



AEI Housing Center

[AEI.org/housing](https://www.aei.org/housing) | May 2019

Update on Housing and Mortgage Markets

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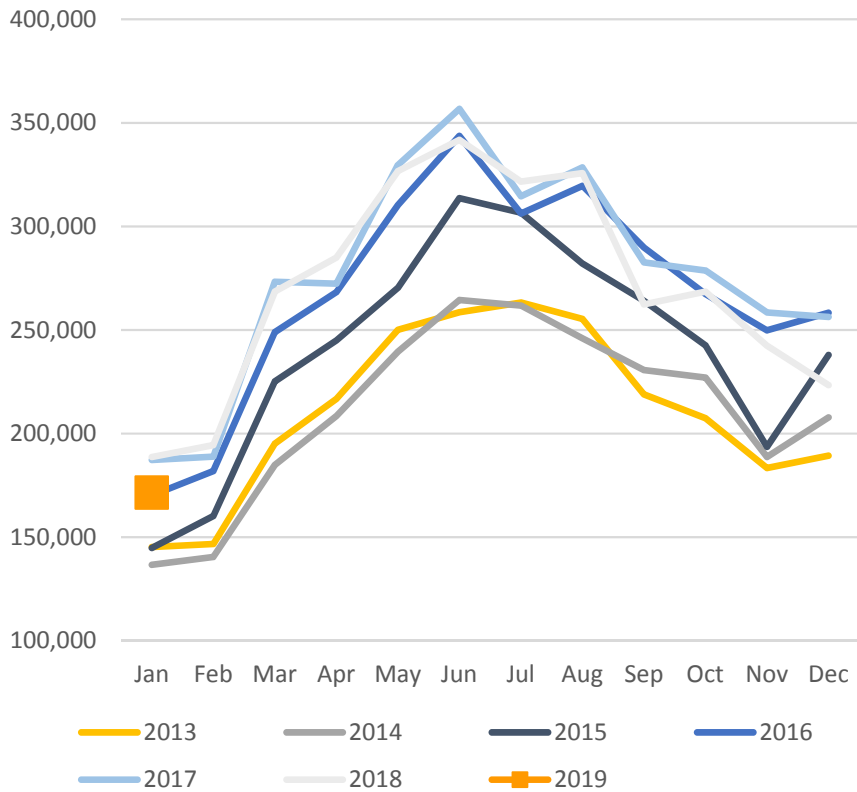
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MEREDA Spring Conference - May 7, 2019

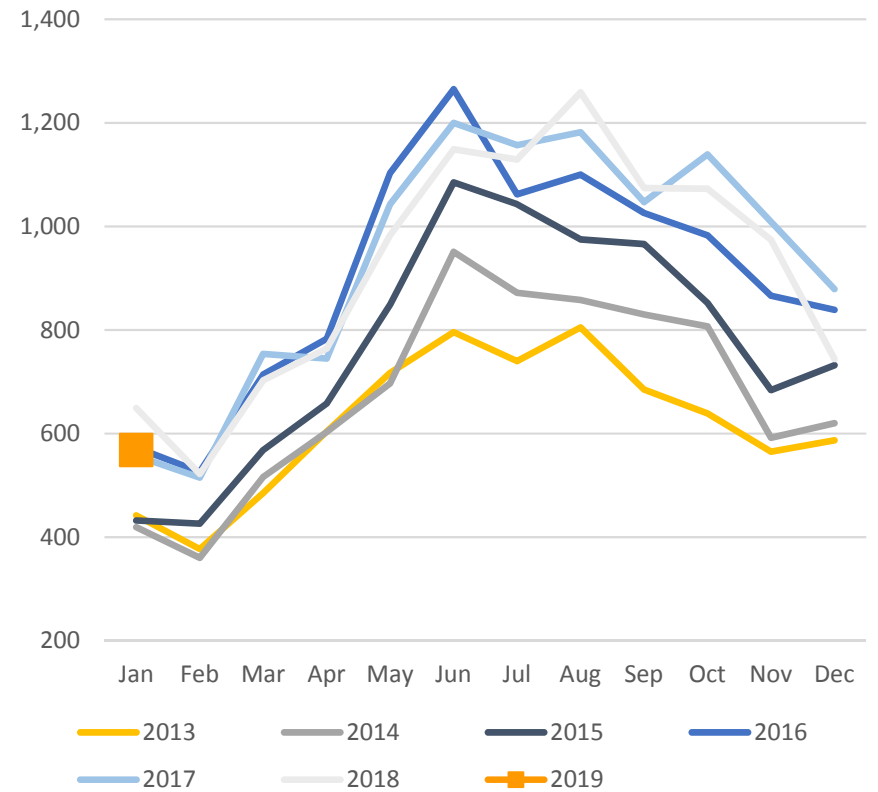


Home Sales Slowed in 2018

US Agency Purchase Originations



Maine Agency Purchase Originations

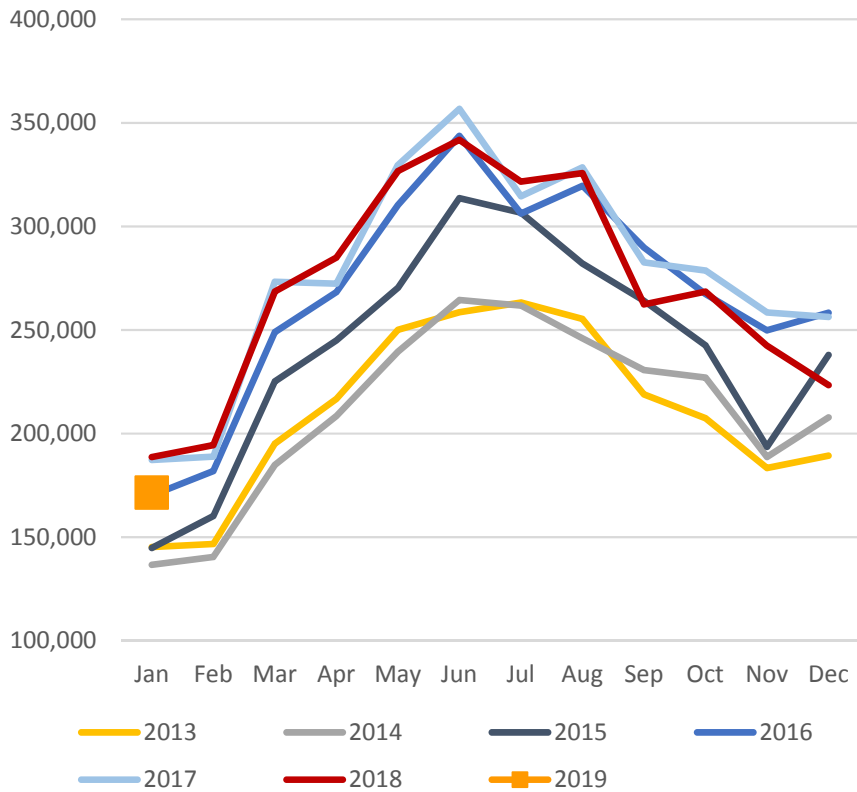


Source: AEI Housing Center, www.AEI.org/housing

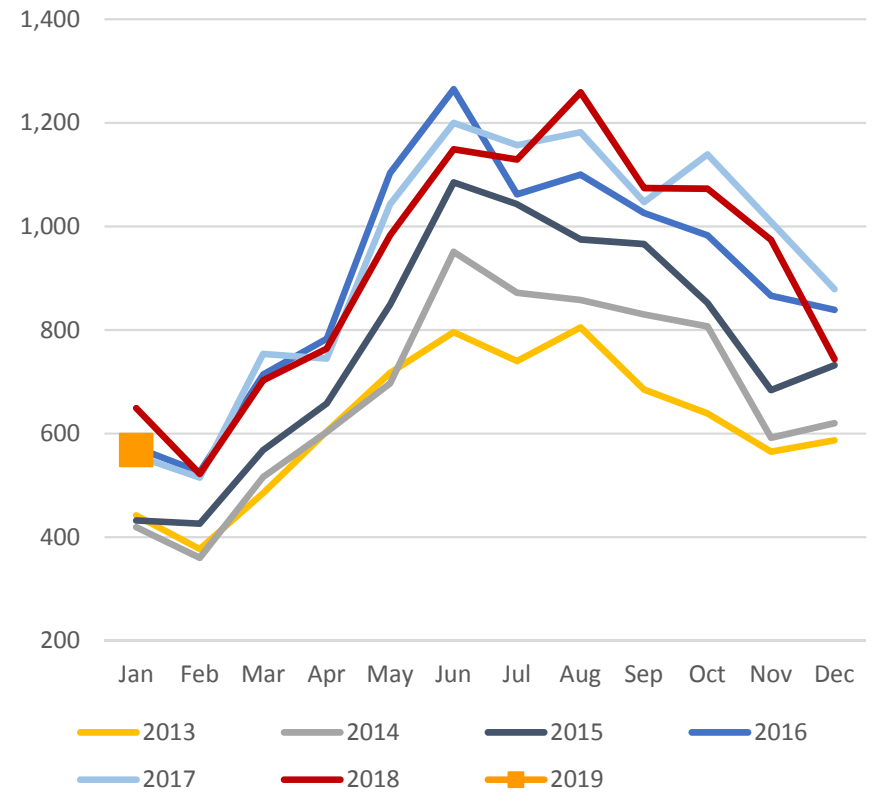


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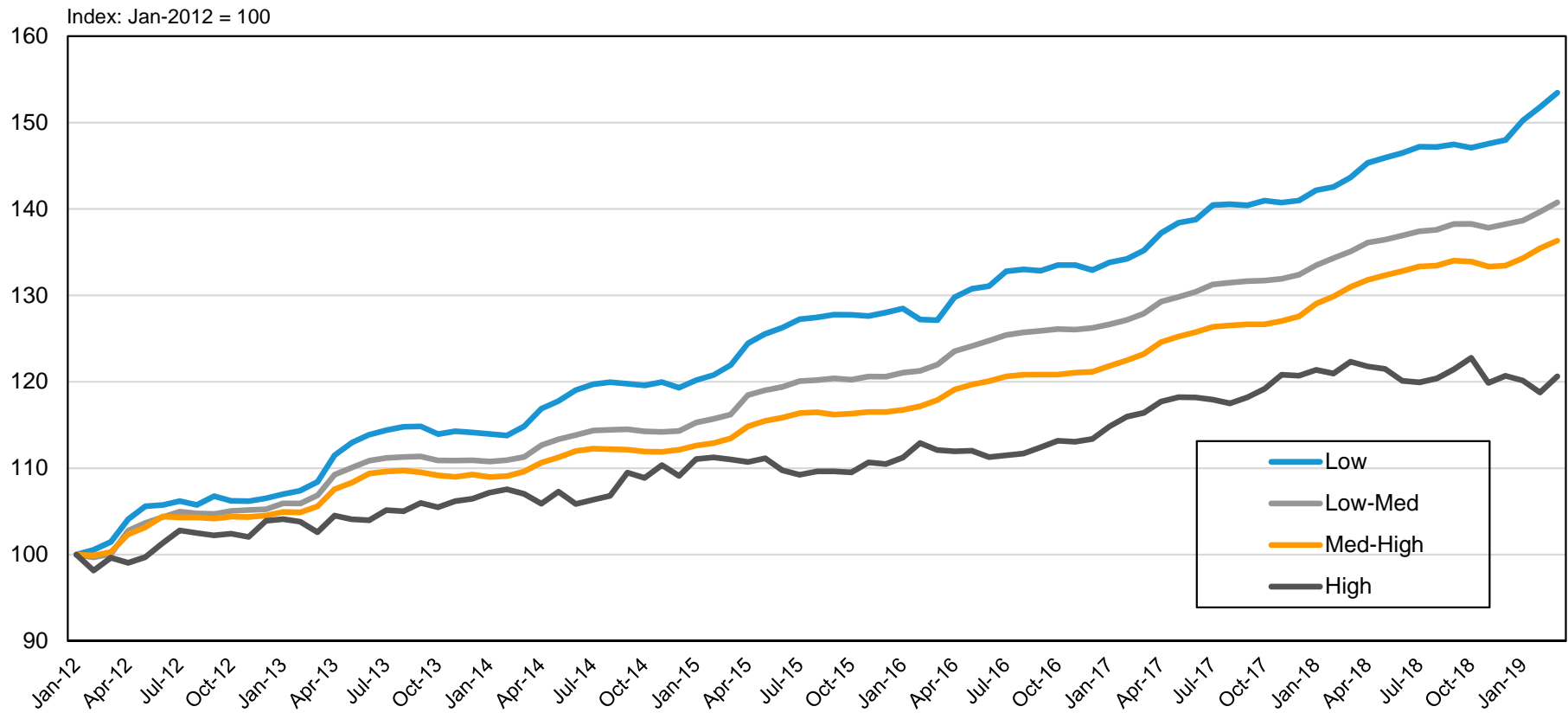


Source: AEI Housing Center, www.AEI.org/housing



But Prices Still Rising for All But Highest Priced Homes

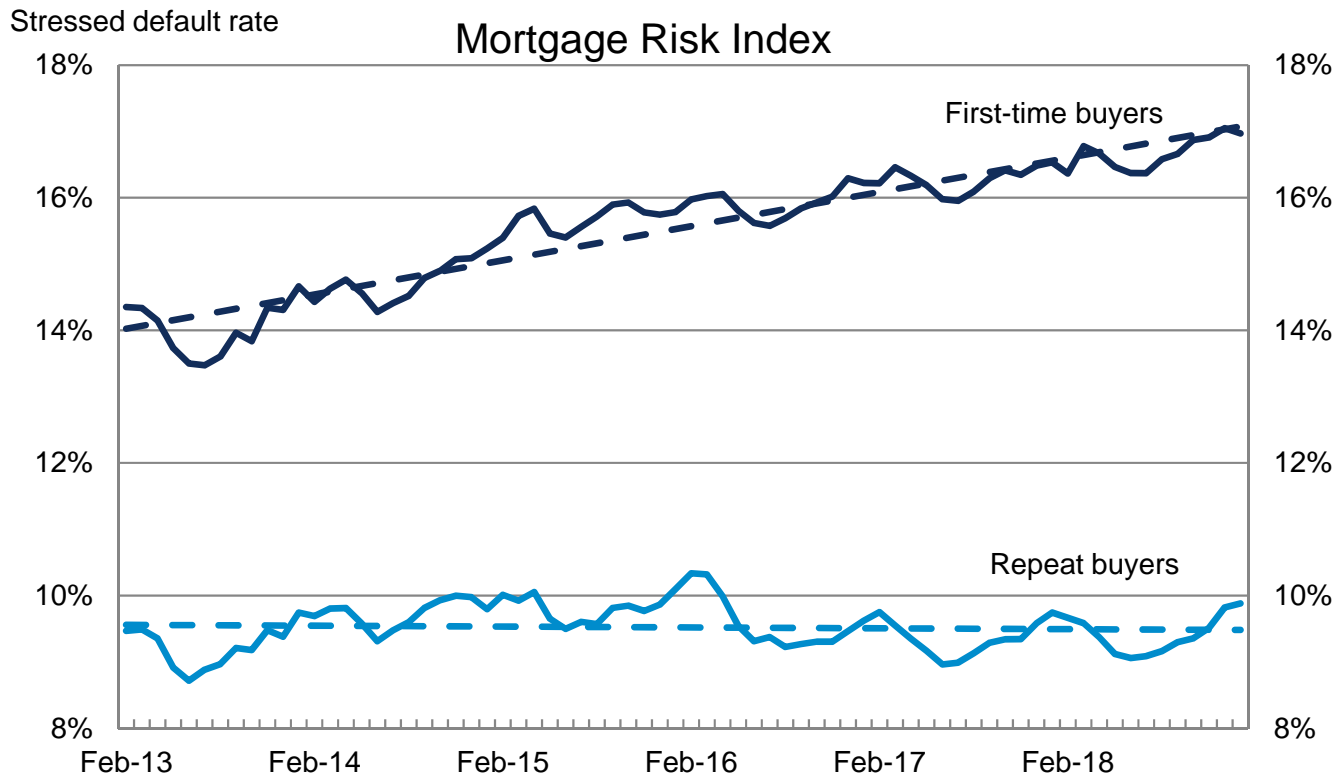
Home Price Appreciation by Price Tier



Preliminary results for March 2019

Source: AEI Housing Center, www.AEI.org/housing.

Seeking to Overcome Affordability Problems, First-time Buyers (FTBs) Are Taking on More Risk



Higher Mortgage Risk Index for FTBs primarily driven by:

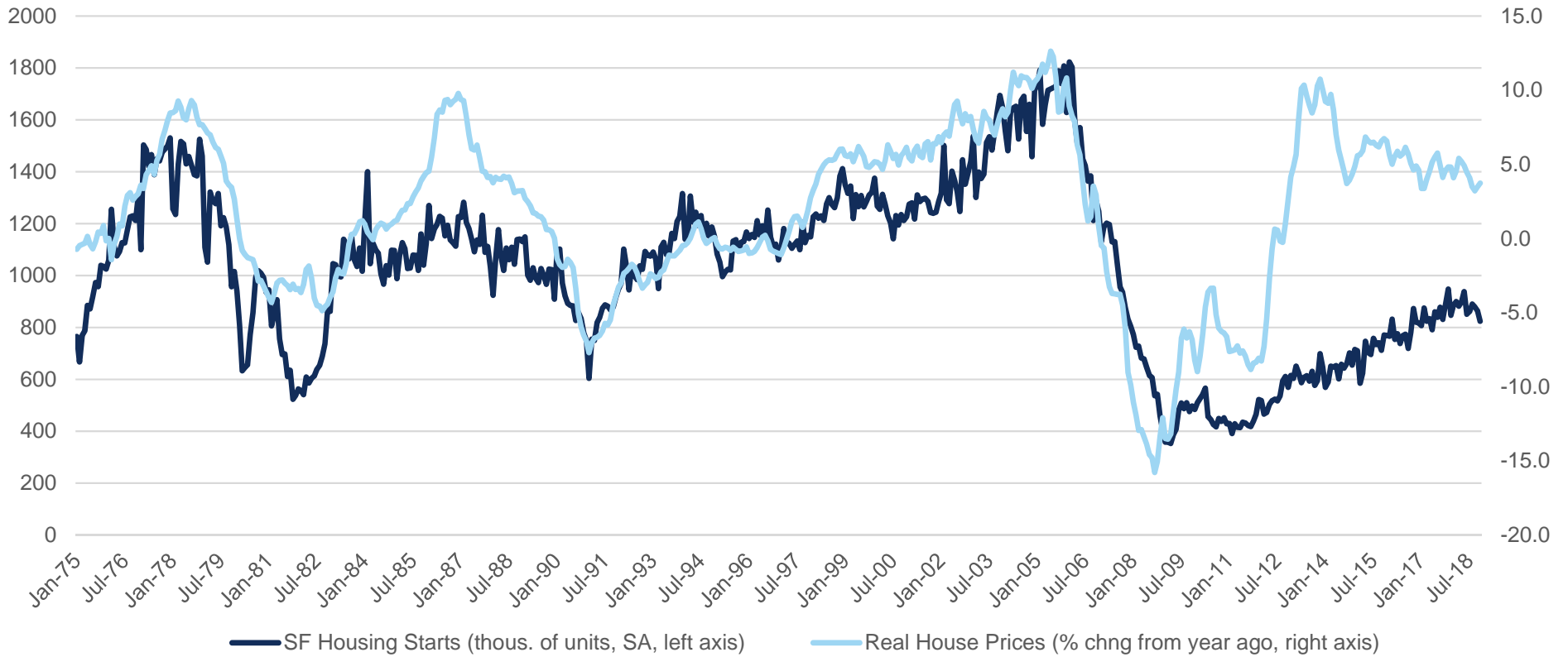
- lower credit scores,
- lower levels of down payment,
- higher debt-to-income ratios, or
- a combination of the above

Note: Data are for primary owner-occupied agency purchase loans.
 Source: AEI Housing Center, www.AEI.org/housing.



Single Family Starts Lagging

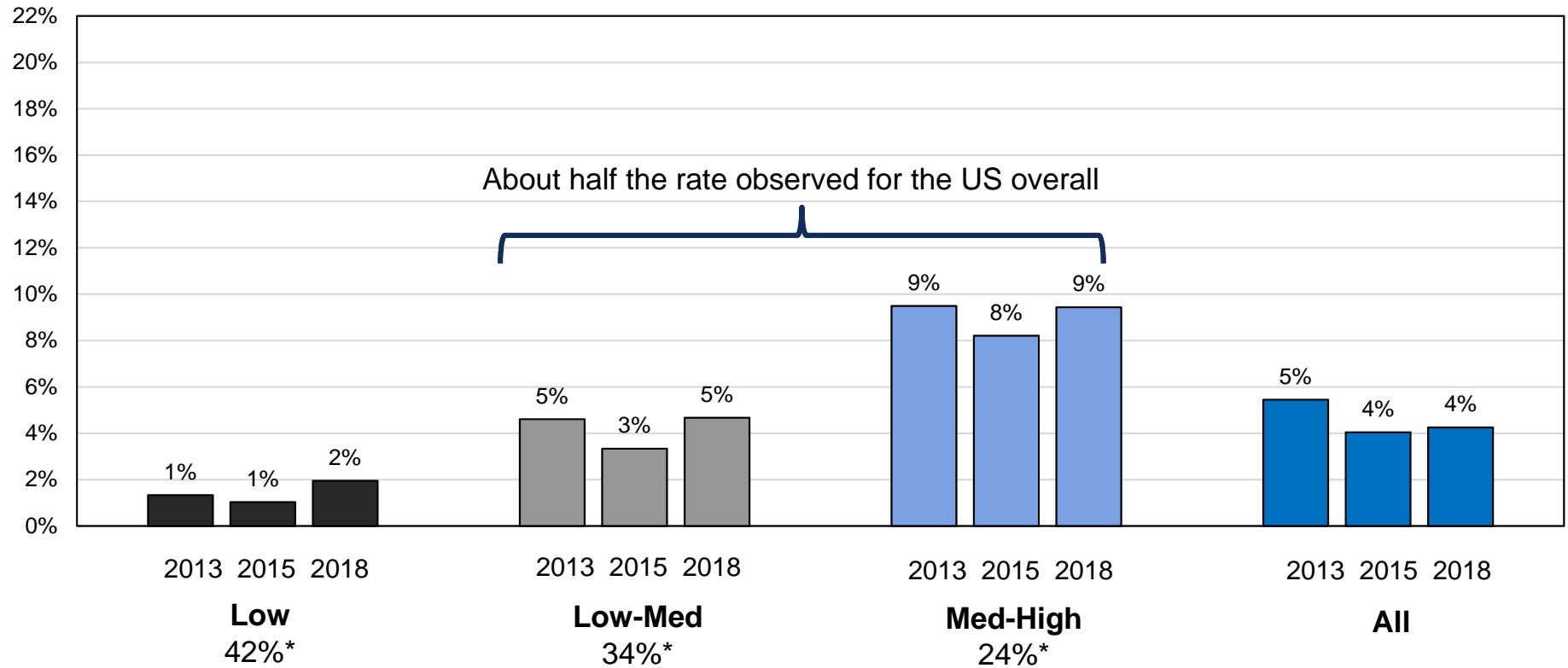
Single Family Housing Starts and Real House Prices



Source: Census, Shiller (2015), BLS

New Homes Tend to be Higher Priced

Maine New Construction Share of All Sales

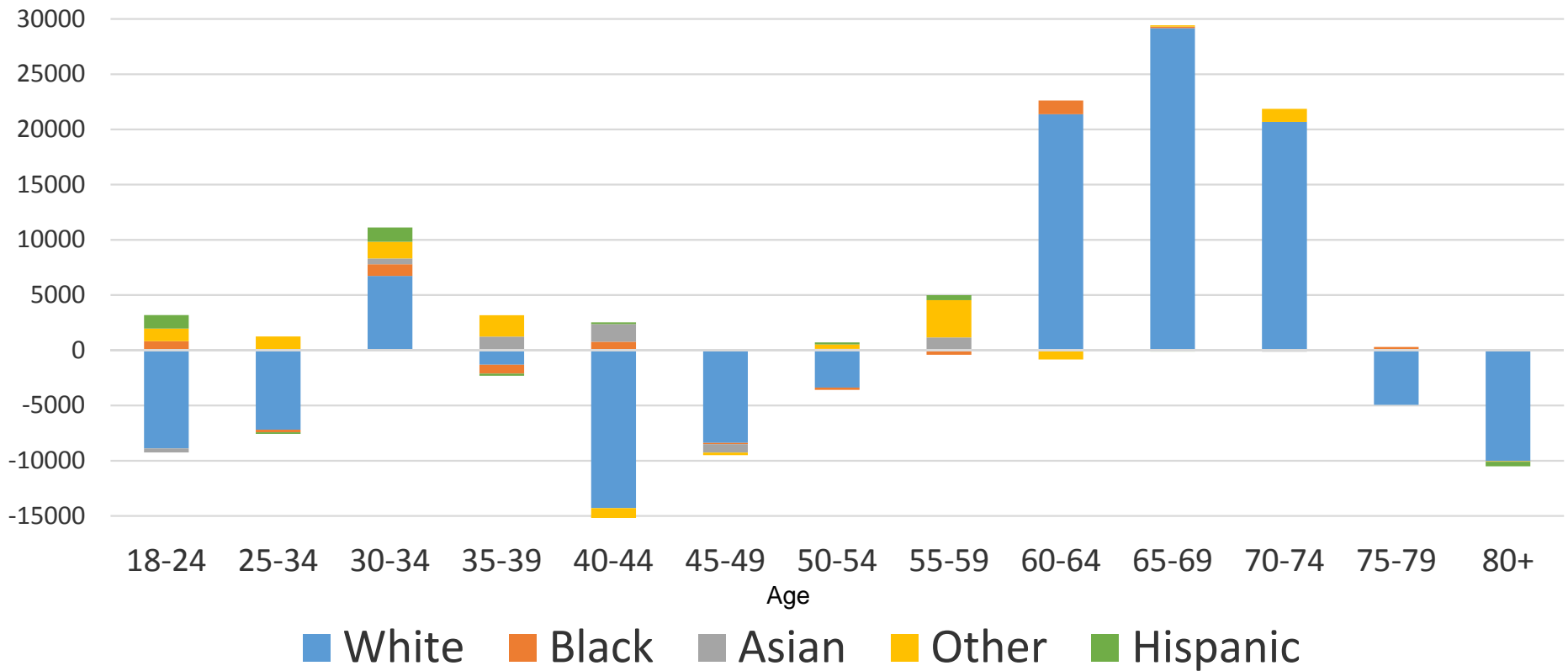


*Share of institutionally financed sales in 2018 by tier. The high price tier only represents 1% of ME home sales and is omitted.



Modest Maine Household Growth

Change in Number of Households, by Age, 2008-2018

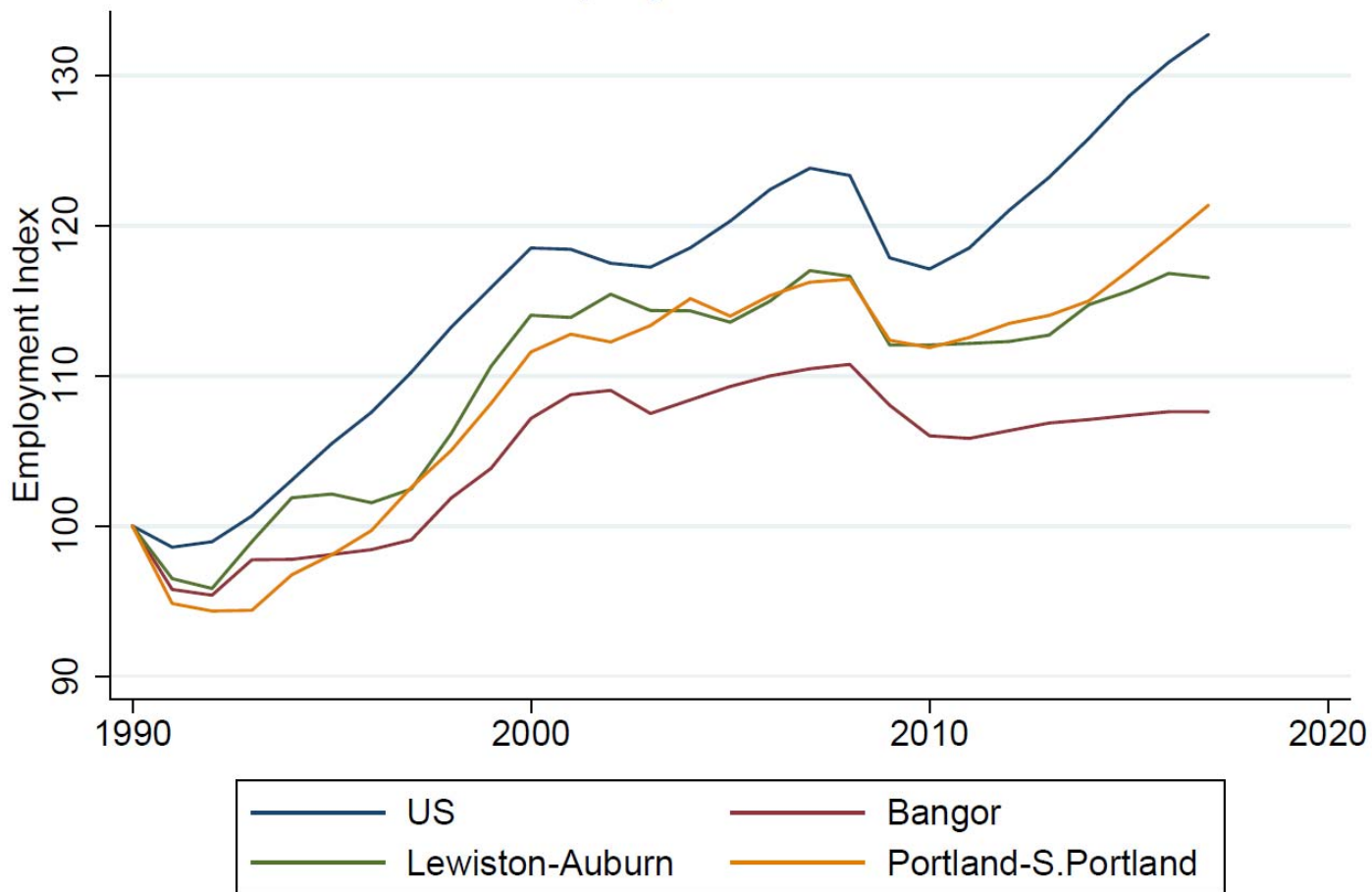


Source: Presenter's calculations using IPUMS-CPS, University of Minnesota, www.ipums.org.



Maine Employment Growth Lagging US

Employment Growth



Source: BEA and presenter's calculations



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