



Economic and Housing Trends in the South

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Center *for* Community Capital
*Research and analysis on the
transformative power of capital*



Outline of presentation

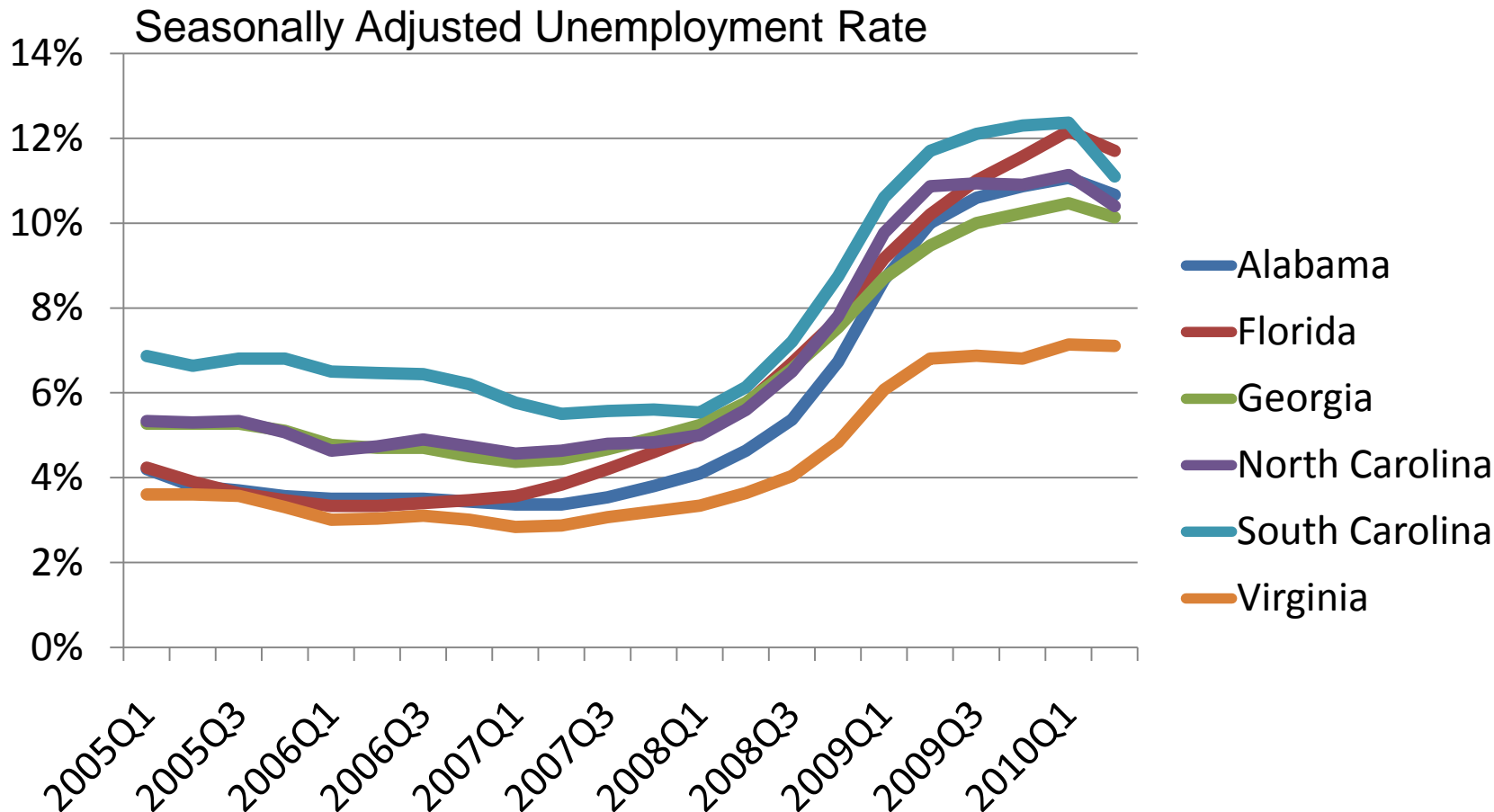
- Economic overview
 - Trends in employment, housing, and the economy
- Policy responses
 - HAMP, stimulus, etc.
- CCC study: unemployment and foreclosures risks in NC
- Implications: tailor interventions to address structural and not just crisis related trends

Crisis hit many states when the economy was in transition

- Rapid economic growth during the 1990s
 - Manufacturing and High-technology
- 2001-2007, economies in transition
 - Move towards service economy, lower wages and benefits
- Since 2008, difficult to separate impacts from ongoing structural economic transformation and the cyclical impacts resulting from the crisis

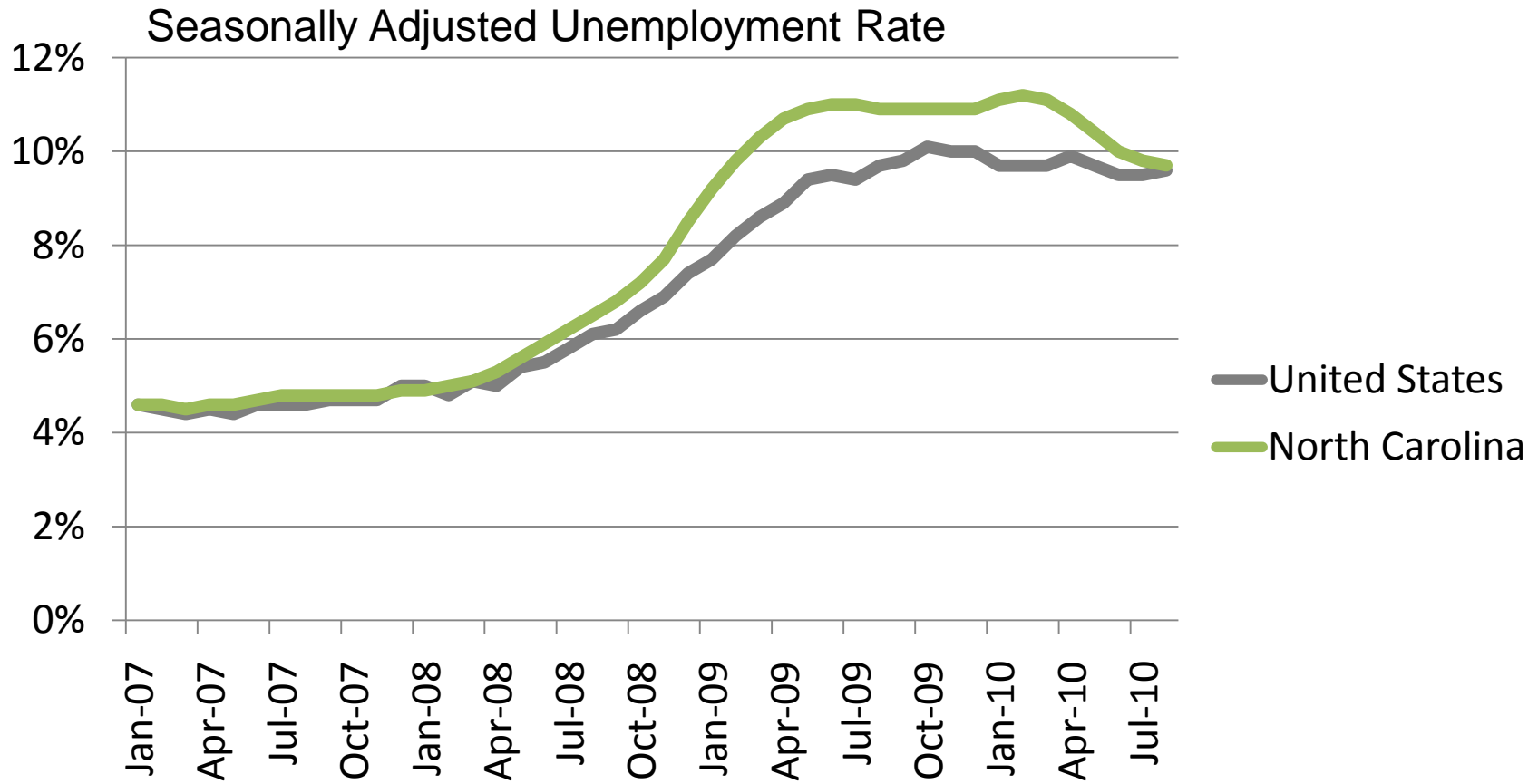


Unemployment



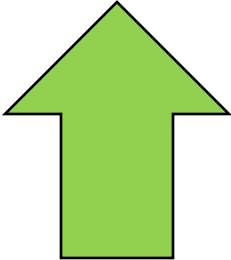

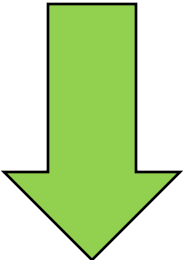
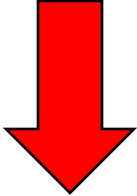
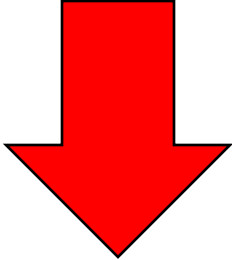
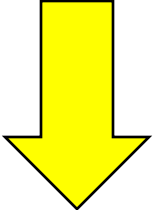


Importance of Details: NC example





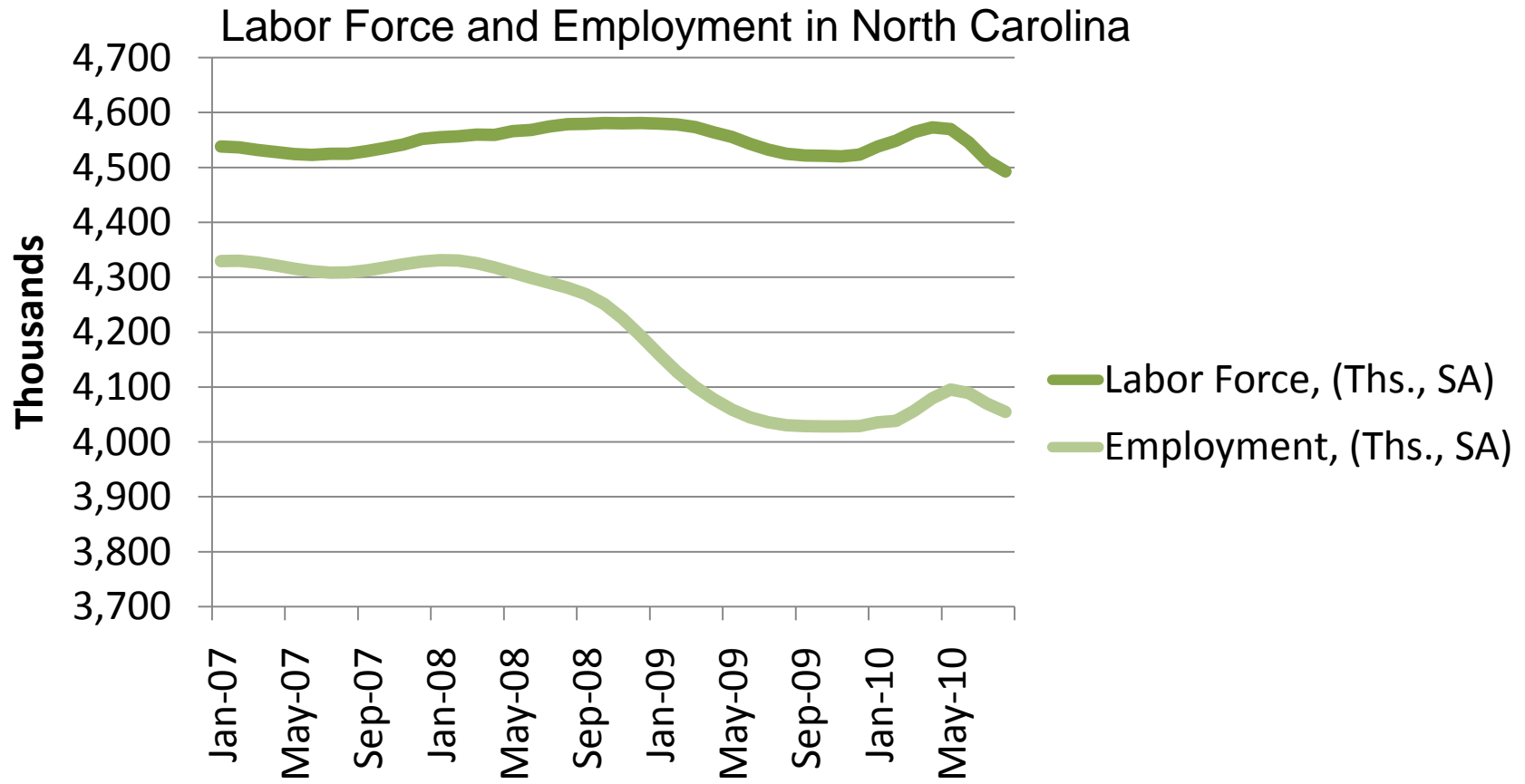
Aggregate numbers obscure differences...

County Type	Number of jobs	Size of the labor force	Unemployment rate
Urban and more developed counties			
Rural and less-developed counties			

* Based on charts from the NC Dept of Commerce



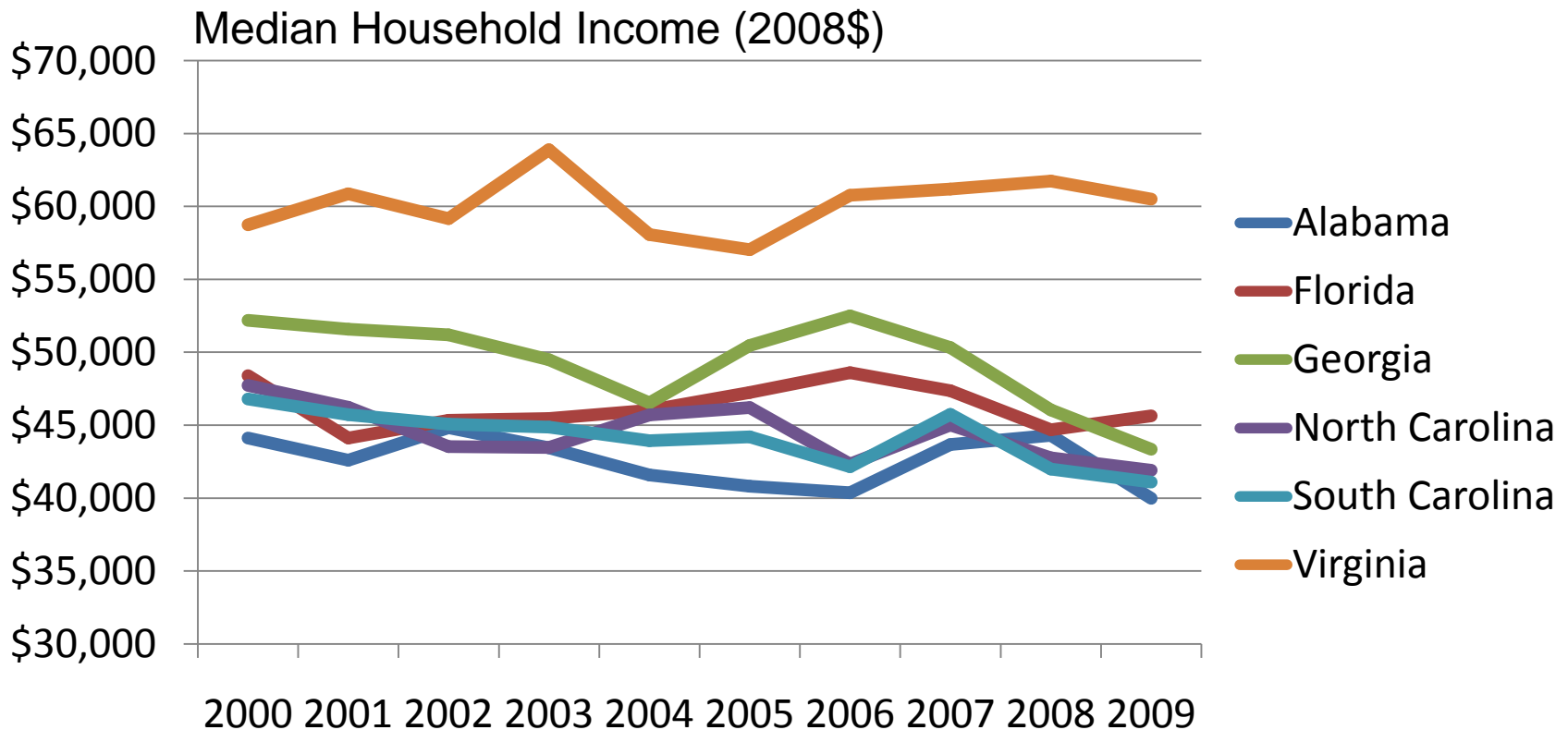
Moving numerator and denominator



Gains in NC employment are not uniform

	6/10 Nonfarm	% change since 6/09	% change since 12/07
Construction	171,400	-10.6%	-31.9%
Manufacturing	432,100	-3.0%	-18.8%
Trade, transportation, utilities	712,300	-1.3%	-8.8%
Financial services	198,600	-1.4%	-6.7%
Professional services	478,500	+4.5%	-5.5%
Education & Health	553,300	+2.0%	+3.7%
Government	758,100	+5.7%	+8.3%
TOTAL	3,933,900	+0.8%	-5.7%

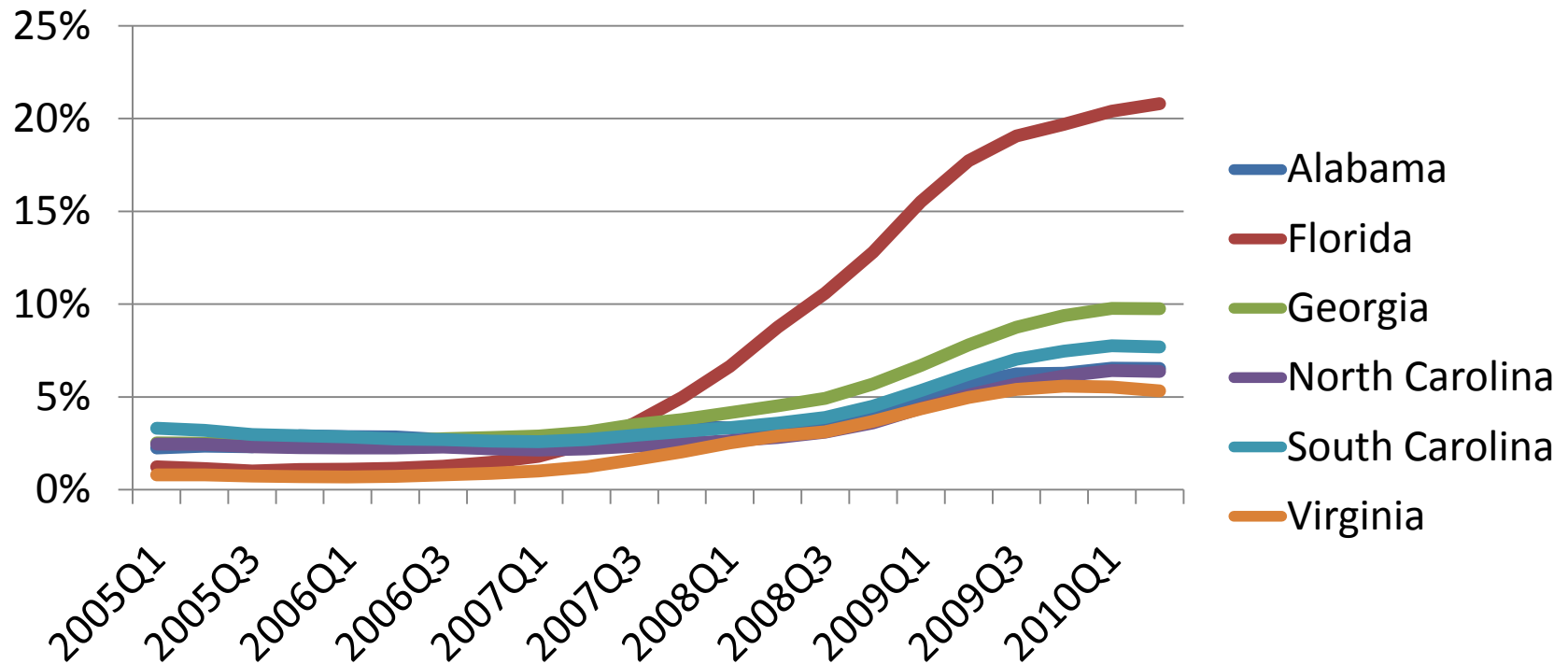
Not surprisingly, after declining prior to crisis, incomes have not increased





Serious Delinquency

Seriously Delinquent Share of Mortgages

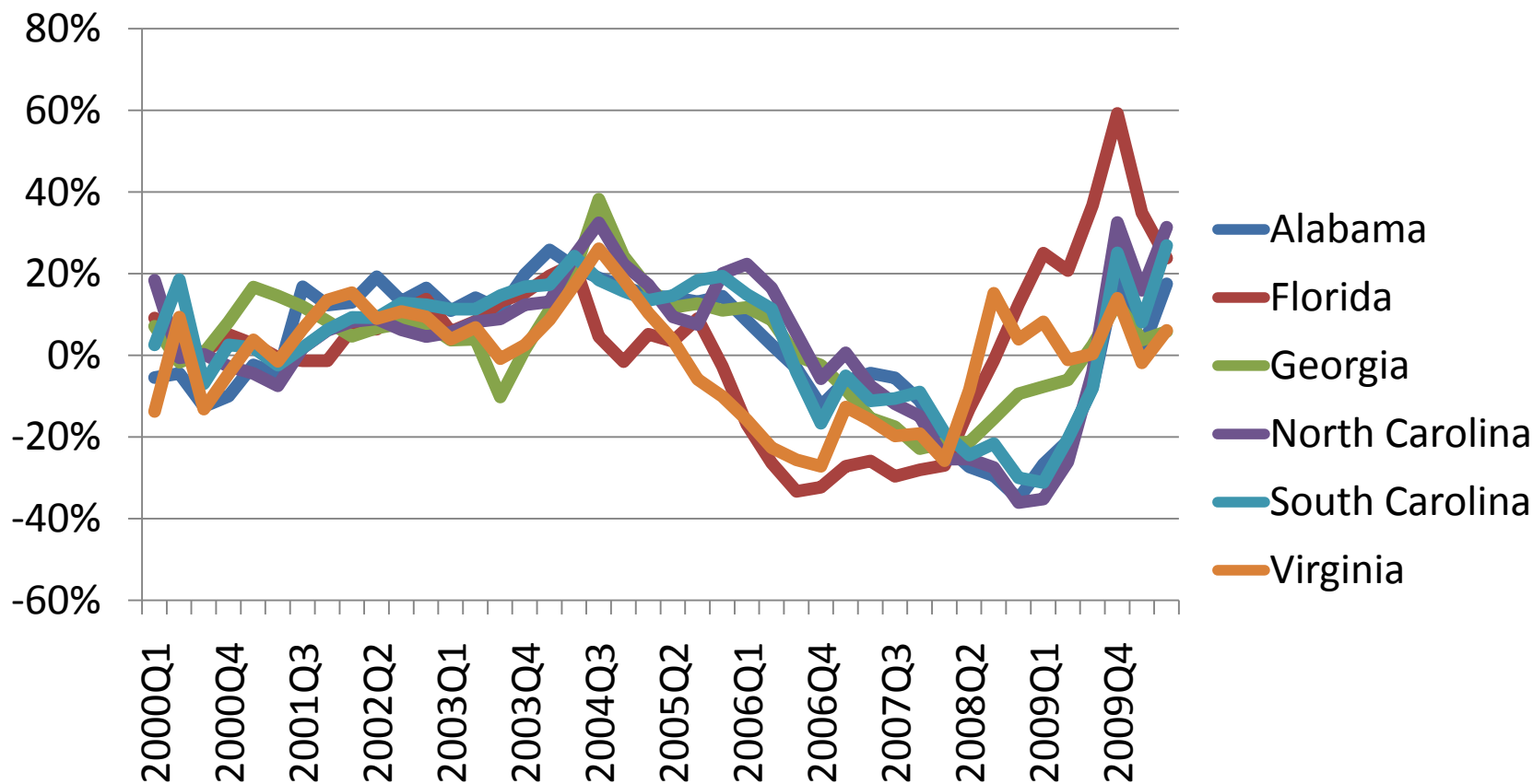


Notes: "Serious Delinquency" defined as 90+ days late or foreclosure inventory. Mortgage Bankers Association, National Delinquency Survey



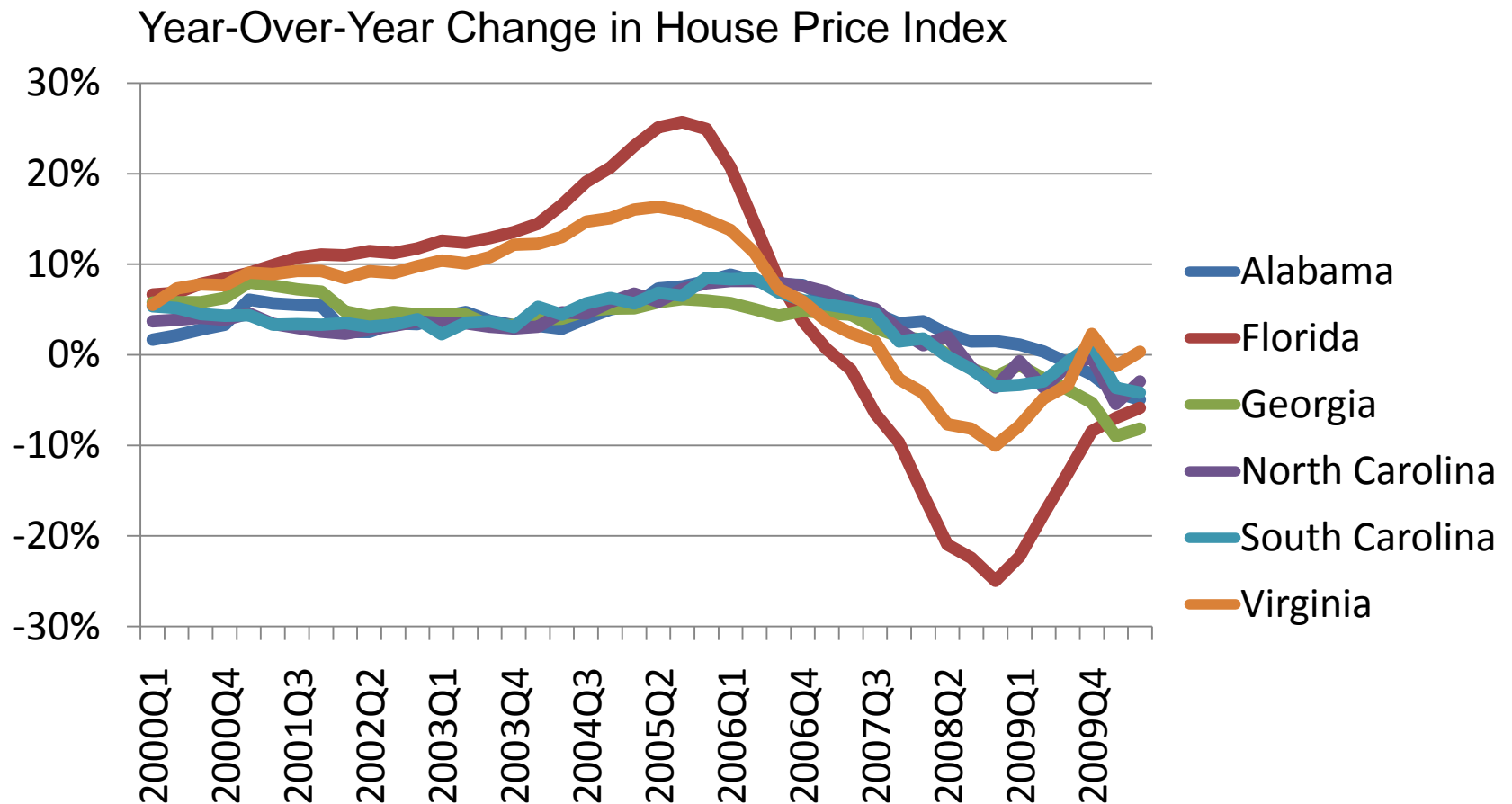
Existing Home Sales

Year-Over-Year Change in Sales of Existing Single-Family, Condo & Co-ops





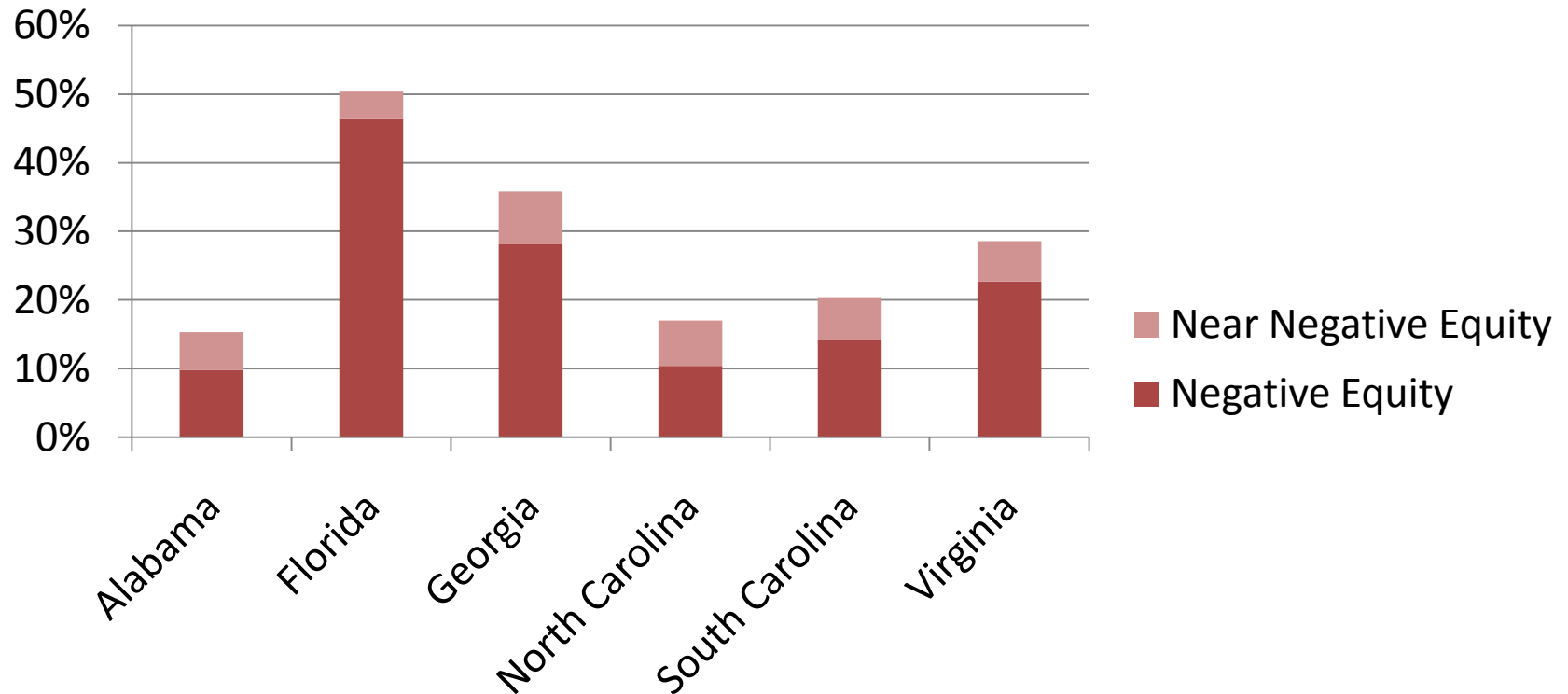
House Prices





Negative Equity

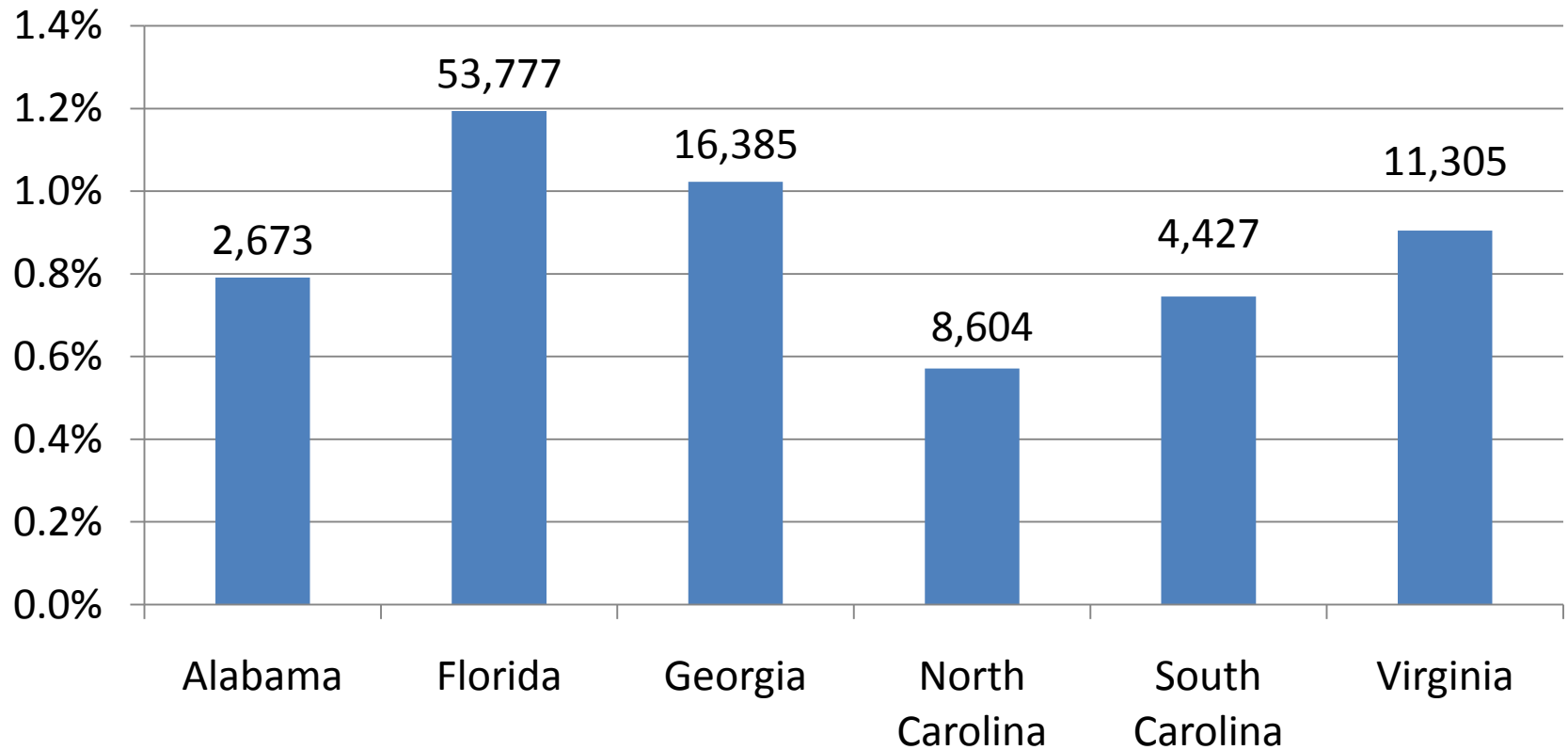
Share of Homeowners with Mortgages



Note: "Near Negative Equity" defined as within 5% of negative equity position
Source: First American CoreLogic, Negative Equity Report Q2 2010

HAMP Modifications

Permanent Modifications as a Share of Total Mortgages

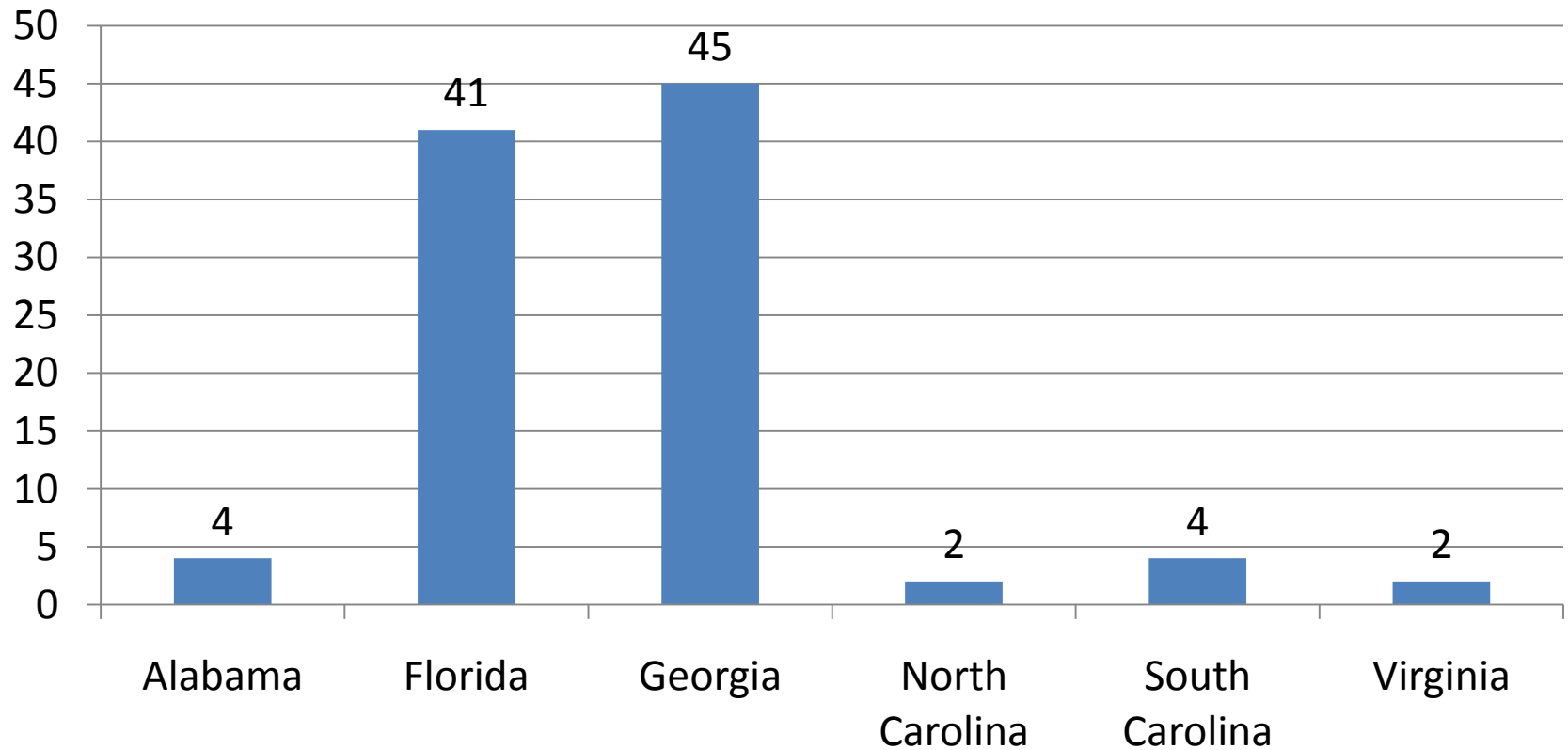


Notes: Permanent Modifications as of August 2010.

Source: FinancialStability.gov; First American CoreLogic

Bank Failures

Failed Banks Since 2006

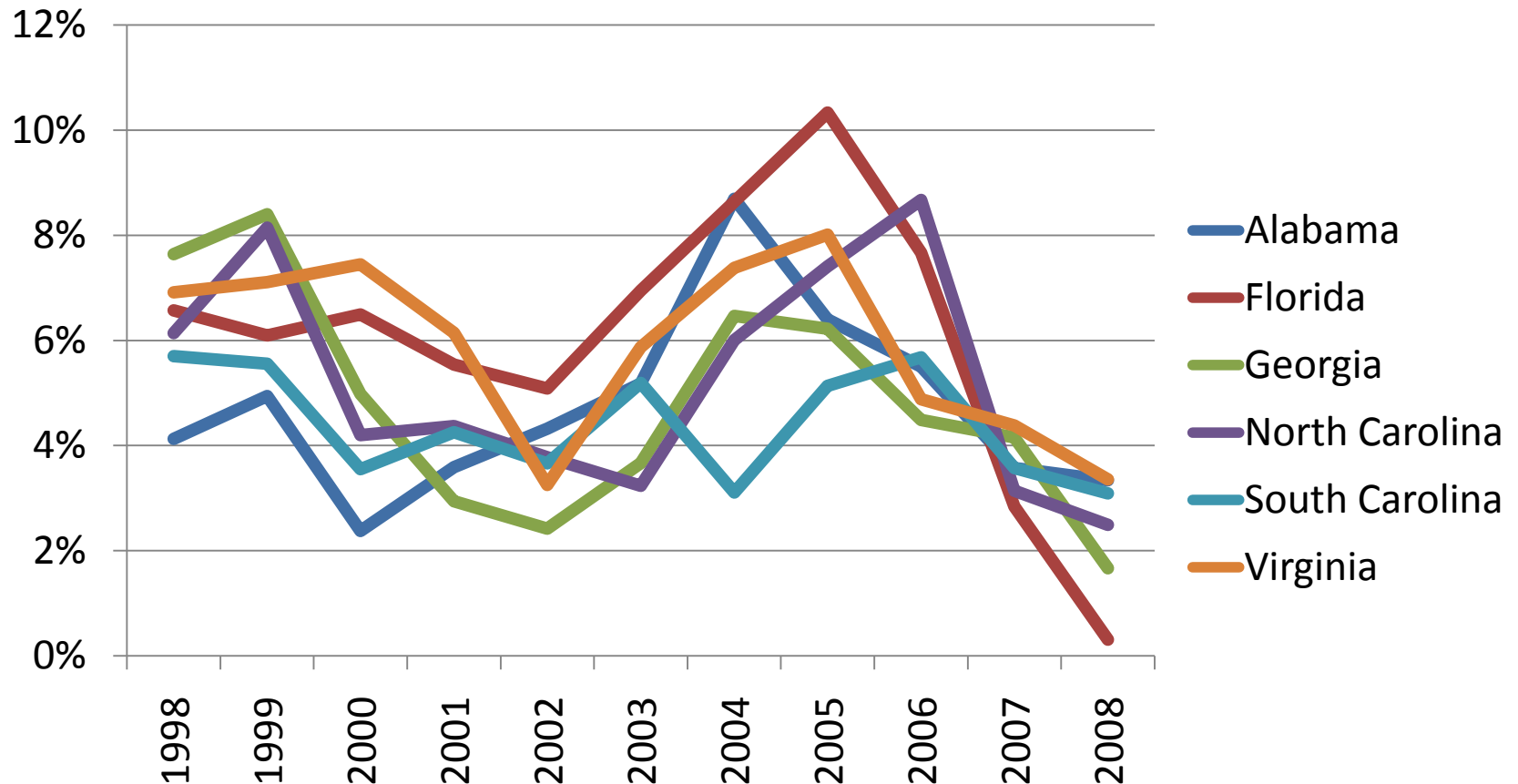


Source: Federal Deposit Insurance Corporation



State GDP

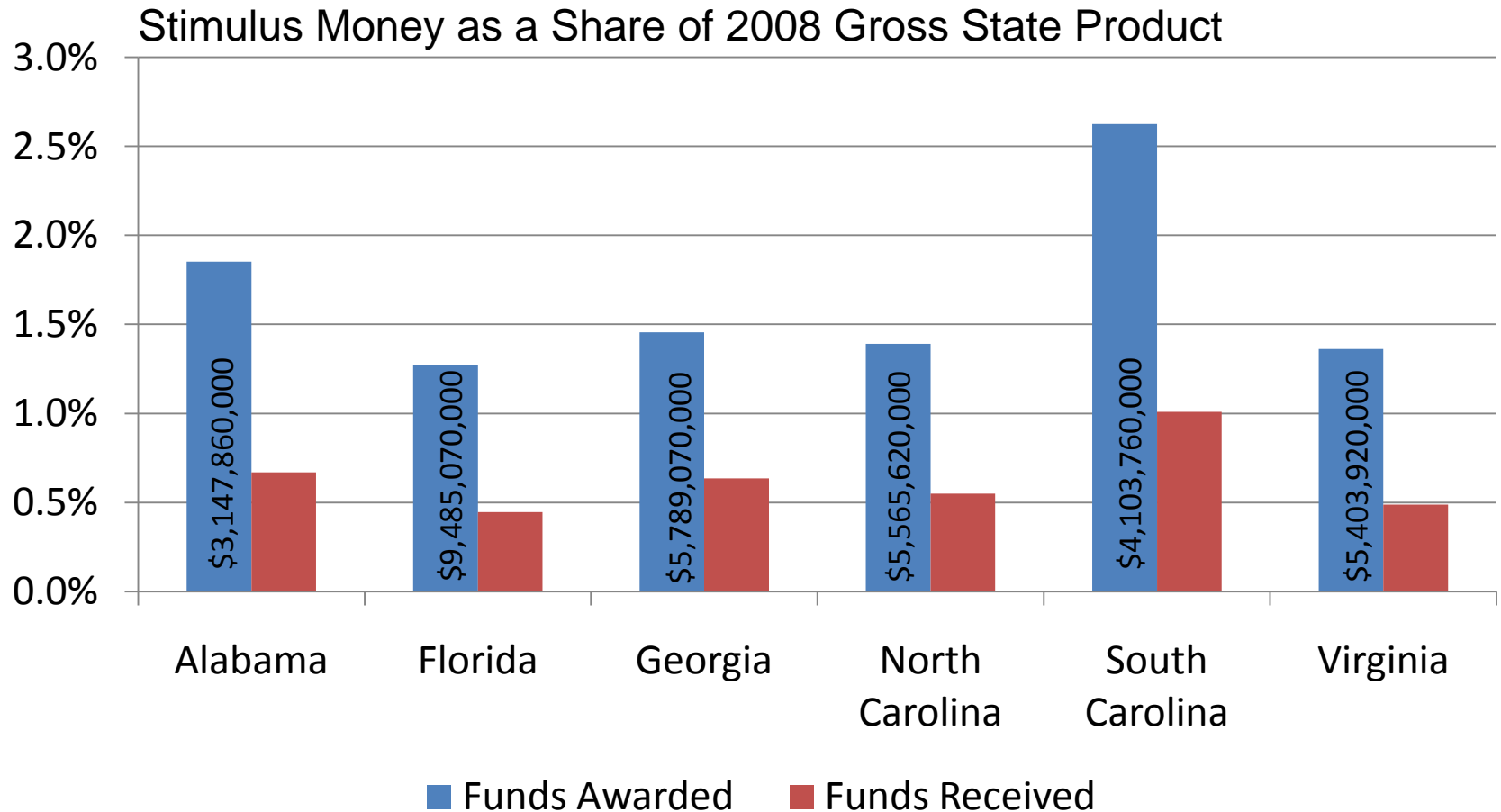
Year-Over-Year Change in Gross State Product



Source: Bureau of Economic Analysis



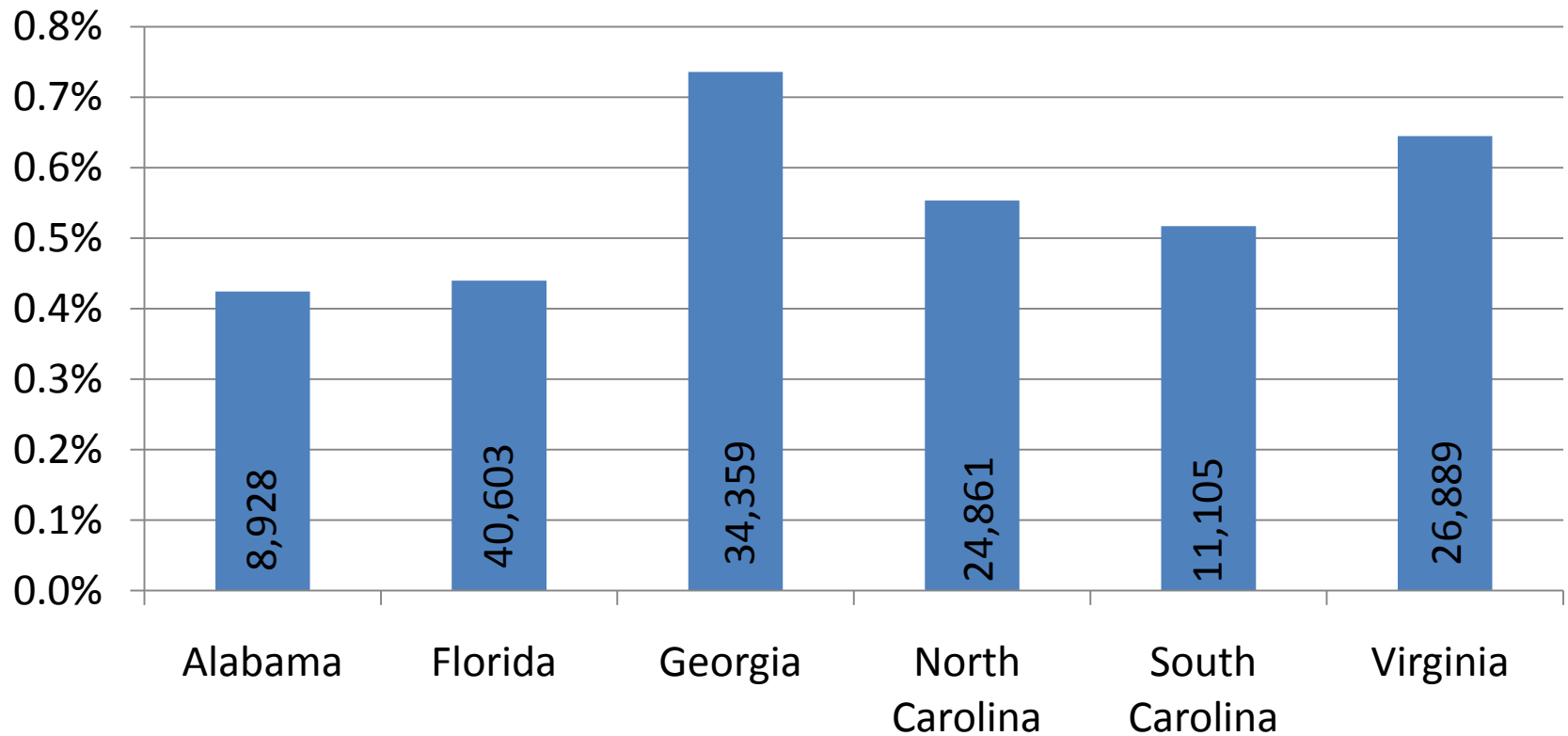
Stimulus Money



Source: Bureau of Economic Analysis; Recovery.gov

Stimulus Employment

Reported Stimulus Jobs as a Share of Civilian Labor Force



Foreclosure risks are driven by different borrower/loan factors depending on economic conditions

	Counties with low unemployment	Average unemployment	High unemployment
Front end ratio	√	No effect	No effect
Borrower credit score	√	√	√
Loan to value ratio	No effect	√	No effect
Volatility in house prices	No effect	No effect	No effect



In closing

- Cyclical trends remain high but have stabilized
- Important to examine beyond aggregate numbers, important regional and local differences
- Housing market is unlikely to regain full stability in many places until we deal with underlying economic challenges
- Negative equity and legacy of unemployment will reinforce negative structural trends into the future



Thank you

- Please visit our website for this presentation and other related research
www.ccc.unc.edu