Coastal Carolina Association of Realtors
Economic Conference and Expo

Economic Outlook

January 25, 2016

Frank Hefner
Real GDP

1-quarter % change, annualized

Source: Bureau of Economic Analysis
http://www.dallasfed.org
Real Federal Funds Rate

- **End-of-Month Target Fed Funds Rate less SPF Expected Inflation**
- **Target Fed Funds Rate (Jan-11) less SPF Expected Inflation (Nov-13)**
- **End-of-Month Target Fed Funds Rate less U. of Michigan Expected Inflation**
- **Target Fed Funds Rate (Jan-11) less U. of Michigan Expected Inflation (Dec-23)**


http://www.dallasfed.org
Long-Term Interest Rates

Percent

- **Mortgage Rate** (week of Jan 07 = 3.97)
- **10-year T-Bond** (week of Jan 08 = 2.19)
  - **10-year T-Bond** (Jan 08 = 2.13)

Source: Federal Reserve Board  http://www.dallasfed.org
Recession Probability
Real-time Netcti probability calculated from 10-yr.--1-yr. Treasury yield spread

Crosses 70% threshold with a lead of between 5 and 18 months, and averaging 11 months.
*Indicator properties of the yield curve may be distorted during this period due to the zero bound on short-term interest rates and Federal Reserve purchases of long-term Treasuries.

Source: Federal Reserve Board; calculations by FRB Dallas http://www.dallasfed.org
Housing Market
House Prices Boom, Bust and Rebound

Index, 1991: Q1=100*

- CoreLogic house price index
- Real FHFA house price index
Sale Price for Single-Family Homes More Volatile in Coastal Regions

Median sales price (Thousands $)*

- South
- Midwest
- West
- Northeast

[Graph showing median sales price trends from 1990 to 2015 for different regions with peaks and troughs.]
Home Construction Peaks, Plunges and Picks Up

Thousands of units*

Billions of 2009 dollars*

Single-family building permits

Single-family construction
Single-Family Permits More Volatile in Land-Plentiful South Than in Northeast

Thousands*

South
West
Midwest
Northeast

New and Existing Home Sales Still Below Pre-Recession Peaks

Thousands of units*

Existing single-family homes

New home sales

*Seasonally adjusted, annualized rate.

SOURCES: Census Bureau; National Association of Realtors.
Share of Seriously Delinquent Mortgages Remains Elevated in the U.S.

Share of mortgages 90+ days past due*

- Subprime mortgages
- Prime mortgages

*Seasonally adjusted.
SOURCE: Mortgage Bankers Association.
Seriously Delinquent Subprime Mortgages Highest in the Northeast

Share of subprime mortgages 90+ days past due*

Northeast
South
U.S.
Midwest
West

*Seasonally adjusted.
SOURCE: Mortgage Bankers Association.
Share of Mortgages Entering Foreclosure Continues to Decline in the U.S.

Share of mortgages entering foreclosure*

*Seasonally adjusted; 4-quarter moving average.
SOURCE: Mortgage Bankers Association.
Housing Share of Net Wealth on the Rise

- Real estate
- 1952-present average real estate share of wealth
- Directly held stocks + bond and equity mutual funds

SOURCES: Flow of Funds, Federal Reserve Board; calculations by Federal Reserve Bank of Dallas.
House Price-to-Rent Ratio in Line with Mortgage Interest Rates

Index, 1997: Q4 = 100*

*Seasonally adjusted.

NOTE: For more information, see "Nationally, Housing Recovery Finally Gains Traction."

Mortgage Rates Remain Low

Percent

16
14
12
10
8
6
4
2
0


30-year mortgage
10-year Treasury note
1-year adjustable rate mortgage
Federal funds rate

SOURCE: Federal Reserve Board.
Rise and Fall in Homeownership Rates Very Pronounced Among Younger Families

Percent of households


Age 35-45

Under age 35

All ages

NOTE: For more information, see "What's Next? Factors Determining the Housing Recovery's Pace."
SOURCE: Census Bureau.
Household Formation Sags During Great Recession

Households/population (Percent)

- Overall household formation rate
- Age 25-34 household formation rate

NOTE: For more information, see "What's Next? Factors Determining the Housing Recovery's Pace."

Household Formation Among Young Declines Again; Percent of Adults Living With Parents Up from 1970s

Households/population (Percent)

Percent of adults living with parents

Age 25-34 household formation rate

NOTE: For more information, see "What's Next? Factors Determining the Housing Recovery's Pace."

Myrtle Beach
Unemployment Rate in South Carolina

Civilian Unemployment Rate
Condo Sales Count

Years:
- 2004
- 2005
- 2006
- 2007
- 2008
- 2009
- 2010
- 2011
- 2012
- 2013
- 2014
- 2015

Total Sales Count:
- 2000
- 3000
- 4000
- 5000
- 6000
- 7000
- 8000
- 9000
- 10000

Graph showing Condo Sales Count from 2004 to 2015.
Condo Sales Price

Median Price

Average Price

Years

Price


0  50000  100000  150000  200000  250000  300000