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HOUSING NEWS REPORT

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The Next Great Migration? 'Housing Refugees' On The Move

By Octavio Nuiry, Managing Editor

For more than a century, American housing migration patterns followed a familiar trajectory: U.S. homebuyers headed predominantly west to cities like Los Angeles, San Francisco, San Diego and Seattle, where their families and friends had settled or jobs awaited them. Once there, for a generation or two, they stayed put, laying roots in the communities where they settled. Eventually, their children and grandchildren moved to the suburbs. And the cycle repeated itself generation after generation.

One of the greatest examples of this westward migration occurred during the Great Depression, when a devastating drought known as the Dust Bowl forced hundreds of thousands "Okies" to flee Oklahoma, Texas, Kansas, Georgia and Tennessee and migrate to California. In 1940, Woody Guthrie captured the essence of that great American 20th century western diaspora in his classic folk song "Do Re Mi." In the song, Guthrie sings:

"California is a garden of Eden

A paradise to live in or see;

But believe it or not

You won't find it so hot

If you ain't got the do re mi..."

Guthrie was warning Okies about how expensive it was to live in Depression-era California without the "do re mi" (money). Guthrie, who lived in Los Angeles, had witnessed the economic hardship that many migrants were experiencing when they arrived in California.

This 20th century movement west,

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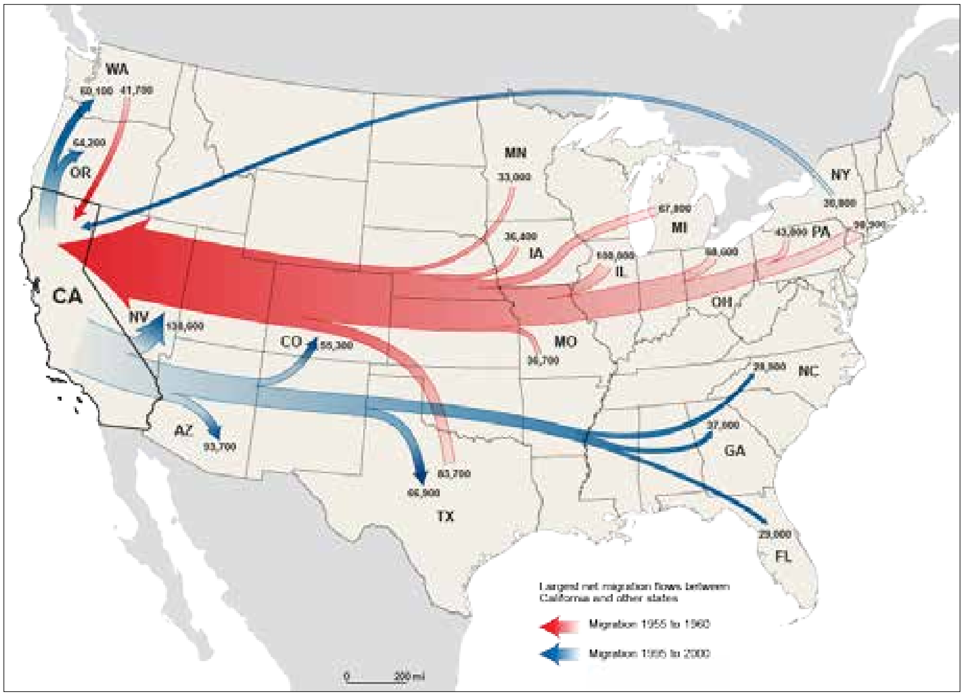

SOURCE: United States Census Bureau

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which has dominated American demographic patterns for decades, may now be reversing itself in the 21st century as rising housing costs, stagnant job creation, restrictive land-use laws and no-tax states, pull Californians, Midwesterners and Northeasterners eastward and southward to less costly regions and more business-friendly states in the Sun Belt.

According to a recent United Van Lines report, Americans are increasingly moving eastward and southward, fleeing large expensive coastal states like California and New York and heading to more affordable states like Florida, Texas and the Carolinas where housing costs are more affordable, the weather is temperate and taxes are low. While Oregon was the leading moving destination, five states east of the Rocky Mountains — South Carolina, North Carolina, Florida, Vermont and Texas — topped the in-bound migration states.

On the flip side, the leading outbound states included New Jersey, New York, Illinois, Connecticut, Ohio, Kansas and Massachusetts. Many of these states have been experiencing massive domestic outflows because of high housing costs, lack of job opportunities and high state and local tax rates.

According to William H. Frey, a demographer and senior fellow at The Brookings Institution in Washington, D.C., migration patterns from states in the Snow Belt (Northeast and Midwest) to formerly booming states in the Sun Belt like Arizona, Florida and Nevada began to slow as soon as the Great Recession hit and continued to shrink even into 2010. But new Census Bureau data shows a renewed Snow Belt-to-Sun Belt migration pattern, according to Frey.

William H. Frey
Demographer, Senior Fellow
The Brookings Institution
Washington, D.C.

"The Sun Belt states gained well over one half million migrants in 2014 to 2015, coming close to matching the 600,000 Snow Belt to Sun Belt migration peak in 2004 to 2005."

Renewed Sun Belt Migration

"The sizeable migration shifts from the states in the Snow Belt (Northeast and Midwest) region to the Sun Belt (South and West) region over the 2000 to 2006 period tapered off noticeably during the mortgage meltdown and recession years," wrote Frey in recent blog, citing new Census bureau data. "Specifically, previously fast-growing states like Nevada, Florida, and Arizona experienced sharp slowdowns in migration and in the case of the former two states, actual out-migration for some of these years."

Frey said that the Sun Belt-to-Snow Belt housing migration has resumed again.

"The eastward migration of Californians has been going on for a long time, since the 1990s," said Frey. "California acts like a northern state, with its high housing costs."

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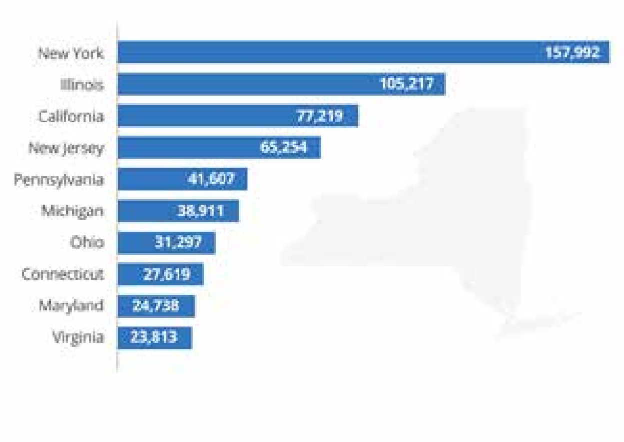
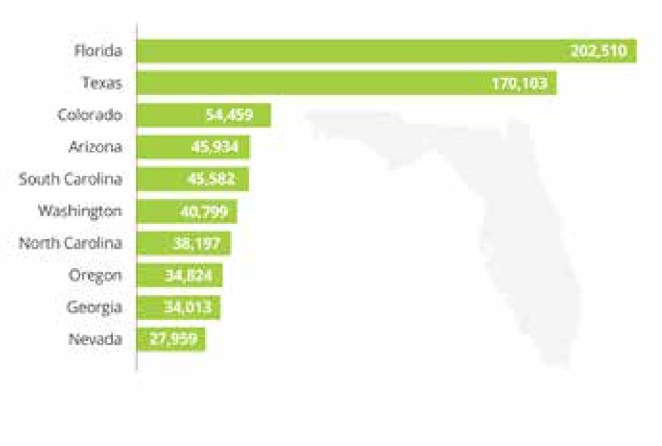
Net Domestic Out Migration - 2014-2015



SOURCE: Census Bureau, The Brookings Institution

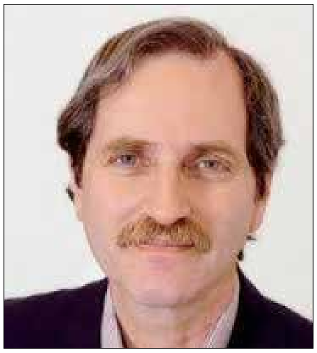
Net Domestic In Migration - 2014-2015



SOURCE: Census Bureau, The Brookings Institution

Nowhere is the Snow Belt-to-Sun Belt housing migration shift more apparent than the Sunshine State. For the first time in almost a decade, Florida added more people than California between July 2014 and July 2015, reported the Census Bureau. Florida gained 365,703 people, leapfrogging over New York to become the nation's third most populous state, after California and Texas. Californians are moving to Arizona, Oregon and Washington. New Yorkers are flocking to Florida, Georgia and North Carolina. And everybody seems to be moving to Texas. The Census Bureau said that southern and western states had driven much of the population growth nationwide.

Since 2014, according to the Census Bureau, over 1.4 million people have moved to the Sun Belt mostly from the Northeast and Midwest. Ten states that added the most people from elsewhere in the U.S. since 2010: Texas, Florida, California, Georgia, Washington, North Carolina, Colorado, Arizona, South Carolina and Oregon.



Peter G. Miller
Self-Proclaimed Housing Refugee Pensacola, Florida

> *"After 50 years in the D.C. metro area we were looking for a place with less traffic, warmer weather and no state income tax."*

Housing Refugees

These Snow Belt-to-Sun Belt migrants are America's "housing refugees," middle-class workers displaced from states like New York, Illinois, California, New Jersey and Maryland because of high housing prices, diminishing jobs and high taxes. Sunshine and warm weather have helped the Sun Belt ascendancy. But the key forces driving people to the Sun Belt are largely economic — notably lower housing prices, job creation and lower taxes.

Consider self-proclaimed housing refugee Peter G. Miller. After five decades of living in the D.C. area, he and his wife decided to move to Florida. In 2015, the Millers packed their bags and left Silver Springs, Maryland and headed to Pensacola, Florida, seeking a smaller community, warmer weather, less taxes and flood-free zones.

"After 50 years in the D.C. metro area we were looking for a place with less traffic, warmer weather and no state income tax," said Miller, a nationally syndicated real estate columnist

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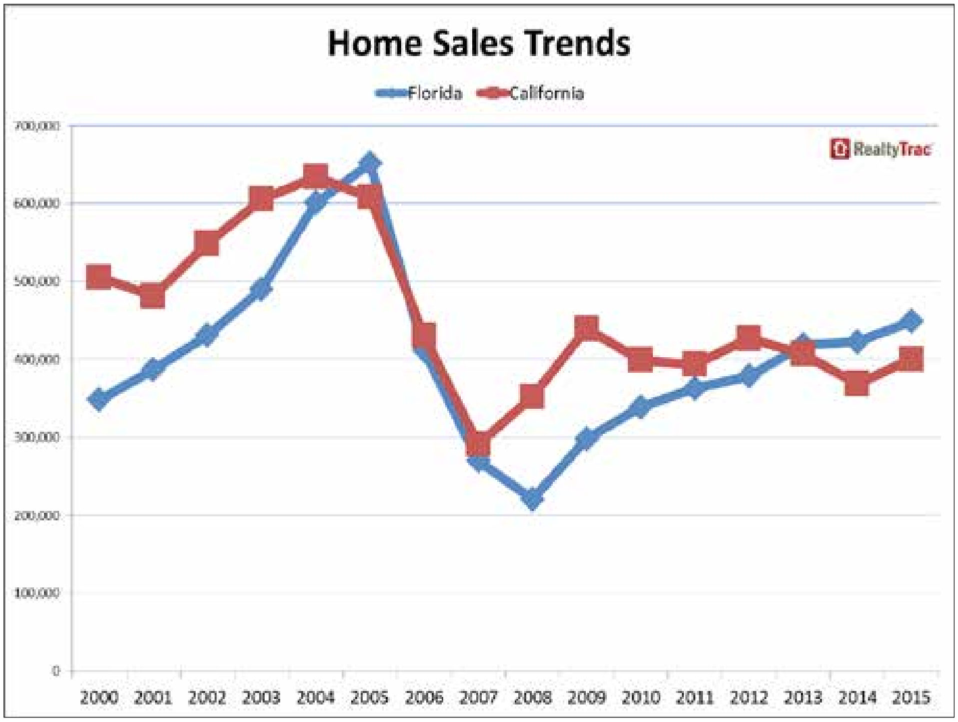

SOURCE: RealtyTrac

and a contributor to leading websites. "With great beaches, a good housing stock and a terrific downtown, Pensacola hit every mark. Plus, unlike other beachfront communities, homes in Pensacola generally have good elevation. Because we're 70 feet above sea level we don't need flood insurance."

Miller and other Americans are moving to smaller towns in the Sunbelt drawn by lifestyle issues, including lower cost of living, less congestion, more affordable housing and fewer taxes. Hundreds of thousands of homeowners are heading South and Southwest in search of jobs, warmer weather and affordable housing.

"We have seasons in Pensacola but the seasons are mild," said Miller. "There are no worries about snow or slippery roads. Everything we need is here, there's no traffic and the stress level is pretty much zero. We can watch the Blue Angels practice from the beach and there are lots of places for bike riding."

Not only are housing refugees like Miller and hundreds of thousands of others voting with their feet and moving to the Sunbelt, but

Michael A. Stoll
Professor
UCLA
Los Angeles, California

"The aging Boomer population is driving relocation from the Northeast and Midwest to the West and South... The trend is towards suburbanization."

businesses are also embracing the Sunbelt's business-friendly policies of light regulation, low taxes and lack of unions that are luring businesses to the area. Business executives clearly show they favor states that foster growth through business development programs like low taxes and a quality living environment. Annually, Sunbelt states — Texas, Florida, the Carolinas, Tennessee, Georgia, Nevada and Arizona — dominate the ranks of the most business friendly states in America, according to *Chief Executive Magazine*.

"There's been a big trend over the last 40 years of people moving from the Rust Belt to the Sun Belt," said Michael Stoll, an economist and chair of the Department of Public Policy at the University of California, Los Angeles. "The aging Boomer population is driving relocation from the Northeast and Midwest to the West and South, as more and more people retire to warmer regions. De-industrialization and the emergence of auto manufacturing in the Southern states has helped fueled this migration pattern. States

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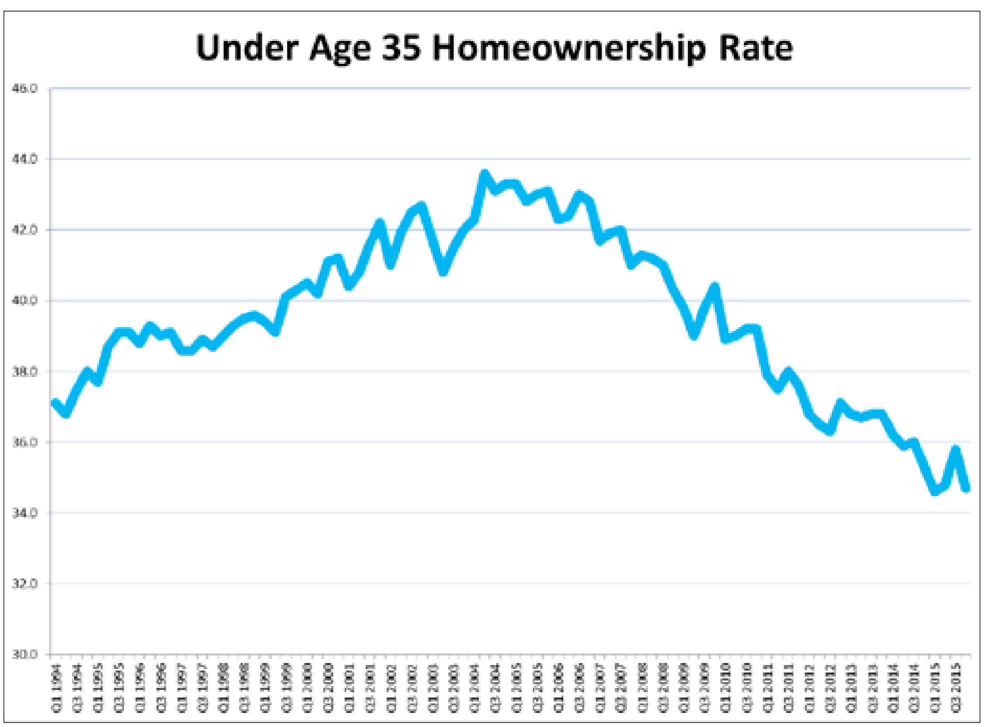

SOURCE: Census Bureau

like Alabama, South Carolina, and Tennessee have gained population because of these changes. The trend is towards suburbanization."

Fastest-Growing Metros

The fastest-growing metro areas are also in the Sun Belt. Winning cities include places like The Villages in central Florida that topped the Census bureau's fastest-growing metro list. In fact, eight of the top 10 fastest-growing metros are located in the Sun Belt. Six of the 20 fastest-growing metro are in Florida, according to the Census Bureau. Four Texas cities made the fastest-growing list.

Texas — which had the biggest population gain from 2014 to 2015 — gained 490,000 people. It is a magnet for job-seekers from elsewhere. It has been at the fore in high job growth and outpaced the nation's economic growth since the Great Recession.

Post-Recession Housing Refugees

Another housing refugee is Chuck DeVore, a former California State Assembly member who moved from Irvine, California to Dripping Springs, Texas, in 2011. Texas continues to be the nation's largest in-migration magnet.

Chuck DeVore
Housing Refugee
Dripping Springs, Texas

> *"The reason people move from one state or nation to another is usually tied to opportunity. They perceive that their ability to thrive in their new home is better than in the old."*

"The reason people move from one state or nation to another is usually tied to opportunity," writes DeVore, author of *The Texas Model: Prosperity in the Lone Star State and Lessons for America*. "They perceive that their ability to thrive in their new home is better than in the old. So, they pick up stakes, say 'goodbye' to family and long-time friends, and migrate. For us, the move to Texas came after years of having a front row seat watching the internationally famous California Dream start a long fade to black."

According to Ryan Avent, an economics correspondent for *The Economist,* and author of *The Gated City*, America's most innovative cities have become playgrounds for the rich, repelling a cost-conscious middle class and helping to concentrate American wealth in the hands of a few.

"The residents of America's productive cities fear change in their neighborhoods and fight

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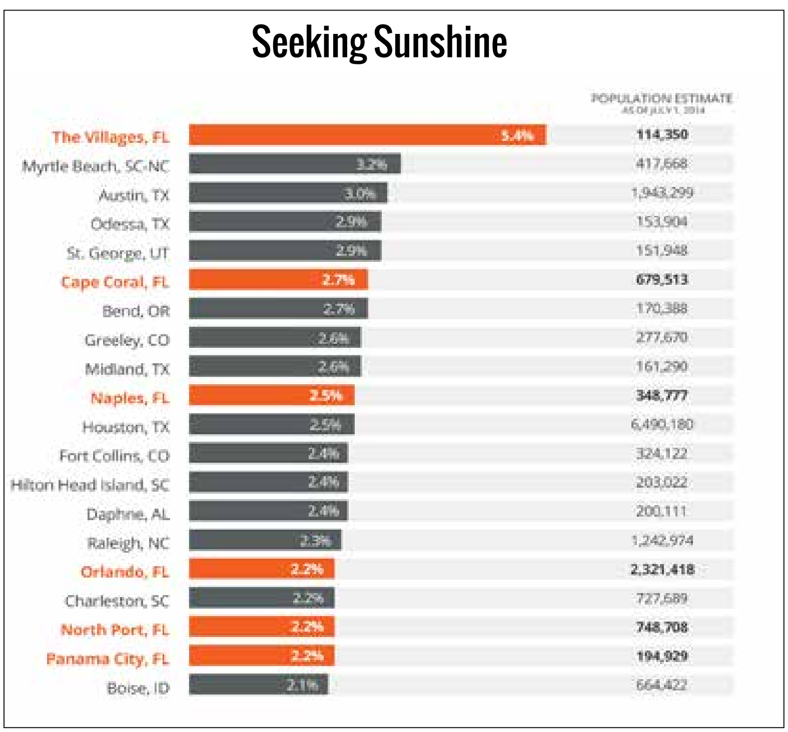

SOURCE: Census Bureau

growth," writes Avent, referring to NIMBYism, or "not-in-my-backyard" sentiments. "In doing so they make their cities more expensive and less accessible to people with middle incomes. Those middle-income workers move elsewhere, reducing their own earning power and the economy's potential in the process. Residents use government zoning rules, historical designations and public pressure to block changes of all kind.

The Perils of Planning: How Local Government Undermines Homeownership

Not only are rising housing costs and ballooning taxes driving Americans out of coastal big cities, but so called "smart growth" regulations and restrictive zoning and land-use laws are driving housing costs up, according to Randal O'Toole, a senior fellow at the Cato Institute in Washington, D.C., a libertarian think tank. Severe local "smart growth" building restrictions — like minimum lot size laws, "open space" laws, height restrictions, rent controls — discourage developers from building new homes and drive up the price of housing, argues O'Toole.

Dowell Myers
Urban Planning Professor
USC
Los Angeles, California

"The only big trend I can see are millennials. They're the sleeping giant. But they are slow to get into the housing market because of student loan debt."

"Government planners are good at producing two things: shortages of goods that people want, and surpluses of goods they don't want," writes O'Toole, author of "American Nightmare: How Government Undermines the Dream of Homeownership." "In places with relatively unregulated housing markets, housing is inexpensive, and when demand increases — whether because of population growth, low interest rates, or loosened lending standards — homebuilders build more homes. When single family homes are restricted, housing becomes expensive, and increases in demand lead to higher prices rather than more housing, while decreases in demand result in lower prices — in other words, a housing bubble."

Urban planners and other sprawl opponents believe that Americans waste land by living in low-density suburbs and that they waste energy by driving too much, claims O'Toole. He argues that we can rebuild the American dream of homeownership by eliminating federal, state and local policies that distort the free market for housing.

O'Toole and other economists like Thomas Sowell, Edward Glaeser, Jason Furman and Matthew Rognlie, have been arguing that building restrictions by local governments on building more housing in and around economically vibrant areas has slowed economic growth and hurt economic mobility.

But not everyone buys the zoning restriction argument.

Interstate Migration Declining

According to Dowell Myers, professor of urban planning and demography at the University of Southern California, housing migration slowed across much of the country after the Great Recession, and it hasn't picked up since.

"The majority of experts who say land-use restrictions cause housing prices to rise don't live in California," said Myers. "The big thing is this: All of California's big cities are surrounded by mountains and the ocean. The big metros are confined geographically. Restrictions are placed to protect the environment. And we treasure and protect the environment, namely the ocean and the mountains."

Still, people are moving, but there are cross currents, with no clearly defined trends, according Myers. He said the Great Recession has put the breaks on interstate migration. He said the housing crash and high unemployment during the recession made it harder to move. And Americans may no longer find it worthwhile to move if employers aren't willing to pony up bigger raises. Even now, millennials have remained cautious about moving, putting a drag on state-to-state migration.

"The only big trend I can see are millennials," said Myers. "They're the sleeping giant. But they are slow to get into the housing market because of student loan debt. You want to make it easy for them to buy houses."

Myers said states like California and New York still lure hundreds of thousands of immigrants from across the globe, especially from China and India, but Texas, Florida and the Carolinas are far more magnetic for people already living in the country.

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Indeed the cumulative effect of this battle against change is dramatic.

New Home Permits

In 2015, for example, the San Francisco metropolitan area issued only 12,354 new housing permits. The San Jose metro approved just 7,282 new home permits. By comparison Phoenix issued over 23,860 new housing permits in 2015, nearly double that of San Francisco. Indeed, in every year from 1990 to 2015, Phoenix significantly outpaced the Bay Area in new home construction — often by two or three times, Census Bureau data shows. The population of the San Francisco metro is 7.1 million, compared to 1.5 million in Phoenix.

Even though places like San Francisco have natural beauty, urban amenities, fantastic climate, cultural riches and an outstanding economy, people are leaving the Bay Area in droves. From 2000 to 2009, the San Francisco metropolitan area lost nearly 350,000 residents to other American cities, and nearby San Jose lost another 240,000.

The biggest factor driving people from the coastal mega-cities to the Sun Belt is the exorbitant price of housing.

California's Housing Affordability Crisis

In San Francisco's red-hot housing market, where tech millionaires, foreign billionaires and the wealthy locals have pushed the median home price to $1.2 million, only 11 percent of the population could afford to buy a home in the Bay Area, according to the latest home affordability index from the California Association of Realtors (CAR). In the San Francisco Bay Area, the median priced home in 2016 costs more than three times the national average.

Right before the last real estate crash in San Francisco in 2007, home affordability dipped below 10 percent; then the market unraveled. San Francisco is facing a serious affordable housing crisis that is pushing out many long-time residents. Some experts claim San Francisco's housing market is a bubble waiting to burst.

Ken Rosen, chairman of the Fisher Center for Real Estate at the University of California, Berkeley, said tech is due for another correction, and that could trigger a housing bust in the Bay Area.

"The high-tech boom we have is unsustainable," said Rosen. "Job growth is unsustainable. There will be, in the next three years, a correction. These unicorns (private companies valued at more than $1 billion) will have to cut jobs. That will have by far the most important impact on the housing market."

U.S. Homeownership Down

Today, homeownership rates are at historic lows. After peaking at 69 percent in 2004, homeownership in the United States declined to 63.7 percent in 2015, reports the Census Bureau.

Several factors have contributed to the substantial decline in homeownership. The erosion of household income since the start of the recession is one key ingredient, and the restricted access to financing is another.

The flip side of falling demand for homeownership has been

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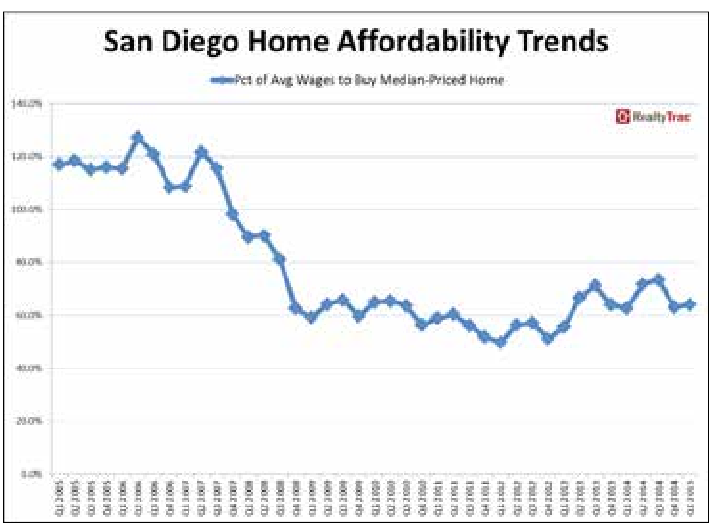
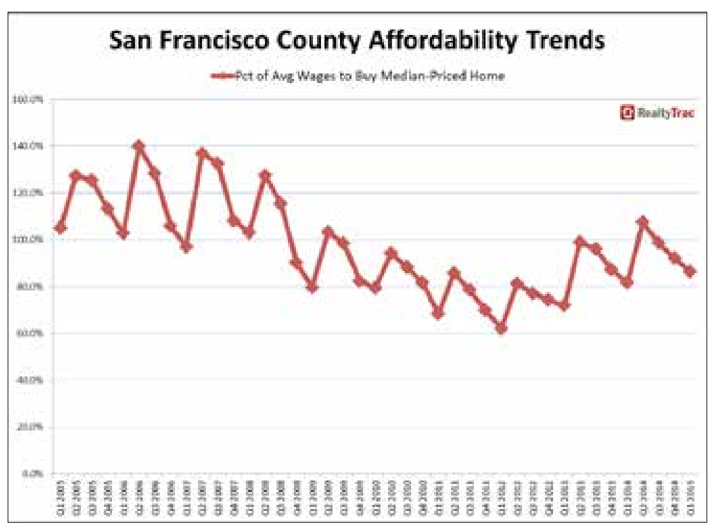


SOURCE: RealtyTrac



SOURCE: RealtyTrac

strong demand for rental housing.

Falling Income

Simultaneously, people are migrating to more affordable states because incomes are down, and higher home values and bigger mortgage costs are squeezing their pocketbooks. Stagnant and plunging wages are making the American dream of homeownership increasingly out of reach for many Americans.

In 2014, the U.S. median household income was $53,657, compared with 1999 when the median household income was $57,843, according to the latest Census Bureau data. Lack of income growth means less ability to save, a reduced capacity to borrow, and fewer people buying homes. Reduced wages raises major affordability problems for millions of households.

If incomes are down how can people afford to buy a home?

Urban Versus Rural

Not surprisingly, America's housing refugees are fleeing big cities and either moving to the suburbs or rural America, according to a report in the *Atlantic*, "Red State, Blue City: How the Urban-Rural Divide Is Splitting America," written by journalist Josh Kron, who describes how a "stark division" between cities and rural areas is emerging nationwide.

"The difference is no longer about where people live, it's about how people live: in spread-out, open, low-density privacy — or amid rough-and-tumble, in-your-face population density and diverse communities," writes Kron, describing America's increasingly urban-rural dichotomy.

Subdivided By Choice

Prior to Kron's revelation, Texas journalist Bill Bishop uncovered a startling demographic trend: Americans were increasingly choosing to live among like-minded neighbors, sorting themselves into neighborhoods — or clusters — that share the same economic, social, political, cultural — and even religious beliefs. Bishop — and new homebuilders — called this phenomenon "lifestyle" communities.

"As Americans have moved over the past three decades, they have clustered in communities of sameness, among people of similar ways of life, beliefs, and in the end, politics," writes Bishop in his fascinating book "*The Big Sort: Why the Clustering of Like-Minded America is Tearing Us Apart*."

This self-imposed housing segregation, reckons Bishop, is driven more by cultural factors rather than economic factors. "The Big Sort," which grew out of a series of articles that Bishop, a former reporter for *The Austin American Statesman*, wrote with Robert Cushing, a retired sociologist and statistician

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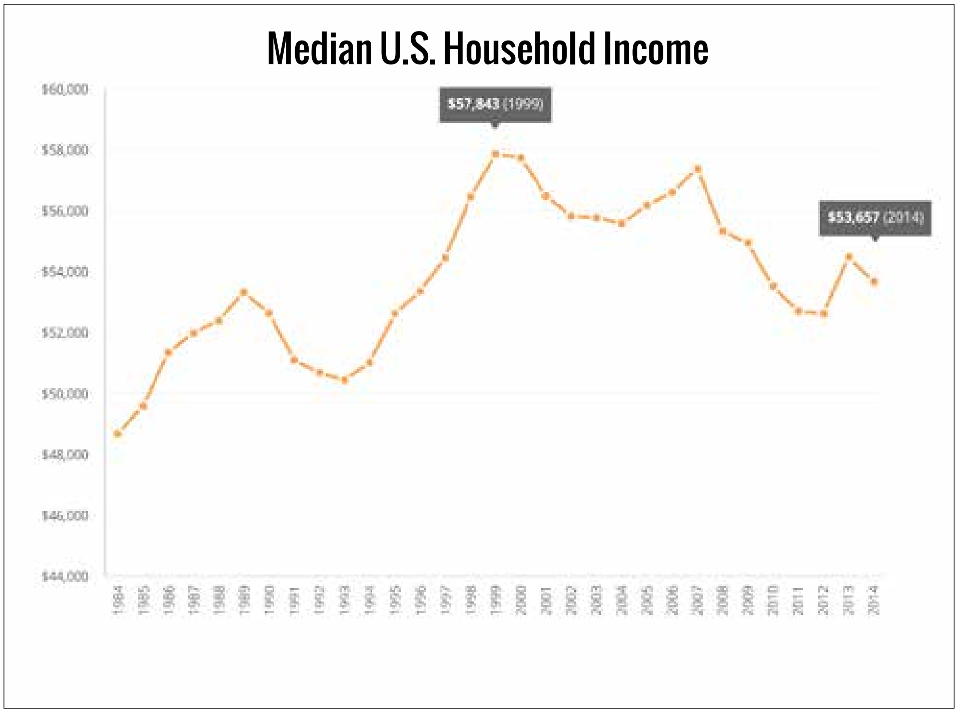


SOURCE: Census Bureau

from the University of Texas, explores how Americans have moved from one place to another, clustering themselves in increasingly homogeneous communities.

To illustrate his point about America's "big sort," Bishop enlightens readers about the two different "lifestyle" communities in one master-planned neighborhood in Orange County, California.

'The Big Sort'

"Before developers built the Ladera Ranch subdivision in Orange County, California, they surveyed likely residents about their beliefs and values. People fell into distinct groups — and that's the way the development was built. There is "Covenant Hills" for the faithful (big family rooms and traditional suburban architecture) and "Terramor" for what the developers call the "cultural creatives" (bamboo floors and instead of a family room, a "cultural room"). There is a Christian school for the believers in Covenant Hills and a Montessori school for the "cultural creatives" in Terramor. More than 16,000 people live in the subdivision now, and what's vaguely creepy is that people drive in the same entrance and then split off into neighborhoods designed for different lifestyles and values — the 21st century version of nineteenth century "island communities. "

Superficially, the sweeping balkanization phenomenon Bishop describes in his book is not new. Because Americans are so mobile — we move on average every seven years — U.S. housing refugee have been wandering throughout North America for decades, if not a century or more.

For housing refugees, many state governments make it easy to make moving decisions. For example, Texas has no income and capital tax; California, on the other hand, has the nation's highest income and capital gains tax rate.

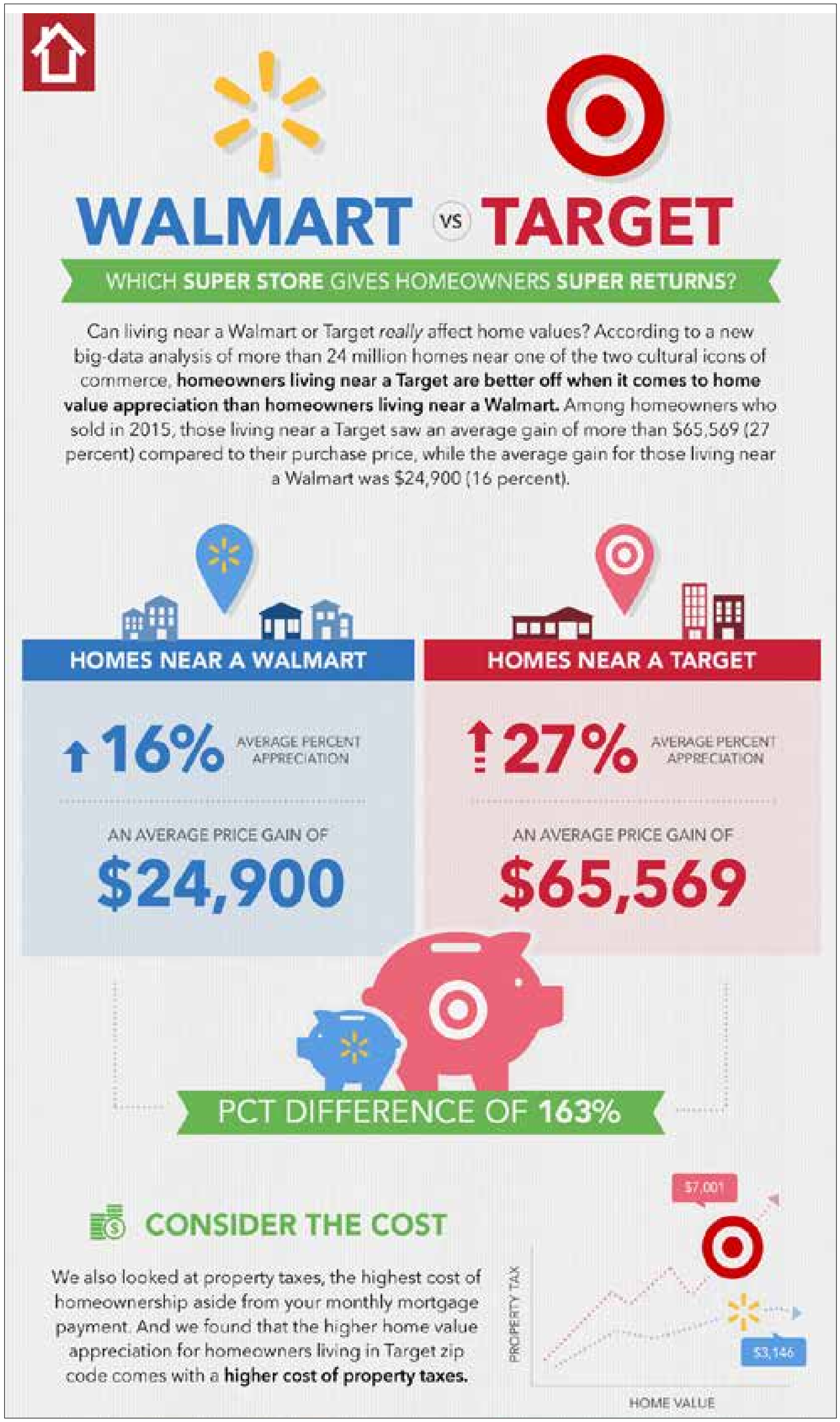
Growing regional disparities in housing costs encourage a shift of resources — most notably labor from high-cost to low-cost areas as workers seek a higher standard of living as influenced by access to quality housing. Additionally, businesses will also shift their operations from high-cost areas to remain competitive in national and global markets. Census bureau data show that states with high housing costs — California, New York, and Washington, D.C. — have lost significant domestic population to states with more moderate housing costs like Nevada, Arizona and Georgia. These losses were concentrated in high-cost major metropolitan areas, while smaller metropolitan and rural areas often gained population.

Many Americans are moving because they are being forced out by rising housing costs. Nationwide, median home prices have historically been about twice family incomes. But in cities that have tried to restrict growth, including New York City, San Francisco, and San Jose, California, housing prices are three to five times greater than family incomes.

If Woody Guthrie were alive today he'd probably be singing about Californians moving eastward to Texas — the new housing garden of Eden.

Big Data Sandbox

__Editor's Note:__ This month Housing News Report is introducing a new section called Big Data Sandbox where we will be featuring findings from big data analyses derived from the public record data and neighborhood data collected and licensed by RealtyTrac. This month we analyzed home values, price appreciation and property taxes for nearly 25 million single family homes and condos located near a Target or Walmart to determine the potential impact of these superstores on local housing markets.



SOURCE: RealtyTrac

MY TAKE

By Allan Weiss

Founder and CEO, Weiss Analytics

Beware of Averages

Much has been made in the past few days of a report that the Case-Shiller home price indexes indicate accelerating appreciation for the housing market. The overall conclusion implied is that this is occasion for all homeowners, lenders and stakeholders in the housing market to take cheer.

While it's no fun being the naysayer, as co-founder of Case Shiller Weiss, I feel an obligation to make a few observations at this pivotal time for our economy. Most importantly there are significant misconceptions about what home price indexes measure which are particularly dangerous today given the contrast between the mood these cheery reports engender and the realities for many homeowners, buyers and lenders.

Debunking a False Assumption

Home price indexes like indexes for the stock market are designed to show the average price changes for the many assets in the index, and it is a serious mistake to assume they reflect the price path of any given house or a portfolio of houses. Metro price indexes cover hundreds of thousands or even millions of houses. They cannot possibly be right for all of these houses.

Stock market indexes are also averages and are more widely and intuitively understood I believe because people can easily observe the price path of each individual stock. People understand that some industry components and even individual stocks frequently move counter to the index. If you own a large stake in a particular stock and you hear that the Dow Jones is up today you would not assume your stock changed the same amount or even went in the same direction as the index.

If we tear off the cover of the top line metro housing indexes and see accurate house level indexes, the price change diversity is astonishing. We see houses even within one town or next to each other sometimes moving in opposite directions. This is no longer surprising if you remember how diverse the houses and the people that buy and sell them really are.

There are new and old houses, large and small houses and uniquely designed treasures. Some house are on the water while others are near a noisy highway. It's not surprising that any set of assets with such diversity would all be subject to the same supply and demand shifts that would keep them all dancing together.

An alternative and far more predictive way to summarize market conditions is to count up the number of houses rising in value each month in percent terms.

During boom times this percent rising index can be close to 100 percent meaning nearly all the houses are rising in value. About 14 months prior to the housing meltdown these indexes began to decline rapidly falling from nearly 100 percent to 40 percent.

It is concerning that over the past 18 months the percent of appreciating houses has fallen from around 75 percent to only 55 percent.

While an overall downturn in the housing market is not a certainty, that risk appears to be much higher than at any time in the past four years.

To maintain a complete picture of the market it is important that we pay attention to summary measures like percent of houses rising in addition to the top line metro market indexes. With a view of numbers at the house level we can more easily understand the immense diversity of assets, people, circumstances, and transactions that we call The Housing Market.

Allan Weiss is Founder/CEO of Weiss Analytics, creator of residential real estate indexes and forecasts. He has been awarded several U.S. patents for related financial products. Mr. Weiss is also co-founder and former CEO of Case Shiller Weiss, producer of the S&P Case Shiller Home Price Indexes and forecasts, which were published regularly in The Wall Street Journal.

Weiss Analytics is a Natick, Mass.-based residential research firm that provides neighborhood and house-specific value forecasting across the United States. Weiss Analytics has licensed RealtyTrac data for use in their residential research.

NEWS BRIEFS

Home Equity Lending Rebounds

Home equity portfolios have shrunk at banks, but credit unions and nonbank lenders like Quicken Loans, Lending Tree, and loanDepot helped fuel the surge in home equity lines last year.

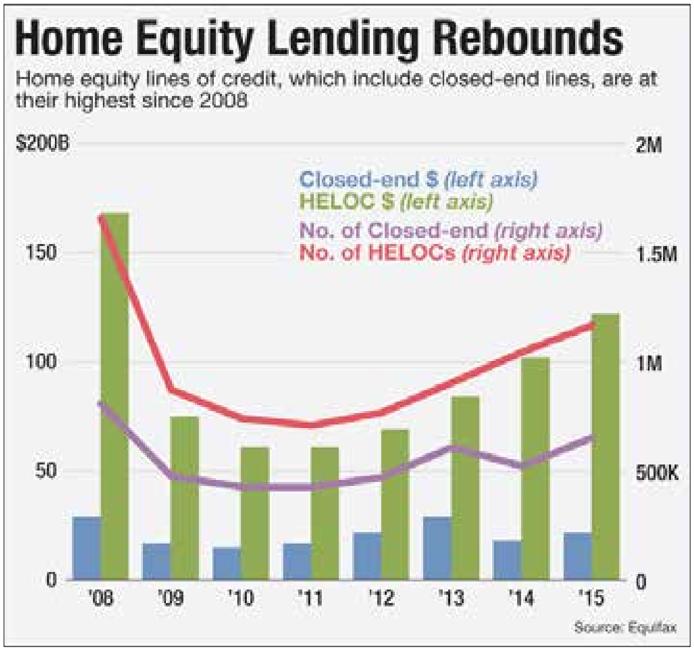
During 2014, home equity balances at credit unions grew by 7.2 percent, and in 2015 they grew by 6.1 percent. But bank home equity balances declined by 3.2 percent in 2014, and they fell another 5.3 percent to in 2015, according to the National Association of Federal Credit Unions.

Data from Equifax shows that the total credit limit of new home equity lines originated between January and October of 2015 was $121.6 billion, a 19.7 percent increase from same time a year earlier.

With a home equity line of credit, or HELOC, lenders make available a certain amount of borrowed money over a set period with the home as collateral.

The total number of new lines originated was 1.17 million, an increase of 11.8 percent. It was the best 10-month period for HELOCs since 2008.

SOURCE: National Mortgage News



SOURCE: National Mortgage News

Time to Close a Loan Climbs to 50 Days

A new report from Ellie Mae shows that the impact of TRID is being felt in the mortgage industry, with the time to close a mortgage loan now taking 10 days longer to close than a year ago.

According to Ellie Mae's latest Origination Insight Report, the average time to close a loan increased to 50 total days in January 2016, up from 38 in January 2015.

Since October 3, 2015, when the Consumer Financial Protection Bureau implemented the new TILA-RESPA Integrated Disclosure rule, the average time to close a loan has grown steadily.

SOURCE: *Ellie Mae*

Google Ends Mortgage Comparison Tool

Four months after announcing it was launching a mortgage comparison tool via its Compare service, Google is shutting down its Google Compare service for auto insurance, credit cards and mortgages in both the U.S. and England.

"Beginning on February 23, 2016, we will start ramping down the Google Compare product, which is currently live in both the U.S. and UK," the company said in an email posted on website Search Engine Land. "We plan to terminate the service as of March 23, 2016."

Google, whose parent company is Alphabet Inc., has been running Google Compare in Britain for three years and started a United States site last March. The shutdown is a setback to the Alphabet Inc. unit's efforts to provide niche shopping services and financial-services tools.

In the United States, insurers wrote $481 billion in premiums for property and casualty insurance, which consists of mostly auto, home and commercial insurance, according to the Insurance Information Institute, an industry group.

SOURCES: Search Engine Land, The New York Times

LEGAL BRIEFS

NY Court Says Trump Suit Can Continue


Eric Schneiderman

A New York state appeals court decided on March 1 that a lawsuit brought by New York Attorney General Eric T. Schneiderman claiming that Republican presidential front-runner Donald J. Trump's defunct Trump University defrauded consumers can go forward.

In a unanimous ruling, a four-judge panel of the State Supreme Court's Appellate Division said the state attorney general's office is "authorized to bring a cause of action for fraud" — despite the billionaire's claims to the contrary.

Lawyers for Trump and his now-defunct school have contended that Schneiderman's suit should be tossed. They say the statute of limitations on the case had expired — but the appeals court disagreed.

The complaint alleged that between 2005 and 2011, more than 5,000 students nationwide, including some 600 in New York, were misled by Trump's program, which promised to reveal secrets about real estate investing that would make them rich.

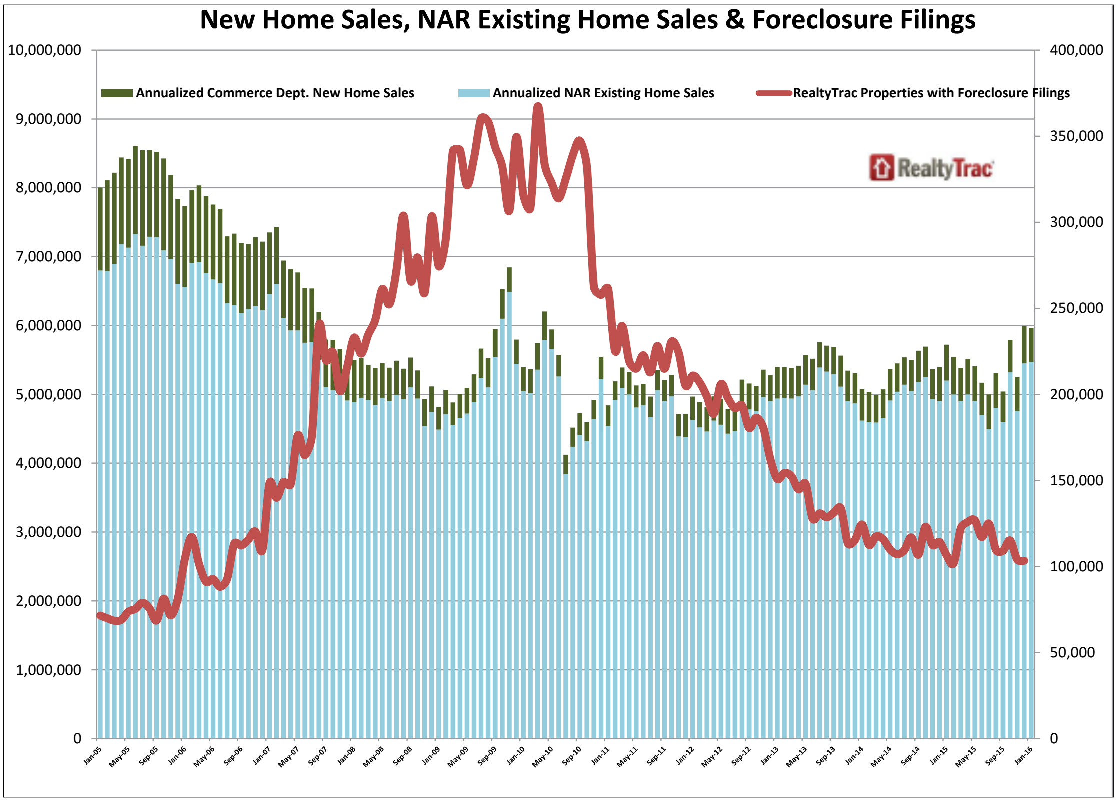
The program offered a free seminar to start, but drew participants into increasingly expensive classes that culminated in "Trump mentorship packages," costing as much as $35,000, according to Schneiderman.

Schneiderman, a Democrat, hailed the decision in a statement as a "clear victory in our effort to hold Donald Trump and Trump University accountable for defrauding thousands of students."

In statement, Donald Trump called Schneiderman a "typical politician," adding that he "continues to waste taxpayer money trying to smear me, but the fact is that the overwhelming majority of students had a great experience."

There are two other lawsuits in California against Trump University: *Cohen vs. Donald J. Trump* and *Makaeff, et al. vs. Trump University*.

SOURCES: New York Attorney General,Donald Trump



SOURCES: RealtyTrac, National Association of Realtors, U.S. Commerce Department

FINANCIAL BRIEFS

Is Fannie, Freddie Under Capitalized?


Mel L. Watt

After eight years under federal government conservatorship, the federal regulator of Fannie Mae and Freddie Mac, warned in mid-February that the agencies lack of capital reserves could trigger another bailout.

In a speech before the Bipartisan Policy Center earlier On Feb. 18, Fannie Mae and Freddie Mac's chief regulator said the companies cannot operate under the current circumstances forever. Even as they send billions to the U.S. Treasury, their own capital reserves are shrinking, said Melvin L. Watt, director of the Federal Housing Finance Agency.

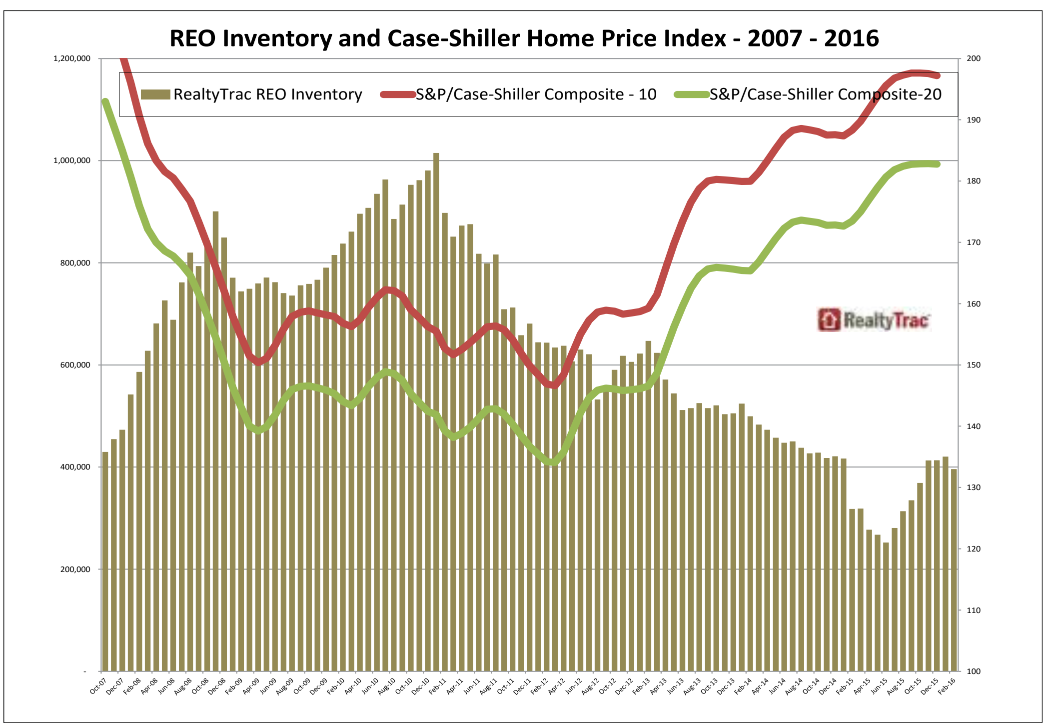
"Some of the challenges and risks we are managing are escalating and will continue to do so the longer the enterprises remain in conservatorship," Watt said in a prepared statement.

Watt said the government sponsored enterprises will have no capital buffer by Jan. 1, 2018, "and no ability to weather quarterly losses — such as the non-credit related loss incurred by Freddie Mac in the third quarter of last year — without making a draw against the remaining Treasury commitments."

In 2008, the government seized control of both companies as the housing market unraveled and the firms' losses piled up. Taxpayers pumped $187 billion into the companies, but over the last few years Fannie Mae and Freddie Mac, which buy mortgages from lenders, and then package them into securities to sell to investors, have been sending profits back into government coffers.

"I can assure you that these challenges are certainly not going away, and some of them are almost certain to escalate the longer the enterprises remain in conservatorship," warned Watt.

SOURCE: Federal Housing Finance Agency



SOURCES: RealtyTrac, S&P Case Shiller Home Price Index

STATE SPOTLIGHT

Capitalism vs. Conservation Civil War Keeps Portland Housing Weird

By Daren Blomquist, Executive Editor

Portland real estate investor Justin Grubb finds himself in the middle of a "civil war going on between capitalism and embracing Portland's weirdness."

"They talk out of both sides of their mouth, and they say you can't tear down that home and build four in its place — and you also can't raise rents," said Grubb, co-owner of Bulldog Capital Partners, who added that he is all for preserving quirky Portland properties with architectural significance provided that they are not beyond repair. "I don't like knocking down houses. I fix up houses and make them look great, and sell them to those hipsters who complain about tearing down houses."

The frontline of this civil war is an invisible wall encircling the city roughly 30 miles from downtown in all directions that protects the surrounding forests and farms from the otherwise-inexorable spread of urban sprawl.

Justin Grubb
Co-Owner
Bulldog Capital Partners
Lake Oswego, Oregon

"I don't like knocking down houses. I fix up houses and make them look great, and sell them to those hipsters who complain about tearing down houses."

Called the Portland urban growth boundary, this barrier to new building is required by a 1973 state law to "control urban expansion onto farm and forest lands," according to Metro, the Portland area regional government entity that manages the boundary.

Every six years, soldiers on both sides of the civil war gear up for a major battle as the boundary line is re-assessed based on forecasted population and employment for the next 20 years. One such re-assessment battle occurred in 2015, with the boundary line giving up no additional ground.

In its fact sheet explaining the decision to keep the urban growth boundary status quo for another six years, the Metro Council explained that despite an expected influx of 400,000 people and 195,000 new households over the next 20 years, there is

Continued Next Page

SOURCE: RealtyTrac

still enough land to build thanks to the new households being smaller and older, and a shift away from single family homes and toward apartments.

"Existing city and county plans — and the amount of vacant or developable land already inside the boundary — provide more than enough room for all the new housing we expect to need over the next 20 years," the council wrote in its conclusion.

Flock to the Inner Core

The 2015 decision is helping accelerate a "flock to the inner core" of Portland, according to Grubb, whose company has been buying, fixing and flipping homes in Portland since 2012.

"For the most part they are second-generation hipsters," he said of those flocking to the inner core and buying his flipped homes. "It's guys that have two-income families, no kids, and they are OK living in the city with parking issues: creative professionals, computer professionals, a lot of teaching (professionals)."

> *"Existing city and county plans — and the amount of vacant or developable land already inside the boundary — provide more than enough room for all the new housing we expect to need over the next 20 years."*
>
> *Portland Metro Council, explaining decision not to expand the region's urban growth boundary in 2015.*

Although it may inhibit his ability to create more inventory via infill construction of higher-density housing, the slow-growth philosophy in Portland is ultimately a good problem to have for Grubb because it helps him sell his product fast and at a premium price.

"Everything that I put on the market comes in at asking or above. … I can sell a derelict house on the MLS (Multiple Listing Service) for full price," he said, noting that his model works because he employs a full-time team devoted to finding, vetting and buying distressed properties at a discount — both at the foreclosure auction and by approaching homeowners of "vulnerable properties" directly. Employing such a team is a big investment on the property acquisition side that most newbie investors would not be able to afford.

"Once you create that machine you have to do those 15 properties a month or things go sideways," said Grubb, adding that as it becomes tougher to find distressed properties at a discount in Portland he is looking at a handful of other markets

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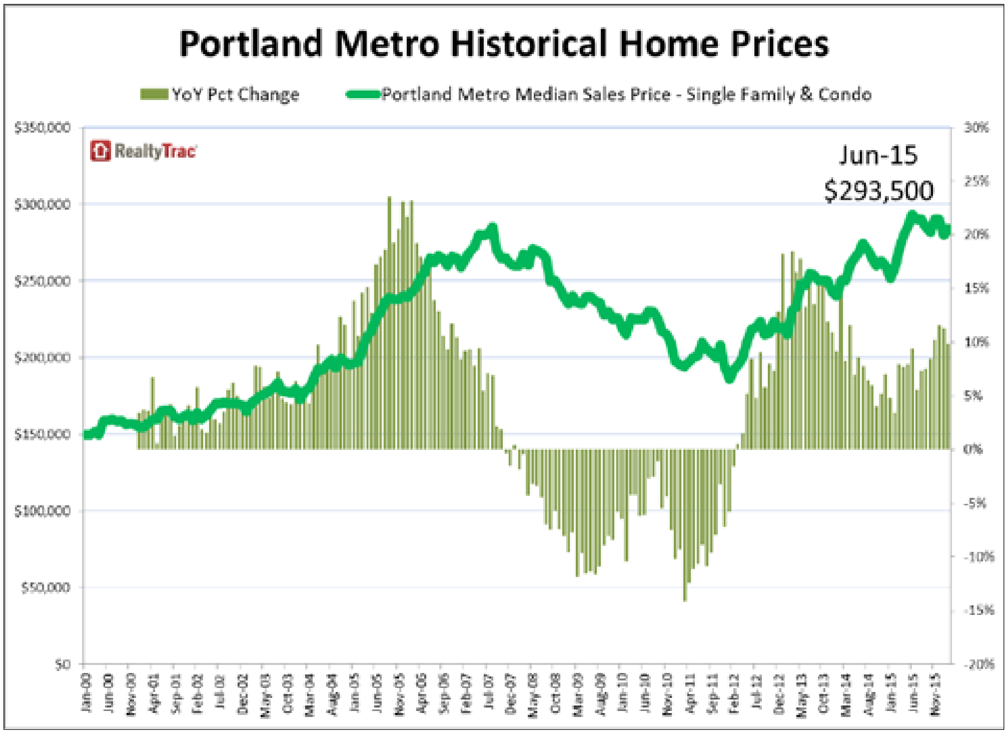

SOURCE: Portland Metro Council

across the country where he can deploy his investing team.

Flipping Profits Squeezed

RealtyTrac data shows that while home flipping increased as a share of all sales in Portland in 2015, the average gross flipping profit declined as investors like Grubb were squeezed on the property acquisition side by the imbalance between supply and demand. Homes flipped in Portland in 2015 on average were purchased at a 19 percent discount below estimated full market value — well below the average purchase discount nationwide of 26 percent — while flipped homes in Portland sold at a 4 percent premium above estimated full market value — also below the average 5 percent premium nationwide.

The shrinking spread between purchase discount and sale premium added up to a shrinking average gross return on homes flipped in Portland: 36 percent in 2015, down from 47 percent in 2014 and below the average 46 percent gross return on homes flipped nationwide during the year.

While acquiring properties at a discount may be tough, selling those properties quickly to highly qualified buyers has been the easy part of the flipping formula in Portland, according to Grubb. He said most of his buyers are using cash or conventional financing — as opposed to FHA financing with a small down payment — evidence those buyers are at low risk for default down the road.

"I haven't sold a property to an FHA buyer for a long time," he said, adding that many of his buyers are flocking to Portland from further afield. "I get a lot of out-of-state buyers, I get a lot of California buyers, but not all California."

New All-Time Price Peak

In Multnomah County, where Portland is located, 27 percent of all single family home and condo sales were to all-cash buyers in 2015, up from 26 percent in 2014, according to RealtyTrac data. So far in 2016, the all-cash buyer share stands at 29 percent.

"About 30 percent of them are cash; I've seen that reflected in my business. And a lot of investors out there," said Sue Pantages, principal broker at Summa Real Estate Group,

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Sue Pantages
Principal Broker
Summa Real Estate Group
Beaverton, Oregon

"If you can't afford to spend 20 or 30 or 40 thousand more on a house (above listing price) than we're going to have to go down in price to meet that standard. ... If you want $200,000, we have to start looking at $175,000 homes."

A Profitable Portland Flip

BEFORE: Bulldog Capital Partners, a real estate investment firm, purchased this Portland property in zip code 97206 for $182,751.

AFTER: Bulldog re-sold after rehab costing $26,406 in 90 days for $310,000 for a profit of $100,843, not including costs other than rehab.

covering the Portland market. “Most of the people I know are pretty frustrated on the buyer side.”

Pantages provided an example of a recent property listed for $300,000 that her buyer offered $402,000 for, but was beat out by an all-cash offer of $400,000.

“We’ve seen offers as many as 15 or 20 on a house,” said Pantages, a full-time Realtor for 18 years. “If you can’t afford to spend 20 or 30 or 40 thousand more on a house (above listing price) than we’re going to have to go down in price to meet that standard. … If you want $200,000, we have to start looking at $175,000 homes.”

The median sales price of single family homes and condos in the Portland metro area was $284,000 in February, up 1 percent from the previous month and up 10 percent from a year ago — the 46th consecutive month with a year-over-year increase, according to RealtyTrac data. Portland median sales prices reached a new all-time high of $293,500 in June 2015, 3 percent above the pre-recession peak of $284,900 in August 2007.

Patty Savage
Broker
RE/MAX Equity Group
Lake Oswego, Oregon

> *“We’re tearing down the forest and we’re building houses. Are we going to become California and people are going to go to Washington?”*

Locals Priced Out of Housing

Pantages said out-of-state buyers moving to Portland are helping to prop up home prices, sometimes at the expense of local buyers.

“We’re getting not just the Californians now, but also the people from the East Coast with the severe weather. I am taking calls from all over the United States from people who have their house on the market and want to move to Portland,” said Pantages, a sixth generation Oregonian who said younger locals priced out of the market are moving in with parents. “I have a family member with two of her adult children at home with her, and I have a best friend who has her son living with her. It’s everywhere. These 30-year olds are moving back in with their family.”

Another Portland-area broker, Patty Savage, said higher rents in some parts of the city are pushing more renters to become homebuyers — if they can survive the multi-offer gauntlet.

“Unfortunately we have a lot of multiple offers on pretty much 300 (thousand) and under,” said Savage, a broker with [RE/MAX Equity Group] who said she employs various tactics to help her buyers submit a winning offer. “I

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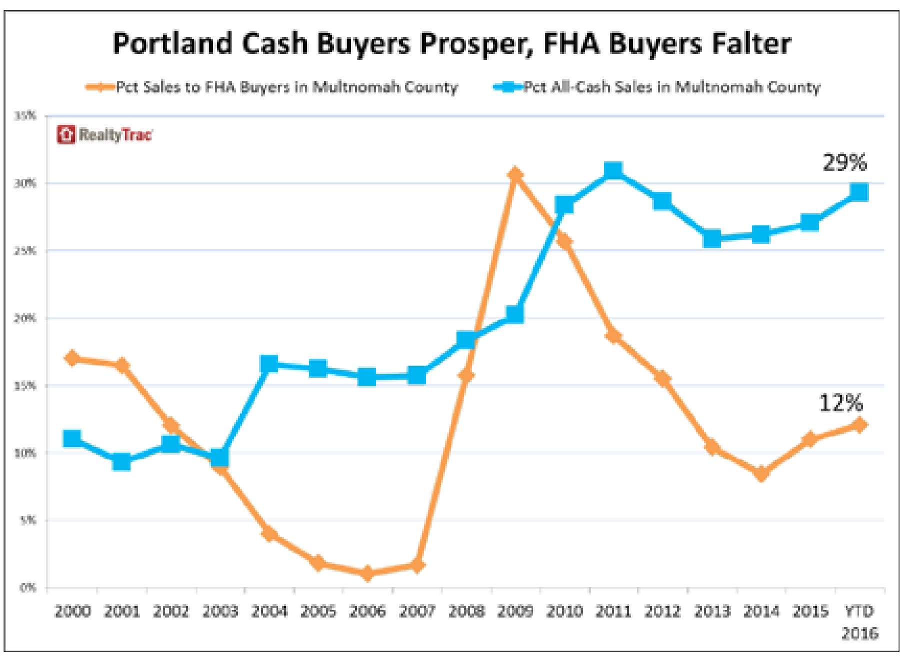

SOURCE: RealtyTrac

have used an escalation clause. That means I put an addendum together that says I will pay $500 over your highest price, but my limit is here. Also a letter from the new buyer to the seller."

Some Deals with Short Sales

Savage said that short sales lingering from the market downturn are also another good option for patient buyers to get their foot in the door of the competitive Portland market.

"I've got one (short sale) right now that I wrote up in November and I'm waiting to hear from the bank," said Savage, who honed her short sale negotiating skills during the housing downturn following the Great Recession and is still open to short sales now even though many agents avoid them. "I like them. I don't mind.

"And in this market we are still getting some deals with short sales," she continued. "They are just coming to light. A lot of people who bought when the market was really hot. It's taken them this long to figure out what to do. It's a process; it takes years for that to happen."

RealtyTrac data shows distressed sales — including short sales as well as sells of homes in foreclosure and bank-owned properties — still accounted for 13.4 percent of all home sales in 2015, although that was down from 15.2 percent in 2014.

Banking on High Demand for REOs

Grubb, the investor with Bulldog Capital Partners, said that the improving market means banks are more willing take back properties in default as REO (real estate owned) rather than sell them via short sale or at the foreclosure auction.

"We're still seeing foreclosures, but looking at what's coming through the pipeline, the banks are changing their models … for the most part the banks look at this as an REO-friendly market," he said, noting that many of the banks have voluntarily switched to using the judicial foreclosure process because of a law requiring mediation on non-judicial foreclosures that passed several years ago — although that law has since been modified to require mediation for both judicial and non-judicial foreclosures. "The banks are comfortable with the market and comfortable with taking REO."

Although overall foreclosure activity in Portland declined through the first two months of 2016 compared to a year ago, REOs increased during that same time period, according to RealtyTrac data. There were 197 properties repossessed by lenders in February in the metro area, up 30 percent from the

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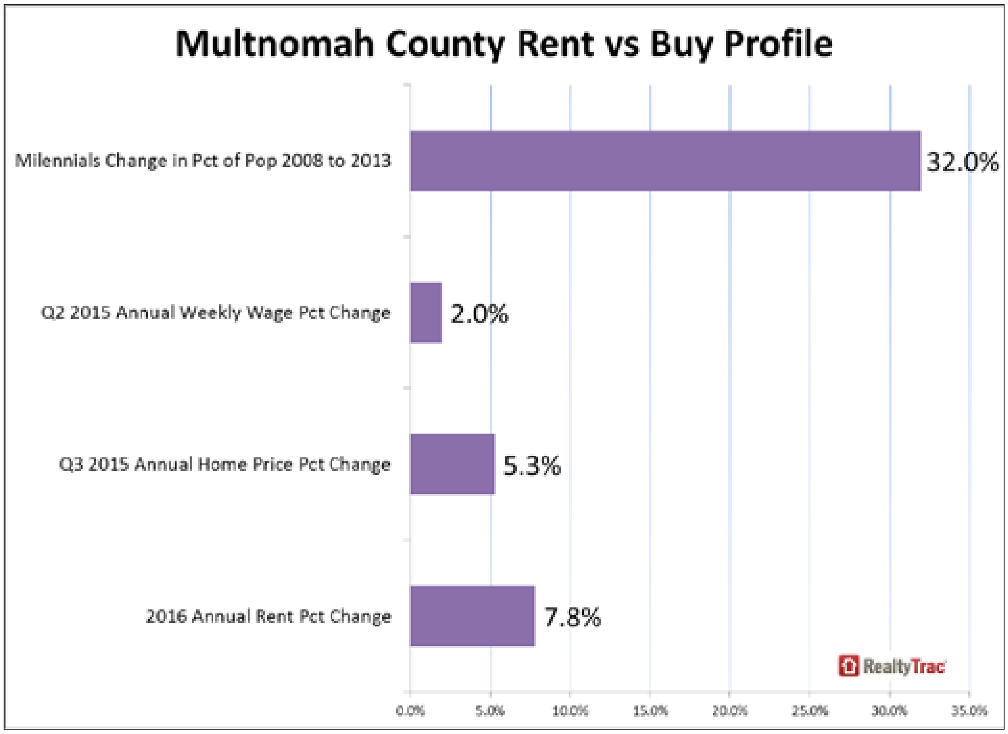

SOURCE: RealtyTrac

previous month and up 25 percent from a year ago — the 12th consecutive month with a year-over-year increase.

Paving Portland

Savage noted that her short sale experience also sets her apart from the growing ranks of brand-new Realtors latching onto the skyrocketing Portland market.

“Another factor that we have here in the Portland area is that we have more and more Realtors getting into the business,” she said. “So we’re competing with all the newer agents that are trying to maneuver the market.”

And although Savage herself grew up in Northern California, she expressed mixed feelings about the growing number of California transplants to Portland.

“My concern is because it’s livable up here, because it’s beautiful up here, more people are moving up here and they’re paving it,” she said, explaining that while she understands the attraction of Portland, the urban growth threatens to ruin what makes it attractive in the first place. “Why do cities have to grow exponentially? … We’re tearing down the forest and we’re building houses. Are we going to become California and people are going to go to Washington?”

Morey Soler
Broker and Marketing Director
Bulldog Capital Realty
Lake Oswego, Oregon

> *“Parts of Portland that my parents never allowed me to go when I was younger are now the cooler, trendy spots.”*

Californians, Chinese Paying Cash

As one of the growing number of new real estate agents in Portland, Morey Soler provided a different perspective.

“We have buyers from California and from China, and paying cash,” said Soler, who has been licensed as a real estate agent for two and a half years and is broker and marketing director at [Bulldog Capital Realty](), listing many of the homes flipped by Grubb and his team. “People down here just hated Californians; they thought they were driving up prices of homes. But I don’t mind Californians.

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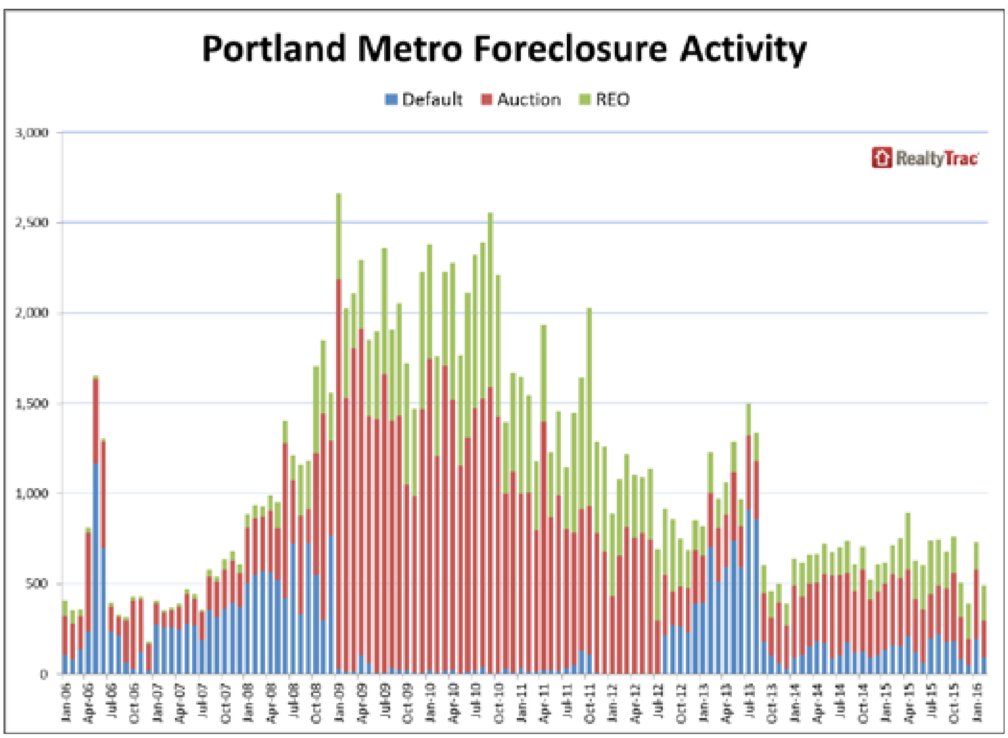

SOURCE: RealltyTrac

"It's not the Californians that are driving up prices; it's the limited inventory," added Soler, who grew up in Portland and said the key to continued growth in the Portland real estate market will be creatively finding new inventory in the city without destroying its character — which often involves re-discovering overlooked neighborhoods.

From Taboo to Trendy

"Parts of Portland that my parents never allowed me to go when I was younger are now the cooler, trendy spots," she said, noting that Southeast Portland is the next neighborhood that she expects to "blow up" even though it's still a little rough.

The emergence of Southeast Portland is evident in the 2015 home flipping data, which shows zip code 97206 — an area including the neighborhoods of Foster-Powel, Southeast Portland, Mt. Scott-Arleta, and Woodstock — had the most homes flipped in 2015 of any zip code in the Portland metro area. The zip code also had the second highest flips as a percentage of all sales and the sixth high average gross ROI on flips (68.2 percent) among all Portland-area zips.

Homes flipped in 97206 were purchased by the flippers at a median price of $168,000 and sold at a median price of $282,500, a gross profit of $114,500 on average. The average acquisition cost for flippers was much higher in the zip code immediately to the north, 97215 — another hot flipping zip code comprised primarily of the Mt. Tabor neighborhood — where the median purchase price for flippers was $332,500 and the median sold price was $535,500, a gross profit of $203,000 for a gross ROI of 61.1 percent on average.

"Digging the Lime Green Door"

Soler said the goal for flippers in the emerging neighborhoods is to rehab homes just the right amount.

"When people are moving to those areas they really want the quirky character of those bungalows. … (We) refurbish the homes and try to keep the charm," she said, noting as the listing agent she does have some say in the rehab based on what is selling well in the neighborhood. "People are really digging the white house with the lime green door — or whatever is hot in that neighborhood."

Soler acknowledged while the low supply/strong demand Portland market may be good for sellers and their listing agents, it's much tougher for buyers and their agents.

"As a buyer's agent it has to be frustrating … you need to show it right when it hits the market … and submit a strong offer

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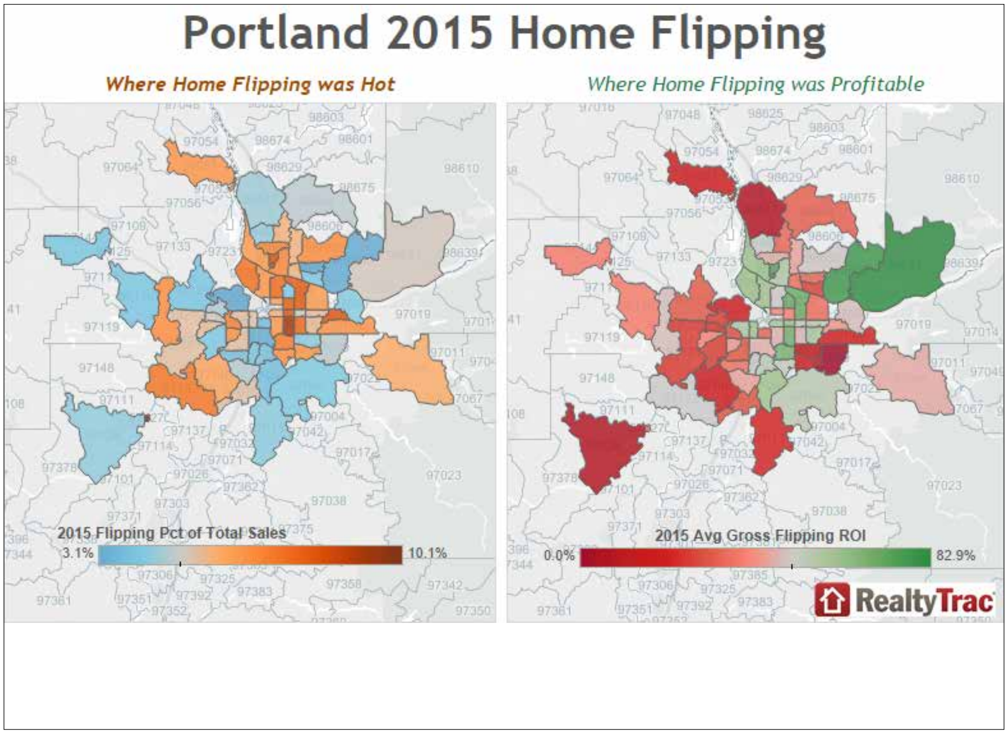


SOURCE: RealtyTrac

over asking. … I had one home go $70,000 over asking. I would say the majority of the homes I list are going over asking and getting competing, multiple offers," she said, cautioning that this pattern is not sustainable for the long term. "I think if we ride this wave for another year, I think it would be good. … even if it just stabilizes because we've just seen it go up and up."

Affordability Dream Deferred

Pantages agreed, opining that the Portland market is close to a ceiling.

"I think we've kind of peaked, or close to it. And our incomes don't support the prices right now," she said.

The average weekly wage in Multnomah County increased 2 percent in the first quarter of 2015, according to the Bureau of Labor Statistics, but median home prices increased 7 percent during that same time period, according to RealtyTrac data. Since bottoming in the fourth quarter of 2011, Multnomah County median home prices had risen 28 percent through the first quarter of 2015 while average wages had risen just 1 percent during the same time period.

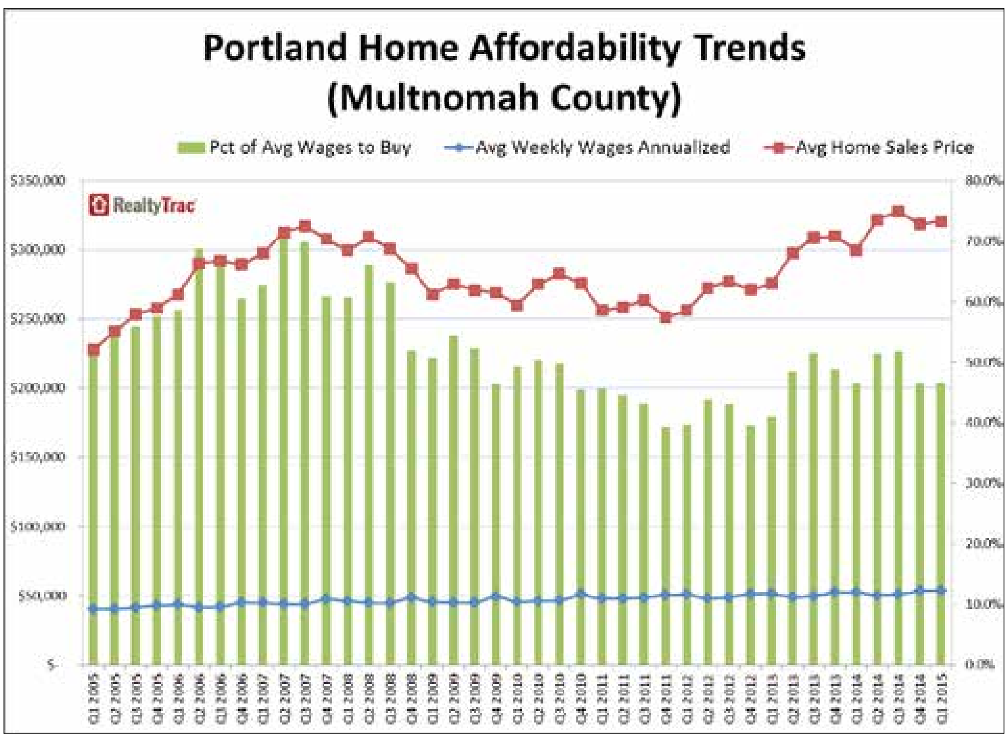
That disconnect between price growth and wage growth during the housing recovery means that average wage earners in Multnomah County now need to spend close to 50 percent of their income to buy a median-priced house — well above the national average of 37 percent of income, according to RealtyTrac. The good news is affordability in Multnomah County is still much better than at the peak of the housing bubble in the second quarter of 2007, when average wage earners needed to spend 70 percent of their income to buy a median-priced home.

But Pantages isn't taking any chances, even listing her own home for sale with plans to become a renter until a market correction occurs.

"We plan to become renters until the market adjusts. I'm very fortunate because our family owns several rental properties so I don't know what we would do if we didn't have that," she said. "If the market keeps going up we'll be in that (rental) property for a long time."

Grubb believes the days where Portland is a truly an affordable alternative to cities like San Francisco and Seattle are likely gone forever.

"Portland will never be affordable again," he said. "It will be a political nightmare for those who have to figure out affordable housing."

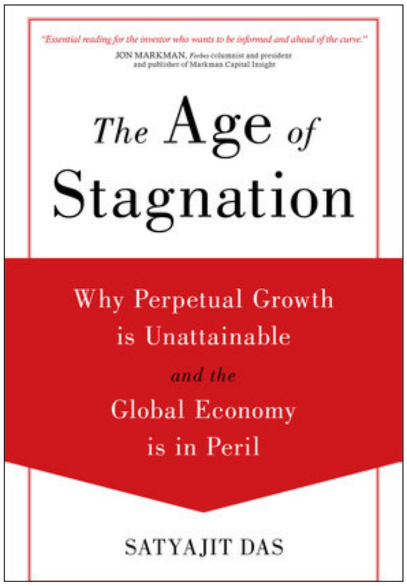


SOURCE: Portland Metro Council

BOOK REVIEW

Can Real Estate Survive Economic Stagnation?

By Octavio Nuiry, Managing Editor



For the real estate, industry sales growth is the lifeblood of success.

But what if we are entering a new "age of stagnation," where high growth is behind us.

Indeed, since the end of World War II much of the world has come to believe in — and even expect — limitless economic growth year after year. Particularly in the developed West, the world came to believe in boundless growth and the possibility of perpetual improvement.

But that era of economic expansion is rapidly coming to an end, according to Satyajit Das, author of the new book "The Age of Stagnation: Why Perpetual Growth Is Unattainable and the Global Economy Is in Peril" (Prometheus, 2016). The message, as the title suggests, is deeply pessimistic.

Instead of growth, contends Satyajit, the global economy is entering a new era of prolonged stagnation.

"The world is entering a period of stagnation, the new mediocre," writes Das, an Australian former banker turned consultant in the introduction. "The end of growth and fragile economic conditions are now the sometimes silent background to all social and political debates. For individuals, this is about the destruction of human hopes and dreams."

Extend and Pretend

Das claims that governments have not responded to key issues adequately, ignoring or downplaying debt issues, population issues, demographic issues, environmental issues, resources issues and other looming challenges. He argues that, for governments, the game is about extending and pretending and assuming these problems don't exist. The official policy is "extend and pretend," whereby everybody conspires to ignore the underlying problem, cover it up, or devise deferral strategies to kick the can down the road.

The heart of Das' book is the response to what he calls the "Global Financial Crisis." Das claims that when the 2008 recession struck, governments chose not to attack the central cause of the financial collapse, but instead the initial response to the 2008 financial crisis was massive government spending, lower interest rates and pumping money into the stock market, which resulted in even more debt.

But the stimulus policies have failed, he writes. Das argues that the economic model is completely broken and we have now entered into uncharted waters, where traditional economic logic is no longer useful.

"A confluence of influences is behind the ignominious end of the era of unprecedented economic expansion," writes Das, the "Das Capital" columnist for the British newspaper The Independent. "Since the early 1980s, economic activity and growth have been increasingly driven by financialization — the replacement of industrial activity with financial trading, and increased levels of borrowing to finance consumption and investment. Debt levels had risen beyond the repayment capacity of borrowers, triggering the 2008 Global Financial Crisis (GFC) and the Great Recession that followed. But the world shows little sign of shaking off its addiction to borrowing. Ever-increasing amounts of debt act as a brake on growth."

The heart of Das's thesis is not entirely new. The libertarian economist Tyler Cowen made a similar argument in 2011 with his monograph, The Great

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Stagnation, which argued that the age of rapidly advancing productivity is over.

The biggest dilemma for post-financial crisis global economies is the inability of governments and central bankers to restore growth and prosperity, he claims.

"The financial problems are compounded by lower population growth and ageing populations; slower increases in productivity and innovation; looming shortages of critical resources, such as water, food and energy; and man-made climate change and extreme weather conditions," he argues. "Slower growth in international trade and capital flows is another retardant."


Satyajit Das

Das, selected by Bloomberg Markets as one of the 50 most influential financial thinkers, believes the current world economy mirrors Japan, which has been mired in debt for decades. He was also featured in Charles Ferguson's meticulous and infuriating Oscar-winning documentary "Inside Job," which chronicled the causes and consequences of the financial and housing crisis of 2008. He has worked in financial markets as a derivatives trader for over 35 years as well as a banker and now as a consultant. He lives in Sydney, Australia.

"The GFC showed that perpetual growth and progress is an illusion," writes Das in the epilogue. It exposed the high debt levels, credit-driven consumption, global imbalances, excessive financialization, and unfinanced social entitlements that underpinned an unsustainable economic model."

He fears that the problem may be the economic model itself. Das believes policy makers may not have the necessary tools to address deep-rooted structural problems in the current economic models. Das worries that policy makers don't understand the deep economic hole they have created. Policymakers assume their models and ways of thinking are somehow going to work. But Das suspects there are going to miscalculate really badly.

"Unwilling to admit failure, policymakers vacillate about the correct solution, or spend money on faux strategies unlikely to accomplish anything significant or lasting," warns Das. "They prefer to do the wrong thing righter, rather than doing the right thing wrong."

Unlike other developed countries, the U.S. has more time to deal with these mounting challenges, but that time frame is not unlimited, he writes. The real concern in the U.S. is not that the debt is unmanageable, but rather there has to be a program to gradually address it. He worries there is no political will to reform pension schemes, entitlement schemes and the U.S. tax system.

"It was the grifter's long con, a confidence trick with a potentially large payoff but difficult to pull off," he writes. "House prices and stock markets have risen, but growth, employment, income, and investment have barely recovered to pre-crisis levels in most advanced economies."

Still, the U.S. economy is growing, albeit slowly at about 2 percent annually. But that is subpar.

Even if you disagree with the author's dystopian vision of the "new normal" — a constant state of low growth, soaring debt and rising political tensions — this important book challenges the false narrative in the media and in political circles regarding the global economic "recovery."

In the final analysis, Das warns that without significant policy changes, dire consequences lie ahead. It's a hard message that deserves a wide audience.

For Das, there are only two outcomes for not only the U.S. economy, but for the global economy as well: stagnation or collapse. Pick your poison.

FEBRUARY 2016

STATE-BY-STATE FORECLOSURE ACTIVITY SUMMARY

State Rank	State	Default	Auction	REO	Total	1/every X HU (rate)	%Δ from Jan 2016	%Δ from Feb 2015
	U.S. Total	**27,255**	**34,515**	**36,351**	**98,121**	**1,353**	**3.08**	**-3.74**
28	Alabama	0	544	667	1,211	1,809	-11.93	-28.00
44	Alaska	2	30	32	64	4,810	-3.03	-55.24
32	Arizona	0	752	789	1,541	1,865	-23.03	-4.35
41	Arkansas	0	185	287	472	2,816	14.01	24.87
22	California	4,175	2,486	2,303	8,964	1,537	-19.53	-22.31
40	Colorado	0	607	193	800	2,798	-2.56	-30.74
8	Connecticut	1,025	151	230	1,406	1,060	27.93	104.06
4	Delaware	275	167	105	547	752	14.20	28.40
	District of Columbia	0	12	14	26	11,569	18.18	-40.91
6	Florida	2,515	3,390	5,169	11,074	817	-3.48	-29.88
15	Georgia	0	1,388	1,698	3,086	1,333	21.98	6.60
36	Hawaii	103	71	55	229	2,292	21.16	17.44
27	Idaho	106	139	133	378	1,787	51.20	-50.52
5	Illinois	1,875	2,831	1,913	6,619	801	48.51	13.34
10	Indiana	641	983	859	2,483	1,132	-8.27	-22.79
31	Iowa	409	182	142	733	1,839	11.57	-8.49
39	Kansas	101	235	131	467	2,656	-7.71	-34.87
37	Kentucky	99	519	200	818	2,370	-2.62	-3.20
33	Louisiana	246	522	297	1,065	1,867	51.49	5.13
23	Maine	270	101	93	464	1,562	49.68	68.73
1	Maryland	1,710	1,687	1,302	4,699	511	35.11	11.06
19	Massachusetts	1,097	601	206	1,904	1,479	15.89	49.33
25	Michigan	0	1,132	1,607	2,739	1,655	12.25	-14.62
34	Minnesota	0	564	538	1,102	2,145	-5.25	40.38
42	Mississippi	0	116	243	359	3,579	8.79	51.48
29	Missouri	0	591	898	1,489	1,829	19.89	40.74
48	Montana	0	14	25	39	12,482	25.81	-13.33
45	Nebraska	62	17	63	142	5,671	-30.05	-19.77
3	Nevada	689	501	440	1,630	727	-17.09	-21.22
35	New Hampshire	0	177	109	286	2,158	47.42	95.89
2	New Jersey	1,542	1,946	1,790	5,278	677	-12.89	32.55
16	New Mexico	239	205	207	651	1,394	21.46	53.54
24	New York	2,832	723	1,616	5,171	1,577	14.20	15.50
13	North Carolina	1,440	887	1,202	3,529	1,243	3.07	-11.73
50	North Dakota	0	2	9	11	30,183	-81.67	120.00
7	Ohio	1,996	1,457	1,508	4,961	1,035	-1.51	-3.16
26	Oklahoma	426	153	409	988	1,701	-3.98	31.03
30	Oregon	121	412	388	921	1,830	-18.71	-37.18
12	Pennsylvania	1,290	1,361	1,854	4,505	1,238	5.11	10.77
11	Rhode Island	0	220	165	385	1,202	94.44	198.45
9	South Carolina	899	605	458	1,962	1,101	8.70	3.32
49	South Dakota	0	10	10	20	18,459	33.33	-56.52
20	Tennessee	0	948	962	1,910	1,486	-13.30	18.49
38	Texas	31	1,666	2,240	3,937	2,588	-5.27	-17.52
14	Utah	204	292	291	787	1,270	30.95	23.94
46	Vermont	0	12	33	45	7,207	4.65	32.35
17	Virginia	0	1,566	756	2,322	1,466	24.04	81.41
18	Washington	13	965	1,008	1,986	1,471	1.48	-2.69
47	West Virginia	0	34	83	117	7,549	32.95	0.00
21	Wisconsin	822	311	604	1,737	1,517	29.24	0.75
43	Wyoming	0	45	17	62	4,277	-25.30	-38.61

TOP 20

Foreclosure rates in the nation's 20 largest metros in February 2016

Rank	Metro	Housing Units Per Foreclosure Filing (Rate)
1	Baltimore, MD	448
2	Tampa, FL	646
3	Chicago, IL	650
4	Philadelphia, PA	665
5	Miami, FL	782
6	Riverside, CA	845
7	Washington, DC	1,044
8	New York, NY	1,218
9	Atlanta, GA	1,243
10	St. Louis, MO	1,292
11	Seattle, WA	1,392
12	Detroit, MI	1,600
13	Minneapolis, MN	1,644
14	Los Angeles, CA	1,727
15	Phoenix, AZ	1,748
16	San Diego, CA	1,780
17	Dallas, TX	1,842
18	Boston, MA	1,848
19	San Francisco, CA	2,835
20	Houston, TX	4,715

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