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# Nebraska Economic and Foreclosure Outlook



The views expressed are those of the author and do not necessarily reflect the opinions of the Federal Reserve Bank of Kansas City or the Federal Reserve System.

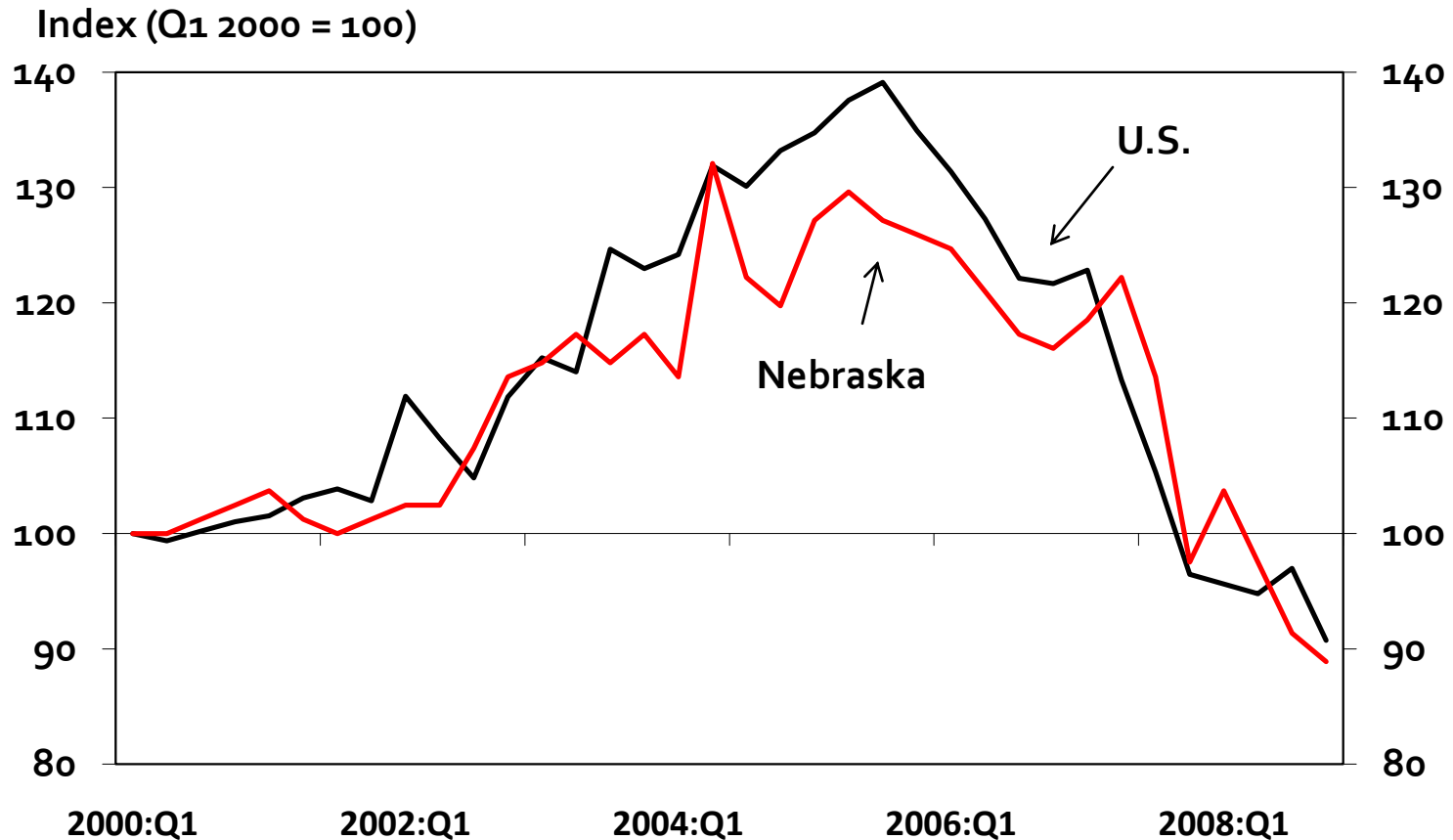
# Nebraska Economic and Foreclosure Outlook

- Nebraska continues to perform better than the nation.
- Foreclosures are edging up.
  - 1<sup>st</sup> wave: financial restructuring of loans
  - 2<sup>nd</sup> wave: job losses and economic weakness



# Home sales continue to slow.

## Existing Home Sales



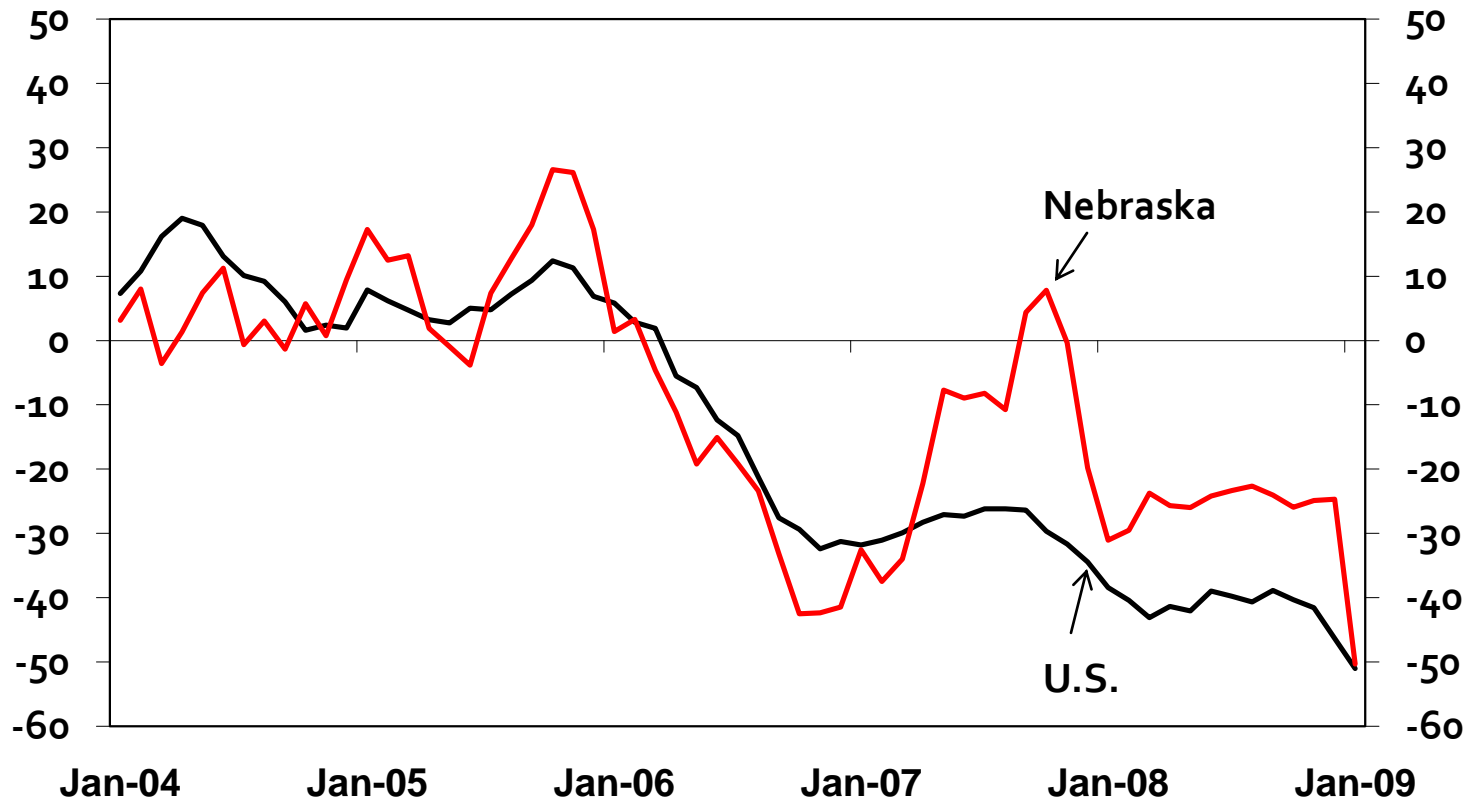
Source: National Association of Realtors



# Is the January drop in building activity an outlier?

## Single Family Building Permits

Percent change from previous year (3-month moving average)



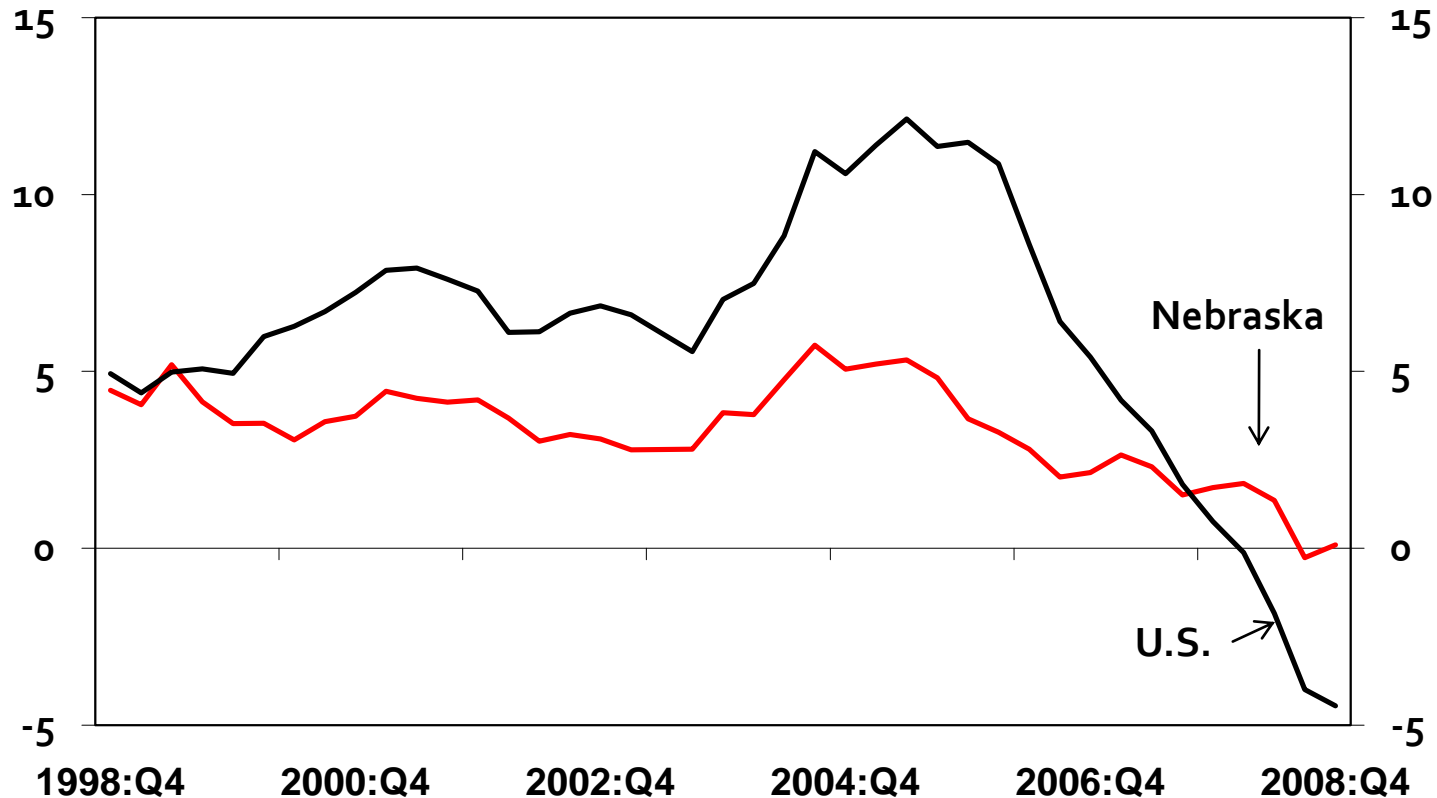
Source: U.S. Census Bureau



# Home values have held up in Nebraska.

## Repeat Sales Home Price Index

Percent change from previous year



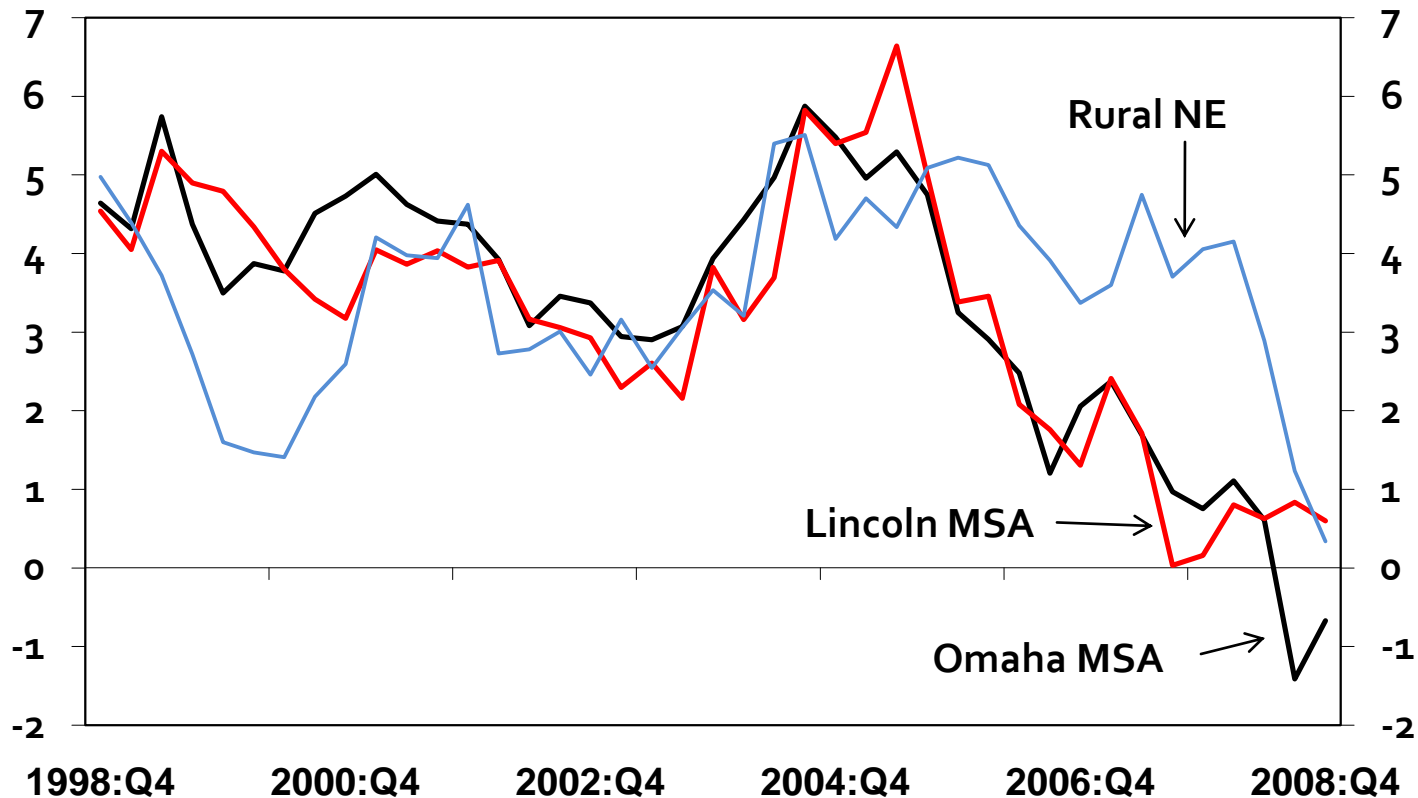
Source: Federal Housing Finance Agency



# Yet, Omaha has experienced some modest declines.

## Repeat Sales Home Price Index

Percent change from previous year

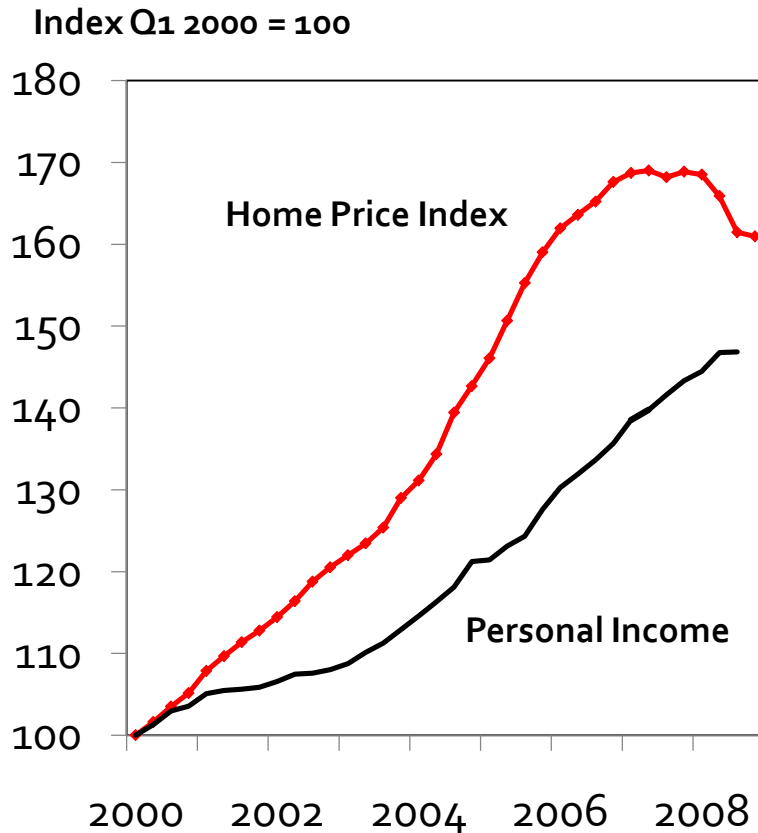


Source: Federal Housing Finance Agency



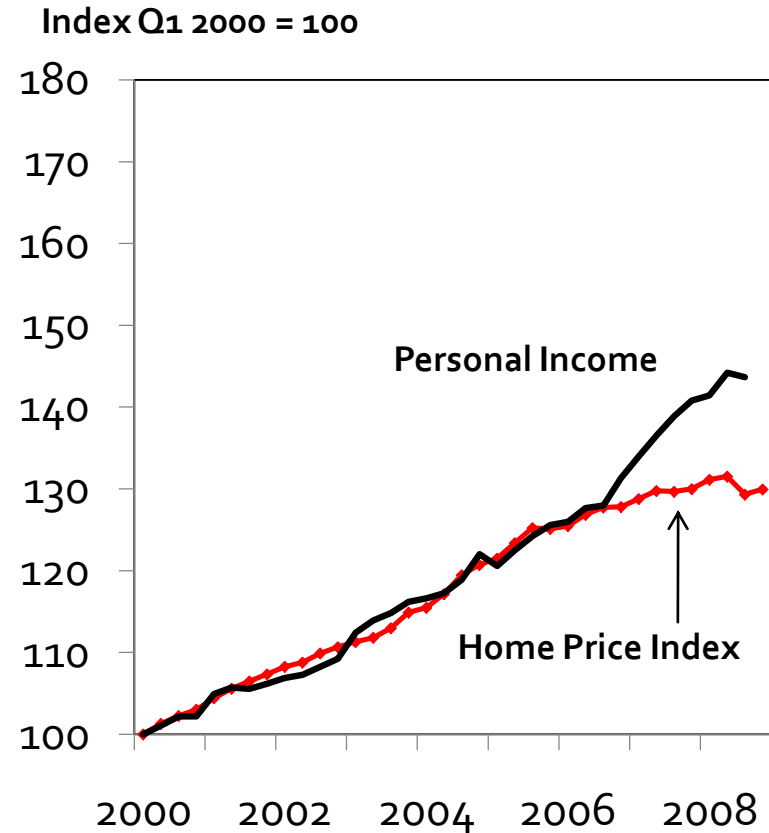
# Nebraska's home prices remained in balance with personal income growth.

## U.S. HOME PRICE AND PERSONAL INCOME GROWTH



Source: BEA and FHFA

## NEBRASKA HOME PRICE AND PERSONAL INCOME GROWTH



# Nebraska Economic and Foreclosure Outlook

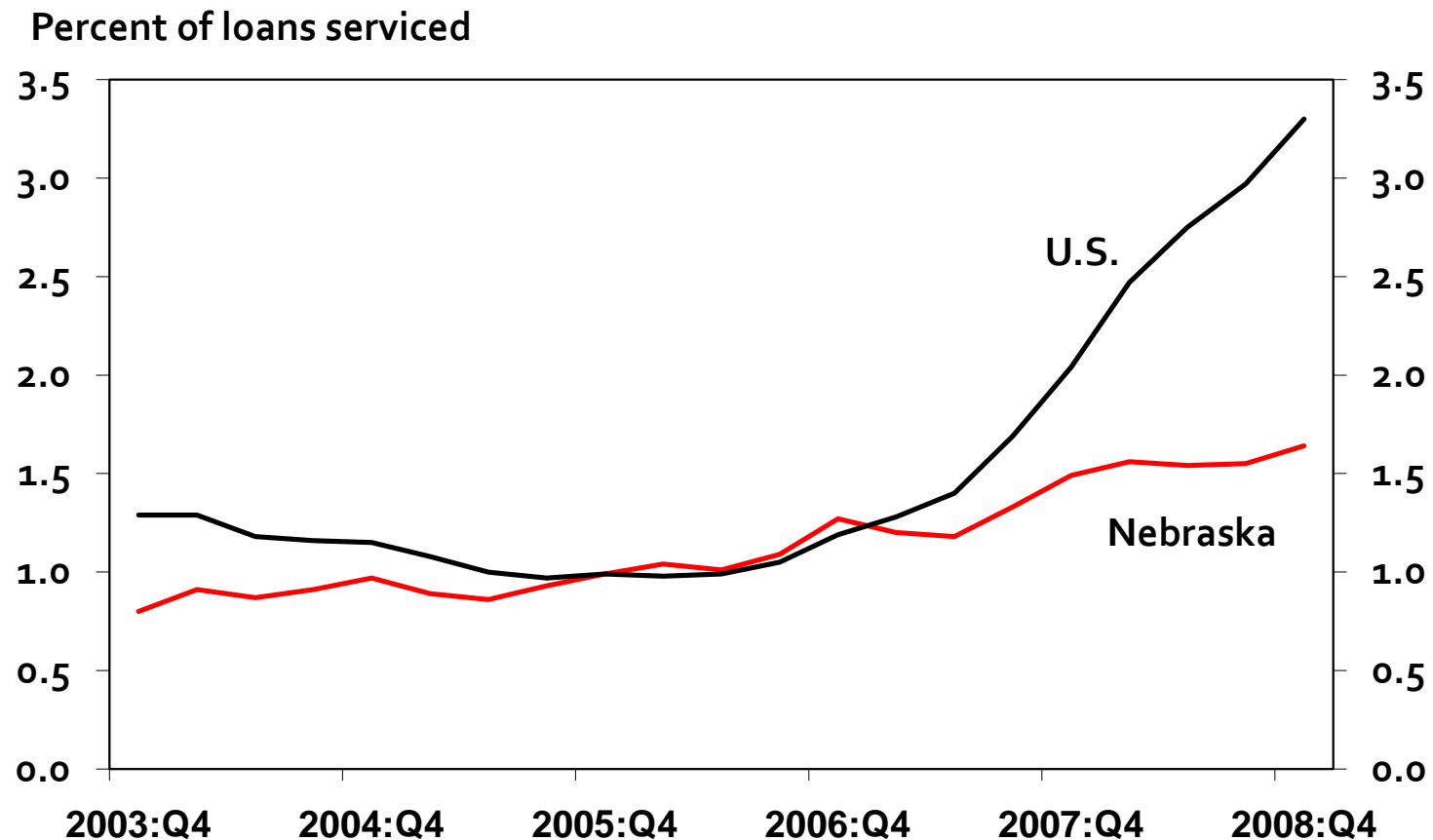
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# Nebraska's foreclosure rate has edged up.

## Home Foreclosure Inventory



Source: Mortgage Bankers Association



# Nebraska ranks low on foreclosures.

## National Ranking and Percent of Loans in Foreclosure Fourth Quarter 2008

Rank	State	Percent	Rank	State	Percent
12	Minnesota	2.74	35	Nebraska	1.55
24	Colorado	2.06	37	Missouri	1.51
26	Iowa	2.03	45	South Dakota	1.22
31	Kansas	1.64	50	Wyoming	0.63
United States				3.30	

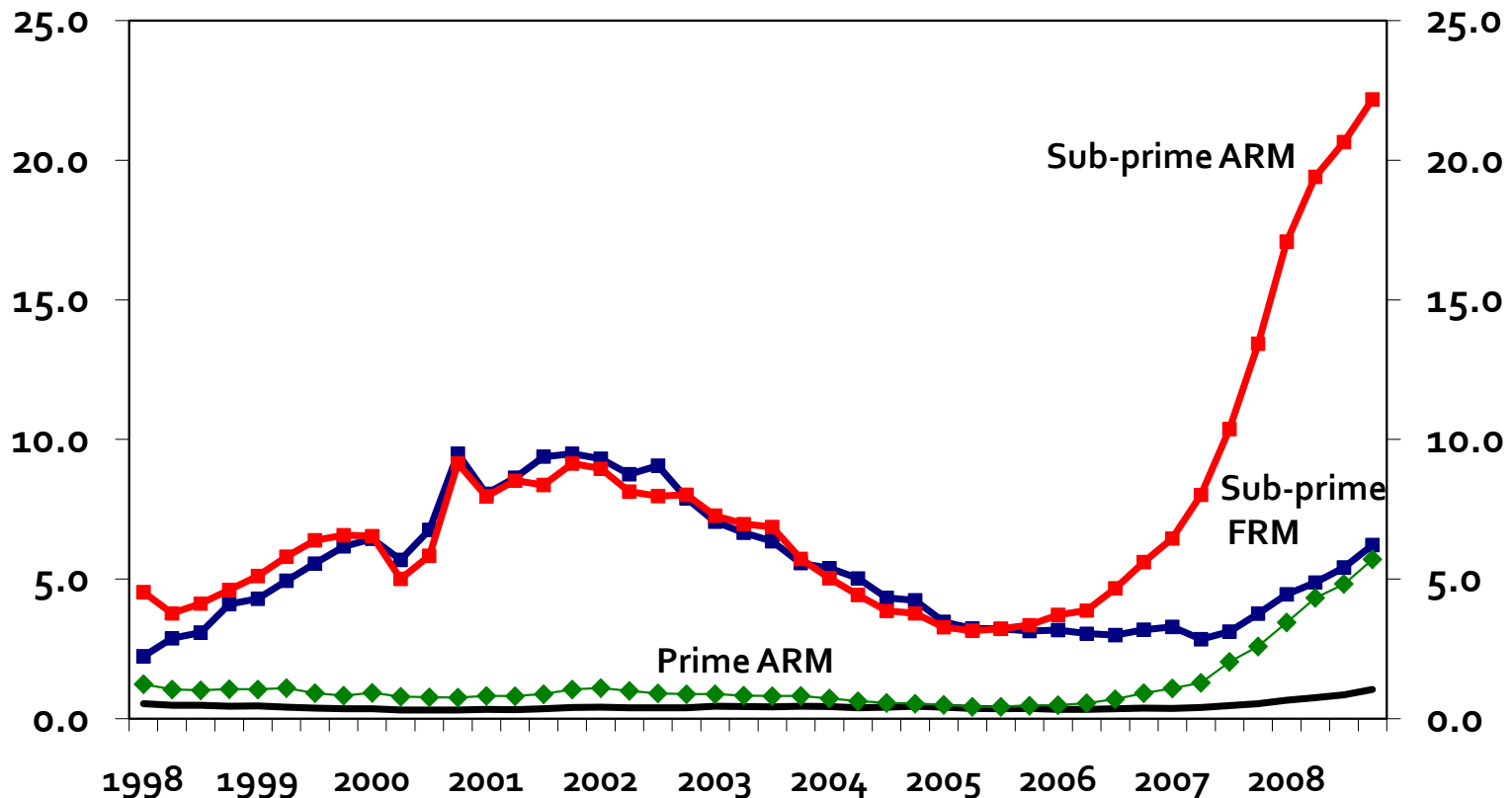
Source: Mortgage Bankers Association



# Foreclosures are rising in sub-prime and adjustable rate mortgages.

## U.S. Foreclosure Rates by Mortgage Type

Percent of loans serviced

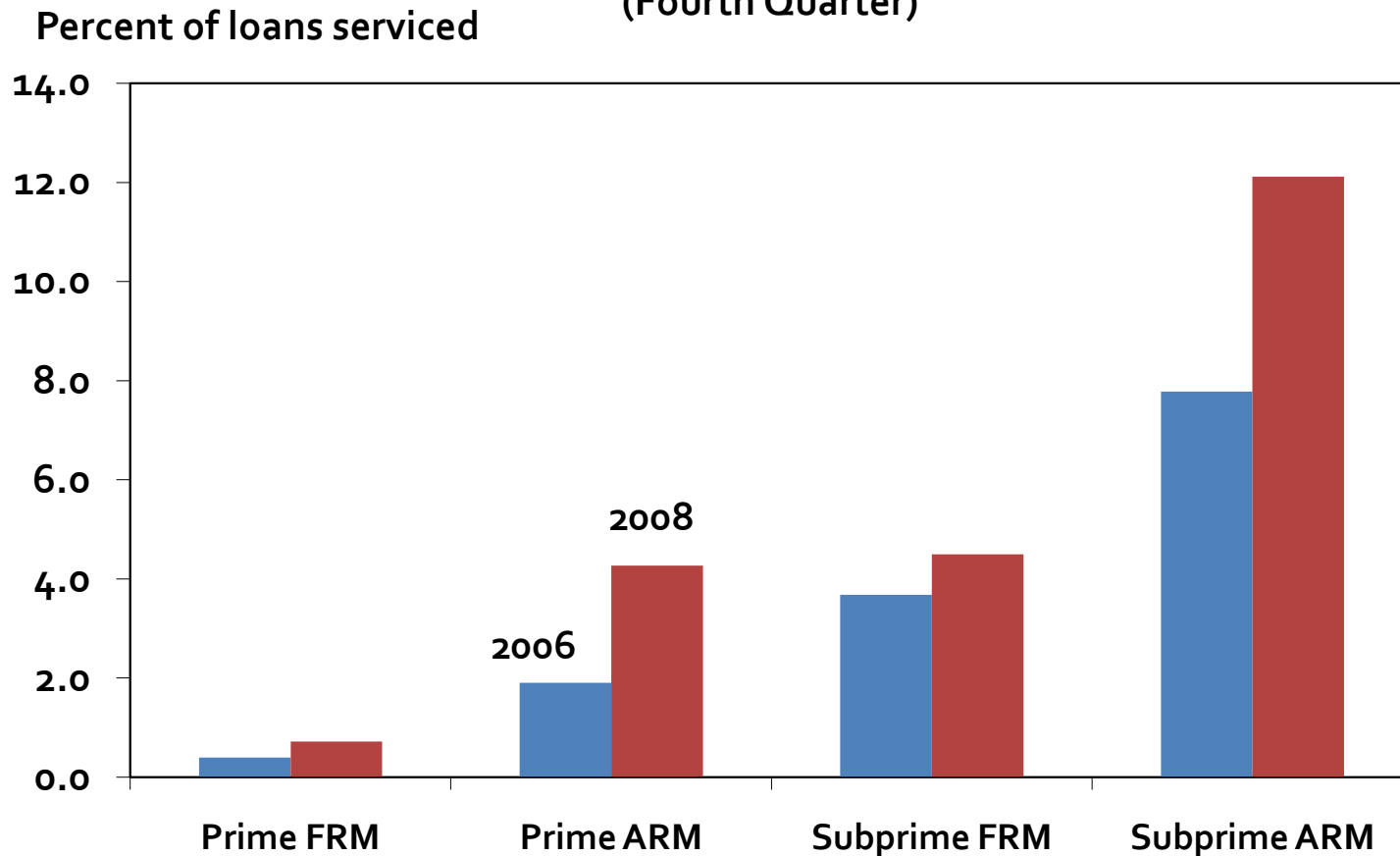


Source: Mortgage Bankers Association



# Is sub-prime the problem?

## Nebraska Foreclosure Rates by Mortgage Type (Fourth Quarter)

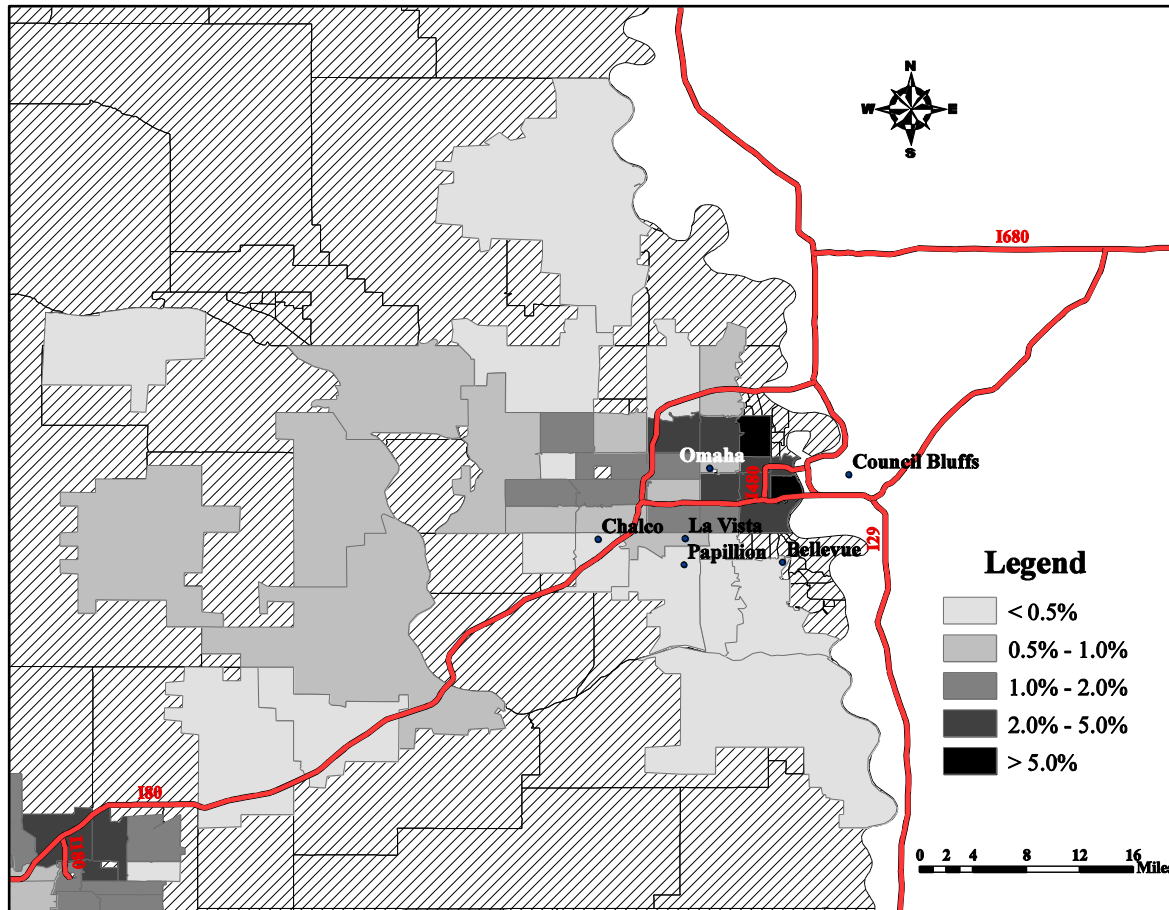


Source: Mortgage Bankers Association



# Omaha's foreclosure rates are concentrated.

## Percentage of Loans in Foreclosure First Quarter 2009



Source: RealtyTrac



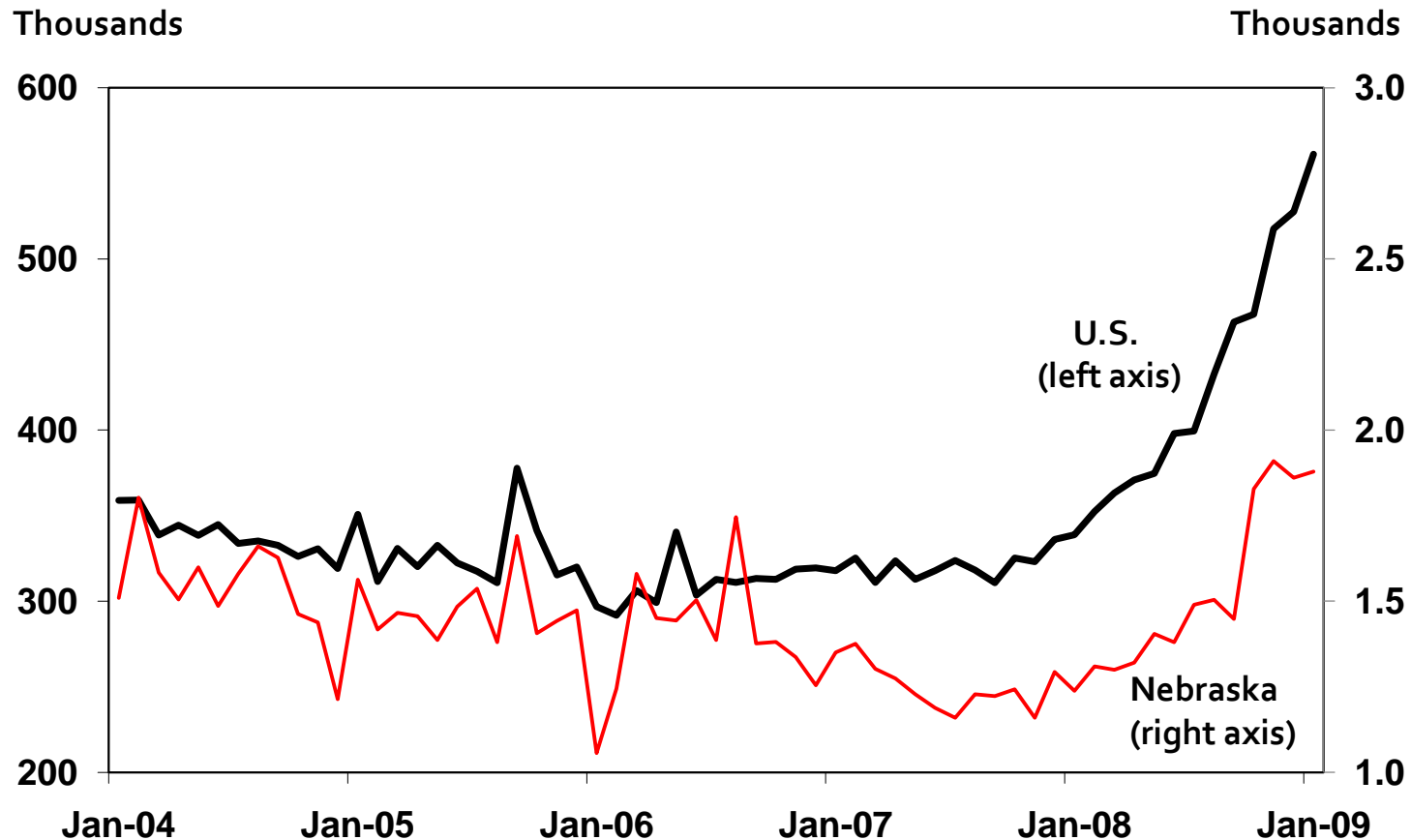
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# Nebraska's job losses jump sharply.

## Monthly Unemployment Claims



Source: Bureau of Labor Statistics



# Nebraska Economic and Foreclosure Outlook

- Nebraska continues to perform better than the nation.
- Some economic stabilization at the end of 2009 and a modest rebound in 2010.
- The financial crisis must pass first.
- Housing markets will need to stabilize.
- When will fiscal and monetary stimulus spark a rebound?

