Employment declined dramatically

Nonfarm payroll employment (index=100 at peak of business cycle)

Source: Bureau of Labor Statistics, NBER, and authors' calculations
House Prices Peaked and Fell Precipitously
(Shown through the end of 2011)
Result was a Huge Decline in Owners’ Equity in HH RE
Stock Market Wealth also Fell Sharply
(Shown through the end of 2011)
Four-Quarter Cash Flow from Borrowing
(Unrelated to Transfers of Homeownership)

Source: FRBNY Consumer Credit Panel/Equifax (Shading represents NBER Recessions)
Banks and Lenders Imposed Tighter Mortgage Lending Standards
(Shown through the end of 2011)

Source: FRS Senior Loan Officer Opinion Survey (Shading represents NBER Recessions)
Origination by Risk Score - First Mortgages
(Fannie Mae and Freddie Mac: US Figures)

Source: FRBNY Consumer Credit Panel (Shading represents NBER Recessions)
Stock Market Wealth also Fell Sharply
(Shown through the present)

Source: Flow of Funds/Haver Analytics (Shading represents NBER Recessions)
House Prices Peaked and Fell Precipitously

(Shown through the present)

Source: Haver Analytics/CoreLogic (Shading represents NBER Recessions)
Result was a Huge Decline in Owners’ Equity in HH RE
(Shown through the present)

Source: Flow of Funds/Haver Analytics (Shading represents NBER Recessions)
Household Net Worth
(percent of disposable income)

Source: Board of Governors of the Federal Reserve System (Shading represents NBER Recessions)
Standards have Loosened since 2011 on Non-Mortgage Products

Source: FRS Senior Loan Officer Opinion Survey (Shading represents NBER Recessions)
Banks and Lenders Imposed Tighter Mortgage Lending Standards
(Shown through 2013−Q4)

Source: FRS Senior Loan Officer Opinion Survey (Shading represents NBER Recessions)
Total Debt Balance and its Composition

Source: FRBNY Consumer Credit Panel/Equifax
Real Household Liabilities Per Capita

Source: Flow of Funds, BEA, Census Bureau (Shading represents NBER Recessions)
Note: 2013Q4 value is an estimate based on FRBNY CCP
Proportion of Borrowers with Home-secured Debt at Age 30

Source: Federal Reserve Bank of New York Consumer Credit Panel/Equifax.
(Shading represents NBER Recessions)
Even More Dramatic in Some Cities

- **Las Vegas**

- **Miami**
Result was a Huge Decline in Owners’ Equity in HH RE
Changes in the distribution of borrowing by type of loan