# ABOUT THE SUBPRIME MORTGAGE CRISIS IN THE UNITED STATES OF AMERICA – ORIGINS AND (POSSIBLE) EFFECTS

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**Abstract:** This work presents the premises of U.S. real estate crisis starting, which is transforms in a credit crisis with global consequences, and finds its effects, suggesting possible solutions for near future. American banks (ex-Bear Stearns, Citigroup) as well as independent mortgage agencies had and still have heavily to suffer. Taking into account determining role of U.S. in the world economy, we consider that negative effects caused by liquidities crisis will continue to propagate at global level.

## 1. Introduction

The fact is that – at least for the time-being – the United States of America's economy (the US economy) still represents the largest and the strongest economy in the world. More on that, it does exist a very large probability this situation is to remain for the next ten years or so.

The so-called „junk-bond" crisis which stayed behind the big fall the New York Stock Exchange suffered during the late 1987 also influenced the US real economy. We do consider the 1990-1992 recession as having its main cause in those ups and downs the global financial markets experienced during the late 1987. This US recession had – as usually – a big impact on the entire global economy. The come-back after recession started early in 1993 was sustained by some strong and coherent measures the Clinton administration took. The come-back was characterized by volatility on global forex markets. There is a consensus that The United States of America has a strongly consumption-oriented economy; the consumption appetite of the US citizens is so big as all the administrations have ruled the country after 1990 were forced to run big trade and current account deficits considered as GDP (Gross Domestic Product) ratios.

The Clinton administration main achievement consisted in the implementation of an investment-orientated budget philosophy and, on the other hand, putted a hold on the rise of the trade deficit US had with Japan by a *direct* influence on the currency markets. In this kind of respect we have to say that Lloyd Bentsen was actually the only Treasury Secretary who made comments on the trade position of the US dollar versus some other currency (the Japanese yen).

The period of economic prosperity started in 1993 and ended early in 1999. We may characterize the growth and prosperity of those times as coherent and healthy. Many technical and medicine-related achievements were part of this period of prosperity. We can mention here the big achievements in the computing technology, the generalization and significant cost reduces in the internet industry, the expansion in the utilization of mobile phones and laptops. Even the fact that the yearly US trade gaps stayed in place, the American exports growth sharply: these exports became rapidly dominated by goods and services of very high added-value.

### 2. Favourable premises of real estate boom

When the Clinton administration took the power measures of monetary policy already had been taken by the Federal Reserve (FED). FED had operated cuts in FED funds as well as in the discount rate to very low values (3%). We have to mention that for a 19-year period of time (1988 – 2007) FED was strongly influenced by the personality of its chairman Alan Greenspan. Despite his often-made statements designed to convince the markets he agreed with tight monetary policies, it turned out that, during his period at FED, his behavior was coherent indeed but a soft one. This kind of behavior came in big contrast with his predecessor's: Paul Volcker. Volcker's tough behavior as FED chief were and are to remain famous. We do consider that the foundation of the 1993-1999 period of growth was built on the productivity gains the US economy had achieved during the 1984-1988 period when Volcker's tight monetary policy prized the work rather than the risk. More else, we do consider as doubtable that the Volcker's tough behavior was the main reason the NYSE took the already known erratic behavior during 1987. In this kind of respect we have to consider the actions of fiscal relaxation the Reagan administration had been taken since 1981. Considering this relaxed fiscal environement, the FED actions turned out to be fully justified.

The productivity gains the US economy had achieved during the 1984-1988 period of time made possible that the FED rate cuts during the 1990-1992 period to have actually no inflationary consequences. Well-prepared in producing high-value added goods and services at very high productivity levels, the US economy was also prepared during 1992-1993 period for a softer monetary policy in order to prize the risk as well as to stimulate the investments designed to accelerate the production of those goods and services and to promote them on the world markets. But we consider that this kind of easy monetary policy lasted too much and became the main cause for the subprime mortgage crisis which started in 2007.

The 1993-1999 period of growth and prosperity brought also a deep economic restructuration with profound consequences on the US job market. A large number of jobs of new kind were created. Those jobs required a high level professional qualification and, of course, were well paid. The incomes raised at an unprecedented pace. That raise didn't have inflationary repercussions mainly because the US economy still had a strong productivity reserve and, on the other hand, the American exports kept growing at a very high pace due to a very strong demand coming from overseas. This demand was drived by the high quality of those products as well as by the fact that those products were perceived as being something new and very useful. The prosperity wave brought acceleration in the housing and mortgage activities. Also the real estate market knew an unprecedented rhythm of growth. Young individuals and young families as parts of people having those new and well paid jobs wanted to have (to build or to buy) a new and better house. The US economy was still experiencing a healthy growth with high level of productivity reserves. So, in real terms, the US economy was still capable to put premium on work, while the monetary policy put premium on risk and investment.

We dare to assess that a house, a certain building or a real estate item of any kind could be considered, as economic concept, somewhere in between consumption and investment. While the rest of the economy still generates liquidities at a pace that is strong enough to sustain the built of new homes at a continously higher pace of rising prices, this activity may be considered as being kind of investment. But, when the economy starts to slow down and its rhythm of growth is mainly (or, worse, only) drived by the housing and real estate activities, well, the built or an aquisition of a house may be considered as kind of consumption.

The perception that a continuing rise in housing prices may last forever could easily penetrate even the most educated and sophisticated minds. The main explanation behind this situation consists in the reality that the evolutions on housing and real estate market are kind of long-term ones. This kind of perception is really dangereous because in a continously housing rising prices environment the individuals are more and more tempted to consider a built or an aquisition of a house more like an investment rather than a form of consumption, and, due to the comfort a house brings, to ignore the risks that could occur.

The housing market, like any other one, could experience times of saturation due to internal factors (excessive offer) as well as to external factors (a slow down in the rest of the economy that could diminish the cash-flow having as destination the purchase or built of new houses and, so, a diminishing demand on the housing market).

### 3. Causes of real estate credit fall in United States

The end of the 1993-started period of growth and prosperity the US economy had experienced is precisely time-situated when the Internet bubble burst determined the brutal correction in the NASDAQ market. It was absolutely obvious that the demand for Internet services of any kind had became to an end. This end of demand basically occured at the same time when the US economy had consumed (due to soft monetary policies) its productivity reserve. This new economic environment was, unfortunately, to remain until the terrorist attacks on US (september the 11-th, 2001).

The outcome was the mini-recession the US economy experienced during 2001-2002 period of time. We strongly do consider that the combination of fiscal and monetary policy measures taken by the Treasury Department and FED cured the effects rather than causes of that mini-recession. Already lacking the productivity of mid90's the US economy didn't have managed to create new well-payed jobs at a reasonable pace. The immediate outcome consisted in the orientation of rather significant parts of the US citizens to investment-related activities and, ultimately, to a risk-orientated behavior. The easiest form of investment seemed to be (and was !) a home built or acquisition. This kind of „investment" behavior was based on the undoubtable fact that the housing and real estate prices had reasoned for over 15 years in a row (since 1986). During the end of 2001 the dynamics in built and acquisition of new homes had experienced a rather impressive pace of growth, so, the housing activity became to cover a significant part of the US GDP. The related activities (construction materials and furnitures, for example) catched the momentum and started to increase their offer. Also, the number of housing-related imported goods came from low-cost labor force countries (such as China) reasoned and putted a new pressure on the already balooning US trade deficit.

We also have to emphasize that home building is an activity recquiering a quite large energy consumption at least because that implies a large amount af automotive-related activities. Thus, the imported oil quantities raised, the price of oil also raised; the US trade deficit - already dominated by the oil imports - had more to suffer.

The economic come-back that begun in late 2002 was based more on housing and housing-related activities and much more less on high-value added activities. Facing this new economic environement the US banking system started to relate its activities on mortgages by financing – often in excess and without serious guaranties – the housing sector. The housing sector doesn't provide high-added values, so, the banks, in order to make operational profit enlarged their mortgage-related activities without serious guaranties (subprime). More else, they started to press the borrowers having good credit score to accept mortgages in a subprime regime. So, on one hand the lending conditions for the „subprime" borrowers were relaxed while, on the other hand, people having good credit score were overcharged.

The outcome was an excesive exposure of the banking system on this kind of assets (houses and real estate) ignoring the danger existing in the continously increasing offer and the already sky-rocketed home prices. The excesses in the subprime mortgage lending activity hit levels hard to figure out. The banks lended money to people with poor income without any guaranties other than the house (often being still in construction and not finished).

Just before the end of 2005 the US economy had presented a worrying picture: a very big number of new or under construction houses, also a big raise in the construction permits number, extremely high home prices, a very lax monetary policy and an already existing federal budget deficit. It's time to mention that, following the trend, a significant number of housing and real estate speculators got into the market and started to buy since 2002. At the end of 2005 those speculators were already selling. The unavoidable had been starting to happen: the home prices started to get lower due to a significant offer on the market and due to the fact that the rest of the economy hadn't been generating quite enough liquidities to sustain the demand. The banks had to face a tough reality: the price of housing and real-estate based assets started to get lower. Their first reaction was to diminish the exposure they had on this kind of assets in the same time with a tightening on their credit activities related to mortgage. The tougher credit conditions on mortgage made the already lowering trend in home prices even more rapid: a crash on the housing and real-estate market was actually on the pipe line. With no prospect of making operational profit from credit activities related to any other activities in the real economy, so, with no prospect of generating liquidities, the banks pushed on their mortgage-related activities. The main reason behind this kind of behavior was the FED lax monetary policy. Still, in order to really tighten the conditions on their mortgage-related activities without raising their own interest rates, the banks started to ask their clients asking for mortgage to constitute a so called „collateral". Basically, a „collateral" is a kind of bank deposit that is supposed to be remunerated at market level of interest rates but this kind of deposit can't be liquidate by the client until all his mortgage-related payments were done. A significant majority of banks' clients asking for mortgage are not finance-initiated, so, they did accept the new tougher credit conditions. But those new tougher credit conditions didn't solve the real problem banks were already encountering: the need for liquidities. So, in order to mobilize new amounts of liquidity, the US banks made an innovation of strange kind, in terms of credit/debt value papers: they started to put in circulation a certain type of corporate bond which, basically, is not accountable: the so-called „Collateralized Debt Obligation (CDO)".

Looking at the fundamentals, a CDO seems to be a corporate bond like any other one. Formally, issuing a CDO does mean to follow the next steps: the client asks the bank for a mortgage. In a flourishing housing market, the client does not encounter any problem to get the mortgage; while the client meets the bank requests in terms of guaranty, he gets the loan. But, if prices on the housing market start to get lower, the creditor (the bank) may ask to the debtor (the client), according to the mortgage contract, to accept a CDO kind of bank deposit. As we mentioned, a CDO is a non-accountable kind of bank deposit and this comes this way: the client does not exactly dispose of the money from deposit because he agreed to get this money *only* when the mortgage payments are done and the bank also does not exactly dispose of the money because she has to take certain provisioning measures on it, according to the market regulator, so the bank may not use the entire money from deposit on whatever open-market operations. In a declining housing market, the bank may find itself in a really difficult position the way that she can't dispose of all liquidities she got. Considering an usual mortgage with CDO required the net asset value found in the bank's possession has the following form:

NA = House and/or yard market value + Denominated value of CDO(CDO principal) + Money came from interest at a specific moment of time.

Until the last payment is done, this asset is, *formally*, the bank's property. Also *formally*, there is nothing coming from banking good practices that may ban the bank to get liquidities by issuing corporate bonds backed on these kind of assets. In terms of time, a bond of this kind is considered it gets its maturity when the last mortgage payment is done. The risk consists, on one hand, in fact that the borrower can get bankrupt but also, on the other hand, the client can get money and pay down his loan *earlier* than the contract specifies. In both cases the bank doesn't capitalize the exact amount money she initially counted on. It comes easy to understand the high level of volatility is hidden behind an asset containing a house and a collateral bank deposit. *This volatility is entirely transmitted to the CDO.*

**4. Dimensions of United States' real estate crises.**

It would been widely expected that the CDO phenomenon, as being related only to the US housing and real-estate market, to remain contained only into the US real economy and financial system. The big surprise was that prestigious European banks (BNP Paribas, Northern Rock, UBS, HSBC) bought, directly or using some of their own high-risk hedge funds, significant amounts of CDOs issued by American banks. We do consider that the European market regulators were entirely taken by surprise by this kind of credit/debt issue, considering that its „junk bond" status is obvious.

It's for sure now that many American banks (Citigroup, and, now, the almost bankrupt Bear Sterns) as well as independent mortgage agencies backed by the federal administration (Fannie Mae, Freddie Mac) had and still has heavily to suffer. Speaking of surprises, a pleasant one was that the American banking system, except Bear Sterns, had less to suffer than initially estimated. The maturity of the Securities and Exchange Commission (SEC) based on the mid80s junk bond commerce phenomenon worked again. Actually, SEC is allowing banks to operate on open market only with really small amounts of „exotic" credit/debt issues. Those who really had to suffer were the independent lenders. Most of them were gone bankrupt. The liquidity crunch is been really rough but the banks' exposure was less than initially expected.

The crash of US housing market generated a liquidity and a credit crunch: home prices have dramatically fallen, many debtors exposed on this market have gone bankrupt and the banks are now facing a dramatic reduce in their liquidities incomes they counted on and designed to finance other activities in the real economy. The banks have seen their profits getting into free fall and in many cases they have been forced to declare losses. The housing-related activities (construction materials, construction furnitures) have suffered dramatically. The entire US economy has been heavily affected and many people are already talking about recession.

The US banking system has to face big challenges in the near future. The liquidities and credit crunches have raised the cost of borrowing concerning all branches of the US economy. What initially was supposed to only a liquidity shortage became a real credit crunch.

The US federal administration did manage to pass through Congress a legislative package designed to help those encountering difficulties in paying their mortgages. A special attention was paid to the banking „subprime" clients. This liquidity inflow will certainly help the banks on short term, which is a good thing. On long term this means a incresaing dependence of the US banking system on the federal administration and, so, on political-drived decisions and a deepening of the US budget deficit. Both aspects are very negative.

The US capital markets were strongly affected due to the ongoing credit crunch. Feeling that the entire US economy is affected, the investors agresively sold American stocks and bonds and, so, the banking asset crisis have been deepening.

The US dollar have been dramatically to suffer. The US real economy results has no element to sustain the dollar and the burden of both trade and budget deficits make things even worse. The succesive interest rate cuts operated by FED add more to the picture of weakness the American economy is showing.

The actual situation made possible that even wealthy people to become reticent in buying or building new homes. More else, many banking subprime mortgage clients decided to drop down the mortgage only some few payments in order to avoid further losses. As consequence, all goods and services related to property detaining(audio-video devices, cars, Internet) have been facing drops in their sales and drops in their earnings.

As a preliminary conclusion we have to point out how bad can be hurt the real economy by a certain market excesses.

**5. Extending potential of American real estate crises**

Due to the fact that the US economy is the dominant economy in the world we can anticipate that the negative effects of the credit on the world economy are far from over. It seems that some prestigious banks took excessive exposures on CDOs. The trade with derivatives having as supporting asset CDOs issued in US also seems it had a rather big and unexpected amplitude. A recent victim of trade with this kind of derivatives is the prestigious french bank Societé Generale. It became now obvious that housing markets will experience contractions worldwide, especially in the developed countries and that the credit crisis reached global dimensions.

The emerging economies, especially those from Central and Eastern Europe seems that, at least initially, had only little to suffer due to this ongoing crisis. An explanation could be the fact that the real economy assets in these countries are significantly undervalued and they continued to attract investors. On the other hand, the banking systems of those countries had nothing to do with CDOs mainly because the capital markets of these countries have been offered very high rates of return.

But dangers do exist even on the emerging markets. The high rates of return of these countries capital markets tempted big international investors to sell equities on these markets without any economic reason just in order to make cash and that drived to big losses on local stock markets. Also we have to take into account that local branches of big western banks, despite their healthy economic status, might be affected by the trade with CDOs their western „parents” have made (case of Societé Generale and its romanian division Romanian Bank for Development - BRD).

**6. Possible solutions**

Still, there are reasons for optimism. The US economy, despite recent problems it have encountered sill remains the largest and the most competitive economy in the world. We have to notice also that the US economy has shown significant increases in GDP even it remains the largest oil importer and even the oil price has reached and surpassed 100 USD/barrel. That means that the rest of the US economy seems to fare relatively well by managing to reduce costs that did compensate the effect of sky-rocketing oil prices. We can conclude that the US economy already created a new productivity reserve; it remains to be seen the way that reserve will be put into value.

More else, most of goods used in housing activities were imported. It is widely expected that number of these imports will diminish and the American exports to raise, helped by a weak dollar. There are already signs that the US trade deficit is becoming to stabilize and to get lower. The US work market seems t remain quite strong and that could mean that there are activities in the real economy being little or no affected by the housing slump. USA has a inovation-based economy in which the academic medium is strongly involved. The most prestigious academic institutions are placed in USA and those institutions are hiring the most intelligent people in the world. We have to add to the picture the flexibility of the American labor force. All these could get to some decrease in the oil price and the productivity reserve US economy has been accumulated could initiate an economic come back to prosperity.

**7. Conclusions**

The subprime mortgage crisis in the US economy has shown that the modern economy is based on knowledge and competitivity and on the flexibility of the work force. In this kind of economy myths like „home sweet home” and „home-investment” have no place. People of our times travels a lot, uses hotels and universitarian campuses or other job-related locations which, sometimes, are paid by employers themselves. Also, the modern family has become less dependent on a house with specific location. We, also, have to add to the picture that recent increases in energy prices determined significant increases in the housing-related costs.

A house represents, ultimately, a product like any other one and its price made in a market like any other one. This market could experience ups as well as downs. Considering this kind of product as having something special is a big mistake and considering a house as being an investment could be an even bigger one.

The modern economy is nothing else but a combination of work and investment (risk). Fiscal and monetary policies are only fine tune instruments acting on markets by market means. These instruments must remain reserved only to professionals.

There are shown, right below, some statistics, starting with 2004 concerning housing starts, construction spending, existing home sales and new home sales. The statistics are clearly showing the recent slump in the US housing market (Source: The US Commerce Department and Dow Jones Newswire).

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# US Housing Starts/Building Permits-STATS-Historical

| | =========Housing Starts============ | | | | | | ==========Building Permits(*)======= | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Dat | Total Units | % Chg | Single Units | % Chg | Actual | % Chg | Total Units | % Chg | Single Units | % Chg | Actual | % Chg |
| -2008- | | | | | | | | | | | | |
| Jan | 1,012 | 0.8 | 743 | -5.2 | 64.5 | -6.7 | 1,048 | -3.0 | 673 | -4.1 | 74.9 | 0.5 |
| -2007- | | | | | | | | | | | | |
| Dec | 1,004 | -14.8 | 784 | -3.9 | 69.1 | -22.2 | 1,080 | -7.1 | 702 | -8.8 | 74.5 | -13.5 |
| Nov | 1,178 | -7.5 | 816 | -7.2 | 88.8 | -22.8 | 1,162 | -0.7 | 770 | -4.8 | 86.1 | -15.8 |
| Oct | 1,274 | 7.8 | 879 | -6.3 | 115.0 | 13.3 | 1,170 | -7.2 | 809 | -7.8 | 102.2 | 4.6 |
| Sep | 1,182 | -12.2 | 938 | -3.7 | 101.5 | -16.3 | 1,261 | -4.6 | 877 | -6.1 | 97.7 | -20.1 |
| Aug | 1,347 | -1.8 | 974 | -7.9 | 121.2 | -5.2 | 1,322 | -4.8 | 934 | -7.3 | 122.3 | 1.8 |
| Jul | 1,371 | -6.6 | 1,058 | -7.8 | 127.9 | -7.2 | 1,389 | -1.7 | 1,008 | -1.1 | 120.1 | -8.9 |
| Jun | 1,468 | 1.9 | 1,147 | -0.7 | 137.8 | 1.0 | 1,413 | -7.0 | 1,019 | -4.1 | 131.9 | -8.7 |
| May | 1,440 | -3.0 | 1,155 | -3.3 | 136.5 | 0.7 | 1,520 | 4.3 | 1,063 | -1.1 | 144.4 | 12.7 |
| Apr | 1,485 | -0.4 | 1,195 | -0.8 | 135.6 | 9.5 | 1,457 | -7.1 | 1,075 | -5.0 | 128.1 | -8.0 |
| Mar | 1,491 | 0.3 | 1,205 | 1.4 | 123.8 | 20.1 | 1,569 | 1.8 | 1,131 | 2.9 | 139.2 | 26.7 |
| Feb | 1,487 | 6.0 | 1,188 | 5.8 | 103.1 | 8.5 | 1,541 | -1.6 | 1,099 | -2.5 | 109.9 | -2.1 |
| Jan | 1,403 | -13.9 | 1,123 | -9.5 | 95.0 | -15.5 | 1,566 | -3.8 | 1,127 | -4.6 | 112.3 | -1.1 |
| -2006- | | | | | | | | | | | | |
| Dec | 1,629 | 4.1 | 1,241 | -2.5 | 112.4 | -2.4 | 1,628 | 6.6 | 1,181 | 2.5 | 113.6 | 2.0 |
| Nov | 1,565 | 6.5 | 1,273 | 7.8 | 115.2 | -11.8 | 1,527 | -2.1 | 1,152 | -1.5 | 111.4 | -16.3 |
| Oct | 1,470 | -14.6 | 1,181 | -15.1 | 130.6 | -13.0 | 1,560 | -5.7 | 1,170 | -3.7 | 133.1 | -2.6 |
| Sep | 1,721 | 4.6 | 1,391 | 2.7 | 150.1 | 2.2 | 1,654 | -4.4 | 1,215 | -5.4 | 136.6 | -15.3 |
| Aug | 1,646 | -5.7 | 1,355 | -5.5 | 146.8 | -8.8 | 1,731 | -2.4 | 1,285 | -2.6 | 161.2 | 8.9 |
| Jul | 1,746 | -4.0 | 1,434 | -2.4 | 160.9 | -5.5 | 1,774 | -5.6 | 1,319 | -6.1 | 148.0 | -19.7 |
| Jun | 1,819 | -6.4 | 1,469 | -7.1 | 170.2 | -10.5 | 1,879 | -2.0 | 1,405 | -3.8 | 184.2 | -0.1 |
| May | 1,944 | 6.8 | 1,582 | 4.8 | 190.2 | 18.5 | 1,918 | -3.5 | 1,460 | -2.1 | 184.4 | 9.4 |
| Apr | 1,821 | -7.7 | 1,510 | -6.5 | 160.5 | -3.3 | 1,987 | -4.7 | 1,492 | -4.1 | 168.6 | -11.9 |
| Mar | 1,972 | -7.5 | 1,615 | -10.9 | 165.9 | 14.3 | 2,085 | -2.9 | 1,555 | -4.2 | 191.3 | 25.9 |
| Feb | 2,132 | -5.9 | 1,812 | -0.1 | 145.1 | -5.2 | 2,147 | -2.2 | 1,624 | -2.4 | 152.0 | 1.9 |
| Jan | 2,265 | 13.1 | 1,814 | 11.1 | 153.0 | 12.5 | 2,195 | 4.2 | 1,664 | 1.3 | 149.1 | -1.5 |
| -2005- | | | | | | | | | | | | |
| Dec | 2,002 | -6.1 | 1,633 | -9.0 | 136.0 | -15.4 | 2,107 | -3.8 | 1,642 | -4.3 | 151.3 | -7.1 |
| Nov | 2,131 | 4.2 | 1,795 | 4.0 | 160.7 | -10.9 | 2,191 | 2.8 | 1,716 | -0.1 | 162.9 | -7.4 |
| Oct | 2,046 | -5.2 | 1,726 | -3.6 | 180.4 | -4.0 | 2,131 | -4.9 | 1,717 | -3.4 | 176.0 | -9.1 |
| Sep | 2,158 | 4.0 | 1,790 | 4.5 | 187.9 | -2.1 | 2,240 | 1.6 | 1,778 | 4.2 | 193.7 | -6.9 |
| Aug | 2,075 | 0.2 | 1,713 | -1.6 | 192.0 | 2.3 | 2,205 | 0.0 | 1,706 | -0.9 | 208.0 | 12.1 |
| Jul | 2,070 | -0.4 | 1,740 | 0.9 | 187.6 | -2.7 | 2,206 | 0.8 | 1,722 | 1.9 | 185.5 | -12.5 |
| Jun | 2,078 | 2.2 | 1,724 | 0.4 | 192.8 | -2.6 | 2,188 | 3.6 | 1,690 | 1.3 | 211.9 | 9.7 |
| May | 2,034 | 11.0 | 1,717 | 10.8 | 197.9 | 26.7 | 2,111 | 4.5 | 1,669 | 7.5 | 193.1 | 4.0 |
| Apr | 2,079 | 13.4 | 1,680 | 8.4 | 184.6 | 18.2 | 2,156 | 6.7 | 1,654 | 6.6 | 192.2 | 3.6 |
| Mar | 1,833 | -17.7 | 1,550 | -14.3 | 156.2 | 4.8 | 2,021 | -3.4 | 1,552 | -4.4 | 185.6 | 27.6 |
| Feb | 2,228 | 1.8 | 1,808 | 2.2 | 149.1 | 4.3 | 2,093 | -2.0 | 1,624 | -0.7 | 145.4 | 5.2 |
| Jan | 2,188 | 6.7 | 1,769 | 3.3 | 142.9 | 1.9 | 2,136 | 2.6 | 1,635 | 0.9 | 138.2 | -11.0 |
| -2004- | | | | | | | | | | | | |
| Dec | 2,050 | 13.4 | 1,713 | 15.4 | 140.2 | 1.5 | 2,081 | -0.6 | 1,620 | 2.0 | 155.2 | -0.8 |
| Nov | 1,807 | -12.4 | 1,484 | -10.9 | 138.1 | -23.8 | 2,093 | 0.0 | 1,588 | -0.9 | 156.4 | -10.4 |
| Oct | 2,062 | 7.8 | 1,666 | 7.1 | 181.3 | 10.5 | 2,093 | 2.6 | 1,603 | 0.6 | 174.5 | -0.2 |
| Sep | 1,912 | -5.6 | 1,555 | -7.9 | 164.0 | -11.8 | 2,039 | -0.9 | 1,593 | -0.8 | 174.9 | -5.6 |
| Aug | 2,025 | 2.0 | 1,689 | 1.7 | 185.9 | 2.1 | 2,058 | -2.6 | 1,606 | -1.2 | 185.2 | -0.4 |
| Jul | 1,986 | 8.7 | 1,661 | 8.8 | 182.0 | 5.6 | 2,114 | 5.0 | 1,625 | 1.2 | 185.9 | -5.7 |
| Jun | 1,827 | -7.4 | 1,526 | -7.5 | 172.3 | -8.2 | 2,014 | -5.4 | 1,606 | -3.3 | 197.1 | 4.6 |
| May | 1,974 | 0.3 | 1,649 | 1.5 | 187.6 | 4.5 | 2,129 | 2.9 | 1,660 | 3.1 | 188.4 | -2.1 |
| Apr | 1,968 | -1.9 | 1,624 | -0.9 | 179.5 | 3.3 | 2,069 | 0.2 | 1,610 | -1.4 | 192.5 | 0.9 |
| Mar | 2,007 | 8.4 | 1,638 | 10.3 | 173.8 | 37.5 | 2,064 | 4.0 | 1,633 | 3.7 | 190.7 | 39.1 |
| Feb | 1,852 | -3.9 | 1,485 | -4.9 | 126.4 | 1.5 | 1,984 | 1.1 | 1,574 | 1.8 | 137.1 | 3.9 |
| Jan | 1,927 | -6.3 | 1,562 | -5.2 | 124.5 | -13.7 | 1,963 | -1.2 | 1,546 | -0.2 | 132.0 | -10.8 |

# US New Home Sales-STATS

| Month/ Year | Total | % chg | NE | MW | South | West | Month supply rate/ | Actual Total | % chg | Median Price | Average Price |
|---|---|---|---|---|---|---|---|---|---|---|---|
| -2008- | | | | | | | | | | | |
| Jan | 588 | -2.8 | 52 | 73 | 321 | 142 | 9.9 | 43 | 0.0 | 216.0 | 276.6 |
| -2007- | | | | | | | | | | | |
| Dec | 605 | -4.0 | 58 | 79 | 329 | 139 | 9.5 | 43 | -6.5 | 225.6 | 274.7 |
| Nov | 630 | -13.1 | 56 | 78 | 344 | 152 | 9.4 | 46 | -19.3 | 248.8 | 314.2 |
| Oct | 725 | 4.6 | 66 | 128 | 380 | 151 | 8.4 | 57 | 7.5 | 234.3 | 310.1 |
| Sep | 693 | -1.1 | 62 | 103 | 354 | 174 | 9.3 | 53 | -11.7 | 240.3 | 292.2 |
| Aug | 701 | -11.9 | 59 | 121 | 366 | 155 | 9.4 | 60 | -11.8 | 236.5 | 301.3 |
| Jul | 796 | -0.1 | 47 | 105 | 429 | 215 | 8.3 | 68 | -6.8 | 246.2 | 307.1 |
| Jun | 797 | -7.4 | 65 | 113 | 442 | 177 | 8.3 | 73 | -7.6 | 235.5 | 306.5 |
| May | 861 | -5.1 | 84 | 141 | 435 | 201 | 7.7 | 79 | -4.8 | 245.0 | 309.7 |
| Apr | 907 | 9.3 | 82 | 121 | 495 | 209 | 7.4 | 83 | 3.8 | 242.5 | 311.7 |
| Mar | 830 | -1.2 | 82 | 126 | 421 | 201 | 8.3 | 80 | 17.6 | 262.6 | 329.4 |
| Feb | 840 | -5.6 | 46 | 127 | 462 | 205 | 8.1 | 68 | 3.0 | 250.8 | 321.5 |
| Jan | 890 | -12.7 | 62 | 166 | 492 | 170 | 7.2 | 66 | -7.0 | 254.4 | 314.6 |
| -2006- | | | | | | | | | | | |
| Dec | 1,019 | 3.2 | 73 | 181 | 518 | 247 | 6.2 | 71 | 0.0 | 244.7 | 301.9 |
| Nov | 987 | 3.7 | 64 | 150 | 536 | 237 | 6.5 | 71 | -4.1 | 240.1 | 291.8 |
| Oct | 952 | -5.2 | 39 | 137 | 527 | 249 | 7.1 | 74 | -7.5 | 250.4 | 306.8 |
| Sep | 1,004 | -0.5 | 62 | 138 | 550 | 254 | 6.8 | 80 | -9.1 | 226.7 | 296.2 |
| Aug | 1,009 | 4.1 | 86 | 152 | 558 | 213 | 6.8 | 88 | 6.0 | 243.9 | 317.3 |
| Jul | 969 | -9.7 | 60 | 137 | 507 | 265 | 7.4 | 83 | -15.3 | 238.1 | 311.3 |
| Jun | 1,073 | -1.3 | 62 | 169 | 566 | 276 | 6.4 | 98 | -3.9 | 243.2 | 305.0 |
| May | 1,087 | -0.9 | 68 | 179 | 575 | 265 | 6.2 | 102 | 2.0 | 238.2 | 293.9 |
| Apr | 1,097 | -2.6 | 58 | 167 | 581 | 291 | 6.2 | 100 | -7.4 | 257.0 | 310.3 |
| Mar | 1,126 | 3.9 | 60 | 166 | 593 | 307 | 6.1 | 108 | 22.7 | 238.8 | 298.8 |
| Feb | 1,084 | -8.5 | 65 | 186 | 586 | 247 | 6.3 | 88 | -1.1 | 250.8 | 307.9 |
| Jan | 1,185 | -4.4 | 64 | 176 | 607 | 338 | 5.3 | 89 | 2.3 | 244.9 | 301.0 |
| -2005- | | | | | | | | | | | |
| Dec | 1,239 | 2.1 | 69 | 201 | 644 | 325 | 4.9 | 87 | 1.2 | 238.6 | 290.2 |
| Nov | 1,214 | -9.1 | 85 | 171 | 636 | 322 | 5.0 | 86 | -18.1 | 237.9 | 294.4 |
| Oct | 1,336 | 7.4 | 78 | 186 | 668 | 404 | 4.5 | 105 | 6.1 | 243.9 | 293.6 |
| Sep | 1,244 | -0.9 | 62 | 215 | 643 | 324 | 4.7 | 99 | -10.0 | 240.4 | 299.6 |
| Aug | 1,255 | -9.6 | 80 | 195 | 628 | 352 | 4.5 | 110 | -6.0 | 240.1 | 295.0 |
| Jul | 1,389 | 9.0 | 100 | 208 | 645 | 436 | 4.2 | 117 | 1.7 | 229.2 | 289.3 |
| Jun | 1,274 | -0.9 | 83 | 231 | 620 | 340 | 4.3 | 115 | -4.2 | 226.1 | 279.6 |
| May | 1,286 | 2.1 | 91 | 237 | 593 | 365 | 4.2 | 120 | 3.4 | 228.3 | 287.4 |
| Apr | 1,260 | -5.1 | 99 | 210 | 597 | 354 | 4.3 | 116 | -8.7 | 236.3 | 289.1 |
| Mar | 1,328 | 0.7 | 78 | 215 | 669 | 366 | 4.1 | 127 | 16.5 | 229.3 | 289.6 |
| Feb | 1,319 | 9.6 | 85 | 183 | 697 | 354 | 4.3 | 109 | 18.5 | 237.3 | 289.1 |
| Jan | 1,203 | -3.1 | 67 | 186 | 618 | 332 | 4.4 | 92 | 10.8 | 233.1 | 283.0 |
| -2004- | | | | | | | | | | | |
| Dec | 1,242 | 5.3 | 66 | 240 | 616 | 320 | 4.1 | 83 | -1.2 | 229.6 | 284.3 |
| Nov | 1,179 | -9.7 | 82 | 159 | 597 | 341 | 4.3 | 84 | -16.8 | 224.5 | 283.2 |
| Oct | 1,305 | 7.5 | 104 | 249 | 537 | 415 | 3.9 | 101 | 7.4 | 229.2 | 289.6 |
| Sep | 1,214 | 3.3 | 81 | 222 | 553 | 358 | 4.1 | 94 | -7.8 | 211.6 | 269.2 |
| Aug | 1,175 | 8.0 | 65 | 220 | 551 | 339 | 4.3 | 102 | 6.3 | 218.1 | 272.2 |
| Jul | 1,088 | -7.8 | 54 | 219 | 490 | 325 | 4.5 | 96 | -8.6 | 212.4 | 279.2 |
| Jun | 1,180 | -4.9 | 74 | 192 | 575 | 339 | 3.9 | 105 | -8.7 | 215.7 | 263.2 |
| May | 1,241 | 4.6 | 102 | 206 | 576 | 357 | 3.8 | 115 | 5.5 | 211.7 | 260.4 |
| Apr | 1,186 | -7.1 | 85 | 212 | 540 | 349 | 4.0 | 109 | -11.4 | 222.3 | 269.3 |
| Mar | 1,276 | 10.1 | 86 | 196 | 620 | 374 | 3.6 | 123 | 20.6 | 209.6 | 261.0 |
| Feb | 1,159 | -0.5 | 84 | 192 | 532 | 351 | 3.7 | 102 | 14.6 | 219.6 | 264.1 |
| Jan | 1,165 | 3.2 | 103 | 225 | 545 | 292 | 3.8 | 89 | 18.7 | 209.5 | 262.1 |

# US Existing Home Sales-STATS

| Month | Total Sales | % chg | Month Sply | Median Price | Avg Price | Single Family Sales | % chg | Month Sply | Median Price | Avg Price |
|---|---|---|---|---|---|---|---|---|---|---|
| -2008- | | | | | | | | | | |
| Jan | 4.890 | -0.4 | 10.3 | 201.1 | 247.7 | 4.340 | 0.5 | 10.1 | 198.7 | 246.2 |
| -2007- | | | | | | | | | | |
| Dec | 4.910 | -2.2 | 9.7 | 207.0 | 254.0 | 4.320 | -2.0 | 9.4 | 205.0 | 253.0 |
| Nov | 5.020 | -0.8 | 10.1 | 208.8 | 255.7 | 4.410 | -0.5 | 9.8 | 207.3 | 255.5 |
| Oct | 5.060 | -1.0 | 10.5 | 206.7 | 255.1 | 4.430 | -0.4 | 10.2 | 204.8 | 253.6 |
| Sep | 5.110 | -7.1 | 10.3 | 210.5 | 257.3 | 4.450 | -7.5 | 10.0 | 208.6 | 256.3 |
| Aug | 5.500 | -4.5 | 9.6 | 224.4 | 269.3 | 4.810 | -4.0 | 9.3 | 223.7 | 269.3 |
| Jul | 5.760 | 0.2 | 9.5 | 228.6 | 276.0 | 5.010 | 0.0 | 9.2 | 228.5 | 277.3 |
| Jun | 5.750 | -3.0 | 9.1 | 229.0 | 276.2 | 5.010 | -2.9 | 9.0 | 229.2 | 277.9 |
| May | 5.930 | 0.0 | 8.9 | 222.7 | 270.6 | 5.160 | -0.2 | 8.7 | 221.9 | 271.2 |
| Apr | 5.930 | -2.9 | 8.5 | 219.9 | 268.2 | 5.170 | -3.0 | 8.3 | 219.3 | 269.1 |
| Mar | 6.110 | -7.4 | 7.5 | 217.4 | 265.1 | 5.330 | -8.1 | 7.2 | 216.2 | 264.9 |
| Feb | 6.600 | 3.4 | 6.9 | 213.5 | 260.0 | 5.800 | 3.8 | 6.6 | 212.4 | 260.3 |
| Jan | 6.380 | 1.8 | 6.7 | 210.9 | 257.3 | 5.590 | 1.6 | 6.5 | 209.3 | 257.2 |
| -2006- | | | | | | | | | | |
| Dec | 6.270 | 0.3 | 6.6 | 221.6 | 268.0 | 5.500 | 22.5 | 6.4 | 220.8 | 268.5 |
| Nov | 6.250 | -0.3 | 7.3 | 217.3 | 265.1 | 4.490 | -18.7 | 7.1 | 216.7 | 266.0 |
| Oct | 6.270 | 0.6 | 7.4 | 218.9 | 264.6 | 5.520 | 1.1 | 7.2 | 219.6 | 266.4 |
| Sep | 6.230 | -1.3 | 7.3 | 220.9 | 266.4 | 5.460 | -1.3 | 7.1 | 221.1 | 267.7 |
| Aug | 6.310 | -0.2 | 7.3 | 224.0 | 270.0 | 5.530 | 0.4 | 7.1 | 224.0 | 271.4 |
| Jul | 6.320 | -2.6 | 7.3 | 230.2 | 275.4 | 5.510 | -3.3 | 7.2 | 230.9 | 277.5 |
| Jun | 6.490 | -2.8 | 6.9 | 229.3 | 275.8 | 5.700 | -2.2 | 6.8 | 230.1 | 277.7 |
| May | 6.680 | -0.4 | 6.4 | 228.5 | 273.7 | 5.830 | -0.9 | 6.3 | 228.5 | 275.1 |
| Apr | 6.710 | -2.8 | 6.1 | 222.6 | 269.1 | 5.880 | -2.6 | 6.0 | 222.6 | 270.5 |
| Mar | 6.900 | -0.6 | 5.6 | 217.6 | 264.5 | 6.040 | -0.8 | 5.4 | 217.2 | 265.8 |
| Feb | 6.940 | 2.8 | 5.2 | 217.8 | 263.6 | 6.090 | 2.5 | 5.0 | 216.8 | 263.6 |
| Jan | 6.750 | 0.0 | 5.1 | 217.4 | 265.9 | 5.940 | 1.4 | 5.0 | 219.7 | 268.7 |
| -2005- | | | | | | | | | | |
| Dec | 6.750 | -4.0 | 5.1 | 222.0 | 268.0 | 5.860 | -4.7 | 4.9 | 221.6 | 269.2 |
| Nov | 7.030 | -0.3 | 5.0 | 225.0 | 271.0 | 6.150 | -0.5 | 4.9 | 225.2 | 272.5 |
| Oct | 7.050 | -2.1 | 4.9 | 229.0 | 273.0 | 6.180 | -1.7 | 4.8 | 229.2 | 274.6 |
| Sep | 7.200 | -0.1 | 4.6 | 225.0 | 271.0 | 6.290 | 0.2 | 4.6 | 225.4 | 272.7 |
| Aug | 7.210 | 1.1 | 4.7 | 229.0 | 275.0 | 6.280 | 1.0 | 4.7 | 229.6 | 276.2 |
| Jul | 7.130 | -1.9 | 4.6 | 228.0 | 274.0 | 6.220 | -1.7 | 4.5 | 227.7 | 275.5 |
| Jun | 7.270 | 1.8 | 4.4 | 229.0 | 275.0 | 6.330 | 1.6 | 4.5 | 229.0 | 276.1 |
| May | 7.140 | -0.4 | 4.3 | 217.0 | 265.0 | 6.230 | -0.6 | 4.3 | 215.8 | 265.2 |
| Apr | 7.170 | 2.9 | 4.1 | 214.0 | 261.0 | 6.270 | 2.8 | 4.2 | 213.5 | 260.9 |
| Mar | 6.970 | 0.6 | 4.0 | 203.0 | 254.0 | 6.100 | 0.5 | 4.0 | 201.5 | 254.6 |
| Feb | 6.930 | 0.1 | 4.1 | 189.0 | 241.0 | 6.070 | 0.2 | 4.0 | 186.8 | 239.9 |
| Jan | 6.920 | 1.6 | 3.8 | 189.0 | 241.0 | 6.060 | 1.5 | 3.7 | 186.1 | 239.5 |
| -2004- | | | | | | | | | | |
| Dec | 6.810 | -2.4 | 3.9 | 191.0 | 244.0 | 5.970 | -2.8 | 3.9 | 188.9 | 242.8 |
| Nov | 6.980 | 2.0 | 4.4 | 190.0 | 242.0 | 6.140 | 1.8 | 4.3 | 188.1 | 240.8 |
| Oct | 6.840 | 0.7 | 4.3 | 187.0 | 239.0 | 6.030 | 1.0 | 4.3 | 185.4 | 238.2 |
| Sep | 6.790 | 0.4 | 4.2 | 187.0 | 237.0 | 5.970 | 0.5 | 4.2 | 185.7 | 236.4 |
| Aug | 6.760 | -1.2 | 4.5 | 190.0 | 241.0 | 5.940 | -1.0 | 4.5 | 188.8 | 239.9 |
| Jul | 6.840 | -2.6 | 4.3 | 191.0 | 243.0 | 6.000 | -2.8 | 4.4 | 190.2 | 243.1 |
| Jun | 7.020 | 1.9 | 4.1 | 191.0 | 245.0 | 6.170 | 1.8 | 4.2 | 191.0 | 245.5 |
| May | 6.890 | 1.5 | 4.2 | 184.0 | 236.0 | 6.060 | 1.3 | 4.3 | 182.4 | 234.5 |
| Apr | 6.790 | 3.3 | 4.3 | 179.0 | 230.0 | 5.980 | 3.5 | 4.3 | 177.1 | 229.0 |
| Mar | 6.570 | 2.7 | 4.4 | 175.0 | 223.0 | 5.780 | 2.7 | 4.4 | 174.0 | 223.0 |
| Feb | 6.400 | NA | 4.5 | 169.0 | 216.0 | 5.630 | NA | 4.5 | 168.1 | 215.9 |