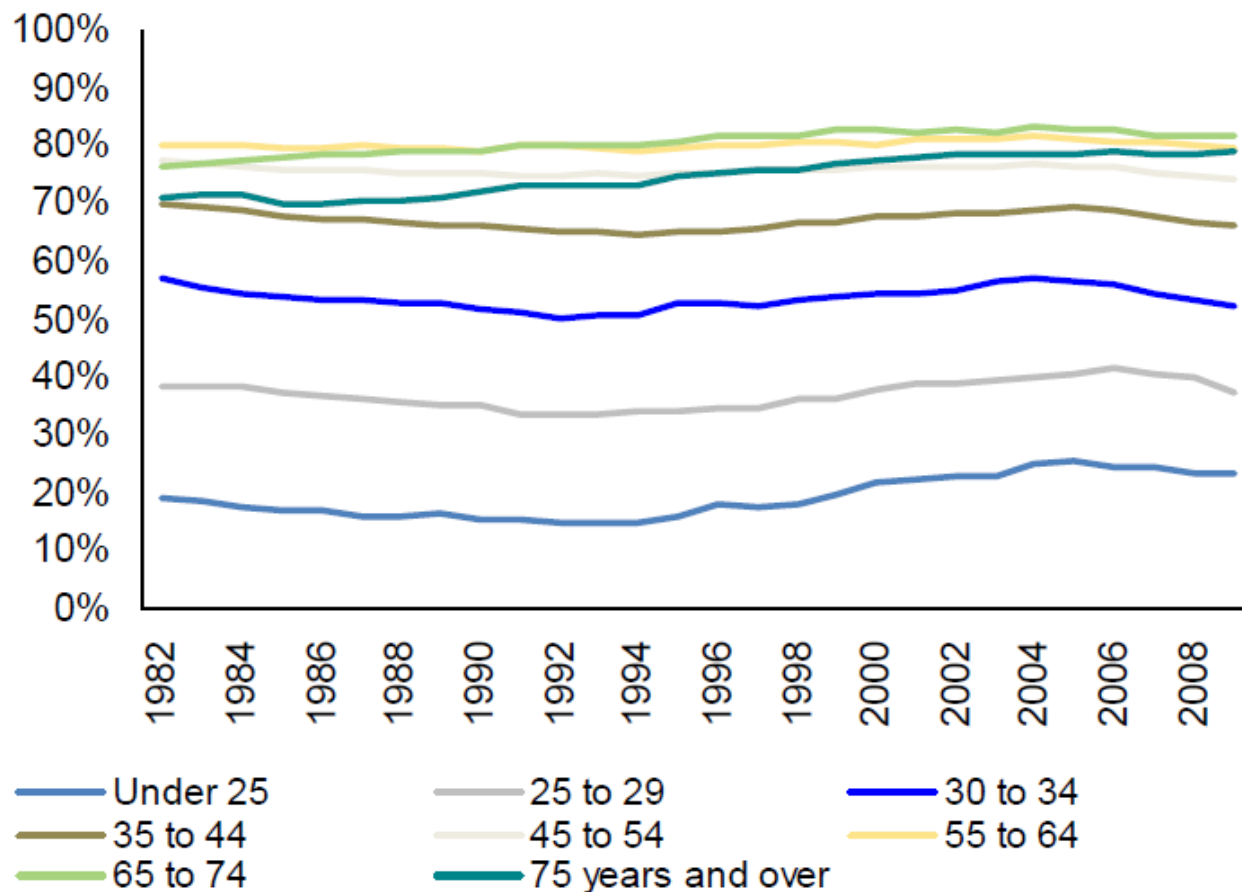


Sources: U.S. Bureau of the Census; LPS Applied Analytics and LP data;
authors' calculations.

SOURCE: *Current Issues: The Homeownership Gap*, by Andrew Haughwout, Richard Peach, and Joseph Tracy, Federal Reserve Bank of New York; www.newyorkfed.org/research/current_issues/ci16-5.pdf

RENT OR OWN: age and homeownership

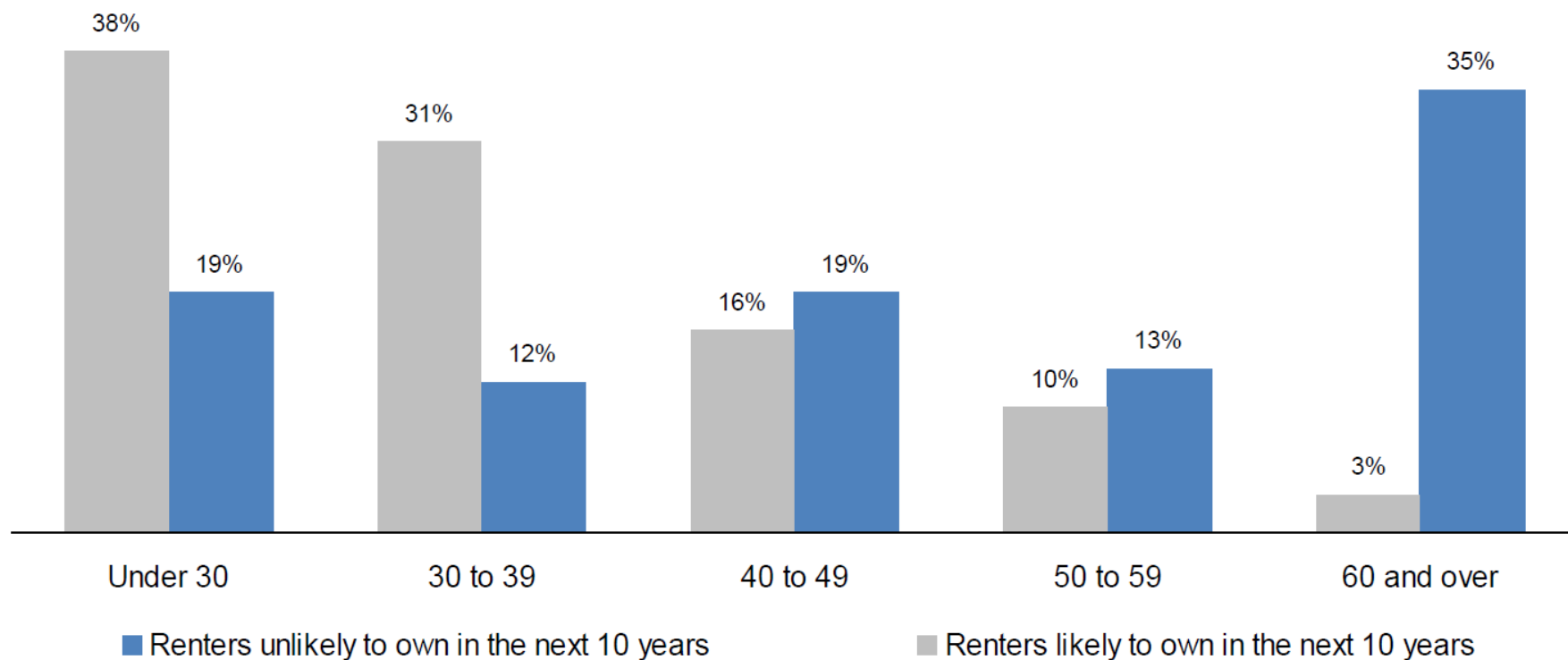
Ownership rates by age group



SOURCE: Fannie Mae, *Own-Rent Analysis*, Dec 2010, www.fanniemae.com/resources/file/research/ownrent/pdf/Own-Rent-Analysis-Housing-Choices.pdf

RENT OR OWN: the demographics of preference

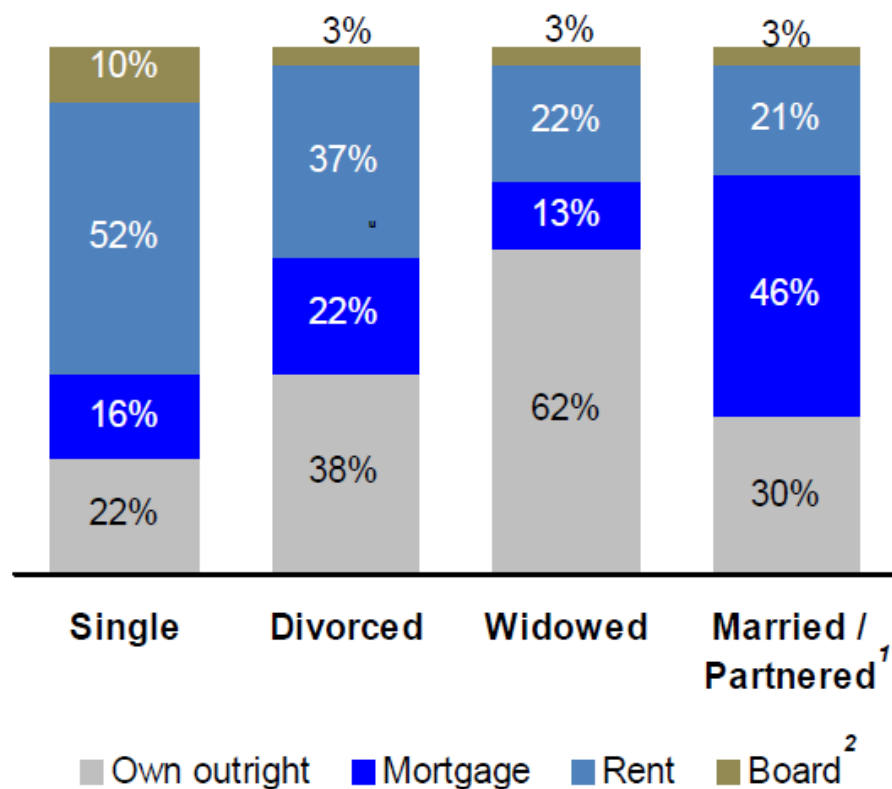
*What is your age?**



SOURCE: Fannie Mae, *Own-Rent Analysis*, Dec 2010, www.fanniemae.com/resources/file/research/ownrent/pdf/Own-Rent-Analysis-Homeownership-Aspiration.pdf

RENT OR OWN: household type and housing situation

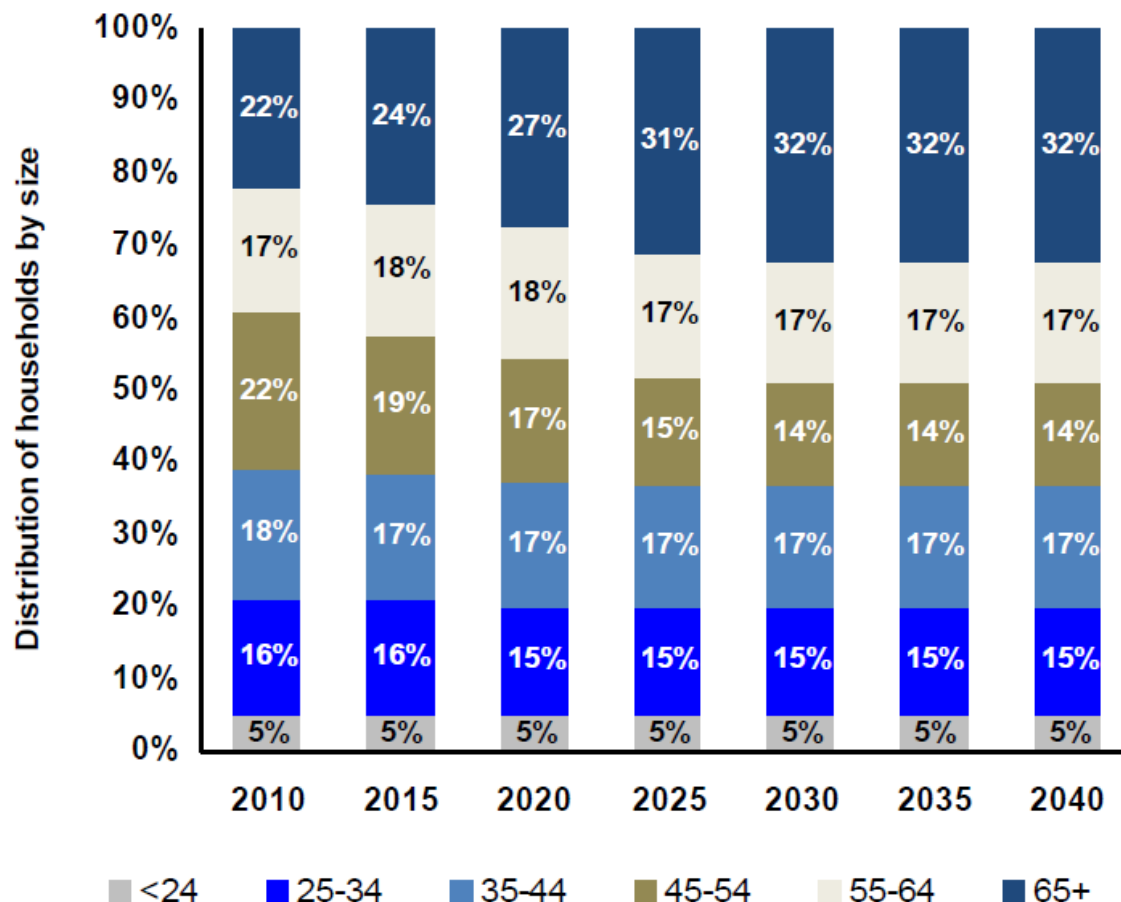
What is your current housing situation?



SOURCE: Fannie Mae, *Own-Rent Analysis*, Dec 2010, www.fanniemae.com/resources/file/research/ownrent/pdf/Own-Rent-Analysis-Housing-Choices.pdf

RENT OR OWN: demographic projections

Household age distribution projection

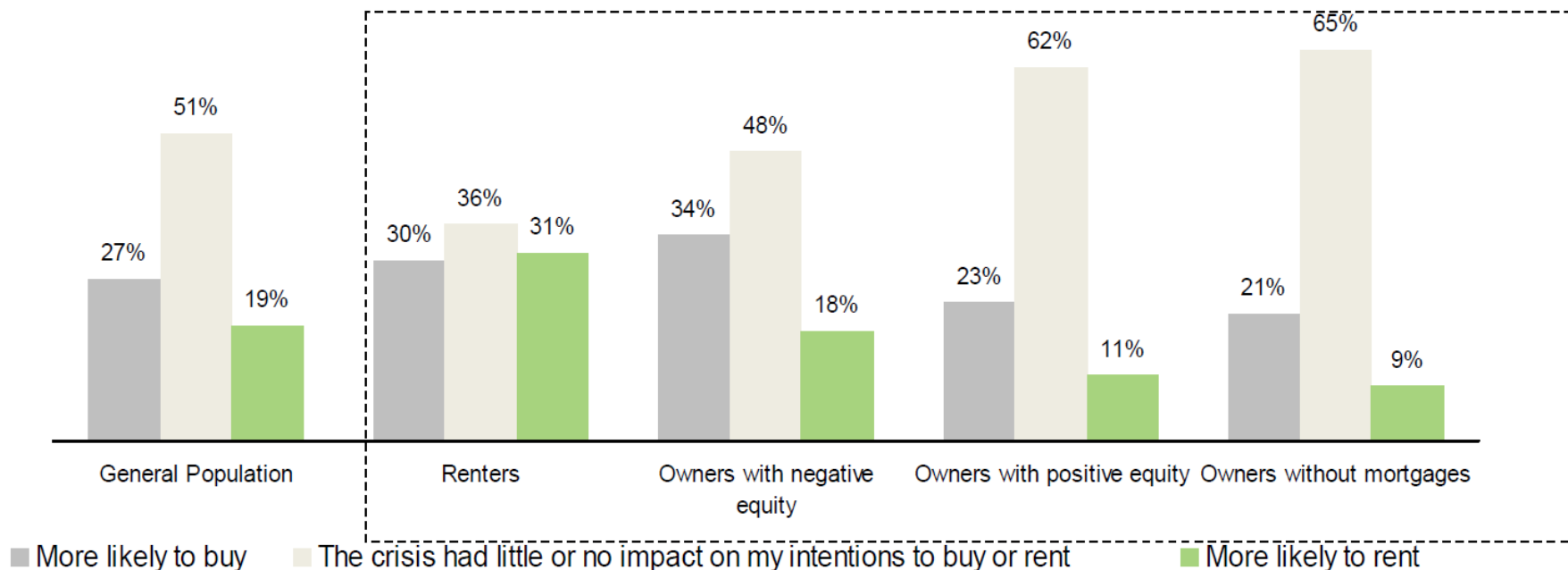


SOURCE: Fannie Mae, *Own-Rent Analysis*, Dec 2010, www.fanniemae.com/resources/file/research/ownrent/pdf/Own-Rent-Analysis-Housing-Choices.pdf

RENT OR OWN: housing crisis impact on housing preference

Has the housing crisis made you...?*

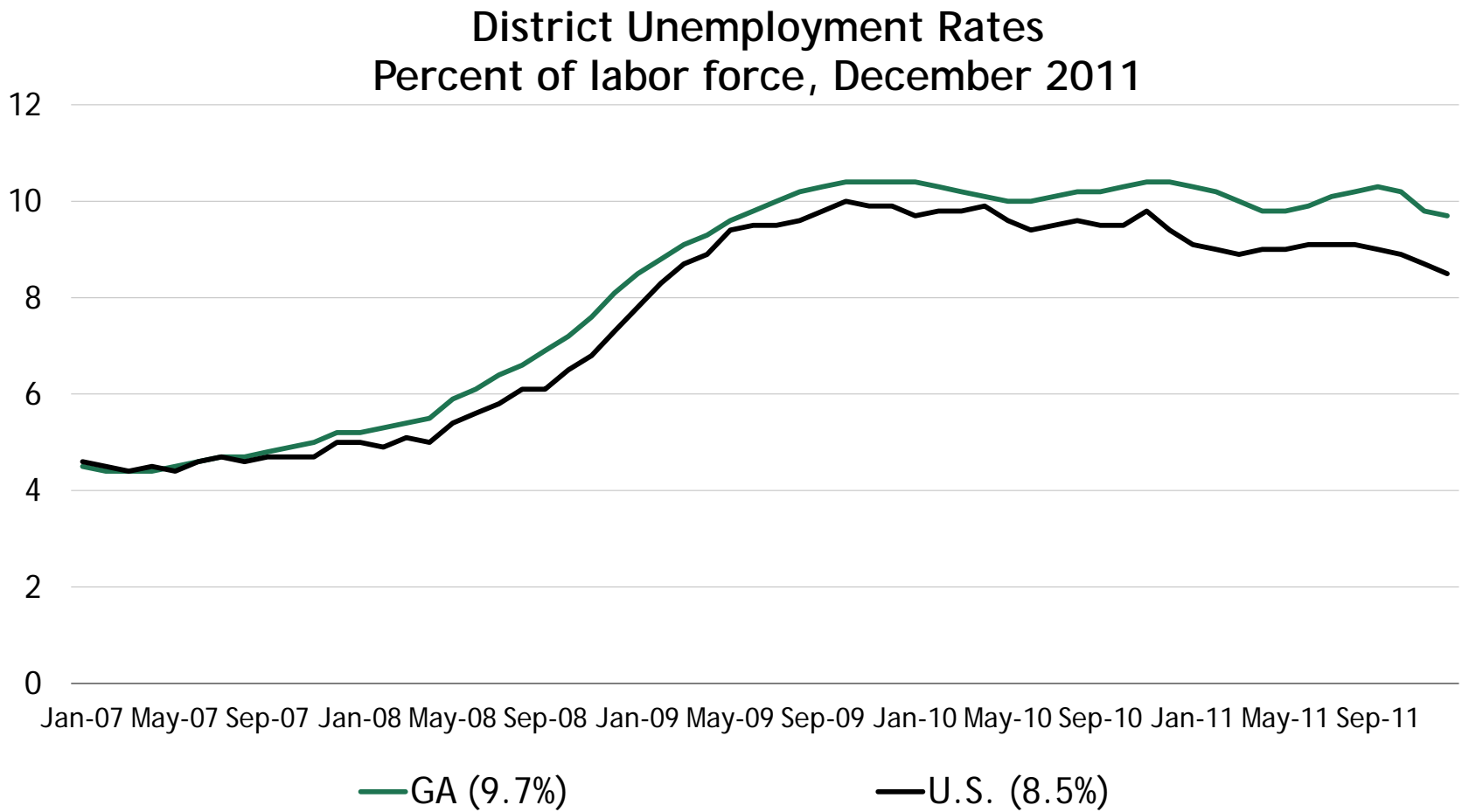
Respondents grouped by current housing situation



- Recent experiences in the real estate market do not appear to have reduced the appetite for home ownership
- Underwater borrowers are more likely to report that the crisis has increased their intentions to buy likely due to improved affordability from lower house prices

SOURCE: Fannie Mae, *Own-Rent Analysis*, Dec 2010, www.fanniemae.com/resources/file/research/ownrent/pdf/Own-Rent-Analysis-Homeownership-Aspiration.pdf

RENT OR OWN: unemployment rates remain elevated



Source: U.S. Bureau of Labor Statistics

ABOUT the
Federal Reserve Bank of Atlanta

2012 CED Work Plan...Six Core Issues

ISSUES

Small Business
Develop-ment
and Entrepre-
neurship

Workforce
Develop-ment
and
Unemploy-
ment

Foreclosure
Response and
Neighbor-
hood
Stabilization

Financial
Access and
Stability

CRA and
Community
Develop-ment
Finance

Disaster
Prepared-ness

GOALS

Enhance small
business/
entrepre-neurial
ecosystems and
inform the policy
making process.

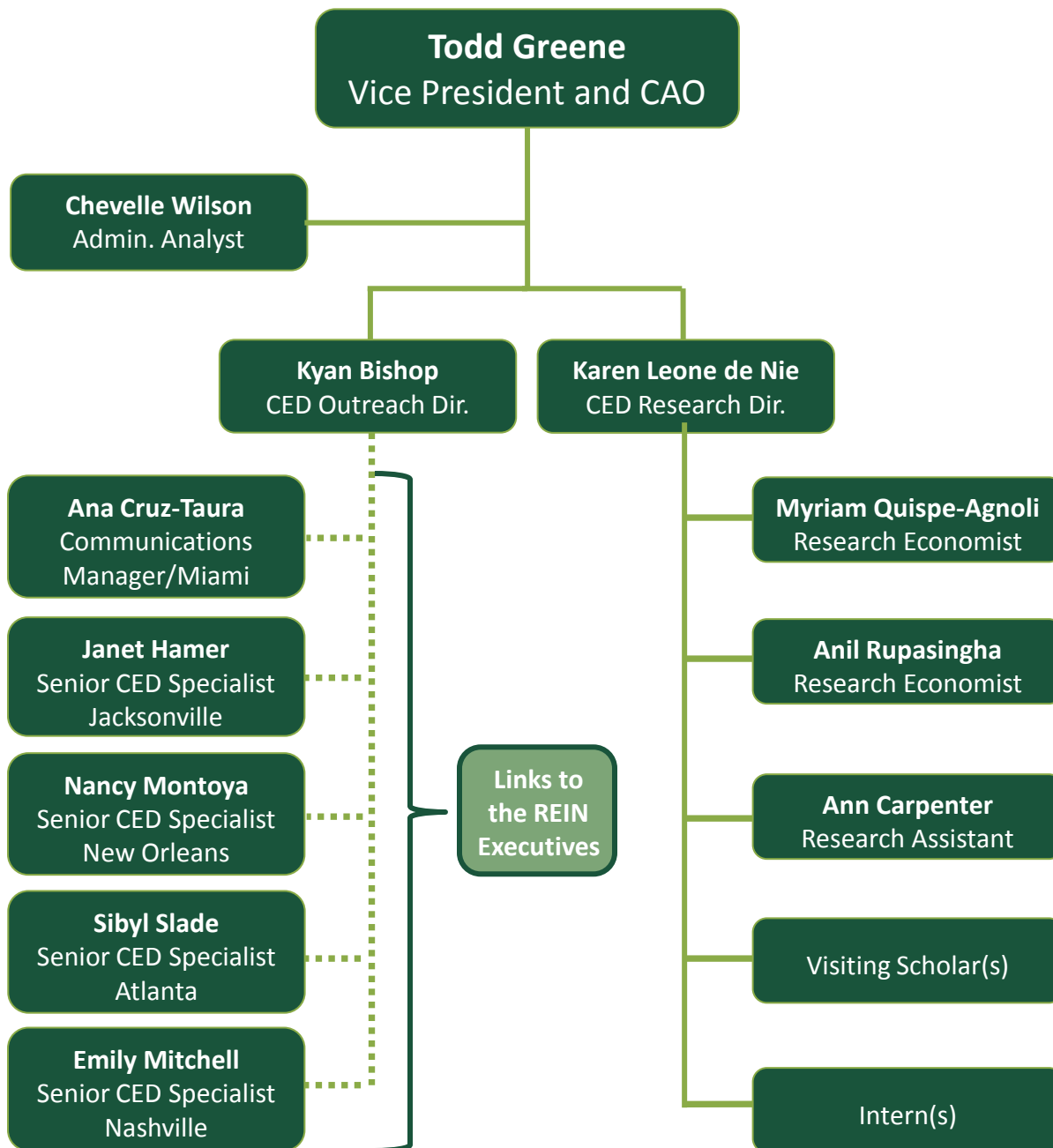
Foster
partnerships to
develop and
implement
solutions to
chronic
unemploy-ment.

Enhance District
response
strategies by
fostering dialogue
and providing
timely
information.

Improve access to
mainstream
financial services
and asset building
opportunities.

Enhance the
community and
economic
development
finance
infrastructure in
the District.

Improve
networks to
promote effective
response and
long-term
recovery for
communities
struck by disaster



CED Team

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Partners Update

Partners Update is an online newsletter addressing community and economic development trends, issues, and events. Updated continuously, it offers timely articles, research roundups, and links to podcasts created by the Atlanta Fed's Community and Economic Development group.

www.frbatlanta.org/pubs/partnersupdate/



Economic Development Podcast Series

- Tax Relief? An Innovative Proposal to Nurture Entrepreneurs
Bob Friedman, Corporation for Enterprise Development
- New Perspectives on Familiar Concepts in Economic Development
Jeff Finkel, IEDC
- The Important Role of Microenterprise in Job Creation
Connie Evans, Association for Enterprise Opportunity
- Can Self Employment Improve Economic Opportunities for Low Skilled Workers?
Magnus Lofstrom, Public Policy Institute of California
- and more...

www.frbatlanta.org/podcasts/economicdevelopment/



Delinquency & Foreclosure Trend Reports

Delinquency and Foreclosure Trends – State of Louisiana Second Quarter, 2009

This report provides an overview of trends in mortgage payment delinquency and foreclosure for the State of Louisiana. It is part of the Delinquency and Foreclosure Trends series, released quarterly, which provides information on mortgage market conditions in the six states that compose the Federal Reserve Bank of Atlanta district, including Alabama, Florida, Georgia, Louisiana, Mississippi and Tennessee.

The report provides four indicators to track delinquencies and foreclosures.

1. The first series of charts examine delinquency and foreclosure trends beginning in September 2007 and continuing through the most recent quarter for the entire state.
2. The second is a comparison across states looking at all past due accounts, beginning in September 2007 through the most recent quarter.
3. The third series provides a snapshot of delinquency and foreclosures by county.
4. And the final indicator maps year-over-year change in delinquencies and foreclosures by county.

About the data: The information in this report is based on an analysis of the Lender Processing Services Inc. (LPS) Applied Analytics dataset (formerly referred to as the "McDash Analytics" dataset). It covers approximately 60 percent of active residential mortgages in the United States, including agency, non-agency and portfolio products. As a whole, participating LPS servicers service both prime/near-prime (including "Alt-A") and subprime loans, but the dataset under represents subprime loans.

The LPS dataset is compiled from mortgage servicing firms that collect mortgage payments for investors and lenders and that handle the associated REO. By late 2008, nine of the top ten servicers, including Bank of America/Countrywide and Wells Fargo, and a total of eighteen firms provided data to LPS. The dataset does not include loans from the smaller servicers, which service a larger share of the prime market. Therefore, it is suggested that the credit quality of the average loan in the LPS dataset is probably lower than that of a randomly sampled U.S. mortgage.*

Delinquency and Foreclosure Trends in the State

Figure 1-a shows the percentage of **all first liens** (which include prime, near-prime and subprime) that were delinquent (30 days, 60 days or 90+ days) or in foreclosure beginning in September 2007 through June 2009. More than 11 percent of all first liens in the data set were in some degree of distress.

State of Louisiana, All First Liens

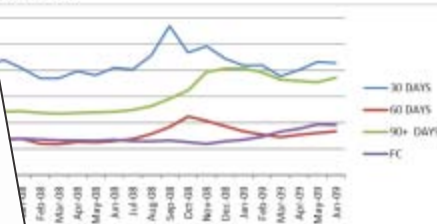
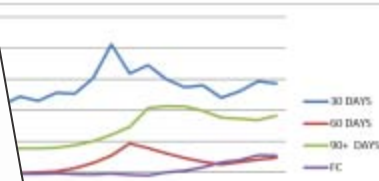


Figure 1-b shows the percentage of **only prime first liens** that were delinquent (30 days, 60 days or 90+ days) or in foreclosure beginning in September 2007 through June 2009. More than 9 percent of prime first liens were in distress.

State of Louisiana, Prime ONLY

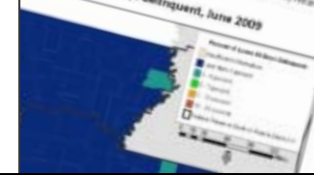


Delinquency and Foreclosure Rates by County, June 2009

Figure 2-a shows the percentage of **all first liens** (which include prime, near-prime and subprime) that were 30 days delinquent as of June 2009.



Figure 2-b shows the percentage of **all first liens** (which include prime, near-prime and subprime) that were 60 days delinquent as of June 2009.



www.frbatlanta.org/pubs/mdft/

The views expressed here are those of the Federal Reserve Bank of Atlanta's Community Affairs Department and do not necessarily reflect those of the Federal Reserve Board.



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Human Capital Compendium

This repository provides access to research published by the Board of Governors and all 12 Federal Reserve Banks on topics related to employment, unemployment, and workforce development.

www.frbatlanta.org/chcs/compendium/



Thank you!

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