

The Federal Reserve Bank of St. Louis Presents:



“EIGHTH-DISTRICT HOUSING UPDATE: THE LONG VIEW”

Recorded on Wednesday, June 18, 2014

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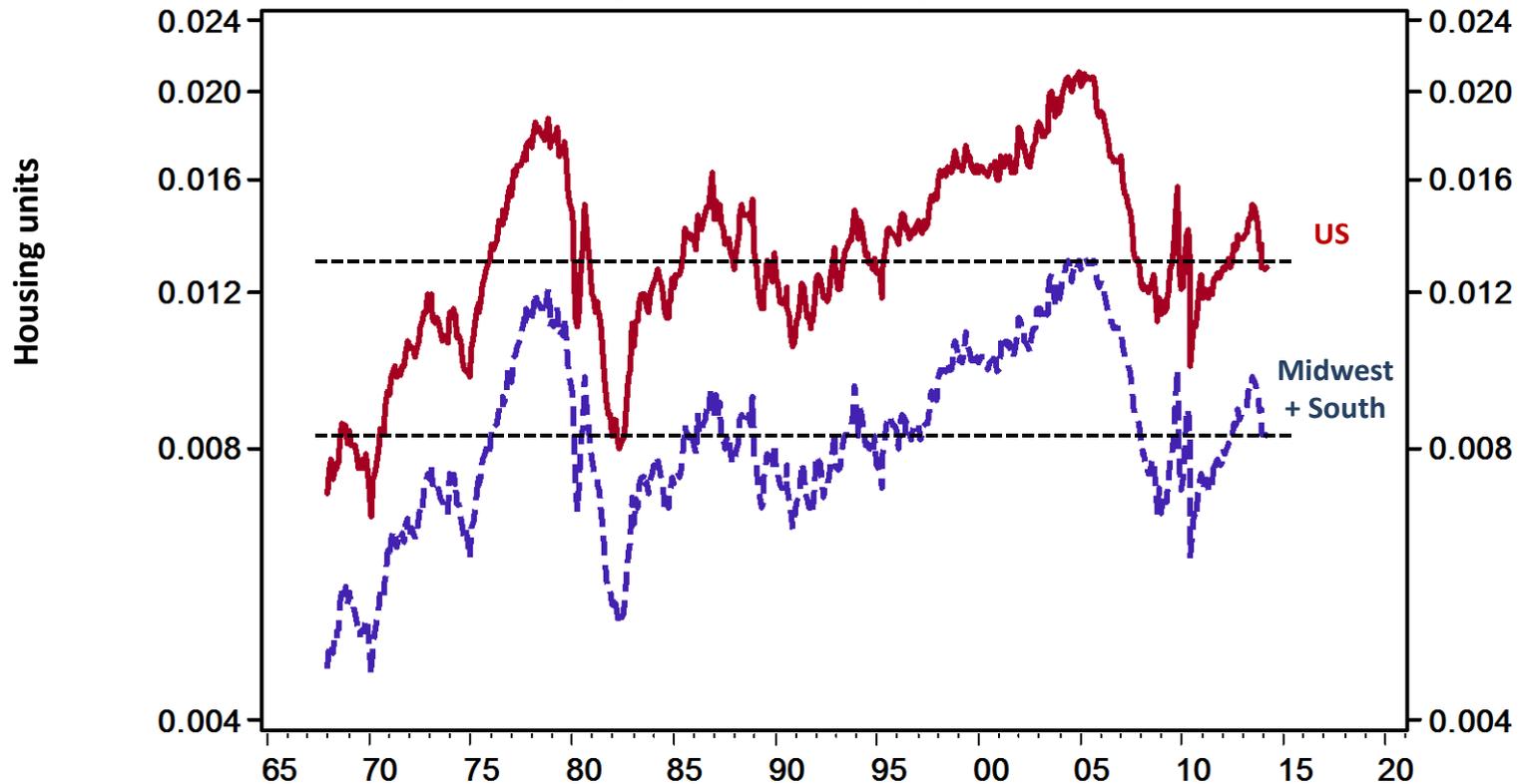
Eighth-District Housing Update: The Long View

- Midwest and Midsouth housing markets are returning to normal.
- Long-term population slow-down in our region will continue.
- Expect subdued activity in most Midwest/Midsouth housing markets in coming years.

Current home-selling rate about right

Total US Single-Family Home Sales per Capita
Housing units at seasonally adjusted annual rate

Single-Family Home Sales per Capita in Midwest and South Regions
Housing units at seasonally adjusted annual rate



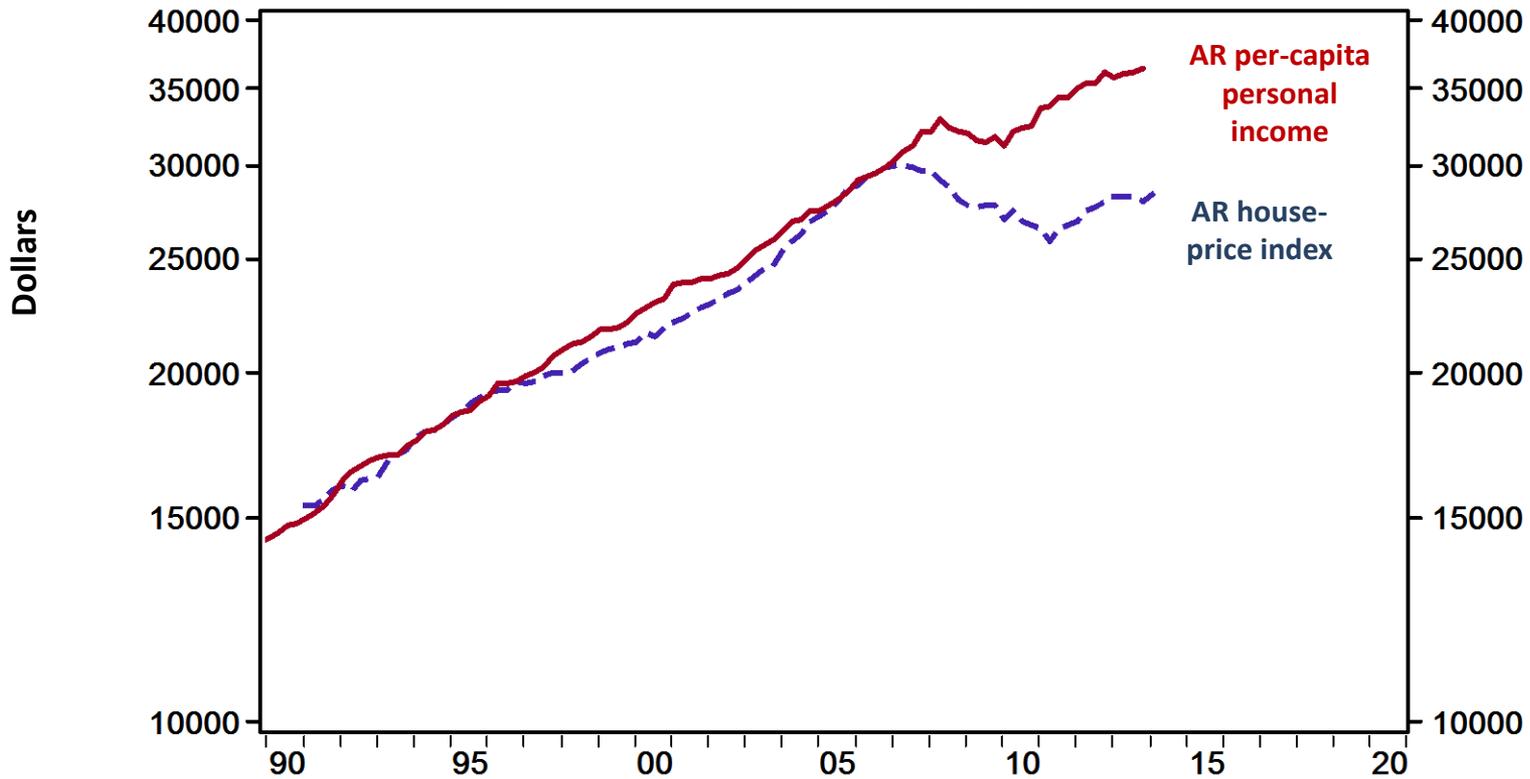
Source: Bureau of Economic Analysis

Quarterly data through 2014.1

Home prices are attractive in AR

Arkansas Per-Capita Personal Income
Dollars

FHFA Expanded-Data House-Price Index for Arkansas
Average level in 1995 set equal to per-capita personal income



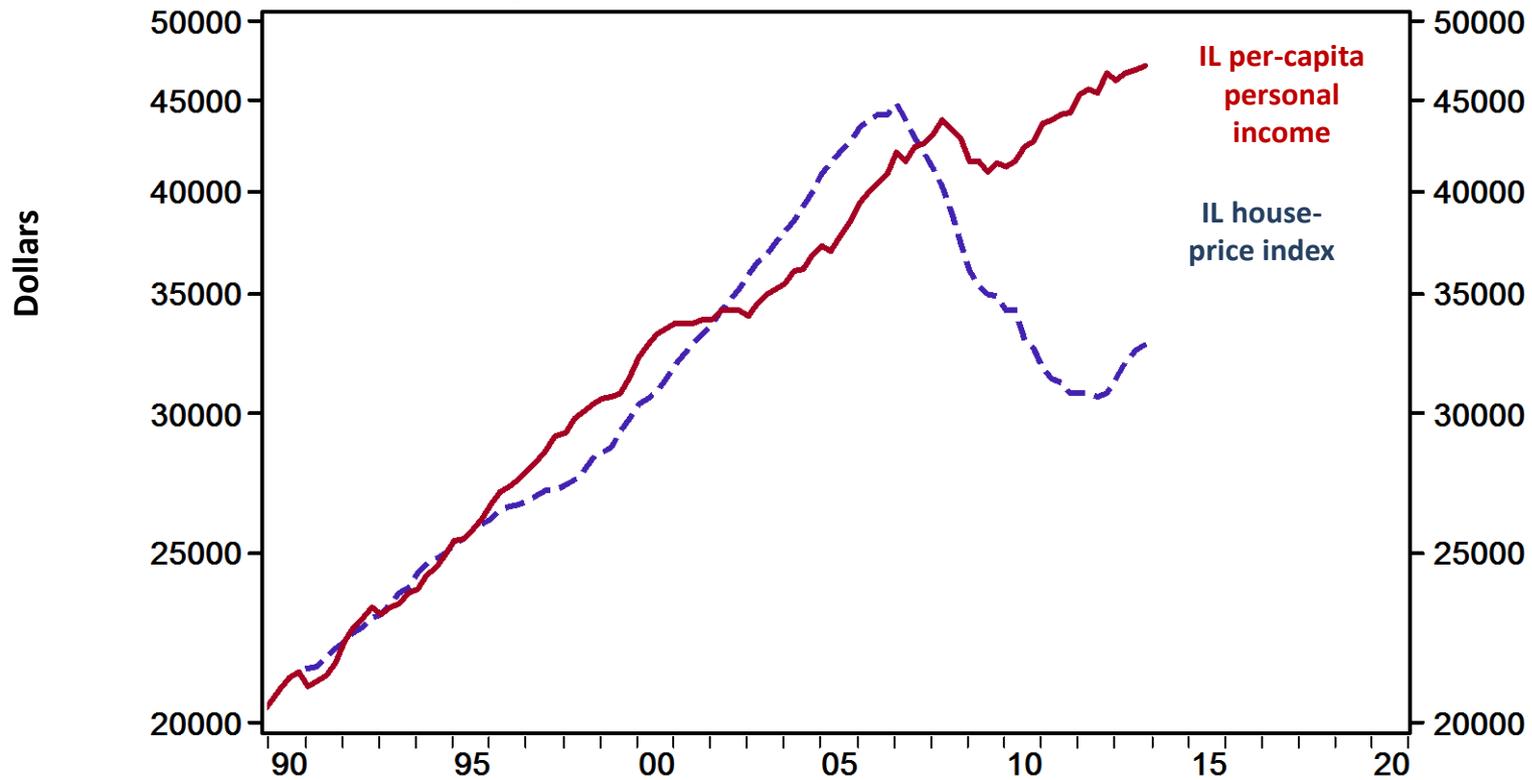
Sources: Bureau of Economic Analysis and Federal Housing Finance Agency

Quarterly data through Q1.2014

Home prices are attractive in IL

Illinois Per-Capita Personal Income
Dollars

FHFA Expanded-Data House-Price Index for Illinois
Average level in 1995 set equal to per-capita personal income



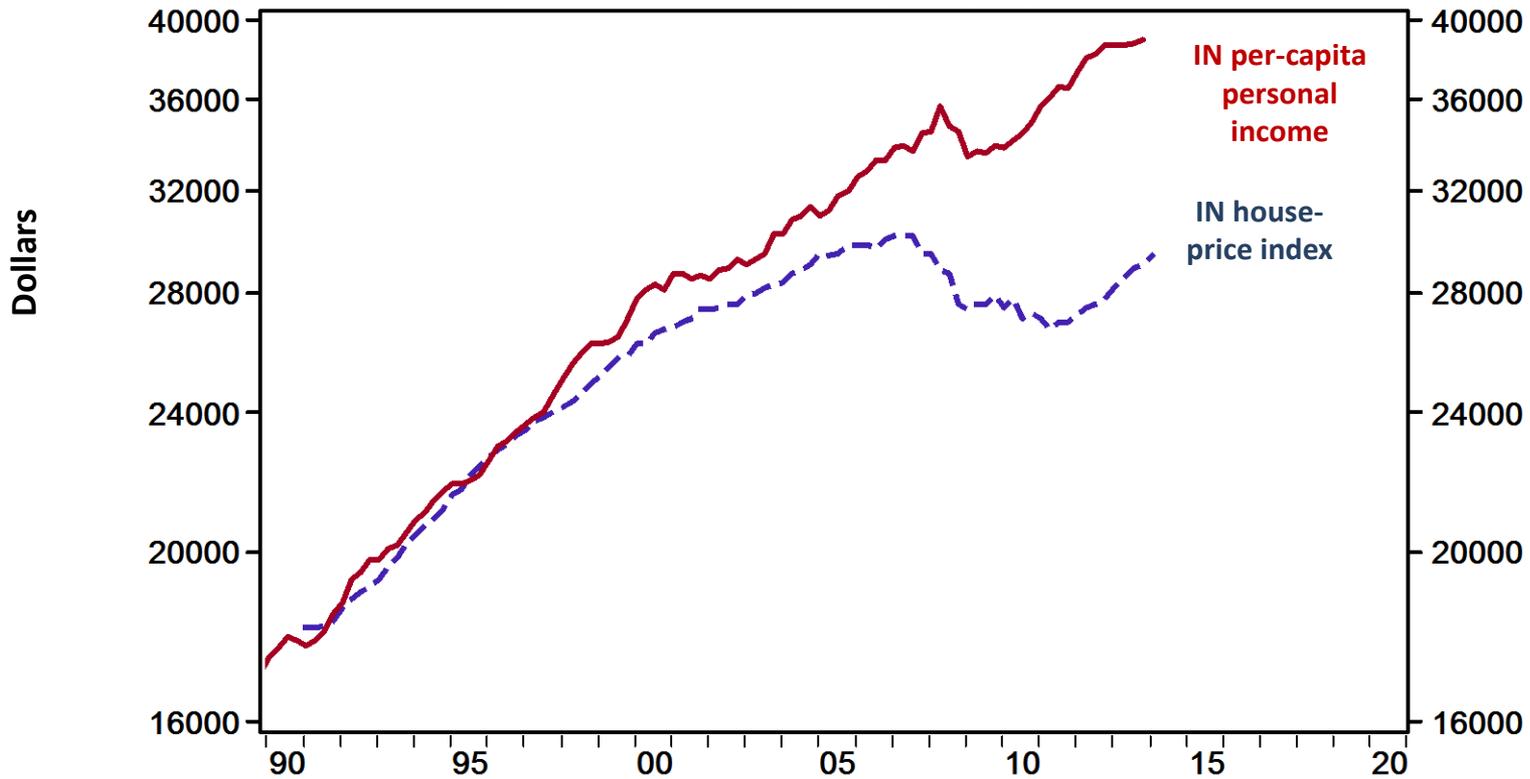
Sources: Bureau of Economic Analysis and Federal Housing Finance Agency

Quarterly data through Q1.2014

Home prices are attractive in IN

Indiana Per-Capita Personal Income
Dollars

FHFA Expanded-Data House-Price Index for Indiana
Average level in 1995 set equal to per-capita personal income



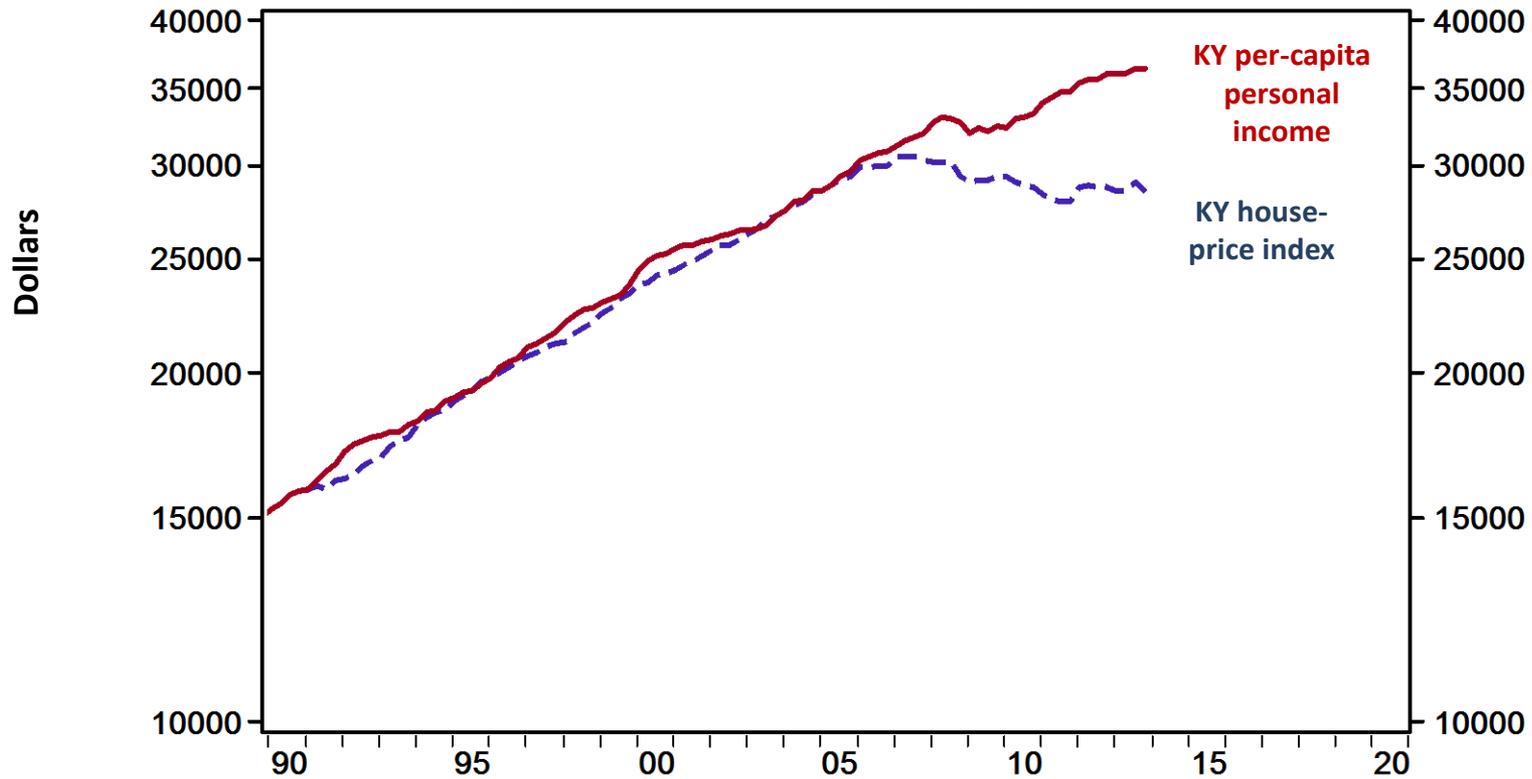
Sources: Bureau of Economic Analysis and Federal Housing Finance Agency

Quarterly data through Q1.2014

Home prices are attractive in KY

Kentucky Per-Capita Personal Income
Dollars

FHFA Expanded-Date House-Price Index for Kentucky
Average level in 1995 set equal to per-capita personal income



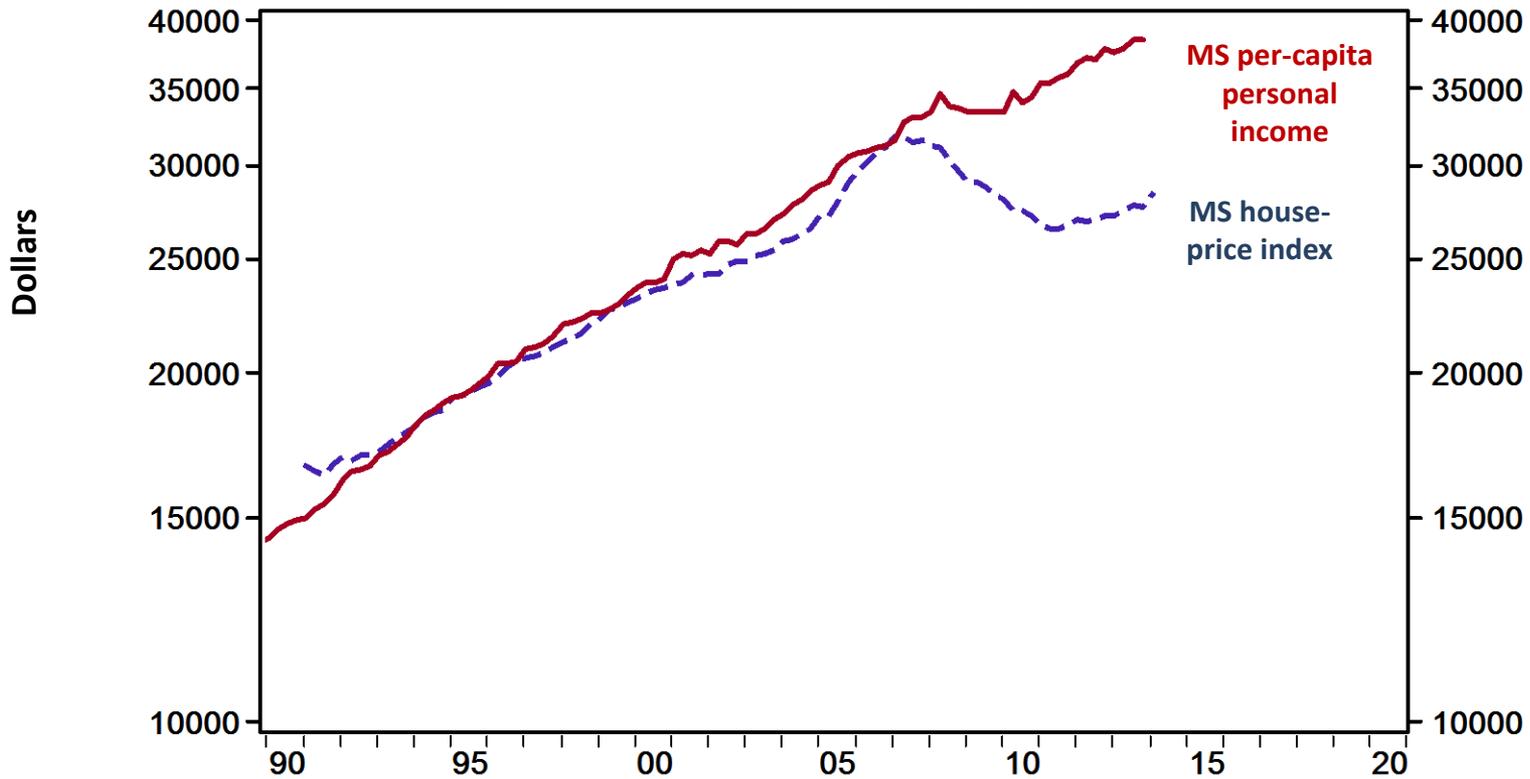
Sources: Bureau of Economic Analysis and Federal Housing Finance Agency

Quarterly data through Q1.2014

Home prices are attractive in MS

Mississippi Per-Capita Personal Income
Dollars

FHFA Expanded-Data House-Price Index for Mississippi
Average level in 1995 set equal to per-capita personal income



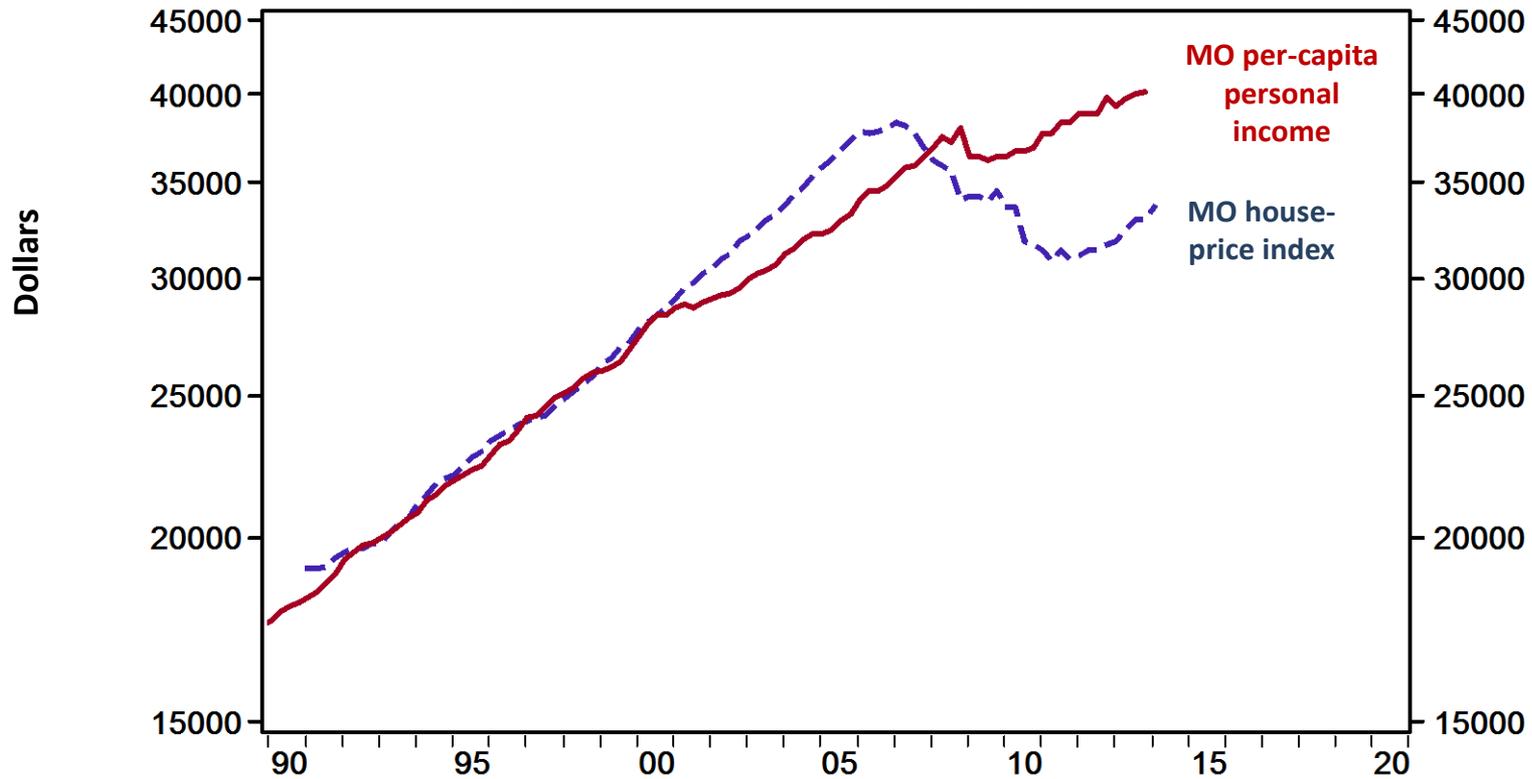
Sources: Bureau of Economic Analysis and Federal Housing Finance Agency

Quarterly data through Q1.2014

Home prices are attractive in MO

Missouri Per-Capita Personal Income
Dollars

FHFA Expanded-Data House-Price Index for Missouri
Average level in 1995 set equal to per-capita personal income



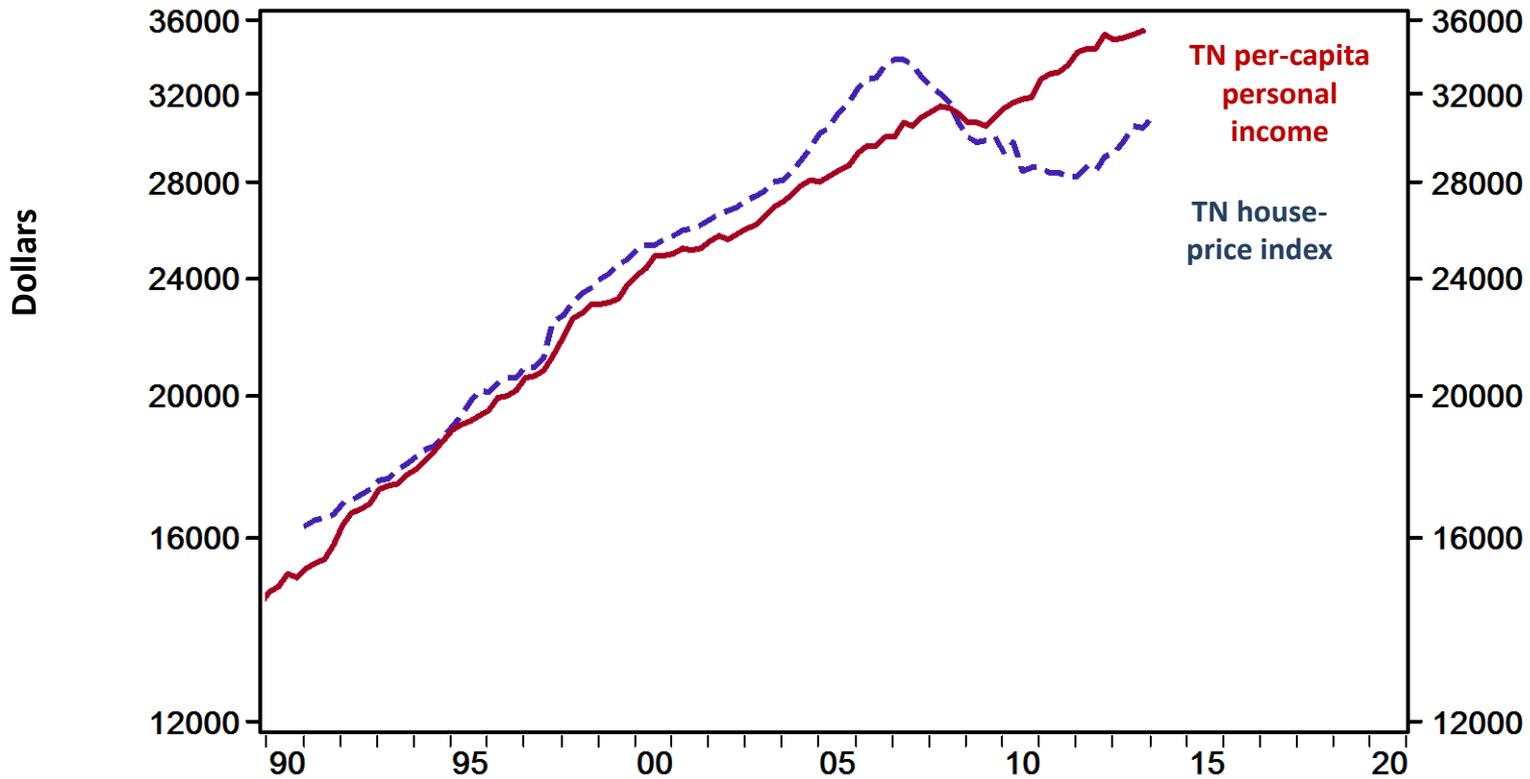
Sources: Bureau of Economic Analysis and Federal Housing Finance Agency

Quarterly data through Q1.2014

Home prices are attractive in TN

Tennessee Per-Capita Personal Income
Dollars

FHFA Expanded-Data House-Price Index for Tennessee
Average level in 1995 set equal to per-capita personal income



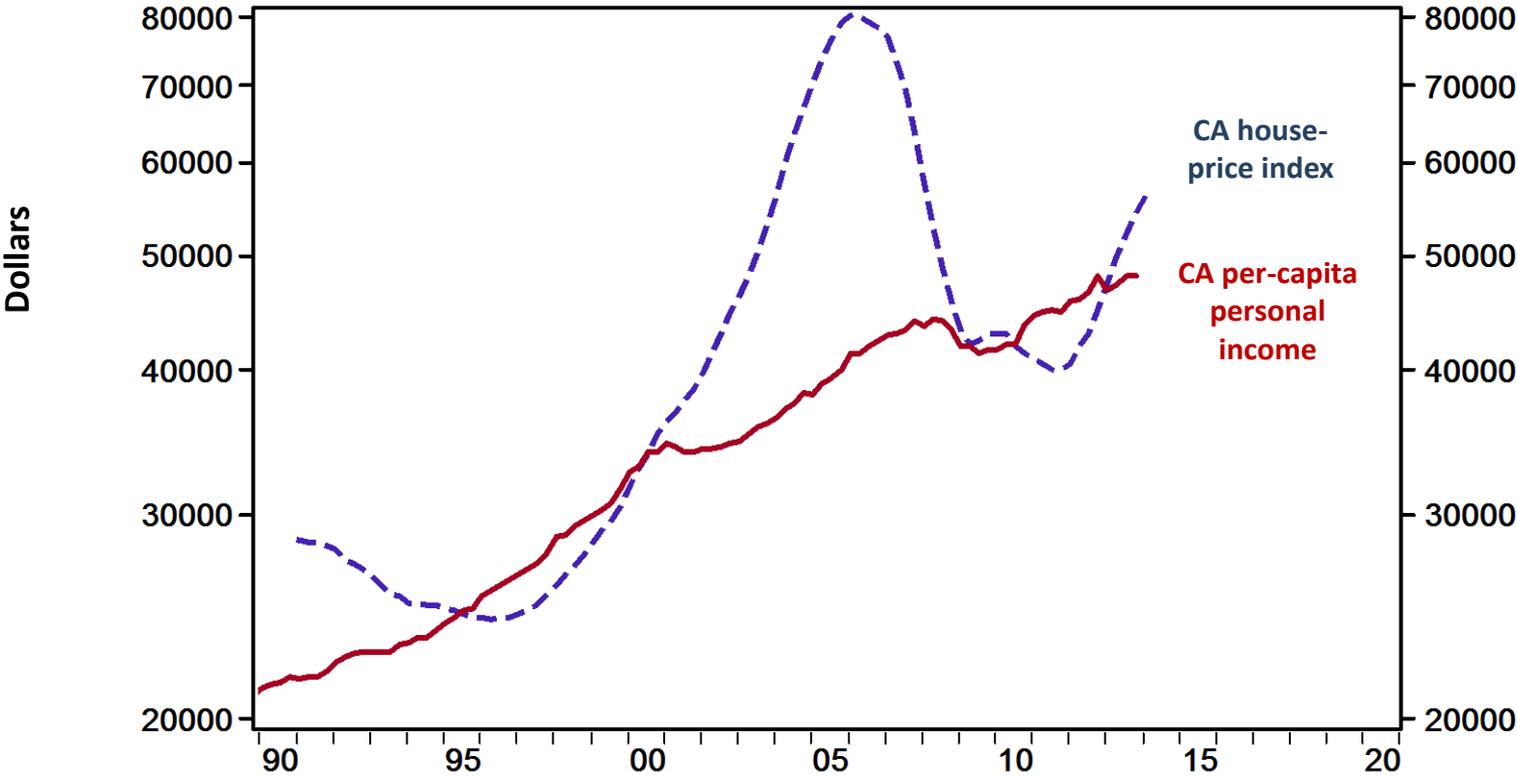
Sources: Bureau of Economic Analysis and Federal Housing Finance Agency

Quarterly data through Q1.2014

Another bubble forming in CA?

California Per-Capita Personal Income
Dollars

FHFA Expanded-Data House-Price Index for California
Average price in 1995 set equal to per-capita personal income



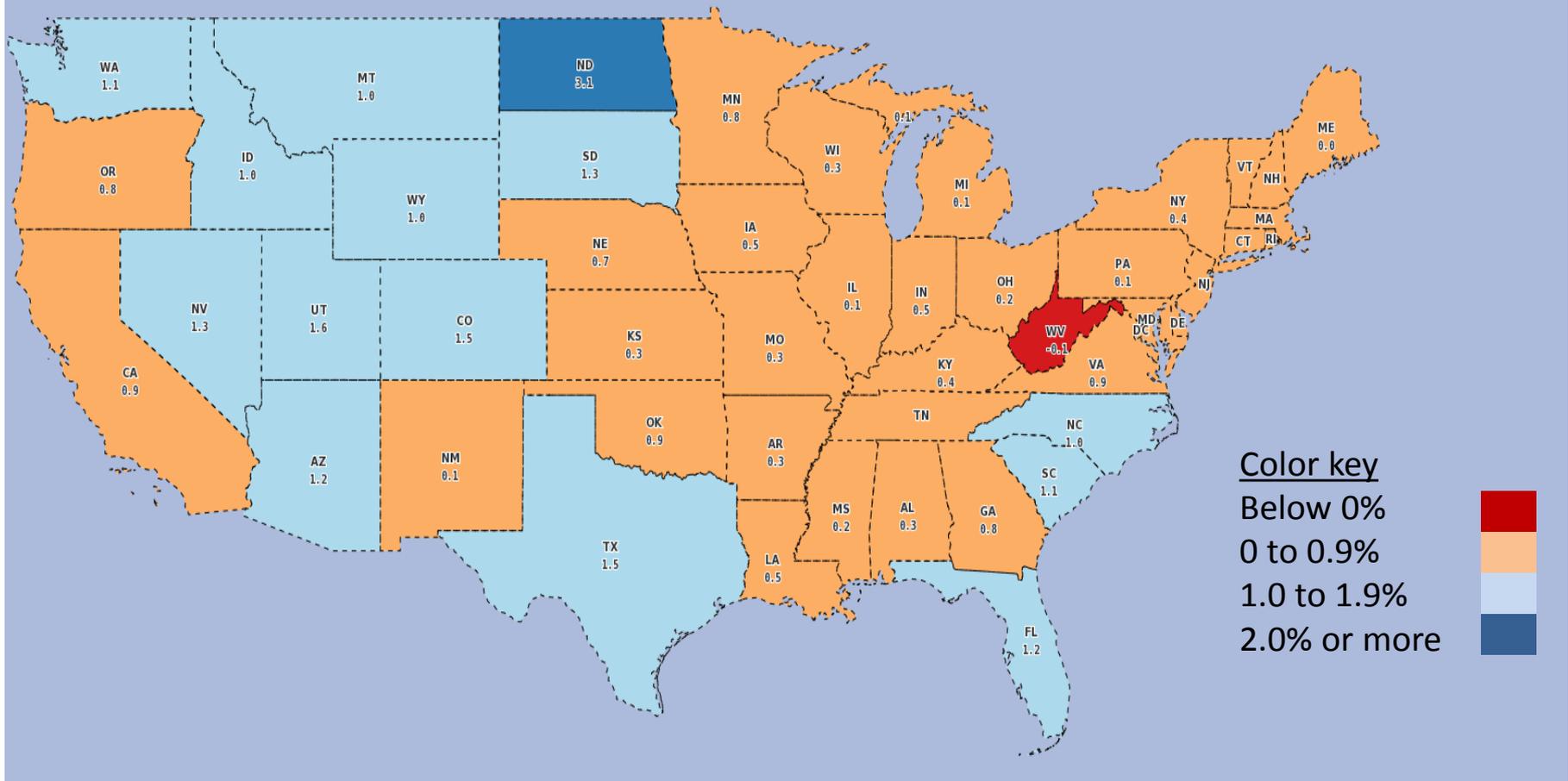
Sources: Bureau of Economic Analysis and Federal Housing Finance Agency

Quarterly data through Q1.2014

Slow 8th-District population growth in 2013

2013 Resident Population by State (Percent Change from Year Ago)

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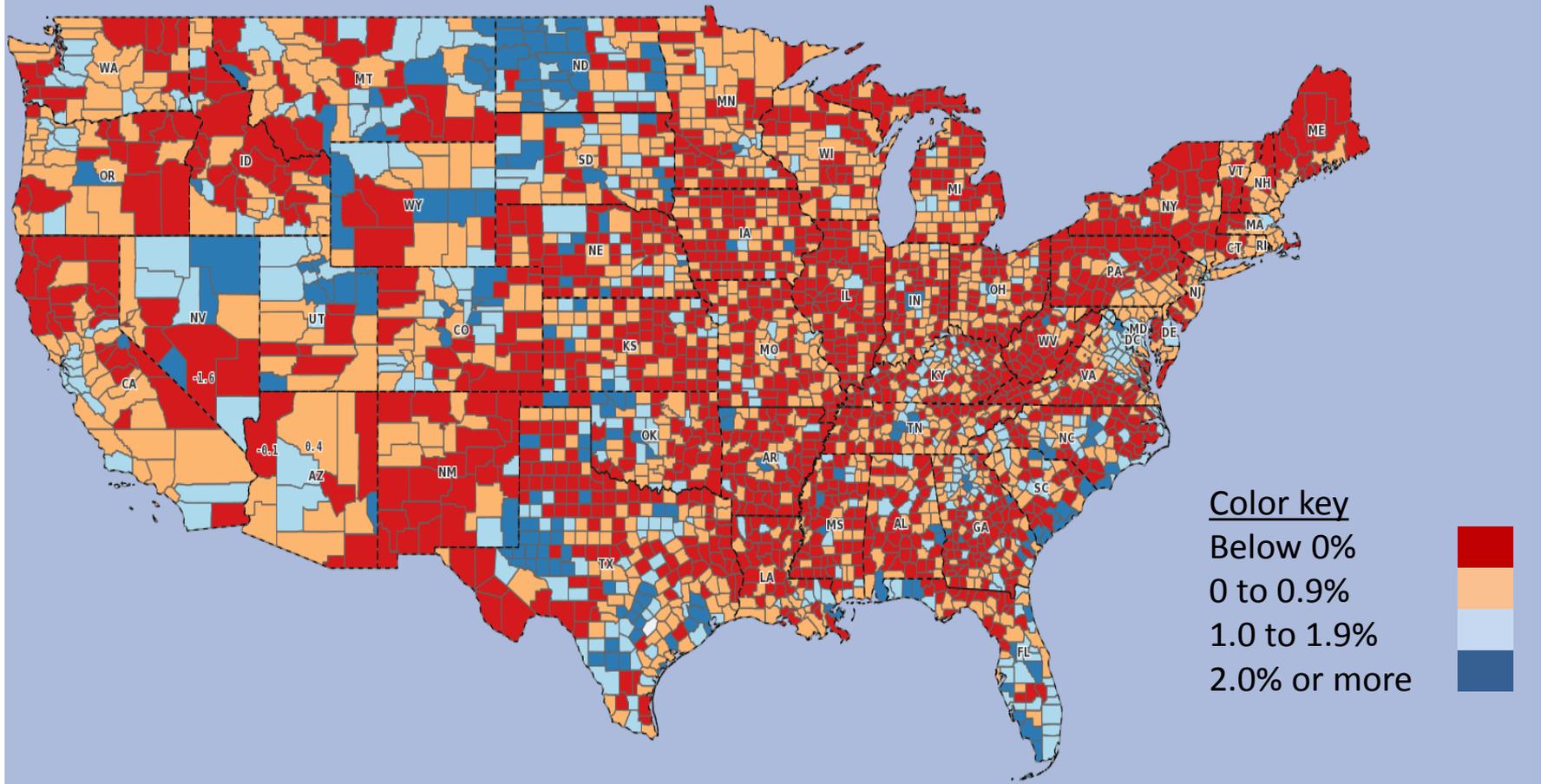
Source: Bureau of the Census

Annual data

Many counties are losing population

2013 Resident Population by County (Percent Change from Year Ago)

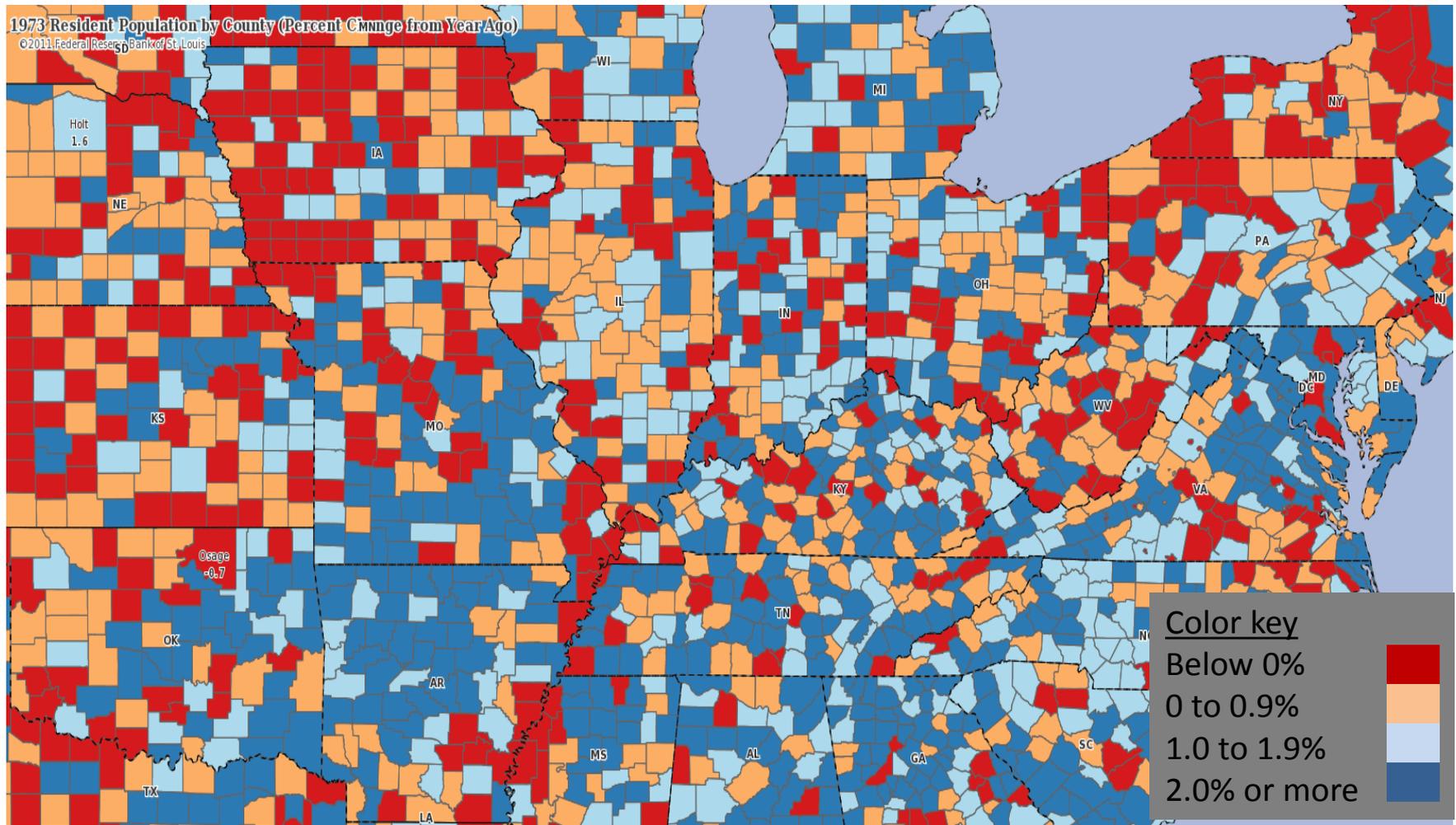
© 2011 Federal Reserve Bank of St. Louis



Source: Bureau of the Census

Annual data

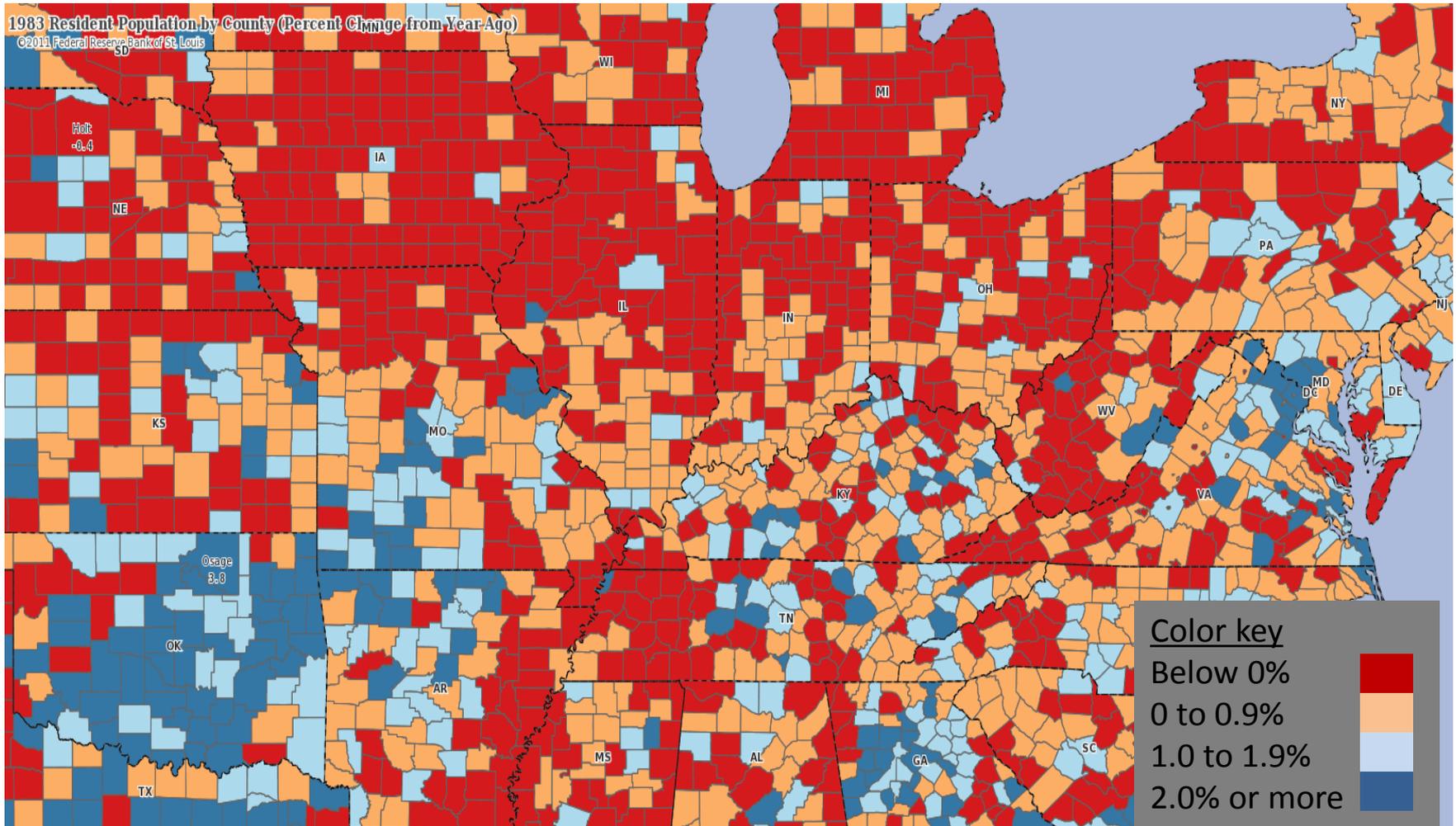
Rapid population growth in 1973



Source: Bureau of the Census

Annual data

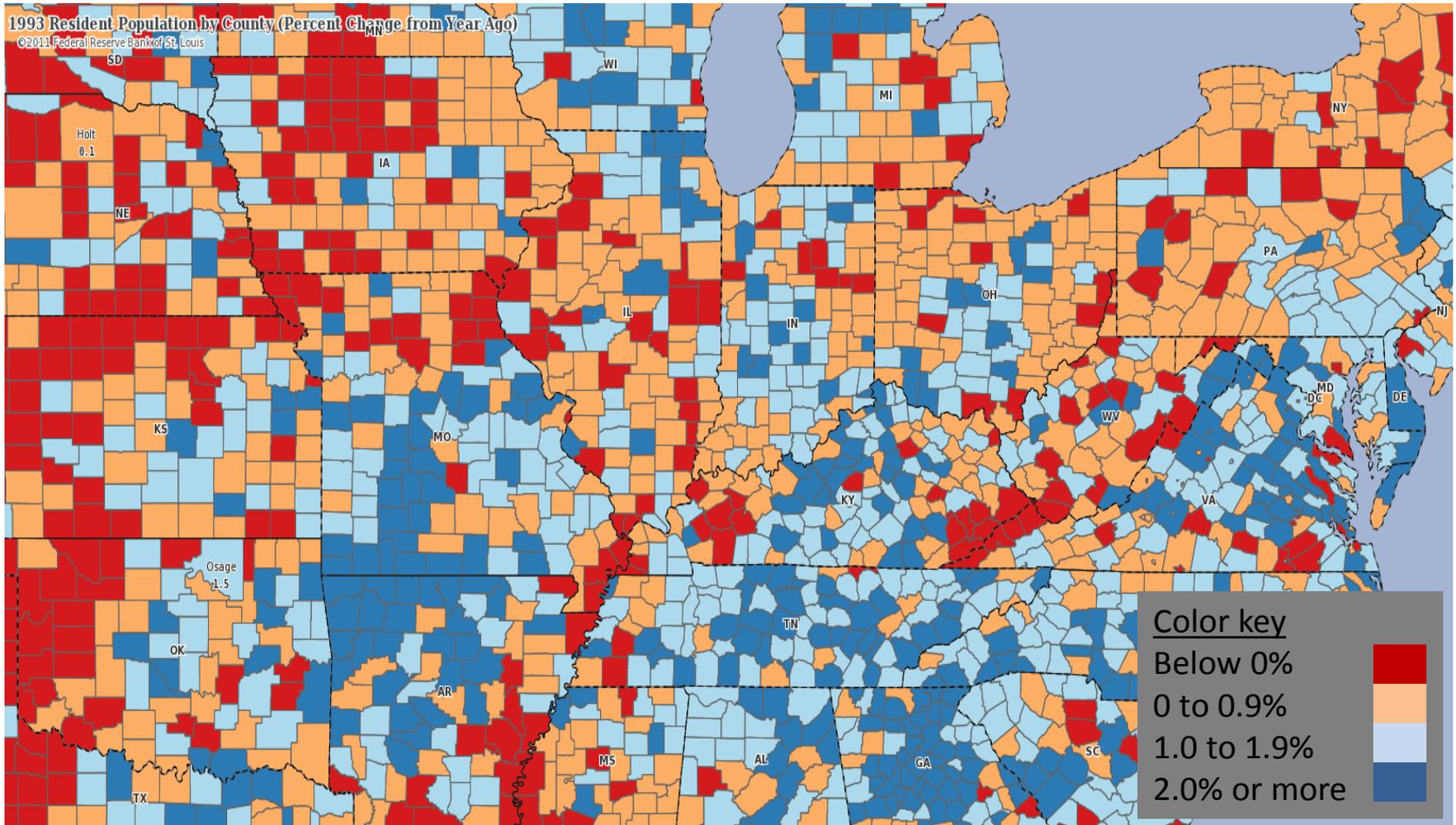
Recession spurred outflows in 1983



Source: Bureau of the Census

Annual data

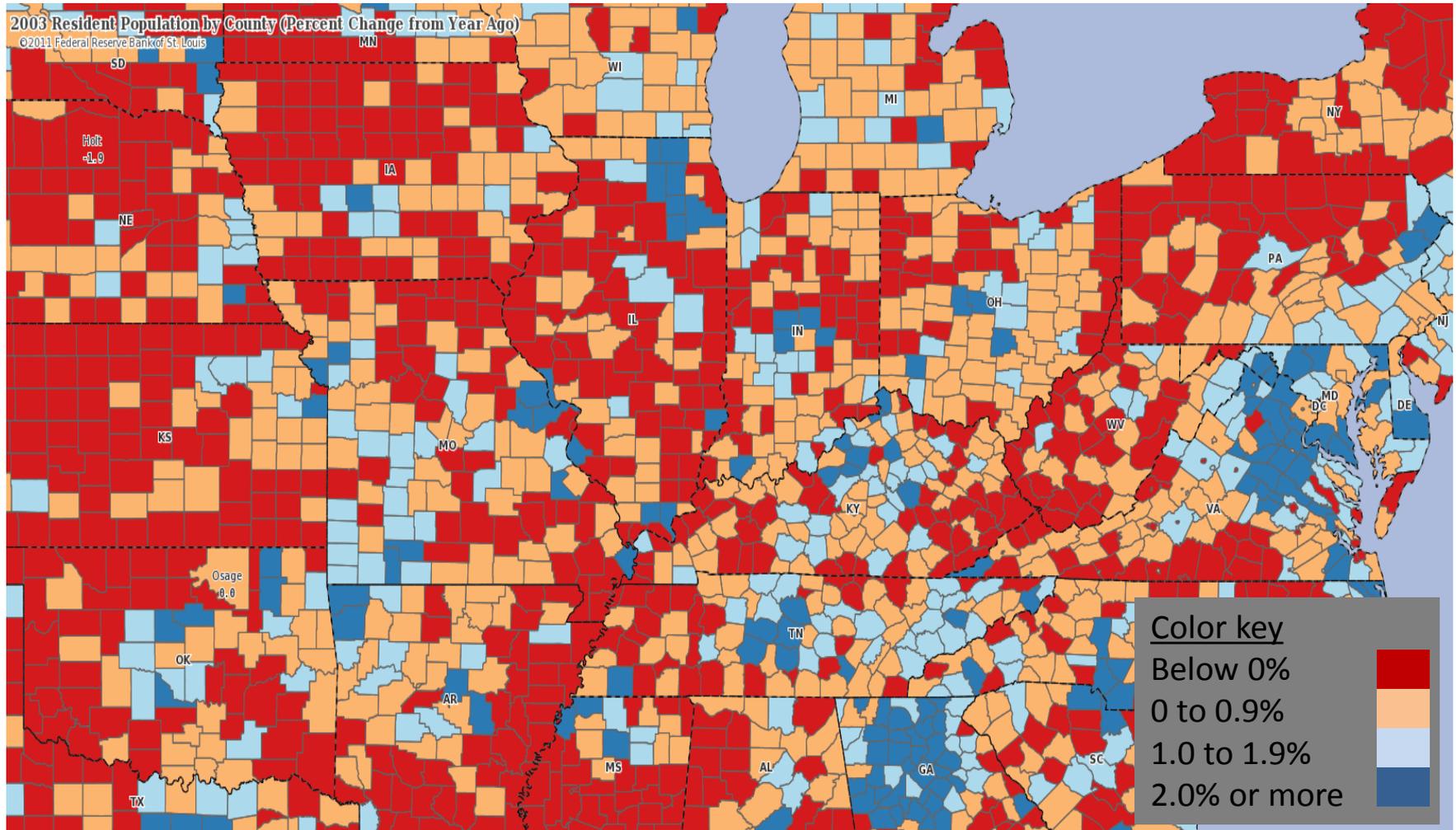
Growth returned in 1993



Source: Bureau of the Census

Annual data

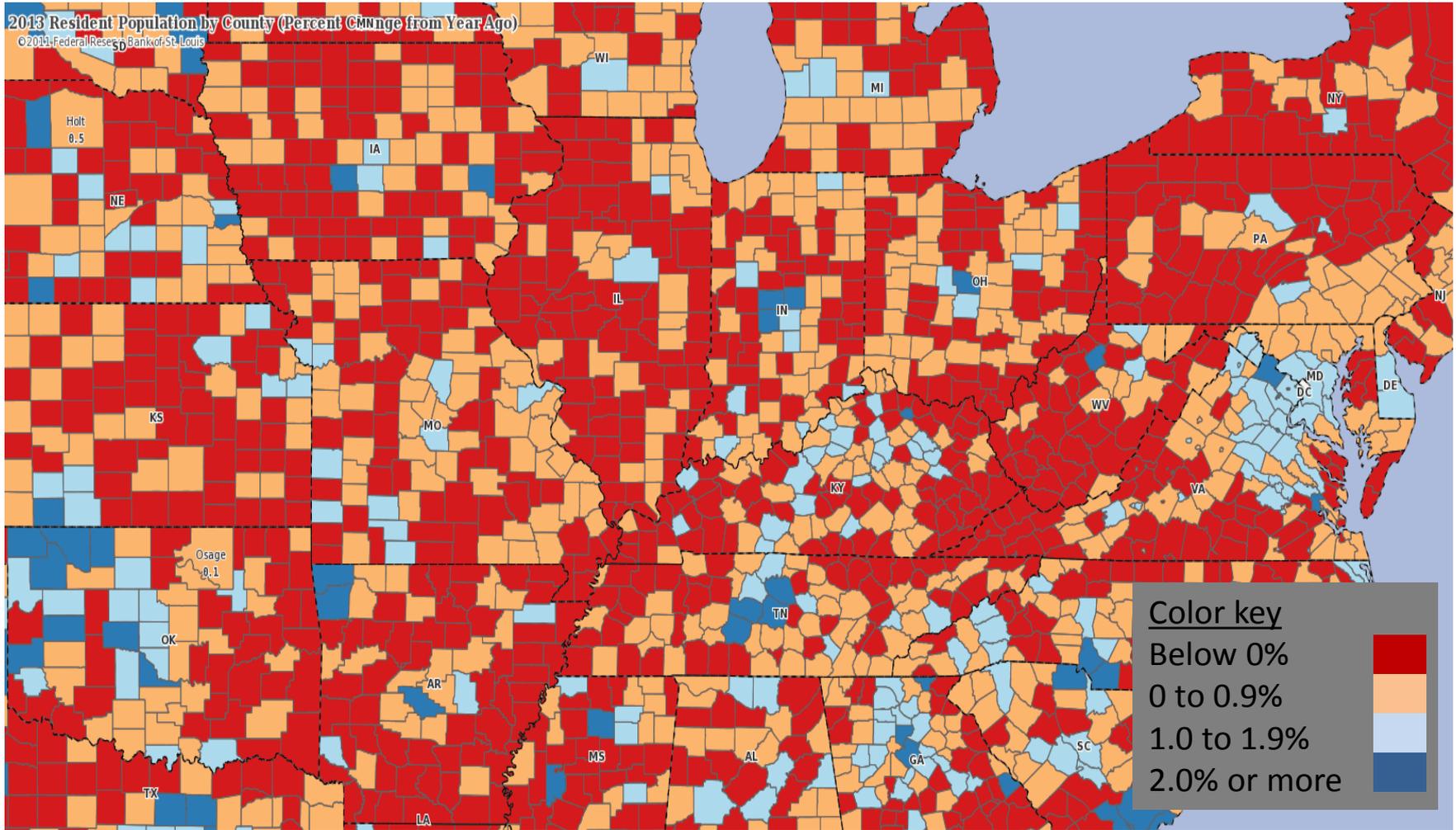
Odd pattern in 2003—Hot and cold



Source: Bureau of the Census

Annual data

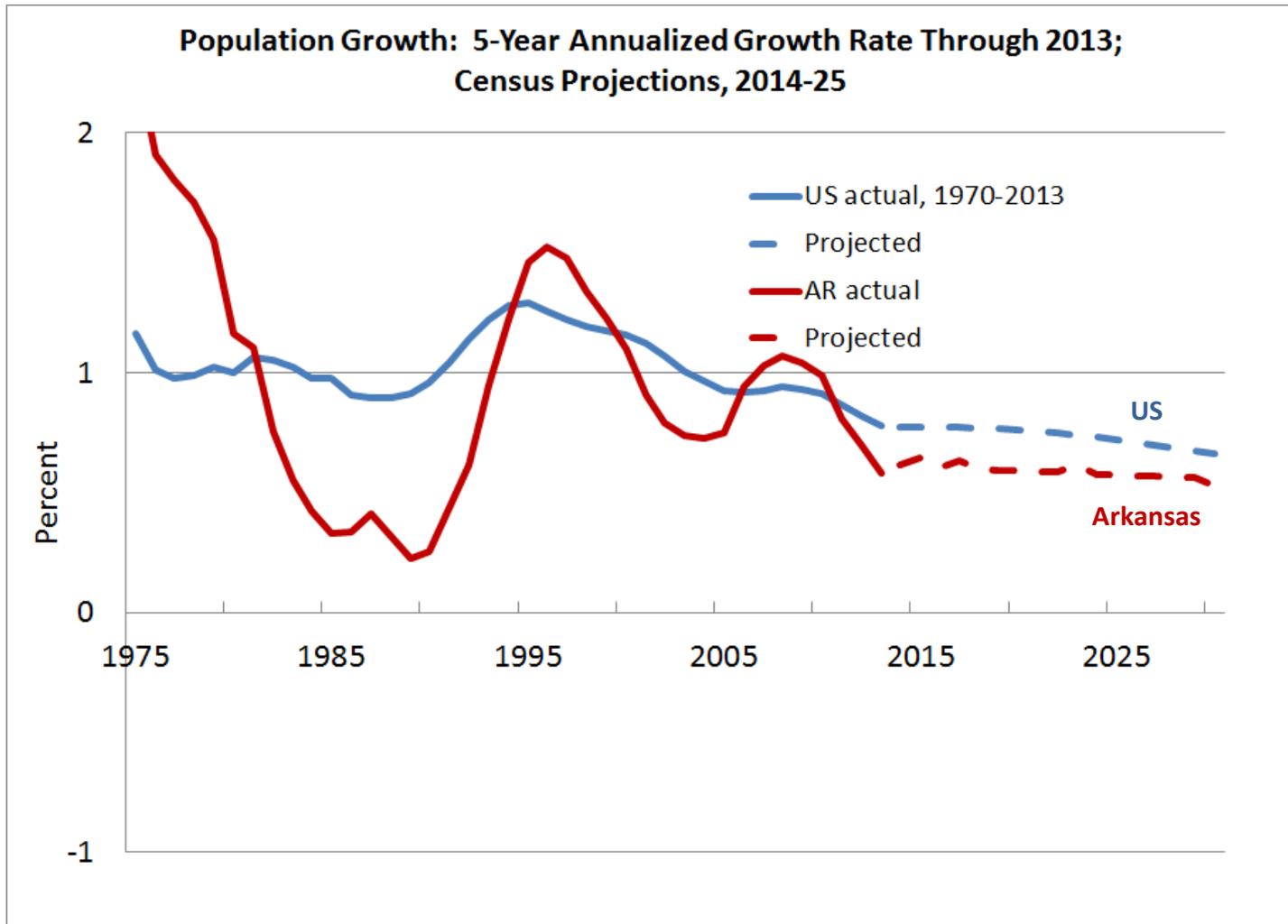
Most counties lost population in 2013



Source: Bureau of the Census

Annual data

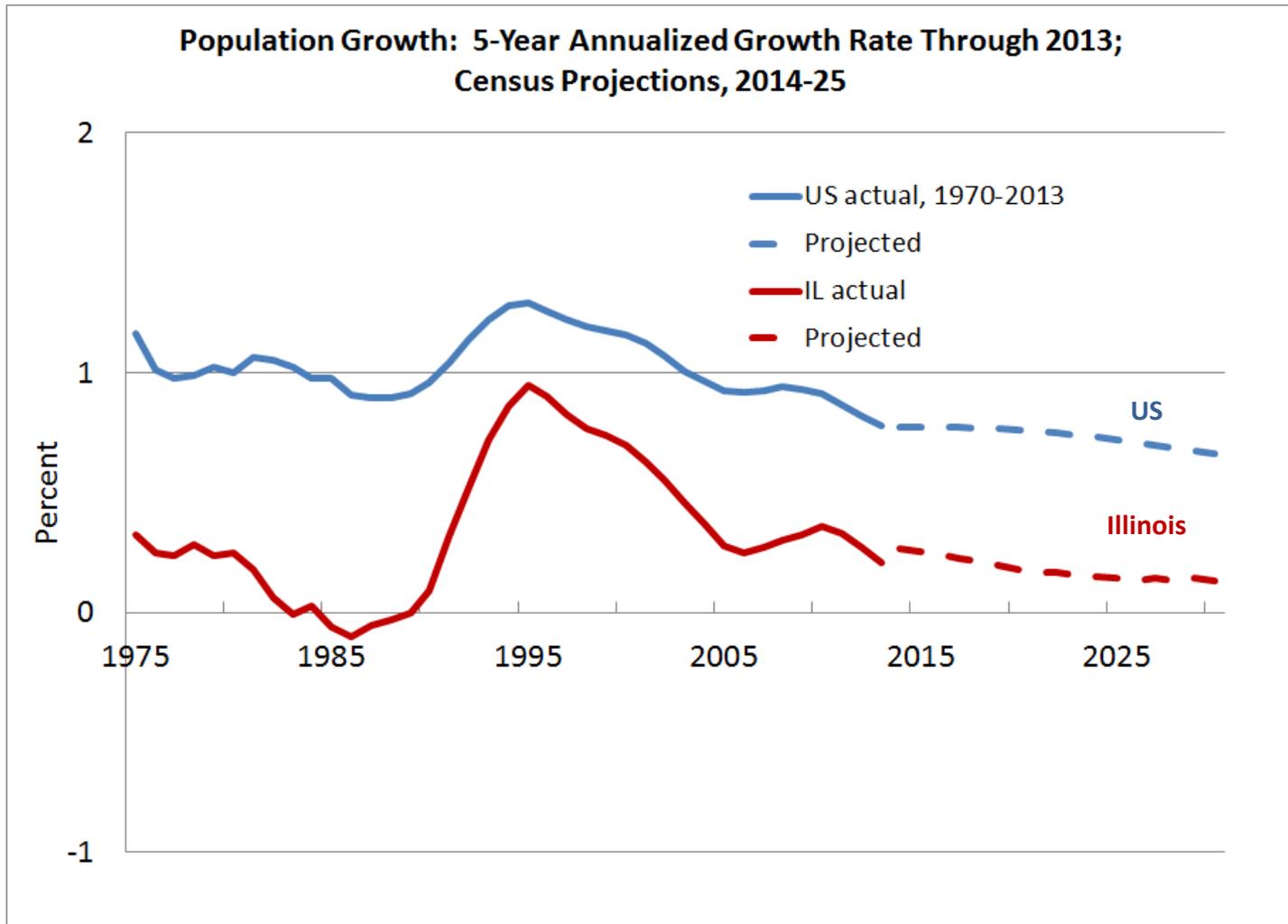
Slower growth expected in AR



Source: Bureau of the Census

Annual data through 2013; projections, 2014-25

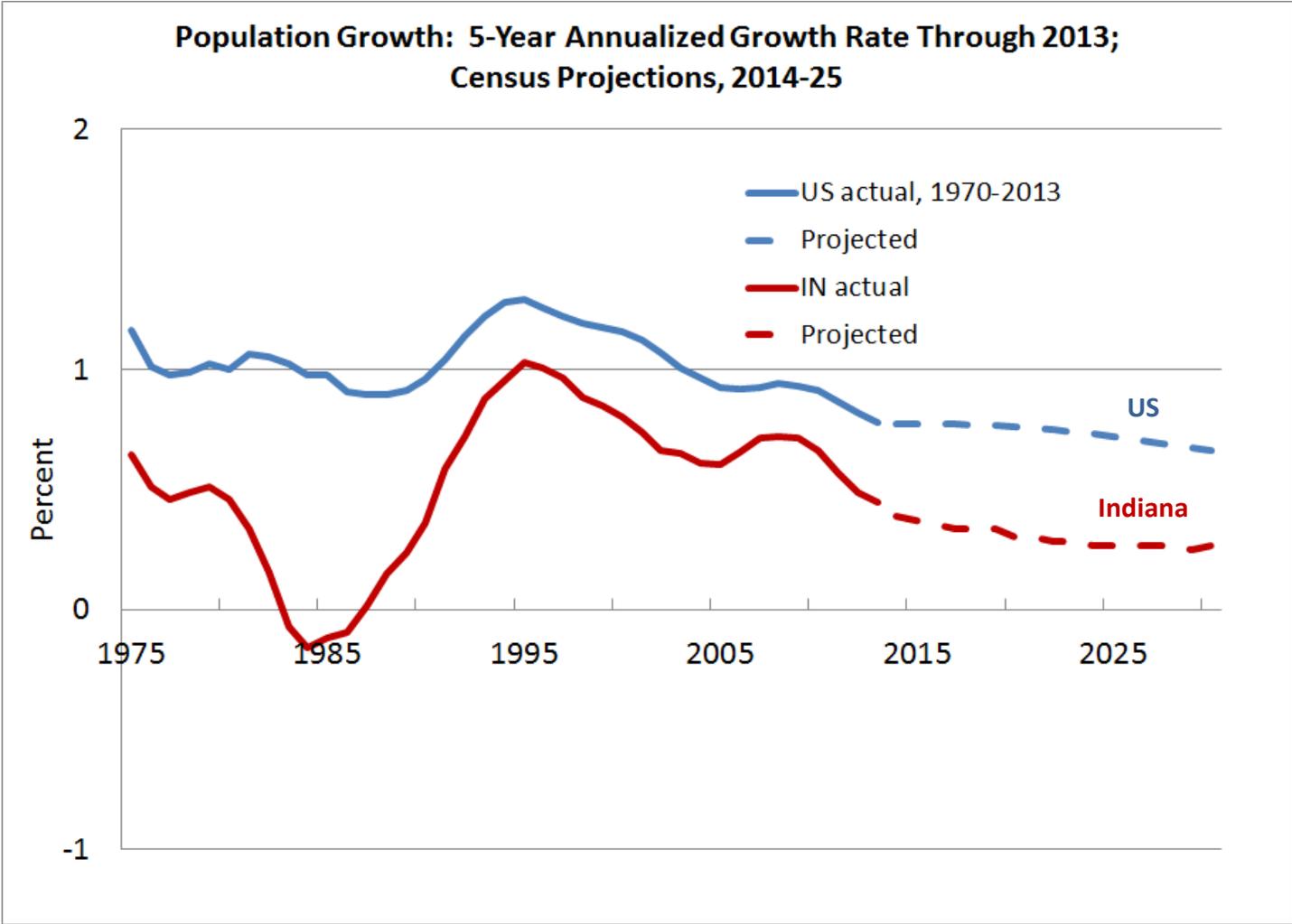
Slower growth expected in IL



Source: Bureau of the Census

Annual data through 2013; projections, 2014-25

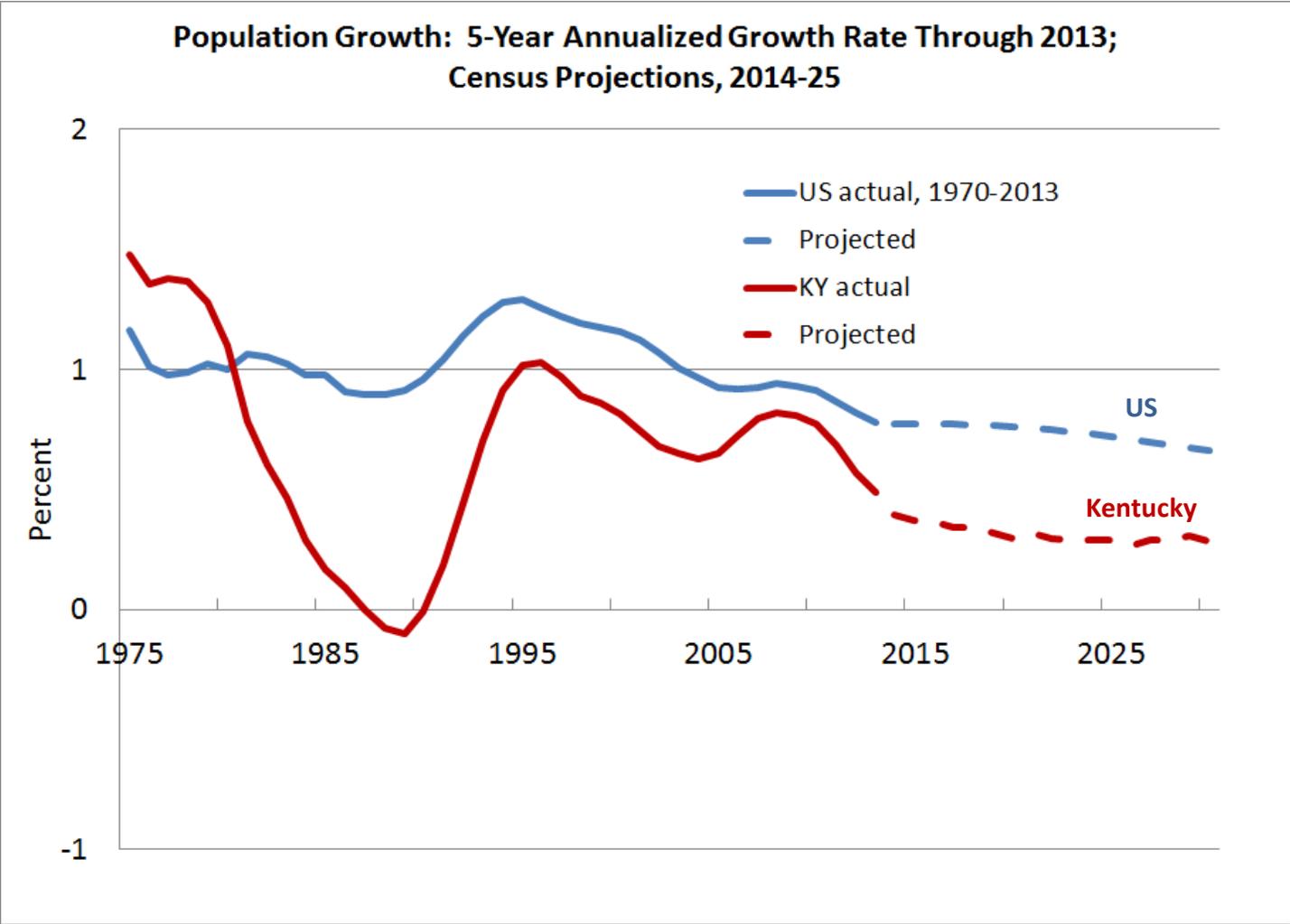
Slower growth expected in IN



Source: Bureau of the Census

Annual data through 2013; projections, 2014-25

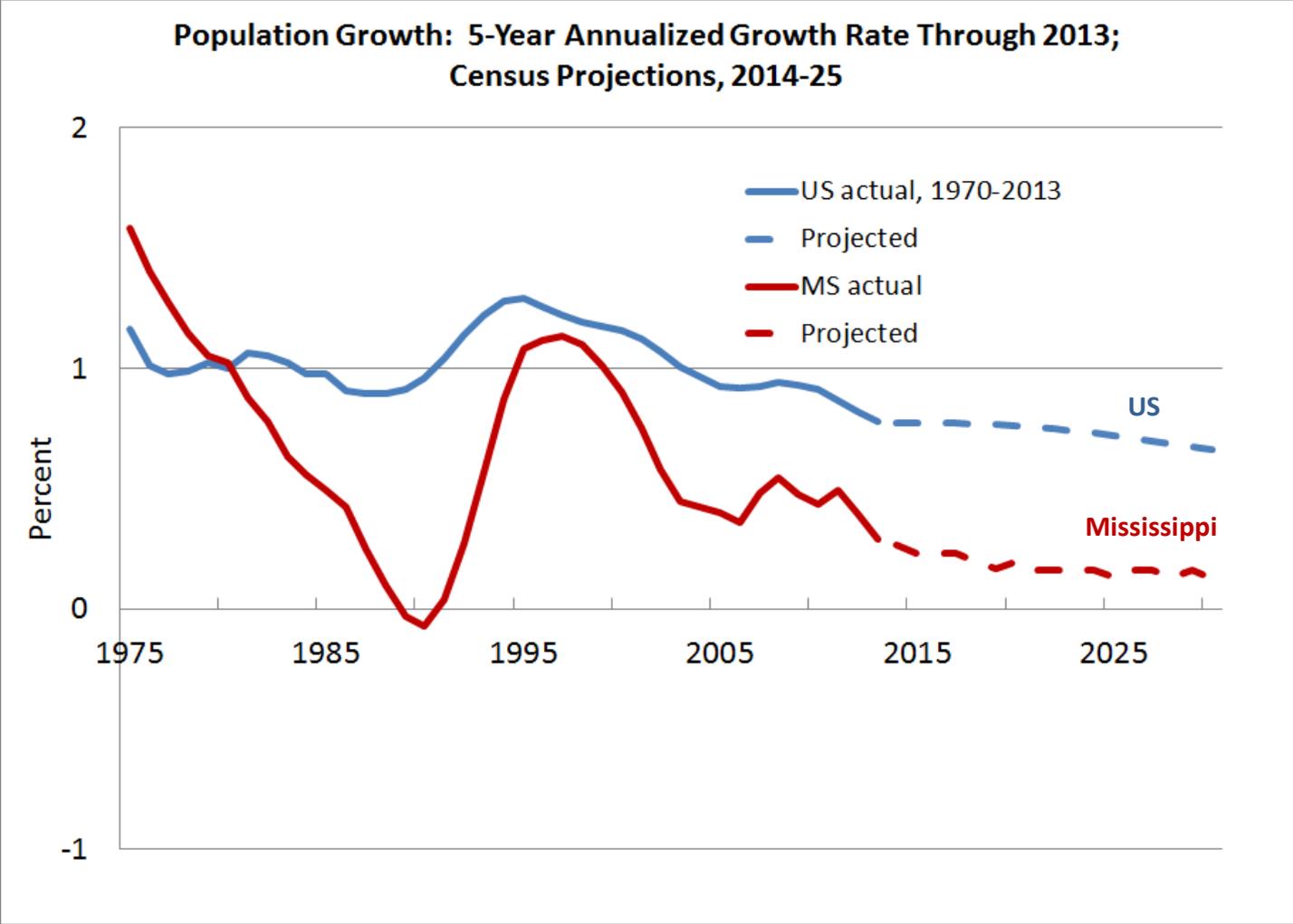
Slower growth expected in KY



Source: Bureau of the Census

Annual data through 2013; projections, 2014-25

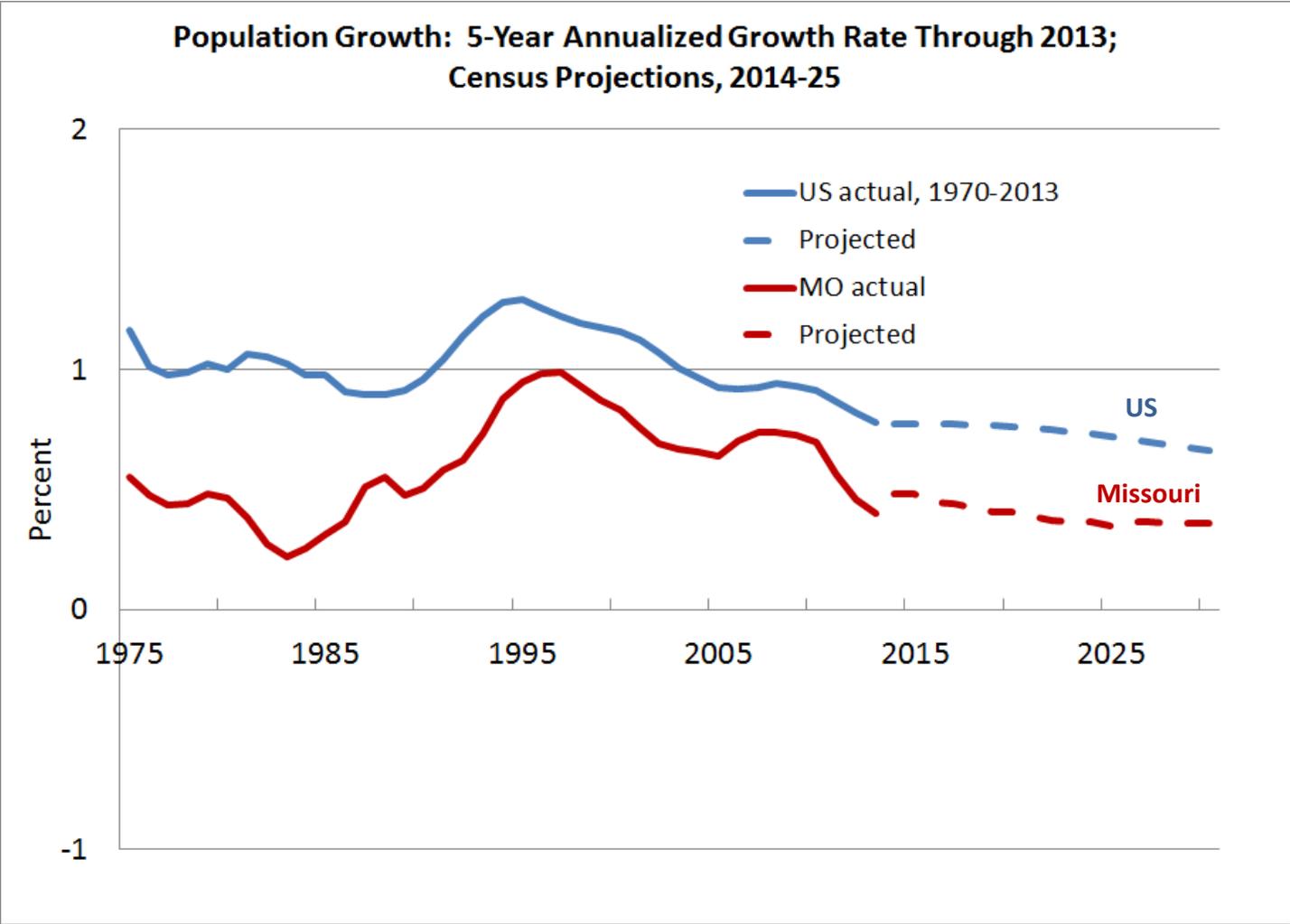
Slower growth expected in MS



Source: Bureau of the Census

Annual data through 2013; projections, 2014-25

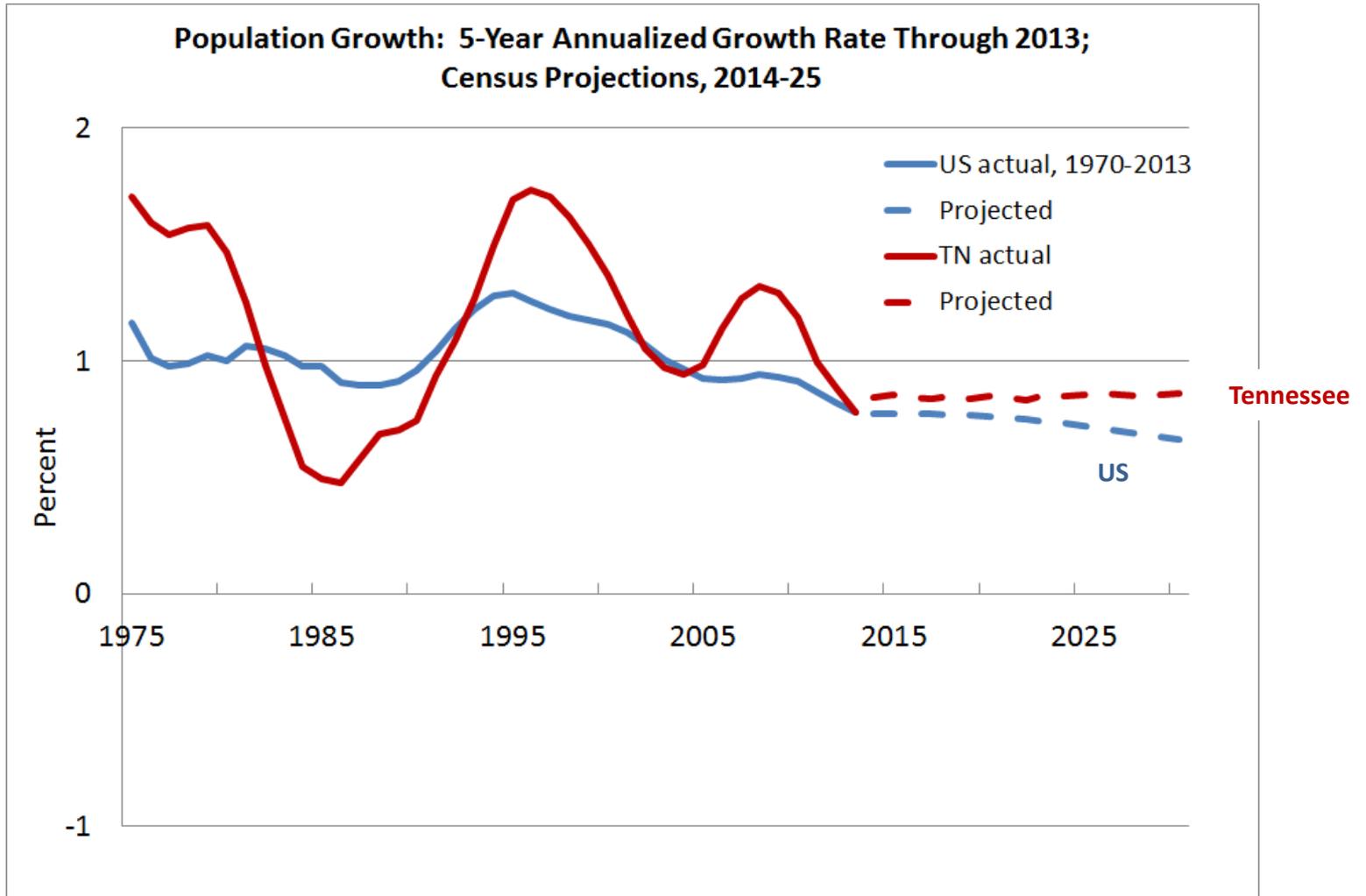
Slower growth expected in MO



Source: Bureau of the Census

Annual data through 2013; projections, 2014-25

Only TN will grow faster than US



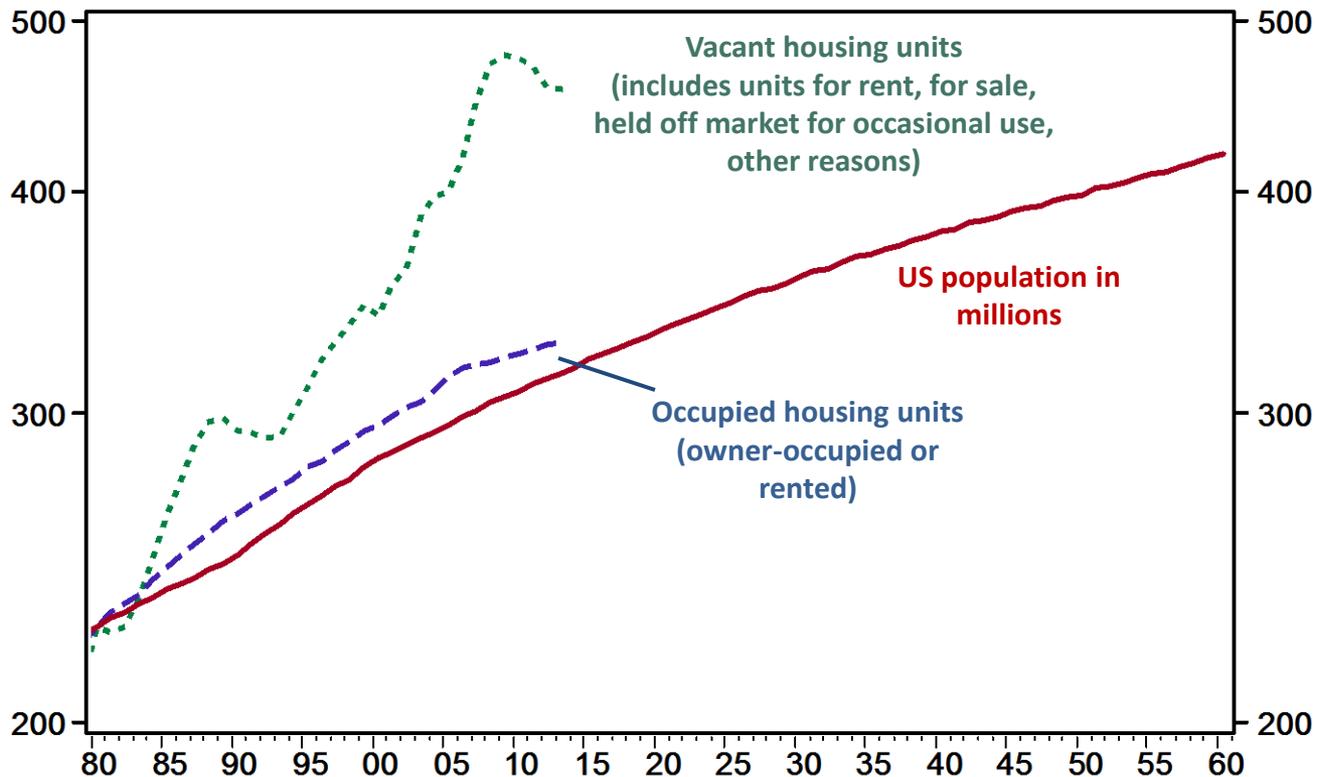
Source: Bureau of the Census

Annual data through 2013; projections, 2014-25

Population decelerating, housing stock may be overbuilt—Recipe for slow growth

US Population: Actual through 2013, Projected through 2060
Number of Occupied Housing Units (indexed to population in 1980)
Number of Vacant Housing Units (indexed to population in 1980)

Millions
(population);
indexes set
equal to 1980
population
(housing units)



Source: Bureau of the Census

Annual data through 2013; projections, 2014-25

Eighth-District Housing Update: Summary of the Long View

- Our region's overall population will grow slowly and get older in the future.
- Many counties likely to experience net population declines.
- Housing stock may be overbuilt in some areas.
- Expect slow growth and subdued prices in most Midwest/Midsouth housing markets.
- Next time: What's happening with homeownership among young adults?