



Mid-Year Mortgage Update & Conference

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June 24, 2015

THE WARREN GROUP
Real Estate & Financial Information Since 1872

Today's Agenda

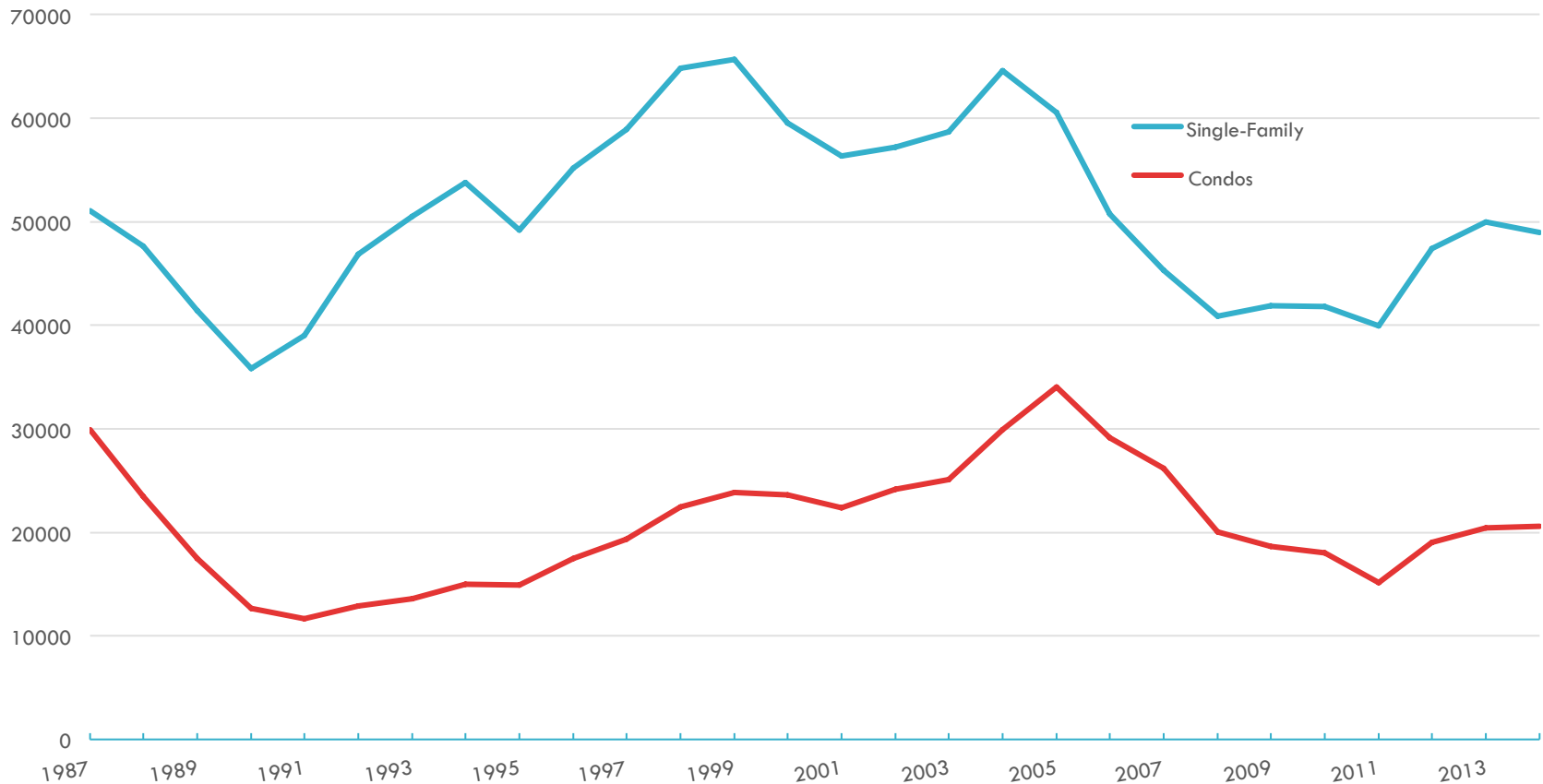
- ❑ Historical Overview of Real Estate Activity In Massachusetts
 - ❑ Sales
 - ❑ Median Prices
 - ❑ Foreclosures
 - ❑ Mortgage Data
- ❑ Frequently Asked Questions



Sales

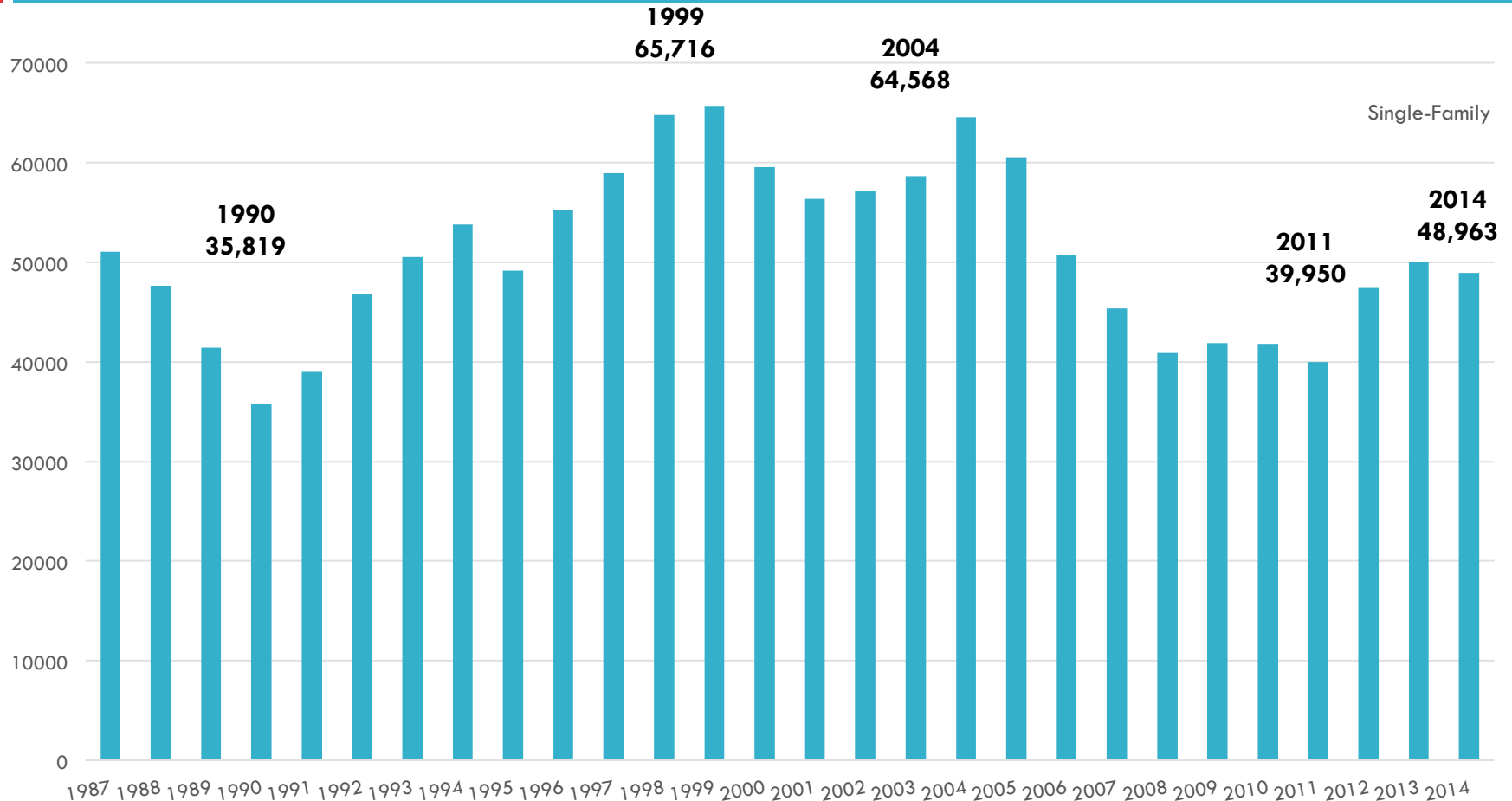
Massachusetts Sales Stats

of units sold per year: 1987 – 2014



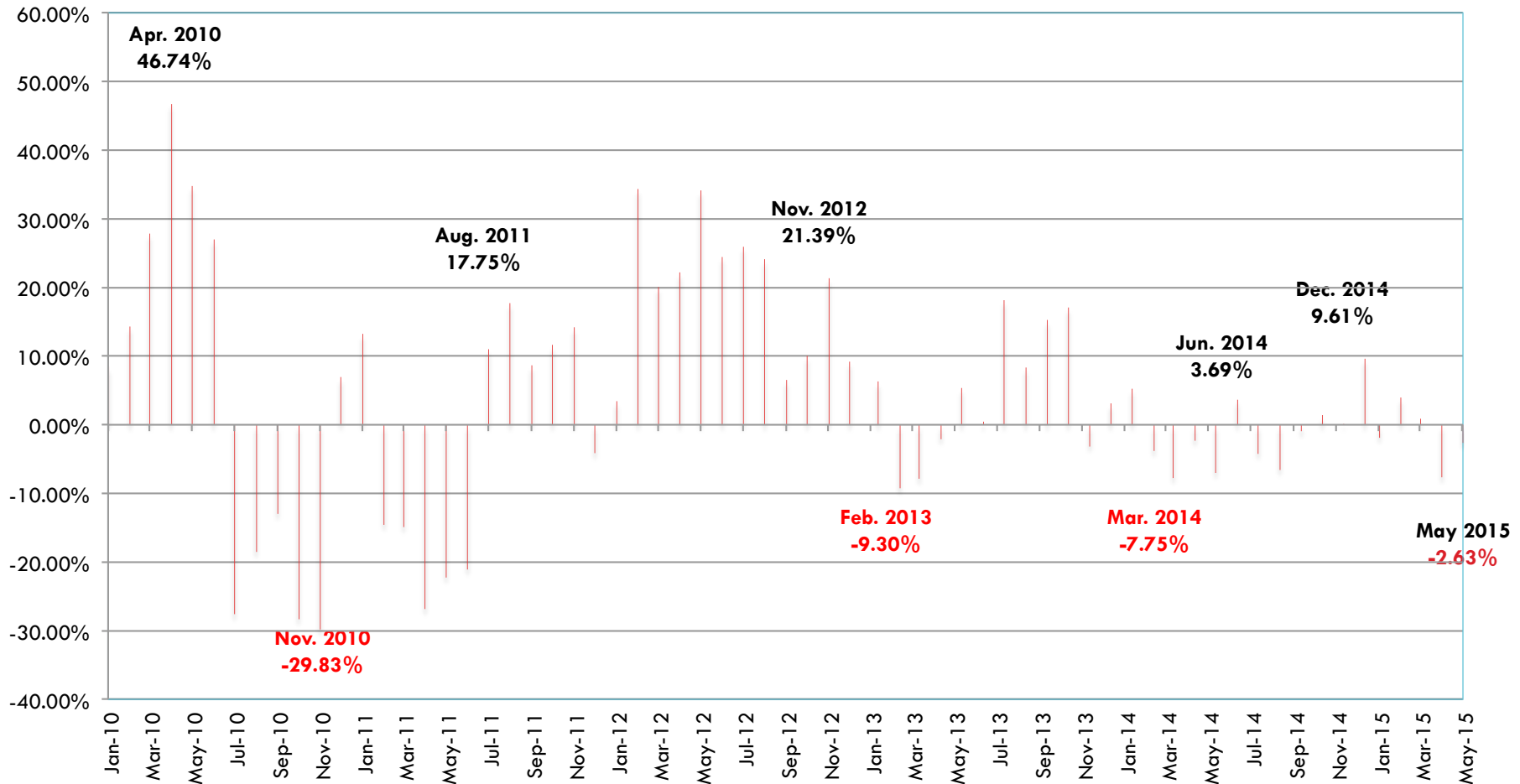
Massachusetts Sales Stats

Single-Family Homes Sold 1987 – 2014



Massachusetts Sale Stats

Single-Family Home Sales % Change By Month



Massachusetts Sales Stats

2011 – YTD May 2015

Single-Family Sales:

2011	2012	
39,594	47,401	+19.7%
2012	2013	
47,401	49,992	+5.5%
2013	2014	
49,992	48,963	-2.0%
YTD May 2014	YTD May 2015	
15,494	15,210	-1.8%

Condo Sales:

2011	2012	
15,191	19,037	+25.3%
2012	2013	
19,037	20,468	+7.5%
2013	2014	
20,468	20,614	+0.7%
YTD May 2014	YTD May 2015	
7,161	6,732	- 6.0 %



Massachusetts Sales Stats

Multifamily 2011 – YTD May 2015

2-Family Sales:

2011	2012	
4,308	4,792	+11.2%
2012	2013	
4,792	4,807	+0.3%
2013	2014	
4,807	4,655	-3.2%
YTD May. 2014	YTD May. 2015	
1535	1470	- 4.2%

3-Family Sales:

2011	2012	
1,849	1,918	+3.7%
2012	2013	
1,918	1,878	-2.1%
2013	2014	
1,878	1,889	+0.6%
YTD May 2014	YTD May 2015	
662	674	+1.8 %

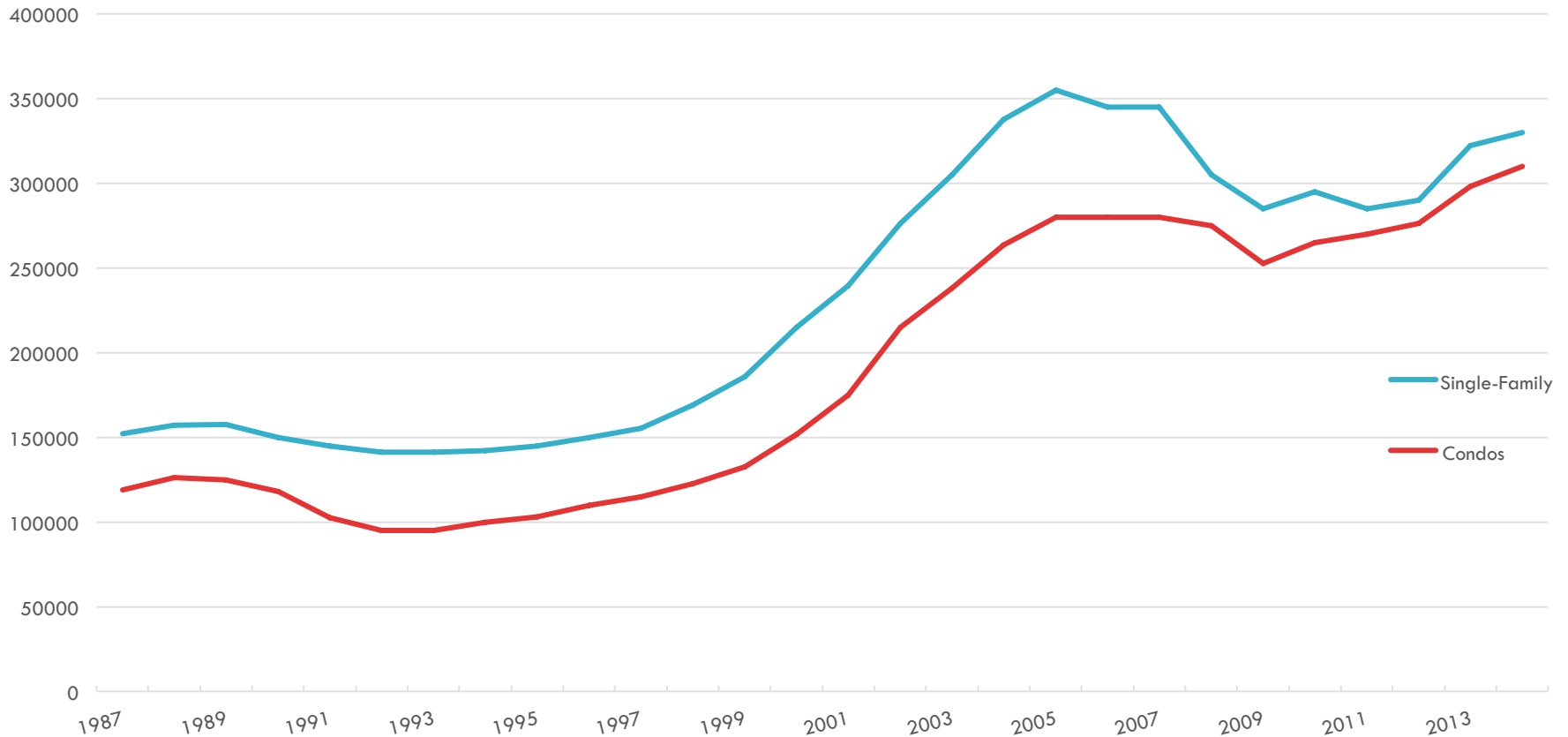




Median Prices

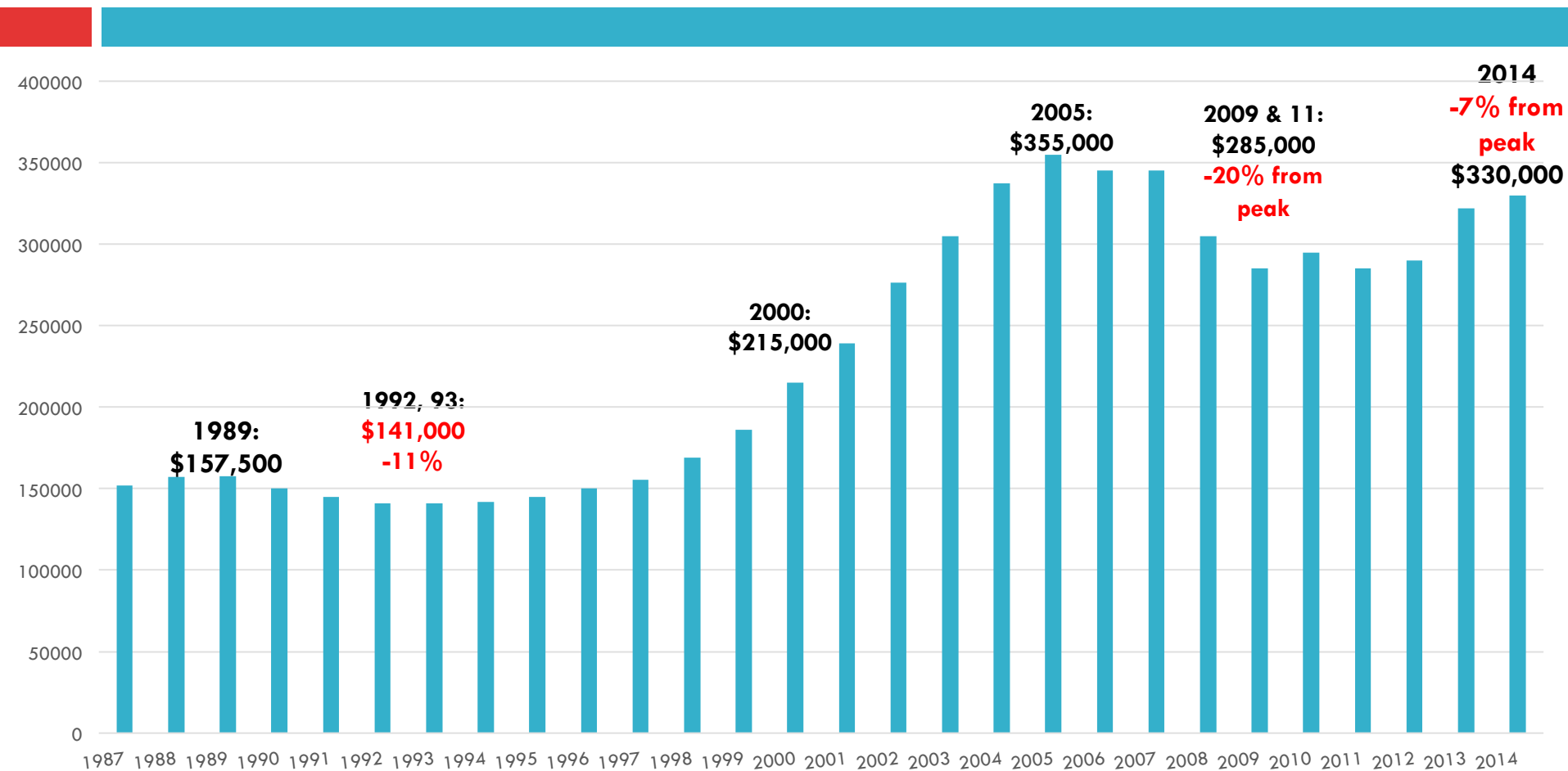
Massachusetts Median Price Stats

Prices by year: 1987-2014



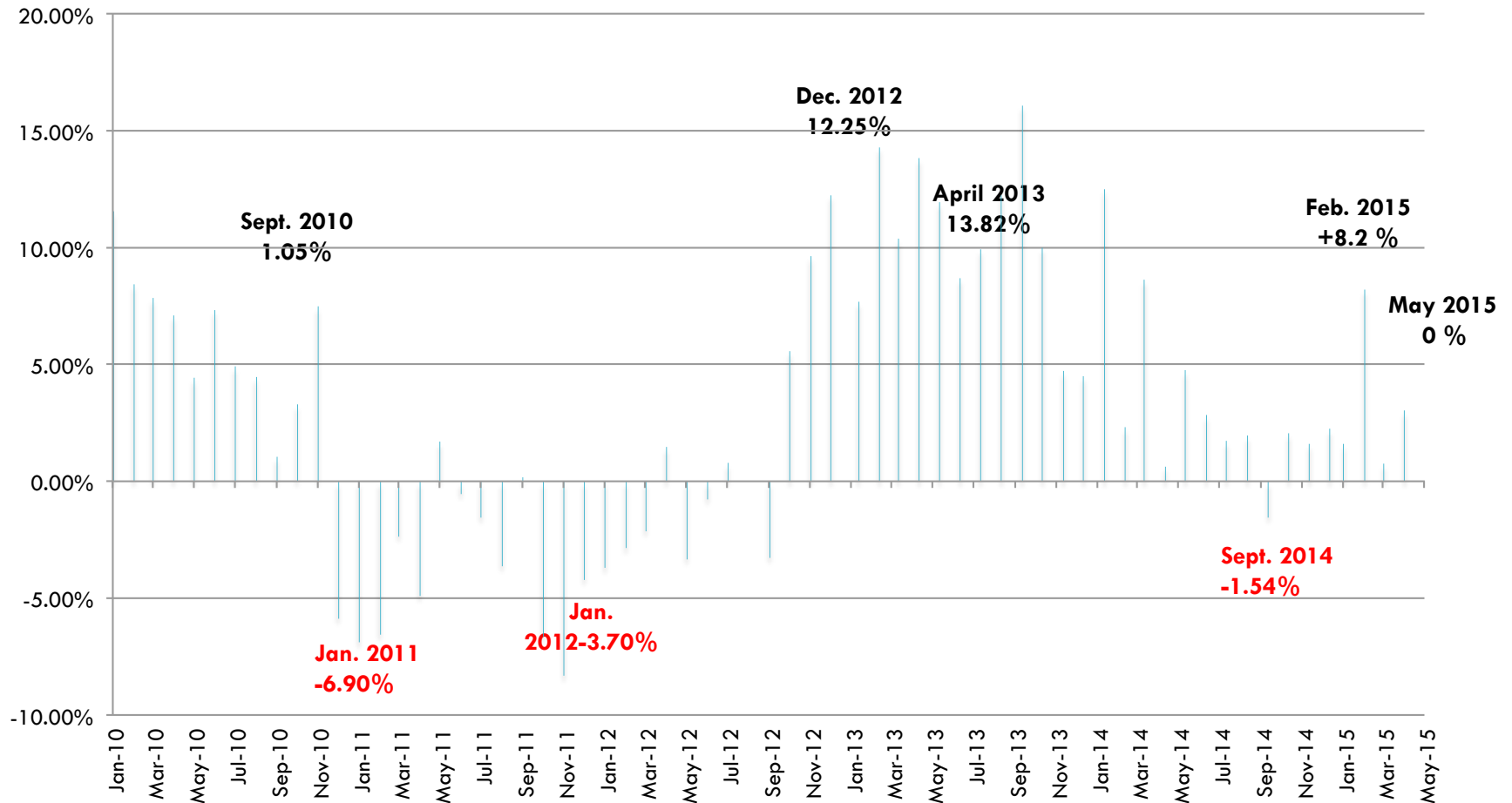
Massachusetts Price Stats

Single-Family Median Price Trends 1987- 2014



Massachusetts Price Stats

Single-Family Home Prices % Change By Month



Massachusetts Median Price Stats

2011 – YTD May 2015

Single-Family Median Price:

2011	2012	
\$285,000	\$290,000	+1.8%
2012	2013	
\$290,000	\$322,000	+11.0%
2013	2014	
\$322,000	\$330,000	+2.5%
YTD May 2014	YTD May 2015	
\$319,000	\$325,000	+1.9%

Condo Median Price:

2011	2012	
\$270,000	\$276,500	+2.4%
2012	2013	
\$276,500	\$298,000	+7.8%
2013	2014	
\$298,000	\$310,000	+4.0%
YTD May 2014	YTD May 2015	
\$305,000	\$307,000	+0.7%



Massachusetts Median Price Stats

Multifamily 2011 – YTD May 2015

2-Family Median Price:

2011	2012	
\$230,000	\$255,000	+11%
2012	2013	
\$255,000	\$305,000	+18.4%
2013	2014	
\$305,000	\$329,000	+7.7%
YTD May 2014	YTD May 2015	
\$298,900	\$315,000	+5.4%

3-Family Median Price:

2011	2012	
\$220,000	\$252,000	+14.5%
2012	2013	
\$252,000	\$300,662	+19.3%
2013	2014	
\$300,662	\$330,000	+9.8%
YTD May 2014	YTD May 2015	
\$310,000	\$345,000	+11.3%



Case Schiller Index

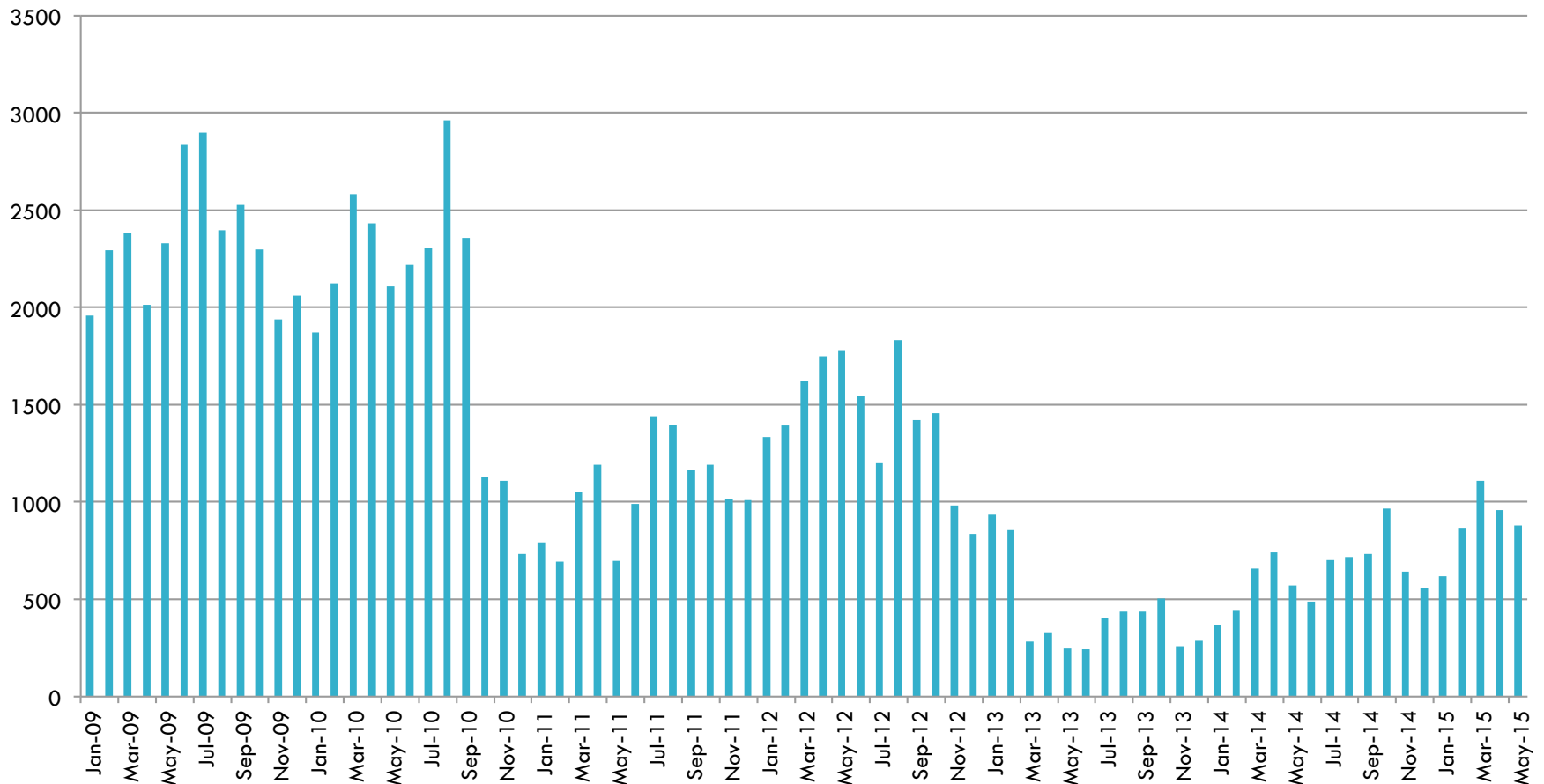
Metropolitan Area	March 2015 Level	March/February Change (%)	February/January Change (%)	1-Year Change (%)
Atlanta	119.89	0.8%	0.1%	5.4%
Boston	176.14	0.4%	-0.2%	4.6%
Charlotte	131.36	0.9%	0.9%	5.8%
Chicago	127.77	0.9%	-0.1%	3.4%
Cleveland	105.00	0.4%	-1.1%	1.0%
Dallas	147.12	1.8%	0.7%	9.3%
Denver	163.01	1.4%	1.4%	10.0%
Detroit	97.70	0.8%	0.4%	4.2%
Las Vegas	138.79	1.1%	-0.2%	5.7%
Los Angeles	229.62	0.8%	0.8%	5.5%
Miami	196.77	1.0%	0.6%	8.7%
Minneapolis	141.27	0.9%	0.1%	3.0%
New York	175.12	-0.1%	0.1%	2.7%
Phoenix	149.23	0.6%	0.3%	3.1%
Portland	173.90	1.1%	0.7%	6.9%
San Diego	208.92	1.3%	0.7%	4.8%
San Francisco	205.98	3.0%	2.1%	10.3%
Seattle	174.18	2.3%	0.9%	7.5%
Tampa	167.36	1.4%	0.3%	8.1%
Washington	207.61	0.8%	0.2%	1.0%
Composite-10	190.04	0.8%	0.5%	4.7%
Composite-20	175.20	0.9%	0.5%	5.0%
U.S. National	168.03	0.8%	0.1%	4.1%

Source: S&P Dow Jones Indices and CoreLogic
Data through March 2015



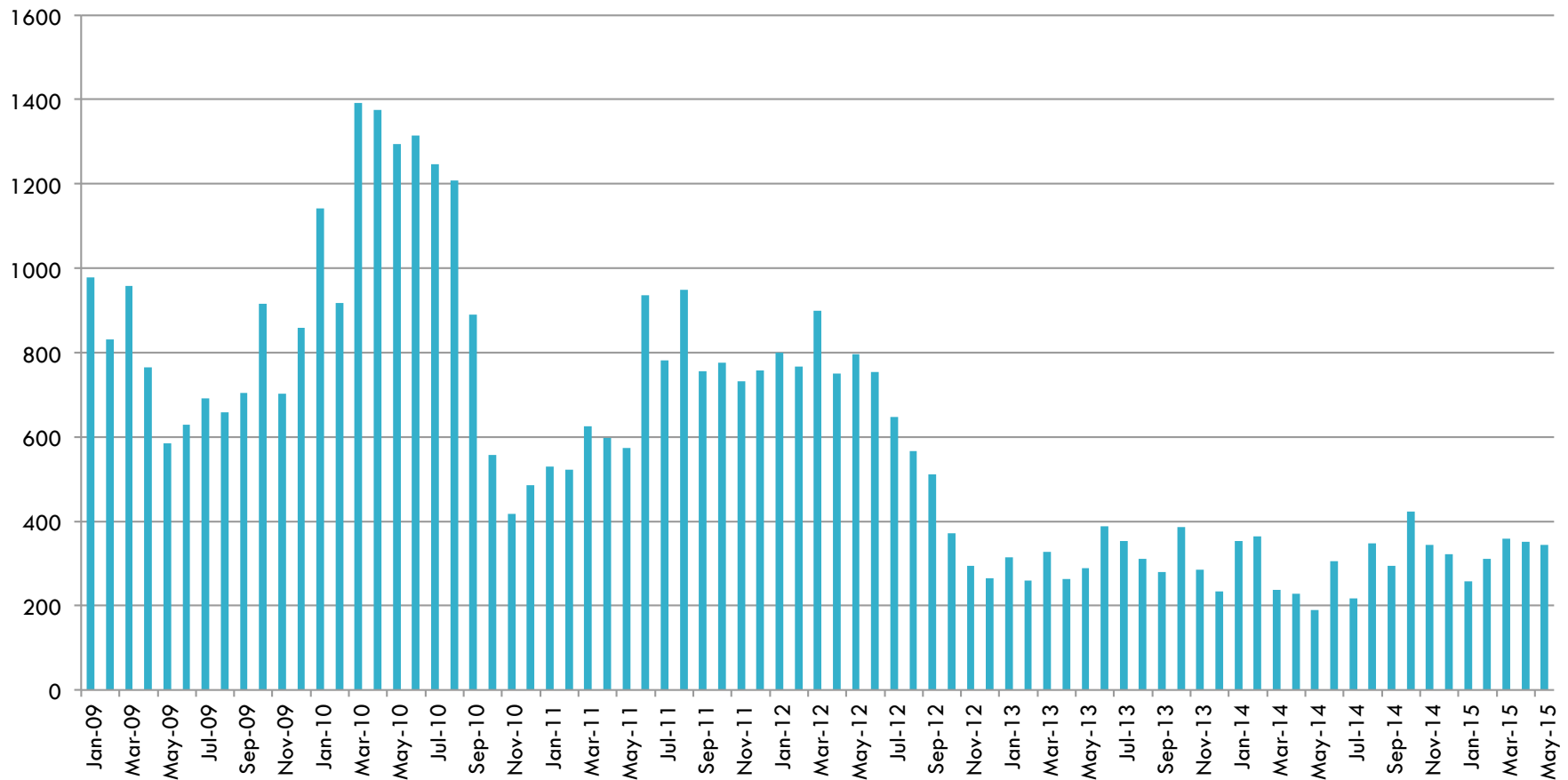
Foreclosure Trends

Mass. Monthly Petitions to Foreclose Jan. 2009- May 2015



Mass. Monthly Foreclosure Deeds

Jan. 2009 – May 2015



Massachusetts Foreclosure Stats

Petitions to Foreclose (All Properties):

2011	2012	
12,634	17,152	+36%
2012	2013	
17,152	5,220	-69.1%
2013	2014	
5,220	7,588	+45.4%
YTD May 2014	YTD May 2015	
2,776	4430	+59.6%

Foreclosure Deeds (All Properties):

2011	2012	
8,531	7,422	-13%
2012	2013	
7,422	3,692	-50.2%
2013	2014	
3,692	3,627	-1.8%
YTD May 2014	YTD May 2015	
1,374	1,623	+18.1%





Mortgage Data

Top Residential Lenders

Purchase Loans

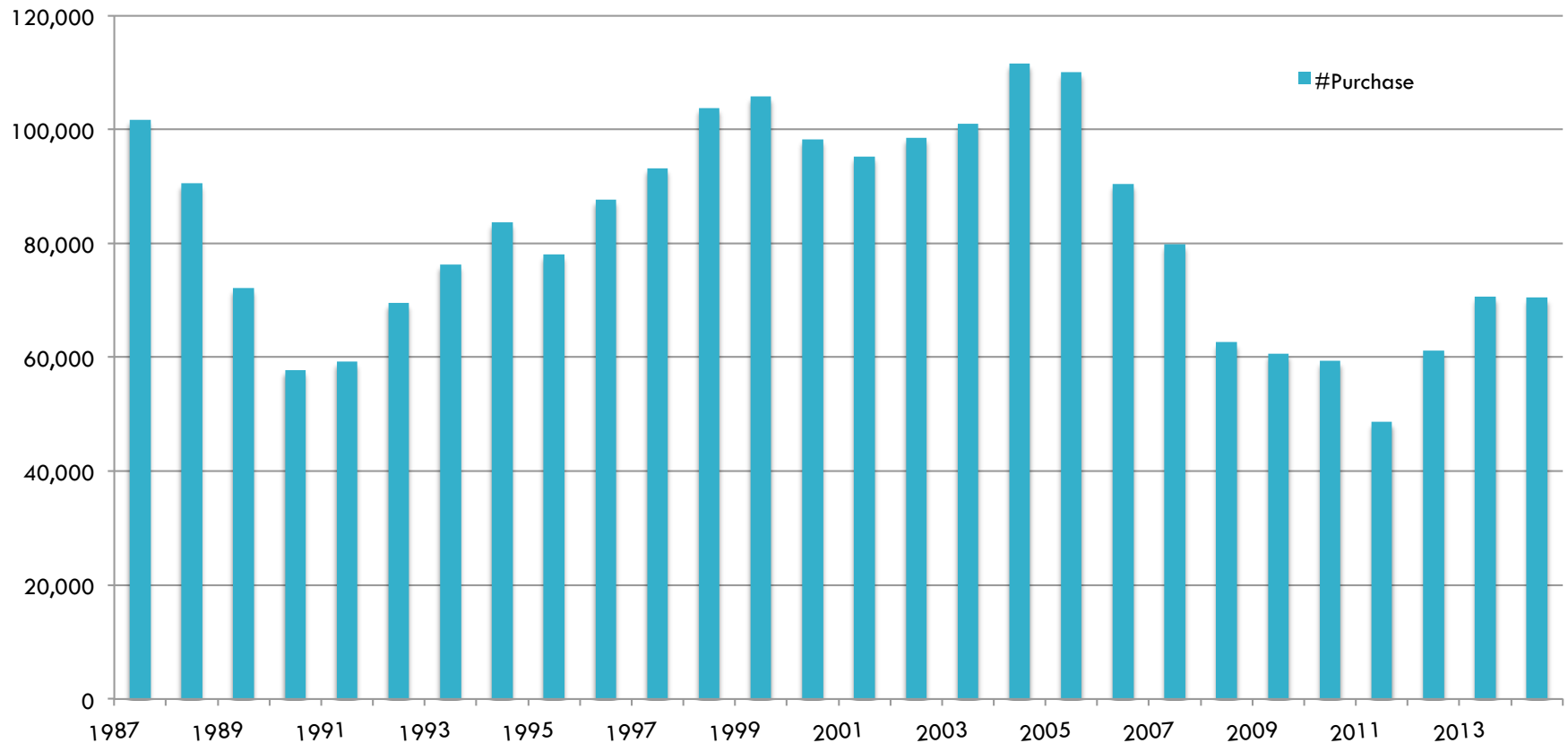
Lender	2015		2014		2013	
	Rank	%MktShare	Rank	%MktShare	Rank	%MktShare
Guaranteed Rate Inc	1	5.2%	1	4.8%	1	5.1%
Leader Bank NA	2	4.1%	3	3.6%	4	3.5%
Residential Mortgage Services Inc	3	4.0%	4	3.6%	5	2.9%
LoanDepot.Com LLC	4	3.8%				
Wells Fargo Bank NA	5	2.8%	5	2.9%	3	3.8%
Mortgage Network Inc.	6	2.52%	7	2.3%	7	2.3%
Fairway Independent Mortgage	7	2.3%				
Prospect Mortgage LLC	8	2.2%	6	2.4%		2.1%
NE Moves Mortgage Company	9	2.1%	9	2.0%	6	2.5%
Bank of America FSB	10	2.0%	8	2.3%	9	2.0%

Top Residential Lenders

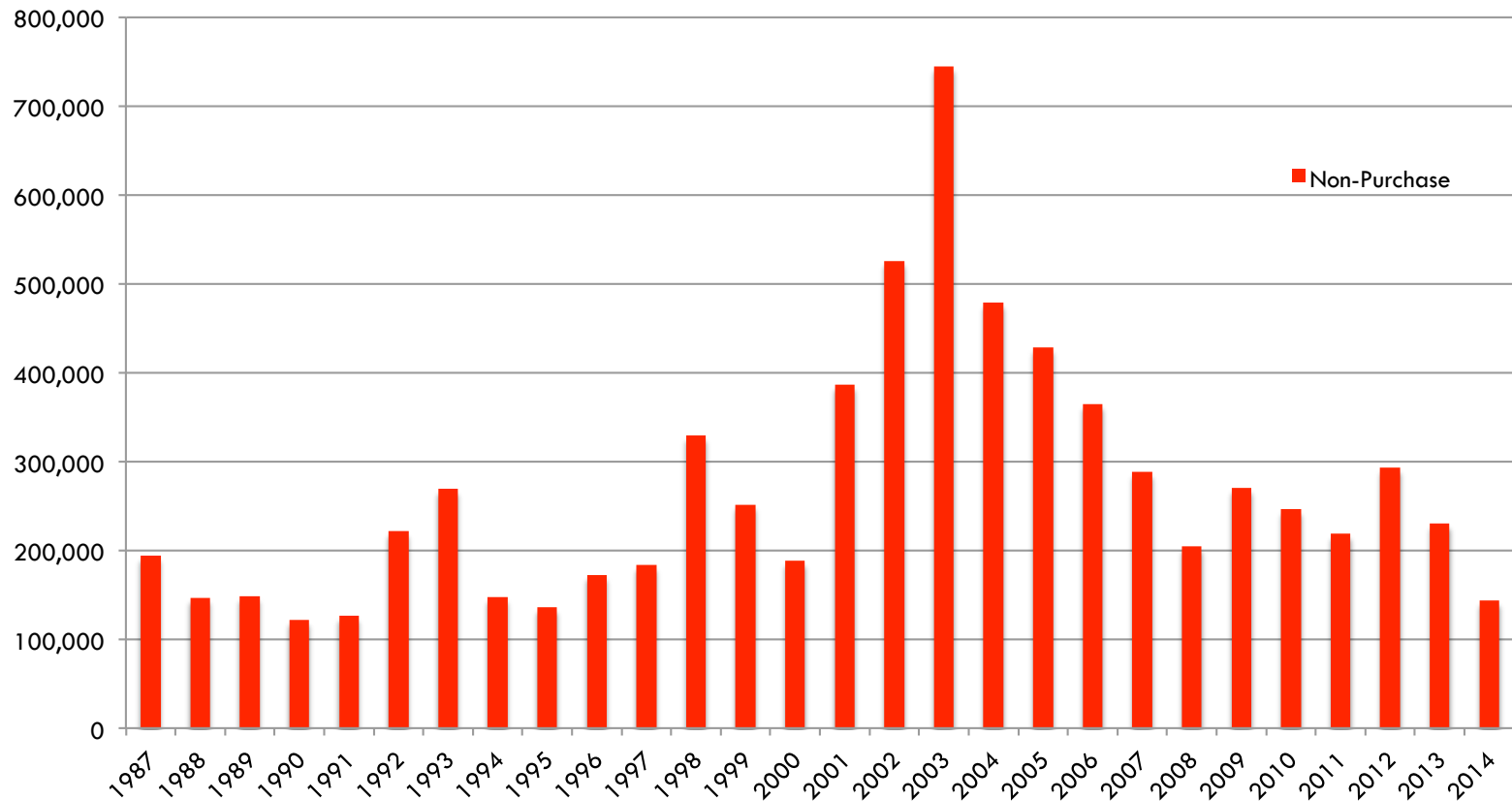
Non-Purchase Loans

Lender	2015		2014		2013	
	Rank	% MktShare	Rank	% MktShare	Rank	% MktShare
LoanDepot.Com LLC	1	5.08%				
Bank of America FSB	2	4.02%	2	4.77%	1	5.25%
Quicken Loan Inc	3	3.76%	3	4.30%	4	3.55%
RBS Citizens Bank NA	4	3.53%	1	5.83%	2	4.44%
Leader Bank NA	5	3.03%	8	1.90%	9	1.89%
Santander Bank NA	6	2.85%	4	2.97%	5	3.23%
Guaranteed Rate Inc	7	2.74%	9	1.62%	8	2.18%
Wells Fargo Bank NA	8	2.49%	7	1.99%	6	3.23%
Salem Five Cents Mortgage Corp	9	2.00%				
Residential Mortgage Services Inc	10	1.58%	19	0.84%		

Massachusetts Mortgage Originations Purchase Loans, 1988-2014



Massachusetts Mortgage Originations Non-Purchase Loans, 1988-2014



Massachusetts Mortgage Activity

1-Family: 2011 – May 2015 YTD

Single-Family Purchase Mortgages:

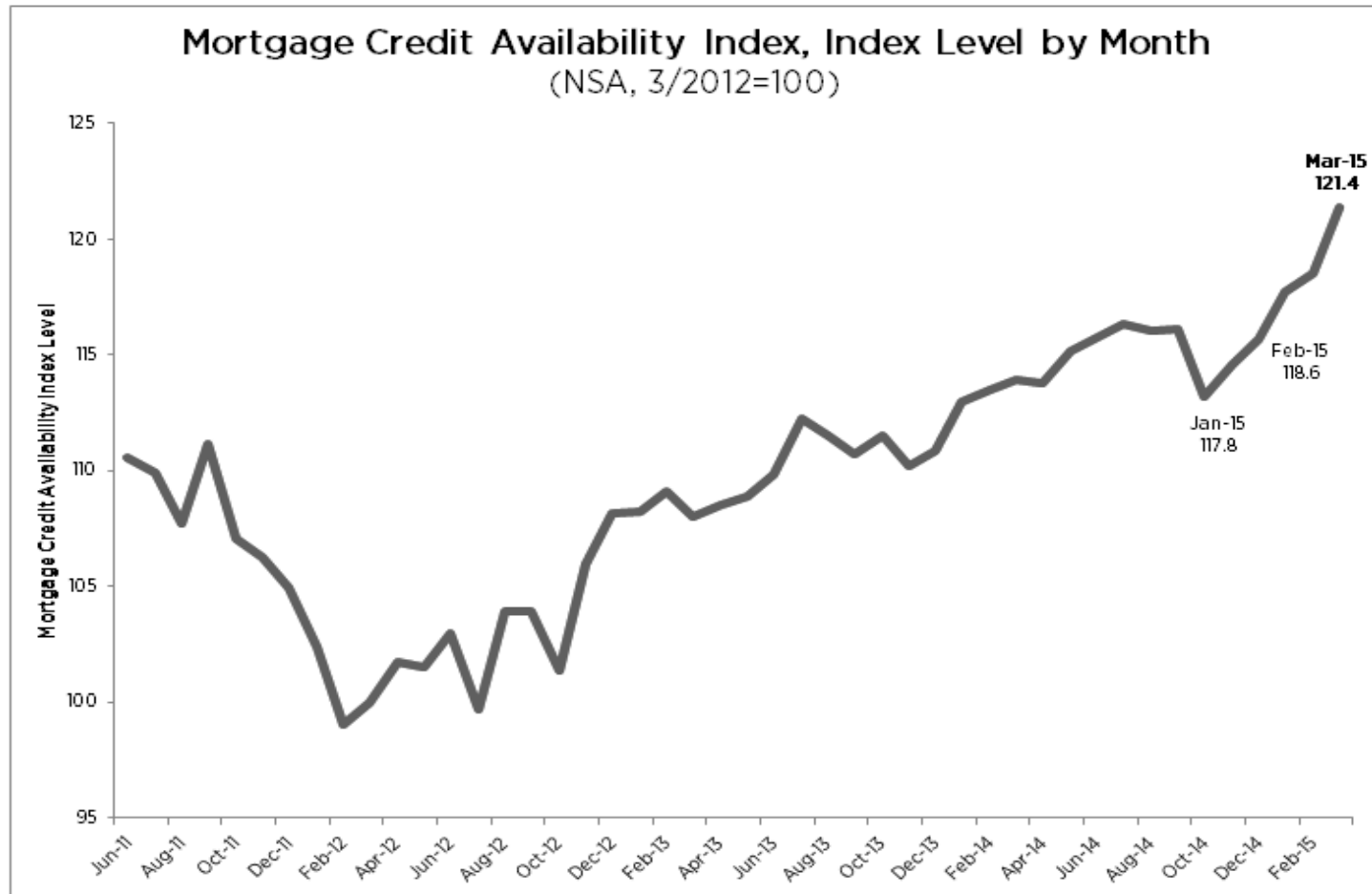
2011	2012	
31,438	38,299	+21.8%
2012	2013	
38,299	43,943	+14.7%
2013	2014	
43,943	43,541	-0.91%
May 2014 YTD	May 2015 YTD	
13,796	13,485	-2.3%

Single-Family Refinance Mortgages:

2011	2012	
155,041	216,773	+39.8%
2012	2013	
216,773	162,003	- 25%
2013	2014	
162,003	96,746	-40.3%
May 2014 YTD	May 2015 YTD	
34,347	51,327	+49.4 %



Mortgage Credit Availability Index



*Source: Mortgage Bankers Association

Mortgage Delinquencies

- ❑ Massachusetts mortgage delinquency rate was 5.8 percent in the 1st quarter of 2015, a decrease of 100 basis points from the 4th quarter of 2014.
- ❑ Nationally the mortgage delinquency rate was 5.14 percent. MA was ranked 19th.
- ❑ The percentage of MA loans in the foreclosure process at the end of the 1st quarter 2.23%. Nationally, it was 2.2%.

Mortgage Delinquencies (Cont.)

- ❑ Nationally the foreclosure inventory rate has decreased in the last 12 quarter, and is now at the lowest level since the fourth quarter of 2007.
- ❑ Loans that were more than 90 days delinquent or in the foreclosure process: 73 percent of those loans were originated in 2007 and earlier.
- ❑ Loans originated in 2012 or later have low delinquency rates.

* Source: Mortgage Bankers Association



Frequently Asked Questions

Statewide Losers? - Median Sale Prices

	2005	2014	% Change
◆ ATHOL	\$179,900	\$115,000	-36%
◆ FITCHBURG	\$213,950	\$145,000	-32%
◆ SOUTHBRIDGE	\$230,000	\$160,000	-30%
◆ WARREN	\$215,000	\$150,000	-30%
◆ ORANGE	\$178,750	\$125,214	-30%

Note: Towns with 50+ single-family home sales

Statewide Winners? - Median Sale Prices

	2005	2014	% Change
◆ CAMBRIDGE	\$667,500	\$1,200,000	+79%
◆ JAMAICA PLAIN	\$498,000	\$700,000	+41%
◆ LEXINGTON	\$705,000	\$950,000	+35%
◆ SOUTH BOSTON	\$409,000	\$545,000	+33%
◆ BROOKLINE	\$1,120,000	\$1,485,000	+33%

Note: Towns with 50+ single-family home sales

Inventory?

- ❑ May 2015 inventory was down 17.4 % from the level in May 2014.
- ❑ Inventory of homes for sale (year-over-year) has fallen each month in the last 40 months
- ❑ Buyers complain of lack of choice
- ❑ In May, new listings were up 7.6 % from May in prior year
- ❑ Why so few sellers?

*Inventory and new listing data courtesy of Massachusetts Association of Realtors.

Pending Sales?

- ❑ Pending sales have increased for 26 of the last 27 months
- ❑ Increase in pending sales often by double digits percentages
- ❑ Pending sales increased in May 2015 by 35 percent compared with May 2014
- ❑ How can pending sales increase dramatically in 2013 & 2014, but closed sales fell in 2014?
- ❑ Why are pending sales not closing?

*Pending sales data courtesy of Massachusetts Association of Realtors.

Homes Sold Over Asking Price

1st Quarter 2015

ESSEX COUNTY		1ST QUARTER 2015		FISCAL 2014	
TOTAL SALES		1027		5578	
AT/ABOVE LIST PRICE		260		1722	
ABOVE LIST PRICE		154		1100	
		25%		31%	
		15%		20%	
MIDDLESEX COUNTY					
TOTAL SALES		1843		10350	
AT/ABOVE LIST PRICE		677		4417	
ABOVE LIST PRICE		499		3389	
		37%		43%	
		27%		33%	
NORFOLK COUNTY					
TOTAL SALES		1022		5526	
AT/ABOVE LIST PRICE		298		1835	
ABOVE LIST PRICE		223		1353	
		29%		33%	
		22%		24%	
SUFFOLK COUNTY					
TOTAL SALES		237		1248	
AT/ABOVE LIST PRICE		73		545	
ABOVE LIST PRICE		55		427	
		31%		44%	
		23%		34%	
GRAND TOTAL					
TOTAL SALES		4129		22702	
AT/ABOVE LIST PRICE		1308		8519	
ABOVE LIST PRICE		931		6269	
		32%		38%	
		23%		28%	

Source: MLS-PIN data courtesy of The Appraisers Group

Massachusetts Cash Sales

2011-YTD 2015

Cash sales on the decline...

% Of Single-Family Home Cash Sales

2011	2012	2013	2014	YTD 2015
21%	18%	16.7%	16.3%	17.4%

% Of Condominium Cash Sales

2011	2012	2013	2014	YTD 2015
45%	39%	34%	32.5%	32%

First-Time Buyers?

- ❑ No home to sell
- ❑ Growing economy, jobs
- ❑ But national statistics show first-time home buyers are declining share of the market
- ❑ First-time buyers represented 39% of sales in Mass.
- ❑ Apartments offer more job flexibility
- ❑ Homes dismissed as investment opportunity?

Pent-Up Demand?

- From 1996 to 2005 (10 years) Massachusetts averaged 60,155 single-family homes sold
- From 2007 to 2014 (8 years) the average was 44,372
- Missing roughly 15,000 home sales each year for 8 years
- That is 120,000 homes that didn't get sold over 8 year period

Pent Up Demand? (continued)

- People had reasons to buy or sell, but were too scared
- This pent-up demand is bringing people out looking to buy
- BUT there is low inventory of homes for sale
- More pent-up demand

Boom in Condos?

- ❑ Gains in sales of condos beat gains in single-family homes three years running
- ❑ New and upper-end condos popular
- ❑ Foreign investment
- ❑ Demographics – Baby boomers
- ❑ BUT . . . so far in 2015 condo sales are down 6% and trail single-family home performance
- ❑ Market for condos played out?
- ❑ Too expensive?

Buyer's Market?

- ❑ Prices well below peaks in most communities
- ❑ Interest rates low
- ❑ Job growth
- ❑ Rising stock market
- ❑ Not enough sellers
- ❑ With more homes on the market to meet pent-up demand, it could be a seller's market

Factors in Recovery?

- ❑ Improved jobs picture and growing personal income
- ❑ Growth in consumer confidence
- ❑ Improved stock market
- ❑ Low interest rates
- ❑ More affordable homes
- ❑ Pent-up demand
- ❑ Rising rents
- ❑ Quick home turnover

Which Crash Was Worse?

- ☐ 1990's?
- ☐ 2000's?

Facts of Housing Crashes

- ❑ Crash of 1990s had declining sales volume for 3 years. Total decline: 30%
- ❑ Crash of 2000s had declining sales volume for 7 years. Total decline: 40%
- ❑ Crash of 1990s had declining median price for 3 years. Total decline: 10%
- ❑ Crash of 2000s had declining median price for 6 years. Total decline: 19%

Facts of Housing Crashes (continued)

- In recovery from crash of 1990s, sales volume increased for two straight years before median prices stopped falling.
- In recovery from crash of 2000s, 2012 was the first year with increase in sales volume, and median price rose 2%

Facts of Housing Crashes (continued)

- In recovery from crash of 1990s, it took 6 years after prices stopped falling for median price to reach previous peak. Very slow price recovery.
- In recovery from crash in 2000s, median prices rose by double digits (11.0%) in second year and then slowed to modest growth (2.5%) in third year of recovery

Another Crash?

- ❑ Foreclosure starts climbing (up 45% in 2014 and up 60% so far this year)
- ❑ Single-family sales volume falling (down 2% in 2014)
- ❑ No bubble forming. Prices well below peak.
- ❑ Market behavior rational
- ❑ Economy growing
- ❑ Crash unlikely

Thank you! Questions?

Tim Warren

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