Nebraska Economic and Foreclosure Outlook

The views expressed are those of the author and do not necessarily reflect the opinions of the Federal Reserve Bank of Kansas City or the Federal Reserve System.
Nebraska Economic and Foreclosure Outlook

- Nebraska continues to perform better than the nation.
- Foreclosures are edging up.
  - 1\textsuperscript{st} wave: financial restructuring of loans
  - 2\textsuperscript{nd} wave: job losses and economic weakness
Home sales continue to slow.

Existing Home Sales

Index (Q1 2000 = 100)

Source: National Association of Realtors
Is the January drop in building activity an outlier?

Single Family Building Permits

Percent change from previous year (3-month moving average)

Source: U.S. Census Bureau
Home values have held up in Nebraska.

Repeat Sales Home Price Index

Percent change from previous year

Source: Federal Housing Finance Agency
Yet, Omaha has experienced some modest declines.

Repeat Sales Home Price Index

Percent change from previous year

Source: Federal Housing Finance Agency
Nebraska’s home prices remained in balance with personal income growth.

U.S. HOME PRICE AND PERSONAL INCOME GROWTH

NEBRASKA HOME PRICE AND PERSONAL INCOME GROWTH

Source: BEA and FHFA
Nebraska Economic and Foreclosure Outlook

- Nebraska continues to perform better than the nation.
- Foreclosures are edging up.
  - 1\textsuperscript{st} wave: financial restructuring of loans
Nebraska’s foreclosure rate has edged up.

Home Foreclosure Inventory

Percent of loans serviced

Source: Mortgage Bankers Association
Nebraska ranks low on foreclosures.

National Ranking and Percent of Loans in Foreclosure
Fourth Quarter 2008

<table>
<thead>
<tr>
<th>Rank</th>
<th>State</th>
<th>Percent</th>
<th>Rank</th>
<th>State</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>Minnesota</td>
<td>2.74</td>
<td>35</td>
<td>Nebraska</td>
<td>1.55</td>
</tr>
<tr>
<td>24</td>
<td>Colorado</td>
<td>2.06</td>
<td>37</td>
<td>Missouri</td>
<td>1.51</td>
</tr>
<tr>
<td>26</td>
<td>Iowa</td>
<td>2.03</td>
<td>45</td>
<td>South Dakota</td>
<td>1.22</td>
</tr>
<tr>
<td>31</td>
<td>Kansas</td>
<td>1.64</td>
<td>50</td>
<td>Wyoming</td>
<td>0.63</td>
</tr>
<tr>
<td></td>
<td>United States</td>
<td>3.30</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Mortgage Bankers Association
Foreclosures are rising in sub-prime and adjustable rate mortgages.

U.S. Foreclosure Rates by Mortgage Type

Source: Mortgage Bankers Association
Is sub-prime the problem?

Nebraska Foreclosure Rates by Mortgage Type
(Fourth Quarter)

Percent of loans serviced

Source: Mortgage Bankers Association
Omaha’s foreclosure rates are concentrated.

Percentage of Loans in Foreclosure
First Quarter 2009

Source: RealtyTrac
Nebraska Economic and Foreclosure Outlook

- Nebraska continues to perform better than the nation.
- Foreclosures are edging up.
  - 1\textsuperscript{st} wave: financial restructuring of loans
  - 2\textsuperscript{nd} wave: job losses and economic weakness
Nebraska’s job losses jump sharply.

Monthly Unemployment Claims

Source: Bureau of Labor Statistics
Nebraska Economic and Foreclosure Outlook

- Nebraska continues to perform better than the nation.
- Some economic stabilization at the end of 2009 and a modest rebound in 2010.
- The financial crisis must pass first.
- Housing markets will need to stabilize.
- When will fiscal and monetary stimulus spark a rebound?