Overview and Outlook for Housing in the Kansas City Metropolitan Area

Kansas City Mortgage Bankers Association

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Hallbrook Country Club
Leawood, KS

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Federal Reserve Bank of Kansas City

The views in this presentation are those of the speaker and authors and do not necessarily represent the views of the Federal Reserve Bank of Kansas City or the Federal Reserve System.
Home sales are rising strongly and are now less than 20 percent below 2004 levels.

Source: National Association of Realtors; Kansas City Association of Realtors
Homebuyer traffic is strong, boding well for future sales; Several demand factors will determine near-term strength in traffic and sales

Demand Constraints

• Economy/Financial Security
• Uncertainty about Market
• Household Formation
• Credit Availability

Proprietary Data Removed
Economic growth will likely be weak in 2013 before picking up in 2014-15; longer-run growth will be lower by historical standards.
Employment growth in the U.S., and especially Kansas City, has been slow; and levels remain well below pre-recession levels.

U.S. (right axis)
1yr: 2.2 million (1.6%)
5yr: -2.4M (-2.6%)
[April]

Kansas City (left axis)
1yr: 1,700 (0.2%)
5yr: -26.3K (-2.6%)
[March]
Mortgage credit (prime) restrictions are beginning to ease

Source: Federal Reserve Senior Loan Officers Survey
Mortgage rates are at historically low levels

Source: Freddie Mac
Delays in property closings are on the decline

Proprietary Data Removed
The months supply of homes is dwindling in the face of increased sales, but the decline largely reflects low inventories, as sales, though increasing at a strong pace, remain relatively low.
Permits for new residential construction have stabilized and are poised for a rebound

Index (January, 2005 = 100)

Jan-05 Jul-05 Jan-06 Jul-06 Jan-07 Jul-07 Jan-08 Jul-08 Jan-09 Jul-09 Jan-10 Jul-10 Jan-11
Decreasing shares of property on the market are distressed

Proprietary Data Removed
Median existing home prices have increased on the combination of higher sales and low inventory levels.
The FHFA repeat sales index shows solid price advances in the U.S. and the 10th Federal Reserve District, but little in Kansas City.

Source: FHFA
Sales-to-list price ratios are increasing, reflecting increased demand in the face of low inventories

Proprietary Data Removed
MORTGAGE DELINQUENCIES
Mortgage delinquencies are on the decline throughout most of the U.S. including the Plains states.

**Kansas**

![Share of Outstanding Mortgages](chart1)

**Missouri**

![Share of Outstanding Mortgages](chart2)

Source: Lender Processing Services, Inc.
Serious Mortgage Delinquency

<table>
<thead>
<tr>
<th>Status</th>
<th>KC Metro</th>
<th>Jackson Co</th>
<th>Johnson Co</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 PD</td>
<td>3.0</td>
<td>3.5</td>
<td>2.0</td>
</tr>
<tr>
<td>60 PD</td>
<td>1.0</td>
<td>1.3</td>
<td>0.6</td>
</tr>
<tr>
<td>90+ PD</td>
<td>2.8</td>
<td>3.7</td>
<td>1.5</td>
</tr>
<tr>
<td>Total PD</td>
<td>8.2</td>
<td>9.9</td>
<td>5.3</td>
</tr>
</tbody>
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In Foreclosure

| Source: Lender Processing Services, Inc. |
|----------------------------------------|----------------------------------------|
| In Foreclosure | 1.4 | 1.5 | 1.2 |

Seriously Delinquent

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