

Real Estate Update

National Multifamily Housing Council
Research Forum

April 2015

Summary and Outline

- Home price growth stabilizing
- Home sales and purchase originations up modestly
- Mortgage performance and negative equity improving
- Supply of mortgage credit modestly tight
- Demand for mortgage credit is very weak

Home Price Deceleration Moderates

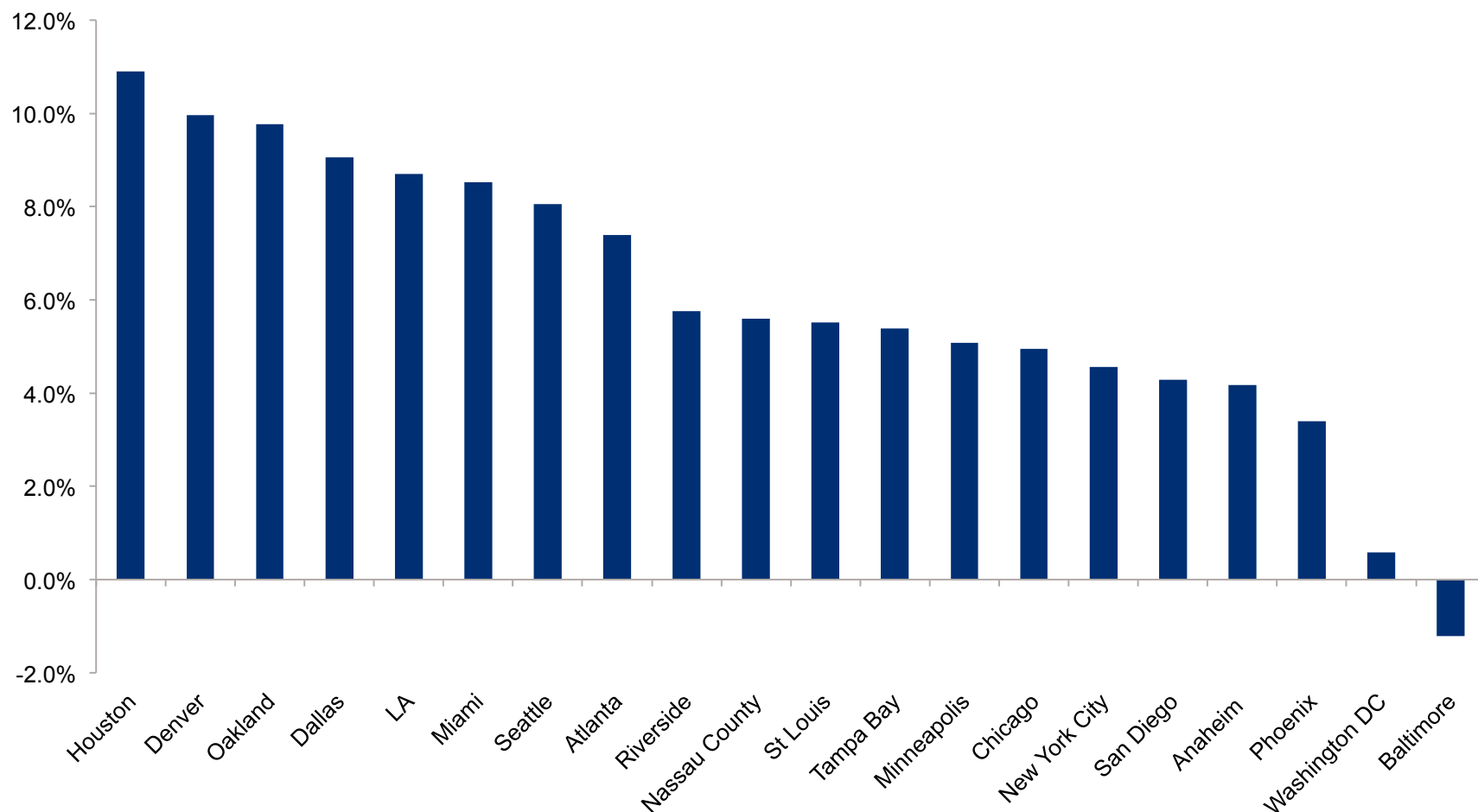
Percent Change from a Year Ago



Source: CoreLogic, January 2015

Texas Top the List

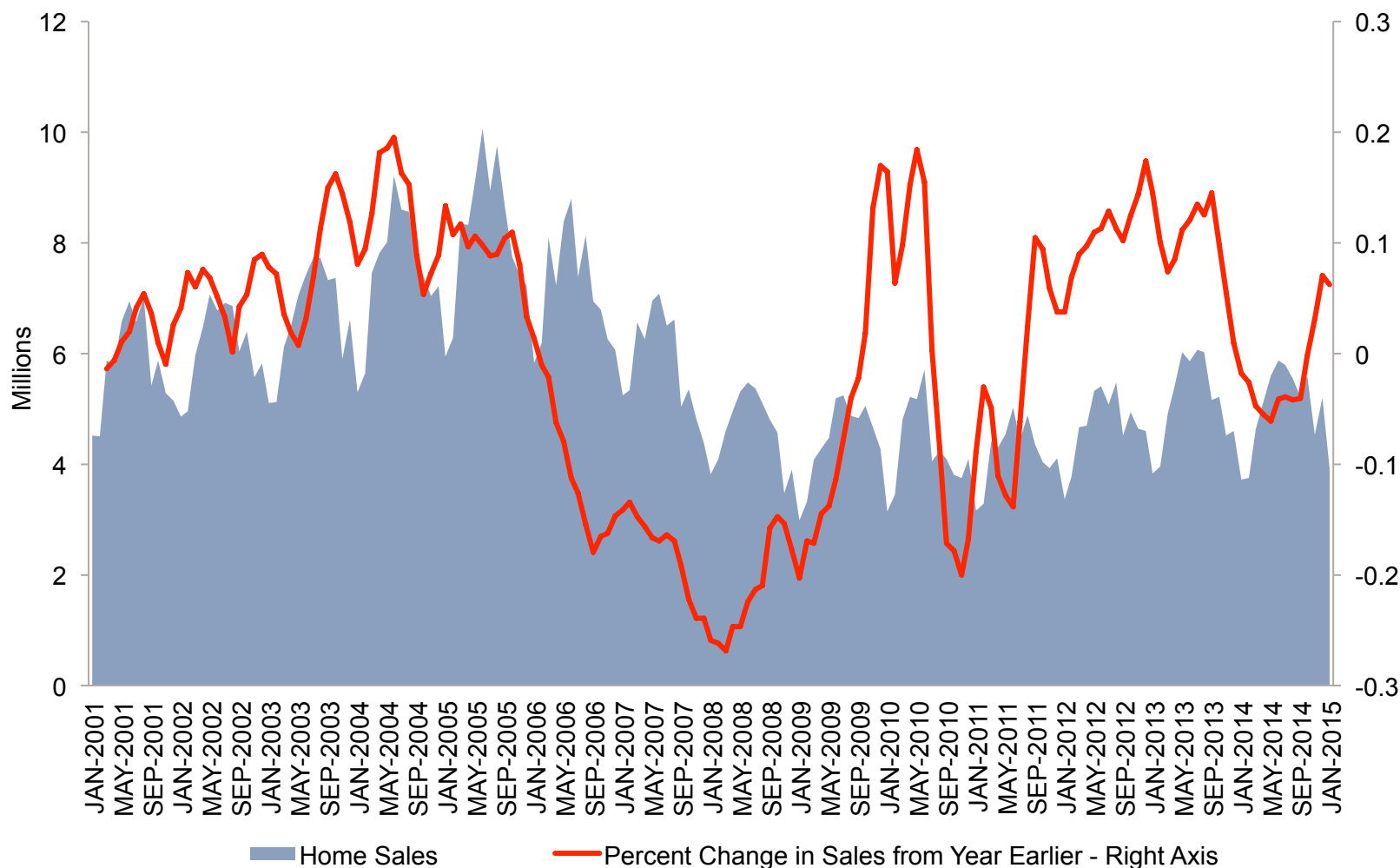
Percent Change from Year Ago



Source: CoreLogic, January 2015

Home Sales Improving

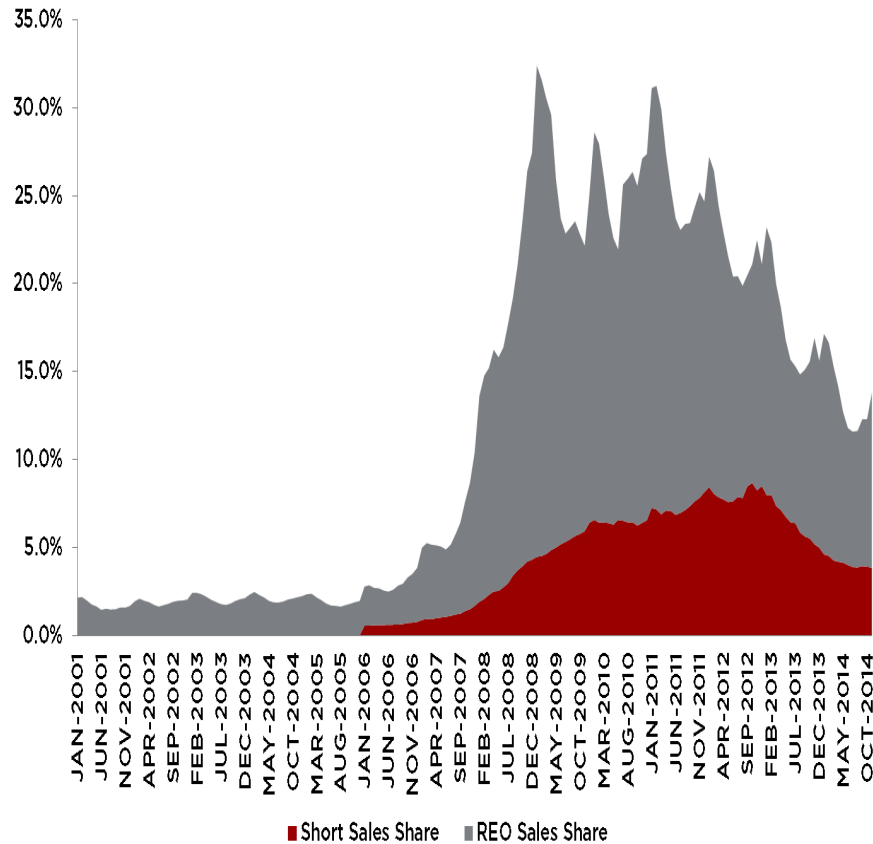
Sales Helped by Lower Rates During the Latter Half of 2014



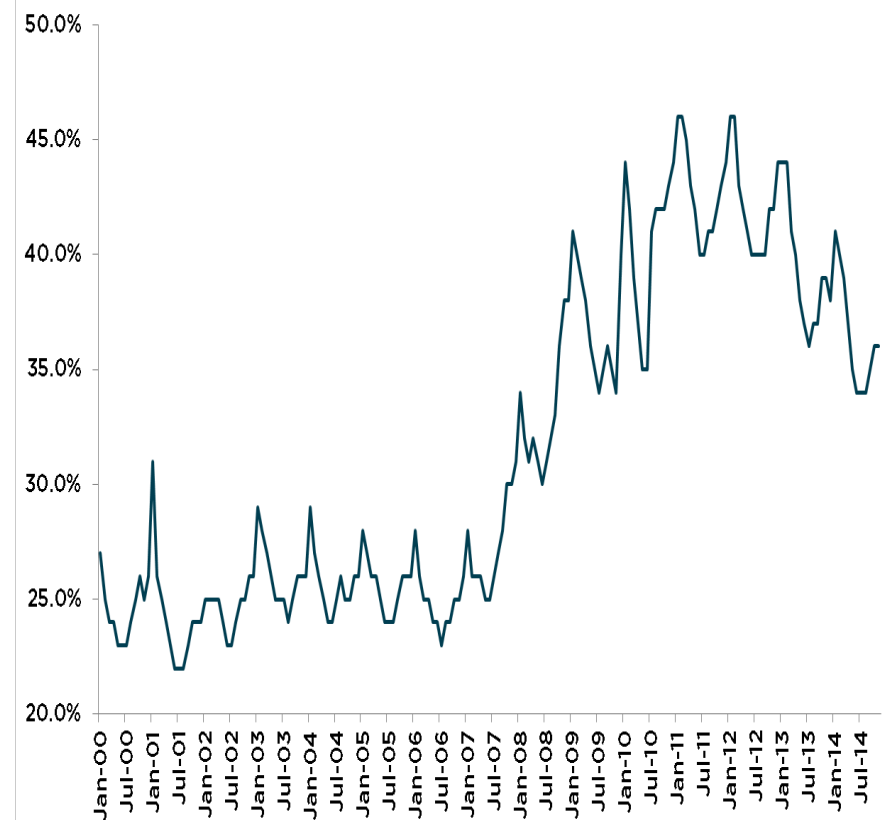
Source: CoreLogic, January 2015

Distressed Sales Clearing Out

REO and Short Sale Share



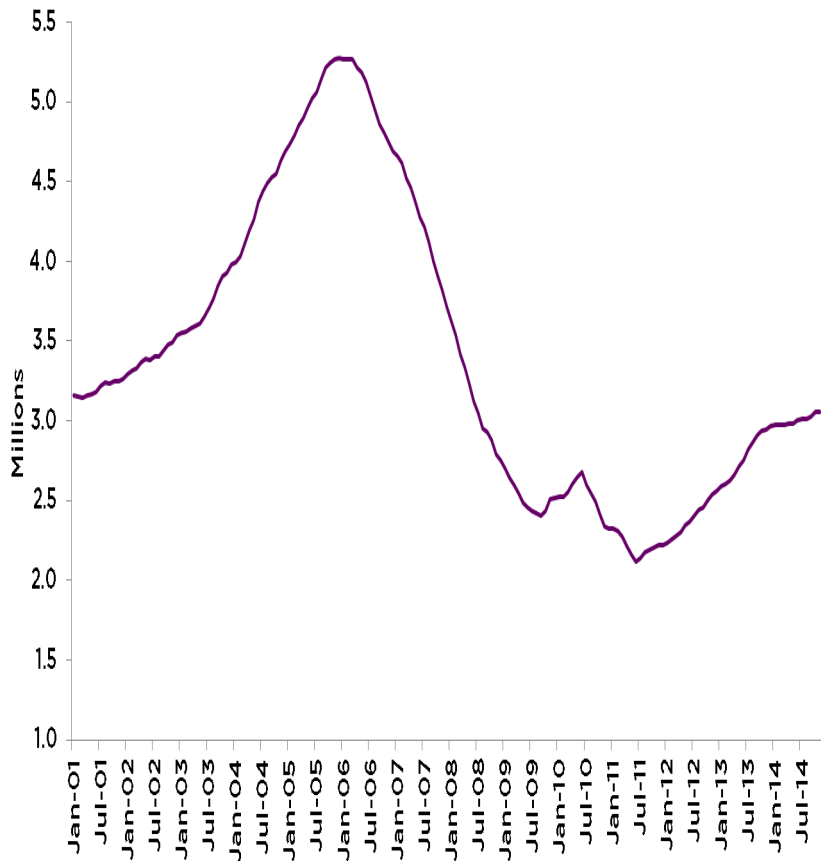
Cash Sale Share



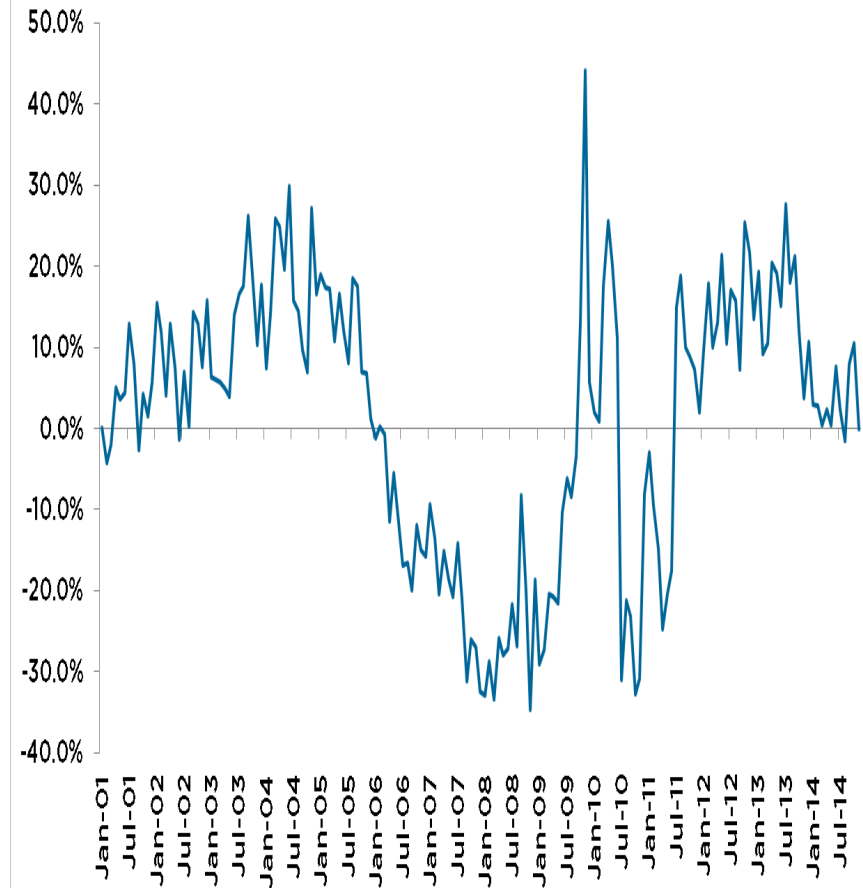
Source: CoreLogic, December 2014

Purchase Mortgage Originations Below Level in 2001

Number of 1st Lien Residential Mortgage Originations, 12 Month Sum



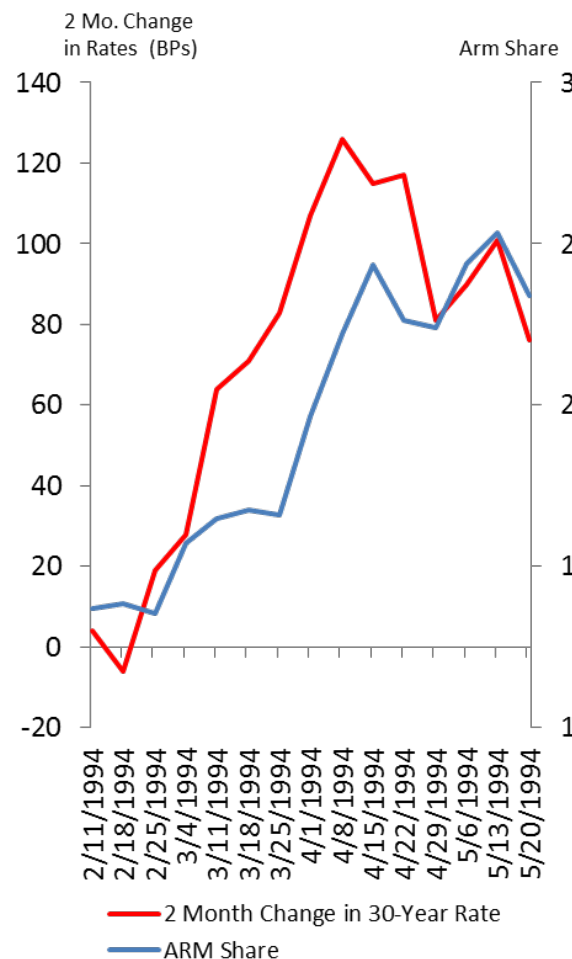
Percent Change in 1st Lien Residential Mortgage Originations



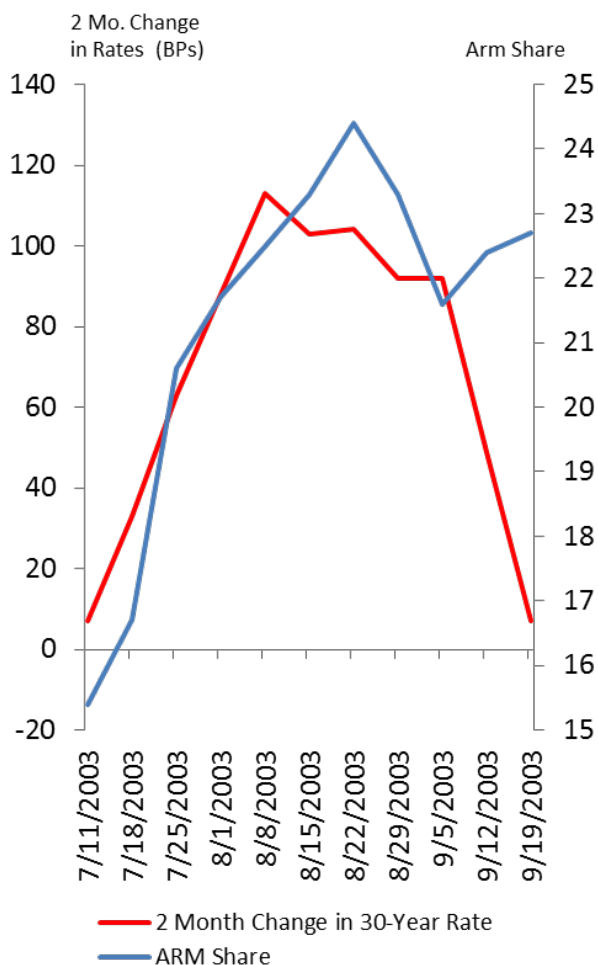
Source: CoreLogic, December 2014

Purchase Demand is Much More Sensitive to Mortgage Rate Increases

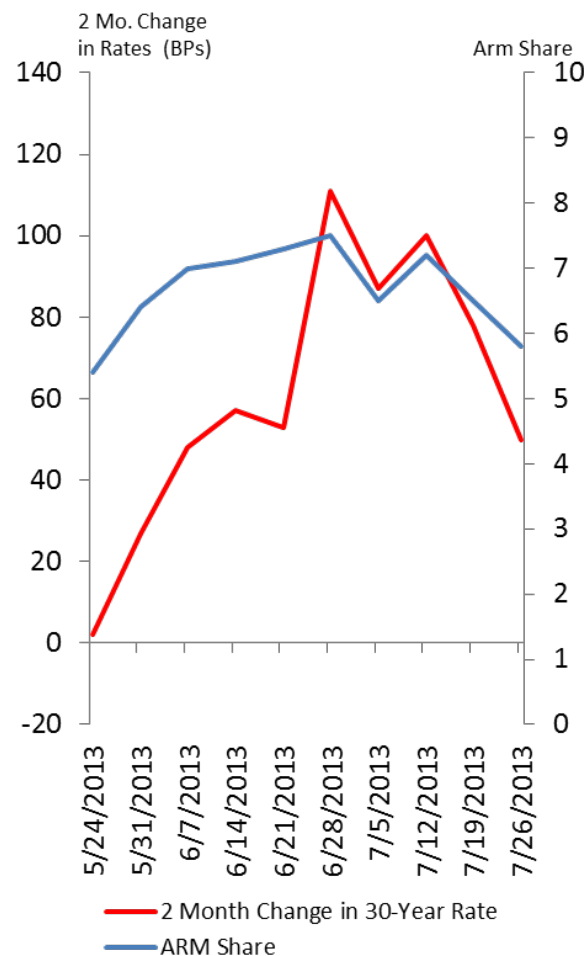
Spring 1994



Summer 2003



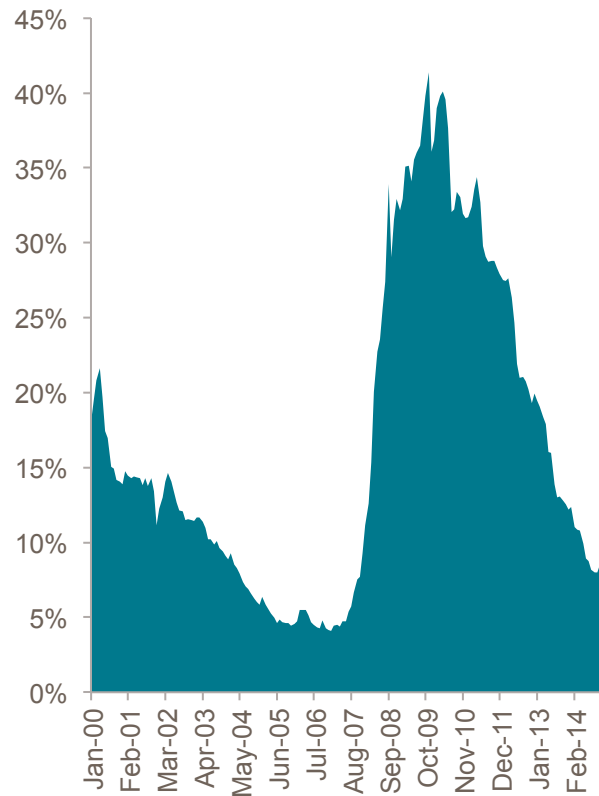
Summer 2013



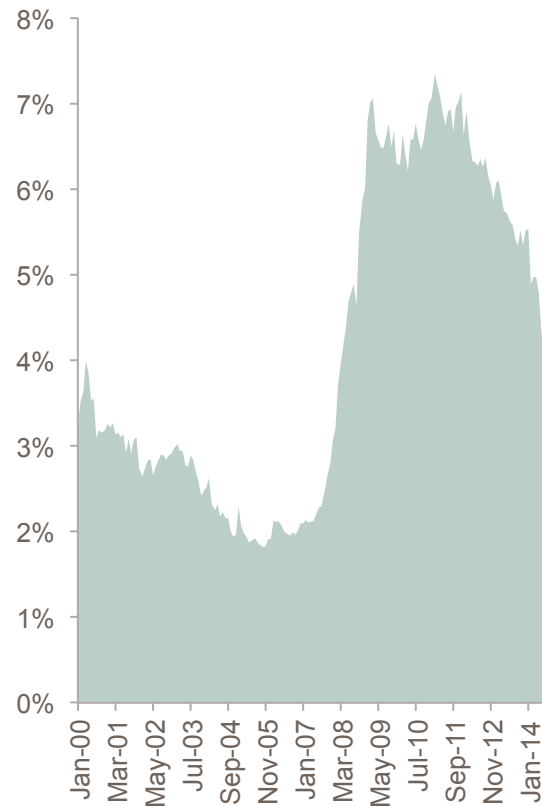
Source: MBA, Freddie Mac and CoreLogic

Mortgage Market Segments

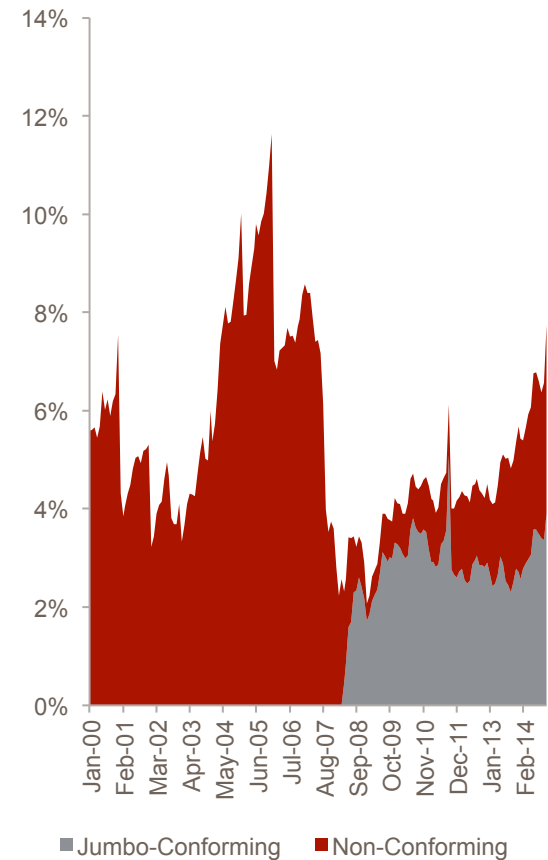
FHA Share of Purchase Originations



VA Share of Purchase Originations



Jumbo Share of Purchase Originations

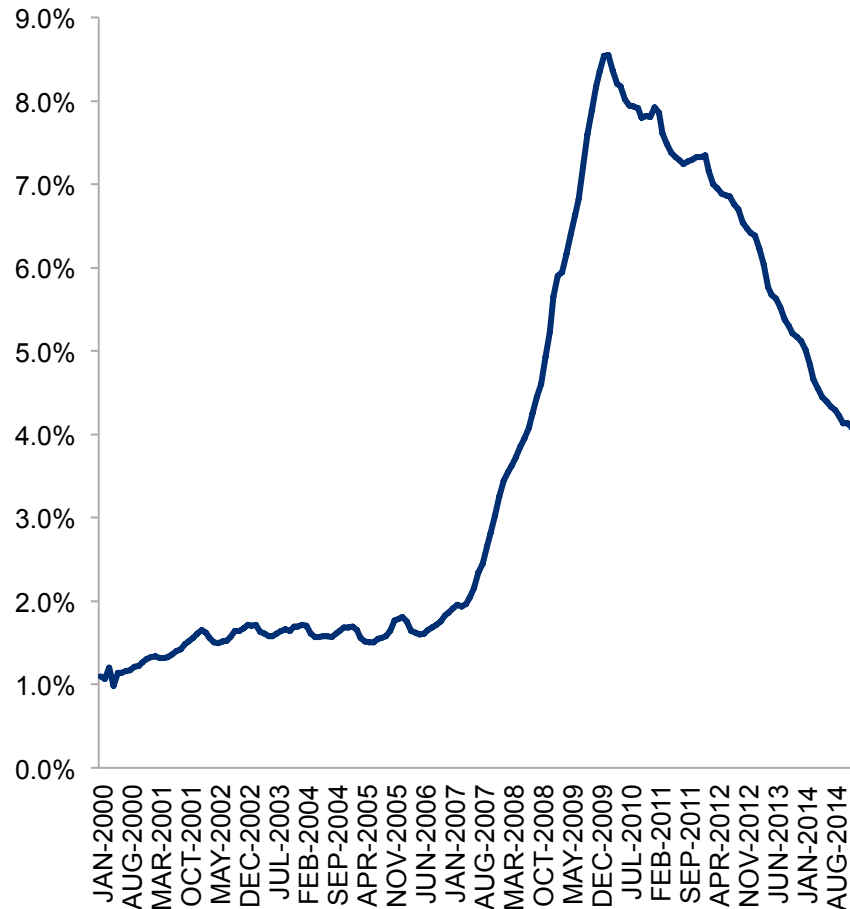


Source: CoreLogic, November 2014

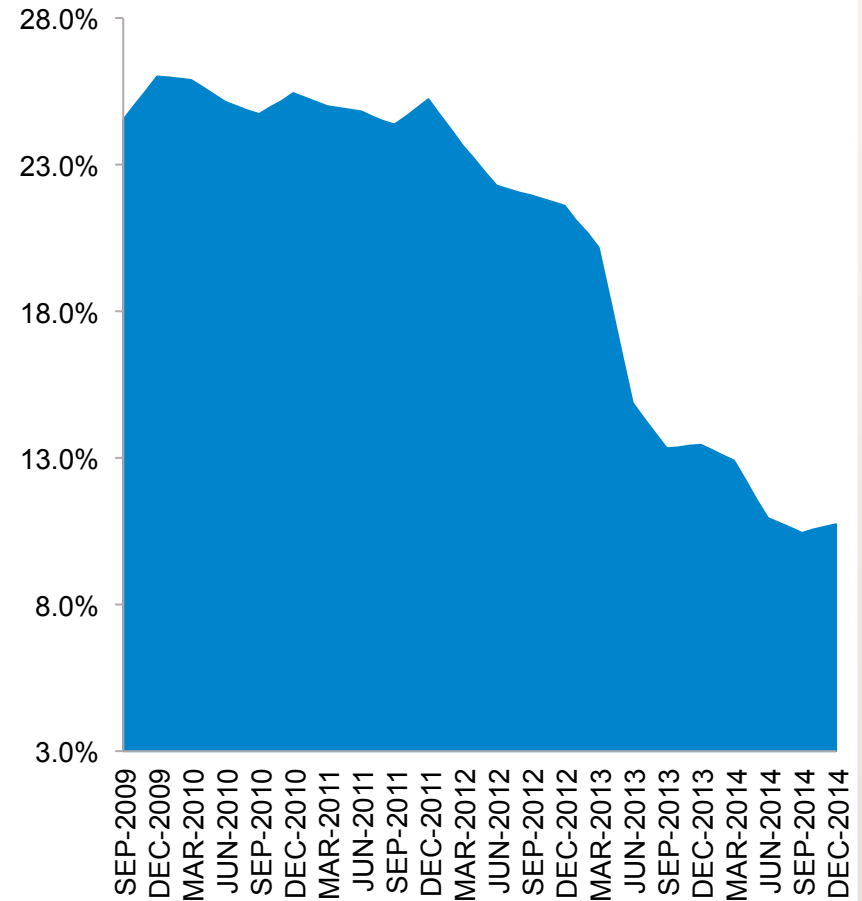
© 2015 CoreLogic, Inc. All rights reserved. Proprietary & Confidential

Performance and Negative Equity Decline

90+ Delinquency Rate



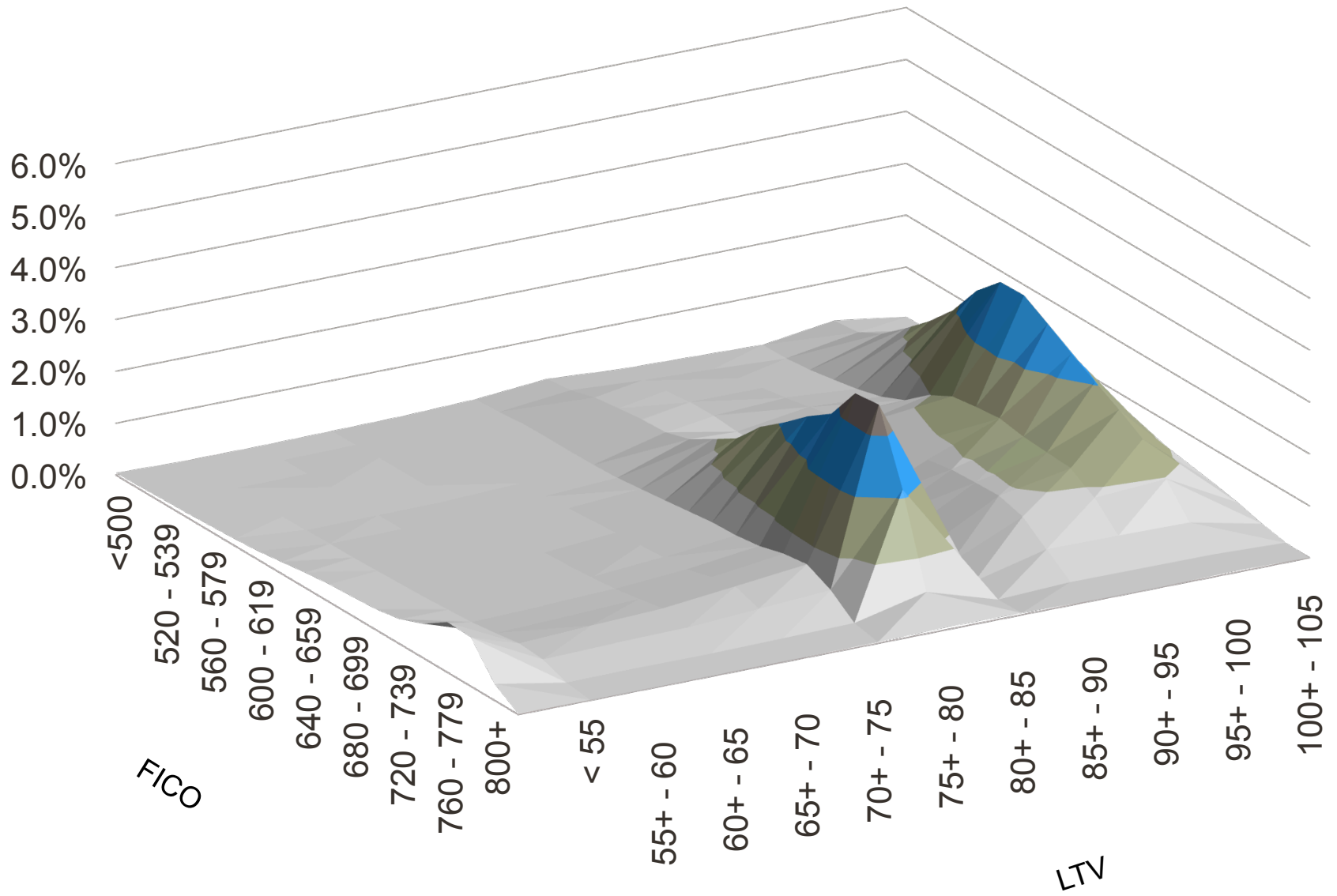
Negative Equity Share



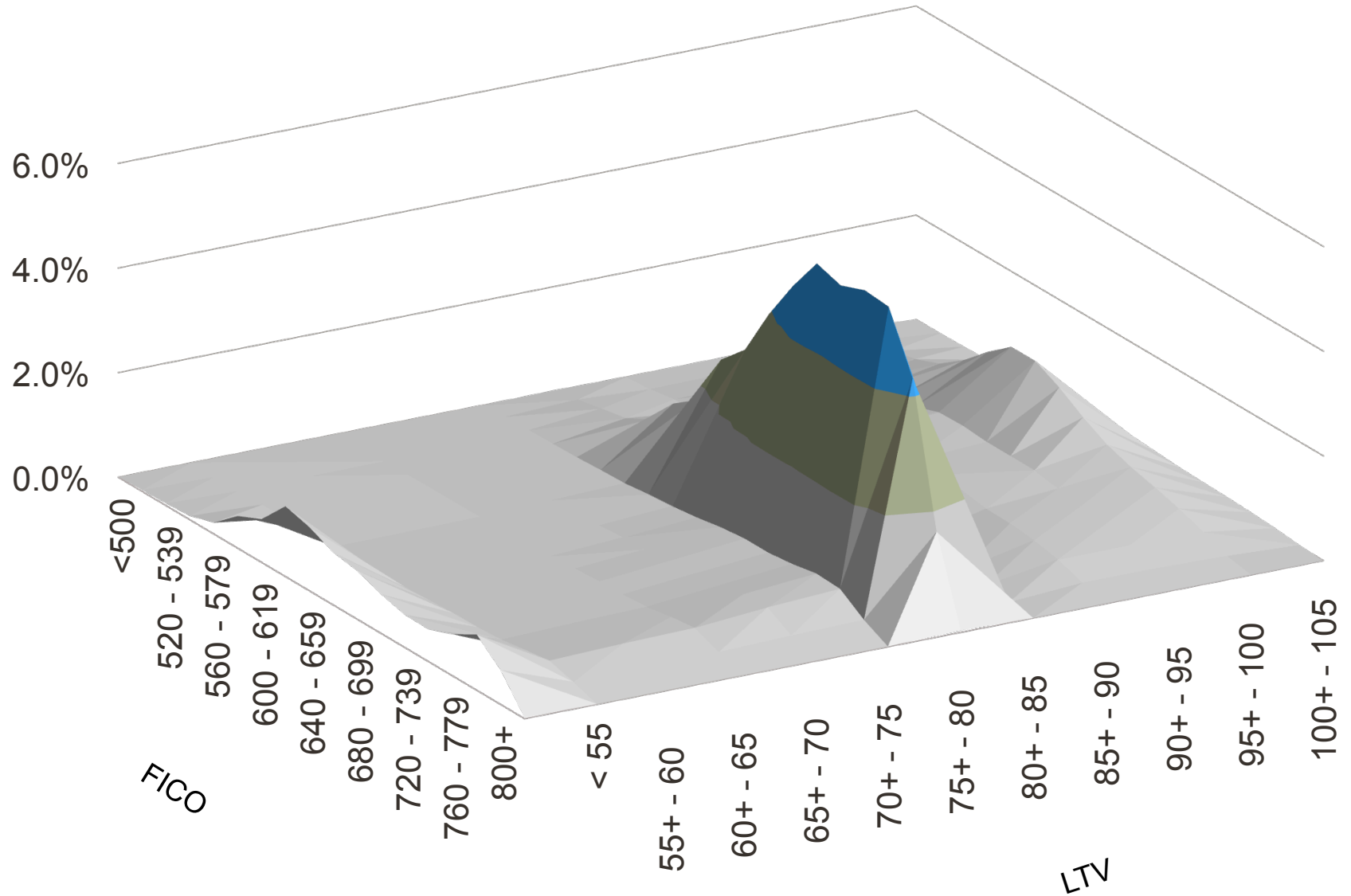
Source: CoreLogic, January 2015

The Supply vs Demand for Mortgage Credit

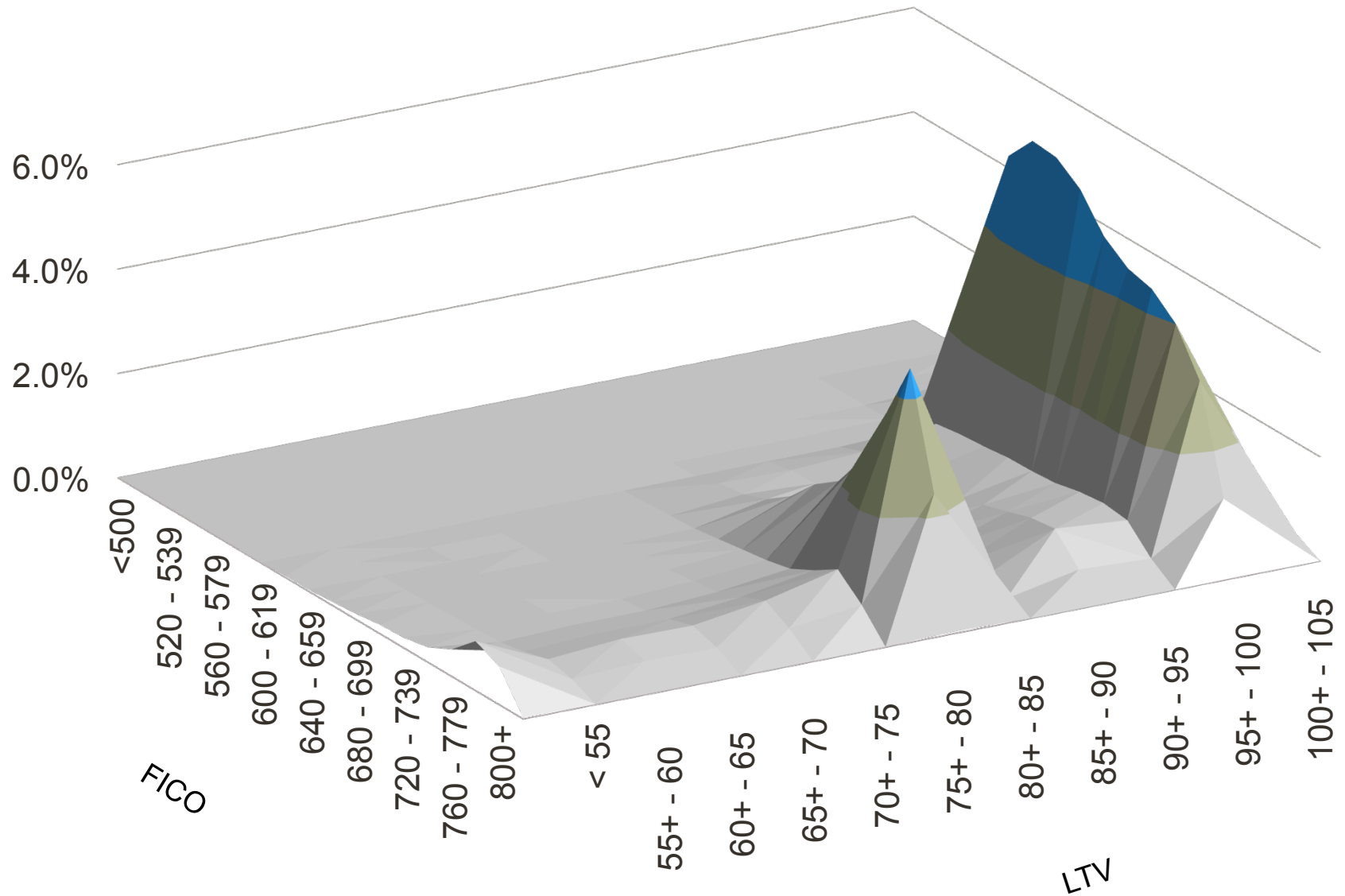
2000 Purchase Credit Box



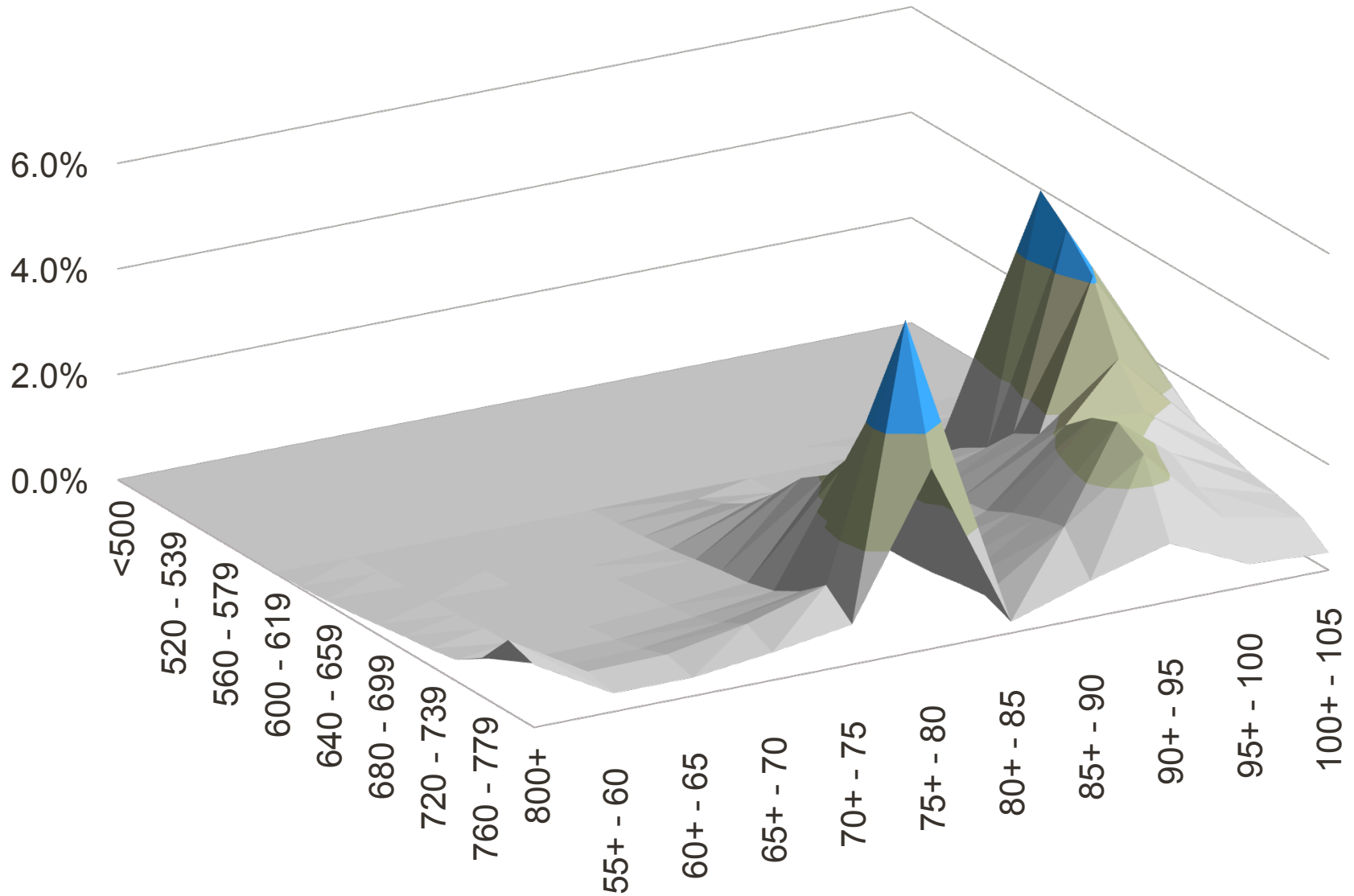
2005 Purchase Credit Box



2010 Purchase Credit Box

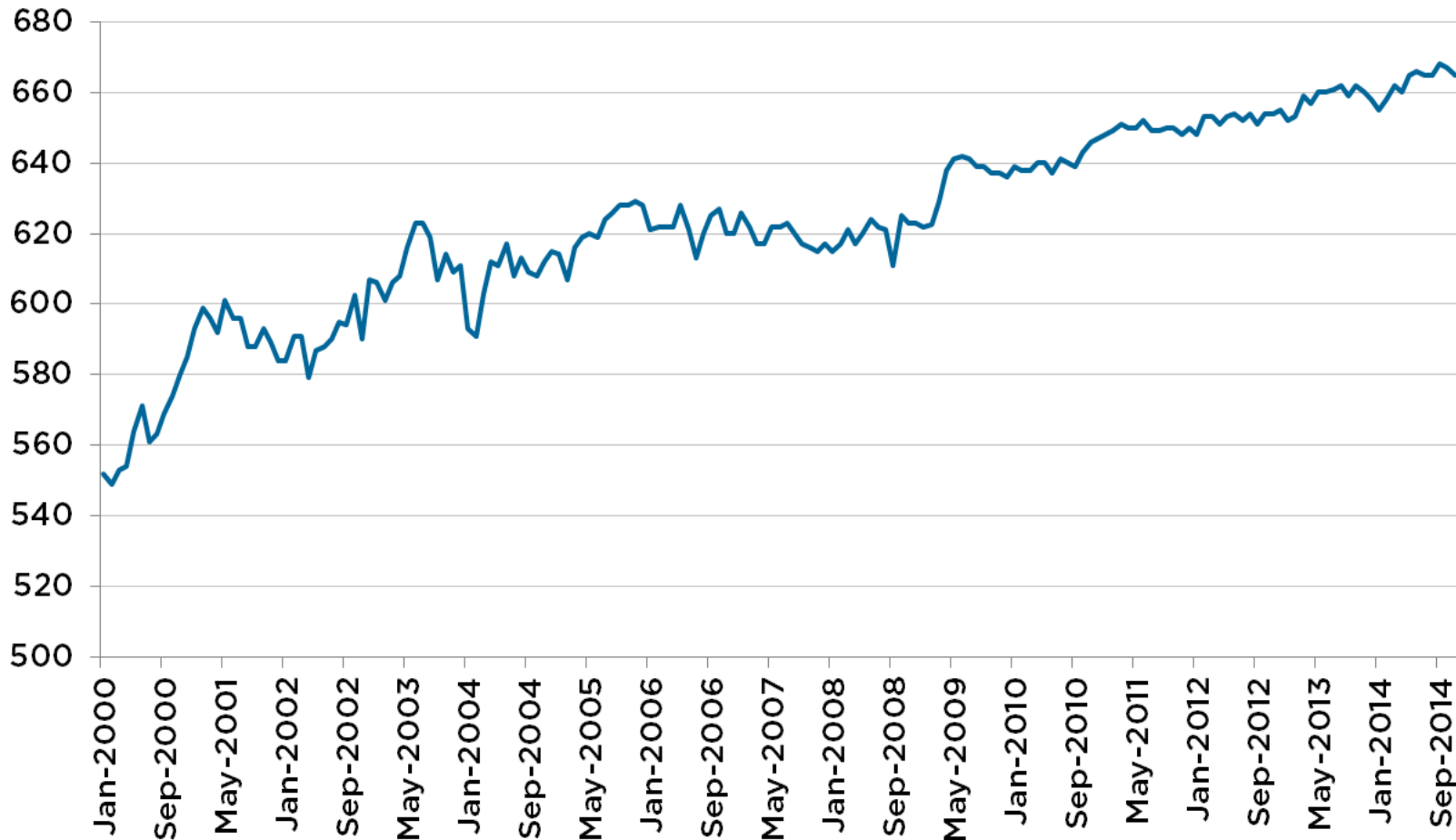


2014 Purchase Credit Box



Is Purchase Underwriting Loosening?

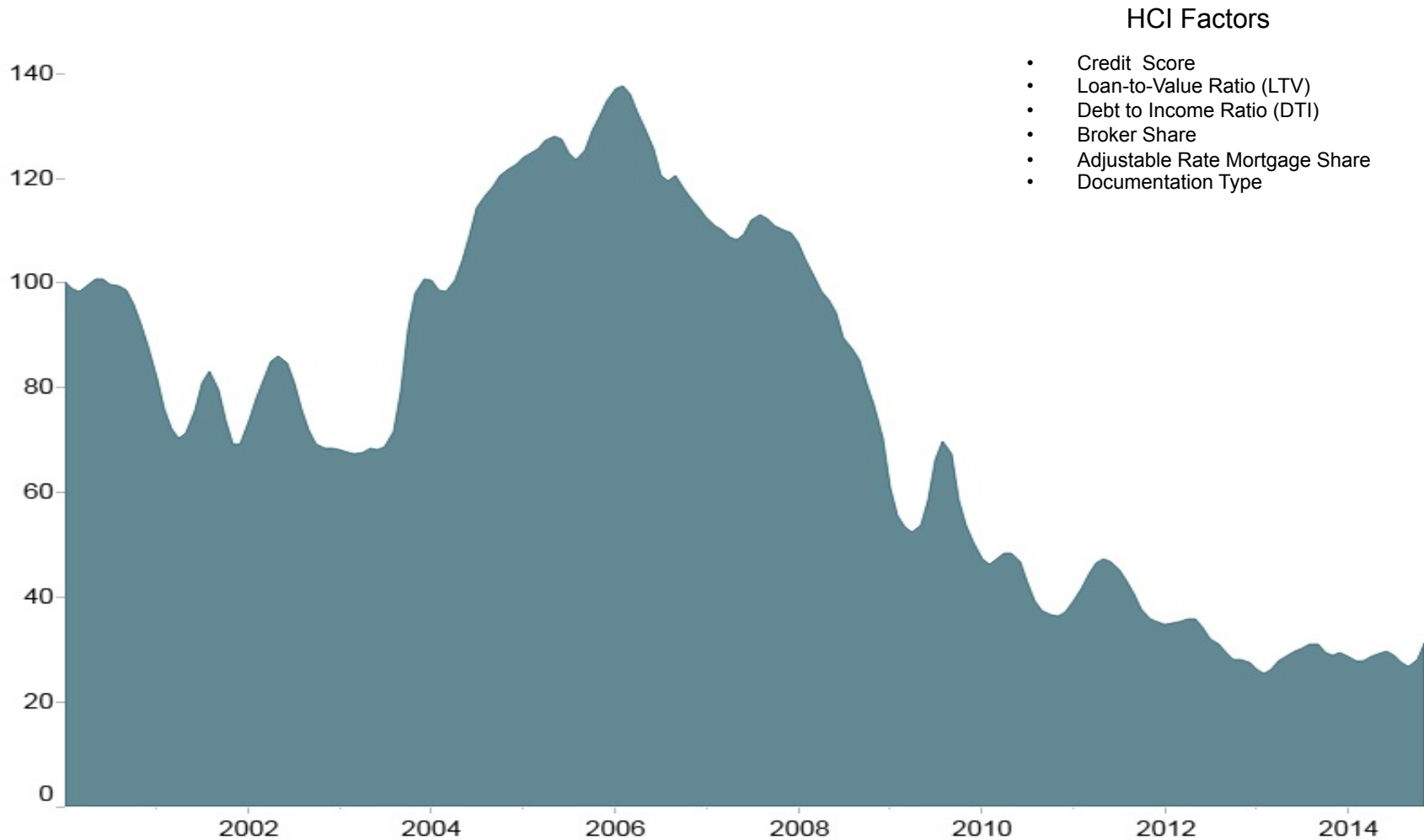
10th Percentile Credit Score for Purchase Loans



Source: CoreLogic, December 2014, 30-year fixed-rate purchase mortgages only

© 2015 CoreLogic, Inc. All rights reserved. Proprietary & Confidential

Housing Credit Index (HCI)

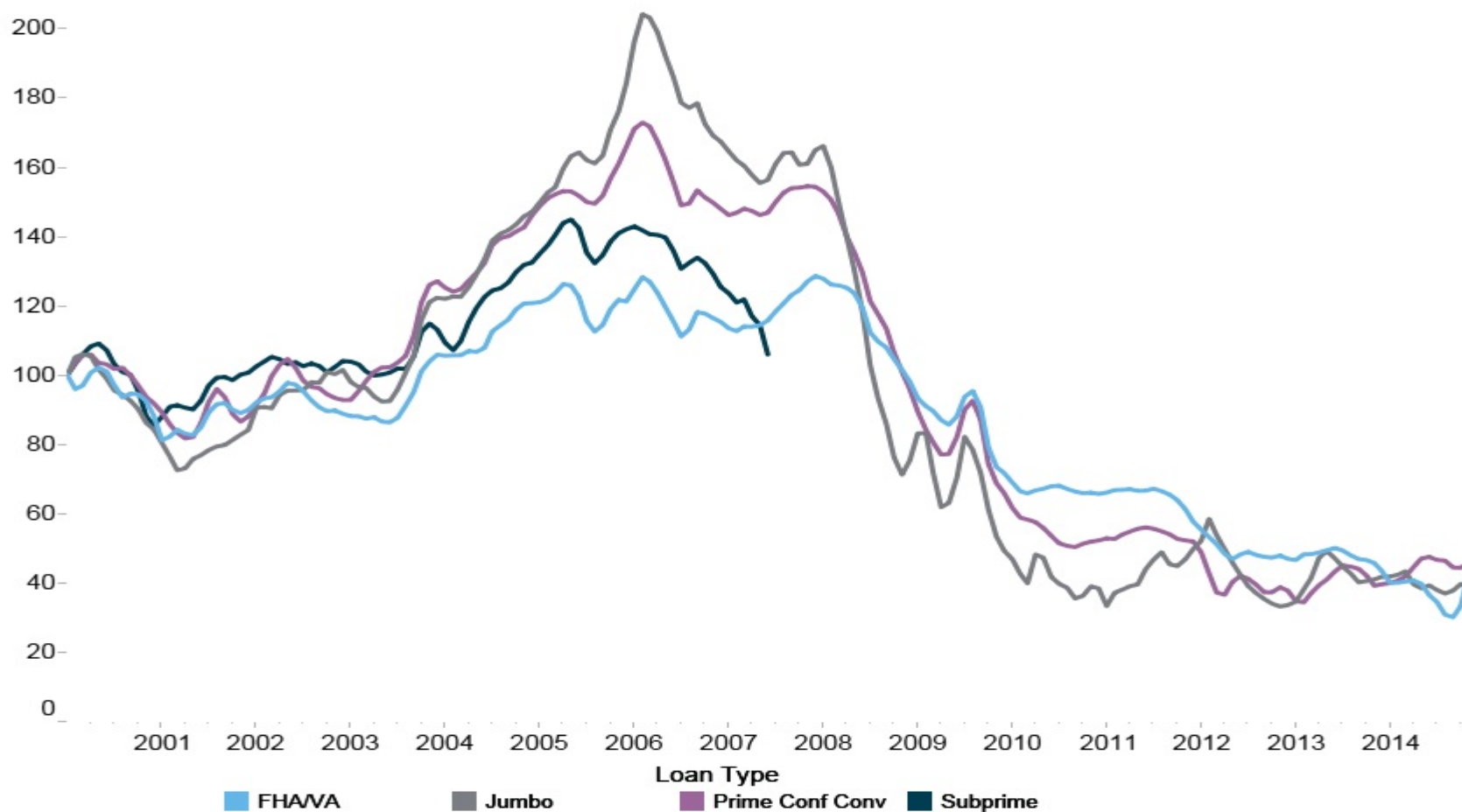


Source: CoreLogic, December 2014

© 2015 CoreLogic, Inc. All rights reserved. Proprietary & Confidential

Housing Credit Index

HCI by Loan Type - Purchase Only



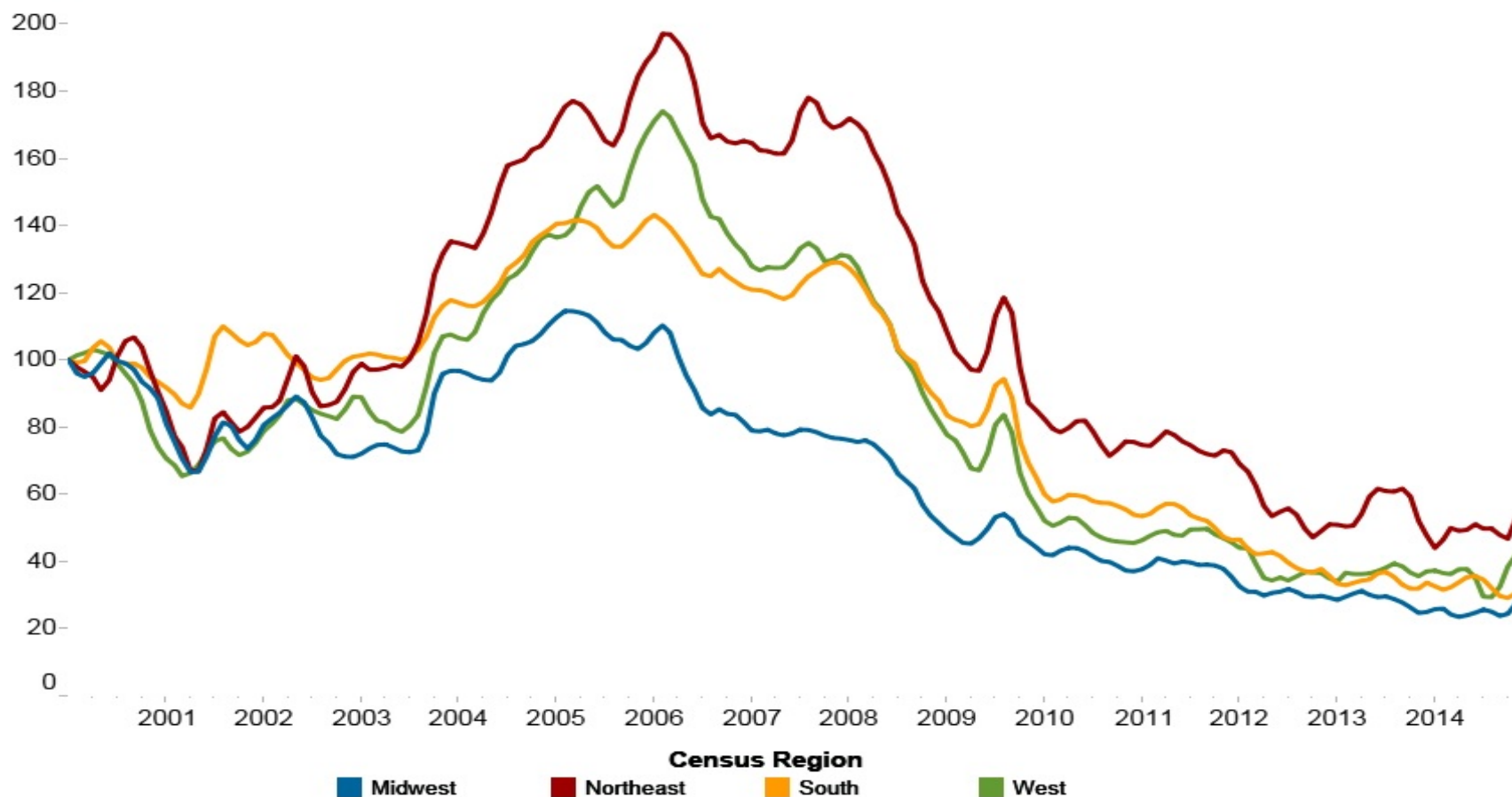
Source: CoreLogic, December 2014

© 2015 CoreLogic, Inc. All rights reserved. Proprietary & Confidential

Housing Credit Index

Purchase Index by Census Region

HCI by Census Region

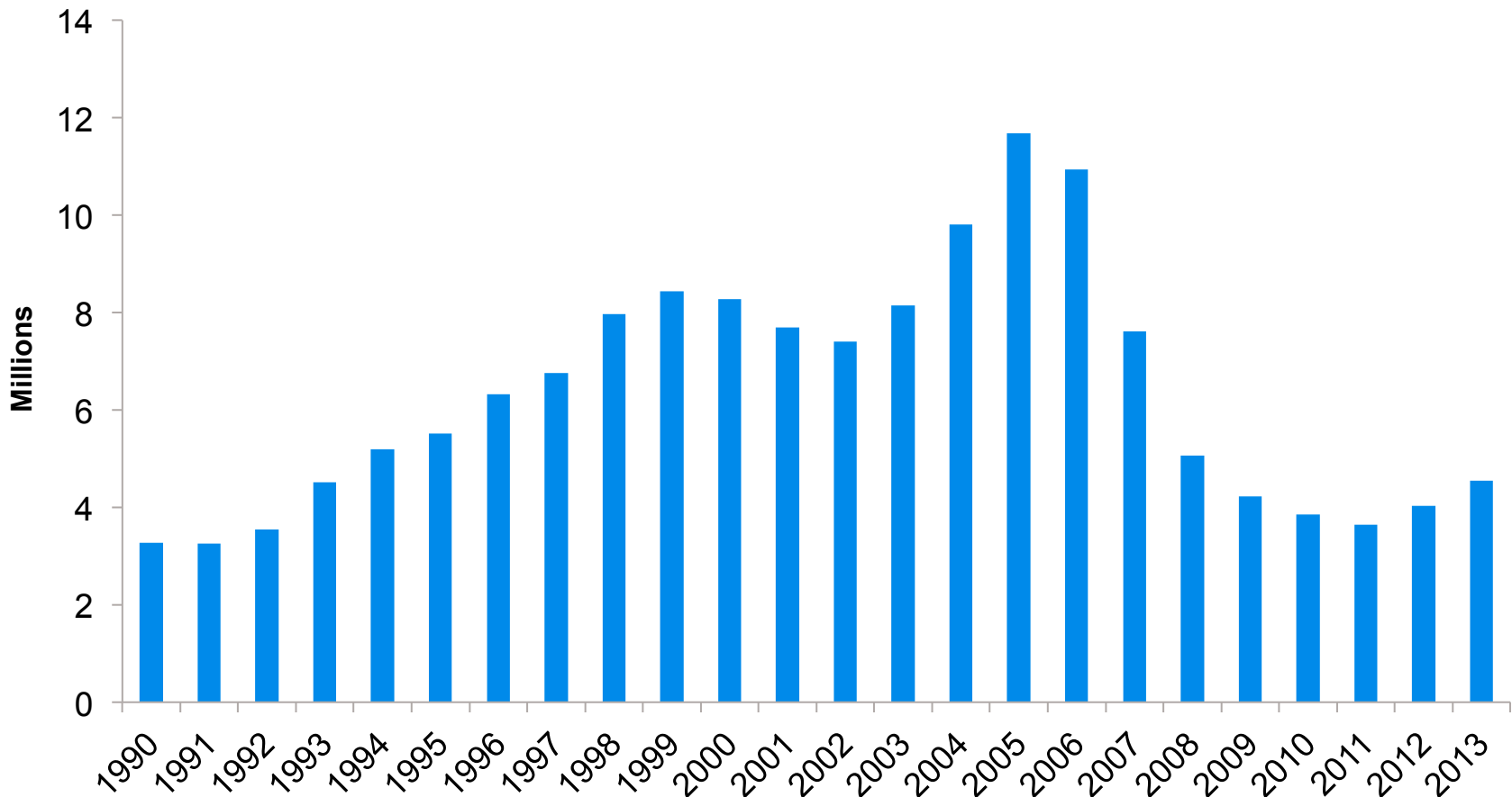


Source: CoreLogic, December 2014

© 2015 CoreLogic, Inc. All rights reserved. Proprietary & Confidential

Demand for Credit is Weak

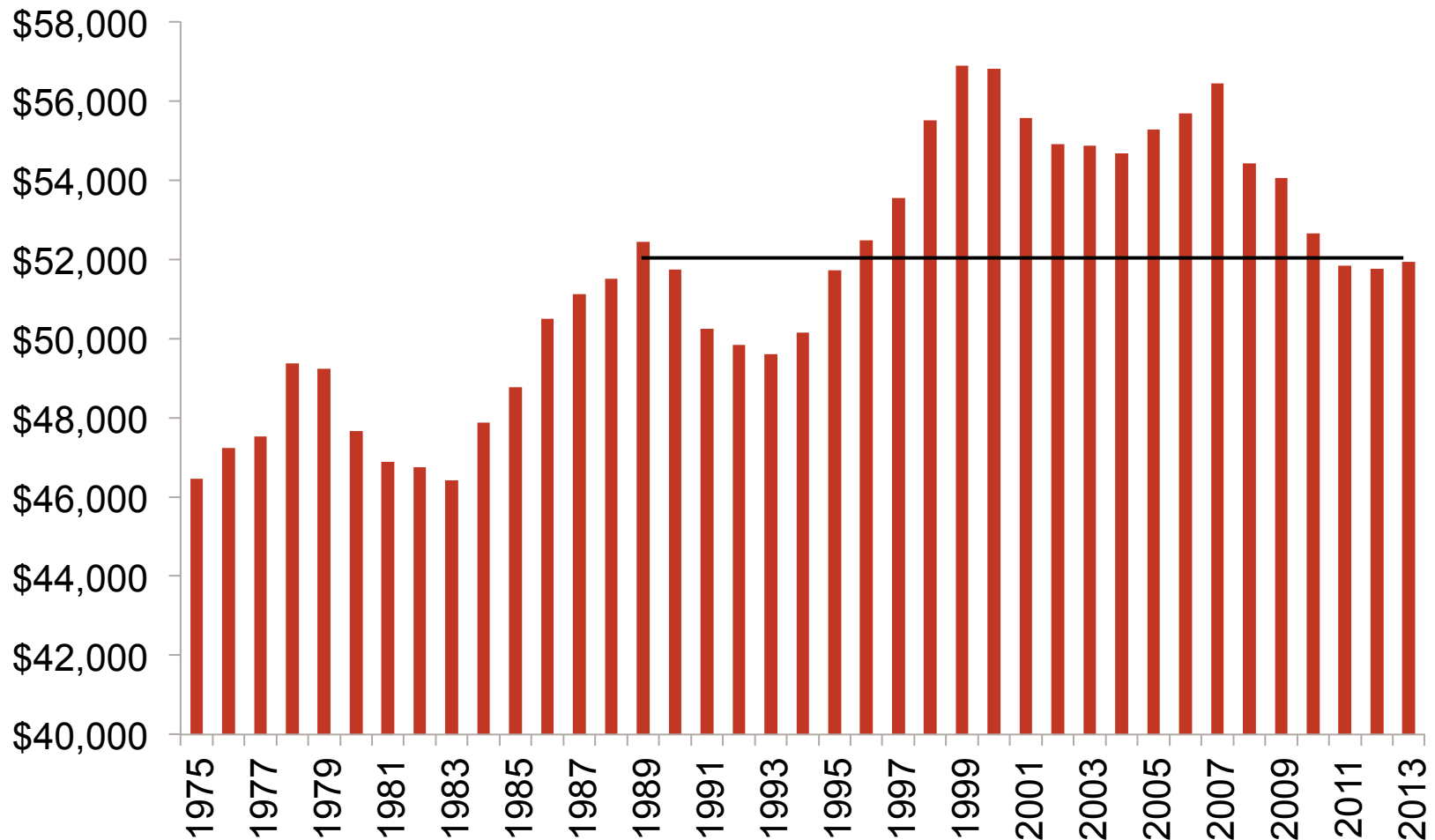
1st Lien Purchase Mortgage Applications at Same Level as 20 Years Ago



Source: Federal Reserve

Demand for Credit is Weak

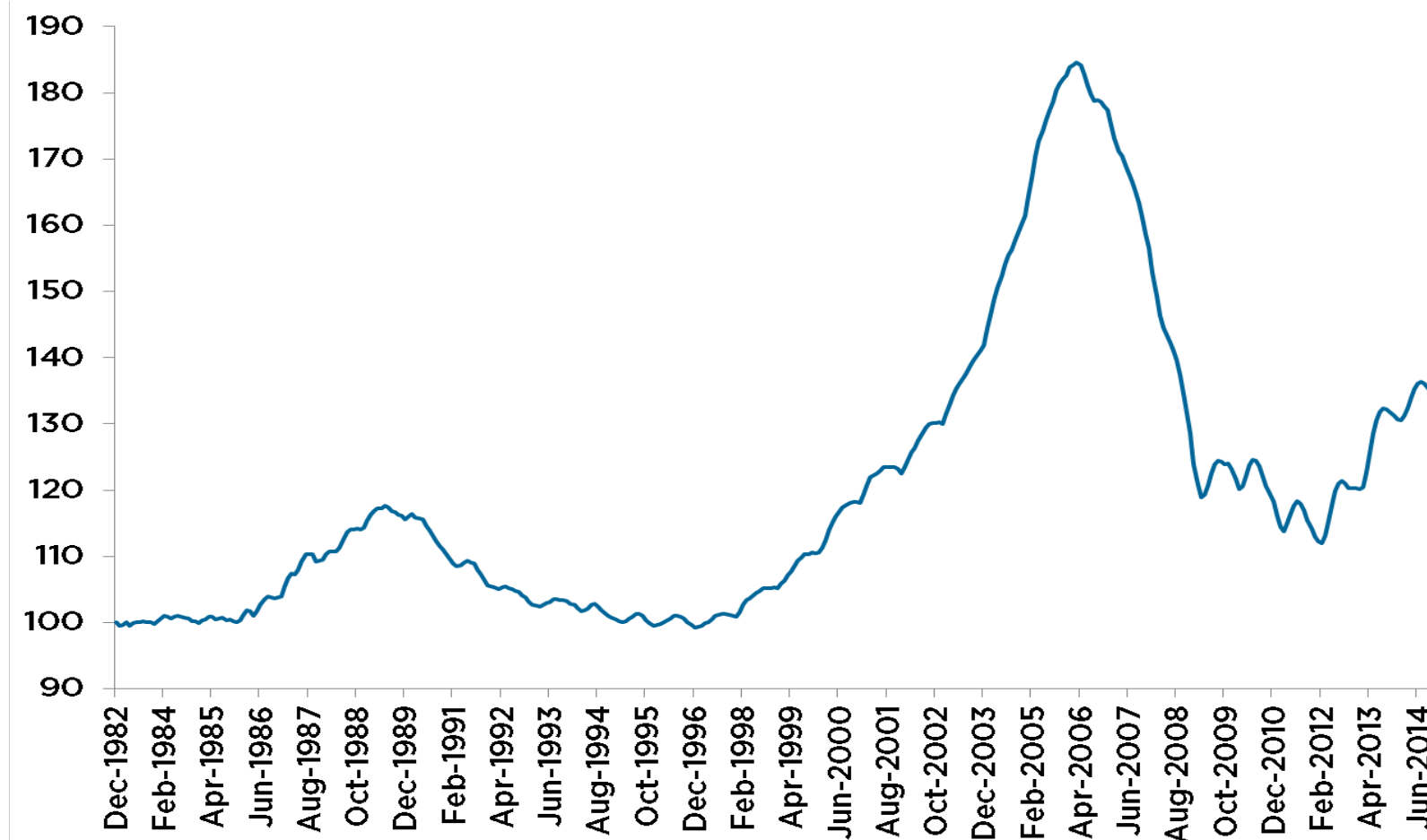
Real Median Income at Same Level as Late 1980s



Source: Census

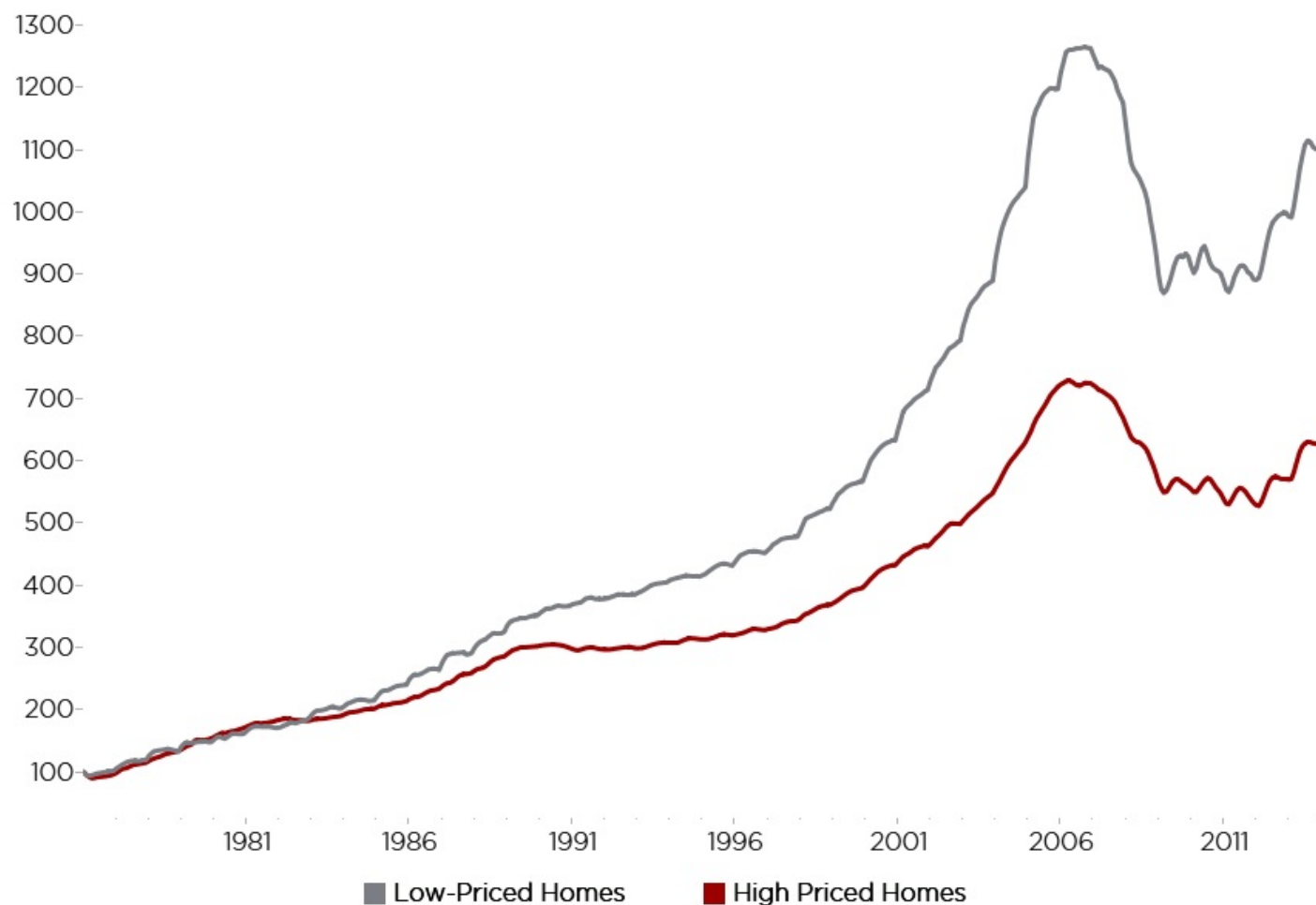
Housing is Unaffordable

Price to Rent Ratio



Source: CoreLogic, BLS January 2015

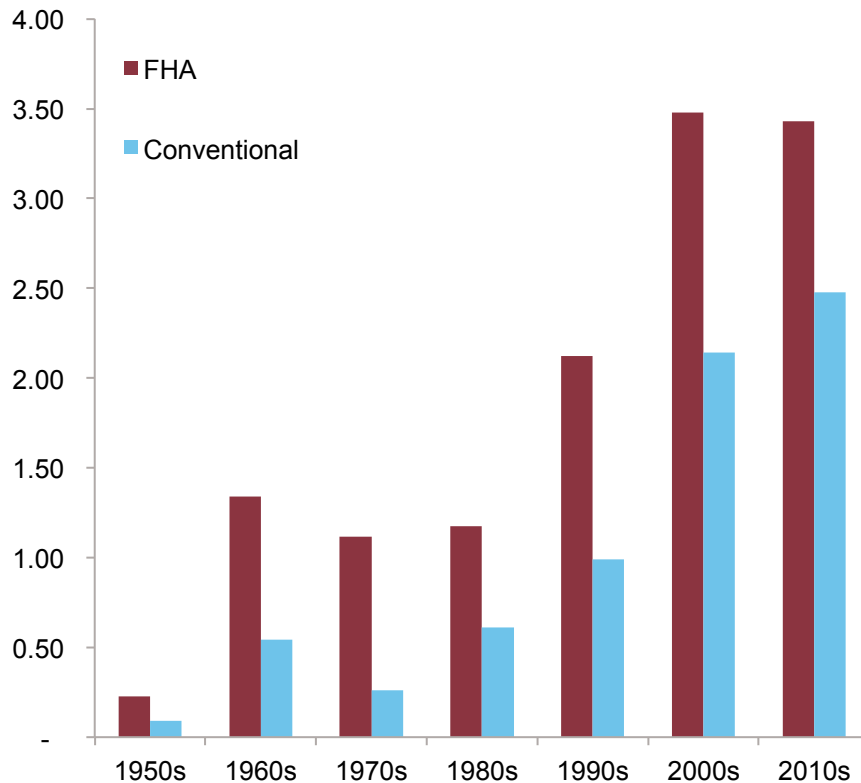
Low End Prices Up Twice as Much as Upper End



Source: CoreLogic, BLS December 2014

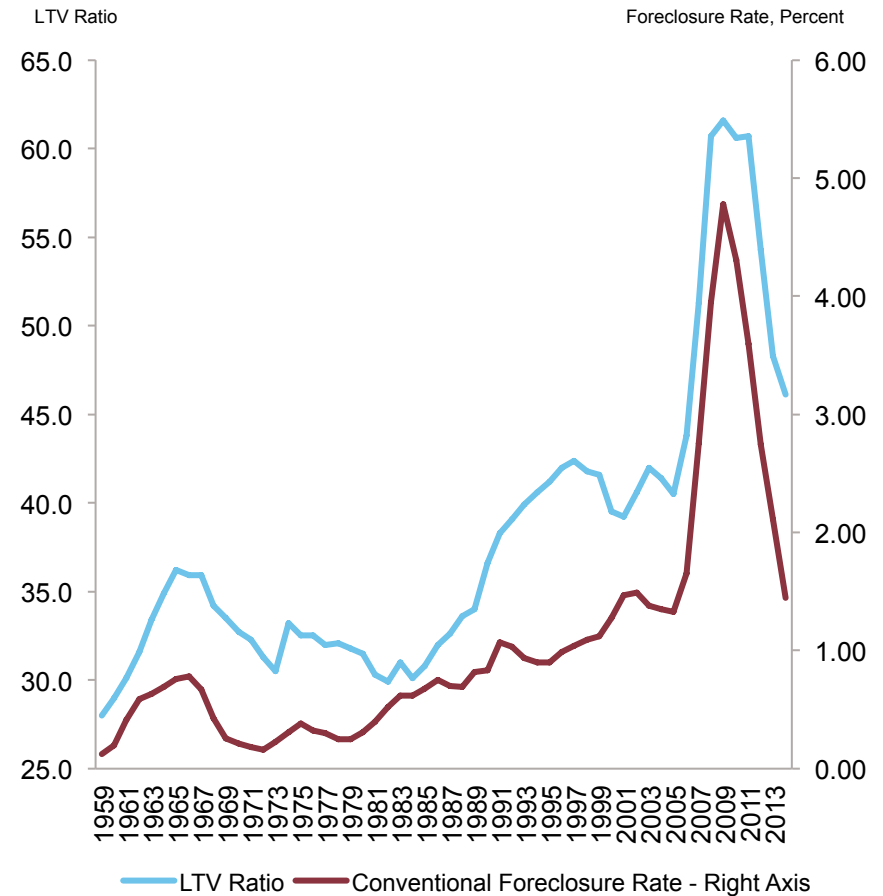
Leverage Driving Up Low End Prices and Foreclosures

Foreclosure Rates Consistently Rise Since 1980s



Source: MBA, FHA, FDIC, CoreLogic

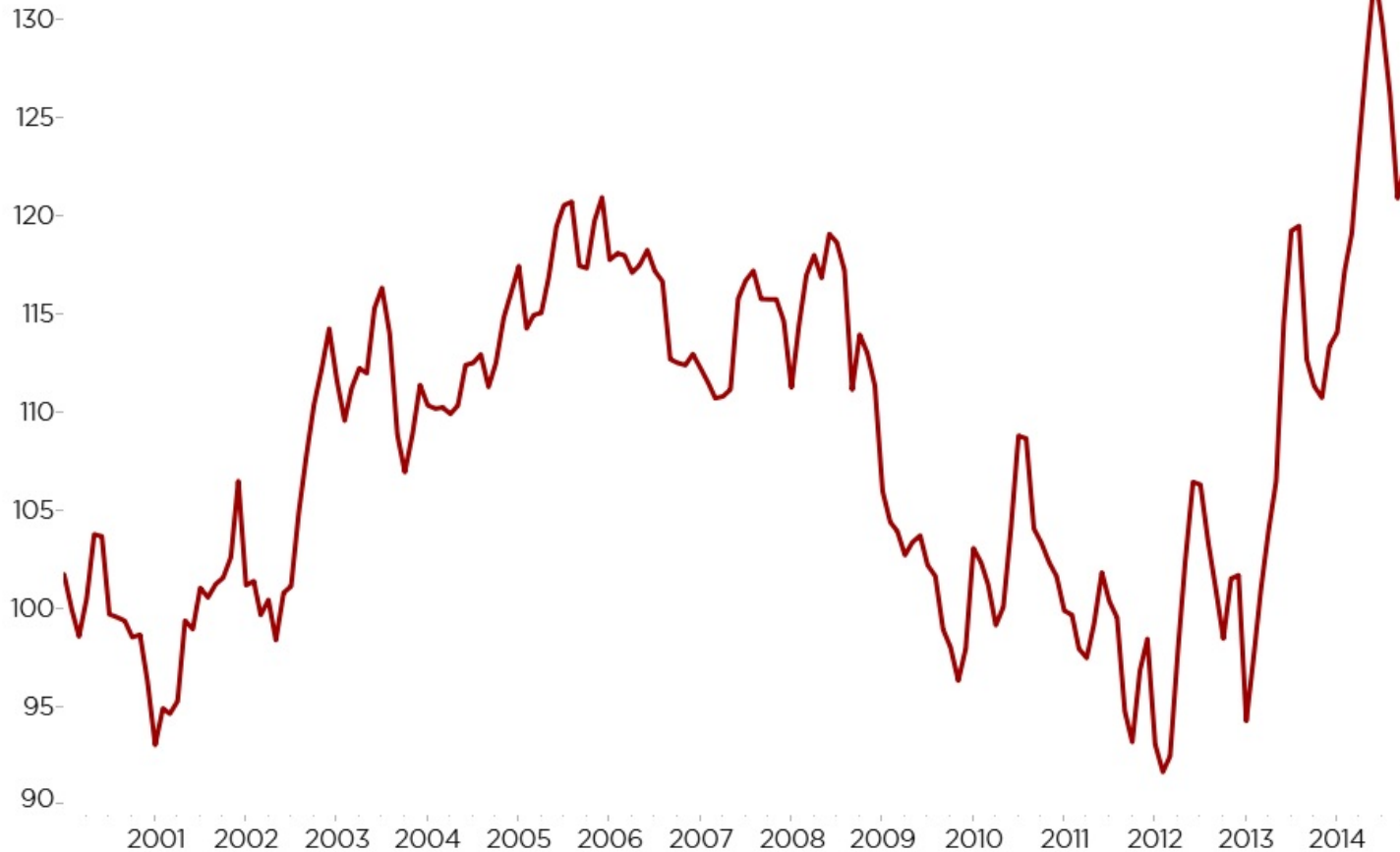
Leverage Drives Foreclosure Rates



Source: MBA, FHA, FDIC, CoreLogic, Census

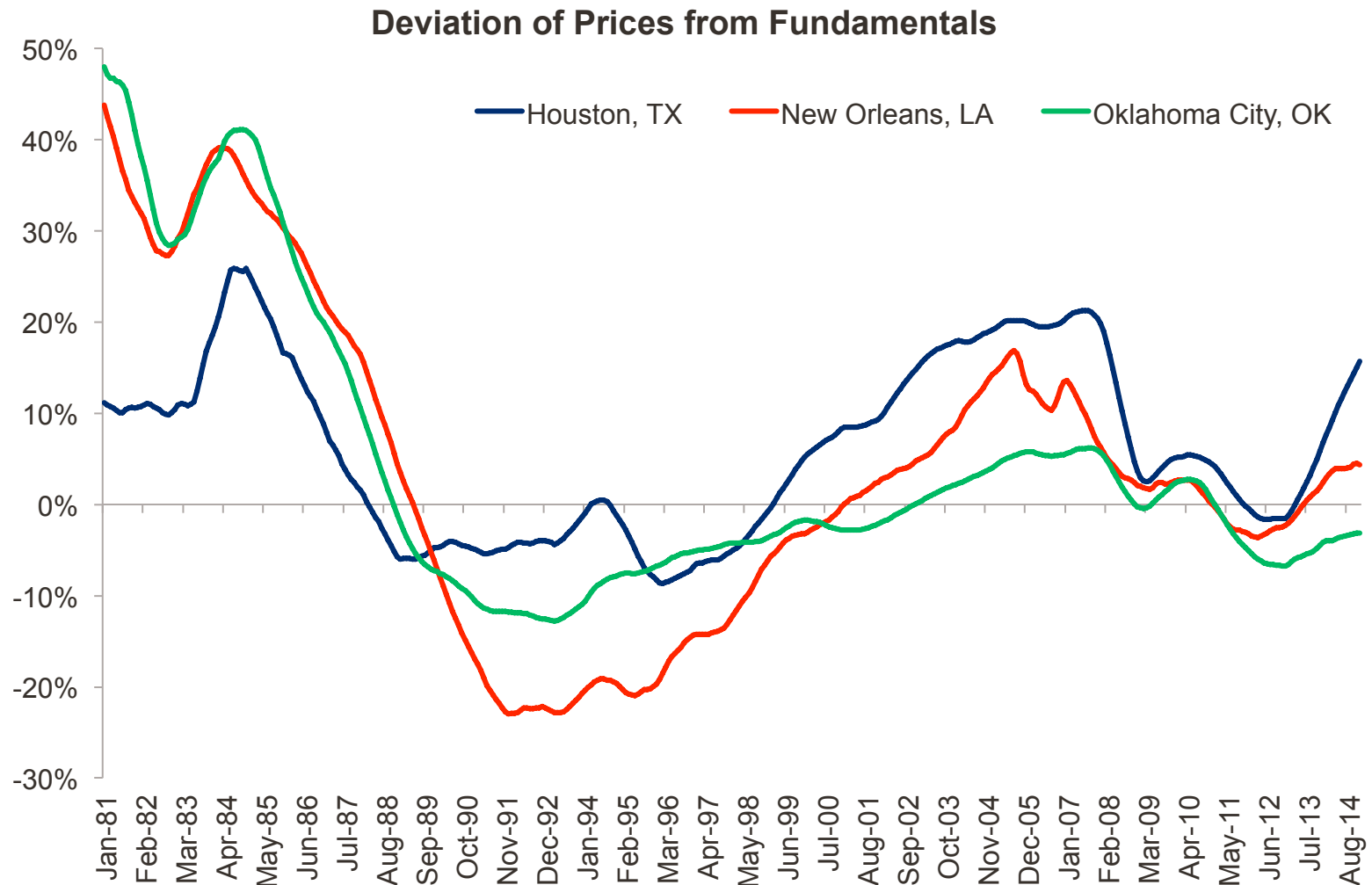
Buyers Active in Market Have Much Higher Incomes

Purchase Owner-Occupied Homebuyer Income Index



Source: CoreLogic, BLS December 2014

Key Oil Markets Much Less Overvalued Than Prior Cycles



Source: CoreLogic, December 2014

Thank You!

www.corelogic.com/blog/

@CoreLogicEcon
@Telegram__Sam

The views, opinions, forecasts and estimates herein are those of the CoreLogic Office of the Chief Economist, are subject to change without notice and do not necessarily reflect the position of CoreLogic or its management. The Office of the Chief Economist makes every effort to provide accurate and reliable information, however, it does not guarantee accuracy, completeness, timeliness or suitability for any particular purpose.