



FEDERAL RESERVE BANK *of* NEW YORK

## Housing Conditions in the Region & Potential Impacts of Sandy

Jaison Abel, Senior Economist

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The views expressed here are those of the presenters and do not necessarily represent the views of the Federal Reserve Bank of New York or the Federal Reserve System.

# Overview of Regional Housing Conditions

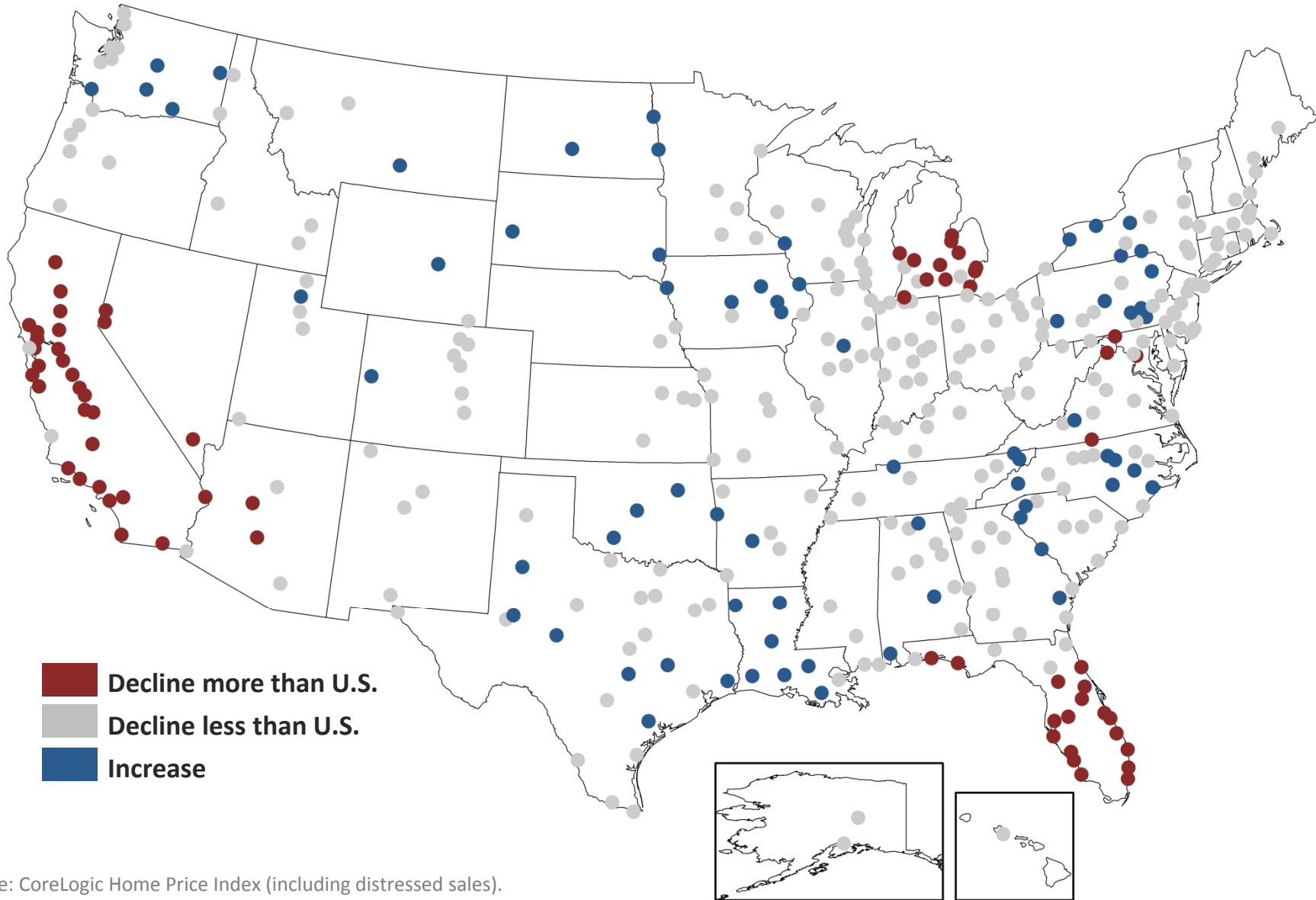
- Many of the region's housing markets have begun to recover
  - Home prices reached a bottom in late 2011
  - Home sales and building activity have stabilized
- Signs of housing-related stress have eased somewhat
  - Negative equity share has edged down remains below national levels
  - Fewer homeowners are becoming delinquent on their mortgages
- Challenges remain going forward
  - The hardest hit places in the region continue to struggle
  - A large and growing backlog of foreclosures exists in the region





# The Geography of the Housing Bust

Change in Home Prices, March 2006 – April 2009

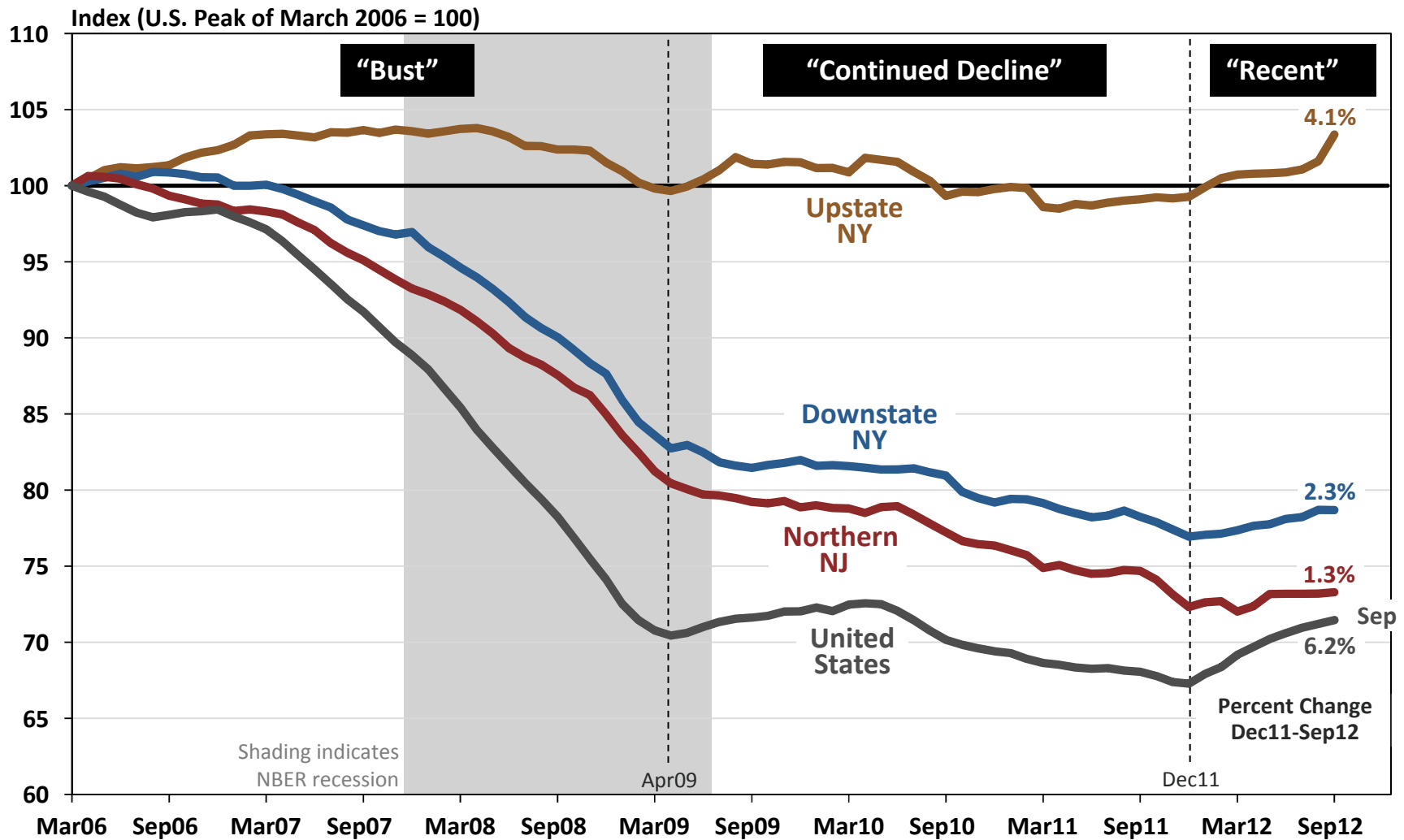


Source: CoreLogic Home Price Index (including distressed sales).

# Measures of Housing Activity

# Regional Home Prices

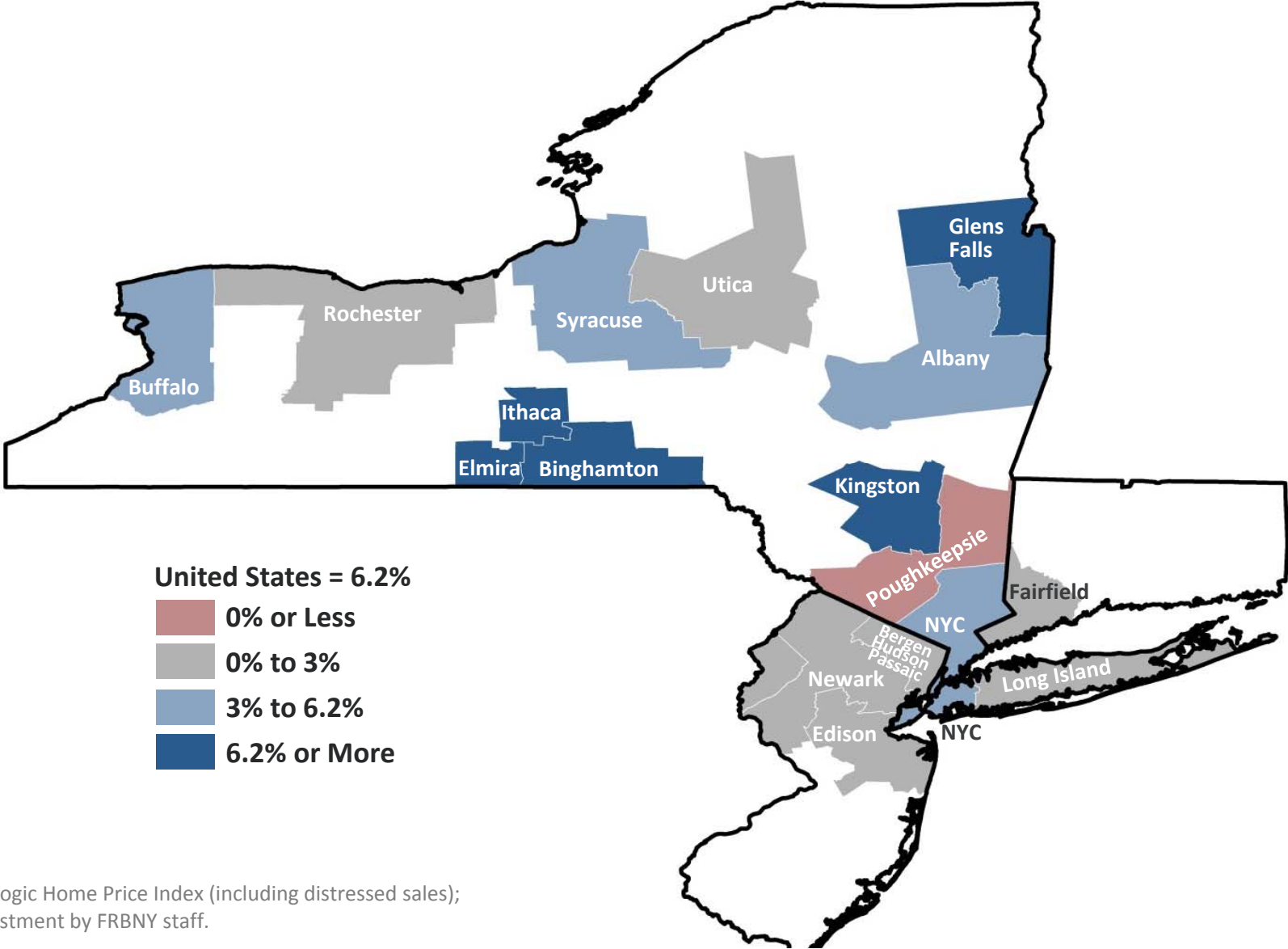
CoreLogic Single-Family Home Price Index, Seasonally Adjusted



Source: CoreLogic Home Price Index (including distressed sales); Aggregation and seasonal adjustment by FRBNY staff.

# Home Price Changes in the Region

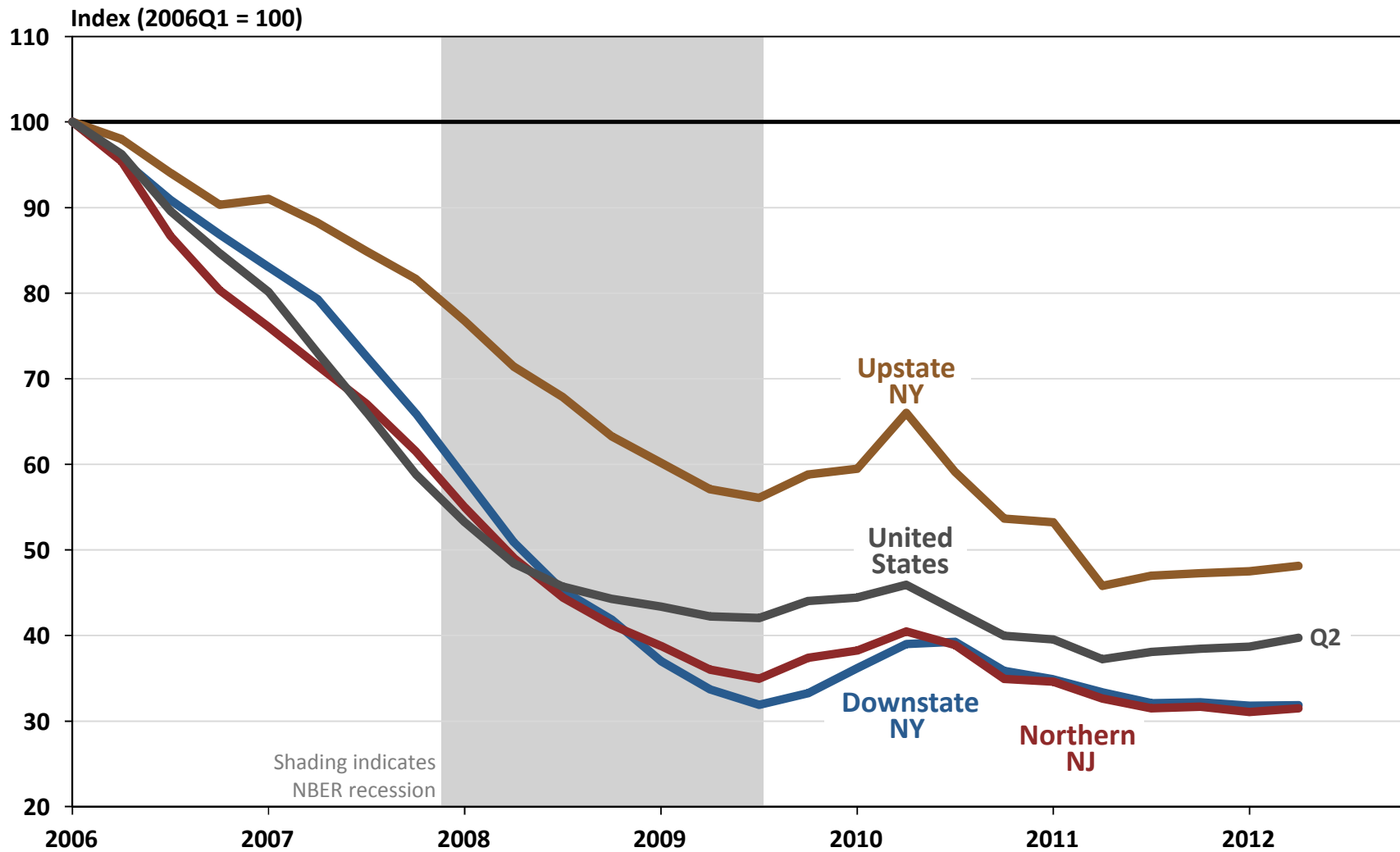
CoreLogic Single-Family Home Price Index, Dec11 - Sep12



Source: CoreLogic Home Price Index (including distressed sales);  
Seasonal adjustment by FRBNY staff.

# Regional Home Sales

Index of Single-Family Repeat Sales, Four-Quarter Moving Average



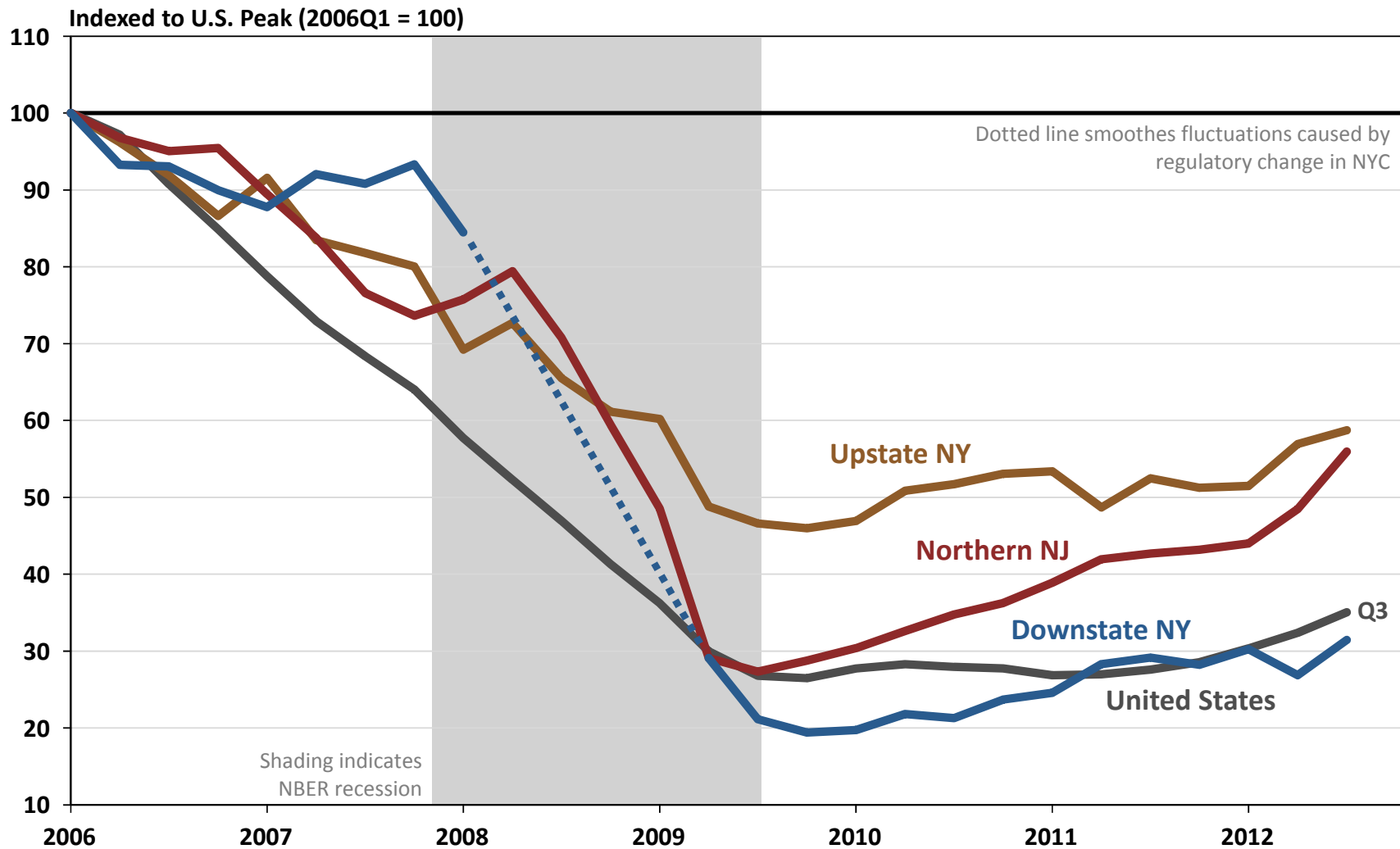
Source: CoreLogic.

Note: Data trimmed to Q2.



# Regional Home Building Activity

Index of Total Residential Home Permits, Four-Quarter Moving Average

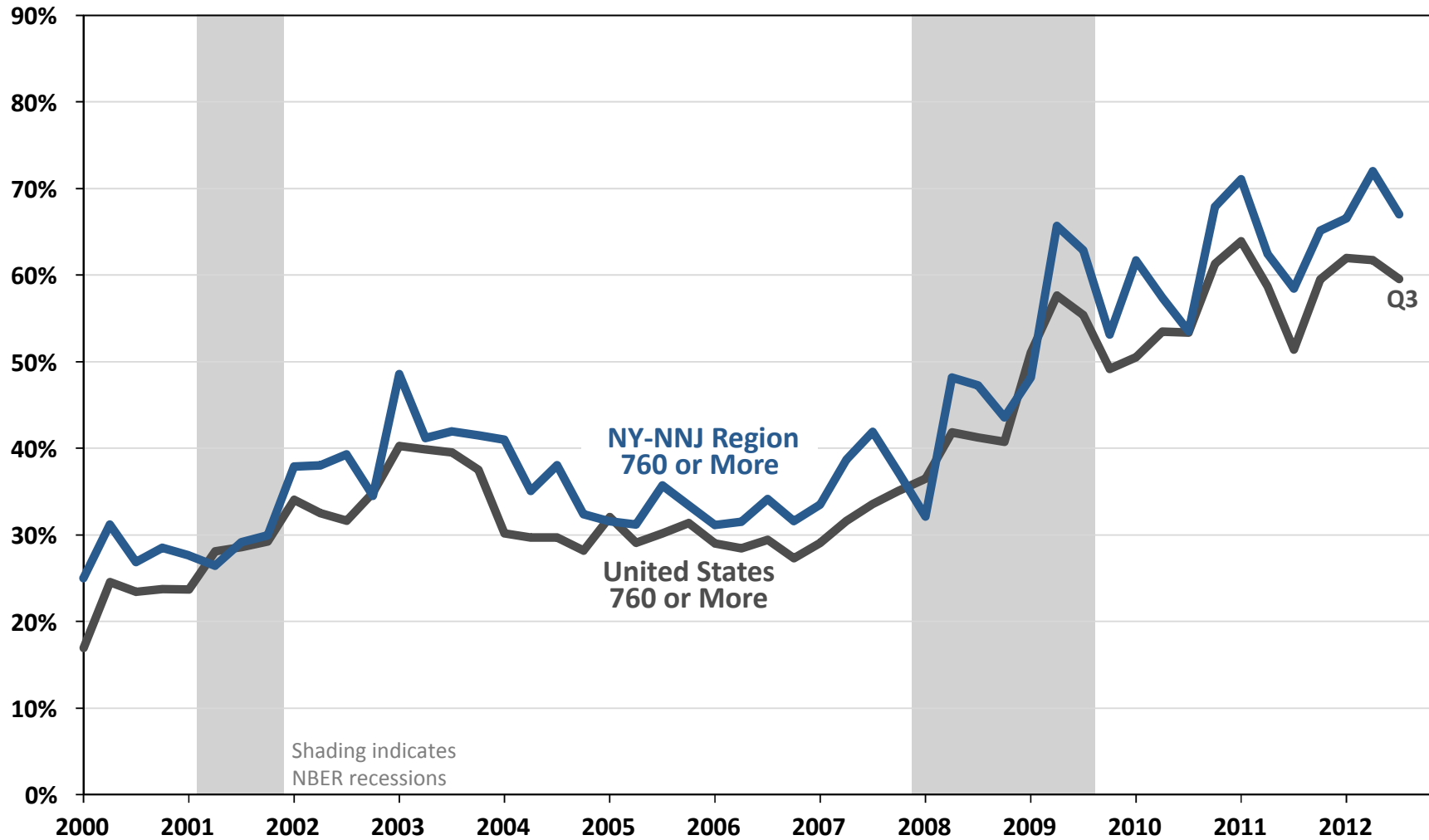


Source: U.S. Census Bureau and Moody's Economy.com.



# Mortgage Originations by Credit Score

## Share of First Mortgages

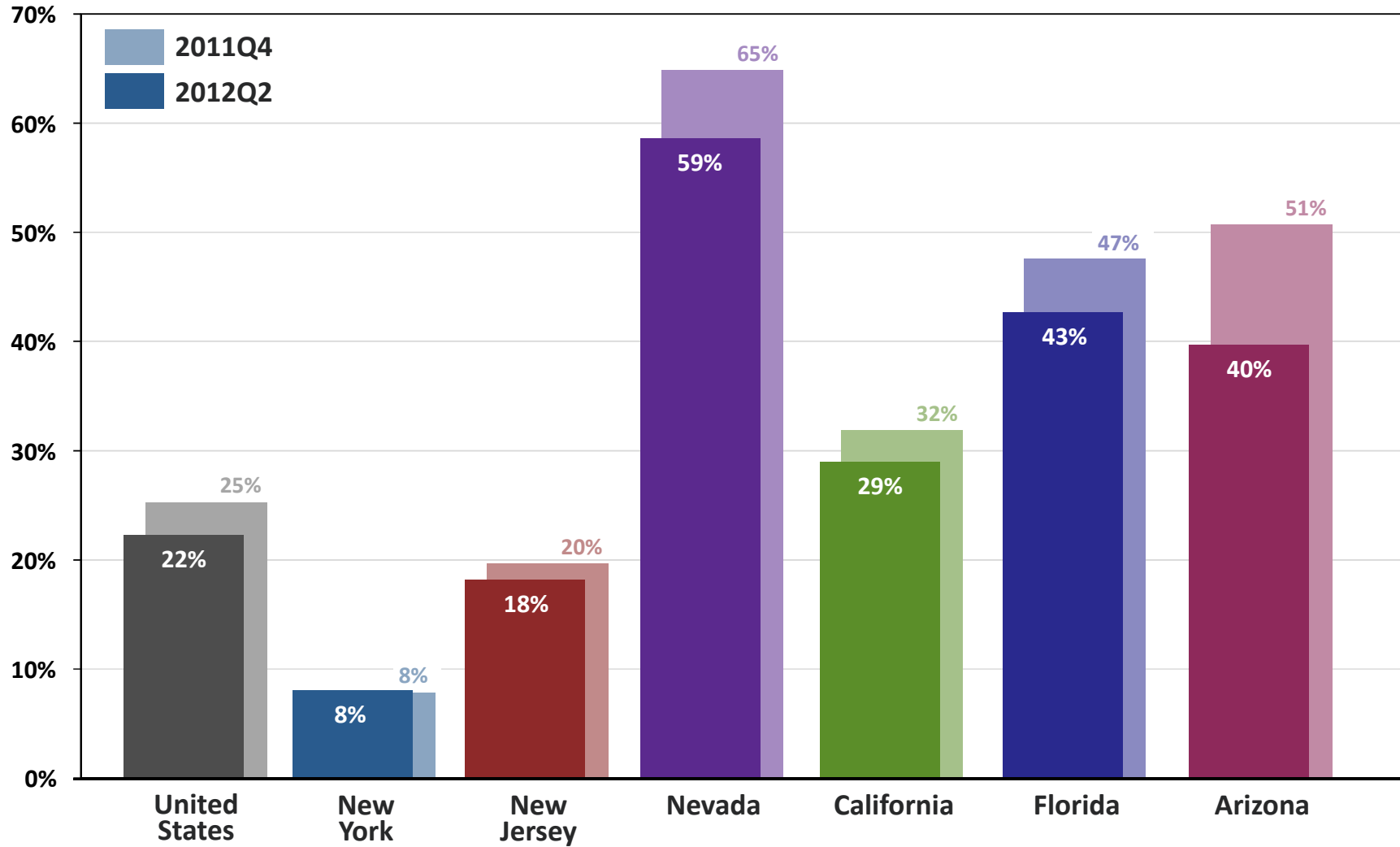


Source: FRBNY Consumer Credit Panel/Equifax.

# Measures of Housing Stress

# Negative Equity

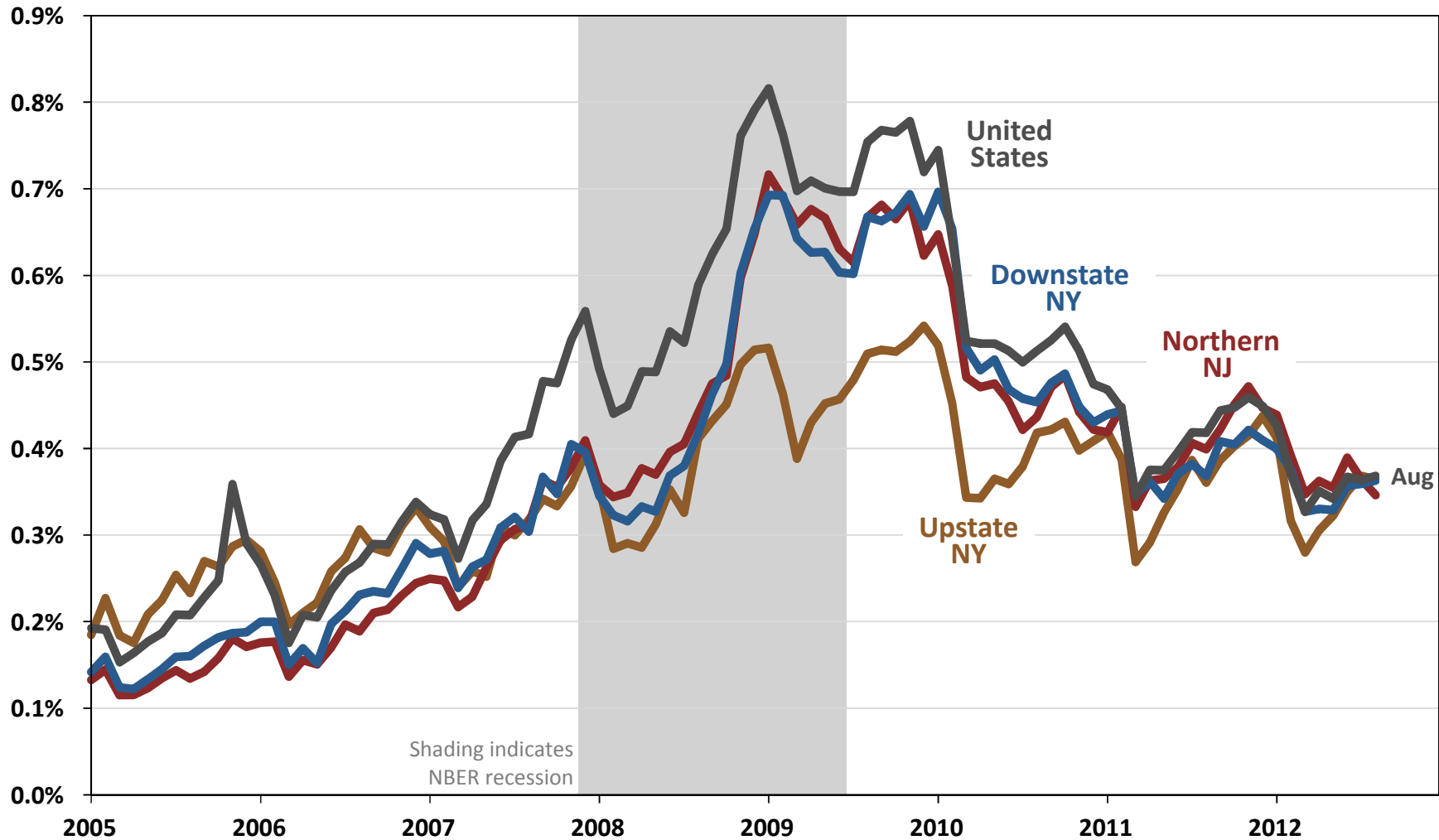
Share of Mortgages with Amount Owed Greater Than Home Value



Source: CoreLogic Negative Equity Report (with revised historical data).

# Pipeline of New Delinquencies

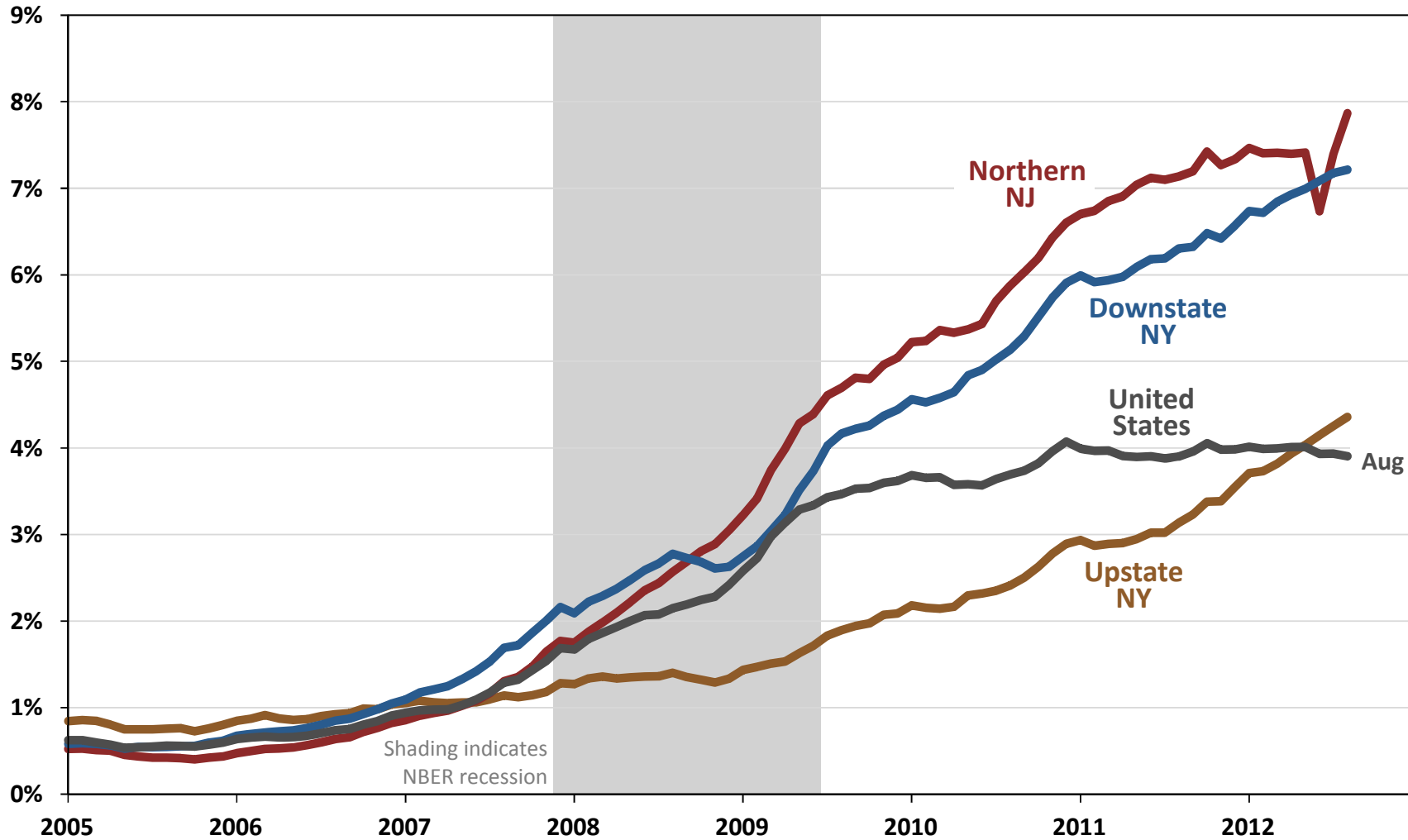
Share of Mortgages Entering Severe Delinquency (90+ Days)  
Since Previous Month



Source: CoreLogic LoanPerformance (LP) and Lender Processing Services Mortgage Performance data (LPS) as of Sep 1, 2012.

# Backlog of Foreclosures

## Share of Mortgages in Foreclosure

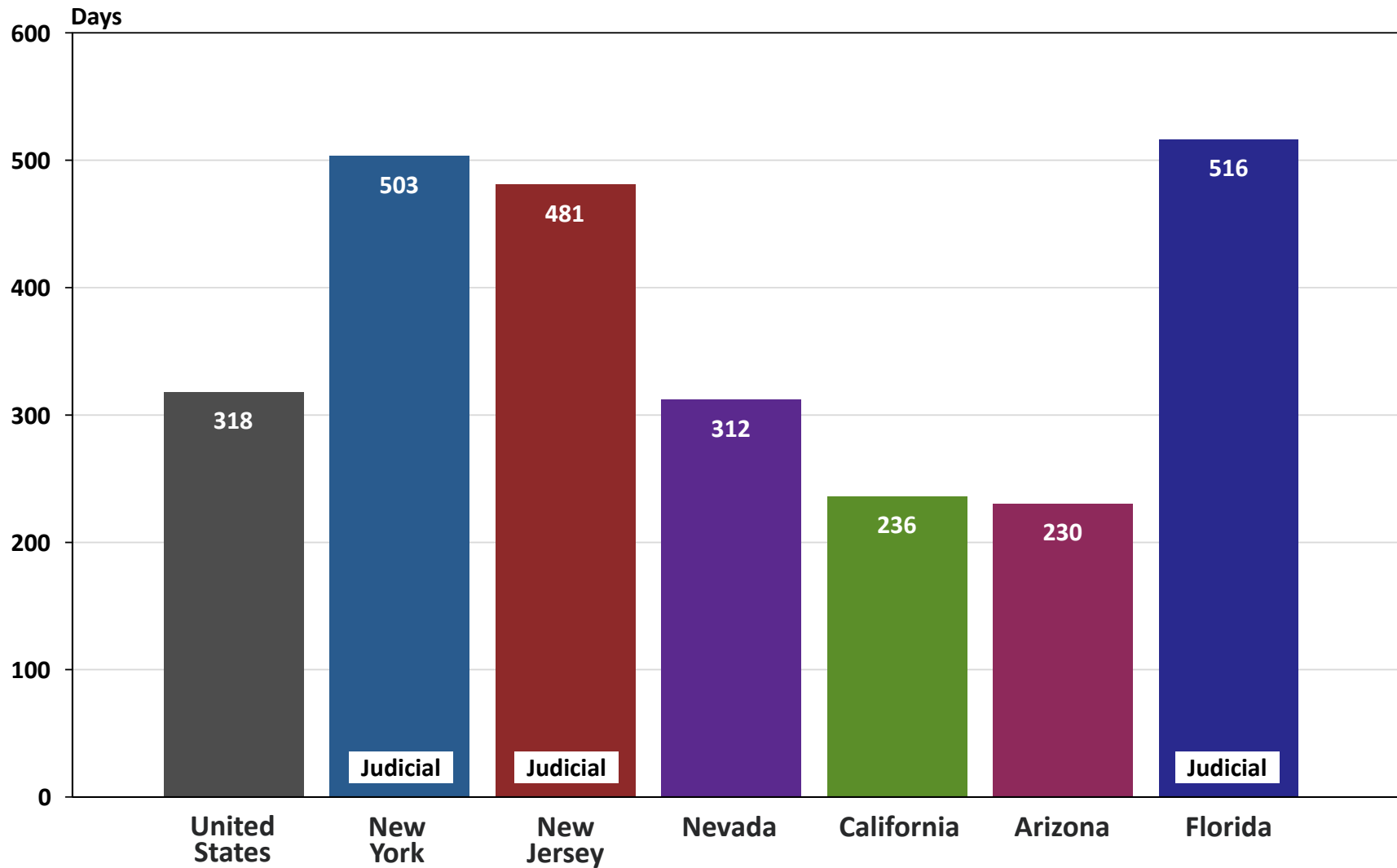


Source: CoreLogic LoanPerformance (LP) and Lender Processing Services Mortgage Performance data (LPS) as of Sep 1, 2012.



# Average Number of Days in Foreclosure

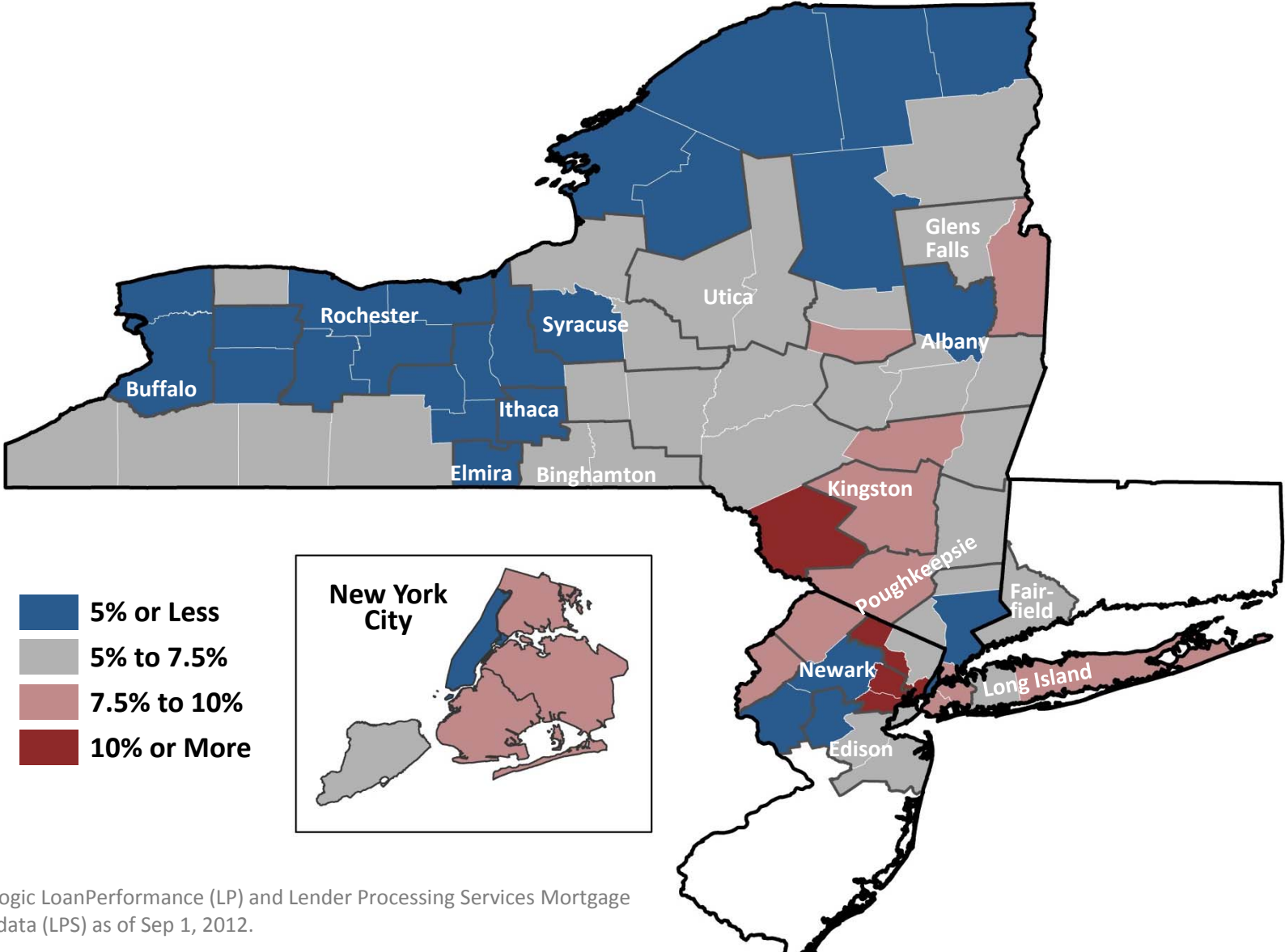
2010 to 2012Q2



Source: CoreLogic.

# Geography of Regional Housing Stress

## Percent of Mortgages in Foreclosure



Source: CoreLogic LoanPerformance (LP) and Lender Processing Services Mortgage Performance data (LPS) as of Sep 1, 2012.

# Summary

- Like the nation, housing conditions in the region have shown steady signs of improvement
  - Home prices have generally increased throughout the year
  - Other measures of housing-related activity have stabilized
  - Indicators of housing-related stress have eased somewhat
- However, many of the hardest hit places in the region continue to struggle
  - Housing stress is concentrated in northern New Jersey, parts of the Hudson Valley, and Long Island
- Going forward, a large and growing backlog of foreclosures presents a challenge to broadening and strengthening the region's housing recovery



# Potential Impacts of Sandy

- A large number of homes were damaged or destroyed by Sandy, particularly along the coasts of NY, NJ, and CT
  - NY: +300,000 (~4% of housing stock)
  - NJ: +70,000 (~2% of housing stock)
- No doubt, rebuilding will be difficult and costly
- Research indicates that housing markets impacted by severe storms see a temporary dip in home prices and sales activity followed by a rebound
  - If enough homes are destroyed, prices may increase immediately
- Longer run questions following Superstorm Sandy:
  - Will demand for coastal properties fall?
  - Will costs of homeownership increase?

