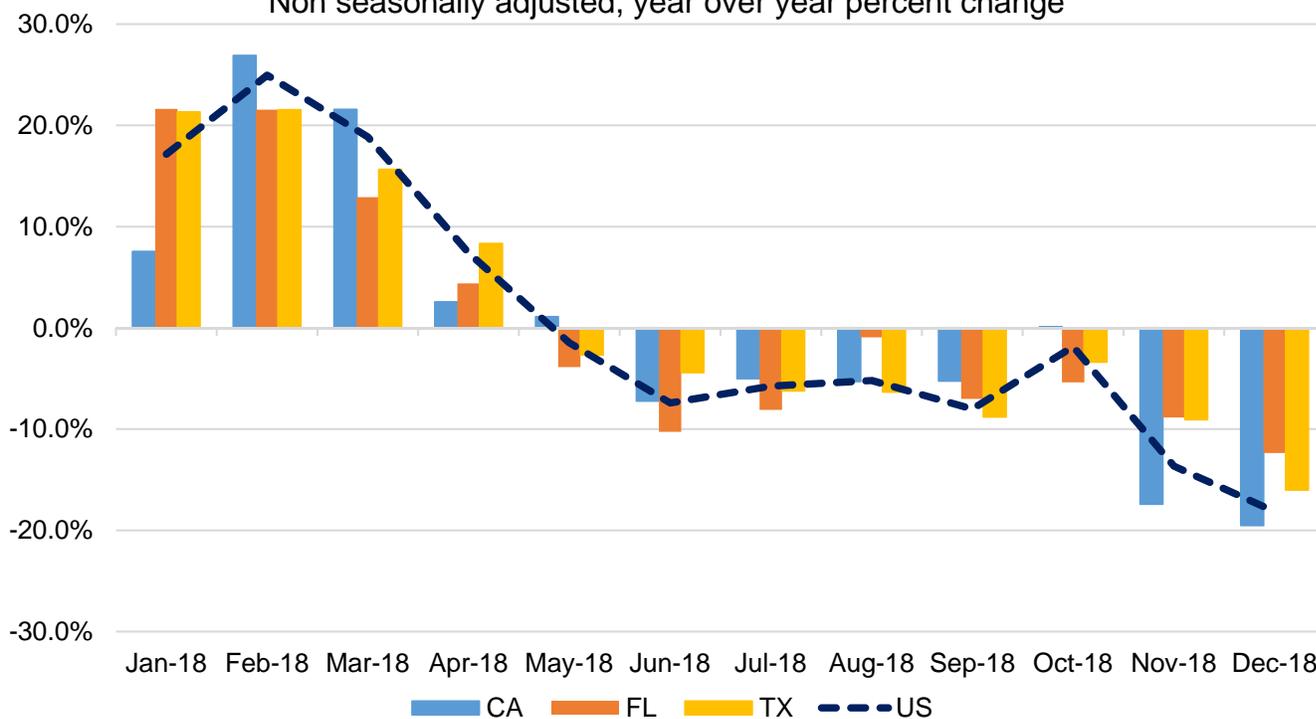


## Chart of the Week - February 8, 2019

### Applications for Home Purchase Loans

Non seasonally adjusted, year over year percent change



Source: MBA State Mortgage Activity Report

This week’s chart highlights trends we saw in state level home purchase applications data from our [State Mortgage Activity Report](#). In examining year-over-year changes in the number of applications for the U.S. and three large states, California, Florida and Texas, there was a pattern of growth in early 2018. We saw strong gains in purchase activity, in the 15-to-25 percent range on aggregate, but then a pullback from May to the end of the year. This decline was the sharpest in November and December, and was the most pronounced in California.

California has typically had wider swings in home-price appreciation, but as prices continued to grow at a rate of 7 to 9 percent – well in excess of income growth – demand for homes has started to fall, especially in the higher price tiers. Affordability challenges, and a drop in demand for these higher priced homes, likely drove some of the decline toward the end of the year. This also coincided with a time of uncertainty in the economic outlook and significant volatility in stock markets, which likely shook home buyer confidence across the country.

While Florida and Texas also saw steeper decreases in purchase activity in November and December than they did earlier in the year, these drops were still less than the national aggregate. Furthermore, California and Texas have started to see more significant moderation in home-price growth, according to FHFA’s House Price Index (HPI). This is perhaps a sign that inventory has grown and sellers are starting to lower their prices. Moderating price gains at a time of rising incomes is a good combination for prospective buyers.

- Anh Doan [adoan@mba.org](mailto:adoan@mba.org) ; Joel Kan [jkan@mba.org](mailto:jkan@mba.org)