Housing Conditions in the Region & Potential Impacts of Sandy
Jaison Abel, Senior Economist

November 29, 2012

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

Index (U.S. Peak of March 2006 = 100)

“Bust”

“Continued Decline”

“Recent”

Upstate NY

Downstate NY

Northern NJ

United States

Shading indicates NBER recession

Percent Change Dec11-Sep12

4.1%

2.3%

1.3%

6.2%

Dec11

Apr09

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

Index (2006Q1 = 100)

Source: CoreLogic.
Note: Data trimmed to Q2.
Regional Home Building Activity

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

Indexed to U.S. Peak (2006Q1 = 100)

Dotted line smoothes fluctuations caused by regulatory change in NYC

Shading indicates NBER recession

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?