

Banking Outlook Conference 2018

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Senior Financial Specialist, Federal Reserve Bank of Atlanta



The opinions expressed are those of the presenter and not those of the Federal Reserve Bank of Atlanta or the Federal Reserve or its Board of Governors.



Agenda

- Housing Market Trends
- Affordability Outlook
- Questions

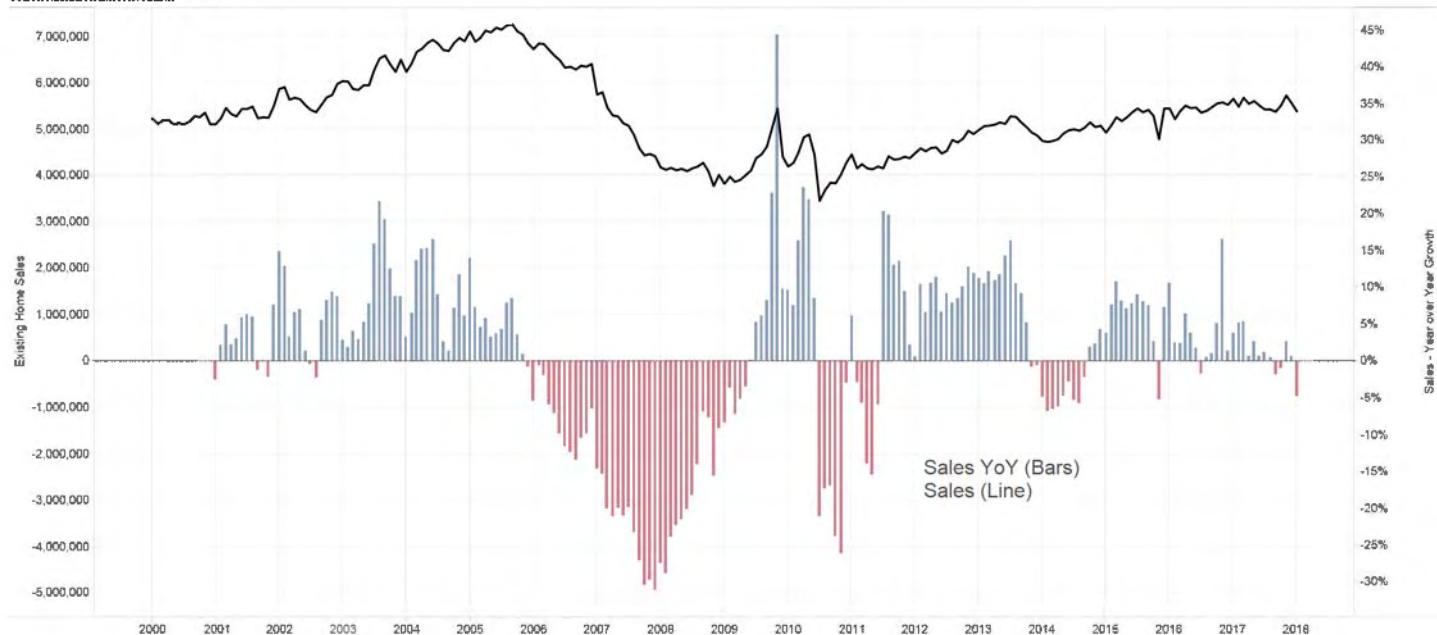


Housing Market Trends



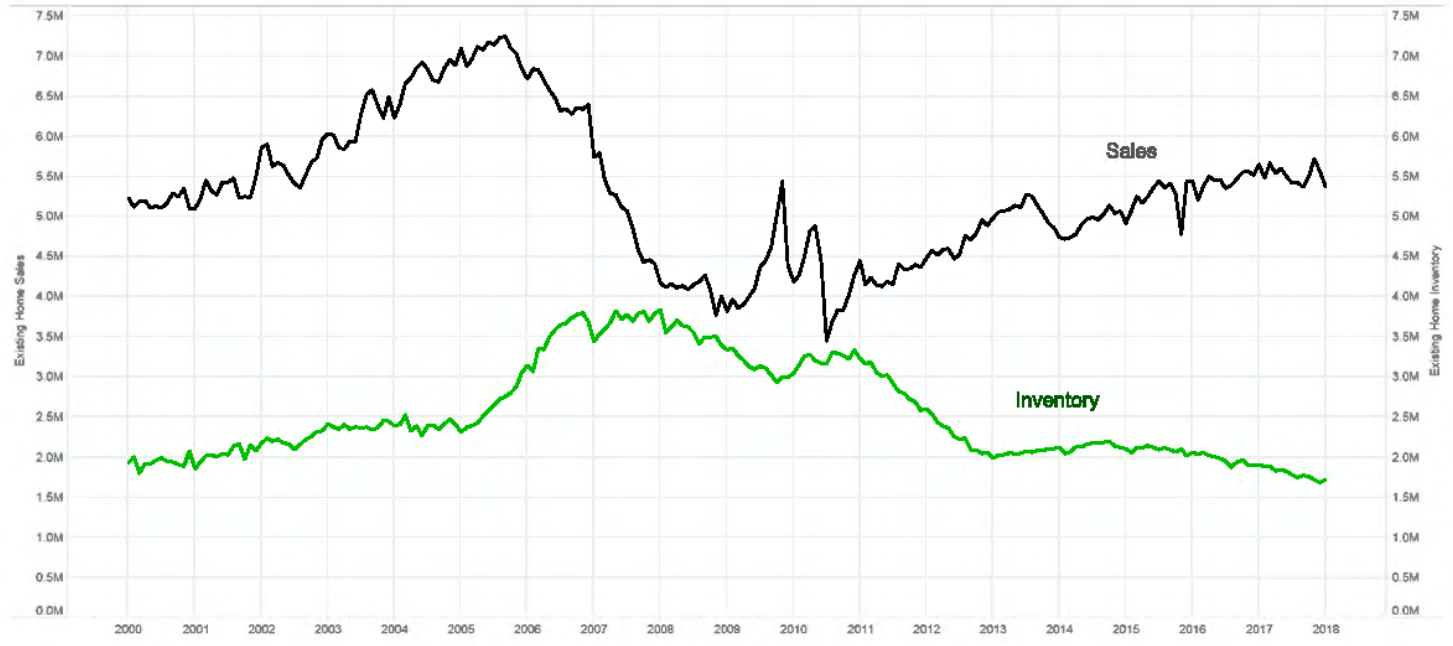
US Existing Home Sales

Source: National Real Estate Association



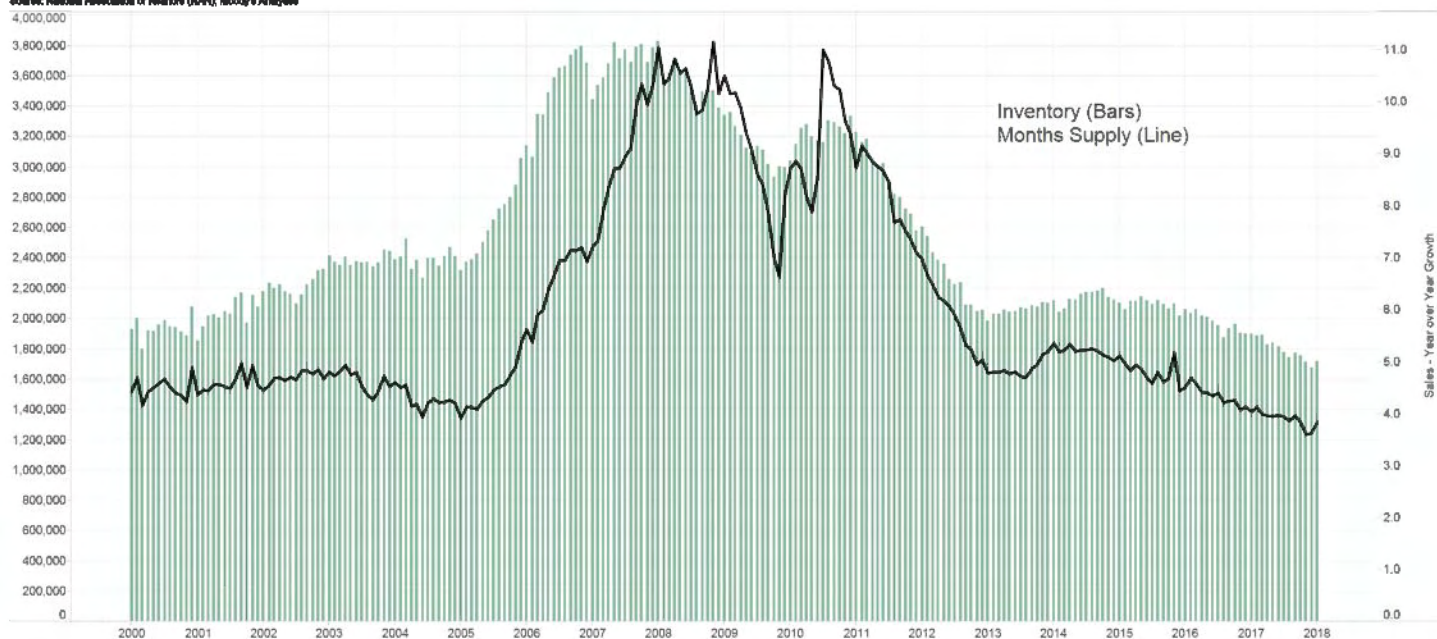
US Existing Home Sales Vs Inventory

Source: National Real Estate Association



US Existing Home Inventory

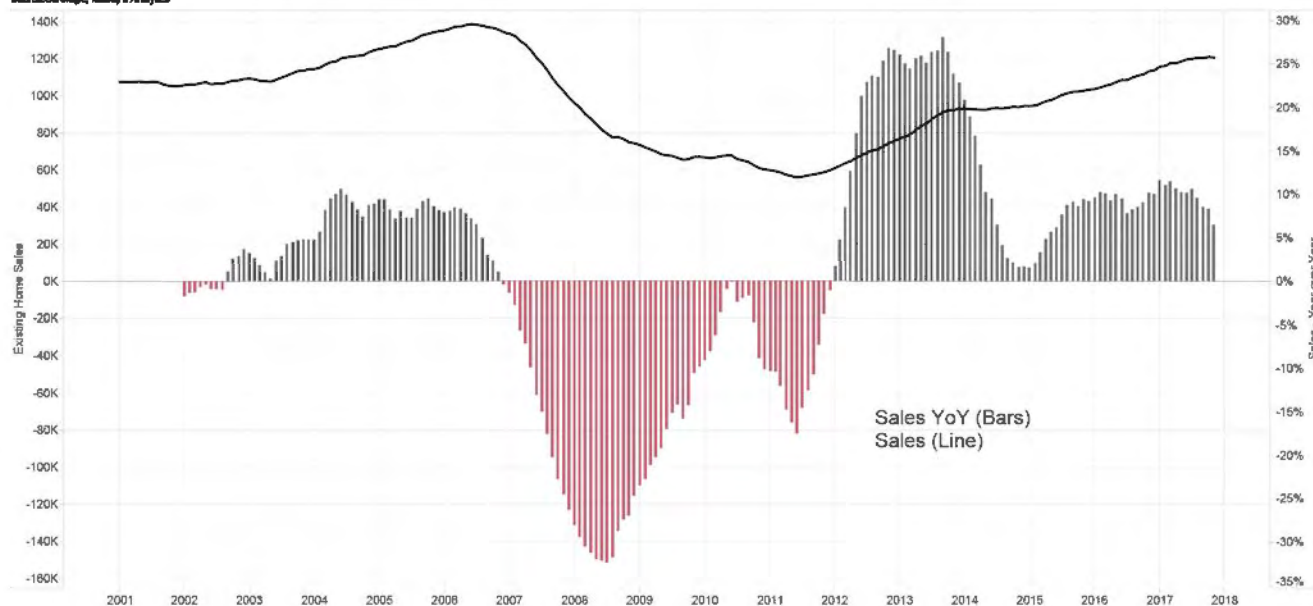
Source: National Association of Realtors (NAR); Moody's Analytics



Metro Area: Existing Home Sales
Atlanta-Sandy Springs-Roswell, GA

Geography
Atlanta-Sandy Springs-Roswell

Source: CoreLogic, Moody's Analytics



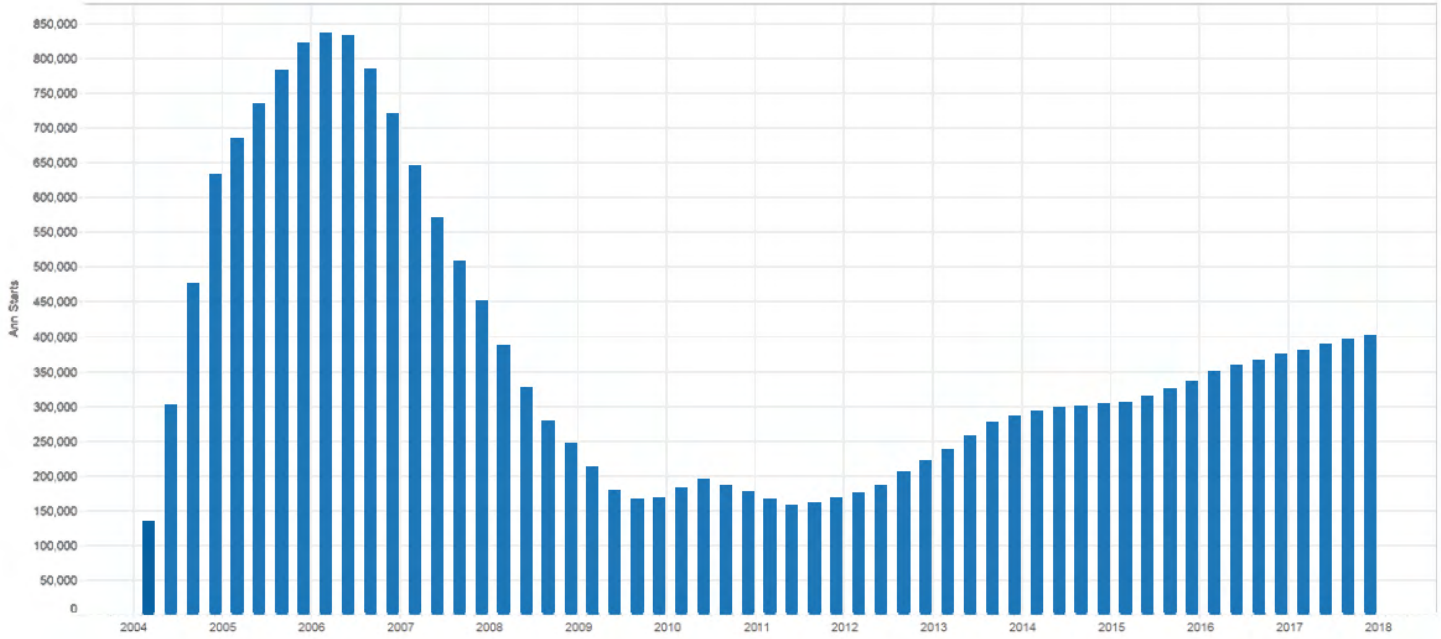
Metro Area: Inventory
Tampa-St. Petersburg-Clearwater, FL

Source: Zillow

Ownership
Tampa-St. Petersburg-Clear.

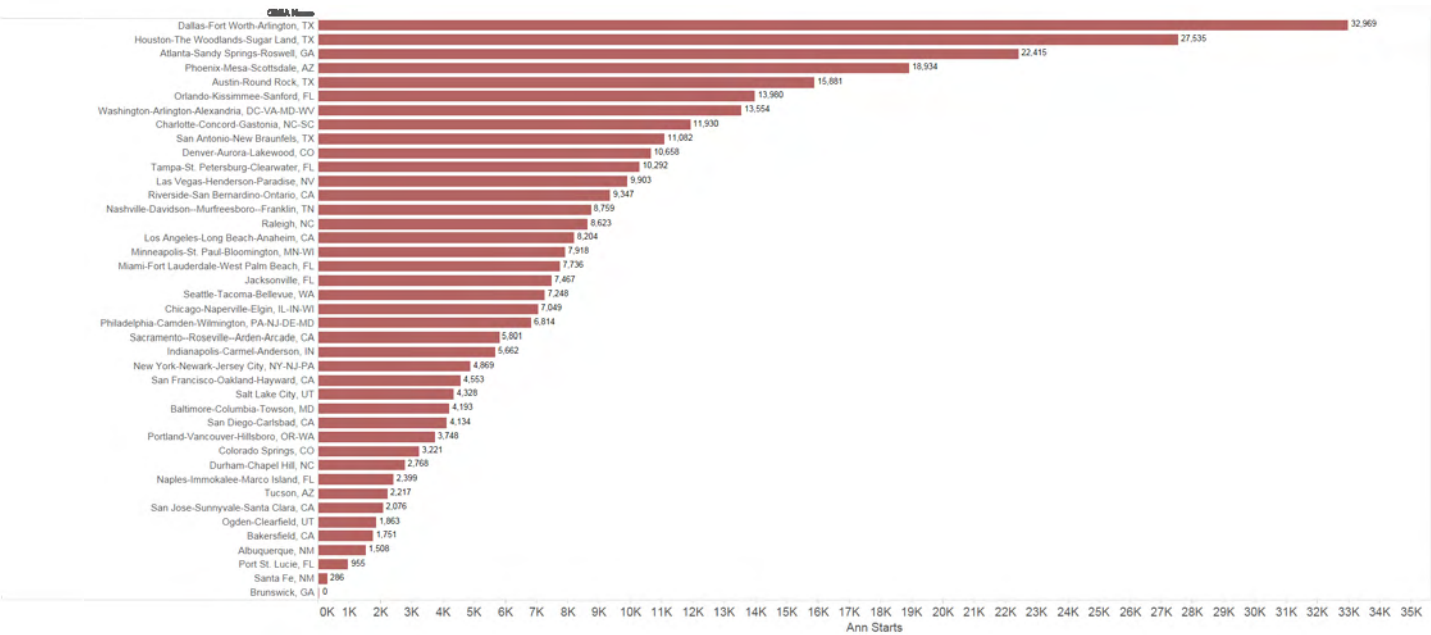


US New Home Starts
Source: MRCollab



Metro Area: Starts by MSA - 4Q17

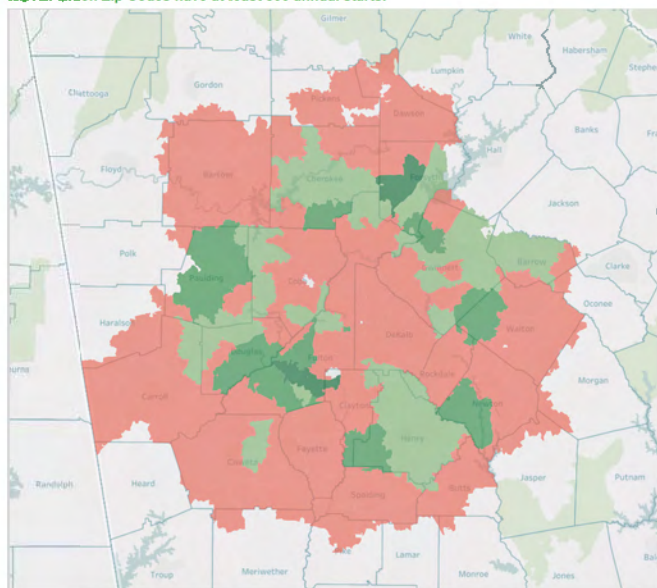
Source: MetroLink



Journal: Mathematics

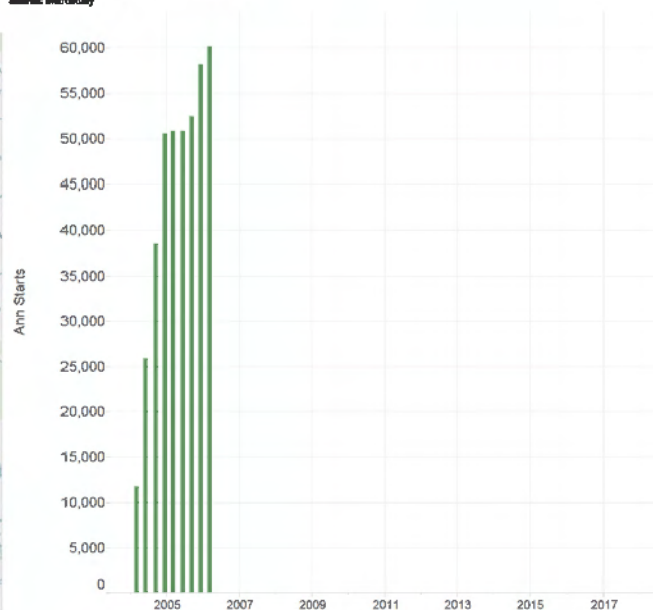
- March 2008

NOTE: Green Zip Codes have at least 500 annual starts.



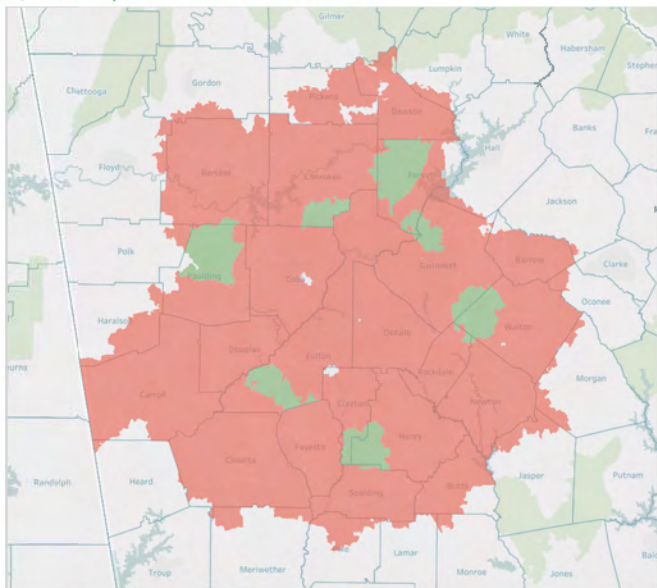
Journal of Management Inquiry

CHINA MERRY
Atlanta-Chicago Star Line-Flux

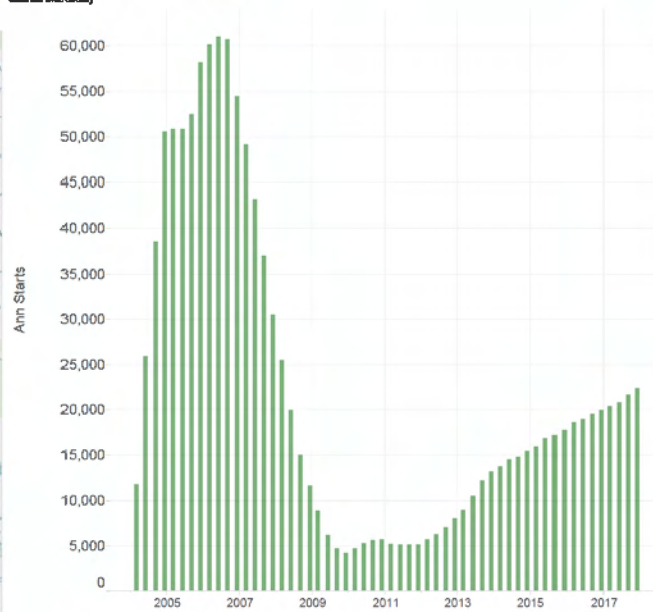
Month of Q.
March 2004
☐ Please E-mail

Metro Area: Annual Starts by Zip Code - December 2017
Atlanta-Sandy Springs-Roswell, GA
 Source: Metrostudy

NOTE: Green Zip Codes have at least 500 annual starts.

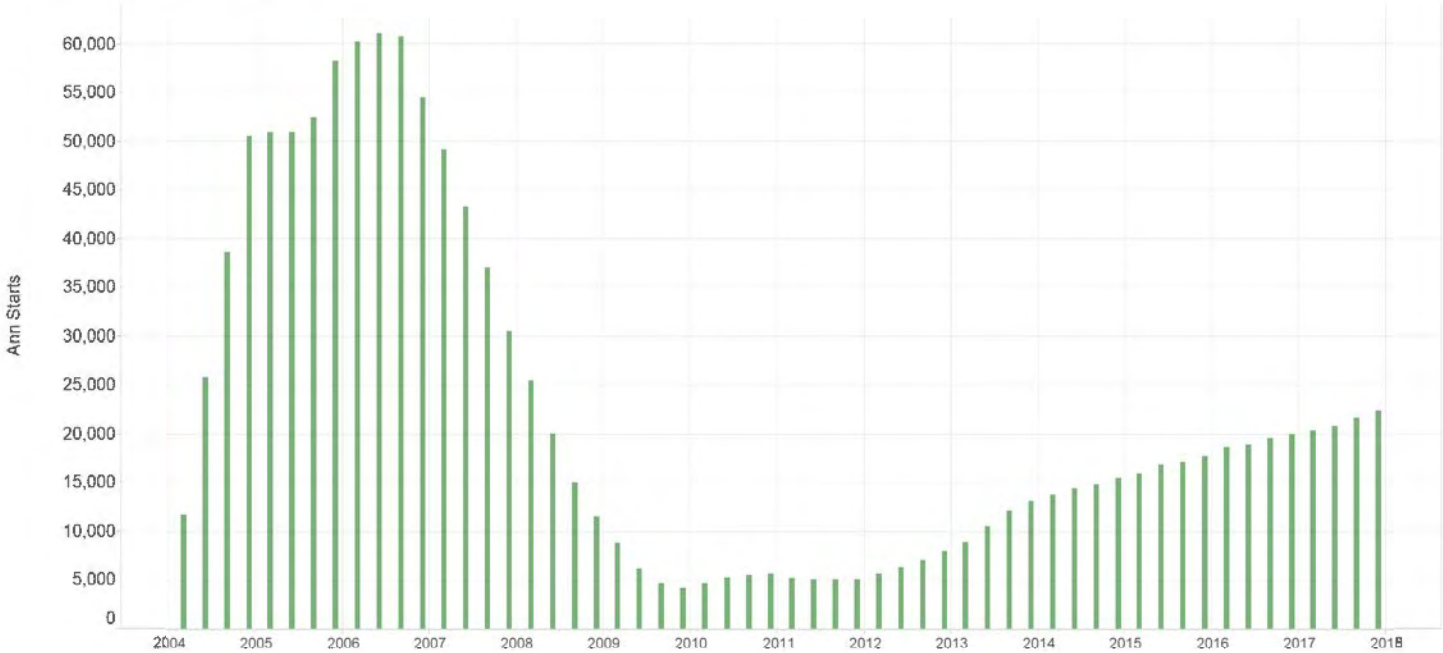


Metro Area: Annual Starts
Atlanta-Sandy Springs-Roswell, GA
 Source: Metrostudy



Metro Area: Annual Starts
Atlanta-Sandy Springs-Roswell, GA

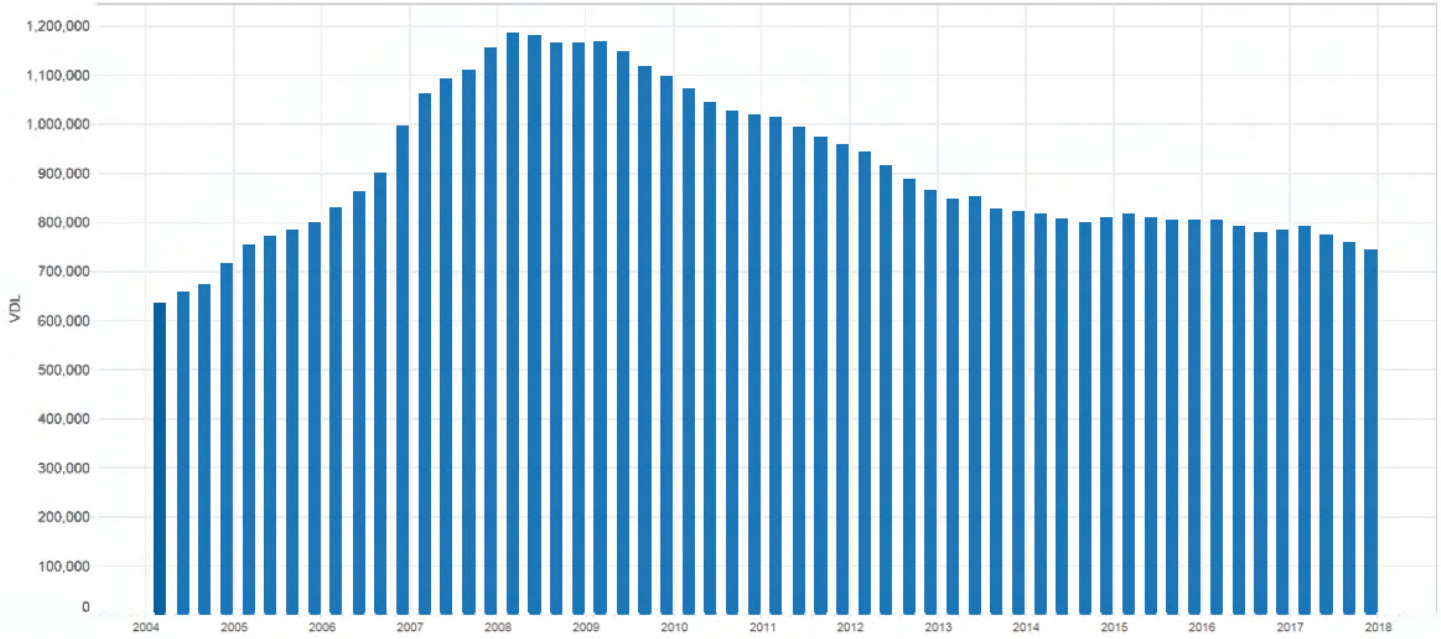
Source: Metrostudy



The plot of sum of Ann Starts for Q Month. The data is filtered on CBSA Name, which keeps Atlanta-Sandy Springs-Roswell, GA.

US Vacant Developed Lots

Source: Metaculus

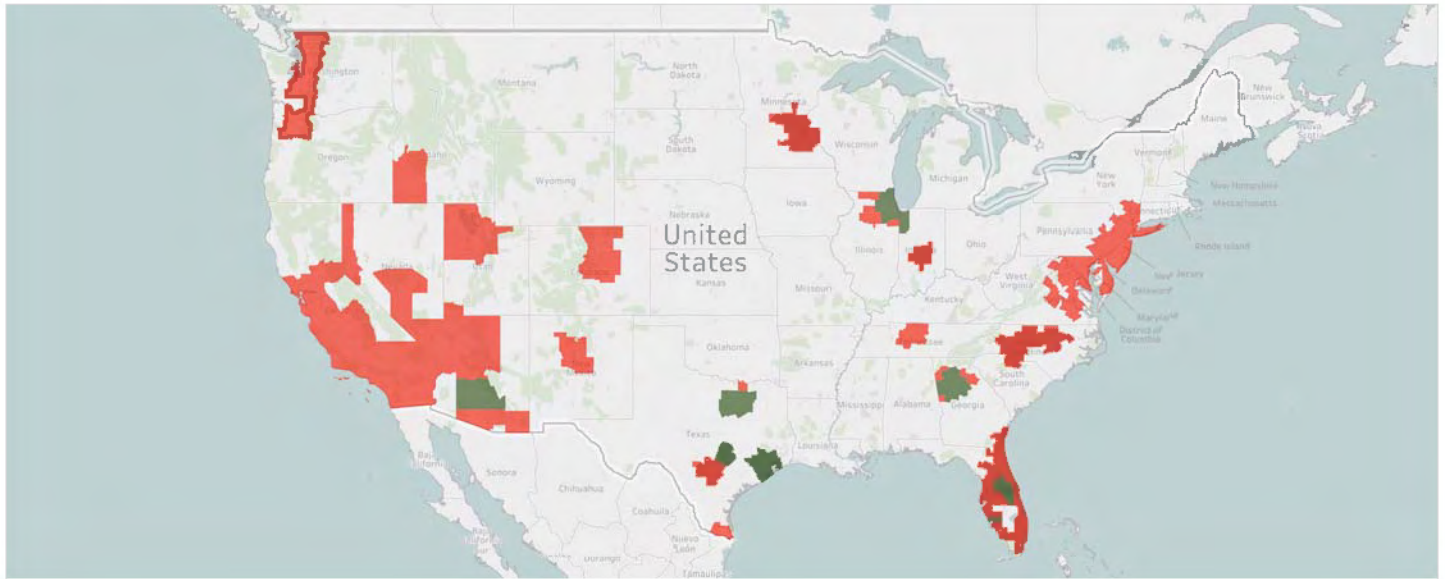


Metro Area: Vacant Developed Lot Supply

December 2017

Source: Metrolivestudy

NOTE: Green = Greater than 20,000 lots, Red Less than 20,000 lots



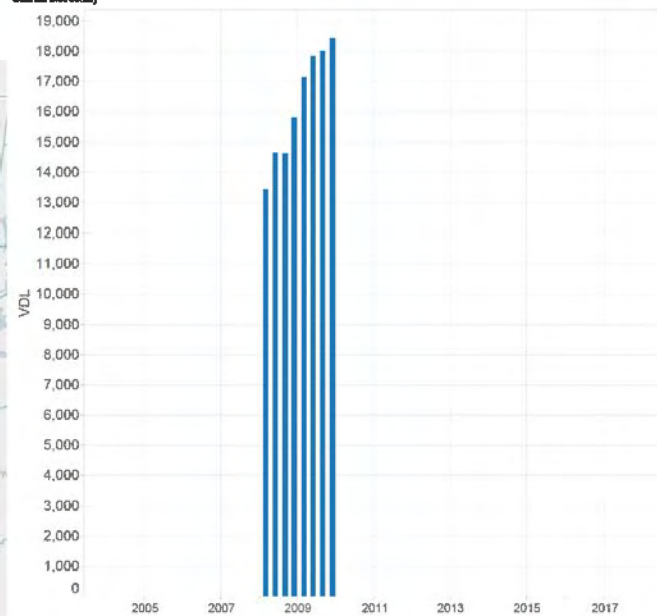
Nashville-Davidson-Murfreesboro-Franklin, TN

Source: <http://www.mindtools.com/pages/newbytem/tem001.html>

A map of Tennessee showing its counties. The counties are colored in shades of red, orange, and blue, representing different political affiliations. The colors are distributed across the state, with red and orange being more prevalent in the western and central parts, and blue appearing in several counties in the eastern and central regions. The map includes labels for various counties such as Montgomery, Macon, Davidson, and others.

Nashville—Davidson—Murfreesboro—Franklin, TN

19,000



Month of Q.

Month of Q.
December 2004

December 2008
[Show History](#)

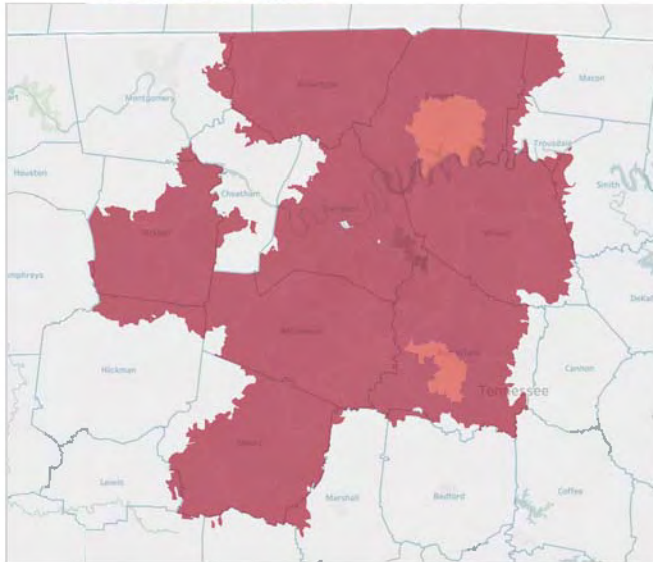
Metro Area: VDL Supply by Zip Code

Nashville-Davidson-Murfreesboro-Franklin, TN

December 2017

Source: Metrolink

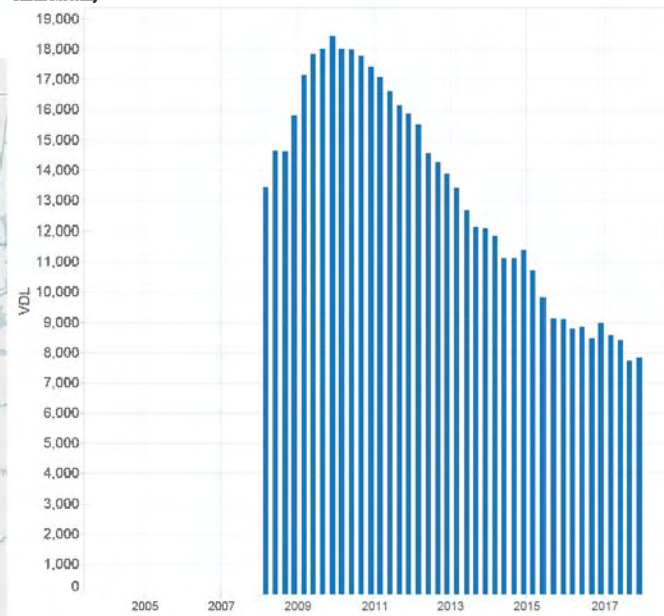
NOTE: Blue Zip Codes have at least 1,000 VDLs



Metro Area: Vacant Developed Lots

Nashville-Davidson-Murfreesboro-Franklin, TN

Source: Metrolink



CRDA Memo
Nashville-Davidson-Murfreesboro-Franklin, TN

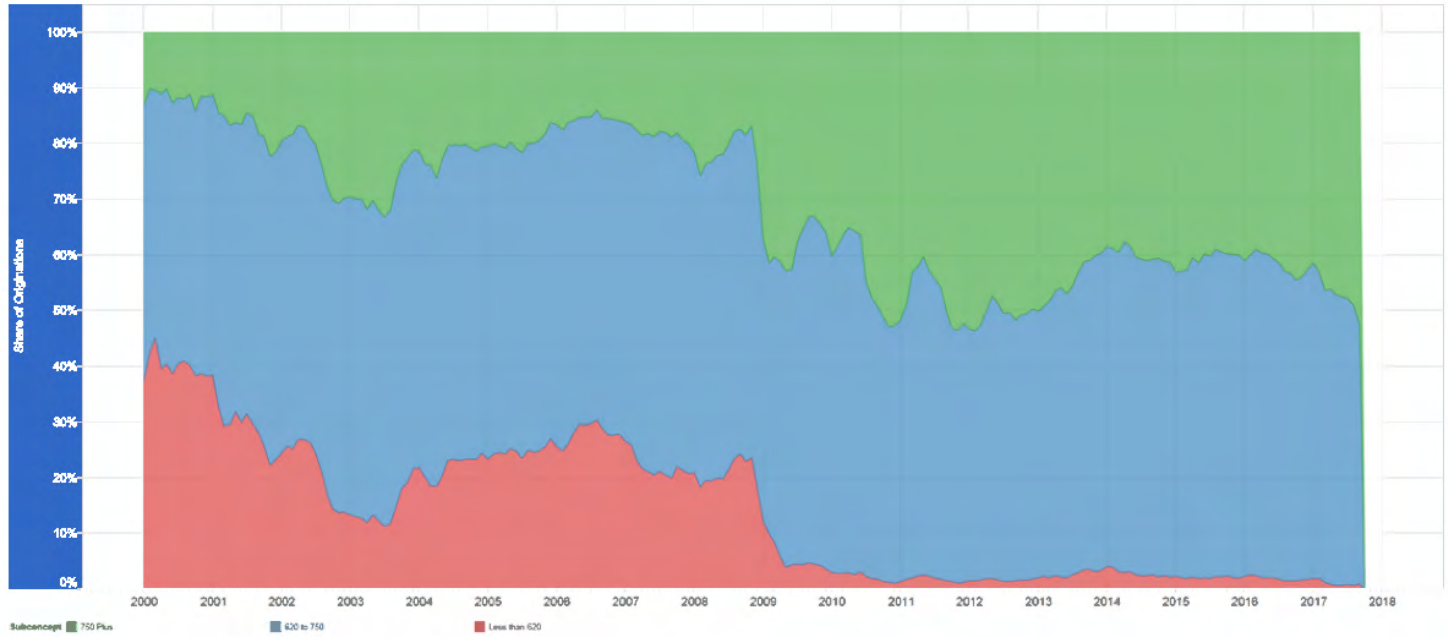
Health of Q.
December 2017
☒ View History

Credit Availability



US FICO at Origination Distribution

Source: MoDash

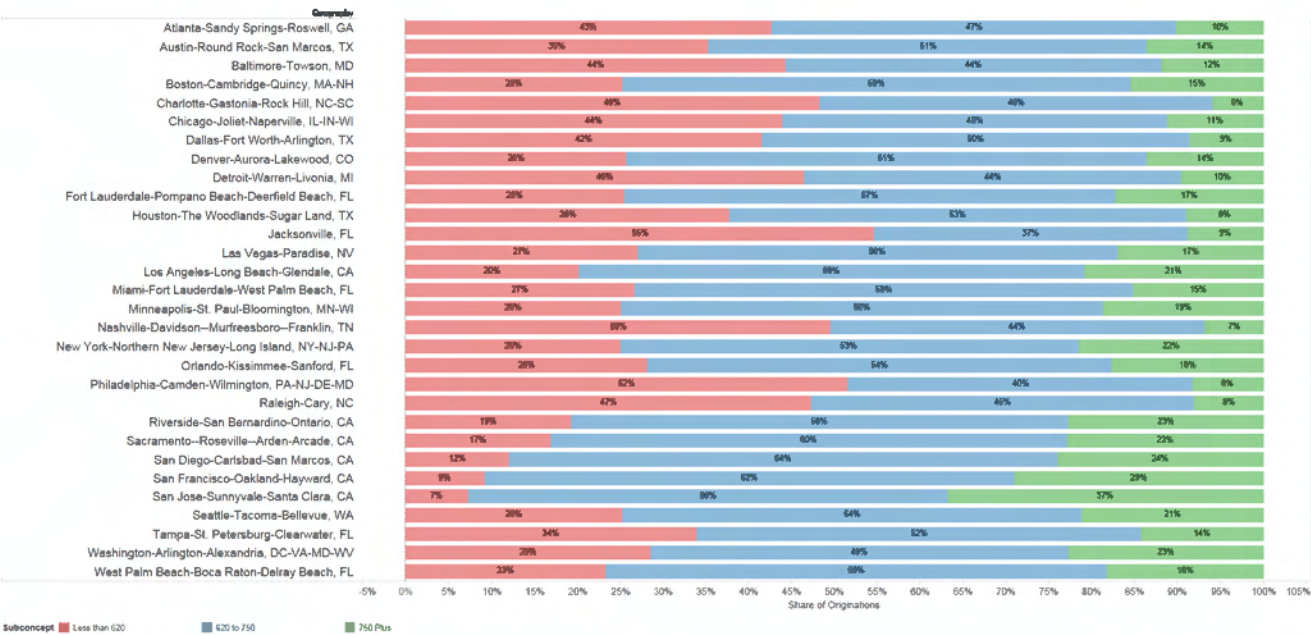


Metro Area: FICO Distribution by MSA

Overview

- February 2001

Month of Date
February 2001
Show History

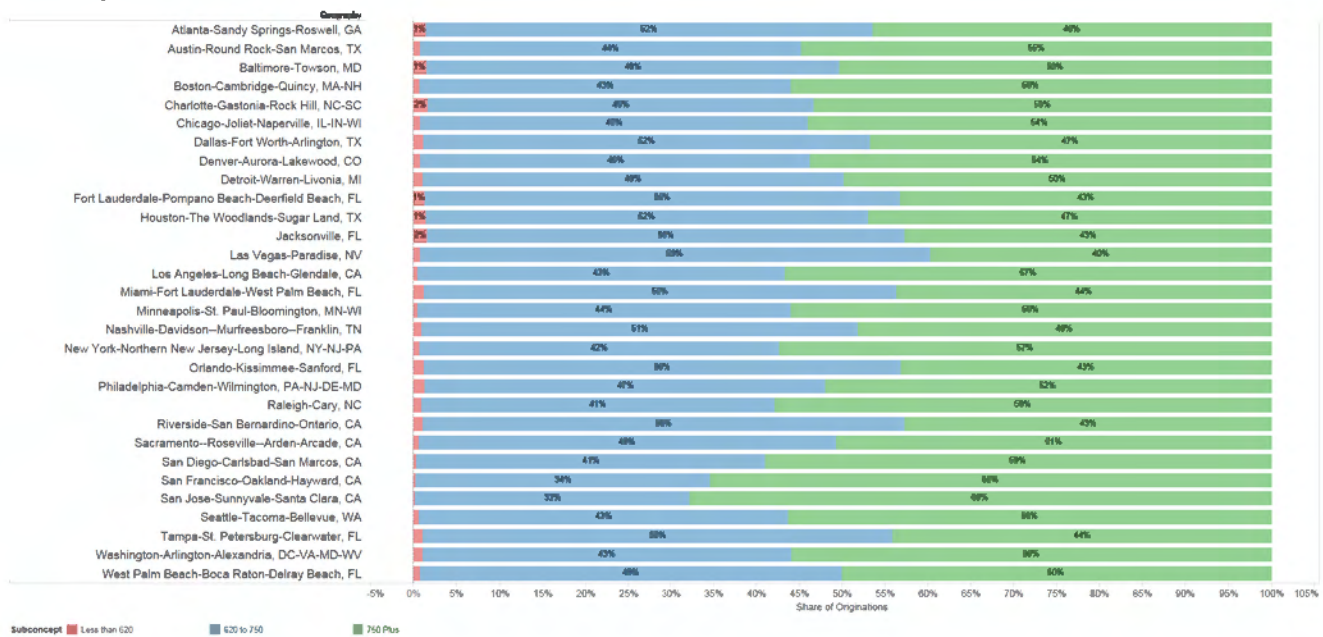


Metro Area: FICO Distribution by MSA

OverwatchDash Analytics

- September 2017

Month of Date
September 2017
Show History



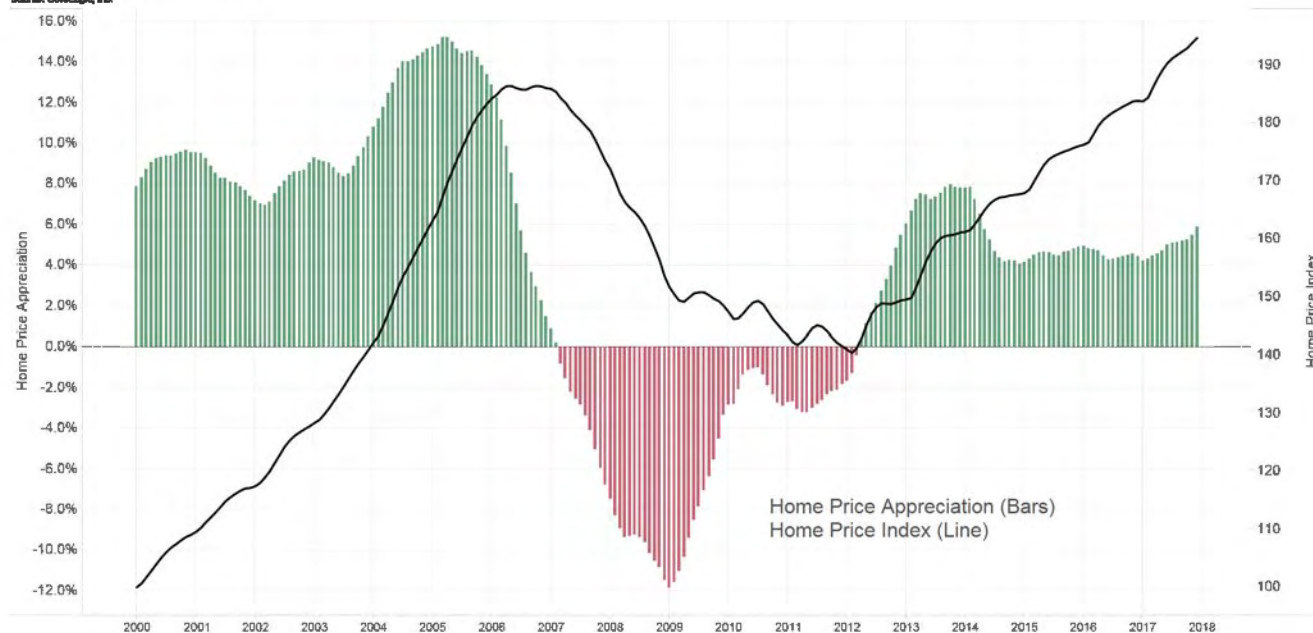
Home Prices



US Home Price Trend

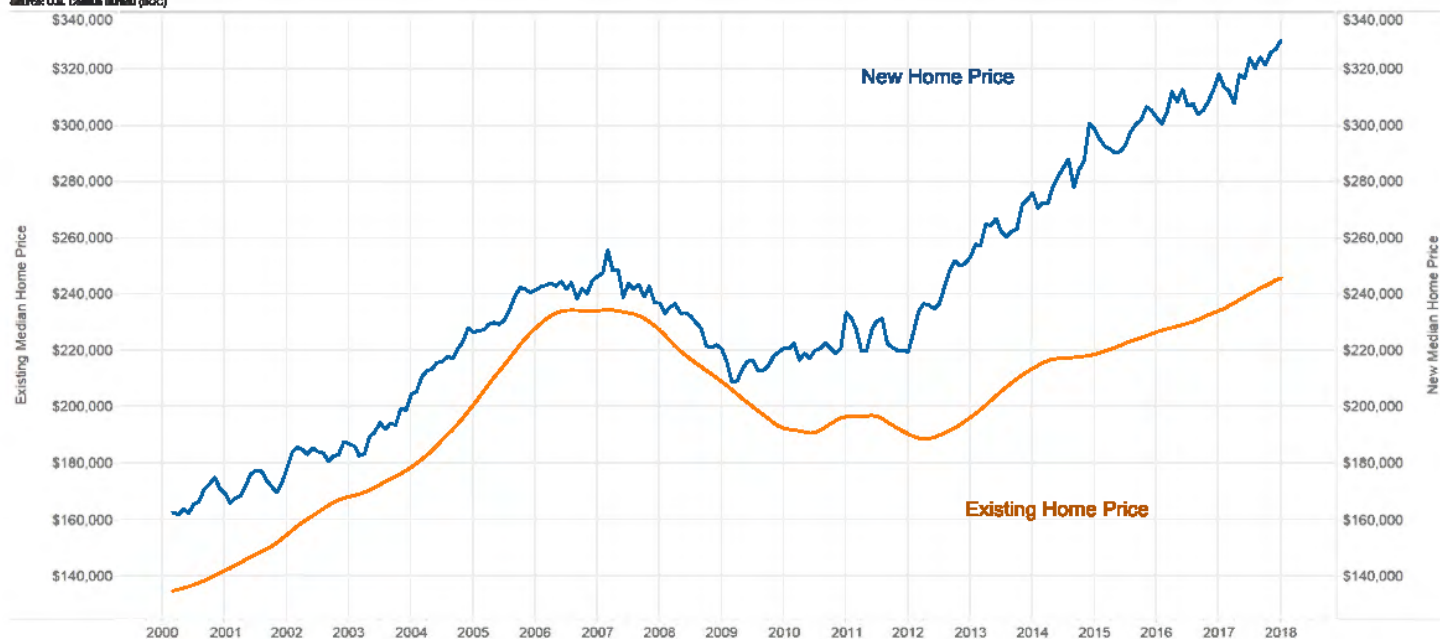
Source: CoreLogic, Inc.

Reforecast
Home Price Index



US Existing vs New Median Home Price

Source: U.S. Census Bureau (HOC)

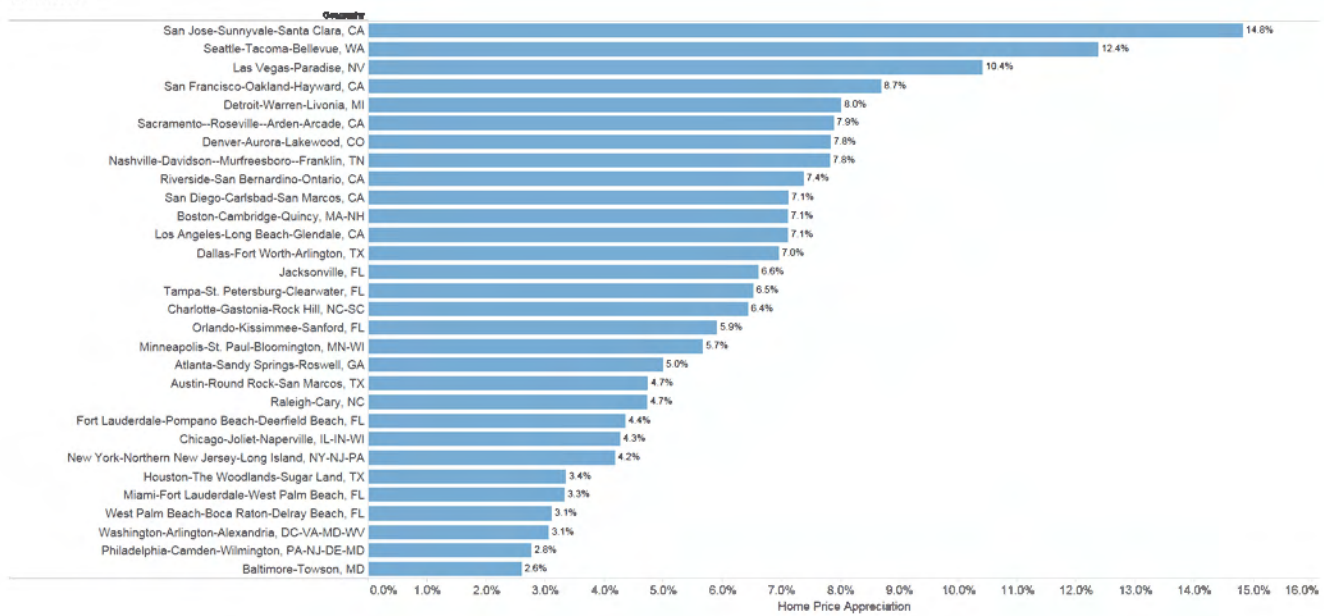


Metro Area: Home Price Appreciation Rank

Source: CoreLogic

Date: 11/20/2017

Month of Data:
November 2017
Show History

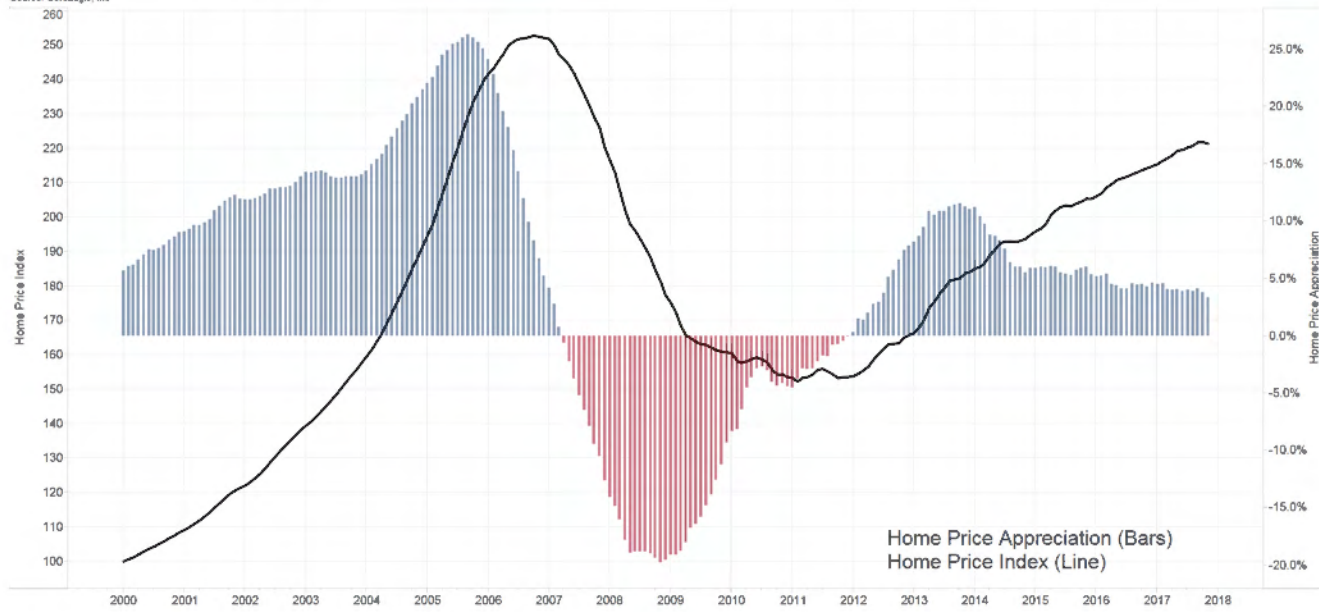


Metro Area: Home Price Trend

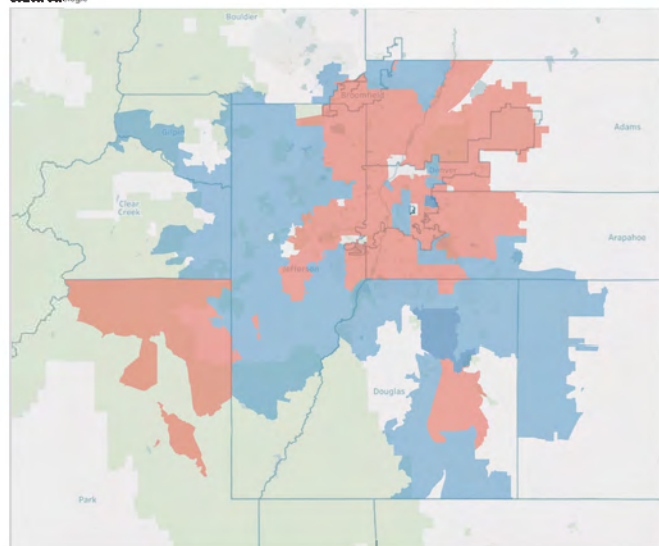
Miami-Fort Lauderdale-West Palm Beach, FL

Source: CoreLogic, Inc.

Geography:
Miami-Fort Lauderdale-West

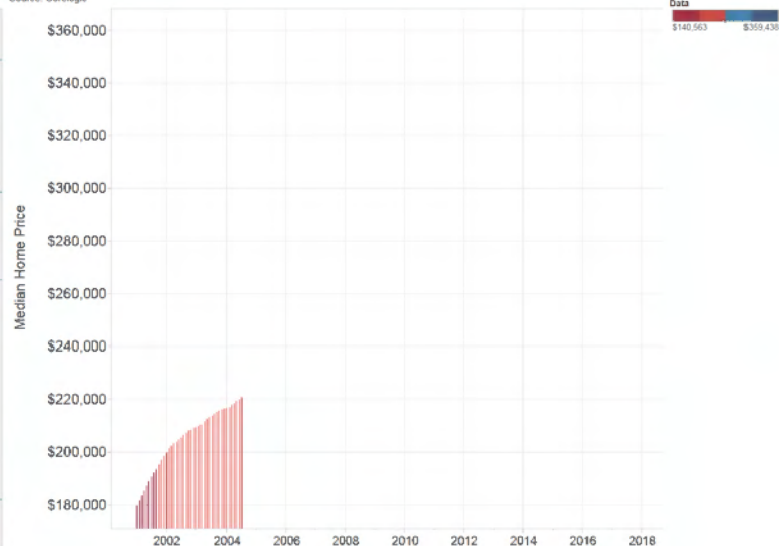


Denver-Aurora-Lakewood, CO

July 2004
The Oncologist

Denver-Aurora-Lakewood, CO

July 2004
Source: CoreLogic



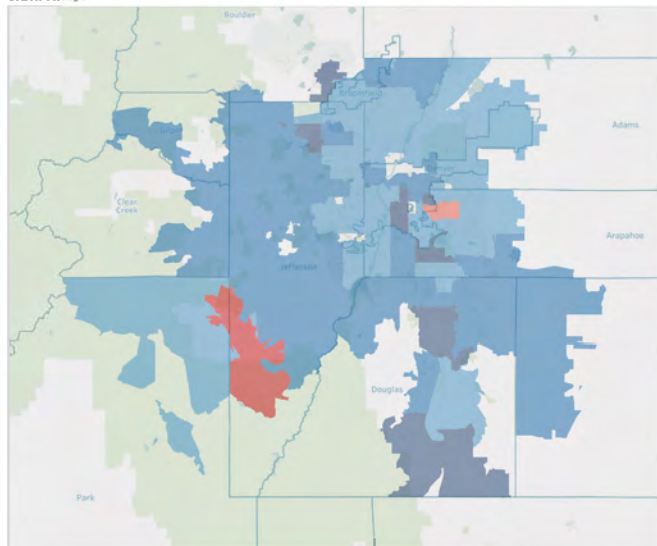
Metro Area: Median Home Price by Zip Code

Denver-Aurora-Lakewood, CO

Blue = Zip Code Median Home Price is Greater Than \$250,000

November 2017

Source: CoreLogic



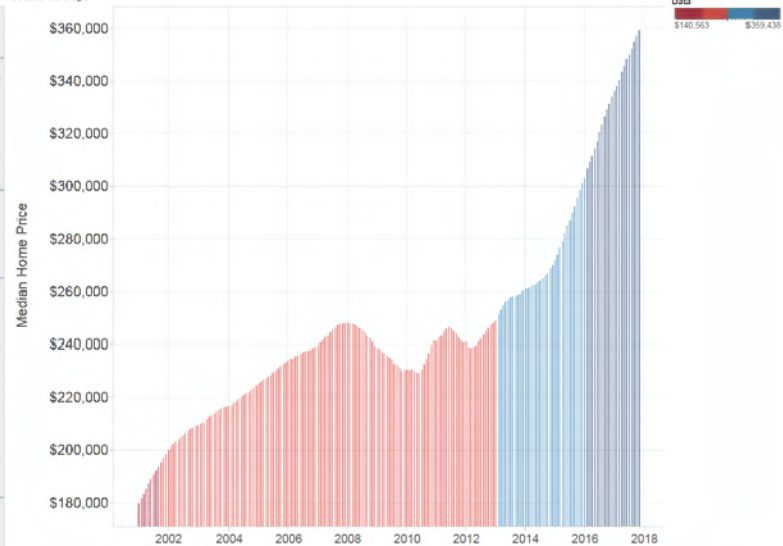
Metro Area: Median Home Price

Denver-Aurora-Lakewood, CO

Blue = Zip Code Median Home Price is Greater Than \$250,000

November 2017

Source: CoreLogic



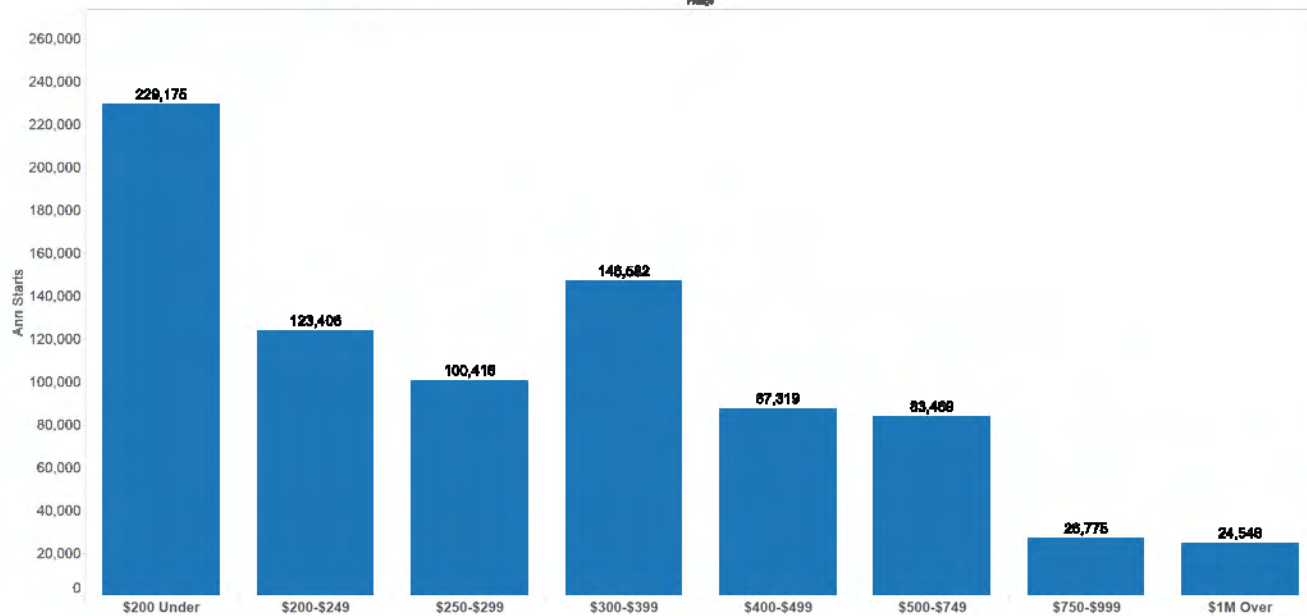
US Starts by Price Point

- December 2005

Source: Metrolink

Month of 9
December 2005
Bar History

Price



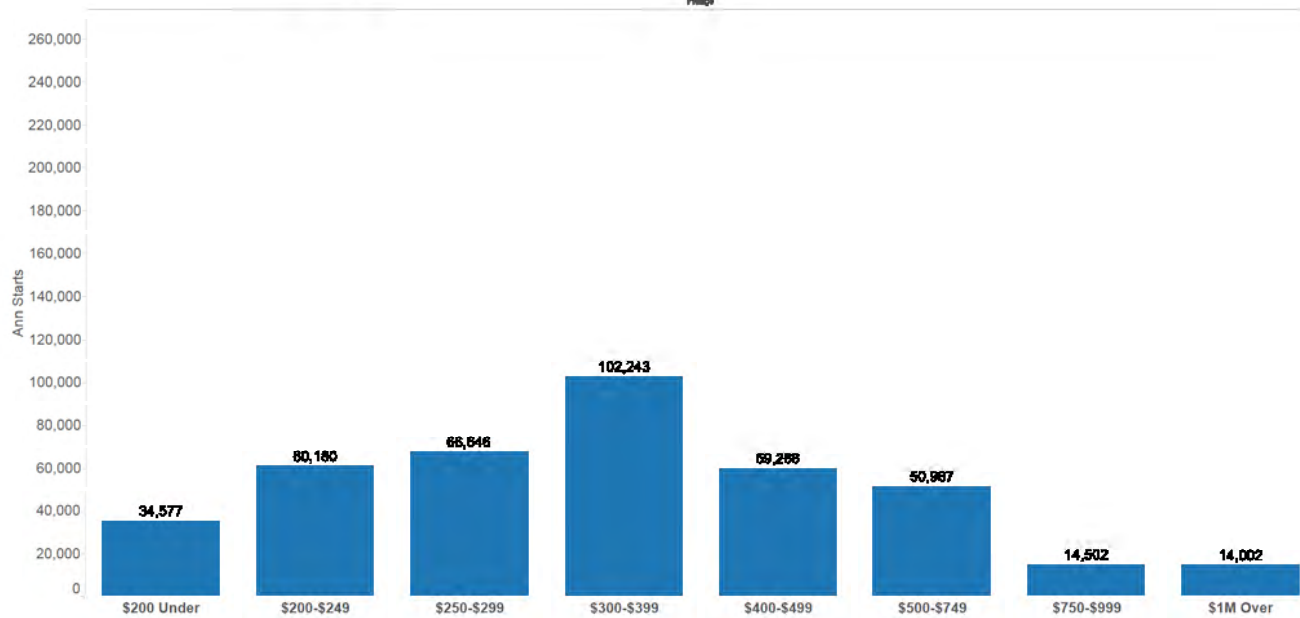
US Starts by Price Point

- December 2017

Source: Microstudy

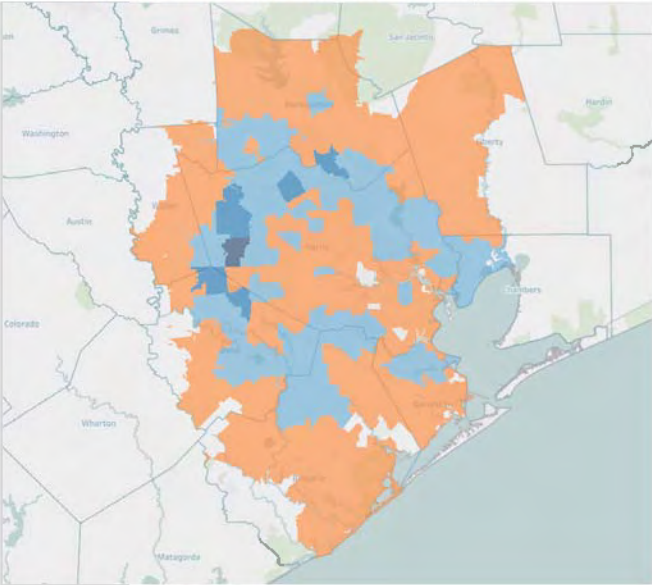
Month of 9
December 2017
New History

Price

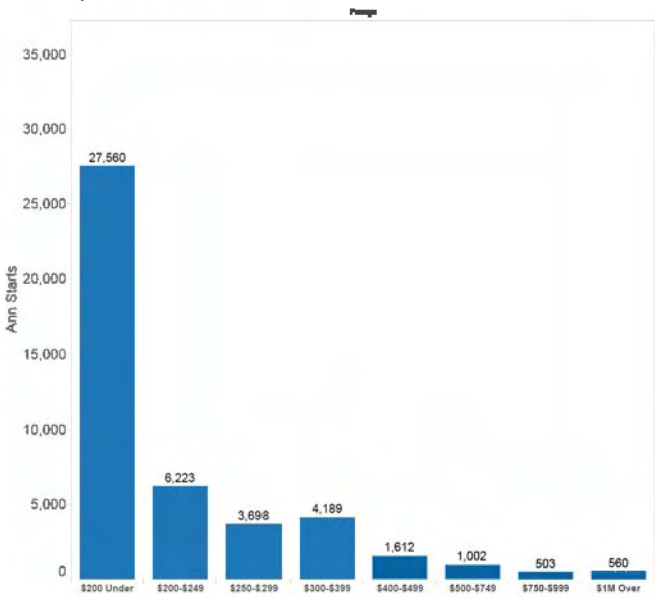


Metro Area: Starts under \$250,000 - June 2007
Houston-The Woodlands-Sugar Land, TX
Source: Metrolistkey

NOTE: Blue Zip Codes have at least 175 new home starts Under \$250,000

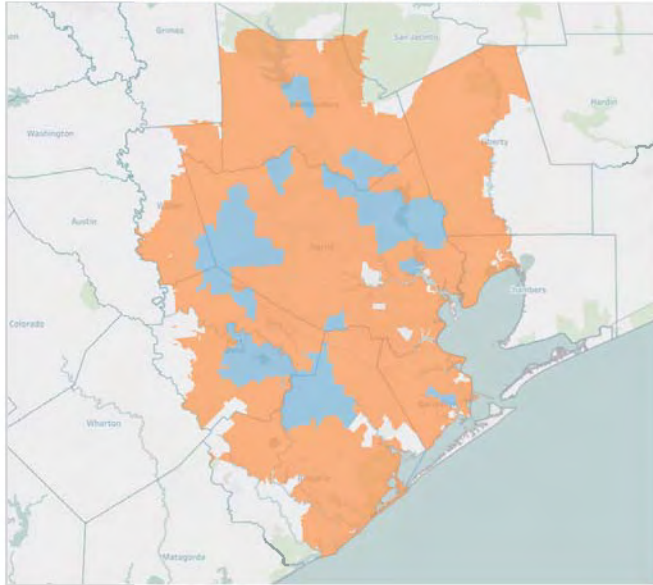


Metro Area: Starts by Price Point - June 2007
Houston-The Woodlands-Sugar Land, TX
Source: Metrolistkey



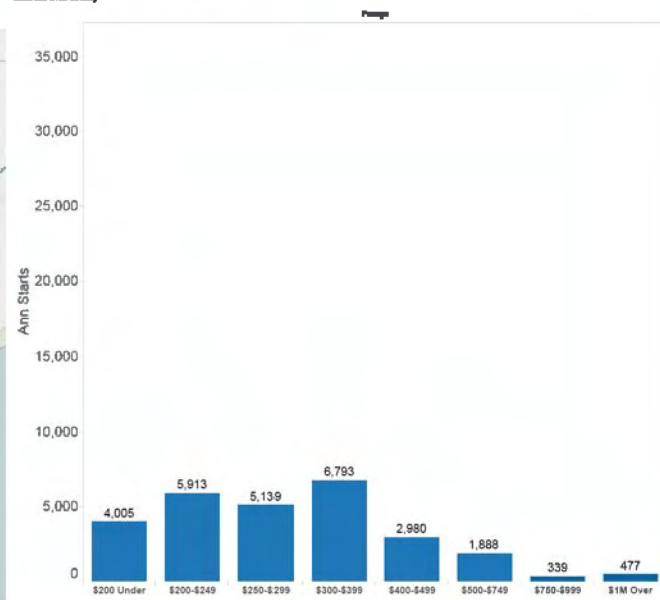
Metro Area: Starts under \$250,000 - December 2017
 Houston-The Woodlands-Sugar Land, TX
 Source: Metrolistkey

NOTE: Blue Zip Codes have at least 178 new home starts Under \$250,000



Metro Area: Starts by Price Point - December 2017
 Houston-The Woodlands-Sugar Land, TX

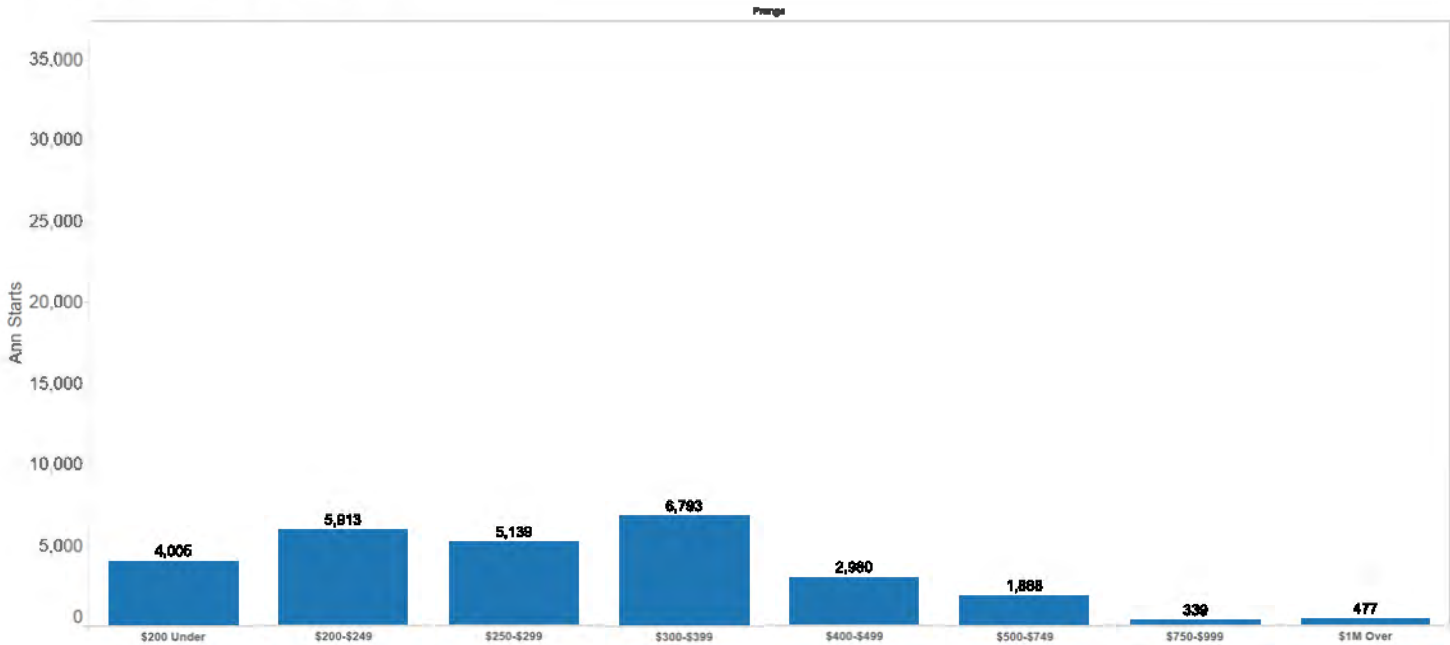
Source: Metrolistkey



CRDA Home
 Houston-The Woodlands-Sugar Land, TX
 Month of 8
 December 2017
☐ More History

Metro Area: Starts by Price Point - December 2017
Houston-The Woodlands-Sugar Land, TX

Source: Metrostudy

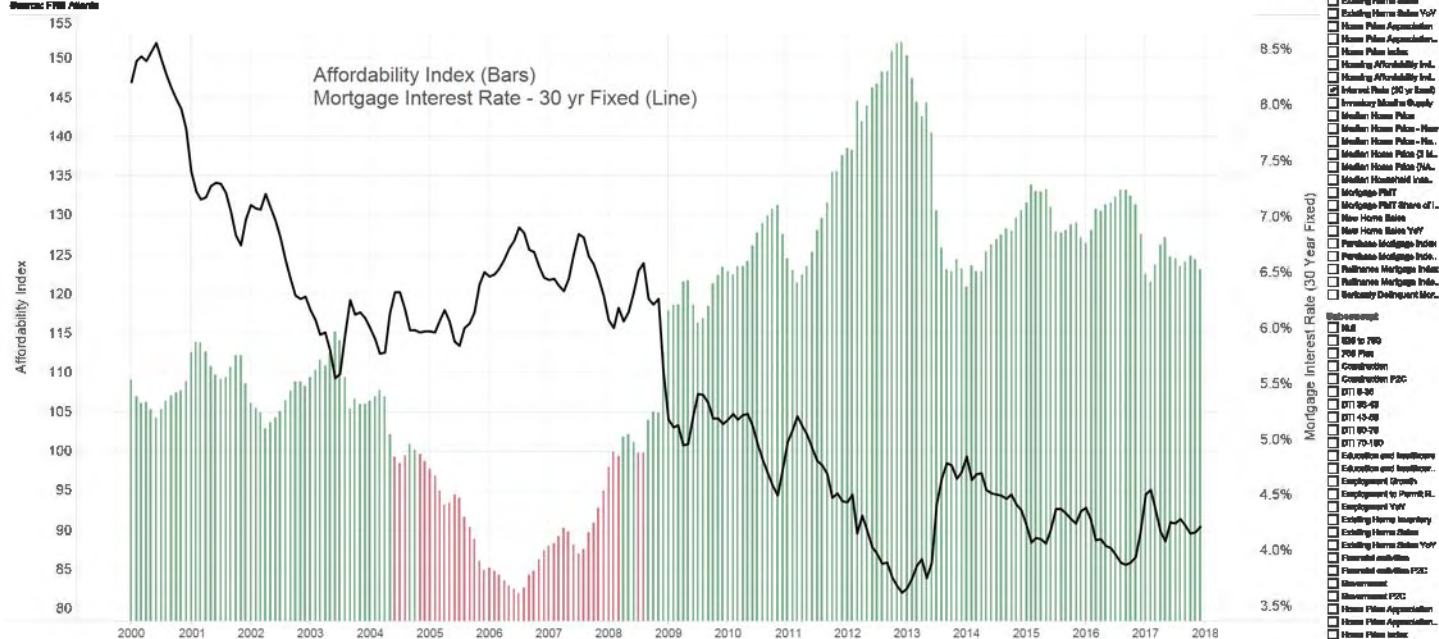


Sum of Ann Starts for each Price. The data is filtered on CSBA Name, which keeps Houston-The Woodlands-Sugar Land, TX.

Housing Affordability

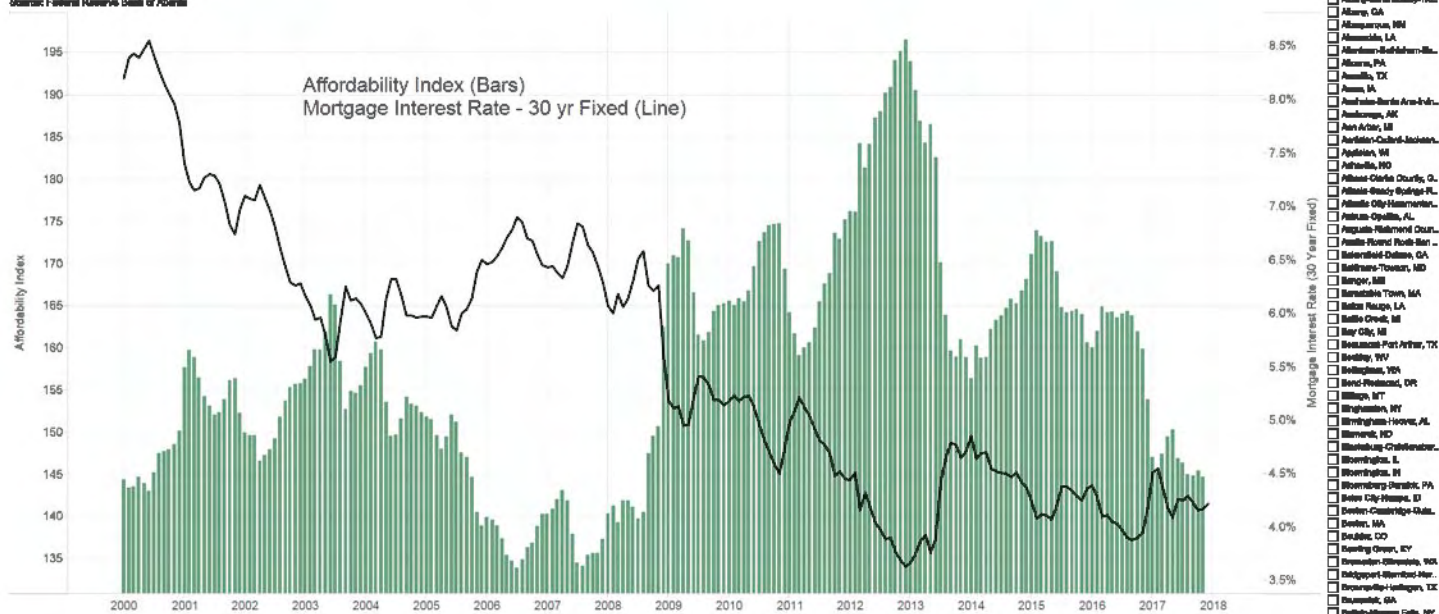


Figure 3. Mean Δ body mass



Dallas-Fort Worth-Arlington, TX

Source: Federal Reserve Bank of Atlanta.

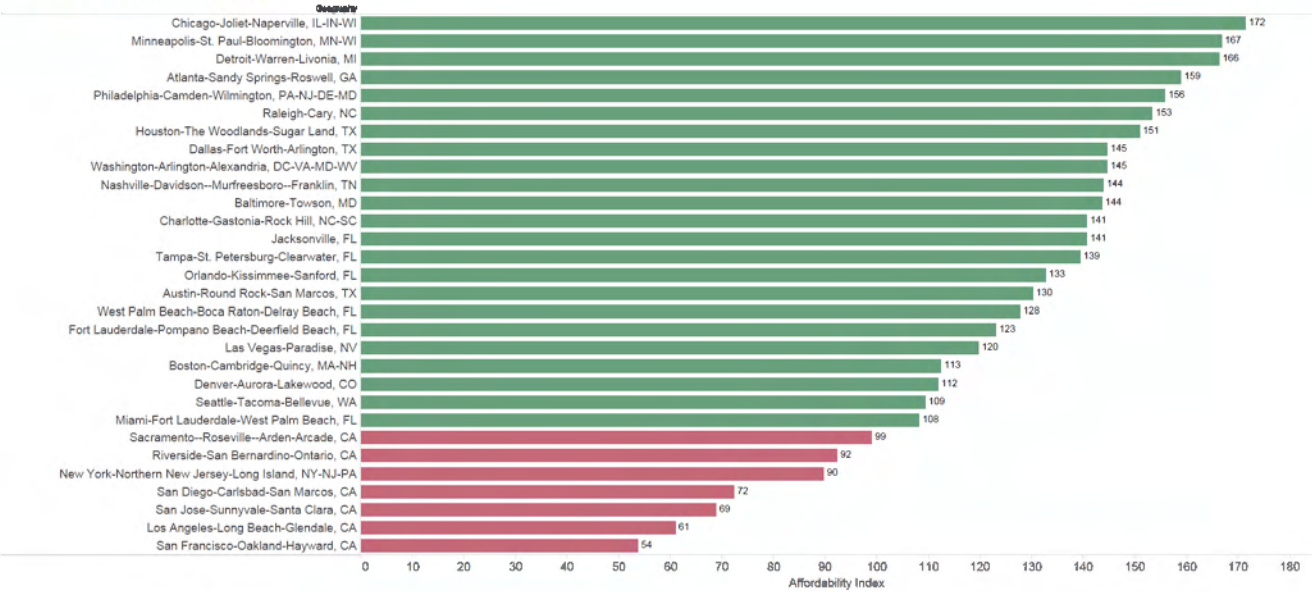


Metro Area: Affordability Trend

Affordability Index

Source: Federal Reserve Bank of Atlanta
NOTES: Greater than 100 = More Affordable, Less than 100 = Less Affordable

Download
Affordability Index
Show History



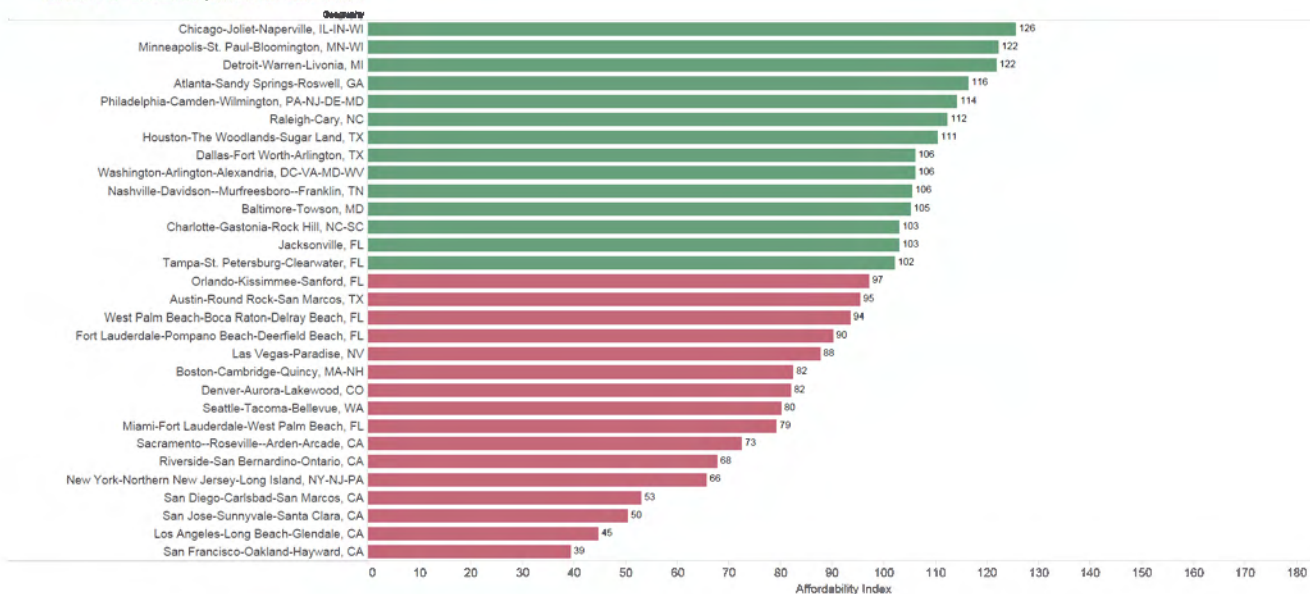
Metro Area: Affordability Trend

Affordability Index (Interest Rate = 7 Percent)

Source: Federal Reserve Bank of Atlanta

NOTES: Greater than 100 = More Affordable, Less than 100 = Less Affordable

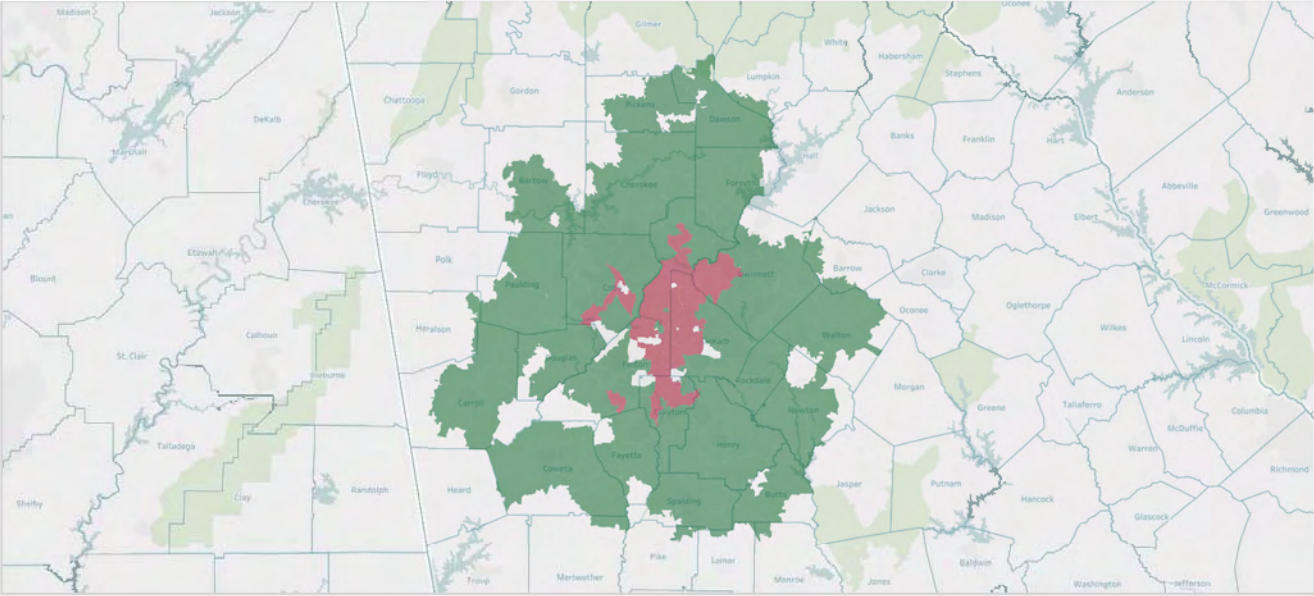
By Government
Affordability Index (Interest R.
Show History



Metro Area: Affordability by Zip Code
Affordability Index 6 percent Mortgage Interest Rate

Source: FHIS Atlanta
NOTE: Smaller than 100 = More Affordable, Less than 100 = Less Affordable

CDWA Home
Atlanta-Buckley Springs-Marietta
Avg. Data
23.0 227.0

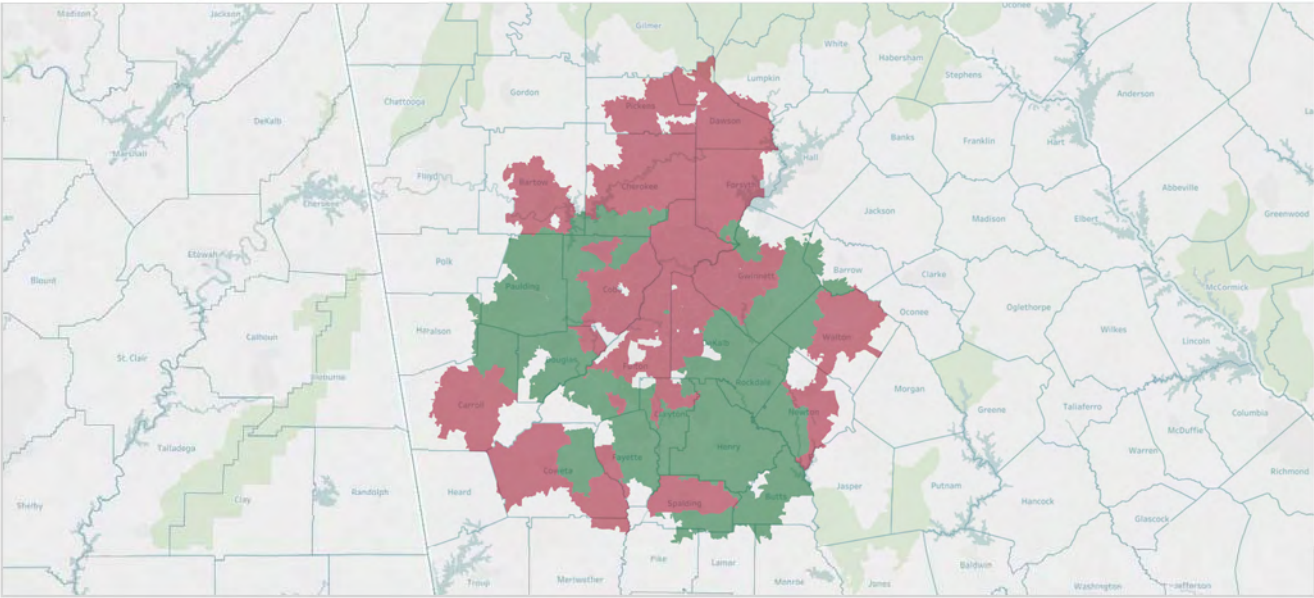


Subconcept
Affordability Index 5
☐ Show History

Metro Area: Affordability by Zip Code
Affordability Index 7 percent Mortgage Interest Rate

Source: FHIS Atlanta
NOTE: Greater than 100 = More Affordable, Less than 100 = Less Affordable

COWA, Home
Atlanta-Buckley Springs-Marietta
Avg. Data
23.0 227.0



Subconcept
Affordability Index 7
☐ Show History

Conclusions

Housing Market 2018

- Demand should remain healthy, driven by steady job growth and migration.
- The construction of affordable product will continue to be restrained in many regions as costs continue to increase and lot supplies diminish.
- Due to tight housing and lot inventory levels, most regions will continue to experience a strain on housing affordability.

Potential Risks

- Tight supply levels may suppress sales in the housing market.
 - Rising interest rates and declining affordability may lead to
 - a contraction in demand,
 - a correction in prices,
 - and the rise of alternative mortgage instruments.
-