



CoreLogic®



The MarketPulse

FEBRUARY 2017

The MarketPulse

Volume 6, Issue 2
 February 2017
 Data as of December 2016

Housing Statistics

December 2016

HPI® YOY Chg	7.2%
HPI YOY Chg XD	6.3%
NegEq Share (Q3 2016)	6.3%
Cash Sales Share (as of October 2016)	31.8%
Distressed Sales (as of October 2016)	7.7%

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Homeownership Rate in 2016 Was Lowest in More Than 50 Years

63.4% Homeownership Rate in 2016 Was Lowest Since 1966

By Frank E. Nothaft

The erosion of homeownership has been one legacy of the housing boom-and-bust of the last decade. The homeownership rate peaked at 69 percent in 2004, inflated by relatively easy mortgage credit primarily provided by subprime and low/no-doc loan products. The drop in homeownership continued through 2016, with the homeowner rate just a tad above 63 percent, the lowest annual average in 50 years (Figure 1). But we may be at or near the bottom of the homeowner decline.

Analysis of our foreclosure and short sale data has found that more than 10 million homeowners lost their homes through completed foreclosures or short sales since 2006 (Figure 2). Given that the number of households in 2006 was about 115 million, that would represent about 9 percent of households.

Completed foreclosures have dropped significantly since the trough in the housing market, with annual totals falling 21 percent just in the past year. Household income growth, home price gains, and loan modification programs have reduced foreclosures; another 20 percent fall in completed foreclosures during 2017 would bring foreclosures below the 2006 level, lessening the downward tug on homeownership.

Demographics have been another cause of the dip in homeownership as the large millennial cohort has formed households and entered the rental market. But this age-related drag on aggregate homeownership may be largely behind us, as an increasing number of millennial households enter their 30s, the typical age of first-time ownership.

Nonetheless, there are at least two trends that may continue to exert a downward pull on homeownership. First, minority-headed households are projected to account for nearly three-fourths of net new households

formed over the next decade, and these households have historically had lower homeownership rates (Figure 3).¹ Second, there is a smaller mortgage 'credit box' today compared with 15 or more years ago, which reflects the nexus of cautious underwriting and discouraged would-be buyers who have variable income or marginal credit scores.²

Overall, the decline in foreclosures and distressed sales, aging of the millennial cohort, and projections of economic growth suggest that the homeownership rate may be at or near the bottom of its 12-year decline. However, unless minority-

Continued on page 6



Dr. Frank Nothaft
Senior Vice President
& Chief Economist

Frank Nothaft is senior vice president and chief economist for CoreLogic. He leads the Office of the Chief Economist and is responsible for analysis, commentary and forecasting trends in global real estate, insurance and mortgage markets.

¹ Daniel McCue and Christopher Herbert, *Updated Household Projections, 2015-2035: Methodology and Results*, Harvard University Joint Center for Housing Studies Working Paper, December 2016.

² See the Housing Credit Index report from CoreLogic, available at http://www.corelogic.com/about-us/researchtrends/housing-credit-index.aspx#WH_qf1MrK71.

FIGURE 1. HOMEOWNERSHIP RATE HIT 50-YEAR LOW IN 2016

U.S. Homeownership Rate (percent)

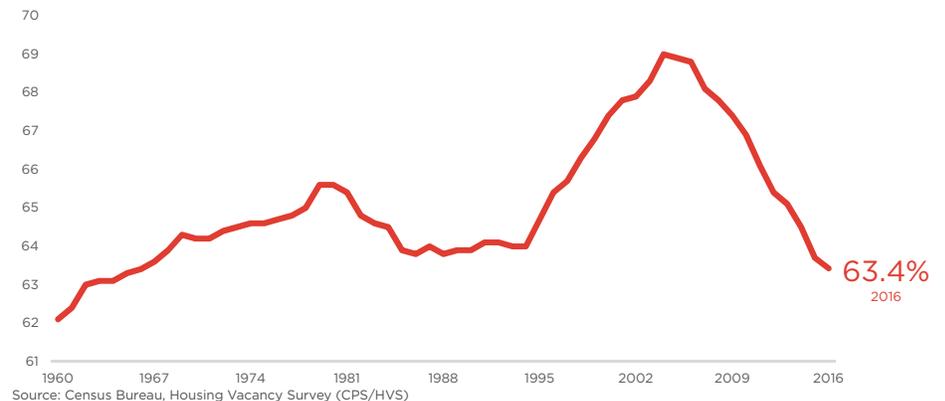
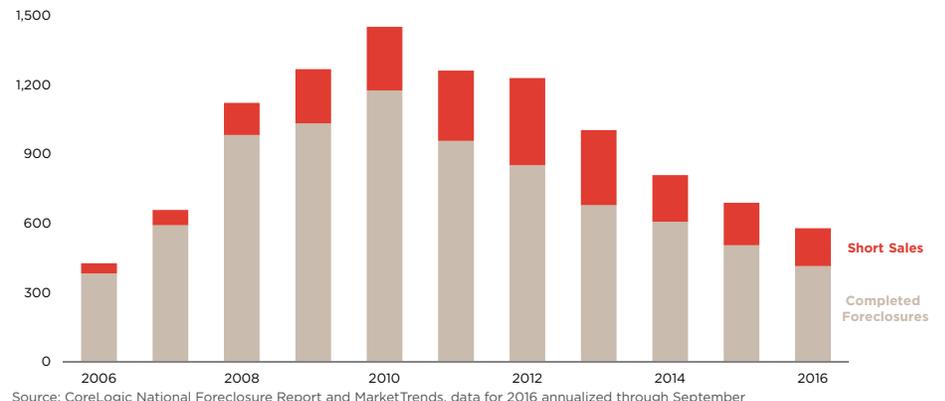


FIGURE 2. FORECLOSURES, SHORT SALES EXCEED 10 MILLION SINCE 2006

Completed Foreclosures and Short Sales (Thousands)



SoCal Caps 2016 with Steady Home Price Growth and Modest Sales Gain

Some Areas Appear Modestly “Overvalued” Relative to Incomes

By Andrew LePage



Andrew LePage
Research Analyst

Andrew LePage joined CoreLogic in 2015 as a research analyst working in the Office of the Chief Economist. Previously, Andrew was an analyst and writer for DQNews, a partner of DataQuick (acquired by CoreLogic in 2014). Andrew provided real estate data and trend analysis to journalists and issued a variety of housing market reports to the news media on behalf of DataQuick. Prior to that he was a staff writer at the Sacramento Bee newspaper covering residential real estate topics in the capital region and across California. He continues to monitor California’s housing market for CoreLogic in two monthly data briefs detailing trends in Southern California and the San Francisco Bay Area.

Southern California’s housing market closed 2016 with the highest median sale price in nine years, continued steady price growth, slightly higher full-year sales than in 2015, record luxury sales, and lower levels of investor purchases and distressed sales. But inventory remained tight, exacerbating the affordability crunch, and there were stronger signs of a disconnect between home prices and incomes in some parts of the region.

The median price paid for a home in San Diego, Orange, Los Angeles, Ventura, Riverside and San Bernardino counties combined in December 2016 was \$470,000, up 6.8 percent year over year and the highest since the median was \$500,000 in August 2007. For the past two years, the annual gains in both the region’s median sale price and CoreLogic’s Home Price Index (Figure 1), calculated by county, have been fairly steady in the 5 percent to 7 percent range.

CoreLogic calculates a long-term sustainable home price level based on the historical relationship between its Home Price Index (HPI) and a region’s per-capita disposable income (both HPI and income are inflation-adjusted). A market is loosely

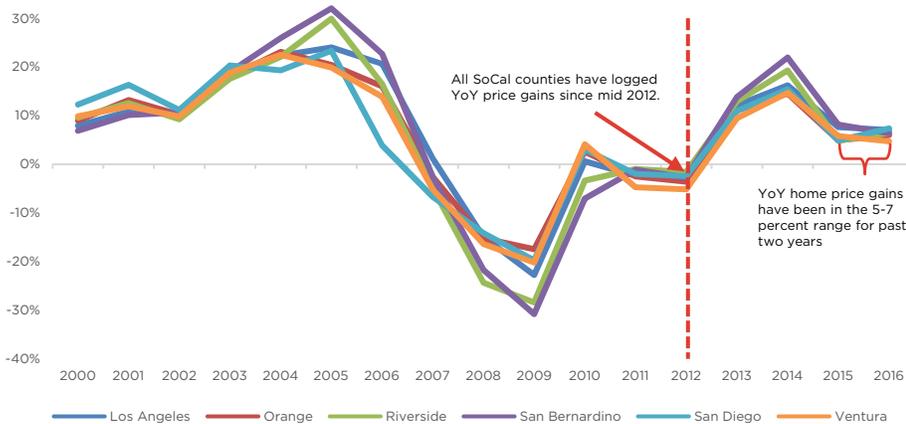
considered “overvalued” if current prices exceed the long-term sustainable level by 10 percent or more. Three Southern California metro areas—encompassing Riverside, San Bernardino, Los Angeles and Orange counties—have met the “overvalued” threshold, although just barely (Figure 2). The other three counties are considered “normal” because prices are either below the long-term sustainable level or less than 10 percent above. Overvalued markets could eventually experience price stagnation or declines as incomes catch up. Two large threats are rising rates and tight inventory. Rising rates could diminish demand at the margin and tight inventory will likely keep prices elevated.

As Figure 2 shows, all six counties were far more overvalued—from 40 to 83 percent—during the last housing boom. Among the other major differences between today’s market and the run-up to the last housing bust: Flipping, a measure of speculation that shows the share of homes sold twice within nine months, has trended lower. Last December, 5.1 percent of homes sold in the region had been flipped, down from 5.6 percent a year earlier and down from a decade-high 9.3 percent in February 2013. Current underwriting remains far more conservative, subprime and other high-risk loans are now rare, and use of low-down-payment purchase loans remains far below peak levels. In December 2016, home purchases with a down payment of 3.5 percent or less accounted for 26.5 percent of purchase loans, compared with a high of 51.6 percent in November 2006. Mortgage performance remains relatively good, with 1.3 percent of outstanding mortgages 90 or more days past due in December 2016—the lowest level since July 2007.

Continued on page 3

FIGURE 1. SOCAL COUNTIES YEAR-OVER-YEAR CHANGE IN HOME PRICES

Annual Percent Change in CoreLogic Home Price Index



Source: CoreLogic Home Price Index

SoCal Caps continued from page 2

Looking ahead, the housing market's performance will depend on a variety of factors including mortgage rates, job and income growth and decisions made in Washington D.C. relative to taxes, trade, regulations and infrastructure spending. Southern California continued to experience year-over-year job growth in December 2016 (Figure 3), although the gain was lower than a year earlier. Riverside County's 2.9 percent year-over-year increase in non-farm employment in December 2016 ranked 9th among the nation's top 100 metro areas by population, according to the Bureau of Labor Statistics.

Other 2016 Southern California housing market highlights:

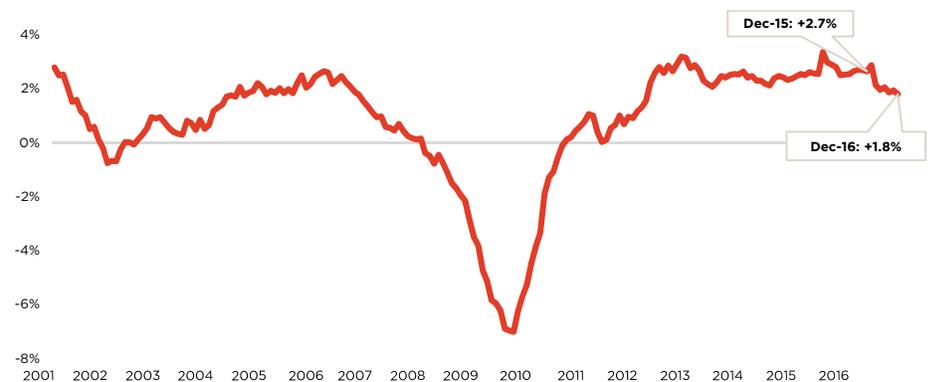
- ▶ Full-year 2016 home sales totaled 244,313, up 2.1 percent from 2015. Resales in 2016 increased 1.2 percent, while new-home sales rose nearly 14 percent to the highest level since 2008.
- ▶ The December 2016 inventory of homes for sale was 10.6 percent lower than a year earlier.
- ▶ A record 25,645 homes sold for \$1 million or more in 2016, up 12.9 percent from 2015, while a record 6,517 sold for \$2 million or more, up 8.4 percent.
- ▶ Reflecting a sharp rise in mortgage rates late in 2016, the typical mortgage payment (explained in Figure 4) buyers committed to in December 2016 was \$1,839, up 9.9 percent year over year. Adjusted for inflation, the December payment was 36.7 percent below the peak in July 2007.
- ▶ Distressed sales—REO and short sales—accounted for 5.8 percent of 2016 sales, down from 7.7 percent in 2015 and the lowest since 2006. The peak was 54.6 percent in 2009.
- ▶ Absentee buyers—investors and vacation-home buyers—purchased 20.9 percent of all homes sold in 2016—the lowest since 2009 and down from a 30-year high of 28.4 percent in 2013. ■

FIGURE 2. SOCAL COUNTIES' HOME VALUES VS. LONG-TERM SUSTAINABLE VALUE



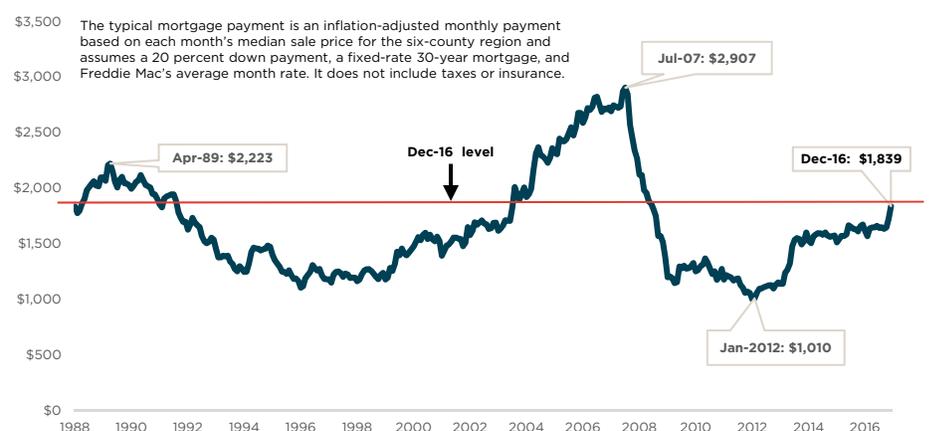
Source: CoreLogic Real Estate Analytics Suite/Market Condition Indicators, for the Los Angeles and Anaheim Metropolitan Divisions and the Riverside, San Diego and Oxnard Metropolitan Statistical Areas. The Anaheim metro is Orange County; Oxnard is Ventura County.

FIGURE 3. SOCAL NON-FARM EMPLOYMENT YEAR-OVER-YEAR CHANGE



Source: Bureau of Labor Statistics for the four Southern California metro areas that encompass San Diego, Orange, Los Angeles, Ventura, Riverside and San Bernardino counties.

FIGURE 4. SOCAL INFLATION-ADJUSTED "TYPICAL MORTGAGE PAYMENT"



Source: CoreLogic Public Records. SoCal encompasses San Diego, Orange, Los Angeles, Ventura, Riverside and San Bernardino counties.

Wayne County Foreclosures Fall Sharply

Annual Auction Still Visible In National Numbers

By Molly Boesel



Molly Boesel
Principal Economist

Molly Boesel is a principal economist for CoreLogic and is responsible for analyzing and forecasting housing and mortgage market trends. She has more than 20 years of experience in mortgage market analysis, model development and risk analysis in the housing finance industry.

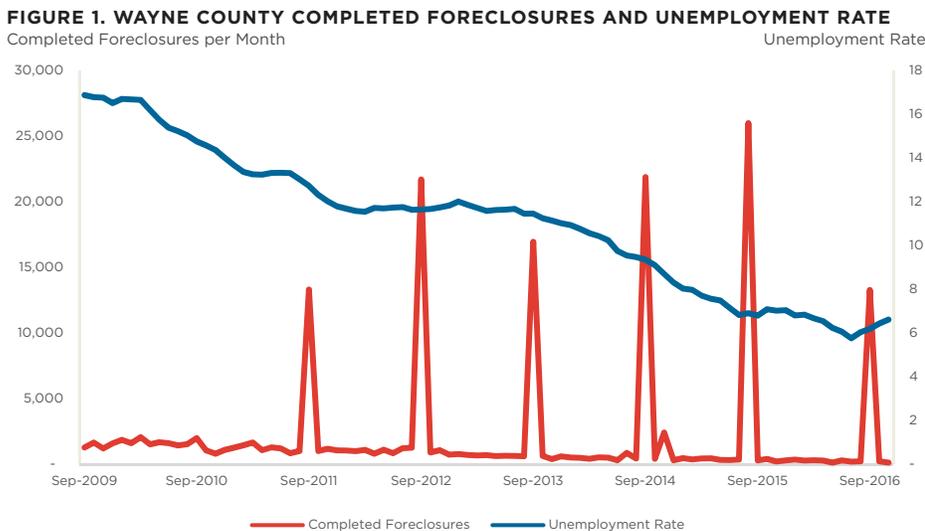
Each September Wayne County, Mich., experiences a spike in completed foreclosures as a result of an annual auction of tax-delinquent properties. The tax foreclosure process is lengthy (owners of the foreclosed properties are typically delinquent on property taxes for three years) and Michigan state law requires the auction of the foreclosed properties. The number of tax-delinquent properties sold at the annual auction is large enough to be evident in national foreclosure numbers. Between 30 and 40 percent of national completed foreclosures each September are in Wayne County. The chart shows that the spike in completed foreclosures due to the Wayne County tax auctions began in 2011. This timing corresponds to that county's very high unemployment rate and the depth of its housing crisis. In early 2011 the county's unemployment rate was close to 14 percent, home prices had declined over 50 percent from the peak and 48 percent of homeowners owed more on their mortgages than their homes were worth.

county in September 2016. While the problem of tax-foreclosed properties for the county is far from disappearing, the 2016 spike in completed foreclosures is about half that of a year before. A number of factors might have contributed to the decrease in tax foreclosures in 2016, including the following: outreach efforts¹, pending lawsuits², and a burgeoning economic recovery in the county. While Wayne County's unemployment rate was higher than the nation's in November 2016, it was less than half its unemployment rate at the start of 2011. Wayne County's economic recovery includes significant improvement in its housing sector. CoreLogic data shows that home prices in Wayne County, Mich., have been increasing for over five years, and have gained 82 percent since their March 2011 low and are forecast to rise an additional 6 percent in the coming year. The increase in prices has helped the equity position of borrowers in the county. The negative equity share for Wayne County, Mich., was 15 percent in Q3 2016, down from 18 percent a year earlier. ■

CoreLogic data shows that about 13,000 foreclosures were completed in Wayne

¹ <http://www.freep.com/story/news/local/michigan/detroit/2016/06/26/wayne-county-foreclosure-numbers-drop/86348712/>

² <http://www.freep.com/story/news/local/michigan/wayne/2016/09/02/judge-allows-wayne-county-foreclosure-auctions-go/89781996/>



Source: CoreLogic MarketTrends November 2016, Bureau of Labor Statistics

Challenges of Loan Origination – Estimating Accurate Property Tax Amounts

Current Industry Practice, Potential Improvements and Benefits

By Dom Lalissee

In the days prior to the democratization and standardization of credit scores and credit reports, the process of estimating a borrower’s credit worthiness was a non-standardized, cumbersome and time consuming process. The process relied on specialized knowledge and personal interpretation of financial information. As the mortgage process evolved, breakthrough productivity and quality improvements were achieved through the standardization of underwriting processes and the full availability of the credit analysis toolset.

Much like the evolution of credit scoring, another critical component of the new loan origination process has emerged—property tax amount estimation for residential properties. The estimating process is conducted during the initial stages of origination in order to complete the required Loan Estimate provided to the borrower. With increased scrutiny around the preparation of the Loan Estimate, lenders must increase the quality and consistency of the processes used to calculate the projected tax amounts listed in the documentation provided to the borrower. Estimates also need to be validated during the underwriting stage to qualify the borrower’s ability to financially support all of the mortgage costs, and ultimately, property taxes need to be included in the settlement documents. Asking a borrower or a real estate agent for tax information is analogous to requesting a homeowner to estimate his own credit score. Only a consistent procurement process can ensure access to the best information

available. A standardized version of a validated property tax estimating process in line with the RESPA-TILA requirements follows these main steps:

- ▶ Validate address
- ▶ Determine county and tax agencies (there can be more than one)
- ▶ Identify the source of information for each county/tax agency
- ▶ Determine Tax Identifications for each tax agency. This step cannot be fully performed for new construction loans or apartment units where the final allocation to each unit has not yet been completed by the tax agency. New construction tax estimates require additional steps to calculate the tax amounts
- ▶ Find and document tax amounts and tax bills
- ▶ Analyze tax amounts to determine expected future tax amounts

This description of the process illustrates the complexity and the knowledge/experience required to make accurate estimates of future tax amounts. The current RESPA-TILA (Real Estate Settlement Procedures/ Truth in Lending) regulation calls for lenders to use reliable sources and methods to determine accurate tax amounts: “Creditors are responsible for ensuring that the figures stated in the Loan Estimate are made in good faith and consistent with the best information reasonably available to the creditor at the time they are disclosed.”

Continued on page 6



Dominique Lalissee
Director, Product Management

Dominique (“Dom”) Lalissee is Director, Product Management for CoreLogic. He supports the development of new offerings for the Risk management and Workflow Organization. Dom acts as a catalyst and project manager for the creation of new products and services to support the existing and potential new client base.

“...another critical component of the new loan origination process has emerged—property tax amount estimation for residential properties.”

FIGURE 1. REDUCTION IN PROCESS TIME

Assumptions	Current Process	With Process Improvement
Estimated Annual origination volume	2,150 loans/month	2,150 loans/month
Tax Information procurement time (Loan officer)*	20 min	2 min
Tax Information procurement time (Underwriter)*	20 min	2 min
Tax Information procurement time (Settlement Agent)*	20 min	2 min

*Current Process Procurement time estimate based on internal experiment of mixed sample of properties across the Continental USA.

Source: CoreLogic

“...more than 10 million homeowners lost their homes through completed foreclosures or short sales since 2006.”

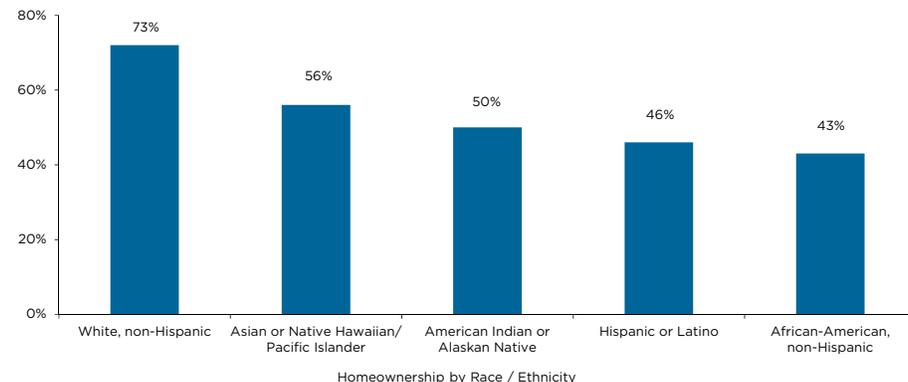
³ Daniel McCue, *Baseline Household Projections for the Next Decade and Beyond*, Harvard University Joint Center for Housing Studies Working Paper W14-1, March 2014, pp. 10-11.

Homeownership Rate continued from page 1

headed households are able to increase their ownership rate, it's unlikely that there will be any substantive increase

in the homeownership rate during the next decade.³ ■

FIGURE 3. GAP CONTINUES BETWEEN WHITE AND MINORITY OWNERSHIP
2015 Homeownership Rate (Percent)



Source: U.S. Census Bureau, Housing Vacancies and Homeownership Table 22 and unpublished tabulations (tab6_data_users.xls)

Challenges of Loan Origination continued from page 5

The tax estimating challenge is even more complicated in areas in which legislation caps tax increases for existing residents. In 1978, California amended its constitution to add Proposition 13, officially named the People’s Initiative to Limit Property Taxation. The Proposition 13 amendment limits the annual increases of assessed value of real property except in cases of (a) change in ownership, or (b) completion of new construction. When a property changes ownership or new construction occurs, the law requires the assessor’s office to reassess the property at current market value. During times of large increases of property values, Proposition 13 can create abnormal increases in assessed property values when a change in ownership occurs. These increases create a challenge for any lender trying to predict property tax amounts in order to assess the full cost of ownership and accompanying escrow amounts as part of the loan origination process outlined in the TRID (TILA-RESPA Integrated Disclosure) rules. California is not the only state in which this effect can be widely observed. Florida also introduced legislation, referred to as “Save Our Homes,” which limits assessed value increases for existing homeowners. Massachusetts, Maryland, Michigan, Texas and Oklahoma also have limits on assessment changes.

Access to historical data and knowledge of the property tax structure and legislations are critical foundation blocks for delivering new products designed to quickly and consistently generate high quality property tax estimates throughout all stages of loan origination.

Industry Best Practices

A comprehensive property tax estimation solution should, at a minimum, be configured to facilitate the following steps:

- ▶ Loan Officer collects basic information about the property
- ▶ Loan Officer technology triggers XML call
- ▶ Automated receipt of information by data provider
- ▶ Automated address standardization
- ▶ Automated search of property in property database and extraction of information
- ▶ Automated calculation of value-based tax amounts, excluding exemptions
- ▶ Automated standardized return of information to the user through XML link (few seconds)

A complete property tax estimation solution will reduce the total tax amount process time from 20 minutes to no more than

3 minutes. Additionally, an estimation tool eliminates the need for any specialized skills required for the procurement and eliminates the quality issues and time variation across property complexity and loan officer tenure.

In today’s mortgage environment, borrowers’ expectations and knowledge are increasing. Accurate information must be readily accessible. Millennials demand transparency with easy and instant access. Efficient distribution of information is expected. Originators lacking the processes and controls to help ensure accurate property tax data collection, analysis and estimation, will not be positioned to move forward with those adopting a comprehensive property tax estimation solution as part of their lending process. ■

“In today’s mortgage environment, borrowers’ expectations and knowledge are increasing.”

Time Series — National Foreclosure Overview December 2016

	Jan 2016	Feb 2016	Mar 2016	Apr 2016	May 2016	Jun 2016	Jul 2016	Aug 2016	Sep 2016	Oct 2016	Nov 2016	Dec 2016
SDQ*	1,276	1,228	1,177	1,152	1,124	1,108	1,104	1,044	1,039	1,032	1,032	1,027
-MOM % Chg in #	0.0%	-3.8%	-4.2%	-2.1%	-2.5%	-1.4%	-0.4%	-5.4%	-0.5%	-0.7%	0.1%	-0.5%
-YOY % Chg in #	-20.7%	-21.5%	-20.8%	-20.5%	-20.9%	-19.9%	-20.7%	-23.6%	-23.0%	-22.2%	-19.9%	-19.4%
Foreclosure Inventory*	449	440	423	403	391	371	364	351	341	335	335	329
-MOM % Chg in #	-3.9%	-1.9%	-3.9%	-4.8%	-3.0%	-5.1%	-2.0%	-3.4%	-2.8%	-1.9%	0.2%	-1.9%
-YOY % Chg in #	-23.1%	-22.9%	-24.0%	-24.1%	-24.4%	-26.9%	-27.5%	-29.7%	-30.7%	-30.1%	-27.9%	-29.5%
Completed Foreclosures*	39	35	37	37	34	38	30	30	39	20	23	21
-MOM % Chg in #	10.6%	-11.4%	7.4%	-1.9%	-6.9%	11.3%	-22.0%	0.7%	29.7%	-48.1%	15.7%	-8.1%
-YOY % Chg in #	-14.9%	-8.1%	-11.8%	-16.4%	-16.4%	-6.2%	-27.6%	-53.2%	0.4%	-49.5%	-33.0%	-39.8%
-12-Month Sum*	499	496	491	484	477	475	463	429	430	410	398	384

*Thousands of Units

Home Price Index State-Level Detail — Combined Single Family Including Distressed December 2016

State	Month-Over-Month Percent Change	Year-Over-Year Percent Change	Forecasted Month-Over-Month Percent Change	Forecasted Year-Over-Year Percent Change
Alabama	0.9%	5.2%	0.1%	3.6%
Alaska	-0.2%	0.3%	0.0%	5.3%
Arizona	1.0%	6.3%	0.2%	6.4%
Arkansas	0.7%	4.6%	0.2%	4.2%
California	-0.1%	5.7%	0.1%	8.9%
Colorado	0.4%	8.9%	0.2%	5.7%
Connecticut	0.2%	0.6%	0.2%	5.5%
Delaware	-0.8%	0.8%	0.1%	3.6%
District of Columbia	0.8%	3.6%	0.1%	3.5%
Florida	0.7%	7.4%	0.3%	6.3%
Georgia	0.3%	6.3%	0.1%	3.5%
Hawaii	0.8%	7.5%	0.4%	5.9%
Idaho	-0.4%	9.0%	0.1%	4.3%
Illinois	-0.8%	3.6%	0.0%	4.4%
Indiana	0.2%	5.3%	0.1%	4.4%
Iowa	-0.2%	3.4%	0.0%	3.6%
Kansas	-0.5%	5.2%	0.0%	3.6%
Kentucky	-0.1%	4.7%	0.1%	3.8%
Louisiana	0.6%	3.5%	0.1%	2.1%
Maine	-0.4%	0.2%	0.4%	5.0%
Maryland	0.7%	5.0%	0.2%	3.9%
Massachusetts	0.6%	5.7%	0.1%	5.2%
Michigan	-0.3%	6.1%	0.1%	5.6%
Minnesota	0.0%	5.6%	0.0%	3.6%
Mississippi	-0.3%	1.1%	-0.1%	2.5%
Missouri	0.7%	5.7%	0.1%	4.0%
Montana	0.3%	4.9%	0.0%	3.8%
Nebraska	-0.3%	4.6%	0.0%	3.5%
Nevada	-0.1%	5.2%	0.2%	7.5%
New Hampshire	0.7%	4.4%	0.6%	6.7%
New Jersey	0.2%	2.0%	0.2%	4.5%
New Mexico	-1.1%	5.6%	-0.1%	3.3%
New York	2.3%	6.9%	0.2%	4.5%
North Carolina	0.0%	4.9%	0.1%	3.7%
North Dakota	0.3%	2.7%	-0.1%	1.5%
Ohio	-1.6%	3.0%	0.0%	4.1%
Oklahoma	0.0%	1.6%	0.0%	2.7%
Oregon	0.4%	10.3%	0.2%	5.7%
Pennsylvania	-0.2%	3.0%	0.1%	3.9%
Rhode Island	0.0%	6.5%	-0.1%	3.0%
South Carolina	0.3%	6.0%	0.1%	3.7%
South Dakota	0.1%	5.7%	0.0%	3.6%
Tennessee	0.5%	7.2%	0.1%	3.1%
Texas	0.5%	6.6%	0.0%	2.3%
Utah	0.0%	8.0%	0.1%	4.6%
Vermont	0.2%	3.7%	0.4%	5.5%
Virginia	0.3%	3.1%	0.1%	3.9%
Washington	0.9%	10.8%	0.2%	5.1%
West Virginia	-0.1%	1.8%	0.0%	3.5%
Wisconsin	-0.1%	4.3%	0.1%	3.9%
Wyoming	-0.1%	-0.3%	-0.5%	2.0%

Source: CoreLogic December 2016

In the News

Insurance Journal, February 15, 2017

CoreLogic: \$13.3B in Reconstruction at Risk in Northern California Dam Failure
 Roughly 50,047 single- and multi-family residential homes could be damaged with an estimated reconstruction cost value of \$13.3 billion if the Oroville Dam in California were to fail completely, according to new data analysis from CoreLogic.

Mortgage News Daily, February 15, 2017

Do You Have the Right Homeowners' Insurance?

Most mortgages contain a requirement that the collateral property carry adequate insurance to cover repayment of the mortgage in the event of a loss. However, Edward Martinez, a technical trainer in CoreLogic's Insurance & Spatial Solutions department, writes in the company's Insights blog that what satisfies a lender may not be the best solution for the homeowner.

MortgageOrb, February 15, 2017

CoreLogic: Completed Foreclosures Hit Pre-Crisis Low In December

"While the decline in serious delinquency has been geographically broad, some oil-producing markets have shown the effects of low oil prices on the housing market," says Frank Nothhaft, chief economist for CoreLogic, in a statement. "Serious delinquency rates rose in Louisiana, Wyoming and North Dakota, reflecting the weakness in oil production."

Hartford Business, February 14, 2017

CT's Dec. foreclosures, delinquencies, decline

The number of completed foreclosures in Connecticut declined by 25 percent in December, on a par with the national pace of 24 percent, according to fresh data from CoreLogic.

Builder Magazine, February 14, 2017

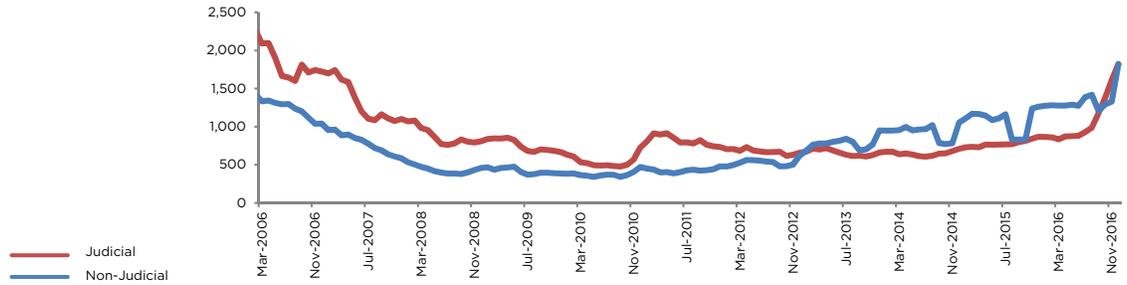
Foreclosures Fall in Wayne County

Data from CoreLogic shows that during September 2016, the amount of foreclosures in Wayne County, Michigan fell to 13,000. CoreLogic staffer Molly Boesel explains that foreclosures in Wayne County have spiked every year in September since 2011 when the County began their annual auction of tax-delinquent properties.

Charts & Graphs

NUMBER OF MORTGAGED HOMES PER COMPLETED FORECLOSURE

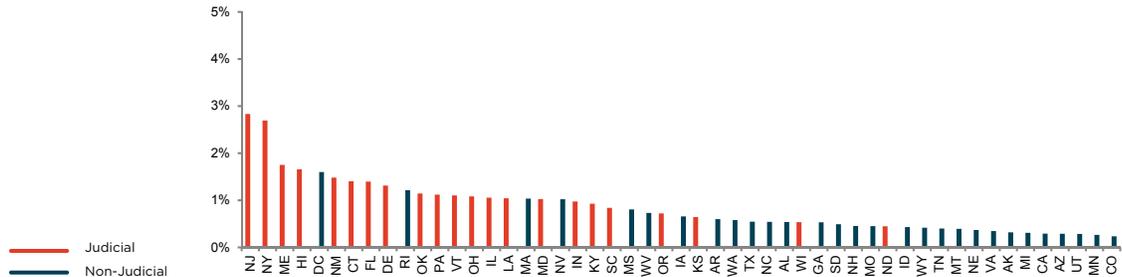
Judicial Foreclosure States vs. Non-Judicial Foreclosure



Source: CoreLogic December 2016

FORECLOSURE INVENTORY AS OF DECEMBER 2016

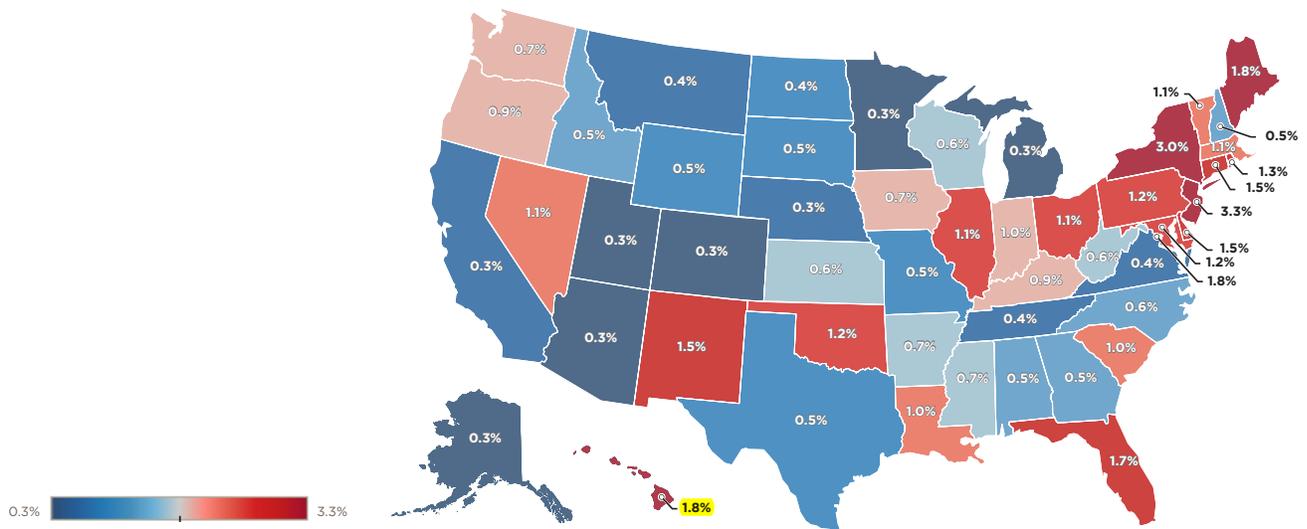
Judicial Foreclosure States vs. Non-Judicial Foreclosure States



Source: CoreLogic December 2016

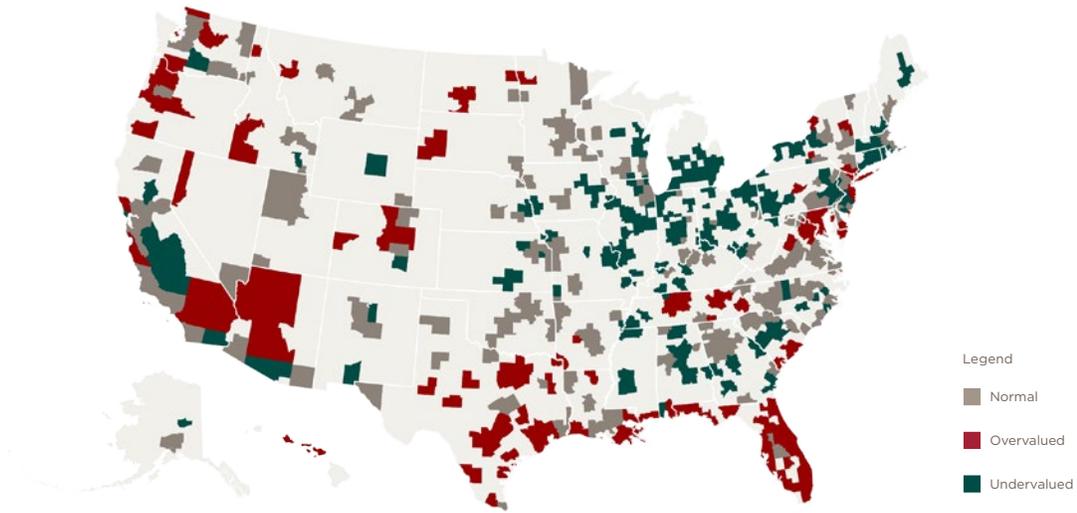
FORECLOSURE INVENTORY BY STATE

As of December 2016



CORELOGIC HPI® MARKET CONDITION OVERVIEW

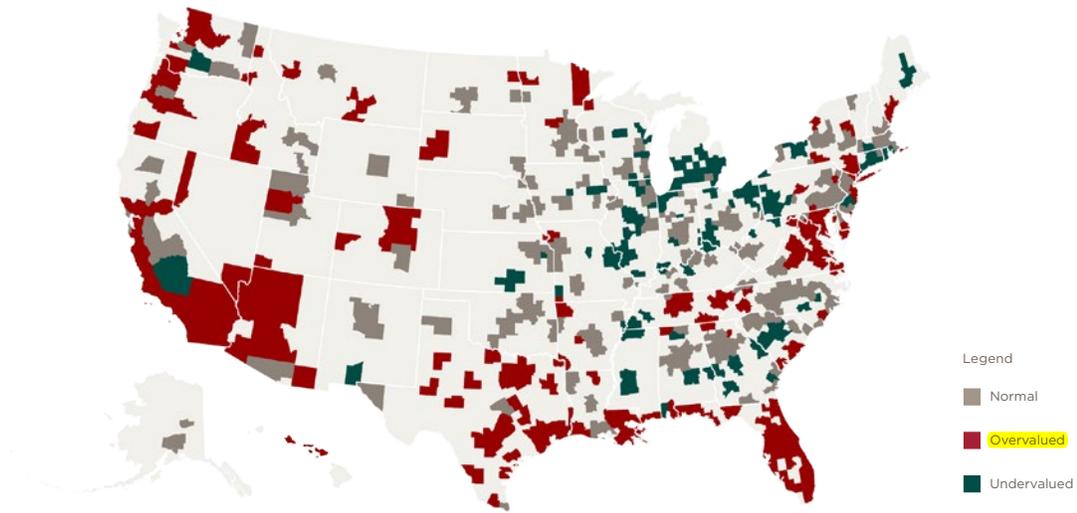
December 2016



Source: CoreLogic
CoreLogic HPI Single Family Combined Tier, data through December 2016.
CoreLogic HPI Forecasts Single Family Combined Tier, starting in January 2017.

CORELOGIC HPI® MARKET CONDITION OVERVIEW

December 2021 Forecast



Source: CoreLogic
CoreLogic HPI Single Family Combined Tier, data through December 2016.
CoreLogic HPI Forecasts Single Family Combined Tier, starting in January 2017.

Variable Descriptions

Variable	Definition
Total Sales	The total number of all home-sale transactions during the month.
Total Sales 12-Month sum	The total number of all home-sale transactions for the last 12 months.
Total Sales YoY Change 12-Month sum	Percentage increase or decrease in current 12 months of total sales over the prior 12 months of total sales
New Home Sales	The total number of newly constructed residential housing units sold during the month.
New Home Sales Median Price	The median price for newly constructed residential housing units during the month.
Existing Home Sales	The number of previously constructed homes that were sold to an unaffiliated third party. DOES NOT INCLUDE REO AND SHORT SALES.
REO Sales	Number of bank owned properties that were sold to an unaffiliated third party.
REO Sales Share	The number of REO Sales in a given month divided by total sales.
REO Price Discount	The average price of a REO divided by the average price of an existing-home sale.
REO Pct	The count of loans in REO as a percentage of the overall count of loans for the reporting period.
Short Sales	The number of short sales. A short sale is a sale of real estate in which the sale proceeds fall short of the balance owed on the property's loan.
Short Sales Share	The number of Short Sales in a given month divided by total sales.
Short Sale Price Discount	The average price of a Short Sale divided by the average price of an existing-home sale.
Short Sale Pct	The count of loans in Short Sale as a percentage of the overall count of loans for the month.
Distressed Sales Share	The percentage of the total sales that were a distressed sale (REO or short sale).
Distressed Sales Share (sales 12-Month sum)	The sum of the REO Sales 12-month sum and the Short Sales 12-month sum divided by the total sales 12-month sum.
HPI MoM	Percent increase or decrease in HPI single family combined series over a month ago.
HPI YoY	Percent increase or decrease in HPI single family combined series over a year ago.
HPI MoM Excluding Distressed	Percent increase or decrease in HPI single family combined excluding distressed series over a month ago.
HPI YoY Excluding Distressed	Percent increase or decrease in HPI single family combined excluding distressed series over a year ago.
HPI Percent Change from Peak	Percent increase or decrease in HPI single family combined series from the respective peak value in the index.
90 Days + DQ Pct	The percentage of the overall loan count that are 90 or more days delinquent as of the reporting period. This percentage includes loans that are in foreclosure or REO.
Stock of 90+ Delinquencies YoY Chg	Percent change year-over-year of the number of 90+ day delinquencies in the current month.
Foreclosure Pct	The percentage of the overall loan count that is currently in foreclosure as of the reporting period.
Percent Change Stock of Foreclosures from Peak	Percent increase or decrease in the number of foreclosures from the respective peak number of foreclosures.
Pre-foreclosure Filings	The number of mortgages where the lender has initiated foreclosure proceedings and it has been made known through public notice (NOD).
Completed Foreclosures	A completed foreclosure occurs when a property is auctioned and results in either the purchase of the home at auction or the property is taken by the lender as part of their Real Estate Owned (REO) inventory.
Negative Equity Share	The percentage of mortgages in negative equity. The denominator for the negative equity percent is based on the number of mortgages from the public record.
Negative Equity	The number of mortgages in negative equity. Negative equity is calculated as the difference between the current value of the property and the origination value of the mortgage. If the mortgage debt is greater than the current value, the property is considered to be in a negative equity position. We estimate current UPB value, not origination value.
Months' Supply of Distressed Homes (total sales 12-Month avg)	The months it would take to sell off all homes currently in distress of 90 days delinquency or greater based on the current sales pace.
Price/Income Ratio	CoreLogic HPI™ divided by Nominal Personal Income provided by the Bureau of Economic Analysis and indexed to January 1976.
Conforming Prime Serious Delinquency Rate	The rate serious delinquency mortgages which are within the legislated purchase limits of Fannie Mae and Freddie Mac. The conforming limits are legislated by the Federal Housing Finance Agency (FHFA).
Jumbo Prime Serious Delinquency Rate	The rate serious delinquency mortgages which are larger than the legislated purchase limits of Fannie Mae and Freddie Mac. The conforming limits are legislated by the Federal Housing Finance Agency (FHFA).

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