



CoreLogic®

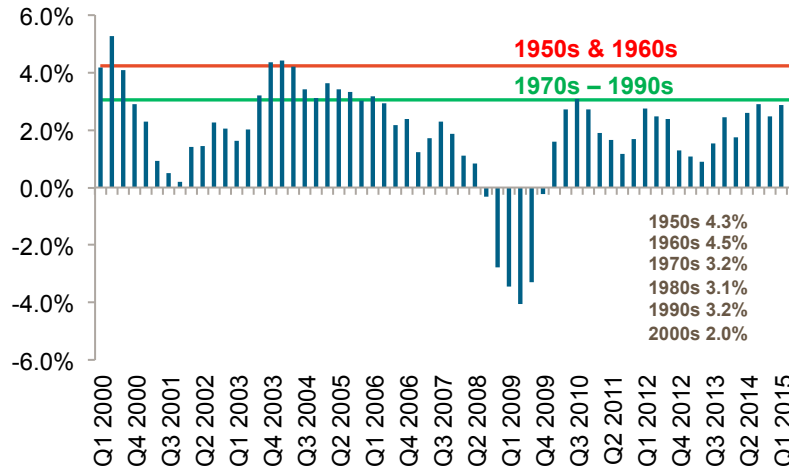
Real Estate Outlook

Summary

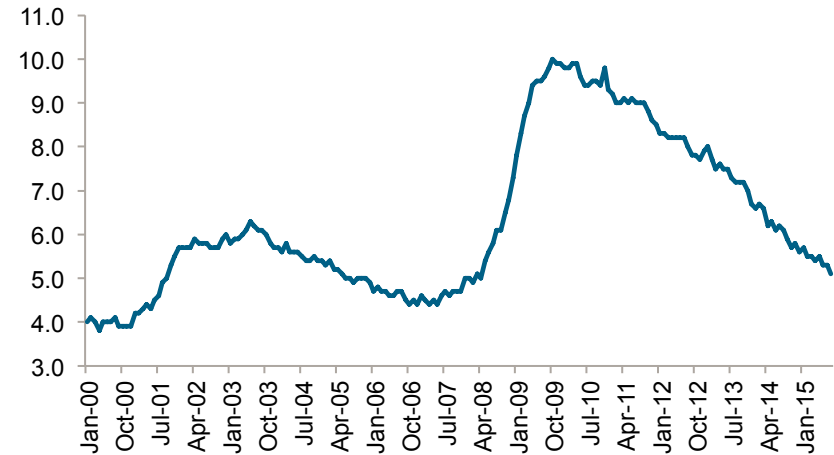
- Economic and demographic backdrop is positive
- Home sales and purchase mortgage demand growth is solid
- Home price growth is firm and will likely persist given tight inventory
- Affordability & supply becoming obstacle to sales in good markets
- Mortgage performance is pristine due to tight underwriting
- Net impact of higher rates will be modest

Economic Backdrop is Modestly Positive

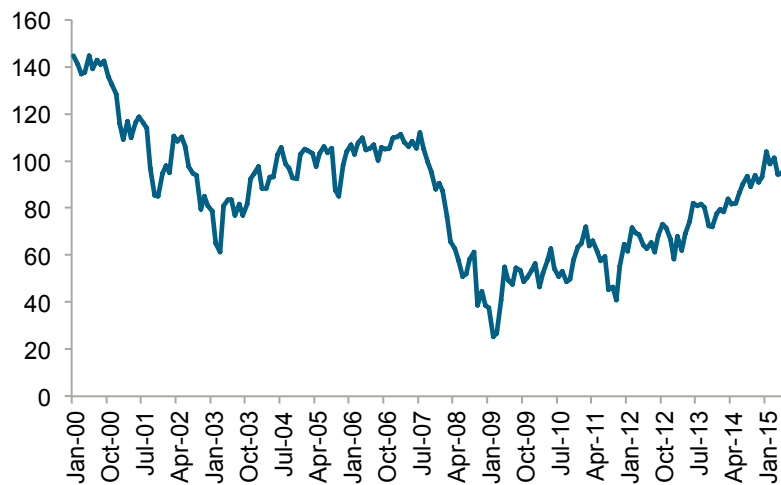
Gross Domestic Product



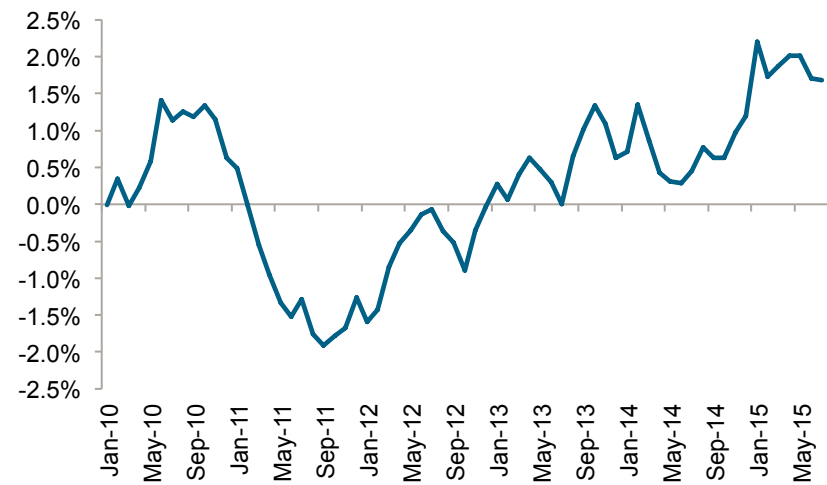
Unemployment Rate



Consumer Confidence Almost Back to “Normal”

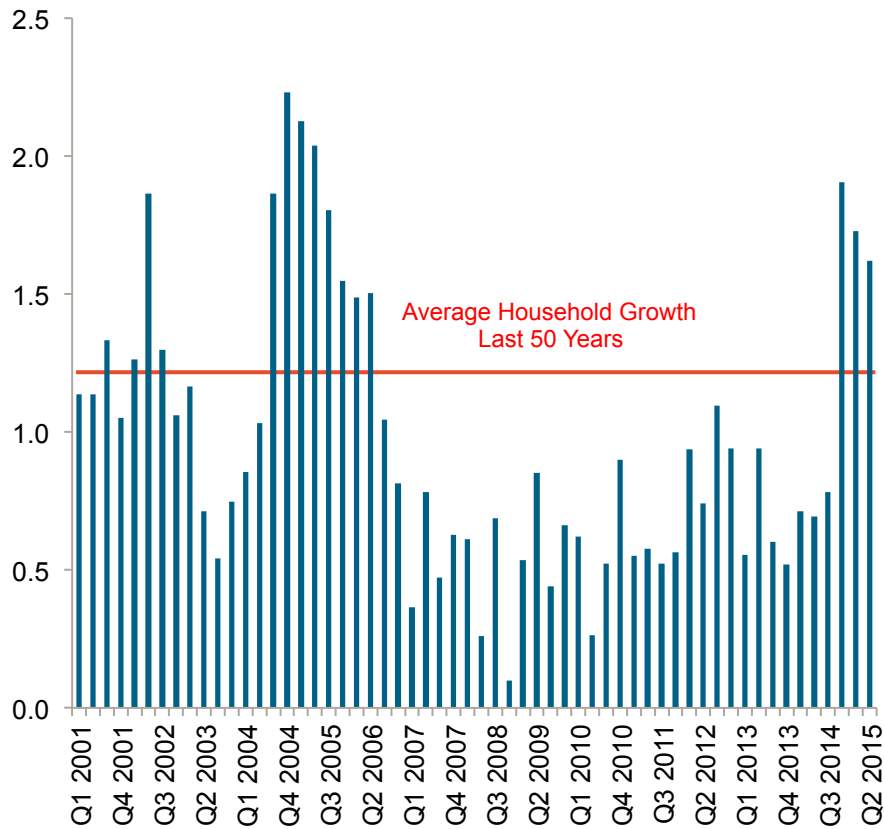


Real Wage Growth



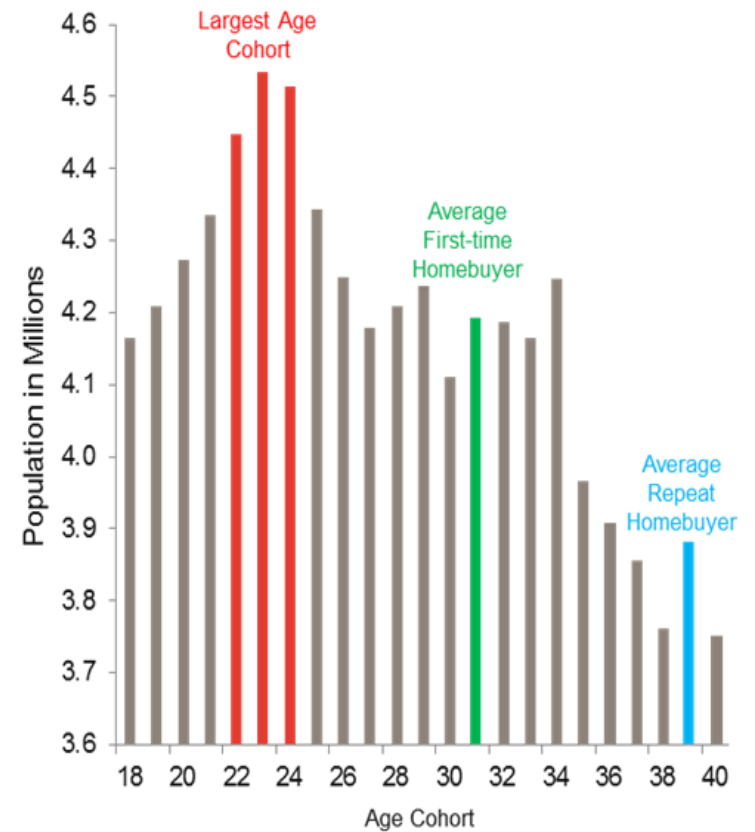
Demographic Backdrop Very Positive

Household Growth



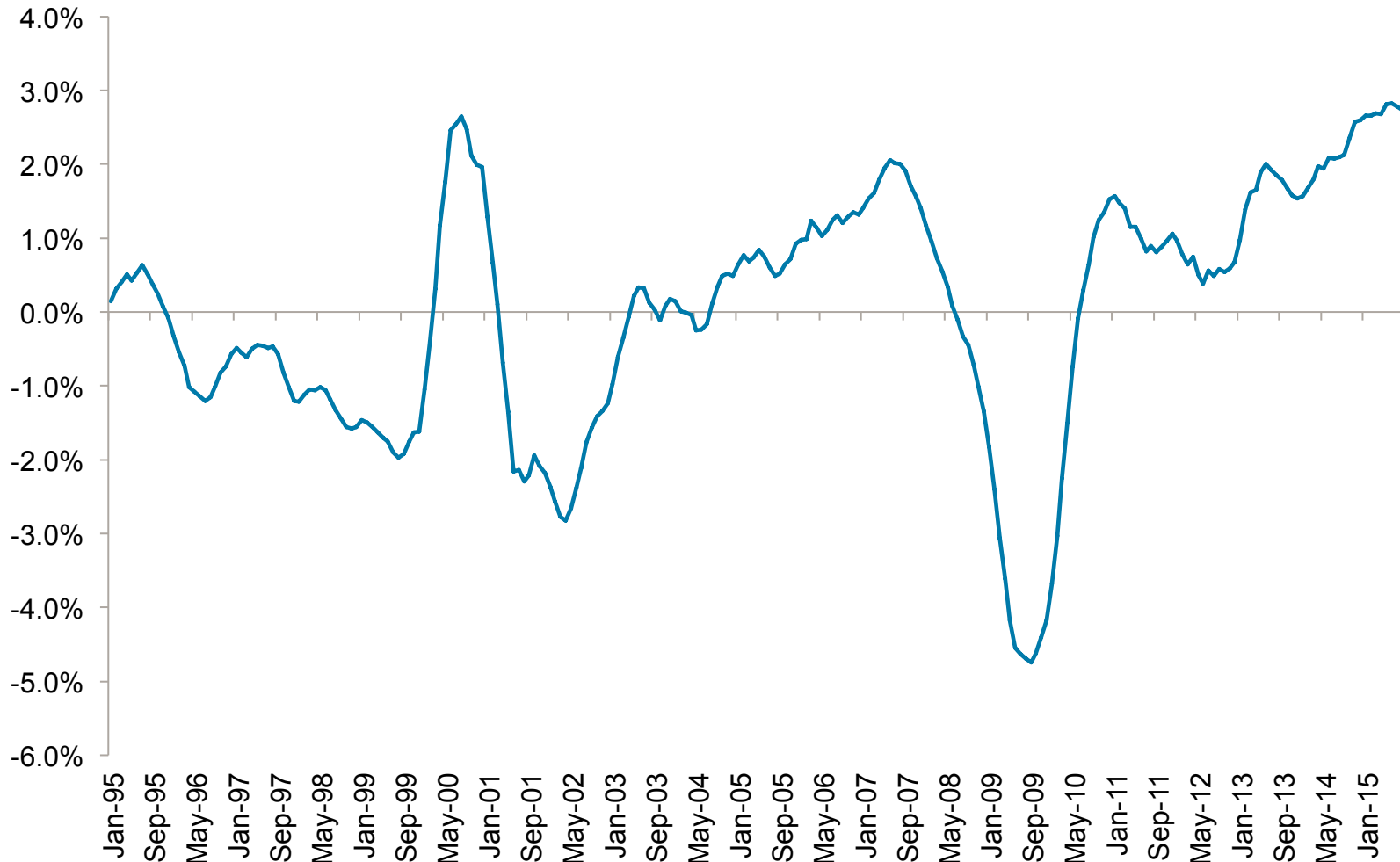
Source: Census

First-Time Homebuyer Wave Coming



Millennial Job Growth Picking Up Steam

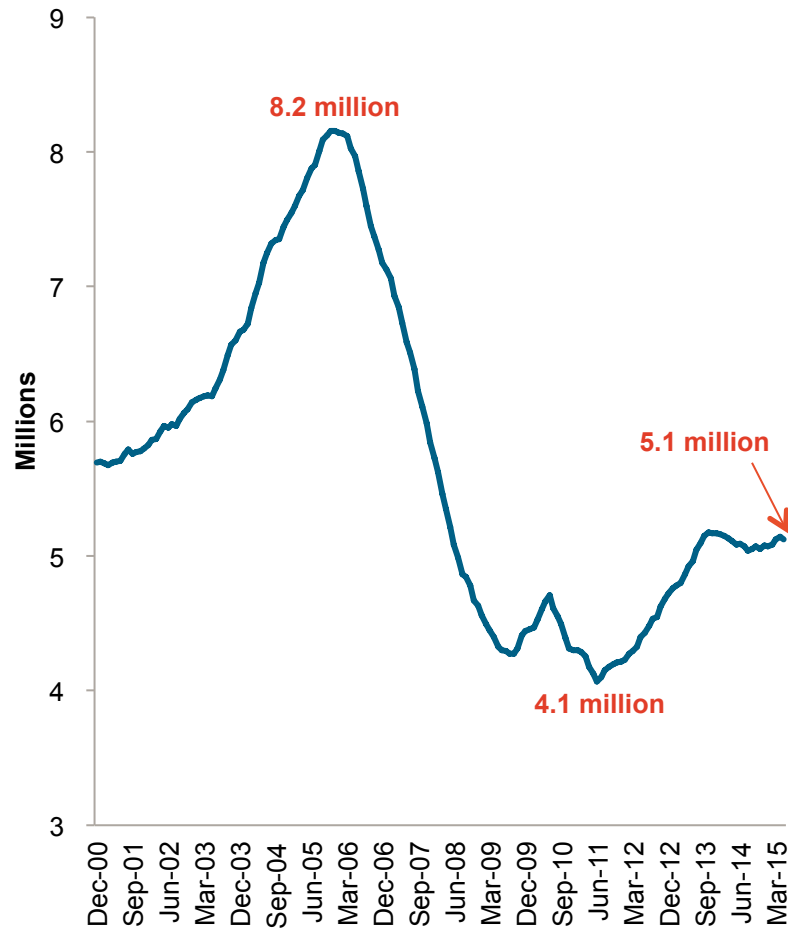
25 to 34 Year Old Employment Growth From Year Earlier



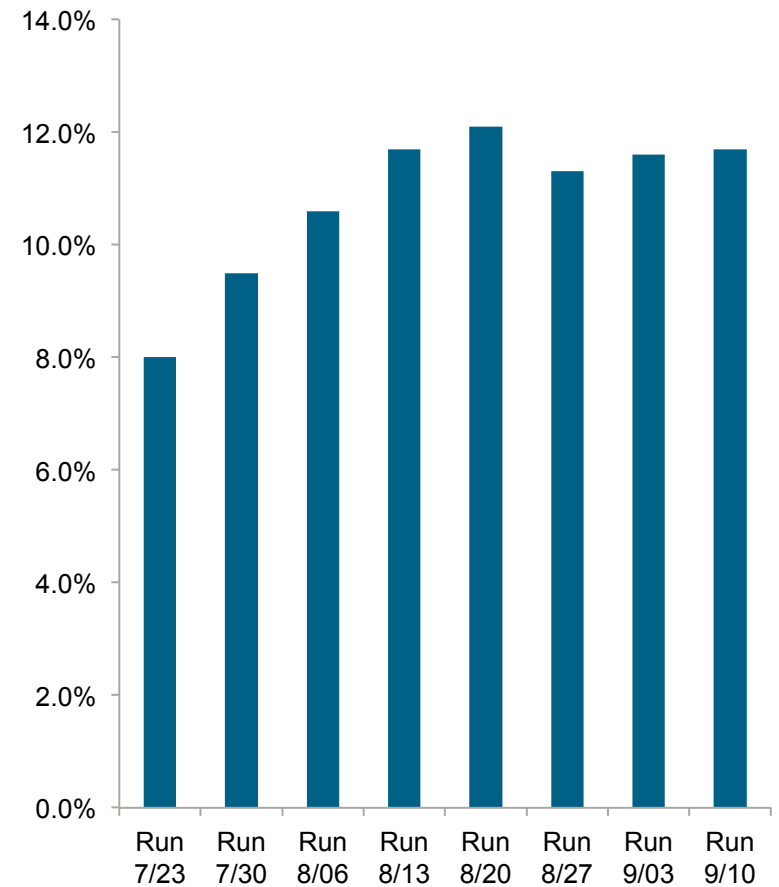
Source: BLS

Home Sales Growth Remains Firm Into Fall

Annualized Home Sales



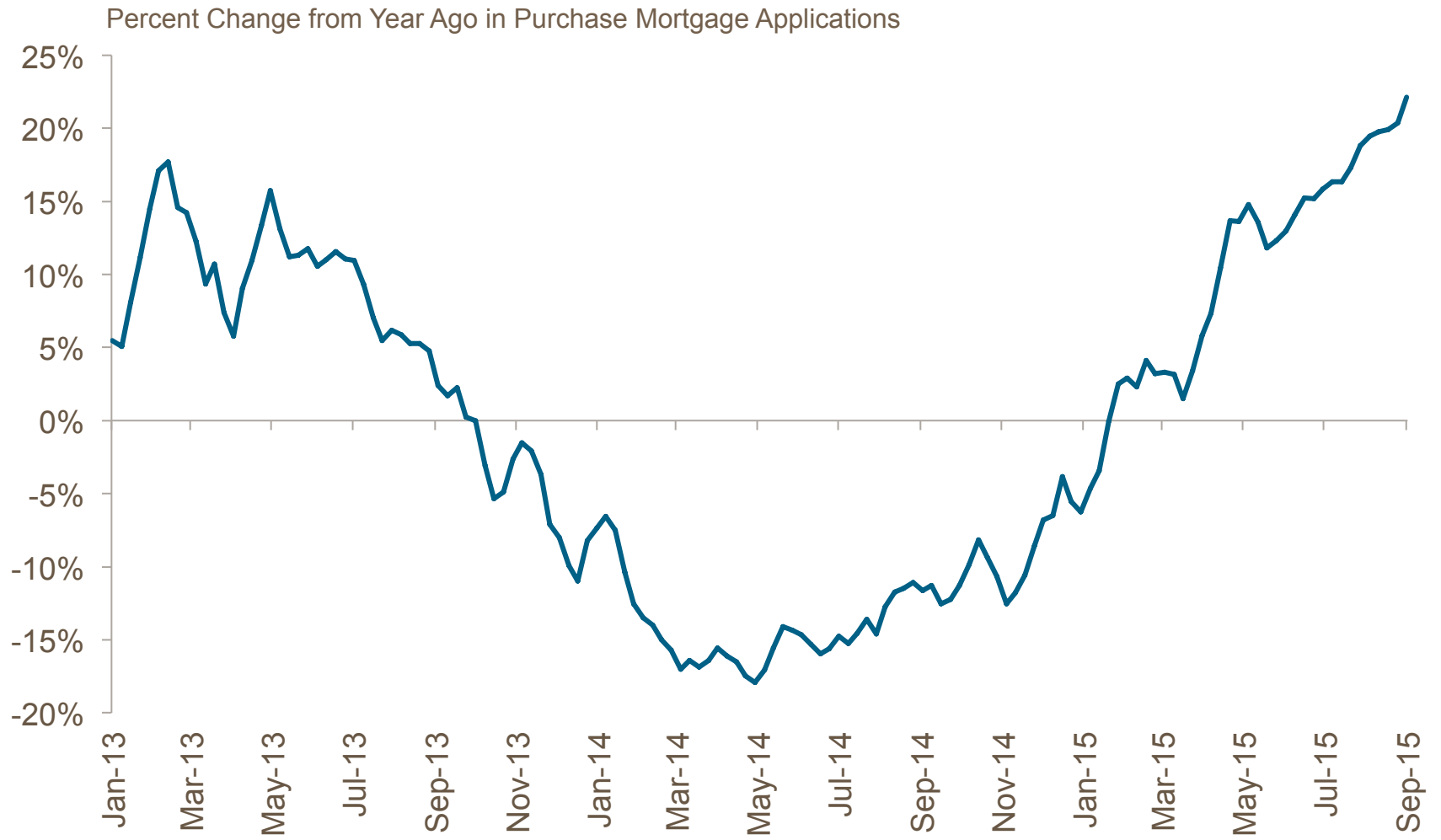
Percent Change in Home Sales From Year Ago



Source: CoreLogic

Note: Using the most current 30/31 days for each MSA county

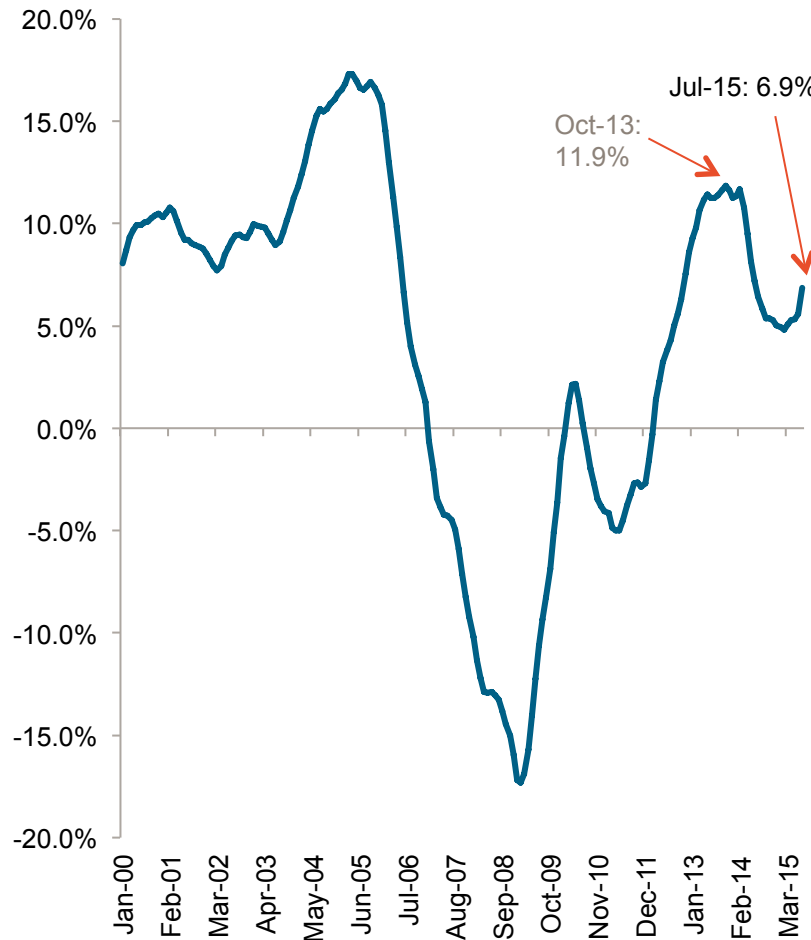
Mortgage Purchase Application Demand is Surging, but Uptick in Rates Threatens Momentum



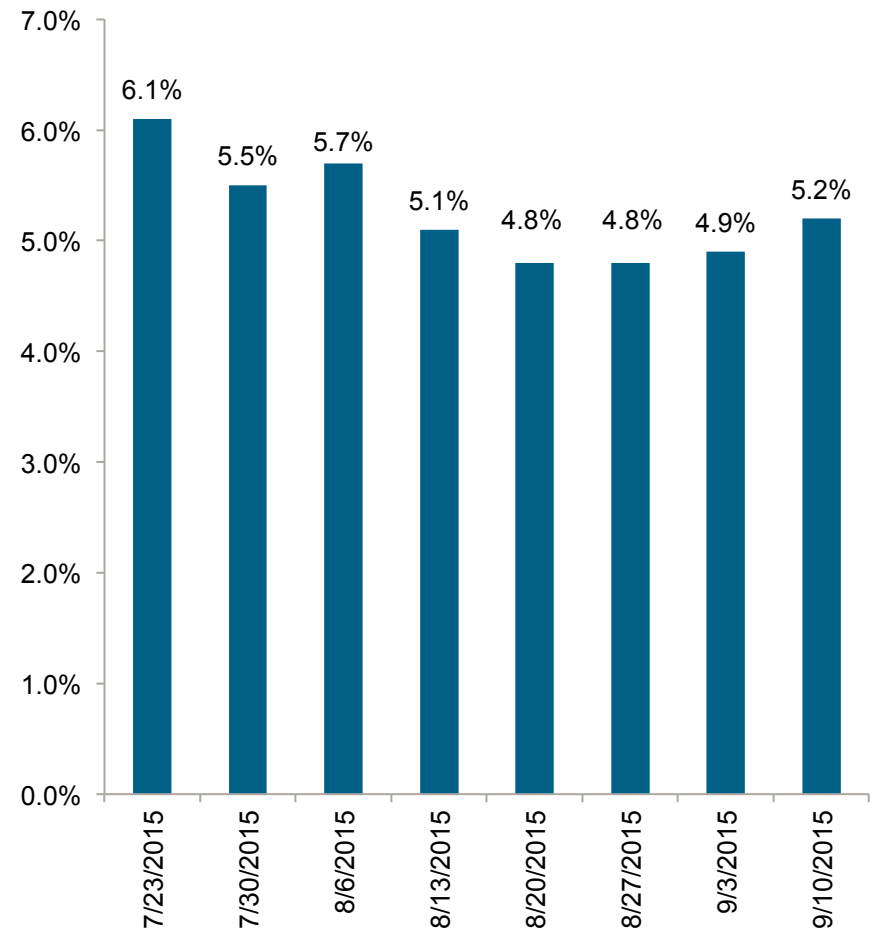
Source: MBA

Steady Growth in Home Prices

Percent change in Home Prices From Year Ago



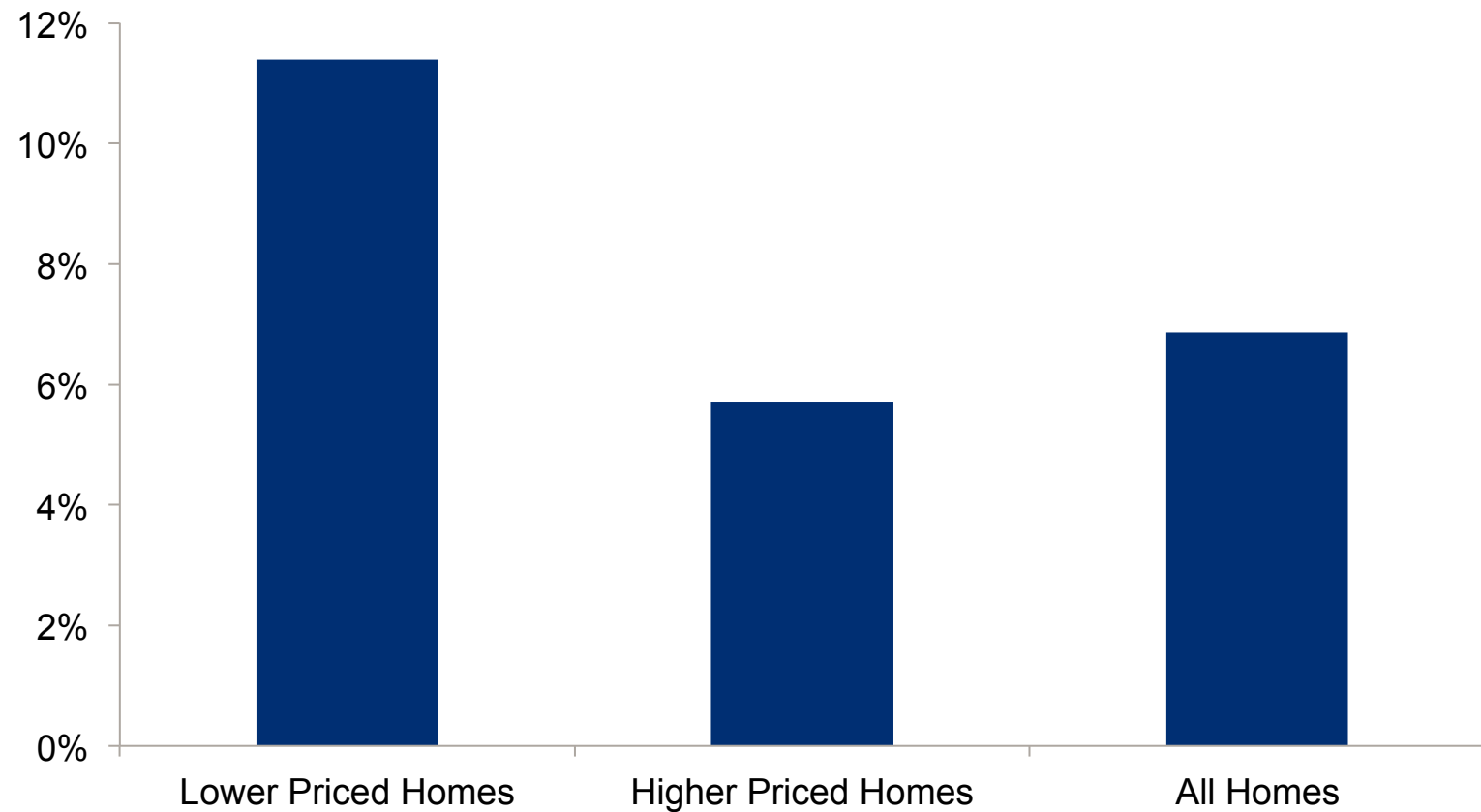
Top 100 Markets: Home Price Pct Change from Year Ago



Source: CoreLogic

Affordably Priced Homes Rapidly Appreciating

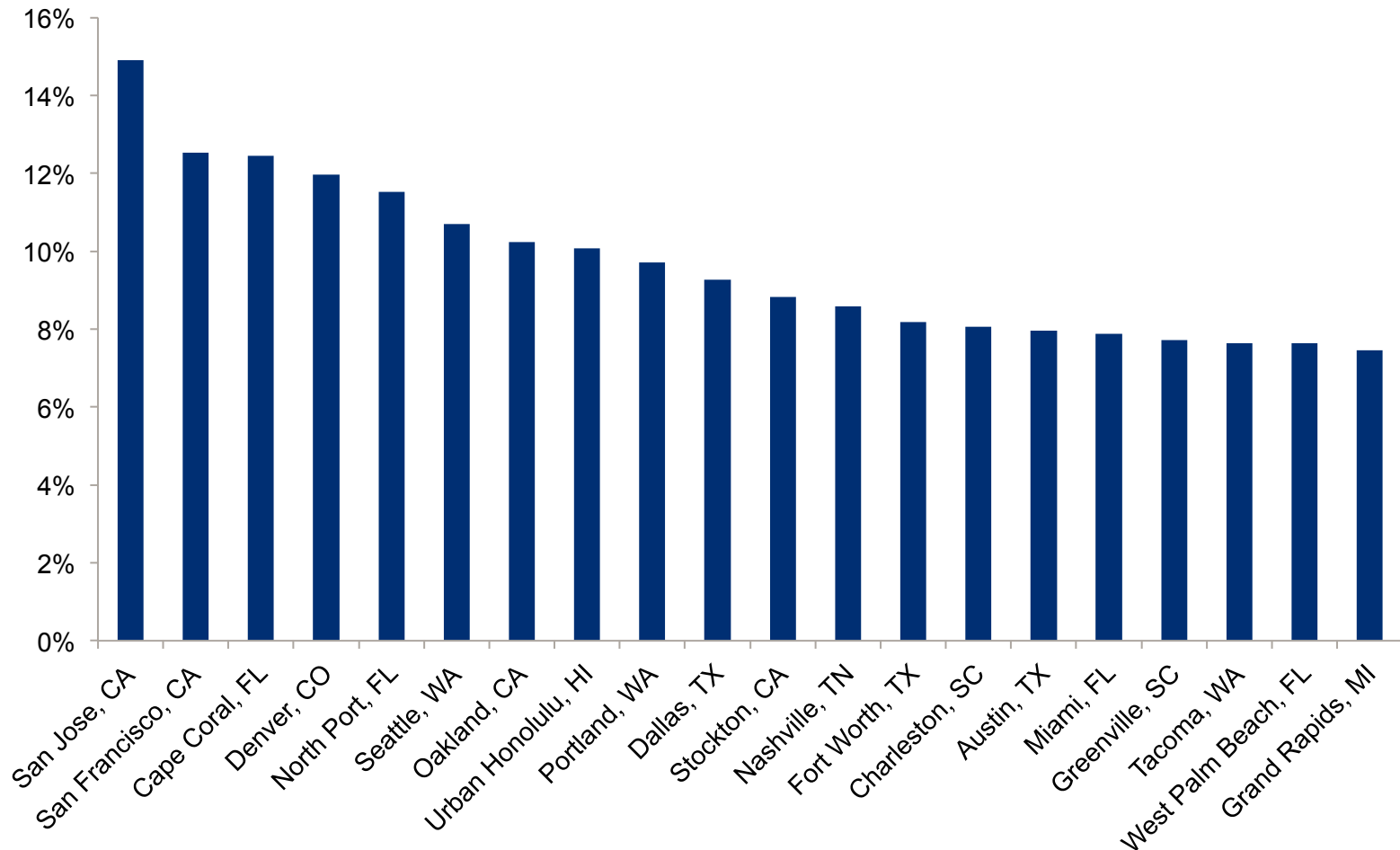
May Home Price Index, Percent Change from Year Ago



*Note: Lower priced homes are 75% of median and below and higher priced homes are 125% of median and above.
Source: CoreLogic

The Coasts Come Out On Top

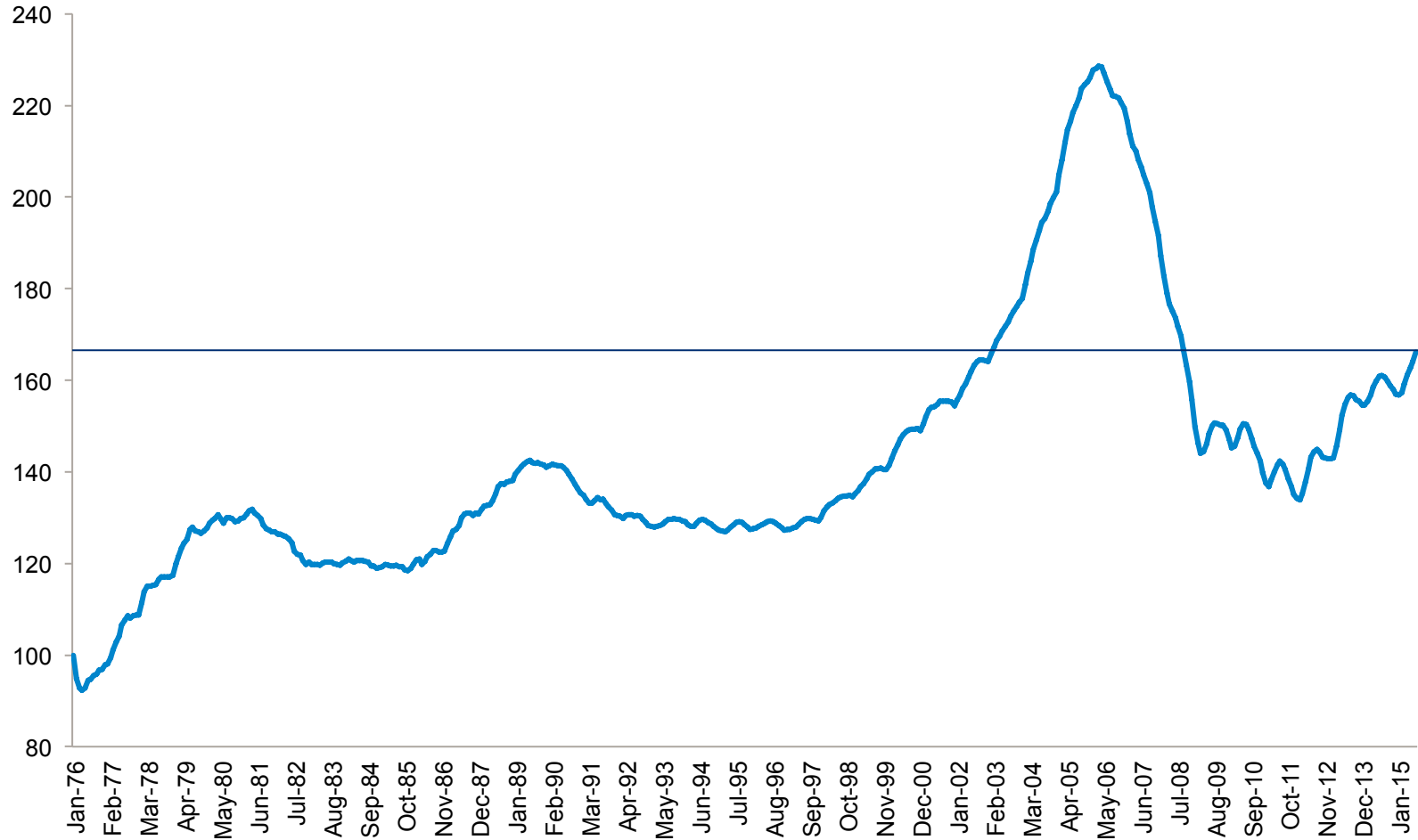
Home Prices, Percent Change from Year Ago



Source: CoreLogic, July 2015

Real Estate is Unaffordable

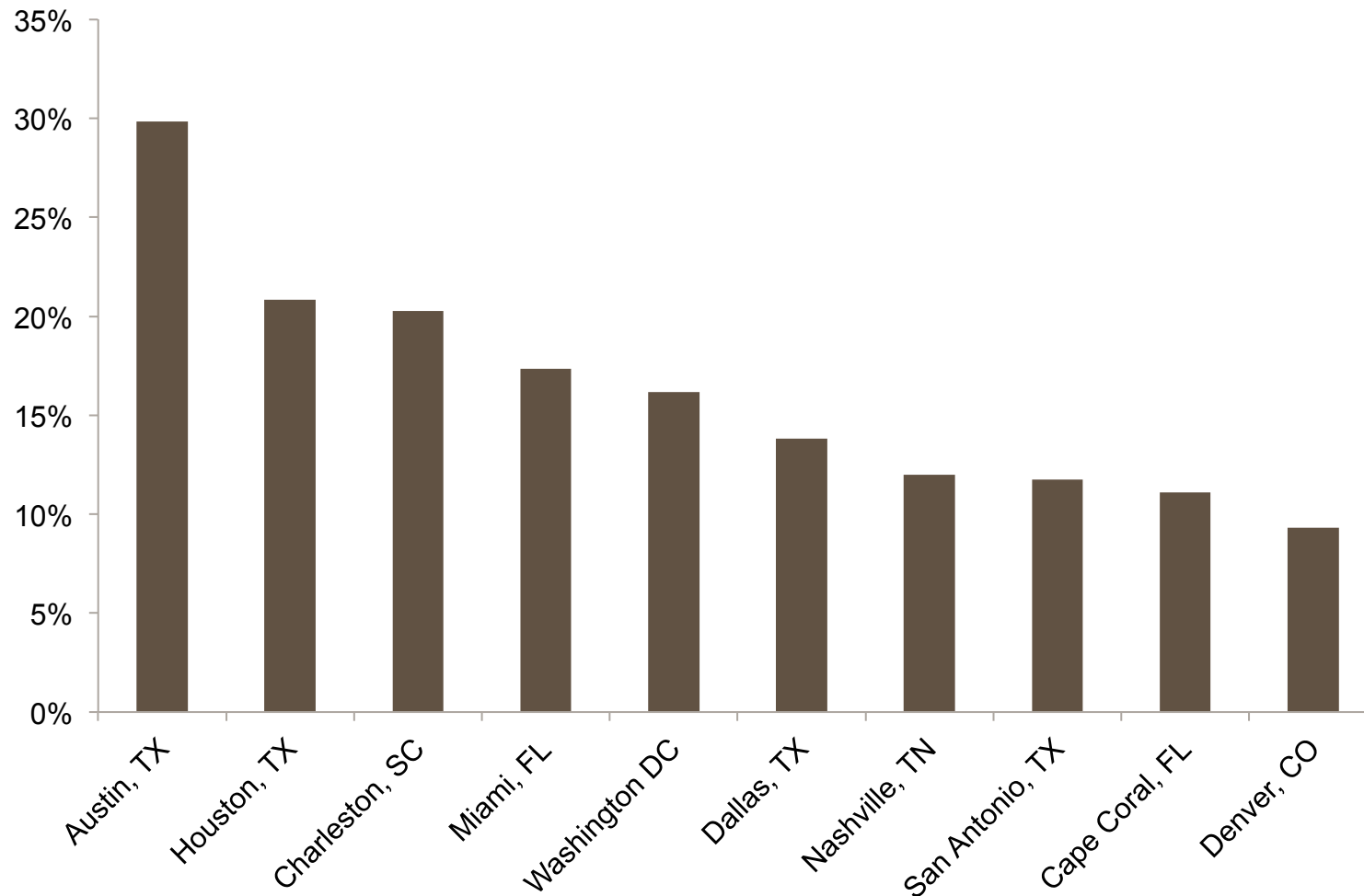
Home Price to Rent Ratio



Source: CoreLogic

Market Conditions Indicator

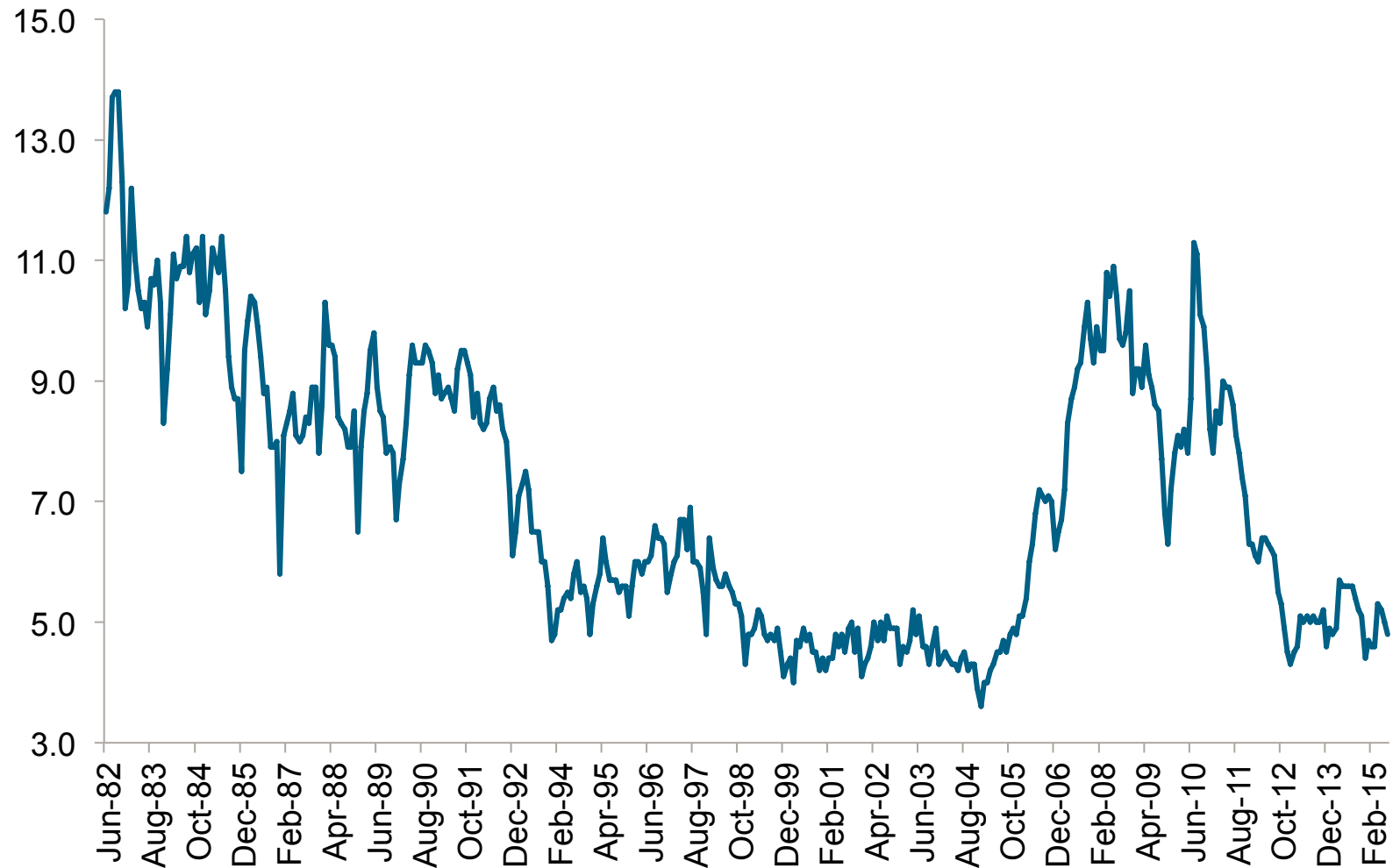
Markets That Have Deviated Most From Fundamentals



Source: CoreLogic

For Sale Inventory is Tight

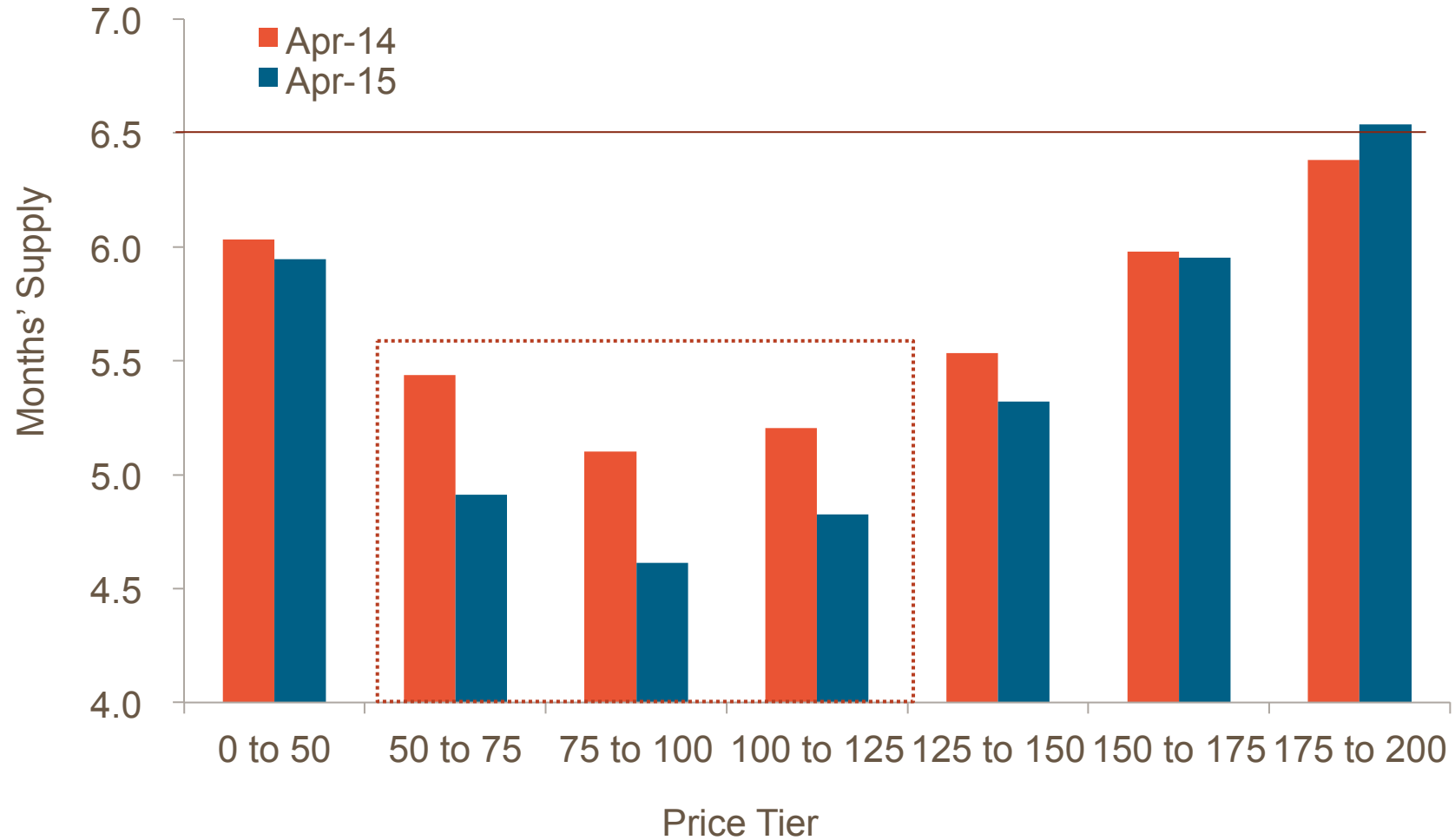
Months' Supply of Homes for Sale



Source: NAR

Inventory is Lower Than Official Metrics

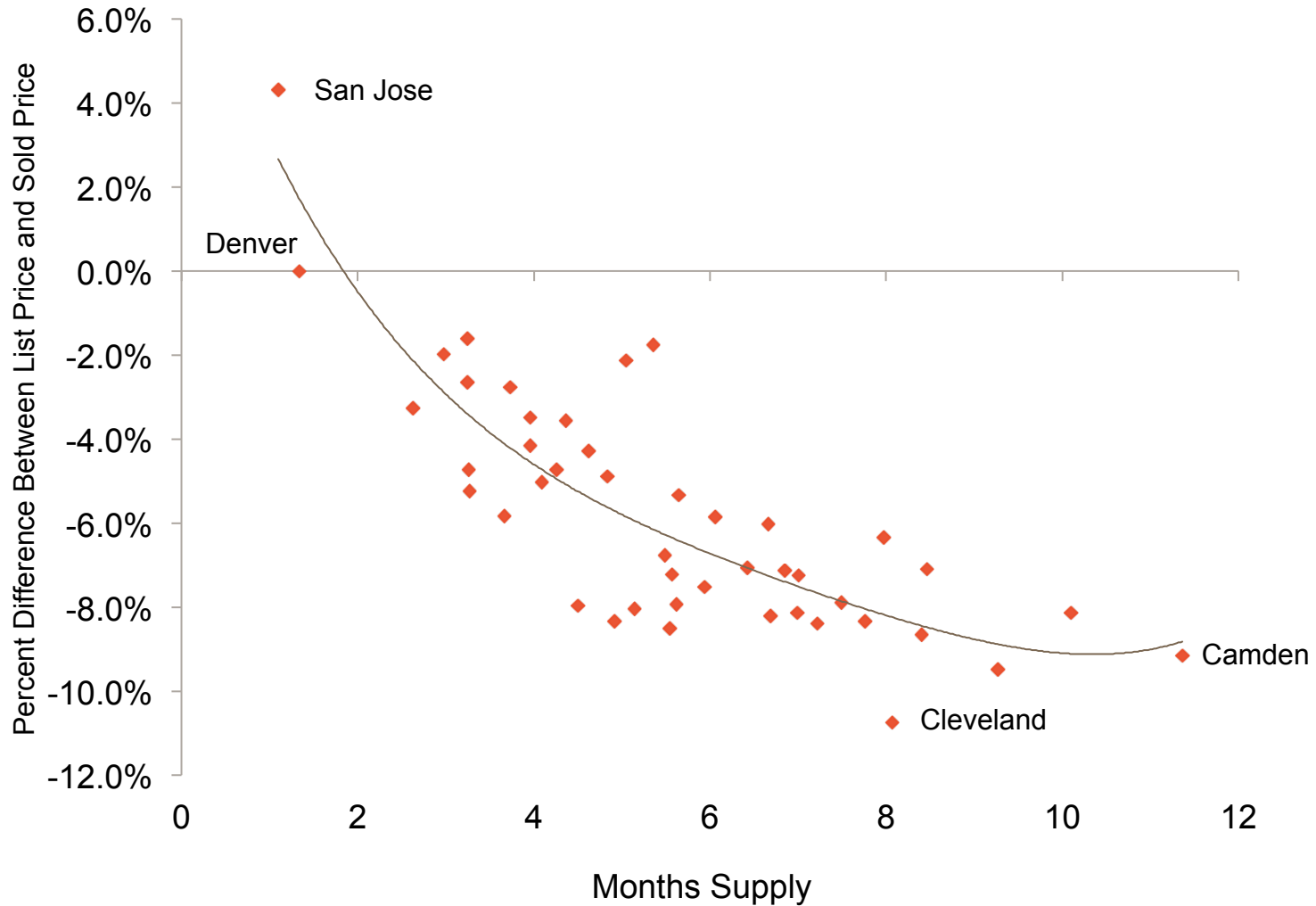
Months Supply by Price Tier, Three Month Moving Average



Source: CoreLogic

At Lower Supply, Price Pressures Rapidly Increase

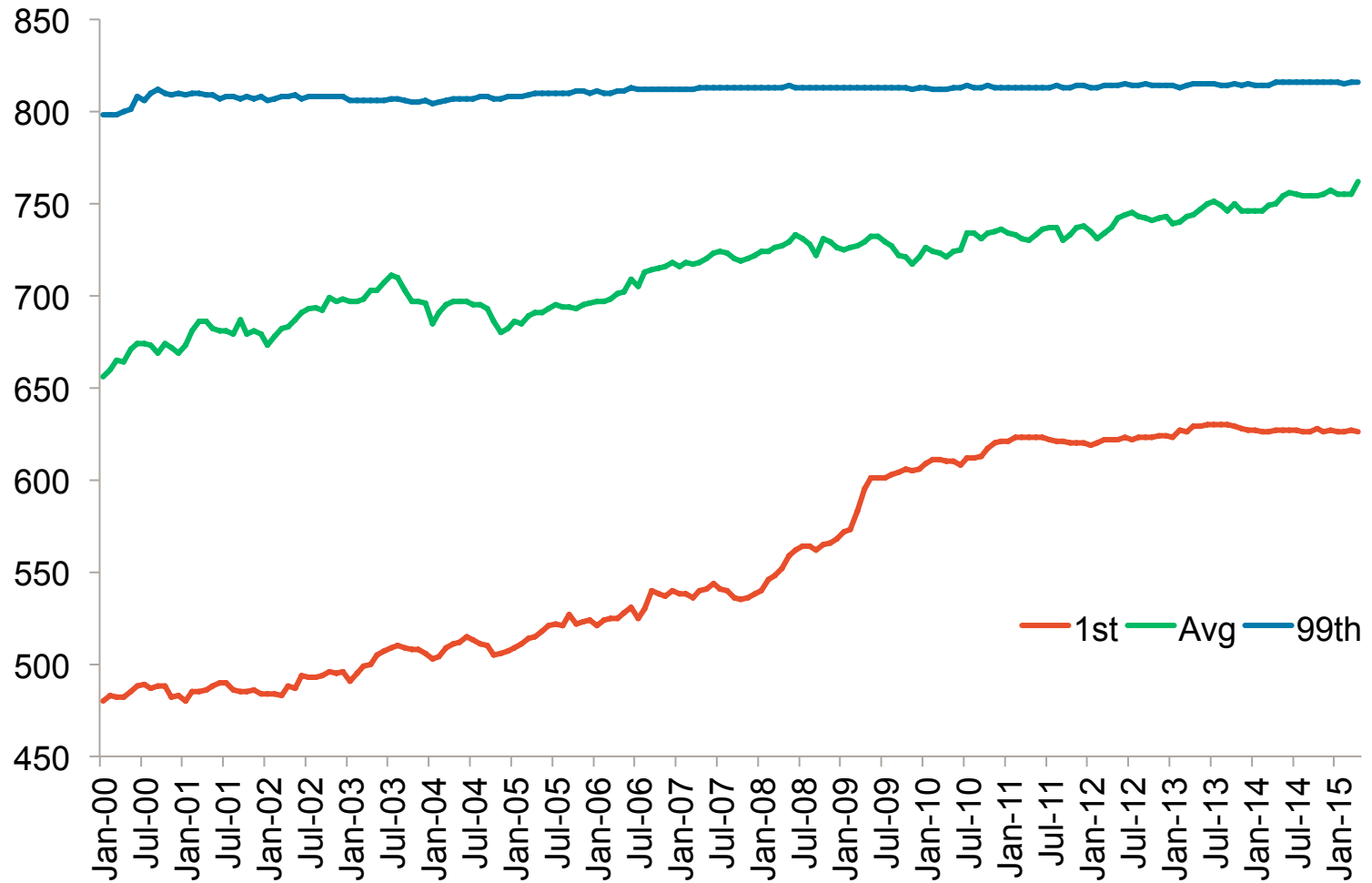
Months Supply vs Price Premium/Discount, by MSA



Source: CoreLogic

Access to Credit is Very Tight

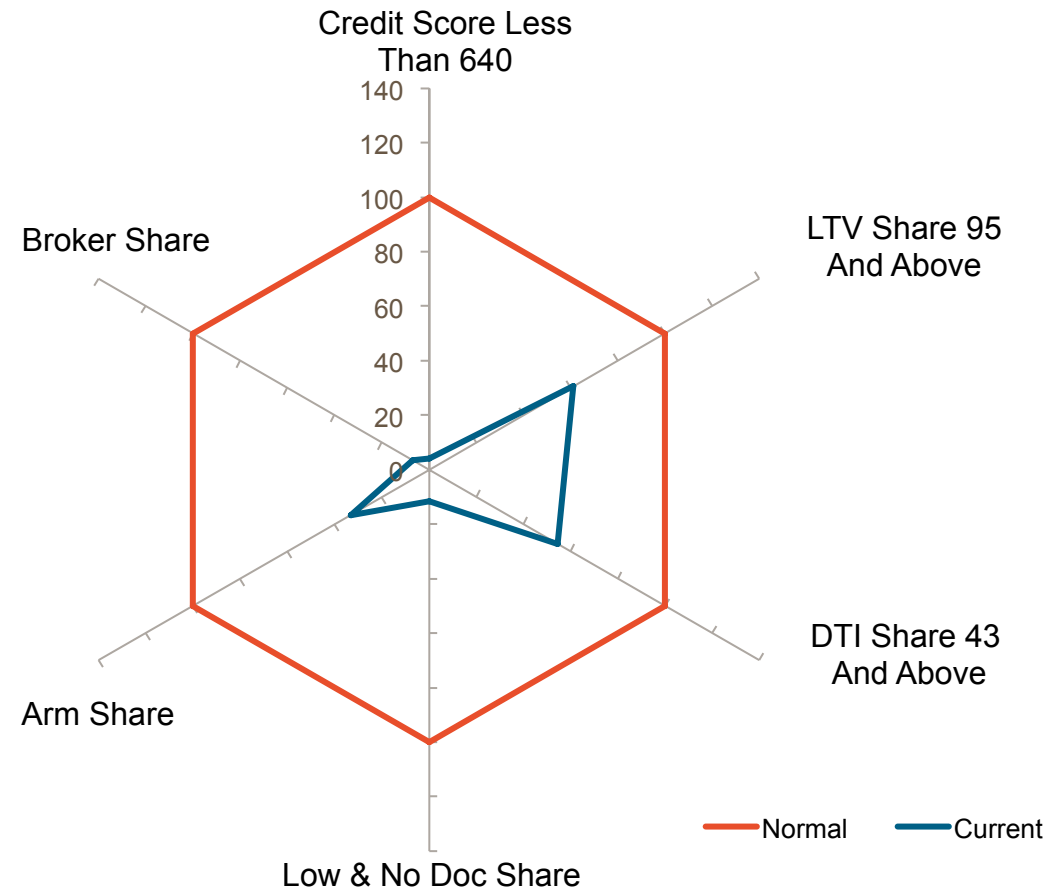
Average FICO Score of Purchase Loans by Percentile



Source: CoreLogic

In Which Dimension is Credit Constrained?

Mortgage Underwriting Along Six Dimensions



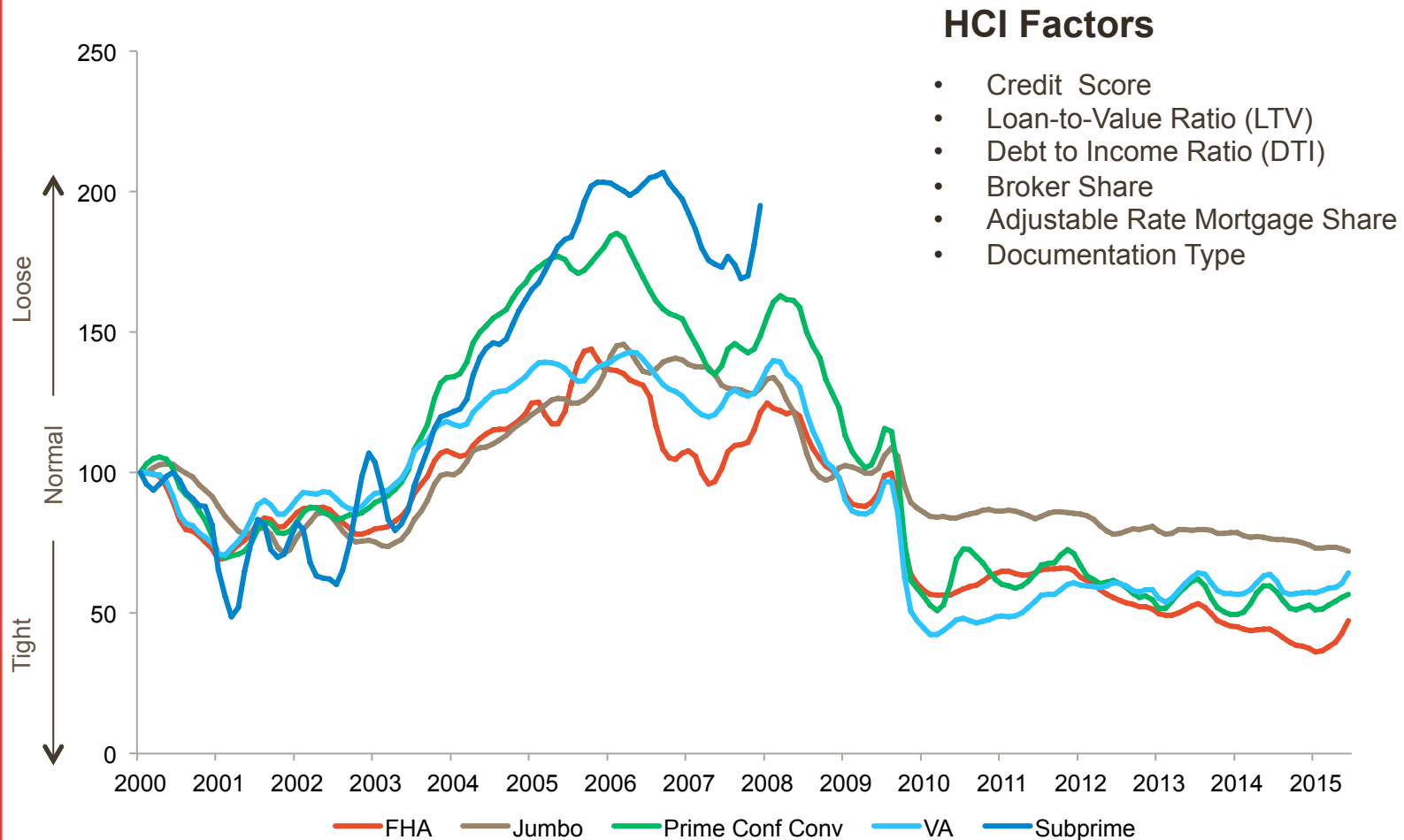
Source: CoreLogic, June 2015

© 2015 CoreLogic, Inc. All rights reserved

Source: CoreLogic

Underwriting Remains Cautious

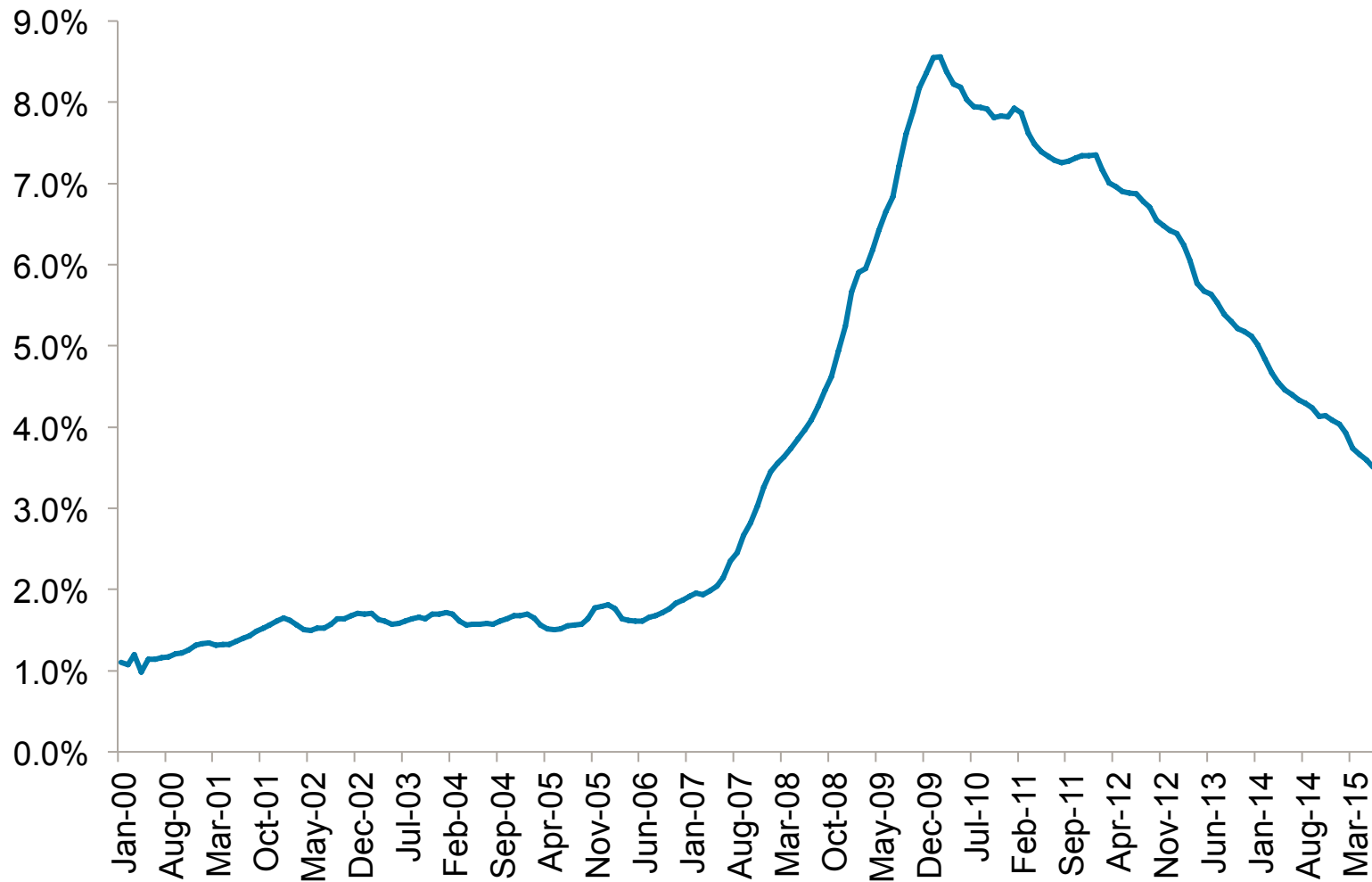
CoreLogic Housing Credit Index



Source: CoreLogic TrueStandings, originations through March 2015; January 2000 = 100

Mortgage Performance Rapidly Improving

90+ Seriously Delinquent Rate

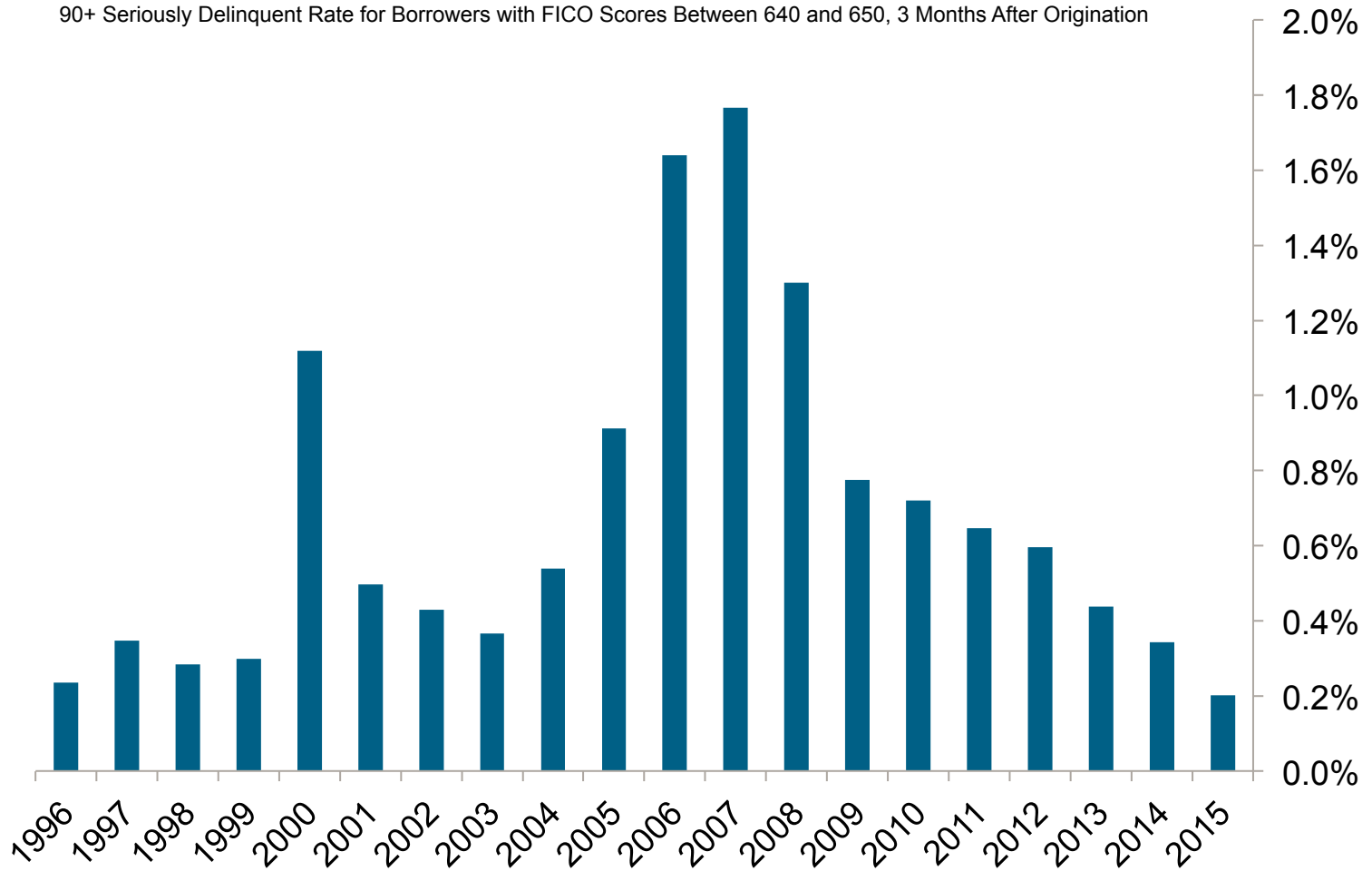


Source: CoreLogic

Performance of New Loans is Very Good

Early Payment Default Lowest in 20 Years

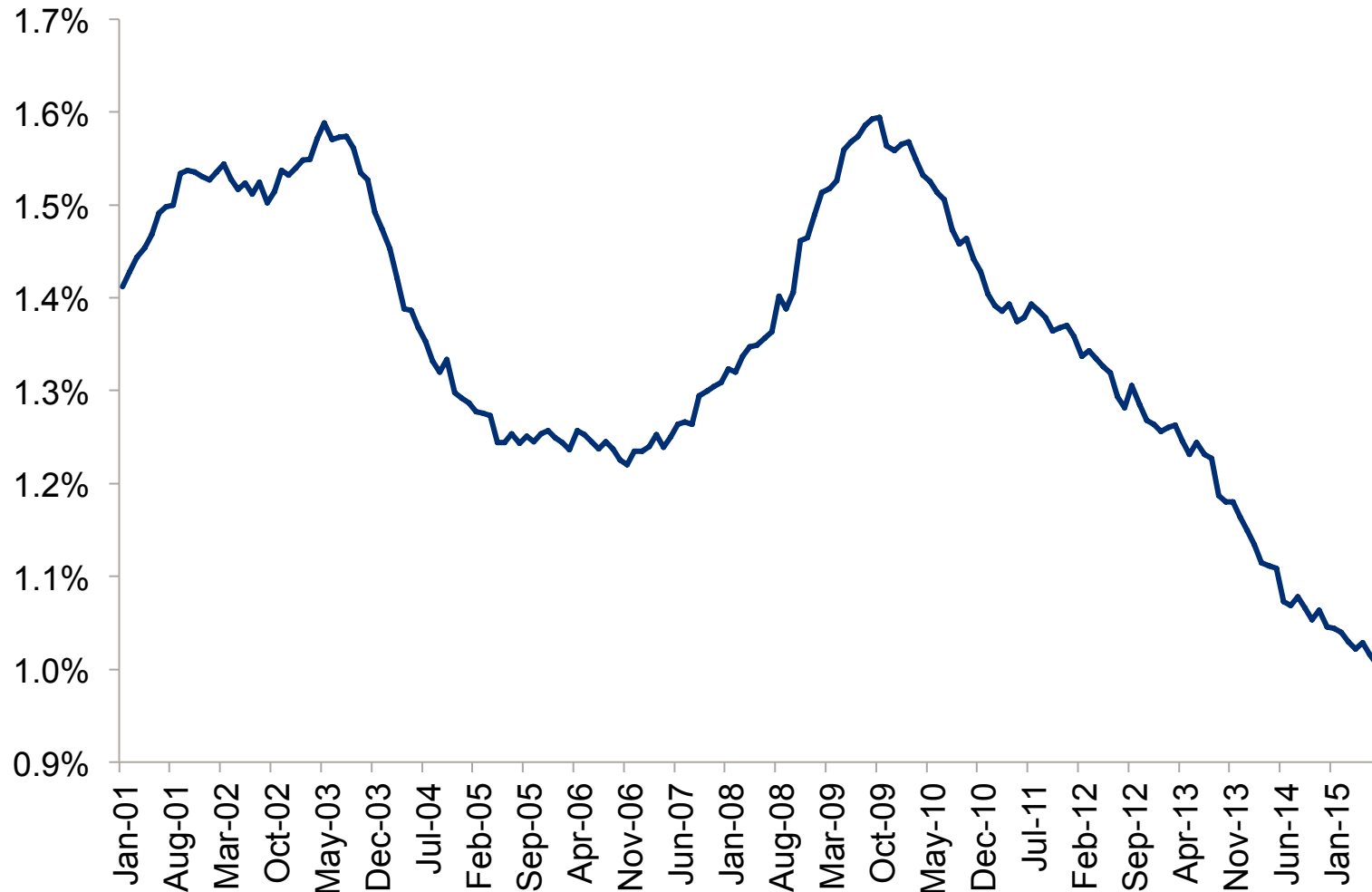
90+ Seriously Delinquent Rate for Borrowers with FICO Scores Between 640 and 650, 3 Months After Origination



Source: CoreLogic

Front End Delinquency Transition Rates 'Lowest Ever'

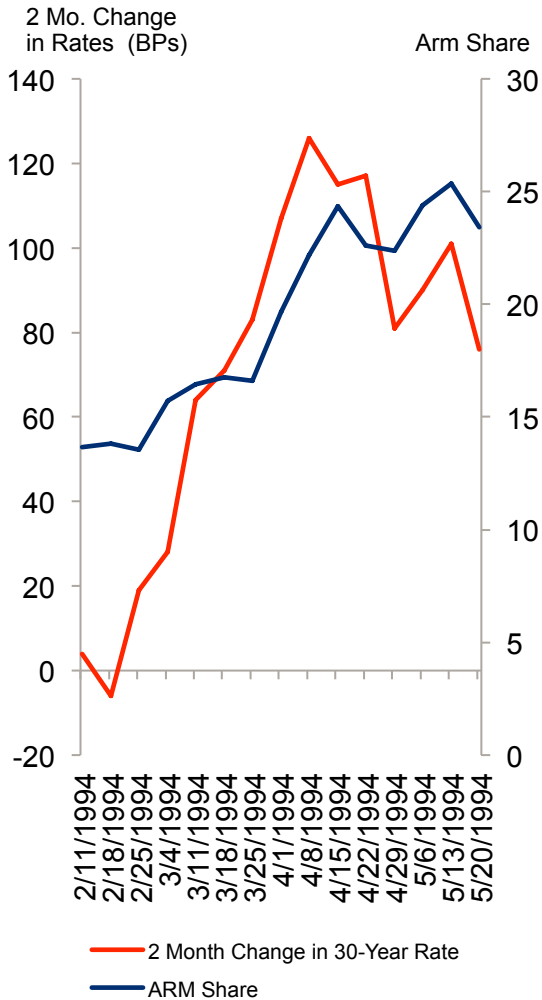
Current to 30 Day Delinquency Rates



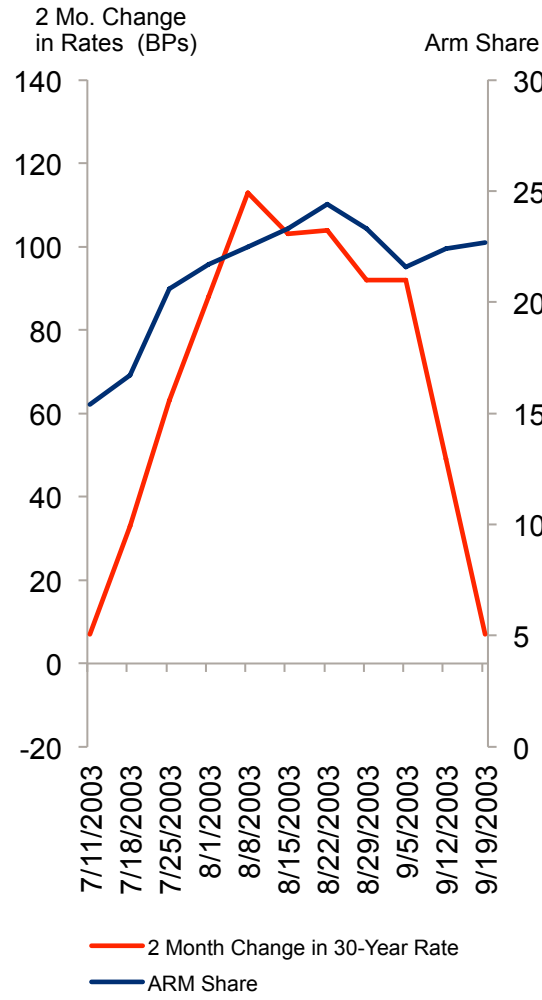
Source: CoreLogic

Higher Rates Will Dampen Demand for Purchase Credit Much More Than in Past

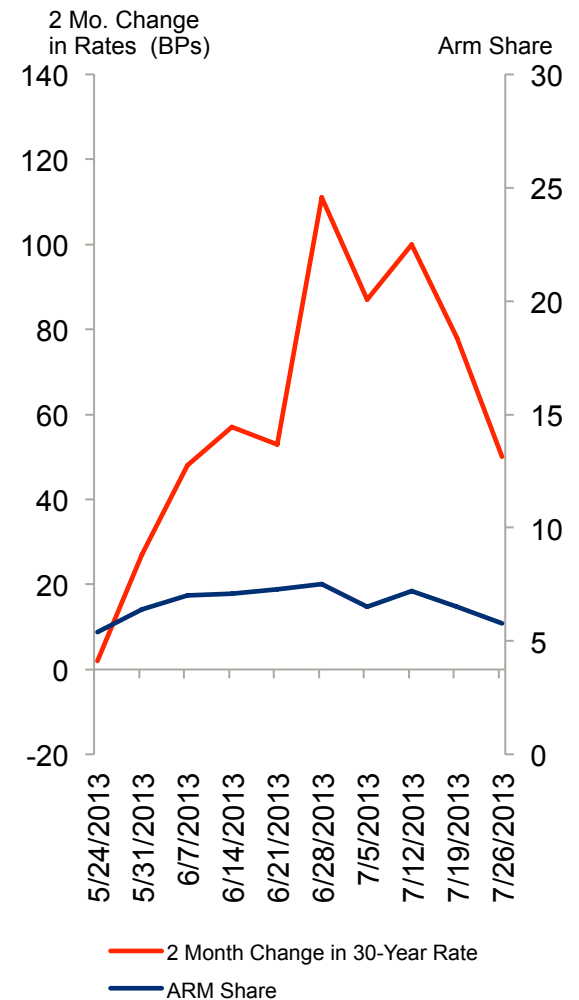
Spring 1994



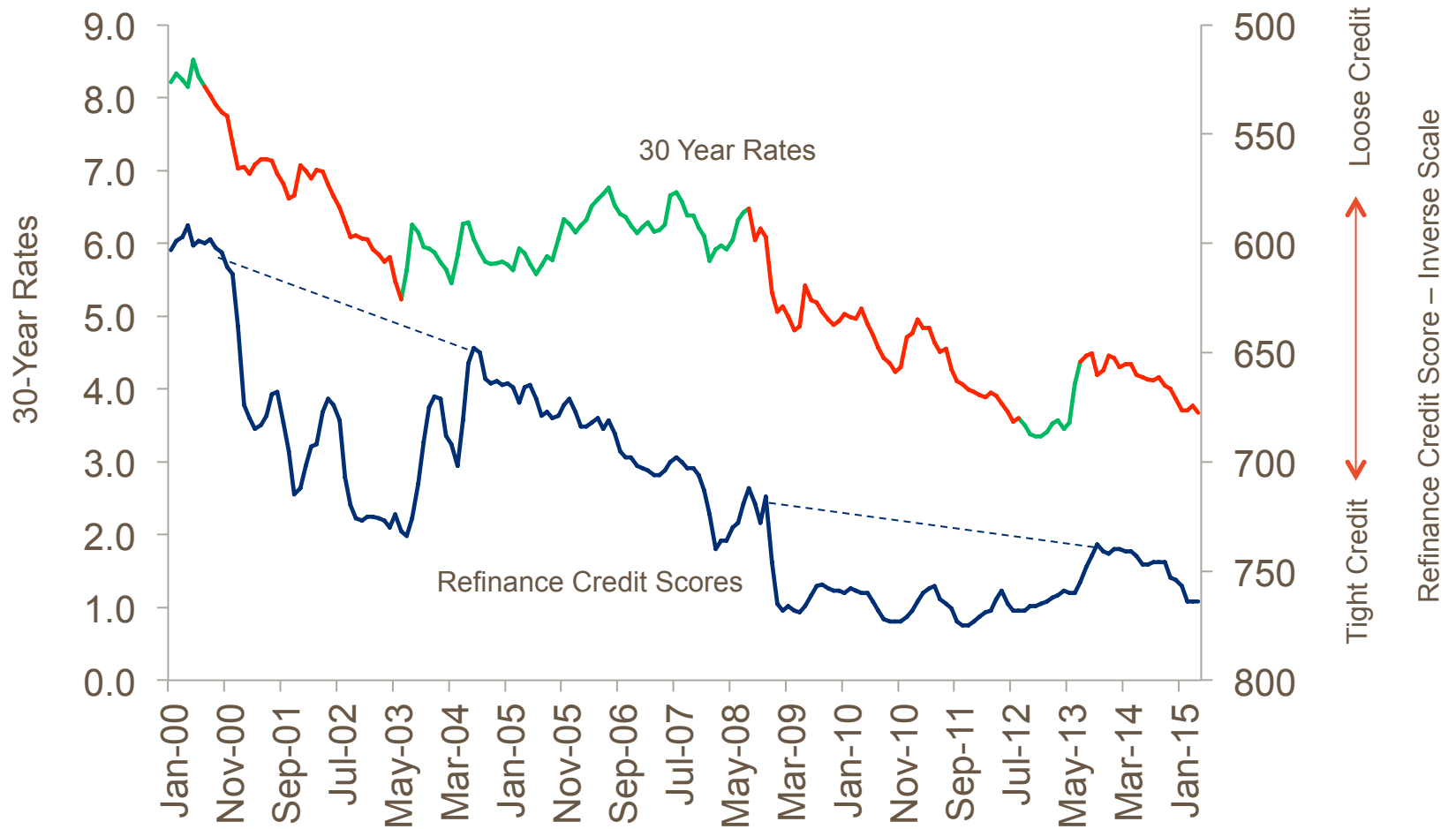
Summer 2003



Summer 2013



Higher Rates Should Cause Underwriting to Loosen



Source: CoreLogic

Where to find more information

Look for regular updates to our housing forecast, commentary and data at:

<http://www.corelogic.com/about-us/research.aspx>

@CoreLogicEcon

@TheSamKhater

The views, opinions, forecasts and estimates herein are those of the CoreLogic Office of the Chief Economist, are subject to change without notice and do not necessarily reflect the position of CoreLogic or its management. The Office of the Chief Economist makes every effort to provide accurate and reliable information, however, it does not guarantee accuracy, completeness, timeliness or suitability for any particular purpose.

CORELOGIC and the CoreLogic logo are trademarks of CoreLogic, Inc. and/or its subsidiaries.