

The Federal Reserve Bank of Richmond

In partnership with

George Mason University

presents

The Widespread Impact of Mortgage Foreclosures: From Credit Markets to Local Communities

November 7, 2008

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Foreclosures in the Washington Metropolitan Region

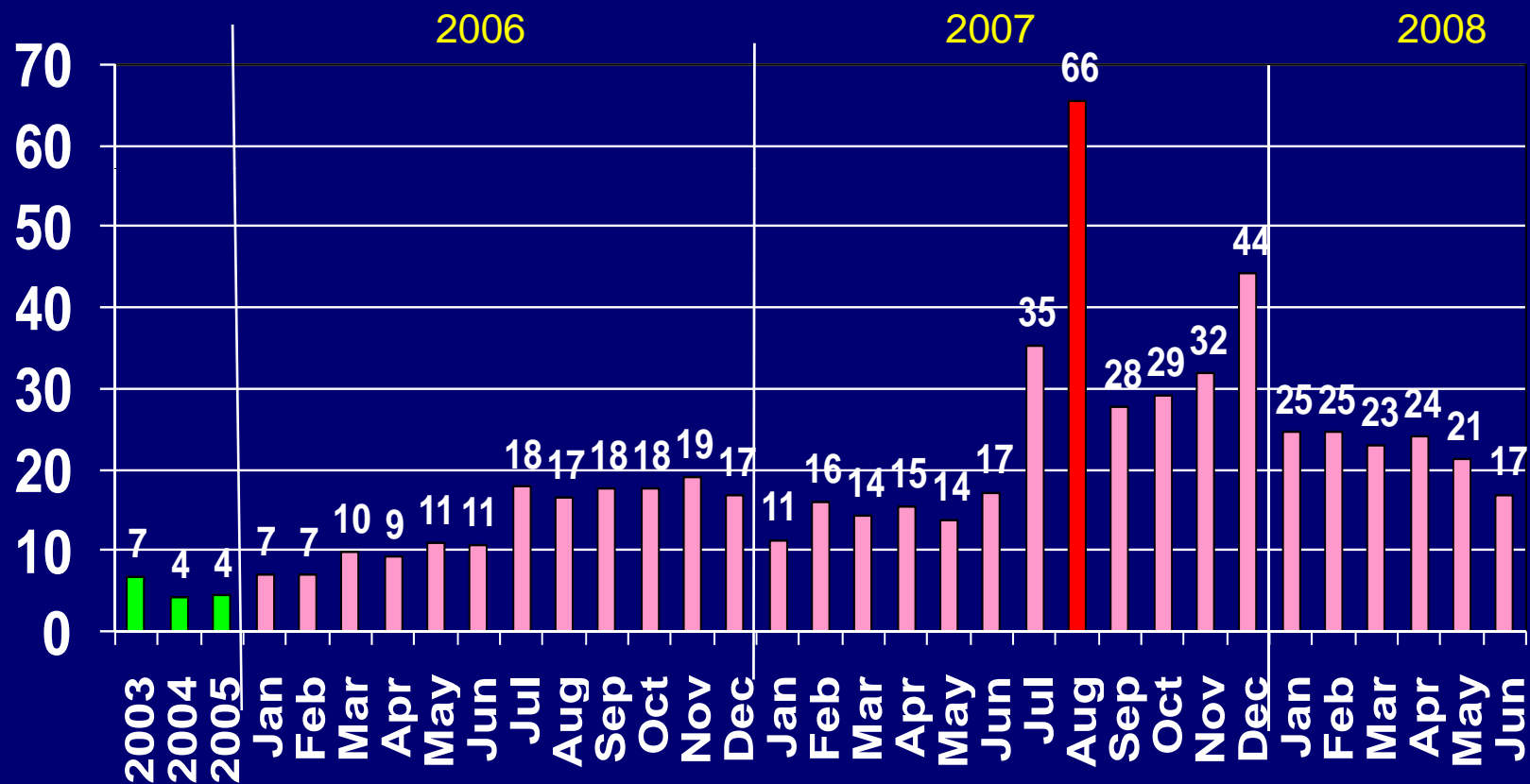
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School of Public Policy, George Mason University

November 7, 2008

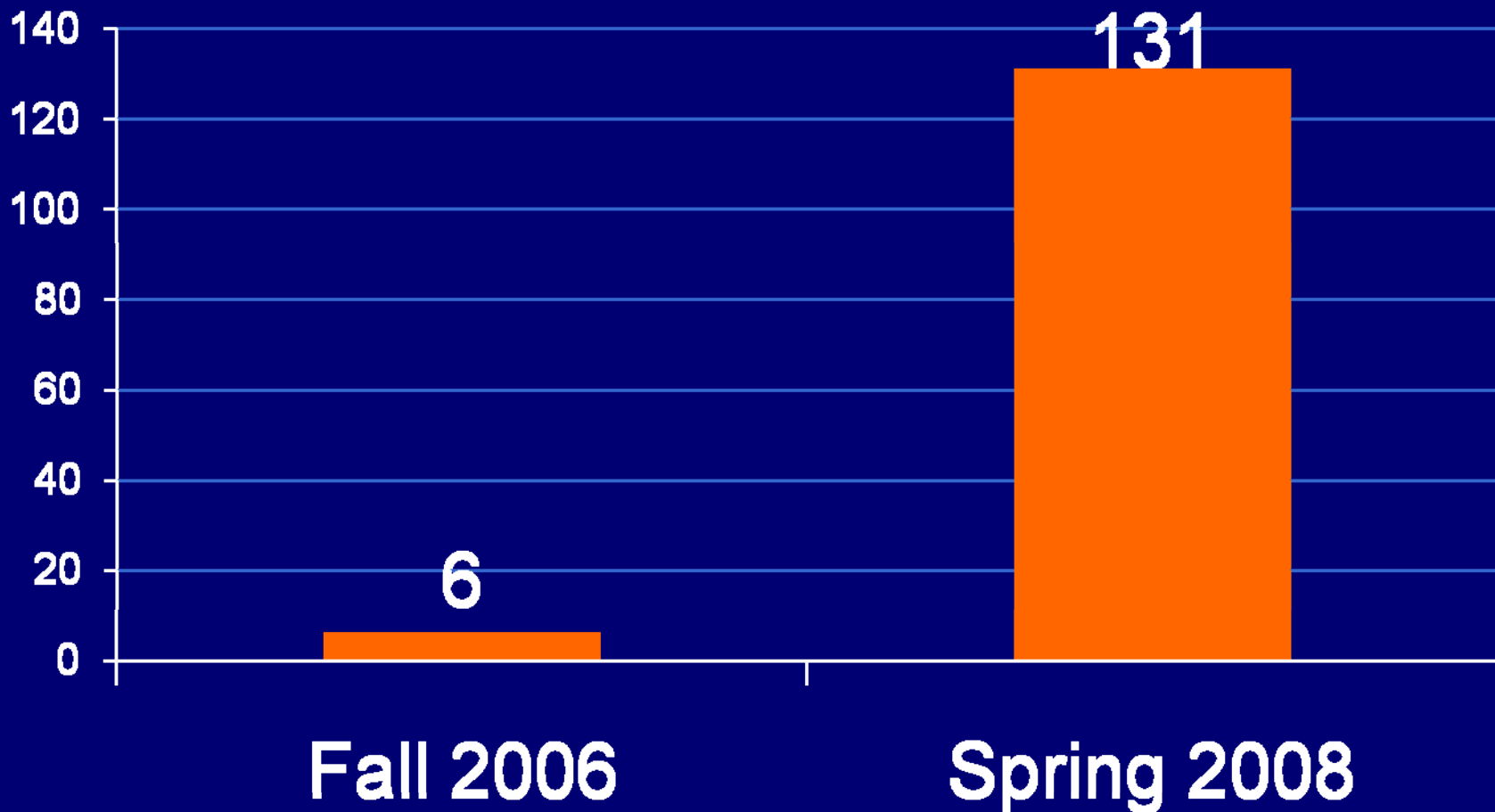
How we got here

New Housing Contract Kick-Out Rate Washington MSA All Housing Types

%



Metro Washington Foreclosure Rate



- The Housing Market
- Foreclosures
- The Outlook

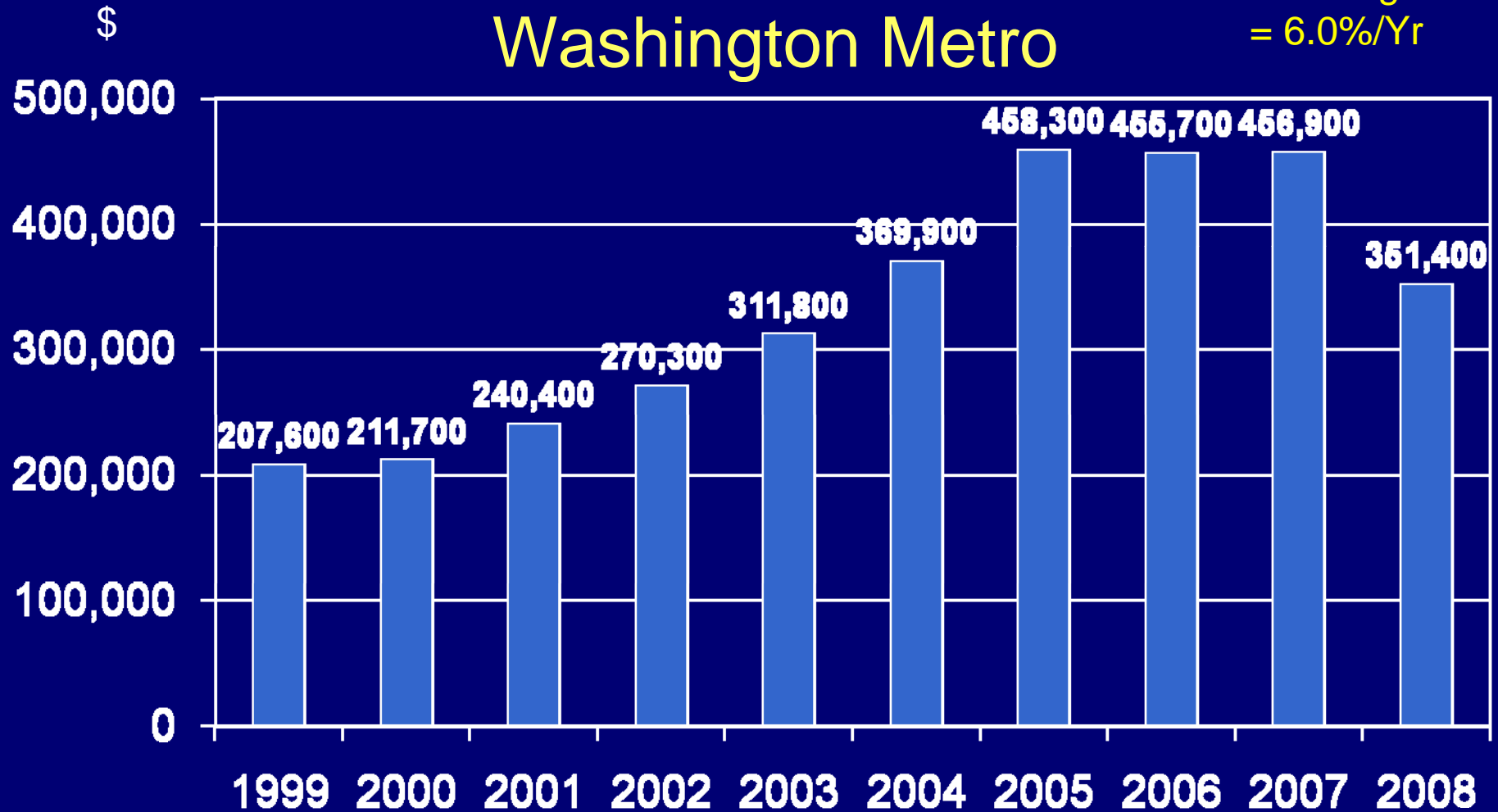
The Washington Area Housing Market

Average Sales Price - September

All Housing Types

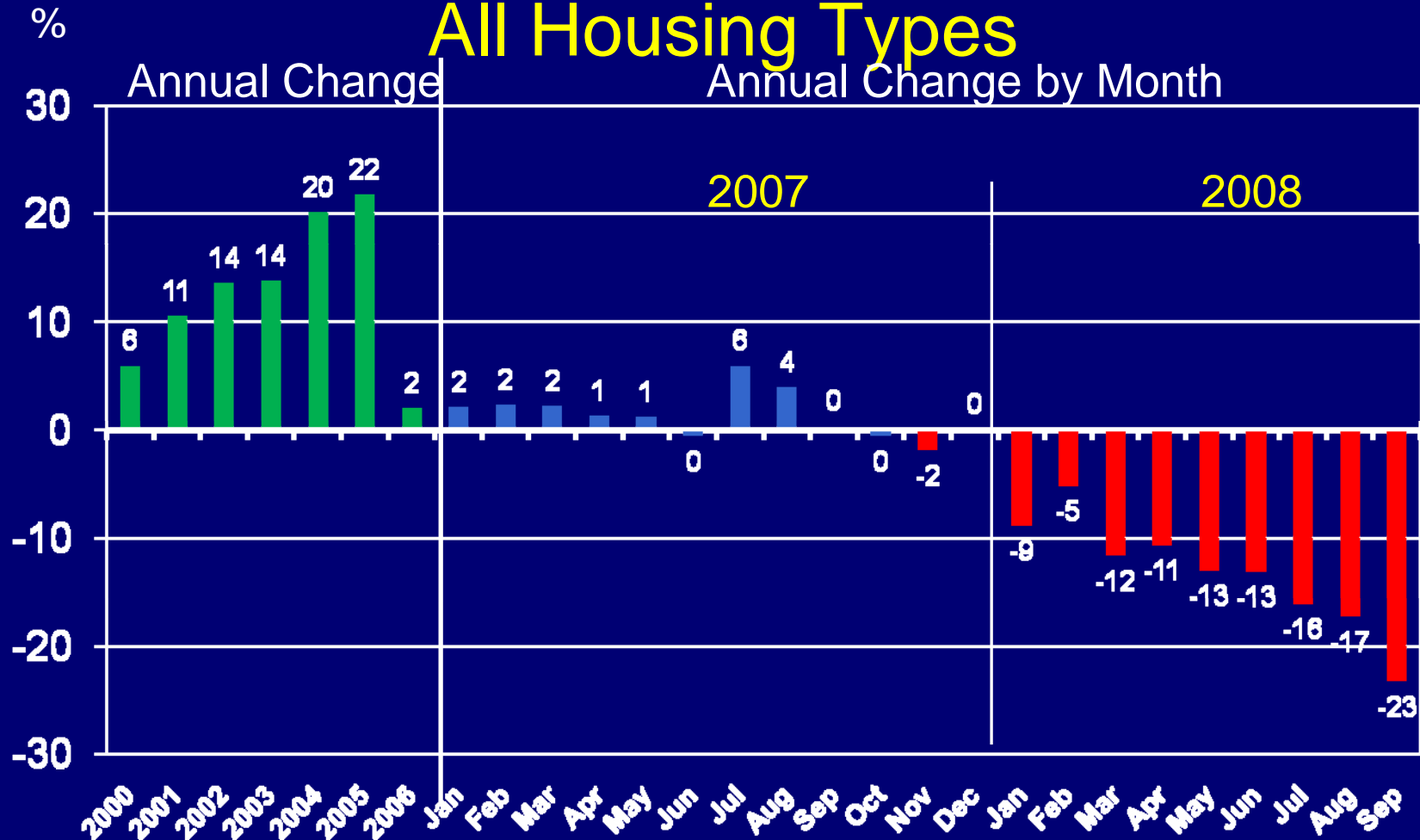
Washington Metro

9-Yr Avg.
 = 6.0%/Yr



Source: MRIS, GMU Center for Regional Analysis

Average Sales Price Percent Change Washington MSA All Housing Types

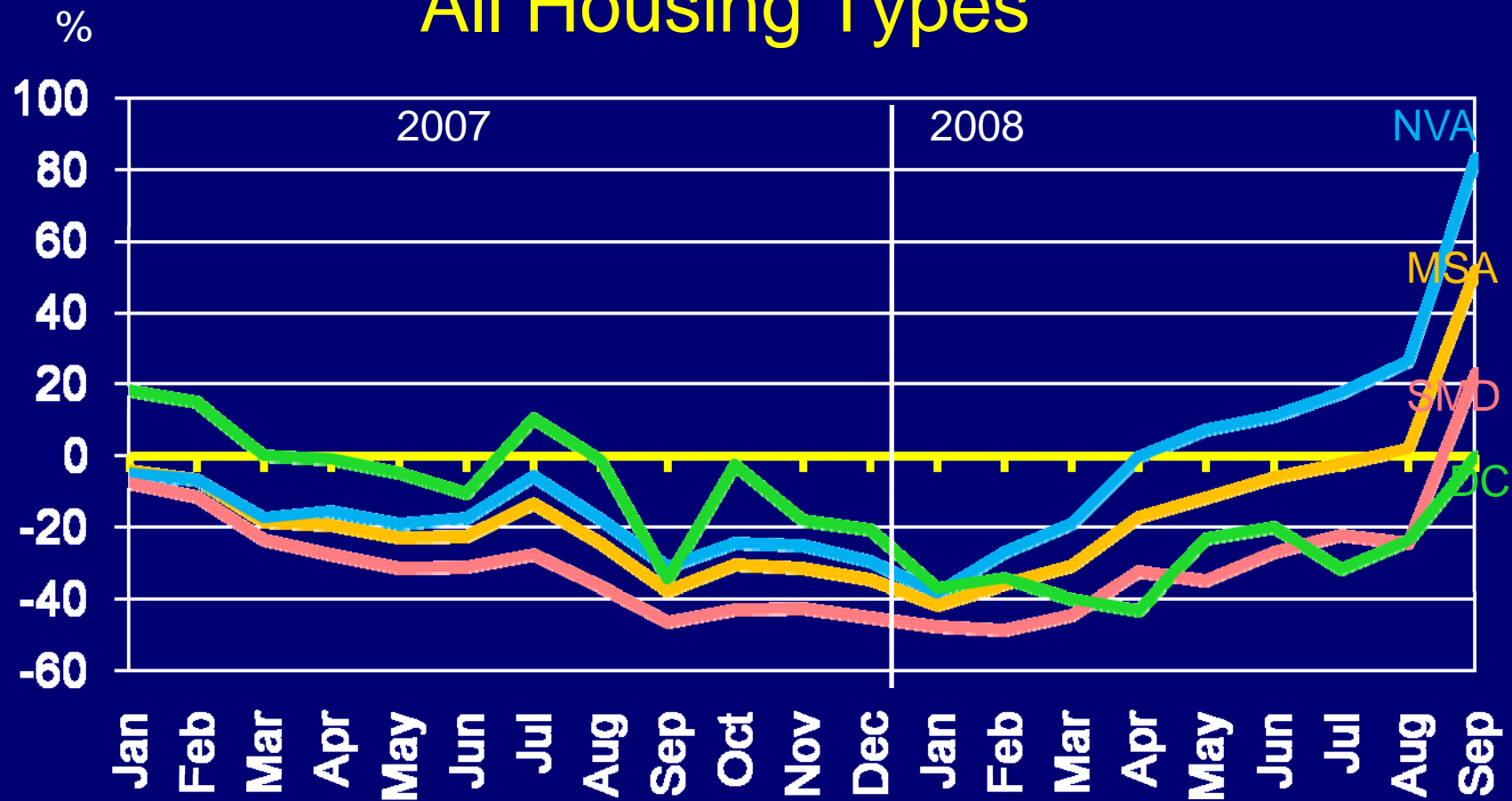


Source: MRIS, GMU Center for Regional Analysis

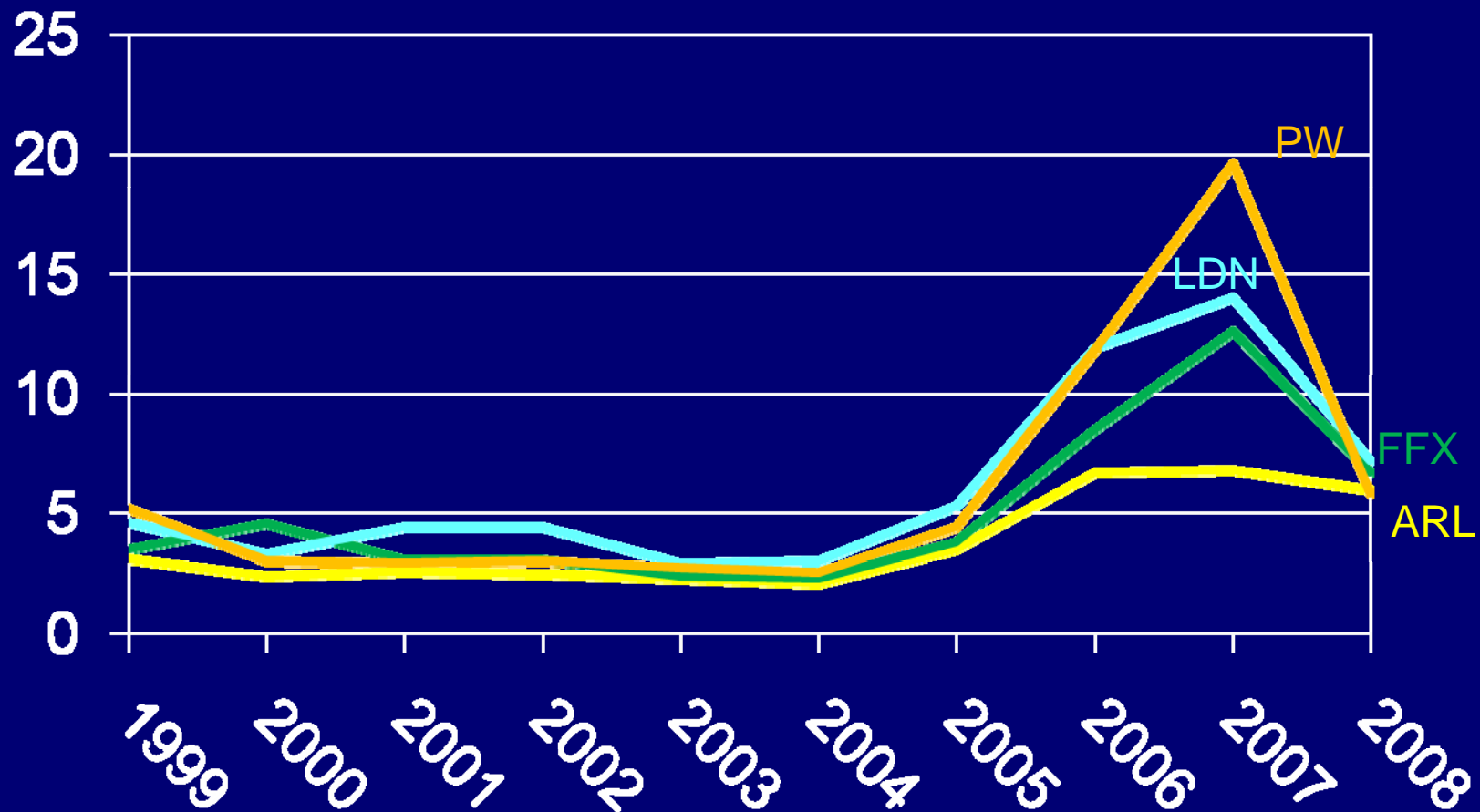
Sales and Total Active Listings Washington MSA, September Each Year



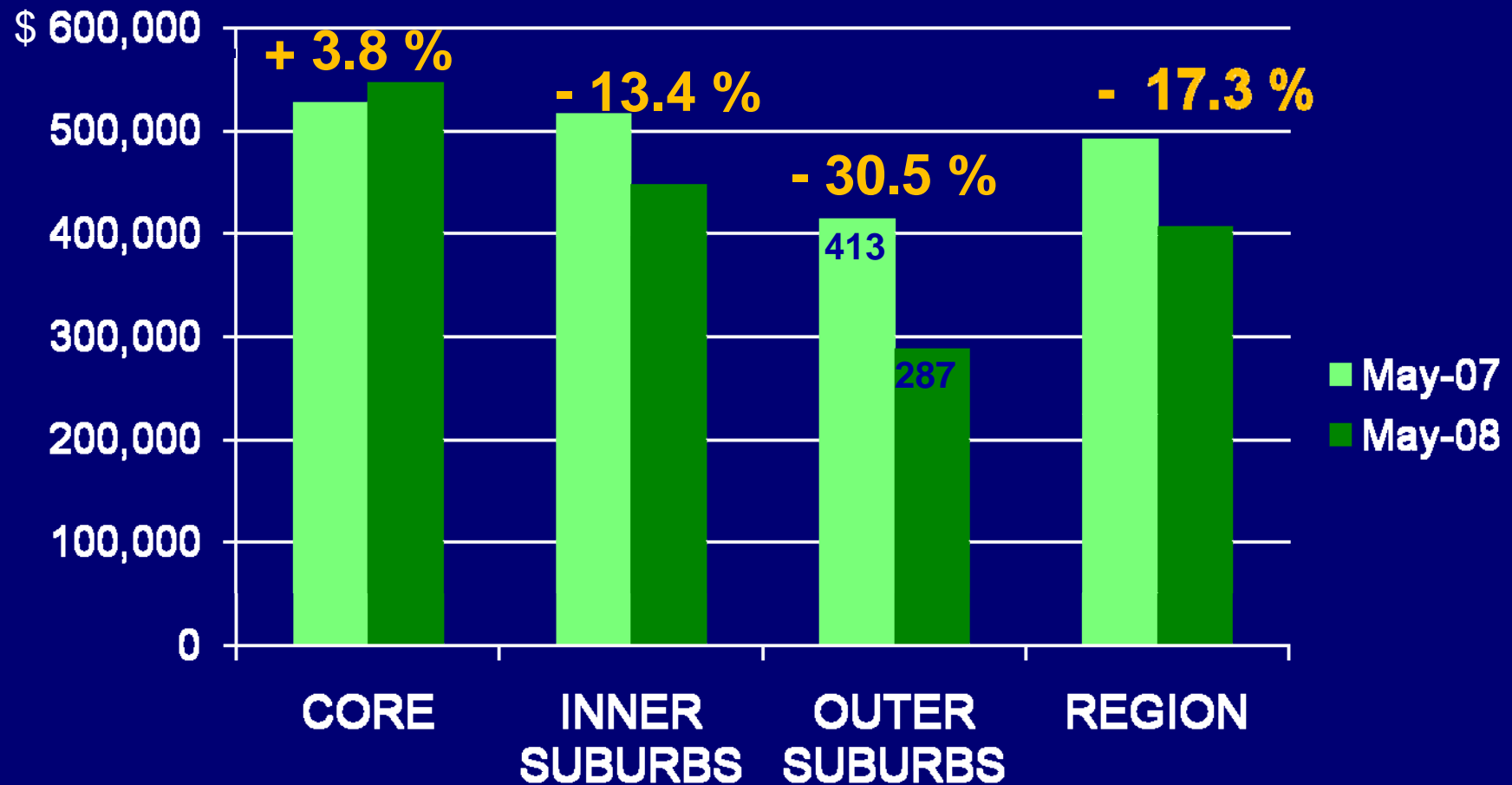
Units Sold Percent Change By Subregion All Housing Types



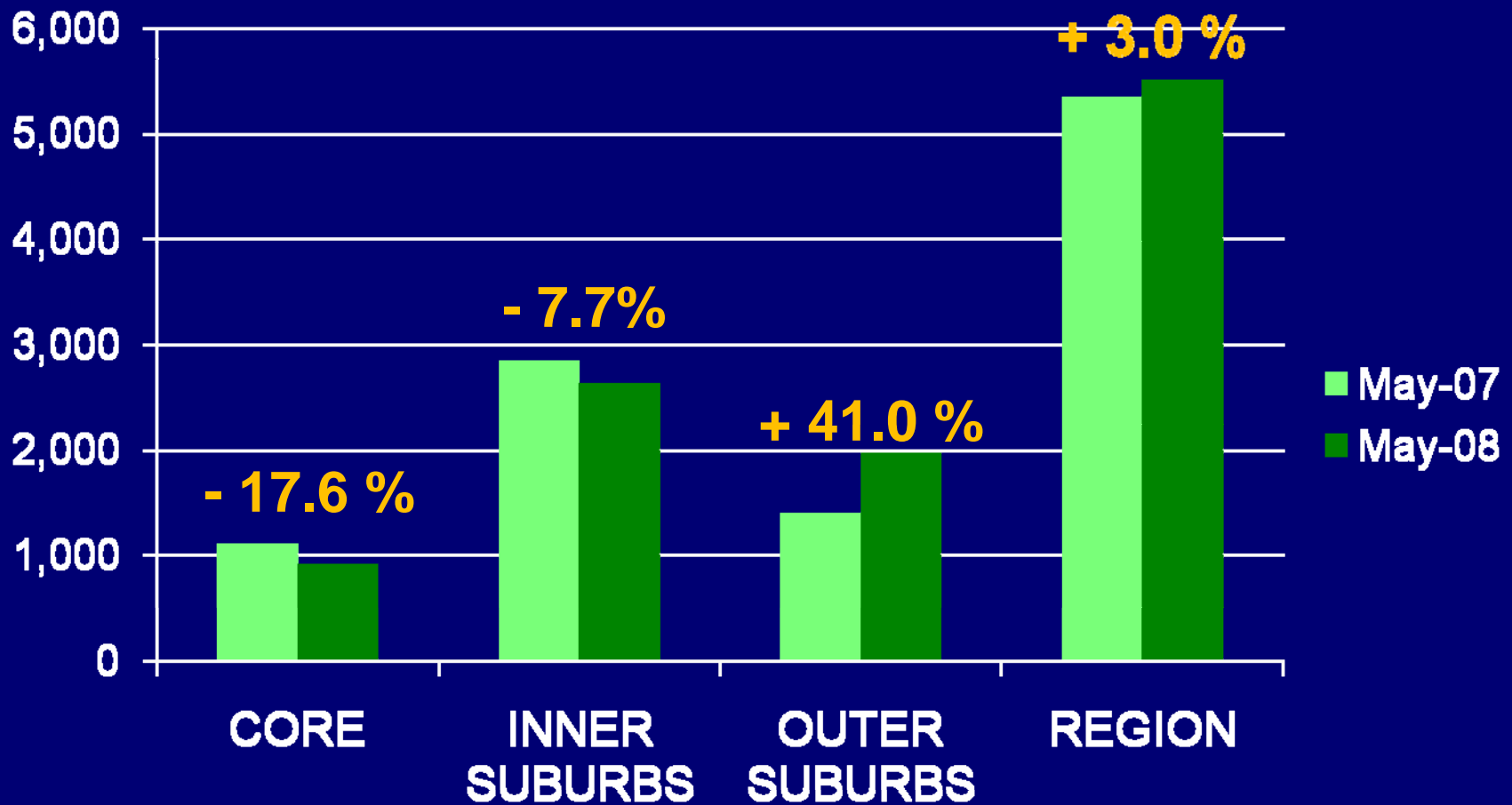
Total Active Listings Per Sale September Each Year



Existing Homes – Average Sales Prices August 2007 – August 2008



Existing Homes – Sales August 2007 – August 2008



Source: MRIS, GMU Center for Regional Analysis

Fairfax County September Existing Sales Statistics

	2007	2008	% Change
Average Price	\$526,700	\$382,900	-27%
Median Price	\$435,000	\$326,000	-25%
Sales	729	1257	72%
Days on Market	89	96	8%
Sales by Price Range			
>\$500,000	281	268	-5%
\$400-\$500,000	164	148	-10%
< \$400,000	284	841	+196%

Sept 2008 Average Price = February 2004

Foreclosures

Foreclosure Situations - Historical

- Divorce
- Lost Job
- Economic Downturn
- Major Unexpected Expenses (e.g., medical)

And foreclosure rates were very small

Foreclosure Situations - Current

- Greater proportions of sub-prime loans
- Greater new home building activity
 - Purchase by speculators
 - Purchase by first-time/other home buyers using sub-prime mortgages and over-reached.

Refinancing also a phenomenon in which owners refinanced with a sub-prime mortgage, taking money out for other expenditures, and then prices dropped. Nationally this is estimated to be more than 1/2 of all foreclosures.

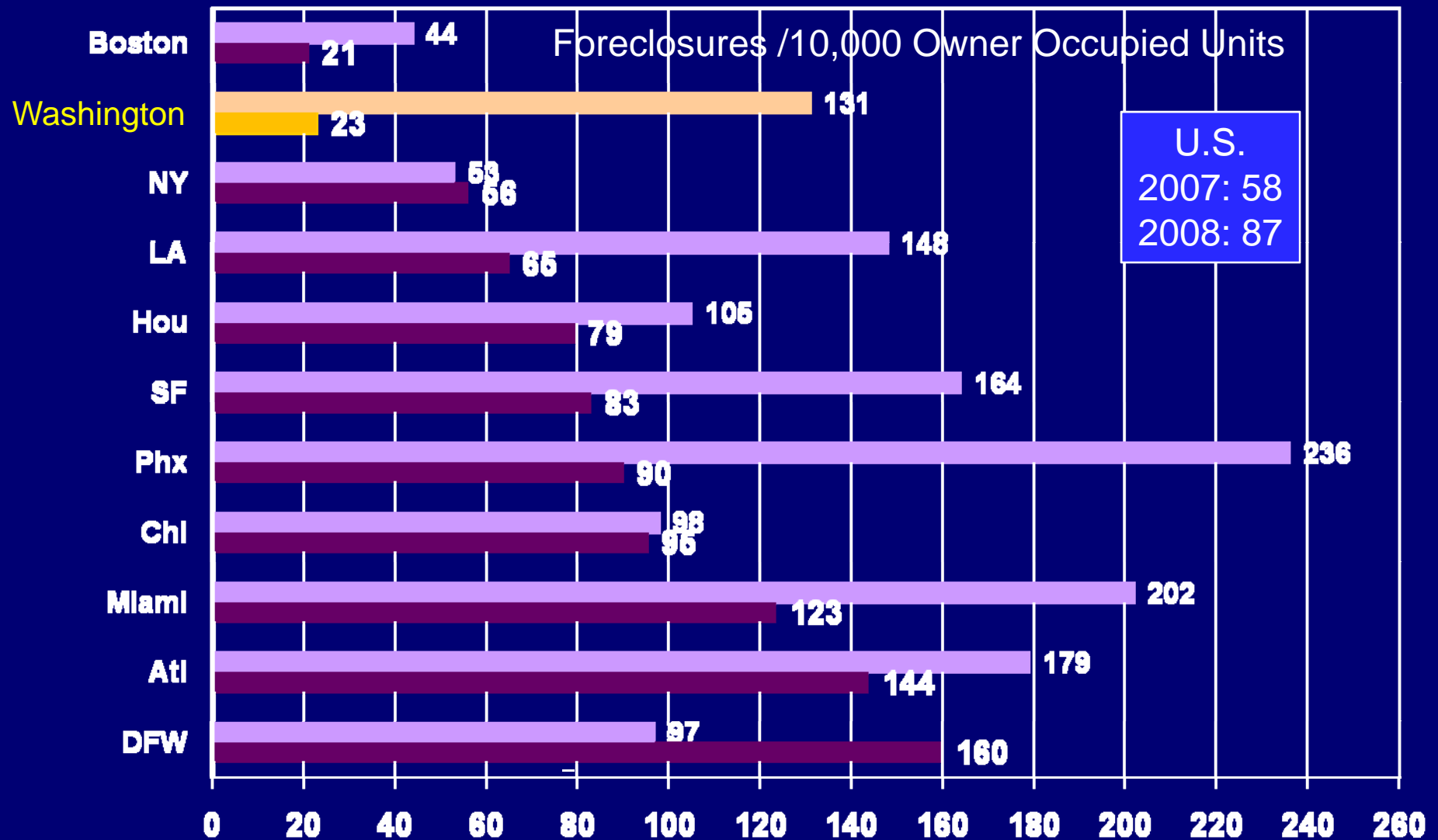
Wide-reaching Impacts of the Foreclosure Situation

- Families and Households
- National and Local Economies
- Budgets of Local Jurisdictions
- Well-being of Neighborhoods
- Homeowners
- Potential Homebuyers

Metro Comparisons

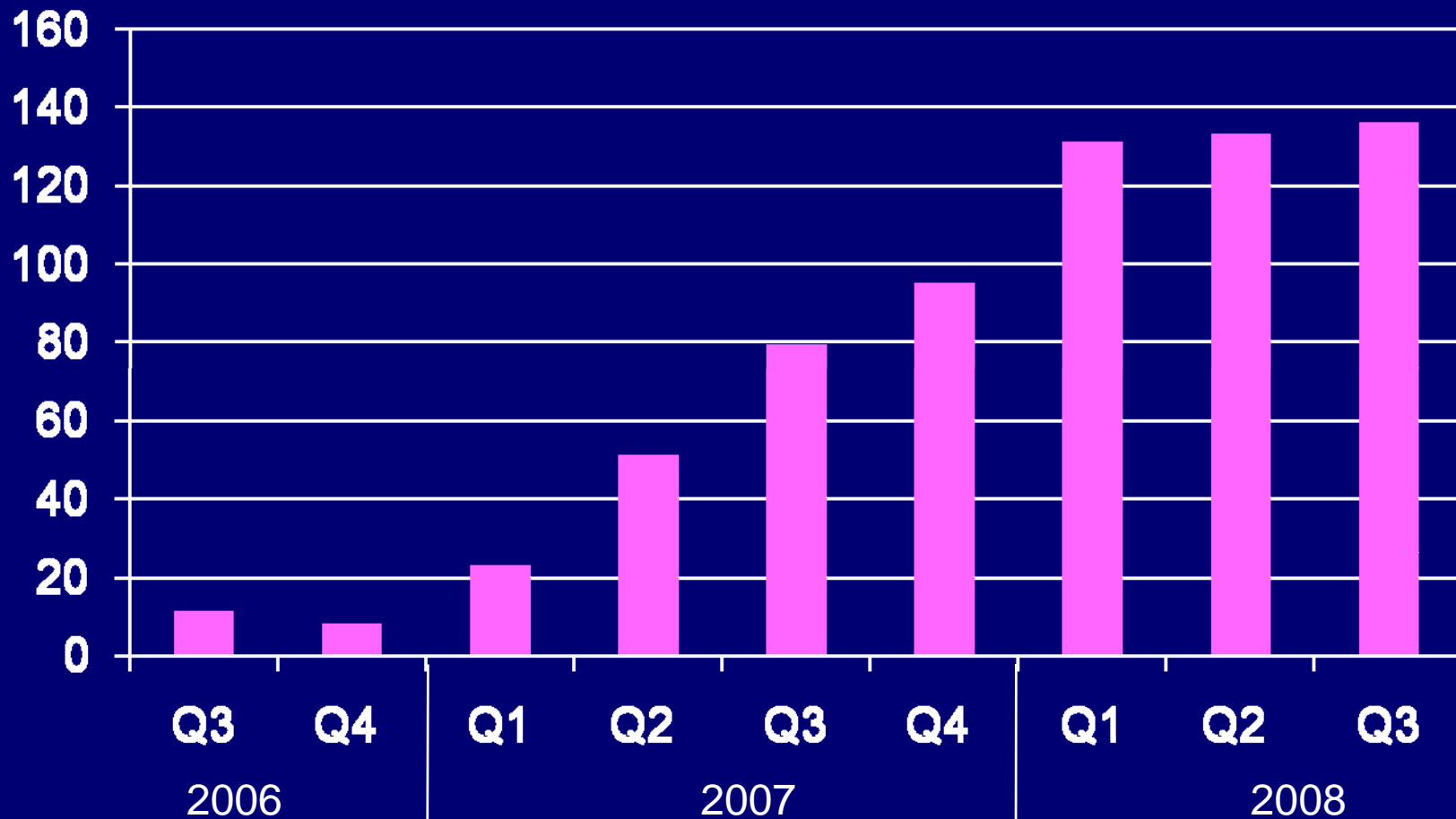
Mortgage Foreclosure Rates

Q1 2007 and Q1 2008



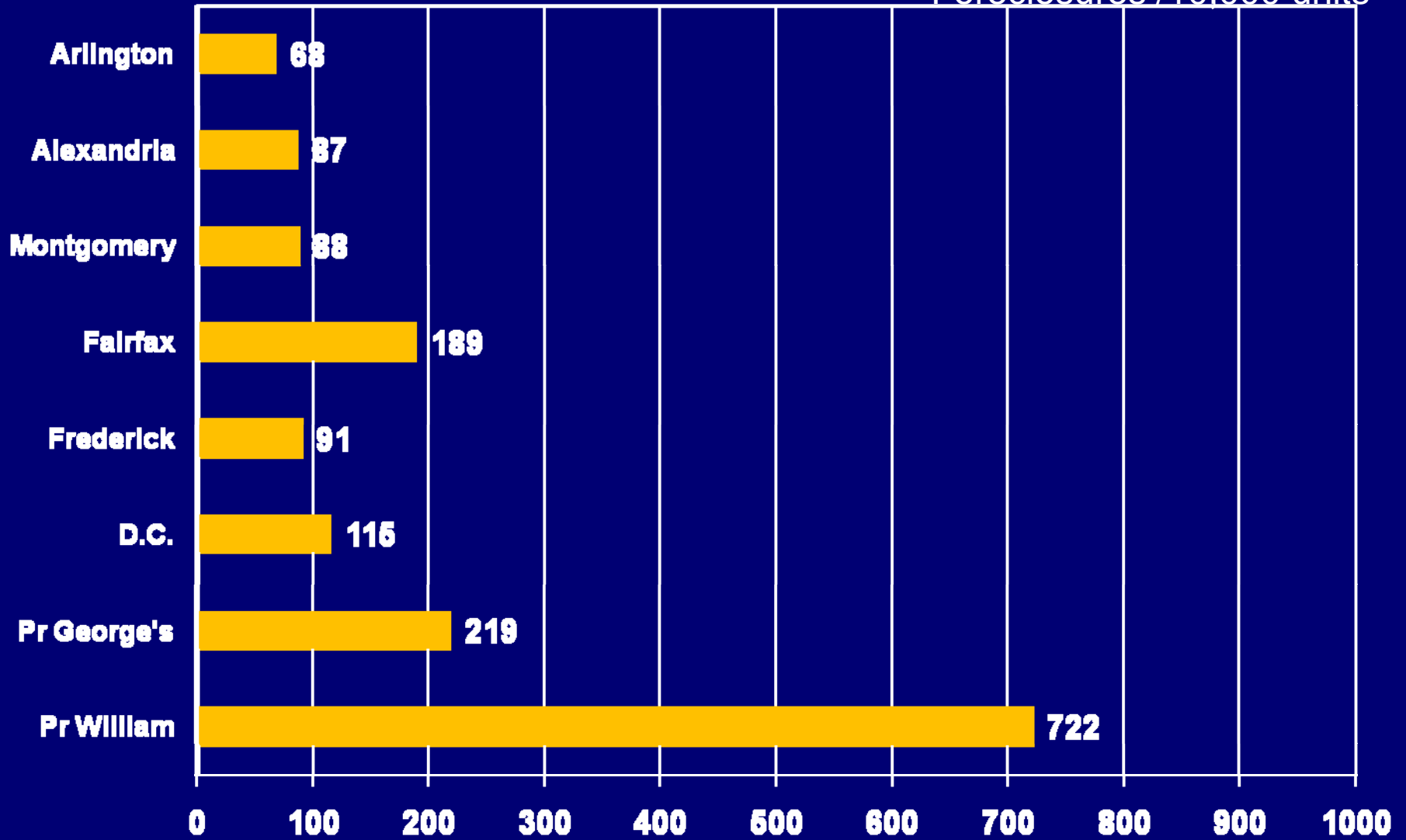
Foreclosure Rate by Quarter Washington Metro Area

Foreclosures/10,000 o-o units



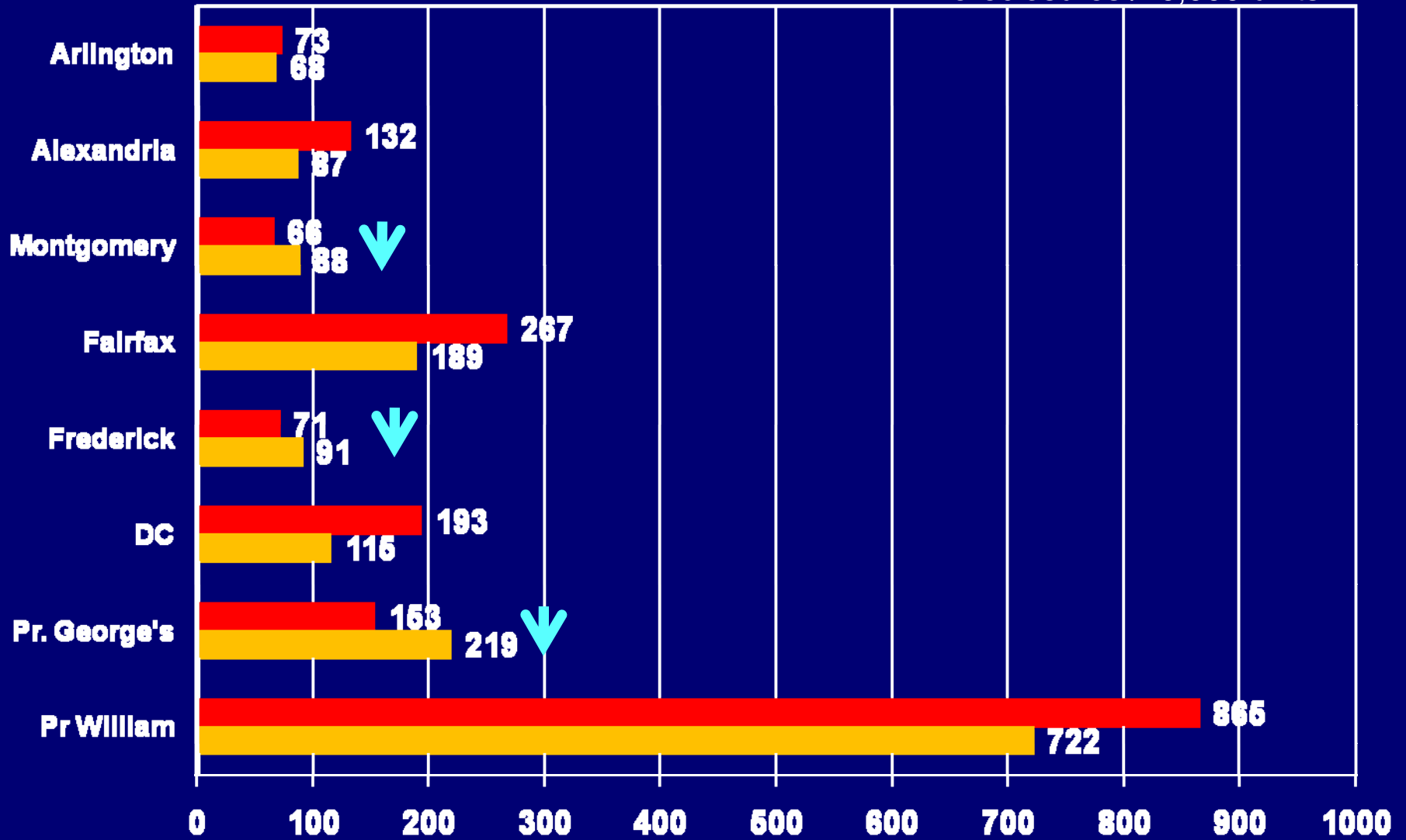
Mortgage Foreclosure Rates by County – April 30, 2008

Foreclosures /10,000 units



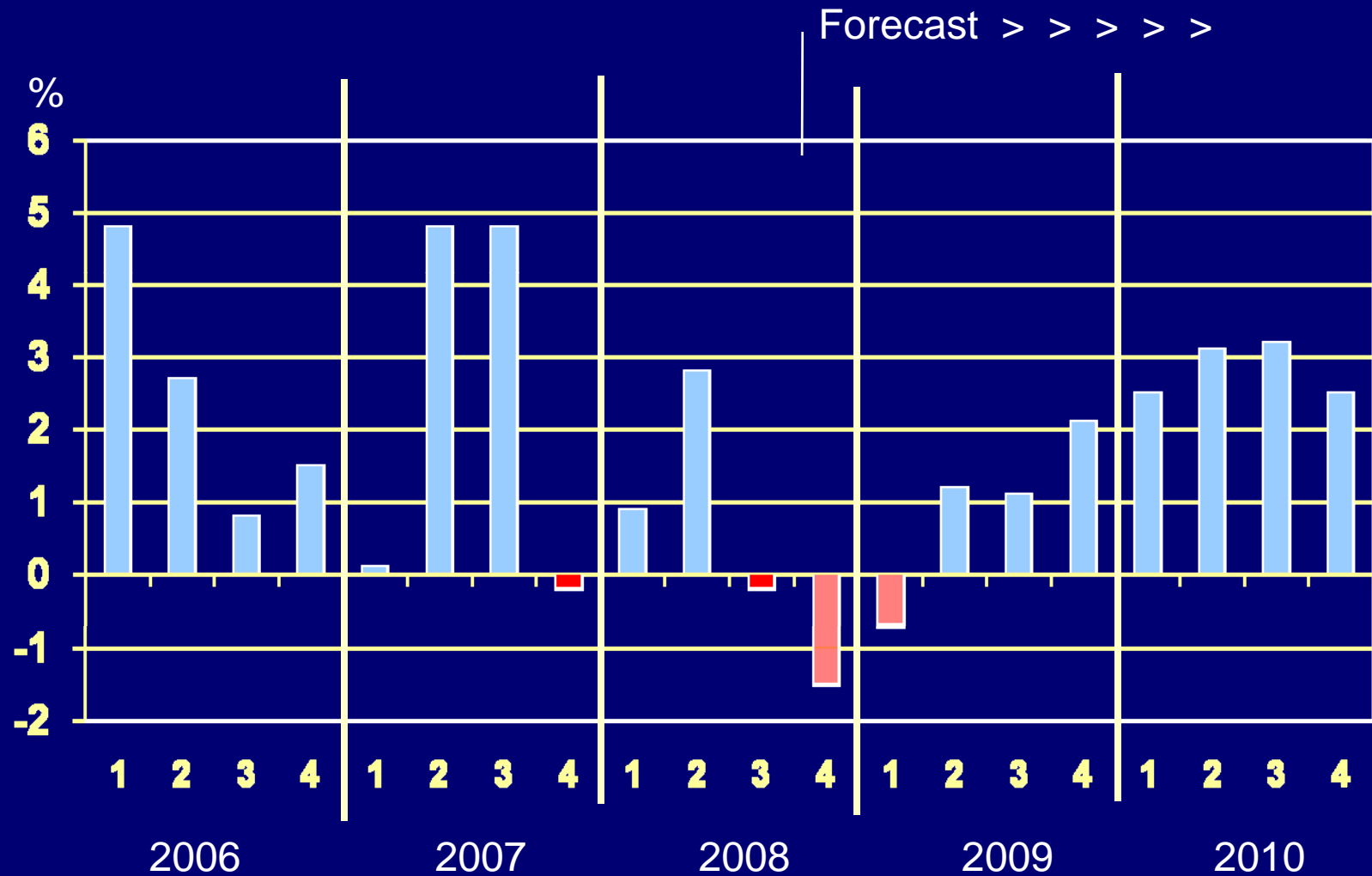
Mortgage Foreclosure Rates by County – April 30 & September 9

Foreclosures /10,000 units

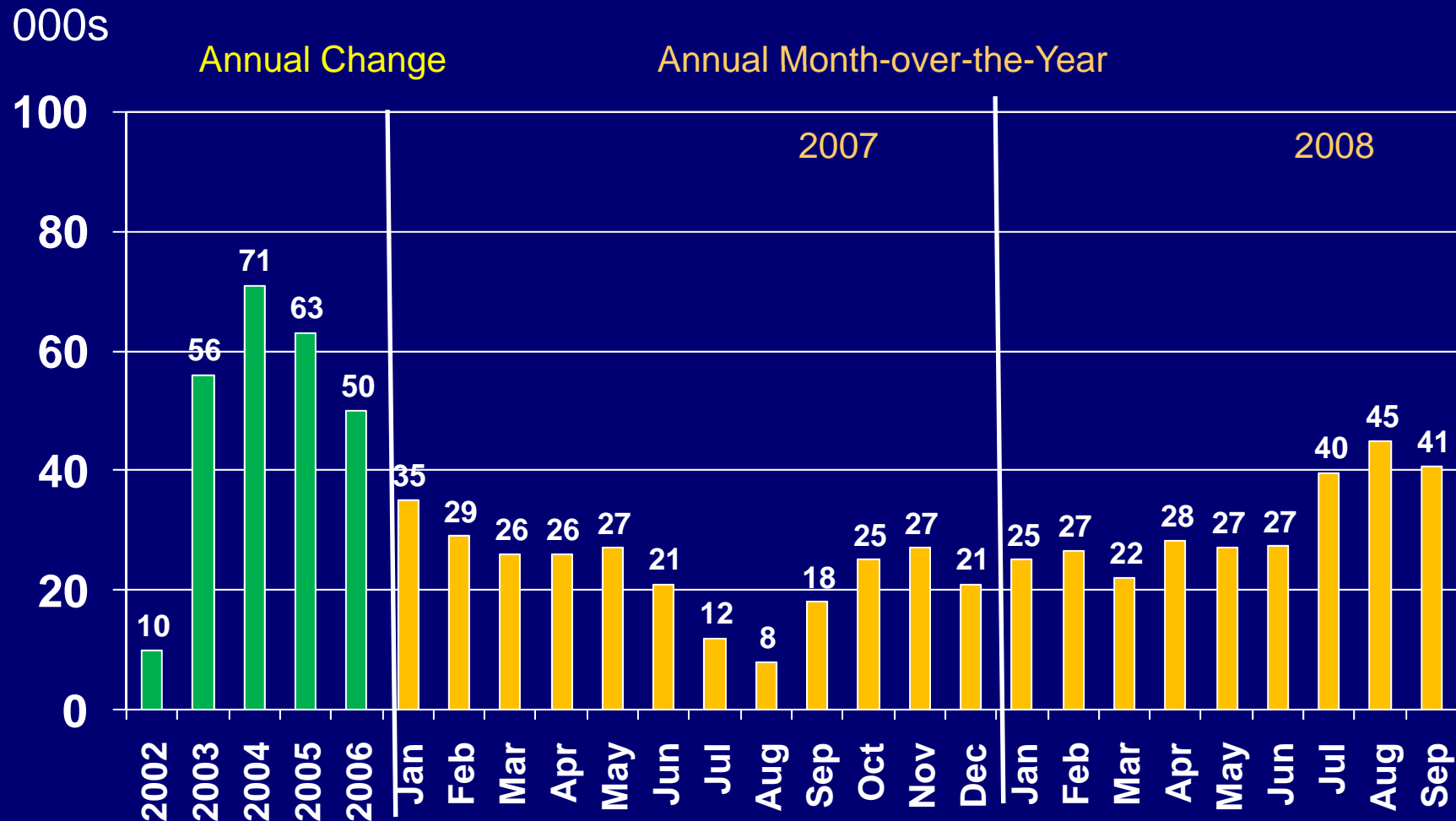


The Washington Economy

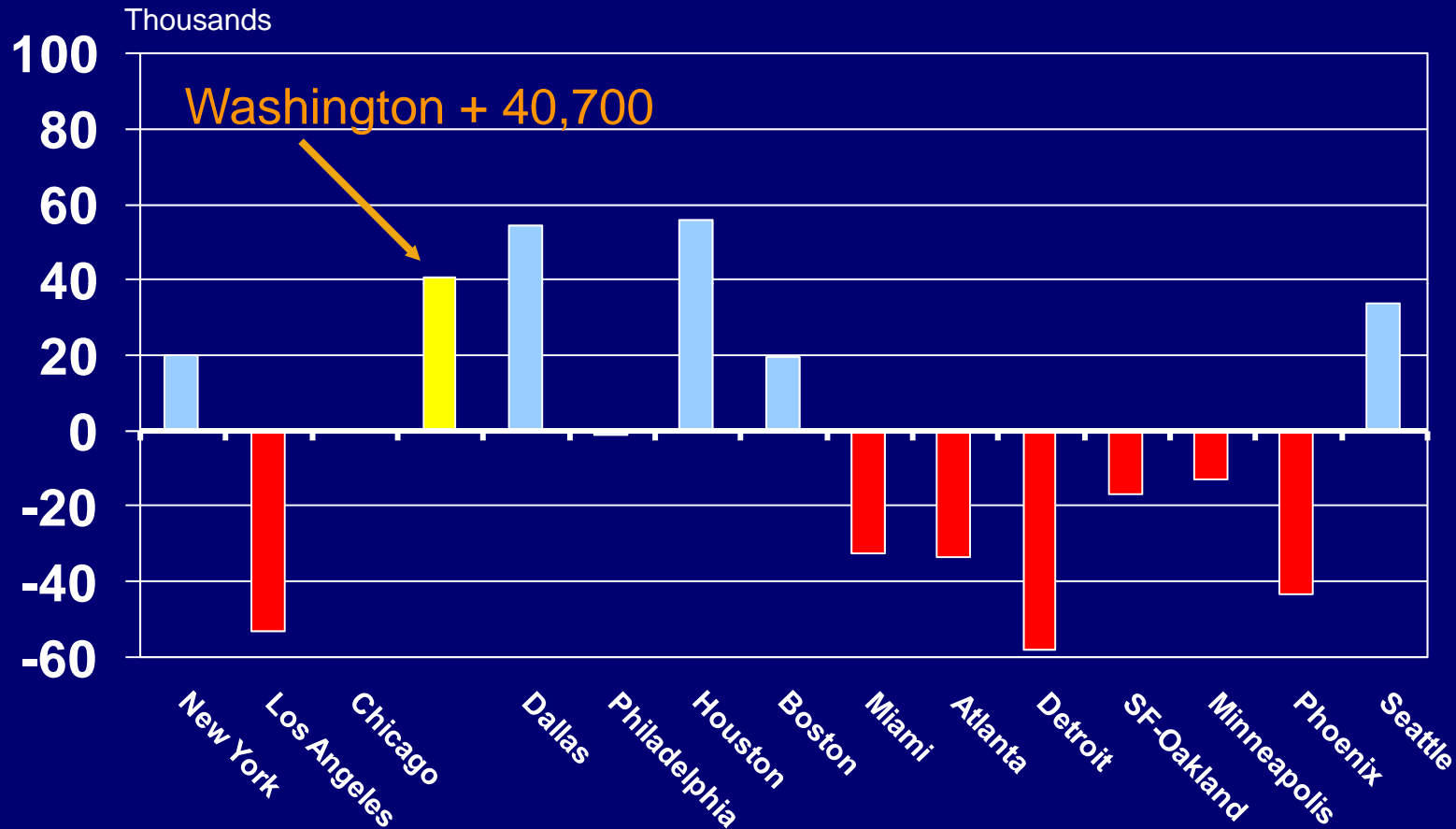
U.S. Gross Domestic Product Quarterly Change: 2006 – 2010



Annual Job Change Washington Metro Area

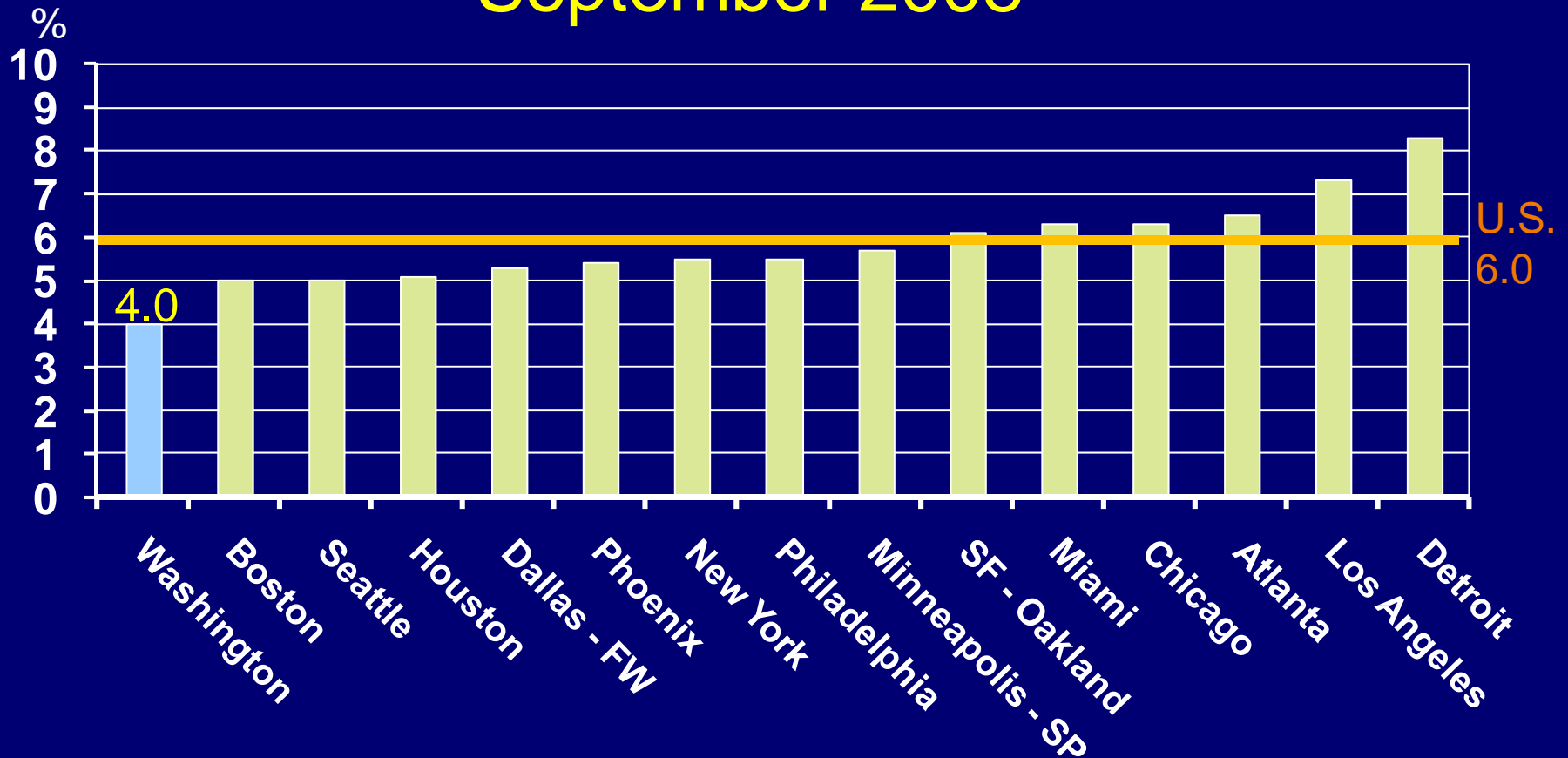


15 Largest Job Markets Job Change Sept. 07– Sept. 08



Ranked by Total Jobs

15 Largest Job Markets Ranked by Unemployment Rate September 2008



THE OUTLOOK

- Housing Market Continuing to Adjust
- Underlying Economic Fundamentals OK
- Federal Policy Progress

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