



*Missouri Homeownership
Preservation Summit*

The
Economic Outlook
for Housing

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The Economic Outlook for Housing

- **National and Missouri economic conditions**
 - **State and US unemployment will remain high.**
 - **Tentative signs of job growth in some areas.**

- **Housing and mortgage markets**
 - **House prices remain at risk.**
 - **Homebuilding will stagnate.**
 - **Mortgage defaults will continue.**



Important Reminder

- **These comments do not necessarily reflect the views of the Federal Reserve Bank of St. Louis or of the Federal Reserve System.**

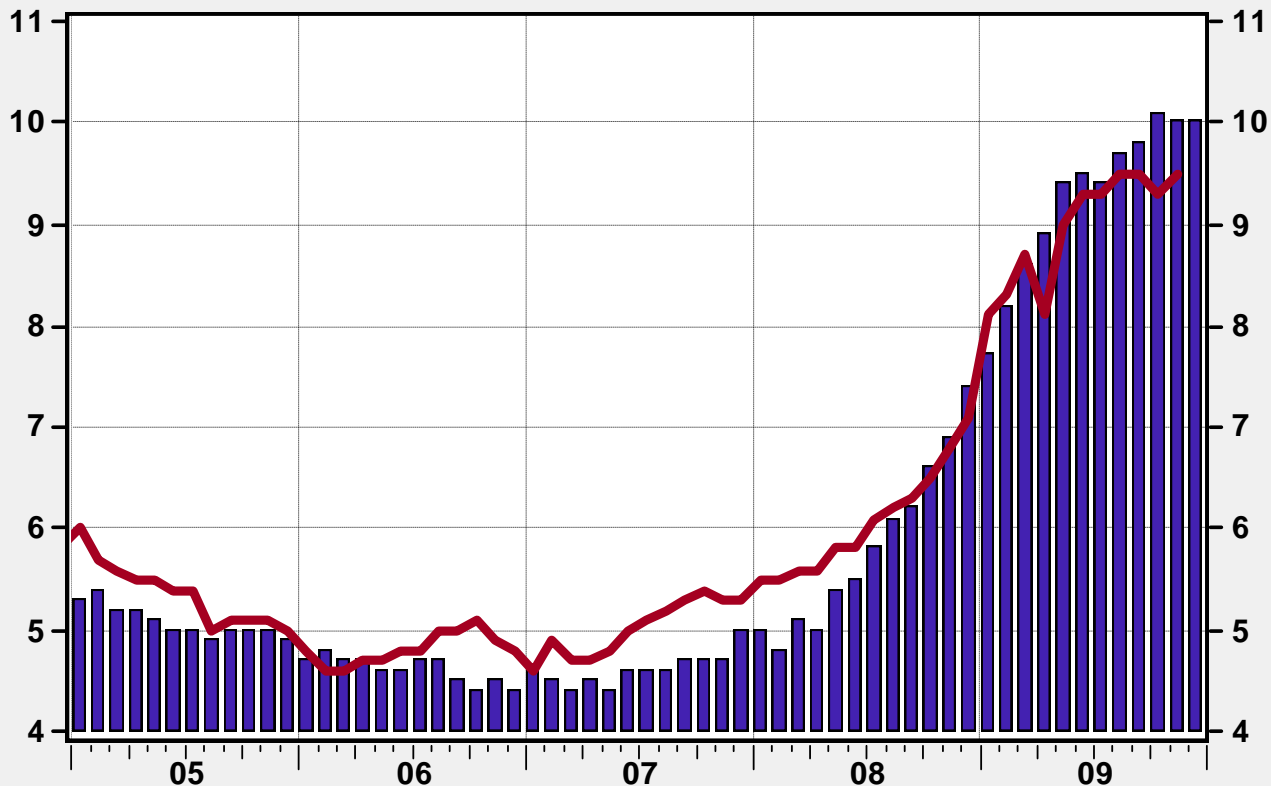


Missouri Unemployment Rate Tracking National Average Higher

Missouri Unemployment Rate
Percent of labor force, seasonally adjusted

US Unemployment Rate
Percent of labor force, seasonally adjusted

Percent

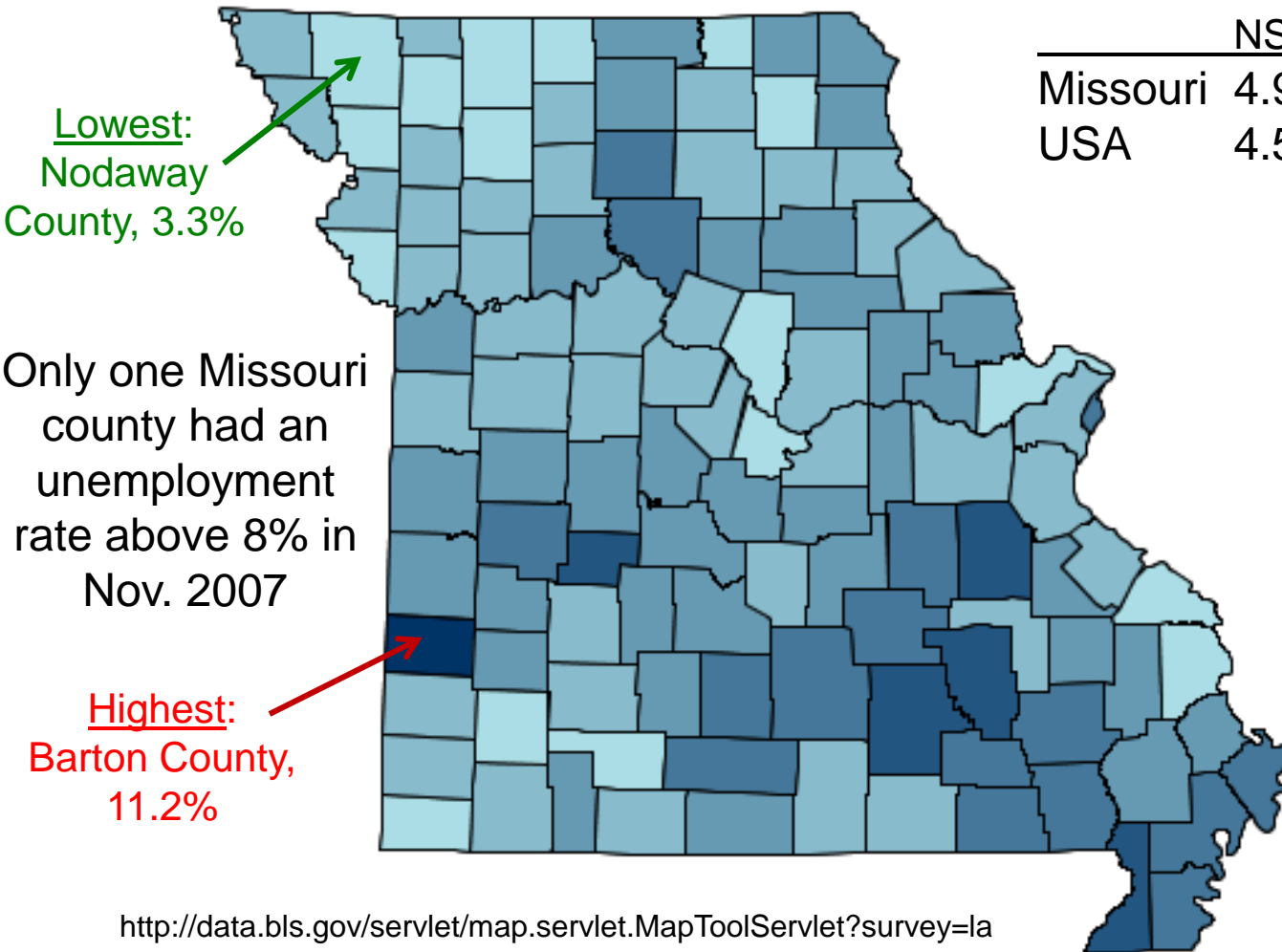


Sources: Bureau of Labor Statistics Monthly data through Nov. 2009 (MO) or Dec. 2009 (US)



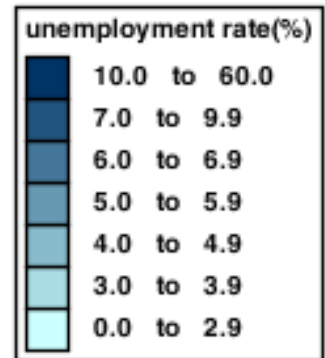
Two Years Ago, Unemployment in Missouri Was About 5 Percent

Unemployment rates by county, not seasonally adjusted, Missouri November 2007



	NSA
Missouri	4.9%
USA	4.5%

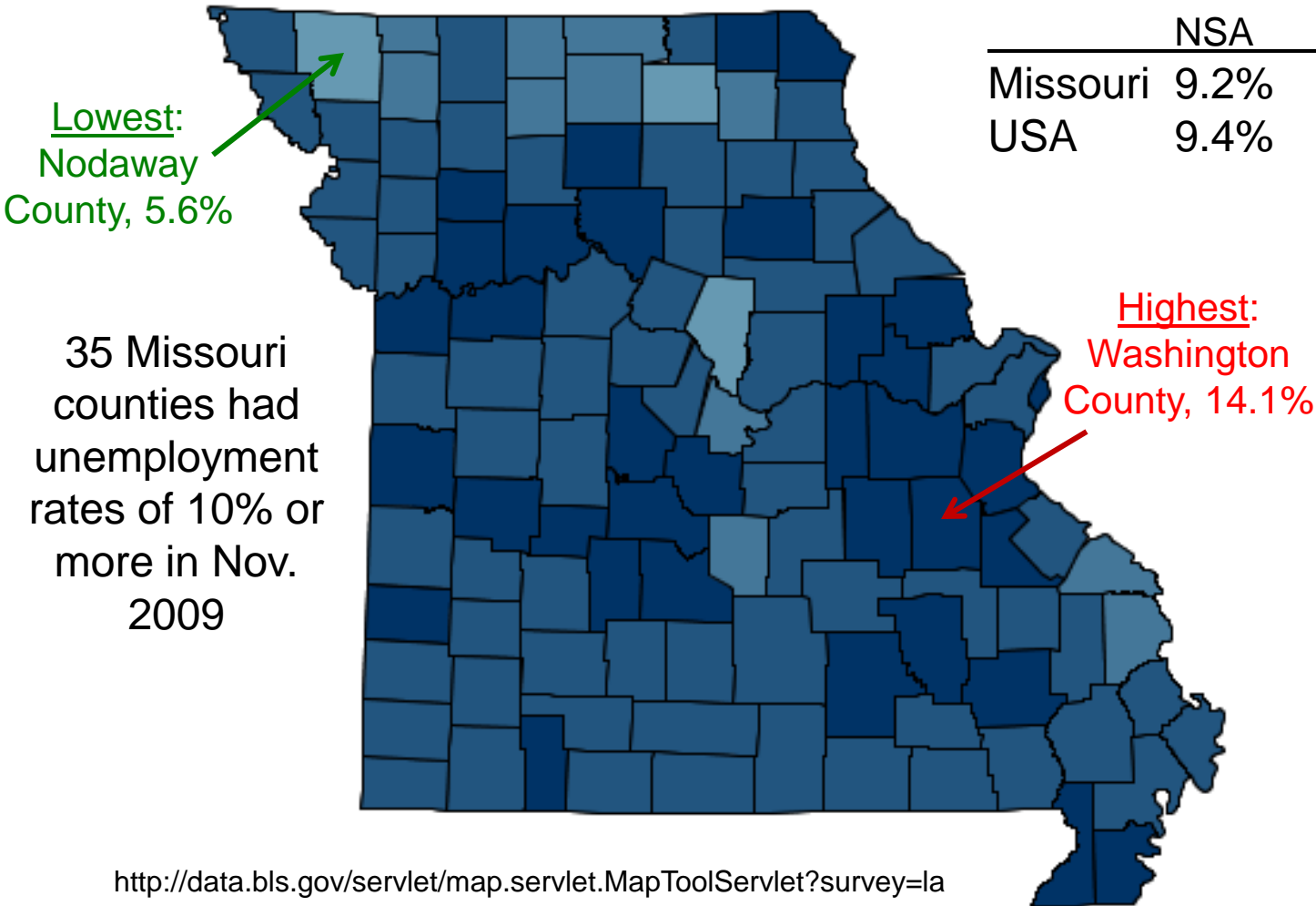
Seasonally Adjusted	
	5.3%
	4.7%





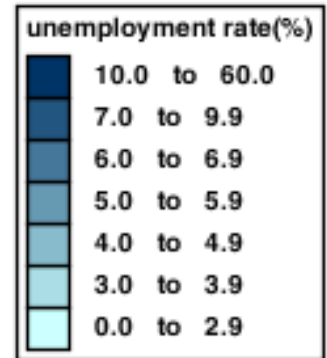
By November 2009, Missouri Unemployment Had Nearly Doubled

Unemployment rates by county, not seasonally adjusted, Missouri November 2009



	NSA
Missouri	9.2%
USA	9.4%

Seasonally Adjusted
9.5%
10.0%



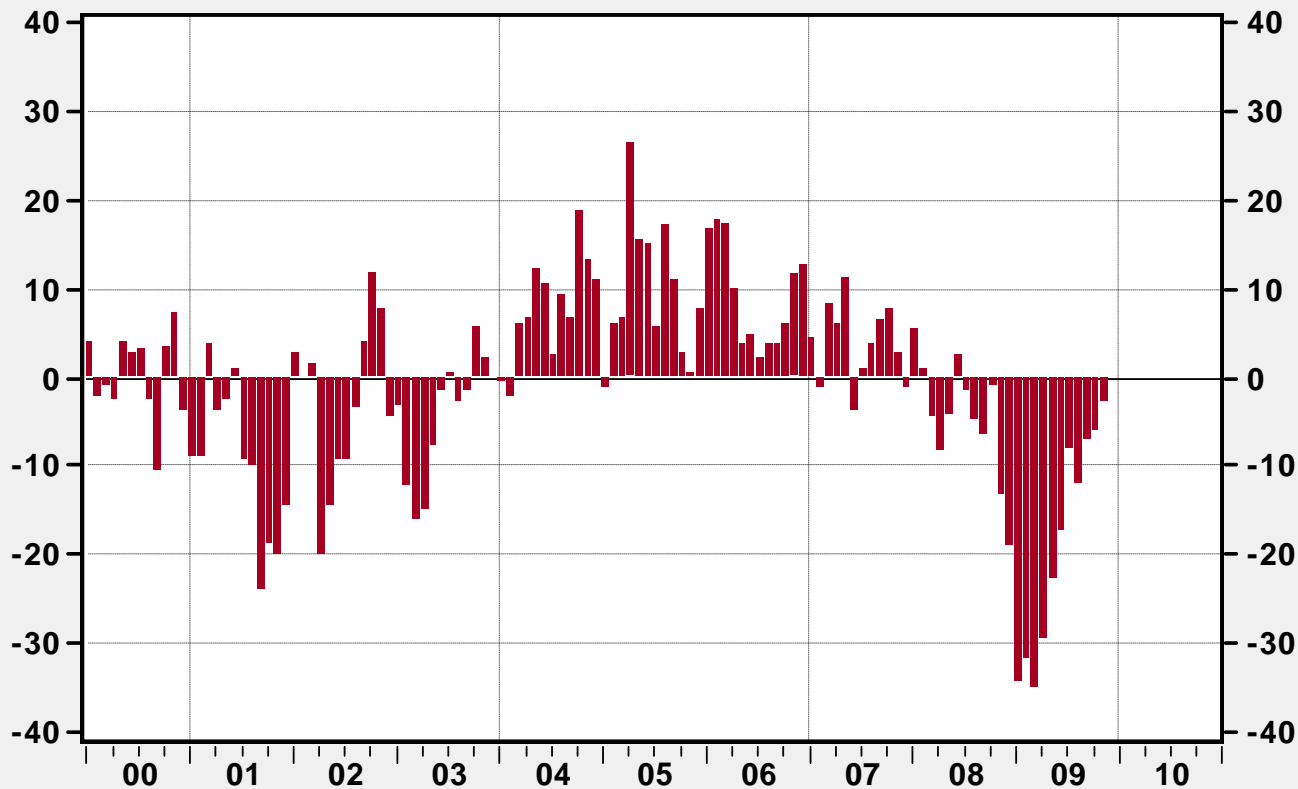


The Worst is Over—Missouri Job Losses Are Slowing

Missouri Nonfarm Employment

Change from three months ago, in thousands

Thousands of employees



Source: Bureau of Labor Statistics /Haver Analytics

Monthly data through Nov. 2009

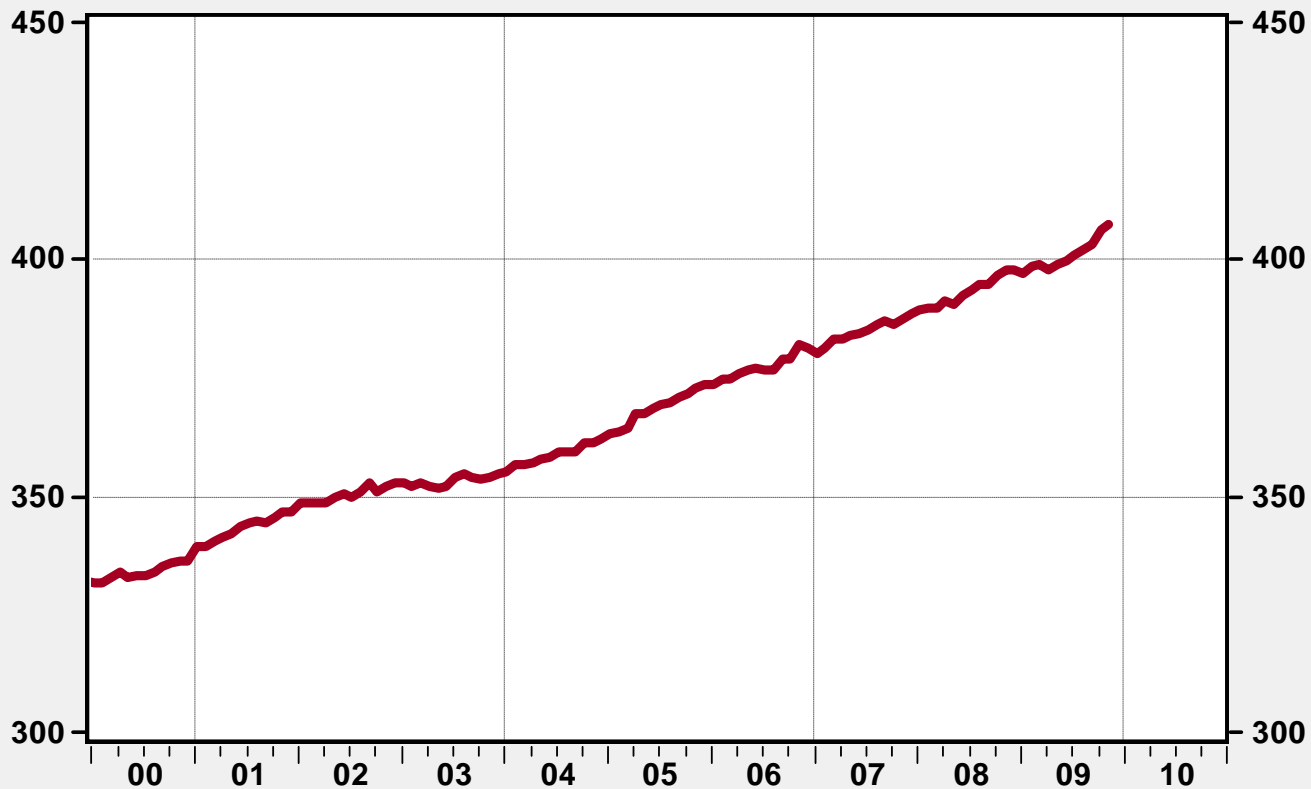


Missouri Education and Health Sectors Are Growing

Missouri Employment in Educational & Health Services

Thousands of employees

Thousands of employees



Source: Bureau of Labor Statistics /Haver Analytics

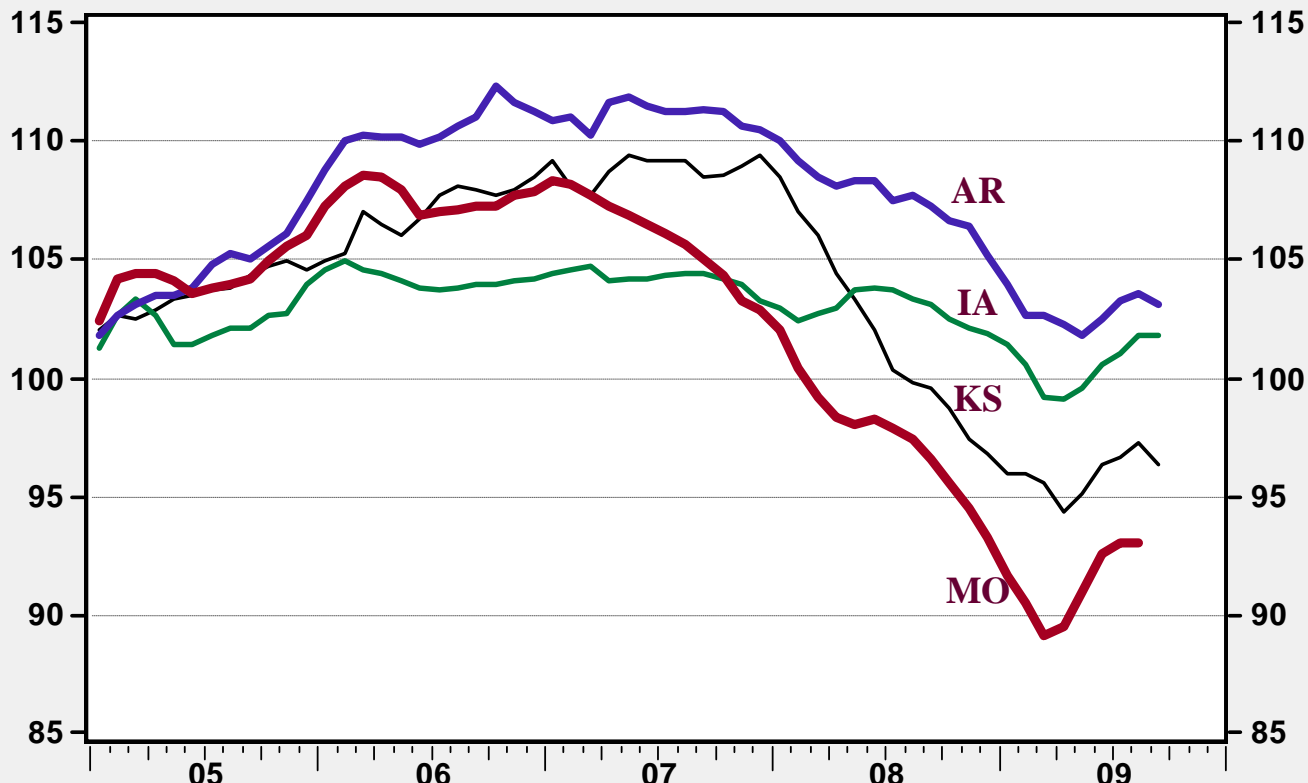
Monthly data through Nov. 2009



Missouri House Prices Among the Weakest in the Midwest

Loan Performance House Price Index, Missouri (SA, 2004 Dec=100) (I)
 Loan Performance House Price Index, Arkansas (SA, 2004 Dec=100) (I)
 Loan Performance House Price Index, Iowa (SA, 2004 Dec=100) (I)
 Loan Performance House Price Index, Kansas (SA, 2004 Dec=100) (I)

Index
 equals 100
 in Dec.
 2004



Sources: LP/HAVER /Haver

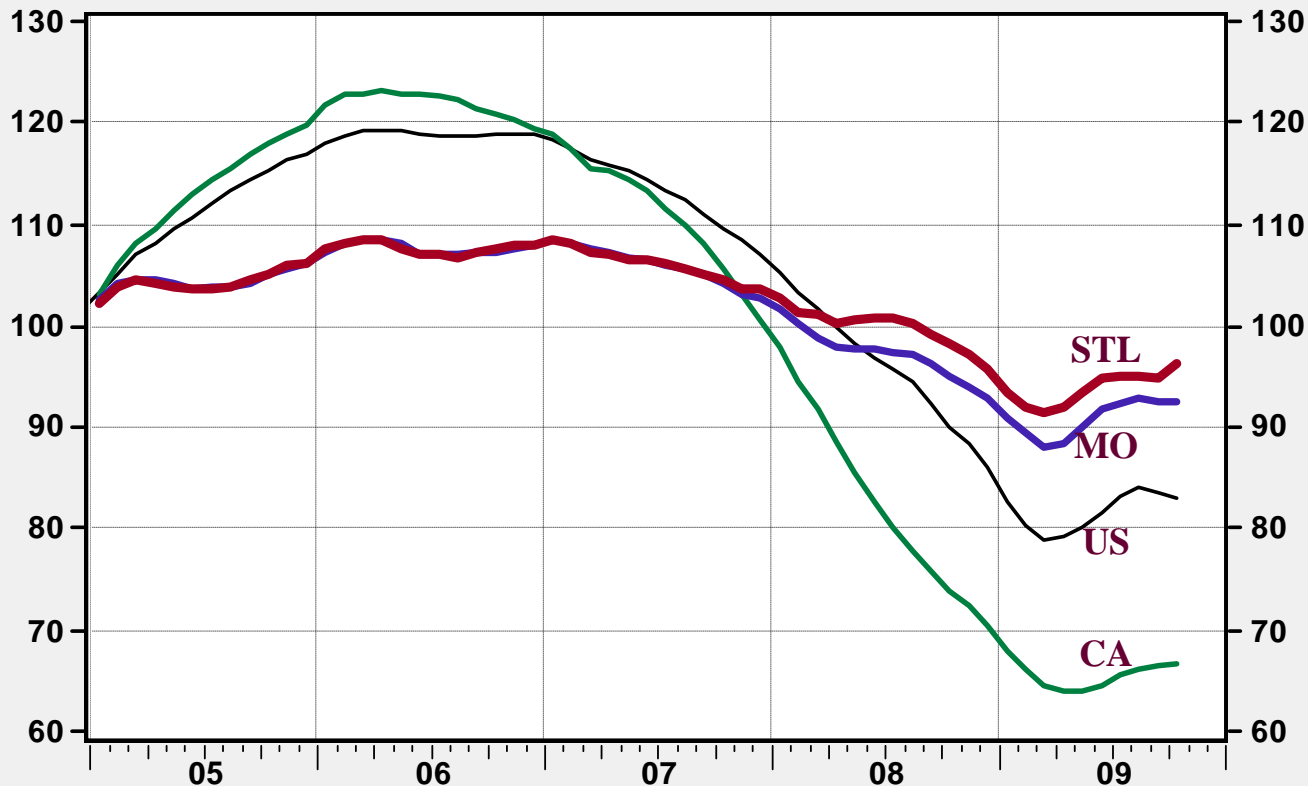
Monthly data through Aug. 2009



But Not As Weak As Elsewhere

House-Price Index for St. Louis MO-IL
 House-Price Index for Missouri
 House-Price Index for California
 House-Price Index for US

Index equals 100 in Dec. 2004



Peak-to-trough declines

STL	-16%
MO	-
US	19%
CA	34%
CA	48%

Sources: LP/HAVER /Haver

Monthly data through Oct. 2009

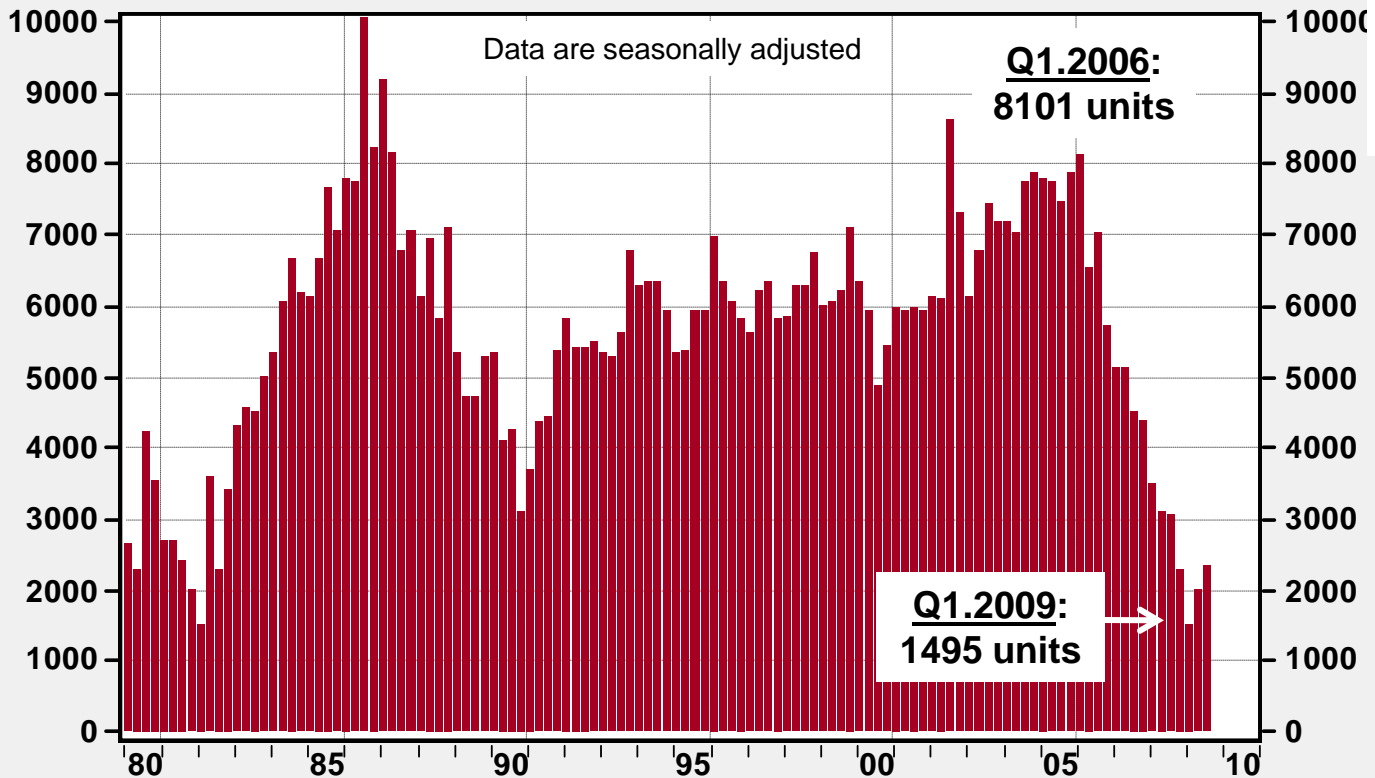


Missouri Building Permits Decreased by 82 Percent From Peak to Trough

Missouri Private Building Permits for Housing Construction

Number of housing units

Number of housing units



Source: Bureau of the Census/Haver Analy Quarterly data through Q3.2009, seasonally adjusted

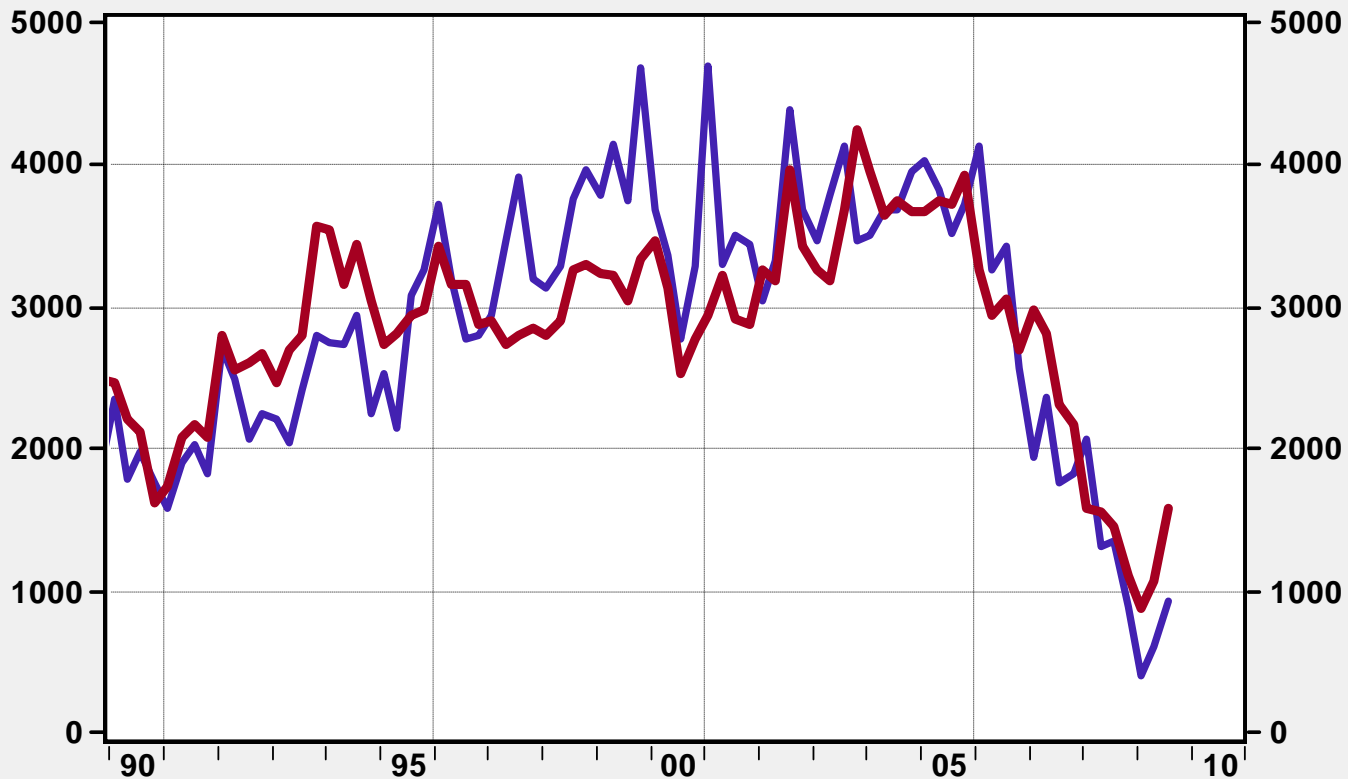


St. Louis and Kansas City Homebuilding Have Bounced Back A Bit

St. Louis MO/IL Private Building Permits for Housing Construction
Number of housing units

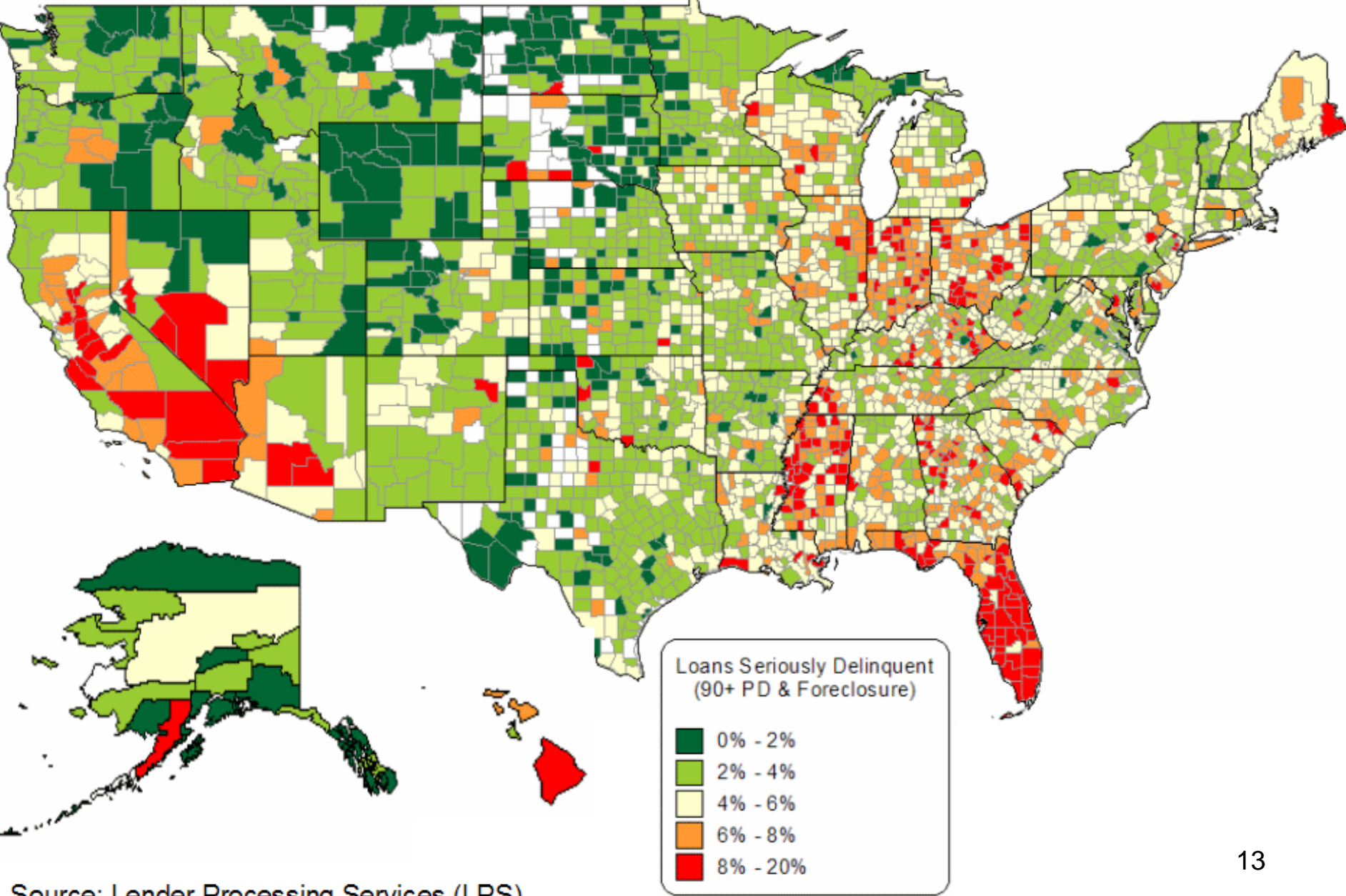
Kansas City MO/KS Private Building Permits for Housing Construction
Number of housing units

Number
of
housing
units



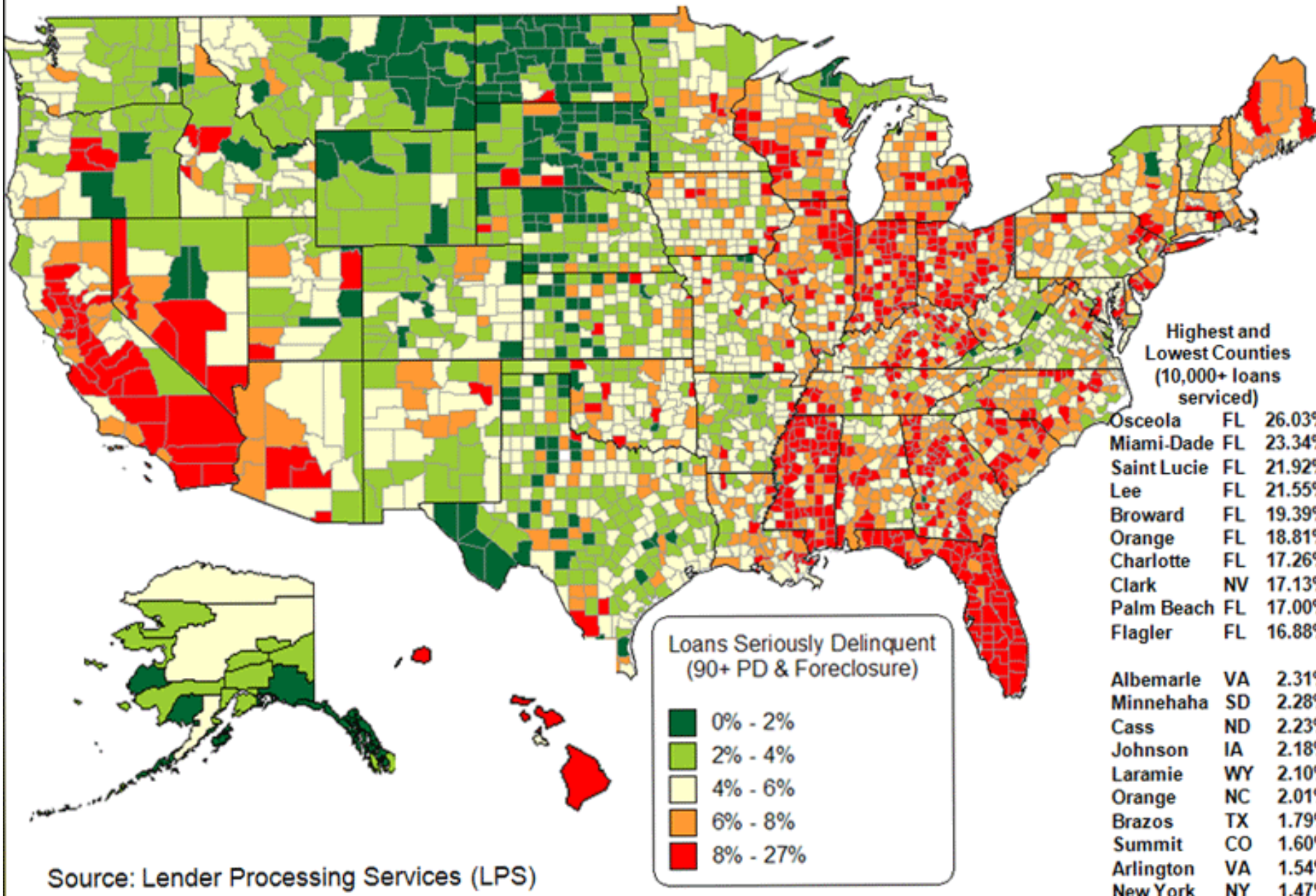
Sources: Bureau of the Census/Haver Analytics Quarterly data through Q3.2009, seasonally adjusted

Percent of All First Liens Seriously Delinquent by County – April 2009

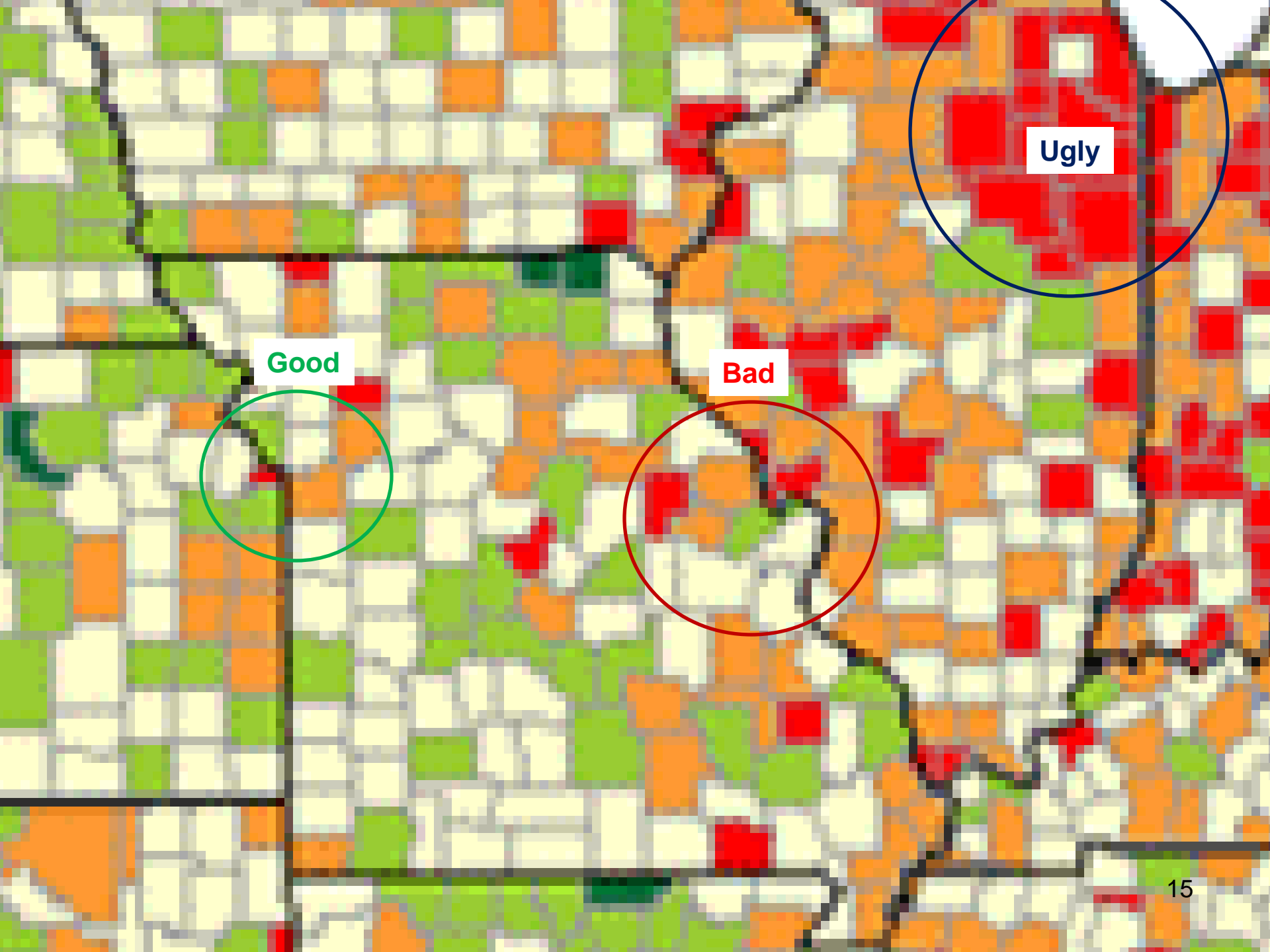


Source: Lender Processing Services (LPS)

Percent of All First Liens Seriously Delinquent by County – October 2009



Source: Lender Processing Services (LPS)



Good

Bad

Ugly



Missouri Mortgage Delinquencies and Foreclosures Likely to Rise During 2010

Share of Missouri First-Lien Mortgages Delinquent or in Foreclosure

Decimal fraction: 0.10 equals 10%

Decimal fraction



Source: Mortgage Bankers' Association

Quarterly data thru Q3.2009

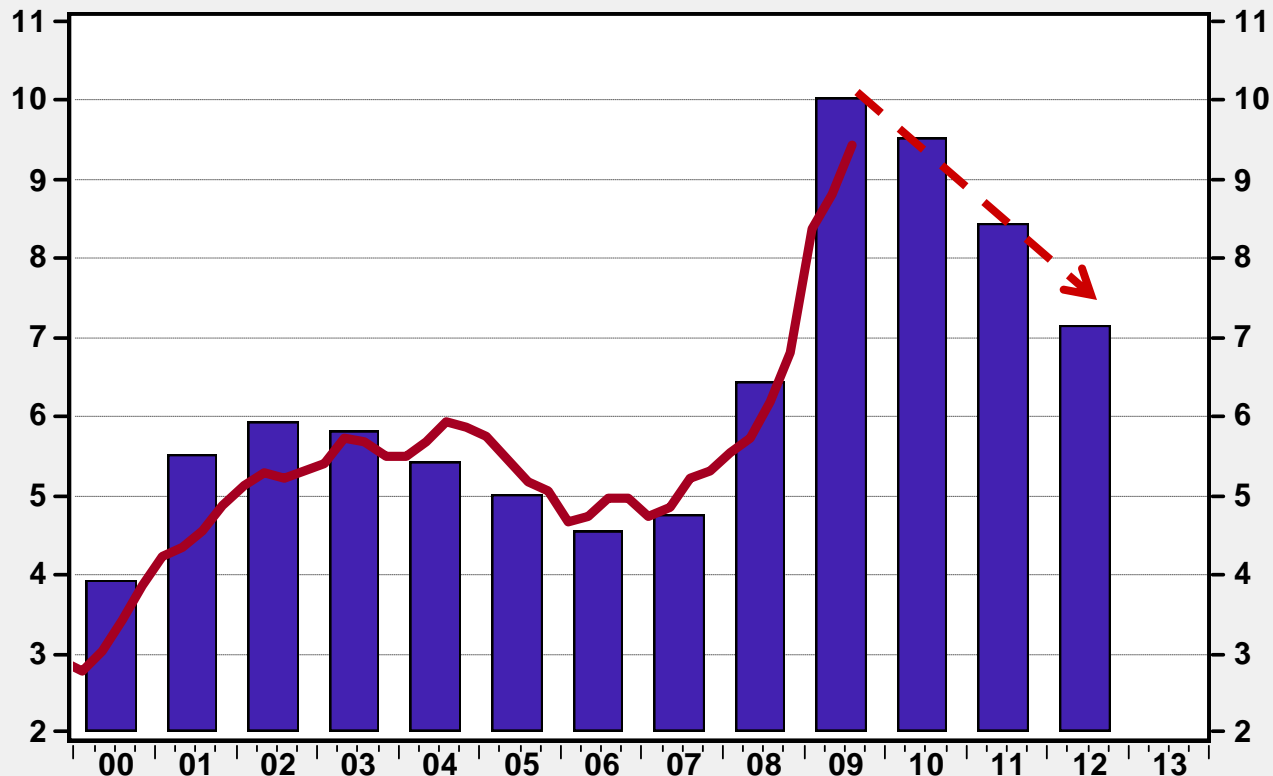


The Outlook for 2010 and Beyond: Missouri Unemployment Will Remain Painfully High

Missouri Unemployment Rate
Percent

FOMC Projection of US Unemployment Rate
Percent

Percent of
labor force



STL: BLS qtrly data thru Q3.2009 (SA); US: BLS annual data thru 2008; Nov. 2009 Fed projections for Q4 of 2009-12.



In Sum: The Economic Outlook for Housing in Missouri and Nationwide is Poor

- **Unemployment will remain painfully high for the foreseeable future.**
- **Housing and mortgage markets could get worse in 2010 before they improve.**
 - **House prices likely to fall further, increasing negative equity.**
 - **Homebuilding not likely to pick up due to a supply glut and weak demand.**
 - **Mortgage defaults will continue at high rates during 2010.**