

TRENDS IN DELINQUENCIES AND FORECLOSURES IN ARIZONA

January 2011

Community Development Research
Federal Reserve Bank of San Francisco

National Trends

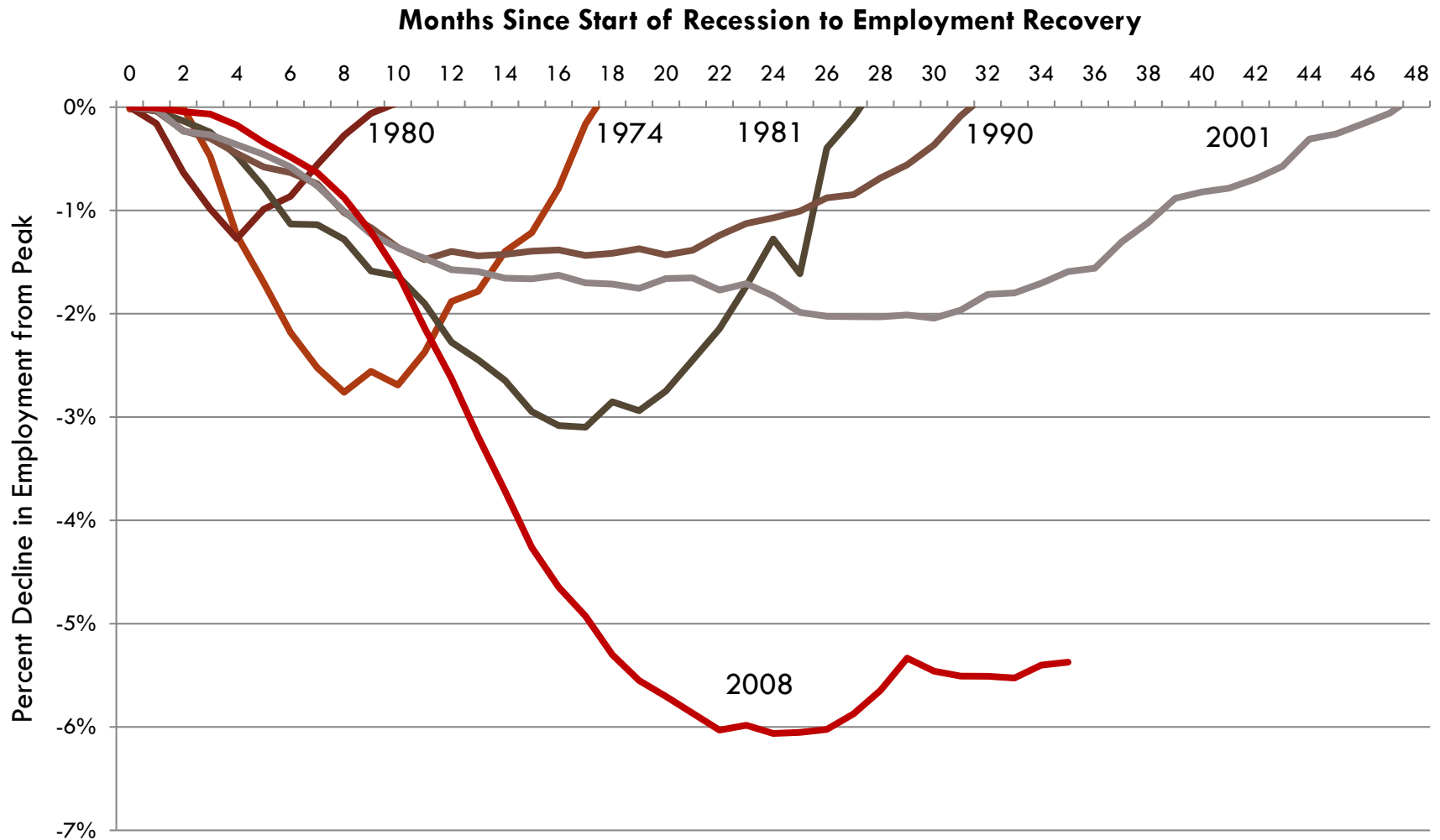
- Even though NBER officially announced the recession's end in June of 2009, pace of recovery remains slow
 - Unemployment rate in November rose to 9.8% from 9.6%, demonstrating continued weakness in the labor market
 - On the more positive side, the private sector has been adding jobs each month, and part of the rise in unemployment is due to an increase in the labor force-that is, the number of people who started looking for work
 - Housing is the one major sector of the economy where we still do not see signs of recovery
 - New and existing home sales remain near historic lows, and inventories of foreclosed homes remain very high
 - Public sector budget crisis in many states is of major concern, and threatens viability of services to LMI communities

National Trends

Unemployment continues to hover around 10%

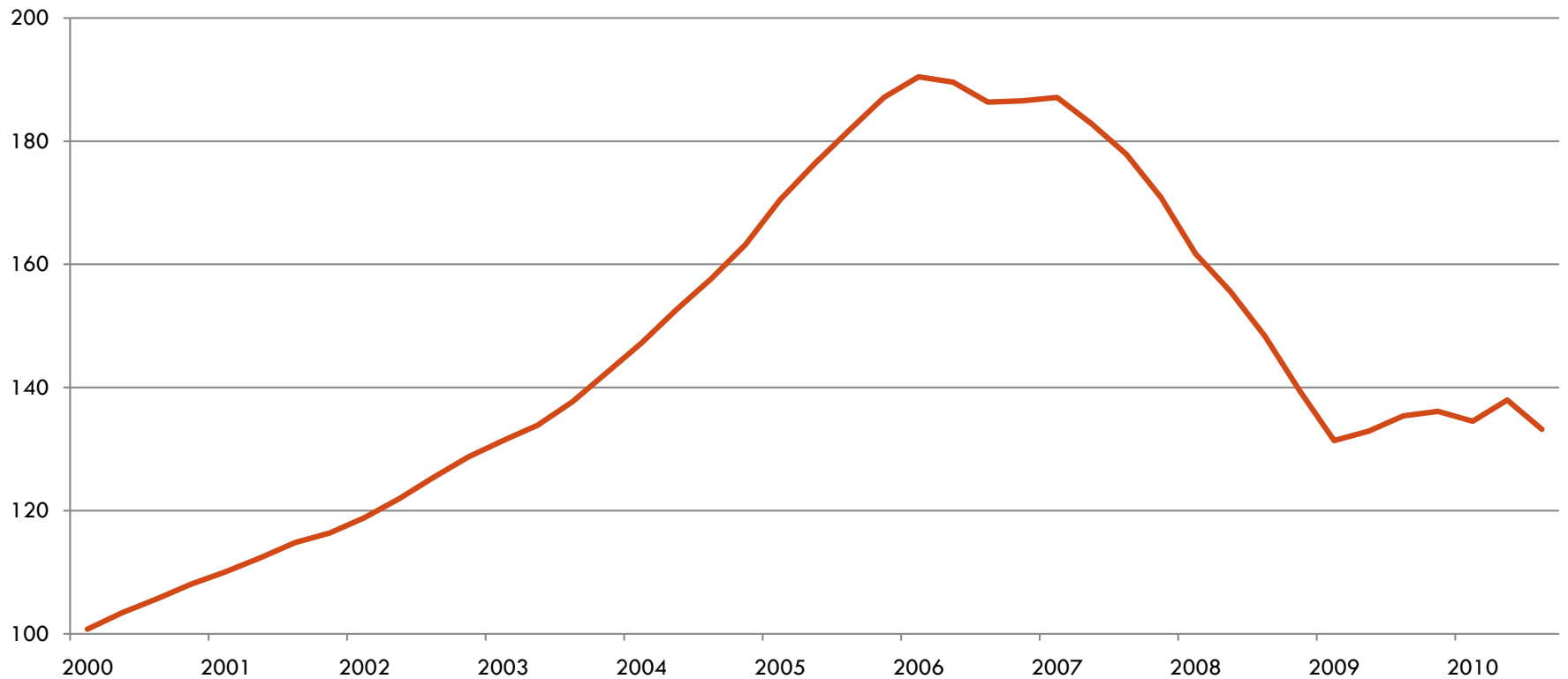


Recovery, particularly in labor market, remains elusive



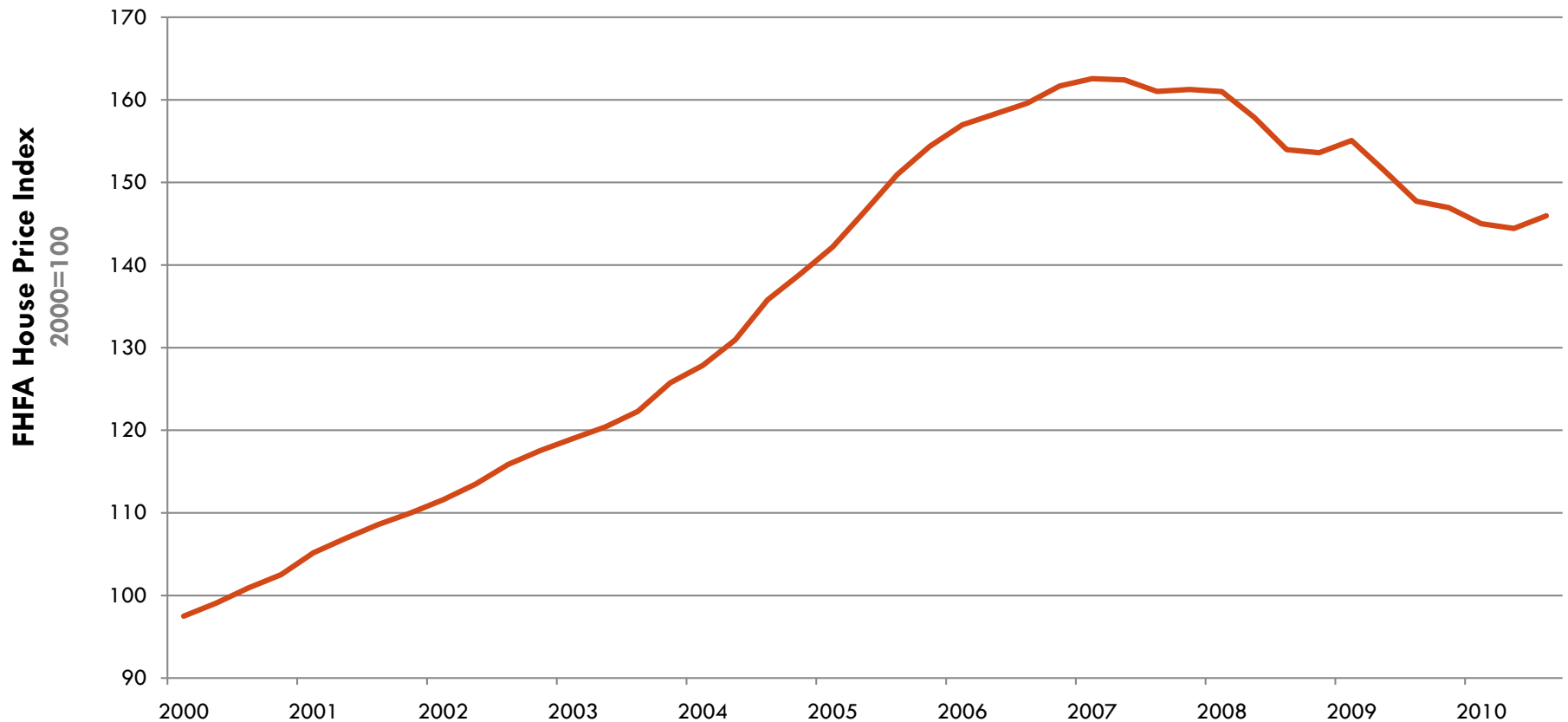
Case-Shiller Index shows continued softness in housing market

Case-Shiller National House Price Index
(2000 = 100, Quarterly)



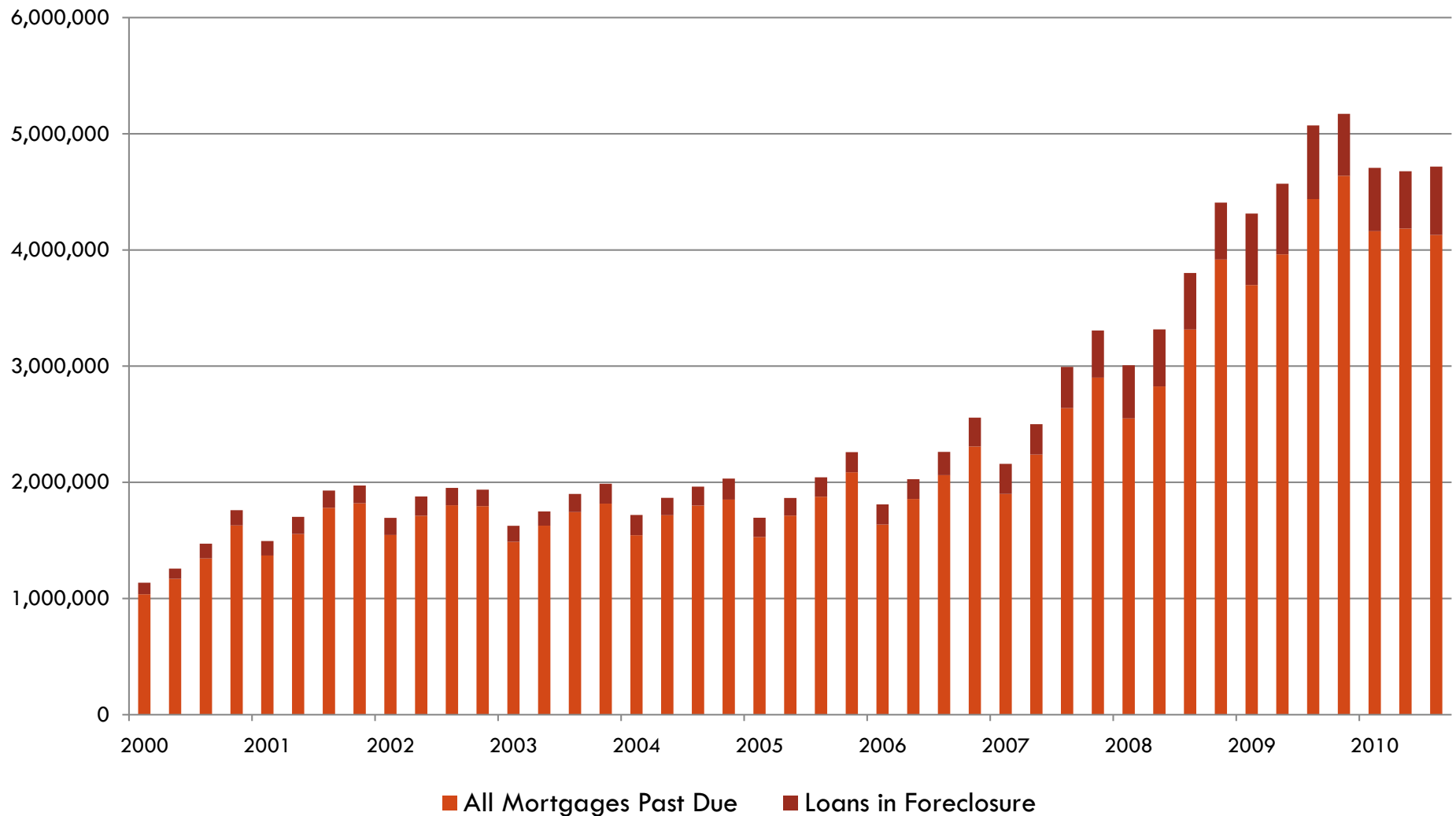
FHFA House Price Index rises slightly in 3rd Qtr of 2010

FHFA (formerly OFHEO) House Price Index
(2000=100, quarterly)



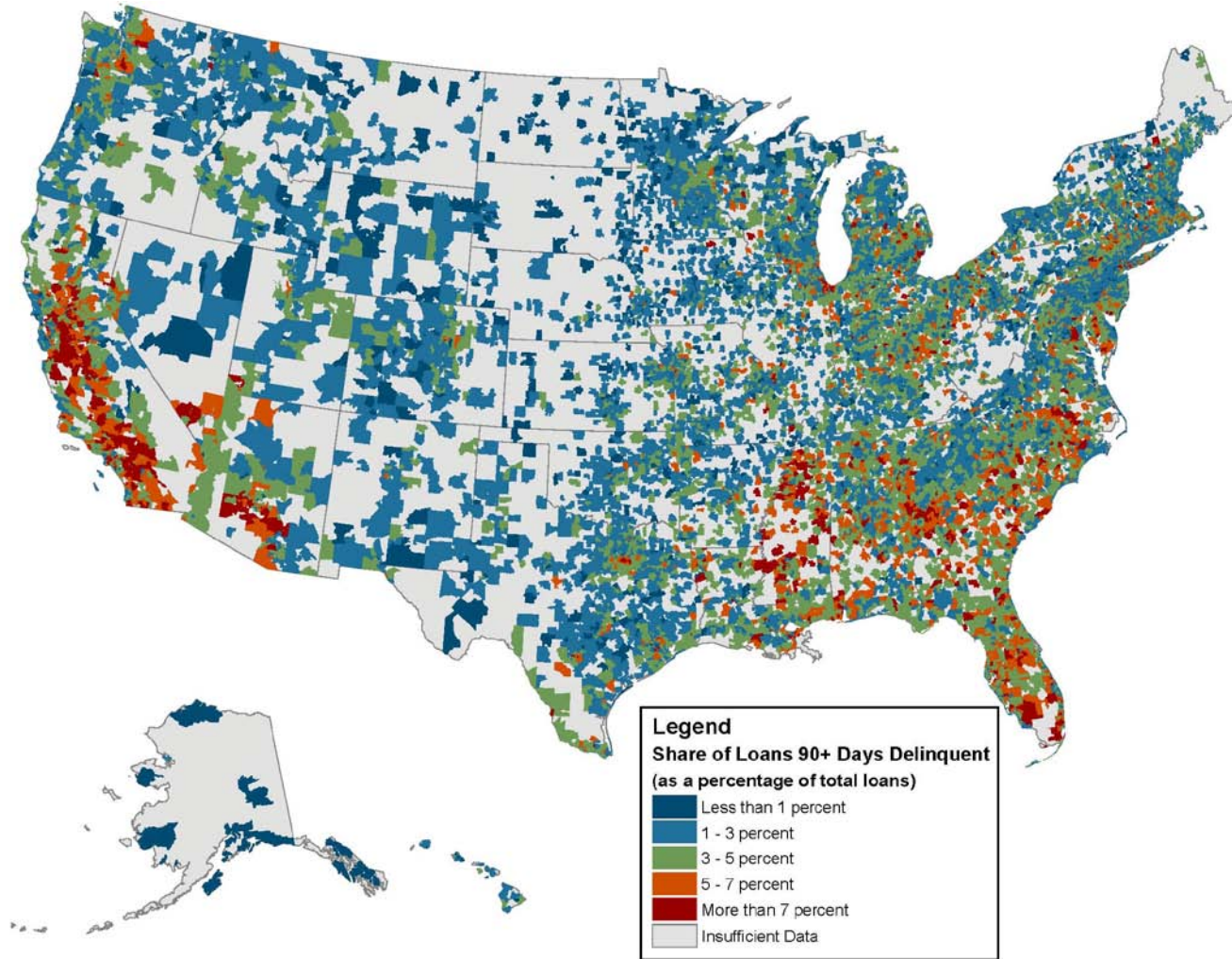
Source: Federal Housing Finance Agency (formerly OFHEO), includes refinancing and is not seasonally adjusted

Nationally, delinquencies drop in 2010, but still more than 4.5 million homes in distress

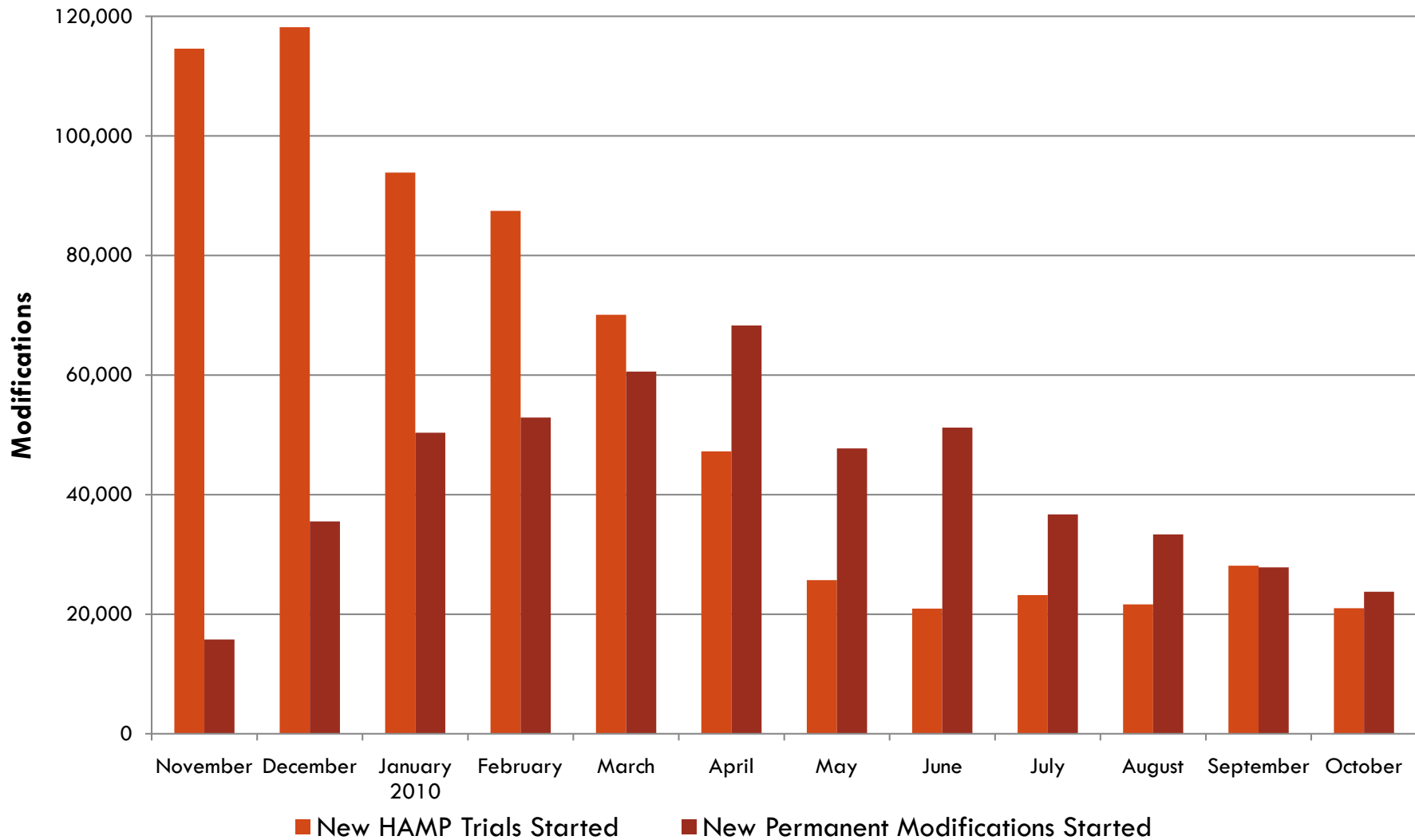


Source: Mortgage Bankers Association, National Delinquency Survey

Despite improvement, high rates of delinquency remain concentrated in western and southern states

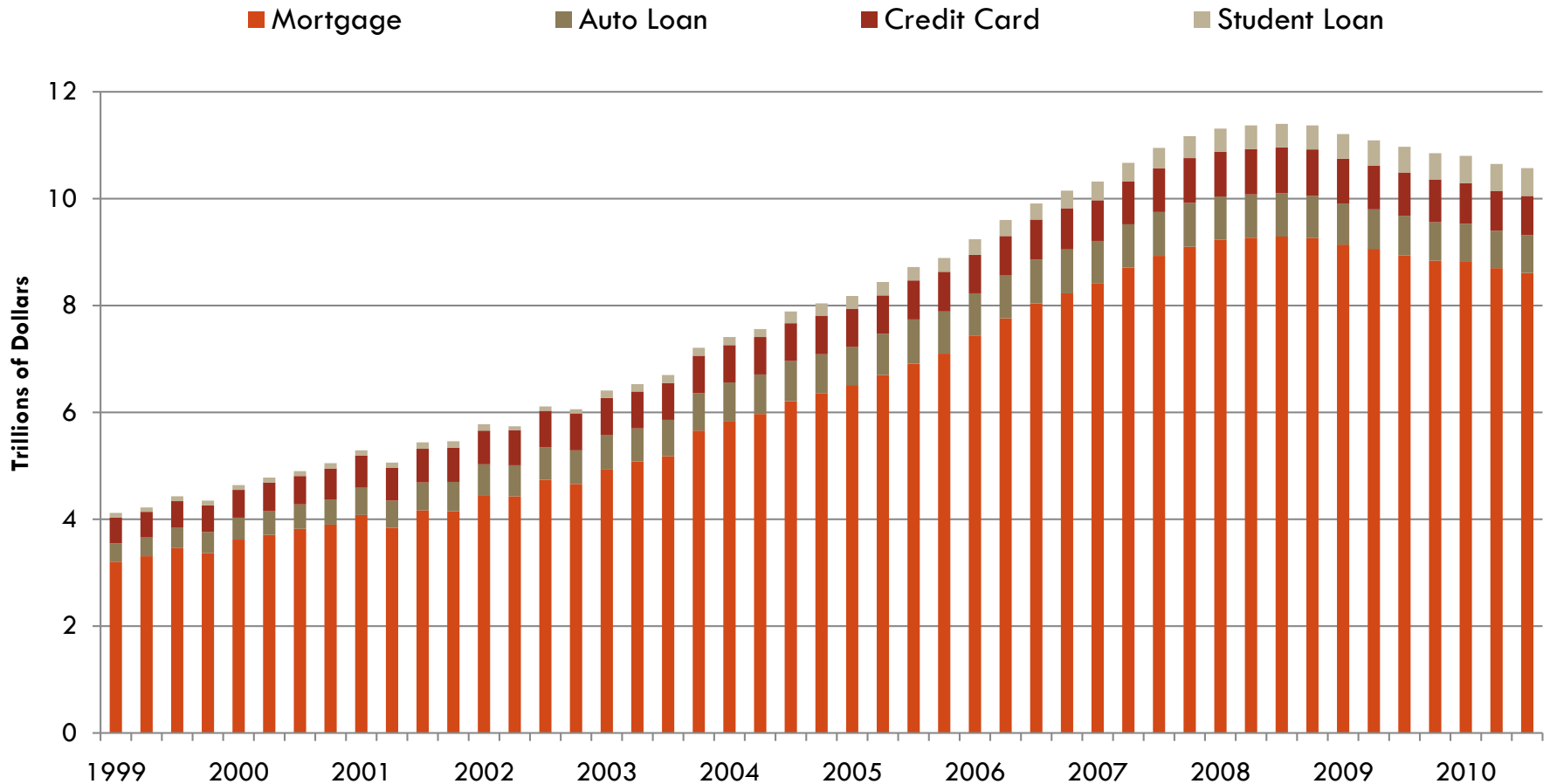


HAMP modifications down; borrowers still face challenges in obtaining permanent modifications



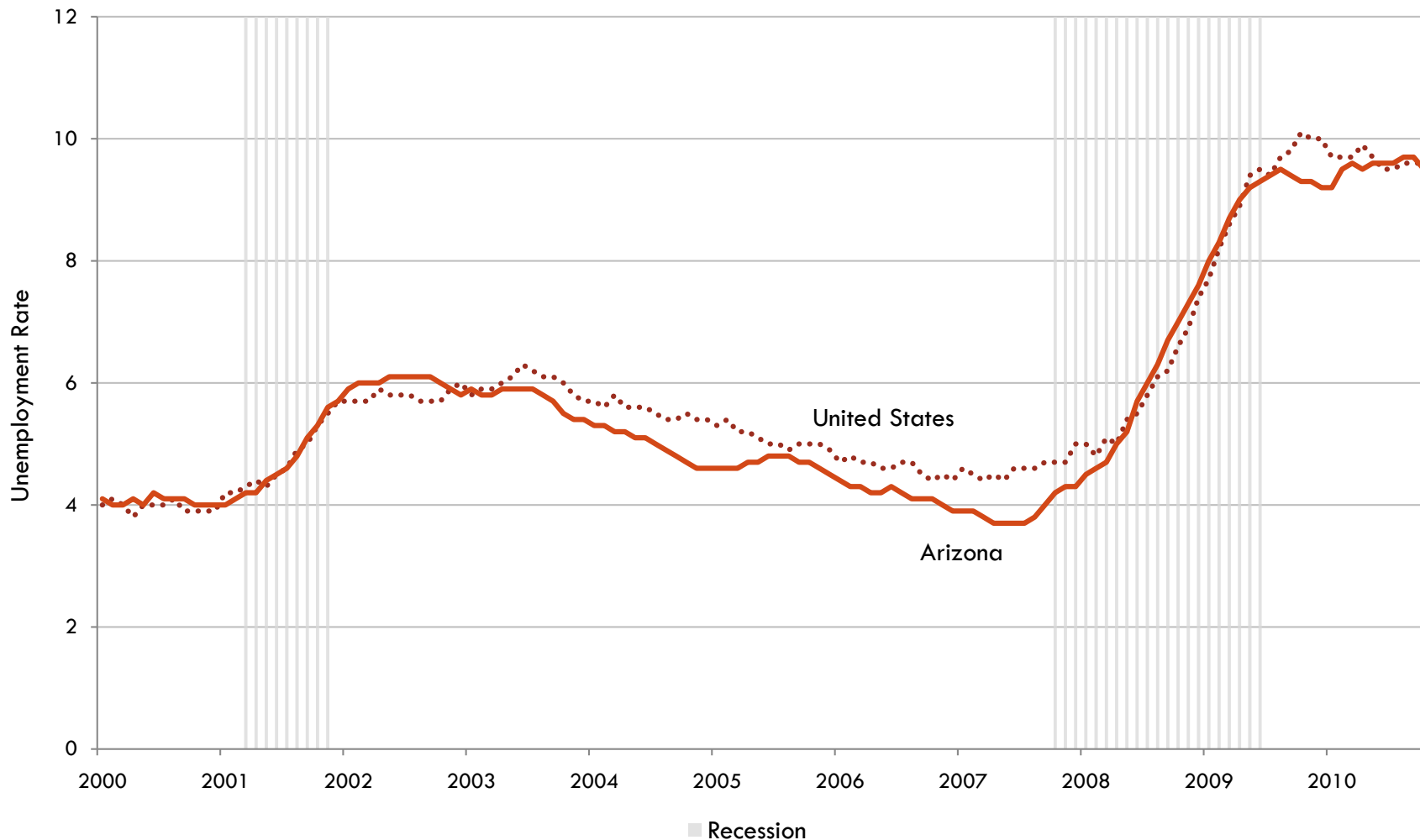
Household debt falling from 2008 peak

Total Debt Balance and Composition



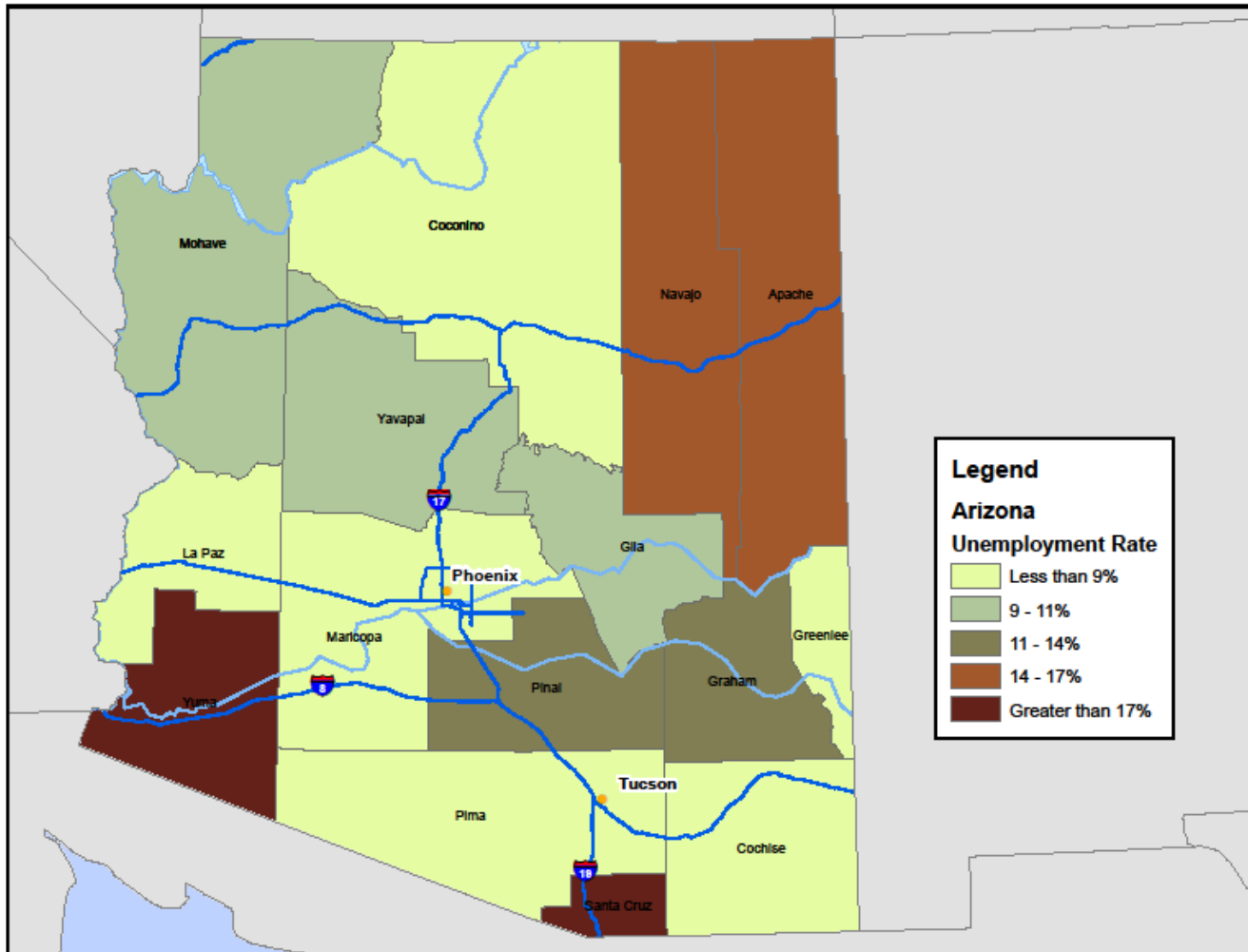
Arizona Trends

Arizona's unemployment rate holding steady at 9.5 percent



Source: Bureau of Labor Statistics

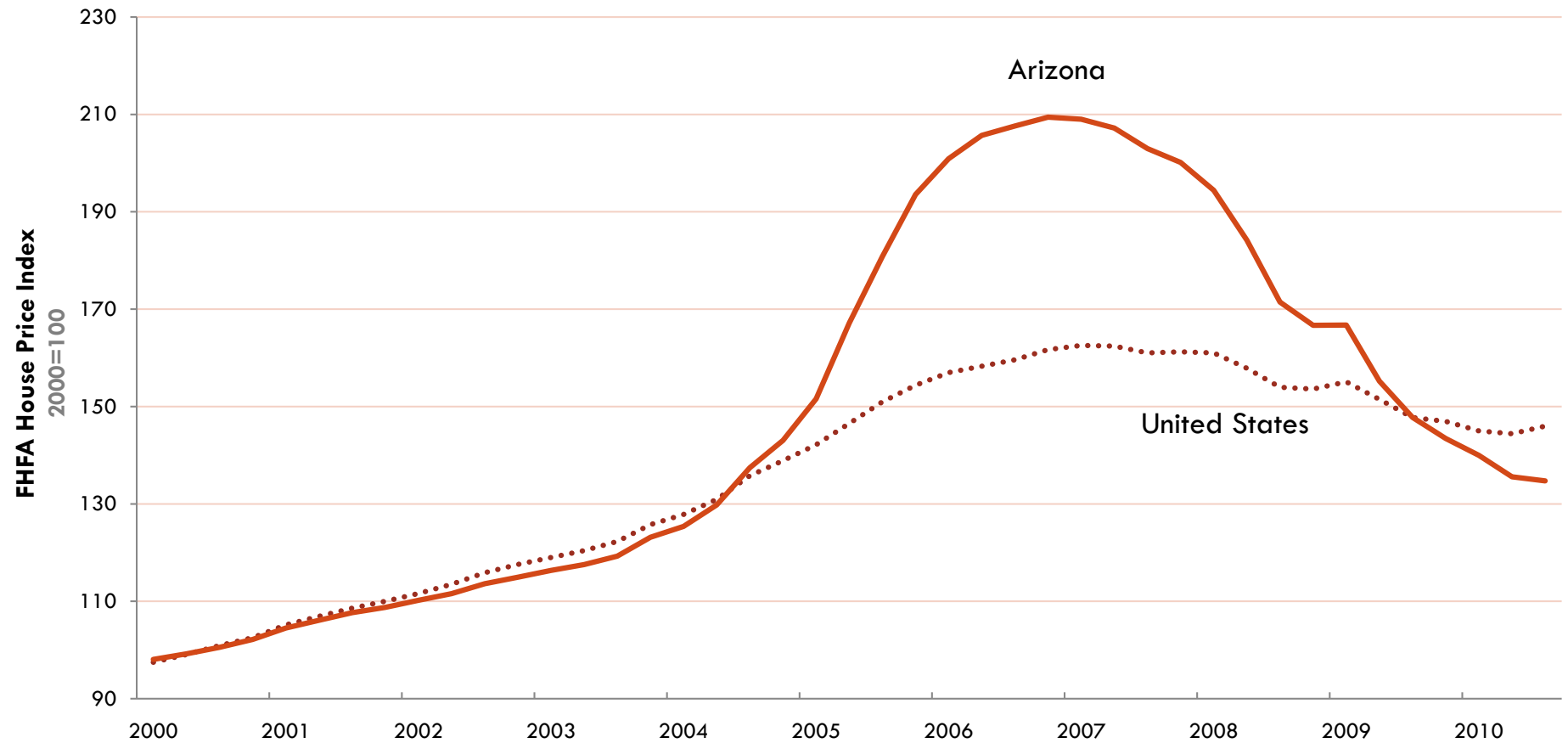
Unemployment rates in Arizona vary by county



Arizona seeing continued decline in house prices

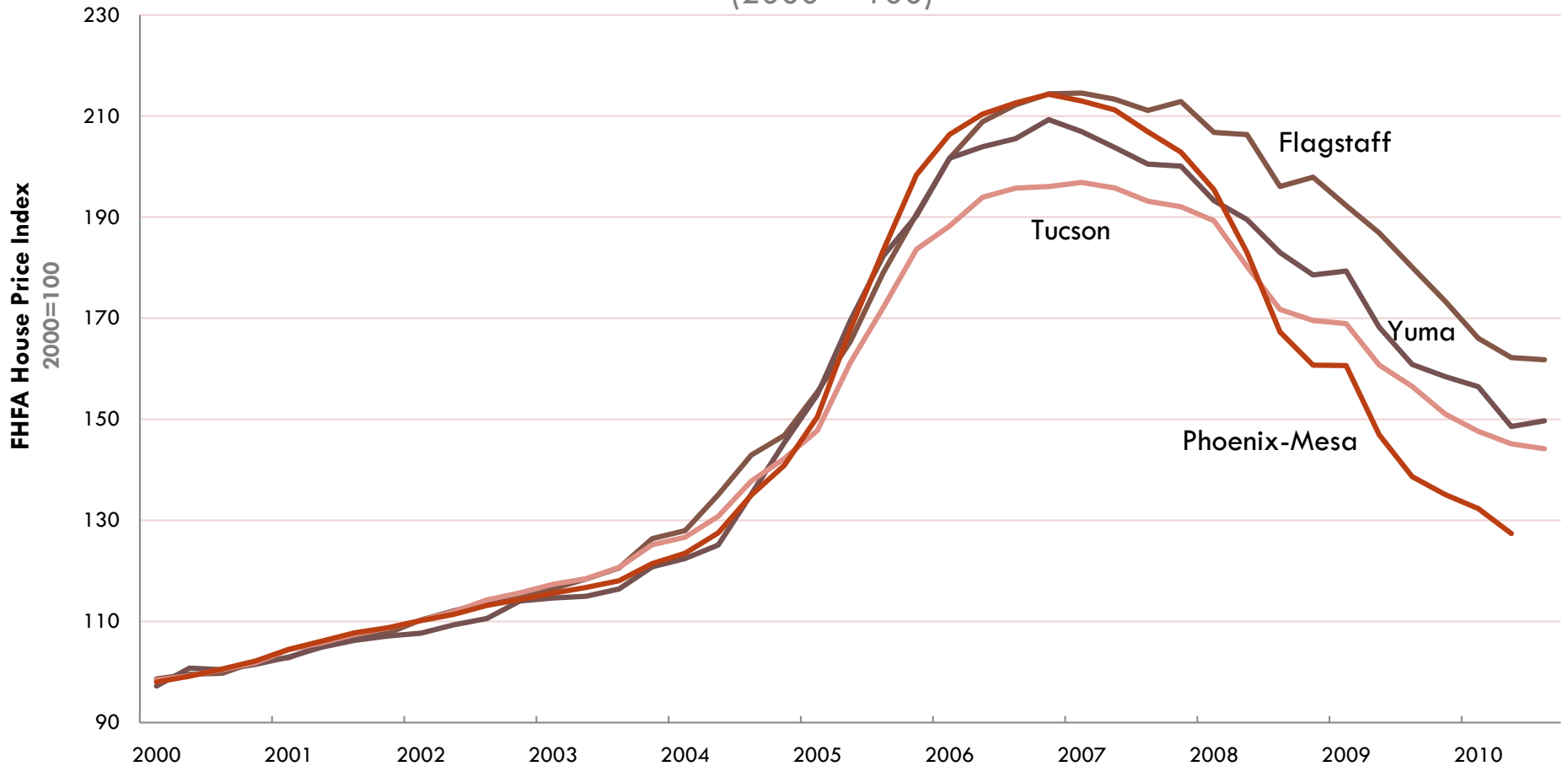
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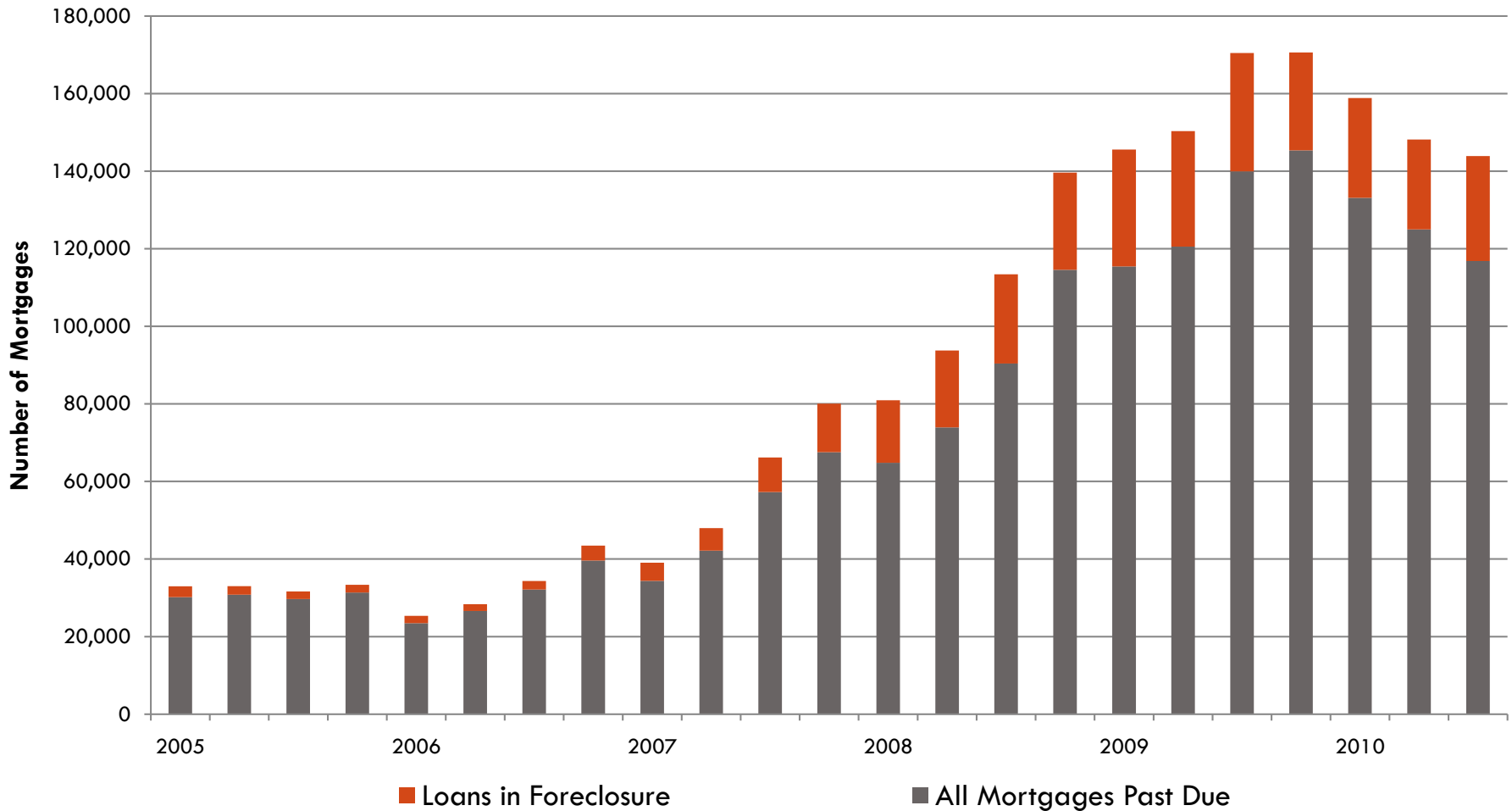


No signs of stabilization in the major metropolitan areas

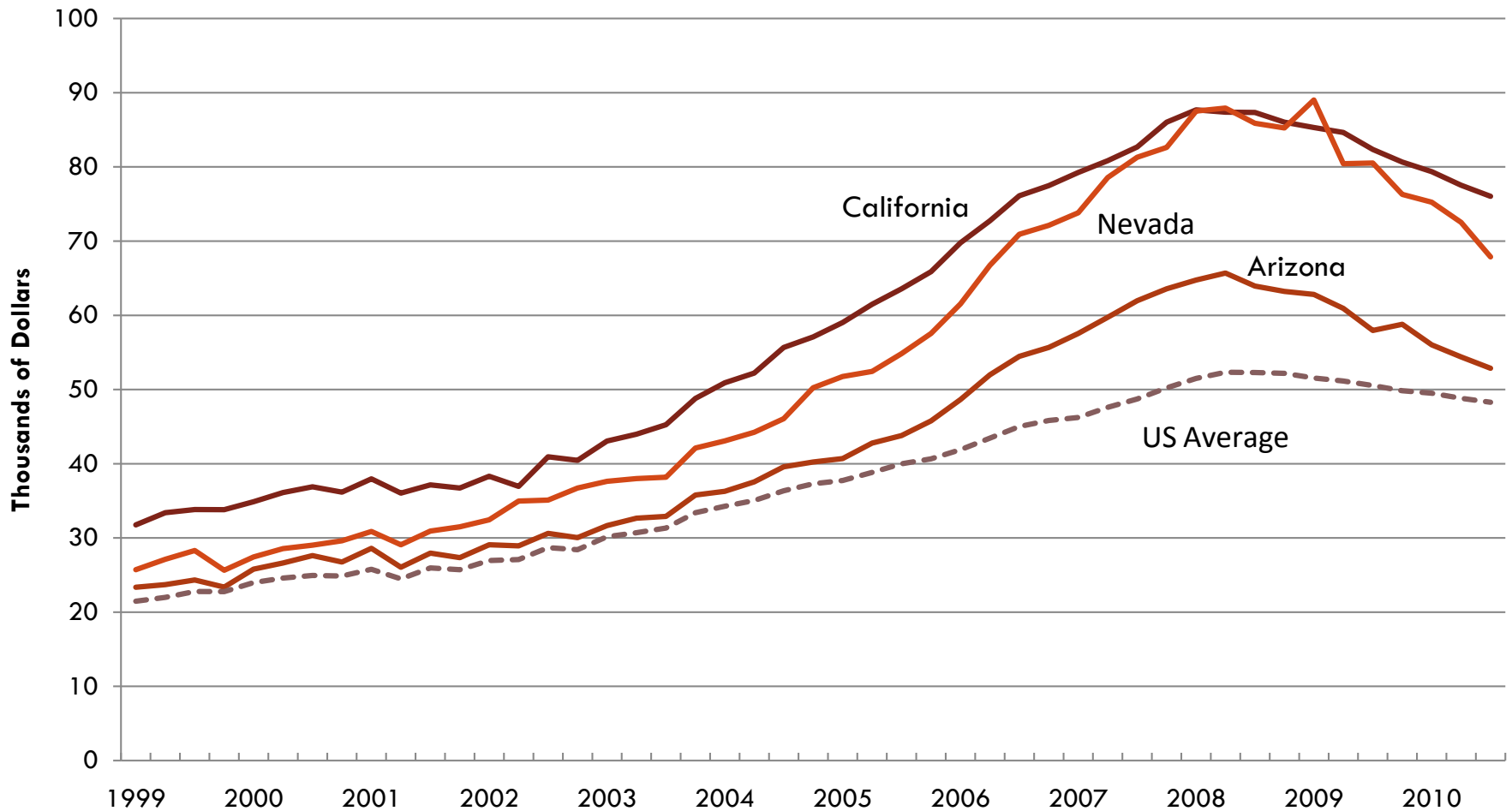
FHFA (formerly OFHEO) House Price Index
(2000 = 100)



Continued decline in number of delinquent mortgages, but number of properties in foreclosure process rises



Average household debt in Arizona falling from peak in 2008



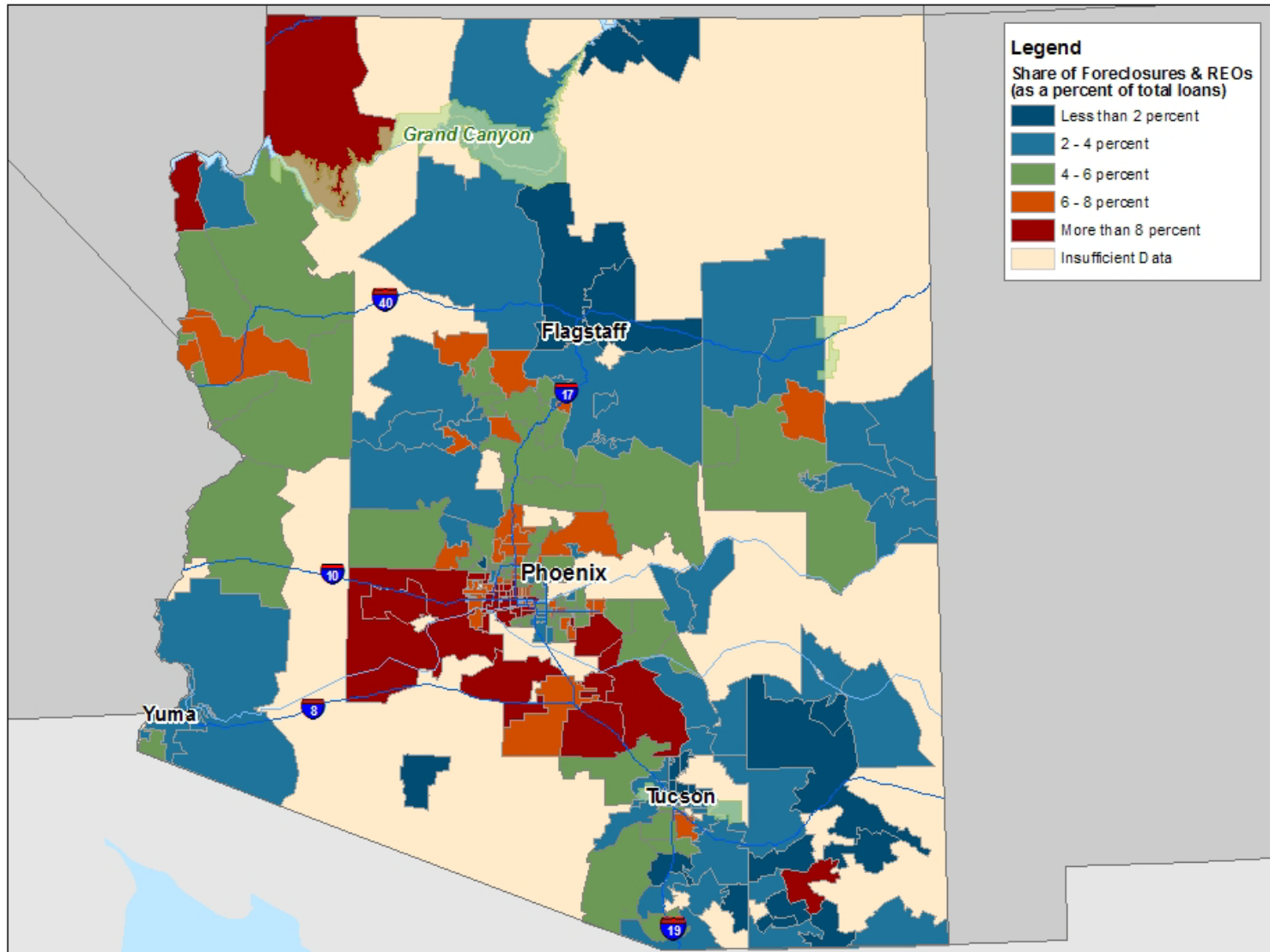
Source: Federal Reserve Bank of NY

Household debt includes: mortgage accounts, HE revolving accounts, auto loans, credit cards, and student loans

Arizona Foreclosure Data Maps

Areas Affected by Concentrated Foreclosures

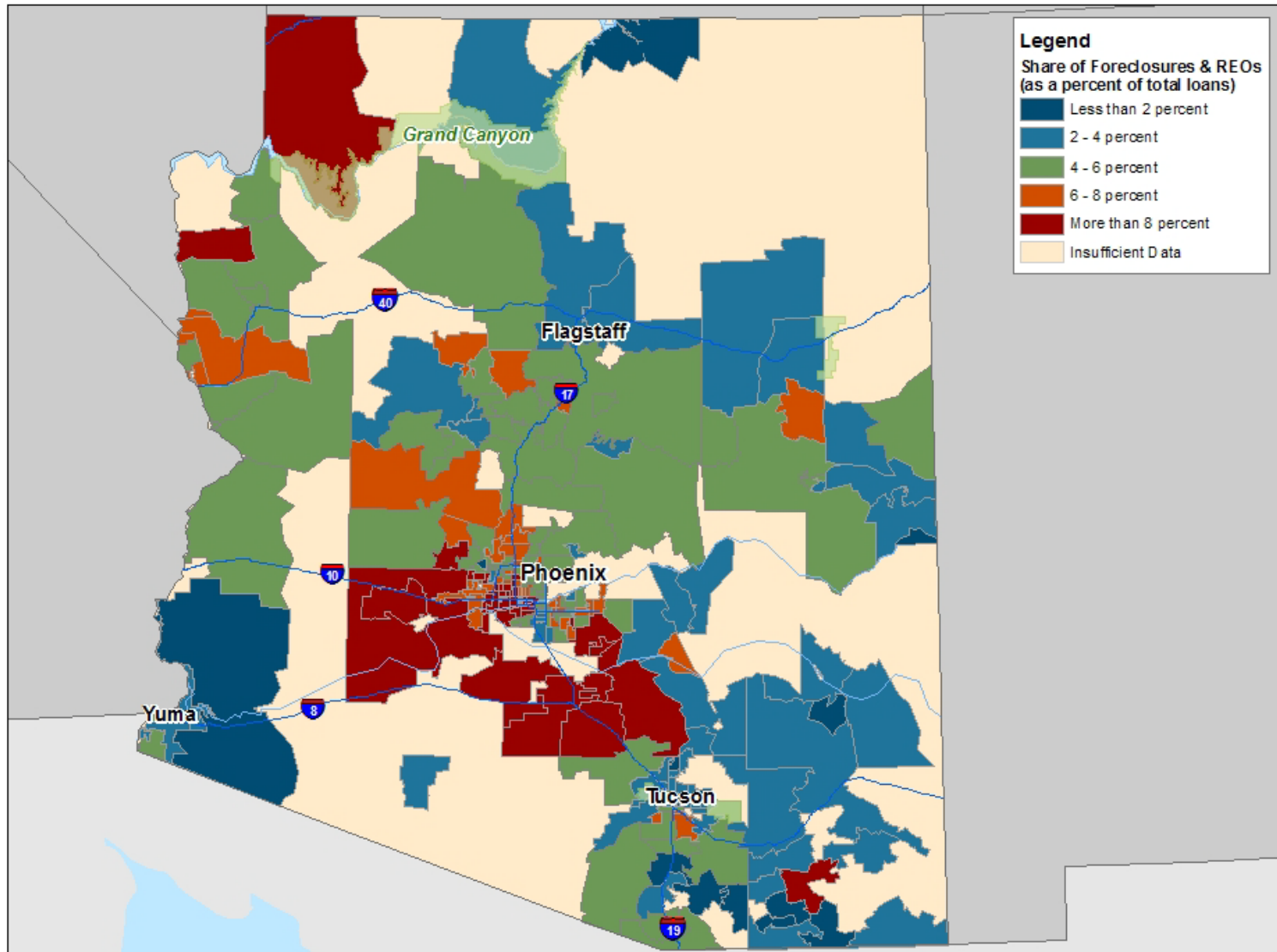
July 2010



Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations

Areas Affected by Concentrated Foreclosures

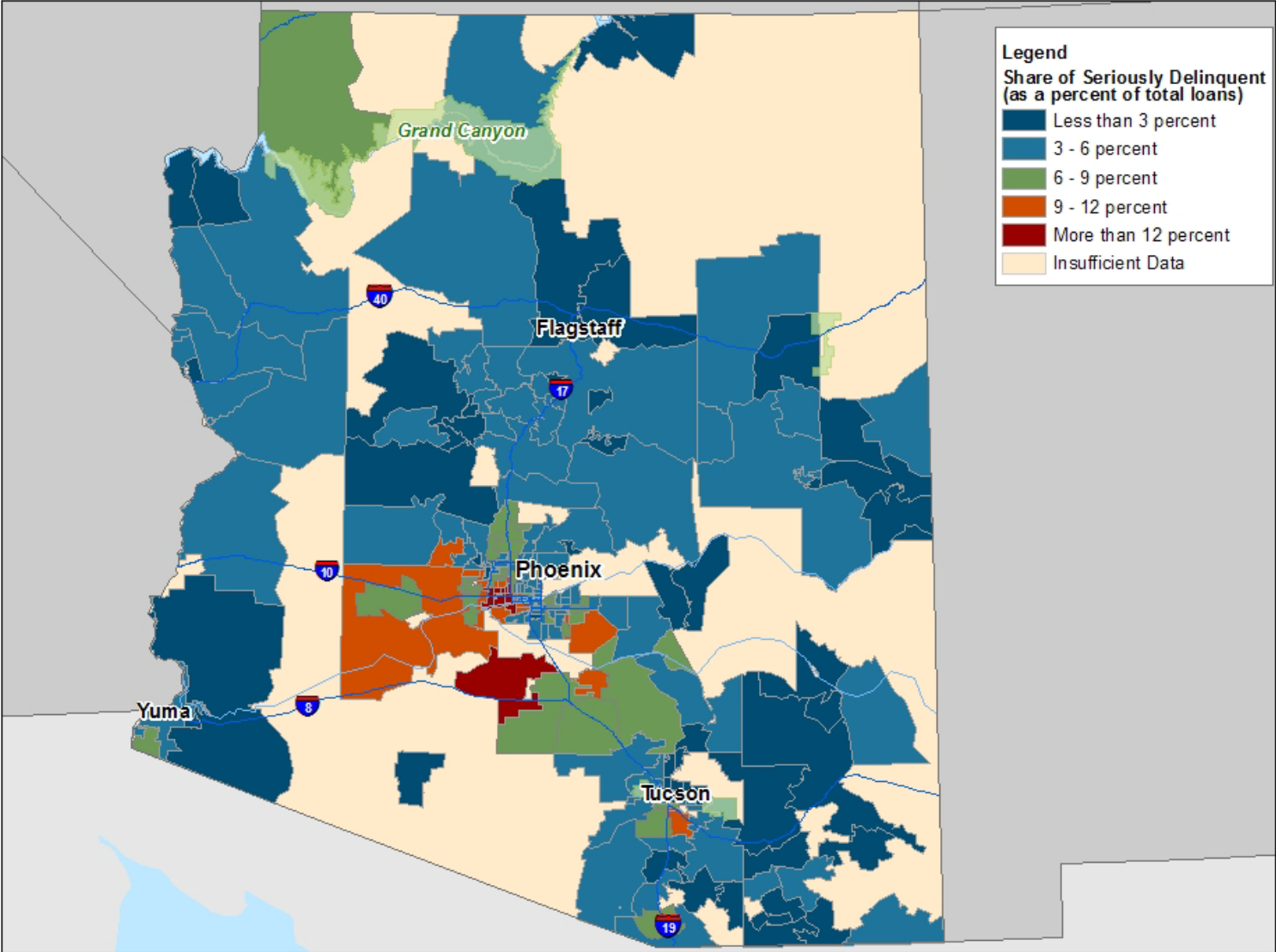
November 2010



Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations

Areas At Risk Of Additional Foreclosures

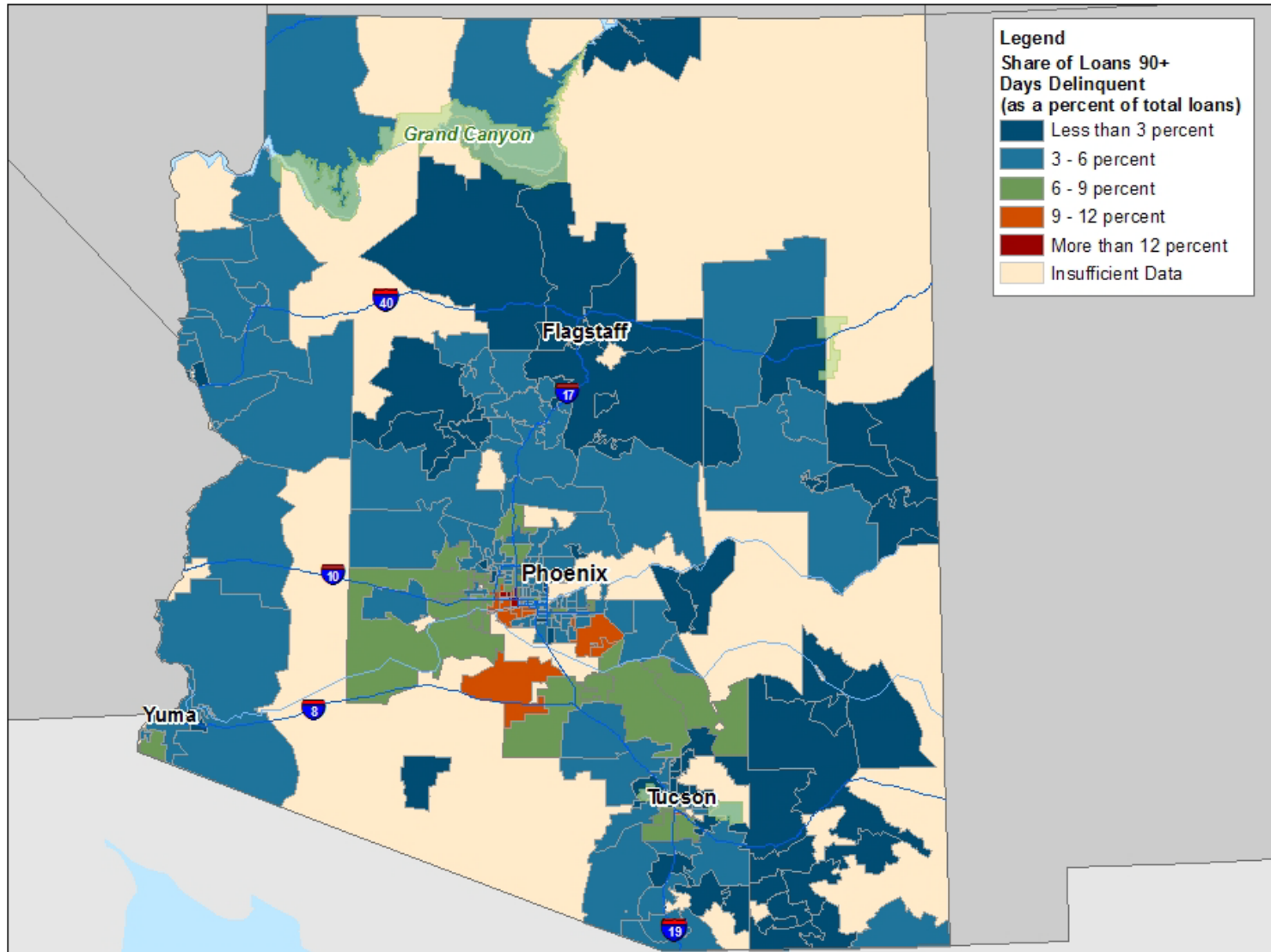
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Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations

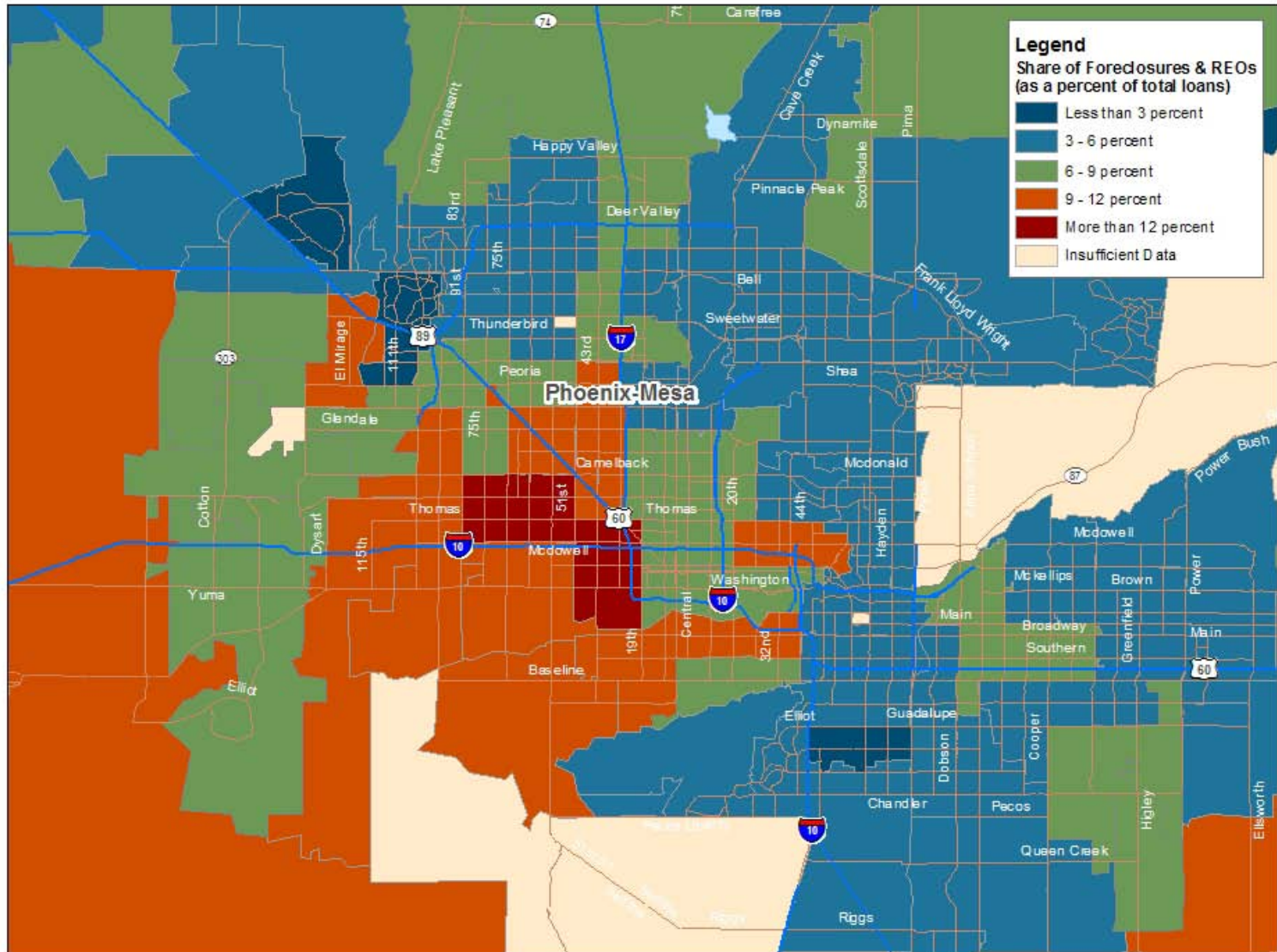
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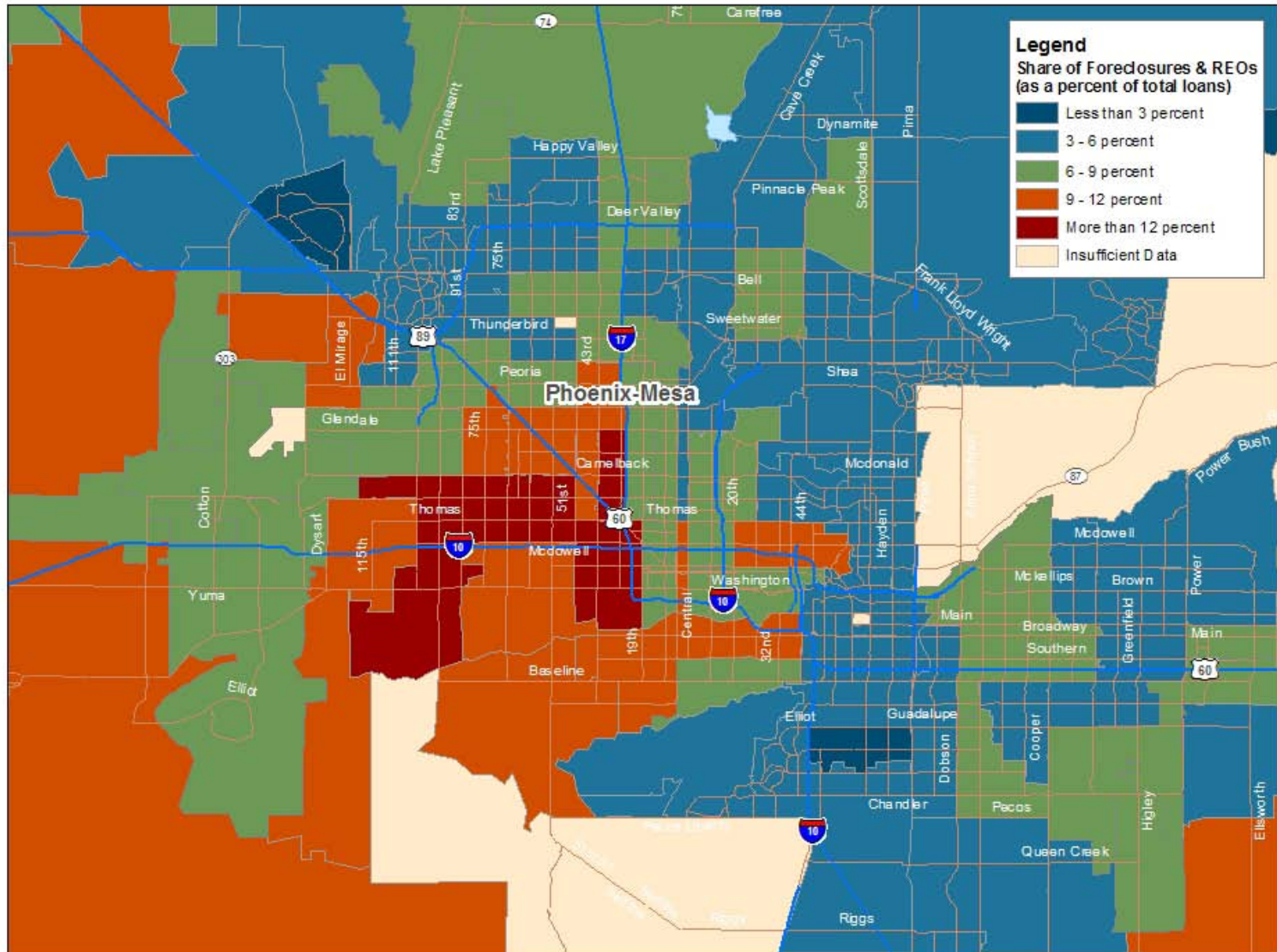
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Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations

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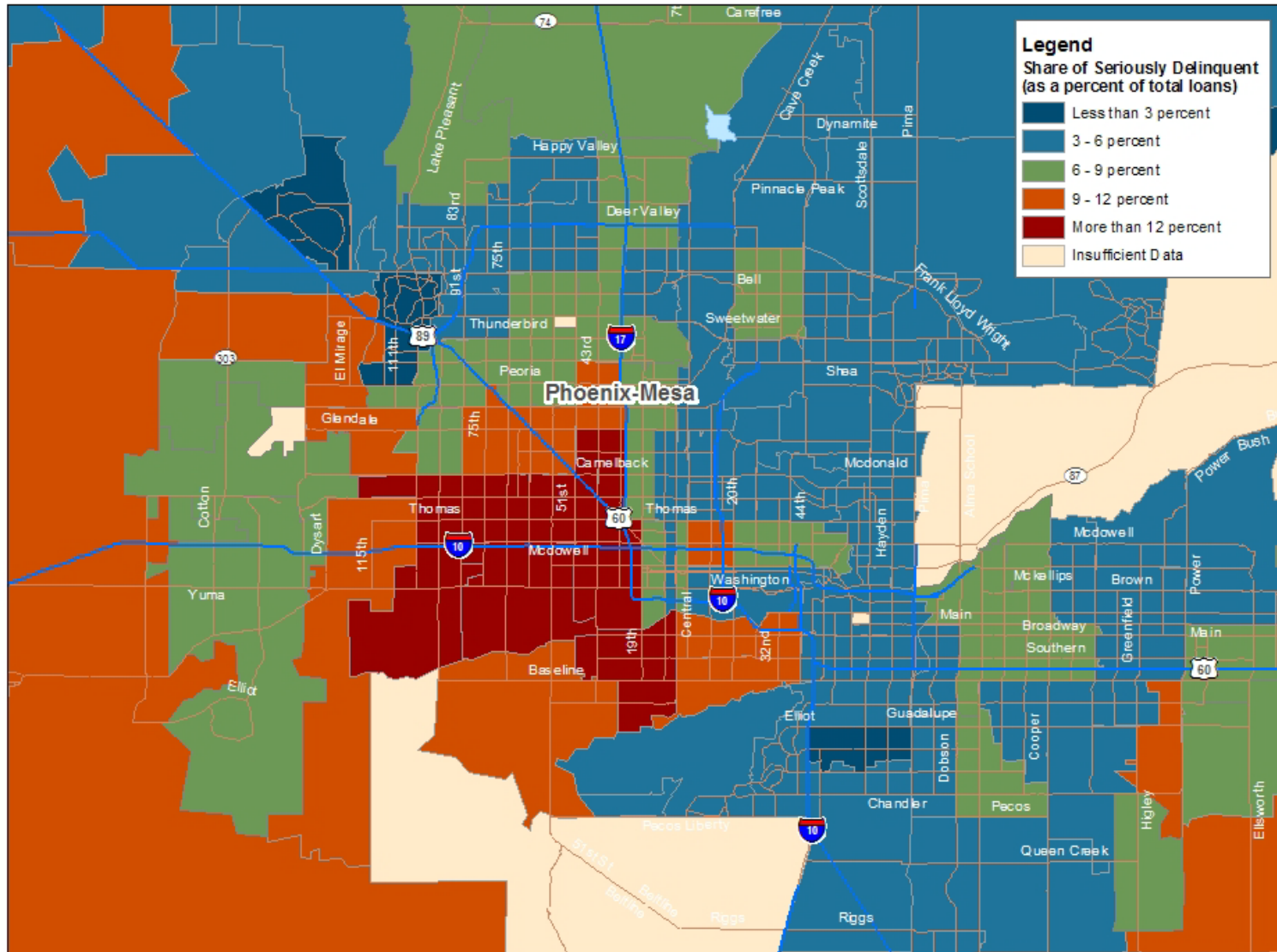
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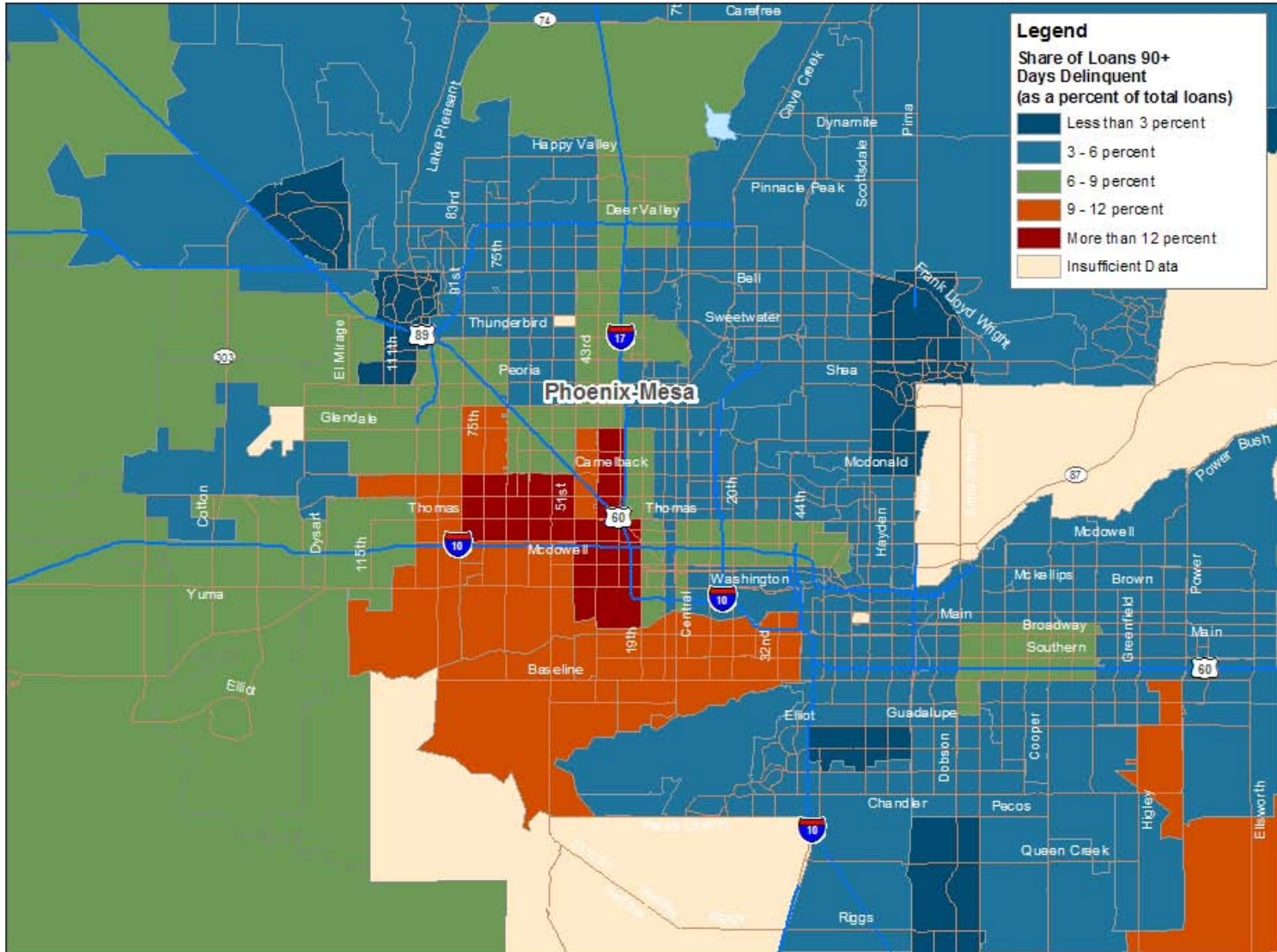
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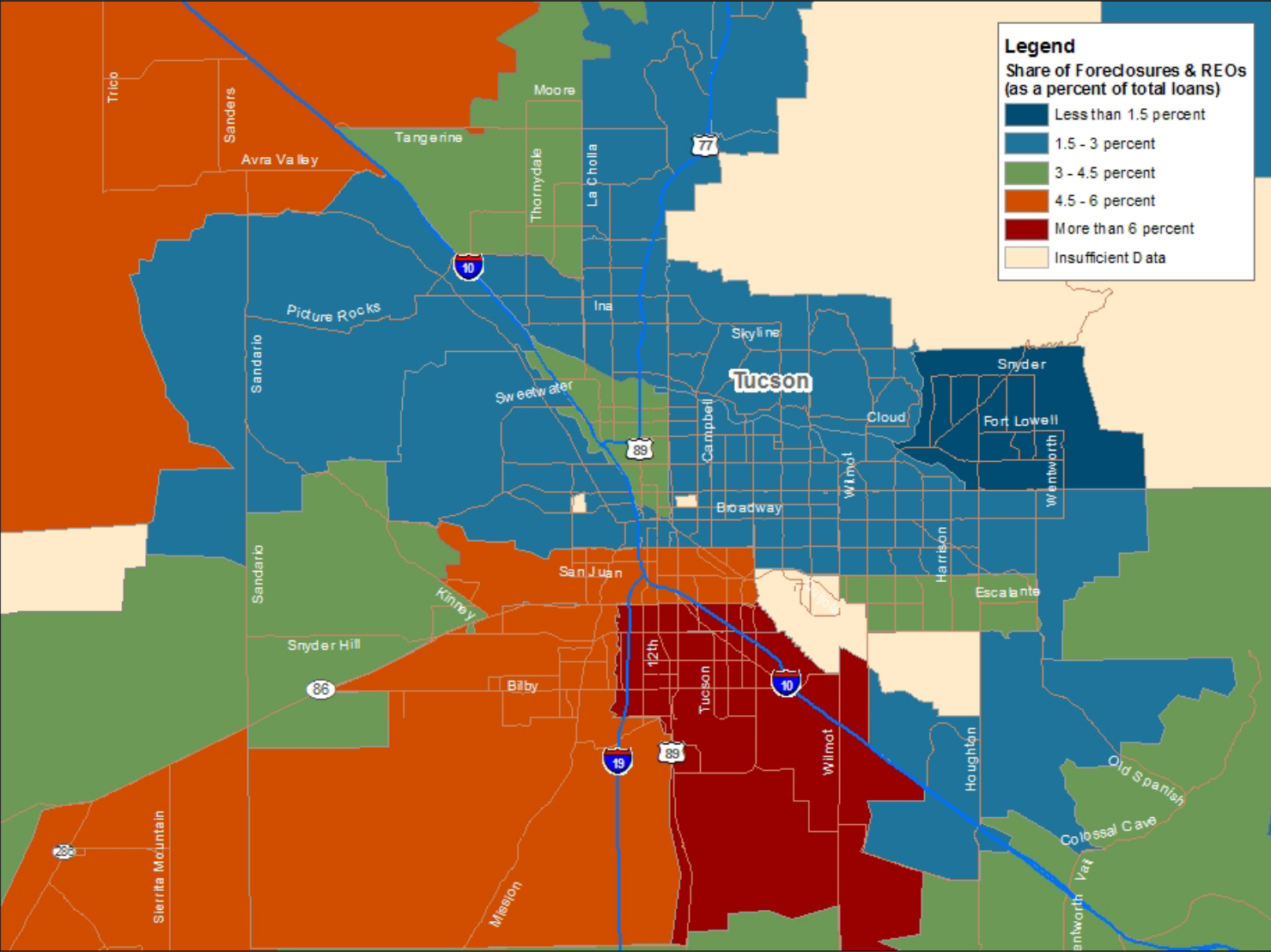
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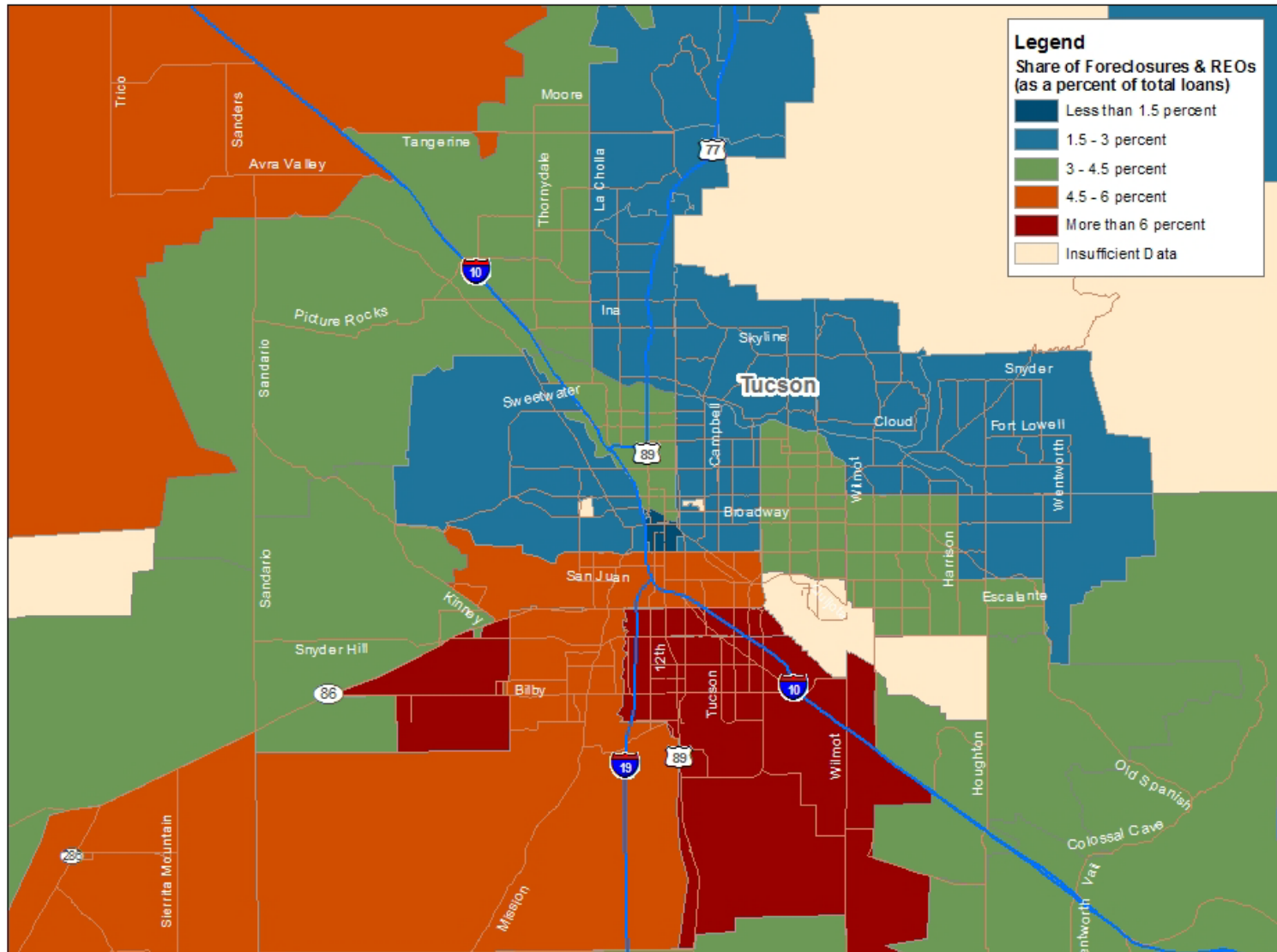
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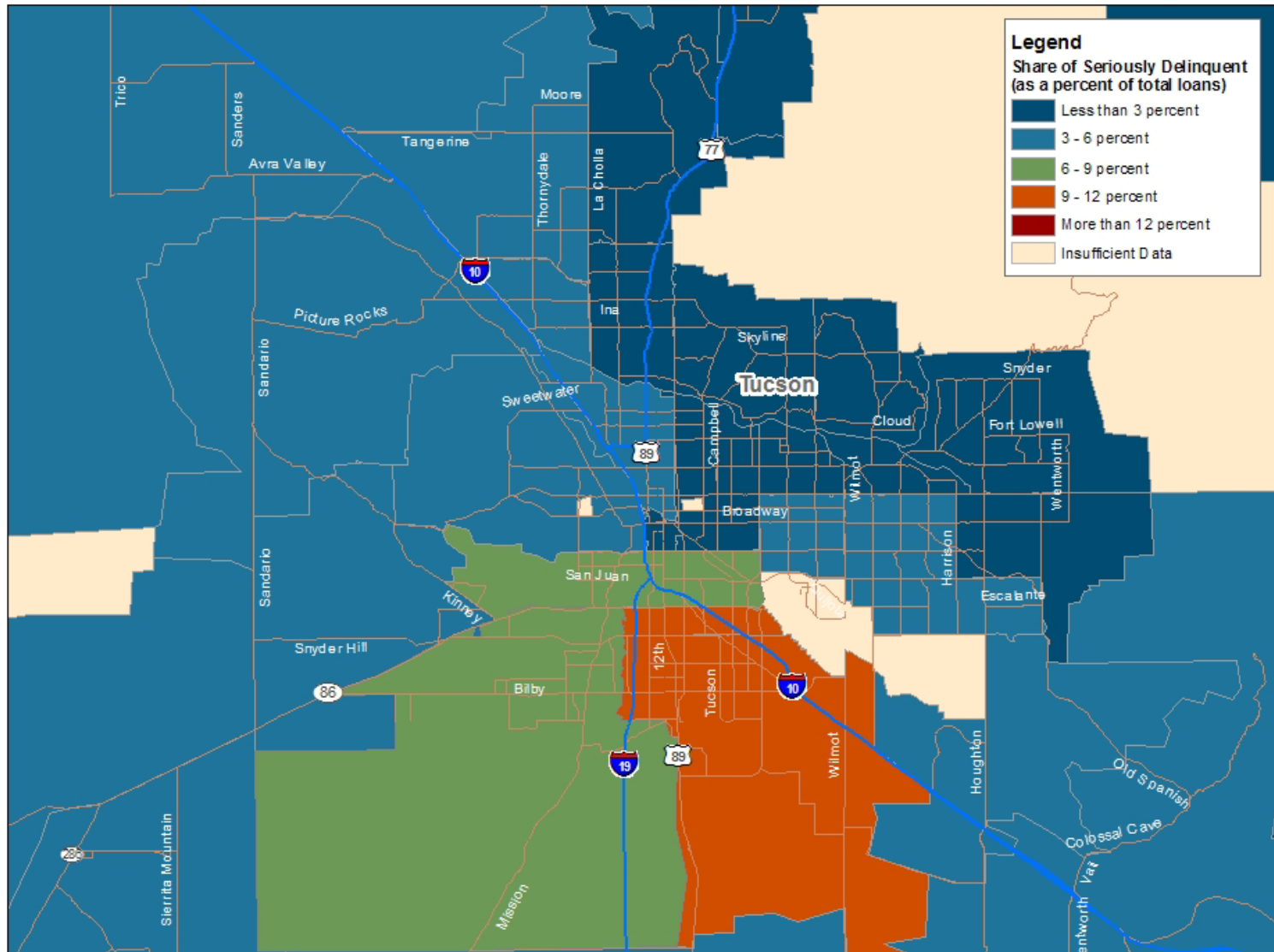
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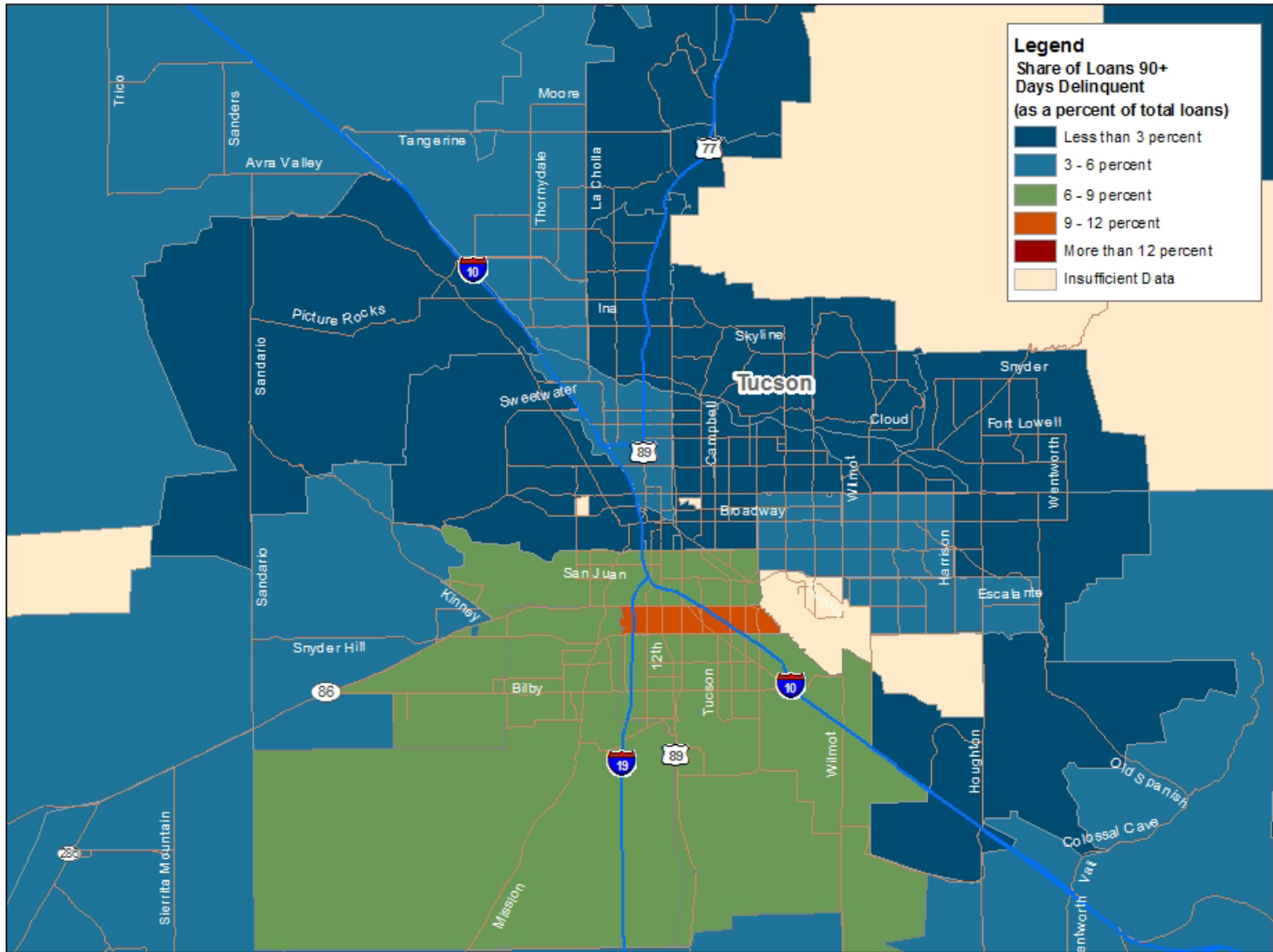
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Conclusions

For More Information: FRBSF Community Development Website

- Links to other resources and research on foreclosure trends and mitigation strategies
- All publications, presentations available on our website
- Conference materials also posted shortly after events

The screenshot shows the homepage of the Federal Reserve Bank of San Francisco's Community Development website. The header includes the bank's name and navigation links for 'Careers', 'Fed Links', and 'Subscriptions'. A secondary navigation bar lists various categories: 'About the Fed', 'News and Events', 'Economic Research and Data', 'Educational Resources', 'Community Development', 'Consumer Information', 'Banking Information', and 'Services for Financial Institutions'. Below this is a breadcrumb trail: 'Home | Community Reinvestment Act (CRA) | Community Development Issues | Center for Community Development Investments | Events and Conferences | Publications | About Us'. The main content area is titled 'COMMUNITY DEVELOPMENT' and features a 'Highlights' section with three items: 'Focus on Community Development Policy' (Community Investments, Volume 20, Issue 3, 2008), 'The Enduring Challenge of Concentrated Poverty in America' (a 2006 report from the Brookings Institution), and 'Foreclosure Resource Center' (providing local data and research reports). To the right is a 'TOOL BOX' with links for 'Fed Links', 'Subscriptions', 'Publications', 'Search', and 'Research Pubs', along with 'FAQ', 'Glossary', 'Site Map', 'Careers', and 'Email Us'. Below the tool box is a 'POPULAR CONTENT' section listing 'Upcoming Events' such as 'Stabilizing Communities Series: Acquiring REOs in Compliance with NSP' and 'Innovative Financial Services for the Underserved - Research Conference'. At the bottom right, there are links to 'Financial Education Resource Center', 'CRA Regulatory Information - Links to CRA resources for financial institutions and community groups', and 'Bank on San Francisco - Program information and information about replicating program'.

<http://www.frbsf.org/community/>