



Freddie Mac October 2017 Outlook

October 23, 2017

Hurricane Season Puts Pressure on Housing

MCLEAN, VA--(Marketwired - Oct 23, 2017) - [Freddie Mac](#) (OTCQB: FMCC) today released its monthly [Outlook](#) for October, which analyzes the effects of the recent hurricanes on the housing market. These effects include a tighter inventory, a short-term increase in house prices, slow rebuilding and an increase in mortgage delinquencies.

Outlook Highlights

- The recent hurricanes are estimated to have damaged or destroyed over 270,000 homes, with more than 15,500 homes destroyed in Houston alone. We expect this to lead to a growth in demand for housing in nearby areas not affected by the hurricanes as families look to relocate. This will lead to an increase in house prices in those areas. The already-tight supply of homes was exacerbated by the hurricanes, with total home sales for August at a weak 5.9 million units.
- It is estimated that mortgage delinquencies could rise 16 percent in hurricane-affected areas. As many as 300,000 borrowers could become delinquent (30 days past due), and another 160,000 could become seriously delinquent (90 days past due). Freddie Mac has suspended foreclosures and evictions in the wake of the hurricanes.
- Texas was already having trouble filling construction positions, with 69 percent of contractors in Texas finding it hard to fill positions before the storm hit. It is estimated that the Houston metro area alone could need as many as 20,000 construction workers to handle the volume of repair and reconstruction work.
- And while 28,000 new construction jobs were added in August, the total number of U.S. construction jobs remains below pre-recession peak.
- We also saw a steep month-over-month decline in the leisure and hospitality industry employment, almost certainly an effect of recent storms. While this led to a loss of 33,000 jobs in September, the labor market remains strong with the unemployment rate at 4.2 percent.

Quote: Attributed to Sean Beckett, Chief Economist, Freddie Mac.

"Texas and Florida together represent 24 percent of the total housing starts in the U.S. Housing units impacted by the hurricanes are a fraction of the total starts in Texas and Florida, so we do not expect a huge national impact. However, the hurricanes won't help with tight inventories. Building activities in the hurricane-affected areas may slow down as labor and capital gets drawn into rebuilding."

Freddie Mac makes home possible for millions of families and individuals by providing mortgage capital to lenders. Since our creation by Congress in 1970, we've made housing more accessible and affordable for homebuyers and renters in communities nationwide. We are building a better housing finance system for homebuyers, renters, lenders and taxpayers. Learn more at [FreddieMac.com](#), Twitter [@FreddieMac](#) and Freddie Mac's blog [FreddieMac.com/blog](#).

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