

Freddie Mac's Housing Market Remains Weak

By: Jann Swanson | Wed, Dec 24 2014, 10:52 AM

Just under one third of the states plus the District of Columbia are now in what is considered a "stable" range on Freddie Mac's Multi-Indicator Market Index® or MIM. The index, a monthly evaluation of the U.S. housing market compared to its long-term stable range, stood at 74.5 in October.

Freddie Mac said the index currently indicates a weak housing market overall but it is **slightly improved from September to October**, up by 0.12 percent. The three month trend is positive at 0.42 percent. Compared to the same point in 2013 the MIM has increased by 4.48 percent.

The index combines proprietary Freddie Mac data with current local market data on home purchase applications, payment-to-income ratios (this measures changes in home purchasing power based on house prices, mortgage rates, and household income,) the proportion of mortgage payments made on time, and local employment data. The index compares this data for the nation, the states, and the 50 top metropolitan areas with data for those areas from what is considered a stable time in the market. A composite number is computed for each locality and the MIM also indicates whether an area is trending toward or further away from its stable range.

Of those **thirteen states** plus the nation's capitol current considered to be in a stable range the highest ranked are North Dakota (95.9) the District of Columbia (94.1), Montana (91.2), Wyoming (91.0), and Hawaii (89.2).

Of the eight (out of 50) metro areas tracked that are also considered stable the **top three are all in Texas**; San Antonio (89.9), Austin (87.0), and Houston (85.3). Los Angeles (84.4) and Salt Lake City (83.1) round out the highest ranked five.

Twenty-nine states and 41 metropolitan areas showed an improved three month trend in October compared to 39 states plus the District of Columbia, and 43 of the top 50 metro areas the previous October. Two metro areas, San Jose and Pittsburgh, reached their benchmark stable ranges during the month.

The all-time MIM high was 122.5, reached in June 2006 while the low was 60.3 in September 2011, when the housing market was at its weakest. Since that time, the housing market has made a 23.5 percent comeback.

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