

# Housing Market Indicators

## Monthly Update



June 2019

U.S. Department of Housing and Urban Development

**National housing market indicators available as of June show a mixed picture of activity in housing markets. Trends in some of the top indicators for this month include:**

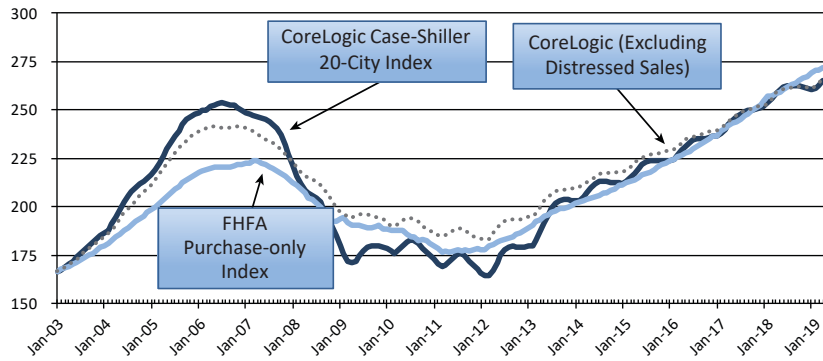
- **Purchases of new homes fell for a second straight month to a five-month low.** New single-family home sales dropped 7.8 percent to 626,000 units (SAAR) in May and were down 3.7 percent from a year ago. Purchases were down in the Northeast and West Census regions. Note that monthly data on new home sales can be volatile and are often revised. (Sources: HUD and Census Bureau)
- **Sales of previously owned (existing) homes rebounded to a three-month high.** The National Association of Realtors® (NAR) reported that May sales of existing homes (including single-family homes, townhomes, condominiums, and cooperatives) rose 2.5 percent to 5.34 million units (SAAR) from April's upwardly revised pace but were down 1.1 percent from a year earlier. Sales were up in all four regions.
- **New home construction fell slightly.** Total housing starts were down 0.9 percent in May to 1.27 million units (SAAR). New construction was down in all regions except the South. Single-family housing starts dropped 6.4 percent to 820,000 homes (SAAR) and were down 12.5 percent from a year earlier. Multifamily housing starts (5 or more units in a structure), at 436,000 units (SAAR), rose 13.8 percent from both April and 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 continued at about the same pace, with annual gains ranging from 3 to 5 percent.** The Federal Housing Finance Agency (FHFA) seasonally adjusted purchase-only house price index for April estimated that home values rose 0.4 percent over the previous month and 5.2 percent over the previous year, up slightly from a 5.1 percent annual gain in March. The FHFA index shows that U.S. home values are now 22 percent above their peak, set in March 2007 during the housing bubble, and stand 54 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 0.8-percent increase in home values in April and year-over-year returns of 2.5 percent, down marginally from a 2.6-percent annual gain recorded for March. According to this index, annual house price gains have fallen for 13 consecutive months. (The FHFA and CoreLogic Case-Shiller® price indices are released with a 2-month lag.)
- **The inventory of existing homes on the market rose for a fifth straight month.** The listed inventory of new homes for sale at the end of May was little changed (+ 0.3 percent) at 333,000 available properties but was up 10.3 percent year-over-year. The inventory would support 6.4 months of sales at the current sales pace, up from 5.9 months in April. Available existing homes for sale, at 1.92 million units in May, were 4.9 percent higher than the previous month and 2.7 percent greater than a year ago. The listed inventory represents a 4.3-month supply, up slightly from 4.2 months in April. A shortage of homes for sale—especially at the lower end of the market—has been a constraint on purchases for several years.
- **Gains in homeowners' equity continued at a moderate pace in the first quarter of 2019.** Homeowners' equity (total property value less mortgage debt outstanding) was up \$264 billion (1.7 percent) in the first quarter from a gain of \$191 billion the previous quarter, for a total of nearly \$15.8 trillion. The gain over the last four quarters was nearly \$817 billion, an increase of 5.5 percent. Owners' equity reached a peak of \$13.4 trillion in the first quarter of 2006 during the housing bubble. Home-price growth, the primary driver of gains in equity, has lessened over the last year. (Source: Federal Reserve)
- **The number of underwater borrowers declined.** As of the first quarter of 2019, CoreLogic estimated that the number of underwater borrowers decreased by 17,000 homeowners to 2.2 million, or 4.1 percent of residential properties with a mortgage. One year ago, 2.5 million homeowners (4.7 percent) were reported in negative equity. The number of homeowners in negative equity has fallen by 9.9 million since the end of 2011. (Source: CoreLogic)
- **Mortgage rates dropped for a second consecutive month.** The 30-year fixed rate mortgage (FRM) reached an average weekly low in June of 3.73 percent the week ending June 27, down from May's weekly low of 3.99 percent the week ending May 30. One year ago, the 30-year FRM was 4.55 percent. (Source: Freddie Mac)



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House Prices Continued to Rise in April

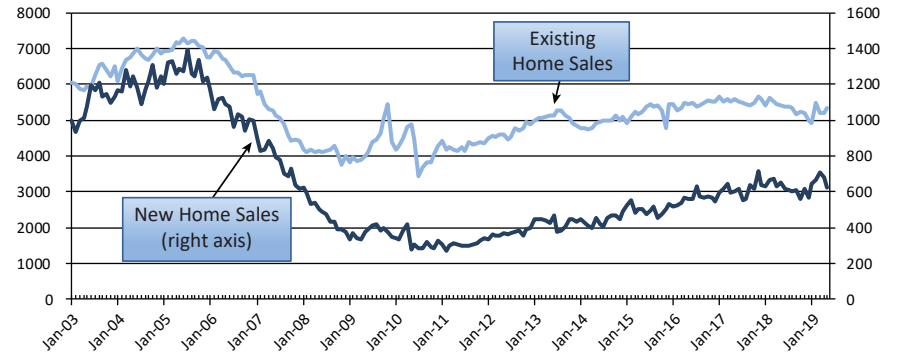
Monthly House Price Trends By Index (\$ Thousands)



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

Existing Home Sales Rose in May

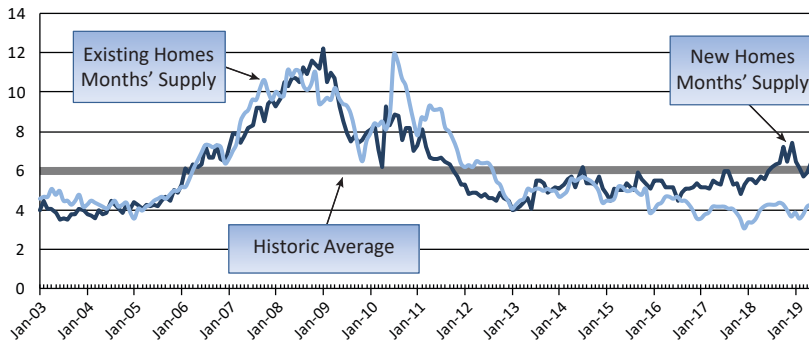
Monthly Sales (Thousands)



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 Both New and Existing Homes

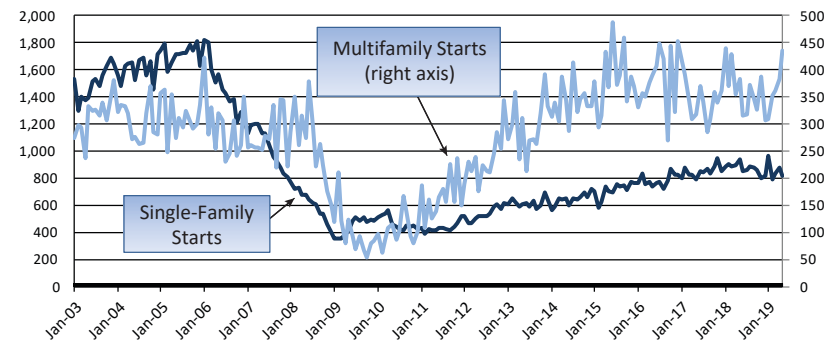
National Months' Supply of New and Existing Homes (Months)



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

New Construction Fell for Single-Family Housing

National Housing Starts (Thousands)



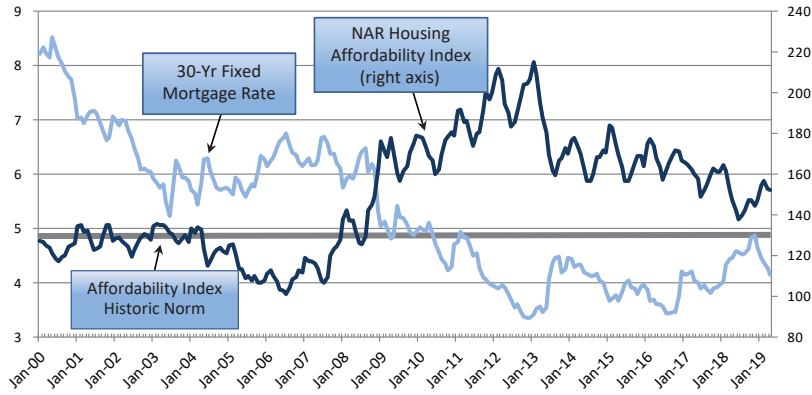
Seasonally Adjusted Annual Rate  
Sources: Census Bureau and HUD.



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**Homeownership Affordability Remains Above Historic Norm, Mortgage Rates Have Fallen Since November 2018**

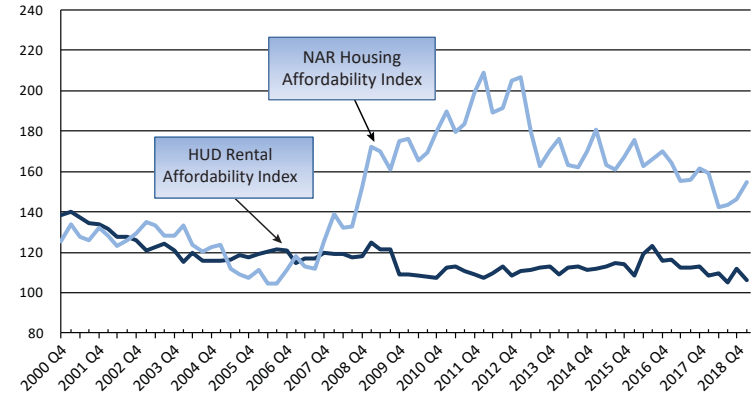
Percentage Rates and Index Values



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**

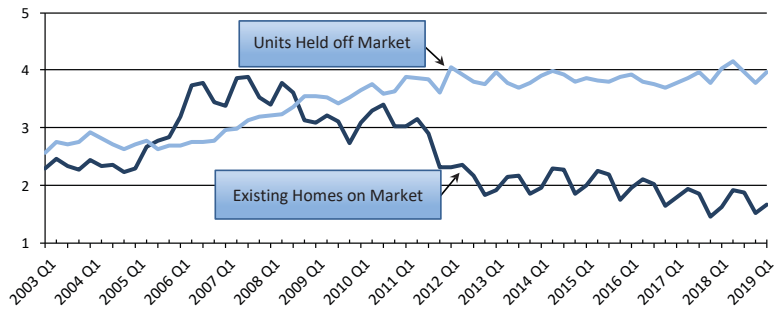
Rental and Homeownership Index Values



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 Rose in the First 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)

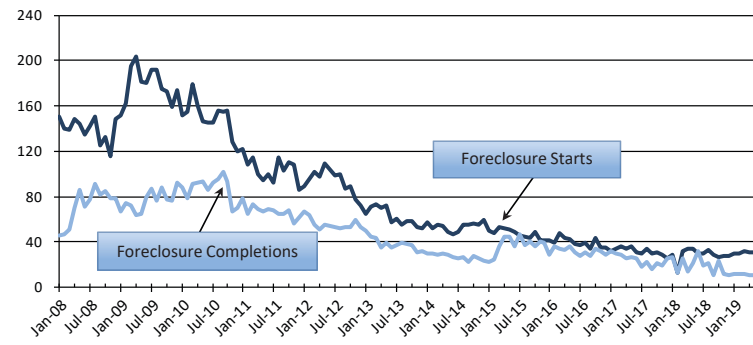


Sources: National Association of Realtors® and Census Bureau.

**Foreclosure Filings Have Remained Low**

Monthly Foreclosure Actions (Thousands)

(Includes investor, second home, and jumbo properties)

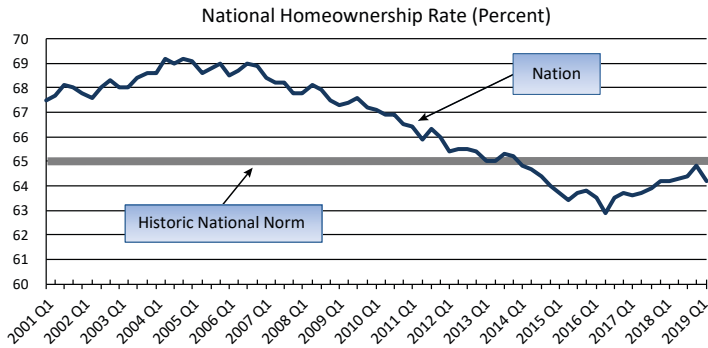


Foreclosure starts are default notices or scheduled foreclosure auctions, depending on the state. Source: ATTOM Data Solutions. See Note 4, Sources and Methodology.



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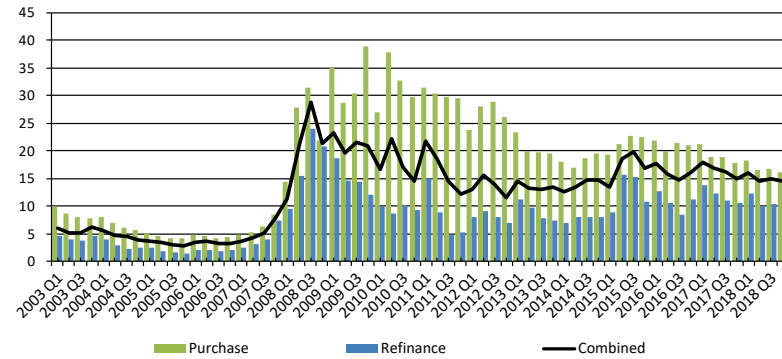
**The National Homeownership Rate Declined for the First Time in Two Years**



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

**FHA Mortgage Lending**

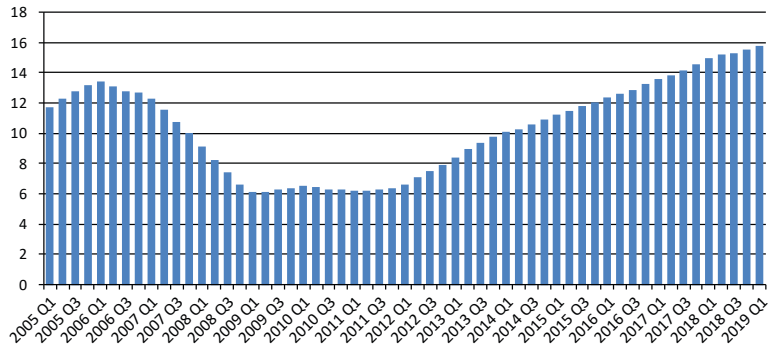
FHA as Share of Quarterly Mortgage Originations by Type (Percent)



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.



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| HOUSING MARKET FACT SHEET                        |             |             |           |                |
|--|-------------|-------------|-----------|----------------|
| Indicator  | This Period | Last Period | Year Ago  | Latest Release |
| Mortgage Rates (30-Yr FRM, percent)              | 3.73        | 3.84        | 4.55      | 27-Jun-19      |
| Homeownership Affordability (index)              | 152.3       | 152.6 (r)   | 147.3     | April-19       |
| Rental Affordability (index)                     | 106.0       | 111.9       | 108.3     | 1st Q 19       |
| Home Prices (indices)                            |             |             |           |                |
| CoreLogic Case-Shiller (NSA)                     | 215.7       | 214.0 (r)   | 210.3     | April-19       |
| FHFA (SA)  | 274.7       | 273.6 (r)   | 261.1     | April-19       |
| CoreLogic - Excluding Distressed Sales (NSA)     | 205.8 (s)   | 203.8 (s,r) | 199.3 (s) | April-19       |
| Home Sales                                       |             |             |           |                |
| New (thousands, SAAR)                            | 626         | 679 (r)     | 650       | May-19         |
| Existing (thousands, SAAR)                       | 5,340       | 5,210 (r)   | 5,400     | May-19         |
| First-Time Buyers (thousands, SAAR)              | 1,969 (s)   | 1,943 (s,r) | 1,997 (s) | May-19         |
| Distressed Sales (percent, NSA)                  | 4           | 4           | 5         | April-19       |
| Housing Supply                                   |             |             |           |                |
| New Homes for Sale (thousands, SA)               | 333         | 332         | 302       | May-19         |
| New Homes for Sale - Months' Supply (months, SA) | 6.4         | 5.9         | 5.6       | May-19         |
| Existing Homes for Sale (thousands, NSA)         | 1,920       | 1,830       | 1,870     | May-19         |
| Existing Homes - Months' Supply (months)         | 4.3         | 4.2         | 4.2       | May-19         |
| Vacant Units Held Off Market (thousands)         | 3,975       | 3,782 (r)   | 4,030     | 1st Q 19       |
| Housing Starts                                   |             |             |           |                |
| Total (thousands, SAAR)                          | 1,269       | 1,281 (r)   | 1,332     | May-19         |
| Single-Family (thousands, SAAR)                  | 820         | 876 (r)     | 937       | May-19         |
| Multifamily (thousands, SAAR)                    | 436         | 383 (r)     | 383       | May-19         |
| Mortgage Originations (thousands)                |             |             |           |                |
| Purchase Originations                            | 875.9 (r)   | 1,117.9 (r) | 828.7(r)  | 1st Q 19       |
| Refinance Originations                           | 416.1 (r)   | 433.3 (r)   | 538.7(r)  | 1st Q 19       |
| FHA Mortgage Originations (thousands)            |             |             |           |                |
| Refinance Originations                           | 21.5 (p)    | 21.7 (r)    | 16.3      | May-19         |
| Purchase Originations                            | 76.6 (p)    | 68.7 (r)    | 75.7      | May-19         |
| Purchases by First-Time Buyers                   | 62.8 (p)    | 51.3 (r)    | 63.3      | May-19         |
| Mortgage Delinquency Rates (percent)             |             |             |           |                |
| Prime  | 1.9 (s)     | 2.0 (s)     | 1.9       | May-19         |
| Subprime   | 20.0 (s)    | 21.5 (s)    | 21.8      | May-19         |
| FHA  | 7.8         | 7.9         | 8.0       | May-19         |
| Seriously Delinquent Mortgages (thousands)       |             |             |           |                |
| Prime  | 216 (s)     | 222 (r,s)   | 238       | May-19         |
| Subprime   | 91 (s)      | 115 (s)     | 185       | May-19         |
| FHA  | 298         | 304         | 349       | May-19         |
| Change in Aggregate Home Equity (\$ billions)    | 264.0       | 190.7 (r)   | 423.4     | 1st Q 19       |
| Underwater Borrowers (thousands)                 | 2,197       | 2,215 (r)   | 2,465     | 1st Q 19       |
| National Homeownership Rate (percent)            | 64.2        | 64.8        | 64.2      | 1st Q 19       |
| Foreclosure Actions (thousands)                  |             |             |           |                |
| Foreclosure Starts                               | 30.6        | 30.5        | 33.6      | May-19         |
| Foreclosure Completions                          | 10.6        | 11.1        | 21.3      | May-19         |
| Short Sales                                      | 3.2 (p)     | 3.3 (r)     | 4.0       | April-19       |
| REO Sales  | 13.3 (p)    | 15.5 (r)    | 18.3      | April-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.



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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 <sup>*</sup> | 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: <a href="http://www.huduser.gov/portal/ushmc/home.html">http://www.huduser.gov/portal/ushmc/home.html</a> . |
| 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 <sup>*</sup> | 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 <sup>®</sup> 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), townhomes 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 <sup>*</sup> | As reported.   |
| Existing Homes - Months' Supply              | Monthly   | National Association of Realtors <sup>*</sup> | 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.   |



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### 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

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 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](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.