Housing Market Indicators
Monthly Update

January 2020

U.S. Department of Housing and Urban Development

National housing market indicators available as of January showed activity in housing markets improved overall. Trends in some of the top indicators for this month include:
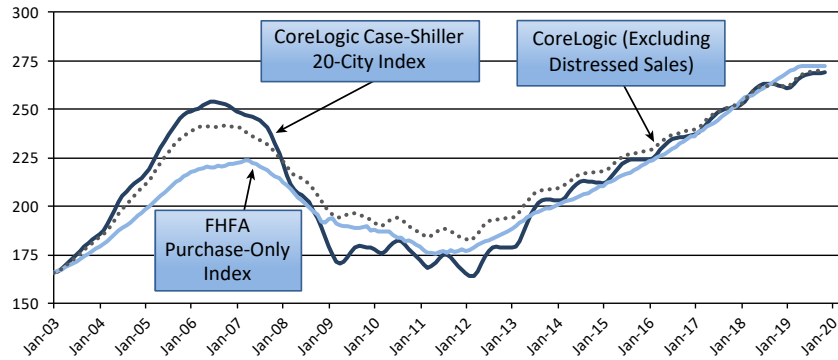
- **Purchases of new homes slipped a bit.** New single-family home sales fell slightly (-0.4 percent) to 694,000 units (SAAR) in December from a downwardly revised pace of 697,000 in November but were up 23.0 percent from a year ago. Purchases dropped in the Northeast and South Census regions. Note that monthly data on new home sales tend to be volatile. For all of 2019, 682,000 new homes were sold, 10.5 percent higher than 617,000 in 2018 and the highest number since 2007. (Sources: HUD and Census Bureau)

- **Sales of previously owned (existing) homes bounced back.** The National Association of Realtors® (NAR) reported that December sales of existing homes (including single-family homes, townhomes, condominiums, and cooperatives) were up 3.6 percent to 5.54 million units (SAAR) from a pace of 5.35 million in November and were 10.8 percent higher than a year earlier. Sales were up in all Census regions except the Midwest. For all of 2019, existing home sales were 5.34 million, the same as in 2018. Low mortgage rates typically strengthen sales, but the supply of housing is still relatively low.

- **Construction of single-family homes rose to their highest level since 2007.** Single-family housing starts were up 11.2 percent to 1.055 million homes (SAAR) in December and were 29.6 percent higher than a year earlier. Starts were up in the Midwest and South Census regions. Multifamily housing starts (5 or more units in a structure), at 536,000 units (SAAR), rose 32.0 percent from November and 74.6 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)

- **Year-over-year house price increases were fairly steady, with annual gains ranging from 3 to 5 percent.** The Federal Housing Finance Agency (FHFA) seasonally adjusted purchase-only house price index for November estimated that home values rose 0.2 percent over the previous month and 4.9 percent over the previous year, down from a 5.2 percent annual gain in October. The FHFA index shows that U.S. home values are 24 percent above their peak, set in March 2007 during the housing bubble, and stand 58 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 a 0.12-percent increase in home values in November and year-over-year returns of 2.6 percent, up from an annual gain of 2.2 percent for October.

(The FHFA and CoreLogic Case-Shiller® price indices are released with a 2-month lag.)

- **The inventory of new homes on the market rose, while the supply of existing homes fell.** The listed inventory of new homes for sale, at 327,000 units at the end of December, was up 1.6 percent from November but down 5.5 percent year-over-year. That inventory would support 5.7 months of sales at the current sales pace, up from 5.5 months in November but down from 7.4 months a year ago. Available existing homes for sale, at 1.40 million units in December, were down 14.6 percent from the previous month and 8.5 percent from one year ago. The listed inventory represents a 3.0-month supply, down from 3.7 months in both November and a year earlier. A shortage of homes for sale—especially at the lower end of the market—has been a constraint on purchases for several years.

- **The U.S. homeownership rate increased.** The national homeownership rate rose to 65.1 percent in the fourth quarter of 2019 from 64.8 percent in both the previous quarter and one year ago. Except for the first two quarters of 2019, the national homeownership rate has risen or stayed the same since the second quarter of 2017. The historic norm since 1965 is 65.2 percent. (Source: Census Bureau)

- **The affordability of renting a home rose slightly.** HUD's Rental Affordability Index (RAI), at 108.9 in the fourth quarter of 2019, increased 0.4 percent from the previous quarter (108.5) but was down 3.1 percent over the four-quarter period. The rise in the affordability of renting a home resulted from a 0.6-percent increase in the inflation-adjusted median income of renter households which was only partially offset by a 0.2-percent increase in the real, or inflation-adjusted, median price of leased homes. Rental affordability is currently down 22 percent from its peak in the beginning of 2001 but up 7 percent from its low point in the third quarter of 2018. Note that a 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.

- **Mortgage rates are less than a quarter point above all-time lows.** The 30-year fixed rate mortgage (FRM) reached an average weekly low in January of 3.51 percent the week ending January 30, down from December's weekly low of 3.68 percent the week ending December 5. One year ago, the 30-year FRM was 4.46 percent. (Source: Freddie Mac)

U.S. Department of Housing and Urban Development

House Prices Continued to Rise in November
Monthly House Price Trends by Index ($ Thousands)

CoreLogic Case-Shiller 20-City Index

CoreLogic (Excluding Distressed Sales)

FHFA Purchase-Only Index

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

## Existing Home Sales Rose, But New Home Sales Fell Slightly
Monthly Sales (Thousands)

Existing Home Sales

New Home Sales (right axis)
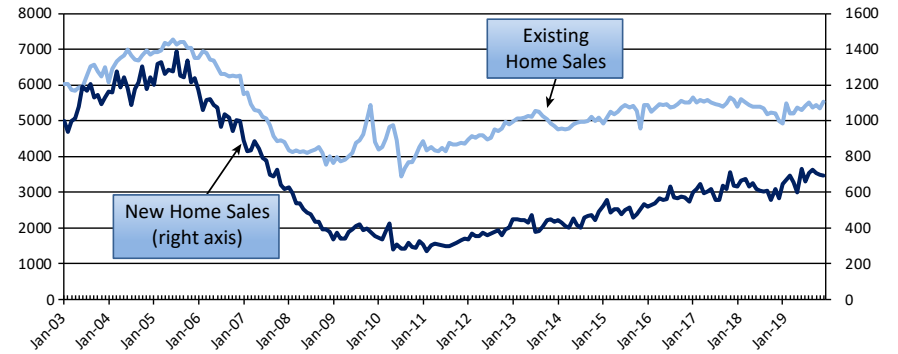
Seasonally Adjusted Annual Rate
Sources: National Association of Realtors®, Census Bureau, and HUD.
See Note 2, Sources and Methodology.

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

Existing Homes Months' Supply

New Homes Months' Supply

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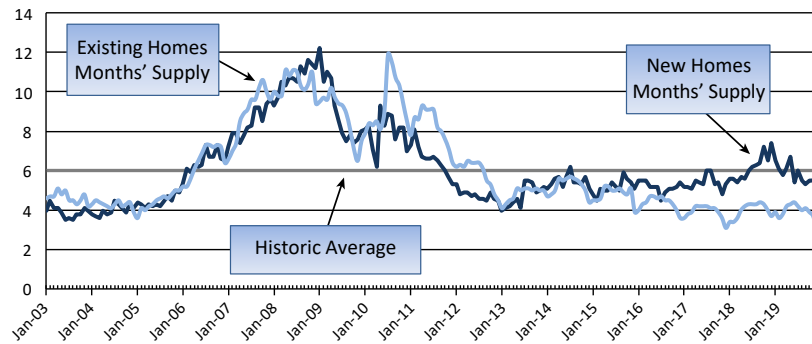
Sources: Census Bureau, National Association of Realtors®, and HUD.

New Construction Rose for Both Single-Family and Multifamily Housing
### National Housing Starts (Thousands)

Multifamily Starts (right axis)

Single-Family Starts
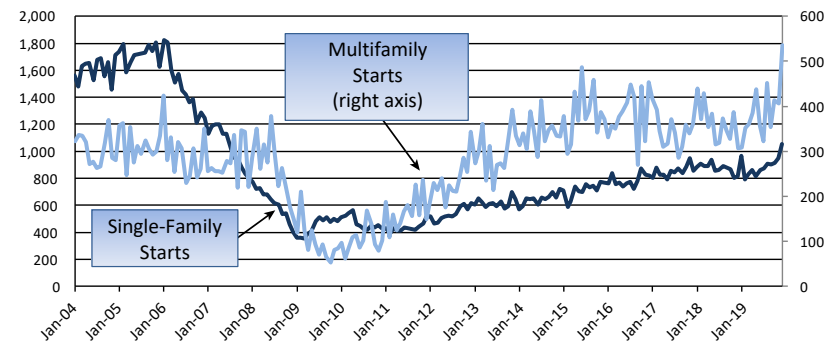
Seasonally Adjusted Annual Rate
Sources: Census Bureau and HUD.

Homeownership Affordability Remains Above Historic Norm, Mortgage Rates Continue To Be Low
Percentage Rates and Index Values

30-Yr Fixed Mortgage Rate

NAR Housing Affordability Index (right axis)

Affordability Index Historic Norm
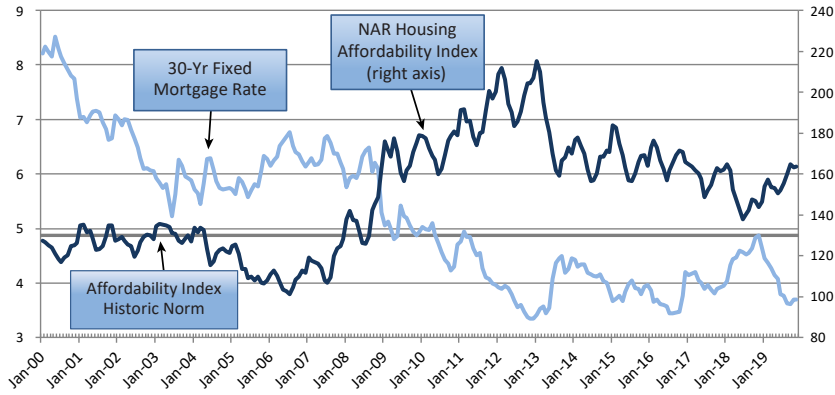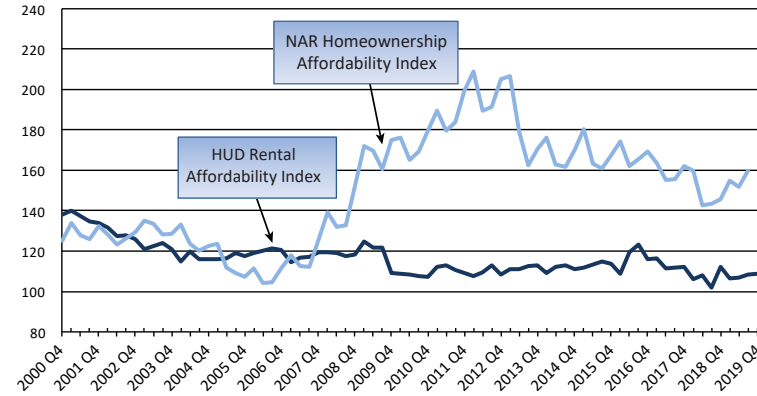
The historic norm of 130 is the median value of NAR's composite housing affordability index since 1989.
Sources: Freddie Mac and National Association of Realtors®.

## Rental Affordability Remains a Challenge Due to Rising Rents
Rental and Homeownership Index Values

NAR Homeownership Affordability Index

HUD Rental Affordability Index

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 Fourth Quarter, 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)

Units Held off Market

Existing Homes on Market
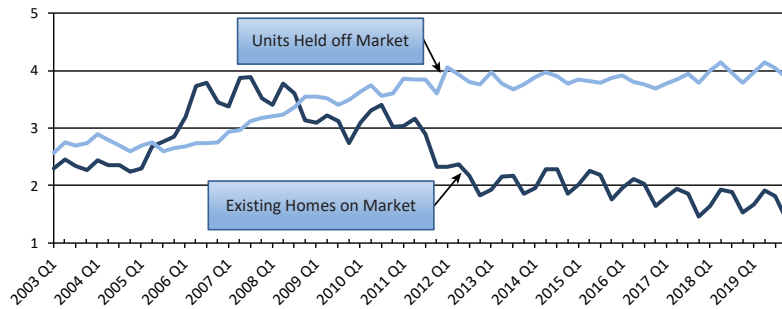
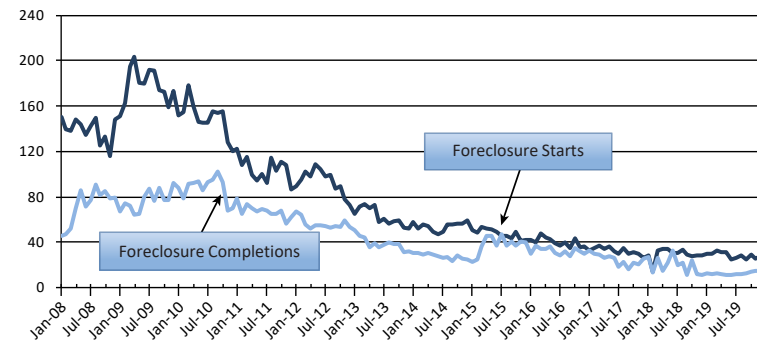Sources: National Association of Realtors® and Census Bureau.

Foreclosure Filings Have Remained Low
Monthly Foreclosure Actions (Thousands)

(Includes investor, second home, and jumbo properties)
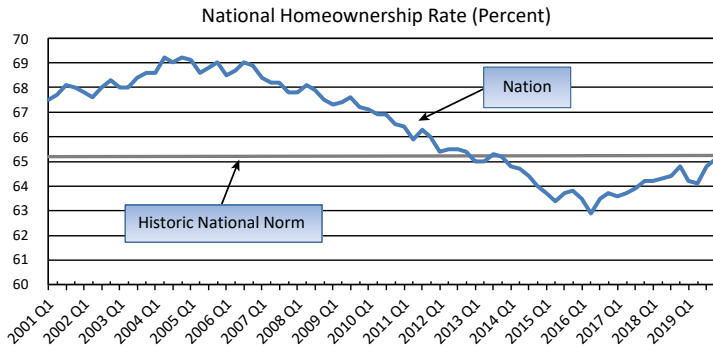
Foreclosure Starts

Foreclosure Completions

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

The National Homeownership Rate Rose Again in the Fourth Quarter

National Homeownership Rate (Percent)

The historic norm of 65.2 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)

Purchase — Refinance — Combined
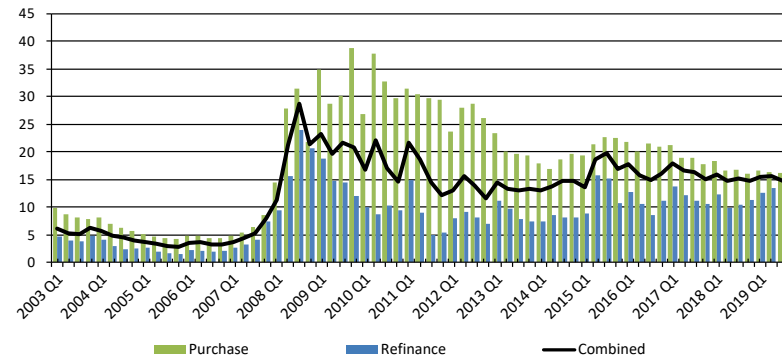
Sources: MBA and HUD.
See Note 5, Sources and Methodology.

Home Equity Has Surpassed Its Peak Set at the End of 2005 Since the Third Quarter of 2016

Owners' Equity In Household Real Estate At End Of Period ($ Trillions)
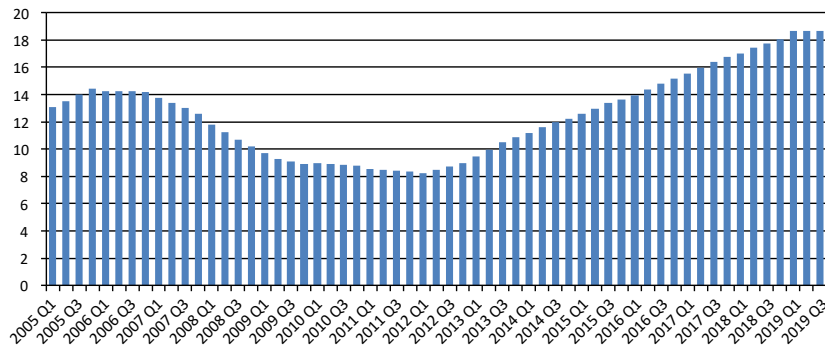
Source: Federal Reserve Board.

HOUSING MARKET FACT SHEET

Indicator	This Period	Last Period	Year Ago	Latest Release
Mortgage Rates (30-Yr FRM, percent)	3.51	3.60	4.46	30-Jan-20
Homeownership Affordability (index)	163.8	163.3 (r)	143.8	November-19
Rental Affordability (index)	108.9	108.5 (r)	112.3	4th Q 19
Home Prices (indices)				
CoreLogic Case-Shiller (NSA)	218.7	218.4	213.2	November-19
FHFA (SA)	281.2	280.6 (r)	268.0	November-19
CoreLogic - Excluding Distressed Sales (NSA)	209.0 (s)	208.0 (s,r)	202.1 (s)	November-19
Home Sales				
New (thousands, SAAR)	694	697 (r)	564	December-19
Existing (thousands, SAAR)	5,540	5,350	5,000	December-19
First-Time Buyers (thousands, SAAR)	2,057 (s)	1,996 (s,r)	1,836 (s)	December-19
Distressed Sales (percent, NSA)	3	3	4	November-19
Housing Supply				
New Homes for Sale (thousands, SA)	327	322 (r)	346	December-19
New Homes for Sale - Months' Supply (months, SA)	5.7	5.5 (r)	7.4	December-19
Existing Homes for Sale (thousands, NSA)	1,440	1,640	1,530	December-19
Existing Homes - Months' Supply (months)	3.0	3.7	3.7	December-19
Vacant Units Held Off Market (thousands)	3,874	4,041	3,784	4th Q 19
Housing Starts				
Total (thousands, SAAR)	1,608	1,375 (r)	1,142	December-19
Single-Family (thousands, SAAR)	1,055	949 (r)	814	December-19
Multifamily (thousands, SAAR)	536	406 (r)	307	December-19
Mortgage Originations (thousands)				
Purchase Originations	1,135.0	1,355.5 (r)	1,115.3	4th Q 19
Refinance Originations	1,084.5	772.2 (r)	430.9	4th Q 19
FHA Mortgage Originations (thousands)				
Refinance Originations	31.6 (p)	34.4 (r)	14.9	December-19
Purchase Originations	68.8 (p)	62.1 (r)	54.5	December-19
Purchases by First-Time Buyers	55.2 (p)	38.0 (r)	44.8	December-19
Mortgage Delinquency Rates (percent)				
Prime	1.8 (s)	1.9 (s)	1.9	December-19
Subprime	16.6 (s)	16.9 (s)	23.7	December-19
FHA	9.7	9.2	9.1	December-19
Seriously Delinquent Mortgages (thousands)				
Prime	191 (s)	193 (s)	194	December-19
Subprime	42 (s)	42 (s)	161	December-19
FHA	352	329	330	December-19
Change in Aggregate Home Equity ($ billions)	3.4	31.4 (r)	348.4	3rd Q 19
Underwater Borrowers (thousands)	1,965	2,043 (r)	2,173	3rd Q 19
National Homeownership Rate (percent)	65.1	64.8	64.8	4th Q 19
Foreclosure Actions (thousands)				
Foreclosure Starts	26.9	25.0	28.2	December-19
Foreclosure Completions	13.9	14.0	10.4	December-19
Short Sales	2.2 (p)	2.8 (r)	3.2	November-19
REO Sales	8.7 (p)	13.3 (r)	15.3	November-19

SA = seasonally adjusted, NSA = not SA, p = preliminary, r = revised, b = brackets include units in process, s = see Additional Notes in Sources and Methodology.

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 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: http://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 non-seasonally adjusted (NSA) index when making monthly comparisons.
FHFA (SA)	Monthly	Federal Housing Finance Agency	FHFA monthly (purchase-only) index for U.S., 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 homes, 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 percentage 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 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.

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 U.S. (SA), January 1991 = 100, and CoreLogic-Distressed Sales Excluded (Monthly) for U.S. (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 are 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

Beginning in May 2019, NAR replaced its Composite Housing Affordability Index (HAI), which was based on the 30-year fixed rate mortgage and ARM, with a Fixed HAI based only on the 30-year fixed rate mortgage.

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 filters to make sure all FHA and VA loans were excluded from the data to ensure 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 July 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/fhamktqrly.

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 July 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.