

# The Real Estate Outlook in Maine 2008 and Beyond

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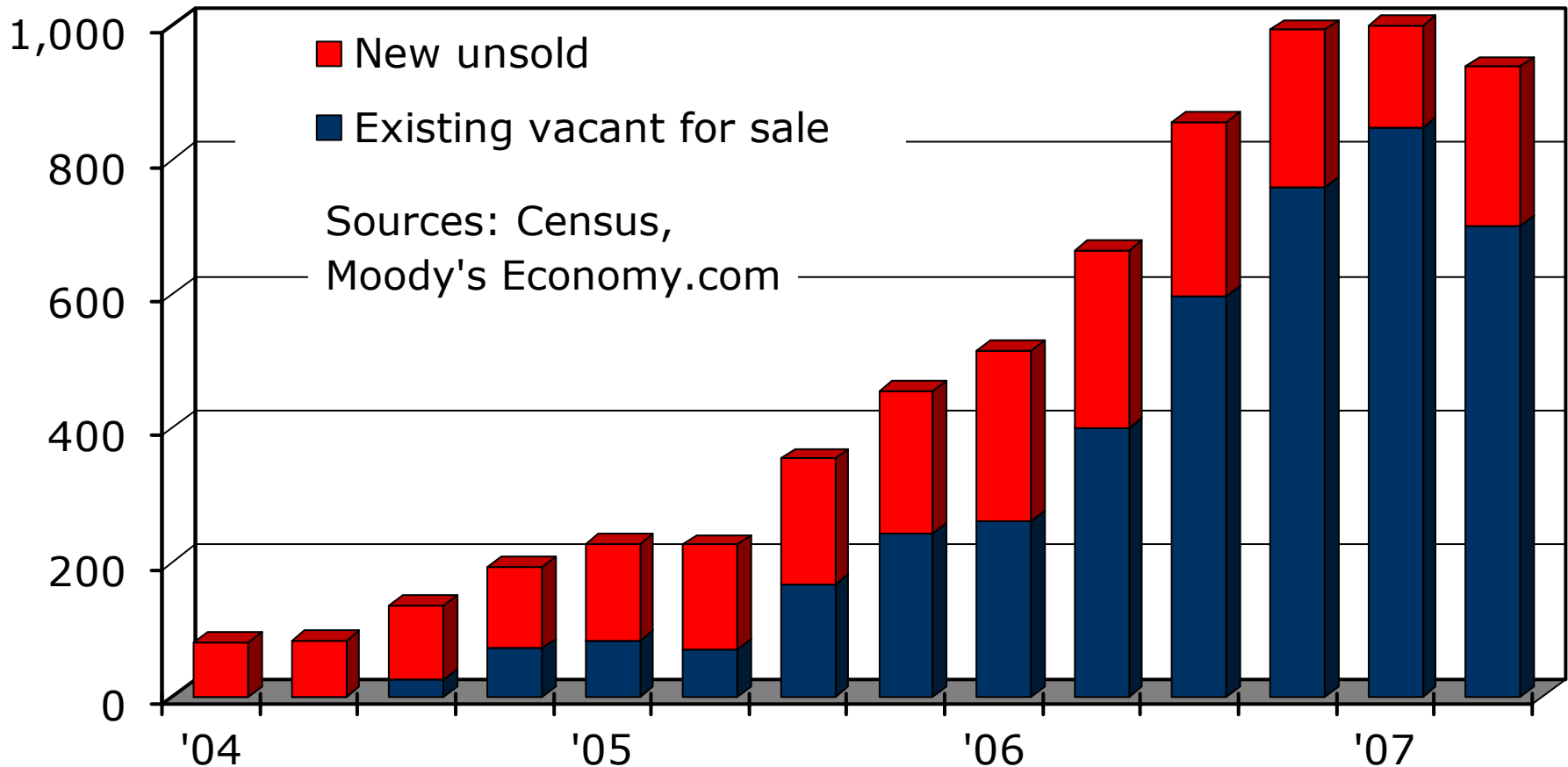


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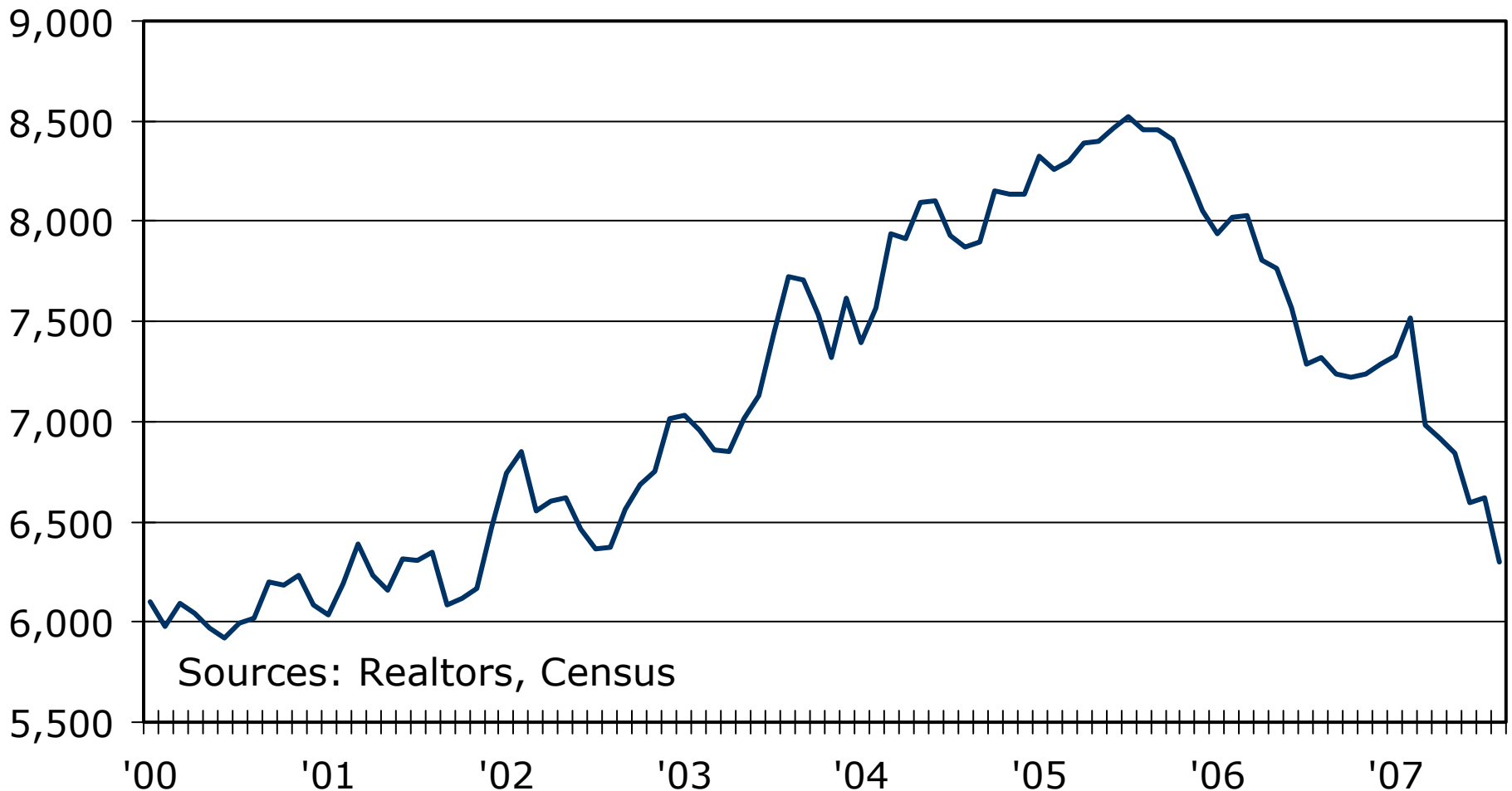
# Nationally, the Housing Problems Continue to Build

**# of excess housing units, ths**



# Housing Demand Slides...

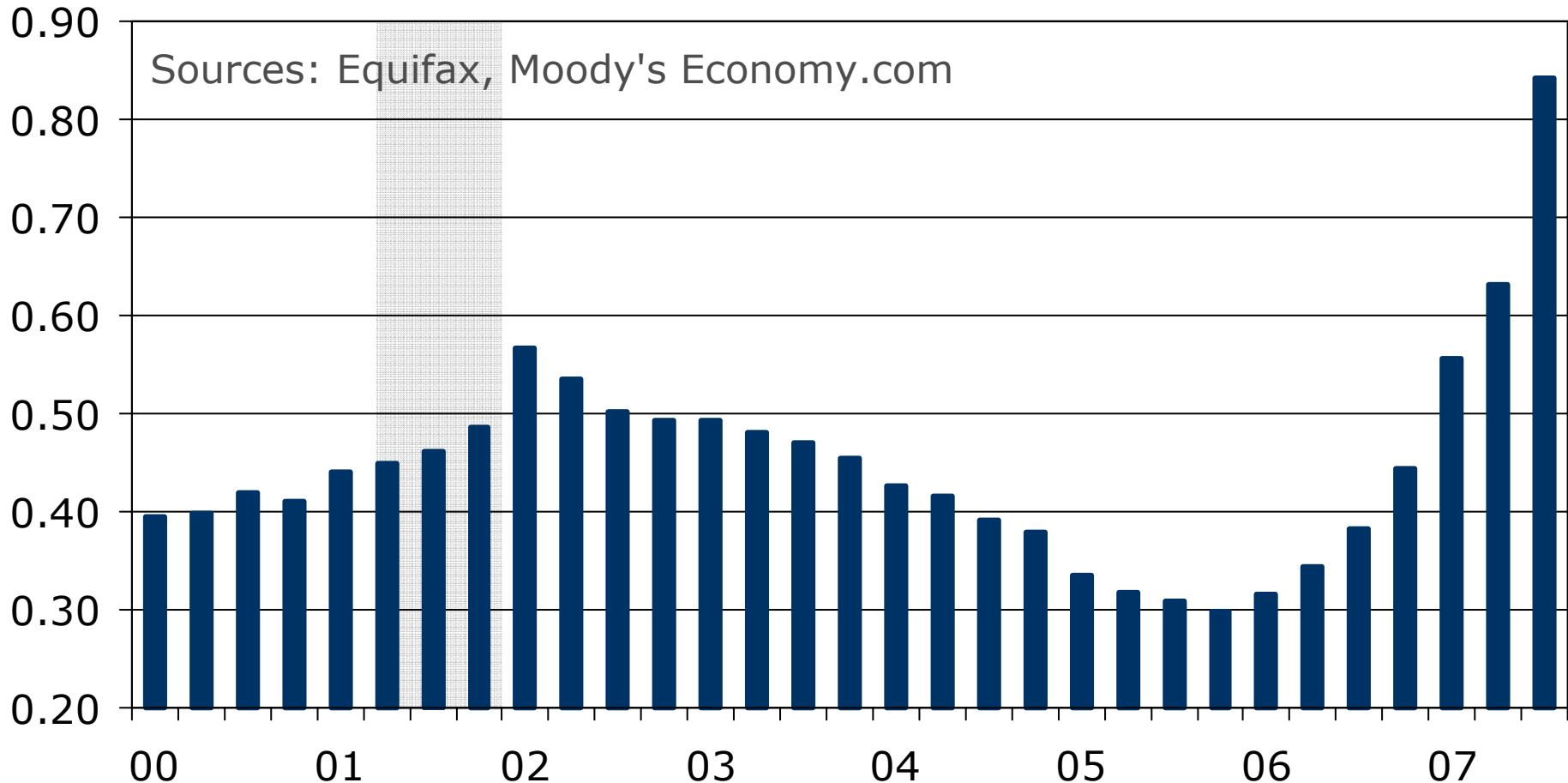
## Home Sales, ths., SAAR



Sources: Realtors, Census

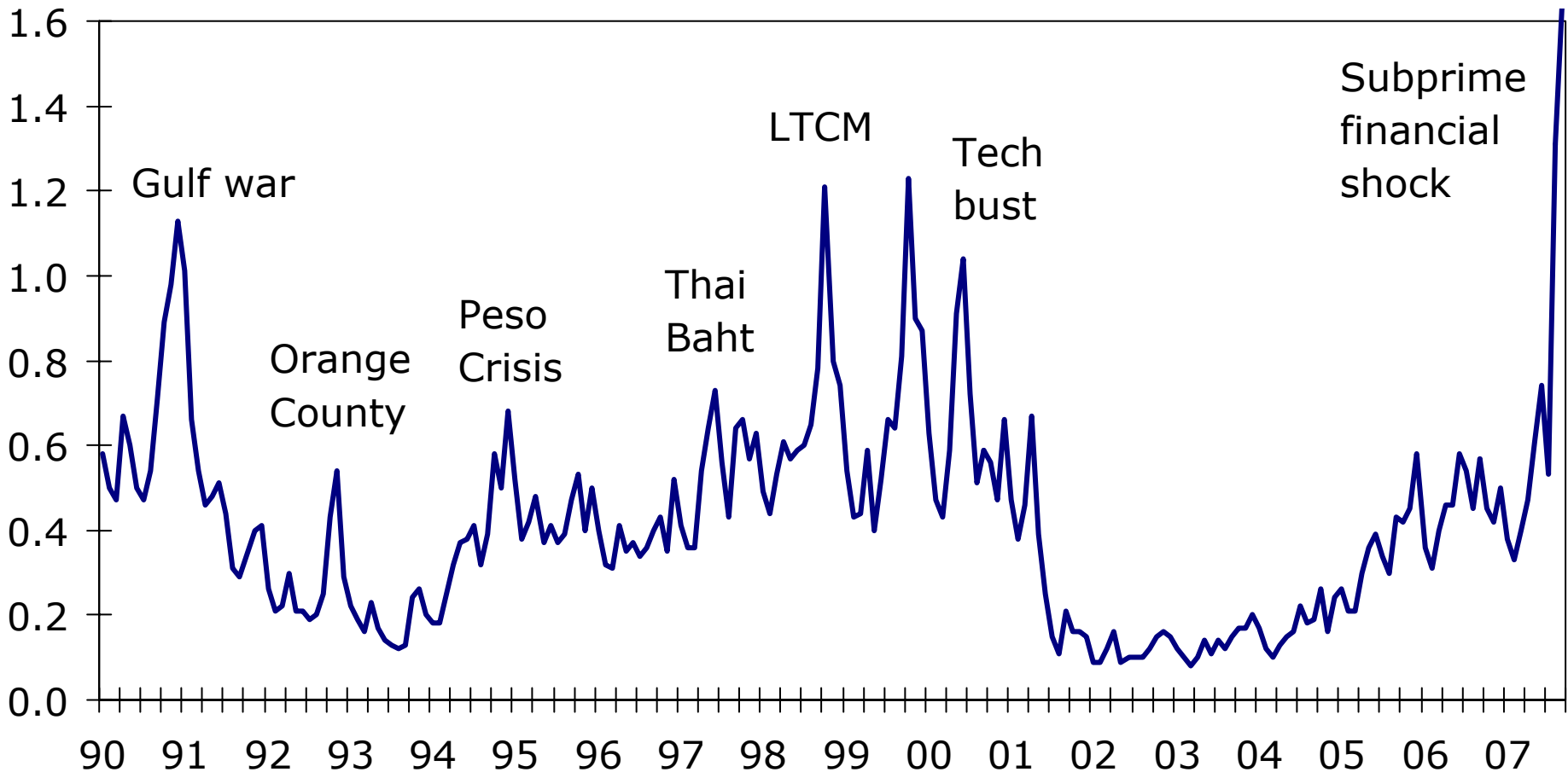
# ...And Mortgage Loan Defaults Soar...

**Default rate, % of residential mortgage debt, \$**



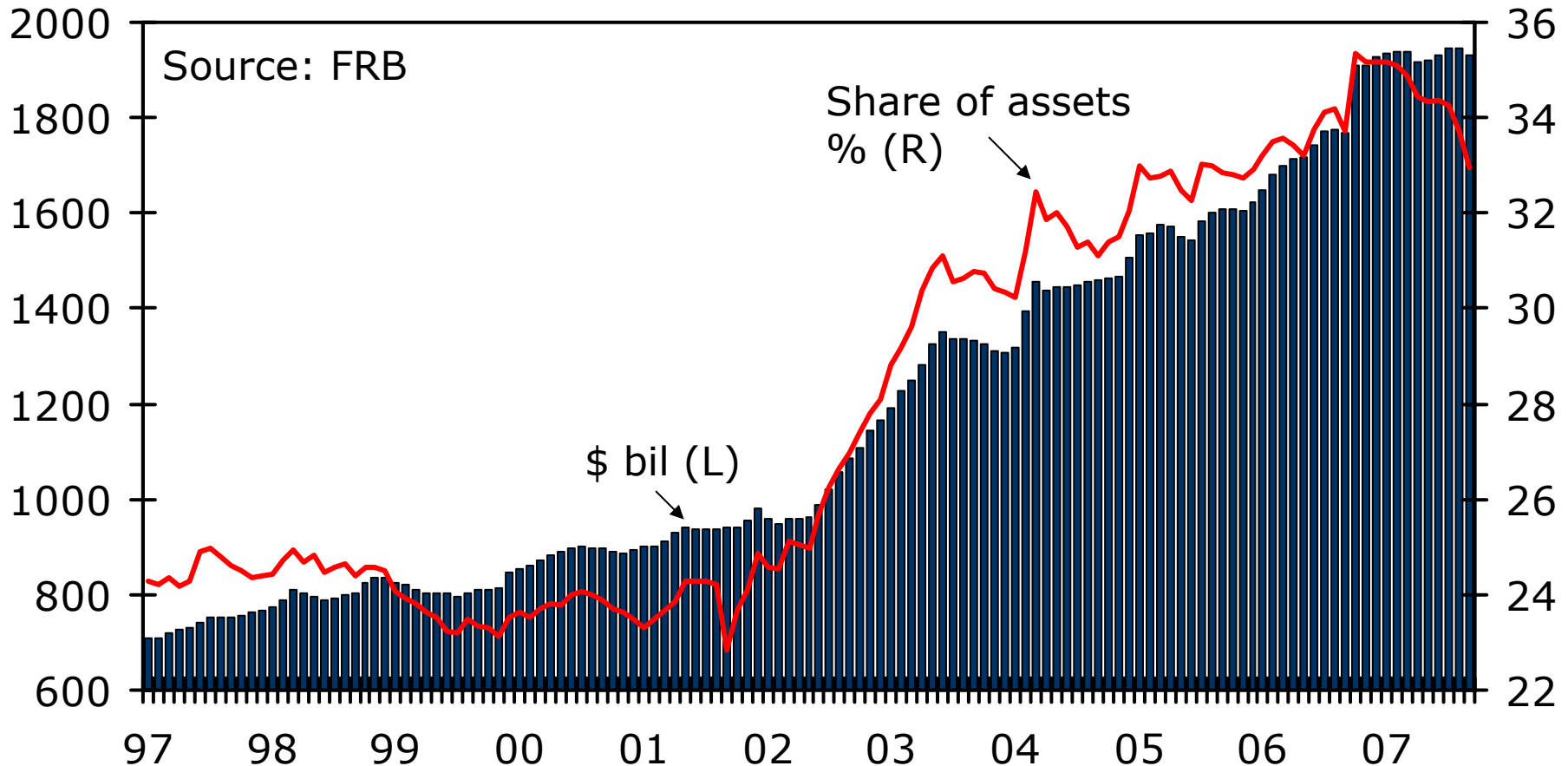
# The Subprime Financial Shock Is A Major Event...

## TED spread, difference between 3 mo. Euro \$ and T-Bill



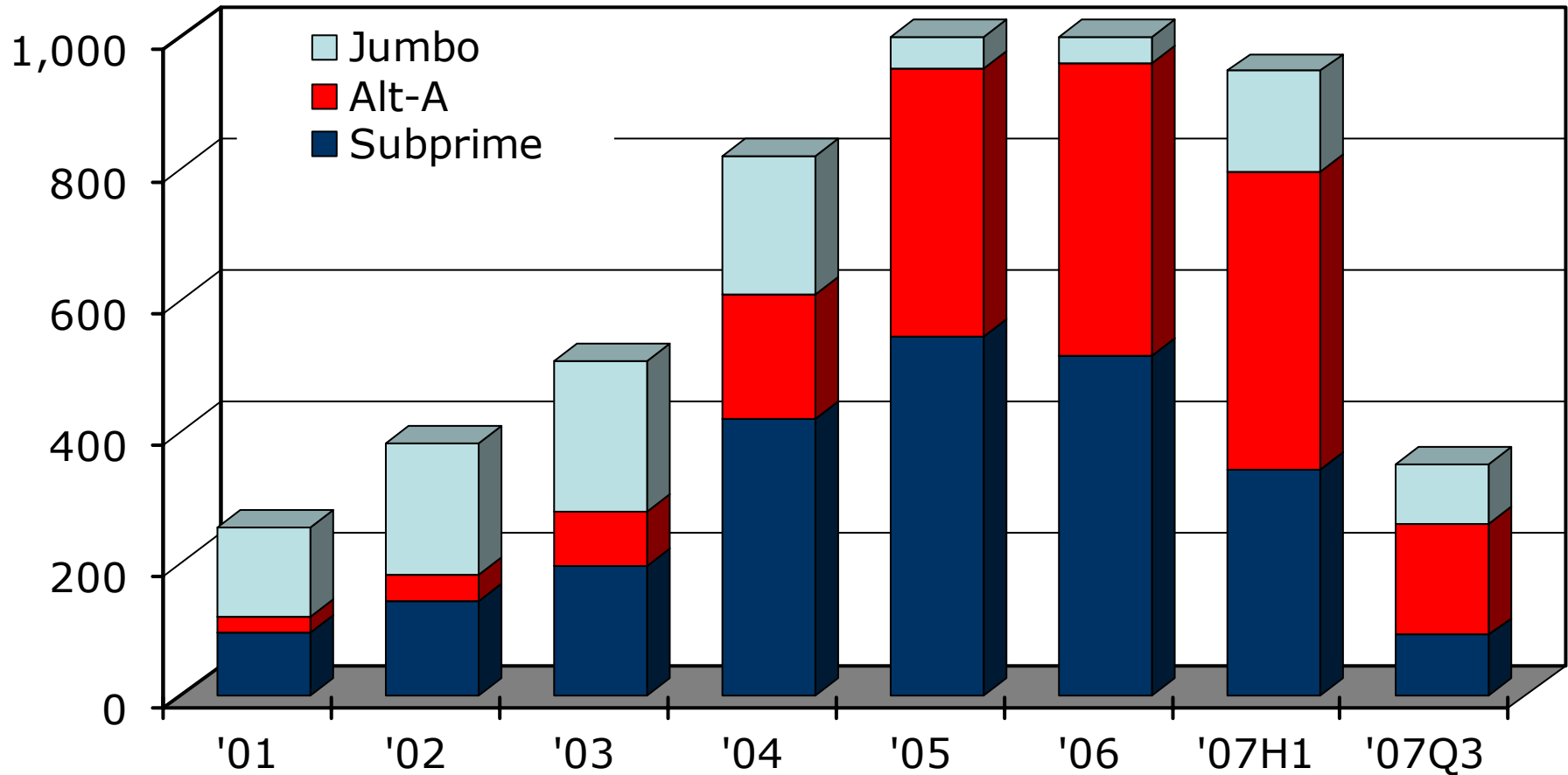
# ...Particularly In the Banking System

## Residential RE Assets of Large Commercial Banks



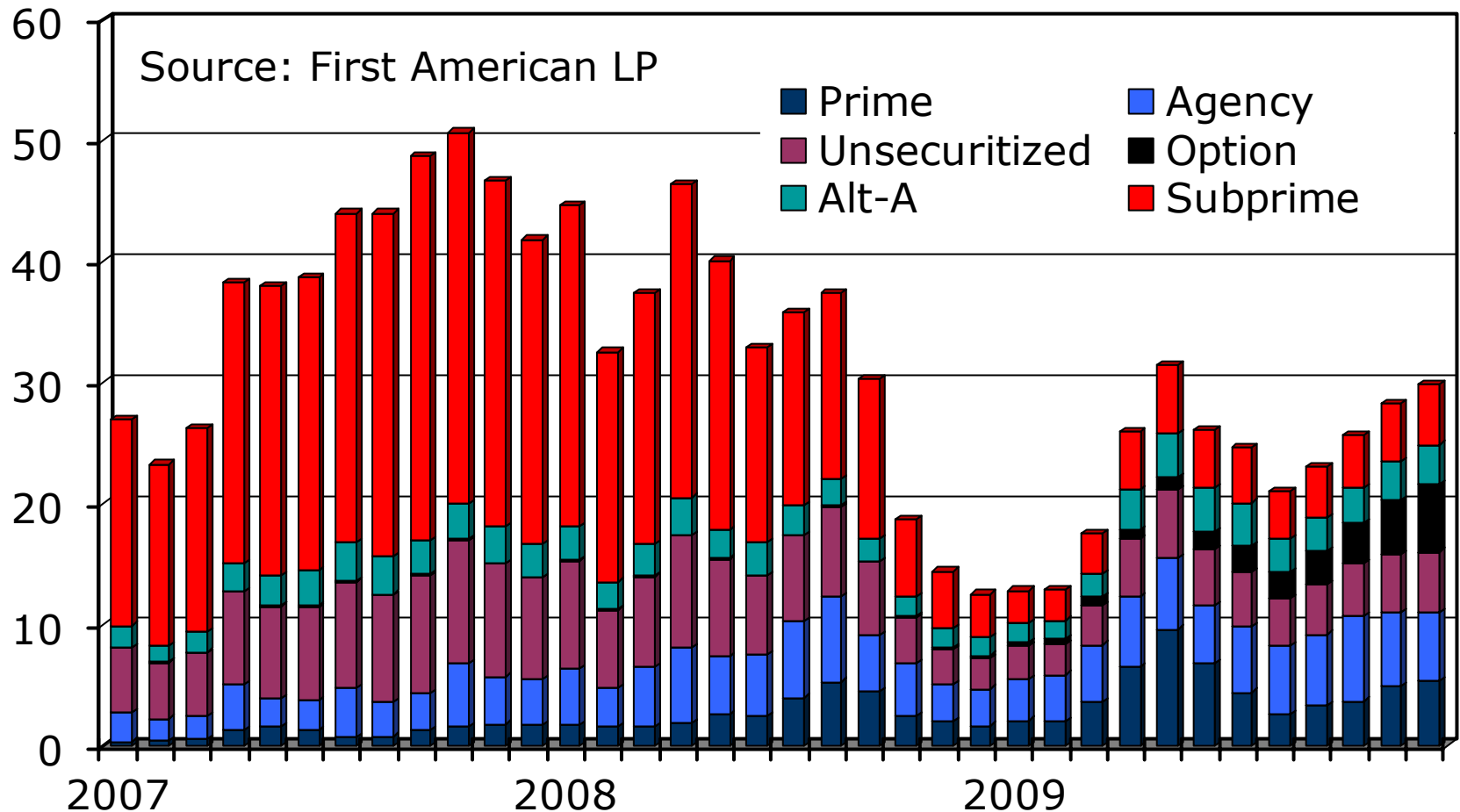
# ...And the Mortgage Securities Market.

## Bond Issuance, \$bil, annualized



# ...And More Are Coming...

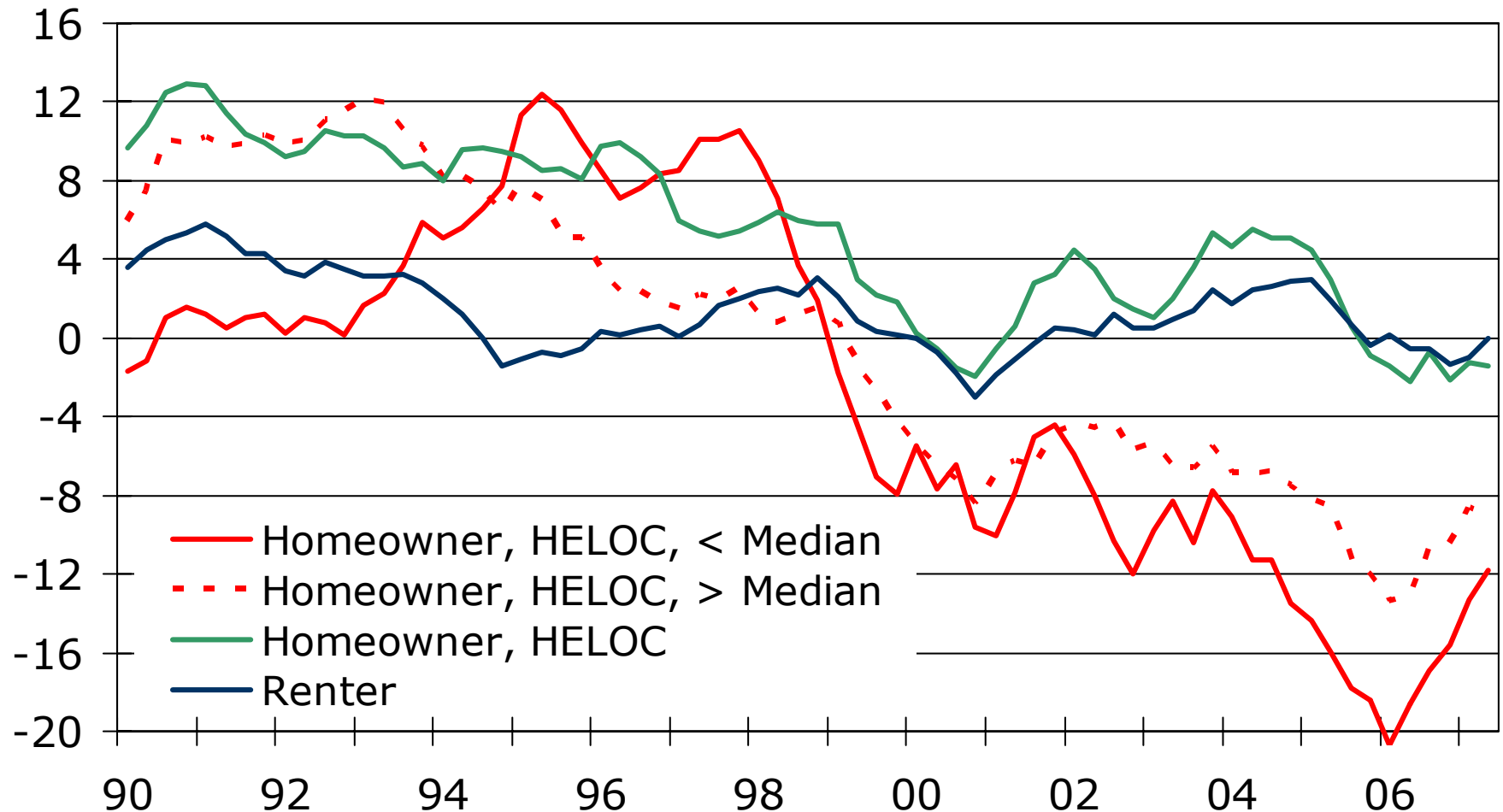
## Mortgage debt outstanding facing first payment reset, \$ bil





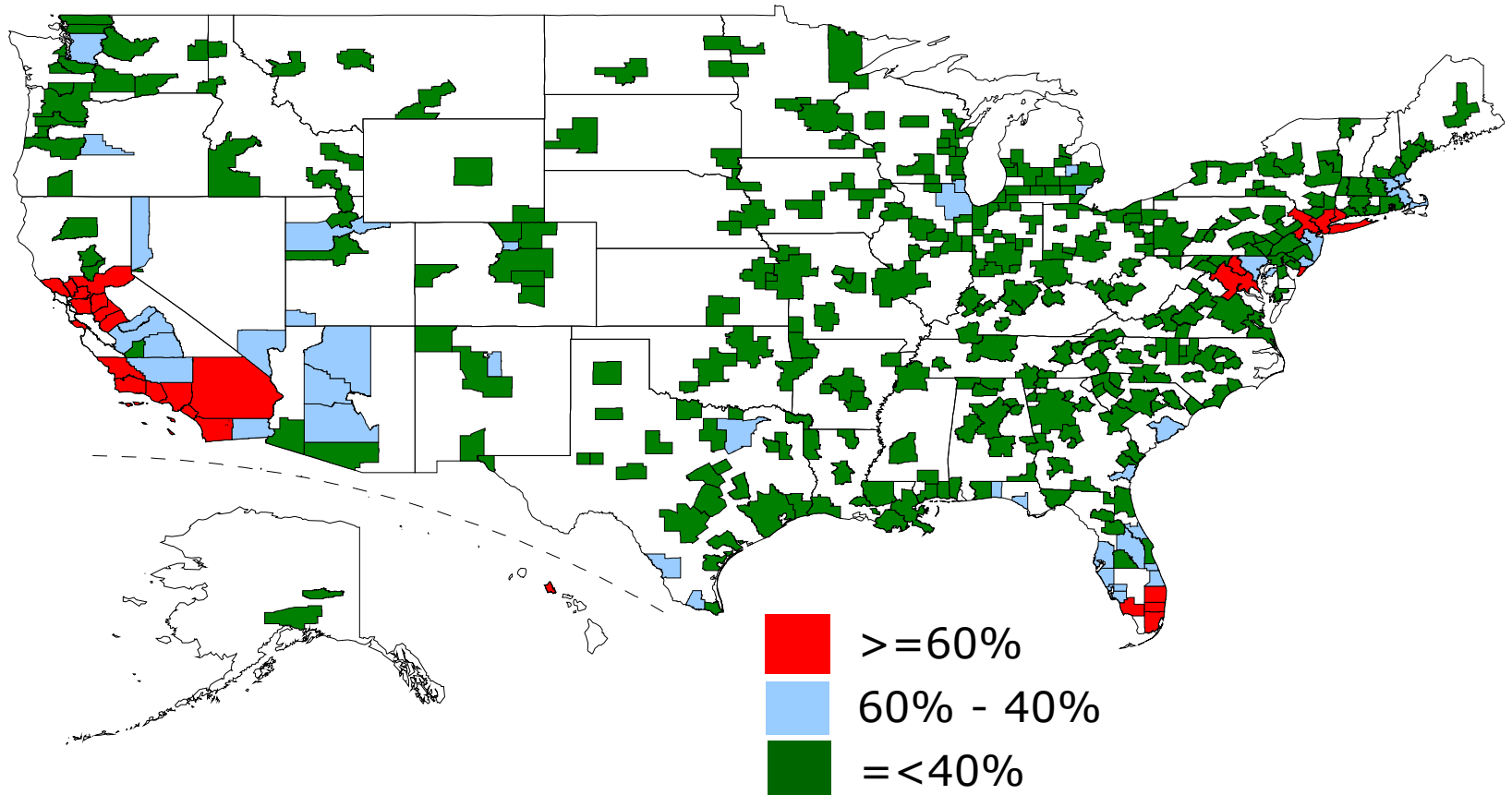
# ...Weighing on Lower-Mid Income Homeowners

**Personal saving rate, Source: Moody's Economy.com**



# Housing Markets at Risk

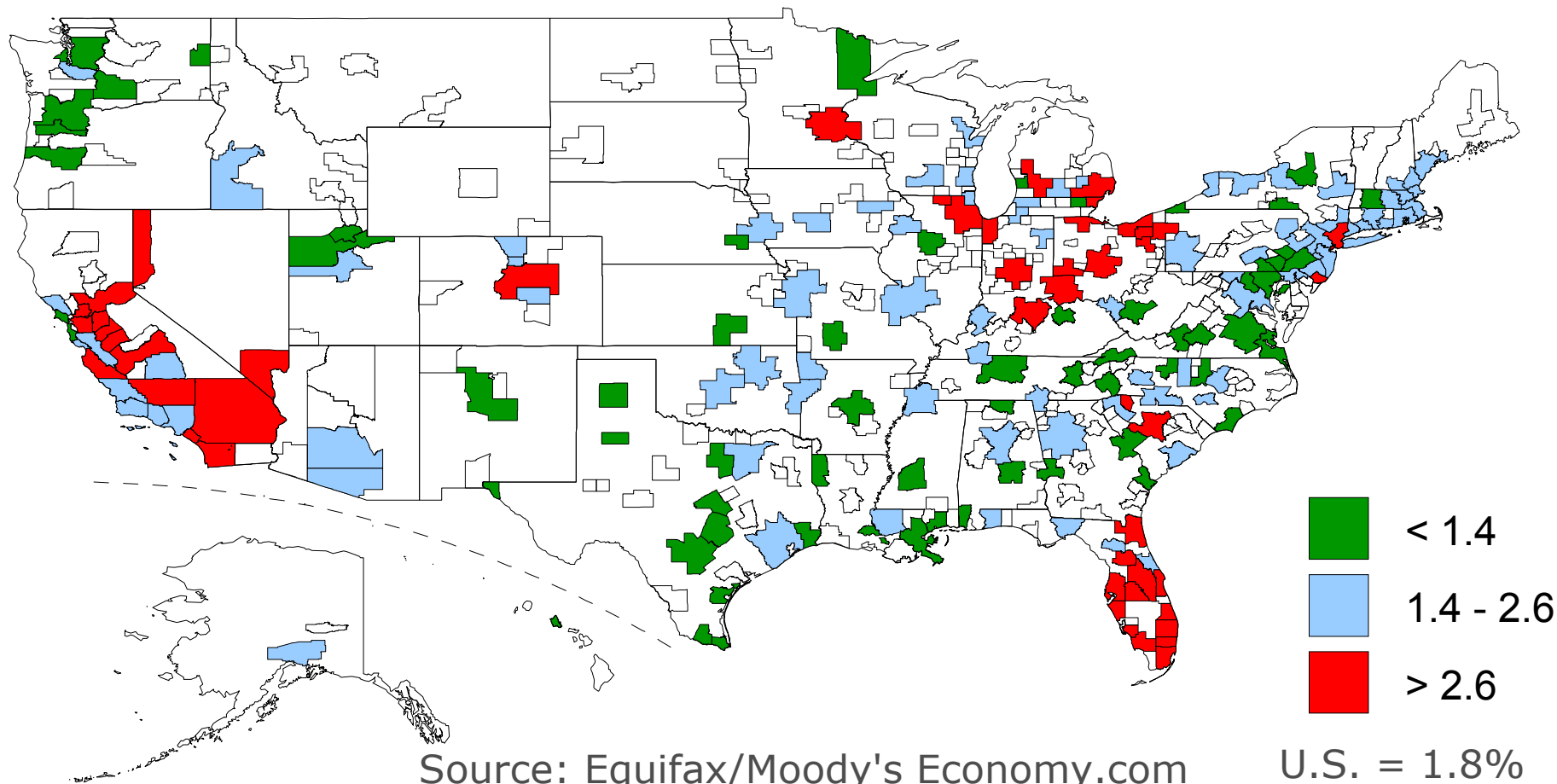
**Non-conforming share of 2006 originations, U.S. = 50%**



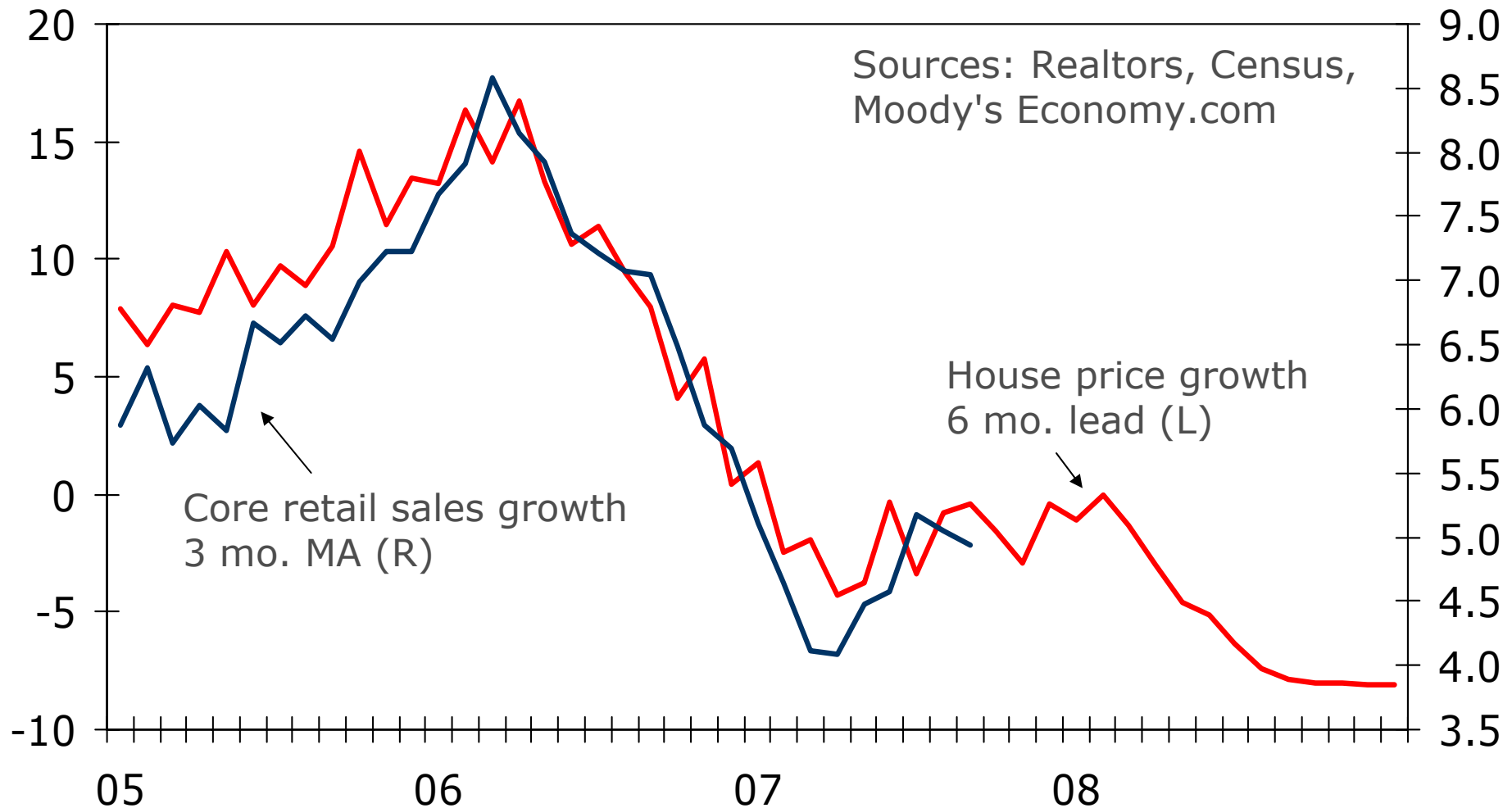
Sources: 2006 HMDA,  
Moody's Economy.com

# Housing Markets Already in Trouble

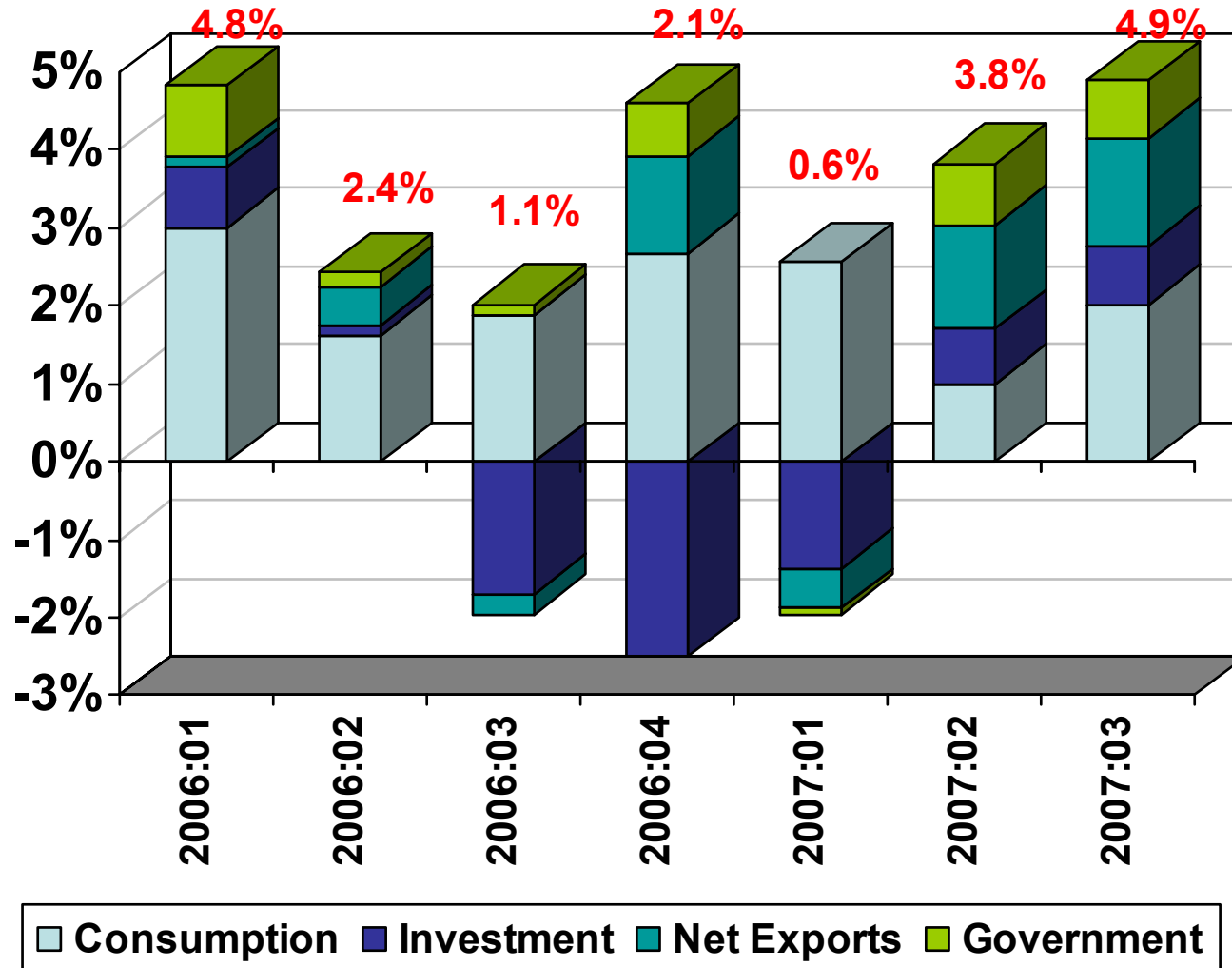
**% of homeowners defaulting on their first mortgage, '07q3**



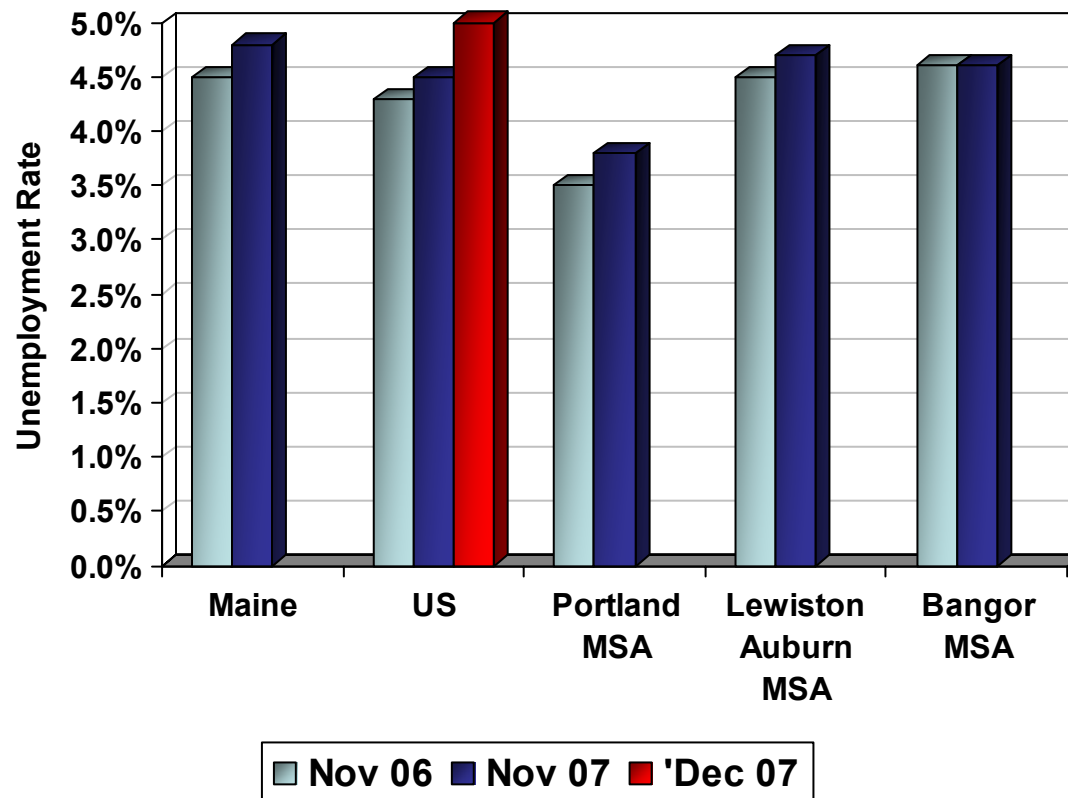
# Negative Housing Wealth Effects Kick-In and drags the whole economy down



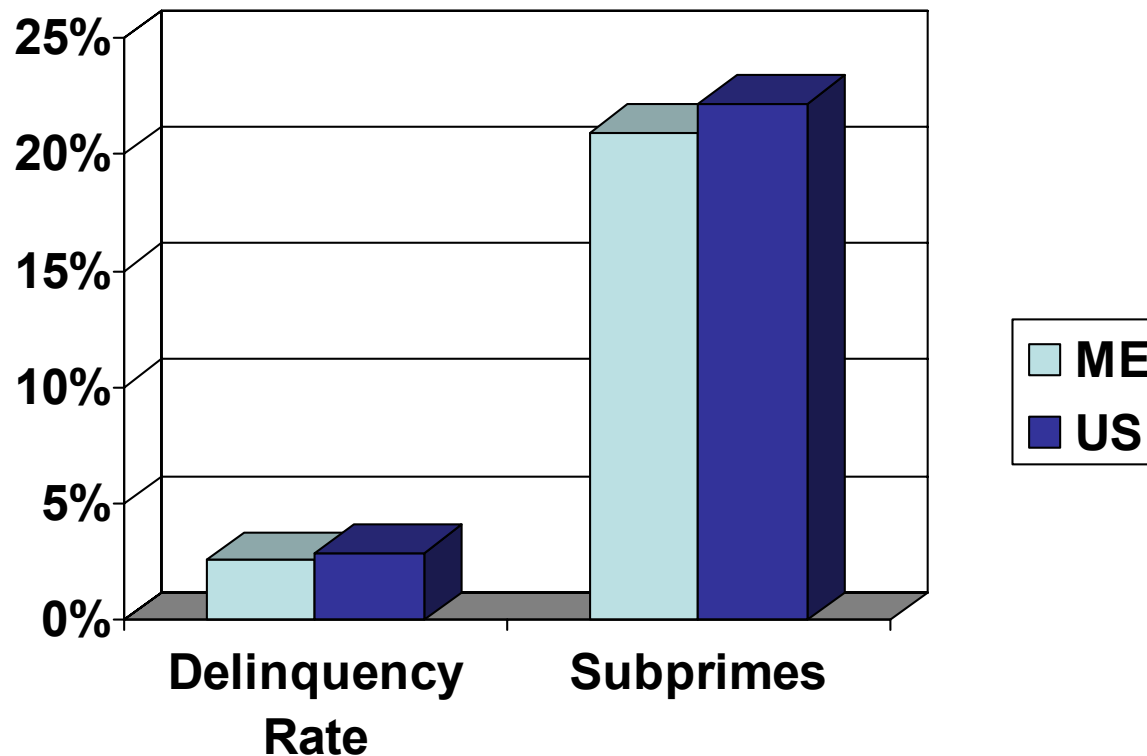
# Contribution to GDP Growth



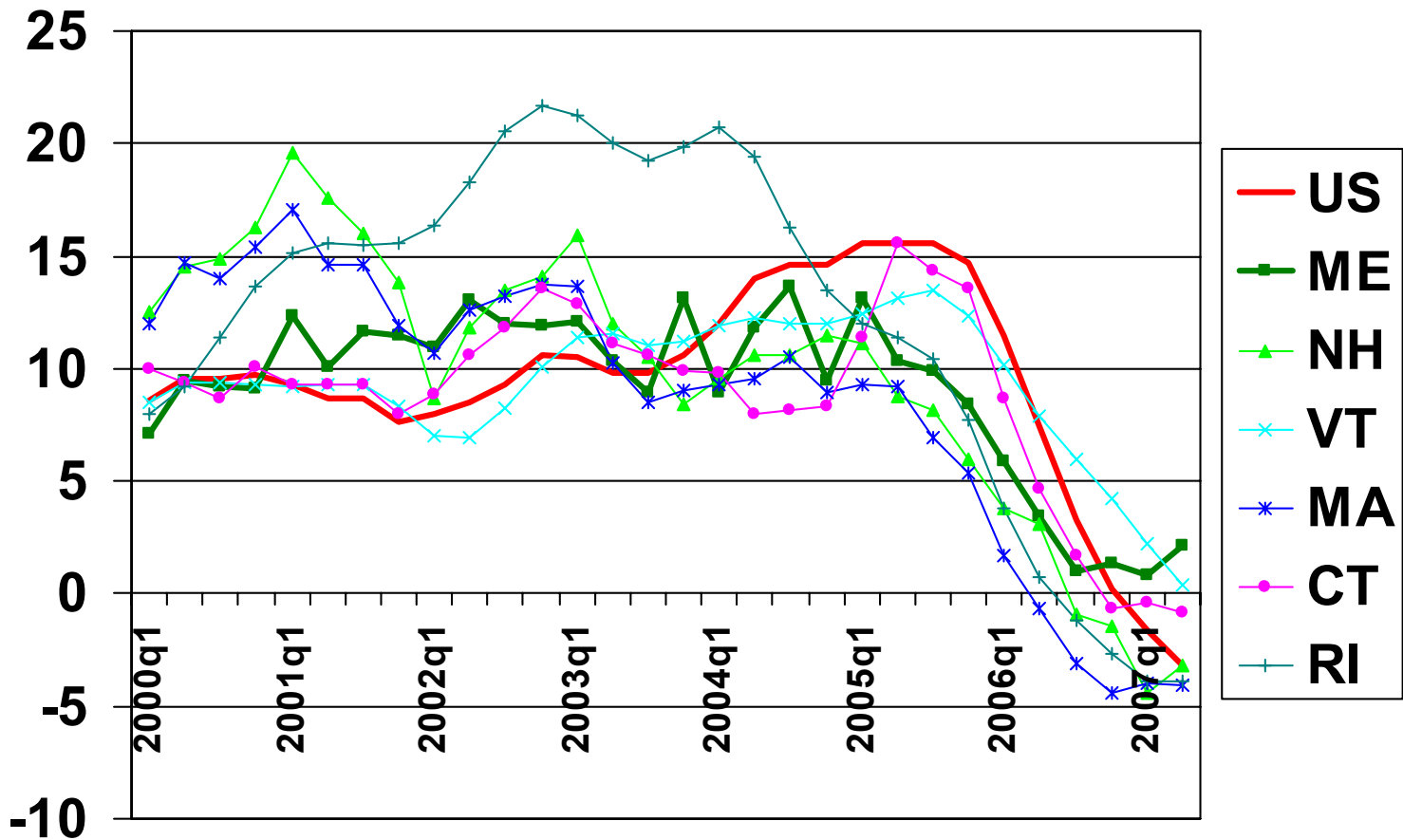
# Labor market weakness is beginning to show



# Maine is not much different than the U.S. on the Subprime Issue

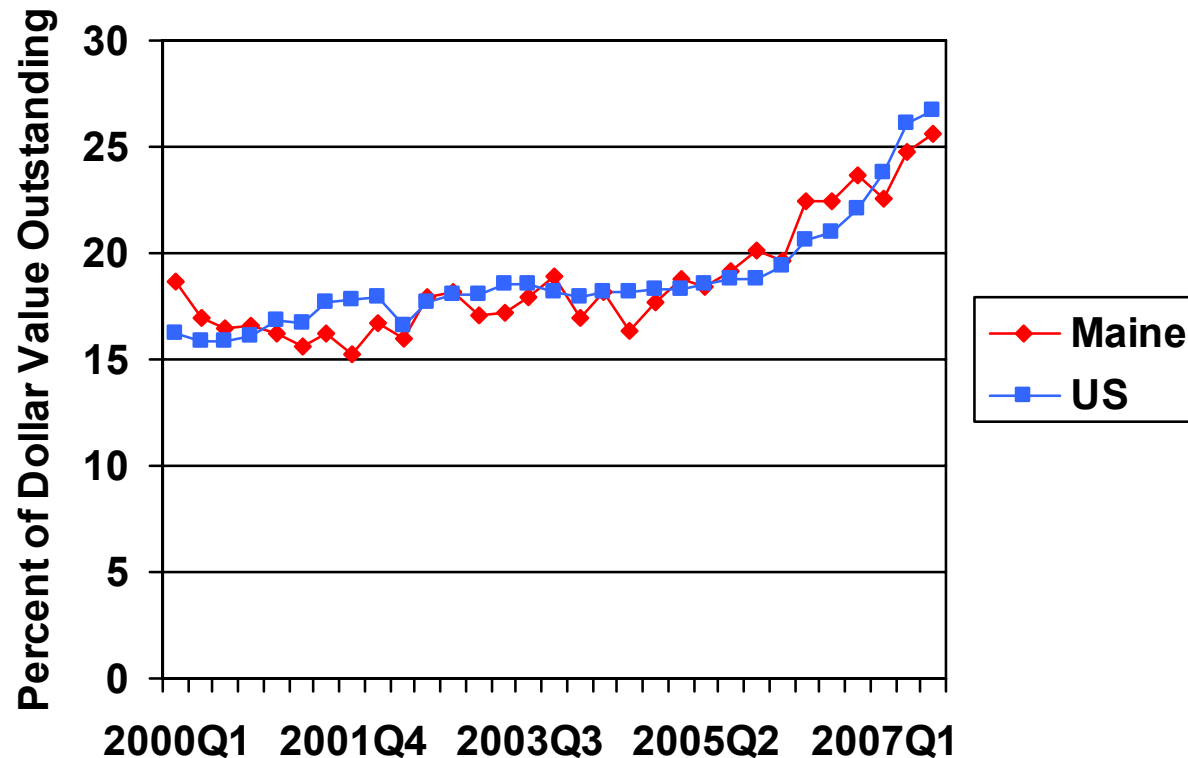


# Maine Housing Prices have fallen, but stabilized

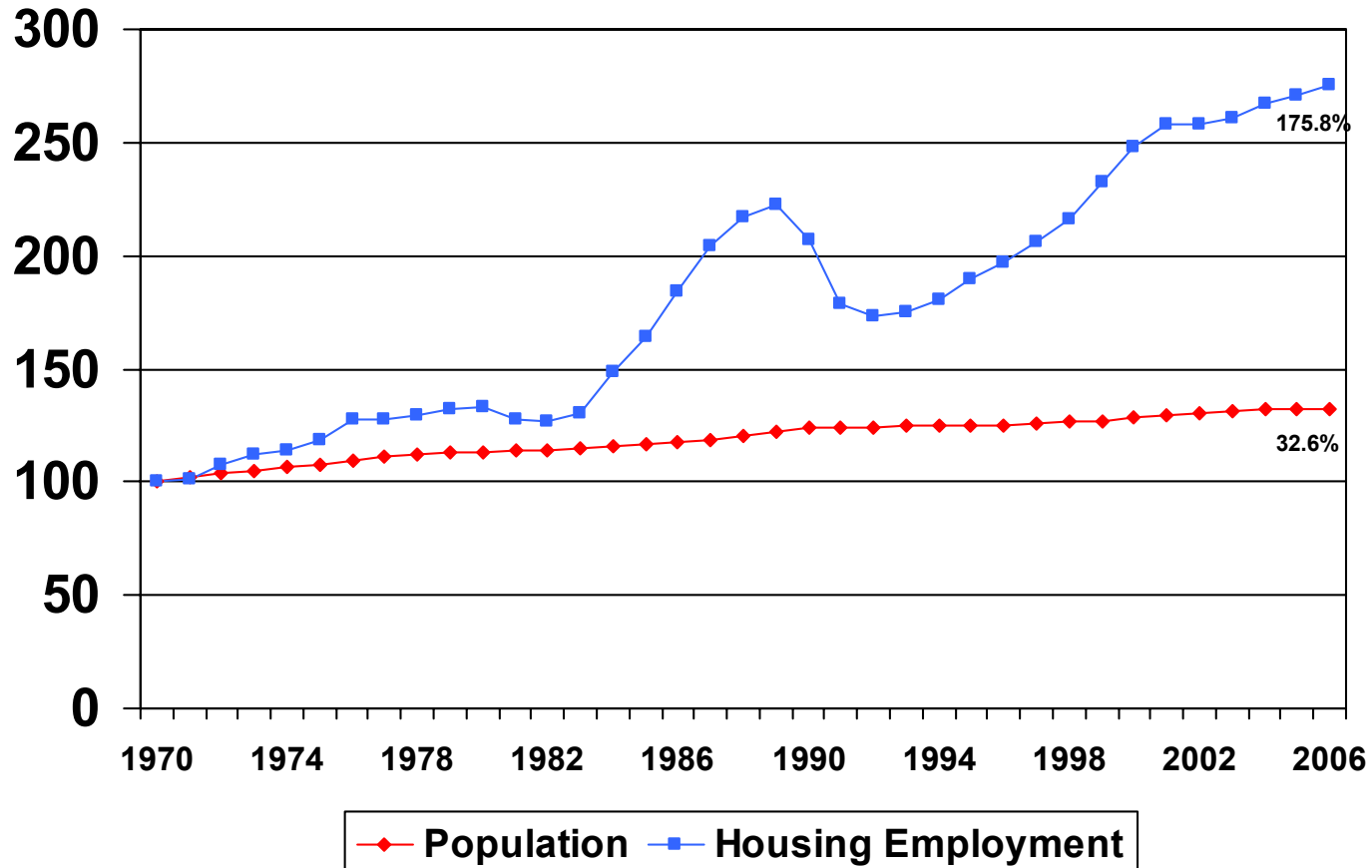




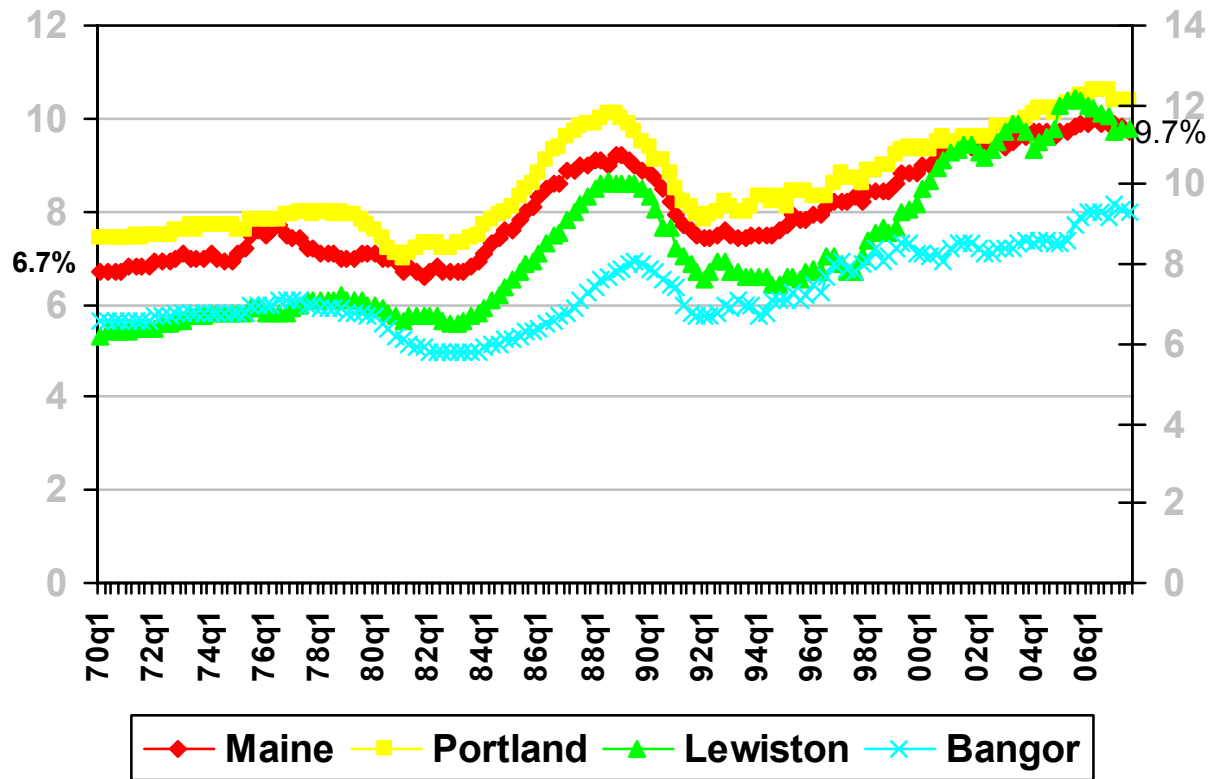
# Subprime Mortgage Delinquencies



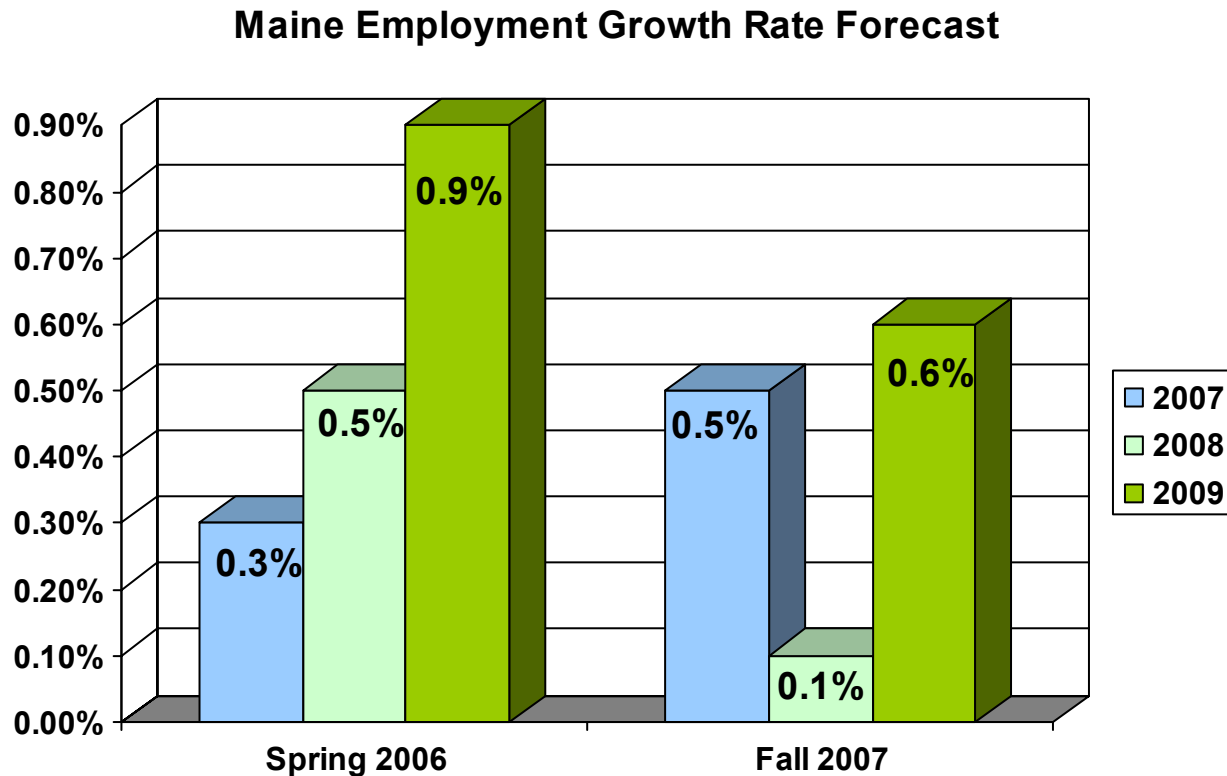
# Housing Employment in Maine



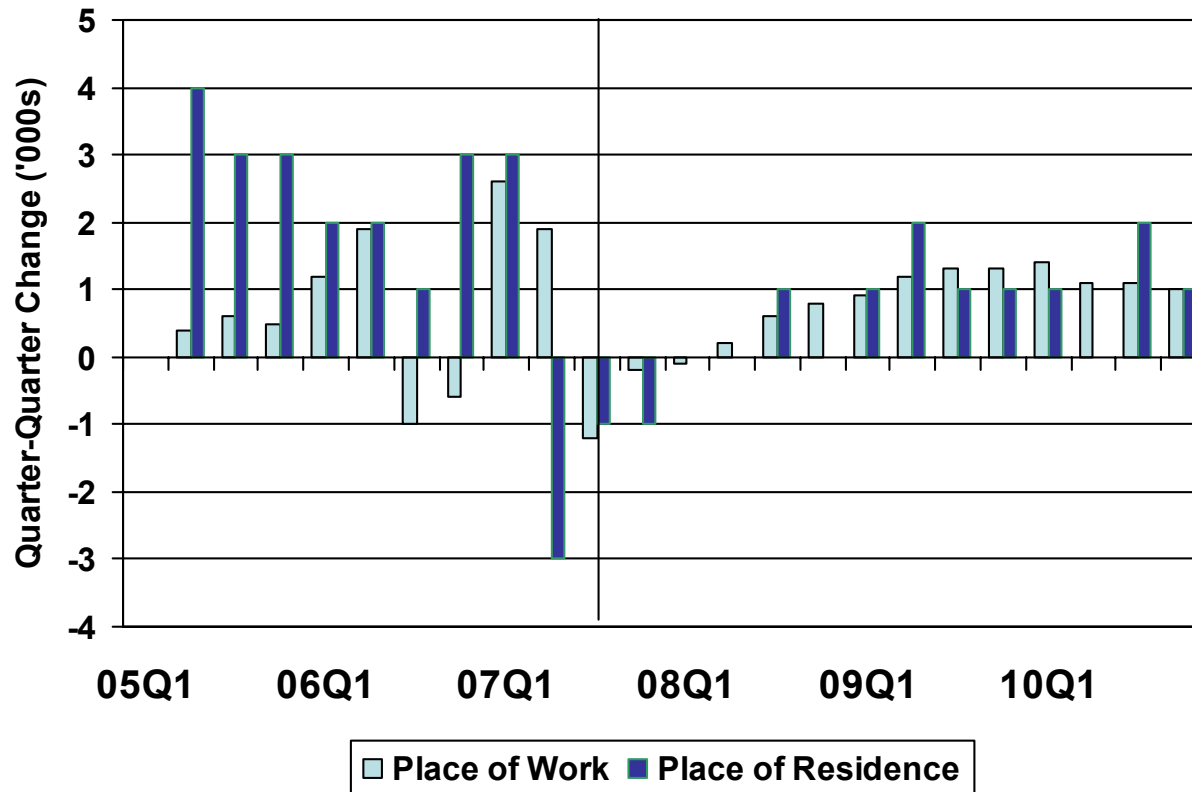
# Maine Housing Related Employment As % of Total Employment



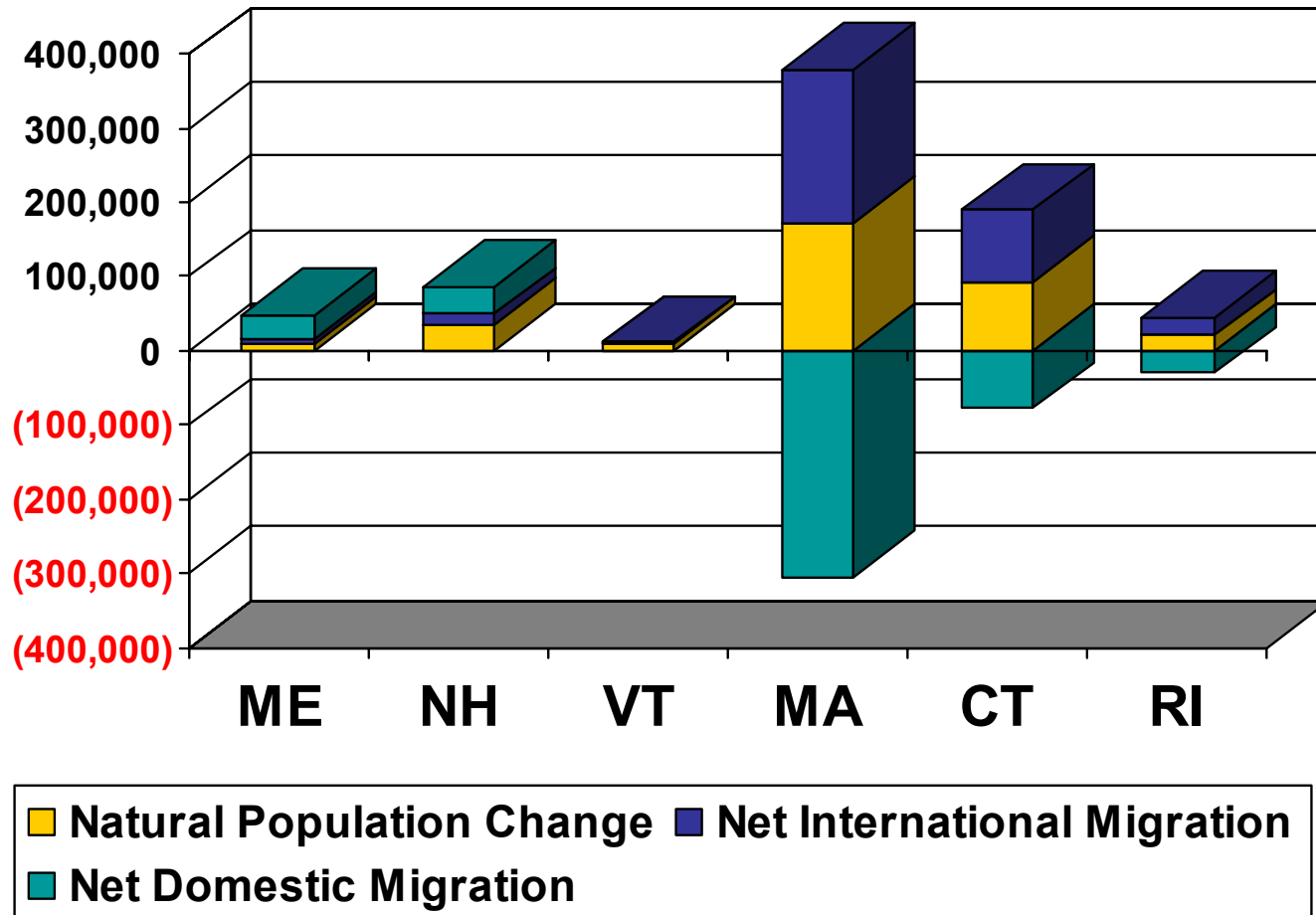
# A downshifted forecast for Maine



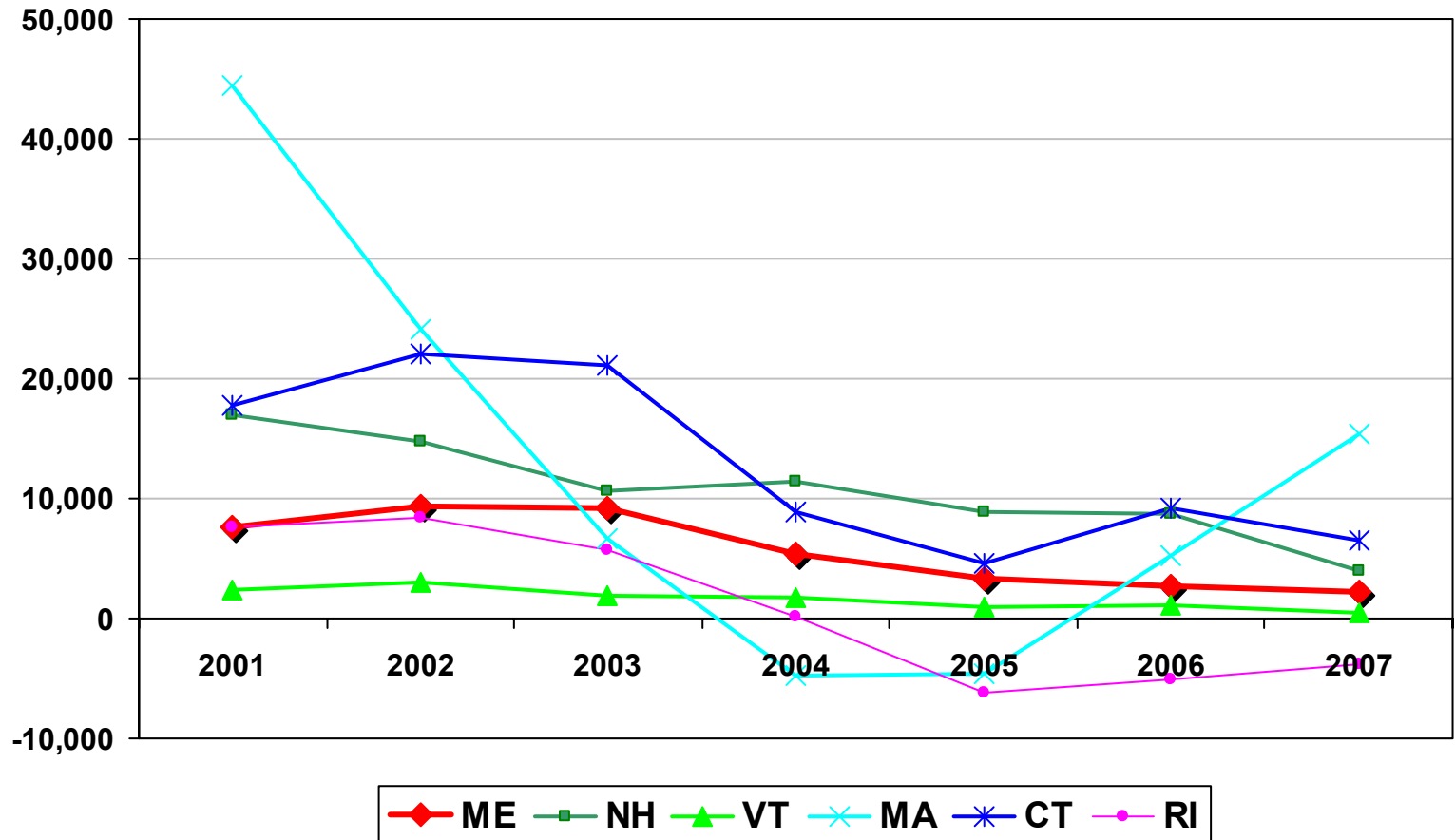
# Maine Employment



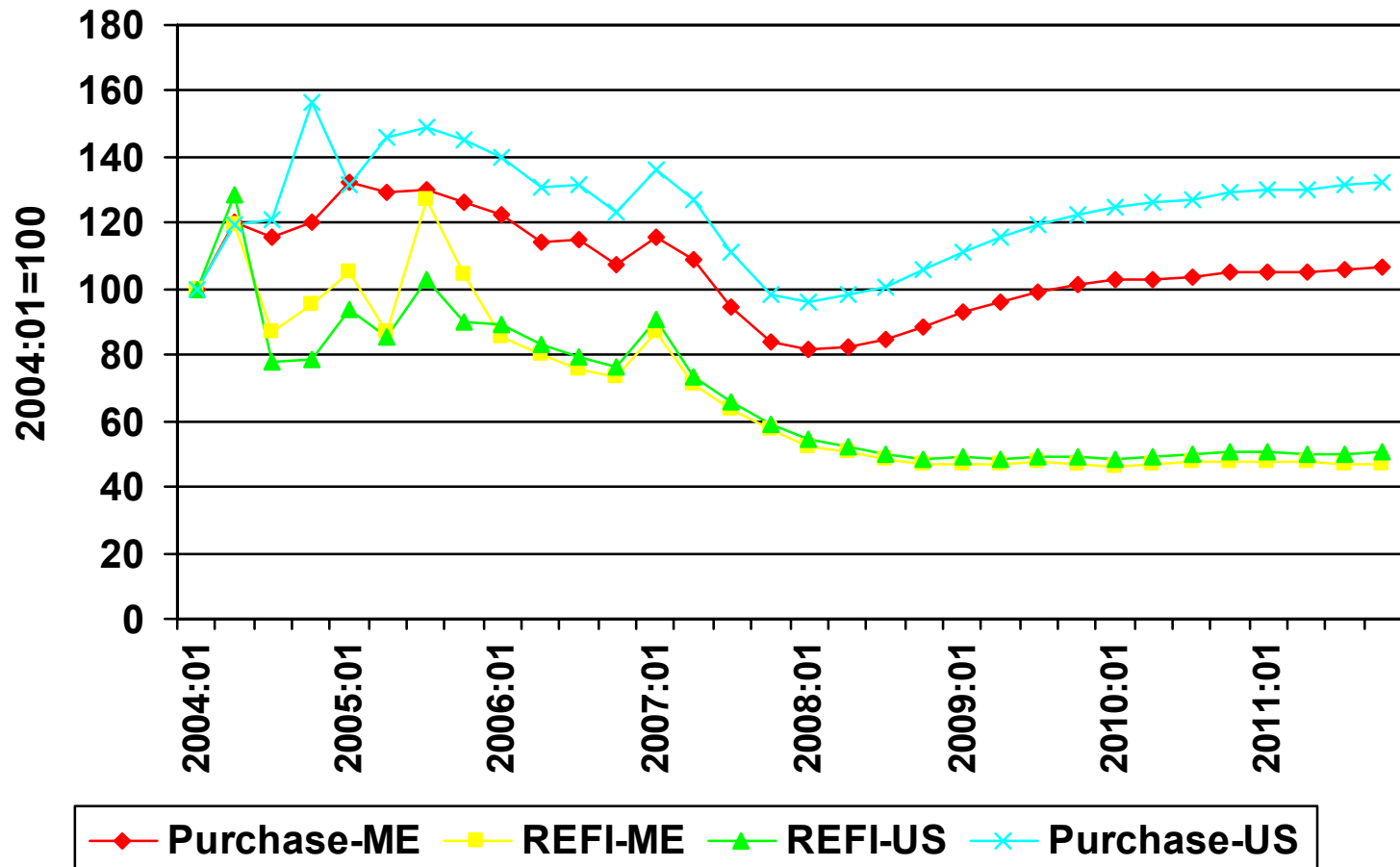
# New England Population Change



# Annual Population Change in New England: 2001-2007

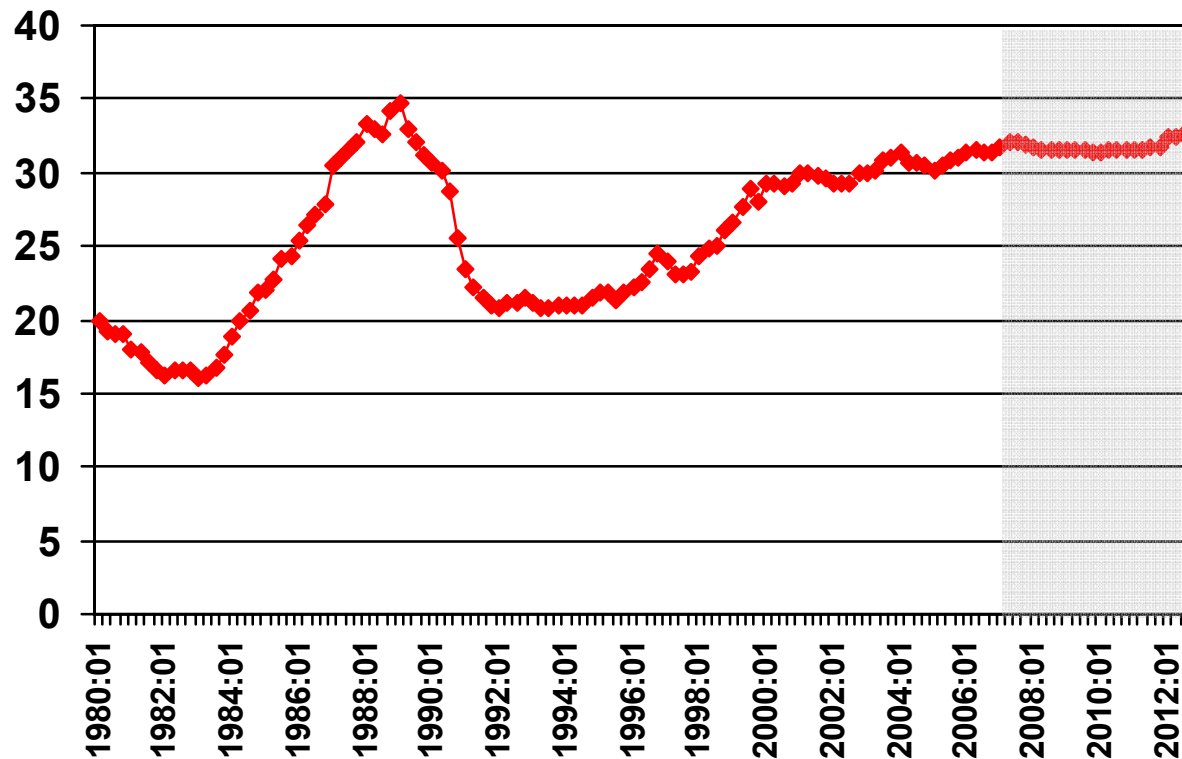


Mortgage Lending for Home Purchases will begin to grow in late 2008, but not recover to 2004 levels until 2010

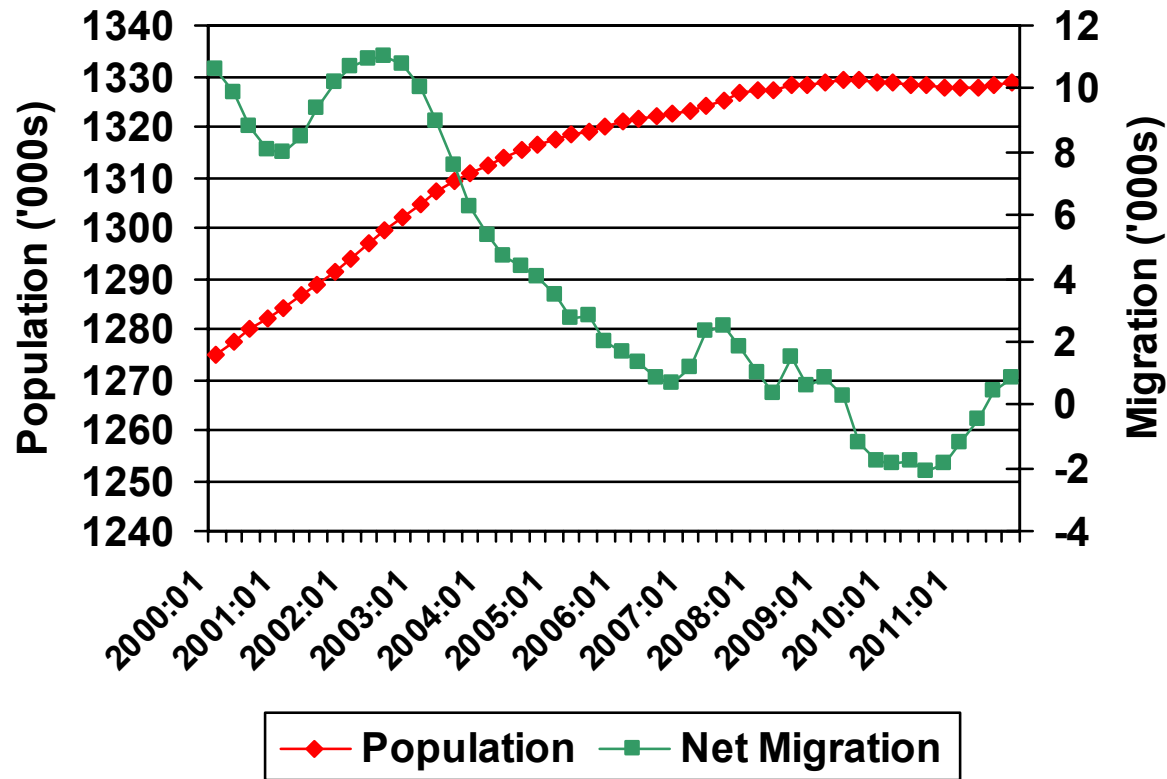




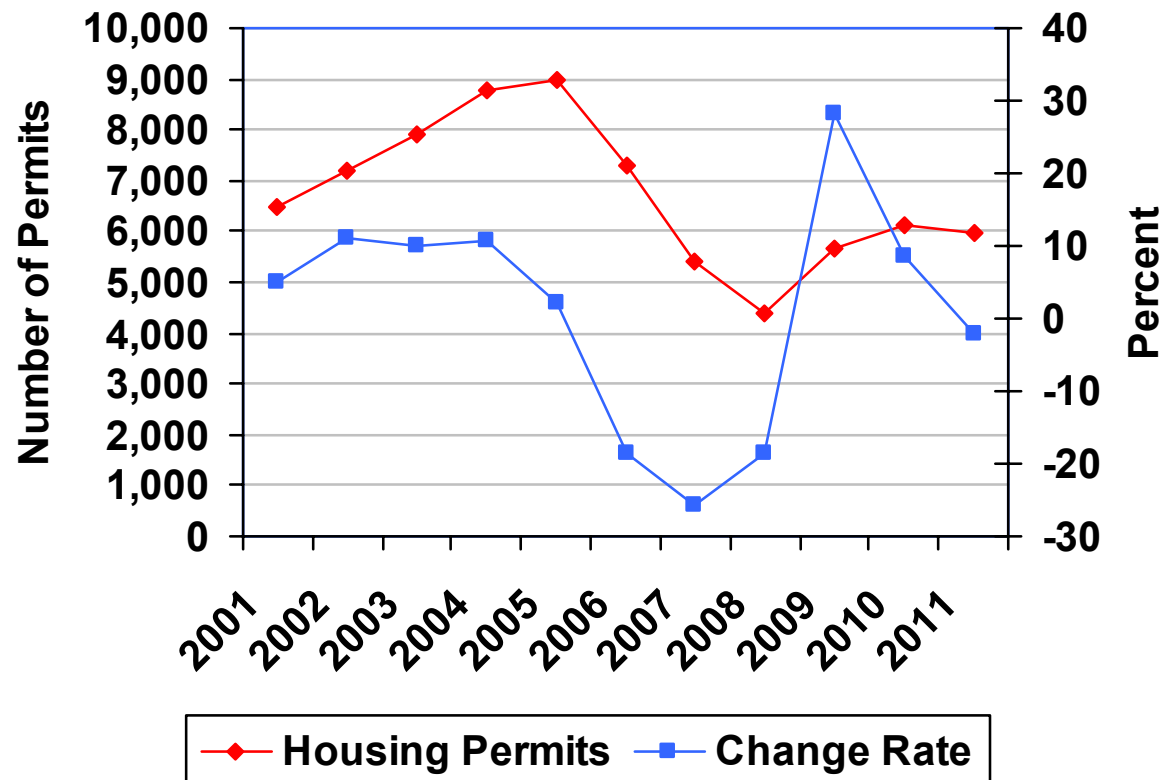
# Construction Employment in Maine



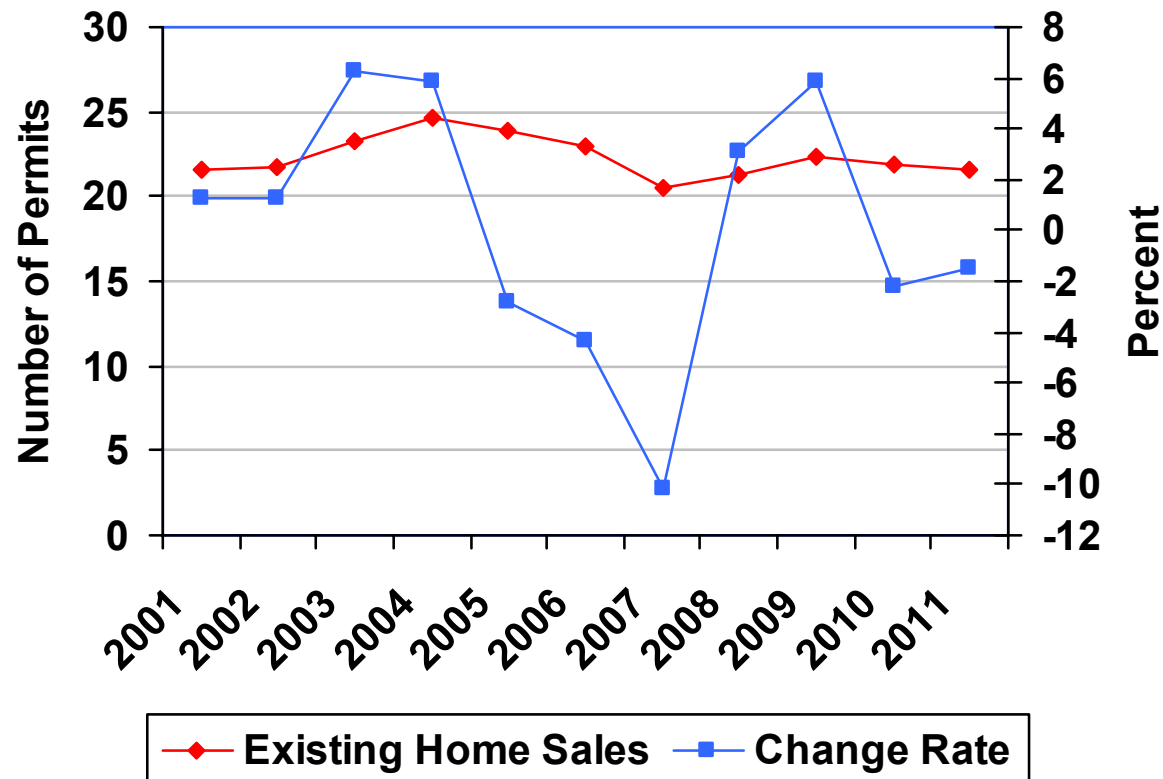
# Maine Population Growth will continue, but NASB closing will slow it in a couple of years



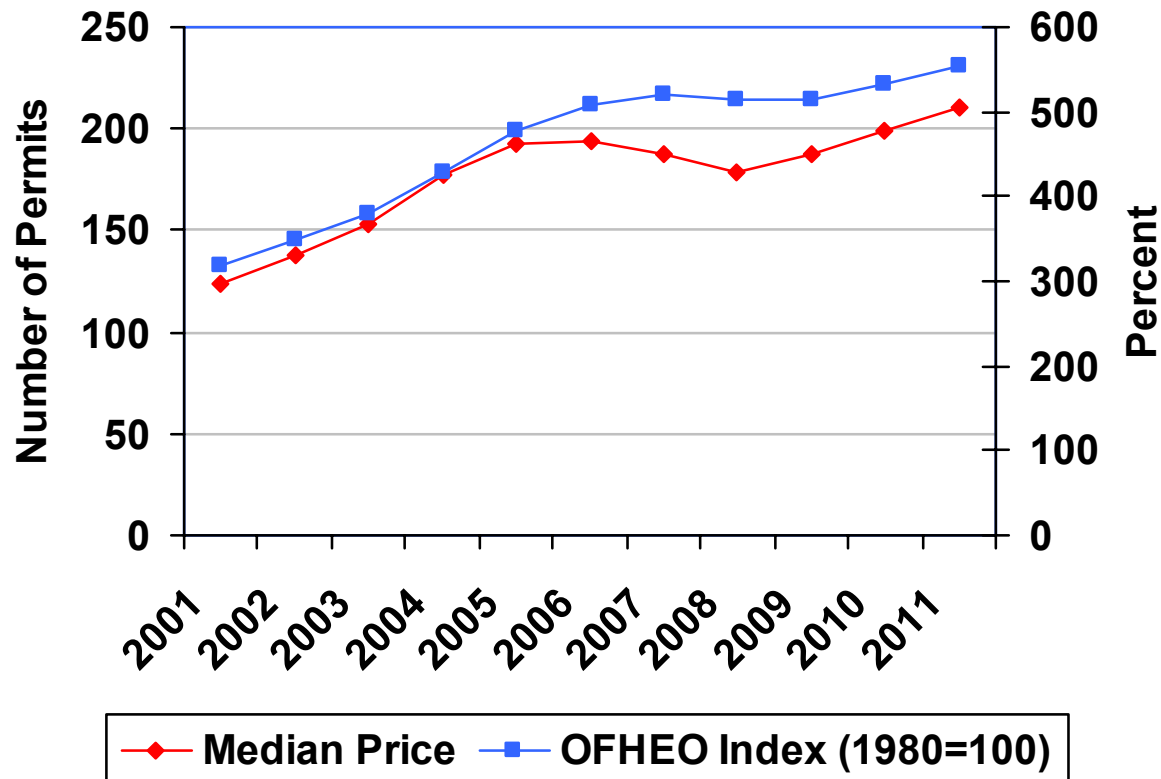
# The Fall in New Housing Construction will bottom out in 2008



# Existing Home Sales Hit Bottom in 2007, but NASB will keep recovery from being strong



# Prices may drop a little but modest price growth should be in 2010



# Summary

- Maine housing has the same exposure to the subprime mess as the rest of the country
- Housing will continue to decline on all measured through 2008
- Recovery will begin in 2009 but be limited by the effects of NASB Closing
- The effects on Maine will be much less than in the U.S. as a whole or in other regions

For a complete version of Charlie Colgan's presentation, please contact the MEREDA office at 874-0801.

The presentation will also be available at [www.mereda.org](http://www.mereda.org) .



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