

Insufficient and Negative Equity

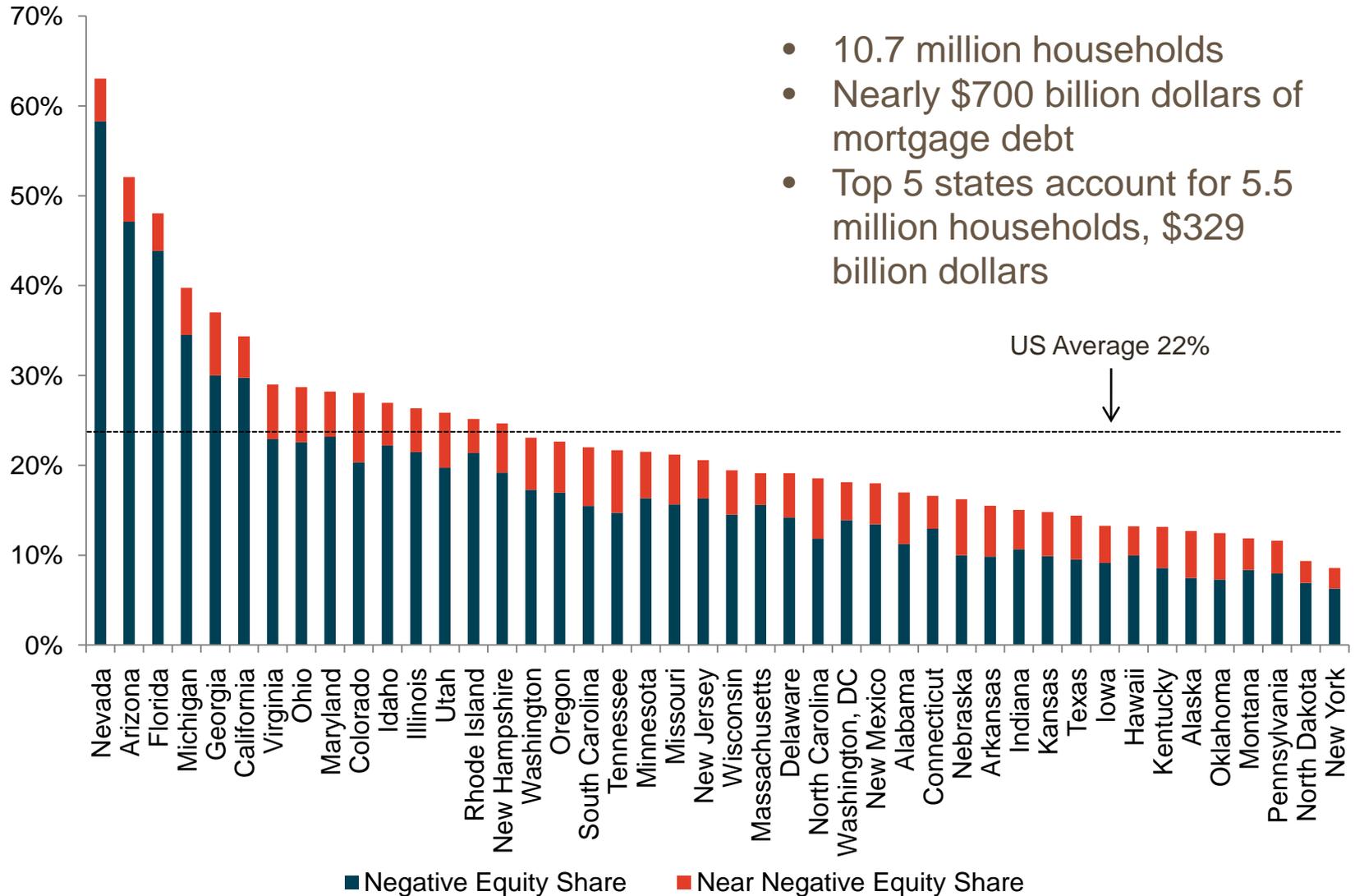
Lack Of Equity Impedes The Real Estate Market

Mark Fleming
Chief Economist

December, 2011

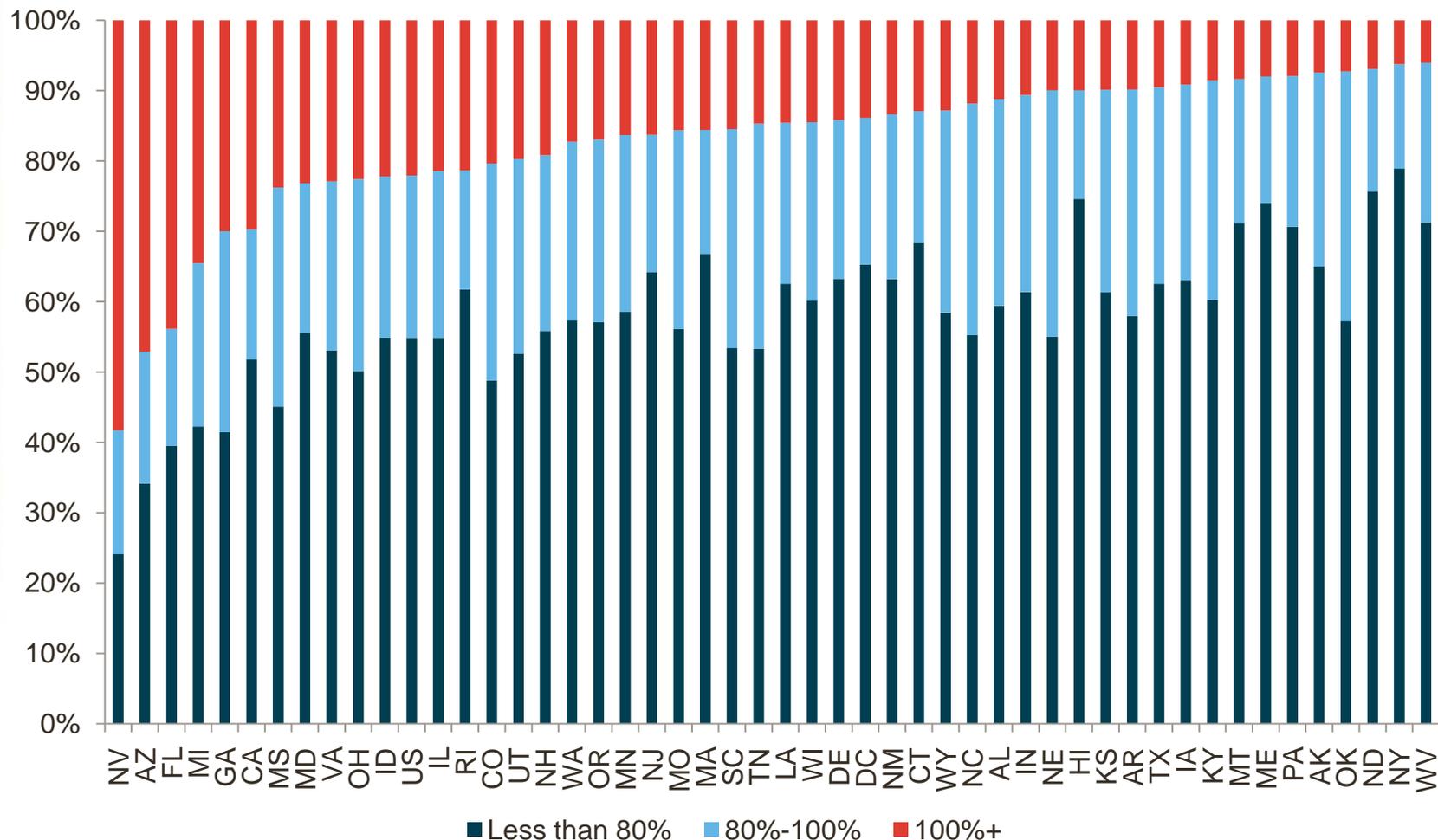
Negative Equity Highly Concentrated

Negative Equity Share, Q3 2011



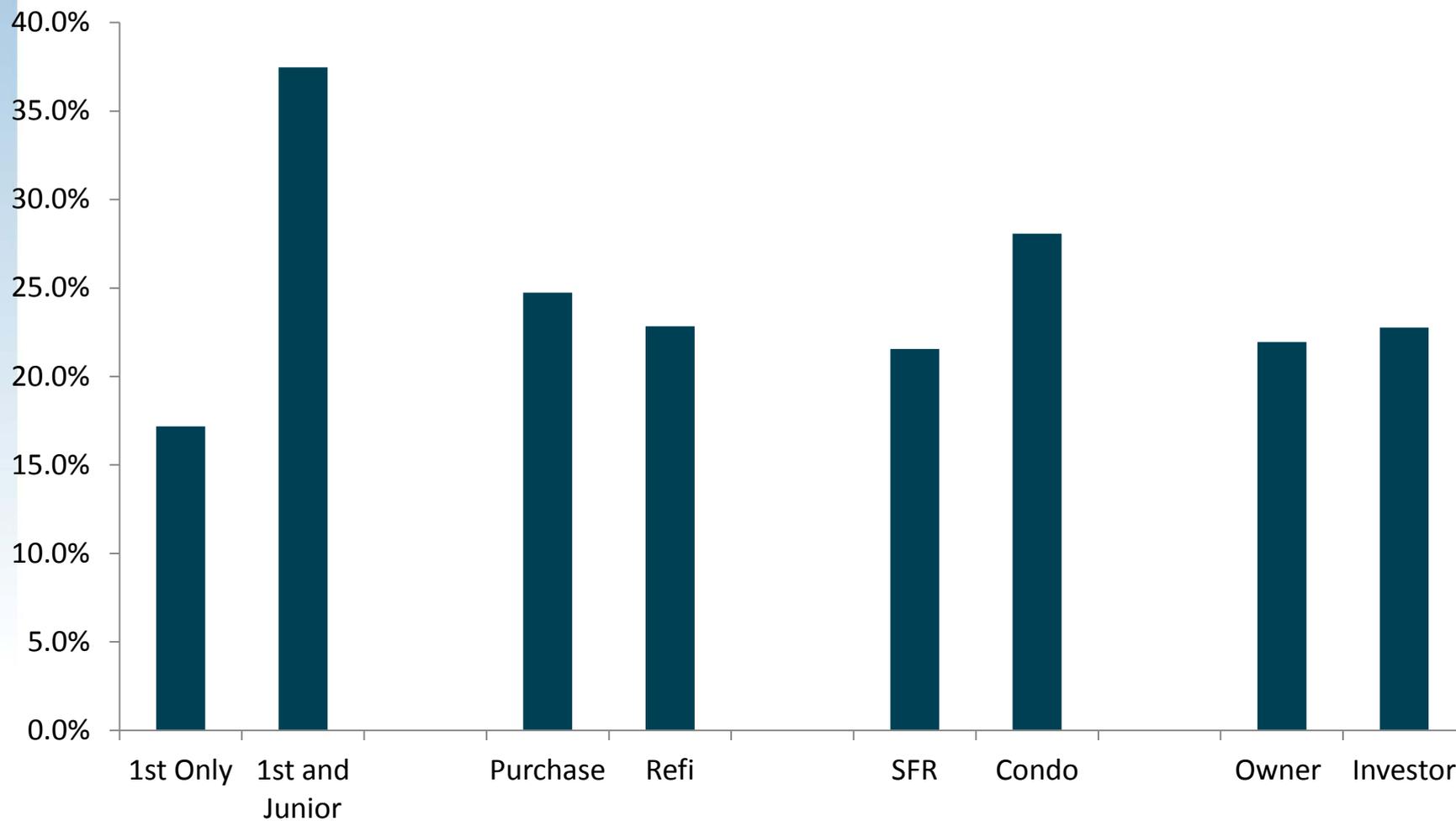
Twenty two Million Households Have “Insufficient” Equity

Distribution of Home Equity, Q3 2011



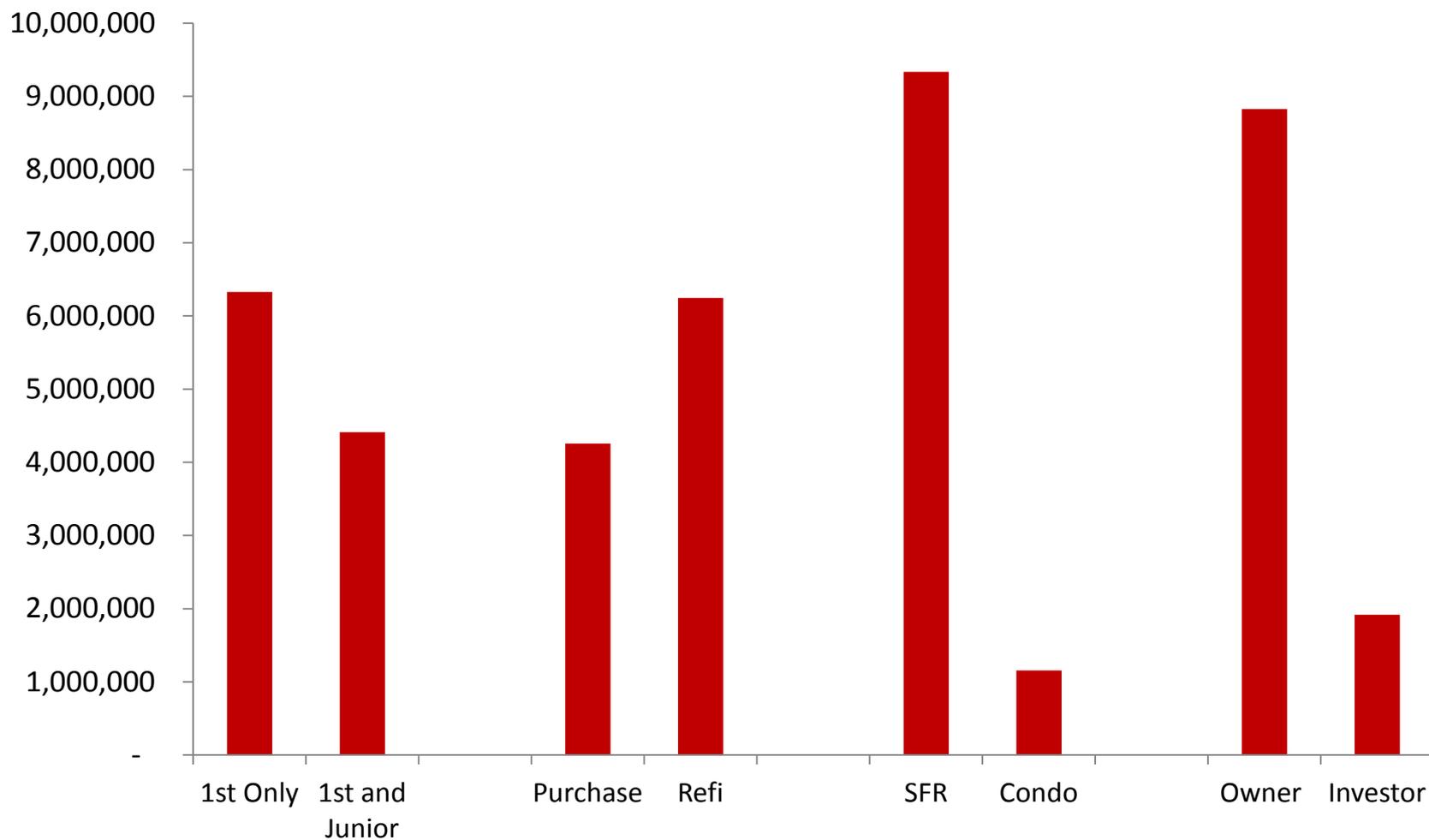
Leverage and Property Type are Differentiating Characteristics

Negative Equity Share by Loan Characteristic, Q3 2011



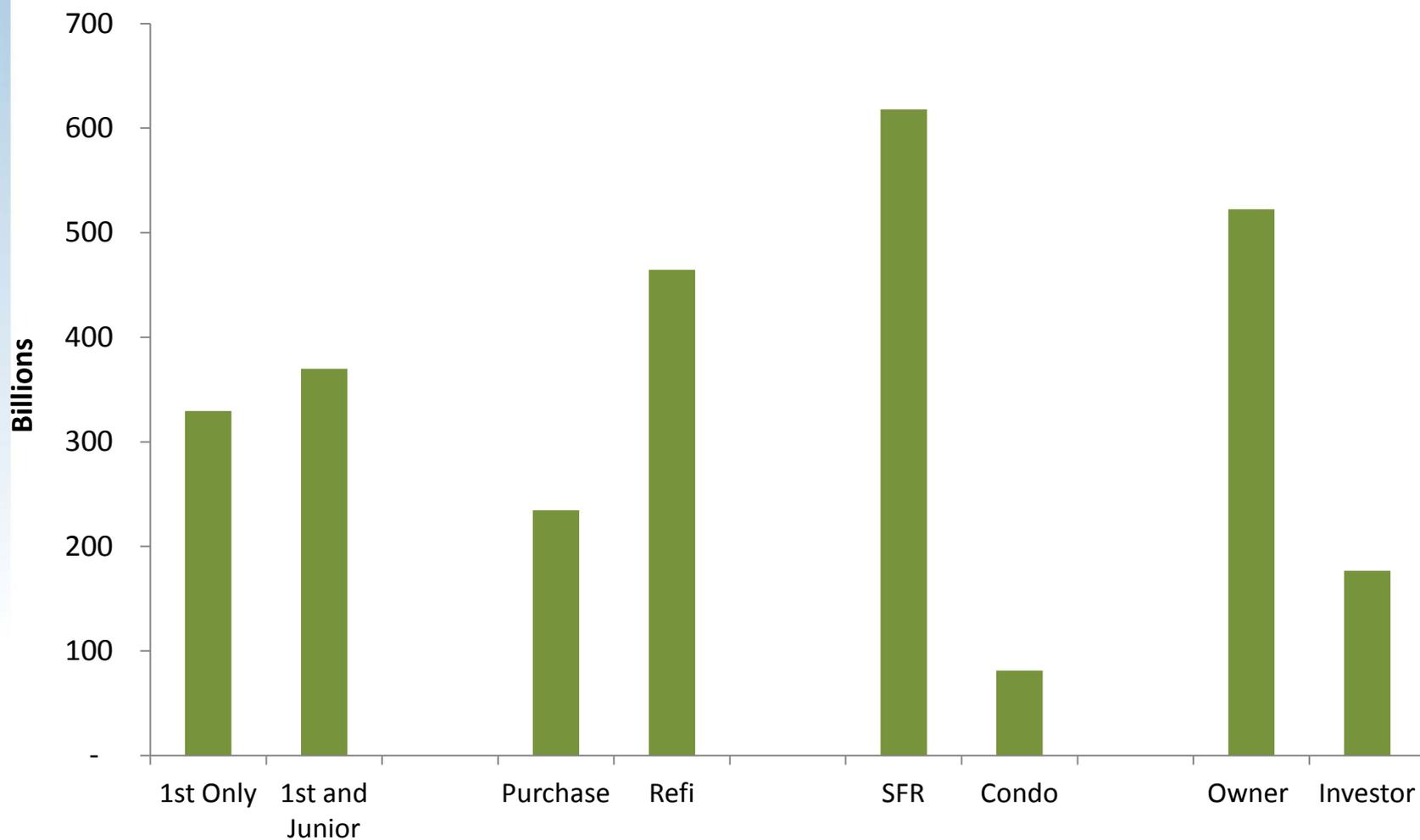
Typically Negative Equity Loan is No Junior, SFR, Refinance, Owner Occupied

Number of Negative Equity Loans, Q3 2011



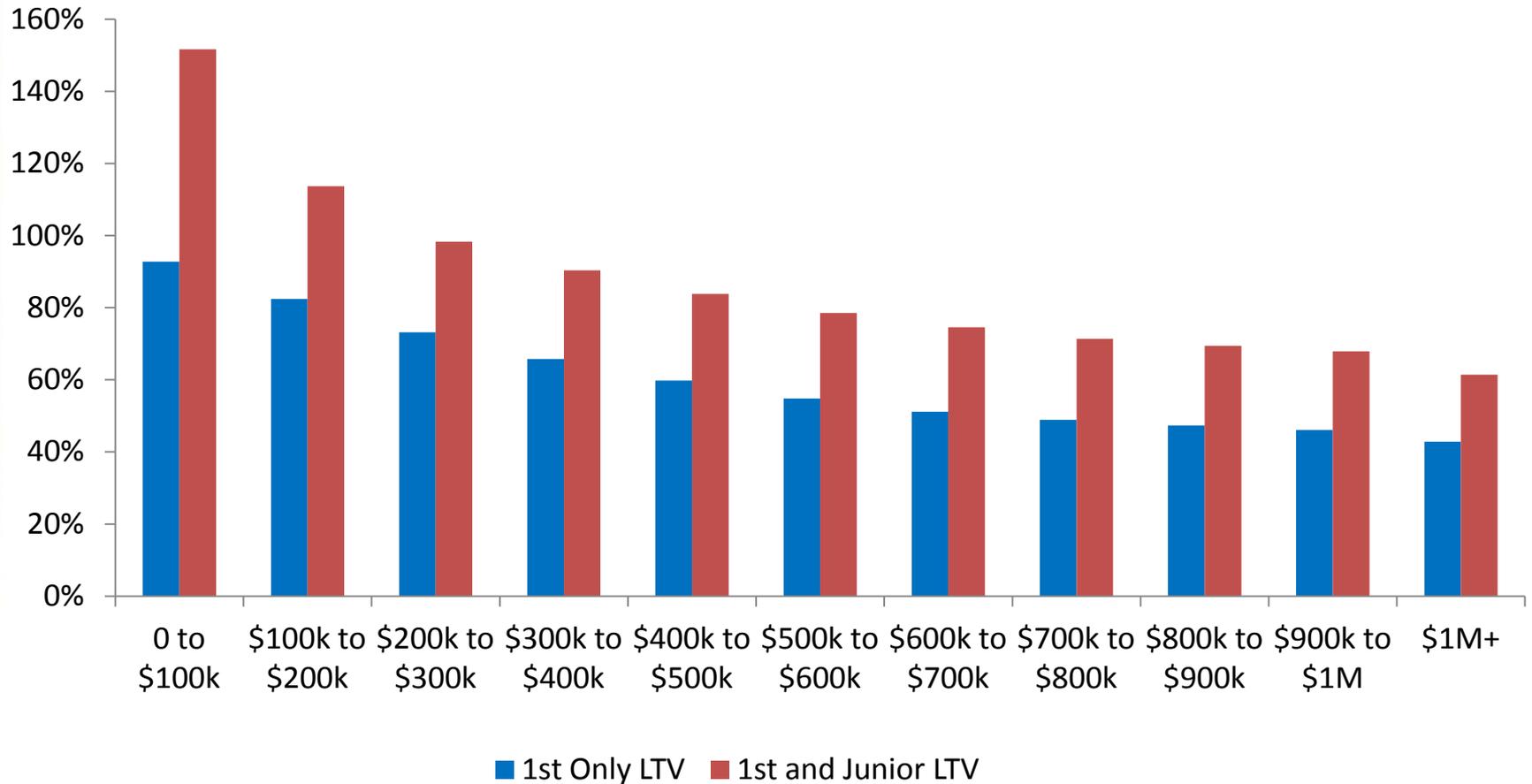
Majority of Negative Equity Dollars in SFR, Refinance, Owner Occupied

Aggregate Dollar Value of Negative Equity, Q3 2011



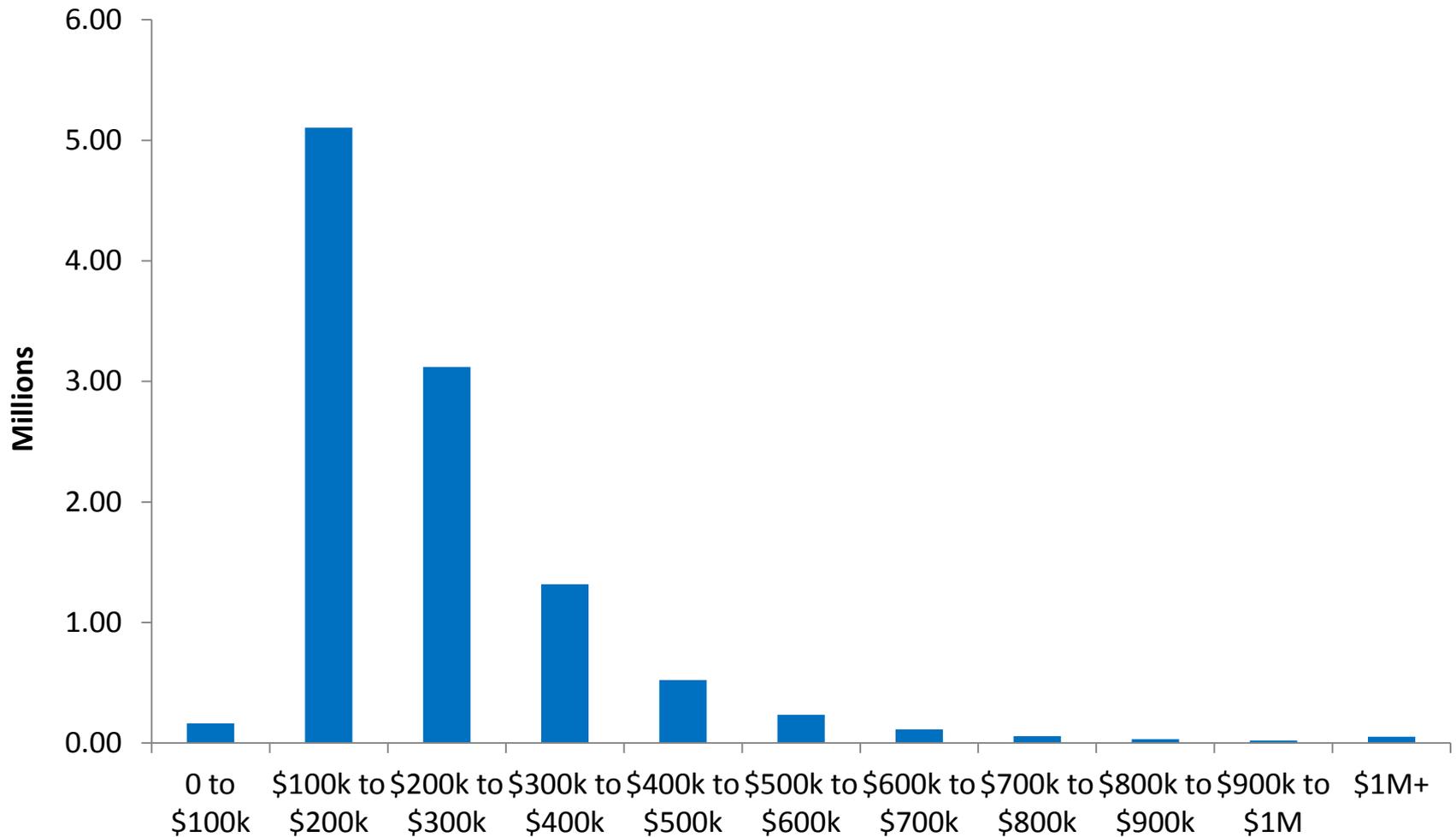
Existence of Junior Liens Significantly Increases Negative Equity

Average CLTV By Price Tier and Leverage Type, Q3 2011



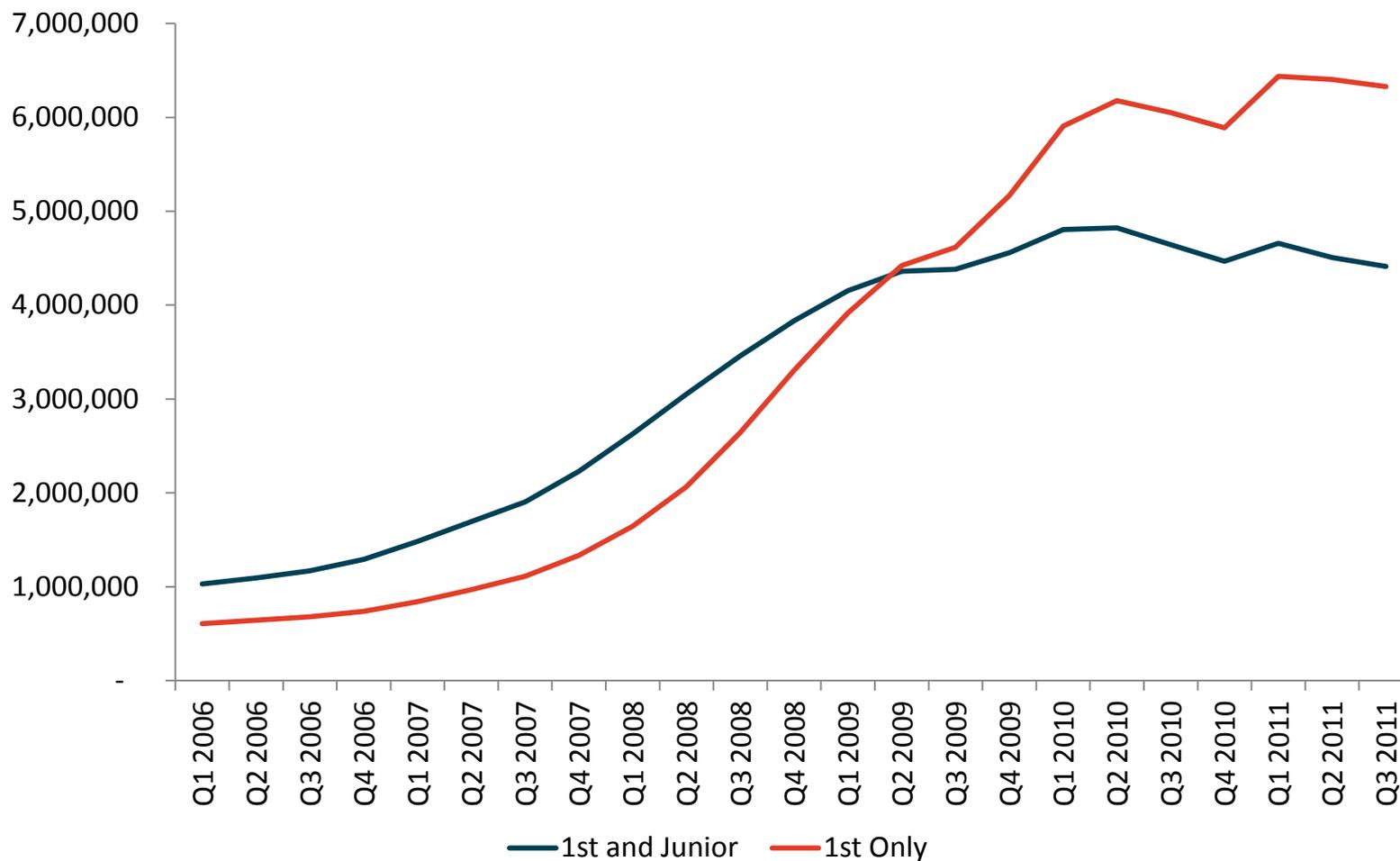
Nine Million Negative Equity Households In 100K-400K Price Range

Number of Negative Equity Households by Price Tier, Q3 2011



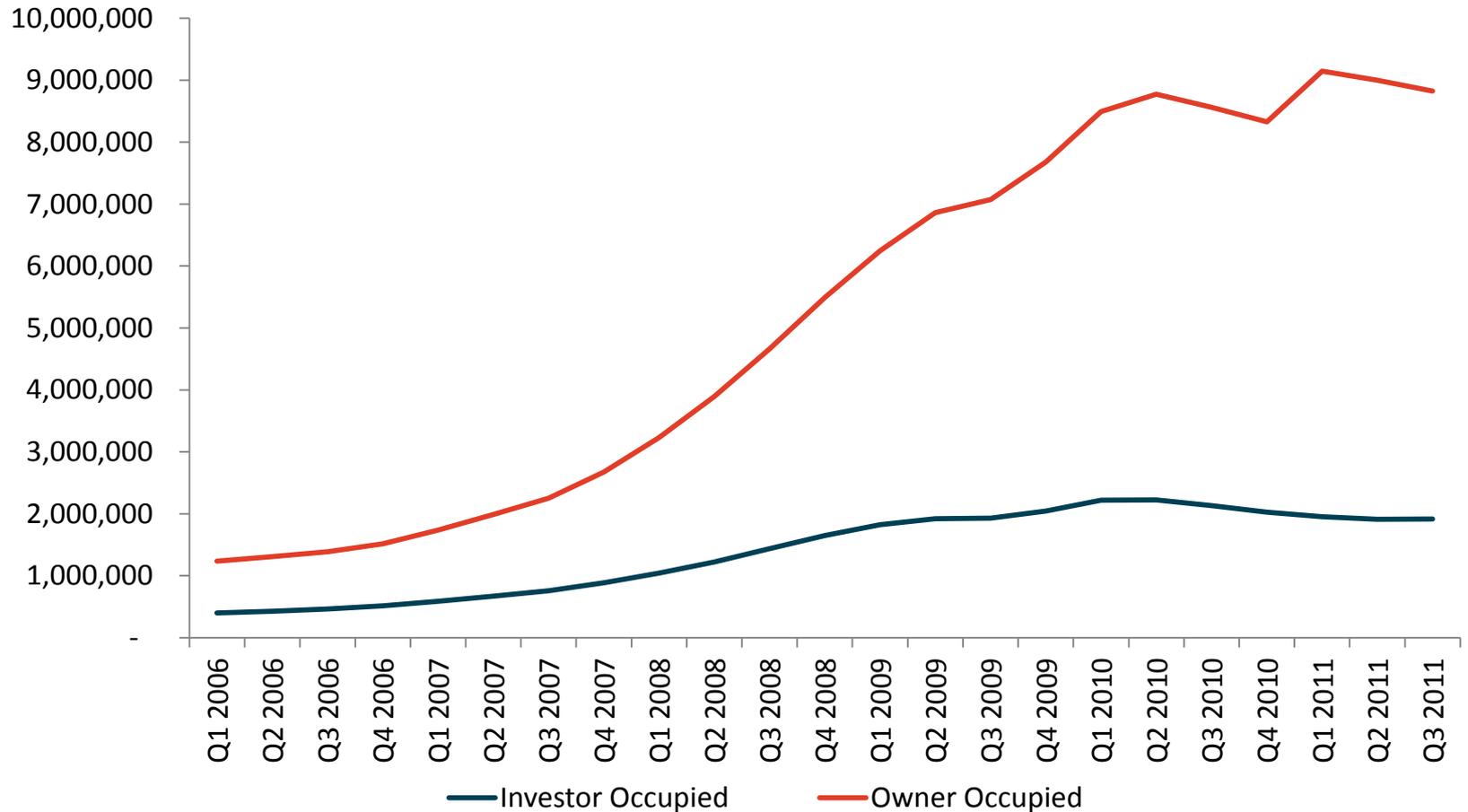
Depth of Price Declines Eventually Caught Up With Non-Leveraged

Number of Negative Equity Households by Leverage Type, Q3 2011



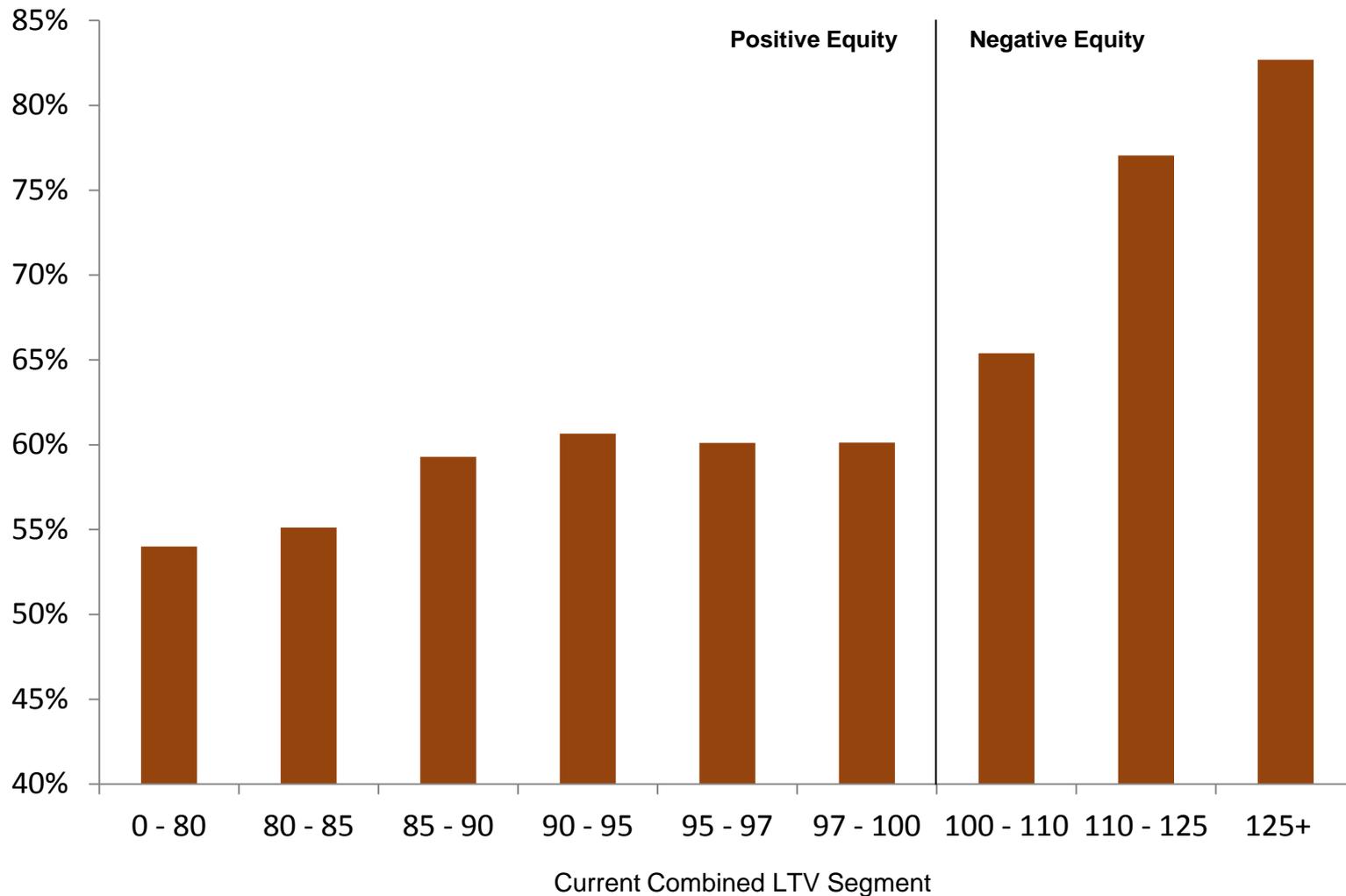
Negative Equity Risk Has Shifted to Owner Occupied Households

Number of Negative Equity Households By Occupancy Status, Q3 2011



Negative Equity Severely Restricts Refinancing Opportunities

Percent of Loans with Rates Above 5%, Q3 2011



Negative Equity Reduces Good Sales

Non-distressed sales volumes are lower for deeply indebted markets

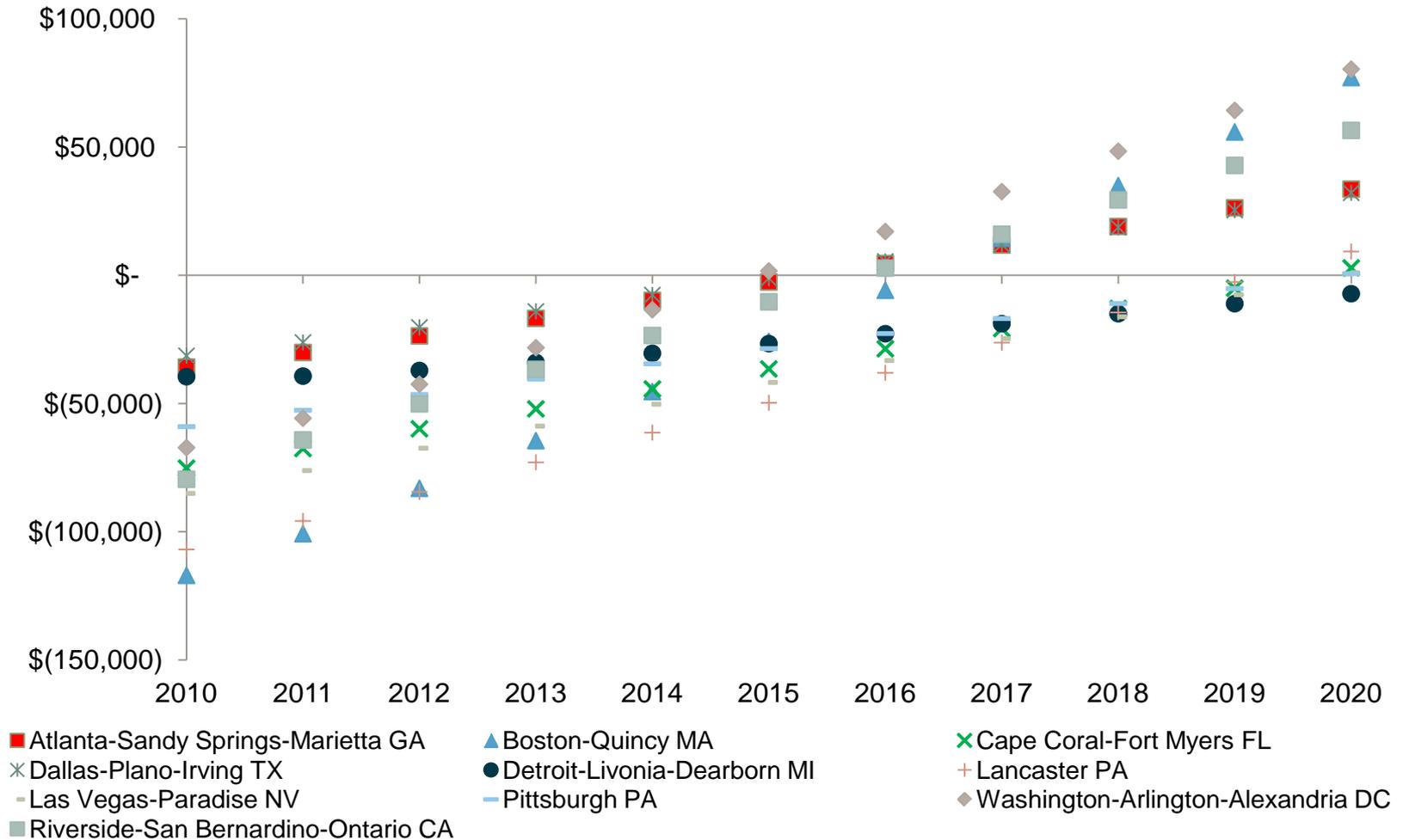


Source: CoreLogic Q2 2011

©2011 CoreLogic. DO NOT CITE WITHOUT AUTHOR'S PERMISSION

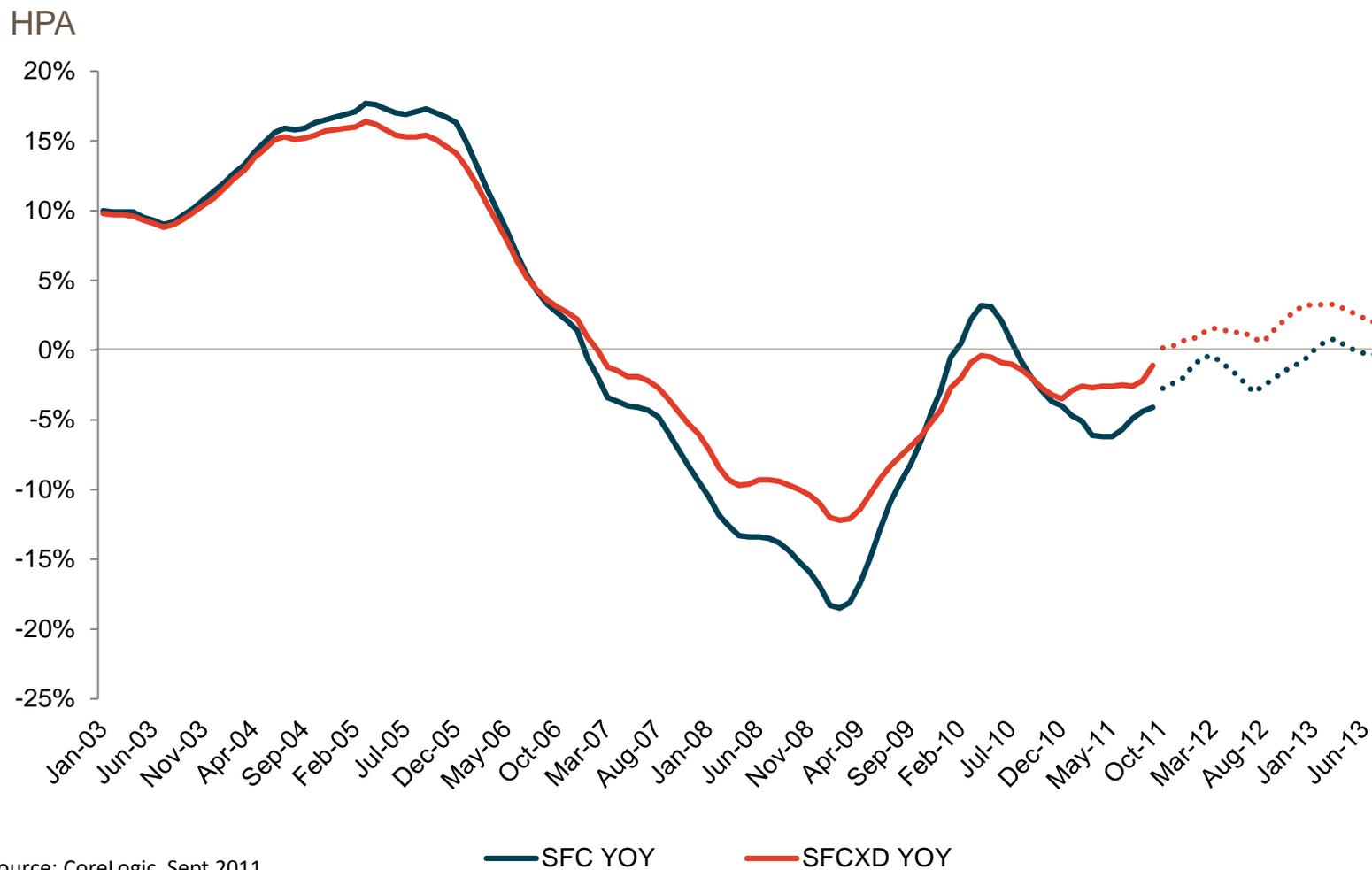
Negative Equity Projection

When Marker Increases Past Zero = Positive Equity, Q1 2010 Projection



Will Prices Ever Grow Again?

House Price Appreciation Expected to Turn Positive in 2013

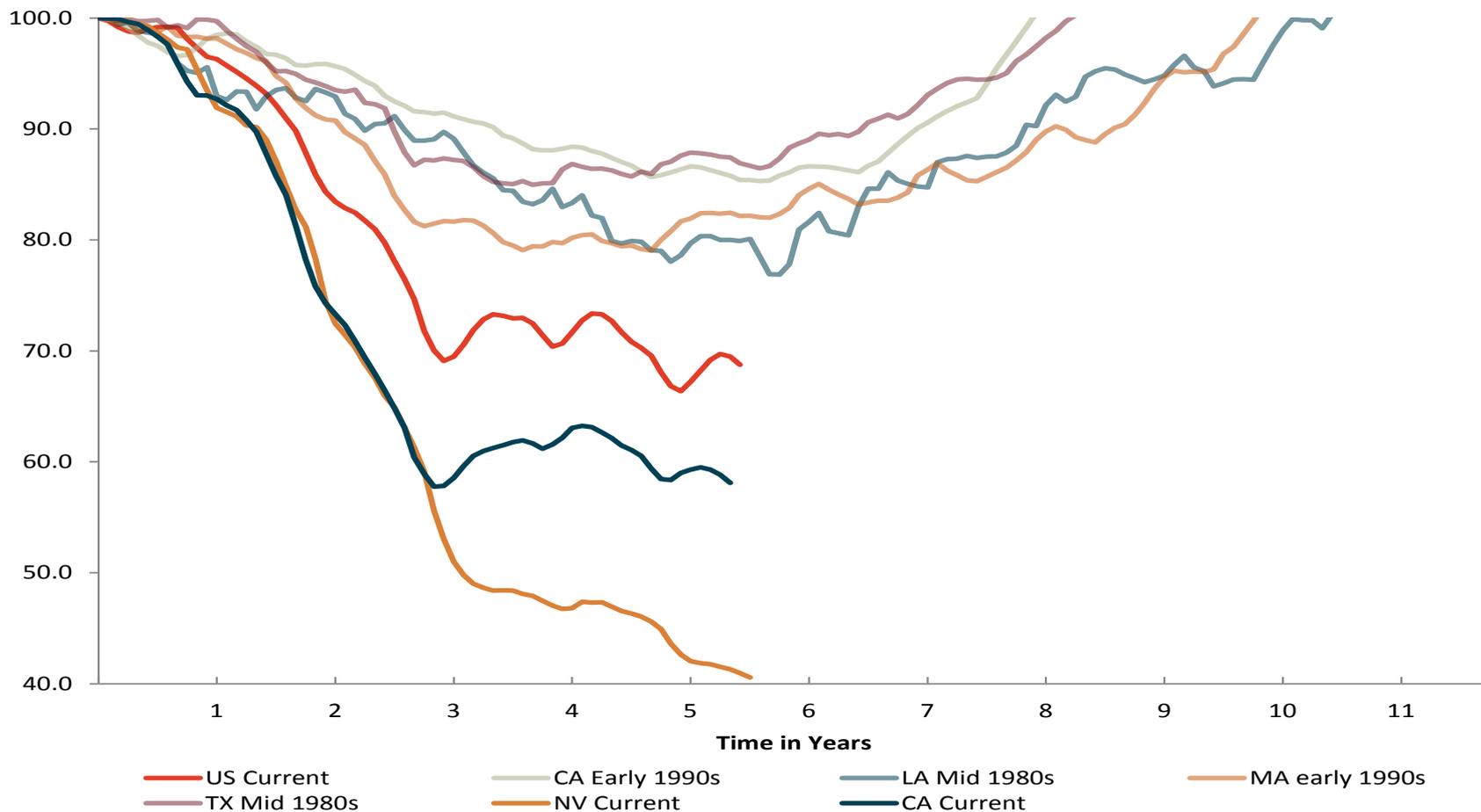


Source: CoreLogic, Sept 2011

Depth and Duration of Housing Recessions

Significant current and past state level housing recessions

Cumulative Price Movement Since Inception of Price Decline



Source: CoreLogic, September 2011

©2011 CoreLogic. DO NOT CITE WITHOUT AUTHOR'S PERMISSION